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A mobile application for legal services

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DECLARATION

I, Terri Furman, declare that this business venture proposal is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Terri Furman

Signed at Johannesburg

On the 18th day of June 2018

DEDICATION

I dedicate this paper to my family, friends and MBA classmates, for all their support and guidance during this process and for making my research and MBA year in general a truly enjoyable and memorable experience.

ACKNOWLEDGEMENTS

To my supervisor, Dr. Robert Venter, thank you for your constant guidance and support throughout this process. I truly appreciate all of your effort and patience in assisting me to submit a paper that I am proud of.

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SUPPLEMENTARY INFORMATION

Supervisor: Dr.Robert Venter

Word count †: 16 798 words

Supplementary files:

- Research Instruments (questionnaires) (Annexures A and B)
- Logo of Legal-link (Annexure C)
- Legal Opinion of Advocate Block (Annexure D)

† Including Executive Summary, References, etc.

EXECUTIVE SUMMARY

The intention of this Business Venture Proposal is to ascertain whether sufficient interest exists within the South African market for a proposed business venture, Legal-Link, a legal services application to connect consumers with attorneys.

Legal-Link is an innovative mobile application concept, which aims to disrupt the traditional legal industry by connecting individuals with an attorney that suits their specific needs and within their particular budget in a convenient and technologically-advanced manner. Its aim will be to assist individuals who may not be able to afford the excessive fees of medium to large law firms by matching them with smaller law firms who have the necessary expertise, but who charge far lower rates than their larger competitors.

The proposed Legal-Link concept furthermore aims to provide small to medium sized law firms, who may be struggling to increase their revenue, with a safe means of expanding their client base without contravening strict Law Society regulations.

In order to ascertain whether there is a viable opportunity for the application, quantitative research was performed by surveying MBA students, as representatives for South African consumers, and attorneys in small to medium-sized law firms as to whether they would be open to utilising such an application. The response was resoundingly positive with 85.06% of consumers (MBA students) and 93.75% of attorneys confirming their interest in the application.

This reflects how individuals are becoming more open to utilising technological means when dealing with sensitive, personal matters and that attorneys are becoming more open to changing their conservative and outdated practises.

The positive response rate reflects a viable business opportunity for Legal-Link, which is further emphasized by financial projections which forecast that the venture will be profitable after its first year of operation and will provide a positive return from an investment perspective.

This is an extremely positive forecast for a start-up and reinforces that the Legal-Link concept has strong prospects of success within the market and further emphasizes that it will be a viable business opportunity for investors who may wish to purchase shares in the company in the future.

Keywords: legal services; mobile application; attorneys; innovation, disrupt

1. Introduction

This business venture proposal refers to a mobile legal services application, which aims to streamline and simplify the legal services industry by providing an efficient service to connect consumers with attorneys. At the time that the proposal was submitted and surveys were sent out, the application was called Legal-eze, however after becoming aware that the name was already being used by a competitor(Legalese), it was changed to Legal-Link.

There is a significant gap in the market for the proposed venture, Legal-Link, from a variety of perspectives. Firstly, we anticipate there being substantial interest in the platform from smaller law firms with a need to expand their client base. Moreover, 99% of South African law firms are composed of sole practitioners and small firms who struggle to attract new clients for lack of strong reputations like larger firms and because of stringent touting regulations (Roux, 2013) (Law Society of South Africa, 2017).

Legal-Link will bridge the gap between individuals and small law firms and enable those who lack a high level of income to be connected with lawyers who have the necessary expertise for their matters and charge within their budgets. This will be particularly beneficial for the middle-class segment as they are not eligible for legal aid because they fall above the earnings threshold , however they cannot afford the high legal costs charged by most middle to large law firms (Legal Aid South Africa, n.d) (Klaaren, 2014).By placing small law firms on the application, who charge a lower rate, it will allow the middle class to connect with attorneys who they can afford ,who they may not have heard of or had access to otherwise.

Individuals are becoming more technologically advanced and are choosing to utilise smartphone applications to obtain a variety of goods and services as opposed to more traditional means. South Africa has the highest smartphone usage within Africa and approximately half the population used mobile applications during 2015 with an expected 286 billion application downloads being estimated for 2017.There is evidently an opportunity to provide individuals with legal services in a more technological manner and a smartphone application is the ideal format due to the increase in device usage (My Broadband, 2016) (SME South Africa, 2015).

There is furthermore a gap in the market for Legal-Link as there is a demand for the legal field to become more technologically advanced as it still operates very traditionally and has been left behind in the wave of innovation compared to other industries (Cohen, 2017).

2. Scope of the venture:

2.1 Technological development of application

The development of a smartphone application is a complicated and costly process. Due to the variety of smartphones on the market, it is essential that the application be able to operate on numerous platforms and devices in order to reach a larger target market (Upwork, n.d).

The application must be simple and user-friendly as applications lose approximately 70% of users within three days of download and within three months they have lost up to 90% of their users (Wang, n.d).

To ensure that users retain the application, it will need to be developed in an efficient manner to prevent users deleting it due to a lack of storage on their devices or unnecessarily high data costs, which have been found to be the most common reasons for deleting applications (Wang, n.d). South Africa has the highest data costs in Africa and this is a critical risk when developing the application as Legal-Link does not wish to exclude the lower income earning segment from utilising its services due to these costs (Business Tech, 2017)

Once the application has been developed, it needs to be submitted to Apple and Android for their approval prior to the application being available for download. There are numerous requirements which need to be complied with prior to the application being approved (Hughes, n.d) and it is critical that the development of the application considers same to ensure that no technological glitches are found ,that there is no infringement of copyright or illegal content so as to ensure a speedy approval process (Kesavan, 2017).

2.2 Revenue stream

A critical issue is how Legal-Link intends obtaining revenue from its operations. As it does not itself provide the legal services and merely acts as an intermediary, Legal-Link is not entitled to claim a percentage of the revenue from the services being provided. Legal-Link will generate revenue by charging a monthly subscription fee to place attorneys on the application. It will initially offer its download free to users so as not to deter the lower to middle class from using the application due to costs, however it will in due course offer a premium paid option, if there is interest, with additional services.

Legal-Link is being bootstrapped by its sole founder and it is essential that the venture obtain a steady stream of revenue as no external funding is being received from investors or financial institutions.

2.3 Stakeholders

Legal-Link is a platform business model which acts as an intermediary by connects users and external legal practitioners. This is similar to an Uber/AirBnb model as the venture does not require its own employees/resources to provide legal services but merely enables the exchange between the service providers and their clients (Moazed, 2015).

The relevant stakeholders are the users looking for legal services as well as the attorneys who will be providing same. It is necessary for Legal-Link to perform market research, which will ascertain the needs of the respective parties to ensure that the platform satisfies same. While Legal-Link is not providing legal services itself, it will need to ensure that that the attorneys are accredited in terms of the Law Society as well as create a ratings system to guarantee that the legal services provided are of a high quality and professional nature.

There are no financial stakeholders as the founder is initially bootstrapping the venture and will have full ownership and creative control and accordingly there will not be any investors with an interest in the running of the company.

One essential stakeholder in the venture is the Law Society of South Africa, which governs and regulates the legal profession (Law Society of South Africa, n.d).As the venture deals with the provision of legal services, it is necessary that the application complies with the regulations of the Law Society and in particular is not considered as a form of touting that could result in lawyers being penalised.

This is a challenge as touting is a vague and unclear restriction and it is difficult to ascertain whether an attorney subscribing to the application will cross the line between advertising and touting (Roux, 2013). A formal legal opinion will need to be obtained in this regard as well as the Law Society be approached to obtain the necessary assurance that attorneys subscribing to the application will not be breaching any touting regulations.

2.4 Promotion

Another critical element to be dealt with is how the application will be marketed and promoted. There has been a move to utilising social media as a form of advertising with platforms such as Facebook being used by 14 million South Africans during 2016 with other social media platforms following closely behind (Blue Magnet, 2016). Usage of social media platforms in South Africa is increasing due to the high prevalence of smartphone usage which enables the medium to be easily accessible to a large proportion of the population. This is evidenced by the fact that 85% of Facebook users in South Africa access same from their smartphones (Blue Magnet, 2016). It is beneficial to utilise social media platforms for marketing as they are virtually

free and companies do not need to invest extensive time on them to generate new business (Kgosiemang, 2015).

Legal-Link will focus on more technologically advanced forms of marketing such as social media as the platform needs to suit the more technologically driven target market. However, as law firms are the service providers in the venture, and as stated above, they are more traditional and less technologically advanced, Legal-Link will need to consider less advanced forms of marketing to access them successfully (McMullan Abramson, 2015)

2.5 Culture

One of the issues that needs to be dealt with when marketing and promoting the application is convincing consumers and attorneys to buy into the concept and be open to using the platform. While there has been a significant increase in the usage of applications by South Africans, they are still wary of using technology for sensitive and confidential matters due to a lack of trust (Lebogang, 2016) This is evidenced by the relatively low percentage of South African's utilising banking applications as a large proportion of the population are fearful of fraudulent activity on their accounts and are not comfortable changing the manner in which they bank (Business Tech, 2017). Accordingly, Legal-Link will need to develop and market their application in such a way to develop trust and communication with its consumer base so as to avoid the same issues being experienced in the mobile banking sphere.

2.6 Legality

One of the critical risks pertaining to this application is that it needs to comply with various laws and regulations. From an Intellectual Property perspective, Legal-Link must ensure that there is no identical concept already on the market in South Africa and that its name has not been taken to avoid copyright/trademark infringement (Pillay, 2014).Thereafter, Legal-Link will take the relevant steps to register the app through an Intellectual Property attorney to ensure that their concept cannot be replicated by others (Pillay, 2014).

The Consumer Protection Act, Electronic Communications Act and Transactions Act govern the mobile application sphere and Legal-Link must ensure that its application complies with these Acts as well as all other relevant legislation to ensure it is operating legally and avoid penalties (Staff Writer, 2016)

Due to its sensitive and confidential nature, Legal-Link must ensure that its users' details are protected, that it informs its users how long it will retain their information and for what purpose, as well as confirm that their data is confidential to comply with the Prevention of Access to Information Act (Veitch & Salant, 2016). These are potential issues for the app and Legal-Link will need to include password protection and ensure that the app is secure so that the data

cannot be hacked by outside sources. This is necessary as law firms and users will not be comfortable utilising the application if there is the risk that their private details will be accessible to others.

3. Literature Review

When considering the development and launch of Legal-Link and its prospects of success, Legal-Link must consider the various theories that relate to the concept of innovation and the adoption and rejection of same, particularly relating to the legal industry.

3.1 Innovation

One of the original theorists who discussed the concept of innovation was Joseph Schumpeter who believed that innovation is most likely to occur in highly competitive environments with large firms needing to bring about change in their industries to alter the dynamic of their marketplace, create economic growth and increase standards of living (Śledzik, 2013) (Nicholas, 2003) (Gilbert, 2006).

Schumpeter believed that innovation is discontinuous, as it occurs from the creation of a novel product or service, which results in a change in consumer behaviour (Robertson, 1967). He emphasized the vital role of entrepreneurs in ensuring that the economic equilibrium is disrupted and commercial growth and development occurs. (Croitoru, 2012).

In addition, Everett Rogers, introduced the concept of “diffusion of innovation” to explain how a new concept or idea is accepted and gains popularity within a particular sector of society (LaMorte, 2016) (Rogers ,1976). According to Rogers, when innovation is “diffused”, individuals in a particular group embrace a new concept that is drastically different from what they have utilised in the past and which becomes entrenched in that group’s social order (LaMorte, 2016) (Dearing, 2009).According to this theory, diffusion does not occur concurrently as members of the targeted group will adopt the innovation at different rates based on their own personal characteristics (Rogers, 1976).

Rogers’ theory differentiates between categories of individuals and the rate at which they react to the introduction of new innovation. These individuals range from “innovators” who are adventurous risk-takers who are the first to adopt a new innovation to “laggards” who are conventional, risk-averse individuals who are the last to adopt new technology (Rogers & Scott, 1997). Between these two extremes are other groups who adopt new innovations at varying rates, based on their receiving feedback on the innovation from those who have adopted it first. (Rogers,1976) (LaMorte, 2016).

Rogers has been criticised for only focussing on the positive aspects of innovation and the rate at which individuals adopt same versus considering the individuals who reject innovation and the basis thereof (Sheth, 1981). This literature stresses that the average individual does not wish to change and those who adopt innovations do not do so for the perceived benefit thereof but rather for the sake of being different (Sheth, 1981) According to Sheth, it is essential to focus on those who reject the innovations as they are the more logical members of the population and provide an insight into the high proportion of new concepts that fail (Sheth, 1981).

Furthermore, the likelihood of an innovation being accepted by consumers is based on the nature of the innovation. Insofar as the innovation is a "receptive" innovation, then it is more likely to be welcomed by consumers as it does not require them to drastically alter their habits or value systems as the innovation complies with the status quo. However, innovations that are "resistant" can be superior to existing products, but as the product/service is drastically different to what consumers are used to, they will need to shift their mindset in order to accept same (Garcia, Bardhi, & Friedrich, 2007).

Legal-Link will need to consider and mitigate the fear of adoption of its venture to ensure that its users are not deterred from adopting it due to their entrenched behaviour and fear of the risk involved therein.

3.2 The Traditional Legal System and the Need to Innovate

When considering the theory behind Legal-Link's venture, one needs to focus on the fact that the legal profession operates in a very traditional and conventional manner, which has resulted in it stagnating while other industries have become more technologically advanced (Janis, 2014) (Croft, Innovative Lawyers, 2016) . This is because lawyers are generally not considered to be risk-takers and are wary of adopting systems that could jeopardise their responsibility to provide legal services according to the strict standards required of them (Janis, 2014).

Law firms are not innovating at the same rate as their clients, resulting in individuals turning to different forms of legal services in order to meet their needs (International Bar Association, 2016).This has resulted in the creation of alternative legal platforms which are changing the legal landscape. However, in order for mainstream law firms to remain relevant they need to discard antiquated practices and adopt innovative ways of connecting with clients to avoid being side-lined by more convenient and cheaper alternatives (International Bar Association, 2016).

While some believe that innovation will render legal services to be more efficient and less costly, others feel that it will decrease the quality and value of legal services provided (Brescia,

McCarthy, McDonald, Potts, & Rivais, 2014). Moreover, the legal field has long-established methods of running their firms and these practises cannot be altered until firms are able to reframe their beliefs and be open to change (de Jong & van Dijk, 2015).

3.3 Entrepreneurial ecosystem

Daniel Isenberg coined the term “entrepreneurial ecosystem”, which describes how an entrepreneur exists in relation to his environment and the effect external factors have on his success (Stam & Spigel, 2016) (Isenberg, 2011).

According to this approach, an environment in which these interconnected factors, known as “domains”, operate congruently will enable entrepreneurs to innovate and increase levels of entrepreneurship (Isenberg, 2011) (Stam & Spigel, 2016).

This approach differs from traditional approaches as it emphasizes the entrepreneur’s active role in interacting with his environment as opposed to passively being impacted by the market (Stam & Spigel, 2016).

Isenberg’s model contains various aspects of an entrepreneur’s environment ranging from external policy and regulation, financial support, human capital and social factors (Isenberg, 2011) (Stam & Spigel, 2016).While all of these domains influence its prospects of success, Legal-Link will only focus on the two most relevant.

Firstly, it is essential for an entrepreneur to have access to sufficient funding to launch and maintain his business venture (Mason & Brown, 2013). However, the largest obstacle that small businesses face when launching their ventures is their inability to obtain finance (Mafoyane, 2015). This is because the majority of entrepreneurs do not have adequate security to obtain a loan as well as because financial institutions are loathe to provide funding to risky start-ups, with South Africa having an estimated 70-80% failure rate for small businesses (Friedrich, 2016).This places entrepreneurs in a precarious position as they have the ingenuity and ability, however are unable to obtain financial support to launch their ventures.

The lack of financial support has resulted in many entrepreneurs choosing to bootstrap their start-ups. While this approach is risky for the entrepreneur, it does provide the advantage of having creative control over the venture, however it also has the detrimental effect of inexperienced entrepreneurs not having the financial knowledge to successfully manage their capital, resulting in the failure of their ventures (Čalopa, Horvat, & Lalić, 2014).

In order for entrepreneurs to enter new markets effectively, they need the support of government and should not be constrained by overly stringent policies and regulations (Auerswald, 2015).Government and policy-makers should ideally create legislation that

encourages entrepreneurial activity and assists entrepreneurs compete to increase innovation (Auerswald, 2015). Moreover, government and policy-makers need to actively involve entrepreneurs in the legislative process to assist with their entrepreneurial needs (Auerswald, 2015).

When considering South African legislation, it is evident that it is regulating entrepreneurs on a generic level with large corporations and the regulations imposed by government have stifled their ability to develop and operate their ventures in the marketplace (Majozi, 2016).

There have been several draft bills that have attempted to lessen these regulations to provide entrepreneurs with more freedom to develop and run their ventures, however none of these bills have been passed and accordingly Legal-Link will be operating in an inefficient and costly entrepreneurial ecosystem rife with red tape (Majozi, 2016).

3.4 Lean Start-up Methodology

An essential theory relating to the development and launch of a new venture in the 21st century is Lean Start-up Methodology, which was conceptualised by Eric Ries. This methodology was created in response to the high failure rate of business start-ups, who notwithstanding significant investment in product development before launch, are still unsuccessful (Blank, 2013).

The Lean Start-up Methodology is an alternative approach in which the focus is not on perfecting a product but rather on having a simplistic version launched so as to be the first to market and thereafter focussing on improving the product once customer feedback is received (Ries, n.d)

3.4.1 Minimal Viable Product (“MVP”)

The rudimentary version of the product to be launched is known as the Minimal Viable Product(“MVP”).This is the cornerstone of the Lean Start-up approach as Ries insists that entrepreneurs fail due to an overemphasis on research and development, which takes years and significant funding, only to find that the target market responds negatively to the product and thereafter needing to redevelop the product or forgo the venture due to a lack of funding (Nobel, 2011).

3.4.2 Benefits

In terms of this approach, entrepreneurs can increase the likelihood of success by reducing the time and funding spent on development, creating a simplistic version of their product and

launching it rapidly (Nobel, 2011). Once the product is launched, entrepreneurs will obtain extensive consumer feedback regarding the product and thereafter focus their resources on perfecting their product in accordance thereto (Blank, 2013) .

There are numerous benefits to utilising this methodology, from eliminating time and money wastage on unnecessary R&D to only having to make small alterations to a product once customer feedback is received as opposed to reinventing same (Nobel, 2011).A further benefit is that the simplistic MVP is only released to a small market segment, so once customer feedback is received and the product is perfected and re-released to the greater population, it will have a higher level of success as well as an established customer base (Ries, n.d).

3.4.3 Application to Legal-Link

The Lean Start-up approach applies to Legal-Link as its founder wishes to launch a basic application as soon as possible to disrupt the legal services industry and cannot afford to waste time on extensive research and development.

Furthermore, the founder is bootstrapping operations and is not in a financial position to invest significant funds in product development at this stage but is only able to develop and launch an inexpensive, simplistic option to start generating revenue. Once Legal-Link becomes profitable, then it will have the funding to develop the app further in accordance with customer feedback.

Moreover, this methodology is appropriate because Legal-Link is a start-up which lacks knowledge of its consumer base or their requirements for the application to be successful. Legal-Link will initially launch its MVP in Johannesburg and thereafter obtain feedback from its target market as to which functions of the application need to be improved on and what needs to be introduced/removed to meet consumers' needs (Ries,2011).By following this methodology, Legal-Link will obtain extensive knowledge from consumer feedback, which will enable it to develop a more comprehensive product with a higher chance of success as opposed to if they had originally developed a complex product.

4 Data collection and analysis

4.1 Purpose of Data Collection and Analysis

Data collection and analysis will be performed to ascertain whether Legal-Link is a viable business opportunity. It will be utilised as valuable marketing research to determine the possible demand for the venture, the segment to whom the venture will be marketed as well as to understand likely risk aversion to the application.

The objective of the data collection will be two-fold, namely to ascertain whether small to medium sized law firms would be open to subscribing to Legal-Link to expand their client base. These attorneys will be questioned about what would entice them and deter them from subscribing to the service, the types of functions they would be interested in and how much they would be willing to pay for the service.

The purpose of collecting data from MBA students will be to ascertain whether individuals across a variety of backgrounds and industries would be interested in utilising the application, what would prevent them from doing so, the features that would appeal to them and whether they would only use a free version of the application or if they would pay for a premium version.

4.2 Method of data collection

The data collection will take place via quantitative analysis utilising online questionnaires that will be sent to the respondents via email. There will be two separate questionnaires, one which will be directed at attorneys and another to MBA students.

4.2.1 MBA STUDENTS

4.2.1.1 Population and sample size

There are approximately 200-300 students participating in the MBA programme at Wits Business School, which is the population to whom the survey will be sent. While Legal-Link expects a higher proportion of the fulltime class, where its founder is a student, to respond due to their personal relationship, it anticipates a lower response rate from the other classes and estimates a sample size of approximately 30%, being seventy-five students in total. This sample size is expected from a group within a common organisation as opposed to external recipients, who would have a far lower response rate (Fryrear, 2015).

4.2.2.2 Data collection

Questionnaires will be sent by the MBA co-ordinator, on behalf of Legal-Link, to the fulltime, part-time and block release MBA students at Wits Business School per email.

This sample was targeted in accordance with Snowball Sampling, which is a methodology whereby a particular group of individuals is selected who have a link to each other and are convenient to access (Atkinson & Flint, 2001) This provides an informal and expedient means to obtain a sample of diverse individuals within a small

group (Atkinson & Flint, 2001).This methodology will be utilised in that the co-ordinator will receive the email and forward to all the MBA students as well the founder will personally send the link to her classmates to increase the response rate thereto.

Snowball Sampling is advantageous as there is a level of trust between the recipients which anticipates a higher rate of the surveys being completed. It is time-efficient as numerous demographics have already been pinpointed in the group and time does not need to be spent approaching different groups to try and obtain a diverse sample (Voicu & Babonea, 2011).There are some disadvantages relating to this method as because the individuals belong to a specific group, there can be a high level of similarity and by choosing respondents and not having a random selection process there can be a level of bias (Atkinson & Flint, 2001).

Another reason for utilising MBA students is that they are highly educated, have strong business acumen and will be able to provide educated responses as to whether Legal-Link's venture has potential (Elliott, Hodge, Kennedy, & Pronk, 2007). It has been found that due to MBA students' level of training and their decision-making skills, they can be used as proxies for investors of a non-professional level (Elliott, Hodge, Kennedy, & Pronk, 2007). By using data collected from MBA students relating to their level of interest in the venture, Legal-Link will be able to equate this data with how an investor will make decisions on Legal-Link's viability and ascertain the feasibility thereof (Elliott, Hodge, Kennedy, & Pronk, 2007).

However, this merely collects data from highly educated individuals and Legal-Link will need to be cognisant of the fact that many of their target consumers will not be as educated and therefore MBA students may not necessarily reflect the level of interest that will be shown by a layman looking for legal services.

4.2.2 Attorney Sample

4.2.2.1 Population and Sample size

There are approximately 12 000 small to medium-sized law firms spread across South Africa with about 40% being found in Johannesburg, resulting in roughly 4400 firms in Legal-Link's target market (Lexis Nexis, 2016). To obtain a significant sample size for market research, Legal-Link will aim to contact approximately 300 firms, which will likely result in a 20% response rate, being sixty law firms. This estimated response rate is lower than the MBA students as external respondents have a far lower response rate than those who are familiar with each other in the same organisation (Fryrear, 2015).

4.2.2.2 Data collection

The law firm questionnaire will be dealt with differently to that of the MBA students. Snowball sampling will not be applicable as Legal-Link will consider all the small to medium sized law firms in Johannesburg and attempt to survey as many as possible. The details of the law firms will be located in the Hortors legal directory and to achieve a higher response rate, where possible, a call will be made to the law firm beforehand introducing the concept and discussing the confidentiality thereof (Center for Innovation in Research and Teaching, N.D).

The Hortors directory stipulates the size of a law firm and its location, which enables Legal-Link to ascertain which attorneys to survey in regard to their target market. A random sample will be selected based on how many attorneys work at the firm as well as their geographical location. In order to limit the random sample of attorneys, they will only be chosen from firms which employ less than fifty attorneys so that they can be considered small to medium in size (Lexis Nexis, 2016).

4.3 Choice of method of data collection

While Snowball Theory is primarily used in tandem with qualitative data collection (National Science Foundation, 2002) ,quantitative data collection is appropriate for market research for the proposed Legal-Link venture as it will provide precise and unbiased information regarding the correct target market to promote its venture and the level of interest and/or risk aversion to utilising the application from attorneys and clients (National Science Foundation, 2002).

Quantitative data collection was chosen as opposed to qualitative as the founders of Legal-Link wish to obtain numerical and statistical data from the respondents so as to empirically justify whether there is market demand for the venture as opposed to merely obtaining the respondents' subjective opinions as to the viability of the concept (E.Polkinghorne, 2005). Quantitative data collection was advantageous to use in this instance as it enables significant data to be obtained from a large group of individuals in an unbiased manner, which analysis can be generalised and easily replicated in different markets in the future (Daniel, 2016).

Furthermore, email questionnaires as a form of quantitative data analysis are appropriate as they are cost and time efficient and will enable the founder of Legal-Link to obtain a wide variety of information over numerous topics relating to the proposed business venture (National Science Foundation, 2002). The downside of utilising this form of data collection is that it may provide superficial answers to certain

of the topics being covered as it does not allow for individuals to provide explanations to their answers (National Science Foundation, 2002).

4.4 Data Analysis

The data was analysed in terms of descriptive statistics so as to be able to effectively summarise and describe the prospective venture's target market/s. By using descriptive statistics, the founders of Legal-Link are able to take the large amount of data obtained from its surveys and convert them into a simple picture of who their prospective users will be, the level of interest in the venture as well as what their requirements are for the application so as to enable its founders to develop and market same accordingly (M.K.Trochim, 2006).

4.5 Distribution of Questionnaires

The questionnaires are annexed marked appendix "A" and "B" in the supporting documents. They are clear and concise and will take the respondents a few minutes to complete. The questionnaires are formulated to be answered quickly and easily to prevent the respondents from losing interest and not completing same. It has been found that respondents are less likely to participate in a survey insofar as they feel it will inconvenience them and take up too much of their time and accordingly steps have been taken to taken to avoid this to increase response rates (Bogen, 2010).

The questionnaires will be created on the online Qualtrics survey portal and the link thereto will be sent to the respondents per email. As stated above, the email to the MBA students will be distributed by the MBA co-ordinator at Wits Business School. The emails to the law firms will be sent by Legal-Link's founder, Terri Furman, from her own personal email address. The data will in due course be collected from the Qualtrics portal for analysis.

4.6 Validity and reliability

4.6.1 Validity

In order for data collection to be considered valid, the information obtained therefrom needs to accurately match what the researcher intended to ascertain (Winter, 2000).Therefore the questionnaires dispatched by Legal-Link will need to contain clear questions that will result in accurate data regarding the exact issues that Legal-Link aims to research and not deal with concepts that are irrelevant to the possible success of the venture (Heale & Twycross, 2015). Validity is more relevant when one is testing a hypothesis as the researcher will attempt to ascertain a correlation

between his hypothesis and the results therefrom, however in this case Legal-Link is only questioning market demand and therefore this is not a constraint in the data collection process (Winter, 2000).

4.6.2 Reliability

The reliability of these questionnaires deals with the likelihood of the respondents providing the same answers if they were faced with identical questions on a separate occasion and that the questionnaires do not contain any errors or anomalies (Heale & Twycross, 2015).Reliability therefore measures the consistency of the responses to the same data collection instrument (Winter, 2000).

The data collection to be performed by Legal-Link can be seen to be reliable due to the fact that there are two separate surveys being sent to the MBA students and attorneys and all of the respondents in each particular group will be receiving an identical survey to each other. As the surveys are standardised and are sent to the respondents under identical circumstances, there should be few discrepancies between the respondents and the results thereof should be deemed to be reliable (Winter, 2000).

Furthermore, the questionnaires were developed in a clear and concise manner so as to prevent vagueness and ambiguity and result in answers that reliably provide the market research that Legal-Link wishes to obtain from attorneys and consumers (Kelley, Clark, Brown, & Sitzia, 2003). The surveys provide specific answers for each question and do not allow respondents the opportunity to provide their own answers so as to ensure that the data collected is reliable, cannot be misinterpreted and directly answers the aspects which Legal-Link wishes to research (Kelley, Clark, Brown, & Sitzia, 2003).

5. Ethical issues

There are certain ethical issues which will need to be considered in respect of the data collection.

Firstly, in order for the data collection to be ethical it is essential that the responders remain anonymous and that the information obtained from the questionnaires remains confidential (Kelley, Clark, Brown, & Sitzia, 2003). This is essential due to the sensitive nature of legal matters and it is vital that all parties feel that their information is protected by Legal-Link. It should be specifically stated in the introduction to the questionnaire that all answers thereto will be confidential and that the respondents will remain anonymous to avoid any privacy issues.

Furthermore, for the questionnaires to be considered ethical they must be clear and concise and explain to the respondents the purpose thereof, how the data collected will be utilised as market research and that it will not be made available to third parties (Kelley, Clark, Brown, & Sitzia, 2003).

In order to avoid any ethical issues, a covering letter is attached to the surveys to be sent to both the MBA sample and the attorney sample clearly explaining the purpose of the survey, how the data collected will be dealt with and that they will remain anonymous. Respondents will not be requested to insert their name or contact details but they will be required to expressly consent to the survey and confirm that they understand the terms thereof prior to be being able to access the survey.

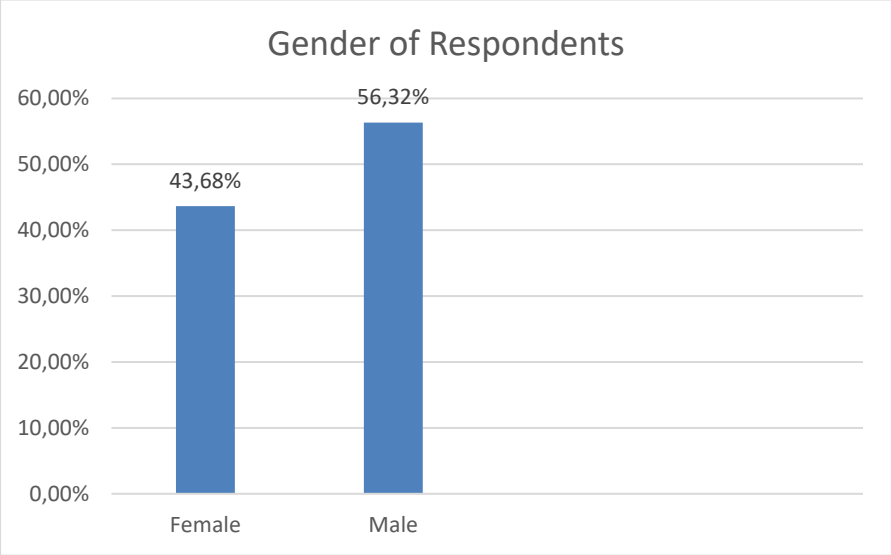
6. Explanation and analysis of data collected

Two separate questionnaires were created on the Qualtrics platform, one for distribution to the MBA students and the other for distribution to attorneys. They are annexed marked “A” and “B” in the supporting documents.

6.1 Description of MBA student sample

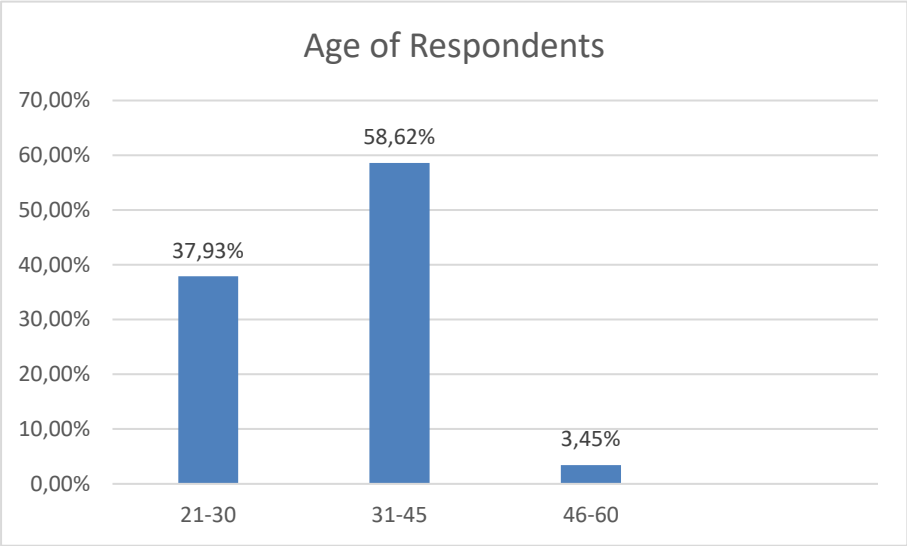
The questionnaire, Annexure “A”, was distributed to approximately four hundred (400) MBA students at Wits Business School. It was emailed by the MBA administrator to all the relevant classes. After approximately two weeks the questionnaire was closed and ninety-two (92) responses were received, amounting to an approximate 23% response rate.

The responses received, set out in Graph 1 below, were made up of a reasonably even split between male and female MBA students, which provides an adequate sample size of both genders.



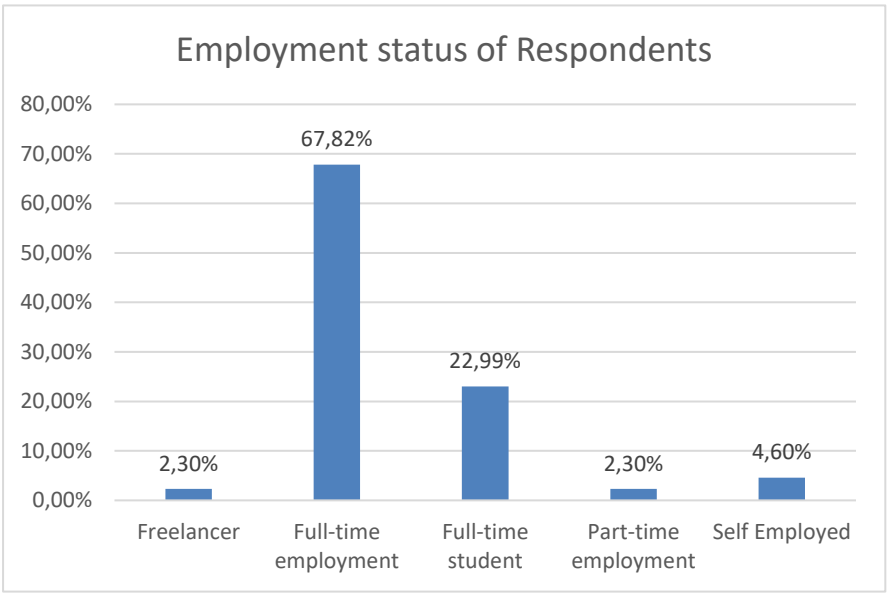
Graph 1

As per graph 2 below, more than half of the respondents are between 31-45 years old, with the next largest age group being between 21-30 years old and only a small proportion falling within the 46-60 years old age group.



Graph 2

Out of the respondents, most are employed on a full-time basis, in terms of Graph 3 below. This supports the notion that MBA students can act as proxies for consumers in market research as a significant number of respondents are earning an income and accordingly their responses will mirror that of ordinary consumers.

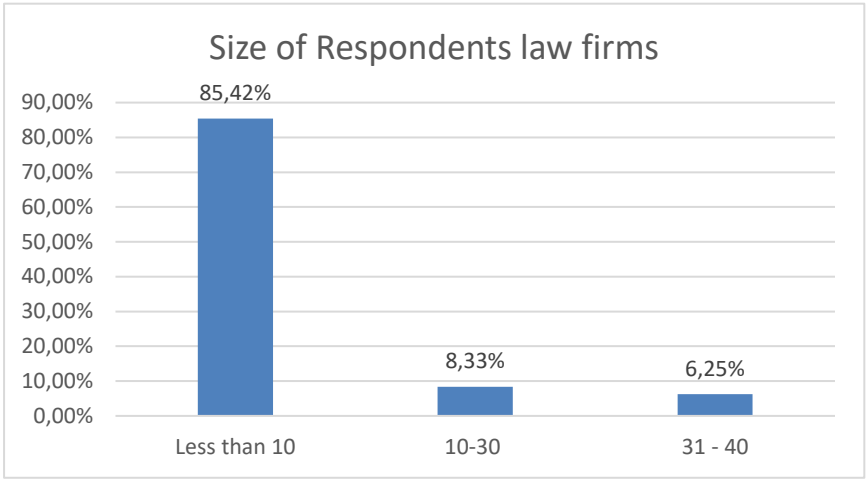


Graph 3

6.2 Description of Attorney sample

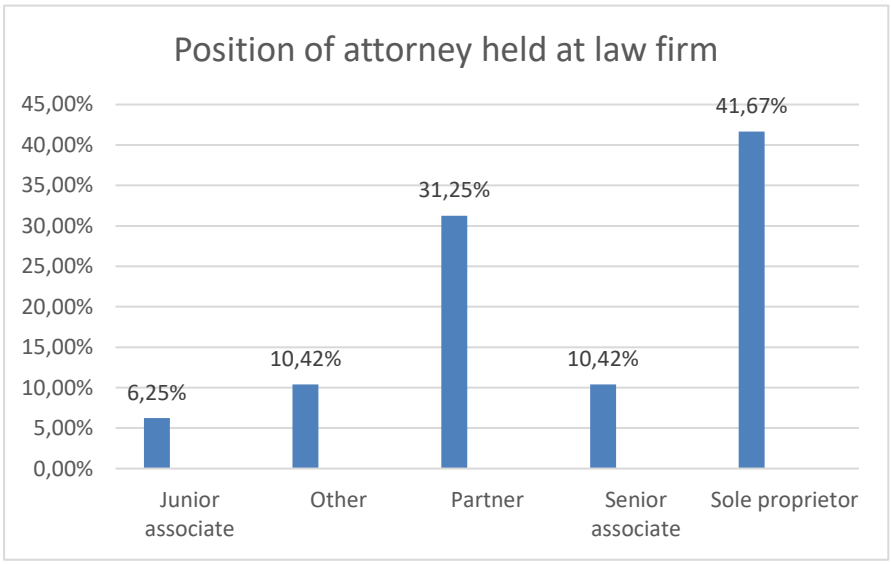
Approximately 260 questionnaires, Annexure “B”, were sent to attorneys belonging to small to medium-sized law firms within Johannesburg. Sixty-five (65) responses were received, resulting in an approximate 25% response rate. Of the responses received, the majority of

attorneys operate in small firms with less than ten attorneys being employed, as evidenced in Graph 4 below.



Graph 4

Furthermore, as per Graph 5 below, most of the Respondents were of a senior level at their law firm. This provides the responses with more gravity as the majority of the respondents either own or are in a position of authority within the firm and therefore their interest can be seen to be reliable as these individuals are in a position to make the decision whether or not to subscribe to the application.



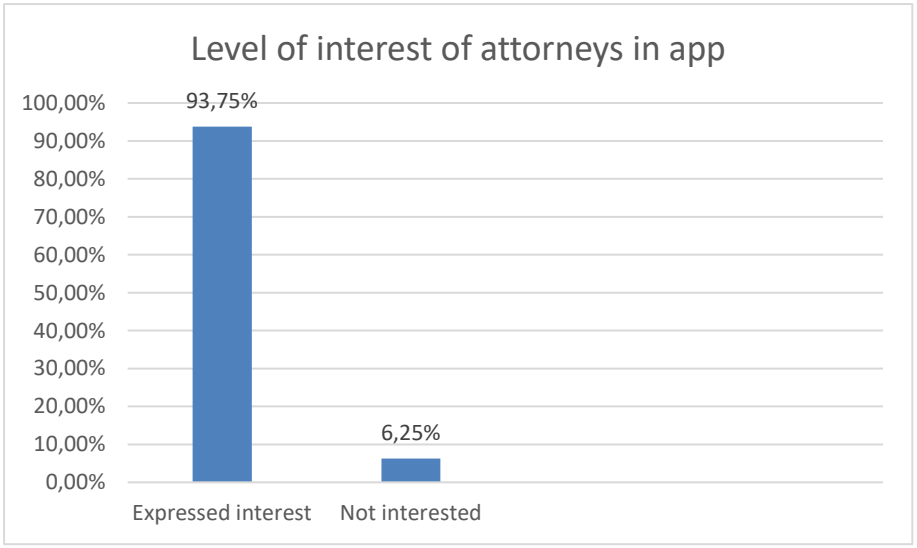
Graph 5

6.3 Disregarded data

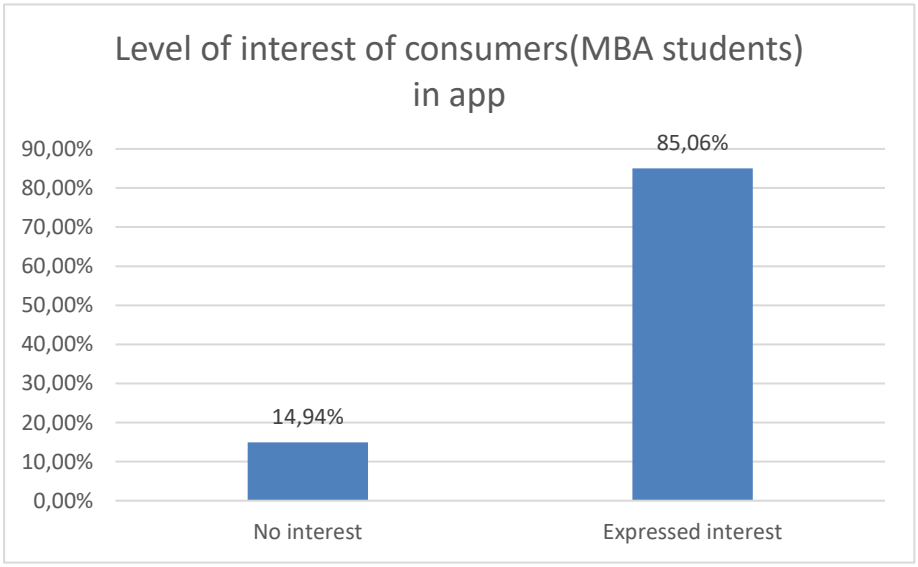
Certain data was disregarded since it was irrelevant or incomplete. Examples of which are when a respondent replied that they were not interested in the application but still chose what functions they would want in the application and when respondents began the survey but did not complete same. This data was not included in the analysis.

6.4 Level of interest in application

From the data collected, there is a high level of interest in the application as a very large portion of attorneys are open to utilising this platform to increase their client base. There was also a very high level of interest being shown by the MBA student sample in using the application to connect with an attorney. Please note that attorneys who chose the “depends on the features” option in the survey were grouped with those who said yes to become “expressed interest”.



Graph 6



Graph 7

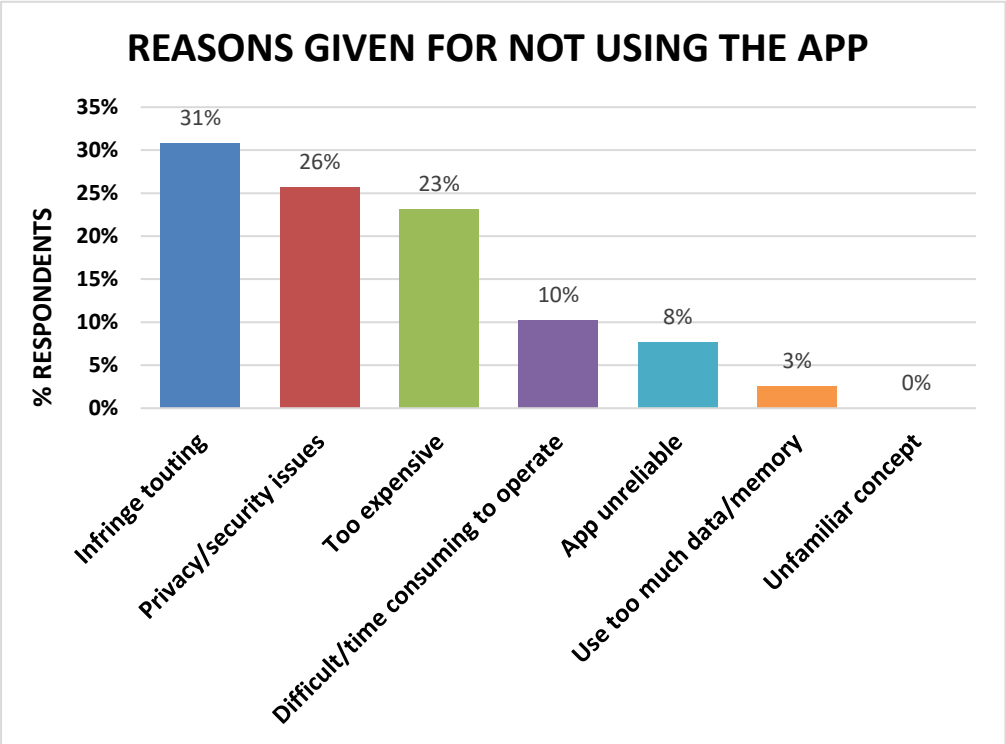
From this data, it is evident that there is a gap in the market for this venture with overwhelming interest being shown from both the user and attorney perspective.

6.5. Level of interest of attorneys in relation to various theories

The high rate of interest exhibited by attorneys comes as a surprise due to the low rate of diffusion of innovation displayed in the legal field (Keppenne, 2016) (Croft, 2017). As discussed above, attorneys have been seen to be “laggards”, who are risk averse and late to adopt innovation, however the data collected evidences how even the most traditional fields are being impacted by technology and that attorneys are becoming “innovators” who are more open to experimenting (Rogers & Scott,1997) (Croft, 2017).

This provides great potential for Legal-Link as one of the risks of launching the venture is that attorneys would not be open to utilising a more technological means to expand their client base. However, it is evident from the data that this will not be a constraint to the possible success of this venture.

However, there is a small proportion of attorneys who lacked interest in the application and Graph 8 below specifies what deterred them from using it.



Graph 8

It is significant that none of the attorneys who lacked interest in the application did so because of the app being an unfamiliar concept. Accordingly, these attorneys were not deterred by the innovative nature of the application, which reiterates the finding that they are “innovators” who are open to utilising new concepts (Rogers,1983).

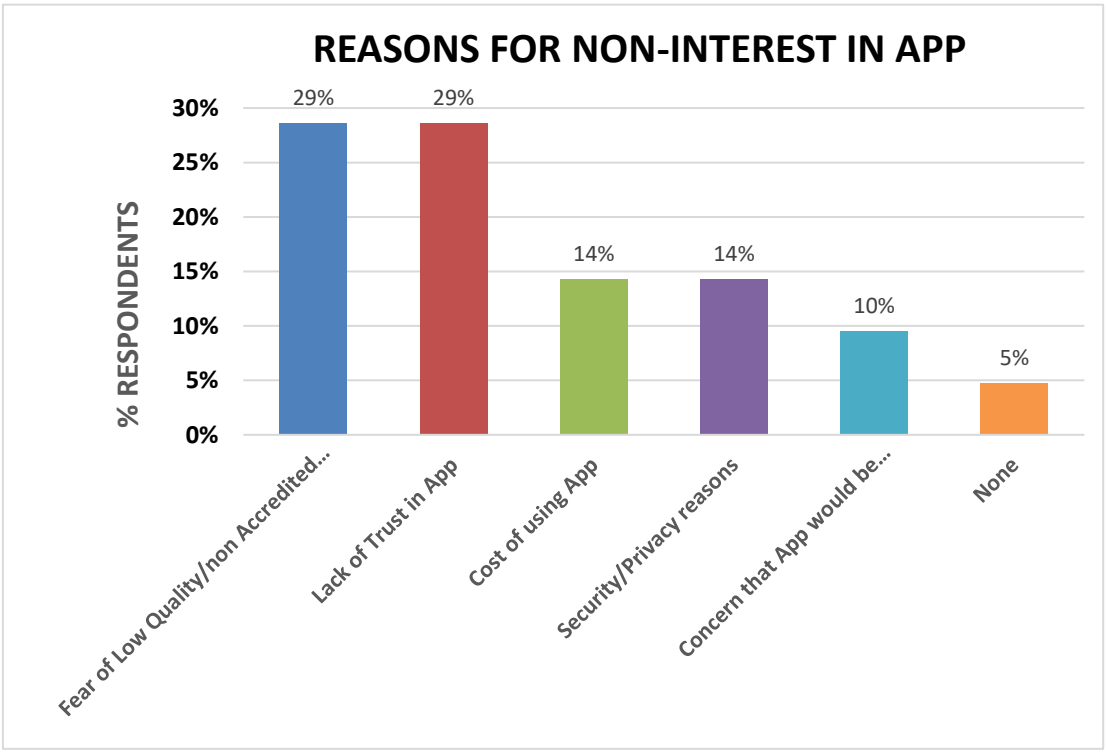
However, it is evident that the main reasons attorneys are wary of Legal-Link is because they are concerned it could result in them infringing touting regulations and could violate their

privacy. These concerns do not relate to attorneys' needing to change their behaviour to utilise the application but rather refer to an absence of trust that the application will be safe to use. It is essential that Legal-Link alleviate these concerns when promoting the venture to attorneys.

6.6 Level of interest of consumers in relation to various theories

As is apparent from Graph 7, there was also a very positive response received from the consumer (MBA) sample which evidence that consumers are open to utilising such an innovation, mobile technology has diffused amongst this segment and supports the prediction that Legal-Link will be readily accepted by consumers. While MBA students may have been appropriate to use as proxies for consumers, one needs to consider that MBA students are highly educated and more prone to risk taking and entrepreneurial activity and the high level of diffusion amongst this group may not accurately predict the rate of adoption of this innovation within ordinary consumers (C.S-W, 2015).

Even though only a few MBA students lacked interest in utilising the application, it is necessary to ascertain the reasons behind their apprehension. Respondents were asked to specify what factors would prevent them from utilising the application, which are documented in Graph 9 below:



Graph 9

As is evident from the graph above, the main reasons that consumers would be apprehensive to adopt this technology is a fear that the attorneys would not be of good quality/accredited

as well as a lack of trust in the application, with security /privacy and the cost thereof still being a significant concern.

These concerns can be explained by Sheth's theory of "receptive" and "resistant" innovations (Sheth, 1981). Legal-Link can be considered as a "resistant" innovation as it requires the user to alter their longstanding habits of how they obtain legal services (Sheth, 1981). The consumers that are apprehensive to use the application distrust using an alternative means of finding an attorney as they are wary of the application in general, worried whether the attorneys would be of a good quality as well as concerned if their information will be kept private. These are not issues that they would need to consider if they were obtaining an attorney through a more traditional means, such as a family recommendation.

These consumers are resisting this innovation as it requires them to alter their ingrained habits and change their mind-set about using a mobile method in order to obtain legal services (Sheth, 1981) (Garcia, Bardhi, & Friedric, 2007).These consumers are the "laggards" in the group as they are risk averse and are likely waiting for the venture to lauch and thereafter obtain feedback from others prior to deciding whether to utilise same (Rogers E. M.,1983).

7. Analysis of the Venture

7.1 Aims of Legal-Link

Disrupt the legal field-As discussed above,Legal-Link is a mobile application which aims to alter the legal services landscape by changing how individuals obtain legal services and so too assist attorneys with expanding their client base.

Legal-Link will create an efficient experience whereby individuals are able to locate an attorney that will meet their financial and geographical requirements but at the same time have the relevant experience in their particular legal matter to prevent wasted time and costs for both parties.

It will provide a safe environment in which attorneys can obtain new clients without violating any of the legal requirements of the Law Society (as discussed in the Legality section below).

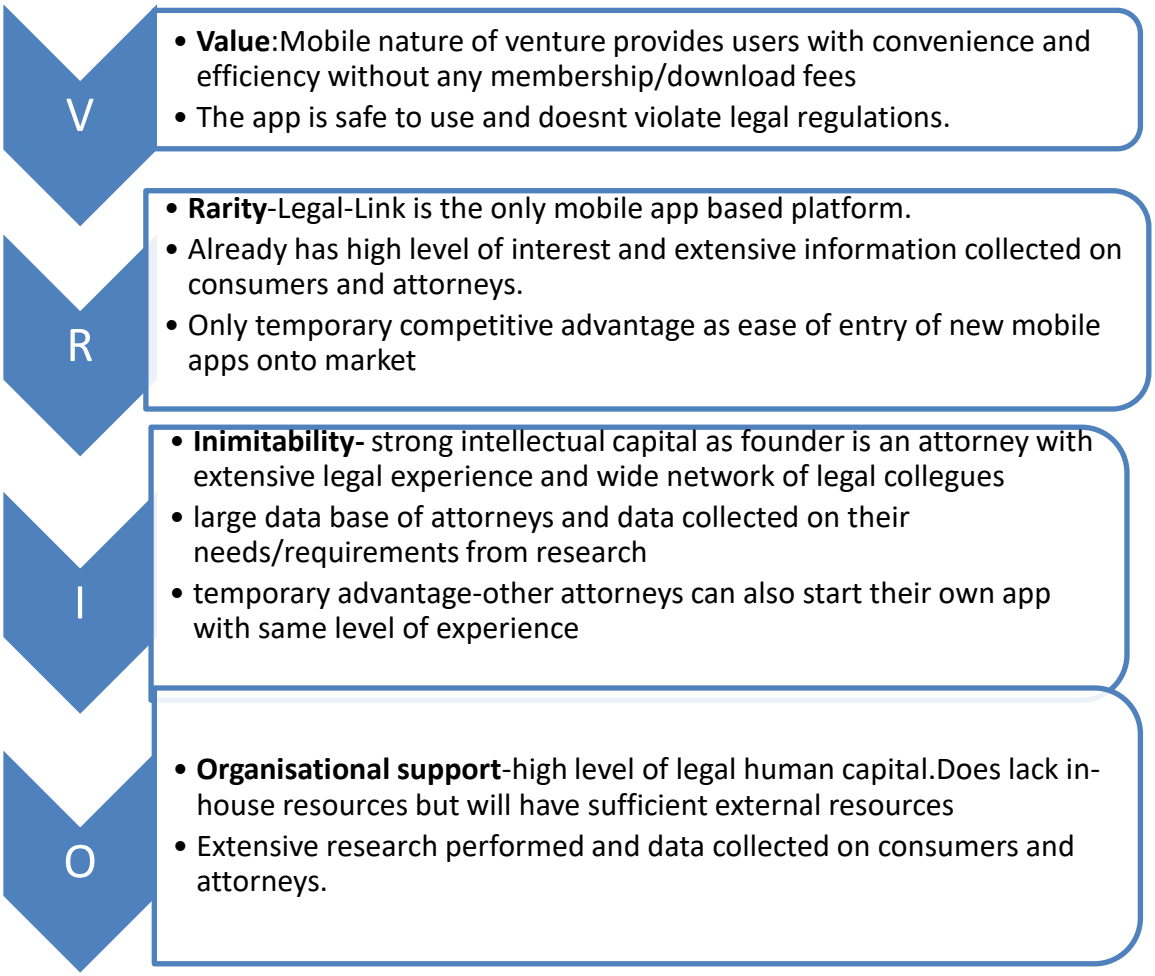
Attorney Market share-Legal-Link plans to initially launch in Johannesburg on both Iphone and Android to reach a wide audience of users.It aims to have 10% of the attorneys within Johnnesburg subscribing after its first year, with an annual growth of 10%.

Consumer market share-While consumers are not paying for the application,Legal-Link still needs a significant amount to download the application to show attorneys that there is an

opportunity to expand their client base and encourage them to subscribe to the app.The aim is to obtain 5000 users after the first year ,with a 10% annual increase.

7.2 Uniqueness of Legal-Link's services

A VRIO analysis of the capabilities which provide Legal-Link with a competitive advantage in the market is set out below:



(Johnson, Whittington, Scholes, Angwin, & Regner, 2014)

In terms of the VRIO analysis,Legal-Link has a competitive advantage in the legal marketplace as it is the only mobile application providing a reciprocal benefit to both users and attorneys.However,this is only a temporary advantage as applications are easy to imitate and a similar concept could easily be launched in the near future.

However,Legal-Link does have a wealth of knowledge on both consumers and attorneys from the data collected, which is a valuable resource and together with the extensive legal knowledge and network of the founder may not be easily duplicated.

Legal-Link further distinguishes itself from its competitors in that it is the only platform that can be operated on a mobile application,which provides access to attorneys at a moments notice which is highly beneficial particularly when dealing wih an urgent legal matter.Moreover,the other platforms do not evidence any legal opinion or application confirming that it does not violate the Law Society rules and therefore Legal-Link is a safer option for attorneys as it has proof that it does not violate any regulations.

8. Situational Analysis

8.1 Industry and Competitor Analysis

The Legal-Link venture falls within the legal services industry, which has historically operated on an outdated system lacking technological advancement (Janis, 2014). There has however been a recent shift in the South African legal sphere with firms wishing to modernise their practices and their marketing by investing in technology (Lexis Nexis, 2016).This is supported by the data collected (Graph 6), which evidences how attorneys are interested in utilising more innovative means to connect with new clients.

There has also been a move for legal services to become more technologically advanced, convenient and cost efficient, however this has not been on the part of law firms themselves but rather by alternative legal offerings becoming available. This has occurred in response to the inability of the average lower to middle class South African to afford the excessive cost of legal services and their need to obtain cheaper alternatives (Christie, 2016).

A Competitor Analysis is set out below:

Company	Description	Strengths	Weaknesses	Social media
LAWBUNTU (Lawbuntu, 2017)	• Online legal platform connects users and lawyers. • Users can download legal documents etc	• Attorney database • Strong Media coverage • Social media presence	• Charge attorneys contingency fee (violates Contingency Fees Act) • Website not mobile compatible	• Website • Facebook • LinkedIn • Twitter

LEGAL LEGENDS (Legal Legends, n.d)	• Legal services offered to entrepreneurs/ business owners.	• Consumers choose set package that suits their needs/ budget	• Services limited to entrepreneurs/ business owners. • Only specific types of legal expertise offered	• Website • Facebook page
LEGALESE A creative legal agency (Legalese, n.d)	• Legal agency for start-ups, entrepreneurs and business owners.	• Strong customer base • Creative team	• Limited to certain industries. • Not a registered law firm- cannot provide certain services	• Website • Facebook page

One can further can use the Porters Five Forces model to consider the attractiveness of the industry based on a variety of competing factors (Harvard Business School, n.d).

Analysis of existing competitors: Two of the entities, Legalese and Legal Legends, are direct competitors as they both provide legal services at a fixed rate to entrepreneurs to assist them with their businesses' legal needs. They provide almost identical services with Legal Legends being slightly cheaper than Legalese with respect to their package offerings.

The third competitor, Lawbuntu operates similarly to Legal-Link as it is a portal which connects users to attorneys, however it also allows users to download legal documents at a cost. Lawbuntu is a direct competitor to Legal-Link as it also does not charge users but charges the attorneys to be on the portal. However, it does not charge a membership fee like Legal-Link but rather charges attorneys a percentage of the fees that they earn from clients who contact them on the portal and accordingly they cannot compete on price. Lawbuntu is the most significant competitor as the other offerings provide different services to Legal-Link, as well as the fact that Lawbuntu already has a user base of attorneys, has publicised their offering and has a strong social media presence.

There is competitive rivalry amongst these legal service providers as while their premise and methods are not the same, they all aim to disrupt the traditional legal field by introducing a cost-saving and innovative alternative. There is furthermore not a significant price differential (for those that charge consumers) and therefore it would be easy for users to switch between competitors (Johnson, Whittington, Scholes, Angwin, & Regner, 2014).

Threat of new entrants-While there are several thousand law firms operating in South Africa, there are only a few alternative legal service providers (Lexis Nexis, 2016).There is a high threat of new entrants into the market as there is no evidence of any of these legal service providers having obtained significant market share. Due to the more technological nature of these ventures, there is no barrier to entry as a new entrant could easily launch their own website or online portal as there are no cost barriers and they do not require economies of scale such as with a product (Harvard Business School, n.d).

Moreover, there are low levels of differentiation between the services offered, which increases the threat of entry as consumers would not become loyal to a particular service provider when they can move to a competitor who provides similar services for a similar price (Johnson, Whittington, Scholes, Angwin, & Regner, 2014).

Threat of substitute products/services*:* Legal-Link and its competitors are substitutes for the traditional means of obtaining legal services. They are disrupting the legal field and it is unlikely that a further substitute will become available unless law firms significantly alter their services, the pricing thereof and find an innovative means of attracting consumers. This is unlikely due to the slow manner in which law firms are changing their operations and incorporating technology (Lexis Nexis, 2016)

Bargaining power of suppliers: This is not applicable to Legalese and Legal Legends as they have no suppliers because they employ their own attorneys to provide legal services. However, Legal-Link and Lawbuntu rely on connecting users with external attorneys who provide the legal services and if these attorneys query their fees, then this could create competition for attorneys to register on their portals. This is not a significant threat to Legal-Link as there are thousands of attorneys in Johannesburg and even if some choose to enlist on Lawbuntu's platform, there are still sufficient attorneys to join Legal-Link's platform. (Lexis Nexis, 2016).

Bargaining power of buyers: As Legal-Link and LawBuntu provide consumers with an almost identical service (despite Legal-Link utilising an app) and neither charge users for their service, there is a high threat of consumers creating competition between the two service providers. This is because there is no price or service differential and no monetary loss for buyers to change service providers (Harvard Business School, n.d).

8.2 Marketing strategy

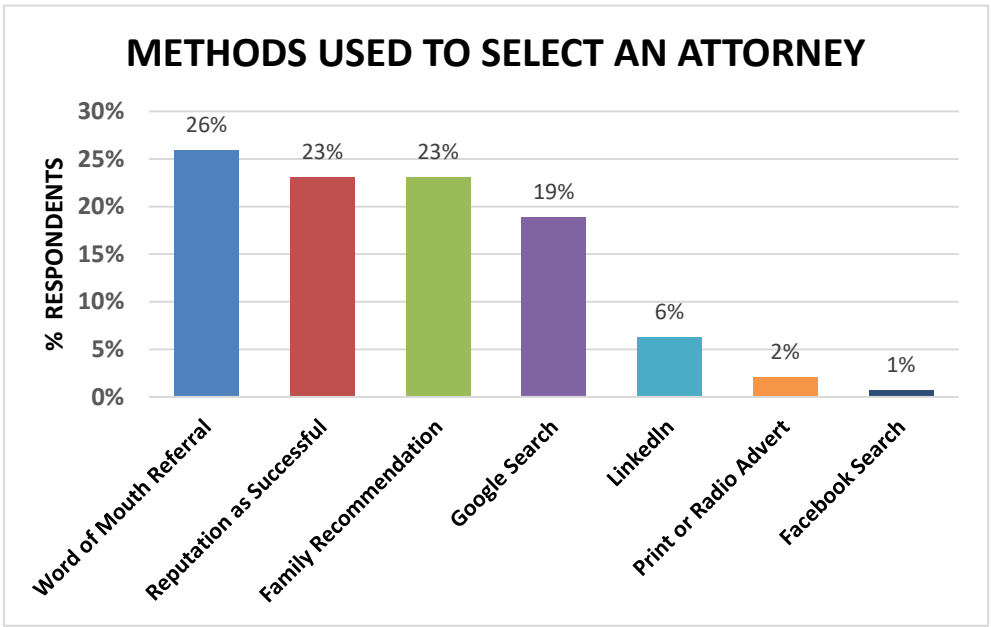
8.2.1 Marketing to consumers

In terms of Lean-Start-up methodology, Legal-Link will launch its venture as rapidly as possible, while utilising the most cost-effective methods of marketing and promotion.

Two different marketing strategies will be implemented, one to target attorneys to encourage them to subscribe to the application, which will create the revenue in the business and the other to promote the app to individuals looking for legal services.

Regarding consumers, a “pull” marketing strategy will be implemented using free and/or low cost social media mediums as an affordable means of reaching a large audience while not expending much needed funds.

To understand what promotional methods would be the most appropriate for consumers, one can consider Graph 10 below, which shows that consumers who do not already have a relationship with an attorney base their choice of an attorney on word of mouth (26%), through family recommendations (23%) or on the reputation of an attorney (23%). While social media and print platforms elicited a lower response rate than word of mouth, there was still a noteworthy number of respondents who utilise Google searches to locate an attorney (19%) and several who used LinkedIn and Facebook for same.



Graph 10

This data is important in terms of the mediums that Legal-Link must use for promotion. Social media is either free or inexpensive relative to the extensive target audience it reaches and it will be the most appropriate option regarding the data collected as well as the Lean Start-up Methodology being followed.

To save costs, Legal-Link will be utilising free Facebook, LinkedIn and Twitter accounts to promote its service. It will also pay for Google Ads, as it is the most popular search mechanism used by consumers, and limited Facebook and LinkedIn adverts to reach a greater audience. The Facebook and LinkedIn adverts are cost efficient as they can reach thousands of individuals for a minimal cost and bear no risk as they can be cancelled at any time (Jolly, n.d).

It is evident from Graph 10 that consumers trust the opinions of family and friends as well as attorneys' reputations compared to finding an attorney themselves. This emphasizes the importance of "word of mouth" advertising to assist with the growth of Legal-Link, as positive feedback from friends and family will encourage individuals to trust and utilise the application. Not only is word of mouth advertising seen as a highly successful form of advertising, it is free, which supports the Lean Start-up Methodology (Whitler, 2014). It is however a long-term strategy and can be obtained by engaging with consumers, ascertaining whether they are satisfied with their experience and providing them with opportunities to share their feedback to encourage others to utilise the application (Whitler, 2014). This strategy reinforces the diffusion of innovation theory because by utilising word of mouth marketing, the "innovators" who adopt the application early on will encourage the "laggards" to use same due to their positive experiences (Rogers,1983).

8.2.2 Marketing to attorneys

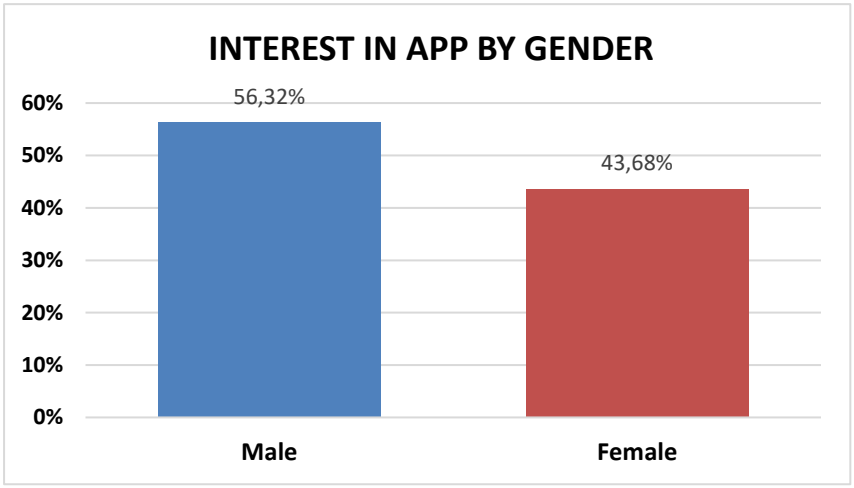
The same social media platforms will also be utilised for lawyers like consumers, however a more aggressive "push" strategy will be included. This will be implemented through the cost-effective use of direct marketing as a database of hundreds of attorneys has already been created from those who were sent the questionnaire. This approach is inexpensive and efficient as it can reach numerous individuals simultaneously (Roesler, 2014) Furthermore, since the venture is a start-up that does not yet have a track history, it is important to engage with attorneys directly and explain that the app will not place them or their firm at risk of breaching any regulations as opposed to merely promoting the functions of the venture to them.

8.3 Target market

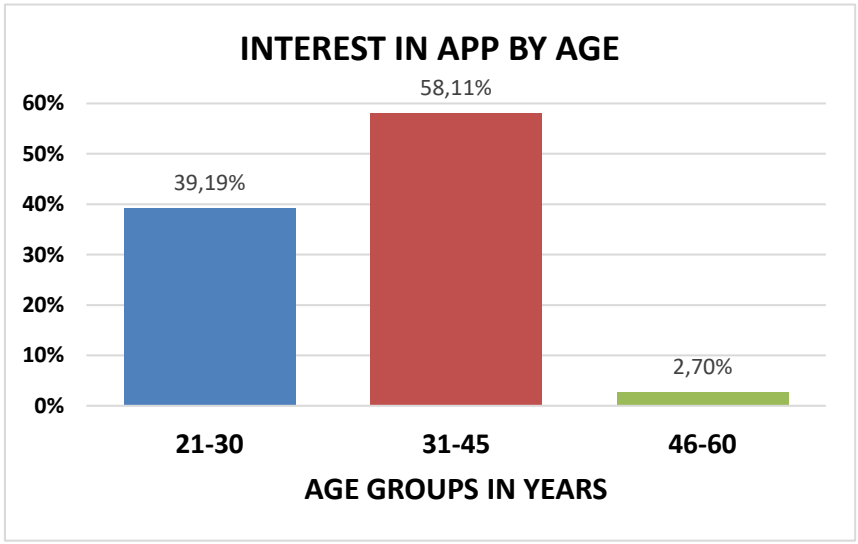
8.3.1 Consumers

To ascertain the target consumers to whom the app needs to be promoted, Legal-Link must consider the data collected and which segments showed the most interest in terms of gender and age.

Graphs 11 and 12 below reflect the level of interest shown in these two segments. However, there are both age and gender biases that occurred because the survey was answered by more men and by more people within the 31-45 year old age group and accordingly the level of interest mirrors the demographics of those respondents, which provides a skewed result.

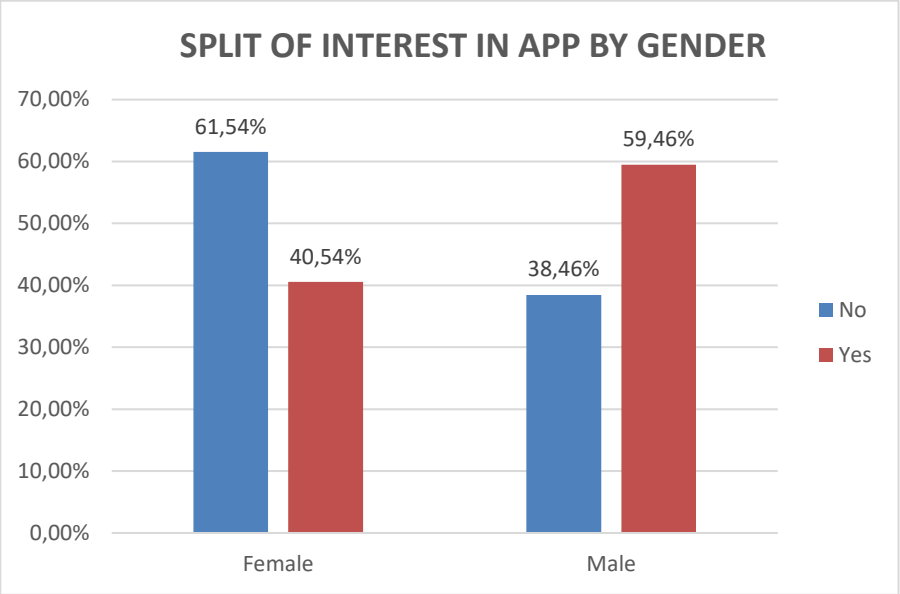


Graph 11



Graph 12

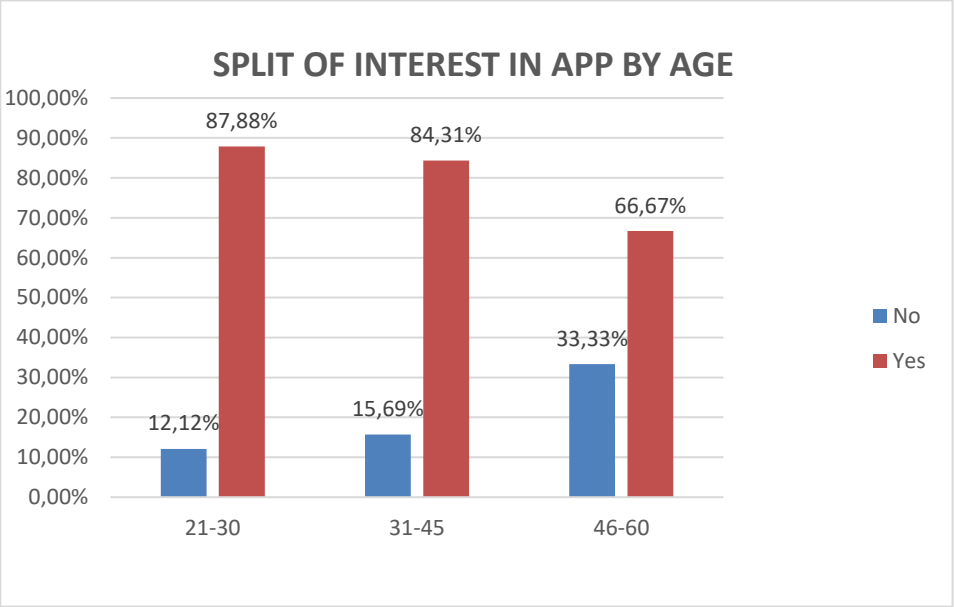
To more accurately measure the types of individuals to whom to market this application, see Graph 13 below which splits the level of interest in women and men. As is evident, the majority of females were not interested in utilising the application while conversely most males were open to using same. This is significant as men should be the target segment for the application, however women should not be disregarded but rather Legal-Link should consider what deterred them from using the application and take steps to ensure that it is promoted to them in such a way that these worries are addressed.



Graph 13

To accurately measure the target age segment, one can consider Graph 14 below which specifies the level of interest in the application in each age group. It is evident that there is a high rate of interest from the 21-30 and 31-45 age groups. This can be attributed to the fact that most of these individuals fall within the millennial generation, who are eager to utilise new technology and innovations (Solomon, 2016). Accordingly, 21-45 age group should be the main target segment for the marketing strategy.

In addition, the majority of the 46-60 age group showed interest in using the application, however because they comprise such a small portion of the respondents (see graph 2), further research should be conducted to ascertain whether this is a viable target market.

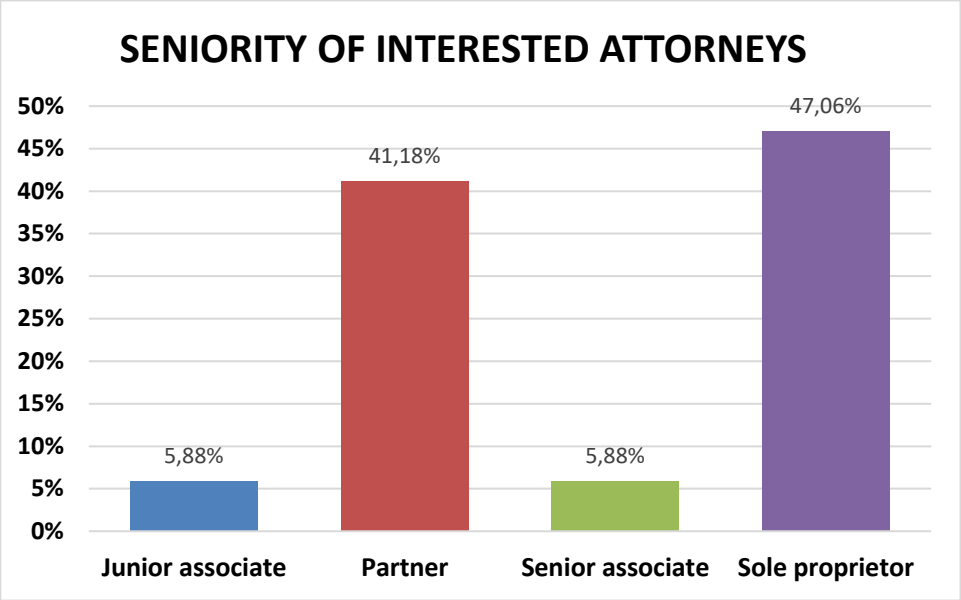


Graph 14

8.3.2 Attorneys

As stated above, the questionnaire was only sent to small to medium sized law firms within Johannesburg. This group of attorneys was selected because most of the law firms in South Africa are small to medium sized in nature and the presumption was that these firms would be interested in expanding their customer base as they lack the reputations or funding of larger firms (Roux,2013) (Law Society of South Africa, 2017).Therefore, all small to medium sized firms in Johannesburg should be the initial target market.

Furthermore, Legal-Link should target the more senior members and/or the owners of law firms as they have the authority to decide whether to subscribe the firm to the app. This is supported by the data collected in Graph 15 below, wherein partners and sole-proprietors exhibited the highest level of interest in the application and therefore are the attorneys who should be targeted.



Graph 15

8.4 Product Positioning-Marketing Mix

To market the venture successfully to its target market, Legal-Link needs to utilise the Marketing Mix tool to ensure that the product is being positioned effectively. Due to the Lean Start-up nature of the venture, this tool will be revisited once feedback is received to ensure that the marketing strategy is eliciting the correct results.

MARKETING MIX

Price	• Price has been calculated in accordance with the data collected from attorneys with respect to what they will pay to subscribe to the app (Graph 16) as well as being sufficient to cover cost. • The monthly membership is charged on a scale depending on how many attorneys per firm. Please see financial analysis below which shows price breakdown. • Cannot compare pricing to competitors as they charge different parties/on a different basis.
Product	• The app is first of its kind to market. It is superior to similar concepts as it is app-based not web-based so it is easily accessible. • High level of interest in product from both consumers and attorneys due to its innovative nature and convenience

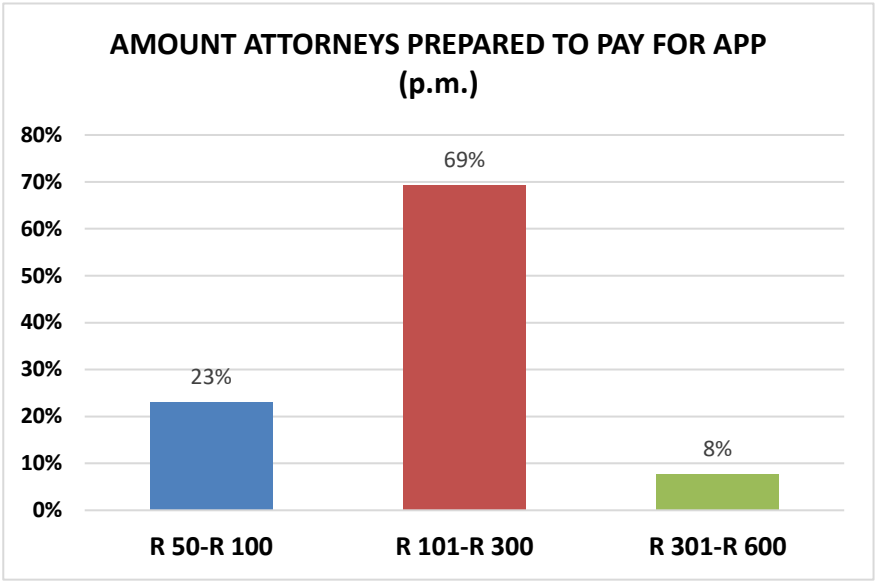
Promotion	• Consumers-Word of mouth, Social media (Google, Facebook, LinkedIn, Twitter). • Attorneys-direct marketing, social media Google, Facebook, LinkedIn, Twitter). • Cost of social media ads will be re-evaluated depending on level of response.
Place	• App to initially be launched in Johannesburg. • Once obtained market share in Johannesburg to proceed to Pretoria, Cape Town and Durban.
Packaging	• The design and logo of the app will be bright and eye catching. • The same design elements, colour scheme and logo will be utilised across all marketing platforms-see annexure “C”.
Process	• The development and launching of the app will be efficient and cost-saving in terms of Lean Start-up. • The app will be launched untested to be first to market so there may be some technical glitches but as feedback is received, the app will be improved for efficiency and customer satisfaction.
People	• The app will be run by its founder with no fulltime employees being initially employed. • Individuals being utilised for marketing, design of the app etc will be hired on a freelance basis. • Fulltime employees will be hired when app becomes profitable.

(The Chartered Institute of Marketing, 2009)

In terms of the Marketing Mix, and in regard to Lean Start-up Methodology, it is evident that the venture is being launched untested and various components will need to be re-evaluated and altered once feedback is received.

The fact that such an application does not yet exist in South Africa creates difficulty in ascertaining how it will be positioned in the market as it is a disruptor of traditional legal services and not merely a traditional entrant to the market.

The data reflected in Graph 16 below, evidences that the majority of attorneys would be prepared to pay between R101-R300 per month to subscribe to the app. The pricing has been calculated in regard to this data and on sliding scale based on the number of attorneys per firm. This is reflected in the Financial analysis below.



Graph 16

8.5 Brand Identity

What differentiates successful and failed start-ups is their ability to form a strong brand identity (Nair, 2016).Legal-Link must focus on building its brand to differentiate itself from its competitors and to develop loyalty amongst users based on the venture's perceived quality and value (Peter & Donnelly Jr, 2015).

Due to the legal nature of the application as well as the fact that it's a new innovation being introduced into a traditional market, it is essential that Legal-Link's brand reflects trustworthiness and professionalism to encourage users to utilise it. The branding must be consistent throughout the user journey, including content and visuals, so as to build trust and loyalty amongst users and create a sense of authenticity (Arruda, 2016).An example of the Legal-Link branding and logo, which was created to elicit the above-mentioned image is annexed marked "C" in the supporting documents.

8.5 Swot and Opportunity Analysis

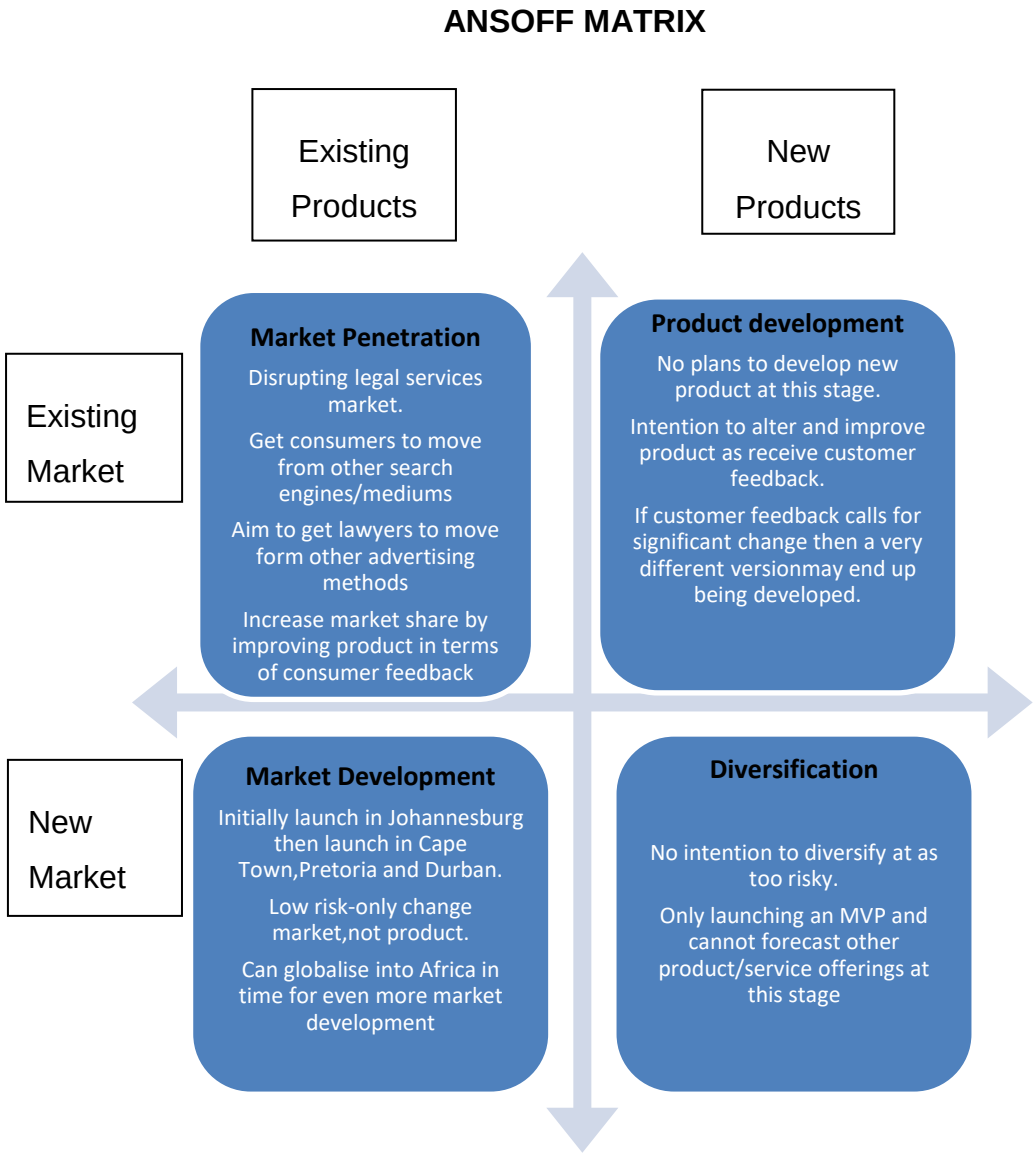
Below please find a SWOT analysis, discussing the key internal strengths and weaknesses of the venture and the external opportunities and threats which may impact its prospects of success (Johnson, Whittington, Scholes, Angwin, & Regner, 2014).

Strengths	Weaknesses
• Innovative concept-will disrupt the legal field; • High level of interest received predicts a favourable launch and reception of concept within the market; • MVP-no excessive time and funding spent on R&D-rapid launch to market; • Simple application will be easy to use by all consumers on all smartphones • Founder is a former practising attorney with first-hand experience of the industry and strong relationships in legal field • No investors-high level of autonomy and low level of debt.	• Novel concept-need to develop trust in users and attorneys-used to traditional legal system; • Lack of brand and concept awareness; • Budgetary constraints for development, marketing of the application and hiring staff • Costly and time consuming to develop application: • Limited expertise without knowledge of external investors; • MVP-may be issues with app quality due to lack of testing.
Opportunities	**Threats**
• First mobile legal application in the marketplace. Will disrupt the industry and obtain market share due to lack of similar competitors. • High usage of smartphones and mobile applications in South Africa; • Attorneys looking to become more technologically advanced and moving away from traditional methods; • Positive perception from market (attorneys and consumers) • Can be accessed by all LSM groups -free download for users; • Can be implemented countrywide**;**	• Ease of new competitors entering the marketplace as there are already similar web-based services • No barriers to entry-can result in too many competitors; • Need to change traditional mindset of users and attorneys; • Compliance with Law Society regulations; • Concept could be easily replicated.

While the venture has significant strengths and there is a viable opportunity for same in the market, there is some risk involved, which will be need to be mitigated by Legal-Link.

Ansoff Growth Matrix

While Legal-Link aims to launch a MVP as rapidly as possibly, it also needs to plan for the future growth of the venture. It is evident from the above-mentioned that there is a valid opportunity for Legal-Link in the market, however, the below Ansoff Matrix considers strategic growth alternatives for the venture once market share has been realised in its existing target market (Ansoff Matrix.com, 2013).



(Whitler, 2014) (Igor, 1957), (Johnson, Whittington, Scholes, Angwin, & Regner, 2014)- (Ries, The Lean Startup, 2011).

9. Operations

9.1 App design and development

The Legal-Link platform will operate from a mobile phone application, which will be compliant with both iPhone and Android so as to reach the greatest number of users.

The application will be designed, developed and approved prior to it being launched onto the market. The design and development can be lengthy and expensive, however it is essential that this is limited from a time and complexity perspective so that the MVP is launched onto the market as soon as possible to comply with the Lean Start-up methodology (Ries, The Lean Startup, 2011).

The creation of the application will comprise of the design element regarding the look, flow and customer experience as well as the technological development enabling the application to operate (Varshneya, 2014).

After meeting with an application consultant, it is evident that in order to have a comprehensive and detailed application designed and built from one of the well-known development houses, it will take approximately eight months and cost between R800 000-R1.2 million.

While Legal-Link wishes to launch an application with a smooth user experience, it is necessary to launch the application as quickly and inexpensively as possible to compete with the current competitors and accordingly a more pared down and inexpensive MVP needs to be created. To do so, the design and development will be outsourced to a smaller boutique agency who can develop same in a shorter time frame and for lower costs than larger agencies (Winola, 2016).

9.2 Licensing

The application will be submitted to Apple and Android for approval and the relevant licenses obtained. There are specific guidelines to be followed for both platforms and it is necessary that the application conforms with these requirements to avoid being rejected and delaying the launch (Hughes, n.d).

Apple-this process is more complex than Android as a panel of developers reviews the app to ascertain whether there are any errors and provides the developer with feedback (Kesavan, 2017). This process takes approximately two days if there are no issues with the app. Once approved, Apple charges a yearly licensing fee of $99 (Apple Inc, 2018). It also charges a 15% fee on paid applications, however as Legal-

Link users will not be paying a fee but attorneys will be paying a monthly fee to Legal-Link directly this will not be relevant (Statt, 2017).

Android-this process is more lenient than Apple and takes a few hours maximum. The application is reviewed with the assistance of automated systems to ensure that it does not contravene any of their regulations, violates intellectual property of other applications or contains sexually inappropriate content (Kesavan, 2017). Once approved, Android charges a once off fee of $25 (Android, n.d).

9.3 How the application will operate

A database of attorneys will be created once they have subscribed to the platform and paid their membership fee. They will do so on a web-based application, where after their accreditations will be verified by Legal-Link and posted to the application.

Users will download a free version of the application from the AppStore for iPhone and Google Play for Android. They will set up their profile with their personal information. They will choose the area of law they are faced with, the geographical area which is convenient as well as the attorney's rates that they can afford.

Once the user has inserted their requirements, the application will scan the database and match the user with an appropriate attorney. The attorney will be notified on the web-based interface and the user will receive an alert on the app with the attorneys contact details. The user will then contact the attorney and schedule a consultation and Legal-Link will have no further dealings with the matter.

9.4 Application functions

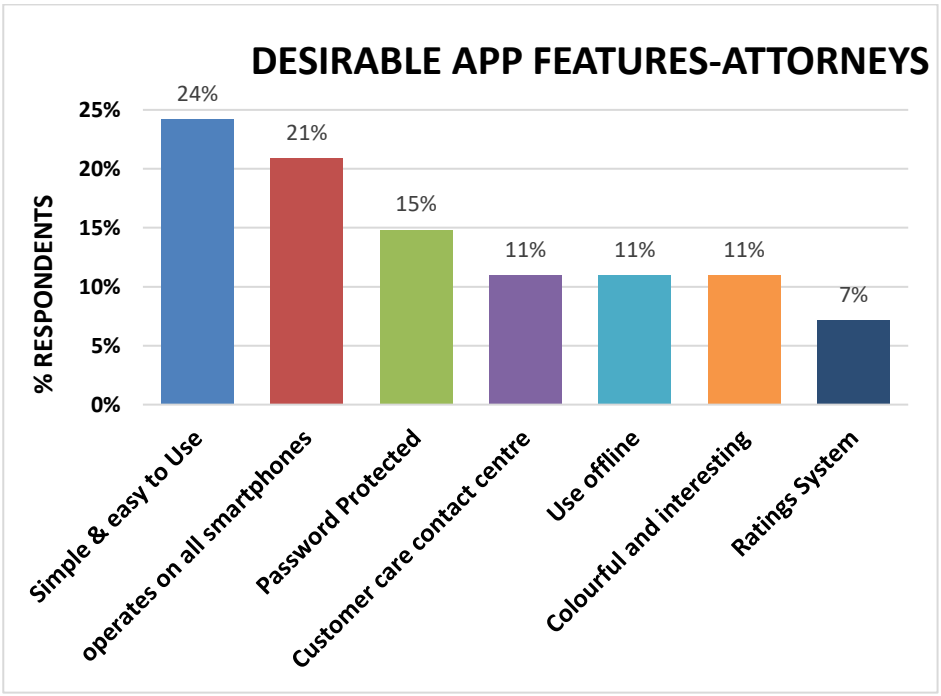
Data was collected from consumers and attorneys as to their required features in the application. The results are set out in Graphs 17 and 18 below.

As the application will be launched as an MVP, it will impossible to include every function that the respondents showed interest in, as this will result in the development being too time-consuming and expensive. However, the following functions should be present in the MVP as they are seen to be the most necessary for the respondents:

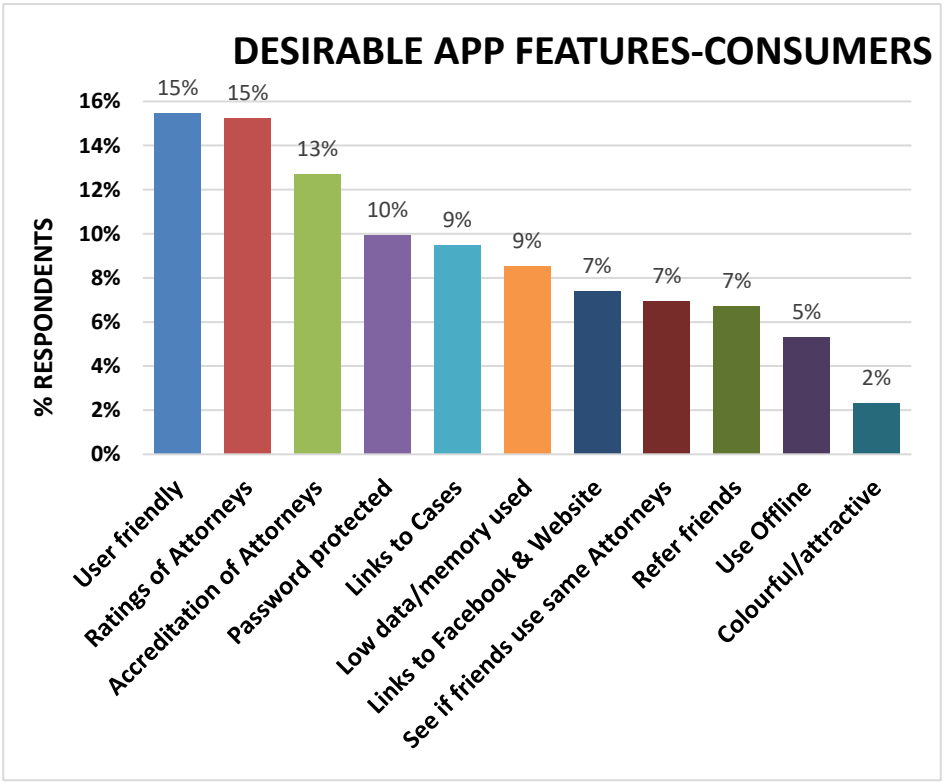
- The application must be simple and provide a positive user experience;
- It must be password protected so as to prevent any security/privacy issues;
- It must be capable of being used on all smartphones;
- There must be proof of the attorneys' accreditation and links to their successful cases;

- Users must be able to rank their experience with the attorneys;
- There must be a link to customer care in case of technical difficulties.

Once the application is launched and users start providing their feedback, then further functions will be introduced so as to ensure that the app is developed to meet its users' needs and be more likely to succeed (Ries, The Lean Startup, 2011)



Graph 17



Graph 18

9.5 Advantages of a mobile venture

Due the mobile nature of the venture, there is no physical product that needs to be manufactured, stored or transported. This removes the need for physical offices or warehousing, decreases overheads and enables Legal-Link to focus its time and funding on the development and maintenance of its application (Medal, 2017).

Legal-Link can be managed remotely by the founder as well as dealt with by the freelance employees thus creating a more agile, productive organisation (Strauss, 2017)

10. Management

10.1 Legal Structure

Legal-Link will be registered and incorporated as a private company in terms of Section 8 (ii) of the Companies Act (The Companies Act, Act No 71 of 2008). Its founder, Terri Furman, will be its sole Director and Shareholder at the time of incorporation.

While Legal-Link has considered other legal structures for its operation, such as a sole proprietorship, a private company is the most appropriate entity for several reasons. Firstly, a private company has its own separate legal entity, which means that the liabilities of the company are not borne by its shareholders on a personal basis. Due to the risky nature of a start-up, if Legal-Link is unsuccessful, any legal action instituted against it can only be taken against the company and not against its shareholders personally (Forbes, 2015).

Secondly, Legal-Link is adopting a Lean Start-up approach and bootstrapping its operations initially but, in the future, may be interested in selling shares to investors to further finance its operations. A private company allows for sale of shares as opposed to a sole proprietorship or partnership which does not have equity to sell but has to rely on obtaining an external loan, which is more financially onerous on the company (Staff Writer SME South Africa, 2016).

There are however more legal formalities for registering a private company and higher tax constraints than for a sole proprietorship, however from a long term and particularly investment point of view, a private company is the most beneficial entity for Legal-Link’s operations (Forbes, 2015).

10.2 The Legal-Link team

Director

Terri Furman, will be the sole Director and Shareholder of Legal-Link. This complies with the requirements of Section 66(2)(a) of the Companies Act (The Companies Act, Act No 71 of 2008). The founder is qualified to take on these two highly responsible roles due to her legal experience, as is discussed below.

She will initially oversee all management functions of the venture, however as Legal-Link grows and becomes profitable, it will need to consider employing individuals in management positions for efficiency and to create a structure that the founder herself may not have the capacity for due to her multi-dimensional role (Mucklai, 2017).

Employees

Legal-Link will initially not hire permanent employees to reduce costs and remove the need to rent a physical office. It will outsource and hire freelancers in respect of several essential aspects of the business. Freelancers are an inexpensive form of employment as they are only paid for the actual projects that they complete as opposed to receiving a monthly salary , which would be financially onerous on a start-up building its brand (Wertz, 2017).A further benefit is the fact that they are usually highly skilled and able to work independently resulting in efficiency and more time for the founder to spend on other aspects of the business (Saran, 2018)

The founder will be handling all other aspects of the business ranging from its sales, finances, administrative issues and operations to the legal requirements that need to be complied with.

The founder is qualified and preferable to run the venture due to her previous legal background in which she obtained the following experience/skills:

- Multitasked and managed various stakeholders and complicated matters concurrently;
- Worked successfully under extreme pressure and tight deadlines;
- Strong levels of responsibility, honesty and personal ethics;
- Managed the running of her previous law firm, including supporting staff, for extended periods when the director was out of town;
- Created strong relationships with attorneys and advocates in the legal field.

Moreover, Terri Furman has obtained additional skills and resources from her MBA, which qualify her to run the venture, including but not limited to:

- Strong interpersonal skills and ability to deal with people from a variety of backgrounds and industries;
- Creativity in idea formation and ability to create successful market strategies;
- Strong financial skills;
- Access to a large network of classmates from a variety of different industries

The following roles will be outsourced to freelancers:

Design and development of the application-one agency will perform both of these functions to enable the application to be developed and launched as soon as possible.

IT specialist-A freelancer will be used for the day to day running of the application and any technological glitches that users may face. This is a cost-saving option as there will not initially be a need for a full time IT employee due to limited users but this will change once the user base expands and more technological issues are faced.

Marketing-The founder's sister has extensive experience in marketing and has offered to provide her services for free for the first year and thereafter for a reduced rate, to be reconsidered when Legal-Link becomes more profitable and requires more extensive marketing work.

11. Compliance with Law Society Regulations

One of the critical risks of this venture is that it must comply with Law Society regulations so as to prevent penalties being imposed on attorneys who subscribe to the application. It is essential that attorneys feel assured that they are not violating any touting provisions when utilising the application as this was the foremost concern of attorneys surveyed (see Graph 8 above).

In light of the attorneys' concerns, a formal legal opinion was obtained from Advocate Doron Block, an advocate of the Johannesburg Bar, a copy of which is annexed marked "D". The key elements of the opinion are dealt with below:

11.1 Touting

The legal opinion confirmed that an attorney does not violate touting regulations (Rule 43.1 of the Rules for the Attorneys Profession) by subscribing to the app. This is because the nature of the app is not to secure work for the attorneys but for Legal-Link to act as an intermediary between users and attorneys. Furthermore, all attorneys on the platform will have equal opportunities to obtain new clients and therefore the

app will not constitute touting as it will not secure professional work for any attorney in particular.

11.2 Contingency Fees

Legal-Link intends creating revenue by charging attorneys a monthly membership fee. However, one of its competitors, Lawbuntu, charges a contingency fee based on the fees that attorneys will earn from users that contact them on their platform. Legal-Link enquired whether they too could charge a contingency fee as this would provide a higher level of revenue and requested Adv.Block to consider the legality thereof.

Adv.Block advised, in paragraphs 17 and 18 of his opinion, that Legal-Link is not permitted to charge a contingency fee as it may violate Rule 43.1 and amount to touting as only attorneys who are obtaining work from the app are being charged and Legal-Link can be seen to be securing work for these attorneys. It can further constitute touting as a non-legal practitioner is prohibited from providing work to an attorney and by charging a percentage of the legal fees, it appears that Legal-Link which is a non-legal entity, is in fact doing so.

Adv.Block advised in paragraph 18 of his opinion that by charging the attorneys on a contingency basis, it will violate the Contingency Fees Act (Act No 66 of 1997) and therefore this method of obtaining revenue needs to be avoided and only a membership fee be charged.

11.3 Application to Law Society

Adv. Block advised that while the application does not violate touting regulations or the Contingency Fees Act, that Legal-Link should still launch an application to the Law Society requesting that they approve the app prior to its launch to reassure attorneys that there is no legal risk to them subscribing to the app.

11.4 The Legal Practice Act

Adv.Block also considered the application regarding the Code of Conduct in the Legal Practice Act(“LPA”), which is due to be enacted in the near future .In paragraph 27 of the legal opinion, Adv.Block advises that the application does not constitute touting in terms of the LPA as by subscribing to it, attorneys will not be seeking to procure work in an “improper, unprofessional, unfair or unethical” manner as all of the attorneys are treated the same and have the same opportunity to be chosen by a user.

Adv. Block recommends that a legal application be made to the Legal Practice Council once the LPA has been enacted to ensure that a formal ruling is made on the app with regard to the new Act.

After considering the legal opinion of Adv.Block, it is evident that there is no risk to attorneys utilising this application within the current or future legislation.

12. Financial Analysis

Below please find a projected Income Statement and Balance Sheet for Legal-Link, setting out, inter alia, its sales forecast, profitability as well whether it is a favourable investment opportunity.

Legal-Link(Ltd)

Projected Statement of Comprehensive Income

Figures in Rand Note(s)	Year 1	Year 2	Year 3	Year 4	Year 5	NOTES
Revenue	R 275 000,00	R 308 000,00	R 344 960,00	R 386 355,20	R 432 717,82	Note 1
TOTAL REVENUE	**R 275 000,00**	**R 308 000,00**	**R 344 960,00**	**R 386 355,20**	**R 432 717,82**	
OPERATING EXPENSES	**R 183 500,00**	**R 212 844,44**	**R 230 044,44**	**R 239 879,44**	**R 243 753,40**	
Salaries and Wages	R 36 000,00	R 87 600,00	R 96 360,00	R 101 641,00	R 107 450,00	Note 2
Legal Fees	R 30 000,00					Law Society Application
Sales and Marketing Costs	R 36 000,00	R 39 600,00	R 45 540,00	R 50 094,00	R 55 103,40	Based on R3000/month with a 10% increase
Licensing/ Platform Costs	R 1 500,00	R 1 200,00	R 1 200,00	R 1 200,00	R 1 200,00	Apple annual licensing of $99 and once off $25 to Android assuming a R11 to $1 exchange rate
Amortisation	R 80 000,00	R 84 444,44	R 86 944,44	R 86 944,44	R 80 000,00	
EARNINGS/LOSS BEFORE TAX	**R 91 500,00**	**R 95 155,56**	**R 114 915,56**	**R 146 475,76**	**R 188 964,42**	
Taxation	R 25 620,00	R 26 643,56	R 32 176,36	R 41 013,21	R 52 910,04	Based on a rate of 28% tax
PROFIT/LOSS FOR THE YEAR	**R 65 880,00**	**R 68 512,00**	**R 82 739,20**	**R 105 462,54**	**R 136 054,39**	

Legal-Link(Ltd)						
Projected Statement of Financial Position						
Figures in Rand Note(s)		Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS	NOTES					
Non Current Assets						
Intangible Assets		R 720 000,00	R 675 555,56	R 608 611,11	R 521 666,67	R 434 722,22
Software (Book Value)	*3*	R 720 000,00	R 675 555,56	R 608 611,11	R 521 666,67	R 434 722,22
Current Assets		R 878 500,00	R 896 160,00	R 992 691,65	R 1 126 442,76	R 1 270 711,91
Deferred Tax Asset			R 1 244,44	R 3 188,89	R 7 077,78	R 10 966,67
Cash		R 878 500,00	R 894 915,56	R 989 502,76	R 1 119 364,98	R 1 259 745,24
TOTAL ASSETS		R 1 598 500,00	R 1 571 715,56	R 1 601 302,76	R 1 648 109,42	R 1 705 434,13
EQUITY AND LIABILITIES						
Equity						
Share Capital	*4*	R 1 200 000,00	R 1 200 000,00	R 1 200 000,00	R 1 200 000,00	R 1 200 000,00
Retained Earnings		R 65 880,00	R 68 512,00	R 82 739,20	R 105 462,54	R 136 054,39
Liabilities						
Non-Current Liabilities		R 200 000,00	R 200 000,00	R 200 000,00	R 200 000,00	R 200 000,00
Family Loan	*4*	R 200 000,00	R 200 000,00	R 200 000,00	R 200 000,00	R 200 000,00
Current Liabilities		R 25 620,00	R 26 643,56	R 32 176,36	R 41 013,21	R 52 910,04
Current Tax Payable		R 25 620,00	R 26 643,56	R 32 176,36	R 41 013,21	R 52 910,04
TOTAL EQUITY AND LIABILITIES		R 1 491 500,00	R 1 495 155,56	R 1 514 915,56	R 1 546 475,76	R 1 588 964,42
Net woking capital(Current Assets-current liabilities)		*R 852 880,00*	*R 16 636,44*	*R 90 998,85*	*R 124 914,25*	*R 132 372,32*

12.1 Sales forecast

It is estimated that Legal-Link will generate R275 000 in revenue in Year 1 increasing to approximately R432 717.32 by the end of year 5. This is calculated based on an initial 440 attorneys joining the platform at an average membership fee of R625, thereafter increasing its attorney membership by 10% per year together with a 12% increase in membership costs.

The membership fee is calculated at an initial R400 and increased based on the size of the law firm to a maximum of R850.The average of R650 is used to calculate Legal-link's revenue.

The pricing of the membership took cognisance of the fact that the majority of attorneys surveyed would pay a maximum of R300 for membership and this was increased to R400 to cover expenses and thereafter increased on a sliding scale depending on the number of attorneys in the firm.

12.2 Profitability

As per the forecast, Legal-Link will be profitable from Year 1 with a profit of R65 880 being estimated. This will increase to an estimated R136 054.39 by the end of Year 5.

It is significant to note that Legal-link will be generating profit from its first year of trading irrespective of the fact that it will be investing significant funds in its app development. This

is due in large to Lean Start-up Methodology being followed, as Legal-link has significant limited its overheads and other expenses.

12.3 Debt/Equity

A further reason that Legal-Link is not initially trading at a loss, like so many start-ups, is because its founder has bootstrapped the operations and taking an interest-free loan from family, which does not need to be repaid in the first five years. This is a considerable asset to the venture and provides Legal-link with sufficient capital without any burdensome loan repayments.

12.4 Net Present Value(NPV)

The financials below further reflect that Legal-link is worthwhile pursuing as it projects a positive Net Present Value("NPV"),which is a sign that the project is financially viable and will not make a loss in the long run (Gallo, 2014).It is evident that Legal-Link is a valuable investment as after five years a gain of R497 609.98 will be made on the original investment.

NPV calculation:

NPV after 3 Years							
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Comments
Initial Investment	R 1 200 000,00						
Net Income		R 65 880,00	R 68 512,00	R 82 739,20	R 105 462,54	R 136 054,39	
Add: Amortisation		R 80 000,00	R 84 444,44	R 86 944,44	R 86 944,44	R 86 944,44	
Less - Wear and Tear		R 80 000,00	R 80 000,00	R 80 000,00	R 80 000,00	R 80 000,00	
Changes in Net Working Capital		R -	R 16 636,44	R 90 998,85	R 124 914,25	R 132 372,32	
Net Cash Flow	-R 1 200 000,00	R 65 880,00	R 89 592,89	R 180 682,49	R 237 321,24	R 275 371,15	
Discounted Rate of Return (20%)	1	0,833333333	0,694444444	0,578703704	0,482253086	0,401877572	Industry rate used - rated as a high risk project due to the nature of the industry and volitality
Cash Flow After Tax	-R 1 200 000,00	R 79 056,00	R 129 013,76	R 312 219,35	R 492 109,33	R 685 211,54	
NPV after 5 Years	*R 497 609,98*						
	IRR	-9%					
	Payback Period	3,71	Years				
	Discounted Payback Period	3,41	Years				

Note 1						
Revenue Calculation	Year 1	Year 2	Year 3	Year 4	Year 5	
Revenue generated from Lawyers	R 275 000,00	R 308 000,00	R 344 960,00	R 386 355,20	R 432 717,82	Based on initial 440 attorneys which will increase by 10% each year as well as an average of R625/firm increasing by 12% each year.

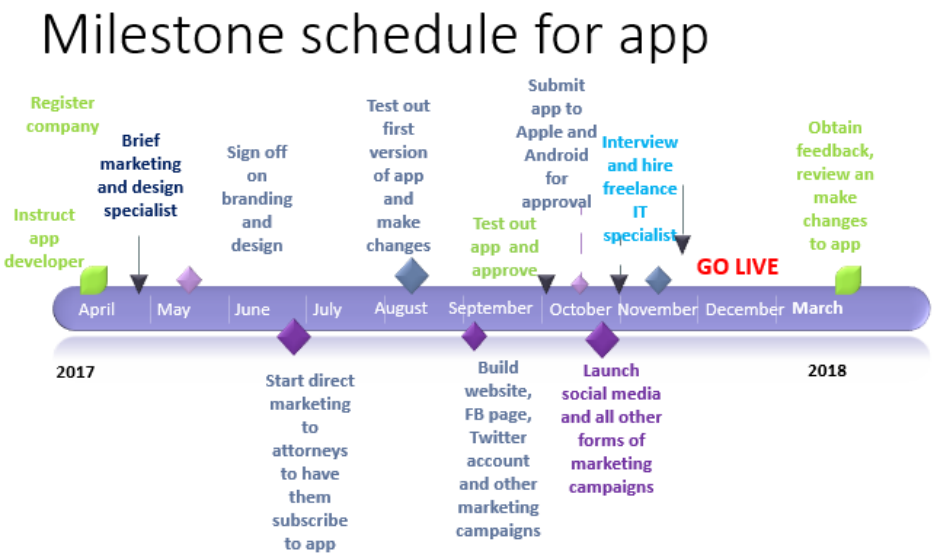
Note 1	
Cost to firms:	
Less than 10	R400
11-30	R550
31 - 40	R700
More than 40	R850
Average fee:	R625

Note 2						
Salary calculation	Year 1	Year 2	Year 3	Year 4	Year 5	
Marketing salary	R -	R 48 000,00	R 52 800,00	R 58 080,00	R 63 888,00	R4000/month with 10% increase (founders sister is forgoing salary for first year)
Freelance IT salary	R 36 000,00	R 39 600,00	R 43 560,00	R 43 561,00	R 43 562,00	R3000/month with 10% increase
Note 3						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Initial development cost	R 800 000,00					
Cost to alter app i.t.o initial consumer feedback		R 40 000,00				There are the most changes to be made to app in Y2 after receiving feedback
cost to slightly alter app i.t.o further consumer feedback			R 20 000,00	R -	R -	Far less changes to be made in year 3 as most issues fixed in Y2
Note 4	Year 1	Year 2	Year 3	Year 4	Year 5	
Initial investment(own funds and interest free loan f	R 1 000 000,00					Family is loaning money interest free and will be discussed after year 3 when and
Further interest free loan from family	R 200 000,00					and how will be repaid depending on profitability of venture

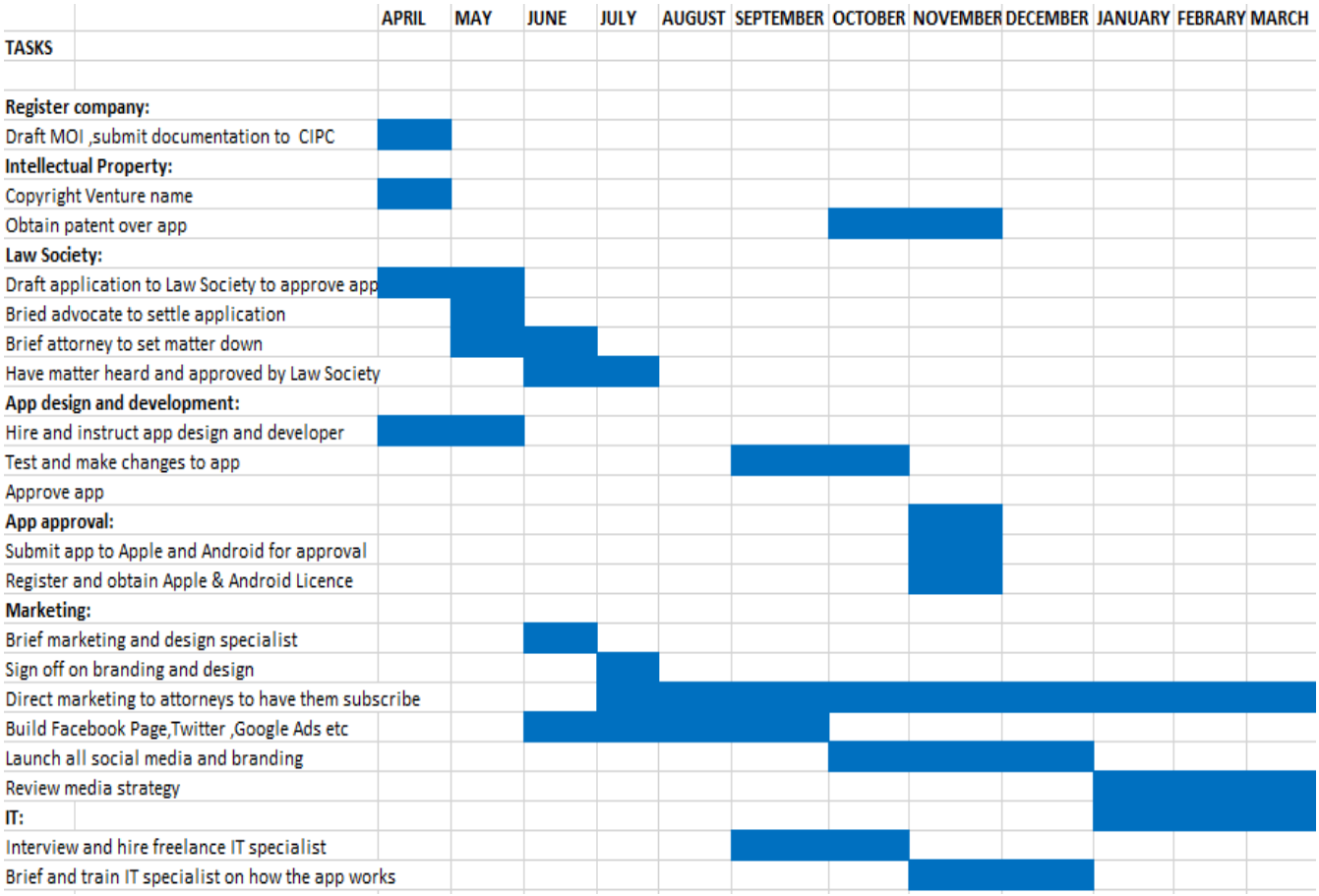
It is evident from the financials that not only will Legal-Link make a profit from its first year of trading, which is very unusual for start-ups, but also it is a worthwhile investment opportunity for outside investors insofar as its founder wishes to sell equity in the future.

13. Milestone schedule

Below please find the milestone schedule setting out the key steps to be taken in Legal-Link's development and launch:



Timeline of Scheduled Events for the Venture



Notwithstanding the fact that Legal-Link wishes to follow a Lean Start-up approach and enter the market as soon as possible, there are numerous, time-consuming steps that need to be taken and requirements complied with and therefore the application is only scheduled to be released in December 2018.

This time period has also been estimated as there are certain operational constraints which cause steps in the design and development process to be dependent on prior steps having been completed successfully. For example, app development is notoriously unpredictable and may take longer than predicted, which can result in delays with the marketing and promotions of the venture as same should only be implemented closer to the actual launch of the venture.

A further constraint is that notwithstanding the fact that app can be completed and usable, it cannot be launched on devices until it has passed Apple and Android's rigorous testing process and this needs to be monitored to ensure the approval process does not delay the launch of the venture.

As Lean Start-up proposes a constant learning process whereby improvements are made based on consumer feedback, it is estimated that Legal-Link will reassess the functions of its application, its marketing strategy, pricing etc during March 2019 and thereafter on a regular basis (Ries, 2011).

15. Conclusion

It is evident that Legal-Link is a viable business opportunity with a high level of interest being forecasted within the marketplace by both consumers and attorneys.

The data collected supports the proposal that there is a gap in the legal field for an innovative and convenient means of connecting individuals and attorneys for the provision of legal services.

Moreover, the financial projections reiterate the view that Legal-link will be a profitable venture and will provide a viable business opportunity for its founder as well as for investment by outside venture capitalists in the future insofar as the founder wishes to take on shareholders.

While there are some critical risks to launching this venture, which will be mitigated by Legal-Link, a sufficient business case has been made to support a positive development and launch of this venture.

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Supplementary Documents

Annexure "A"-MBA Students (Consumer) Questionnaire



Default Question Block

Good day,
My name is Terri Furman and I am a full-time MBA student at Wits Business School.
I am investigating the potential for my proposed business venture, Legal-eze, a mobile legal services application. This application would conveniently connect individuals who need legal assistance with an attorney in their required geographical area, within their stipulated budget and who specialises in their particular type of legal issue.
I wish to investigate (by surveying MBA students) whether consumers would be interested in utilising such an application in order to obtain legal services.
I would like to invite you to participate in my research by completing the attached questionnaire.
The questionnaire is composed of nineteen (19) questions and should take you approximately four(4) minutes to complete.

What will happen if you choose to participate in the research?
There is no risk to you and no harm will come to you if you do participate.
I will ask you below to consent to participating in the research.
Your responses are important and there are no right or wrong answers. It would be appreciated if you answer all the questions. However, you may choose not to answer certain questions and you may stop answering the questionnaire at any stage.

Your responses will be taken to be both confidential and anonymous. In order to ensure your confidentiality and anonymity, you will not be required to give your name at any stage.
Should you struggle to understand any of the questions, please contact me on the details provided below.

The results of the study will be written up in my Business Venture to be submitted to Wits Business School as a requirement for my MBA.
Questionnaires will be kept securely until my Business Venture has been submitted and marked by Wits Business School, whereafter they will be destroyed.

What will happen if you choose not to participate in the research?
Participation in the research is purely voluntary. Nobody will force you to complete the questionnaire.
There will be no penalty or consequence if you do not complete the questionnaire -you have the right to withdraw from the study at any time.
Should you have any queries relating to the research, please feel free to contact me on 072 236 3570 or terri.furman@gmail.com.

Please state below whether you consent to participate in the study.

regards,
Terri Furman

- ◯ I have read and understand the above-mentioned and I consent voluntarily to taking part in this study
- ◯ I have read and understand the above-mentioned and I do not consent to taking part in this study

What is your gender?

- ◯ Male
- ◯ Female
- ◯ Prefer not to say

What is your age?

- ◯ 21-30
- ◯ 31-45
- ◯ 46-60
- ◯ Older than 60

Do you own a smartphone?

- ◯ Yes
- ◯ No

If yes, what model of smartphone?

- ◯ Apple
- ◯ Samsung
- ◯ Other

Do you use your smartphone to download applications?

- ◯ Yes
- ◯ No

Why do you use mobile applications? You may choose more than one answer.

- ☐ Convenient
- ☐ Cost effective
- ☐ Can be used offline
- ☐ Can be accessed anywhere
- ☐ Speed

Do you trust mobile applications to be confidential and safe to use?

- ◯ Yes
- ◯ No

How are you employed?

- ◯ Self Employed
- ◯ Full-time employment
- ◯ Part-time employment
- ◯ Freelancer
- ◯ Full-time student

How much do you earn?

- ◯ less than R 6000 per month
- ◯ More than R 6000 per month
- ◯ I am not earning-I am a full-time MBA student

In your personal or business life, how often do you require the services of an attorney?

- ◯ Never
- ◯ Rarely
- ◯ Often

Do you have an attorney that you trust and have a longstanding relationship with?

- ◯ Yes
- ◯ No

If no, how would you go about finding an attorney if you were faced with a legal issue? You may choose more than one answer.

- ☐ Word of mouth referral
- ☐ Google search
- ☐ LinkedIn search
- ☐ Based on reputation as a successful firm
- ☐ Print advertisement
- ☐ Family recommendation
- ☐ Radio advertisement
- ☐ Facebook search

Would you be interested in being able to conveniently use a mobile application, like Legal-eze, to locate an attorney in your area, who charges within your budget and specialises in your particular type of matter?

- ◯ Yes
- ◯ No

If yes, what types of features would you find the most important for the application? You may choose more than one.

- [ ] User friendly
- [ ] Colourful and attractive
- [ ] Password protected
- [ ] Ratings of attorneys
- [ ] Proof of accreditation and CV of attorneys
- [ ] Link to attorneys websites/Facebook page etc
- [ ] Links to successful cases of available attorneys
- [ ] Ability to see if friends on the app have used the same attorneys
- [ ] Ability to refer others to attorney off app
- [ ] Ability to use offline
- [ ] Low data and memory usage

If no, what would prevent you using this type of application? You may choose more than one reason.

- [ ] Security/privacy reasons
- [ ] Lack of trust in application
- [ ] Concern that it would be complicated and costly
- [ ] Fear that attorneys would not be of a high quality/accredited
- [ ] Cost of using application

Would you be open to downloading a free version of such an application, which would have basic features?

- ◯ Yes
- ◯ No
- ◯ Depends on the features

Would you be open to paying for a premium option of such an application ,which would have more extensive features?

- ◯ Yes
- ◯ No
- ◯ Depends on the features

What would you pay once off for a premium version of such an app?

- ◯ Less than R 30
- ◯ R 31-R 50
- ◯ R 51-R 70
- ◯ R 71- R 90
- ◯ More than R 90

Annexure "B"-Attorney Questionnaire



Default Question Block

Good day,
My name is Terri Furman and I am a full-time MBA student at Wits Business School.
I am investigating the potential for my proposed business venture, Legal-eze, a mobile legal services application. This application would conveniently connect individuals who need legal assistance with an attorney in their required geographical area, within their stipulated budget and who specialises in their particular type of legal issue.
I wish to investigate whether attorneys (particularly in small to medium sized firms) would be interested in utilising such an application in order to increase their client base.
I would like to invite you to participate in my research by completing the attached questionnaire.
The questionnaire is composed of twelve (12) questions and should take you approximately four(4) minutes to complete.

What will happen if you choose to participate in the research?
There is no risk to you and no harm will come to you if you do participate.
I will ask you below to consent to participating in the research.
Your responses are important and there are no right or wrong answers. It would be appreciated if you answer all the questions. However, you may choose not to answer certain questions and you may stop answering the questionnaire at any stage.

Your responses will be taken to be both confidential and anonymous. In order to ensure your confidentiality and anonymity, you will not be required to give your name at any stage.
Should you struggle to understand any of the questions, please contact me on the details provided below.

The results of the study will be written up in my Business Venture to be submitted to Wits Business School as a requirement for my MBA.
Questionnaires will be kept securely until my Business Venture has been submitted and marked by Wits Business School, whereafter they will be destroyed.

What will happen if you choose not to participate in the research?
Participation in the research is purely voluntary. Nobody will force you to complete the questionnaire.
There will be no penalty or consequence if you do not complete the questionnaire -you have the right to withdraw from the study at any time.
Should you have any queries relating to the research, please feel free to contact me on 072 236 3570 or terri.furman@gmail.com.

Please state below whether you consent to participate in the study.

regards,
Terri Furman

- ◯ I have read and understand the above-mentioned and I consent voluntarily to taking part in this study
- ◯ I have read and understand the above-mentioned and I do not consent voluntarily to taking part in this study

Are you a practising attorney?

- ◯ Yes
- ◯ No

What position to do you hold at your firm

- ◯ Junior associate
- ◯ Senior associate
- ◯ Partner
- ◯ Sole proprietor
- ◯ Other

How many attorneys are employed at your firm?

- ○ Less than 10
- ○ 10 -30
- ○ 31 - 40
- ○ More than 40

Do you deal with the acquisition of new clients at your firm?

- ○ Yes
- ○ No

How does your firm attract new clients?
You may choose more than one.

- ☐ Word of mouth
- ☐ Print advertising (e.g De Rebus)
- ☐ Facebook Ads
- ☐ Google Ads
- ☐ LinkedIn Ads
- ☐ Billboard advertising
- ☐ Other (please specify)

Does your firm have any of the following ?You may choose more than one.

- ☐ Website
- ☐ Facebook page
- ☐ LinkedIn Page

Would you/your firm be interested in finding alternative ways to find new clients?

- ○ Yes
- ○ No

Would you/your firm be open to joining a mobile application to assist you with connecting with new clients?

- ○ Yes
- ○ No
- ○ Depends on the features

If yes, what kind of features would you be most interested in the App having?
You can choose more than one.

- ☐ Simple and User friendly
- ☐ Ratings system of attorneys/clients
- ☐ Password protection
- ☐ Customer care contact centre
- ☐ Can be used offline
- ☐ Operates on all smartphones
- ☐ Colourful and interesting

If no,what reasons would prevent you from being interested in the application?
You may choose more than one option.

- [ ] Privacy/Security issues
- [ ] Risk of infringing touting regulations
- [ ] App may be difficult and time consuming to operate
- [ ] App may be unreliable
- [ ] Subscription may be too expensive
- [ ] Unfamiliar concept
- [ ] Uses too much data and memory

Would you/your firm be open to paying a monthly subscription fee to utilise such an application?

- ◯ Yes
- ◯ No
- ◯ Depends on the features

If yes, how much would you/your firm be prepared to pay monthly?

- ◯ R 50-R 100
- ◯ R 101-R 300
- ◯ R 301-R 600
- ◯ More than R 600
- ◯ Depends on the features

Annexure “C”-Logo and Design of App



Annexure "D"- Legal opinion by Advocate Doron Block

***EX PARTE*: TERRI FURMAN** ("*My consultant*")

In Re: Proposed Intermediary Legal Services Application ("*the application*")

OPINION

INTRODUCTION

1. I have been briefed by my instructing attorney to provide an opinion as to whether or not my consultant's proposed legal serveries application would violate any of the existing or future ethical rules of the attorney's profession pertaining to touting and advertising.

2. My consultant's application is intended to connect users and attorneys and my consultant will not be privy to the details concerning the user's legal matters (save for the area of law in which the user requires assistance) nor will my consultant be professionally involved in any of the user's legal matters. The application is intended to operate merely as an intermediary between the user and attorneys.

3. In this regard I have been instructed that the proposed legal services application (which is still in a draft stage) is intended to function as follows:

3.1 the application will operate as a service to connect individuals with attorneys;

3.2 the application is intended to contain the details about the attorneys, links to their websites, their curriculum vitae and reported judgments (if any). The application will however contain the user's personal details, which it will keep strictly confidential. These details will not be shared with any parties (save for the attorney with which the user is being matched with);

3.3 the attorney will not advertise its services as these details will only become available to the user if they fit the specifications that the user requires. Save as stated this information is not available on the application;

3.4 a user will insert the geographical area, area of law in which they need assistance as well as their hourly fee budget that they can afford to pay;

3.5 the application will then provide the user with several options of attorneys that best match these specifications;

3.6 the user may then chose an attorney;

3.7 once the user has matched with the attorney the application will provide the user with the attorney's details so that the user may contact the attorney in this regard (I have also been asked to consider whether the attorney may contact the matched user in this regard);

3.8 users can in turn provide the attorney with a rating which will be made available to other users of the application;

3.9 the user will not be required to pay my consultant to use the application. Rather the application will generate revenue by charging the attorneys subscribed to it a monthly membership fee. Such a fee is intended to operate on a month to month basis and can be cancelled by the attorney at any time.

4. In considering the viability of the application the following are considered below :

4.1 the Rules for the Attorneys' Profession relating to touting which currently regulate the Attorneys' profession;

4.2 the code of conduct under the Legal Practice Act 28 of 2014 ("*the LPA*") relating to touting which although having been gazette are not yet in force;

4.3 those specific questions which are raised by my instructing attorney in paragraph 4 of his letter of instruction.

THE RULES FOR THE ATTORNEYS' PROFESSION

5. Section 119 of the LPA specifically repeals the Attorneys Act 53 of 1979 ("*the Attorneys Act*") in its entirety. This provision and the repeal of the Attorneys Act will take effect on a date to be proclaimed by the President of the Republic of South Africa in the Government Gazette.

6. To date such a proclamation has not been made and the Attorneys Act still regulates the Attorneys' profession.

7. Currently the ethical conduct of the Attorneys' Profession is governed by the Rules for the Attorneys' Profession which repealed and consolidated the various professional rules of the provincial law societies into a single ethical code. These rules were originally gazetted on 26 February 2016[1] and came into force on 1 March 2016 ("*the Rules*").

8. Touting[2] is dealt with in Part VI of the Rules and is specifically dealt with in rules 43.1 to 43.3.

9. These rules provide:

> *"43.1 A member shall not, directly or indirectly, enter into any express or tacit agreement, arrangement or scheme of operation or any partnership (express, tacit or implied), the result or potential result whereof is to secure for the practitioner the benefit of professional work, solicited by a person who is not a practitioner, for reward, whether in money or in kind; but this prohibition shall not in any way limit bona fide and proper marketing activities by full time employees of the member.*
>
> *"43.2 A member shall furnish the Council with an affidavit, within seven days of request therefor, explaining the presence and function or position of an*

[1] Government Gazette 39740 of 26 February 2016

[2] The title of touting in respect of rules mentioned herein applies to the LSNP (The Law Society of the Northern Provinces,) KZNLS (The KwaZulu-Natal Law Society) and the FSLS (The Law Society of the Free State).

> *employee and manner or form of remuneration earned by such employee, or containing similar information relating to person who is not a practitioner who is apparently associated with the member's practice or who is continuously or repeatedly in, at or about the member's office*
>
> *43.3 A member may not hold himself or herself out as practising as a practitioner while in the employ of a person who is not a practitioner, save with the prior written consent of the Council."*
>
> (Emphasis Added)

10. Although not directly applicable to the issues under consideration, my consultant must be alerted to rule 42 of the rules which provides for the advertising of specialisations and states that "*Members may, on the basis of specialised qualifications or experience, advertise or hold themselves out as being specialists or as offering specialist services, provided that if a member claims specialisation or expertise in any branch of the law…*". The council may however require proof of such specialization by the attorney.

11. Manifestly the application does not contravene rules 43.2 and 43.3.

12. In relation to rule 43.1 it must be stressed that my consultant's application will not be securing professional work for my consultant but will rather operate as an intermediary between the user and those attorney which subscribe to the application. Importantly my consultant will not be arranging to secure work or potential work for any specific attorney.

13. Furthermore my consultant cannot be said to be soliciting any work for a specific attorney. If the attorney that is selected by the user is not charged an additional

amount by my consultant after the selection (and is limited to paying the subscription fee only) the use of the application will not amount to touting.

14. My consultant's application must at all times form part of "*bona fide and proper marketing activities*" and any attorney who subscribes to the service cannot be said to be touting in this regard.

15. The application accordingly does not contravene rule 43.1 of the Rules and does not amount to touting under the prevailing ethical rules of the attorneys' profession.

16. My instructing attorney however raises an issue in paragraph 4.4 of his letter of instruction and ask in this regard:

> "*Insofar as our client chooses not to charge a membership fee but to rather work on a contingency basis and charge a percentage of the fees billed by the attorneys from the clients they find on the app, would this be allowed in terms of the relevant legislation / regulations?*

17. In light of rule 4.1 which prohibits a person from soliciting work who is not a practitioner (an attorney), I recommend that client does not charge any contingency or percentage fee billed by the attorney as this conduct may be viewed as touting in terms of this rule. A flat membership fee should be charged to all attorneys irrespective if the client's application results in work being generated for the attorney or not.

18. The implementation of a fee arrangement on a contingency basis, despite being non-litigious in nature, will also contravene the provisions of the Contingency Fess Act 66 of 1997 ("*the Contingency Fees Act*")[3]. Such a fee arrangement must be avoided at all costs.

19. In particular my consultant will likely be unable to practically comply with the formalities imposed by the Contingency Fees Act in this regard.

20. It is accordingly submitted that the application does not contravene the Rules and that any attorney who signs up to the application will not be guilty of touting.

21. My consultant should however be aware that the Law Society of the Northern Provinces may require her to file an affidavit regarding the application (in terms of rule 43.2).

22. I also strongly recommend that the approval of the Law Society of South Africa and/or the Law Society of the Northern Provinces is sought before implementing the application. Such approval could be recorded in the application so as to reassure attorneys that signing up to the application does not contravene the professional and ethical rules of the profession.

THE CODE OF CONDUCT UNDER THE LPA

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[3] **Nash and Another** v **Mostert and Others** 2017 (4) SA 80 (GP)

23. The Code of Conduct has been gazette in terms of section 97 (1)(b) of the LPA and despite having been published in the Government Gazette[4] will only come into effect on the commencement date of the LPA.

24. The Code of Conduct is intended to apply to all legal practitioners (attorneys and advocates) as well as all candidate legal practitioners and juristic entities ("*the Code*").

25. In terms of rule 12.19 of the code, an attorney will be regarded as being guilty of touting for professional work:

> *"12.19 …if he or she either personally or through the agency of another, procures or seeks to procure, or solicits for, professional work in an improper or unprofessional manner or by unfair or unethical means, all of which for purposes of this rule will include, but not be limited to –*
>
> > *12.19.1 the payment of money, or the offering of any financial reward or other inducement of any kind whatsoever, directly or indirectly, to any person in return for the referral of professional work; or*
> >
> > *12.19.2 directly or indirectly participating in an arrangement or scheme of operation resulting in, or calculated to result in, the attorney's securing professional work solicited by a third party…".*

26. In rule 12.19 "*professional work*" in addition to work which may by law or regulation promulgated under any law be performed only by an attorney, means such other work as is properly or commonly performed by or associated with the practice of an attorney.

[4] Government Gazette 40610 of 10 February 2017

27. It is submitted that by subscribing to my consultant's application such an attorney is not procuring or seeking to procure professional work in an improper or unprofessional manner or by unfair or unethical means. The application in this regard:

27.1 hosts a variety of different attorneys and it will be the user who will be selecting the attorney and not the attorney who will be selecting the user;

27.2 there is nothing "*improper*", "*unprofessional*", "*unfair*" or "*unethical*" for attorneys to advertise their services as long as it is within the ambit of the rules and code;

27.3 if all attorneys are treated equally by my consultant's application (for example the same criteria is applied) then there will be no breach of this ambit of the code.

28. My Consultant ought to have regard to rule 5 of the code as to advertising of specialisations of attorneys' practices and the conferment of senior attorney status.

29. My consultant ought to similarly seek a professional ruling for the Legal Practice Council (or the applicable statutory body) for the approval of the application.

SPECIFIC QUERIES RAISED BY MY INSTRUCTING ATTORNEY

30. These questions have largely been dealt with above but will be repeated below.

31. AD Paragraph 4.1

31.1 This is highly unlikely but a formal professional ruling ought to be sough before implementing the application. My Consultant is referred to the body of this opinion in this regard.

32. AD Paragraph 4.2

32.1 This seems likely but attorneys should not actively contact the user. The attorneys must utilize the application as a marketing forum whereby the user decides which attorney to choose.

33. AD Paragraph 4.3

33.1 This seems likely. Attorneys are permitted to advertise as long as such advertisement complies with rule 43.1 and are conducted as *bona fide* and proper marketing activities by full time employees of the attorney.

34. AD Paragraph 4.4

34.1 This cannot occur. Any differential treatment by may be perceived as touting. Such a fee agreement will in all likelihood be contrary to public policy.

34.2 My Consultant is referred to the body of this opinion in this regard.

35. AD Paragraph 4.5

35.1 It is believed that it will likely amount to touting for an attorney to contact the user once a match has been made.

35.2 It ought at all times be up to the user as to whether or not he wishes to make use of the attorney which he has selected.

CONCLUSION

36. In the premises the use of the application does not contravene the applicable ethical rules. My consultant should however ensure that at all times that the user is responsible for selecting and contacting the attorney and that the application remains a *bona fide* marking application to attorneys.

37. My consultant should however obtain the formal permission and/or ruling from the applicable statutory body before implementing the application. It would seem the earlier this permission is obtained the more clarity there will be going forwards.

38. New permission and/or a new professional ruling also ought to be sought when the LPA and its statutory bodies come into existence.

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