

Biography

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Future of Legal Services: or the Future is Now

Abstract: Clare Brown of Collyer Bristow revisits her earlier research on how the legal landscape is changing as a result of changes in regulation; the opening up of the profession to alternative business models and the effect of the internet on legal service provision.

Keywords: law firms; regulation; internet

Introduction

Originally, I wrote an overview of the Future of Legal Services in 2009, so it has been interesting to revisit this topic and note the many changes and proliferation of commentary which have subsequently occurred. It is tempting to believe that, after all this time, we are reaching the end of all the conjecture and can actually start thinking about what is going to happen in practice.

The two main issues I am going to cover briefly are firstly, an overview of the technical changes to the legal landscape in terms of who is going to regulate and manage the legal profession, and secondly, the ways in which the legal market might respond to these changes, giving examples where relevant.

The regulatory changes – update

The full implementation of the central tenets of the Legal Services Act 2007 (LSA) moved much closer on March 11, 2011, when the Solicitors Regulation Authority (SRA) announced they had given final approval to both the new [Solicitors] Handbook and their application to become a

licensing authority for alternative business structures (ABSs).¹ Although the Law Society has reservations about ABSs, mostly concerning the compensation fund and “fitness to own” test, they are expected to approve the SRA’s application.

The Law Society Chief Executive recently stated that “ABSs were going to happen and it would be much worse for the profession if regulation was performed directly by the Legal Services Board”.² “Therefore the legal services world has to realise these new structures are inevitable and are generally in the interests of the profession”.³

Some solicitors in private practice believe ABSs will create more opportunities.⁴ However whilst I am sure this is true, I feel that inevitably some firms will fail simply because of an uncompetitive and inward looking attitude or an ‘it won’t affect us’ mentality. Opportunities are there at every level, e.g. the big firms might take advantage of the opportunity to raise external capital by listing on the stock exchange; mid-size firms could look at providing boutique services, spin offs, or commoditising certain aspects of their work; small firms who are most at risk should be going out of their way to engage with new customers, build their brand and raise their profile in the community by providing a legal knowledge “hub”.⁵

Whatever the opportunities, whatever the size of firm, the overriding consideration is efficiency. When the LSA was first mooted, the economic changes of the past few years could not have been predicted. Regardless of the regulatory changes, law firms have been looking at ways to become more cost effective, whether that is investing in more efficient working methods, taking advantages of legal and business process outsourcing or making full use of technology.

“[Legal] Diversity, that is my motto”⁶

The sheer volume of commentary regarding the “Legal Big Bang” in legal and non legal sources has been overwhelming in the past 18 months. There have been excellent articles in the general legal press but the best reports have been on blogs, e.g., <http://www.legalfutures.co.uk>, <http://www.geeklawblog.com/>, <http://troubleahead.co.uk/> and <http://www.e-lawyering.co.uk/>. They all provide ongoing, succinct reports from an industry point of view without some of the hysteria that characterised some of the press reports a few years ago.

Law firms are already anticipating the arrival of banks, supermarkets, insurers, and financial service providers on to the legal market, many with established brands. The law firms are planning to harness the power of the internet to combat the perceived threats. The four main ways in which they plan to use the internet are by setting up aggregator sites, setting up full service legal sites, setting up “one-stop shops” for businesses and finally, providing niche legal sites. The key features of each are described below:

Aggregator sites

According to consumer research, the internet is the second most popular means of finding a solicitor for conveyancing or will writing. Lists of legal services have been around for many years, even if just the basic yellow pages, Law Society listings, law directories, etc. However consumers now expect more than just basic lists. There are sites which compare insurance services, train tickets, flights, supermarkets, etc, and why should this not be done with legal services?

In the past two years aggregator sites have come and gone – however *Legallybetter* is still available so this proves that their model is working. It is a comparison website but it is based on service provision rather than price, which is perhaps something smaller firms should be focusing on.⁷ Feedback is provided on two levels: firstly clients can rate firms and secondly, firms can post reviews that they have received from clients. This second way is how the site makes money, because the firm purchases a subscription to it and then has its details listed, along with its ratings.

Wigster.com is a new comparison website for legal services, providing help and support to both private

individuals and businesses. Founded in 2008 and officially launched in November 2010 it says it is an “entirely independent business committed to helping you find the right solicitor at the right price”. It appears that law firms can ‘sign up’ to this site and obtain referrals. Consumers are able to “select the legal service they require, then answer a series of related questions, before they are presented with price comparisons from firms signed up to use the site”. How far is this site independent?⁸

These sorts of sites have both advantages and disadvantages. Comparing services is subjective and arguably some legal services are very difficult to compare with a service like car insurance. Ratings can be untrustworthy or skewed and with something like a will or inheritance issues you are not going to be able to assess whether the matter was dealt with satisfactorily until it is too late.

Full service legal sites

This is the most controversial development in terms of legal services and one where most commentary has been generated. Established brands such as AA, Tesco, Co-operative, Saga, Virgin, Marks & Spencer and banks will be at an advantage, because the average consumer will instantly recognise the name and trust services offered by them. A recent YouGov survey suggested 60% of people would buy legal services from these brands.⁹ In order to beat these new competitors and create their own brand, a number of small to medium-sized firms are approaching this collaboratively and there have been some interesting developments.

In 2008 Epoq¹⁰ launched the UK’s largest “virtual” law firm, *MyLawyer.co.uk*, in partnership with various firms. The service offers bespoke document drafting services, with review and editing performed by qualified solicitors. Member law firms can additionally provide all of *MyLawyer’s* services from a dedicated, fully branded section of their own site. It will be interesting to see how this Epoq platform develops, e.g. *Halifax Legal Express*¹¹ is also using the same software, definitely a company to watch.

Perhaps the most controversial of all is *QualitySolicitors.com*. Articles about this legal service and its impact on the market are guaranteed to cause a raft of comments, ranging from “this is merely rebranding of something that has always been around” to “a genuinely innovative response to the threat of Tesco law”. In 2009 they were just a national alliance of law firms offering a simple online referral service. Since then they have created a national network of 175 firms with a single *QualitySolicitors* branding which is astonishing. Their ultimate ambition is to have an instantly recognisable physical presence on every town’s high street.

Other new sites include *High Street Lawyer*, a network of “approved local law firms providing fixed price legal services to consumers and businesses”.¹² The franchise idea is also being investigated by *Face2Face solicitors*, which has had substantial coverage in the legal press recently.¹³

A one stop shop

To run a successful business, entrepreneurs need reliable information, sensible advice and useful contacts. For many years this has been provided by groups such as government funded Business Links, community led Chambers of Commerce and formal and informal networks set up by like-minded individuals etc. The many benefits of the internet now mean that people take it for granted that this sort of information can be provided online, as a one stop shop.

Smarta.com says it “is a new support platform for business owners and entrepreneurs. Our aim is to provide a one-stop-shop where business owners can connect, learn and actually *do* business”. The website says that it “is set to revolutionise the business support landscape in the UK, enabling small businesses to fast-track their way towards becoming more profitable and efficient businesses”. This site does not only consist of a collection of law firms, but it is a community of business support services and business people doing what they do best. Mishcon de Reya, the exclusive legal services provider to the site, are in a strong position to make contact with potential new clients.

It is interesting to wonder whether social media such as LinkedIn will replace this sort of online community?

Collaboration between lawyers and other professionals, such as accountants or surveyors, to create a “one-stop shop” of firms providing a variety of linked services has been actively encouraged by the Justice Minister, Jonathan Djanogly. Potentially we could see more of these initiatives.¹⁴

4. Niche online information

For many years, niche firms have offered full legal services online. In 2002 *landlordlaw.co.uk* was set up, with a website re-launch in 2010. It is a members only site providing information and other resources for residential landlords, tenants and advisors. It includes the option of instructing the lawyer should the need arise. Members can stay up to date with legal developments, chat to other members in the forum, download do it yourself kits, read book reviews and generally stay informed. As Tessa Shepperson, the founder of the site says, “the rapid development of the internet is something which will

radically change our working environment. To survive in this new world, solicitors must work with the new technologies to develop new ways to provide legal services”.

Totallyfreewills.co.uk capitalises on the fact that many people do not have a will. Consumers create their wills online and they are then checked by the website’s legal panel. Cross-selling opportunities will no doubt arise and will generate work for the panel solicitors, especially in complicated areas such as tax planning, trusts etc. Firms pay a membership fee to be on the panel and only one firm from each postcode will be able to join. The owners maintain that they keep it free by earning a small referral fee from their panel solicitor for future probate work.

Family law is another area of online potential, with websites such as *Wikivorce* (information on the site is not provided by legally qualified people), *Divorce-Online* and *www.divorce.co.uk* offering assistance on non-contested divorces. The business models open to family lawyers are varied, but everyone is agreed that the market is getting tougher; clients are increasingly doing more for themselves and asking their lawyers to act in a consultative role.¹⁵

The future of the future

Other recent developments have come from surprising quarters. Last year Kent County Council announced that they were “laying out plans to spin off its legal function into an ABS”. On the face of it, this makes sense given that budgets of local authorities are being slashed, but there will be ethical, practical and legal considerations. It is certain that there are going to be unusual initiatives, which will come and go, but some will no doubt be exceedingly successful and profitable.

Conclusion

For many organisations these examples are not revolutionary. Put simply, some parts of the legal services profession have been slow to assimilate new ways of doing business and now they are being challenged. When the bar is raised over the coming year, the effects of competition from other professional services providers are going to have a substantial effect. I hope that our firms are prepared.¹⁶

Footnotes

¹Charles Plant, “Approval for Handbook and licensing authority application” Solicitors Regulation Authority Board meeting, 15 March 2011” <http://www.sra.org.uk/sra/news/board-statement-handbook-abs.page>

²Rachel Rothwell, “Hudson issues warning on ABS crime risk”, *Law Society Gazette*, 17 March 2011 <http://www.lawgazette.co.uk/news/hudson-issues-warning-abs-crime-risk>

³Law Society, *The Law Society’s approach to Alternative Business Structures (ABS)*, 10 February 2011, p6

⁴Rachel Rothwell, “Solicitors believe ABSs will create more opportunity”, *Law Society Gazette*, 4 November 2010 <http://www.lawgazette.co.uk/news/solicitors-believe-abss-will-create-more-opportunity>

⁵There has been a lot of talk about law firms becoming more like GP practices rather than the Tesco law model. *Legal Week* said: “My belief is that they can survive in this competitive marketplace ... It means that lawyers need to look at the ways other professionals have adapted, for example, in medicine, where general practitioners (GPs) have evolved to offer localised triage

service and refer clients to specialist providers when appropriate.” <http://www.legalweek.com/legal-week/analysis/2034448/tesco-law-law-lawyers-future-gps>

The hub could be about the physical building – like a drop-in centre – but also about building online communities too, e.g. wikis, FAQs, “your rights”, small business information help and advice, local planning issues, etc. So you might come in for a basic will but go out with an appointment for tax advice/financial planning and also have been referred to the firm’s website for help with the local schools admission policies.

⁶“Diversity, that is my motto. [Fr., Diversite, c’est ma devise.]” Jean de La Fontaine Quotes **Source:** Pate d’ Anguille <http://www.worldofquotes.com/topic/Variety/index.html>

⁷Michael Scutt, ‘Compete on Quality Not Price’, 19 January 2011, <http://troubleahead.co.uk/2011/01/19/compete-on-quality-not-price/>

⁸James Dean, ‘Wigster comparison site signs up Shoosmiths’ consumer arm’, Law Society Gazette, 26 November 2010, <http://www.lawgazette.co.uk/news/wigster-comparison-site-signs-shoosmiths-consumer-arm>

⁹‘60% of people would buy legal advice from brands like Barclays, AA, Co-op and Virgin, 8 March 2011’, <http://www.legalfutures.co.uk/latest-news/60-of-consumers-would-buy-legal-advice-from-brands-like-barclays-aa-co-op-and-virgin>

¹⁰Epoq is both a company and a software brand see www.epoq.co.uk/

¹¹www.halifaxlegalexpress.co.uk/

¹²Catherine Baksi, ‘Legal brand to launch national franchise’, 23 September 2010, <http://www.highstreetlawyer.com/news.asp>

¹³‘Too little too late?’ NLJ 11 March 2011 <http://www.newlawjournal.co.uk/nlj/comment/reply/6954> and Can Face2Face Solicitors really call itself a franchise? Solicitors Journal, 15 March 2011

¹⁴Justice Minister supports ‘one stop shops’ for legal services, 23 September 2010

¹⁵Grania Langdon-Down, ‘Family lawyers face up to challenges ahead’, 17 March 2011 <http://www.lawgazette.co.uk/features/family-lawyers-face-challenges-ahead>

¹⁶Stop Press addendum, The Law Society Council have agreed to the SRA’s application to become a licensing authority for ABS (LSG 31/3/11)

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The Bribery Act: What’s all the Fuss About?

Abstract: Amy Bell examines the controversial Bribery Act which will come into effect on 1st July 2011 and why most businesses will have to prepare for it.

Keywords: money laundering; bribery; law firms

Introduction

Much has been written in the last 12 months about this Act, but why? In this article I am going to look at the offences under the Act, the thorny issue of facilitation payments and the controversial corporate offence, as well as how firms need to prepare for the Act coming into force on the 1st July 2011. First of all, the penalties. There is a 10 year prison sentence, not to mention an unlimited fine, and further, the prospect of being unable to



Amy Bell

tender for public contracts if found guilty of bribery. No wonder organisations are sitting up and taking note of the Act.

Three Main Bribery Offences

The Act brings together for the first time three main bribery offences. <http://www.legislation.gov.uk/ukpga/2010/23/section/1>