



# Gerstenzang: “Technological Change Must Be Embraced”

*Legalcommunity* met Cleary Gottlieb’s Managing Partner, Michael Gerstenzang, during his last trip to Italy.

The slowdown in markets does not bother him. The issue of innovation is a challenge that all firms must face by learning new technological systems. Training will have to be tailored to capture the value that the concept of disruption represents for millennials.

Michael graduated from law school in 1989, and has white hair and bright eyes behind two ultra-light rectangular lenses. Serving as managing partner of international law firm Cleary Gottlieb since January of 2017, he is in Milan for the firm’s European partners’ meeting this week. The firm began in America, has 1,300 lawyers worldwide and \$1.2 billion in revenue in 2017 according to NLJ 500 estimates.

*Legalcommunity* met Michael during a break between his meetings with the European partners of the firm. It was a valuable opportunity to talk about the legal market and the (near) future.

### **What do you think about the Italian market at the present time?**

Italy is facing important challenges on a political level, as well as on economic and social levels. There is volatility. These are challenging times for businesses. Planning is difficult, but this is also the case elsewhere.

### **Do you think about other countries in Europe?**

I speak globally. As you know, we have 16 offices around the world. Two of these are in the United States. The other 14 are in other jurisdictions. Last week, I was in Hong Kong, where the relationships with China and the development of the Chinese economy were pressing issues. Then I was in London, and clearly Brexit is the big question mark. In Moscow, the big concern is about the impact of sanctions.

### **Tough times for business, tough times for law firms?**

I wouldn't say so. Lawyers, as well as other advisors, play a role regardless of the economic circumstances. Our clients certainly need us when things go well, and they need to grow and make investments. Nevertheless, they need our support in difficult times.

### **I know many lawyers who say they are, to say the least, worried...**

Those who are mainly accustomed to dealing with day-to-day business and ongoing advisory work are more exposed to the effects of an economic slowdown. It's a matter of business model. We are organized to give our best in complex situations. Do you know when we had one of our best economic performances?



**16**  
offices

...

**1,300**  
lawyers

...

**187**  
partners

...

**80**  
partners in  
Europe

### **Tell me...**

In 2009, and the world had just plunged into the financial crisis.

### **The legal market, also as a result of crisis, is evolving. Technology is an issue. How is Cleary Gottlieb managing the challenges of innovation?**

Technology is changing the way we work. It's not a completely new phenomenon, if you think about it. When I started working at Cleary Gottlieb 26 years ago, we didn't use email. If we just think about how much and how email has had an impact on legal business, we can definitely say that technology is bound to have a huge impact on our business.

### **What is the right attitude from this perspective?**

Technological change must be embraced. It must become an ally, not an enemy. We must learn how to use these tools both in dealing with our clients and in how we carry out our business. Honestly, I believe that technology will have a much stronger impact on the way we work inside our firms than on how we interact with clients in the near future.

### **Why?**

Clients are very intrigued by the topic but they still don't have a clear idea of how they want to use these tools. On the contrary, I believe we will experience bigger progress in the way we run our business.

### **An example?**

Last year, we had a hack-a-thon in our New York office to collect ideas and projects to implement an informal feedback system (which will not replace the annual review) on the performance of our staff. A project called "Cleary Loop" was born, and we are currently using it.

**Are you using artificial intelligence, too?**

Yes, especially for the review of large amounts of documents related to antitrust and litigation activities.

**The so-called e-discovery...**

That's right, although these tools will soon be able to go beyond pure document or information searching with the aid of the machine learning system.

**Did you buy it?**

No, we developed it. What's interesting is that the e-discovery results have been considered reliable and accurate by the courts to which we have submitted them (in the United States and the European Union). The machines make the work more accurate and reliable. This was a very important achievement. At this point, we are studying applications of artificial intelligence suitable also for transactional activity, but it is not that simple.

**Why?**

In litigation, machines can study and learn from reading millions of documents. Just think about the amount of knowledge contained in judicial archives. In a transaction, the deal documentation is contained in a few boxes. Even if we wanted to set up the machine by making the data stored by the firm available to it, we probably wouldn't have enough material to make it as accurate in such a short time. Big law firms are "big" compared to other law firms, but we're not Google or IBM.

**An alternative would be to have platforms for law firms to use...**

This is a road successful law firms need to take and, recently, our efforts to do so have been supported by our membership of the legal tech platform Reynen Court. Additionally, we will have to succeed in attracting specialists and technicians who can help us along the way.



8

offices in  
Europe

Paris,  
Brussels,  
London,  
Frankfurt,  
Moscow,  
Rome,  
Milan,  
Cologne

...

500+

professionals  
in the old  
continent

**Engineers, technicians, managers and, in general, professionals capable of linking technology to the work of the firm are increasingly present...**

I believe that, in the future, we will have more and more technicians within our organization. We must therefore try to make the law firm an interesting place to work for these professionals who would probably prefer to work in a more high-tech business. We need this talent.

**What about legal tech?**

This is a different matter. Most legal tech companies on the market are still start-ups. And that's an issue. Sharing information and entrusting your technological framework to young companies, which are naturally fragile and uncertain, can be a problem.

**There are law firms that have chosen to invest directly in legal tech by creating their own incubators...**

My son is a venture capitalist by trade and has taught me to be skeptical about investments in this area. Industry experts are needed to select the most valuable projects, and it is not certain that firms can play this role without taking, and then using, appropriate advice.

**Will innovation and technology change the way in which young professionals are to be trained. Will they have the opportunity to be trained within the firm?**

Over the years, young lawyers have learned the profession from older colleagues and from those basic activities that are now beginning to be entrusted to machines (think about due diligence). Things are bound to change. I believe that's a good thing.

**What do you mean?**

I don't think we should train our lawyers by doing boring or repetitive things to exhaustion. We need to find new ways of training. I believe that young lawyers have a positive attitude.

**How?**

My feeling is that they are trying to make an impact on the way the firm works and on the interaction with clients. Young lawyers don't miss the old traineeship and they are interested in new ways of learning. We need to adapt because we need to keep attracting the best talent. They have a different way of thinking and I like that they want to change things.

**Is this a new attitude in such a traditional profession?**

When I was at school, being disruptive was something unusual and you risked punishment for it. On the contrary, for new generations, disruption is a value in itself: Facebook is disruptive, as is Uber. They want to be like that, they want to have an impact and change things. We want to be like that. We want to be able to do things better for our clients and to add value for them.

