Podcast Transcript

Technology from the Top: AI, Data and the Future of Business with Today's CIOs – Katherine Lowry

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Kattman: With a rapidly evolving technological landscape and an increase in data value, organizations, now more than ever, depend on their leaders to guide them through unchartered territory. Janine Anthony Bowen, co-leader of both the Privacy Governance and Technology Transactions team and the Digital Transformation and Data Economy team at BakerHostetler, gets an inside look at how chief information officers, or CIOs, across industries are tackling trends and planning for the future. Janine sits down one-on-one with current CIOs in the new series, Technology from the Top: AI, Data, and the Future of Business with Today's CIOs. I'm Amy Kattman and you're listening to BakerHosts.

On today's episode, Janine speaks with Katherine Lowry. Katherine is the CIO at Baker Hostetler and the head of IncuBaker, the firm's industry leading R&D team that helps lawyers and clients navigate the intersection of digital business, emerging technology, and law. Let's hear from them.

Bowen: Katherine, you are a significant player in law firm technology innovation. You've won several awards in this space, including the 2022 Most Innovative Entrepreneur at the Financial Times Innovative Lawyer Awards, and Relativity's AI Visionaries in 2022. You are also a fellow in the College of Law Practice Management, and, interestingly, way back in 2018, the peer-reviewed Human Factors Ergonomic Society Journal published your work regarding the trust gap in the adoption of AI enabled tools. So, you're on the cutting edge of the subject, and I'm really excited to talk with you today about AI, data, and the future of business. As you know, my practice operates at the intersection of technology and data, and I'm seeing lots of movement as companies are dealing with some of these questions. So, I'm ready to jump in. How about you?

Lowry: Thanks, Janine. I'm ready and I'm looking forward to it.

Bowen: Alright, so let's rock and roll. Is all the noise in the marketplace and pop culture around artificial intelligence, generative AI in particular, justified in your view?

Lowry: It is a really good question, and without a doubt, Janine, I would say it is justified. To me, GenAI is justified because it opens up these forms of possibilities, both personally, because I'm just naturally curious, and professionally. In fact, since 2017, our industry here in legal industry has faced this significant data problem. I've talked about it for so many years. There is probably 80% of data that we use on a day-to-day basis that is really tedious and hard to mine. The 20% you can imagine is all the structure information that we may have on, in financial systems. But this other 80% is information, shared knowledge across practice groups, and it is really critical to our business. And so, we spend a lot of time thinking about how can we mine that information and get all of the value out of it. And really, it hasn't been until past couple of years through generative AI that we can mine that unstructured information much more effectively. And last summer was probably the best time when we started to put some tests together. And we looked at generative AI and how it might be able to extract key information and it did it really, really well. So, under the promise of that, I think for sure that the hype is worth it.

But listen, it is not easy. It is an unfamiliar territory. It is something that we really have to invest time and energy into. But overall, I'd say don't be afraid of AI. Embrace it, understand the risks, the benefits, and the cost. Those are all things that we're looking at right now. And quite frankly, I think doing that will show how AI can be this really fabulous economic accelerator for businesses and help us find new products, new service offerings, help us expand our digital strategies, and more.

Bowen: Okay. So, you've touched on this a little bit, but talk a little bit more about how you see law firm life in general being affected in this new era of AI. Should we, as lawyers, be afraid? Should we be embracing? Where is the middle ground here?

Lowry: First and foremost, don't be afraid of generative AI or any form of artificial intelligence. It is important to understand what it is. I think there is greater risk at the end of the day if you choose to ignore it. So, we've set up a lot of process internally in roles and technology to try to understand and evaluate the risk. We've even started to create a really strong governance program to help us evaluate solutions. And I think at the end of the day, we always want to be that voice of reason. What technology is and what it isn't and where it can play a valuable role in our organization, and that is really important. We are seeing, and I just got back, actually, from a conference, the International Legal Technology Association conference, and we are seeing this growth, proliferation of different solutions coming to the market and they're all touting AI, but they're all at different levels. Some may be a simple chat agent, some may be more complex, and it is important to build a framework to understand what the value is because the cost is exploding, and we're seeing sometimes 6x the cost of these solutions and that is hard. Any organization, our organizations, we have budgets that we need to stay very close to and you're going to have to pick and choose which of these solutions are more valuable to you.

I also see other industries because I get an opportunity, which I love, to work with a lot of our clients, and from oil and gas to retail and everything in between. We are seeing AI used as an economic accelerator. Quick embracing, maybe through their development group, maybe through marketing, quick embracing of this technology, and seeing how it can help accelerate their capabilities. At the end, I think many are looking at this as a component of their digital business strategy and maybe even how they enable new product offerings, and I know we are as well.

But I think as businesses continue to grow and use AI, it is going to help support revenue, critical strategies, gain efficiencies over manual tasks. I see a lot of that right now. So, in the end, I would not be afraid of it. I would say embrace it. Understand how you can accelerate the power of you, which is what I like to tell our partners and associates. But also make sure that you have a really strong governance in place to evaluate it.

Bowen: That sounds good and sounds on point from what I've experienced. So, you've alluded to this a little bit. I want to delve a little more deeply. So, you talked about unstructured data, right? But for sure, data over the last three to five years has become increasingly valuable to enterprises. Now, how has your role as a technology leader in the firm and your goals and responsibilities evolved as data has become a more important asset?

Lowry: What I think is really exciting is that data at our firm has been an important asset for a long time. Prior to my role in the CIO, my job was integrating technology into our six core practice areas and helping to build out data service capabilities. To that end, we are one of the unique firms that have created a end-to-end data pipeline using Azure, where we are literally lifting and shifting external information, we are marrying it with our internal information, and it allows for us to have deeper insight and be able to share that information more broadly, like through Power BI, our main data visualization tool.

And I think often about it, where we're at now with GenAI, because had we not built that groundwork or that solid foundation, I don't think that we would be able to embrace artificial intelligence or the form of it, GenAI, in our firm as quickly as we have. So, really proud about that movement. A lot of hard work, a lot of investment of time and energy into that.

But I would say today where we're at, because we're also trying to absorb GenAI into our firm, is also making sure that we build a very strong data governance program. One that is looking not just at our technology, but all four corners of the firm. Practice matter, level information to firm-wide information, all very, very critical for us and it is really important that we're all communicating and working together across all of our departments in our practice group. So, very excited about building that data governance program.

To me, this is going to help us move forward data as an asset, and I often think about, we for years have had capital assets like furnitures or laptops and we keep inventories, long list of inventories of everything that we have, but up until 7, 10 years ago, data was just data. It floated out there and now it is really important to us to not only inventory that, but to know why we're using certain data elements and to make sure that we're using those in a very orchestrated and concerted effort across the firm. And to that end, I'd say new roles have been created under this aspect to make sure that we are thinking about data in an orchestrated way, that we're using it how we plan to now, but we're also future-scaling it for future growth, and focusing on how data analytics can serve our firm and our clients.

Bowen: Interesting. So, in an era when some folks are concerned about contraction of job opportunities, you're seeing a potential increase in job opportunities as the, this new space continues to evolve.

Lowry: I absolutely see jobs growing and feel super passionate about this, by the way, because here at Baker we have created new roles. When we were focused on building that data pipeline, we created legal process engineers. We have MLAI developers, we have data analysts, and now we're considering how these roles will support GenAI, but also what other roles that we need to support the development and testing and deployment of this technology, including things like prompt engineers or document engineers. Those are all facets of those roles that I think you'll see this growth of opportunities that are in front of us, and this is really helping for us to bridge the gap between technology and the business functions that we serve.

Often times I like to think about that role as a translator, understanding what the business needs are, and then being able to align the technology, maybe even build solutions or support vendors that have solutions, and integrate those into our practice areas. This really is just a whole new era, new data oriented roles in our organization, but also one thing that I've observed even just recently are just the sheer number of new businesses that are focused on serving organizations through data. Maybe they're coming in and helping as a managed service, or maybe they're helping you build your data link for the first time, or they're helping you develop a taxonomy. There are more businesses that this is their sole focus than I've ever seen before. So, it really is just a interesting time for us to adopt this technology, use data as a strong foundation, and help drive new process, capabilities, all sorts of things.

Bowen: Okay, so that tees up my next question nicely. Thank you for that. So, back in the dawn of cloud computing in the late 2000s, really 2008, 2010 or so, companies went through a lot of go/no-go analyses with respect to moving data to the cloud. What are the analyses and decision rubrics that are being used now around maximizing the value of data in their enterprise?

Lowry: Well, I can tell you the conversations that we're having. Often time, we'll look at things like a data maturity model. Where it is stage one, at one end of the spectrum, you're looking at making ad hoc decisions, just out of your own department or practice group, versus a stage five where you have this very formal decision-making framework and you're using that across the entire organization, and that would be probably the most mature side of this model.

I think it takes time for you to understand as an organization where you sit on this spectrum, and part of that exercise helps you look at what data we have, what is the quality of that information, where can we improve. And listen, not every organization is going to reach a stage five or be the most mature. But I think if you can make incremental movements up that maturity model, that is substantial progress that I would say not all organizations are having. So, you should feel really happy about that and feel like you're really obtaining some great movement or progress toward your goals if you are.

For us, we wanted to incrementally move up. We wanted to build a strong data governance program that helped us do a variety of things like increase transparency, reduce silos, and emphasize data as an asset like I talked about before. And so, to do this, I think you could imagine all the different ways that you would try to achieve this, but for us it was really about tying our goals as a firm, our data goals, to business outcomes. And I feel really proud that our organization has a five-year strategic plan. It's been socialized, we know what it is, and it helps all of our departments move in an orchestrated fashion towards achieving those goals. In the Data Governance Committee and governance that we've created, it is doing the very same thing. It is moving those data goals right towards those business outcomes.

So, really excited about that and I would say as we look at where we're at on that spectrum, sometimes I want to be farther along, as anyone does. But I look back and I realize that, listen, we have decidedly not created just a data strategy or data analytic strategy because I think if we did just that without the context of the business, we are totally missing the target. So, at least we are thinking about it in context to our business, we're marching towards those goals, we've got a prioritized portfolio of projects and initiatives that help substantiate that. So, that is the conversation that we're having today.

Bowen: Okay. So, that is useful. Now, let's turn away from AI a little bit, right, because AI has really sucked all the oxygen out of the room conversationally. But there are other things that are going on. So, what else are you thinking about technologically in order to generate revenue or otherwise move the business forward?

Lowry: Another great question. I'm going to pause a minute on generating revenue because I have this concept that I like to talk about with my team and it is both thinking about your AI strategy in an offensive and defensive way.

So, I used to coach basketball, so I think about the strategies of plays a lot. When we're talking about our AI strategy and generating revenue, that is really an offensive position. Right? We're there to accelerate the business. On the defensive position, I think it is one that gets overlooked quite a bit, but it is one that it could be critical to your organization, and certainly is for us because it is the notion of how do we protect us from things that could go wrong. And when we're talking about AI, we have an increase in possibilities of threats. Things like deep fakes in audio and video and on the other end of the spectrum, prompt injection attacks. Both of these are things that we have to think about on the defensive position and make sure that we are not just looking at the fun stuff, but we're looking at the serious security threats that this new technology can pose on us, and this is why we have a great security team, because we're addressing and deflecting these threats on a daily basis, which I think is super critical here.

Bowen: So, I was recently moderating a panel with a group of CIOs and as we talked about AI, okay, GenAI in particular, the conversation seemed to move to what we used to call shadow IT. Okay. And he described, now, the risk of shadow IT as now insider threats. So, now people inside the organization, because this environment exists where individuals can have access to these GenAI tools, are creating risk. You have any thoughts about that? Does that generate as true for you, or any thoughts about that, Katherine?

Lowry: It absolutely is a concern and we're thinking about it in different ways. Here is one that may be applicable to many of us: browser add-ins. It is a common way for increased risk, and here is how. Our users have browsers to surf the Internet and at any time they may be able to access a browser add-in that seemingly looks legitimate but may not be and until they download it and use it, will they know or will we know that something has gone wrong. So, that is just an area, an example of that insider threat. And I think this could happen on multiple fronts. It could be your browsers that you're using, it could be e-mail, it could be voicemail, and a variety of ways as a large law firm, how we transfer data and different methods. So, in the end, technology changes. It gets, it accelerates, becomes much more powerful, equals, it is also harder to identify legitimate threats, and that is something, part of that defensive strategy that you have to think about. And that is one of our biggest concerns is counteracting these threats, protecting our firms and clients and we'll give another head nod. Our security team works 24/7 to ensure protection. It is an absolute must.

Bowen: Alright. So, we could talk about this for a whole lot longer, but let's close with an easy question. Okay. And a little bit self-serving actually, because my son is a computer science major. And so, I can't help but ask for his benefit, what words of wisdom do you have for the next generation of leaders? Those in technical fields, or technology in particular, but those also in non-technical disciplines?

Lowry: It is a great question, Janine, and I too have children in college, so I think about this quite a bit. My belief, and I say this to my team all the time is that you have to have your eye on the horizon. If we stay so focused with our eye on what we're doing day-to-day, we will miss those opportunities that are coming. And in fact, when we talk about technology, technology transformation to me used to be on this 10-year cycle. Now I predict it is a two- to three-year cycle. That is how fast technology is changing and will have real business impact to you.

So, we've created a team to help embrace emerging technology, keep the eye on horizon, understand how we might bring it into the firm in a safe, secure way and in a disciplined way, innovate on how we could integrate it into our back office, integrate it into our practice teams. So, really, really important that you're able to anticipate potential changes.

To that end, there have been, some things, we're talking about GenAI, there's been some things that I have been reading about that I'm really enamored with, want to learn more about, and I think is worth watching. That would be neuromorphic computing. This is and could be a big accelerator for GenAI. Something we don't have today, but that could help increase computing capacity, ability to process information more efficiently, and be more adapted to our environments. The other, I think just to say it more simply, this could make AI more sustainable, which I love as well.

But I think when we're dealing with technology, I would probably double down on this. Don't underestimate the people dynamics and their willingness or non-willingness to adopt it. And adoption, I think is the key to any technology because we could buy any shiny object and say that we bought it, but the, really the measurement of success is whether or not it is being adopted, it is enriching our environments, creating efficiency, reducing manual process, and so on.

Our team has been a great deal of time on what I refer to often as people dynamics and their willingness to adopt. We created this trust gap analysis in 2018 to highlight the importance of user-centric design and trust in technology. And when ChatGPT came out, you saw this explosion of adoption, and I think that is what we'll start to see in an enterprise as we start to evolve into how we might use it in our practice areas. And to, honestly, it is being evaluated and we're still waiting to develop some of that trust and lean in a little bit more. I think of it as a tipping point. The more trust you build up, there'll be a tipping point to adoption. So, excited to watch that.

But in the end I would say if you're going into technology, which would be great and we'd love to have you, because there is, we need a lot more brilliant minds to help us wade through all this emerging technology, I would say, don't forget about people and maybe take some psychology classes just to understand the people dynamics and how they work, because that is really what we need to help embrace this new emerging technology.

Bowen: Well, Katherine, thank you. This has been a fascinating discussion. I so appreciate you giving your time to us today, and I'm looking forward to chatting with you more about this later.

Lowry: Well, thank you, Janine. This was a lot of fun and look forward to having more conversations.

Kattman: If you have any questions for Janine Anthony Bowen, her contact information is in the show notes. As always, thanks for listening to BakerHosts.

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