



The Outsourcing Unit Working Research Paper Series

Paper 13/1 – South Africa’s BPO Service Advantage

Case Study: radiant.law: Rethinking Legal Services

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Case Study - radiant.law: Rethinking Legal Services

“Outsourcing to an LPO provider in South Africa has been a positive experience for us. We see huge potential in it.” -Jason McQuillen, co-founder, radiant.law

“We are still at an early stage with Exigent, but it’s been terrific. We’ve been using Exigent as our junior lawyers but we’re on a journey to move to fixed price outsourcing.” - Alex Hamilton, co-founder, radiant.Law.

1. Case Overview

This case forms part of a much larger research study of the South African business process outsourcing services market. Details of the complete research base and methods appear in Appendix 1. In this paper, we focus only on the development of legal services outsourcing through looking at the relationship between UK-based radiant.law and South Africa-based Exigent.

Table 1: Overview of the Case

SA Case Study #	Client	Provider	Year Contract was Signed	Services	Sourcing Model
6	radiant.Law	Exigent	2011	Legal services	Outsourcing

About radiant.law: Founded in 2011, radiant.law is a UK-based law firm that specializes in outsourcing, technology and commercial contracts and issues. Radiant.law is built from the ground up to improve the client experience by providing experienced lawyers, better value and price certainty. Presently this start-up firm has fewer than 10 people, and is ranked in Band 3 on outsourcing and on commercial contracts list of top legal firms by Chambers UK in 2013. Source: <http://www.radiantlaw.com/>. In October 2013 radiant.law won the Financial Times Innovative Lawyers Legal Industry Pioneer 2013 award. Source: www.ft.com/innovative-lawyers.

About Exigent: “Exigent is a leading provider of innovative business solutions for the corporate and legal sector across four continents. With over 10 years’ experience, 250 employees, and a client portfolio including some of the UK, Australia, Canada and South Africa’s top law firms and corporates, we have developed expertise in delivering a broad range of high quality, innovative

legal services; and have received multiple, industry recognised awards for our outsourcing services and products.” Source: <http://www.exigentlpo.com>

2. The Rise of Legal Services Outsourcing in South Africa

Internationally, South Africa is now recognized as a leading destination for the outsourcing of services. In 2012, UK’s National Outsourcing Association (NOA) awarded South Africa the Offshoring Destination of the Year. While South Africa’s call centres have been the focus of the world’s attention, our research previously found that South Africa has the potential to excel in the offshoring of more advanced services, particularly legal services outsourcing (LSO).¹ The perfect storm is blowing favorable winds to South Africa’s LSO market—the rise of process standards, enabling technologies, and favorable deregulation in high-cost countries allowing for alternative legal structures like LSOs. These global forces are creating a great disruption in the delivery of legal services and South Africa, with its 20,000 qualified lawyers,² is primed to contribute to the new order.

Western-based clients in high-cost countries welcome the disruption. They are no longer willing to write hefty checks to domestic law firms for low-level work. Furthermore, they no longer want to assign their in-house lawyers low-level work. Why have fifth year lawyers formatting documents or reviewing simple non-disclosure agreements? Western-based clients are initially attracted to LSO because of the potential for cost savings. Indeed, the clients we interviewed for our book, *The Rise of Legal Services Outsourcing*³, reported total cost savings between 30 per cent and 50 per cent. But LSO has a much richer value proposition than just cost reduction, including the ability to focus in-house legal staff on higher-value work, faster service delivery, scalability, utility pricing, improved service quality, process transformation, access to innovation, and even commercialisation. However, the LSO market is still immature and many Western-based clients lack the experience to successfully engage an LSO provider directly. Rather, many Western-based clients need assistance in extracting value from LSO providers by engaging what we call “new age” law firms (see Figure 1). UK-based radiant.law is one such firm, and they partner with the LSO provider, Exigent.

¹ See An LSE Outsourcing Unit Working Paper 12/4: Becoming Strategic - South Africa’s BPO Service Advantage by Leslie Willcocks, Andrew Craig, and Mary Lacity, November 2012 available at http://www.outsourcingunit.org/WorkingPapers/WP12_3.pdf

² OMC Partners, *Comparative Location Survey for Legal Services Delivery*, November 2011. Available at www.omc-partners.com

³ Lacity, M., Willcocks, P., and Burgess, A. (2014), *The Rise of Legal Services Outsourcing*, Bloomsbury Publishing, London.

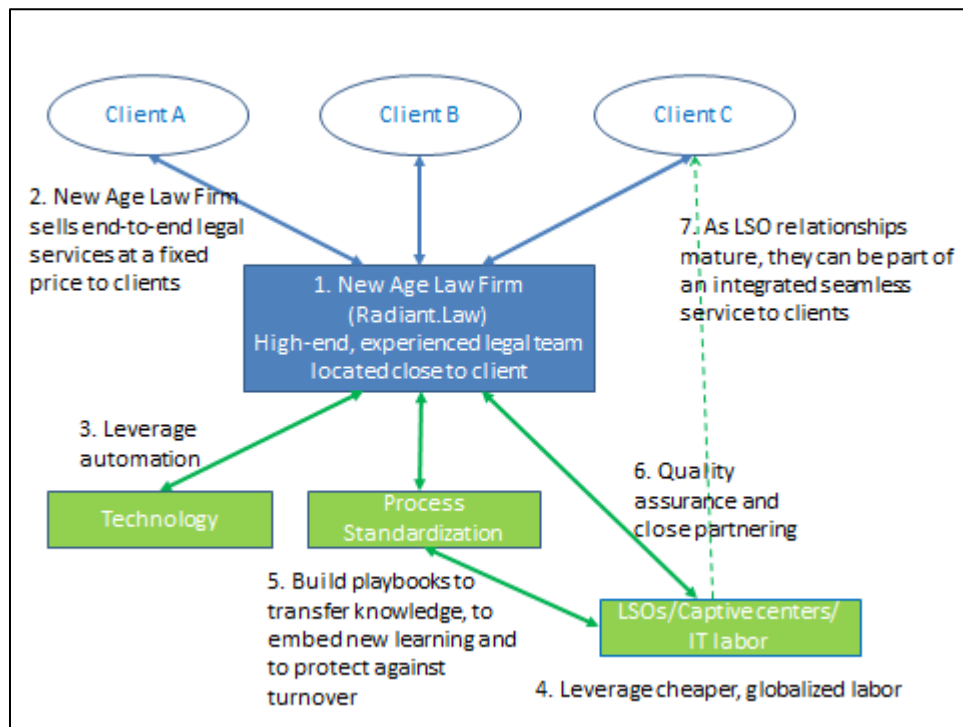


Figure 1: “New Age” Law Firms

Radiant.law was founded in 2011 by experienced lawyers, including a prior partner from a major US law firm. Frustrated by the fact that law firms seek to maximize their time rather than maximize the value delivered to clients, radiant.law’s mission is to be more efficient and effective than traditional law firms. Radiant.law does not seek one silver bullet to reinvent legal services, but rather deploys much buckshot to remove the unnecessary duplication and the inefficiencies that frustrate clients. Here’s how it maximizes value:

1. Radiant.law is located within close proximity to London-based clients to ensure high-touch, quality interaction (see number 1 in Figure 1). The real value of legal services comes from judgment calls from experienced lawyers. Experienced lawyers don’t just perform services for which the clients ask; they make sure that clients are asking the right questions. They question assumptions. They spot when “expert systems” spit out suboptimal answers. Alex Hamilton, co-founder of radiant.law, said, *“It’s that judgment call that I think will increasingly be valuable to clients; to be able to unask the question rather than just accept the premise of the question.”*

Radiant.law presently serves as the face its UK-based clients. It sells services to large clients who are used to engaging law firms to help with million pound deals. They want experienced lawyers, high quality services, and reasonable prices. These types of clients often prefer to engage a company like radiant.law who can serve as LSO intermediary—at least for now – and provide a managed service. Jason McQuillen said of his three largest clients, *“The clients see potential in leveraging the power of LPO but are not exactly sure how to approach it, and are perhaps a little wary about the quality of work product. We have previously worked with these clients on traditional, multi million pound deals, and so it gives them comfort that their lawyers of choice can deliver the value for them and simultaneously de-risk the exercise. They know that we will always step in to resolve any complicated issues and make sure the job gets done to the required standards.”*

2. Radiant.law offers clients fixed prices to perform legal services associated with outsourcing, technology and commercial contracts. Fixed prices better align a law firm’s and a client’s objectives compared to the traditional hourly fee structure (see number 2 in Figure 1). A law firm that is paid a fixed fee is highly incented to work efficiently by deploying technology, leveraging global talent, and standardizing processes in order to maximize profitability.

3. Radiant.law deploys technologies whenever possible. Great technology exists in the market, but many enterprise legal functions do not want to buy legal IT software because of the expense, headaches, and likely small scale usage of IT. Many traditional law firms do not want to leverage technology that would reduce the people-hours they can charge to clients. But “new age” law firms are highly incented to automate and to experiment with new technologies based on innovations like machine learning (see number 3 in Figure 1). As one of radiant.law’s “buckshot”, technology is actually a core capability for this firm. Alex Hamilton said, *“We’re probably doing more software development than your average large law firm, and we’re certainly building more new unique tools. Increasingly that gives us a major competitive advantage.”*

4. Radiant.law leverages globalized labor to keep costs low for tasks suitable to a junior lawyer, paralegal, or software developer (see number 4 in Figure 1). For software development, radiant.law hired freelancers based in the Philippines, Zimbabwe, Romania, Jamaica, Belarus, Italy, Bangladesh, and the Ukraine. Radiant.law found some of them as contractors through Odesk and has also hired two developers as full-time employees. Presently, radiant.law engages the LSO services of a South Africa-based provider—Exigent—to help keep their clients’ costs lower than traditional law firms. Jason McQuillen, co-founder of radiant.law

explained, “We have a team in England with highly experienced lawyers who can do your big deals as well as anyone in the market. But we can also be your gateway to the LPO for dealing with your high volume, repeatable contracts that just need to get done. And that’s proving very popular.”

5. Radiant.law standardizes processes to successfully engage global talent, and communicates these standards in “playbooks”.⁴ Playbooks help transfer knowledge to the LSO provider, protect against provider turnover, and can capture new learning if updated frequently (see number 5 in Figure 1). For one client, radiant.law has a detailed playbook for IT procurement with an agreed upon template for Statements of Work (SOW). The playbook defines bandwidths of acceptable terms. So, for example, a starting clause might be a week’s notice for termination for convenience. The other party will likely push back on that clause, so the playbook authorizes Exigent to increase the clause to 30 days without additional approvals.

6. Radiant.law assures quality through monitoring and close partnering because process standardization cannot articulate requirements fully (see number 6 in Figure 1). During the transition, radiant.law reviews every draft created by Exigent. While this practice facilitates a high level of quality control, it is inefficient in the long run. Once knowledge has been transferred fully, the three parties—radiant.law, their client, and their LSO provider—will not need so much management oversight. Ultimately, if the LSO provider can become a truly trusted partner, it can interface directly and seamlessly with radiant.law’s clients (see number 7 in Figure 1).

Although presently small in size, radiant.law aims to scale this model, growing to a hundred or more employees. In this case study, we explore further radiant.law’s use of LSO in their business model and how it ultimately came to select South Africa and Exigent.

3. Radiant.law’s Engagements with LSO Providers

“In the UK, you frequently come across South Africans in top law firms and in corporate legal departments, and so there’s sort of this implicit acceptance in the UK market of their quality, approach and work ethic.” -- Jason McQuillen, co-founder of radiant.law

⁴ Playbooks and other supporting documents help lawyers trained in one country (like South Africa) to understand the nuances and legal requirements of serving clients from other countries (like the United Kingdom). Playbooks also standardize service and establish clear lines of responsibility. See Lacity, M., and Willcocks, L. (2013), “Legal Process Outsourcing, In-house Counsels, Law Firms and Providers: Researching Effective Practices,” *Web Journal of Current Legal Issues*, Vol. 19, 3.

Radiant.law initially selected an India-based LSO provider. One of radiant.law's cofounders knew the General Counsel and other senior folks from this LSO, so he felt comfortable engaging this provider. The Indian lawyers were well-trained in British Common Law and were quite good at following detailed instructions. Radiant.Law followed best practice by having a playbook of instructions for the LSO to follow. The LSO provider performed well on tasks that involved conformance, formatting, spell checking and cross referencing. However, the experience of radiant.law was that they needed more guidance on practical and commercial issues which one might believe to go without saying. The decision to switch providers reached a tipping point when the India-based LSO was bought by another firm and radiant.law's close contacts left the LSO.

Radiant.law chose South Africa as their next offshore location. South Africa shares the Commonwealth Law advantage of India, but radiant.law felt that South Africa has superior language understanding, cultural compatibility, and time zone advantages compared to India. Radiant.law's executives also felt that the soft skills are better in South Africa than in India. Alex Hamilton, co-founder of radiant.law said, *"It's easier working with South Africa than India because they're not so formal. They are culturally and emotionally simpatico."* Two of the lead lawyers at one of radiant.law's largest clients are actually South African, so the selection of a South African LSO provider had that additional advantage as well. Pertaining to the time zone advantage, Jason McQuillen, co-founder of radiant.law said, *"Because we're basically on the same time zone, we can offer same day turnaround to UK clients on particular types of work. And it's easier to actually have conversations with South Africa which we're doing more and more as we work together on more complex matters."*

Radiant.law decided to select Exigent because they were more flexible than other LSO providers. Jason McQuillen, co-founder of radiant.law, said, *"I guess this may be perceived as a case of lawyers not taking their own advice, but we're actually concentrating on building the relationship rather than a cast-iron contract."* Exigent was willing to start the relationship without a detailed contract. The initial contract is based on hourly rates. The partners will move to a fixed price deal after the transition period to mirror the fixed price structure radiant.law uses with its clients. Additionally, radiant.law would like to put in Service Level Agreements (SLAs) for their clients, such as promising a same day turnaround, and install an SLA for Exigent's portion of that cycle. Jason McQuillen, explained further why the contact is initially loosely defined: *"We consider ourselves in pilot stage and it makes no sense to draft a detailed contract without us knowing exactly what we want and what Exigent are truly capable of. In the meantime, we're*

just concentrating on building the partnership and our ways of working together and will set down at the appropriate time and formalize it. We don't place any caps on what they can do and are proactively up-skilling them."

4. Practices to Manage a South Africa-based LSO Provider

"Hyper communication is the key to success, especially at the beginning". --
Jason McQuillen, co-founder of radiant.law

Successfully leveraging an offshore LSO provider takes careful management. We've identified nearly thirty proven practices⁵ Western-based clients use to make sure they get value from the relationships with their LSO providers. While researching the radiant.law-Exigent case, we found that the partners deployed many of the proven practices we previously identified, but we also uncovered three unique practices in this case (see Table 2). Below we discuss ten of them. For other clients considering South Africa as a destination for LSO provision, these practices will help ensure success.

Table 2: Proven Practice for Managing LSO Providers

Practice	Prior LSO Case Studies*	radiant.law
1. Assign a high-level point person to manage the LSO provider relationship	X	X
2. Use an onshore engagement manager (OEM)	X	X
3. Invest in face-to-face meetings	X	X
4. Treat the LSO provider as a partner, not a vendor	X	X
5. Resolve issues together	X	X
6. Protect against provider turnover	X	X
7. Keep playbooks updated	X	X
8. Use technology to automate or enable processes whenever possible.		X
9. Experiment often, learn from failure, and dare to try again		X
10. Allow trusted LSO providers to co-deliver an integrated, seamless service		X

** Practices 1 through 7 are discussed further in Lacity, Willcocks, and Burgess (2014), **The Rise of Legal Services Outsourcing**, Bloomsbury, London.*

⁵ See Lacity, M., and Willcocks, L. (2013), "Legal Process Outsourcing, In-house Counsels, Law Firms and Providers: Researching Effective Practices," *Web Journal of Current Legal Issues*, Vol. 19, 3.

1. Assign a high-level point person to manage the LSO provider relationship during the transition. As prescribed by best practices we've uncovered in our LSO research, radiant.law's point people are lawyers with experience, personal credibility and political clout within the client organization. Providers all appreciate the value of a supportive high-level point person. For example, the VP of one provider we interviewed said of his client's point person, *"His job is to make sure that elements that need to be engaged from the client side are engaged."*

2. Use an onshore engagement manager (OEM). Exigent's account manager for radiant.law is based in London and he serves as the onshore engagement manager (OEM), another practice we identified as crucial to LSO success.⁶ An OEM is employed by the LSO provider but works at or near to the client site to coordinate work. Because the OEM is familiar with both the client's and LSO provider's processes, technologies, cultures, and employees, the OEM smoothes the transitions of work between the client and LSO provider. Because of the expense of an OEM, our prior research found the practice is best suited for project work, such as a large legal matter, where playbooks cannot be defined fully in advance and when requirements emerge as the legal matter progresses. For radiant.law, the OEM is a crucial player in adding flesh to the bare bones pilot relationship.

3. Invest in face-to-face meetings. One practice to facilitate knowledge transfer and to build closer relationships is for everyone to meet face-to-face. At one client company we studied, a senior leader visits his offshore LSO every six months. The GC said, *"It does add to the expense but we thought it was worthwhile."* Another client advised that if you can only afford to send one or two people to your offshore LSO provider, send operations people who can transfer knowledge to the provider's staff. If only senior executives from the client organization visit the provider, then this client said, *"You sit around, drink coffee, and show each other how great you are."* At radiant.law, they provide training over the phone regularly, but also believe in the need to visit the LPO personally. *"Making the investment to actually go down there, meet the team, discuss each other's needs and develop a rapport is really important."* -- Jason McQuillen, co-founder of radiant.law

To make that transition to fewer overseers, radiant.law visited South Africa to complete advanced training. It's really the more nuanced knowledge that needed to be mastered. Jason McQuillen said that while in South Africa for five days, *"We concentrated on providing greater context around tasks and talked about what clients ultimately want. For LPO to move up the*

⁶ op. cit. Lacity, Willcocks, and Burgess (2014)

value chain, they need to be able to make some judgment calls which is obviously a lot harder than just applying rules steadfastly.” A high level of experience, domain understanding, and cultural sensitivity is required to ask clients direct questions about what they need. If the LSO provider needs to clarify something with the end client, it needs to speak that client’s language, not the language of law. So, for example, if the end client is a procurement manager, the lawyer should not ask them about an apparent conflict in a particular clause. Instead, the lawyer should ask the question in the form the procurement manager would understand, such as, “The Master Service Agreement says 30 days, but this Statement Of Work says 15 days, what do you want?” Jason McQuillen, co-founder of radiant.law, explained the ultimate goal: “We want a team of lawyers at Exigent who can pick up a matter for our clients using our tools and our playbooks and can basically run with it. We will always QA and take ultimate responsibility for Exigent’s work, but if everything is working to plan, the effort required to do that will lessen over time.”

4. Treat the LSO provider as a partner, not a vendor. This practice is fundamental and universal to all outsourcing relationships we’ve studied, be it call centers, information technology, finance, accounting, procurement, human resources or legal services. This practice is also borderless in that treating a provider as a partner is important whether that provider is sitting in the next cubical or located across vast distances and time zones. Alex Hamilton, co-founder of radiant.law, summarized how the relationship with his LSO provider functions in an environment of high uncertainty and experimentation (see practice 9). He said, *“It works because we behave like partners. We work very closely with Exigent’s sales team in London. So what we found really works is to get very, very close to the people.”* The partnership attitude manifests in behaviors, such as resolving issues transparently and cooperatively.

5. Resolve issues together. All services—whether insourced or outsourced—will have service issues. We define an issue as any circumstance which interrupts performance and can include service lapses, project delays, or difficult people.⁷ In poor performing relationships, the partners blame each other and demand that the other side fix the problem. In high-performing outsourcing relationships we studied, partners see service quality as a shared responsibility and therefore seek to resolve service issues together. This practice is certainly evident at radiant.law and Exigent. Both parties share responsibility for the quality of Exigent’s work.

⁷ From Lacity, M., and Willcocks, L. (2013), “Mastering High-Performance: Resolving Conflicts in Business Process Outsourcing Relationships”, available on <http://www.umsl.edu/~lacitym/LacityWillcocksResolvingConflicts2013.pdf>

Jason McQuillen, co-founder of radiant.law said, *“You know, it really is a collaboration; if the work we’re getting back is not what we expect, that’s as much our fault as Exigent’s because we’re not being clear in telling them what we want, and tooling them up to deliver it.”*

6. Protect against provider turnover. As evidenced by the radiant.law case and other client cases we’ve studied, transitioning work to an LSO provider requires a significant amount of knowledge transfer upfront. Clients only want to do this expensive and time-consuming training once, yet turnover will occur and cause issues. High staff turnover in low cost countries has been a major problem for ITO, BPO, and LSO providers. In India, LSO turnover rates in Gurgaon can be as high as 30% because the proliferation of providers makes it easy for workers to find alternative employment. Turnover rates in South Africa are lower, but still clients need to understand that turnover will occur and it still could cause issues. At radiant.law, they spent significant time training Exigent’s lawyers but found there could be dips in quality when the trained person left: *“We’re not interested in rebuilding a law firm model with us as partners and an LPO as associates. We’re building a delivery model with well-defined processes and tools embedded which any intelligent, diligent legal professional could understand and apply.”* Our prior research found several practices to mitigate the risks of provider turnover: (1) Have the LSO provider overstaff the project to mitigate turnover risks. (2) Require the LSO provider’s middle managers to shadow their predecessors before assuming responsibility. (3) Keep playbooks updated to onboard new team members quickly. Radiant.law certainly discussed the value of this last practice.

7. Keep playbooks updated. Playbooks that are frequently updated will bring new employees up to speed quickly. One GC in our LSO research explained, *“You developed a playbook so that even if the individual who’s been working on this particular area goes, the impact would be reduced because all that knowledge and issues and understanding are being caught and you’re always upgrading.”* Radiant.law’s co-founder Jason McQuillen concurred: *“Updated playbooks are a mechanism by which anyone who’s new to the file can get up to speed quickly.”* Playbooks are valuable not only for transitioning and coordinating work, but for continual improvement. Radiant.law and Exigent are still figuring out who will and how to keep the playbooks updated. Consider this scenario: The LSO provider hands work to radiant.law; radiant.law tweaks the work before sending it to the client. Who should compare the two versions, decide if the differences are significant and thus warrant an update to the playbook? From radiant.law’s view point, they would like to delegate this feedback loop to the LSO

provider, but in reality the process will have to be shared because it is possible that the LSO provider, not radiant.law, had the better version.

8. Use technology to automate or enable processes whenever possible. While this practice was proven to be effective in our prior LSO research, radiant.law has one unique twist. Most Western-based clients use their LSO provider's technology suite because it is usually superior to the client's technical capability. Radiant.law is unusual because it asks its LSO provider to use radiant.law's technology. Radiant.law has the primary interface with their clients, so they want the assurances that the technology is doing what they think it is doing. Radiant.law does not sell their tools, but rather uses their technologies to solve client's problems effectively. With software developers all over the world, Alex Hamilton, co-founder of radiant.law said, *"We're building and using a lot of technology. We use contract automation and other leading third party products, but we've also built a number of our own tools for collaborating, as well as extending Word. We're doing a lot of work in technology to get the knowhow at the right point in time to the right person."* He further acknowledges that developing a core capability in technology is the antithesis of what sensible people advise law firms to do. He chuckled, *"Nicholas Carr⁸ would be completely unimpressed by what we're up to."*

9. Experiment often, learn from failure, and dare to try again. Radiant.law is owned by the founding partners so it is not restricted by venture capitalist requirements to grow at a certain pace or to delivery profitability by a certain deadline. This freedom allows radiant.law to experiment with new technologies, processes, and other innovations in legal service as it figures out how to create the "new age" law firm. Their founders refer to their company as a type of "skunkworks of the law". Skunkworks was a term given to Lockheed's secret World War II projects that emanated foul odors from its facilities. In today's vernacular, Skunkworks refers to research and development projects developed by small, nimble, and loosely-structured teams. In the context of offshore LSO, radiant.law deliberately over-sends challenging work to Exigent just to see if they can do it. Alex Hamilton said, *"If we send something to South Africa and it doesn't come back right, I will pull an all-nighter if necessary to fix the document myself. Experimentation is the only way to know how far we can take the people or how far we can take technology."*

⁸ In 2003, Nicolas Carr wrote what became a very famous article in the *Harvard Business Review* titled, "IT Doesn't Matter".

10. Allow trusted LSO providers to co-deliver an integrated, seamless service. The first nine practices are orchestrated to reach this ultimate crescendo: radiant.law and Exigent provide an integrated, seamless service to radiant.law's end clients. When can radiant.law let go of control to allow the LSO provider direct client contact? According to Jason McQuillen, co-founder of radiant.law, *"It's an iterative process, and you need to be sure the service is of consistently high quality and stable before contemplating Exigent having direct contact with the client. It feels like we are definitely getting close to this in some work streams."* Ideally, from the client's perspective, they should not be able to tell if they are ultimately speaking to a radiant.law person or an Exigent person—service should be that seamless.

We do note that this practice is thus far unique among the LSO cases we've studied. We do foresee one risk with this practice: What is to prevent an LSO provider from mimicking the playbooks, processes, and tools and approaching clients directly? In this particular case, the LSO provider is actually much larger than the firm now serving as the intermediary between the LSO provider and large, UK-based clients. Non-compete clauses will likely be the first risk mitigation practice, but that only prevents poaching current clients, not future clients. Jason McQuillen was not worried. He said, *"Some people might think we're a bit daft for up-skilling a third party who may compete with us in the not too distant future. But the legal industry needs this development – and it just gives us another reason to make sure we are always innovating and staying ahead of the pack."*

5. Case Conclusion

"Exigent communicates well, they have good turnaround, and are quick to respond to any issues raised. They seem genuinely pleased to be doing this work because from their lawyers' point of view, they're doing real legal work for a firm in London and ultimately some top notch clients that any firm would be proud to service." -- Jason McQuillen, co-founder, radiant.law

The radiant.law-Exigent case is clearly a success story. The case shows the great potential for South Africa to offer value-added, complex services beyond call centers. With its large number of lawyers, cultural and legal compatibility with Commonwealth countries, and favorable time zone advantages in relation to Western Europe, South Africa can be a major player in helping the world to rethink legal services. All the forces that are disrupting and threatening the pyramid structure of traditional law firms actually favor the rise of legal services outsourcing from South Africa. With companies like Exigent serving as proof of concept, we believe technology

enablement, process standardization and deregulation provide great opportunities for South African to increase its market share in legal services.

Appendix 1 – Research Base and Methodology

This study draws upon primary research conducted by the authors between July 2012 and November 2013. The research strand continues into March 2014. The research consists of:

1. A quantitative, comparative analysis of selected competitive country locations. Benchmark assessments of the United Kingdom were provided from our own database analysis. Data on the nine additional countries was then obtained by questionnaire from 30 senior global sourcing analysts working in client (10), provider (8), management consultancy (3), market analysis (5), and research (4) organizations. These analysts were carefully selected as a) highly experienced and knowledgeable professionals in the global sourcing field and b) having specific expert knowledge about South Africa and its competitors. (*Technical note: Some analysts did not rate all ten countries, but data was collected from at least 18 respondents for each country in the study. For each country analyst ratings were relatively close. Final figures in the Report show median ratings as the most representative*). In October 2013 this analysis was repeated with ten of the original global sourcing analysts able to rate all ten countries as competitors.

2. Further detailed qualitative research with 42 interviewees, consisting of 17 client executives and 13 providers operating in South Africa, 2 potential clients, and 10 market analysts. The interviews covered fourteen of the major captive/outsourcing arrangements in South Africa and involved eight of the major service providers. All respondents were experienced in global sourcing and expert in business and IT service location attractiveness. Interviews were typically 60-75 minutes in length with the tape transcription quotes verified by respondents. Client organizations were from utilities, telecommunications, financial services, legal, retail and airline sectors. Additionally we devised and administered a survey instrument for measuring service performance. This invited respondents to measure the ten arrangements on Performance – quantity versus target, Business value – does it make business sense and Service quality. Service quality covered:

- Tangible physical evidence of delivery,
- Reliability – accuracy and dependability
- Responsiveness – right timing and speed
- Assurance – giving confidence and trust
- Empathy - attention to user

Scoring was on a scale 1-10 with 1-3 being inadequate, 4-6 meets minimum satisfaction threshold, 7-9 good to very good, and 10 exemplary.

3. Total research was through a mix of interview, questionnaire, desk research and client and provider interviews in Europe, Asia Pacific, and Africa across the July 2012 to November 2013 period. The research stream is continuing to end of March 2014.

4. The study draws directly on five recent LSE Outsourcing Unit streams of research and findings. The first is a study of Legal Services Outsourcing (see book description below). The second is a study of High Performance BPO conducted by Mary Lacity and Leslie Willcocks throughout 2011-3, sponsored by Accenture. This looked at over 20 global BPO arrangements

and drew also on a 230 plus respondent Everest survey. The reports can be found at www.outsourcingunit.org. The study developed the eight factor benchmark for high performance BPO. The third study into cloud computing by Leslie Willcocks, Will Venters and Edgar Whitley was published as *Cloud and The Future of Business* LSE/Accenture, London. The fourth study is a follow-up on cloud and the diffusion of innovation. Its findings appear in Willcocks, L., Venters, W. and Whitley, E. (2014) *Moving To The Cloud Corporation*. (Palgrave, London). The fifth study of location attractiveness in BRIC and non-BRIC countries was published in Oshri, I., Kotlarsky, J. and Willcocks, L. (2011) *The Handbook of Global Outsourcing and Offshoring*. Palgrave, London. Its 20 factor Location Attractiveness instrument is used in the present study.

5. The study also draws upon the Outsourcing Unit's 21 year longitudinal case database of 1,600 plus global sourcing IT, BPO and offshoring arrangements studied in-depth from 1993-2013. Including survey work the research base represents data from 2,700 plus organizations. The most recent findings appear in Cullen, S., Lacity, M. and Willcocks, L. (2014) *Outsourcing – All You Need To Know* (White Plume, Melbourne) and Willcocks, L. and Lacity, M. (2012) *Advanced Outsourcing: Rethinking ITO, BPO and Cloud Services*, Palgrave London, and Willcocks, L. and Lacity, M. (2012) *The New IT Outsourcing Landscape*, Palgrave, London. The multiple case studies are also represented in Lacity and Willcocks (2009) *Information Systems and Outsourcing: Studies in Theory and Practice* (Palgrave), Oshri, Kotlarsky and Willcocks (2008) *Outsourcing Global Services* (Palgrave), Kotlarsky, Oshri and Van Fenema (2008) *Knowledge Processes in Globally Distributed Contexts* (Palgrave) and Willcocks and Lacity (2009) *The Practice of Outsourcing: From ITO to BPO and Offshoring* (Palgrave). The cases are in-depth and longitudinal i.e. studied qualitatively and quantitatively, in some cases over three generations of outsourcing. The research base covers all major economic and government sectors, including financial services, energy and utilities, defense and aerospace, retail, telecoms and IT, oil, transportation, central, state and local government, health care, industrial products and chemicals, and is drawn from medium, large and multinational organizations based in Europe, US and Asia Pacific.



About: The Rise of Legal Services Outsourcing

By Mary Lacity, Leslie Willcocks, and Andrew Burgess, Bloomsbury Publishing, London, 2014

As a market estimated to be worth \$2.4 billion globally and growing rapidly, all legal firms and in-house counsels will need to consider the opportunities and risks afforded by Legal Services Outsourcing (LSO). Here, Mary Lacity, Leslie Willcocks and Andrew Burgess present practices used by clients, providers and advisors to realize value from LSO. The book is based on data from 27 LSO providers, interviews with clients and lessons learned from prior Information Technology Outsourcing (ITO) and Business Process Outsourcing (BPO) research. Based on the authors' deep understanding of the evolution of ITO and BPO, The Rise of Legal Services Outsourcing addresses the transformation of legal work, LSO strategy, provider selection and contractual governance, as well as predicting the trends that will come to shape the LSO market.

About the Authors

Dr. Mary Lacity is Curators' Professor of Information Systems and a Visiting Professor at the London School of Economics. She is also a Certified Outsourcing Professional®, Co-Chair of the IAOP Midwest Chapter, Industry Advisor for the Outsourcing Angels, Co-editor of the Palgrave Series: Work, Technology, and Globalization, and on the Editorial Boards for *Journal of Information Technology*, *MIS Quarterly Executive*, *Journal of Strategic Information Systems*, *IEEE Transactions on Engineering Management*, and *Strategic Outsourcing: An International Journal*. Her research focuses on global outsourcing of business and IT services. She has conducted case studies and surveys of hundreds of organizations on their outsourcing and management practices. She has given executive seminars worldwide and has served as an expert witness for the US Congress. She was the recipient of the 2008 Gateway to Innovation Award sponsored by the IT Coalition, Society for Information Management, and St. Louis RCGA and the 2000 World Outsourcing Achievement Award sponsored by PricewaterhouseCoopers and Michael Corbett and Associates. She has published 16 books, most recently *The Rise of Legal Services Outsourcing* (Bloomsbury, 2014 London, co-authors Leslie Willcocks and Andrew Burgess) and *Advanced Outsourcing Practice: Rethinking ITO, BPO, and Cloud Services* (Palgrave, 2012; co-author Leslie Willcocks). Her publications have appeared in the *Harvard Business Review*, *Sloan Management Review*, *MIS Quarterly*, *IEEE Computer*, *Communications of the ACM*, and many other academic and practitioner outlets. She was Program Co-chair for ICIS 2010. Before earning her Ph.D. at the University of Houston, she worked as a consultant for Technology Partners International and as a systems analyst for Exxon Company, US.

Dr. Leslie P. Willcocks has an international reputation for his work on global management, outsourcing, e-business, information management, IT evaluation, strategic IT and organizational change. He is Professor in Technology Work and Globalization at the Department of Management at London School of Economics and Political Science. He also heads the LSE's Outsourcing Unit research centre. He has been for the last 22 years Editor-in-Chief of the *Journal of Information Technology*. He is co-author of 35 books including most recently *The Rise of Legal Services Outsourcing* (2014) and *Advanced Outsourcing Practice* (2012) and has published over 200 refereed papers in journals such as *Harvard Business Review*, *Sloan Management Review*, *California Management Review*, *MIS Quarterly* and *MISQ Executive*. He has delivered company executive programmes worldwide, is a regular keynote speaker at international practitioner and academic conferences, and has been retained as adviser and expert witness by major corporations and government institutions. Forthcoming books include *Global Outsourcing Discourse: Exploring Modes of IT Governance* (Palgrave, 2013). His research into the management of cloud business services appears as *Cloud and The Future of Business: From Cost to Innovation* (www.outsourcingunit.org). Email : l.p.willcocks@lse.ac.uk

Andrew Craig is visiting Senior Research Fellow at the London School of Economics and Political Science UK where he helped set up and now works in the Outsourcing Unit. He heads the IT leadership and governance stream of Carig Ltd and is also a director of Board Coaching Ltd. He has coached executives, teams and boards in the Defence Procurement Agency, the UK Border Agency, the leisure industry, Balfour Beatty, HSBC and finance and fund management companies. He is co-author of *The Outsourcing Enterprise: From Cost Management to Collaborative Innovation* (Palgrave, 2011). In his professional British Army career, as Brigadier, he directed the recruiting operation- an annual requirement of 16,000 people- and was responsible for Human Resource planning for a workforce of 120,000. He commanded engineering operations worldwide, including the first Gulf War and Bosnia, and led the UK's planned military response to nuclear, biological and chemical terrorism. He was awarded an OBE in 1992.

The Outsourcing Unit, LSE provides world class research, education and advice on all aspects of outsourcing to make it less risky and demonstrably more cost-effective.

<http://outsourcingunit.org/index.html>