MANAGING YOUR PRACTICE

Virtual Law Firms Shift Delivery of Legal Services Online

Beyond Brick and Mortar

By Hong Dao

What is a Virtual Law Firm?

According to the American Bar Association, the definition of a virtual law firm (VLF) can be hard to nail down because it ranges from a multi-lawyer, multi-jurisdiction law firm that provides full-service representation to a solo providing limited scope services. This article will focus on a VLF as a web-based law firm model for delivering online legal services with built-in accessibility and flexibility to meet the evolving expectations and demands of clients.

A VLF is the same as a physical office, but everything is online. It uses technology to establish a cloud-based ecosystem for interacting with and servicing clients and as a tool for operational efficiency.

Some central features of a VLF include:

- No physical office space, but access to conference rooms for in-person meetings if necessary;
- Website with a secure client portal where clients can access the firm’s legal services;
- Secure client portal so attorneys and clients can communicate, upload and download files, review documents, pay bills, schedule appointments and transact business in an encrypted environment;
- Minimal in-person client contact, as almost all interactions occur in virtual spaces;
- Heavy reliance on cloud-based platforms and services — the firm’s data is stored in the cloud and the services it needs to run the firm are also cloud-based;
- Automated systems and procedures such as client intake, onboarding, bill payment and document creation; and
- An offer of unbundled legal services or limited-scope representation.

What a VLF is Not

VLF is often confused with working remotely, or having just a website and no physical office. A defining feature of a VLF is moving away from the traditional methods of service delivery.

Many lawyers now integrate technological advances in their practice, such as backing up data to the cloud or using artificial intelligence for legal research, but they still deliver the bulk of their services the traditional way. The selective or even pervasive usage of technology does not make a firm a VLF. To be a VLF, it must offer online legal services through a secure client portal as the primary delivery mechanism.

Benefits of VLFs

Operating a virtual law firm has some benefits, including:

Capturing new client markets. A good share of the solo and small firm legal market is taken up by online platforms like LegalZoom and Rocket Lawyer. A VLF can position itself as a competitor to retake this market. Also, a generation of prospective clients grew up with the internet. Being a VLF is a competitive edge in this specific market.

Reducing overhead. By getting rid of traditional office spaces and all the costs associated with a physical setup, virtual lawyers can reduce their overhead. This frees up resources, which may allow lawyers to pass savings on to clients while still providing the same high-quality legal services at a reduced fee. The costs of hiring internal support staff may also be eliminated by using technology to automate administrative tasks.
Improving mobility and efficiency. Virtual lawyers are not tethered to any specific office location and can practice law anywhere on their devices. Mobility is made possible through automated systems that don't require lawyers to be physically at their desk. Document and systems automation result in a more efficient delivery of legal services.

Promoting creativity and flexibility. Traditional law firms are entrenched in their current model due to the heavy operational costs of having a physical office equipped with staff and legacy technology. VLFs are not limited by these constraints and are able to try different fee structures and services (e.g., limited-scope representation) that may not work with the traditional model.

Risks of VLFs

There are some risks to running a virtual law firm that lawyers need to evaluate before launching one:

New delivery model could fail. There is no guarantee that a virtual law firm model will work for everyone. Some lawyers may find they cannot work successfully outside the traditional model.

Landmines in unbundled legal services. For a VLF that offers unbundled legal services as permitted by ORPC 1.2(b), there are two landmines to be aware of. One is ethics. When a lawyer performs only a small aspect of a client's bigger matter, that lawyer's options and means to accomplish the narrowly defined objective may be limited. The lawyer has to ensure that the limitations are reasonable under the circumstances and still provide the client with competent and diligent representation. See OSB Formal Ethics Opinion 2011-183.

The other landmine is malpractice. A lawyer may limit the client interview to narrow the scope of representation. This, however, can lead the lawyer to miss issues and relevant facts pertinent to the client's matter. To avoid the risks of failing to advise clients to seek other counsel or missing the statute of limitations and other upcoming deadlines that may result in malpractice issues, lawyers should thoroughly interview these prospective clients and ask questions as if those clients need full representation.
Security of technology used. Not all cloud-based software products are created equal. Lawyers must engage in due diligence when using applications to ensure they are able to fulfill their ethical obligation to prevent the inadvertent disclosure of client data. This means they need to research and understand how their data is being stored and who has access to it. Failure to do so may lead to exposed client data.

How it Works from the Client’s Perspective

When clients go to a virtual law firm’s secure website, they should be able to see the firm’s fee schedule and choose a service based on their legal need. An online calendar should prompt clients to book a consultation appointment at a date and time convenient for them. Clients are then ushered to a page where they pay their consultation fee online. The lawyer calls or meets with the clients at their scheduled appointment time.

If both sides agree to the representation, the lawyer directs the client to a secure portal to proceed with the onboarding process. The lawyer explains to the client that they will communicate and interact through the client portal and how it will be used. The lawyer’s final work product is available for clients to download in the portal.

Considerations for Starting a VLF

Starting a VLF is the same as starting a regular law office, minus a few considerations but plus a few others. You still need to consider choice of entity, hardware and software, law office systems, PLF coverage issues, marketing, etc. All Oregon Rules of Professional Conduct still apply to VLFs.

Real VLF Examples

Check out these virtual law firms from across the U.S.:

- My Virtual Lawyer: myvirtual.lawyer
- MD Family Lawyer: mdfamilylawyer.com
- Grossbart, Portney & Rosenberg, P.A.: mdbankruptcylaw.com
Here are some extra considerations:

Know your target market. Understand who will be consuming your legal services. Who is your target audience? If your audience is older people who prefer a traditional office space and methods of communication, or if your audience has limited access to technology, the VLF model may not work for that market. As mentioned earlier, people who use non-lawyer online services like LegalZoom or the “connected generation” are more open to a VLF model.

Have a user-friendly website with a client portal. Almost all lawyers practicing law today have some type of website. Some are more sophisticated than others.

A VLF website is a bit different from a traditional law firm website. First, it needs to have a secure client portal for the reasons already mentioned; most major practice management programs have a built-in secure client portal. Second, the website should explain how the VLF model works; clarify the online process of engaging your services, so prospective clients know exactly what they are retaining. Third, make sure the website is easy to navigate, has a fast load time and is mobile compatible; the content should be well-organized and formatted so information is easily scanned and accessible.

Determine what type of online legal services you want to offer and the fees for those services. The types of legal services a VLF provides depends on its practice areas. Although a virtual practice isn’t, by definition, limited to any practice areas, some are more amenable to online delivery. Practice areas that are paper-heavy, such as business startups or estate planning, are easier to deliver online. Further, any practice areas that can be unbundled or broken down into discrete tasks and sold online as single-service products are conducive to a virtual practice. These may include the preparation of legal documents bundled with legal advice, legal advice only, contract drafting, preparing pleadings or document review.

Because virtual law firms do not operate like traditional law firms, they avoid billing by the hour against a retainer. Instead, virtual legal services are typically delivered on a flat-fee basis. Figuring out the value of a single-service product may require some research or trial and error.
The services and fees should be clearly delineated and posted on the firm’s website.

Determine what law office systems and processes you want to automate. To streamline your operation and make it easier for clients to use your online services, consider automating certain aspects of your virtual practice. If you don’t know where to start, think about any time-consuming tasks that involve the same repetitive steps or process, and start there. At the very least, start by automating your client intake procedures and onboarding process, as well as document creation. Once those systems are automated, move on to others.

Invest in the right technology to create a cloud-based legal environment to deliver services. The technology you want or need depends on the type of services you provide and the systems you want to automate. Whatever technology you use should be integrated into your website.

Because many applications are required to automate certain processes, it’s important to think through your systems and procedures before purchasing a piece of technology. For example, let’s look at some of the technologies needed to automate client intake in your website:

- An online scheduling application like Calendly so clients can book appointments;
- Online forms like Google Form, Typeform, Wufoo or Jotform so clients can fill out an intake form;
- An online credit card processor like LawPay, LexCharge or Square so clients can pay consultation fees and additional services;
- A digital signature tool like DocuSign, SignNow or HelloSign so clients can sign their fee agreement and other documents;
- Cloud practice management software to manage the firm’s operation in one place; and
- Workflow automation tools like Zapier, IFTTT or Microsoft Flow to allow different applications to talk to each other and function together.

Having the right technology is also important as it can restrict or enhance your delivery of services. For example, the functionality of a client portal may be limited based on the platform on which it’s operating.

Client portals offered by many of the practice management programs mentioned previously limit their functions to document sharing, bill sharing and paying, task assigning, software integration, and messaging. Client portals offered by platforms like DirectLaw allow clients to purchase online preparation of legal documents and complete a questionnaire. Once completed, the platform will prompt the automatic creation of that legal document for the lawyer’s review and approval. This type of document assembly can still be done with a practice management program, but requires the use and integration of many other applications, including the workflow automation tools mentioned above.

The American Bar Association’s Legal Technology Resource Center, available online at tinyurl.com/ABATEchResources, is a great place to start looking into different technology available to lawyers.

Conclusion

The changes in the legal marketplace have led some lawyers to adopt the VLF model to remain competitive. While this model may not work for every lawyer and client, it may be a good fit for others.

Lawyers should be mindful of not taking the traditional law firm model mindset and applying it to the VLF model. Running a VLF is about being untraditional and doing things differently. This mindset will help lawyers succeed outside the brick-and-mortar framework.

Hong Dao is a practice management attorney for the Professional Liability Fund. Reach her at hongd@osbdplf.org.

ENDNOTES


2. Cloud-based programs with a client portal include: ActionStep, Amicus Attorney, Clio, CosmoLex, MyCase, Practice Panther, Rock Matter, SmokeBall and Zola Suite.