

India rides outsourcing boom to capture legal work from abroad

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AFP [SUNDAY, OCTOBER 16, 2005 09:39:52 AM]

NEW DELHI: India's growing pool of lawyers are being tapped to provide paralegal services for customers from the United States as the next frontier in the country's booming outsourcing sector, executives say. Companies in India are offering trained lawyers using legal databases such as Westlaw and Lexis/Nexis to provide law firms in the United States with low-cost research, writing and analysis in a move to capture a market worth billions of dollars.

"We did a survey of corporate houses in the US in which 86 per cent identified the high cost of legal services as their number one cost worry," said Sanjay Kamlani, co-founder of the legal outsourcing firm Pangea3 LLC. "Add to that there are one million lawyers in India and 70,000 graduating from law schools every year. We realised that we had an enormous, enormous business opportunity," he said.

The National Association of Software and Service Companies, an Indian lobby group, said in July that outsourcing firms had barely scratched the potential of the estimated 250 billion dollar legal services market. It estimates Indian firms now get \$60-80 mn worth of outsourced legal business annually.

India earned \$6.7 bn in the year ended March 2005 in outsourcing services such as software and call centres in an industry that employs almost 350,000 people as the country taps a large pool of English-speaking professionals. The work has expanded in the past five years into almost all fields from computer-aided design to medical consulting and fashion to provide jobs for a one-billion plus population, more than half of whom are under 25 years old.

Much of the advantage is based on labour costs, with Indian firms reportedly paying legal researchers about \$12,000 a year, or a third of their US counterparts. Firms such as IndiaLegal.net advertise as a legal research centre for attorneys, law firms and companies. "We are not a law firm though our team comprises of lawyers," the company says on its website. "We do not provide any legal advice or render any legal opinion. Our purpose is to aid and supplement your work."

The distinction is deemed important as clients may not be happy to know that the firm they retain does not do their work. Also, there are laws in the United States that prohibit legal assistants or paralegals from giving legal advice or representing clients in court as attorneys.

However, demand for legal legwork is expected to grow 33 per cent in the first decade of the new millennium as demand for research grows in an increasingly litigious United States, according to the US-based National Association of Legal Assistants website.

Abhay Dhir, president of India's Atlas Legal Research, said business had tripled in the past two years as US companies found "they can get the same level of quality at a much, much lower price." Initially, only US law firms were getting work done out of India, but now US corporates are queuing to outsource directly, he added. "In September alone, we broke all our previous records. Our business is definitely seeing substantive changes," Dhir said, adding his company now counted 10 corporations among 150 clients.

Research firm Forrester Inc has estimated that at least 12,000 legal jobs had been outsourced from the United States to offshore locations up to 2004. The number of outsourced jobs to low-cost countries such as India will grow to 35,000 by 2010 and will reach 79,000 by 2015, Forrester predicted.

Pangea3's Kamlani said that unlike a call centre operation, the employees in legal outsourcing firms do not work night shifts, which helps to attract talent. "During job interviews, we tell candidates you don't do night shifts. But the hours are going to be what they are going to be in a top Indian law firm. And keep your cell phone on because your client may call you at two in the morning," Kamlani said.

India's legal system, known for decades-long delays in cases and arcane practices such as requiring lawyers to wear black gowns, is derived from former colonial ruler Britain's common law. Cases are still heard in English, despite the majority of the country's one-billion-plus population being unable to speak the language, with many of the country's laws and grammar unchanged from the Raj. But industry officials in India say that legal graduates in the country are quick to catch onto legal trends in the United States and demand has picked up.

Shailesh Vikram Singh, managing director of Indialegal.net, said US clients were initially sceptical about the ability of Indian lawyers to handle their business, when they launched a year-and-a-half ago. "We were cold-calling clients and offering them our service. But, most people would ask what was the need for outsourcing (to an Indian firm)," Singh said.

"Suddenly, there is an explosion of interest and we have now doubled our client base." He said the company was now thinking of seeking business from Britain and Australia.

