

Digital Transformation in the Legal Industry

Conclusions Part 1: Market



Intro, Background & Research on Digital Transformation in the Legal Industry



Trends & Challenges in the Legal Industry

The Legal Industry is challenged by the following trends

- More competition
 - “Elite/global” firms competing on quality and geographic reach for the “high end”
 - LegalTech companies competing on price, transparency and efficiency for the “low end” (and to hollow out the high end)
- The industry is challenged on both their business- and delivery model
- Increasingly sophisticated and price conscious clients demanding more for less

This means

- There’s a need to automate parts of the processes and services
- There’s a need for knowledge about “what is out there” and “what is going to happen” from a technological perspective and what that means in terms of technical competencies

State of the US Legal Market

- Demand for legal services was “essentially flat for 2015 ... [and] continues a pattern seen over the last six years.”
- “There has been an overall downward trend in the productivity of all categories of timekeepers except associate.”
- Some of this stagnation is due to business clients’ reduced spending—a jaw-dropping 25.8 percent between 2004 and 2014 in inflation-adjusted dollars
- The legal industry spends less than 1 percent on R&D! U.S. businesses generally spend about 3.5% and Telecom spend 13 percent. Biotech spend even more

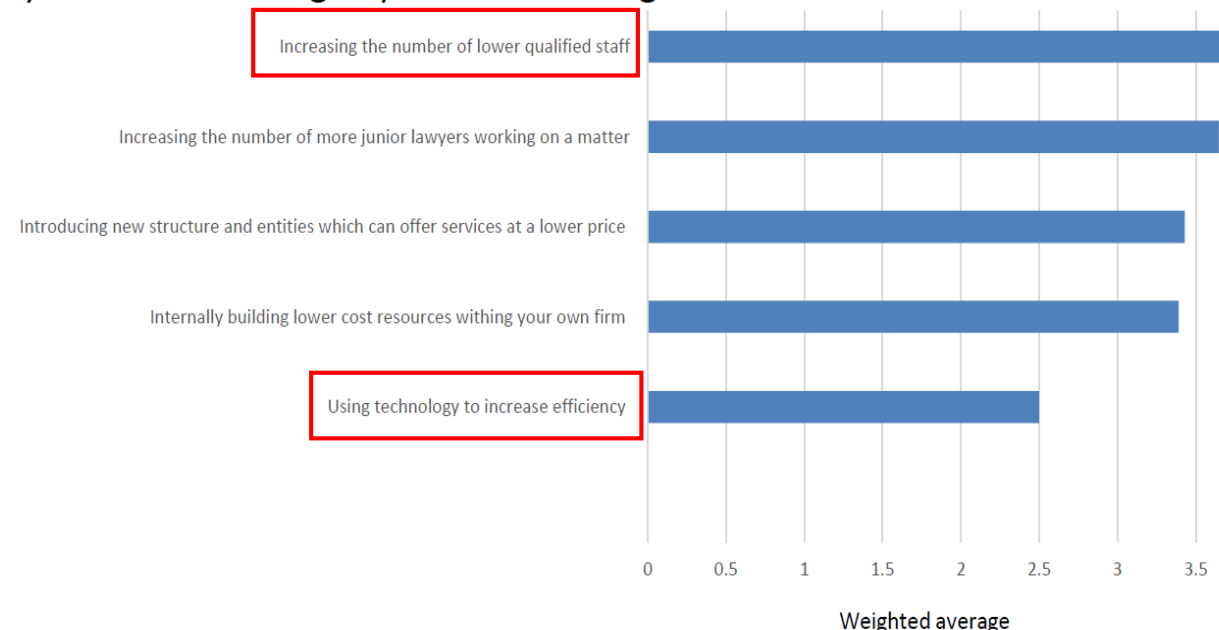
Innovation and New Technologies in the Legal Industry

- 75% agree that "innovation is critical to exploit new opportunities and differentiate from others"
- >50% say that they would rather wait for others to try out new technologies than be "first mover" themselves

Table 1: Level of awareness of emerging technologies (Law Society Insights community, Feb 2016)

Technology	Level of awareness (%)									
	Unaware					Following closely				
Artificial intelligence	25	15	11	7	11	11	11	4	5	
Machine intelligence	32	14	10	8	12	12	7	3	3	
Robotic process automation (RPA)	32	17	12	6	9	11	8	2	3	
Expert systems	30	19	13	7	10	9	8	2	3	
Predictive analytics	36	17	12	6	12	8	4	2	3	
Natural language processing (NLP)	37	16	8	9	8	7	4	4	6	
Big Data analytics	38	16	10	8	9	6	7	3	4	
IBM Watson	64	12	8	4	3	3	3	2	2	
RAVN	75	10	8	2	1	2	2	0	1	

In areas where you are facing increasing price pressure have you or would you consider doing any of the following?



IT Investments & Startups in the Legal Industry

- 44% of small law firms (1-4 partners) spend 90-100% of their IT budget on maintaining existing systems
- 25% of the large firms (26+ partners) spend over 75% of their IT budget on existing systems
- The amount of LegalTech startups and solution providers worldwide has never been higher - most/all startups are founded on the latest IT technologies
- With the law firms' knowledge of and interest in IT – how will they ever catch up?
- => Should Danske Advokater play a bigger role in being a “change enabler”?

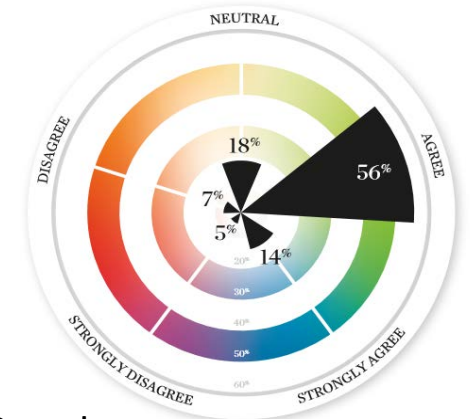
“I didn’t know anything about lawyers when we started.

Turns out, they don’t like technology, and they don’t like to share things.”

-Apoorva Mehta

Apoorva Mehta:

- Founder of startup: **Lawford** – a failed Legal Crowdsourcing platform
- Founder of startup: **Instacart** – a unicorn startup w. USD 2B valuation



Research:

“NewLaw/non-law firms such as the Big Four/Axiom et al are a threat to law firms, specifically in relation to their use of technology”

Answer: 70% agree/strongly agree

The Legal Industry – Prone for Disruption

Existing Legal Firms

vs.

LegalTech Startups

1. Conservative – limited (customer & technology focused) innovation
2. Company and organizational structures limit desire to change and to invest in new initiatives
3. High prices and margins make it an attractive market
4. Lack of knowledge, investment and interest in new technologies
5. Many high volume legal challenges in society are not met due to no/low margin => no/low interest from existing law firms
6. Ethical rules limit innovation and ability to find new business areas

1. Extremely customer focused and transparent to their customers
2. Super agile and innovative – will change 180° overnight if the business they are in requires that
3. Don't have offices at attractive locations and can live with much lower margins
4. Are (almost) entirely based on the latest technologies
5. Focus on high volume rather than high margin - free services are OK – revenue will come from other sources (ads, data,...)
6. Ethical rules don't "apply" – will look for business everywhere (any business is good business)

Conclusions from a Boston Consulting Group Study

LegalTech's Impact – Today and Tomorrow

- While LegalTech [Startups] began with the automation of standard legal tasks, it's moving toward supporting more bespoke, specialized activities performed by lawyers.
- It's also capitalizing on opportunities presented by big data analytics, helping lawyers capture valuable insights from large data sets.

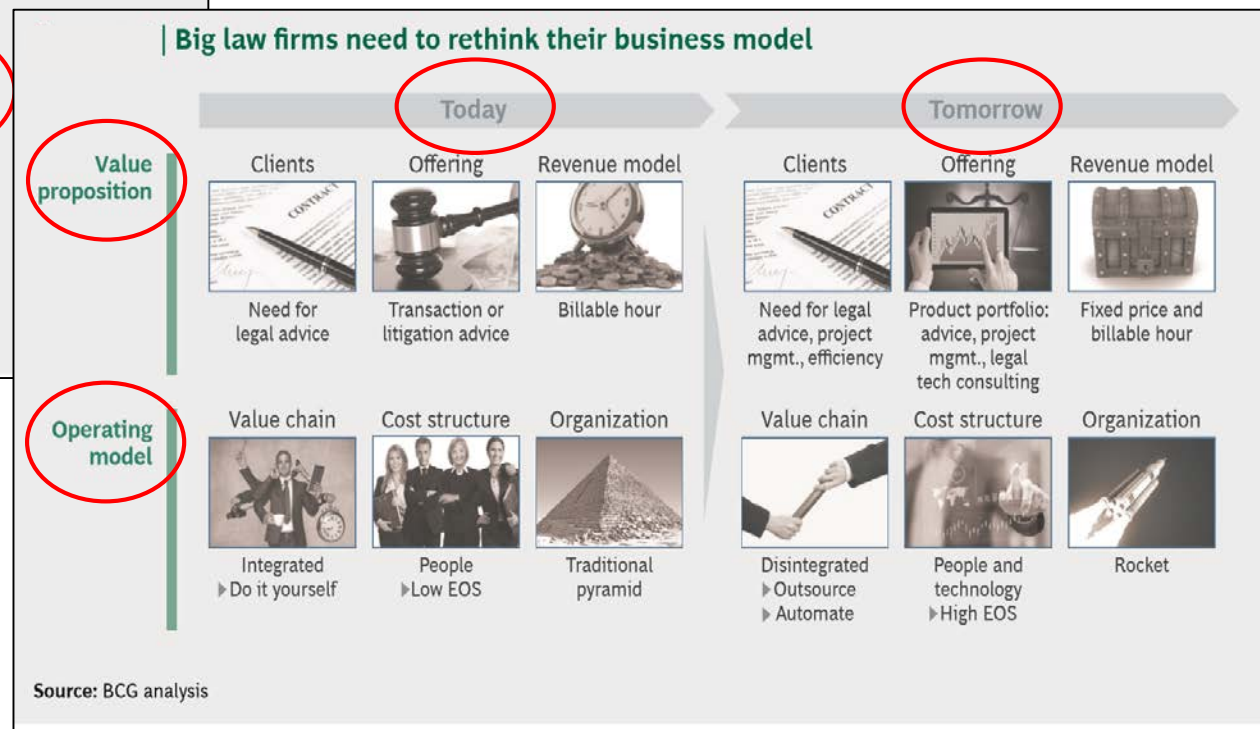
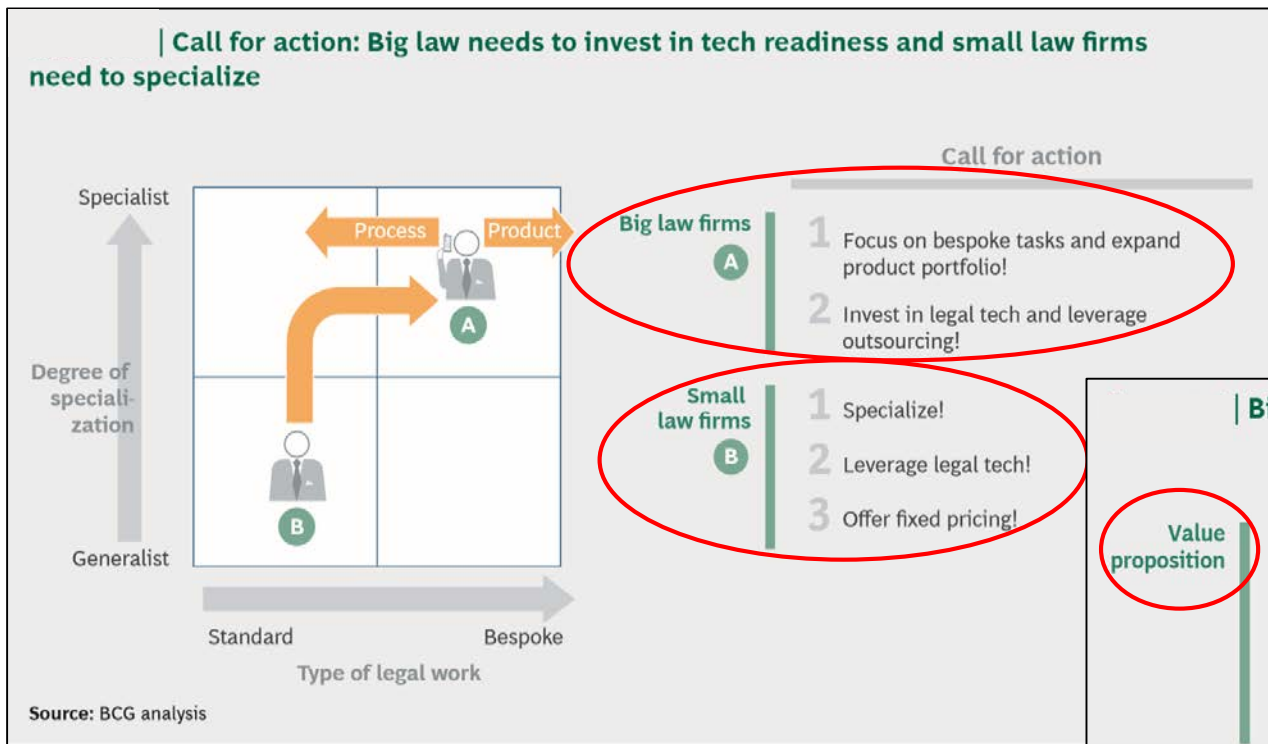
Next Steps for Law Firms

- To safeguard their market share and profitability in a market transformed by LegalTech, law firms must rethink two elements of their business model:
 - Their value proposition (including their service offerings and revenue model)
 - Their operating model (including their cost structure and organizational structure)
- The right decision for each element will differ for “big law” and “small law” firms that focus on standardized cases.

LegalTech's Impact on Individual Roles and Legal Education

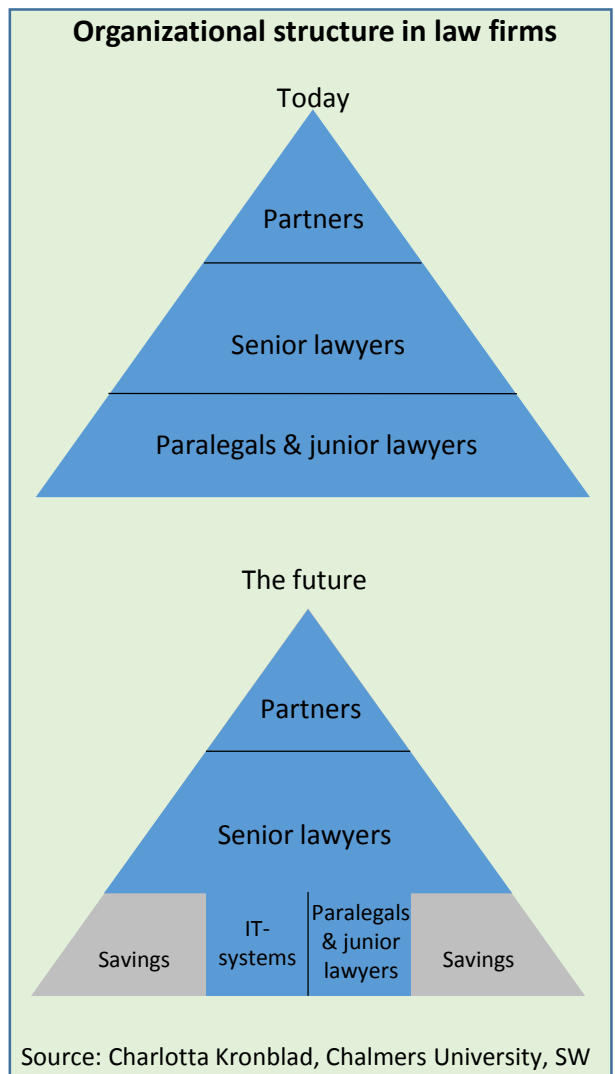
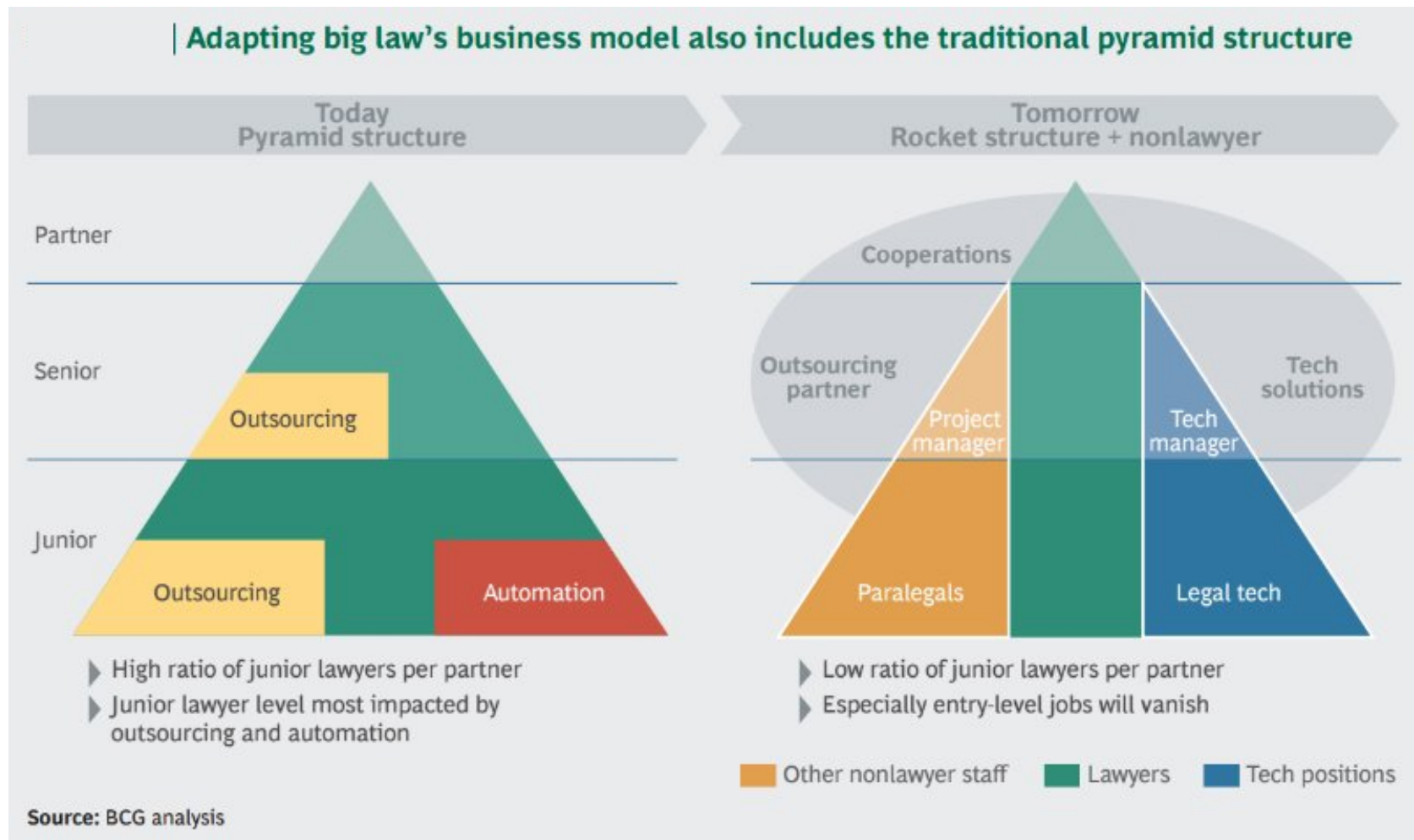
- In the future, the business of law will require fewer general support staff members, junior lawyers, and generalists—and more legal technicians and project managers.
- Accordingly, law schools may need to offer courses on LegalTech and case-management processes. Law firms can offer on-the-job training to help lawyers leverage LegalTech solutions and executive- education programs focused on LegalTech literacy.

What should Legal Firms do?



Future Organizational Models in Legal Firms

According to Boston Consulting Group (DE) and Chalmers University (SW)



Findings from Meetings and Interviews



Companies we have talked to

Working group – 12 companies



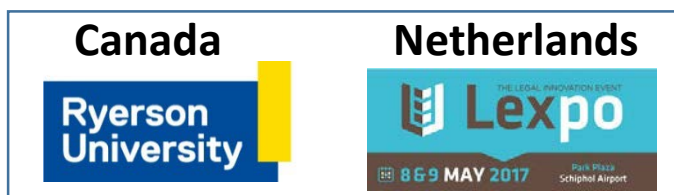
Sweden – 9 companies



Denmark – 11 companies



Other meetings & conferences



Overall "Findings"

- Customers are more knowledgeable => push for specialized Subject Matter Experts at law firms
- Customers want more openness and transparency – also around customer satisfaction (scores and reviews)
- There's an increasing demand for fixed prices (and lower prices due to technology and automation)
- Artificial Intelligence (AI), Blockchains and Chatbots will have a significant impact
 - Structure (less junior lawyers), roles (more tech-guys in law firms), tasks (specialized services), etc.
 - Kira Systems: 30 M&A documents in Swedish – analyzed in minutes w. 70-90% accuracy
 - System even found "content" that a junior lawyer would likely not find
 - Law firm: "We will use AI for all due diligence projects from end of 2017"
 - Price: ~EUR 1.200/GB* (Luminance); ~EUR 5.000/100 contracts (incl. setup)** (RAVN), ~EUR 10.000 per use (Kira)
- Standardization and automation of legal documents and processes
 - Standard templates for contracts, agreements, wills, etc. for private people and companies
 - Smart Contracts and Blockchain technology for secure, verifiable handling (and payment) of contracts/agreements, etc.
 - Artificial Intelligence for due diligence, contract reviews, post merger integration, asset & property mgmt.,.....
 - Chatbots for free answers on general and specific questions (NDAs, divorces, homeless, renters, fugitives, violence,....)

Everything highlighted in the blue box is the "home turf" of LegalTech companies!

Overall "Findings" - Continued

- LegalTech startups (non-law firms) will pop up everywhere
 - Agile, customer oriented, fast and inexpensive
 - Not subject to/limited by organizational structures or ethical rules
 - They are "IT-companies" – often without any lawyers employed
 - Over time they will challenge and cannibalize on the law firms' core business areas
- New / growing market: "Trivial" (but for consumers very important) legal tasks
 - Flight delays, parking tickets, refunds and small claims, rental agreements,....
 - Only on the internet, no cure - no pay, low and transparent prices

Everything highlighted in the blue box is the "home turf" of LegalTech companies!

Examples of LegalTech Startups



Thomson Reuters - LegalTech Start-up Map




















AngelList - Global LegalTech Start-up Overview

Legal Startups

\$4M AVERAGE VALUATION


1,556 COMPANIES 725 INVESTORS 5,872 FOLLOWERS 250 JOBS

Company	Joined	Followers	Signal
 AirHelp Get your money back when your fl... New York City · Legal	May '13	906	
 Judicata Mapping the legal genome to help... San Francisco · Legal	Mar '13	260	
 LawPivot 99 Designs for legal California · Crowdsourcing	Sep '10	532	
 LegalReach Match.com for attorneys and clients San Francisco · Legal	Jun '11	249	
 FiscalNote We unlock open data and make it... Washington · Legal	Jun '13	445	
 Modria The Fairness Engine for the Internet Silicon Valley · Reputation	Aug '11	552	
 Lex Machina Legal Analytics - The Winning E... Legal	Jan '12	562	
 Fixed Easily dispute parking tickets San Francisco · iPhone	Apr '14	431	

 **AirHelp**
Get your money back when your flight is delayed
New York City · Legal · Mobile · Aerospace · Transportation · 201-500 employees · www.airhelp.com


COMPANY ACTIVITY FOLLOWERS


Product




AirHelp fights for your right to compensation when your flight is delayed, cancelled or overbooked. AirHelp does all the paperwork, follow up and legal actions. AirHelp deducts 25% of the compensation amount if claim is successful. We don't get paid if the passenger doesn't get paid. Simple as that.... - More


Founders

 **Henrik Zillmer**
CEO and Founder of AirHelp. Serial entrepreneur with background in law, strategy, international biz and online services and products. Started more than 15 companies.

 **Nicolas Branc Michelsen**
Founder/CMO of AirHelp. Strong growth & marketing entrepreneur, mentioned in Wired, NBC etc. Y Combinator W14

PAST FOUNDERS

 **Ferdinand Kjaerulf**
Head of Sales
Co-founder @CodersTrust, @AirHelp, @Cylinda @gub-wiki

 **Greg Roodt**
Co-founder and CTO
Internet geek. I speak Java, Scala, Swift and Python. Sometimes I fly kites.

Funding

Series A **\$12,000,000** Aug 3, 2016
Khosla Ventures VC Firm - Menlo Park

Seed **Unknown** Mar 14, 2014
Zillionize Seed Fund - Palo Alto

Info on LegalTech Startups

- 1.556 start-ups (24 May '17) – Avg. valuation: USD 4M – in total USD 6,2B
- Most startups in North America (Silicon Valley, New York, Toronto)
- Clusters in Australia, Germany, Sweden, Finland, Estonia & Asia
- Almost all start-ups have been started within last 5 years – the majority within 2-3 years
- Many startups are recruiting – almost **none of them** look to hire lawyers but rather developers or business people!

LegalTech Startup example - DK: Legaldesk



LOCATION: DK

URL: <https://www.legaldesk.dk/>

INFO:

- Standard Templates for companies & consumers
- Fixed prices and high level of customer satisfaction
- Chatbox
- Professional website

SOLUTION(S):

- 43 Standard contracts
- Private:** wills, cohabitation & children, power of attorney, loans & gifts, buying & selling
- Company:** Foundation and administration of companies, employment law, shareholders agreements, cooperation agreements, NDAs,...

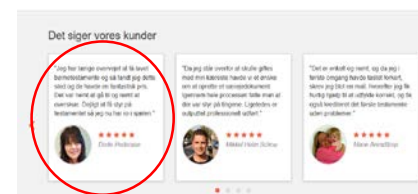
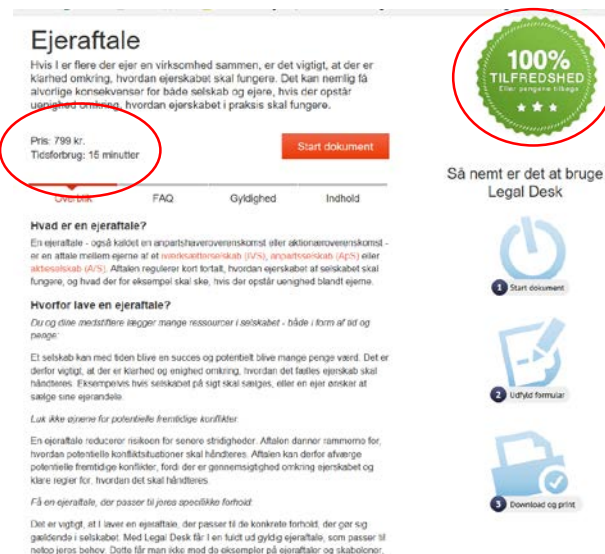
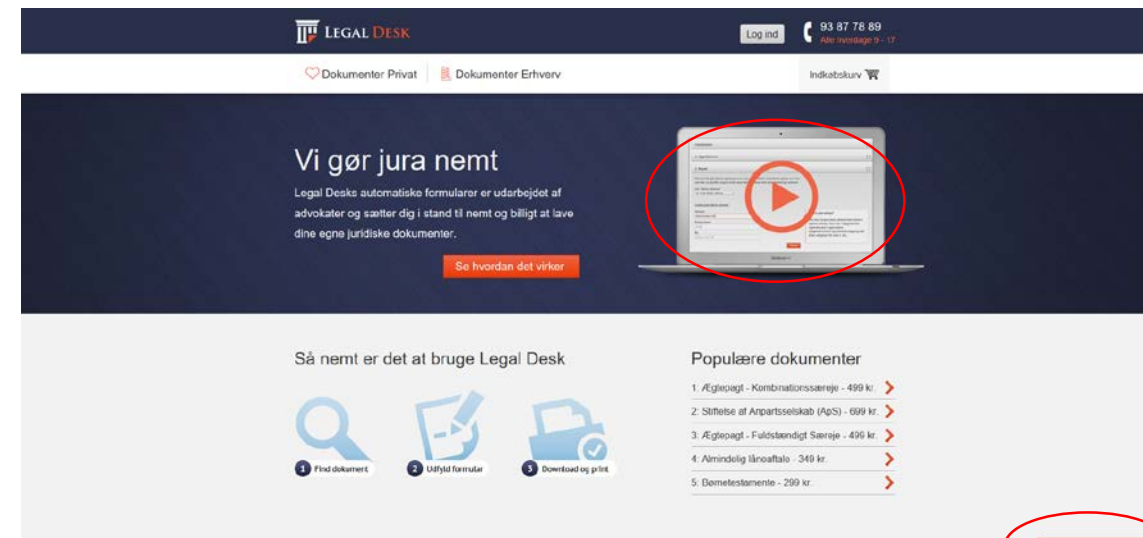
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		<p>Køb & Salg</p> <ul style="list-style-type: none"> Salg af brugt bil Gratis 	

	2015-12	2014-12
Omsætning	234	11
Bruttofortjeneste	231	11
Årets resultat	-7	-9
Egenkapital	85	96
Balance	98	108

<p>Stiftelse af Selskab</p> <ul style="list-style-type: none"> Stift Enkeltmandsvirksomhed Stiftelse af Iværksætterelskab (IVS) Stiftelse af Anpartsselskab (ApS) Stiftelse af Aktieselskab (A/S) 	<p>Administration af Selskab</p> <ul style="list-style-type: none"> Ordinær generalforsamling i ApS, IVS eller A/S Ændring af selskabets formål Nye Vedtægter Ændring af ledelsesmodel Ændring af revisor Ny direktør Nyt bestyrelsesmedlem Ny tegningsregul 	<p>Medarbejdere</p> <ul style="list-style-type: none"> Ansættelseskontrakt - Funktionær Gratis Ansættelseskontrakt - Tjælønnet Gratis Direktørkontrakt 	<p>Diverse aftaler</p> <ul style="list-style-type: none"> Samarbejdsaftale for bogholdere Ejeraftale Almindelig låneaftale Hemmeligholdesaftale
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Demo Video: <https://youtu.be/K3pxlrZpyoU>



LegalTech Startup example - DK: Ageras



LOCATION: DK

INFO:

- Founded 2012 – 51-200 employees
- Creates transparency in the legal & accounting market
- Helped over 100.000 customers
- 8.700 partners (lawyers, accountants)
- 5 countries (DK, SW, NO, GER, NL)
- Chatbox
- Recently got InvestCorp (Bahrain) as primary investor (15/3-2017)

URL: <https://www.ageras.dk/>

- Crowdsourcing platform within legal & accounting
- Ageras contact the customers to identify their need and verify that they are seriously interested in finding an expert

Advokat	Revisor	Bogholder
Jurist	Selskabsstiftelse	Inkasso
Ejendomsadministration	Selvangivelse	Momsindberetning
Dødsbo	Årsregnskab	Testamente
Ægtepagt	Økonomisk rådgivning	Boligadvokat
Erhvervsret	Skatterådgivning	Økonomistyring

	2015-12	2014-12	2013-12
Omsætning	25.485	-	-
Bruttofortjeneste	18.093	9.658	4.110
Årets resultat	2.225	1.895	62
Egenkapital	6.762	2.480	585
Balance	16.399	6.305	2.853
Valutakode	DKK	DKK	DKK

1/3-2017: VI HAR HJULPET 99.327 MED AT FINDE EN SPECIALIST I REGNSKAB ELLER JURA - OG DE ELSKER OS FOR DET

28/4-2017: Vi har hjulpet 105.309 med at en finde den helt rette hjælp

8.692 PARTNERE | 99.327 OPGAVER | 90 ANSATTE

Kunde

★★★★★ Perfekt værktøj!

Inden længe blev jeg ringet op af en rigtig hjælpsom medarbejder fra Ageras, som hjalp mig med at beskrive, præcis hvilke faglige kompetencer jeg sagte hos en bogholder. Kort tid efter ringede tre forskellige fagfolk inden for regnskab, som alle stod klar til et uforpligtende møde.

Lasse Staal, Mood A/S



Partner

★★★★★ En værdifuld samarbejdspartner

Dansk Revision Viborg har haft stor glæde af at have Ageras som samarbejdspartner. Vi har fået mange gode og spændende kunder gennem Ageras. Ageras sørger hele tiden for, at vi bliver matchet med relevante kunder (gennem kyndig rådgivning). Senest har vi fået tilknyttet en optimeringskonsulent, som hjælper os med at stå endnu skarpere. Vi er meget tilfreds med den personlige kontakt og service, som Ageras leverer – de er en stor hjælp for vores virksomhed

Pia Fergo, Partner, Dansk Revision - Viborg



Top-10 bedst bedømte virksomheder

Advokat & Jurist		Revisor & Bogholder	
Virksomhed	Bedømmelse	Virksomhed	Bedømmelse
1. JuristKlub.com ApS	★★★★★ 5,0	1. PricewaterhouseCoopers ApS	★★★★★ 5,0
2. Advokatfirmaet JAS ApS	★★★★★ 5,0	2. Hørdbo Pricers	★★★★★ 4,9
3. Bedgaard Jensen	★★★★★ 4,9	3. SAS A/S Regnskabs og bogføring	★★★★★ 4,9
4. Nykredit Advokatfirma	★★★★★ 4,9	4. NERIO Group ApS	★★★★★ 4,8
5. bettskøder.dk	★★★★★ 4,9	5. TalPortium ApS	★★★★★ 4,8
6. Bedømmelse Advokatfirma	★★★★★ 4,9	6. ABEI	★★★★★ 4,8
7. Advokat L. Brøndby	★★★★★ 4,9	7. Rigste Rådgiverne	★★★★★ 4,8
8. Mark Consult	★★★★★ 4,9	8. DA Revision ApS	★★★★★ 4,8
9. Tingskøn	★★★★★ 4,9	9. Hørdbo Pricers Bogholder	★★★★★ 4,8
10. Michael Thering Advokatfirma A/S	★★★★★ 4,9	10. Sakulsi & Bogføring	★★★★★ 4,8

Find den rette advokat nemt og gratis

Få et tilbud fra 3 kompetente advokater - Gratis udvalgt af dig og uden for 48 timer

Træk 20 millioner af garantiopsætningen. 21 døgns garanti for 20 millioner af garantiopsætningen. 21 døgns garanti for 20 millioner af garantiopsætningen.

TRINK

BORSEN

Få et tilbud fra 3 advokater her

Trin 1
Udfyld formularen

Beskriv din arbejdsopgave og eller forventninger til advokaten. Vi finder herefter 3 relevante advokater, hvis kompetencer lever op til dine behov og præferencer.

Trin 2
Sammenlign tilbud

Inden for 48 timer tager de 3 advokater kontakt til dig med deres enkelte tilbud. Herefter kan du sammenligne tilbudene på baggrund af dine præferencer.

Trin 3
Vælg et tilbud

Du vælger det tilbud, hvor kvaliteten og prisen passer dig bedst, og vælger herefter et samarbejde med den pågældende advokat.

Online Dispute Resolution

LOCATION: SWE, DK, USA, FR

URL: <https://www.bidsettle.com/>; <http://modria.com/>;
<https://swiftcourt.com>

Problem and product

- These 3 startups provide a cloud solution to consumers and online retailers that solves simple legal conflicts without using a lawyer
- By using legal data analytics, online legal advice and a "platform-approach", the parties get an easy and fast case processing as well as improved customer support and a conflict resolution solution
- Targets a market where the claim typically is too small to leverage a lawyer

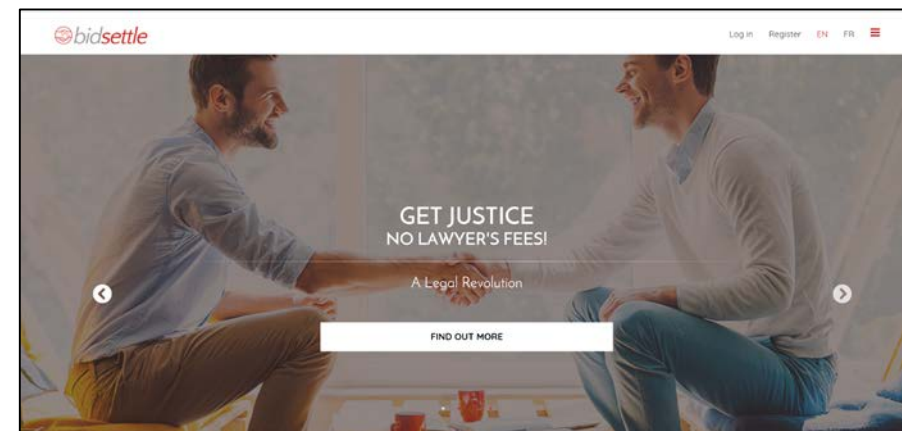
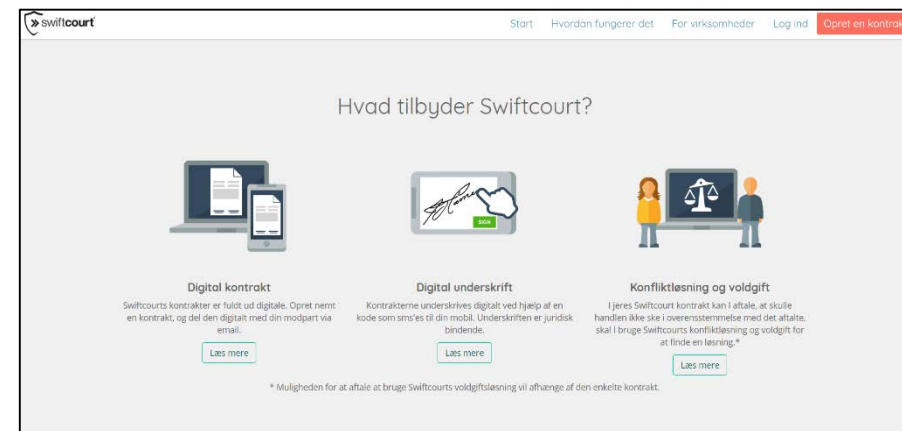
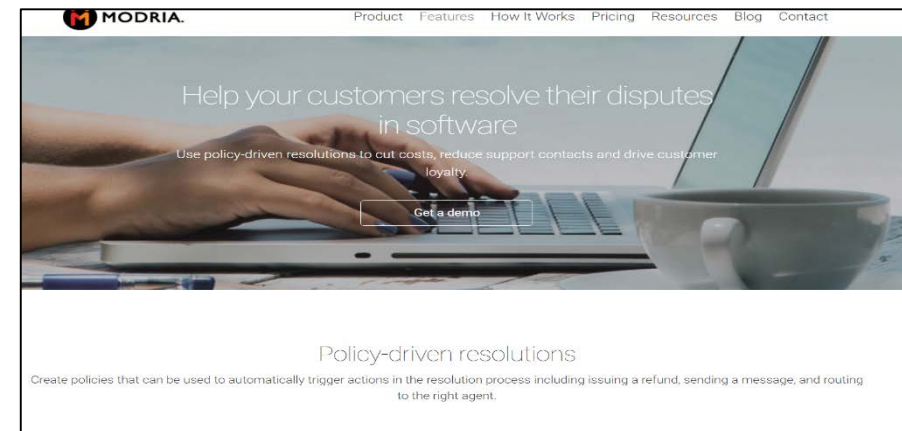
Can this be applied in DK?

- Swiftcourt is already present in Denmark
- Data analytics, AI, blockchain and cloud are all "technologies", that provides support for more online dispute systems and better customer support solutions



Value proposition

- Flexibility and price



Legal Education

LOCATION: USA

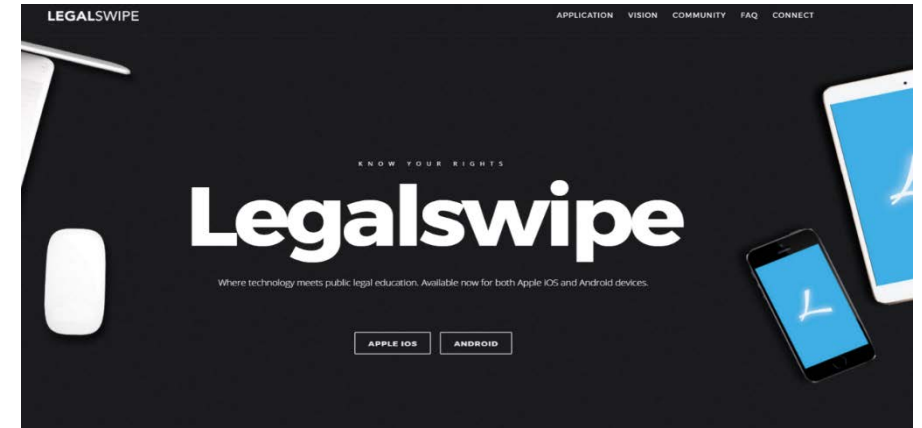
URL: www.legalswipe.com; www.lawmeets.com

Problem and product

- **Legalswipe** is a service where people quickly can get an overview over their rights especially in relation to authorities/police. Legalswipe solves an American challenge where there are often confrontations between police and citizens (Ferguson etc.)
- **Lawmeets** offers online courses and legal case competitions
- LegalSwipe is not an app that solve a problem in Denmark. However, the idea of getting advice fast and have a "lawyer in the pocket" is something we will see in Denmark
- Using online courses, short youtube-videos and other modern ways of communicating can be applied to students and continued education

Value proposition

- **Legalswipe** provides the customer with quick access to legal information, especially in situations with confrontations with authorities, while the criminal lawyer can source new clients (e.g. a person is arrested => he takes his app and gets an overview over his rights => a lawyer that also use the app can offer legal support to the arrested)
- **Lawmeet** is a flexible and different way to take courses



Legalswipe informs people of their rights during interactions with police. Our team works closely with the community to inform our present development. We meet our goal of educating the public through several key features:

QUICK NAVIGATION

Through the use of situation based cues, users can quickly learn situation specific information.

EASY TO UNDERSTAND

The user is given the exact words to use and a clear idea of their rights depending on the situation.

AUDIO & VIDEO UPLOAD TO THE CLOUD

Record audio and video to be e-mailed to emergency contacts and uploaded to synchronized Dropbox accounts.

BROADCAST MESSAGING

Send emergency contacts a personalized message with ongoing updates of your geographic location.



Get the Experience to Excel

Live LawMeets

Educational competitions designed to give law students a hands-on experience in developing and honing transactional lawyering skills

[More Information](#)

Online LawMeets

Educational exercises for law students and lawyers designed to provide opportunities to develop practical skills and learn best practices

[More Information](#)

Legal Research

LOCATION: UK, USA

URL: www.docketalarm.com; www.judicata.com; www.fastcase.com

Problem and product

- All 3 are a pendant to Karnov
- Provides access to legal information, cases, verdicts, documents etc. and offer legal analytics. Docketalarm also provides an API

Can this be applied in DK?

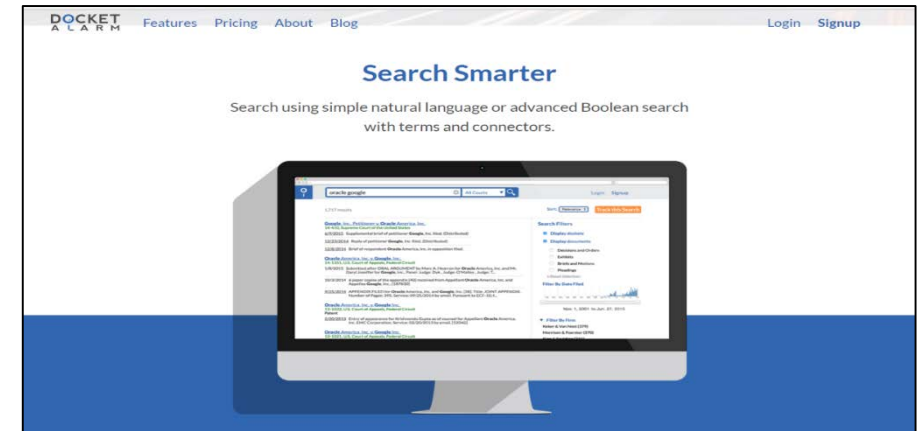
- If we can get access to data (cases, literature etc.) then it should be possible to develop a better search function than Karnov and make use of available technologies

Value proposition

- The search function is smarter and better than Karnov – i.e. easier to find the relevant information.
- You can get a real-time alert when new cases or literature appear
- Predicts the outcome of a case assist the lawyer to settle the case

Technology

- Big data, Natural language/Machine learning and AI



fastcase What is Fastcase? Help & Training Smarter Tools Pricing & Sign Up

Pricing & Sign Up

	24-hour Free Trial	National Appellate	National Premium
Fastcase Subscription Coverages			
Subscription Fees	Free	\$95 / mo \$995 / yr	\$95 / mo \$995 / yr
No-Contract Pricing	✓	✓	✓
Comprehensive 50 State & Federal Law	✓	✓	✓
Federal and 50-State Appellate Case Law	✓	✓	✓
Federal District Courts	✓	✓	✓
Federal Bankruptcy Courts	✓	✓	✓
Nationwide Statutes and Regulations	✓	✓	✓
Fastcase Advanced Research Tools			
Visualize Search Results with Timeline View	✓	✓	✓
Authority Check	✓	✓	✓
Dual Column & Batch Printing	✓	✓	✓
	Sign Up	Sign Up	Sign Up

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