



**2018** | **GLOBAL  
LEGAL OUTLOOK**  
MAJOR, LINDSEY & AFRICA



2017 will be recorded in the annals as a period of significant uncertainty. Donald Trump's inauguration following his largely unexpected election victory and the UK prime minister's triggering of Article 50 in order to begin the process of leaving the EU were just two of a host of developments that created a climate of political and economic instability, with many legal professionals wondering what effect these events would have on their businesses. Now that the year is behind us, it is clear that once the initial shockwaves settled, the impact so far on the legal sector has not been all that disruptive. Although firms have exercised caution, it seems that, on the whole, it has largely been a case of business as usual.

Most experts failed to successfully predict the outcome of either of these significant votes, showing just how difficult it can be to accurately forecast future events. However, there have been a number of

notable trends and patterns in the sector that we think will continue into 2018. Artificial intelligence (AI) and the rise of technology is one, as is the increasingly regulatory environment in which legal professionals must operate. London arms of US firms are moving from strength to strength, and certain geographic regions such as Singapore and Germany are seeing much brisker activity. And although Brexit negotiations are ongoing, lawyers are increasingly open to the idea of working in other parts of Europe and beyond.

In this report, we will focus on a number of key global jurisdictions of interest and outline which major trends and developments our recruiters observed in 2017, before predicting how we anticipate the landscape will look in 2018. Firms that can anticipate the challenges and prepare themselves to take advantage of the opportunities will be the most competitive going forward.

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# LONDON AND EUROPE PARTNERS AND FIRMS

## 2017 TRENDS AND DEVELOPMENTS

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### ► TEAM MOVES

We saw a very active lateral market in 2017 with a lot more interest in team moves. This emerging trend was fuelled by US law firms and a number of their UK counterparts following the example of management consultancies in the United States, where the hiring of whole teams is more prevalent. As a result, partners who previously might have been reluctant to move in this way are increasingly open to the idea. Firms found that hiring a team delivered a speedier ROI and increased the likelihood of retention by reducing the element of ‘culture shock’ that sometimes sabotages individual hires. The main specialisations which saw an increase in team moves were private equity, M&A, restructuring and ‘big-ticket’ litigation, and there was a rise in demand for prominent regulatory lawyers as banks prepare for additional scrutiny in the face of regulation such as MIFID 2, open banking/PSD2 and GDPR.

### ► LONDON ARMS OF US FIRMS

The London arms of US law firms continued their aggressive hiring campaigns throughout 2017, sourcing talent not just from domestic players but from each other. These firms are now so well-rooted in the UK capital that they have become part of the establishment rather than being seen as some form of alternative, making lateral moves much less of an adventure for prospective partners.

### ► BREXIT

Uncertainty is never helpful in any business sector, and the EU referendum’s result served to heighten caution amongst UK firms. US firms, however, saw it as more of a local issue, and their general consensus was that they’d simply carry on with what they were already doing. By the end of the year, we detected a widespread feeling of Brexit fatigue. Almost without exception, our clients simply wanted to get on with business.

## 2018 PREDICTIONS

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“Despite the impending Brexit, most firms we speak to believe that (...) their focus on growth in the UK capital will continue through both individual and team hires.”

### ► LONDON-BASED US FIRMS

In 2018, we expect things to continue in broadly the same way as 2017. Despite the impending Brexit, most firms we speak to believe that London will remain an important hub for US players and, consequently, their focus on growth in the UK capital will continue through both individual and team hires. US firms will carry on deploying their impressive financial firepower throughout the year to source talent, creating a genuine sellers’ market for those with portable client followings.

## ► THE POST-BREXIT MARKET

There seems to be no real danger of any major domestic or international firms moving out of London completely, even post-Brexit. The City is simply too important as a financial hub, and despite the ongoing PR campaigns by contenders such as Paris and Frankfurt, it seems accepted that no really credible competitor has emerged so far. Whatever the regulatory outcomes of Brexit or the subsequent effects upon the market, we are confident that the demand for experienced banking and finance lawyers will remain high, with particular emphasis on specialists in leveraged finance and mergers and acquisitions. Financial services litigation, arbitration, energy and commercial litigation are areas where we see additional demand. Over and above this, firms, particularly US ones, will remain opportunistic in acquiring top-class individuals and teams with strategic fit.

In 2018, two European countries are likely to become more active: France, where Paris is likely to see an increase in lateral moves with more US firms making in-roads there, and Germany, which will continue to be an important market with an increased focus on Frankfurt. It is also likely that there will be a rise in the number of team moves that take place across European borders rather than remaining purely domestic.

## ► TECHNOLOGY AND MANAGEMENT

Many senior lawyers acknowledge that they lack the skills – particularly the technical expertise – to run a business effectively in an increasingly complex and fast-paced world. Consequently, a smart group of managing partners are alive to the issues and understand the commercial advantages of remaining abreast of developments, such as the rapidly increasing utilisation of AI, which could be employed to enhance their service offerings. So, we will see firms bringing in more non-legal technical specialists to work with their existing CTOs and business developers. US firms are a step ahead of their local counterparts as this strategic approach is already commonplace in the States.

Finally, cybersecurity is at the forefront of everybody's mind: there is a real consciousness of the value of the data being handled and the need to keep it secure. Therefore, expect to see a continuation of the rising demand for cybersecurity experts tasked with ensuring that firms are secured against data theft and compliant with privacy and GDPR regulations.

## Outlook for US Partners & Firms

The law firms that will fare the best in 2018 are the ones that realise they can't be everything to every client. We believe those firms that know what they are and stick to what they're good at will ultimately prevail.

- › Building on the increased merger activity of 2016 and 2017, large law firms will continue to expand their global reach through mergers and acquisitions, allowing them to stay competitive. Though middle-market firms remain robust, there is a reduction in the number of single-city firms with national practices – the ones that remain are ripe for acquisition.
- › More firms are taking a holistic approach to talent management, recognising that running today's law firms requires not only legal talent but also business management talent. As such, managing partners are increasingly looking to business professionals to run firm operations.
- › More law firms are shedding unprofitable partners and practice groups and closing unprofitable offices. Firms are placing a much greater reliance on metrics and quantitative analysis when evaluating every aspect of their business. They are also utilising a combination of new processes enhanced with a plethora of new vendor-created applications to increase efficiencies and keep costs down.
- › Alternative pricing models are becoming more popular with middle-market firms that are working to carve out more business by improving efficiencies, collaborating more closely with in-house counsel or sharing outcome risks with their clients.



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# LONDON AND EUROPE ASSOCIATES

## 2017 TRENDS AND DEVELOPMENTS

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### ▶ BUSIEST GEOGRAPHICAL AND PRACTICE AREAS

In 2017, the London market was notably fluid and there was plenty of movement at associate level, with the busiest practice areas being private equity and US capital markets. Outside of London, Paris saw a rise in activity in corporate capital markets, while Germany saw an increase in corporate roles. Germany also began to benefit from signs of a possible 'Brexit dividend', with associates who were contemplating international moves seriously considering the country as an alternative to the UK.

### ▶ GROWTH OF US FIRMS

One very significant trend was the way in which US firms are growing. They hold real appeal for associates because the quality of training that they offer is now every bit as good as UK firms, but their salaries are typically significantly higher. In fact, pay is a growing differential between US and both Magic and Silver Circle firms, with the latter steadily losing top talent to the former as a result.

### ▶ A RESTLESS AND DEMANDING GENERATION?

We are also seeing a change in the factors that motivate junior associates, which aligns with everything that research has been telling us about millennials and Generation X. Traditionally, new entrants generally adopted initial positions in the back office and then willingly moved towards partnership at a pace dictated by the firm. Now they look for a combination of things from the outset, such as quality of work, exposure, opportunities, flexibility, work/life balance and a culture that promotes inclusion. The traditional model is no longer seen as 'the nature of the beast', and we find that if young lawyers don't get what they seek, they will simply move. Also, partnership is no longer necessarily seen as a logical career destination. In fact, we estimate that only around half of associates now seriously aspire to become a partner. There's more focus on keeping their options open and considering alternative positions. We hear a lot of candidates talking about preferring to go in-house rather than make partner, with typical reasons being better work/life balance, only having one client and escaping the tyranny of chargeable hours.

## 2018 PREDICTIONS

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- ▶ In 2018, we think that Germany will continue to be the market to watch and firms operating there should expect to see the most movement around corporate roles.
- ▶ We anticipate that the difference between US and UK firms will become more pronounced as the former target talent with extremely competitive salary packages.
- ▶ We expect to see firms embracing the needs and aspirations of the younger generation to a greater extent, in order to build cultures that resonate with them more.

# ASIA-PACIFIC PARTNERS AND FIRMS

## 2017 TRENDS AND DEVELOPMENTS

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### ► TEAM MOVES

The arrival of third-party funding and resulting changes to the law are symptomatic of the growth of the disputes sector in Singapore and, in particular, international arbitration, establishing the city state as possibly the APAC hub for this type of work, despite challenges from Hong Kong. This, together with the establishment of the Singapore International Commercial Court and the continuing growth of fintech across the region, meant that the hiring market within the financial regulatory sector in Singapore was reasonably robust throughout 2017.

## 2018 PREDICTIONS

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In 2018, our outlook for Asia-Pacific markets is broadly optimistic. We anticipate that firms will grow cautiously, with a particular focus on arbitration, investigations and compliance, technology sector work, and private equity. The energy and infrastructure sector is also showing encouraging early signs for growth in 2018. Given Singapore's rise as an important regional hub in the financial services sector and for a variety of MNCs in various industries, it continues to be the logical place for international law firms to establish a regional presence. Firms will continue to carefully watch the markets in Southeast Asia with a view to establishing themselves here, either organically or through a merger with a local player. The 'hybrid' firms emerging from the major accountancy practices, such

“We anticipate that firms will grow cautiously, with a particular focus on arbitration, investigations and compliance, technology sector work, and private equity.”

as PwC, will continue to watch the market and aim to make further inroads in the region.

Regionally, Indonesia remains an important market and one to watch as firms are still only scratching the surface of the possible major opportunities there. Vietnam and Thailand also have untapped potential, and the increasing liberalisation of the Malaysian market may open up more opportunities as the year progresses. Elsewhere, although Myanmar is opening up and there are opportunities, it is likely to remain a difficult place

for international law firms to do business. Perhaps the biggest regional question, however, relates to what is likely to happen in India. The government there is working to create a liberalised market, and we may see some progress in 2018; even so, firms are unlikely to rush in until the nature of the new landscape is clear.

The main concern in 2018 is the region's vulnerability to a ripple effect from global economic conditions and downturns and, in particular, from any significant slowdown in the Chinese economy.

# ASIA-PACIFIC ASSOCIATES

## 2017 TRENDS AND DEVELOPMENTS

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### ► KEY AREAS OF GROWTH

At associate level, 2017 was generally steady with an upward trend of growth. Across the region, overall, there were more jobs than people to fill them, and this situation was made worse by the fact that the aspirations of many candidates at associate level were either overambitious or downright unrealistic.

The busiest practice areas were corporate, finance and investigations, the last largely as a result of the increased scrutiny of the work being done between China and the US.

### ► MOBILITY

We have seen significant mobility of talent, which reflects the mindset of the new generation of lawyers entering the sector: we find that, typically, millennials are less focused on wanting to remain where their families are and more interested in travelling overseas to broaden their experience and develop their skills. They are keen to work in bigger, faster markets, so there has been some movement from Singapore and China across to Hong Kong. Although Singapore can be a tough market to enter at partner level because firms often demand a significant number of years of local market experience, we found practices were much more flexible at associate level, partly due to the talent shortage.

## 2018 PREDICTIONS

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### ► US FIRMS

Some major US firms are ramping up their presence across APAC, and we expect them to embark upon aggressive hiring campaigns in 2018. We are all aware of how US firms, having arrived very confidently in APAC, ran into problems, and how a number of the major players dropped out of the market. It seems to be a 'sink or swim' mentality. However, US firms are now focusing on pipeline growth that will have a positive impact on hiring, with a deeper understanding of local conditions and a renewed sense of purpose. Consequently, expect to see determined, cash-led hiring campaigns, which we anticipate will have similar levels of success as those seen in London over the past two decades.

### ► STRONGEST MARKETS

In 2018, Beijing and Shanghai will still be the focus for activity in mainland China, but we could see new place names appearing on the radar. There is a possibility of firms opening up elsewhere, such as in other Chinese tech hubs like Shenzhen. In fact, one US IP firm has already done so. Singapore is likely to remain just as busy, as it is a major hub and is still covering lots of international work within India.

Elsewhere, expect Singapore to remain the main draw for talent thanks to its continuing status as the principal hub for international legal services in the Asia-Pacific region, with experience in finance, corporate and investigations work in particular demand.

## United States Associates

The uncertainty and contradictory signals in the legal profession are not restricted to law firm leadership and management; rather, this trend is reverberating at all levels of the associate market. For corporate associates, the lack of financial security due to uncertainty over the Trump administration, coupled with a slowdown in deal work, led to less lateral movement in 2017. Many associates decided to wait it out in their current positions, figuring that there wasn't better work to be had elsewhere.

- › Although the path to partnership is longer and more ambiguous, associates don't find it any less appealing: according to our findings, many associates want to grow within their firms and become partners, with more than a third (33.9%) of millennial lawyers in BigLaw aspiring to partnership, despite the industry-wide notion that achieving partnership is difficult and undesirable in the current environment. ([Minding the Gap: Do Today's Associates Defy Generational Stereotypes?](#))
- › The aftershocks of the summer 2016 associate salary hike are still being felt throughout the industry, and as a consequence, some firms continue to feel squeezed as they try to keep pace. To show their value, associates are grasping the importance of business development and looking to build their skills in this area.
- › As law firms struggle to compete in a crowded marketplace, and the business of law continues to shift and adapt to satisfy pressures on resources and time, the exceptional associate not only has to have a sound legal mind but also must be adept at attracting and retaining clients.



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# IN-HOUSE THE GLOBAL PICTURE

## 2017 TRENDS AND DEVELOPMENTS

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The busiest sectors in 2017 were tech, life sciences and retail (FMCG), and the most sought-after skills were those of professionals in corporate/commercial and data privacy and compliance. The year also brought some of the first real signs that AI may be set to play a major role in the more routine elements of in-house work, perhaps putting some of the most junior jobs at risk in the process. However, at the same time, 2017 showed how essential it now is to have a lawyer at the top table of power in almost all major international companies. The concept of a GC as the 'right hand' of a CEO is now a reality across much of the corporate world.

*Continued on next page >*



2017 also saw a further strengthening of the credibility of interim in-house lawyers. Long seen as something of a 'last ditch' measure to cover illness, maternity leave or similar, the employment of interims is now seen as both a viable and a highly cost-effective alternative to the use of external law firms. This in turn has created a virtuous circle, raising the level of work such individuals undertake and consequently attracting more and more high-calibre candidates to this way of working.

## 2018 PREDICTIONS

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### EMEA

“Even Europe will have a spring in its step.”

– *The Economist, The World in 2018 (December 2017 issue)*

The overall outlook for Europe is more positive for 2018 than it turned out to be in 2017. Last year faltered on the back of major political events at the tail end of 2016, which led to uncertainty for many organisations when it came to growth, investment and hiring decisions. Expect 2018 hiring to focus on the UK, Benelux, Germany, Switzerland, Ireland and

the Middle East. Southern Europe, Russia, Africa and the Nordics will present more limited opportunities. Brexit and GDPR will positively impact the demand for lawyers and compliance professionals both in the UK and across the mainland as clients will be forced to restructure legal teams to minimise risk and comply with changing regulations. In terms of demand, in

addition to the need for corporate/commercial lawyers, there will be an increase in compliance and data privacy needs as well as legal operations roles as GCs are forced to focus on increasing departmental productivity and doing more with less. The consequent implementation of new technologies and processes could impact the make-up of the legal department as GCs focus on hiring mid- to senior- level individuals and replacing more junior roles through alternative legal service providers and/or the use of digital tools.

### APAC

“India will be the fastest-growing big economy. China will not be far behind.”

– *The Economist, The World in 2018 (December 2017 issue)*

APAC's growth forecast is more bullish than that of EMEA. Expect China to lead the way in terms of demand for legal and compliance professionals in both Beijing and Shanghai but also perhaps in less obvious locations such as Shenzhen, closely followed by India. Singapore stands out more and more as the natural successor to Hong Kong as the regional APAC hub, and additional organisations will look to

establish or relocate their regional HQs there. Whilst Hong Kong, for now at least, continues to be a focus for the financial services sector, expect Singapore to snap at its proverbial heels even in relation to this key regional market. Tokyo, by all accounts, will also continue to be busy in the coming year. There will likely be an increased demand in the emerging Asia economies of Indonesia, Vietnam, Thailand,

the Philippines and Malaysia, but the compensation packages on offer will still tend to be relatively limited. Across the region, the 'war for talent' will go on, with practically all contenders homing in on an all-too-small pool of individuals who combine international experience, a good command of English and strong inter-personal skills.

# IN-HOUSE UNITED STATES

## 2017 TRENDS AND DEVELOPMENTS

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Due to many regulatory changes over the past several years, in-house legal departments have seen their workload increase. This increase in workload was coupled with an increasing recognition by senior management that the legal function is instrumental in helping a company achieve its business goals by enhancing the business overall and helping to develop financial and risk management strategies for the long term.

In 2017, that wave of in-house hiring settled, particularly in the first half of the year when we didn't see as much rapid growth in law department headcounts. Here's why:

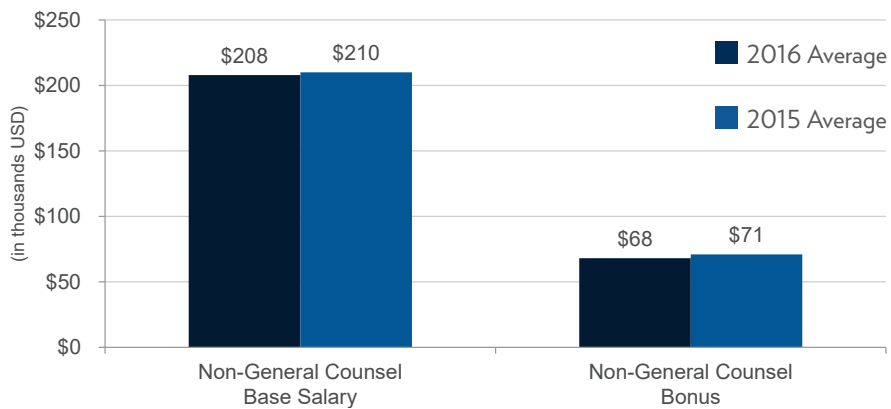
- The Trump administration created regulatory uncertainty, which impacted businesses and legal hiring. Caught in this limbo, companies didn't know which skill sets to prioritise when hiring, which meant they held off on major hiring decisions.
- Moreover, political and economic uncertainty left hiring managers unclear on the immediate future outlook of their companies.
- At the same time, in some pockets in-house hiring reached a psychological tipping point. Companies that are embracing change, deploying new strategies and tactics, and leaning into innovation and optimisation are doing best. However, many law departments are still seeking the right balance between spending their budget on internal versus external counsel and working to implement the efficiency-driven approach many organisations have explored.

## 2018 PREDICTIONS

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In-house legal departments now find themselves at a crossroads. The factors that led to their growth have largely subsided, and new forces are reshaping team make-up and responsibilities. Over the next year, new technologies will continue to emerge and exacerbate the shifts. GCs are at the forefront of guiding departments through these changes while also assisting their CEOs and C-suites in a business and economic climate full of uncertainty.

In 2018, candidates will continue to have leverage when considering a move in-house. For those legal departments that have open positions, a shrinking pool of interested candidates has made filling those jobs more difficult. The gap in compensation between law firms and law departments has continued to increase and was exacerbated by the wave of law firm associate salary increases in late 2016. Furthermore, according to Major, Lindsey & Africa's recent [In-House Compensation Report](#), non-GC in-house counsel saw compensation decrease slightly, with average base salaries dropping from \$210,000 in 2015 to \$208,000 in 2016. At the same time, law firms began to invest more time and resources into retaining and training their attorneys, which engendered more loyalty to firms and resulted in fewer associates moving in-house. As a result, employers will need to differentiate what they offer in comparison to others to remain competitive for top talent.



BASE	2016	2015
Maximum	\$650,000	\$1,150,000
Minimum	\$50,707	\$47,258
Median	\$200,000	\$198,500

BONUS	2016	2015
Maximum	\$650,000	\$530,000
Minimum	\$500	\$1,000
Median	\$51,930	\$58,575

Credit: Major, Lindsey & Africa's 2017 In-House Compensation Report

Today's GCs often find themselves with a seat at the executive table, increasingly responsible for enhancing the business and helping to manage SEC and governance issues alongside regulatory and litigation risk. As a result of these increased responsibilities, GCs are in a unique position to make a real contribution to the direction of the company. Today's GCs are under increasing pressure to keep costs as low as possible and demonstrate added value, all while managing a complex law department budget like a profit and loss statement. As a result, many legal departments are hiring legal operations professionals to oversee these matters, freeing up GCs to focus on providing the high-level legal and business advice that the C-suite now demands.



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## TRENDS TO WATCH

While the legal industry has been historically resistant to change, technological advancements have the potential to reshape the way business is conducted. As law firms and in-house teams slowly adapt to these changing tides, the options for alternative legal services have grown exponentially, providing an abundance of cost-effective solutions to the efficiency obstacles that face firms and in-house teams alike. However, as new technology continues to emerge, both in-house counsel and law firms will need to figure out how to adopt these new resources effectively.

## ► TECHNOLOGY

One way legal leaders are increasing efficiencies, enhancing their service offerings and optimising lawyers is with the help of deep learning technologies, including AI. In 2017, firms and legal teams looked to these technologies to improve business management and service delivery and to enhance and expand capabilities. Since its emergence, AI has proved critical in legal research. Creating and automating certain legal functions can help teams better understand and classify data, determine trends, manage workflow, conduct due diligence and document review, and implement other prevention tools and processes. This frees up lawyers to handle legal analysis more efficiently and tackle more in-depth, complex matters.

## ► ANALYTICS

In 2018, the legal industry as a whole can benefit from leveraging legal analytics to harness data and put it to good use. Data can support a number of legal functions and entities, including:

- **Legal management** – provides a window into where the department and firm can increase profitability and trim costs.
- **In-house legal departments** – measures the risk level of certain business decisions; conducts cost analysis to receive the best value from legal providers.
- **Law firms** – predicts case outcomes and offers clients real-time reporting; sharpens firms' advantages in an increasingly competitive and cost-conscious marketplace.

We will see more firms using analytics to predict trends and measure practice development by applying advanced analytical tools to their own billing and financial information. We'll also see more companies use analytics to build predictive models that spot potential business risk, especially with respect to litigation trends. As law firms become more dependent on these tools, lawyers will need to be trained to succeed in a data-driven world.

## ► HYBRID STAFFING MODELS

In addition to boosting the use of technology and analytics, legal departments will continue to introduce more efficiencies by relying on hybrid staffing models. These new staffing models disaggregate legal work and often rely on contract lawyers – who come with much lower billable rates – to handle the work that was previously assigned to associates at law firms. Law firms, fighting to stand out in an ever-competitive field, are also shifting course, considering more flexible engagement structures and even offering fixed or contingent fees.

As GCs grow more comfortable working with professionals in operations, project management and process management, we will see even greater shifts in legal services delivery models. The strategic use of alternative legal services will lower costs, improve quality, and refine how legal departments utilise their own lawyers and their outside counsel.

Each year, more major firms and corporations adopt technology to amplify their capabilities and increase efficiencies. As the programs and software evolve, and as the technology grows more sophisticated, law firms and legal teams will further optimise their profitability while driving down their costs.



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EMEA > London  
+44.20.7448.9960

EMEA > Amsterdam  
+31.20.262.8311

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APAC  
+852.3101.9678

Latin America  
In-House  
+1.858.202.5359

United States  
+1.877.482.1010

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