

## COMPETITION WHERE? ALSPs ARE BAKED INTO LAW FIRMS' NEW OFFERINGS

On the surface, more law firms offering advanced data analysis and consulting services are invading the alternative legal service provider (ALSP) market. However, firms are powering these endeavors with ALSPs' technology and resources.

BY VICTORIA HUDGINS

More law firms are blurring the distinction between firms and alternative legal service providers (ALSPs) as they adopt cross-disciplinary tech/consultancy services unique to the ALSP market. But stiffer competition won't wipe out ALSPs' place in the market, as many firms rely on vendors to power their technology and resources.

Allen & Overy, Baker McKenzie, Reed Smith and Hogan Lovells are some of the law firms adding flexible staffing, advanced data analytics and other services similar to vendors. Elevate vice president of innovation Pratik Patel said it's a recent change from precedent.

"Maybe five or seven years ago general counsel would



have to put us **together** for a matter," said Patel. "Now we are seeing alternative legal services are part of the law firm model. If you look at the trend more and more, firms are trying to create the law company in itself."

Add Mintz, Levin, Cohn, Ferris, Glovsky and Popeo to the list of firms providing

advanced data analytics when it launched its e-data consulting group last week. To be sure, Mintz Levin previously provided e-discovery services for litigation and clients' investigation, noted e-data consulting group managing director John Koss. However, the ongoing explosion of client data made leveraging data analysis

for clients' non-litigation matters appealing, Koss said.

"We had a pretty robust e-discovery space, but part of this metamorphosis is to invest more into that group and start to think of the ways of using technology for litigation and apply it more broadly," Koss explained.

While Mintz Levin has and will partner with a vendor when appropriate, the firm found value in performing more client work in-house, Koss noted.

"It's an instantaneous conversation, our group gets on the line, we offer solutions, the lawyers hear it at the same time as the clients and makes—I think—more efficient choices because we aren't bogged down with bringing in other players."

However, ALSPs aren't completely out of the equation when law firms launch new service offerings. "We're using off the shelf, very sophisticated software, [and] we're investing in the people to modify or enhance it with proprietary processes to the use cases we see with clients," Koss noted.

Along with powering their tech services, firms leverage ALSPs' as-needed staffers, Patel noted. "The ability to have some form of flexible resourcing capabilities in these alternative models is critical. I think law firms struggle with holding fixed cost," he said.

As more firms expand their services, there will be challenges for a new **breed** of professionals entering the private law firm. "They [law firms] typically don't have expertise in data analysis or understanding data and how to use it," said Eric Wood, a Chapman and Cutler practice innovations and technology partner. "I think it's been a challenge for firms to figure out who the professionals are." Plus, law firms need to calculate how to price the services, he added.

Also critical is obtaining and broadcasting firm leadership championing the new process that undermines law firms' historical **billable hour model**, Patel noted.

"In these alternative models, it's really important that

the firms and partners are incentivized in the right way to deliver it that way," Patel said. "You think if the customer asks for it that's enough incentive, but in some cases it's not."

Undoing lawyers' instinct to gravitate toward the billable hour, and recruiting and retaining new nonlawyer professionals, comes with speed bumps, but providing the new resources will be a welcome surprise to corporate clients, Patel said.

"Law firms being public about their capabilities is beneficial," he said. "It's an assumption law firms don't do that. The ones that are taking advantage of being loud in the market about their capabilities, even if it's not perfect, they're getting the phone calls because the customers know they're doing something different."

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