

Tuesday, February 12, 2008

## Canadian lawyers look to India to lower costs

Jim Middlemiss, **Financial Post** Published: Tuesday, February 12, 2008

Corporate counsel grappling with rising legal costs just got a cheaper way to task services: go to India.

That's the idea behind the official launch of Legalwise, believed to be the first homegrown outsourcing firm that uses lawyers from the Asian subcontinent to carry out assignments under the guidance of Canadian lawyers.

It is the brainchild of Toronto lawyer Gavin Birer, a former Bay Street corporate lawyer and former vice-president of legal and business affairs at Travelex Americas, a non-bank foreign-exchange firm.

"Clients are becoming more aware of the type of legal services they are getting and the costs associated with that," he said.

The Canadian Corporate Counsel Association last year found that keeping costs down was the number two priority - after keeping up with the volume of work - among 32% of in-house lawyers it surveyed.

Billable-hour rates are skyrocketing.

Salaries of associates and articling students - those who do the legal grunt work - are escalating, hitting \$100,000 and up.

Boston-based Forrester Research projects that 79,000 U.S. legal services jobs will be outsourced to India by 2015 to fight runaway legal costs.

"We are not a law firm, we don't provide legal advice," explained Mr. Birer, noting his firm works with a team of 430 lawyers based in Mumbai and Pune, who are trained in common law principles, similar to Canada.

Legalwise works with lawyers here to identify projects that can be tasked to India. That includes litigation and corporate commercial services, things like legal research, document review and drafting, contract management, lease abstracting, and due diligence. "It's the lower end of the legal spectrum," he said.

The 10-hour time difference between the countries means lawyers can leave their office here at night and return to a finished memorandum the next morning. Mr. Birer estimated the savings range from 30% to 70%.

A 1,500-hour project would cost \$375,000 if carried out by a \$250-an-hour junior lawyer here. In India, the same job would be \$50 an hour for a total project cost of \$75,000 - a savings of \$300,000.

Marsha Lindsay, legal counsel at Purolator Courier Inc. uses Legalwise to prepare for arbitrations and wrongful dismissal cases. "It's difficult to get all the research done on my own. I found their services similar to how you would give instructions to articling students at a law firm." With some direction and guidance on where to look she got information she needed on legal cases. "The turnaround time is very good."

While that's not good news for law firms, Mr. Birer said he doesn't think Canadian businesses are going to abandon big law firms. In fact, one of his clients, which he wouldn't disclose, is actually a law firm looking to lower its costs to the Canadian clients it serves.