



INTERNATIONAL BAR ASSOCIATION
PRESIDENT'S TASK FORCE ON THE FUTURE OF LEGAL SERVICES

PHASE I - EXECUTIVE SUMMARY

María J. Esteban, PhD, ESADE Law School – Researcher
James M. Klotz, IBA Secretary-General – Task Force Chair

Sydney
October 9, 2017

Task Force Steering Committee

- James M. Klotz - Chair
- Fernando Pelaez-Pier
- Stephen Revell
- Hanim Hamzah
- Timothy E. Powers
- Tshepo Shabangu
- Robert Millard
- Yuval Horn
- Ex-Officio: Horacio Bernardes Neto

Task Force Committee Members

- Jaime Carey
- Diego Munoz
- Bruno Barata
- Mariana Estrade
- Carolina Zang
- Carlos Valls
- Bob Heslett
- Petra Zijp
- Tomasz Wardynski
- Ivan Grechkivsky
- Orsolya Gorgenyi
- Joan Bercovitch
- Steve Richman
- Harry Rubin
- Olumide Akpata
- Nene Amegatcher
- Amir Pasrich Singh
- Martin Daubney

INDEX

- BACKGROUND
- METHODOLOGY
- OUTCOMES
- NEXT STEPS

BACKGROUND

Phase I

- Conduct a global review of the changes that are affecting the legal profession, as those changes may determine our future.
 - **Part A:** Literature review.
 - **Part B:** Outreach.

Phases II and III

- **Phase II:** Review and identify what the IBA can do for its members to enable them to cope with change, manage change, or prevent change, that will be a value-add to the existing body of knowledge.
- **Phase III:** Conduct independent research on those areas identified in Phase II, and publish a report and recommendations, as appropriate.

METHODOLOGY: Literature review

Qualitative research

- **Keywords:**
 - 10 population terms: Legal profession, Lawyer, Legal services, General Counsel, Law firm, Law school, Bar Association, Law Society, Court, Professional Service Firms
 - 7 impact terms: Future, Change, Trend, Progress, Innovation, Disruption, Quality
- **Databases:**
 - Google, Taylor & Francis Online, Wiley Online Library, Emerald, HeinOnline, SSRN HLS CLP Research Paper Series, Stanford LS Legal Design reading list, SLS Codex publications, SpringerLink
- **280 documents published between 2010-2017 -** academic and professional papers, reports and others.
- **Drivers of Change Spreadsheet & Tree Diagram**

Quantitative research

- **Data text mining:**
 - PYTHON's Natural Language Toolkit
 - Process of deriving high-quality information from text
 - 6 different programming codes with several functions
 - 271 documents

OUTCOMES

Qualitative research

Global Categorization of Change
Factors Driving the Future of Legal
Services

Quantitative research

- Most cited drivers of change
- Most cited legal tech
- Most cited legal tech companies and legal solutions
- Most cross-cited authors
- Most cited countries

OUTCOMES

Qualitative research

Global Categorization of Change
Factors Driving the Future of the
Legal Profession

**DRIVERS
OF CHANGE
IN LEGAL
SERVICES**

CHANGING DEMOGRAPHICS AND VALUES

**SKILLS MISMATCH AND LEGAL
EDUCATION REFORM**

**GLOBALIZATION AND SHIFT OF
ECONOMIC POWER**

**EMERGENCE OF NEW FORMS OF
VALUE CREATION**

**"LEGAL TECHNOLOGY"
DEVELOPMENT AND INNOVATION**

REGULATORY INNOVATIONS AND GAPS

EMERGENCE OF NEW FORMS OF VALUE CREATION

UNMET CLIENTS' NEEDS AND EXPECTATIONS

CORPORATE CLIENTS

- CLIENT DEMANDS CHANGING AT AN ACCELERATED RATE
- INCREASED CLIENTS' SOPHISTICATION
- CLIENTS' INCREASED BUYING POWER
- INCREASED COMPLEXITY OF THE REGULATORY ENVIRONMENT

CONSUMERS

- ACCESS TO JUSTICE GAP
- DO IT YOURSELF TREND

INCREASED PRESSURES ON TRADITIONAL MODELS

- LAWYERS' LOSS OF MARKET POWER
- INCREASED TRANSPARENCY OF LAWYERS' WORK
- PRESSURES ON THE BUSINESS MIX AND ORGANIZATION
- INCREASING SIZE AND SCOPE OF GLOBAL LAW FIRMS AND IN HOUSE DEPARTMENTS
- INCREASED COMPLEXITY OF THE LEGAL SYSTEM
- INCREASING BLURRING TOGETHER OF TRADITIONAL CATEGORIES OF KNOWLEDGE AND ORGANIZATION
- UNCERTAINTY ABOUT THE FUTURE OF GLOBAL ECONOMY

LEGAL SERVICES RECONFIGURED

- EMPLOYEE LED MARKET
- NEW WAYS OF WORKING
- TREND TOWARDS SHARED VALUE CREATION

INCREASED COMPETITION

- ATTRACTIVENESS FOR EXTERNAL INVESTMENT IN THE LEGAL MARKET
- REEMERGENCE OF MDPs
- NEW ENTRANTS

"LEGAL TECHNOLOGY" DEVELOPMENT AND INNOVATION

MULTIPLE LEGAL TECH CATEGORIZATION

EXACERBATED BY GLOBALIZATION

CHALLENGE FOR LAW FIRMS' AND LAWYERS'

ADOPTION AND DEVELOPMENT OF LEGAL TECH VARY ACROSS
DIFFERENT TYPES OF LAW FIRMS AND COUNTRIES

EMERGENCE OF NEW AREAS OF LAW DUE TO TECHNOLOGICAL
INNOVATION

ACCELERATING PACE OF LEGAL TECHNOLOGY DEVELOPMENT AND INNOVATION

SHIFT OF THE LEGAL SYSTEM TO ELECTRONIC TRANSACTIONS

EMERGENCE OF INTELLIGENT COURT SYSTEMS DUE TO DEVELOPMENTS IN
INTERNET AND CLOUD TECHNOLOGY

JUDGES INCREASED COMMITMENT WITH TECHNOLOGY OFFERING
PRACTICAL BENEFITS

FISCAL CONSTRAINS DRIVING INNOVATION IN COURTS

INCREASED DIGITALIZATION OF THE JUDICIARY

SOLUTIONS NEED TO BE CREATED WITH EXPERTISE AND OVERSIGHT

EMERGENCE OF NEW REGULATORY, ETHICAL AND PRACTICE ISSUES

NEED TO PROTECT CLIENTS' INFORMATION

LIMITS AND CHALLENGES OF LEGAL TECHNOLOGY

SLOW ADOPTION OF TECHNOLOGICAL
IMPROVEMENTS BY LAWYERS

STILL IMPERFECT AND AD-HOC PROCESS

THE TRADITIONAL PARTNERSHIP FULL PROFIT
DISTRIBUTION MODEL IS A BARRIER TO
INVESTMENT IN TECHNOLOGY

LEGAL INDUSTRY LAGS BEHIND OTHER PSF INDUSTRIES

NEED FOR A BALANCED REGULATORY
ENVIRONMENT REGARDING TECH INNOVATION

REGULATORY INNOVATIONS AND GAPS

REGULATORY GLOBAL TRENDS

SHIFT TO PROACTIVE REGULATION

CATEGORIZATION

DE IURE

DE FACTO

SELF-REGULATION VS CO-REGULATION; LEGAL WORK VS LAWYERS; EX ANTE VS EX POST; GEOGRAPHICALLY VS VIRTUALLY; OUTCOMES BASED REGULATION VS RULES; THE USE OF REGULATORY OBJECTIVES AND PURPOSE STATEMENTS; GLOBALIZATION IMPACT

INCREASING CRITICAL VOICES TO THE REGULATORY STATUS QUO

- BOTH CLIENTS AND LAW FIRMS
- BARRIER TO INNOVATION
- LIMITS ACCESS TO LEGAL SERVICES
- RELAXATION OF THE LAWS;
- CRITICAL VOICES REGARDING OWNERSHIP AND MANAGEMENT RESTRICTIONS
- CONSTITUTIONAL VULNERABILITY OF RESTRICTIONS GOVERNING THE ORGANIZATIONAL FORM OF LAW PRACTICE;
- MISMATCH BETWEEN NATIONAL PRACTICE OF LAW AND STATE-BASED OR REGIONAL BASED REGULATION

REGULATORY INNOVATIONS

USA

THE EXPANSION OF NON-LAWYER TRAINING AND LICENSING IN HIGH NEED AREAS

FRANCE

UK AND AUSTRALIA

- CONSUMER FOCUS
- ALTERNATIVE BUSINESS STRUCTURES INCLUDING MULTIDISCIPLINARY PRACTICES
- NEW ROLES OF OTHER (NON LAWYER) REGULATED AND UNREGULATED LEGAL SERVICES PROVIDERS
- MANAGED BASED REGULATION
- PRINCIPLES-BASED REGULATION AND CO-REGULATION

UNPRECEDENTED LEVEL OF EXPANSION IN THE EARLY 21ST CENTURY

ROLE OF LAW FIRMS IN CREATING THE STRUCTURES OF GLOBAL MARKETS

GLOBAL WEAKENING OF THE ANGLO-AMERICAN
MODEL OF LARGE LAW FIRMS AND IN-HOUSE
COUNSELING

COMPLEX SOCIAL PROCESS AT THE LOCAL-GLOBAL
BOUNDARIES

SLOW EXPANSION OF ELITE UK LAW FIRMS INTO AFRICA AND
CENTRAL & SOUTH AMERICA

GAP BETWEEN FINANCIAL RESULTS AND NEED FOR GLOBAL EXPANSION

CHALLENGES TO
PROVIDING SEAMLESS
GLOBAL LEGAL ADVICE

CHALLENGES

GEOGRAPHICAL
EXPANSION OF
WESTERN LAW
FIRMS

PARTICULARLY IN THE EMERGING MARKETS OF ASIA-PACIFIC,
AFRICA, AND SOUTH & CENTRAL AMERICA

GEOGRAPHICAL
EXPANSION
OF MDPs,

GROWING POWER OF EMERGING ECONOMIES IN THE
GLOBAL LEGAL MARKET

SHIFT OF
ECONOMIC
POWER TO
EMERGING
ECONOMIES

GLOBAL IMPACT OF EMERGING MARKETS ELITES

GLOBALIZATION AND SHIFT OF
ECONOMIC POWER

24 NEW ECONOMIC AND POLITICAL CONTEXT FOR LAW SCHOOLS
23 PROFESSIONAL DEVELOPMENT GAP
22 PROFESSIONAL IDENTITY GAP
21 LEGAL EDUCATION REFORM: INFLUENCE OF REGULATION IN TOMORROW'S LEGAL EDUCATION

NEW CHALLENGES IN LEGAL EDUCATION

10 INTERPERSONAL AND INTERDISCIPLINARY SKILLS
9 BUSINESS SKILLS/ENTREPRENEURSHIP + BASIC ACCOUNTING AND FINANCES;
8 LAWYERS EXPECTED TO BE MULTIDISCIPLINARY PROBLEM-SOLVERS;
7 COMPETITIVE ADVANTAGE OF SKILLS IN SCIENCE AND TECHNOLOGY
6 MULTI-JURISDICTIONAL SKILLS;
5 COMMUNICATION SKILLS
4 COMMERCIAL AND SOCIAL AWARENESS;
3 MANAGEMENT SKILLS;
2 PRACTICE-RELATED SKILLS
1 ADAPTABILITY TO CHANGE

NEW SKILLS' DEMAND

SKILLS MISMATCH AND LEGAL EDUCATION REFORM

TREND TOWARDS LIFELONG LEARNING IN THE FULL RANGE OF TECHNICAL, PROFESSIONAL, AND NETWORK BUILDING SKILLS
CREATIVE AND INNOVATIVE ASSESSMENT METHODS
LAW SCHOOLS VAULTED INTO THE ONLINE WORLD
LAW SCHOOLS' INCREASED INTERNATIONAL APPROACH
INCREASED LAW SCHOOLS' FOCUS ON EMPLOYABILITY
19 SHIFT IN LEGAL EDUCATION FROM ONE SIZE FITS ALL TO DIVERSIFICATION (DIFFERENT PATHS FOR DIFFERENT LEGAL JOBS)
18 INCREASED COMPLEXITY OF LEGAL KNOWLEDGE; INCREASED LEGAL DOCTRINES TO MASTER
17 EMERGENCE OF INNOVATIVE COURSES AND PROGRAMS
16 INCREASED GLOBALIZATION OF LEGAL EDUCATION
15 LAW SCHOOLS' RESILIENCE DESPITE FALL IN APPLICATIONS AND UNEMPLOYMENT

INNOVATION IN LEGAL EDUCATION ARCHITECTURE: EMERGENCE OF NEW DISCIPLINES AND NEW PROGRAMS

MAJORITY WOMEN LAWYERS
INCREASED GENDER AND RACE DIVERSITY IN LAW SCHOOLS
INCREASE IN GENDER AND RACE DIVERSITY IN LAW FIRMS

CHANGES IN GENDER AND RACE DISTRIBUTION

1 INCORPORATION OF MILLENNIAL
2 AGING POPULATION (BABY BOOMERS), PROLONGING RETIREMENT

CHANGES IN GENERATIONAL DISTRIBUTION

3 TOP STUDENTS SHYING AWAY FROM LAW SCHOOL
4 YOUNG TALENT QUESTIONS THE LAW AS A RIGHT PROFESSIONAL CHOICE

DECREASE IN THE ATTRACTIVENESS OF A CAREER IN LAW

5 INCREASED JOB DISSATISFACTION

DIVERSITY AND INCLUSION GAP PERSISTS IN LAW FIRMS

CLIENT-LED DIVERSITY AND INCLUSION INITIATIVES

6 LAW PRACTICE BECOMING INCREASINGLY STRESSFUL

CONCERN WITH LAWYERS AND LAW SCHOOL STUDENTS HEALTHCARE & WELL BEING

7 RISK OF SUFFERING MENTAL PATHOLOGIES

8 INNOVATION HAS THE POTENTIAL TO ENHANCE THE PERSONAL WELL BEING OF THE PROFESSION

NEW DEMOGRAPHIC MIX

INCREASED IMPORTANCE OF PROFESSIONAL CAREER SATISFACTION AND WELL BEING

CHANGING DEMOGRAPHICS AND VALUES

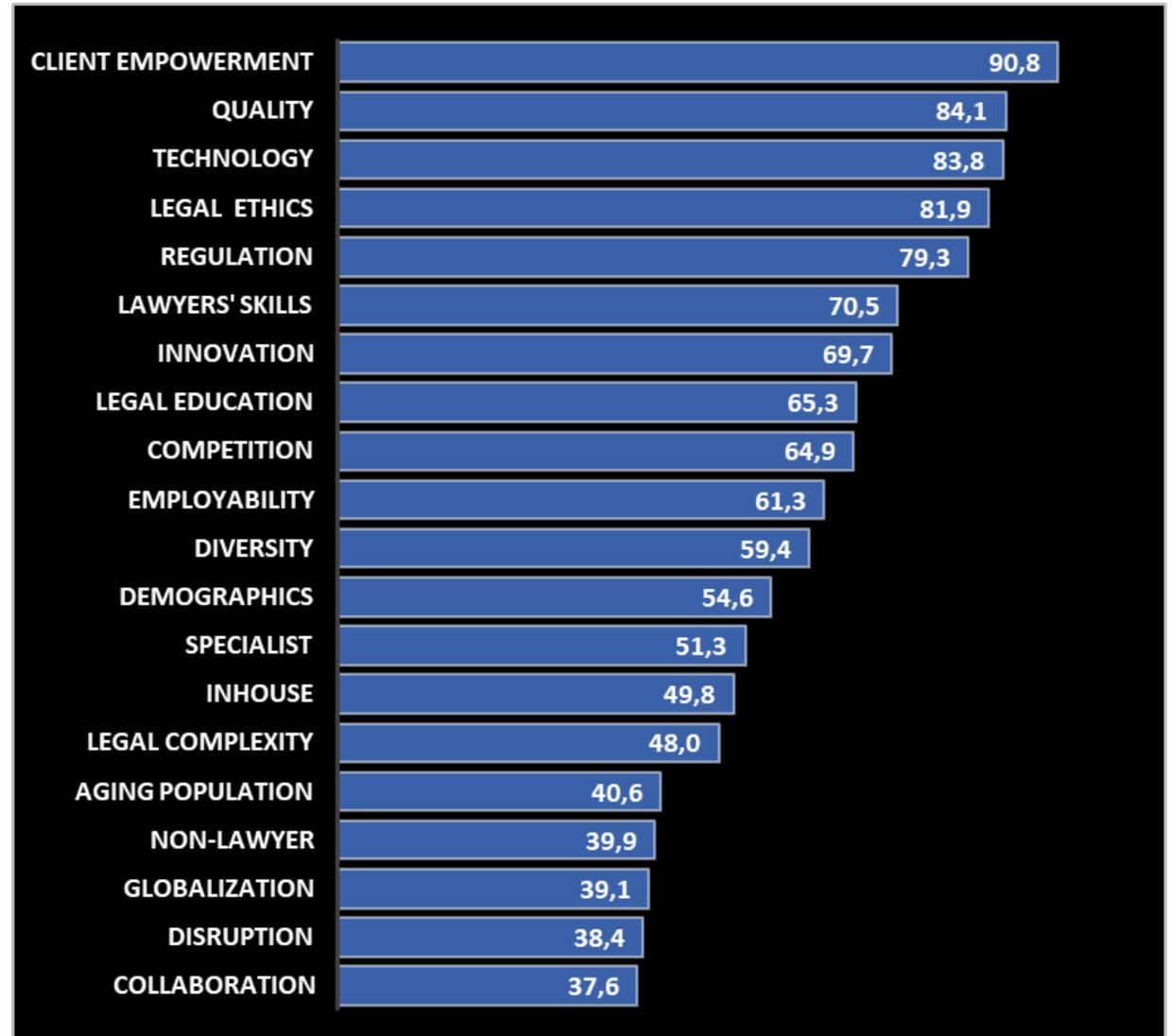
OUTCOMES

Quantitative research

- Most cited drivers of change
- Most cited legal tech
- Most cited legal tech companies and legal solutions
- Most cross-cited authors
- Most cited countries

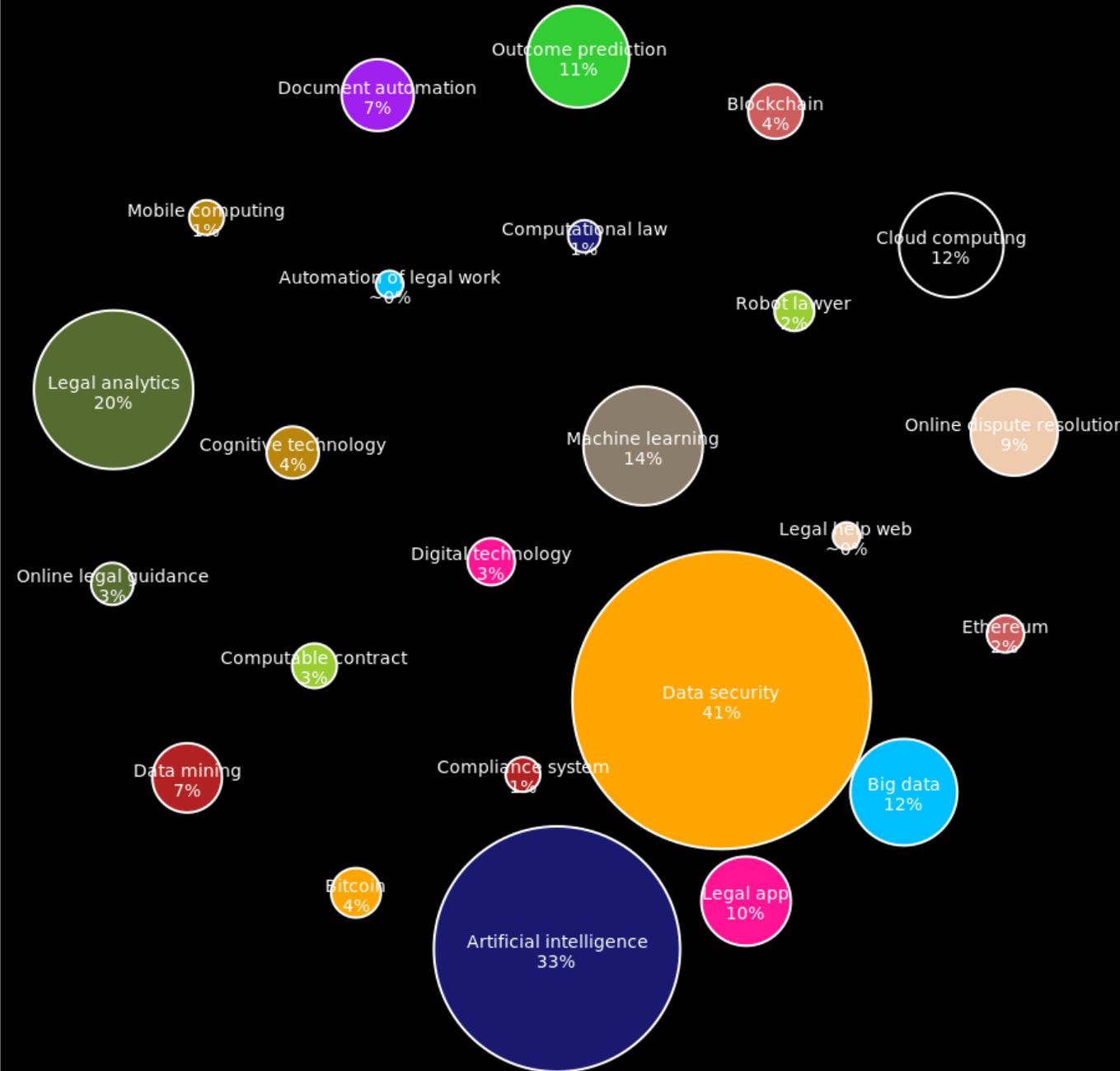
Most cited drivers of change: TOP 20

- % of references in database citing a particular driver of change



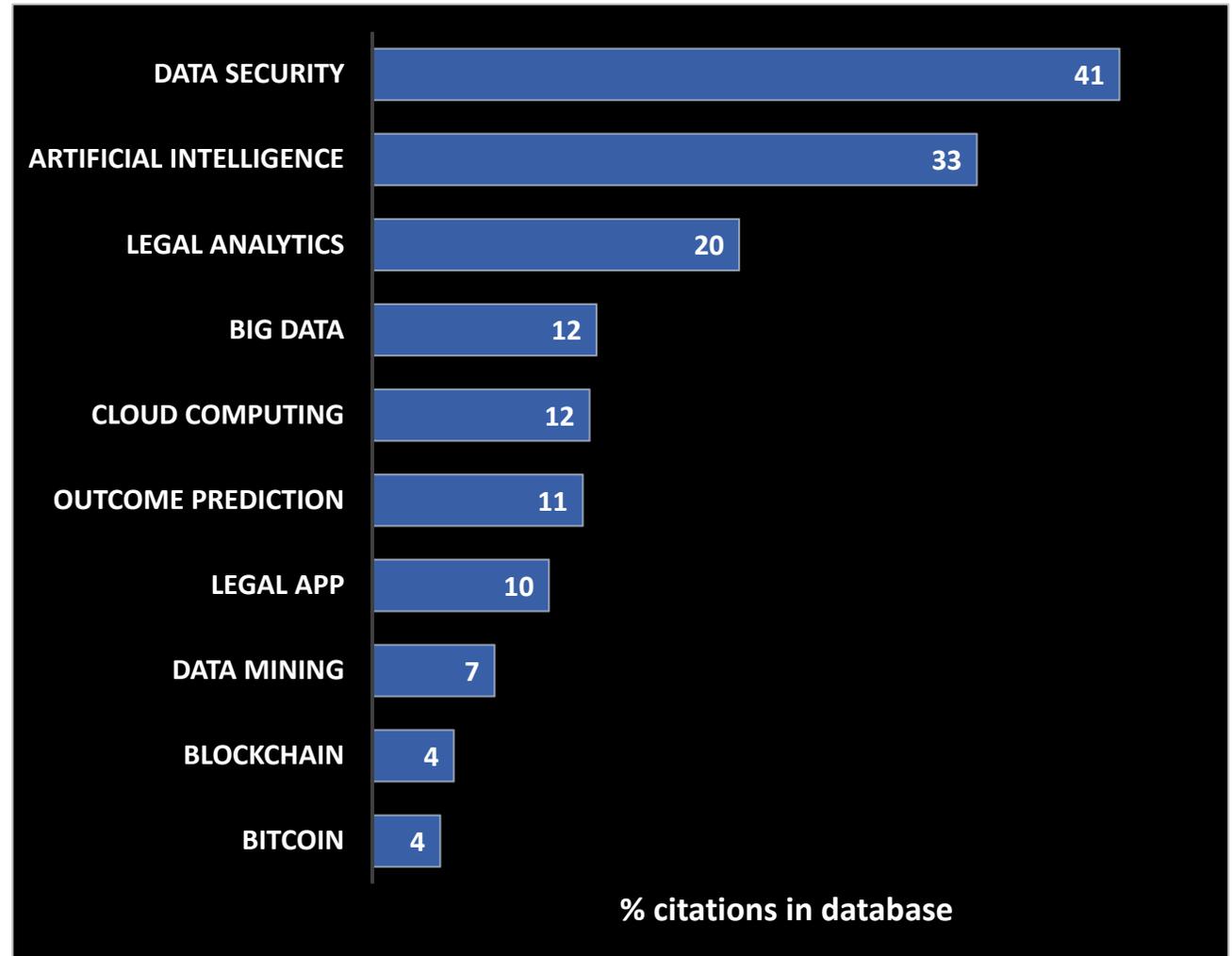
Most cited legal tech

- % of references in database citing a particular legal technology



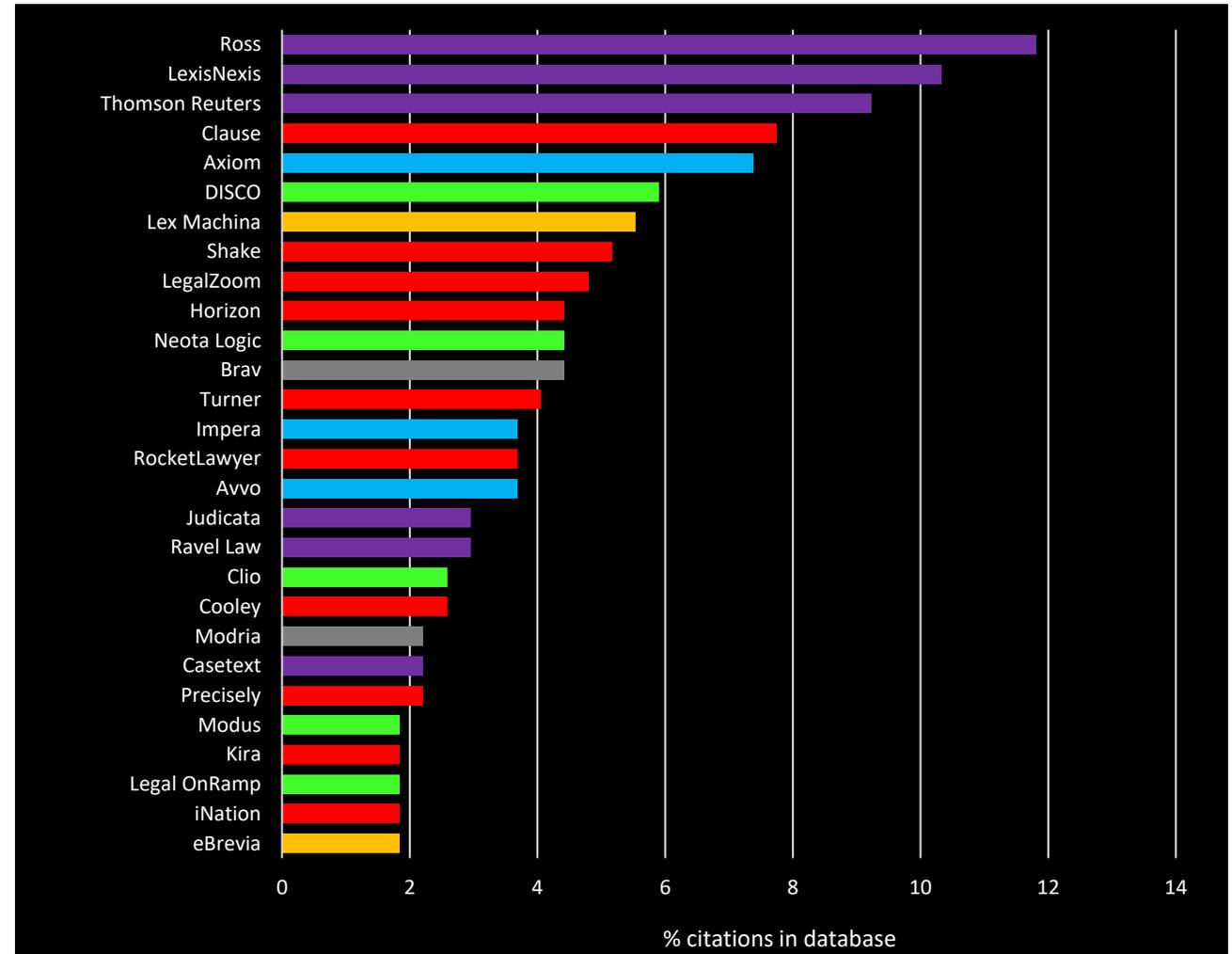
Most cited legal tech: TOP 10

- % of references in database citing a particular legal technology



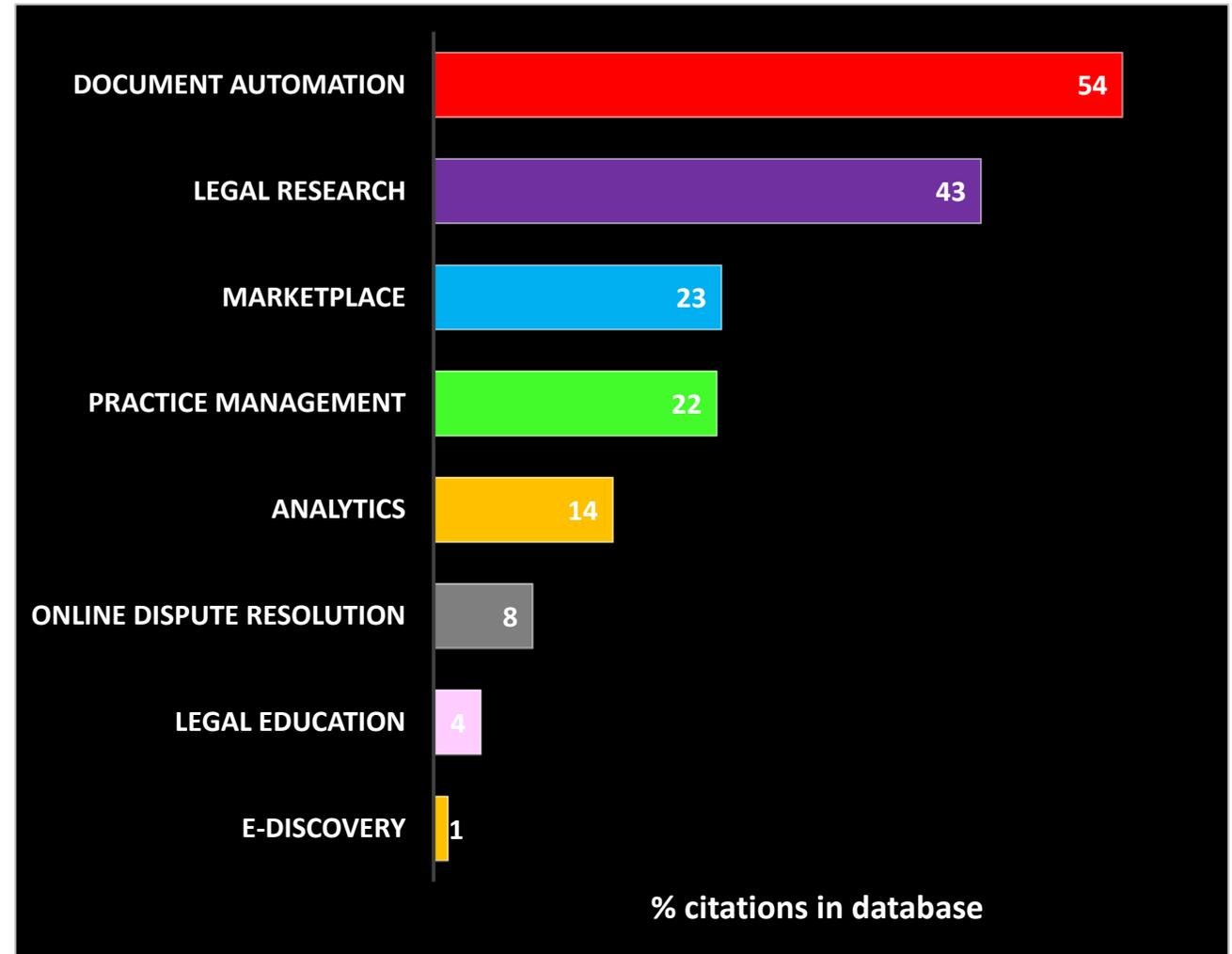
Most cited legal tech companies: Top 28

- % of references in database citing a company included in the Stanford Law School CodeX Techindex (cited in 2% docs or more)
- Colors by legal solution



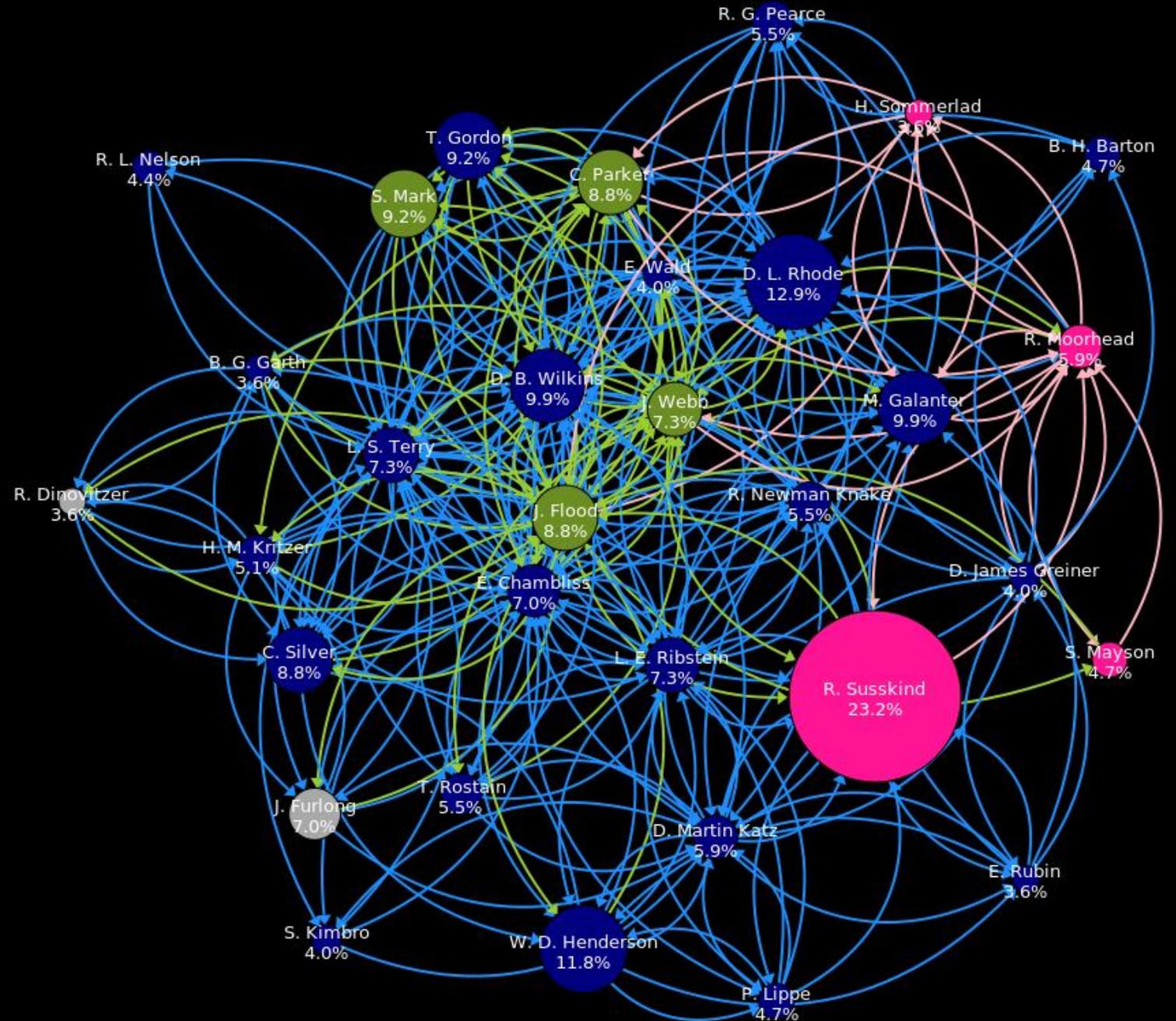
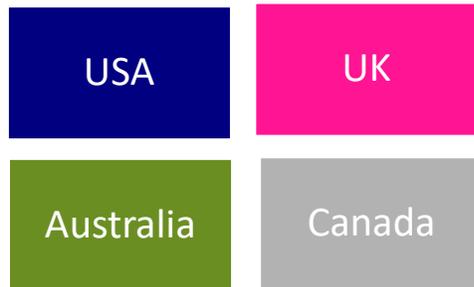
Most cited legal tech solutions

- % of references in database citing a company included in the Stanford Law School CodeX Techindex company, consolidated by legal solution



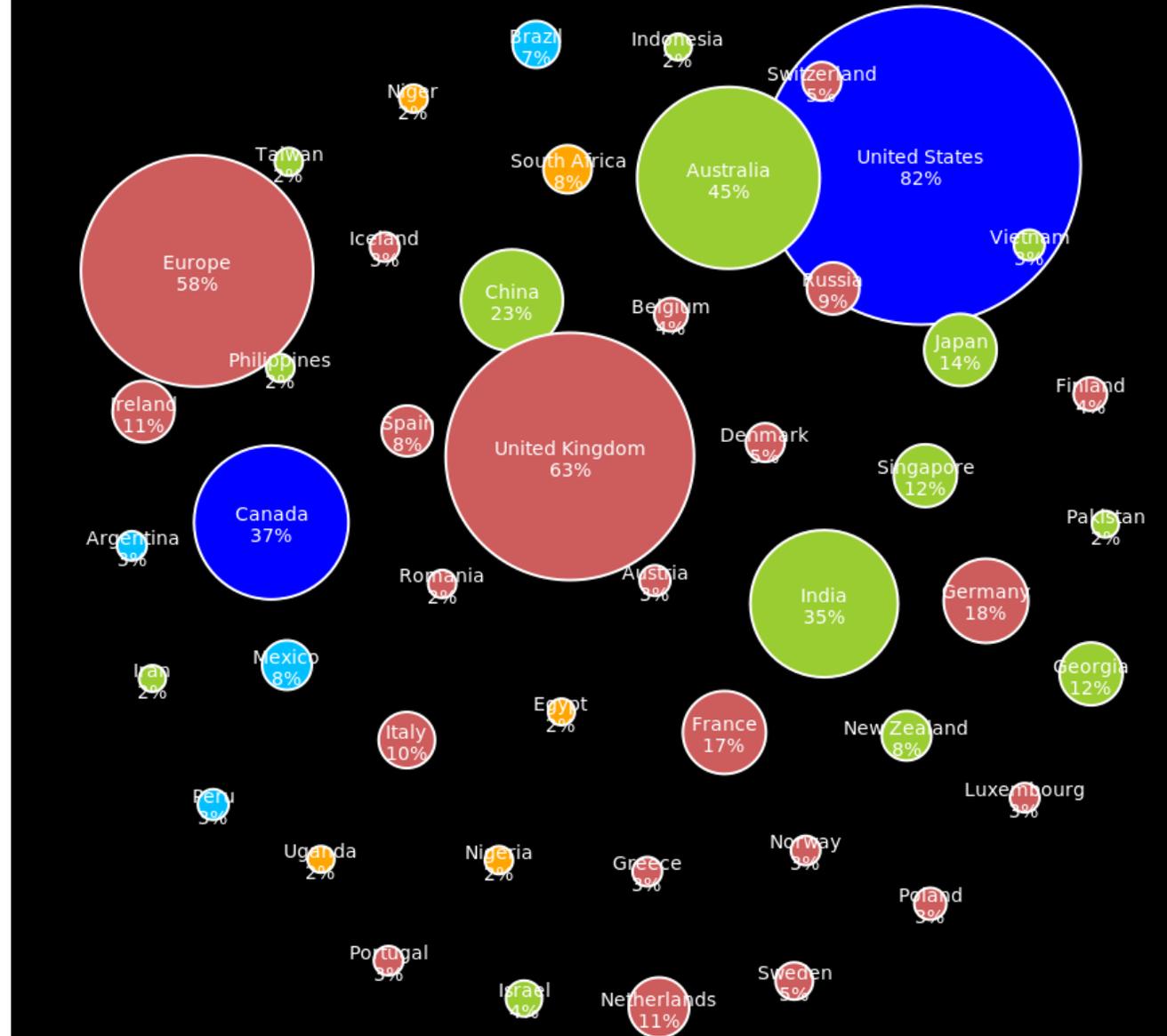
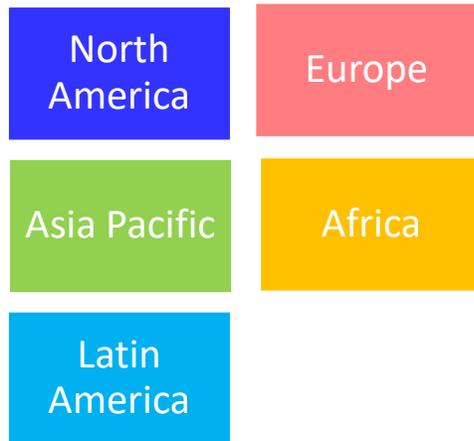
Most cross-cited authors

- Size of the bubble: % of references citing a particular author
- Arrows: cross citations
- Color: country of authors' affiliation



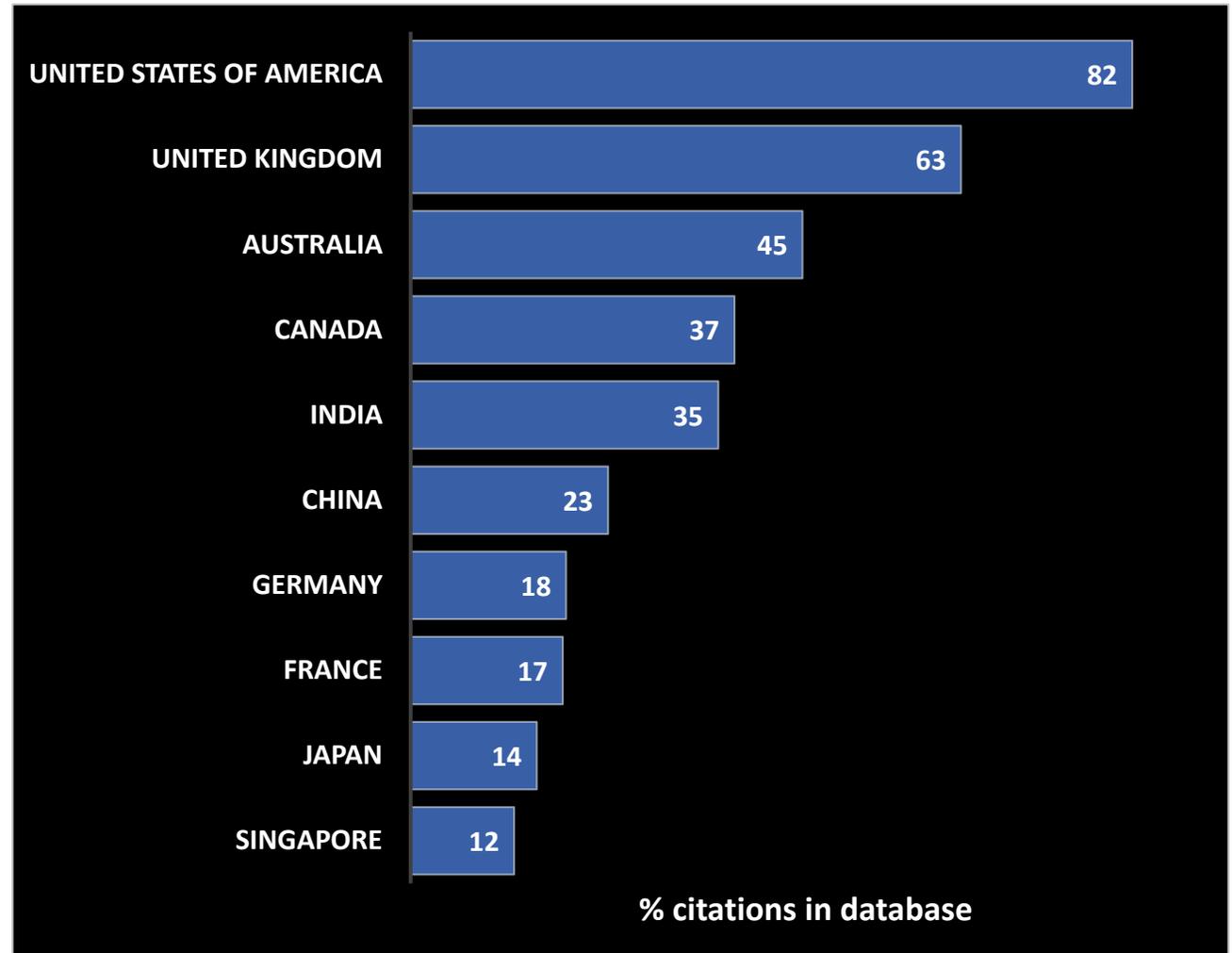
Most cited countries

- Size of the bubble: % of references citing a particular country
- Color: Region



Most cited countries: TOP 10

% of references in database citing a particular country





INTERNATIONAL BAR ASSOCIATION
PRESIDENT'S TASK FORCE ON THE FUTURE OF LEGAL SERVICES

PHASE I - EXECUTIVE SUMMARY

María J. Esteban, PhD – Researcher

James M. Klotz, IBA Secretary-General – Task Force Chair