

Foreign investment driving growth in Portuguese law firms' banking and M&A practices

Law firms need to adapt to the cultural shift brought about by a new generation of lawyers – this involves implementing new business models that align with this change of mentality

Lisbon law firms are enjoying an extended period of growth, with banking and finance, M&A and real estate generating a substantial volume of work, says Maria João Ricou, Portugal managing partner at Cuatrecasas, Gonçalves Pereira.

Portugal continues to attract foreign investment with the country's economic indicators ensuring the outlook for the country is positive, says Ricou. "International investors' interest in Portuguese assets shows no signs of declining," she adds. "This is generating prime work for law firms, particularly in real estate, M&A and banking and finance."

Despite the buoyant economy, Ricou believes it is unlikely that new international players will enter the country's legal market. "The Lisbon market is small and very competitive," she says. "We are currently benefiting from a positive economic environment but the capacity for new players is still limited."

According to Ricou, Portuguese law firms face the same challenges that are affecting the industry on a global scale. "Portuguese law firms, like firms in other markets, experience difficulties with regard to innovation," she explains.

Ricou says using new technology to improve efficiency, without impacting on the quality of work, is one of the major challenges law firms face. "The capacity to lead on innovation in the sector, while coping with digital transformation is now a major differentiator – this is something that requires substantial investment and significant adjustments."

Ricou also believes that law firms need to adapt to the cultural shift brought about by a new generation of lawyers. "Law firms will need to implement new models of working that align with this change of mentality and the new culture that is developing with the new generations," she remarks.



Maria João Ricou

Some mid-sized Portuguese firms may need to merge to stay competitive

Some mid-sized Portuguese law firms will be forced to merge in order to remain competitive in the market, according to CCA Ontier managing partner Domingos Cruz.

Cruz adds that firms that fit into the mid-sized category need to make some crucial decisions with regard to how they are going to position themselves in the market. "I believe there will be a concentration because the medium-sized law firms will need to choose where they want to be," he says. "If they don't choose, and they are passive, they will be integrated into other law firms." Cruz adds that he also expects some "demergers" involving law firms, though he doubts that these will "change the game" from a legal market perspective.

There has been considerable foreign direct investment in Portugal, particularly in the real estate sector where there have been a lot of new

developments, not only in Lisbon, but also in other cities in Portugal, says Cruz. "This has definitely been a boost for the economy," he adds. In addition, Cruz says there has been an increase in M&A deals, as well as a surge in arbitration.

The technology, media and telecommunications sector has also generated a significant amount of instructions, particularly in relation to the issue of data protection, says Cruz. He adds: "There has also been a lot of concentration, and changes of control, in the insurance sector." The main challenge facing law firms is that clients are "more and more sophisticated and want more for less", according to Cruz. He says that how firms' address these issues "depends on their strategy". But he adds that a key challenge facing firms is to be "more cost efficient, while not losing the ability to provide excellent legal services".



Domingos Cruz