

Explainer for Microsoft's Trusted Advisor Forum on Innovation Volume II – The Remix (2020 edition)

Welcome to The Remix!

Microsoft's Corporate, External and Legal Affairs ("CELA") organization is looking forward to your participation at our upcoming Trusted Advisor Forum on Innovation Volume II ("The Remix"). Similar to our first innovation-focused event in 2018 ("Innovation Volume I"), we are committed to partnering with you to weave continuous improvement and innovation of service delivery into the fabric of our relationship. To accomplish this we have engaged with Bold Duck Studio to develop and deliver a "remixed" version of Innovation Volume I that not only builds upon our previous efforts and learnings but also collectively challenges us to collaborate, experiment, and execute.

[A refresher of the instructions and objectives from Innovation Volume I is provided as an appendix.]

In 2018, we introduced the inaugural innovation forum as the start of a continuous improvement cycle with you, our Trusted Advisors. Since that event we have frequently asked you, like many of your clients, to innovate, get more efficient, and become data driven. We have seen success on this front. However, we cannot stand still. Based on our progress to date, we are articulating additional intentions for how we will drive innovation in legal service delivery. We know you have taken steps to support us in this effort and we, likewise, have increased awareness and action within our CELA practice groups and also by establishing our new Modern Legal team.

We are holding ourselves and you, our partners, accountable because we must improve and evolve to serve our client at a quickening pace. We are a team. Our team cannot provide exceptional counsel to a business that is accelerating by relying on existing, conventional approaches. They do not keep up. They do not scale. They do not deliver the value we seek.

For Innovation Volume I we highlighted discrete, concrete projects that you believed had impact and that you could measure. We asked you to:

1. tell us about one thing you have done in the prior year to get better; and
2. tell us about one thing you will try to do the next year to get better.

We learned about the opportunities and problems you were spotting and your attempts to address them. Some efforts have continued and are building real impact. Others have stalled. We celebrate both outcomes as the natural course of progress because success is learning, and failure is not trying. Every attempt creates learning. We must execute on what we learn, or our effort is wasted. Which brings us to The Remix.

Our Next Innovation Forum - The Remix.

We learned from Innovation Volume 1 that to deliver impactful innovation on a continuing basis we must pivot our focus to equipping ourselves and our partners with design skills, capabilities, and mindset. We believe this will complement our existing collective talents and capabilities and accelerate our transformation. We will move and learn faster with more focus and less waste. This is our goal.

The Remix is designed to narrow our focus on developing and demonstrating these capabilities by issuing a design challenge that aligns with our outside counsel engagement and value strategy.

The Power of Design

The Remix is still focused on innovation. Innovation, not invention. We use “innovation” broadly to mean a change in how you deliver legal services to Microsoft. Innovation however is an outcome, not an activity in and of itself. It is the result of generating ideas, validating them, building a model or prototype to pilot and test, and then scaling them in a manner wherein they become the new normal.

What we learned since Innovation Volume I, is that many of us lack certain capabilities that are instrumental to accelerating our efforts on this front. While we have exceptional talent on our teams, innovation is not our core business. It requires different skills, diverse points of view, and most importantly, a unique mindset. We also realize that CELA has a deeper role to play in providing access to these elements where we can, to help fuel and structure the collective efforts of this group.

What we continue to witness within our own company and across the global economy is the emergence of Design as a critical business capability. Design is not new and has its origins in the industrial revolution. Design is more than making things look pretty. It has matured rapidly to address the growing pain points of business and creates new services that are cost efficient and highly effective at delivering what the customer wants and needs (Service Design). Design is also making significant impact on business models as organizations seek competitive advantage and must also focus on how you create new products and services. This includes the organizational structure, management issues, and operational capabilities that interact with these new business efforts (Business Design).

Some of your organizations have already begun exploring design. In June 2019, we hosted a [Trusted Advisor Forum on Design Thinking](#) and convened a workshop for Strategic Partner Program (“SPP”) firms and CELA. We were struck by the promise and potential to use the design process as a structure and vehicle to further develop and accelerate our efforts to advance towards sustainable innovation. This informed our approach to the next version of our innovation forum.

The Design Challenge – Modern Legal

CELA has always invested in modernization and digital transformation, and the continuing acceleration of the business we serve requires even more focus on and support for this strategic priority. Our Modern Legal team is responsible for driving industry leading innovation to digitally transform and modernize the department’s practices and ways of working. We see you as key partners on this and our other priorities like diversity and pro bono. For that reason, the challenge for The Remix is focused on the following:

How might Microsoft’s legal services partners accelerate our Modern Legal journey in a measurable way?

To understand the Design Challenge, it helps to define what we are after – i.e. “What does Modern Legal mean?”

Our General Counsel, Dev Stahlkopf, described the blueprint and our partners’ opportunity to contribute as follows:

Drive innovation in and impact through legal services. This priority includes continuing to evolve relationships with our strategic law firm partners, like increasing the depth and quality of law firm engagement, implementing alternative fee strategies where they make sense, and improving law firm diversity. We also need to develop and use our technology to make us more effective and productive – if Microsoft’s mission is to empower others to achieve more, we should empower ourselves, too. Also, those of us who are legal professionals have scarce skills that can empower those at margins to achieve more. We should use those skills to evolve and grow our pro bono efforts, in partnership with our law firm partners, and in line with Microsoft’s mission and CELA’s priorities.

Our experience strongly suggests that the Design Challenge will require redesigning practice service models and perhaps even business models. If an idea is based upon simple pricing mechanics (discounts, shadow billing, labor arbitrage, and so on) it is not considered sustainable nor innovative. We are searching for sustainable models that can deliver quality legal services at an agreeable price that may or may not rely on hourly inputs. Key elements of service delivery such as workflow, operational processes, new talent mixes, tools and technology, and the client experience should be considered.

Changes to business models that address root problems are critical innovations. If our diversity priority incents you to create a new approach to supporting the partner career track—to ensure dedicated, highly trained resources with low attrition focused on Microsoft work—that constitutes innovation. The Design Challenge response would be how you structure, socialize, implement, and measure the success of your staffing innovation both inside your firm and making it work for Microsoft and other clients and a clear articulation of how your investments will benefit customers like Microsoft.

The Design Challenge gives you a lot of space to play because our mandate is holistic and inclusive. You may pursue many avenues and means if the proposed solution supports some aspect of our priority. We believe technology can empower people and we would like to see it applied where it creates value, but technology does not equal innovation and it is not the starting place.

We begin by understanding problems that when solved will create value. We learn how people interact with that problem system to advance objectives. We analyze the system processes that power the activities to optimize them. And then we apply technology to enable scale, velocity, and insights.

As before, we expect many of your ideas will have a technological component. The technology, however, needs to be connected to changes in behavior and the attendant value delivered to Microsoft.

The Design Challenge Structure and Roadmap

The goal is to establish an evidence-based idea for how the challenge can be addressed. This should not be a theoretical answer but one that can become reality, based on known or reasonably knowable conditions and context within the firm and Microsoft. Basically, if all parties were to agree to pursue it, there is a high degree of confidence that it could be an executable and viable solution.

January 31 – Design Challenge Issued

Teams:

Each participating partner organization will field its team, or teams, of diverse professionals. Yes, each firm can have more than one team if it wishes. Each team will be focused on a unique idea. Every team must have a mix of fee-earner and **business professionals**. All team members must have a substantive role to play throughout the challenge. This is an opportunity to showcase **diverse talent**. Every team needs to identify two (2) Microsoft/CELA individuals to be on their team as well. This ensures a shared commitment to shape the idea, its testing and refinement, and hopefully, its ultimate deployment.

Please note that teams, depending on the unique idea, can be joint collaborations of two or more firms. In the recent past, we have seen more of you joining forces and we highly encourage that in this instance if it would have more impact.

Resources:

We have partnered with Bold Duck Studio, the legal industry leaders in business design. They are the architects for this program and have an essential role to play in helping us extract the highest quality ideas and ultimate solutions from this process. One key role they will play is to be available to each team for a 60-minute consult prior to March 2nd. We highly encourage you to use them. Beyond being experts in this arena, they also know us and can help navigate and guide you through this process. And we observe the partners who took advantage of this consulting benefit for Innovation Volume 1 delivered stronger presentations and had more subsequent success with their projects.

Key Dates:

For planning purposes, we ask that all of you (1) confirm your participation in the Design Challenge; and (2) identify your team members by **Monday, February 10th**. Please use this [Registration Form](#) to respond.

Each team will have from today until Monday March 2nd to prepare their response materials for The Design Challenge. We will provide a process for gathering content so that materials can be loaded for presentation.

March 4 – Ideas Presented and Professional Development Session

Event:

We will gather on March 4th for the Trusted Advisor Forum. This will be a full-day, in-person event at our headquarters in Redmond, WA. Your audience will include a diverse set of stakeholders. In addition to the other presenters and CELA's professionals, we will invite people from peer organizations, academics, and other service providers in our ecosystem.

Agenda:

Each team will have a short period of time to present their idea and plan of action. A portion of the event will also include a professional development session facilitated by Bold Duck intended to enhance the attendees' understanding of design concepts and skills. We are applying for continuing legal education credit. We will end the day with a networking happy hour.

Outcome:

Shortly after March 4th two ideas will be chosen and formally endorsed as the 2020 Modern Legal // Design Selections and announced to all teams.

March to October – Design Sprint for Challenge Selections

These two selected ideas and respective teams will move directly into a **business design sprint** wherein each team will be directly supported by CELA and Bold Duck Studio to accelerate the testing, development and, perhaps, implementation of the solution.

Throughout this period, CELA and Bold Duck Studio will be hosting three (3) half-day working sessions. Each session will be held jointly, with both teams participating. Each session will be held on the Microsoft campus, where both CELA and the Microsoft member(s) of your team can more easily participate. These sessions will be focused on moving your ideas forward and providing you access to both guidance and resources necessary to keep momentum and increase the likelihood of success.

We anticipate a report by year's end on the status and progress of each of these to be shared within the group and perhaps more broadly.

More details will follow shortly but you can begin work on The Design Challenge **immediately**.

Rules of Engagement

Our Trusted Advisor Forum initiative is one of the hallmarks of our SPP program. We look forward to hosting events that bring together our valued partner firms and our CELA teams. We hope you feel the same. Over time a few “rules” have emerged and it's worth reiterating them here:

Open Collaboration is Expected: You will be presenting to your fellow Trusted Advisors. We see this as collaboration, not competition.

Success is Learning and Failure is Not Trying: We want you to be bold. We are prepared to accept failure. We cannot accept not trying.

We Are Your Partners in Experimentation: We are figuring it out too. We look forward to taking on this challenge together. Many of you have shown a willingness to take us up on that offer and we look forward to rolling up our sleeves and supporting your efforts.

Have Fun: We spend a lot of time in professional, adult settings that sometimes have rigid expectations for performance. This is a time to break some of that down, think creatively, and allow yourself to play.

APPENDIX: Trusted Advisor Forum on Innovation – Volume I – Instructions and Objectives

As promised, here is an extended explainer of what we are doing, what we are looking for, and why.

Why? Legal Services Must Keep Up with Our Business

Our Strategic Partner Program is built on the premise we can deliver more value to our shared customer, Microsoft, if we work together to develop deeper engagement. One path to creating more value is improving the quality, speed, and cost of our legal services delivery. At this year's CELA Global Summit we said we will weave continuous improvement and innovation of service delivery into the fabric of our relationship.

We are holding ourselves and you, our partners, accountable because we must improve and evolve to serve our client. We are a team. Our team cannot provide exceptional counsel to a business that is accelerating by relying on existing, conventional approaches. They do not keep up. They do not scale. They do not deliver the value we seek.

Clients frequently ask you to innovate, get more efficient, and become data driven. We hire the best firms to do our work because you are experts. We must partner with you to define the specific improvements that will deliver value to us based upon your expertise. We want to help you succeed in delivering a set of specific outcomes that address our value asks. We want you to focus on making a few changes that improve our work in an explainable way that our legal professionals can understand, value, and appreciate.

Our innovation focused Trusted Advisor Forum is the start of the continuous improvement cycle with you, our Trusted Advisors. We intend to find a sustainable cadence to collaborate on developing improvement plans and measure our progress against those plans. We will discuss strategic plans, target operating models, and digital transformation as our collaboration process matures. We are starting with simple, discrete, concrete projects that you believe have impact and that you can measure. The ask:

1. tell us about one thing you have done in the last year to get better; and
2. tell us about one thing you will try to do next year to get better.

You will offer a hypothesis about how each of these creates more value for Microsoft, ideally with measurable indicators. For more background, you can read Casey on these concepts ([shorter](#), [longer](#)).

Decoding the Innovation Stories We Seek

“an innovation that demonstrably improves legal service delivery to Microsoft”

Innovation. The Forum is focused on innovation. Innovation, not invention. We use “innovation” broadly to mean a change in how you deliver legal services to Microsoft. The projects reflected in the canvasses are the mechanisms by which you introduce and incorporate the innovation.

Innovation need not involve technology. Changes to business models are critical innovations. If our AFA relationship incents you to create a new non-partner career track—to ensure dedicated, highly trained resources with low attrition focused on Microsoft work—that constitutes innovation for purposes of the Forum. The project would be how you structure, socialize, implement, and measure the success of your staffing innovation.

This is not to discount technology. We are undergoing our own digital transformation and will share our plans with you at the Forum. We expect many of your innovations will have a technological component. The technology, however, needs to be connected to changes in behavior and the attendant value

delivered to Microsoft. Explaining a major IT investment and failing to explain how this will make the work you do for us more valuable is not adequate.

Demonstrably Improve. We were tempted to use “measurably.” Not every improvement lends itself to clear quantification of impact. You, for example, might choose to solve for overreliance on email as a means of both communication and document management. Your innovation might be migrating lawyers to a workflow tool. Many aspects of this innovation are measurable—e.g., number of matters, messages, and documents in the tool—and should be included in your metrics. Yet while the benefits may be clear (demonstrable), the actual impact might be hard to quantify (measurable).

To offer another example, you might have developed a clause bank for the purposes of speed and consistency in contract drafting. Simply stating the existence of the clause bank would fall short of our expectations. Providing the data—number of clauses, usage statistics, update frequency—*and* pointing to concrete instances of the clauses being used in service of Microsoft would be closer. That is, you can demonstrate improvement even if you are challenged to precisely measure time savings with only anecdotes and logic to support the claim of superior quality.

Legal Service Delivery. You have superb lawyers. Legal acumen is why we hired you. It remains the foundation of our relationship. As one of our primary providers, you’ve helped Microsoft deliver success last year and will do so again next year. Creativity in the application of legal knowledge is worth celebrating. But it is not the focus of this Forum.

The Forum is focused on innovation in legal service delivery—i.e., systems for leveraging expertise through process and technology. The Forum is an opportunity to explore ways to improve quality, consistency, speed, transparency, sustainability, cost-effectiveness, predictability, scalability, et cetera.

Winning a motion for summary judgment due to a novel legal argument is praiseworthy but not a topic for the Forum. Changes in your approach to summary judgment based on judge-level predictive analytics you have deployed would be.

To Microsoft. Your innovations need not be specific to Microsoft. But your innovations must demonstrably benefit Microsoft. This is not a marketing pitch about how the firm is/can be innovative. The Forum will be a discussion of specific innovations with an express nexus to legal service delivery to Microsoft.

For example, a new legal project management program may or may not be an appropriate topic for the Forum. While LPM is patently an initiative related to legal service delivery, the mere existence of the program has no self-evident benefits for Microsoft. You would need to, for example, identify areas where project managers have been assigned to Microsoft matters and then explain, preferably with numbers, how that assignment benefited Microsoft. Though you need not have created the program specifically for Microsoft. Nor do the benefits need to be confined to Microsoft.

Presenting Your Innovations to Our Partner Community

You will be presenting to the entire Forum. This includes your fellow Trusted Advisors. You may see other firms as competitors. We see you all as part of an integrated partner ecosystem.

Microsoft frequently collaborates with its ‘competitors’. Consider our multi-billion-dollar commitment to the open source community or our partnerships with Apple, Amazon, Google, et alia. We expect our partner firms to find ways to collaborate and complement each other’s strengths. This will be an opportunity to demonstrate your commitment to one of our values.

You did not become a Trusted Advisor because of the innovations you will present. You became and remain a Trusted Advisor because you are the type of organization that will innovate. Likewise, other

clients are unlikely to retain you because of a single innovation. Your continued participation in the Trusted Advisor program should be a more salient differentiator—social proof and a strong signal of commitment to continuous improvement. Indeed, we will be inviting some large law departments to observe the Forum.

Ultimately, the value is in the execution, not the ideas. Ideas are cheap. Hence the Forum's focus on demonstrable improvements.

Failure Is Not Trying and Success Is Learning

Failure is permissible if we learn something. On your already introduced innovation, you can cherry pick a success story. We do not expect the forward-looking project to be so pedestrian as for success to be guaranteed. We want you to be bold. We are prepared to accept failure. We cannot accept not trying. We are updating our culture to embrace a growth mindset that stresses a learn-it-all instead of a know-it-all approach. We expect to see this reflected by our Trusted Advisors.

There are edifying effects to getting it wrong. We look forward to you sharing lessons learned no matter the outcome of your attempts to improve.

We are Figuring It Out Too

The Forum is an experiment. The current thinking is we will reconvene in a year to report back and publicly commit to a new round of innovations. But we will see how this goes.

Our commitment to continuous improvement is not an experiment. These types of projects will become part of our annual feedback cycle and will be on the agenda for my site visits. In addition, I recommend you start, if you haven't already, situating these projects in a larger strategic plan with a target operating model and a digital transformation roadmap. You do not have to share your entire vision at the Forum. I will ask about it when I come onsite.