

# The 2018 Report on the State of the Legal Market

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## 5 TAKEAWAYS

### 1 Transformation of the Legal Services Industry Is Accelerating

Historically, clients have viewed law firms as one-stop, full service providers. In recent years, there has been a steady increase in both the prevalence of alternative legal service providers disrupting this service model and the frequency of corporate legal departments bringing work in-house. The cause? The growing demand for greater efficiency and lower costs.



**\$8.4 billion** is the estimated global ALSP market

LEARN MORE ABOUT THE TRANSFORMATION.



DOWNLOAD "ALTERNATIVE LEGAL SERVICES PROVIDERS: HOW THE INDUSTRY IS CHANGING BUYERS' PERCEPTIONS" (2017)

### 2 Comfort of Precedent Often Trumps the Risk/Reward of Change

People's judgment may be swayed by a number of mutually reinforcing biases. These can limit self-awareness and the potential advantages of change by doubling down and "escalating a commitment." Lack of self-awareness is certainly not unique to law firms, but having self-awareness is vital to successful strategic shifts.



BEYOND THE REPORT

After **10** separate investigations of nearly **5,000** professionals, only **10-15%** actually fit the criteria of being self-aware.\*

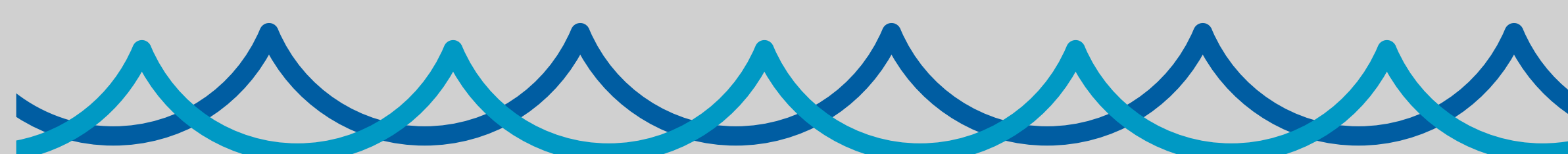
### 3 Looking for Intelligence Among Information

The legal industry is being inundated with data detailing its performance, but any information in a silo or absent of context stops short of providing true market intelligence. On the surface, market average indicators around revenue and profits may appear positive, but in context, these figures could be misleading.



"One can drown in a lake having an average depth of only 6 inches."

— 2018 Report on the State of the Legal Market



TO TAKE A CLOSER LOOK AT THE STORY BEHIND THE NUMBERS.



DOWNLOAD "WHAT DO THE AMLAW NUMBERS REALLY SHOW?" (2017)

### 4 Industry Challenges Are Growing

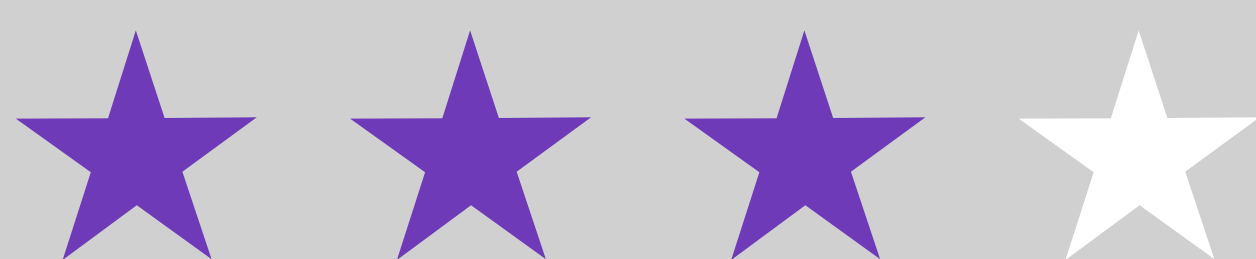
We are currently in the eighth year of an economic expansion following the Great Recession (2007-2009). Due to the actions taken following this most recent economic downturn, law firms face increasingly complex challenges and many have less capacity to deal with the next recession, which looking historically, could be coming soon.



**16** The average economic expansion since 1945: **4.9** years

### 5 Common Ingredients of "Dynamic" Law Firms

Recent performance by law firms has been a mixed bag, with some firms finding success and others stagnating. However, a trend of taking proactive steps to address clients' needs surrounding flexible pricing models and work delivery processes is starting to redefine success within the large law firm market.



3 out of 4 "Dynamic" firms proactively pursued AFAs with their clients.\*\*

TO READ MORE ABOUT WHAT MAKES A FIRM "DYNAMIC".

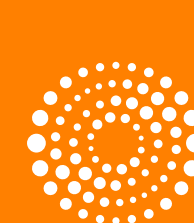


DOWNLOAD "2017 DYNAMIC LAW FIRMS STUDY: WHAT MAKES A LAW FIRM A DYNAMIC INDUSTRY LEADER?"

"The market for law firm services is being transformed – by clients, by law firms that 'get it,' and by alternative service providers – and that pace of change in this transformative process is accelerating."

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\*Eurich, Tasha. "What Self-Awareness Really Is (and How to Cultivate It)." *Harvard Business Review*, 4 Jan. 2018, hbr.org/2018/01/what-self-awareness-really-is-and-how-to-cultivate-it.

\*\*The 2017 Dynamic Law Firms Study by Thomson Reuters Legal Executive Institute.