

Call My Lawyer ... in India

By [SUZANNE BARLYN](#)

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Seema Sharma, left, 23 of Kashmir and Leena Dixit, 42 of Maharashtra at their desks at Mindcrest Legal Outsourcing in Pune, India.

Michael Rubenstein / Redux for TIME

Mark Alexander, a Dallas attorney, says he's ethically obligated to do what's best for his clients, "and that includes saving them money." So when one of them asks him to research a securities-fraud topic, for example, or breach of contract, he doesn't even think about applying his \$395 hourly rate. Instead, he calls Atlas Legal Research, an outsourcing company based in Irving, Texas, that uses lawyers in India to provide the service for \$60 per hr. "When a client pays me a \$25,000 retainer and I can save them money, I will do so," says Alexander. Handing off the work to a \$225-per-hr. junior associate is not an option. "They don't even know where to stand in the courtroom," he says.

While the Americans learn, well-trained lawyers in secure offices in Mumbai (formerly Bombay), Bangalore and Gurgaon (outside Delhi), who typically earn \$6,000 to \$30,000 annually, do legal grunt work. Alexander's sentiments may explain why outsourcing is blossoming in the legal profession, which is known--and often despised--for its high prices. Law-firm partners bill at a national average of \$318 per hr. and at \$550 per hr. at large New York City firms, according to a 2007 survey by Altman Weil, a legal-consulting company. Starting salaries for attorneys at some large firms now stand at \$160,000. So a U.S. company's simple problem can generate hundreds of thousands of dollars in fees.

The considerable savings is perhaps one reason Forrester Research, based in Cambridge, Mass., has projected the offshoring of 29,000 legal jobs by the end of the year and as many as 79,000 by 2015. It's part of India's inevitable move up the corporate food chain, from lower-value business process outsourcing--like call centers--to knowledge process outsourcing (KPO). The latter category encompasses higher-skilled jobs, such as engineering and medicine, and relies on the KPOs to

behave more like branch offices of U.S. companies.

ValueNotes, a business-research firm based in Pune, India, says a subset of KPO called legal process outsourcing (LPO) has grown revenues 49% from 2006, to \$218 million last year. The figure will nearly triple, to \$640 million, by 2010, it says. ValueNotes counts more than 100 legal-services providers in India, ranging from a handful of overseas corporate legal offices, such as Oracle's and General Electric's, to companies that contract to provide low-cost legal services to U.S. and British businesses. Leaders include Integreon and LawScribe, both in Los Angeles, and New York--based Pangea3.

Persuading lawyers to export work wasn't an easy sell, says Ganesh Natarjan, CEO of seven-year-old Mindcrest, which has its headquarters in Chicago and employs 440 lawyers in Mumbai and Pune.

"Lawyers are a risk-averse group, so it was a slow process for them to adopt the idea," says George Heffernan, vice president and general counsel. Mindcrest's services include document review, research and support for compliance functions. The last cost large companies an average of \$2.9 million each in 2006, according to Financial Executives International in Florham Park, N.J.

Educating American lawyers about India's English-speaking attorneys, who are trained in a common-law system modeled on Britain's, helped change attitudes, at least among top lawyers for U.S. companies, Heffernan says. About 75% of Mindcrest's clients are FORTUNE 500 companies. Mindcrest hired 390 lawyers last year alone, a staff increase mandated by clients with some large-scale projects, it says.

But outsourcing worries some experts because the ethical rules that bind U.S. attorneys have no force in India. "Lawyers are being seduced by the business end of outsourcing and are not being concerned enough with the ethical issues it's raising. I'm deeply troubled that outsourcing companies do not understand the scope of a lawyer's duty to confidentiality, nor are they familiar with conflict-of-interest rules," says Mary C. Daly, dean of St. John's University School of Law in New York City.

LPO firms say they are up to the task of security and confidentiality. At Integreon's facilities in Mumbai and Gurgaon, for example, guards search attorneys' belongings to ensure they're not carrying flash drives or laptops, according to CEO Liam Brown. Computers don't have disc drives, usable usb ports or CD burners, and most can't print. Attorneys work for a specific client in areas called dedicated delivery centers, which are accessible via a fingerprint scan and monitored by cameras. Each room can hold up to 36 terminals--many of them with dual screens. The company never stores data locally. Rather, the lawyers work directly on the client's server and only over a secure line or via the Internet. The space becomes a "virtual extension of the company we're working for," says Abhishek Khare, head of the Gurgaon office.

Changes in litigation procedures are boosting momentum in the LPO trade. Amendments to federal rules require parties to share electronic documents, such as e-mail and Microsoft Office files. That

typically means both sides must review thousands of documents to prevent the inadvertent disclosure of confidential information to the other party. The service costs about \$1 per page in India but can range from \$7 to \$10 per page in the U.S. "Some clients don't want to spend that much, especially if they don't even know how much their damages could be," says Conrad Jacoby, owner of efficientEDD, a legal-technology consultancy in Dunn Loring, Va.

TransUnion, in Chicago, has successfully outsourced legal work for four years, according to general counsel John W. Blenke. "Every law firm is really an outsourcer. One lawyer usually can't do it all," he says. Indian attorneys are currently reviewing more than a million litigation e-mails for the company, which costs less than \$10 per hr., he says. He would pay \$60 to \$85 per hr. to a U.S.-based legal-staffing company for the job. Blenke says he's cautious, however, about the work he outsources. "You can only do it with a few things. It has to be an area that you know well, so you can build processes around that," he says.

DuPont saved \$500,000 in 2006 by outsourcing paralegal work to Chicago's RR Donnelley, which uses facilities in India and the Philippines to review documents for the chemical giant, says Thomas Sager, DuPont's chief litigation counsel. "There's been some internal resistance, and from the outside too, about working with providers thousands of miles away. But geographic separation is now a fact of life," says Sager.

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