

# Tech Spinoffs One Way Law Firms Can 'Flip the Script' on Disruption

In this Q&A for its Breaking Tradition series, Law.com catches up with Justin Hectus, CIO and CISO at Keesal, Young & Logan and CIO at its spinoff tech company KP Labs. Hectus explains why the firm separated KP Labs as a distinct company, and the positives and negatives that come with law firm tech spinoffs.

By Zach Warren | September 04, 2020 at 10:30 AM



Justin Hectus, CIO and CISO, Keesal, Young & Logan and CIO, KP Labs. (Photo: Sunshine Harmon Portraits)

“The Breaking Tradition” series aims to provide insight into the world of New Law: the innovative ideas, the thoughtful opinions, and the alternative paths that many looking to reshape the legal industry have taken. With that in

mind, we're publishing a series of Q&As to hear directly from the major players in this space in their own words.

Today's Q&A is with Justin Hectus, CIO and CISO at law firm Keesal, Young & Logan and CIO at its spinoff tech company Keesal Propulsion Labs. KP Labs launched in 2018 to help clients to expand and connect their tech stack to solve complex legal and business process challenges.

The questions and answers below have been edited for brevity and clarity.

### **What was your career path to get to where you are today?**

It has been a truly fortunate combination of stable foundation with constantly changing scenery. I quite literally grew up in the legal industry, having spent 25 years at Keesal, Young & Logan (KYL), a California litigation boutique. I've worked in nearly every department at the firm over the years and I made the shift to focus on legal tech in the early 2000s when I was an accounting manager charged with development of a financial metrics and reporting portal. I later became CIO and CISO of the firm and held that role for many years.

My range of experiences at KYL eventually drew me into process automation projects for the firm and its clients. That digital transformation and innovation work grew from a practice area of the firm into a separate company which launched in 2018. Keesal Propulsion Labs (KP Labs) is now a team of 30 business analysts, engineers, designers and subject-matter-experts in six time zones serving a couple dozen Fortune 500 clients. It's been a great journey, and I feel like we're just getting started.

### **Why spin KP Labs off as a separate company of the firm as a whole?**

KYL is a litigation law firm that practices law. KP Labs is a technology company focused on digital transformation. Both companies serve corporate law departments, but our core expertise and deliverables are very different. Those issues might be compelling enough to create a new company. When you add into the mix the Labs building and selling products and our desire to expand ownership beyond just lawyers, a separate company makes sense.

We do share admin support and holiday parties, and we have enough time in the trenches together that enables us to operate as one unit. Together, we're

both a tech company that can scale up into legal services and a law firm with a platoon of process and technology experts.

**What are some of the positives and negatives (if there are some of each) with having KP Labs being distinctly associated with a firm?**

The joint model presents a unique advantage for both companies and for our clients and KYL's culture and style has informed our approach at KP Labs. The firm has a longstanding reputation for creative solutions tailored to specific problems. That spirit permeates the KP Labs' way. We are customer-focused and collaborative, and we've developed a reputation for effective co-innovation with clients over the past two years.

It's also a huge plus that we can tap the legal and regulatory expertise of a team of lawyers that we trust. We share a common language and enough experience that communication gaps are few. That gives us a unique ability to create tech solutions for corporate legal departments. It also gives us a deeper and more holistic view of the problems that need to be solved than other tech companies might have.

One negative could be that law firms have a reputation as late adopters and slow movers when it comes to innovation, but we are comfortable that we've shattered that mold. Another drag might be all the lawyer jokes.

**Law firm tech subsidiaries and spinoffs in recent years have risen in popularity. Why do you think now's the time firms are looking in that direction?**

Technology companies, law companies and ALSPs have disrupted the law firm business model in recent years. Law firms are looking to flip the script and hold on to the business. Savvy law firms also see a need to retain key talent in the technology and business areas. By creating ownership opportunities and business incentives for talented allied professionals who benefit the firms and their clients, firms can attract and retain difference-makers. As an independent entity, the new company can also focus on longterm growth and innovation without the burden of changing priorities at the firm, which seems to have been a major hurdle for other law firm launched captive groups.

## **In the next 5-10 years, where do you see ALSPs falling in the value chain of legal services providers?**

The value and role of ALSPs and law companies will no doubt continue to grow, becoming more integrated with in-house law departments and law firms. KP Labs doesn't identify as an ALSP—we don't do tasks that law firms used to do. On the contrary, we do things that have not been done before by law firms or technology companies. We will continue to partner with ALSPs in addition to the firm and I'm a believer in crossorganizational collaboration between specialized providers. As an extension of our relationship with the firm, we've developed a unique ability to work with other companies that someone with a more myopic view would consider competitors. Clients want partners that work well together. Serving that desire delivers a better overall solution, and we see ALSPs and other providers in the value chain finding that approach to be more compelling as time passes.

## **What's your favorite story doing a project in the space that was unique or interesting?**

Our most unique and fulfilling experiences have been co-developing solutions with clients and one recent story stands out. The legal operations team at a Fortune 500 technology company came to us and outlined a challenge, telling us that financial reporting from their law firms was lacking and they had not found an existing solution to meet their needs. Specifically, accrual and forecasting reporting had been an overwhelmingly manual and painful process leading to bad data and inconsistencies on both sides of the ledger with real financial implications. We worked with the client to design, build and launch a tool that delivers more accurate and timely reporting from their 70+ law firms and we are going to market with the product later this year.

The solution, Accrual Summer (with wink and a nod to Bananarama), provides reconciliation across reporting periods and a user experience designed around the law firm, delivering better and more timely data. We believe that joint endeavors between clients and tech companies—where the client can bring deep insights about needs and a company like ours can bring development and product resources—is a superior way to create solutions. It solves an inefficiency in the product development process and merits broader

discussion. We believe in this process and it invokes the “Labs” part of our name.

### Law Firms Mentioned

Keesal Young Logan

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