

2 firms pioneer legal outsourcing

Work costs in India are half those in U.S.; strategies differ
by [Steve Garmhausen](#)

For telecom software maker Roamware, one of its smartest moves required a leap of faith.

Last year, the company turned over a critical job--loading thousands of pages of client contract information into a new database--to a fledgling Manhattan-based firm that promised high-quality work at a fraction of rivals' prices. The catch: The work would be done not in New York but half a world away, in Mumbai, India.

The gamble paid off. Now, Roamware is sending the startup a steady stream of work connected with its patent filings.

"We have not only reduced costs, but also dramatically improved quality," says Alan Sege, general counsel for the San Jose, Calif.-based company.

Death-defying stunts

The startup, Pangea3, and a young midtown rival named QuisLex have accomplished something that few people would have thought possible. Each of them has quietly persuaded scores of companies, including giants such as Yahoo and Fujitsu, to ship increasingly large shares of their routine legal paperwork to India.

Neil Bianco, management committee adviser at New York-based law firm Chadbourne & Parke, even calls their victory "another step in the globalization of law firms."

In two years of operation, the two firms have assembled a small army totaling more than 200 lawyers and paralegals, the majority of whom work out of offices in India. There, the companies have established themselves in lucrative work ranging from drafting patent applications to researching the laws on vacation pay in the States--all of which they do for less than half the price charged by their American counterparts.

Although Pangea3 and QuisLex have much in common, their routes to success were dramatically different. David Perla and Sanjay Kamalani, co-chief executives of Pangea3, set a much more daring course.

From the outset, the partners targeted some of the world's largest corporations. To succeed, they had to offer high-quality work on a scale appropriate for global

companies. Meeting those goals meant making extensive up-front investments in staff and equipment. That, in turn, meant one thing: "We had to go raise money," says Mr. Perla, 37, the former general counsel at Monster.

Takes millions to make millions

Mr. Perla and his law school classmate, 37-year-old Mr. Kamlani--who formerly served as general counsel at outsourcing firm Office Tiger--have raised \$5.5 million in funding. Their client list now includes a score of huge corporations and 40 smaller ones. Revenues are on course to hit \$2 million this year.

QuisLex's 36-year-old CEO, Ram Vasudevan, expects revenues to hit \$5 million this year. Although his client roster boasts several Fortune 500 companies, most customers are far smaller, in keeping with Mr. Vasudevan's overall approach. The company started small and courted small businesses as clients, plowing profits back into the business.

When Mr. Vasudevan launched QuisLex, the office in Hyderabad, India, had just three lawyers working out of one room. To minimize expenses in far pricier New York, the executive partnered with Strategic Legal Solutions, a Manhattan-based staffing firm. They set up a joint company to market QuisLex and oversee large projects.

Mr. Vasudevan expects to nearly double QuisLex's revenues next year. Pangea3 is hoping to do even better by trebling revenues in 2007 versus 2005 levels.

CULTURE GAP

PROBLEM Indian etiquette calls for more formal and deferential language, both spoken and written.

PANGEA3'S SOLUTION The firm teaches its Indian lawyers to use Americanisms such as "I want to give you a heads-up," and reminds them that Americans thrive on openness.

QUISLEX'S SOLUTION Employees are immersed in the U.S. style, and their training includes lessons in frankness. For example, workers are told to turn down tasks if they are swamped and have no time to do them.

Comments? smallbiz@crain.com
