

## NEAT EVALUATION FOR INFOSYS:

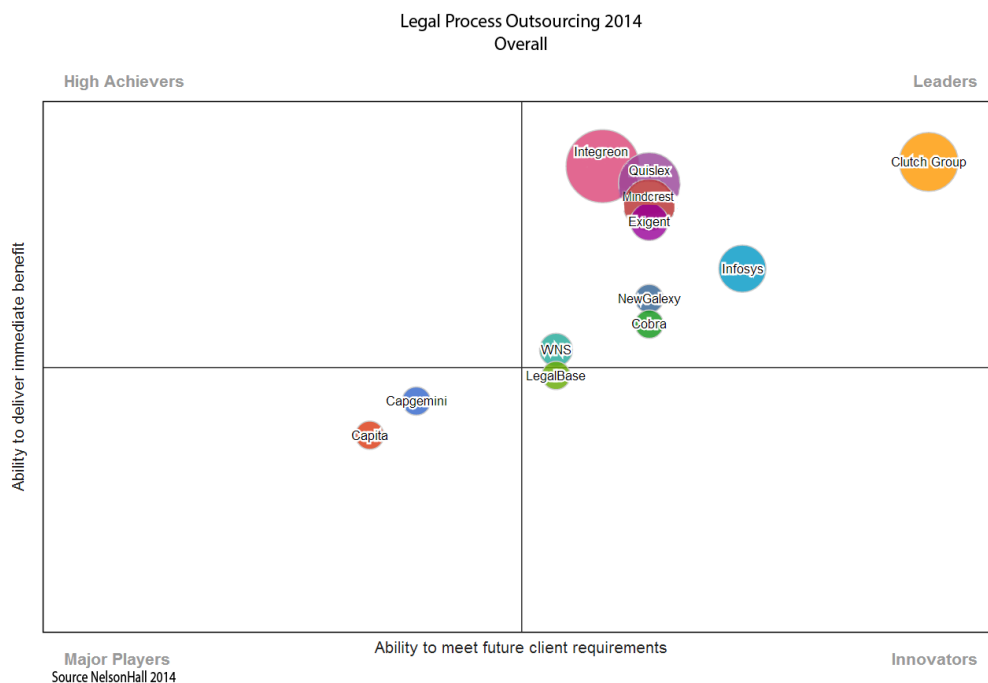
# Legal Process Outsourcing

Market Segment: **Overall**

*This document presents Infosys with the NelsonHall NEAT vendor evaluation for Legal Process Outsourcing (Overall market segment). It contains the NEAT graphs of vendor performance, the latest market analysis summary for LPO, and a summary vendor analysis of Infosys in LPO. An explanation of the NEAT methodology is included at the end of the document.*

*The vendors researched are: Infosys, Mindcrest, Exigent, Cobra Legal Solutions, Clutch Group, NewGalaxy, Capita, LegalBase, Integreon, WNS Global Services, Capgemini and Qislex.*

## NEAT Evaluation: LPO (Overall)



Buy side organizations can access the NEAT tool [here](#).

## Legal Process Outsourcing (LPO): Market Summary

### Market Size & Growth

The LPO market has an estimated global revenue of \$676m and is expected to grow at a rate of 18% CAAGR through to 2018, at which point it will stand at \$1.6bn.

Estimated growth rates and 2018 size, by geography, are:

- North America growing at 19.5% CAAGR to \$1.2bn
- EMEA growing at 15.6% CAAGR to \$285m
- APAC growing at 13% CAAGR to \$83m
- LatAm growing at 5% CAAGR to \$9m.

Estimated growth rates and 2018 size, by segment, are:

- Legal Cost Reduction growing at 21.2% CAAGR to \$599m
- Contract Centralization and Standardization growing at 15% CAAGR to \$96m
- Legal Process Re-engineering growing at 16% CAAGR to \$645m
- Legal Risk Management growing at 19% CAAGR to \$221m.

In terms of offerings, 'litigation and regulatory investigations' represents 45% of the overall LPO revenue, although 'contract services' will be the fastest growing offering with 20% CAAGR, as the Legal Risk Management segment takes off.

### Success Factors

Key challenges/success factors shaping the LPO industry include:

- Need/ability to develop both onshore and offshore capabilities to ensure ~50% cost savings for document review while maintaining ~98% accuracy rates, take on projects that require high levels of confidentiality and security, and improve the level of acceptance of LPO by law firms (and their end customers)
- Need for/ability to provide highly skilled legal workforce to take on more sensitive and complex litigation, regulatory and compliance matters
- Need/ability to provide multi-language review skills
- Need/ability to develop stronger relationships with law firms in order to win new markets
- Need/ability to use specialist software beyond centralization and management of legal documents
- Need/ability to deliver process and workflow management skills across all offerings, especially document review for litigation
- Need/ability to develop compliance skills with effective processes for regulatory mapping.

## Outlook

Over the next few years:

- Onshore capabilities will grow across vendors, including an expected increase of 50% for LPO pure plays
- Demand for compliance and legal risk management related services will continue to grow
- Generalist LPO providers will strengthen their intellectual property service line, targeting technology and pharmaceutical organizations
- Vendors will target new industries, starting with the natural resources (oil and gas) sector
- The U.S. will continue to be the main developing geography, followed by the U.K. and rest of EMEA, especially the Nordic region, Germany and Switzerland. Australian demand will continue to emerge, especially from law firms
- Law firms will become more involved in LPO delivery with the emergence of collaborative models; LPOs will focus on process, people and geographic capability and law firms on legal expertise and strategic alliances (e.g. Cobra Legal Solutions has partnered with an IP litigation specialist law firm in order to enter the intellectual property market)
- The onsite delivery model will grow
- Emphasis on the delivery of complementary consulting services will increase.

## Vendor Analysis Summary for Infosys

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### Overview

Infosys delivers LPO services to law firms and corporate law departments, mainly from the following sectors:

- Financial services
- Manufacturing
- Retail
- International publishing
- Telecoms.

LPO services are delivered from four onshore and offshore centers:

- India (Pune and Bangalore): ~95% headcount (~400 full-time attorneys)
- U.S. (Atlanta and Dallas): ~5% headcount (supervisors and temporary attorneys).

Infosys' U.S. centers do not specialize in any offering but primarily deliver eDiscovery services; they were already delivering other BPO services such as insurance services.

Infosys delivers LPO services out of other onshore centers on client request.

Main target geographies for LPO are:

- North America
- EMEA, mainly the U.K.
- APAC, mainly Australia.

### Financials

Infosys' 2013 BPO revenues were \$419m; NelsonHall estimates that ~3.3% of this comes from Infosys' LPO services.

NelsonHall estimates that Infosys' LPO revenue breakdown by industry is:

- Corporate law departments: ~90%
- Law firms: ~10%.

## Strengths

- Infosys has strong experience in contract management services
- Established presence in the legal publishing space
- Strongly established globally as a BPO provider, which allows flexibility to deliver LPO services onshore, on request
- Strong BPO capabilities including people, technology and process experience, which enables Infosys to handle a wide range of services on request.

## Challenges

- Lacks LPO presence onshore/nearshore in key geographies such as the U.K. and, to a lesser extent, Australia
- Not strongly established as an LPO provider, with 50% of engagements coming from other BPO client bases
- Reliance on key clients from the legal publishing industry, which account for almost half of Infosys' LPO revenues
- Needs to strengthen its offerings for law firms if they are to remain a key target.

## Strategic Direction

Infosys is looking to grow its LPO business by:

- Strengthening its LPO services in support of eDiscovery and contract management services, as well as increasing its onsite-based LPO offerings due to growing demand for this model
- Targeting Australia, particularly for the law firms segment; also expanding its LPO presence into the Netherlands
- Focusing on incorporating software into its clients' LPO processes.

## Outlook

Infosys has adopted a generalist LPO strategy, developing its BPO delivery capabilities in terms of technology, process and personnel to build offerings across LPO service lines.

Extending its LPO resources to the Netherlands will enable Infosys to better address the U.K. and European markets, responding to requests for onshore/nearshore delivery and review in European languages.

Onsite delivery is an emerging model for LPO, which places Infosys among the early players to offer this alternative.

## NEAT Evaluations for Legal Process Outsourcing

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NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements
- **High Achievers:** vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

**Exhibit 1: ‘Ability to deliver immediate benefit’: Assessment criteria**

| Assessment Category      | Assessment Criteria   |
|--------------------------|---|
| LPO offerings            | <ul style="list-style-type: none"> <li>Range of LPO processes covered</li> <li>Range of litigation and investigation matters covered</li> <li>Range of contract processes covered</li> <li>Range of languages covered</li> <li>Security measures</li> <li>Litigation</li> <li>Contract lifecycle management</li> <li>Legal compliance and risk management</li> </ul>  |
| LPO delivery             | <ul style="list-style-type: none"> <li>Delivery capabilities in support of U.S. LPO</li> <li>Delivery capabilities in support of U.K. LPO</li> <li>Delivery capabilities in support of Continental Europe LPO</li> <li>Scale of LPO capability</li> <li>Application of legal platform technology</li> <li>Existence of quality management throughout delivery of service</li> <li>Skill of staff</li> </ul> |
| LPO customer presence    | <ul style="list-style-type: none"> <li>Scale of operations</li> <li>Emphasis on corporate LPO</li> <li>Emphasis on law firm LPO</li> <li>Number of clients in the U.S.</li> <li>Number of clients in the U.K.</li> <li>Number of clients in the EU</li> </ul>   |
| LPO benefits achievement | <ul style="list-style-type: none"> <li>Cost savings delivered</li> <li>Achievement of scalability</li> <li>Achievement of legal process re-engineering</li> </ul>   |

**Exhibit 2: ‘Ability to meet client future requirements’: Assessment criteria**

| Assessment Category                   | Assessment Criteria  |
|---------------------------------------|--|
| Suitability to deliver future benefit | <ul style="list-style-type: none"> <li>Extent to which client perceives that innovation has been delivered</li> <li>Strength of partnership</li> <li>Service innovation commitments</li> <li>Importance of LPO for business</li> <li>Mechanisms in place to deliver client innovation</li> </ul> |

This is one of five separate NEAT market segment evaluations for LPO, which are:

- Overall
- Contract standardization
- Legal cost reduction
- Legal process re-engineering
- Risk management.

For more information on these and other NEAT evaluations, please contact the NelsonHall relationship manager listed below.



### Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact

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