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KPO CONSULTANTS
CONSULTANTS TO LPO INDUSTRY

LPO
Watch

India's First Magazine On LPO Industry

A close-up portrait of a man with short, dark, curly hair and glasses. He is wearing a light-colored, patterned shirt. The background is a soft, out-of-focus grey.

Leadership. Sustained.

Ron Friedmann
SVP - Marketing, Integreon KPO



Pankaj Parnami

Dear Friends,

A slowdown in the US is giving a push to the Indian legal process outsourcing (LPO) sector. Indian LPO firms are reporting a rise of over 200% in revenues in the past 12 months as they see a dramatic rise in litigation, intellectual property infringement work and bankruptcy-related document drafting. However, the LPO industry requires its players to devote energy and their time in bolstering the process and legal data which would result in caricaturing a scalable model. This is definitely the sector for those with brains and ambition.

The June issue of this online magazine is full of imperative articles, starting with a discussion on a Legal perspective of outsourcing industry in India by Harsh Surana, Partner, Surana Law Offices. We thank him for sharing his valuable views and to give us a deep insight pertaining to the legal aspects in the outsourcing industry. We are equally happy to interview Ron Friedmann from Integreon KPO to share with the industry about the progress at Integreon, globally. We are also very grateful to Nari Kannan, CEO, Ajira Technologies Inc. for providing views on the importance of technology for collaboration in the article KPO 2.0: Harnessing technology for effective collaboration.

Tariq Hafiz, President, LegalEase Solutions discusses the special services and the capabilities required to execute the projects in the LPO Industry in his article Off shoring of legal research and writing. We also bring you the risks of the letters of intent in outsourcing in the article Beware of letters of intent in outsourcing by W. Carter Santos, Assistant Vice President, Equifax Inc. We would like to convey our deep regards to them for their valuable contribution to this issue of LPO Watch.

With so much of possibilities in this sector, we find it as our duty to provide you with the latest happenings and useful information about the LPO industry which will help to nurture your capabilities and broaden your insight in this sector.

Keep sharing.

Yours sincerely,

Pankaj Parnami

Editor

pankaj@kpoconsultants.com

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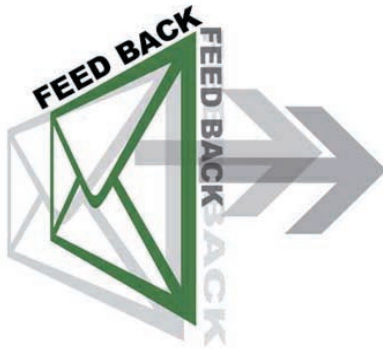
If you find any scope for our mutual relationship development in LPO sector, or your organization wants to share some important happening and / or development in LPO sector, KPO CONSULTANTS welcomes to hear from your side at info@kpoconsultants.com

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Dear Sir,

The publication is very informative and covers a wide range of topics. The appearance is classy and professional. The magazine appeals to different groups and individuals with different backgrounds, although targeting the LPO community; the features in the magazine go across various topics including security and survey to law firms. I believe that LPO Watch is an exceptional read!

Stephon Fresno, *Philippines*

Dear Editor,

The magazine is set for a healthy run in India and the US!!!.....The magazine has everything; a sophisticated person would want to read about and also to learn about from articles contributed by people from the top management. I like that the articles are detailed enough to impart knowledge on that particular subject. I think that is a great feature. I wish you all the luck and success for your magazine.

-Matthew Arnold, *United Kingdom*

Dear Editor,

I would like to take this opportunity to congratulate KPO CONSULTANTS and the rest of the team on this significant achievement and on the overall success of the LPO Watch since its inception. This time, all articles were of my interest specially the article by Gabriel Acevedo focusing on the "My Open Letter Concerning Legal Outsourcing" - this really gave all of us an insight to the industry scenario in United States. I am proud to support the magazine which encourages, fosters and supports the LPO sector. I wish LPO Watch best of luck for the future.

- Udaipal Sidana, *Bhubneshwar*

Dear Editor,

The success of LPO Watch is itself a wonderful example of hard work which has been done by your team. An opportunity was spotted by you people in a growing market, a strong team was developed to support the product and efforts were made to finally make it happen. Its success is also a reflection of the rapidly growing number of readership it is getting. Keep it up.

-Jyotishwar Barodd, *Hyderabad*

We welcome your feedback at info@kpoconsultants.com

Latest Happenings in **LPO Space**



Bethesda, Maryland law firm sues US Government and India-based LPO

Bethesda, Maryland law firm sues US Government and India-based LPO to determine if transmission of data from the US to India results in waiver of Fourth Amendment protection of the data. A lawsuit filed in the US District Court for the District of Columbia by a Maryland law firm that was solicited by an offshore LPO attempts to obtain a declaratory judgment about whether electronic transmission of information to an LPO in India in connection with litigation involving American citizens results in a "windfall of information" about American citizens to the US government. The complaint states that electronic transmissions to India may result in waiver of attorney-client communications and disclosure of client confidentiality, which is inconsistent with expectations of privacy that Americans have in the documents produced in the course of civil litigation.

To know more visit

http://nmhlaw.com/yahoo_site_admin/assets/docs/MDLegalEthicsCmte.136152247.pdf

CPA recognized by Brown-Wilson Group

CPA has been awarded the number one ranking in the "Contract & Legal Document Review" category and the number two overall position in the 2008 Black Book of Outsourcing's Top Legal Process Outsourcing (LPO) Vendors survey. Over 80 LPOs worldwide competed for Top Ten honors in 2008.

The Black Book Survey produced by the Brown-Wilson Group Inc. ranks providers of outsourced sales processes and services. CIO magazine in April, 2008 ranked The Black Book Survey as the number one outsourcing survey.

"To be ranked as the number two legal process outsourcing provider worldwide reflects the commitment and investment that CPA has dedicated to this growing marketplace" said Bhaskar Bagchi, Country Head, CPA, India.

To know more visit

http://www.varindia.com/searchdetails_title.aspx?id=6fcac0914825462d918d8af1f1ae6cb1

Revenues for Indian KPO industry to reach US\$10bn by '12

A report published by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) revealed that the Indian KPO industry is expected to generate USD 10 billion revenues by 2012, representing a year-on-year growth of 25-27 percent. The report stated that the industry is dependent on skilled professionals from emerging knowledge-based domains in India including biotechnology and nanotechnology to witness this growth.

The Indian KPO industry currently generates about USD 4 billion revenues and is dominated by professionals from the management, medical, and engineering domains. The domestic KPO industry is facing intense competition from emerging countries including the Philippines, Russia, China, Poland, and Hungary.

To know more visit

<http://www.assochem.org/prels/shownews.php?id=1564ae6cb1>

Outsource work of risk being cut out of the loop

Law firms should be looking to cut costs and outsource some legal work to compete effectively once alternative business structures (ABSs) come into being. Kerry Underwood, senior partner at Hertfordshire firm Under-woods, has warned.

Speaking at a legal process outsourcing (LPO) event hosted by the South African High Commission in London last week, Underwood said major companies were 'no longer prepared to pay the rates even junior lawyers are charging in London, New York and Washington. Lawyers here will be cut out of the loop'.

However, Seamus Smyth, partner at London firm Carter Lemon Cameron's, told delegates that while outsourcing purely mechanical process would be relatively safe, outsourcing professional legal services to lawyers not qualified in English law would be problematic. He said: 'I am positive about LPO at a mechanical level but much less so at a professional level. I think it carries a high level of risk with it'.

To know more visit

<http://in.rediff.com/money/2008/jun/11bpo.htm>

Lawyer raises constitutional question about legal process outsourcing

Bethesda-based Newman, McIntosh & Hennessey LLP, Hennessey's employer, filed a complaint for declaratory judgment and injunctive relief in the US District Court for the District of Columbia, reports The Maryland Daily Record. The law firm also wants the ethics committees of the Maryland State Bar Association and the D.C. Bar to issue an opinion.

The MSBA has declined to do so, both because the matter is in litigation and because it involves "political issues that are really not the purview of the committee," says the chairman of its ethics committee.

According to Hennessey's complaint, offshoring legal work "would nullify the reasonable expectation of privacy that American citizens - litigating purely domestic disputes in US Courts - would have in the documents that they produce in the course of civil litigation."

William A. McComas, a partner in Shapiro, Sher, Guinot & Sandler P.A. who writes about the law and technology, said law firms that outsource should consider moves such as requiring clients to sign a waiver before representing them. He noted that, to address client concerns about e-mail security, he began including in client retention agreements a statement that, unless he specifically informs clients otherwise, he will use e-mail to communicate about their cases.

To know more visit

<http://www.itbusinessedge.com/blogs/sts/?p=384>

Beware of letters of intent in outsourcing

Article

The customer and the vendor sometimes enter into a letter of intent or letter of authorization (LOI) to jump-start an outsourcing transaction that has been delayed or mired in protracted negotiations. The longer the negotiations proceed in an outsourcing transaction, the more likely the customer will feel pressure to enter into a LOI. However, entering into a LOI presents substantial risks to the customer and in almost all cases should be avoided.

For the purposes of this article, a LOI is a document signed by both parties which (i) vaguely describes or lists services or setup activities to be performed by the vendor prior to the execution of a definitive agreement, (ii) commits the customer to spend money with the vendor, and (iii) requires the parties to negotiate in good faith to reach a definitive agreement.

Under pressure to execute the LOI

During the negotiation of an outsourcing transaction, it is customary for each party to bear its own costs and expenses. Since outsourcing deals are by their nature complex transactions, the length of time to negotiate an outsourcing

deal is substantial and can vary from two months to two years, depending on the flexibility of the parties, the reasons for the outsourcing, and the level of required due diligence. During this time, both parties will incur a significant amount of expenses for, among other things, lawyers, consultants, travel and internal resources.

The vendor almost always wants to close the deal as quickly as possible to limit the pre-deal expenses and begin generating fees. The business unit benefiting from the outsourcing also wants to close the deal quickly to realize the perceived benefits of the outsourcing, such as cost savings, enhanced business processes, technology transformation and/or increased capacity. But, due to inexperience, the business unit is often not concerned with obtaining terms and conditions sufficient to ensure accountability for vendor performance. The customer's deal negotiators and lawyers will advise the customer not to enter into a deal until, among other things, all key business and legal issues are resolved in a manner acceptable to the customer, all customer departmental approvals are obtained, and all "TBDs" in the definitive agreement are closed.

“

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At the beginning of an outsourcing transaction, the parties typically develop a detailed project plan. These plans often contain little or no margin for error on the deal timeline. During negotiations, the deadlines for various activities in the plan are often extended because, among other things (i) the customer's business requirements are not fully defined prior to the start of negotiations, (ii) the project plan omits critical steps, (iii) key decision-makers for both parties are not available to make time-sensitive decisions, (iv) gaps between the parties on critical business and legal issues hold up negotiations, and (v) delay tactics are employed at different points during the negotiation process by one party to obtain concessions from the other party.

As the contract completion date is pushed farther and farther out, the business unit responsible for the outsourcing often feels or perceives senior management pressure to close the deal. Delays in closing the deal mean missing the business unit's deadlines to realize the benefits of the outsourcing. These benefits have likely already been communicated to key stakeholders, such as senior management, employees, customers, other business units and/or shareholders, and incorporated into financial projections that cannot be easily changed or retracted.

The vendor will invariably offer to accelerate the deal (in an effort to meet the business unit's deadlines) by performing key setup activities prior to execution of the definitive agreement, such as (a) hiring and training the vendor personnel who will perform the services, (b) preparing a transition plan to transfer the services to the vendor, or (c) purchasing and implementing equipment and software needed to perform the services. The attraction to the customer is that the early performance of these setup activities can reduce or eliminate the transition period contemplated by the definitive agreement and allow the customer to quickly realize the benefits of the outsourcing once the definitive agreement is executed.

In some instances where the customer needs the services performed immediately, the vendor may offer to start performing the actual services prior to the execution of a definitive agreement. For example, if the customer has an undermanned sales call center, the customer may have the vendor start handling a portion of the calls to generate revenue from otherwise abandoned calls. Of course, to perform the setup activities or the out-

sourcing services, the vendor will ask the customer to execute a LOI so that the customer is contractually obligated to pay the vendor.

Substantial risks to the customers

As described above, LOIs present little risk to the vendor because the customer is obligated to pay the vendor for services rendered under its terms, which generally contain minimal performance accountability risks for the vendor. However, LOIs present substantial risks to the customer for the following reasons:

1. Operating under a LOI dramatically reduces the customer's leverage, and dramatically increases the vendor's leverage, in the negotiation of the definitive agreement.
2. Once the LOI is signed, the vendor may feel no sense of urgency to "close the deal" because the vendor will be getting paid to perform services that will "embed" the vendor in the customer's operations and cut off competitors' interactions with the customer.
3. A LOI commits customer funds to the vendor prior to determining (a) the scope of the services, (b) the pricing, (c) the quality control standards, (d) the intellectual property ownership and use rights of the parties, (e) the risk allocation scheme, and (f) the termination rights of the parties. In other words, the customer does not yet know what it is buying under the definitive agreement.
4. The vendor will likely have little to no performance risk or accountability under the terms of the LOI. If the vendor fails to perform the services or harms the customer in the process of performing the services (such as through the wrongful use of customer provided intellectual property), the customer has little recourse against the vendor.
5. The customer stakeholders who made the decision to enter into an LOI decision will resist terminating the LOI and walking away from the vendor for fear of appearing to have made a poor decision in their choice of vendor and in proceeding under a LOI.
6. Performing setup activities prior to a definitive agreement gives the vendor new insight into the deal and the problems it raises for the vendor. As a result, the vendor will negotiate harder to limit its responsibilities and avoid liability for these problem areas under the definitive agreement.

7. Negotiating a LOI results in misdirecting customer resources away from the negotiation of the definitive agreement. Accordingly, negotiating a LOI actually slows down the outsourcing process and delays the execution of the definitive agreement.
8. Beginning key setup activities and services under a LOI prior to a full definition and scoping of the deal often leads to poor execution and disputes between the customer and vendor.
9. If the customer does not enter into a definitive agreement with the vendor, then the funds spent by the customer under the LOI will be wasted. That is, the customer will have to spend this money again with another vendor for that vendor to perform the outsourced services.

Conclusion

In almost all cases, the customer should not use the LOI vehicle as part of the outsourcing formation process. To avoid being pressured into executing a LOI, the customer deal team should (i) educate customer stakeholders that a LOI will eliminate competitive urgency for the vendor, "embed" the vendor into the customer's operations, and reduce the customer's leverage in the negotiations; (ii) advise the business unit and the key stakeholders that delay is often used as a negotiation tactic in order to increase negotiation leverage; (iii) establish a timeline with ample

cushion to account for unexpected delays; and (iv) require all communications by the vendor to the customer regarding the deal to go through the customer deal team (to avoid back-channel pressure by the vendor to the key stakeholders regarding a LOI).

There may, however, be unique circumstances when the customer should consider entering into a LOI with a vendor, such as when the customer's existing agreement with a vendor to perform a critical business function ends and, at that time, the customer does not have the resources or ability to provide those functions itself or a definitive agreement with another vendor to do so.

In determining whether to enter into a LOI in that case, the customer must weigh the risk of entering into a LOI against the risk of not performing the critical business function from the point at which the vendor stops performing the outsourced services to the execution of a new definitive agreement.



Name of the Author

W. Carter Santos

Background

Vice President, Equifax Inc.

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Comprehensive ranking of the world's IP jurisdictions

New research has for the first time established a statistical ranking of 22 of the world's leading economies and trading nations in relation to protecting and enforcing intellectual property.

The Global Intellectual Property Index (GIPI), launched today by European law firm Taylor Wessing, presents a statistical comparison to date of how jurisdictions are viewed in terms of 'IP competitiveness'. Jurisdictions are rated as places in which to obtain, exploit, enforce and attack the three main types of IP: trademarks, patents and copyright.

It is most useful to consider the results of the GIPI in terms of five groupings or 'tiers' of IP competitiveness. These groupings are shown below:

The Tiers of IP Competitiveness

Tier 1	UK USA Germany
Tier 2	Netherlands Australia Canada New Zealand Singapore France
Tier 3	Israel Japan Spain South Africa South Korea
Tier 4	Poland Dubai (UAE) Italy Mexico
Tier 5	India Brazil Russia China

Key findings

- » Cost does not seem to be a major factor in the rankings - the jurisdictions where costs of obtaining and enforcing IP are high are generally towards the top of the GIPI rankings.
- » The tier 1 jurisdictions - UK, USA and Germany perform strongly in all three areas of IP. The UK heads up both the trademark and patents index and is second in the copyright index. The USA leads the copyright index but is down in 6th place for trademarks. Germany is in the top three in all three indices. With the USA being in 6th place in the trademark index, the UK, Germany & the Netherlands are the only jurisdictions to appear in the top 5 in all indices.
- » There is a wide variance in the ratings of European jurisdictions, despite the intended harmonisation of laws within the EU. The UK and Germany are tier 1 jurisdictions whereas Poland and Italy are in tier 4.
- » Seven of the nine jurisdictions in tiers 1 and 2 of the GIPI have legal systems based on common law.
- » The BRIC jurisdictions (Brazil, Russia, India, China) of developing countries form tier 5 of the GIPI. They are at the bottom of the list in all four indices and by a significant margin. China is bottom of each index although several questionnaire respondents noted that China has made significant strides in recent years at improving its IP protection systems. At present the perception of the effectiveness of those systems appears to be lagging and it remains to be seen whether China's position improves going forward. Brazil, Russia and India are still seen as very poor jurisdictions in which to manage all forms of IP.
- » The highest Asian jurisdiction is Singapore in tier 2. Singapore is rated significantly higher than the other Asian jurisdictions, with Japan and Korea in tier 3. Japan is the second Asian jurisdiction but is 50 points behind Singapore. China is in tier 5 and is more than 300 points away from the tier 1 jurisdictions.
- » The size of a jurisdiction (measured by GDP) seems to have little effect on the ability to manage IP. Both large and small jurisdictions can get IP management right if they are generally places where the rule of law is highly regarded.
- » IP competitiveness is not a 'zero-sum' game where one jurisdiction's gain is another's loss. Jurisdictions that manage IP well are seen as mutually supportive and encourage better IP management globally.

Michael Frawley, Managing Partner at Taylor Wessing LLP, comments:

"We live and work in a global market and IP is a global issue. For companies operating in this market, safeguarding IP in today's developing economies is just as important as securing protection in the developed ones."

"IP law is developing rapidly in order to meet the challenges of the ever increasing change in technology and no jurisdiction can afford to be complacent about how its legal system accommodates these changes."

"There is much anecdotal comment about how well IP is protected in different jurisdictions and what needs to be done about it. The Global IP Index provides real data based on a combination of objective factors and the knowledge and experience of people operating in the field. We hope that the Index will make a valuable contribution to the ongoing debate in this vitally important area."

For more information please contact Sarah le Cheminant or Claire Treacy at Taylor Wessing:

Tel : +44 (0)20 7300 4930/ 4925

Email : s.lecheminant@taylorwessing.com/ c.treacy@taylorwessing.com

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"The pivotal aspects the buyers look for in the Indian LPOs include - the required talent, scalability advantage, lesser costs, business continuity arrangements, US presence, sound management team, security of their data, ethical business practices and others. I think, it's more of building up strong relations with the clients offering your trust worthy services."



Ron Friedmann

SVP - Marketing, Integreon KPO

Q. What is Integreon - KPO / LPO?

A. **Integreon** wants to be among few companies that have a dual presence in KPO and LPO. Integreon provides a complete range of integrated legal support services to worldwide legal community and helps law firms and financial institutions receive value for money in the areas of research, drafting, litigation support and administrative services. We also provide business research services to various clients in the industry. The sophisticated law firms want the LPO partner to serve as the single provider for every thing. Thus the distinction between LPO and KPO would be overviewed from our service perspective, suiting the client's demand.

Q. What is the precise role you play with Integreon?

A. I as an Attorney have more than 20 years of legal and marketing experience, prior to joining Integreon; I was the founder and principal at Prism Legal Consulting, Inc. a firm that assisted law firms and law departments with practice technology and legal market vendors with marketing. Currently I work as the SVP for marketing with Integreon. I am

here to manage the marketing of Integreon services globally. Marketing means different things to different companies; I would say that it is not a close word to sale. It is more of a part of team that helps decide what services / products we should offer to which customer, it's positioning, explaining the market trends, indeed - fulfilling the client needs at all levels. We also help our customers and our prospects understand where market is heading.

Q. **Integreon** is emerging as a leader in E-discovery services. How do you foresee the market for these services?

A. **Integreon** recently announced an acquisition with Datum Legal, Inc. Datum Legal is New York's trusted leader in electronic discovery and litigation support solutions since 1994. Law firms and corporate legal departments want a single provider to efficiently handle all their litigation support needs at a lower, more predictable cost. The acquisition of Datum Legal means Integreon now offers a single discovery management solution that includes best of breed processing, hosting and review tools and world-class document review teams in the US, India and the Philippines to deliver faster review at a predictable per-document price. The market is booming and we foresee it to be one of the hot products in the LPO sphere.

Q. **What** kind of people do you look for Integreon and what is the strength of employees in Integreon?

A. **We** believe that our people are our greatest strength. We refer to each other at Integreon as 'Associates' rather than 'employees'. We have lawyers and now-lawyers both working for us. Our Associates have exceptional communication skills; they are well experienced in their respective fields. We prefer Associates who are well skilled, believe in teamwork and have leadership qualities. At present, we have a strong Associate base of 3000 people spread across our centers in India, United States and Philippines.

Q. **Who** are your prime target segments in United States?

A. **The** prime target markets are - Law firms,

Corporations, and Financial institutions. We offer number of services to our clients in the KPO industry. Depending on the need analysis, we offer business research, administrative services, legal drafting, e-discovery, legal/non-legal and other services. Client needs are the prime focus for us. We indeed at some stages help clients realize their requirements and offer our solutions to get their jobs done at far lesser costs, while ensuring the best possible quality.

Q. **As** per your understanding of the business, what are the pivotal aspects the buyers look for in the Indian LPOs?

A. **The** Indian legal process outsourcing industry is rising with a fast pace because of its vast talent pool and cost effectiveness. The pivotal aspects the buyers look for in the Indian LPOs include - the required talent, scalability advantage, lesser costs, business continuity arrangements, US presence, sound management team, security of their data, ethical business practices and others. I think, it's more of building up strong relations with the clients offering your trust worthy services.

Q. **What** is the Economics you propose to your prospects to convert them into buyers?

A. **Reducing** cost parameter is indisputably the driving force for outsourcing of knowledge services. Our offerings from India help the clients getting things done at lesser costs - be it direct costs or indirect costs. We make investments in the infrastructure which is world-class, in training the manpower, in seamless integration of business, in evolving relations with people associated and also in continuous improvement program such as six sigma, to provide the same quality as expected.

Q. **Why** did you choose Philippines over India as the offshore location?

A. **We** didn't choose Philippines over India. We are well established in India for quiet some time and we are expanding. We already have our back-end support offices in Mumbai and Gurgaon, India. We chose Philippines for the purpose of business continuity - if something happens to the

office in India, the work can be moved to Philippines and vice versa without making any kind of delay. To some extent, we were pushed by customers so that we have a kind of onshore preference. Philippines offers our customers and us more flexibility. Philippines also offers great working environment and no barriers to the working of the company. The government is ready to support there also. We have deployed several professionals working with us in Philippines too. We, therefore, are able to offer our services with similar unique proposition as we do from India office.

Q. What difference do you find in the working of the Indian people with that of the Philippines people?

A. There are not huge but some differences between the Indian people and the Philippines people in cultural respect. India tends to align to the British legal system; Philippines tend to align to US legal system. There is a history of British colonialism in India and US colonialism in Philippines. The growth of LPO is fueled in Philippines also because of other offshored services such as call centers; high-end quality contact centers offering different services such as medical transcription, software

development, financial services, animation, and other shared services have provided effective results to international market.

Q. What remains your proposition - getting things done from Philippines or India - and why?

A. We now have offices at both the places, they are equally important to the company. The proposition of getting things done from Philippines or India is derived from the client's preferences of the location, such as onshore or offshore, kind of the project and our capacity to perform the work efficiently from that location. The other factors include flexibility, comfort level, talent availability and delivery mechanism.

Q. How do you ensure the seamless integration of LPO business process?

A. We have transition planning and program management team; it's an integrated team of people who have worked in law firms and investment banks in overseas markets. They now work with the clients as a part of our team and check our delivery standards to understand how the business works. Transition planning involves a lot of quality checking whether it's a legal work processing or financial offshore processing or business research. The program

management system includes regular meetings, allocating projects and making sure that we are able to meet the targets in time and to live up to the customer's expectations.

Q. To cope up with the quality standards, what kind of various international certifications you have acquired?

A. Quality remains the top priority in the company. We guarantee quality through a stringent quality control process that involves constant review of the quality of information being exchanged using online resources, practical expertise and other legal resources in the United States. The quality control arrangements also include mandatory conflict checking and cleansing of proprietary information. There is a dedicated quality department responsible for developing and deploying the organization's quality policies and undertake periodic reviews of its quality processes. Over and above, Integreon is proud to be ISO 9001:2000 certified, the international benchmark for quality management and quality assurance.

Q. What measures are taken by Integreon to check data security?

A. Security is very crucial to our business. We have been continuously upgrading security measures. These

include complying with international standards and tighter physical and network security. We have installed numeric key pads and biometric meter to allow access to only authorized persons. We have the video monitoring facility through out the company and also have security guards to stop people from carrying cameras or other USB devices in to the company. The use of internet, CDs and floppies is strictly prohibited in the office for the purpose of maintaining confidentiality of the clients. To alleviate concerns related to inadvertent or unintentional disclosure of confidential information, we require that our employees and contractors sign confidentiality agreements and agree to only pass confidential data over secure network.

Q. In your opinion, whether off shoring legal work constitutes waiving attorney-client privilege, since the US government can conduct surveillance of communications between US residents and foreign nationals?

A. Yes, the allegation is true. That applies equally to the LPO, law firms and other kind of offshoring. It has nothing to do particularly with the LPO industry.

Q. What kind of training do you offer to the employees at Integreon?

A. At high level, one of the core competencies for Integreon is ability to find high quality delivery Associates. The process includes selecting them, train them, motivate them and to retain them for higher growth. However, in the entire process the objective is to identify the right candidate. We talk to a lot of people but hire very few of them. Training is the foundation of our operational quality. Our training is standards-based, meaning that trainees must demonstrate mastery of skills before graduating to live delivery.

Q. What do you see the impact of the ensuing Presidentship of Barak Obama on the LPO sector?

A. We don't think fundamentally it will have any change in the long run. We don't see any evidences, significant changes in the framework that will have any

direct impact on our business.

“Quality remains the top priority in the company. We guarantee quality through a stringent quality control process that involves constant review of the quality of information being exchanged using online resources, practical expertise and other legal resources in the United States.”

Press Release

Integreon acquires Datum Legal and launches fixed price per document E-Discovery and accelerated Document Review Solution

Acquisition expands Integreon's Integrated Discovery Management Solution to enable corporations to drastically and predictably reduce litigation costs, improve review quality and speed

Integreon Managed Solutions, Inc., a global leader in integrated knowledge process outsourcing (KPO), announced recently that it has acquired Datum Legal Inc., a leading litigation support and electronic data discovery (EDD) company in New York City. Chris Egan, Datum Legal's founder and CEO, has been named an Integreon Senior Vice President and will oversee the company's Discovery Solutions business.

Acquiring Datum Legal, with its experienced e-discovery professionals and state-of-the-art 20,000 square foot facility, builds on Integreon's 2006 acquisition of Bowne & Co.'s Digital Litigation Support business to give Integreon unparalleled litigation support capabilities in New York.

Integreon is the leading global legal process outsourcing (LPO) firm with 400 offshore professionals reviewing litigation documents for law firms and Global 2000 corporations. With the addition of Datum Legal's capabilities, Integreon now offers an integrated discovery management solution with a guaranteed fixed-price per document. Furthermore, corporations and law firms can now deal with a single point of contact for all the key elements of an e-discovery case: professional services, data reduction through analytics, processing, hosting, and attorney review. Integreon performs all services at its wholly owned facilities, both onshore and offshore.

"**Law** firms and corporate legal departments want a single provider to efficiently handle all their litigation support needs at a lower, more predictable cost," said Liam Brown, CEO of Integreon. "Our acquisition of Datum Legal means we now offer a single discovery management solution that includes best of breed processing, hosting and review tools and world-class document review teams in the US, India and the Philippines, to deliver faster review at a predictable per-document price."

"**Datum** Legal excels at e-Discovery processing, hosting, and production services but we needed additional resources and an experienced document review partner to provide our clients with a truly integrated solution," Mr. Egan said. "We look forward to continuing to provide our services to our current clients and we're excited to add Integreon's best-in-class offshore review teams. A fully integrated discovery management solution is clearly the wave of the future."

Ayala Corporation, one of the leading conglomerates in the Philippines and Integreon's majority shareholder, provided funding to finance the acquisition and future expansion capital. Terms of the transaction were not disclosed. Datum Legal was represented by John A. Gilroy of CT Equity Partners, LLC.

KPO 2.0: Harnessing technology for effective collaboration

Article

“ We envision KPO 2.0 as an approach to designing centralized collaborative Internet portals that provide self-service for all parties involved in Knowledge Process Outsourcing! A client employee should be able to login to a secure portal from their home or office and fill out a simple form in a web site, attach documents and submit a new KPO assignment to the service provider! ”

Knowledge Process Outsourcing is growing rapidly in many areas such as the Legal Domain, Financial Research, Market Analytics, Retail Analytics, Document Processing, Training Material Development; new areas such as Architectural Services, and Animation. Invariably, the buyers of these services are in the U.S or Europe and the service providers in Asia - mainly India and other countries like the Philippines. The technology used for delivering these services has slowly evolved over a period of time.

In technical circles, Web 1.0 was characterized by the evolution of websites, ecommerce sites and the birth of companies during the Dot.com boom around 1999. These web sites were created by companies for people to come in, gather information about the organization, download information or buy things and pay for them. Web 2.0 is characterized by user-generated content and collaborative portals where users generated content and shared it with a global user base. YouTube,

Facebook and MySpace are all examples of Web 2.0 technologies. We will draw the same parallels in how KPO 1.0 technology can evolve into KPO 2.0 with much more end-user involvement resulting in benefits for both buyers and sellers of KPO services.

What is KPO 1.0?

You start with just a set of networked desktops or laptop machines, graduate to some central file servers. Email and phone systems are the main communication links between the clients and the service providers at first. In some cases, centralized servers may provide a storage system for documents that flow back and forth. Some companies may provide minimal access through their web site using File Transfer Protocols (FTP).

Business grows, the company hires additional people and pretty soon, more time is spent coordinating things over email and the phone, rather than actually providing knowledge services! Research documents are all resident in

desktops and laptops of analysts. When they leave the company, quite often the IT department formats the hard disk to make it ready for the next employee to use. You lose a lot of valuable organizational knowledge when this happens! If one of the main communication mechanisms is the phone, the KPO personnel need to be in the office at the same time the clients in the U.S or Europe are in their offices. Some KPO operations have their own people stationed at the client's site for coordinating work. KPO 1.0 is characterized by On-site Coordinators, Telephone and Email Coordination, and Time-Zone Tyranny! These are non-scalable technology models that can be sure-fire profitability killers when salaries escalate, employee turnover is high and currency appreciation squeeze margins. Using highly skilled KPO personnel who are in high demand on coordination of work, rather than actual KPO work, is sub-optimal at best!

What is KPO 2.0 and why is it needed?

We envision KPO 2.0 as an approach to designing centralized collaborative Internet portals that provide self-service for all parties involved in Knowledge Process Outsourcing! A client employee should be able to login to a secure portal from their home or office and fill out a simple form in a web site, attach documents and submit a new KPO assignment to the service provider! The KPO service provider should be able to handle the rest of the KPO task lifecycle through this portal. A KPO service provider employee should be able to

work normal, local time zone business hours and not be waiting by the phone, just in case they need to communicate with a client regarding assignment. The Internet provides a virtual network between every individual and every company in the world. KPO 2.0 is when you implement Client-Directed Request Lifecycle Execution, Progress Tracking, Reporting, and Time Zone Independence through the use of an Internet based Collaborative Portal. This is not technology for technology's sake, but a very effective way to hedge against employee turnover, rising salaries, and loss of valuable knowledge when employees leave. This is not to talk about the efficiency and effectiveness gains for both clients and the service providers. Low-cost labor is attractive to KPO clients only as long as they find even lower cost labor in another country. KPO 2.0 is a great way to add value and move up the value chain truly with a world class approach to using state-of-the-art technology.

Ingredients for a successful KPO 2.0 operation

A successful KPO 2.0 operation (Internet Based Collaborative Portal for automating the entire lifecycle of typical KPO requests) requires the usual workflow and document handling functions. However, a successful KPO 2.0 operation requires that you go beyond just the features of the software application you are using and address a number of other environmental issues. Those other ingredients are the more important ones that determine

the success or failure of the KPO 2.0 effort. These are:

- ▶ Collaborative Internet Portal for Knowledge Tasks
- ▶ Ensuring 24/7/365 System Availability
- ▶ Iron Clad Security
- ▶ Fail-Safe Reliability
- ▶ Solid Business Continuity
- ▶ Pro-active Planning for the next stage - KPO 3.0
- ▶ Common Mistakes and No-Nos to avoid

Collaborative internet portal for knowledge tasks

The collaborative internet portal for Knowledge Tasks must be able to handle the entire lifecycle of a knowledge task. It needs to have the necessary Workflow features integrated with Document Management features to handle the documents that are involved in the knowledge task. It should be capable of allocating work, tracking time spent on different activities, and provide progress tracking and a variety of reports. Although a lot more can be written about the collaborative internet portal itself, the focus of this article is to highlight the other critical ingredients that truly determine success.

Ensuring 24/7/365 system availability

Since a KPO 2.0 operation attempts to replace Email and the use of the phone as much as possible, the internet portal should have high availability. 24/7/365 availability is essential and it can be ensured by use of some simple and inexpensive open source system monitoring software tools. These tools can be instrumented to send email or text

messages to concerned IT personnel in an escalation hierarchy. If the person does not acknowledge the receipt of these messages within a specified amount of time, they will escalate the problem to the next person in the escalation hierarchy. Real-time replication of backend databases is available these days, even in the most inexpensive server platforms. These keep one or more copies of data synchronized in real-time. They can also be programmed to switch over automatically in case one server fails. As usage of the portal grows in volume, internet technologies like multiple application servers, load balancers are all available these days to scale up usage gradually as usage builds up! All of the above

Iron-clad security

Iron-clad security is not only needed for KPO 2.0 operations, but may be demanded by KPO clients. Setting up world class security is neither complicated nor expensive these days. Simple Demilitarized Zones (DMZs) (setting up two sets of hardware firewalls between the service providers' systems and the public internet) can be set up for hosting the Internet portal. Solid anti-virus protection can be set up on the servers so that all incoming and outgoing documents and browser requests are virus-free and software Trojan-free. Just as you get a domain name, you can get an Authentication Certificate from a vendor like Verisign. This Authentication Certificate can make sure that users really connect to your internet portal and not with some web site spoofer pretending to be your servers. All browser requests can go a secure server setup through 128-bit security. This will ensure that any information going into or out of the internet portal is encrypted on the internet. A handful of these approaches elevates security to world class and can guarantee that the KPO service provider can meet the security requirements of the most stringent KPO client!

Fail-safe reliability

Fail-safe reliability of the hardware can be guaranteed by buying servers from large vendors with global presence and usage. As usage of the portal grows, monitoring response time and adding additional servers as and when necessary will ensure that response time is reasonable. Nothing kills the usage of an Internet Portal faster than poor

response time! However, it is a simple problem to foresee and fix with timely addition of additional servers. Redundancy and graceful degradation of service needs to be ensured with growth. However technology exists today that this can be assured inexpensively! Of course, reliability also extends to the software components of the portal. Well established software with a large user base will always ensure good reliability of the internet portal.

Solid business continuity

Solid business continuity can be ensured with a few simple steps; A simple manual fall back process needs to be in place. In spite of your best efforts, the global internet may be down some day for some time! During those times business should fall back to a paper, pencil and phone operation with a manual fall back process. Systematic backup of data and documents is easy to set up, but is of use only if done diligently. Systematic archival of really old transactions to backup electronic media can keep the internet portal free of clutter, fast, and efficient!

KPO 3.0 pro-active planning

Success with KPO 2.0 will only take you quickly to the journey to KPO 3.0. We foresee KPO 3.0 to be integration with the KPO client's internal software systems. These could be software application or document management systems or workflow systems that the KPO client may be using at their locations. The Internet portal may need to integrated with these client systems to achieve even greater efficiencies. However these kinds of efforts need to be of the Keep It Simple and Stupid kind (KISS Principle)! Complex integrations with client systems will only increase the complexity of the whole portal to manage and can fail quickly if not done carefully.

Common gotchas and no-nos

Some very common Gotchas and No-Nos can make an expensive investment in an Internet Portal go waste. These common ones are:

- ▶ Under spending on Server Hardware - Companies spend tens of thousands of dollars on software application development or software but will scrimp and save when it comes to an additional US\$2000 server. Response time can significantly be increased by adding a server or even an

additional processor on a two processor server! With processors, storage and memory getting faster and less expensive every year, there is no excuse for this. This is pennywise and pound foolish!

- ▶ **Not Keeping the Internet Portal Interface Simple and Stupid** - When designing the Internet Portal there is the temptation to throw in every requirement you can think of and make the software really complicated. When persuading a KPO client to use the portal or employees of the KPO service provider, there is nothing more than a complex system to make them revert back to email, phone and manual ways of doing their tasks. Something to think about!
- ▶ **Not Starting Early and Not Getting End-Users At the Earliest Stages** - Manual ways of doing business is the norm when the KPO operation is small. However, as the company grows, it becomes the norm and pretty soon, the manual coordination work being done is more than actual work being done! The trick is to get started early enough, train the KPO clients as well as the KPO service provider employees in executing the knowledge task from beginning to end using the Internet Portal.
- ▶ **Starting Too Big and Not Taking an Iterative Gradual Approach** - Every successful internet portal based business including Google always take the incremental approach. Start

small, iterate, fine-tune those that work, remove those that did not work, and then add new capabilities. Many KPO efforts draw up a huge list of requirements and think it can all be done with the throwing of a switch one day. Iterative development is the way to go if you really don't want to waste money and resources.

Knowledge Process Outsourcing growth is on a tear around the globe. Whether it is Legal Transcription or Legal Discovery or Financial Research, growth invariably demands better, more efficient and effective ways of doing things, whether you a buyer or provider of Knowledge Process Services. Internet portals when properly managed provide a more efficient, effective way of completing these tasks adding significant value to the whole process. These value-adds are strategically important to the KPO service provider at a time of increasing pressures on the profit margins due to currency, people, and execution risks.



Name of the Author

Nari Kannan

Background

CEO, Ajira Technologies Inc

Official Website

www.ajira.com

Offshoring of legal research & writing

Introduction

As legal process outsourcing (LPO) continues to expand in market share, so too will the number of service offerings from LPOs. Law, much like medicine, is a profession ripe with specialties and specialists. The various types of legal support services that can be offshored are as varied and diverse as the legal market itself. In today's nascent LPO market, most LPO providers offer a wide array of legal support services - a one stop shop for legal outsourcing. As the LPO industry continues to develop and mature, LPOs will differentiate themselves not only by size and capabilities, but also by what area of law they are best suited to outsource.

Legal Research & Writing (LR&R) encompasses both drafting research memoranda as well as drafting legal pleadings of all varieties-trial motions, briefs in support, appellate briefs, writs, etc. A few well established LPOs currently offer good quality legal research and writing (LR&R) services. Due to the highly complex nature of the work, and relatively smaller scale LR&R projects, only a few LPOs currently have the resources and abilities to sustain a LR&R practice.

Both small firms and big firms alike can benefit from the cost and time advantages of doing LR&R abroad. While many young lawyers come well equipped to do research fresh out of law school, it is a time-consuming and expensive task. By taking advantage of a global work-force, firms both large and small can save time



Tariq Hafeez
President, LegalEase Solutions

and money and realistically expect high quality work product.

Why outsource legal research?

Legal research in the practice of law is expensive, difficult and often time consuming - both for the lawyer and certainly for the client. Because the law is anything but clear-cut and simple, good and effective legal research takes time. While efficiency is an essential

characteristic of a good lawyer, legal research requires both efficiency and thoroughness. Often times, an attorney will have to research an issue a number of times before he feels comfortable with the result of his research.

Research also requires adequate tools to be effective and efficient. A basic subscription to Lexis® or Westlaw® usually is not sufficient and attorneys need specialized databases to find answers to complex questions in a timely manner. These tools are expensive, and often they are not used frequently enough to justify the expense for a law firm.

The advantages of having a low cost alternative for high quality LR&R and a work force that can work while you sleep are obvious enough. How to find and evaluate an LPO that can produce consistently good work is the million dollar question.

How LPOs successfully provide high quality LR&R services

For an LPO to successfully provide high quality LR&R services, it is critical that the LPO has a strong US presence including attorneys trained in the US, and a well developed

training program for its offshore attorneys. A work-flow process that effectively brings together the strengths of the offshore team with the experience of the US team is the final ingredient for a highly competent LR&R practice.

LPO operating exclusively from India or other offshore locations simply cannot effectively manage LR&R projects nor can it effectively control quality. Due to the complex nature of the work, communication is the key for managing LR&R projects. From the initial step of getting the relevant information (from the client) to actual review and editing of the final products-a strong US presence is appreciable.

Furthermore, a robust training program for new and veteran employees of the LPO is essential. Any LPO claiming to provide high quality LR&R services must have a strong training process and a well developed curriculum for training its offshore attorneys. Some of the best LR&R providers have full-time staff dedicated to training attorneys in US law. These full-time instructors at a minimum must be US trained and licensed attorneys with experience in the legal field, and ideally will consist of both experienced attorneys as well as legal professionals with teaching experience. Moreover, a successful training program will have a well developed curriculum specifically designed to teach US law to non-US trained attorneys.

“Any LPO claiming to provide high quality LR&R services must have a strong training process and a well developed curriculum for training its offshore attorneys. Some of the best LR&R providers have full-time staff dedicated to training attorneys in US law.”

Finally, any LPO offering LR&R services must have a work-flow process that effectively leverages technology and synthesizes the offshore team's capabilities with that of the US team. The work-flow process must take into account the time difference between the two teams, as well as the time sensitive nature of most LR&R projects.

Checklist to evaluate an LPO's LR&R services:

- ▶ Is the LPO based in the US? Does it have US trained and licensed attorneys as part of its staff?

- ▶ Does the LPO have an easy and believable work-flow process?
- ▶ What are qualifications of US and Indian attorneys?
- ▶ Profile of Offshore/US attorneys (does LPO provide you with profiles?)
- ▶ How does LPO gather data for its research projects?
- ▶ Does LPO provide one on one access to its offshore attorneys as needed?
- ▶ What tools does the LPO use for its research & writing? Is the use of the tools charged to the client or internalized by the LPO?
- ▶ Does the LPO have a training curriculum for its offshore attorneys?
- ▶ Can the LPO provide a list of references or testimonials as to its research & writing practice specifically?

This checklist would help the foreign attorneys plan and determining the collaboration strategy to outsource their LR&R projects.



Name of the Author
Tariq Hafeez

Background
President, LegalEase Solutions

Official Website
www.lgles.com

Outsourcing industry in India: A legal perspective



Harsh Surana
Partner, Surana Law Offices

Introduction

Outsourcing, by the dictionary, means sourcing from outside. The term refers to sub-contracting of a set of functions or processes by one firm to another. The latter organisation is often in another physical location, or in another country altogether. Outsourcing started as a business strategy enabling a firm to focus on core-competency areas and transferring some of the organization's non-core business activities to an outside service provider to achieve cost reductions while improving service quality at the same time.

The outsourcing industry is spread over a wide spectrum. It all started with Information Technology Outsourcing (ITO) and was broadly termed as Business Process Outsourcing (BPO). It has now shifted to business activities of high strategic importance as well as towards more value-added business processes. At the higher end, Knowledge Process Outsourcing (KPO) exists, with more advanced and complex parts of business being outsourced to such units. Legal Process Outsourcing (LPO) has emerged as a high-end knowledge intensive work.

Advantage India

Over the last few years, Outsourcing has become the backbone of Indian service sector industry. In the last fiscal, India earned close to US\$7 billion by providing

services in software, technology and business outsourcing. India has emerged as a leading destination for companies wishing to outsource their software development and business process requirements. International companies have either entered into contracts with third-party Indian service providers or opened fully-owned captive facilities as Indian subsidiaries to support their global operations.

Indian government policies have acted as a catalyst in the growth of the Indian software and BPO industry through various tax incentives. These incentives are aimed largely at maximizing exports, thereby resulting in an inflow of foreign exchange into India. India has the advantage of English speaking and technically qualified workforce coupled with the investor friendly initiatives of the government and industry. All these factors augur well for the growth of outsourcing in India and it is not only here to stay but grow phenomenally, claims industry pundits.

According to industry estimate, the Indian software and BPO segment will grow at a rate of more than 16 per cent to become a US\$ 132 billion industry by 2012. The exports revenues are valued at Rs 3.2 trillion. In LPO Outsourcing, legal work to India costs 60-80% less than the cost of using the services of American/European law firms. According to a study by the US-based Forester Research, the current annual value of legal outsourcing which is worth US\$80 million can rise up to US\$4 billion in coming years. The LPO industry has extremely high growth potential in India, and according to the latest esti-

“With the buoyant outsourcing industry on the one hand, there have been various cases of data theft by the employees of BPO units on the other hand - thereby damaging the reputation of the country as a whole and putting at risk the confidential information of thousands of overseas customers.”

mates, may create 79,000 jobs there by 2015.

Challenges

With the buoyant outsourcing industry on the one hand, there have been various cases of data theft by the employees of BPO units on the other hand - thereby damaging the reputation of the country as a whole and putting at risk the confidential information of thousands of overseas customers. Apart from actual cases, a few sting operations have also been conducted by media bodies exposing data theft in the Indian service providers. The famous data security breaches include: the sale of information from a HSBC call centre that was used to defraud thousands of sterling pounds from customer accounts; call centre fraud

involving Capital One; New York-based Citibank accounts being defrauded from a BPO in Pune; a call-center employee in Bangalore exchanging credit card information to fraudsters who stole thousands of dollars from British bank accounts. UK's Channel 4 TV station conducted a sting operation exposing middlemen trading the financial data of 200,000 UK citizens.

The government has given assurance to foreign IT stakeholders that India is concerned about data theft and a new Data Protection Law will soon come into force to protect confidential information, trade secrets and privacy matters. India is among the few countries having Cyber Law (The Information Technology Act, 2000). Laws are evolutionary and no doubt the IT law will evolve further according to the market conditions. In the majority of cyber crimes, there has been lapse on the front that human element was involved. Industry bodies are working towards creating a centralized database of employees of the IT services and BPO companies as a step to ensure that there is a verified database (with independent background checks) of the human resources within the industry. Government has also amended the regulating Acts and now penalties of over US\$1 million can be imposed on companies and individuals who fail to stop data theft and the leakage of personal information.

Legal framework

Though there are no specific laws on data protection and cyber crimes involving the outsourcing industry, a number of legal remedies are available under Indian Law in case of

data theft. LPO companies fall under the classification of Network Service Providers (NSPs) of section 79 of the IT Act, where these companies are liable for the third-party data / information that they handle. Data Protection is available through a civil action under common law. Another option is to file a criminal complaint for theft, cheating, criminal breach of trust, dishonest misappropriation of data and/or criminal conspiracy under the provisions of the Indian Penal Code (IPC) and for hacking under the Information Technology Act (IT Act) of 2000. The offences registered under the above acts allow for arrest without a warrant, are non-bailable and carry penalties that range from one year to life imprisonment, as well as fines. Where the data is dishonestly misappropriated and converted by an employee for his own use, higher penalties are pronounced.

In addition to these criminal remedies, civil proceedings for copyright infringement under the provisions of the Copyright Act of 1957 and the Specific Relief Act of 1963 can be initiated to prevent the misuse and dissemination of data. The penalties range from hefty fines and damages to temporary and permanent injunctions. A criminal complaint can be made to Anti Cyber-Crime Cells set up by the state police departments. If a company believes that the local police station and/or the Anti Cyber-Crime Cell do not have the requisite expertise to investigate a data security incident, the company can make a formal complaint with the Central Bureau of Investigations (CBI) of the government of India. In addition, complaints alleging offenses under provisions of the IT Act can also be made to the controller of certifying authorities. Upon receipt of a complaint, the controller of certifying authorities investigates allegations and can order punishment of an offender under the provisions of the IT Act. Since the controller of certifying authorities is a quasi-judicial authority, an appeal against its orders can be made only in the State High Court.

On the taxation front, the recent ruling delivered by the Supreme Court in the matter of Morgan Stanley settles significant issues of principles in taxing the foreign entities that outsource their activities to their captive Indian companies, thereby encouraging foreign companies towards more investment in India.

Industry initiatives

NASSCOM (National Association of Software and Services Companies) is the premiere corporate body representing the Outsourcing Industry. It has implemented many confidence-building measures, like the creation of a 'National Skills Registry', a national database ('Trusted Sourcing') of IT and BPO professionals to help employers conduct background checks by tracking certain information about employees, such as employment history and family background. Steps have been taken towards the establishment of Data Security Council (DSC), as a national advisory board which will be independent and self-regulatory to set and monitor data security and privacy.

Service providers in India are also increasingly adopting voluntary self-compliance programs and comprehensive security audits, including personnel and equipment audits to prevent misuse of sensitive information and data. Compliance programs include training of employees/managers to enhance awareness about confidentiality, securing computer systems, access-control techniques, risk assessment and management, intrusion detection, authentication and other issues. Companies have also come out with 'Personal Data Privacy Compliance Manual'. NASSCOM has also set up cyber training labs to train police officers in cyber crime investigation. Training has been done by experts from the United States and other developing countries. BPO firms are also addressing their client concerns by investing in security equipment and following procedures and practices that ensure internal security.

“ *Service providers in India are also increasingly adopting voluntary self-compliance programs and comprehensive security audits, including personnel and equipment audits to prevent misuse of sensitive information and data.* ”

Companies who are outsourcing are also being encouraged to conduct due diligence and risk assessments when choosing service providers, should implement appropriate contractual measures (signing of NDAs) to monitor the service provider's compliance.

Most Indian outsourcing companies adhere to international service standards and certifications, like BS 7799 and ISO 17799. On the service management front, ITIL (IT Infrastructure Library) is used as a foundation by most companies. Among other notable are: BS 15000, the first global standard for service management; COBIT (Control Objectives for Information and related Technology); 4E framework; ISO 9000 (on the quality accreditation front); COPC and Six Sigma. Even after they get certified, Indian BPO companies still have to catch up on the regulations front. The principal regulations that affect Indian BPOs are the Sarbanes-Oxley Act, HIPAA (Healthcare Insurance Portability and Accountability Act), GLBA (Gramm Leach Bliley Act), UK Data Protection Act, FDCPA (Fair Debt Collection Practices Act) and the US-EU Safe Harbour Agreement. Most of these relate to Indian BPO's biggest clients, i.e. The US and the UK. Some of the main certifying authorities or agencies used by Indian BPO organizations are: BSI (British Standards Institute), DNV (Det Norske Veritas), STQC (Standardization Testing Quality Certification), Government of India, KPMG and Ernst & Young. CISP (Card holder Information Security Program) will soon be required for BPO firms that handle credit cards information.

Conclusion:

BPO is oil for India. What china has given the world in manufacturing, India has given in serv-

ice industry. India's US\$ 70 billion outsourcing industry employs approximately 2 million people and accounts for almost 6 percent of India's GDP. One has to understand that cyber frauds and data theft can happen anywhere where human element is involved. Human element will always remain the weakest link in a company's security armour. There are some black sheep in the bunch and for that whole industry should not be blamed. Data theft is a global issue and not specific to India. Many initiatives have been taken owing to the rapid evolution of security threats. India has so far managed perfectly well without a data protection law. With a new data protection law, things would only improve.

Much attention is given to the few cases of data theft in India as the jobs are coming from developed countries to developing countries like India. This will always remain a closely-watched, sensitive and a political issue. India has to be the best and safest as China and other developing countries are fast catching up. What is needed is marketing of 'Brand India'. The Indian outsourcing industry must aggressively sell the India success story and the industry positives at the world stage. The government / ministries should extend all possible support to such initiatives.



Name of the Author

Harsh Surana

Background

Partner, Surana Law Offices

Official Website

www.slo.co.in

Cyber Security Zone

Courtesy - Centre for Research and Prevention of Computer Crimes, India (www.crpcc.in) and Sysman Computers Private Limited, Mumbai (www.sysman.in)

Editor - Rakesh Goyal (rakesh@sysman.in)

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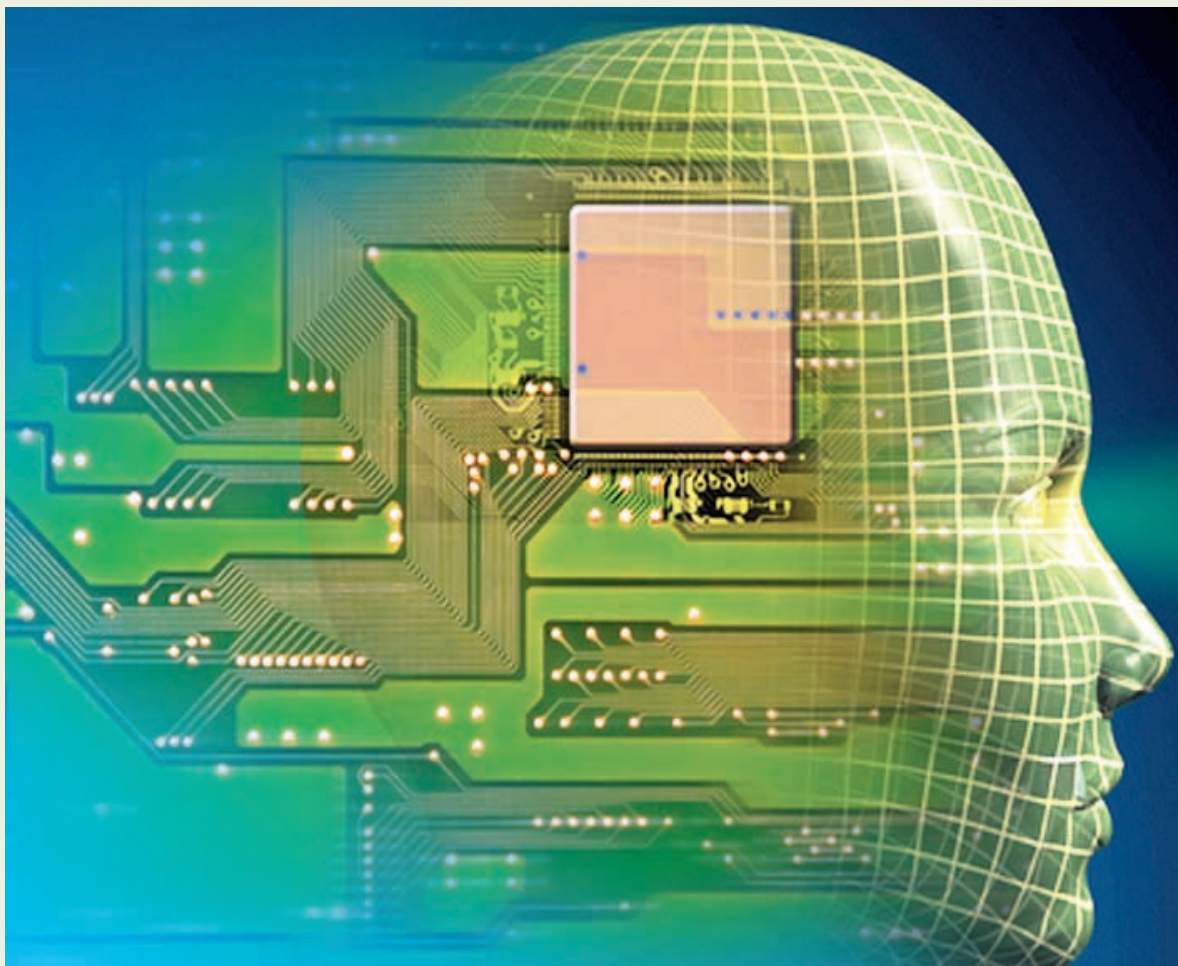
ARREST : One arrested for database theft in Ahmedabad

Ahmedabad, PTI: A city-based IT firm owner Maulik Dave was arrested recently by the city crime branch based on a complaint filed by the representative of the US-based firm in India, police said.

Police have arrested an IT firm owner for allegedly stealing database from a US-based company and selling it to other company.

“We have been following Dave's activity after we received a complaint from a US-based firm which said important official data were stolen from their database,” ACP, Crime Branch, Usha Rada said.

“Dave had worked with the US-based firm on some IT project and had access to their database. The company



has alleged that Dave had stolen data from their server and sold it to some other US-based company," Rada said.

A ccording to sources, the data, which contained personal details of clients of the US-based firm, could be worth lakhs of rupees.

S ources also said that Dave, who used to operate from his home in the Vejalpur area of the city, was not alone and had an accom-

plise who is yet to be traced.

D ave was produced before a city court today. The court has sent him to three days police custody.

F urther action in the case will depend on outcome of the interrogation, police added.

Source: <http://www.deccanherald.com/Content/May302008/scroll2008053070772.asp?section=scrollingnews>

RESEARCH : Educating managers on computer fraud cut crime

S halini Kesar, a computer scientist at Southern Utah University in Cedar City, has devised an antifraud strategy for business. Writing in the International Journal of Business Information Systems from Inderscience Publishers, he suggests that managers should be made aware of security issues and send out cues to junior staff that they have this knowledge.

C ombating digital fraud within any organizations is a growing problem for management. Researchers in this field and security practitioners have recently begun to emphasize the need to take into account the "social" aspects of information security. They also emphasize that a lack of communication at the wider organizational level is often associated with computer fraud.

C omputer fraud can result from incompetence, ignorance, negligence in the use of Information Technology or deliberate misappropriation by individuals," says Kesar. This results in the destruction of not only the main information systems but also backup systems, causing damages up to hundreds and thousands of dollars.

K esar points out that reported cases of computer fraud only represent a tip of a potentially large iceberg. Anecdotal evidence suggests that employees pose one of the greatest threats because they are in a better position than "outsiders" to engage in computer fraud, Kesar adds.

O pportunistic computer fraud could be minimized, however, he says simply by raising managers' awareness and knowledge of how organizational structure can affect the effectiveness of security measures. Kesar uses the case of a well-known serious fraud that took place at an international bank together with the business theory of management theorist Henry Mintzberg to demonstrate how security breaches might be avoided by educating management.

L ack of awareness of social and technical issues among managers largely manifest themselves in a failure to implement even the most basic safeguards and controls," the researchers conclude, "Concomitantly, if management ignores wider organizational structural issues then this too increases the likelihood of a potential offender committing computer fraud."

T hese two main insights point to Kesar's seemingly obvious solution, which simply involves teaching management and then subtly communicating management's new-found knowledge to employees.

Source: <http://www.sciencedaily.com/releases/2008/05/080523095755.htm>

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Survey Zone



Law Firm Business Development Practices Survey

From ALM Research, the third edition of the Law Firm Business Development Practices Survey compiles information about what law firms are doing to expand their client rosters and bolster their bottom lines. The survey queried CMOs, Business Development Directors, and Sales Directors from large and small firms around the globe. Survey responses cover key topics including:

- » Budgets
- » Staffing
- » Compensation
- » Strategies
- » Structure
- » and more...

A sample of findings includes:

- » Business development is becoming a more entrenched effort, even within smaller firms. More firms in this year's survey reported having someone dedicated to this role.
- » Budgets for business development efforts have increased in the last year on average.
- » Compensation for the senior-most professional in both business development and marketing increased this year, on average.
- » Approximately 44% of partners and 40% of associates receive sales training at respondents' firms.
- » Results of this survey indicated revenue growth rates are moving higher.

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In-house law departments at the leading financial services companies

2008 marks the first edition of this guide to the Go-To law firms of General Counsel at US and international financial services companies. The report includes contact information, number of employees, law department size, as well as indexes to help identify go-to law firms, and top legal officers. In-house counsel information is also listed by practice areas, including:

- » Litigation
- » Corporate Transactions/M&A
- » Regulatory Affairs, Compliance
- » Securities
- » Banking & Finance
- » Labor & Employment
- » Intellectual Property

Methodology/Sources:

Information on each company's primary law firms was first gathered via surveys sent to General Counsel at U.S. and international financial services companies and second through research in various resources including public records, publications and commercial databases. Financial and biographical data for each of the companies listed was gathered from a variety of publicly available resources.

Criteria for selection as a Go-To Law Firm were: (1) Law firms that were named as a "primary law firm" by a general counsel at a financial services company in response to the survey. The survey defined a primary law firm as: the firms that are on the company's preferred list; the 'go-to' law firms for a specific practice area; firms that handled the most important cases the prior year; firms used most often; and/or firms with the most billings. Or, (2) firms that since 2005 were utilized two or more times in the practice area specified, consistently used in each practice area since 2002, or counseled the client with respect to a major transaction as featured in publications such as The American Lawyer.

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