

Qualitative research into SMEs' legal needs and adoption of lawtech

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Executive summary

Background and approach

- On behalf of LawtechUK and the Legal Services Board, Community Research conducted qualitative research with 40 SMEs from different sectors (10 of whom had previously used lawtech) to explore how they address their legal needs and access legal advice and support, in order to understand how lawtech can better support SMEs.

What are the current legal needs of SMEs?

- SMEs' legal needs fall into two categories: 1) reactive, for example, debt recovery, dispute resolutions, or HR issues, and 2) proactive, for example, routine legal document drafting or reviewing.
- In both situations, SMEs are looking for solutions that are good value for money, won't take up too much of their time, and that ultimately provide reassurance.
- While many are content with how their legal requirements are currently addressed, and feel that they are able to resolve them, when it comes to the process of addressing them, there are some needs that are not being met for some SMEs. For example:
 - Many SMEs do not always know when or whether to involve lawyers – and some do not recognise when they have legal needs.
 - Choosing a lawyer, especially when starting from scratch, can make the process challenging for many.
 - Across the board, the main frustration for SMEs is that getting legal issues resolved is costly and time-consuming.

How can lawtech solutions help meet the needs of SMEs?

- Most SMEs can see a role for lawtech solutions, particularly when it comes to simple or straightforward legal needs; 23 of 30 (who had not used lawtech previously) said they would be interested in using lawtech solutions for their business needs.
- Lawtech appeals, either as an alternative to, or to complement existing approaches, for its perceived affordability and convenience.
- SMEs would be further encouraged to try lawtech solutions if they were reassured that it could be tailored to their unique needs and that there was access to human lawyers.



Definition of lawtech

For the purpose of this research we have defined lawtech as follows:

Lawtech is technology that supports or enables the provision of legal services or dispute resolution systems – the term is roughly synonymous with legaltech or legal technology.

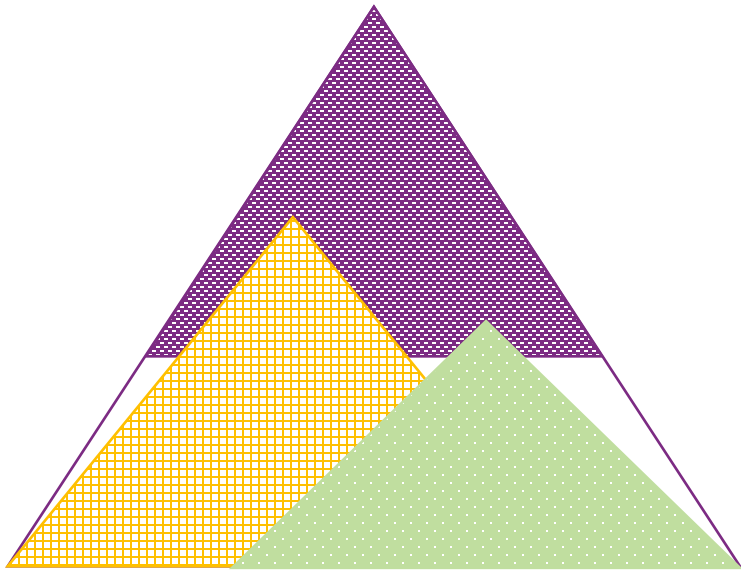
Lawtech includes technology used by legal service providers and the justice community to help them deliver legal services or resolve disputes. It also includes technology that allows businesses and individuals to take care of their own legal matters.



SME perceptions of legal needs and legal services

Legal needs are (consciously or not) categorised by the type or level of response that is deemed proportionate, albeit there is of course some overlap. SMEs see an immediate role for lawtech where that legal need is relatively straightforward.

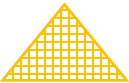
Bespoke



Quick

Low cost



	Types of legal need	SMEs are prepared to...	SMEs would use...
	Serious, complex	Pay more (and wait) for tailored solutions	Traditional legal providers
	Straightforward, routine	Pay (something) for a speedy response	Lawtech solutions
	Simple, lower consequence	Put in the time to save on cost	DIY approach

SME reaction to lawtech

What appeals:

Cost

Lawtech fees are seen as cheaper and more transparent.

Convenience

With online and 24/7 provision, lawtech solutions are seen as more accessible than traditional legal services.

Speed

There is also an assumption that lawtech will provide a faster service and resolution.

Clarity

It is easier to see at a glance what lawtech solutions provide.

Simplification

Lawtech solutions appear easier to understand and navigate.

Reviews

Seeing others using the service provides reassurance and transparency.



Concerns:

Lack of personalisation

SMEs' main concern was that there would be no human interaction.

Generalist

Many were worried that the solutions wouldn't be bespoke / specialised enough for their specific needs.

Low quality

Some SMEs questioned the likely quality of AI solutions.

Security

Some had concerns about potential confidentiality and security risks.

Wider take-up

Some SMEs were worried that others in their industry would not use these solutions and they would be judged negatively for doing so.



Main findings



Context setting

Characteristics of SMEs

SMEs shared some common characteristics in terms of mindset.

Commercially focussed

SMEs wanted to concentrate on the day-to-day running their business and the bottom line, and therefore tried to avoid anything that might distract or detract from that core focus. Legal issues were not generally a priority.

We don't have our own in-house legal team ... we concentrate on the core business and, having somebody or even a team doing that, would digress from what our core business is. (Medium)*

Multiple roles

SMEs often had to take on multiple roles, from HR to finance, all of which distracted from the main running of the business. Some had built knowledge and felt fairly confident in these areas, while others preferred to outsource wherever possible.

My role is quite wide ranging, as you would expect in a small company, so anything from people, operations, compliance, finance and, obviously within that, anything we need to do for regulatory reasons, so privacy policies, terms & conditions. (Small)

Personal relationships

So much of their business was built on long term relationships – with clients, suppliers, legal providers etc. It was important for them to maintain these relationships, and this could have multiple repercussions, for example, SMEs could be reluctant to overly formalise business arrangements, or they may have been less objective / more trusting of business partners.

I do feel it could have potentially blown things with that client completely if I'd moved maybe a bit too soon. (Micro)

Power imbalance

SMEs were often the smaller party in a business relationship, which meant they had little control over legal agreements, for example, they might feel that they had no choice but to accept the terms in a contract.

Whenever you have a small company trying to enter the market and you're trying to disrupt an industry, you don't have any negotiation power. (Small)



* Verbatim comment attributes indicate the category of SME: sole trader, micro (2-9 employees), small (10-49 employees) or medium (50-249 employees)

Decision making

Most SMEs we spoke to had ultimate responsibility for decision making when it came to legal issues, but there was sometimes external influence.

Board / business owners

Sometimes the Board or the business owners got involved in decision making, and they were not always in agreement when it came to decision making. Sometimes historic relationships with lawyers prevailed, and were used simply because things had always been done that way. These SMEs would therefore need to persuade others with a strong business case if they were to change their approach to legal issues.

Others in industry

Even where the SMEs themselves made the final decisions about legal matters, they often relied heavily on advice and guidance from others in their sectors, be it their peers or industry bodies.

The HR lawyer that we have is one we've used on and off over the years because they're very good friends with one of our owners. So we've always gone there and used them and God forbid you criticise them. (Small)

Firstly, I speak to other business owners I know for advice and support. A lot of them are more experienced than me and have in-depth knowledge and know how of many of the difficult situations that have presented themselves. (Small)





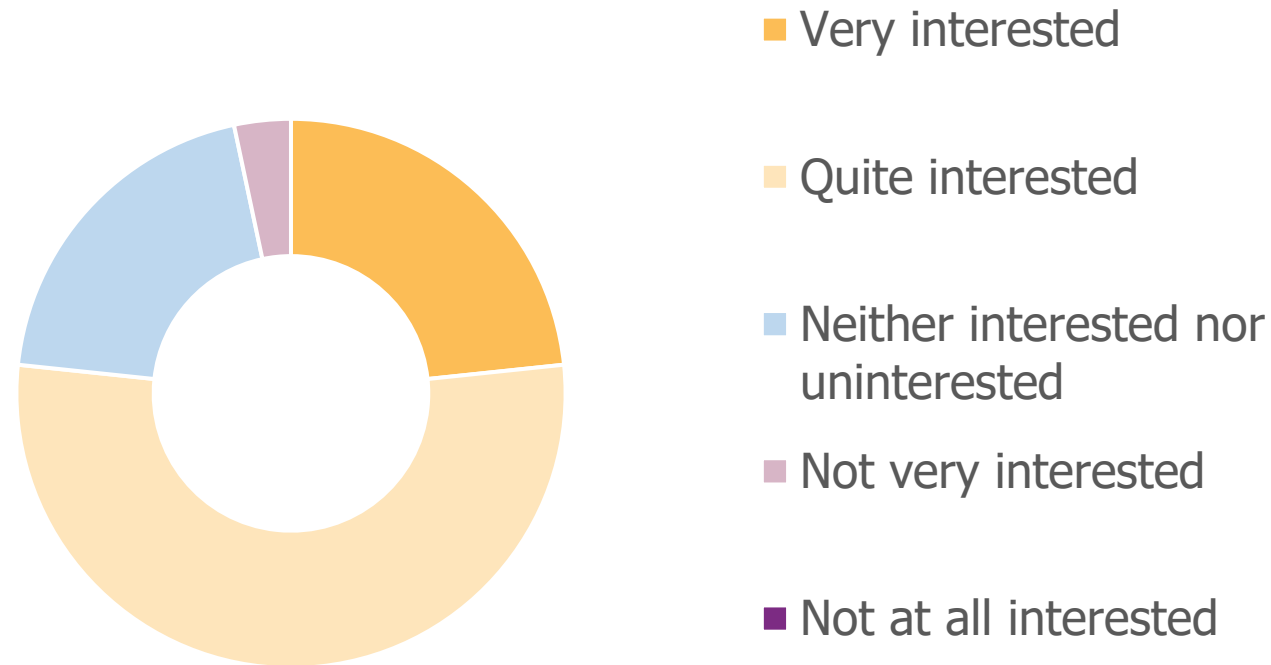
Views on lawtech

Use of lawtech

10 of the 40 SMEs in the sample were purposively recruited to have used lawtech previously. 10 of the remaining 30 said they had heard of it but never used it.

Of those that had not used it, most said they would be interested in using lawtech solutions in their businesses.

Interest in lawtech was spread across different business sizes (although sole traders were slightly less interested than other SMEs).



Q: How interested would you be in using lawtech solutions for your business needs generally? Base=30

Initial impressions of lawtech (non users)

Based on the information provided in the research, SMEs saw the most immediate value in marketplace and legal document lawtech solutions.

For those starting from scratch

SMEs felt that lawtech solutions could be particularly helpful for those with no existing knowledge of or relationships with law firms as a first port of call.

For simple needs

SMEs also saw an immediate role for lawtech when it came to addressing more straightforward or simple legal needs, particularly legal documents. This was an area where SMEs were often choosing a DIY approach or putting off addressing legal needs – lawtech seemed to offer an easy and cost efficient alternative.

It would have been able to find me quotes and the right lawyer rather than me calling around and asking how much their fees are and if they had experienced similar situations. (Sole trader)

I think this could have helped greatly; providing one place to go to and obtain advice or a service at a competitive price. (Sole trader)

I'm sure a lot of legal matters can be done from a template. (Micro)

The NDAs are a great example, we rip off NDAs and they're never right for us online and you just do whatever you can, hoping that both parties won't divulge anything but I think, having a nice structured NDA where you can ... type in what you need to type in, it all then gets populated. I think that's a lovely idea. (Small)



Appeal of lawtech (non users)

Most SMEs immediately saw a number of benefits to lawtech solutions.

Cost

SMEs saw immediate appeal in the costing models of lawtech solutions – the fact that they would be cheaper than traditional legal services, but also that the transparency of fees – having the outlay made clear from the start was particularly attractive. They liked that it would be easier to compare prices between different providers.

Convenience

SMEs assumed that because the services were online and not tied to business hours, this would make them much more convenient. They would not have to attend face-to-face meetings, and they could deal with at a time that worked for them (i.e. not when they were trying to focus on the day-to-day running of their business).

Speed

Related to this, SMEs expected lawtech solutions to be quicker than traditional services, both in terms of being more agile generally due to being online, but also in terms of the increased likelihood of being able to get an instantaneous response / resolution for example an answer to query, quote etc.

I would be definitely interested to learn more as they do the same job as my current legal team though may be considerably more cost effective.
(Medium)

Generally speaking, we need to know the cost of something way in advance, like we do with our IT spends and so on. The legal area is the only area where we've never been able to batten down this cost... And this is why to our own detriment, we're doing it all ourselves. (Small)

During the day we tend to be pretty flat out, doing the day job and people asking questions, there's just lots of things to be doing. Whereas [with an online solution] then I could do that in the evening at my own time. (Micro)

The advantages are that help is there instantly and it's less time consuming as there can be a lot of time wasted trying to get the likes of your accountant who is always very busy and don't have the time to check things out. (Small)



Appeal of lawtech (non users)

SMEs also identified a number of other selling points.

Clarity

SMEs liked that they could see what services were available at a glance – this meant that they would not have to explain their issue several times like when dealing with a traditional law firm.

It puts you in touch with the right person to deal with the particular issue you have instead of trying to find the right person by ringing around to see if they deal with a particular area of legal knowledge. (Micro)

Simplification

SMEs felt that the process appeared to have been simplified, for example, the lawtech websites used layperson's terms and seemed generally easier to understand / navigate.

It gives you an ABC of what way to do things, there doesn't seem to be any jargon on there, it talks to you in layman's terms, which is handy, it doesn't blind you with science. (Sole trader)

Reviews

SMEs also liked the fact that there were reviews and testimonials on sites – this was reassuring and helped to make the whole process seem more transparent.

Traditionally you just use lawyers that your friends and family may have used and just go with the hope that you get a good result like they did. The options of being able to see their ratings also helps and is a good feature you wouldn't normally get if you search for a lawyer traditionally. (Sole trader)



Concerns about lawtech (non users)

However, SMEs did have some queries and concerns in relation to adopting lawtech solutions.

Lack of personalisation

SMEs' main concern was that there would be a lack of personal interaction with these types of solutions. People wanted the reassurance that they would be able to speak to a human, especially if something were to go wrong / things ended up being more complicated than expected.

Generalist

Related to this, many SMEs were worried that the solutions wouldn't be bespoke / specialised enough for their specific needs. They felt that if their legal needs were complex enough to warrant external support, they might be too complex for a digital solution. This was particularly the case with SMEs based in devolved nations – there was a concern that these solutions might not take into account local / regional laws.

Low quality

Some SMEs queried whether the actual services provided could be that good if reliant on AI. For example, they were not sure whether they would be able to pick up nuance. There was also some concern as to whether lawyers might be lower quality than those you'd find at traditional firms. Some also questioned whether the advice would actually be enforceable.

With these services it seems I will not necessarily speak to the same lawyer on different matters and so they will not understand exactly what we do and how we work...The work I do is quite specialist and, although any lawyer can, potentially, deal with my cases, experience has taught me that good lawyers in my industry are few and far between so I always use those I know are good at what they do. (Sole trader)

I have heard of them [lawtech solutions] but I have never used them. I would consider using them but I have just never done it before. I have always doubted whether they are reputable as they are mainly online and you would not be able to speak to people. It also seems less personal. (Small)

Going to an online law firm, which is faceless and you really don't know, I think there are certain risks there that this legal advice may be not appropriate or not legally sound. (Medium)



Concerns about lawtech (non users)

SMEs also identified other potential barriers to adopting lawtech solutions.

Security

Some SMEs were concerned about potential confidentiality and security risks using digital services.

There's all the side of confidentiality and privacy, that is a big factor. How secure and safe is the information I'm putting online because it relates to my company and it could get into the wrong hands, which would be a concern. (Medium)

Wider take-up

Whether or not others in their industry were using lawtech solutions was a concern for some. Sometimes this was about not wanting to be the only ones using them if, for example, competitors were not. Others questioned whether other parties might be nervous / dubious / dismissive of them if they were using these types of solutions rather than a traditional firm – they felt they might not carry the same weight as a result.

It would be nice to encounter a peer who had successfully used such a service. I had not heard of this as a concept prior to this research, so seeing it come in to slightly more mainstream use would be reassuring. (Sole trader)



Likelihood of using lawtech (non users)

Overall, most SMEs expressed an interest in using lawtech solutions in the future, and many thought that it could have helped them to address their legal needs.

Appeals for

- Straightforward legal tasks, for example, drafting T&Cs, contract templates etc. and simple legal advice e.g. around HR issues.
- Simply being able to find legal support / a provider that could help with an issue.
- Start-ups who needed lots of legal documents when establishing their businesses.

Appeals less for

- Complex issues that would require more involved explanations.
- SMEs who are content with current provision.
- People with low confidence in relation to technology (a small minority in this sample).



Likelihood of using lawtech (non users in their own words)

The whole issue would have been taken care of **more professionally** than I dealt with it. And the whole procedure for me to follow would have been detailed and documented step by step for me to follow. (Micro)

If I was to go and start **another firm** from scratch, it would be something I would seriously consider. (Medium)

The words **law & tech** scare me, so I would rather leave it to the professionals. (Micro)

I would very much be interested in the near future depending what the issue is, **Sometimes it requires a human** to do some research on our behalf, so it's not as easy as issuing a template. (Small)

I have not come across lawtech before but after seeing the videos this is exactly the kind of service that I am looking for. I think **getting a decision right away with the fees upfront and avoiding the hidden fees** is perfect for my business. (Small)

Lawtech would have helped enormously, it would have **saved me time and effort** looking for legal help and finding the trust element of a legal firm, I would **know upfront how much the fee** would be but most importantly it would of **saved me a lot of time** as I would of got a decision pretty soonish compared to the 5 months I had to wait. (Small)

We have a couple of people that we work with that you'd probably just want a second opinion on just before you signed on the dotted line so, in those instances, we would probably want to stay with our local firm. We also have people we work with whereby it's **straightforward** and they're easy people to do business with, so in that instance we wouldn't need to use the local firm for that. ... anything **where we might need a bit more advice** or we might need someone who **knows the local market**, then we would probably stick with the local firm for that. (Micro)



Experiences of lawtech

The ten SMEs in the sample who had used lawtech had used a range of solutions.

Solutions used

- Debt recovery
- HR advice
- Other legal advice e.g. domain law
- Contract templates
- Legal documents e.g. GDPR, conveyancing
- Dispute resolution
- Legal marketplace

*Providers used**



**Not all participants identified the name of lawtech provider they had used*

Triggers to using lawtech

Most had found out about lawtech based on recommendation (from others in their industries) or by chancing on it when searching online for solutions to their issue.

SMEs tended not to have set out expressly looking for a lawtech solution; rather, they decided to give it a try for their specific issue. None of these initial issues were deemed particularly 'serious' so there was little risk involved in trying something new.

The majority said they would have used traditional legal providers had they not used lawtech solutions, although some would have tried to address the issue themselves.

We found out about Lawtech by chance when in discussion with competitors in our industry who said they had used the process and that it was cost effective although they had some doubts about its effectiveness. (Medium)

I thought I'd give it a try, if it hadn't worked I wouldn't have used it again but the first time I used it I got my money back. (Small)

[If I hadn't used this solution] I would have used traditional legal support as I had exhausted all other avenues and wouldn't have had any other choice. (Sole trader)

[If I hadn't used this solution] I would have used the old contract templates we had or got a solicitor to draw one up. (Small)



Overall experiences of lawtech

Of the 10 who had used lawtech solutions, 6 said their experience had been largely positive, and 4 said it had been neutral / mixed.

All said they would be likely to recommend lawtech to other businesses like theirs.

I would say overall the experience of using lawtech was fantastic and I would definitely recommend them to others. (Medium)

I had a positive experience, it was easily accessible, quick and ultimately saved me time. I would be far more inclined to use it again rather than use the traditional methods. (Sole trader)

The portal I used was quite difficult to navigate unless I knew exactly what I was looking for. (Small)

It did meet my needs in that I was able to find a freelancer quickly who could get the job done at a good price. The platform was easy to use and we could make a selection between a few options. The quality of the job is somewhat variable across the lawyers on the platform though. I wouldn't use it for very complicated or niche projects. (Small)



Experiences of lawtech

The positives and negatives identified by those who had used lawtech were very similar to the perceptions of those who had not.

Positives

- Cost effective (compared to traditional legal services) – and fixed costs.
- Convenient and accessible.
- Quick / agile.
- Ability to keep track of progress.

Negatives

- Lack of human interaction / impersonal.
- Lack of support options.
- Difficulty navigating portal.

It met my needs exactly at what I thought was very reasonable prices. I would be very likely to use it again as it did the job far cheaper than traditional legal support. (Small)

I really liked the experience. Understanding the most common fear for using lawyers is lack of knowledge and clear information, I would have liked a touch more personal contact to follow up on a contract review for example to make me aware of any mistakes of pitfalls I may have missed. (Micro)

Although the service as a whole was very simple, the overall experience could have been improved from the offset if there was dedicated support on the website to help you find exactly what you're looking for. (Medium)



Likelihood of using in future

Those who had used lawtech felt similarly to those who had not, in that they felt it was better suited to more straightforward legal needs.

Many saw it as complementing existing provision and / or bridging a gap between traditional legal services and 'DIY law'. They could still see a role for both of these approaches in, but felt that lawtech offered an additional option for instances where they wanted the peace of mind of legal 'rubberstamping' in situations when it wasn't necessarily worth it to invest the time and money into traditional services.

Others would be prepared to use lawtech more widely, as an alternative to what they were currently doing, provided concerns were addressed.

I think they would be very useful in helping you manage the less complex legal matters. However, for more serious matters and I would still want to consult a solicitor. (Small)

We are still not sure whether lawtech is right for us on every occasion. It met our needs on some occasions but when it became too complex we found that lawtech did not have the right solution. There are standard format issues while can be unique and require individual attention. (Medium)

You know if you're paying for it online, you're not getting the greatest lawyer in the world but the task you're asking them to achieve for you doesn't require the greatest lawyer in the world. It just requires someone with a Law degree that understands how to put together a letter. (Small)

I would be interested in using lawtech to solve different issues particularly if they can offer specific tailored services on the issue we are facing. (Medium)



What would encourage take up of lawtech solutions?

Both SMEs that had and hadn't used lawtech in the past were in agreement at what messages were needed to encourage take-up and assuage concerns.

Access to people

SMEs wanted reassurance that there would be access to actual people if needed – for example, helplines, or the option of paying for additional advice / consultation if the automated solutions were not sufficient.

Ability to tailor

Related to this, they wanted reassurance that lawtech would be able to offer tailored or bespoke solutions, and specialist advice.

Case studies and examples

Many felt that if case studies and examples illustrating the types of issues or businesses that lawtech solutions can help were displayed, this would address concerns about it not being relevant to their sector.

Legitimacy

Knowing that the legal advice provided by lawtech solutions was enforceable would also be a useful assurance for some SMEs.

Security / confidentiality

Similarly, some wanted reassurance that their data would be adequately protected.

Reviews / success stories

Finally, seeing success data and hearing reviews from peers would also provide reassurance to SMEs.





Case studies



Roger is the CEO of a business that manufactures and sells luxury consumer goods, based in Birmingham in the UK. The firm has been going for over 20 years and employs around 60 people.

Roger's legal needs

Roger's firm deals in global markets and with global suppliers, which means contracts, licensing arrangements, and NDAs are **routine legal needs**. They mostly handle this themselves by 're-hashing' previous agreements.

He also experiences occasional **one-off** legal issues, such as a supplier or client not fulfilling contractual terms, employment issues (like disciplinaries) and new regulatory requirements (like GDPR and COVID compliance).

Roger's story: a difficult dismissal

A member of staff made an accusation of unfair dismissal after she did not get the job she expected. For 3-4 months, Roger **tried to resolve this himself** with one-to-one meetings. After 6 months, they **brought in legal counsel** when it was clear that they could not resolve it themselves. After several months with lots of meetings, lots of letters and £10,000 in legal costs, there was still **no resolution**. The lawyer recommended they brought in an **independent adjudicator** at a further cost of £6,000. Within 2 weeks, the issue was **resolved** and the staff member resigned. The whole process took well over a year from start to end.

How could lawtech have helped Roger?

Roger is **very interested** in lawtech, and sees a role for it in the future of his business. In particular, he likes the idea of using **document templates** and **AI-based systems** to create and review contracts, NDAs, and licensing agreements. He also likes the option of lawtech **connecting him with a lawyer** on an ad hoc basis to advise on specific legal issues. A **fixed cost legal service** is particularly appealing.

He feels that lawtech is **less suited to the unfair dismissal case** due to its complexity and the need for 'a human touch', but he believes this was a one-off legal issue.

I love the fact that it's artificial intelligence because, let's be honest, most of the things we do legally, it's formalised. There's no thinking really involved, it's just a formal document and, as artificial intelligence goes higher and higher, you should be able to have a lot of these conversations with a computer rather than a human being.



Mary

Mary runs a small IT consultancy that provides software, hardware and networking to solutions to other small businesses. The business has been running for around a decade and work comes mainly through word of mouth.

Mary's legal needs

As a sole trader, Mary does not regard herself as having many legal needs. She had **long standing relationships** with her clients and could not see why she would need legal support. Her bad experience, coupled with learning about other lawtech solutions through the research, did make her reconsider her attitude to contracts.

If you were starting to get [contracts] drawn up specifically for your work, then that's a lot of time and effort and money but, if these companies are coming up with these templates pre-made and they stand over them then that's a no brainer really.

How did lawtech help Mary?

Mary did not want to go to a traditional lawyer as she expected the process to be **time consuming and expensive**. She was concerned that she would waste time and money and not end up getting her money back. She liked the fact that she was able to contact the service **online** and did not have to have a face-to-face consultation.

Mary's story: the main legal need

Mary had been working for a client for a number of years installing and maintaining their computer network and infrastructure. The person who she had previously dealt with left, and a few months later their replacement asked for Mary to complete a number of jobs. Mary submitted her invoices at the end of each piece of work as usual, and continued to carry out other pieces of work despite these invoices not being paid as **she had never previously encountered any issues** with this client. She was then asked to consolidate her invoices into a lower overall fee which she did not want to do. **Based on personal experiences of using a solicitor**, she did not want to go down the traditional legal route to recoup her money. She did some **online research** and decided to use an **online legal service** instead. Mary had an initial consultation and was given advice on the options available to her. Within an hour of contacting the client and letting them know she had taken legal advice, the invoices were paid in full.

I didn't particularly want to have anything to do with solicitors or small claims courts or any of that sort of stuff and actually, to be honest, didn't really know what to do.



Hamish

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Hamish owns a structural and civil engineering consultancy. He started it about 4 years ago.

Hamish's legal needs

Hamish has used legal services to draw up contracts with clients previously, but now **edits these contracts** for new clients. He intends to get a new contract drawn up in a couple of years in order to ensure that any **changes in the law** are taken into account.

He's been happy to **use lawtech for straightforward legal needs**, but would use a traditional lawyer for more serious issues as he assumes the quality will be higher.

Hamish's story: the main legal need

Debt recovery is an **ongoing issue** in Hamish's industry and is something he has had to deal with from the start. Initially he **wrote off bad debts** as he thought that it wouldn't be worth paying the legal fees to chase the debt; he assumed they would cancel each other out. A friend in the construction industry recommended friend **recommended** using lawtech solutions for being cheaper and simpler. Hamish found the website **simple and straightforward** so decided to give it a try. He got his money back first time, and has continued to use it for debt recovery ever since. He thinks that having the **legal 'stamp' carries weight**, which is why he does not simply use a template letter.

How did lawtech help Hamish?

Having been pleasantly surprised by the **ease** of using lawtech for debt recovery, the next time Hamish had a legal need – making 5 members of staff redundant – he decided to use a lawtech solution. He does not think he would have tried it without having had a **positive experience** previously with lawtech.

I was doing long days and I didn't really want to have to schedule a meeting with a solicitor and get charged £200 for telling him something that would probably take about five minutes to explain. It's not particularly complicated for him, person A owes me, B, money, get it back from him. I don't need half an hour of someone's time to explain that.



Pratish

Pratish is Chief of Staff of a small fintech start up. The company launched in 2018 and employs around 30 members of staff.

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Pratish's legal needs

Pratish deals with legal issues on a **regular** basis, from ensuring regulatory compliance to making redundancies. When addressing legal needs, Pratish uses a **variety of approaches**. He uses a traditional legal services firm for more **complex and / or high risk issues**, such as drafting important documents; uses freelance lawyers for less important issues where a **speedy response** is valued, for example when wanting to have a legal professional look over a document; and does some legal work himself **internally**, for example, HR policies.

How could lawtech have helped Pratish?

Although Pratish has used legal marketplace lawtech solutions, he had not come across some of the other services available and could see real value in using lawtech tools to help **streamline processes**, such as employment contracts. He did question whether they would have the **capability** to deal with non standardised cases.

Pratish's story: finding a lawyer

Pratish was introduced to an online legal outsourcing platform which connects you to freelancer lawyers by a colleague. He has been using it for **ad hoc and ongoing** project work over the past year and has had **mixed experiences**. He has valued being able to find freelancers quickly who could get the job done at a **good price**, and found the platform **easy to use**. He also appreciated being able to make a **selection** between a few options. However, he has found the quality of work somewhat **variable** across the lawyers on the platform.

It is great in that you have access to a number of legal professionals. Just within 24 hours you can post something and you can get responses and bids. Where my experience has been quite mixed, so some lawyers are really great, they get it, they get you, they've got great experience and they can just put something together and the quality is great. Other times it's been a bit hit and miss with just not fully understanding our product, so we have to go back and forth, and then not having our priorities as their priorities.



Sylvie

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Sylvie is a partner at a medium sized accountancy firm based in Liverpool. As part of her portfolio, she has responsibility for HR issues.

Sylvie's legal needs

Sylvie's firm has a range of legal needs including HR advice, company secretarial, and late payments / disputes. Where possible Sylvie tries to address legal needs **in house** because of the **costs** involved in using external providers.

A lot of the time we ask other businesses who may have had the same situation for their own advice to see what they did in that particular situation. We also use government websites to ensure that we are fulfilling our legal obligations.

How did lawtech help Sylvie?

Sylvie has found lawtech solutions a **cost effective** way to obtain legal advice and guidance in **unfamiliar legal areas**. While the service has not always been that **personable**, Sylvie has generally been very satisfied with her experiences, particularly the **speed and ease** of the solutions, and expects to use lawtech again for future legal needs.

Sylvie's story: HR advice

A member of staff leaked confidential information to a competitor. Sylvie's firm wanted to dismiss the employee, but did not feel that they had enough HR expertise **in house**, and so wanted to get outside help. Sylvie did a lot of online research and spoke to peers and concluded that she would need to use external legal services. She looked into hiring a traditional lawyer, but the cost was **prohibitive**. Having successfully used lawtech in the past for a different legal need (GDPR guidance), Sylvie decided to use the same lawtech provider to help with this issue. Once they had appointed the provider, the process went **smoothly** and the member of staff was dismissed.

I would say overall the experience of using lawtech was fantastic and I would definitely recommend them to others... the ease of a transaction, in the sense of we knew we had a timeframe and they stuck to the timeframe and that's it. It was never delayed and we never had any issues with it.



Carlos

Carlos is the owner of a small retail and manufacturing firm with 35 employees based in Cardiff. The business has been running since 2009.

Carlos' legal needs

Carlos' main **ongoing** legal needs tend to be in relation to drafting and renewing contracts with clients and suppliers. He **occasionally** needs HR advice and on rare occasions, help with debt recovery. For more **complex issues**, he uses a local law firm that understands the local market; otherwise he tends to address his legal needs internally.

Carlos' story: reviewing contracts

Carlos sought legal advice when a supplier's contract was up for renewal after two years. Sometimes he would simply extend the existing contract, but because of **changes to the law** (such as GDPR), he wanted to use external advice. He went to a local law firm that he had used in the past; because the law firm had a **good understanding of his business**, a new contract was put in place quite easily. It was done at a fixed cost and completed on time so Carlos was satisfied with the overall experience.

How could lawtech have helped Carlos?

Carlos had previously successfully used lawtech when purchasing a property and could see real benefit in using lawtech solutions for contracts, provided it were still possible to talk to someone should the legal issue turn out to be more **complex** than anticipated.

If any issues do arise, because you can get sometimes what you perceive is going to be a transactional kind of contract and then you get queries left, right and centre. Then in that instance, you'd probably want to be able to speak to someone, if something's going to be more complex than it originally was at the outset. .





Amira

Amira owns a business in the Midlands providing corporate away days. She has been running for ten years and has no permanent staff, relying on a pool of freelancers and contractors instead.

Amira's legal needs

Amira does not rely on legal services on a day-to-day basis as she encounters **very few legal issues**. She has learnt to tackle the most common problems without legal support, for example company formation; registration of trademarks; chasing unpaid invoices and complying with human resource law. She has **business insurance** that she would hope would cover the cost of a solicitor should she need one.

Amira's story: dispute resolution

A dispute arose with a long standing supplier who tried to invoice more than they were eligible to. Amira initially tried to **negotiate informally**, hoping they'd be able to reach a compromise and **maintain their relationship**. She wanted to avoid going down the legal route from the start because she was concerned about the **impact on reputation and costs**. Once they had reached deadlock she sought legal advice. She had an initial consultation with a solicitor but was unable to continue due to the **prohibitive costs**. Eventually she was able to source some pro bono legal advice via a charity, who drafted a letter that dissuaded the other party from progressing the matter further.

How could lawtech have helped Amira?

Amira was very attracted to the idea of lawtech solutions, primarily because of the **potential cost savings** compared to traditional legal services. She questioned whether the opponents in her case would have agreed to the idea of lawtech alternative dispute resolution (ADR); however, she would consider including a **clause in future contracts** specifying that a lawtech ADR firm should be used if the need arises, as a preemptive measure.

In terms of resolving our case, I think that would have been absolutely ideal just in every way – let somebody else independent see all the facts and resolve it. Especially if you could do it online and all the things it says, it can be done online, it's cheap and the judgment is binding.



Tony

Tony runs a small architectural business in Glasgow. He is a sole trader and has been in business for twelve years.

community
research

Tony's legal needs

Tony has **rarely** needed to use legal services in the past, apart from occasional reviewing of contracts and this one-off debt recovery incident. However, he is also conscious that he may have legal needs that he is **currently unaware** of.

How could lawtech have helped Tony?

In this instance Tony feels that lawtech could have provided him with guidance and give a quicker understanding of what **options were available** and what his rights were. Generally lawtech appeals for its **speed and cost effectiveness**. However, he does not feel that he would have need of lawtech solutions on an ongoing basis.

Tony's story: debt recovery

Tony had never had any issues with not being paid previously so when he didn't get a response to his emails chasing payment, he realised that he needed to get some advice as to how to handle it. (Although he was tempted to let it go because of the time and cost of addressing the issue, he decided to pursue the debt on **principle**.) He decided to get legal advice so **googled local lawyers** and found a firm **conveniently located**. He had a face-to-face consultation with a lawyer who advised him to go down the small claims route. He therefore advised the debtor that he was going to take approach, and the invoice was immediately settled without him having to progress it any further.

The key advantage is that there are a variety of "off the shelf" offerings which would make me reconsider what my legal requirements actually are. I know what I know and if I request something from a traditional legal service or my accountant, they will respond to that request without necessarily advising me of other things I should consider. Reviewing the templates and offering would expand my knowledge to consider other areas where I may need to consider legal services. Also the cost of these services will be driven down due to being competitive and the provider being aware of this. This is a huge benefit and ... transparency of costs and no hidden costs [are] a massive selling point.



Eloise

Eloise is the Director of a serviced office company based in Belfast. The company was established 30 years ago and Eloise has been with the company for nearly 20 years.

Eloise's legal needs

Eloise uses legal services for writing and updating contracts and also uses an online HR subscription service for any legal HR issues such as employment contracts and redundancy advice. For more **simple legal needs**, for example, standard documents, she does the relevant research to be able to meet these needs **in-house**.

Eloise's story: non payment / dispute

A tenant was behind on his rent, and when Eloise tried her **usual course of action** for this situation (for example, changing locks and withdrawing services), he started to threaten legal action. Eloise contacted a local property lawyer (who had been **recommended** to her) who advised her of the correct procedures to follow to recoup their money. While they did manage to recover the outstanding debt, through the course of the process, it **became apparent** that the contracts they had in place were not as watertight as they had thought, as they were now out of date. Eloise therefore also employed the lawyers to rewrite their contract.

How could lawtech have helped Eloise?

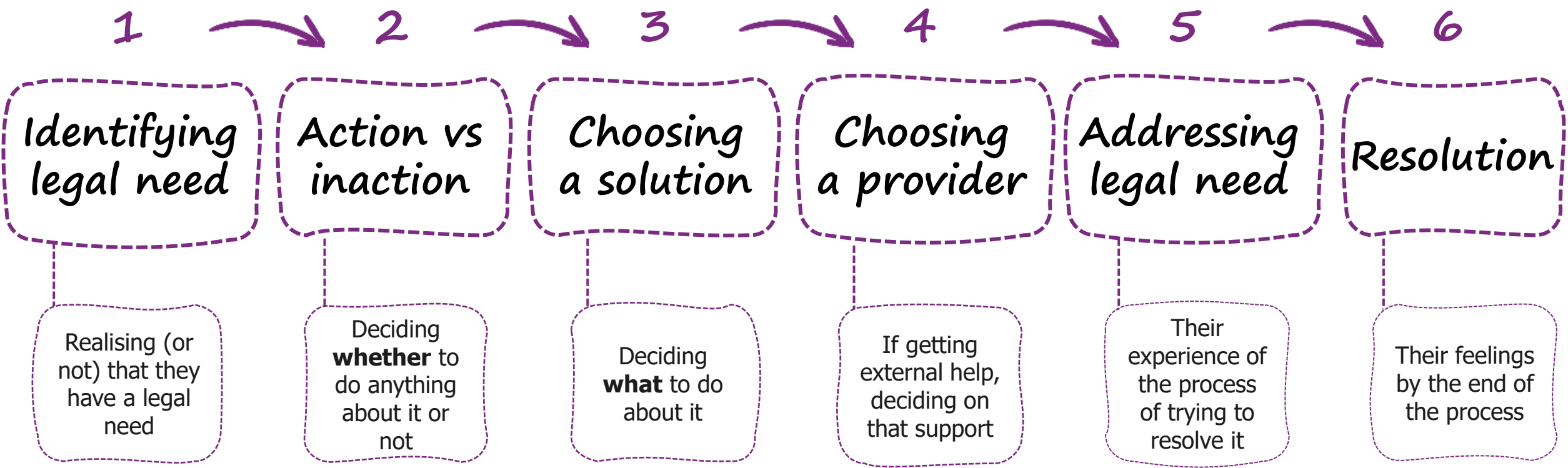
Eloise sees a role for lawtech as an **alternative** to managing legal issues in house – but would still want to use a traditional law firm for her **more serious legal issues**. She likes the idea of using lawtech solutions as long as there was a **guarantee** that the information provided was correct.

There's loads of stuff that you could use [lawtech] for... Things that are standard documents. GDPR documents where you have to collect various bits of data on a person and then you have to tick it all to say that you've got it, and money laundering, we do all of those documents. They're all standard documents that you could use a one size fits all type system for... I think they're an alternative to doing it yourself, not an alternative to a law firm. I think they could work in conjunction with a law firm but certainly not an alternative.



User journeys

Overview of user journey



Identified legal needs of SMEs

SMEs identified a range of both planned and unplanned legal needs they had to address in their businesses.

Reactive

SMEs most commonly identified their legal needs as standalone issues or problems that they were reacting to (as opposed to ongoing legal requirements that they planned ahead for).

- Debt recovery was raised as an issue for many SMEs – for some it was seen as par for the course, a regrettable aspect of doing business, while for others it was an unexpected one-off that they hadn't encountered before.
- HR issues ranged from performance issues to having to make redundancies or dismiss employees. These were mostly initiated by the SMEs themselves, although some were reacting to action brought about by employees. SMEs were often particularly nervous about making sure that HR issues were done 'by the book'.
- A number of SMEs needed to address disputes – with clients (often relating to debt recovery), suppliers or business partners.

Proactive / routine

When it came to legal documents, SMEs' needs were extensive, ranging from drafting new contracts to reviewing existing contracts to other legal documents including privacy policies, Covid statements, and NDAs. Many SMEs felt that these types of documents were becoming increasingly complicated and / or laws were changing more frequently.



Identifying
legal need



Unidentified legal needs of SMEs

However, they may have had other legal needs that they did not always recognise as such.

Known unknowns

Some SMEs were aware that they had legal needs that could or should be addressed. For example, they were aware that they ought to put contracts in place, but it hadn't been a priority.

I've never actually gone out and got a legal contract done. I've just used a previous contract, okay that looks about right. So, if push came to shove, there wouldn't be very much legal standing for us, I think. (Small)

But if you're asking me actually whether we have everything [legal] covered, I'm sure there are gaps and bits falling through the cracks. (Medium)

Unknown unknowns

However, there were also some legal needs that SMEs may not even be aware of or recognise. For example, it didn't occur to some SMEs that they might need some legal documentation – either because they thought they didn't need them or because they weren't aware they were supposed to. They were confident that they had all they needed because they had never had any issues in the past.

If something happened the liability really would be on the manufacturer. Well, I'm saying this, I think, I would say it was because they manufacture it. (Micro)

We have such a close working relationship with our brand partners, for example, okay, fine, what's the worst they're going to do. (Small)



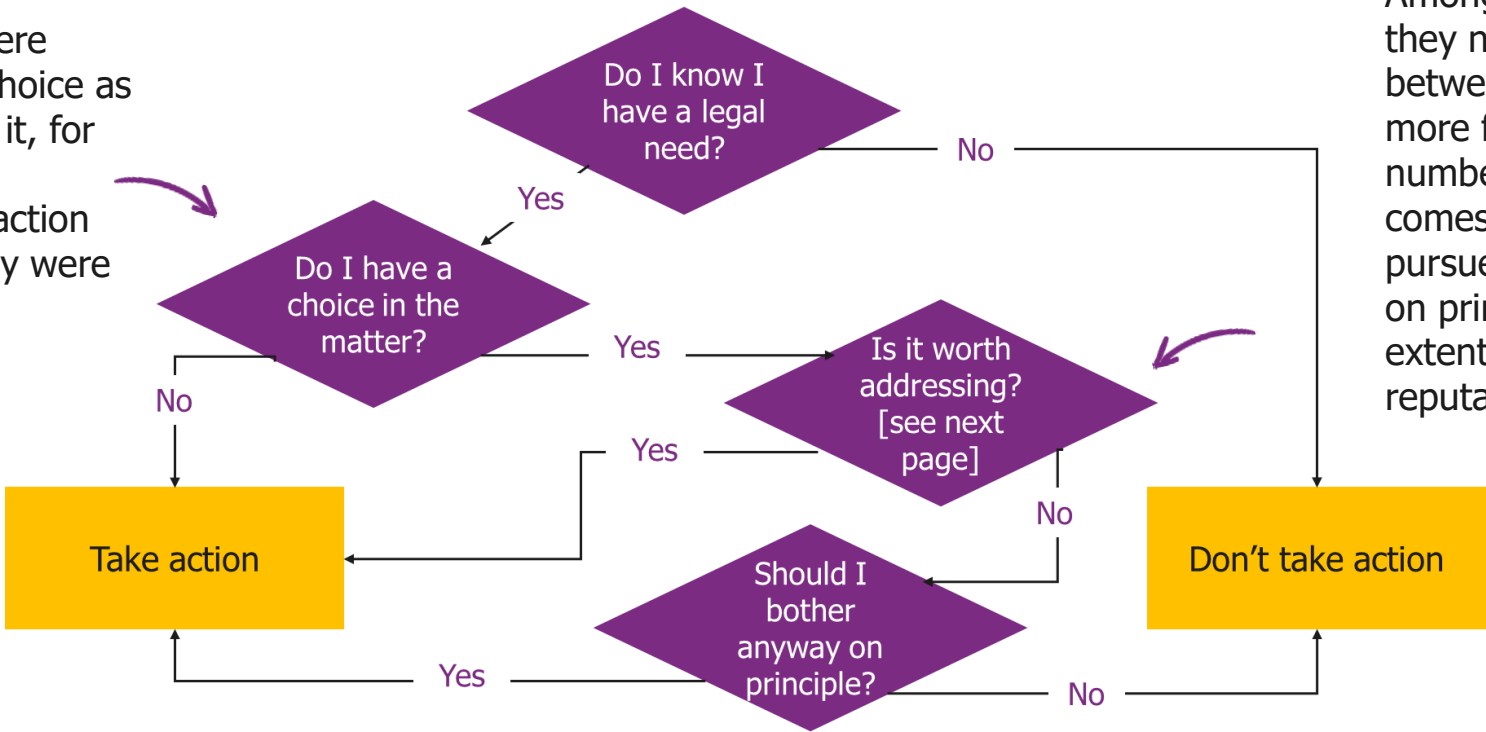
Sometimes these legal needs only came to light as a result of something else going wrong, for example SMEs realising that a contract was not watertight when a client did not pay.

Deciding whether or not to take action

The decision making process varied depending on the legal need and on the SME's circumstances and attitude.

As seen, SMEs may not even realise they have an issue. Alternatively, it might take outside action before they realise (for example receiving notification of the other party initiating legal proceedings) or in some cases, the very fact that the issue was not resolving itself or had reached deadlock indicated that they needed to take action.

Amongst those that were aware, some had no choice as to whether to address it, for example if they were responding to a legal action against them, or if they were legally bound to do something.



Amongst those that did have a choice, they needed to weigh up the balance between risk and reward (described more fully on the next page). A small number of SMEs (mainly when it comes to choosing whether or not to pursue a debt), decide to take action on principle (although to a certain extent, this does also tie into the reputational factor as well).



Drivers and barriers to taking action

SMEs had to balance the risks and rewards of taking action or not, with the overarching question being 'is it worth it'?

Financial



Unsurprisingly, the primary consideration for most SMEs when deciding whether or not to take action is to determine what the costs / benefits might be from a financial point of view. They need to weigh up whether spending money in the short term will be worth it in the longer term – for example, if it might result in recouping an unpaid debt, or if not taking action now will cost more later on. They also need to ascertain whether or not they can actually afford to take action – and if they can realistically estimate the potential total cost of doing so.

Reputation



A secondary but important consideration for many SMEs is the reputational implications of taking action or not, and whether it will enhance or diminish it in the eyes of their clients, suppliers, employees and other stakeholders. For example, some SMEs felt that it would make them look more professional if they involved lawyers in the drafting of contracts, while others worried that it would deter other parties. For some in more heavily regulated sectors, it went beyond reputation; making a legal mistake could cost them their licence or ability to trade.

Time



Another key factor driving decision making was the perceived 'hassle factor' of taking action. SMEs had to decide whether the time it would take would be worth it overall – and / or whether taking action now, might save them time and effort further down the line.



This can come down to an individual or company's attitude to risk.

Risk appetite of SMEs

Ultimately, the decision whether or not to take (legal) action often came down to the degree of risk a business was prepared to accept.

Sometimes this came down to the individual – some SMEs were more cautious and risk averse than others. Unsurprisingly those with law firms on retainer were more likely to get legal advice to be on the safe side – if they could quickly (and cheaply / at no cost) give themselves peace of mind, they would take this option.

SMEs in more heavily regulated industries were often more risk averse because of the repercussions of acting unlawfully, for example, if non compliance might result in a loss of licence.

Because I don't have that legal experience, I always want to make sure that I'm within the law. So we have this company who I pay a fixed fee to every year and I can go to them with any queries, questions, any advice I'm looking for, help with legal matters, help with employment matters and, more often than not, I tend to use them just to confirm what I already know. (Medium)

We were concerned about the legal ramifications of making a mistake and therefore this outweighed the associated cost with obtaining the advice. (Medium)

We always take legal advice on HR matters no matter how small or trivial they may be. (Medium)

We did everything up to the point where we needed to work within the bounds of the law. Ultimately, this could have cost us £200K - So, for an investment of circa £10K, the issue was completely resolved. It was purely a risk vs calculated investment to gain the best outcome. (Small)



Drivers and barriers to seeking external help

When it comes to deciding whether to address their legal need internally or seek outside support, additional factors came into play.

(Perceived) cost of external support

SMEs needed to decide whether or not they could afford to get outside help – and if they could, how much they could afford to pay.

Complexity of the issue

Some SMEs felt able to deal with legal needs themselves, either because they did not consider them to be overly complex, or because they had dealt with similar issues in the past. Some SMEs were more confident in their own ability to handle legal needs than others.

Gravity of the issue

When deciding whether or not to deal with an issue without external help, SMEs also considered the repercussions of ‘getting it wrong’ and how much it would really matter if they did.

Awareness of support options available

For some SMEs deciding whether or not to get external support could depend on whether they were aware of what the options are and knowing where to begin.

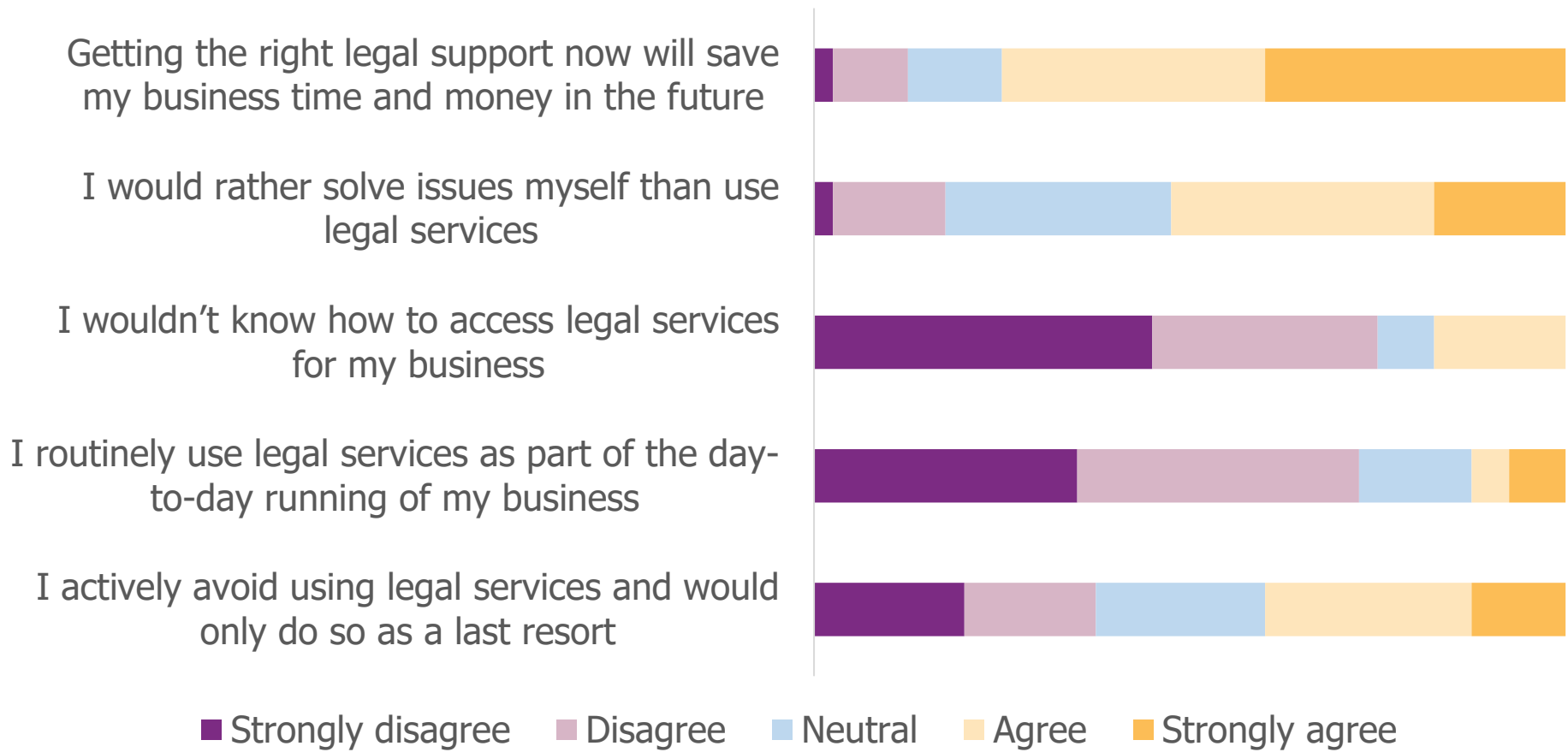
Views of legal services

When it was clearly a legal issue, some SMEs took into account their existing attitudes towards legal services based on their own personal and professional experiences, when deciding whether or not to seek external legal support. These attitudes are further explored overleaf.



SME attitudes towards legal services

SMEs in the sample represented the full range of views, from those who actively avoided lawyers to those who relied on legal services.



Q: How much do you agree with the following statements? Base=40

SME attitudes towards legal services

While most agreed there was value in using legal services, many SMEs still tried to avoid using them if they could.

- Most agreed that it was worth getting legal support, with three quarters agreeing that it will save time and money further down the line.
- However, around half said they would rather solve legal issues themselves.
- A sizeable minority (7 out of 40) said that they would not know how to access legal services.
- Most were not used to working with legal services – only 5 in 40 agreed that they routinely use legal services as part of the day-to-day running of their business.
- Well over a third actively avoided using legal services.

They are sometimes essential to help resolving a matter but on the whole they can be very expensive and more often than not, inefficient. However, we do rely on their expertise so unfortunately they play an important in helping to guarantee our success. (Medium)

I believe they are vital to ensuring you stay compliant and within the legal parameters to operate a business successfully The jargon and processes can sometimes be confusing and complicated to understand and often the cost is a blocker and process can often be time consuming. (Small)

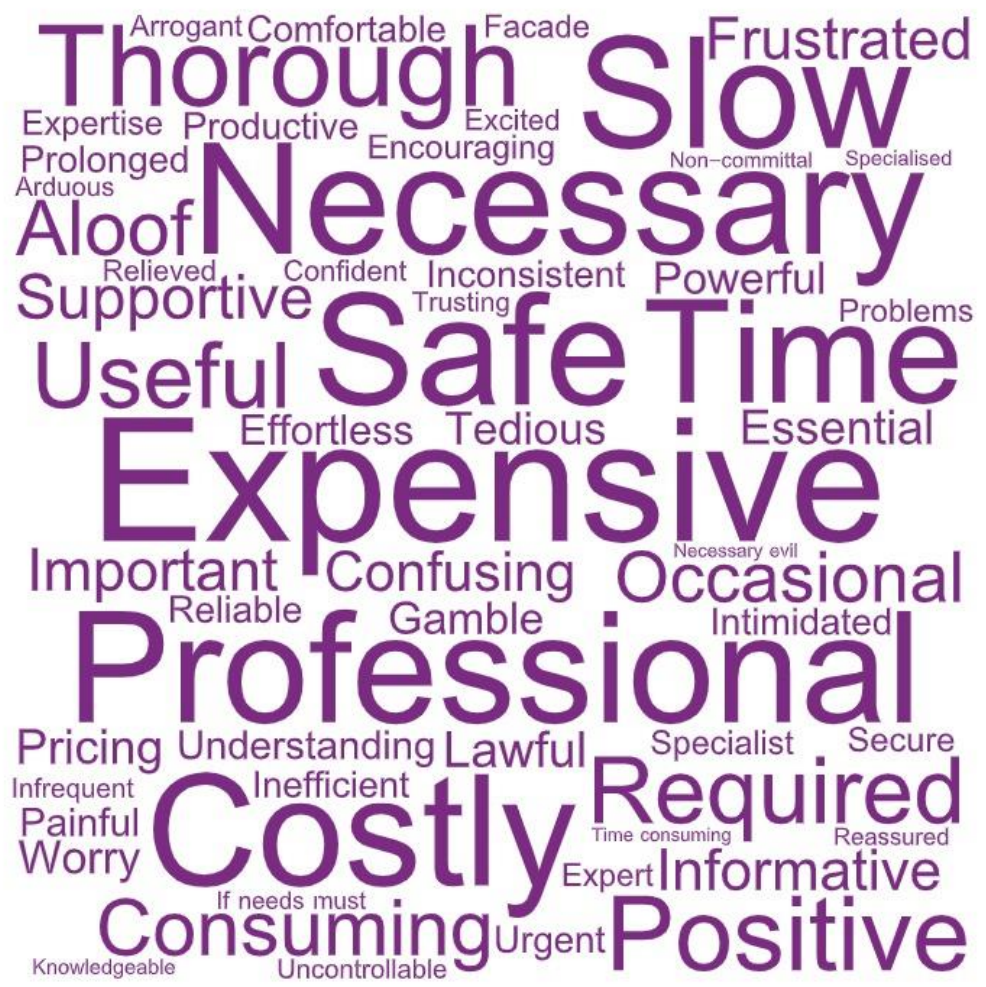
We do rely on their expertise so unfortunately they play an important in helping to guarantee our success (Medium)

[Legal services] play a vital role in our business as the law is a key factor and forever changing in our industry (Small)

They are phenomenally expensive and therefore reserved for an absolute crisis (Sole trader)



SME attitudes towards legal services



SMEs were asked what three words they would use to describe legal services. By and large, most SMEs thought that legal services had their place (although opinions varied as to where this was) and that they generally provided a good, but expensive service.

A general theme running through the research, was that while some SMEs were very positive about their experiences with legal providers, as shown by the previous page's apparent contradictions, the majority were resigned to using them as an inevitable part of doing business. While they largely thought they did a good job, they didn't relish the idea of using them.

As a result, many only used them reactively, when they felt they had no choice but to. A few SMEs acknowledged that they potentially ought to involve legal services earlier / more often e.g. to review contracts, but simply hadn't prioritised doing so.



SME attitudes towards legal services

How SMEs described their general attitudes towards legal services is important to bear in mind as these views inform their decision making about choosing providers.

Positives

- They were felt to provide peace of mind that they were doing things 'properly'.
- Lawyers delivered a professional service and SMEs could be confident that they would deliver.
- Lawyers were knowledgeable and up-to-date with the relevant laws.

Negatives

- They were seen as expensive (compared to other professional services).
- Furthermore, costs were not fixed / predictable / transparent, making it hard to plan for.
- They were perceived to be slow.
- A small number had negative perceptions of lawyers being arrogant or aloof, which deterred them from using legal services.

These views reflect SMEs' actual experiences of using legal services and are explored more fully in [SME experiences of legal services](#).



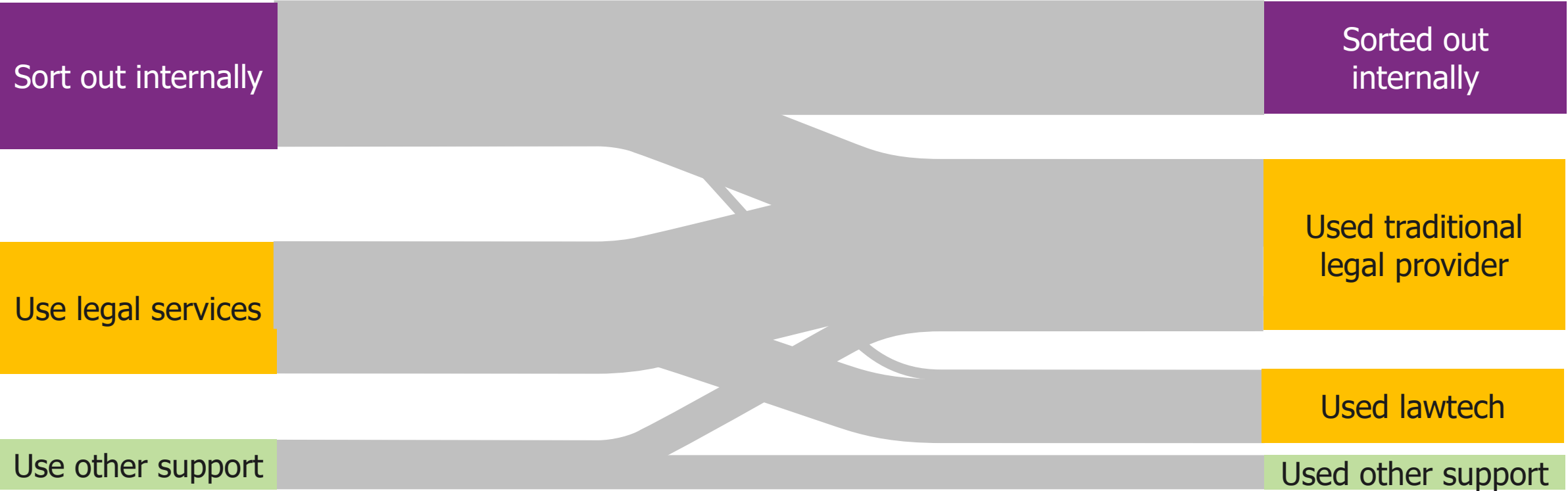
Intended vs actual user journey

SMEs didn't necessary end up using the approach they set out with.

Many SMEs started out with the intention of sorting out their legal need themselves, but realised that it wasn't going to be as straightforward as they anticipated. And some wished they'd got lawyers involved earlier – they thought it would have made things much easier for them in the end.

Legal need identified

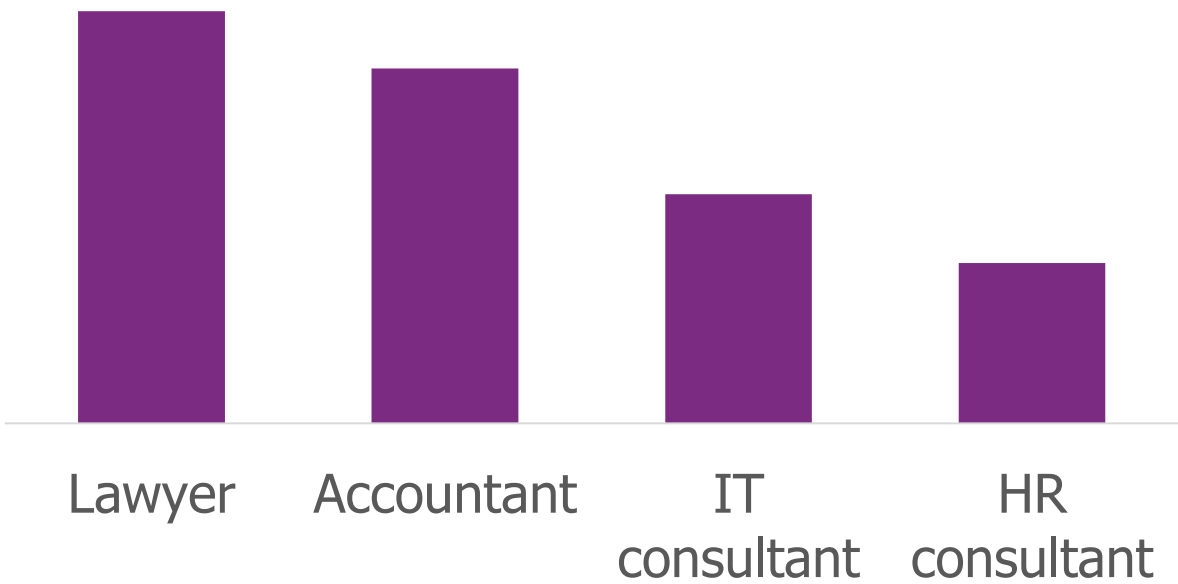
Resolution



Please note that this chart is not to scale but aims to illustrate that SME journeys are not always linear and / or SMEs may end up using a different solution than they intended to.

What external support is currently used

Nearly all SMEs in this sample* had previously used lawyers in their business, compared to a quarter who had used accountants, half who had used IT consultants and around a third HR consultants



Accountant and lawyer [are trusted source of advice / support] as they are best placed to provide advice for our business. They are also professional and accredited and hold accountability.
(Small)

Q: Which of the following professional services have you used in your business? Base=40

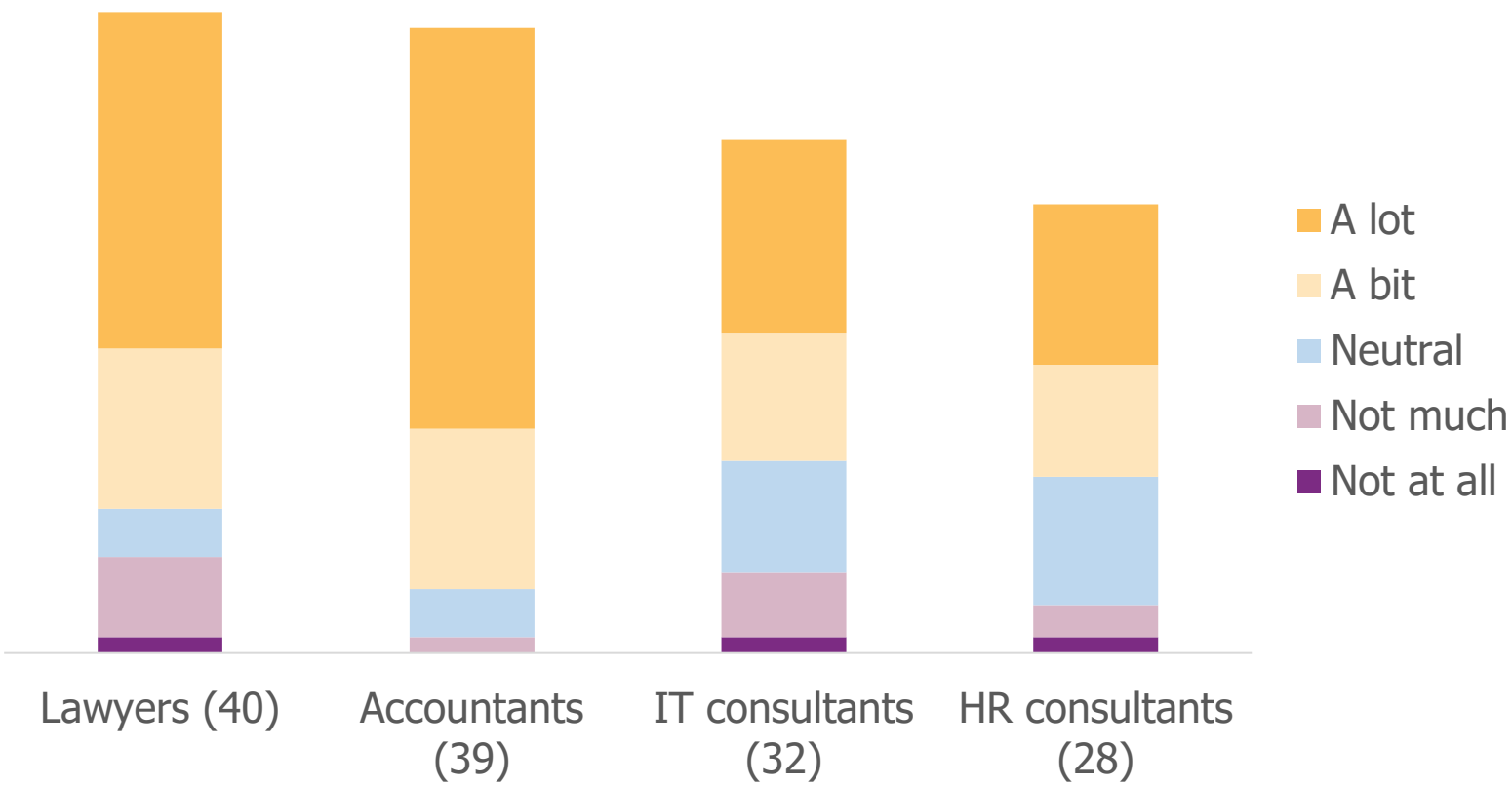


**Please note that this sample was targeted at those using legal services and was not designed to be representative of the wider SME population. The [2017 small business legal needs survey](#) found that of those using a professional adviser, 28% had used an accountant and 21% had used a solicitor.*

Trust in external professional support

Most SMEs trusted lawyers to provide support to their business.

Three quarters of the sample said that they trusted lawyers, compared to 6 (out of 40) who did not. By comparison nearly all SMEs said they trusted accountants.



Q: How much do you trust these professionals to provide support to your business?

Where do people go for advice / support

Most of the SMEs in our sample that sought external help (eventually) went to a legal professional.

In addition to other professionals, many SMEs also sought help / advice from:

- Others in their sectors, for example through forums etc;
- Industry / membership bodies; and
- Official government advice and support sources.

A few SMEs also spoke to family or friends with legal backgrounds to get their advice (the benefit of which was that it was both free and trusted).

I have got advice from a friend who is an solicitor in regards to seeking help recover fees owed from clients. I have also looked online and spoke to my peers who also have their own small architects practice to get their advice. As they are friends and people I have worked / studied with for a long time I trust them and most advice has been free so far. (Micro)

We trust other businesses that we know locally, they often give us advice on situations that they have been in. (Small)

The FSB [Federation of Small Businesses] is an experienced organisation that has a wealth of knowledge in all the aspects of business that can affect my business. I also use the Business Wales website to find out new initiatives that are being introduced. (Micro)

I find anything on the government website reliable and trustworthy to use as a source of information and guidance in the first instance. Citizens Advice are also available to gather information from and they have a range of information on their website. (Small)

A lot of the time we ask other businesses who may have had the same situation for their own advice to see what they did in that particular situation. (Medium)



Why choose a legal provider?

Most SMEs who ended up using legal support felt they had no choice but to do so.

Peace of mind

Some SMEs felt this was the only way they would get peace of mind that they were addressing their legal need appropriately.

We felt out of our depth hence turning to legal advice. (Small)

Sends a message

For some SMEs, involving legal services sent an important message to the other party that it was a matter they were taking seriously.

The very fact we have instructed a solicitor can sometime be enough [to recover debt]. (Sole trader)

Last resort

Sometimes SMEs felt that they had exhausted all other avenues and now had no choice but to go down the legal services route.

I had tried everything else and felt the legal route was my only option. (Small)

To learn

Some SMEs intended on addressing similar issues themselves in the future, but wanted to have it done professionally first of all, in order to learn how to do so.

I had no previous experience dealing with such an issue so the main purpose was to gain knowledge of the process. (Micro)

A no brainer

Finally, some people simple saw it is a legal issue and therefore something that required a legal solution. (NB not all SMEs would have made the same assumption.)

The issue was about putting contracts in place, which is a legal matter, so legal advice was sought. (Micro)



How providers are chosen

While some SMEs had long standing relationships with legal providers, a large number did not.

Most SMEs had some access to legal services, albeit some had more regular contact than others. Within our sample:

- Around a sixth had a legal firm on **retainer** and were paying an annual fee for support / advice;
- Some had a **preferred law firm** that they tended to go to;
- A few picked and chose from **different law firms** depending on the issue.

Those with long established relationships liked that their supplier had a good understanding of them and their business – they were loath to go elsewhere and have to explain their issues afresh.

We've got a guy that we've worked with in the past who understands our business. So we try and use him where we can just because we then don't have to keep explaining to him who we are and what we do and what's important to us. (Micro)

Around a third of (particularly smaller, but even some larger) SMEs had no existing relationships and were starting entirely from scratch when it came to choosing a supplier for their legal need.

I reached out to colleagues in the industry to see if they could point in the direction of someone that they had used before. We also conducted Google searches in an attempt to widen our search. (Medium)

SMEs had mixed views as to whether firms like theirs were adequately catered for – some felt there were plenty of firms supporting SMEs, whilst others felt like they were treated as small fry when dealing with law firms.

I have been working in my line of work for a number of years and over that time have come to know which solicitors have the expertise required. (Sole Trader)

We have this company who I pay a fixed fee to every year and I can go to them with any queries, questions, any advice I'm looking for, help with legal matters, help with employment matters. (Medium)



Starting from scratch

Those who were starting from scratch had mixed experiences when it came to finding and choosing a legal provider.

Some SMEs knew exactly what they were looking for and found it easy to identify a provider to meet their need.

I was just using the internet and searching for staff advice for small businesses and I found a few different companies that were able to help with the case, I asked them all the relevant questions and decided to go with one company. (Small)

Others struggled when looking for a provider, due to issues such as:

- Transparency of fees – they were not sure whether they would be able to afford the service.
- Navigating their offer – it was not always immediately apparent whether a firm dealt with the issue they needed help for.

These findings reinforce the LSB's [2017 quantitative research](#) with SMEs which showed that 50% of those who shopped around found it easy to compare different providers (a fifth found it difficult).

I searched local legal teams in this area and I spoke to a couple of people but they advised that we needed property lawyers. (Small)

I have no idea how much I should pay for legal services with my only option being to call lawyers directly or look at individual companies online. (Sole trader)

They only way to tell if [a legal provider] is good value – is to compare with another legal provider. However that is not easy to do. (Medium)



SME experiences of using legal services

Most SMEs had largely positive experiences using legal services overall, although many still had criticisms, primarily about the cost.

Positives

- They got the job done! Most SMEs felt that the legal providers did meet their legal need.
- Expert knowledge – of the legal area particularly, and sometimes also of the SME's sector / business area specifically.

The good thing about using legal advice was that we felt like someone else was responsible for the matter and dealing with it for us so we did not need to worry so much. It gave us the confidence to know that we were acting in a legally correct way and we had nothing to worry about when it came to legal boundaries. The people we were dealing with were very professional and dealt with everything very efficiently. The only negative was the cost but we would pay this again to get the same level of service. (Small)

Overall, the issues was relatively easy to deal with – but time consuming. (Medium)

Negatives

- The overall cost was seen as expensive – and fees often spiraled, sometimes due to over-servicing. This also aligns with LSB's [2017 quantitative research](#) which found that only 11% of small businesses agreed that lawyers provide a cost effective means to resolve legal issues.
- Lawyers were seen as having a slow, cumbersome way of working, which SMEs found frustrating.
- Some felt they showed a lack of commercial understanding, always thinking as lawyers and not about the wider picture for the business.
- Despite having paid to 'outsource' the issue, SMEs still found they had to spend a considerable amount of time on it.



Addressing legal needs without legal support

Those SMEs who used other approaches to deal with their issue had mixed experiences.

Positives

- The main benefit of using other approaches (mainly doing it themselves with some free advice) was the cost savings.
- Learning how to do it themselves for next time was also useful for some.

Negatives

- It tended to be time consuming (often more than anticipated).
- Such DIY approaches didn't provide the same peace of mind as 'official' approaches.
- SMEs also found that the online / free advice wasn't specific enough for their purposes.

We spoke with ACAS - the free government service - which was somewhat useful. In hindsight, if the issue were to occur again, or similar, with another employee, we would look to outsource to a legal firm to save time and energy and to deal with any proceedings should it reach that stage. (Medium)

Everything ended up quite amicably and we really tried to be quite generous with how we went through it but, even so, you never really know what could happen, people could change their minds after they've left, and I think it sometimes can be useful to get that kind of rubber stamp from an expert. (Small)



Resolution of legal issue

Most SMEs who used legal support felt that this had been beneficial in resolving their legal need (even if the experience requiring the legal support had been unpleasant).

They often found it a stressful experience but this was usually the issue itself, rather than the way it was handled. They were generally simply relieved that the problem was over and one with.

Many were pleasantly surprised at their experience of using legal services and most felt that the legal services they received matched or exceeded expectations.

It hasn't been easy emotionally as this member of staff has worked with us for so long though I have felt supported by my legal team throughout the process. (Medium)

The legal firm we work with were brilliant in sorting the issue and tried to remove as much stress as possible. (Small)

I did not know if it would be worth it as I had hoped we could deal with it ourselves. It turned out that we did need the support and it got us the best possible outcome. The service was much easier to use than I had expected. (Small)

By following the correct procedure we managed to recover all of the outstanding money. It took a long time but because we had followed the correct legal route we were able to succeed. The process was very easy as the lawyer held our hand the whole way through. We would have made a lot of mistakes if we had tried to do it ourselves. (Small)

The experience of using legal support matched my expectation = reliable, but expensive. (Medium)



Resolution of legal issue

However, not all SMEs were able to resolve their legal issue entirely to their satisfaction.

Some SMEs had chosen not to use legal support because of the cost – and as a result they had to resign themselves to leaving their legal need unmet, writing off any financial losses in the process.

I decided to seek legal advice; however the cost of using these services was ridiculous. If I'd lost, my legal costs would have left me with a loss. I couldn't locate a no win no fee service. (Micro)

*Well I sort of resolved it myself by writing the thousand pounds off.
(Micro)*

Alternatively, where they had tried to address it themselves, they found it hard work.

It was very difficult to sort the issue out as I had to research lots of different companies to get advice from and it was not easy to gather the required advice that I needed. (Small)

In hindsight, if the issue were to occur again, or similar, we would look to outsource to a legal firm to save time and energy and to deal with any proceedings should it reach that stage. (Medium)



Longer term impact

For many, the experience they went through meant that they had or would change things in the future. While some would be more likely to use legal services, others felt they had learnt enough to choose a DIY approach next time.

Make business changes

The experience for some SMEs resulted in them making some changes to the way they ran their affairs, for example changing or updating contracts, documenting more etc.

I have laid down new policies for disciplinary and capability as well as codes of conducts. (Micro)

More / earlier legal involvement

Some SMEs would review their approach to using legal services, with some saying they would use them more frequently or earlier in the process.

I think we would look at it very differently next time. As soon as a grievance is raised - get legal advice. (Small)

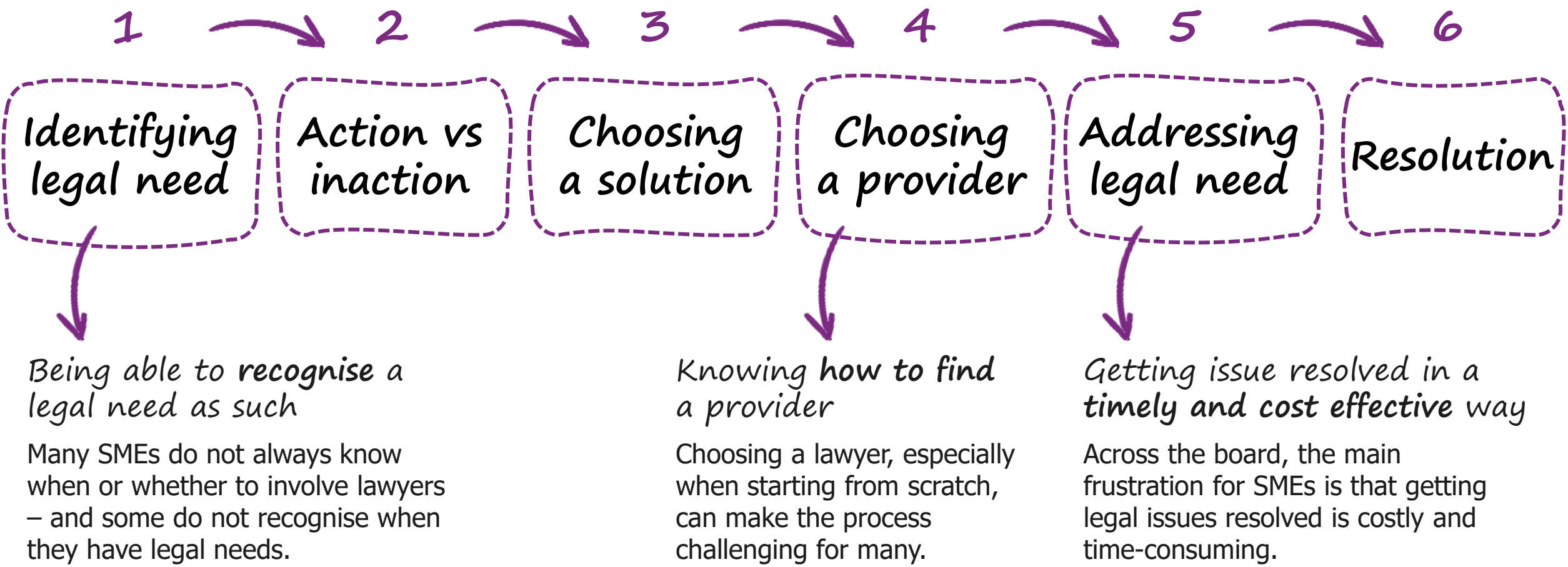
Tackle issues internally

By contrast, others felt they had got the best use out of them they could, having built the confidence and knowledge to address similar legal needs themselves in the future.

I think if I had the same situation come up again I would feel more knowledgeable about the process and feel confident in being able to manage the process myself. (Medium)



In summary: the pain points on the user journey





Conclusions

Opportunities and challenges for lawtech

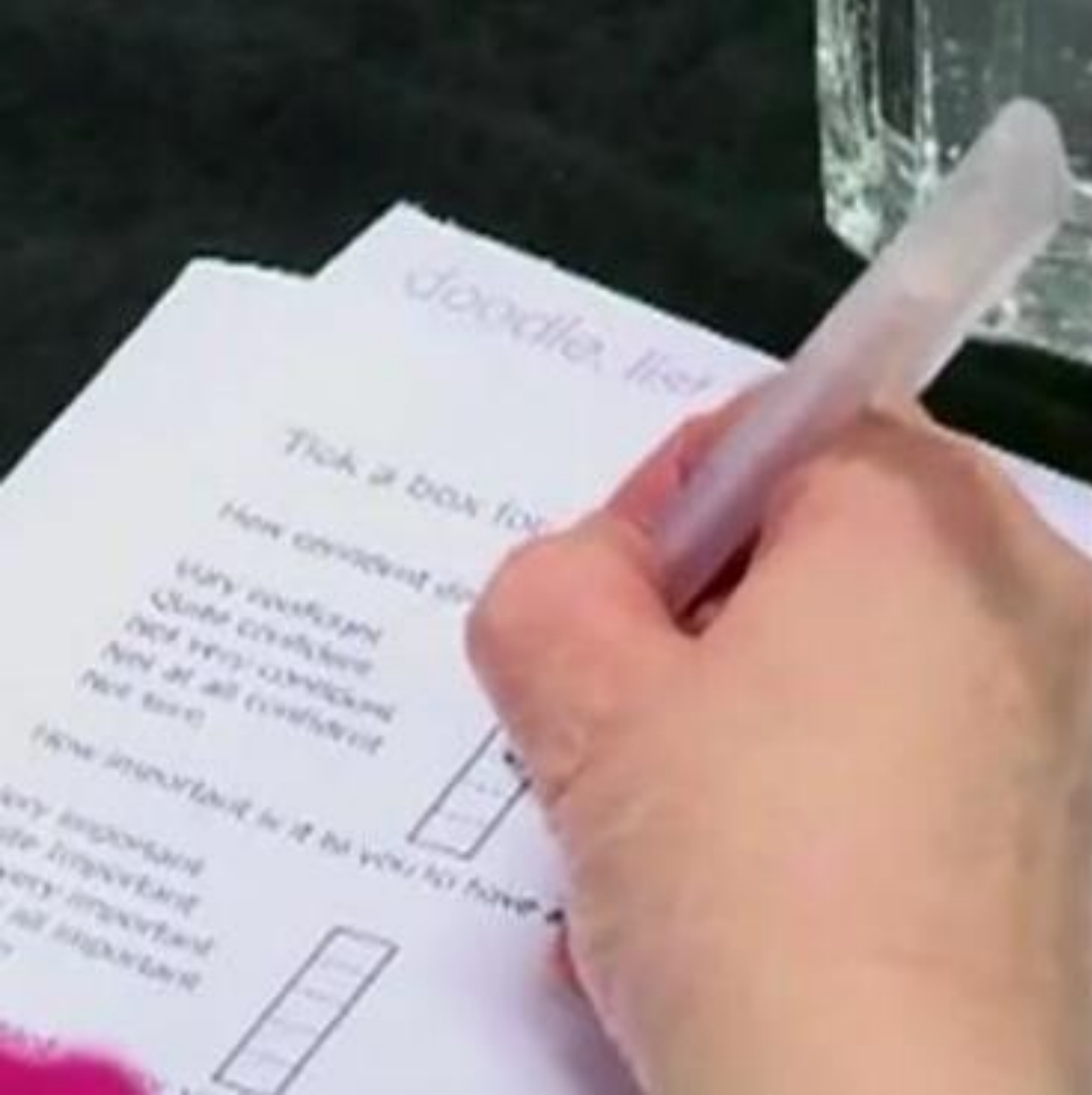
Opportunities

- *Lawtech solutions can potentially fulfil a gap in the market to offer peace of mind in a cost and time efficient way.*
SMEs value the **transparent (and lower) fees** charged by lawtech providers compared to traditional legal services. They also consider lawtech more **accessible**, in terms of both convenience and ease of navigation. In comparison to DIY approaches, lawtech provides **legitimacy** and reassurance.
- *Building awareness and demonstrating the relevance of lawtech will encourage take-up.*
There is an **openness to / appetite for online solutions** amongst SMEs who see it as the future. Furthermore, with issues such as Brexit and Covid, SMEs are conscious of frequently **changing laws** that they may need support navigating.
- *Highlighting the commercial benefits of proactively addressing these needs provides another opportunity for lawtech solutions.*
There is some **recognition of unmet routine legal needs** that could be capitalised on – while awareness and understanding may need raising for other SMEs.

Challenges

- *Reassure about the opportunity for human interaction.*
SMEs who have long term history with legal providers feel that lawtech can't compete due to the **lack of personal relationships**.
- *Demonstrate how lawtech solutions can be tailored to meet the unique and complex needs of SMEs.*
The perception that lawtech is **unable to handle complexity** may deter SMEs from using it for anything but the most simple of legal needs. When the **amount at stake** is high, SMEs may not be willing to take the risk with an unknown entity.
- *Build SME confidence by showing how others in their industries are using lawtech solutions.*
Some SMEs may be deterred by **external perceptions** of lawtech putting off potential clients or other business partners.





Appendix:
Background and
approach

Research background

community
research

LAWTECH UK



- LawtechUK is a government backed initiative supporting the transformation of the legal sector through technology, delivered through a collaboration between Tech Nation, the LawtechUK Panel and the Ministry of Justice. Find out more at technation.io/lawtechuk/.
- The Legal Services Board is the oversight regulator of legal services in England and Wales.
- LawtechUK and the Legal Services Board commissioned research to explore how SMEs address their legal needs and access legal advice and support, in order to understand how lawtech can better support SMEs.
- The research sought to answer the following questions:
 - What is the current **user journey** for SMEs identifying and addressing their legal needs and accessing legal advice and support?
 - How are SMEs using **technology** to help address their legal needs?
 - What are the key **pain points** for SMEs when obtaining legal advice that lawtech could address?
 - What are the key **opportunities** for lawtech within the SME sector?
 - What can be done to overcome the **barriers** to adoption/usage of lawtech by the SME sector?



Method timeline

November 2020

Desk research

To pull together existing information about SMEs' legal needs and experiences of legal services and identify gaps

December 2020

Online forum

To explore how SMEs address their legal needs and access advice and support, and to explore impressions of lawtech.

January 2021

Depth interviews

To develop detailed understanding of SMEs' user journeys and experiences.



Desk research

- Informal review of existing research and data relating to:
 - SME legal issues
 - SME use of and attitudes towards traditional legal services and lawtech solutions

Online forum

- 1-week online forum with 40 SMEs
- Mix of discussion boards and surveys exploring:
 - Their legal needs
 - Their experiences of and attitudes towards law providers
 - Their impressions or experiences of lawtech

Depth interviews

- 30-45 minute depth interviews with 20 SMEs
- Detailed exploration of the different stages in their journeys when addressing legal needs, including experiences of lawtech users



Our sample

40 SMEs were recruited to join the online forum, with 20 chosen to take part in follow-up interviews. A wide range of sectors were represented across the sample, including retail, manufacturing, professional services and construction.

		<i>Forum</i>	<i>Depths</i>
<i>Size of business</i>	Sole-trader	8	3
	Micro	13	5
	Small	12	5
	Medium	7	7
<i>Geographic area</i>	England	26	14
	Wales	4	2
	Scotland	4	1
	Northern Ireland	6	3
<i>Lawtech experience</i>	Never used	30	13
	Previously used	10	7



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