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# **Disruption in the Legal Sector?**

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# Thoughts, predictions and imaginations in recent years

- End of lawyers
- End of law firms and big tech entering the scene, 'new law' taking over
- End of junior lawyers
- End of hierarchies



# Fast evolution or technological revolution?



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# Determinants of industrial dynamics



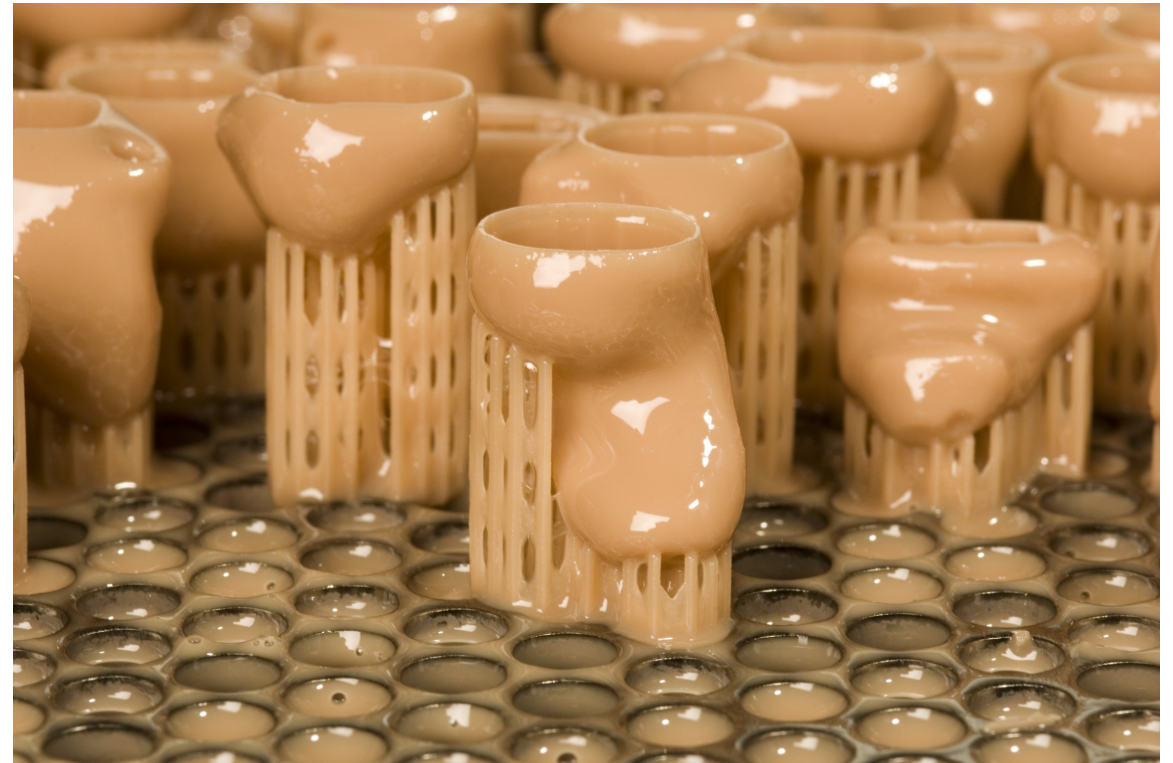
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# Several macro forces influence the legal services industry



# Disruption or not?

*Two possible scenarios*



# Disruption or not?

## *The case of 3D Printing hearing aid shells*

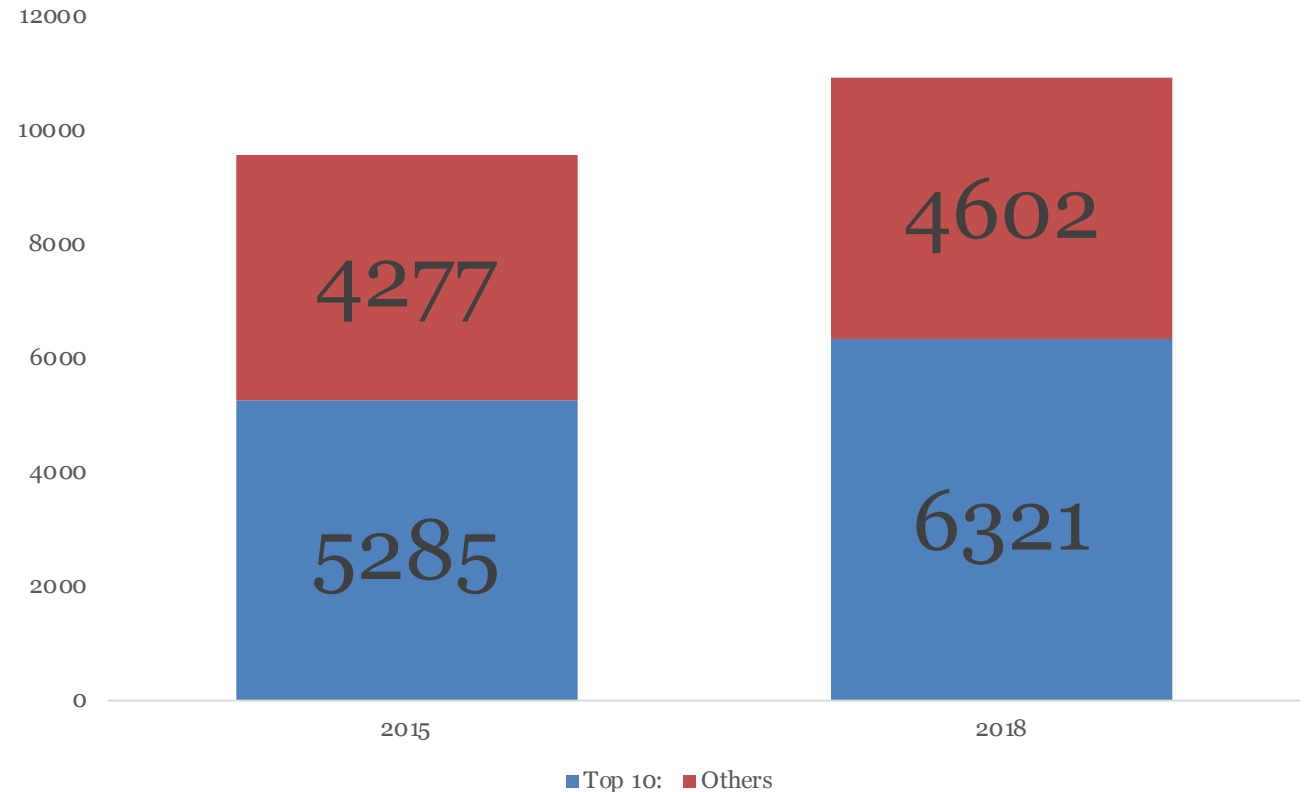
- Process innovation, product remained largely intact.
- Software, 3D Printers, 3D scanners available on the market rather than developed internally.
- Required some new skills, but the overall set of competencies in R&D, manufacturing, marketing, purchasing etc were unchanged.



# Industry trends 2015-2018

## *Insignificant signals of consolidation*

- Industry growth 14 percent 2015-2018.
- Top 10 law firms growth of 19 percent 2015-2018.
- Top ten share of market from 55 to 58 percent 2015-2018.



Data source: Affärsvärlden (2016; 2019)

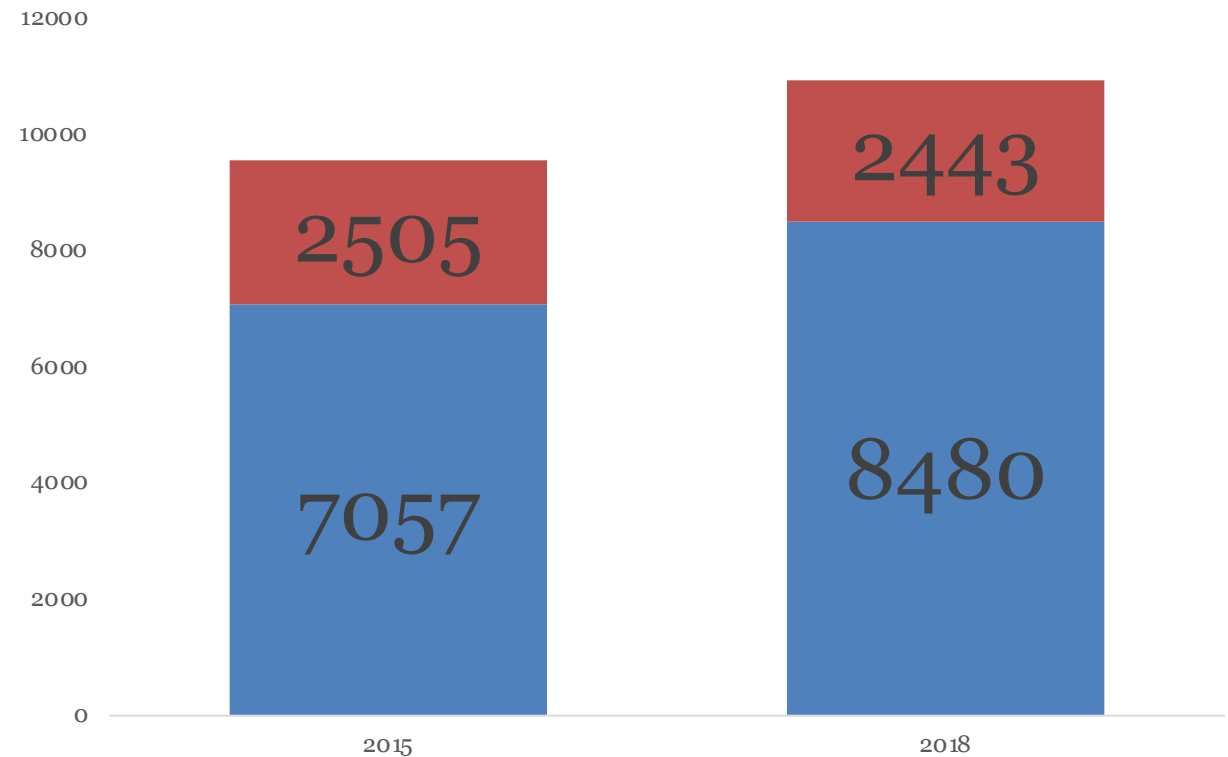
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# Industry trends 2015-2018

*Similar pattern for top 20 law firms*

- Top 20 law firms growth 20 percent 2015-2018.
- Top twenty share of market from 74 to 78 percent 2015-2018.



Data source: Affärsvärlden (2016; 2019)

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# Changes in industry leadership 2015-2018?

## *Small and insignificant alterations*

- Two new firms in the top 10, measured by revenue (DLA Piper and Cederquist).
- Changes are part of natural fluctuations within any industry.

		Turnover 2015		Turnover 2018
1	MSA	1377	MSA	1245
2	Vinge	854	Vinge	1230
3	Lindahl	624	Lindahl	776
4	Setterwalls	474	Setterwalls	569
5	Wistrand	437	Roschier	556
6	Roschier	349	Wistrand	475
7	MAQS	307	G&D	383
8	G&D	306	DLA Piper	374
9	Delphi	284	Delphi	370
10	Glimstedt	273	Cederquist	343

Data source: Affärsvärlden (2016; 2019)

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## Weak signals of disruption?

*International firms and more digital law firms are increasingly represented among fast growers*

	<b>Growth rate of more than 30 percent 2015-2018</b>	
1	Carler	275
2	Morris Law	212
3	White & Case	63
4	Roschier	59
5	DLA Piper	54
6	Vinge	44
7	Cederquist	43
8	Wählin	43
9	Flood Herslow Holme	39
10	AG	37
11	Hamilton	37
12	Foyen	36

## Weak signals of disruption?

*Newcomers among the top 50 players are in many cases international, or more digital (new law)*

	<b>Newcomers 2018-2015</b>	<b>Turnover (MSEK)</b>
1	WSA	141
2	Front	103
3	Eversheds Sutherland	90
4	Ramberg	76
5	Kastell	61
6	Synch Law	59
7	Wigge & Partners	57
8	EY Law	49
9	Marlaw	41
10	Harvest	40

# The end of hierarchy?

*Hierarchies are not flattened out among top 20 law firms*

	2018	2015
Junior lawyer / Owner	1,26	1,06
Junior Lawyer / Lawyer	0,67	0,5

Number of junior lawyers increased from 759 to 952 (2015-2018) among top 20 law firms.

Data source: Affärsvärlden (2016; 2019)

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# 'New law' is growing, but from small levels

*Growth is not primarily at the expense of 'old law' yet*

- Increased use of IT tools
- Some alternative business models emerging
- Hybrid offers
- Online tools create more price transparency

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## Mannheimer Swartling etablerar MSA Innovation Lab

Mannheimer Swartling har etablerat en egen affärsenhet för att hantera sitt innovationsarbete och driva utvecklingen kring hur framtidens juridiska rådgivning kommer att se ut. Inom enheten, som har namnet MSA Innovation Lab, kommer Mannheimer Swartling bland annat att:

- Genom en inkubator för start-ups inom Legal Tech, supporta och samarbeta med nystartade företag som utvecklar applikationer för Mannheimer Swartling och byråns klienter.
- Samarbeta med ledande forskare inom digitalisering.

### Realtid.se

Start Debatt Realtid Karriär RQ Partner Branschnytt



## New Law stöper om advokatbranschen

Den sista analoga bastionen i näringslivet har den kallats – juridiken, men med New Law digitaliseras och industrialiseras branschen. Löpande timdebitering utmanas när robotar lär sig skriva standardavtal. Vad är egentligen New Law? Realtid har pratat med Ulf Lindén på Legal Works och Sara Sparring på Synch - båda grundare och operativa chefer.

tioner som effektiviserar rådgivningen till byråns klienter.

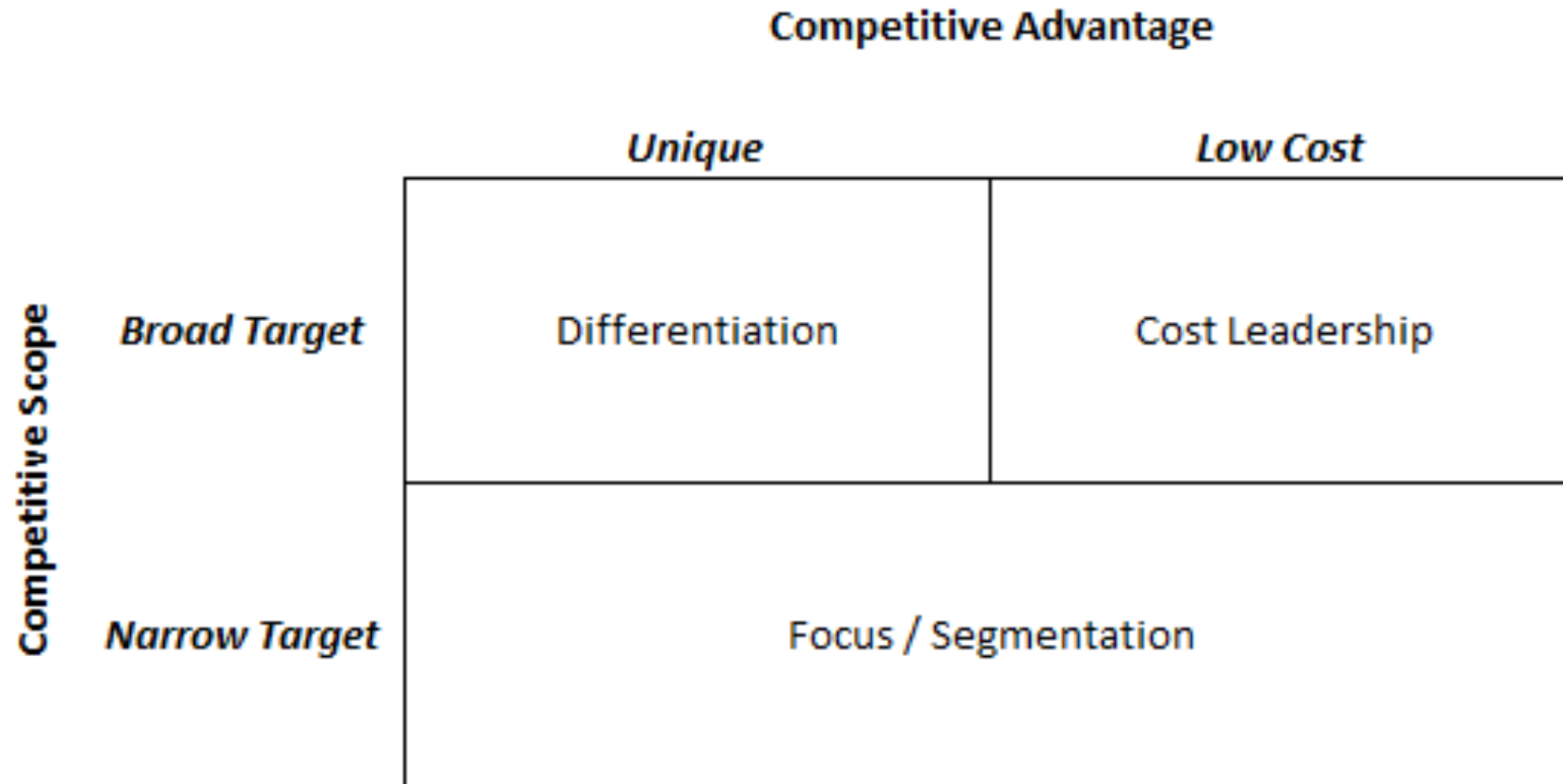
mar till vilka byråns klienter har tillgång.



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# Niche and Differentiation

*Trends will push law firms towards niche or differentiation*



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# Let's revisit these scenarios

- End of lawyers
- End of law firms and big tech entering the scene, 'new law' taking over
- End of junior lawyers
- End of hierarchies





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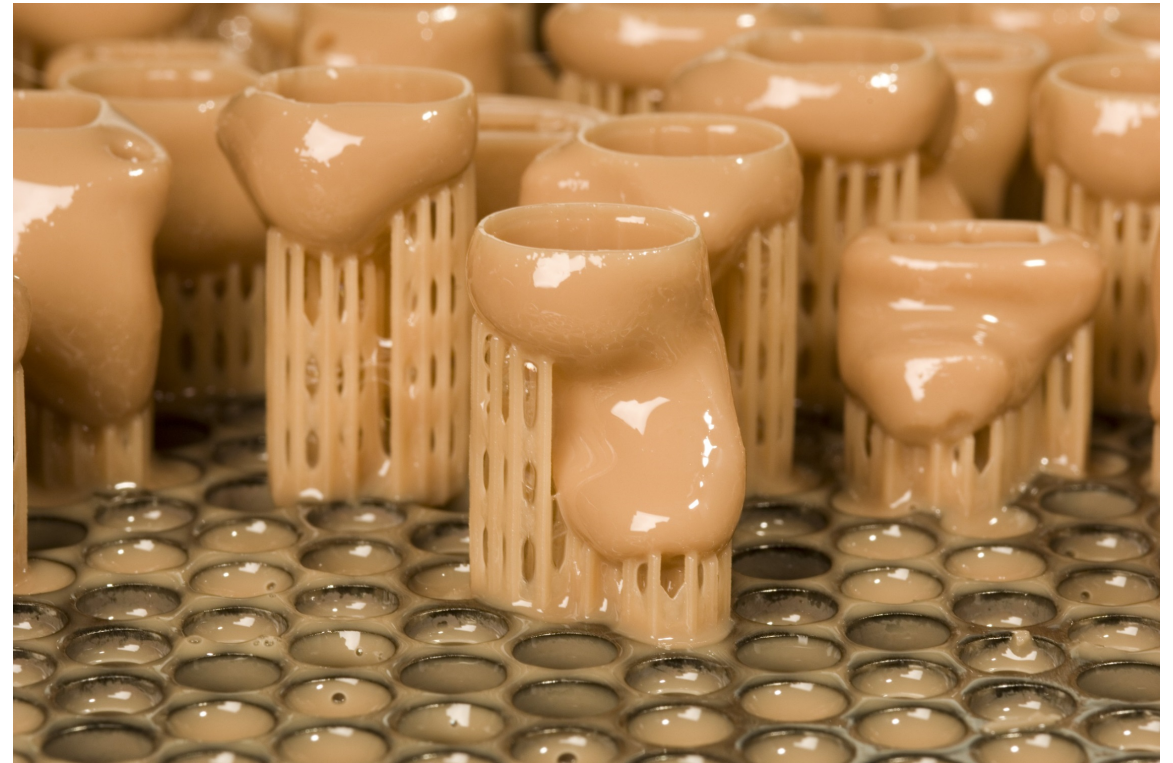
# Several macro forces influence the legal services industry



## Disruption or not?

*Digitalization of the legal sector resembles 3D Printing and the hearing aid industry*

- Process innovation, product (offer) remains largely intact.
- Most of these services are available on the market rather than developed in-house.
- Requires some new skills, but the skill sets of the legal profession are largely the same.



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# Conclusions

- No signs of 'End of lawyers' scenario
- Macro factors have created growing demand
- Little changes in industry structure and consolidation
- International law firms and more digital businesses are better represented among fast growers and newcomers
- Hierarchies have not flattened out
- Demand for junior lawyers has grown and remains robust
- New skills required, new ways of organizing, new roles
- Digitalization has been a process innovation, increasing productivity while the overall business has remained intact, thus far...



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