

Outsourcing: another name

When the word 'outsourcing' is mentioned, images of large IT service companies or Indian call centres usually come to mind. Is it not true, however, that the legal industry is a provider of outsourced services and always has been? **Mark Armstrong** reports

The legal industry has undergone an unprecedented level of change in recent years. Four major factors influencing these changes are: legislation; value chain convergence; the internet and outsourcing.

Arguably none of these are new, and individually each has had little impact. However, together they have created sufficient pressure in the market to force a paradigm shift in the delivery of professional services. Luckily, whilst most industries have had to come to terms with the effect of 'outsourcing' on their business processes, the legal industry has plenty of experience in the delivery of outsourced services — panel management.

Recently, panel management has become synonymous with the provision of volume commodity services; conveyancing, remortgage, and PI claims. Arguably, poor quality services, bad management, lack of transparency and high costs have given it a bad name and created a shift away from panel management. But why?

New legislation, specifically the de-regulation of legal services has opened up the market to new entrants. This has been most visible in personal injury and conveyancing, and the threat of 'Tesco law' has created a nervousness in the market. The more entrepreneurial of practices have embraced the opportunity, restructured themselves to take advantage and started to think like a business. Not all of these will make it but they have a far greater chance of succeeding in the brave new world than those more conservative firms.

As pressure is exerted by new entrants and legislation, the legal value chain becomes unstable. The Government's e-conveyancing strategy is a perfect example of this, and the advent of Home Information Packs is creating a 'gold rush' for prime position. Relationships that have been built over decades and are the basis upon which most firms have maintained their fees, are coming under pressure as the markets converge. The Home Information Pack will dramatically change the influence of the buyer and the seller.

Information can now be passed securely in real time, often for near-zero cost. The concept of the 'customer portal' has morphed from an online solution provided by the law firm, to a central information portal where information is posted, to the integrated outsourced model.

In the drive for efficiencies, firms are being asked to review their value proposition, focus on their core competencies and outsource the remainder. Work providers want to reduce their risk by spreading their outsourced work across several firms and in doing so, they do not want to relinquish control but conversely, increase it. This is possible using technologies like Visualpanel.

Visualpanel is a panel management solution: it receives instructions from work providers, translates them into a common format and distributes them to a prescribed panel of law firms where they are imported directly into case management systems (CMS). As the case progresses the law firm's CMS automatically updates Visualpanel with the progress. This is monitored according to a service level agreement (SLA) giving the provider full visibility. The electronic transfer of data is also quicker, cheaper and more accurate than traditional methods. It is the ideal tool for managing the outsourcing of volume legal instructions to a dispersed panel of law firms.

Panel management brings legal services in line with more established 'supply chain' industries, often seen in manufacturing, where margins are very slim and time lines critical. Each member of the supply chain must be fully aware of the 'value' they add to the end customer service. Typically prices are set by the market and profit is made by completing the process at a lower cost, while maintaining standards set by the SLA.

Whilst already true to a large extent, law firms involved in volume transactions will increasingly need to adopt both advanced technology solutions and, just as importantly, the supporting culture if they are going to continue to survive, let alone prosper. The investment in technology,

skills and sales expertise may put these markets beyond the reach of many small firms.

Some law firms may even create their own panel management solutions, providing the primary contract with the work provider but using a panel of smaller firms to manage overflow. In this case the panel management solution is simply an extension of their case management solution, providing a consistent level of visibility across all cases. This approach allows the firm to increase the penetration of their service into the work provider, allowing them to outsource part of the wider clerical task as well as the legal process.

Panel management also has a role in the management of panels involved in high value cases. Client organisations still require a uniform view of all legal cases, across all of the instructed firms so that the outsourced legal work can be managed and reported on.

Such solutions are less concerned with the economies of saving time from re-keying information, but for sharing information and allowing the client to maintain visibility and control of the process. It needs to support other professional advisors as the project requires.

Panel management technology will become the normal method for distributing high volume low value transactions. In residential conveyancing in particular they will become the 'supply chain manager', bringing together the various parties in the 'post HIPs' conveyancing market.

Within high value case types, the role is different, providing the client with visibility and control. Ownership of the panel management solution needs to shift to the client, and while they need to support a 'deal room' capability they must also give the client visibility of the status and costs involved in the project.

Panel management is a relatively new technology, but as a practice it has been a key part of the legal industry for as long as it has existed.

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FIRST TITLE AND HOME INFORMATION PACKS — VISUALPANEL

Visualfiles and First Title have embarked upon a £1.25m development project which will see the launch of a HIP (Home Information Pack) Platform in Q3 this year. The introduction of HIPs, which will be a two-fold process involving a voluntary dry run from June 2006 and a mandatory requirement from January 2007, represents a major market development and is sure to cause upheaval for all parties involved — Visualfiles and First Title's HIP Platform will provide a configurable solution for all stakeholders in the property industry.

Visualfiles and First Title have both enjoyed runaway success in the residential market. Visu-

alfiles, the most widely used case management supplier in the UK residential conveyancing market, has through its involvement in initiatives such as PISCES — the electronic data exchange standard for real estate — always remained at the forefront of the conveyancing market and already has a HIP working prototype. First Title, the UK's leading provider of title insurance and related products and services, have been heavily involved in HIPs since their inception as well as their predecessor, Sellers Packs. Both firms are ideally positioned to offer HIP services to the market.

The HIP Platform will be developed utilis-

ing Visualfiles' Visualpanel engine. Visualpanel has been specifically designed to manage large volume, collaborative outsourced business processes, collating them into a single repository from which the HIP will be generated. It is intended that the HIP Platform will be flexible to accommodate the varying needs of HIP providers.

Ian Turner, development director at First Title, comments: "As leaders in our respective fields, this technology partnership makes sound business sense. Our aim is clear — we want to supply our clients with accurate Packs at the fastest possible speed."

JOHNSON YATES AND ULR

Newly-formed partnership Johnson Yates, the amalgamation of PI specialist firms JTP Solicitors and Addison Yates Solicitors, has been working with Visualfiles for the last 12 months as it positions itself as the lead adviser to firms involved in motor accident claims management. Visualpanel provides them with a flexible tool that enables them to reach into their clients' offices and add value to their claims managers on the ground, through to integration of the complete value chain, and summarised management information to the claims head office and their insured clients.

By automating the integration of all participants in the value chain, a total picture of the process is available. Each panel member, whether they be a law firm, insurer, medical expert or claimant can see their role in the overall process and more importantly, Visualpanel allows Johnson Yates to manage the effectiveness and quality of the outsourced services on behalf of their client.

David Johnson of Johnson Yates comments: "Managing the recovery and claims process on behalf of our clients effectively, from claim approval through to settlement, requires

collaboration across all parties involved. In addition to the legal process, visibility of the process is required by the insured client, the claimant and all ancillary parties involved in the claim. All of these processes need integrating and managing as one managed outsource service on behalf of our clients. We could not offer this service and the cost savings that accompany it without the Visualpanel technology from Visualfiles. Indeed, the technology solution is being delivered by Visualfiles as an outsourced service to us. You could say we are practising what we preach!"

SYNAPSE AND BPL

Synapse, a joint venture with four respected law firms and Visualfiles, was the first venture to embrace Visualpanel. Managing the outsourcing of conveyancing and remortgage, Synapse integrates Visualpanel with its clients, and handles the allocation, capacity management and distribution of cases. It manages the fee reconciliation on behalf of all parties, as well as providing a rich management information feed to the client.

Richard Hinton, business development director for Synapse, comments: "The market has needed this solution to facilitate much of the development underway in the conveyancing industry — it represents the next generation of panel management."

Synapse and BPL

Synapse has recently implemented a solution for BPL, a new firm formed as a result of a

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Richard Hinton, Synapse

buy-out from Battens Solicitors. BPL has embraced the outsourced opportunity and has engaged with Synapse to differentiate its offering. They have recently been awarded a contract to exclusively manage conveyancing for a major regional mortgage broker. They will be responsible for the delivery of the service across the panel, catering for their client's local firm requirements where necessary.

Angela Thompson, business development

director at BPL Solicitors, says: "We are ever conscious of the need to assist our clients to achieve their business objectives. The functionality that Synapse delivers has not only improved our service to clients, it has also caused our client to move his whole operation into an electronic environment!"

Hinton agreed. "It is a tidy project that delivers a tailored solution to a client who knew he wanted a major step change in his proposition to clients," he says.



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