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## **Traditional Law vs. New Law – how the (r)evolution in the legal services market can be tackled**

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Over the past couple of years the word has been widely spread that “New Law” is going to change the traditional legal services market. Interestingly, mostly new players in the legal market like Axiom, Thomson Reuters, or Syke – among many others – are mentioned when one discusses best practice examples or new stars in the sky. These new players might be the kick-off of the discussion and started the (r)evolution a couple of years ago, but until today the traditional law firms have not yet vanished. And they are not going to in the near future.

An article in the *American Lawyer*, however, states that by 2025, Traditional Law is expected to shrink in the US market by 11% from \$300bn to \$265bn while NewLaw is expected to grow by 650% from \$8.4bn to \$55bn.<sup>1</sup> In the same, the authors state that the trend towards melding tech into law firms' core business comes as both, a response to a shifting legal market, where firms' traditional business is coming under increased competition, and as a realization by firms that they are well-positioned to capitalize on the demand for tech and data-enabled services.

Mark A. Cohen argues in a *Forbes* article that the traditional partnership model was designed for the practice of law, not the delivery of legal services. And that technology, globalization, and the financial crisis of 2008 have changed the buy/sell dynamic in numerous industries – law is among the laggards but this is changing.<sup>2</sup> He also lists a number of client related challenges among traditional law firms, like the failure to deploy technology to streamline operations and provide enterprise solutions, an absence of process and project management and a transactional approach to client matters rather than one that provides enterprise solutions. All of them are typically elements of the New Law universe.

Now, assuming that the New Law market will be growing by several 100% over the next years and that firms which rendered / render legal services in a rather traditional way seem to face a number of key challenges to survive in this modern world of legal services, one may ask him/herself what will happen to traditional law firms. Obviously the answer to this question is not a simple one and would include looking into a crystal ball. What can be said with certainty at this point in time is that major players in the market – law firms and the legal arms of the Big4 – need to and are able to adjust to the modern – New Law - world.

Especially the big accountancy and consulting firms are using technology to muscle in on traditional law firm territory.<sup>3</sup> Jonathan Derbyshire states that over the past decade, the accounting firms have sought not to replicate the large law firm model but rather to refine an integrated services model that operates at the intersection of tax, finance, consulting, strategy, information technology and project management. The author of the well-known *Tomorrow's*

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<sup>1</sup> *American Lawyer*, 26 March 2018: Law Firms Are Investing in Tech Before It Overtakes Them (<https://www.law.com/americanlawyer/2018/03/26/law-firms-are-investing-in-tech-before-it-overtakes-them/>)

<sup>2</sup> *Forbes*, 12 June 2017: Are Law Firms Becoming Obsolete? (<https://www.forbes.com/sites/markcohen1/2017/06/12/are-law-firms-becoming-obsolete/#75d7e0af2264>)

<sup>3</sup> *Financial Times*, 15 November 2018: Big Four circle the legal profession (<https://www.ft.com/content/9b1fdab2-cd3c-11e8-8d0b-a6539b949662>)

*Lawyers*, Richard Susskind, says: “What’s interesting about the Big Four is their commitment to new technology. They come to a market where they have no legacy to protect, so they are able to start with a blank sheet of paper. It seems to me self-evident that the Big Four will be hoping to emerge as market leaders in legal technology.”<sup>4</sup> Recent news about the collaboration between Deloitte and the e-discovery software provider Relativity or EY’s acquisition of the alternative legal services provider Riverview Law are only two examples of the determined way to go forward of the Big4.<sup>5</sup>

Again, one could think that the era of rendering traditional services is history and all legal matters will be solved by machines and technology managed by big companies. In some areas of work this might actually be the case. They will at least be heavily supported or even depending on technology in order to be profitable going forward. An important pillar of a strategy for the (very near) future is combining traditional legal services and New Law. Ideally they are available on a customer-friendly, easily accessible platform for both, the legal services providers as well as their clients to ensure seamless collaboration between the parties. In an ideal world, managed legal services can be provided via the platform and with the use of the underlying technology/applications. This requires, however, considerable investments into technology at the level of the service providers. An approach which is not typically in line with the DNA of the more traditionally oriented players in the legal market.

Alternative legal resourcing (flexible / virtual lawyer services), contract automation, matter management solutions and legal technology / operations consulting do not exclude the rendering of more traditional services and vice versa. M&A, restructuring, employment & immigration, compliance and regulatory law – all areas of law in which the Big4 already have a big footprint – are predestined to be combined with technology. This also means that these services act as a door opener for New Law. At the beginning there will always be a legal matter that needs to be solved. But the way how it is solved is changing.

After this short look at the changes in the legal industry an important question remains: What does this mean for clients? Or, are the Big4 appealing enough to commercial legal departments? Industry expert Lucy Bassli who spent many years on the client side at Microsoft and was a purchaser of legal services has a clear answer to that. She says: “While the Big 4 were a more recent entrant, it became clear to me that the characteristics of the services they delivered to other parts of the organization would be very applicable to the legal department as well and very useful. There are several attributes of the Big 4 that make their services stand apart from law firms and stand above the alternative service providers.”<sup>6</sup>

As a closing thought it is to mention that not only the Big4 have the future of rendering legal services in their hand. We can see major law firms which have already entered the area of New Law. And even on a local level there are many smaller players which try to find a new niche or a specific benefit for their clients by combining technology with traditional legal services.

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<sup>4</sup> *ibid.*

<sup>5</sup> Legaltechnews, 25 February 2019: What Does the Big 4’s Legal Tech Push Mean for Law Firms? (<https://www.law.com/legaltechnews/2019/02/25/what-does-the-big-4s-legal-tech-push-mean-for-law-firms/?sreturn=20190222112912>)

<sup>6</sup> Legal Executive Institute (Thomson Reuters), 10 September 2018: The Legal Ecosystem: The Big 4 Are Not a Threat. They Are a Reality - Part 6 (<http://www.legalexecutiveinstitute.com/legal-ecosystem-big-4-part-6>)