THE COVID-19 PANDEMIC HAS WREAKED HAVOC ACROSS COUNTRIES AND INDUSTRIES, AND THE REGION’S LEGAL SERVICES SECTOR IS NOT IMMUNE. HERE’S HOW LAWYERS ARE CURRENTLY WEATHERING THE STORM, AND WHAT THEY NEED TO DO TO REBOUND WHEN IT’S ALL OVER. BY ELIZABETH BEATTIE
As the novel coronavirus outbreak subsides in key Asia markets and finance hubs slowly prepare themselves to re-open, lawyers are still counting the cost of a once-in-a-century pandemic, that has afflicted more than 6 million people worldwide at the time of writing, with some 375,000 fatalities. Layoffs, furloughs, pay cuts and compensation freezes have been the order of the day in the industry, with lawyers still unclear whether things will ever return to normal – and, what exactly that “normal” will be.

That said, the feeling is that it has not been as bad as it could have been. Tony Williams, principal at Jomati Consultants, tells Asian Legal Business that the message from firms he works with is that the legal industry is one of luckier industries, with firms not as severely impacted as other sectors of the economy.

“When you compare it to hospitality and travel, which have been completely reduced to zero, the law actually hasn’t done too badly,” Williams says.

Alan Tsoi, Asia-Pacific tax & legal leader at Deloitte, agrees that lawyers were able to quickly adapt and keep working — particularly those with flexible working arrangements in place.

“Many of our lawyers, even before COVID-19, were working away from the office quite a bit, whether it was at the clients’ office, or the airport, so our lawyers had experience doing this. We do have to rely on technology a lot to get things done. The good thing is that we are not unique, as our clients are doing the same thing,” Tsoi says.

But while they may have been able to keep working, for the most part, law firms have not been impervious to the impact of COVID-19. Williams has observed a dramatic fall-off in transactional work, but demand for other kinds of work is rising.

“There has been quite a lot of advisory work as well. Clients are asking whether they can use a force majeure clause to get out of contracts, and also seeking advice on employment law,” says Williams.

Meanwhile, for law firms themselves, Tsoi says there are internal challenges and sustainability issues to navigate.

“Our law firm clients are having to work around challenges such as breaches of contract, difficulties raising funds, and employment issues. These are the more common, or more immediate issues that they need to face,” Tsoi says.

“Then down the road, once you have navigated through this storm, you will need to think about what you need to do to strengthen your immunity for the next storm, whether it is your business model, operating model, technology platform, or people model,” Tsoi says.
When COVID-19 hit Singapore near the end of January, the city-state sprung promptly into action, monitoring the situation closely and meeting the rising number of cases with a range of preventative measures including temperature screening, suspension of school classes and eventually stay home notices.

The city state’s circuit-breaker measures have gained international attention and its government recognition for what was viewed as decisive handling of the outbreak. But Singapore is not yet out of the woods, with cases continuing to appear.

Gregory Vijayendran, president of the Law Society of Singapore, told ALB that the gravity of the situation is being felt globally.

“Every single legal professional, every single law firm and every single bar association, is experiencing adversity, turmoil and disruption in varying degrees,” Vijayendran says, adding that “we’re grappling with a pandemic that has united us in solidarity as members of the bar, from the practitioners point of view, and certainly as brothers and sisters in law.”

“We need to keep this in sharp focus because this crisis is something that has caused great grief to our nations. It has caused loss of life and loss of health, which I would say is the primary impact. There are people who have lost loved ones and not even had the opportunity to do a proper funeral. We’ve lost some lawyers, we haven’t even had a proper way to honour them and their bereaved families, as we’ve missed out on attending their funeral,” he says of the multifarious impact of the outbreak.

“When one contemplates that, it keeps us very sober-minded, balanced and proportionate about the secondary economic impact. Lawyers certainly do have a special role to play in this hour. We are called to uphold the rule of law and its vital constituent element of access to justice. That way we can help the vulnerable, the more vulnerable and the most vulnerable.”

The Singapore Law Society was also quick to action several initiatives to support law firms in the country’s highly competitive market. From reducing costs to offering free webinars and government submissions, Vijayendran says it’s been important for the Law Society to support its members during these unpredictable times. Another important initiative was the ramping up of direct communication with members en masse.

“The COVID-19 Task Force (comprising the Law Society’s officebearers) were intentional to go the extra mile. We took the pains to communicate with individual law firm managing partners. I did that personally using WhatsApp,” Vijayendran adds.

From the perspective of law firms, the market itself has posed challenges difficult to mitigate.

Stefanie Yuen Thio, joint managing partner at TSMP Law Corporation, says Singapore dealing “has pretty much ground to a halt in the last two months as businesses come to terms with our circuit-breaker rules and work-from-home measures and try to work out how significant the longer-term impact of COVID will be”.

“Law firms are seeing a significant slowdown save for specific sectors such as restructuring including white knight rescues, the large corporate failures and advisory on the legal implications of the changes in laws that have resulted from the pandemic,” Yuen Thio says.

Once Singapore emerges from the circuit breaker measures, she expects to see financial services and financings “start to move as healthy companies seek to re-capitalise and refinance their bank loans and bonds”.

But firms aren’t out of the woods yet, Yuen Thio warns adding: “the legal industry will be deeply affected generally. Clients simply won’t have the stamina or financial standing to fight smaller claims.”

IT’S NOT ALL GLOOM — BUT YOU HAVE TO BE NIMBLE
Technology has been a cornerstone of the COVID-19 story. From Zoom’s mammoth rise to video job interviews, meetings and even social gatherings, during the pandemic technology was an essential mechanism. But not everyone was ready for it.

Yuen Thio says that working from home has required a jump in tech literacy. “Work-from-home has sped up the imperative to upskill and up-tech,” she says, adding “more tech-savvy law firms are riding out the storm better. Those practitioners that still rely on human paralegals to get work out will see their productivity plummet.”

Another issue that Vijayendran says law firms should use this time to carefully examine is the costs that their organisation is incurring.

“For some of us, this is a difficult and painful message to apply. Yet it is a reality check and a hard-nosed diagnostic that we need to also apply cost cutting and strict austerity measures,” he adds, advising lawyers to look for where there might be “layers of fat within the organisation to trim, or unnecessary expenses”. “And then of course there are some harder decisions that will involve human resource management,” he adds.

But, it’s not all grim. For adaptable firms and lawyers, there are other avenues to explore.
Protecting Employers from COVID-19 – A Practical Guide

With COVID-19 hitting businesses hard, what options do employers have apart from cutting jobs?

While job-cutting may be effective in some cases, it can also severely damage company culture and staff morale and result in irreparable loss of know-how. Employers can instead consider these alternatives:

(a) **Working arrangement adjustments** – these help to manage costs and human resources. They include placing employees on part-time or flexible work schedules, job-sharing arrangements, and shorter work weeks, accompanied by proportionate salary reductions.

(b) **Wage adjustments** – these may be introduced with working arrangement adjustments or other changes in the scope of employment duties. Start with freezing or reducing increments, variable bonuses and wage supplements, before adjusting the monthly variable component and other allowances, and lastly, no-pay leave.

(c) **Manpower reallocation** – deploying employees to other roles in the company or to sister companies within the group.

To minimise the risk of breaching employment contracts, employers should consult and communicate these changes with employees before implementation, and to ensure that they have the contractual right to effect such changes. Otherwise, the employee’s consent is required, and should be properly documented.

If the employee disagrees, consider terminating the employment contract with contractual notice and then offering a new revised contract.

The firm also has found themselves amending employment contracts, handbooks, policies and preparing international memos and announcements.

But most of employees queries are in the context of “retrenchments, wage cuts, no-pay leave, and redeployments, particularly on what their rights are, and what they ought to do,” says Chua adding that this generally involves offering legal advice, prepping for, and the commencement of negotiations, pre-litigation action and sometimes litigation.

“We anticipate queries from employers who may have to deal with the repercussions of poorly-executed retrenchments, redeployments, salary cuts and no-pay leave. These may give rise to wrongful and constructive dismissal actions, and salary-related claims,” says Chua.
COURTS TAKING AN ‘INNOVATIVE’ APPROACH

Another institution where technology has played a significant role is Singapore’s courts, which Vijayendran describes as “innovative.”

Singapore’s courts have relied on video links, enabling lawyers to make applications and for parties and witnesses to appear in court remotely.

Juthika Ramanathan, chief executive of the Office of the Chief Justice, Supreme Court of Singapore, told ALB that the Singapore judiciary has monitored the rapidly evolving COVID-19 situation, and has adapted along the way.

“It has put in place measures to minimise the risk of transmission for judges, court staff and court users. Our workforce was physically segregated into two teams, with the majority working from home now,” Ramanathan says.

Visitors to the courts are also required to complete a health declaration form as well as a SafeEntry App to facilitate contact tracing, if needed. The number of visitors to the courts has also been reduced by suspending tours and closing facilities like libraries and galleries.

Justice Aedit Abdullah, a judge of the Supreme Court of Singapore, says technology has been required to participate in meetings and discussions via electronic platforms.

“The sudden transition may be difficult initially, but this is the new norm, and everyone is getting used to it. For remote hearings, we are cognisant of possible security issues, but all parties involved have worked together to ensure hearings take place smoothly. Digital signatures have also been put in place to facilitate approval processes. Interviews and induction programmes for new hires have also been conducted remotely,” Justice Abdullah adds.

To get everyone up to speed, Justice Abdullah says there was a “crash course” for staff who have had to manage remote hearings.

“To support staff who had to work from home or remotely, additional hardware like laptops were procured to support this. Staff were also encouraged to attend e-courses to better navigate the remote learning landscape,” he adds.

What role digitisation of the court or legal process serves once the pandemic subsides is unsure, but many believe COVID-19 has accelerated the use of technology. It may also make Singapore’s already competitive marketplace even tougher to navigate for lawyers looking for work.

Yuen Thio predicts: “I think we will see the change that would have happened over the next three to five years get rolled out in the next 18 months. As firms rely more on technology so that they can work from home, lower level professional work will be taken over by machines. Simple legal opinions, first drafts of due diligence reports, basic research and more. Firms will need fewer NQs and only the really good legal brains will score jobs as practitioners.”

Geographically connected to mainland China, Hong Kong was one of the earliest hit by the COVID-19 outbreak. In January, law firms working in mainland China and Hong Kong were exercising caution, with many advising their staff to work from home. As the end of January neared, local media reported the first case of a “SARS-like coronavirus”, with dramatic images of a patient being carried away on a stretcher splashing across newspaper front pages.

The city’s clear memory of the SARS outbreak saw citizens take precautions seriously, with face masks prevalent and working from home quickly becoming the norm.

Hong Kong is already somewhat practiced when it comes to sudden work-from-home measures. After many months of political unrest in the finance hub, including mass protests, several offices have requested their teams work from home, or be ready to leave the office quickly should need be.

While the impact of the outbreak continues to be monitored, many have drawn parallels between the COVID-19 pandemic and the SARS outbreak, which hit Hong Kong hard and saw the property market plummet. During this time working-from-home was prevalent, albeit less seamless.

“The only difference now is that working from home is so much easier than 2003,” says Huen Wong, a partner at Fried Frank and a past president of the Law Society of Hong Kong.

However, he says the situation in Hong Kong continues to quickly evolve.

“At the beginning of the year, when COVID-19 first reached Hong Kong, say March/April, there were lots of rumours saying that law firms were laying off people, culling extensively and so on,” says Wong.

But after reaching out to his contacts, he learnt this was not as widespread as expected. In his circle, both smaller firms, as well as more established outfits, were able to escape the major impact.

“For them, it was pretty much business as usual. In fact, the firms doing debt capital markets work have been quite busy. However, a lot of mid-sized firms with about 10, 15, 20 lawyers — especially those boutique firms that specialise in equity capital markets work, doing IPOs etc.,
were directly hit,” he says, noting that a lot of their projects “had gone to sleep.”

“There have been fewer transactional deals too. Vendors and purchasers and funds are all waiting to see how things develop,” Wong adds.

Despite the uncertainty, Wong notes that the relative calm approach he has seen may be in part due to the region’s history with turmoil.

“There has been no exodus of foreign law firms,” he says, “likely because we have experienced economic downturns caused by the 1997 Asian Financial Crisis and the avian flu scare, followed by SARS in 2003 and Global Financial Crisis in 2008 triggered by the collapse of the sub-prime mortgage market and Lehman Brothers.”

Perhaps because Hong Kong has endured such events, Wong says, the market has learnt not to panic and respond with a sudden knee-jerk reaction.

“Having said that, one must monitor closely the situation which has been extremely volatile in the past ten days. There has been talk about certain law firms asking their lawyers to take no-pay leave. It is difficult to fact-check these rumours,” Wong notes.

From his circle, he hasn’t heard of massive layoffs. “It’s not all doom and gloom, at least not at this stage. Of course, things may change if the situation suddenly deteriorates,” Wong adds.

From the perspective of Tsui’s at Deloitte, things aren’t quite so calm. Describing law firms as being in “fire drill mode,” he says many are carrying out cost-cutting internally.

“They’re making sure they have enough positive cash flow just to stay alive and maintain the status quo, and maybe carrying out cost-cutting to ensure they maintain a healthy balance sheet,” he says.

**THE HONG KONG LAW SOCIETY APPROACH**

The Law Society of Hong Kong has also responded in a number of ways to ensure its members are somewhat protected from the latest market challenges. Its president Melissa Kaye Pang, says that the Law Society has cut costs of practicing certificates and has minimised membership fees for members. The organisation has also secured financial support offers from banks and has prepared a letter to landlords to “urge for support for law firm tenants”, says Pang.

On other measures, the organisation is working closely with the judiciary, she adds. “In particular, the Law Society has been actively urging the judiciary to have a medium to long-term strategy in place and to consider special measures to deal with the possibility of a prolonged outbreak of COVID-19,” says Pang.

“The efforts suggested by the Law Society include expediting the introduction of appropriate technology to facilitate the administration of justice — for example, e-service and e-filing, telephone/video conference hearings, sending judgments by email instead of adjourning the handing down of judgments etc — utilising the time during the general adjournment period to quicken the delivery of outstanding judgments which are long-awaited and adopting paper-based hearings more widely,” she adds.

With lawyers relying so heavily on technology, a technology focus continues to be a priority for the Hong Kong Law Society.

“In response to our lobbying, the Government has proposed relief measures including the setup of the LAWTECH Fund to assist members to equip themselves with technological tools that enable them to continue business, notwithstanding the public health condition,” outlines Pang, adding that the fund, which was formed in collaboration with the Justice and the Bar Association, will benefit around 617 law firms with five or fewer practising solicitors, “representing 66 percent of the total number of law firms.”

Lawyers with technology expertise in Hong Kong are also taking a proactive approach to problem-solving and supporting the wider community. Nick Chan, convener of the Law Society’s Tech Response to COVID-19 team, and partner at Squire Patton Boggs, is one of those individuals.

Chan established his organisation in Hong Kong with the support of “leading scientists, professors, medical healthcare experts, radio signalling experts, computer software engineers, data security experts, data privacy experts, executives, innovators, knowledge transfer experts, digital media specialist, lawyers and other ordinary citizens.”

The collaboration was formed with the desire of combining cross-disciplinary expertise and resources to create “a COVID-19 contact exposure risk identification and management App and platform to reduce the spread of COVID-19, to support healthcare workers, to protect the healthcare system from over-loading, and to help the society coup with and recover from COVID-19,” explains Chan.

“Serving as the convener, it gives me great joy to learn from and gather like-minded good people and cross-discipline experts, and direct our energy, technical prowess and resources as one unified pro bono team to, as a broad community effort, step up and take on the fight against COVID-19,” Chan tells ALB.
While each jurisdiction must navigate their specific market issues, law firms across the board face many similar challenges.

A report released recently by management consultancy McKinsey, titled “COVID-19: Implications for law firms,” explores several significant changes faced by firms, and offers advice and insights for lawyers. Law firm leaders should prioritise their focus on clients, reach out to their clients and listen to their needs, while personalising contact (“even a two-line personalised email can send the right message”). In contrast to the discussion of cost-cutting, the report advised that firms need to “embrace” their people.

“Your people are your law firm. Acknowledge and deal with the humanitarian and personal elements of the COVID-19 crisis with empathy. Support employee flexibility, collaboration, and connectivity through technology and frequent communications from firm leaders. Look for opportunities to reallocate any excess capacity rapidly toward building new firm capabilities or pro bono activities—every firm member should see clearly how their work is meaningful through this period,” says the report.

For those heading back into the office, this approach will continue to be important as the impacts slowly subside but challenges remain. The resumption of ‘office life’ may be in sight but firms are grappling with what a return to the office may look like. Lawyers are also thinking about how to adapt longer-term and emerge from the crisis stronger to ensure they are ready to tackle the new lay of the land — and they may not have any choice.

The legal industry is in an interesting position. For a long time, there’s been internal calls to change and external pressures to bring law firms ‘into the future’ by way of technology and office culture overhauls. We’ve seen workplaces adopt flexible working arrangements, but regular use of such programmes have not been the norm. Firms have told ALB in the past that if managing partners aren’t making use of such policies, juniors won’t. But that was pre-COVID-19.

The way internal office cultures function is likely to change post pandemic, as many in Hong Kong and Singapore have observed.

Vijayendran at the Law Society of Singapore believes that working from home will become a norm in the future, with a hybrid split between working from home and from the office being most likely. In preparation of this, he urges law firms to get up to speed, reminding them to take the time to update processes and digitise workflow steps.

“Let’s not assume that this is the only time in our whole working lives that we’re going to be facing anything disruptive as Covid-19. We need to brace ourselves for the next pandemic. We need to brace ourselves for the next disruptor,” Vijayendran says.

Williams at Jomati too observes how quickly firms had to adapt to make sure people were able to work from home. “I think by and large firms have been surprised by how effectively that has worked,” he says, noting that if there is a long-term impact of the Covid-19 outbreak “it is likely to be that change that people now recognise — that you can be a good lawyer and still work from home.”

“Presenteeism in the office isn’t necessarily essential. Even in markets that have reopened, they’ve done so cautiously, so working from home will be a continuing element for the foreseeable future and I think a number of firms may want to make that an integral part of how they operate,” Williams adds.

Technology literacy is being widely prioritised as firms seek to get their entire teams up to speed — and they’re not the only one.

Justice Abdullah of the Singapore Supreme Court says the response to the pandemic requires everyone involved to move quickly to not just embrace but implement fully technologies that were already largely available. From the courts’ perspective post pandemic, we can expect to see “increased use of technology to continue and even intensify,” he says.

“In particular, the new normal will involve continued and expanding use of remote hearings, wherever possible. Most proceedings not requiring the taking of evidence from witnesses will probably be heard remotely. We will be looking to see what needs to be done to permit and support remote trials, especially to allow for testimony by witnesses. Working from home will be a permanent part of the culture,” he predicts. “We will need to relook at our work practices, to ensure that we work most efficiently, especially at a distance from each other, and to make full use of available technology. But alongside such efforts, we will work to help those who are less conversant with technology manage their interaction with the courts.”

Williams adds that his contacts at law firms are also examining how to communicate more effectively together. “While they might sound strange, virtual coffee breaks and virtual drinks have been used, and chat groups have been established. These are things that have existed for quite a long time, but perhaps more senior lawyers had seen very little benefit to them. With the pandemic, younger lawyers are saying — quite rightly — that
they knew these things would be useful,” he adds.

CHANGING PRIORITIES

From Yuen Thio’s perspective, investing in legal tech is one obvious solution, but other changes will have to be made to ensure firms are truly ready to emerge into the post-pandemic market stronger.

“We also need to reinvent how law practice functions. For law firms that have made money over the years building up a factory churning out legal products such as banking documentation, standard employment and lease agreements, and handling routine disputes such as road accidents cases, they have to come to grips with those roles being taken over by technology,” Thio says, adding that in the future in Asia we’ll see fewer High Street lawyers and generalists doing retail work.

“Small disputes will be settled by AI and technology-driven mediation and settlement processes. Insurance companies won’t have the appetite to fight over minor collisions. Real estate goes into the blockchain and transfers will be effected online,” she predicts.

“I think lawyers of the future will move up the value and complexity food chain. More companies will hire and train up their teams of extremely specialised lawyers and those in legal practice are specialists with unique skill sets - in court craft, in negotiations, in structuring cutting edge solutions,” she adds.

Looking ahead longer-term to expansion, Williams says it’s difficult to tell if the outbreak is likely to effect business expansion plans.

“Many of the large global firms have made quite a significant commitment to Asia over the years. But for most of them, it’s still a relatively small part of their global revenues. When you look at the major UK and US firms, in most cases. Asia is less than 15 percent of their business,” he says.

The reality, Williams says, is lawyers will still by-and-large “go or stay where the activity is”.

“Whether that activity is M&A or private equity, or litigation or real estate. We’re very much dependent on what the global activity is. There’s been a lot of emphasis through the noughties and the teens, of the rise of Asia Pacific in particular. Again, whether that will continue very much depends on the global reaction to China following this, and to some extent, what coronavirus might have done is accelerate a number of concerns that were already growing in a number of countries.”

Should markets grow less open to China in the future, and if the Chinese economy slows down, this could have something of a “chilling effect across Asia-Pacific”, adds Williams.

Conceding that these are uncertain times notes Williams: “One has to bear in mind, uncertain times aren’t necessarily bad times for lawyers, because the good lawyer shows their value in uncertain times. They help clients navigate that uncertainty.”

IMPACT ON IN-HOUSE

David Johnson, Account Director at Acritas tells Asian Legal Business that from an in-house perspective, workstreams and strategic priorities have shifted during the COVID-19 pandemic. Acritas, a provider of global legal market intelligence and part of Thomson Reuters, has found that corporate legal departments are grappling with three key strategic priorities.

“How can the department organise itself to be an increasingly integrated and effective strategic partner to the business; how can it embed greater levels of efficiency into its workflow and processes; and how can it increase its effectiveness in proactively managing risk and compliance issues,” outlines Johnson.

“As we a have moved into 2020 and through the COVID-19 pandemic, it’s interesting to note that these three themes have not so much disappeared but have had their importance magnified,” he notes.

The initial response has been to focus attention across four key workstreams, Acritas found. The first of these is to focus on making sure the business is compliant with the dynamic and changing requirements. The second is around enabling effective work from home conditions by making sure teams are connected and engaged.

The third workstream in-house departments focus on is maximising operational activity within the dynamic environments: for example, managing the difficulties caused to disruptions in supply chains while trying to maintain sales. And the final core workstream identified by the firm is around minimising potential damages, which encompasses resolving labour matters and mitigating disputes while at the same time trying to constantly monitor emerging risks as the fallout on business activity starts to evolve.

Much like other parts of the legal industry in-house lawyers expect disruption to lead to changes as a result of COVID-19. “From our research with stand-out performers in law firms we are definitely getting a sense that there is a desire to make this current situation a catalyst for change in how firms work and interact with clients,” Johnson says.

Consistent with the legal community’s comments in Hong Kong and Singapore, Johnson predicts greater investment in technology as an enabler of more flexible working to be an area of steep change. “People are going to question the need to be physically present, both with clients and in the offices as we move forward, which is going to have impact not only on technology investment and real estate requirements, but other areas firms have been struggling to address for some time; for example, diversity of people. Traditionally, cultures of presenteeism have affected this greatly. The extent to which all of these things will change is yet to be seen, but initial indicators suggest things are definitely not going to be the same,” Johnson says. 😊