



The Future of the Legal Profession: A Snapshot



Stages of the Legal Market

- **Growth Stage**
 - Rapid Growth – often double digit
 - Growth often hides mistakes: Substantial margins for error
 - Healthy profit margins
- **Mature Stage**
 - Increased competition
 - Historical assumptions no longer applicable:
 - Senior law firm partner as the permanent advisor to corporate clients
 - Dramatic increases in law firm profitability will continue indefinitely
 - Clients will accept annual increases in billing rates
 - Practice of law will remain exclusive domain of independent law firms

Stages of the Legal Market

- **Mature Stage (cont'd)**
 - New Reality
 - Growth by consolidation
 - Brand recognition more important
 - Greater competition and greater commoditization
 - RFPs, reverse auctions
 - Greater purchaser sophistication
 - Increased use of technology
 - More providers than needed
 - Less leverage
 - Increased sensitivity to economic cycles
 - Greater separation between "haves" and "have-nots"
 - Market begins to restructure and shakeout
 - Incursion into market by third parties
 - Accounting firms
 - Online legal services
 - E-Discovery firms
 - Axiom
 - Legal Zoom



Four-Bucket Theory of Value

More and more, corporate clients managing outside law firms around four-bucket theory of value

- I.e., awards of case assignments and rewards for and remuneration of outside counsel are based on the principles of the theory
- The four-bucket theory is becoming an important construct that is guiding corporate clients in their efforts to manage outside lawyers

“Four Bucket” Theory

Clients will pay for Advocacy and Counseling.

Skills, experience, expertise, judgment, knowledge of the client:

RECOGNIZED HIGH VALUE



Clients will increasingly not pay for Process and Content.

Due diligence, document drafting, research, document review:

PERCEIVED LOW VALUE & DECREASING



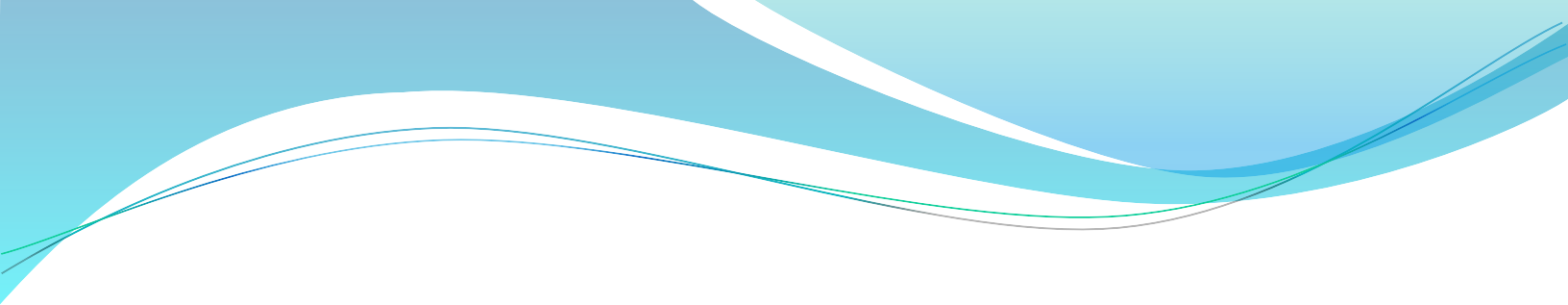


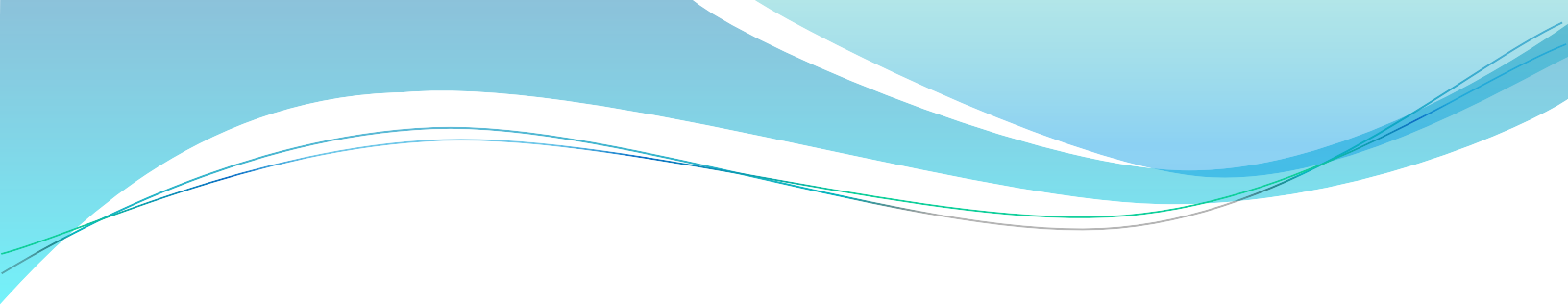
Innovative Disruption of the Marketplace is Happening ... NOW

When does it occur?

- Blockbuster – tinkering with its pricing model
- Netflix is born

- Borders
- Amazon.com

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- Silver Halide Photographic film (Kodak)
 - Digital Photography
 - iPhone
-
- Stockbroker at \$250.00 per trade
 - Online Brokerage at \$9.00 per trade
-
- Accountants
 - Turbo Tax
-
- Emergency Rooms
 - Outpatient (Urgent care) Clinics
-
- Physicians
 - Nurse Practitioners



No change because no need to change.
Lawyers? Law Firms?



The Disrupters

- Legal Zoom
- Rocket Lawyer
- AVVO
 - For middle class
- Axiom
 - For corporate clients
- Planet X



State of Washington: Non-JD limited license legal technical profession

- CA, CO, MA, OR, VT



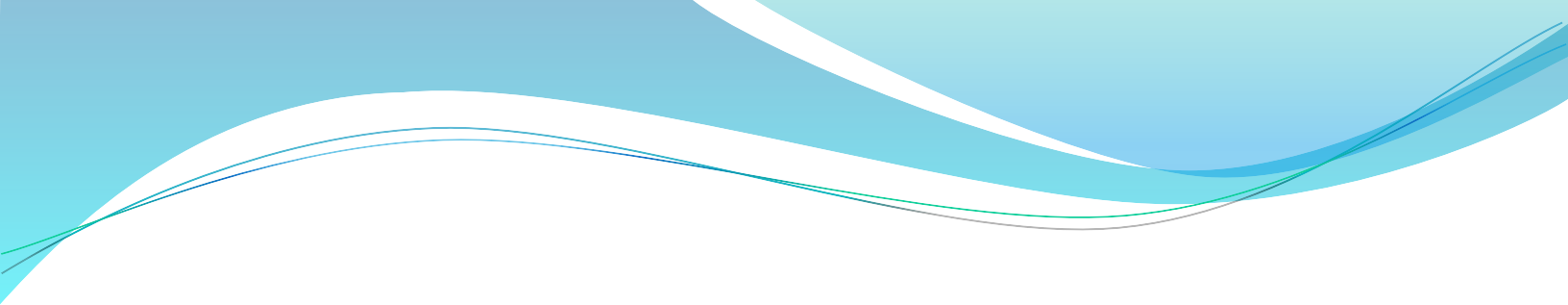
Advice: How old are you?

Your competitors are no longer 2 floors down

- www.Beagle.ai
- www.lawgeek.com

- www.modria.com
- www.arbiclaims.com

- Watson
- Ross



Come gather 'round people
Wherever you roam
And admit that the waters
Around you have grown
And accept it that soon
You'll be drenched to the bone
If your time to you is worth savin'
Then you better start swimmin' or you'll sink
like a stone
For the times they are a-changin'

Bob Dylan