LESS COST, MORE VALUE: CASE STUDIES ILLUSTRATING THE USE OF TECHNOLOGY AND ALTERNATIVE BILLING METHODS

Introduction

Law Firms and non-law firm businesses are using technology and alternative billing methods to change the way attorneys practice law. Attorneys today have greater options and flexibility regarding how and when they will practice law. In this article I review the structure of four businesses ventures and discuss how they use technology and alternative billing methods to provide legal services. The reviewed law firms are Clearsrip, Rimon Law Group, Inc., and Burton Law LLC. The non-law firm businesses are Axiom and Clearsrip Service Company LLC.

Law practices management can use these case studies to consider whether it would like to adjust the firm’s practice model to mirror attributes of the law firms or businesses to better service clients and to provide flexible working arrangements for its attorneys. Attorneys can review the types of options available to them and consider the option best fit for their particular career and personal goals.

Axiom

Although Axiom is not a law firm, it is a major player in the changing landscape of the legal profession. Its two founders, attorney Mark Harris and Stanford MBA Alec Guettel, started Axiom in 2000 after raising $5.5 million from venture capitalists. Prior to starting Axiom, Mark Harris had clerked at the Ninth Circuit Court of Appeals and worked for New York corporate law firm Davis, Polk & Wardwell.

Axiom’s primary clients are in-house legal departments at fortune 100 companies.

Their public relations sheet boasts, “Axiom works with over 200 of the nation’s best companies including nearly half of the Fortune 100…and 9 of the world’s 10 largest investment banks.”

Detractors have referred to Axiom as just another large, over-hyped temp agency, not a technology-savvy trendsetter in the legal marketplace. This perspective was countered by Henry Jones, Axiom’s General Manager for the West Coast. Jones explained that...
Axiom functions more as a consulting company than a law firm or temp firm. It conducts audits of the in-house legal department’s needs, and then designs solutions to meet them. The solutions can include a customized team of lawyers with the expertise and price point needed by the general counsel. They can also include services provided by one of Axiom’s four delivery centers, which are staffed by attorneys, paralegals, negotiators, and other non-attorney staff. The delivery centers perform services including document review, discovery, and mergers and acquisition negotiation. Axiom’s marketing focuses on performing legal work efficiently through this segmentation of legal services.

The company has more than 900 employees, the majority of whom are attorneys classified as employees, receive benefits, are covered by malpractice insurance, and have access to Axiom’s professional development resources. There are also attorneys who work for the delivery centers who are classified as contract attorneys, or independent contractors.

Axiom has eleven regional offices and four delivery centers globally. The three offices in California are located in Santa Monica, San Francisco, and one recently opened in Orange County. Their attorneys do not perform legal work at the regional offices, but work on-site with their clients, at a delivery center, or remotely via home office. Because the attorneys use technology to work remotely from home offices, Axiom saves money by leasing less office space and can pass the cost savings on to the client.

Clients are rarely billed by the hour, but rather alternative billing practices such as a weekly or project structure. Henry Jones explains that most law firms have an input pricing, where the price is set by the hourly or flat-fee work that goes into the project. Axiom’s clients prefer an output pricing model, where the price is determined based upon the value added, the output of the work performed.

Axiom recruits its attorney selectively. Generally only one attorney is accepted from every fifty applicants. Sixty percent of the Axiom attorneys have worked in AmLaw 100 law firms and fifty-two percent of Axiom’s attorneys have worked in-house and in a law firm. This is important because the attorneys on staff understand the needs and culture of the in-house legal department. The average Axiom attorney has seventeen years of experience.

Self-determination is an important part of the Axiom culture, and attorneys are not required to work full-time with Axiom’s clients. Some of the attorneys are working on other business ventures or writing books. The majority of them do choose to work a full-time schedule.

Clearspire

Clearspire is made up of two entities, Clearspire Law Company, PLLC (Clearspire Law) and Clearspire Service Company, LLC (Clearspire Service). The two companies were founded by non-attorney entrepreneur Bryce Arrowood and attorney Mark Cohen.

Similar to Axiom, Clearspire’s main clients are in-house legal departments. Although formed much more recently than Axiom, and currently much smaller, Clearspire is showing itself to be very strategic in positioning to gain market share. On its website, Clearspire has posted more than a handful of whitepapers addressing the market demands of in-house legal departments and how Clearspire is structured to meet those demands.

For those who follow key developments in law firm practice management, it is not a secret that in 2008 the Association of Corporate Counsel (ACC) launched a major initiative called the ACC Value Challenge. It challenged outside counsel’s continued focus on the billable hour and the provided specific recommendations for how law firms can provide better value to in-house counsel. The ACC’s recommendations include using alternative billing models, staffing projects appropriately, providing
Business Model Case Studies

transparency, and tracking matters against benchmarks and projections.

Clearspire and Axiom use similar language in the marketing material to explain how the general counsel’s needs will be assessed, budgets built, and performance metrics analyzed in the delivery of legal services. Clearspire hired Fred Krebs in September 2011, past President of the ACC, as Strategic Corporate Counsel Advisor. Mr. Krebs states, “I am delighted to join Clearspire, especially given that the business model was inspired by the ACC Value Challenge, which I strongly supported while at the ACC. The model addresses many of the concerns highlighted in the Value Challenge and I look forward to working with Bryce and his team to demonstrate the value of their approach to corporate counsel.”

In that effort, Clearspire has developed proprietary technology designed to promote attorney collaboration. They created a virtual law firm platform, where the attorneys can walk down the hallway to discuss matters with fellow attorneys, sit in the library to conduct research, and engage in different methods of real-time communication with each other.

Clearspire also uses technology for knowledge management purposes, creating relational databases that continually learn from the experience of the entire organization. In his article in the April issue of The Bottom Line, law firm management consultant Ed Poll explained that firms need to use knowledge management tools to organize documents created by various attorneys and create templates that can be used for future client projects. This knowledge management provides benefit to the firms and to the clients in terms of cost savings.

Attorneys can also view detailed profiles of each other, showing their individual business experience so they can discover the special expertise available within the Clearspire team. Whereas Axiom’s solutions are designed and the attorney teams are compiled in a centrally organized manner, Clearspire attorneys have the resources to create their own teams as they service their clients.

Clearspire configures the home office of each of its attorney so that they can use technology to better service their clients. For more details, you may reference Clearspire’s website at clearspire.com.

Similar to Axiom and Rimon Law, Clearspire recruits attorneys with experience serving as attorneys in big law firm, in-house legal departments, or government agencies.

Clearspire is headquartered in Washington D.C. with regional offices in New Jersey and Texas. Regional offices are planned for Los Angeles, Chicago, New York, and London.

Rimon

Rimon Law Group, Inc. is a law firm that was co-founded in 2008 by attorney Yaacov Silberman. The firm uses technology to allow its attorneys to work remotely from home offices. This brings down costs, which can then be passed on to clients.

In a telephone interview, Yaacov Silberman downplayed the focus on the firm’s use of technology, stating that he knows the technology is working well when he doesn’t hear about it. His firm’s technology is completely cloud-based and he stressed that they have and continue to conduct due diligence on the security measures taken by their service providers. He has attorneys who use macs and those who use pcs. The Firm is using industry standard technology so that clients and attorneys collaborate on document preparation and review.

Rimon has about thirty attorneys, roughly two-thirds of who are classified as employees and provide legal work exclusively through Rimon Law Group. The other one-third are classified as independent contractors, and are denoted of counsel or counsel. Yaacov fashioned his firm’s billing structure so as to provide exceptional customer service. He uses the example of the shoe company, Zappos, who gave its employees the ability to provide exceptional customer service by allowing the employees to reverse fees without obtaining management approval. Similarly, Rimon attorneys have the authority to determine the fee structure for their clients without needing approval from firm management.

Rimon Law attorneys receive marketing support provided by the firm. For example, the firm’s outside marketing consultants will take the content developed by the respective attorneys and promote it over social media channels.

Rimon Law’s attorneys are similarly qualified with those of Axiom and Clearwater. Rimon’s website states that the attorneys generally possess strong professional
Experience at notable law firms, corporations, or government agencies, an established, dedicated, and portable book of business, and a desire to grow and develop their practice within a growing firm.

Rimon Law Group, Inc. is headquartered in California with office locations in Los Angeles, Orange County, Palo Alto, and San Francisco, and with offices in Nevada, New York, Virginia, and Israel. With its purposeful use of technology, creative use of alternative billing methods, and focus on customer service, Rimon Law Group is positioned for growth in the legal market.

Burton

Burton Law LLC is a virtual law firm based in Ohio, where attorneys are allowed to provide legal services through limited liability companies. Burton Law was founded in 2010 by Ohio attorney Chad Burton and was more recently joined by virtual law firm expert Stephanie Kimbro in North Carolina. For those not familiar with Stephanie’s work, please see the book, *Virtual Law Firm*, published by the American Bar Association, Section on Law Practice Management. She is also a contributing author to this edition of *The Bottom Line*.

Burton Law has nine attorneys who all work remotely, in an integrated manner, through the use of cloud computing and practice management technology. In a telephone interview, Chad Burton emphasized that these attorneys are not working on their own projects in an isolated manner and just happen to be part of the same firm. The culture of the firm must be and is purposefully integrated for collaboration on shared matters.

The attorneys at Burton Law are responsible for their own marketing, but have the support of the public relations firm that manages the firm’s social media output. The attorneys are not pressured to do their own marketing, but are incentivized through the compensation structure and the passion for their respective practice area.

Burton Law’s attorneys also have the benefit of receiving administrative and other support from virtual assistants, provided by a virtual assistant company that is local to the firm. As part of the law firm culture, virtual assistants are brought in to participate in law firm events.

Burton Law’s market is focused on the small- to mid-size corporation and provides outside corporate counsel services to those corporate clients. Burton Law currently is a virtual law firm in the sense that it does not have an office location where the attorneys perform the work. However, with the assistance of Stephanie Kimbro, Burton Law will unbundle services and provide services over the Internet via a secure client portal.

The Burton attorneys include, but are not restricted to, those with big firm experience, in-house experience. Chad Burton will also consider bringing on attorneys without big firm or in-house experience as long as the attorney is focused on client service and is very good in his/her practice area.

Burton Law is headquartered in Ohio with a presence in North Carolina.

Conclusion

Firms are increasingly using technology and alternative billing methods to better service clients and to provide flexible work arrangements for attorneys. Each of these case studies show, for example, shows that clients and firms can benefit by reducing office expenses when their attorneys work remotely. The Clearspire case study shows the news ways in which technology can be used to integrate what could otherwise be a fragmented remote population. Solo practitioners and law firm management should continue to strategically implement the use of technology and alternative billing models to reduce costs and provide more value to clients, as well as develop collaborative efforts with other lawyers or firms to capture greater marketshare of the increasing tech-savvy client-base.

Carolyn Dillinger is sole shareholder of The Dillinger Law Firm, PC, a business transaction and bankruptcy law firm based in Orange County, California. She forms professional law corporations and drafts LLP agreements and Of Counsel Agreements for her law firm clients. She is also a member of LPMT’s Executive Committee, serving on The Bottom Line subcommittee. Carolyn may be reached at Carolyn@DillingerLawFirm.com or at (949)830-4717.