

Legal Process Outsourcing: business opportunities and industry scope

Arooj Mushtaq*

ABSTRACT

Legal Process Outsourcing (LPO) is the industry in which in-house legal departments or organisations outsource legal work from areas where it is costly to perform, such as the United States or Europe to areas where it can be performed at a significantly decreased cost, primarily India.

Legal Process Outsourcing industry in India has grown considerably and the industry has remained immune to the global financial crisis, in fact it has grown during that period¹.

This has laid out significant opportunities for Indian legal professionals and the expeditious growth of the industry has brought about promising business latitude for entrepreneurs.

INDEX TERMS

Legal Process Outsourcing, LPO, law firm, attorney, lawyer

INTRODUCTION

As consumers continue to push pricing down and corporations fight for their survival, growing legal costs have come to centre stage. In an effort to contain these costs, an increasing number of companies are beginning to explore legal process outsourcing (LPO) as a possible solution. For instance, a company may ask its procurement teams to identify LPO providers to perform transactional legal work so that the in-house legal department can focus on more specialised activities. Or the legal department itself may turn to an LPO provider instead of more expensive outside counsel for certain legal tasks.

The legal profession worldwide has not remained immune to rapid technological advances, and this has resulted in a paradigm shift in the workings of entire judicial systems. From live-streamed court proceedings to advanced client management systems, and from judgment publication systems to artificial intelligence-driven research solutions technology has significantly changed the legal landscape.

This paper intends to explore Legal Process Outsourcing with a focus on the potential of job creation for legal professionals and business opportunities for investors and entrepreneurs. A systematic approach has been followed in research. The study heavily relies on open-source information on the subject. Further, the study lays an emphasis on the current market trends, growth drivers and issues facing the industry.

The legal process outsourcing market is growing at a rapid rate due to the growing demand to minimise costs by law firms and corporate legal departments to increase flexibility and expand their in-house capabilities. With the rising concerns related to legal expenses in countries such as the U.S. and UK, corporate firms seek to outsource certain legal proceedings through their legal representatives to cut costs. In addition, cost saving is the major attraction for western firms outsourcing their legal work to countries such as India owing to the affordability, efficiency and availability of skilled personnel.

But while interest in LPO is rising, many executives in the developed countries still have doubts about its feasibility and effectiveness. How much money can LPO really save? Will quality suffer? What about the risks of sharing sensitive legal information? The LPO marketplace, however, has matured to the point where many such concerns can be put to rest, giving corporations renewed incentive to assess the value of a balanced in-sourced and outsourced legal support business model. Considering the options available today, companies that take a thoughtful approach to LPO have the opportunity to potentially achieve significant cost savings, improve service levels, focus their in-house legal workforce on higher-value activities, and create additional capacity for unanticipated legal needs.

THE PROSPECT

Globalisation has lugged with it global uncertainty, businesses worldwide are faced with an ever increasing competition since national economies are no longer compartmentalised into single systems rather they tend to be open and connected, and exploitable. This translates into cutthroat competition defined by better resource allocation and effective cost cutting. Markets worldwide no longer have regional homogeneity as new products and services can be introduced and sold with the internet. Boardrooms in developed countries have brought it upon themselves to respond

to such challenges and to build globally heeled and sustainable organisations having innovation and adoption as a bedrock of their policies.

For such organisations there is a constant need to reinforce share holder value by netting robust financial results that not only show growth but profits as well, coupled with better customer relevance. In the rapidly evolving global nature of economies addressing this challenge has been found to be in a vigorous global delivery and sourcing network which makes it possible for businesses to have access to top-talent at low-cost and de-risk delivery faculties. Upon this framework, the top management certainly explores outsourcing, either to third-party or to build in-house shared service outsourcing centres. And then further explore the possibilities of on-shore, near-shore or off-shore outsourcing. Such decisions are heavily influenced by the type of work that can be synthesised and the delivery network itself i.e. mix of regional and global hubs and the internal charge-back models, to name a few.

According to data available², North American and European organisations have chosen Asia, particularly India for building their global delivery networks. This decision has been influenced by several factors, some of them being policies, incentives and waivers provided by the government in India, the availability of a qualified and hardworking talent pool, and most of all comparative lower wages in India.

THE CONFIGURATION

The vast majority of legal systems in the Commonwealth are founded on English common law. Where it is purely not the case, the system is applied in parallel or interlocked with other legal systems such as civil law, customary law and Shariah. Common law, indeed a time-honoured vestige of British colonial rule, is a system of law based on judges' decisions and on custom rather than on written laws. A number of legal texts have argued that when purely applied, common law systems provide for better property rights, create a more powerful judicial branch and provide for a more relevant application of the law in ever evolving society.

The Indian Legal System in its nomenclature is similar to that of the UK, US, Canada and a significant part of Europe. These regions are the major sources of outsourcing. This incidental

coalesce opens up enormous business opportunities in India. The BPO industry has already demonstrated this and the Legal Process Outsourcing industry that is still in its infancy has the potential to have remarkable dividends. India's litigation and dispute resolution methodologies are well founded on the Constitution and are broadly the same in practice across commonwealth countries.

There are several other factors that favour Indian legal professionals. Some of these are listed as follows:

- A. A decent availability of English speaking legal professionals, giving the process a capability to effectively interact with foreign clients which can easily translate into sales for the firm they are hired by.
- B. Indian legal professionals are well taught and most are familiar with common law doctrines. For example, the law of contract is strikingly similar and most of the corporate litigation revolves around such laws and doctrines.
- C. There is no dearth of Indian legal professionals who have US/UK law degrees, either bachelors or masters. Legal Process Outsourcing gives them the recourse to work for countries where they are educated while they are situated in their home country.
- D. The labour cost differential is also a considerable factor. Outsourcing to India costs US law firms almost 80 percent less to get a particular project completed.
- E. The quality and speed of work done in this sector has been masterly, thus the exponential growth of the sector. There are some LPO companies currently operating in India that are staffed 24 hrs.
- F. The Indian legal professionals are taught to analytically interpret the laws Regulations of the Land by generously drawing on the similar legislations of other similar legal systems and are

exposed to Common English Laws.

The predominant functioning of law firms remains in together a team of skilled lawyers and legal assistants to process data relevant to a particular matter and then making a case in favour of the client out of it. The data may be privileged or confidential in nature, the need to classify the data in a time bound manner is of maximal significance. High end technology solutions such as military-grade encryption in some softwares makes it viable to share client data with a foreign firm. Therefore, outsourcing this process has become popular. Indian legal professionals remain untrained in the use of technology, most colleges and Universities in India do not have well-founded training program for law graduates in the use of technology. This issue has been remedied by massive availability of IT professionals in India who are part of a massive export-quality software producing industry. Thus, coupling hi-tech expertise with legal qualifications and packaging it with work ethics has demonstrated to create a new industry which is promising an exponential growth. For legal professionals, this industry has the potential to open up new horizons, create jobs, allow for them to practise in foreign legal systems, give them added exposure and help make the global legal or at least the Common law community more connected.

THE SERVICES

Legal Process Outsourcing covers the following services in general:

- A. Contract Drafting Services & Contract Monitoring/Management
- B. Document Review, Electronic Discovery and Litigation Services
- C. Medico-Legal Support Services
- D. Litigation Document Management
- E. Bankruptcy Filing, Pleadings & Documentation

- F. Legal Research
- G. Paralegal Support Services
- H. Contract Drafting Outsourcing
- I. Contract Monitoring Outsourcing
- J. Contract Management Outsourcing
- K. Document Review Outsourcing
- L. Electronic Discovery Outsourcing
- M. Litigation Support Outsourcing
- N. Medico-Legal Support Services
- O. Medical Malpractice Outsourcing
- P. Medical Malpractice Legal Support Outsourcing
- Q. Medical Malpractice Litigation Support Outsourcing
- R. Litigation Document Management Outsourcing
- S. Bankruptcy Filing Outsourcing
- T. Legal Pleadings Outsourcing

U. Legal Documentation Outsourcing

V. Legal Pleadings & Documentation

W. Legal Research Outsourcing

X. Paralegal Outsourcing Services

Y. Patent drafting

Z. Simple legal filings

AA. Legal Publications

BB. Proof reading

CC. Litigation support

DD. Legal Research

EE. Document Drafting like standard contracts, agreements, letters to the clients, patent applications etc.

FF. Legal Billing activities like preparation of invoices, collation of time sheets etc.

GG. Intellectual Property research--substantive and administrative

HH. Administrative and secretarial activities like following up with clients, etc.

CONCLUSION

Offshoring legal process to India reduces costs to US law firm, attorneys and government departments by around 80%. The predominant use of English language in Indian legal education system further strengthens the professional connection that can be mutually beneficial to US and Indian law firms. Freelancing is no longer restricted to photographers or authors, legal professionals can as well follow suit and work with multiple law firms on a project-to-project basis, even from the comfort of their own chambers, enabling them to collaborate with a team of lawyers at distant geographic locations. The common law system is in fact the most significant driver for achieving the maximum potential of Legal Process Outsourcing. Broadly attorneys in the US are paid \$300 per hour³, it can have variations with respect to practice area though, and lawyers in India charge only a fraction of this amount. This disparity can be exploited by entrepreneurs to make significant profits. Turnaround time is also a factor that plays out in favour of Indian law firms when it comes to outsourcing. India happens to be on the other side of the Atlantic thus advantage of the timezone.

Contrary to the vogueish perception that outsourcing service work to India cuts jobs for US professionals, it adds more value to the US market by allowing businesses there to focus on their core processes and paves way for increase in Indian purchasing power which enables Indians to buy more US goods since India is a substantial market for them. On a larger order, developed economies like that of the US need to optimise their core business to stay ahead and continue innovating. Outsourcing to India that offers such discounts with affordable, efficient, skilled and ethical workforce cannot be ignored and according to major forecasts the industry is all set experience a multifarious growth both in size and revenue.

US-based research firm Forester has concluded that "legal process outsourcing can bring \$4 billion and 79,000 jobs in India in ten years and boost Knowledge Process Outsourcing."⁴

In view of US associate lawyers' price tag between \$225 and \$450 per hour⁵, India has a significant advantage. 20 Indian Knowledge Process Outsourcing companies have already made their mark and are tapping in skilled legal professionals for work that is outsourced to them.

Legal Process Outsourcing as a business is all poised to become a mainstream practice for many lawyers in India. Professionals with Indian law degrees are assets to multinational law firms, according to industry trends they are being tapped in.

APPENDIX

- Cover page
- Abstract
- Index terms
- Introduction
- The prospect
- The configuration
- The services
- Conclusion
- Appendix
- Acknowledgement
- References
- Authors

ACKNOWLEDGMENT

This research has been conducted with reliance on open-source information available over the internet and personal conversations with industry experts and practitioners.

REFERENCES

1. Global Market Insights <https://www.gminsights.com/industry-analysis/legal-process-outsourcing-lpo-market-size>
2. Legal Process Outsourcing: LPO Provider Landscape, Professor Leslie Willcocks, The Outsourcing Unit, *The London School of Economics*
3. Legal Process Outsourcing (LPO) - Hype vs. Reality, *Evalueserve*.
4. Forrester Research, Cambridge, Massachusetts, United States
5. A study by Maheshwari & Co., Advocates and Legal Consultants, B 7/1, Safdarjung Enclave Extension, New Delhi 110029

AUTHORS

Author – Arooj Mushtaq, B.A, LLB, mail@arooj.website