

## Corporate Consumers Turn to Alternative Providers



**Summary:** *Alternative providers are a growing force within the legal market that law firms have failed to take seriously.*

There is a growing trend among corporate consumers, especially Fortune 500 companies, to use alternative providers to law firms, according to a Corporate Legal Operations Consortium (CLOC) survey. CLOC Chairman and chief of staff and director of legal operations at Net App, Connie Brenton, said, “When a Fortune 500 GB sees that 46 percent of their peers have leveraged [a legal service outsource firm], it is not risky any longer.”

Brenton is highlighting the shifting legal services buy and sell dynamic. The survey by the CLOC found that the dynamic is, in fact, changing, that legal buyers are finding that it is “safe to use service providers, even for more complex work,” that a tipping point has been reached when using “alternative providers” is a norm and not necessarily an “alternative,” and traditional law firm market shares are softening and expected to continue to do so.

Some of the companies benefiting from this shift include Elevate and Axiom. Experts project legal provider revenue to explode from \$2 billion two years ago to \$55 billion by 2025. This is in contrast to the expected decline in law firm revenue but increase to in-house shares. The legal marketplace is a constantly changing machine.

The big question is why is the market shifting and what do alternative providers have that is so attractive? Legal consumers want their services delivered “faster, better, [and] cheaper.” They want easier access to the provider, better transparency and choice, lower cost, and faster delivery in addition to instant and ongoing connectivity with providers. Law relies on admissible evidence and burden of proof unless it is in relation to the sale and purchase of its services.

Consumers dictate what is legal and when a lawyer is needed. Consumers are also the ones that decide what the appropriate resource is to perform the task. The alternative providers deliver automation, data, predictive tools, and analytics created to allow consumers to discover legal problems before they grow into problems.

The world has turned to digitization, forcing the legal industry to as well. The alternative providers and the Big Four accounting firms are filling that need to cater to the digital age. Law firms have been hesitant to move towards digitization seeing as how it affects profit-per-partner revenue. This has allowed the providers to be a more attractive option yet, growing their profits quickly in just a few short years. Even with this growth, law firms have failed to take alternative providers seriously until recent data, like the CLOC survey, has shown that they need to take note of what corporate consumers want.

Have you ever heard of alternative legal providers? Do you think they are a good alternative source for certain tasks to a law firm? Share your experience with them in the comments below.

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