THE LAW FIRM OF THE FUTURE

Mark Smith
Fellow and Senior Advisor, Professional Services Group
AGENDA

• A lesson from Google
• The change imperative
• Forces driving change
• Exploring business models
WHAT CAN WE LEARN FROM GOOGLE?

“a shared belief held by members of a team that the team is safe for interpersonal risk taking”

Why does it matter?

Psychological safety ➔ Learning ➔ Improved performance
DO LAW FIRMS NEED TO CHANGE?

PwC Law Firm survey 2018
WHAT ARE THE FORCES DRIVING CHANGE?

- Suppliers
- Potential Entrants
- Industry Competitors (Rivalry Among Existing Firms)
- Substitutes
- Clients

- Bargaining power of buyers
- Threat of substitute products or services
- Threat of new entrants
- Bargaining power of suppliers

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UNIVERSITY OF CAMBRIDGE
Judge Business School

Executive Education
EXAMINING BUSINESS MODELS

Business model basics

• What is a business model?
• Introducing the BMC

Uses

• Designing a new business
• Assessing an existing business model
• Evaluating a competitor
• Seeking inspiration outside the industry

Tips

• Client first (always) – continually come back to this principle
• Where’s the secret sauce?
• Iterate dynamically – if one component changes, what is the impact on the others?
ANATOMY OF THE BUSINESS MODEL CANVAS

Osterwalder & Pigneur, 2010
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- Key Activities: Research, drafting, negotiation, advising, project management
- Key Resources: Lawyers, city offices, internal facing technology

Value Proposition

- Embedded technology in existing services (automation, clause extraction, analytics)
- Online platforms (GDPR, SMCR compliance) and apps (dawn raid etc)
- Consultancy, flexible resource and managed services

Client Relationships

- Key client programmes for high value clients

Channels

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Client Relationships
- New value propositions have new buyers
- Increasing importance of legal ops and procurement

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App stores
Channel partners?

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Key Resources
- Project and process managers, innovation experts, developers, data scientists

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- Transition to alternative fee arrangements: fixed, capped, value based, risk sharing
- Usage-based pricing for technology services emerging

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Key Partners
Technology vendors and development teams
Lower cost legal services providers (law firms, LPOs)

Key Activities
Service design, change management, collaboration

Key Resources
Project and process managers, developers, data scientists. Delivery centres

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Where next?

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Key Activities
- Research, drafting, negotiation, advising, project management

Value Proposition
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- Key client programmes for high value clients

Client Segments
- Primarily businesses with some public sector, HWW individuals
- Often segmented by industry sector, geography and organisation size

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2024

Key Partners

Key Activities

Value Proposition

Client Relationships

Client Segments

Cost Structure

Revenue Streams
You are the management team of a new market entrant that has raised $1bn to disrupt the legal services market over the next five years.

Using the BMC complete the client segment, value proposition and key resources sections to determine the key elements of your firm of the future.

Your investors expect the business to have revenues of $250m within five years.

You have 20 minutes to prepare a three minute summary for the group!
THE FIRM OF THE FUTURE – QUESTIONS TO CONSIDER

**Key resources**
What assets will you need to deliver those value propositions?
Think about physical, intellectual, human and financial capital

**Value propositions**
What needs do the clients in those segments have?
How will your products and services create value for the clients?
How will your products and services be different from the competition?
Any switching costs (existing or new)?

**Client segments**
Where's the money?
Current size vs future growth?
Synergies across segments
Level of current competition
Barriers to entry
Untapped markets

Complete the client segment, value proposition and key resources sections to determine the key elements of your firm of the future
Questions?

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