

Legal Process Outsourcing: Transforming the legal landscape

The Future of Legal Services
Conference

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GENPACT

Purpose of the Presentation

- Insiders view on Offshoring – 1999 - 2009
- Not a lecture on law, but a discussion on offshoring and effect on the future of the legal profession
- Discussion on key provisions typical to offshoring
- Legal strategy
- It is intended to cover:
 - Brief history of offshoring
 - Structure of offshoring relationships
 - Pitfalls to be avoided
- **LPO** - How does offshoring affect your department ?

Brief history of offshoring

- Jack Welch's visit to India & China
- Y2K and Software engineers returning to India
- Undersea cabling
- Price arbitrage
- State of the art facilities and expertise
- Process excellence – Swiss watch
- Global nature of Service delivery



Global nature of delivery



India: Beginning of the offshoring journey

- Amrtya Sen – *“what is true of India, the opposite is equally true”*



So what does it all look & feel like?



Different ways of offshoring

- Ship & fix
- Ship & fix & enhance
- Fix & ship
- Acquire & fix
- Decoupling



Structure of the Contractual Documents

- RFP & Response
- LOI / LOE – long contract life cycle
- MSA & Exhibits
- Key exhibits
 - Pricing
 - Description of Services + Service levels
- Acquisition document

Negotiating Styles

- Negotiations are sophisticated multi party
- Consultant + lawyer + procurement + function being offshored + transition + transformation
- Inherent differences to how East *v.* West negotiate their contracts
- Death by gastronomy *v.* No food at all
- Budget time & bring stakeholders to the table
- Take care of the relationship and the contract will take care of itself

Outsource the function – not the responsibility

- Employment relationships
- Detailed Service Level Agreements
- Key Performance Indicators
- Rigidity can kill the relationship – Governance
- Training & Transition
- Avoid litigating in an Indian court
- Offshoring is not a magic wand.
 - Garbage in = Garbage out



LPO and how it affects the legal profession?



LPO – past the “tipping point”

- Recession pushed LPO past the “tipping point” and thrift is here to stay
- **US & European** GC have played a key role being dissatisfied with “token” efforts from law firms
 - Rio Tinto
 - Deutsche Bank – e-discovery - \$2.5 – 5 million savings
 - BT – 25 lawyer captive team
- Numerous changes over the last **12 -24** months
- LPO are growing, with second round of funding
- Survey of 29 law firms:
 - 41% had considered LPO
 - 24% have already outsourced to India
 - 34% have outsourced back office
- Clifford Chance / Freshfields / A&O / Lovells / Eversheds / CMS / Travers



LPO – Drivers

- **Cost**
 - FTE in India = €20k; FTE in EU = €200k
- **Efficiency**
 - Releasing 10-15% of legal time
- **Quality**
 - Prioritise non-critical transactions
 - Consistency
 - Turnaround
 - Forced process



EFFICIENCY



Services that can be outsourced

- **Three categories**
 - Lower end
 - Middle range
 - High end

- **Nature of Services**
 - Document review
 - Contract management
 - Litigation support
 - Legal research
 - Document management
 - Reporting

Fee arrangements

- Remuneration for lawyer in India
 - 20% to 30% of a lawyer in the west
 - \$7000 - \$150,000
 - Over a million lawyers
- Hourly rate \$10 - \$50 / hour
- FTE rate \$15,000 - \$70,000
- Transaction based pricing
- Hybrid



Who are the key advisors? What value do they bring?

- Consultants

ALSBRIDGE



EQUATERRA

- Lawyers

BIRD & BIRD

BAKER & MCKENZIE


Lovells



Milbank

- Accounting firms

 **ERNST & YOUNG**
Quality In Everything We Do

PRICEWATERHOUSECOOPERS 

Top tips for avoiding pitfalls

- Inability to say “no”
- Conduct background & educational checks
- Different providers have different set of expertise
- Don't end up becoming the “lab rat”
- Financial health of the LPO – what the press does not tell you!
- LPO site / facility visit to get a feel for reality
- Confidentiality
 - Remote access
 - Strict organisational / technological measures
 - BS 7799
- Quality
 - ISO 9001:2000 & Six Sigma
 - Rigorous training



Main players and area of expertise

- BPO providers offering LPO
 - Infosys / Wipro / Genpact
- Law firm captives
 - CC / Bodhi Global / Integreon
- Corporate captives
- Third Party vendors

Infosys®



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Where are LPOs headed?

- LPO will grow and lines between law firms and LPO may get blurred.
- Corporatization of the legal sector?
- End of “onshore” low end services?
- Minimization of overhead costs
- Death of billable hours?
- **Delivery of legal services will not remain static**

