



Law Firm Professional Services Outsourcing White Paper

January 2010

prepared by:

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During the summer and fall of 2009, Access/Information conducted several focus group sessions with law firm librarians and paralegals to gather first-hand information on outsourcing practices in law firms and law firm libraries around the country. We supplemented these focus groups with additional questionnaires and interviews to diversify our responses and to broaden our geographic base. We concentrated on professional services including such services as:

- legal and business research;
- intellectual property prior art retrieval;
- expert witness research;
- corporate due diligence; and
- general document delivery and court document retrieval supporting litigation and corporate practices.

Rationale:

As is true with most business and professional sectors, the current economic downturn has greatly affected law firms. The Law Tracker on the Web site [LawShucks](#) counted 12,196 people laid off by major firms in 2009. Of that number, 7,563, or 62%, were staff members, including law librarians and paralegals. Fortunately the majority of these reported layoffs occurred during the first half of 2009. Although most experts predict that it will be a long time before law firm employment returns to 2007 levels, most believe that mass layoffs have leveled off.

One of the immediate economic challenges, therefore, is doing more with tightened budgets and reduced staff. Previously law firms approached this challenge by concentrating on what could be eliminated while still keeping all operations intact. That approach resulted in juggling many responsibilities simultaneously, longer hours, diminished work quality, and potential job burnout.

Competition among law firms is also at an all-time high due to the large numbers still entering the profession each year. In order to outpace the competition, firms are investigating new business models that continue to deliver outstanding professional service while remaining cost effective. Many are re-evaluating what internal functions best define their core practice in order to balance the risks - and opportunities - inherent in these economic times while, at the same time, positioning for the future. One of the solutions being discussed is outsourcing.

“Outsourcing enables small firms and even sole practitioners to bring on extra people with a variety of skills as needed, giving them the staffing advantages enjoyed by bigger firms, but without the overhead.”¹

The *2008 Black Book of Outsourcing: State of the Industry Report*² indicates that 59.4% of law firms are currently reviewing or in the process of shifting some business functions to outsourcing firms. Traditionally this outsourcing focused on back office operations such as payroll, financial, and IT administration; currently, however, more firms are exploring “front office” functions including:

¹ Rob Hyndman, as quoted in “Legal Outsourcing to India,” Trustman & Co.
http://www.delhilaw.firm.in/articlenews/legal_outsourcing_india.htm.

² Brown-Wilson Group. *2008 Black Book of Outsourcing: State of the Industry Report*.

- legal and business research
- due diligence
- document delivery and retrieval

Often these “front office” functions are outsourced on a project-by-project basis.

This white paper is designed as an initial benchmark that brings law librarians, paralegals, and researchers into the discussion. It examines current job responsibilities and outsourcing practices for research-related projects in law firms, including:

- Growing responsibilities due to economy
- Strategies for leveraging time and value
- Current outsourcing practices
- Obstacles to outsourcing
- Successful outsourcing engagements
- Outsourcing risks

What we found:

We asked our respondents to tell us whether they were being asked to do more jobs or take on more responsibilities and if they were expected to do this with fewer staff members. Most librarians are being asked to take on additional responsibilities outside of the traditional law library role, most often in providing services for the firm’s marketing department, including business development and client services. Another growth area was records management. *Note that these increased marketing duties may in part reflect librarians doing a better job of promoting themselves within their firms.*

We asked how they leveraged their time and value. Some are developing a more coordinated approach to assistance (team approach in multiple offices, virtual reference centers or one reference contact number and librarians with assigned hours, “follow the sun” from the east coast taking early requests to the Asia office taking later requests). Others are using this centralized approach, but combining it with personalized services. For instance, individual librarians may specialize in specific areas of practice in the firm or key clients are assigned a librarian who creates and maintains a profile to keep the lead attorneys up to date on what is happening with the client. Some librarians have created handouts on specific topics or tasks to help members of the firm and staff become more self-sufficient. And some librarians and paralegals are simply making themselves more visible and available, through Blackberries or longer hours.

When we asked how often each wished they could outsource specific projects, one librarian said “If you know you can’t outsource, you don’t think about it.” Others do fantasize about giving up certain tasks and projects.

We next asked what circumstances would lead each of them to outsource a research or document retrieval project. The answer frequently came down to costs – if the work was billable to a client and the client was willing to pay, the chances were higher that the work could be outsourced. At least one firm compared the cost and billing rates of the outside service to that of the internal librarian before making a decision. Large document delivery projects were more likely to be

outsourced than research projects, although even these were infrequent, once or twice a year at the most.

Most firms outsource court document retrieval from jurisdictions other than their local area or areas. Projects were also outsourced when the staff had to physically leave the office to complete the work or when the expertise was outside the range of the internal staff. Several respondents cited legislative histories and medical research as examples. A number of firms have stopped outsourcing altogether, and one firm had been outsourcing research to India but is no longer doing that.

Comments from our respondents included a wish to get outsourcing in place for specific projects before the crisis hits. Some firms have signed blanket outsourcing agreements to streamline this process for individual projects.

We next asked about obstacles to outsourcing. Again, the most frequent response was getting approval for external costs. Also of concern was control or oversight over the product and a way of preventing cost overruns. When work is in-house, the librarians and paralegals can stop at any time and provide status reports on progress and costs to date. Long-term relationship building between the firm librarians and the attorneys is also important in understanding the requests.

In some cases, clients are asking for lower research costs. Similarly, some firms are now requesting more information directly from the client to save on costs. For example, instead of obtaining a large number of articles, paying the copyright fees for these, and billing all of that back to the client, the attorneys may now ask the client to obtain these documents and share them with the attorneys assigned to the project.

One obstacle set up by the attorneys is the idea that everything should be easily available on the Web. This is a common misperception because of the amount of information that is available online, but it may also be reinforced by the information professional's seemingly effortless delivery of the requested information.

What made outsourced engagements successful? The quality of the work, timely results, and sticking to an agreed budget are all critical. A history with the vendor, and confidence in its expertise, are also important. Everyone stressed the need for ongoing feedback and regular communication.

Less successful projects resulted frequently from a lack of communication or cost overruns. As expected, quality problems with the work and deliverables as well as unmet deadlines, were also discussed. Offshoring has resulted in language or cultural barriers that hindered a smooth process.

We asked whether attorneys and paralegals were outsourcing projects directly, without going through the library. Most respondents agreed that some work was outsourced directly, especially if it involved last minute requests, private investigation work, or documents for ongoing litigation in other jurisdictions.

For those respondents who felt that outsourcing could be a strategic tool, they would promote it as a way to extend their range of expertise and capabilities. It's also a way of getting projects done more quickly when there is a time crunch.

Summary:

While outsourcing professional services is one tool for coping with extra work and staff shortages, many firms are not taking advantage of it, in part because firms are reigning in costs. Carefully developed project budgets to avoid cost overruns as well as better communication during each project could alleviate money fears and provide the in-house librarians with a better sense of control. The majority of those surveyed preferred outsourcing on a project-by-project basis with an established entity that:

- Provided proven quality work
- Responded promptly
- Stayed within budget
- Met established deadlines
- Maintained communication throughout

According to industry trends, the majority of law firm administrators are seriously considering outsourcing some office functions. As the acceptance and practice of outsourcing expands, law librarians, paralegals, and researchers within law firms need to be part of the on-going discussion. How does the ability to outsource specific projects improve the workflow within the library? What functions or types of projects are best suited for outsourcing? What should not be outsourced? Does outsourcing have the potential to position the library as a full-service research function, integral to the prosperity of the firm? How does it improve the cost-effectiveness and value to the client?

We will continue to explore these questions and welcome your ongoing feedback on this topic. Send your confidential comments to us at marcy.dunning@access-information.com and we will synthesize them and publish updates on a quarterly basis.

About Access-Information, Inc.

Since 1981, Access/Information, Inc. has provided information research, document delivery services, library management, and records management services to attorneys and business professionals. Access/Information is one of the oldest, continuously-operating information professional companies in the country and is the largest company of its type in the Rocky Mountain region.

The principals of the company have over 100 years of combined experience with demonstrated abilities to deliver best-in-class services in a timely manner.

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