

# SOME MID-SIZED PORTUGUESE FIRMS MAY NEED TO MERGE TO STAY COMPETITIVE

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

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

adds that he also expects some “demergers” involving law firms, though he doubts that these will “change the game” from a legal market perspective.

There has been considerable foreign direct investment in Portugal, particularly in the real estate sector where there have been a lot of new developments, not only in Lisbon, but also in other cities in Portugal, says Cruz. “This has definitely been a boost for the economy,” he adds. In addition, Cruz says there has been an increase in M&A deals, as well as a surge in arbitration.

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