

Alternative Legal Service Providers: The Law Firm's New Best Friend

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Law firm culture is changing, whether we like it or not. With the rise of artificial intelligence, there has been much discussion on exactly how this new technology will change the legal world in general as we know it.¹ The biggest development has been the rise of alternative legal service providers (“ALSPs”).

ALSPs are companies and programs that specialize in providing legal services such as document review, e-discovery, legal research, and contract lawyers.² These services are known to make routine activities such as the tasks listed before more efficient by using advanced technology and low-cost labor.³ Many could view ALSPs as being competition for law firms as corporations are more inclined to choose a more efficient and cheaper option. On the contrary, ALSPs may actually be beneficial for law firms and the culture within them.

Law firms are notorious for their use of the billable hour with some firms requiring a minimum number of hours per year. Typically, bonuses are awarded to those who meet the billable hour minimum or requirement. However, the billable hour can be problematic because it doesn't award associates for efficiency, but rather how long they take on client matters.⁴ Therefore, clients may be more inclined to utilize ALSPs as a cheaper, more efficient option.

However, law firms can learn to utilize ALSPs in their own organization. By subcontracting ASLPs, firms can focus on more important tasks, focus on the client's needs, and save money by not having to pay associates for tedious billable hour work.⁵ This is not a new concept, however. The Thomas Reuters Institute conducted a study that found 79% of law firms now use ALSPs, specifically because of the “need to reduce costs, improve efficiency[,] and leverage cutting-edge technologies.”⁶

Firms can also learn to utilize ALSPs to consult on legal technology. More and more firms are learning to use AI to help with smaller tasks that can lead to a more efficient law firm.⁷

¹ See Karen Sloan, *ChatGPT passes law school exams despite 'mediocre' performance*, REUTERS (Jan. 25, 2023, 1:40 PM) <https://www.reuters.com/legal/transactional/chatgpt-passes-law-school-exams-despite-mediocre-performance-2023-01-25/> [<https://perma.cc/6GK5-9XEM>].

² *Paralegals Benefit From the Rise of Alternative Legal Service Provider (ALSP) Companies*, PARALEGALEDU.ORG, <https://www.paralegaledu.org/alternative-legal-service-providers/> [<https://perma.cc/3FP7-9K4N>] (last visited Apr. 1, 2023).

³ KATRINA LEE, *THE LEGAL CAREER: KNOWING THE BUSINESS, THRIVING IN PRACTICE* 64 (West Academic, 2nd ed. 2020).

⁴ *Id.* at 13

⁵ PARALEGALEDU.ORG, *supra* note 2.

⁶ *Alternative Legal Service Providers Are Quickly Becoming Mainstream for Law Firms & Corporations, Creating a \$14 Billion Market*, THOMSON REUTERS (Feb. 11, 2021) <https://www.thomsonreuters.com/en/press-releases/2021/february/alternative-legal-service-providers-are-quickly-becoming-mainstream-for-law-firms-and-corporations-creating-a-14-billion-market.html> [<https://perma.cc/5NE5-RB3N>].

⁷ See Avaneesh Marwaha, *Seven Benefits of Artificial Intelligence for Law Firms*, LAW TECHNOLOGY TODAY (Jul. 13, 2017) <https://www.lawtechnologytoday.org/2017/07/seven-benefits-artificial-intelligence-law-firms/> [<https://perma.cc/KU5R-RNVT>].

ALSPs are often early on knowing how to use technology for efficiency such as AI, blockchain, predictive analytics, and smart contracts.⁸ ALSPs could, for example, be used to develop custom, automated workflows that help a law firm's document review service run more efficiently and detailed.⁹

ALSPs should not be viewed as competition for law firms. Rather, they should be seen as a law firm's best friend. ALSPs can benefit law firms in many ways, especially with the rise of new technology like ChatGPT. There are many ways ALSPs and law firms can partner and grow together. The opportunities are endless, and it'll be exciting to see what will come next out of this friendship.

⁸ THOMSON REUTERS, *supra* note 6.

⁹ Frank Ready, *Captive ALSPs Are a 'Tremendous Lift' — But What About Tech Partnerships?*, LAW.COM: LEGALTECH NEWS (Apr. 1, 2021, 10:00 AM) <https://www.law.com/legaltechnews/2021/04/01/captive-alsps-are-a-tremendous-lift-but-what-about-tech-partnerships/> [https://perma.cc/7SLE-UXF8].