

Disruption brings transformation to legal services

Deloitte Legal held a breakfast meeting in Sandton this week to discuss how a progressively borderless business world requires creative ways to manage global mega-trends, the impact of these trends and the resulting disruption to legal business models.



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"Major technological advancements such as artificial intelligence, the Internet of Things, big data, bitcoin, blockchain and smart contracts, are changing the way we operate and interact with our world. As we move towards a greater 'virtual' existence, businesses will continue to expand their global footprints, even as intellectual property and individual privacy become increasingly pertinent. In keeping with these trends, the legal profession will also need to change its thinking and approach," says Nazrien Kader, managing partner Deloitte Africa Tax & Legal Services.

Deloitte has previously advocated for companies to prepare for disruption, with technological advances leading to better, faster and more innovative business models.

According to Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, the fourth industrial revolution is disrupting almost every industry in every country, and it is doing so at an unprecedented rate.

As traditional borders continue to blur, and multi-jurisdictional companies begin to demand more from their service providers in all areas of the business, it has become clear that it can no longer be 'business as usual'. The legal profession is not immune to these demands and is in the process of a massive transformation.

Changing professions

Keynote speaker and futurist Daniel Susskind, co-author of the book 'The Future of the Professions: How Technology Will Transform the Work of Human Experts', said the legal profession – like many other industries – is undergoing tremendous change. "The legal professions and international jurisprudence could evolve to include the establishment of virtual courts,

Internet-based global legal businesses, greater online document production, commoditised service, legal process outsourcing and web-based simulated practice."

Susskind sees the technology-based internet society that we live in actively displacing the professions as technology begins to replace the traditional, existing tasks and responsibilities. He believes we will see new roles created that are unfamiliar and will require a different set of skills and responsibilities. His recommendation is for businesses to start with a blank sheet of paper, and then ask the question, "Given the technologies available, how do we go about solving problems?"

Need for non-traditional law firms

Deloitte Legal recently commissioned an independent survey of almost 250 participants with representatives in roles such as general counsel, legal counsel, CEO and CFO. Findings are based on 243 quantitative survey responses and 30 qualitative, in-depth interviews. The report, 'Future Trends for Legal Services' found that purchasing patterns for legal services are changing. Today, in-house teams are looking for pragmatic, industry specialists who are tech savvy and can offer more than traditional legal advice.

Overall, demand for legal services is growing: every participant said that their legal spend was increasing in at least one area. The majority of participants had recently taken, or were considering, a significant review of their legal suppliers.

Businesses are now looking for integrated, cross-border advice beyond legal. Legal skills should be coupled with other skill sets in a number of global locations, so professional services firms are quickly entrenching on legal services previously bought from traditional law firms. Survey participants are looking for technology to bring efficiencies and business focused visualisation of legal issues. Nearly half of all participants said that their departments' legal spend was growing in the area of regulatory compliance. Global tax & regulatory compliance is perceived as a major issue for in-house lawyers.

Lines blur between professional and legal services

It was clear that professional services firms that offer integrated, multi-disciplinary, and multi-jurisdictional services, are beginning to encroach on the services provided by traditional law firms. More than half of the respondents said they are willing to purchase legal services from a non-traditional law firm that delivers a range of professional services.

As businesses increase their focus on technology to improve efficiencies within their own businesses, so too, they expect their service providers to do the same. While the majority of respondents admitted that technology has not yet replaced the tasks of in-house lawyers, more than half said that this will happen over the next five years. Participants wanted greater technological efficiency from their legal providers, more relevant technologies, to be used and shared on integrated platforms, and business-focused visualisation of legal issues.

As in-house counsels are focusing on doing more with less, participants also called for greater fee transparency, with more than a quarter of the respondents calling for some form of value-based pricing.

Deloitte Global Legal Leader, Pieter Hein Meeter emphasised how Deloitte has differentiated itself in this space. "We are not building a traditional law firm because there are already too many mid-market, good, quality-rich law firms. Within Deloitte we are building something that takes into account all the technological developments and all those trends in the marketplace that one has to cope with every day, and we speak to those demands.

"The firm's global and Africa footprint, coupled with its multidisciplinary approach to business, positions us well to meet the evolving needs of our clients. We are able to deliver insights to address our clients' most-complex business challenges and we are committed to accepting the challenges and opportunities of the Fourth Industrial Revolution, and to setting the pace for the adoption and implementation of a new, technology-and-efficiency-driven provision of legal services in South Africa and across the globe."

Meeting evolving needs of clients

Dean Chivers Deloitte Africa Legal Lead said, "It is the saving of time and costs that are the real benefits of partnering with a managed legal service provider. Particularly where it is not a core platform of the business, I see the benefit in using a managed service provider for legal services on the basis that the time commitment and the cost consequence can be minimised. Where we are in the world today in terms of data for example, you can store it, you can move it, put it on a platform, host it in the cloud, analyse it remotely, but it's the technology that's the bigger challenge. So, unless its core and you believe you're going to have it for a long time, something that changes often, that time and cost commitment is best left to a third party."

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