Outsourcing of legal services: A strategic sourcing perspective

Expert Panel:
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About Vantage Partners

- Spin-off of the Harvard Negotiation Project
- Leaders in international dispute resolution through non-profit CMG (now part of Mercy Corps)
- Experts in building corporate negotiation and relationship management capability
- Recent examples of our work with law firms and law departments include:
  - Work on models and techniques for negotiation alternative fee arrangements
  - Analysis of activities that could be productively unbundled and outsourced
  - Selection of appropriate providers and negotiation of outsourcing arrangements
  - Development and implementation of change management and communication plans to support an outsourcing strategy

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Meet our panel of experienced practitioners

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Who is HP?
The world's largest technology company

- 1B+ customers
- 320,000+ employees
- $127B revenue
- 170+ countries
- #11 Fortune 500
- 200+ units every 60 seconds

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OUR PEOPLE

OUR SENIOR TEAMS IN THE US AND INDIA ARE US LICENSED LAWYERS WITH DEEP SUBJECT MATTER EXPERTISE IN KEY PRACTICE AREAS AND DECADES OF EXPERIENCE IN PRESTIGIOUS LAW FIRMS AND TOP CONSULTING FIRMS

OUR EMPLOYEES IN INDIA ARE LAWYERS TRAINED IN THE COMMON LAW SYSTEM, WITH SUPERIOR ACADEMIC ACHIEVEMENT FROM INDIA’S TOP LAW SCHOOLS.

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www.mindcrest.com
Cigna Overview

- Global company with more than 200 years in the insurance industry, 30 years in health services
- $22 billion in revenues
- Active in 30 countries and jurisdictions
- 70 million customer relationships worldwide
- Global workforce of approximately 33,000
- Diversified portfolio that includes – medical, dental, behavioral health, pharmacy and vision care benefits, group disability, life & accident insurance, international insurance
- Our mission is to help our customers improve their health, well-being, and sense of security
- Three pronged growth strategy:
Key topics for today’s discussion on Legal Process Outsourcing (LPO)

- **Understand the business requirements:** Why are companies unbundling and outsourcing legal services?

- **Understand the supply market:** What do we need to know to develop a strategy?

- **Develop your strategy:** What role for Sourcing & Procurement in Law Department sourcing exercise?

- **Execute your strategy:** How can we leverage lessons learned from ITO and BPO, to make LPO deals and relationships work better?

- **Manage & optimize:** What are the implications for other Law Department relationships?
Why are companies unbundling and outsourcing legal services?

- Save money by:
  - Reducing internal headcount (or avoiding added spend)
  - Reducing external spend

- Improve law department productivity and capacity by:
  - Shifting internal resources to more valuable work
  - Smoothing peaks and valleys

- Add more value to the business by:
  - Getting closer to the business
  - Providing new, heretofore unaffordable, services to the business

How do these different value propositions affect the sourcing process, if at all?

What are some success stories?
- What worked?
- What challenges have we faced?
What do we need to know about the market to develop a strategy?

- Market is far from mature
  - Many specialized providers, across multiple geographies
  - Large BPO players showing interest
  - Bulk of spend in litigation, but other areas growing
  - Rapid evolution of pricing models
  - Proprietary technology vs. technology agnostic

- What is unique about these services and providers?
- How address quality concerns?
- What role for supplier development?
Law Departments have traditionally kept Sourcing & Procurement at arms’ length, but change is slowly underway.

Many choices to make:
- What processes or tasks to unbundle?
- Captive vs. outsourced?
- Onshore vs. off-shore?
- Integrating outside counsel early or late?

- How get Law Department’s interest, if they are not pursuing?
- How get a seat at the table, if they are considering outsourcing?

How do we learn as we educate and guide as we provide support?
How can we leverage lessons learned from ITO and BPO to make LPO work better?

- LPO is “standing on the shoulders” of 30+ years’ experience with outsourcing
  - Global delivery models
  - Standardization of tasks and integration of technology
  - Variety of pricing models
  - Good governance

- And “law is different”
  - History of “outsourcing” to law firms in a particular way
  - Ethics rules re: conflicts, client confidentiality, unauthorized practice
  - Counterparts who will take advantage of quality problems and courts who will sanction for errors

- How do we keep Law Department’s traditions and habits from getting in the way?

- How do we adapt sourcing methodologies to account for unique challenges of law practice?
What are the implications for other Law Department relationships?

- LPO introduces some risks to relationships with outside counsel
  - Law firms worry about loss of revenue, leverage, and training opportunities
  - Law firms worry about taking on risk for third-party work

- LPO adds to complexity of multi-vendor environment
  - Not just different firms for different matters, but different providers on a single matter
  - Requires effective integration of outputs, under time pressure, in adversarial environment

- Where should “Law Department Vendor Management” sit?

- Who should play the role of service integrator (Law Department? Outside counsel? Other?)
Thank you: Let’s continue the conversation

- LinkedIn group for discussions: *LPO Working Group*
  [http://www.linkedin.com/groups?about=&gid=3694615](http://www.linkedin.com/groups?about=&gid=3694615)

- Read (and comment on) my blog:  
  [www.dannyertel.com](http://www.dannyertel.com)

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