



From Inside Counsel to Offshore Counsel?

Not quite. But companies looking to trim back their legal expenses are turning to a familiar solution.

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Cost-cutters who appreciated *CFO* magazine's October article "[Lawyers for Less](#)" might also take note of a related but largely unnoticed trend. In 2003, about 6,000 legal-service jobs were shipped offshore, according to a report by Forrester Research. This year that number should reach 20,000 according to Forrester, which predicts that offshore legal jobs will climb to 39,000 by the year 2010.

For years, many law firms outsourced word processing to India, says Sumeet Nath, vice president of operations at Lawwave.com, a unit of Openwave Computing LLC, which has offices in New York and Chennai. Sending litigation and contract-support work abroad was simply the next step, Nath explains. Perhaps a year ago, corporate legal departments discovered that they, too, could save money and take advantage of the overnight hours by offshoring legal tasks.

Few corporate executives are willing to talk about it, however. General Electric Co., for example — often cited as one of the first companies to send vendor contract-review work to India — did not return CFO.com phone calls. In-house lawyers at Microsoft Corp. didn't want to talk about the details of their outsourcing deal, but company officials confirmed that in fiscal 2004 the software giant outsourced limited patent-research work to Intellevate India PVT LLC, which has offices in New Delhi and Bangalore.

Most outsourcing vendors posit that their clients won't go on record because the practice is so new and there's so little data to judge its effectiveness. "Legal outsourcing is where call-center outsourcing was five years ago, or IT outsourcing was 10 years ago," says Ram Vasudevan, CEO of outsourcer Quislex Inc., which maintains offices in New York and Hyderabad. Another reason, of course, is that for many people "offshoring" is still a dirty word, even if lawyers are on the receiving end.

From the Wonderful Folks Who Brought You BPO

Legal outsourcing falls into the category called "knowledge process outsourcing" (KPO), according to the many consultants who coined the shorter tag for business process outsourcing. Typical KPO projects tend to be "the more commoditized functions," says Vasudevan: reviews of confidentiality agreements, procurement contracts, basic vendor agreements, and other standard contracts; litigation support, including discovery research, brief research, and writing; mortgage processing; patent and intellectual-property research; and standard licensing agreements.

All these tasks, of course, require a higher level of training than standard BPO projects, and indeed, legal jobs outsourced to India are usually staffed by lawyers or paralegals. Indian law professors teach their courses in English, so language is no barrier, and both U.S. and Indian law are based on British common law (although Indian lawyers usually need some additional training in American legal-writing and procedural styles). In addition, observes Nath, Indian attorneys and paralegals tend to be savvy about engineering and high-tech industries — an advantage when doing patent or other intellectual-property work.

The time difference that has made India a logical outsourcing choice for many other purposes makes sense for legal outsourcing, too. For example, a licensing agreement can be signed in the United States at 4:00 p.m., sent to India for summarization and review, and returned stateside before breakfast.

Overworked associates at U.S. law firms would probably argue that this schedule is nothing new, but that brings us to the likely motivation for most corporate law departments: cost. Both Nath and Vasudevan say their clients — which include *Fortune* 500 companies as well as much-smaller businesses, though they wouldn't name names — save up to 50 percent on legal fees depending on the complexity of the task. Vasudevan acknowledges, however, that such a saving is attainable only after a client company absorbs the up-front expense required to dovetail the outsourcing company's practices with its own.

Although swamped U.S. corporate legal departments may gain a fresh pair of legal eyes by sending work overseas, legal outsourcing companies are not law firms, and they don't offer legal advice; rather, they work at the direction of stateside legal teams. Even so, U.S. corporations will have to vet the outsourcing company's client list to steer clear of potential conflicts of interest. And as always, the security of data shipped abroad is always an issue.

Those concerns, however, seem much like the ones that corporate executives have heard since "outsourcing" became part of the business vocabulary. Indeed, Forrester predicts that a decade from now, nearly 80,000 legal service jobs will have migrated abroad. Whether the lawyer jokes will follow is anyone's guess.

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