



LPE Quarterly Pulse Survey Insights **Q1** 2021

PULSE REPORT FINDINGS
LEGAL PROFESSIONALS EUROPE

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Introduction

This report presents findings from survey work undertaken in the first quarter of 2021 and builds on previous surveys conducted in October 2020 and May/June 2020.

The survey aimed to find out more about the three and six-month outlook in the current climate across different segments, views on how demands for legal services may change and what the responses to these changes may be.

Summary

There is continued optimism from respondents for both the three and six-month outlooks, with only 10 percent of respondents expecting to see a decline for their services going forward.

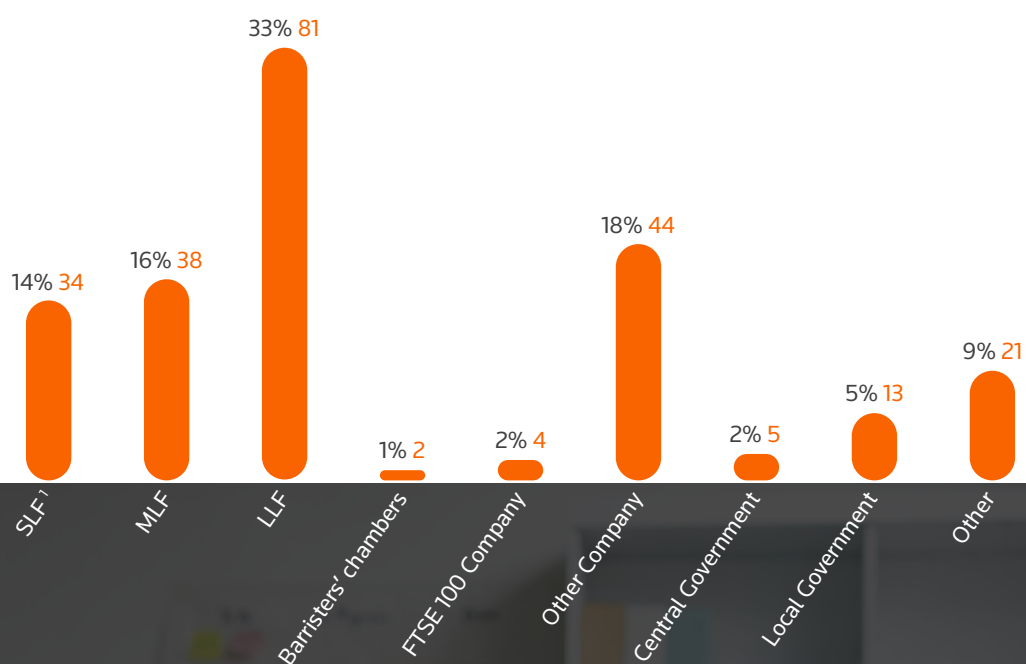
There are changes to the practice areas where respondents expect to see an increase in demand as compared to the previous survey. Employment (across all client bases), Litigation/Dispute Resolution and Commercial Transactions/Contracts, Corporate Mergers and Acquisitions (M&A), and Commercial Property (across all client bases except Consumer for Large Law Firms (LLF) and Medium Law Firms (MLF)), are the top five practice areas expected to generate this demand.

Government and Corporate clients expect to continue to outsource to law firms, in order to deal with increases for demands on their internal departments, with Corporate respondents expecting that there will also be a need for risk and compliance (risk advisory) expertise alongside other practice areas.

Approaches to the anticipated increase in demand are similar across segments with respondents expecting their organisations to be considering some form of technology solution, indicating that they expect the uplift in demand to become the norm.

Respondent detail

Figure 1: Responses by firm type (number and percent)

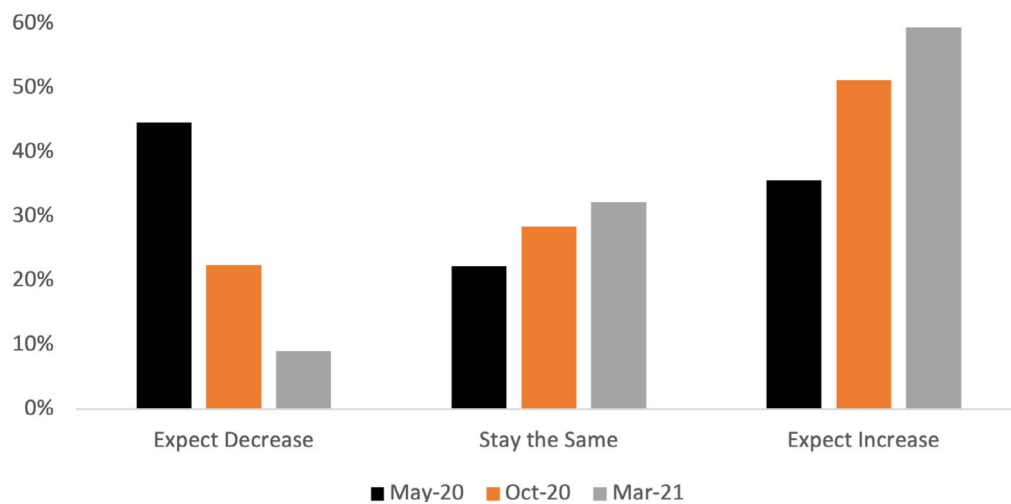


¹ Small Law Firm (SLF)

Expectations over next three and six months

Outlook for next three months

Figure 2: Expected change across surveys - three month (percent)



Respondents have become more positive in their expectations across the surveys, with 10 percent of respondents expecting a decrease for their services versus 45 percent almost a year ago. It is law firms who are mainly driving the expected uplift, as corporates and government have had more consistent expectations about increased demand for their services across the last two surveys.

Figure 3: Expected three-month change in demand by segment

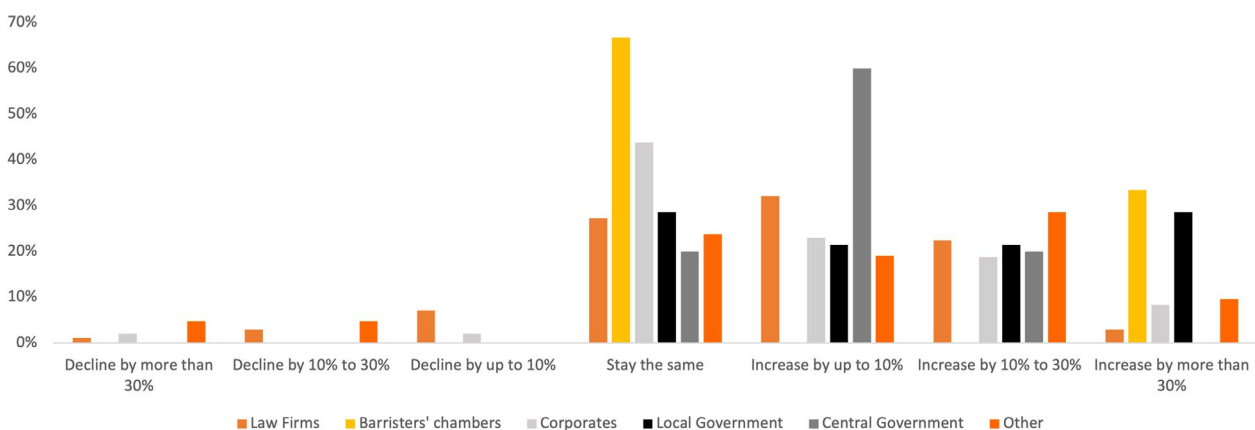


Table 1: Expected three-month change in demand by segment (number and percent) ²

	Decline by more than 30%	Decline by 10% to 30%	Decline by up to 10%	Stay the same	Increase by up to 10%	Increase by 10% to 30%	Increase by more than 30%	Don't know /Prefer not to say	# of respondents
Law Firms	3 1%	8 3%	19 7%	73 27%	86 32%	60 22%	8 3%	11 4%	268
Barristers' chambers	- 0%	- 0%	- 0%	2 67%	- 0%	- 0%	1 33%	- 0%	3
Corporates	1 2%	0 0%	1 2%	21 44%	11 23%	9 19%	4 8%	1 2%	48
Local Government	0 0%	0 0%	0 0%	4 29%	3 21%	3 21%	4 29%	0 0%	14
Central Government	0 0%	0 0%	0 0%	1 20%	3 60%	1 20%	0 0%	0 0%	5
Other	1 5%	1 5%	0 0%	5 24%	4 19%	6 29%	2 10%	2 10%	21
Total	5 1%	9 3%	20 6%	106 30%	107 30%	79 22%	19 5%	14 4%	359

Decrease**9%****Increase****57%**

Against their previous three month outlook, LLFs is the segment that has shown the biggest percentage increase in optimism, driven by anticipated demand from large corporations (expected to rise by a further 19 percentage points since the last survey) and mid-market clients (demand up 18 percentage points since the last survey). Amongst corporates, 50 percent of respondents expect demands on their departments to grow, driven by the evolution of the Coronavirus pandemic and Brexit related disruption and intend to manage some of this work by outsourcing to law firms.

- Consumer increases are expected to impact on Litigation/DR.
- Small business increases are expected to impact on Corporate/M&A and Employment.
- Mid-market increases are expected to impact Corporate/M&A and Litigation.
- Large corporations increases are expected to impact Litigation/DR, Corporate/M&A, and Commercial Transactions and Contracts.
- Government increases expect to impact Employment and Litigation practice areas.

MLFs have similar expectations on the demands for their services to the previous survey, with more of the increased demand coming from small businesses and mid-market. There are changes in where the impact of increases will be seen at practice area level, versus the last survey, where the Employment practice area was expected to see more demand.

- Consumer increases are expected to impact Residential Property and Private Client and Family.
- Small business increases are expected to impact Commercial Transactions and Contracts.
- Mid-market increases are expected to impact Litigation/DR.
- Large corporations increases are expected to impact Corporate/M&A.
- Government increases are expected to impact Litigation/DR.

2. An average has been applied for law firms and barristers' chambers

SLFs have continued to grow in optimism across the three surveys, with 54 percent expecting demand to increase in this latest survey, at a similar level to MLF respondents.

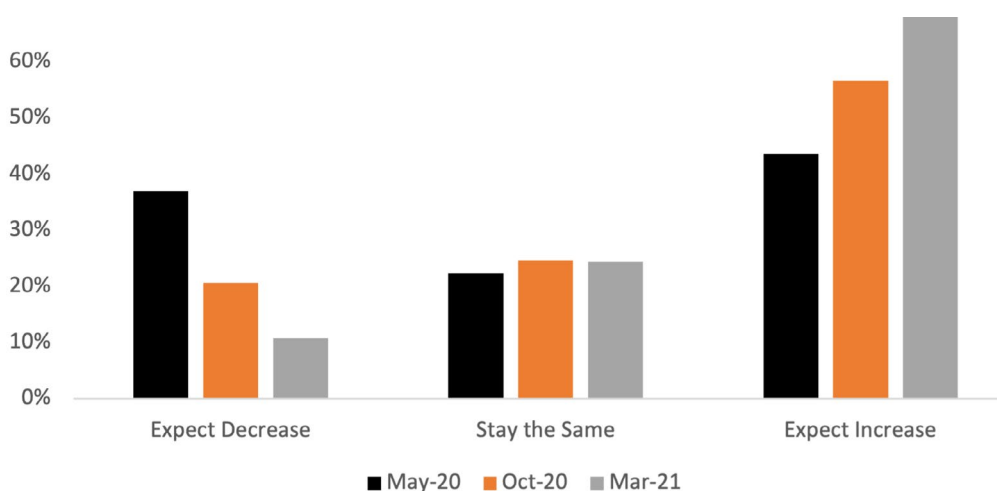
- Consumer increases are expected to impact Litigation/DR and Residential Property.
- Small business increases are expected to impact Corporate/M&A, and Commercial Property.
- Mid-market increases are expected to impact Litigation/DR.

Corporate respondents have been consistent across surveys in their expectation that demand for their services will increase across the following three and six-month periods. The percentage of those expecting some sort of decline has fallen from 10 percent in the previous survey (for both three and six-month outlooks). More are expecting the outlook to remain the same. The majority of FTSE 100 respondents attribute the anticipated change to the pandemic, but also see disruption in global trade as a major factor. In the Other company/corporation space, there are more factors at play, including Brexit as well as internal projects, impacting demand expectations.

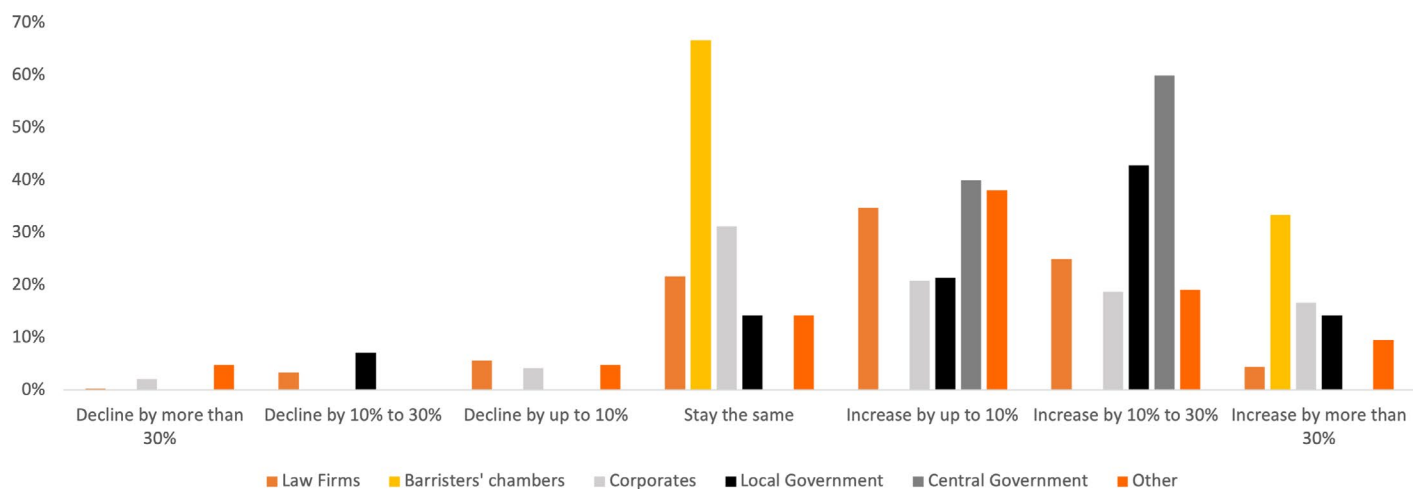
In the public sector, expectations have remained consistent across the three surveys with the majority of respondents continuing to expect an increase for their services. As the timeline moves out to six months, there has been an increase in the percentage of respondents expecting an increase in demand for services, with a decline for services expected in licensing.

Outlook for next six months

Figure 4: Expected change across surveys - six month (percent)



Respondents continue to be more positive in their six-month outlook with 70 percent (versus 44 percent a year ago) expecting a rise in the demand for their services.

Figure 5: Expected six-month change in demand by segment (percent)**Table 2: Expected six-month change in demand by segment**

	Decline by more than 30%	Decline by 10% to 30%	Decline by up to 10%	Stay the same	Increase by up to 10%	Increase by 10% to 30%	Increase by more than 30%	Don't know /Prefer not to say	# of respondents
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Central Government	0 0%	0 0%	0 0%	0 0%	2 40%	3 60%	0 0%	0 0%	5
Other	1 5%	0 0%	1 5%	3 14%	8 38%	4 19%	2 10%	2 10%	21
Total	3 1%	10 3%	18 5%	80 22%	116 32%	89 25%	25 7%	18 5%	359

Decrease**9%****Increase****64%**

The six-month outlook has seen a further increase in the percentage of respondents expecting the demand for their services to increase.

LLF respondents have similar expectations for the six month outlook.

- Consumer increases are expected to impact Litigation/DR.
- Small business increases are expected to impact Corporate/M&A and Commercial Transactions and Contracts.
- Mid-market increases are expected to impact Corporate/M&A and Litigation/DR.
- Large corporations increases are expected to impact Litigation/DR, Corporate/M&A, and Commercial Transactions and Contracts.
- Government increases are expected to impact Litigation/DR and Employment.

MLF expectations for the six month outlook are similar.

- Consumer increases are expected to impact Private Client, Residential Property and Litigation/DR.
- Small business increases are expected to impact Residential Property and Commercial Property.
- Mid-market increases are expected to impact Commercial Property and Litigation/DR.
- Large corporations increases are expected to impact Commercial Property.

SLF respondents who expected an increase in demand for their services.

- Consumer increases are expected to impact Employment and Litigation.
- Small business increases are expected to impact Commercial Property and Employment.
- Mid-market business increases are expected to impact Employment and Corporate M&A.

Impact at Practice Area level

Table 3: Top five practice areas where an increase or decrease is expected.

Top five Practice areas expected to increase		Practice areas expected to decrease	
	Litigation/Dispute Resolution		Residential Property
	Commercial Property		
	Employment		
	Corporate M&A		
	Commercial Transactions & Contracts		

Expected responses

Figure 6: Anticipated responses to an increase in demand (percent)

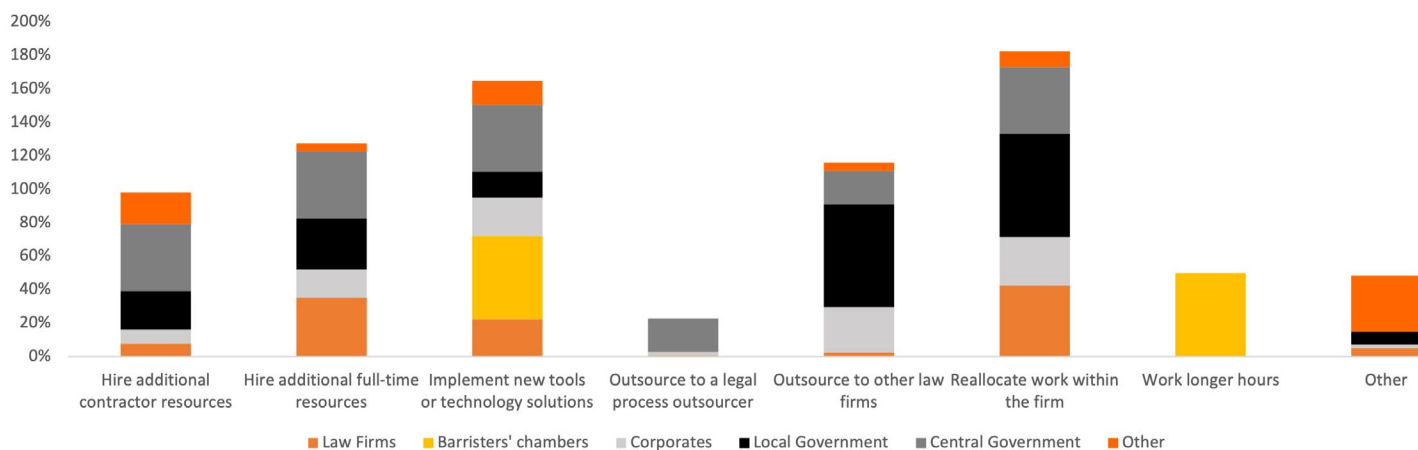


Table 4: Top three strategies to deal with increase in demand by segment

Law Firms	Barristers	Corporations	Public Sector
1. Reallocate work	1. Work longer hours	1. Reallocate work	1. Reallocate work
2. Hire additional FTE	2. Implement new tools/ technology solutions.	2. Outsource to law firms	2. Outsource to law firms
3. Implement new tools or technology solutions		3. Implement new tools or technology solutions	3. Hire additional FTE

Approaches to dealing with additional demand are similar to previous surveys. A higher percent of respondents are expecting that their organisations will be considering the implementation of new tools and technology solutions, indicating that they expect the increased demand levels to continue. Among corporates and the public sector, increases are expected to be managed by reallocation of workloads or outsourcing, which is in line with law firm expectations.

Figure 7: Anticipated responses to a decrease in demand (percent)

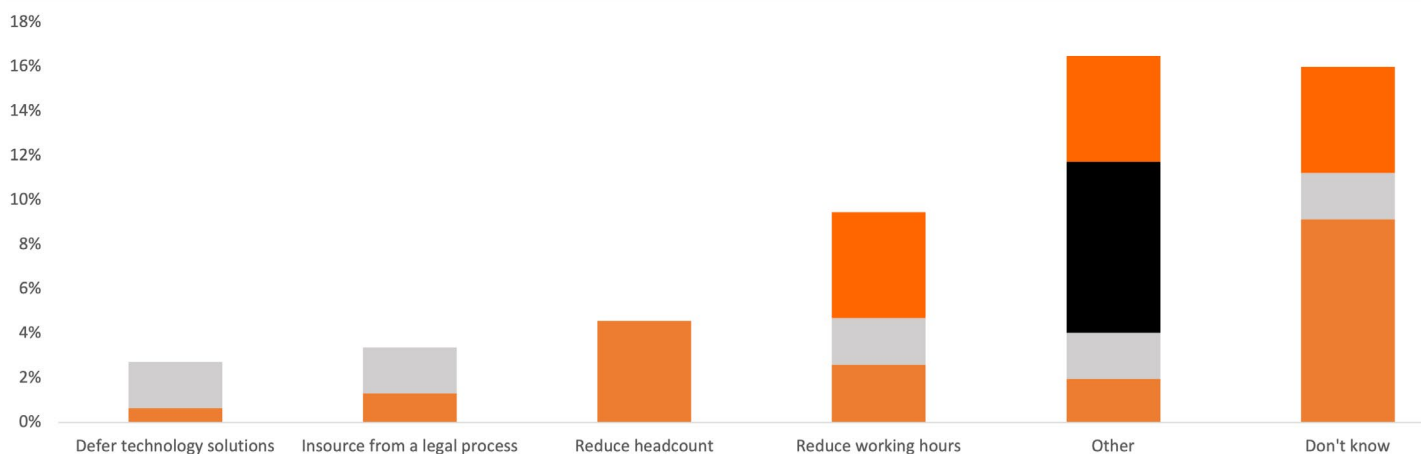


Table 5: Top three strategies to deal with decrease in demand by segment

Law Firms	Corporations	Public Sector
1. Reduce headcount	1. Insource	1. Other ³
2. Reduce working hours	2. Defer technology solutions purchases	
	3. Reduce working hours	³ 'Other' includes natural attrition

Fewer respondents indicated that they anticipated a reduction in demand for their services.

Conclusion

Optimism about the outlook for 2021 continues to rise, with circa 60 percent of respondents expecting an increase in demand for their services. Practice areas that expect to see an increase in the volume of work are those with less reliance on government initiatives which are coming to an end. There is less expectation about the need to consider reducing resource and more respondents are looking to their firms to consider technology solutions to meet increased demand, indicating that they expect the increased work levels to become the normal way of working.

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