

Cut price wills threaten law firms

August 25, 2015

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The big law firms are quaking in their boots as cut price competitors steal market share.

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Katie Richards: Capitalising on the digital world. *Photo:*

The days of shelling out \$350 to \$1000 an hour for a lawyer – plus \$1 for every page photocopied by their minimum-wage-earning admin assistant – may soon be at an end. The legal sector is facing disruptive threats that are turning business models upside down.

"Across many industries we're seeing the simpler, lower-value activities digitally disrupted," says Wallace Fan, one of the three co-founders of Greatwill, an app that allows people to tap out their last will and testament on their mobile devices.

"Almost half of all Australians pass away without a valid will and that's not just because we don't want to contemplate dying," says Fan. "It's time-consuming and expensive to meet with a lawyer. With our app there is an initial charge of \$40 for the will and an annual stewardship fee of \$4.99. Users enter all the standard information but there are lots of added features.

"You can record a video of yourself to be played after you've gone, you can make as many changes as you like whenever you like to your will at no extra cost, and everything is time-stamped and stored in our secure digital archive. We email users periodically and if we repeatedly fail to get a response we contact their executor. We ask the executor to check on the user and remind them that, if it's required, we have the most up-to-date of their will available."

Fan and his partners plan to have 25,000 Australian customers signed up to Greatwill by the end of the year before they expand into Commonwealth countries with similar legal systems and, ultimately, huge markets such as China. "We're also looking into adding additional documents, such as advance care planning and enduring power of attorney, to Greatwill," Fan says.

After working as a globetrotting legal counsel for international companies and "emailing clients from my laptop in cafes from Paris to Dubai", Katie Richards set up Virtual Legal with the intention of capitalising on all the digital world had to offer.

"Let's say you're considering buying a franchise," she says. "You go to the website and choose whichever of our fixed-fee packages is appropriate.

"Then you scan and email us the relevant paperwork, which we forward to one of our team members in the Philippines. They do the basic tasks, such as inputting data and generating initial letters for review, while a lawyer in the Australian office liaises directly with you via phone or email.

"The pay-off for customers is that by doing things this way Virtual Legal only needs to charge around 40 per cent of what a top-tier law firm does, given we don't have to pass on the costs of exorbitant rents and massive salaries."

Richards plans to franchise her model to New Zealand next year and list her company by 2018. "When I went about unlearning everything I'd been taught about running a business in this industry, lots of my peers told me I was crazy. Now I get invited to give lectures to industry organisations and am constantly being asked for advice," she laughs.

Like Richards, Andrew Mellett was determined to rip up the rule book when he started his law firm Plexus, as much to offer work-life balance to his staff as to provide reasonably priced legal services to consumers.

"All legal tasks follow the same pattern," he observes. "A client has a problem, the lawyer collects facts about that problem, applies those facts to the law and generates an outcome, such as contract. Through clever technology, Plexus collects those facts using a smart digital form and uses a variant of artificial intelligence to apply those facts to the law in order to generate the outcome automatically. For example, Plexus's Promotions Wizard app automates the creation of terms and conditions, as well as permits, for organisations wanting to run a competition at a third of the cost of and 95 per cent faster than the traditional method."

While Fan, Richards and Mellett readily admit there will continue to be a market for what traditional law firms offer, and that humans still have the edge over machines on the more complicated or cutting-edge legal tasks, all believe the industry is on the cusp of a shake up that will benefit all parties on balance.

"Are accountants nostalgic for the days when they had to write everything by hand into ledgers?" asks Mellett. "And are there any fewer of them around than there used to be? Technology can facilitate lower costs and better service while delivering satisfying, well-remunerated careers to lawyers."

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