

'Not In My Office.' 'Well, Not in Mine!'

When Firms, Law Depts. Don't Want to House Contract Attorneys, Recruiters Will

BY GINA PASSARELLA

Gone are the days of law firms assigning armies of associates to work on large litigation matters, but that doesn't mean there isn't a need for that army — its members are just billed out at a lower rate and sit in makeshift offices away from the law firm and the client.

"Never before have corporations cared about their bottom line. Everything was always outsourced," Penny Burke, director of business development for Hudson Legal's Pittsburgh office, said of times before the recession.

But things have changed and clients are scrutinizing every cost — including contract attorneys.

While teams of contract attorneys used to be hired by law firms to help out with document review and e-discovery, they are now being hired by the corporations in an effort to cut out the middle man and drive down the cost.

"Now we don't bill law firms, we bill the client directly," Burke said of the charges for providing contract attorneys.

James LaRosa, an owner of JuriStaff in Philadelphia, said e-discovery has increased the need for document review, with more documents falling into the realm of discovery. As litigation picks up with the economy, that need will increase, he said.

"The need is there, the question is how it is staffed," he said.

In the old model, firms would call a staffing agency and request 20 or so contract attorneys to come to the firms' offices and handle document review for a client. The law firms would then mark up the bill for housing the contract attorneys and having them use their computer systems, and then bill the client.

Under the new system, he said, clients are calling the staffing agencies directly and creating deals on what they will pay for contract attorneys. Those rates typically include discounts or rebates, LaRosa said.

The clients then tell the law firms that if they have to use contract lawyers on the clients' matters, they have to use the certain staffing agency at the rates the clients negotiated, LaRosa and Burke both said.

"So it used to be more of a profit center for law firms," LaRosa said. "Now it's not."

Burke said corporations used to be afraid to tell their outside counsel what to do and how to staff matters, but the tables have turned.

And in response, law firms — understandably, LaRosa said — are starting to ask that these contract attorneys not be placed in the firms' spaces or use their computer systems. The rationale is that the firms are no longer getting any profit from using the contract lawyers and don't have as much control over who is selected, creating security concerns when opening up the firms' computer system to attorneys it didn't hire.

This shift in hiring and control has put people like Burke and LaRosa in the real estate business. Corporate law departments certainly don't have the space to fit dozens of extra attorneys.

Burke currently has 25 contract attorneys working in her Pittsburgh offices right now with one lawyer from the outside law firm overseeing the document review. Hudson Legal also has what Burke calls a "turnkey operation" in which the agency has 24/7 access to office space and technology. The company opened its first project center about five or six years ago and now has seven across some of the major cities in the country, including Washington, D.C., New York City and San Francisco. The Pittsburgh one is smaller, with space for about 50 contract lawyers, while the ones in larger cities can hold up to 250 contract lawyers, she said.

JuriStaff doesn't have project centers, but has created relationships with vendors to be able to quickly

set up shop when a client needs multiple attorneys on a document review project.

"We've become in the business of" providing space and equipment, LaRosa said. "If you do document review type of work, you have to be in that business. Once you've done it a few times, getting office space and technology is not very hard."

He said the company has contacts in most major metropolitan areas and can have short- and long-term leases signed within 24 to 48 hours. And the technology vendors are in the business of coming in and setting up, say, 200 computers in two days, he said.

Technology, as with many changes in the legal profession in the last two years, has also been a big driver in changing the contract attorney model.

Burke said there are many smaller firms that aren't yet equipped with the software to handle document review or the technology to provide remote access so that contract lawyers could work from home or another location. The clients didn't want to be paying them a premium for housing contract attorneys when those lawyers could be working elsewhere if the technology was current, she said.

Options in technology have made clients even more savvy in choosing vendors and negotiating deals, Burke said.

"It's like getting a car without XM radio or leather seats," she said.

The max in software capability isn't always needed for every document review and clients are negotiating based on the needs of the project, Burke said.

The shift in hiring models isn't all bad for law firms, she said. If the clients are happy, the firm gets to keep the work. •

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