Issues and challenges for the legal profession

December 11, 2017

Dear Editor,

Like practically every industry, new emerging trends are changing the way legal firms of all sizes are operating, bringing with it plenty of opportunities, but also challenges. Some of the most common issues and challenges facing the legal industry include:

**Opening of the Indian legal market.** The potential opening up of India’s legal market has been a major talking point of 2017; the government has been aggressively pushing for liberalization. Some of the worries that liberalization could bring include the fear that law firms would meet the same fate as the country’s accounting firms. Setting up alliances with foreign counterparts would also result in loss of referrals.

**Alternative billing models.** Pressure to rein in legal costs has forced law firms to diverge from the traditional billable-hours model in favour of new alternative billing models such as fixed, flat, blended or capped fees. In order to foster long-term relationships and maximize value, more law firms are embracing alternative billing as a way to meet the needs of cost-conscious clients.

**Era of super specialization.** It has become the need of the hour to focus on niche areas of practice that alternative service providers are unable to address. This is more so to keep up with the demands of new industries emerging in the business market. To survive one has to be a super specialist in one’s area of practice. At ARA LAW, we have envisaged this long back and stuck to our core practice areas.
Legal service marketplaces. Slowly legal service marketplaces are gaining a foothold on account of them offering more cost-effective solutions to consumers. This could result in reshaping the legal industry. The online revolution has seen the mushrooming of a lot of online legal portals which have been backed by venture capital (VC) and private equity (PE) funds with deep pockets. The start-up community and other cost-conscious clients are steadily turning away from the good old lawyers and law firms and moving toward solutions powered by technology and it is a matter of time before this service is used by clients in the upper strata. Very soon lawyers will be forced to change the way they do business to serve clients in order to keep pace with the changing trend as they are faced with PE and VC-backed competition where regulatory framework is yet to evolve!

Talent retention. With every passing year hundreds of thousands of lawyers are thrown in the system, however onboarding talented lawyers with the right skill set and the right attitude to work is quite often a challenge.

Threat from accounting/consulting firms. Given the overlap between accounting and law services, accounting firms are investing heavily in their legal service arms. This has led to increased competition – there is no level playing field concept in the country.

Rule of law. Although the concept of rule of law is embedded in our constitution, disregard by the legal fraternity themselves can be seen in the form of backdoor entries being made by foreign law firms. Like the formal and informal economy, the same malice exists even among lawyers, which Madras High Court has at least taken some cognisance of, cancelling the membership of 713 lawyers who had enrolled as advocates after getting law degrees based on MA degrees of open universities. Madras High Court also expressed shock over people with criminal backgrounds and without formal education getting enrolled as advocates using irregular and illegal means such as purchasing law degrees.

The key to overcoming many of the issues and challenges is being aware of the risks, being responsive to such risks on a timely basis, and being agile. Agility requires an overall appreciation of specified issues and challenges and developing strategies by changing processes, systems and practices to alleviate their impact.
India is going through a sea of change in terms of reforms in the legal and regulatory space. This has brought about new opportunities inevitably leading to the opening of new trending business opportunities in many sectors and industries. The key to success lies in super specializing in one’s core practice areas.

**Rajesh Begur**
Managing partner
ARA LAW
*Mumbai*