

## Costly Paper: Kirkland & Ellis Outpaces Competitors on Printing Fees

Office Depot customers pay less per page than clients of Kirkland and Skadden, analysis shows. But some Big Law firms are increasingly reevaluating the need to charge for in-house printing services at all.

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### What You Need to Know

- Per-page printing fees at several large law firms rival retail printing and copying rates at Office Depot and Staples.
- Varying prices reflect a difference of strategy between firms and their approaches to cost recovery.
- Lower paper usage post-COVID may cause firms to roll printing fees into higher hourly rates.

Were Kirkland & Ellis clients to go to Office Depot for their printing needs, they'd pay roughly 20% less than what they're being charged for in-house duplication services at the world's highest-grossing law firm.

On paper, economies of scale mean that increased levels of production lead to cost savings. But for the service of adding ink and toner to that paper, Kirkland charges clients more than competitors—16 cents per page. Black-and-white copies cost between 10 cents and 15 cents per page at other top Am Law firms and 12 cents at Office Depot, according to a review of bankruptcy court fee applications. At Staples, Kirkland clients would pay a 20% premium per page.

Other large law firms charge nearly as much: Skadden, Arps, Slate, Meagher & Flom, Baker Botts, Vinson & Elkins, and Mayer Brown each charge 15 cents per page. (The aforementioned firms didn't respond to requests for comment on their printing fees; Kirkland declined to comment.) Meanwhile, Latham & Watkins, Weil, Gotshal & Manges, Davis Polk & Wardwell, Gibson, Dunn & Crutcher, and Paul, Weiss, Rifkind, Wharton & Garrison charge 10 cents.



The industry average for all firm sizes is 14 cents per page, according to a 2021 survey by legal operations consultancy Mattern Associates, which polled 37 firms, including at least 25 firms with 250 lawyers or less.

Large firms can generally lower their printing costs compared with smaller peers, said legal ops consultant Rob Mattern, so higher fees aren't a reflection of actual costs as much as how firms measure costs and how much they think clients will pay. "They're paying roughly the same for all this equipment and supplies, so it goes back to how they're defining cost," Mattern said. "If I put 10 different law firm CFOs in a room and asked them to define printing costs, I'd get 10 different definitions."

Those definitions may include the cost of commercial printers, paper, ink, toner, labor, electricity, even the per-square-foot lease rate of the printer's footprint within an office, Mattern said.

Firms also use high per-page rates to offset clients who pay less (or nothing) for printing. “Big-enough clients may say they’re not going to pay for printing at all, or any miscellaneous disbursements that aren’t hard costs,” Mattern said. “They make the clients who do pay pay for the clients who don’t pay—some firms factor that into their rate.”

Firms also set printing fees based on their peers. “Our charges are primarily determined by looking at a range of prices charged by other professional services firms for similar services,” a recent Baker Botts engagement letter states, adding that the firm doesn’t look to printing as a “profit center.”

Courts may also impose fee caps for printing. In the February 2020 bankruptcy of newspaper owner McClatchy, Skadden justified printing fees by claiming an “average internal cost per page” of 10 cents, also the per-page fee cap imposed by the Southern District of New York. However, printing appears to cost Skadden more money in the Southern District of Texas, which doesn’t cap printing fees. “Photocopying services ... performed in-house are charged at 15 cents per page, which represents the average internal cost per page,” the firm wrote in its engagement letter for the July 2020 bankruptcy of Noble Corp., an offshore drilling contractor.

Despite charging more than many midsize and regional peers, Big Law firms are increasingly reevaluating the need to charge for in-house printing services at all. The pandemic cut paper usage at most firms by roughly half, Mattern said, and printing fees have among the lowest collection rates of any law firm charge.

“About three-quarters of copies get billed, roughly 25% get written off, and then the clients write off probably another 15%,” Mattern said. “Between billing attorneys writing it off and clients writing it off, that’s just another justification for a higher rate.”

Alternately, some firms may outsource more of their printing to turn soft costs into hard costs. Three-quarters of the firms in Mattern’s 2021 survey were recovering costs from copies, while nearly all firms said they passed on hard costs such as common carrier services and local messenger services.

“If there’s a client that won’t pay for copies, I’d say, ‘Why are you running them on-site?’” Mattern said. “Sometimes you have to. But if they don’t want to pay, send it to a FedEx, get a hard cost invoice, pass that through and get paid for it.”