

Outsourcing and offshoring – opportunities for GCs to reduce their cost base

3 December 2009

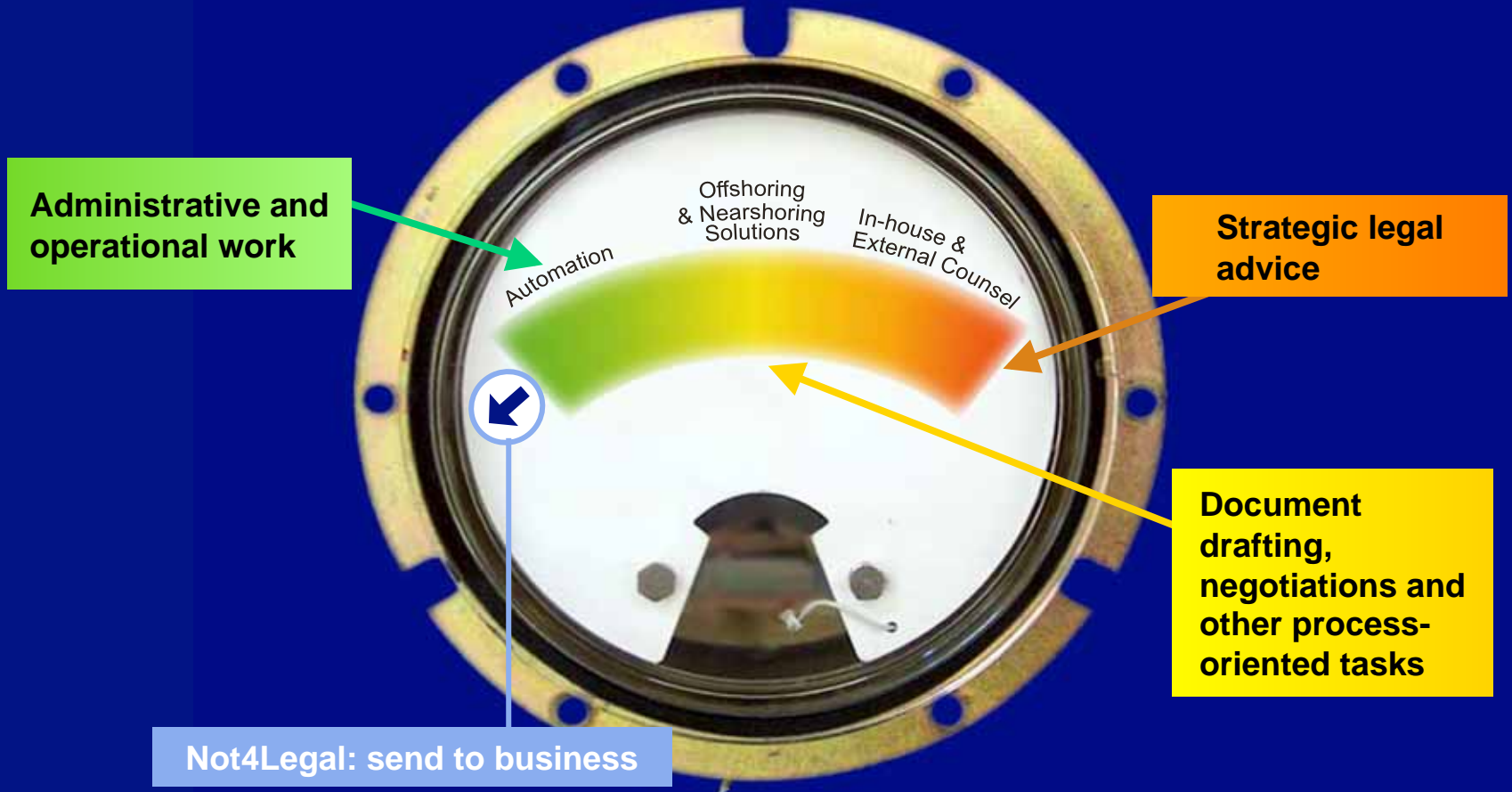
Graham Jefferson
Director and Senior Legal Counsel

A Passion to Perform.

Deutsche Bank



In 2007 Deutsche Bank's legal department re-evaluated our operating model...



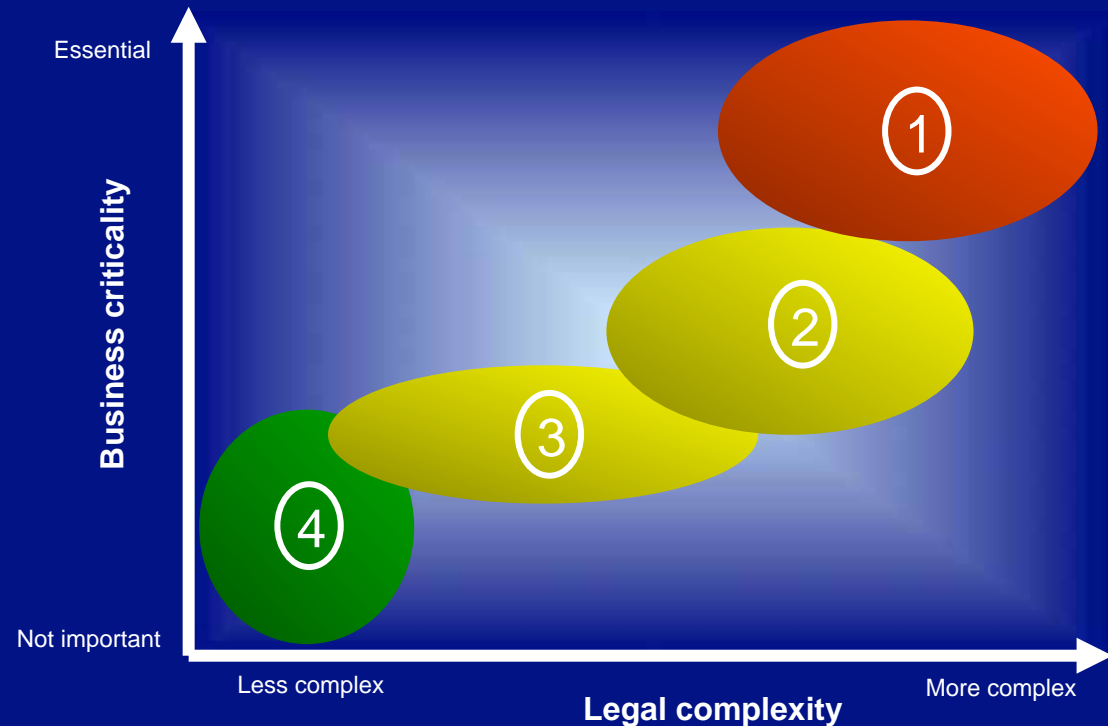
...in order to maximise efficiencies and achieve savings

Three of our key initiatives.

- Outsourcing of email review and discovery exercises to third party LPO vendors
 - Selected vendors were Pangea3 and QuisLex
- Transfer of standard document drafting and negotiation functions to DBOI captive
 - Shift trading agreement negotiation function to appropriate location based on complexity and time sensitivity
- Formulation of Elite Strategic Partnerships with external counsel
 - Standardise tendering processes, while redesigning how we operate

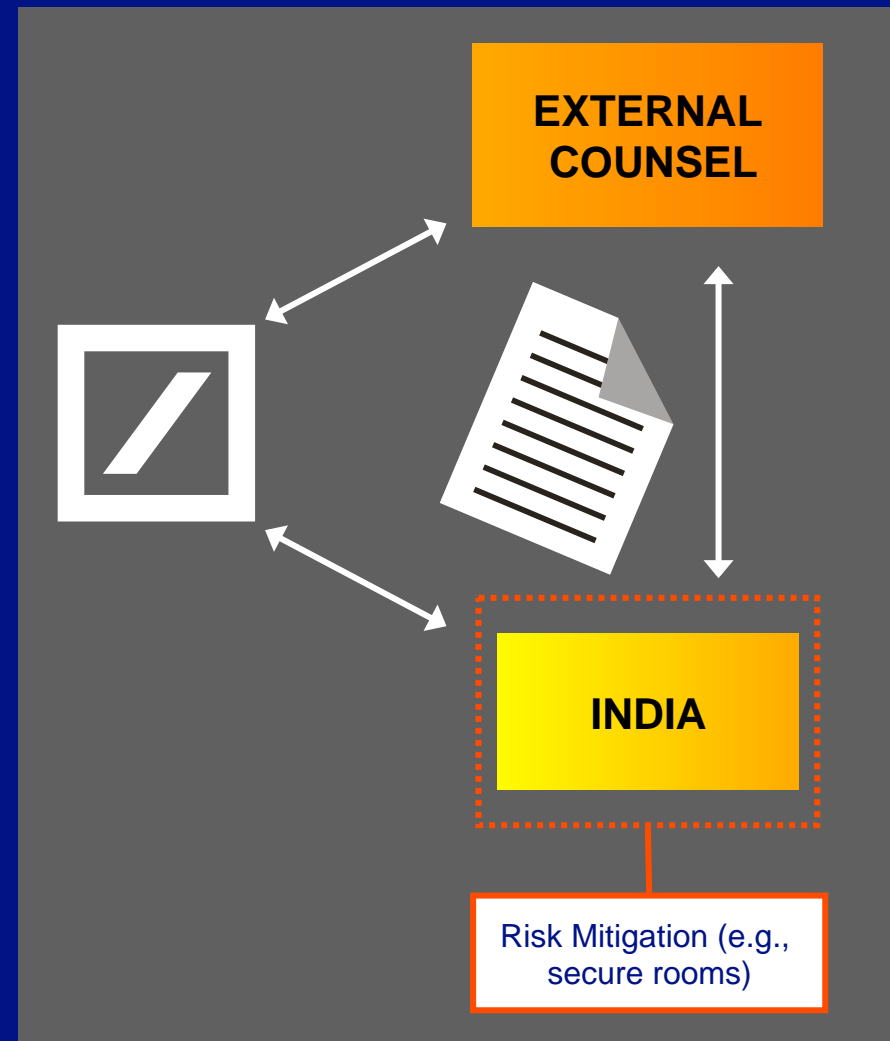
1. **Business aligned experts in high cost locations** - perform complex legal work in close proximity to their business clients. These teams look to move the more straightforward elements of their work to...
2. **Nearshore Centres of Excellence** – support the business aligned experts and some business lines direct. These are teams of lawyers and negotiators with strong drafting and negotiation skills. Where possible they rely on...
3. **Offshore Centres of Excellence** – teams of lawyers (and non-lawyers) in low cost locations performing more straightforward work under the guidance of the Nearshore COE. These teams have some but limited contact with the businesses and/or clients direct and tend to work for the Nearshore COE. Offshore COEs look to bundle tasks together and wherever possible use...
4. **Automation** – standard form agreements and routine processes are automated and embedded in workflow tools. Automation projects are time consuming exercises and wherever possible this work is run in the Offshore COE.

Our target operating model

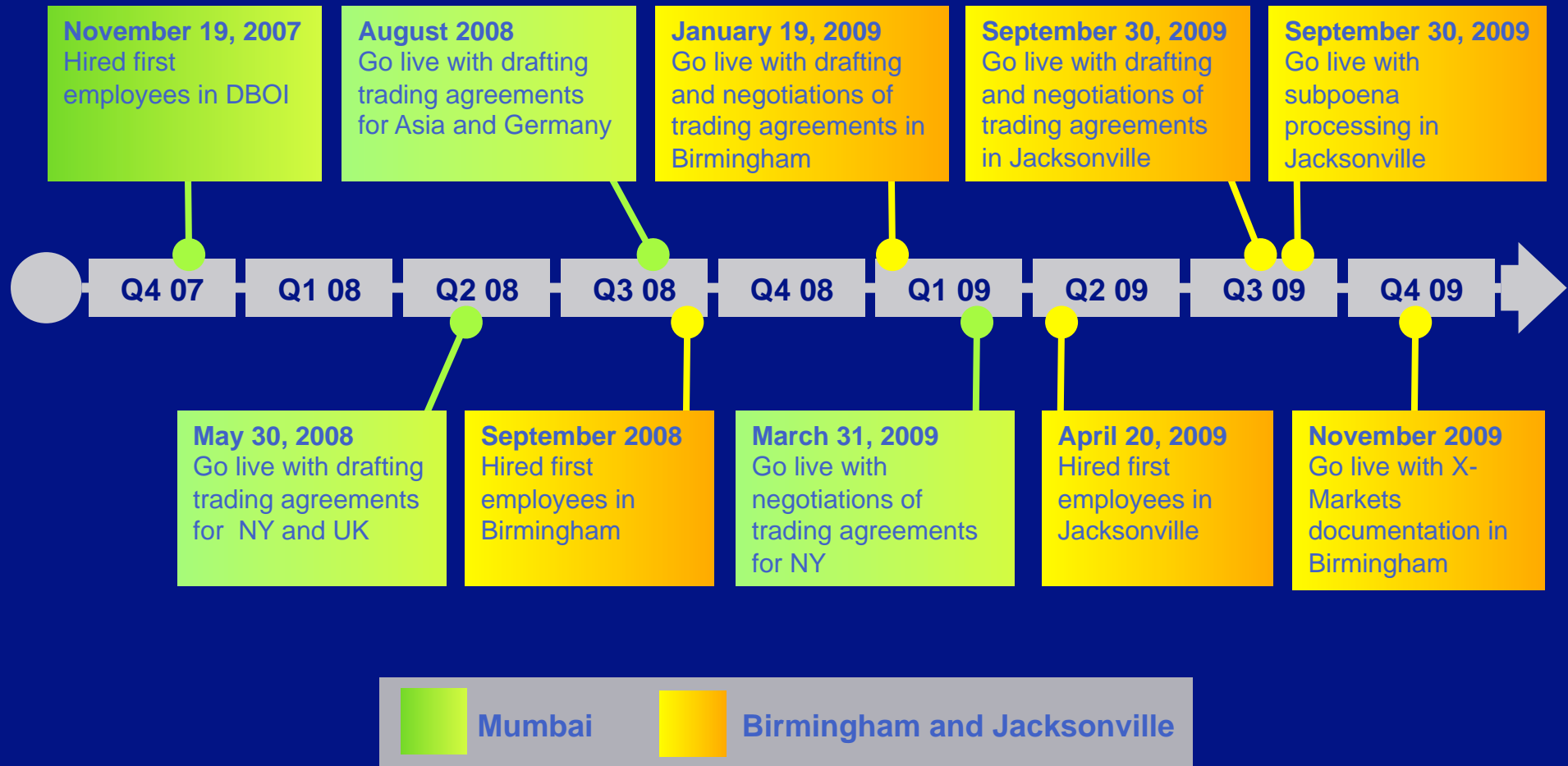


Persuading American litigators to send work to India was easier than you might think.

- Assigned high risk tasks such as relevance and privilege categorisations, quality assurance sampling, and final review to our external counsel
- Required use of DB preferred eDiscovery hosting and review vendors with which we have necessary data protection measures covered in MSA
- Selected offshore vendors--Pangea3 and QuisLex--who provided additional data and physical security protections
 - Prohibited printing, use of camera or cell phones, email, etc. in review room
 - Provided dedicated rooms

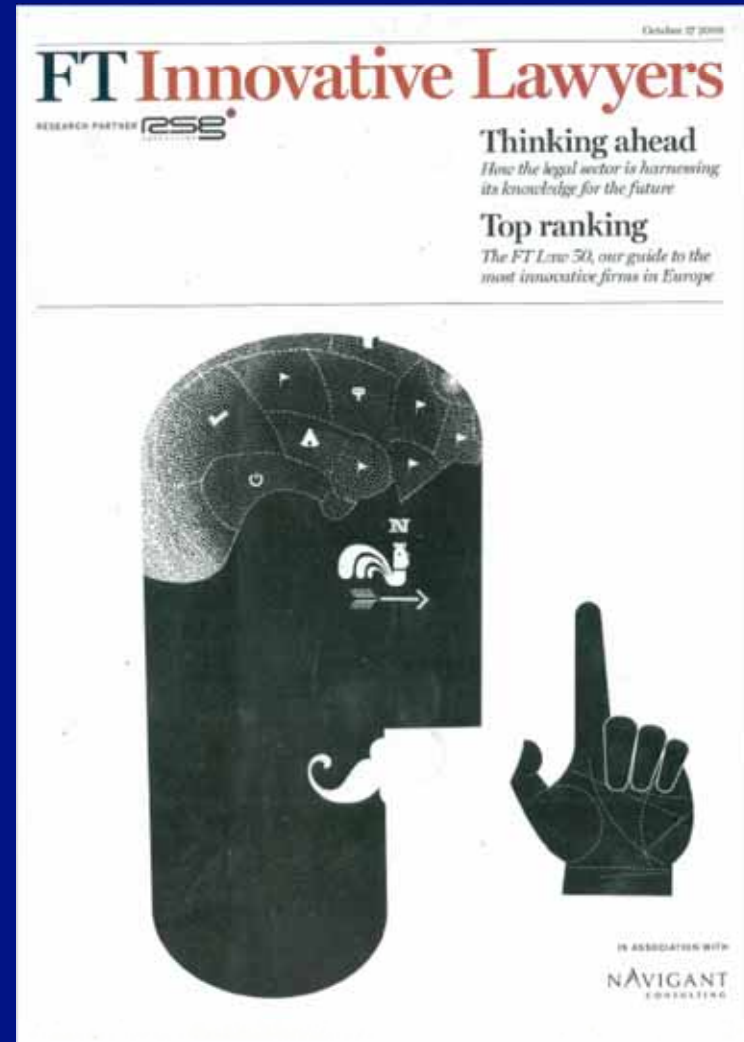


Outsourcing legal functions to DBOI has yielded substantial savings, without abandoning quality or creating additional risk.



We are pleased with our progress...

"Deutsche's legal department stands out for its root and branch willingness to re-engineer itself. It has comprehensively reviewed the way it functions and the value it delivers...The Deutsche legal team has displayed industry-leading innovation in its approach to certain types of work."



But we still have a way to go...



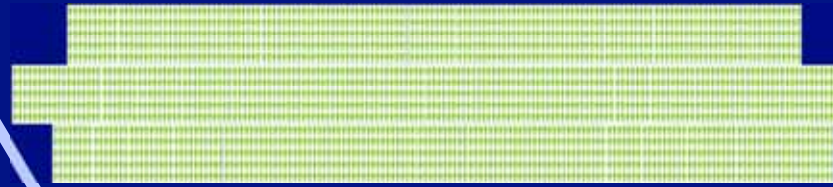
50 FTEs / units

External counsel (>2000 firms)

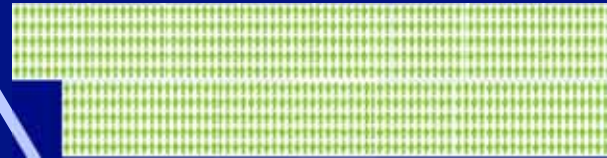
ALLEN & OVERY

CLIFFORD
CHANCE

Allen&Gledhill
ADVOCATES & SOLICITORS



DB Legal (~750 lawyers)



DBOI (~50FTEs)



LPOs (~50 FTEs)



The future of corporate legal spend management will include:

- Division of labor--both internal and external--based upon the increasing commoditisation and offshoring of legal work
- Expectations that law firms will offer more creative, innovative solutions--either through use of efficient processes and/or automation
- Reliance upon low cost alternatives to perform low value and low risk tasks
- Increased pressure on the legal industry to appropriately value and price the cost of legal services

