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## UNCONVENTIONAL ALLIES – EXPLORING ALTERNATIVE LEGAL SERVICE PROVIDERS (ALSPs)

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### Introduction

The legal landscape once known for its conventional and traditional practices has now gone through several significant modifications enthralling attorneys and lawyers to think extraordinary about their legal business. However, law firms are feeling the same constraints to be more focused on developing their business by gradually enhancing their business ability. This give birth to a new array of legal service providers, the Alternative Legal Service Providers (ALSPs). These are the entities which act as innovative alternative paths for providing efficient mechanisms that ultimately bridge the gap between hiring in- house counsel and conventional law firms. The expansion of ALSPs has made a substantial shift in the overall client expectation by providing them greater transparency and predictability than that of traditional law firms, yet at the same time, at a reasonable cost. Therefore making in-house legal departments under pressure. As the legal industry continues to evolve the emergence of ALSPs is going beyond tradition by offering efficient and cost- effective solutions and enable the lawyers to think out of the box by encompassing them with wide range of services outside the traditional legal model.

### Evolution of ALSPs- The Next- Generation Legal Supporter!

*“ Sometimes we don’t understand the topography of our own backyards. ALSPs suitably fit this metaphor.”<sup>1</sup>*

With the constant rise in the demand of corporate clients to get more economical and efficient legal services , the ALSPs eventually find its roots in 1990s. Since its inception, has continued to be not only proving the worth of Indian legal professional but also recognized their

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<sup>1</sup> Legal tech: Evolution of Legal Service Providers: Inview (no date) InView. Available at: <https://inview.lawvu.com/blog/the-evolution-of-alternative-legal-service-providers> (Accessed: 04 July 2024).

qualitative work done. Today, lawyers sitting in India are dealing with clients across the globe according to their requirements based out of multiple geographies.

The early ALSPs basically focused on less-complex tasks and document review, apart from this they offer a wide range of services such as litigation support, legal research, compliance assistance and contract management. In UK, the first legal services support entities were set up in budget- friendly jurisdiction such as Manchester and Belfast.<sup>2</sup>

Financial crises 2008 further exaggerated the expansion of ALSPs as law firms were finding ways to reduce legal expenses without compromising with the efficiency. Due to this several factors, there is growing demand of ALSPs in ever-changing legal framework.

### **ALSPs – The Catalyst Of Change!**

In the constant evolving legal landscape, the most recent trend is the Alternative Legal Service Providers, commonly known as ALSPs which are law-firm companies as well as non-law firm providers with purpose oriented delivery system that provide legal services apart from the traditional paradigm of legal service. ALSPs are middle -ground solution which further bridge the gap between in-house legal departments and outsourcing to law firms. While conventional law firms are primarily focused on handling complex and high-stakes matters, ALSPs fit into cost -conscious legal framework typically provide specialized assistance to high -volume works. In order to provide more efficient legal services in a shorter span of time at a better price, ALSPs encompasses use of legal technology. Due to having upper edge in technology, it completely transformed the legal system from manual, time-consuming system to automated system with the help of Artificial intelligence (AI) and Machine Learning Tools (MLT). At the last, it breaks the boundaries set up by traditional and conventional legal system.

### **Example of ALSPs**

ALSPs has been rapidly growing since 1999 as this was the time that witnessed the evolution of outsourcing companies in the legal sphere. Following are the predominant ALSPs that currently catering the whole market-

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<sup>2</sup> Greggworth (2023) Market for alternative legal services growing dramatically, New Report shows, Thomson Reuters Institute. Available at: <https://www.thomsonreuters.com/en-us/posts/legal/alsp-report-2023/> (Accessed: 04 July 2024).

- Axiom law.
- Integreon.
- Exigent.
- UnitedLex.
- Legal Army.
- Lawyers on Demand (LoD).
- Consilio.

### **Key characteristics of ALSPs**

- ***Scalability***

ALSPs provide a degree of flexibility and scalability to legal departments and businesses to use ALSPs as per their requirements which is hard to achieve in traditional legal industry. It often act as a adaptable solution for wavering workloads.

- ***Specialization and niche expertise***

ALSPs encompasses a mixed panel of diverse professionals with specialized legal, project management skills, operational, industrial knowledge and domain expertise. It enables them to cater legal challenges across various jurisdictions and regions by offering innovation and agile solutions.

- ***Cost-effectiveness and efficiency***

The main reason behind the predominance of ALSPs is its ability to enhance efficiency while offering cost savings alternatives to traditional legal services. Conventionally , legal services provided by traditional law firms are time-taking and resource-intensive but nowadays due to tech advantage, ALSPs are able to deploy specialized expertise and innovative technologies to the table, enabling legal professionals to minimize operational expenses.

- ***Mix and Match approach***

Although, ALSPs offer an alternative solution for a high-volume workloads conventionally done by law firms, by adopting hybrid support model that incorporate strengths of both traditional as well as alternative legal services which may be more substantial.

- ***Flexible engagement model***

While ALSPs presents an opportunity for experienced lawyers and attorneys to be more focused on the area they are interested, to choose their career options wisely, streamline their work and place greater attention to their well-being. This model can be beneficial for the client also as they generally want to engage with the passionate and motivated lawyers rather than a indolent one.

- ***Tech Advantage***

ALSPs leverage innovative technologies to streamline workloads, enhance the efficiency of legal services and automate repetitive tasks. This incorporation makes ALSPs more focused on delivering efficient values, enabling the legal process more responsive and innovative.

- ***Remote capability***

Due to larger access to global network, ALSPs are able to cater client by enabling them to access specialised expertise across time zones. It also make feasible to legal consultants to provide theirs services from anywhere at any time. ALSPs focus on having the right person at the right time in the right role, rather than having an onsite resource.

### **Services offered by ALSPs**

- ***Legal Process Outsourcing (LPO)***

One of the primary service offered by ALSPs is Legal process outsourcing. It involves outsourcing legal work to external providers, generally in various other jurisdictions where operational costs is comparatively lower. LPO providers hold a grasp on technology which further help in streamlining the process to deliver efficient services at a reduced cost. Services

under LPO includes legal research, contract management, document review and compliance support.

- ***Legal analytic and Contract management***

Several ALSPs provide additional legal analytic services which mainly include data analysis tools to predict legal outcomes, simultaneously assess risks for better decision -making. Contract management is another indispensable service area of ALSPs in which efficient handling of contracts is done with the help of innovation technologies. Everything from drafting, reviewing and managing contract is carried out by advanced contract management software.

- ***Litigation and Document review***

ALSPs provide considerable assistance in litigation process. It assist in preparation of legal documents, evidence management and electronic discovery (eDiscovery). In managing complex cases and large volumes of data, they employ advanced software for document review and analysis which is beneficial for law firms dealing with large-scale cases.

- ***Legal writing and Research***

Legal writing and research are cornerstone of ALSPs as they are known for providing comprehensive legal research and well-versed drafting of legal briefs , memoranda and other legal documents. Small law firms and solo practitioners are the main beneficiaries due to lack of resources to conduct in-depth research.

- ***Risk management and Regulatory compliance***

Nowadays, where regulatory scrutiny is rapidly increasing , ALSPs acts as a vital compliance service providers. It offers advising on data protection laws, industry specific compliance requirements and money laundering regulations. ALSPs frequently use sophisticated compliance tools to help businesses to manage compliance risks and to navigate complex regulatory legal landscape.

- ***Legal staffing and Placement***

Some ALSPs also provide legal staffing and placement services on the temporary or permanent

basis, offering legal professionals to the needy corporate legal departments or law firms. This service can play significant role in scaling up the legal team to complete a particular project in a given time frame or to cover temporary staffing gaps.

- ***Intellectual Property (IP) services.***

ALSPs often provide specialized expertise in navigating complex IP laws , IP portfolio management , assistance in IP litigation, trademark and patent research. It also use technology to monitor infringement, track IP assets and manage IP related documentation.

- ***Legal education and Training***

ALSPs also offers seminar, workshops and online courses on various legal topics which are designed to keep legal professionals updated to the recent legal trends and developments , technology tools and best practices to deliver efficient legal services.

### **ALSPs ( Legal consultancy) vs Law firm : Choosing the Right Legal Path!**

In the ever changing world of business, navigating legal matters is an vital element of operations. *“Whether you are a startup entrepreneur or the CEO of a multinational corporation, the need for legal guidance is a constant.”*<sup>3</sup> Although choosing the right legal support can be a time-taking process. Should you opt for the service of legal consultant through an Alternative Legal Service Providers (ALSPs) or traditional law firm.

Generally, Law firm is a business entity formed by legal professionals engaged in the practice of law whereas ALSPs is an umbrella term used to describe a diverse workforce which is not basically working in the law firms but which provide legal or related support services. It can server as an alternative to that of conventional law firms.

### **Differentiating Factors: ALSPs vs. Law Firm**

- ***Expertise: Specialisation vs. Generalisation***

ALSPs provides in-depth knowledge and experience in legal issues. They are often having

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<sup>3</sup> HSBC Business Go. Available at: <https://www.businessgo.hsbc.com/en/article/legal-consultancy-alsps-vs-law-firm> (Accessed: 04 July 2024).

expertise in particular area of law. Although, law firms offer a wide range of legal services, suitable for business requiring diverse legal support.

- ***Engagement Model: Project-Based vs. Ongoing Retainer<sup>4</sup>***

ALSPs particularly engaged on a per-assignment basis which is beneficial for businesses that are seeking to control their legal expenses. Whereas, law firms generally provide continuous legal support on a retainer basis which is ideal for the business lacking comprehensive legal representation and services.

- ***Cost Structure: Cost Saving vs. Standard Hourly Rates***

ALSPs provide agile and cost-effective legal solutions and often offers flexible billing options, mainly for businesses having low-budget. Comparatively, Law firms charges hourly rates for handling complex and high-volume cases.

- ***Client Expectations: Collaborative Consulting vs. Traditional Advocacy***

ALSPs works collaboratively with clients, aiming to understand the client's issue and to further provides tailored solutions on the basis of mutual understanding.

Whereas, law firms often take a directive approach to legal matters which somewhere not involve client in decision -making process.

### **A Collaborative Approach – ALSPs and law firms are working together in a bigger sandbox!**

It's a classic example of perception vs. reality. On one side there is a misconception that law firms and alternative legal service providers are in a to-the-death competition for corporate clients. Substantially, law firms are rapidly collaborating with ALSPs to win and retain clients. Moreover, there is room for both in the market as there will be times when either ALSPs or law firms is the most suitable option. ALSPs cater the problem of inefficiency in the high-volume cases whereas law firms provide flexible legal talent professionals.

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<sup>4</sup> The Enterprise World, What is Role of Alternative Legal Service Providers?, The Enterprise World (Nov. 9, 2023), <https://theenterpriseworld.com/role-of-alternative-legal-service-providers/>.

*ALSPs have grown into a \$20.6 billion legal market segment*, The survey reported<sup>5</sup>, increase in collaborating with the law firm has been the crucial factor in the growth of ALSPs. Working with ALSPs can be beneficial for both corporate legal departments and traditional law firms in terms of technology, cost-effectiveness, enhanced efficiency, niche expertise etc. Nowadays, 69% of large firms see ALSP relationships as a path to growth. Among midsize law firms, the numbers have gone from 35% two years ago to 49%.<sup>6</sup> We can say that “The boundaries between ALSPs and law firms are rapidly blurring.”

### **Conclusion – The Future of Legal Support**

In the dynamic world of legal business, there has been a substantial shift towards the use of alternative legal service providers (ALSPs). In modern era, ALSPs not only reshaping how legal services are delivered but also impacting the legal industry. The rise of ALSPs make law firms realized to reconsider their practices and incorporate innovative technologies to deliver efficient legal services. As technology continues to evolve, ALSPs has a room for scalability to further enhance efficiency, and offer agile solutions. This evolution ultimately direct legal industry towards a more efficient, adaptable and client-oriented approach.

In conclusion, ALSPs revolutionizing the legal landscape by offering economical solutions. With the continuous evolving legal sphere, ALSPs emerged as a new frontier in legal industry, pushing the boundaries setup by traditional law firms with the objective of satisfying the client and promoting growth.

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<sup>5</sup> <https://www.thomsonreuters.com/en-us/posts/legal/alsp-report-2023/>.

<sup>6</sup> *Innovating Legal Services: THE TRANSFORMATIVE POWER OF ALSPs* (2024) LawFlex. Available at: <https://lawflex.com/innovating-legal-services-the-transformative-power-of-alsps/> (Accessed: 04 July 2024).



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