

COVID-19'S IMPACT ON SMALL AND MIDSIZE LAW FIRMS



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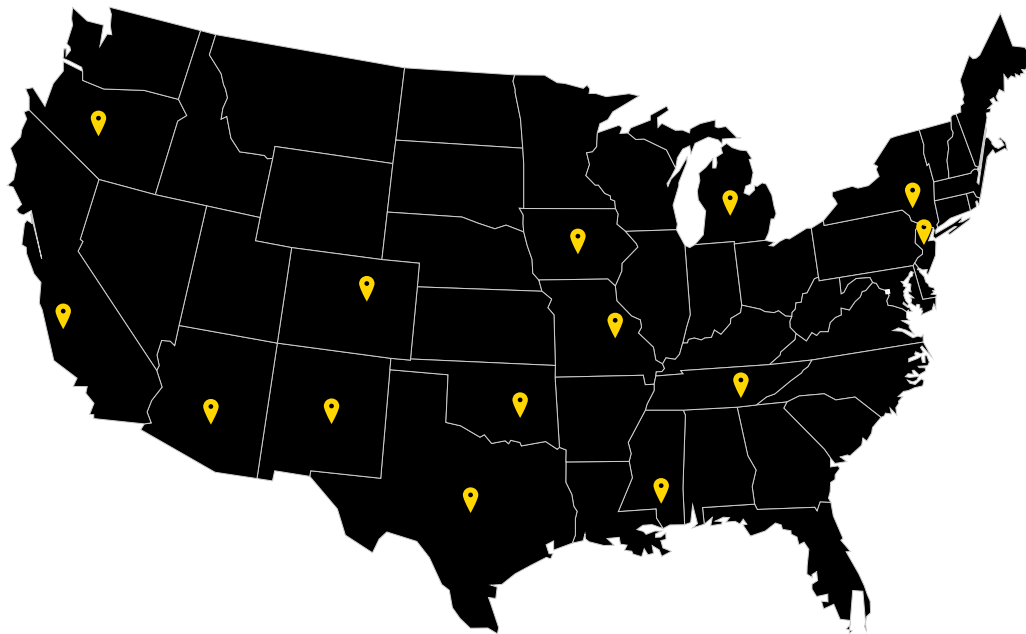
ABOUT THE SURVEY

COVID-19 has redefined business practices in every industry. Law firms, like all other organizations, have had to adapt to face the constantly changing business and regulatory environment.

Most of the United States saw statewide limits on gatherings, stay-at-home orders, and closures of both schools and non-essential businesses. These closures extended to courthouses, forcing cases to be pushed off or argued remotely, causing significant, immediate consequences on almost every facet of law firms' business.

To better understand these shifts in the legal industry, and how they will impact firms in the near- and long-term, Guidepoint drafted a survey to ask law firms nationwide how they are dealing with this unprecedented situation.

The aim of the survey was to uncover information that will assist the legal community in identifying common challenges, share collective responses, and consider COVID-19's long-term effects on the legal landscape. We polled firms ranging from solo practitioners up to 99 attorneys, with the majority of firms (54%) employing between 2-9 attorneys. This survey took in responses from firms across 14 states, reaching multiple firms within each state in May 2020.



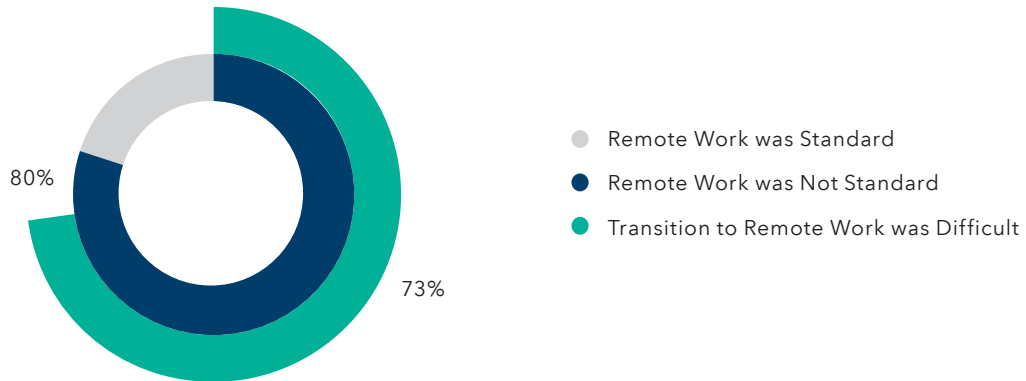
OUR FINDINGS

Much - but not all - of what we will share below may be expected, but even these expected findings have interesting implications. Most importantly, we learned that while many firms are going through this pandemic on their own, they are definitely not alone.

FIRM OPERATIONS

Based on the responses received, it appears that remote work is new to most small and midsize law firms. Prior to COVID-19, remote work was uncommon for 80% of responding firms; the subsequent transition to remote work was found to be challenging for 73% of firms.

TRANSITION TO REMOTE WORK

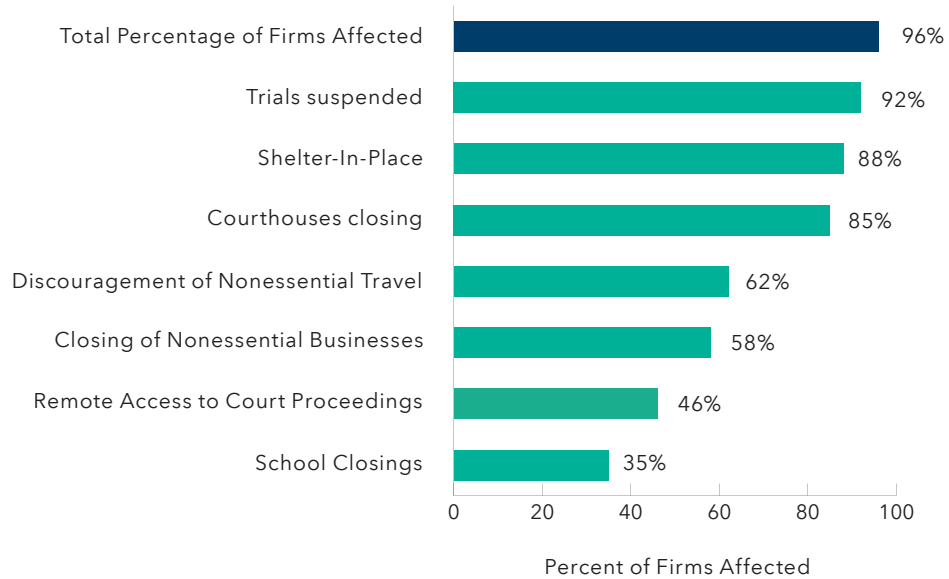


These firms faced gaps in technology, training, and workflow. Now that investments have been made to close those gaps, many firms have indicated that they will not return to prior ways of working once restrictions are lifted; they will implement a combination of remote work and work in the office, with increased safety measures.

COURT PRACTICES

As expected, stay-at-home orders, closing of courthouses, and suspension of trials presented the greatest disruptions to small and midsize law firms.

DISRUPTIONS TO WORK



While many courts have moved to remote hearings to address delays, the transition has not been seamless; respondents noted that it is now “cumbersome to schedule conferences, conduct depositions and move files forward”, and subsequently, “most attorneys do not want to conduct video depositions if there are many documents/exhibits.”

Once in-person meetings are reinstated, courts will face a considerable backlog of cases, meaning pace of work and revenue will likely remain unpredictable for some time. Due to limits on staff and resources, small and midsize firms may be disproportionately burdened by the backlog.

PRACTICE AREAS

According to respondents, personal injury cases - a core practice area for many small and midsize law firms - have declined considerably in the current environment. 62% of firms who responded anticipate this decline to affect their firm. Those who provided an estimated percentage loss are forecasting that they will take on an average of 32% fewer personal injury cases in 2020 as a result of COVID-19.

62% foresee a decrease in personal injury cases.

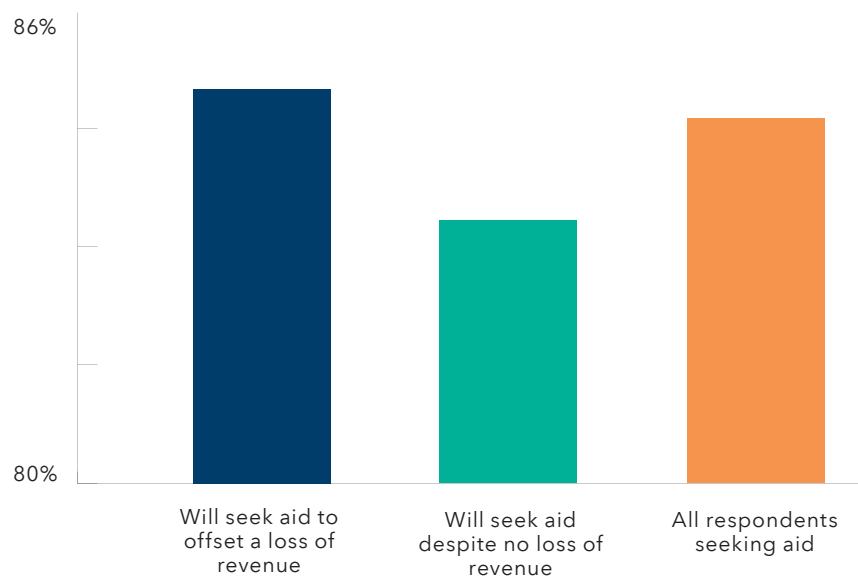
The volume of medical malpractice cases and products liability cases has not changed dramatically. This may be related to the differing litigation cycles for medical malpractice and products liability cases compared to standard personal injury cases. This may also be a result of fewer personal injury cases overall due to more time spent at home while Americans collectively avoid contact with others.

That said, small and midsize firms may anticipate a drop in medical malpractice cases unrelated to COVID-19 in late 2020 and into 2021 due to a considerable decline in elective surgeries since March 2020. While these firms may enjoy an increase in cases related to COVID-19, such as negligence suits from failure to warn or protect, litigation surrounding healthcare providers not covered by liability protections and cases concerning business interruptions, that increase may be too modest to offset any decreases. From a wider perspective, attorneys can expect an uptick in cases that deal with the residual effects of stay-at-home orders; and when the courts fully return to a normal schedule, attorneys can expect a surge in lawsuits concerning commercial contracts, labor disputes, and other business litigation.

77% of firms surveyed expect losses at an average rate of 22%.

85% of firms consulted are seeking loans or grants from the federal or state government to offset losses. Interestingly, an anticipated loss in revenue was not a determining factor in whether a firm seeks financial aid.

RESPONDENTS SEEKING FINANCIAL ASSISTANCE



Firms that did not anticipate revenue losses are as likely to seek financial assistance from the government as those who do expect revenue to dip.

EXPERT SERVICES

58% of attorneys surveyed find it more challenging than ever to complete casework. Respondents are struggling most to evaluate the position of, and anticipate responses from, the opposing counsel, which may be due to general challenges in assessing viewpoints remotely.

Respondents reported that sourcing niche expertise is more challenging than ever. This holds especially true in medical cases, as many of the healthcare professionals that attorneys rely on for expertise have been redirected to assist on the front lines, and those that have not redirected have been forced to refocus on running their practices or programs.

CONCLUSIONS

The results of this survey illuminate how disruptive COVID-19 has been to the legal field, with smaller law firms hit particularly hard.

Though these facts and figures paint a bleak picture, they are not the end of the story. While coronavirus will be a part of life for some time to come, workflows are adapting to the post-pandemic workplace. Many businesses will be seeking to make up for lost revenue as soon as possible. Small and midsize law firms have a host of unique difficulties to work through in order to regain lost profits and will need reliable tools to drive productive business.

60% of the firms who indicated that the pandemic made it more difficult than ever to find expertise are not currently leveraging outside expert services to help address those expert witness needs.

These firms may consider utilizing outside expert services for cost-efficient support. Business strategy and implementation experts can be instrumental in creating a plan to revamp operations. Smaller law firms can employ more solutions designed to preserve firm resources: a case merit analysis will solve for a firm's limits in medical understanding and an event chronology will relieve a firm with a smaller staff. Ultimately, expert sourcing services will help smaller law firms sustain their current practice areas - particularly medical malpractice and products liability - and expand offerings take on new practice areas related to COVID-19.

ABOUT GUIDEPOINT LEGAL SOLUTIONS

Guidepoint Legal Solutions delivers a faster, more cost-effective way to meet clients' expert needs throughout the litigation cycle. Our in-house, US trained physicians and team of expert sourcing specialists handle everything for you, ensuring that you can focus your time on preparing for your legal proceedings.

We offer a suite of solutions to help firms determine case merit, conduct case reviews, uncover deeper learnings, and source subject matter expertise, available individually or as part of a comprehensive offering, on a pay-as-you-go basis. Each one of our services is specifically designed to accelerate your access to expertise, ensure you work with the best experts for your case, and eliminate unnecessary up-front spend.

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