

CORPORATE COUNSEL

Toro, Toro! Why You May Want Your Lawyers to See Red

David Hechler

Raymond Bayley wants the lawyers who work for him to see red. He means that literally, and it's beneficial, he said.

Bayley is the CEO of Novus Law, a legal process outsourcing company that is determined to introduce more science into the art of practicing law. That means breaking down the processes for document review, analysis, and management into their step-by-step components, and carefully training his lawyers for consistent speed and accuracy. It takes a month, he said, to fully train each one.

And Novus doesn't stop there. They measure everything, Bayley said, including the speed and accuracy of each lawyer. They check 1 to 3 percent of each lawyer's work every day, he said. And they're always looking for ways to simplify the processes in order to improve quality and lower cost. The fees, by the way, are always fixed.

Novus also studies productivity research. That's how Bayley came across evidence that the color of the wallpaper on a computer screen can affect performance. The optimum color for most people is — you guessed it — red. And now you know why Bayley wants his lawyers to see red.

Bayley and Lois Haubold, Novus Law's vice president in charge of client relationships, stopped by our New York offices last Thursday to talk about legal process outsourcing. The funny thing is they hardly mentioned India. Yes, they have operations there. But they were more interested in explaining the process, which they said works as effectively in Walnut Creek, Calif., as it does in Bangalore.

In fact, Bayley claimed his firm can reduce a company's costs for document review by 60 percent of what they're used to paying their big law firms without even



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shipping documents to India. That's how cost-effective his approach can be, he said.

He had lots of graphs and charts he projected on the wall. But he confessed that they'd seemed to have a soporific effect on the lawyers at a big pharma company he'd met with earlier, so he referred to the charts judiciously — almost apologetically.

But there was nothing apologetic about his pitch. The documents Novus Law handles involve litigation, mergers and acquisitions, contracts, and bankruptcies. And everything depends on the reliability of their work. Recently, Bayley said, a lawyer at an Am Law 100 firm who was working on a bankruptcy was found to be unlicensed. It was news for a day, and that was the end of it. "If that happened to us," said Bayley, "we'd be out of business."

Haubold argued that the past year has brought irrevocable changes to the legal business. "Firms like ours who are leveraging the science to improve the art are going to be the ones companies go to," she said. "And once you make the change, there's no way you're going back."

The executives spoke with great confidence, considering that their company is only three years old. They declined to say how many lawyers they employ. It's not about the number of people or the location, it's about the work, Bayley explained, adding that his company processes 2.2 million pages a month. Novus Law's gross last year was "under \$10 million," he said. But it's grown more than 300 percent each year, and he projects it will surpass \$10 million in revenues this year.

As recently as two years ago it was hard for Novus to get the attention of big firms. Now not only is the company working with them, but some want to underscore the relationship in their own marketing pitches. Three of his clients, Bayley said, are top Am Law firms: Foley & Lardner, Sonnenschein, Nath & Rosenthal, and Littler Mendelson. And Novus is working with each firm to help them prepare presentations to prospective clients that highlight the benefits when a big firm collaborates with Novus.

The driving force that has created opportunities for firms like Novus, the executives acknowledged, is the demand that companies make on in-house lawyers to cut legal costs. What the lawyers all want in addition to savings, Bayley said, is the assurance of quality without anxiety. That's why his company's slogan, he added, is: "The measure of certainty."

Maybe in these uncertain times, it's a pitch that will resonate.

—David Hechler can be reached at dhechler@alm.com.