

LEGALBASE : Making A Mark Globally



Outsourcing is no longer a novelty in this part of the world, however, LPO or Legal Process Outsourcing businesses are still relatively new to Sri Lanka. A pioneer in the Sri Lankan LPO industry, LegalBase, was recently ranked amongst the World's "Best 10 companies by services offered: Legal" by the International Association of Outsourcing Professionals (IAOP). This serves as international recognition of the quality of services that are on offer and the potential that Sri Lanka has to become a hub in providing legal services. Business Today spoke to Sudath Perera and Ali Tyebkhan, Co-Founders and Directors of LegalBase on their achievement and the future of LPOs in Sri Lanka

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Could you tell us what is 'Legal Process Outsourcing'?

AT: To understand Legal Process Outsourcing (LPO), it is important to first understand what outsourcing is. Outsourcing can be divided into two broad categories; Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO). BPO is what most people think of when they think of outsourcing – for example, a traditional call centre employing hundreds of employees. KPO on the other hand refers to work that is outsourced to skilled professionals that requires analysis, specialist knowledge and value addition.

Legal Process Outsourcing refers to the outsourcing of legal work by law firms and companies to third party providers in offshore jurisdictions (such as Sri Lanka and India). The key rationale for this is that legal work is done at lower cost than if it was done onshore. Legal Process Outsourcing companies or firms can function as both BPOs and KPOs. The LPO industry started by servicing law firms and companies by offering them very process oriented (i.e. BPO) services. This sort of process oriented work involved e-discovery and due diligence including tagging and coding of large volumes of legal documentation, contract management, data entry into standard form contracts etc. This type of work requires very little input from skilled lawyers and can be done by paralegals or trained IT staff – this is the BPO side of legal outsourcing. However, recently more LPO's have increasingly recognised the opportunity to do KPO type complex work that requires trained and experienced lawyers. For example, contract drafting and negotiation, provision of complex legal

advice, handling dispute resolution (for example drafting pleadings and submissions) etc. KPO type high end legal work is what LegalBase focuses on.

How did you start LegalBase?

SP: Ali and I were both legal practitioners prior to starting LegalBase, Ali in London, Brussels and Dubai and I have an established practice in Sri Lanka, Sudath Perera Associates. I have had an interest in the legal outsourcing industry for some time now and I joined the IAOP and attended several conferences to learn more about outsourcing in general. I thought that legal outsourcing was something that was well suited to Sri Lanka, as we have a pool of talented lawyers capable of performing work to international standards. At that time India had already ventured into the LPO industry and had what was becoming an established and growing industry but the focus in India was on relatively process oriented low end BPO type legal work. I was more interested in creating an LPO which performed more complex and high value KPO legal work. When I met Ali we realised we had the same vision of targeting more complex legal work as this was a niche and unexplored area, we teamed up and together we decided to start LegalBase.

You mentioned about the high-end work that LegalBase does. How does LegalBase differentiate itself from other LPO businesses in other parts of the world?

AT: We are set up very much like any other international law firm and we have distinct practice areas which include Corporate and Commercial Law, Corporate Services, Litigation and Document Review, Banking and Finance, Employment Law and Intellectual Property.

SP: We handle similar work to what any onshore law firm would handle. For example our Intellectual Property practice handles a variety of legal work related to registration, monitoring and enforcement of IP including filing arbitration applications for domain name disputes before the World Intellectual Property Organisation (WIPO). Our Corporate and Commercial Law practice handles the drafting, negotiation and review of a wide variety of commercial contracts.

Would you like to tell us about your clients?

AT: We cater to a variety of law firms and companies. At the moment the majority

of our clients are UK and Europe based. Some of our clients do not have in-house counsel, therefore we act as their sole counsel dealing with their legal matters. For example, we recently handled several loan financing transactions and performed all the work related to them here; from drafting all the documentation to negotiating with the lawyers on the other side.

In terms of experience and expertise, what do Sudath Perera and Ali Tyebkhan bring to LegalBase?

AT: Sudath and I have very different areas of expertise and experience as legal practitioners. Sudath has a tremendous amount of experience in the areas of litigation and intellectual property law and works with a number of multinational companies in Sri Lanka as well as an array of international clients including 60 leading global brands. I specialise in the areas of corporate, commercial (including IP), banking, finance and EU law. I worked for Lovells, one of the largest international law firms in the world and in-house at Emirates National Oil Company (ENOC) in Dubai. My experience at a law firm (Lovells) and in-house at ENOC means I have experience and insight from both a legal service provider and client perspective; this helps me to understand the workings and requirements of both law firms and corporations and also the high standard of work required and produced by leading law firms. At LegalBase we are confident we can match the quality of work produced by law firms and in-house counsel onshore in jurisdictions including the UK and USA. Clients want quality legal services and they want to be able to come to a lawyer in Sri Lanka who can give them the same quality as they would get from a lawyer in London, New York, Singapore or Hong Kong. We are confident that we can achieve this.

Recently LegalBase was rated among the world's 'Best 10 companies by services offered: Legal'. Can you tell us about this achievement?

AT: The International Association of Outsourcing Professionals (IAOP) is an association of global outsourcing professionals and it works collaboratively to collect, analyse and publicise information significant to outsourcing professionals. The Global 100TM Plus Report is an annual independent survey of all outsourcing companies and ratings are decided by an independent panel of judges. This year was the first year LegalBase entered a submission and we are extremely pleased with the results considering that LegalBase is such a young company. It seems that we were highlighted for our "law firm" approach to legal outsourcing and also for our employee management and executive leadership.

SP: It is important to note that the IAOP rankings consider all outsourcing companies globally who operate not just in the LPO sector but also in accounting, finance, IT, human resources, research and development etc. To have been ranked a “Best 10” LPO is significant but it is also significant that we obtained an overall ranking of 137 in the world and were identified as a “rising star”. We were competing against global outsourcing giants like Accenture, IBM and Tata Consultancy Services, who were all ranked in the top five.

On what criteria do the IAOP determine the ranking?

AT: The rankings are based on an independent evaluation of the company against four criteria: size and growth rate, customer references, demonstrated competencies and management capabilities. LegalBase scored particularly well in the management capabilities category.

Is LegalBase the only local firm doing this?

SP: LegalBase is not the only LPO in Sri Lanka but I believe that we are the only LPO here offering more complex and high-end legal work to clients. We have been pioneers in this field of value added legal services in Sri Lanka.

Since LegalBase is one of the first LPOs of this type in Sri Lanka, what were the challenges that you had to face?

SP: Sri Lanka was not recognised as a legal outsourcing destination, when people thought of legal outsourcing they automatically thought of India, the Philippines or more recently South Africa. Initially it was a challenge to convince our clients that Sri Lanka was a good choice and had many benefits. Clearly another issue for clients was the war and the security situation. We were always asked about this by potential clients and made it more difficult to sell Sri Lanka as a destination for outsourcing because of client concerns about the security and stability in the country and interruption of services. Now, thankfully, this is less of an issue and it will be easier to convince clients to outsource legal work to Sri Lanka.

Many South Asian countries and many other developing countries are offering outsourcing services. Why should a client choose Sri Lanka?

SP: Sri Lanka has a great deal to offer clients looking to outsource work. We have a large number of qualified professionals who are able to perform high quality work at

lower costs. Sri Lanka has a number of well qualified lawyers and an excellent legal educational system both in terms of the local LLB degrees offered by our universities and the programme offered at the Law College. We also have many lawyers who have studied at UK, Australian and American universities who have returned to the country to work. The Sri Lankan legal system has been influenced by the English common law system which means that Sri Lankan lawyers are well equipped to deal with legal matters relating to other common law countries. It is also noteworthy that the Sri Lanka Law College now conducts bar exams only in English. From an outsourcer's point of view, this is an excellent step since it ensures that Sri Lankan lawyers are well versed in English and provides grounding for them to perform legal work in English to international standards.

AT: Another big advantage here is that a lot of lawyers in Sri Lanka and certainly many lawyers that we have on our team have done the external University of London LLB degree offered in Colombo through the Royal Institute. This external LLB degree course is the same as that followed by students studying the degree in London and all the exam papers are marked in London. This gives Sri Lankan lawyers unique grounding in English and EU law and the knowledge to more easily grapple with this type of legal work. It is also a selling point for potential clients because the University of London is well recognised and this is a qualification most foreign clients can identify with easily.
SP: In addition, the law degree offered by the University of Colombo is regarded as particularly demanding and rigorous. The various legal degrees available in Sri Lanka are focused on developing analytical skills and analysis rather than rote learning and I believe a positive result of this kind of training is that Sri Lankan lawyers are well suited to do high level legal work because they come through that culture and education of analytical and independent thought.

What can be done to make Sri Lanka more attractive to businesses looking to outsource work to KPOs?

SP: With the current economic climate, the KPO industry is set to really take off. In fact we have already seen an improvement in the volume of business that LegalBase has received. It is important for the Government and other institutions and agencies, like the BOI, to make a concerted effort to position Sri Lanka as a premier destination for KPO outsourcing, not just for legal outsourcing but other types of KPO services, like accounting. The Government should create a climate in Sri Lanka which supports businesses that provide KPO type services. This will

benefit these businesses and also benefit the country. KPOs will attract foreign currency to the country and will aid the government in curbing the problem of “brain drain”. KPOs cater to foreign clients and are often paid in foreign currency therefore they are in a better position to provide competitive salaries and entice Sri Lankan professionals to stay in the country or return to the country. In addition working at a KPO allows these professionals to do comparable work and get similar exposure to what they would get if they went abroad. The government can use the knowledge and expertise of established KPOs, like LegalBase, to develop policies and programmes aimed at developing the KPO industry in Sri Lanka. However, to really maximise the benefit to the KPO sector the Government really needs to act fast because the time to establish Sri Lanka as a premier destination for KPO work is now. If we put it off for too long we will miss the boat. By the time Sri Lanka realised the value of BPO operations and tried to position itself in the BPO market, companies in India and elsewhere had already firmly established themselves in the industry and Sri Lanka was a late comer and found it difficult to capture a significant portion of the market. We should not make the same mistake with the KPO industry.

AT: Governments in many other countries have already realised the value in developing and promoting the KPO sector. I have noticed from recent press on the subject that the Sri Lankan government has also expressed interest to develop the sector and creating initiatives. This is encouraging for companies like LegalBase and also for people interested in entering the KPO sector. Local subsidiaries of multinational companies should try and spread the word to their head offices abroad that Sri Lanka is well positioned to deal with their KPO needs. Especially in this current recession when so many companies are trying to cut costs, they may be interested to learn that high quality KPO services are readily available in Sri Lanka and taking advantage of the services could add tremendous value to their organisation. Local subsidiaries of multinationals who raise awareness in this way can really help the KPO industry here to take off.

What’s in the future for your business and the industry as a whole?

AT: Our goal is to continue to expand, grow and continue to position ourselves as one of the foremost providers of complex high value legal services globally. Receiving this independent award from the IAOP puts not only LegalBase but Sri Lanka as well on the map. We believe we can make Sri Lanka a top destination for anyone looking to outsource legal work.

SP: In relation to the future of the outsourcing industry in Sri Lanka there is certainly a lot of scope for the industry as a whole to develop in Sri Lanka. As we mentioned before, it will require some effort from the government to promote the industry. Sri Lankans living abroad and Sri Lankans working for large multinational companies in Sri Lanka can also help promote the industry by getting the word out that Sri Lanka is a serious contender in the outsourcing industry and that companies should look toward Sri Lanka for their outsourcing needs. At its inception and to a large extent even now, the Indian outsourcing industry seems to have been propelled by the Indian Diaspora living abroad who do a lot to sell India as an outsourcing destination. We should follow this example in developing the outsourcing industry in Sri Lanka.