

1H2024

# European Legal Tech & Services Insight

**RAYMOND JAMES** | INVESTMENT BANKING

LEGALTECH, NEWLAW, LEGAL BUSINESS SERVICES & LEGAL B2B MEDIA

## IN THIS ISSUE

- 01 | Introduction
- 02 | LegalTech, NewLaw & Legal Business Services Update
- 03 | Valuation Backdrop
- 04 | Sector News
- 05 | Overview / Primer – Legal: a Market in Transition
- 06 | Legal B2B Data, Content and Events: an Overview

# Introduction















01

# Introduction

## LEGALTECH, NEWLAW, LEGAL BUSINESS SERVICES AND LEGAL B2B MEDIA SECTOR

- Since the last edition of this report covering 2H2023, **venture / growth funding activity in 1H2024 in the LegalTech & Services Sector has continued to increase year-on-year, supported by the rapid rollout of GenAI across the practice of law**, which continues to attract significant interest from venture & growth capital investors
- Whilst M&A activity has remained relatively stable throughout 1H2024 compared to levels in 2H2023, **2H2024 is anticipated to see an increase in M&A volumes, as large LegalTech consolidators and Private Equity investor increasingly appreciate the wide-ranging use cases and positive impact GenAI can have on the legal profession**
- However, the rise of GenAI also ignited debates amongst industry specialists on how to overcome associated challenges, such as:
  - ethical concerns around the use of GenAI in legal requiring **consistent guidelines for the implementation and use** of such tools;
  - introduction of uniform **standards and benchmarks evaluating the precision and accuracy** of GenAI tools; and
  - **the impact of GenAI on the billable hours model and adoption of alternative billing approaches** (e.g. fixed fees)
- Come and talk to us, whether you are an entrepreneur looking to explore strategic options for your LegalTech, NewLaw, Legal Business Services or Legal B2B Media Business, or an investor / strategic buyer looking for advice in evaluating and financing a legal-focused acquisition

## RECENT RAYMOND JAMES DEALS IN LEGAL

 investment from  July 2024 Sell-side advisor	 sale to  May 2024 Sell-side advisor	 public takeover of  February 2024 Buy-side advisor	 sale to  February 2024 Sell-side advisor	 sale to  August 2023 Sell-side advisor	 CMA-enforced sale to  July 2023 Sell-side advisor	 investment from  March 2023 Sell-side advisor
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# LegalTech, NewLaw & Legal Business Services Update









































02



# Venture / growth capital activity

Rapid expansion of AI use cases in the practice of law continues to attract venture & growth capital as evidenced by year-on-year increase in both number of fundraises and total funding (1 of 2)

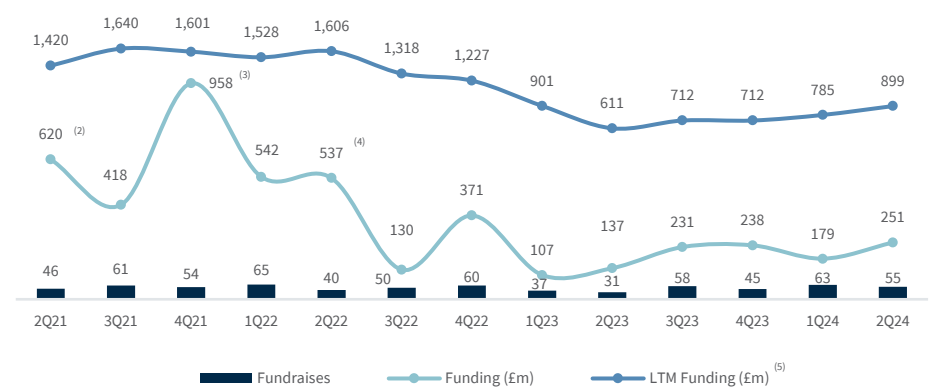
## SELECTED 1H2024 FUNDING ROUNDS

 <p><b>Clearbrief</b></p> <p>\$4m Seed June 2024</p>	 <p><b>Ruli</b></p> <p>\$2m Seed June 2024</p>	 <p><b>Wordsmith</b></p> <p>\$5m Seed June 2024</p>	 <p><b>deepjudge</b></p> <p>\$11m Seed June 2024</p>	 <p><b>hono</b></p> <p>\$10m Series A June 2024</p>	 <p><b>alexi</b></p> <p>\$11m Series A June 2024</p>	 <p><b>Atticus</b></p> <p>A\$11m N/A June 2024</p>	 <p><b>FirmPilot</b></p> <p>\$7m Series A June 2024</p>	 <p><b>StructureFlow</b></p> <p>\$6m Series A June 2024</p>	 <p><b>Scribe</b></p> <p>\$4m Seed May 2024</p>
 <p><b>ACTIVENAV</b></p> <p>\$8m N/A May 2024</p>	 <p><b>superlegal</b></p> <p>\$5m Seed May 2024</p>	 <p><b>Leya</b></p> <p>\$11m Seed May 2024</p>	 <p><b>STENO</b></p> <p>\$46m N/A May 2024</p>	 <p><b>AERIAL</b></p> <p>\$2m Seed May 2024</p>	 <p><b>definely</b></p> <p>\$7m Series A May 2024</p>	 <p><b>Jigsaw</b></p> <p>\$15m Series A April 2024</p>	 <p><b>upstage</b></p> <p>\$72m Series B April 2024</p>	 <p><b>claimscore</b></p> <p>\$3m Seed April 2024</p>	 <p><b>Lowhive</b></p> <p>£10m Seed April 2024</p>
 <p><b>Patlytics</b></p> <p>\$5m Seed April 2024</p>	 <p><b>ivo</b></p> <p>\$5m N/A April 2024</p>	 <p><b>Luminance</b> Legal-Grade™ AI</p> <p>\$40m Series B April 2024</p>	 <p><b>OneNotary</b></p> <p>\$5m Series A March 2024</p>	 <p><b>SingleFile</b></p> <p>\$7m Seed March 2024</p>	 <p><b>DraftWise</b></p> <p>\$20m Series A March 2024</p>	 <p><b>PROPENSE.ai</b></p> <p>\$3m Seed March 2024</p>	 <p><b>henchman</b></p> <p>\$7m Series A March 2024</p>	 <p><b>SimpleClosure</b></p> <p>\$4m Seed February 2024</p>	 <p><b>dili</b></p> <p>\$4m N/A February 2024</p>
 <p><b>DOCUMENT CRUNCH</b></p> <p>\$9m Series A February 2024</p>	 <p><b>mogul</b></p> <p>\$2m Seed February 2024</p>	 <p><b>BEAGLE</b></p> <p>\$3m Seed February 2024</p>	 <p><b>EE Easy Expunctions</b></p> <p>\$4m N/A February 2024</p>	 <p><b>INCOGNIA</b></p> <p>\$31m Series B January 2024</p>	 <p><b>Proof</b></p> <p>\$30m Series B January 2024</p>	 <p><b>Spellbook</b></p> <p>\$20m Series A January 2024</p>	 <p><b>crealo</b></p> <p>\$1m Seed January 2024</p>	 <p><b>swiftcourt</b></p> <p>€2m N/A January 2024</p>	 <p><b>Robin AI</b></p> <p>\$26m Series B January 2024</p>

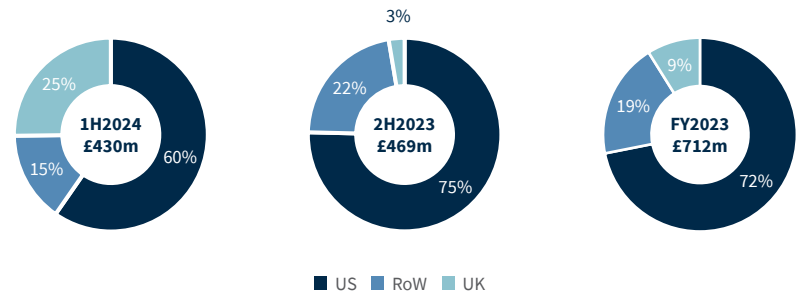
# Venture / growth capital activity

Rapid expansion of AI use cases in the practice of law continues to attract venture & growth capital as evidenced by year-on-year increase in both number of fundraises and total funding (2 of 2)

VC FUNDING STATISTICS <sup>(1)(5)</sup>



VC FUNDING BY REGION



Source: MergerMarket, Pitchbook, company websites, Raymond James analysis  
Notes: (1) Only Western Europe and Nordics, Israel, North America, Japan and Australasia 'developed markets' considered  
(2) Includes RocketLawyer \$223m Series E, Verbit \$157m Series D

TOP 10 LARGEST 1H2024 FUNDING ROUNDS

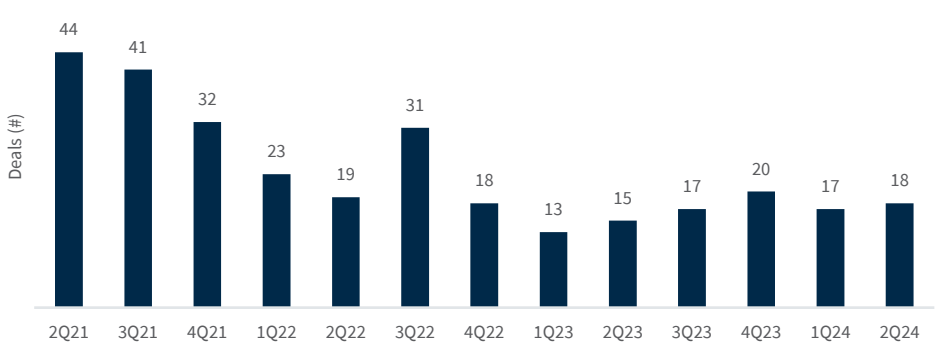
DATE	COMPANY	COUNTRY	OVERVIEW	QUANTUM	STAGE
14 May	STENO	US	Remote litigation platform offering court reporting and legal support services	\$46m	N/A
29 April	Jigsaw	UK	Entity management platform focused on corporate infrastructure management	\$15m	Series A
16 April	Upstage	KOR	AI-powered document processing solution utilising text recognition technology	\$72m	Series B
15 April	Lowhive	UK	AI-based provider of in-house virtual "lawyer" targeted at small firms	£10m	Seed
02 April	Luminance <small>Legal-Grade™ AI</small>	UK	AI-enabled platform for legal contract and document processing	\$40m	Series B
14 March	DraftWise	US	AI-enabled contract and negotiation platform for lawyers	\$20m	Series A
31 January	INCOGNIA	US	Location identity solutions for user verification and account security	\$31m	Series B
26 January	Proof	US	AI-enabled legal technology platform for document handling and real-time updates	\$30m	Series B
24 January	Spellbook	CAN	GPT-4-enabled automation and collaboration platform for Microsoft Word	\$20m	Series A
03 January	Robin AI™	UK	AI-powered contract analysis, drafting and negotiation solution	\$26m	Series B

(3) Includes Ontra \$200m Series B, Everlaw \$202m Series D, ZenBusiness \$200m Series C, Verbit \$250m Series E  
(4) Includes Ironclad \$150m Series E  
(5) LTM funding analysis excludes exceptional large funding rounds (>£100m), but have been included in quarterly funding analysis

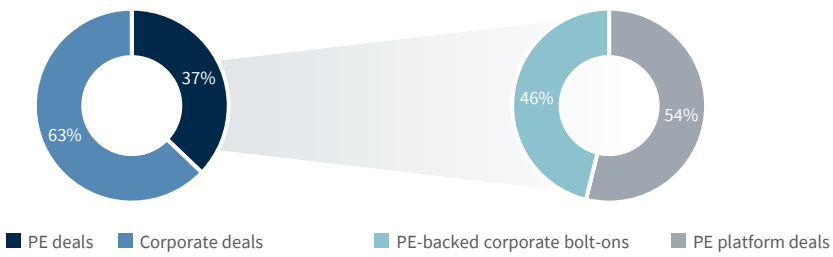
# M&A activity

Stable M&A activity throughout 1H2024, in line with 2H2023 levels and consistent with activity in the broader technology sector, coupled with a strong M&A outlook for 2H2024

## HISTORICAL M&A VOLUMES



## 1H2024 M&A DEALS BY TYPE



## 1H2024 SELECTED M&A DEALS

DATE	TARGET	BIDDER	COUNTRY	TRADE / PE	EV
10 June	HOTdocs™	MITRATECH	US	Trade	N/A
03 June	henchman	LexisNexis'	BEL	Trade	N/A
30 May	Agiloft	KKR	US	PE	N/A
07 May	onna	reveal™	US	Trade	N/A
28 April	Law Business Research	ICG	UK	PE	N/A
22 Mar	SmartSearch///	Triple PRIVATE EQUITY	UK	PE	N/A
09 April	Dashboard Legal by Bloomberg Law	Bloomberg Industry Group	US	Trade	N/A
03 April	KOPY KAT	LEXITAS'	US	Trade	N/A
12 February	ansarada	Datasite	AUS	Trade	N/A
01 February	pinnacle	HARB(·)R	UK	PE	N/A

Source: MergerMarket, Pitchbook, company websites, Raymond James analysis

# M&A activity

Despite slowdown in overall deal volume, larger legal consolidators remain open to selective, strategically accretive bolt-on acquisitions (1 of 2)

CONSOLIDATOR	OWNER	SELECTED RECENT ACQUISITIONS <sup>(1)</sup>	COMMENTS
		 	Increasing mid-sized law firm focus, supported by its cloud-based solution rollout
	 		Accelerating M&A appetite having built a \$200m run-rate revenue platform 'for the modern law firm' and GenStar bringing additional capital through a minority transaction in July-24
		 	Material acquisition of Iridium Technology in 2022 being integrated. Continue to look for 'business of law' tuck-in acquisitions under PE ownership
			Formerly AbacusNext, the legal and accounting software platform across both the 'practice of law' and 'business of law' has increased M&A appetite following THL's 2021 investment
			Steady drumbeat of in-fill acquisitions and growth investments across document / contract lifecycle, particularly focused on AI / ML / NLP, analytics, automation, and collaboration, as eSign becomes an increasingly competitive market; LBO rumours are a distraction to M&A programme
		    	After a period of frenetic activity post-IPO, and pause during its strategic review following May 2021 potential take-private bid from management, the company is now looking at non-core disposals
	 	N/A	Renewed M&A appetite in adjacencies to PMS (3E), billing (eBillingHub) and case / matter management (MatterSphere) with a focus on software, following recent carve out from Thomson Reuters

Source: MergerMarket, Pitchbook, company websites, reports and announcements

Note: (1) Acquisitions covering last three years



# M&A activity

Despite slowdown in overall deal volume, larger legal consolidators remain open to selective, strategically accretive bolt-on acquisitions (2 of 2)




CONSOLIDATOR	OWNER	SELECTED RECENT ACQUISITIONS <sup>(1)</sup>	COMMENTS
  			Ongoing international M&A appetite across legal workflow software, however being more selective post equity recap process
	Public: 	  Z	Ongoing M&A appetite following IPO
		   UPPERSIGMA	Highly active acquirer of in-fill businesses across both 'business of law' and 'practice of law', using its platform to become the 'one-stop-shop' for LegalTech, driving cross-sell internationally; now reached significant critical mass
		       	Consolidating the ELM software space as well as GRC and HR risk, to deliver an end-to-end platform for the 'Office of the GC'
		 	ELM, CLM, eDiscovery, IP and GRC solutions flagged as being of interest, however we note a potential PE exit, flagged by the CEO, likely putting transformational acquisitions on hold for now
		N/A	Focused on litigation and arbitration workflow targets, and non-dispute adjacency M&A, across UK and US, with US dispute preparation solutions of particular interest
		   	From its insolvency workflow software and services background, looking to expand its offerings to address the digital transformation agenda for law firms across Europe

Source: MergerMarket, Pitchbook, company websites, reports and announcements

Note: (1) Acquisitions covering last three years

# M&A activity

ALSPs and legal business services players are also continuing their consolidation journeys supported by backing from private equity

CONSOLIDATOR	OWNER	SELECTED RECENT ACQUISITIONS <sup>(1)</sup>	COMMENTS
			Ongoing international M&A appetite across legal talent and flexible lawyering
	STONE POINT CAPITAL	   Special counsel's D4 (legal consulting) / EQ (eDiscovery) businesses	From its eDiscovery background, accelerating M&A appetite following Stone Point's 2021 investment, across both eDiscovery and broader legal process outsourcing
	 	 	From its eDiscovery background, have acquired to become a broader ALSP, with flexible lawyering, legal operations consulting and law firm consulting. PE backers rumoured to have shelved plans to sell the business, hence material M&A likely on pause for now
		   Intapp practice      pinnacle  	Actively consolidating the law firm consulting space in North America and increasingly an international focus, highlighted by recent acquisition of Pinnacle
		N/A	Renewed M&A appetite in LPO space following EagleTree's 2021 investment
 Morae	 	 	From its information management strength, looking to build a global leader in digital transformation consulting and managed services for law firms and legal departments
	CVC		Targeting acquisitions in US and Europe to complement legal digital transformation / legal operations consulting growth focus, to fight with Big 4

Source: MergerMarket, Pitchbook, company websites, reports and announcements

Note: (1) Acquisitions covering last three years

# M&A activity

Getting deals done in the current environment – recent key learnings



## MANAGE REALISTIC VALUATION EXPECTATIONS

Valuation expectations set in 2021 are unlikely to align with the current valuation environment



## EMPHASISE 'RESULTS' OVER 'STORIES'

Equity stories must be supported by company data and analysis for buyers to place value on them



## PROACTIVELY ADDRESS WEAKNESSES

Pre-empt potential weaknesses and proactively address with alternative analysis or mitigating actions



## MAXIMISE UPFRONT PREPARATION

Vendor commercial, financial, accounting and tax, legal and technology DD, plus early legal documentation prep will support a successful outcome



## BESPOKE TARGETING OF BUYERS, NOT 'SPRAY AND PRAY'

Focus on a targeted set of potential counterparties, and 'warm them up' ahead of process to maximise success



## BUILD TIMING OPTIONALITY INTO PROCESS

Maximising upfront preparation enables responsiveness to bidder interest, rather than imposing a rigid process

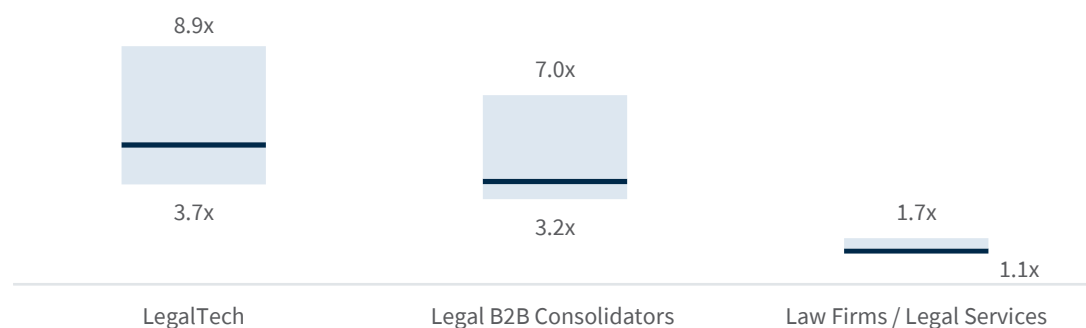
# Valuation Backdrop

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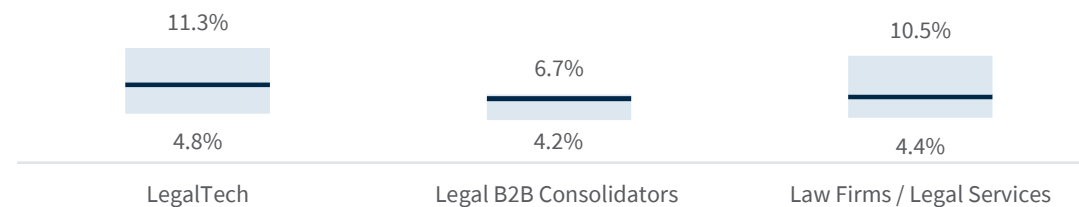
# Peer group analysis – legal-focused companies

Benchmarking valuation and performance

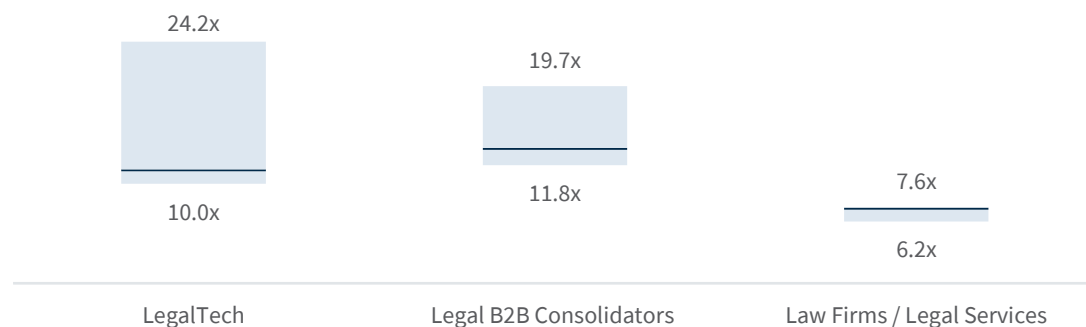
## FY24 EV / REVENUE



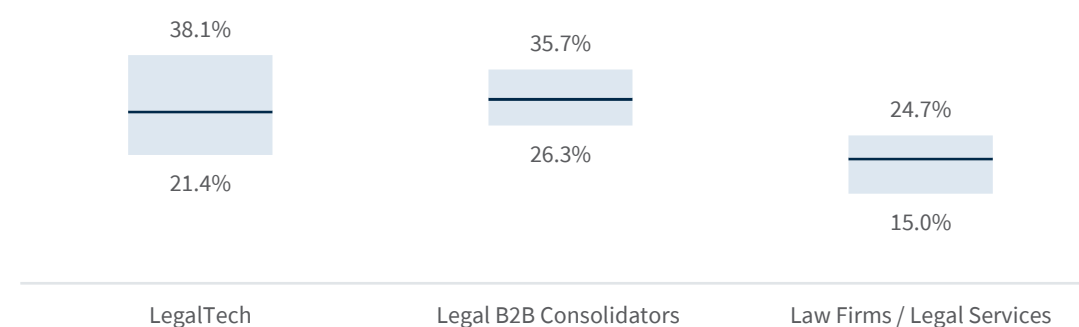
## FY23-24 REVENUE GROWTH



## FY24 EV / EBITDA



## FY24 EBITDA MARGIN



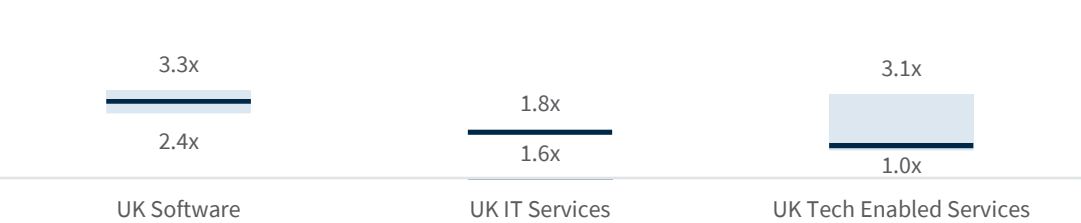
■ Interquartile range ■ Median



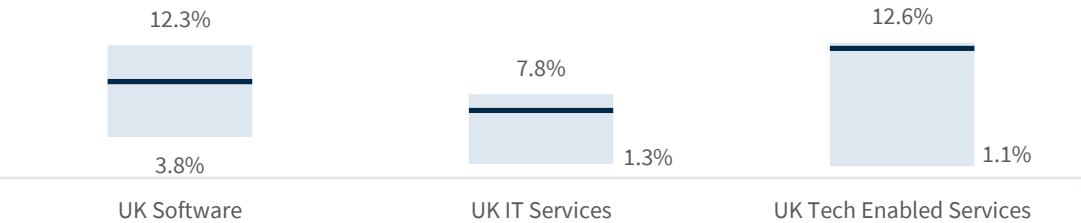
# Peer group analysis – looking outside legal

## Benchmarking valuation and performance

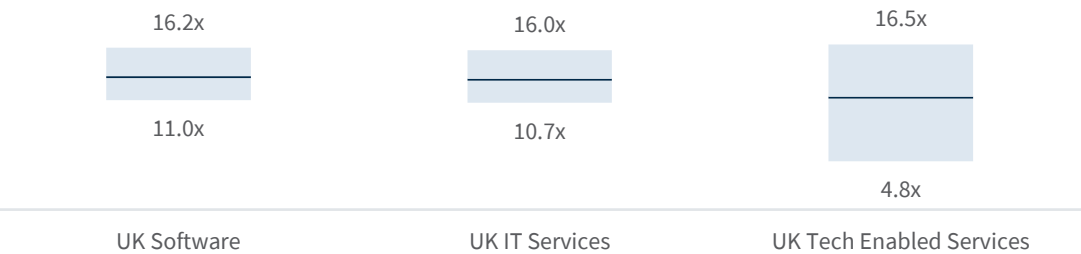
FY24 EV / REVENUE



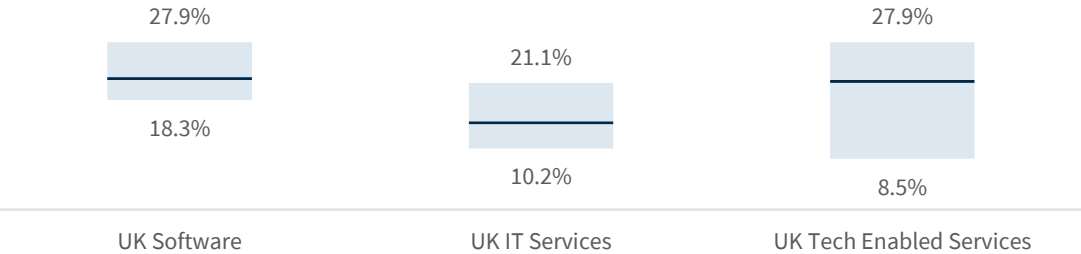
FY23-24 REVENUE GROWTH



FY24 EV / EBITDA



FY24 EBITDA MARGIN

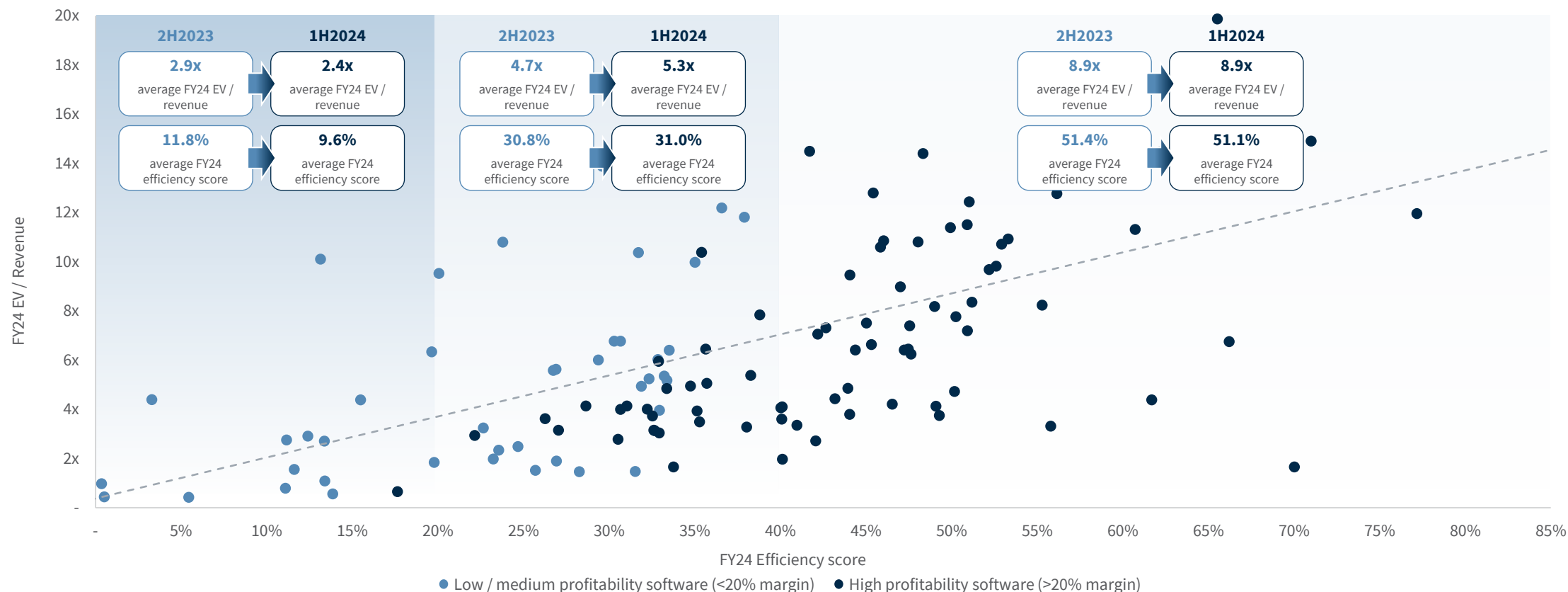


■ Interquartile range ■ Median

Source: CapitalQ as of 30 June 2024  
Notes: (1) Calendarised to 31 December  
(2) 'UK IT services' includes consulting and managed services companies

# Looking outside legal

Strong correlation between valuations and efficiency score (aka the 'rule of 40'); public market investors increasingly valuing profitability over 'growth at all costs'



Source: CapitalQ as of 30 June 2024

Notes: (1) Calendarised to 31 December






(2) Efficiency score defined as FY2023-2024 revenue growth and FY2024 EBITDA margin

# Sector News

04







# Sector insights

Round-up of key sector news (1 of 4)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
8 July 2024	 THOMSON REUTERS®	Sector News	Thomson Reuters carried out a survey amongst professionals across the US, UK and other Common Law markets, highlighting that <b>over 50% of law firms believe they should absorb GenAI costs as a firm overhead instead of passing them on to clients. Generally, law firms have adopted different approaches with respect to tech costs with some passing on their costs for certain types of work e.g. due diligence.</b> However, given the wide-ranging use cases of GenAI within law firms, legal professionals might <b>face difficulties in developing a standard approach on which costs to pass on vs. which to absorb.</b> Thomson Reuters's survey further found out that 39% of respondents believe <b>continued rollout of GenAI across the legal practice will result in higher usage of alternative billing arrangements, such as fixed fee models.</b>
3 July 2024	 THOMSON REUTERS®	Sector News	Artificial Lawyers reports about Thomson Reuters study finding out that <b>the majority of lawyers still fear the impact of GenAI on the legal practice. 77% of the interviewees responded, “unauthorised practice of law” is “somewhat of a threat” or a “major threat”. 49% of respondents believe there will be less need and/or work for lawyers as a result of the rollout of GenAI across the legal practice and 42% of respondents believe AI will have a notable impact on law firm revenues.</b> The survey, which included a broad sample including small firms and legal teams, further found that 40% of interviewees don't have any immediate plans to adopt GenAI in their work. <b>Whilst a lot of the larger law firms and in-house legal teams are rolling out GenAI projects, for the wider market of smaller law firms and legal teams, adoption of AI is a lot less likely in the short-term.</b>
28 June 2024	 litig Legal IT Innovators Group	Sector news	<b>The Legal IT Innovators Group (LITIG), a UK-based group of legal innovation and IT experts, together with Artificial Lawyer, announced a Legal Industry AI Benchmarking Collaboration initiative aiming to address the increasing need for shared common and transparent standards in the use and measurement of GenAI tools.</b> GenAI is becoming more prominent in the LegalTech world. However, currently there are no clear indications on performance that can be verified without extensive testing nor any shared standards for developing such performance benchmarks. <b>The initiative's goal is to create a formal, regulator-like body, which is not only a promoter of benchmarks and standards, but also actively enforces them.</b>
27 June 2024	 UnitedLex	Sector News	<b>UnitedLex carried out a survey amongst 200+ senior lawyers at AmLaw 200 law firms and legal professionals at major corporations, highlighting that inhouse lawyers are more focused on AI and automation than their external counterparts.</b> The study found that 71% of in-house legal professionals view the integration of automation and analytics as top area for modernisation vs. only 57% of law firms respondents. Further, the study revealed that <b>adopting AI tools was identified as the top priority for in-house legal teams</b> , whilst law firms named resource use improvements as their top priority with adoption of AI tools coming in sixth place in terms of importance.
25 June 2024	 ORBITAL WITNESS	Business update	Artificial Lawyer reports that LegalTech and PropTech company <b>Orbital Witness announced it will offer an insurance policy on the accuracy of its GenAI outputs.</b> Whilst the idea of insuring legal AI outputs has been discussed and explored in the past, <b>this is the first time a LegalTech company has offered its customers a specific policy guaranteeing them redress in case its GenAI solutions produce inaccurate results.</b> The insurance is sold as part of the license agreement, whereby clients will pay an additional fee to Orbital Witness to obtain the coverage.

# Sector insights










Round-up of key sector news (2 of 4)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
24 June 2024		Sector news	<b>AI and legal education survey carried out by the American Bar Association (ABA) Task Force on Law and AI revealed that GenAI is advancing into law schools and already has a significant impact on legal education with additional changes expected in the years ahead.</b> A majority of surveyed law schools reported to offer dedicated courses specifically designed for students to engage with AI tools, to meet the evolving demands of an industry that is increasingly influenced by technological change. <b>83% of responding law schools further reported to offer curricular opportunities where student can learn how to use AI effectively. However, the survey also highlighted differing views on applicants' use of GenAI during the admission process with a majority of law schools responding they have not yet decided on an approach to address the issue.</b>
24 June 2024		Business update	LLM-powered contract review and redlining tool <b>Screens published its GenAI accuracy levels, stating that the platform achieved an overall accuracy of 97.5%.</b> Screens' initiative used a sample of 720 human-verified data points and is a direct response to the ongoing debate on how to bring more transparency and define benchmarks for the use of AI in the legal practice.
24 June 2024		Sector news	<b>The Pennsylvania Bar Association and Philadelphia Bar Association jointly issue a new legal ethics opinion on the use of GenAI in law practice.</b> Whilst the opinion recognises that GenAI gives rise to new challenges not previously seen in legal technology, most significantly the possibility for AI to deliver hallucinated results, <b>the opinion states that "lawyers must be proficient in using technological tools to the same extent they are in employing traditional methods.</b> Whether it is understanding how to navigate legal research databases, use e-discovery software, use their smartphones, use email, or otherwise safeguard client information in digital formats, <b>lawyers are required to maintain competence across all technological means relevant to their practice.</b>
19 June 2024		Business update	<b>PwC and revenue lifecycle management company Conga have joined forces on a new legal operations portal.</b> The strategic alliance is followed by PwC's integration of Conga's revenue lifecycle management solutions into its new Legal Operations Portal (LOP). The self-service portal empowers organisations to manage, automate and optimise their legal operations, to deliver more efficient, effective and strategic legal services whilst improving end-to-end performance. PwC and Conga state <b>their LOP could cut legal teams' external expenditure by up to 30% and increase legal teams' productivity.</b>
13 June 2024		Business update	<b>Robin AI launches custom contracts report builder, which is aimed at automating laborious M&amp;A due diligence.</b> The platform allows lawyers at a click of a button to generate lists of red-flag issues, highlighting deviations in contracts from preferred positions. <b>The platform is able to produce one easy-to-read report across hundreds of documents,</b> allowing it to be leveraged for a wide range of purposes including M&A due diligence, NDA compliance, supplier agreements and legal audits.
12 June 2024		Business update	<b>Law firm management platform Aderant and BigHand, provider of data and insights technology, announce partnership to enhance operational excellence for law firms. The partnership will provide law firms using Aderant solutions with financial metrics and analysis through BigHand's warehousing and dashboarding capabilities.</b> Furthermore, Aderant and BigHand will run joint events, webinars and market activities to educate law firms using Aderant solutions on the benefits of the partnership and BigHand's full financial productivity solutions.







# Sector insights

Round-up of key sector news (3 of 4)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
30 May 2024	 <b>Stanford University</b> Human-Centered Artificial Intelligence	Sector news	A group of researchers at Stanford University publish a <b>controversial study on hallucinations in case law tools including Westlaw's AI-assisted research, Lexis+ AI and Ask Practical Law AI</b> . The study revealed that <b>Practical Law and Lexis+ AI return 17% hallucinations and Westlaw even 33% hallucinations and is part of a broader discussion amongst LegalTech experts regarding the overall accuracy and reliability of GenAI in the practice of law</b> . The study further states "on the positive side, these systems are less prone to hallucination than GPT-4, but users of these products must remain cautious about relying on their outputs." <b>Following release of the study, both Thomson Reuters and LexisNexis commented that their own data analysis suggests a much lower rate of hallucination.</b>
16 April 2024	 <b>THOMSON</b> REUTERS®	Sector news	Thomson Reuters' 2024 Report on the State of the UK Legal Market, reveals that <b>48% of lawyers in UK firms and 50% of in-house lawyers believe that the legal profession should self-regulate its use of AI</b> . Only 36% of lawyers in UK firms and 44% of UK in-house lawyers say that the government should regulate their use of AI. However, <b>this is still notably higher than in North America, where only 26% of lawyers surveyed in the US and Canada think the government should regulate AI.</b>
29 May 2024	 <b>v lex</b>  <b>iManage</b>	Business update	<b>iManage and vLex have formed a partnership to support a number of integrations enhancing workflows and knowledge resources for their customers</b> . The partnership brings together one of the world's largest legal intelligence platforms with an industry leading knowledge work platform. <b>The integration between the two platforms allows customers to benefit from a single view across internal best-practice know-how and publicly available legal data</b> , whilst delivering an enhanced user experience. The partnership announcement follows the integration between iManage AI services and Microsoft's LLM-driven Copilot and the partnership with data protection as-a-service provider HYCU.
28 May 2024	 <b>Evisort</b>  <b>Copilot</b>	Business update	AI-driven contract lifecycle management company <b>Evisort announces integration with Microsoft Copilot, which allows Evisort users to seamlessly find contracts from within Copilot or Teams and enhance contract workstreams with access to other Microsoft applications</b> . The collaboration further aligns Evisort's strategic partnerships with industry leaders such as Icertis and ServiceNow, aiming to make AI-native contract intelligence more accessible and beneficial for businesses. <b>Evisort is the only contract management solution with a proprietary contract-specific LLM to receive this distinction from Microsoft.</b>
23 May 2024	 <b>MISTRAL</b> AI  <b>Harvey.</b>	Business update	<b>Rivalling GenAI companies MistralAI and Harvey announce partnership allowing to support clients to navigate the rapidly evolving GenAI landscape in legal by reducing complexity, adding transparency and trust</b> . Having previously stated their ambitions to expand in France, <b>the partnership will give Harvey access to MistralAI's French customer base</b> . The partnership is further closely followed by Mistral AI's €600m Series B fundraise led by General Catalyst in Jun-24 valuing the start-up at ~\$6bn.
22 May 2024	<b>TRAVERS SMITH</b>  <b>Jylo</b>	Business update	<b>UK law firm Travers Smith spins off AI capability with the launch of Jylo, an independent technology enterprise powered by advanced AI</b> . The platform gives its users the capability to transform unstructured data into structured information, thereby allowing to explore, organise and interpret findings, using a combination of analysis and chat features as well as an "intelligence marketplace". <b>The launch of Jylo marks the next step in the evolution of Travers Smith's approach to legal technology.</b>


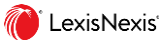









# Sector insights

Round-up of key sector news (4 of 4)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
30 May 2024	 pwc	Sector news	PwC publishes 2024 AI Jobs Barometer, highlighting that <b>employers are willing to pay lawyers in roles where AI specialist skills are required a premium of 49% in the US and 27% in the UK</b> . The report shows AI is associated with a positive impact on productivity. <b>Particularly in the UK, it finds a slightly above-average uptick in productivity in AI-exposed sectors</b> , such as financial services, information technology and professional services.
8 May 2024	 Icertis Evisort	Business update	Competing contract lifecycle management companies <b>Icertis and Evisort announce strategic partnership to “accelerate customers’ journey to contract intelligence”</b> . The strategic alliance enhances value for customers using the Icertis platform by <b>enabling to leverage Evisort’s contract-specific AI engine to accelerate the ingestion and analysis of contract data in order to deliver actionable insights and optimised workflows</b> .
5 May 2024	 ZUVA	Sector news	Legal technology company Zuva publishes “Do you need a CLM to manage your contracts?” survey, <b>revealing that most organisations use document management tools to manage contracts as opposed to purpose-built contract management solutions</b> . Out of the companies surveyed, 86% use document management tools for contract storage and management. Further, <b>60% of those organisations that are using a document management tool for contract management are not using a CLM system at all. Only 36% of interviewees use a dedicated CLM and out of those, only 28% are using a CLM system enterprise-wide</b> .
25 April 2024	 Gartner®	Sector news	Gartner predicts <b>the global legal technology market will reach \$50bn by 2027 as a result of the impact of GenAI on the practice of law</b> . Gartner states that the global legal technology market has grown significantly in recent years and that GenAI is expected to accelerate this growth, aided by an explosion of consumer tools such as OpenAI’s ChatGPT and Google’s Bard, which will open up established legal technology use cases. However, <b>Gartner further highlights the need for lawyers to understand the limitations and risks of using GenAI as well as the necessity for human output checks</b> .










# Corporate events

Round-up of key company developments (1 of 3)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
03 June 2024	 	M&A	<b>Global provider of information and analytics LexisNexis Legal &amp; Professional announces acquisition of Belgian contract drafting company Henchman.</b> The acquisition of Henchman allows LexisNexis to deliver personalised GenAI solutions to its customer base. LexisNexis states that it has “immediate plans to utilise Henchman’s technology with its proprietary Retrieval Augmented Generation 2.0 (RAG 2.0) platform in its flagship Lexis+ AI solution, enabling the use of trusted customer data as grounding data for generative AI drafting. Henchman’s capabilities will also be added to Lexis Create, the Microsoft 365 add-in solution that enables point-of-workflow integration for generative AI drafting in Microsoft Word, Outlook, Teams and Copilot.”
30 May 2024	 	M&A	<b>Private Equity firm KKR, announces it has entered into an agreement to acquire a majority stake in Agiloft,</b> the contract lifecycle management company. <b>As part of the deal FTV Capital, is making an additional investment, and JMI Equity is joining as a new investor.</b> Agiloft provides a data-first CLM software, enabling legal, procurement, sales and other departments to streamline and leverage their contracting efforts. The investment will help Agiloft to continue to expand as it grows market share, acquires new customers, further innovates product solutions, and extends its world-class standard of customer success.
30 May 2024	 	M&A	<b>American Arbitration Association, the non-profit organisation providing alternative dispute resolution services to individuals and organisations announces the acquisition of ODR.com, the leading online platform for dispute resolution.</b> This strategic move is the <b>first acquisition of American Arbitration Association since its inception in 1926</b> and will help bolster the non-profit mission to give broader access to alternative dispute resolution.
14 May 2024		Fundraise	<b>Tech-enabled provider of legal support and court reporting services Steno announces launch of new AI tool called Transcript Genius, transforming the traditional, labor-intensive process of transcript analysis,</b> offering a solution that saves time while enhancing case strategy. <b>Together with the new product launch, Steno also announces the completion of its \$46m fundraising.</b> The fundraising is following the company’s \$15m Series B last year and brings the total funds raised to \$117m.
07 May 2024	 	M&A	<b>Alternative legal services provider Elevate announces the acquisition of The CJK Group.</b> Based in the US and Japan, <b>CJK provides multi-language support for litigation, investigations, and transaction-based due diligence</b> to a diverse base of law firms and corporations across Asia and North America. CJK specialises in reviewing, categorising, and analysing multi-lingual content in Chinese, Japanese, and Korean languages.
06 May 2024	 	M&A	Leading e-signature player <b>DocuSign acquires contract lifecycle management startup Lexion for \$165m.</b> The deal follows DocuSign’s decision to move into the contract and document management space with the acquisitions of CLM company SignCM in 2018 and document AI company Seal in 2020. Following the acquisition, <b>Lexion will be integrated with the DocuSign Intelligent Agreement Management platform, adding contract review, negotiation and process automation capabilities to the platform.</b> Lexion’s technology will also enable users to seamlessly find information in their agreements, via a Q&A function, without having to scroll through an entire document.




# Corporate events

## Round-up of key company developments (2 of 3)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
22 April 2024		Fundraise	<b>South Korea based legal LLM company Upstage, announces its \$72m Series B fundraise.</b> Having now raised over \$100m since being founded in 2020, Upstage is the most-funded South Korean AI software startup in history. The company provides GenAI models to deliver “Artificial Generated Intelligence (AGI) for work” solutions to clients. <b>Upstage further discloses its intention to use the funds to expand its Solar LLM system as well as its Document AI OCR and data extraction capabilities.</b>
09 April 2024	 	M&A	<b>Private Equity firm Triple announces acquisition of SmartSearch, leading UK provider of digital compliance and anti-money laundering (AML) software provides to more than 7,000 clients across regulated verticals.</b> The transaction marks the first investment made by Triple’s inaugural Fund I, which is focused on investing in mission critical vertical software and data B2B businesses headquartered in the UK and Nordic region. <b>Post-transaction, Triple envisages focusing on the organic growth of the company, concentrating on commercial excellence, growing enterprise clients, and sourcing of key partnerships.</b>
09 April 2024	 	M&A	<b>Bloomberg Law announces acquisition of Dashboard Legal, a project management and collaboration platform specifically designed for the legal market.</b> The acquisition builds on the company’s <b>launch last year of Bloomberg Law Contract Solutions</b> , an AI-powered solution for storing, searching, drafting, and negotiating contracts. “The addition of Dashboard Legal’s powerful project management and collaboration software to our product lineup expands the breadth of our offerings, which enable attorneys to be more productive and efficient in conducting their most time-consuming everyday tasks,” said Joseph Breda, president of Bloomberg Law.
02 April 2024		Fundraise	Luminance AI announces <b>\$40m Series B funding round, led by March Capital, with participation from National Grid Partners and other existing investors including Slaughter and May.</b> Luminance develops machine learning models that help lawyers automate contract reviews and shorten the time it takes to get them signed. Following its <b>5x ARR growth in the last two years</b> , the company intends to <b>use the funds to accelerate global growth and expand its footprint in the US.</b>
14 March 2024		Fundraise	Draftwise announces <b>\$20m Series A funding round, led by Index Ventures, with participation from existing investors Y Combinator and Earlybird Digital East Ventures.</b> The company provides an AI-powered contract and negotiation platform dedicated for lawyers. <b>Draftwise intends to use the funds raised to support continued investment in engineering, product, and customer expertise, along with strategic investment in international growth to expand the company’s reach.</b>
12 February 2024	 	M&A	<b>CapVest Partners backed Datasite, announces acquisition of Australia-based virtual data room solutions provider Ansarada at an implied equity value of A\$263m</b> (A\$2.50 per share, representing a 19% 1-day bid premia). Datasite further announces the simultaneous <b>carve out of Ansarada's cashflow-negative, early-stage ESG, GRC and Board businesses</b> , which co-founder & CEO Sam Riley agrees to acquire for a consideration of A\$500k. Datasite believes that Ansarada’s Deals and Procure products are complementary to their strategy moving forward and Ansarada will benefit from Datasite’s global footprint.

# Corporate events




Round-up of key company developments (3 of 3)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
26 January 2024	 <b>Proof</b>	Fundraise	Proof Technologies announces <b>\$30m Series B funding round, led by Long Ridge Equity Partners, with participation from existing investors including Blue Heron Capital and The LegalTech Fund.</b> Proof provides an online litigation services marketplace that provides law firms and government agencies with document delivery through a nationwide network of process servers, electronic court filing services and remote notarisation. <b>The company aims to use the funds to accelerate revenue growth, expand electronic filing capabilities, enhance integrations with legal industry case management software and further leverage AI to create additional efficiencies for its users.</b>
24 January 2024	 <b>Spellbook</b>	Fundraise	Spellbook announces <b>\$20m Series A funding round, led by Inovia Capital, with participation from The LegalTech Fund, Bling Capital and Thomson Reuters Ventures,</b> bringing total funding raised to over \$30m. The company, formerly known as Rally, provides GenAI contract drafting, and review tools built on large language models including OpenAI's GPT-4 and sells into corporate and commercial law firms and in-house legal teams. This latest round will help Spellbook to <b>quickly scale into law firms worldwide and continue innovation within the legal AI sector.</b>
02 January 2024	 <b>Robin AI™</b>	Fundraise	<b>Robin AI announces its \$26m Series B funding round, led by Temasek, with participation from QuantumLight, Plural and AFG Partners.</b> The company provides a leading AI-enabled contract processing software for companies dealing with high volume needs based on a hybrid technology from Anthropic's Claude and a proprietary contract data. <b>Having grown its revenue by 5x with strong traction in the private equity sector, this latest funding will enable Robin AI to accelerate its global expansion.</b>









# Financial performance

Round-up of key public company financial updates (1 of 6)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
08 August 2024	 DISCO	2Q2024 quarterly results	2Q2024 quarterly results showed <b>total revenue of \$36m, which represents 5% y/y growth</b> . Topline performance was supported by a <b>stable customer count of ~1.4k</b> . Adjusted EBITDA for 2Q2024 closed out at (\$7m), evidencing <b>significant progress towards CS DISCO's path to profitability</b> with an <b>improvement in adjusted EBITDA of approximately 40% y/y</b> .
31 July 2024	 Wolters Kluwer	1H2024 interim results	1H2024 results showed <b>revenue of €2,891m, representing 6% y/y growth organically</b> (6% on a constant currency basis). Recurring revenues, comprising 82% of total revenue, were up 7% organically. <b>Adjusted operating profit of €765m is up 8% y/y on a constant currency basis</b> , with margin increasing by 40 bps to 26.5% <b>reflecting an increase in margin for both Financial &amp; Corporate Compliance and Legal &amp; Regulatory divisions. Legal and Regulatory division delivered organic growth of 5% y/y</b> (8% in constant currencies, partly reflecting acquisitions and the transfer of the Chinese legal research Solution into the division), which was mainly <b>driven by growth in digital subscription revenues</b> . Legal and Regulatory Information solutions (77% of divisional revenue) and Legal and Regulatory Software (23% of divisional revenue) grew 8% and 7% y/y organically, respectively. <b>Adjusted operating profit increased 26% organically</b> , driven by operational gearing, mix shift towards digital solutions, and efficiency programs.
31 July 2024	Gateley	FY2024 annual results	<b>FY2024 revenue showed growth of 6% whilst underlying operating profit decreased 11%</b> , which management views as a proof of the diversification strategy establishing consultancy services across all four platforms despite increasing inflationary pressures. The financial performance was supported by the benefit of the full year contribution of recent acquisitions, however, the group still achieved <b>organic revenue growth of 3% y/y, comprising 1% y/y growth in legal services and 9% in consultancy services</b> .
25 July 2024	 RELX	1H2024 interim results	1H2024 results show <b>underlying revenue growth of 7% and adjusted operating profit growth of 10% y/y</b> , evidencing <b>further operational and strategic progress</b> . The <b>legal division, contributing 7% of 1H2024 revenue growth</b> , further improved underlying revenue growth through legal analytics with the roll-out of Lexis+ AI-making progress in the US and launched in international markets. <b>Full year outlook for the legal division foresees a continued strong revenue growth</b> with underlying adjusted operating profit growth exceeding underlying revenue growth.






# Financial performance

Round-up of key public company financial updates (2 of 6)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
24 July 2024		2Q2024 quarterly results	2Q2024 results closed out with <b>organic revenue growth of 7%</b> , supported by <b>organic growth in recurring revenue from maintenance and subscriptions of 8%</b> , now contributing more than 83% of total revenue compared to 82% in 2Q2023. <b>Subscription revenue grew 12% organically</b> , which was <b>mainly driven by growth in SaaS revenue of 23% organically</b> . ARR as at 2Q2024 stood at \$1.8bn, up 8% from 2Q2023. Management further highlighted <b>operating margins exceeding their expectations</b> and benefited from improved professional services margins, as well as continued progress around key initiatives associated with our cloud transition. Adjusted EBITDA closed out at \$144m, representing a <b>15% increase from 2Q2023</b> .
24 July 2024		1H2024 interim results	1H2024 interim results showed a <b>fall of 8% y/y in revenue</b> accompanied by a <b>26% y/y reduction in adjusted EBITDA margin to 15% from 19% in H12023</b> , due to difficult trading conditions and initial investment costs. The group is well-positioned to invest for growth, with a strong balance sheet and reliable cash generation, expecting to <b>increase investment in 2H2024 as part of BIG27 strategy aimed at a medium-term revenue of £60m</b> .
08 July 2024		FY2024 annual results	FY2024 results for the year ended 30 April 2024 evidence “a robust performance, reflecting resilience, scale and financial discipline” with <b>revenue increasing by 6% y/y to £150m</b> accompanied by <b>underlying PBT growth of 17% to £25m</b> with <b>margin increasing to 17%</b> . As an example of the successful acquisition strategy, the Teeside acquisition in November 2021 delivered <b>29% organic growth in FY24 from pricing and collaborative working with recruitment</b> building to further drive organic growth in FY2025.
07 July 2024		FY2024 annual results	Final results for the year ended 30 April 2024 delivered <b>revenue in line of market expectations at £137m (12% y/y growth of which 6% organic), and adjusted PBT of £22m (6% y/y growth)</b> . <b>The Business Recovery and Financial Advisory division showed organic revenue growth of 6% y/y (7% overall growth), which was led by business recovery up 13%</b> . The company is confident in a further year of growth, in line with market expectations underpinned by encouraging activity levels in all service lines with positive momentum such as <b>advisory and corporate finance, which is expected to improve performance, with anticipated recovery in M&amp;A activity and continuing positive activity levels within debt advisory and funding and property advisory</b> .
12 June 2024		1H2024 interim results	1H2024 results showed revenue of <b>£350m, representing a 4% h/h decline (2% decline on an organic constant currency basis) and 16% decline in adjusted PBT</b> being the result of a <b>lower gross profit</b> . However, the company has an <b>encouraging return to growth with growing traction on AI-based solutions</b> supporting a number of new business wins in this period. <b>Management remains committed to planned investments in sales and marketing, R&amp;D and transformation</b> that will support further growth, and <b>strengthen the balance sheet with the disposal of some assets</b> , in particular PatBase for £25m in May. <b>The company expects a stronger performance in the second half of the year thanks to new business wins and margin recovery</b> .
06 June 2024		1Q2025 quarterly results	1Q2025 results for the 3-month period ended 30 April 2025 present <b>revenue of \$710m, representing a 7% y/y increase, slightly above the top end of the guidance issued in 4Q2024 of \$708m</b> . Subscription revenue closed out at \$691m (8% y/y growth) and billings were at \$710m (5% y/y increase) Operationally, the company continued to leverage its scale and market position to <b>expand and gaining business</b> . DocuSign further announced that it is investing in international growth <b>evidenced by international revenue increasing by 17% y/y, making up 28% of 1Q2025 total revenue</b> .






# Financial performance

Round-up of key public company financial updates (3 of 6)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
14 May 2024		3Q2024 quarterly results	3Q2024 quarterly results for the 3-month period ended 31 March 2024 closed out with <b>revenue growth of 8% y/y</b> including the impact of TM Group, with <b>organic growth at 4%</b> . <b>ARR rose to \$117m</b> , representing <b>85% y/y growth</b> and making up <b>30% of total revenue</b> , accompanied by a <b>7% y/y increase of adjusted EBITDA to \$60m</b> . The Company continues to work towards reducing its net debt, adjusted EBITDA ratio to below 4x.
09 May 2024		1Q2024 quarterly results	1Q2024 results for the 3-month period ended 31 March 2024 closed out with <b>revenue of \$32m, slightly exceeding the guidance issued in 4Q2023</b> and representing a <b>y/y growth of 2%</b> . Topline performance was supported by <b>growth in subscription revenue, comprising 92% of total revenue, growing 4% y/y</b> . ARR fell to \$110m (8% y/y decline; 3% growth on a pro forma basis) principally due to the impact of the divestiture of Board.org and NRR was at 96%. The results further present the <b>third quarter of adjusted EBITDA profitability</b> .
09 May 2024		1Q2024 quarterly results	1Q2024 quarterly results showed <b>total revenue of \$37m, representing 7% y/y growth</b> . Topline performance was supported by <b>9% y/y growth in software revenue, increasing to \$30m. Adjusted EBITDA for 1Q2024 closed out at \$(5)m, compared to \$(13) million in 1Q2023</b> .
08 May 2024		1Q2024 quarterly results	1Q2024 quarterly results for the 3-month period ended 31 March 2024 showed <b>revenue of \$80m (12% y/y decrease)</b> . <b>Adjusted EBITDA fell to \$11m from \$21m, in 1Q2023, representing a decrease of 49% y/y</b> (13% margin compared to 23% in 1Q2023). Management highlights that Nebula continues to be a powerful component of the KLD offering, making up <b>19% of 1Q2024 revenue</b> , including revenue of \$5.7m for Nebula Processing Services with <b>active data hosted in Nebula being up 24% and active users up 11%</b> compared to 1Q2023.
07 May 2024		1Q2024 quarterly results	1Q2024 quarterly results presented <b>revenue of \$174m, representing a 5% y/y increase</b> . Transaction revenue decreased by 3% y/y while <b>subscription revenue increased by 10% y/y to \$108m</b> , supported by a <b>7% y/y increase in subscription units</b> . <b>1Q2024 adjusted EBITDA was \$28m (16% margin)</b> , compared to \$22m in 1Q2023 (13% margin). During the quarter, the company deployed a new mobile optimised experience, simplified formations flow and expanded its presence in attorney services with the launch of an attorney-drafted Prenuptial agreement offering, a simplified, cost-effective service hosted on LegalZoom's proprietary platform.







# Financial performance

Round-up of key public company financial updates (4 of 6)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
07 May 2024		3Q2024 quarterly results	3Q2024 quarterly results for the 3-month period ended 31 March 2024 showed <b>revenue of \$111m (20% y/y growth), SaaS and support revenue \$81m (22% y/y growth), Cloud ARR of \$274m (33% y/y growth) and total ARR of \$383m (21% y/y growth)</b> . TTM NRR was at 115%, within the expected range of 113% to 117%, and continued to be driven by up- and cross-selling to the company's existing customer base. Out of its more than 2,400 clients, <b>673 had contracts with ARR of \$100k+</b> .
03 May 2024		1Q2024 quarterly results	1Q2024 results showed <b>y/y organic revenue growth of 3%</b> , accompanied by <b>adjusted EBITA margin of 23%</b> . Growth in net sales to SEK 632m is driven by increased online sales, especially within the public sector in Sweden. <b>The integration of the Legal Information business of Thomson Reuters and Wolters Kluwer in Spain, France and Portugal, acquired in March 2023, continues to progress ahead of plan.</b>
02 May 2024		1Q2024 quarterly results	1Q2024 quarterly results for the 3-month period ended 31 March 2024 presented <b>revenue of \$1,738m, representing an organic growth of 9% y/y</b> . Organic revenue for the 'Big3' segments (legal professionals, corporates and tax and accounting professionals), together accounting for 83% of total revenue, <b>was up 10% y/y. Adjusted EBITDA increased 19% y/y with associated margins increasing from 39% in 1Q2023 to 43%</b> . Overall, Thomson Reuters <b>confirmed its FY2024 outlook</b> for organic revenue, adjusted EBITDA and FCF.
22 April 2024		FY2023 annual results	FY2023 annual results for the year ended 31 December 2023 presented <b>increased revenue by 32% y/y to £33m</b> driven by a combination of organic growth and acquisitions with <b>adjusted EBITDA closing out at £8m, being slightly below market expectations (6-7% shortfall)</b> . Operationally, the company added <b>two new Major Trauma Centres and three working-in-partnership JVs</b> during the financial year.
18 April 2024	KEYSTONE LAW	FY2024 annual results	FY2024 results for the year ended 31 January 2024 closed out with <b>revenue growth of 15% y/y and adjusted PBT growth of 23%</b> , reflecting high levels of activity among the company's lawyers and the <b>continued growth of the firm</b> . The Chief Executive further highlights a <b>positive shift in the recruitment market</b> with 51 principals who joined this year (up from less than 15% in each of the two years pre pandemic), which came directly from the UK office of large US law firms or top 25 UK law firms. <b>The outlook for FY2025 is reported to have 'started well' and early recruitment activity provides the company with confidence in the year ahead.</b>
27 March 2024		4Q2023 quarterly results	4Q2023 quarterly results for the 3-month period ended 31 December 2023 showed <b>revenue of \$86m, on par with \$86m in 4Q2022, with Nebula revenue increasing by 62% y/y. Adjusted EBITDA fell to \$17m from \$20 in 4Q2023, representing decrease of 16% y/y</b> (20% margin compared to 24% in 4Q2023). Management highlights the company's ability to develop and successfully grow revenues from new products such as Nebula and improve existing products and adapt its business model to keep pace with industry trends.

# Financial performance


Round-up of key public company financial updates (5 of 6)

DATE	COMPANY	NEWSFLOW	SELECTED NEWS
12 March 2024	 FiscalNote	4Q2024 quarterly results	4Q2024 results for the 3-month period ended 31 January 2024 closed out with <b>revenue of \$34m</b> , within the Company's guidance range provided in November 2023, representing a <b>growth of 9% y/y</b> . <b>Adjusted EBITDA rose 157% y/y to \$3m</b> , above the Company's guidance, accompanied by an ARR increase to \$126m (11% y/y increase). The company <b>grew its European business</b> , bringing its <b>revenue to approximately 15% of total revenue</b> .
07 March 2024	 docusign	4Q2024 quarterly results	4Q2024 results for the 3-month period ended 30 Apr 2024 present <b>revenue of \$712m, representing a 8% y/y increase, comfortably ahead of the top end of the guidance issued in 3Q2024 of \$700m</b> . Subscription revenue grew at 8% y/y to \$691m accompanied by 13% y/y billings growth to \$833m. Operationally, the company has recognised the manual disconnected nature of agreement processes and is looking to transform it, going beyond the signature process.
22 February 2024	 LEGALZOOM	4Q2023 quarterly results	4Q2023 quarterly results presented <b>revenue of \$159m, comfortably ahead of the guidance issued in the company's 3Q2023 quarterly results</b> (\$155m to \$157m) and <b>representing an increase of 8% y/y</b> . <b>Subscription revenue increased by 17% y/y to \$107m</b> , accompanied by a 7% y/y increase in average revenue per subscription at 1,545k subscription units. <b>4Q2023 adjusted EBITDA closed out at \$33m, representing a 21% margin</b> . LegalZoom's full year guidance for FY2024 presents revenue and adjusted EBITDA to be expected to be in the range of \$700m-\$720m and \$135m-\$145m, respectively.
15 February 2024	 RELX	FY2023 annual results	FY2023 annual results showed strong financial performance with <b>revenue growth of 8% y/y accompanied by a 13% y/y increase in adjusted operating profit</b> . The <b>legal division, contributing 6% of FY2023 revenue growth</b> , shown continued strong growth in Law Firms & Corporate Legal markets with renewals and new sales remaining strong across all key segments. The company's primary focus is on <b>organic growth, supported by targeted acquisitions</b> .
13 February 2024	 Hogan Lovells	FY2023 annual results	FY2023 delivered record financial results despite continued market challenges with <b>global revenue increasing to \$2.7bn, the highest revenue in the firm's history and representing a 10% increase y/y</b> . <b>Profits per equity partner increased by 20% to \$2.7m</b> and <b>revenue per lawyer grew by 7% to over \$1m</b> . Overall, the last three years, 2021, 2022 and 2023 have been the <b>three best years in terms of financial performance in the firm's history</b>
08 February 2024	 THOMSON REUTERS	FY2023 annual results	FY2023 results for the year ended 31 December 2023 showed <b>continued revenue momentum</b> in 4Q2023 and FY2023 with <b>total revenue up 6% y/y organically</b> . Performance was supported by revenue from the <b>'Big 3'</b> (legal professionals, corporates and tax and accounting professionals), which together contributed 80% of total revenue and <b>grew by 8% y/y organically</b> . Overall, Thomson Reuters <b>met or exceeded full-year 2023 outlook for organic revenue, adjusted EBITDA margin and FCF</b> and anticipates organic revenue growth of ~6% accompanied by an adjusted EBITDA margin of ~38% for FY2024. In November 2023, Thomson Reuters announced its plans to <b>repurchase up to \$1bn of its common shares</b> . As of January 2024, the company repurchased ~3.3m of its common shares, for a total spend of \$457m and subject to market conditions, anticipates <b>completing the buyback program by the end of 2Q2024</b> .



# Financial performance

Round-up of key public company financial updates (6 of 6)


































DATE	COMPANY	NEWSFLOW	SELECTED NEWS
06 February 2024		2Q2024 quarterly results	2Q2024 revenue closed out with <b>y/y revenue growth of 23%</b> supported by <b>SaaS and support revenue growth of 25% y/y</b> . Cloud ARR as at 2Q2024 increased 34% y/y underpinned by <b>continued market appetite for cloud transformation</b> . TTM NRR of <b>115% was driven by continued up- and cross-sell</b> , remaining within the company's expected range of 113% to 117%. The company further <b>confirms its outlook for FY2024</b> with expected total revenue between \$423m and \$427m.
17 January 2024	Gateley	1H2024 interim results	1H2024 interim results for the six months ended 31 October 2023 closed out with <b>resilient financial performance</b> underpinned by revenue and underlying PBT growth of 8% and 5%, respectively. Organic revenue was up 5% y/y supported by <b>revenue from consultancy services</b> , representing 28% of total revenue, <b>growing organically by 14%</b> and legal services revenue growing 2% organically. However, <b>underlying profit margin decreased to 12%</b> as a result of technology investments in future growth and continued M&A. <b>Activity levels across the Group decreased</b> with utilisation at 83%. Nevertheless, 1H2024 outturn has been seen as a <b>demonstration of the resilience derived from the ongoing investment in a diverse range of professional services businesses</b> against challenging macro-economic conditions.
11 January 2024	<b>Knights</b>	1H2024 interim results	1H2024 interim results for the six months ended 31 October 2023 delivered <b>revenue growth of 6% y/y in line with Board expectations</b> and strong <b>growth in underlying EBITDA of 25% y/y</b> . Performance driven by <b>continued execution on acquisitions</b> (St. James' Law in Newcastle and Baines Wilson in Carlisle) <b>expanding the company's presence in the North and providing a platform for organic growth</b> through recruitment.

# Overview / Primer – Legal: a Market in Transition

05

# Fundamental change

Global macro factors effecting all parts of the legal value chain ...

MACRO DRIVER	IN-HOUSE LEGAL	LAW FIRMS	NEWLAW / ALSPs	LEGAL BUSINESS SERVICES	LEGAL B2B DATA / CONTENT / EVENTS
 Cost-conscious legal services clients post 2008 GFC	 In-sourcing more to save costs, but generalist internal counsel at increased risk	 Lower volumes of paid instructions, with fewer support staff / infrastructure spend	 Increasing nearshore / offshore legal outsourcing as ROI case justified	 Increasingly demand for niche expertise (e.g., legal operations consulting, dispute consulting)	 Flight to quality – ‘winner takes all’ markets, with focus on specialist content
 Shift of in-house legal from ‘cost centre’ to ‘strategic partner’	 Outsourcing more high volume, low value work for higher value strategic work	 Lower volumes of paid instructions, instructions focused on ‘high value’ work	 Increasing demand to outsource ‘lower value’ legal work	 Increased need for IT consulting to manage digital transformation agendas	 Increased need for ‘current awareness’ content, with focus on specialist content
 Shift to legal services fixed / capped fees	 Demanding contingent, fixed / capped fees for risk share, visibility and transparency	 Significant pricing pressure, especially for more commoditised work	 Increasing demand from law firms to partner with ALSPs, to protect PEP	 No impact	 Increasing need for data / content / workflow tools to complete matters efficiently
 Increased regulatory burden	 Outsourcing risk where cost of non-compliance outweighs internal compliance cost	 Increasing volumes of instructions, but delivered under tighter cost constraints	 Increasing demand for outsourcing regulatory compliance at acceptable cost	 Increasing demand for services to help comply with regulations	 Increasing need for data / content / workflow tools to complete matters efficiently
 Liberalisation of legal services provider ownership	 Increasing choice and flexibility in legal services provision	 Increasingly run as profit-motivated enterprises, with focus on efficiency	 Increasing demand to manage in-house risk and costs / maintain law firm profit	 Opportunity to offer innovative legal focused business services	 Profit-motivated clients focusing spend on ROI from data / content
<b>KEY:</b>  Positive impact  No impact  Negative impact					

# Fundamental change

... plus, the ongoing 'nexus of forces'<sup>(1)</sup> ...

01 | SOCIAL

02 | MOBILE

03 | ANALYTICS

04 | CLOUD



**CROWDSOURCING**



**ARTIFICIAL INTELLIGENCE**  
(ML / NLP / EXPERT SYSTEMS)



**FLEXIBLE LEGAL  
SERVICES DELIVERY**

Note: (1) Gartner-coined term

# Fundamental change

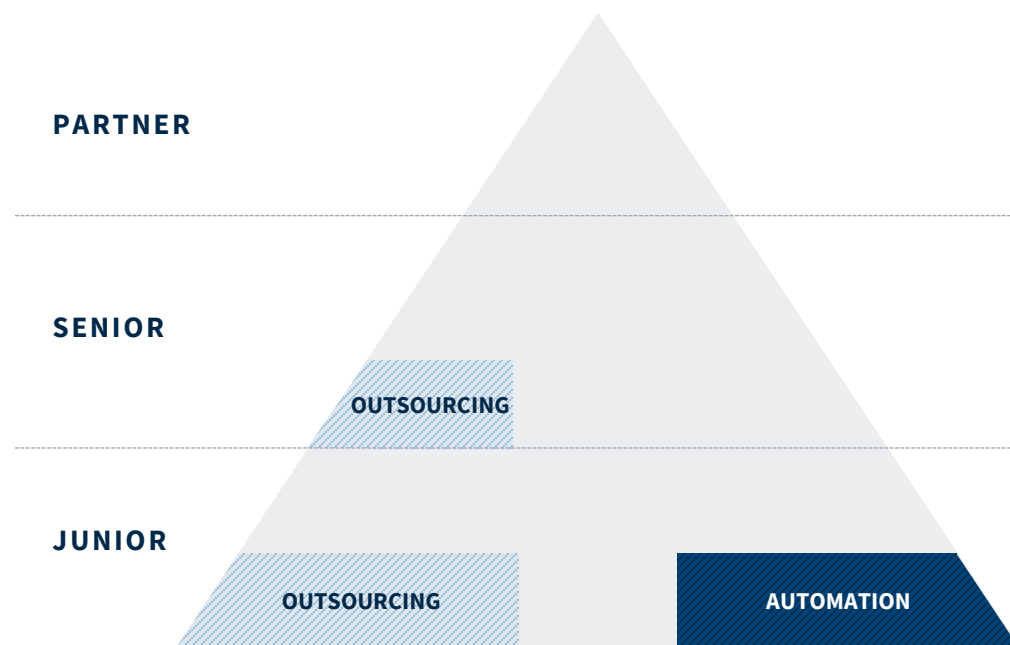
... are reimagining how legal jobs are done ...



# Fundamental change

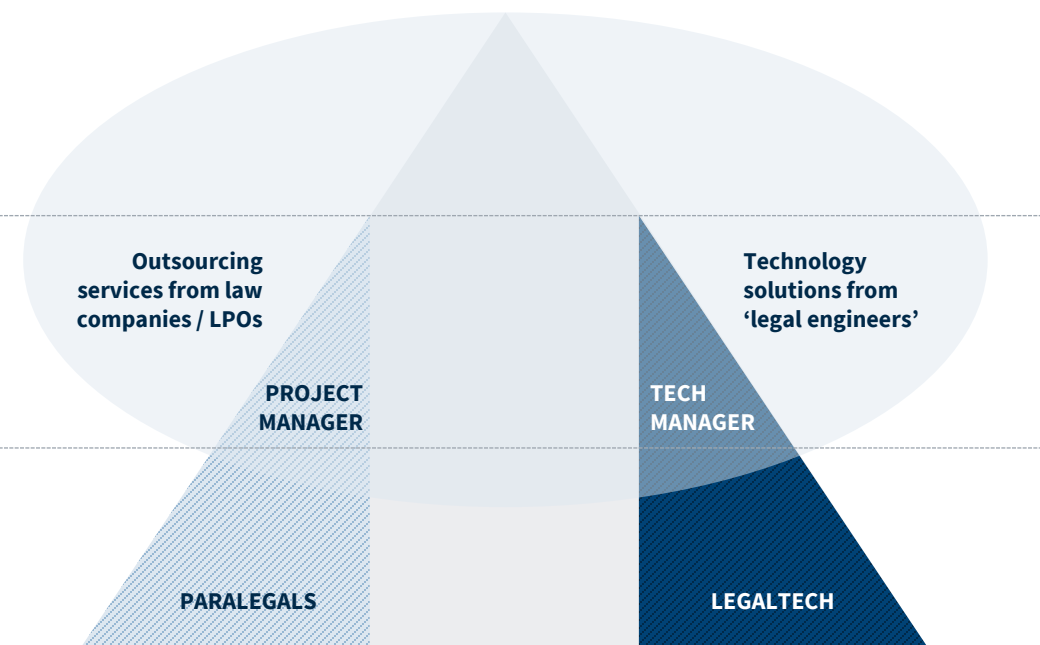
...shifting organisations from 'pyramids' to 'rockets'

## TODAY | PYRAMID STRUCTURE



High ratio of junior lawyers per partner  
Junior lawyer level most impacted by outsourcing and automation

## TOMORROW | ROCKET STRUCTURE AND NON-LAWYERS



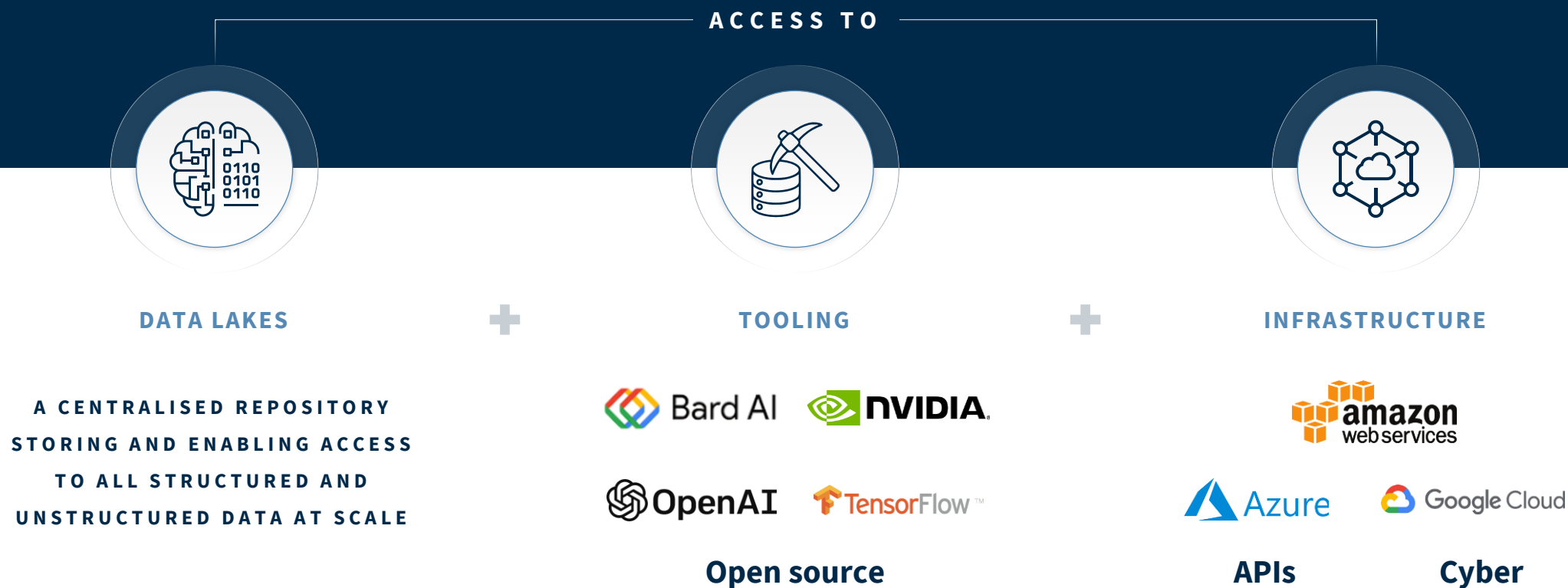
Low ratio of junior lawyers per partner  
Eventually entry-level jobs will vanish

**KEY:** Other non-lawyer staff Lawyers Tech positions



# Fundamental change

Why is now the inflection point for Legal Analytics / LegalTech / NewLaw?



# Fundamental change

AI in the ‘practice of law’ – not just about LLMs / ChatGPT

## TWO AI APPROACHES TO LEGAL



### DATA-DRIVEN AI

Statistical AI approach, where AI systems scan large pools of data, to identify interesting patterns and/or make predictions about certain legal outcomes



### RULES-DRIVEN AI

Knowledge about the law is encoded, so a machine can engage in legal reasoning on the particular legal subject matter to provide advice / guidance

## FIVE GROWTH AREAS OF AI-DRIVEN LEGALTECH



01

### LEGAL RESEARCH

Using LLMs to bring legal information to human decision makers e.g., precedent case analysis, eDiscovery



02

### BIG DATA LAW

Using NLP (natural language processing) and ML (machine learning) to process cases, contracts or other legal data, identifying patterns and making predictions about legal outcomes



03

### COMPUTATIONAL LAW

Using rules-driven or data-driven AI to mechanise legal decision making, enabling legal domain experts to create systems that implement specific legal / regulatory processes



04

### LEGAL INFRASTRUCTURE

Building tools and platforms that connect stakeholders in the legal system in new ways e.g., NLP / ML platforms to matching clients with relevant lawyers



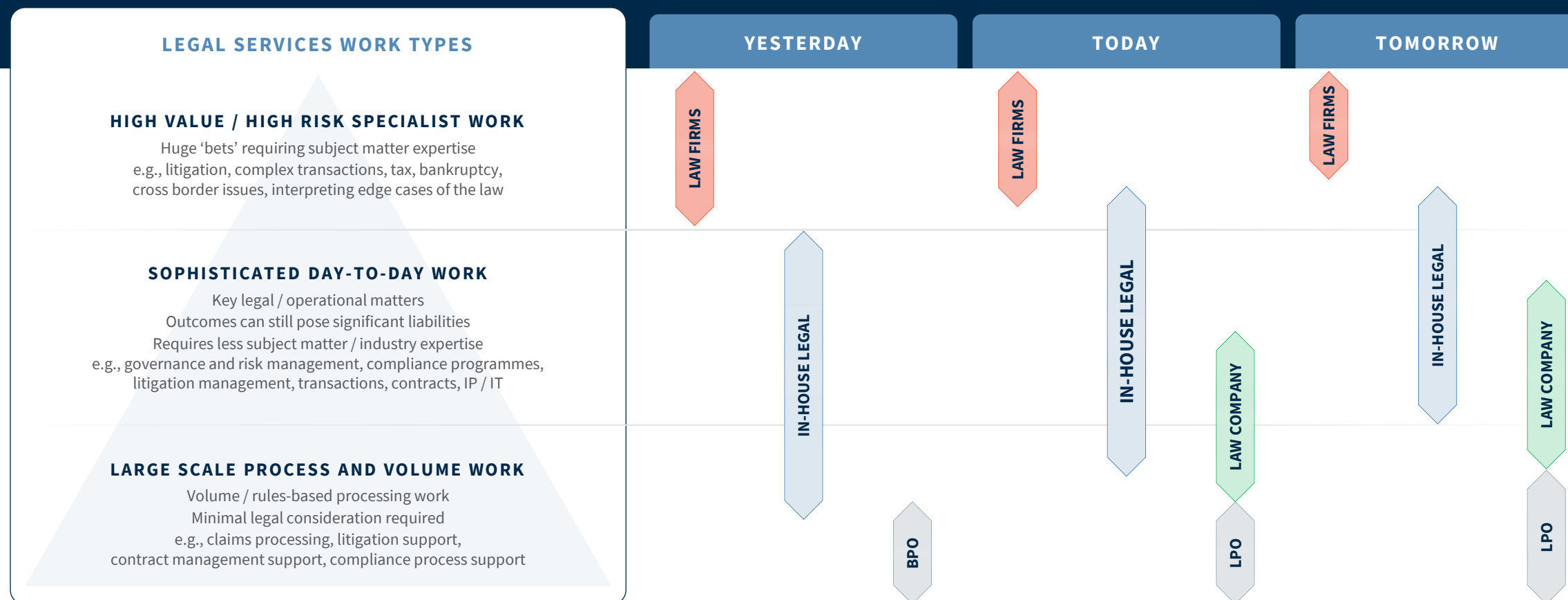
05

### ONLINE DISPUTE RESOLUTION

Helping parties resolve disputes, especially where going to court would otherwise be costly

# Fundamental change

The rise of the ‘law company’ providing alternative legal services and flexible lawyering allows in-house legal to focus on more strategic work, but at the cost of law firm instructions

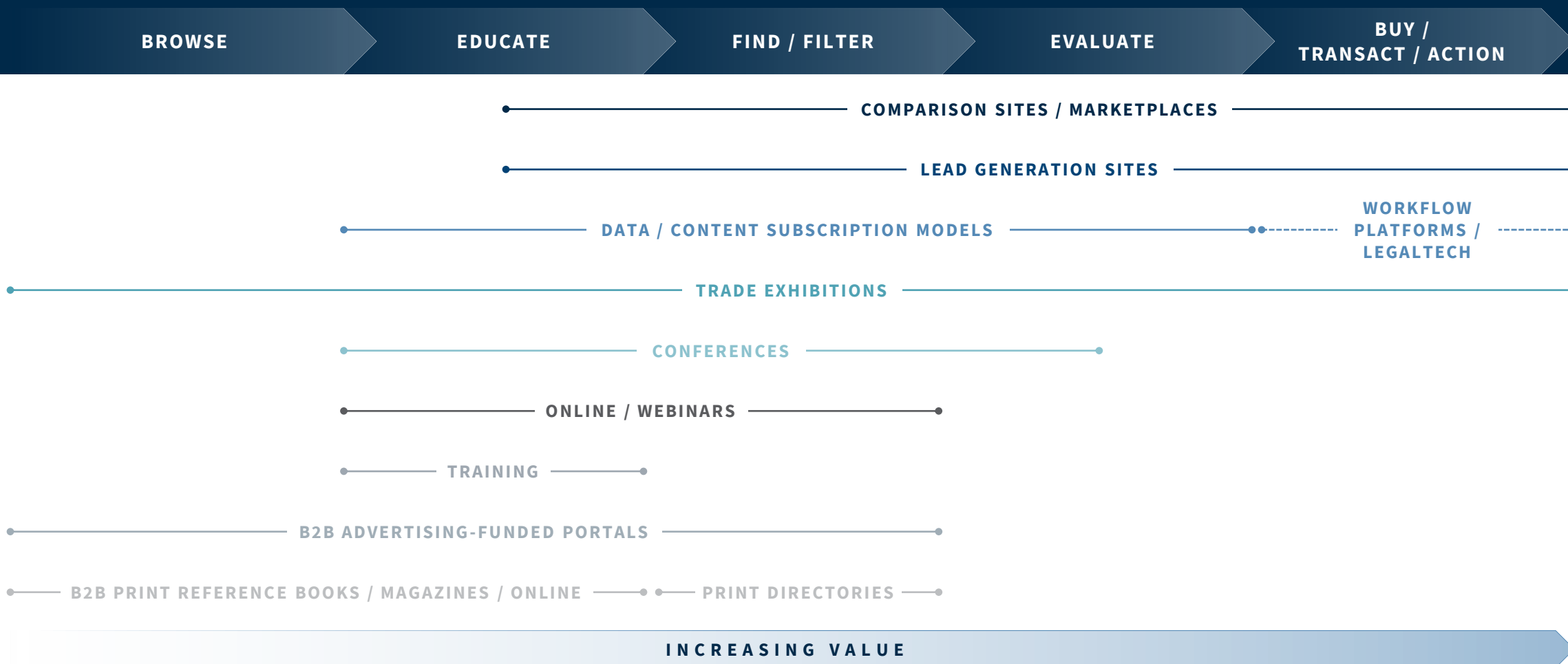


# Legal B2B Data, Content and Events: an Overview

06

# Legal B2B data, content and events

Raymond James' view of B2B media landscape – proximity to 'buy / transact / action' increasingly valuable<sup>(1)</sup>

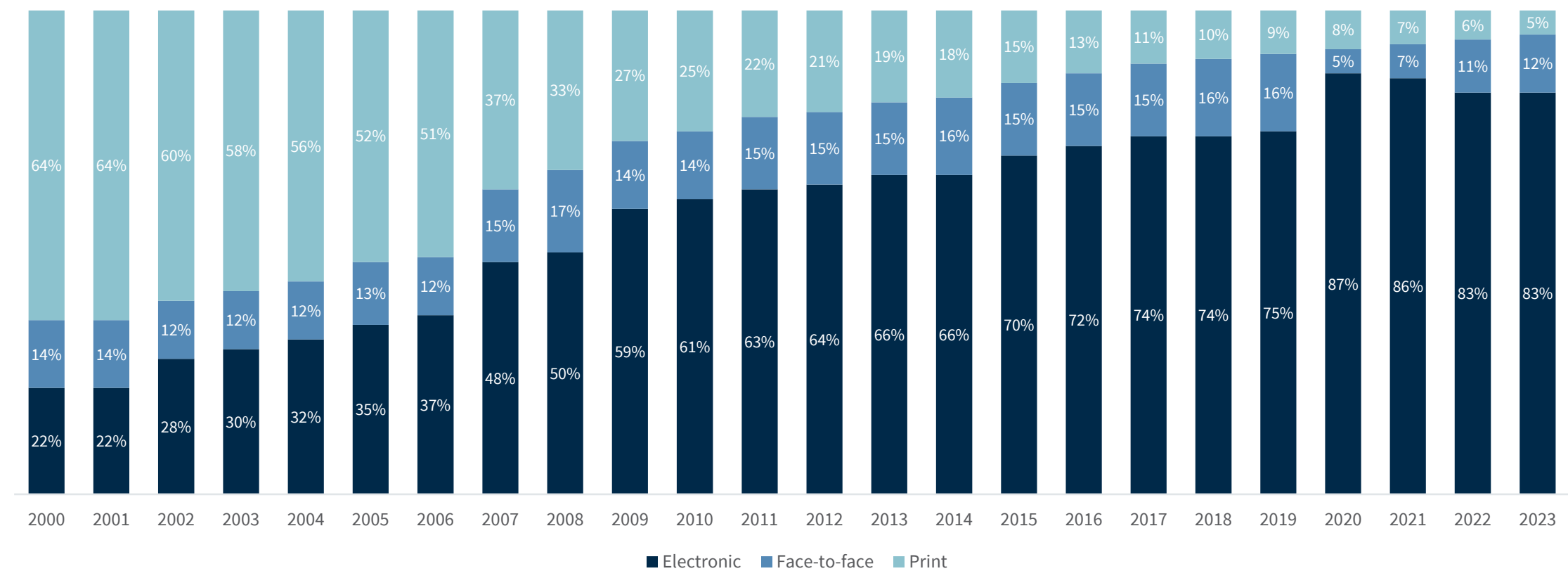


Note: (1) COVID restrictions allowing

# Legal B2B data, content and events

How does your B2B media business shape up? RELX example (1 of 2)

RELX’s PRINT-TO-DIGITAL TRANSITION LARGELY COMPLETE



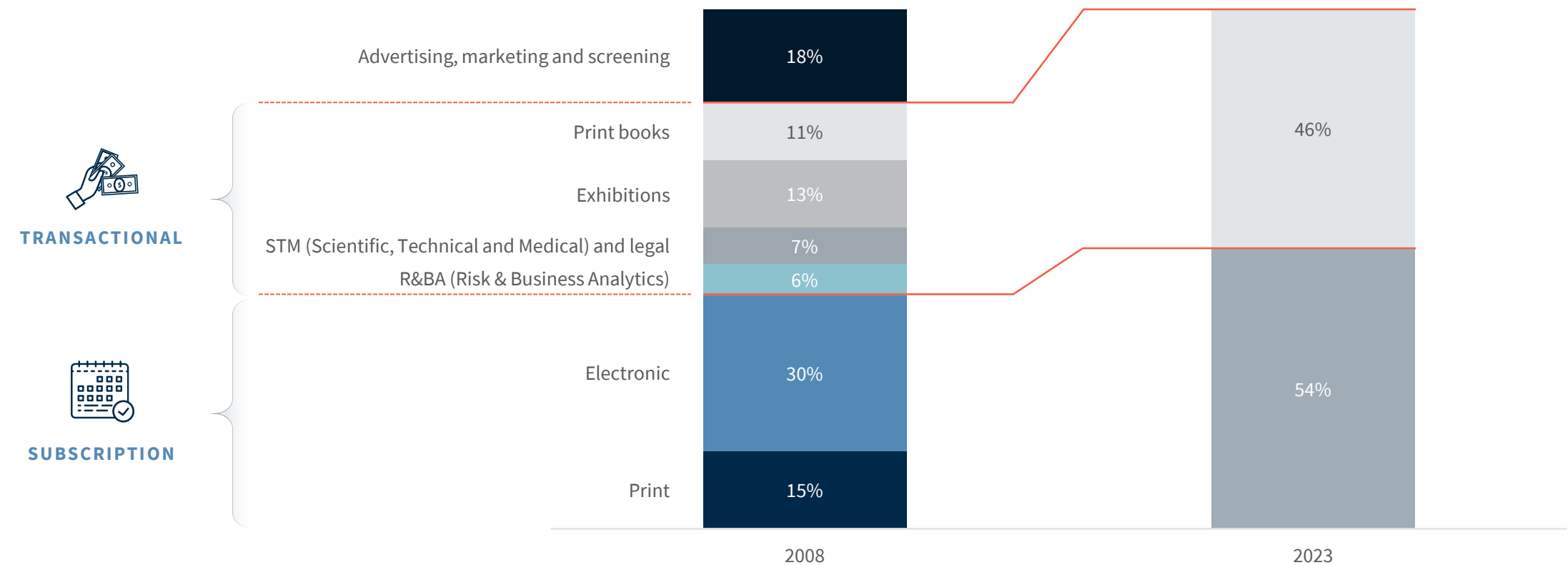
Source: RELX investor presentation, July 2024



# Legal B2B data, content and events

How does your B2B media business shape up? RELX example (2 of 2)

RELX NOW PREDOMINANTLY A SUBSCRIPTIONS / TRANSACTIONAL VOLUME DRIVEN BUSINESS



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