

# The Rise of the Legal Consultant

**Abstract:** In this article Matthew Leopold, Head of Brand and Communications at LexisNexis, discusses the rise of the legal consultant and concludes that while the platform model is positioned well as a disrupter, the traditional law firm model is not going away anytime soon, with talent retention likely to become the biggest challenge for all legal firms over the next few years.

**Keywords:** law firms; legal consultants

## INTRODUCTION

Traditionally, the partnership model has been standard practice for law firms. In this model, lawyers advance up the company ranks until they become partners and can share in their firm's profits. Alternatively, ambitious lawyers have moved in-house to work within corporate legal departments.

The emergence of platform business models has provided additional alternatives for lawyers looking to advance through non-traditional routes. These encompass law firms that launch standalone flexible resourcing businesses, where lawyers are effectively hired on a job-by-job basis, either seconded with clients or supporting the firm in-house. They also include independent alternative legal services providers (ALSPs) which offer on-demand lawyers, and revenue-sharing law firms where lawyers work as self-employed consultants and keep the majority of client fees.

These new models have created a strategic challenge; how will the rise of legal consultants and ALSPs affect the Magic Circle law firms and the wider industry? Are these legal consultants the future of the law and what should traditional firms do about it?

## TECHNOLOGY IN LAW

Technology has been a vital component for the emergence of these platforms. It is a critical part of the running of a dispersed firm, allowing lawyers to connect effectively from wherever they are located and work remotely. With 48% of the top law firms expecting to reduce their office footprint in the short to medium term, efficient technology has never been more important.<sup>1</sup>

Keystone Law first pioneered the revenue-sharing law firm in 2002, enabling lawyers to operate their own independent practices as consultants under an umbrella firm. In return, they can take home approximately 70% or more of their billings. The rest is paid into a central network for tech, insurance, admin, and other central services. The technology required for remote working became increasingly necessary to accommodate the increased number of lawyers hired into the platform.

Joanne Losty, the Recruitment Director at Excello Law, places an emphasis on this technology, saying,

'without the benefit of technology we wouldn't be able to do this', referring to the 'infrastructure' required to maintain a team of consultant lawyers.

The infrastructure she mentions includes the sourcing and purchase of hardware, set-up and ongoing service support, and the legaltech that enhances service delivery to their clients. Some firms, including Gunnercooke, have set up specialist legaltech offices to support these innovation efforts. This allows the development of one-click technology, offering lawyers the opportunity to use software that keeps every component of their job in one place - keeping the tech as simple as possible for them to master.

Christopher O'Connor, Director of Solutions at LexisNexis, posits that the COVID-19 pandemic may have increased the acceptance of this platform move among both lawyers and clients. This is in part due to traditional firms being forced to adopt remote working, 'In the past when remote working wasn't as accepted as it is now, there was a lot more friction to this type of model [...] but people understand now that things are delivered in a different way and often can be delivered better or at least just as well'.<sup>2</sup> With this move to a technology-based service, alternative platforms have come to be more widely accepted by lawyers and clients alike.

## THE INTRODUCTION OF ALSPs INTO THE LEGAL MARKET

ALSPs have represented a big shift in the legal market over the past five years. The routes for training and qualifying as a solicitor have changed radically and the partnership model is no longer the only viable option. ALSPs can often adopt technology and process efficiencies at speed, allowing them to handle high-volume, low-value legal work at a much lower cost than traditional legal firms.<sup>3</sup>

The term ALSP encompasses many different models, including legal process outsourcers (LPOs), where independent organisations carry out legal services on behalf of a law firm or in-house team, as well as captive LPOs, where these companies are wholly owned by a law firm or organisation. They also include legal services that are provided by organisations which are not primarily law firms, such as the Big Four accounting firms.<sup>4</sup>

It was reported in 2021 that ALSPs now represent a nearly \$14 billion industry.<sup>5</sup> Capitalising on this growth has enabled the Big Four (Deloitte, EY, PwC, and KPMG) to widen the scope and complexity of the law services they provide. Juan Crosby, Partner and NewLaw Leader at PwC, mentions how they have 'core offerings' with one focusing on integrating 'technical legal subject matter experts into [the] wider managed services', and another focusing on 'helping client legal functions transform and manage their budgets [and] helping the general counsel office [...] reimagine their operating model for legal'.<sup>3</sup>

The implementation of these 'core offerings' has been reliant on, and rooted in, the adoption of technology. Because the Big Four have many different business functions, they can implement existing technologies that are unrelated to law into their legal division. This provides their clients with solutions many traditional law firms may not use, often due to their hesitancy to adopt and implement technology.

However, while these companies may not challenge traditional law firms directly, they have been able to take on the role of disrupter. A lot of legal processes can be automated with technology. If a company is using one of these accountancy firms already, it is not too big an ask to start using their legal department as well.

Perhaps the biggest change to the legal landscape is the prevalence of revenue-sharing consultant lawyer platforms.

## THE RISE OF THE CONSULTANCY MODEL

In February 2022, the UK's Office for National Statistics reported that 84% of workers (who had been home workers during the pandemic), would prefer to operate in a hybrid-style environment.<sup>6</sup> This is matched by 60% of midlevel associates, who said they would consider moving jobs for a better work-life balance.<sup>2,7</sup> In comparison, only 27% indicated that money would play a factor, according to American Lawyer's 2021 Midlevel Associates survey.<sup>7</sup>

The consultancy model is a suitable alternative for those wanting more control over their workload. This has led to its adoption by an increasing number of lawyers. However, the consultancy model demands that the lawyer is responsible for bringing in their own clients and business. Darryl Cooke, Co-Founder and Executive Chairman at Gunnercooke, makes note of the differences between their approach and that of traditional firms. Gunnercook is 'like big law', but 'without all the downsides'. They do not have the 'bureaucracy' or all the politics that come to play in a traditional law firm. They have more freedom, according to Cooke, and if their consultant lawyers 'don't want to work Fridays, they don't work Fridays'.

The rise in Professional Indemnity Insurance (PII) premiums may have also played a factor.<sup>8</sup> A report by Lockton Solicitors showed a significant rise in PII premiums by an average of 17.3% in 2020, followed by an average of 27.3% in 2021. Adrian Jaggard, CEO of Taylor

Rose (which operates a revenue share, consultant lawyer platform alongside its traditional law firm), draws attention to this, arguing that 'insurers are becoming more risk-averse in areas such as conveyance and have been pushing up premiums to cover potentially high payouts'.<sup>2</sup> This, he says, has been exacerbated by the COVID-19 pandemic. The increased number of solicitors (particularly juniors) working from home, means that they are away from the 'well-established risk, compliance and quality control processes'. Because of this, there are many more 'experienced solicitors' who 'no longer want the responsibilities of compliance and increasing operating costs'.

Higher fees have led to more lawyers adopting this platform. Keystone offers its consultant solicitors the opportunity to keep up to 75% of fees. Gunnercooke has a starting rate of 70% that rises to 90% when certain revenue thresholds are met. Excello Law offers a 70/30 split, and Taylor Rose's consultants retain an average of 70% of their billings.

Some firms even offer referral programmes for consultants that bring in work for their colleagues. Keystone, for example, pays consultants 15% of the overall fee, with 60% going to the consultant working on the matter, and 25% going to the firm. James Knight, CEO at Keystone, explains, 'it's a model that incentivises and drives the right behaviour, and it does mean that lawyers can earn considerably more than they used to'.

Certain market watchers are confident in the potential for the growth of this model. A report by stockbroker Arden Partners predicted that a third of all UK lawyers could be working within this platform in the next five years.<sup>9</sup> This is, in part, based on predictions showing that as many as 3,000 of the UK's 10,000 law firms could be forced to close or merge in the next few years. Platform businesses will then be in a better position to absorb whole teams of lawyers more easily than traditional firms looking to scale through acquisition.

Taylor Rose has added between 15 and 20 new consultants every month, according to Jaggard, bringing their total headcount to more than 350 lawyers. Darryl Cooke, Co-founder of Gunnercooke, suggests that over the next five years, 'there will be three or four law firms that will come out on top in the revenue-share model'.<sup>2</sup>

But Losty (the Recruitment Director at Excello Law) maintains that the emphasis should be on the quality of the lawyers recruited.<sup>2</sup> Their team grew by 25% over 12 months, increasing the number of self-employed consultants to around 130. She explains, 'we want to make sure we get the right people into the firm so we've not got a revolving door of lawyers coming in, kicking the tyres and it not working for them'.

While the flexibility may be appealing to many, the ability to grow and maintain a client base requires a different skill set compared to providing legal advice. Tony Willams, Founder of Jomati Consultants, draws attention to this. He highlights that 'the challenge is how many lawyers are there who genuinely have the sort of following and the business development skills to feed

themselves [...] this model relies on a level of self-sufficiency'. As Zoe Bloom, a Family Lawyer with Keystone Law explains, 'if a solicitor cannot generate, bill and recover those hours of work each week [...], they might need to rethink their career choice!'

James Harper, Senior General Counsel at LexisNexis, draws attention to another potential barrier for entry to the revenue-sharing model. Newly self-employed lawyers may not have the financial backing to cover the time it takes to find new clients. This is worse for junior lawyers, who likely won't have developed enough contacts to support themselves. They are therefore reliant on others within the platform to generate work for them. It highlights one of the platform's weaknesses; there are often too many senior lawyers and too few juniors to support them.

As the tried and tested 'training contract' route adapts, so too must the training and preparation offered by universities and post-graduate educational establishments. From guiding prospective solicitors through different career paths, to increasing commercial awareness and business generation skills – this may open a new educational chapter in the law.

Some firms have attempted to create employment opportunities specifically for junior lawyers. Keystone, for example, directly employs junior lawyers on a salaried model that is similar to a traditional law firm. These juniors are made available to the more senior consultants. Consultants are also given the option to hire their own junior lawyers and pay for them out of their own pocket.

Gunnercooke takes this concept further, offering a programme to self-employed junior lawyers, providing them with a business coach, training, and the opportunity to complete an executive MBA course. Cooke argues that while they 'still have to take a risk [...] if they market themselves internally, there's always a lawyer who will need them'.

But the challenges are not only faced by junior lawyers. Senior lawyers may indeed have the necessary contacts, but they may not be equipped with the business sense required to ask for their fees. For those coming from a traditional law firm, Harper says they're 'very out of practice to go and ask those contacts for money – that feels very uncomfortable'.

While revenue-sharing firms cannot compete with Magic or Silver Circle firms, some top-tier firms have begun to experiment with a different type of platform model. Allen & Overy, Eversheds Sutherland and Linklaters all have flexible resourcing units able to provide freelance lawyers to clients on a per-project basis. These lawyers are then typically paid a day rate. Mark Smith, Director of Strategic Markets at LexisNexis, explains that because the skill sets of these lawyers are not always needed, 'the flexible lawyer model can help solve those resourcing issues'.

Allen & Overy, a Magic Circle firm, has welcomed this model. In 2013, it launched Peerpoint, a platform

designed to meet the needs of A&O and its clients, the latter of which did not have enough staff to sustainably manage its workload. Carolyn Aldous, Managing Director of Peerpoint, explains that the firm required a way for lawyers to 'build their career and stay with Allen & Overy' when it was unlikely that they would make partner.

In 2018, it was reported that Peerpoint was the largest revenue generator of any law firm-linked flexible working service, with a revenue of £25m.<sup>10</sup> It operates across six jurisdictions and employs approximately 350 consultant lawyers. These consultants can work when they want and take on the projects they desire. Some will only work on one project at a time while others will work for six months and then pursue another job altogether for the rest of the year. As Aldous mentions, 'some people use their law career to effectively fund the other part of their life'.

But while the emergence of these alternative platforms may not have a significant impact on the business models of traditional law firms, it does indicate that the recruitment of talent is going to become more competitive.

## THE IMPACT ON THE WIDER LEGAL INDUSTRY

David Pierce, Chief Commercial Officer at Axiom, explains that 'the firms that find the best way to keep their talent are going to win'. This means law firms will need to be more creative and agile regarding the types of employment and the career opportunities they offer. This is especially important with how competitive the market has become, with some UK firms paying first-year associates upwards of £150,000.<sup>11</sup>

However, this does not mean that we will see the disappearance of the traditional firm model. It simply means they will need to be flexible, says Losty, since 'the younger generation [...] are more demanding about work-life balance'. While some firms are investing more in the technology that enables lawyers to work remotely, revenue-sharing platforms only account for a small fraction of the UK legal market. Arden Partners estimates that consultants represent less than 1% of the market by value. This indicates their commercial impact will be limited in the short term.<sup>9</sup>

However, the work-life balance is an attractive prospect and could put more immediate pressure on talent retention. LexisNexis reported that 53% of law firms are only 'somewhat confident' they will be able to compete for talent, with 13% saying that they are 'not confident' at all.<sup>12</sup>

According to O'Connor, the pressure will be 'more disruptive in the mid-market where there is more competition on fees and firms are less distinctive, creating an opportunity for such platform operators to expand their footprints'.

Another benefit that could draw more senior lawyers over to the revenue-sharing model is the potential to

make partner-like returns, without the demands and strains of a traditional law firm partnership. Becoming a partner leads to more management responsibilities and less time available to spend with clients. According to a report by LexisNexis, 'Nearly three-quarters (70%) of [lawyers] said they spend between 20-50% of their time on admin work, while 12% said they spend more than 50% of their time on admin work'.<sup>12</sup> For this reason, some lawyers are trading in over a decade of career progression and switching to legal consultant roles.

The revenue-sharing platform, while increasingly enticing, may not be suitable for every lawyer. The COVID-19 pandemic has given lawyers plenty of experience working in a dispersed way, but it does require discipline. With that said, the autonomy on offer is clearly attractive, and there are many reasons why one might want to consider it.

Some lawyers are considering these platforms in response to the regulatory burden of going solo. Joining a revenue-sharing firm means they would not have to consider COLP (Compliance Officer for Legal Practice) and COFA (Compliance Officer for Finance and Administration) regulations but would still benefit from the compliance support and resources.

When an experienced lawyer who runs their own firm decides to retire, it is not always a simple task. They would be required to sell the firm, which according to employment lawyer Karen Coleman, is 'a lot harder than

it used to be', due to the cost and worry of 'PI (professional indemnity) run-off cover'. Choosing to retire from a platform firm would mean losing out on a lump sum from their share of their business, but it means they would still get a percentage of the fees of any clients they pass over to their colleagues.

Autonomy and independence are seemingly worth the trade-off for an increasing number of lawyers.

## CONCLUSION

While the platform model is positioned well as a disrupter, the traditional law firm model will not go away anytime soon. Magic Circle firms are perhaps in a strong position to overtake the advances of the platform model, in terms of technology and flexible working, due to their high revenue and considerable industry presence. A smaller consultancy platform would likely struggle to compete with one set up by a well-known firm.

Talent retention will be the biggest challenge for established firms in the coming years. With more senior lawyers choosing to leave the traditional model, these platforms are beginning to have more authority – something which may sway even junior lawyers.

It is clear that the non-traditional routes into law are profitable, enticing to junior and senior lawyers alike, and have the capacity to improve talent in the entire industry. By positioning themselves as disrupters, they can continue to grow and shape the future of law.

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## Biography

**Matthew Leopold** is Head of Brand and Communications at LexisNexis. Matthew is a strategic marketer – specialising in technology marketing for B2B and B2C blue-chip corporates. He has been involved in shaping and implementing brand strategies for most of his career. He has driven brand marketing for FTSE 100 and NYSE listed businesses in the UK, USA and in a number of countries around the world. As a strategist, Matthew always has an eye on the trends and opportunities of a market. He loves bringing professional services to life, showcasing not just how tech is revolutionising the market – but explaining why and painting a compelling picture of the future. Matthew is a non-Executive Director of the European Sponsorship Association, a Charity Trustee and a committed volunteer with St John Ambulance and the London Ambulance Service.

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# Global Perspectives: Thoughts on the Ever-changing Landscape of International Legal Research

**Abstract:** This article, by Jas Breslin, is a summary of a panel discussion held at the BIALL Conference in July 2022, an in-depth and absorbing debate with a focus on the changes in legal research across the globe over the last decade. Entitled ‘Thoughts on the ever-changing landscape of international legal research’, the discussion saw four panellists from different working environments explain exactly what international legal research meant to them, and what significant transformations they have witnessed in recent years. Interestingly, some universal key themes emerged during the discussion, regardless of the jurisdiction or sector the speaker worked in.

**Keywords:** international legal research

## INTRODUCTION

Masoud Gerami of vLex chaired the session and made the interesting observation that until recently the legal information sector had been lagging behind the science and technology sectors in terms of processing information and producing analytics. However, our sector has been catching up and data analytics has now become a more discussed and popular subject in articles and conferences. With this in mind, the task of this panel was to focus on the changes specific to global legal research, which had perhaps not been discussed as thoroughly previously.

## A VIEW FROM BARBADOS

The first panellist introduced was Junior Browne, who provides content for CariLaw and is also Law Librarian in the Faculty of Law at the University of the West Indies,

based in Barbados. Browne began by describing his patrons of CariLaw (a subscription database of Commonwealth Caribbean primary legal materials) and at the University of the West Indies – these being students, academics, and government agencies.

Barbados is a Commonwealth jurisdiction, based on UK law for the most part, although the law in other Commonwealth jurisdictions also have importance and weight, of course, and many of these are also covered by the CariLaw platform. For instance, family law is borrowed from Australia; while corporate, commercial, and insurance law is borrowed – heavily – from Canada. This means that at Browne’s law school there is an emphasis on teaching comparative law research methods and, indeed, students at the University of the West Indies are taught that they should always be aware of developments in other Caribbean and Commonwealth jurisdictions.