

Innovative & Disruption: The Big Four's Expanded Services Rock the Global Legal Landscape & What Can the Asia Pacific Region Expect

GUEST SPEAKER PRESENTATION | 11:30 – 12:30



Speakers

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ASIAN LEGAL BUSINESS



INNOVATION & DISRUPTION
THE BIG FOUR'S EXPANDED SERVICES
ROCK THE GLOBAL LEGAL LANDSCAPE
& WHAT THE ASIA-PACIFIC REGION CAN EXPECT

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The state of play, in Asia and globally



What makes the Big Four's offerings so attractive

What lessons can law firms take from the Big Four?

AGENDA

A grayscale photograph of the Singapore skyline, featuring the Marina Bay Sands hotel on the left and the Singapore Flyer Ferris wheel on the right. The buildings and the Ferris wheel are reflected in the water in the foreground. A vertical orange line is positioned to the left of the text.

THE STATE OF PLAY IN ASIA, AND GLOBALLY

**GLOBALLY,
THEIR NUMBERS
ARE ALREADY
SIGNIFICANT**

BIG 4 FIRM	LAWYERS
PwC	3500
EY	2400
Deloitte	2100
KPMG	1500*

*Planning to double these numbers in the next few years

PUTTING THEM
IN THE SAME
LEAGUE AS
SOME OF THE
BIGGEST LAW
FIRMS

LAW FIRM	LAWYERS
Dentons	9000
Baker Mckenzie	4700
Allen & Overy	2800
Linklaters	2100

RECENT EXPANSION CASE STUDY: EY

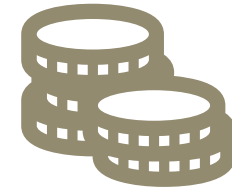
- In August 2018, purchased **Riverview Law**, which automates the delivery of legal services for in-house legal teams
- In early April, signed a deal with Thomson Reuters to acquire **Pangea3**, the legal managed services business that pioneered the outsourcing of legal work
- Currently offers legal services in **84 markets**, although by its own admission, Asia-Pacific has room for growth and expansion



APPEARING ON THE RADARS OF LAW FIRMS



20 percent of large law firms reported they had competed against a member of the Big Four in the past year



23 percent said they had lost client business they had expected to win

Source: “2019 ALSP industry trends” report, produced by Thomson Reuters in association with Georgetown Law, the University of Oxford Saïd Business School, and Acritas



pwc

IN ASIA, A SIGNIFICANT 12 MONTHS: PART 1

After adding a Hong Kong law firm to its network in 2017, PwC made partner hires in that city in 2018 from King & Wood Mallesons, Mayer Brown, Jones Day, O'Melveny & Myers and more.

In Singapore, Rachel Eng, a former managing partner of Big Four law firm WongPartnership, left to set up a firm that is a part of PwC's network.

PWC LEGAL'S CURRENT PRESENCE IN ASIA

China	Hong Kong
India	Indonesia
Japan	Philippines
Singapore	Taiwan
Thailand	Vietnam





EY

IN ASIA, A SIGNIFICANT 12 MONTHS: PART 2

In July, EY added a firm in Singapore established by former Dentons Rodyk senior partner Evelyn Ang.

In Hong Kong, where EY operates as LC Lawyers (Lin & Associates), it has made a series of hires from Troutman Sanders, Paul Hastings, Dechert and more.

Deloitte.

IN ASIA, A SIGNIFICANT 12
MONTHS: PART 3

In Singapore, Deloitte both launched a foreign law practice, and added a local law practice to its network in 2018.

In early 2019, it set up an affiliated law firm led by its China general counsel, James Jamison.



IN ASIA, A SIGNIFICANT 12 MONTHS: PART 4

In January, KPMG became the last of the Big Four to offer legal services from a base in Asia, after it established an affiliated law firm in Hong Kong named SF Lawyers.

The Asia-Pacific regional leader for legal services is Stuart Fuller, formerly a managing partner of King & Wood Mallesons.

A man in a dark suit is multitasking in a city setting. He is holding a mobile phone to his ear with his right hand, a tablet with his left hand, a laptop with his right hand, and a notepad with a pen in his left hand. The background shows a blurred cityscape with tall buildings. The text is overlaid on the right side of the image, with a thin vertical orange line to its left.

**WHAT MAKES THE BIG
FOUR'S OFFERINGS SO
ATTRACTIVE?**

PREDICTABLE PRICING AND BUNDLING OPTIONS

Fixed fees based on project scope is the norm

Accustomed to helping clients define the scope of work during the process and adjust pricing accordingly

Can bundle due diligence, tax, accounting, legal etc into single service offering for M&A and other transactional-type work. There is the convenience and pricing consistency of working with a single firm

The legal element of the work is often subsidized within the total services pricing, particularly if it is a fairly common “cookie cutter” type of transaction

EXPERIENCED CONSULTANTS



Extensive business management and consulting practices



Can provide perspectives grounded in business, offer solutions that contemplate end business goals



Natural focus on efficiency and practical application of theory



Can be priceless for in-house counsel who may not even know they need such operational insights



Can identify process improvements, which lawyers often struggle with



Help in-house counsel align resources and focus on outcomes



Project managers ensure people, timelines and action items are carefully tracked



Ensure product is smoothly delivered

PROCESS ENGINEERS AND PROJECT MANAGERS

CONTACTS IN LARGE COMPANIES AND AN UNDERSTANDING OF HOW THEY OPERATE

Understand the complexities and politics of working within a matrixed organisation with unclear decision-making authorities and undefined processes

Due to existing relationships, already possess useful contacts should help be sought to accomplish an unpopular goal, or execute a controversial plan

Contacts tend to be at a higher level than it would be if they were engaging with the client on a single project

INVESTMENTS IN TECHNOLOGY



Sizeable R&D departments already



Comfortable setting aside resources for technology needs in the future



Ability to scale rapidly should they need to catch up with emerging legal tech

SHEER SIZE AND SCALE

The Big Four have a presence in almost every country where there is business conducted by multinationals, even in fairly remote areas

Connections to experts on a wide array of topics that could be of interest to corporate clients, whether internally within their own employee base, or within an intricate and powerful network of related entities and affiliates



SOLID REPUTATION BUILT ON PROVEN RESULTS



A HISTORY OF QUALITY AND A STRONG REPUTATION MEANS THAT THE UMBRELLA OF TRUST EXTENDS TO AREAS THAT THEY ARE RELATIVELY NEW IN



DEMONSTRATED SUCCESS IN TAX LAW HAS SET A FOUNDATION FOR EXPANSION INTO OTHER LEGAL SERVICES

A hand holding a scale of justice, symbolizing law and equity. The background is dark with faint architectural elements like columns and arches.

WHAT LESSONS CAN LAW FIRMS TAKE FROM THE BIG FOUR?

PROFESSIONALISATION OF MANAGEMENT



Understand

Understand that management is a professional expertise in its own right, and that it has a particular set of skills



Provide

If promoting from within the ranks, provide adequate preparation for the responsibility, and also work on carving out time for management



Be Open

Be open to introducing management professionals from the outside, accept them, let them get on with their work

PROJECT & GROWTH MANAGEMENT

Acquire the knowledge and ability to put together teams very quickly, define deliverables, hold people to account, break down complex procedures to detailed project plans

When drawing up your expansion strategies, focus on key areas like team-building, process management and technology adoption

INTRODUCE MULTIPLE CAREER PATHS

Rethink the traditional partner/associate model, and look at other significant roles like manager, managing director, senior leader etc

These will offer meaningful alternative career paths to those individuals who don't want to be on, or can't sustain being on, the partner track

Non-legal roles will also attract fresh, forward-thinking talent to the firm, and also help with the retention of younger employees

BUILD YOUR 'CORPORATE' BRAND

Put

Put more thought into building the collective brand of the firm, instead of just the individual brand of a specific partner

Leverage

Leverage your existing advantage of being perceived as a top-quality provider of legal skills, proactively approach clients with legal solutions to challenges they may not be aware of

Keep

Keep a sharp focus on younger lawyers and the young generation of clients

IDEA: CAN LAW FIRMS ALSO PROVIDE BUNDLED LEGAL/TAX/CONSULTING SERVICES?

Two Southeast Asia-based law firms, ZICO and RHT, are examples that this is indeed possible.

That said, the Big 4 have the advantage to in being able to invest to grow this type of offering.



RHTLaw TaylorWessing
International Capabilities Delivered Locally

The Big 4 are very focused on a certain type of work, namely commercial transactions where volume is high, repeatable and a package of services is required

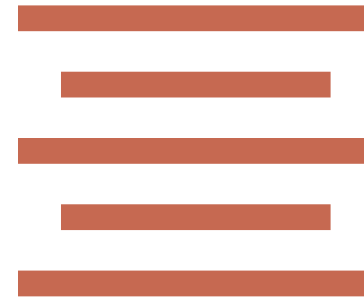
They do not see themselves as competing with Big Law or providing highly specialized or sophisticated legal services, but legal services that fit into a broader business services offering.

In this context, law firms should focus on what their unique strengths and propositions are – and how to differentiate themselves on this basis.

In terms of talent retention, there are a number of reasons why law firms remain more attractive – prestige, lawyers feel like they have a stake in the firm, and more

TIME TO PANIC? NOT RIGHT NOW

THANK YOU





THE RISE, FALL AND RE-EMERGENCE OF THE BIG 4 IN LAW

How they transformed and how they still can triumph

1

Entry

TURF BATTLE

Lawyers and accountants have always competed, particularly in the area of tax. But by the 1980s, the Big 5 began offering non-audit consulting services.



ACCOUNTING MDP

A NEW BRAND

By the 1990s the Big 5 began aggressively marketing themselves as "multidisciplinary professional service organizations" (MDP) and setting up independent networks to offer a broad range of legal services.

HOW BIG DID THEY GET?

By the early 2000s, four of the original Big 5 were as big as the largest law firms in the world. For example, Andersen Legal boasted:

2,200 Lawyers **36** Countries

RIP

END OF AN ERA ...?

The early 2000s witnessed the apparent death of the Big 5's legal ambitions. Among the causes:

- 1 The American Bar Association rejected proposals that would have permitted MDPs.
- 2 Enron and WorldCom collapsed, triggering a credibility crisis in the accounting profession.
- 3 Arthur Andersen was criminally indicted and declared bankrupt.
- 4 The U.S. Congress passed the Sarbanes-Oxley Act (SOX), which dramatically restricted audit firms from providing certain non-audit services to their audit clients.



2

Re-Emergence

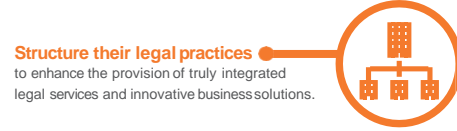
HIDING IN PLAIN SIGHT

Far from dying off, by 2012 the Big 4 re-emerged as major players in the global legal services market, spending the early part of the decade quietly, but effectively, rebuilding and strengthening their legal networks.



Rebuild and expand

the reach of their legal networks, including diversifying their expertise beyond tax law.



Structure their legal practices

to enhance the provision of truly integrated legal services and innovative business solutions.



Increase global visibility

given to their legal expertise.

EXPANDED SIZE AND SCOPE

By 2012, the Big 4 promoted a wide range of legal practices in dozens of countries around the world.



HOW DID IT HAPPEN?

- 1 Gaps in the regulation of auditor independence
- 2 Changes in the legal profession's regulatory framework
- 3 Globalization of the legal services market
- 4 Organizational evolution of the Big 4

3

Expansion & Visibility

INTO NEW MARKETS

By 2015, the Big 4 expanded the jurisdictional reach where they deliver a wide range of legal services far beyond their traditional European roots to include the fast-growing emerging economies in Asia Pacific, Latin America, and Africa.



EXPANDING BEYOND EUROPE



COMING OUT OF THE SHADOWS



Websites

Legal services have become increasingly visible on the Big 4's global websites.



Hiring Star Talent

The Big 4 returned to the kind of lateral recruiting of star lawyers not seen since the 1990s, including from top law firms.



Alternative Business Structures (ABS)

Three of the Big 4 have recently filed applications in the United Kingdom to launch an ABS that will allow them to formally provide legal services. Two of the three have already been granted an ABS license.



Source: David B. Wilkins and Maria Jose Esteban, *The Role of the Big Four Accountancy Firms in the Reconfiguration of the Global Market for Legal Services*, Center on the Legal Profession Working Paper, 2016-01.

4

Transformation

LAW FIRMS LEAVE A DOOR OPEN

In the past decade, international law firms have focused on premium work for premium clients. That inadvertently opened a door for the Big 4, who were only too happy to offer their multinational clients a full range of services to solve their most complex challenges.



ORGANIZATIONAL EVOLUTION OF THE BIG 4

The Big 4 are each organizing themselves to become a "multiplex" or "matrix" of cross-cutting organizational lines. That means lawyers work and team across jurisdictions; services (e.g., tax, law, audit); industries (e.g., real estate); and clients. This yields a value proposition of "seamless global service." And the Big 4 are only too happy to offer this full range of services to multinational clients.

BIG OPPORTUNITY, HUGE AMBITIONS

The global legal market's projected value in 2019 is **\$726.2 billion**. If only one of the Big 4 can capture even 1%, that network would become the single largest global legal services provider.

