

BakerHostetler's ALSP Leader On Filling A 'Chasm' For Clients

By **Aebra Coe**

Law360 (April 14, 2021, 8:02 AM EDT) -- Katherine Lowry leads BakerHostetler's captive alternative legal service provider, IncuBaker, which helps the firm's corporate clients navigate projects around legal technology, process improvement, data management and cybersecurity.

IncuBaker has been around since 2015 and has grown in recent years. It took on 14 new client matters in 2020 and plans to expand its current team of 10 professionals to at least 12.

Lowry told Law360 Pulse recently that the group has been so active in part because of its ability to combine legal and technological know-how to step in where clients' internal tools are lacking.

"There's this chasm of availability at some of the clients we represent of people and resources to be able to dedicate toward things like privacy management or automation," she said. "If we can fill that void, that is a very important relationship we want to start."

Here, Lowry discusses what's been driving IncuBaker's growth and what's on the horizon. This interview has been edited for length and clarity.

What benefit do you see to having this group be part of a law firm as opposed to operating as an independent entity like a consultancy?

For me, it's important because we have client relationships already developed through legal services, and if we really want to understand clients, we are going to have to understand their operations as well. IncuBaker is almost a mirror image of a legal operations department in a law department. We're dealing with data, we're dealing with automation, we're dealing with processes, and it makes sense to help fill clients' needs as a consolidated unit, meaning you have legal services and you have IncuBaker's services to help with the operations side.

I think it is one of the best models, and I like not being a separate entity because we are providing these services as one to our clients. They have a trusted relationship already with us. They know that we are engaged with them to help solve their problems. It's not only legal services, it's not only technology, but it's a mixture of both.



Katherine Lowry

You took on 14 new matters in 2020 and plan on doing some hiring early this year. What is driving that growth, and has the pandemic had any impact on that?

I think that BakerHostetler has thought really long and hard about, how can we deliver high-value client service to our clients? In doing that, one of the changes that came in 2020 is putting IncuBaker under our digital assets and data management group. I believe that connection, with IncuBaker working with that specific practice group, has allowed us to think together from the legal side, from the technology and process side, how we can help clients even further.

I think the drive is there's this chasm of availability at some of the clients we represent of people and resources to be able to dedicate toward things like privacy management or automation. If we can fill that void, that is a very important relationship we want to start.

Everybody that you talk to, especially during COVID, says, "We have more work than we can do." And so the question is, how can I help relieve the pressure at our clients' legal operations departments in order for them to really make gains in progressing toward their legal tech roadmap or other facets. The relief valve we have in helping support our clients in that way has been a natural drive to ask us to do more. In fact, most of our clients we've engaged with have asked us to come back and commit to other opportunities to help them. Much of that success is they really want trusted resources to come in and help them achieve their goals.

How many people are on the IncuBaker team, and who is it made up of?

IncuBaker is more robust than what I think legal tech or innovation teams are in most firms. A lot of people say they do e-discovery or contract analytics. But the robust services we offer really dictate the people our team is comprised of. We have 10 people on our team now, we're actively looking for the 11th and hopefully soon the 12th. Our team is pretty much split down the middle between legal information professionals as well as heavy technologists.

Almost everyone on the legal information professional side [is a lawyer]. I like to think of that team as the translation specialists. We can work with a labor and employment attorney in our client's legal department, and we can understand what process they want to change so their paralegals can comply with and follow a certain protocol, for example. That translation means you have to have context about the law, you need to know how to absorb that process map, the activity that's happening there, and need to think about technology. Can I use process automation or other software to help execute that?

On the technologist side, we have a senior manager of digital innovation and data science. We do a lot of data analytics, which is why data services is a big pillar inside IncuBaker. Data is foundational to us and to our clients. We have internal data, we have external data that we can couple with it and show greater insights into litigation, for example, into matter management. And the technologists in IncuBaker are well suited to help us with creating machine learning exercises to test the waters on what we can predict.

And the rest of that team does a lot of data processing. We're looking at breach notification lists. That whole processing team is there. They're experts in data and can narrow data sets and improve the quality of data overall.

Last but not least inside of the technology group we have the contract or document authoring team.

That contract authoring team will create letters, packages, loan agreements that are sometimes 40 documents deep [with the help of automation]. How can we help our general counsel and contract administrators turn around documents faster and reduce the time it takes for them to review?

Who do you see as your biggest competitors? Is it other ALSPs? Other law firms? Consulting firms?

I don't see many law firms creating this robust level of services. I think that, naturally, we could say that anyone in the ALSP category is a competitor. But I would also say that a relationship we have grown quite fond of is working with other ALSPs to support our clients' needs.

Recently, we had a very big software selection and implementation project where we helped manage PwC, PA Consulting and Morae Global. We managed the relationship for the clients of all the outside vendors that helped deliver this one solution. I think it's a collaborative approach, really. The goal is, how do we get this done for the client? In some sense, there's competition, but there's also opportunity to work jointly to solve these problems for our clients.

What are your goals for IncuBaker over the next five years?

We talk every week about what's on the horizon. We think that technology is going to change, the market is going to become more saturated in different solutions. But leading up to those five years, right now is a very important time to build a foundation: foundational data management capabilities, foundational automation capabilities and making sure that you're looking at your people and process and letting technology come in when there's an opportunity.

--Editing by Aaron Pelc.