

# FT GENERAL COUNSEL



RESEARCH PARTNER



# In-house lawyers step into the spotlight

The recent rise in importance and status of the general counsel, a company's chief legal officer, has an inauspicious origin, but some fascinating and groundbreaking careers have come from a period of creative destruction. These are the people we profile in the first FT General Counsel report and our FT Global GC 30 list. The global crisis that began in 2008 forced legislators to look again at how they regulated financial companies, and in doing so they added layer upon layer of reporting requirements to the general counsel's workload. Other crises since have also compelled companies in various fields, from oil to engineering, to manage a much more intrusive degree of compliance. One

general counsel says regulatory matters have risen from 5 per cent to 70 per cent of his in-tray, and he has had to hire a much larger team to manage the extra work. Fortunately for general counsel, with this greater responsibility have come greater prominence and greater importance in the company hierarchy. As you will see from the FT Global GC 30, general counsel are able to reorganise their divisions into a better fit for the threats they face; to become strategic advisers to chief executives and boards; and to innovate with imagination. The 30 general counsel were chosen from internal submissions and external nominations, and had to have C-suite validation. They were then scored out of 10 for originality, business alignment, value creation and impact.

Technology is helping them in their innovation. The rise of artificial intelligence is taking some of the trouble out of contracts: using machine learning, computers can determine which might be riskier than others, for example, saving thousands of hours of lawyers' time. Still, there are decisions a general counsel needs to make that cannot be electronically outsourced: those with an ethical dimension. A chief executive may expect his or her general counsel to justify a course of action, however (im)moral. These are all aspects the general counsel featured in this report face. We hope that reading the report will demonstrate the intelligence and dexterity they require.

**Josh Spero,**  
commissioning editor

## Inside FT General Counsel

### FT Global GC 30

From fighting litigation and shaping legislation to reorganising businesses and even making money for their organisations, our top 30 general counsel have far more to offer than just legal advice  
**Pages 2-6**

### Regulation

Faced with a deluge of regulation, general counsel are learning to survive it and to turn it to their advantage  
**Page 8**

### Ethics

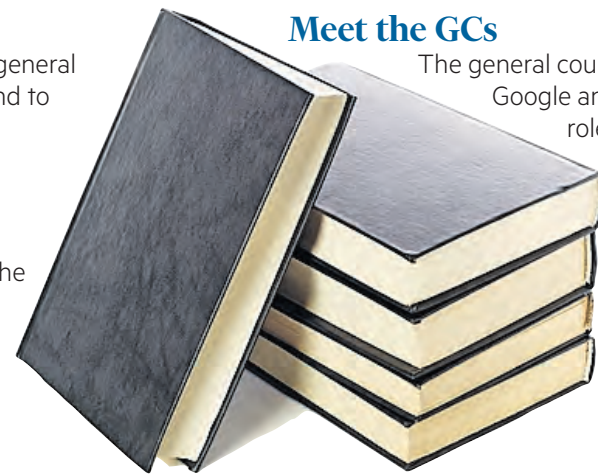
As the most senior legal officer in the company, the general counsel has to ensure their business obeys the law — but when ethics is pitted against profit, what do they do?  
**Page 9**

### Technology

The rise of the robots threatens over 100,000 jobs in the legal sector, but it also promises to make business faster and safer through artificial intelligence. Plus: how Wikipedia crowdsourced its legal advice  
**Page 10**

### Meet the GCs

The general counsel of two technology giants, Google and Alibaba, discuss how their roles enable their companies to create the future  
**Page 11**



## Contributors

**Sarah Murray**  
Freelance journalist

**Rhymer Rigby**  
Freelance journalist

**Reena SenGupta, Yasmin Lambert, Lucy Pearson, Alexander Muncey**  
RSG Consulting

**Josh Spero**  
Commissioning editor

**Steven Bird**  
Designer

**Alan Knox**  
Picture editor

For advertising details, contact: **Stephanie Collier**, 020 7873 4418 and stephanie.collier@ft.com, or your usual FT representative.

All editorial content in this report is produced by the FT. Our advertisers have no influence over or prior sight of the articles.

All FT Reports are available at: [ft.com/reports](http://ft.com/reports)

## The FT Global GC 30

We have combed companies to find the best in-house lawyers, who are more than simply legal eagles

**MARTIN BOWEN**  
Group general counsel  
Dyson



Martin Bowen has developed a multidisciplinary intellectual property team at Dyson that has harnessed the power of new technologies to operate as efficiently as the company's vacuum cleaners. Consisting of lawyers, engineers and marketers, the team identifies products infringing on its IP across the globe and assembles the necessary information to launch a challenge within 48 hours. Dyson's IP team has been commended in the FT Innovative Lawyer reports for its extraordinary engagement in the business, which has generated significant cost savings. Max Conze, Dyson chief executive, describes Mr Bowen as "a critical partner and leader to all parts of the enterprise — from opening countries to opening factories, to defending our IP and to ensuring we serve Dyson owners flawlessly".

**PHILIP BRAMWELL**  
Group general counsel  
BAE Systems



With experience in the pharmaceuticals and telecommunication sectors, Philip Bramwell helps industries that are undergoing difficult change. When asked to describe the purpose of a corporation, Mr Bramwell says that it is "creating sustainable value measured by value to customers, returns to owners, opportunity to employers and benefit to wider society". Thus one of his big challenges is to continue to build trust in large corporations. This is not an easy task but one that is essential for a general counsel who was hired to embed a culture of compliance and ethics into one of the world's largest arms traders. Chief executive Ian King says: "Philip brings sound judgment and an unwavering commitment to the integrity and long-term sustainability of the business — these are the bedrock of his contribution."

**GEOFF BRIGHAM**  
General counsel  
Wikimedia Foundation



Winner of the first North American Innovative General Counsel award, Geoff Brigham has had a rich and varied career. It spans an education in music and law, and roles at the Department of Justice and as deputy general counsel at eBay. As general counsel of the Wikimedia Foundation, the non-profit organisation behind online encyclopedia Wikipedia, he leads a team of lawyers, legal specialists and Wikipedia's community of volunteers to draft policy and solve legal problems. Mr Brigham has pioneered the concept of crowdsourcing legal advice, which ensures policy is developed in a collaborative and transparent way. Importantly, it also builds essential support and links with the organisation's community. He says: "Lawyers, like regulators, must start embracing the 'sharing economy,' because businesses depend on individuals' resources."

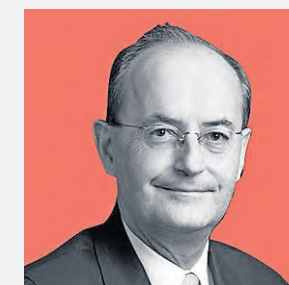
# General counsel, specific stars

**MITSURU CLAIRE CHINO**  
Executive officer and general counsel  
Itochu Corporation



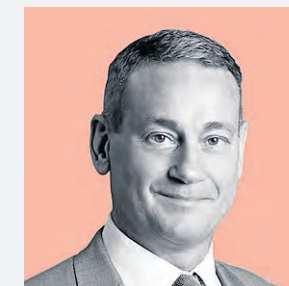
When Mitsuru Claire Chino was appointed executive officer and general manager of Itochu Corporation's legal division in 2013, she became the first female executive director in a Japanese trading company, as well as the youngest. Since joining the conglomerate, Ms Chino has launched programmes to foster gender diversity. With Japan's poor record — women hold 3.1 per cent of board seats, according to a 2015 survey — initiatives such as her mentoring scheme were avenues for women in the company to find advice, and the programme has inspired more experienced female workers to think like leaders. "This is more of a wider comment about Japanese society, but I really do think that diversity (whether be it gender, age and so on) and more mobility in the workforce will result in more innovation," says Ms Chino.

**FELIX EHRT**  
Group general counsel  
Novartis



The healthcare industry is undergoing a period of transformation, and Felix Ehrat and his legal team have led Novartis into new sectors and new ways of doing business. In 2013, his work on a joint venture enabled an exclusive global collaboration with the University of Pennsylvania to research, develop and commercialise a potentially revolutionary immunotherapy treatment for cancer. Last year the FT featured the role Novartis lawyers are playing in the company's approach to digital medicines. Chief executive Joseph Jimenez says: "Legal is one of the drivers of economic growth of our company." Mr Ehrat believes legal has a key role to play in supporting and shaping the change under way in healthcare. He believes "drivers for success will be an appetite for change, flexibility, courage and resilience".

**DAN FITZ**  
Group general counsel and company secretary  
BT Group



Facing a year-on-year budget cut of 5 per cent at the telecommunications group, Dan Fitz reorganised his team to deliver legal, compliance and governance advice more effectively and efficiently. He has improved every aspect of how the legal team, which won BT the Europe Innovative Lawyers in-house award in 2015, now operates. Two years earlier, Mr Fitz led the creation of BT Law, an alternative business structure that services legal claims for BT and other clients and generates £5m in annual revenue. Gavin Patterson, BT's chief executive, praises Mr Fitz's global reach and perspective; he also admires the way his team of 450 lawyers "interacts intensively" with each other and the business. He adds: "Through Dan, BT benefits from an extensive network of external and internal legal talent."

**IVAN FONG**  
Senior vice-president, legal affairs, and general counsel  
3M



A trained chemical engineer, Ivan Fong epitomises the modern general counsel. Before joining multinational conglomerate 3M in 2012, he held general counsel roles at the US Department of Homeland Security, Cardinal Health and GE Vendor Financial Services. He created a vibrant compliance programme, improved supply chain management and developed a robust approach to intellectual property for 3M. He sees the purpose of a corporation as harnessing people, ideas and capital to increase social value. His chief executive, Inge Thulin, says his company's reputation "has flourished under Ivan and his legal team. When customers know they can trust you to operate with integrity in every industry and every part of the world, that is a tremendous competitive advantage."

**AMANDA HARKNESS**  
Group general counsel  
Australian Securities Exchange



In a broad role at Australia's primary securities exchange (ASX), Amanda Harkness has an influence that extends to the success of Australia's financial markets and exchanges and regulators overseas. Ms Harkness has found faster pathways for regulatory approvals, reduced the cost of compliance and enabled the ASX to launch numerous products and services. Elmer Funke Kupper, ASX's former chief executive, says that "without a doubt" she has given the business a competitive advantage, enabling it to compete with much larger exchanges elsewhere. He says: "Amanda played a key role in ensuring that the Australian regulatory framework and ASX's implementation are 'fit for purpose'." Ms Harkness recently helped ASX to introduce distributed ledger technology, which has the potential to accelerate the post-trade process.

**BRENT IRVIN**  
Vice-president and general counsel  
Tencent



Brent Irvin joined Tencent in 2010 to build a legal team for the fast-growing Chinese internet company. He describes his greatest challenge as "managing increasing regulatory scrutiny and litigation while still allowing the company to serve users in a fast and creative way". In 2012, Mr Irvin established the Tencent Cyber Law Research Centre, a forum to share best practice, and his team continues to play a role educating the Chinese courts and regulators about the importance of protecting intellectual property. When asked if he had one big idea that would improve how his industry operates, he replies: "I think the use of technology needs to get better. While there are moves in this direction already, too often lawyers work through hard issues by simply working hard(er)."

**TOM KILROY**  
Chief operating officer  
Misys



Tom Kilroy, winner of the first Most Innovative General Counsel award, made the rare leap from in-house lawyer to acting chief executive officer in 2012, providing executive leadership in a critical takeover period. He joined Misys, a financial services software company, in 2009, and as general counsel and company secretary he has turned his legal team into a revenue-generating department. He helped Misys through a programme of transformation that has seen substantial growth in both sales and employee satisfaction. He now leads 900 of the company's 4,700 staff in his role as chief operating officer, and has created a path for other general counsel wanting to move into business leadership roles. When asked what he thinks the proper business of a corporation should be, he replies: "To invent the future."

**EDWARD KNIGHT**  
Executive vice-president and general counsel  
Nasdaq



The Nasdaq stock exchange operates at the intersection of technology and regulation. Edward Knight heads a legal and regulatory team of 200, supporting the business in highly regulated markets. Unusually, it can be viewed as an extension of the regulator and its role is to create new rules and to enforce them. Mr Knight thinks the business has much in common with a Silicon Valley technology company, and has built a team of lawyers with diverse experience and computer programmers to work alongside one another. They are also inventors and revenue generators, and have patented a market surveillance technology to be used by regulators. Mr Knight sees the general counsel of the future as having "dual degrees in the law and computer science or computer engineering".

**MASSIMO MANTOVANI**  
Head of legal and regulatory affairs  
Eni



Massimo Mantovani could be considered the king of legal function organisation. On joining Eni, an Italian oil and gas company, in 2007, his first priority was to centralise legal operations, followed by a restructuring that was radical at the time: organising the internal lawyers to reflect the company's largest risks rather than its business lines. It has enabled the in-house legal division to become what the chief executive now describes as "an essential strategic and problem-solving partner to the business units". Mr Mantovani plays a leading role fighting corruption and bribery in business globally. He helped the United Nations to establish an oil and gas sector working group and worked with the International Bar Association and others to develop an anti-corruption strategy for the legal profession.

## FT General Counsel

### ROSEMARY MARTIN Group general counsel and company secretary Vodafone



The winner of the FT's inaugural in-house award in 2007 and its special achievement award in 2014, Rosemary Martin personifies a general counsel at the top of her game. Her first general counsel role at Reuters saw her shift the status of the in-house legal team from that of cost centre to driver of growth. The team had an extensive remit, from advising on government and regulatory affairs to social responsibility. Ms Martin also spent time as chief executive for the Practical Law Company before Vodafone. When asked for one big idea on how to improve the way her industry works, she replies: "I would love to see the industry adopt more standardised contracts and start using smart contracting and distributed ledger technology to speed things up and reduce uncertainty."

### LOUISE PENTLAND Senior vice-president, chief legal officer and company secretary PayPal



In her previous role as chief legal officer of Nokia, Louise Pentland led her team through a period of dramatic change: she merged the legal and intellectual property departments, created platforms to enable collaborative working and encouraged lawyers to broaden their skills in other areas of law or business. The agile team she developed was better equipped to adapt to the quickly changing needs of the business. A supporter of diversity in the legal profession, she mentors young women and speaks on panels to encourage more women to pursue the role of general counsel. In 2015, Ms Pentland took on her current roles at online payments service PayPal. One of her first projects has been to launch a global pro-bono initiative to provide legal services to communities worldwide.

### DONALD ROSENBERG Executive vice-president, general counsel and corporate secretary Qualcomm



Donald Rosenberg has revolutionised Qualcomm's intellectual property strategy and delivered substantial returns to the company, which develops wireless technology and services. He took on the role at Qualcomm after a stint as general counsel at Apple and nine years with IBM. In addition to numerous internal process improvements, his chief innovation has been the creation of a cross-functional intellectual property litigation department with lawyers, engineers and business professionals. In doing this, he made the company more active in its defending its IP than it had been. He says the best way to improve the industry would be to "respect and value IP for what it has been and will continue to be — the driver of innovation and progress."

### CARMEL MULHERN Group general counsel Telstra



Carmel Mulhern heads the legal team at Australia's largest telecommunications and media company and is the winner of the 2016 Asia-Pacific Innovative Lawyers in-house legal award after many peer recommendations. She finds ways to better harness lawyers' energy and creativity, and reinvent the way the legal team and the business operate. She has introduced ideas such as design thinking, which encourages creative approaches to problems, and sprints (short periods for rapidly developing and testing ideas) to find new ways of working in any business area. Telstra's chief financial officer endorses Ms Mulhern's ability to deliver competitive advantage to the business. Ms Mulhern says that her one big idea for making the industry better is: "To focus on customer experience. And we can do this just as easily as lawyers as commercial people."

### BILL REILLY Senior vice-president and group general counsel Ansell



As the first appointed general counsel of Ansell, Bill Reilly has had to get his hands dirty. Luckily he works for a global maker of rubber gloves. One of the company's longest-serving executives, he has built a lean team of 11 lawyers who serve a \$1.6bn company operating in over 50 jurisdictions. He has helped to develop the company's patent portfolio and his knack for negotiation has driven a successful mergers and acquisitions strategy. Mr Reilly's technological foresight has meant the company's legal team was quick to adopt the Serengeti legal tracking platform and automate its contract management processes. When asked what he does that his chief executive does not know about, he says: "Invest time in continuous learning (market knowledge, new processes, management skills), mentoring senior leaders."

### THOMAS RUSSO Executive vice-president and general counsel AIG



Over the past five years, Thomas Russo has helped bring insurance group AIG back from the brink of bankruptcy. He organised and centralised much of AIG's \$2.5bn annual legal budget, allowing the company to collect data and exercise greater control. In 2015, AIG announced plans to launch a consulting business that will draw on the company's legal purchasing data to help other business buy legal services at competitive prices. In Mr Russo's view, the general counsel of the future must embrace technology. Referring to recent developments in artificial intelligence, he says: "If a computer can beat the most sophisticated expert in the most complicated game, it can answer or draft a complaint and can produce a quality first draft of a brief or merger agreement."

### TIMOTHY MURPHY General counsel and chief franchise officer MasterCard



Bringing experience from a range of senior business roles to the job, Timothy Murphy is an unusual general counsel. Before his current position, he was MasterCard's chief product officer and president of its US business. He says that these experiences have changed his understanding of what it means to deliver value as a lawyer. During his time as general counsel, Mr Murphy has reorganised and embedded lawyers into the business, positioning them as co-investors in its future. He has drafted and driven new business strategies and continues to add to the company's growth by developing products and strengthening its approach to intellectual property. Protecting patents for the company's payments technology has delivered a clear competitive advantage.

### STEVEN RODGERS General counsel and senior vice-president Intel Corporation



Since joining Intel in 2000, Steven Rodgers has risen through the ranks and in 2014 took on his current roles. Mr Rodgers leads Intel's law and policy group and is a senior member of the executive team. In 2015 he introduced a programme to identify and nurture talent at law firms used by the company, giving greater opportunities to high-performing junior lawyers and helping to build long-term relationships with them. He has been heavily involved in Intel's successful litigation strategy, with several prominent victories including a case at the International Trade Commission that helped to prevent a ban on the import of Intel microprocessors into the US. He oversees a team of about 500 lawyers across over a dozen countries and has advised on Intel's billion-dollar investments in China.

### JOS SCLATER General counsel, director of strategy and mergers and acquisitions GKN



Jos Sclater, who leads the legal team at GKN, the global engineering company, is one of a new breed of general counsel. GKN's chief executive, Nigel Stein, says Mr Sclater "contributes on a broad front far beyond the normal remit of a general counsel" and he was even interim head of human resources for a period. Other functional responsibilities include being head of corporate strategy, where his leadership of successful acquisitions has given the GKN board the confidence to take more risk. He enables the legal team to play a more influential role with the business. Mr Sclater says: "The general counsel of the future will have to possess a bigger toolkit with which to add value to the business, from general commercial acumen to financial and project management skills."

# HOW DO YOU DELIVER TOMORROW, TODAY?



PAUL  
HASTINGS

NAVIGATING NEW PATHS TO GROWTH

Paul Hastings LLP | [www.paulhastings.com](http://www.paulhastings.com)

## FT General Counsel

**EDITH SHIH**  
Group general counsel and  
corporate secretary  
CK Hutchison Holdings

Edith Shih joined diverse Hong Kong-based conglomerate Hutchison Whampoa in 1993 as its sole legal counsel. She now leads a team of around 300 lawyers and in 2015 helped guide Hutchison Whampoa through its \$24bn merger with Cheung Kong Holdings to form CK Hutchison Holdings. Ms Shih is viewed by her colleagues as an enabler of the company's expansion. Her team has handled a number of large acquisitions, including those of mobile phone networks Orange in Austria and O2 in Ireland. It also manages complex regulatory and compliance requirements across a business operating in more than 50 countries. Ms Shih says she would like to see "senior leaders in the in-house counsel industry" create a trade organisation to promote "the interest, growth and wellbeing of the industry".

**GEOFFREY TIMMS**  
Group general counsel  
Legal & General

While the general counsel may traditionally be viewed as the goalkeeper on a football team, Geoffrey Timms has been described by his colleagues as a free-scoring midfielder player — an all-round achiever, rather than a reactive pair of hands. He leads a lean team to support a financial services company with annual revenues of over £17bn. He has helped the business hold the biggest market share in its sector through organic growth and a series of mergers and acquisitions. Mr Timms is described as a great motivator and someone who shares the collective ambition of the Legal & General group. He says the job of the general counsel is to: "Make judgment calls. For example, going to the wire on difficult external negotiations and taking full responsibility for the outcome. General counsel are expendable, chief executives are not."

**KENT WALKER**  
Senior vice-president and  
general counsel  
Google

Describing his role as "adviser and advocate", Kent Walker believes that "one key to being a good general counsel is making sure that you're deeply in sync with the business. Even the behind-the-scenes work should be in the service of the company's mission." He says that mission, in Google's case, is to organise the world's information and make it universally accessible. To do so sometimes requires fighting high-profile battles in court against competitors and governments. Google's success means Mr Walker is prominent in resolving complex issues in an industry that often moves into areas the law has not yet contemplated. However, the value he delivers to the business is not just in solving problems but anticipating them. (See page 11 for an in-depth profile.)

**DAVID SNIVELY**  
Executive vice-president,  
secretary and general counsel  
Monsanto

David Snively is general counsel for a controversial company. Agrochemical producer and biotechnology developer Monsanto has been criticised by environmentalists for its work with genetically modified crops and has endured public demonstrations against its work. This puts Mr Snively in a delicate position, as bringing new products to market means Monsanto has to get clearance from multiple regulators for each one. This extensive regulatory work is matched by often high-profile litigation. The legal team won the FT's Most Innovative In-house Legal Team award in the US in 2013. He says that his big idea to improve how his industry works is to "overthrow the 'precautionary principle' since it constrains advancement of innovation and society by diminishing the role of science".

**DIRK TIREZ**  
Chief legal officer and  
company secretary  
bpost

In his time at bpost, Dirk Tirez has seen Belgium's postal company go through substantial change from a state-owned bureaucracy to a private company and, in 2013, to a public company. Along the way, he has overhauled compliance and changed the perception of the legal team from an old-school support service to value-adding strategists, in line with other general counsel across industry. Several in-house lawyers now hold management positions. Mr Tirez says he thinks the counsel of the future will help to create value and influence. He believes that they will also resolve the tension that is inherent in a role that encompasses being a strategic leader, a trusted adviser and a problem solver. Furthermore, he feels that they will become an integral part of boardroom culture.

**CLARE WARDLE**  
Group general counsel and  
company secretary  
Kingfisher

When asked to describe the role of the general counsel in three words, Clare Wardle of multinational retailer Kingfisher gives it a new title: "chief sorting officer". With a background at the Royal Mail and the Post Office, this may refer to ensuring missives reach their correct recipient, but is more likely to mean the role she plays in corporate problem solving beyond her legal and compliance responsibilities. She is widely recognised as a trailblazer for women in the boardroom and a leader in both the business and legal worlds. Women occupy more than half of Kingfisher's leadership roles and this is in part credited to the Kingfisher Women's Network, established by Ms Wardle. When asked what things she does that her chief executive does not know about, she replies: "Join the dots for people."

**TIM STEINERT**  
General counsel  
Alibaba

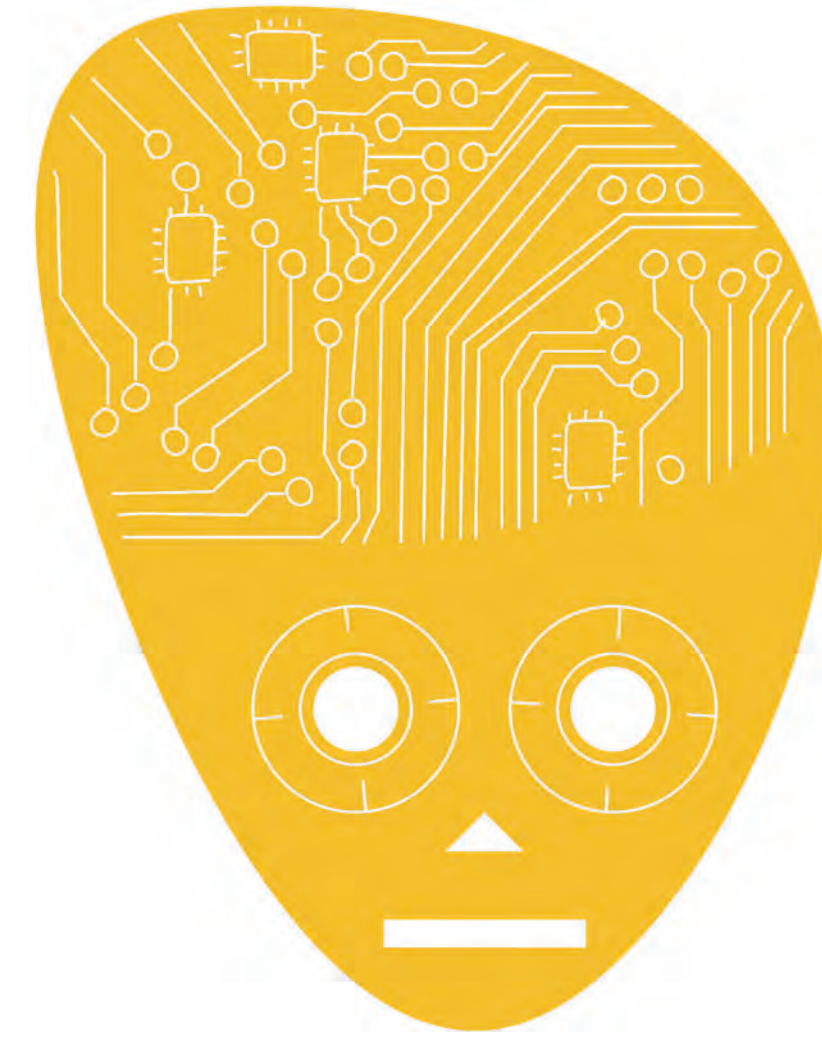
In 2007, Tim Steinert left the corporate practice at Freshfields Bruckhaus Deringer for a post at an internet ecommerce company that was less than 10 years old, based in Hangzhou, China. After nine years at the helm of Alibaba's in-house team, Tim has built it into one of the world's most sophisticated. It was commended as both operationally efficient and technically brilliant. In 2014 alone the team handled around 50 complex financing transactions, in addition to Alibaba's \$25bn stock offering, the world's largest. Mr Steinert has harnessed Alibaba's analytics and processing power to better scrutinise contracts. Mr Steinert says: "If you don't have the data, you can't have an objective and comprehensive basis to make... assessments and target the area you need to fix." (See page 11 for an in-depth profile.)

**DAN TROY**  
Senior vice-president and  
general counsel  
GSK

Since he joined GSK in 2008, Dan Troy has been working to move the legal profession away from its reliance on the hourly rate — acknowledged by some law firms' managing partners as the main obstacle to innovation in the sector. His department collects extensive data on company's spending on lawyers and has invested in fee analytics. Mr Troy has pioneered approaches to incentivise law firms for delivering better value and efficiency. It now employs a reverse auction process for large matters, selecting firms based on factors besides price, such as diversity. He says that the general counsel of the future will be: "Global, mobile, digitally and IT savvy, flexible, forward leaning, comfortable with uncertainty but able to provide stability to legal departments, executive teams and boards."

**GEOFF WILD**  
Director of governance and law  
Kent County Council

The first in-house lawyer to set up a revenue-generating model for his department, Geoff Wild pioneered the idea that a legal team could move away from being a pure cost centre. This shared-service model has been adopted by several other general counsel working in the private sector. Mr Wild's work at Kent County Council has been featured in the FT Innovative Lawyers report on several occasions, and Mr Wild himself won the Most Innovative General Counsel award in 2014. Over a decade, Mr Wild and his team have brought in profits of over £15m to Kent County Council to help fund community services. The three words Mr Wild uses to describe his role: "Peace. Of. Mind." David Cockburn, head of paid services at the council, says that Mr Wild "returns reputational and financial benefit [and] gives us real competitive value".



# Bringing innovation to life.

We're helping our clients be disruptors, not the disrupted.

To find out more visit [www.innovative.legal](http://www.innovative.legal)

**FT INNOVATIVE  
LAWYERS2015**  
FINANCIAL TIMES AWARD WINNER  
The Most Innovative Law Firm in Europe

[www.pinsentmasons.com](http://www.pinsentmasons.com) | [www.Out-Law.com](http://www.Out-Law.com)  
© Pinsent Masons LLP 2016

  
Pinsent Masons

# Cashing in on compliance

**Regulation** Corporate experts are turning the weight of rules into new sources of business, says *Reena SenGupta*

**A**t an early gathering of the Innovative GC Club in 2013, a forum for general counsel ranked in the FT Innovative Lawyer reports, one senior delegate made an offhand comment that the regulator had gone mad. She was referring to the plethora of regulations with which global corporations now need to comply and the burden they have generated.

One of the striking developments over the past five years for in-house lawyers is how compliance has become a large part of their remit. Massimo Mantovani, the group general counsel of Eni, the Italian energy company, estimates compliance went from representing 5 per cent of his workload to 70 per cent between 2012 and 2014. He says that the compliance team is still growing.

Martim Della Valle, European general counsel of Anheuser-Busch, the brewing company, was appointed to a new role as global head of compliance in January 2015 alongside his legal job. He now manages a team that increased from two compliance professionals to 34 in less than three months.

The office of the general counsel is an obvious destination for regulatory work, given their broad legal focus. As James Ormrod, the general counsel of outsourcing company Mitie, says: "In-house lawyers often play the role of the white blood [cells] in an organisation" – meaning they fight external threats, just as the cells fight infections.

However, it is an obligation that is getting worse. In-house legal departments, regardless of company type and nationality, have faced a common and persistent challenge since the financial crisis of 2008: the need to do more with the same or fewer resources. Adding to this burden is the fact that it is impossible for companies to be 100 per cent compliant with every country's regulations if they operate in multiple jurisdictions, as rules are often contradictory.

The requirements for internal investigations, for example, vary across jurisdictions. In some, the authorities are happy for the company to carry out full forensic searches into potential regulatory breaches. In others, privacy and data laws mean authorities require the company to have no dealings with the breach.

Furthermore, the costs of compliance go beyond employing lawyers. Sarah Bower, chief legal counsel at KPMG China, says: "It is difficult to capture the overall cost of compliance for companies. Banks with an Asia-wide footprint may be submitting 50,000-60,000 regulatory and tax reports per year in Asia alone. The largest banks with broad Asia footprints may be submitting as many as 90,000," she says.

The volume and complexity of reporting, where often the reports are bespoke for different regulators, also means companies have to



design, create and manage thousands of systems, notes Ms Bower.

This burden is affecting company results. According to a study published by Deloitte based on research by RSG Consulting (the company belonging to this article's author and the FT's research partner for this report), 56 per cent of 243 global general counsel and C-suite directors said that the area of legal spending experiencing the most rapid growth was regulatory compliance.

However, there is evidence that general counsel are turning regulation into a competitive advantage. Some take a simplifying approach. For example, Jos Sclater, general counsel of GKN, the British engineering company, says it had looked at compliance tools from the Big Four accountants, but felt they were over-engineered and decided to build its own.

Others have tried to turn compliance with ethical legislation and guidance, such as the UK's Modern Slavery Act or the UN's guiding principles on business and human rights, to their benefit by offering early statements and transparent reporting. Such thinking has led

BT to formalise a robust human rights policy.

Peter Solmsen, the former general counsel of Siemens, attributes part of the company's quick settlement and emergence from the cloud of bribery and corruption investigations in the mid-2000s to the constructive and co-operative relationship he had with various regulators. This meant the investigations were conducted in a less adversarial and punitive atmosphere than otherwise might have been the case and more in a spirit of resolution rather than blaming and shaming.

The regulatory and compliance problems of multinational corporations are turning into an opportunity for some firms to create new services. KPMG, for example, is aggregating vast amounts of regulatory data from all around the world. It is also monitoring the development of emerging regulations over a three to four-year time span. The purpose of all this is to help clients identify regulatory obligations likely to be imposed in the medium term.

Ms Bower, who leads the initiative, says this tool is helping companies turn their regulatory challenges into a strategic advantage.

**Banks may be submitting 50,000 to 60,000 regulatory and tax reports per year in Asia**

# In-house teams balance profit against morality

**Ethics** Advisers can often be embroiled in tricky dilemmas, says *Rhymer Rigby*

A recent piece of research from University College London on in-house lawyers, Mapping the Moral Compass, has caused a stir in the legal community. It identifies four main ethical groups of in-house lawyers: the capitulators, the coasters, the comfortably numb and the champions. Perhaps unsurprisingly, some general counsel have taken exception to these characterisations.

"There's an inference that in-house lawyers' ethical positions need to be questioned," says Rosemary Martin, group general counsel at Vodafone, the telecoms group. "It seems to suggest that in-house lawyers are likelier to be morally compromised than those in outside practice."

However, 36 per cent of research respondents said that legal loopholes should be identified when they benefited the business and 30 per cent said an emphasis on commercial awareness could inhibit their role as an in-house lawyer. The controversy of this research notwithstanding, it also points to other questions about the world of the general counsel. The first is how much this role has grown over the past decade. The second is whether the general counsel should act as some sort of moral compass.

The in-house legal function has grown in size and status. A 2014 survey by the legal recruitment specialist Laurence Simons showed that

in-house legal teams covering Europe, the Middle East and Africa had increased by 60 per cent between 2010 and 2014. The Law Society's GC350 study in 2016 concluded that, in FTSE 350 companies, two-thirds of general counsel sat on boards or executive management teams. Meanwhile conglomerate General Electric has a legal department of 5,000, comparable to some of the biggest law firms.

There are several reasons for this growth. The collapse of energy company Enron in 2001 shone a light on the potential conflicts of interest facing general counsel. Neal Batson, the court-appointed bankruptcy examiner, wrote in his 2003 report on Enron that its in-house counsel "considered [Enron's] officers to be their clients when, in fact, the attorneys owed duties to Enron". The banking crisis of 2008 also put heads of legal departments in the public eye. A notable example was Thomas Russo, the general counsel who played a pivotal role in steering insurer AIG after its turmoil.

The question of whether a general counsel should be a moral compass remains a matter of debate. Undoubtedly the role has changed in ethical terms, says Ms Martin.

"When I was first practising law in business in the 1980s, the question was, 'is it legal?' Now that's no longer sufficient." With social media, the



Blend Images/Getty Images

question "how it will look in the court of public opinion?" has become more important as companies need to consider not only broad public opinion but online communities. "Social media has broken down a lot of boundaries," says Ms Martin.

General counsel, she says, often possess a degree of scepticism and objectivity that allows them to point out the moral dimensions of a problem as well as the reputational risks.

Susan Liautaud, founder of an ethical consultancy and vice-chair of governors at the London School of Economics, says complying with the law is not enough. "My vision of the law is that it is the lowest common denominator. It's not a reflection of the highest standards a company and its stakeholders should adopt. There are standards above and beyond the law."

Moreover, she says, it is wrong to see one person as a moral repository: "If you look at one leader to be the guardian of ethics, it absolves everyone else of responsibility."

Instead, the chief executive and board should lead from an ethical viewpoint and "all the employees of the company should integrate ethics into their decision making".

The general counsel, she says, should consider ethical factors and point them out in their advice. "But someone else needs to make these decisions. It is not the general coun-

sel's decision to make where there is a conflict between ethics and law."

There can be great pressure to make or endorse decisions even when, ethically speaking, they are wrong. The UCL research found 10-15 per cent of in-house lawyers had experienced "elevated ethical pressure" while 9 per cent felt "saying no was to be avoided, even when there is no legally acceptable alternative".

In enlightened organisations, however, in-house legal staff can be champions of higher standards. Sophia Yap, former Asia-Pacific general counsel at commercial property group CBRE, says counsels and their teams need to be agents of change: "They have the influence, they can raise the bar . . . and raise the ethical standard."

Some go further and act as champions for entire industries. Brian Lowry, deputy general counsel for agriculture company Monsanto, plays a visible role outside the company on matters such as food security, the agricultural biotech debate and human rights. He co-chairs the US business working group on the UN Sustainable Development Goals.

However, as Ms Liautaud says, legal teams cannot function in isolation and the real reason that the general counsel should possess an ethical compass is because everyone in a good organisation should have one.

**There can be pressure to make certain decisions, even when they are ethically wrong**

## FT General Counsel



Stone Sub/Getty Images

# Robot power strengthens services

Technology will give more power to company lawyers, writes *Sarah Murray*

While many talk of robots replacing lawyers — a report from professional services firm Deloitte has even predicted 114,000 legal sector staff could lose their jobs to artificially intelligent programs — the reality may prove to be more complex. Automation may instead transform the nature of people's work rather than necessarily reducing the demand for their skills.

Much digital innovation is taking place among in-house legal teams, which are under pressure to increase productivity and lower risk levels.

For AIG, the insurance group, data mining is being used to improve the hiring of external legal service providers. When looking at its suppliers — more than 1,500 with over 30 business lines in 90 countries — the company realised it would never be able to obtain the best services at the best value using a manual process.

AIG now has automated tools that can send requests to suppliers for information on everything from the geographical regions they cover to their areas of expertise. The

information is fed into a regularly updated database.

This data-driven approach — along with organisational change, the creation of a purchasing unit and consolidating the company's approach to purchasing — has generated savings of \$200m a year on legal services.

Technology can help to drive other efficiency gains, particularly when it comes to laborious contracting work.

"There's a core productivity issue in law," says Tim Pullan, founder and chief executive of ThoughtRiver, which provides contract intelligence software to the legal sector. "If you gave a lawyer a contract to review today, it would take the same time [to do] on average as it did 20 years ago."

However, by applying "machine learning" — the ability for software to train itself without being programmed — to the review of contracts and other legal tasks, teams can save time that is better used elsewhere.

This is the aim of Dentsu Aegis Network, a London-based media, digital and creative communications business. It is working with ThoughtRiver to use machine learning to increase automation and lower risks in contract departments. After scanning thousands of documents, the system — which is currently being tested — can identify specific language and word patterns that assess the value and risk of each contract.

For example, a contract governed by Singaporean law with Singaporean

courts specified for dispute resolution would be categorised as low risk.

A contract based on China's governing law, under which dispute resolution would take place in courts in Beijing, would be deemed higher risk. Nick Tomlinson, Asia-Pacific general counsel at Dentsu Aegis, says this information is depicted graphically on a dashboard based on the set parameters. "When you run the assessment report it highlights the relevant text in the document."

Teams can then decide how to apportion contract workloads by distinguishing those that are high risk and high value — whether in monetary terms or because they relate to important clients — from ones that are low risk and low value.

"It helps us think about who is the right person to review specific agreements and, if it's low value, low risk, whether the contract needs a full legal review or could be handled by a contract manager or paralegal, or eventually a non-human review," says Mr Tomlinson.

A similar principle lies behind the development of UK company Riverview Law's Kim, a legal virtual assistant, which the in-house services provider licenses to its customers. Kim uses artificial intelligence to help in-house teams improve and speed up their decision making.

Kim has three levels of complexity. In the first, automated process-level assistants prioritise the management

## Wikipedia Crowd control

Sometimes a general counsel needs to look outside his team for legal advice. Take Geoff Brigham at the Wikimedia Foundation, the non-profit group that supports and runs Wikipedia, the online encyclopedia written by volunteers.

When Wikimedia wanted to revise its terms of use policy, it asked its community to make edits to the group's proposal, just as members edit Wikipedia entries. After 200 changes, the draft was put to the board.

Mr Brigham stresses the importance of being prepared to accommodate stakeholders' suggestions. "There were certain provisions they were concerned about," he says. "And in another world as a general counsel, I might have insisted on keeping those provisions. But as general counsel, I made decisions on what made sense for our community."

*Sarah Murray*

of workloads. "You now know what work you've got, who it goes to, how long it takes and what it costs," says Karl Chapman, chief executive of Riverview Law. "And when you have that type of data, you're laughing because you suddenly have control."

At the next level, artificially intelligent advisory assistants automatically send information to legal teams about the cases they are working on. Smart assistants go a step further and offer potential solutions based on analysis of thousands of past cases.

The system can identify improvements and efficiency opportunities by analysing and learning from past contracts that can be applied to new ones. It sends these to the legal team, which can review them and make decisions accordingly.

But while the new technologies may generate cost savings, in-house lawyers stress that their real power lies in reducing risk and helping to deploy human resources more effectively. This is the main attraction for Mr Tomlinson. "Our business is growing so part of the objective is to scale the growth of the legal team with the right level of resource and smarts — rather than simply just adding more bodies," he says.

He dismisses predictions that artificial intelligence will replace lawyers. "It's not necessarily firing up the robots and reducing our headcount," Mr Tomlinson says. "I'm not doing myself out of a job."

## FT General Counsel



## Meet the GC: Searching for Google's Kent Walker

Working in a business that is inventing the future poses challenges to a profession that is used to relying on the past

The stars of a technology company are usually those sitting at computers, crunching away at the code that creates the future. But at Google, general counsel Kent Walker and his team have received their fair share of the limelight, too.

When commending the team for the FT Innovative Lawyers' In-house award in 2013, executive chairman Eric Schmidt said the lawyers were able to articulate the detail of the company's new products as well as its product designers.

Others who had worked for many years in industry felt the in-house lawyers' job at Google was particularly hard because they had to work in an environment of so-called "zero precedent". "They touch things that the world has never seen before," says one colleague.

The ability of Google's lawyers to get their heads around the company's latest innovations is essential to the performance of their role. Mr Walker says that not only do the lawyers have to think about developments such as the implications of driverless cars, Google Glass and machine learning, they have to anticipate what is coming. "It is like being in a perpetual law school exam, where you have to twist the hypothetical 10 degrees from centre," he says.

He adds that the lawyers' role is to further the company's mission but says that, at the same time, they have to be counsellors to the business and ensure it steers a safe path through legislative and regulatory frameworks. He believes this is where his team of lawyers gives the company a competitive advantage.

However, Mr Walker agrees that the role is complicated by working in a "what if?" culture where possibilities are explored before either the law or society is ready for them. "In this era of rapid change you need to think about using your imagination as well as your ability to understand precedent," he says. "We hope that our advice moves things in the right direction and on the side of our users."

There are downsides to working in this environment. Lawyers find it hard to adapt their risk-averse approach to Google's more experimental one, Mr Walker suggests, and there are fewer of the anchors and less of the tradition that an in-house lawyer might find in a more traditional company.

It is part of the reason that many members of the legal team are under 30 years old. It is essential for a Google lawyer to understand the products and those that are likely to be groundbreaking.

"Some of our team, for example, think about the legal and policy implications of machine learning in applications like Google Translate, image search and spam detection," says Mr Walker. The rich philosophical debates that ensue are meat and drink for young lawyers.

One such project in which the lawyers were instrumental was Project Loon, Google's idea to introduce internet connections to less developed countries via weather balloons with wireless transmitters. It was an ambitious idea from the founders but it was the lawyers who ran a test scenario with the New Zealand government and negotiated with governments to make sure it complied with regulations — now Project Loon is on its way.

There are fewer of the anchors and less of the tradition that an in-house lawyer might find in a more traditional company



## Meet the GC: Alibaba's Tim Steinert moves justice online

The company has hopes of helping China's legal system to step into the internet age and become more complete

As leader of the legal team at Alibaba Group, the Chinese online sales company, Tim Steinert tends to eschew the limelight. But it is difficult to escape it completely as Alibaba is one of the most high-profile and controversial companies in the world, a mixture of Amazon, Walmart and eBay. Its initial public offering in 2014, which raised \$25bn, was the largest in history.

Powering much of its momentum is the legal team, an internationally capable group whose 50 big transactions a year constitute a steady diet of work. Behind the IPO lay a unique governance structure devised by the lawyers to enable the founders to continue to maintain the culture and management structure of Alibaba.

Mr Steinert, an American and ex-Freshfields Bruckhaus Deringer partner, joined the company in 2007. A technically superb lawyer, according to those who nominated him for the FT Innovative Lawyer In-house award, he manages a team of more than 250. He believes the role of the in-house legal department should mirror the values of the company, which in the case of Alibaba is to make it easy to do business anywhere. "We believe in harnessing the power of the internet to make small businesses successful, especially in economies with high levels of state ownership," he says.

This approach means the legal team often takes a leadership role in important societal conversations in China. For example, in 2014 it established the Alibaba Legal Practice Research Centre as a forum in which government, academia, legal practitioners and industry leaders can exchange views on internet-related legislation. It allows Alibaba to have an influential role in how the internet should develop in China — although the supremacy of the government must not be forgotten.

Alibaba does not lack issues to occupy its lawyers: the US Securities and Exchange Commission is investigating the group's accounting practices, and Alibaba's platform has been accused of tolerating the sale of counterfeit goods. Last week founder Jack Ma said the company had "to do everything to stop the fake products" but that counterfeiters were "making better products at a better price".

A related initiative supported by the legal team is co-operation with China's Zhejiang province to build a platform for an online court for e-commerce disputes. Once this court is fully up and running, it will benefit Alibaba by making it easier for customers to resolve disputes over items they have bought, including potential counterfeiters, as well as the broader court system.

However, the hidden benefits are potentially more profound. The Alibaba legal team already collects many pieces of data from their litigation; with the establishment of the online court, these data will be enhanced and can then be used to prevent litigation by identifying its causes, or where contracts fall down and which clauses are useful or not.

"It is tremendously exciting to help the justice system step up into the internet age," says Mr Steinert. "And ultimately we hope it will promote a more complete justice system in China."

*Interviews by Reena SenGupta*

The entire litigation process can now be done online, from the initiation of proceedings to the hearing and final decision

initiatives  
essential

---

WHITE & CASE