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Shopping for Legal Services Online

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Searching online for a good deal on a plane ticket, a hotel room, or a legal bargain? Yes, net entrepreneurs now provide prospective clients with a new method to shop for legal services, reinventing the way potential clients connect with attorneys. Several dot-coms manage the transaction in which clients purchase legal services through the Internet, providing a venue for businesses and individuals seeking legal services and attorneys interested in representing them.

Every year tens of millions of small businesses and individuals are looking for a good attorney. But, for many consumers, the process of selecting a lawyer is a confusing and daunting task. The result, the American Bar Association ("ABA") says, has been a troubling disconnect between the legal profession and millions of potential clients who go it alone because they find lawyers too intimidating, too costly, and too difficult to find. According to a 1998 study by the ABA, nearly half of Americans have a need for legal advice once a year, yet only 20 percent hire an attorney. Upstart Internet entrepreneurs claim they have discovered a way to bridge that gap and the entrepreneurs forecast a radical transformation in the way lawyers and clients find one another and how they interact.

eLawForum is one company that targets corporate clients – a fertile market, since U.S. corporate legal departments spend \$100 billion annually on external legal representation. Auctions are held at *eLawForum's* website. Corporations post requests for proposals for legal services and select law firms submit their bid by responding online through *eLawForum* with their qualifications, availability, and pricing. In this way, costs are resolved up front and clients and bidders may select to go offline to interview in a quality competition. Corporations then retain the outside counsel they feel is best qualified for the legal services needed. *eLawForum's* fee for this service is based on two percent of the amount paid by the corporation to the law firm selected for work solicited in the corporation's Request for Proposal ("RFP").

The corporation pays the fee directly to *eLawForum* at the same time it pays the law firm. The corporation separately negotiates its fee arrangement with the law firm.

An example demonstrating the benefits to clients seeking lawyers is *eLawForum's* recent collection case involving a \$30,000 debt. The client retained a low-bidding lawyer, who did a minimum of legal work, wrote a simple demand letter, got the money and charged \$900 instead of the \$9,000 that would have been charged under the standard 30 percent of a standard contingency fee agreement.

John C. Klotsche, managing director of *eLawForum* international operations, and former chair of Baker & McKenzie, states "I have watched the legal industry undergo revolutionary change, including a dramatic shift in leverage away from law firms to corporate counsel. Many of my colleagues in the profession may not yet fully embrace this and are uncomfortable with the direction but the reach and richness of the Internet is going to be the driver for the way corporate counsel and law firms interact." According to John B. Henry II, *eLawForum's* founder and CEO, there are real benefits to both corporations and firms in *eLawForum's* quality and price competition. The company stresses that quality attorneys compete on merit by bidding for multiple RFP's and winning new assignments with new clients, while corporations get the best expertise, at the best price without the burden of face-to-face price negotiations.

While *eLawForum* targets big-ticket assignments, LegalPath.com focuses on the low end, auctioning off legal work in simple car crashes and collection cases. Attorneys submit their pricing on specific legal matters in advance of the case assignment. Clients can then review and choose credentialed attorneys based on their merits, including pricing. The legal matters that have been assigned include: auto liability; commercial premise liability; homeowner's liability; and commercial and consumer debt collection.

Kipp Johnson, the CEO of Examen, the Sacramento, California, parent of LegalPath.com says, "for simple car crash cases, lawyers generally post a fee for work from inception to trial and a fee for the trial itself. The lawyers know the high, low and middle bid, and obviously their own bid. They are free to revise their bids if they find they are not getting any assignments. Fees for most of the assignments have been less than \$10,000." LegalPath.com charges each attorney it registers \$275 annually, and clients pay a \$75.00 fee to put the work out for bid. "The power of the Net creates a competitive marketplace and keeps our costs low," says Johnson.

Another well-known online legal provider, SharkTank.com, is affiliated with noted Harvard Law School Professor Arthur Miller. Consumers fill out a form describing their situation, which is then read by attorneys who submit bids. Individuals and businesses seeking legal assistance can anonymously, and free of charge, post a request for legal services on the site. Only practicing attorneys who, for a subscription fee, have regis-

tered as SharkTank.com members, can view and respond to these legal services requests.

Attorneys interested in a particular legal service request may respond by expressing their interest in performing the services and by providing information regarding their identity, professional rates, and suitability for engagement. Individuals and businesses are then able to contact any of the attorneys who responded for further discussion or to arrange for formal engagement. Registered attorneys are notified via email when a new request is submitted in their area of practice.

The company claims lawyers use SharkTank.com to gain access to potential clients from around the country without expensive marketing efforts and that SharkTank.com levels the playing field, putting the competitive focus on quality, price, and speed of delivery. One SharkTank.com member, Christopher Thornton, an attorney based in Beverly, Mass. said, "one of the most difficult aspects of solo practice is attracting quality clients. Marketing is a catch-22; you need to market to build a practice, but the marketing opportunities traditionally available to attorneys are incredibly expensive without a guarantee of success. SharkTank.com is a cost and time-effective solution for attorneys to market their services."

Americounsel.com is another online provider — a national company offering an "array of flat fee and affordable legal services over the Net." The site has advertised services including bankruptcies for \$525, wills for \$189, adoptions at \$165. Real estate-related legal services have been advertised starting at \$145, and divorce services starting at \$465. A consumer who requires assistance with a legal issue that isn't listed can post a brief summary of the issue with a confidential section of the website to receive an estimate of the time it would require of the site's network attorneys to handle the matter at the rate of \$100 per hour. Clients are directed to a single, recommended lawyer in the client's geographical area from the company's pre-screened network of attorneys. These attorneys have already negotiated a flat fee. Jonathan Slater, CEO, says Americounsel.com manages to keep its costs down because they cover much of the overhead that eats into profits of midsize and small firms: advertising, finding and screening clients and billing. The company states it is committed to revolutionizing the legal industry by bringing lower costs and increased convenience to the legal market for businesses and consumers. They claim to try to take the hassle and uncertainty out of conventional legal engagements.

What about concerns with credibility problems? Do potential customers worry they'll get cut-rate service? The dot-coms argue not. LegalPath.com points out that it screens its lawyers for licensure, law school graduation, and malpractice claims, and will track their performance in a database available to site users. *eLawForum* reaching for corporate work, seeks to match clients with well-known and respected law firms with established track records. "A lot of clients need attorneys for simple

matters that shouldn't cost much," says LegalPath.com's Johnson. Americounsel.com says they maintain a vigilant quality assurance program, holding all client fees in escrow, releasing them to the lawyer only after customers check an on-screen button indicating they are satisfied.

Is the billable hour dying? With attorneys bidding for work online, and fixed-price methodologies, many feel its death is imminent. The concept that legal services can be marketed in an online marketplace seems foreign. The traditional marketing methods, however, can be inefficient. A client may not be aware of another attorney who would be better qualified for his required legal services, simply because the attorney practices in a different city. Opening up legal service to online bidding has the potential of invigorating and expanding the market. Legal specialists say the new Internet sites have the capability to revolutionize the whole legal industry by providing consumers with more direct and less costly access to an array of services. This could greatly impact the delivery of services in big city offices where top-shelf lawyers command several hundred dollars an hour. "E-lawyering could have its strongest impact on those clients who might have been considering representing themselves in a divorce case or at a real estate closing. Those clients would now feel in some control: paying flat fees; having multiple firms bid for their business."

Richard Granat, who served last year as chairman of the ABA's Technology Task Force, charged with helping lawyers and the legal profession identify and use technology to meet the needs of moderate income individuals and families, says "the Internet will have the same impact that it is having on other industries and professions. It will result in lower pricing and increased access and availability." While online lawyering is seen by many as an efficient and targeted marketing tool with compelling economic potential, the ABA is working to ensure that safeguards keep in step with this online revolution. Dan Crane, counsel for the Massachusetts Board of Bar Overseers, says, "There will be a lot of need to analyze and shake out what is ethical and what is appropriate."

Simmons GSLIS Reunion at AALL

Once again Dean James Matarazzo has graciously arranged to hold a reception for Simmons GSLIS alumni at the AALL Annual Meeting and Conference.

The reception will take place on Sunday, July 15, 2001 from 5:30 to 6:30pm. Room details will appear in the final program distributed at the conference. Last year we had over 40 alumni from many different classes attended!