

Daniel Hayek, Managing Partner



Managing Partner Daniel Hayek of Prager Dreifuss on the dilemma of culture and change

- How are legal services going to develop in the future?

The move from a traditional law firm to working with digital support technologies requires a complete change of mind. It depends on the willingness to further invest and to change existing professional and cultural standards. The upcoming technologies will have to come with a lower price tag to enable profitable work. An open question is also the training of lawyers which will need to be done by separate learning sessions if the standard legal work such as simple contracts, the establishment of standard companies etc. is to be replaced by the new technologies effectively.

In a more distant future these issues might be resolved and lead to automated workflows at high speed and low cost. But in any event, this will be limited to simple legal issues such as standard contracts, e.g. lease agreements and employment contracts. Complex transactions require more than legal knowledge, they involve negotiation skills and much more which cannot easily be replaced by automated workflows. The use of artificial intelligence software for due diligence in M&A transactions (Luminance) is another field where software support makes law firms more efficient.

It goes without saying that we see a scenario of survival of the most flexible, i.e. those who can easily adapt to the "new normal".

- What do you see as the main points that differentiate Prager Dreifuss from the competitors?

We often read about how differentiated the legal market actually is and we have great difficulty in describing it precisely. Today, we use terms such as "boutique" or "full-service" to describe the focus of the service and "champions" or "housekeepers" for the complexity a firm can handle. "Strategic" versus "bread and butter" is just one more example. In an era of change, it is important to be able to position oneself clearly. This helps the client in the selection of its lawyers, the lawyers themselves in the strategic development of their business and in the targeted recruitment of talent.

At Prager Dreifuss we have realized that shared values are the main driver of success and we take pride in our culture, in particular the culture of equality. We do not function very hierarchically; every employee can contribute easily without any hurdles. One remarkable cultural consensus in the firm is the willingness to go the extra mile for our clients. We have a shared mindset that materializes when we say to our clients: "consider it solved".

One aspect that differentiates Prager Dreifuss is our value proposition. When we assess the expertise at hand, as a mid-size law firm we are punching well above our weight. Our lawyers strive to exceed our clients' expectations. And these revolve around aspects such as quality of our work even in the most complex legal context, timeliness, appropriate communication and documentation.

- Is technology changing the way you interact with your clients, and the services you can provide them?

I believe that the situation of the legal department within a company has changed considerably in recent times and is still undergoing transformation. Entrepreneurs are increasingly looking at the matter through the eyes of risk management, rather than from a strategic perspective. In-house legal departments are therefore increasingly being run with management methods, just like any other department. The question of efficiency and effectiveness is part of the method kit, and in day-to-day business, regulation, compliance and documentation play the most important role in companies.

This is where LegalTech is particularly effective and the reduction of non-productive elements in the work process is progressing. If entrepreneurs see the success of this digitalization, they naturally demand the same developments from their law firms and force the legal profession to digitalize.

However, we believe in the benefits and are investing specifically in the introduction of such systems. We see above all the increase in efficiency and the resulting capacity gains for high-end work. Yes, some law firms will be able to offer customers the repetitive work at a lower price. However, the lawyers at Prager Dreifuss do not seek an overload with repetitive work, but are looking for exciting and challenging tasks. Due to the Corona crisis we have had to ensure business continuity while organizing home office for more than 60 lawyers and assistants. We have successfully managed to do so, including our outside IT providers who also work on new projects from home. Negotiations have been forced to switch to video conferences and may continue to do so after the crisis. Clients will benefit from lower costs for travel and lawyers will be able to cut down on sometimes stressful travel.

- What's the main change you've made in the firm that will benefit clients?

In our firm, we have recently made a major investment in digitalization. We are aware that this is where the future lies and that we must give our clients the assurance that sensitive data is treated appropriately. Only with this certainty customers want to work with us digitally. In our firm, we have done our homework and we are ready for the next steps with our clients.

I actually was satisfied to see how smooth the systems run when we all had to move to home offices in March. The pandemic forced us to collaborate in ways we never imagined. I did not expect that we could run our law firm with 60 people working remotely. But this is exactly what happened. We have run client meetings over two continents with many people involved for a few hours without any downtime.

The change we have implemented with our Business Continuity Exercise will allow us to reduce the number of physical meetings abroad, thereby massively reducing costs. My guess is that we can save at least 75 percent of our travel expenses and a lot of unproductive time spent in airports and on planes.

- Which practices do you see growing in the next 12 months? What are the drivers behind that?

Unfortunately, the effects of the pandemic will continue to concern us. It is quite obvious that insolvency and restructuring in Switzerland will be in greater demand in the future, the state aid will only soothe but not heal the damages affecting global economy. Loans granted by the governments will have to be repaid in the future. On the other hand, we see positive indicators regarding the start-up segment. This is where we also have built up new resources. We are close to the start-up centers around Zurich and support founders setting up their companies, legal frameworks, shareholder agreements and cooperation models. But also financing start-ups is an area where we can help.

- Can you give us a practical example of how you have helped a client to add value to their business?

We are working intensively with Hedge Funds in the distressed assets domain. This is an area where a lawyer progresses from being a cost factor to becoming a strategic core function when analyzing assets to be purchased such as arbitration awards or claims into bankrupt estates. Lawyers can actually contribute to the clients' earnings which are directly related to their advice. Needless to say, this is a very rewarding task that I am really passionate about.

- Are clients looking for stability and strategic direction from their law firms - where do you see the firm in three years' time?

Clients are actually looking for a long-term relationship with their strategically savvy lawyers. At the same time, they want us to have the adequate technical support, including where appropriate the upheavals shaped by digitalization in order to work with them successfully. Prager Dreifuss can already offer both, but we strive to grow even more in order to offer our expertise to even more and even larger clients.