



ASSESSING YOUR OUTSOURCING OPTIONS

By Denise Annunciata

As the legal industry continues to redefine itself, exciting new changes are taking place, with companies continually exploring the trend of outsourcing. The decision for or against outsourcing is a question of basic economics. How can a general counsel provide the best work product for his or her client for the lowest impact to the bottom line?

Once upon a time, the only option was to hire a traditional outside law firm. While that remains a viable option and sometimes the only logical option, outside law firm bills are a common topic of conversation for many general counsel networking meetings. A growing trend is outsourcing legal work to contract attorneys. Outsourcing legal projects is a fantastic way for legal departments to expand and diversify without adding the overhead and responsibility of hiring permanent staff. When looking at outsourcing, there seems to be two clear options.

Offshore Legal Services

Many businesses have already set up in-house legal departments overseas, most predominantly in Asia, following a trend set by manufacturing and software companies, and even financial institutions. U.S. companies and some large law firms are contracting out legal work to businesses specializing in providing legal research services offshore.

[Pangea3](#) (P3) is one such service provider. David Perla, co-founder and co-CEO of P3 says his clients are predominantly large corporations and law firms. His company's business model is based on handling large volume with the ability to deploy large teams to produce a fast, cost-effective service, the performance of which does not necessitate close proximity to either the law firm or its client.

“We provide permanent solutions for contract drafting and management, patent work, document review of large litigation. We can provide large teams of legal professionals and so we provide solutions for high volume projects. We can turnaround huge projects in very short order. Pangea3 can efficiently respond to requests like-we need 47 leases abstracted by Friday - and get that call on Wednesday,” said Perla. Perla notes that Pangea3's lawyers are chosen from the highest achieving Law School Graduates in India and receive further training on US law from expert American lawyers.

Are there Ethical Concerns?

The Association of the Bar of the City of New York Committee on Professional and Judicial Ethics issued a formal opinion on the matter in August of 2006. The committee questioned whether “a New York lawyer may ethically outsource legal support services overseas when the person providing those services is (a) a foreign lawyer not admitted to



practice in New York or in any other US jurisdiction or (b) a layperson? If so, what ethical considerations must the New York lawyer address?

Ultimately, the decision favored overseas outsourcing as long as (a) there was adequate supervision of the contractor, (b) clients' confidences were maintained, (c) any conflict of interest issues were avoided, (d) there was appropriate billing for outsourcing, and (e) the client's informed advance consent to outsourcing was obtained.

Offshore companies are filling the niche between large law firms and in-house legal departments. But they're not the only outsourcer in the playing field.

On the Domestic Front

Domestic outsourced attorneys offer another alternative. Not only are they proficient in the U.S. law, they are experts in the *practice* of it. They bring to the table a wealth of experience and their working knowledge of the U.S. state and federal legal system. Clients gain the advantage of the home grown expert's first-hand experience as a practitioner, and the benefit of working with professionals from their home turf. Generally services are provided on-demand either virtually or on-site.

Outside GC LLC ("OGC") is one firm that offers part-time in-house counsel to their clients at a fraction of the cost of either hiring a full-time in-house attorney or relying exclusively on traditional law firm counsel. Comprised of a team of senior business lawyers with substantial in-house experience, OGC attorneys currently provide counsel to over 200 companies with and without in-house legal departments. "We saw a need in the marketplace for highly skilled and business-savvy, former general counsel to be available on an as-needed basis to handle day-to-day legal needs for growing and established companies," explains Outside GC principal Jon Levitt. "Our attorneys act as the *de facto* general counsel for companies that are not big enough to require a full-time GC and we provide high-level overflow support for the legal departments of some of New England's largest corporations."

Others provide similar services, either as parts of smaller groups or as solo practitioners. **Scott Soloway**, for example, has eighteen years experience as a corporate practitioner and prior in-house counsel. As an outside general counsel, Soloway handles a full range of transactions and contract negotiations. "There's a growing trend of very experienced, highly-skilled attorneys leaving the safety of their law firm or in-house positions to pursue a better lifestyle and offer their services independently to companies with or without in-house legal departments – and the companies benefit as much as we do." In such a role, Soloway and other attorneys like him serve as a highly-skilled, cost-effective, fast-responding team member.



The Role of Technology

Technology has obviously been the major component to the rapid change in how legal services may be provided. Law firms are offering the safety and convenience of extranets to their clients. Legal work is being done around the clock and a world away while U.S. attorneys sleep. And just because contract general counsels often work from small offices or home offices doesn't mean that they can't efficiently integrate their work product with their client's system as well. Steve Cagnetta of [Company Counsel, LLC](#) has started using Virtual Workspace™ provided by Professional Axis, LLC that provides a password-protected backend to his company's web site. Using the Virtual Workspace Cagnetta and Sean Abbott, his partner can easily and securely share documents and messages with each other and their clients, further enhancing the concept of being a fast-responding team member.

Is Outsourcing Right for Your Legal Department?

If you're like most in-house counsel, controlling costs is the cause of most of your sleepless nights, and outsourcing – offshore or to the contract attorney in the suburbs - should be a very attractive option. Outsourcing offshore can be a very cost-effective option for companies that have on-going needs to produce high volume work product; while domestic outsourcing can provide an on-demand, fast-responding team member. So as you consider whether outsourcing is the answer for your legal department, remember there's outsourcing and then, there's outsourcing.

About Denise Annunciata

Denise Annunciata has been a paralegal for 21 years working in law firms and in-house legal departments. Denise is the founder and coordinating paralegal for Virtual Paralegal Services, Inc. (www.virtualparalegalservices.com), which offers senior level on-demand paralegal services to in-house legal departments and solo or small firm practitioners. Prior to founding Virtual Paralegal Services and LeapLaw (www.leaplaw.com), Denise was the Corporate Paralegal Coordinator at Ropes & Gray LLP, Boston, Massachusetts.

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