

**COVER STORY**

# Law firms go east

## Legal outsourcing to India grows, though many firms object

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Desh Urs has a new take on outsourcing to India.

Urs, managing partner of Beaverton's iBridge LLC, will hire 30 employees to connect U.S. corporations and law firms to India-based attorneys who can perform lower-level legal jobs.

The overseas lawyers won't offer high-level legal advice that usually comes from partners. They instead perform discovery research, write boilerplate contracts and proofread documents.

Companies who contract directly with Indian outsourcing firms pay between \$25 and \$40 for the work. Associate attorneys in this country earn about three times that amount.

"These young bucks who are just out of law school aren't going to make their mark by doing document reviews," said Urs. "The Indian firms can do that for their firms."

The trend could rock Portland's legal landscape because clients could eventually steer less work to local firms. Plus, if law firms themselves begin contracting more with outsourcing providers, they may choose to hire fewer new attorneys.

Walt Karnstein, a Kolisch Hartwell PC partner, said outsourcing could pose many problems in his patent practice

"Our clients instruct us not to do it," he said. "They don't have the confidence in them that they have when the attorneys here are doing their work. And a lot of times, English isn't their first language, so you get text that doesn't read well or might have mistakes in it."

Legal outsourcing to India is expected to grow from a \$1 billion industry this year



CATHY CHENEY | PORTLAND BUSINESS JOURNAL

**Desh Urs, managing partner at iBridge LLC, says attorneys in India can perform basic legal tasks.**

to \$4 billion within five years, according to Cambridge, Mass.-based researcher Forrester Inc. The industry employs about 24,000 people in India, according to Valuenotes, an India-based research firm.

In a sense, the legal industry is catching up to other sectors — information technology, human resources and finance — that have actively outsourced various functions overseas for years.

"That is what law firms are: outsourced lawyers serving corporations," said Prashant Dubey, CEO of Portland-based The Knott Group, which helps companies

determine their legal outsourcing options based partly on a risk management model. "So, ironically, lawyers were the first ones to actually outsource."

Area attorneys say they've heard of no local companies that are outsourcing. Urs and Dubey won't reveal their customers' names.

Dubey said one client is a large Beaverton company working in the retail realm. Urs said at least two Portland law firms have expressed interest in his services.

iBridge has less than \$10 million in revenue, though Urs expects it to rise rapidly.

# OUTSOURCING: Firms raise objections to growing practice

Massive corporations such as Microsoft Corp., General Electric Co., Google Inc. and Motorola Corp. have reportedly outsourced some of their legal assignments. Because those companies are considered bellwethers, many local attorneys believe other corporations will follow suit.

"I would be surprised if Oregon companies and firms have not outsourced some work to India," said Milt Stewart, a Davis Wright Tremaine LLP partner. "I think we and other firms might (consider the option) if we gain confidence in the quality of the service."

That's a big "if." Portland law observers note that many attorneys in India have attended school for only four years, as opposed to seven in the United States. They also do not have to pass a bar exam.

Outsourcing also raises questions regarding disclosure and attorney-client privilege. It's not clear whether U.S. general counselors who hire Indian lawyers to pore through documents are technically violating their clients' trust.

"You need to decide whether you'll be disclosing to your client that you're work-

ing with someone in India," said Sheila Blackford, practice management adviser for the Oregon State Bar. "And even if you have their consent, what control do you have over an attorney in Bombay?"

IBridge helps resolve such issues, Urs said. The company's outsourcing partners have handled cases related to mergers and acquisitions, bankruptcy, class action and product liability cases.

IBridge tightly controls the environment through which data flows and is managed, Urs said. The company performs quality checks on 95 percent of the work done by overseas attorneys

Urs targets clients whose businesses generate between \$200 million and \$2 billion in revenue.

The Knott Group recently guided a large pharmaceutical company to a legal services outsourcer. The arrangement brought the outsourcer a three-year \$200 million contract.

Dubey, a former executive at Portland companies Fios Inc. and Tripwire, said the company will collect as much as \$3 million in revenue by the end of 2010, its first

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## MILT STEWART

Davis Wright Tremaine partner

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full year. He and Knott Group President Sam Panarella both left Fios last year as part of a company shake-up.

Even as the small cluster develops, many area law firm executives aren't interested in working with outsourcing industry firms.

"We've received solicitations directly from companies in India about this, but it would be hard to go out on a limb and accept their offer," said Lynn Nakamoto, managing partner with Portland's Markowitz Herbold Glade and Mehlhaf PC office. "I can understand why some lawyers might use them to help with large discovery matters, but we've not done that."