Best Practices: Engaging in Legal Process Outsourcing

Legal departments are facing the same challenge as the rest of the enterprise: how to become more lean and efficient while managing increasing responsibilities. General counsel are under tremendous pressure to control legal budgets that have either remained the same or decreased throughout the past few years. The current legal landscape, which includes new regulations, new technology platforms and mounting expectations from senior leadership, paves the way for legal process outsourcing (LPO) providers to deliver sophisticated support to enterprise legal departments.

The LPO industry has expanded dramatically in recent years as the number of LPO firms has grown. Today, services are delivered from LPOs with staff in the United States, Philippines, South America, Canada and England, amongst other locations, and the players have expanded from small boutique providers to global consulting, business process outsourcing and technology firms.

But as new players enter the market and existing players mature in their capabilities, it is more important than ever to select an LPO provider best suited to your needs.

Key Considerations

Financial Health

An LPO provider should be financially stable, so it won’t go out of business mid-project. Evaluating financial health for public firms is relatively simple: information and analysis are easily found online. Evaluating boutique providers requires a bit more due diligence to determine financial viability.

Security

Legal departments that decide to outsource legal work need to be assured that their information will be secure when in the hands of an LPO provider. Unfortunately, there may still be LPO providers that do not segregate data by client or have employees separated based on the client for which they are rendering services. Ask your LPO provider about its security practices, including password protection procedures, and make sure that you feel comfortable with your data in the hands of the LPO provider.

Business Expertise

The best LPO providers understand your business: for example, the regulatory climate for healthcare is substantially different than that of the technology industry. Find out how much experience the LPO provider has in your industry in particular.
Training

In the pursuit of cost reduction, it is easy to overlook training. LPO providers should employ resources trained in the common law legal system and western jurisprudence. Projects in the United States should be staffed by lawyers who have passed a state bar exam. Even in offshore projects, LPO providers need to ensure that their teams are well-trained in the specific practices that may be part of your scope, for example, the various stages of a patent process.

Flexible Staffing Models

The LPO service model can be structured by staffing resources offshore, onshore or onsite at client facilities, or as a combination of these staffing models. Given the global nature of the modern workforce, an LPO provider must be able to offer its clients the flexibility to choose both onshore and offshore staffing alternatives.

Locations

As the LPO industry matures, India remains a top choice for delivery of LPO services. India works well as an LPO delivery location due to its use of the common law legal system, proficient use of the English language and the ability to scale resources up or down due to India’s large talent pool. As a result, delivery teams in India can integrate easily into the operations of a corporate legal department with minimal learning curves.

Final Thoughts - What Makes a Successful LPO/Client Relationship

The key to achieving a successful LPO-client relationship is transparency. In-house lawyers are sophisticated and demanding clients who have carefully deliberated the choice to outsource legal work. They must have confidence that the team providing legal support services is equipped with the relevant skillset and has developed sound processes to execute the project. Likewise, the client should clearly communicate the scope, needs, and expectations from the outset, and both parties should engage in ongoing dialogue. An upfront investment in clear goals will pave the way for a productive relationship.