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# Small Firm Innovation Takes Many Forms

We tend to associate “innovation” with technological breakthroughs: advances in nanotechnology, biotechnology, alternative energy, driverless cars and the like. It’s no surprise, then, that talk of innovation in the legal industry also focuses on new technologies, like analytics and artificial intelligence.

But as some small firms are proving, innovation doesn’t need to be a high-tech affair. It can happen whenever a law firm figures out ways to work smarter, not necessarily harder. Resourceful small law firms have found that they don’t need to buy, use or create expensive technology to place themselves on the cutting edge. Instead, they’re applying old-fashioned creativity to their business challenges, enabling them to operate more efficiently and effectively.



Here are three examples of this low-tech innovation from small law firms.

### Litigation Financing

Some law firms are tapping third parties to fund their work. A new wave of litigation financiers have cropped up in the last decade, giving law firms the financial backing to pursue resource-intensive cases in exchange for a slice of their upside (which, in many cases, is the potential for a contingency fee). For smaller firms that don’t have stacks of capital on hand—and need to pay the bills while they pursue a contingency case over months or years—the practice can help them expand their caseloads.

A [2017 agreement](#) between the L.A. boutique Pierce Bainbridge Beck Price & Hecht (then Pierce Sergenian LLP) and Pravati Capital, a litigation financier, illustrates new possibilities for such arrangements. Historically, litigation financing transactions have been one-off deals. But Arizona-based Pravati agreed to fund Pierce Bainbridge’s entire portfolio of cases on an ongoing basis for a cut of its contingency fees. Pravati [reportedly](#) could send a sum in the range of “eight figures” to Pierce Bainbridge over the life of the deal, which has echoes of the old Hollywood movie studio system. Given the resources that will be flowing into the firm, it could certainly make a star of Pierce Bainbridge lawyers.

At the time of the announcement, John Pierce, managing partner at Pierce Bainbridge who has been with the firm since its founding, noted that the funding infusion would enable his firm “to take even the largest commercial litigations to trial against any firm in the world and win.” Since then, the firm has opened satellite offices in New York and Washington, D.C., and has grown its team from six lawyers to 13 in a year. Its client roster currently includes Snapchat®, parent Snap Inc. Those are all indications that the innovative funding is working out for the firm.

## Combining Forces

Litigation funding isn’t the only way smaller law practices are boosting their capacities. Small firms or solo lawyers are increasingly establishing networks of peers willing to lend a hand on engagements that call for bigger teams. Such arrangements may involve working together on entire cases or for specific tasks. These arrangements don’t just give lawyers peace of mind that their firms will be able to chew the engagements they have bitten off; they are also useful for firms to promote when pitching clients, as a means to assure them that manpower won’t be an issue.

Some small firms and solo lawyers go so far as to share open office environments, which cuts down on overhead by sharing resources and facilitates collaborative approaches to problem solving. The approach also lends itself to generating referrals within the network. [Collaborators say](#) the practice has enabled them to enhance their bottom lines by working more efficiently and aligning the demands of projects with their own capabilities and those of the other members in their networks.

## Subscription Services

Another trending innovation is the so-called subscription service for legal expenses. That business model has fueled the growth of larger companies like Rocket Lawyer® and LegalShield®, but could also create opportunity for smaller, independent law firms.

The subscription approach differs from the typical hourly or contingency-based fee arrangements, and it mirrors similar trends in sectors such as software and mobile communications. Under these plans, a solo practitioner or small law practice offers clients specific services for fixed prices for a defined time period—an annual or monthly basis, for example. Some providers offer differentiated subscriptions, such as services tailored to labor or intellectual property law.

From a [logistical standpoint](#), law practices can cut down on the amount of time spent sorting out hourly billing and sending invoices to clients. It also reduces the need to track down non-paying or delinquent clients. Offering subscription services can help smaller firms achieve scalability and develop [steady revenue streams](#) to smooth out the sporadic flow of income that is common in the legal business. In other cases, firms can use their subscription offerings to market more traditional services to their clients.

There’s nothing technological involved in any of the above innovations. And yet, each represents a creative solution to challenges that small law firms face. We’ll see which of these incipient trends has the staying power to be driving change within small law firms a year or two from now. But for the moment, forget the robots—old school innovation appears alive and well.



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