

The Virtual Lawyer Stampede

by Sharon D. Nelson and John W. Simek

Intriguing news from the American Bar Association's 2010 *Legal Technology Survey Report*: 14 percent of lawyers reported that they ran a virtual law office, working with clients over the Internet and rarely meeting them in person. We think that statistic is amazing.

Though the term virtual law office (VLO) has been around for a while, the definition has been morphing. In fact, as we went to research the definition, we found a wide range of definitions—many at odds with one another.

After comparing what we found, we settled on a definition proffered by virtual lawyer Stephanie L. Kimbro, who says that a virtual law office is a professional law practice that exists online through a secure portal and is accessible to the client and the attorney anywhere the parties can access the Internet. A VLO provides attorneys and clients with the ability to securely discuss matters online, download and upload documents for review, and to transact other business in a secure digital environment. Recently, Kimbro has updated her definition to note that a VLO can be integrated into a traditional law practice to expand the firm's market—something we imagine will happen more and often.

The tendency of lawyers is to go where the clients are. Without any question, the clients are now online in droves.

If you do the math, you can certainly understand the appeal of the VLO. Subtract almost all the traditional overhead, add a tiny charge for technology to enable the VLO, put that in the hopper with the increased revenues from working and marketing online, and you've got a winning proposition. A VLO might be a perfect situation for a parent staying at home with young children or taking care of an elderly parent. The low overhead might allow a young lawyer to

slowly nurture a practice without the financial risks of setting up a traditional law office.

The flexibility of a VLO appeals to many. We have a friend who runs a VLO from a log cabin overlooking the Blue Ridge. If work comes in, he deals with it via computer. This business method leaves him a great deal of time to ramble in the forest or gaze at nature's majesty. We're pretty sure our friend is smarter than we are in his working arrangements. VLOs can provide a terrific work-life balance solution.

On the downside, it is hard to nurture the old-fashioned sort of client relationship over the Internet. The online fast and relatively impersonal transaction is just not as conducive to creating a loyal and lifetime relationship with a client. Generally, you can't stroll down the hall to consult with a colleague, and while you can replace a portion of this online, the depth and character of the encounters are not quite the same.

That said, VLOs are very well suited for high volume, low customization work. As a friend of ours is fond of saying, a well-run VLO can make you money while you sleep.

The ABA has suggested that there are minimum requirements for delivering services online—notably, ensuring client confidentiality. Is your data backed up? If you are using Software as a Service (SaaS), is your data stored locally as well as offsite? Is it encrypted in transport and in storage? Is it stored in a data center? If so, where? Are there any cross-border issues? What is the data center's physical security? Are there redundant power sources?

Have you read the service level agreement with your service providers? Our experience is that the customary answer is "no." What happens if the provider bellies up? What if you want to

leave with your data? What's the process and charge?

The ABA also reminds lawyers that they still need to do conflict checks, to have a disclaimer that states where they are licensed to practice, to use a retainer agreement, to delineate website terms and conditions, and to make sure, if they are accepting payments online, that they are mindful of payment card industry compliance.

So what tools are these lawyers using? Two we hear about frequently are Clio (<http://www.goclio.com/>) and Rocket Matter (<http://www.rocketmatter.com/>), which both provide web-based law practice management services. In addition, VLOTech (<http://www.vlotech.com/>) is a very well-regarded platform for VLOs. Their pricing varies with the size of the law firm.

Another contender is an online dashboard furnished by DirectLaw (<http://www.directlaw.com/>). Clients can purchase legal documents bundled with legal advice for a fixed fee. These documents include state-specific forms that generate first drafts for customization by attorneys. The dashboard also offers file sharing, calendar function, electronic invoicing and voice-recognition software. There's also a secure site for client communication. Monthly fees vary with what you want for services; they are plainly spelled out on the website. Though we don't have current figures, more than sixty law firms were subscribed in late 2009.

The transformation of the practice of law, long predicted by such visionaries as Richard Susskind, seems to be taking place very quickly. Just a few years ago, we marveled at lawyers using what were then cutting-edge services such as Legal Typist or Ruby Receptionist. While such

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services are still valuable, the modern VLO is to the early VLO as the space shuttle is to the Mercury spacecraft. We expect the transformation to continue over the next decade, so fasten those seat belts and prepare for warp speed.