

LATEST TRENDS IN LEGAL BUSINESS PROCESS OUTSOURCING

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RASConsulting

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WELCOME TO OUR WEBINAR SERIES

- I have invited you, key stakeholders and decision makers involving your Business Process Outsourcing solutions, to participate in a round table discussion where Richard Schreiber will moderate in a very informal way.
- Thank you for attending!

INTRODUCTIONS

- **Richard Schreiber**, Industry Consultant for over 15 years helping law firms negotiate their outsourcing contracts and project manage their RFPs for these services emphasizing win/win client/vendor relationships
- **Jeanne Gorman**, Executive Director, Wilkinson Barker
- **John Rezzo**, Director of IT, Snell Wilmer
- **Holly Evers**, Director of Facilities, Foley Hoag
- **Andrea Lewis**, Facilities & Business Services Manager, Farella Braun & Martel
- Please say hello and introduce yourselves!



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WHAT WE'LL COVER (QUESTIONS FOR OUR PARTICIPANTS TO FOLLOW EACH SECTION)

- Some Latest Trends in Outsourcing-involving primarily price-driven RFPs
- Co Sourcing
- Legal Process Outsourcing
- How to reconcile the desire to cut costs/ reduce expenses without impacting services levels
- Does Diminished service volumes = diminished importance of the services
- What's next for legal outsourcing?
- Any open topics

LATEST TRENDS IN LEGAL OUTSOURCING

- Some of the trends I've written about recently on my blog have not been at all promising for Legal Business Process Outsourcing, especially for suppliers.
- I've seen a much more numbers-oriented approach to the services through consultant-led RFP processes; uneven competitive bidding tactics by some consultants that drive prices downward for the services and margins to single digits for providers (or so they say).
- I've even seen some situations where an incumbent provider lost the business and where a competing vendor essentially hired most/all of their staff, cut employee salaries and benefits to save the client money, basically to meet the cost savings objectives of the RFP consultant.

LATEST TRENDS IN LEGAL OUTSOURCING- COST-ONLY DRIVEN RFPs ARE ONE-SIDED

- The impact of these primarily cost-driven RFP processes run by consultants is treating Outsourcing Services as a commodity. The resulting single digit profit margins realized by some vendors doesn't take into account the overhead costs of subject matter expertise, value-added services, employee training, etc., which law firms still expect, according to providers.
- What would it be like at your law firm if it operated under single digit profit margins? What would be the impact on wages, benefits, culture? How about productivity and morale? It's no different for the outsourcing providers they say (and makes sense)
- The outsourcing vendor community is up in arms against these price-driven consultants who the vendors unilaterally claim are hurting the business (some use stronger words like "ruining").
- It has also led some BPO providers to have to deploy temporary workers in their solutions to remain competitive, which carry a whole host of issues; training, retention, continuity, motivation, etc.

QUESTIONS

- Most of you recently underwent contract extension negotiations with your incumbent providers or an RFP to refresh the services. Most of you have used consultants in the past for your RFP processes.
- What were your primary objectives in your contract renegotiations or RFP bid?
- If you did not go out to bid, why didn't you and did you achieve all of your objectives?
- Did you feel in the negotiation process the vendor was fairly treated and the eventual proposal they agreed to one that was a win/win for both parties (vendor and customer?) How important is that to your Firm?
- Would you consider a temporary work force for your on site BPO outsourced solution to save \$? Why/why not?

LATEST TRENDS IN LEGAL OUTSOURCING: CO-SOURCING

- **Co-sourcing** is on the rise per a recent blog from the UK (below) Co-sourcing is where you source out certain positions in particular where the man power needs may be variable, but where you retain the supervision or some higher level skill sets that involve oversight in house.
 - The theory being it is easier for outsourcing providers to ramp up/down more easily, saving a firm money.
 - Also known as out-tasking
 - Probably used less on the BPO side than in areas where more flexible, variable labor are needed.
- The Blog:
<http://www.globallegalpost.com/blogs/management-speak/co-sourcing-and-the-quest-for-greater-profitability-51065996/>

QUESTIONS

- Has anyone had experience with out-tasking or co-sourcing?
- If so, what were the benefits you may have realized and what were some of the drawbacks?
- Does your Firm have a need to dynamically expand or contract your legal or non legal workforce and if so, why?

LATEST TRENDS: LEGAL PROCESS OUTSOURCING

- Legal Process Outsourcing has become extensively used in legal and supported by the American Bar Association as far back as 2008 when it published its Formal Opinion 08-451. This an opinion that supports that outsourcing of legal procedures is OK even off shore and that the “outsourcing trend is a salutary one for our globalized economy”.
- The ABA outlined steps that law firms can take to ensure it has met its ethical and legal obligations for its clients. Of course these issues must be monitored closely by law firms and full disclosure must be provided to clients as well as cost savings passed on to clients.
- Blog: <http://www.nearshoreamericas.com/faster-cheaper-ethics-nearshoring-legal-processing-services/>

QUESTIONS

- Has your Firm made it a point to look for more opportunities to outsource Legal Processes and if so, why?
- What are some of the benefits of using Legal Process Outsourcing at your Firm?
- Some of the drawbacks?

LATEST TRENDS IN LEGAL OUTSOURCING

- Some other trends noted:
- With the contraction of traditional Mail/Fax/Copy labor and equipment provisions, Business Process Outsourcers are trying to broaden their offerings into other areas beyond Mail, Fax, Copy, Conferencing, Hospitality, Office Services into IT Help Desk, eDiscovery, both paper and electronic-based as well as many different type of legal services, contract attorneys, legal training and providing conference centers. Additionally, secretarial support and in particular, Records Management are being looked at. Is Accounts Payable next?
- Outsourcing providers acknowledge that exacting significant revenue from just the traditional “bodies and boxes” days are over and that they must offer more consultative services as law firms more and more look to convert fixed costs into variable costs.

QUESTIONS

- Is your Firm looking at all of these additional outsourcing opportunities or assessing the relevance to your Firm?
- What role would you play in evaluating these opportunities?
- Do you agree these potential opportunities would make sense for your Firm to pursue and why? Why not?
- Do you have upper management's support and or initiative on this?

HOW TO RECONCILE THE DESIRE TO CUT COSTS/ REDUCE EXPENSES WITHOUT IMPACTING SERVICES LEVELS?

- This ties in with our previous slides. In traditional Business Process Outsourcing services, it's likely other than reducing staff as a consequence of either the firm's size shrinking or services diminishing, there is little room left for cost savings. Clearly the outsourcing provider's costs are going upwards, in terms of wages, benefits, etc.
- A valid question is, how far is the Firm willing to go to reduce service levels to save money?
- Many RFPs or contract renewals are primarily price-driven as law firms continue to seek cost reductions.

QUESTIONS

- In your recent RFPs or services contract renewals, how did you look at these two somewhat conflicting elements? Were you able to achieve this and how?
- Everyone wants to save money. But that seems to conflict with the critical nature of these services. Do you agree?
- What goes into your evaluation process to maintain the balance of pursuing cost reductions with still maintaining the service levels at what is appropriate for your firm?

DO DIMINISHED SERVICE VOLUMES = DIMINISHED IMPORTANCE OF THE SERVICES

- Business Process Service Volumes are down, in some cases 80% (Fax) in the past 5 years. Some services like in and outbound Fax have all but disappeared.
- Centralized Copy/Document Management services, the copying/output of paper based documents has diminished by 75% in some cases over 5 years.
- Decentralized scanning and copying/printing volumes are also down
- Today, there is increased focus on document scanning from a Records perspective, not just a central document management perspective. More and more documents exist digitally only and reducing off site paper documents a goal.

QUESTIONS

- How has the perceived and practical importance or critical nature of outsourced services changed in recent years?
- Are these services less important to your Firm than they were 5 years ago?
- Does greatly diminishing volumes necessarily mean diminishing importance of the services?
- How have the core, traditional BPO Mail, Fax, Copy/Repro and Conferencing services evolved at your Firms?

WHAT'S NEXT FOR LEGAL OUTSOURCING?

- One Prominent Legal Business Process Outsourcing Company is changing their services offerings to be called “Managed Services”, a corporate term that is also affiliated with outsourced Corporate Travel, Procurement and Corporate Real Estate services.
- The real opportunity for law firms in terms of saving costs via outsourcing is by looking at other services; Records Management/enterprise scanning.
 - These two services go hand in hand for outsourcing.
 - The future trend will be not to send any records off site; rather, to scan/destroy locally and gradually diminish off site through retention/destruction schedule.
 - Law Firms have to be open-minded to paying more upfront (scanning costs) to eventuate cost savings down the road (reduced off and on-site storage costs)—greater efficiencies

WHAT'S NEXT FOR LEGAL OUTSOURCING? (CON'D)

- Some say there are no real savings to be realized any more in traditional BPO services. After many iterations of consultant-driven RFPs, no more “blood from the stone” (term used by one outsourcer)
- In the future, in the next 2-4 years, law firms, in order to remain competitive, will need to be looking at evolving their outsourcing focus into areas other than traditional BPO.
- In Conclusion, Word Processing, Legal Assistants, Litigation Support Services & Managed Document Review in addition to Records Management, Secretarial Services, should all be looked at for Outsourcing opportunities. Why?
 - Convert fixed costs to variable by outsourcing. But you want to choose a viable outsourcing partner that has invested in these services and the technology. There's really only 2 or 3 vendors in the game today that can truly provide the technology, expertise and resources to accomplish.

WHAT'S NEXT FOR LEGAL OUTSOURCING? (CON'D)

- Right now many law firms are considering these new approaches. Will they pull the trigger in the coming years? The answer is “they must” in order to stay competitive.
- And, these approaches are not just for the large corporate-run national law firms. Small to medium size firms also need to be in the game, perhaps even more.
 - In some ways, these opportunities are even more critical for medium size law firms (50-200 attorney) because they don't possess the in house expertise, resources or technology in these areas that outsources can provide in a cost-effective manner.

QUESTIONS

- Based on your frequent contact with your outsourcing partners and based on the changing landscape of your business, what are some of the trends in terms of service offerings you're now being offered by your providers? Do they fit the Firm's business model?
- What are some of the business process services or legal services you would like to see (your) outsourcing providers provide ? What are the key elements or factors to deciding to consider outsourcing these areas; e.g., cost savings, flexibility, variable costs vs. fixed, etc.
- How has the increase in the variety of outsourced services now being explored by law firms and offered by outsourcing providers changed your world?

OPEN FORUM

- Does anyone have a topic on Legal Business Process Outsourcing they'd like to discuss or a question ?

CLOSING

- Thank you so much for attending our first Webinar! We plan to do these webinars quarterly and will keep you on our list !
- Please feel free to invite other fellow colleagues to future Webinars.
- Please feel free to submit a list of topics you would like to cover and we will incorporate!

Thank You!