

Law through a wider-angled lens

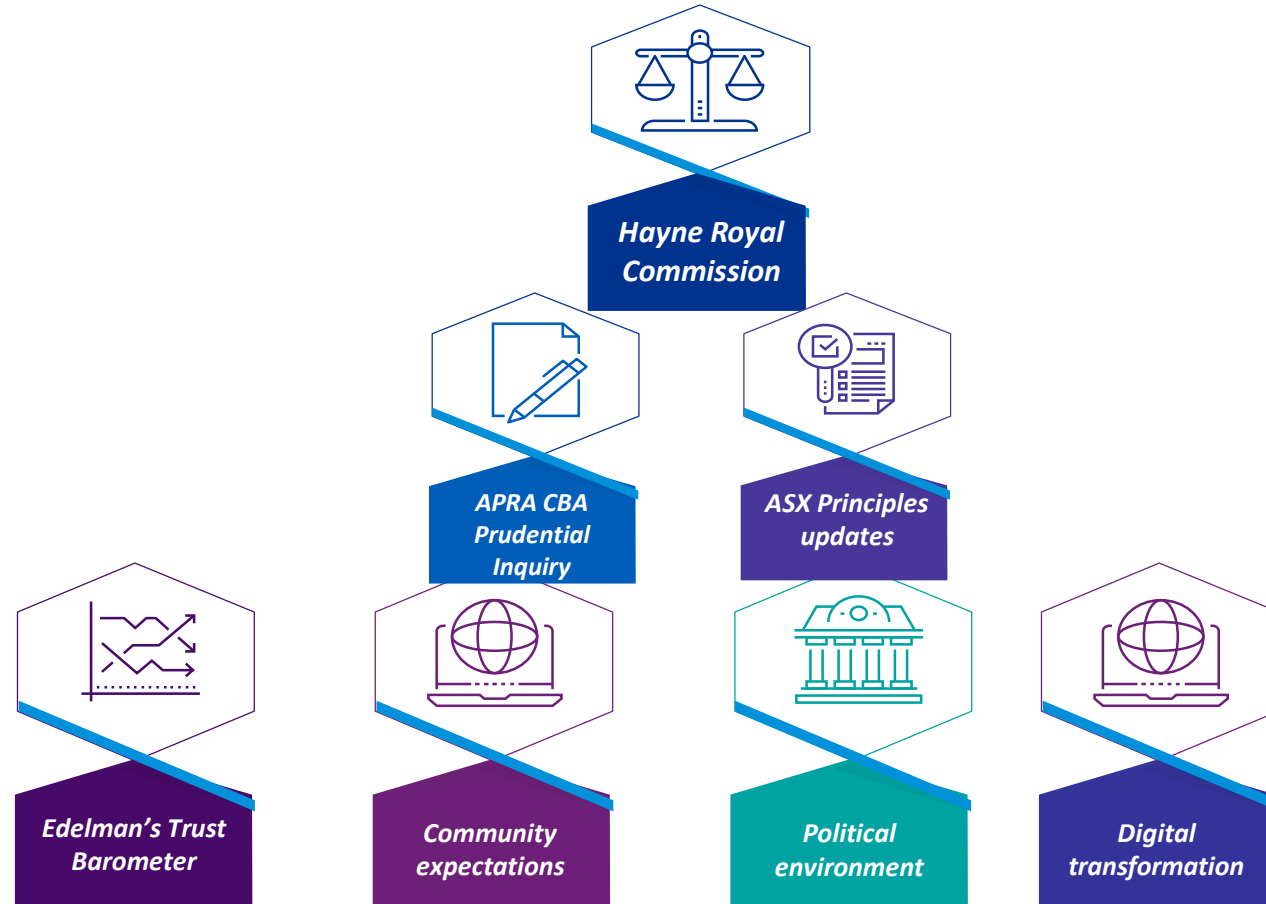
Stuart Fuller
KPMG Law



Pressure points



Key external forces



Hayne's "new" norms

- Obey the law
- Do not mislead or deceive
- Act fairly

- Fit for purpose
- Use reasonable care and skill
- Act in the best interests of the client

Recommendation 7.4

Regulation follows the relevant norms
of behavior

APRA's perspective



Role of the Board



**Senior Leadership
Oversight**



**Risk Management
& Compliance**



**Issue Identification
and Escalation**



Accountability



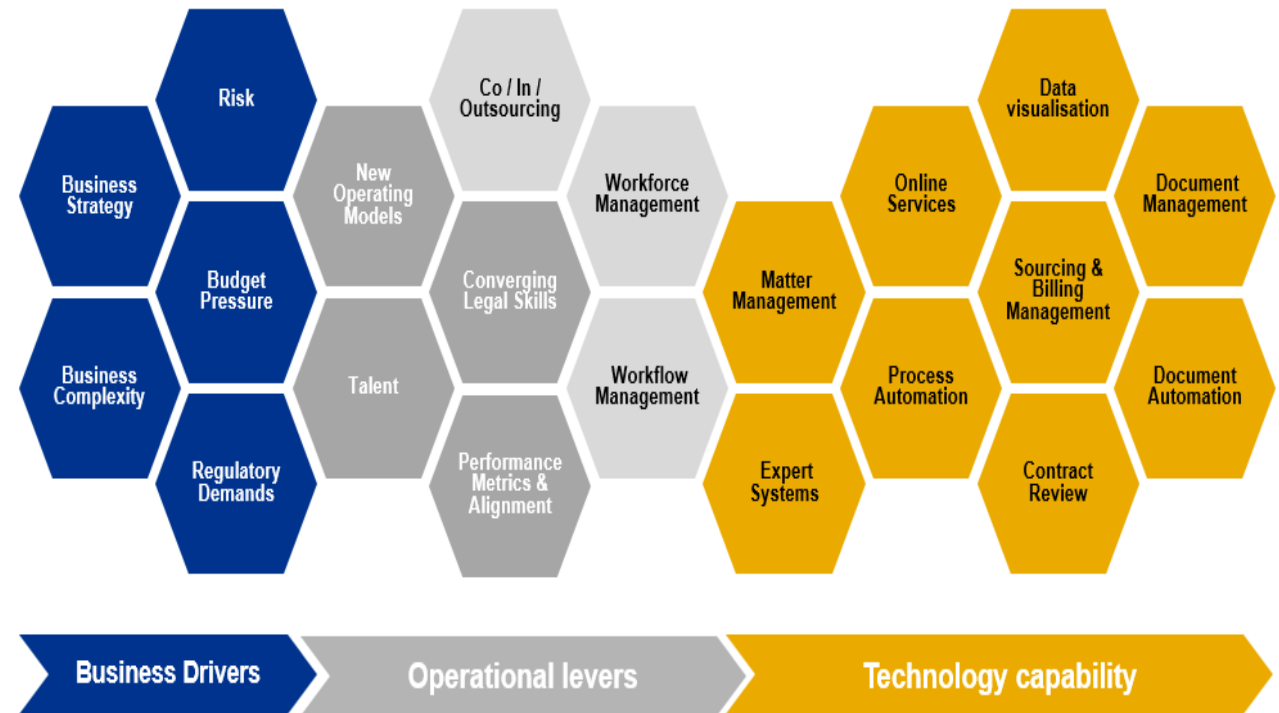
**Culture and
Leadership**

Changing operating dynamics

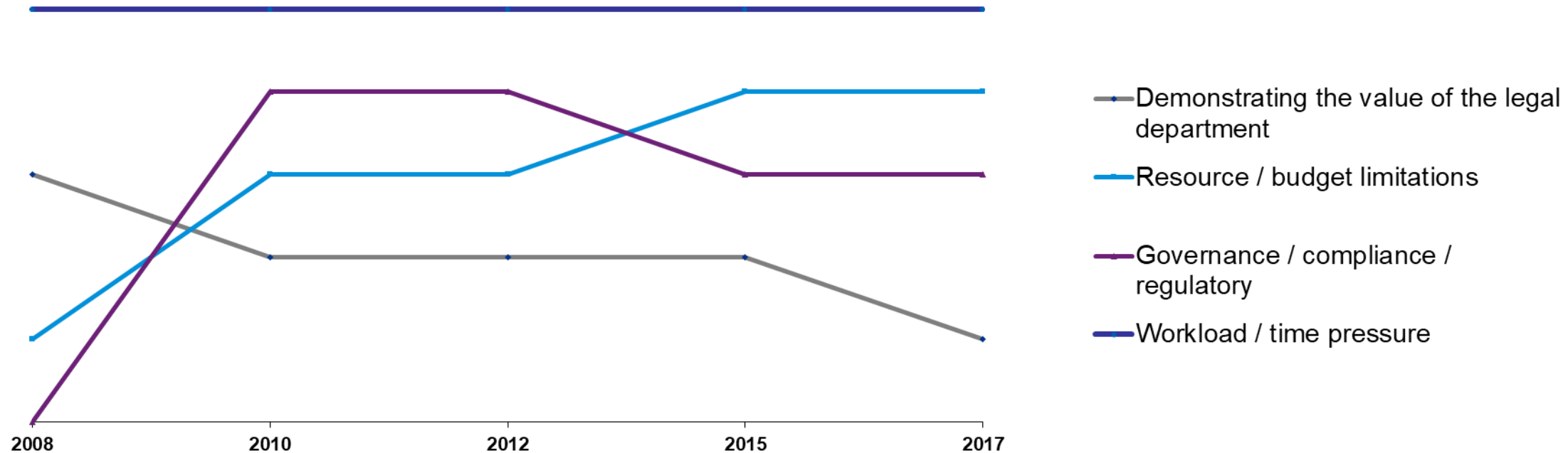
Macro forces



Micro drivers



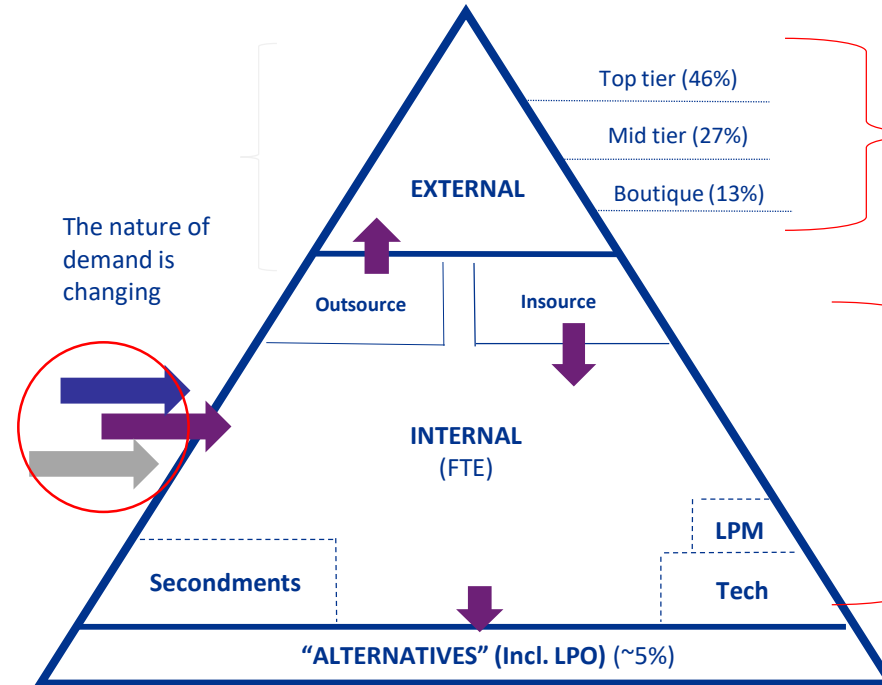
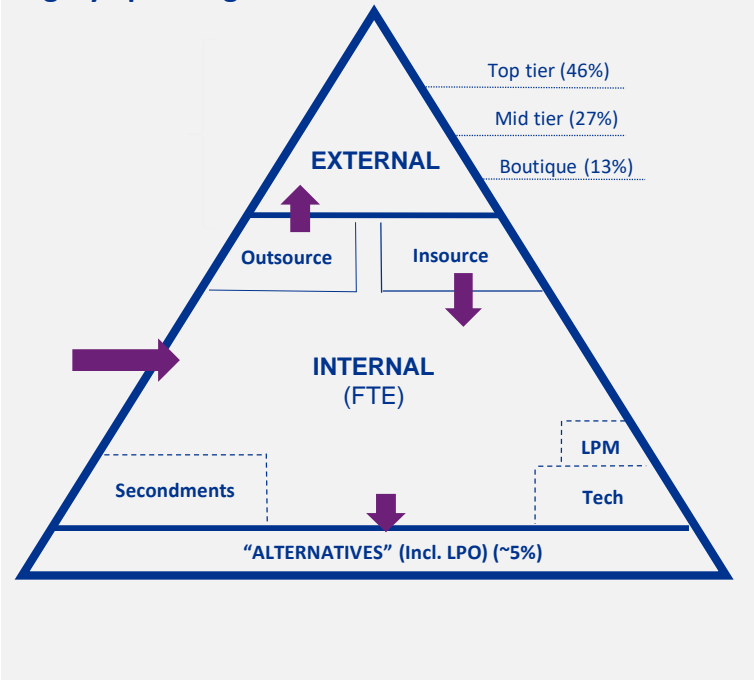
Most pressing issues in the ANZ in house profession (trends over time)



ACC Benchmarks and Leading Practices Report, 2017, KPMG Analysis

Legacy models and levers under pressure

Legacy operating model



The nature of demand is changing

80% are under pressure to reduce external legal spend....

49% are under pressure to reduce internal legal spend...

...while total mean legal spend is **increasing**...

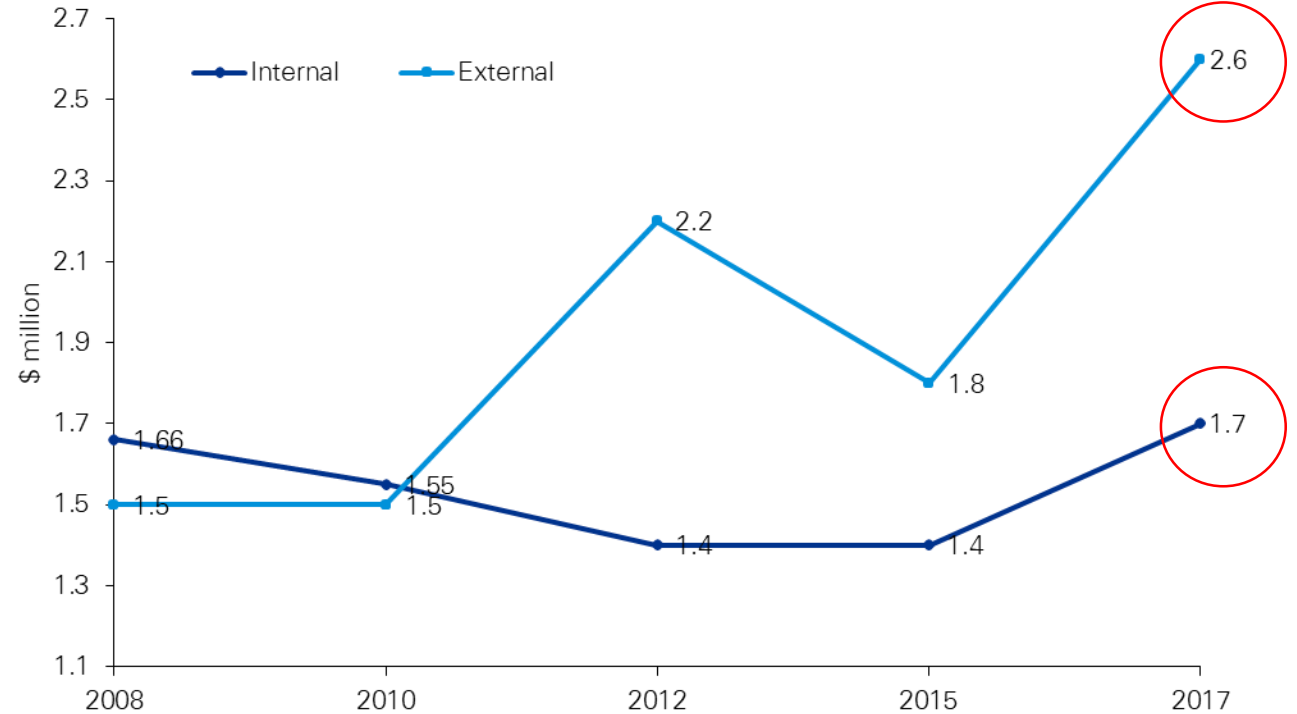
ACC Benchmarks and Leading Practices Report, 2017, KPMG Analysis

Leading indicators

Total in-house spend over time (mean)



In-house internal v external spend over time (mean)



ACC Benchmarks and Leading Practices Report, 2017, KPMG Analysis

Drivers of supply



Legal functions are building new capability and demanding more from their advisers

IN-HOUSE OPERATING NEEDS



KEY QUESTIONS

- What is technically the right answer?
- Which law firm should we use?

- How do I prioritise client work?
- How do we get budget for more lawyers?
- How do I respond faster to client needs?

- How do we increase the organisation's capacity to make legally informed decisions?
- How do we scale legal guidance?
- How do we identify new vendors to scale our impact?

Demand side drivers



Pressure on budget and spend



Expanding mandates



Operational efficiency & productivity targets

Focus on legal department operations



Operating models & activities



Resourcing & capability



Sourcing and work allocation



Technology

Demands on external service providers



Visibility & transparency



Predictability and reliability



Innovation in service delivery



Cost reduction

Supply side adaptation



Blending of traditional law and ALSP via alliances / M&A to develop consolidated alternative service delivery value chains
(aggregator value model)



Vanguard of global ALSPs with deep capability and expanding reach



Thin segment of traditional law seeking to establish new delivery platforms

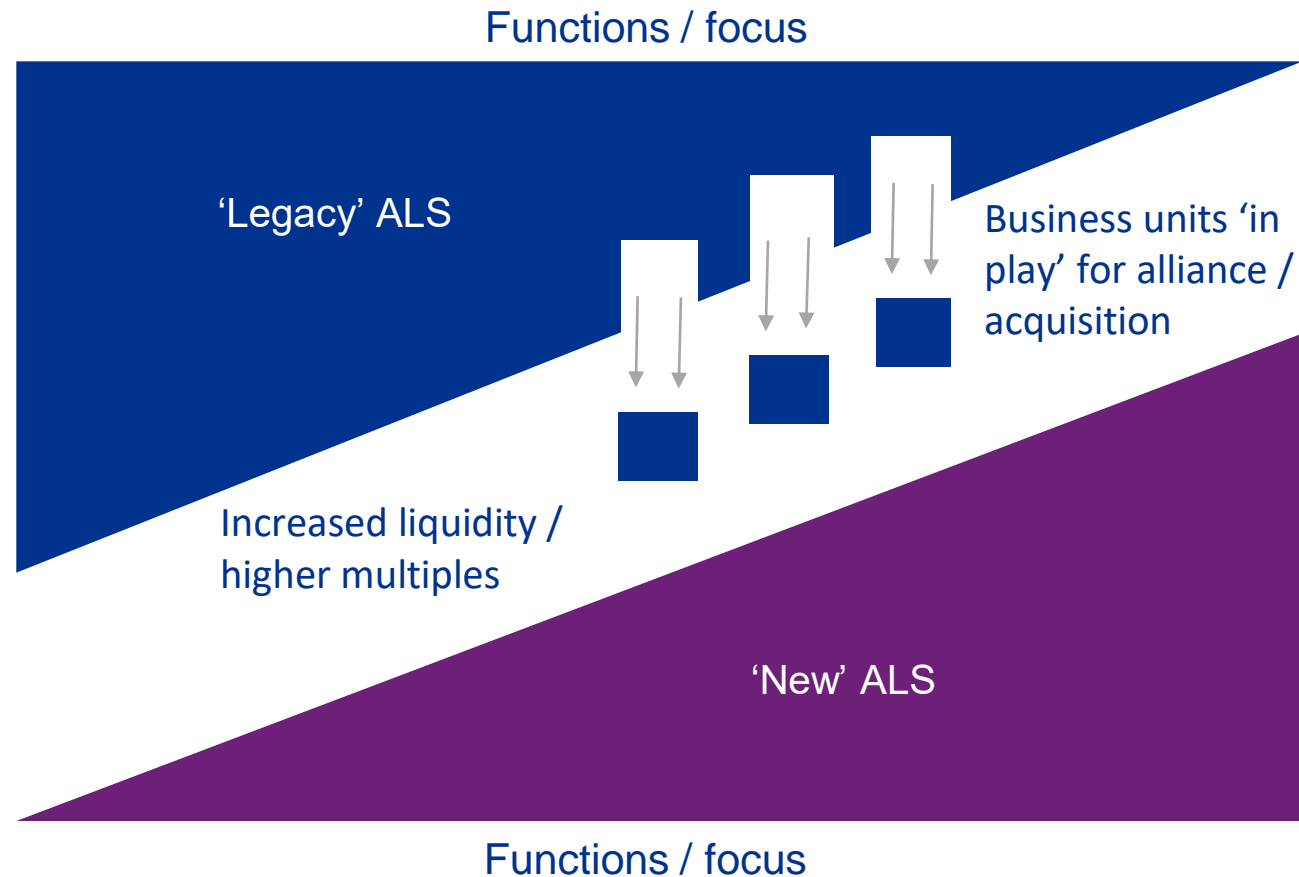


Traditional law investing in innovation and technology

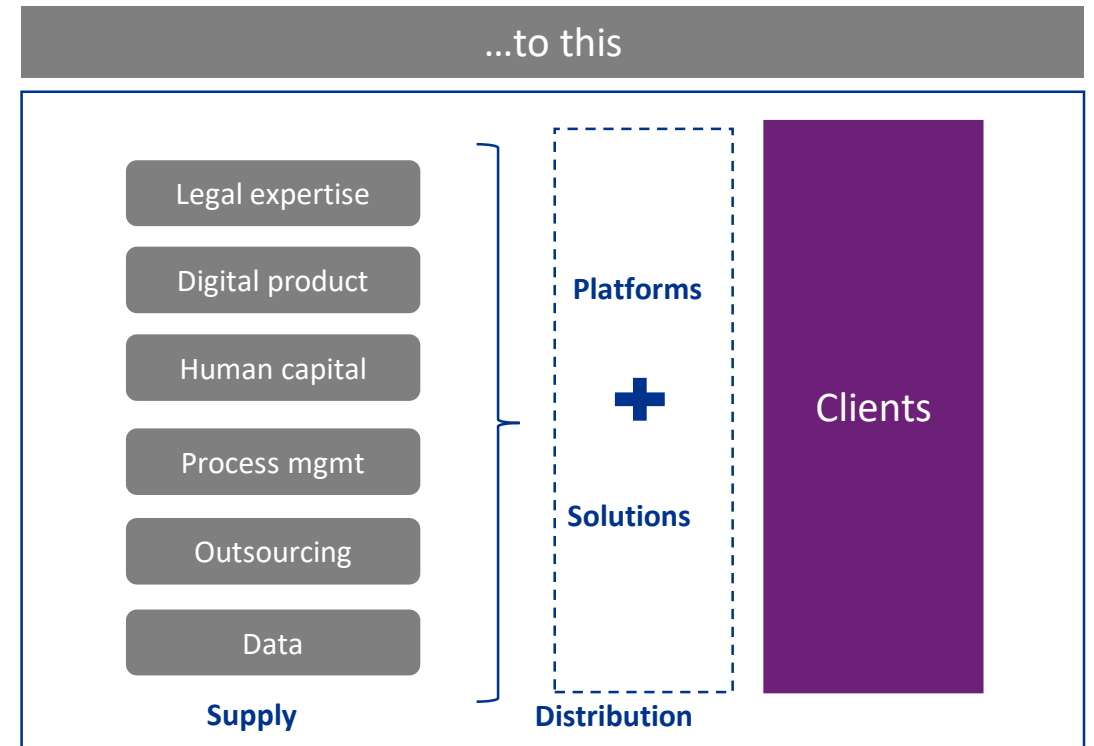
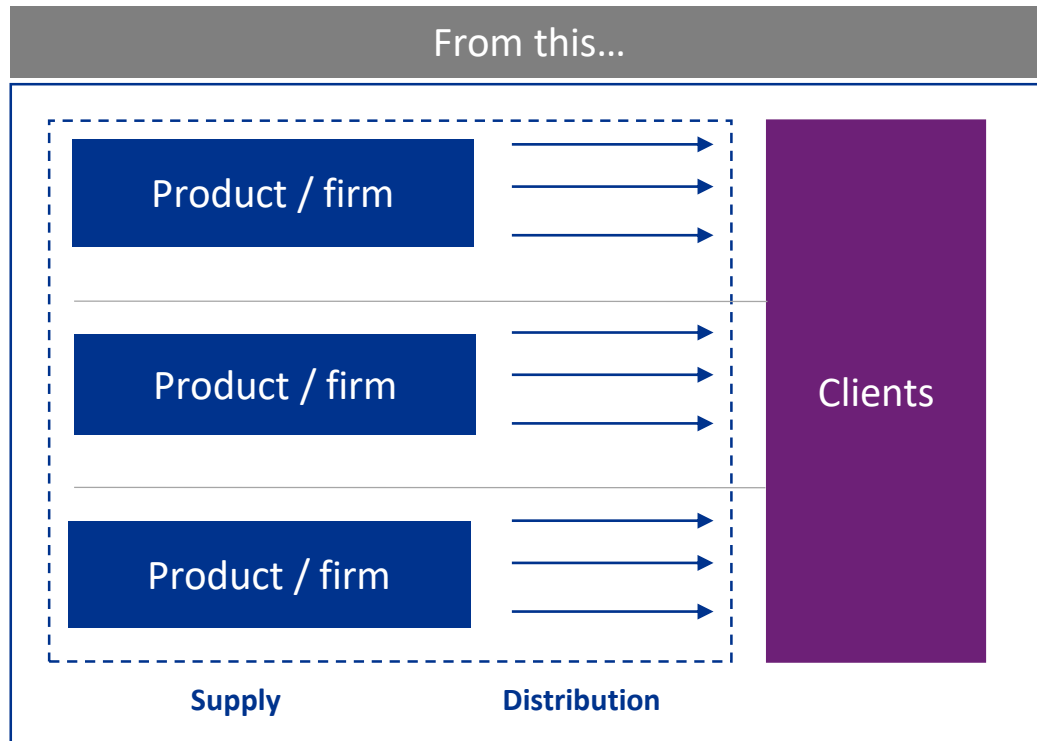
Legal technology and 'alternative' services – a busy space



A maturing alternative market



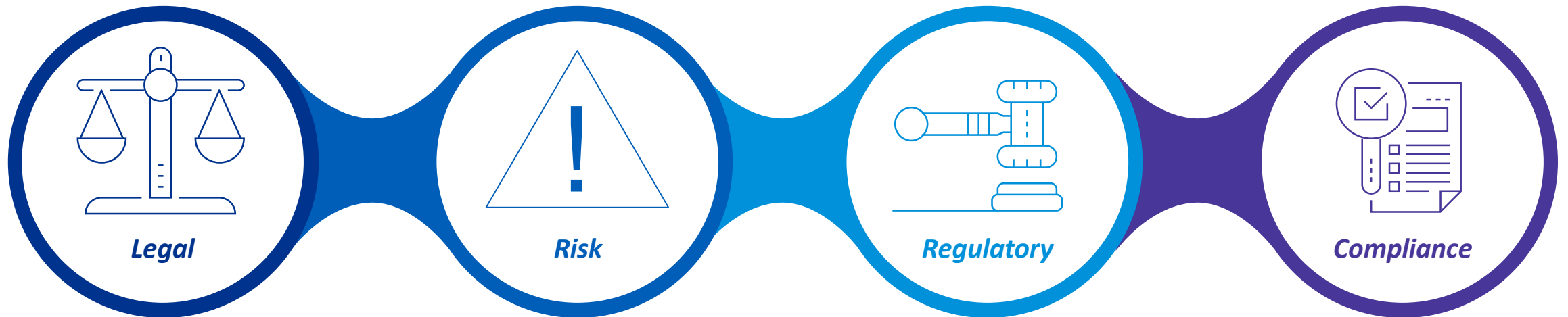
Consolidation and aggregation



A view of the future

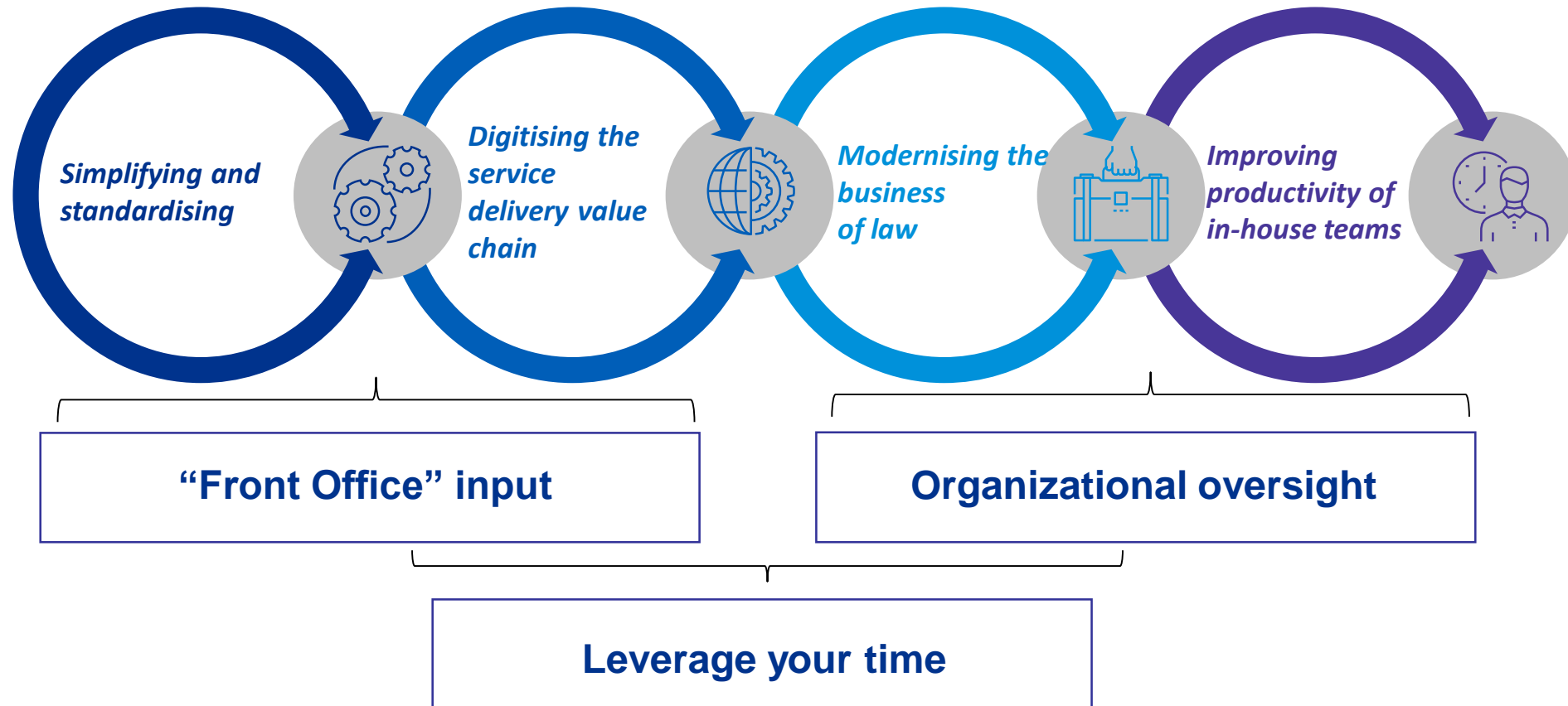


A new lens

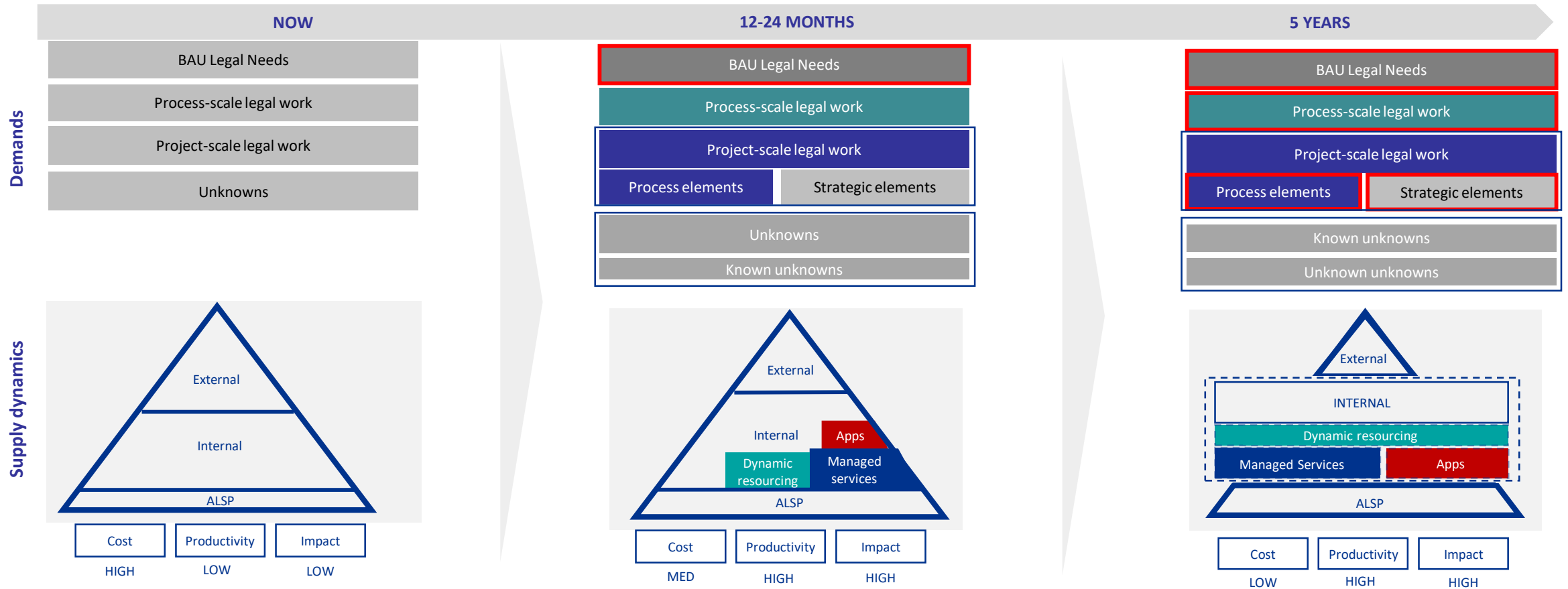


Separate views but now one insight

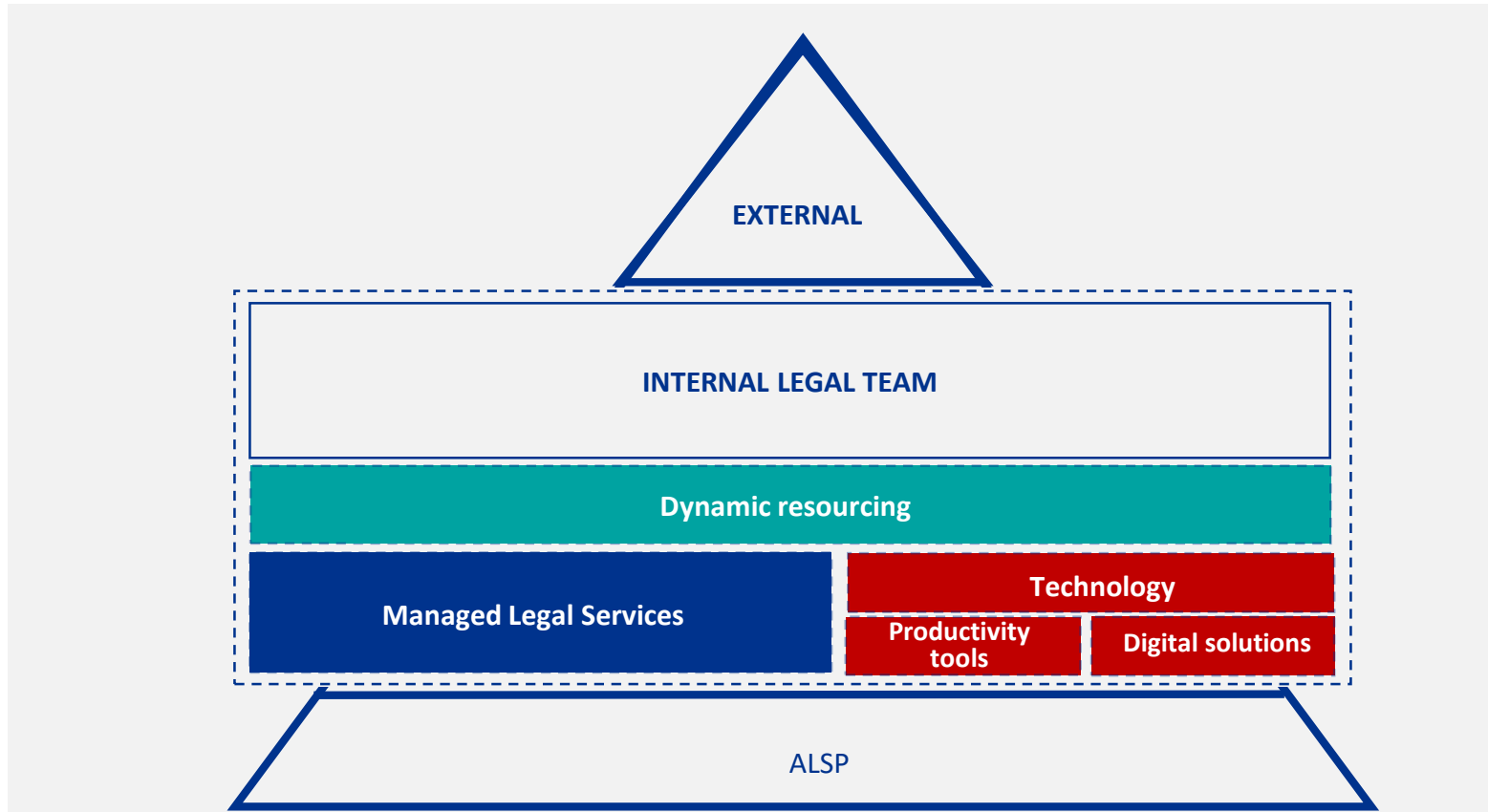
Key ingredients of sustainable, impactful change



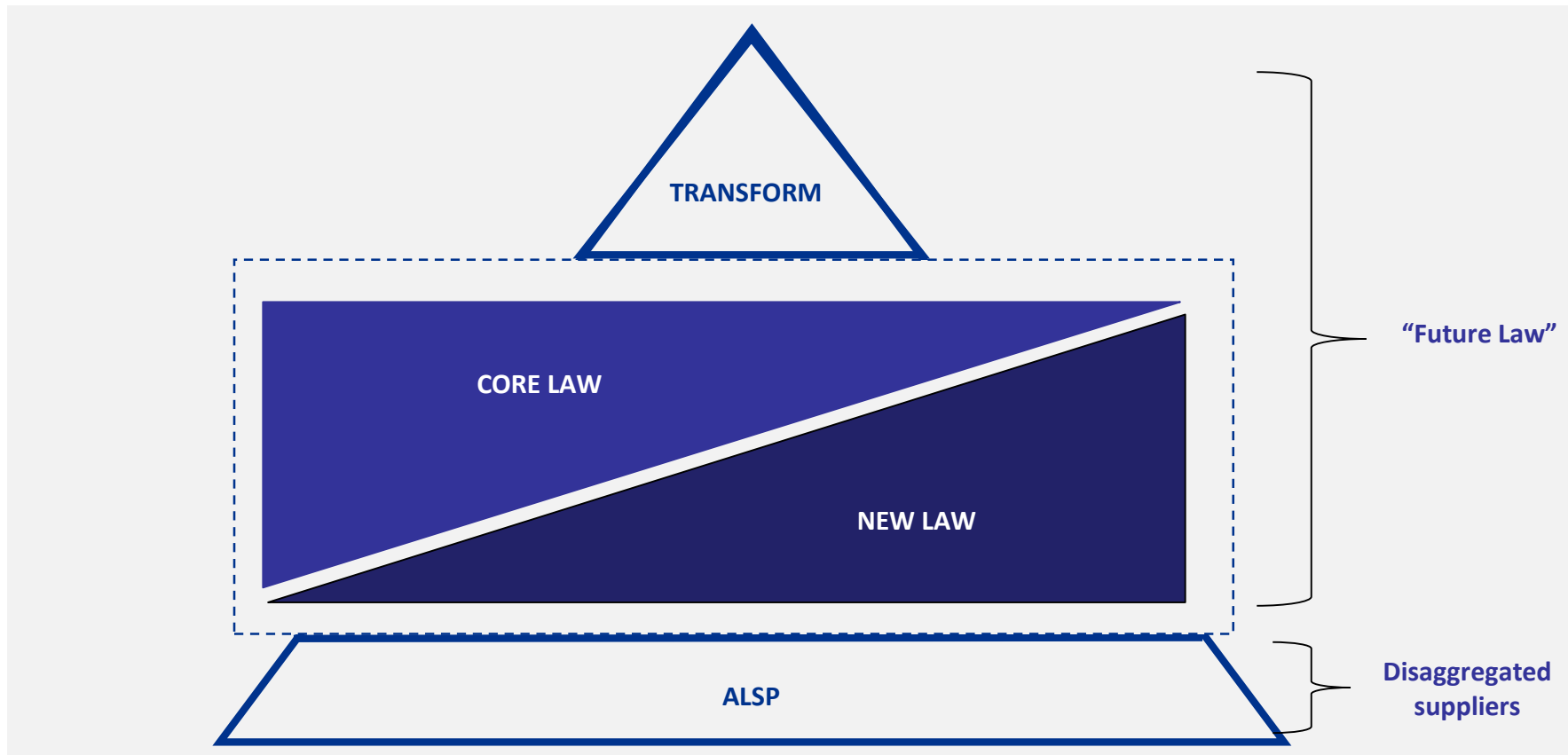
The journey



The “future – fit” model



The “future law” adviser

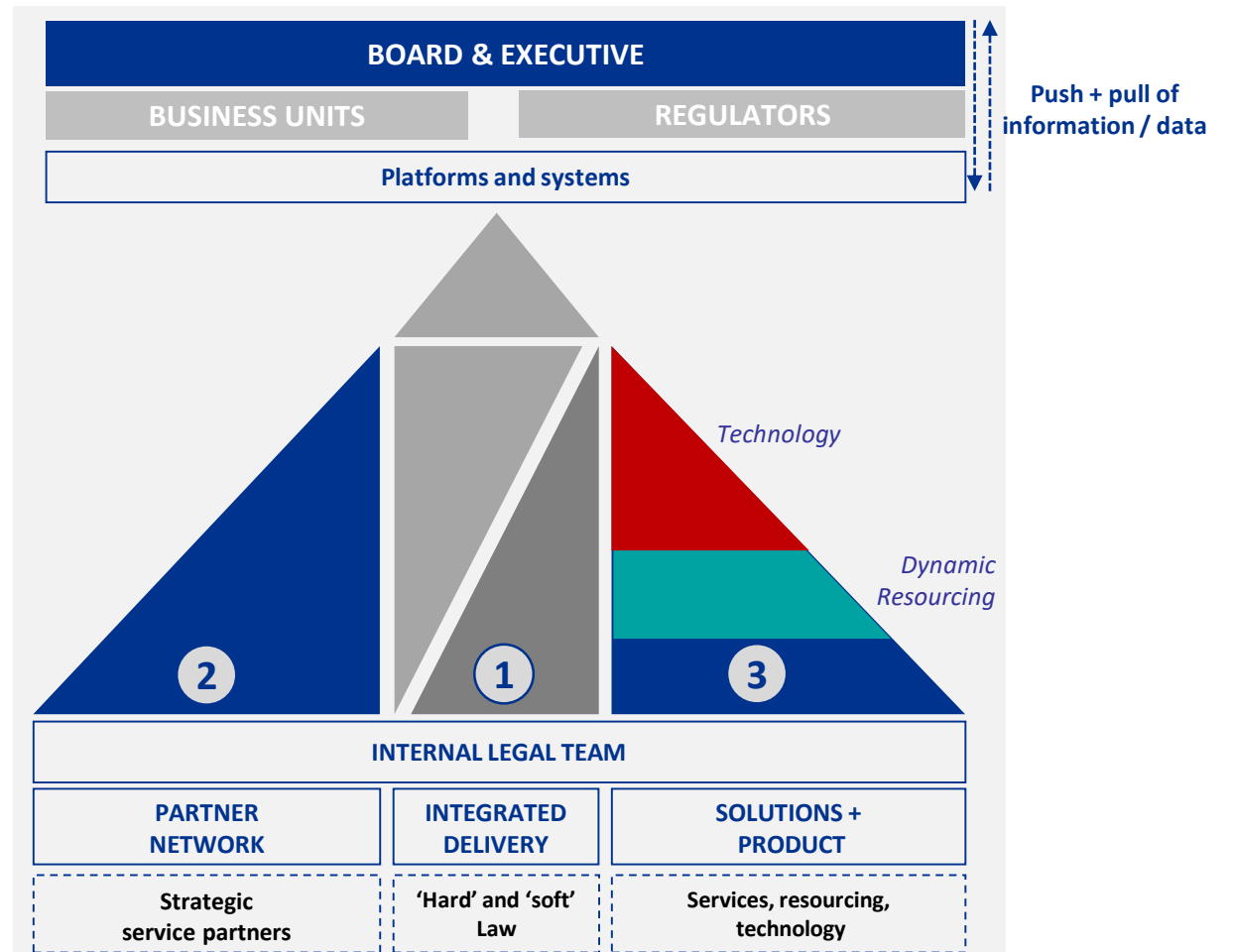


The “future-fit” model

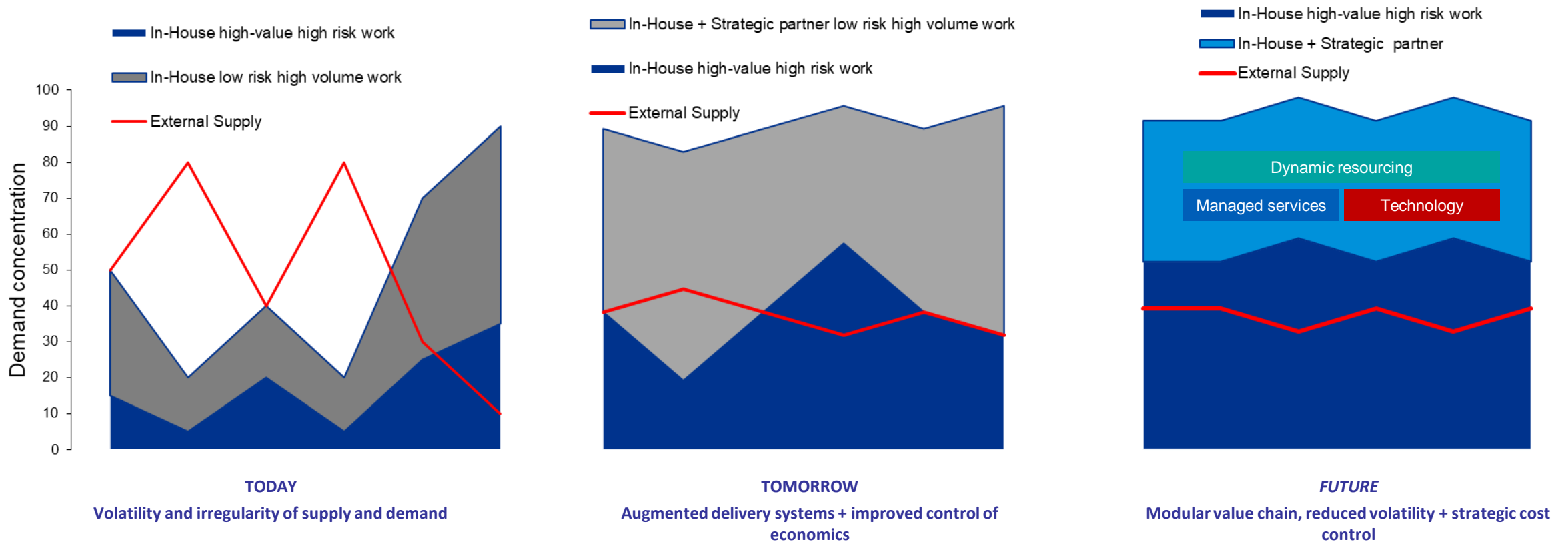
- 1
Core service – what you do and why you do it

- 2
Partners – who you partner with and why

- 3
Enablers and enhancers – What you use to drive you forward across people, process and technology



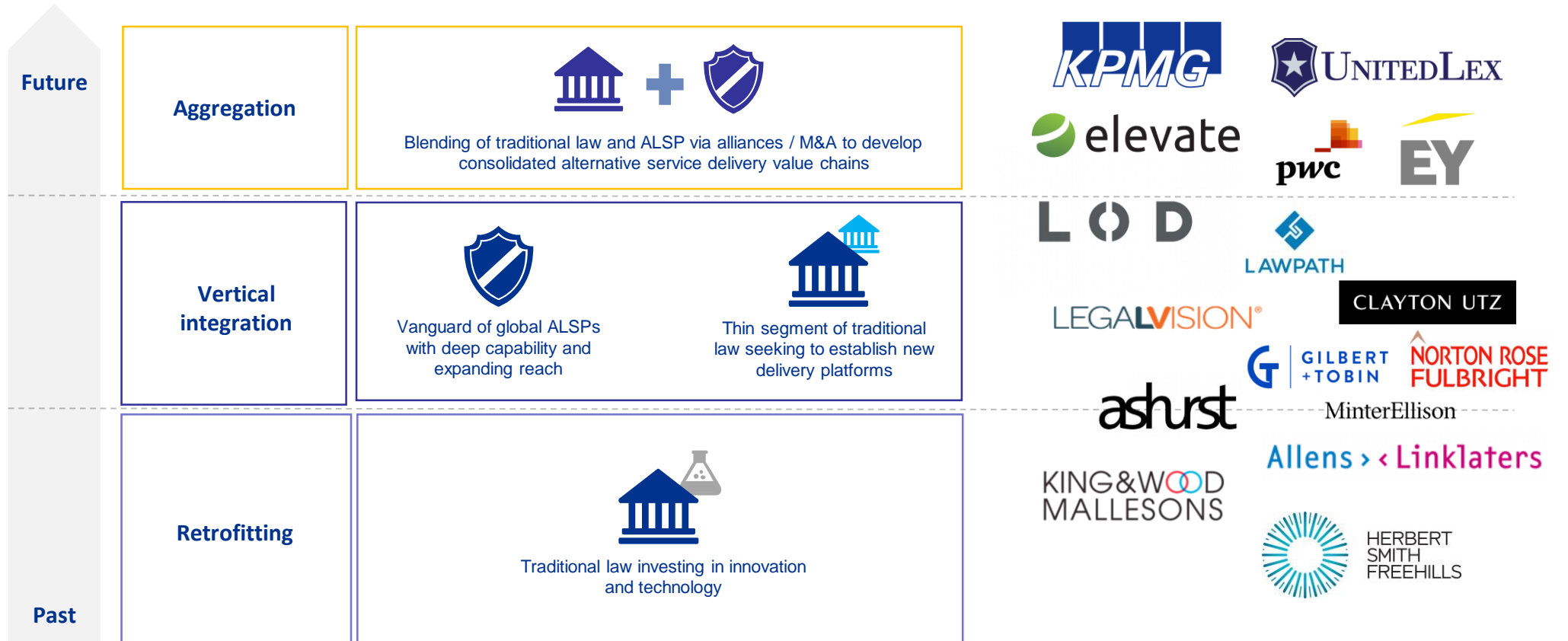
Benefits of a modular value chain



Wider angle lens of your adviser

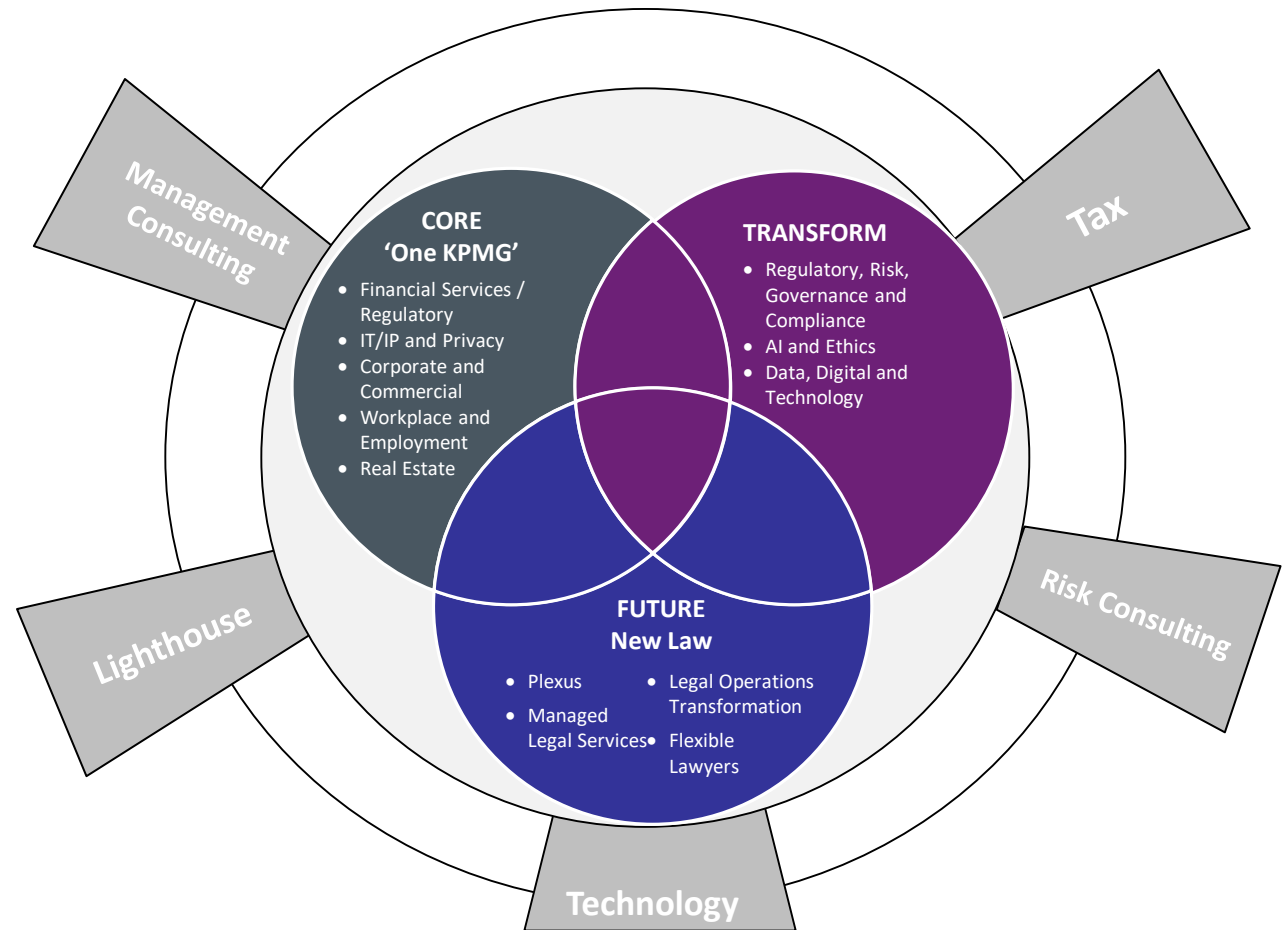


An evolving adviser landscape

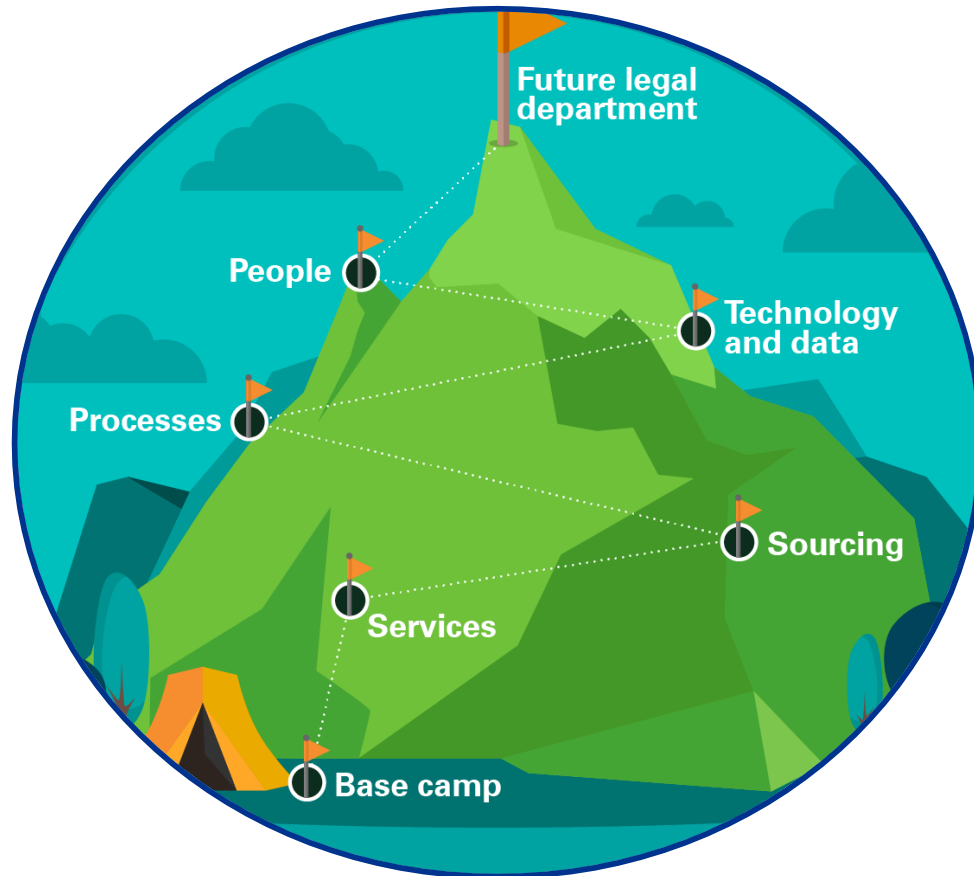


KPMG's Approach

We are building the leading integrated technology-enabled legal service solutions in the Australian market; comprised of 'core' legal and diversified alternative legal



KPMG LOTS – driving in house excellence



Basecamp – plotting your transformation journey

Services – service provision review and rationalisation

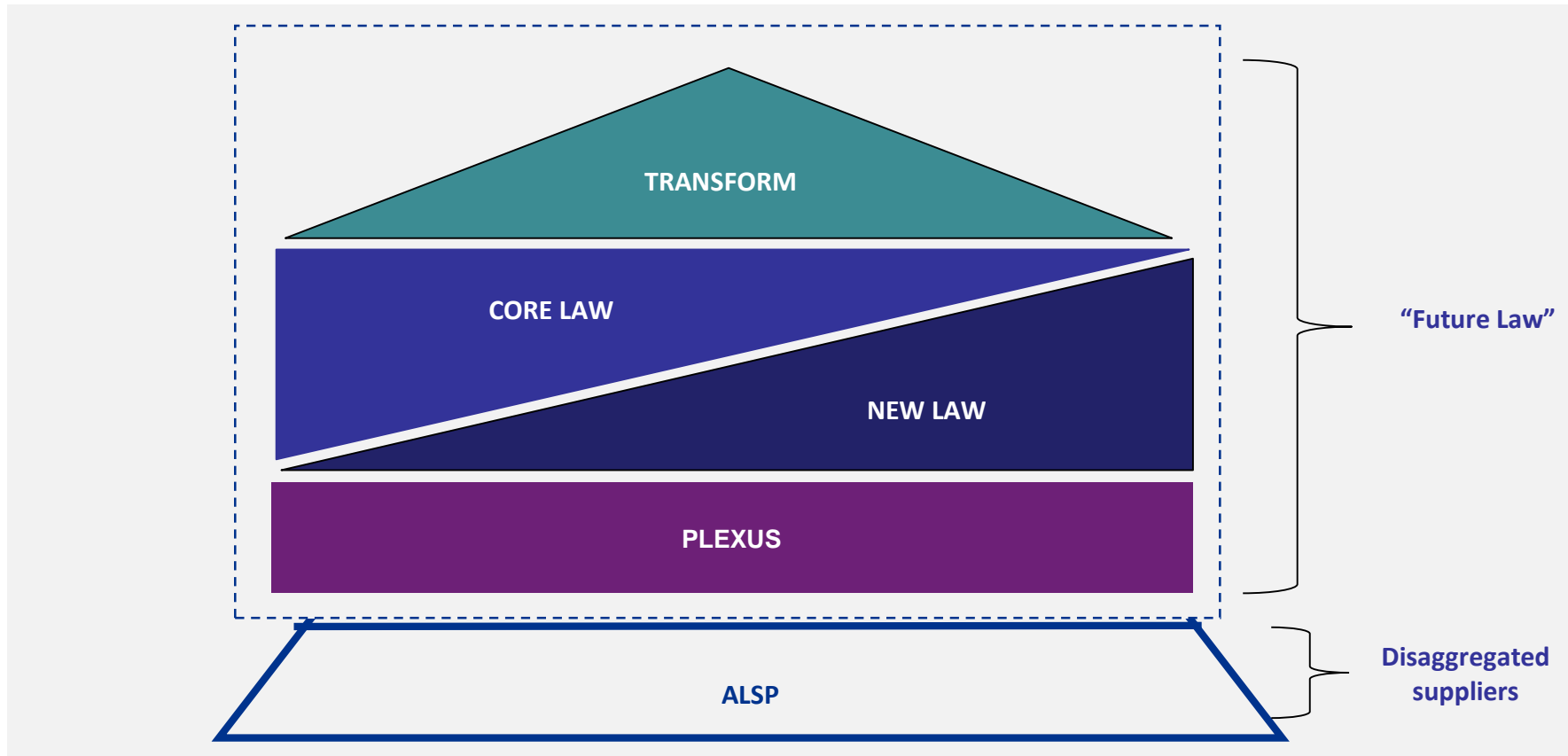
Sourcing – reducing costs and increasing value

Processes – service delivery efficiencies and improvements

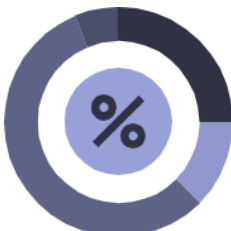


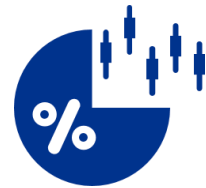
Technology and data – current and new tech solution maximisation





People – utilisation, skills for the future and optimal structure

KPMG Future Law model



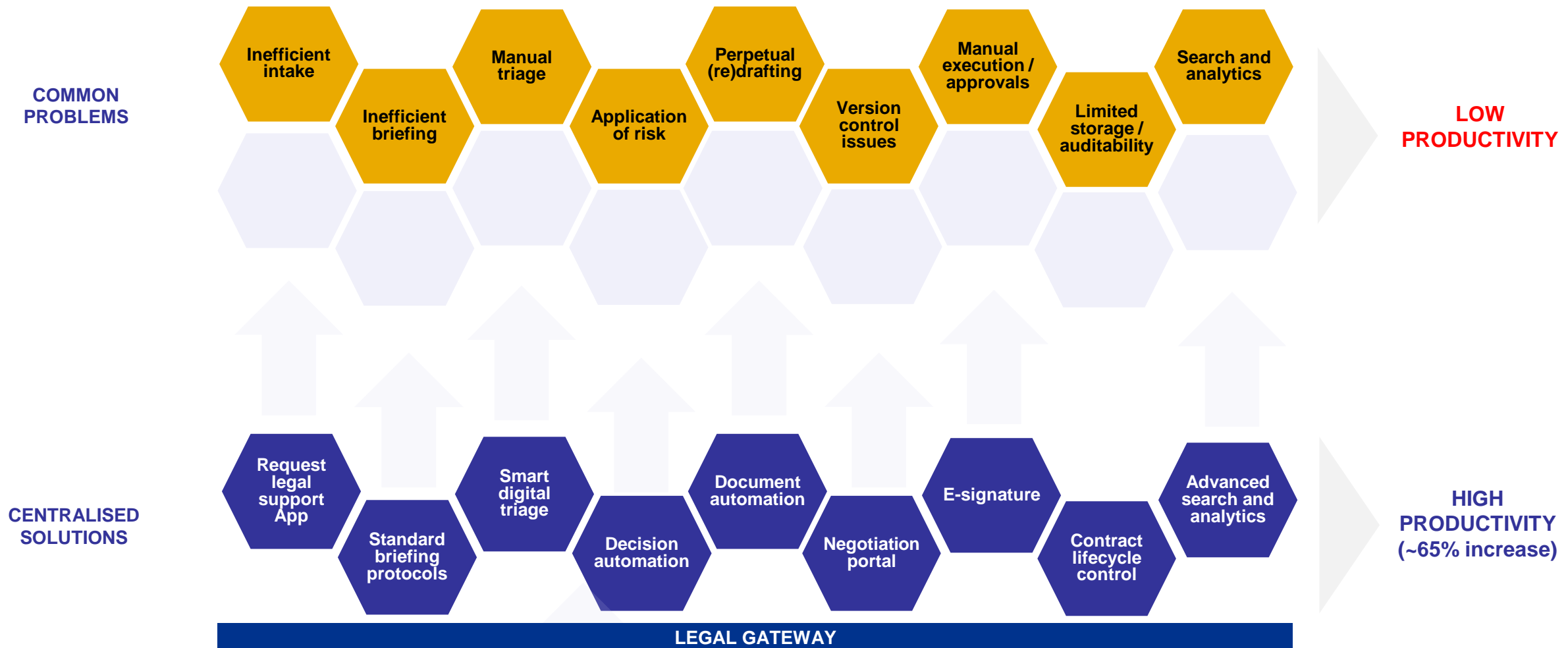
KPMG + Plexus: Powerful alone, incredible together

PLEXUS	
 Legal Productivity Tools	 Legal applications
 Workflow management	 Talent

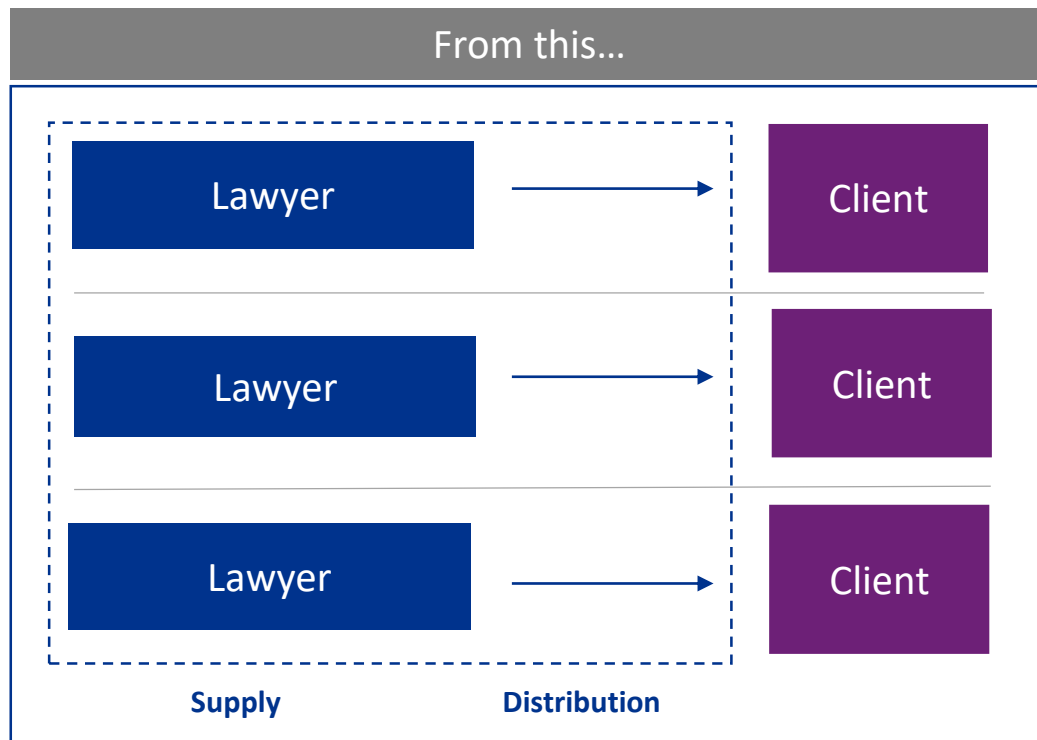
KPMG + PLEXUS		
LOTS		<ul style="list-style-type: none"> ✓ Market leading in-house operations platform – Legal Gateway ✓ Shared vision for driving in-house excellence
MLS		<ul style="list-style-type: none"> ✓ World-class automation platform enabling workflow automation at scale ✓ Combined MLS structure and management
PLS		<ul style="list-style-type: none"> ✓ Suite of applications already in market with track record of client use ✓ Deep legal technology development expertise
FLS		<ul style="list-style-type: none"> ✓ Established book of legal talent ✓ Strong management team with deep contingent legal services expertise ✓ Proven processes and back-end management

What is the 'system of record' for the in-house legal function?

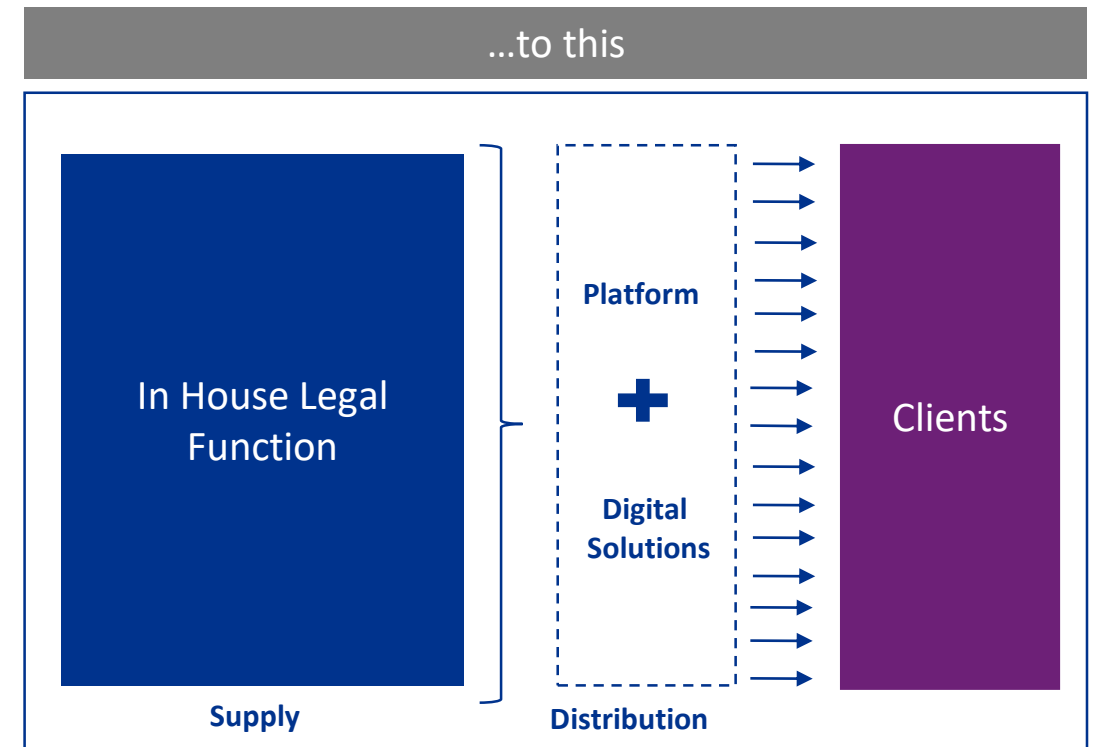




A potential future state of the function



Building the legal *department's* capacity to support more decisions...



...Building the *organisation's* capacity to make better decisions

Reflections: Big Law to Big 4



Q&A

