

# Adding value

## How alternative legal service providers can add efficiencies, create value

INTERVIEWED BY SUE OSTROWSKI

With companies consistently scoring law firms an average of just 2 to 3 (on a scale of 10) on the value they receive for legal services, businesses and firms alike are increasingly employing the value-added services of alternative legal service providers (ALSPs).

“Alternative legal service providers are a legitimate avenue to unlock enhanced value and services for clients, and the use of this model is increasing,” says Christian Farmakis, shareholder and chairman of the board at Babst Calland, and president of its affiliated ALSP, Solvaire. “The intersection of the rise in ALSPs, coupled with the use of technology, allows ALSPs to increase efficiencies and reduce legal costs.”

*Smart Business* spoke with Farmakis about how ALSPs can help businesses get more value from their legal providers.

### WHY IS THE USE OF ALSPS ON THE RISE?

Businesses are continuing to face unprecedented financial and legal challenges. As a result, companies are placing constant demands and pressure on all vendors, including their legal firms, to deliver more value. Well-run ALSPs allow in-house counsel and law firms to work more efficiently and focus on higher-priority work.

The traditional law firm model is based on billable hours. And while businesses generally like the quality of service they receive, they don't believe they are always getting value based on the type of legal work being performed. While it makes sense to assign complex and specialized legal work to seasoned associates or law firm partners, other services, such as discovery, diligence and technology-enabled tasks should be delegated to others with specific skills and defined pricing models. This is where

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**WEBSITE:** For more information on ALSPs, visit [babstcalland.com](http://babstcalland.com) or [solvaire.com](http://solvaire.com).



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ALSPs come in. Both clients and their law firms see the value proposition in ALSPs, which are increasingly gaining traction, moving beyond ‘just’ a cost-savings measure to becoming a true industry service partner.

### HOW DO ALSPS FUNCTION?

ALSPs can be independent of a law firm, owned by it, or have an affiliation with a firm, such as Babst Calland and its ALSP, Solvaire. Services include those traditionally performed by law firm associates, such as due diligence, document management and discovery, but at a lower rate structure — not necessarily driven by the billable hour — and a service-oriented delivery service model. Usually there are licensed attorneys overseeing the work.

Clients don't care how a project gets done. They are looking for fast, efficient, accurate service, with budget certainty. They are demanding this service, and law firms that associate with ALSPs will be the winners.

### HOW IS TECHNOLOGY HELPING ALSPS INCREASE THE VALUE THEY PROVIDE?

Legal technology used by ALSPs brings efficiencies, and artificial intelligence (natural language processing and machine learning) can help identify relevant information within documents more quickly than a full manual review. Compared to an attorney doing a full manual review of documents in a diligence

context, using ‘legal tech’ can decrease the review time by as much as 40 to 60 percent. As such, ALSPs can often cover more information and provide a more complete diligence work product.

Anyone can license legal technology, but you need to know how to properly use it to maximize its benefits. Project management skills, critical to the success of any legal technology services project, are typically not germane to a lawyer's core competence. Those that can harness the legal technology and provide sound project management skills will excel in this new marketplace.

### HOW CAN BUSINESS OWNERS APPROACH THEIR LEGAL PROVIDER ABOUT ENGAGING WITH AN ALSP?

Ask if the law firm offers alternative legal services, what kind of legal technology they use, and how. Get testimonials from others who have engaged with ALSPs who can speak to the value and quality.

If the firm uses an ALSP, ask if they met deadlines, and if they were happy with the quality, reporting and security. Finally, ask if the ALSP worked seamlessly with the lead law firm managing the overall legal project.

Clients are expecting a higher quality of service for the price they pay. ALSPs are not competitors of law firms; they are partners that can add value through the services they provide. ●