



## Outsourcing as a business model

### Microsoft®

#### Summary

CPA Global's Microsoft team has three PhDs and 27 master's degree holders with varied experience in the field of computer science.

#### Projects undertaken

- Prior art search
- Invalidity search
- Patent product mapping
- Pending status report
- AF project

#### Landmarks achieved

- 5,000 prior art searches
- 47 protocol searches
- 115 invalidity/validity cases
- 3 patent ranking projects
- 1070 ROMP summaries
- 50 cases of pending status reviews

Microsoft® is the world's leading computer technology company and securing their IP portfolio requires extensive collaboration from all business units. It has a complete end-to-end business process in the territory from research to support maintaining its 'Realising India's Potential' Programme. CPA Global has worked closely with Microsoft since 2005 in deploying a variety of IP solutions which have helped them successfully launch outsourcing as a business model.

For Marty Shively, legal process outsourcing (LPO) isn't simply a business choice. So committed is he to its long-term potential that he has transferred to Delhi, India with his wife and three children. As Microsoft's Associate General Counsel and Director of Worldwide IP Operations, Marty explains how CPA Global's team has helped Microsoft maximise the potential of patent prosecution management in the territory.

**"I really believe in India's potential, not just to save Microsoft money, but also to build quality and consistency in the work that we do. I wanted to get fully behind it, so the logical step was to relocate here to drive this side of the business."**

#### The company

Microsoft is the world's leading computer technology company: developing, manufacturing, licensing and supporting a wide range of software products for computing devices. It is perhaps best known for its Windows® operating system

and the Microsoft Office suite of productivity software.

The company has had a presence in India since 1990 when it opened its first research and development (R&D) centre. Since then it has worked closely with the Indian government, IT industry, academia and local development community to help develop IT outsourcing in the area. While the United States remains the major hub for their IP management, the work Microsoft outsources to India supports their worldwide portfolio.

Today, it has a complete end-to-end business process in the territory (from research to support), employing over 4,000 people across six business units and investing heavily in the local infrastructure through its 'Realising India's Potential' Programme.

#### Business challenges

Before working with CPA Global, Microsoft used a mixture of in-house and out-of-house counsel to manage its patent portfolio. But the system was costly and unwieldy.

Marty Shively explains: 'Over the course of my career at Microsoft, my team became responsible for

managing the budget of the patent group. At the time, we were using out-of-house counsel for most activities but we were not keeping up with tightening budgets, quality of work was hard to manage and administrative tasks were being dealt with last. It took a couple of years of changes and false starts until we developed a better mix of resources including in-house staff and outside vendors, and LPO in India is playing an ever more important role in that strategy.'

The figures speak for themselves: 'This fiscal year [ending 30 June], Microsoft will spend about \$3m on its patent LPO services in India,' says Marty. 'If you estimate that work at US pricing, that's \$9.5m worth of work at about \$6.5m cost saving. For a company the size of Microsoft that may seem negligible, but for our department, that's a significant sum of money.'

### **Building up trust**

It started with a team of four patent engineers in January 2005 working with Microsoft on a pilot project. Since then it has grown to 30 engineers and six support executives, and Marty is eager to extend the scope and remit of the work they do.

'In the early days there were a lot of people who were suspicious about the idea of outsourcing to India,' he says. 'They were worried about errors, inconsistency of work and a drop in standards — and rightly so. At boardroom level, the cost savings may be compelling, but that wouldn't be enough if the quality of the work wasn't there as well.'

In fact, such has been the quality of the work that resistance to offshoring has dropped away. 'For example, the first work we outsourced to CPA Global was a patent proofreading task. We weren't sure what to expect, but we were pleasantly surprised by the quality of work and the

format in which it was presented to us. It made an immediate difference to our output in this area — and also taught us a few lessons about what we'd been missing in the past.

'We used this momentum to experiment with outsourcing other patent services such as prior art searching and docketing,' he adds. 'We were purposefully careful and incremental in our approach. We didn't want to jump in the deep end without trialling the projects first, so we selected the tasks we worked on in India very carefully, with low-risk activities to start. More than anything we wanted the freedom to experiment, while managing the impact of any failures. Over time, we've worked up to more sophisticated activities.'

### **Choosing the right vendor**

Microsoft is equally careful in its choice of vendors in the country. 'India is a prime market for LPO and there are many companies offering LPO services in the territory,' says Marty. 'But we quickly became aware that many of those businesses didn't have much to offer beyond their initial sales presentations. They made grandiose claims about the skills and services they could provide, but in reality most didn't actually have much experience. It really is buyer-beware. There's a lot of activity in the marketplace, but only a handful are safe business partners.

'But, that said, there are third-party suppliers with experience to bring to the table; in fact, those are the ones that tend not to make those big claims.' Such was the case with CPA Global. 'We knew CPA Global has stability and longevity in the legal services market,' says Marty, 'but one of the first things that attracted me to them was that they didn't oversell their services.'

It's a process that Marty is keen to continue. 'We have a value chain of activity, which we continue to work

up, as we add more types of services,' he says. 'It's all the more important in light of budget constraints. There are fewer and fewer options in the US in this sector and we need to be able to spend less money for the same quality. LPO allows us to find ways to manage these tasks more efficiently.'

### **Security first-hand**

His relocation to Delhi provides Marty with the opportunity to gauge the potential of suppliers in person. 'Being here makes us more effective at assessing local abilities and potential. We're more closely linked into what can be done — the actual reality of the process,' he says. 'For example, our law firms often question whether legal outsourcing is secure,' says Marty. 'But, really, when you look at the controls in place at CPA Global, I would ask that same question back to the law firm, as to my mind, CPA Global actually does more. Law firms have a deeply engrained sense of avoiding confidentiality breaches, but it's a convention, not a defined process. It's all done on the basis of good faith. CPA Global has processes in place, so you don't have to rely solely on a person's trustworthiness. Team members only work on Microsoft projects. The environment doesn't exist for them to be able to breach confidentiality. Being here, I get to see that first hand. This gives us a lot of confidence.'

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Microsoft's willingness to outsource its patent services to India has generated positive results. Choosing CPA Global as their business partner has given Marty and his team a solid foundation of trust and a platform to foster new activities. The relationship continues to yield high-quality output while saving costs for the company.