



KYLe

Information Memorandum



TABLE OF CONTENTS

1. Executive Summary	4
1.1 What is KYLe.....	4
1.2 Roadmap.....	4
1.3 Financial overview	5
1.4 Investment Rationale.....	5
2. Investment Thesis	6
3. Overview of Market	8
3.1 Law Firms & In-House Corporate	8
3.2 Competitors	9
4. KYLe Platform	10
4.1 KnowMyCompany	10
4.2 KnowMyPeople	10
4.3 Reporting	10
5. Company	11
5.1 Resourcing	11
5.2 Marketing	11
5.3 Customer Growth	12
6. Revenue Profile	13
6.1 Pricing model	13
6.2 Competitor Pricing & Locations.....	14
6.3 Funding Requirement	15
7. Appendix	
7.1 Detailed Cost Profile.....	19
7.2 Team Research.....	21

“Outside Counsel understand our legal needs, but not our business context; it would make an enormous difference if they took the time to get to know the business.”

General Counsel, UK FTSE 500 Company

“They don’t fully understand what is being asked and what they need to deliver, and they spend time and effort needlessly (and expensively) on things that don’t really move the ball forward.” General Counsel, US Multi-Billion dollar Company.

EXECUTIVE SUMMARY

In a legal profession of increasing complexity, with greater use of more sophisticated technology and disruption from both new players and clients, one thing will always remain the same: Fundamentally, the legal profession is about serving clients. So why is that over 70% of in-house clients report 'somewhat' or 'below' satisfaction with the lawyers they retain? With so much innovation in the delivery of services by law firms, how is that they are still missing the mark? Does the size of spend make a difference when it comes to the quality of service provided?'

Understanding a client's business, how they operate and what works for the business is no simple task, in fact, it is one of the most complex and nuanced elements of practicing as a lawyer, and often only evolves over time. But with the rise of in-house counsel and an increasingly competitive legal market, law firms cannot afford to waste time delivering work that isn't satisfying their clients.



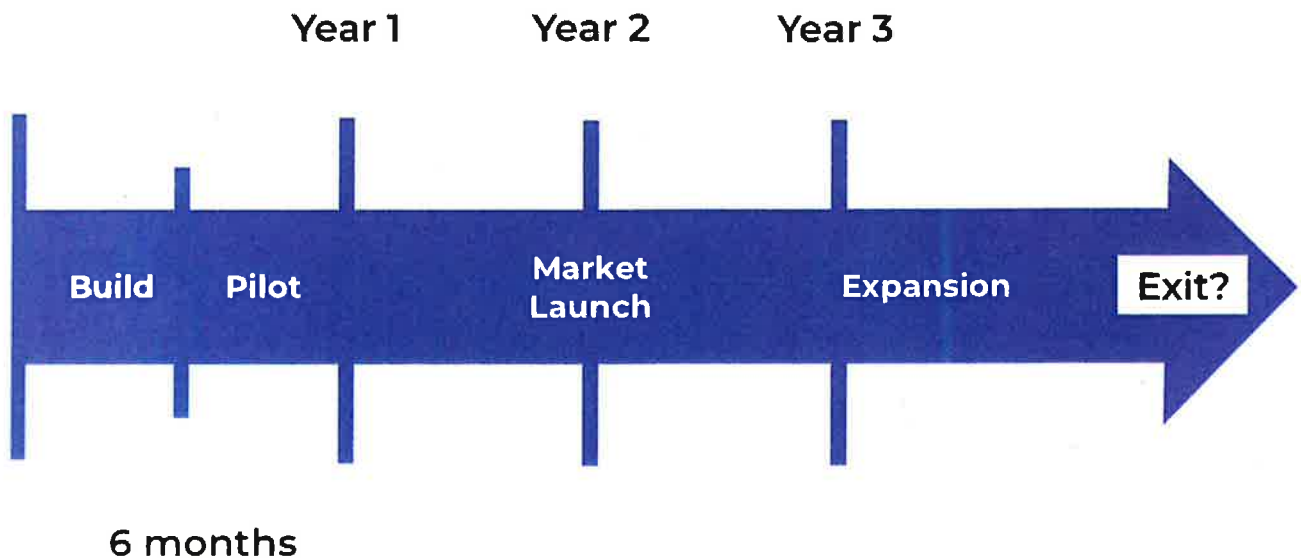
What is KYLe?

KYLe is a software tool that facilitates stronger and more enduring relationships between law firms and their clients. Through a series of simple but intelligent questions, KYLe bridges the gap between lawyer and client and builds a picture of the client's world and their needs. By re-introducing the human element back into the relationship, KYLe is the wingman helping both law firms and their corporate clients get the most out of each other.

Roadmap

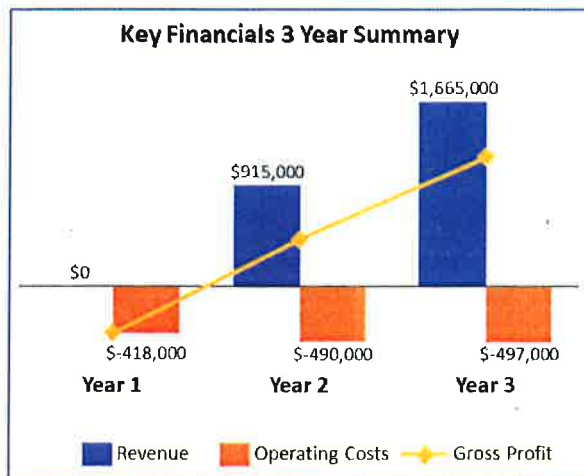
Within 6 months from the initial investment KYLe will be built and tested, ready to go to Pilot phase which will last a further 6 months. The Pilot will involve UK based Law Firms and their Corporate clients and test the commercial viability, including price plans and revenue projections, and provide rich case studies which will be used in the marketing full for launch to the market. 5 Law Firms, each selecting 2 Corporate Clients will provide the scale and reach to conduct the Pilot.

The initial launch, in Year 2, will start with the UK, US, Australia and European markets. Law Firms with an international footprint will be targeted to maximise the growth potential of the KYLe user base, with enhanced language capability built in Year 1.



Financial Overview

Revenues commence following the launch to the market, at the start of Year 2, taking the company into profit by the end of the year as customer growth is established.



Key Performance Indicators			
\$m	Year 1	Year 2	Year 3
Revenue	N/a	0.9	1.7
Operating Costs	0.4	0.5	0.5
Gross Profit	-0.4	0.4	1.2
Gross Margin, %	n/a	46%	70%
Clients, #	15	66	132

Investment Rationale

KYLLe has no direct competitors, and yet fills a need In-House clients recognize today, but that Law Firms may not yet realize, until they start losing their fee income from new engagements from their Corporate clients.

The growth strategy is challenging, but not overly ambitious, providing profitability by the end of year 2, and a healthy 70% GPM by Year 3.

KYLLe would provide a compelling growth opportunity for product extension strategies for existing providers of either a) Legal technology such as eBilling or Matter Management Systems, or b) established Client Relationship Management tools.



Growth Opportunities

INVESTMENT THESIS

Following a year of initial growth, building brand presence and gaining a foothold in the profitable market segments, an aggressive growth strategy is planned for Year 3. Marketing focus will target the large global Law Firms in all markets, either directly or through their Corporate clients who already use KYLe. Continual improvement is planned, keeping KYLe relevant and addressing ongoing client and user feedback.

Legal CRM systems depend on high quality input, and Law Firms are not sufficiently rigorous with both the frequency or quality of the data they input. KYLe is different; it relies on the client to input data too, capturing information the clients want their external counsel to follow when they are providing their advice.

The growth will provide options at the end of Year 3 for sale to one of the market leading, full service CRM systems or a leading Legal eBilling / Matter Management provider. Whilst KYLe functionality does not require system integration, there would be potential for future links with existing tools, such as matter management systems, Legal eBilling, of Law Firm's CRM systems.

Whilst KYLe is a startup, the concept has been validated by internal research conducted by the management team with in-house GCs:

"This would make it easy for my team to share information with our firms"

"The new way of doing lunch without leaving your office"

"There would be great value in a structured way to manage this type of information."

The greatest perceived threats to the success of the KYLe business plan are:

Threat	Mitigation
<p>A fast followed market incumbent replicates the product and launches as an enhancement of their existing production suite</p>	<ul style="list-style-type: none">- Early investment will ensure speed to market and an ambitious marketing plan will create brand awareness- A strong brand will attract market incumbents as potential purchasers creating investment exit strategy
<p>Despite the research and prevailing opinion, corporate clients retain outside counsel based solely on price or on reputation and not on best fit for their corporate business clients</p>	<ul style="list-style-type: none">- Cost pressures on in-house legal teams will continue, leading GCs to seek new ways to improve efficiency, having already implemented legal outsourcing, automation, legal process re-engineering and resource augmentation levers.- Disseminating KnowMyBusiness as an efficiency lever through the KYLe marketing campaigns will create a credible option to be championed by the GCs and become a buying decision

MARKET OVERVIEW

Law Firms and In-House Corporate

With thousands of law firms globally, and analysis based on the top 100 global law firms from 2015, there is a large pool of potential clients, with the largest mainly based in the US and UK, but also in Australia, China and continental Europe.

4 out of the top 5 firms, with over 3,000 employees are global firms with a significant presence in the UK.

Of the 9 firms with 2-3,000 employees, all with presence in at least 14 countries, 8 are headquartered in either the UK or the US.

30 firms have an employee base between 1-2,000; only 4 are national firms with limited or no presence in either the UK or the US.



The key users of KYLe will be not just the lawyers retained to provide legal services, but also the Business Development teams, Client Relationship teams and, increasingly, innovation teams within the Law Firms.

Competition



Salesforce

OnePlace is a CRM system built on Salesforce's cloud infrastructure. Capabilities like recording meeting details, building proposals, and enterprise level security all allow for law firms to benefit from this software.

OnePlace allows for integration with MS Outlook, time and billing systems, NetDocuments, and many email marketing tools. In terms of integration, OnePlace allows for users to view all customer related information in one place, and include social collaboration functions and a variety of mobile apps.



Microsoft

MicroSoft Dynamics helps automate marketing activities and facilitates communication. It connects seamlessly with MS Office programs as well as LinkedIn.



HubSpot

HubSpot is used for CRM across industries. While their marketing and sales plans work similarly to MS Dynamics where you can expand your plan as your firm grows, HubSpot CRM is always free. Users can track email, social media, or phone call interactions automatically. This activity is all available in real time, but the information also gets stored in an organized timeline. You can also create and manage email templates through HubSpot.



Lexis InterAction

LexisNexis specializes in software for law firms, and provides the service InterAction as a CRM solution for law firms to manage their large number of clients. The system includes contact management and automatic data collection, and features like email signature capture and the ability to track key client touch points to help law firms understand CRM capabilities and implement strategies that will build client relationships and generate leads.

KYLe Platform

KYLe is a platform that facilitates better and more enduring relationships between law firms and their clients. It does so by asking clients a series of simple, but intelligent questions about their company and themselves - and produces an easy to digest and practical report for law firm partners to really nail their client relationships. Relationships are complex, and that's why KYLe is a holistic platform that critically analyses clients questions you never knew you'd always needed to know.



KnowMyCompany

The questions are simple at the start, with questions about where the GC sits as a person within the business, org structures, KPIs, strategic goals and then become a bit more insightful, assessing key pressures of the business as a whole and perceived vulnerabilities or strengths in the market. To speed up the process, we encourage the GC to upload documents such as employee training presentations and internal strategic plans.



KnowMyPeople

KnowMyPeople starts with simple questions that impact the way lawyers complete work everyday. They're things like whether the GC prefers emails, calls or meetings, whether they want dot points or full sentences, when the best time to contact them is, how they want to give feedback, how often to give updates on work. They also include more detailed questions, such as pain points in other relationships and things they wish lawyers would know.



Reporting

Kyle takes this information and collates it into an easy to navigate online report, broken up into each section, with key data presented at the front so it's always easy to quickly refer to what people like best 5 minutes before a meeting. Lawyers can also add their own insights as they learn more about the in-house counsel.

COMPANY

Resourcing

Year 1: As the prototype and pilot version of KYLe is built, the Pilot Lead, a Lawyer and 2 Legal Engineers, 1 a permanent employee and the other a contractor, will be in place.

- The Pilot lead will be an experienced Legal Change practitioner, to lead the team and work with the Pilot users, assessing ongoing feedback on performance, financial viability including pricing and revenue projections.
- The Lawyer will provide SME support to a) drive adoption and b) synthesize experiences to create success stories and vignettes to use in future marketing testimonials.

As the Pilot participants are identified a team of 2 Customer Service support staff will be recruited, to oversee client onboarding and the interface between the clients and the Legal engineers for user support. It is envisaged the first will be hired one month before the Pilot starts, and the other mid Pilot, to provide additional cover for a) new time zones and b) new client growth in Year 2.

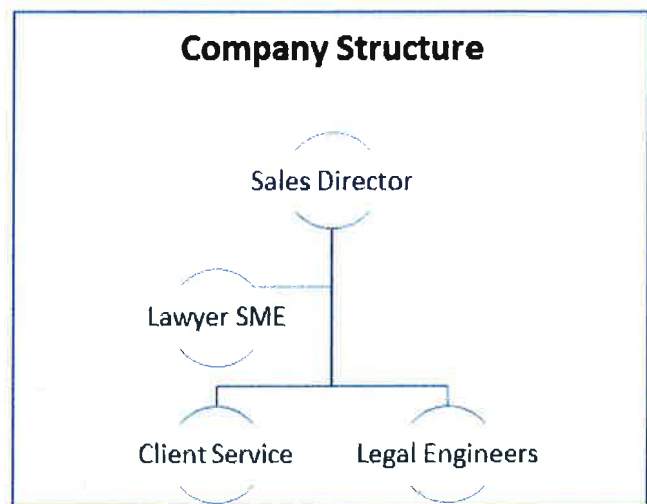
At the start of Year 2, as KYLe is ready to be launched to market, a new role of the Sales Director will be created, replacing the Pilot Lead, and the Legal Engineer contractor will no longer be required.

Continual improvement is planned, keeping KYLe relevant and addressing ongoing client and user feedback.

Marketing

The marketing strategy will focus on both the Law Firms and their Corporate Clients. Brand awareness will be created and strengthened by:

- Attendance at legal technology and legal operations seminars and conferences, as well as ExPos and Trade Fairs, such as Buying Legal Counsel, CLOC "Corporate Legal Operations Consortium", GC Leadership Summit 'The In-House Department of the Future'
 - Advertisements in legal press, such as The Lawyer and Legal Week
- Merchandising, corporate giveaways and website presence will be created during Year 1



Customer Growth

For the initial Pilot we will be seeking at least 5 law firms, based in London and 10 of their clients to share their data. Their feedback will be used to improve the platform. Law Firms will be the first to be selected, and each will be asked to select 2 of their clients to participate, ideally clients the firms are keen to do more business with.

Growth in Year 2, post Pilot, is assumed to be 8 new Law Firm clients a quarter, on average, and 5 new corporate clients. The growth model has assumed a number of firms will provide services to the same corporate client.

Typical customer targets 'The Top 40'

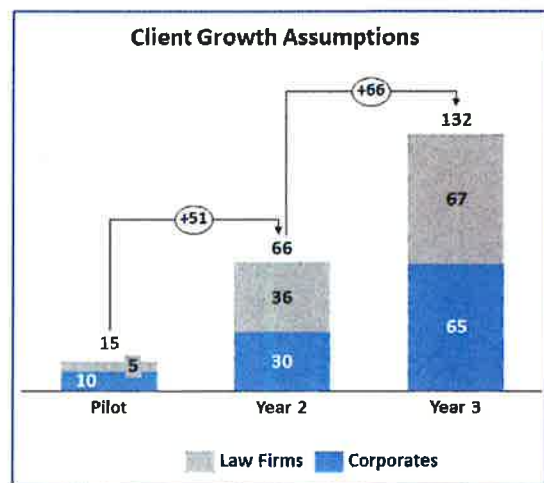
Firm	Lawyers, #	Country*
Dentons	6,568	China
Baker & McKenzie	6,045	US
DLA Piper	3,756	US
Norton Rose Fulbright	3,372	US

Firm	Lawyers, #	Country*
White & Case	1,914	US
Morgan Lewis & Bockius	1,880	US
Clyde & Co	1,864	UK
K&L Gates	1,852	US
Greenberg Traurig	1,809	US
Sidley Austin	1,779	US
Skadden Arps Slate Meagher & Flor	1,677	US
Kirkland & Ellis	1,619	US
Reed Smith	1,618	US
Mayer Brown	1,507	US
Squire Patton Boggs	1,426	US
Ashurst	1,412	Australia
Pinsent Masons	1,394	UK

[*country with most lawyers present]

Source: The American Lawyer and Legal Week, 2015 analysis.

Growth in Year 3 is planned to be at the same customer acquisition rate as Year 2, but with larger firms, and higher growth for the Corporate clients, representing the increasing geographic reach of the law firm customers.



Firm	Lawyers, #	Country*
CMS	2,610	UK
Jones Day	2,562	US
Hogan Lovells	2,516	US
Clifford Chance	2,503	UK
King & Wood Mallesons	2,250	China
Linklaters	2,204	UK
Latham & Watkins	2,177	US
Allen & Overy	2,066	UK
Freshfields Bruckhaus Deringer	2,056	UK

Firm	Lawyers, #	Country*
Garrigues	1,263	Spain
Eversheds	1,237	UK
Allbright	1,229	China
Gibson Dunn & Crutcher	1,212	US
Cleary Gottlieb Steen & Hamilton	1,203	US
Grandall Law Firm	1,200	China
DAC Beachcroft	1,170	UK
Ropes & Gray	1,106	US
DWF	1,090	UK
Weil Gotshal & Manges	1,063	US
Holland & Knight	1,044	US
Lewis Brisbois Bisgaard & Smith	1,015	US
Bird & Bird	1,006	UK

REVENUE PROFILE

A tiered pricing strategy will be used for both the Law Firm consumers and In-House Corporate Counsel, recognising the difference in support requirements we anticipate from the relative scale and complexity.

As KYLLe is implemented across the Law Firms and their client organizations, user support will be a key, and will need to be provided 24/7 to meet the global needs of the client base.

As an incentive to participate in the Pilot there will be no fee for the 6 month duration of the Pilot. Discounted Pilot pricing options have been considered and discounted. The main effort of a new client will be in the initial 4-6 weeks, as onboarding will include completion of KnowMyCompany and KnowMyPeople.

Annual Subscription per Organization		
Corporate In-House Users	Pilot, \$	Operation, \$
Tier 1: No. lawyers > 500	0	7,000
Tier 2: No. lawyers > 100	0	3,000
Tier 3: No. lawyers < 100	0	2,000

Law Firm Pricing

For Law Firms the pricing will depend on the number of employees in their global Firm – the expected user base. The Law Firms are expected to be the main beneficiaries of KYLLe – increased engagements from In-house GCs. They will also be the heaviest users of the system, leveraging the reporting features.

Annual Subscription per Firm		
Law Firm Clients	Pilot, \$	Operation, \$
Tier 1: No. staff > 3,000	0	55,000
Tier 2: No. staff > 2,000	0	35,000
Tier 3: No. staff > 1,000	0	25,000
Tier 4: No. staff > 500	0	15,000
Tier 5: No. staff < 500	0	7,000

Corporate Pricing

For Corporates the pricing will be driven by the number of staff in their in-house Legal function – potentially the number of users the platform will need to support.

The heaviest use for the in-house teams will be on set up, when the GC team inputs and updates the responses to their questions, and uploads documentation they wish to share on the platform.

The pricing strategy will be tested during the Pilot.



COMPETITOR PRICING

Competitor pricing is based on a per user solely paid for by the law firms, as no input or usage is made by the Corporate clients; a feature that makes KYLe distinctive



\$150 license per user per month for enterprise accounts



Starting at \$40 per user per month



\$49 per month + 25 per additional user



\$60-1000 per month per user



\$12.5 - 62.5 per user per month

All figures in USD

LOCATIONS

London was selected as the key location for the launch of the platform for several reasons

1. Concentration of Lawyers

London has the second highest concentration of top law firms behind New York, meaning it is both a site of competition for firms and opportunity for providers. However, in terms of legal technology, it is not an oversaturated market in terms of innovation, having fallen slightly behind the US in terms of uptake

2. Gateway to Europe

London is also strategically located within the European region and is also well connected with a number of different offices throughout Europe

3. Familiar to management

Management, mostly hailing from the UK/Europe is more familiar with this market and can therefore leverage personal networks better from this location

FUNDING REQUIREMENT

Revenues will not come on stream until the Pilot is completed, end of year 1. Funding is therefore required for the Year 1 costs, \$418K, covering the build and testing of the KYLe platform, \$138k and the 6 month Pilot, \$280k

Additional funding of \$100k is sought to cover cashflow in Year 2, until the annual fees, paid upfront are received

The ASK, \$518k



TEAM



**Leah
Cooper**

An acknowledged innovator in the legal services industry, Leah Cooper is both a highly skilled lawyer as well as an expert in legal services management and business development. Since 2012, Leah has worked with global corporate legal teams to create sustainable cost reduction initiatives and efficiency improvement protocols. She also works with law firms to develop client-focused strategies to drive stronger relationships and increase profitability. For both in-house teams and firms, Leah provides training to lawyers to help them become better business partners and offers executive coaching to senior legal leaders.

Leah's experience offers clients a unique perspective as it covers all angles of legal practice. From Global Managing Attorney and General Counsel at multinational Rio Tinto to Managing Director of CPA Global's legal services outsourcing business, back to her early roots in private practice at US based Foley & Lardner, Leah has worked in every aspect of the legal profession.

Leah received her Juris Doctor from the Fredric G. Levin College of Law at the University of Florida and concurrently obtained a Master of Arts in Communications Law from the University of Florida. She has a Bachelor of Arts in Journalism from the University of Georgia. Leah is a member of the Florida Bar.



**Cate
Campany**

A Chief Operating Officer, with over 25 years experience in international banking, within client facing business units and core central functions, most recently leading a global team of 85, supporting a function of 1,200.

Proven skills in setting strategic direction, driving organisational and transformational change, she has delivered efficiency optimisation programmes across multiple elements of the function operating model.



Rayana completed her undergraduate law degree at the University of Reading, now completing her Masters of Law, specialising in Maritime Law at UCL anticipating to graduate in September 2018.

**Rayana
El Baba**



Helena completed her undergraduate degree at University of Paris XII in Private Law. She is currently completing her masters majoring in tax law at HEAD Law School anticipating to graduate in June 2018.

**Helena
Fagaburu**



Olivia completed her undergraduate degree in Science (Environmental Science) and is now completing her Bachelor of Law at the University of Sydney anticipated to graduate in 2020.

**Olivia
Grivas**

SPONSORS



Cate Campany Consulting



Leah Cooper Consulting

APPENDIX



DETAILED COSTS

Initial costs for Year 1 H1:

Build and set up \$138K, 6 months to be ready for Pilot

Cost estimates confirms expected build costs for both the web based platform and a mobile application at \$48K

Marketing and Branding have been set at \$60K to cover brand and website design, merchandise, registration and costs to attend selected industry conferences and seminars to build awareness, and advertising materials.

Professional fees assumed at \$30K to include company and brand registrations, contracting, insurance and accountancy.

Phase 1: Prototype & Set Up		\$	\$
Platform Build and test			
- Web Based Platform	33,000		
- Mobile App	15,000		48,000
Marketing and Branding			60,000
Professional Fees			30,000
TOTAL Phase 1 Cost			138,000

Costs Year 1 H2:

Pilot to last 6 months to test commercial viability

To run the Pilot, supporting the Pilot users, assessing ongoing feedback on performance and commercial viability, a Pilot team will be established.

At the start of Year 1, the pilot lead, 2 legal engineers (one a 12 month contractor), 1 lawyer support and 1 customer service support will be in place. As pilot users are added in early H2, a further customer service support resource will be added to the team. All staff members will require laptop and telephone.

To add most value to KYLLe, funding for a further \$15k of post pilot enhancements is expected to address feedback and further opportunities identified during the pilot. A further provision of \$15k for travel costs for Year 1 is included in the business case. Whilst the Pilot will run with the UK based offices of international law firms and their clients, travel expenses are expected to support Pilot users to attend industry seminars and conferences.

Phase 2: Pilot		\$	\$
Pilot Resources			
- Pilot Lead	30,000		
- 2 x Legal Engineers	100,000		
- 1.5 x Customer Service	45,000		
- Lawyer Support	65,000		240,000
Staff Technology & Telephony			10,000
Post Pilot enhancements			15,000
Travel costs			15,000
TOTAL Phase 2 Cost			280,000

Year 2:

Operational costs - launch to market

Once KYLLe is ready to be launched to market, a new role of the Sales Director

KYLe - Know Your Legal

will be created, replacing the Pilot Lead, and the Legal Engineer contractor will no longer be required. Fully loaded staff costs will be 250K per annum.

Marketing will remain an essential investment in the run costs, where ongoing merchandising, brand awareness activities and client testimonies will support the growth plans.

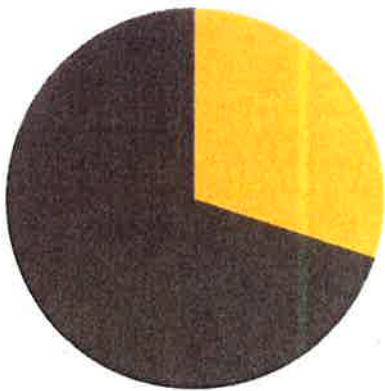
System maintenance: Additional office costs are expected during Year 2, as the team establishes a physical presence in a cost effective location. Continual improvement is planned, and budgeted for, keeping KYLe relevant and addressing ongoing client and user feedback.

Year 2 Costs		\$	\$
Phase 3: Launch to Market			
Operational Team			
- Sales Director	75,000		
- 1 x Legal Engineer	50,000		
- 2 x Customer Service	60,000		
- Lawyer Support	65,000	250,000	
Marketing		60,000	
System Maintenance		50,000	
Professional Fees		20,000	
Travel costs		20,000	
Office Costs		50,000	
Product Enhancements		40,000	
Total year 2 costs		490,000	



EXTERNAL

RESEARCH



● Satisfied

● Unsatisfied

“Only 29% of in-house counsel are satisfied with their outside counsel”

IN THE HOUSE RESEARCH REPORT

803
IN-HOUSE LAWYERS
SURVEYED

In a survey conducted by In The House, an online association of 26,000 lawyers working for legal departments, only 29% of lawyers were satisfied with the service provided to them by law firms.

62%
LOOK FOR
KNOWLEDGE OF
COMPANY/INDUSTRY
WHEN SELECTING
COUNSEL

Another recent survey conducted by Law360, a lexisnexis company, reported responses from seven out of 10 in-house lawyers suggested that there is room for improvement in law firm performance.

45%
HAVE CUT TIES WITH
EXTERNAL COUNSEL
THAT DIDN'T
UNDERSTAND THEIR
BUSINESS

This trend is repeated time and again in the extensive research on the topic; low in-house counsel satisfaction rates with their outside counsel. Some law firms will therefore be less secure in their relationships with their corporate clients than they realize and need to increase their efforts to understand fully the needs of their clients and their businesses, and how clients want these needs to be met.

INTERNAL RESEARCH

OUR INTERVIEWEES



In our own research we conducted in-depth interviews, from 30 minutes to an hour, with both in-house counsel and also law firm partners, and concluded this is not just about size: law firms do not understand their clients' business sufficiently and how they need legal services delivered.

It became evident that there is plenty of advanced technology implemented to act as a bridge between law firms and in-house legal departments. Large law firms are indeed this technology in the hopes of providing the best service they can for their clients. But it is clear that for both parties, somewhere along the line, although more means of communication were becoming



● Satisfied ● Unsatisfied

the human connection was lost, and the human interaction and understanding has faded.

We focused on:

- Composition and size of team
- Spend with outside counsel and number of firms retained
- Reasons for engaging and retaining firms
- Factors considered when choosing firms
- How in-house counsel manage their firms, including relationship meetings
- How much Outside Counsel really understood what works for the business
- Characteristics that led to a good relationship
- Characteristics that led to a bad relationship
- Impact of spend on service received
- Technology already employed to facilitate the relationship