New Technologies and Law Firms - An Uneasy Relationship
A European Perspective
Caserta, Salvatore

Published in:
Law, Technology and Humans

DOI:
10.5204/lthj.2246

Publication date:
2022

Document version
Publisher's PDF, also known as Version of record

Document license:
CC BY

Citation for published version (APA):
New Technologies and Law Firms—An Uneasy Relationship: A European Perspective

Salvatore Caserta
University of Copenhagen, Denmark

Abstract

The digitalization of law has become a mantra. Law firms across the globe have begun to invest in legal-tech solutions to maintain a competitive edge in an increasingly changing market of legal services providers. While for many this foresees a disruption in the dynamics of the legal field, law firms have proved relatively resilient to radical change. With few exceptions, law firms continue to practice law as usual, while adding a few innovative tools to their old work dynamics to increase efficiency and revenue. This paper takes stock of the state of the art of the digitalization of law firms in Denmark and Italy, two Continental European countries often understudied in terms of the sociology of the legal profession. After presenting the scholarship on new technologies and law firms, as well as the specifics of the Danish and Italian legal fields, by relying on qualitative interviews with key players of the legal-tech and law firm environment in both countries, the paper shows that both Danish and Italian law firms are reluctant to embrace technological change. The paper also identifies two factors that contribute to explain such reluctance on the part of law firms to fully digitalize their practices: 1) partnerships as the main organizational form of law firms, and 2) the inherent tension between the market-oriented, capitalistic nature of digital technologies and the professional nature of legal practice. The paper concludes by exploring the few Danish and Italian actors that are taking digital developments more seriously, showing that these are chiefly recently established legal-tech start-ups and medium-sized boutique law firms.

Keywords: Digitalization; legal profession; law firms; legal-tech start-ups; digital capitalism.

1. Introduction

It is often argued that the entrance of new technologies in the practice of law is disrupting the market of legal service providers. However, the extent to which digitalization is generating structural changes to the market of legal service providers remains unclear. This article empirically analyzes the impact of digital technologies on legal work, with a particular focus on the organization and structure of law firms. More specifically, the paper explores whether law firms deploy new technologies in a disruptive or sustaining manner. This study understands disruptive technological change as one generated by innovations that radically alter existing markets and value networks by bringing different value propositions and challenging existing incumbent businesses. Sustaining technological change is instead generated by innovations that allow businesses to maintain their current customer base and improve existing product performances.

To this purpose, the paper explores how law firms in two European countries, Denmark and Italy, deploy new technologies. There are several reasons for selecting Denmark and Italy as case studies. First, as in other Continental European countries, both the Danish and Italian legal professions have been operating in the shadow of the liberal state, in a social position of

---

2 However, see Caserta, “Disruption or New Dawn”; Caserta, “Digitalization.”
3 Kostoff, “Disruptive Technology Roadmaps.”
4 Kassicieh, “Commercialization.”
brokers between public and private interests. While more recently the Danish and Italian legal professions have embraced market dynamics, increasingly finding employment in the private sector, the so-called ideology of the “lawyer-statesman” devoted to the public good and to the development of the liberal state remains strong in both countries. Thus, the Danish and Italian legal professions provide valid test studies to assess whether digital technologies are furthering the commodification and marketization of legal practice, even in countries where lawyers have generally maintained a public-oriented societal role.

Second, both the Danish and the Italian law firms’ milieu is fragmented, as this is chiefly constituted of micro and meso realities often with one or few professionals working full-time in a single law office. However, since the 1980s, both Denmark and Italy experienced the rise of large business law firms and the entrance of foreign large firms in the legal market. This furthered the internal differentiation of the legal profession in both countries. Therefore, a focus on Danish and Italian law firms allows for an exploration of the role of digital technologies at different levels, from solo practitioners to large law firms. Third, Denmark and Italy are characterized by different levels of digitalization. While Denmark has advanced toward becoming a digitalized society, Italy is still lagging behind in such a process. Yet, the Italian legal field has started to witness the emergence of efficient pockets of digitalization. As such, exploring how law firms in these two countries are adapting to digitalization provides significant data to the overall discussion on the transformation of the legal profession in contemporary society.

The article is part of a broader project on the digitalization of law firms in Europe inspired by the seminal work of sociologists such as Luc Boltanski and Richard Sennett on the new culture of capitalism, and by the scholarship on the rise of digital capitalism in contemporary society. Methodologically, the article builds on the existing literature on the impact of new technologies on legal work and complements it with twenty-three semi-structured interviews with CEOs of legal-tech companies and senior partners, as well as heads of innovation of large law firms in Denmark and Italy. The interviews have been chiefly used to complement existing visions of the impact of new technologies on legal work and on law firms. The data collected during fieldwork helped in constructing an alternative and a more realistic, narrative in relation to the impact of new technologies on the practice of law in law firms. The interviews were conducted between 2020 and 2022. The interviews varied in length, lasting between one hour and three hours, and were all recorded and later transcribed. All interviewees were granted anonymity and, thus, will not be individually identifiable in this article or in other publications related to the research. The interview subjects were initially chosen through a desktop survey of law firms and legal-tech companies that appeared at the forefront of digital investments in the practice of law. Snowball techniques were then used to broaden the inquiry to other subjects that were identified as important players in the field. Yet, to avoid bias, I also independently identified further interviewees. All interviews were conducted as semi-structured, qualitative interviews and included central stakeholders in the digital legal milieu in both countries, with a specific focus on the world of law firms. The interview material was

---

6 Following a general trend of the legal profession in many countries of the world. See, for example, Dinovitzer, After the JD. Research suggests that these developments have led to the legal profession’s increased diversification in terms of its internationalization, gender composition, social capital, and marketization. See, respectively, Henderson, “Globalization”; Kay, “Women in the Legal Profession”; Heinz, Chicago Lawyers; Heine, The Inside Counsel Revolution.
7 Kromman, The Lost Lawyer.
8 The project DigiProf—A Digitalized Legal Profession: Challenge or Opportunity (https://jura.ku.dk/icourts/research/digiprof-a-digitalized-legal-profession/) is financed by the Danish foundation Dreyers Fond and is focused on understanding the broader and multiform impact of new technologies in the European landscape of private law firms. The project is set to explore how changes in the capitalist forms of production have cultural, organizational, and ultimately societal implications, not only for the practice of the law, but also the work environment and the legal profession’s daily life.
9 Boltanski, Le Nouvel Esprit du Capitalisme; Sennett, New Capitalism.
10 Schiller, Digital Capitalism; Pace, “The Concept of Digital Capitalism.”
11 A word on the ethical guidelines followed during the fieldwork. At the beginning of each interview, the interviewees were provided with a brief, but comprehensive, explanation of the project and with an informal statement that the interviews would be recorded, but that the informant would remain anonymous when and if some of the statements released in the interviews were to be cited. All of the interviewees accepted these ethical guidelines. The research has been approved by the Research Ethics Committee of the Faculty of Humanities at the University of Copenhagen (File No. 504-0086/22-3000).
12 The data was collected in the midst of the COVID-19 pandemic. While the research was not focused on the impact of the pandemic on the digitalization of law firms, several interviewees commented in relation to how their organizations reacted to the sudden need to operationalize smart working. However, many remarked that the pandemic had not significantly accelerated the process of tech adoption, at least not in a systemic and groundbreaking way, and, instead, several law firms, particularly in Italy, struggled significantly to remain up to speed with their work during the lockdown.
13 All material from the interviews is on file with the author and stored in a secure location in compliance with European Union data protection standards.
14 The response rate of the people invited for an interview in Denmark was quite high, while Italian lawyers proved less willing to cooperate. There could be several reasons for this. My perception was that Italian law firms and companies were unwilling to engage due to a relative embarrassment in relation to their limited involvement with new technologies. While this is only a hypothesis, I consider it nevertheless important to share as part of the narrative of the Italian legal field.
supplemented with other primary and secondary sources such as media treatment of the issues studied as well as scholarly analysis. It was during the first interviews that I started to observe a relatively widespread reluctance on the part of law firms to digitalize their practices and a consequent general dissatisfaction on the part of the legal-tech community on the law firms’ conservative approach to technology. Therefore, I rapidly integrated supplementary questions to explore this dimension, which proved to be an important finding of my research. In particular, with very few exceptions, both Danish and Italian law firms are continuing their professional practices as usual, while merely adding a few technological tools to gain efficiency and revenue. In other words, it would not be too much to claim that the market of legal service providers, particularly the one of law firms, has not been disrupted by new technologies (yet?)—at least in the way intended by Christensen in his landmark book, *The Innovator’s Dilemma.*

The remainder of the paper proceeds as follows. Section 2 presents the main tenets of the scholarship on new technologies and large law firms. Section 3 describes the specificities of the Danish and Italian legal fields, with a particular focus on the law firms’ milieu. Section 4 shows, on the basis of my empirical study of Danish and Italian law firms and legal-tech companies, that in both countries there are strong forms of reluctance to fully explore the potentials of technological change. This is particularly true for law firms, which are merely integrating digital technologies in existing practices and refusing to deploy them in a disruptive manner. Section 5 identifies two factors that, in my view, contribute to explain the reluctance of law firms in disrupting their practices and markets. These factors are 1) partnerships as the main organizational form of law firms, and 2) the inherent tension between the market-oriented, capitalistic nature of digital technologies and the underlying idea of the practice of law as an ethical profession. Section 6 surveys the few Danish and Italian actors taking digital developments more seriously. Importantly, these drivers of digital change are not those that one would expect, such as large law firms with important economic availability and large organizational capacities, but rather recently established legal-tech start-ups and medium-sized boutique law firms, which, to gain market advantage, have de-structured their professional practices in a more significant manner thanks to massive investments in technology. Section 7 concludes the paper by recapitulating its main arguments.

2. New Technologies in the Legal Field: The State of the Art

Digitalization has become a mantra in the legal world. Almost everywhere, innovative legal-tech companies have entered the market of legal service providers, challenging lawyers’ monopoly over the practice of the law. So far, the main areas in which digital technologies have been successfully applied to law are due diligence, contract review, legal research, e-discovery, prediction technology, and document automation, while tools such as client portals and intranet-based collaborative platforms are becoming more sophisticated every day. While the digitalization of law has broader societal and organizational consequences, this paper focuses on the capacity of digital technologies to allow for a different organization of labor (e.g., through remote access and automation), and on a law firm’s willingness and/or ability to exploit new technologies to disrupt existing professional practices and market dynamics.

Research has shown that the rise of a digital society goes hand in hand with the advancement of the so-called gig economy. The latter is part of a shifting cultural and business environment in which traditional employment relationships are fragmented into “short-term, intermittent work for multiple engagers (‘gigs’).” Often, digital platforms play a central role in this regard, allowing individuals to organize themselves as independent contractors and work remotely as freelancers or through temporary jobs and projects, while employers select the individuals that best fit their needs from a larger pool than that available in a given area. While this phenomenon was often considered almost entirely the province of low-skilled and low-paid workers, other professionals have increasingly organized their work along these lines.

In the context of the legal field, the combination of digitalization and the gig economy is said to have furthered the already ongoing introduction of profit-driven processes of outsourcing, automatization, dispersion, and commodification in the practice of law, often triggered by an increased push from clients to lower the costs of legal services. These processes take various forms, such as the creation of a platform of lawyers in different geographical locations, computer programs able to assist and

---

15 In line with what is argued in this paper, for Christensen, disruptive technologies emerge from competition at the lower end of a market, before moving up the value chain and displacing traditional market incumbents. See Christensen, *The Innovator’s Dilemma.*
17 See the broad overview of these trends in Caserta, “Disruption or New Dawn,” 5.
18 Eichhorst, “How Big Is the Gig?”
19 Adams, “Rethinking Legal Taxonomies,” 475.
20 Thornton, “Uberisation.”
21 Bruck, “Large Law Firms.” In this work, the authors list the escalating billable hours requirements, a lack of diversity, and high associate attrition rates as the main issues of criticism raised by clients.
22 Noronha, “Globalisation of Commodification”; Ribstein, “Delawyerizing the Corporation.”
even substitute lawyers in their work, and the deployment of artificial intelligence (AI), machine learning, natural language processing, and big data to perform legal tasks.

To date, four important developments in law have been triggered by the entrance of digital technologies in legal practice. First is the emergence of several companies, mostly constituted by non-lawyers, offering online legal services such as contract drafting, document processing, and so on. Second is the creation of online “matching” platforms that connect lawyers with clients through the internet, while also providing new and innovative legal services. Third is the rise of a multitude of legal-tech start-ups that use AI tools to perform time-consuming and expensive legal research activities such as reviewing, understanding, evaluating, and reapplying contracts. Fourth is the growing importance of start-ups with expertise in blockchain technology seeking to replace lawyers as intermediaries in certain types of transactions.

These developments are believed to challenge the classic nature and politics of professionalism and some power dynamics involving legal practice. This is because automatizing technologies liberate legal knowledge from professional control and allow laypersons to perform legal work without the necessary intermediation of a lawyer and/or beyond the direct regulation of the state apparatus. This is compelling in light of the potential for the “decomposability of professional performance”—that is, “the deconstruction or unbundling of legal transactions into separate tasks, which may be processed in a variety of ways and by a variety of actors, [for example], by out-sourcing or off-shoring, or by automation itself.” Ultimately, this entails the need to renovate the evergreen question of the sociology of the legal profession, notably whether legal practice is a business or a profession. This becomes especially compelling in light of the ongoing entrance of new, and non-legal, actors in the legal field, which are inherently driven by economic and commercial rationalities.

As to the internal and organizational dynamics of legal practice, new technologies may lead to a redefinition of law offices. New technologies abate costs and allow non-professionals to pursue tasks that were reserved to the jurisdiction of the professionals. Recently, the “Big Four” accountants have re-entered mature legal markets (Australia, United States, and United Kingdom). While hiring classic lawyers whose practices resemble the ordinary ones, these firms have also massively invested in technology to gain market advantage. Moreover, “NewLaw” organizations are proliferating, and “alternative legal service providers” such as legal process outsourcers, flexible staff providers, and managed services are invading the lawyers’ jurisdiction. While the full replacement of lawyers by these actors is far from taking place, these trends are critical to the reorganization of professional services and their governance, as they entail a reconfiguration of the jurisdictional boundaries of the legal profession and of the actors competing for legal professional services. Such a reconfiguration is said to have triggered a hybridization of business models in law. To effectively implement new technologies—in particular, AI-driven programs—law firms are increasingly compelled to mix classic organizational models (i.e., partnerships as the main organizational form to deliver legal advisory businesses) with innovative (at least for the legal sector) structures based on centralized management, access to outside capital, and other corporate models. While these changes are by no means uncontroversial in being subject to ethical concerns and limits related to the regulatory aspects of legal markets in terms of the potential for liberalization, they are nevertheless occurring in many jurisdictions and will increasingly consolidate as mainstream organizational models the more technology develops.

---

24 Ashley, Artificial Intelligence and Legal Analytics.
26 Conceptualized in this way, the classic politics of professionalism entails a relationship among producers, consumers, and the state for the production and distribution of expert services. See Abel, English Lawyers. More specifically, the politics of professionalism involves two main aspects: 1) the political confrontation between governments and the professions in relation to the regulation of the production and distribution of expert services, and 2) the internal conflict engendered by different segments of the professions taking different views as to how to respond to the opportunities and threats triggered by political, societal, and technological changes.
27 Caserta, “Disruption or New Dawn.”
29 A question asked as early as 1916. See Cohen, The Law: Business or Profession?
30 Andrews, “Nonlawyers.”
31 Webb, “Turf Wars and Market Control.”
32 Wilkins, “Big Four Accountancy Networks.”
33 Thornton, “Überisation,” 46.
34 Four Accountancy Networks.
36 For example, both the Danish and the Italian legal market are not liberalized, and there are strict limits concerning the employment of non-lawyers in firms.
However, empirically, it remains unclear whether this potential de-professionalization, decomposability, and/or hybridization of legal services, as well as the rise of jurisdictional battles between different categories of actors, may lead to radical changes in the legal field and/or the replacement of lawyers by other professional and non-professional figures. As argued in this paper, so far digitalization has not (yet) triggered market disruption. Given the nature of the market of legal service providers (often characterized by market monopolies and by, more or less, severe restrictions to non-lawyers practicing law), the priority of market incumbents—in our case large law firms—has been, and will likely remain, to maintain the status quo by either blocking disruption from below or otherwise co-opting competitive forces by buying them out of the market and/or entrenching them in their structures.\(^{37}\) However, this situation may be subject to change when and if groundbreaking technological developments would largely outpace human-driven lawyering. In that case, the existing market incumbents may not be able to cohort competition any longer.

Likewise, it remains unclear the extent to which law firms are altering their structures, practices, and markets due to the employment of new technologies. While, as noted, a hybridization of organizational forms is starting to occur, regulatory frameworks (especially in not-yet-liberalized legal markets) is obstructing major organizational changes in the law firm environment. With this in mind, in what follows, I explore how law firms in Denmark and Italy have responded to the increased digitalization of law, whether and how they are adapting to it, and the impact that these new developments are having on the structure, organization, and dynamics of such firms. In other words, I explore whether new technologies have been deployed to disrupt existing practices and markets, or whether they are simply supporting the existing “way of doing things” of law firms.

### 3. The Structure of the Danish and Italian Legal Professions

Before exploring the impact of new technologies on Danish and Italian law firms, this article presents the fragmented structure of the Danish and Italian legal profession. Several studies have demonstrated that, for the most part, the organization of law firms in both countries is constituted by micro and medium-sized offices, often with few lawyers employed. It is not uncommon that these firms are family-based organizations.\(^{38}\) However, since the 1980s, both Denmark and Italy have experienced the rise of large corporate law firms as well as the entrance of foreign large firms in the legal market.\(^{39}\) In turn, this has furthered the internal differentiation and stratification of the legal profession in both countries, creating different subfields of practice within each jurisdiction.

In Denmark, the transition of law offices into large law firms was triggered by several mergers between already existing firms, implying the entrance of market factors and dynamics in the legal industry. This generated new competition between law firms and turned the profession toward the world of business. Therefore, the large firms helped kick off a process of differentiation within the legal profession, which entailed the emergence of a set of increasingly differentiated segments of legal professionals.\(^{40}\) Today, the bigger law firms—Plesner, Bech-Bruun, Kromann Reumert, Bruun & Hjejle, Gorrissen Federspiel, and Pouls Schmith/Kammeradvokaten—largely maintain a dominant market position.\(^{41}\) Over time, these firms have developed a differentiated practice model, employing different types of lawyers, who act less as classic advocates and more as counsels to large businesses. In other words, they have moved away from the classic politics of professionalism,\(^{42}\) embracing a new business culture,\(^{43}\) in a way challenging the classic values and ideologies of legal practice.\(^{44}\)

A somewhat similar picture characterizes the Italian legal market. Relatively recent quantitative studies, mostly examining the regions of Lombardy and Florence, reveal that to this day most legal offices are composed of fewer than three lawyers—although, less in Lombardy (56.6%) than in Florence (83%).\(^{45}\) Yet, since the 1990s, Italy has also witnessed the rise of large law firms. However, unlike Denmark, this process was chiefly spurred by the attempt of English and American global firms to join the Italian market. Driven by Clifford Chance, and subsequently by other firms such as Allen & Overy, Simmons & Simmons, Freshfields, Linklaters and others, these firms constructed association agreements with the largest Italian firms at that point, such as Grimaldi e Associati, Grippi e Associati, Negri-Clementi, and others.\(^{46}\) The arrival of these firms reshaped the landscape of the Italian legal profession. In particular, the threat of American and English competition persuaded a

\(^{37}\) As argued by Wilkins, “Alternative Legal Service Providers.”

\(^{38}\) Verzelloni, “Inside the Italian Law Firms”; Hammerslev, “Danish Legal Profession.”


\(^{40}\) Madsen, “Magic Circle,” 304, 333.

\(^{41}\) As confirmed by the Legal 500: [https://www.legal500.com/c/denmark/](https://www.legal500.com/c/denmark/).

\(^{42}\) Abel, English Lawyers, 24.

\(^{43}\) Boltanski, Le nouvel esprit du capitalisme, 10.

\(^{44}\) Evetts, “Professionalism.”

\(^{45}\) Verzelloni, Gli avvocati.

historically individualist and fractured profession to reorganize and consolidate. For example, the threat of foreign competition led to the establishment of the largest, and to date most successful, Italian law firm: Erede Bonelli Pappalardo. This association between Italian, English, and American law firms did not play out well in the end, mostly due to tensions between the common law and Italian civil law approaches to legal practice. Yet, the entrance of these players—similarly to what happened in Denmark in the aftermath of the various mergers described above—entailed the creation of a subfield of business-oriented large firms with a dominant market position, with firms such as BonelliErede, Gianni & Origoni, Chiomenti, and Pirola Pennuto Zei occupying the top of all rankings in the country.

4. Disruptive vs. Sustaining Technological Change in the Practices of Danish and Italian Law Firms

How are Danish and Italian law firms, particularly the large ones, reacting to the increased availability of digital legal tools? By chiefly relying on interviews in the two jurisdictions and on the (few) existing studies tackling similar issues, this section advances the argument that Danish and Italian law firms are far from being the main drivers of digital change, but rather seek to maintain the status quo by either blocking the competition from digital actors or by embedding these market outsiders within their own structure. Their investment in technology—although economically substantial—is scattered and certainly not aimed at disrupting the practices of such firms as well as the existing market of legal service providers. However, it must be mentioned that Danish firms seem to be more conscious about the potentials of new technologies in law and, thus, have invested in technological development more substantially than Italian firms. However, this does not change the fact that, for the most part, their investments are not aimed at radically restructuring their practices and organizations.

All major Danish law firms boldly advertise their digital tools and competences on their websites. Poul Schmith/Kammeradvokaten defines itself as the “digital front runners in the Danish legal profession” with about fifteen digital products on their shelf available to their clients. Of particular interest is the so-called sagsoverblikket (case overview), a feature that allows clients to independently examine the material in their cases (i.e., turnover in court cases, contract drafting, memo drafting, etc.). Likewise, Plenser proudly advertises its legal-tech forum, where discussions on new technologies and law are hosted. This firm has also worked with the Danish Technical University in the Watson legal project and collaborated with the legal-tech start-up Risma in launching a cloud-based software on General Data Protection Regulation (GDPR) issues. Similar considerations can be made for the other large Danish firms. For example, the law firm Bech-Brun has invested millions of Danish krone to train their internal AI program operated by the English company Luminance.

A similar picture characterizes the Italian legal field. The leading firm BonelliErede has recently established a focus team on digital solutions and innovation helping clients in their digital transformation processes. BonelliErede has also opened its own alternative legal service provider, beLab. Through this, the firm provides “alternative legal services underpinned by state-of-the-art technologies that enable businesses to optimise and digitalise management of legal affairs.” Among the services provided, one can find compliance management, e-discovery, litigation support, due diligence, and other transaction services. More generally, the 2020 report of the Osservatorio Professionisti e Innovazione Digitale del Politecnico di Milano underlines the widespread usage of technology by Italian law firms. This study documents that small Italian firms (up to ten lawyers) make use of the intranet, online archives, and websites, while medium-sized firms (up to thirty lawyers) also use document management systems. Finally, the bigger firms (more than thirty lawyers) use new technologies more comprehensively, adding to the already mentioned tools such as data warehouses, workflow management programs, e-learning, and AI.

Taken at face value, the combined data from an initial desktop survey and a literature review on Italian and Danish jurisdictions seems to show that law firms in both countries are at the forefront of the digitalization of legal practice. Yet, by exploring this further through interviews, I discovered a different picture: law firms’ large investments in new technologies have often not been coupled with the intention to disrupt practices and markets, or with a full digitalization of work. When asked about the

---

48 Now called BonelliErede.
49 A viewpoint shared by almost all of the interviewees in both Italy and Denmark.
50 https://poulschmith.com/legal-tech
51 https://www.rismasystems.com/
52 https://servicematica.com/laligitalizzazione-negli-studi-legali-come-la-situazione/
types of technologies law firms are chiefly interested in, all of the interviewees answered that they are, for the most part, investing in the so-called supporting technologies, such as document information systems, workflow management systems, and, at best, intelligent legal searches.\textsuperscript{59} Workflow systems are programs that allow users to easily retrieve data in various ways by either browsing through the data or by formulating queries. As such, they do not alter the manner in which legal services are delivered, as they simply allow for a more efficient organization of existing practices.\textsuperscript{60} Likewise, intelligent legal searches are systems capable of reviewing and categorizing large bodies of documents, thereby allowing lawyers to retrieve information in the blink of an eye.\textsuperscript{61} These technologies can also help lawyers make informed judgments about risks, costs, and litigation strategies in their cases. In theory, these programs can have a stronger impact in terms of disrupting how legal work is conducted. Yet, as many interviewees argued, these programs are chiefly used to support existing practices, rather than act as a base to change the ways in which things are done.\textsuperscript{62}

Another factor revealing the unwillingness of Danish and Italian law firms to disrupt their markets and practices is that these firms keep growing in the number of lawyers employed each year, regardless of the fact that new technologies allow for a more efficient and rapid resolution of many cases.\textsuperscript{63} If anything, a disruptive application of new technologies to legal practice would entail a general decrease in the number of lawyers needed in a firm, particularly of junior lawyers, paralegals, and/or support personnel, as machines are increasingly able to perform their tasks in law firms in even less time. However, this is not yet happening. This led me to conclude that law firms are continuing along the lines of the same business model defined by Marc Galanter and Thomas Palay in the early 1990s, known as the “tournament of lawyers.”\textsuperscript{64}

Many interviewees further acknowledged that law firms in both countries invest in digital technologies without a clear strategy in mind and without any intention to fully embrace the transformative powers of new technologies. One Italian lawyer explained in an interview the situation of Italian law firms clearly, arguing that—in her view, at least—these firms invest “badly” in technology, often falling into the trap of spending millions of euros for tools that they do not need or do not know how to use.\textsuperscript{65} A Danish lawyer similarly added that Danish law firms use digital technologies for branding purposes, and that there is absolutely no intention to alter the manner in which legal services are delivered to clients:

\begin{quote}
So far, there hasn’t really been a Danish firm that has allowed a new technology or software to steer the real work. For instance, one of the most important firms in Copenhagen has a conflict management system that their clients can use. But none of those services substitute time from the firm; they might claim that, but I don’t buy it! So, the service operated through technology and the manual work of the lawyer do not substitute themselves.\textsuperscript{66}
\end{quote}

Further evidence accounting for the non-disruptive impact of new technologies on Italian law firms can be found by examining the data of a study conducted by the Politecnico di Milano. From this, it emerged that in 2020 nine out of ten Italian law firms were compelled to rapidly invest in technologies that would allow them to continue working during the lockdown due to the COVID-19 pandemic. This is not to suggest that law firms were supposed to be ready to shift to remote work in light of the pandemic. Yet, the fact that in 2020 only 10% of Italian firms were up to date with online communication technology tools\textsuperscript{67} is a proxy to show how little they had invested in technological tools. Such a situation was even confirmed by an Italian lawyer in an interview, who reported that one of the main Italian law firms struggled to remain up to speed with work at the beginning of the lockdown due to a lack of widespread use of communication technologies among its lawyers. He even reported that in that firm only senior partners were entitled to have a work laptop, while associates, junior lawyers, and secretaries only had access to stationary computers located in the firm.\textsuperscript{68}

\textsuperscript{59} A viewpoint widely shared by all of the interviewees.
\textsuperscript{60} See Lodder, Information Technology and Lawyers, 5.
\textsuperscript{61} Gerami, “Litigation Data.”
\textsuperscript{62} Interview with the senior partner of an Italian law firm, October 28, 2021.
\textsuperscript{63} Interview with the managing partner of a Danish law firm, September 20, 2019.
\textsuperscript{64} Galanter, Tournament of Lawyers.
\textsuperscript{65} Interview with the senior partner of an Italian law firm, October 28, 2021. A view also shared by a Danish lawyer. See interview with the senior partner of a Danish law firm, August 16, 2019.
\textsuperscript{66} Interview with the CEO of a Danish legal-tech company, September 5, 2019.
\textsuperscript{67} See https://www.toplegal.it/news/2021/07/07/27876/studi-legali-ultimi-per-spesa-in-tecnologie
\textsuperscript{68} Interview with an Italian innovation and start-up expert, October 21, 2021. The interviewee added that, in her view, this was chiefly due to the strong hierarchical structure of that firm and that having a work laptop was considered part of the privileged position of senior partners. While not directly related to the paper’s discussion on new technologies and law firms, this statement is revelatory of how the mentality of many senior lawyers is not conducive to embrace digitalization as a disruptive force.
5. Factors Explaining the Reluctance of Law Firms to Disrupt Their Practices

The interviews further allowed me to identify two factors that contribute to explaining why Danish and Italian law firms are unwilling to use new technologies to disrupt their practices and markets: 1) partnerships as the main organizational form of law firms, and 2) the inherent tension between the market-oriented, capitalistic nature of digital technologies and the underlying idea of the practice of law as a profession.69 These are addressed in this section.

As to the partnership aspect, its virtues and limitations have largely been discussed.70 Recent advances in technological developments, together with changing social trends at the level of cultural, educational, and aspirational capitals of younger professionals, exacerbate the tension inherent within this organizational arrangement in terms of digitalization. The tension is exacerbated by cost. To maintain a competitive edge in the digital era, law firms must invest significantly in projects, software, and other tools. The classic business model of partnerships is proving unsuitable for effectively handling these new developments. First, the classic partnership model is characterized by an inherent “short-termism,” which derives from its structural features. Law firm partners view their annual draws for their productive working years as a large part of their interest in a law firm. While this was perhaps always the case, the recent development of increased lateral mobility of partners and associates has exacerbated the issue, as partners with power and remunerative clients might leave a firm if asked to give up their yearly income to invest in future, and uncertain, earnings. Second, partners with power are often those with several years of seniority and, thus, close to retirement, meaning their interest in long-term investments is even thinner and their familiarity with legal-tech is rather limited.

The obstruction created by the partnership model was explained by one of the Danish interviewees in response to a question related to how technological innovations were received in her firm:

A: The main problem is the conservatism in our area. People say, well, doesn’t it work out pretty fine as it is? Well, they might be right, but my concern is that the level of awareness in our firm is pretty low. I have been talking to partners in our area about this. We are about forty partners here. I think only three or four of whom I met have [the enforcement of new technologies] as [their] main priority. People, you know, are pretty occupied: they have their cases, the business is going pretty well, but my concern is that, suddenly, one of our competitors has a breakthrough in using these systems, and it becomes suddenly a trend in the market that you need to offer this, and we are not ready. So, you can actually be quite rapidly out of business if you are not able to prepare. My main message to the organization is, even though you are very busy, you need to spend time on this.

Q: And how is the organization responding to your concerns?

A: Well, you know, of course people are thinking about it, but in the end they say, mañana. That will happen when I will have retired.71

Similar considerations were made by one Italian lawyer, who in an interview stated that he felt compelled to leave one of the largest and most important global law firms to create a new, and smaller, firm due to the impossibilities to make any movement on new technologies because of the constant opposition among senior partners.72 This all reveals the inherent tension between the organizational arrangement of partnerships and the deployment of new technologies in law firms.

As to the inherent tensions between market dynamics and professionalism, it is evident that the entrance of new technologies in the practice of law exacerbates such tensions in many ways.73 New technologies further introduce market dynamics in law by abating costs and allowing non-professionals to pursue tasks that were reserved for professionals.74 New technologies have

69 This paper will not touch on one of the most obvious legal limits that obstructs law firms from fully investing in new technologies and altering their way of doing business, in particular the limits related to the relationship between lawyers and non-lawyers in the firm and, more generally, the overall lack of liberalization of the legal profession in both countries.
70 For a good review of this literature and an informed discussion on the values of the partnership, see Empson, “Surviving and Thriving.”
71 Interview with the senior partner of a Danish law firm, August 16, 2019.
72 Interview with the senior partner of an Italian law firm, October 20, 2021.
73 In truth, this is by far a recent discussion, as it was initiated in the early years of the twentieth century and continues to this day. See, among others, Cohen, The Law: Business or Profession?; Smigel, The Wall Street Lawyer; Kronman, The Lost Lawyer; Green, “Professional Challenges”; Evets, “Professionalism.”
74 Webb, “Turf Wars and Market Control.”
also standardized and de-composed legal services. This is observed with suspicion, if not resistance, by lawyers. One Danish lawyer summarized these concerns very effectively:

It’s hard to sell plug-and-play service[s] to the big law firms, because they don’t believe in plug and play, they don’t believe in the same size fits all. They have tons of money, so they want it to be specialized to their specific needs, so software as a service, [as] plug and play, the same for everybody, is difficult to sell into the high-end companies, because they have so much money. So they don’t care that you say, “well, you don’t have to implement it, that will cost a million,” then they’ll just shrug their shoulders and say, “well, we don’t care about a million, we just want it. If we want the bottom to be blue, it better be blue, it’s not gonna be green.” That is just their style, and I don’t think that is the right way to go [about] it, but I think that it will still be the way the market functions in the big law firms. … Big law firms are scared about generalization. They don’t want to live in a standardized world. Indeed, they constantly move away from that.75

These words resonate with what Terence Halliday argued in the mid-1980s, notably that a lawyer’s professional knowledge informs the extent of the profession’s “epistemological warrant for public influence.”76 It forms the core of the problem that professions are ultimately called on to solve—chiefly, the relative incapacity of laypersons to know all they need to know to function in society. Thus, by automatizing and simplifying legal tasks, digital technologies basically liberate legal knowledge from professional control and allow laypersons to perform legal acts without the necessary intermediation of a lawyer—a fact that is perceived to damage the professionalism of law and cause strong opposition, especially in leading firms, to abide to technological disruption.

While these two factors are by no means the sole factors accounting for a law firm’s resistance to digitalization and disruption (e.g., some others being the monopolistic nature of legal professionalism and regulatory barriers to the entrance of non-lawyers in the practice of law), they prominently emerged in the interviews and, as such, are worth mentioning as part of the general narrative of key players in the Danish and Italian legal fields in relation to technological change.

6. The (Few) Drivers of Change

While the world of law firms has proved quite conservative in response to disruptive technological change, there are, however, some drivers of change both in Denmark and Italy. In turn, this nuances the argument in relation to how digital technologies are received in both jurisdictions. In Denmark, digital legal technologies are chiefly proposed by young and agile legal-tech start-ups, which either independently or by collaborating with large law firms seek to implement digital change. In Italy, the legal-tech environment is much slower when compared to Denmark. Yet, a few drivers of digital change are emerging as medium-sized law firms, which are aggressively seizing the possibilities given by new technologies to gain market advantage. The strategy of these firms is clear: they partner with global and American or English large-tech companies (i.e., IBM, Luminance, etc.) to include digital products in their practice.

As for Denmark, my fieldwork revealed that there is a burgeoning number of companies offering supporting technologies to firms and clients. Among others is Green Meadow, a word-based automation platform that functions as a document drafter and that cooperates with some of the largest firms in the country.77 A similar company is Contractbook, which provides a holistic contract management platform that manages contracts throughout their life cycle in one streamlined flow.78 A different model is provided by Legal Hero, an online platform of more than 150 legal experts that offer legal advice to clients who, after having independently created their own case, get matched with the most suitable legal expert for each task.79 A particular company, which combines the technological development of a start-up with lawyering, is ComplyCloud. Specialized chiefly in GDPR and compliance issues, this company is both a legal-tech start-up mostly constituted by developers and a law firm that follows up on the work operated by the software for the clients. In this context, it is also worth mentioning the Danish chapter of the law firm Synch, a business-oriented, medium-sized law firm with innovation and technology at its heart.80

For the most part, these new players reject the premises characterizing a law firm’s more classic way of handling legal practice. First, they chiefly bill their clients with fixed-fee prices, thus, differentiating themselves from the classic revenue model of law firms constituted by the billable hour.81 In turn, this allows them to charge clients not by the hour, but by the actual tasks

75 Interview with the CEO of a Danish legal-tech company, September 5, 2019.
76 Halliday, “Knowledge Mandates,” 422.
77 https://gmeadow.com/
78 https://contractbook.com/
79 https://legalhero.dk/
80 https://synch.law/
81 Fortney, “Soul for Sale.”
completed, thus, providing cheaper and more transparent services. Second, most of the actors described above are neither partnerships nor law firms (with the exception of Synch), but ordinary companies. As such, they are not driven by collegiality and annual turnover incentives. This allows them to have more room to maneuver in terms of long-term investments and risk-taking. Finally, these actors are open to initiate multidisciplinary cooperation, merging lawyers, software developers, engineers, and other professional figures in their daily operations. This allows them to avoid being bound by a lawyer’s “way of doing things” and to establish a new, more efficient and agile work culture—as well as, of course, to understand the potentials of technology more thoroughly.

Importantly, it must be mentioned that both the Danish public administration and the system of justice is undergoing major digital changes. For example, the Danish court system is deploying technology to increase effectivity. This is the case for the so-called Danmarks Domstole’s program of digital administration of civil cases in court and for the 2022 law passed by the Danish Parliament concerning the digitalization of the probate court, which deals with the collection of documents regarding estates.\(^{82}\) While these are only initial steps, the overall strategy of the Danish judicial system for 2019–2022 is quite ambitious, revealing the willingness to massively turn the court system to digital technologies.\(^{83}\) While it is perhaps too early to assess the impact of these changes on the organization of law firms, the increased digitalization of the Danish court system will necessarily push firms to embrace digital technologies more systematically.

In Italy, the main drivers of change are, for the most part, medium-sized law firms seeking to boldly invest in new technologies to gain market advantage. Perhaps the most important example of this is the firm Portolano Cavallo. Based in Milan, Portolano Cavallo is an industry-focused law firm specialized, among other things, in the digital, media, and technology and life science sectors. While a classic law firm, the lawyers at Portolano Cavallo have decided to organize themselves in a rather unique way. First, the firm has an independent management team that takes important decisions, which are often shared by the bulk of the partners thanks to a trusted relationship between these two bodies. Second, during the hiring process, there is widespread agreement among the partners that “only certain kind[s] of profiles, mostly young and open-minded people,” should be allowed to join the firm.\(^{84}\) Third, the firm has recently hired an engineer as its chief innovation and digitalization officer. This figure is deeply integrated into the life of the firm, both in economical and organizational terms. In other words, the chief innovation and digitalization officer is not responsible, like in many other law firms, for the IT infrastructure of the firm and does not operate as someone that is trying to buy the trust of the lawyers to get some change implemented. Rather, they are fully integrated into the life and decisions of the firm, even participating in meetings between the partners, and are expected to contribute actively in the discussions taking place in that context.\(^{85}\) This all shows how the firm Portolano Cavallo is taking digitalization very seriously, engaging in the process of structurally rethinking the practices of the firm and in redefining how legal services are provided.\(^{86}\)

While the actors presented constitute only a fraction of several other drivers of change in both Italy and Denmark, they nevertheless provide a relatively comprehensive picture of the situation in the two countries. One conclusion we can infer from the analysis is that digital disruption in law, for now at least, can only be achieved by actors that, almost from scratch, decide to differentiate themselves from the classic (and to date still economically successful) model of the law firm. With very few exceptions, the interviews revealed that the lawyers working in these drivers of change all experienced working in relatively large law firms; some of them were even well on their way to a very remunerative partnership position in such firms. Yet, at some point in their career, they felt compelled to leave their organization to establish their own firm or company, as they understood that if they had stayed in a large firm, they would have not been able to push for change as much as they wanted. As noted, these drivers of change are pushing the transformative digital agenda. It remains to be seen whether these actors will end up playing an important role in influencing their respective legal fields, pushing them toward embracing digitalization in a more serious and comprehensive way, or whether they will have to give way to the inherent conservativism of the legal profession in relation to digital change. If anything, the moment at which investing in digital technologies will cease to be “nice to have” and become a “must-have” will see these players enjoy a position of advantage in relation to their more conservative competitors. The question is when and if this moment will ever arrive.

---

84 Interview with the senior partner of an Italian law firm, October 20, 2021.
85 Interview with a digitalization expert in Italy, October 28, 2021.
86 Interview with the senior partner of an Italian law firm, October 28, 2021.
7. Conclusion

The legal profession is often said to be in turmoil and on the brink of a digital disruption. By relying on fieldwork among lawyers and legal-tech start-ups in both Denmark and Italy, this paper has proved this sensationalist claim substantially inaccurate, at least for now. While Section 2 briefly recapped the main tenets of the literature on digitalization and law firms, Sections 3 and 4 delved into the two case studies to demonstrate that, especially among large law firms, there is little intention to use new technologies to disrupt legal practice. While both Danish and Italian firms are increasing their economic investments in new technologies, the vast majority of the investments are focused on supporting, and not disrupting, technologies. Even in those few instances in which law firms in both countries have ventured into more complex and disruptive technologies, they were done, for the most part, for branding purposes, and not with the actual intention to disrupt their practices and/or the organizational structure of the firm. Section 5 touched on two factors that explain the reluctance of large firms to embrace the disruptive nature of new technologies. These factors are the organizational structure of partnerships, which incentivizes short-termism, and the tension exacerbated by new technologies between the idea of legal practice as a business or as a profession.

In conclusion, Section 6 has taken stock of those actors—mostly legal-tech start-ups in Denmark and medium-sized, progressive firms in Italy—that are actually betting on the disruptive nature of new technologies to gain market advantage. It remains to be seen if the conservatism and corporatism of lawyers will manage to contain the potentially disruptive powers of new technologies, or whether the time is now ripe for a more radical rethinking of the way in which legal services must be delivered in the twenty-first century.

In conclusion, while this study has shown that Danish and Italian law firms are reluctant to fully embrace digital technologies, this does not mean that technology is forever doomed in both countries. Rather, the study shows that, for now, the nature of the Danish and Italian legal profession—closely associated with the liberal state and with a classic, conservative view on the nature of professionalism—is significantly slowing down digitalization. Yet, as we know from experience, resisting technological change is never a winning strategy. While it may be understandable that for most law firms—at least the large and economically successful ones—being a forerunner in relation to digital technologies is not a priority as such, lagging behind in implementing new technological tools is a risky decision, especially if and when major groundbreaking developments will occur. In truth, many of the firms investigated for the purpose of this study (especially in Denmark) are trying to keep up with the pace of digital technologies, although in a scattered and non-systematic way. As crucially put by one of the interviewees, their goal seems to be “smart second or third movers” when it comes to digitalization. The question is whether this “in-between” position will allow them to maintain their (now) dominant position in the market, when (and if) more serious and revolutionary technological developments will be permitted—perhaps due to a massive liberalization of the market of legal service providers or because of a breakthrough in the technology applied to legal services—in the practice of law. Many of my sources seemed rather confident that they would be able to quickly adapt. However, there is ground for skepticism. Technology moves and develops at a fast pace. Changing old work habits and structures is a lengthy and painful process, most of the time. That is why Danish and Italian law firms—like law firms in other jurisdictions not covered in this study—should take technological developments seriously and radically rethink their work habits and organizational structures, if they want to remain at the top of their respective markets in the future.

87 Madsen, “Denmark.”
88 Abel, English Lawyers.
89 Interview with the senior partner of a Danish law firm, August 16, 2019.
Bibliography


