

The Future of Legal Services

William D. Henderson

Professor, Indiana University Maurer School of Law

Editor, Legal Evolution

Co-Founder, Institute for the Future of Law Practice (IFLP)

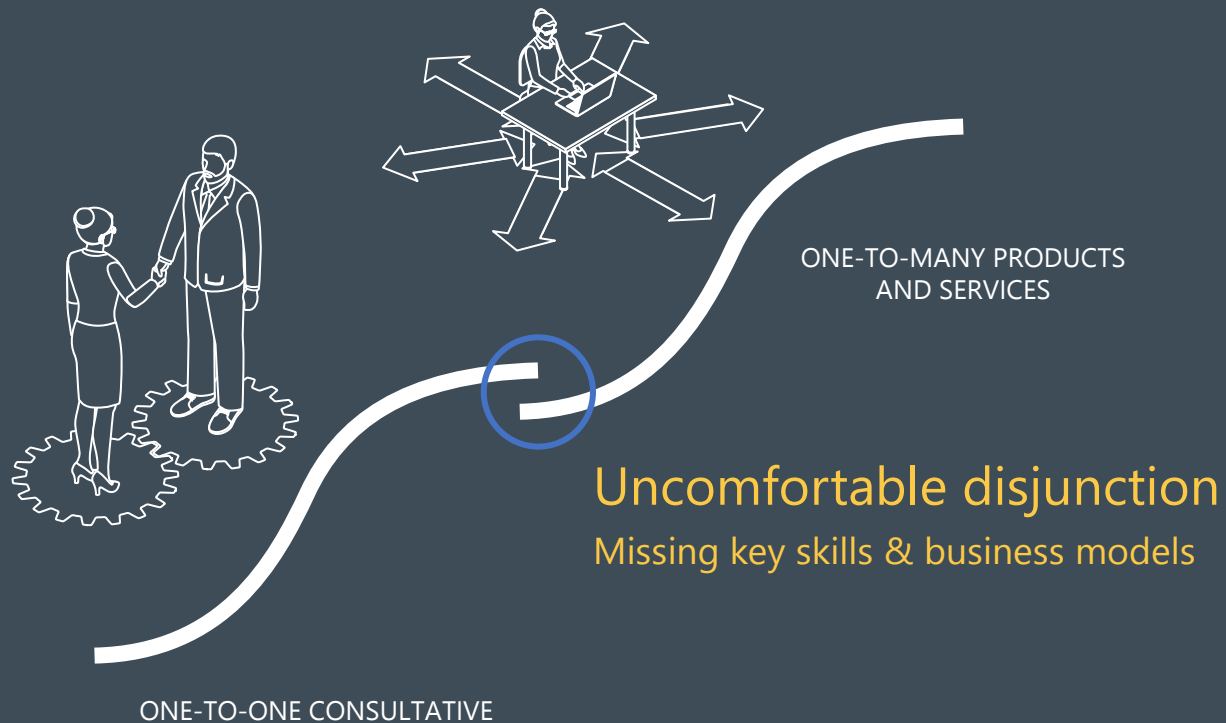
Presented to

Institute for the Advancement of
the American Legal System (IAALS)

June 25, 2020

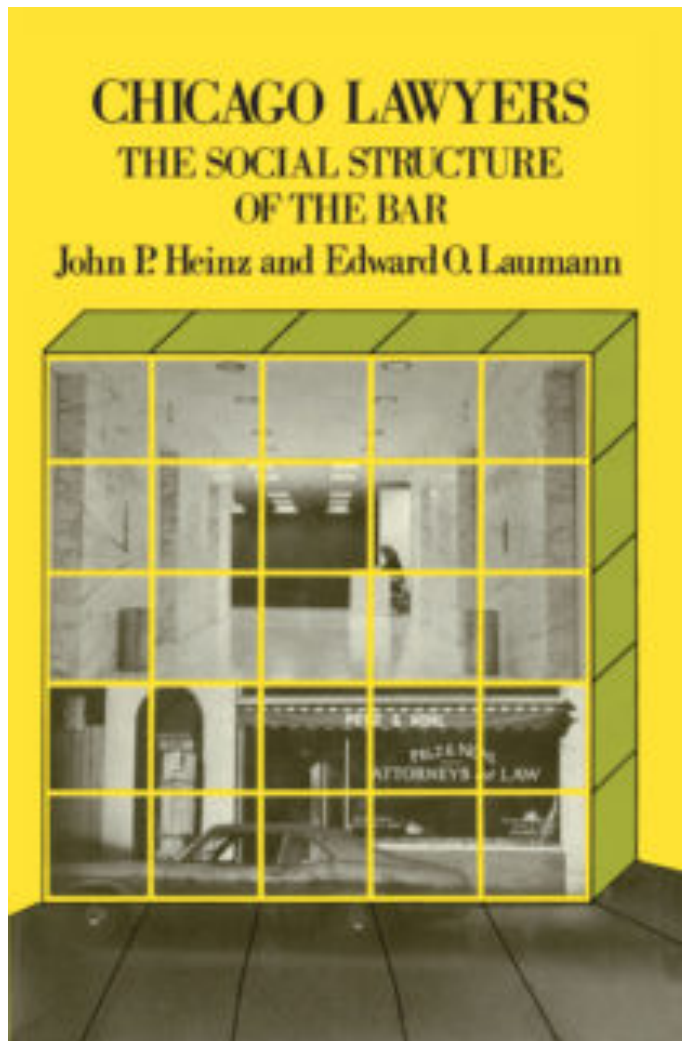


Our industry is evolving

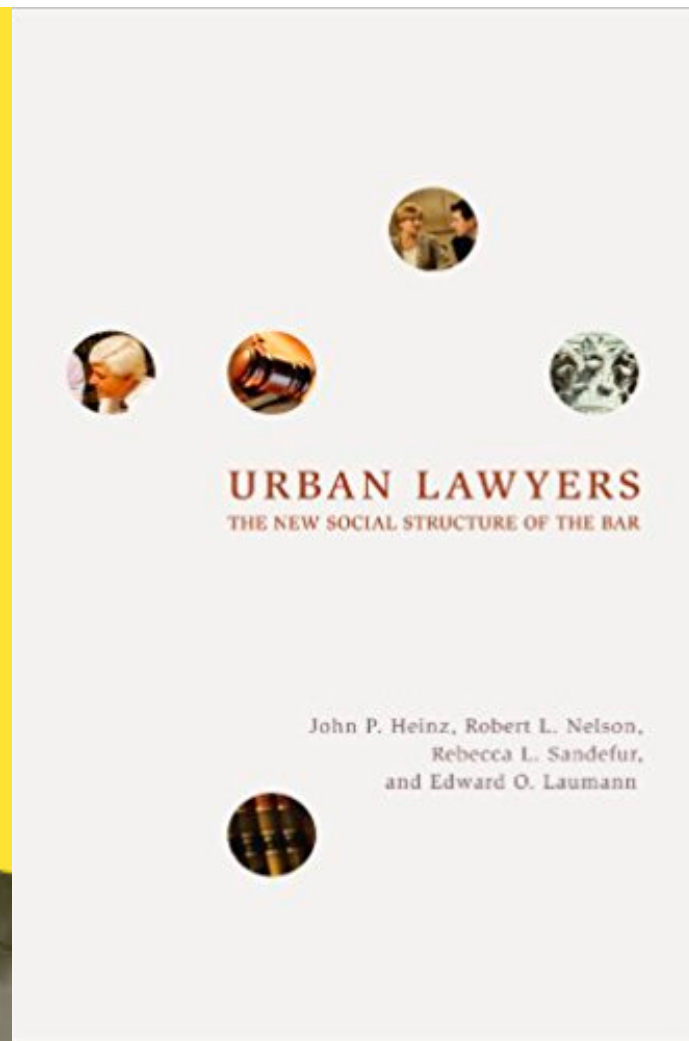


Two Market Segments

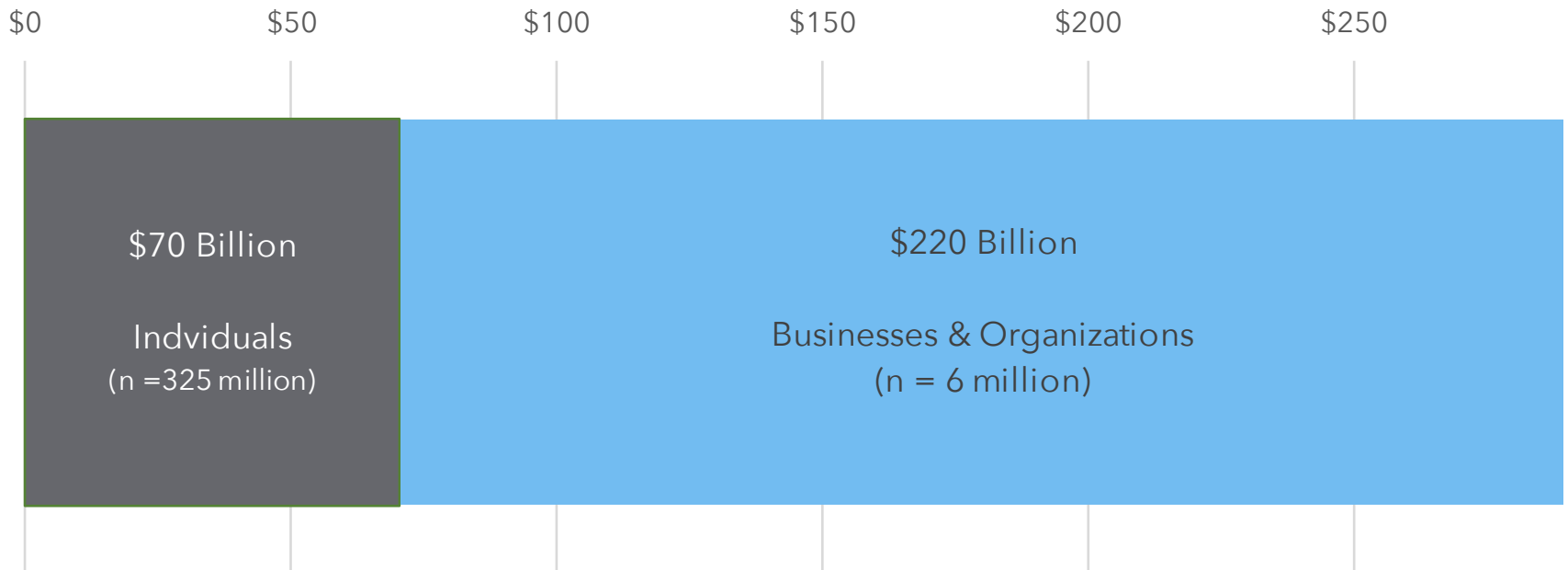
Chicago Lawyers I



Chicago Lawyers II

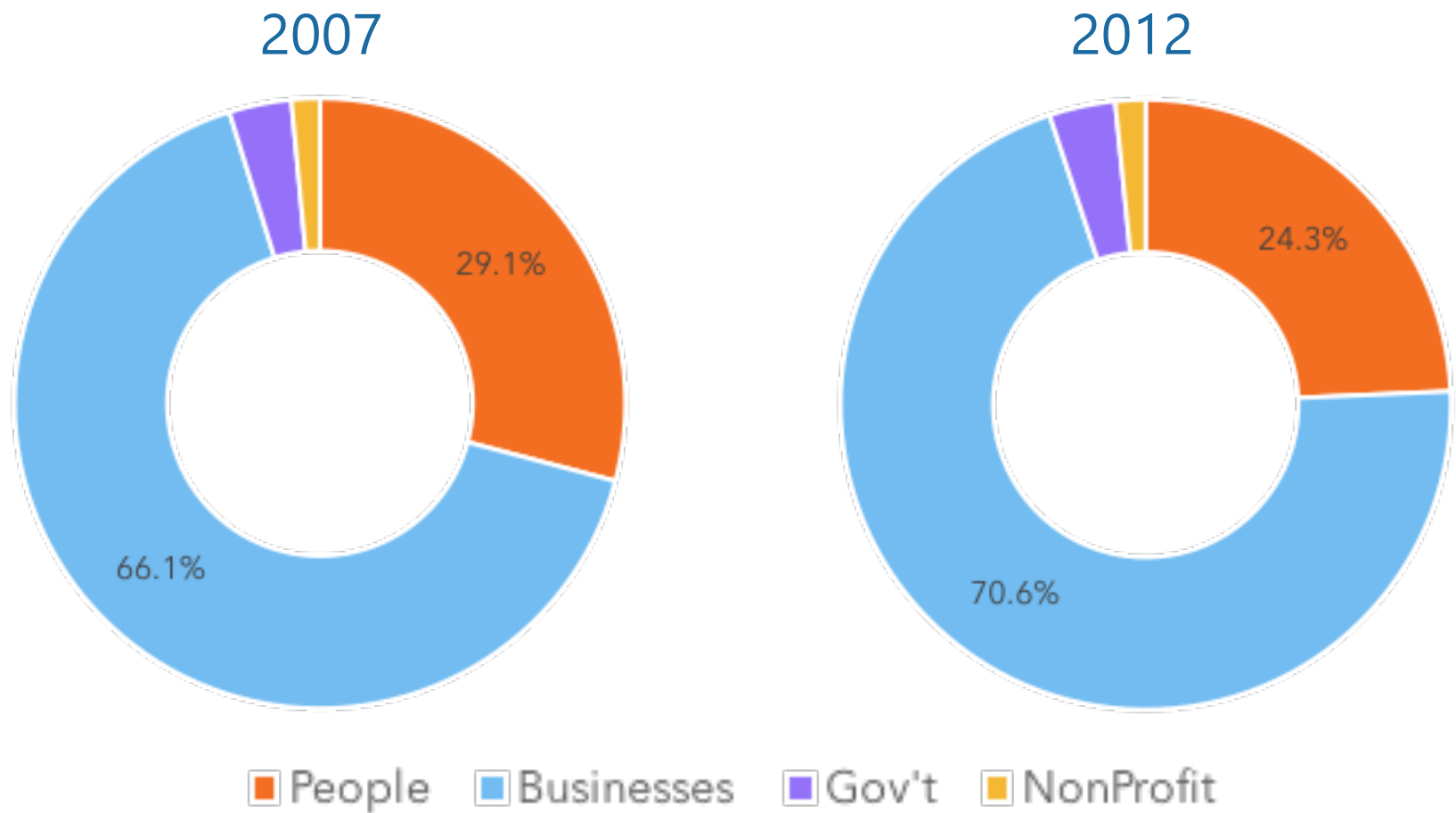


Estimate of Current U.S. Legal Services Market



Based 2012 Economic Census data adjusted upward based on growth in U.S. GDP

% of Law Office Revenue by Type of Client



PeopleLaw Lawyers struggling to earn a living.

2017 Clio Legal Trends Report



What went into the 2017 *Legal Trends Report*?

1,026,038 matters

10,981,286.13 hours billed

\$2,562,864,876.43 in billables

8 award-winning data scientists

Hourly Rate

**\$260/
Hour**

Hours

**2.3
Hours**

29% of 8
Hours

Billed

**1.9
Hours**

82% of Hours
Worked

Collected

**1.6
Hours**

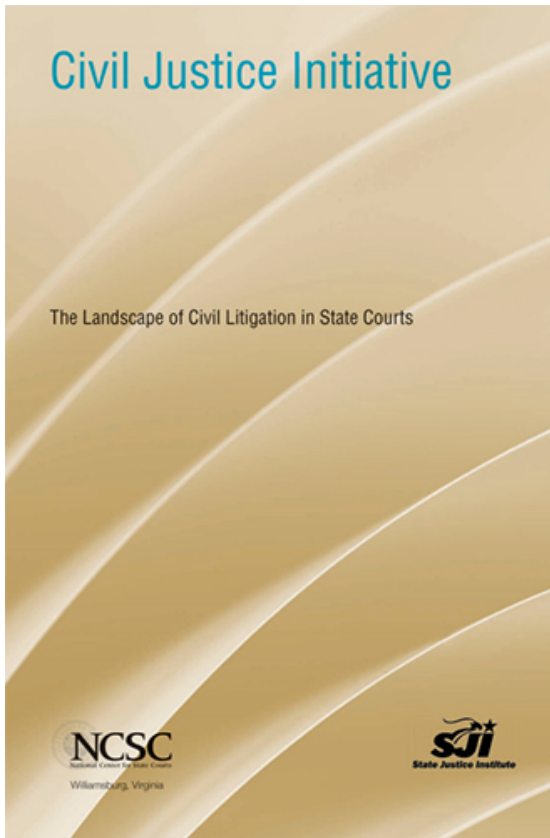
86% of Hours
Billed

Income

**\$422/
Day**

State courts in melt down.

NCSC The Landscape of Civil Litigation in State Courts



“The picture of civil litigation that emerges from the Landscape dataset confirms the longstanding criticism that the civil justice system takes too long and costs too much.”

\$2,441

median judgment

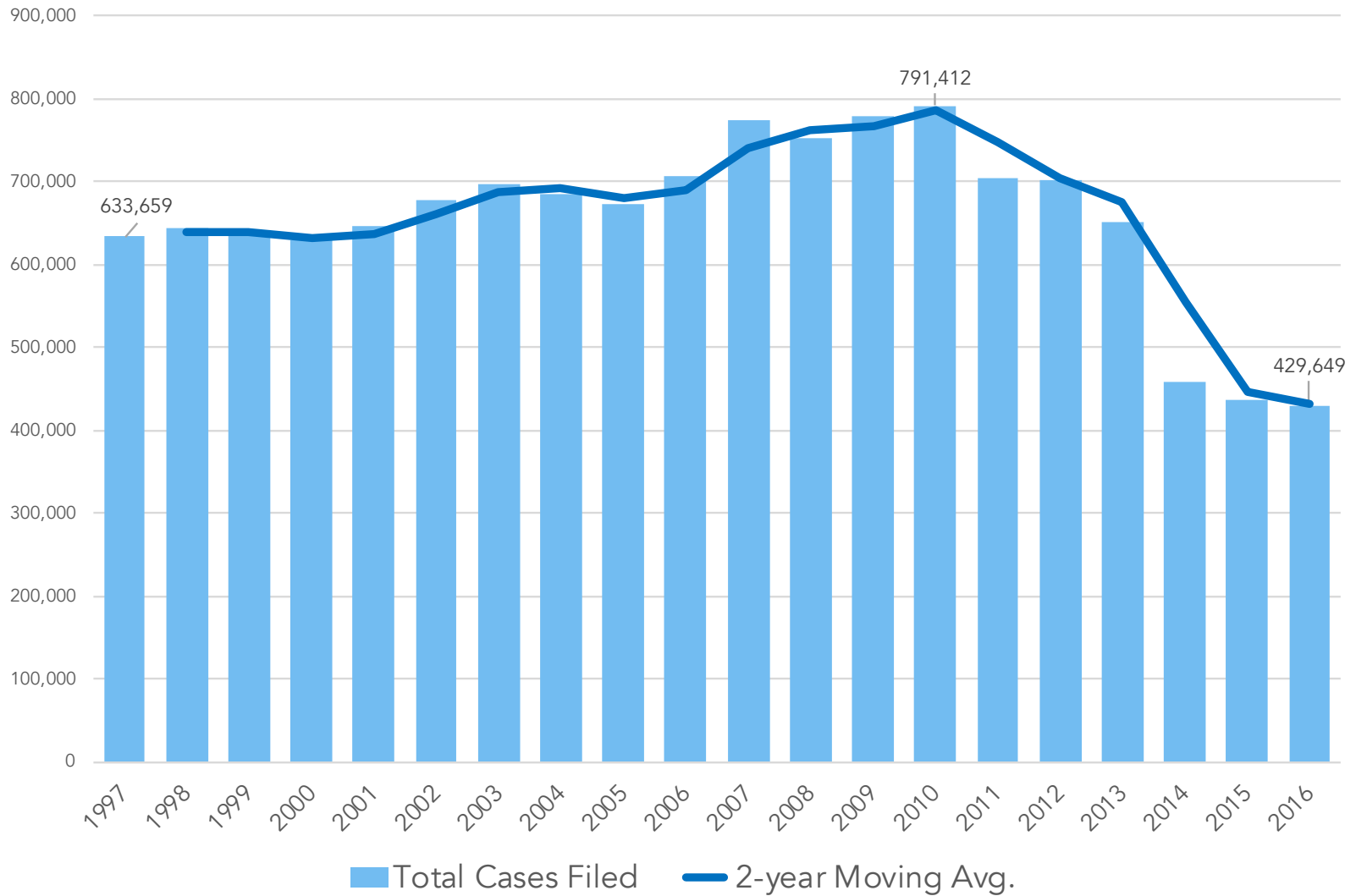
\$5,424

average judgment

75%

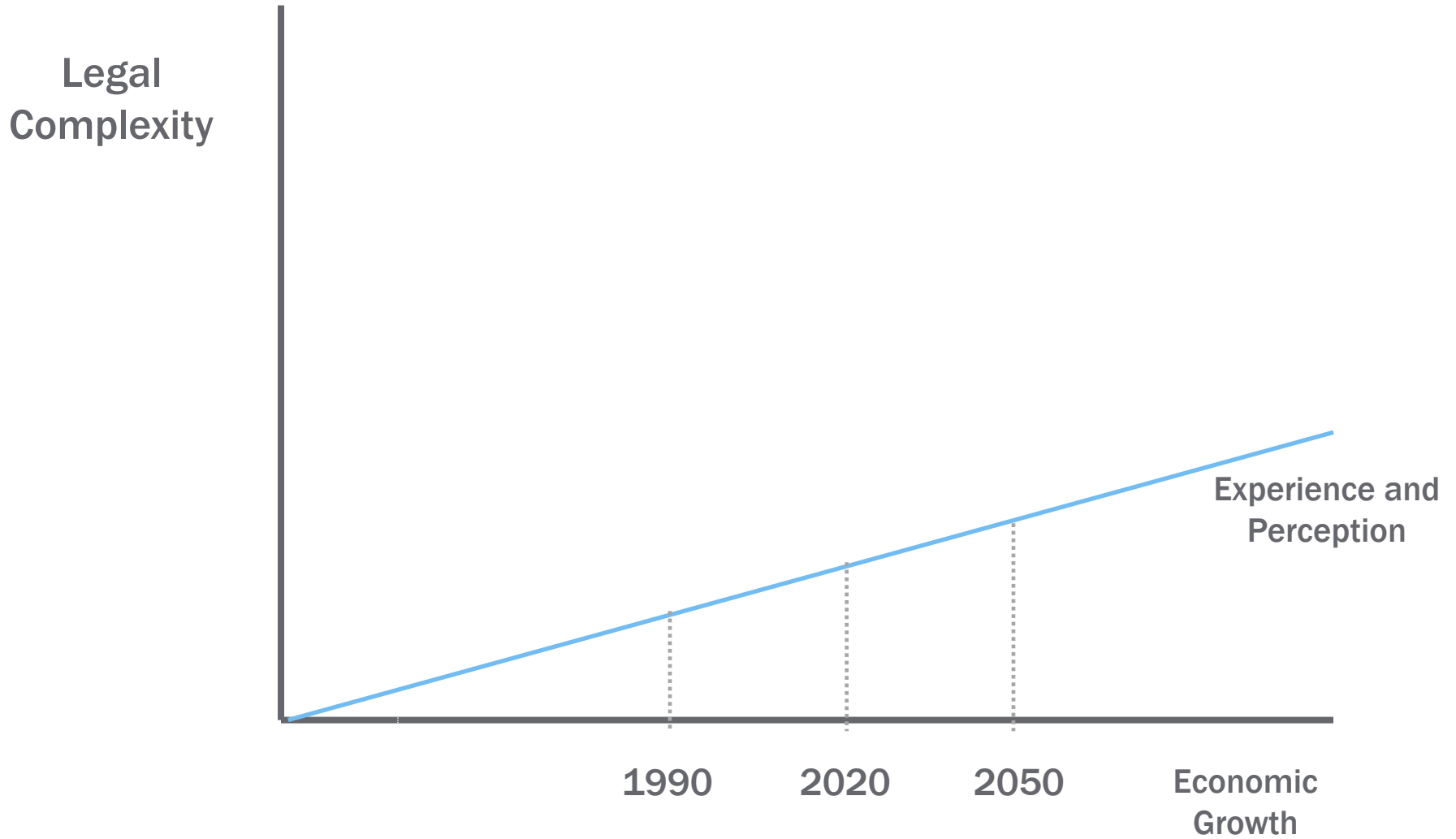
of cases had at least
one self-reported
party

Civil Case Filings in the Illinois Circuit Courts

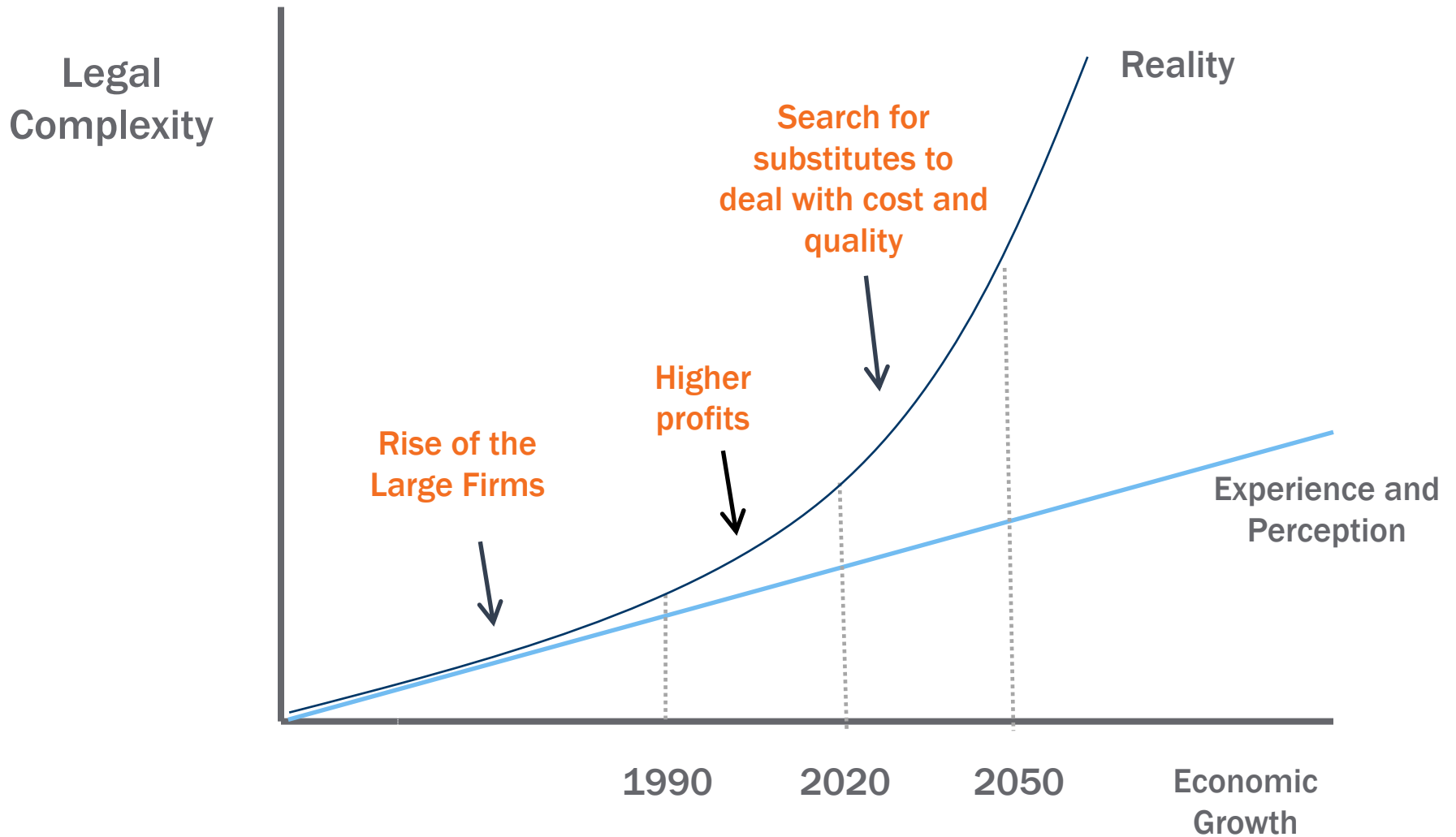


Source: data from the Annual Reports of the Illinois Courts, graph generated by Legal Evolution PBC

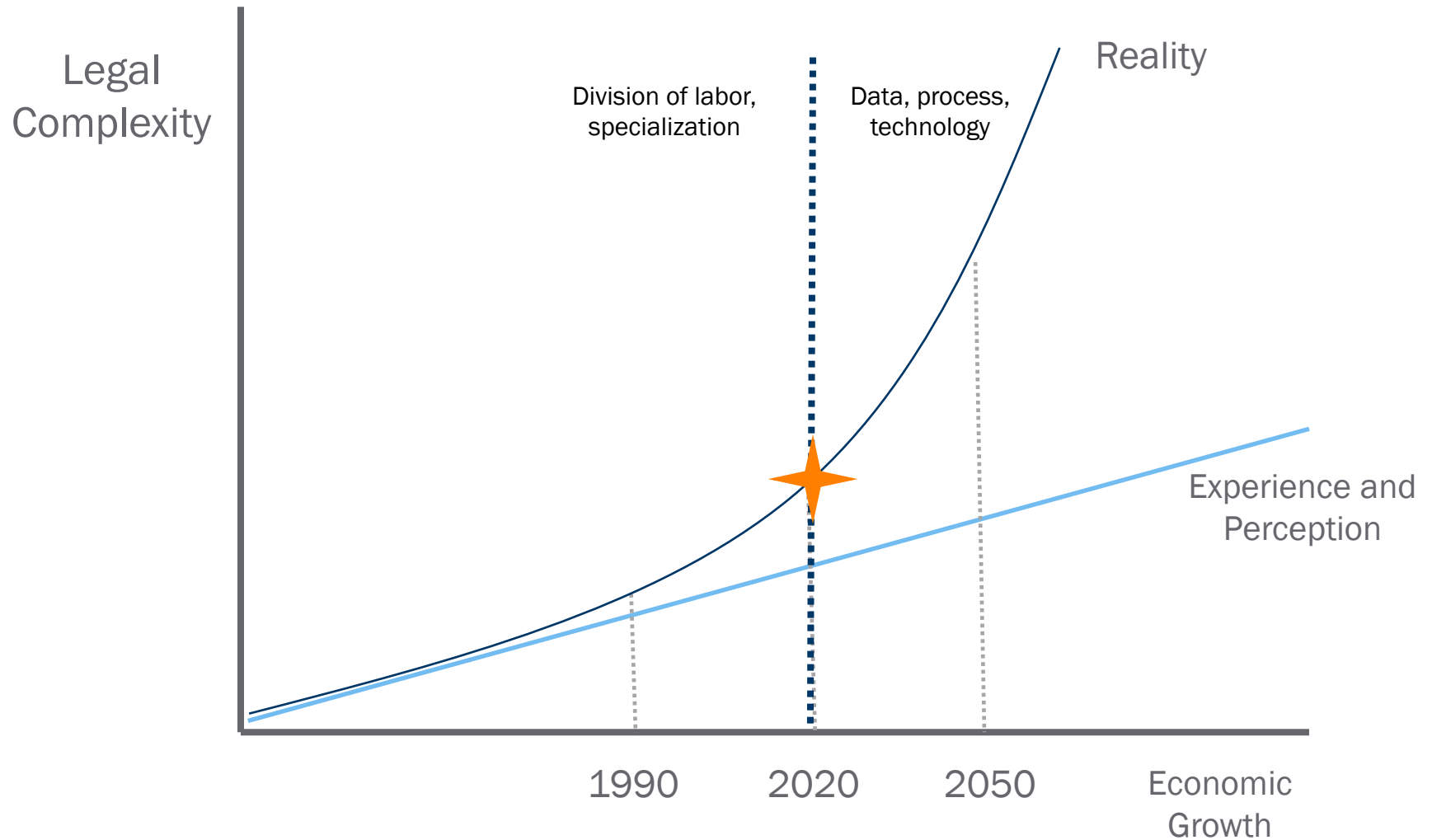
Complexity



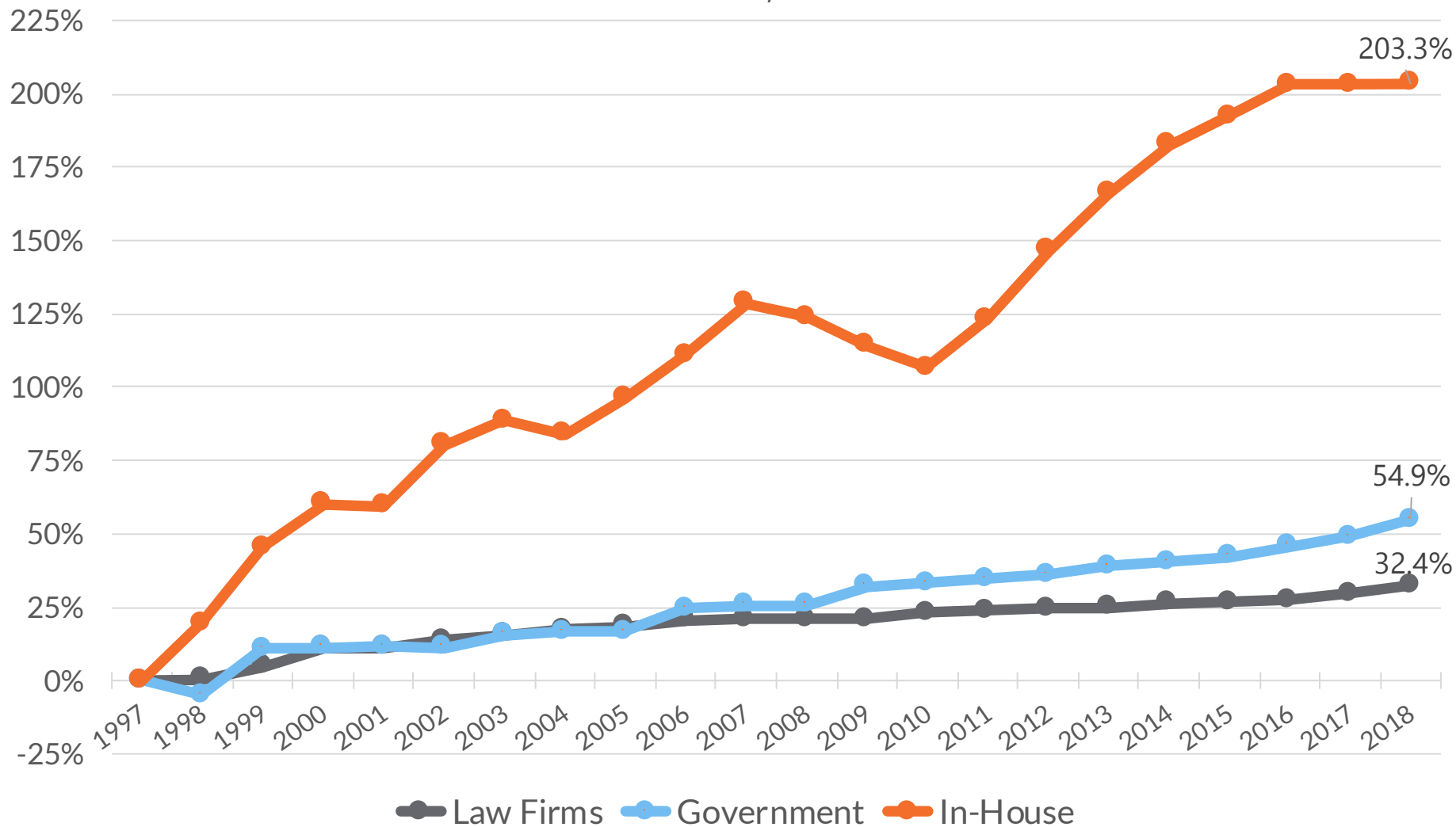
Complexity



Complexity



% CHANGE IN NUMBER OF EMPLOYED LAWYERS BY PRACTICE SETTING, 1997 TO 2018



LAW FIRM CLIENTS: SIX TYPES



Proliferation of Legal Tech Point Solutions

Smart Contracts



Communication & Collaboration



Document Analysis



Workflow



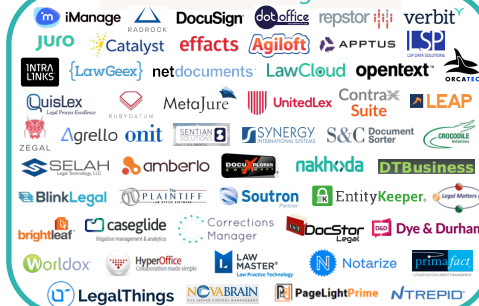
eDiscovery



Transaction Management



Document Management



Business



Time & Billing



Security & Compliance



Legal Research



Case Management

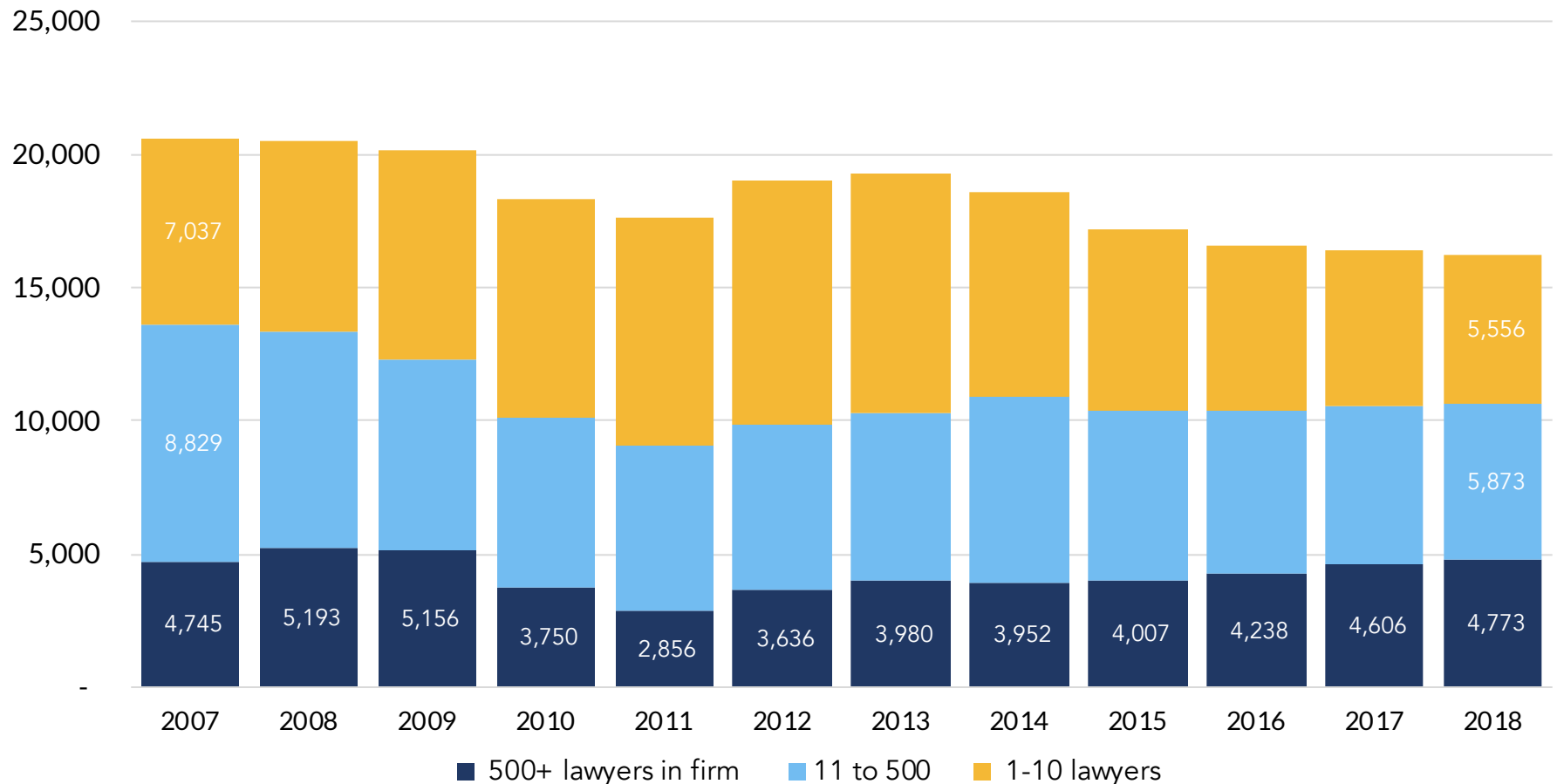


Document Automation



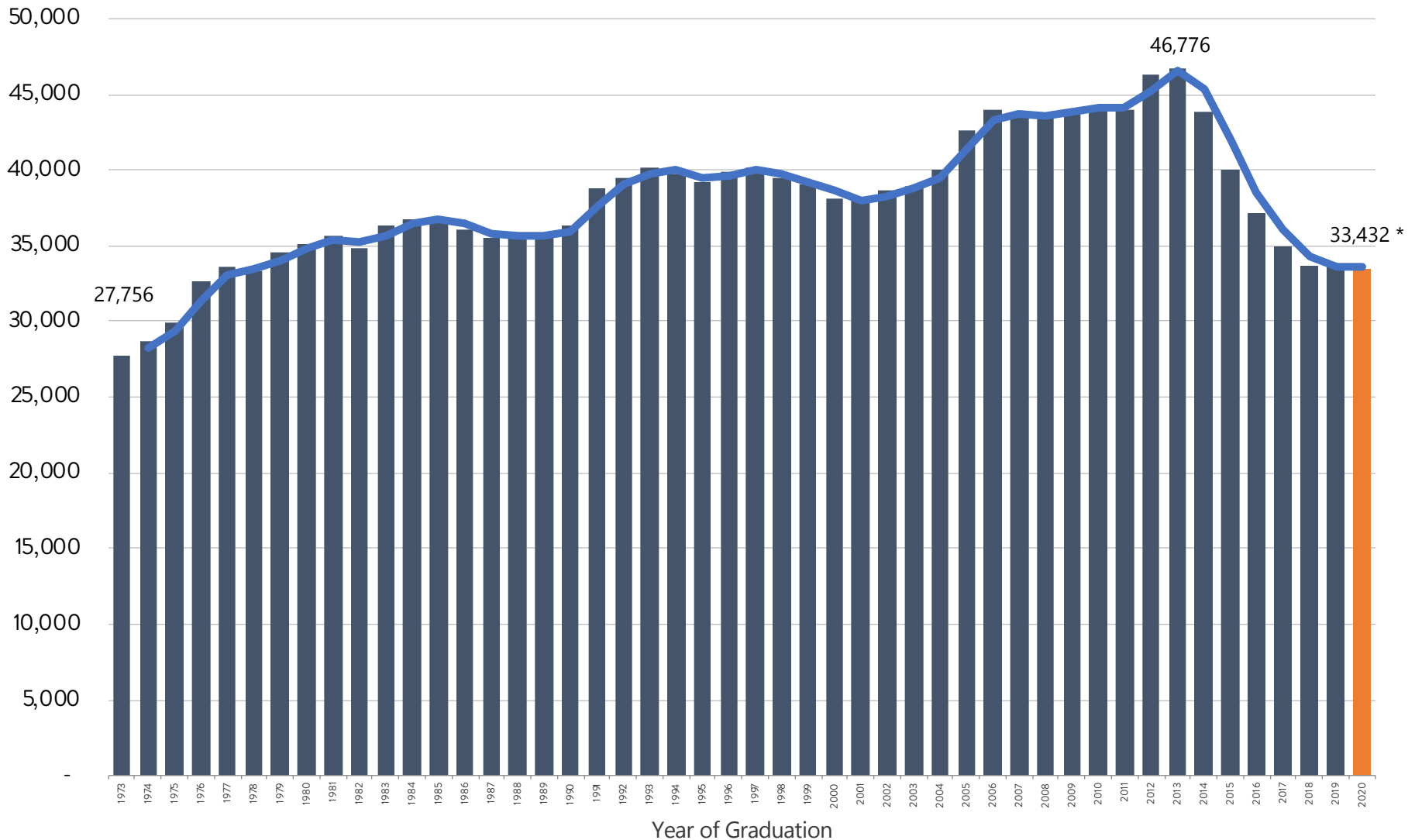
Impact on Entry-Level Private Practice Jobs

Number of Entry-Level Jobs in Private Practice by Law Firm Size



Static Learning → Poor Job Prospects → Massive Decline in Enrollment

Number of Law Graduates from ABA-Accredited Law Schools, 1973 to 2020



Lagging Legal Productivity and "Cost Disease"



1997 Dodge Caravan



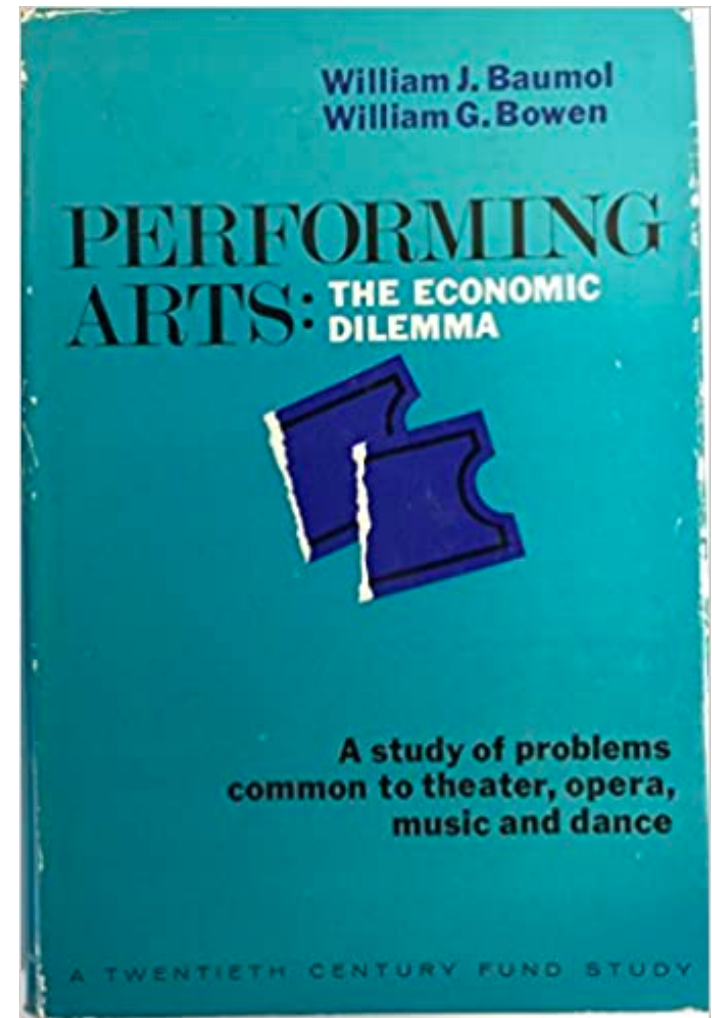
2003 VW Passat



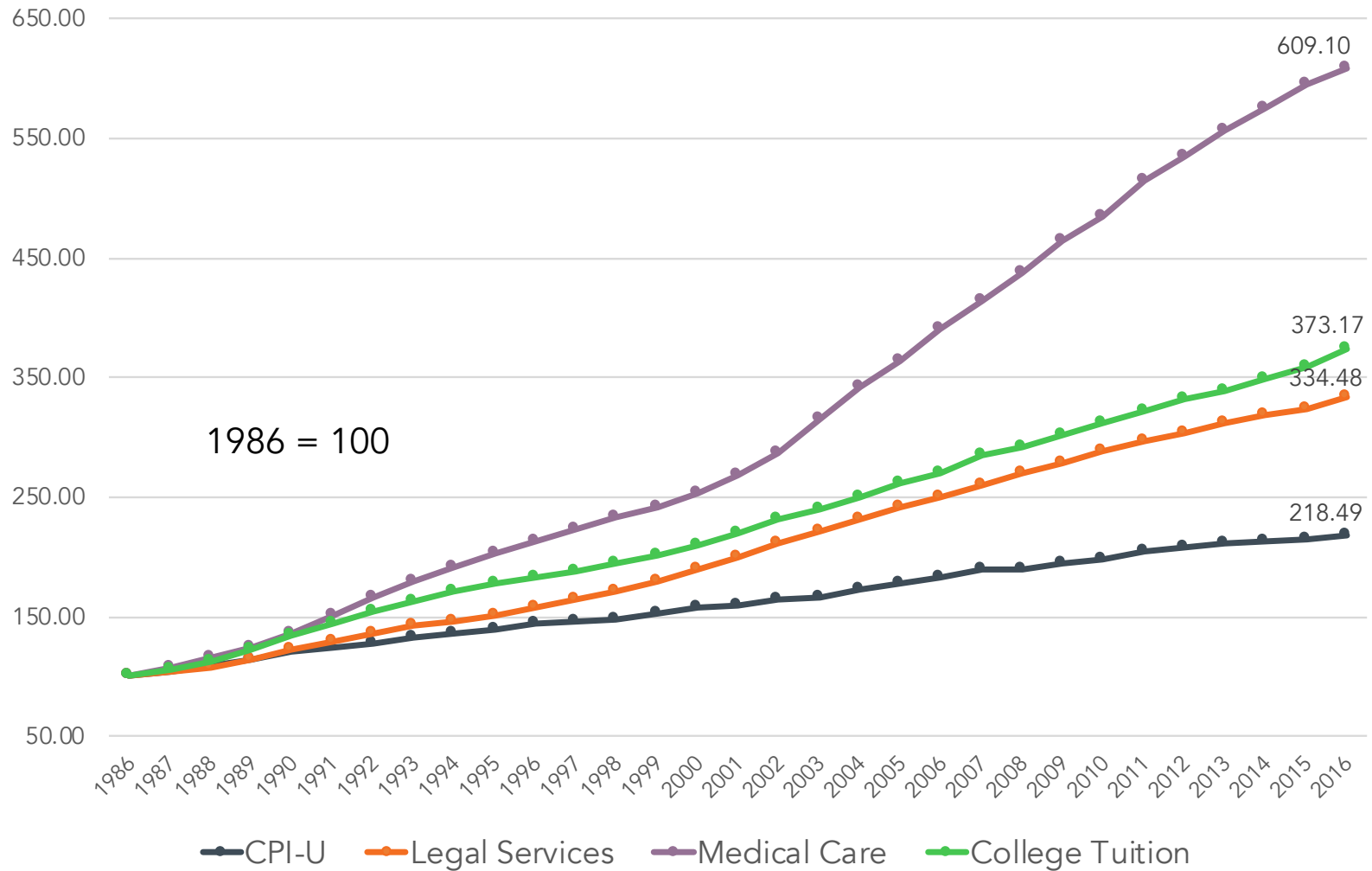
2014 Honda Accord

“Human ingenuity has devised ways to reduce the labor necessary to produce an automobile, but no one has succeeded in decreasing the human effort expended at a live performance of a 45-minute Schubert quartet to much below a total of 3 man-hours.”

-- William J. Baumol & William G. Bowen, *Performing Arts: The Economic Dilemma* (1966)



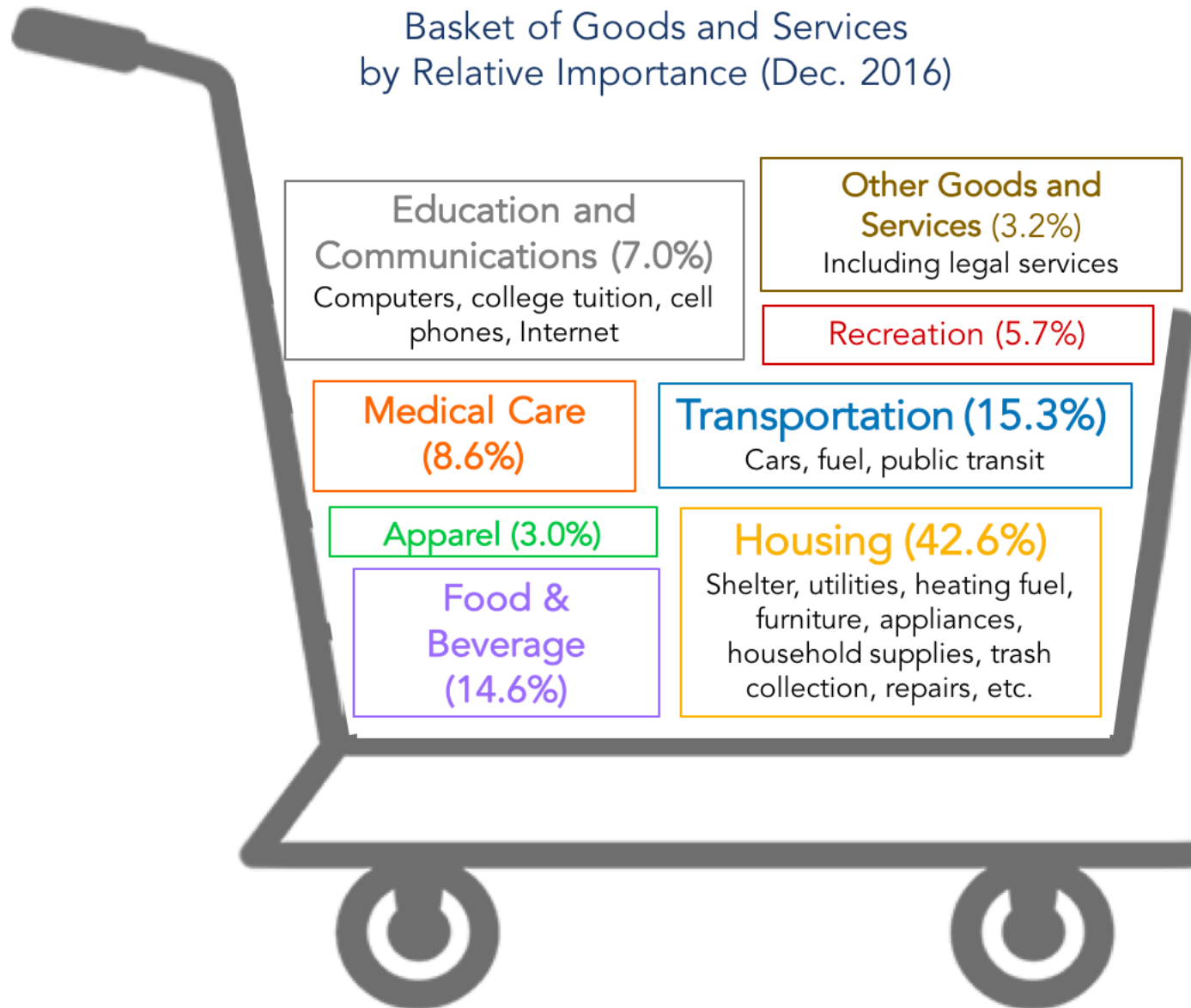
Cost of Legal Services, Medical Care, and College Tuition vs CPI-U 1986 to 2016



Source: Data from U.S. Bureau of Labor Statistics, calculations by Legal Evolution PBC

Consumer Price Index (CPI)

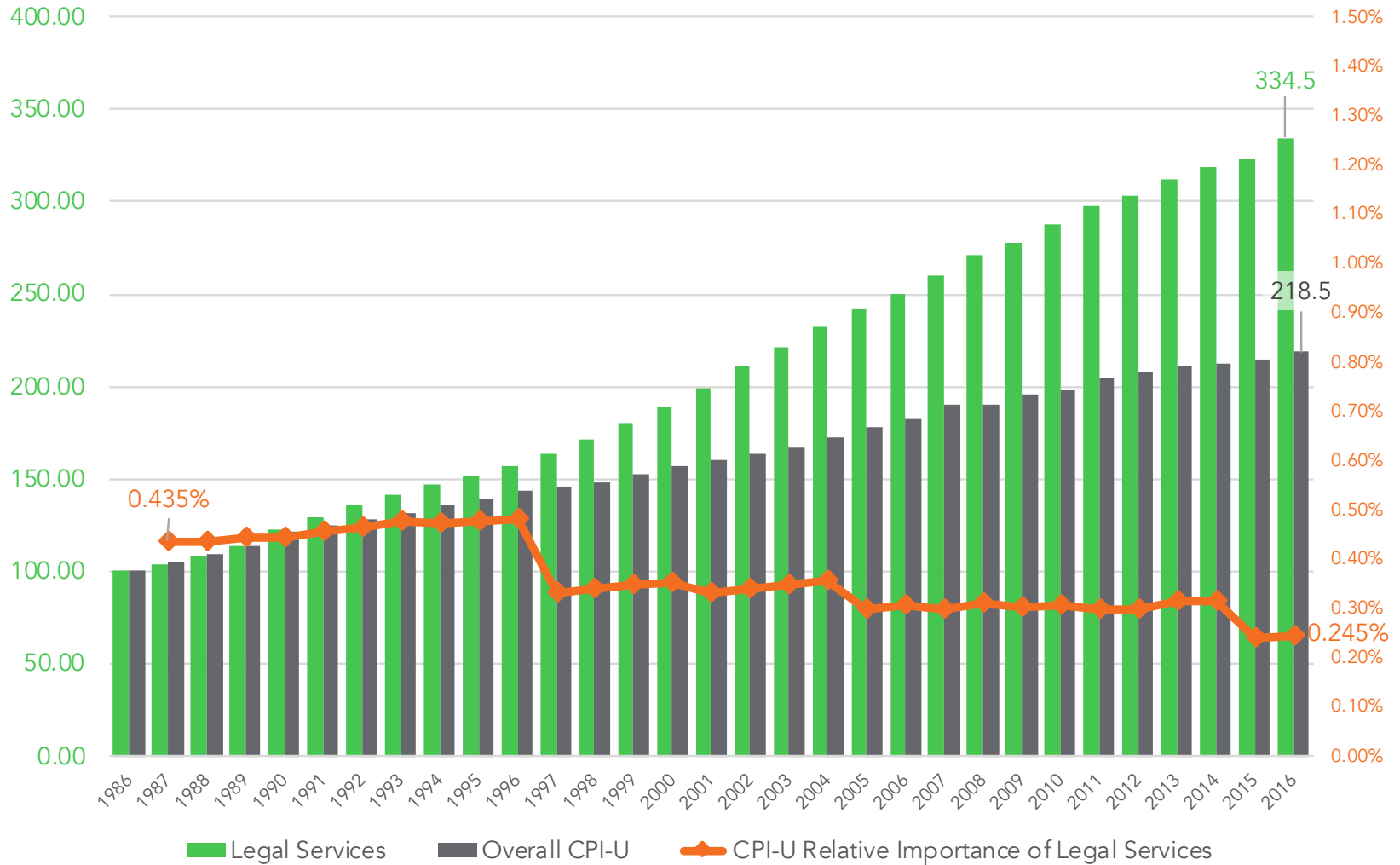
Basket of Goods and Services
by Relative Importance (Dec. 2016)



Source: Data from U.S. Bureau of Labor Statistics, graphic by Legal Evolution PBC

Legal Services Compared to Overall CPI-U, 1986 to 2016

Relative Importance of Legal Services in CPI Basket



Source: Data from U.S. Bureau of Labor Statistics, calculations by Legal Evolution PBC

The “DIY” (Do-It-Yourself) Legal Economy



legalzoom

We're in the business of helping you form your business.

»»



artists

Get a copyright online in 3 easy steps.

Music, scripts, photos & more!

As seen in the *NY Times*, *CNN*, and *Popular Science* . . . click here >>>

legalzoom.com



legalzoom.com

Starting a Business?

- LLC • Incorporation • DBA

Form your business in 3 easy steps

Start Now ►

Billy Smith filed his DBA for The Sporting Sail through LegalZoom.com

Satisfaction Guarantee



legalzoom

Benefits of filing your LLC with us:

- We ensure your name is available
- A personalized operating agreement
- We take care of filing your state docs



legalzoom.com

Legal questions? Get answers.

Documents
Attorneys
Support

Learn More ►



legalzoom

LLC, Corporation, DBA, Nonprofit

Take that step towards your dream business & make it official.

Get Started ►



Start your business with LegalZoom.

For over 10 years we've helped over 1 million businesses get started.

Legal help is here

Start Here **legalzoom**



legalzoom.com

FREE Bankruptcy Evaluation

Avoid Foreclosure
Stop Creditor Harrassment
Reduce or Eliminate your Debt

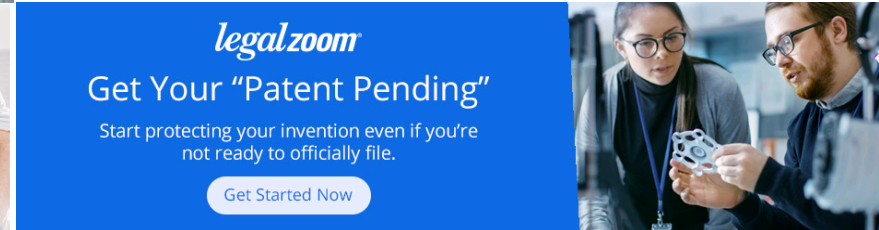
Get Started Now ►



legalzoom

BETTER LEGAL = BETTER LIFE

GET STARTED



legalzoom

Get Your “Patent Pending”

Start protecting your invention even if you're not ready to officially file.

Get Started Now

A2J

Search...



GET STARTED

RESPOND TO A DISPUTE

DISPUTE LOGIN



Civil Resolution Tribunal

ABOUT THE PROCESS ▾

ABOUT US ▾

RESOURCES ▾

FAQ

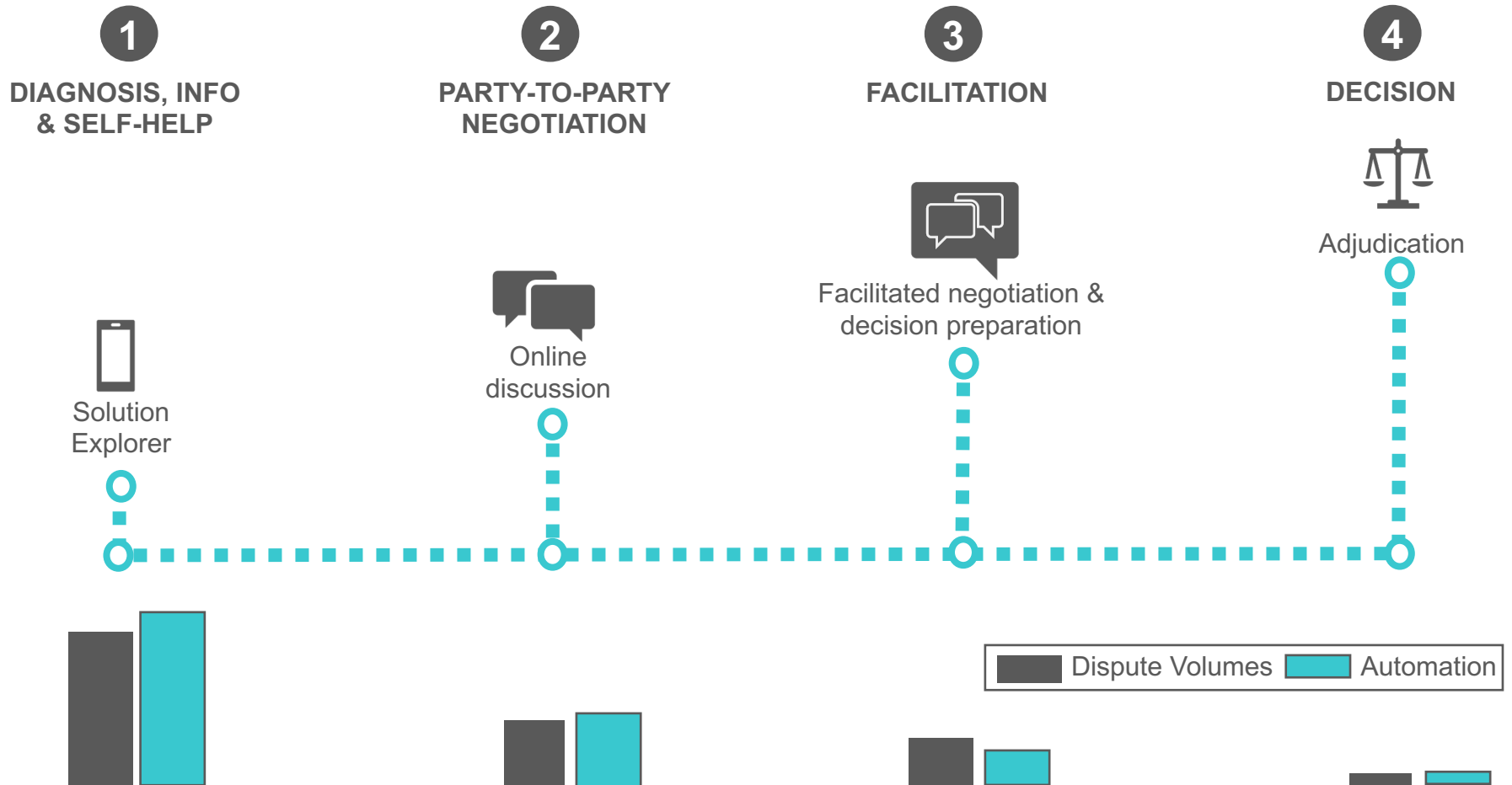
CONTACT US

BLOG

Avoid the time, cost, and stress of going to court.

Is access to justice a design problem? (099), June 23, 2019

<https://www.legalevolution.org/2019/06/is-access-to-justice-a-design-problem-099/>



Seamless, Responsive Design





Civil Resolution Tribunal

Participant Satisfaction

CRT Participant Satisfaction Rates - March 2019 (to date)

Professional: 92% agreed that CRT staff were professional in each interaction.

Easy to use: 74% felt the CRT's online services were easy to use.

Informed: 82% agreed the CRT provided information that prepared them for dispute resolution.

Timely resolution: 78% feel their CRT dispute was handled in a timely manner.

Accessible: 70% found the CRT process easy to understand.

Fair treatment: 84% feel the CRT treated them fairly throughout the process.

84% are likely to recommend the CRT to others.

The Legal Profession has
problems.

Who do we talk to?

Simplified Model of Legal Profession Regulation



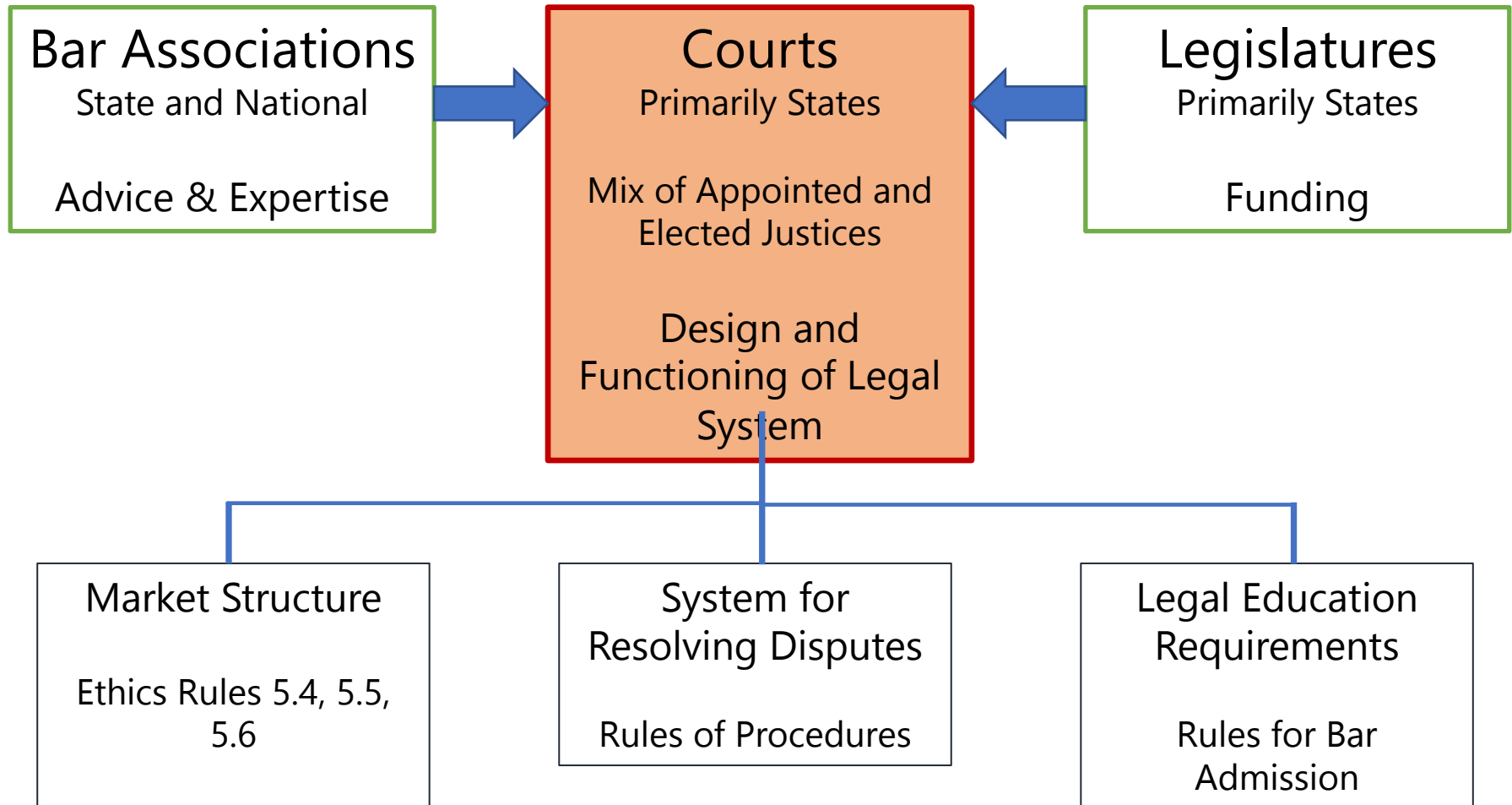
The State Bar
of California




New York State
Bar Association



NCSC
National Center for State Courts





In the USA, courts and lawyers see a fraction of people's actual justice problems—14 to 24%.

“The definition of the [access to justice] crisis as one of unmet legal need comes from the bar. Lawyers' myopic focus on legal services is understandable. Judges and lawyers work at the top of an enormous iceberg of civil-justice activity, most of which is invisible to them and handled without their involvement. ...

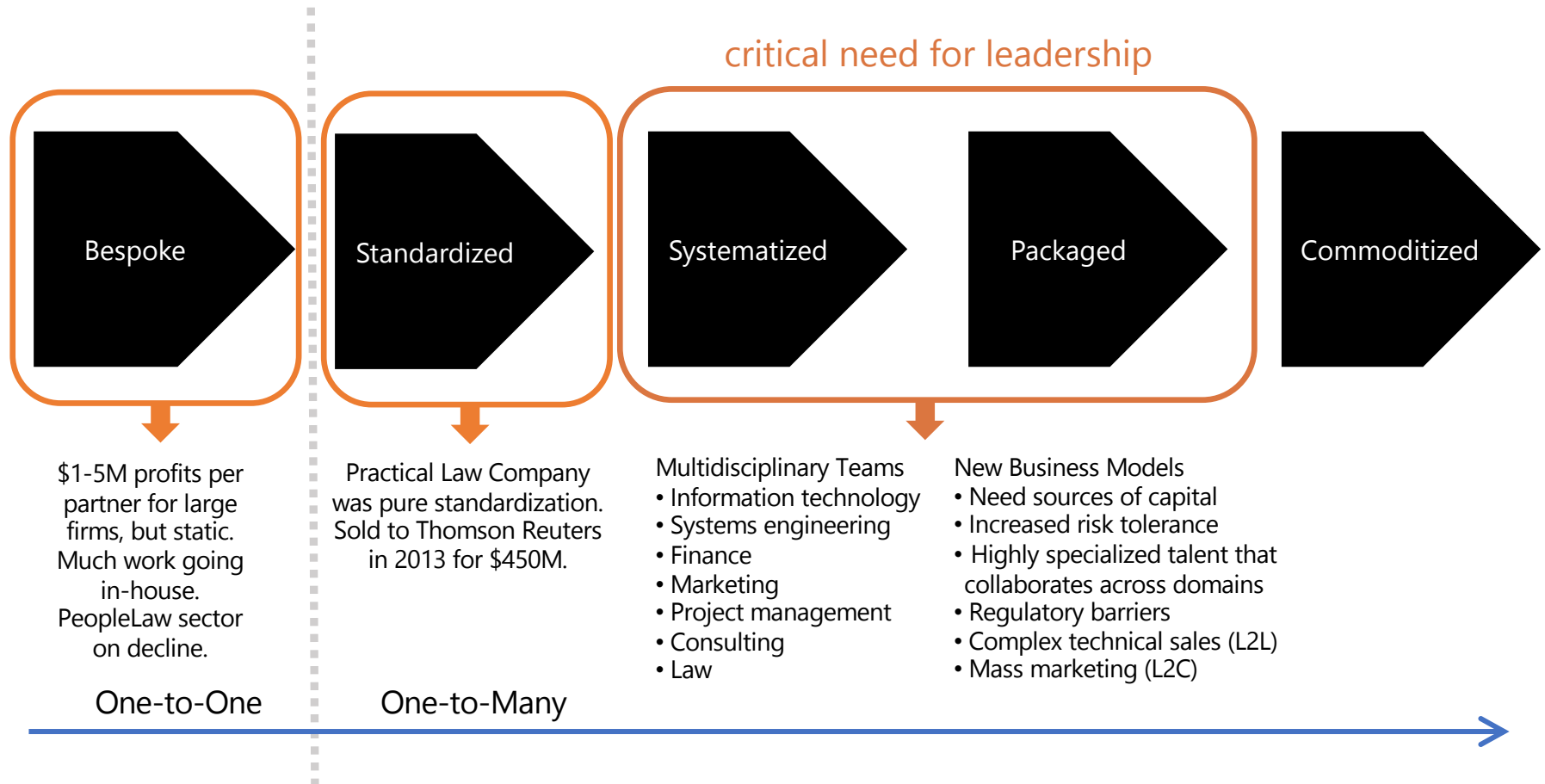
The bar's account dominates the discussion because it is simple and sounds reasonable, not because it is accurate.”

| Rebecca L. Sandefur, *Access to What?*, DAEDALUS (Winter 2019)

Rule Makers versus Risk Takers (140) Legal Evolution, March 15, 2020

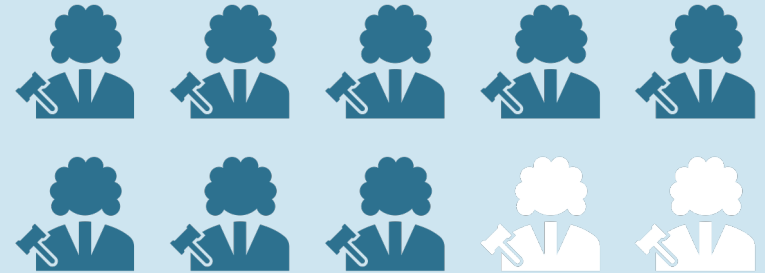
<https://www.legalevolution.org/2020/03/rule-makers-versus-risk-takers-140/>

Susskind's five stages of Evolution





1 in 10 US healthcare workers
have a medical degree



8 in 10 US legal service
workers have a law
degree

Healthcare workers occupy well-developed career paths along the entire educational spectrum.



High School Diploma + On The Job Training

Nursing Assistants	1,450,960
Other Healthcare Sup Workers	88,990
Opticians, Dispensing	72,250
Psychiatric Aides	56,910
Medical Equipment Preparers	55,610
Ophthalmic Medical Technicians	52,890
Orderlies	50,100
Physical Therapist Aide	47,260
Occupational Therapy Aides	7,700
Hearing Aid Specialists	7,680

Associates Degree

LP & LV Nurses	701,690
Medical Assistants	673,660
EMTs & Paramedics	257,210
Medical Records & Health Info Techs	208,650
Radiologic Technologists	205,590
Phlebotomists	125,280
Other Health Technologists	125,270
Surgical Technologists	110,160
Massage Therapists	105,160
Physical Therapy Assistants	94,250
Psychiatric Technicians	71,360
Diagnostic Medical Sonographers	71,130
Cardiovascular Technologists & Techs	56,560
Medical Transcriptionists	53,730
Occ. Therapy Assistants	42,660
MRI Technologists	38,540
Dietetic Techs	33,540
Other Healthcare Practitioners & Techs	32,680
Nuclear Medicine Technologists	18,810
Radiation Therapists	18,260
Therapists, All Other	11,950
Respiratory Therapy Techs	9,090

Bachelors Degree

Registered Nurses	2,951,960
Clinical Lab. Technologists Techs	321,220
Occ. Health & Safety Specialists	88,390
Athletic Trainers	26,890
Recreational Therapists	18,840
Occ. Health & Safety Tech.	18,020
Exercise Physiologists	6,740

Masters or Doctorate

Physical Therapists	228,600
Nurse Practitioners	179,650
Speech-Language Pathologists	146,900
Occupational Therapists	126,900
Physician Assistants	114,710
Nurse Anesthetists	43,520
Other Diagnosing Practitioners	36,680
Audiologists	13,300
Podiatrists	9,500
Orthotists and Prosthetists	8,830
Nurse Midwives	6,250
Genetic Counselors	2,640

MD or DO Degree

Physicians	954,000
------------	---------

Sources: Number of MDs or DOs from Federation of State Medical Boards (2016); all other occupations from Bureau of Labor Statistics (2018).

And a vast network of credentialing bodies fill the gap between education and practice.



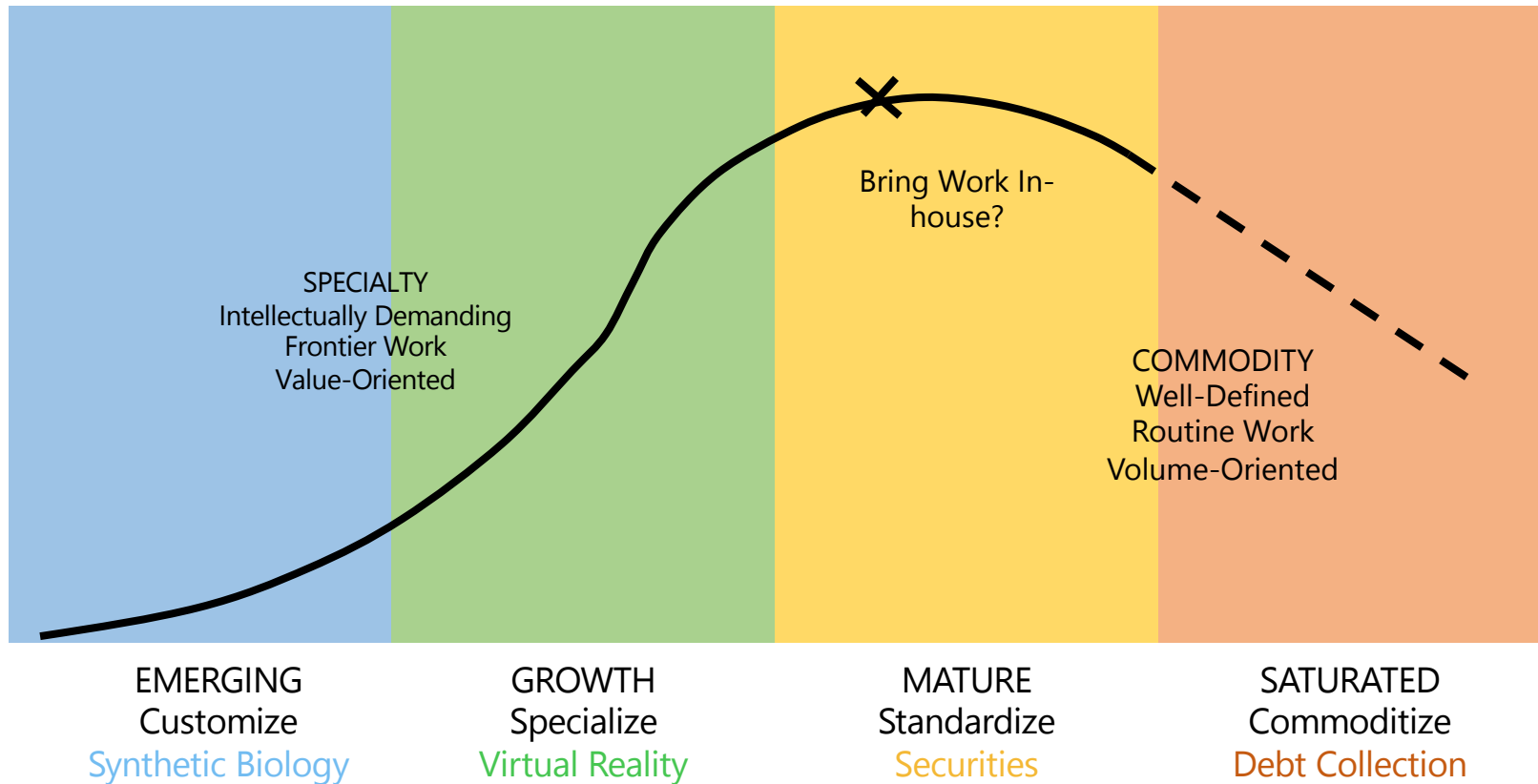
In legal services, there are only two career paths.
This is not enough for an efficient, cost-effective system.



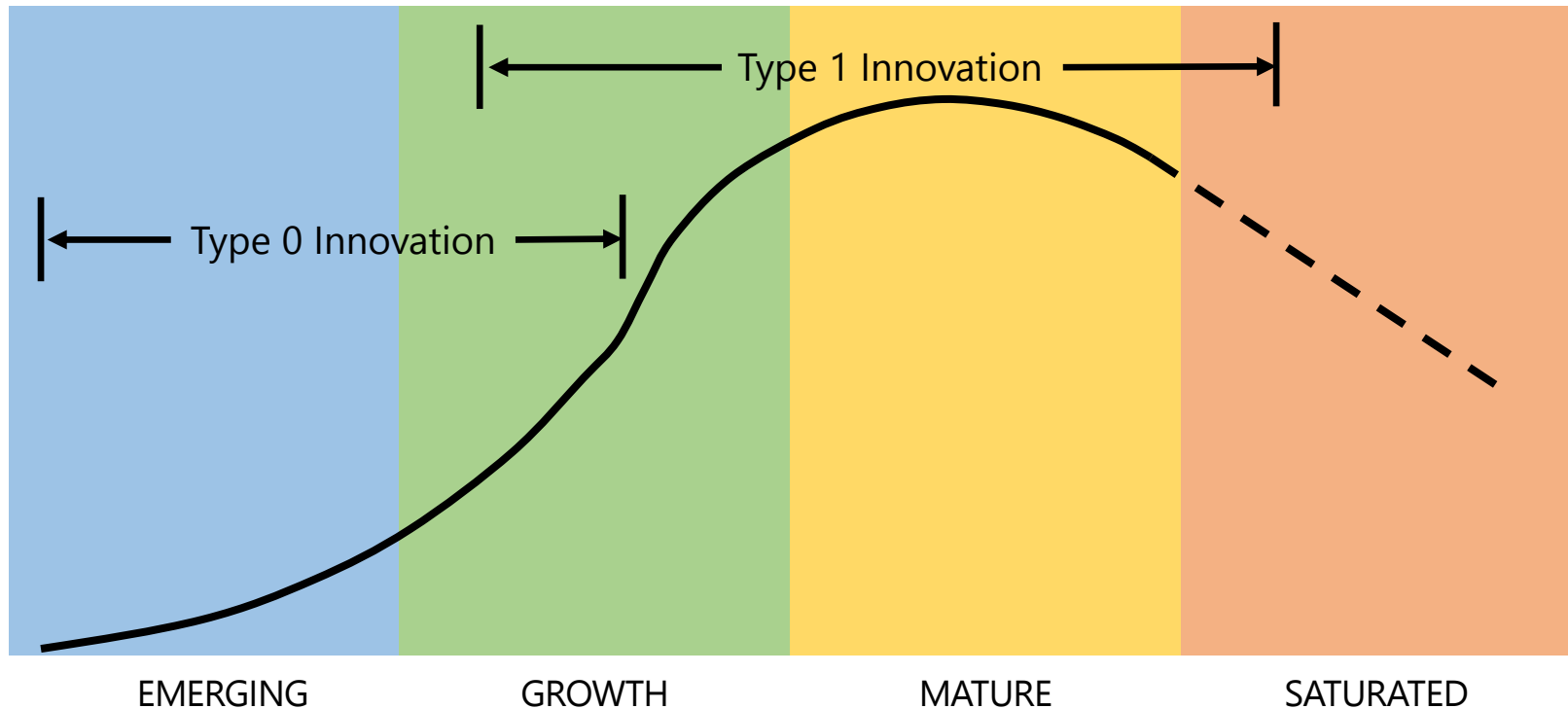
Sources: Number of licensed, active lawyers from American Bar Association (2019); paralegals, legal assistants, and other legal support workers from the Bureau of Labor Statistics (2018).

Law must become
multidisciplinary

LIFE CYCLE OF A PRACTICE AREA



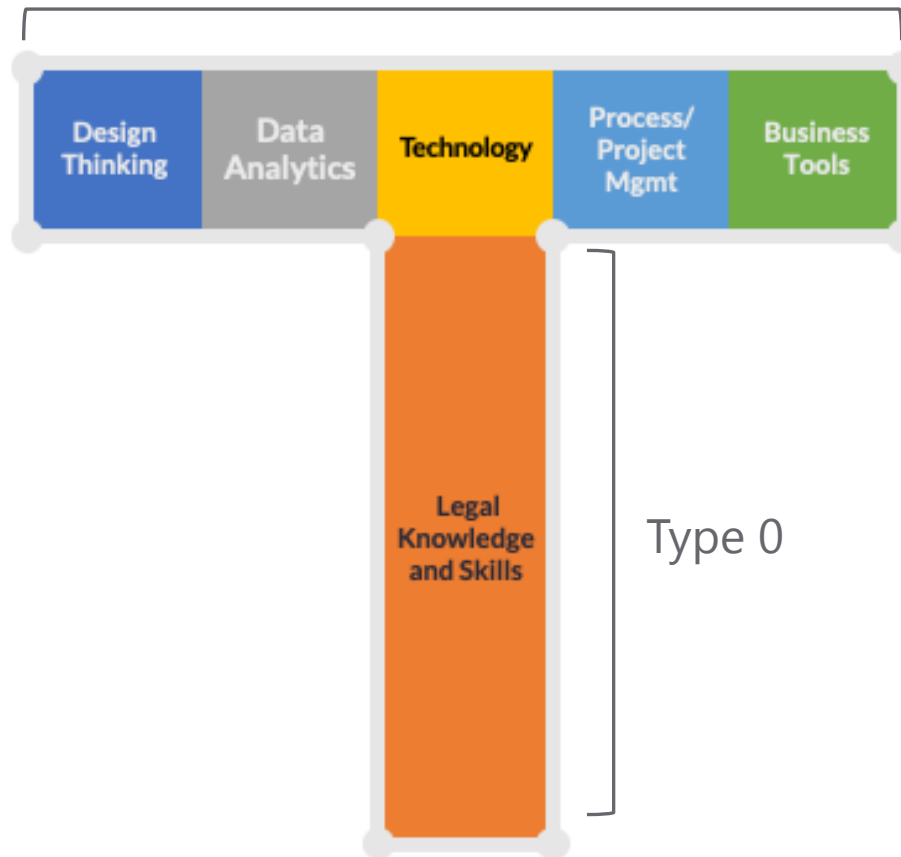
LIFE CYCLE OF A PRACTICE AREA



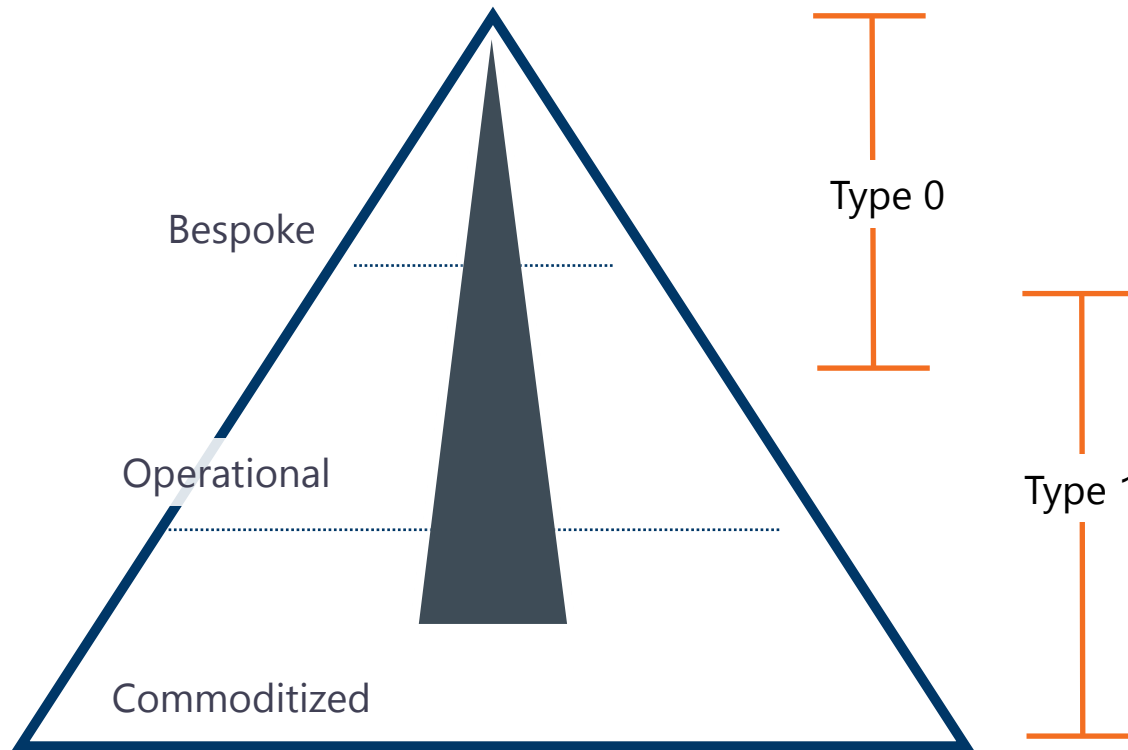
Type 0: Adapting law to fit new social, political, and economic complexities

Type 1: Improving the quality, cost, and delivery of existing legal solutions

Type 1



SOPHISTICATED CORPORATE WORK



HUMAN CAPITAL MAP FOR ONE-TO-MANY SOLUTIONS

Type of
Professional (Y)

Lawyer

S

Partners

Counsel

Associates

Staff Attorneys

Paralegal & support staff

Finance / Acct / IT

Marketing / Bus. Dev. /
Client Experience

Operations (experts in
process, PM, sourcing, cost
accounting, pricing)

Software Engineers

Data Scientists

Allied Professionals

Allied
Professionals

Individuals

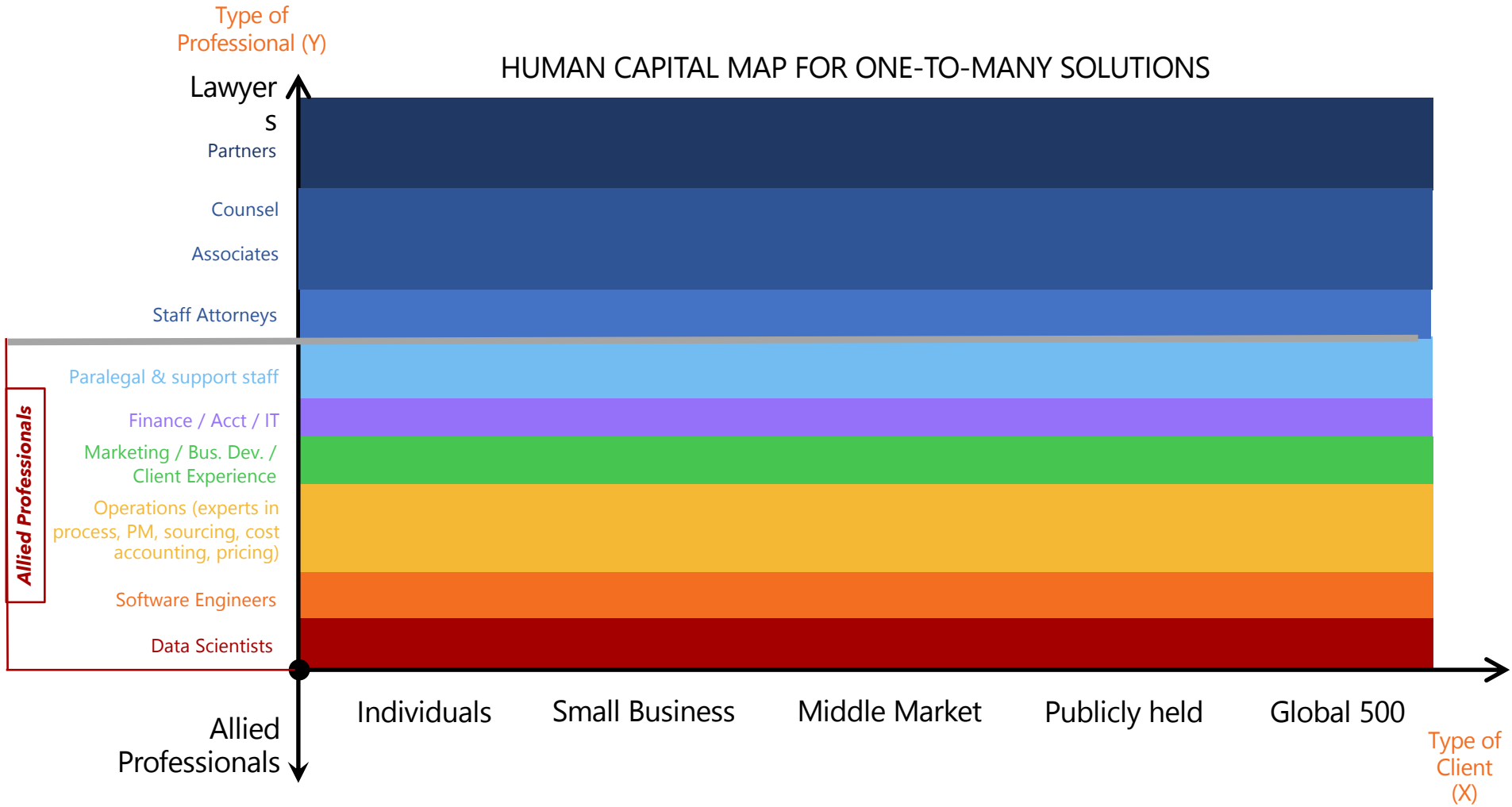
Small Business

Middle Market

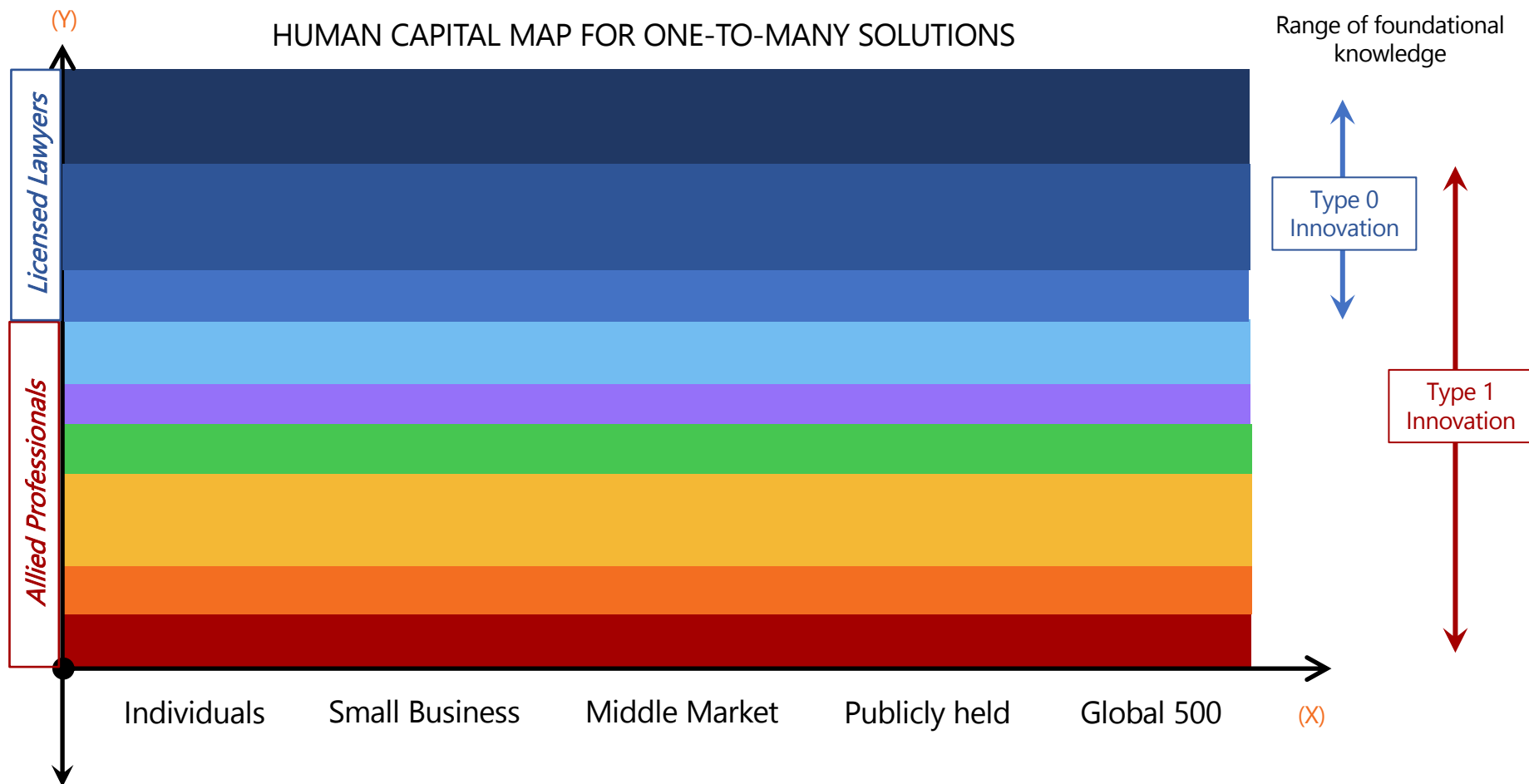
Publicly held

Global 500

Type of
Client
(X)



HUMAN CAPITAL MAP FOR ONE-TO-MANY SOLUTIONS





Thank You!

@wihender
wihender@indiana.edu