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## DO THE NEW BUSINESS MODELS PROVIDE 'JUSTICE' TO LEGAL SERVICES?

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### ABSTRACT

Advances in technology offer new capabilities for all the professions and the lawyers are not the exception. Nowadays, ICT is used not only to enhance efficiency, access, timeliness, transparency and accountability, helping the lawyers to provide adequate services. Now, we are in the midst of a new revolution driven by the power of digital technology. These developments have enormous implications for every aspect of law. Traditional law companies have built themselves on leverage and hierarchy depending on billable hours by more junior associates and staff. Now, they are facing a new economy that includes competition from machines and global outsourcing. Unless they fundamentally change their revenue and employment models, more efficient automation can destroy these law companies. Business models have to cope with the external changes and to be adapted to innovation. They exploit technology and globalization by matching consumers' needs with tied-up services and products. Factors such as global competition, legal process outsourcers, changing regulatory requirements, rapid mergers and dissolutions, and alternative fee arrangements have shifted the legal marketplace into one of seemingly constant evolution. The new models are reducing costs, breaking away from old patterns of fee arrangements, and increasing efficiency through unique structuring and use of technology. Disruption is the shaking up of existing markets, mainly because of innovations. This study ascertains the digital disruption in the law profession taking into account three entities: technology, lawyers' profession and business models. The fields of business models in legal services are analyzed and an innovative application of SWOT analysis is proposed. The perspectives of the study may trigger future work in the rapidly developing landscape of digital disruption in the lawyers' profession.

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## 1 | INTRODUCTION

Two hundred years ago, the Industrial Revolution brought down the old guild system by automating skill through technology. Now we are in the midst of a new revolution driven by the power of digital technology and the Internet. Already we are experiencing a new way of working that allows for even more specialization and freedom. But the Digital Revolution is having as profound an effect on business models as the Industrial Revolution did in the past (Schwab, 2016). Automation has a long history of replacing blue-collar workers; now, increasingly sophisticated automation technologies have begun their march

through the white-collar workplace (Thoben et al., 2017).

Law is a code that regulates social life. A business perspective on legal services differs strongly from a purely legal perspective (empirical vs. normative). Many lawyers in business are not fully familiar with that perspective on their own work (Robertson, 2013). It is about demand and supply for legal services, or in other words the market for legal services. What we know about the market is that it is on the move, mainly caused by external pressure; this pressure calls for adjustments related to the way earnings are generated in the profession. Because of cost, not all the services

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are accessible to low and mid class clients (Deloitte, 2016).

The legal profession of conservatism and monopoly is facing radical changes due to ICT. These changes have enormous implications for every aspect of law (legal practice, jurisprudence and legal education). It has repeatedly withstood numerous disruptions that only slightly modified its presence or practice, but, now, it faces a wind of change, the force of which would rather render it a hurricane (Karoussos, 2017). This hurricane goes by many names, but herein, it will be referred to as Digital Disruption (Christensen, 2013). It reflects all the changes that will be brought about by applications of ICT in Law (Pradhan, 2016).

In law companies, the broad and disruptive impact of computer technology has already begun, moving upward from support staff toward senior partners. The legal industry has adopted new labor-saving technologies that reduce time and manpower requirements in both legal and administrative work (Rimon, 2017). Law companies have pared down their support staff and aggressively looked to move the back office to cheaper locales. In doing so, law companies are following their clients. Companies have embraced the technologies that allow them to cut staff and outsource functions. Having made their own operations “lean and mean,” businesses have begun to expect the same from their professional service providers. This new attitude has resulted in major upheaval in the legal landscape (Sheppard, 2015).

Clients are pressuring companies to move away from higher-paid associates for the more basic work, such as documents reviews and productions, that has been a critical part of associate training (and a money-maker for companies). Instead, companies frequently give such assignments to lower-paid contract attorneys — who, unlike associates, don’t get paid when there is no work to be done (Lamont, 2017). Traditional law companies have built themselves on leverage and hierarchy depending on billable hours by more junior associates and staff. Now they are facing a new economy that includes competition from robots and global outsourcing (Markoff, 2016). Unless they fundamentally change their revenue and employment models, more efficient automation can destroy these law companies (Joy, 2001).

Business models have to cope with the external changes and to be adapted to innovation. They exploit technology and globalization by matching consumers' needs with tied-up services and products. Factors such as global competition, legal process outsourcers, changing regulatory requirements, rapid mergers and dissolutions, and alternative fee arrangements have shifted the legal marketplace into one of seemingly constant evolution. The new models are reducing costs,

breaking away from old patterns of fee arrangements, and increasing efficiency through unique structuring and use of technology (Osterwalder & Pigneur, 2010).

The evolution of technology and the globalization that has prompted shrinking bargaining fees, are some of the reasons that have prompted the emergence at the embryonic stage of new ways of practicing the profession of lawyer as well as the opening of new horizons and techniques in the provision of legal services (Susskind & Susskind, 2015; Susskind, 2017). Particularly: (i) Automated systems and websites, and even public bodies, which indicate the steps and procedures required to implement an act that previously necessitated the presence of a lawyer (eg actions required to set up a commercial company). (ii) Governmental and legislative intervention has abolished the presence of a lawyer in certain acts eg in drawing up some notarial acts, in divorce agreements). (iii) Various websites, even attorneys' offices, provide online legal services by providing, free of charge, models of legal contracts (statutes of commercial companies, unions, private lease agreements, templates of court proceedings).

Disruption in the legal industry was suggested in 2013 (McGinnis & Pearce, 2013). Disruption is currently happening, although not overthrowing the status quo. Expectedly, there will be a great relevance for the legal industry in the near future (Susskind, 2008). Disruption is the shaking up of existing markets, mainly because of innovations. Real big changes still have to happen. In his book “Death of a Law Company”, Jaap Bosman (2015) suggests the end of the current business model for Big Law, but he says not because of Internet or computing, but mainly because of strategic choices, organizational issues and an attitude of infallibility. Existing business models are becoming worthless and there is a need for new ones. New terms such as Legal Tech and Law 2.0 appeared in the terminology (Harvard Law, 2018; Stanford Lawyer, 2016).

Ribstein (2010) identifies seven factors he believes threaten the survival of the traditional law company model: (1) the rise of in-house counsel, (2) reduced size and scale advantage, (3) increasing partner-associate ratios, (4) changing clientele, (5) limited liability, (6) increasing global competition and (7) deprofessionalization of law practice.

The digital disruption in legal services providing is a great challenge since technology and business models affect dramatically the lawyer profession. This study presents the current situation in legal services with the existing business models and foresees the changes in the near future based on previous studies. The remainder of this paper is organized into the following five sections. The second section provides a brief review of the literature review. The third section

describes the background of the lawyers' profession and the law companies. The fourth provides the baseline with the business models of the law companies. In the fifth section we present the results of the approach. Finally, we discuss the analysis and the implications of our study with conclusions, followed by presenting limitations and future research directions

## **2 | LITERATURE REVIEW**

Talking about the benefits of ICT in Law, one should not overlook perhaps the only benefit that is integrated in the very core of Law, as suggested in Meijes Tiersha's book, where she ties the development of Law to that of writing, in that "law has traditionally been a predominantly textual enterprise" and notes that the latest major revolution in writing – and hence Law – has come with ICT (Tiersma, 2010). This connection makes it a brilliant candidate for a digital overhaul. Several other experts have underlined this benefit in different legal contexts, like document search (Sheppard, 2015) and document classification (Kiškis & Petrauskas, 2004). While the logistical benefits of digitalization of Law are manifold, the process of digitalization will still require immense volumes of labor (Karoussos, 2017).

ICT in Law makes legal services more affordable and common than they are in their current oligopolistic setting. Besides a benefit for the public, this also constitutes a major drawback from the perspective of the legal professionals, who will lose their competitive edge and exclusive fees, with new technologies and tech companies offering services far from the legal professionals' reach, like legal data analytics and e-discovery research. (McGinnis & Pearce, 2013).

The development of ICT systems in Law implies that they will enjoy a luxury that no previous public in history hitherto had: affordable access to diverse and efficient legal services. However, advanced ICT in Law promises not only cheaper and higher-quality access to legal services for non-experts, but that they will also be able to exercise previously lawyer-handled tasks by themselves (McGinnis & Pearce, 2013). In addition, the legal professionals' monopolistic position in the market is weakening due to the emergence of tech companies offering many specialized, ICT-powered services, like data analytics, which are becoming constantly more embedded to the legal profession's routine, making lawyers heavily depended on third-party data and research providers (Sheppard, 2015).

Starting with legal e-discovery, many experts consider that e-discovery promises more than just enhanced searching for lawyers looking for relevant case law or other dated legal documents. Besides being significantly more cost-effective, as mentioned by Dertouzos et al. (2008), the future of e-discovery also seems quite revolutionary. Simply put, legal ontologies

"represent knowledge in such a way that can be understood and processed by a machine" (Breuker, 2009). This enables professionals to enhance their research by searching for legal concepts or precedents instead of limited keywords. Given how concept-heavy the field of Law is, such a tool will truly change the act of legal discovery, which "is at the very heart of the civil process" (Dertouzos et al., 2008).

Perhaps one of the few unquestionable arguments against the implementation of ICT in Law, lies in a logistical matter highlighted by Kiškis and Petrauska (2004), who write about the extreme difficulty of crafting a unified digital classification system for legal documents in the Judiciary. This concern speaks of the general struggle of transforming a significantly text-heavy legal database into a machine-friendly system, which, if not done via automation, could take ages to complete. No doubt, Tiersha's point (2010) that the intimate relationship of Law and language can make the former extremely computer-friendly is valid. It does not follow, nonetheless, that the process of digitalization will be a swift or light task.

Proceeding with several concerns regarding the adaptation of ICT in Law, those include the extremely resource-hungry process of digitalization of legal content and the threat that ICT poses for the legal job market (Williams et al., 2015). According to Rimon (2017), the future, in the legal industry, belongs to decentralized and nimble law companies which are intentionally built to avoid the old model of leveraging young associates and billing by the hour. The attorneys recognized the immense potential, including the functional ramifications, of digital technology, and seized the opportunity for innovation. This structure allows for more tailored billing, giving us an incentive to invest in more efficient, and higher-quality, processes for legal output. We were quick to embrace software robots and automation across the company.

Karoussos (2017) believes that ICT applications in Law will merely "complement the work of lawyers in the medium term", as advocated by Frey and Osborne (2017), since current technologies are unable to stand as substitutes for most lawyers or oral advocates (Simpson, 2016). For now, technology is treated as an enhancement tool to the professionals' legal services, helping them reach concrete decisions concerning their cases, through e-discovery, data analytics and like ICT services. The American Bar Association also supports this perspective, recognizing technology as an input (McGinnis & Pearce, 2013).

### 3 | BACKGROUND

The traditional law company, with its seniority-based hierarchy, can trace its structure back to medieval guilds and their system of apprenticeship (Rimon, 2017). The classes of legal professionals are: low level, middle-level, high-specialised and superstar (Figure 1).

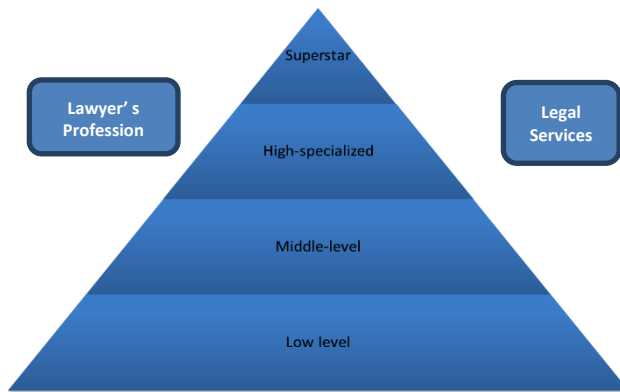


Fig. 1. The Law Companies - LCs

The traditional law company's offices tend to be large, well appointed, impressive — and expensive to maintain. A law company often spends about one-third of its revenues to pay for real estate and technology. Spacious offices in desirable locations, hundreds of computers, printers and copiers, and the staff to keep it all operating add up to high overhead (Galanter & Palay, 1994).

With all its shortcomings, the large law company has one key benefit: the ability to work with colleagues and to learn from them. At a large company, attorneys specializing in many areas of the law can collaborate to bring clients a wide range of expertise. That, at any rate, is the theory. However, the "up or out" model of the hierarchical law company introduces competition within the company that may work against collaboration and do a disservice to attorneys and clients alike. Competition among partners and other lawyers within law companies is rarely spoken of. It is inconsistent with company messaging about "seamless collaboration" of lawyers across practice groups and offices. But internal competition exists (Galanter & Palay, 1994).

For some law company lawyers — particularly those who are inclined to devote effort, time and resources into building new clientele and business — internal competition may manifest in a frustrating and sometimes painful "business conflict." This is where a lawyer is prevented from opening an engagement not because it creates an ethical conflict, but because it would, or potentially could, cause a relationship problem or embarrassment for another (more senior,

powerful, or favored) lawyer or practice group (Rimon, 2017). This is, fortunately, not a frequent problem. But for some great lawyers and especially for who are most actively working to develop new business, the business conflict and other instances of internal competition can be a bitter pill (Kraakman & Hansmann, 2017).

#### 3.1 | Working for Someone Else

Many companies have long-term financial commitments to current and former partners, such as multi-year compensation packages, and retirement programs that are unfunded in whole or in part. Partners who do not directly benefit from these fixed commitments may feel as if the profits from their hard work are diverted to enrich others. Lateral hires may be stymied, as potential new star attorneys (the lifeblood of companies) choose not to subsidize people they do not know and to whom they have no loyalty. And such long-term fixed obligations may threaten a company's very existence during economic fluctuations.

#### 3.2 | The Annual Rollercoaster

Traditional law companies typically distribute all their profits at the end or beginning of the year. The result is that every new year brings the possibility of upheaval. Partners with plans to move on have a great incentive to stay quietly until after big payout. This means the company may have no idea how many of their partners will leave immediately after they pay out, precisely when the company has taken on large amounts of debt to cover end-of-year expenses. These companies plan budgets for the coming year without a true picture of the changes in cost and revenue from unpredictable company departures. The resulting crisis in cash flow has led to the collapse of many companies, large and small. For partners, especially junior ones, the end of the year handouts must seem like a pure magic show. At many companies, only a few partners in the company's leadership truly understand how the money is divvied up, and questions as to how the finances work are not tolerated. The different types of compensation systems vary by company, but for many partners, they bring the frustration of a mystery. With the information hidden, rumors can start, pushing partners and associates to the door. Departures fuel more rumors, in a vicious cycle that may threaten a company's existence.

#### 3.3 | The Billable Hour

Traditional law companies pressure their attorneys to meet a pre-set quota of "billable hours" — i.e., attorney time for which clients can be charged money. But this "tradition" is a relatively recent development. During the nineteenth century and the early part of the twentieth century, lawyers generally billed clients on a variety of different bases: a fixed fee on a per-matter

basis; a monthly retainer for all legal work; and contingency fees or a percentage of the value of the transaction. In fact, bar associations throughout the country published legal fee schedules and ruled that it was unethical for lawyers to depart from them. The billable hour's appeal as a management tool is also its greatest threat. Treating legal services as a commodity that can be measured in units of time diminishes the importance of both the quality of the work produced and the results achieved. For example, one could not reasonably argue that an hour spent quietly preparing a routine corporate document has the same value as an hour spent closing complex transaction involving many disparate players. Few other industries would thrive if they measured productivity by the time their workers spent without regard to what those workers created. The billable-hour standard invites inefficiency, to say the least.

Re-envisioning the law company model also involves evaluating the scope of activities offered to clients, which includes both the processes necessary to directly serve clients' needs as well as those required to operate a business. In a litigation practice, for example, the first category of processes would include things like client consultation, pre-trial motions, discovery, depositions, and court appearances. The second includes general functions like finance, human resources and back-end operations. A company's choice of activities in both categories shapes its strategic approach to winning business. Increasingly, law companies can pick and choose the specific services they wish to provide to meet client needs. However, this has been made possible not through the actions of the law companies themselves, but instead because of new entrants to the legal services industry that are "picking apart" the sequence of steps involved in serving legal needs. For example, the rise in non-traditional legal services providers has allowed some clients to bypass attorneys for basic transactional needs. As new entrants to the legal space, such as legal process outsourcers, re-shape the market, law companies must adapt by examining their scope of activities to ensure that clients' needs stay front and center (Josten & Turvill, 2015).

#### 4 | BASELINE

Business model is the rationale of how an organization creates, delivers, and captures value by an innovative use of technologies to generate value added (Osterwalder & Pigneur, 2010). Business model simply is the way earnings are generated. Business model environment map by Stampfl (2015) structures the interactions between business models and their environment. This map is suitable for identifying risks and opportunities for business model innovation (Figure 2).

There are changes in business models with new business models (BMs), endanger existing BMs (disruption) and changes of current BMs, if necessary. There are changes to customers with different customer behavior and for well-informed customers. There are changes in competition with new competitors from other regions, digital competitors and tendency towards monopolisation. There are also technological changes with exponential development of digital technologies and data; technologies affect all areas of business and private life and digitalization enables new business models (making necessary changes of consisting business models). There are social changes with mobile and social networking transforms communication; the consumers became prosumers and use more social media, e-way communication (advertisement). There are also changes through trends such as connectivity of everything with everything (leads to more E-business, Big Data, Industry 4.0, Social Networks), outsourcing, with new and unfamiliar companies specialize in providing services to both law companies and corporate legal departments, globalization (with interaction and integration among the people, companies and governments of different nations—driven by international trade and investment and aided by IT) and mobility (digitalization leads to third places, e-mobility and mobile commerce) (Stampfl & Prügl, 2011).

The concept of client selection in a business design puts clients' needs at the forefront, vs. company assets and core competencies. By building a company around client priorities empowers a company's practice areas and skillset to be congruent with client needs. But even a general service law company needs to focus practices around clients' needs. Simply offering a range of practices, and hoping clients are out there, won't build a profitable practice (Josten & Turvill, 2015). Josten & Turvill describe six business models for law companies.



**Fig. 2. Changes through digitalization in business models**

### ***Law Tigers' business model***

The Law Tigers provide an interesting example of how targeting specific clients is beneficial in more ways than one. Focusing on a niche allows a company to realize strong marketing efficiencies, while building a business that leaves competitors out of the running. The network of attorneys has a specialized niche: plaintiff suits involving motorcyclists who have sustained personal injuries in traffic accidents. To attract clients, the national association advertises in bike owner organizations (Law Tigers, 2017).

### ***Pricing and profit model***

Traditionally, law companies' profit models have been based on the billable hour with clients paying an hourly rate that exceeds the variable cost of labor, and the gross revenue generated is offset by fixed costs, including real estate expenses, non-attorney labor, and marketing and business development. As long as the company's fixed cost base is well-controlled, and hours are routinely captured and billed effectively, the company is profitable. This model uses the classic "bill more hours at higher rates" approach to increase company profitability. The risk in today's landscape with this approach comes when the total demand for services falls below the supply; a company can only do so much to reduce its fixed costs. Companies facing market pressures may try to win business by cutting rates or offering substantial discounts off of standard rates, which can quickly undermine profitability and result in a death spiral as equity partners take their billings to better-performing companies (LexisNexis, 2012).

### ***Total Solution***

The total solution profit model involves addressing the full range of clients' needs – legal issues and allied business concerns. Developing solutions requires a major initial investment to understand clients and their needs, create the solutions, and cultivate a client relationship. But the end result is a client that relies heavily on the company, which ensures long-term profits (Annodata, 2014).

### ***First Mover***

First-to-market companies can command premium pricing, this can be sustained until viable competitors enter the market. In the legal market, first movers may be those that address new legislation or regulations, or those that establish a task force on an emerging issue, like cybersecurity breaches. Given the ready accessibility of precedent in the legal space, the window for first movers is small. But for genuinely innovative companies, it can be highly lucrative (The American Lawyer, 2014).

### ***Spin-off***

Seyfarth offers a prime example of the spin-off model. The full-service law company with a focus on labor and employment, found that many matters lend themselves to streamlining. Seyfarth applied "Lean" principles – which originated in the automotive manufacturing industry – to its practice, significantly reducing costs in certain matters. The company's expertise in applying lean management to professional services led to the creation of seyfarthLean, a subsidiary that advises other professional services company, excluding law companies, on how to improve the efficiency of their own processes. SeyfarthLean provides options to the wider company of new ways to serve clients, and a wider pool of potential clients (Seyfarth, 2014).

### ***Product pyramid***

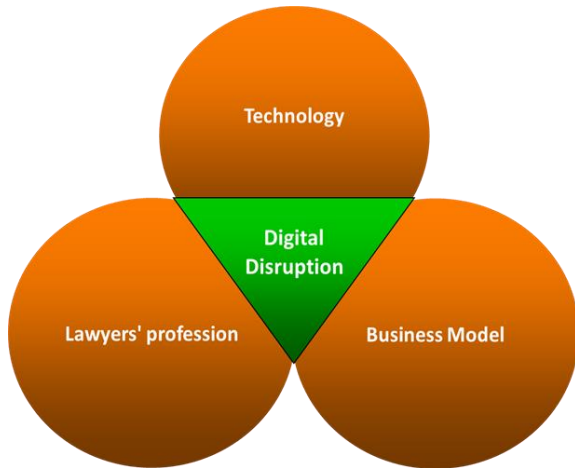
The Product Pyramid model focuses on providing high-price products that may be low-volume but with a high profit margin. It also works with lower-price, high-volume products, where the per-unit profit margin isn't high, but the volume of units moved drives the overall profitability. Many law companies, particularly mid-sized companies, are increasingly concerned about the potential impact of emerging businesses like LegalZoom, as these new business models are starting to steal business away from the traditional law company (Jomati Consultants, 2012). LegalZoom and other non-traditional legal services providers have allowed some clients to bypass attorneys for basic transactional needs (LegalZoom, 2012). Clients are drawn to the cost effectiveness of this model and the convenience of generating legal documents without paying a lawyer.

Introducing a new profit model concept in the legal space is challenging. The Total Solution, First Mover, Spin-Off, and Product Pyramid models are among those helping law companies to flourish. How a company captures profit is a critical dimension of its overall business design that must be carefully considered alongside its client selection, scope of activities, and strategy for winning and keeping the business (Josten & Turvill, 2015).

Legal Process Outsourcing (LPO) refers to a law company or corporate legal department obtaining legal support services from an external law company or legal support services company (Noronha et al., 2016). Typically, a lawyer will contract either directly or indirectly through an intermediary with an individual or a company to perform various legal support related services. Following are the important services of LPO (CobraTop10, 2010): Bookkeeping and billing, Contract management, Contract review, Data analysis and management, Document drafting, Document production, Due diligence, General litigation support

services, e-Discovery, Intellectual Property (IP) services, Legal research and Legal transcription.

The digital disruption in lawyers' profession exists and shakes up of existing markets because of technology and globalization. We take into account three entities: technology, lawyers' profession and business models (Figure 3).



**Fig. 3. Digital Disruption in Lawyers' profession**

It is not impossible for law companies to combat this disruption, though. Few if any companies have taken the step yet of creating a competitive online offering, but were a company willing, the company could create an online library of documents for low margin, high-volume transactions, like business entity creation or will drafting (Brescia, 2016). The company could charge a modest fee for the documents, and the company would then be the logical choice for any follow-up support the client may need. This is the quintessential lower- price, high-volume Product Pyramid model (Pistone & Horn, 2016).

The classes of legal professionals who will be most evidently affected by the digital disruption include low-to-middle-level and also highly specialized lawyers, as well as any professionals with repetitive workflows. Low and middle level legal professionals are subject to great changes in their legal careers due to the extreme competition that they will face by ICT (FLIP, 2017). Technology will enable emerging tech companies to provide exclusive, cheap, and efficient legal services – including data analytics and e-discovery. These services will rival those of low and middle level professionals, efficiency and, more importantly, cost wise (McGinnis & Pearce, 2013). The same fate is also sealed for highly-specialized lawyers, who are even more exposed to this qualitative rivalry, due to their specialized professional setting.

The least affected groups of legal professionals comprise the so-called superstar lawyers and legal professionals of adapting, non-repetitive occupation,

like oral advocates. The former are defined by McGinnis and Pearce as legal professionals employed at the top of their profession's "pyramid". Being highly-regarded in their class, they will be the least affected by the Digital Disruption. Their services and fees will remain mostly similar to their current high levels, and their performance will be boosted by those very ICT applications that threaten to eliminate the superstars' lower-level counterparts (Brescia, 2016). Then, oral advocates and professionals of other non-repetitive and highly active employment will also be relatively safe from the Disruption (Riordan, & Osterman, 2016).

## 5 | SWOT ANALYSIS

We use the traditional method, SWOT analysis, in an innovative way to deduce generic practices for modern law companies in the era of digital disruption. A SWOT analysis is an important tool that helps a business understand its Strengths, Weaknesses, Opportunities and Threats. It was developed in the 1960s and credit for the creation is given to Albert Humphrey (2005). We use SWOT analysis for law companies to qualitatively and roughly evaluate their competitiveness that can be used as a foundation for the development of practices. We quote the law companies' strengths, weaknesses, digital chances and digital risks (Figure 4).

This secondary survey is based on sources from other studies. The future trends and the answers to common objections by McGinnis & Pearce (2013) offered invaluable material for SWOT analysis. Sheppard (2015) describes the new concepts of incomplete innovation and premature ICT-powered legal services. Karoussos (2017) has several concerns regarding the adaptation of technology in Law and he believes that ICT applications in Law will merely "complement the work of lawyers in the medium term". The traditional law company with its seniority-based hierarchy and the system of apprenticeship is described by Rimon (2017).

We propose a SWOT approach based on the aggregation of the internal (strengths, weaknesses) and external (opportunities, threats) factors for adopting practices (Figure 5). In other words, the extracted practices of SWOT matrix is comprised of four categories of factors combinations: Strengths and Opportunities (SO), Strengths and Threats (ST), Weaknesses and Threats (WT) and Weaknesses and Opportunities (WO) (Ghazinoory et al., 2007). Helms and Nixon (2010) presented a research in the field of strategic management using the same way we use the SWOT method.

The conversion of the data of figure 4 to the information of figure 5 is based on the combination of the two columns and two rows in this creative suggestion for the future of legal services.

		Opportunities (O)	Threats (T)
		<b>Digital chances</b>	<b>Digital risks</b>
		1. Greater customer benefit and stronger customer relationship 2. New, profitable market niches 3. Growth by new business models	1. Increasing customer power raises pressure 2. Disruptive startups endanger companies 3. Development of technologies too fast
		SO practices	ST practices
Strengths (S)	<b>LCs strengths</b>		
	1. Highly flexible 2. High customer proximity 3. Specialisation 4. Personal business leadership		
Weaknesses (W)	<b>LCs weaknesses</b>		
	1. Lack of resources 2. Unstructured development 3. Little planning and methodical know-how	WO practices	WT practices

Fig. 4. SWOT analysis for law companies

		Opportunities (O)	Threats (T)
		SO practices	ST practices
Strengths (S)		<ul style="list-style-type: none"> <li>Strengthen customer relationship through customer proximity (S2+O1)</li> <li>Positioning in new market niches by specialization (S3+O2)</li> <li>Realize new business model through personal leadership and flexibility (S1,4+O3)</li> </ul>	<ul style="list-style-type: none"> <li>Prevent disruptions through specialization (S3+T2)</li> <li>Defuse power through customer proximity (S2+T1)</li> <li>Utilize technology changes flexible and fast (S1+T3)</li> </ul>
Weaknesses (W)		WO practices	WT practices
		<ul style="list-style-type: none"> <li>Realize „lean“ new business models in niches (W1+O2,3)</li> <li>Develop new business model through simple methods (W2,3+O3)</li> <li>Apply affordable technologies for customer value / relationship (W1+O1)</li> </ul>	<ul style="list-style-type: none"> <li>Utilize scalable, flexible, modern technologies like the cloud (W1+T3)</li> <li>Use affordable social media to compensate customer power (W1+T1)</li> <li>Apply methods to realize disruption early enough (W3+T3)</li> </ul>

Fig. 5. Aggregation of the internal and external factors in SWOT analysis

This approach and emphasizes the company's priorities over those of clients. Client needs should be at the forefront, rather than an afterthought. By emphasizing clients' needs rather than the company's assets and core competencies, a company can develop practice areas and competencies around the demands of the market.

## 6 | DISCUSSION AND CONCLUSION

All of the thought a round client selection, pricing and profit model, and scope of activities does not matter if the company cannot capitalize on new business development opportunities and win the business. To do this, a law company must set itself apart from its competition. Traditional businesses may differentiate

themselves in a number of ways, ranging from a slight price advantage to being a business that really owns the standard in a given industry. While a business that "owns the standard" is in a very strong position to protect its profit stream, it is highly unlikely that any law company can truly own the standard in a given practice area, at least for long. Too often, law companies try to win business based on much less dynamic differentiators.

Many law companies rely on their brand when thinking about differentiation. But a company's brand may not be as strong as the company believes it is. After all, it is the market's perception of the brand that matters, not the company's (Kraakman & Hansmann, 2017). For example, a regional law company may be very well established in its key markets, but may be an unknown



outside its geographic area. What if the company expands beyond its home territory? Such a company may be in a very weak position if it is trying to win business based on its perceived brand strength. The company may find itself in a much weaker position, being seen as a commoditized resource, where the difference would come down to cost.

Companies that differentiate themselves solely on cost struggle to protect their profits. If a company can sustain a cost advantage but can't otherwise differentiate itself, it could get into the law company equivalent of an airline fare war. Simply giving clients a discount on hourly rates won't lead to sustained profitability, unless those discounts are supported by a structural edge in fixed and variable costs. This is where process improvements and project management come in to play for companies looking to differentiate based on cost advantages. But with so many other ways to differentiate a company, ideally cost would only be part of the answer. Many successful companies are finding the answer lies in shifting from name recognition to ownership of client relationships. The emerging focus on client and industry teams is a strong indicator of this trend. With results like these, it's easy to see why companies focus on owning the client relationship. What's tougher for many companies is making the transition.

The legal problems that arise in such cases are in principle if the person providing the legal service has a legal license or not if he violates the advertising rules and restrictions set by the Code of Ethics and the Ethics Rules and the measure of liability by the provision of these legal services, especially when they are individual, without the lawyer's obligation to continue to advocate and represent his client in later stages eg in court, third n (banks, public entities, etc.) or other public authorities. Because in the case of providing individual services or simply granting templates, contracts, etc. via websites, the lawyer cannot be held responsible for any defect or damage suffered by his client or the user of his website when actions have been taken and events that interrupt the causal link between the service provided and the damage that may have arisen.

The new business models obviously open new horizons in the practice of the profession of lawyer, and this is a positive sign, regardless of the reactions observed by those who wish to maintain traditional techniques in the exercise of the profession, often putting obstacles and exclusions (even themselves lawyers and bar associations). However, what is apparent is that digitalization and other automated technological applications are more damaging to low-level and middle-level lawyers who receive fees from handling procedural acts or simple court actions that are now automated or conducted by the citizens themselves, who do not need it now that they have been simplified, automated and/or abolished by procedures that were sometimes required by lawyers.

However, the provision of out-of-court legal advice and the support of third parties before courts will continue to be necessary in a very high proportion of the high level-specialized and superstar lawyer because providing legal support and constant monitoring of serious actions (business, tax, inheritance, financial, etc.) will require the support of a lawyer in order to specialize and regulate for the most part comprehensive and unqualified, problems or gaps all issues to defend the interests of citizens and legal entities so that the market, society and the public can function properly. Because, however, no one can be capable and knowledgeable of all, we would say that we are moving more towards greater specialization than restricting the profession of lawyer. Also, the institution of mediation as a means of solving disputes between individuals and the status of mediator, which can be obtained by any university graduate even non-legal practitioner, reduces the scope of the profession of lawyer.

Technology has terminated the lawyer's hegemony in the performance of legal services, and the time has elapsed since all legal proceedings were carried out only by lawyers 'on-demand'. This lawyer's worldview is now being replaced by a multidisciplinary approach to problem solving, where the different technology-enabled skills work together to solve complex business challenges. The law is not limited to lawyers.

Technology has also influenced the economic models of the law and the division of labor. It has promoted restructuring tasks - when executed only by lawyers / law companies, in other specialties that usually include economists and IT. A new division of labor is created and lawyers are no longer performing many tasks that until recently were considered to be exclusive. Legal companies no longer control the provision of legal services.

Concluding, the conservative, text-based legal profession is undergoing radical structural changes. Business models are altering the demand for and supply of legal services, changing the way core legal tasks are executed, and promising to bring about great social change by ending the legal services' long-lived monopoly. Despite objections doubting technology's current state and ability to exhibit supposedly human-exclusive features like improvisation and emotions, the future of the profession will gradually transform it from an elitist occupation, to a versatile industry, open to not only legal experts, but the entire public. Legal professionals should accept that a drastic change is coming and, depending on their position, they will be affected either minimally, or severely. Most severe changes are expected in the long run and, for the immediate future, most professionals will retain their current status, working with technology, before it works in their stead.

As a last common objection to the aforementioned points, a chorus of concerned voices has protested against the social change that will be brought about by

the elimination of the legal services' monopoly. While the market of legal services will undoubtedly become more affordable to the middle and lower classes, many experts speak of a new aristocracy that will be created, with exclusive access to the few remaining human lawyers, while the remaining classes will employ cheaper automated legal services (McGinnis & Pearce, 2013). This scenario currently falls under the category of speculation, but the mere ubiquity of it begs to at least consider it. So, perhaps, Bill Joy was correct to fear that too much technological wealth would eventually lead to a dystopian, aristocratic environment (Joy, 2001).

Finalizing, the study of the general benefits new business models in Law constitute, admittedly, the most commonly discussed point of the matter; the promise that technology will diminish the legal services' long-lived monopoly, making them more accessible to the public than ever before – note, this point will also be studied from the professionals' perspective, in which case it constitutes a peril. It seems paradoxical that Justice, the cornerstone of equality and fairness, is based upon a profession, the services of which – the legal services – are offered as a sizeable, often measurable commodity whose efficiency is analogous to the amount of money paid for them (McGinnis & Pearce, 2013).

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