

Law Firms Can Use ALSPs to Command an Additional 30% or More Profit Margin

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Take one type of client work for which you are competing on price. Pick something routine. Preferably work you currently process at a high volume or could process at a high volume if only you had better support systems and processes in place. We challenge you to improve your margin on that work by just 30%. (You are thinking: “*Just 30%,” they said? Ha!*) Yes, we admit, a 30% profit margin improvement is pretty fantastic, but on some work you could achieve even more. Therefore, do not limit yourselves.

A typical law firm may charge fees anywhere between \$1,500 and \$3,000 for standard H-1B visa petition processing. The mix of timekeepers and non-timekeepers who work on a visa petition will vary by firm but, for demonstrative purposes, here we present a couple of simplified scenarios to compare how a firm’s profit margin on each petition can be improved if the law firm outsources portions of the work to an ALSP.

Scenario 1: Partner supported by a Paralegal

Timekeeper	Fixed Fee to Client	Hourly Cost to Firm	Law Firm Hours	Total Cost to Firm[]	Profit and Margin
Partner	\$2,000	\$275/hr	1	\$275	Profit: \$1,500 Margin: 25%
Paralegal		\$100/hr	10	\$1,000	
			11	\$1,275	

Scenario 2: Partner supported by a Paralegal and an ALSP

Timekeeper	Fixed Fee to Client	Cost to Firm	Law Firm Hours	Total Cost to Firm[]	Profit and Margin
Partner	\$2,000	\$275/hr	1	\$275	Profit: \$1,145 Margin: 52%
Paralegal		\$100/hr	3	\$300	
ALSP		\$225 fixed		4	

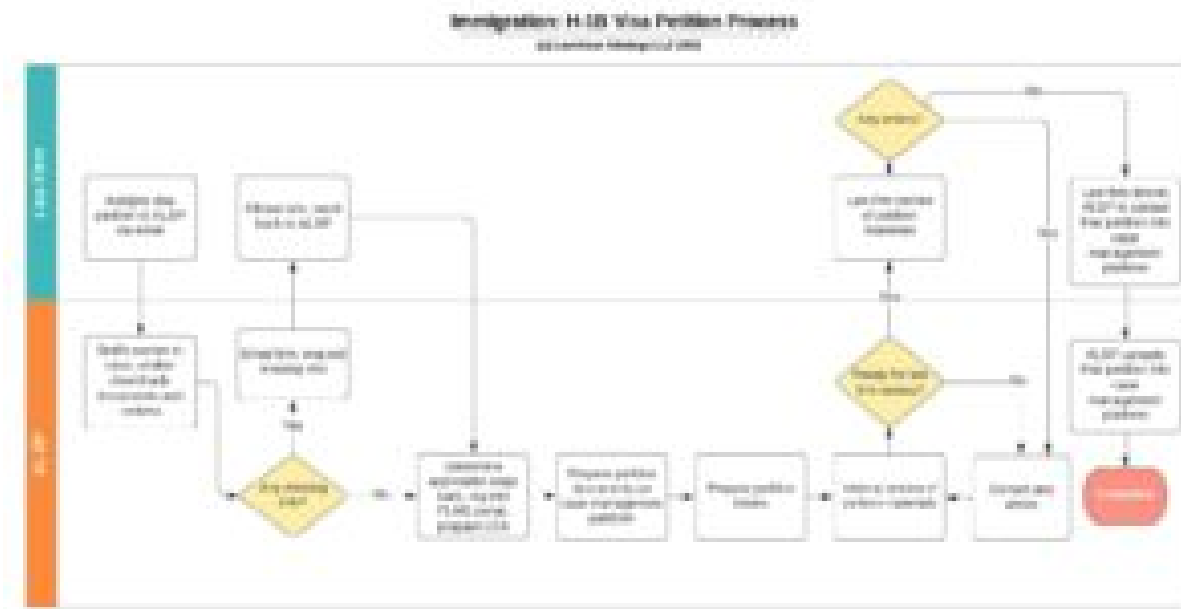
In Scenario 2, the firm improves its profit margin by 36 percentage points when it works with an ALSP. The firm also saves eight hours of time that can be applied toward other billable work.

Let’s extrapolate and compare these numbers across scenarios.

	Scenario 1	Scenario 2
# Petitions/ Year	40	120
Total Law Firm Hours	480	480
Total Profit	\$14,000	\$137,400

With the ALSP model, the firm could process **3 times the volume** of H-1B visa petitions and make **nearly 10 times the profit**. The firm also has the option of reducing its fixed fee to clients by as much as \$1,000 or more yet it can still be in the black on this work while being very competitive on price.

In Scenario 2, here is one way the work could be shared between the law firm and the ALSP:



Now that you’ve seen these models, which scenario would you choose?

If you’re curious to learn more, please feel free to reach out to one of us. We would be happy to discuss this with you in detail and help you determine if your firm has a business case to outsource H-1B visa petition processing or any other type of work. We can help you increase your sales volumes and profit margins by leveraging ALSPs.

[i] We used approximate costs for demonstrative purposes; actual costs may vary by law firm and ALSP. However, these rates are realistic and attainable.

