

LPOs Are Disrupting the Industry—and Young Lawyers Should Take Notice

By The Young Lawyer Editorial Board | October 31, 2019 The American Lawyer

Legal process outsourcing companies (LPOs) are making headway as disrupters in the legal industry. (LPO is the practice of a law firm - or corporation - transferring the work of attorneys, paralegals and other legal support services to external suppliers located domestically or overseas) . With expected year-over-year growth of 32% for the next five years, they represent the fastest-growing segment of the legal market. As a result, a lot of media attention is given to doom-and-gloom stories about offshoring and advancements in technology displacing workers and leading to social and economic upheaval. Although it sounds intimidating, young lawyers would be wise to embrace these changes and use advancements in business process outsourcing and digital solutions to build on their own practice.

In other respects, young lawyers don't have a choice, because LPOs will likely reduce the number of jobs available overall. So that they can continue to thrive as the legal industry adapts to ever-increasing global flattening, young lawyers should be aware of how LPOs are affecting the industry. By doing so, they can work on developing the necessary skills and focus on managing the client relationship, which cannot simply be outsourced to lower-cost suppliers, as they move their way up through partnership and firm management ranks.

LPOs are disrupting the legal services industry through the combination of specialized work, unique delivery models, digital solutions in the form of legal technology, and cost-effective pricing structures. At the same time, LPOs are increasing the scope and capabilities of law firms on a global scale. They range from independent service providers to global arms of the Big Four accounting firms and multinational law firms. LPOs traditionally focus on delivering services ranging from administrative work to back-office operation centers covering word processing, finance, human resources and technology. But they are now offering more sophisticated legal services—work traditionally handled by law firm associates—such as litigation and investigation support, due diligence, contract review, basic legal research and writing, regulatory risk and compliance.

As LPOs assume the more routine and less complicated legal work from large firms, young lawyers may feel the urge to panic about how they will be able to position themselves as key players and grow within their firms. While the nature of the work of lawyers and firms is changing, it's moving in a positive direction, one that will provide clients with the maximum return on investment for legal services and allow attorneys to focus on the type of work that truly requires a legal education. Young lawyers can benefit from the changes happening in the industry and navigate law firms' shifting business models by following a few recommendations.

First, young lawyers can confront the changes in the legal industry by redoubling their efforts on refining core competencies. There are some skills that cannot be outsourced due to ethical rules, conflict-of-interest rules and duties of confidentiality that bind attorneys in the United States . Thus, it would benefit young attorneys to focus on skills that are not easily replaced by LPOs or that only U.S.-licensed lawyers can practice, such as mergers and acquisitions, trial advocacy and arbitration, negotiation, dealmaking, litigation strategy, to name a few.

Second, young lawyers should advocate for their firms to develop a strategic plan to make up for the potential training gap resulting from skills that are learned when mundane work is outsourced, and ensure they are still receiving the requisite education while mundane legal tasks are being outsourced more frequently. For example, associates can request that their firms allocate the cost savings (and profits) from using LPOs to giving them nonbillable credit to develop more substantive skills through shadowing and mentoring opportunities.

Finally, young lawyers should remember that neither artificial intelligence nor low-cost alternative labor will be able to replace best-in-class, client-first, quality service. Associates should now more than ever work on building their reputation and brand by always being willing to take on new assignments and challenges, working with as many partners in the firm as possible, demonstrating that they're taking in stride the industry's changes, practicing with integrity and having a good attitude at work. These are attributes that always have and always will make a young lawyer indispensable to their teams, the clients they serve and the firms in which they work.