Is Globalization on the Way Out?

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The DARE-IBM four-city Round table on opportunities and challenges in LPO witnesses keen interest from entrepreneurs willing to grab a pie of this fast-growing sector

It couldn't have happened at a more opportune time than this – a four-city event to mark the opportunities in legal process outsourcing (LPO), an industry that is barely five years old, but growing faster than many other sectors.

With a recession sweeping the developed world and bankruptcies and layoffs becoming the order of the day, courtrooms, law firms and legal departments are overwhelmed by the number of cases that have come up to haunt them in the last one year. This has led to a sharp increase in the outsourcing of legal work to cheaper destinations such as India. The jury is still out on the exact size of the LPO industry, with estimates varying from US$ 40 million to US$ 150 million. It is believed that by 2010 this may touch anywhere around US$ 1.5 billion.

The LPO events that happened in Mumbai, Delhi, Bangalore, and Chennai between May 5th and 15th saw the best brains in the business gathering under one roof to share their experiences and dole out tips on starting and scaling up the LPO business. A host of issues relating to regulations, capital and manpower requirements, technology groundwork understanding client market, and moving up the value chain came up for discussion.

One of the most common questions that came from the audience was about the requirements for starting an LPO business. While there was a general consensus about the opportunities of more business coming into India, there were diverse views on what it takes to enter it. Some of the panelists agreed that it takes only a laptop and a contact in the US to get going, while others believed that it is not such a cakewalk after all. If one were serious about starting and growing an LPO business, it is important to understand the client market that is quite demanding in terms of quality and turnaround time. So just having a cousin or an uncle in the US or UK may not help; instead, meeting with attorneys there to get a clear sense of what they want is of prime importance. Thus, the cost of starting an LPO business varies depending upon the kind of work (low-end or high-end), the team, the cost of premises and technology.

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Country Marketing Manager, General Business, IBM, India

Arihant Panti
CEO, Bodhi Global

Ritvik Lucose
Co-founder, Rainmaker

Poonam Chothani
Founder, LawQuest

Vincent Devasia
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Sunil Mathangi
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Sanjay Kamlani
Co-founder and co-CEO of
Pangea3

Getting your first customer is the most crucial part of this business. Most panelists agreed that they had to run that extra mile to get their first client, which in some cases was a low-end job. However, they slowly but steadily moved up the legal service value chain. This was from legal research writing to document reviewing and deposition summaries to patent-related work. The panel also discussed the various business models that a newcomer can look at.

Tariq Akbar
CEO, Legalease

Vinod Kumar
Deputy General Manager, General Business, IBM, India

Sakthivel Venkatraman
Managing Director of operations, Cobra Legal Solutions

N. Senthil Kumar
General Manager, LawWave

One of the challenges that the industry faces relates to manpower training. It takes on an average of three months to deploy a new recruit on the shop floor. There have been calls for regulations for this industry as well. Some questions relating to the definition of LPO came up during the discussions. While investor interest exists, it is mostly restricted to the growth stage and not the startup stage. The industry, meanwhile, may see consolidation, as smaller players are at risk of getting lapped up by the big ones.

In Mumbai the keynote address was delivered by Sanjay Kamlani, co-founder and co-CEO of Pangea3. The other keynote speakers were Vincent Devasia, country manager, LawScribe in Delhi; Sanjay Bhatia, head of operations, SDD Global in Bangalore; and Tariq Akbar, CEO, Legalease, in Chennai. The panel discussions that followed were particularly beneficial for the members of the audience who pitched in with their comments, questions, and

suggestions on the nitty-gritty of this business.

In Mumbai the panel comprised Arihant Panti, CEO, Bodhi Global, Poonam Chothani, founder, LawQuest and Ritvik Lucose, co-founder, Rainmaker. The Delhi panelists were Navtej Saluja, vice-president, Evalueserve and Pankaj Parnami, Director, KPO Consultants, besides Devasia of LawScribe. The panelists in Bangalore were Sunil Mathangi, COO, Sarva Solutions and Sanjay Bhatia of SDD Global. The Chennai panel witnessed Sakthivel Venkatraman, managing director of operations, Cobra Legal Solutions, N. Senthil Kumar, general manager, LawWave and Tariq Akbar of Legalease.