
THE BENEFITS OF OUTSOURCING LEGAL SERVICES FOR LAW FIRMS



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Although corporate demand for high-quality legal services continues to rise, law firms face a number of market-driven forces that are challenging their growth. It’s not just factors like increased competition or even threats of cyber-attacks and data breaches. Instead, there’s been a shift in the legal paradigm. To save money and improve efficiency, more and more corporate clients are opting to hire internally and/or send work to alternative service providers

But there is a way for law firms to stay ahead of this trend and better serve their clients at the same time. The answer is outsourcing.

HOW WE GOT TO THIS POINT

What caused this disruption in the traditional law firm model? According to legal market analyst [Jordan Furlong](#), the combination of economic instability and advancements in technology has created a new landscape for the delivery of legal services. To put it simply, it’s now a buyer’s market for corporate clients.

Businesses want to save money. To do this, they’re seeking more efficient, higher value solutions for their legal needs. Some are turning more often to alternative legal service providers (ALSPs) for many routine legal services that used to be performed by law firms, according to Altman Weil’s [Chief Legal Officer Survey](#).

Others are growing their internal legal teams and keeping more work in-house. This trend can be seen in the rapid growth of the Corporate Legal Operations Consortium (CLOC). According to [abovethelaw.com](#), the CLOC’s vision is to provide a “seamless legal ecosystem that delivers corporate legal support to small, medium and large businesses with peak efficiency.”

Corporate clients are also exercising their buying power to ensure that the law firms they do hire act as efficiently as possible on their behalf, including embracing more effective client-facing technology. In this new legal landscape, law firms are expected to deliver their services in the manner, and at the price point, the client expects.

ABILITY TO FOCUS ON DIFFERENTIATION

To meet these demands for efficiency and value, many firms, even those hired for high-end work, are now providing a significant proportion of their work on an alternative fee basis, whether it’s fixed fee, capped fee or otherwise, according to [Citibank](#).

They’re also entering into their own partnerships with alternative services providers. These partnerships allow law firms to lower their cost structures even further and serve their clients even more efficiently.

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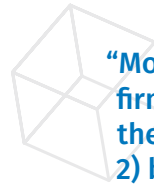
There are multiple advantages for law firms to outsource work to ALSPs. For one, law firms can get instant access to expertise not available within the firm in specific legal processes including regulatory compliance and the intricacies of mergers and acquisitions.

Furthermore, outsourcing is a cost-effective solution for carrying out repetitive work that requires a high level of accuracy and for relieving overflow during high-volume seasons. It also reduces risk. With transactions and expansions, it's difficult to ensure you have accounted for all of the requirements and executed each step properly. One missed step can risk the legality of an entire company. Risk also surfaces when a non-compliant entity is part of another transaction.

Most importantly, the use of ALSPs frees law firms up to 1) focus on their core specialty and their most important, highest-value work, and 2) be more responsive to client needs.

LOOKING AHEAD

Success in this new legal market will likely come to firms who are most nimble in their response to client demands for a more efficient delivery of legal services, competitive pricing and the highest quality of service.



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More and more law firms are agreeing that outsourcing to ALSPs is the answer. According to a 2017 [study](#), approximately 55% of law firms agreed that ALSPs can help mitigate pricing pressures that they are feeling from their clients. Among those same firms, 41% agreed that ALSPs can help firms scale and expand their business based on changing client needs.

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