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ALSP Report 2023 Analysis: Law Firm Captives Are on the Rise & Their Growth Has Staying Power

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Alison Grounds, the founder and managing partner of [Troutman Pepper eMerge](#), was quoted in the February 13, 2023 *Thomson Reuters* article, "[ALSP Report 2023 Analysis: Law Firm Captives Are on the Rise & Their Growth Has Staying Power](#)."

For example, Troutman Pepper's eMerge subsidiary was one of the first in this category, founded in 2012 as Troutman Sanders eMerge before the firm's 2020 combination with Pepper Hamilton. Alison Grounds, eMerge's founder and managing partner (alongside her role as a litigator at the firm), notes that at the beginning eMerge was largely being utilized for technical work, primarily around e-discovery. But quickly, Grounds says, she found that some potential clients were "lumping us into what I would say is false equivalencies, comparing us to what a true non-law firm affiliated vendor would do.

The value proposition of a law firm captive, Grounds explains, comes specifically *because* it is tied in closely with the firm, rather than set apart from it. "We are part of the law firm. Our lawyers are practicing lawyers at the firm, she says. "We also happen to be able to do some things more cost effectively and efficiently than traditional law firms have done. So, the lesson I learned was in the messaging, explaining that it's not a comparison of a true vendor or a captive, if you will. It's that we're really a hybrid and that we're bringing a little bit of something different to the equation.

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Those numbers didn't surprise Grounds, who emphasizes how difficult it can be to establish an ALSP, especially without a large volume of clients and original investment capital coming from the parent law firm. Further, many firms don't feel like they have a core competency in the type of work many law firm captives perform, meaning that establishing a captive takes not only financial commitment, but leadership buy-in as well.

"What we found is, you get what you pay for, Grounds says. "If it's a loss leader and you're not making investments in the technology, the technology is not going to be as strong as it could be. Whereas if what you're selling to the client as a valuable service is not just hosting data somewhere, but hosting it in a customized industry-leading tool that reduces overall cost and improves the accuracy of the legal work that you do, then yeah, that's worth a penny.

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Grounds agrees, noting that she's seen a shift in law firms' philosophies towards ALSPs and alternative ways to conduct business even in the 10 years since Troutman Pepper eMerge began. "Law firms weren't thinking about how to do things faster and more efficient in the past, and now we are, and we're excited by it, she says. "The practice is changing, and I think it's changing for the better.