

Virtual Law Firms Grow Amid BigLaw Hiring Slump

By **Xiumei Dong**

Law360 (March 4, 2021, 4:18 PM EST) -- Several law firms that have long embraced a remote work culture saw their headcounts and revenues soar in 2020, a trend some say will continue post-pandemic now that attorneys have gotten used to the work-from-home model.

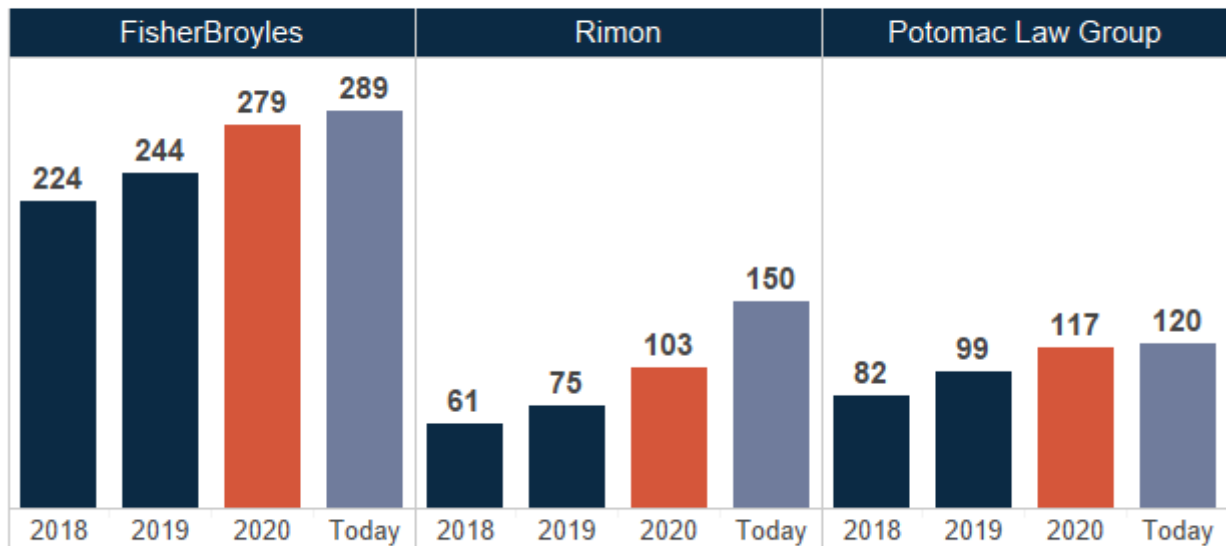
The growth at some virtual-oriented law firms stands in contrast to BigLaw. Overall, attorney headcounts among 140 of the top 200 firms either remained the same or declined in 2020, according to a Thursday **report** by legal industry data provider Leopard Solutions.

But virtual firms have consistently **reported** headcount increases in the past several years. Several of these firms — which largely eschew offices for home- and remote-based working — posted headcount growth of between 14% and 40% last year, which far exceeded the average brick-and-mortar law firm, according to data they provided to Law360 Pulse.

Additionally, the leadership at one cloud-based law firm, FisherBroyles LLP, says its record revenue figures in 2020 will likely put the firm in the range of revenue of the Am Law 200 ranking.

Headcount Growth Soars at 3 Virtual Law Firms

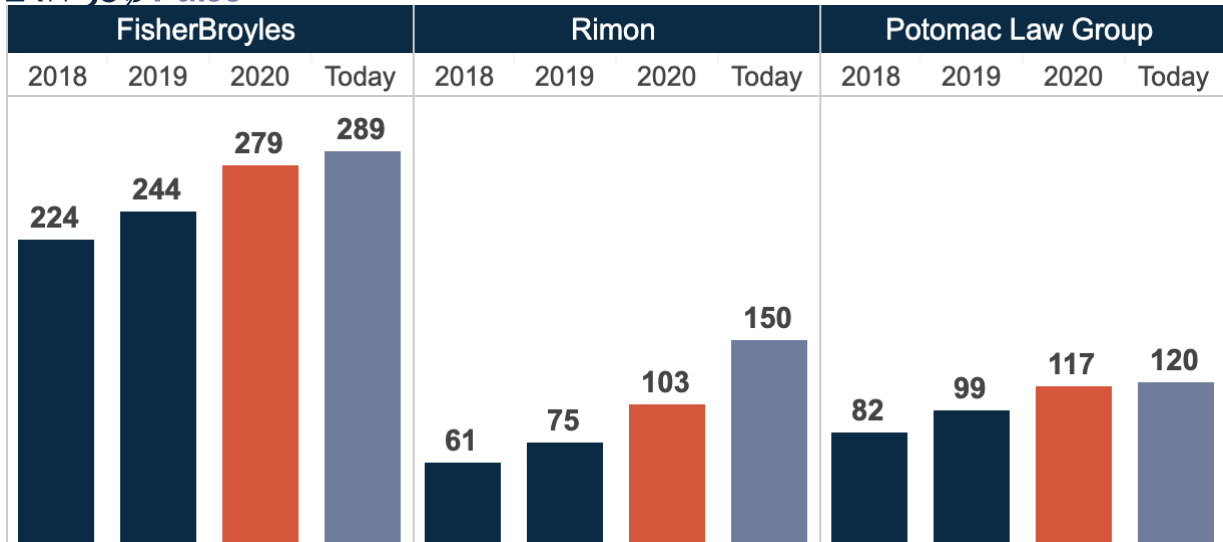
These three distributed law firms posted headcount growth of between 14% and 40% last year that far exceeded the average brick-and-mortar law firm.



Source: Leopard Solutions

LAW360 Pulse

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"We're exceedingly profitable," said Michael Pierson, managing partner of FisherBroyles' global corporate practice. "I think that Pandora's box has been opened for BigLaw partners. They now see that they can operate from anywhere, that we can serve clients whenever and from wherever."

FisherBroyles last year saw revenue grow by over 14%, reporting annual gross revenue of \$113 million and total fee revenue of \$105 million, including the new business it brought in from its U.K. branch, which launched last March.

Last year, the firm hired a total of 51 attorneys: 47 in the U.S. and four in the U.K. That's almost double the 28 attorneys it added in 2019.

Hybrid law firm Rimon PC, which has both virtual and physical presences, also made nearly twice as many lateral hires last year: 44, up from 24 the previous year. Potomac Law Group PLLC reported adding 24 lawyers last year.

Unlike FisherBroyles, which mostly hires partners, Rimon and Potomac also employ a nominal number of associates or counsel to help out the partners. Leaders at the latter two firms said their attorneys were extremely busy last year as workloads increased during the pandemic.

"Not only did we grow headcount but our revenues per [partner] went up 17%. So our attorneys are super busy," Rimon CEO and founder Michael Moradzadeh said in an interview with Law360 Pulse.

According to Moradzadeh, Rimon's revenue went up by 53% from 2019 to 2020, contributing to a 19% increase in revenue per attorney.

Similarly, Potomac's revenue increased by 20% last year, said managing partner Benjamin Lieber. Both firms declined to disclose exact revenue figures.

"Every year has been up, up, up, up," Lieber said. "As you get bigger, it's a bigger deal to grow, but we're up 20% on billable hours and collections."

On a smaller scale, San Francisco-based VLP Law Group LLP reported adding seven new lawyers in 2020. That growth is significant for a firm with several dozen lawyers, managing partner Timothy

Bowers said.

"I would say by March of this year, 2021, we will have hired another five. So we're talking about 12 lawyers at a firm of 49 in the course of a little over a year, and that's remarkable to me," Bowers said. "We've not grown like that, at that rate, really ever."

Bowers said he anticipates that headcount growth will continue for his and similar firms as more lawyers get accustomed to remote working, although he also expects traditional big firms to become more flexible on the other side of the pandemic in terms of work arrangements.

With more traditional firms ditching physical offices, some have also begun to explore the alternative compensation structures offered at the so-called distributed firms like FisherBroyles or Potomac. However, leaders at these firms said they aren't afraid of new competitors as they've spent years building a "virtual culture."

"The firm was built as a remote law firm from the ground up, and as a result, our culture is that of a remote law firm. We're highly responsive. We use technology on a daily basis to collaborate," FisherBroyles' Pierson said. "It's very difficult to shift cultures overnight, so we think we'll continue to have an edge over our competitors."

Pierson said he expects that advantage to become even stronger as the firm continues to grow. The firm has, however, seen three partners exit its London office in recent months, including Ben Lasserson, who joined British firm Mishcon de Reya LLP in January. In December, Jamie Hamnett left to set up a boutique, and Thomas Wiesner moved in-house to work at U.K. listed mining company Ferroglobe.

Moradzadeh said that Rimon, which evolved from a cloud-based firm to also include physical office spaces, had not lost any partners to traditional law firms since the pandemic began.

"Before, maybe the traditional firms' only advantage over us was having a fancier office space where the recruit would interview. With COVID, that's not an issue anymore," he said.

Since virtual firms mostly hire experienced partners who have already established a client base, Lieber added that the remote model will likely continue to stay attractive for senior partners looking for more autonomy and lower overhead.

"The embracing of the remote work culture has been a good thing for us because it opens their mindsets to work remotely, and then they naturally think, 'Hey, I could do better at places like Potomac Law,'" Lieber said.

--Additional Reporting by Aebra Coe and Steven Lerner. Editing by Aaron Pelc and Jill Coffey.