



UNIVERSITY OF TORONTO  
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# ALTERNATIVE LEGAL SERVICE PROVIDERS

Future of Law Lab

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# Overview of the Legal Market

The Canadian legal industry, encompassing traditional law firm models, alternative legal service providers (“ALSPs”), legal technology companies, and related ancillary services, is one of significant market value. This particular overview focuses on the value of the firms themselves, and on market that ALSPs have created.

The Canadian law firm market is highly fragmented and is composed of a few large offices, several mid-sized firms, and hundreds of sole proprietor practices.<sup>1</sup> While over half of law firms are structured as sole practitioners, the top four large firms take in 12.4% of the market’s revenue.<sup>2</sup> Business and commercial law services dominate the market, accounting for 41.1% of all services at a revenue of \$6.5 billion in 2021.<sup>3</sup> The next most popular practice areas are civil negligence, personal injury, criminal law services, and real estate law.<sup>4</sup>

## ***Law Firm Market Analysis***

Key external drivers for industry performance include corporate profit, demand from the finance and insurance sector, growth in businesses, and the crime rate.<sup>5</sup> The first three factors led to strong growth in the legal industry, with industry revenue

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<sup>1</sup> Christopher Della Camera, “Law Firms in Canada” (November 2021), IBIS World, at page 23 [*IBIS*].

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid* at page 17.

<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid* at page 7.

increasing at an annualized rate of 2.8% over the last 5 years.<sup>6</sup> Despite economic challenges posed by COVID and a decreasing national crime rate, the industry experienced 3.2% growth in 2020 due to an increase in areas such as bankruptcy, corporate restructuring, and regulatory compliance practice areas.<sup>7</sup> In saying this, the legal market's performance has largely been driven by the expansion of the overall Canadian economy over the last five years as the overall number of businesses in Canada has expanded by 0.7%, keeping the pool of clientele for law firms growing.<sup>8</sup> It is forecasted that industry revenue will increase at an annualized rate of 1.2% to \$16.7 billion over the next five years, with international investment activity and post-COVID economic recovery strengthening this trend.<sup>9</sup> Major foreign firms are taking advantage of Canada's stable economic outlook and are entering the market, while Canadian law firms are simultaneously expanding into international markets through strategic partnerships.<sup>10</sup>

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Low revenue volatility</li> <li>• Low capital intensity</li> <li>• Low customer class concentration</li> <li>• Regulatory forces maintain low substitute threat</li> </ul>	<ul style="list-style-type: none"> <li>• Low and steady barriers to entry</li> <li>• Low and steady levels of assistance</li> </ul>

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<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid* at page 11.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid* at page 16.

<sup>10</sup> *Ibid.*

Opportunities	Threats
<ul style="list-style-type: none"> <li>• High revenue growth over the last 5 years</li> <li>• High performance external drivers of growth</li> <li>• Emerging legal issues surrounding technology</li> </ul>	<ul style="list-style-type: none"> <li>• Low long-term revenue growth</li> <li>• Low projected revenue growth</li> <li>• Alternative legal service providers (ALSPs)</li> </ul>

The law firm market is in the mature stage of its economic life cycle – this is indicated by slowing revenue growth and a recent wave of mergers and acquisitions between many Canadian and international firms.<sup>11</sup> ALSPs have also entered the legal market, posing a threat to traditional law firms. ALSPs are a substitute that have bolstered the already strong degree of rivalry experienced in the legal industry.<sup>12</sup>

***What are Alternative Legal Service Providers?***

ALSPs are companies that exist within the broader legal market, which provide focused, non-traditional, and high-demand legal services.<sup>13</sup> As of 2021 the most common services provided by ALSPs are document review, contract staffing, investigation support, legal research, and IP management.<sup>14</sup> ALSPs focus on improving and systematizing elements of the legal process that can be performed more efficiently.<sup>15</sup> Traditionally,

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<sup>11</sup> *Ibid* at page 16.  
<sup>12</sup> “Legal Services in the United States” (October 2021), Marketline Advantage at page 21 [*Marketline*].  
<sup>13</sup> “Alternative Legal Service Providers” ParalegalEDU [*ALSPs*].  
<sup>14</sup> “Alternative Legal Service Providers” (February 2021), Thompson Reuters at page 7 [*Thompson Reuters*].  
<sup>15</sup> *ALSPs*, *supra* note 27.

ALSPs have shown a greater willingness than conventional law firms to off-shore and outsource their work, build web-based solutions, and incorporate IT automation.<sup>16</sup> In the modern era, the most successful ALSPs are seen as a source of specialized expertise that goes beyond what could be expected from an average law firm, simply due to the volume of work they do for specific service.<sup>17</sup>

Though initially seen as competition, law firms now understand that subcontracting some services to ALSPs can allow them to focus more on core competencies and complex work.<sup>18</sup> This strategy has been especially effective for clients focused on reducing costs.<sup>19</sup> Additionally, ALSPs have yet to take a significant market share away from law firms.<sup>20</sup>

## ***ALSP Market Overview***

In the current market, ALSPs play an important role in providing law firms and in-house legal counsel with specialized expertise that allow them to work more efficiently. Globally, the market for ALSPs reached a value of \$13.9 billion by the end of 2019 – an increase of \$3.2 billion compared to the previous two years.<sup>21</sup> The ALSP market is broadly subdivided into 3 categories – law firm captives, independent ALSPs, and the Big Four - Deloitte, KPMG, EY, and PWC - legal service providers.<sup>22</sup> Law firm captives account for the smallest market share, but have experienced the most rapid growth, yielding a

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<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

<sup>18</sup> *Thompson Reuters, supra* note 28 at page 3.

<sup>19</sup> *Ibid.*

<sup>20</sup> *Thompson Reuters, supra* note 28 at page 2.

<sup>21</sup> *Thompson Reuters, supra* note 28 at page 4.

<sup>22</sup> *Ibid* at page 3.

revenue of \$480 million in 2019.<sup>23</sup> Independent ALSPs remained the largest segment of the market with a market size of \$12 billion and growth rate of 15% CAGR from 2017-2019.<sup>24</sup>

While market sizing shows that growth is still strong, ALSPs are beginning to mature and become a mainstream legal option with well over half of law firms and corporations using ALSP services.<sup>25</sup> In 2020, 79% of U.S. law firms and 71% of US corporations used ALSPs<sup>26</sup>. This is likely a result of firms realizing that certain legal tasks are probably always going to be loss-leaders – by outsourcing these tasks to ALSPs, they can maintain margins and cut costs.<sup>27</sup>

US Law Firms – Top Drivers of ALSP Use <sup>28</sup>	US Corporations – Top Drivers of ALSP Use <sup>29</sup>
<ul style="list-style-type: none"> <li>• Access to specialized expertise</li> <li>• Cost controlling for clients</li> <li>• Higher profitability</li> <li>• Meeting peak demand without increasing labour force</li> </ul>	<ul style="list-style-type: none"> <li>• Access to specialized expertise</li> <li>• Free up in-house counsel to work on more strategic matters</li> <li>• Drive efficiency</li> <li>• Reduce cost</li> </ul>

US Law Firms – Top Barriers to ALSP Use <sup>30</sup>	US Corporations – Top Barriers to ALSP Use <sup>31</sup>

<sup>23</sup> *Ibid.*

<sup>24</sup> *Ibid*

<sup>25</sup> *Ibid*

<sup>26</sup> *Ibid* at page 2

<sup>27</sup> *Ibid* at page 6

<sup>28</sup> *Ibid* at page 7

<sup>29</sup> *Ibid*

<sup>30</sup> *Ibid* at page 8

<sup>31</sup> *Ibid*

<ul style="list-style-type: none"> <li>• Prefer to handle issues with in-house resources</li> <li>• Not requested by client</li> <li>• Would not reduce costs</li> <li>• Service quality concerns</li> </ul>	<ul style="list-style-type: none"> <li>• Prefer to handle issues with in-house resources</li> <li>• Would not reduce costs</li> <li>• Service quality concerns</li> <li>• Not requested by client</li> </ul>
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Technology is at the core of many independent ALSPs’ business models – rapid changes in technology are causing organizations to look for guidance in technology selection.<sup>32</sup> Strategically, a focus on technology-based services for independent ALSPs result in a higher value, more complex product – ALSPs bear the burden of innovation, development, and deployment while still allowing legal departments to receive the benefits of use.<sup>33</sup>

## ***The Merging of Markets***

As the legal market has evolved to adopt new technologies and business strategies, it has become difficult to separate “traditional” and “alternative” legal services from each other. The discourse that surrounds ALSPs has evolved to categorize anything other than traditional firm service as “alternative”, a description that is technically incorrect.<sup>34</sup> The ecosystem in which law firms will compete is one that will increasingly require the integration of law into broader business solutions that allow clients to develop

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<sup>32</sup> *Ibid*

<sup>33</sup> Cornelius Grossman, “Why Alternative Legal Service Providers Are On the Rise” (March 24, 2020)

<sup>34</sup> David B. Wilkins and Maria Jose Esteban Ferrer, “Taking the ‘Alternative’ out of Alternative Legal Service Providers” (July 2019), *The Practice* 5(5).

agile ways of solving complex problems.<sup>35</sup> This trend is evident in the Big Four restructuring themselves as Multi-Disciplinary Practices, enabling them to provide integrated solutions that address legal issues.<sup>36</sup> What the Big Four are doing internationally is no longer “alternative” – rather, they are acquiring and partnering with both ALSPs and traditional law firms to meet demand.<sup>37</sup> Big law firms have tried to respond by acquiring ALSPs of their own.<sup>38</sup> All of this points to the fact that what the word “alternative” means has become increasingly difficult to define and differentiate in the current legal market.

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<sup>35</sup> *Ibid.*

<sup>36</sup> *Ibid.*

<sup>37</sup> *Ibid.*

<sup>38</sup> *Ibid.*



## ALSP Service Categories

There are a wide array of Alternative Legal Service Providers (“ALSPs”) being used in Canada, but this article will focus on these 5 main categories:

- 1) Document Review
- 2) eDiscovery
- 3) IP Management
- 4) Contract lifecycle management
- 5) On-demand legal services / flexible legal staffing.

### 1) Document review and Coding Services

Document coding and document review is the process of identifying and extracting information from a variety of documents into a common form to improve searchability. These services are generally used for cases that require large amounts of documents to review, such as litigation, M&A transactions, and government investigations.<sup>39</sup> They examine which documents are relevant to the case, consolidate information into a more workable and searchable format, and provide opposing parties with the relevant documents for litigation.<sup>40</sup> These service providers often leverage software and technology and are much more efficient and cost-effective than manual reviews.<sup>41</sup> Companies that provide document review and coding services include: Integreon,

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<sup>39</sup> The Audiopedia, “What is DOCUMENT REVIEW? What does DOCUMENT REVIEW mean? DOCUMENT REVIEW meaning & explanation”, (9 June 2018), online (video): *YouTube* < <https://www.youtube.com/watch?v=pTTr5YL3Efc>>.

<sup>40</sup> Ironclad, “Legal Document Review: Keys to Understanding the Process”, online: *Ironclad* < <https://ironcladapp.com/journal/contract-management/legal-document-review/>>.

<sup>41</sup> Zapproved, “What is Document Review”, online: *Zapproved* < <https://zapproved.com/blog/what-is-document-review/>>.

Quislex, Lawflex, Obelisk Legal Support, DWF Mindcrest and Elevate.<sup>42</sup> Companies like Lawflex and Obelisk Legal Support are predominantly flexible legal staffing companies (see point 5) that also take on document review work.<sup>43</sup> QuisLex specializes in complex or high-volume type document reviews, contract management, and other projects through utilizing AI and other emerging technologies.<sup>44</sup>

## 2) E-Discovery

E-discovery involves identifying, collecting and producing electronically stored information in response to the request for production in a lawsuit or investigation. The information being processed includes emails, documents, databases, voicemails, social media, etc. E-discovery can be complex and work intensive because of the sheer volume of electronic data being stored and given the complicated and dynamic format of the documents.<sup>45</sup>

There are 3 steps in eDiscovery:

1. Data is identified as relevant and placed on a legal hold.
2. Attorneys from both sides determine the scope of the discovery, identify the relevant stored information, and make requests and challenges.
3. The evidence is then extracted and analyzed using digital forensics<sup>46</sup>.

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<sup>42</sup> Chambers, "Alternative Legal Service Providers 2021" (2021) at 26, online (pdf): *Chambers* <<https://chambers.com/legal-guide/alternative-legal-service-providers-94/download>>.

<sup>43</sup> *Ibid* at 9-11.

<sup>44</sup> *Ibid* at 7.

<sup>45</sup> Complete Discovery Source, "The Basis: What is e-Discovery?", online: *Complete Discovery Source* <<https://cdislegal.com/knowledge/the-basics-what-is-e-discovery/>>.

<sup>46</sup> aiim, "What is eDiscovery?", online: *aiim* <<https://www.aiim.org/what-is-ediscovery>>.

The goal of eDiscovery is to produce a core volume of evidence for litigation and convert data to one format to make information and data more searchable.<sup>47</sup>

The leading firms include: DWF Mindcrest, Integreon, Elevate, UnitedLex. DWF Mindcrest, Integreon, Elevate and United Lex all utilize their resources, technological capabilities, legal expertise, and existing company infrastructure to lead in a variety of ALSP services including litigation services/ e- discovery, document review, and other managed legal servicers. The Big Four – Deloitte, PWC, KPMG, EY - are also leveraging their existing resources, technological infrastructure, client relationships, and strong brand name to tap into this area of the legal market.<sup>48</sup>

### 3) IP Management

IP Management is becoming complex, with an increase of IP data and changes in IP law meaning that professionals can no longer spend all their time on manual work. IP management software is aimed at streamlining the process, reducing the need for human interaction, and generating more IP data and insights. These services are used in all stages of IP management, including:

1. IP development: Information on patents can help companies understand what is protected and what is not, which enables companies to make better decisions about where to patent in their innovation and how their R&D should be conducted.
2. IP protection: This software assists in filing patents, reducing the errors in filing.

Additionally, much of a company's resources are often based on IP prosecution.

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<sup>47</sup> DiscoveryBriefs, "What is Data Processing in eDiscovery?", (5 June 2017), online (video): *YouTube* <<https://www.youtube.com/watch?v=pgdaZFYXXEA>>.

<sup>48</sup> *Supra* note 49.

Having information and data can highlight success rate of IP prosecution and remove prosecution with low probability of success or commercial impact.

3. IP management – This helps to facilitates business decision-making, including: where to focus the next generation of IP development, whether they should retain the patents that are due for renewal, and where IP research and resources should be spent.<sup>49</sup>

#### 4) Contract Lifecycle Management

These technologies are used to complete repetitive workflow tasks, often resulting in much faster and less expensive data extraction with improved search capabilities. This technology can assist with data download, identifying related and missing documents, as well as data cleanup and upload.

The leading companies specializing in contract lifecycle management include: Cognia Law, Deloitte, Elevate, DWF Mindcrest, Elevate, Exigent group, and EY. Cognia Law, Elevate, DWF, and Exigent group all provide comprehensive legal service outsourcing, such as document review, contract lifecycle management, and digital transformation projects. Deloitte uses its AI-driven technology platform, dTrax, to aid in a variety of services such as: the contract negotiation, contract analysis, and standardizing templates. EY has acquired Riverview Law and Pangea3 from Thomson Reuters to perform high-volume contract reviews, contract administration work, and contract performance advising.<sup>50</sup>

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<sup>49</sup> Simon Webster, "What is the future of IP management for law firms?" (8 February 2017), online: *IPWatchdog* < <https://www.ipwatchdog.com/2017/02/08/future-ip-management-law-firms/id=77959/>>

<sup>50</sup> *Supra* note 49 at 3-7.

## 5) On-demand Legal Services/Flexible Legal Staffing

On-demand legal services help companies and law firms access specialized services or meet peak demand at a reasonable rate.<sup>51</sup> Some companies also provide managed services, typically compliance or regulatory projects, which entail specialized project management or project work for in-house teams.<sup>52</sup>

Leading firms include: Axiom, Elevate, FLEX by Fenwick, and Lawyers On Demand. Both Axiom and Elevate specialize in providing in-house counsel or legal secondments on demand by a seamless integration of their lawyers with the clients' team.<sup>53</sup> Axiom and Lawyers On-Demand service many Fortune 100 companies and also provide other services such as managed projects and counseling;<sup>54</sup> comparatively, Flex by Fenwick specializes in an entrepreneurial client base such as VR, biotech, fintech, gaming, digital media and social media.<sup>55</sup>

## Law Firm Responses to ALSPs

Some people question whether Alternative Legal Services pose a threat to law firms.<sup>56</sup> This may be unlikely, as law firms have introduced their own legal alternative services in order to keep up with the shifting market and client demands.<sup>57</sup> This trend has been accelerated by the COVID-19 pandemic. For example, Forbes suggests that COVID

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<sup>51</sup> *Ibid* at 28-29.

<sup>52</sup> *Ibid* at 9-10.

<sup>53</sup> *Ibid*.

<sup>54</sup> *Ibid* at 17.

<sup>55</sup> Flex by Fenwick, "In-House Counsel on Demand", online: *Flex by Fenwick* <<https://www.fenwick.com/flex>>

<sup>56</sup> Gary Goodwin, "Are ALSPs really such a threat to law firms?", *Canadian Lawyer Magazine* (21 October 2019), online: <<https://www.canadianlawyermag.com/news/opinion/are-alsps-really-such-a-threat-to-law-firms/321069>> [<https://bit.ly/3Jxm7lp>].

<sup>57</sup> Interview with Tilly Gray. Interview with Daniel Nyman.

has provided a push towards more technological approaches to different elements of the law.<sup>58</sup>

### Innovation within Law Firms

The services provided by ALSPs enables legal work to be delivered with greater efficiency and effectiveness. Recognizing these benefits, law firms have created departments that are more innovation focused and which support the firm in integrating relevant technologies. For example, Cassels, Blakes, McCarthys and Osler have created departments called FourLines, inSource, MT> Align and Osler Works, respectively, which allow the firms to utilize different business models, technologies, and innovation into their traditional firm practices. There has also been a shift in the language around what it means to be a full-service firm, as firms begin to introduce elements of different professions to support their legal service delivery..<sup>59</sup>

### FourLines at Cassels

The benefits of utilizing an internal ALSP is that the mandate can be adapted to suit the firm's particular needs. In particular, FourLines interpreted Covid as a situation that could create growth and expansion from a technological perspective. FourLines focused on how firm functions could be performed at home, from document signing to scanning. The team aimed to create solutions that the other departments needed and to fill the gaps in their processes. Part of the mandate for FourLines was to help with the

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<sup>58</sup> Mark Cohen, "COVID-19 Will Turbocharge Legal Industry Transformation", *Forbes* (24 March 2020), online: <[www.forbes.com/sites/markcohen1](http://www.forbes.com/sites/markcohen1)> [<https://bit.ly/3HSJuM6>].

<sup>59</sup> Interview with Josh Morrison.

transition to working from home by providing expertise and training that was highly dependent on the project and project team's strengths and skillsets.<sup>60</sup>

FourLines takes an approach similar to that of a start up in terms of its workflow and project focus. There is also an emphasis placed on the team's entrepreneurial spirit and working to create change with the legal tech market. Another key part of the work the FourLines team does is discovering inefficiencies within their own processes and the firm at large.<sup>61</sup>

### inSource at Blakes

inSource is focused on the firm's pre-existing clientele. They support the legal teams within Blakes by providing primarily document review work, due diligence, contract review, and legislative updates. This innovation was prompted by the desire to keep work commonly outsourced to other ALSPs within Blakes. To do this, Blakes created a new category of "Staff Lawyers" to work on the inSource team.<sup>62</sup> These are licensed lawyers with a range of backgrounds, including in-house experience, hired specifically to complete these specialized work tasks.<sup>63</sup>

### Osler works at Osler

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<sup>60</sup> Interview with William Morrison.

<sup>61</sup> *Ibid.*

<sup>62</sup> Daniel Fish, "The lucrative days of document review are over," *Precedent* (March 7, 2017), online < <https://lawandstyle.ca/law/cover-story-the-lucrative-days-of-document-review-are-over/>>.

<sup>63</sup> Interview with Daniel Nyman.

The Osler Works team is comprised of both lawyers and business professionals who aim to delivery Osler quality legal services at a lower cost. This group is split into two main branches of delivery: transactional and disputes. The transactional branch is focused on supporting a range of transactions by offering services like due diligence and compliance management services.<sup>64</sup> In the disputes branch there is a focus on incorporating technology into litigation, such e-discovery software.<sup>65</sup> To help provide these services more efficiently and cost-effectively, Osler utilizes other ALSPs, like Kira.<sup>66</sup>

In an interview with Lexpert, Gillian Scott from Osler, answered some questions regarding ALSPs. One of the obstacles mentioned is the need for consistent updates to the systems in order for them to operate optimally. To avoid setbacks, they hire specialists who support lawyers and clients with their use of the ALSP software Osler also uses human oversight of their technology projects to identify potential technical issues.<sup>67</sup>

## MT>Align

A unique feature that McCarthy Tetrault highlights about MT> Align is its ability to offer in-house legal counsel services to smaller businesses through virtual means.<sup>68</sup> This feature seems to primarily stem from a recognized gap within the legal market as a result

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<sup>64</sup> *Osler Works-Transactional*(Osler), online: < <https://www.osler.com/en/expertise/osler-works/osler-works-transactional>> [<https://bit.ly/3LzhC1x>].

<sup>65</sup> *Osler Works-Disputes* (Osler), online: < <https://www.osler.com/en/expertise/osler-works/osler-works-disputes>> [<https://bit.ly/3JxpNKd>].

*Discovery Management Services* (Osler), online: < <https://www.osler.com/en/expertise/services/litigation-and-dispute-resolution>> [<https://bit.ly/3LyBB0m>].

<sup>66</sup> Tom Davenport, "The Future of Work Now: Natalie Munroe And The Transformation Of Legal Service Delivery", *Forbes* (28 July 2020), online: <[www.forbes.com/sites/tomdavenport](http://www.forbes.com/sites/tomdavenport)> [<https://bit.ly/3rY9S1H>].

<sup>67</sup> Gillian Scott, "What is Legal Automation? How law firms use AI to increase efficiency and add value for clients", *Lexpert* (November 01 2021), online: < <https://www.lexpert.ca/legal-insights>> [<https://bit.ly/3oNWdZ1>].

<sup>68</sup> *MT>Align* (McCarthy Tetrault), online: < <https://www.mccarthy.ca/en/services/mtdivisions-client-solutions>> [<https://bit.ly/3GWHz84>].



of the continued need for in-house counsel. While McCarthy Tétrault has a broad MT> division, focused on technological offerings, the MT> Align branch specifically focuses on providing unique services that meet clients' needs through the use of lawyer expertise and technological tools.<sup>69</sup>

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<sup>69</sup> Susan Wortzman et al., "New Business World, New Legal Models", *Canadian Lawyer Magazine*, online: <[https://www.canadianlawyermag.com/staticcontent/AttachedDocs/New\\_Business\\_World\\_New\\_Legal\\_Models\\_.pdf](https://www.canadianlawyermag.com/staticcontent/AttachedDocs/New_Business_World_New_Legal_Models_.pdf)> [<https://bit.ly/33jTHlw>].

## Spotlight – Axiom

Axiom is an on-demand legal service firm, where teams can shop for the legal talent that they need to take on any legal tasks they may have. One of Axiom's most popular services involves offering secondments to support in-house teams in providing coverage in various areas, such as staff turn-over, counseling, or providing advice on special subject matters. They also have structured teams to work on high-volume projects or managed projects, ranging from short term regulatory repapering to long term consulting and processes improvement.<sup>70</sup> The firm's core competency is its ability to utilize data-driven algorithms to match client work with the best-fitted lawyer, as well as their lawyers' ability to integrate themselves seamlessly into the client's legal team as a result of their high compatibility.

Axiom has achieved great success since it first launched in 2000. They now serve more than half of the Fortune 100 and are making over \$500M in revenue with over 5,800 lawyers. One of Axiom's competitive advantages is the quality of their lawyers. Axiom is highly selective, hiring only 5% of attorneys who apply. Their lawyers have an average of 15 years of qualified experience, and over a third have worked in either Fortune 500 or LAW100.<sup>71</sup>

### A Unique Business Model

Axiom is different from a law firm in that it replaced the traditional hierarchical and leveraged firm partnership model into a flatter, egalitarian and agile one. This solves the

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<sup>70</sup> Chambers, "Alternative Legal Service Providers 2021" (2021) at 26, online (pdf): *Chambers* <<https://chambers.com/legal-guide/alternative-legal-service-providers-94/download>>.

<sup>71</sup> Mark A. Cohen, "What's Up With Axiom?" (4 June 2019), Online: *Forbes* <<https://www.forbes.com/sites/markcohen1/2019/06/04/whats-up-with-axiom/?sh=6897080155b2>>

problem of over-billed clients as they can access top lawyers without having to pay the large fee charged by traditional law firms. Axiom is also able to reduce the cost of services provided to clients by cutting down on the cost of the fixed assets and large support staffs. Axiom's lawyers have the added benefit of continuing to perform sophisticated legal work without the pressure of the "billable hours model". This results in Axiom having a markedly lower than industry average turnover rate, which results in further savings in costs.<sup>72</sup>

### Gaining Traction

When Axiom first started out, they found it difficult to convince corporate counsels to switch over from the large firms that were the dominant legal providers. When the 2008 financial crisis hit, it became an opportunity for Axiom, as many companies were trying to reduce staffing and their legal spending. Axiom appealed to these companies as they were able to deliver a similar quality of service at a lower price. Axiom has also experienced tremendous growth within the last 2 years during the pandemic, growing from 2400 lawyers in 2019 to more than 5800 lawyers today.<sup>73</sup>

### The Future of Axiom

In July 2020, David McVeigh replaced Elena Donio as the new CEO of Axiom. He is a chemical engineer by training and has experience in consulting, private equity, and technology. The CEO has a new vision for Axiom, aiming to turn it into an enterprise legal marketplace, where customers can engage in high caliber lawyers and find the most appropriate diverse legal talent to fit their needs. He plans to further invest in their talent

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<sup>72</sup> *Ibid.*

<sup>73</sup> *Ibid.*

matching algorithms, which leverage data to better map talent to task. Instead of producing technology products or being a tech company, he wishes for Axiom to utilize technology through their existing model.

In the future, the Big 4 – Deloitte, PWC, KPMG, and EY - will pose a considerable threat, as they begin to put their resources into legal technology. The Big 4 are highly competitive due to their powerful brands, abundance of capital funds, multidisciplinary talent, existing technology infrastructure, and strong client relations. Axiom plans to differentiate itself by focusing on legal talent management.<sup>74</sup> This focused approach highlights the importance of differentiation in what is now a dynamic and increasingly popular industry to enter.

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<sup>74</sup> Mark A. Cohen, "What Recent Axiom, Deloitte, and UnitedLex Announcements Reveal About Law's Future" (21 July, 2021), Online: *Forbes* < <https://www.forbes.com/sites/markcohen1/2020/07/21/what-recent-axiom-deloitte-and-unitedlex-announcements-reveal-about-laws-future/?sh=58ddc8546f2d> >

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Axiom has achieved great success since it first launched in 2000. They now serve more than half of the Fortune 100 and are making over \$500M in revenue with over 5,800 lawyers. One of Axiom's competitive advantages is the quality of their lawyers. Axiom is highly selective, hiring only 5% of attorneys who apply. Their lawyers have an average of 15 years of qualified experience, and over a third have worked in either Fortune 500 or LAW100.<sup>76</sup>

### A Unique Business Model

Axiom is different from a law firm in that it replaced the traditional hierarchical and leveraged firm partnership model into a flatter, egalitarian and agile one. This solves the

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<sup>75</sup> Chambers, "Alternative Legal Service Providers 2021" (2021) at 26, online (pdf): *Chambers* <<https://chambers.com/legal-guide/alternative-legal-service-providers-94/download>>.

<sup>76</sup> Mark A. Cohen, "What's Up With Axiom?" (4 June 2019), Online: *Forbes* <<https://www.forbes.com/sites/markcohen1/2019/06/04/whats-up-with-axiom/?sh=6897080155b2>>

problem of over-billed clients as they can access top lawyers without having to pay the large fee charged by traditional law firms. Axiom is also able to reduce the cost of services provided to clients by cutting down on the cost of the fixed assets and large support staffs. Axiom's lawyers have the added benefit of continuing to perform sophisticated legal work without the pressure of the "billable hours model". This results in Axiom having a markedly lower than industry average turnover rate, which results in further savings in costs.<sup>77</sup>

### Gaining Traction

When Axiom first started out, they found it difficult to convince corporate counsels to switch over from the large firms that were the dominant legal providers. When the 2008 financial crisis hit, it became an opportunity for Axiom, as many companies were trying to reduce staffing and their legal spending. Axiom appealed to these companies as they were able to deliver a similar quality of service at a lower price. Axiom has also experienced tremendous growth within the last 2 years during the pandemic, growing from 2400 lawyers in 2019 to more than 5800 lawyers today.<sup>78</sup>

### The Future of Axiom

In July 2020, David McVeigh replaced Elena Donio as the new CEO of Axiom. He is a chemical engineer by training and has experience in consulting, private equity, and technology. The CEO has a new vision for Axiom, aiming to turn it into an enterprise legal marketplace, where customers can engage in high caliber lawyers and find the most appropriate diverse legal talent to fit their needs. He plans to further invest in their talent

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<sup>77</sup> *Ibid.*

<sup>78</sup> *Ibid.*

matching algorithms, which leverage data to better map talent to task. Instead of producing technology products or being a tech company, he wishes for Axiom to utilize technology through their existing model.

In the future, the Big 4 – Deloitte, PWC, KPMG, and EY - will pose a considerable threat, as they begin to put their resources into legal technology. The Big 4 are highly competitive due to their powerful brands, abundance of capital funds, multidisciplinary talent, existing technology infrastructure, and strong client relations. Axiom plans to differentiate itself by focusing on legal talent management.<sup>79</sup> This focused approach highlights the importance of differentiation in what is now a dynamic and increasingly popular industry to enter.

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<sup>79</sup> Mark A. Cohen, "What Recent Axiom, Deloitte, and UnitedLex Announcements Reveal About Law's Future" (21 July, 2021), Online: *Forbes* < <https://www.forbes.com/sites/markcohen1/2020/07/21/what-recent-axiom-deloitte-and-unitedlex-announcements-reveal-about-laws-future/?sh=58ddc8546f2d> >



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