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Outside GC grows concept with companion company

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Alternative firm model gains traction as more clients seek savings

Legal services firm Outside GC has expanded its offerings with the launch of a companion firm specializing in intellectual property, a further indication that its low-overhead model coupled with a low-priced billable rate is resonating with clients.

Patent GC will be led by veteran patent attorney Peter Gordon. Gordon left Boston-based IP law firm **Fish & Richardson** LLP to start Patent GC, whose goal is to provide its clients with “partner-only” patent counsel at low rates.

Patent GC’s concept mimics that of Boston-based Outside GC, which has 26 lawyers, all of whom have at least 15 years of experience at law firms or as in-house counsel. There are no associate-level lawyers at the firm. Outside GC is located in a small office in Boston, and many of the lawyers work at home or at their clients’ offices to keep costs down.

Outside GC bills by the hour like most traditional law firms, but the rates are far lower — about \$200 an hour compared with an hourly range of \$400 to \$800 at most large firms in Boston.

Experts say the development is further proof that the alternative firm model — which eschews the sky high rents, steep billing rates and hierarchies at traditional corporate law firms around town — is gaining traction. The trend comes amid considerable backlash among clients over what they consider to be unreasonably high billing rates at the major firms.

There will be a projected 4.3 percent drop in corporate spending on outside counsels next year. That’s in addition to this year’s 10.8 percent drop, according to Law.com, which cited a study by **BTI Consulting Group** in Wellesley.

Against a backdrop of a severe recession, the fallout from the spending cuts among traditional law firms has been well documented.

“It’s not like we’re gleeful about this market or the challenges that the big law firms are facing,” said Bill Stone, who co-founded Outside GC in 2002 with Jon Levitt.

“It is true that we have a well-established model at a time when a lot of clients” are reluctant to pay high rates.

Stone said that Outside GC’s model has enabled the firm to grow every year since opening, although he notes that 2009 has been its slowest growth year to date. The firm also has established beachheads in New York, Connecticut and Colorado.

Other legal services firms with business models similar to Outside GC include Axiom Legal, which has an office in Boston as well as other cities, and Virtual Law Partners in Palo Alto, Calif.

“I think you’re going to see more and more of these types of firms,” said Paul Clifford, a principal at Law Practice Consultants LLC in Boston.

“It’s a very valid concept that I think general counsels and companies like because they are experienced lawyers,” he said. “What clients are looking for these days are experienced lawyers at a reasonable price. Because these outfits don’t have a lot of overhead, they can do outstanding legal representation at a reasonable price. Clients have rebelled against that whole \$800 an hour routine.”



Outside GC co-founder Bill Stone said the company’s low-overhead model has enabled it to grow every year since its launch in 2002, although this year has been the company’s slowest growth year.

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