



Image credit: Babatunde Ibidapo Obe

Case Study: LAWPADI

*Experimenting with Business Models to Provide
Legal Services to Nigerians at Scale*

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Richard, a security guard in Lagos, had a family of three to feed. Despite working for a month straight, he never received his paycheck. When he contacted his employer, they told him a mistake had been made. Their accountant had accidentally issued his paycheck to another employee who had left the company. The company apologized, but said there was nothing they could do. They couldn't afford to pay two salaries that month.

Frustrated and desperate, Richard turned to the internet and started searching for options for legal redress. He had done nothing wrong, but he needed his paycheck and could not afford a lawyer. Instead he found a service called Lawpadi where he could type in his questions and get answers.

Lawpadi gave Richard instructions on how to write a letter to his company protesting the missed wages. When that still didn't work, Lawpadi sent Richard a letter from a lawyer that he could present to his employer. Upon seeing the letter, the company backed down and paid the missed wages. Richard was overjoyed. His sense of justice was restored.

This is Tunde Ibidapo-Obe's dream.

Four years ago, Tunde founded Lawpadi. A Nigerian lawyer by training, he often had friends and acquaintances asking him legal questions and seeking legal advice. While living briefly in the UK, Tunde learned about services like LegalZoom that provided affordable, online legal services to people to resolve common issues. Tunde was convinced that a similar platform would be a breakthrough for Nigerians. He knew that there were millions of people like Richard who needed help resolving small claims, navigating issues like divorce, or registering a business but who often couldn't afford a lawyer in these circumstances. Tunde was determined to help. How could he develop a business model to fund this work at scale and help more people like Richard? He knew this wouldn't be easy.



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Developing an Online Platform for Legal Services

Tunde wanted to build an online platform, but was clear-eyed about the challenges this would pose. He had previous experience as an entrepreneur, having founded another tech company to provide legal document automation to Nigerian law firms. People had been enthusiastic about this idea. Tunde raised investor funding and sunk some of his own cash into the business. He hired a developer and they built out a platform. But when he went to sell it to law firms, no one paid. The company lost a lot of money and eventually closed.

So Tunde knew that--with this new business venture--he would have to do things differently. In July, 2015 he launched a very simple website, Lawpadi, to provide basic legal information to Nigerians. "People would come on the website and just ask questions and myself or another member of the team would come on the website and respond within 48 hours," Tunde explains, "We were building up the content around the questions people asked." It was a simple site hosted on Wordpress.

Within a few months, Tunde and his team started to see that people were asking many of the same types of questions so he began writing articles specifically on those themes. He focused on making the articles approachable and

conversational in tone, while providing high quality information. Many people began reading the articles, but Tunde knew from his past experience that he had to find a way to monetize the site in order to keep it going.

The First Business Model Experiment: Referrals to Legal Services

As he tried to develop a funding model, Tunde began by thinking about his potential customers. He hypothesized that two primary kinds of people were visiting Lawpadi:

- *People who could find a relevant article on Lawpadi to address their legal issue and have their problem solved by reading that article.*
- *People who come on the platform and could not find their problem solved by an article alone. They would require a lawyer.*

Tunde believed that he could build monetizable services around this second type of customer. He imagined Lawpadi could have a vetted panel of lawyers that they could refer customers to and charge a commission fee in exchange. They could lessen the administrative burden on the lawyers and accordingly make the legal services more affordable than what traditional legal firms charged.

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He built out a referral engine where people could specify the level of experience of the lawyer they wanted to consult and how much time they wanted to spend. In this way, Lawpadi could help match customers with pre-packaged types of legal services.

However, after about 6 months into piloting this referral strategy, Tunde began to realize it wasn't working. By the end of 2015, Lawpadi had 10,000 visitors to the site. By 2016, they had 60,000 users. Demand was growing exponentially, but the money wasn't coming in.

Tunde realized that a lot of people simply weren't comfortable getting referred to legal services on the internet. It felt too new. "There is a lot of mistrust about online things in Nigeria," Tunde explains. Additionally, many people were visiting the site just to seek information and had no intention of ever hiring a lawyer. "They just wanted a free service entirely," he says, "So they would get a high quality answer to a question and would get to the point where they needed a lawyer and then they would walk away and say, 'No, I can't pay.'"

When Tunde also began to run into regulatory hurdles involved with referring Nigerians to legal services, he decided to adjust his strategy, doubling down on creating the articles and content he knew his audience was hungrily reading.

He put out more than 600 articles on different areas of Nigerian law. Then he also began to realize it would be legal and profitable to refer the people who came to the platform for commercial reasons to business services. For example, Lawpadi could offer people who came to the site looking for articles on registering a business or a trademark a fixed package of business services and people would pay for these. "We charge far less than if they were to get these services from a traditional law firm. Thankfully, these services are not restricted to only lawyers, in order to be able to offer these services, businesses need to register with the respective government agencies for accreditation, and that's what we did and we began to generate income. It's not a lot, but it's a starting point," Tunde says.

The Second Business Model Experiment: Chatbots

In 2016, Tunde started to realize that articles on niche topics on his site were gaining a lot of traffic. Around this time, his interests were also being piqued by discussions of AI and chatbots and he saw potential applications in the legal field. He knew that providing 1:1 consultations with lawyers was not proving viable from a business perspective, but he thought he could do this much more affordably if he could use chatbots to answer common queries.

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“We realized that there were specific legal verticals that would be amenable to automated solutions. So, on the first of July in 2016, we launched our first chatbot. We called it Ada which means Automated Divorce Advisor, but is also a play on words as it is a popular female Nigerian name ,” he explains, “Ada is an automated legal advisor focused specifically on helping Nigerians navigate the issue of divorce.”

“We were seeing that many people who submitted questions to Lawpadi were telling us they were in very bad or abusive marriages, and didn’t know how to get out of them. They couldn’t speak to friends and family about divorce because the advice they would get would just be: ‘Stick it out,’ or ‘We don’t get divorced in this family.’ Because you couldn’t get information on divorce we started to see that there were a lot of rumors surrounding it. Some people thought it would cost you millions of Naira or take 6 years in court. At one point, our articles about divorce were generating about 40% of our traffic. So we thought this was a big issue we could solve,” Tunde says.

To address the challenges his audience was facing, Tunde and his team dug into deeply understanding the problem and then developing targeted ways to address it using technology. “Essentially to be eligible to get a divorce in Nigeria, it’s almost like a tick box exercise. If you meet certain criteria and can prove that, then you can approach the courts and get a divorce. So we created a chatbot that would ask the person a number of questions and then, at the end of the conversations, she would be able to determine if the user was eligible for a divorce and then send you a link to a lawyer. There was no forced function to hire a lawyer. Essentially Ada’s job was just to see if you had the grounds to file for divorce in Nigeria.”

Importantly, Lawpadi did not invest in building its own chatbot platform. The first iteration of Ada relied on a mix of out-of-the-box third party tools like WordPress, Zapier, MotionAI and ChatFuel to power its services. Tunde intentionally kept the model very lean and low cost.

With the chatbot answering many of the queries related to divorce questions, his team suddenly had to spend less time manually responding to user questions and could focus on other things. They started to look at other verticals or niche topics they could address and realized that there were many problems of this nature to tackle in Nigeria.

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However, even with some funding coming in through the business services, they were running out of money. They received a needed infusion of cash from a grant from the Hague Institute for Innovation Law and decided to forge ahead. But Tunde knew he was going to need to keep testing out new business model strategies to make this work sustainable.

The Third Business Model Experiment: Combining Chatbots and Legal Services

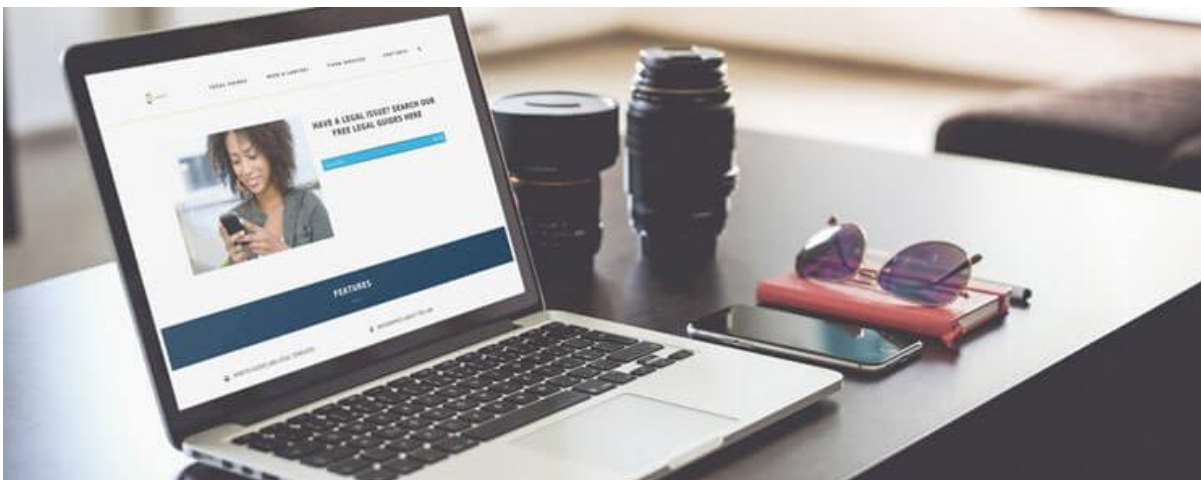
By the end of 2018, Lawpadi had 300,000 users. He was sitting on a great deal of data about his audience and their legal problems.

Tunde had built this user base by getting really smart about Search Engine Optimization and content marketing. For example if you search “how to make a law in Nigeria” in Google, a Lawpadi article will be one of the top search results.

Tunde’s marketing skills meant that he was driving many users curious about legal matters or facing legal problems of their own to the site. He estimated that about a third of Lawpadi’s users come seeking answers to personal or family matters like divorce. Another 30-40% were coming with business queries related to things like trademarks, intellectual property, and business licenses.

The final group of users were people generally interested in legal and governance matters like corruption, elections, how laws are passed, and other civic issues. 60% of users were between the ages of 18 and 35 and 48% were women.

“Using all of our data, we started to look at other verticals where we could develop chatbots,” he explains, “At this time, all we were doing was looking at data. We were looking at the articles people were interacting with and seeing where people faced the most problems.”



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Eventually, they noticed a few prominent themes:

Unpaid salaries and employment issues: “We started to see there are a lot of problems around unpaid salaries. A lot of small businesses in Nigeria would hire people and not pay them.” Lawpadi set up a form where people could sign up in advance for services related to missed salaries. 1,500 people quickly signed up.

Tenancy: “There’s a lot of issues around tenancy, people being unfairly evicted, harassed by their landlords,” Tunde also found.

Small claims: Lawpadi also sees many questions submitted related to civil disputes and involving small amounts of money

Using this data-driven approach, Tunde and his team determined the most in-demand areas for legal advice. Now, their plan is to create automated solutions to help people address these problems at scale.

They recently launched a new chatbot called BINTA which stands for Business In Nigeria Technology Advisor. It answers questions about things like registering a company, securing IP, and tax law. This chatbot, unlike Ada, will be able to directly refer people to paid services because, as previously explained, referrals to business services are legal under Nigerian law.

Eventually, Tunde hopes to generate enough revenue from this vertical so that it can fund the development of other chatbots that will answer critical legal questions for Nigerians, but might be less easy to monetize.

“Once BINTA gets in a position where she can support the rest of the chatbots, then we can start to roll out more,” Tunde explains, “That’s the goal. We started with essentially an interface where we just help answer people’s questions in 2015 and we’re moving to a more data-driven, automated process where we can help people at scale to deal with their legal issues.”

Next, they plan to launch SADE (Small Claims and Debt Recovery Expert). “She’s going to be able to help people file small claims,” Tunde explains. “Recently in Lagos the law was changed so that if someone is in debt less than about \$15K USD, they don’t need a lawyer. They can go to court themselves and get their money back. SADE’s job will be to help them craft the documentation and hold their hand while they are going to court (e.g. providing information on the documents they need to bring, the office they need to go to, etc). If they still feel they need some extra assistance, we could then refer a lawyer or a trained paralegal who could go with them. We are trying to move away from the position where our chatbots are just giving information to actually helping people solve problems.”

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Ongoing Experimentation

Over the last four years, Tunde has tested out numerous strategies to monetize online legal services. He's still in the middle the learning process, but here are some of the ideas he's tried and the lessons he's learned:

- **Pre-packaged legal consultations:** “In the early days, we tried to package legal consultations. We still have that service on the platform where you can essentially buy a consultation with a lawyer and then the pricing is automated. We learned that it was help to automate the pricing in terms of variables like type of consultation (phone, email, in-person) and level of experience of the lawyer (0-3 years, 3-5 years, 5+ years, etc). However, we found that few people pay for it so it is not enough for it to be a sustainable business.”
- **Referrals to lawyers and partnerships with law firms:** Lawpadi is continuing to pursue partnerships with law firms interested in using Lawpadi as a source of referrals while ensuring they do not infringe on the Rules of Professional Conduct of lawyers on things like fee-splitting.
- **Ad sales:** Lawpadi considered selling ads on their platform, but Tunde believes their audience is still too small to interest most companies that buy online advertising.

Lessons for Other Legal Empowerment Organizations on Business Model Iteration

Tunde is still in the process of pursuing a sustainable business model to fund Lawpadi for the long-term. He currently finances the organization through limited grant funding and personal funds. However, he has experimented with a wide variety of business models in the legal services sector and learned a lot along the way. Here is his advice for other entrepreneurs looking to build social enterprise models in the legal field:

Start with passion, especially if you are working in a developing market: “Especially in developing countries where the legal services sector isn't very advanced or developed, you need to have a foundational sense of passion for this work. Creating a business model that works is a very uphill task. You're going to have to grind at it. Don't do it to get on the cover of a magazine or for the flash or the money. If you get into this business for monetary or recognition reasons, you'll be disappointed. Money won't come into the online legal services sector for a while. In the meantime, you need to have an underlying sense of passion for the work, for helping people, and for experimenting with the business models.”

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Understand what the pain points of your specific users: A lot of people try to import business models that work well in other countries, particularly from places like the US and the UK. This was the mistake I made initially. When trying to set up a legal services initiative in Nigeria, I was thinking about what worked for LegalZoom, Avvo or MarketLawyer. But you can't import those business models into your own country.

Have a problem-centric approach to your business model. “Work from the problem. Don't come from an established solution that works in another country. See what the problems are and then test and see what people are willing to pay for. We use data to understand the scale of legal problems that people are trying to solve. However, we've recognized that people affected by the issues themselves might not be the ones who pay. It might need to be a third party that pays for it. You have to think outside the box: Is there someone who is willing to pay for this problem to be solved even if it isn't the person facing the problem? But start by finding the biggest problems.”

Try to create something that is scalable, but don't go to automation first. “Obviously when you start you want to be able to have a grasp of the problem as much as possible. Don't go to automation first. Try and get your hands dirty. Speak to the people. We've gotten this far because when there were

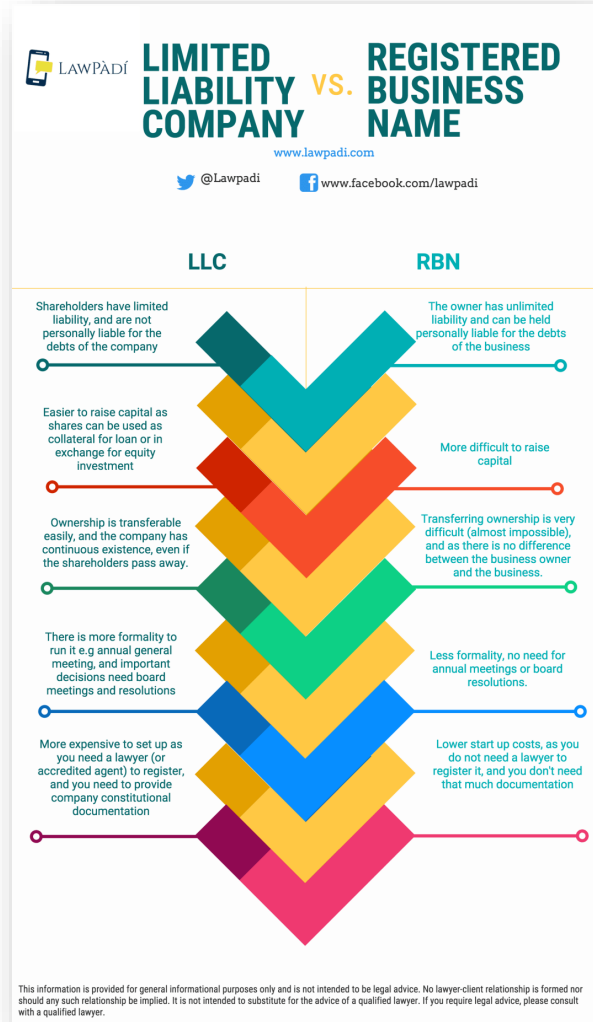
only 100 users, we would speak to all of them individually. Try to understand them and deeply understand the problem. Then only go to automation when you have a potential solution and want to scale that.”

For platform companies, low price points can still work if you can establish trust with your users. “Don't be afraid about pricing models that are very cheap. Some people think it's not worth it to just charge people a dollar or two for a service. They think they'll never earn enough to support their work. But don't start by calculating the overall profit you want to make from your work. Instead, start from the costs you'll incur for those services. If you can make the costs of your inputs less than the prices you charge, you'll still make a profit. Ultimately what keeps platforms going, especially in developing countries, is trust. You'll build trust if you are able to solve real problems for people. That is how you validate your platform or your service: by people actually using it and trusting you. That's how you'll grow. So try to build trust by not focusing on the bottom line first, but instead by building a service that people like. Then they'll be able to speak for your product, and the demand will organically grow.”

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Questions to Consider

- In your own words, describe the series of business models that Lawpadi has tested. What were the most significant lessons from each model?
- What strategies is Lawpadi employing to learn about their customers? How is Tunde applying his own advice to build a “problem-centric” business model?
- Based on what you’ve read, what revenue strategies seem most promising for Lawpadi? What would you do next if you were Tunde?
- What lessons from Lawpadi can you apply to your own work?



Sample Lawpadi content marketing

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