ARE LEGAL CHATBOTS READY TO CHAT?

Analysis of 10,000 webchats suggests not…

"If you're looking to automate your customer contact, this insight shows how to get the balance right, without undermining the very essence of contact – **the human conversation.**"

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INTRODUCTION

With talk of 'post-pandemic challenges' now feeling passé , and businesses re-focusing on the longer term future, legal firms are looking to build efficiencies into sustainable hybrid work processes, and ways to further enhance and develop their client experience for competitive advantage.

The use of 'lawtech' including AI and chatbots has been hyped over recent years as the solution to all problems, with chatbots in particular seen as the 'quick fix, easy to scale, friendly face of Artificial Intelligence'.

Some predictions have estimated that more than 85% of customer interactions will NOT include a human being in the legal sector. But we ask the question:

> " Are you ready to hand over your valued customers to a client experience which is totally hands-off? "

This insight, written by conversational intelligence expert **Andrew Moorhouse**, takes a look at **balancing the risk** of losing human interaction, alongside the reward of combining better tech and processes for a highly personalised managed service.

Andrew is the founder of **Alitical** and brings a deep expertise in the codification of human behaviour and is driven to determine what top performers do differently. He is a guest lecturer at Cranfield University, and has worked on critical performance improvement projects for UK Enterprise clients such as Tesco, Vodafone and O2 amongst others.

Andrew Moorhouse
Founder, Alitical

In the summer of 2017, to much fanfare, a £16bn UK media giant introduced a new customer contact strategy; one that was prophesised to **strip out 30% of OpEx costs** from the call centre via headcount reductions.

Using a cute piece of behavioural science, *"Press 1 for a faster way to be served"*, the telephone system deflected hundreds of thousands of inbound calls to an AI chatbot on WhatsApp. **This was the future**. It was termed "asynchronous AI chat."   A chatbot with seamless transfer to a human agent if the AI didn't know the answer; and this enterprise was the first to embrace the potential on a massive scale. Some on the implementation team were even known to utter *"We've gone async."*

> "PRESS 1 FOR A FASTER WAY TO BE SERVED."

What happened? Well, the AI **live chat platform was deactivated and never turned back on**.
To this day it remains off.

So, what went wrong?

It was a modern-day version of the emperor's new clothes. They totally believed the hype. With all the buzz and hoopla to be first on the AI scene, nobody dared to speak up and challenge the new direction they were heading in. Async, it turns out, wasn't the future, and the 1990s teen-boy-band-inspired thinking wasn't working with the customer base.

You see, when you try to answer complex queries with a bot that quickly escalates to a human, you have a problem. The AI did a worse job than a static FAQ webpage at answering customer queries. Sources suggest **the volume of human inbound chat was 8-times greater than projected**. Queries were not being resolved or even answered. And the resourcing model didn't align with the projected traffic.

An omnishambles so severe, the only fix was to deactivate the system.

Cost out at all costs

Rapid advances in Artificial Intelligence, a 9.1% inflation rate, plus the threat of a recession makes the desire to strip out costs more powerful than ever. As we saw above, AI is hailed as *the* saviour for reducing OpEx and Headcount.

Even sceptics in magic circle firms are looking to re-engineer their approach to legal services by using AI technology. Lawtech has its place in lots of areas. Document analysis and retrieval look very promising; as does case outcome prediction (when trained with the right input data), but it's specifically the chat function that we're questioning and putting your high-value customer contact in the hands of a robot.

Last year, the Law Gazette published a piece, extolling the benefits of using AI chatbots to grow your business.

Drawing analysis of 10,000 live chat transcripts, this article shares previously untold insights about corporate chatbot failures where the AI hype didn't meet expectations.

Complex queries need complex responses

The image below shares deep analysis of 10,642 inbound contacts for a major UK bank; the resolution rate and also the accompanying customer satisfaction score.

Live chat resolution rate and customer satisfaction
n=10,642 contacts
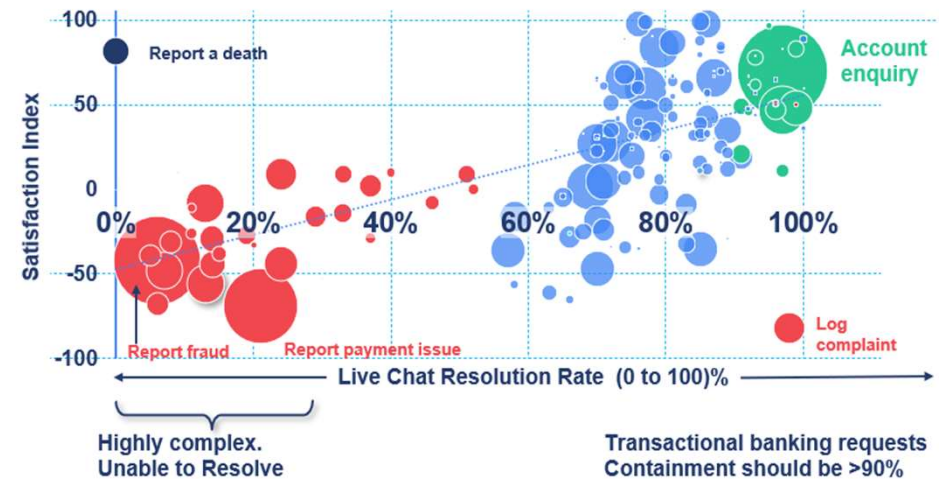
Conversational AI should hit at least **90% resolution rate** (often called containment) before escalating to a human.

Beaten by basics

But this UK Bank achieved that on only the most basic enquiries, such as "what's my balance?". And even something seemingly simple like "cancel my card" is met with confusion.

Blocking an ATM card seems like a simple request.
But from the evidence we have seen, some chatbots just don't chat.

"What's my balance?."

"Cancel my card."
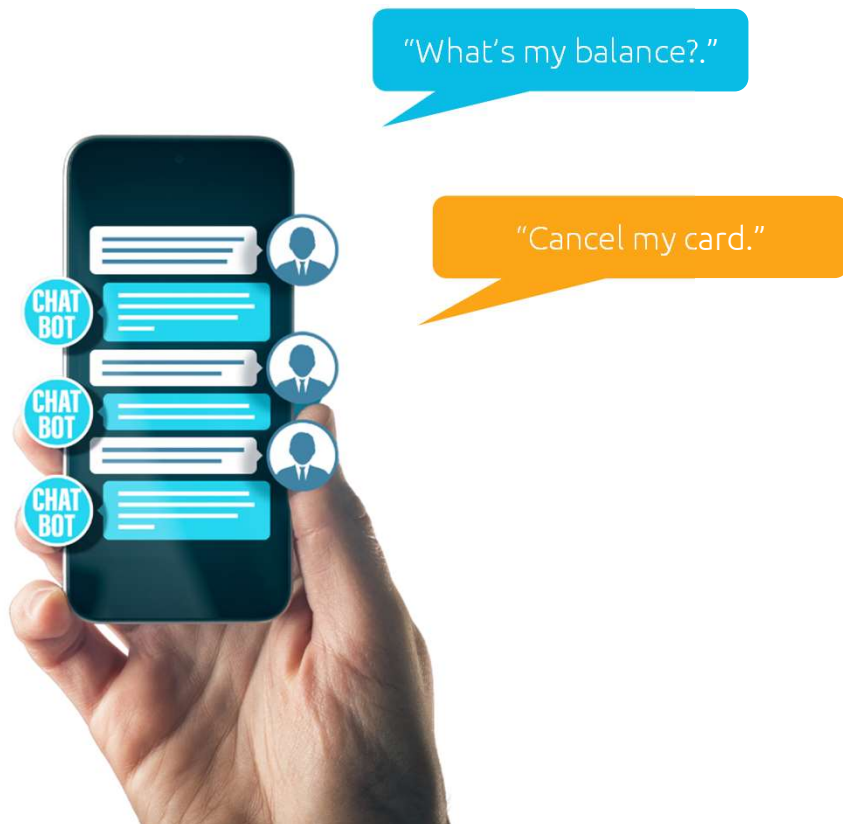
Machines without brains

A failure here creates repeat contact and corrodes customer satisfaction. The reason it doesn't work is banks have complex issues to resolve, as do law firm clients. **And chatbots simply can't recognise the individual complexities appropriately.**

One influencing factor in AI failure is the use of perfunctory and rudimentary tech. It looks shiny and sparkly; and careers are made on being the first 'leader' to implement AI. But in reality, many tools today are no smarter than an excel spreadsheet. It's not intelligence. It's a badly done job at automating a FAQ webpage. It's a pre-packed database. Tech vendors won't ever tell you this of course.

> "A FAILURE HERE CREATES REPEAT CONTACT AND CORRODES CUSTOMER SATISFACTION."

Lies, damn lies, and chat vendor statistics

When a £5bn UK retailer won a contact centre award for bringing the first AI-powered bot to market; the transformation team were humble and admitted that when they looked at the numbers, their AI bot mostly cannibalized traffic from the FAQ page**. Indeed, year one call volumes rose by 3%.** The tech vendors will refute this reality and fudge numbers. Take a look at any vendor sales material. They all promise a minimum of 30% call volume reduction. Some even go as far as 50%.

Again, it's the emperor's new clothes syndrome. That 30% OpEx saving is so tantalizing that nobody challenged the numbers. A few years ago, Slaughter and May released a report that reveals the critical risks associated with the misuse of artificial intelligence (AI), stating that there's "plenty to lose". In its foreword, the report stresses these concerns "need to be taken very seriously" — **perhaps AI adoption by law firms will be far slower than many currently anticipate**.

But whatever your decision on technology adoption, don't immediately believe the hype.

−30%
reduction in customer calls

DigitalCX
The most powerful conversational AI platform.

Enterprise Chatbot Software | Our chatbot has decreased call volumes by 40-50% for insurance, telco & energy companies.

32% Reduction in Inbound Calls Per Month

Chatbots that don't chat

The banking example we saw had a bot that failed to understand a very simple card block request. Something called Natural Language Understanding (NLU) sits at the heart of all AI intelligence. **If this isn't customised to your world, the chatbot will fail**.

Be very sceptical of anyone that claims to have out of the box functionality. Vodafone in Germany spent an entire year building the best NLU engine imaginable. They had **400-agents** responding to live chats and for an entire year, there was a **team of 100 conversation analysts** that tagged each intent and utterance to improve the effectiveness of Vodafone's AI tool. That's the kind of effort required to get the right functionality.

So, let's take a look at what out of the box buys you today. Here's a legal chatbot platform, heavily promoted in the Law Society. We've sanitised the screenshot to protect the innocent, but you can see, it's disastrous.

"THAT LOOKS LIKE AN INVALID EMAIL ADDRESS."
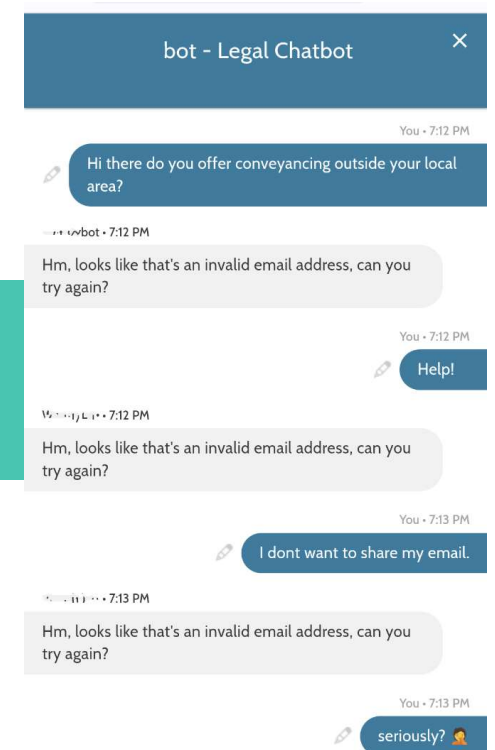
Curiously, in 2018 the Law Gazette published a paper, suggesting that AI advances would enable the most complex queries to be completed by 2023. **It seems we aren't quite there yet.**
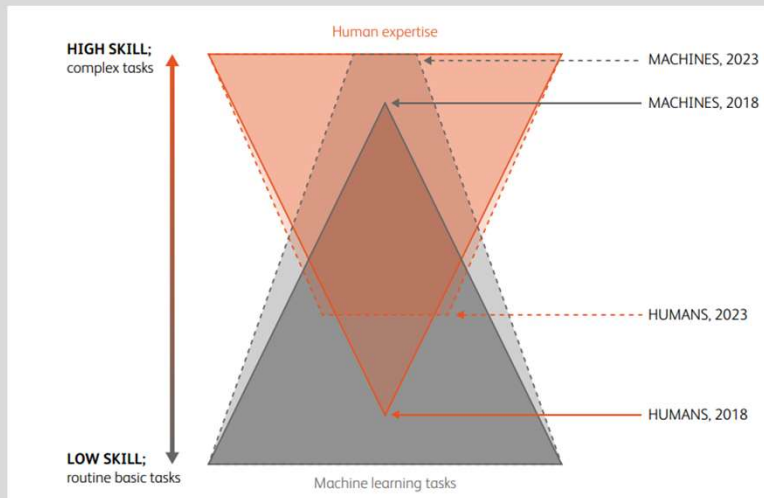
There's something even more worrying though, than an inarticulate legal chatbot. And that's an overly proactive legal chatbot…

The wrong proposition

It seems that the biggest push from the legal chatbot community is for an AI bot that automatically books time in the diary for the Partners and Fee Earners at the firm. And that's terrifying.

The sales patter for most vendors goes like, "Automatically book meetings for your lawyers, 24/7. Imagine if your staff could walk into the office each day with meetings already automatically booked for them. That's exactly what our Legal Chatbot does."

Think about all of the low value inbound leads and opportunities. Do you really want them diarising?

Looking at 1,127 inbound law firm calls, how many were classified as a lead? Inbound contacts that result in revenue for your firm. **Just 35% of all inbound traffic was deemed as a qualified lead.**
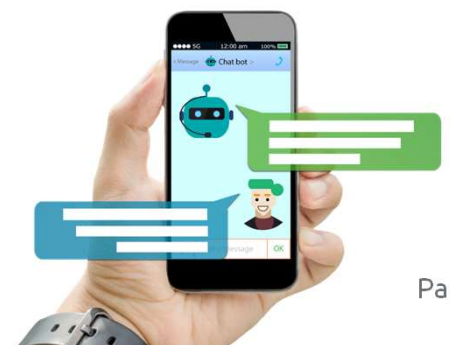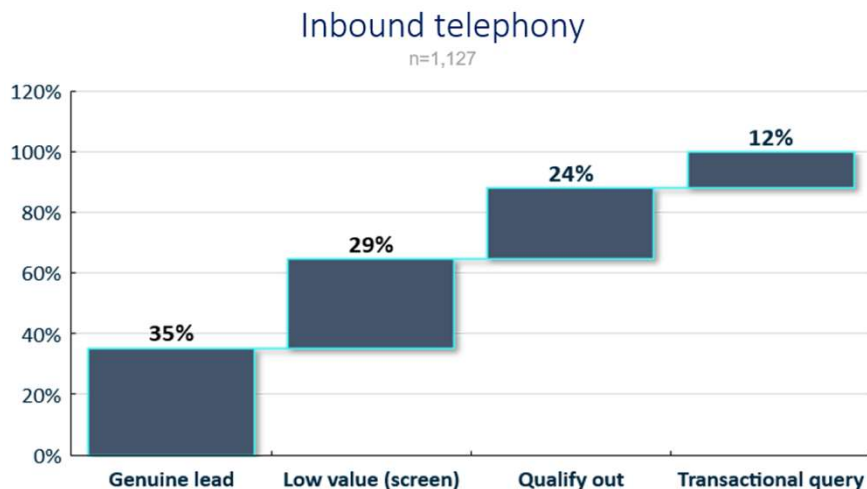
The remainder are not calls worth diarising.

These include members of the public that want to sue Rupert Murdoch because they don't like the SKY TV options; and a customer that wants a telegraph pole moving 18" to the left as it's obscuring view from a a window.

Not really the type of calls you want to automatically populate fee-earners' diaries with.

Inbound telephony
n=1,127

35%	29%	24%	12%
Genuine lead	Low value (screen)	Qualify out	Transactional query

Balancing risks and rewards

Despite the lack of publicity, the challenges with AI live chat aren't a rare or unique phenomenon. Virgin Airlines, EasyJet, and many more have since deactivated their AI Chat platforms and hunkered down back to using telephony as the primary contact option.

The issue is not artificial intelligence. It's human intelligence. This isn't about bad tech. It's about badly informed customer strategy decisions.

We are all looking for efficiencies and productivities, how can we get the best of both AI and human contact? Starting slow and automating the very low risk areas. Careers aren't built on the steady-as-she-goes approach; but conversation AI is at its infancy right now.

WHAT TO DO NOW?

If you are looking at automating your customer contact, investing in technology to streamline your process, here's our recommendations:

1 **Start simple with low complexity items.**

2 **Analyse your customer contact data to understand key requirements.**

3 **Align your customer strategy decisions for a smooth client experience.**

4 **Beware 'out of the box' functionality.**

5 **Never underestimate the value of great conversation.**

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Never before have we seen the pace of change that is happening in the business world right now. We should embrace innovation, but we mustn't forget that business relationships are about human connections.

We have to ensure that technology enhances those relationships for better communication, rather than trying to replace them entirely at the expense of customer experience.

"

Andrew Try
Managing Director, ComXo.

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Our mission is to unlock the unknown insight buried within your sales, CX and team meeting conversations and to use this to deliver an uplift in performance across NPS, revenue and employee engagement.

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