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Legal outsourcers on top of their case

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Maya Rane (name changed), a law professional working with a legal process outsourcing firm, or LPO, in Bangalore is unperturbed over the furore in the US over outsourcing and jobs going to India.

Rane says since the issue started with the US states such as Ohio taking measures to curb the flow of jobs to India, her bosses have assured her that unlike other sectors involved in the outsourcing domain, LPOs are immune to any alterations, political or economic, or a combination of both that take place in the US.

"More and more multinational companies are engaging with LPOs now as against any given point in time. Reason being that they are under tremendous pressure to cut costs," says Rane.

Her views are supported by the industry experts who say there are multiple reasons which will make it near obligatory for MNCs to survive only with the support of LPOs.

"Companies in the US are still reeling under effects of the downturn and legal heads of MNCs are under severe pressure from CEOs/CFOs to cut costs. And cost-cutting can only be achieved by outsourcing legal work to India," says Abhi Shah, CEO of LPO Clutch Group.

As per the industry estimates, the US constitutes about 77% of the world legal market, which is valued at \$250 billion, while UK makes up 18%.

The manpower costs in India are far less than those in the US, thereby fuelling outsourcing, says Sanjay Kamalani, co-CEO of LPO Pangea3.

Starting salaries for fresh law graduates in India range Rs2-5 lakh per annum, depending on the law school and the company employing them. But in the US, starting salaries are a whopping `50-70 lakh per annum.

"MNCs can thus save nearly 50-90% of their legal costs by outsourcing to LPOs. Even during the peak of the financial turmoil in 2008-09, we grew by 50%" says Kamalani.

Moreover, India annually produces about 79,000 law graduates and the Indian and US legal systems are based on common laws.

"We are also proficient in English. All these factors make India the preferred destination for outsourcing legal work," says Shah.

The work that gets outsourced to India includes contract reviews, document reviews in case of litigation, due diligence in case of mergers and acquisitions, as well as corporate governance, corporate compliance and contract drafting, resulting in stupendous growth opportunity for LPOs.

"We are witnessing a 100% per year growth currently and this would continue," says Kamalani.

Data by US-based research company Forrester Research shows that the LPO segment in India will touch \$4 billion by 2015, creating 79,000 jobs.

Going by the demand, both Pangea3 and Clutch Group, which at present have 700 and 300 employees, will be doubling headcounts by the next one year.

"We would hire a mix of fresh law graduates as well as those with some experience," says Shah.