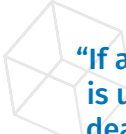

THE BENEFITS OF LEGAL SERVICES OUTSOURCING VS. INSOURCING



“If an organization is under a strict deadline and lacks the time or expertise to complete the task, an ALSP could prove helpful.”

Many organizations believe using outsourced legal service providers (alternative legal service providers) vs. insourcing (or doing it in-house) to be an either-or proposition. Yet as organizations search for creative solutions for legal tasks, many are discovering the benefits of an integrated solution, one that merges internal and external resources.

Let’s take a closer look at the rationales for insourcing and outsourcing, the complications that may arise with both, and some recommendations for choosing the appropriate vendor.

THE VALUE OF INSOURCING

The popularity of insourcing can be attributed in part to the need for increased efficiency. Additionally, this approach allows an organization to tap and cultivate an in-house collection of talent.

There are a variety of benefits to insourcing, including a greater level of control. Using an in-house team allows companies superior quality control and oversight. It can be a positive for morale, as it shows a willingness to invest in and develop the skills of internal staff. Finally, it allows employees to feel important to the firm’s overall success, while building synergy between different teams and departments.

INSOURCING LIMITATIONS

There are some limitations with a strictly in-house approach. Organizations with limited budgets and resources may not be able keep up with the heightened costs of insourcing. Building (and rebuilding) a team from the ground up is often time-consuming and very expensive. Should you choose the wrong personnel, the costs may be even more severe.

Businesses should perform a rigorous review of overall legal workflow/activities/tasks requirements to determine which would benefit from being outsourced to an alternative legal services provider (ALSP). Proprietary or elevated risk work may be best suited for an internal legal staff, whereas recurring and commodity-type services such as completing and filing forms with state and local agencies, document retrievals from state and local agencies, filing and maintaining business licenses and entity compliance monitoring may be best handled by a more cost-effective solution such as an ALSP.

Organizations deciding to handle services in-house should also identify an appropriate talent pool from which to draw from. Once the team is constructed and all critical functions identified, an action plan should be created. This plan should also specify whether any existing resources can be re-directed to support and manage the team.

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PROS AND CONS OF OUTSOURCING

Organizations must be nimble in order to fully serve clients without incurring added overhead or time-consuming administrative issues. The same amount of money spent in-house can actually go further if an outside vendor is chosen due to the expertise and efficiencies built into processes. Legal process outsourcing offers precisely this kind of agility. It improves return on investment, eliminates the concerns that are intrinsic to employee management (absenteeism, productivity), and reduces administrative and training costs. It also shifts the expensive and complex burdens of employment taxes and insurance.

Despite these benefits, the results of outsourcing don't always align with expectations. While outsourcing may reduce costs, if implemented incorrectly it may result in quality control issues. Fixing such errors can essentially eliminate any cost savings realized through outsourcing. That's why it's critical to choose the right provider—a reputable and responsive company offering high-quality work.

WHEN TO CONSIDER OUTSOURCING

The management of legal risk relating to company information is one of the foremost concerns among in-house counsel. This is reflected in the increasing amount of money spent on risk management and compliance. This, in turn, has prompted some organizations to turn to ALSPs to help save money.

There are a variety of situations in which an ALSP makes sense. If an organization is under a strict deadline and lacks the time or expertise to complete the task, an ALSP could prove helpful. If the cost of doing business externally is less expensive than an internal option, an ALSP may be the right choice. Outsourcing allows organizations to dip into a global talent pool.

Outsourcing also allows organizations to focus on their core businesses. It's perfectly designed to fill in the gaps for high-volume seasonal work and provides immediate expertise without long-term commitment.

If an organization opts to outsource, it's important to remember that the work will largely be performed by people without knowledge of the corporate culture. While this may not be a major consideration, it's worth bearing in mind.



“With the right ALSP partner, businesses can improve the bottom line while better serving the needs of clients.”

IDENTIFYING THE RIGHT VENDOR

There are a few standard questions one should ask when in the process of selecting a vendor. They include the following:

- ▶ Does the ALSP have the right expertise?
- ▶ Can the ALSP work without extensive direction?
- ▶ What are the services offered?
- ▶ Is the ALSP flexible in terms of demand or usage?
- ▶ Does the provider come recommended by your peers?
- ▶ Does the provider have a good reputation?
- ▶ Will they customize and adapt their solutions to meet your project's needs?

By fully exploring these questions, businesses can maximize the odds of finding an appropriate partner.

THE TAKEAWAY

Outsourcing legal services offers a variety of benefits, including cost savings and enhanced flexibility. It also works well as a complement to existing in-house services. With the right ALSP partner, businesses can improve the bottom line while better serving the needs of clients.

LEARN MORE

To learn more about how CT can help you better manage your legal service needs, contact a CT representative at 844-206-9033 (toll-free US).

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