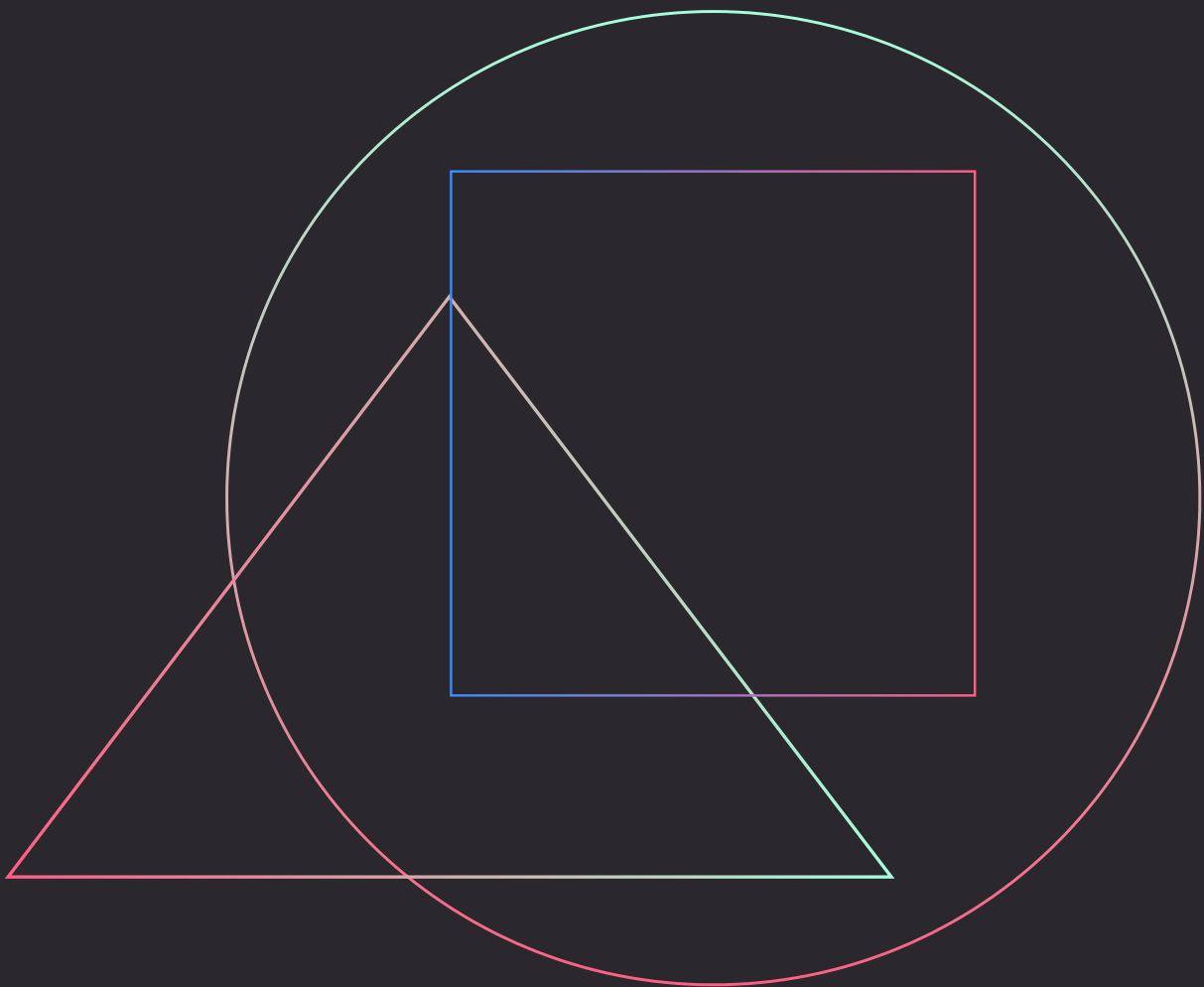


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This weeks **SIDEBAR**

From The Exec Team

As we mark six months since the launch of our business, we find ourselves reflecting on what has been a dynamic and transformative period within the professional services sector, particularly in the legal field. When we set out, we anticipated change, but the pace and scale of the shifts we've witnessed have surpassed even our expectations.

Over the past six months, we've had the privilege of working on a diverse range of matters. From navigating the complexities of the segmenting sector to adapting to a new playing field with the entrance of well-funded client teams and competitors, our focus has always been on helping our clients stay ahead of the curve.

The role of the 'client' has evolved beyond the traditional General Counsel, making commercial thinking more relevant than ever. This shift demands a deeper understanding and integration of commercial perspectives into legal strategies, something we've been keen to champion.

The future of tech is another area where we've invested significant time and energy, separating the hype from the tangible opportunities. Our discussions and insights around AI, in particular, have been geared towards identifying practical applications that can deliver real value today, not just in the distant future.

We advised on new ways of thinking about organisational design and leadership within law firms, aiming to free up value from the existing model and prepare our clients for the challenges ahead. These conversations have reinforced our belief that the legal sector is being profoundly transformed, and the firms that embrace change will thrive.

The road ahead promises to be just as exciting, and we are more committed than ever to supporting you through the changes to come. Together, we will continue to navigate the complexities of the evolving landscape and seize the opportunities that lie ahead.



Chief Executive Officer



Chief Strategy Officer

Legal Empires:

*Lessons from Rome, Carthage, and the
Rise of NewLaw*

“It is my intention to give a full account of the first war between Rome and Carthage which was fought for the possession of Sicily. This is because it would be hard to think of a conflict which went on for longer demanded more effort from both sides or was prosecuted with a more brutal vigor nor one which featured more battles or more sudden changes of fortune.”

Polybius on the First Punic War



In 264 BC, Rome, a relative “up-start”, which had rapidly consolidated its power over the Italian Peninsula, but which lacked significant naval power, locked horns with the mighty maritime empire of Carthage, which controlled vast territories across the Mediterranean. Despite their comparative inexperience at sea, within a few short years, the Romans had not only built a navy from scratch but also developed a groundbreaking weapon—the corvus—that would turn the tide in their favour and set the stage for their eventual dominance of the ancient world.



Similar to Rome’s unexpected rise in the Mediterranean, today’s legal market is undergoing a transformation where upstart new entrants—including ALSPs, technology companies, tech augmented non-legal service providers, and adjacent professional services—are challenging the status quo. For the sake of ease, we will refer to all of these new market participants collectively as NewLaw firms. Once dismissed as insignificant by the traditional giants, these NewLaw firms are now leveraging the same principles that fuelled Rome’s rise: innovation and adaptability. By pushing boundaries and embracing change, they are, like Rome, poised to become the dominant force in their arena.



Tradition tells us that in 753 B.C., Romulus and his twin brother, Remus, founded what would become the city of Rome. According to legend, they were the sons of the god Mars and the priestess Rhea Silvia—a divine lineage that, while perhaps a stretch, imbued the founding of Rome with a sense of destiny and purpose. This legend, along with the tale of the strife that followed the decision to name the city after Romulus, was passed down through generations and became a cornerstone of Roman identity. It symbolised strength, survival, and the divine right to rule—traits that would later enable Rome to challenge the great empires of the day and ultimately emerge as the dominant force across the Mediterranean.

However, despite these mythical beginnings, Rome was not immediately recognised as a major player by the established empires and nation-states of the time—such as Carthage and the various Greek city-states. To them, Rome was merely an upstart, an ambitious little fish in a much larger pond, and the established powers were content to overlook them and let them go about their ways. One vital reason for this was the perception that Rome simply couldn’t match what the Carthaginians, and others, had... a strong and well-established naval presence – one which was used not just for war, but for trade with their long-time partners in the surrounds. Little did they know, they were watching the birth of a new kind of predator, one which did not play by the same rules, and one which would quickly find a way to tip the odds in their favour.

Fast forward a few thousand years, give or take the odd century, and we arrive at the emergence NewLaw firms. Just as Rome quietly rose to power, initially overlooked as it aggressively pursued innovations and adapted to new challenges, NewLaw firms today are redefining the legal landscape by challenging the status quo.

Initially, many larger traditional law firms were slow to recognise the potential impact of these NewLaw firms. Deeply entrenched in the billable hour model, traditional firms were—and often still are—hesitant to embrace the unbundling of legal services or offering them at lower costs, seeing it as a threat to their established ways. The culture within many traditional firms has long been one of maintaining the status quo, where bespoke legal services delivered by highly trained professionals are highly valued. The idea of outsourcing or automating parts of the legal process was initially met with scepticism. These firms often relied on long-standing client relationships, confident that their clients would continue to prefer the traditional, full-service model over more fragmented, innovative solutions.



Jumping to 264 B.C., Rome intervened in a conflict in northeastern Sicily, where the city of Messina, occupied by the Mamertines and seeking Roman protection, was under threat from Syracuse. This intervention marked the beginning of Rome's involvement in the First Punic War with Carthage, which had interests in the region. By this point, Rome had become the dominant power throughout the Italian peninsula, having (not so quietly) expanded its territory while still being viewed as a relative 'non-threat' by many. Meanwhile, Carthage, as the powerful city-state, had maintained its position as the leading maritime power in the world. Importantly, until now, relations between Rome and Carthage had been historically "friendly", with the cities having signed several treaties over the years to define their trading rights.

So, the change seen between the two was sudden and it was violent. As Rome intervened in the conflict between Messina and Syracuse, it soon became clear that they would need to confront Carthage's formidable naval power—a domain in which Rome had little experience. Up to this point, Carthage had dominated the seas with its powerful fleet of quinqueremes, large warships that were the backbone of its maritime supremacy. However, when a Carthaginian quinquereme was shipwrecked and found by the Romans, they seized the opportunity to study it closely.

Undeterred by their lack of naval expertise, the Romans were quick to deconstruct and then reconstructed the Carthaginian quinquereme, reverse-engineering the design to build a fleet of their own. But Rome didn't stop at simply trying to imitate; they realised that to be competitive in an area that was, comparatively, new they would need to innovate. Recognising that their strength lay in land battles, the Romans developed the corvus—a boarding device that turned naval engagements into something more resembling infantry combat, where they excelled. This allowed them to compete with Carthage's naval superiority by effectively and, more importantly, simply transforming the battlefield into one that favoured Roman tactics. The challenge for Carthage was in the realisation that, rather than trying to play by their rules, Rome simply decided to pivot, and to use their agility to play to their own strengths.

Similarly, NewLaw firms have spent years observing the inner workings of traditional law firms, learning their strategies, understanding their strengths and weaknesses, and even adopting some of their practices. But like Rome, they have not been content with mere imitation. Instead, they've leveraged this insight to innovate—whether through alternative fee arrangements, unbundling services, or integrating new technologies to streamline operations and deliver value in ways that traditional firms have been slow to adopt.

Just as Rome and Carthage reached a critical inflection point in their struggle for dominance, the legal industry stands at a similar crossroads. The rise of transformative technologies—most notably Generative AI and other emerging innovations—has created new opportunities for those willing and able to adapt. NewLaw firms are realising that they are now uniquely positioned to challenge, and dare-I-say, potentially surpass, their larger, more established rivals. Like Rome on the seas, these firms are leveraging their agility and forward-thinking strategies to redefine the rules of the game and set the stage for a new era of legal services.



The second Punic War began around 218 B.C., with Hannibal Barca, one of Carthage's greatest military minds, embarked on an audacious campaign against Rome that would become legendary. His bold strategy to cross the Alps with his army, including war elephants, caught the Romans off guard, leading to a series of victories that left Rome reeling. For a time, it seemed as though Hannibal's seeming brilliance would turn the tide permanently in Carthage's favour. Yet, despite these early successes, Carthage struggled to maintain its momentum, largely because it failed to adapt its strategies to the evolving nature of the conflict.

As Hannibal's campaign waged on, the Roman Republic found hope in the form of Scipio Africanus. Recognising that Rome could not win by playing Carthage's game, Scipio developed a series of bold counter-strategies – with the most prominent changing the entire face of the conflict. He took the war to Carthage's doorstep, invading North Africa and forcing Hannibal to return home. At the Battle of Zama in 202 B.C., these innovative tactics employed by Scipio and his strategic foresight led to a decisive Roman victory, marking the beginning of the end of Carthaginian dominance, and heralding the true beginning of Rome as the natural inheritor to dominance in the Mediterranean. Scipio's success was not just in his military prowess but in his ability to adapt and think differently, turning the tide in Rome's favour.



An example of a Roman denarius



An Example of a Carthaginian Shekel

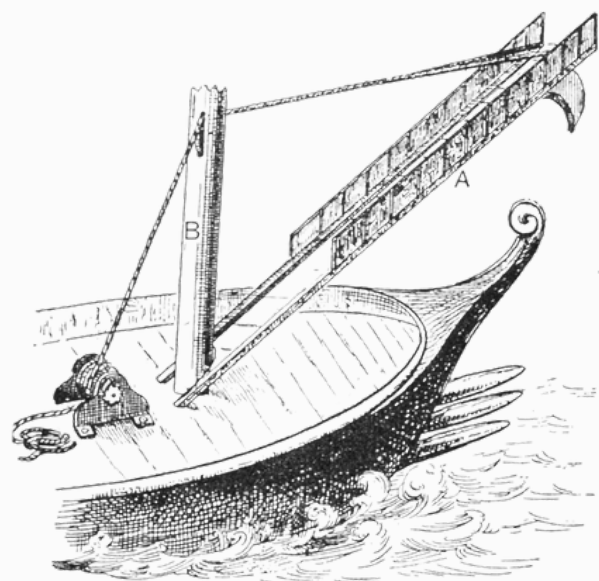
Faced with the rising threats seen across the sector, traditional law firms have responded with a variety of strategies—mergers, acquisitions, and aggressive lateral hiring. These moves, reminiscent of Hannibal’s early successes, have allowed traditional firms to maintain their footing for a time. Yet, much like Hannibal’s campaigns, these efforts often lack the fundamental strategic shift needed to adapt to a changing landscape.

On the other side of the proverbial denarius (ancient Roman coin), NewLaw firms, embodying the spirit of Scipio Africanus, have moved to embrace a different approach that gives them a significant strategic edge. One of the most striking differences lies in their designed diversity of skill sets. NewLaw firms frequently leverage multidisciplinary teams, bringing together professionals from law, technology, data science, and business backgrounds. This diversity allows them to approach problems from multiple angles, crafting innovative, tailored solutions that traditional firms—often siloed in their approach—struggle to match.

The structural models employed by NewLaw firms are designed and built for agility. Unlike traditional firms, which are often constrained by rigid partnership models and longstanding traditions, NewLaw firms are comparatively free to innovate rapidly. Their flexible structures allow them to respond swiftly to client needs, adapting their services and strategies in real-time, much like Rome’s development of the corvus during the First Punic War—a groundbreaking innovation that turned the tide of naval warfare by leveraging their strengths in infantry combat.

Perhaps most importantly, NewLaw firms empower their people in ways that traditional firms do not. By largely avoiding the partnership model, which can sometimes foster competition over collaboration, NewLaw firms encourage a culture of teamwork and innovation. Most often, their employees are not hampered by tradition; instead, they are encouraged to embrace new techniques, methodologies, and technologies, including AI, to ensure that they get the best solution for their end client. This empowerment mirrors the strategic thinking of Scipio, who wasn’t bound by conventional tactics but instead looked for ways to outmanoeuvre and outthink his adversaries, ultimately leading Rome to victory at Zama.

As the legal industry reaches a critical inflection point with the rise of AI and other emerging technologies, NewLaw firms are not merely adapting—they are leading the charge. Their multidisciplinary teams, agile structures, and culture of empowerment position them to not only challenge but potentially surpass their more established rivals, much as Rome did with Carthage on the seas. In doing so, they are redefining what it means to be a successful law firm in the 21st century.



An example of a Corvus

After the catastrophic defeat at the Battle of Zama in 202 B.C., Carthage's days as a dominant Mediterranean power were numbered. Although Carthage had achieved early successes through its maritime prowess and vast wealth, it ultimately failed to adapt to the shifting dynamics of warfare and the evolving geopolitical landscape. While Rome innovated by developing new tactics, technologies, and a cohesive strategic vision, Carthage clung to its traditional practices, such as a heavy reliance on mercenaries, who lacked the loyalty and unity of Rome's citizen-soldiers. The city's leadership, often fractured by internal divisions and overly focused on commercial interests, was slow to recognise the need for military and strategic reform. This inability to evolve culminated in a series of defeats that led to Carthage's eventual destruction during the Third Punic War in 146 B.C. Carthage, once the unrivalled master of the Mediterranean, ultimately became a cautionary tale of what happens when a dominant power fails to adapt to changing circumstances.



At this point, it's important to pause and consider the implications of this historical parallel. One might be tempted to draw a direct line from the fall of Carthage to a future where NewLaw firms completely supplant traditional law firms, resulting in their eventual downfall. However, this would be an oversimplification. Traditional law firms are far from being in their death throes. In fact, demand for legal services is expected to rise due to factors such as increasing regulations, mergers, and restructuring activities. Therefore, it's unrealistic to suggest that traditional firms will simply vanish after a titanic struggle.

What we can reasonably predict, however, is the growing power and influence of NewLaw firms, particularly in certain areas of the legal sector. As the volume of legal work increases, so too do the influence and demands of clients, who are increasingly seeking greater efficiency, transparency, and value. While traditional law firms are likely to remain relevant, their dominance could be challenged—much like Carthage—if they fail to adapt. Just as Carthage's reliance on past glories and outdated strategies led to its downfall, traditional law firms risk obsolescence by clinging to the billable hour model, hierarchical structures, and a reluctance to embrace technological innovation.

The legal industry is evolving rapidly, driven by client demands that are reshaping the landscape. Firms that fail to meet these demands may find themselves losing major clients to more agile and innovative competitors. In an industry where NewLaw firms are redefining what it means to provide legal services, traditional firms that resist change are in danger of becoming irrelevant—much like Carthage, which ultimately fell not because of a single defeat, but because it could not keep pace with a world that had moved beyond it.

The story of Rome and Carthage is not just an ancient tale of warfare; it's a timeless lesson in the necessity of innovation and adaptability. For today's legal professionals, the choice is clear: evolve with the changing tides of the industry or risk becoming a relic of the past. As NewLaw firms continue to challenge the status quo, the future of legal services will belong to those who embrace change, foster innovation, and meet the demands of a rapidly evolving world.

A Quick Word From The Author

Before any history buffs come after us – yes, the Punic Wars were more complex than what’s covered here! For the sake of keeping things brief and to the point, we’ve focused on the highlights, especially Rome’s knack for innovation. But let’s not forget, Rome didn’t just rise to power through clever tactics – they also knew how to play the ruthless military expansion and strategic alliance game. So, if you’re looking for the full epic saga, I will point you toward your nearest library!



Jonathan

May We Address the Elephant in the Room?

*The Evolution of Partnerships.
From Historical Roots to Modern
Challenges*

Partnerships have long been foundational to human enterprise, with origins deeply embedded in history as a means for individuals to pool resources, share knowledge, and work together towards a common goal. In their earliest forms, partnerships were born out of necessity, enabling collaboration among those engaged in trade, crafts, and early business ventures.

Ethos and Culture of Early Partnerships

- At their core, early partnerships were about collective endeavour. Resources—whether in the form of capital, labour, or expertise—were combined with the understanding that all partners would share both the profits and the risks. This mutual reliance fostered a deep sense of trust and a culture of working together for the common good.
- Each partner typically brought unique skills or assets to the partnership, leading to a division of roles based on specialisation. This necessitated strong collaboration as the success of the partnership hinged on each partner fulfilling their responsibilities effectively.
- The original spirit of partnership was underpinned by a commitment to the success of the collective. Partners were expected to act in the best interests of the group, balancing personal interests with the needs of the partnership as a whole.
- Early partnerships were also grounded in ethical principles, with fairness, honesty, and loyalty serving as the bedrock of these relationships. These values were essential for maintaining trust and ensuring the longevity of the partnership.

Evolution and Modern Implications

While the foundational principles of shared benefit and collaboration remain, modern partnerships have evolved to include more formalised structures and frameworks. Despite these changes, the essence of working together towards a common goal, ensuring mutual benefit, and maintaining trust and ethical behaviour continues to define successful partnerships.

However, the practices incentivised by modern big law firms—where partners are driven by personal billings, client origination, and individual compensation—pose significant challenges to the traditional concept of partnership.

Philosophical Tensions and Organisational Design

- The traditional partnership ethos centres on collective success. When partners prioritise personal financial gain over the firm's overall well-being, this ethos is undermined. The shift from a shared-risk model to one where individual gain is pursued at the potential expense of others marks a departure from the original spirit of partnership.

- True partnerships thrive on collaboration, with each partner's success intertwined with that of others. The culture of "hogging credit" and "horse-trading" within modern firms fosters internal competition rather than collaboration, leading to a breakdown in the trust that is vital to any partnership.
- The practice of offering "black box" compensation guarantees to lateral hires introduces a lack of transparency that can breed resentment among partners. This undermines the fairness that should be inherent in partnerships, where all partners are expected to work towards common goals with shared rewards.
- Financial gain as the primary incentive risks devolving partnerships into mere vehicles for personal enrichment rather than collaborative endeavours with shared values and goals. This compromises the traditional philosophical concept of partnership, which emphasises aligning interests for the greater good.
- Organisational design plays a critical role here. When law firms fail to align their structures with their strategic objectives, particularly during times of disruption and rapid change, they lose the ability to respond effectively. A well-designed organisation supports agility, communication, and innovation—qualities that are increasingly essential as law firms face evolving technological and market pressures.

Dangers of a Partnership in Name Only

The divergence in how partners perceive the essence of partnership poses significant risks. When some partners and staff view the partnership as a collaborative venture grounded in transparency, fairness, and mutual benefit, while others see it merely as a vehicle to maximise personal profit, a dangerous dissonance emerges.

- Conflicting mindsets can lead to a breakdown in trust among partners. Those who believe in traditional partnership values may feel disillusioned or betrayed when they witness others manipulating the system for personal gain. This erosion of trust weakens the cohesion of the partnership, making it difficult for the firm to function effectively as a unified entity.
- If partners who prioritise personal profit over the collective good are seen to succeed, this can create a toxic culture, incentivising others to adopt similar behaviours. Over time, this undermines the very ethos of the partnership, transforming it from a collaborative effort into a competitive, self-serving environment.
- Staff, associates, and junior partners who join the firm with the expectation of a supportive, collaborative culture may become disillusioned when they encounter a reality that prioritises personal gain over collective success. This disillusionment leads to lower morale, decreased engagement, and higher turnover as talented individuals seek environments that better align with their values.

- Partners focused on gaming the system for personal gain may contribute to short-term financial success, but this comes at the cost of long-term stability. When such partners eventually "walk across the hall" to a better-paying firm, they may leave behind a weakened partnership with fractured relationships and a damaged reputation that can be difficult to repair.

When a partnership is in name only, the firm can suffer from the worst of both worlds: partners insist on acting as owners when it suits them, frustrating the business by blocking decisions they don't like, while simultaneously acting solely in their own interests regarding clients, compensation, and personal gain. This creates an unsustainable tension that hinders both individual and firm-wide success.

The Case for a More Agile and Flexible Model

Given these challenges, unless a partnership is truly a partnership—meaning it is collaborative, collegial, and aligned with the firm's strategic goals—the firm should seriously consider moving towards a more flexible and agile corporate model. A corporate structure can enable faster decision-making, greater agility, and different classes of ownership, better suited to a multi-faceted business that blends knowledge, technology, and client service. Such a model might also allow for access to third-party funding or provide opportunities for more innovative structuring, such as subsidiaries or divisions.

However, transitioning from a traditional partnership model to a corporate structure is not without its challenges. Managing the cultural change effectively will be crucial. Resistance from partners who are accustomed to autonomy and short-term financial rewards is likely, and addressing these concerns through clear communication and strategic planning will be vital. A well-executed change management process will help mitigate potential conflicts and ensure a smoother transition.

What Defines Partnership Success?

To determine whether a firm is truly succeeding as a partnership, certain metrics and indicators can be useful. These may include the level of collaboration between partners, alignment with strategic goals, transparency in decision-making, and a shared commitment to long-term growth over short-term individual gain. Regularly assessing these aspects can help firms identify whether they are functioning as true partnerships or whether they need to consider alternative models.

Corporate vs. Hybrid Models

While this paper advocates for a shift to a corporate model in cases where the traditional partnership is failing, some firms have adopted hybrid models. These models blend elements of partnership and corporate governance, offering the potential benefits of both. However, hybrid models can also be problematic if not carefully designed.

Governance confusion, cultural clashes, and a lack of clarity in decision-making can make hybrid models less effective than fully embracing either a partnership or corporate structure. The biggest challenge usually arises when partners continue to demand full voting rights as such. Firms must weigh these factors carefully when considering their future path.

By embracing a modern organisational design that prioritises agility and strategic alignment, law firms can better navigate the disruptions and technological changes that are reshaping the industry. This shift can also make law firms more attractive to top talent and investors, ensuring long-term competitiveness and success.

SIDEBAR

Remember our discussion on '*Babies, Bombs and Qubits*'? For this edition's SIDEBAR it is the 'Qubit' piece that pops!

Quantum Security

- **NIST's New Standards:** The U.S. National Institute of Standards and Technology (NIST) has introduced encryption algorithms designed to withstand future quantum cyberattacks. These standards are the result of an eight-year effort.
- **Urgency of Adoption:** NIST emphasises that industries must adopt quantum-safe encryption immediately to protect against future quantum threats.

Impact on Law Firms:

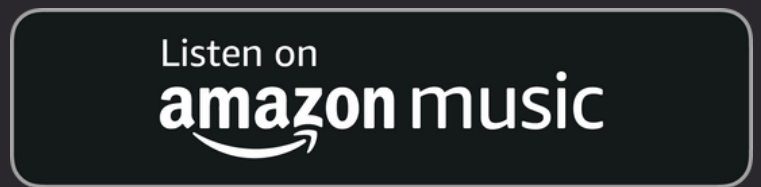
- **Client Expectations:** Clients, particularly in finance and government, will demand high cybersecurity standards from their legal partners.
- **Vendor Selection:** Choose vendors with expertise in quantum-resistant technologies. Assess and test current providers to ensure they meet new standards.
- **Training and Talent:** Equip legal professionals with knowledge of post-quantum cryptography. Anticipate the need for specialised talent, which will become more competitive and costly.

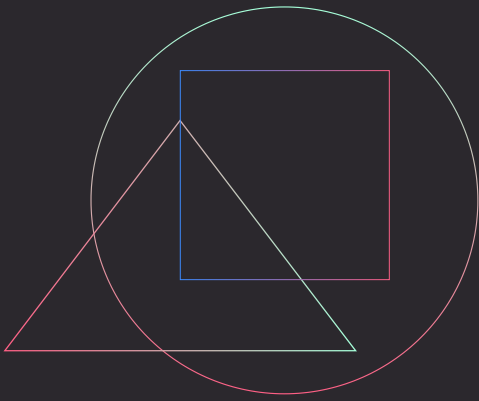
Strategic Imperative:

- **Stay Competitive:** Law firms must be at the forefront of cybersecurity or risk falling behind competitors.
- **Protect Relationships:** Demonstrating quantum security readiness will help maintain client trust and avoid potential liabilities.
- **Prepare Now:** Begin reviewing and planning for future investments in quantum security.

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