

Impact of recession on LPO industry

THE GLOBAL RECESSION

Recession is the term interchangeably used for slowing down of the economic engine, decreasing the buying power of the currency and an alarm to optimize the profits by reducing costs. The US economic history has evidenced many financial droughts. 1929 stock market crash, pre and post 1941 WW II, 1965 Vietnam war, Y2K IT crisis in 2000 and the 9/11 terrorist attack on the World trade centre are but a few examples when the economy was bear hit. It was however the cherished desire of the Americans and their ability to foresee crisis and intellectually deal with it that retained US as the world's economic leader. Academicians and administrators throughout US are speculating and adjudicating the reasons behind the origin of the great recession and the sluggish recovery it is making. There are allegations and counter allegations in search of the corollary to assessment behind the recession. Some dedicate it to splurging, mismanagement, Bush administration and US participation in the Iraq, Afghanistan war. Others blame pumping of excess currency and unreasonable surge and seizure of the value note in the economy as a reason.

Though the federal bailout begun Sept. last year, the Dow Jones closing at 7465.95, its lowest mark in the last 6.5 yrs. on the 19th day of Feb. 2009, catalyzed the actual financial alarm being raised. More and more giant corporations desired a life support/bailout from the Govt. a few key players opted wait and watch strategy while others took advantage of the situation by cutting costs and employees.

IS THE LPO INDUSTRY INVERSELY PROPORTIONAL TO RECESSION?

In the hue and cry of the economic downturn, there is a word that has a sweet ring all its own, the LPO. But how substantial is the exult?

Litigation, compensation, claims and damages are neither Republican nor Democrat. Intellectuals helped layman's claim since civilization and the same will continue till humanity. Lawyers make money when it's good time and they are richer by earning manifolds in bad times. The reason being that one recollects bad debt recovery in worst times to raise money and further because promises and obligations are breached the most in worst times. But is the same compatible to the LPO concept? The issue can be better appreciated by the economics concept of Demand Supply and Profit. Understanding the demand first, the US legal outsourcing hub can be segregated into big corporations and small firms. The needs of big corporations are huge and they have mostly settled down on captive units in countries like India and Philippines. Small corporations are still offshoring and would continue doing more to cut cost and fill kitty. Law firms are facing low cost deliverable challenges from there peers and are sooner the better going to settle for outsourcing. The concept of firm sourcing, the US firm directly offshoring work to Indian law firm will enlarge. With the efflux of litigation requirements pouring in, the recession period is bound to see unprecedented increase in the demand for LPO analyzing data into work products. This would mainly be by the law firms and small/mid-sized growing corporations. The big giants would resort beyond captive units only when things may not be materialized by the captive end.

Coming to the supply, India is the largest pool of talented English speaking lawyers in the world. The LPO industry is already heading to huge financial figures in India and the projections are vertically upwards. There figures however are rosy for the new LPO's mushrooming, and by the end of the current fiscal year, only the big players and small units with quality teams are going to rule. Legal outsourcing industries ability to demonstrate real value, efficient and

quality deliverables will enable boom and achieve new milestones during the year to come. The test of time will protect only those who have iron cage of quality and confidentiality. The profit margins would be in equilibrium up to the benefits of the outsourcing legal paradigm. So, LPO industry needs to tighten seat belts in their preparedness to cash the overboard monies and work pouring in. *To wit*, the LPO industry is not only recession proof but is also inversely proportional to recession, however the same holds true only for quality people, organization and teams while the others will wither away like the dry leaves of the tree.

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