

The business of business process outsourcing, though a more recent phenomenon compared to IT outsourcing, has seen many twists and turns. What's interesting is that the definition of "business process" has evolved beyond the back office processes. Today, services are more business enabling. Thus outsourcing moved quickly from the supposedly lower end, factory approach kind of services to those that needed domain knowledge and specific skills and expertise in a variety of areas.

Given this background, it was only a matter of time before the frontrunners of the outsourcing industry like Infosys made a foray into the knowledge services segment. What makes one of the most successful IT and BPO company foray into the legal services outsourcing segment? Infosys BPO clocked revenues of \$352.1 million in FY10, about 6% of the total company revenues. Their entry into the legal services outsourcing segment, though surprising to many, has taken off to a huge start in the last three years.

Having a large number of clients across North America, Europe and the Asia Pacific regions has helped Infosys venture into the legal services outsourcing space. In fact, we at ValueNotes feel that this approach of targeting existing clients for new ventures is also being employed by many IT services and BPO companies. Pure play BPO companies, such as WNS have also ventured into the legal services outsourcing segment. Having spoken to both the pure play vendors and the IT/BPO companies in this space, we find that though the offerings are similar, approaches are different. The IT/BPO players are able to offer the scale and the technology and related competencies, while the pure play vendors are clearly domain players.

ValueNotes interviewed Rahul Shah, who heads the legal services outsourcing practice in Infosys BPO to get his perspectives on the growth opportunities he sees in this segment and Infosys' efforts to gain market share.

ValueNotes:

After overcoming the initial challenges dealing with outsourcing, what new challenges have you begun to face? What steps have been taken to overcome these problems?

Infosys:

In the LPO space, we have found that our services were received well, thereby enabling us to strongly ramp up in the last 2.5 years to 500+ resources, including 200+ lawyers. We have found great synergies with the Infosys corporate clients.

We have faced a number of challenges in introducing legal services outsourcing as an offering. LPO, being a new service line, we now focus on strategies to leverage the rest of the Infosys field force in order to communicate the right messages to our clients. To mitigate this challenge, we have field communication and internal marketing campaigns.

Secondly, since most of our clients are from the IT sector, our relationships are therefore with the CIO organization. Our challenge is to leverage that relationship to acquire legal business. Infosys has also created integrated solutions for the GC's office as well including technology, consulting and outsourcing services.

Our expansion has also necessitated focusing on people and their ability to provide customer delight and a consistent customer. We have also introduced the LPO Academy. The academy provides training and certification to all Infosys employees in areas such as soft skills and client management to guarantee consistent experience across the board.

ValueNotes:

You mentioned that most of your clients are from the IT sector and the challenge is to acquire their legal business. What about law firms?

Infosys:

Law firms are an important element in the eco-system and have not been a sector where we have traditionally had many IT or BPO clients. As a result we have brought together the different units of Infosys, IT-BPO-LPO, to create a KPO integrated proposition for Law firms - "Law office of the future."

In the E-discovery service offering, we have created an end to end proposition in this space thereby going beyond the traditional mandate of document review and looking at the entire value chain of data generation to data consumption for litigation.

ValueNotes:

What new strategies, if any, are being used to maintain healthy client relationships whilst attracting new clients?

Infosys:

We are continuing to focus on delivery excellence. We also continue to create additional value through transformation.

We offer process re-engineering and automation to improve to improve productivity, knowledge management etc. We have at our disposal more than a 100 tools that we can apply to client engagements to improve their customer experience and business performance.

Apart from the technology that we offer for improved client experience, we also provide onsite experts to provide focused attention to clients.

The word "Transformation" sums it all for us. Providing high quality output to the clients is a hygiene factor. To achieve client delight, it is important for us to achieve transformation in the work that we are contracted to complete. For example, if we are outsourcing legal research for a client we look to leverage the following levers to achieve transformation:

- Categorization of the research requirements into different buckets
- Collecting metrics to enable better estimation and hence better predictability of delivery timelines
- Automation to improve productivity and turn-around-time

There are certain requirements to achieve transformation. A well trained workforce & a strong governance process to ensure that we are listening to the customers continuously are a couple of them. This strengthens client relationships and builds strong client advocacy that in turn can help us attract newer clients.

ValueNotes:

What determinants are compulsory for growth in the legal process outsourcing scene for the next 5 years? What additional factors do you see coming into play with time?

Infosys:

In the next five years, ability to grow and deliver from multiple locations will be key to success. Also, organizations like Infosys are able to deliver on the basis of technological capability. We are able to build trust with the clients with our sound values and credentials and also add value due to our synergies with other offerings. Therefore, the focus is not just on labour arbitrage. Lastly, our process excellence allows us to deliver better results to our clients.

ValueNotes:

Will competition from the Philippines, Australia and various other foreign destinations force Indian vendors to develop new approaches to remain competitive?

Infosys:

Competition always forces new strategies and approaches; this is true of any market. We feel that India will have an edge due to its large pool of lawyers and long history of providing multiple services to their clients. Smaller firms will feel the pressure to either sell off or close down. Once the dust settles, 2 types of firms will remain standing:

- Large LPOs trying to add aspects of BPO and technology into the mix
- Large companies like Infosys in the LPO space

Infosys sees the future to be in platforms which enable organizations create value as against only reduce costs through labor arbitrage.

ValueNotes:

How do you see the legal process outsourcing model evolving? What would you consider the advantages or disadvantages of this evolution?

Infosys:

Law firms are here to stay; LPOs will never replace them. However, organizations such as Infosys will become integral partners of law firms to provide additional value to corporate clients. Law firms will not grow in terms of FTEs but will grow in revenues instead owing to an increase in revenue productivity on FP contracts; improvement in efficiencies and knowledge management as well as better adoption of technology.

General Counsel will move towards multi-service shared centers providing multiple legal and related technology & consulting services. The industry will see a 3 way model between them, law firms and firms similar to Infosys to deliver value.

Infosys as well as other firms will become the innovation hub and process innovations.

About ValueNotes

ValueNotes is a full-service research firm based in India, with experience and skills encompassing a wide range of research activities. The ValueNotes Sourcing Practice is a dedicated team that actively tracks and researches the global outsourcing segment. The Practice has released several research reports on niche outsourcing areas, with a particular emphasis on the knowledge services domain. Our analysts work closely with leading IT and BPO companies, both in India and globally through a variety of research based engagements. Our core research offerings include industry reports, as well as bespoke research services such as market/location assessments, partner/vendor selection, among others.

ValueNotes has been tracking the legal services outsourcing industry for over five years now and has published extensively on the industry. Our research has included the following:

- Legal Process Outsourcing: What do law firms think?
- Crisis creates new opportunities for LPOs
- Offshoring patent services to India
- The Valuenotes Sourcing Prism - The service provider landscape is large, complex and diverse. Selecting the right partner/vendor is a challenge for buyers of LPO services. The ValueNotes Sourcing Prism is our proprietary tool that helps make this selection easier. The Prism represents each company on three parameters - its service maturity, sustainability, and strategic intent. Companies are classified into three groups: Pacesetters, Contenders, Aspirants

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