

# Effective Legal Offshoring

## WHO ARE THESE PEOPLE?

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**CEO and Co-Founder, I-Runway, Ltd., Bangalore, India**

## **AGENDA**

1. Trends in Legal Offshoring
2. What are the advantages?
  - Cost
  - Flexibility
  - Attitude
3. What new challenges are posed?
  - Opposing Counsel
  - Law Firms
  - Conflicts, Confidentiality, and Ethical Issues
  - Project Management

## **TRENDS IN LEGAL OFFSHORING**

1. What can Legal learn from Information Technology, Manufacturing and other offshoring?
2. Who are the early adopters of offshoring legal services?
3. Offshoring legal services to India:  
\$146M/2006 to \$640M/2010. (Value Notes, July 2007 Survey)

## **ADVANTAGE: COST SAVINGS**

1. What is the magnitude of the savings and how do you maximize them?
2. Are there added costs that offset some of the savings?
3. What kinds of projects are sensible beyond first-level document review?
4. Do you know how much document review is costing?

## **ADVANTAGE: FLEXIBILITY**

1. Many law firms are resistant to offshoring. But it can offer firms the ability to litigate large matters without making permanent staffing commitments.
2. Ability to work 24-7.
3. Ability to focus without distractions.
4. Paradigm change for the Brave New World of Discovery

## **ADVANTAGE: ATTITUDE**

1. Cultural attitudes in India toward “back-office” work.
2. Contrast to the contract attorney model.
3. Contrast to using “track” associates for large document review projects.

## **CHALLENGE: OPPOSING COUNSEL**

1. Drafting Protective Orders.
2. Minimizing “legitimate” objections to the review of confidential materials outside the U.S.
  - Recent ruling in the Eastern District of Texas
3. Considerations for the Parties and Court
  - Enforceability of the Protective Order restrictions
  - Agreements to appear in the U.S. for enforcement purposes
  - Security procedures in the offshore facility

## **CHALLENGE: LAW FIRM HESITANCE**

1. Understanding and Managing Risk.
2. Address legitimate fears about having responsibility without full control.
3. Encourage repeat teaming, rather than endless “one off” working arrangements.

## **CHALLENGE: CONFLICT-OF-INTEREST AND UNAUTHORIZED PRACTICE OF LAW**

1. Run conflict checks just like a law firm.
2. Law firm oversight and auditing to prevent unauthorized practice of law.
3. Ethics committee rulings: NY, CA, FL, ABA.

## **CHALLENGE: PROJECT MANAGEMENT AND PRACTICAL CONCERNS**

1. Be prepared to devote substantial time overseeing and managing the process.
2. Turnover in India – What are the risks that legal offshoring will go the way of IT offshoring?
3. Know who you are working with.

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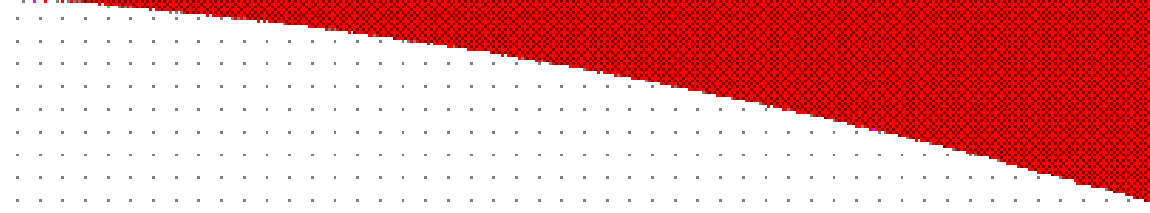
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- The following slides should be available to show during the presentation (if needed)

## **E-Discovery Primer**

- **Amendments to Federal Rules of Civil Procedure (FRCP)** [1]
  - ESI is discoverable
  - Obligated to provide early attention to ESI issues within a mandated timeframe
  - Parties must come to agreement on ESI
    - preservation, data systems, methods, target data, legacy data, relevant data, production form, and etc.

[1] Particularly 26(a) and 26(f)

# How to Save 70% on Litigation Costs: Outsourcing/Offshoring FLR

- **What is outsourcing/offshoring FLR?**
  - Legal Process Outsourcing (LPO)
- **Where is FLR being offshored?**
- **How has technology transformed this function?**

# Outsourcing/Offshoring FLR: How has it worked?

**~\$2MM**



**TRADITIONAL  
COST OF REVIEW\*\***

**E-DISCOVERY  
PROCESSING  
RESULTED IN  
70%  
REDUCTION**

**TRILOGY CASE STUDY: IP Matter**  
100 GIGABYTES = 5MM Pages  
=  
~1MM Documents\*

**~\$600K**



**E-DISCOVERY  
COST OF REVIEW\*\***

**OFFSHORING  
FIRST LEVEL REVIEW  
RESULTED IN  
>70% COST  
REDUCTION**

**~\$150K**



**COST OF OFFSHORE  
FIRST LEVEL REVIEW\*\*\***

\*It is estimated that 1GB=50K pages and there are between 5-7 pages/document. See Panel Material: "Document Review Metrics"

\*\*Using a favorable industry standard review average of 50 Documents/HR @ \$100/HR

\*\*\*Offshore costs were \$25/HR.

## **Outsourcing/Offshoring FLR: Ethical Considerations** [4]

- **Avoiding the unauthorized practice of law**
- **Conflicts checks**
- **Attorney-client privilege**
- **Preserve client's confidences and secrets**

[4] Please refer to the panel materials: Legal Process Outsourcing (LPO) "Ethical Considerations and Constraints" and resource article "Ethics Opinions allow Foreign Legal Outsourcing, American Bar Association"