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The Many Facets of Legal Outsourcing

by Chris McGanity

The current economic downturn has forced law firms across the globe to adjust their business models in unfamiliar ways, such as altering associate pay, utilizing paralegals and legal assistants to a greater extent, and even revising billing practices, all in an effort to reduce costs for clients and maintain high-quality legal service. In response to the downward pressure clients are placing on firms' billing models, law firms in the United States and Great Britain have begun moving portions of their practice overseas, particularly to India. In fact, the New York Times just ran an article describing the growing trend of lawyers moving to India from the West to work in legal outsourcing. While it is true that the practice of Western lawyers taking positions in India is increasing, this conception does not tell the whole story. The movement of outsourced legal jobs to India encompasses not only Western lawyers, but also paralegals, legal assistants, and many of the brightest young attorneys from within India.

This news comes as little surprise to Cobra Legal Solutions, LLC, an outsourcing company offering a variety of legal services, including document review, legal research, commercial drafting, review, and analysis. Cobra integrates Western and Indian attorneys to provide high-quality legal service at a fraction of the cost of keeping those tasks in-house. To accommodate the rising demand for its services, Cobra is in the process of hiring fifty new attorneys, nearly doubling its size. The company currently employs just over fifty attorneys at its base of operation in Ascendas International IT Park, a state-of-the-art facility in the IT corridor in Chennai, India.

Candice Corby, Cobra's Chief Executive Officer, explained the strategy the company uses to attract some of the top legal talent both from within India and from the U.S. or U.K. In India, Cobra tests all potential candidates for English proficiency and analytic ability. Candidates are also vetted with background checks and must sign a confidentiality agreement prior to employment. A job at Cobra appeals to graduates from the top law colleges in India, such as the National Law School of India University, Bangalore, where several of Cobra's attorneys attended school. The project of acquiring India's top

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legal talent has been nothing but successful, as evidenced by the thirteen-hundred-plus applications Cobra received for the fifty attorney positions Cobra is currently in the process of filling. In the U.S. and U.K., Cobra just launched a sabbatical program to attract young attorneys. Third and fourth year associates in American firms, for example, are invited to take a one-year paid sabbatical to learn the outsourcing business in India and managing teams of Indian attorneys. According to Ms. Corby, Cobra “has received a flood of resumes” from American attorneys eager for the opportunity to gain experience in legal outsourcing.

Cobra’s business model derives its appeal from both the quality and affordability of the service it provides. The teams of attorneys are supervised by the on-site Managing Director of Litigation, Kevin M. Clark, a U.S. and U.K. trained and licensed attorney, who provides direct, daily oversight of the Cobra team. Every week the company prices out the hourly, per document, and per gigabyte rate for its clients. When a project has been completed, Cobra charges its client the lowest of the three rates. Cobra also holds a conference call with its clients every evening (morning for the client) to discuss progress made and any questions that may have arisen during the course of the day’s work. So when an American attorney employing Cobra wakes up, he knows that he will be fully informed on the status of the project and that he will receive the lowest possible rate for the finished product.

In addition to the use of more outsourced attorneys, paralegals and legal assistants will also likely benefit from the downward pressure being placed on law firms’ billing structures, at least for the time being. Because they are capable of handling time-intensive tasks at a fraction of the cost a firm would charge for an associate to do the same work, it is believed that paralegals and legal assistants will see a rise in employment over the coming decade. In fact, the United States Bureau of Labor Statistics (BLS) estimates that in America employment of paralegals and legal assistants will grow twenty-eight percent between 2008 and 2018, a rate much faster than the average for all other occupations.

But if expanding the role of paralegals and legal assistants is presently a popular method of reducing the cost of legal services, legal outsourcing could very well define the future. The BLS estimates that over the coming decade, the legal services paralegals and legal assistants provide are some of the most likely to begin moving offshore. In reaching this conclusion, the BLS created a ranking system for services industries, asking independent economists to grade a given occupation based on four criteria: (1) inputs and outputs that can travel easily across long distances, often electronically; (2) work that requires little interaction with other types of workers; (3) work that requires little knowledge of the social or cultural idiosyncrasies of the target market; and (4) work that is routine in nature. After removing those jobs that presented physical barriers to offshoring (masseuses or constructions workers, for example), the BLS ranked the remaining 160 jobs – with paralegals and legal assistants ranking in the group of occupations most susceptible to being moved offshore.

This may seem surprising to some – especially those who have worked closely with a skilled paralegal for a number of years – because paralegals and legal assistance can be nearly inseparable from the work their attorneys produce. In practice, many attorneys rely on paralegals to handle important tasks, from preparing for closings, hearings, trials, and corporate meetings to drafting pleadings and motions to be filed with the court. To become a skilled paralegal, one often needs hands-on training

to understand the legal and administrative nuances of an attorney's practice. What's more, even an experienced paralegal who works well with one practice group may take a considerable amount of time to transition to another because of the intricacies of a particular work product or, maybe even to a greater degree, the interpersonal dynamics within a given team of attorneys. But with the combination of technological advances and inexpensive labor in countries such as India, it seems like only a matter of time before some of the responsibilities of paralegals and legal assistants are moved overseas, just as has begun happening with attorneys.

The technological innovations that make outsourcing legal tasks overseas possible will likely lead to a severing of the duties usually associated with young attorneys, legal assistants, and paralegals at firms of varying sizes. J. Marbury Rainer, a partner at Parker, Hudson, Rainer & Dobbs LLP, a mid-sized firm based in Atlanta, Georgia, explained that hands-on tasks, such as the day-to-day management of a large litigation case, will likely remain in-house. But more mechanized responsibilities like the production of standard leases or document reviews, which do not require face-to-face interaction or expertise in a given field, may begin to move overseas, if they have not already begun doing so. And although Parker, Hudson, Rainer & Dobbs LLP may be primarily a regional firm, Mr. Rainer explained that, "if the right large case came along, [the firm] would consider outsourcing certain aspects of its work to keep costs down for its client."

When the benefits gained from outsourcing the task of a lengthy and expensive document review, for example, are compared to the current in-house method used by many firms, it is a small wonder that legal outsourcing has been gaining in popularity within the legal community. In the typical document review, a paralegal or young associate receives thousands of pages, which he or she may scan for hours, looking for a key phrase or name, potentially having no success at all. The problem for many attorneys is that, while a document review costs a significant amount of money for the client, it is also absolutely essential to their practice. As a result, this is just the sort of job that lends itself well to being moved offshore. And in fact, that is just how Cobra Legal Solution came to be, the company was founded to tackle the problem of overly-expensive document review and expanded its practices from there in response to the needs of its growing client base.



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