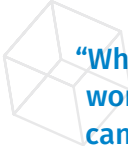

WHAT TO LOOK FOR IN AN ALTERNATIVE LEGAL SERVICES PROVIDER



“While choosing to work with an ALSP can help firms meet competitive mandates, it’s vitally important to choose the right service provider for the job.”

Today’s law firms continue to face the challenge of how to do more with less internally, while also meeting heightened client expectations for high-quality legal services at a reasonable price point.

That’s not always an easy needle to thread. It’s also one reason why many firms have decided to work with an [alternative legal services provider \(ALSP\)](#)—sometimes referred to as outsourced legal providers or service providers.

While choosing to work with an ALSP can help firms meet competitive mandates, it’s vitally important to choose the right service provider for the job. In order to accomplish this, it’s a smart idea to review some basic considerations during the screening phase.

HOW COST INFLUENCES CHOOSING AN ALSP

While the notion of saving money is always attractive, cost should not be the primary metric used to evaluate an ALSP. As in many other fields, the old axiom that “you get what you pay for” often holds true with regard to service providers.

Low-cost providers often must make concessions in key areas such as availability, security, timeliness and accuracy. Low-cost providers often do not offer the same robust education, training and consultation services found with experienced and trustworthy ALSPs. Though it may cost less upfront to work with the least expensive service provider, the services offered by a higher-quality ALSPs may ultimately be a greater benefit to a firm in the long run.

These ALSPs typically offer a broader range of features, which means that law firms do not have to hire multiple service providers to handle a variety of niches or specialties.

Finally, a higher-quality ALSP can save firms money long-term by handling non-billable tasks such as filling out routine forms and documents and chart data.

WHICH SERVICES DOES A HIGH-QUALITY ALSP OFFER?

The difference between a successful deal and a failed one often boils down to a single critical detail. By performing effective [due diligence](#), firms can help ensure that they make the correct decisions related to all transactions. Due diligence can help confirm that clients are in fact buying what they believe they are buying, with no hidden costs, liabilities or other unpleasant surprises. Should a problem be uncovered, clients can quickly react by solving the issue or adjusting the valuation of the transaction.

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Many legal service providers offer core offerings in this regard. A high-quality ALSP, however, goes beyond the basics and offers more comprehensive due diligence services. These additional service categories include the following:

Legal and Financial: This commonly includes [UCC filings](#) and [searches](#), tax and judgment liens and hidden legal liabilities both historical and pending.

Intellectual Property: These services confirm IP ownership, assess the quality of IP assets, and so on.

Reputation and Regulation: Includes background checks, negative news searches, FCPA assessments and KYC/AML compliance.

Industry Specific Services: This would include motor vehicle services (including confirmation of vehicle ownership and history); hospital lien searches; agricultural lien searches.

Corporate Services: [Formations](#), [qualifications](#), [business licenses](#), [dissolutions](#), [withdrawals](#), [mergers](#) and [acquisition filings](#).

Other typical features include [global services](#), which focus on international lien searches, translation, [authentication and apostille](#) services, and [entity management](#).

By looking for an ALSP that offers all of the preceding key services, law firms can help ensure that due diligence processes are comprehensive, rigorous and effective.

NINE WAYS THE RIGHT ALSP CAN CREATE VALUE FOR PARALEGALS

In addition to evaluating how outsourced services can help support and improve the due diligence process, law firms should also closely examine how a prospective ALSP can help their internal personnel meet their own organizational objectives.

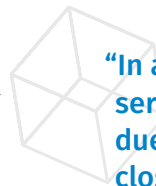
In the case of paralegals, the right service provider should be able to do the following nine key things to add value and help ensure greater efficiency and efficacy.

1. Customized Workflow

With legal specialists focusing on law firms and corporate specialists focusing on businesses, segmentation in the legal field is more prevalent than ever. This means that law firms

should search for an ALSP that offers customized charts capable of pulling accurate data across jurisdictions with no re-keying needed. The right ALSP should be able to conform to a firm's preferred hours and be able to provide evidence when it's requested in the format in which it is needed.

This customization discussion should occur upfront in the evaluation process. The right provider will enter a firm's specifications into a repository (such as Salesforce.com) so that their preferences with regard to how documents, data, evidence and invoices are received are readily accessible. The right provider should also be able to provide a firm with suggestions and solutions, if that firm is unclear about any customization issue.



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2. Quick Turnaround

If you've spent any significant time at a law firm, you likely understand the frustration of waiting for slow-arriving documents that are needed to close a transaction. Partners and associates often don't realize it can take anywhere from three-to-five days to receive documents from various jurisdictions.

The right ALSP can provide accurate document-processing turnaround for any jurisdiction, while also supplying the necessary personnel and resources to support any project. Additionally, a high-quality ALSP works with thousands of researchers spanning the nation, and has a vast network of connections at major filing offices. These attributes can be critical in terms of expediting document turnaround, and ensuring that transactions are closed smoothly.

3. Accuracy

Speed is only one part of the equation for a successful deal; accuracy is equally important. Discovering an error at closing that somehow eluded the due diligence process is one of the most disheartening things that can happen during a transaction. This is a real credibility killer with clients.

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Fortunately, a high-quality ALSP can greatly minimize the odds of such a nightmare scenario occurring thanks to its deep experience and expertise. Yet whether things go right or wrong, a good service provider is always there for a consultation, ready to provide smart and helpful guidance.

Mistakes—whether rooted in faulty data or instructions—will happen to the best of us. It's how a service provider responds to and remedies the situation that is the real differentiator.

4. Willingness to Follow Up

These days, most of us are asked to do more with less. This mandate can conflict with the demands of big legal projects, which often require daily documents and updates.

A low-cost service provider will often ask law firms to accept evidence according to their own preferences and timelines. A great ALSP, however, is attentive to your needs and provides frequent updates as situations arise—while also proactively asking you how and when you'd like information to be sent.

5. A Focus on Relationships

Relationships are what drive the legal business. This extends to the relationship that law firms have with their service providers. A closer collaboration benefits both parties, and the right ALSP will make an effort to discern the preferences, needs and objectives of their partners, ultimately saving them time and money.

Bill Moore, Senior Manager of Transactional Business Consultants, puts it this way:

"I tell my teams that when you build and enhance your client relationship, in addition to providing the highest level of consultative value, you will be able to best serve your law firm while protecting their clients as well. Our goal is to be recognized as a partner and not a vendor."

6. Robust Security

In an age of ever-increasing data breaches, security has become a top priority for most law firms. This is reflected in the fact that CIOs and IT managers are now part of the strategic decision-making process. Banks and other financial institutions, in particular, are squarely focused on security and demand that their legal partners stay compliant with security regulations.

This means that it's essential to inquire about [security protocols](#) when evaluating various ALSPs. This is doubly important for firms representing clients that are frequent

targets of malicious actors or who face strict regulatory and compliance standards with regard to data handling.

When evaluating providers, it's imperative to know their security protocols. Ask for detailed information about how they safeguard entity management data, contracts, and UCC filing and search data. The right provider will be able to show significant commitments to data security and backup.

7. Electronic Tools and Products

The right suite of tools and products can make life much easier for paralegals and other law firm personnel. This means that when reviewing ALSP candidates, it's important to inquire about the tools they offer.

Common tools include annual reports, charting tools, entity management systems and corporate and financial document creation and searches. Additionally, service providers should offer training for these tools and products. Here are some of the key questions to ask when comparing product and tool offerings:

- ▶ Do you enable [e-filing of UCC documents](#)?
- ▶ Do you offer shared systems?
- ▶ Do you have an advanced charting tool that can create UCC-3 documents?
- ▶ How do you keep up with jurisdictional and form changes and communicate such changes to clients?

Ultimately, reviewing e-tools and products requires weighing cost vs. ease of use, to some degree. These tools can create much greater efficiency in the office, so a closer examination is warranted.

8. Education

Education and training is another key area to evaluate, as CLE course and non-CLE trainings can help burnish a firm's brand, while keeping a firm apprised of all new legal legislation, relevant case law and jurisdictional nuances. Service providers offer access to an enormous amount of CLE and legal training opportunities. These include seminars on corporate law ethics, M&A, [Delaware entity law](#), and UCC and liens. A strong ALSP can come on site and customize an educational legal seminar to that firm's needs.

By working with the right service provider, a firm can position itself as an industry thought leader or knowledge champion—which is a distinct positive from a branding perspective.

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Bill Moore encourages his clients by reminding them that -

“All positions with a law firm need to stay on top of legal changes that can impact their clients. Moreover, with so much law to comprehend, it’s important to refresh your knowledge base on the topics you already consider yourself to be experts on. By having a team of consultants from their ALSPs—ready to guide—and education on new and existing legal matters, a law firm can continue to stand out as the industry leader.”

9. Governmental Relations

Relationships with government agencies are foundational for any successful ALSP, as service providers should work closely with state and county agencies and departments. These relationships are often instrumental in ensuring that a partner law firm receives highly efficient or expedited services.

In order to discern whether a provider makes close

governmental relations a priority, ask about their affiliations. Are they involved with groups such as the National Conference of Commissioners for Uniform State Laws (NCCUSL), the Uniform Law Commission (ULC), the American Law Institute/ABA or the International Association of Commercial Administrators (IACA)?

IN CONCLUSION

No less an authority on business than Amazon’s Jeff Bezos once said that “customer obsession” is the key to a company’s success. Today, clients are demanding that their law firms assume a more customer-centric posture. Law firms, in return, should require that their service providers do the same.

By making a proper evaluation of prospective ALSPs that’s focused on the ideas outlined above, law firms can meet their objective of doing more with less, while delivering better and more consistent service to their clients.