The Clearspire Story

by Mark A. Cohen
# Table of Contents

**Preface**

**Introduction: The Legal Marketplace at the Time of Clearspire’s Founding**

**The Clearspire Founders and Their Vision**

**The Regulatory Issue and the Two-Company Model**

**Coral: The Clearspire Technology Platform**

**The Path To Market**

**Marketplace Challenges**

**Marketplace Reception**

**Lessons Learned: Clearspire In Hindsight**

**Epilogue**

**About the Author**
Clearspire was a revolutionary law firm and legal services company founded in Spring 2008. Clearspire pioneered the two-company model for delivering legal services – a law firm, Clearspire Law, LLC; and a Service Company, Clearspire Service Company, Ltd. Bifurcation was required to comply with U.S. regulatory and state Bar requirements. It also reflected the distinction Clearspire’s Founders drew between the practice of law and the delivery of legal services.

Clearspire’s mission was to reengineer the delivery of corporate legal services long dominated by large law firms. The traditional law firm pyramidal partnership structure was sustained by leverage, high billable rates and hours, an absence of fiscal predictability or accountability, and self-regulation architected to stifle competition. Legal cost continued to skyrocket during the early years of the new millennium even as other industries were deploying technology and process to deliver “faster, cheaper, better” solutions. Clearspire endeavored to provide a quality, scalable alternative to law firms and their partnership model that was no longer aligned with client expectations – “Big Law at half the price.” Here’s how.

Clearspire stripped out cost-escalators from the incumbent law firm model that produced negligible client value – partner “tribute” derived from the traditional pyramidal model, expensive real estate, corporate art collections, and bloated staff. Clearspire invested heavily in technology and process to drive efficiency, pare down cost, and enable its workforce – and clients – to collaborate seamlessly across the globe. It championed an agile legal work force, liberating lawyers to work when they wanted from where they wanted on a secure, web-enabled proprietary technology platform named Coral. The Clearspire platform was the de facto “office” for firm attorneys and the means by which clients could secure instant access to their active and closed matters in real-time.

Clearspire maintained physical offices in major hubs; Coral drastically reduced real estate costs. Clearspire’s agile, dedicated workforce proved appealing to many large firm refugees tired of high billable hour quotas and the premium placed on business origination. The Clearspire model and technology platform created an organically diverse workforce of dedicated, highly skilled professionals with high client value but generally lacking large books of business. Clearspire advanced a new performance/reward paradigm based upon expertise, efficiency, results, and client evaluations – not business origination. This aligned well with the firm and its clients.

Clearspire was the first legal services provider to meld legal, technological, and process expertise. It distinguished between the practice of law – the core functions lawyers perform – and the delivery of legal services – the business of delivering services more efficiently by “the right person for the right task,” technology, process, and a corporate economic model.

Clearspire closed its doors in Spring 2014 after four years in operation. The Service Company was sold shortly thereafter. Though it failed to achieve the financial success that many had predicted, Clearspire’s groundbreaking model and vision are very much in evidence in today’s marketplace and will no doubt be successfully replicated by others.

This is the Clearspire story.
1. Introduction

The Legal Marketplace at the Time of Clearspire’s Founding

Clearspire was founded in April 2008 – just months before the global financial crisis. The legal marketplace was markedly different than it is today. It’s worth taking a closer look at the legal market in 2008 not only because it provides context for just how novel Clearspire was but also to explain why it proved too revolutionary for the conservative legal industry at that time.

Large law firms were the dominant corporate legal supplier in 2008. They had enjoyed an almost uninterrupted two-decade run of growth, fee escalation, and rising profit-per-partner (PPP). Until Lehman’s collapse in September 2008 and the fiscal fallout that ensued, there was little reason to doubt that law firm prosperity and dominance would end any time soon.

Large law firms had a lock on elite legal talent when that was the sole component of legal service. Most corporate (in-house) legal departments outsourced the bulk of their legal work to law firms, especially large, complex matters including litigation and corporate work. The buy-sell dynamic in the legal industry was cozy, uncomplicated, and stable. It was relatively rare for corporate clients to replace law firms. To draw from Facebook, clients were “in a relationship” with their outside firms. Today, that dynamic more closely resembles Tinder – it is largely transactional.

Prior to the global financial crisis, law firms routinely handled cases from start to finish. Disaggregation – “chunking” work by task and category and sourcing it to different providers – was in its early days. There was no identifiable legal supply chain. Disaggregated work was restricted to high-volume/low value tasks (document review, basic research, etc.) often conducted offshore. Legal service providers were a labor arbitrage play and posed little threat to law firm market share.

Clearspire was founded when law firms were the only game in town. They sold legal expertise when that was synonymous with legal delivery. Clearspire’s Founders viewed legal delivery as a three-legged stool comprised of legal, technological, and process expertise. They believed that just as technology and process fundamentally changed – if not disrupted – other industries, so too could it have a similar impact upon the legal industry. This is not a novel concept today, but it certainly was nearly a decade ago.
2. The Clearspire Founders and Their Vision

Clearspire’s Founders were Bryce Arrowood, a businessman/entrepreneur and me. Both were early adopters of technology in the delivery of legal services and believed that law firms lagged in adopting technology and process to streamline legal delivery. They sought to create a legal delivery model that would be “at the intersection of law, business, and technology.” They determined to create a new legal economic model that better aligned the interests of lawyer, provider, and client, in part by “letting lawyers practice law” and letting business professionals “operate the business of legal delivery.” They sought to provide an alternative to Big Law’s sky-high cost, budget unpredictability, tepid adoption of technology and process, and the lack of competition in the legal market.

Bryce Arrowood had founded and managed LawCorps, one of the largest, most profitable legal staffing companies. He helped create a patented software application for LawCorps that increased efficiency of legal service provision and deployed internal and client benchmarks.

I had a long career as a civil trial lawyer – first as a highly decorated Assistant United States Attorney, then as the youngest partner of Finley Kumble, and later as the founder and managing partner of a multi-city 30 lawyer national litigation boutique. I was an early adopter of legal technology, investing more than $1M of my own money in the late 1980’s to integrate my national boutique’s offices with video-conferencing, a virtual law library, and a centralized attendant. I was well versed in the client side of legal delivery having served as outside general counsel to three insurance companies and as a federally appointed Receiver of an international business with operations on four continents.

Bryce and I believed that the financial crisis that erupted soon after our decision to move forward would play to the Clearspire “better, faster, cheaper – and with comparable quality” model. We were also buoyed by the launch of the Association of Corporate Counsel’s (ACC) “Value Challenge” at this time. It created an outside counsel wish list straight out of the Clearspire business plan. What we misgauged was the risk: reward calculus of general counsel at the time and the extreme risk aversion created by the escalating financial crisis. While general counsel would soon be placed under unprecedented pressure to rein in legal costs, they were even more concerned at that time not to expose the enterprise to risk. The new, untested Clearspire model was appealing to many general counsels intellectually, but most were reluctant to retain Clearspire in place of an incumbent firm. The “you don’t get fired for hiring IBM” attitude prevailed at this time. Why risk losing one’s job for incremental cost savings? The Clearspire law firm was too small to provide a scalable solution that would be meaningful to corporate counsel – either from a financial or portfolio management perspective.

At a time when powerful firms like Skadden Arps were offering incoming associates $60,000 not to show up for work (and to delay entry into the firm for a year), general counsel preferred to exact discounts from established firms than retain Clearspire. Another option – that occurred with increasing regulation – was the election to handle more work in-house as well as to disaggregate it and source it to service providers. Clearspire’s legal “revolution” was not what general counsel identified as a safe bet during a time of upheaval and risk aversion.
How, then, did Clearspire’s Founders intend to execute upon their vision of “reengineered legal delivery?” The core elements of the Clearspire model included:

✓ An integrated technology platform that enabled Clearspire to deploy an agile workforce with significantly reduced office requirements, resulting in greater efficiency, cost reduction, and geographical nimbleness;

✓ Deploy the ‘right lawyer for the right task’ based on experience, expertise, and the value of the matter to the client – not who has idle hands; and

✓ Create Statements of Work (SOW) for each matter. The SOW involved two related contracts between: (1) Clearspire’s lawyers and the firm; and (2) Clearspire and the client. The SOW described the different phases and tasks of the engagement – who was assigned to perform what tasks; deliverables; due date; and cost. Clearspire’s SOW’s resembled general contractor agreements. When necessary, change orders were affected and agreed to by lawyers/firm/and clients. This created price predictability, accountability, transparency, and cost-reduction. It also ensured that assignments were made based upon the right person for the right task according to the level of expertise and experience required.

Clearspire was successful in creating and implementing its model and process; however it failed to achieve the scale it had envisioned. The Founders believed that by creating what the marketplace said it wanted it would be a huge success. Intrigued as the marketplace was with the vision, the Founders soon learned that “if you build it, they will not necessarily come.” There is a big difference between expressing admiration for a model and becoming a paying client. Clearspire’s Founders had not anticipated the size of that delta.
Clearspire’s two-company model was the byproduct of two things: (1) U.S. regulatory and State Bar Limitations on non-lawyer investment, ownership, and profit sharing in law firms; and (2) the Founders’ belief that lawyers should practice law and business, process and technology experts should manage the delivery of legal services. They imagined that legal services would follow the path of medical practice and its transformation to healthcare delivery.

In order to raise the capital necessary to build its proprietary technology platform as well as other infrastructure to support the law firm, Clearspire created its two-company model because only its service company could accept outside investment. At the same time, the Founders believed bifurcation was functionally sound because it established “lanes” for lawyers trained to “know the law” and others trained as operators. Clearspire was the amalgam of the two companies operating under a unified brand with two legally separate but sister entities. I ran the law firm and Bryce Arrowood managed the service company.
4. Coral: The Clearspire Technology Platform

Coral, the name given to the Clearspire technology platform, was the centerpiece of the Clearspire Service Company and the bundled services it provided to its law firm. Coral was designed for the exclusive use of the Clearspire law firm; however, the Founders envisioned that it would ultimately be reconfigured to accommodate multiple users as a licensed or software as a service (SaaS) application. Coral was designed specifically for the legal industry, although its architecture was industry agnostic and could readily be reconfigured for use in other verticals.

The platform was called “Coral” to evoke the image of a coral reef – a living organism at the center of a diverse ecosystem. That was the role the Founders envisioned Coral would play initially as an integrator of the Clearspire ecosystem – linking its lawyers and clients. Later, the vision was for Coral to integrate other groups in the legal ecosystems. Coral enabled lawyers to work seamlessly and collaboratively across the globe, linking them as never before with clients. This enabled clients to track matter management and budget in real time as well as to access and reuse intellectual capital. It also bridged the divide between Clearspire and in-house counsel. Mark Cohen believed that the bright line distinction between in-house and outside counsel should be blurred, because both served the client. Coral enabled the two groups of lawyers to collaborate seamlessly to better advance client interest.

Coral’s architecture was a pyramidal structure with three layers or stacks. The foundational/bottom layer included systems that were common in large firms. This included document management, records, conflicts, finance, and unified messaging. What made Coral’s foundational level different was not only its best-of-breed suite of applications and their heavy customization by Clearspire’s IT team, but also their integration via the layer sitting above them. Clearspire licensed 3rd-party software for these functions; however, it negotiated IP grants from some of the software providers in recognition of the degree of customization that Clearspire made to the off-the-shelf version of the software.

The middle layer – “the customized enterprise backbone” – was Coral’s “brain,” integrating and aggregating data from the bottom layer. This provided human resources (HR) information systems functionality, project management, matter staging and management, and reporting.

Coral’s top layer was the user interface – a web-based intranet and extranet. This layer had separate portals for Clearspire; clients; and the public. The entire Clearspire platform ran on a private cloud in a Tier 4 data center – the highest security layer with ultra-secure access and fully backed-up systems. Though Clearspire’s workforce was agile, its “virtual office” was far more secure than that of traditional law firms.

Coral had separate, though similarly designed interfaces for Clearspire’s lawyers and clients. When lawyers logged-in, they were greeted by a home page that included customized buckets of information – “my to-do list,” matter list, key updates, and presence tracking that indicated colleague availability to video-conference, IM, email, or call. Coral provided both a geographic and practice view of colleagues. Color-coding and icons signaled availability; each lawyer controlled how her availability was displayed to colleagues. Most internal Clearspire communication was in wiki style or other collaboration forums, not emails. This meant that message exchanges were organized and available to anyone who joined the team mid-stream.
Coral presented each lawyer with her own customized task list. As the lawyers completed the task, the system noted this and presented the next one. This enabled lawyers to work in a disciplined, purposeful fashion— an automated form of project management supplemented by each matter’s statement of work. It also enabled clients to track progress, to render input, or to pose questions in real time. It provided instant, substantive direct access to the person performing a particular task. It was also— like other Coral functionalities— an effective internal management tool— both for matter management and budgeting purposes. Working in concert with the matter-and task-based approach, Coral also presented lawyers with a news feed customized to the matter. That provided lawyers— and clients— with instantaneous access to information not contained in the file but potentially relevant to it.

Clients had a similar but contextual client interface. The client dashboard included a matter overview as well as a list of Clearspire lawyers working on a specific matter as well as across all the client’s cases with the firm. Clients were provided with an individual and aggregate matter overview, a subset of “shared” documents (the presumption was that the majority of file materials excepting rough drafts and attorney notes were client accessible) billing, case chronology, research and prior communications. Financial reports and attorney benchmarking were also made available.

Coral afforded clients the opportunity to collaborate meaningfully and in real time with Clearspire attorneys. It also provided clients with unprecedented real time access to individual matter handling and billing as well as all prior client matters handled by Clearspire. Clients were free to re-use research, briefs, and other paid-for intellectual capital any time and in any way they deemed appropriate.

Coral was much more than a collection of software applications. It was designed specifically to enable Clearspire’s lawyers and clients to collaborate, practice, and access information in a very different way than previously possible. Coral worked remarkably well during its nearly three years of active service and truly “reengineered the delivery of legal services”— just not for enough clients.
The first nine months of Clearspire's existence focused on the Founders building out the business plan, working out the structural and regulatory challenges of creating a “two-company model”, and putting together a team to develop Coral. Unsurprisingly, a tremendous amount of time, energy, and capital was spent developing Coral. The platform was built from scratch and at its zenith had approximately 90 developers working on it. The Founders took an inter-disciplinary approach to Coral’s architecture and build-out. They retained Eyal Iffergan, an experienced legal technology architect, to coordinate the build-out. Bryce Arrowood anchored the functionality and process aspects of Coral, while I was responsible for the internal and client requirements. We retained Dr. Lynda Gratton, an expert in the future of the global workplace to provide “social cues” for Coral that would allow its geographically remote users to feel more integrated and part of a team. Fred Krebs, the long-time President of the Association of Corporate Counsel also served as a consultant on the project.

The build-out of Coral was an interdisciplinary process that involved a close collaboration between the technology team and the Founders. Bryce Arrowood focused on process elements and I provided the “customer” or ultimate user perspective – what would lawyers and clients want from Coral and how could that be made user-friendly? It was like working backwards: I told the tech team and Bryce what should (ideally) be built and they constructed it. This process, that involved as many as 90 programmers at one time, took approximately sixteen months to complete.

Once Coral was completed and pressure tested by a small team of Clearspire Law’s initial attorney on “friendly” client matters, Clearspire began to build up its attorney roster and engaged in a more formal launch. This occurred in January 2011, approximately two and a half years after the company’s formation. During the course of the next eighteen months, Bryce and I met with the General Counsel of almost 300 Fortune 500 companies. While the access to market leaders was phenomenal, the client conversion rate was less stellar due to a number of marketplace challenges.
6. Marketplace Challenges

Clearspire confronted a wide array of challenges when it launched. It was introducing something radically new and different to an exceedingly entrenched, traditional industry. The legal vertical is steeped in precedent, not innovation. The virtual monopoly that large firms enjoyed was long preserved by self-regulation, and by the fact that State Bars were dominated by the large law firms themselves – exactly the market that Clearspire’s model sought to disrupt.

Clearspire’s two-company model also posed a challenge in itself. The legal marketplace had never seen such a model or approach and had difficulty categorizing Clearspire – was it a law firm, a staffing company or a technology company? Likewise, Clearspire was challenged by its categorization as a “virtual law firm” – a generic phrase frequently used to describe firms that substituted technology for physical offices. Most of those firms had primitive technology and were comprised of a small group of practitioners working from home on laptops. This was the antithesis of Clearspire but created confusion for it nonetheless. It further clouded Clearspire’s status as a “real” law firm and fueled an already risk-averse in-house community.

Clearspire’s fixed-price model and detailed statements of work – ironically – turned out to be more of a liability than an asset. This was because most clients were unfamiliar with SOW’s and, so, could not readily compare them to hourly rates and billing. Clients incorrectly associated fixed-prices with “cutting corners,” “bait and switch,” and other practices that were antithetical to the transparent and detailed Clearspire SOW. Though corporate counsel often decried the billable hour, they were nonetheless comfortable with it. They preferred to negotiate discounts from “usual suspect” large firms than to deal with an entirely new billing method.

Clearspire’s election to go head-to-head with large firms for Fortune 1000 company work also proved to be a challenge, especially during the cautious times following the financial crisis. Clearspire was not a known brand and, though it received a great deal of international media coverage and acclaim, its model was untested. This did not sync well with the caution and risk-aversion that followed the financial crisis. Clearspire’s law firm also lacked the size and breadth of practice to compete successfully with large firms – especially for more substantial matters. As a result, when Clearspire was retained by clients, the matters assigned were generally small.

The exorbitant cost of Clearspire’s technology build-out also proved to be an insurmountable burden. That cost was borne before the law firm launched, meaning that Clearspire was about $5M in the red before it earned its first dollar. The Founders’ projections for recouping this investment from law firm operations proved overly aggressive, and Clearspire was constantly cash-strapped. It lacked adequate funds for a sales and marketing team, nor did it engage in public relations to leverage the significant organic media coverage it received.

Clearspire’s bold end-to-end approach to reengineering the delivery of legal service proved too sweeping for its limited financial resources. Had Clearspire elected to be either a legal technology or staffing company, for instance, it would have undoubtedly been a huge financial success. But neither its war chest nor the marketplace was ready for Clearspire’s reengineered law firm approach. Clearspire could have succeeded had it broken out its different components, focusing on each one individu-
ally and building on its success to broaden its offering and vision. For example, Clearspire could have become a large, highly profitable law firm that sometimes served also as a staffing company. Likewise, Coral could have been licensed as a platform or deployed as a multi-user SaaS application.

In the end, Clearspire’s greatest market challenge was an inability to compromise on the scope and breadth of its model. This was a point of constant contention between the Founders and ultimately resulted in the Clearspire’s end.
Clearspire was the legal version of a child prodigy – from infancy, its two-company model, technology platform, and innovative business model were closely followed and analyzed by mainstream media including The Economist, The Wall Street Journal, Fast Company, and The American Bar Association Journal. Richard Susskind, perhaps the legal vertical’s best-known pundit, spoke glowingly of Clearspire, describing its model and technology as inspired and “bang on.”

The media buzz reached a crescendo in January 2011 when Clearspire announced its launch. Several GC’s asked whether they could license the platform, and three suggested creating a joint venture to deploy Coral as a SaaS application. Coral had been designed as a single user platform that could eventually be adapted to SaaS. Bryce and I declined these early offers and elected to build up the Clearspire law firm – using Coral – to establish “proof of concept” before marketing it for third-party use.

What was conspicuously absent from the GC meetings was a desire to retain Clearspire as a law firm. There were a number of reasons cited: (1) the firm’s lack of scale – at its zenith, the firm had approximately 60 attorneys; (2) an absence of high-profile lawyers; (3) unfamiliarity with the fixed-price model – most GC’s were more comfortable with the billable hour even as they decried Big Law’s high rates, billable hours and price unpredictability; and (4) a preference among many GCs to use Clearspire as a staffing provider, not as a law firm. Walmart, for example, praised the Clearspire vision and two-company model – then requested it undertake a staffing role. The request was denied because one of Clearspire’s Founders insisted that Clearspire was a law firm, not a staffing company.

The Clearspire law firm was burdened by the enormous cost of building and maintaining Coral; a rigid hiring approach that focused too much on lawyer pedigree and too little on experience and a willingness to embrace its model; a lack of scale; an inability to convince buyers of the value of the transparent, fixed-price model; and client fascination with the shiny metal object that was Coral instead of the law firm.

The Clearspire law firm operated efficiently, effectively, and to favorable client reviews. When fixed-price engagements were undertaken – only about one-third of the firm’s matters per client election – the budget was met 98% of the time. This demonstrated that large and small high-end legal projects can be accurately budgeted provided that project management and technology keeps lawyers on task. Clearspire’s lawyers seemed to enjoy the freedom that Clearspire’s technology and structure offered, and the attrition rate was low compared with large law firms. Clearspire’s law firm was profitable, although that was diluted by the burden of defraying infrastructure costs imposed by the service company to pay for Coral.

The market was intrigued by Clearspire and by its effort to reengineer legal delivery. But it was uncertain exactly what Clearspire was and how it could best be used. Was it a legal technology company or a law firm enabled by technology? It was both, of course; however, the marketplace was looking for one application and that was clearly the technology company.
Clearspire had many paths to success that it did not pursue. For example, it could have licensed or sold off its technology early on. Likewise, it could have entered into a joint venture to that effect – obtaining a perpetual use license for Coral. The law firm could have used the Coral platform to greater advantage to scale up more rapidly, rather than relying on the Service Company’s HR team that mimicked Big Law’s fixation with pedigree as the preeminent hiring criterion.

The market was not ready to replace its incumbent large law firms with Clearspire – the reward was not equivalent to the perceived risk. That risk – and Clearspire’s cash flow problems – would have been removed had Clearspire agreed to operate both as a law firm and, when clients opted, as a staffing company. Clearspire failed in part because of its unwillingness to adapt and offer the market what it wanted from it – services it could have readily delivered. Its intractability was the proximate cause of its disappointing financial results.
8. Lessons Learned: Clearspire in Hindsight

Clearspire was “ahead of its time” in the way it envisioned – and executed – the delivery of legal services. But that’s by no means the sole reason that Clearspire failed to achieve commercial success. The market suggested course changes to Clearspire’s leadership at different points during the firm’s seven-year run. But adherence to Clearspire’s “revolution” eclipsed the corrections in course that successful start-ups must make to survive, let alone to achieve financial success.

There are several strategic decisions that Clearspire made that, with hindsight, impeded its commercial success. This includes:

• **The legal vertical is extremely conservative, risk averse, and resistant to change.** Clearspire was too sweeping and aggressive in what it attempted to do.

• **Law is grounded in precedent, not innovation.** Clearspire inaccurately gauged the market’s appetite for real change. A more gradual, phased-in approach to Clearspire’s grand vision would have been more palatable to consumers. For example, Clearspire’s website and collateral materials touted the disruption it sought to effect, proclaiming “This is your revolution.” That worked for the Beatles, but not for Clearspire. Law was ready for incremental change, not a “revolution.”

• **The decision to operate as a law firm, not a staffing company was an initial miscue that was compounded by Clearspire’s unwillingness to adapt to what the market wanted it to deliver.**

• **Clearspire targeted the wrong market segment.** Its Founders were convinced that the F1000 were ready for a new model law firm to challenge incumbent large firms for “fat middle” legal work – everything in-between high volume/low value work, LPO work and “bet the company” matters sourced to elite law firms. This assumption was incorrect; as the success of Axiom demonstrates, the market was willing to embrace a higher-end staffing model – supervised by corporate legal departments and law firms. But it was not, in the years immediately following the global financial crisis, ready to assume the risk of ceding responsibility to an upstart law firm like Clearspire.

• **Clearspire’s election to operate as a law firm delayed its launch by about a year and cost the company several hundred thousand dollars to create.** The candle proved not to be worth the game.

• **Clearspire posited that large corporations would be attracted to its model because of their significant volume of work and the substantial savings that would result with no additional risk.** This proved incorrect for two reasons: (1) Clearspire lacked the scale and legal brand recognition to warrant sourcing large blocks of work to it; and (2) most GC’s concluded the risk of sending work to Clearspire instead of an “established” firm did not warrant the incremental cost savings. And while several F1000 companies became satisfied Clearspire clients, most GC’s wanted Clearspire to bring on additional attorneys and to operate as a staffing company. Walmart and Ally Bank are two examples.

• **Clearspire refused to engage in strategic partnerships, several of which would have been highly advantageous** because its prospective partners had substantial capital, global brands, and large customer bases. Several F500 companies and two prominent law firms approached Clearspire
and sought to create joint ventures to leverage Clearspire's staffing capability and its technology. The irony of Clearspire's refusal to partner with others is that it was designed to align the players in the legal ecosystem, not to operate in isolation.

- **Clearspire's fixation on lawyer pedigree compounded its depth and breadth problem.** Ironically, Clearspire's hiring criteria mimicked large law firms. Clearspire should have hired many highly qualified applicants that had different backgrounds and skillsets suited to its practice. Clearspire anticipated claims that its lawyers were “not of the same quality” as large firms, so, to blunt that, it hired lawyers from large firms and some in-house departments as well. But its HR team carried this to an extreme, excluding many lawyers that would have been well qualified and well-suited for its “right person for the right task” approach to legal delivery.

- **Clearspire failed to answer one crucial question for the marketplace: “What Are You?”** Clearspire's two-company model was unique and the subject of many articles, interviews, and symposia. While it commanded considerable interest among legal scholars, entrepreneurs, and many GC's, there remained considerable confusion about exactly what Clearspire was and what it sold. Some thought Clearspire was a staffing company; others a legal technology company or “virtual law firm.” The problem was compounded by sales and marketing pitches that opened a discussion on Coral, then segued to the law firm. This left many GC's wondering just what Clearspire was and how they could best utilize it. Many concluded it was Coral – which was not available for license, sale, or joint venture – that they wanted.

- **Clearspire lacked sufficient capital for the sweeping breadth of its vision.** By most accounts, Clearspire was well-capitalized. The Founders, together with a small group of “friends and family” invested approximately $7M in the venture. The bulk of that money – about $5M – was poured into Coral. The entire Coral investment was made before Clearspire Law launched. That made it exceedingly difficult for the law firm to recoup its investment without substantially more capital and caused tremendous pressure. Coral was simply too much of an investment for a dedicated – and relatively small – law firm. Coral was a Ferrari that was driven around the neighborhood at 10 miles an hour; it was a grossly underutilized asset. Had Coral been licensed or utilized in a joint venture with a F500 company, it would have been another story altogether.

- **It's easier to start a revolution than to win one.** Clearspire would have been immensely successful had it embraced a more incremental rollout of its sweeping vision of change. For example, had it initially marketed itself as a staffing company and developed its technology platform over time, it would have had an easier time generating revenues to defray the considerable expense of its technology. Then, when the technology was built out, it could have leveraged it internally as well as with different partners in a variety of lucrative, brand-enhancing ways. Clearspire was all about marry technology and process with legal expertise; it did not have to do everything on its own in one grand step. Neither the marketplace nor Clearspire's war chest were ready for this. Clearspire did not have to launch a revolution; a targeted counter-insurgency would have worked just fine.
9. Epilogue

I often describe Clearspire as “my multi-million dollar tutorial.” The seven year experience taught me a great deal about how technology and process can be applied to improve legal delivery as well as how legal services can be delivered from a new model that is more client-centric, accessible, affordable, efficient, and objectively evaluated. I am sharing that experience now in my teaching, writing, speaking, and consulting. Clearspire was clearly an intellectual success in my view.

Our investors – and my own balance sheet – would say otherwise. Clearspire was a financial disappointment – a failure.

Was it worth it? Yes. Being an entrepreneur is as much about creativity – executing a vision – as it is about making money. And while it’s disappointing not to have achieved both, it’s gratifying that so much of the Clearspire vision and model are evident today. That’s our legacy and something I am proud of.

“The Clearspire Story” originally appeared as a chapter (in English) in Legal Tech: Die Digitalisierung des Rechtsmarkts by Markus Hartung, Micha-Manuel Bues, Gernot Halbleib, Ulrike Barth, Marie Bernard.
Mark is a global thought leader in the legal industry focused on legal delivery and education. He has had a distinguished 40-year career, the first part of which was devoted to legal practice. He earned an international reputation as a “bet-the-company” civil trial lawyer with stints as a decorated Assistant United States Attorney; BigLaw Partner; National Litigation Boutique Founder and Managing Partner; Federally-appointed Receiver of an international aviation parts business conducting operations on four continents; and outside general counsel to three insurance companies.

During the past twenty years, Mark has focused on the business of law and developing and managing delivery models that improve legal service and education. He was a co-Founder and Managing Partner of Clearspire, a revolutionary “two-company model” law firm and legal services company that was the first to separate legal “practice” from legal “delivery”—the business of law. After selling the company three years ago, Mark has focused on legal education, speaking, and writing.

Mark is the founder and CEO of LegalMosaic; writes a weekly column in Forbes on the global legal industry; is a Distinguished Fellow at Northwestern Pritzker Law School’s Center of Practice Engagement and Innovation; speaks on legal industry topics around the world; and is the Chair of the Advisory Board of Elevate as well as an advisor to Hotshot.

Mark has received numerous awards for practice excellence, innovation, and writing. The ABA recently named his LegalMosaic blog to its Web 100 as one of the 50 best global legal blogs.

Find Mark A. Cohen at:

Legal Mosaic | Forbes | Northwestern | Elevate | Hotshot