

Fennemore Craig Expands with Acquisition, Embraces AI for Legal Services



Fennemore Craig Acquires Lucent Law to Boost Tech Capabilities

In a strategic move to modernize its legal services, U.S.-based law firm Fennemore Craig announced its acquisition of Lucent Law, a boutique firm focused on technology-driven solutions. The merger, announced on Tuesday, brings in four new attorneys from Lucent, based in Spokane, Washington. It is part of Fennemore's broader initiative to integrate artificial intelligence (AI) into its workflow.

Lucent Law has developed a platform that automates corporate transactional and real estate-related tasks. This platform allows clients to access legal services at flat-rate pricing, a model Fennemore plans to expand across its services.

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Collaboration with OpenAI for Legal Innovation

Fennemore Craig is partnering with OpenAI, the company behind ChatGPT, to implement advanced AI technology in its legal practice. According to Fennemore CEO James Goodnow, this collaboration aims to enhance internal operations, including the firm's document management and timekeeping systems. The AI tools will allow Fennemore's lawyers to search internal data more efficiently, assist in drafting legal documents such as briefs, and improve pricing strategies.

AI is expected to streamline tasks, reduce manual labor, and improve pricing accuracy for clients, potentially moving away from the traditional billable-hour model.

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AI's Impact on Legal Pricing Models

The integration of AI in legal services raises questions about the viability of traditional billing models, such as the billable hour. As law firms adopt AI, clients are increasingly interested in alternative pricing models, including flat fees and value-based billing. These models promise greater transparency and predictability in legal costs, which is a growing concern for many clients.

Goodnow noted that AI will help Fennemore not only in determining fair pricing but also in reducing non-billable tasks that often consume lawyer hours. This efficiency could lead to a higher adoption of alternative fee arrangements, which currently account for less than 10% of Fennemore's legal work.

Growing Trend of Alternative Fee Arrangements in the Legal Industry

The rise of AI in the legal industry is part of a larger trend toward alternative fee arrangements (AFAs). According to a 2022 advisory by Citigroup's Citi Global Wealth at Work Law Firm Group and Hildebrandt Consulting, about 20% of law firm revenue came from AFAs last year. The report predicts continued growth in AFA adoption through 2025 as AI helps firms price work more accurately and deliver services more efficiently.

72% of law firms surveyed by Citi expect their revenue from AFAs to increase by 2025. AI technology is seen as a key factor in this shift, as it can speed up legal tasks and provide better value to clients.

Expansion and Remote Hiring as Strategic Growth

The acquisition of Lucent Law is Fennemore's fifth combination in 2023, reflecting the firm's aggressive growth strategy. With over 300 lawyers and 20 physical offices, Fennemore recently launched a new initiative to hire attorneys who work remotely, further diversifying its workforce and expanding its service capabilities beyond traditional office spaces.

Fennemore's embrace of AI and alternative fee models signifies a shift in how legal services are provided, as the firm continues to adapt to changing client demands and technological advancements.

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