

Legal eagles soar as markets crash

While BPO companies are feeling the heat of the global meltdown and resorting to layoffs and other cost cutting measures, their LPO (legal process outsourcing) counterparts are thriving like never before because of the legal activity that has been generated by the sub-prime crisis in US. What is more, the LPO segment reflects the prevailing boom in the legal services industry in India.

Law firms dealing with foreign companies operating in India have also seen an increase in their turnover, even if their work is now more about post-meltdown issues like restructuring, downsizing, layoffs, closure of branches, winding up of subsidiaries and termination notices to collaborators and franchisees.

Take the example of Delhi-based Titus & Co, whose clientele consists almost entirely of foreign companies and governments. Its managing partner Diljeet Titus said, "We have had at least a 50% rise in the volume of transactional work ever since Lehman Brothers imploded two months ago." Since these transactions are mostly related to cost-cutting measures, Titus did his bit for his clients by offering a 20% discount in his fee. "The reduction in our fee is made up for by the increase in the quantum of work as well as the dollar rate," he added.

Fox Mandal Little, the largest law firm in the country, displays more signs of it being business-as-usual. In the last two months, it has recruited 27 more lawyers at various levels, opened its 13th office (which is in Kochi) and forged ahead with negotiations to acquire another law firm. It is poised to recruit more lawyers for its recently launched LPO subsidiary, Legal Circle. The firm's managing partner Som Mandal said, "We are most bullish about our LPO because of the sheer deluge of enquiries we have received from US to do litigation support from India."

The timing of the meltdown could not have been better for LPO companies as the e-discovery law, governing the storage and management of electronic data that might be relevant to litigation, came into effect in US only two years ago. The meltdown has forced more American companies to turn to LPO set-ups in India for help because of the enormous cost differential. For performing document review, a key aspect of the e-discovery process, a senior associate in US is paid \$200-300 per hour while an LPO based in India charges barely \$25-30 per hour for the same work, according to Mandal's estimate.

Not surprisingly, Pangea3, one of India's largest LPO companies, claims to have registered 100% increase in volumes in the last six months. "We are witnessing an extraordinary influx of work directly or indirectly related to the sub-prime crisis," said CEO Sanjay Kamlani. The surge in Pangea3's e-discovery work involves court disputes among investors, lenders, borrowers, homeowners and banks. Post-meltdown, it is also cashing in on the demand for greater scrutiny of financial transactions and corporate governance.

As Pangea3 CEO Sanjay Kamlani put it, "cost cutting measures have spared budgets only for non-discretionary items like legal services related to litigations and regulatory compliance. While BPOs must deal with delayed decision making, uncertainty and wait for new government policies in US, LPOs grow business almost as a function of the slowdown."

For all the surge in business for LPOs and law firms, there is one part of the legal services industry that seems to have remained relatively unaffected: the vast majority of individual lawyers involved in

litigation within the country. P H Parekh, president of Supreme Court bar association, dismissed the suggestion that senior advocates like him were under pressure to accept a fee cut in view of the economic slump. "The demand for top lawyers is so high and the supply of them so little, the worst that may happen is that the number of briefs we return for want of time may come down," Parekh said.

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