

Law's Emerging Elite: Enterprise Legal Service Providers, Part 1

By Mark A. Cohen, Contributor

Anyone familiar with the legal industry can tick off the names of its elite law firms. They have distanced themselves from other firms by their demonstrated differentiated practice expertise essential in high-value legal practice matters. Legal acumen has long been the standard of excellence in law.

Escalating demands on corporate legal consumers to “do more with less” have raised their expectations and performance bars to levels that even elite law firms cannot wholly satisfy. Leading corporate legal departments need much more than top-tier legal expertise; they also require a new class of providers with scale, substantial capital, and an ability to integrate legal, business, and technological expertise backed by a seamless global infrastructure to tackle sophisticated, high-value business challenges.

The barriers to entry for a professional services company to play in this space are exceedingly high. For example, enterprise legal services (ELS) providers typically achieve a half-billion dollars or more in annual revenue and have access to significant capital to structure mega-deals that shift financial outcomes and execution risk from buyer to provider. They deliver sophisticated, agile, scalable, financially flexible and customer-centric services tailored to the pressing needs of leading global corporations. These are early days for ELS providers, but their impact is already jaw-dropping. They are law's new elite.



The legal establishment classifies all non-traditional law firm providers as “[Alternative Legal Service Providers](#)” (ALSPs) The “alternative” moniker implies marginalized status and evidences the profession's hubris and “lawyers and ‘non-lawyers’” worldview. Law has long been controlled by lawyers that have forged its insular culture, monolithic structural and economic models, standards, regulation, and language. That was when law was solely about legal knowledge and legal delivery was synonymous with practice. It's a new ballgame now. Legal services are [whatever clients need](#) to solve complex business challenges. Legal departments and law firms are neither prepared nor equipped to meet these urgent and formidable challenges. This is where a handful of ELS providers come in.

Gartner reports that only 19% of in-house legal teams are well-prepared to support enterprise digital transformation. A recent [KPMG survey](#) confirms digital transformation is a key strategic priority for CEOs. It is also time sensitive—85% of enterprise decision-makers think they have a [two-year timeframe](#) to make significant inroads on their digital transformation before sustaining adverse financial impact and/or lagging the competition. A McKinsey report reveals the high stakes of digital transformation—data-driven organizations are 23 times more likely to acquire customers, six times as likely to retain customers, and 19 times as likely to be profitable as a result.

It is against this backdrop that the enterprise legal service providers' unique role and impactful contribution to in-house legal teams and corporations should be evaluated. Many in the legal establishment are unaware of this potent new market force. They cling to their known universe of elite law firms and are content to lump all non-law firm providers as "alternatives." Progressive in-house legal teams know better and will attest to the "elite" capabilities, scale, and sophistication and results ELS providers produce.

A handful of ELS providers have reimaged the legal services delivery models as well as the provider-buyer relationship. They deliver business impact beyond buyers' legal departments throughout the entire enterprise, manage risk, and produce significant cost reduction and efficiency. Several of the world's largest, most sophisticated corporate legal departments are already ELS customers and entrust mission critical functions to them.

The legal establishment has yet to classify—much less accord appropriate status—to ELS providers. This is emblematic of the profession's stubborn insistence that law still revolves around lawyers and firms. This may be the world according to lawyers, but it's not the way corporate legal buyers see it. [Differentiated](#) legal expertise is still prized, but buyers—not lawyers—now determine its parameters. Differentiated business of law capability is equally important. The profession's marginalization of these providers ignores their rapidly escalating market share, ascent up the complexity chain, and increasing importance.

Lawyers See the Industry Through Their Own Lens

Law has long been a hierarchical, pedigree-enamored, insular profession. It has its own idiosyncratic language, homogeneous culture, and self-reinforcing measures of excellence preserved over many decades. The profession still views the industry through its own lens and defines it in its own terms and by its own standards, not from the perspective of clients and society.

It's no surprise, then, that lawyers recognize "elite" law firms but scoff at conferring similar status to legal service providers that do not adhere to their paradigm. To ask "why?" is to explore law's transition from a profession that, until recently, sold legal knowledge to a global, multidisciplinary industry with a new breed of providers that operate at the intersection of law, technology, and business.

Lawyers still control the industry discourse—trade publications, conferences, and "legal innovation" [award](#) banquets. The legal establishment might still hold the reins of media and their lawyer subscriber/sponsors, but, like the [American Bar Association](#), its influence is waning. What matters now is satisfying the changing demands of legal consumers. Elite law firms are one source; elite enterprise service providers are another.

The Thinned Herd of Elite Law Firms

Until the late 1980s approximately 250 law firms could credibly claim elite status. Firm finances were confidential—sometimes intramurally among partners. Firms touted their "bespoke" work and top-notch legal talent, and the differentiation among them was not as important as the similarities. Legal expertise was synonymous with legal delivery, and law firms had a virtual monopoly on supply and demand. Their monolithic organizational and economic models propelled the myth of legal exceptionalism. Law was—in the eyes of lawyers—an elite profession that was maintained by lawyers setting rules, self-regulating, and preventing "outside" competition.

Steve Brill, the Founder of The American Lawyer, forever changed the legal industry in 1986 when he published the inaugural [American Lawyer 100](#). Brill raised the curtain on law firm finances, elevating

profit-per-partner—“PPP”—into an acronym every lawyer soon knew. The clubby collegiality long associated with law firms was replaced by financial competition and a new-found focus on top and bottom lines.

PPP became the Holy Grail of law firms and cast a bright light on the business side of the profession. Firm profitability became a magnet for lawyers intent on “moving up” and a destabilizer for an underperforming firm’s ability to retain them. “Laterals” quickly became a new partner category and law’s version of big-dollar free-agents. Last year, large firms promoted more laterals to equity partnership than internal inductees.

What Are The Common Characteristics of Today’s “Elite” Law Firms?

If PPP is the ultimate yardstick by which elite status is measured, what enables firms to achieve and maintain it? The common threads are: (1) differentiated skills and expertise in one or more practice areas; (2) high-value engagements; (3) brand recognition; and (4) financial ability to attract and retain key talent. Elite firms operate in a rarified market segment; they are in a league of their own among practice-centric legal service providers.

There is a growing financial divide between approximately twenty firms and all the rest. The separation is the byproduct of unequal impact of marketplace changes from which elite firms are generally immune. This includes: (1) disaggregation; (2) technological advances that have eroded law’s labor-intensive approach to problem solving; (3) products substituting for services; (4) stepped-up in-house expertise and capacity; (5) tech and process-savvy legal providers focused on “the business of law”; (6) more sophisticated legal buyers; (7) consumer demand for holistic, multidisciplinary solutions to business challenges (of which legal issues are one of several prongs); (8) enhanced competition—among firms as well as with in-house departments and other providers; (9) the growing significance of differentiation—with other firms as well as corporate departments and other departments; and (10) consumer portfolio segmentation by value, complexity, qualified resources, cost, and track record.

Elite law firms are the last bastion of the traditional practice-centric legal providers. They are thriving even as [law firm demand](#) remains flat in a hot market for legal services. This is emblematic of a larger market shift, one that demands something more than even top-tier firms can deliver. The narrow perspective of legal services that lawyers created is being replaced by customer demand for solutions that require legal acumen but also demand much more.

Conclusion

Legal delivery is entering a “post-practice” era. Differentiated legal expertise will continue to be prized, but so too will other expertise—notably an ability to identify and manage problems before they metastasize, mine data for internal and client-facing purposes, use artificial intelligence and other technologies to compress delivery time and predict outcomes, and expand the impact of “legal” services beyond the law department throughout the enterprises.

Multidisciplinary, sophisticated, efficient, cost-effective, scalable, agile, holistic, and needle-moving solutions are not the stuff that even elite law firms are made of, much less other firms. It’s time that the legal profession looks beyond its self-created success and value parameters and view things from the consumer perspective. Corporate legal consumers require expertise, delivery capability, and flexibility-creating provider capital that even elite law firms cannot offer on a stand-alone basis. That’s why ELS providers join a thinned herd of law firms as the legal industry’s elite providers.

Enterprise legal service providers—analyzed in greater detail in the article that follows—may remain “alternative providers” in the eyes of the legal establishment, but leading corporate consumers have an altogether different take.

Law's Emerging Elite: Enterprise Legal Service Providers, Part 2

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The [first article](#) in this three-part series introduced enterprise legal service providers (ELSP's), proclaiming their entitlement to the "elite" status accorded a cadre of [brand-differentiated](#) traditional partnership model firms. This essay analyzes in greater depth the emergent, transformative, and impactful role that enterprise legal service providers play in the global legal marketplace. ELSP's are redefining the art of the possible in legal delivery, responding to the unmet needs of the largest, most sophisticated corporate legal consumers in ways that even elite firms cannot deliver.

ELSP's Respond To The Challenges Confronting General Counsel

General Counsel confront a battery of challenges: escalating management demands to operate with the same efficiency, speed, and value enhancement as the enterprise; simultaneously serve as enterprise defender and business partner; manage existing and new risks; and navigate the [speed](#) and complexity of global business. This includes responsibility for regulatory, data management, cybersecurity, brand protection, and other risk factors. GC's must do all this with flat or declining budgets. They must also be prepared to support [digital transformation](#), a pan-industry C-Suite [priority](#).



It is precisely *because* of these demands that a handful of enterprise legal service providers are emerging as law's new elite. ELSP's collaborate with general counsel and their teams to reimagine and reform every aspect of what legal services are and how they are delivered. This process starts with an in-depth, no-holds-barred audit of existing internal and outsourced resources and infrastructure. This involves a comprehensive process analysis of optimization, reengineering existing operating models, reformulation of existing Law Department metrics, and other key operational elements. The GC's risk tolerance, corporate objectives, and existing resources are examined; there is no preconceived end-game or one-size-fits-all solution. ELSP's arsenal of domain experts includes sophisticated consultants that lead this effort. They collaborate

with GC's and instill confidence to create a vision, make it tangible, then execute it with quantifiable, enterprise-impacting results.

ELSP's journey with GC's to reimagine their entire way of delivering legal services. Together they uncover where the new frontiers of value reside. This process is emblematic of "[going digital](#)." ELSP's collaborate with GC's and their teams to uncover new ways to improve how the enterprise—not just the legal function—conducts its business. This is both a cultural transformation as well as a reshuffling of the division of labor. Technology, of course, plays a critical role in the process. ELSP's work with GC's to decouple legacy IT systems that perform critical functions inefficiently. They are replaced by platforms—often client-facing— that connect people, devices, and objects. This enables the legal function—and the entire enterprise-- to drive value in new ways; promote efficiency; harness technology to mine data, refine process and support training; and move with the speed required to capitalize on opportunity.

ELSP's earn their "enterprise" moniker for two key reasons: (1) they provide comprehensive solutions—not spot services—that enable a complete reconfiguration of the legal function; and (2) the solutions they design and execute on impact not only the legal realm but also the entire enterprise. ELSP's are designed to improve business and, necessarily, to realign the legal function. They are "[alternative providers](#)" not because they are marginal but because they are a consumer-centric alternative to traditional legal delivery that better serves legal consumers in today's marketplace.

Depth and Breadth of Domain Expertise

Enterprise legal service providers have built their structures, economic models, platforms, infrastructures, access to [capital](#), and agile workforces from the [consumer perspective](#). This is not a catch-phrase as it has come to be on websites and in legal tabloids. ELSP's were designed to respond to the most pressing, unaddressed legal function use-cases. That is why ELSP's have a deep, agile pool of domain expertise in commercial contracting, intellectual property, data management associated with litigation, investigations, compliance, and risk management. These areas constitute the vast majority of legal spend. ELSP's operations in

numerous major business centers around the world are staffed by domain experts in the global regulatory landscape. This ensures smooth, timely execution and is a key component in ELSP's ability to handle enormous, complex matters for the world's largest corporations. Size, breadth and depth of expertise, capital, a global footprint, technology platforms, constant improvement, and lifelong learning all matter. This is true customer-centricity. It is also an outstanding opportunity for legal professionals to leverage their skills—and acquire new ones—in a dynamic environment. ELSP's are legal delivery's future.

ELSP's increased efficiency, automation, and data analytics create new levels of collaboration and business agility that impact the enterprise's success, extending far beyond the traditional legal function. ELSP's eliminate the practice/delivery schism, collaborating with GC's to create a delivery model tailored to the culture, organization, resources, and risk profile of the enterprise.

Enterprise legal service providers optimize the value of individuals and teams, ensuring that the right resource is assigned to the appropriate task. This goes far beyond labor arbitrage and collaboration of humans with machines. It involves extracting maximum value from each team member by liberating lawyers to optimize their roles as legal defenders and business partners. This is essential in the age of [digital transformation](#) that demands agile, integrated workforces that operate across legacy silos to forge holistic solutions to complex business challenges.

Enterprise legal providers deploy a digital platform where contracts are articulated as data-not documents-and that is fully integrated with the business processes it supports. This not only significantly reduces legal spend, but it also shortens sales cycles and provides critical, actionable intelligence to business units. They also provide a global infrastructure that supports and executes the GC's vision. ELSP's use their substantial access to capital to shift risk from the GC to the ELSP. Each of these components is integral to the integrated, holistic solutions that ELSP's tailor to a client's particular use-case, culture, risk tolerance, and needs.

There are several components required to deliver

enterprise legal services. They include: (1) multidisciplinary expertise, a global footprint, and the depth and breadth to drive impact to even the largest companies; (2) significant capital investment and general financial strength to enable shared risk and reward; (3) sophisticated consulting; (4) the ability to stratify and segment legal work to ensure that the appropriate resource is utilized; (5) technological and process solutions that drive efficiency and business analytics; (6) integrated, end-to-end solutions, not just point solutions; and (7) a demonstrated ability to drive impactful results that expand the traditional legal function and create enterprise impact. Organizations claiming an ability to deliver enterprise legal solutions should be evaluated in light of their ability to demonstrate these capabilities.

ELSP's are built for the digital age. They provide customized, "one-stop-shop" solutions that reconfigure the role, impact, and economics of the legal function. They replace a siloed, segmented, inefficient, costly, labor-intensive, bottom-line-drag with a proactive, productive, data-mining, integrated enterprise partner that retains its historic "enterprise defender" role.

ELSP's Are Legal Delivery's Digital Shepherds

ELSP's are the vanguard of legal delivery's next phase, creating an expanded role—and impact—of legal services, and its alignment to and collaboration with the enterprises it serves. Enterprise legal service providers are law's digital transformation shepherds, guiding the industry into the age of data, agile workforces, constant learning, and customer-centricity by creating new, impactful delivery models that transcend the [boundaries](#) of the traditional legal function. ELSP's are emblematic of law's transition from a vertical to a horizontal that is integrated with and positively impacts the entire enterprise. It is replacing the [legal guild](#) with a legal service delivery model designed for the digital age.

Conclusion

The recent [announcement](#) by Ernst & Young (EY) that it was acquiring Pangea3, the Thomson Reuters managed service arm, has created an enormous [buzz](#) throughout the legal industry. This echoes EY's acquisition of [Riverview](#) and mirrors the rapacious

expansion of Deloitte, PwC, and KPMG into the legal space. There is a growing sense that the industry is finally changing and that legal consumers are looking beyond law firms for solutions.

There is a distinction to be drawn between consolidation and innovation. For example, EY's purchase of Pangea3 fortifies its depth to conduct certain high-volume tasks, but it should not be mistaken for enhancing ELS capability. Enterprise legal services is, by nature, sophisticated, high-value, and different from traditional managed service offerings. This series is intended to highlight the unique, integrated, and game-changing aspects of ELS and the high-bar to an organization's capacity to provide it.

A handful of enterprise legal service providers have followed different paths to develop their capability to [transform legal delivery](#) by offering legal buyers fresh, paradigm-changing, and impactful solutions. Who they are and how they have evolved will be examined in the third and final article in this series.

Law's Emerging Elite: Enterprise Legal Service Providers, Part 3

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Mies van der Rohe, the noted architect, remarked: "Architecture depends on its time." The same can be said about business structures. The last decade has seen a profound change in business architecture. Facebook, Amazon, Apple, and other tech-enabled, consumer-centric companies have built new business models that have transformed the customer experience and, in the process, recast industry landscapes. There are also a handful of iconic brands that have faced challenge before reinventing themselves. [IBM](#)-business mainframes to software and solutions- and [Ford](#)-cars to mobility/technology- are examples. No matter the path, each of these paradigm-busting companies reimaged the customer experience, replacing existing monolithic paradigms with new, more accessible, flexible, and cost-effective ones. Data, capital, scale, execution, constant improvement, and understanding the consumer are core elements of their architecture.

A handful of providers have emerged as legal delivery's new architects. Their foundations differ, yet they share a similar vision: to provide a new delivery paradigm, capability, and impact responding to unmet consumer needs and delivering unimagined possibilities. Here is the first wave of [enterprise legal service providers](#).

Allen & Overy: Modernized Legal Practice
[Allen & Overy](#) (A&O), the blue-blood UK-based global



law firm, calls its enterprise legal service capability "Advanced Delivery." The firm's journey leveraging and integrating its differentiated practice expertise with a suite of related technology and resourcing capabilities began more than ten years ago. It has been broadened and deepened during the past decade. Advanced Delivery operates at the intersection of technology and resourcing, tapping into A&O's legal and market expertise to deliver the most efficient, effective way to solve client challenges. This involves a balance of cost, quality, and risk.

Allen & Overy recently named [Andrew Trahair](#), former co-Head of its global banking practice, to serve as Head of Advanced Delivery. Trahair's new role involves leading nine A&O-backed technological

and resource capabilities and their integration with the firm's practice. Trahair's appointment affirms the importance, commitment, and traction that Advanced Delivery has gained within the firm and in the marketplace. It has a year-on-year growth exceeding 25% and according to Trahair is A&O's foremost growth area. The breadth and depth of Advanced Delivery, owned and funded by the A&O partnership, speaks to the firm's resolve to a long-term, customer-centric approach and its willingness to invest heavily to achieve it. This contrasts with the ["future is now" strategy](#) adopted by most firms, even [elite](#) ones.

A&O's version of enterprise legal services can be broken down into three main categories: solutions, technology, and resourcing. Most prominent within solutions is the Markets Innovation Group, comprised of a dedicated team of A&O partners that develop proprietary technology solutions for clients' large-scale legal and regulatory challenges. Aosphere, the firm's first practice augmentation, is an online subscription service that helps clients understand their cross-border risks. A&O Consulting, a recent addition, provides business-focused advice on governance, corporate culture and purpose, operational risk, and regulatory issues.

The technology team also has three components. [Fuse](#) is a tech innovation space where A&O lawyers and technology companies collaborate. The tech companies are hand-picked for their focus on relevant tech solutions for A&O internal and client challenges. They are provided free state-of-the-art space at A&O's London digs and afforded access to the firm's substantial resources. The Legal Technology Group is an innovation engine that supports lawyers who are transforming mainstream legal work by technology (services to products and/or lower-cost services). The E-discovery group uses advanced technology solutions to collaborate with lawyers and clients to mine data. It has morphed from a litigation/dispute resolution product to a broader-based document review processes incorporating advanced AI technology.

Resourcing is the third bucket of Advanced Delivery and it too has three components. Peerpoint offers clients access to a panel of top-tier, experienced lawyers to meet the interim needs of their legal and compliance teams with full support from the A&O

motherhood. The Legal Services Center handles a wide range of tasks, including due diligence, litigation reviews, drafting, negotiation and research functions with greater cost efficiency and taking advantage of digital solutions wherever possible. The Project Management Office is a dedicated team of project management (PM) professionals with the dual role of training firm lawyers on PM fundamentals as well as working with clients on large, complex projects.

Each of the Advanced Delivery offerings is designed to "plug and play" with the firm's global practice teams, clients, and other service units. They can operate as single-point solutions but drive greater impact when they are aligned with A&O's broader legal, technological, and resourcing capability. It is this integrated, broad, deep, multidisciplinary domain expertise that qualifies Allen & Overy as the first global law firm that has achieved a truly modernized practice from the client perspective. The firm operates with the inherent challenges of the traditional partnership structure, the internal and competitive pressure to maximize profit-per-partner (PPP), competing for top talent, and limitations on capital. The differentiation Advanced Delivery provides—not to mention the capital—mitigates these structural limitations and provides A&O with far more flexibility and capability than other firms.

The market is giving two-thumbs up to A&O and its enterprise legal service (Advanced Delivery) approach. This is not a futurist blueprint; A&O is deploying enterprise legal services now and it is impactful for clients and the firm. "Advanced Delivery has greatly enhanced the firm's ability to compete successfully for the most complex, high-value legal work across the globe," Andrew Trahair told me. "It has also opened up collaboration opportunities with leading industry players like UnitedLex and Deloitte. We have similar but by no means identical expertise, so it's what's best for the client that drives the right mix of providers, especially on very large, complex matters."

UnitedLex: The Art of The Possible

UnitedLex was, in the words of CEO and Founder [Dan Reed](#), "created to address a glaring gap in the legal profession—a gap in access by law department leadership to resources critical to drive transformation and to align more deeply with business." Unlike the

C-Suite that had access to a range of expertise from sources like McKinsey, Capgemini, and Atos, Reed recognized that leaders in law departments were generally on their own. They relied solely on law firms and a handful of other single solution providers that tended to have a narrow, transactional focus, not a holistic view with end-to-end and business centric solutions capability. Reed launched UnitedLex in 2006 to address that void. If that sounds brash, it does to me too.

Reed and UnitedLex have pulled it off. Fast forward thirteen years to the present. UnitedLex employs more than 3,000 lawyers, engineers, programmers, forensic accountants, data analysts, and other highly-skilled professionals and paraprofessionals. The company operates seamlessly across 18 countries and has a client roster that includes more than 25% of the Global Fortune 500. What's especially remarkable about this staggering growth is that it was achieved organically. This has enabled UnitedLex to retain a singular cultural focus on delivering significant client value and affording its professionals a unique, dynamic, and cutting-edge home from which to extend the current boundaries of client solutions. Spend an hour with Reed and you will walk away convinced that UnitedLex's best days are ahead—or as old blue eyes crooned, "The Best Is Yet To Come."

Client-Centricity, Capital, And Marquee Clients From The Get-Go

UnitedLex landed IBM as its first client soon after its 2006 launch. Hewlett Packard and Microsoft were its next two clients. Not a bad start. Reed, a CPA, BigLaw alum, and executive with two successful corporate liquidity events, understood the [importance of capital](#) and the structural limitations on law firms to secure it. He secured the backing of two financial powerhouses, Sequoia Capital and JP Morgan, early on. They were betting on the company's early success but, even more so, on Reed's commitment to use the capital to build out UnitedLex's fledgling enterprise legal services platform. They were also impressed by the company's business plan that described consulting, technology, and solution delivery teams deployed around the globe. UnitedLex had a consumer-centric vision from the get-go.

UnitedLex recently made [headlines](#) when it took on a [\\$500m investment](#) from [CVC Capital Partners](#), Europe's largest private equity company. The deal, described by several sources as the largest-ever investment in the legal market, was closed after an exhaustive, multi-year analysis by CVC of the entire legal landscape. Siddharth Patel, Senior Managing Director of CVC Capital Partners, and his team concluded that "UnitedLex has pioneered the enterprise legal services platform. We are convinced no other company has mastered the regulatory, technology, and solution designs essential to addressing the needs of the leading law departments of the world."

Law Department leaders are no longer faced with the binary choice of in-sourcing legal work or using traditional law firms for the delivery of high quality, cost effective legal services. UnitedLex has created a unique enterprise legal services platform for transforming large in-house legal departments. It is comprised of a consulting, technology, and resource solutions company and an international law firm constellation. Each of these component parts is focused on the areas of contracts and commercial transactions, litigation, intellectual property, consulting, and compliance. Clients can engage on a single solution basis or, as is increasingly the case, turn to UnitedLex for its end-to-end solutions capability. UnitedLex quite literally bets on its ability to deliver. It guarantees clients that the quality, efficiency, and cost-savings of its enterprise legal service—typically 30% or more—live up to expectations. If they don't, UnitedLex—not the client—bears the risk. This is unique, even among UnitedLex's handful of enterprise legal service provider peers.

UnitedLex recognizes that the legal industry is confronting a [skills gap](#), especially in the delivery area. Many in the industry bash law schools for this. UnitedLex has taken an entirely different approach, partnering with law schools to help train students for a rapidly changing marketplace. [The Legal Residency Program](#), as this initiative is called, now involves UnitedLex partnerships with ten law schools including Emory, Vanderbilt, USC and Miami. Not only has this resulted in after-graduation jobs for students (including at UnitedLex), but it also demonstrates the company's commitment to promote the health of the profession and the industry. UnitedLex is

also pursuing plans to help fund The Digital Lawyer Institute, a one-of-a-kind training program designed initially for General Counsel and their senior business counterparts to solve pressing, real-time challenges and to apply digital transformation to the legal function.

Big Deals and Huge Pipeline

UnitedLex surprised many in the legal industry when it announced its mega-deals with [GE](#) and [DXC](#), both in 2018. That was apparently just a warm-up. UnitedLex now has a \$3B pipeline balanced across four principal domain areas: intellectual property, contracts, litigation, and compliance. To put that number in perspective, it is equivalent to the annual revenue of Kirkland & Ellis and Latham & Watkins, the world's highest-grossing law firms. Even more startling is the size, complexity, value, and term of the deals UnitedLex is handling. This is in marked contrast to the transactional nature of most law firm/client engagements. It is also why UnitedLex and the handful of other enterprise legal service providers will undoubtedly continue to grow rapidly in a marketplace keen for their differentiated resources, delivery capability, and enterprise impact.

The Big Four: Law as Professional Service

The long-running debate about the [Big Four's legal services](#) intentions and strategy is over. Deloitte, PricewaterhouseCoopers (PwC), Ernst & Young (EY) and KPMG have each publicly declared their objective to dominate the legal space with an enterprise legal services strategy. Piet Hein Meeter, Deloitte Global Leader, Legal Services, said, "We are building capabilities to deliver seamlessly across borders as a truly global legal service provider. The innovative, technology-enabled and integrated nature of our services will disrupt the legal market as a whole." His counterparts at EY, PwC, and KPMG have made similar statements. The Big Four are all-in and have made no secret of their strategy.

The Big Four have not taken on Big Law head-to-head by replicating its [traditional practice-centric partnership model](#). Instead, they have focused on a suite of practice offerings that include tax, immigration, business transactions, litigation support, cybersecurity, risk management, and regulatory. Their market differentiation is not the number or pedigree

of lawyers they employ but their ability to integrate niche legal domain expertise with a global technology platform, robust process and project management capability, a global footprint, trusted brand, massive professional and paraprofessional support, deep C-Suite ties, and advanced digital transformation knowledge and experience. The Big Four is not rooted in law nor does it lead with its legal expertise; it's the delivery capability that makes it elite. This would not have been a winning formula even a decade ago, but it is now. That's because the practice of law is shrinking and the delivery of legal services is expanding. In today's marketplace, [legal services are whatever buyers need to solve business challenges](#), and that [does not necessarily require lawyers](#) or law firms.

The Big Four have invested heavily in technology, resource management, perpetual learning, thought leadership, succession planning, data mining, and client relationships. They have a deep understanding of their clients' business, the touchstone of client-centricity so notably absent among most law firms. Their global footprint, local knowledge and presence, integrated operations, and vast talent pool coupled with their delivery expertise enable them to take on massive, multi-jurisdictional matters and to operate with the [speed of business](#). No wonder KPMG Legal Services [reported](#) a 30% growth (Deloitte, PwC, and EY have also reported robust annual legal growth) that includes revenue from mergers and acquisitions, tax, global equity management, compliance matters, and legal tech solutions. Jurg Birri, Global Head of Legal at KPMG, echoed the approach articulated by his Deloitte, EY, and PwC counterparts: "Increasingly, our clients are being asked to implement business transformation programs (sic) that need an integrated approach that combines business and legal methodologies, not just pure legal advice. We understand this and are able to deliver."

The Big Four Confront Structural, Cultural, and Regulatory Challenges

The Big Four's double-down on legal services is not without internal and external obstacles. EY, PwC, Deloitte, and KPMG are single-branded [global professional services networks](#). Each of their networks has hundreds of "members" with their own balance sheets. This can result in internecine

disputes and an inability to make quick decisions—an “on steroids” version of the law firm partnership model. Another issue is culture: the Big Four long ago morphed from being accounting firms to something considerably broader. Still, the “accountant mindset” and management dominance remains. Just as “non-lawyers” remain second-class citizens in most law firms and in-house departments, so too have lawyers yet to achieve equal standing with accountants among the Big Four. There is also an integration issue among Big Four lawyers exacerbated by member segmentation along geographic and service lines as well as divergent statutory and professional regulations. Big Four law firms (in jurisdictions where they can engage in legal practice) often function more like insurance company “captives” than integrated global firms.

The Big Four also confront two major obstacles in the U.S., the world’s [largest](#) legal market. The first is statutory; Sarbanes-Oxley limits auditing firms from providing legal services to audit clients. The other major restriction comes from the legal profession. The ABA Model Rules of Professional Conduct, which serve as the basis for ethics rules of most states, ban non-lawyer ownership of law firms and a fee-sharing prohibition for legal services businesses. While these impediments provide an uneven U.S. playing field for the Big Four to compete in the U.S. legal market, they by no means shut them out. Nor do these obstacles apply in other major legal markets around the globe—notably the UK and Australia—where the Big Four actively engage in full-on law practice. No matter the market, the competitive advantage the Big Four enjoy emanates from the ability to deliver enterprise legal services.

Conclusion

The architecture that a handful of enterprise legal service providers are pioneering is, to borrow from van der Rohe, right for its time. It is at once utilitarian and imaginative, responding to immediate challenges and offering a flexible paradigm for addressing new ones. It provides a structure that is built for the legal consumer and designed to align provider with consumer. This is very different from law’s existing insource or outsource and practice or delivery paradigms. Enterprise legal service providers alleviate and harmonize those choices, delivering consumers

holistic, flexible solutions for their most complex business challenges. That’s an architecture that consumers are increasingly buying into.