



## 7th AIDA Europe Conference 2018

Provision of legal services in the future – put into context:  
Trends, digitalization, procurement and customer orientation

13 April 2018, Warsaw  
Bruno Mascello

*“From insight  
to impact”* 



# Trends in the legal market



0.2 %

Approximate numbers and rounded  
for presentation purposes



## Global law firms

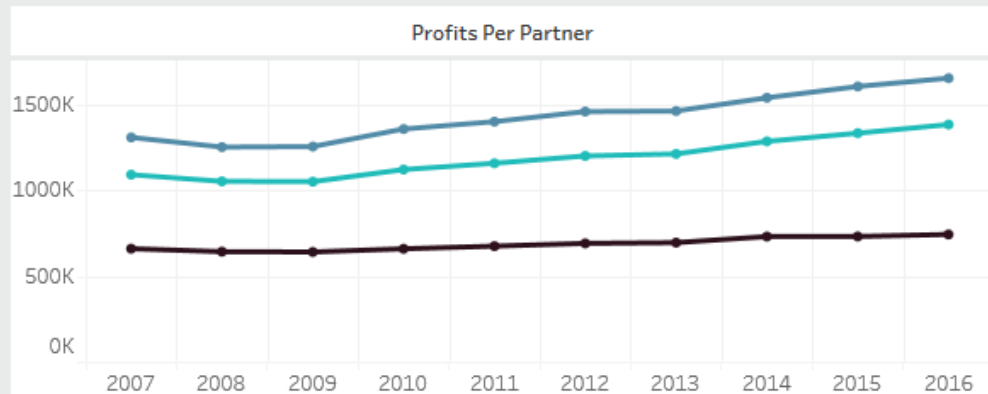
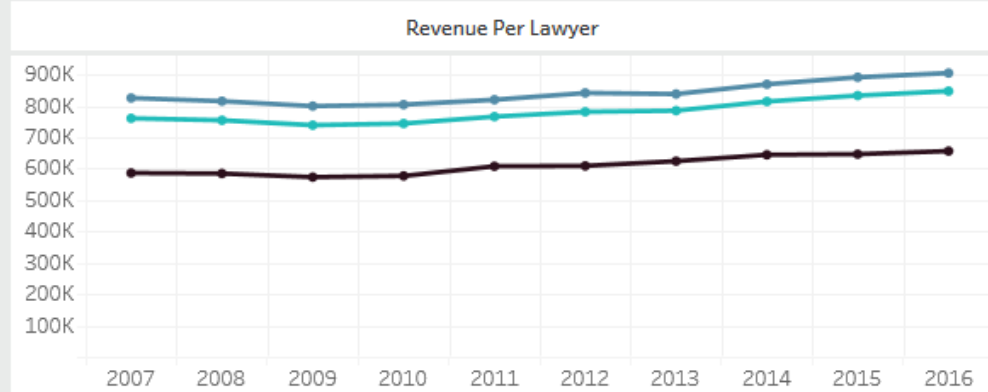
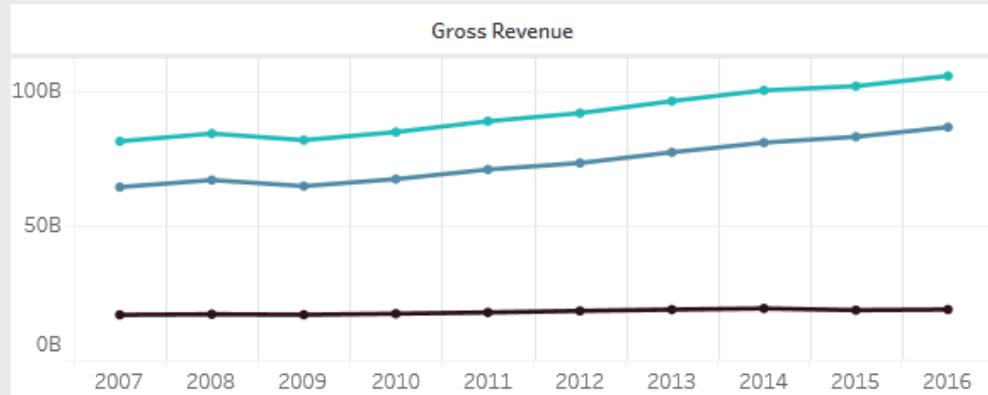
Law Firm	Revenue global (in Mrd. USD)	Lawyers global	PPP (in Mio USD)
<b>Baker &amp; McKenzie</b>	2,62	6045	1,3
<b>DLA Piper</b>	2,54	3762	1,57
<b>Dentons</b>	2,12	6900	
<b>Hogan Lovells</b>	1,82	2514	1,25
<b>Norton Rose Fulbright</b>	1,73	3800	
<b>King &amp; Wood Mallesons</b>	1,02	2700	

Source: JUVE Rechtsmarkt 10/2016

# USA

## A 10-YEAR LOOK AT GROWTH RATES FOR THE 200 LARGEST LAW FIRMS

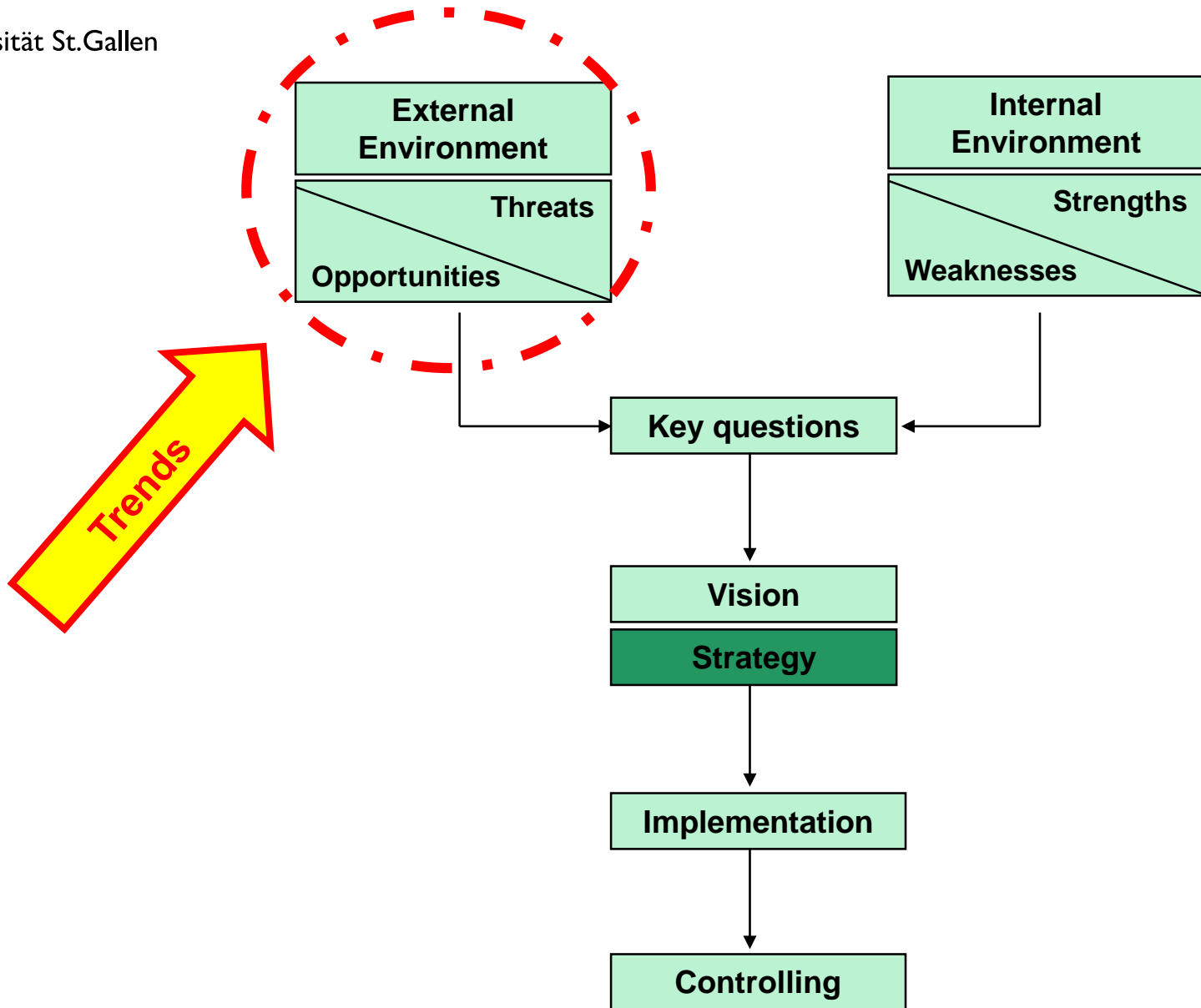
Over the past decade, The Am Law 100 saw more notable increases in core financial metrics than the Second Hundred.



■ Am Law 100   ■ Am Law 200   ■ Second 100

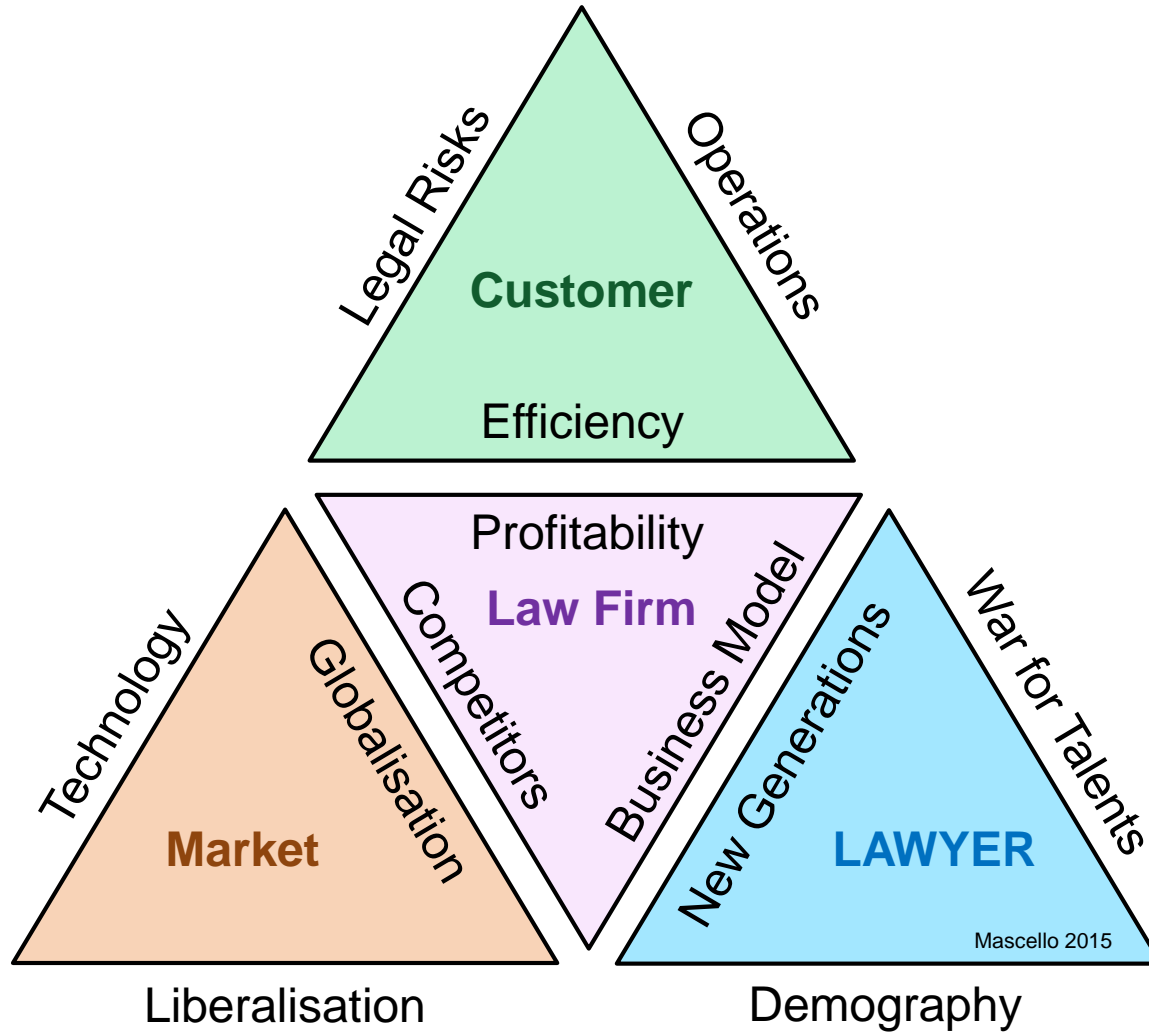


# Strategy development process



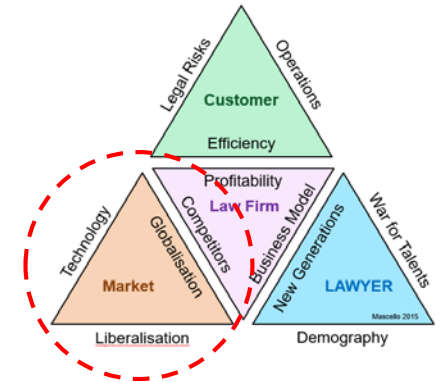


# Trends





# Core Trends – Legal Market



## 1. Liberalisation

- Monopolies for litigation vs. Consulting
- e.g. UK Legal Services Act: Alternative Business Structures (ABS), Multidisciplinary Partnerships (MDP), management by non-lawyers, ownership by non-lawyers (IPO?)
- partnerships/companies,

## 2. Globalisation

- Growth of economy, markets and customers → complexity growth → regulation growth → requires lawyers to grow as well (know your customer) → competition

## 3. Technology

- More than Email and correspondence → smartphone, social media, do-it-yourself?
- E-billing
- Disaggregation
- AI







# Ihre Geheimhaltungsvereinbarung – ganz easy.

## Unsere Pauschalangebote für Unternehmen

### Geheimhaltungsvereinbarung erstellen (Muster-Vorlage)

ab CHF 0.–

Erstellen Sie jetzt Ihre individuelle Geheimhaltungsvereinbarung. Online. Kostenlos. Im Word- oder PDF-Format.

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### Verletzung Geheimhaltungsvereinbarung

ab CHF 848.–

Ihr Vertragspartner hat die Geheimhaltungsvereinbarung nicht eingehalten und den Vertrag gebrochen? Informieren Sie sich über unsere Angebote.

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15 Minuten kostenlose Erstberatung

Rufen Sie uns an.

\*41 44 577 51 03



## Ihre Scheidung – schnell und unkompliziert.

Sind Sie und Ihr Ehepartner sich darüber einig, dass Sie sich scheiden lassen möchten?

Wir sind uns einig.

Scheidung ab **CHF 548.-**

Ihre individuelle Scheidung zum Pauschalpreis - online.

[Mehr Infos](#)

Wir sind uns nicht einig.

Scheidung ab **CHF 1'298.-**

Ihre individuelle Scheidung zum Pauschalpreis - online.

[Mehr Infos](#)

Haben Sie Anspruch auf einen kostenlosen Scheidungsanwalt?

[Mehr Infos](#)



15 Minuten kostenlose Erstberatung

Haben Sie Fragen zu Ihrer Scheidungsvereinbarung oder möchten Sie wissen, wie eine Scheidung auch ohne Anwalt möglich ist?


Rufen Sie uns an.

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### PAKETE & PREISE

Guider bietet Ihnen massgeschneiderte Beratung. Von der einmaligen Kontaktaufnahme bis zum unbeschränkten Zugang zum gesamten Rechts-Know-how des Beobachters. Welches Paket passt zu Ihnen?





DIRECT	BEST	PREMIUM
CHF 89.—	CHF 99.—	CHF 198.—
Einmalige Beratung ohne Abo	Laufzeit 12 Monate	Laufzeit 12 Monate
<a href="#">Jetzt kaufen</a>	<a href="#">Jetzt kaufen</a>	<a href="#">Jetzt kaufen</a>

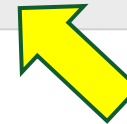
**Sofortzugang** zur persönlichen Beratung per Telefon oder E-Mail 

1x

1x

✓

	Einmaliger Zugang für eine persönliche Beratung	Eine persönliche Beratung inklusive (jede weitere Beratung zum Vorzugspreis von nur CHF 40.-)	Uneingeschränkte Kontaktaufnahme für ein Jahr inklusive
Zugang zum <b>digitalen Berater</b> 	<input type="radio"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Guider- <b>Update-Service</b> 	<input type="radio"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Download Inhalte &amp; persönliche Merklisse</b> 	<input type="radio"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Vergünstigter Zugang zum <b>Beobachter-Anwaltsnetz</b> 	<input type="radio"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>





## Core Trends – Lawyers (HR)

### 1. Demography

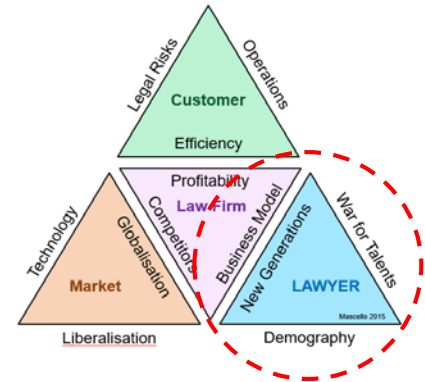
- Baby Boomer run out
- Law students?
- Women?

### 2. War for Talents

- High-end services
- Migration difficult
- New roles and expertise

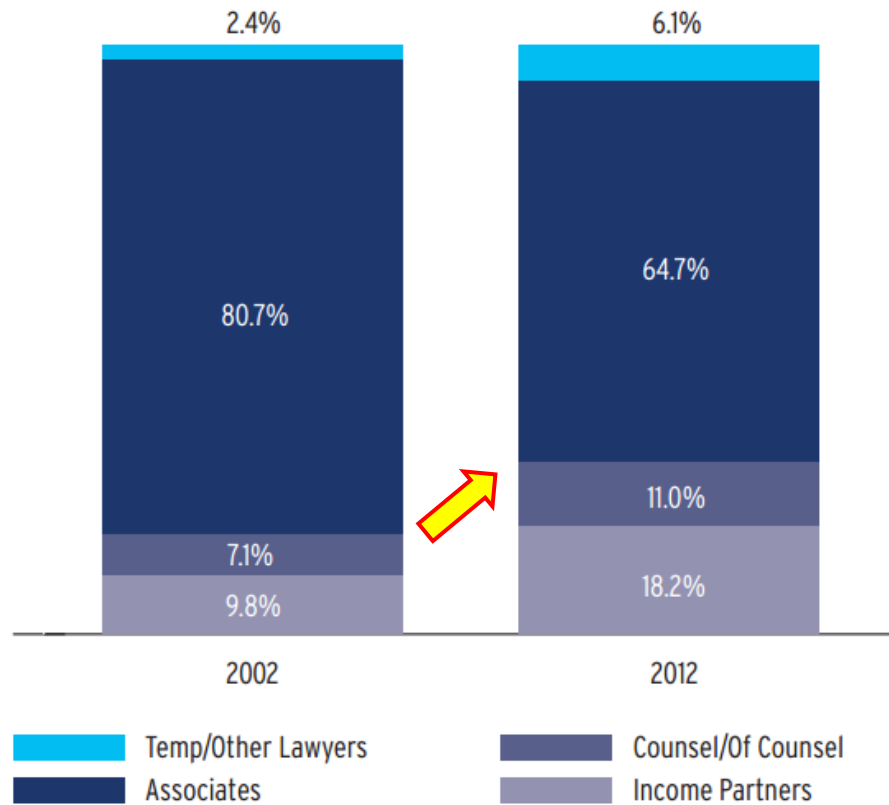
### 3. Generation Y

- Individualization, optionalization, no tradition
- Growing percentage of work force
- Work-life-balance, retention of talent
- Up-or-out career model





# Traditional associate model in decline?



Source: Citi Common Firms Database

Hildebrandt / Citi Bank 2014  
Client Advisory



# Core Trends – Law Firms



## 1. Competition

- Demand: reduced (legal department do insourcing)
- NewLaw, alternative legal services providers

## 2. Profitability

- New normal after financial crisis
- Customer have new demand model and purchase process
- Supply: professional operations, reorganisation, management, processes, alternative pricing models

## 3. Business Model

- Pyramid, leverage, up-or-out
- Number of lawyers growth

## The «golden» formula for partner profit

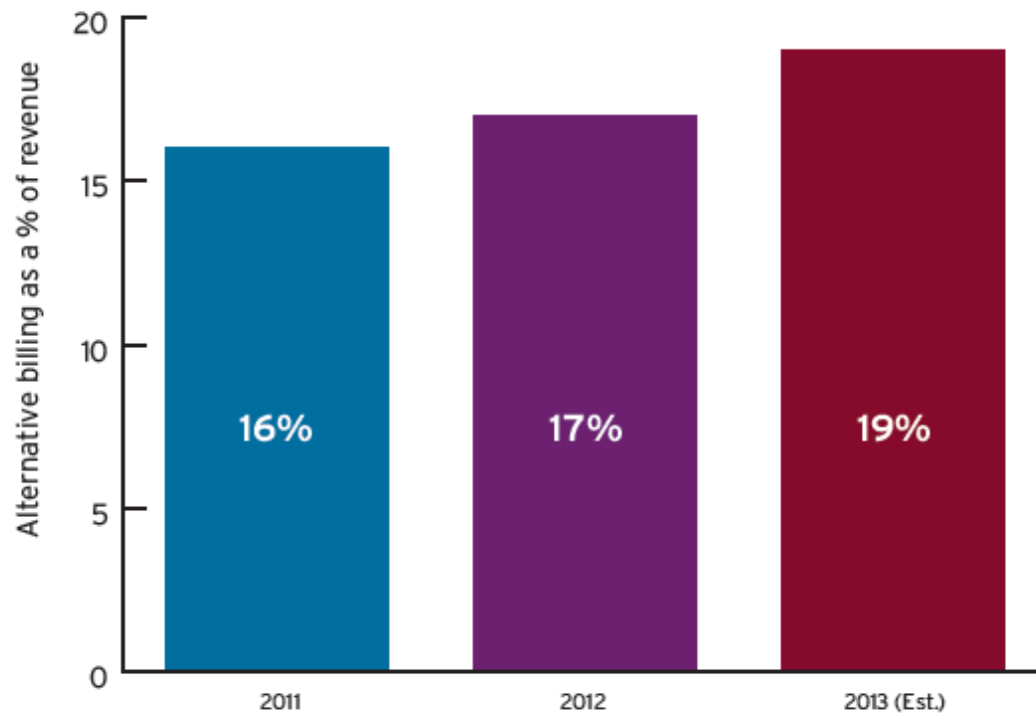
Profit/Partner =	Margin	x	Rate	x	Utilization	x	Gearing (Leverage)
Today?	0.4	x	300	x	1'500	x	2.4
Tomorrow?	0.5	x	400	x	1'800	x	3.0





# Alternative Fee Arrangements

Chart 4: Trends in AFAs as a percent of Revenue



Source: Citi 2012 Law Firm Leaders Survey



# Core Trends – Customers

## 1. Legal Risks

- Increasing number of laws and regulations
- New topics (compliance, governance, regulation in non-financial areas, legal risk management)
- Changed role of the General Counsel («place at the table»)

## 2. Efficiency

- Cost pressure and cost-effective management
- Make or/and buy
- KPI
- More for less; better, faster cheaper

## 3. Operations

- Professional backoffice operations (COO)
- Procurement of legal services
- Knowledge management





# Cornerstones of Operational Excellence in a Legal Department

## Legal Department Leadership/Strategy & Organization

### Reporting

**Legal Reporting**  
(Litigation, Regulation,  
Trends, Others)

**Operational Reporting**  
(Financial, People,  
Others)

### Control

**Assurance**  
Audits  
Investigations

**Compliance**

**Legal Risk Management**

### Financial Mgmt.

Budget

FTE/LWP/EWP

External Counsel

### Knowledge Mgmt.

Intranet / Website

Know How

Know Who

### Contract Mgmt.

IP Mgmt.

Comms./ Marketing

### Performance Mgmt.

Performance  
(Processes/KPI)

Tools/Technology

Quality Mgmt.

### People and Talent Management

Objectives

Recognition

End Year Review

Succession

Development

Assignments

Promotion

HR Processes

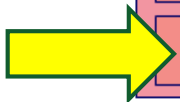
### Charter

Vision  
Mandate

Policies  
Guidelines

Roles/Responsibilities  
Powers Reserved

Working Principles  
Best Practices





# Digitalization



730 b

3 x

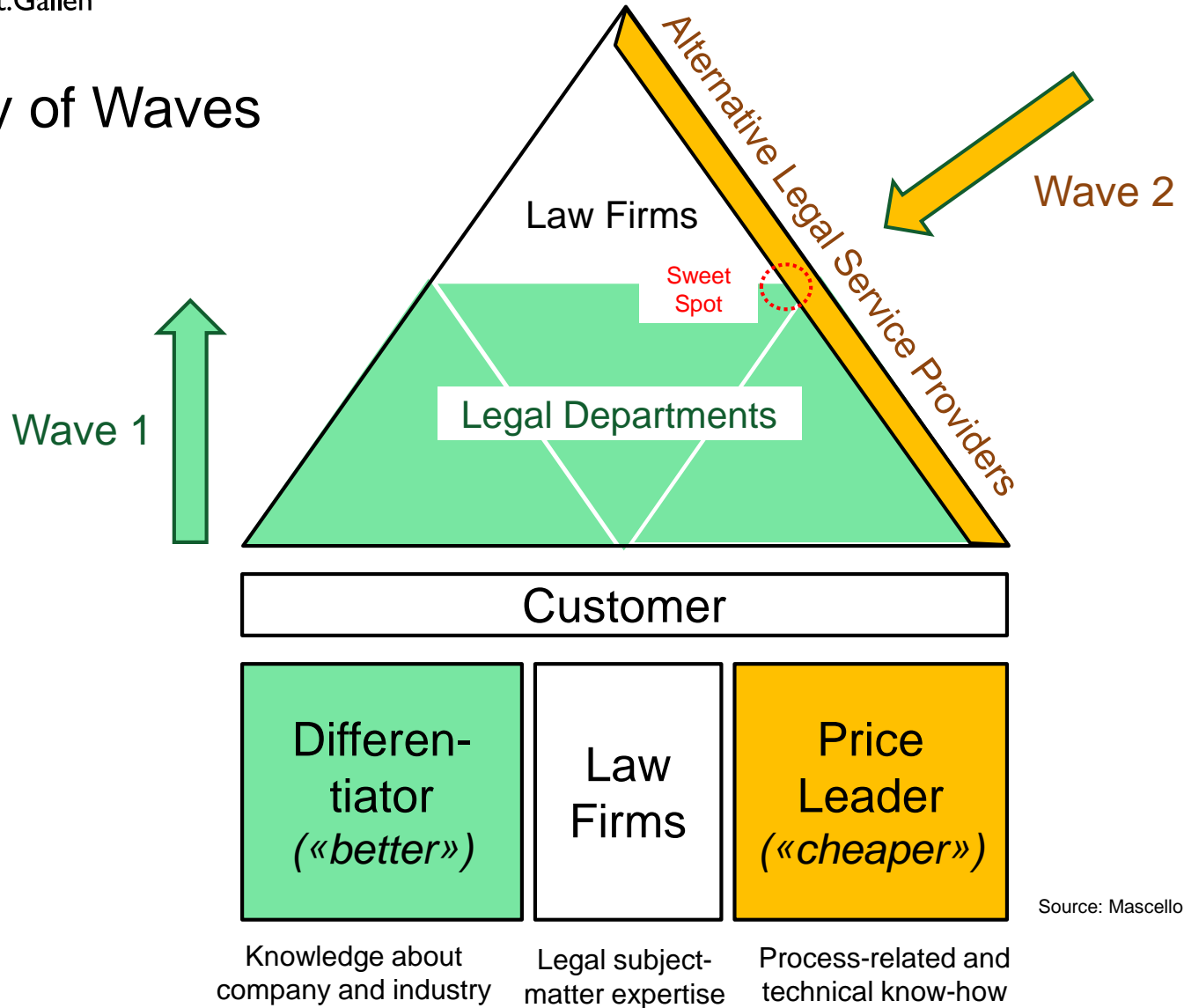
490 b

0.2 %

Approximate numbers and rounded  
for presentation purposes



# Theory of Waves



Source: Mascello 2018

# Google Jumps Into Online-Law Business With Rocket Lawyer

+ Comment Now + Follow Comments

Traditional lawyers [may not like it](#), but venture capitalists are pouring money into one of the last industries to resist commoditization on the Web.



Image via Wikipedia

[Google](#) Ventures today announced it is part of a group that infused \$18.5 million into [Rocket Lawyer](#), which bills itself as the “fastest growing online legal service.”

Founder Charley Moore told me the firm has 70,000 users a day and has doubled revenue for four years straight to more than \$10 million this year. Rocket Lawyer provides online legal forms, from wills to Delaware certificates of incorporation, that non-lawyers and share on the Web. For \$19.95 a month, consumers documents reviewed by a real lawyer and even get legal cost.



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[Home](#) > [News](#) > [ABA News](#) > [ABA News Archives](#) > [2014](#) > [08](#) > [ABA teams with Rocket Lawyer to explore expanded](#)

## ABA teams with Rocket Lawyer to explore expanded opportunities for lawyers online

CHICAGO, Aug. 8, 2014 — The American Bar Association and Rocket Lawyer today announced they are teaming up to explore innovative solutions to a vexing legal paradox – the difficulty small businesses face finding affordable legal services at a time when many lawyers would welcome expanded professional opportunities.

Through a pilot program, the nation’s largest association of lawyers and the online legal services provider will collaborate to test new ways to empower lawyers to deliver affordable online legal services to small businesses and the self-employed. The pilot program will be designed to connect the ABA’s network of practicing lawyers to prospective clients through Rocket Lawyer’s cloud-based platform.

“The American Bar Association welcomes the opportunity to explore ways to expand legal services to those who need a lawyer’s counsel but are not currently being served for reasons ranging from affordability to ease of access,” said ABA President James R. Silkenat. “We look forward to working with Rocket Lawyer on this pilot program to identify ways for our members to serve more clients while remaining faithful to the legal profession’s high standards of ethics and professionalism.”

Rocket Lawyer Founder and CEO Charley Moore describes the agreement as a pioneering effort to democratize access to legal counsel using technology: “At its best, our legal system encourages innovation and facilitates progress. We applaud the American Bar Association for working with us to find new ways to expand legal representation from qualified attorneys through video and mobile technologies.”

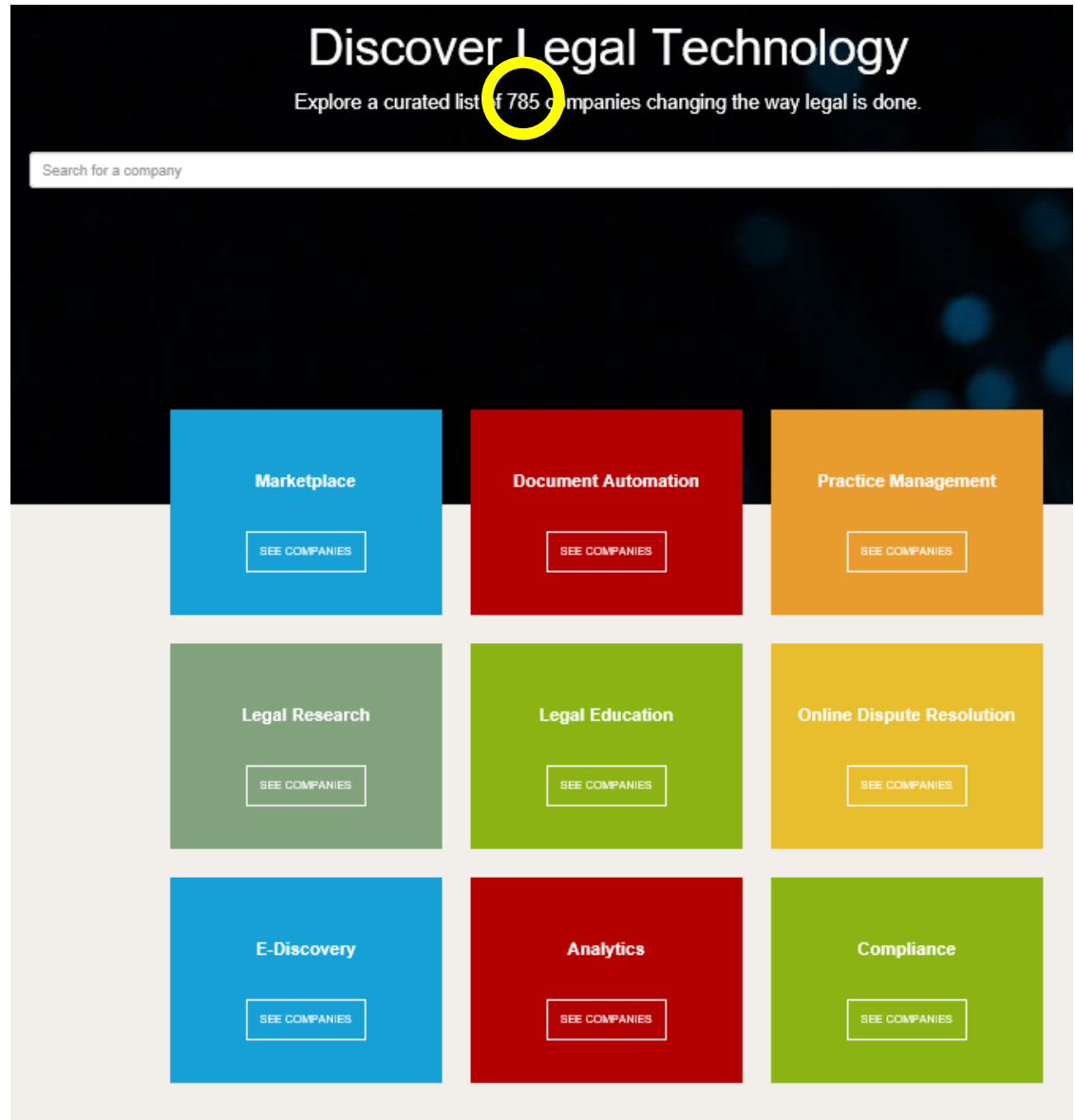
# LegalTech Startups – US/2016



<https://blogs.thomsonreuters.com/legal-uk/wp-content/uploads/sites/14/2016/11/Legal-Tech-Ecosystem.pdf>



# Stanford – List of Legal Tech 10.2.2018



**Discover Legal Technology**  
Explore a curated list of 785 companies changing the way legal is done.

Search for a company

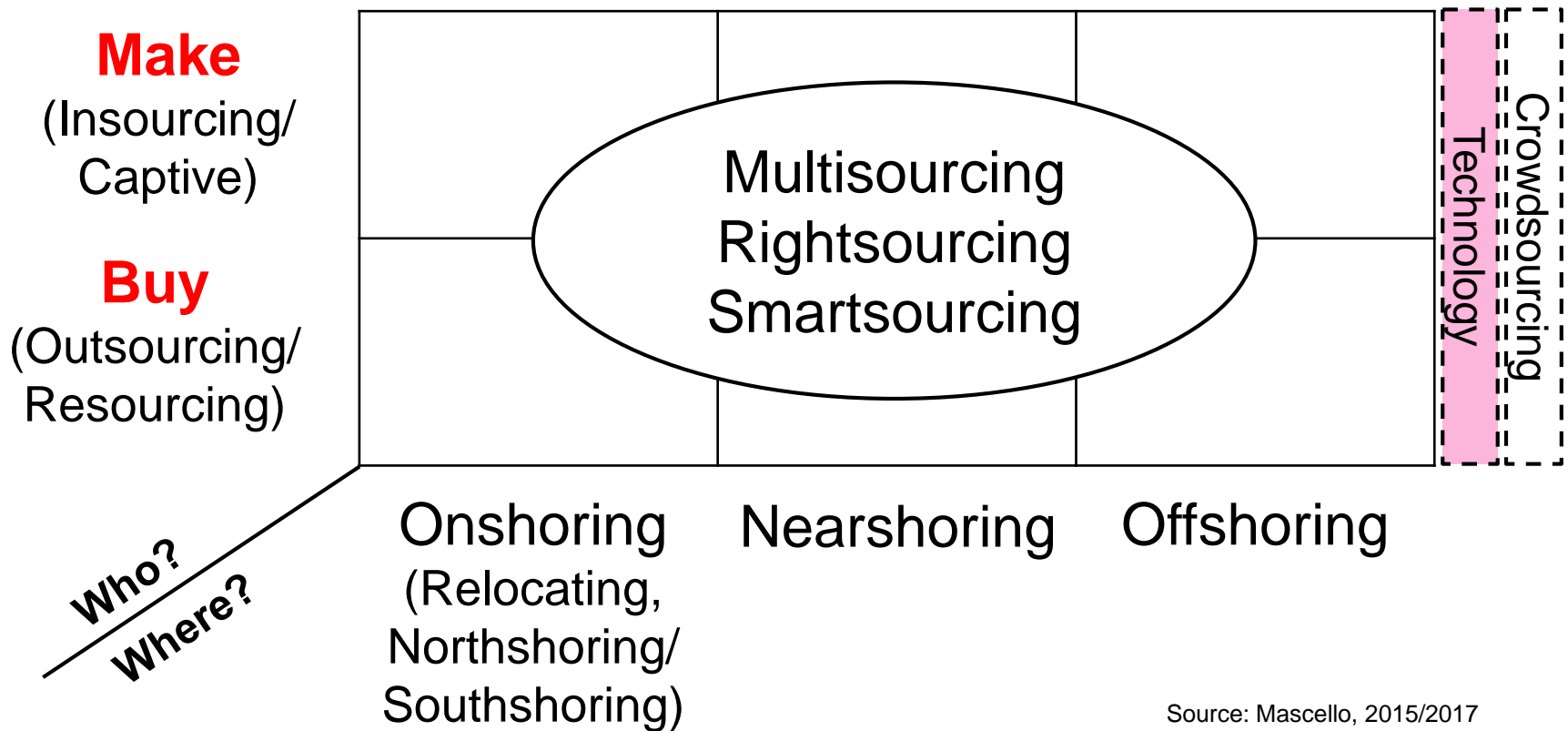
<b>Marketplace</b> SEE COMPANIES	<b>Document Automation</b> SEE COMPANIES	<b>Practice Management</b> SEE COMPANIES
<b>Legal Research</b> SEE COMPANIES	<b>Legal Education</b> SEE COMPANIES	<b>Online Dispute Resolution</b> SEE COMPANIES
<b>E-Discovery</b> SEE COMPANIES	<b>Analytics</b> SEE COMPANIES	<b>Compliance</b> SEE COMPANIES



# Procurement



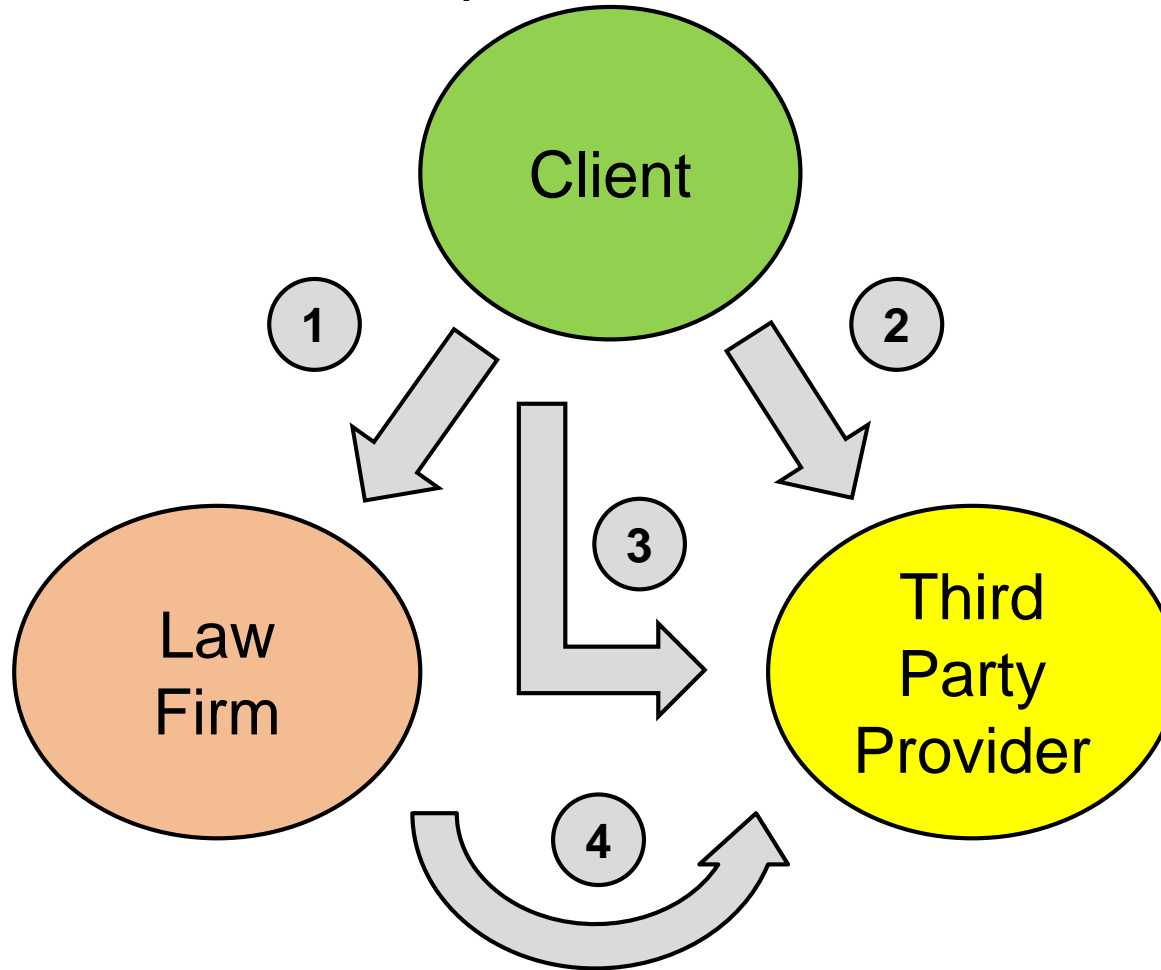
# Legal Sourcing of the Customer



Source: Mascello, 2015/2017



## Options of service production



Right-/Multi-sourcing

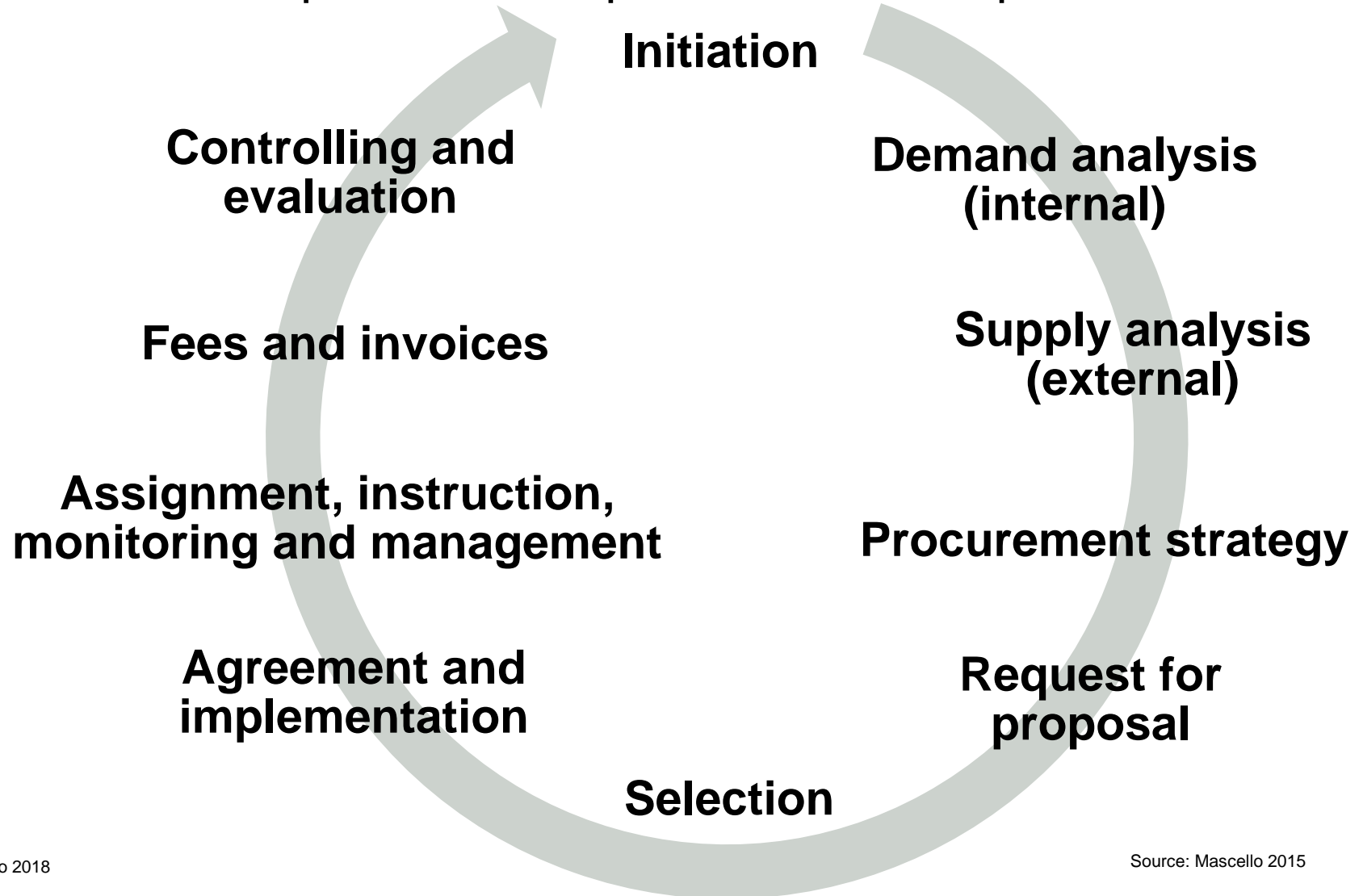
**Make**  
(Insourcing)

-----  
**Buy**  
(Outsourcing)

White-Labeling



## Professional procurement process in 10 steps

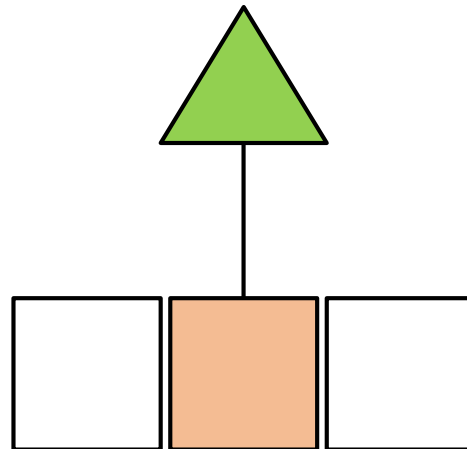




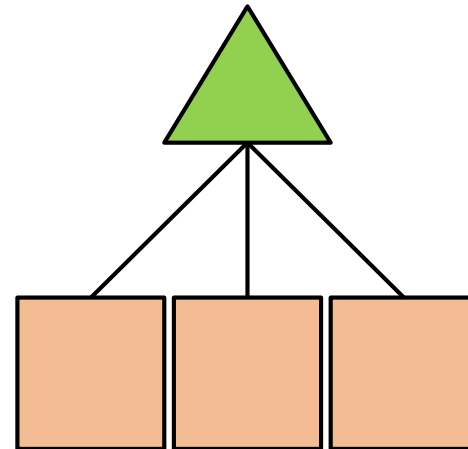
## Options of cooperation (I)

Customer

Law Firms



**Option 1:** Customer assigns entire mandate to one law firm (e.g. which may be part of a panel)



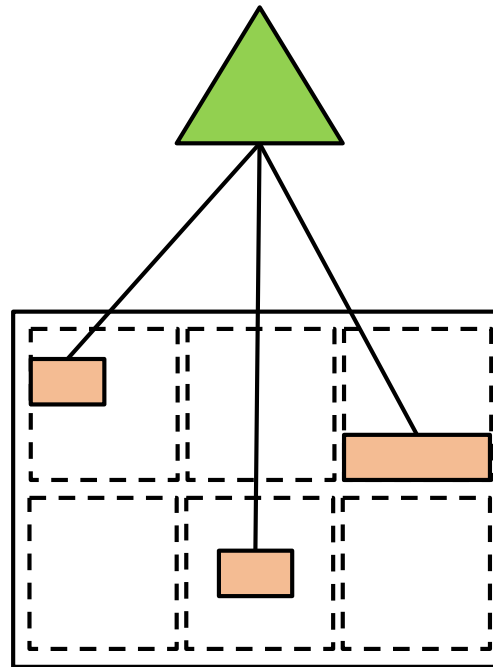
**Option 2:** Customer splits mandate and assigns single pieces to different law firms (in or outside of a panel)



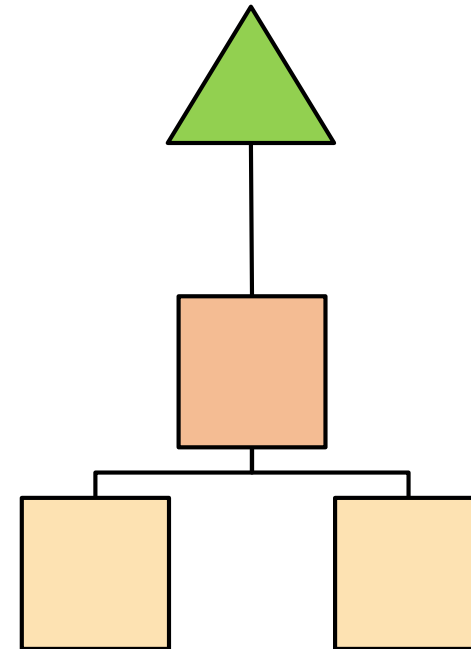
## Options of cooperation (II)

Customer

Law Firms



**Option 3:** A panel is understood as a pool of resources from which a customer pulls teams and lawyers as required forming new virtual teams.

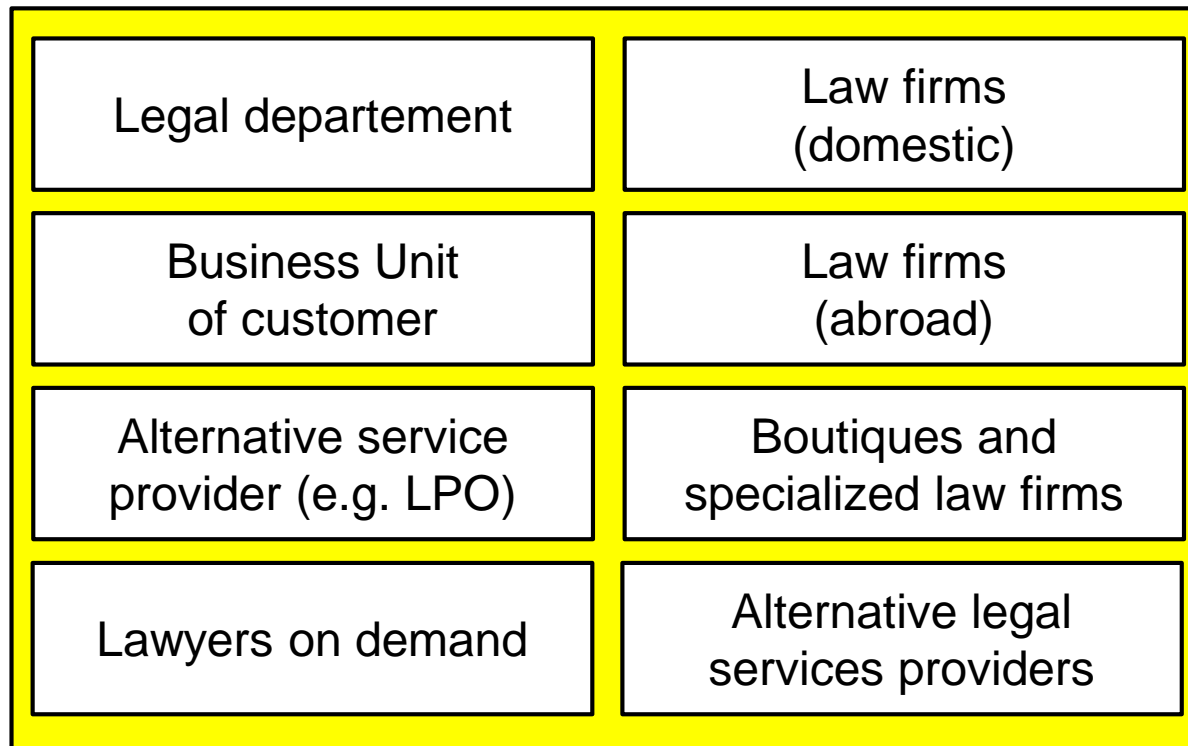


**Option 4:** Customer assigns a law firm as a lead law firm which will mandate and coordinate other law firms acting as subcontractors.



# Positioning of a Legal Project Manager

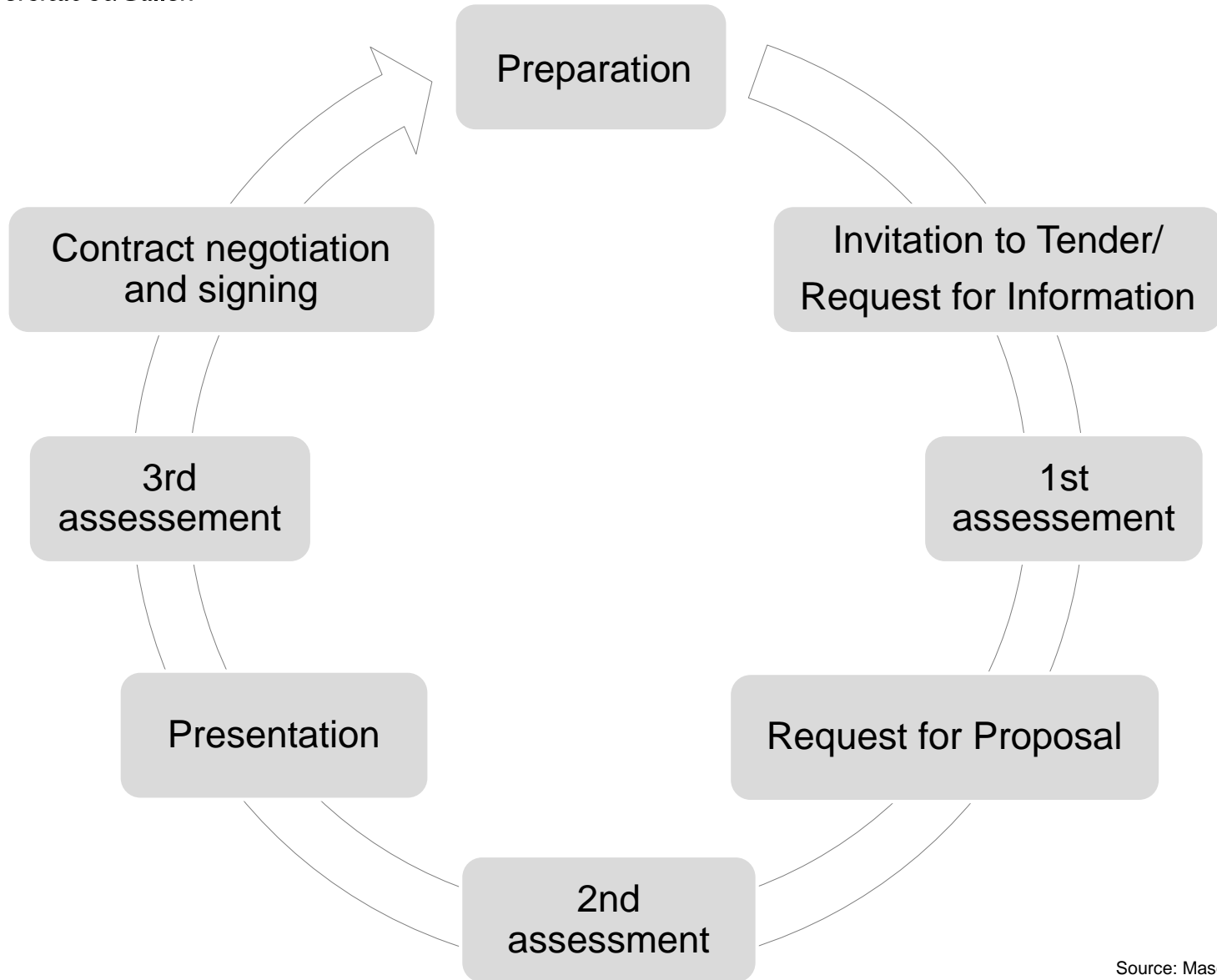
Company / Customer  
General Counsel



 Field of activity of a Legal Project Manager



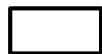
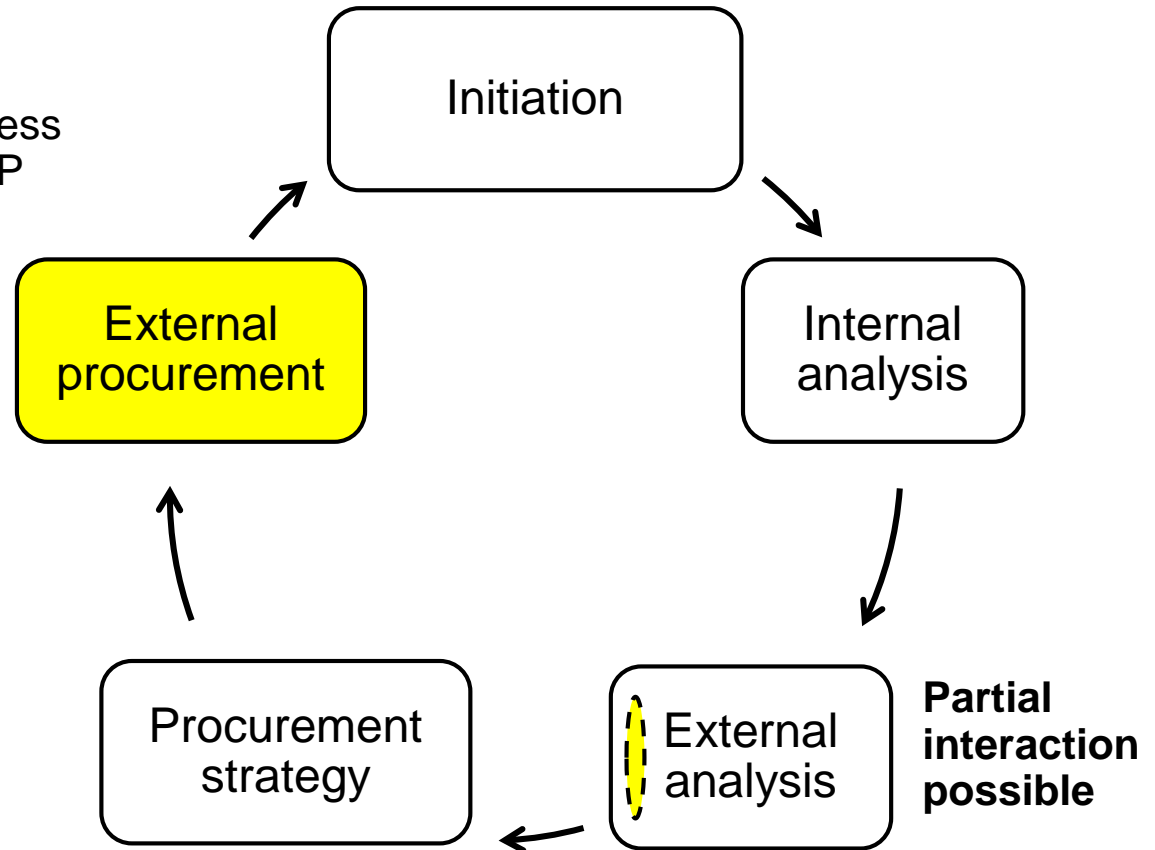
# Process of establishing a panel





## Touch points for external providers with customers

1. Prepare RFP
2. **Conduct RFP**
3. Analyse and assess responses to RFP
4. **Negotiation**
5. Selection of providers
6. **Agreement**
7. **Implementation**



Customer-internal process steps of procurement



Contact to external providers (*touch points*) (text in **bold**)



# Innovation



# Terms



**Optimization**  
*(Improvement,  
Renovation)*



**Idea**  
*(Invention)*



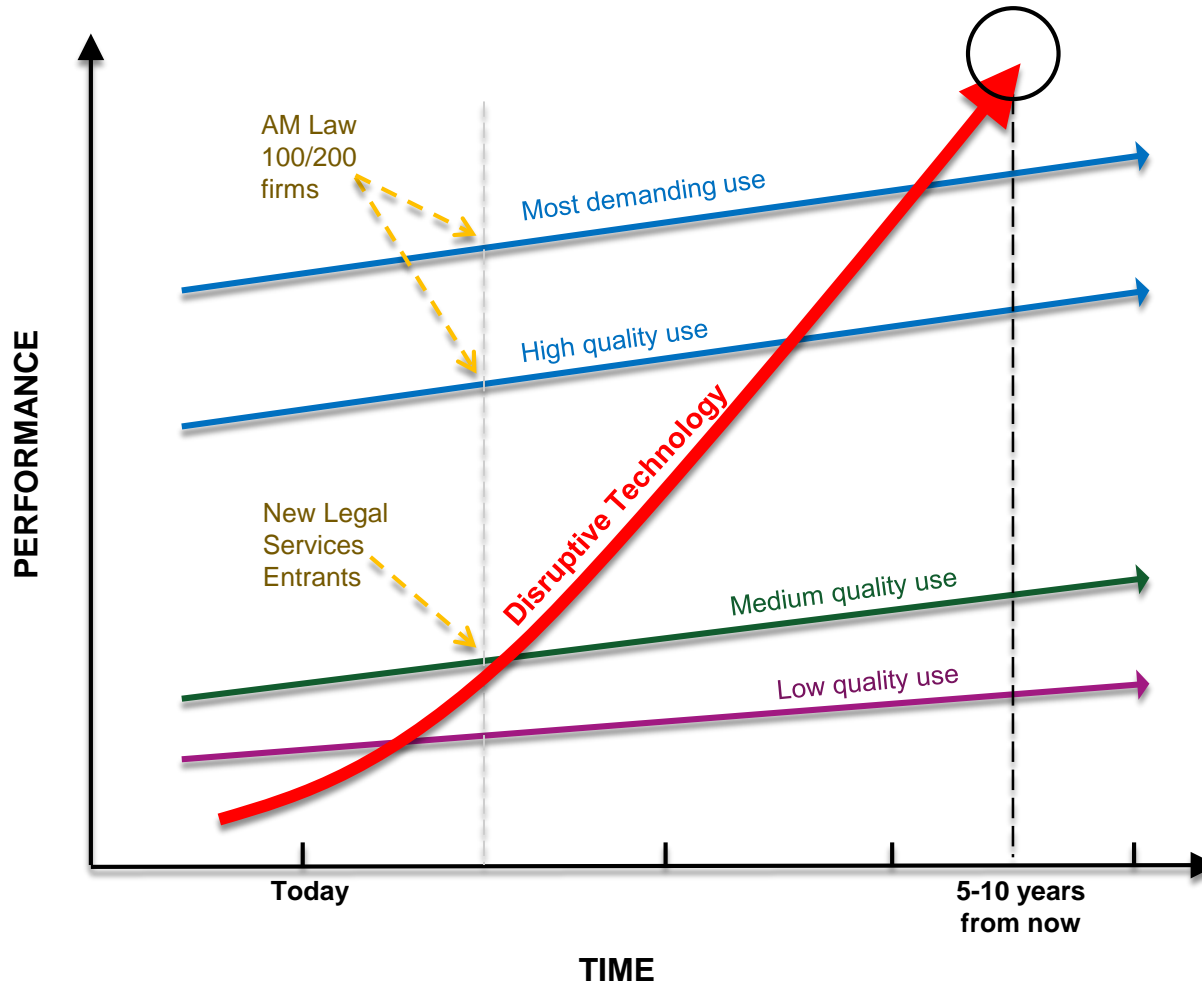
**Innovation**  
*(Disruptive  
Innovation)*



**Change**



# The Innovator's Dilemma (adapted from Christiansen)





# Allen & Overy

## 5 Business Units:

- **Legal Services:** International Law Firm
- **Shared Services Center** (Belfast)
- **Peerpoint:** Lawyer-on-Demand-Service\*
- **A&O Consulting** (e.g. for legal department)
- **Online services/E-Commerce** for  
Derivative Services

**ALLEN & OVERY**

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## Online Services

Through our online services, we can keep clients constantly up to date with the latest legal developments and trends.

Share Information

dealroom

## Strategy

At the heart of our strategy is a clear ambition: to become the world's *most advanced* law firm. That means being at the forefront of legal thinking and building on our reputation for pioneering ideas on how we serve our clients and run our business. Allen & Overy's strategy has three key dimensions: global reach, local depth; lasting relationships, market leadership; and high performance culture.  
*(Annual Report 30.4.2014)*

\* We have launched 'Peerpoint', a flexible resourcing business providing our firm with access to experienced, high-calibre contract lawyers who can cover peaks in demand, and shortly to provide a similar service to clients with interim resourcing needs.



# Innovation is key



## Innovation in legal services

A report for the Solicitors Regulation Authority  
and the Legal Services Board

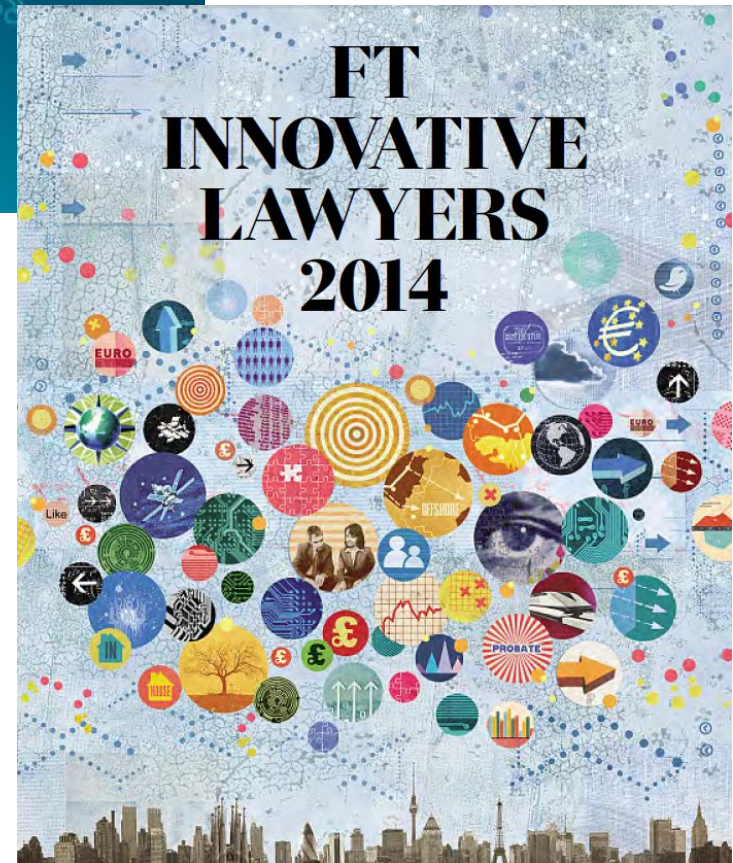
July 2015

Stephen Roper<sup>1</sup>, Jim Love<sup>1</sup>, Paul Rieger<sup>2</sup> and Jane Bourke<sup>3</sup>

<sup>1</sup>Enterprise Research Centre and Warwick Business School

<sup>2</sup>OMB Research Ltd

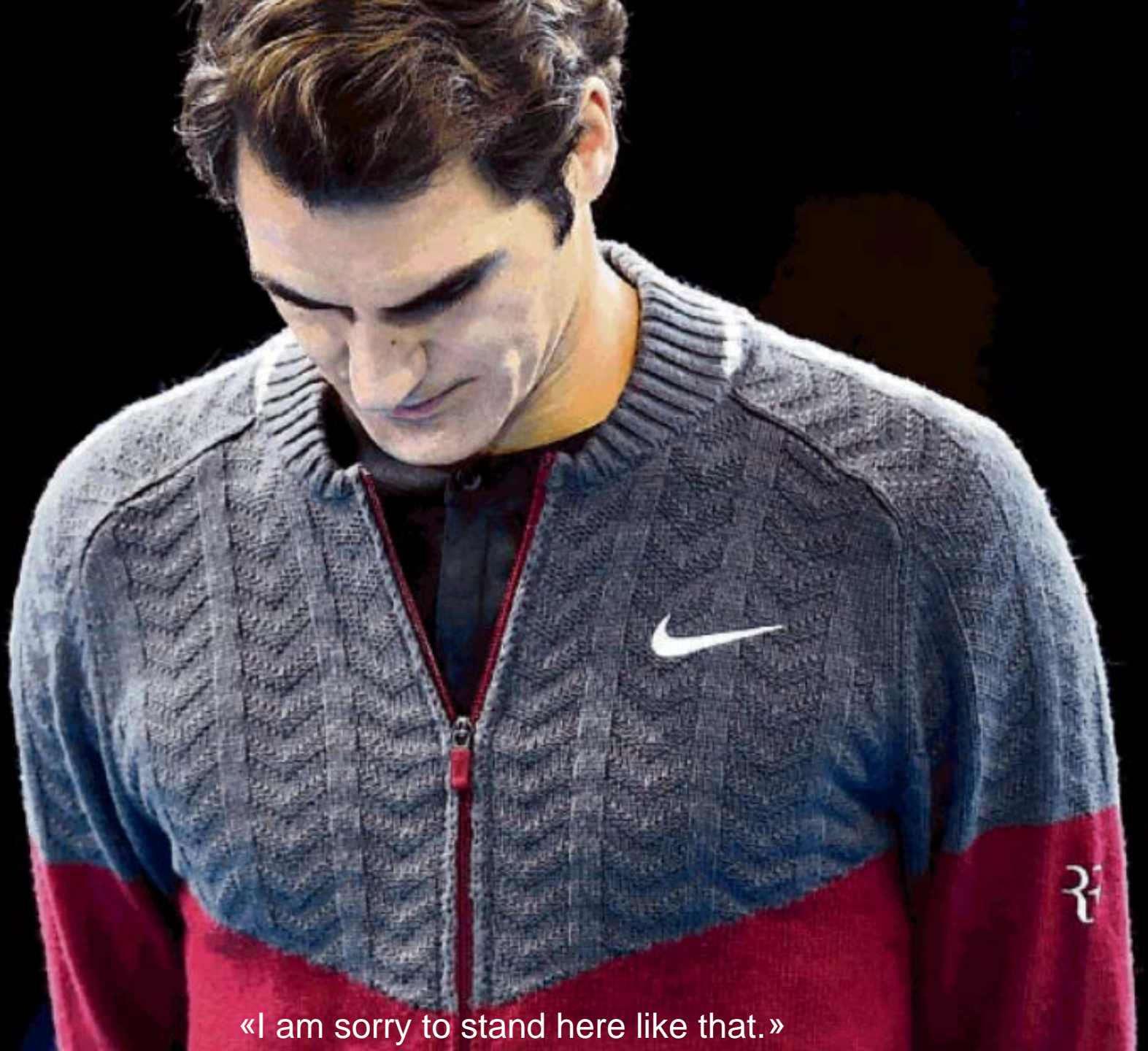
<sup>3</sup>University College Cork





# Customer orientation





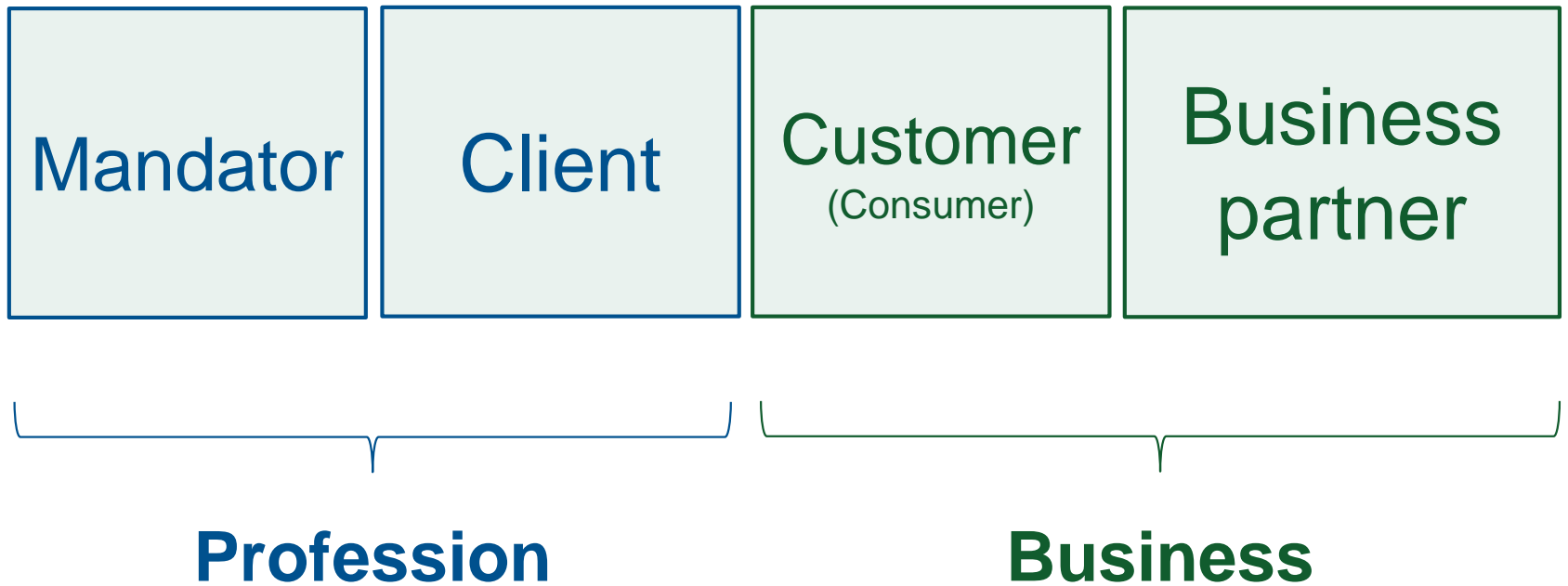
«I am sorry to stand here like that.»



**KYC**  
*«What can I do for you?»*

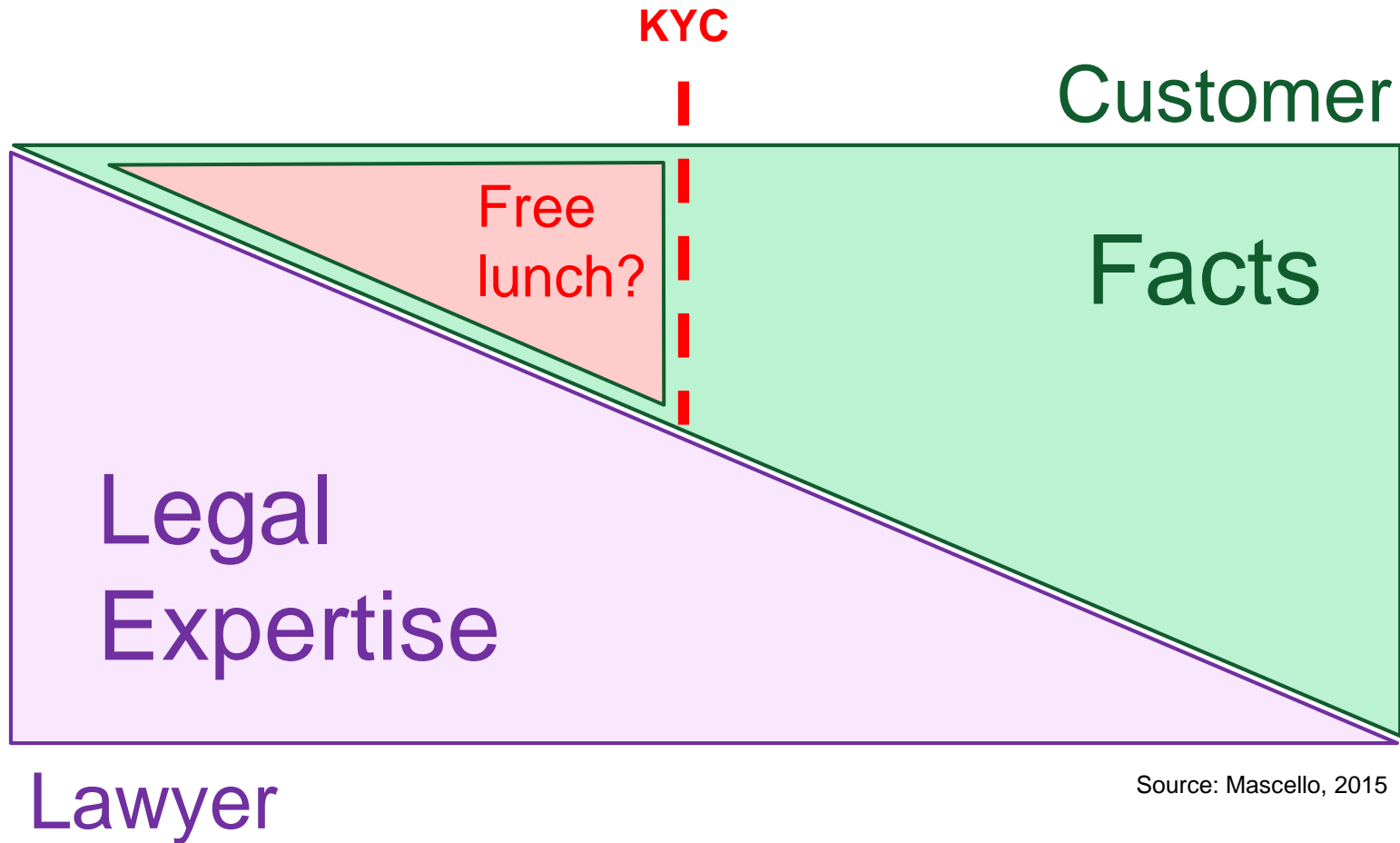


## Terminology



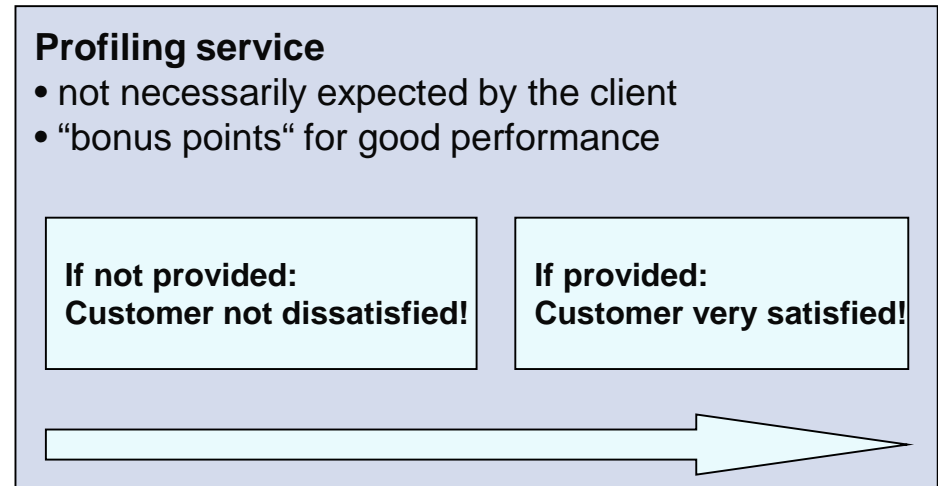
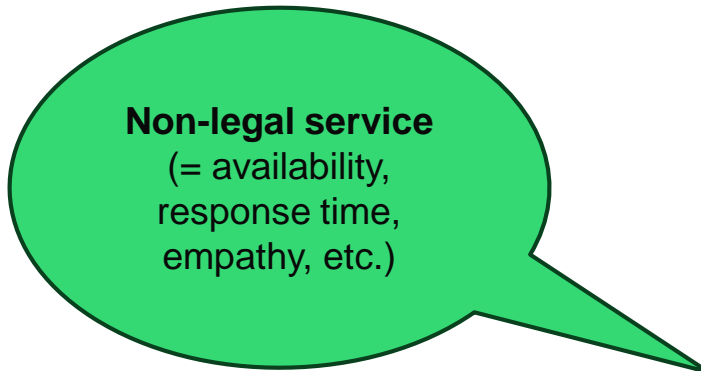
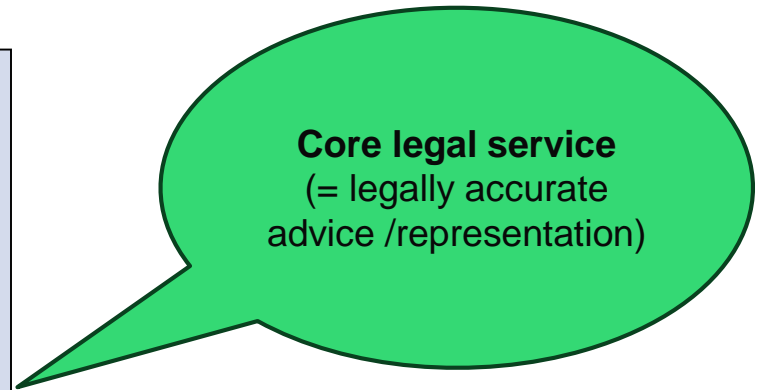
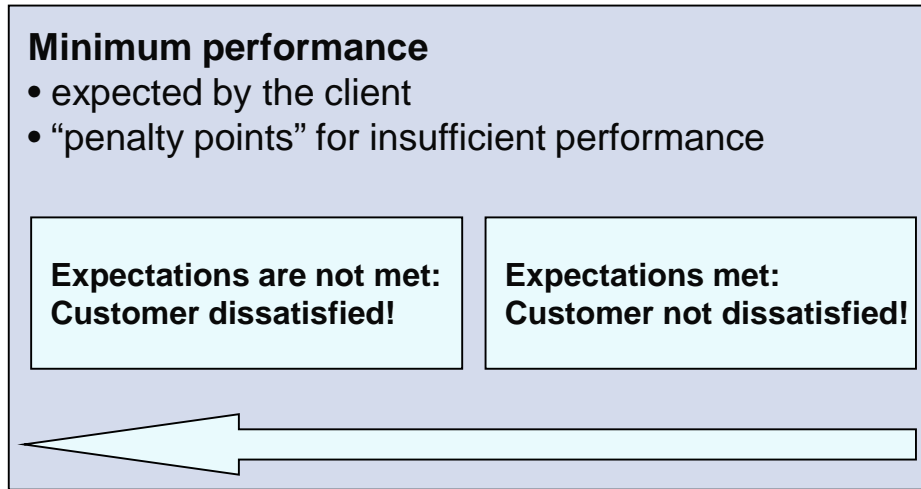


# Understanding customers' needs



Source: Mascello, 2015

# What does customer satisfaction mean ?





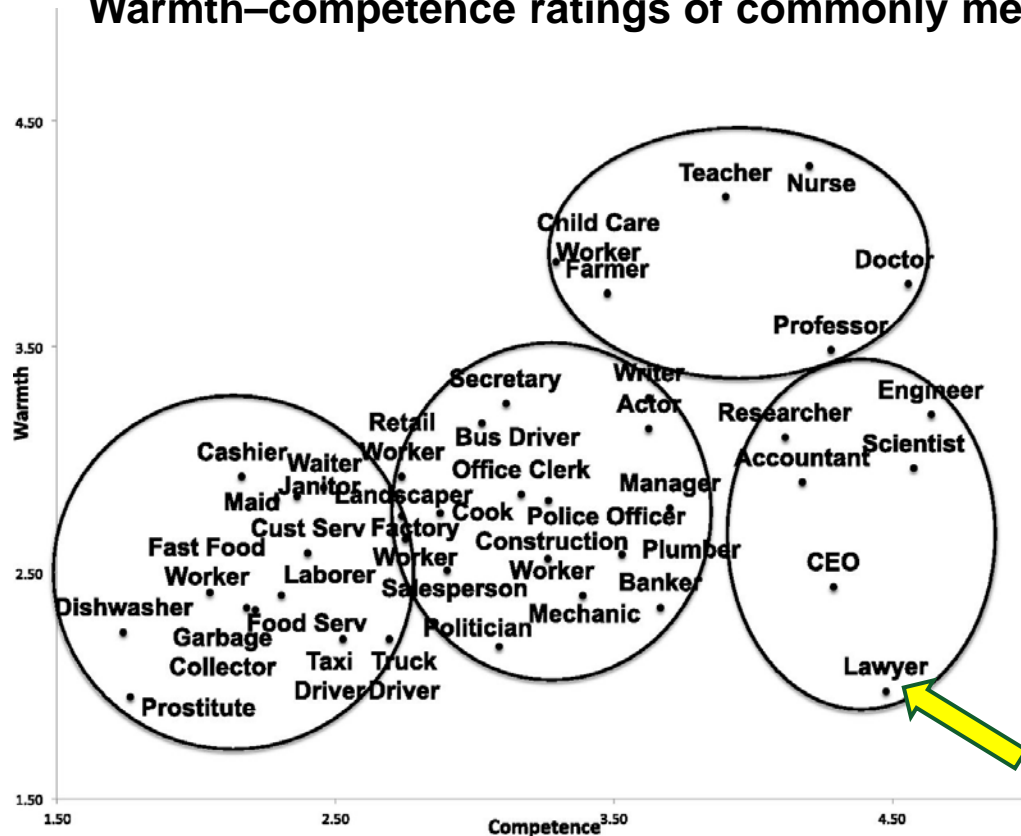
# 6 steps towards an integrated attorney marketing approach





# Clients' trust (USA 2014)

## Warmth–competence ratings of commonly mentioned jobs.



Lawyers:  
No one likes them,  
no one trusts them!

Warmth–competence ratings of commonly mentioned jobs. Four-cluster solution describes American job holders. Adults completed an online survey rating previously nominated common jobs on their public images of being warm and trustworthy, as well as competent and capable. Jobs' mean ratings on the two dimensions are subjected to statistical cluster analysis (see [SI text](#)). Note that these data map reported images of job groups, not the accuracy of those images. Although not the focus here, the middle cluster averages are relatively neutral on both warmth and competence, as well as emotions (see [SI text](#)).



# Thank you!



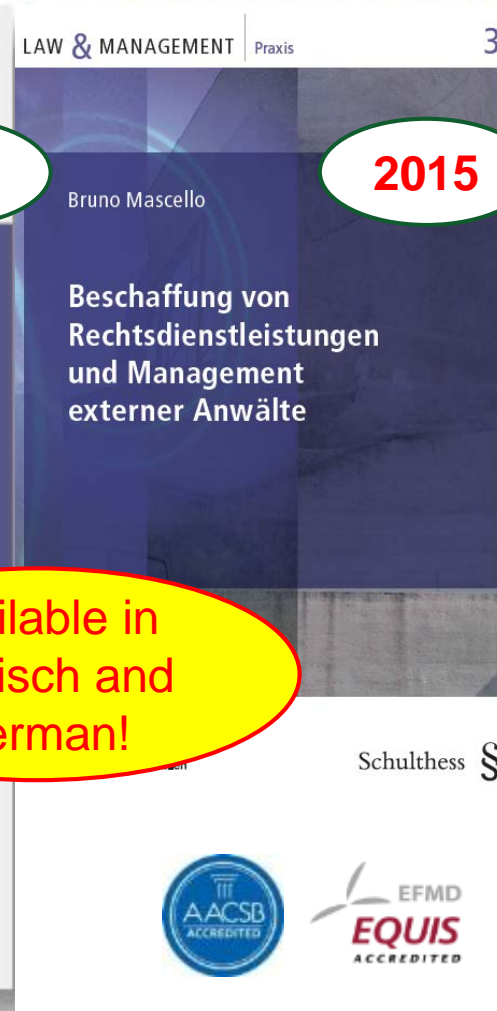




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 bruno.mascello@unisg.ch



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