

## Hedging the Future of the Law Firm Business

### Campolo Middleton head buys legal outsourcing firm, plans expansion into CFO, HR Services

By JOHN CALLEGARI

Last month's bankruptcy filing by New York City-based mega law firm Dewey & LeBeouf—after more than 100 years of practice—has weighed heavily on Joe Campolo, managing partner of Bohemia-based Campolo, Middleton & McCormick.

Campolo sees the demise of the 1,000 plus attorney firm as the beginning of a shift in how legal services are rendered, as clients, still reeling in a post-recession economy, turn away from traditional law firms to lower-cost outsourced attorneys.

As a hedge, Campolo acquired the assets of Melville-based General Counsel Solutions, an attorney-outsourcing company with about 100 corporate clients on its roster, including local technology companies FatWire Corp. and General Sentiment. Campolo closed the deal May 1 for an undisclosed amount of money.

General Counsel Solutions acts as a middleman, providing day-to-day legal services to companies through its network of independent contract attorneys. Because the attorneys work independently and don't require a physical law office, there is less overhead associated with their services, meaning lower costs for clients. Campolo estimates companies save an average of 50 percent on their annual legal fees. Campolo said the addition of General Counsel Solutions opens him up to a market segment that isn't a good fit for law firms like his—companies that don't have enough legal work to warrant having a law firm on retainer or those that



want to supplement the efforts of their in-house counsel. It's a segment he believes will continue to grow.

So do others.

Legal outsourcing firms have been popping up across the country since the mid-2000s. While many outsource their clients' legal work to places like India, there has been a trend toward more American attorneys engaging in outsourced work in recent years.

New York City-based Pangea3, a legal outsourcing firm that opened in 2004 and was acquired by Thomson Reuters in November 2010, opened a Dallas office last year, basing many of its attorneys there. Before that, most legal work was outsourced to its Mumbai, India, offices. Another legal outsourcing firm, Kansas-based UnitedLax, announced in March it was opening an office in NYC to "support increased demand for specialized legal review services."

Before acquiring General Counsel Solutions, Campolo got a good understand-

ing of the firm from the inside. He became an outside general counselor five years ago as a way to meet prospective clients.

His plan is to turn GCS into a "full outsourced business resource firm," and a first step will be to add accounting services to his list of offerings. "The same pain that exists for law firms exists for accounting firms," Campolo said.

Campolo is negotiating with several accountants about becoming part of GCS, and the firm is poised to begin offering accounting services. He has also met with firms that outsource chief financial officers services about a possible acquisition to beef up the company's accounting offerings.

Lou Grassi, CEO of Jericho-based accounting firm Grassi & Co., said if GCS can prove to clients that its bundled accounting and legal services are cost-effective, it'll likely be successful. The number of companies looking to hire outsourced CFOs and accountants has been increasing in recent years, Grassi noted.

"It's been there and it's increasing each year, but it's not the new, hottest trend," Grassi said.

General Counsel Solutions is also negotiating a partnership with Insperty, a 1,900 employee national human resources outsourcing firm based in Houston, with a local office in Melville. An Insperty spokeswoman acknowledged that the two companies have agreed to promote each other to their respective clients, of which Insperty has more than 100,000. Insperty engages in many of these strategic alliances around the country.

Campolo, whose law firm employs 12 attorneys, said he plans to bring on a full-time CEO for GCS within the next few months, at which time he will take a step back and serve in an advisory role.

"My core remains committed to client services at our firm," Campolo said.