



No jobs for old lawyers?

Disruptive innovations in legal services

**Presentation to the European Parliament
Workshop on Reforming Professional Services
11 July 2017**

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No shortage of dramatic predictions...

SCIENCE | SMARTER THAN YOU THINK

Armies of Expensive Lawyers, Replaced by Cheaper Software

By JOHN MARKOFF MARCH 4, 2011



Meet Ross, the World's First Robot Lawyer

by Michal Addady @michal_addady MAY 12, 2016, 11:23 AM EDT



Watson-powered Ross will handle bankruptcy law.

The U.S. Supreme Court in Washington, D.C.

Advances in technology mean the end of the legal profession is nigh. Eventually. Maybe.

Date published: November 2015 Category: Administration of Justice

Author(s): Steve Hynes Type: Editorial

A 19-year-old made a free robot lawyer that has appealed \$3 million in parking tickets

Leanna Garfield Feb. 18, 2016, 8:46 AM 15,188

law lab speaker series >

The End of Lawyers? The End of Law Schools?



Lawyers all over the world should be very scared of this technology.





QUICK DETOUR: WHAT IS DISRUPTIVE INNOVATION?



Defining disruptive innovation

- New products, processes or business models that redefine a market and displace incumbent firms.
- Come from outside a market's value network



Disruptive vs. incremental innovation

Incremental



Disruptive





WHAT'S HAPPENING IN LEGAL SERVICES?



What is underlying these bold predictions?

A few broad trends (not all of them new)...

Communication technology

Accessibility of knowledge regarding legal needs and services

Fee and affordability pressure



These trends have given rise to:

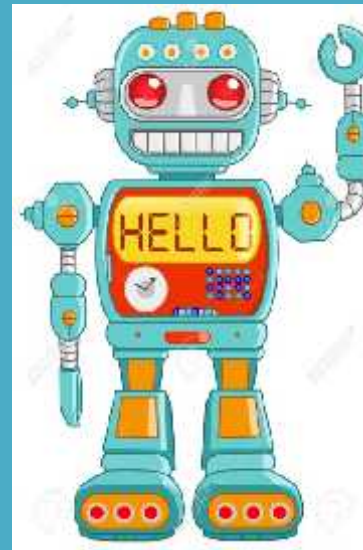
**Online
service
delivery**



**Availability of
information
regarding
professional
quality from
rankings and
reviews**



Automation



**Service
unbundling/
end of the
“black box”**





Some examples

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- Recruter un salarié >
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Firms in the US and abroad are **vetted for quality**, client service, efficiency, and innovation.



How is the legal profession responding?

Copyright 2004 by Randy Glasbergen.
www.glasbergen.com



“I want you to find a bold and innovative way to do everything exactly the same way it’s been done for 25 years.”



WHAT'S HAPPENING WITH LEGAL SERVICES REGULATION?



Stepping back: why are legal professions regulated?

Information asymmetries	<ul style="list-style-type: none">• Inability to assess quality (credence/experience good)• Use of alternative indicators of quality• Moral hazard
Externalities	<ul style="list-style-type: none">• Imposition of additional costs due to poor quality• Positive externalities from good quality
Other policy objectives	<ul style="list-style-type: none">• Regional fairness• Accessibility of services at low incomes• Legal principles (attorney-client privilege)



The scope of regulatory restrictions

- Qualitative entry
- Quantitative entry
- Fees
- Advertising
- Partnerships, ownership, management
- Legal aid

*Many are enforced through self-regulation
(i.e. bar associations)*



Recent regulatory reforms

- France (Loi Macron)
- UK (alternative business structures, Legal Services Board)
- Australia (alternative business structures)
- Korea (licensing procedures)

- So... not much...



NOTICE ANY MISMATCH?



Does the rationale still apply?

Information asymmetries

- Inability to assess quality (credence/experience good)
- Use of alternative indicators of quality
- Moral hazard

New relationship due to online research, reviews, new competition, commoditisation

Externalities

- Imposition of additional costs due to poor quality
- Positive externalities from good quality

Could go either way...

Other policy objectives

- Regional fairness
- Accessibility of services at low incomes
- Legal principles (attorney-client privilege)

Some no longer apply



Implications

The current regulatory framework rests on several foundations which may be under stress

Exclusivity
Is it necessary or desirable anymore?

Quantitative entry restrictions
Do they make sense?

Qualitative entry restrictions
Are they necessary and enforceable?

Self-regulation
Conflicts of interest?

Consumer protection and other regulations
Have any new issues arisen?

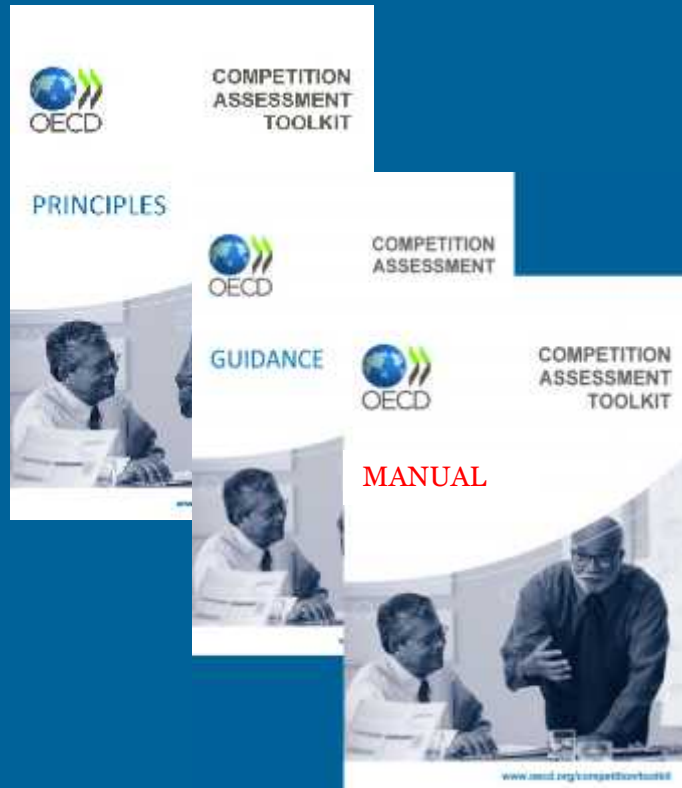


What can competition authorities do?

- Limited enforcement issues (keep an eye out for self-regulators)
- Advocacy – encouraging regulatory assessment (if only there were a toolkit...)



OECD's Competition Assessment Toolkit - developments



- 2007: Toolkit published to assist officials in competition assessment of new or existing laws and regulations
- 2009: OECD Council Recommendation, endorsing use
- 2010: updated
- 2015: hands-on Manual
- Now available in three volumes, in 17 languages



Types of barriers identified in self-regulated professions in Portugal

- Entry barriers
 - Entry exams/qualifications
 - Long internships
 - High cost (tuition fees, registration fees)
- Exclusive rights
 - Attribution of titles
 - Reserved work
- Restrictions on advertising
- Restrictions on organisational forms
 - No provisions for multi-disciplinarity
 - Prohibitions on sharing with other professions



THANK YOU