



# The virtues of going virtual

The pandemic has forced many law firms to become virtual; this one intends never to return to the brick-and-mortar days

By **ERIC TOSCANO**

When the shelter-in-place orders first went into effect in March 2020, the pressing issue on the minds of most law-firm owners was survival. Operating in a brick-and-mortar environment was simply how things had always been done. How else could consultations; preparations for depositions, mediations, and trials with clients; or the exchange of documents take place? How could a law firm send and receive mail and deposit checks? And, perhaps most importantly, without an office, how could a law firm ensure employees and contractors working remotely would stay focused on delivering high quality services for the firm's clients?

Through trial and error, law firms slowly found solutions to these problems. Court reporters began allowing depositions via Zoom. Mediators likewise began offering mediations via Zoom. And courts adopted Zoom in addition to CourtCall for virtual appearances. The Judicial Council adopted emergency rules to facilitate offsite work. And law firms ramped up their use of telecommunications technology for remote collaboration.

I believe many of the changes adapted by the legal industry in the era of COVID-19 are here to stay. In a post-pandemic world, the push toward offering and delivering legal services virtually will continue, with more law firms permanently abandoning brick-and-mortar offices, availing themselves of an overseas workforce, and fully eliminating paper from their practice. While the technology and tools necessary to operate a virtual

firm have long existed, recent developments in the law and the widespread acceptance of remote work have now made the move to virtual all but inevitable.

These trends may be anathema to those who embrace the classic ideal of a law firm – the glass-walled office replete with modern décor, conference rooms, suites, cubicles, and a reception area. Nonetheless, the exigencies of the COVID-19 era have forced law firm owners to refocus on a law firm's core functions: data management, communications, and advocacy. Ultimately, a brick-and-mortar office is not necessary to the performance of these functions. Similarly, much of the equipment and supplies previously considered essential to the day-to-day functioning of law firms – telephone handsets, fax machines, copy machines, and sticky notes – have been replaced or rendered obsolete by software.

A post-COVID-era law firm need only be able to (1) communicate efficiently and effectively with its team, clients, vendors, contractors, and court personnel; (2) perform the legal work necessary to achieve the clients' desired outcome in a setting that protects client confidences; (3) advocate on behalf of clients at depositions, mediations, and trial; and (4) facilitate the transfer of money with vendors, clients, courts, and defense firms. All of this can be accomplished more effectively and at a lower cost, all while maintaining better team morale, through a virtual law firm.

## The virtual law firm

What exactly is a virtual law firm? It is a law firm in which all employees

and staff work remotely, documents are digital and saved to a cloud-based filing system, and clients interact with the firm primarily via email, telephone, and videoconferencing software (with the occasional in-person meeting). A virtual setup benefits the firm, the team, and the client, allowing firms to make operational adjustments and scale more quickly.

A virtual law firm presents a myriad of benefits to the firm itself – namely, eliminating commercial office space, in-house computing equipment, paper and paper-related equipment, and telephone hardware; expanding the workforce beyond its geographic area; and establishing a more efficient system for mail processing.

### *Eliminating commercial rent*

With the entire team working remotely, there is no need for full-time commercial office space; ad hoc office space with a reception area and conference rooms available hourly will suffice. The dilemma of "outgrowing" your physical space as your team expands is no longer an issue. Time spent researching commercial office space, negotiating a lease, furnishing an office, moving to a new space to accommodate an increase or decrease to your workforce, and all other time spent managing a commercial space can be spent on more productive client work or on growing your firm. But more transformative than the time savings is the cost savings. Commercial space in urban areas – particularly the San Francisco Bay Area – can run even a small firm thousands of dollars a month. A virtual address that includes a reception area, scan-to-email services, and ad hoc



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conference rooms in downtown San Francisco, conversely, can run just over \$1,000.00 per month, resulting in the savings of tens of thousands of dollars per year.

#### ***Eliminating computing equipment***

A remote workforce also eliminates the need for purchasing and maintaining expensive computer equipment. In California, employers must indemnify employees “for all necessary expenditures or losses incurred . . . in direct consequence of the discharge of [their] duties.” (Lab. Code, § 2802, subd. (a).) With respect to computing equipment, compliance with Labor Code section 2802 likely requires employers to either provide employees with computing equipment or reimburse them for the use of their own personal computing devices. The elimination of a traditional brick-and-mortar office makes a law firm ever more reliant on powerful computing devices. A virtual law firm should always have minimum computing requirements and give employees the option of either using a firm-purchased laptop or purchasing their own and being reimbursed monthly for the firm’s use of that equipment. By and large, however, employees will prefer to use their own devices, maintaining them with greater diligence than a company-issued device.

#### ***Eliminating paper and paper-related equipment***

The elimination of paper also eliminates costs associated with paper file cabinets, long-term storage of client paper files, reams of paper, photocopy machines, and industrial shredding services. While relatively modest in comparison with the savings related to commercial space, the elimination of paper also obviates the need for at least two positions: in-house file clerks and mailing clerks.

#### ***Eliminating telephone equipment***

Technological advances in voice over internet protocol (also known as IP telephony) have rendered telephone equipment unnecessary. IP telephony allows telephone calls to be placed and

answered via software using a traditional handset, a headset connected to a laptop or desktop, an app on a smartphone, or all of the above. It also allows the firm to obtain telephone numbers with a local area code for individuals working from anywhere in the world. Not only is IP telephony fully customizable and scalable, it also eliminates the need for *any* hardware other than a headset connected to a computer. Most IP telephony systems also offer fax-to-pdf and pdf-to-fax services, eliminating the need for facsimile equipment.

#### ***Expanding workforce outside of geographical area***

But perhaps the greatest benefit a virtual environment presents to the firm is the freedom not to be bound by geography when expanding its workforce. The option to work remotely allows the firm to find the best personnel anywhere in the world – and in most cases at a fraction of the cost of hiring locally. Consider an executive assistant. According to Glassdoor, the average annual base salary for an executive assistant in the San Francisco Bay Area is \$63,728. ([https://www.glassdoor.com/Salaries/san-francisco-executive-assistant-salary-SRCH\\_IL.0,13\\_IM759\\_KO14,33.htm](https://www.glassdoor.com/Salaries/san-francisco-executive-assistant-salary-SRCH_IL.0,13_IM759_KO14,33.htm)) A fulltime, highly qualified executive assistant based outside the Bay area is likely available for much less. Depending on the firm’s needs, hiring highly educated and highly qualified overseas personnel can save the firm tens or even hundreds of thousands of dollars in payroll per year while simultaneously providing the overseas worker with a satisfying, challenging, and well-paying job and enriching the firm’s culture.

#### ***Setting up an optimized system for mail processing and check depositing***

A virtual law firm also eliminates the need for a mail clerk. This position should be replaced by virtual office staff who scan and email paper mail as it is received. Today, virtual offices such as Regus or Intelligent Office offer a variety of services, from mail scanning to check depositing to mail forwarding.

A virtual law firm must have a robust system for processing incoming and outgoing mail. Incoming mail should be scanned, with digital files emailed to the person or persons responsible for processing, filing, and distributing digital copies of paper mail to the team.

In our firm, for example, client records are immediately returned to the client after they are scanned; contracts and other important documents with original signatures are kept; checks are immediately deposited; and all other paper copies are shredded after scanning. The few original contracts, papers with original signatures, deposit slips, and other important documents are mailed to a dedicated team member at least once per week for storage at a secure remote location. For outgoing mail, our team members have been instructed to send emails with pdfs attached for printing to virtual office staff for printing and delivery.

Since the start of the pandemic, a party represented by counsel who has appeared in an action or proceeding has been required to accept electronic service of a notice or document that may be served by mail, express mail, overnight delivery, or facsimile transmission. This rule was initially established by the Judicial Council. (See Emergency Rules Related to COVID-19, Rule 12(b).) In September 2020, the California legislature amended the Code of Civil Procedure to codify this emergency rule. (See Code Civ. Proc., § 1010.6, subd. (e) (1)-(2).) The practical result is that, as of three months ago, the individual in your firm responsible for serving documents can do so electronically from any location in the world.

Virtual office staff should also handle check depositing as part of a comprehensive remote system. The virtual law firm should provide the virtual office staff with specific instructions on where and how to deposit the checks, requiring approval in advance from a team member as to whether checks should be deposited into the firm’s operating account or trust account.



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## Individual and team benefits

A firm can realize several other benefits from a virtual setup. Abandoning dedicated commercial office space does not necessarily mean sacrificing a work environment. A law firm owner-operator who works out of a home office dedicated exclusively to the firm may be eligible to receive a monthly reimbursement corresponding to the fair market value of that space. Additionally, operating in a virtual environment allows a law firm to track communications more diligently with other team members, clients, opposing parties, and court personnel. (In a paperless environment, no one runs the risk of losing an important document in a stack of papers on one person's desk.) Another benefit is retention. A fully remote workforce with a team that does not have to commute generally leads to higher team morale and, consequently, lower turnover. In the event a law firm must separate with an employee, the process can be as simple as changing the separated employee's passwords and deleting his or her online accounts.

A virtual law firm also benefits the firm's employees and contractors by adding more hours to their day, providing monthly reimbursements for use of a dedicated home office and personal equipment, improving morale, lowering the risk of contracting COVID-19 and other illnesses, offering the flexibility of living and working anywhere in the world, and better accommodating team members with disabilities.

Eliminating the commute is probably the single biggest team perk in a virtual law firm. Commutes are both expensive and time-consuming. Eliminating them means saving the team member money and repurposing commute time for relaxation, friends, family, and, yes, more work-related projects. Less time stuck in rush hour traffic or in a crowded subway is likely to lead to a happier team member, improving morale.

Additionally, all else being equal, employees stand to gain financially from working from home. As noted, California

employers are responsible for indemnifying employees for all necessary expenditures or losses incurred in direct consequence of the discharge of their duties. (See Lab. Code, § 2802, subd. (a).) In other words, a virtual law firm must reimburse remote employees for the use of their personal space and, if applicable, personal computing equipment used for work purposes. This could amount to a monthly non-taxable reimbursement on top of the remote employee's wages and the additional savings of any costs associated with a commute.

Working remotely also reduces the risk that employees will contract COVID-19 and other infectious diseases in an office setting. It also reduces the risk of injury during a commute or while at the workplace.

And while attorney employees necessarily need to be within driving distance or a short flight of a courthouse for trials, the same is not true of non-attorney staff. Indeed, non-attorneys working remotely who are not bound by geography have the flexibility of living anywhere in the world with a reliable Internet connection. Additionally, depending on the position, these staff members can enjoy flexible hours in the time zone in which they reside.

Finally, working remotely means greater convenience and better accommodations for team members with mobility issues, vision impairments, or other physical disabilities.

## Benefits to the client

A virtual law firm also benefits the firm's clients. A virtual firm that conducts all client consultations and interactions by email, phone, and teleconferencing saves both prospective new clients (PNCs) and clients the time and expense of a visit to the law firm's physical location. In the era of COVID-19, clients of all ages and levels of sophistication have been forced to learn how to use Zoom and other videoconferencing software.

Additionally, with lower overhead, a plaintiff's firm may be able to handle

lower-value matters that it was not economically feasible to pursue when the firm was saddled with the higher overhead costs associated with a brick-and-mortar office. This benefits clients with meritorious matters that previously did not meet a firm's baseline economic threshold.

Finally, with the ability to utilize overseas labor at reduced costs, firms can hire more staff dedicated to an exceptional client experience – whether in the form of a client concierge, client happiness manager, or expanded intake team.

## Virtual office: A case study

I decided to transition my San Francisco-based tenant rights law firm from a brick-and-mortar firm to a fully virtual firm in the summer of 2019. Several factors contributed to this decision. Among them the high rental cost of commercial office space in the San Francisco Bay Area, the high cost of labor in the Bay Area, and, with the demand for labor far exceeding supply (and an unemployment rate close to zero), the paucity of high-caliber legal personnel looking for work in my geographic area.

Generally speaking, going virtual involved four steps: (1) establishing a telecommunications infrastructure, (2) going paperless, (3) hiring offsite exclusively, and (4) ditching the brick-and-mortar office.

### *Step #1: Establishing a telecommunications infrastructure*

We first decided how internal and external communications would be made in a remote environment. For internal (i.e., intra-firm) written communications, telephone calls, and videoconferencing, we used Microsoft Teams. In addition to full integration with the Office365 Suite, Teams allowed us to eliminate all intra-firm email. Externally (i.e., outside the firm), we would continue to use Outlook (email) for written communications, RingCentral for telephone calls, and Zoom for videoconferencing. RingCentral is a fully customizable system



that also includes email-to-fax and fax-to-email capabilities, unique conference call numbers for each user, and unique local numbers for each team member.

#### **Step #2: Going paperless**

Going paperless was a multistep process. We began by investing in a high-quality onsite scanner and establishing a system whereby paper mail was opened, scanned, and immediately shredded rather than filed. We requested that all vendors send us bills and invoices electronically rather than by postal mail. And we routinely asked counsel for their consent to serve documents electronically. (Before the pandemic and Emergency Rule 12, opposing counsel would only consent to electronic service of documents about half the time.) Although we originally used Dropbox for cloud-based file storage, we moved to OneDrive in early 2020 to keep everything within the Office365 environment. Going paperless also required us to find a virtual office vendor that would scan and email paper mail upon receipt, deposit checks at our bank, mail outgoing documents to third parties according to our instructions, and ship original documents to an offsite location at least once a week. We finally took this step in June 2020.

#### **Step #3: Hiring offsite exclusively**

By the time we first downsized our office, only two team members needed to transition from in-office to a remote work environment. One had a second work-from-home job and was thrilled to be able to fully eliminate her commute. Although my firm has had remote team members since it was founded in January 2016, we made our first overseas hire with the help of a staffing agency in July 2019 and have never looked back. We now rely on this staffing agency to fill all non-attorney positions in our firm. Our current team of twenty-two is now evenly split between domestic and international team members. Our domestic team includes seven employees based in the Bay Area, two employees in the greater Sacramento

area, one employee in Southern California, and one employee in Dallas, Texas. Our international team includes staffers based in Mexico, El Salvador, Honduras, and Columbia.

#### **Step #4: Abandoning the brick-and-mortar office**

In February 2020, my office downsized from a large office space with three internal suites in downtown San Francisco to a single office suite occupied by me only. In June 2020, we finally abandoned that office suite when my family moved into a new home with a dedicated office suite with a private bathroom, lounge, and storage closet. At the same time, we had all mail redirected to a new virtual office in downtown San Francisco. That office currently handles incoming mail processing, outgoing mail processing, and check depositing.

Although I was initially unsure what it would be like to work full-time out of a dedicated home office space (especially with a kindergartener and a newborn), I can now definitively say I have never been more productive. When I lived a mere two miles from my downtown office in San Francisco, it still took me thirty minutes one way to get from the door of my home to the door of my office. Eliminating that commute has allowed me to repurpose five hours per week. I now never miss bedtime with my five-year-old. I enjoy lunch on our patio with my wife and sons rather than sitting at my desk.

#### **Closing thoughts**

The COVID-19 pandemic has presented law firms with existential challenges and opportunities. The post-pandemic world will be one in which everyone is comfortable using Zoom, law firms may serve all documents on opposing counsel electronically, and clients will be more inclined to interact with their attorneys via non-traditional means. Court reporters will continue to offer depositions via Zoom, mediators will continue to allow mediations via Zoom, and courts will continue to allow remote appearances. Transitioning your brick-

and-mortar law firm to a virtual law firm and embracing these changes will allow your firm to realize tens or even hundreds of thousands of dollars in savings, improve your team's morale, and offer your clients a better overall experience.

#### **Virtual law firm recommended software, hardware and vendors**

##### **Software**

- Office365 (Excel, Word, Outlook, PowerPoint, Teams, OneDrive, Stream, etc.) (office productivity)
- RingCentral (IP telephony for external telecommunications)
- Zoom (external videoconferencing)
- Clio Manage (law practice management software)
- Clio Grow (law practice CRM)
- Adobe Acrobat Pro DC (PDF management)
- Dashlane (password management)
- Birdeye (reputation management)
- Bonusly (team incentives)
- QuickBooks Online (accounting)
- Hootsuite (social media management)
- Mailchimp (email marketing)

##### **Home office hardware**

- Dell Latitude 7000 Series Business Laptop with a minimum i7 Processor and 16GB of RAM (laptop)
- Dell Thunderbolt Dock WD19TB (docking station)
- Two Dell monitors of any size (one for videoconferencing and one for work while videoconferencing)
- Wireless keyboard and mouse (any type)
- InnoGear Microphone Stand Adjustable Suspension Boom Scissor Arm Stand with 3/8" to 5/8" Screw Adapter Shock Mount Windscreen Pop Filter Mic Clip Holder Cable Ties for Microphones
- Samson Q2U USB/XLR Dynamic Microphone Recording and Podcasting Pack (Includes Mic Clip, Desktop Stand, Windscreen and Cables)
- Bose Companion 2 Series III Multimedia Speakers – for PC (with 3.5mm AUX & PC input) (PC speakers)
- Fujitsu ScanSnap iX1500 Color Duplex Document Scanner



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- AmazonBasics 24-Sheet Cross-Cut Paper, CD and Credit Card Home Office Shredder with Pullout Basket

**Virtual office vendors**

- Intelligent Office (<https://www.intelligentoffice.com/california/san-francisco-financial-district/local>) (virtual office, conference space, mail handling, and check depositing)
- Dia Systems, LLC (<https://www.diasystems.net/>) (managed IT systems)
- GetStaffedUp (<https://getstaffedup.com/>) (overseas staffing agency)



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