

Fuse

by ALLEN & OVERY



Jonathan Brayne, Partner and Chairman of Fuse and
Shruti Ajitsaria, Partner and Head of Fuse

Fuse at five

Nurturing a culture of legal tech innovation

As Fuse, Allen & Overy's tech innovation space, welcomes its fifth cohort of entrepreneurs, its leaders reflect on the breakthrough technologies and companies that Fuse has nurtured and the challenges of launching a legal tech innovation platform in a global law firm.

It is now five years since Shruti Ajitsaria, then a counsel working on derivatives at A&O, first approached the firm's leadership about creating a tech incubator. With a vision of setting up a space to foster innovation, develop the firm's relationship with the world of start-up tech companies and lead the legal industry's accelerating relationship with technology, Shruti went to Jonathan Brayne, the partner already engaged full-time in embracing innovation and business model change.

"Life is full of lucky coincidences. When Shruti came to me with a well thought through slide deck about setting up an incubator within A&O, I was struck by the scale of her vision and the potential opportunity it presented for the firm," recalls Jonathan, thinking back to 2016. "When Wim (Dejonghe, then the firm's newly elected senior partner) came along soon afterwards with a very similar idea, it simply confirmed that we were on to a winning idea."

In a proposal put to the board, the objectives of Fuse included strengthening the firm's brand as the world's most advanced law firm and building its technology profile. It was also intended that Fuse would help A&O establish unique relationships with clients and serve as a catalyst for the development of systems and solutions to benefit the entire legal ecosystem.

Fast forward to the summer of 2021 and Shruti, head of Fuse, and Jonathan, its chairman, recently unveiled the fifth cohort of legal tech and fintech entrepreneurs that will benefit from its unique

combination of space, resources, support, mentorship and end-user exposure.

For Fuse and its mission to be a catalyst for delivering transformational change to A&O's clients, its lawyers, the broader industry and, of course, the entrepreneurs themselves, this fifth cohort represents the culmination of five years of intense planning, investment and commitment to nurturing companies and technologies that could have a breakthrough impact on the way legal work is carried out.

Unique client relationships

The Fuse vision has always had at its heart an impact on the firm's clients, who at the very least were set to be the ultimate beneficiaries of A&O embracing legal technologies that would deliver better, faster and cheaper solutions.

Shruti explains that the holy grail for legal advisers is always to become a strategic partner to a client.

Fuse has provided an opportunity to establish a special relationship with clients. "The conversations with clients are really interesting, because we are all going through a research, development and learning process together, at the same time," says Shruti. "We are talking all the time with clients about where they are, where they want to be and what they are doing. That leads to a different type of trust, a different openness and a spirit of collaboration."

Many of A&O's clients have participated in the Fuse selection process, and the financial institution clients have also put forward nominations for the fintech stream. As these clients have developed their thinking on the application of tech to their operations, there has been a pooling of ideas.

Clients come to Fuse because they are seeking efficiencies in their legal departments and want to scan the market. The result may be an engagement for A&O's legal practice from a client who likes the way A&O is using technology in its everyday work, an introduction to a Fuse company or a mandate for the firm's legal tech team to develop a bespoke solution. Work has also been generated for A&O Consulting, supporting clients with the tech transformation of in-house legal operations.

One of the most exciting aspects of Fuse is its role as matchmaker, bringing together start-ups and clients that may benefit from their technologies. Jonathan explains: "One practical way we help cohort members is by putting them in front of senior in-house legal people. We run show-and-tells for clients where a few Fuse companies will each get a ten-minute slot to showcase what they are doing. That gives them access to potential buyers that they couldn't otherwise hope to reach as a young start-up."

"We are talking all the time with clients about where they are, where they want to be and what they are doing. That leads to a different type of trust, a different openness and a spirit of collaboration."

Such roadshows help clients too. "Fuse always had three priorities around clients, technology providers and A&O's people," says Jonathan. "The idea was that those three would come together in different combinations and the alchemy of that interaction would produce technology-enabled outcomes for collective benefit."





“Fuse always had three priorities around clients, technology providers and A&O’s people. The idea was that those three would come together in different combinations and the alchemy of that interaction would produce technology-enabled outcomes for collective benefit.”

Advancing the business

A&O’s strategic vision includes a commitment to being the world’s most advanced law firm, and Fuse is changing the way its lawyers operate. “A key objective was to educate and inspire technology innovation in our firm,” says Jonathan, “to put our lawyers in a place where they started to use technology much more.”

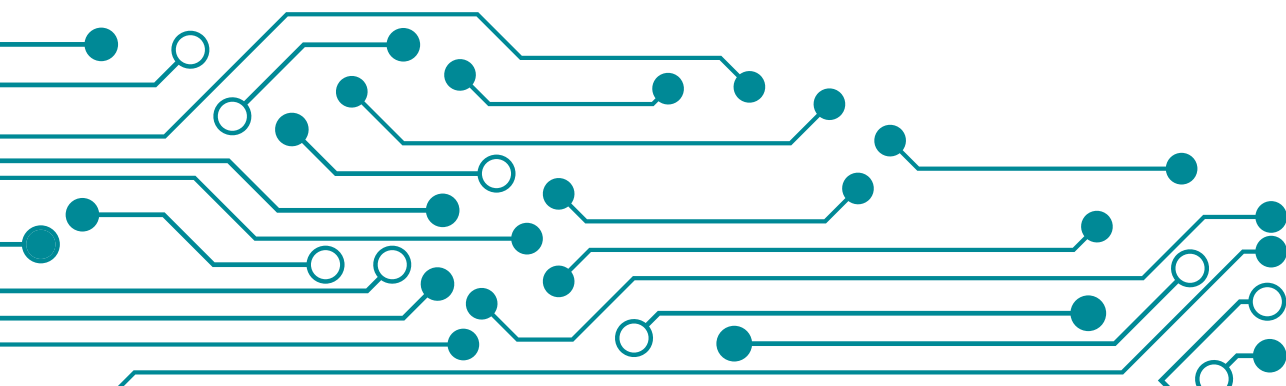
Just as clients benefit from regular show-and-tells with Fuse companies, so the firm’s lawyers get a first-look advantage too. Frequent events are held to show practice groups tech that may be relevant to their day-to-day tasks.

“It’s experiential for our lawyers,” says Jonathan, “because they get to see technology demonstrated. It is also a catalyst that starts people thinking about applying the technologies they see in their own practice, or how they could do things better with technology. Fuse has socialised our lawyers and prepared them for technology adoption, showing them what’s possible, and allowing us as a firm to start making legal tech adoption pervasive.”

Many Fuse companies are developing technology that is already changing the way A&O lawyers work. The firm has taken licences with six Fuse members over the past five years, including Legatics, which allows lawyers to streamline paper and email-based legal processes and is creating real efficiencies for the business and its clients.

“Having A&O as your customer is quite transformative for the tech companies,” says Jonathan, “not least because it encourages others to take them seriously.”

A&O lawyers also get to participate in the development process. Shruti says: “We don’t just reject tech solutions that come into Fuse but don’t quite hit the mark. Normally, if lawyers don’t like a tool, they just don’t use it. With Fuse, the companies get to participate in conversations with our lawyers, and make changes in response. That direct user feedback is one of the most valuable things we give them. And it means the end-product is always geared towards A&O lawyers’ needs.”





Launching Fuse

Setting up Fuse was not without risk. The initial investment enabled the team to create a specially designed collaborative workspace for 60 people in its London office.

Shruti says: “Certainly there was a financial risk. The investment needed to take a sizeable piece of office space and build it out, and to take me and Jonathan out of our respective roles wasn’t a straightforward call. We really didn’t know if there was going to be enough interest. The biggest risk was that we would have a negative impact on the A&O brand by making a misstep... thinking we were technology leaders and failing to deliver.”

She recalls the board meeting in which the idea of creating Fuse was discussed. Angela Clist, co-head of the firm’s global financial institutions sector group, spoke up. “Angela said, ‘I think we should do this because it’s a very A&O thing to do,’” recalls Shruti. “She just felt we should give it a go because it was

a really interesting idea with huge potential and she wasn’t scared by the risk of potential failure. From then on, the board was behind us.”

A low point came when the space was kitted out and applications were invited. Jonathan says: “About six weeks into the first application process, just 15 tech companies had started filling out the application form and not one completed application had been submitted. We had all the gear and no idea.”

Shruti went into overdrive with some A&O trainees on a market outreach initiative and, in the end, 75 applications arrived, including from companies like **Avvoka** and **Legatics**. For cohort five, about 159 legal tech applicants came forward, whittled down to five new legal tech entrants into the Fuse cohort via an extensive selection process.

“A&O management has really committed to the success of Fuse and has promoted the many diverse outcomes that it can bring,” says Shruti.

Driving forward an ecosystem

Fuse can be transformative for the entrepreneurs welcomed aboard, offering them access to workspace, mentoring, advice and networking, as well as end-users both in A&O and beyond.

While a venture capitalist sits on the selection committee, the criteria for Fuse membership is not about return on investment. Jonathan says: “The single most important criteria is whether the product is solving a problem that either the firm or its clients is struggling with.”

Shruti says: “We have chosen some great companies, right from day one. Avvoka and Legatics are just really good, and we have helped put what would otherwise have been unknown start-ups on the map, allowing them to sell to other law firms and corporate

customers. We have tried really hard to be generous with the start-ups, to help them grow and develop.”

She adds: “The legal tech community has grown in strength in part because some of these companies have had a really good home to start from and an ability to grow, allowing others to grow around that.”

Fuse has clearly had a wider impact. “Are we single-handedly responsible for the growth of the UK legal tech market? Of course not,” says Shruti. “But we have made a real contribution. We’ve taken licences with companies that were just two or three years old, which A&O could not have done without taking the opportunity to really get to know those companies first.”

The next five years

So, where to next for a tech hub that has already succeeded in its brief to fuel a culture of digital innovation?

Already, the horizons are broadening. “Along the way, we realised that we were building really strong client relationships with banks and starting to fully understand their strategic objectives in fintech,” says Shruti. “As well as focusing on legal tech, we have built on those conversations and introduced a fintech stream where our clients can nominate companies they would like us to learn about and which can learn from us. “We’ve moved away from our narrow focus on legal tech and Fuse is helping us learn and understand what our clients are doing.”

The appetite for collaborative working is also growing. Jonathan says: “We always hoped we would find opportunities to bring clients together with providers and with A&O to work together in Fuse on specific elements of a project.”

Fuse did play host to a team from the Bank of England and the Financial Conduct Authority for a few months in 2018 on a joint digital regulatory reporting project, while the Loan Market Association, though not themselves based in Fuse, picked A&O and Avvoka to co-develop a document automation platform for them. More such projects may happen in the future.

For now, Shruti is pleased to see the nature of the entrepreneurs coming aboard continuing to evolve. “We started off with a lot of people that had come out of law and therefore looked like lawyers,” she says. “Now, we have broader diversity, with entrepreneurs from the financial sector, with some really strong female founders, and more ethnic diversity. I am particularly proud that one of our companies, Define, has just received funding from Google’s Black Founders Fund.”

As Fuse continues to push the boundaries of tech innovation, in many ways its success is much more subtle, bridging the gap between the new and the old for A&O lawyers.

“We’ve moved away from our narrow focus on legal tech and Fuse is helping us learn and understand what our clients are doing.”

Jonathan adds: “Fuse creates client goodwill and it educates and informs lawyers at the firm. Even a partner that questions its potential to develop game-changing legal tech can’t deny the client, brand, tech adoption and recruitment benefits this investment has brought to the A&O business.”

It turns out it wasn’t such a bad idea after all.



Allen & Overy means Allen & Overy LLP and/or its affiliated undertakings. Allen & Overy LLP is a limited liability partnership registered in England and Wales with registered number OC306763. Allen & Overy (Holdings) Limited is a limited company registered in England and Wales with registered number 07462870. Allen & Overy LLP and Allen & Overy (Holdings) Limited are authorised and regulated by the Solicitors Regulation Authority of England and Wales. The term partner is used to refer to a member of Allen & Overy LLP or a director of Allen & Overy (Holdings) Limited or, in either case, an employee or consultant with equivalent standing and qualifications or an individual with equivalent status in one of Allen & Overy LLP's affiliated undertakings. A list of the members of Allen & Overy LLP and of the non-members who are designated as partners, and a list of the directors of Allen & Overy (Holdings) Limited, is open to inspection at our registered office at One Bishops Square, London E1 6AD.

© Allen & Overy LLP 2021. This document is for general guidance only and does not constitute advice.

UK

CS2107_GDD-65032_ADD-96623

allenoverly.com