

ASIA'S LEGAL FUTURE

Mitch Kowalski, author of the critically-acclaimed American Bar Association bestseller, *Avoiding Extinction: Reimagining Legal Services for the 21st Century*, look at the transformation of the legal services delivery model and its ramifications for law firms in Asia.

As we work through the second decade of the Asian Century, we see, on an almost daily basis, exciting new ways in which to do business or deliver services. Yet most law firms in Asia remain firmly entrenched in the final decades of the last century, wedded to a legal services delivery model that would still be recognisable by early traders in the region – a 19th century model struggling to keep up in a 21st century world.

Unshakably bound by tradition and legacy, most law firms practise law the old-fashioned way: labour-intensive work carried out by high-priced personnel billing by the hour. Clients fit into how lawyers operate; lawyers don't fit into how clients desire to receive legal services. Protected by legislated monopolies, Asian law firms have been allowed to grow complacent, fat and inefficient.

And at any hint of change, the ramparts slam down. Lawyers resisted faxes and emails in the 1990s just like we now resist Skype and the cloud today. In fact, we wear our resistance to change as a badge of honour, something of which to be proud.

But, as the Borg say, resistance is futile.

The current legal services delivery model is at the end of its natural lifecycle – and the only people who don't know it are members of the legal profession. To understand where the Asian legal marketplace is headed, it's instructive to take a treetop view of the legal marketplace in North America and the UK.

Since the onset of the global financial crisis, corporate clients in the west have demanded more for less, reducing profits for many law firms. No longer can firms make more money by raising their rates each January. As a result, growth has stalled in many law firms, creating partners who are no longer permanent and associates who will never become partners, while the number of contract lawyers and paralegals increases annually.

Savvy western corporate clients are rebelling against the time-honoured 'time spent equals value received' mantra upon which the foundations of all big law firms are grounded. They are increasingly only willing to pay for output – not input. They are insisting that firms provide real value through process, not just legal expertise, hence a move toward seeking better connectivity, communication or file management. In other words, we are now entering an era where quality legal service is a given and expected; it's no longer a way to differentiate law firms from one another.

Since being the smartest lawyer in the room is no longer enough, a growing number of law firms in the west are winning client work because they created a better process and a better customer experience. New processes are now creating new non-traditional careers such as pricing directors, project managers, business development managers, client managers and innovation managers, to name just a few.

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Much to the chagrin of corner office rainmakers, many corporations are now asking their procurement teams to assist in sourcing legal services. Relationships may get you in the door to bid on a project, but the procurement team won't give you the work if your firm doesn't score well on the RFP. Harvard Business School recently produced a case study on GlaxoSmithKline's legal service procurement process, teaching business people and in-house counsel a better way to buy legal services. The end

of the rainmaker era is fast approaching.

Legal technology is one of the hottest areas of interest for recent law graduates in the west. Michigan State University Law School is using big data to perfect qualitative legal prediction which, when completed, will predict the outcome of litigation – changing a barrister’s practice forever. In North America, thousands of young legal and other graduates are working together to create the next killer app/software that will allow more work to be done by fewer lawyers. The recently launched Diligence Engine has created software that reviews documents faster and more accurately than lawyers.

The appearance of non-law firm legal providers such as legal process outsourcers in South Africa, Ireland, India and the Philippines has put pressure on traditional lawyers in the west while the growth of lawyers-on-demand models such as Axiom has provided alternative careers to lawyers unwilling to sell their souls for partnership. All the while, the number of in-house counsel in the west continues to grow as the amount of outside legal spending declines.

Slowly but surely, what it means to be a ‘lawyer’ is changing.

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It is important for Asian lawyers to note that none of the matters discussed above are fads, nor do they represent cyclical change; they are indicia of deep structural change within the legal services marketplace. They never go away. They only amplify in effect.

Some readers will dismiss the above discussion as not being applicable to Asia, because Asia is different. That would be true



if we lived in a non-globalised world in which ideas, processes and technology stopped at every border; but we don’t. Asia is not immune to the changes stretching across the globe.

Global clients will bring their ideas to Asia and they will insist that their Asian lawyers provide legal services in the same way they’re delivered elsewhere.

Global legal service providers will do the same, raising the bar on the type of client experience clients demand. Forward-thinking Asian lawyers seeking true sustainable competitive advantage will view western jurisdictions as the canary in the coalmine for the Asian legal market.

Change is coming.

Will you be ready? ■



Mitch was selected as a Fastcase 50 Global Legal Innovator in 2012. He teaches Innovation in Legal Services at two Canadian law schools and will be bringing that course to Hong Kong University Law School in January, 2015. Mitch’s book, *Avoiding Extinction: Reimagining Legal Services for the 21st Century*, is available at Amazon.