# Legal Process Outsourcing: Transforming the legal landscape

The Future of Legal Services
Conference

Orijit Das

Vice President & Senior Legal Counsel



## 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





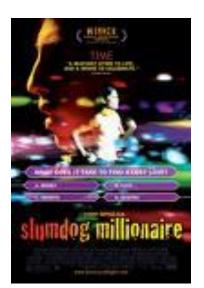


# India: Beginning of the offshoring journey

• 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 <u>East</u> v. <u>West</u> negotiate their contracts
- Death by gastronomy n. 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





### 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







<u>Lawyers</u>





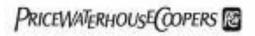






Accounting firms





## 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











### 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