



NEW RESEARCH: LEGAL SECTOR POISED FOR CHANGE AS IN-HOUSE AND LAW FIRM LAWYERS TAKE STOCK OF THE DOWNTURN'S IMPACT AND THE POTENTIAL TO FINANCE THEIR RISK

70% of in-house lawyers expect to monetize existing claims to generate revenue

61% are likely to pursue claims as plaintiffs

October 19 2020 - Burford Capital, the leading global finance and asset management firm focused on law, today launches its annual independent research into the role of finance and trends in the legal industry, finding that the global legal sector is poised for change as it takes stock of the financial impacts of the economic downturn.

Based on a survey of nearly 500 in-house and law firm lawyers and on in-depth interviews with nearly 30, the research affirms a desire for long-term solutions to business challenges and for innovating how legal assets are financed.

In-house and law firm lawyers say legal finance will be increasingly critical, and indeed its reported use is up 105% since 2017. The Head of Litigation at a Global 500 food company told an interviewer: "When I raised [legal finance] with management, they loved the idea... I am being credited internally because management thinks the legal team is being creative by monetizing its claims."

Key research findings include:

In-house and law firm lawyers see the downturn as a springboard for change

- 67% agree they should prioritize long-term solutions over short-term fixes
- Roughly 75% of lawyers say that the impact of Covid-19 will allow them to rethink and improve past approaches to doing business
- Two-thirds cite significant benefits associated with remote work
- In surveys, 70% of lawyers say that their companies and law firms are likely to use finance to offset recession impacts
- As a Magic Circle partner commented: "This is the golden age of litigation funding. What we are witnessing is the biggest economic crisis in a century. There was no litigation funding when a crisis like this last hit. The next five years will expand [its use]."



In-house teams are ready to convert legal liabilities into assets to help generate revenue

- 61% of in-house lawyers are likely to pursue claims as plaintiffs through affirmative recovery programs to generate cash and offset legal costs in the downturn
- Over half say their company has abandoned meritorious claims due to cost
- 70% say their companies have claims worth at least \$20 million for which they could potentially use finance
- Similarly, 70% say their companies have unenforced judgments worth \$20 million or more which could be monetized to generate cash
- As an in-house lawyer for a Fortune 500 company said: “There is more pressure to justify your value and one of those metrics is to quantify recoveries.”

Law firm lawyers see legal finance as a tool to drive new business and stay competitive

- Law firm lawyers identify generating new business and competition as top challenges
- 78% of law firm lawyers say legal finance makes them more competitive in the market and 79% call it essential for business development
- In a possible nod to lessons learned from the last big downturn, 68% of law firm lawyers say their firms are likely to build or augment contingency practices
- Although this may overstate the rate at which law firms will adopt contingency and risk-based models, it recognizes their importance—and the urgency of firms’ growing understanding that they will need to make structural changes to the traditional law firm business model to stay competitive in the long term.

Finance is increasingly relevant to in-house and law firm needs

- Reported use of legal finance has grown by 105% since 2017
- Over half of all lawyers expect to use legal finance in the next two years
- 72% of lawyers say that legal finance capital allows companies and law firms to invest in growth and use capital efficiently
- The #1 factor in selecting a legal finance partner is reputation, followed by quality of available capital; cost is least likely to be cited

Christopher Bogart, CEO of Burford, commented: “What is very clear from this independent research is that the legal sector is on the cusp of significant change, particularly in how it thinks about financing and managing risk. There is an increasing sophistication in understanding that legal departments and law firms have assets that can be financed—and with that an increase in expectations about what a legal finance provider should offer. Just as the category of legal finance has become more sophisticated, so has Burford’s business, which continues to mature and evolve on a global scale. This is most recently evidenced by our listing on the New York Stock Exchange, the only legal finance firm with a major market listing.”

The [2020 Legal Finance Report: A Survey of In-House and Law Firm Lawyers](#) can be downloaded on Burford’s web site. Its findings are based on the online survey responses from 499 law firm



and in-house lawyers across the US, UK, and Australia conducted by GLG, as well as 29 in-depth 1:1 phone interviews conducted by Ari Kaplan Advisors.

Register for the law firm webcast [here](#) and the in-house webcast [here](#).

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