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## **Outsourcing to India Draws Western Lawyers**

By HEATHER TIMMONS

NOIDA, India — As an assistant attorney general for New York State, Christopher Wheeler used to spend most of his time arguing in courtrooms in New York City.

Christopher Wheeler, a former assistant attorney general for New York State, met with his staff at Pangea3, a legal outsourcing firm, in Noida, India.

Today, he works in a sprawling, unfinished planned suburb of New Delhi, where office buildings are sprouting from empty lots and dirt roads are fringed with fresh juice stalls and construction rubble. At Pangea3, a legal outsourcing firm, Mr. Wheeler manages a team of 110 Indian lawyers who do the grunt work traditionally assigned to young lawyers in the United States — at a fraction of the cost.

India's legal outsourcing industry has grown in recent years from an experimental endeavor to a small but mainstream part of the global business of law. Cash-conscious Wall Street banks, mining giants, insurance firms and industrial conglomerates are hiring lawyers in India for document review, due diligence, contract management and more.

Now, to win new clients and take on more sophisticated work, legal outsourcing firms in India are actively recruiting experienced lawyers from the West. And American and British lawyers — who might once have turned up their noses at the idea of moving to India, or harbored an outright hostility to outsourcing legal work in principle — are re-evaluating the sector.

The number of legal outsourcing companies in India has mushroomed to more than 140 at the end of 2009, from 40 in 2005, according to Valuenotes, a consulting firm in Pune, India. Revenue at India's legal outsourcing firms is expected to grow to \$440 million this year, up 38 percent from 2008, and should surpass \$1 billion by 2014, Valuenotes estimates.

"This is not a blip, this is a big historical movement," said David B. Wilkins, director of Harvard Law School's program on the legal profession. "There is an increasing pressure by clients to reduce costs and increase efficiency," he added, and with companies already familiar with outsourcing tasks like information technology work to India, legal services is a natural next step.

So far, the number of Western lawyers moving to outsourcing companies could be called more of a trickle than a flood. But that may change, as more business flows out of traditional law firms and into India. Compensation for top managers at legal outsourcing firms is competitive with salaries at midsize law firms outside of major metropolitan areas of the United States, executives in the industry say. Living costs are much lower in India, and often, there is the added allure of stock in the outsourcing company.

Right now, Pangea3 is “getting more résumés from United States lawyers than we know what to do with,” said Greg McPolin, managing director of the company’s litigation services group, who divides his time between India and New York.

Outsourcing remains a highly contentious issue in the West, particularly as law firms have been trimming their staffs and curtailing hiring plans. But Western lawyers who have joined outsourcing firms are unapologetic about the shift to India.

Leah Cooper left her job as managing lawyer for the giant mining company Rio Tinto in February to become director of legal outsourcing for CPA Global, a contract legal services company with offices in Europe, the United States and India. Before hiring Ms. Cooper, CPA Global added lawyers from Bank of America and Alliance & Leicester, a British bank. The company has more than 1,500 lawyers now, and Ms. Cooper said she planned to hire hundreds in India in the next 12 months.

At Rio Tinto, Ms. Cooper said, she became a champion of the idea of moving work like document review to a legal outsourcing company “because it works really well.”

“It really is the future of legal services,” said Ms. Cooper, an American based in London who travels regularly to India and has spoken widely in promoting outsourcing. Still, she acknowledges hostility toward the practice. “When I was doing public speaking, people used to joke that I had better check under my car” for something planted by a junior associate angered by her views, she said.

Many legal outsourcing firms have offices around the world to interact with clients, but keep the majority of their employees in India; some also have a stable of lawyers in the Philippines. Thanks to India’s low wages and costs and a big pool of young, English-speaking lawyers, outsourcing firms charge from one-tenth to one-third what a Western law firm bills an hour.

Employees at legal outsourcing companies in India are not allowed by Indian law to give legal advice to clients in the West, no matter their qualifications. Instead, legal outsourcing companies perform a lot of the functions that a junior lawyer might do in a American law firm.

Even global law firms like Clifford Chance, which is based in London, are embracing the concept.

“I think the toothpaste is out of the tube,” said Mark Ford, director of the firm’s Knowledge Center, an office south of New Delhi with 30 Indian law school graduates who serve Clifford Chance’s global offices. Mr. Ford lived in India for six months to set up the center, and now manages it from London.

“We as an industry have shown that a lot of basic legal support work can successfully be done offshore very cost-effectively with no quality problems,” Mr. Ford said. “Why on earth would clients accept things going back?”

Many corporations agree that outsourcing legal work, in some form or another, is here to stay.

“We will continue to go to big firms for the lawyers they have who are experts in subject matter, world-class thought leaders and the best litigators and regulatory lawyers around the world — and we will pay a lot of money for those lawyers,” said Janine Dascenzo, associate general counsel at General Electric.

What G.E. does not need, though, is the “army of associates around them,” Ms. Dascenzo said. “You don’t need a \$500-an-hour associate to do things like document review and basic due diligence,” she said.

Western lawyers making the leap to legal outsourcing companies come for a variety of reasons, but nearly universally, they say they stay for the opportunities to build a business and manage people.

“In many respects it is more rewarding than jobs I had in the United States,” said Mr. Wheeler, who moved to India when his Indian-born wife took a job here in 2006.

“If you’re talking about 15 employees in a windowless basement office, I’m not interested in making that my life’s calling,” he recalled thinking when he started talking to Pangea3. “But building a 500-person office, now that is a real challenge.”

Shelly Dalrymple left her job as a partner at a firm in Tulsa, Okla., in 2007 and is now based in India as the senior vice president of global litigation services at UnitedLex, a legal outsourcing company with offices in the United States, Britain, Israel and India.

When she first joined the industry, she said, growth was being driven by corporations that were pushing law firms to outsource to save money. Now, Western law firms themselves are starting to embrace the industry, she said. “We are seeing law firms who are putting a lot of thought into their future coming to us with interesting and creative ideas,” she said.

Partners in the West are asking legal outsourcing companies in India to create dedicated teams of lawyers for their firms, for example. Those teams could expand and contract depending on how much business the Western firm has. “That means a law firm with 500 members in Chicago can compete with a 2,000-member firm in New York,” Ms. Dalrymple said.

Moving to a legal outsourcing firm, especially in India, is not for everyone. About 5 percent of Western transplants cannot handle it and move back home, managers estimate.