

# Lawyers and Accountants 2021-2025

## The Future of Professional Services

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## The Future of Professional Services

**Stephen J. McGarry**

**President: AILFN** 

BA, MA, JD, and LLM (Taxation)



**Founder:**

[AILFN](#)

[Lex Mundi](#)

[World Services Group](#)

[LawyersAccountants.com](#)

[HG.org](#)

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## I. Summary

Over the last several years, there have been many articles written about the Big Four entering the legal profession that evoke a sense of *déjà vu*.<sup>1</sup> Their focus has been on the threat to Biglaw, i.e., the largest law firms based in the largest cities.<sup>2</sup> The general consensus is that the Big Four<sup>3</sup> will pose a significant threat to Biglaw practices. (Chart<sup>4</sup>) Add to this the disaggregation of law-related services by alternative legal service providers (ALSPs), and there seems to be every reason for concern regarding the future of the legal profession.

This paper will demonstrate why this conclusion is incorrect on a number of levels. The principal reason is that Biglaw markets intersect with the Big Four in the same locations that both have occupied for decades (e.g., London, Paris, Tokyo, Beijing,

Mexico City, and New York, among others). Adding more lawyers to these markets has little to no effect on the competitive environment. Meanwhile, the separation between the legal and accounting media means that the Big



<sup>1</sup>Lawyers and Accountants: Collaborators and Competitors in the Multidisciplinary Age By Mark A. Cohen | July 12, 2018 at 09:00 AM <https://www.law.com/2018/07/12/lawyers-and-accountants-collaborators-and-competitors-in-the-multidisciplinary-age>; J. Patrice, *Twilight Of The Law Firms: The Big 4 Are Poised To Conquer The Legal Landscape*, ABOVE THE LAW (Feb. 8, 2018), <https://abovethelaw.com/2018/02/twilight-of-the-law-firms-the-big-4-are-poised-to-conquer-the-legal-landscape/>; Nicholas Bruch, David B. Wilkins & Maria J. Esteban Ferrer, *Taking on the World: The Big Four in the Global Legal Market*, LAW.COM (Oct. 18, 2017), <https://www.law.com/americanlawyer/almID/1202798449576>; *The Big Four's Expansion in the Legal Services Market*, ALM INTELLIGENCE (Sept. 2017), <https://www.alm.com/intelligence/solutions-we-provide/business-of-law-solutions/analyst-reports/elephants-in-the-room-the-big-4s-expansion-in-the-legal-services-market/>; Steve Burkholder, *Law Firms, Regulators Keep Eye on Big Four Move to Legal Services*, BNA (Oct. 17, 2017), <https://www.bna.com/law-firms-regulators-n73014471292/>; Stephen Poor, *Big Four vs. Big Law: The Race to Change Legal Services Delivery*, BIG LAW BUSINESS (Oct. 4, 2017), <https://biglawbusiness.com/big-four-vs-big-law-the-race-to-change-legal-services-delivery/>; Stephen McGarry, *The Big Four and the Real threat to the Global Legal Market*, LEGAL BUSINESS WORLD (Oct. 7, 2017), <https://www.legalbusinessworld.com/single-post/2017/10/04/The-Big-Four-and-the-Real-Global-Legal-Market>; David B. Wilkins & Maria J. Esteban Ferrer, *The Rise, Transformation, and Potential Future of the Big 4 Accountancy Networks in the Global Legal Services Market*, THE CLS BLUE SKY BLOG (Sept. 26, 2017), <http://clsbluesky.law.columbia.edu/2017/09/26/the-rise-transformation-and-potential-future-of-the-big-4-accountancy-networks-in-the-global-legal-services-market/>; Debra Cassen Weiss, *PwC to Open US Law Firm, a Sign of Increasing Focus on Legal Operations by Big 4 Accounting Firms*, ABA JOURNAL (Sept. 21, 2017), [http://www.abajournal.com/news/article/pwc\\_opens\\_us\\_legal\\_arm\\_a\\_sign\\_of\\_increasing\\_focus\\_on\\_legal\\_operations\\_by\\_bi](http://www.abajournal.com/news/article/pwc_opens_us_legal_arm_a_sign_of_increasing_focus_on_legal_operations_by_bi); Chris Johnson, *Do the Big Four Accounting Firms Pose a Big Threat to Big Law?* LAW.COM (Sept. 14, 2017), <https://www.law.com/sites/almstaff/2017/09/14/do-the-big-four-accounting-firms-pose-a-big-threat-to-big-law/>; Michael Cohn, *Big Four Increasingly Competing with Law Firms*, ACCOUNTING TODAY (Sept. 14, 2017), <https://www.accountingtoday.com/news/big-four-accounting-firms-are-increasingly-competing-with-law-firms>; David Wilkins & Maria Jose Esteban, *The Reemergence of the Big Four in Law*, HARVARD CENTER ON THE LEGAL PROFESSION (Jan. 2016) (global legal market is \$700 billion), <https://theppractice.law.harvard.edu/issue/volume-2-issue-2/>; Julius Melnitzer, *Accounting Firms in Law: The Long Game*, LEXPERT (Sept. 11, 2017), <http://www.lexpert.ca/article/the-long-game/?p=&sitecode=MiriamRoze>; Miriam Rozen, *Brand Rankings Show Law Firm Alternatives' Growing Clout*, LAW.COM (Feb. 14, 2018), <https://www.law.com/americanlawyer/2018/02/14/brand-rankings-show-law-firm-alternatives-growing-7>.

<sup>2</sup> *List of Largest Law Firms by Revenue*, WIKIPEDIA, [https://en.wikipedia.org/wiki/List\\_of\\_largest\\_law\\_firms\\_by\\_revenue](https://en.wikipedia.org/wiki/List_of_largest_law_firms_by_revenue).

<sup>3</sup> *Big Four Accounting Firms*, WIKIPEDIA, [https://en.wikipedia.org/wiki/Big\\_Four\\_accounting\\_firms](https://en.wikipedia.org/wiki/Big_Four_accounting_firms).

<sup>4</sup> Nicholas Bruch & James Mayer, *The Big Four's Expansion in the Legal Services Market*, ALM.COM (Sept. 2017), <https://www.alm.com/intelligence/solutions-we-provide/business-of-law-solutions/analyst-reports/elephants-in-the-room-the-big-4s-expansion-in-the-legal-services-market/>.

Four are not yet recognized as part of the legal profession.<sup>5</sup> Formal integration and recognition of the Big Four will require a considerable amount of time and resources on their part.

What is *actually* taking place is the redistribution of legal services everywhere else in the world – except for the United States and the major markets. This leaves indigenous firms to face the brunt of new competition from the Big Four. These are countries in which the Big Four already have a large local presence and are local themselves in every sense. In turn, this will affect law firm networks whose members are among the largest local firms.

This paper will discuss:

- The changing parameters of competition from a global market point of view
- New and unexpected competition for the Big Four because of their competitors' potential local alliances
- Significant opportunities being created for the largest independent law firms, networks, and allied ALSPs
- Developments in technology that may overwhelm the Big Four as it becomes universally available

Networks will themselves become more sophisticated as a result of this technology's availability. Technology will also be used externally to promote networks and their work. For example, AILFN's [LawyersAccountants.com](https://www.ailfn.com/LawyersAccountants.com) and [Requests for Qualifications \(RFQ\)](https://www.ailfn.com/Requests-for-Qualifications-RFQ) already make network members accessible to everyone in minutes by exact expertise — everywhere on earth. These have now been extended to locating independent accounting firms.

As the Big Four enter the legal markets, referral patterns will shift. Biglaw firms will refer cases to local law and accounting firms that are network members, as they are not in direct competition with each other.

ALSPs (alternative legal services providers) will grow; they are projected to provide \$27 billion in law-related services by 2024,<sup>6</sup> and their primary competition will be the Big Four. They can easily become an ally of both Biglaw and legal networks. They can easily be factored into [LawyersAccountants.com](https://www.ailfn.com/LawyersAccountants.com) as a source of referrals.

The legal profession has nothing to fear if they anticipate these tectonic changes. The future is bright for members of law and accounting networks, as well as associations of independent firms.

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## Paper Structure

The paper will provide both a macro overview and micro details of each profession and their respective models for providing professional services.

**Sections I-V** set the stage by analyzing the culture, economic and dynamics of these professions; they also describe the cooperative and collaborative opportunities generated by the disruptions.

**Section VI** defines how, through cooperation and collaboration, legal and accounting networks and associations, Biglaw, and ALSPs can profoundly benefit from this disruption.

## Today and Tomorrow

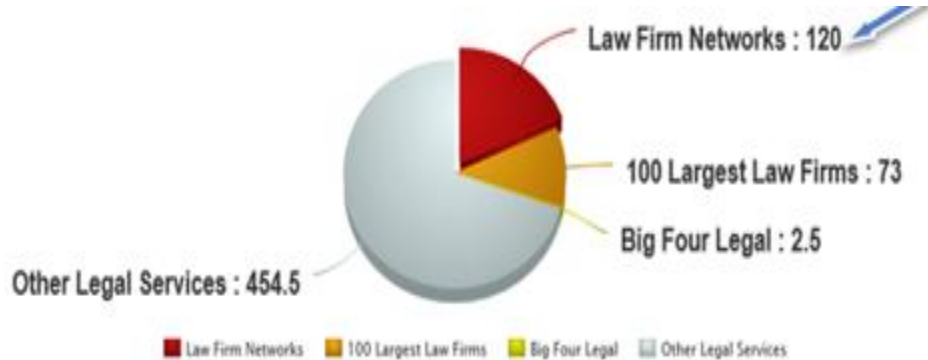
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<sup>5</sup> See discussion at Section III, *infra*.

<sup>6</sup> *Legal Process Outsourcing (LPO) Market Worth \$27.19 Billion By 2024*, GRANDVIEW RESEARCH (Dec. 2016), <https://www.grandviewresearch.com/press-release/global-legal-process-outsourcing-lpo-market>.

## Law<sup>7</sup> and Accounting<sup>8</sup> - The \$1.1 trillion market

### Global Legal Market 2020 (\$650 billion)



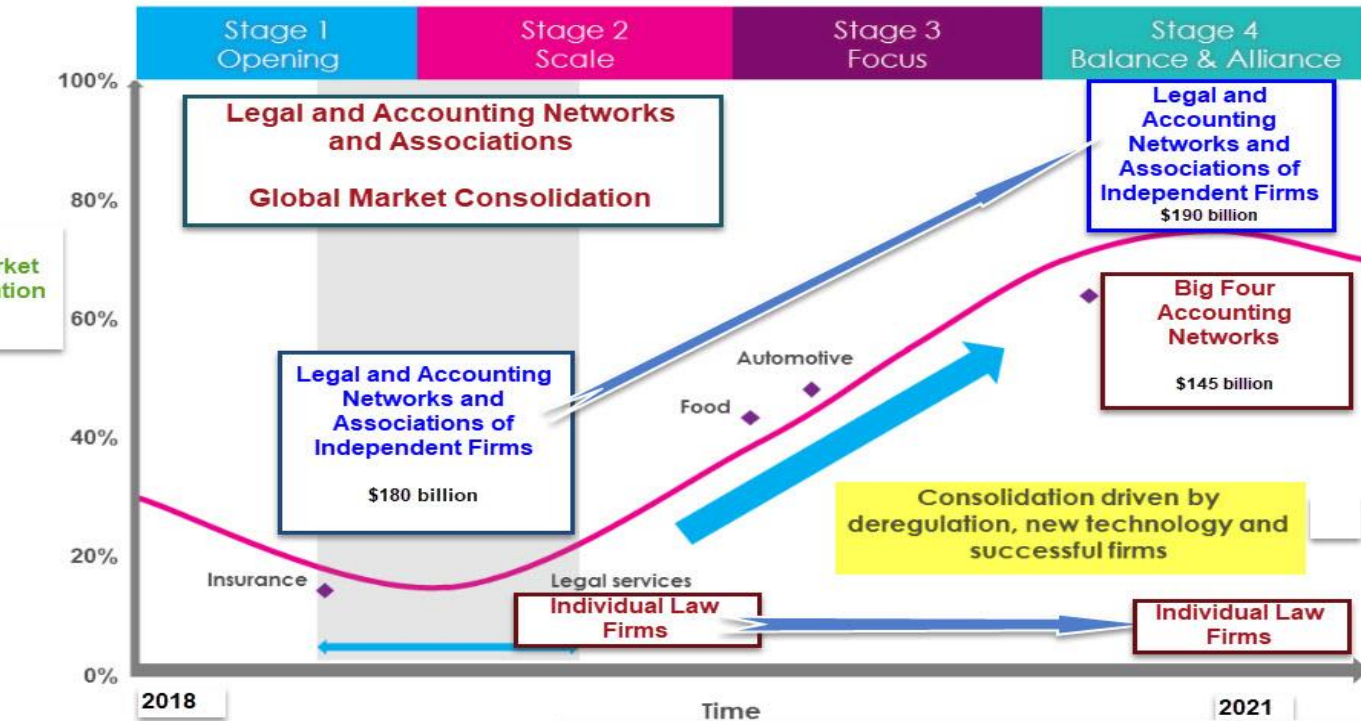
### Global Accounting Market 2020(\$450 billion)



<sup>7</sup> *Attack of the Bean Counters*, THE ECONOMIST (March 19, 2015); <https://www.economist.com/news/business/21646741-lawyers-beware-accountants-are-coming-after-your-business-attack-bean-counters>; *Taking on the World: The Big Four in the Global Legal Market*, AMERICAN LAWYER (Oct. 18, 2017), <https://www.law.com/americanlawyer/sites/americanlawyer/2017/10/18/taking-on-the-world-the-big-four-in-the-global-legal-market/?slreturn=20171117172407>; Nicholas Bruch, David B. Wilkins & Maria J. Esteban Ferrer, *Taking on the World: The Big Four in the Global Legal Market*, LAW.COM (Oct. 18, 2017), <https://www.law.com/americanlawyer/almID/1202798449576>.

<sup>8</sup> *Global Accounting Market Research Report*, IBISWORLD (Sept. 2017), <https://www.ibisworld.com/industry-trends/global-industry-reports/business-activities/accounting-services.html>; *Auditor Market Share of S&P*, AUDIT ANALYTICS (Feb. 27, 2017), <http://www.auditanalytics.com/blog/auditor-market-share-of-the-sp-500/>; Mike Robinson, *The Top 40 Networks & Associations of 2016*, ACCOUNTANCY AGE (July 13, 2016), <https://www.accountancyage.com/2016/07/13/the-top-40-networks-2016-firms-switching-networks-like-a-game-of-musical-chairs/>.

## Potential Projected Market Consolidation, 2018 to 2021<sup>9</sup>



Adapted from Harvard Business Review: The Consolidation Curve

Adapted: Fresh Minds, 3 charts which illustrate the future of the legal industry 13 April 2017, Steven Martin

## II. Professional Services Markets in the 1980s and 1990s

Law and accounting can be approached from several different perspectives (some examples being ethical, legal, and business, among others). This paper primarily concerns law and accounting as businesses. From this perspective,

<sup>9</sup> Chart adapted from: Steven Martin, *3 Charts Which Illustrate the Future of the Legal Industry*, FRESH MINDS (April 13, 2017), <http://www.freshminds.net/2017/04/3-charts-illustrate-future-legal-industry/>.

these services<sup>12</sup> relate to the scope and depth of the professional expertise and experience of their attorneys and accountants. They also both concern the organizations providing support structures in the provision of services. A shift or change in law or accounting practices, such as entering the geographical areas and practice markets of the other profession, will ripple or even create a tsunami capable of traveling across the world. New market penetration by one profession increases pressure on the others to maintain the status quo. It is a zero-sum game.

Most would prefer to defend the status quo. There are others who seek to exploit them to create new opportunities. Today, both are simultaneously happening in the legal and accounting professions. Who will win?

How did we get here?

### **(A) Biglaw, Vereins, and the Big Four**

The legal market reconfiguration began in the 1980s with globalization.<sup>13</sup> The largest U.S. and U.K. firms were quickly expanding outside of their markets with branch offices. Their considerable revenues and size accelerated their capacity to expand.

Law firm networks, composed of local firms, were rapidly being established and growing to address these competitive changes.<sup>14</sup> In those years, Biglaw was seen as a threat to the local firms. Today, they remain as such in regard to the largest local firms (*see table*), given their financial size and — in particular — brand recognition.

The Big Five<sup>15</sup> emerged from the shadows at the end of the 1990s in the legal market. The higher fees were too large a temptation. They need to take advantage of their global network. They saw themselves as a natural fit for the legal profession.

As a result of their auditing practices, they had been global for decades. This was different from Biglaw which had to invest in new offices. The only impediments to this extension of services were bar associations and ethical regulations.<sup>16</sup>

The debate lasted for several years until Enron and Sarbanes Oxley seemingly ended this expansion.<sup>17</sup>

This set off a firestorm in the legal profession to maintain the status quo. This intrusion caused commissions to be established, articles written, and committees created. While global, the storm was essentially concentrated in the United States because of strict ethics codes prohibiting the sharing of fees with non-lawyers. Soon after, however, it spread to other nations. It was not the debate that seemingly eliminated the expansion but Enron and Sarbanes Oxley.<sup>21</sup> While not exactly *sub rosa*, the expansion continued in countries which did not have the same ethical restrictions as the United States.

<sup>12</sup> *Accounting*, WIKIPEDIA, <https://en.wikipedia.org/wiki/Accounting>.

<sup>13</sup> Stephen McGarry, *Multidisciplinary Practices, Lawyers, Accountants and Consultants*, ALM (2002).

<sup>14</sup> Stephen McGarry, *The Handbook – Law Firm Networks*, AILFN (2018) (*see* chapter 1).

<sup>15</sup> The Big Five included Arthur Anderson, which ceased to exist in September 2002 as a result of the Enron scandal.

<sup>16</sup> American Bar Association Rule 5.4: Professional Independence of a Lawyer, *available at* [https://www.americanbar.org/groups/professional\\_responsibility/publications/model\\_rules\\_of\\_professional\\_conduct/rule\\_5\\_4\\_professional\\_independence\\_of\\_a\\_lawyer.html](https://www.americanbar.org/groups/professional_responsibility/publications/model_rules_of_professional_conduct/rule_5_4_professional_independence_of_a_lawyer.html).

<sup>17</sup> American Bar Association, Commission on Multidisciplinary Practice, *available at* [https://www.americanbar.org/groups/professional\\_responsibility/commission\\_multidisciplinary\\_practice/febmdp.html](https://www.americanbar.org/groups/professional_responsibility/commission_multidisciplinary_practice/febmdp.html).

<sup>21</sup> *Big Four Accounting Firms*, WIKIPEDIA, [https://en.wikipedia.org/wiki/Big\\_Four\\_accounting\\_firms](https://en.wikipedia.org/wiki/Big_Four_accounting_firms); Enron, WIKIPEDIA, <https://en.wikipedia.org/wiki/Enron>.



This left Biglaw to continue their own global expansion. This effort did not last long. Reality struck Biglaw when their international expansion hit a wall during the worldwide recession in 2008. Managing dozens of their own offices was no longer financially practical in a recession, and so they consolidated offices in key commercial centers. If a branch was outside of a commercial center, they kept it only if another Biglaw firm did not have an office in that location.<sup>27</sup> Other also restructured the firms into *vereins*, a network or type of club or association under Swiss law; this allowed them to reduce financial because each member firm remained independent. The result is today Biglaw is competitively squeezed between vereins and the Big Four.

What was the actual reality in the late 1990s? The legal media was abuzz with the dire implications (much as the media are today). Global practice charts illustrated issues and compared income among firms to show different aspects of the market. They focused the micro aspect rather than the macro economics. The fact is the relative market share for the Big Five firms never exceeded 0.4% of total legal market which remains the same today.

The contrast between size and markets (or countries) is illustrated the opposite two charts. While the size of individual law firms is similar to the Big Four, the Big Four legal practices are, on average, located in more than twice the number of countries.

Financially, each of the largest firms or vereins has revenues exceeding the combined total of \$2 billion of legal services provided by the Big Four.<sup>30</sup> The risk to Biglaw is illustrated by the sheer size of the Big Four's legal coverage. Biglaw is confined to the same exact 30 locations (Paris, London, Frankfurt, Beijing, Rio de Janeiro, etc.) in which the Big Four have their largest office.

The risk for Biglaw is that their market footprint is smaller than vereins and the Big Four, as illustrated by the charts below. As financially-interconnected firms, their growth continues to be limited. Additionally, they are not able to combine resources with accounting networks and associations as a result of their structures.

Global law firms vs.  
legal arms of the Big Four

Global Rank	Law Firm	Lawyers	Countries
1	Dentons	7,445	55
2	Yingke	6,278	26
3	Baker McKenzie	4,719	47
4	DLA Piper	3,616	30
5	Norton Rose Fulbright	3,505	27
6	CMS Legal Services	2,719	35
6	Hogan Lovells	2,609	22
6	Jones Day	2,523	18
9	Clifford Chance	2,466	23
10	King & Wood Mallesons	2,397	16

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Global Rank	Accounting Firm	Lawyers	Countries
1	PwC	2,500	85
2	KPMG	2,200	53
3	EY	2,100	80
4	Deloitte	1,800	69

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Global Revenue Rank	Firm Name	Revenue \$m	Share of Global Legal Market
1	Latham & Watkins	\$2,612	0.4%
2	DLA Piper	\$2,481	0.4%
3	Baker McKenzie	\$2,430	0.4%
4	Skadden	\$2,315	0.4%
5	Clifford Chance	\$2,226	0.3%
6	Kirkland & Ellis	\$2,150	0.3%
7	Allen & Overy	\$2,112	0.3%
8	Linklaters	\$2,088	0.3%
9	Freshfields	\$2,053	0.3%
10	Jones Day	\$1,850	0.3%

Source: ALM Intelligence

<sup>27</sup> *Supra* note 11.

<sup>30</sup> David Wilkins & Maria Jose Esteban, *The Reemergence of the Big Four in Law*, HARVARD CENTER ON THE LEGAL PROFESSION (Jan. 2016) (global legal market is \$700 billion), <https://thepractice.law.harvard.edu/issue/volume-2-issue-2/>.

## (B) Law Firm Networks

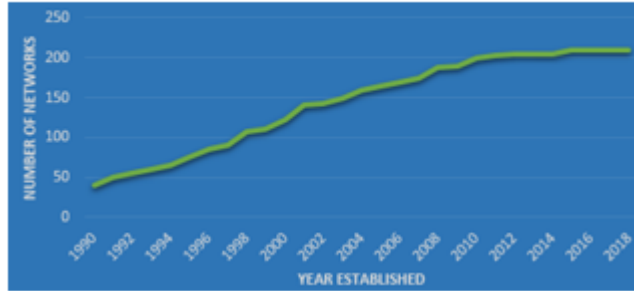
While this was developing, more than 150 legal networks were almost silently created in response. 30 largest networks have 300,000 attorneys in 4,000 offices. The three largest networks have more attorneys than the 20 largest law firms combined.

Up until now, everyone has all but ignored law firm networks. They are composed of local firms in small jurisdictions.<sup>31</sup> However, in their markets, they may be the largest firms by size, surpassing both Biglaw and the Big Four. Despite this, they lack recognition and are largely ignored in the legal media.<sup>32</sup>

Gradually, networks developed substantial resources. Many have multimillion-dollar budgets. Their staffs have grown. As the global market grew, their local members firms gained access to the same resources as Biglaw. In combination with the largest local firms, they are many times larger than foreign offices; this is because of the proliferation of technology. Their attorneys can provide exactly the same services as the largest firms in the economic centers. Their advantage is they are local.

This resulted from three factors: First, there is now universal legal education via which students from all countries can achieve LLMs abroad. Secondly, organizations like the International Bar Association (IBA) and the American Bar Association (ABA) have contributed to educating the global profession. Lastly, and perhaps most importantly, they are involved as local counsel on most matters with Biglaw.

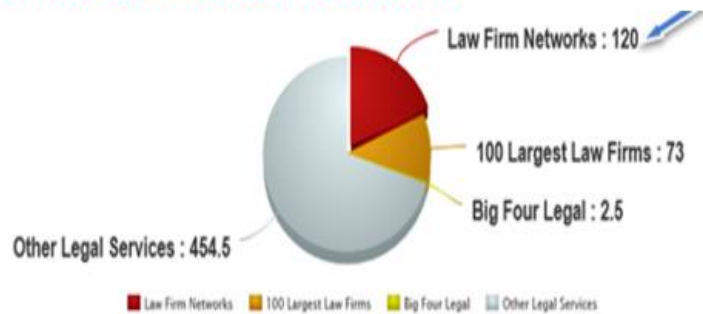
Law Firm Network Growth 1990 to 2018



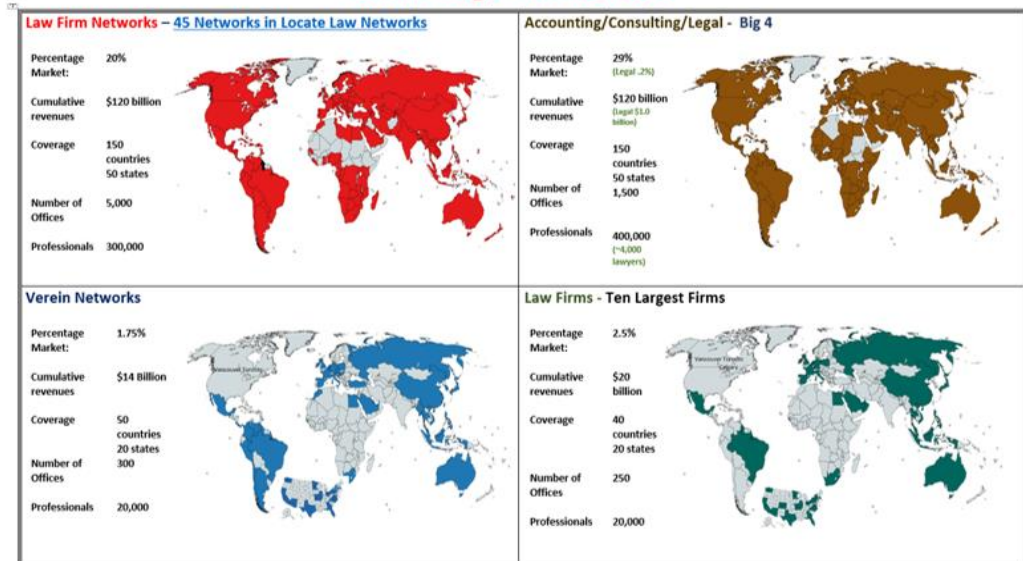
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Global Legal Market 2018 (\$650 billion)



Global Legal Market 2018



<sup>31</sup> Stephen McGarry, *The Handbook: Law Firm Networks*, AILFN (2018),

<sup>32</sup> In The Lawyer over the last 20 years Clifford Chance was referred to 10261 times and Lex Mundi 105. Lex Mundi members have 10 times the number of lawyers, found in 600 offices, who provide an estimated \$10 billion of services annually to clients/

How can one subjectively evaluate a legal network and their members? There are three ways:

1. Size is an indirect measure of the reflection of member firms and their number. In this regard, the largest networks' footprints are equal to any of the Four. Statistically, the number of ranked members of any country's law networks is far larger in terms of the number Biglaw or the Four. However, this fact is not common knowledge, because network members are in smaller countries and receive very little media attention. This is contrasted by the Big Four, which are also in small jurisdictions but recognized by their presence in the largest countries. When a Big Four member opens a office in the smallest country, it is big news.

2. Network firms are local and of the highest quality, but they are not perceived as such. difference is dramatically illustrated by the number of directories published annually, in which more than 95 percent of these firms the highest ranked. These are the same firms are members of networks but are not recognized as members in rankings.<sup>33</sup>

3. Despite high rankings in practice areas, the common perception is that the global firms more experience and are of higher quality. This perception is created by the legal media, whose offices are in New York and London.

Legal Practices – Number of Countries – Big Four, Firms and Networks

Networks, Law Firm and Big 4 Legal	Size	Network	Law Firm	Countries
Lex Mundi	21,000	X		110
WSG	19,000	X		100
TerraLex	18,000	X		100
GGI	11,000	X		100
MSI Global Alliance	14,607	X		89
PWC	2,500	X		85
EY	2,100	X		80
SCG Legal	11,400	X		75
ALFA	9,000	X		75
Deloitte	1,800	X		69
Dentons	7,445	X verein		55
KPMG	2,200	X		53
World Law Group	17,000	X		50
Baker McKenzie	4,719	X verein		47
Interlex	10,500	X		46
PRAC	12,000	X		40
DLA Piper	3,616	X verein		30
Norton Rose Fulbright	3,505	X verein		27
Yinke	6,278	X		26
CMS Legal Services	2,719	X		25
Clifford Chance	2,466		X	23
Hogan Lovells <sup>32</sup>	2,629	X verein		22
Jones Day	2,523		X	18
King & Wood Mallesons	2,397	X verein		16
Latham Watkins	2,200		X	13

The combination of these factors reduce the perceived importance of law firm network members in their countries. They should be measured by the scope of their practices and the quality of their services.

### (C) Accounting Networks and Associations

The market forces creating disruption in the legal profession<sup>34</sup> are simultaneously creating opportunities in the accounting profession. When the Big Four expands to legal services, it shifts the referral pattern from the Big Four to other accounting firms which are not competitors of law firms.

<sup>33</sup> See Chambers and Partners, the Legal 500, and IFLR 1000.

<sup>34</sup> John Gould & Michael Stacey, *Are Accountants Disrupting the Legal Services Market?* ECONOMIA (Jan. 14, 2016), <http://economia.icaew.com/opinion/january-2016/are-accountants-disrupting-the-legal-services-market>.

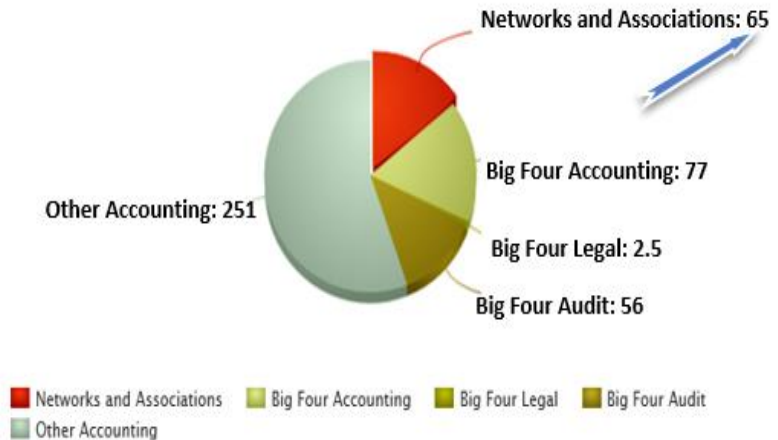
The history of accounting networks and associations was different from legal networks. While they were created for similar reasons as law firm networks, i.e. to provide an alternative, the difference was that their consolidation began much earlier. As a result they used the same network model, unlike Biglaw which used the firm model.

The competition is and always has been head-on, since a continuous consolidation has taken place over decades.<sup>36</sup> The market has become complacent given the very large difference between the Big Four and the networks/associations.

### Global Accounting, Audit and Big Four Market 2019

As only a limited number of accounting firms can be network members, this has pushed the continuing need for the development of new networks.<sup>37</sup> However, there may be an effective limit on the number that can be created. This has raised two questions: Can the association/network members sustain this new competition for the best clients? *Can any network or association by itself compete with the Big Four?*

What opens the Big Four to a challenge by other networks and associations is **technology**. It can change the equilibrium without the investment level required to create the Big Four.



### (D) Alternative Legal Services Providers (ALSPs)

New players emerged much later with legal process outsourcing (LPO) services.<sup>39</sup> To a large extent, they were document management services. This has given way to new groups of services renamed “alternative legal services providers.” The range of services has greatly expanded. At first, the charge was led by independent companies, but now those services are being provided by the Big Four.<sup>40</sup> This expands the Big Four from audit and accounting to legal services and management services.

<sup>36</sup> *Big Four Accounting Firms*, WIKIPEDIA, [https://en.wikipedia.org/wiki/Big\\_Four\\_accounting\\_firms](https://en.wikipedia.org/wiki/Big_Four_accounting_firms).

<sup>37</sup> Charles W. Wootton, Caryl M. Wolk, & Carol Normand, *An Historical Perspective on Mergers and Acquisitions by Major US Accounting Firms*, SAGE JOURNALS (May 1, 2003), <http://journals.sagepub.com/doi/10.1177/103237320300800103>.

<sup>39</sup> *Legal Process Outsourcing*, WIKIPEDIA, [https://en.wikipedia.org/wiki/Legal\\_outsourcing](https://en.wikipedia.org/wiki/Legal_outsourcing).

<sup>40</sup> Neil Rose, *Growth of Alternative Providers – Especially Big 4 – Could Push Law Firms into ‘Contractor’ Role*, LEGAL FUTURES (Feb. 1, 2017), <https://www.legalfutures.co.uk/latest-news/growth-alternative-providers-especially-big-4-push-law-firms-contractor-role>; David Curle, *Alternative Legal Service Providers: Changing Buyer Perception*, THOMSON REUTERS LEGAL (May 2, 2017), <https://blogs.thomsonreuters.com/answeron/alternative-legal-service-providers-buyer-perception/>; Mark A. Cohen, *Legal Delivery at the Speed of Business -- and Why It Matters*, FORBES (June 25, 2018), <https://www.forbes.com/sites/markcohen1/2018/06/25/legal-delivery-at-the-speed-of-business-and-why-it-matters/>.



**Section summary:** Legal and accounting services are inter-related, but they provide different components of professional services. From an accounting perspective, legal services are simply another service they can offer clients. This also applies to ALSPs. From the law firm perspective, legal practice is unique. As a result of an extensive list of ethical rules, some would argue it is more professional. Other would argue law is a business subject to what the client wishes to purchase.

In a world of professional services convergence and disaggregation, both views have their merits. The result is disruption.

### III. The Future of Biglaw and Vereins

Biglaw has a bright future in the medium term, despite external market pressures. The primary threats, however, come from existing law firm competitors in particular the vereins because they have adopted the network model. The threat do not come from the Big Four accounting firms.

There are eight reasons.

1. Biglaw has a substantial *legal* presence in 30 countries more significant than those occupied by the Big Four.<sup>41</sup> Any increase in the Big Four's footprint represents only marginal growth in competition in those countries. (Chart<sup>42</sup>)

2. The largest law firms have substantial brand recognition<sup>43</sup> and are known for particular practices as a result of *Chambers and Partners* or *Legal 500* rankings.

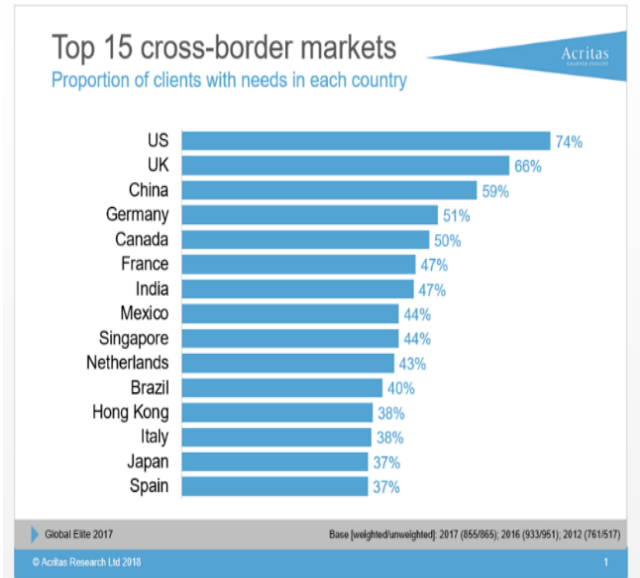
3. The Big Four are not ranked in these directories, examples being *Chambers and Partners* and the *Legal 500*. Entry would require a substantial shift in recognition by directories. It would also require the directories to make evaluations for which they are not prepared and in which they have no financial interest.

4. Biglaw has had decades to develop practices in dozens of areas.<sup>44</sup> The Big Four are not recognized in these practices. They have concentrated on tax, finance, M&A, labor, and immigration.<sup>45</sup>

5. Unlike accounting, there are hundreds of other practice areas. It will take substantial time and resources to develop these practices.

6. General counsel started their careers comes in Biglaw and law firms. It will take years to change this cultural preference.

7. In terms of internal business operations, the legal and financial services departments are separate and protected functions. This internal corporate barrier can actually limit the migration of legal services to accounting.



#### Acritas' Global Elite Law Firm Brand Index 2016

Rank	Firm	Brand Index
1	Baker & McKenzie	100
2	Clifford Chance	55
3	DLA Piper	44
4	Norton Rose Fulbright	43
5	Hogan Lovells	41
6	Allen & Overy	40
=7	Freshfields Bruckhaus Deringer	37
=7	Linklaters	37
9	Jones Day	36
10	White & Case	28
11	Dentons	26
=12	Herbert Smith Freehills	24
=12	Skadden	24

<sup>41</sup> PWC has 49 partner level attorneys in all of the UK. This is a tiny amount compared to law firms. Michael Kapoor, Big 4 Firms Plot Moves Into Global Niche Legal Markets, July 4, 2018 <https://biglawbusiness.com/big-4-firms-plot-moves-into-global-niche-legal-markets/>

<sup>42</sup> Acritas, Steve Blundell, Market analysis

<sup>43</sup> Acritas, Global Elite Ranking, <http://www.acritas.com/global-elite-law-firm-brand-index-2016>

<sup>44</sup> See articles Appendix id

<sup>45</sup> *The Big Four's Expansion in the Legal Services Market*, ALM INTELLIGENCE (Sept. 2017), <https://www.alm.com/intelligence/solutions-we-provide/business-of-law-solutions/analyst-reports/elephants-in-the-room-the-big-4s-expansion-in-the-legal-services-market/>.

8. Biglaw can hire at the same levels or higher as the Big Four. This is reflected by the starting income of new attorneys in major markets.<sup>46</sup>

In the longer term, there is a Big threat to Biglaw at the marketing, administrative, and operations levels concerning branding, social media, and operation efficiencies.

## Size

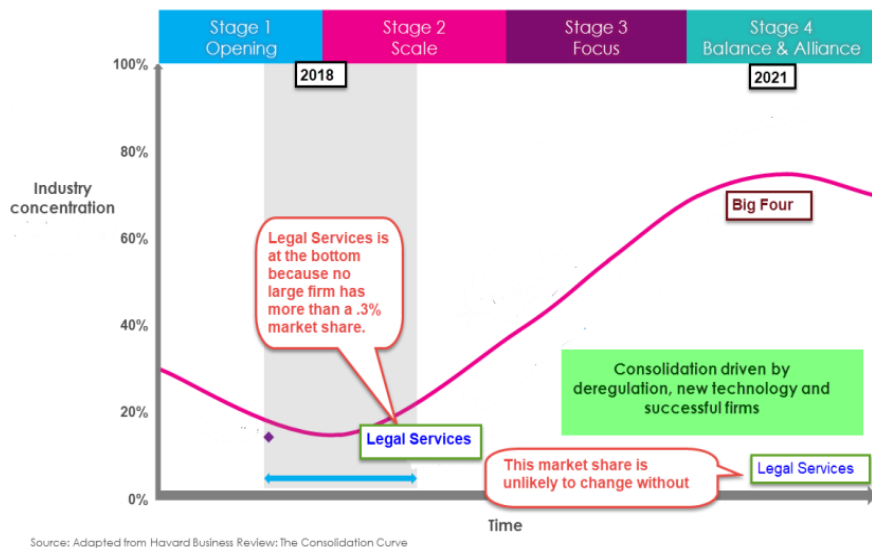
Size can be measured by the number of lawyers, gross revenue, profit margin and number of offices. The largest firm's market share is essentially at less than 0.5 percent of the global market.<sup>47</sup> Doubling in size not significantly affect that percentage. As grows, the competition will increase and additional costs will be incurred. This is illustrated on the concentration chart as the largest firms remaining at the lowest level.

The number of offices and the profit per are related. However, because the highlight are vereins in which each member is financially independent, it is not possible to comparison. The firms in the largest jurisdictions are likely to have similar profit lawyer as the non-vereins.

This would be comparable to the Big Four where each firm is independent so profits partner will vary depending on the country.

## Brand

The Big Four are already consolidated organizations at the top of their market development. The largest law firms cannot achieve this without substantial consolidation of their markets. Is a 20,000-person firm possible? Yes, a verein could grow to this size, but even then, it would be smaller than the largest legal networks.<sup>48</sup>



Rank	Name	Rev.	% Market	Offices	Profit	Profit per lawyer
1	Kirkland & Ellis	\$3.165b	.5	12	55%	\$1,585,000
2	Latham & Watkins	\$3.064b	.5	32	50%	\$1,258,000
3	Baker McKenzie	\$2.62b	.4	77	35%	\$183,000
4	DLA Piper	\$2.54b	.4	80	70%	\$548,000
5	Skadden, Arps,	\$2.41b	4	23	51%	\$727,000
6	Clifford Chance	\$2.11b	.3	36	36%	\$251,000
7	Freshfields	\$2.03b	.3	27	46%	\$415,000
8	Dentons	\$2.03b		137	N/A	\$169,000
9	Allen & Overy	\$2.02b	.3	46	40%	\$301,000
10	Linklaters	\$2.01b	.3	29	47%	\$357,000
11	Jones Day	\$1.94	.3	44	48%	\$368,000
12	Sidley Austin	\$1.86b	.3	20	38%	\$397,000
13	Morgan Lewis	\$1.84b	.3	28	43%	\$451,000
14	Hogan Lovells	\$1.82b	.3	46	37%	\$265,000
15	Norton Rose Fulbright	\$1.73b	.2	50	32%	\$158,000

<sup>46</sup>id

<sup>47</sup> List of largest law firms by revenue, [https://en.wikipedia.org/wiki/List\\_of\\_largest\\_law\\_firms\\_by\\_revenue](https://en.wikipedia.org/wiki/List_of_largest_law_firms_by_revenue)

<sup>48</sup> Steven Martin, 3 Charts Which Illustrate the Future of the Legal Industry, FRESH MINDS (April 13, 2017), <http://www.freshminds.net/2017/04/3-charts-illustrate-future-legal-industry/>.

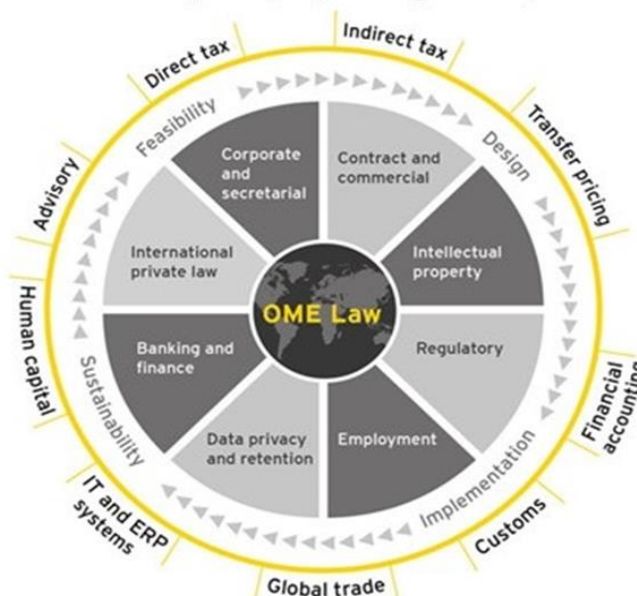
## Operations

The Big Four can offer integrated services beyond law that go to management of the entire project. This is a true one stop shop which in essence the exact purpose of the multidisciplinary practice model. This is illustrated by EY – OME Law.<sup>50</sup>

The alternative is for law firms to create a joint venture with ALSPs. Given the large number of law firms and the limited number of ALSPs, this is not a practical solution.

Both professions can do the same thing. Law firms are branching into this level of cooperation by bringing in ALSPs.<sup>51</sup> The Big Four are doing the same thing with law.<sup>52</sup>

**EY Multidisciplinary Operating Model (OME Law)**



Source: EY

## Social Media

Social media will continue to grow in importance. While law firms at the top level will not be engaged because of social member, it does mirror how a firm or company is perceived. The size and existing brand recognition has created an inherent level of market awareness surrounding the Big Four. This is reflected by the number of unique users going to the Big Four websites (more than 10 times the competing law firms and the LPO providers).

**Unique Users per Month of Big Four, Law Vereins and LPO Providers Websites**

Website	# Users Per Month	# Global Rank	# Pages viewed	Visit Minutes	Bounce Rate	% US	% UK	% Direct	% Referrals	% Search	Primary Content
<b>BIG FOUR</b>											
PwC	4,600,000	17,400	3.21	2.32	57.52	29.97	6.15	25.09	10.78	60.31	Accounting/Consulting Firm
EY	4,540,000	11,815	7.10	2.38	49.09	33.37	8.78	21.62	19.55	54.83	Accounting/Consulting Firm
Deloitte	7,600,000	10,271	3.51	3.17	49.54	31.25	---	23.62	21.52	48.60	Accounting/Consulting Firm
KPMG	3,560,000	20,344	3.98	3.55	53.14	15.33	4.70	19.24	11.15	66.19	Accounting/Consulting Firm
<b>LAW VEREINS</b>											
Baker McKenzie	209,520	251,713	3.15	1.43	43.37	18.64	16.57	20.29	12.22	65.54	Law Firm, Verein
DLA Piper	340,920	195,899	2.55	1.28	32.90	31.46	10.70	15.95	6.59	76.13	Law Firm, Verein
Norton Rose Fulbright	420,000	199,131	1.83	1.49	50.77	19.95	14.65	15.63	4.96	77.35	Law Firm, Verein
Jones Day	82,160	532,934	2.96	1.54	50.13	61.27	6.23	16.26	7.66	75.49	Law Firm, Verein
Hogan Lovells	120,840	386,227	3.21	2.04	36.54	31.14	18.23	26.68	7.88	61.88	Law Firm, Verein
Dentons	151,070	337,388	3.00	1.57	37.23	26.89	11.68	23.37	11.24	62.59	Law Firm, Verein
<b>LPO PROVIDERS</b>											
Thomson Reuters	no data	1,017,340	1.23	1.11	89.24	11.8	55	92.93	7.07	0	Legal Process Outsourcing
QuisLex	no data	5,768,851	no data	no data	no data	no data	no data	32.78	12.91	48.57	Legal Process Outsourcing
UnitedLex	no data	967,737	no data	no data	no data	no data	no data	55.29	32.71	11.63	Legal Process Outsourcing
Integreon	no data	345,710	no data	no data	no data	no data	no data	30.03	32.36	37.16	Legal Process Outsourcing

It is unlikely that any one firm can ever reach this number of unique users.<sup>53</sup> This means that

<sup>50</sup> Rutger Lambriex, *Operating Model Effectiveness*, EY, <http://www.ey.com/gl/en/services/tax/law/ey-law-solutions-operating-model-effectiveness>.

<sup>51</sup> *id*

<sup>52</sup> *id*

<sup>53</sup> Similarweb.com Collected May 28, 2018



marketing revenue must be spent to differentiate one firm from another. Given the number of law firms in the same space only further increases the costs.

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**Section summary**, the principal reason why Biglaw has nothing to fear in the medium term is because they have offices in the same markets as their competition which cumulatively are much larger than the Big Four who have focused on the smaller jurisdictions to expand. This means that adding more lawyers to these markets has a small or no effect on the competitive environment.

The separation within the legal and accounting media means that the Big Four are not yet “formally” recognized as part of the legal profession.<sup>54</sup> Formal integration and recognition will require a considerable amount of time and resources on their part, which is to Biglaw’s present advantage.

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<sup>54</sup> See discussion at Section III, *infra*.

## IV. Threats to Law Firm Networks by the Big Four

In a global market, it is all about numbers and professional media coverage.

A comparison of the number of countries covered by the Big Four and Biglaw shows why the competition among local firms reflects the tectonic shift in the referral pattern.

**Legal Practices – Number of Countries – Big Four, Firms and Networks**

Networks, Law Firm and Big 4 Legal	Size	Network	Law Firm	Countries
<i>Lex Mundi</i>	21,000	X		110
<i>WSG</i>	19,000	X		100
<i>TerraLex</i>	18,000	X		100
<i>GGI</i>	11,000	X		100
<i>MSI Global Alliance</i>	14,607	X		89
<i>PWC</i>	2,500	X		85
<i>EY</i>	2,100	X		80
<i>SCG Legal</i>	11,400	X		75
<i>ALFA</i>	9,000	X		75
<i>Deloitte</i>	1,800	X		69
<i>Dentons</i>	7,445	X verein		55
<i>KPMG</i>	2,200	X		53
<i>World Law Group</i>	17,000	X		50
<i>Baker McKenzie</i>	4,719	X verein		47
<i>Interlex</i>	10,500	X		46
<i>PRAC</i>	12,000	X		40
<i>DLA Piper</i>	3,616	X verein		30
<i>Norton Rose Fulbright</i>	3,505	X verein		27
<i>Yinke</i>	6,278	X		26
<i>CMS Legal Services</i>	2,719	X		25
<i>Clifford Chance</i>	2,466		X	23
<i>Hogan Lovells<sup>55</sup></i>	2,629	X verein		22
<i>Jones Day</i>	2,523		X	18
<i>King &amp; Wood Mallesons</i>	2,397	X verein		16
<i>Latham Watkins</i>	2,200		X	13

The top 10 largest networks have a presence in, on average, 80 countries. This is similar to the Big Four. Biglaw averages 30 countries. However, when one looks beyond the numbers to the location and relative size in the markets, there is no comparison. While many network firms are of small and medium size, a number of law firm networks include the very largest firms in these countries.

In the case of the Big Four, they have been in each of those 80 countries for decades. This is similar to local law firms. Since they are networks, creating a substantial legal practice is not that difficult. Once created, they will be in direct competition with local indigenous firms in a relatively short period of time.

The Big Four have been expanding in legal for more than 20 years in these countries. While the focus of recent articles and discussion is on the effects on “Biglaw,” the real and immediate effects will be felt by law firm networks and their respective members because of head-to-head competition.<sup>55</sup>

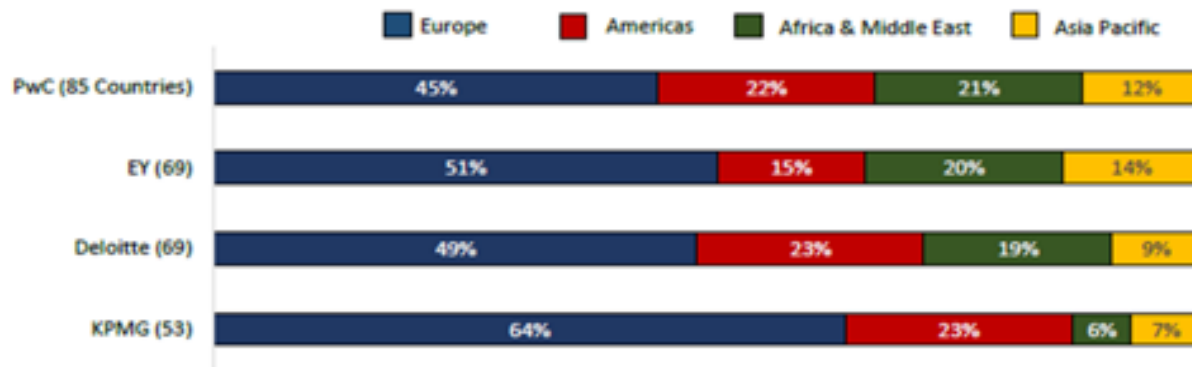
Why? The largest law firms are generally located in only 30 countries.<sup>56</sup> On the other hand, law firm network members are in 80 countries without significant international competition — until now.

Network members have or will have several areas of competitors in the Big Four. Because the Big Four are networks (*not* firms), their expansion is likely to be exponential. Additionally, local Big Four firms are and have been part of the native business community for decades. This greatly increases the threat, since they are all indigenous.

<sup>55</sup> Jim Middlemiss, *Accounting for Legal Work*, CANADIAN LAWYER (April 2, 2018), <http://www.canadianlawyermag.com/author/jim-middlemiss/accounting-for-legal-work-15535/>.

<sup>56</sup> *Id.*

## Geographic footprint of the Big Four Legal Services



Source: The Harvard Law School's Center on the Legal Profession

Law firm networks, despite their size, are not well-known. Compare this to Biglaw and the Big Four. While Biglaw's number of attorneys is fewer, media recognition for the Big Four is hundreds of times higher<sup>57</sup>

Local firms are also being assaulted from law vereins. They have substantial recognition (see Hungary table) and large marketing budgets. The vereins are not limited by their structure. Unlike accounting networks, law firms often belong to multiple networks which make membership in a verein inviting.<sup>60</sup> As the vereins enter the market by merging with local firms, a competitive threat is created.

An example is what happened in Houston, Texas when nine new firms entered the Houston market.<sup>61</sup> The same will occur to local firms in other countries.

### Houston Legal Market – Largest Firms 2001 to 2017 (ALM)

A wide range of firms targeted Houston		Leading local firms have shrunk significantly		
Prominent entrants into Houston				
<div><div><div>1. Latham &amp; Watkins</div><div>2. Kirkland &amp; Ellis</div><div>3. DLA Piper</div><div>4. Sidley Austin</div><div>5. Hogan Lovells</div><div>6. Norton Rose</div><div>7. Greenberg Traurig</div><div>8. Simpson Thacher</div><div>9. Quinn Emanuel</div></div><div></div></div>	Net alr the inc firm high cor	<h3>Hungarian Legal Market</h3>		
		<h4>Local Hungarian Firms</h4>	<h4>Big Four</h4>	<h4>Law Vereins</h4>
		Andr��k Kinstellar	Deloitte	DLA
		<i>Burai Kovacs *</i>	PWC	Dentons
		Horvatg & Partners	KPMG	Baker McKenzie
		<i>Lakatos Kove &amp; Partners *</i>	EY	Hogan Lovells
		<i>Nagy es Tricsayi *</i>		
		<i>Szabo Kelemen *</i>		
		<i>Szecskay Attorneys *</i>		
ustrated in the Hungarian market. Local firms compete he must larger and the				<i>* Network Members</i>

This

illustrated in the Hungarian market. Local firms compete the must larger and the

legal against much

<sup>57</sup> id

<sup>60</sup> LOCATE LAW NETWORKS, available at <http://www.locatelawnetworks.com>.

<sup>61</sup> Nicholas Bruch, *When Regional Legal Markets Get "Invaded": The Impact on Local Firms*, LAW.COM (June 12, 2018), <https://www.law.com/2018/06/12/when-regional-legal-markets-get-invaded-the-impact-on-local-firms?et=editorial&bu=ALM%20Intelligence&cn=20180628&src=EMC-Email&pt=Analyst%20Brief> (an excerpt of ALM Intelligence's recent report on the invasion of regional legal markets and how mid-sized firms should respond).

better recognized Big Four and law firm vereins. This is for clients and legal talent. The competitor provide significant pressure.t

The Big Four can also be considered invaders even though they offices in most countries and are local in every sense.<sup>62</sup> Their legal practices are an invasion not different from the firms entering the Houston market.

However, it is here that opportunities are created. It means that local law firms no longer will refer to accounting firms but require reliable substitutes. It means also that Biglaw will refer to local law firms and local accounting offices. The potential exists because law firm network members have the same competitive footprint as accounting networks and associations. Cooperation and collaboration are only logical.

**Section Summary:** The future of law firm networks is secure for a few more years. However, in the longer term, there

will be  
an  
erosion  
of their

### Global Footprints

#### 30 Largest Law Firm Networks

#### Big Four Accounting Firm – Legal Services



Coverage – 210 Jurisdictions - 300,000 Lawyers  
Cumulative Annual Revenues - \$120 billion



Coverage – 230 jurisdictions - 500,000 professionals  
Cumulative Annual Revenues - \$130 billion

membership. The members themselves will face new competition with the Big Four's legal division and also from vereins. They will also be invited to become members of a verein. They are already in competition for the best lawyers. Vereins and the Big Four have greater resources and name recognition which will attract professionals.

The principal competitive advantage is that networks are large and have global coverage which can be combined with accounting networks and associations. How these are used will determine their future.

<sup>62</sup> *The Big Four's Expansion in the Legal Services Market*, ALM INTELLIGENCE (Sept. 2017), <https://www.alm.com/intelligence/solutions-we-provide/business-of-law-solutions/analyst-reports/elephants-in-the-room-the-big-4s-expansion-in-the-legal-services-market/>.



## V. Threats to Accounting<sup>63</sup> Networks and Associations by the Big Four

The Big Four, as networks of independent firms,<sup>64</sup> are much larger than other individual accounting networks and associations. (This is obvious by their name.) It is also obvious that the accounting networks and associations, aside from the Big Four, are not well-known to anyone outside of the accounting profession. However, as a result, networks and associations, being the model for accounting firms are at least recognized as legitimate.

The advantage is that accounting networks and associations have recognized their common potential and competitive position. This is very different than in the legal profession, where networks are isolated and operate within their own world. For example, the accounting associations and networks formed EGIAN in 2009. Its objective was to lobby the European Union to adopt policies to promote competition.<sup>65</sup> This reflects an alliance culture in their profession.<sup>66</sup>

### Lack of Information on Networks and Associations

Informational works are dependent upon publications such as *Accountancy Age*,<sup>68</sup> *Accounting Today*,<sup>69</sup> and *International Accounting Bulletin*.<sup>70</sup>

While there are online directories, they are very different from the ranking directories found in law.<sup>71</sup> These publications do provide an advantage in that routinely write about the networks and associations.. This is very different from law firm networks, which are only references them in passing — if at all. The legal media concentrates on the same 50 law firms.

Accounting networks share the same issue as law where there is no connection between membership and the network in non-branded organizations. The vereins have occupied this space in legal, as has Grant Thornton, BDO, and several other networks in accounting with a brand.

### Revenue Statistics

What is different in accounting is the availability of statistics to compare networks and associations by many different types of metrics.

The accounting media also focuses on statistics, which is understandable. This chart is created each year by *Accountancy Age*<sup>72</sup>. The results are used by the associations and networks in their marketing materials.

<sup>63</sup> Accounting services have been redefined with different terminology. For example, PwC focuses on audit and assurance, tax, and consulting services. Deloitte's practice is audit, consulting, tax, and advisory services. EY services are advisory, assurance, tax, and transaction services.

<sup>64</sup> *Accounting Networks and Associations*, WIKIPEDIA, [https://en.wikipedia.org/wiki/Accounting\\_networks\\_and\\_associations](https://en.wikipedia.org/wiki/Accounting_networks_and_associations).

<sup>65</sup> EGIAN, available at [http://www.egian.eu/about\\_key.htm](http://www.egian.eu/about_key.htm).

<sup>66</sup> Tyrone Pitsis, Martin Kornberger & Steward Clegg, *The Art of Managing Relationships in Interorganizational Collaboration*, CAIRN.INFO (2004) <https://www.cairn.info/revue-management-2004-3-page-47.htm>.

<sup>68</sup> ACCOUNTANCY AGE, available at <https://www.accountancyage.com/>.

<sup>69</sup> ACCOUNTING TODAY, available at <https://www.accountingtoday.com/>.

<sup>70</sup> INTERNATIONAL ACCOUNTING BULLETIN, available at [www.internationalaccountingbulletin.com](http://www.internationalaccountingbulletin.com).

<sup>71</sup> AICPA, available at

<https://www.aicpa.org/signin.html?returnTo=/content/dam/aicpa/research/externallinks/downloadabledocuments/firmassociationservices.xls%3FcontentTyp e%3Dsecured> (the AICPA published a paywall-protected directory of associations and networks).

<sup>72</sup> *Accountancy Age*, October 17, 2016.

## Annual Statistics on Accounting Networks and Associations

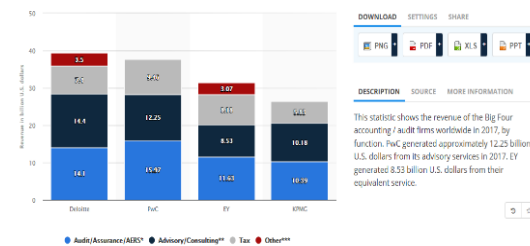
### INTERNATIONAL NETWORKS AND ASSOCIATIONS 2016 (2015)

Rank	Network or association	Fee income (US\$m)	2016								Year end	Status
			2016	2015	Member firms	Offices	Countries	Partners	Female partners	Professional staff		
1 (2)	Deloitte Touche Tohmatsu <sup>1</sup>	36,800.00	35,200.00	31	867	150	11,264	2,068	206,830	31/5/16	N	
2 (1)	PwC International <sup>2</sup>	35,896.00	35,356.00	n/a	743	157	10,830	1,963	212,638	30/6/16	N	
3 (3)	EY <sup>3</sup>	29,626.00	28,655.00	n/a	700+	150+	11,509	n/a	177,602	30/6/16	N	
4 (4)	KPMG International <sup>4</sup>	25,420.00	24,440.00	n/a	990	152	9,843	n/a	156,071	30/6/16	N	
5 (5)	BDO International <sup>5</sup>	7,600.00	7,300.00	114	1,401	159	5,736	n/a	52,486	30/6/16	N	
6 (6)	Geneva Group International	5,245.00	5,056.00	566	771	123	3,734	n/a	27,025	31/12/16	AIF, M	
7 (8)	RSM International	4,866.00	4,641.00	120	793	120	3,557	414 <sup>6</sup>	31,472 <sup>7</sup>	31/12/16	N	
8 (7)	Grant Thornton International <sup>8</sup>	4,789.00	4,635.00	137	701	130	3,235	614	36,730	30/6/16	N	
9 (9)	Praxity <sup>9</sup>	4,748.34	4,511.47	66	639	105	3,451	520	31,800	Various	AIF	
10 (11)	TAG Alliances <sup>10</sup>	4,000.00	3,800.00	290	706	108	n/a	n/a	17,180	31/12/16	AIF, M	

Each year, a veritable tidal wave of statistics is provided by networks to the media, which focuses the discussion on objective analysis. (This is not done in the legal profession whose only focus is on large law firm) It makes relative comparison almost impossible between law firms and legal networks. Without these statistics, who would know that there are 20 networks and associations whose members have cumulative revenues of more than \$1 billion annually.

Information in accounting networks is usually based upon gross revenue of their members. When various types of revenue are divided into practices, the picture of accounting services is potentially quite different. When auditing is removed, the remainder is \$80 billion, which is not significantly greater than the combined revenues of accounting networks and associations. Technology can change this, but it remains a long-term issue.

Revenue of the Big Four accounting / audit firms worldwide in 2017, by function (in billion U. S. dollars)



What is *not* obvious is that as a whole, members of accounting networks and associations provide a similar level of accounting services annually to their clients. This is because approximately 40 percent of the Big Four's revenue is derived from audits.<sup>73</sup>

As previously established, the Big Four enjoy vast recognition by the world at large. This is illustrated clearly in the media, where the Big Four have (on average) five million unique views per month.<sup>74</sup> Compare this to BDO, which gets fewer than 250,000.<sup>75</sup>

### Accounting Networks and Associations 2017 (in billions) v. Big Four

Big Four	Networks and Associations					Revenues		
	Network	Non-Audit	Audit Total	Tax	Profess.	Countries	Revenues	Profess. Countries
	Deloitte	22	14.1	7	206,000	150		
	PwC	19	16	9.5	212,000	157		
	EY	17	12	8	177,000	150		
	KPMG	15	10.4	6	156,000	155		
		75.0	52.5	30.5	751,000	154	65.0	411,000 160

<sup>73</sup> Revenue of the Big Four Accounting and Audit Firms Worldwide in 2017, by Function (in Billion U. S. Dollars), STATISTA, <https://www.statista.com/statistics/250935/big-four-accounting-firms-breakdown-of-revenues/>.

<sup>74</sup> Id.

<sup>75</sup> SIMILAR WEB, available at <http://www.similarweb.com> (analysis conducted on May 31, 2018).

The technology investment by each Big Four member is considerable. This means while there are quality firms, at the same level, accounting networks and their members have the very difficult task of making the case for their quality. This is compounded by little no advertising or marketing by the networks.

The threat is that the Big Four can grow exponentially grow as a result of large budgets. Cumulatively, networks have the potential for greater growth since there are five times more of them. This would require their expansion at a similar level.

#### Global Market Footprints – Law and Accounting 2018 (\$340 billion)

##### 25 Largest Law Firm Networks



Coverage – 210 Jurisdictions - 300,000 Lawyers  
Cumulative Annual Revenues - \$120 billion

##### Big Four Accounting Firms – Legal Services



Coverage – 230 jurisdictions - 500,000 professionals  
Cumulative Annual Revenues - \$130 billion

##### 20 Accounting Networks and Associations



Coverage - 210 jurisdictions – 150,000 accountants  
Cumulative Revenues - \$60 billion

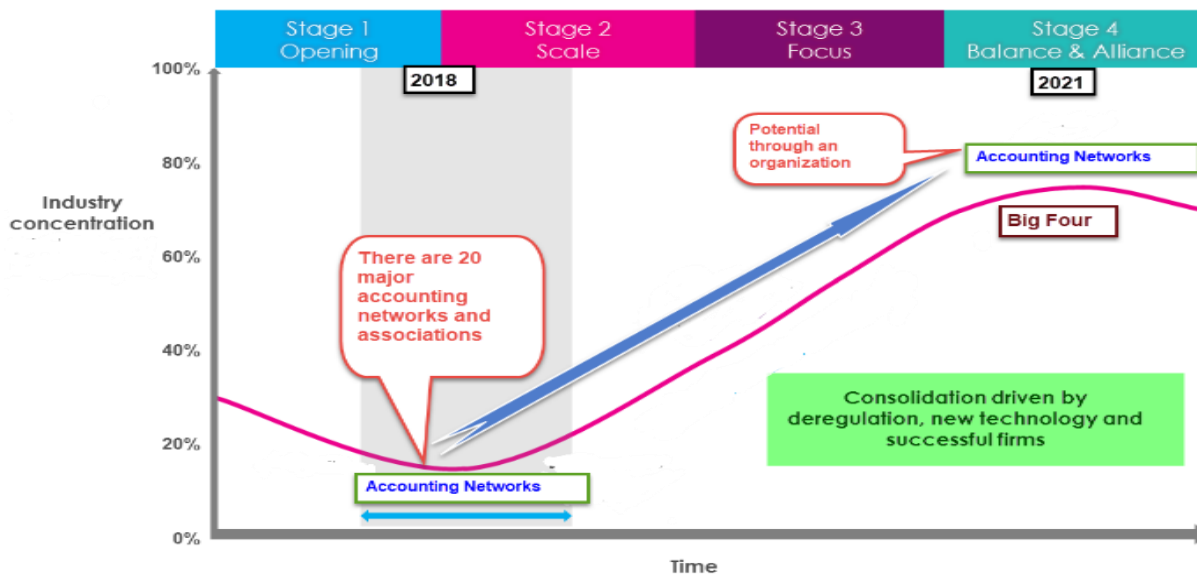
##### 20 Largest Law Firms



Coverage – 30 jurisdictions, 40,000 attorneys  
Cumulative Revenues - \$30 billion

Footprint the Same as Big Four

This cannot happen without the collaboration of law firm networks.



**Section Summary:** The future of accounting networks and associations is secure. Since they have always been in competition with the Big Four for decades, the competitive equation will not substantially change without rethinking their objectives. The members themselves will face new competition in the form of legal and ALSP services that the typical member will not be able to offer. This will potentially marginalize their client offerings. Even with similar services, lack of resources and name recognition will be serious impediments to market differentiation leading to growth.

The principal competitive advantage is that networks have cumulative size and global coverage. Deployed with law firms that are members of networks and ALSPs, they have significant opportunities.



## VI. Collaborative and Cooperative Opportunities

There are two principal commonalities for both professions: Do right by the clients. Grow and expand your business. This section focuses on the creation of opportunities that can be developed through cooperation and collaboration between the legal and accounting networks.

### Collaborative Relationships

The previous section analyzed the tectonic shifts in market competition among the Big Four, Biglaw, and network members. If opportunities may be propelled by competition, they are created by interorganizational cooperation and collaboration.<sup>76</sup> “Cooperation is the process of groups of organisms working or acting together for common, mutual, or some underlying benefit, as opposed to working in competition for selfish benefit.”<sup>77</sup> “Interorganizational collaboration may be defined as a process through which parties, who see different aspects of a problem, can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible.”<sup>78</sup>

Professional services firms reflect the collective attitudes and perspectives of the professionals. Over the years these have been categorized for lawyers and accountants.<sup>79</sup>

Attitudes regarding collaboration are also different for each generation; Baby Boomers and Generation X have different perspectives, for example.<sup>80</sup> Generation Y<sup>81</sup> professionals have now entered the accounting and legal professions. They have grown up with the same hierarchical institutional foundation as their parents and grandparents, but they entered the Internet age in their teens. They are part of a new culture based upon open relationships with diverse groups around the world. In five years, the first Generation Z professionals will enter the legal and accounting professions. These are professionals whose lives are now shaped by the Internet and, in particular, Facebook, LinkedIn, and other Internet tools. They will carry the social network model to the professional services business network.

When professions expand, they encounter these cultures with their firms and as they interact with other organizations. Market forces compound their effects. This discussion is different from market analysis and goes to cultural differences and similarities that must be taken into account for interorganizational collaboration..

### (A) Lawyers and Accountants – Perspectives

To understand the synergies within these professions at the network level, it is important to understand both their common and different perspectives that have developed through their practices. This will allow for the design of strategies where they can meet to achieve common objectives. It is also necessary to factor in other organizations to which these professions look for guidance. When creating new opportunities, this means forming new collaborative relationships.

<sup>76</sup> Tyrone Pitsis, Martin Kornberger & Steward Clegg, *The Art of Managing Relationships in Interorganizational Collaboration*, CAIRN.INFO (2004) <https://www.cairn.info/revue-management-2004-3-page-47.htm>; Heidi Gardener, *Collaborating Better Across Silos*, HARVARD BUS. REV. (Jan. 5, 2017), <https://hbr.org/ideacast/2017/01/collaborating-better-across-silos.html>.

<sup>77</sup> PATRIK LINDENFORS, FOR WHOSE BENEFIT? THE BIOLOGICAL AND CULTURAL EVOLUTION OF HUMAN COOPERATION (Springer 2017).

<sup>78</sup> B. GRAY, COLLABORATING: FINDING COMMON GROUND FOR MULTIPARTY PROBLEMS (Jossey-Bass 1989).

<sup>79</sup> Larry Richard, Herding Cats: The Lawyer Personality Revealed, [http://www.lawyerbrain.com/sites/default/files/caliper\\_herding\\_cats.pdf](http://www.lawyerbrain.com/sites/default/files/caliper_herding_cats.pdf), Torri Myler, 10 Traits Every Great Accountant Has, <https://www.accountingweb.com/community-voice/blogs/torri-myler/10-traits-every-great-accountant-has>

<sup>80</sup> Nancy Peppard, *Closing the Generation Gap: Managing the Multigenerational Law Firm*, 32 L. PRAC. MGMT. 30 (June 2006).

<sup>81</sup> *Generation Y*, WIKIPEDIA, en.wikipedia.org/wiki/Generation (Generation Y refers to the generation born between 1980 and 1990. In 2013, this generation would have been 23 to 33 years old).

Each profession starts out speaking a different cultural language. It is imperative to recognize what each is trying to convey. Nothing should be taken for granted. The skills may be different, but they must be respected and understood. Simply put, lawyers cannot provide accounting advice, and accountants cannot provide legal advice. However, they often need to connect with each other; this means they can and should establish good working relationships.

Cooperation is necessary because of an increasingly litigious and multifaceted environment. Clients are now employing complex structures to manage their personal and business affairs. Both propel collaboration between the two professions.

Before one can create opportunities, there must be some analysis of each profession's subjective qualities. It is also necessary to understand within each profession how they cooperate to maintain standards of professionalism and quality. It is against this multi-tiered backdrop that opportunities must be viewed. The true convergence occurs because at the heart of the matter is the best interest of the client.

### Accountants

Accountants focus on numbers, which are (in theory) objective. While working in the best interest of their clients, society has also given them the role of public watchdogs as a result of their audit function. Accountants must serve the public when they are acting as independent auditors, but when preparing a client's tax returns they are certainly hired as advocates; as such, their work papers are privileged.<sup>82</sup>

There are a number of organizations in which accounting firms are members. Examples are IFAC,<sup>83</sup> AICPA,<sup>84</sup> the International Auditing and Assurance Standards Board,<sup>85</sup> and the Association of Certified Chartered Accountants.<sup>86</sup> The difference between these organizations and networks or associations is that the latter examples focus on relationships in regard to clients. The former's primary function is policy.

Like all professions, the media and profession ranks firms by size. Like law there are various tiers with the Big Four on the top level. The rankings have an effect on the perspective of each firm.

### Lawyers

While lawyers have some public obligations, the primary focus of legal representation is associated with the attorney-client relationship.<sup>87</sup> The perception is that they are confrontational rather than collaborative.<sup>88</sup> Broad attorney-client privilege protects the secrecy of what a client tells his lawyer, and the "work product" doctrine protects a client against having his lawyer's work papers brought into court as evidence against him. It is illustrative of the idea that everything is a confrontation.

There are some areas in which attorneys are collaborative. For example, there are a number of organizations in which law firm attorneys are the principal members, the most prominent examples being the American Bar Association<sup>89</sup> and the International Bar Association.<sup>90</sup> Participation tends to be a mix of professionalism and business development.

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<sup>82</sup> *Accountant*, WIKIPEDIA, [https://en.wikipedia.org/wiki/Accountant%E2%80%93client\\_privilege](https://en.wikipedia.org/wiki/Accountant%E2%80%93client_privilege).

<sup>83</sup> IFAC, *available at* <https://www.ifac.org/>.

<sup>84</sup> AICPA, *available at* <https://www.aicpa.org/>.

<sup>85</sup> IAASB, *available at* <https://www.iaasb.org/>.

<sup>86</sup> ACCA GLOBAL, *available at* <http://www.accaglobal.com/>.

<sup>87</sup> Roger Russell, CPAs vs. Lawyers, *Accounting Today*, September 23 2016, 4:19pm EDT, <https://www.accountingtoday.com/news/cpas-vs-lawyers>

<sup>88</sup> Mark A. Cohen, *How Important is Collaboration for Lawyers?* LEGAL MOSAIC (May 18, 2015), <https://legalmosaic.com/2015/05/18/how-important-is-collaboration-for-lawyers/>.

<sup>89</sup> AMERICAN BAR ASSOCIATION, *available at* <https://www.americanbar.org/aba.html>.

<sup>90</sup> INTERNATIONAL BAR ASSOCIATION, *available at* <https://www.ibanet.org/>.

The difference between these professional organizations and networks and associations is that a network or association focuses on relationships related to business opportunities.

Network executives do not know one another because there is no focal point or common competition — *until now*. The largest firms may be in competition, but they are also the source of business because the largest firms are in relatively few countries and rely on local counsel in other jurisdictions.

### How do these factors play out in the professional services business world?

**Marketing.** The market configuration of both professions is reflected in their respective professional media. The accounting media focuses on the networks themselves, because this is the business structure of the largest accounting firms. This provides accounting associations and networks with an advantage in their profession by legitimizing their structure.

This is quite different from law, where networks are not recognized as models for global business because the focus is on law firms. The largest firms dominate the news simply because of name recognition. The result is that there is little attempt to market a network or network membership. In general, there is a lack of promotion of membership on the websites of law firm network members.

The result is that legal networks direct almost all of their activity inward and lack external legitimacy.

**Economics.** Lawyers charge more per hour than accountants. Salaries for new attorneys in major firms can reach \$200,000 per year.<sup>91</sup> This is in comparison to \$80,000 for graduates of accounting. Bidding wars for legal graduates are common. This internal competition may result in a difference in cultural attitude and professional perspective that affects collaboration.

**Education and professional certification.** In the United States, law is a three-year program. In most other countries, law is an undergraduate degree, though admission to the bar is still a requirement. This is in contrast to accountants receiving a CPA certificate.<sup>92</sup> Since legal networks do not practice law but are a business-related organization, they have been until now at the periphery of the profession.

**Professional privilege and ethics.** Lawyers have the attorney-client privilege. Accountants are only protected if they work under a lawyer or through their working papers.<sup>93</sup> In the United States, lawyers are not allowed to share income with other professionals.<sup>94</sup> The privilege and ethics still separate the professions.

**Websites and social media.** The emphasis in legal is on the individual attorney and the particular partner's resume. A review of LinkedIn reflects this difference. It would appear that almost every attorney, including those at the largest firms or organizations, has a profile. This is not the case in accounting, where the referral comes from the firms themselves.

<sup>91</sup> Sara Randazzo, *Starting Law Firm Associate Salaries Hit \$190,000*, WALL STREET JOURNAL (June 12, 2018), <https://www.wsj.com/articles/starting-law-firm-associate-salaries-hit-190-000-1528813210>.

<sup>92</sup> Adem Tahiri, *How Much Do CPAs Make?* INVESTOPEDIA (Nov. 1, 2017), <https://www.investopedia.com/articles/investing/051415/how-much-do-cpas-make.asp#ixzz5I9HHxk5a>; Staci Zaretsky, *Sorry, Law Students, But Your Starting Salary Will NOT Be \$190K*, ABOVE THE LAW (June 7, 2018), <https://abovethelaw.com/2018/06/sorry-law-students-but-your-starting-salary-will-not-be-190k/>.

<sup>93</sup> *Accountant Workpaper Privilege Upheld by First Circuit*, JOURNAL OF ACCOUNTANCY (Jan. 23, 2009), <https://www.journalofaccountancy.com/news/2009/jan/accountantworkpaperprivilege.html>.

<sup>94</sup> American Bar Association, Rule 5.4: Professional Independence of a Lawyer, [https://www.americanbar.org/groups/professional\\_responsibility/publications/model\\_rules\\_of\\_professional\\_conduct/rule\\_5\\_4\\_professional\\_independence\\_of\\_a\\_lawyer.html](https://www.americanbar.org/groups/professional_responsibility/publications/model_rules_of_professional_conduct/rule_5_4_professional_independence_of_a_lawyer.html).

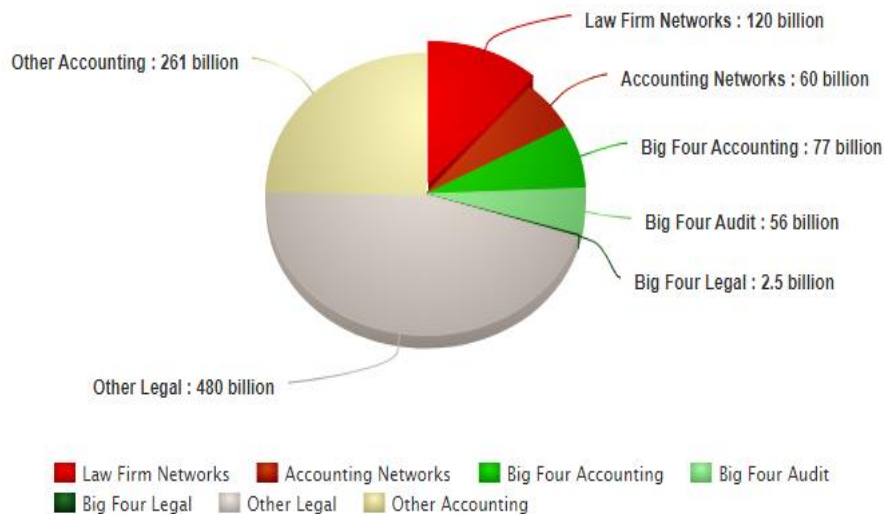
The websites of accounting firms also reflect this, as the focus is on the partners. On many accounting network and firm websites, partners' emails are inaccessible. The same is true for the leadership of associations and networks.

## B. The Global Professional Services Markets

### Market Share by Business Model

There is a difference between the actual model market share and perceived market share. This is the result of the media's focus on segments perceived to be the most interesting to their readership.

### Business Models: \$1.1 trillion legal and accounting markets<sup>95</sup>



The largest legal market share is the "other" category. This is composed of in-house lawyers, both large and small firms, academics, and lawyers in the justice system. The largest market share in accounting is also the "other" category. These are corporate accountants, independent accounting firms and those employed by government and other organizations. To a large extent the "others" are the accountants who engage the firms. Since all of those in the other categories require lawyers or accountants from time to time, this creates huge opportunities.

<sup>95</sup> The legal profession does not provide exact data for legal services, and information is found in a variety of different places. These are a few locations where data is referenced: *The Handbook: Law Firm Networks*, AILFN (2018), <http://online.flipbuilder.com/smcgarry/idfm/>; *Attack of the Bean Counters*, THE ECONOMIST (March 19, 2015), <https://www.economist.com/news/business/21646741-lawyers-beware-accountants-are-coming-after-your-business-attack-bean-counters>; *Taking on the World: The Big Four in the Global Legal Market*, AMERICAN LAWYER (Oct. 18, 2017), <https://www.law.com/americanlawyer/sites/americanlawyer/2017/10/18/taking-on-the-world-the-big-four-in-the-global-legal-market/?sreturn=20171117172407>; *Global Accounting Market Research Report*, IBIS WORLD (Sept. 2017), <https://www.ibisworld.com/industry-trends/global-industry-reports/business-activities/accounting-services.html>; *Auditor Market Share of S&P*, AUDIT ANALYTICS (Feb. 27, 2017), <http://www.auditanalytics.com/blog/auditor-market-share-of-the-sp-500/>; *The Top 40 Networks & Associations of 2016*, ACCOUNTANCY AGE (July 13, 2016), <https://www.accountancyage.com/2016/07/13/the-top-40-networks-2016-firms-switching-networks-like-a-game-of-musical-chairs/>.

**Law Networks + Accounting Networks = \$180 billion**

**Big Four Accounting and Legal = \$135 billion**

**Largest 50 Law Firms = \$50 billion**

<b>Model</b>	<b>% of Global Market</b>	<b>Annual Services (\$ billions)</b>
Law Firm Networks	10.9	120
Accounting Networks and Assoc.	5.4	60
Big Four Accounting	11.1	128
Big Four Legal	0.3	3
Largest 50 Law Firms	4.5	50
Other Law	43.1	480
Other Accounting	23.7	261

### C. Bridging the Gap

The objectives of this paper are to: (1) objectively define the global legal services market past, present and future, (2) subjectively define the differences and similarities in accounting and legal services, and (3) define the opportunities that have been created by the tectonic shift in the professional services market.

This section will define the strategies and discuss their specific implementation.

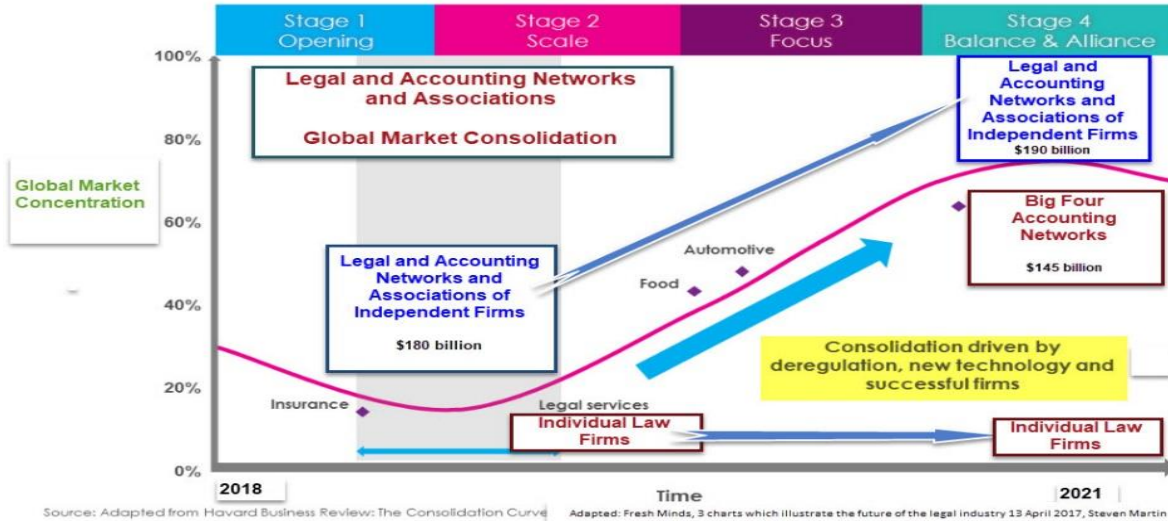
This will require the creation of both a formal and informal organization to establish a framework. Within this framework, the parties will reach an agreement as to the common objectives and the parameters for achieving them.<sup>105</sup>

Let's start with the objectives, the primary one being to consolidate legal and accounting networks so they are at the same level as the Big Four. If this can be done, huge opportunities will be created almost simply by the fact that their members already provide their clients \$180 billion in professional services annually. Even the smallest change in the referral pattern represents more than a significant amount of revenue.

<sup>105</sup> Tyrone Pitsis, Martin Kornberger & Steward Clegg, *The Art of Managing Relationships in Interorganizational Collaboration*, CAIRN.INFO (2004) <https://www.cairn.info/revue-management-2004-3-page-47.htm>.



What are the factors that will push the professions up the consolidation curve?



## 1. Macro

### Collaboration - Moving Network Consolidation up the Curve<sup>106</sup>

The beginning of this paper set out the macro view of the legal and accounting professions. There were seven primary perspectives and tools:

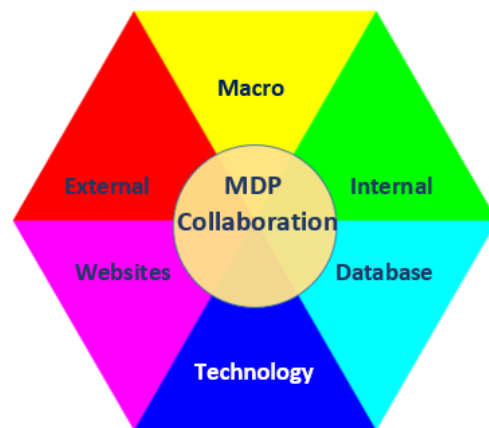
(1) Recognize that there are global shifts occurring in regard to who offers services and how those services are provided. In other words, it is not about the short- or medium-term; it is about structural constructs and not what is occurring in any particular market. It is about professional history, not about local developments. It is about the translation of ideas into implementations. It is about the big picture and, at the same time, it is ultimately about the micro results.

(2) Change must be pushed externally. The status quo is affected by understanding the external environment.

External development means education at many levels. Any upward movement can easily be set back by a lack of knowledge on the part of those involved.<sup>107</sup>

(3) Internal actions must be taken to educate network members. External transformation of the market does not mean an automatic internal transformation at networks.

(4) Various products must be developed. In 2018, having a searchable website is a key component. However, websites tend to fall under the education process in (2) and (3) above. Any website must create opportunities for interaction rather than just be an online newspaper and Rolodex.



<sup>106</sup> Chart adapted from: Steven Martin, *3 Charts Which Illustrate the Future of the Legal Industry*, FRESH MINDS (April 13, 2017), <http://www.freshminds.net/2017/04/3-charts-illustrate-future-legal-industry/>.

<sup>107</sup> Heidi Gardener, *Collaborating Better Across Silos*, HARVARD BUS. REV. (Jan. 5, 2017), <https://hbr.org/ideacast/2017/01/collaborating-better-across-silos.html>.

5) The objective should be refined by a database of each element in the developmental process. Everyone involved, related to, or affected by the process needs to be informed. This is only accomplished by a database can pinpoint individuals and organizations who are affected by the changes.

(6) Technology is the engine of the overall collaboration process.

## 2. External Education and Relationships

**Publications.** The most important element is to get everyone on the same page and define common denominators. This is particularly important when each profession has different competitive perspectives. The following books and manual serve this purpose:

- *Multidisciplinary Practices: Lawyers, Accountants and Consultants*, the only treatise on MDPs;
- *The Handbook: Law Firm Networks* (2011-2018), a detailed 177-page analysis of legal and accounting networks as the model for global business;
- *Leaders in Legal Business* (2015 and 2018), the only book written by 33 leaders in legal business about their companies' and organizations' contributions to the legal profession. Authors include the presidents of the ABA, ACC, IBA, LMA, ALA, ALM, leading consultants, and academics; and
- *The 1,000 Influencers and Leaders in Legal Business* (2017), a comprehensive directory of the most important influencers in legal business.

It is not just the publication of information that matters, but to whom that information is directed. The amount and scope are crucial. Too much information will be viewed negatively as an attempt to sell something. Too little, and there is no ability for the professional to connect the dots.

The issue is to whom the information is directed. This requires the evaluation of each organization. For example, some organizations are hierarchical, meaning there is one or very few decision makers. In this case, information goes only to them. However, if there is a negative decision, it will be extraordinarily difficult to reverse it.

In others, it is the opposite. There may be 20 directors, each of whom has a vote. Only one objection is required to negate a positive decision or essentially postpone a decision. This can be positive if there is one champion and the other 19 do not have a strong opinion. Therefore, it is key to locate this individual by contacting all of the directors.

## Media Matrix

Targets Media	Network Heads	Network Staffs	Publishers	Reporters	Professors	Consultants	Linkedin Contacts	Linkedin Groups	Law Firms	Bar Assoc.	General Profession
Telephone calls	X			X						X	
Meetings	X			X						X	
Targeted Emails			X	X						X	
Press Releases	X		X	X	X	X	X	X		X	X
Linkedin Network Group	X	X		X		X	X	X	X	X	X
Linkedin contacts	X	X	X		X	X					X
Email Newsletter			X	X	X	X			X	X	X
Conduct Survey of Networks	X		X	X							X
Website	X	X	X	X		X	X	X	X	X	X
HG.org Law Firm Networks page	X	X									
Network Book	X	X	X	X	X	X	X	X	X		
LLB Book	X	X	X	X	X	X	X	X	X	X	X
LLB Website	X	X	X	X	X	X	X	X	X	X	X
Publish column on networks											X
Other Publications	X	X			X	X	X	X	X		X
Sponsorships											

## Social Media

Social media is key because networks and associations require an independent means to deliver their messages. The reality is that legal media will rarely publish an article on networks. When there is an article, the subject matter is always the same. Something similar takes place in accounting. While there will be articles about events like a new executive director or the loss of a key member, the press tends to focus on the Big Four.

AILFN has used social media to its advantage. The *Independent Business Law Firm* newsletter had 5,000 subscribers. Downloads of our publications include 17,300 of *The Handbook: Law Firm Networks*, 12,000 of *Leaders in Legal Business*, and 3,000 copies of *The 1,000 Leaders and Influencers in Legal Business*. A database of more than 26,000 individually-selected attorneys, legal entrepreneurs, and law firm managing partners, academics, the legal media, and anyone else interested in the business of law are now kept fully informed about networks. AILFN has 17,000-plus followers on LinkedIn. Information on networks has been viewed an estimated 750,000 times on social media.

## 3. Internal Education and Relationships

It is little value if no one in the legal and accounting professions is aware of a collaboration strategy except the firms and their professionals who participate in the consolidation. What is required is to establish a focus that complements existing practices without creating a different layer of activities. This is where AILFN's websites can be utilized.

As such, organizations must enter the relationship with a thirst for new knowledge and be committed to the mutual growth so they can reach their objectives. Learning must be fostered, encouraged, and supported through knowledge management systems. This would include publications, websites, and social media.

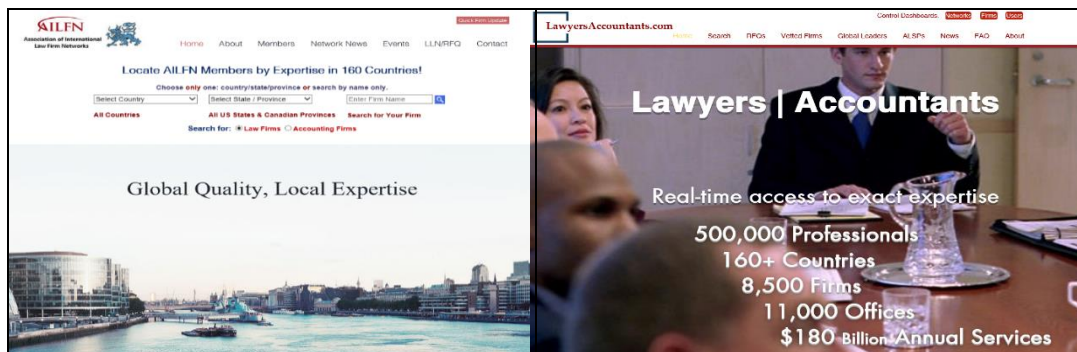
Collaborative knowledge management involves bringing organizations together to transform collaborative learning into intellectual assets by capturing, storing, retrieving, and disseminating knowledge that adds value. Knowledge of organizations needs to be known and recognized by individual professionals.

“Collaborative knowledge management requires appropriate information technologies that promote foster collaborative relations. It also requires management systems in place that promote and foster the notion of collaborative learning. Integral to the success of this synthesis is the ability for the collaborative partners to transfer knowledge. First, they must be able to transfer the knowledge within each parent organization across the project, and second, the parent organizations must be able to transfer the knowledge gained at the project level back into the organization. In this sense, there should be specifically-designed processes for capturing and sharing knowledge in addition to the knowledge management tools outlined above. There must be a commitment to knowledge transfer and clear procedures regarding what knowledge is captured and transferred, and what knowledge is not important. Ideally, all professionals, irrespective of seniority or role, will be able to recognize the inherent value of learning.”<sup>108</sup>

#### 4. Websites

There are two types of websites, the most common being a passive provider of information: an online newspaper or Rolodex.

The second is one that creates interaction and relationships. This should tie into internal education and relationship development. This has been already done on [AILFN.com](http://AILFN.com) and [LawyersAccountants.com](http://LawyersAccountants.com).

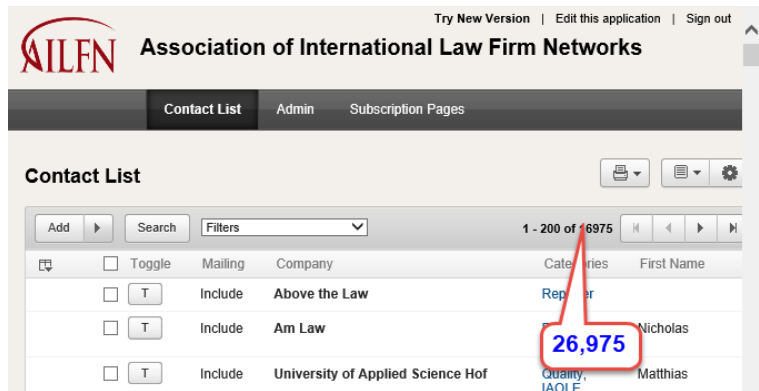


Aside from individual organizational memory, it is critical that collaborative learning and knowledge is captured and stored in an easily-accessible way. Human memory serves a critical function for survival. For a professional, having a system on which to rely for client representation is a form of professional survival. The right website can provide this type of system.

<sup>108</sup> Tyrone Pitsis, Martin Kornberger & Steward Clegg, The Art of Managing Relationships in Interorganizational Collaboration, CAIRN.INFO (2004) <https://www.cairn.info/revue-management-2004-3-page-47.htm>.

## 5. Database

The focus of the above has been on targeting the right individual or organization. A database is the key component in this search. It should be able to allow an individual to appear in multiple categories. For example, a person may be a partner at a firm, a member of a committee, a director of an organization, or located in a certain country/region. Segmentation allows one to direct information based upon specific interests, which facilitates collaboration.



## 6. The Technology Revolution – Leveling the Playing Field<sup>109</sup>

Of the six factors previously mentioned, information technology will have the greatest impact on professional services networks. It cuts across and is an integral component of all the other factors, for the simple reason that technology has already revolutionized how people interact with one another. Technology is scalable, so networks of all sizes are in an optimal position to use it. Even the smallest members in the most remote jurisdictions are now linked through networks that meet their specific needs. Technology enhances both the effectiveness and the efficiency of the services that they provide their clients. Multidimensional technology will allow attorneys to offer cost-effective and individualized services to clients. Networks, as the consolidator of resources, can provide or facilitate technology reaching all their members.

Technology is a key component in bridging the gap.<sup>110</sup>

There are three types of technology: matter-centric, administrative, and organizational. Each of these types of technology relates to the others. Matter-centric facilitates specific types of projects or matters. Administrative relates the operation of the organization. Organizational relates to relationship among the professions or between organizations. For example, communications technology relates to all three. To be successful in collaboration, there must be common denominators on which each sector agrees.

Related to technology is the concept of location. This has been described as primary markets and secondary markets. It has also been used in relation to where expertise is found. The assumption has been that there is different levels of technology in each. Technology flattens the world, and location itself is only one factor that

<sup>109</sup> Stephen Kelly, *Digital Business: Technology Trends to Watch Out For in 2018*, SILICON REPUBLIC (Feb. 8, 2018),

<https://www.siliconrepublic.com/enterprise/digital-workplaces-ar-vr-iot-2018>; Roberto Saracco, *A Never Ending Decrease of Technology Cost*, IEEE FUTURE DIRECTIONS (Oct. 18, 2017), <http://sites.ieee.org/futuredirections/2017/10/18/a-never-ending-decrease-of-technology-cost/>.

<sup>110</sup> "Depending on what the collaboration is meant to produce — be it a technological innovation, construction of a building, or to provide a service — technology and available expertise are critical. Experts are able to adapt and respond to uncertainty because they can use their knowledge and skills to overcome almost any problem. However, the technology they have available is also critical because expertise is embedded also in systems, things and material practices. Collaboration should not be entered into because, as some literature suggests, it is a cheaper way of doing business, but because there is a desire to achieve excellence at all levels of the project. Collaboration is by no means a 'cheap' way of doing business." Tyrone Pitsis, Martin Kornberger & Steward Clegg, *The Art of Managing Relationships in Interorganizational Collaboration*, CAIRNS.INFO (2004), <https://www.cairn.info/revue-management-2004-3-page-47.htm>.

<sup>110</sup> *How Tech is Leveling the Playing Field for Small Businesses*, SPRINT BUSINESS (2017),

[https://smallbusiness.sprint.com/wp-content/uploads/sites/4/2017/02/Sprint\\_how-tech-is-leveling-the-playing-field-for-small-business.pdf](https://smallbusiness.sprint.com/wp-content/uploads/sites/4/2017/02/Sprint_how-tech-is-leveling-the-playing-field-for-small-business.pdf); Mark A. Cohen, *Global Legal Tech Is Transforming Service Delivery*, FORBES (Aug. 29, 2017), <https://www.forbes.com/sites/markcohen1/2017/08/29/global-legal-tech-is-transforming-service-delivery/#62531dbe1346>; Aaron Baer, *Legal Tech and the Changing Legal Services Industry*, LEXOLOGY (April 18, 2018), <https://www.lexology.com/library/detail.aspx?g=2372fd05-ba5b-4888-8ee8-b8c7452fe4f8>.



is largely irrelevant when considering the resources available. Today, it is about access to information and resources.

A second theme of this paper is the size of member firms. As previously discussed, size is associated with firm recognition. At one time, technology created an advantage for the largest organizations. In order to lead, the organization had to invest. With technology, there is no need for industry specialization because technology is fungible and scalable.<sup>111</sup> These days, technology is professionally neutral. All firms have access to similar technology created for an ever growing number of number of companies.

The third aspect of technology is how network members communicate and the structural foundation for their communications. Technology reconfigures the ability to contact one another and develops relationships among members or others.

### **How can technology be used to benefit networks and clients?**

The first step for using technology is to carve out a market. For example, Uber deployed technology to use an existing underutilized resource. The resources were already in place, so all that was necessary was to develop a way to use these resources. It carved out the market and deployed resources for users to tap into the services for a relatively low cost. This was possible because if the limited role it place as an intermediary.

In legal and accounting, it is possible to carve out such a market. AILFN has already accomplished this by defining the commonalities with statistics. It then took those resources to develop [LawyersAccountants.com](https://www.lawyersaccountants.com). Clients are asking for specific expertise at a fair cost. Locate Law Networks and Requests for Qualifications, which serve as the foundation of LawyersAccountants.com, supplies this.

Cost has always been a significant determinative factor when it comes to accessing technology. Professional services integration requires a common level of technology, which was not possible as recently as the year 2000. The Big Four had the cost of technology but lost their technical advantage as pricing and availability of technology has decreased. The same technology available in 2000 costs a fraction of that in 2018, making it readily available.<sup>112</sup>

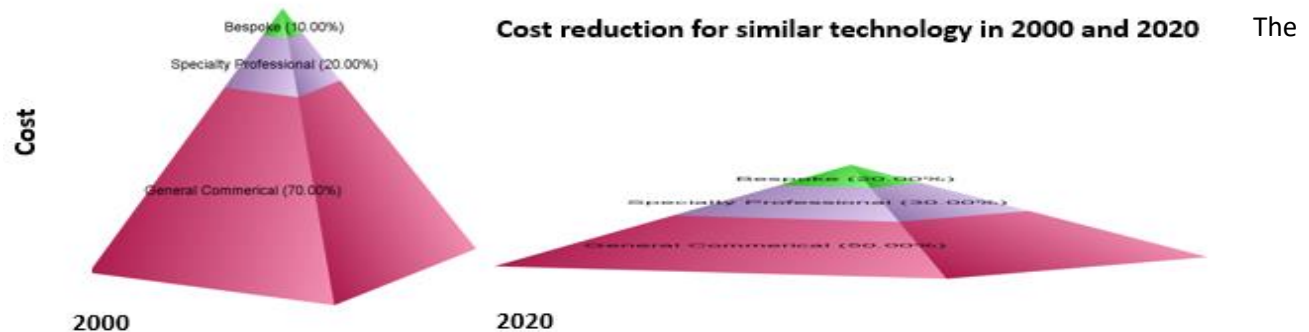
The Internet, now a necessary part of daily life, is provided to through utilities. This means the cost is substantially reduced because the largest market — consumers — are supporting it.

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<sup>111</sup> *Id.*

<sup>112</sup> D. Jordan Lowe, James L. Bierstaker, Diane J. Janvrin & J. Gregory Jenkins, *Information Technology in an Audit Context: Have the Big 4 Lost Their Advantage?* 32 J. OF INF. SYSTEMS 1, 87-107 (May 1, 2017).

As a result of cloud capabilities, the same software and apps are available worldwide at a reduced cost because the distribution is greater. A cost and availability comparison chart would look similar to this:<sup>113</sup>



fragmentation in law placed smaller firms at the very bottom of the access to technology. One of the reasons the Big Four were able to consolidate was because of common technology across the network. To move up the consolidation curve have to have come common technology. This has already effectively occurred because of the companies creating and supply technology provide it to everyone.

Given the transformational impact that IT could have on both legal and accounting, a set of strategic imperatives emerge at three levels for technology management:

- **Strategic:** establishing a close alignment with the business, developing a highly strategic approach to management of IT and building a radar/sensory function to spot and evaluate potentially disruptive developments coming over the horizon.
- **Value-Additive:** keeping a strong focus on innovation, value creation, communication, collaboration, and greater employee mobility.
- **Operational:** evolving an appropriate IT staff profile to support a more strategic role; helping deliver cost and efficiency gains across the practice; learning to master data and knowledge; strategic management of external partners; and ensuring a flexible technology infrastructure.

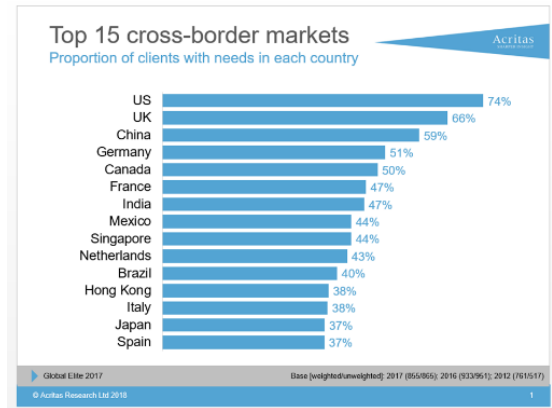
#### (D) Opportunities for Networks with Biglaw and “Other” Law and Accounting Associations\*\*

One of the largest market segments is the “other” categories. Some are accounting and law firms that are not members of a network or association. These firms are not likely to use the largest firms for periodic selection of international counsel. It includes Biglaw which requires attorneys and accountants in other countries for their transactions or litigation.

#### Biglaw

<sup>113</sup> Steven Martin, *3 Charts Which Illustrate the Future of the Legal Industry*, FRESH MINDS (April 13, 2017), <http://www.freshminds.net/2017/04/3-charts-illustrate-future-legal-industry/>.

Biglaw implies that the firms are global; however, the reality is that firms are international at best. Biglaw will continue to consolidate in the high-end market. Network member firms represent a location for each firm to find the talent to complete their team for any transaction.



The assumption is that these firms already have connections. There are 300 firms in the United States large enough to have any significant international practice.<sup>114</sup> Networks easily approach these firms acting as group. This provides all of them access to quality firms for their clients. These firms are not in competition with local firms in the vast majority of countries.

If you put the charts together, one discovers a fantastic and low-cost opportunity.

Beyond the 25 largest, U.S. law firms do not have large international practices necessitating offices in other countries. This does not necessarily mean they do not have international clients.<sup>115</sup>

Their predilection may be to use indigenous firms as opposed to the competition, verein or the Big Four.

## DIFFERENCES IN GEOGRAPHIC COVERAGE

### International Coverage

NLJ 25  
**42% ▲**  
 of lawyers outside of the US

NLJ 26 to 50  
**15% ▲**  
 of lawyers outside of the US

NLJ 51 to 100  
**6% ▲**  
 of lawyers outside of the US

NLJ 101 to 500  
**1% ▲**  
 of lawyers outside of the US

Rank	Name	Rev.	% Market	Offices	Profit	Profit per lawyer
1	Kirkland & Ellis	\$3.165b	.5	12	55%	\$1,585,000
2	Latham & Watkins	\$3.064b	.5	32	50%	\$1,258,000
3	Baker McKenzie	\$2.62b	.4	77	35%	\$183,000
4	DLA Piper	\$2.54b	.4	80	70%	£548,000
5	Skadden, Arps,	\$2.41b	4	23	51%	\$727,000
6	Clifford Chance	\$2.11b	.3	36	36%	\$251,000
7	Freshfields	\$2.03b	.3	27	46%	\$415,000
8	Dentons	\$2.03b		137	N/A	\$169,000
9	Allen & Overy	\$2.02b	.3	46	40%	\$301,000
10	Linklaters	\$2.01b	.3	29	47%	\$357,000
11	Jones Day	\$1.94	.3	44	48%	\$368,000
12	Sidley Austin	\$1.86b	.3	20	38%	\$397,000
13	Morgan Lewis	\$1.84b	.3	28	43%	\$451,000
14	Hogan Lovells	\$1.82b	.3	46	37%	\$265,000
15	Norton Rose Fulbright	\$1.73b	.2	50	32%	\$158,000

<sup>114</sup> *United States-Based Law Firms*, WIKIPEDIA, [https://en.wikipedia.org/wiki/List\\_of\\_largest\\_United\\_States-based\\_law\\_firms](https://en.wikipedia.org/wiki/List_of_largest_United_States-based_law_firms).

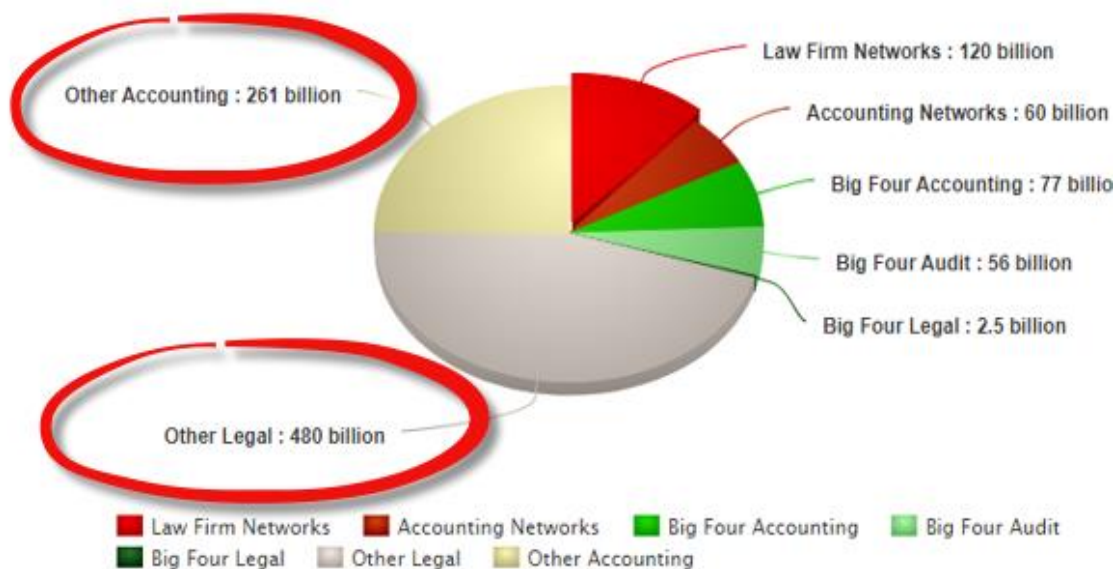
<sup>115</sup> Nicholas Bruch, *ALM Legal Compass Snapshot: The NLJ 500*, LAW.COM (June 28, 2018), <https://www.law.com/2018/06/28/alm-legal-compass-snapshot-the-nlj-500?et=editorial&bu=ALM%20Intelligence&cn=20180628&src=EMC-Email&pt=Analyst%20Brief>.

**Opportunity:** Networks should market to all of the largest 500 firms — except the largest 25. If you look at the IBA directory, you see the U.S. membership is sparse. The *Law Firm Yellow Book*, on the other hand, provides access to 750 firms and their corporate practice leaders. Regular communications with them about network resources is easy and free.

### “Other” Accounting and Legal Opportunities

Even when an accounting or a law firm is not a member of a network or an association, from time to time they will need to locate an attorney or accountant in another jurisdiction. The potential market for this is large, representing 60 percent of the global market for services.

### General Legal and Accounting Models 2019



This is easily done with LawyerAccountants.com.

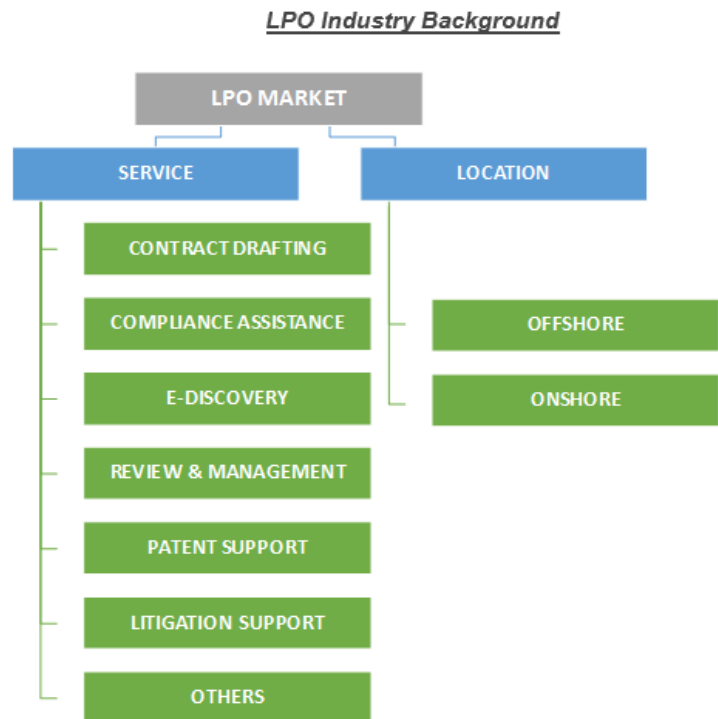
**Opportunity:** This can only be accomplished through group efforts. All that is required to do is contact the managing partners and corporate attorneys at each of the 500 largest U.S. firms and send them periodic information on networks and their resources.

## (E) Other Services – ALSPs

The ALSP market is projected to be worth \$27.19 billion by 2024.<sup>116</sup> There are two issues who will be the providers? Will they be independent providers, or will they be offered by the Big Four on their menu of law services?<sup>117</sup> Will the service act as a vehicle to reach clients for legal services?

The independent ALSP companies do not directly compete with law firms in the jurisdictions they both occupy.<sup>118</sup> Firms and corporate counsel are their clients, which may not want to use the Big Four because of competitive issues.<sup>119</sup> The companies are highly specialized beyond the services that are generally offered by law firms.

**Opportunity:** While their services are currently being offered to Biglaw, these services and products will be offered to smaller firms.<sup>120</sup> This can create an opportunity for mutual referrals, since their profile with clients will increase.



<sup>116</sup> *Legal Process Outsourcing (LPO) Market Worth \$27.19 Billion By 2024*, GRANDVIEW RESEARCH (Dec. 2016), <https://www.grandviewresearch.com/press-release/global-legal-process-outsourcing-lpo-market>.

<sup>117</sup> Roy Strom | February 07, 2019 at 04:13 PM , Behind Elevate's Buying Binge: Liam Brown's Meticulous Strategy, Neil Rose, *Growth of Alternative Providers – Especially Big 4 – Could Push Law Firms into 'Contractor' Role*, LEGAL FUTURES (Feb. 1, 2017), <https://www.legalfutures.co.uk/latest-news/growth-alternative-providers-especially-big-4-push-law-firms-contractor-role>; David Curle, *Alternative Legal Service Providers: Changing Buyer Perception*, THOMSON REUTERS LEGAL (May 2, 2017),

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<sup>118</sup> Thomson Reuters, *Understanding these new service providers*, February 1, 2019 <https://legal.thomsonreuters.com/en/forms/alternative-legal-service-provider-study-2017>

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<sup>120</sup> *Legal Process Outsourcing Market Size by Service*, GLOBAL MARKET INSIGHTS (April 2017), <https://www.gminsights.com/industry-analysis/legal-process-outsourcing-lpo-market-size>.



## Chapter VII. 12 Conclusions and Predictions

1. The Big Four are a concern but do not pose a concrete threat to Biglaw. Statistically, the threat is hard to ascertain because the legal information and media market is weighed toward law firms.

The legal market in the largest locations is simply too large and complex for the Big Four to have any noticeable impact. Biglaw has significant name recognition at all levels, with the exception of social media.

2. Audit is the core around which the Big Four were organized. Audit also provides the Big Four an immediate in-road to sell other services, including legal services. Audit outside of the U.S. is less significant, opening up opportunities for law and accounting firm networks.

3. The Big Four are aggressively entering the legal profession. They already have 12,000 attorneys and are located on average in 80 countries. With the exception of the United States (as a result of ethics rules), their legal practices will be global in a few years.

4. As the Big Four enter into legal practices in their existing locations, the largest indigenous law firms will no longer refer matters to the Big Four, since they are in direct competition.

5. Law firms will look for local accounting firms to refer their accounting matters.

6. Locating an accounting network member is difficult because they do not provide direct contacts. Law firms network have no information on accounting networks, and accounting networks have no information on law firm networks. This has been changed by [LawyersAccountants.com](http://LawyersAccountants.com).

7. The largest law firms in other countries would rather not refer their matters to the Big Four, as their stated objective is to represent clients at all levels of transactions. They need to locate accounting and law firms in each country. This creates opportunities for both professions.

8. If law and accounting network members can refer business, tools must be created to make locating each other simple. Creating and marketing these tools is not realistically possible for one network.

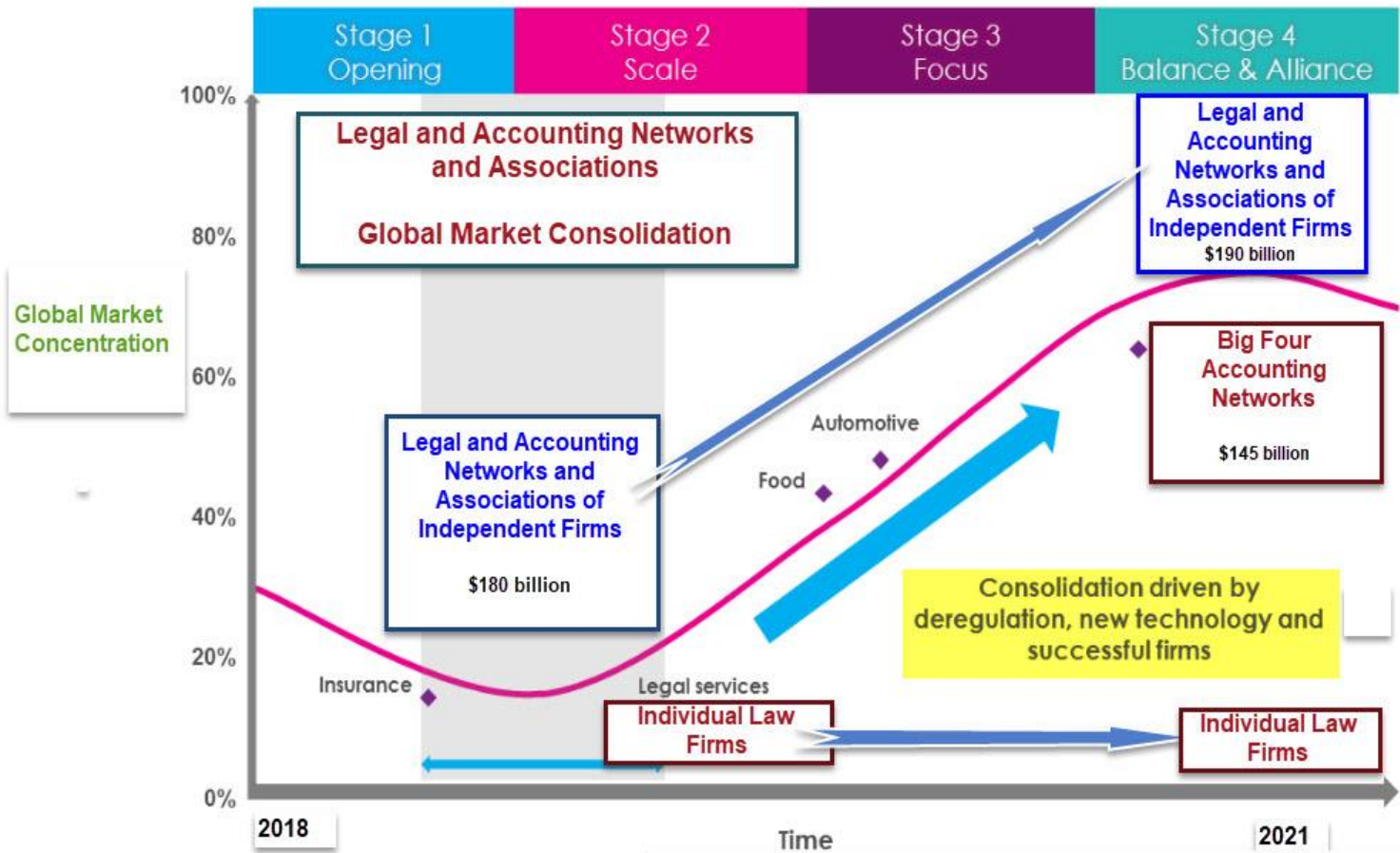
9. Increasing law and accounting network profiles will require additional branding. Given the number of networks, they will not be able to do this 100 percent by themselves. Organizations that represent their common interests are required.

10. Technology is changing how information is accessed and distributed. This increases access, reduces cost, and makes referrals possible. As in other businesses, this is inevitable and must be addressed in some organized way to compete and open up opportunities.

**11. A system to make information available for potential business clients must be created, because they continue to select firms themselves. This initial system was created by AILFN for law firms and extended globally to accounting networks. This will be extended to the largest law firms, ALSPs and consultants in 2021. <https://www.globallegalleaders.com/gll-vision>**

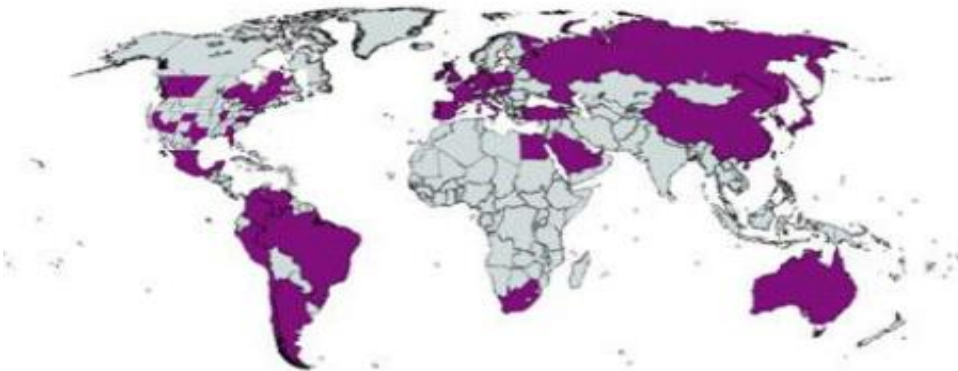
12. Other services are in competition with the Big Four, such as consulting (McKinsey or Booz Allen), ALSPs (Integreon, UnitedLex, and Elevate Services), and other service providers. Relationships with these organizations can generate referrals to accounting and legal network members.

## Summary: 2018 – 2021 The Foundation

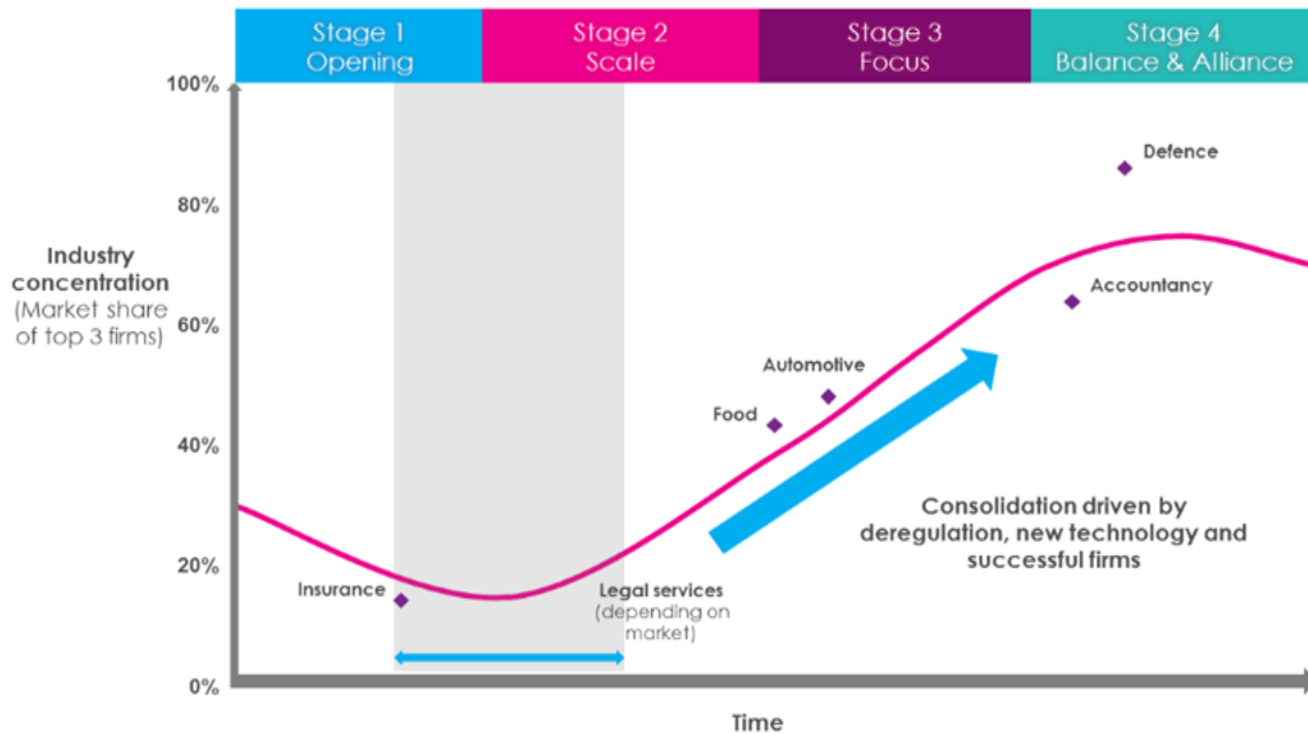


## Appendix 1 – Global Legal Market – 2000

### 20 Largest Law Firms



**Coverage** – 30 jurisdictions, 40,000 attorneys  
**Cumulative Revenues** - \$30 billion



Source: Adapted from Harvard Business Review: The Consolidation Curve

## Appendix 2 – The Big 4 and Biglaw Online – Unique Users Per Month (Similarweb.com)

### Legal Sites of Firms and Businesses (December 2018)

Website	# Users Per Month	# Global Rank	# Pages viewed	Visit Minutes	Bounce Rate	% US	% UK	% Direct	% Referrals	% Search	Primary Content
<b>BIG FOUR</b>											
PwC	4,600,000	17,400	3.21	2.32	57.52	29.97	6.15	25.09	10.78	60.31	Accounting/Consulting Firm
EY	4,540,000	11,815	7.10	2.38	49.09	33.37	8.78	21.62	19.55	54.83	Accounting/Consulting Firm
Deloitte	7,600,000	10,271	3.51	3.17	49.54	31.25	---	23.62	21.52	48.60	Accounting/Consulting Firm
KPMG	3,560,000	20,344	3.98	3.55	53.14	15.33	4.70	19.24	11.15	66.19	Accounting/Consulting Firm
<b>LAW VEREINS</b>											
Baker McKenzie	209,520	251,713	3.15	1.43	43.37	18.64	16.57	20.29	12.22	65.54	Law Firm, Verein
DLA Piper	340,920	195,899	2.55	1.28	32.90	31.46	10.70	15.95	6.59	76.13	Law Firm, Verein
Norton Rose Fulbright	420,000	199,131	1.83	1.49	50.77	19.95	14.65	15.63	4.96	77.35	Law Firm, Verein
Jones Day	82,160	532,934	2.96	1.54	50.13	61.27	6.23	16.26	7.66	75.49	Law Firm, Verein
Hogan Lovells	120,840	386,227	3.21	2.04	36.54	31.14	18.23	26.68	7.88	61.88	Law Firm, Verein
Dentons	151,070	337,388	3.00	1.57	37.23	26.89	11.68	23.37	11.24	62.59	Law Firm, Verein
<b>LPO PROVIDERS</b>											
Thomson Reuters	no data	1,017,340	1.23	1.11	89.24	11.8	55	92.93	7.07	0	Legal Process Outsourcing
QuisLex	no data	5,768,851	no data	no data	no data	no data	no data	32.78	12.91	48.57	Legal Process Outsourcing
UnitedLex	no data	967,737	no data	no data	no data	no data	no data	55.29	32.71	11.63	Legal Process Outsourcing
Integreon	no data	345,710	no data	no data	no data	no data	no data	30.03	32.36	37.16	Legal Process Outsourcing

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## Appendix 4 Global Legal Practice Organizations

### The 75 Largest By the Number of Lawyers 1200+

Networks	Law Firms	Big 4 Legal	Vereins
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*Founder									
	Networks, Law Firms, Big 4 Legal and Vereins	Lawyers	Type	Billings \$ Billions	Founded	Jurisd's	Offices	Members	Registration
1.	<i>Lex Mundi (*Steve McGarry)</i>	23,000	Global	\$11 (est.)	1989	160	600	160	US
2.	<i>World Services Group (*Steve McGarry)</i>	20,000	Global	\$9 (est.)	2002	141	650	140	US
3.	<i>Terralex (*Burton Landy)</i>	19,000	Global	(est.)	1991	155	300	162	US
4.	<i>World Law Group (*Richard Alexander)</i>	17,000	Global	(est.)	1988	97	350	54	US
5.	<i>MSI Global Alliance</i>	14,607	Global	\$1.4	1990	100	n/a	254	UK
6.	<i>Pacific Rim Advisory Council</i>	12,000	Global	(est.)	1984	n/a	n/a	24	US
7.	<i>SCG Legal (*P. Carlton)</i>	11,400	Global	(est.)	1990	145	450	145	US
8.	<i>Geneva Group International (*Claudio Cocca)</i>	11,000	Global	\$5.04	1995	n/a	655	460	Switzerland
9.	<i>Interlex</i>	10,500	Global	(est.)	1991	134	254	45	US
10.	<i>Dentons (verein)</i>	10,000	Global	\$2.4	2012	50	150	n/a	Switzerland
11.	<i>TAGLaw (*P Jones)</i>	10,000	Global	(est.)	1999	160	360	160	US
12.	<i>Multilaw</i>	10,000	Global	\$4.5 (est.)	1990	70	300	80	UK
13.	<i>ALFA</i>	9,000	Global	(est.)	1980	110	325	142	US
14.	<i>Interlaw</i>	7,500	Global	(est.)	1982	79	150	87	US
15.	<i>Meritas (Leon Steinberg)</i>	7,640	Global	(est.)	1990	150	237	191	US
16.	<i>First Law International</i>	7,000	Internatl	(est.)	2001	77	n/a	67	Belgium
17.	<i>USLAW NETWORK</i>	7,000	Regional	(est.)	2001	100	n/a	110	US
18.	<i>US Law Firm Group (USLFG)</i>	5,900	Regional	(est.)	1990	39	125	19	US
19.	<i>ADVOC</i>	5,500	Global	(est.)	1990	110	150	95	Denmark
20.	<i>Association of European Lawyers</i>	5,232	Regional	(est.)	1989	41	n/a	40	UK
21.	<i>International Lawyers Network</i>	5,000	Global	\$2.3 (est.)	1988	101	132	91	US
22.	<i>Eurojuris International</i>	5,000	Regional	(est.)	1989	40	650	630	Belgium
23.	<i>Globalaw</i>	5,000	Global	(est.)	1994	100	170	94	UK
24.	<i>Legal Network International</i>	5,000	Global	(est.)	2012	60	135	65	Switzerland
25.	<i>The Harmonie Group</i>	5,000	Global	(est.)	1992			104	Switzerland
26.	<i>State Law Resources</i>	4,900	Regional	(est.)	1994	n/a	n/a	48	US
27.	<i>Baker &amp; McKenzie (verein)</i>	4,900	Global	\$2.9	1949	77	77	49	Switzerland
28.	<i>Lawyers Associated Worldwide</i>	4,700	Global	(est.)	2001	200	n/a	105	US
29.	<i>Mackrell International</i>	4,500	Global	(est.)	1989	135	142	76	UK
30.	<i>DLA Piper (verein)</i>	4,200	Global	\$2.6	2005	30		n/a	Switzerland
31.	<i>CMS (EEIG)</i>	3,600	Internatl	\$1.5	1773		73		

## Lawyers and Accountants 2021 - 2025

	Networks, Law Firms, Big 4 Legal and Vereins	Lawyers	Type	Billings \$ Billions	Founded	Jurisd's	Offices	Members	Registration
32.	Norton Rose Fulbright (verein)	3,500	Global	\$2.0	2013		50	n/a	Switzerland
33.	PWC Legal Network	3,500	Global	1.0 (est.)	2012	90	120	90	UK
34.	Legal Link	3,000	Global	(est.)	-	n/a	n/a	60	Switzerland
35.	Club de Abogados	3,000	Regional	(est.)	1967	21	30	21	Brazil
36.	Primerus	3,000	Global	(est.)	1992	50	200	175	US
37.	King & Wood Mallesons (verein)	2,800	Regional	\$1.1	2012			n/a	Australia
38.	Hogan Lovells (verein)	2,700	Global	\$2.1	2011		40	n/a	Switzerland
39.	Jones Day	2,600	Internatl	\$2.0	1893			n/a	US
40.	Latham Watkins	2,600	Internatl	\$3.1	1934	14		n/a	US
41.	Deloitte Legal Network	2,600	Global	(est.)	2012	90		n/a	UK
42.	International Alliance of Law Firms	2,500	Internatl	(est.)	2000			50	US
43.	Legus	2,500	Global	Est.	1995			70	US
44.	E&Y Legal Network	2,500	Global	(est.)	2013			n/a	UK
45.	Allen & Overy	2,400	Internatl	\$2.1	1930	32	46	n/a	UK
46.	Linklaters	2,400	Internatl	\$2.0	1838			n/a	UK
47.	Eversheds Sutherlands	2,400	Internatl	\$1.1	1989				UK/US
48.	KPMG Legal Network	2,400	Global	(est.)	2012	76	76	n/a	Switzerland
49.	Ally Law	2,300	Global	(est.)	1991	90		61	US
50.	Kirkland and Ellis	2,300	Internatl	\$4.1	1909			n/a	US
51.	Clifford Chance	2,200	Internatl	\$2.12	1987			n/a	UK
52.	Herbert Smith Freehills	2,200	Internatl	\$1.3	1882				UK
53.	White & Case	2,150	Internatl	\$1.9	1901		44		US
54.	Lexwork International	2,100	Internatl	(est.)	-	n/a	n/a	41	US
55.	Greenberg Traurig	2,000	Internatl	\$1.7	1967				US
56.	Morgan Lewis Bockius	2,000	Internatl	\$2.1	1873		31		US
57.	Freshfields Bruckhaus Deringer	2,000	Internatl	\$2.0	1743			n/a	UK
58.	Lawnet Limited	2,000	UK	(est.)	-	n/a	n/a	62	UK
59.	Consulegis	2,000	Internatl	(est.)	1990	36	250	84	Germany
60.	Sidley Austin	2,000	Internatl	\$2.2	1886			n/a	US
61.	Skadden, Arps	1,900	Internatl	\$2.2	1948			n/a	US
62.	KL Gates	1,800	Internatl	\$1.1	1883				US
63.	Skadden Arps	1,800	Internatl	\$2.6	1948				US
64.	Garrigues	1,700	Internatl	\$ .8	1941		11		Spain
65.	Clyde & Co.	1,600	Internatl	\$1.0					UK
66.	Squire Patton Boggs (verein)	1,600	Global	\$1.3	2013	44	44	21	Switzerland
67.	Mayer Brown	1,600	Internatl	\$1.3	1881				US
68.	Alliott Group	1,500	Global	(est.)	1979	163		169	UK
69.	IUS Laboris	1,500	Global	(est.)		43	100	43	Belgium
70.	Ashurst	1,400	Internatl	\$1.7	1822		22		UK
71.	Holland & Knight	1,400	Internatl	\$1.0	1968		28		US
72.	Gibson Dunn Crutcher	1,300	Internatl	\$1.7	1890		20		US
73.	Cleary Gottlieb	1,250	Internatl	\$1.3	1946		10		US

## Lawyers and Accountants 2021 - 2025

	Networks, Law Firms, Big 4 Legal and Vereins	Lawyers	Type	Billings \$ Billions	Founded	Jurisd's	Offices	Members	Registration
74.	<i>Reed Smith</i>	1,200	Internatl	\$1.2	1877	28	28		US
75.	<i>PLG International Lawyers</i>	1,200	Internatl	(est.	1988	32	50	27	Luxembourg

### Definitions:

**Network** – an association of independent firms that performs services under their own names.

**Law Firm/Verein** – an organization which operates under a common brand. This would include vereins which are organizations composed of financially independent firms.

**Global** – More than 100 offices in 50 or more countries

**International** – More than 50 offices in 25 countries

## Appendix 5 Stephen McGarry, B.A., M.A., J.D., and LL.M. (Taxation)

*An entrepreneur in global law, accounting, and technology. Recognized creator of several of the largest global institutions in professional services. Author and artist.*



As an international attorney with NL Industries, Inc., McGarry was responsible for legal compliance and other matters in 80 countries.



In 1989, while at NL, McGarry founded **Lex Mundi**, the world's largest law firm network. Its purpose was to provide his corporate colleagues with access to leading local firms. As president, he grew it to 160 law firms that today have 21,000 attorneys in 600 offices in 100-plus countries. He founded **World Services Group** (WSG), a multidisciplinary network, in 2001. As president, he grew it to 150 firms that have 21,000 professionals in 600 offices in more than 100 countries. He has personally met with law firm management in more than 500 firms in 125 countries, all 50 states, and 10 Canadian provinces.



- *Lex Mundi and WSG members represent 2 percent of all the lawyers on earth*
- *Their members cumulatively bill clients \$20+ billion dollars annually*
- *They are fifth- and sixth-largest networks after the Big 4 accounting firms*

In 1995, McGarry founded **HG.org**, among of the first 10 meaningful legal websites. Today, it has 10 million pages and 1.6 million unique users each month who download almost 2 million pages. There are 69,000 law firms on the site. It has generated a respectable profit consistently over the last 15 over the years.



In 2015, McGarry created the **Association of International Leading Firm Networks**, or AILFN, an association of the leading law and accounting firm networks. Its objective is to represent the common interests of professional services networks. The 50 best known legal networks have members that have more than 300,000 lawyers in 5,000 offices in 160 countries, billing their clients \$120 billion dollars annually. Accounting networks and associations provide \$60 billion of services.



McGarry has authored several books and numerous articles on associations and international business transactions, such as *The Handbook: Law Firm Networks*. His most recent publication, *Leaders in Legal Business (2020)*, has been downloaded more than 15,000 times. In 2002, American Lawyer Media (ALM) published McGarry's treatise, *Multidisciplinary Practices and Partnerships*, which sets out the parameters for what today is **LawyersAccountants.com**.

He has a BA, MA (organization development and industrial relations), JD, and LL.M (taxation). McGarry is admitted by exam to the bars of Minnesota, Texas, and Louisiana. He has extensively studied French, German, and Spanish, and he is also an accomplished artist.

## Featured in:

*The Wall Street Journal*, *New York Times*, *The American Lawyer*, *Legal Business*, *The Lawyer*, *National Law Journal*, *Lexpert* and other law-related publications.

## Publications and Websites

- [Legal and Accounting Professional Assimilation - The Big 4 Borg Theory](#) (2019): an analysis of market fragmentation in law and accounting, its effect on the legal profession, and the potential antidote.
- [Lawyers and Accountants – The Future of Professional Services](#) (2019): a global market analysis of the past, present, and future of professional services, including a detailed strategy on revolutionizing the delivery of professional services.
- [The Handbook: Law Firm Networks](#) (2011-2018): a detailed 177-page analysis of legal and accounting networks as the model for global business.
- [Leaders in Legal Business](#) (2015, 2018, and 2019): the only book written by 40 leaders in legal business about their companies' and organizations' contributions to the legal profession (247 pages). Authors include the presidents of the ABA, ACC, IBA, LMA, ALA, ALM, leading consultants, and academics.
- [Directory of Network Executives in Law and Accounting \(2018\)](#). a directory of the leaders whose members have more than 500,000 professional in 5,000 offices in 160+ countries who annually provide \$180 billion of professional services.
- [The 1,000 Influencers and Leaders in Legal Business](#) (2017): the most important influencers in the legal business (53 pages).
- [Multidisciplinary Practices: Lawyers, Accountants and Consultants](#) (**ALM** 2002): the only treatise on MDPs.
- **Lex Mundi World Report** (1995-1999): a quarterly report sponsored by Wolters Kluwer that focused on global legal developments; written by Lex Mundi members with a readership of 5,000 general counsel.

## Websites:

- [GlobalLegalLeaders.com](#) (2020) personalized website incorporating firms, networks, ALSPs and consultants providing \$300 billion in annual services.
- [LawyersAccountants.com](#) (2018): a multidisciplinary website with real-time access to the collective knowledge, experience, and expertise of 500,000 professionals in 160 countries who are accessible in minutes everywhere on earth for their exact expertise.
- [HG.org](#) (1995): one of the first ten significant legal websites. Today, it has 10 million pages of content and receives 1.3 million unique users per month who download 2 million pages. It contains 69,000 firms and provides an expert witness directory.



- [World Services Group](#) (2001): the first four-dimensional organization website, which allows users to share documents and build internal and external teams. The underlying site is similar to early Facebook and LinkedIn but was created two years earlier.
- [AILFN.com](#) (2015): the world's only multidisciplinary and multi-organizational website

