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Caseload grows for advocates in absentia

By William O'Shea

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When Rocky Dahir, chief executive of Atlas Legal Research, pitched one of his first clients on his company's legal outsourcing service, the disheartening response showed little awareness of India's startling progress in the services industries. "My god," the client said. "When I think of India, I have an image in my head of little children sewing soccer balls, not lawyers writing legal briefs," he recalls. Fortunately for Mr Dahir, the client agreed to use Atlas's services.

The trend towards offshore outsourcing, well under way in the IT services and finance sectors, is now beginning to make its presence felt in the legal industry. The work being moved abroad includes not just basic administrative tasks but also more sophisticated and complex jobs traditionally carried out by trained lawyers in the country where the work originated. According to a study by Forrester, the research firm, almost 40,350 lawyer jobs in the US will be outsourced by 2015, amounting to nearly 8 per cent of the total employed in the field.

Companies in the 1990s embraced outsourcing as a way to reduce the costs of what was seen as commodity services, such as call centre activities. As they became more comfortable with the new arrangements, managers began looking abroad to outsource more advanced services and save further costs.

In legal services, companies initially contracted out administrative tasks such as document editing and proofreading. More recently, the market has begun to include skill-intensive work such as intellectual property and litigation research. Customers for this and other services include corporate legal departments, large lawfirms and even solopracitioners.

Atlas Legal was recently hired by a US law firm to support a client who was suing a large fast-food chain for serving up a milkshake that he alleged gave him severe food poisoning. Atlas Legal, which has offices in Dallas and Bangalore, typically focuses on helping small and medium-sized law firms research case history and prepare briefs prior to litigation.

"They brought us in because they didn't have the resources in-house to compete with a large corporate legal team," says Mr Dahir. The firm used three Indian-trained lawyers to answer a barrage of attacks from the defendant.

"It was a David and Goliath story," says Mr Dahir. "In spite of the company's best efforts, they weren't able to get the case dismissed. The lawyers we were working with told us they would not be able to fight this battle without us."

At the other end of the spectrum is OfficeTiger, a US-based outsourcing operation that offers document processing among other services. The company's 2,000 employees,

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most of whom are located in India and Sri Lanka, work on a range of tasks that includes proofreading and editing for large law firms. OfficeTiger also offers coding services, and prepares documents for litigation. "This is the stuff that used to be done by hoards of paralegals," says Randy Altschuler, OfficeTiger co-chief executive.

"There are lots of subtleties to this kind of work," argues Mr Altschuler. Each employee is assigned to a single law firm client. Basic training is eight weeks, with a further three months spent learning customers' standards and practices. OfficeTiger is considering a move to more sophisticated services, including intellectual property work.

Intellevate, with 75 staff in New Delhi and Minnesota, is already working in this area. The firm recently signed a deal with Microsoft to conduct patent research using a team in India. Leon Steinberg, Intellevate chief executive, underlines the cost advantage of outsourcing: "If you were doing patent research in the US, you would have a team of PhDs making \$100,000 a year. In India we save the client two-thirds."

Still, he admits the company has faced a steep learning curve. "Some things we weren't able to achieve - like drafting patent applications. We thought that with one year of training biochemists in India we could have them drafting patent applications there. We turned out to be wrong." The company believes that further training will be required to allow its India-based employees to write patent applications according to US standards.

While Intellevate has focused on hiring PhDs and university graduates in India to support US lawyers, other companies have taken a different approach. Manthan Services, based in Bangalore, has 120 Indian-trained lawyers, including two UK qualified solicitors and 50 senior lawyers.

Manthan offers intellectual property-related services, including patent research, analysis, drafting and patent record management. It counts two large UK-based intellectual property firms among its clients. "The only thing we don't do for IP firms is patent filings," says Phil Prashant, Manthan, operations manager. "Our work frees up clients to focus on their core competency."

Hildebrandt International, a US-based legal consultancy that recently formed a partnership with OfficeTiger, estimates spending for support services by the top 200 US law firms is about \$20bn. "Assuming, very conservatively, an outsourcing potential of 10 per cent of services," says Mr Altschuler, "the market opportunity is about \$2bn."

With such potential, it is perhaps curious that legal outsourcing has not witnessed the inflow of venture capital funds or the explosive growth seen by other outsourcing sectors. Mr Prashant says: "Slow growth is best in this business. There is a danger of scaling up too quickly. If you grow fast, you will stumble."

A more immediate reason for the slower growth may be client concern over security and privacy. In India, data protection laws similar to those in Europe and the US are still under debate, despite pressure for legislation from lobbying groups representing call centres and financial services companies. Part of the answer, say outsourcing companies wrestling with the problem of data protection, lies in setting up an onshore home base to assuage clients worried about the risk of sending their legal work abroad. "Our US location is a vote of accountability," says Mr Dahir.

Others have found technological means for raising their clients' confidence. Manthan, which employs only India-based workers, has a strict confidentiality policy. Indian employees never work on files locally - files are accessed temporarily and all information is stored on client servers in the home country.

Most legal outsourcers report lingering resistance among law firms and corporations to the outsourcing trend, particularly among the large law firms with strong reputations to uphold. But other companies have been relatively unfazed by the prospect, suggesting that the tide may be shifting.

"We haven't really seen client pushback - not from corporations," says Mr Steinberg. "The Fortune 500s are already doing work overseas. If they have research facilities in India, they know they can put their legal over there as well."



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