EVERSHEDS SUTHERLAND

Legal Transformation Briefing

December 2020 Update

Purpose

The Eversheds Sutherland Legal Transformation Briefing is a periodic update that aims to provide a cohesive lay of the land in the evolving legal industry.

Intended for legal leaders grappling with change, these briefings offer timely information about what's changing in the legal industry and how legal leaders are navigating the shifting landscape to drive progress.

We do not purport to have the proverbial crystal ball to predict the future, and instead, offer these factual briefings to help legal leaders monitor and best assess the speed and direction of legal transformation.

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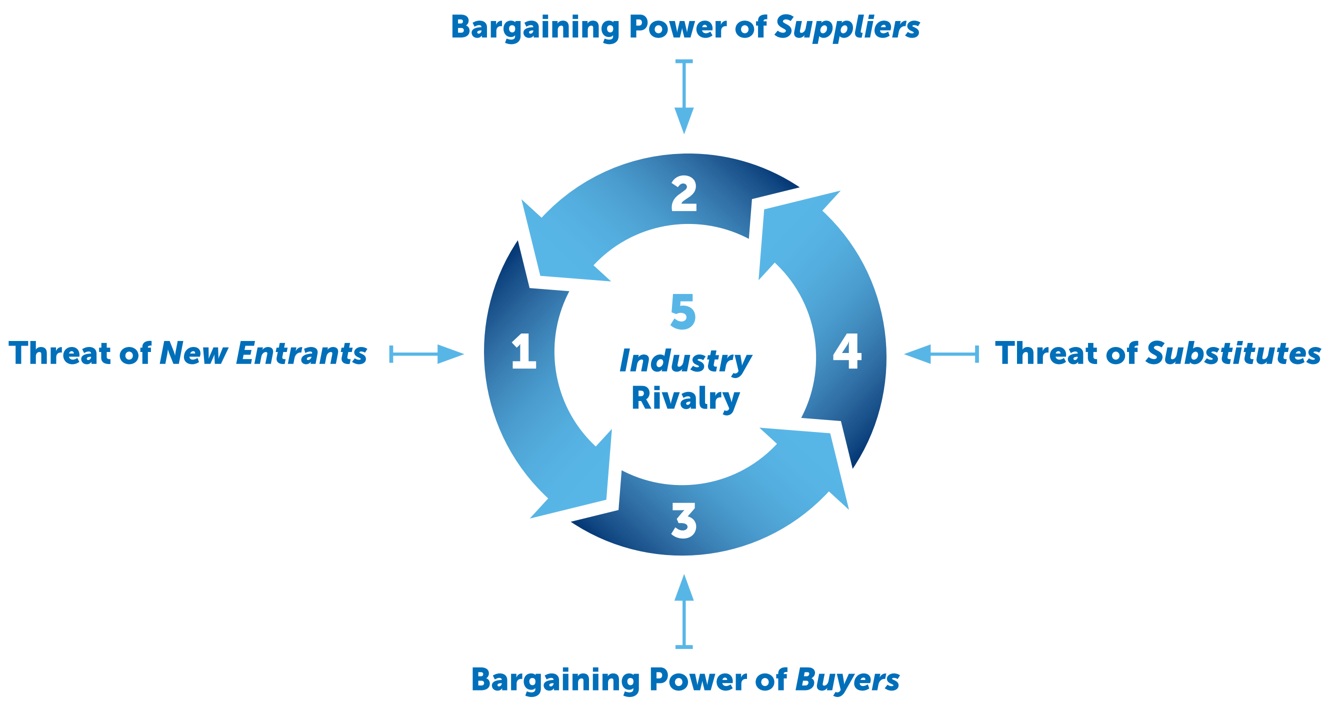
Overview of Briefing Structure

Given the complexity of the topic, these briefings break the global legal industry into segments through the Porter's Five Forces Framework, an industry analysis tool developed by Michael Porter. Porter is a Harvard Business School professor and is widely considered the world's greatest authority on competitive strategy and international competitiveness. In a visual representation of the framework, the five forces of competitive influence are:



These briefings provide the latest news, articles, commentary and thought leadership on the five forces shaping the global legal industry, as follows:

(1) **Threat of new entrants.** This section covers both barriers to entry, mainly regulation and new entrants, including consultancies and the Big Four in the United States.

(2) **Bargaining power of suppliers.** Suppliers in the legal context are attorneys and legal technology companies (including legal research). This section features topics related to the voice, movement and changing preferences of attorneys and the power of #legaltech. Topics range depending on the strength of impact for a particular update.

(3) **Bargaining power of buyers (clients).** This section covers top trends and commentary from senior in-house legal leaders and, to the extent available, also includes indicators from C-suite executives outside of legal with impacts on legal decision-making.

(4) **Threat of substitute products or services.** A substitute performs the same or a similar function as an industry's product or service by a different means, for example, videoconferencing is a substitute for travel. This section focuses on the emergence of alternative legal service providers, alternative business models, technology substitutes, startups delivering legal or law-related services and investments by traditional law firms in efforts to "disrupt themselves."

(5) **Rivalry among existing competitors.** This section covers rivalry—including M&A activity—among traditional law firms, legal departments (bringing work in-house), the Big Four internationally and established legal solutions businesses that compete directly with law firms.

Please note:

- To maintain the relative brevity of these updates, we will not discuss all factors related to the Five Forces and will instead highlight the most relevant and impactful market movements. *See **Exhibit A** on page 11 for a list of factors for each of the Five Forces.*
- If and when trends are highly localized, for example, regulatory changes and lateral attorney activity, this briefing will focus on the United States (US).

December 2020 Update
covering July to December 10, 2020

1. Threat of new entrants

Barriers to entry

Regulatory barriers

In the United States, many states are taking action to reform the Rules of Professional Conduct that are seen as stifling legal innovation and access to justice. The Rules in question are:

- Rule 1.2(c) Limited Scope Representation
- Rule 5.4(a) Fee Sharing
- Rule 5.4 (b)(c)(d) Non-Lawyer Ownership
- Rule 5.5 Unauthorized Practice of Law
- Rule 5.7 Law-Related Services
- Rule 6.5 Court/Non-Profit Limited Scope
- Rule 7.2 Lawyer Referral

Arizona

The major development is Arizona's court order, issued August 27, 2020, that eliminated the ban on non-attorneys having economic interests in law firms and the prohibition on sharing legal fees among non-attorneys and attorneys.[1] Arizona "abrogate[d]" Rule 5.4, and is the first state to do so. In its place, Arizona created a new class of "alternative business structures" that may share fees among attorneys and non-attorneys as long as the business (1) employs at least one attorney in good standing of the Bar of Arizona, (2) is properly licensed, and (3) the legal services provided are delivered by persons authorized to do so.

The persons authorized to deliver legal services is also expanded. The order modifies Rule 5.5 in that it approves the licensing of non-attorneys as legal paraprofessionals, or limited license legal technicians, with authority to provide limited legal services to the public, including representing clients in court. The court likened this scheme as the "legal system's equivalent of a nurse practitioner in the medical field."

Arizona's order takes effect on January 1, 2021.

Utah

Utah also approved sweeping changes in its court order, effective as of August 14, 2020.[2] The Utah Supreme Court's five justices voted unanimously to approve a two-year pilot allowing approved businesses, including entities with non-attorney investment or ownership, to practice through a regulatory sandbox. The newly created Office of Legal Services Innovation will assess and recommend sandbox applicants to the Supreme Court, and oversee authorized businesses.[3] Judge Himonas commented that "the power and beauty of the Supreme Court's rule changes and the legal regulatory sandbox [is that they provide] a market-based approach that simultaneously respects and protects consumer needs."[4]

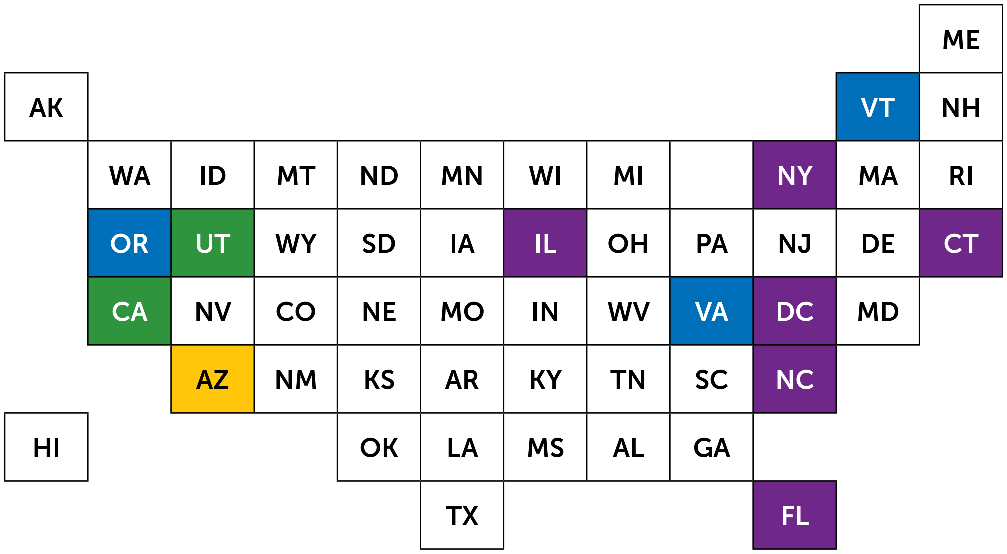
State indicators

The following highlights the states that have implemented formal task forces related to legal innovation or have innovations of note. *See **Exhibit B State Efforts in Legal Innovation** on page 12 for more detail.*[5]

The movement toward law firm ownership reform

Several large states have joined debate over the roles of nonlawyers

- State that eliminated the rule that forbid nonlawyers from co-owning legal services
- States pursuing "regulatory sandboxes" to test legal businesses co-owned by lawyers and nonlawyers
- States and jurisdictions exploring seeral types of regulatory reform changes
- States that have issued reports recommending reforms, but have not yet acted on them



Source: *Bloomberg Law* review of state bar and state court records

In the United Kingdom, a government-backed regulatory program called the LawTech Sandbox with £2m of public funding has been established. On December 9, 2020, the first five legal technology start-ups to participate in the sandbox were announced.[6] They are:

1. **Amplifi**, which uses natural language processing to demystify legal documents.
2. **Clause**, which aims to provide an open-source library of machine-readable legal documents and file transformation technologies.
3. **ClauseMatch**, which is a compliance management automation tool.
4. **The Deep Tech Dispute Resolution Lab**, which is a risk avoidance tool that analyzes data to flag the early warning signs of an emerging dispute.
5. **Legal Utopia**, which is targeted at small businesses and aims to help them meet their legal needs in an affordable way.

On November 25, 2020, the UK released a report reflecting on the ten years of legal regulation since the Legal Services Act of 2007. Notably, the report finds that there are now around 1,400 Alternative Business Structures (ABSs), about a tenth of all legal services providers, and that culture was a more significant impediment to innovation than regulation. Here is the report: [The State of Legal Services 2020].

Financial barriers

On December 7, 2020, twenty legal technology executives signed and delivered a letter to Speaker Nancy Pelosi in favor of the Open Courts Act (OCA) legislation that would eliminate the PACER paywall and modernize access to federal court records. The letter states:

> *"OCA will allow new legal technology innovations to flourish, ultimately improving the quality and lowering the cost of legal services to lawyers and their clients.*
>
> *The Open Courts Act would invigorate the legal technology ecosystem. By making federal court materials freely available, the OCA would eliminate a major barrier to entry faced by the numerous entrepreneurs who dream of improving the way Americans find justice."*[7]

New entrants

The Big Four continue to establish US footholds, with major developments in Deloitte and KPMG.

- In July 2020, Deloitte launched a new unit—US Legal Business Services—designed to transform the business of law through consulting and technology services for corporate legal departments. Three senior executives were hired from alternative legal services firms, Integreon and Elevate and consultancy Gartner to spearhead the expansion.[8] The launch "represent[ed] perhaps the most direct effort yet by a Big Four member to compete with law firms and alternative legal service providers in the US."[9]
- In October 2020, KPMG launched its Global Legal Operations Transformation Services arm to advise legal departments on digitalization. Outside the US, the business will sit with KPMG Law, and in the US, it will sit with the firm's advisory and tax functions in compliance with regulations.[10]
- On November 3, 2020, Deloitte announced another landmark move in its acquisition of Kemp Little, a UK law firm with 29 partners and around 57 attorneys. Michael Castle of Deloitte Legal UK comments on the acquisition:

"We've been putting together the various parts including legal management consulting; services; and legal advisory, and right from the outset looking at how we'd grow the legal advisory part beyond what we've got in a synergistic way to the Deloitte firm. Areas like employment and digital and media that Kemp Little brings, as well as its capability in M&A and employment law, sit squarely within what Deloitte advises its clients on."[11]

Interestingly, KPMG advised on the transaction.[12]

2. Bargaining power of suppliers (attorneys and legal technology)

Attorneys

One factor that provides insight on the bargaining power of attorneys is lateral activity—the more activity, the more power. Globally, lateral activity began picking up from its pandemic-induced hibernation in July 2020.[13] It seems to have continued to date.[14] In the US market, however, as of October 8, 2020, the lateral attorney market was down 30% year-over-year in activity among partners and non-partners.[15] As a population, this might signify a general decline in US attorney bargaining power.

However, this overall decline does not tell the whole story in the US. Some areas of lateral activity are hot and, among other considerations, there are nuances attributed to: (1) practice areas, (2) seniority level, and (3) the unique situations and opportunities created by the COVID-19 pandemic.

1. **Practice area nuances.** Compared to the average of lateral moves between January and August for 2017, 2018 and 2019, the major practice areas that have seen the biggest slowdowns this year are banking (-33%), energy (-30%), environmental (-28%) and tax (-28%), with other more modest declines in litigation (-17%) and antitrust (-7%).[16]

   However, bargaining power in certain practice areas may increase. Several industry experts and law firm leaders weighed in, and the consensus is an expectation of additional work in tax, regulatory and enforcement, government investigations, litigation, M&A and white-collar practices. Most are in agreement that technology, life sciences and health care work will also increase.[17]
2. **Seniority level nuances.** In the last week of October 2020, Latham & Watkins hired a young partner and rising star from Proskauer who had worked closely with the firm's former chair and biggest name in sports law. This is an example of a lateral hiring strategy that may ramp up: a large firm hiring a young star from a rival's top-performing practice group.[18]
3. **Unique circumstances due to pandemic.** In an October 29, 2020 statement by Holland & Knight's managing partner Steven Sonberg: "The pandemic has caused a number of partners to alter their career plans. These involve various circumstances, including the opening of boutique practices or moving to in-house legal positions or nonprofits. We have also had partners retire, relocate to cities where the firm does not maintain offices, and move to other law firms."[19] The reflection, value reorientation and new choices that attorneys have, and are taking advantage of, indicate an increase in attorney bargaining power.

Legal technology

The COVID-19 pandemic has accelerated law firm and legal department investment and adoption of legal technology, despite budget constraints. As one example, Lawfusion, a supplier of practice management software, has seen their sales double over the same period last year.[20] As another, a November 12, 2020, Bloomberg article posits that the typical large law firm uses more than 400 software applications, and that that "number is expected to zoom past 600."[21]

At the same time that legal technology has come into the foreground and is having its moment, a new platform launched on October 13, 2020, with the aim of "democratizing legal technology."[22] The democratization effectively reduces supplier power, but we are still in early days of this development.

The platform is called the Legaltech Hub, and it provides a global directory of technologies, listing 1,580+ tools. The site includes only commercial legal technology, meaning products intended for law firms and corporate legal departments. Eventually, product listings will include a rating system and user reviews. The Hub will essentially become Yelp for legal technology. Much like the restaurant feature and rating system of Yelp, this will increase power for some vendors—those with good reviews—and decrease power for others. It also provides consumers with an easy way to identify competitive technologies and test them before determining a particular vendor.

On November 12, 2020, Orrick followed suit and launched The Observatory, which is an index of legal technology. Then, on November 17, 2020, Thomson Reuters launched a beta legal technology hub called the Thomson Reuters Marketplace. The Legaltech Hub and The Observatory aim to be comprehensive catalogs, while the Thomson Reuters Marketplace focuses on making it easier to test products in advance and then more easily purchase and implement them.[23]

Overall, once in full force, these developments will likely increase bargaining power for purchasers.

3. Bargaining power of buyers (clients)

Market factors

General Counsels may have more power internally depending on their industry and importance of function through the COVID-19 pandemic. Anecdotally, in-house teams in industries like travel have experienced setbacks as their companies weathers the storm, whereas in-house teams in industries that have thrived during the pandemic—for example, technology and life sciences—have experienced more and better collaboration with their C-suite counterparts. Still, across all industries, many in-house leaders are experiencing the dual impact of increased workloads and reduced budgets.

According to Deloitte's 2020 Legal Department COVID-19 Survey of 131 chief legal officers and senior legal and compliance executives (the Deloitte 2020 Report):

- An overwhelming majority—78% of respondents—indicated that their legal workload has increased because of COVID-19.[24]
- Notably, 62% of these executives expect legal digital investments to continue, despite general cost-containment measures, and the report cited artificial intelligence/natural language processing, robotic process automation and contract life cycle management as priorities for investment.[25]

These in-house legal leaders must manage quality, risk, cost and speed of legal services to the business. To do so within their constraints, they are turning to a mix of technology, alternative legal service providers and their law firms for help. How strong is their bargaining power across these providers? It might depend on the type of work.

The Digital Legal Exchange has a thought-provoking quote on its website: "Digital transformation has rapidly—and radically—changed the legal paradigm. In this new ecosystem, the 'practice' of law is shrinking, and the 'business' of law is expanding."[26] An October 26, 2020, Corporate Counsel article aptly applies this concept to the evolving role and internal power dynamic of the General Counsel in saying:

> *"As the company's chief legal adviser, the GC is responsible for guiding the company safely through a gauntlet of legal and business obstacles. These could include more traditional items such as risk management, regulatory compliance requirements, corporate and securities matters, intellectual property protections and contracts, but also could include more business-focused items such as digital transformation and technology adoption. The most successful GCs are active, dynamic and agile, anticipating new opportunities and driving positive change."*[27]

With some context on the internal dynamics, how might this relate to a General Counsel's bargaining power with outside service providers? Do General Counsel and in-house leaders have different levels of bargaining power for the practice of law versus the business of law? Maybe.

Bargaining power in this context likely comes down to the desirability of the work (both complexity and fees), price sensitivity and alternative options (do they exist, and is it easy to switch?). There exists little market research or analysis on this point. We posit that client bargaining power remains high for the practice and business of law given the uncertainty of the current environment, though note the challenge in switching providers for complex legal services, especially as novel pandemic-related issues crop up and impact the business.

New tools

On December 9, 2020, Brightflag—an Ireland company whose platform uses artificial intelligence to help corporate legal departments better manage their legal spend and legal matters—announced that it had raised $28 million in a growth equity investment.[28] Brightflag's platform provides e-billing, invoice management, invoice review and accruals management. Key features include:

- Brightflag's AI technology reads invoices submitted by outside counsel and highlights breaches of billing guidelines.
- The software tracks accruals and work-in-progress and provides a variety of reports.
- The software also tracks historical matter billing and uses analytics to help in negotiating fees.

These kinds of legal technologies bring in-house leaders to the next level in data transparency and analytics on legal spend, providing a new tool for financial hygiene and negotiations with law firms and other legal services suppliers.

4. Threat of substitute products or services

An analysis of the threat of substitute products identifies the likelihood that current customers will switch to purchasing an alternative product or service from outside of the traditional industry. In the legal context, clients do not purchase attorneys; they purchase the outcomes attorneys produce. What substitute products and services produce competitive outcomes? This update features developments in Alternative Legal Service Providers (ALSPs), traditional firm self-disruption, and legal startup and technology substitutes.

ALSPs

According to the Deloitte 2020 Report, engagement of ALSPs is expected to rise 54% with pre-COVID-19 users, and 53% with new adopters. These legal teams are dealing with incredibly complex issues that have never before been seen or handled, and yet they might not have budget flexibility to use typical providers, which is pushing them to consider ALSPs.[29]

At the same time, there exists the issue of trust.

Connie Brenton, chief of staff and senior director of legal operations at NetApp, believes law firms with captive ALSPs shine when it comes to customer service. "There's a professionalism and sense of 'customer first' that is different from most of the other alternative providers," she says.[30]

Zach Abramowitz, from legal consulting firm Killer Whale Strategies, echoes Brenton's sentiments in saying: "As much as clients like to complain about law firms, they really trust law firms and understand that the quality of service is extremely high, higher than that of [independent] ALSPs."[31]

Plus, captive ALSPs are easier for the client. As Dan Linna, a senior lecturer at Northwestern University's Pritzker School of Law, puts it, "It gets even easier if the attorney is incentivized to make those decisions, if the attorney can say, 'We've got this near-shoring operation. Don't shift your work to one of these law companies or new law operations. We can do the work for you.'"[32]

Traditional firm self-disruption

A few law firm announcements in this area:

- Ropes & Gray Launches Data Analytics Consulting Arm (July 2020).

  The new R&G Insights Lab is, in part, a response to regulators pushing for companies to make greater use of data in their compliance activities.[33]

- Baker McKenzie partners with SparkBeyond (October 2020).

  Baker McKenzie has entered into partnership with AI research engine SparkBeyond to automate legal processes, expand productized client offerings and if the 'holy grail' is achieved, create what is described as "a problem solving operating system that sits with knowledge workers."

SparkBeyond, which has been championed by Microsoft CEO Satya Nadella, crawls client and public data to test millions of ideas and generate millions of hypotheses to identify patterns with the most actionable impact. SparkBeyond works with companies including MetLife, Anheuser-Busch and McKinsey & Company, and says it has had a $1bn impact on the companies it has worked with.

The partnership is being run out of Bakers' global innovation arm Reinvent.[34]

- Australian Law Firm Allens Launches Tech Accelerator (November 2020).

  Linklaters-aligned Australian law firm Allens has launched a legal accelerator—Auctus—to develop solutions to two major challenges: contract creation and management, and risk assessment and compliance.[35] The new accelerator, in partnership with corporate innovation consultancy Collective Campus, will help startups through a combination of expert advice and facilitated access to the firm's network.[36]

Legal startup and technology substitutes

Five notable developments in this area:

- Hire-A-Lawyer Platform Priori Raises $6 Million, Eyes Diversity (October 2020).

  Priori Legal has raised $6.3 million in a funding round. Priori uses data on attorneys and their experiences to vet a network of more than 1,500 attorneys and help companies hire diverse attorneys. The company is a tech-powered version of a more traditional attorney staffing company that seeks to displace conventional legal buying metrics such as law firm brand or law school prestige.

  Priori's volume has risen 200% in the past year. Priori's network of attorneys are accessed through a technology portal that includes a Request for Proposal (RFP) process and handles billing and invoicing. Clients pay Priori for their matchmaking and billing services. The company claims to save clients 60% on the price of attorneys and 80% of the time it takes to hire them.[37]

- Regtech Provider Compliance.ai Closes on $3m Funding Round (November 2020).

  Regtech company Compliance.ai raised $3 million in a Series A funding round, which brings Compliance.ai's total funding to $10 million. The company provides software focusing on regulatory change management processes, including intelligence and trend briefings, regulatory impact analytics and process automation.

  Compliance.ai's target market is risk officers, in-house counsel and others involved in regulatory compliance. The company will use this funding round for international expansion and to improve the company's regulatory change management software, including enhanced workflows and advanced reporting.[38]

- Onit Acquires New Zealand-based McCarthyFinch to Drive Innovation with Artificial Intelligence and Workflow Automation (November 2020).

  Onit, Inc. is a leading provider of enterprise workflow solutions, including enterprise legal management, contract lifecycle management and workflow automation. On November 17, 2020, Onit announced that the company has acquired McCarthyFinch and its artificial intelligence platform that accelerates contract reviews and approvals by up to 70% and increases user productivity by more than 50%.[39]

- Investment: Contractbook Raises $9.3m Series A (December 2020).

  Founded in 2015, Danish legal technology company Contractbook, a cloud-based platform that manages the end-to-end contract lifecycle, raised $9.6 million in a Series A funding round. According to Contractbook, 100,000 active users across more than 2,000 customers now use its platform to create, sign, store, organize and analyze their contracts in a single, fully automated workflow. The new funding will allow the European company to expand its operations into the US market and accelerate the rollout of new smart contract analysis features.[40]

- Exterro Acquires AccessData In Nine-Figure Deal, Expanding Its Platform and Setting Stage for Possible IPO (December 2020).

  Exterro is a "Legal GRC company" that offers software products for governance, risk and compliance as well as e-discovery software. Exterro announced its nine-figure acquisition of AccessData, a pioneer in computer forensics, e-discovery and litigation support founded in 1987. Today, AccessData offers leading technologies used in digital forensics investigations and for internal investigations and data-breach analysis, particularly through its product Forensic Toolkit, or FTK. The combination of companies and technologies will produce a common infrastructure for clients to deal with different types of data acquisition and analysis.[41]

5. Rivalry among existing competitors

An industry's growth rate is a significant indicator of the level of competition within it. When there is enough pie for everyone, times are good and competition is relatively friendly. When an industry flattens, or worse, declines, competition becomes frothy.

According to Thomson Reuters Q2 2020 Peer Monitor Index, the overall demand for legal services dropped 5.9% from the same point last year, which was the largest drop since 2009. The Q3 2020 Peer Monitor Index reports that demand decreased by 2.4% in Q3, the second-largest quarterly average demand decline since 2013, behind only the Q2 2020 drop.

At the same time, the billed-rate growth is at an all-time high, and expenses for firms have been down. Specifically, in Q3 2020, the rolling 12-month year-over-year changes are -13.9% for office expenses, -29.1% for recruiting, -33.2% for marketing and business development.

Consequently, while practice demand is down, the rate growth and expense reductions leave traditional law firms, and presumably other legal players, in healthy competition. With that context, this update features developments in law firm merger activity, in-house leader activity, Big Four/Law Firm partnerships and quality metrics for purchasing decisions.

Merger activity

According to Altman Weil MergerLine:

- In Q2 2020, there were seven law firm combination deals announced.
- In Q3 2020, there were 20 law firm combination deals announced.
- As of December 10, 2020, there have been 13 law firm combinations announced for Q4.
- The largest deal in Q3 2020 was made by Dentons, which announced its intention to combine with 96-attorney Salt Lake City firm, Durham Jones & Pinegar, as part of the Dentons "Golden Spike" US expansion plan.
- The largest deal in Q4 2020 (as of December 10, 2020) was made by Dentons which announced its intention to combine with 78-attorney Des Moines firm, Davis Brown, as part of the Dentons "Golden Spike" US expansion plan.
- Overall, 90% of Q3 2020 deals were acquisitions of firms with 20 or fewer attorneys and 65% were small same-state combinations.
- The total merger and acquisition count for the first three quarters of 2020 is 44, just over half of the 85 combinations announced in the first three quarters of 2019.

In its analysis, Altman Weil's principal Tom Clay states: "Law firm merger activity is starting to bounce back. Most deals are between smaller firms seeking to fortify themselves in a COVID-19-weakened legal market, but midsize and larger law firms are beginning to reengage in strategies to acquire smaller firms."[42]

*For more detail, see **Exhibit C 2020 Law Firm Mergers July through December 10, 2020**, on page 13.*

In-house leader activity

UK telecoms giant BT is taking advantage of Northern Ireland's regional development funding in launching a £2.7m legal hub in Belfast that will employ up to 30 commercial attorneys, with seven already in place. The legal hub will provide advice across BT and is part of the plan to make it more competitive. According to the Invest Northern Ireland agency, operating costs in the region for a legal services center are typically 50% lower than in London and 40% less than in New York, while there is an estimated annual surplus of 500 law graduates.[43] Such investments indicate increased competition from law departments in reducing costs and bringing more work in-house.

Big Four/Law Firm partnership

The legal industry took note in the spring of 2019 when Deloitte partnered with workplace law firm Epstein Becker Green. Skeptics wondered whether the two could compete with Big Law, and then COVID-19 and the associated labor and employment issues hit and accelerated their collaboration. Deloitte's legal practice has referred about 110 clients to Epstein Becker. In exchange for "preferred provider" status in the US, the Epstein Becker has introduced 20+ clients to Deloitte for overseas legal work. The pair has jointly bid for large new clients "that neither could have signed alone because of geographic limitations."[44]

Quality metrics for purchasing decisions

A November 11, 2020, Corporate Counsel article provided various accounts of in-house teams.[45] One stood out in the context of law firm competition.

Jamal Stockton, senior vice president at Fidelity Investments, has worked to build and use proprietary analytics tools to help monitor legal vendor performance. His team started using data to determine whether or not the use of foreign or domestic providers impacted the quality of outsourced e-discovery work. The legal department ascertained that there was virtually no difference in results, and began more strategic purchasing choices.

"We stopped using law firms, and the importance of that is for the first time, we made an important decision in the legal department using data to help drive the way in which we offer legal services to Fidelity," Stockton said.[46]

We feature this development in the competition section of this briefing, and not substitutes, because we view this example as the beginning of a journey in law to develop quality metrics for legal services that will change the dynamics of legal rivalry. We note that this particular journey is already a few years in, as Stockton participated in a panel—the Development and Implementation of Quality Metrics—focused on how firms and companies can collaborate to leverage their data and create objective measures of "quality" in legal services as part of Harvard Law School Center on the Legal Profession's 2018 Operationalizing Innovation colloquium.[47]

Exhibit A. Porter's Five Forces Framework with Factors

Rivalry Among Existing Competitors

- Number of competitors
- Diversity of competitors
- Industry concentration
- Industry growth
- Quality differences
- Brand loyalty
- Barriers to exit
- Switching costs

Threat of New Entrants

- Barriers to entry
- Economies of scale
- Brand loyalty
- Capital requirements
- Cumulative experience
- Government policies
- Access distribution channels
- Switching costs

Bargaining Power of *Suppliers*

- Number and size of suppliers
- Uniqueness of each supplier's product
- Focal company's ability to substitute

Bargaining Power of *Buyers*

- Number of customers
- Size of each customer order
- Differences between competitors
- Price sensitivity
- Buyer's ability to substitute
- Buyer's information availability
- Switching costs

Threat of *Substitutes Products*

- Number of substitute products available
- Buyer propensity to substitute
- Relative price performance of substitute
- Perceived level of product differentiation
- Switching costs

Exhibit B. State Efforts in Legal Innovation

1. **Arizona:** The Arizona Supreme Court issued an order forming the Task Force on Delivery of Legal Services.
2. **California:** The State Bar of California has formed the Task Force on Access Through Innovation of Legal Services.
3. **Connecticut:** The Connecticut Bar Association has formed a State of the Legal Profession Task Force.
4. **District of Columbia:** The DC Bar Global Legal Practice Committee is studying and seeking feedback on changing models for delivering and receiving legal services.
5. **Florida:** Formed a Special Committee on Technologies Affecting the Practice of Law. This committee has proposed an amendment to Florida Bar Rules that would create Registered Online Service Providers. Additionally, the Florida Bar has created a Special Committee to Improve the Delivery of Legal Services.
6. **Illinois:** The Chicago Bar Association and Chicago Bar Foundation created a joint Task Force on the Sustainable Practice of Law & Innovation. Additionally, the Illinois Attorney Registration and Disciplinary Commission has released for comment a proposal on attorneys working with for-profit matching services.
7. **New Mexico:** The New Mexico Supreme Court formed a working group to explore Limited License Legal Technicians.
8. **New York:** The New York State Bar has a commission on the future of legal services.
9. **North Carolina:** The State Bar of North Carolina has created an Issues Subcommittee to Study Regulatory Change.
10. **Texas:** Exempts self-help books and software from Unauthorized Practice of Law.
11. **Utah:** The Utah Supreme Court has created the Utah Implementation Task Force on Regulatory Reform.
12. **Washington:** Created the Limited License Legal Technicians Program to be sunset in July 2021.

Source: Legal Innovation Regulatory Survey, American Bar Association Center for Innovation.

- State Task Forces and Committees
- State Innovations of Note – Legal Innovation Regulatory Survey

Exhibit C. Law Firm Mergers July through December 10, 2020

2020 Mergers

Link	Report Date	Firm 1	Main Office	Size	&	Firm 2	Main Office	Size
1	12/08/20	Dentons	New York, NY	10000	&	Davis Brown	Des Moines, IA	78
2	12/04/20	Fox Rothschild	Philadelphia, PA	930	&	Greene Radovsky Maloney Share & Hennigh	San Francisco, CA	21
3	12/01/20	Dickinson Wright	Detroit, MI	475	&	Stahl Cowen Crowley Addis	Chicago, IL	12
4	12/01/20	Genova Burns	Newark, NJ	62	&	Wasserman Jurista & Stolz	Basking Ridge, NJ	
5	11/30/20	Harris St. Laurent	New York, NY	17	&	Wechsler & Cohen	New York, NY	5
6	11/17/20	Nelson Mullins	Atlanta, GA	762	&	Redgrave LLP	Chantilly, VA	9
7	11/17/20	Slack Davis Sanger	Austin, TX	8	&	Guajardo & Marks	Dallas, TX	2
8	11/03/20	Littler Mendelson	Los Angeles, CA	1500	&	Abdon Pedrajas	Madrid	39
9	11/02/20	von Breisen & Roper	Milwaukee, WI	187	&	Miller Matthias & Hull	Chicago, IL	9
10	10/30/20	Connell Foley	Roseland, NJ	144	&	Dornbaum & Peregoy	Millburn, NJ	4
11	10/13/20	Nelson Mullins & Scarborough	Atlanta, GA	762	&	Shanahan Law Group	Raleigh, NC	9
12	10/09/20	Wolfsdorf Rosenthal	Santa Monica, CA	23	&	Chin & Curtis	Boston, MA	12
13	10/01/20	Wallace Jordan Ratliff & Brandt	Birmingham, AL	38	&	Redden Mills Clark & Shaw	Birmingham, AL	2
14	9/22/20	Dentons	New York, NY	10000	&	East African Law Chambers	Dar es Salaam, Tanzania	18
15	9/17/20	Hickey, Hauck, Bishoff & Jeffers	Detroit, MI	7	&	Seabolt Law Firm	Livonia, MI	3
16	9/10/20	Craig & Gatzoulis	Manchester, NH	2	&	Law Office of Thomas Craig	Manchester, NH	2
17	9/08/20	Munck Wilson Mandala	Dallas, TX	66	&	Simpson Law Group	Richardson, TX	2
18	8/31/20	Meyers Nave	Oakland, CA	58	&	Brown Law Group	San Diego, CA	7
19	8/31/20	Whitman Breed Abbott & Morgan	Greenwich, CT	24	&	Smith & Grant	Greenwich, CT	4
20	8/28/20	Bond Schoeneck & King	Syracuse, NY	240	&	The Wolford Law Firm	Rochester, NY	3
21	8/26/20	K&L Gates	Pittsburgh, PA	1700	&	Richards Patent Law	Chicago, IL	3
22	8/25/20	Miller Johnson	Grand Rapids, MI	99	&	Lusk Albertson	Detroit, MI	6
23	8/20/20	Johnson Pope Bokor Ruppel & Burns	Tampa, FL	78	&	Ford & Ford	St. Petersburg, FL	2
24	8/18/20	McManamy Jackson	Savannah, GA	4	&	Lee Black & Hollis	Savannah, GA	3
25	8/11/20	Dentons	New York, NY	10000	&	Durham Jones & Pinegar	Salt Lake City, UT	96
26	8/06/20	Nolte IP	Houston, TX	16	&	Lackenbach Siegel	Scarsdale, NY	13
27	8/03/20	Miles & Stockbridge	Baltimore, MD	216	&	Taylor & Ryan	Pikesville, MD	2
28	8/03/20	Bressler Amery & Ross	Florham Park, NJ	145	&	Ballard & Littlefield	Houston, TX	6
29	7/29/20	Buckley King	Cleveland, OH	20	&	Altick & Corwin	Dayton, OH	3
30	7/28/20	Fennemore Craig	Phoenix, AZ	124	&	Dowling Aaron	Fresno, CA	46
31	7/08/20	Whiteman Osterman & Hanna	Albany, NY	76	&	McNamee Lochner	Albany, NY	12
32	7/05/20	Gottlieb Johnston Beam & Dal Ponte	Zanesville, OH	11	&	Leech Scherbel & Peddicord	Coshocton, OH	2
33	7/01/20	Much Shelist	Chicago, IL	96	&	Zfaty Burns	Newport Beach, CA	6

Source: Altman Weil MergerLine

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