

# Legal Services Market

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***Abstract- Legal services market has been a growing industry and one of the markets with most potential but as noble the profession is, it is important to understand the importance of making legal services market more liberal and understand the business aspect of legal services, over the years there has been many revolutions and change in legal set up from traditional methods to usage of technology in legal services. Day by day need for better legal service and easy accessibility of legal services market is increasing***

## I. INTRODUCTION

Legal services are as old as times of rule of law. Modern evidence found can be old as the year 1850s when in France it was introduced as a means of legal aid given to unprivileged and people who were not capable of affording representatives to represent them in court of law. The concept of law firms started in the late 19<sup>th</sup> century with emergence of new law firms in those times a firm containing 4 or more lawyers was mostly associated or recognized as a law firm in America by 1950s there were firms in thousands with many people. Legal services market in India is one of the emerging legal services markets in south Asia and of the world as India being the 2<sup>nd</sup> largest populated country in the world also attracts a largely overwhelming number of legal cases and legal opportunities compared to any part of the world and also constitutes of 2<sup>nd</sup> largest no of country with lawyers in the world with over six hundred thousand lawyers currently practicing in India. The legal services market is one of the biggest marketing sectors in the world with a market size of over 700 billion dollars as of recent times and will continue to grow with time. In India the legal services market is of over 1.3 billion dollars. Legal services market not only contains of services provided to customers to help them in legal ways but also consist of firms or lawyer who are willing to work pro-bono for social purposes. Legal services have its own role when it comes to

establish a smooth working legal framework in a country. Legal services market is an emerging market in Asian countries with most of people in poor countries deprived of good legal representation smooth market of legal services is required which ensures enough options for both the lawyers and the customers who can easily get in touch with their representatives. Legal services are one of the most prestigious professions that requires not only the knowledge of laws but the just application of law. This market has both social responsibility and moral responsibility to work for the betterment of the framework of the legal system which is the most necessary function of any democracy.

## II. WHAT DRIVES LEGAL SERVICES MARKET

Legal services market in India and rest of the is driven mostly by individuals who seek legal help for representation, making affidavits, reviewing of documents. Institutions and corporations also seek legal services for representing them in institutions and also help in providing legal services in mergers acquisitions. Businesses also seek legal services during formation of deed in partnerships and also require legal services during winding up of the company. Individuals also require legal services while formation of will. Legal services market in India is not limited to services availed by private individuals and corporations but in India government has its own lawyers and legal representatives who represents the government in courts and keep its stand in the courts in response to the public interest litigations and also sometimes during an enquiry on some mishappening such as riots , stampede etc. With increasing regulations of government in works such as accountancy and secretarial audits being made compulsory for companies the requirements for legal services market is increasing day by day. Such as when a person buys a property during the registry of property a lawyer is required as to do the required legal

work that is needed for the due course of registry so no dispute arises afterwards as court already has the documents which prove to whom was property transferred to

### III. ROLE OF DIGITALIZATION INITIATIVE

Earlier in law firms most of the important and secretive documents were kept in physical form which was hard to handle these days law firms have adopted cloud technology where all the documents can be stored easily without any problem with full safety this makes work easy. Many law firms are investing in technologies such as artificial intelligence, machine learning and also in tracking performances it has resulted in significantly decreasing the cost of operation in law firms and also made them very efficient in storing information by this process of digitalization it has become easy for firms to record data and also track client history easily without much time consumption and makes it easy to find relevant information to cases in less time which is very convenient for legal researchers of both law firms, students and individual who practice law. It has significantly helped in reducing the space required to store all the documents and has made sure that the documents and files are safe from any external harm as there has been many cases where it was seen that due to fire many documents were lost also there is a chance of documents going bad and the condition of document might deteriorate in the long run if stored for a long time, this problem is solved by digital storage of documents.

### IV. EMERGENCE OF ONLINE AND ALTERNATIVE LEGAL SERVICES PROVIDING PLATFORMS

With recent trend in the world and particularly in India the introduction of masses to world of technology and web which gave a rise to emergence of digital and online market place similarly the legal world also didn't remain untouched from the digital evolution of sector of markets and introduction of websites such as livelaw.com, bar and bench, and many others both in India and world they help in providing review of documentation help in litigation process, managing the intellectual property they also provide a large databases of case laws and judgements which makes

legal research easy. Many big law firms are also outsourcing the work that don't usually generate revenue to the firms such as project management, business analysis, and clerical work such as billing and expenses recording.

Not only for big law firms but also common public it has become easier for common public to also know understand and witness what's happening during the daily proceedings of the court, earlier common man had no idea about the observations and comments of court but with introduction of startups like livelaw who has a presence on social media where they provide regular updates and the comments made by judges in the court which has made accessibility better for common public.

#### Online legal services providers-

- Kaanoon
- Legalkart
- Online legal india
- Bar & bench
- Live law
- Lawrato

#### Alternate legal services providers-

- Korum legal
- Peerpoint by Allen & Overy
- Deloitte
- Kpmg
- Reed smith
- Diti

### V. SEGMENTATION IN ALTERNATIVE LEGAL SERVICE PROVIDERS (REVENUE)

Segmentation literally means segmenting or dividing targeted market in groups based on many factors in the ALSPs we are using segmentation by revenue to group the firms operating in this category. The also market is worth at 14 billion dollars in 2021 it was near 10 billion in 2017 so its expanding

- of ALSPs and segment by size and revenue-

Big four- big 4 contains of big accounting and auditing firms who share one of the largest market shares in this

field of over 1.5 billion dollars they draw most revenue the ALSPs market share companies referred as big four here is 1) kpmg 2) deloitte 3) EY 4) pwc

Captive LPOs- these are fully owned legal captive firms mostly are situated in small town they have a market share of above 300 million dollars as of 2019 studies. Some examples of captive lpo are- 1) Allen and Overy 2) wilmerhale 3) orrick 4) reed smith

Independent LPOs-these are independent legal services firms that give there outsourcing services to law firms in project-based engagements and our not owned by any company but are independent and work on contractual basis by providing requested services than a firm has outsourced. This particular segment contains or captures the most legal market share in revenue of over 7.4 billion dollars. Some examples of independent LPOs are- KLDISCOVERY, DTI

Management services provider-it is outsourcing responsibility of management and other in-house functions to improve the management. By revenue it is the 2<sup>nd</sup> segment in ALSPs category with market share of above 700 million dollars. Some examples of MSPs are – Elevate, Thomson Reuters.

Contact and staffing services – provides lawyers to firms on ad Hoc basis for work relating to review of documentations to specialists it helps in reducing the workload in the firm which gives them an opportunity to focus on the core work that the firm does and also is cheaper for the firm rather than hiring permanent staff for these work as recruitment process and selection is very time and money consuming process. Its market share stands at whopping 1.1 billion dollars some examples of companies and staffing services are- LOD, Update legal, Special Counsel

## VI. LEGAL TECH SERVICES (INDIAN MARKET)

In last decade a lot of legal startups have boomed and emerged in field of legal tech services

## VII. SEGMENTS OF LEGAL TECH MARKETS IN INDIA-

- ODR- ODR stands for online dispute resolution, as we all know the legal proceedings in india can be quite tiresome, ridiculously long and long this online dispute resolution gives an opportunity or an option to settle disputes outside of court it uses alternatives dispute resolutions such as mediation and arbitration and negotiating the terms of resolution of the dispute. It has helped already overburdened courts in a very positive way. Few examples of ODRs in india are-SAMA, CADRE both of them are recognized by governments and have been giving results in a span of 20 to 25 days which is impressive
- LEGAL RESEARCH- in today's age of rapid digitization of resources legal research and analysis is no more limited to huge books which is not very appealing and requires a lot of time and also is not very efficient with less accuracy whereas with AIs it has become easier for lawyers to find out relevant information through a huge mountain of information in very less time and more accurately which is very convenient for them some examples of providers are SCC online , Legal mind
- LEGAL MARKETPLACE- legal market place is a market where we can look for suitable lawyers we can compare it to flip kart and amazon like e-commerce website for legal services there has been a boom in these services particularly after the internet boom in 2016 in India. These websites make it easier for people to sort out suitable lawyers with respect to there budget and locality.
- CONTRACT MANAGMENT- As the number of business and companies are rising day by day it is inevitable that the need for contract will also increase, it has reached a point where maintaining contracts in traditional ways has become a headache and a hectic work as contracts are very sensitive and managing it with negligence can result in risk in management , according to international association for contract and commercial management found out that more than 90 % time in making of contracts is wasted on the process , contract management software are not only secure but its very convenient to share these contracts through emails and if there has been any mistake they can be changed in real time where as in traditional ways it takes a company to follow the due process again from the starting in case of

mistake. Mostly the lost files can be recovered if maintained digitally as regularly backing up of the data makes risk of loss nearly negligible. Some contract management software's are DocuSign, outlaw etc.

#### VIII. RESTRAINTS IN LEGAL SERVICES MARKET-

1. Oversupply of lawyers and decrease in demand- according to survey done by Altman Weil in the year 2017 it was reported that around 52% of firms said partners holding equity in firms were not working most of the time or didn't have any work and in case of partners who didn't hold any equity 62 % of firms reported didn't have much workload and in ¼ of the law firms associates also didn't have much workloads. This over supply of lawyers in law firms has resulted in diluting the profits of the firm.
2. Restrain on advertising- advertisement is one of the key instruments in success of any firm or individual as with help of advertisement it is easy to grow business and increase market share but in legal services market in India according to rule 36 of bar council of India it restricts any advocate to advertise in a newspaper or any other communication medium which can help them increase them grow.

#### IX. RESTRICTIONS THROUGH GOVERNMENT REGULATION

Legal services market in India historically in 17<sup>th</sup> and 18<sup>th</sup> century when the first of the court headed by mayors were introduced and set up by the British in India which gave a rise in adoption of legal profession by people as advocates, barristers were required to safeguard the rights of the public it was not until independence that India had its own legal services act earlier it used to be governed by the British law until Advocates act in 1961 was introduced in parliament which became the foundation of legal services in independent India.

Under the advocates act 1961 there came certain restrictions like under *section 49 (1) subsection c* rule 36 it states that no advocate can solicit work or advertise through any medium of communication like

newspaper , tv, interviews etc. And also restricts on publishing of the advocates picture in any publication with connection to the cases he is working or indulged in.

In *rule 2-chapter 3 part 6* it prohibits any advocate or a law firm to form any partnership including share of profits with anyone who is not a legal professional or any legal practitioner who is not an advocate in BCI. This means that no law firm can share the profits with non-law person this regulation makes it difficult for law firm to attract investors and without any investment its growth comes in question these types of rules discourage in Indian legal services market which has restricted its growth in past and now and will continue to restrain its growth without any outside investment its highly unlikely that legal services is going to grow at its potential

#### X. SEGMENTATION IN LEGAL SERVICES MARKET

When we group or divide a market in differently identified sectors. It is done to help understand a market based on demographics , priorities, other psychological behaviors this segmenting or dividing of market helps in understanding the market it makes companies better in identifying their target audience and since they identify their customers its easier for them to operate.

1. By type of firm- (a) business to business legal services basically provide services when there is a dispute between business or corporate entities, sole traders or firms with any other company or individual. This B2B services market is further segmented into types of activities which mainly consists of criminal proceedings, merger and acquisition of companies B2B legal services market is currently over 400 billion dollars and is expected to grow over 490 billion dollars with CAGR of 5 % some b2b firms are- allen&overly, slate, arps  
(B)business to consumer legal services are services provided directly to the consumers who require the services like individuals. B2C market share sits at around 140 billion dollar with US and China markets in leading in this segment it is expected to grow at compound annual growth rate of 3.8 %

some b2c services firms are Baker McKenzie and Clifford chance LLP

2. The legal services market is divided into two categories based on the size of the law firm: a) Large Law Firms and b) Small Law Firms. Large law firms accounted for 63.5 percent of the entire legal services market classified of law firm in 2020. Large law firms are predicted to be the fastest expanding category in the legal services market classified by size of law firm in the future, with a CAGR of 6.0 percent between 2020 and 2025. Small and medium law firms are firms in which the number of lawyers ranges from 15 to 350 lawyers ,15 in small and 15 to 350 in medium size. Small and medium size firms are also expanding and are expected to cover more market share.
3. Type of practice- there are law firms who have segmented the work in different type of legal fields such as
  - a. Litigation- Litigation is the process of bringing a legal matter before a judge. If the parties cannot agree on a fair and proper outcome to a dispute, they will take their claims to a court for a decision. It's a wide term that refers to a lengthy and sometimes difficult procedure. Litigation is second largest in market share at over 23 % of the market share in 2020 it was estimated that the litigation services sit around 6 billion dollars and is expected to grow at a rate of CAGR of 8 % in upcoming years
  - b. Corporate law –corporate law is the segment with highest market share of over 29%and is also expected to remain the highest in coming years because as the number of organizations is increasing it has resulted in more amount of cases on organization relating to harassment of employees, and other services like audits, merger and acquisitions are increasing day by day hence it can be said it is going to stay dominant
4. By geography- united states of America constitutes of more than 50% of global legal services market share as and west Europe comprising of Uk and France comes at 2nd place in counties of south south America and Africa will be the fastest-growing areas in the legal services industry, with CAGRs of 14.1 percent and 8.0 percent, respectively. Following that will be Asia Pacific and Eastern Europe, where markets are predicted

to rise at CAGRs of 7.2 percent and 7.1 percent, respectively.

#### XI. GROWTH OF LEGAL SERVICES MARKET IN INDIA

As we know that around the globe the legal services market has been growing exponentially but in India its growth is questionable as it has been detached from the world trends. India in present comprises of more than a million legal professionals' bit still the legal industry is estimated around only 1.5 billion which is absurd considering that India has one of the highest population and legal professionals

- Reasons for limited growth-
  - a. Advocates act of 1961
  - b. Restrictions on foreign law firms
  - c. Lack of globalization and liberalization in legal sector
  - d. Restriction on partnership with non-law practicing person

#### XII. IS GLOBALIZATION AND LIBERALIZATION GOING TO MAKE LEGAL SECTOR MARKET REACH ITS HEIGHTS?

India adopted the policy of globalization and liberalization after the devastating economic crisis in the year 1991 when for the first time Indian economy was opened and resulted in huge foreign investments which made indian economy grow very fast and with it many sectors also started growing but in regard of the legal sector it is still a very conservative market and not fully open for foreign lawyers or firms to work ,but is this gonna solve the problem? We can look at other countries that opened the legal services market and the impact it had -

- United Kingdom
 

After 1970 the legal services market in Uk was liberalized which removed the restrictions on advertising and it was restricted to form a partnership between non lawyers and law professionals and entry of foreign law firms were banned to enter but after these restrictions were lifted the lawyers could advertise and public ads with amount of fees they charged , formation of limited liability partnerships

was encouraged and non law people could also invest , entry of foreign law firms was allowed which improved the services provided and it was seen that their was an increase in number of merger and acquisition cases after liberalization legal sectors market is worth around 37 billion dollars which was only 10 billion in 2001 and constitutes of 1.6% of UKs gross domestic product and also helped it in becoming legal hub of the world

- Singapore

In Singapore the legal services market was liberalized after the 1990s earlier the government of singapore posed a restriction on practice by foreign lawyers and establishment of sole proprietorship and general partnership after these restrictions were lifter it was allowed for foreign lawyers to practice in the courts of Singapore , foreign law firms were allowed to enter and practice in the area of commercial arbitration , they were also allowed to invest 25 % stake in domestic law firms , formation of limited liability partnerships was also allowed after this. It resulted in internationalization of the domestic law firms of Singapore and over 100s of law firms from uk and us came in the country it made legal services sector worth over 2 billion dollars that contributes around 0.55% of Singapore's GDP and has transformed it into the hub or arbitration proceedings

- India has the same conditions and restrictions as above mentioned countries had in pre liberalization era hence it can be noted that globalization and liberalization of legal services market can make Indian legal services market grow at its true potential

- Steps to achieve the true potential of legal services market

1. Relaxing the rule or completely removing the clause that restricts advertising in advocates act of 1961 i.e., section 49(1) c like in both Uk and Singapore after it was lifted it resulted positively in reforms in legal services market and its growth
2. In advocates act rule 2-chapter 3 part 6 it is mentioned that no partnership can be formed between non law practicing or non-lawyer it has restricted the investment in legal services market, a legislation to remove the quoted article will help

in achieving organizational reforms which will increase the no of law firms and the market growth of Indian legal services market as more investment will come and help in the firm's growth

3. Advocates act 1961 also restricts the entry of foreign law firms in India, after liberalizing this sector through removal of such acts it will make quality of Indian legal services better and as in above mentioned countries increase the market value of the sector exponentially and internationalize the legal services market in India

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#### CONCLUSION

Legal services market is a market with high potential of growth but because of policy of conservatorship its growth is not as per the industry standards as it should be at present India has 2<sup>nd</sup> highest number of lawyers in the world but still has a market of only 1.5 billion dollars through globalization and liberalization the true potential of its growth can be achieved India can be called the sleeping giant of the legal services market in the world and it has potential to be the biggest legal services provider and to achieve that it is necessary for India to learn and take note of growth of legal services market in other counties and follow them to achieve its goals

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