



THE COLLECTIVE

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LEGAL PROCESS OUTSOURCING

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Editorial:

Our present issue displays the evolving trends in the legal off-shoring industry and provides suggestive measures to improve the deliverables in order to attract more revenue from this sector. It includes international reports and surveys that highlight various issues which are required to be addressed for achieving better prospects, and sustain present clients. Some of the interesting highlights of this issue are the introduction of advanced services and technology for quick and better output by legal process outsourcing companies (LPOs); the growing number of attorneys being recruited from the west - used as a technique to attract better clientele, and the new challenges that Indian legal service providers may have to face due to rising inflation.

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1. EVOLUTION OF LEGAL OFF-SHORING AND AN INNOVATIVE APPROACH TOWARDS UPGRADING QUALITY

Legal Process Outsourcing (LPO) is rapidly growing internationally, India being the top legal service provider followed by Philippines. Till date, LPOs have mostly focused on due diligence, discovery, document production, etc. rather than the more complex legal work. LPOs have the potential to grow to a \$20 to \$25 billion industry. Legal outsourcing not only touches US but also UK, Australia and New Zealand. As time-zones differ, it adds on to the advantage of continuous working even during the sack time for attorneys and companies. Certain legal tasks can be easily performed by attorneys in India instead of expensive lawyers at higher cost jurisdictions.

LPO, still being in its initial stages, already has impressive statistics in the legal sector. In the last one-year alone, the industry has seen a 40-50 percent growth. As the legal profession continues to evolve, it is causing an expansion of LPOs. Further, about 75 per cent law firm / lawyers believe that using an LPO “does not diminish the brand,” but adds quality and promptness to delivery of its work. Some of the largest and best-known law firms use LPO and observes: “If the leading firms are using LPO, it is difficult to see LPO as a sign of weakness. An international survey result showed that 96 per cent of respondents in Australia indicated that they outsource at least a portion of their routine legal work. LPO is an evolving phenomenon and has been influenced by both market demand and its inherent nature to change. A research study by Financial Times Innovative Lawyers Awards pointed out that 72% of law firms, and 43% of corporations polled, were either involved in outsourcing or were open to outsourcing in the future.

Since the emergence and growth of LPOs in 1997, there have been some challenges from buyers. The major concern was that LPO associates lack practical knowledge as they typically comprise recently graduated law students. Measures have been taken to address these issues by conducting intensive training programs during employee induction. These sessions cover different services such as litigation support or contract management, and the tasks within them, along with clear and concise legal writing. One of the leading business data providers has in the past month, introduced a program to specifically equip law students with the practical knowledge required to do the job. It essentially aims to educate participants through a hands-on approach of the key tasks required of all legal professionals. This will significantly reduce the man-hours spent on on-the-job training which will directly translate to an increase in billable hours. Such programs are equally beneficial to both employers and students and must be incorporated by organizations to induce dynamism in their services.

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2. ACCEPTANCE OF COMPUTER BASED PREDICTIVE CODING BY THE U.S. COURTS

Predictive coding has brought about numerous discussions with respect to its application in the e-Discovery process. It is known that clients in litigation do not prefer to spend more than they have to on discovery. The Wall Street Journal introduces the topic of Predictive Coding and highlights the growing acceptance of computer based document reviews. This technology is picking up quick for in and out of court procedures. In a recent opinion in *Da Silva Moore v. Publicis Groupe*, 2012 U.S. Dist. LEXIS 23350 (S.D.N.Y. Feb. 24, 2012), the judge, for the first time, judicially accepted the use of computer assisted predictive coding (CAR/PC). He focused on the importance of technology to achieve better efficiency in document review. In *Global Aerospace Inc., et al., v. Landow* 2012 WL 1419842 (Va.Cir.Ct.) the judge followed the ruling and granted the defendant's motion for predictive coding. Landow argued that the discovery involved about 200 gigabytes of electronically stored information, or about 2 million documents and the engagement of a team of lawyers for review would be time consuming and expensive. Therefore, the most effective and economical means of reviewing large ESI collection is a technology known as predictive coding.

An e-Discovery provider works with lawyers on the case to set initial search parameters, which are then refined and repeated every time lawyers review the search results. It works on similar lines as e-mail servers filtering spam. Predictive coding will be very helpful for cost cutting in document intensive litigations. It is always useful to invest in technology that uses both, human and technical assistance in order to keep minimal error and maintain good quality. Many service providers are beginning to adopt this technology to deliver to the client cost-effective work with maximum accuracy.

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3. STRATEGIC ALLIANCE IMPROVES LPO GROWTH

The 'Outsourcing Law & Business Journal' states in its Strategies and Rules for improving legal business process management techniques, that there should be strategic alliances, joint ventures, shared services and cost-effective sourcing of services. A recent survey indicates that growth in the LPO industry in India is due to large pure-play LPO firms. The rapid growth of the industry is causing a continuous pressure on the organizations for legal cost-cutting. The LPOs were able to demonstrate the work better than law firms in the West. The recent trend indicates that the law firms are favoring LPO to their clients. Law firms now provide advisory solutions to their clients regarding outsourcing which strengthens their client relationship.

For the purpose of achieving maximum efficiency, LPO clients require a blend of onshore and offshore support. Cost is one of the major factors that help to ascertain the location set-ups, but there are many other forces as well, which include ethical and legislative restrictions, complexity of the task at hand, familiarity with a client's specific legal system, amount and type of communication required, project duration, client comfort with a location, time zone preference and language skills.

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4. MIGRATING ATTORNEYS IN LPOS

Destinations that are taking a leap to the legal outsourcing industry have a strong English speaking and well-educated population. Apart from being economical, the quality of work and the standards maintained are at par with the industry. Many legal firms have now joined hands with global LPO companies in a bid to stay competitive reducing their overhead cost, and the recent economic recession has sped up the decisions for the tie up.

According to international news, legal outsourcing firms in India are actively recruiting experienced lawyers from the West in order to win new clients and take on more sophisticated work. With more and more lawyers from the West moving into India, it seems to be easier to have better quality of work outsourced. Presently, most leading legal service providers are hiring attorneys from the West who have worked as managing lawyers for giant mining companies, banks, etc. One of the greatest advantages of having these attorneys on board is that they have hands-on experience with the legal system and work trend in the West, making it easier for LPOs in India to deliver quality that is up to the expected mark. Associate general counsel at General Electric shares the opinion that “you don't need a \$500-an-hour associate to do things like document review and basic due diligence.” Thus the basic and most common reason for these lawyers to migrate here is to set up cost effective businesses by leading and guiding teams of Indian attorneys into getting the best projects and turning them around in the quickest achievable duration.

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5. PROJECTED TRENDS FOR 2012

An international consultancy firm discusses that a total of 85% share of the LPO market is captured by India alone and it predicts following interesting trends that will be common to the Legal Outsourcing Market in 2012.

Easier Profitability: Cost condensation is the major reason for companies to opt for outsourcing. Until a few years, India was the most attractive harbor for their new ventures.

Need for Automation: Legal support service providers need to adopt technologies in order to deliver work quicker with better accuracy. LPO vendors are using technology platforms for document review and contract management repositories in order to cut contract-related risks so as to provide better and quicker services to their clients. The growing awareness is important because this platform proves very useful when projects are expected to be completed within short deadlines.

Demand for advanced services: The LPO companies will have to move beyond litigation support and will have to modify their services with better technology to suit the requirements of the client.

Change in nature of work: A fundamental shift will be observed in the skill sets required in the leadership role in LPO as their sphere of work changes. The trend would be to have more leaders who are operationally minded rather than who are entrepreneurially focused.

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Last Word

To conclude, the LPO business has a great scope to grow and branch out into various aspects of legal support services through timely delivery, quality work and adoption of latest technology, irrespective of the stiff challenges that it may have to face in the days ahead.

“If you deprive yourself of outsourcing and your competitors do not, you're putting yourself out of business.”

- Lee Kuan Yew



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