

2021 BRISTOL & BATH

LegalTech



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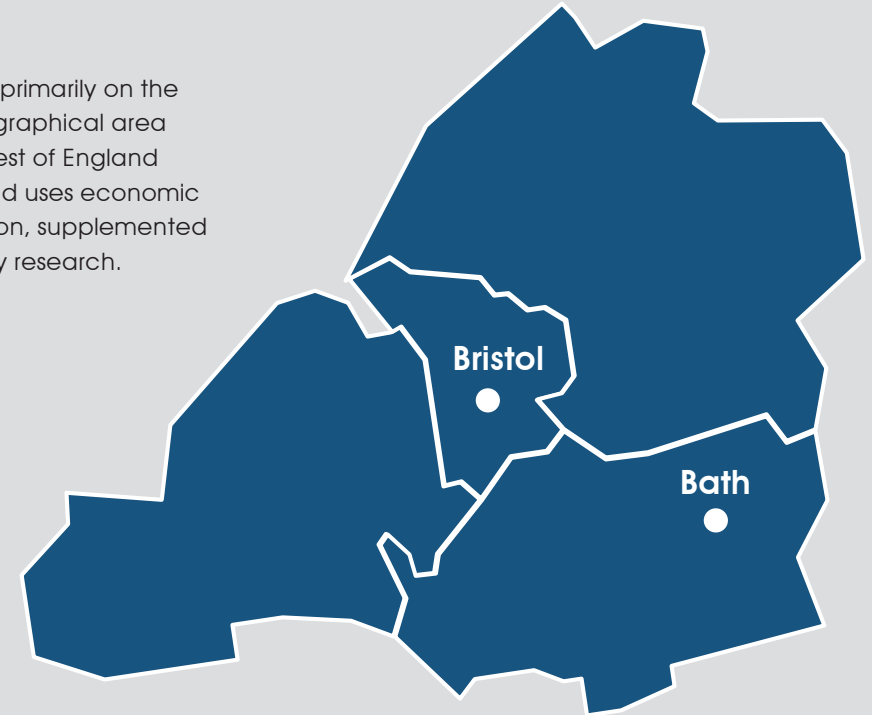
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Bristol & Bath Region

Research area:

This report focuses primarily on the activity in the geographical area covered by the West of England Economic Area and uses economic data from this region, supplemented by our own primary research.



Thank you to the organisations who have supported and co-funded this research:



Executive Summary

LegalTech in Bristol & Bath

LegalTech Ecosystem

Key findings & recommendations

Key topic areas – summary of themes

Introduction

We are delighted to have had the opportunity to conduct research and analysis which has informed this report focusing on the role of LegalTech in the Bristol & Bath region of the West of England.

The report identifies a significant level of LegalTech activity across an established legal sector, including more than 750 tech and innovation roles. In addition, there is a growing cluster of over 30 LegalTechs, including tech companies working in the legal sector and LegalTech arms operating within the region's law firms. It is the latest evidence to support the region's core strength in emerging areas of technology, coming less than two weeks after it was named in the Kalifa Review as one of the top 10 FinTech clusters in the UK.

As a regional strategy consultancy with six offices across the UK, including Bristol, we are well placed to undertake this analysis, and we have previously published a report into the FinTech sector in the region in February 2020.

The analysis that underpins this report has focused on two of the most successful sectors in the regional economy, so it is no surprise that 93% of people surveyed believed LegalTech to be a growth opportunity for Bristol & Bath.¹ The region is widely acknowledged to 'punch above its weight' in both sectors, a view that the findings of this research endorse.

This research was conducted during an interesting period for the legal sector. The impact of Covid has presented challenges for all sectors but has also created opportunities, and this report focuses more on the latter

than the former. The acceleration of digital adoption in the industry creates both vulnerability and opportunity for law firms and other providers of legal services. The sector is experiencing disruption on a number of fronts and practitioners in the Bristol & Bath region have an opportunity to contribute and help shape its future.

Bristol & Bath is an established legal centre where the sector has a significant and long-standing presence. 26 of the top 100 firms in the UK have an office in the region, 13 of which have a head office here, making it stand out against other regions outside London.

The primary application of technology within the legal sector to date has been law firms using tech to serve their clients. There is an opportunity for tech firms to design highly efficient self service functions used directly by the buyers of legal services, which could make access to legal solutions cheaper, faster and more accessible.

The combination of a strong legal sector and the core strength in technology overlaid by the presence of an unusually high number of head office functions for a regional city explain the high number of LegalTech roles in the region. We observed a notable strength in the tech workforce engaged in the legal sector, with 750+ roles identified which could be classified as 'legal technology' and innovation. These roles primarily exist within the law firms themselves, but also in dedicated LegalTech firms.

Creating value via the collaboration of law firms in the region, combined with its digital / tech capability, represents a significant LegalTech opportunity for both law firms and their suppliers. Arguably, the opportunity

to derive short-term benefit from this opportunity is more significant in Bristol & Bath than other English regions, due to the strong and evident foundations already established via the combination of a highly active legal technology community and vibrant tech sector.

On behalf of the project team, I would like to express our thanks and gratitude to all the individuals and organisations who provided their time, input and feedback, and to the organisations who have funded and supported this research.



Richard Coates
Managing Director
Whitecap Consulting



¹ Whitecap Consulting online survey 2021

Bristol & Bath - LegalTech Ecosystem

Bristol & Bath region



1,144,366
population



81,345
students



£33.5bn
Gross Value
Added (GVA)

686,607
workforce

7 Universities

6.8%
of UK GVA

27,115
graduates p.a.

6 Law Schools

Bristol & Bath Tech and LegalTech sector



5,085
Tech companies



35,638
Tech workforce



£2.0bn
GVA Tech sector

15
LegalTech
companies

769
LegalTech
workforce

2yrs median
age of LegalTech
(startups, scaleups
and established)

67%
of LegalTechs in
the region have
their HQ here

151 of which
are in LegalTech
startups and
scaleups

Bristol & Bath Legal sector



478
legal
companies



1,192
law graduates
p.a.



£581m
GVA (est.)

26
of the top 100 law
firms have
an office here

5%
of UK law
graduates

2.6% of
UK Legal GVA

4.4% of region's
students are law
(UK av. is 3.9%)

4.3%
non-London
GVA (est.)

Key highlights

- Legal sector employment is 1.6 x the national average outside London.
- 17 of the top 200 law firms in the UK have head office functions here, including 13 of the top 100.
- More than 750 roles in technology and innovation have been identified in the region within law firms and LegalTech firms.
- Key groups in the region include Bristol+BathLegalTech, Bristol Legal Hackers, Bristol Pro Bono.
- 6% of the 177 applications to the SRA's Legal Access Challenge in 2019 were from the South West, making it the joint highest represented region outside London and the South East.
- 19.2% of the South West workforce is said to be in digital tech roles, the highest of any English region.
- A growing cluster of over 30 LegalTechs, tech companies working in the legal vertical and LegalTech arms.
- 93% of people researched believe LegalTech to be a growth opportunity for Bristol & Bath.
- 30 of the top 200 law firms in the UK have a presence in Bristol & Bath.
- The Kalifa Review of UK FinTech, published in February 2021, highlighted Bristol & Bath as one of the top 10 FinTech clusters in the UK and highlighted the national opportunity for cross-sector links into LegalTech and RegTech.

Bristol & Bath LegalTech & Support Ecosystem



Guide to legal service providers categorisation: Large and Medium Sized Law Firms = law firms within the top 200. SME Law Firms = all other law firms and barristers

5 Key findings & recommendations

	Recommendations and actions	Key stakeholders
1. High levels of LegalTech activity and service innovation across law firms of all sizes reflect the region's underlying strengths in technology and law – including the presence of 17 Top 200 firm head office functions.	Champion digital adoption <ul style="list-style-type: none"> • Further improve visibility and accessibility to law firms for LegalTechs and tech firms – the law firms are the primary customers of their products and services. • Create case studies and support mechanisms to help tech adoption for SME law firms. The region has some strong examples that can be used to encourage others. • Collaborate to cement the digital gains (including from Covid) by establishing a new standard for hybrid/agile working. 	<ul style="list-style-type: none"> • Public sector • Law firms • LegalTech groups
2. Bristol and Bath has built an extensive LegalTech talent pool, with more than 750 legal technology and innovation roles identified by our research.	Build the workforce <ul style="list-style-type: none"> • Raising awareness of the roles available in LegalTech can help attract talent to the sector. • Direct links between academic courses and career paths in LegalTech can help build the size and capability of the skilled workforce, which will ease pressure on salaries and create skilled jobs in specialist areas. 	<ul style="list-style-type: none"> • Law firms • LegalTech groups • Universities
3. The growing cluster of LegalTech companies in the region is significant in size compared to other regional locations (as is the case in FinTech).	Support the innovators <ul style="list-style-type: none"> • Improve the visibility of the LegalTech firms, providing a platform (via events or otherwise) upon which they can promote their services and engage with the legal sector in the region and further afield. • The support ecosystem for LegalTechs can deliver more impact, via areas such as provision of funding and access to a skilled workforce. 	<ul style="list-style-type: none"> • LegalTech groups

5 Key findings & recommendations

Recommendations and actions

Key stakeholders

4. The region's LegalTech sector could create powerful differentiation on a national and international level if embryonic collaboration in the legal sector was fully joined up with and modelled on the tech sector's well-established regional collaborative ecosystem.

Collaborate for success

- The two existing LegalTech groups (Bristol+BathLegalTech and Bristol Legal Hackers) active in the region can become even more effective by collaborating and by broadening their communities to include a wider spread of law firms, tech firms, universities and LegalTechs.
- Building cross-sector links (eg with FinTech) within and outside the region can help enhance collaboration and will also build awareness of Bristol & Bath's LegalTech sector strength.
- The ecosystem links between universities and business should be strengthened, with more alignment of business needs, research, and academic courses.
- Collaborative institutions (eg Bristol+BathLegalTech) currently rely on volunteer time and goodwill but will require more structure and funding to guide the sector to the next level.

- Law firms
- LegalTech groups
- Tech firms
- Universities

5. A strong sense of societal purpose is evident within the legal sector in the region and this should drive a future strand of LegalTech development.

Promote passion and purpose

- The region should align itself to national initiatives focusing on access to justice and relevant grand challenge-focused initiatives.
- The presence of organisations such as Bristol Pro Bono Group should be promoted to illustrate alignment with the nationally recognised need to improve access to justice.
- The region's strong sense of societal purpose needs to be highlighted to increase the sector's attractiveness to talent, especially graduates.

- Law firms
- LegalTech groups
- Tech firms
- Universities

Key topic areas – summary of themes:

Legal Sector

UK Legal Sector

- The UK has a large established legal sector and is a global legal centre.
- Digital adoption and change within the sector are gathering pace, and market conditions are increasingly competitive.
- Price and non-price based competition are being driven by technology, creating challenges for law firms needing to adapt culture and working practices.
- The primary LegalTech focus within the sector is on the supply of technology to law firms, to enhance efficiency and reduce costs.



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Bristol & Bath Legal Sector

- The region is a Strong legal centre - a base for 26 of the top 100 law firms in the UK.
- Legal sector employment is 1.6 x the national average outside London.
- The region may be a beneficiary of increased home working in the legal sector, especially from London-based firms.
- There are a number of prominent networks / groups supporting the LegalTech community.
- Pro bono work and access to justice are prominent in the region.



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Large & Mid-size Law Firms

- There is a substantial presence of large law firms in the region, with 17 of the top 200 UK firms having head office functions located here.
- The large law firms are advanced in their adoption of technology and are harnessing LegalTech as a component of their client offering.
- Covid is causing larger firms to evaluate their future office requirements and working patterns.
- There is demand for enhanced collaboration between law firms and tech companies in the region.



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SME Law Firms

- The vast majority of law firms in the region are SMEs, and tech adoption in this group varies greatly although has accelerated during Covid.
- SME firms can be highly advanced in their deployment of technology and innovation, but are generally not the core targets for LegalTech providers.
- Clients are increasingly demanding tech-enhanced solutions, and SME firms are seeking locally based tech suppliers where possible.
- The desire to collaborate is evident, but experiences vary greatly.



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Other Legal Services Providers

- There is a strong presence of alternative legal services providers in the region.
- The Big 4 professional services firms are investing in legal capability and the delivery of integrated propositions.
- The justice system and its users (particularly courts and advocates) face challenges around digital working.
- Pro bono work can play a key role in connecting the sector, but is not yet as reliant on tech-enabled as other parts of the legal sector.



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Key topic areas – summary of themes

Technology & innovation

Technology

- Bristol & Bath has a strong, established and growing tech sector.
- Large law firms are actively simplifying and streamlining tech infrastructure and tackling legacy issues.
- The way in which tech is positioned to maximise value is acknowledged as more important than what tech is adopted.
- There is a higher-than-expected tech adoption in SME law firms.
- The strategic importance of tech provision to law firms by tech suppliers.

1010
1010

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Innovation

- Law firms are moving away from the default partnership-based model.
- LegalTech is playing a prominent part in the redesign of the client offer in many of the region's law firms, particularly in alternative fee arrangements.
- Covid has accelerated innovation, particularly in human resource management and use of collaboration technologies both internally and with clients.



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LegalTech Startups/Scaleups

- The number of LegalTechs in Bristol & Bath exceeded our expectations.
- To maximize the benefits of LegalTech development and deployment would be supported by more visibility within and access to the region's law firms.
- The LegalTech market is global and national and as such regional LegalTechs need clearly to articulate their competitive advantage in the region.



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Talent & ecosystem

People, Skills & Higher Education

- New legal services are being required with some law firms already hiring for new roles.
- Universities are developing undergraduate and post-graduate courses, and while they have some ecosystem engagement there is opportunity for more.
- Access to talent with specialist digital skills has been a challenge for LegalTech startups as well as some law firms.



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Connectivity

- Bristol+BathLegalTech is seen as a vibrant group that promotes connectivity to benefit all stakeholders.
- There is opportunity for more multi-sector collaboration and connectivity.
- The region is also building strong links outside the area.
- Both government (WECA) and the legal profession (Bristol Law Society) have been strategically engaged in LegalTech for a number of years.
- LegalTech collaboration and networking is enhanced through other groups, including Bristol Legal Hackers, LITIG and the Society for Computers and Law.



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Funding & Investment

- Specific LegalTech funding activity has been relatively low to date
- Overall, the region has performed strongly in terms of investment activity over recent years
- There are a number of sources of funding support for early stage businesses



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Stakeholder perspectives

"LegalTech in the region won't reach its potential until law firms work with leaders from the technology and creative industries, and domain experts from the City's academic Law Schools. These industries can bring true innovation to the challenges identified by the legal sector."

John Manley, High Sheriff of Bristol & former Director of Cloud Services at HP Laboratories

"The application of technology has become so integral to all verticals - including education, healthcare, financial services and legal - that you could argue that many businesses are tech businesses now. My initial view was that we didn't have many LegalTech businesses in the region. That view has changed in recent months as the opportunities that the legal sector offers have become increasingly obvious and more and more LegalTech companies have started up, existing tech companies have pivoted their business model or simply raised their profile as they turn their attention to the legal sector."

Nathan Guest, Corporate Partner & Head of Technology, VWV

"There is a strong opportunity for disruption in the UK legal sector over international competition."

Marc May, Icertis Practice Director at SYKE and Founder of The Legal Technologist

"There is real potential in the region. There are lots of good law firms and a consensus amongst them that LegalTech is important."

James Touzel, Partner, Head of FutureLaw, TLT LLP

"The West of England has done a really good job of being a tech and FinTech hub. With more focus on specialisms, there is a strong opportunity for LegalTech, so let's do the same."

Ian Grimley, Partner and Head of Commercial & Tech, Roxburgh Milkins

"If there is any region outside London where LegalTech should spring up and prosper it is in Bristol & Bath, with the ecosystem we have."

Ed Boal, Director & Head of Legal Ops, Stephenson Law

"LegalTech and innovation are necessities for the region. The Bristol+BathLegalTech group can play an important part in generating regional collaboration. Working as a region becomes much more powerful than trying to do it individually."

Nathan Peacey, Partner, Foot Anstey

"We see legal tech and innovation as an opportunity for both our firm and the region. As Managing Partner I have championed our engagement within the wider legal and business community, which has included collaboration with our local universities in Bristol and Edinburgh, participation in the Bristol Law Society's initiatives, representing the legal sector in WECA working parties and in numerous legal sector conferences."

Roger Bull, Managing Partner, Burges Salmon

"The pandemic has led to a marked decrease for geographic location and brought Bristol and Bath closer together."

David Kelly, CEO, Storm

"Our law firms compare really favourably with the other regions and are running some very innovative and interesting projects. There is also a new generation of law firms who are taking an entirely new, digital native and digital first approach to their infrastructure."

Steve Whitwham, Consultant, Lights-On Consulting

"Legal is competitive but it also feels like we're all in the same club - we could use that more and collaborate more seriously and productively. Every firm shouldn't be reinventing the wheel."

Dave Eagle, IT Operations and Innovation Manager, Royds Withy King

"It is a mindset shift required. Need to communicate that this is about enabling people, our lawyers and our clients About making our lives a bit easier."

Dan Wright, Partner & Director of OC Solutions, Osborne Clarke

"The West of England Combined Authority has a strong facilitating role in the region for LegalTech. Working with law firms, tech businesses, Bristol+BathLegalTech and the Bristol Law Society, WECA brings different sectors together to collaborate to maximise the potential for legal services innovation in the region. We will continue to support the growing LegalTech ecosystem as it translates clear potential into new opportunities."

Steve West, Chair of the West of England Local Enterprise Partnership.



Bristol & Bath Research 2021

Report overview & research process
West of England Combined Authority (WECA)
Bristol Law Society

Report overview and research process

Report purpose and structure

The purpose of this report is to map the current activity and identify how the region can collectively build its competitive advantage in legal tech and innovation.

It has been written in a format intended to be useful to those who operate in the legal services sector and those who seek to provide services to the sector or have an interest in developing a better understanding of its workings. The report has been structured in such a way that readers can read it in its entirety or can navigate directly to specific sections of interest.

Research process

Over the course of the last 6 months Whitecap has interviewed nearly 50 stakeholders and held discussions with individuals from law firms of various sizes, professional services firms, technology providers to the sector, and various advisers and industry experts. The insight from these interviews has been thematically analysed and incorporated into the report. In parallel, we also designed and implemented an online survey which generated additional information via 60 responses and provided further qualitative and quantitative insights.

Additionally, the project team has arranged meetings, discussions and roundtables with industry experts including the project sponsors, with whom we have had an ongoing engagement. Via Bristol+BathLegalTech we hosted a successful event during Bristol Tech Festival in November. The project team has also had an ongoing interest in LegalTech, including researching and producing a similar report for the Leeds City Region in 2020.

Whitecap Consulting

Established in 2012, Whitecap Consulting is a regional strategy consultancy headquartered in Leeds, with offices in Manchester, Milton Keynes, Bristol, Newcastle and Birmingham.

Whitecap typically works with boards, executives and investors of predominantly mid-sized organisations with a turnover of c£10m-£300m, helping clients analyse, develop and implement growth strategies. The firm works with clients across a range of market sectors including Financial services, Technology, Consumer and Retail, Healthcare, Higher Education, Manufacturing, Logistics, and Professional Services (including Corporate Finance and Private Equity).

The report is the latest regional analysis to be conducted by Whitecap, following previous analyses covering topics such as Legal Tech & Innovation, Regional FinTech Ecosystems (including Bristol & Bath) and analysis to support the creation of a regional tech-focused accelerator.

Project Team



Julian Wells
Director
Whitecap Consulting



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Whitecap Consulting



Chris Bull
Director
Edge International



Daniel Ryan
Junior Consultant
Whitecap Consulting

West of England Combined Authority (WECA)



Steve West, Chair of the West of England Local Enterprise Partnership

The West of England is a place where creative, digital and high tech meet established industry, one of which is our thriving legal services sector. Our region is highly collaborative - R&D, academia, industry and the public sector are working together across multiple sectors, an approach which has made us the home to the UK's most productive tech cluster, as well as being one of the UK's ten leading FinTech clusters identified by the Government's recently published strategic review of UK FinTech (the Kalifa Review).

It is this collaboration which sets us apart, and I am delighted that this report recognises the unique opportunities this presents for legal services providers and LegalTech businesses based here. Combined with the existing strength of our tech and professional services sectors, and our long history of innovation, this report confirms that Bristol & Bath are in a top position for digital transformation of legal services and access to justice through LegalTech.

Our region is committed to finding new ways of doing things that are more efficient, more sustainable and more productive. The West of England's Local Industrial Strategy, led by the West of England Combined Authority and Local Enterprise Partnership, highlights our strengths as a region of innovation and opportunity, and identifies LegalTech as a key strategic sector. Our strategy focuses on innovation that crosses sectors and communities to tackle global, systemic challenges through mission-led innovation. LegalTech has great potential to contribute to the solution of grand challenges such as the climate emergency, digitisation, data and inclusivity, as well as improving and supporting our justice systems. We understand that diversity

breeds creativity, and the benefits of a strategic approach to fuel sector development.

We're proud of our internationally recognised research centres and academic institutions, and the pioneering businesses that start up, scale up and succeed here. Business start-ups and spin-outs are growing rapidly thanks to some of the best incubator support in the world. We now need to draw on this success and continue to build our legal services sector. The report provides key insights for us to do this collaboratively, driving the LegalTech agenda for the benefit of the region, its businesses and residents.

The Covid-19 pandemic has brought into sharp focus the need to innovate and adapt the way we live and do business. As the report highlights, digital transformation in our regional legal services businesses has been rapid, and is expected to continue at pace as we emerge from the pandemic.

The West of England's Recovery Plan recognises the crisis but also presents opportunities to find new ways of doing things and to increase resilience – responsible, green and inclusive digital transformation of legal services is a huge opportunity for the region. This approach will not only bring productivity gains to relevant sectors, but will also create new skills and employment opportunities for our residents, and help the shift towards a low-carbon economy.

With a population of over 1.1 million, a highly skilled workforce, and new digital skills programmes to develop future talent, combined with a clear focus on sustainability, inclusivity and cross-sectoral collaboration, the West of England will remain a place where ideas flourish and businesses grow. I am looking forward to seeing the LegalTech sector thrive in this innovative environment.

Bristol Law Society



Ben Holt,
President of Bristol Law Society
& Partner, VWV (Veale Wasbrough Vizards)

If it wasn't already apparent to anyone, the past 12 months have really brought home (quite literally) how important it is for the legal profession to embrace technology in a dynamic, resilient and creative way. This report could not come at a more opportune time to help us all identify the areas for lawyers and technology providers in the region to focus on, allowing us to ensure we continue to offer the contemporary and fantastic legal service that has long been associated with the West of England.

One of the central focusses for Bristol Law Society over the past few years has been exploring opportunities for collaboration in legal tech. BLS was a founding partner of the Bristol+BathLegalTech group (BBLT), promoting the talented people and offering that the region has, with a view to ensuring an inclusive agenda in enhancing its place as a leader in the fields of legal tech and innovation.

The digital transformation of legal services is already happening. Online wills have been around for some time. The Right Hon Sir Geoffrey Vos (now Master of the Rolls) used his session at a 2019 BLS conference to encourage lawyers to embrace the technological revolution. Complex databases are being created to predict the outcome of disputes. There is a myth that many lawyers have a "don't like change" mentality. As will be apparent from this report, this does not hold much weight. From the work that I know many of our firms have been involved in, we are a leading light in planning for the next phase of the provision of legal services. What has also become apparent to me is the enormous range of technology experts we have locally who are ready, willing and able to work with lawyers to deliver the platforms and products necessary both for now and the future.

Thankfully, BLS and its members have been early adopters in recognising this need. BLS represents around 4,500 members across the region, making it one of the largest local law societies. In celebrating its 250th anniversary this year, it is certainly the oldest law society in the country, if not the world. BLS was essentially founded by a group of lawyers wanting to share the cost of legal text books. That spirit of collaboration continues to thrive to this day and is absolutely central to the BBLT project. Change in technology and innovation is inevitable and we will only be stronger in working together to ensure Bristol & Bath's place at the forefront of the legal tech market.

The opportunities are extensive. Not only will lawyers be able to develop new profitable approaches, we can also assist with access to justice. I know this is something that the legal community really cares about. Legal tech collaborations can make a huge difference to the more vulnerable members of society. It also provides a route to achieving more diversity and inclusion in legal tech careers.

WECA have been a pivotal supporter of this project and both organisations have worked closely up to mayoral level to develop the opportunities it brings for regional commerce and industrial strategy.

Legal tech is a key plank for the legal future and this report is a key stone for taking us to the next step. We now need to move to that next phase and to make innovation and legal tech a long term success story for the region. This report was commissioned to assist in giving the Bristol & Bath city region legal tech sector a platform to demonstrate an enviable position as a world class innovation hub. I very much look forward to seeing the next stage of that evolution.



REVOLUCION DE CUBA

LLOYDS NO. 1 BAR

PITCHER & PIANO

REVOLUCION
DE CUBA

CANTINA

WETHERSPOON

V-SHED

FREE HOUSE

PITCHER & PIANO

ZA
ZA
BAZAAR
BANQUET & BAR

Legal Sector

UK Legal Sector

Bristol & Bath Legal Sector

Key Players, observations and themes:

- Large & Mid-size Law Firms
- SME Law Firms
- Other Legal Services Providers



Legal Sector - key themes

UK Legal Sector

- The UK has a large established legal sector and is a global legal centre.
- Digital adoption and change within the sector are gathering pace, and market conditions are increasingly competitive.
- Price and non-price based competition are being driven by technology, creating challenges for law firms needing to adapt culture and working practices.
- The primary LegalTech focus within the sector is on the supply of technology to law firms, to enhance efficiency and reduce costs.

Bristol & Bath Legal Sector

- Strong legal centre - a base for 26 of the top 100 law firms in the UK.
- Legal sector employment is 1.6 x the national average outside London.
- The region may be a beneficiary of increased home working in the legal sector, especially from London-based firms.
- There are a number of prominent networks / groups supporting the LegalTech community.
- Pro bono work and access to justice are prominent in the region.

Large & Mid Size Law Firms

- There is a substantial presence of large law firms in the region, with 17 of the top 200 UK firms having head office functions located here.
- The large law firms are advanced in their adoption of technology and are harnessing LegalTech as a component of their client offering.
- Covid is causing larger firms to evaluate their future office requirements and working patterns.
- There is demand for enhanced collaboration between law firms and tech companies in the region.

SME Law firms

- The vast majority of law firms in the region are SMEs, and tech adoption in this group varies greatly although has accelerated during Covid.
- SME firms can be highly advanced in their deployment of technology and innovation, but are generally not the core targets for LegalTech providers.
- Clients are increasingly demanding tech-based solutions, and SME firms are seeking locally based tech suppliers where possible

UK Legal Sector

The UK has a large established legal sector and is a global legal centre.

Digital adoption and change within the sector are gathering pace, and market conditions are increasingly competitive.

Price and non-price based competition are being driven by technology, creating challenges for law firms needing to adapt culture and working practices.

The primary LegalTech focus within the sector is on the supply of technology to law firms, to enhance efficiency and reduce costs.

The UK's legal sector is worth £31.8bn and is supported by over 350,000 workers and 33,500 enterprises, including solicitors, barristers, patent agents, notaries and bailiffs. This is predicted to grow at around 1.3% per annum, driven primarily by increased demand from M&A, equity capital raisings and property transaction activity.² Because of its reputation, global law firms have tended to situate their EU headquarters in the UK, consequently becoming the largest exporter of legal services in Europe producing £5bn of exports per year.³ Whether Brexit will lead to significant long term impact on this situation remains to be seen, but our research finds market vulnerability to be a greater threat to UK law firms than Brexit.

In an increasingly digital economy the legal sector is exposed to the risk of disruption and there are signs that the adoption of technology and new working practices are accelerating. Over the last 12 months there several key industry initiatives including the launch by the LawTech Delivery Panel of LegaltechUK, an initiative to help accelerate the digital transformation of the UK's legal sector (including a Lawtech Sandbox), and the publication of the Independent Review of Legal Services Regulation by Stephen Mayson in June 2020.

The report concluded that 'some change is required sooner rather than later.' In 2019, the SRA Legal Access Challenge, conducted in partnership with Nesta, was a competition open to firms inside and outside the sector aimed to accelerate new ideas, result in new collaborations and networks, and offer insights to help encourage the use of legal technology while still protecting the public. Additionally, the SRA's 2020-23 corporate strategy lists one of three strategic objectives as supporting the adoption of legal technology, and other innovation.

These initiatives highlight the development of attractive market conditions for innovative new entrants as well as progressive established law firms. Attractive industry margins of 35.3% and the low capital intensity of the provision of a knowledge-based service such as legal advice leaves incumbent firms potentially vulnerable to competitive pressures and potential reductions in revenue and profit. For established law firms, reputation serves as the primary barrier against new challengers, but they also face non-price-based competition in the form of faster delivery of products and services and enhanced customer engagement.

In both price and non-price-based competition, technology is seen as an enabler, but the adoption of technology within this traditional sector has to date been slow. Technical expertise in legal firms is often applied to traditional ways of working, to enhance efficiency. In newer tech-led firms, rapid prototyping and constant iteration are prominent. This situation is reflected in a commonly held view that if the law firms in the UK do not step up their digital transformation they risk being overtaken by outside entrants. The challenge is not that the law firms are struggling to understand or embrace technology, it is more the impact of new technology on culture and working practices. The shift to agile working is a good example, and an area where law firms told us of the challenges of having to overcome the limitations of their lawyers' knowledge of and comfort with technology.

Covid is seen as the biggest catalyst to drive widespread digital technology adoption in the sector, but there is also a view that there may be challenges ahead when a more hybrid working model of home and office sets in, at which time firms will need to provide a seamless working environment, as opposed to the current focus on home working. It was also highlighted by many stakeholders that the most significant change is still focused on the implementation of technology within law firms rather than disrupting the delivery of legal service and the underlying business models. Projects within the law firms themselves appear to primarily be driven by aspirations to save time and money or to respond to externally-driven factors, especially Covid. Unsurprisingly, we found that both law firms and their suppliers think adoption of tech and innovation in the sector will accelerate as a result of Covid-19.

² IBIS World: Legal Activities in the UK (2020)

³ Personnel Today (2020) Brexit: how will it affect services firms with European interests?)

Bristol & Bath legal sector

Strong legal centre - a base for 26 of the top 100 law firms in the UK.

Legal sector employment is 1.6 x the national average outside London.

The region may be a beneficiary of increased home working in the legal sector, especially from London-based firms.

There are a number of prominent networks / groups supporting the LegalTech community.

Pro bono work and access to justice are prominent in the region.

The Bristol & Bath region has a strong legal sector, with an unusually high number of large law firms in the region, where 26 of the top 100 law firms in the UK have a base, 13 of which have a head office in the region. In 2018, Legal Business found that five of the 20 largest law firms outside London were based in Bristol – more than any other location.

The legal sector in Bristol & Bath is said to 'punch above its weight', and our research supports this view. 1.32% of region's workforce works in the legal sector, compared

to the national average of 0.99% and the non-London average of 0.72%. This does not necessarily translate into the regional sector's profile, as the larger law firms generally present themselves as national or international. Whilst these firms are keen to be supportive of the regional sector, they are also cautious about tagging themselves too prominently as being Bristol / South West based. We did, however, hear one firm state that having a Bristol office helped them win a national client as it is considered as such a credible location.

LegalTech is one of three strategic key sectors in the West of England Industrial Strategy, and the cities of Bristol & Bath are the main legal hubs in this wider region. Only a small number of law firms have an office in both cities. Bristol has a strong presence of large firms, with national and international reach, and alternative legal service providers, while Bath is characterised by mid size and smaller boutique law firms. Royds Withy King, Stone King, Thrings, and Mogens Drewett are the largest firms in Bath. Amongst the many areas of regional expertise are Tech, IT and IP law.

One area in which the region may benefit moving forward is from the increase in home working, which could lead to more people moving out of London. Whether these individuals would find themselves working for local firms or London-based firms is not yet clear, but either way they can add value to the legal community if they actively engage in it.

The region is home to an established and widely supported community group, Bristol+BathLegalTech. Other professional networking groups include Bristol Pro

Bono and Bristol Legal Hackers, while Disrupt South West is an initiative set up to promote tech for growth in region, including LegalTech, and has evolved to become quite focused on Bristol & Bath. Many of the region's law firms are also actively involved in FinTech West.

The legal community in Bristol has targeted improving access to justice via collaboration, and pro bono activity is prominent in the region. At the heart of this is the Bristol Pro Bono Group, an entity which encourages lawyers to work with local universities and other providers of pro bono services to deliver free legal advice to individuals and not-for-profit entities who do not have access to legal advice and are not eligible for legal aid. The Bristol Pro Bono Group is made up of representatives from law firms, barrister chambers, universities and other regional entities, and works collaboratively to (i) identify local unmet legal need; (ii) support the delivery of pro bono advice; and (iii) share best practice on building an effective pro bono practice. 117 applications were received, 6% of the 177 applications to the SRA's Legal Access Challenge were from the South West, making it the joint highest represented region outside London and the South East (Yorkshire also had 6% applicants).

Our research found a commonly held view that many of the SME law firms are not enabled to have a good grasp on what's happening outside the region, and may be missing out on growth opportunities in other parts of the country. This suggests that Bristol needs to promote its legal capabilities to other regions to establish a thriving LegalTech ecosystem.

CASE STUDY: Bristol+BathLegalTech

One of the most important pillars on which the West of England's LegalTech sector is being built is the region's strong impulse towards collaboration. The role of the collaborative LegalTech community network, Bristol+BathLegalTech (BBLT), in the sector's development has been cited by many contributors to this report as one of the region's great strengths.

The sector has certainly benefited from forging a LegalTech group earlier than most cities, with BBLT emerging from a wider collaborative review of the regional legal sector in 2018. BBLT was founded by Chris Bull, legal sector strategy and transformation consultant, and Dagmar Steffens, who at the time was Academic Director of Law at UWE and is now Head of Innovation and Sector Development at WECA, both of whom continue to co-chair the group. Founding members of BBLT included the Bristol Law Society, the University of the West of England, and a number of leading law firms including Osborne Clarke, Burges Salmon and Foot Anstey.

The network has attracted over 200 highly-engaged participants to its programme of regular meet-ups, special interest group sessions and set-piece events as part of the annual Bristol Technology Festivals in both 2019 and 2020. Attendees come from a wide range of backgrounds; practising lawyers as well as senior leaders and tech / innovation professionals from the region's law firms – of all shapes and sizes, West-based tech businesses, established and start-up LegalTechs, consultants, the not-for-profit legal sector, in-house lawyers and local government and

education. BBLT has achieved its initial goals of amplifying the key messages about LegalTech's successes, future potential and great job opportunities around the region. The inclusion of LegalTech as a high-potential sector for the West of England economy in WECA's Industrial Strategy and the establishment of LegalTech as a regular sub-sector focus for the Bristol Technology Festival demonstrate BBLT's success. BBLT co-chair Chris Bull noted that "our next major milestone is, of course, the publication of this report; BBLT have been involved from commissioning, through the research and interviews and into the communication phase of this six-month project".

There is still plenty to do, of course. Some of the contributors to this report noted that the region's excellent foundations of LegalTech collaboration need to be taken to the next level. Many want to make practical outcomes in terms of new solutions a priority for BBLT's next phase. LegalTech companies, innovators and entrepreneurs want to see more support in engaging with law firms and wider legal sector, something that a tech company special interest group was formed to address in late 2020. The group is also developing plans to partner with FinTech West and exploring connections with other UK regional LegalTech communities. 2021 looks likely to see a major step-change in BBLT's activity, helping the sector power back up post-pandemic.



CASE STUDY: Invest Bristol & Bath

Bristol & Bath - a collaborative cluster for Legaltech innovation

We are a region where ideas flourish and businesses grow; where creative, digital and high tech meet industry. That's why we have been named a global leader in technology, one of the world's most inspiring cities and the best place to live. We have a reputation for being ambitious and highly collaborative, as well as a great place to live, work and play.

The West of England have been recognised as the UK's most productive tech cluster for the last three years by TechNation, and recently identified as one of the leading Fintech clusters in an independent review of the sector, with access to highly-skilled talent and an innovative business environment attracting significant international and UK investment. We are home to the largest digital tech cluster outside of London combining international technology giants with a fast-growing cohort of start-ups and scale-ups developing innovative services models.

Bristol & Bath is a major focus for next generation, tech-enabled financial, legal and business services, supported by our world leading incubators and accelerators, four Universities, one of the UK's largest clusters of banking, finance and law businesses, together with the region's unique capability for cross-sectoral collaboration.

For businesses growing and investing in the region, a new 300,000sq.ft. business district being built in Bath is a once in a generation opportunity to take advantage of the high skills, innovation, networks and quality of life that Bath has to offer as a business location. Bath Quays is a flagship regeneration project, creating a new, vibrant and commercial quarter in the heart of Bath's Enterprise Zone.

"Bath are now well advanced in the delivery of Bath Quays to provide a platform for new business to join the strong legal-tech cluster in the city. With new, immediately available low carbon office spaces from 8-55,000 ft, Bath can now offer growing businesses a resilient new home alongside an exceptional quality of life, access to great talent and support for growing businesses to thrive"

Dine Romero, leader of B&NES Council

"Bath is a great city to be in combining technical innovation and creativity with business, so it's no surprise to me to see it very well represented in the growing LegalTech sector. Pleased to be helping carry the banner with SHOUT4 and its legal tech solution for contracting shared revenue deals."

Ric Yerbury, Founder, Shout4

"Many of the region's mid-tier firms – Thrings, Royds Withy King, Stone King and Mogers Drewett - have a base in the city of Bath and have collectively built up a strong reputation for their expansion, innovative business ideas and nationally-recognised specialisms in areas such as education, charities and the rural economy."

Chris Bull, Principal, Edge International

Invest Bristol & Bath, the inward investment arm of the West of England Combined Authority, is supporting an evergrowing number of national and international companies choosing to locate in the area. It offers tailored support and can help your company explore the opportunities available in our region, through bespoke research, property solutions, talent and relocation support. Invest Bristol & Bath help businesses from anywhere in the world tap into the West of England's expertise, knowledge and talent, to help your business thrive.



Large & mid-size law firms

There is a substantial presence of large law firms in the region, with 17 of the top 200 UK firms having head office functions located here.

The large law firms are advanced in their adoption of technology and are harnessing LegalTech as a component of their client offering.

Covid is causing larger firms to evaluate their future office requirements and working patterns.

There is demand for enhanced collaboration between law firms and tech companies in the region.

The Bristol & Bath region is home to a substantial number of large law firms, with 17 of the top 200 law firms in the UK having a head office presence in the region. This is significant not only because it reflects the strength of the legal sector, but also because the largest law firms across the UK have made significant investments in technology, both internally and via external tech and LegalTech suppliers.

This research found the big law firms to be well advanced with the deployment of technology well before the acceleration caused by Covid. We had expected to find legacy technology issues in these firms, but it appears that they are addressing this challenge at pace. We did hear that some of the legacy system providers to these firms are not moving fast enough for the speed at which the law firms want to work; providing evidence of the desire for digital transformation within the sector. Developing in-house tech solutions was commonplace in the past, but law firms today are on balance predominantly more interested in white labelling third party products.

Covid has led to rapid adoption of remote working as standard, and this has caused large and mid-sized firms to reconsider their future requirements of their office premises. For many lawyers, the attitude to technology has changed as the efficiencies of working remotely and reduced travel time have been realised. Covid has also forced firms to make quick decisions and be open to discussions around the adoption of technology and looking for innovative solutions. The larger law firms are engaged in a substantial amount of client work outside the region which contributes to a view by some stakeholders that they not always as well aligned to the region compared to the mid-sized firms. The larger firms can lack awareness of local tech and LegalTech solutions and tend to be buying globally /

nationally. Enhanced connectivity between law firms and the tech community is seen as desirable by all parties, and there is support for a forum to share challenges and issues between law firms and tech companies.

The large law firms in the region are undertaking notable activity in relation to LegalTech, for example:

- **Burges Salmon** has adopted a number of technologies including AI platforms that utilise machine learning to read and analyse documents, collaboration tools enabling ease of document and content sharing plus providing features such as data visualisation, and a low-code platform for developing client apps. In 2020, Burges Salmon commenced its cloud programme which will see its entire IT architecture and application portfolio migrated to a cloud platform over a two-year period in collaboration with a number of implementation partners including iManage.
- **DAC Beachcroft** has identified three key areas for tech adoption, namely: Data production and analysis; automation (for cost and competitive advantage); and systems integration. It has an Innovations Lab which it uses to explore opportunities to engage with disruptors, including startups relating to its Bristol-based claims subsidiary. Projects have included an AI powered motor liability assessment tool, and a secure platform for engaging with barristers. The firm is increasingly partnering with LegalTech startups.
- **Foot Anstey** has outsourced a lot of non-differentiating activities and says the focus of internal resource has switched from “90% running servers to 90% legal engineering.” The firm has a Legal Engineer who engages with the different parts of the firm and finds the opportunities. It has also been developing a universal platform that can be used across the firm and then tailored to specific client needs and / or a specific practice issue.



- **Osborne Clarke** has continued to develop the innovative thinking that saw them become pioneers in serving the global technology sector and the first major UK law firm to strip out the cellular partitions in all of its offices. The firm has been building its own client-facing innovation and applied technology team, Osborne Clarke Solutions, for longer than most. Led by Bristol-based Partner Dan Wright, this team, made up of legal engineers, architects, UX designers and lawyers, works with individual clients to deploy leading-edge LegalTech and smart thinking to transform the way they work.
- **TLT** is regularly cited as a leading light in the adoption of technology. The firm has branded its innovation and LegalTech services to clients as FutureLaw. It remains an integrated part of the firm but has a remit to design, develop and deliver new solutions to clients, working alongside subject matter experts across the legal and business services teams. The team is described as a multi-disciplinary group of specialists, including lawyers, process designers, technologists, knowledge management experts, data analysts, product and project managers and other professionals. It includes 14 people but is set to grow with another six roles planned. Although the project has been in place for 2-3 years, the function has grown rapidly in the last year.
- **VWV** is a Bristol headquartered firm with £40m turnover and 470 staff over four offices. They have long provided specialist legal services to disruptors, innovators, entrepreneurs, university spin-outs, start-ups and scale-ups in the tech sector. VWV Plus, a wholly owned VWV subsidiary, evidences their collaboration with software providers to create products which add real value for their clients.
- **Womble Bond Dickinson** is an international law firm built around a transatlantic merger in 2017. The firm's substantial presence in Bristol ensures it is very active in the region's development, including engaging in ambitious projects relating to Bristol's impressive status as a 'smart city' and targeting carbon neutrality. The firm runs an annual International Innovation Week, connecting LegalTech and innovation initiatives and ideas across their locations and has launched the WBD Advance service for clients, built around a multi-disciplinary team of more than 100 lawyers, project managers, technologists, analysts and other professionals to develop and deliver new ways of working.

CASE STUDY: Burges Salmon

'We recognise that innovation extends beyond technology and includes all aspects of our business. Our lawyers are encouraged to be innovative in the way they deliver our legal services and we work closely with clients to supply those services in a way that best suits them.'

Rick Read, partner

Whilst independent UK law firm Burges Salmon recognises the power of technology, it also knows the importance of keeping people at the centre of its solutions and the need to build a culture of innovation. Firm-wide initiatives such as its B-Innovative Week event, with a mixture of external and internal speakers and knowledge sharing, put technology and innovation front and centre. It also has a network of technology ambassadors helping identify areas for innovation and sharing new ideas.

For Burges Salmon, innovative client service delivery means equipping the right team with the right tools to deliver the right outcomes efficiently. It has built a multi-disciplinary team of lawyers, innovation and technology specialists, change managers and legal project managers to work collaboratively delivering solutions which add real value to clients. This has involved creating new roles and recruiting people with different skill sets to introduce other mind-sets and ideas.

Burges Salmon's dedicated Innovation team focuses on R&D, process improvement, as well as fostering a culture of innovation. It works with the firm's Learning & Development team to develop training in areas like coding and design thinking.

'Whilst my team has a specific innovation focus, we actively encourage innovation throughout the firm and people to engage with new technologies and different ways of thinking.'

Emma Sorrell, Innovation Manager

Burges Salmon offers its trainee solicitors the opportunity of a seat with its Innovation team through which they gain hands-on experience with technology - equipping them with skills to take forward into their future careers including thinking creatively about innovating delivery of legal services.

The firm also collaborates and develops strategic partnerships with other organisations – an example is its ongoing collaboration with the University of Bristol – an initiative to better understand the professional and societal challenges around technology and innovation, plus the opportunities that digital technologies can offer.



CASE STUDY: DAC Beachcroft

DAC Beachcroft is an international law business operating across five continents for a highly diverse range of clients, so it has always placed a premium on efficient operations, which has driven uptake of legal technology solutions across its practice.

It's also found itself working ever more closely with clients, influencing and responding to their technology transformations. Legal technology enables working smarter, sharing knowledge, taking out cost and speeding up delivery time for its clients.

One innovation recently introduced saw transaction times cut by as much as 45% through effective combinations of innovative technology and process reviews alongside benefits around improved lifecycle management, enhanced data quality and consistency.

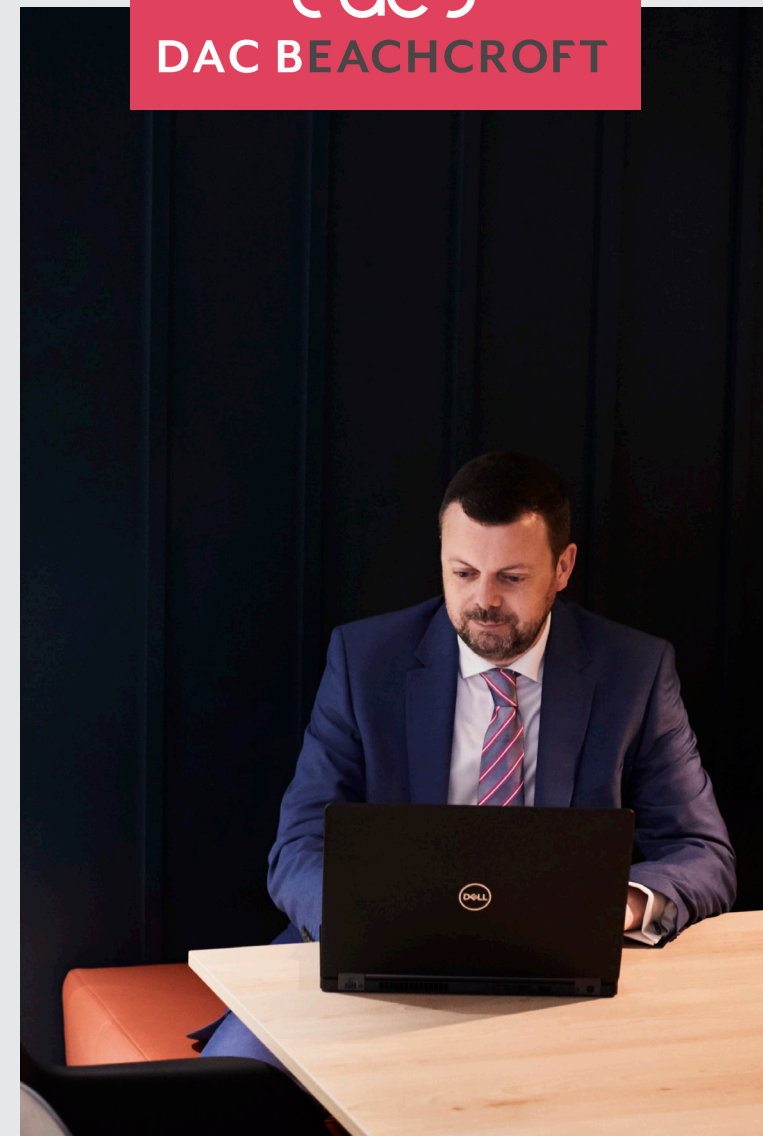
Alan Pratt, technology partner in Bristol, observes: We want to help our clients succeed, and being on top of the technologies available to support that is really important. What we have also found is that bringing into our business the transformation and innovation practices that technology firms use, and legaltechs and legal engineers practice, is just as important".

The firm now has a dedicated business improvement and change team, who work at the leading edge of legal tech to support the work of lawyers and support teams through advising and deploying technology and

managing transformation programmes. One example of that is support of a major investment in a customised, sophisticated case management system for example, which provides detailed process maps for different client-facing workstreams to help streamline activity and define best practice.

Another is the firm's deployment of an automated client acceptance process – one of the most traditional and time-consuming of activities traditionally, tied to hard copy documents and requirements for physical meetings. DACB has introduced an integrated document scanning and facial recognition technology enabling clients to provide over a secure channel the documents and information needed to satisfy regulatory requirements.

With service lines around advisory, regulatory, litigation and claims requirements, opportunities to apply best practice and learning from one service or territory to another are highly prized but can be hard to identify and execute. Legaltech solutions improved the way the firm works in order to maximise these opportunities (and automatically and seamlessly to switch to home working when COVID-19 lockdowns hit). The firm has developed Launchpad, a crowd sourcing platform, to bring together new ideas from across the firm and provide a space for everyone to have a view and build on emerging innovations.



CASE STUDY: Foot Anstey

Since arriving in Bristol just under a decade ago, Foot Anstey has quickly made its mark on the local legal market. Now numbering over 150 staff in its offices near Temple Meads, it has been highlighted as one of the fastest-growing law firms nationwide.

This rise has been fuelled by its enthusiasm for combining technology and innovation to create value for clients. The company started with focused solutions to automate repetitive processes, freeing up lawyers' time and improving accuracy. Since then, it has experimented with technologies to enhance transparency and the communication between lawyer and client, as well as to improve central sources of key information and documents, reducing the number of duplicate documents during a deal or dispute.

Recently, Foot Anstey has become particularly interested in legal tech. However, it doesn't just want to buy in off-the-shelf products; the firm is building them itself.

'Co-design and partnership have to be at the heart of legal tech' says Dave Bloor, Foot Anstey's CTO'.

'You need to be in the same room, challenging each other's assumptions and shaping the product to fill a gap.'

'Lawyers, developers and vendors need to leverage each other's expertise and boots-on-ground experience to really solve the problems and inefficiencies in the legal services market.'

Foot Anstey has applied that mantra to its shared endeavours with both clients and tech firms. A pilot with Robin AI in 2020 produced promising results, allowing the firm to automate aspects of non-disclosure agreements and contract negotiation. In addition, this close collaboration has enabled the two firms to explore fresh opportunities, including piloting additional uses of the technology to improve the future delivery of legal services.

As for Foot Anstey's own future, the technology team are busy building out new client-facing products, to launch in 2021. With Bristol's reputation for innovation and willingness to embrace technological change, there is sure to be appetite from the city's businesses.

The logo for Foot Anstey, featuring the company name in white sans-serif font on a red rectangular background, with a small white diamond icon to the right.

CASE STUDY: VWV Plus

National Law Firm VWV, Leading on Innovation

VWV is taking big strides in its development of digital solutions. Not only is the firm launching new products and services, it is collaborating with tech businesses and supporting industry research and growth.

One developing area for VWV is its subsidiary, VWV Plus. Antonia James, Director of Client Relations at VWV and founding Director of VWV Plus, said:

"We recognise the importance of listening to our clients to develop digital solutions that add value or solve legal pain points. We work closely with our lawyers to build, develop and maintain products which look to enhance the way we support our clients, and help enable them to self-serve where possible, to meet their legal requirements. Each of our products has a simple pricing solution, aiming to present choice and flexibility."

Collaboration is key to the development of the VWV Plus offering and the firm has already benefited from the Bristol+BathLegalTech (BBLT) network, by being introduced to various contacts eg software providers, HE research projects, and access to a pool of talent and funding. The firm is also leveraging off its sector expertise eg education and developing products that help with compliance management.

Antonia continued:

"The pandemic has helped us change some of the ways we work and also enabled several of us to take time to learn new skills. One of my commercial property colleagues has taught himself to code during lockdown and as a result, we're now working together on the development of a potential tool to aid efficiency for ourselves and our clients."

Nathan Guest, Head of Technology at VWV, commented:

"The BBLT network is raising the profile of both the opportunities for innovation that exist for law firms in the South West, but also of the impressive developments made by emerging legaltech companies in our region."

We are already firmly established with the tech start-up and scale-up ecosystem in the South West, including through our support, as 'Lawyers-in-Residence', at SETsquared Bristol, SETsquared Bath, Unit DX/Science Creates Incubators and Future Space, and we look forward to working with the incubators, the region's emerging companies and BBLT as we seek out potential collaborations."



SME Law Firms

The vast majority of law firms in the region are SMEs, and tech adoption in this group varies greatly although has accelerated during Covid.

SME firms can be highly advanced in their deployment of technology and innovation, but are generally not the core targets for LegalTech providers.

Clients are increasingly demanding tech-based solutions, and SME firms are seeking locally based tech suppliers where possible.

The desire to collaborate is evident, but experiences vary greatly.

There are 230 SME law firms in Bristol & Bath, representing 88% of the law firms in the region (excluding barristers). This is a highly varied group which is difficult to generalise about, due to firms having different areas of focus within the legal services industry and being at different stages of adoption in terms of technology. Some mid-sized firms have been using purely electronic filing for 5 years+, whereas others are having to accelerate their move towards a more digital led approach and have been using online document management tools (such as Microsoft 365) for recent

matters during the pandemic. There are some prominent challenger law firms, such as Stephenson Law (a tech specialist), Temple Bright (deploys a self-employed model), Carbon Law Partners (based Cardiff & Bristol). Anecdotally, this research found younger people in SME firms are pushing the tech.

One theme that emerged in the research process was a view that SME firms can be significantly advanced in their adoption of technology and innovative working practices. Due to their size and ability to make streamlined decisions, these firms can be more agile and responsive to new opportunities. Whereas historically the latest technology may have been beyond the reach of smaller firms, the advent of digital solutions and cloud based software means their engagement in tech has turned on its head and is has been pushed up the agenda for many firms. As an example, GL Law has invested heavily in IT and identified it as a priority in terms of communicating and working with clients. Stephenson Law has created its own client onboarding platform, enabling clients to complete AML checks electronically (using a photo/selfie) and approve instructions all in one place, thus reducing the process down to as little as 15 mins in some cases.

There is an opportunity for SME law firms to grasp disruptive initiatives, but the counter to this is that price can still be a restricting factor for certain tech, as can scale. For example, the benefits of process automation are considerably greater for larger scale firms than for smaller firms with fewer repeatable processes. This may help explain why most LegalTech vendors are primarily targeting the largest law firms, due to their commercial models are not being aligned to the requirements of more niche firms.

There are also external pressures from clients for law firms to provide tech-based solutions. Clients are increasingly seeking tech-based functionality and efficiency in the way they receive legal services. There is a suggestion by some stakeholders we spoke to that this may create a big opportunity for tech firms to work with SMEs to compete with larger firms. Tech firms have recognised this, and their business development efforts in the legal sector focus on how much easier it is for SMEs to act now and be more agile.

From the perspective of locally-based SME law firms, they would prefer a local tech supplier if possible, and often their tech supplier is essentially part of the team as they have limited or no in-house IT resource. Organisation size also seems to be a factor for tech firms, with proximity to customer being less important for large tech suppliers but appearing to be a key success factor for smaller tech suppliers.

When asked, all stakeholders acknowledge that there is benefit in collaboration, but that it often fails because of competitive issues. Collaboration and connectivity are areas where vastly different perspectives can be found amongst SME law firms. Some firms are strongly connected to the regional legal and LegalTech community, whereas with others there is limited awareness of LegalTech activity in the region and no engagement with groups such as Bristol+BathLegalTech or Bristol Legal Hackers. The notion of creating better connections between law firms and tech firms locally is widely welcomed by SME law firms. There is evidence of links between the larger firms and the SME firms. For example VWV has refined its procurement system and can now automate enquiries and then triage them, and then refer out to smaller law firms through their extensive VWV approach network. It has seen inbound enquiries double since pre-Covid.

Other legal services providers

There is a strong presence of alternative legal services providers in the region.

Big 4 professional services firms are investing in legal capability and the delivery of integrated propositions.

Chambers and courts have had challenges embracing digital working.

Pro bono work can play a key role in connecting the sector, but is not yet as reliant on tech as other parts of the legal sector.

The Legal Services Act in October 2011 allowed non-lawyers to own practices, which opened the industry to many new entrants, known as ABS (alternative business structures) firms. ABS firms have been found to be more than 3x as likely to use technology and are among the types of providers with the highest levels of service innovation.⁴ Differentiating law firms and ABS firms has become difficult over time, as many of the largest law firms now have ABS status and have opened up to some degree of non-lawyer ownership.

Conversion to Limited Company status has also been a prominent trend over the last 10 years. This shows progression in the way legal services are being provided in the UK. Some new challenger firms are now more commonly referred to as Alternative Legal Service Providers (ALSPs). Core capabilities from firms in this category in

the Bristol & Bath region include insurance, technology and intellectual property.

The region is supported by a diversity of legal service providers. Bristol & Bath is home to Alternative Legal Service Providers (ALSPs) such as the big 4 professional services firms and Integreon (the UK's first legal process outsourcer), as well as Co-op Legal Services, DAS Law, Lyons Davidson, and Stephenson Law. Although, it should be noted the distinction between ALSPs and law firms is merging whereby being an ALSP is no longer always a point of differentiation. Some law firms are now part of broader business services groups, for example GL Law has a financial services advisory firm and business consultancy arm, and has adopted a holding group structure with three subsidiaries.

On a national level, the big 4 professional services firms are developing integrated propositions covering finance, tax and legal advice. These firms are advanced in the way they provide corporate services, and are challenging the incumbent legal sector within the service lines they choose to operate. As an example, Deloitte Legal has now grown to several hundred people in the UK, delivering technology-enabled legal solutions in areas such as employment, litigation, corporate and commercial and immigration, including client-facing practicing lawyers, while Deloitte Legal Ventures is a programme that connects lawyers with early stage companies to accelerate the adoption of legal technology. KPMG, EY and PwC are also increasingly active, and while we did not hear of direct examples of legal work being done by these firms in the region, as yet, it is clear they represent a competitive threat to the legal sector. It should also be noted, however, that in some instances large law firms also collaborate with the big 4 and jointly bid for work.

Advocates have struggled to adopt digital processes. Although courts are widely considered to have 'gone digital' during Covid, our research leads us to believe that tech adoption within barrister chambers has been challenging due to a combination of continued reliance on paper-based processes, lack of technology literacy, and difficulties of engaging with key third parties electronically. There is incompatibility between how law firms, barrister chambers, police, prisons, medical institutions and the government work and their technology and similar applies in the civil justice system, too. For example, many cases have been hampered by how police evidence is been presented across incompatible tools such as CDs, meaning they have been unable to be played in court. This highlights how the quality of tech being used in the legal sector directly impacts clients and the delivery of justice.

As has already been mentioned in this report, pro bono work is a prominent feature within the region. In addition to the high-profile Bristol Pro Bono Group there is also Bristol Family Law Advice Scheme, which is delivered by Sarah Phillimore who is a family law barrister at St John's Chambers. Pro bono work provides a valuable public service also links the legal and higher education sectors. Out of the 800 students University of Law has, around half will sign up to pro-bono work, providing an effective way to experience work environments. Concern that relatively straight forward matters may spiral into more specialised, risky work. Our research also discovered that technology is not typically the focus within pro bono groups. By the time work reaches pro bono lawyers, individual attention is usually required. Hence, tech is not currently critically important for all legal providers.

⁴ Legal Service Board (2018) Technology and Innovation in Legal Services



In-house legal departments

More and more lawyers are working in-house in corporate and government legal functions, with the proportion of Law Society members in these roles approaching 30%. The Bristol & Bath region is not home to a particularly large number of corporate headquarters or legal functions, but many alumni of the large regional law firms are in General Counsel and other senior in-house positions and we spoke to a selection of them for this report. We also asked James Mallender, co-founder and director of The Legal Director, a leading provider of flexible 'in-house' legal services for medium-sized businesses, to comment on the attitude of their clients to LegalTech. James is based in Bristol and the business has a concentration of team members and clients in the West of England.

In general, LegalTech is still of limited relevance to day to day practice in the region's in-house teams. One of our respondents pointed out that *"working in house you are a cost centre rather than a profit centre, so there's generally more resistance to investment in tech solutions unless there is a very clear cost saving associated. As such, access to legal tech is generally limited to that which can be accessed via external panel firms"*.

Because of this most corporate legal departments, even some large teams, believe their technology lags a long way behind that in law firms. James Mallender notes that many SME clients are still wary of legal automation and that "we are seeing a willingness to accept legaltech as

a concept but an inability to see past the very traditional solicitor-led model".

The in-house lawyer community, though substantial, generally feels detached from the mainstream regional community and is not particularly aware of or involved in initiatives such as Bristol+BathLegalTech; though there is some appetite amongst the community to change this. Even the larger in-house teams are typically more focused internally and might have closer connection with the business divisions they support, in London, the rest of the UK and internationally, than with regionally-based peers. That said, there is a positive perception of the progress by regional law firms in innovation and tech. Many in-house lawyers are, however, well connected to the law firms and lawyers they previously worked with and follow the development of LegalTech inside firms, somewhat enviously. That said one senior in-house lawyer commented that he did not feel his company had yet felt a "direct benefit" from these investments.

Despite a perception that we are seeing clients drive the adoption by law firms of LegalTech and innovation, much of the same reticence and concern that private practice lawyers have about the imposition of technology exists in-house. By no means all in-house lawyers are enthusiasts for change, technology or even reducing costs. That said, an increasing percentage of SMEs out there see themselves as digital/tech businesses and are more inclined to expect the use of tech in the legal process.



Stakeholder perspectives on the legal sector

"FutureLaw is a big leap and focus for the firm. We were focused on product initially, but we have shifted this to a broader value proposition – TLT One' – a document, task and contract management solution, which combines market leading technology with on demand specialist legal expertise into one. We want to help our clients navigate a LegalTech market dominated by point-solutions. Many in-house teams don't have time or resources to identify and then implement the right solutions and processes that they need."

James Touzel, Partner, Head of FutureLaw, TLT LLP

"We must listen to clients and look for opportunities to add value. Equally important though is the need to take the lawyers on the journey as there is much that is ripe for automating and where the creation of legal products and services can transform reach through the use of technology."

Antonia James, Director of Client Relations, VWV & Director of VWV Plus

"There needs to be step change in the thinking around innovation. We need to take an entrepreneurial approach rather than just fitting into an existing system and move beyond the conversations and connections to identify a small number of initiatives that we can really get something happening on – firms will be attracted and want to engage."

Dave Bloor, CTO/CIO, Foot Anstey and Nathan Peacey, Partner, Foot Anstey

"What has been interesting this year is the astronomical change forced on law firms and they've actually coped well."

Tom Moore, Business Development Director, Acronyms

"There is a strong demand and need for greater technology in the court systems, but skill gaps and compatibility are hindering adoption".

Sarah Phillimore, Family law Barrister, St John's Chambers

"Datasharp Integrated Communications is actively talking to or doing business with over 50% of the top 100 UK law firms. And that number is growing!"

Paul Oaten, Head of Marketing, Datasharp Integrated Communications

"Bristol Law Centre is a charity providing free legal advice in social welfare law - immigration, mental health, employment and discrimination, welfare benefits and housing – for people and communities who are disadvantaged and discriminated against. In addition, we run pro- bono advice clinics in family, employment, and civil litigation – these could not happen without volunteers from law firms across the wider Bristol area or sponsorship from firms to support the administration of the clinics."

Jane Emanuel, Senior Development Manager at Bristol Law Centre

"Many of the region's mid-tier firms – Thrings, Royds Withy King, Stone King and Rogers Drewett - have a base in the city of Bath and have collectively built up a strong reputation for their expansion, innovative business ideas and nationally-recognised specialisms in areas such as education, charities and the rural economy."

Chris Bull, Director, Edge International

"Firms have somewhat suffered from a lack of innovation. The responsibility is on both providers and firms to drive closer, long term relationships. As firms demand better technology, providers need to adapt support and service in line with the firm's long-term objectives."

Adam Bullion, General Manager of Marketing, PracticeEvolve

"Client expectations continue to increase and it remains important for law firms to communicate with clients and understand their pain points. Working together with clients will be a key aspect of improving delivery of legal services, and technology/legaltech will be part of this, acting as an enabler to help create solutions which clients really value."

Emma Sorrell, Innovation Manager, Burges Salmon

Technology & Innovation

Technology

Innovation

LegalTech startups & scaleups

Technology & Innovation - key themes

Technology

- Bristol & Bath has a formidable and fast-growing tech sector.
- Most law firms are actively simplifying and streamlining internal tech infrastructure and tackling legacy issues.
- The way in which tech is positioned to maximise value is acknowledged as more important than what tech is adopted.
- There is a higher-than-expected tech adoption in SME law firms.
- The reliance of law firms on tech suppliers could pose an opportunity for the region, due to its relative strength in tech and LegalTech.

Innovation

- Law firms are moving away from the default partnership-based model.
- LegalTech is playing a prominent part in the redesign of the client offer in many of the region's law firms, particularly in alternative fee arrangements.
- Covid has accelerated innovation, particularly in human resource management and use of collaboration technologies both internally and with clients.

LegalTech Startups / Scaleups

- The number of LegalTechs in Bristol & Bath exceeded our expectations.
- The LegalTechs in the region would benefit from more visibility within and access to the region's law firms.
- LegalTechs face competition from global technology suppliers and a dominant London market.

Technology

Bristol & Bath has a strong, established and growing tech sector.

Large law firms are actively simplifying and streamlining tech infrastructure and tackling legacy issues.

The way in which tech is positioned to maximise value is acknowledged as more important than what tech is adopted.

There is a higher-than-expected tech adoption in SME law firms.

The reliance of law firms on tech suppliers could pose an opportunity for the region, due to its relative strength in tech and LegalTech.

Bristol & Bath is well renowned for its strength in tech; a key finding of Whitecap's Fintech Ecosystem Analysis of the region in 2020; where 19.2% of the South West workforce are said to be in digital tech roles, the highest of any English region.⁵

Furthermore, we estimate 5% of Bristol & Bath's workforce is in the tech sector specifically, across an estimated 5,085 businesses, highlighting a disproportionately strong sector to that found in other UK cities. Despite being established, the sector is still in a growth stage, with digital tech jobs making up 24% of all jobs advertised in Bristol (19% in Bath) reflecting the growing numbers of startups and scale of tech in incumbents.⁶ Similar to FinTech in the region, a core competence in tech has supported the development of legal technology.

Large law firms have focussed on simplifying and streamlining their tech infrastructure, addressing the legacy issues cited by law firms as the most common barrier to innovation in our survey. Full cloud compatibility is one area of focus but not yet best practice, hampering seamless content updates and agility. Internal resistance to change and short-termism built into the partnership-based model were seen as the primary barriers to change by law firm technology suppliers, as identified by 71% in our survey. Nevertheless, tech in the large law firms is now becoming more streamlined, stimulated by client and competitive pressures and cost and profitability objectives. As a result, there is a shift to scale back the number of applications procured and maintained by firms and an increasing recognition of what Microsoft Office 365 and Teams can offer in terms of usability and simple system integration, including supporting case management functionality.

The technology evident in the region's legal sector include analytics (71% of law firms), document management (71% of law firms), document automation (71% of law firms), cloud-based infrastructure (57% of law firms)⁷ and practice management tools (57% of law firms). However, it is stipulatory that competitive advantages do not necessarily derive from what tech is adopted, rather how adopted tech is implemented and positioned to create value for clients and firms. Because of this, white-labelled technology is seen to be preferred by large law firms, allowing for differentiation between firms using the same technology. This technology is not seen as innovative by most but a standard activity in their value chains. Our survey responses identified a number of areas of innovative future technologies that were expected to form the next wave of adoption including virtual, extended and augmented reality as remote and flexible working establishes itself as a permanent feature of legal working practices post-Covid.

There was a higher-than-anticipated adoption of tech in small to mid-sized law firms. For some, technology development and support are outsourced, which is becoming a growing trend in the industry. We have also observed that firms were targeting greater agility and more technologically literate staff.

Generally, law firms in the region are using 3rd party technology as the base for their operations, rather than proprietary software developed in-house, and are, therefore, highly dependent on their technology suppliers. This represents a risk but is mitigated by the fact that it has clearly facilitated greater technology adoption and implementation to the point where digital has become an integral part of most legal value chains and on the strategic agendas of law firms. It presents an opportunity for the region and its law firms to leverage the capabilities of the strong tech sector much better and develop competitive advantages by accessing local talent and innovation.

We observed a wide range of examples of the way larger firms are engaging more closely with technology. TLT signed up joint venture product partners in LegalSifter and Clarilis, and have been working extensively with HighQ – a key strategic relationship that many of the region's firms have in common. It now has 12 tech-driven modules. VWV is launching a coding club focused on Python and is undertaking a project to use more machine learning. Foot Anstey has had success using chatbots which were initially for IT support but since been extended into knowledge-based areas of the firm's operations. Foot Anstey is increasingly moving the foundation of its tech architecture to the Microsoft stack, another common theme amongst many of the region's larger law firms.

⁵ Tech Nation (2020) UK Tech Jobs Bounce Back After Lockdown

⁶ Tech Nation (2020) UK Tech Jobs Bounce Back After Lockdown

⁷ Proportions based off Whitecap survey data.

Stakeholder perspectives on technology

"Law is harder to code than non-law. For example, financial budgeting is much easier than a legal position. Accuracy of 95% is not good enough for law."

Albert Sanchez-Graells, Director, Centre for Global Law and Innovation, University of Bristol

"Many established law firms have yet to properly embrace AI and tech - for example in developing and populating template documents. Firms like ours can offer considerable expertise, experience and strength in depth and deploying technology will only enhance our offering and improve our competitiveness. We also need to develop more efficient ways of making the onboarding experience more efficient for clients. Although we have integrated technology into much of this activity, we know that there are many more efficiencies that can be made."

Nathan Guest, Corporate Partner & Head of Technology, VWV

"We have a tool for standard questions, called Genie. It is a massive data bank of common questions lawyers ask clients as part of our appraisal of how best to support them. This is ripe for RPA but our clients and prospective clients are often seeking a more personal and human experience so we've currently chosen not to go down that route."

Antonia James, Director of Client Relations, VWV & Director of VWV Plus

"More tech suppliers are becoming aware of the potential in the legal sector. It has taken too long, companies have probably undervalued the opportunity."

Steve Whitwham, Consultant, Lights-On Consulting

"In areas like machine learning there is a general lack of skilled people. It is likely that some aspects can be done by an automated process. Once it begins to happen it will have significant impact on industry. Crypto - currencies and blockchain will transform a range of transactional work to automate trust in contracts."

Steve McGuigan, Partner, Head of Commercial Property, VWV

"Historically in last few years we felt we were trying to push IT into the business, rather than responding to problems people had. Now we are getting a much better fit with business teams thinking of innovative ways of working."

David Aird, IT Director, DAC Beachcroft

"Students that go through university are very up with tech and will lead the way as they make their way out to industry, so the technology will end up rolled out in law firms one way or another."

Amanda Crutchley, Lawyer & Pro Bono Coordinator, University of Law

"Tech is a threat to firms that don't adopt and those that do manage to survive whilst avoiding tech will become smaller and smaller in numbers and size."

Tom Moore, Business Development Director, Acronyms

"Bristol has the expertise and skills to become a real pioneer in building technology for the legal, and other professional services sectors."

John Manley, High Sheriff of Bristol, former Director of Cloud Services, HP Laboratories

"IT's credibility hasn't been this high for 20 years. It is front and centre and critical to the operation of the business. This is now widely recognised post-pandemic."

Nathan Hayes, IT Director, Osborne Clarke

"Tech companies are adapting and moving into the market. Capabilities such as encryption, document collaboration, and the automation of knowledge dissemination are becoming common requirements. For lawyers, offering capability such as smart contracts can help win work."

Nathan Peacey, Partner, Foot Anstey

"Bristol has a broad pool of expertise in technology domains, such as Virtual Reality (VR), Extended Reality (XR) and Augmented Reality (AR). These have significant opportunities for novel use in the LegalTech sector and other service provision."

John Manley, High Sheriff of Bristol, former Director of Cloud Services at HP Laboratories

"Technology can unleash great opportunities to support the efficiency and effectiveness of our work in enabling more people to access our services and access justice. However, we must be mindful that access to technology for our clients is not a given, and we need to develop systems that enable all people to reach our services and avoid creating a digital divide."

Jane Emanuel, Senior Development Manager at Bristol Law Centre

"In the last 12 months we have achieved some accelerated growth in the business - we have taken on 12 new employees in the last 9 months (we're now a team of 35 and growing as fast as our culture allows). We have also seen our typical clients move more towards fellow scaleup businesses and corporates who need to innovate more quickly and want to be as nimble as startups."

Richard Godfrey, CEO, Rocketmakers

CASE STUDY: Amdaris



At Amdaris we deliver innovative Software Development, Application Support Managed Services and Consultancy Services from its headquarters in the UK and delivery centres in Eastern Europe.

We have worked with a wide range of Legal businesses, supporting their in-house teams in building their next applications or in enhancing and supporting legacy applications.

Most legal software development teams reach a point when their in-house resources struggle to keep up with the demands of the business. This is where team augmentation and Amdaris come in.

'They have produced something that not only ticks all the requirement boxes but is first-class quality.'

Rohit Sharma
Head of Platforms | Shakespeare Martineau

REDUCING MANUAL TASKS FOR ROYDS WITHY KING

Due to a legacy application, our client was forced to spend an hour producing individual Consumer Credit Act (CCA) statements, (averaging 20 statements a week). Time spent on manual tasks when fee earners could be spending time on higher-value, more profitable work was a poor return on time. Our solution removed that barrier to growth and has significantly improved productivity.

.NET Core

LexisNexis

VisualFiles

IMPROVING PAYMENT RECONCILIATION AT SHAKESPEARE MARTINEAU

Shakespeare Martineau required a solution that would reduce manual administration to enable funds to be matched to the fee earner quickly. Over multiple projects, we built a bespoke scheduling system, and now in the current phase, we are enabling invoices to be matched to payments with speed and accuracy. This application has reduced queries and the time required to resolve remaining queries.

.NET Core

SignalR

KendoUI

Azure DevOps

Microsoft SQL Server

EVOLVING ZYLPHA'S ELECTRONIC BUNDLING (EDB) SOFTWARE

We worked with Zylpha on evolving multiple versions of their electronic court document bundling software. Our work has contributed to Zylpha's market-leading reputation and means we understand this application better than anyone.

.NET Framework

Winforms

WPF Framework

DELIVERING A PERSONALISED WEBSITE FOR SIMMONS + SIMMONS'S

Parts of Simmons + Simmons's new website were highly complex and required further development to achieve the desired functionality. Working in an Agile way with our client's in-house development team, we developed bespoke website modules, exploiting our User Experience (UX) and User Interface (UI) expertise, that were tailored to unique audiences improving the users experience and their satisfaction levels.

Vue.js

Node.js

GraphQL

Auth0

Innovation

Law firms are moving away from the default partnership-based model.

LegalTech is playing a prominent part in the redesign of the client offer in many of the region's law firms, particularly in alternative fee arrangements.

Covid has accelerated innovation, particularly in human resource management and use of collaboration technologies both internally and with clients.

Across the UK as a whole, the partnership-based structure and billable hour models are commonly cited as the key obstacles to innovation as they create a culture of risk aversion and short-term profit maximisation, disincentivising the long-term investment into the non-guaranteed outcomes of innovation.

However, in recent times there has been a shift away from these models as their weaknesses have become more apparent, with most new law firms now being setup under a limited company structure, benefiting from greater tax efficiency, limited liability and capital gains potential; promoting a stronger appetite for long-term investment and tolerance of risk. Despite this, partnership remains the predominant structure for the largest 200 UK law firms. In Bristol & Bath there are a number of large legal businesses who are corporations, including DAS Law, Lyons Davidson,

Co-op Legal Services, GL Law, MW Solicitors, Ince Gordon Dadds and Keystone Law.

As well as the partnership-based model, changes in pricing models are also becoming more common with the use of LegalTech and emergence of AI tools supporting smarter, alternative fee arrangements. Although more predictable and transparent fee arrangements have been widely adopted in various practice areas, including personal injury, employment, wills and conveyancing, the majority of legal work is still priced on a time basis.

There is strong evidence to suggest Covid has promoted legal services to consider change in all aspects of their businesses, but the strongest and most direct impact has been on human resource management. Remote working was being used by some law firms in the region before Covid but has been an essential adaptation for almost all since March 2020, with preserving workplace culture, supervision and development big challenges yet to be solved.

Nevertheless, the consensus is that a flexible hybrid of remote, and office working has now become a permanent feature of the legal industry, demanding a series of technology adjustments and implementations that will run well into the 2020s. As well as human resource management advantages, this is expected to reduce office footprints and rents.

A sandbox was mentioned as a way to foster more innovation – taking on a 'here's a problem give us a solution' approach. Lawtech UK has created a national Lawtech Sandbox which will provide an interesting case study when considering regional initiatives.

Hackathons are another option here, and UWE has recently announced an Open Source Legal Tech Hackathon, inviting SMEs in the West of England to be part of an event aiming to rapidly prototype solutions for improved legal opportunities and legal service outreach. UWE invited registrations from SMEs across the region who deliver justice, advice, support, technology, business and innovation.

In the SRA's report on the Legal Access Challenge, the following challenges were identified in relation to fostering innovation within the legal sector:

1. Building partnerships that allow solutions to emerge and form a bridge between the unregulated and the regulated sector that consumers trust, providing continuous support between the two.
2. Taking a more strategic and collaborative approach to ensure that individual solutions integrate to create seamless end-to-end support for users. Examples of integration include linking across different stages of the customer journey and across different providers of services, whether those are commercial, not-for-profit or court providers, or regulated or unregulated providers.
3. Making sure that new tech solutions work with the justice system and existing valued delivery channels wherever possible, including legal aid solicitors and advice organisations.

Each of these challenges has relevance at regional level and can be tackled in the Bristol & Bath region, by a combination of law firms, alternative legal services providers, tech firms, LegalTechs and organisations like Bristol+BathLegalTech.

Stakeholder perspectives on innovation

"Bristol & Bath as a region has lots to offer in terms of being an innovative tech cluster. With a large support and start-up ecosystem, there are many tech start-up and scale-ups in the region. Bristol has an entrepreneurial spirit, evidenced by growth in areas such as FinTech and the creative sector. In terms of the legal sector, there are a large number of law firms in the region and having that strength in number means there is plenty of opportunity to network and work together."

Emma Sorrell, Innovation Manager, Innovation team, Burges Salmon

"There is an opportunity for law firms to build completely new revenue streams through tech, but first we must ensure we conserve our existing revenue streams. It would be exciting to become a firm that uses software and legal expertise to almost become a LegalTech themselves. This would mean thinking differently to how lawyers always have done. We need to think about how we can harness that."

Steve McGuigan, Partner, Head of Commercial Property, VVW

"Our goal is to further evolve our culture of innovation so its embedded in the DNA of the firm, particularly in terms of products and digital skills. In our tech product suite our services need to undergo productisation. In terms of digital literacy, we are identifying the baseline level of skills all of our people need and a clear roadmap for ongoing development to ensure we can meet clients growing and changing expectations."

Dave Bloor, CTO/CIO, Foot Anstey

"As an outsider coming into industry, my observation is that I am impressed with how open lawyers have seemed to innovation and have provided open and positive feedback."

Tom Bartley, Founder & CEO, Barbal

"On the whole, legal firms responded very well to the pandemic, adapting to the new version of 'business-as-usual' quickly. In contrast, those who chose to 'cobble' solutions using legacy technology have struggled with client interaction and retention. I'm proud that throughout the crisis, we've been super responsive, helping customers adapt to a new way of working."

Will Wood, Head of Pre-Sales, Datasharp Integrated Communications

"We have had to deliver massive change...I think this has made us more confident about implementing change going forward."

Owen Bishop, Director of Transformation & Operations, Bevan Brittan

"It is all about listening to, talking to and engaging with clients to work out how we can both do the things we do better and, more importantly, doing better things."

Dan Wright, Partner & Director of OC Solutions, Osborne Clarke

"I have had the pleasure of seeing our Innovation team develop over the past five years into a critical part of our successful delivery of exceptional services to our clients."

Roger Bull, Managing Partner, Burges Salmon

"There is lots of stuff coming out of the States regarding legal design. There has also been UK funded work and competitions with some interesting submissions around things like chatbots, apps, and divorce – mainly focusing on established processes that can possibly be automated."

Dr Paul Matthews, Information and Data Science, UWE

"Our tech and innovation team is getting us ready for change. Client self-service is important, as is visualisation of what clients need and what we are doing. We are taking cues from omni-channel retail and consumer services."

Dave Bloor, CTO/CIO, Foot Anstey

"Initially, Covid prompted discussions around how quickly we might get back to normal. But now, 12 months later, many legal firms are planning to reduce the number of sites and general office footprint, as they adapt to a 'new normal'."

Will Wood, Head of Pre-Sales, Datasharp Integrated Communications

"You do not need to have all the answers. Focus on what you are good at and find partners who can free you to do more of that."

Richard Birtwhistle, Senior Software Solutions Consultant, Amdaris

"Staff and consumers will want flexibility in the way they work going forwards and firm's will need to adjust to this. Procedures and processes will need to be constantly adapted quickly. Approaching those changes with innovative technology will be the success stories of the years ahead."

Adam Bullion, General Manager of Marketing, PracticeEvolve

CASE STUDY: Datasharp Integrated Communications

At Datasharp Integrated Communications, we've built strong, long-term relationships with many mid-market legal firms over the years. These tend to be multi-site businesses facing a range of associated internal and external communications and networking challenges. Fortunately, this is precisely where we add value. We've been busy helping legal firms adopt agile working practices via technologies such as enterprise-grade video conferencing and cloud telecoms, for many years.

In 2020, everything changed. Faced with sending everyone to work from home, IT managers rushed to deploy tools which would keep communications flowing and the business running. Choices made by end-users drove adoption rates like never before.

Widely available tools like Microsoft Teams and Zoom saw considerable increases in their user base. In contrast, shadow-IT (the widespread use of non-authorised software tools) presented significant new security issues. In 2021, our focus is to help IT teams regain control by consolidating, simplifying, and 'finessing' the tools in use, while ensuring high adoption rates. Here are a few examples.

The Rise of Hybrid Working

As legal firms move to a 'hybrid working' model - a proportion of employees continuing to work remotely - they'll need to meet a whole new set of challenges. Room and desk booking solutions have become very popular as a means of simplifying workplace management and scheduling.

Enhancing Audio Quality in Meetings

In the case of meetings, we went from meeting room conferencing to everyone joining remotely, to a combination of the two. Today, those who continue to join meetings remotely should enjoy the same video and audio quality as their physically present colleagues if the meeting is to be truly effective. To meet that demand, we offer a range of cutting-edge camera and audio devices explicitly designed for that purpose.

In-room audio devices now fill the space with a 'mesh' of intelligent, virtual microphones, ensuring clean, crisp sound quality regardless of where people are in the space. Similarly, remote users can benefit from portable, desktop devices that eliminate background noise and enhance voice quality without requiring a headset.

The Rise & Rise of Microsoft Teams

Microsoft Teams has seen enormous growth. However, one limitation has been telephony and Microsoft Calling Plans. Fortunately, we can integrate business telephony with Microsoft Teams via our Direct Routing solution, transforming Teams into a robust Unified Communications & Collaboration platform, increasing its value, reducing costs and providing faster support response times!

How do we measure success? User adoption rates. If the solution 'just works', that's a huge determining factor!

Increasing Effectiveness

So, in the space of 12 months, we've evolved from 'just getting it done' to helping legal firms and their fee earners absorb the impact of change and, once again, conduct business seamlessly with the agility and professionalism that colleagues and customers expect.

Of course, by making fee earners' lives easier, we help them increase effectiveness and the number of billable hours per day.

Why work with us?

We focus on our clients' business, not technology. There are thousands of available technology products in a very crowded marketplace. By taking the time to understand our clients' business, we cut through the noise and focus on value.

We'll invest in the partnership for the long-term to provide operational and performance benefits and, of course, cost savings.

datasharp | integrated communications



LegalTech startups & scaleups

The number of LegalTechs in Bristol & Bath exceeded our expectations.

The LegalTechs in the region would benefit from more visibility within and access to the region's law firms.

LegalTechs face competition from global technology suppliers and a dominant London market.

In this section of the report, we use the term LegalTech to refer to startups and scaleups operating in the legal sector. Within the legal sector, these firms are also often referred to as LawTech firms, especially if they have a proposition which replaces the need for a lawyer or law firm in the delivery of a product, service or process.

Bristol & Bath is home to 15 LegalTechs, 10 of which are based in the region. This is greater than expected and includes established names such as Helm360 and scaleups such as Iken and SOS Legal which have been in the region for an average of 22 years showing LegalTech is not novel for Bristol & Bath. However, the median age of LegalTech in the region is just 2 years old, indicating LegalTech as a whole has been a recent and rapid development despite its more established incumbents.

Although in greater numbers than expected, many of the LegalTechs in the region lack visibility. Some interviewees expressed a view they are not making enough noise and should seek to raise their profile, whilst others argue they need more attention during events and assistance in engaging with the large law firms.

Regardless of responsibility, the region holds a large number of LegalTechs that aren't well known but are in close proximity to successful and progressive law firms who themselves say they would be interested to hear from local suppliers given the chance. As such, there is a large opportunity to match these parties and stimulate more LegalTech activity in the region.

The region's LegalTech ecosystem faces competition. A factor that poses challenges with regard to integration to the region's LegalTech ecosystem is competition from global technology suppliers. The legal solutions market is dominated by players such as Thomson Reuters and

Lexis Nexis and their acquisitions who provide brand recognised solutions to law firms across a range of technological services.

Furthermore, the move towards system integration further restricts opportunity as technology will be sourced from a smaller selection of larger suppliers and through integrated intermediaries and platforms such as Office 365 and Thomson Reuters Panoramic.

This research found examples of engagement with LegalTech firms from outside the region. Burges Salmon has engaged with Autto, a London-based no-code automation platform, with its Innovation team providing early-stage feedback on the platform. This relationship has continued with Autto and the firm working together to develop various proofs of concepts.

Alongside the growing cluster of LegalTechs we have identified is an impressive array of regional tech companies who work extensively but not exclusively in the legal sector. Many of these companies are well-established and have developed substantial capabilities in legal technology over many years, whilst also continuing to serve other customers. It was interesting to see how prominent a vertical market law firms have become for many Bristol and Bath-based companies, including Datasharp and Amdaris. Within this group are businesses, such as Gapsquare, Conscious Solutions and Proctor+Stevenson, who blend tech solutions with advisory services.

LegalTech firms identified include:

- **Anexsys** is based in London but have offices in Bristol, Manchester, Leeds and Birmingham. The company provides technology and consultancy services for law firms, corporations and public sector, including custom software development and mobile app developments. Anexsys was recently acquired by Xact Data Discovery.
- **BankShield** provides a highly secure, single location source for the exchanging of bank credentials for use by professionals such as lawyers and financial services and their customers to ensure bank details are both correct and eliminate scams.
- **Barbal** provide a cloud-based software for document collaboration and are based in Bristol. Founded in 2018 they are gaining traction in the legal, construction and international standards sector, focussing on applications in commercial law.
- **Evident Proof** provide 'immutable proof as a service' to store data within the Ethereum blockchain that can be used as evidence of compliance. It scored 100% rating for its testable code back in 2018.
- **Helm360**, based in California, provide analytics on business performance to professional service firms through a hybrid cloud model. With offices in multiple continents, Helm360 represent the only established LegalTech with a presence in the region.
- **Iken** is the UK's leading provider of inhouse case management, workflow management and reporting software and are based in Bristol.
- **Klyant** is a cloud based legal accounting application designed to meet the commercial and regulatory needs of the modern law firm. With offices in Bristol and Dublin the company is growing fast with hundreds of law firms now managing their finances on the platform throughout the UK and Ireland.
- **OpenTenancy** is a non-profit tackling legal aid. Founded by 2 MSc Computer Science graduates from The University of Bristol in 2020, they provide free advice for UK tenants through an open sourced robo-adviser that summarises their rights in understandable English.
- **Panache Software** is an open-sourced legal project management platform providing task and time management in one place for better profitability and access to client and matter data for better business intelligence.
- **PracticeEvolve**, incorporating Linetime and SOS, is a fast growing legal technology group, providing progressive, reliable case and matter management while offering law firms a clear pathway to the cloud. Bath-based SOS Legal was founded in 1987, and provides practice and case management software. In December 2020 SOS was acquired by PracticeEvolve. The application suite will continue to be developed and sold as a distinct brand while offering clients a pathway to the cloud.
- **Sensecheck Technologies** – provides secure ID verification and related services for lawyers to support their Anti Money Laundering processes.
- **Shout4** is a deal-making and contracting ecosystem based in Bath, aimed at simplifying legal practices in the music industry. It is positioned to disrupt the funding process through speed and by allowing artists to become a partner in ownership of their music rights
- **Signable** is the UK's leading electronic signature provider and are based in Bristol.
- **Virtual Pricing Director** use AI to automate legal pricing proposals, helping lawyers to win work whilst freeing up time.
- **What to Do When Ltd** provide estate planning and probate toolkits to law firms which include features such as engagement tracking and white-labelling options



Stakeholder perspectives on LegalTech

"A concern with Access to Justice is that the people we are trying to help are those less likely to be tech proficient and have access to technology. People can always come up with interesting apps but many are not viable as their business model won't work. Conversely, they may work and have lot of interest but are they investable?"

Dr Paul Matthews, Information and Data Science, UWE

"It was the efforts of LegalTech firms to sell to VWV that got me interested in innovation, and in document automation and AI powered document review tools particularly. But I felt that LegalTechs were often guessing at problems we wanted to solve in law and hence guessing at product / market fit. I became interested in that gap and what lawyers actually want. There needs to be much closer links between tech firms and lawyers."

Steve McGuigan, Partner, Head of Commercial Property, VWV

"We work with a whole range of LegalTech providers to ensure our technology is current and relevant for our lawyers whilst adapting and responding to the needs of our clients."

Louise Thomas, Head of Transformation and Project Management, Burges Salmon

"We recognise the importance of building collaborative relationships and are happy to work with LegalTech startups in providing legal advice, trialling products and offering feedback."

Emma Sorrell, Innovation manager, Burges Salmon

"Often these firms don't understand the legal sector very well, but we can help them at an early stage with refining the need they are addressing, so we can establish the legal community's ask of tech companies."

Martin Cuell, Partner, Foot Anstey

"A challenge in tech industry generally and LegalTech today is that too many solutions are being built on legacy infrastructure and with limited access to data. Perhaps a particular challenge on this front is the ex-lawyer entrepreneurs who are increasingly starting up LegalTechs but don't know the latest tech platforms well enough. They are designing in a vacuum. We would be keen to work together with others on a set of standards for future development."

Dave Bloor, CTO/CIO, Foot Anstey

"In the last 2 years nearly 40 companies have raised nearly £14m in equity investment in Bath and North East Somerset. The diversity and vibrancy of companies is impressive with activities ranging from artificially intelligent advertising software to digitised maps with live data for indoor and outdoor urban areas and much more between."

Briony Phillips, Scaleup Lead, Rocketmakers

"Bath is a great city to be in combining technical innovation and creativity with business, so it's no surprise to me to see it very well represented in the growing LegalTech sector. Pleased to be helping carry the banner with SHOUT4 and its legal tech solution for contracting shared revenue deals."

Ric Yerbury, Founder, Shout4

"Bristol&Bath has high potential for LegalTech and has lots of big firms to work with."

Nathan Hayes, IT Director, Osborne Clarke

"There is some great legal technology available to the market. The hardest part is trying to unpick what systems will do before selecting the solution. The opportunities outlined within this report reiterate the need for firms to retain an open mind as to what is available and what is possible. Even if firms are not planning an investment right now, the leading firms of the future will be considering the modern tech and infrastructures that support their needs for the future."

Adam Bullion, General Manager of Marketing, PracticeEvolve

CASE STUDY: PracticeEvolve

A Future of Opportunities

The events of 2020 have significantly changed the behaviours of consumers and law firms. In reality these behaviours have been visibly shifting for many years. The pandemic has simply accelerated behaviours with developments we would expect to happen over a decade, instead taking just weeks. Importantly, this is resulting in a changing mindset amongst law firms who are now demanding better, progressive technology with a clear roadmap for the future.

Firms want to know there is a future with their chosen providers, but that's not just confined to the functions and features on the roadmap, but wider technological advancements like the move to cloud based applications. As such legal technology providers need to consider the changing behaviours and working with firms, to predict longer term needs.

We now know it is possible to operate a disbursed workforce whilst maintaining productivity thanks to the enforced lockdown. Within the new normal, many staff will want to attend an office but will demand the flexibility to select where they work in order to improve their work/life balance. While firms will need to adapt policy and procedures, legal tech providers need to consider how technology can facilitate this shift in focus.

Ultimately, working patterns will become less routine and not necessarily 9-5, Monday to Friday. Instead people may want to start early or finish late. Firms need to view

this as an opportunity, acting to reduce overhead costs such as office space and invest in the technology that supports not only the firms' requirements, but the requirements of their staff and their client base.

As these changes take hold, firms will need an ability to quickly react and adapt procedures and processes. For example, the firms of the future will need the ability to quickly adapt processes to ensure business can be conducted according to staff and consumer demands.

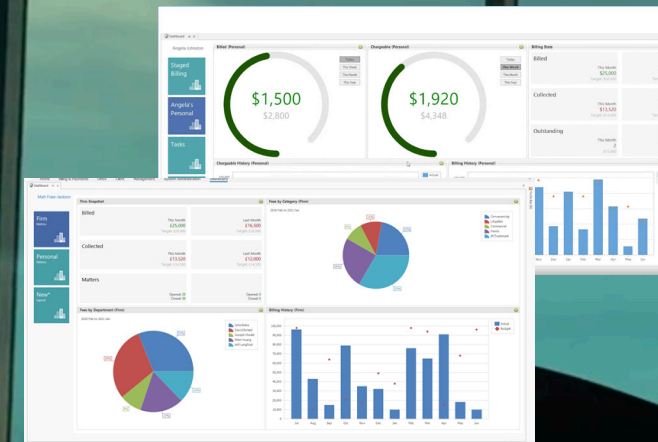
We predict a dramatic increase in the demand for fully cloud-based solutions as software will need to be accessed outside of the office environment without any loss of performance and security. Not only is it the responsibility of the legal tech provider to devise and offer these solutions, the providers must take responsibility for ensuring that security.

In summary, the technology many firms demand must ensure staff can collaborate effectively, processes can quickly be adapted, the client experience is enhanced, the needs of staff are satisfied and the software is provided within a secure cloud-based environment. This will enable law firms to scale and ultimately take advantage of the wider opportunities that exist. As PracticeEvolve, incorporating SOS and Linetime, we understand these demands which is exactly why we remain committed to supporting the current desktop application in the long term but, in parallel, offering a clear pathway to the cloud.



"Firms must constantly question if their technology is evolving over the long term. The events of 2020 will only serve to increase the pace of change and firms need to ensure the lifeblood of their operation is in good health for the future."

Adam Bullion, General Manager of Marketing, PracticeEvolve





Talent & Ecosystem Support

People, Skills & Higher Education

Connectivity

Funding & investment

Talent & Ecosystem support - key themes

People, Skills & Higher Education

- New legal skills are being demanded with some law firms already hiring for new roles.
- Universities have some ecosystem engagement, but there is opportunity for more.
- Access to labour with specialist digital skills has been a challenge for LegalTech startups as well as some law firms.

Connectivity

- Bristol+BathLegalTech is seen as a vibrant group that promotes connectivity to benefit all stakeholders.
- There is opportunity for more multi-sector collaboration and connectivity.
- The region is also building strong links outside the area.
- Both government (WECA) and the legal profession (Bristol Law Society) have been actively engaged in LegalTech for a number of years.
- LegalTech collaboration and networking is enhanced through other groups, including Bristol Legal Hackers, LITIG and the Society for Computers and Law

Funding & Investment

- Overall, the region has performed strongly in terms of investment activity over recent years.
- In LegalTech, funding activity has been relatively low to date.

People, skills, higher education

New legal skills are being demanded with some law firms already hiring for new roles.

Universities have some ecosystem engagement, but there is opportunity for more.

Access to labour with specialist digital skills has been a challenge for LegalTech startups as well as some law firms.

There is an established talent stream available to the region's law firms thanks to its established legal sector. The 9,071 law employees make up 1.32% of the region's total workforce; 33% higher than the UK average proportion, generating an estimated £582m GVA for the sector. 769 of these are estimated to be in LegalTech roles as new roles are being implemented, with 152 working in LegalTech businesses themselves.

A growing demand for digital and data skills is evident as legal practices become more technology driven, where law firms have stated law degrees alone may not be sufficient in the future. As a result, 86% of law firms expect some change in the jobs of legal practitioners,⁸ where non-technological skills such as sales, marketing and project management have also shown to be valuable as roles evolve.

Within the region, there is already evidence of new positions being implemented in large and mid-sized law firms such as Developers, Business Transformation Managers, Junior Business Change Analysts, Legal Engineers, Legal Project managers and UX Designers. And Burges Salmon has also started to offer short coding courses for employees developed by its Learning and Development team. However, there is less clarity on the allocation of tech-skilled labour due to cost.

The region's tech sector has seen rapid growth, increasing demand for tech skills faster than its supply, inflating the median base salary to £48,084.⁹ For specialised skills, this can be considerably higher.

The general prediction is that large law firms will recruit highly specialised and expensive expertise, whilst more 'general' tech expertise will be used by mid-sized law firms. But this could create inaccessibility for the small law firms in the region who will likely have to outsource their tech capability as their legal roles evolve. However, the concern of affordability is more prevalent in LegalTechs due to their smaller budgets and requirement for internal skills. As a result, LegalTechs have shown caution when recruiting; recruiting from outside the region or even offshoring development, allowing them to still benefit from retaining offices in the region.

The SRA is due to introduce the Solicitors Qualifying Exam (SQE) in September 2021, a new route that aims to create more accessible and flexible routes to qualification, although with rules around how the work based training is delivered. However, many students will still wish to take the existing Legal Practice Course (LPC) and training contract route, which remains available until 2032, though decreasingly so as course offers will be withdrawn over time. Overall, we can expect to see more options for those aspiring to join the legal profession and Bristol & Bath is well positioned to serve this market.

The region has strength in higher education, with 7 universities including the University of Law and BPP, graduating a combined 1,192 law students each year, equating to 4.4% of the region's total graduates, 47% higher than the UK average proportion. Furthermore, the universities are starting to incorporate LegalTech related studies in their teaching. UWE is starting to do more cross departmental work in computer science and law schools, whereby law students regularly show an interest in studying computer science related modules; focussing on legal issues relating to SMEs. Additionally, The University of Bristol's Law School (which has approximately 2,000 students) has a research centre dedicated to Global Law & Innovation; supporting a transition to more tech related legal roles. However, the universities lack a dedicated LegalTech module as seen in other regions, representing an opportunity for Bristol & Bath. The universities have built some ecosystem connections with individual law firms and, tentatively, with Bristol+BathLegalTech. There is appetite for more engagement, particularly by law firms, with interest expressed in bringing together law firms and academics under the theme of law and technology.

⁸ Data sourced from Whitecap's survey

⁹ Tech Nation (2020) UK Tech For a Changing World

Stakeholder perspectives on People, Skills and Higher Education

"Building a 'centre of excellence' here in Bristol has potential value to TLT – and other leading firms here. This is particularly true as an employer brand, as we think LegalTech and innovation are attractive to new hires. A key factor is the need for law firms to be solving practical problems for clients via capabilities such as legal project management, legal process design. We need an understanding of where the LegalTech market is and the skills required."

Dan Read, Partner, TLT LLP

"We need to teach tech with law at degree level – people coming into law need to be tech savvy. Ideally, we need to see local law firms linking more with UoB and UWE, to support the universities in the city better and to expand knowledge together."

Siân Ashton, Client Service Transformation Partner, TLT LLP

"There is more scope for lawyers to tech up. We have 430 undergraduates starting every year, but it was 530 this year. The curriculum was reviewed last year and there will be a double unit on law & tech but not until 2022/23."

Albert Sanchez-Graells, Director, Centre for Global Law and Innovation, University of Bristol

"My hunch is that senior people working from home have had to become more self-sufficient and digitally literate."

Owen Bishop, Director of Transformation & Operations, Bevan Brittan

"Perhaps we need to find more collaborations and strike a balance between employability and knowledge. But there are problems around incentives to collaborate and also with scale. Lawyers tend to have a very narrow focus whereas academics view a wider picture."

Albert Sanchez-Graells, Director, Centre for Global Law and Innovation, University of Bristol

"Most of our Bristol students are from within 2 hours of the university. Post study they usually either want to stay locally or head to London. Most are in their 20s but there are mature students too, including many undertaking career changes, which could be why our numbers have actually gone up following Covid."

Amanda Crutchley, Lawyer & Pro Bono Coordinator, University of Law

"We created the Centre of Global Law & Innovation two years ago, with four academics leading it. Current work focuses on areas such as the regulation of AI & Cloud Computing. We have a broad view of 'innovation' in law, and want our research to have broader impact and implications."

Clair Gammage, Education Director, Centre of Global Law & Innovation, University of Bristol

"Lawyers don't all yet have sufficient digital literacy but training demand is rising with coaching around virtual working and the newly introduced cloud tools."

Jessica Burston, Director of Operations, Royds Withy King

"This report is an important asset for the LegalTech community. UWE is committed to supporting innovation in the LegalTech sector and access to justice."

Thanh Quan-Nicholls, Digital Innovation Lead, UWE

"Students that go through university are very up to date with tech and will lead the way as they filter into law firms and start to exert more influence."

Amanda Crutchley, Lawyer & Pro Bono Coordinator, University of Law

"Leaders in law firms must regularly keep abreast of how the talent of the future is interacting and how they are using technology. They are fast becoming used to browser based experiences. It's going to be imperative for firms to consider this when deciding what technology they are employing and how."

Adam Bullion, General Manager of Marketing, PracticeEvolve

CASE STUDY: University of Law

THE IMPORTANCE OF LEGAL TECH FOR FUTURE CAREERS

The University of Law (ULaw) is pleased to support this report highlighting the depth and breadth of Legal Tech knowhow and development activities within the region. The University of Law has been training lawyers since 1876 and legal education has seen many developments in that time, but there is no denying that Legal Tech is a focus for legal education today.

Those entering the profession need to be equipped with the knowledge and skill set for the evolving technologies that are an essential part of the management of law firms, the performance of lawyers' work and their interactions with clients. Legal Tech is pervasive in practice and should pervade academic and vocational training. For those starting their careers, it should be seen, not as a threat, but as an enabler which also offers new career opportunities.

The University of Law has campuses in 13 cities in the UK, including Bristol and also in Berlin and Hong Kong. The ULaw Legal Tech Research Academy was launched in 2017 with the simple aim of providing "legal education with technology and innovation". This has seen the introduction of:

- A suite of new Legal Tech modules
- Online modules available to the public such as the Introduction to Innovation and Technology in Legal Services
- An annual student legal tech fair in partnership with Legal Geek
- Legal hackathons
- Talks to enhance awareness of Legal Tech in general, and case studies

- Coding clubs for students
- Legal Tech hubs
- Inclusion of Legal Tech in course design pervasively across most courses

For our current postgraduates, the courses have to reflect current practice of lawyers and so integrate developments as they are introduced such as e-disclosure. Those undertaking the LPC with the combined MSc have been studying Legal Technology and strategic planning for law firms.

In the new SQE courses legal technology is a pervasive element of the design but there is also dedicated module content on Innovation, Legal Technology, and Legal Project Management. The University of Law in Bristol is also offering an MSc in Legal Tech which is open to those from a law or non-law background.

In Bristol, even in the first term of the first year of our undergraduate courses students have been developing pitches for investment in fictional innovative law and legal services companies and as part of that process they have been looking at case studies of Legal Tech companies and others utilising legal technology.

There is so much innovative work being done in Bristol on Legal Tech which should be celebrated. Bristol-based lawyers have been raising the curtain on the impact of technology in their working lives, how legal technology can streamline due diligence and contract drafting, or how it can deepen the bonds to clients through data and project management solutions, and open new commercial opportunities for firms.

Connectivity within Bristol & Bath

Bristol+BathLegalTech is seen as a vibrant group that promotes connectivity to benefit all stakeholders.

There is opportunity for more multi-sector collaboration and connectivity.

The region is also building strong links outside the area.

Both government (WECA) and the legal profession (Bristol Law Society) have been actively engaged in LegalTech for a number of years.

LegalTech collaboration and networking is enhanced through other groups, including Bristol Legal Hackers, LITIG and the Society for Computers and Law.

Competition is known to create knowledge synergies through open innovation that augments the performance of each cooperating firm and the sector as a whole. However, this is yet to be commonplace in the UK's legal sector, constrained by the highly competitive environment in which the firms operate.

Despite this, Bristol+BathLegalTech and Bristol Legal Hackers (part of the wider Legal Hackers' network) have successfully created networks within the sector, designed at developing and growing an open, collaborative and innovative LegalTech community through events. Both groups have been well received and fill what was widely regarded as a gap in the region's legal sector, successfully stimulating law firm competition. However, some interviewees suggested there was opportunity to improve awareness and accessibility of the groups to a wider demographic in the LegalTech sector including smaller law firms, in-house legal departments, tech firms and higher education.

Despite the progress made in connecting up the regional LegalTech community our research identified a residual disconnect between Bristol & Bath's legal and tech sectors, reflected in a perception that Bristol+BathLegalTech is currently seen as too law firm focused. With clear demand for multi-sector collaboration to tackle legal issues, such as by leveraging the region's tech strengths and the higher education's law focussed research centres with the support of WECA, there is a

clear opportunity for the groups to collaborate and stimulate more connectivity in the region, particularly cross-sector.

The region is also developing external links that could benefit the internal legal sector. For example, some LegalTechs and law firms have started to recruit their tech expertise from outside the region due to rising costs; the Legal IT Innovators Group (LITIG) is a national legal IT forum that is strongly supported in the region and developing that connection regionally represents an opportunity; TLT's FutureLaw proposition worked closely with a London based Barclays Eagle Lab; whilst LegalTechs based in Bristol & Bath are winning clients outside the region. External links can benefit the region by raising awareness of Bristol & Bath's LegalTech capabilities and establish mutually beneficial connections that drive the sector.

The introduction over the last few years of groups like Bristol+BathLegalTech, Bristol Legal Hackers and more established groups like LITIG and the Society for Computers and Law is helping to bridge the gap between law firms and technology suppliers to open up areas of shared interest in the region. They also all offer an opportunity to network with fellow innovators and legal engineers as these roles continue to grow in the region's legal sector.

Stakeholder perspectives on connectivity

"Collaboration in law has been poor but is changing and getting better. We should be proud of the Bristol Pro Bono group as it's one of the few, if not only one of its kind."

Amanda Crutchley, Lawyer & Pro Bono Coordinator, University of Law

"Collaboration regarding legal tech can only help to increase access to justice for those individuals and not-for-profit entities who are in need of legal assistance. However, law firms and other providers of pro bono services must work together to ensure that any proposed technical solutions are tailored to clients who often find it challenging to use digital services."

Victoria Channing, Pro Bono Manager, Simmons & Simmons

"The South West a good region to scaleup in. Our office is in Bath, right by Bath Spa train station and a short hop to Bristol and the rest of the South West. There's a great (and possibly unique?) blend of collaboration and competition here – people to challenge and support us as we grow. We love the connectivity in the region."

Richard Godfrey, CEO, Rocketmakers

"Regional focus doesn't matter as much now, but there is no doubt a local business community is important. How can providers in the region win business without networking?"

Paul Hardman, Commercial Director, GL Law

"We need a forum that brings all this together and the West of England has to grasp this now, before others do."

Peter Allchorne, Partner, DAC Beachcroft and lead, innovation R&D hub, Innovations Lab

"More agenda time for collaboration and open discussion among industry stakeholders, including in-house legal teams, could strengthen the competitive offering of the region."

Tanya Corsie, CEO & Steve Wanless, CCO & Phil Coleman, Director of Technology, Iken

"Networking at Bristol+BathLegalTech is of huge value for the in-person events".

Tom Moore, Business Development Director, Acronyms

"The region has all the potential benefits of the other sectors thriving here, but it must connect with those effectively. So the challenge becomes how do we get the legal sector to better engage with high tech and creative?"

Peter Morris, Chair of Bristol Law Society Pro Bono Group & former Managing Partner, Burges Salmon

"Lawyers are still too low tech. AI is perhaps too far for them at the moment although in principle it could be applied to a number of areas. We have been pulling ideas mostly from a design sprint we did with Bristol+BathLegalTech and some law firms. We are starting to get people together."

Dr Paul Matthews, Information and Data Science, UWE

"One thing Bristol needs is a thriving flourishing network; we are keen to take BBLT further."

Ed Boal, Director & Head of Legal Ops, Stephenson Law

"As a business, we are very open to collaboration. There will always be certain sensitivities, but there is no reason why we can't have relatively vanilla platforms that firms can build on – everyone at the base level is doing the same but together we could drive efficiencies and achieve so much more."

Antonia James, Director of Client Relations, VWV & Director of VWV Plus

"We are keen to find ground for cross firm collaboration. There are lots of opportunities to collaborate and we shouldn't let natural and healthy competition get in the way. It's a classic pyramid – at the bottom end where we are facing compliance burden, we need efficiencies and it is fairly generic; firms can work together. Towards the top of the pyramid where we are working in specialist areas, it gets more competitive and protected."

Martin Cuell, Partner, Foot Anstey

"Our Local Enterprise Partnership includes members from the growing tech and legal services communities. We are keen to support our regional stakeholders as they develop their R&D and innovation proposals into commercial applications that will have regional, national and global impact."

Steve West, Chair of the West of England Local Enterprise Partnership



Funding & Investment

Specific LegalTech funding activity has been relatively low to date

Overall, the region has performed strongly in terms of investment activity over recent years

There are a number of sources of funding support for early stage businesses

A healthy funding ecosystem can help support the development of the LegalTech sector in the region. There has been some investment activity in LegalTech, but it is not as prevalent as it is in more established tech sectors such as FinTech. Some LegalTech funding in the region includes Shout 4 and Babel raising capital through grants and angel investors, with Barbel securing £150k.

In December 2020 there was a significant deal within the region's LegalTech sector as Cork-based legal software provider, PracticeEvolve Group announced the acquisition of Bath-based case and practice management provider Solicitors Own Software (SOS), which has 17,000 users across Britain. SOS managing director Graham Colbourne said the deal would allow the business to continue to scale up and PracticeEvolve global chief executive David Boland explained: "acquiring SOS, with their well-known brand and strong client base, is a signal to the market.... I appreciate this is a bold claim but, in our opinion, the market has been stymied by legal-tech providers reducing investment, lacking ambition, and offering minimal service and support".¹⁰

Published data shows Bristol is performing well when compared to larger UK cities. For example, a report by Tech Nation and Dealroom.co for the Digital Economy Council in 2019 found that Bristol received the third most investment of all UK cities, with only Manchester and London raising more during that year. In June 2019, Sifted used Pitchbook data to rank non-capital cities across Europe by the number and value of angel, seed and early stage VC deals closed between 2013-18. Bristol was ranked 9th, and 10 of the top 20 were UK cities. Oxford, Cambridge, Manchester and Edinburgh were the only UK cities to rank higher. There is also more recent evidence published in December that the UK's regional tech clusters are prospering, with Bristol being one of four to see sharply higher levels of venture capital investment in 2020. Oxford, Cambridge, and Newcastle were the others that achieved more VC investment than the previous year. "

In December 2020, Beauhurst reported that Bristol was ranked 8th in the UK in terms of number of deals with 43 up to that point in the year. AI, Cybersecurity and FinTech were the main sources in terms of deal numbers, all of which are sectors that overlap with elements of LegalTech, giving cause for optimism for LegalTech startups seeking funding in the region.

There is specific support available for startups and early stage businesses in the region.

- **SETsquared** is cited by many as a 'jewel in the crown' of the South West startup scene. It focuses on nurturing technology-based businesses throughout their lifecycle from idea through to investment and scaleup. Via its university partners, it operates five Business.
- **Acceleration Centres**. In February 2021, SETsquared announced that its members raised £40.2 million in

2020, contributing to over 10% of the total investment raised by the South West region for the third consecutive year. It also created 225 new jobs in the city region, generate £32 million in turnover revenues, and achieve record numbers for leadership diversity. TechSPARK is a not-for-profit network dedicated to connecting, educating and strengthening the digital tech cluster in the West, including helping them secure funding. Its Silicon Gorge Investor Showcase is a bi-annual pitch competition open to Tech & Creative companies based in the South West of England and South Wales who are looking for between £100k - £2m in equity funding. There is also a less rigorous Quarterly Investment Briefing (QIB) series of events and newsletters to help the regional investment community to share, learn and network.

- **Bristol Private Equity Club (BPEC)** has invested more than £7m in 23 companies since 2017, covering 41 deals in total (including follow-on), with an average of £300k deal size.

SETsquared Bristol is also an active supporter of making tech more inclusive. Its initiatives to give under-represented groups access to funded business support and coaching include its Breakthrough Bursary for BAME (Black, Asian and Minority Ethnic) startups, now in its second year, and its Enterprising Women programme, in partnership with NatWest. In 2020, women made up 45% of its member founders/CEOs, and people from a BAME background made up 23%.

¹⁰ Law Society Gazette (2020) UK acquisition by Cork legal-software provider. <https://www.lawsociety.ie/gazette/top-stories/uk-acquisition-by-cork-based-legal-software-provider/>

¹¹ Business & Innovation Magazine (2020) High tech jobs recovery gathers pace with Oxford and Bristol among front running cities

Further information

Participants

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Acronyms

Amdaris

Barbal

Barcan+Kirby LLP

Bath & North Somerset Council (BANES/B&NES)

Bevan Brittan

Bramcote Holdings Ltd

Bristol Law Centre

Bristol Law Society

Bristol Legal Hackers

Bristol Pro Bono

Bristol+BathLegalTech

Burges Salmon

Clutton Cox

CMS

CMS CMNO LLP

Conscious Solutions

DAC Beachcroft LLP

Datasharp Integrated Communications

Edge International

Fintech West

Foot Anstey LLP

Gapsquare

GL Law

Iken

Invest Bristol & Bath (part of WECA)

Jikko Consulting Ltd

Legal Words

Lights-On Consulting

Manzama

OpenTenancy

Osborne Clarke LLP

Panache Software

PractiveEvolve

Rocketmakers

Roxburgh Milkins

Royds Withy King

RPC

Sara Traynor Coaching

Sensecheck

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Thrings LLP

TLT LLP

University of Bristol

University of Bristol Law School

UWE

Viu Systems

VWV

West of England Combined Authority

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