

Innovation and ABS

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Reinventing Law

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Innovation & ABS

- Alternative business structures (ABS) - background
- Responding to the market: innovation in practice
- Challenges & opportunities

Legal Services Act 2007 – drivers of change

- Collapse of confidence in self-regulation
- Perceived anti competitive restrictions
- The ‘regulatory maze’
- Regulatory failure in complaints-handling
- Market developments

The new regulatory landscape

Regulatory Objectives

- Protecting and promoting the public interest
- Supporting the constitutional principle of the rule of law
- Improving access to justice
- Protecting and promoting the interests of consumers
- Promoting competition in the provision of services
- Encouraging an independent, strong, diverse and effective legal profession
- Increasing public understanding of the citizen's legal rights and duties
- Promoting and maintaining adherence to the professional principles

ABS

The Legal Services Act 2007 set out a framework

- Approved regulators apply to be “Licensing Authorities” (LAs) of ABS
- Regime started with first licence on 6 October 2011
- Two bodies currently able to license ABS:
 - Solicitors Regulation Authority (SRA) – 152 licences issued
 - Council for Licensed Conveyancers (CLC) – 35 licences issued
- Other regulators working towards applications to become LAs:
 - Bar Standards Board
 - Intellectual Property Regulation Board
 - Institute of Chartered Accountants of England and Wales

ABS – innovation

New ownership structures

Everyman legal employs lawyers at its Oxfordshire base and through a network of home-working solicitors. First law firm in UK with private individual investors. Specialises in acting for entrepreneurs.



Slater & Gordon is an Australian Stock Exchange listed firm who have bought *Russel Jones and Walker*. Geographic spread in Australia through organic growth and acquisition. Maintains local access through remote IT links to head office.



ABS – innovation

New ownership structures

MyHomeMove is a brand name for specialist conveyancers, Premier Property Lawyers (the first every ABS) delivers specialist conveyancing services on a ‘white label’ basis to smaller firms.



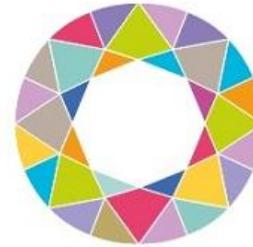
Irwin Mitchell is a personal injury firm and provider of ‘white label’ general advisory and personal injury services. It has four ABS licences and intends to list as rapidly as possible. On record as aiming for an IPO.



ABS – innovation

New service models

Brilliant Law promises fixed-price, pay-as-you-go packages for micro SMEs, start ups, and SMEs. It also offers a ‘fixed-priced ABS application process for law firms and other organisations’.



Brilliant Law

Blue Trinity Law is an early stage start up which will offer SMEs company and commercial, contract, and employment law advice. It will also provide a website development service arguing that the ‘change in the legal landscape’ has created ‘an opportunity to diversify’.



ABS – innovation

Post-Jackson and post-legal aid reform

Stephensons has ten offices and is based in the north west. It is the LSC's third largest civil supplier and plans to secure external investment to grow the business geographically.

Quindell Portfolio has acquired three separate law firms (Sliverbeck Rymer, Pinto Potts and The Compensation Lawyers) with a view to building an end-to-end outsourced claims proposition for insurers.

Stephensons
legal services the way you want them



ABS – innovation

New service model development for consumers

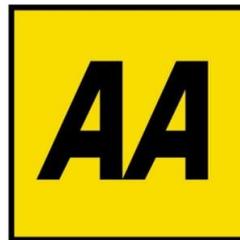
Cooperative Legal Services started out offering personal injury services, probate/estate administration etc. services and is now rolling out national family law advisory services with a focus on fixed fee services and securing major LSC contracts. Aims to expand to 3000 legal staff by 2016.

The **co-operative**
legal services

ABS – innovation

New brand entry

Household name brands who have announced an intention to enter the consumer market via the ABS route include:



ABS – innovation

Other services models

Shared service models in the public sector

Kent County Council's in-house department already provides services to a range of districts to both reduce the need for external advice and secure better value for money. Reported to be investigating the scope for becoming a specialist public law practice.



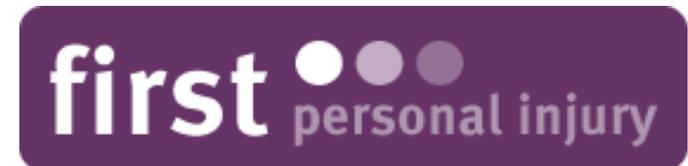
Non ABS – innovation

Development of networks

Quality Solicitors which started out as an internet based alliance of independent law firms which now has 400 locations. It has opened legal access points in WH Smith stores across the UK. Private equity injection has enabled a significant expansion and national TV advertising.



First Personal Injury which is launching early in 2013. It will be a new national marketing network for solicitors specialising in personal injury claims and aims to advertise primarily on the internet and TV.



Non ABS – innovation

Development of networks

Riverview Law which is a combined law firm and barristers' chambers. It sells fixed-fee advice to business consumers (SMEs to FTSE 100 companies) using an annual contract model which covers all a business routine legal advice. It offers for free many services and products usually charged to SMEs.



Riverview
LAW

Stobart Barristers announced in May 2012 and intended to link members of the public and businesses directly with a barrister with needing to employ a solicitor.



Stobart Barristers
THE RIGHT ADVICE, RIGHT AWAY

Challenges and Opportunities

Legal needs surveys show significant unmet legal need

- When faced with a serious legal problem:
 - Only 43% of individuals seek advice, 18% from solicitors
 - Only 29% of small businesses seek advice, 12% from solicitors
- The inability to know costs upfront and judge value for money was at the heart of consumers' reluctance to seek advice

Challenges and Opportunities

- Economic growth depends on accessible transactional legal services and dispute resolution as much as bank finance
- Competition matters in legal services. Different models of regulation are required to achieve it
- Regulation needs to evolve in a way that allows competition and innovation to flourish
- Consumer demand is changing – and the ways in which companies and firms provide legal services will need to change, too
- Some of the most innovative thinking is already taking place in traditional law firms

Questions?