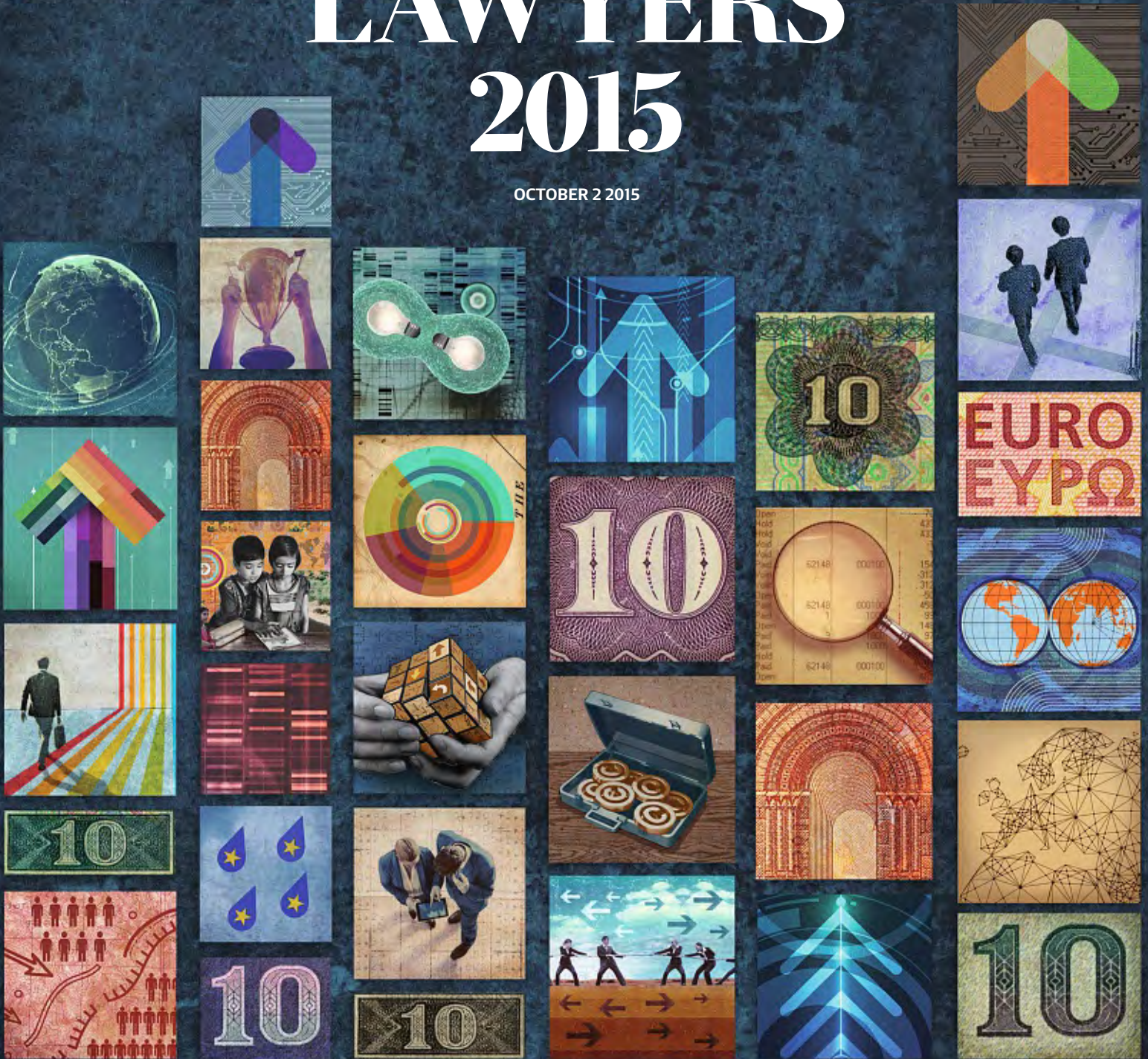




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The first decade


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Welcome to a landmark edition of Innovative Lawyers magazine. This is the 10th year of an FT special report that has weighed and ranked the work of European legal organisations during a time of great change in the industry.

In the run-up to our first report, many in and outside the profession said innovating was not what lawyers did. In 2006 just two leading legal firms expressly cited innovation as a value on their websites. Now almost all do. And the growth of the series of FT reports, now with three separate regional editions, shows how firms around the world have embraced innovation.

The work of lawyers was transformed by the global economic crisis in 2008. They were called on to steady businesses and governments, especially as bankers came under increasing suspicion. That work is still going on but stronger regulation in the wake of the crisis is also forcing more compliance work upon companies around the world — and they are turning to lawyers for help.

The increasing tempo of change has been felt in the structures of legal organisations. Mergers across continents have become widespread in the past decade and several firms have moved close to being truly global entities. And any list of the elite of the profession has to include some US firms that have made substantial inroads into the European market.

In the UK, the Legal Services Act 2007, liberalising some areas of the profession, has had a much greater effect than many lawyers expected when it was first mooted. Many firms have taken advantage of the legislation to hire non-lawyers into the partnership, and to set up other types of business. Ten years ago, few firms thought they would outsource work. Now nearly all the top firms have an offshore or low-cost centre. In the rest of Europe, too, a number of firms look radically different from a decade ago and, by embracing the concept of continuous change, have been featured regularly in the report's rankings over the years.

Technology is another consistently growing theme of the FT Innovative Lawyers reports. Firms have gone from outright scepticism to embracing technology that can deliver much greater value to clients. If we look ahead to the profession in another 10 years' time, many firms might well be using artificial intelligence to power some of their legal advice. This may reduce the size of legal organisations — but it might also place the focus even more closely on the tailored, innovative advice that the best lawyers have built an expertise in providing.

Lionel Barber
Editor, Financial Times

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David Morley, below, senior partner at Allen & Overy, has been the driving force behind the firm's success as a first mover in numerous fields



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RESEARCH METHODOLOGY

FT Innovative Lawyers 2015 is a rankings report and series of awards for Europe-based lawyers. Shortlists for the awards comprise the top-ranked submissions in each section of the report.

The FT and its research partner RSG Consulting have devised a unique methodology to rank lawyers on innovation. Law firms, in-house legal teams and other legal service organisations are invited to submit their innovations. These are then fully researched through telephone interviews and online feedback.

No entry appears in this report without a robust client or independent reference. Market experts are also called in to assess the submissions and the research.

Each entry is scored out of 10 points for originality, rationale and impact, for a maximum score of 30. Entries are then benchmarked against each other to arrive at the final rankings. Lawyers are ranked for delivering exceptional value to business.

The in-house lawyer rankings are drawn from nominations as well as submissions, but all entries require third-party validation and commendation.

FT 10: LAW FIRM INNOVATORS 2015

The FT 10 ranking is a pure aggregate of each law firm's performance across the private practice categories of the report. This year we have truncated the ranking (in previous years it was the FT 50) to accommodate a ranking of the game-changing European law firms of the past 10 years, commemorating the 10th edition of the Europe report. This ranking is based on law firms' answers to five questions, considering growth, change, operational innovation, legal innovation and contribution to the profession.

For the full methodology, go to ft.com/innovative-lawyers

Front runner

David Morley has driven his firm, Allen & Overy, to be the first mover in many fields in recent years.

By Reena SenGupta

David Morley, senior partner at Allen & Overy, exudes youthfulness and enthusiasm — rare traits in an individual who has headed an international law firm for 12 years.

His tenure at the firm has not been easy. He has seen the firm through the financial crisis and ensuing recession, and has met the challenges of what many in the profession called the “new normal” — a world where premium law firms can no longer dictate to their clients.

Allen & Overy, where he has worked since joining as an articled clerk in 1980, has gone through many incarnations. Once considered the latecomer to the “magic circle” of top UK firms, it has in recent years reinvented itself as a member of an elite group of global firms.

Of note have been the decisions to invest in growth during the recession, when peers were cutting back. The firm has opened 18 offices in the past five years, taking its total to 45 globally. Its commitment to expansion has paid off: its rate of growth in that period in revenue terms has been double that of other magic circle firms. Over the past 10 years revenues have almost doubled, from £666m to £1,281m.

Having won the FT’s most innovative law firm in Europe award four times in the past 10 years, Allen & Overy is clearly intent on leading the way. But the position of first mover is not always coveted in the legal profession. Being second is far more comfortable for lawyers brought up following precedent. “When you try something novel, you never know if it will work,” Mr Morley admits. “In fact, people are lining up to tell you it won’t work.”

One of the more controversial moves of recent years has been to offer an integrated delivery of different types of service. The firm



PHOTO: CHARLIE BIBBY

now has a low-cost centre in Belfast, its own contract-lawyer business, Peerpoint, and various online and legal technology offerings that it combines for clients as an alternative to the traditional single model based on an hourly rate and expensive lawyers at fixed locations.

‘When you try something novel, you never know if it will work. In fact, people are lining up to tell you it won’t work’

In the past, top law firms have resisted any standardisation of their legal services and have wanted to retain a bespoke approach to all their work, at their high hourly rate. Many have felt — and some still do — that to offer alternative delivery models can mean a dilution of a premium brand.

Allen & Overy, however, is showing this is not the case. Profits are up 133 per cent over the past 10 years, from £245m to £579m.

The firm, under Mr Morley’s leadership, has been bolder than most of its peer group. His legacy — he steps down in March — will not be confined to Allen & Overy, however.

One of his significant achievements is Prime, his idea for tackling the lack of social mobility in the profession by encouraging law firms and in-house legal departments to give schoolchildren from disadvantaged backgrounds quality work experience. Some 88 firms are involved, and more than 2,875 students have passed through the programme.

Mr Morley was told by a teacher at his Chester comprehensive school that he would never become a lawyer. But he went on to read law at Cambridge, and headed Allen & Overy’s banking practice on his way to becoming managing and then senior partner. On the way he has dispelled many fervently held assumptions about how the business of law should be conducted. ■

Shining lights in the dark

A decade defined by crisis has fostered innovation but big challenges lie ahead, says **Reena SenGupta**

This year's FT Innovative Lawyers report marks a decade of researching and writing about innovation in the legal profession in Europe. The first report, in 2006, came at a time when law firms were enjoying double-digit growth and there was a feeling the bumper years would never end. As one firm in Portugal put it, developing the business meant standing by the fax machine. Sure, the market was competitive and there was a need for firms to differentiate themselves, but being successful had never been so easy.

Skip forward to 2015 and there is a new mentality in the European legal profession. Previously held totems have disappeared. For example, back in 2006, few law firm leaders ever thought that significant parts of their legal services would be standardised and that they would have to offer low-value, high-volume services. Outsourcing was not seen as a premium law firm activity.

Today, nearly all of the top 20 UK-originated law firms have a low-cost delivery centre, including more traditional names such as Freshfields Bruckhaus Deringer, which opened its Manchester facility this January.

Innovation is now a value to which law firms and in-house lawyers aspire, but some law- ▶





FT 10: LAW FIRM INNOVATORS 2015

Rank	Firm	Total score for ranked entries	Legal expertise score	Business of law score	Standout entries	Commended entries
1	Pinsent Masons	193	70	123	6	2
2	Baker & McKenzie	180	62	118	3	5
3	Allen & Overy	172	103	69	6	1
4	Hogan Lovells	157	72	85	3	4
5	CMS	156	46	110	3	4
6	Linklaters	150	74	76	5	1
7	Skadden, Arps, Slate, Meagher & Flom	138	91	47	3	3
8	Latham & Watkins	136	93	43	3	3
9=	Garrigues	130	65	65	2	4
9=	Paul Hastings	130	67	63	2	4

TOP 10 GAME CHANGERS OF THE PAST 10 YEARS

Firm	Score	
DLA Piper	43	Pioneer of the Swiss verein structure, under which affiliates remain separate entities, the firm led in showing the profession how to achieve ambitious internationalisation without the pain of a full merger. DLA tied up with US law firm Piper Rudnick in 2005 and has since expanded its number of offices from 49 to 88, covering 30 countries. It also led in listening to clients and positioning itself as a business-led law firm.
Latham & Watkins	43	The firm has built practices in New York and London to rival incumbent leaders. Its growth strategy, commitment to innovation and effectiveness in lateral hiring have seen it ruffle feathers in key markets, particularly in finance. It has shown that elite firms can build market-leading practices in competitive jurisdictions from scratch.
Axiom	42	The contracts management business is revolutionising the way big corporations create and manage commercial contracts. Axiom employs lawyers, project managers and process engineers who, together with its own technology, provide clients with an alternative to traditional law firms that raises standards for the profession.
Slater and Gordon	42	The first law firm in the world to float, Slater & Gordon originated in Australia but has gone on to build a significant UK business with the acquisition of nine firms over the past three years. It is changing the way in which consumer law is practised and how lawyers are perceived in the consumer market.
Allen & Overy	40	The winner of FT overall law firm innovation awards in four of the past 10 years, Allen & Overy leads the way in showing elite law firms a route to combine premier legal practices with alternative service models such as its online legal services business, aosphere. It bucked the market trend to downsize in the wake of the financial crisis and has increased its number of offices by 92 per cent and partner headcount by 100.
Berwin Leighton Paisner	40	The LOD (Lawyers On Demand) service showed the way for law firms to offer flexible staffing. The scheme has now been copied by 30 per cent of the top 20 UK law firms. LOD has grown 700 per cent over the past five years. BLP has integrated LOD into a service delivery model.
Eversheds	38	A series of innovations saw Eversheds enter into the profession's first comprehensive single-supplier relationship with Tyco in 2006, and set up business process engineering in the early 2000s before the disaggregation of legal services was accepted as a market necessity. It set up general counsel initiatives before most law firms saw the importance of the in-house lawyer.
King & Wood Mallesons	38	The first leading international law firm to be headquartered in the Asia-Pacific region. The tie-up between Chinese law firm King & Wood with Australian firm Mallesons sent waves through the profession and within two years has resulted in a further spate of Anglo-Chinese tie-ups. The subsequent merger with London-based SJ Berwin means it is the first European firm to be able to offer advice from mainland China.
Bird & Bird	37	The firm grew beyond its boutique roots to become an international player that sticks to the media, technology and life science industries. The focus on industry sectors and related practice areas became a legal profession trend in the late 1990s. Bird & Bird has been doing it for longer and shows how such a strategy pays dividends for a focused law firm.
Garrigues	36	The firm leads the way on the Iberian peninsula and in Latin America in terms of working differently. It has benefited from the days of its tie-up with Arthur Andersen and is not afraid to experiment with multi-disciplinary teams, technologies and a professional approach to running its partnership. One of the first Iberian firms to publish a social responsibility report in 2006, it continues as an all-equity partnership that regularly occupies the top non-UK European law firm slot in the FT reports.

INTRODUCTION

yers still equate it to providing services more cheaply. As this FT report shows, it is as much about innovations in technical legal expertise as it is about innovation in operations or the business of law.

The need for lawyers to innovate for clients became acute during and after the financial crisis of 2008. Brad Gans, then deputy general counsel at Citigroup, the US banking company, said: “No one could have expected a year before Lehmans that Citi’s share price would have dropped to a dollar.” The legal sector found itself in the eye of the storm that followed.

As a reflection of lawyers’ contribution to the stabilisation of financial markets and business, the FT instituted its first special achievement award in 2009.

The inaugural winner was Rodgin Cohen of Sullivan & Cromwell. The decision to give an American lawyer the first European prize was a measure of how his work in big bank-related transactions had ramifications for European institutions and how the law was no longer a domestic product.

The financial crisis to this day provides many novel situations in which lawyers are forced to be creative. But this report also recognises the work of lawyers in everyday business situations who come up with inventive solutions.

There is, however, an important distinction between inventiveness and mere novelty. António Cardoso, a partner at Portuguese law firm Vieira de Almeida & Associados (VdA) and one of the FT’s top 10 innovators in 2013, says: “They are not the same thing. Inventiveness is when the solution is not obvious. This is important when we deal with innovation. What is considered inventive is when you discover a new problem, even if it is not finding the solution. When you are innovative, you have to know what the problem really is.”

Mr Cardoso’s comment is a reflection of what it means to be an innovative lawyer today. It is no longer enough to be a great problem solver. Now, premium lawyers have to create their own instructions and be “problem finders”. The standout legal expertise rankings in the 2015 FT report show lawyers who have done just that but who have also, in some instances, displaced other professional advisers to come up with the overall commercial solution.

Besides needing these creative, commercial and leadership skills, lawyers also have to be conscious about the appropriateness of their legal service delivery model. No longer do their clients pay for young lawyers to learn their trade on their deals. Despite a return to growth in several European jurisdictions and increasing demand for legal services, the client-lawyer relationship has not returned to pre-crisis conditions where the law firm had the upper hand.

In fact, one of the biggest changes of the past 10 years has been in the corporate legal department. As legal service purchasers, they now have teeth. General counsel have more of a



‘What is considered inventive is when you discover a new problem, even if it is not finding the solution’

role in the boardroom and supply advice to top executives that used to be the preserve of private practice. Their departments have become strategic functions, closely working with business colleagues to balance risk and revenues. The result of this is that their purchasing patterns have changed. They are willing to buy from alternative legal suppliers such as Axiom that are disrupting established practice.

Organisations such as these are changing the landscape in Europe, particularly in work on commercial contracts, often seen as the bedrock of legal work in any big business. Mark Harris, Axiom’s chief executive and the FT’s Special Achievement Award winner in 2013, said in his acceptance speech: “The business of law is the most exciting part of the profession to be operating in right now.”

Axiom has achieved 1,216 per cent growth in revenues over the past 10 years and gains one

of the top three slots in a special FT ranking for this year, the Top 10 game changers of the past 10 years.

In this ranking, which illustrates how the profession has evolved, no single law firm has fundamentally changed the way in which the profession operates, but all the firms listed have led the legal market in some way. Many reflect the impact of globalisation on the profession. Outside the financial crisis, the story of the past 10 years is one of how law firms have changed their domestic products into international ones. DLA Piper and Latham & Watkins, while operating in different market segments, have shown how to internationalise quickly and successfully. King & Wood Mallesons, the first leading international law firm to be headquartered in the Asia-Pacific region, reflects how the global centre of gravity has shifted towards that part of the world.

Other important trends in the legal market are reflected in the inclusion of Berwin Leighton Paisner for its LOD (Lawyers On Demand), which shows how the legal sector is not immune to the growing “gig economy” — the rise of career paths based on flexible, short-term stints of work. The impact of regulatory and legislative change is shown in the inclusion of Slater and Gordon. The first law firm to float in Australia, it has taken advantage of the UK’s Legal Services Act to grow its consumer legal business in England and Wales.

Being a first mover is not the only indicator of innovation in the profession. Sometimes coming from behind can be a strength. UK law firm Pinsent Masons, which was ranked 16th last year, takes first position in the FT’s overall index of top performers for the 2015 report.

Richard Foley, the firm’s senior partner, believes that being innovative in the legal sector is as much about having an entrepreneurial culture as it is about being first. “We make a value of watching and learning,” he says. “For us, there is a sense that if you can’t be first then you need to be second. We made boldness a core value of our business and a lot of what we have done is a consequence of that decision.”

One of the firm’s winning innovations is in the technology category, where its new cloud-based product Cerico helps clients deal with compliance. It is an important category of the FT report in which to show prowess.

If the story of the legal sector of the past 10 years has been dominated by the financial crisis, the rise of the client and globalisation, the one for the next decade is likely to be how the profession deals with new technologies. To take just one example, Watson, IBM’s artificial intelligence computing system, is set to change the way lawyers work far more radically than anything has done in the past. ■

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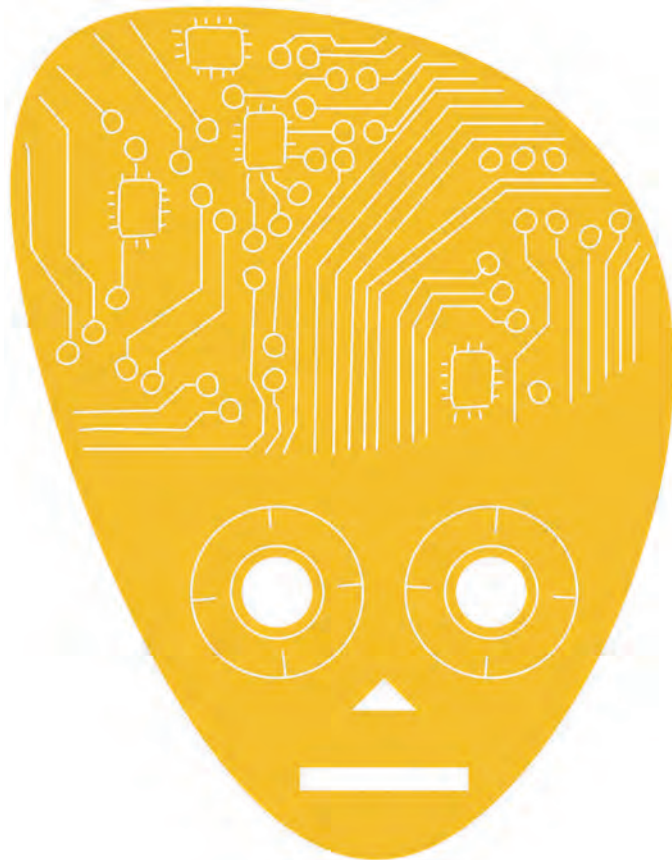
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A new tack for austere times

The willingness of firms to experiment has been strongest in some of Europe's weaker economies, writes Lucy Pearson

The need to remain competitive since the financial crisis has forced law firms across Europe to shift their business models and explore new ways of aligning them with the needs of cost-cutting clients. Indeed, many firms in continental Europe and Ireland have a fresh approach that rivals those of their British peers.

Spain features in this year's FT Innovative Lawyers report as the country with the most forward-thinking law firms. Garrigues' commitment to innovation earns it the title of most innovative law firm in continental Europe for a fourth year. The firm, which performed equally well in the business of law and legal expertise categories, has shown both expertise and a willingness to experiment.

For example, in order to achieve a favourable outcome for its client Mediapro in a dispute over football broadcasting rights, partners Antonio Rodríguez and Fernando Pantaleón had to convince the communications company to undergo voluntary bankruptcy. Such a strategy was necessary to protect the business through lower court proceedings until its case could be heard by the Supreme Court where, according to the lawyers' assessment, it would receive ►





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a more favourable hearing. “[Mediapro] had to take our word that the Supreme Court would likely rule in its favour,” say the lawyers. “Not only did we have to be good advocates and litigators, we also needed to be psychologists to keep the clients’ confidence alive.” Their successful strategy ensured Mediapro avoided a hefty financial penalty and retained its right to broadcast matches.

Innovation in legal services is not just about good ideas but investing to translate them into value for clients. PwC Tax & Legal Services (Spain) has implemented an internal programme to stimulate its team’s thinking around helping clients. One of its criteria is that ideas must be replicable. One product to emerge has been a pricing model that helps clients manage the costs of litigation resulting from the financial crisis. About 6 per cent of the firm’s revenue now derives from this service.

Helping clients manage costs was a theme in the Spanish legal market this year. An internal online pricing tool from Cuatrecasas, Gonçalves Pereira helps partners make better fee proposals and select work that is more likely to be profitable. Using a formula developed by the firm, partners can make decisions based on objective and historical data. “It gives you a vision on where the business is going,” says Laura Canudas, marketing director.

Senior management can now easily see which practice areas are most profitable, giving firms the sort of strategic edge that is increasingly necessary given the march of the big four accounting firms into law firms’ territory.

PwC Tax and Legal Services (Spain) achieved another four rankings in this year’s FT report, all in the business of law categories, where it

‘Not only did we have to be good advocates and litigators, we also needed to be psychologists’

could combine its technological and process strength with its lawyers’ entrepreneurialism.

One of the standout innovations from PwC was its service for “high potential” companies. It created a team to provide an interface between high-growth companies and larger, established organisations. Since 2013, the new business has grown to revenues of €4m.

Focusing on young companies was a common theme for continental firms. In Portugal, Morais Leitão, Galvão Teles, Soares da Silva & Associados created Team Genesis, a multidisciplinary team of 13 lawyers targeting start-ups.

In Ireland, Matheson took a proactive approach to helping its asset management clients determine where to establish funds. The firm commissioned independent research, which it has used to lobby the government for legis-

TOP 10 EUROPEAN LAW FIRMS (NON-UK)

Rank	Firm	Total score for ranked entries	Legal expertise score	Business of law score	Standout entries	Commended entries
1	Garrigues	130	65	65	2	4
2	Morais Leitão, Galvão Teles, Soares da Silva & Associados	108	44	64	0	5
3	PwC Tax & Legal Services (Spain)	89	0	89	2	2
4	Cuatrecasas, Gonçalves Pereira	72	28	44	1	2
5	Uría Menéndez	69	49	20	2	1
6	William Fry	67	67	0	1	2
7=	Arthur Cox	65	45	20	1	2
7=	Gómez-Acebo & Pombo	65	23	42	1	2
7=	Matheson	65	20	45	1	2
7=	Pérez-Llorca	65	65	0	1	2

TOP FIVE GAME CHANGERS OF THE PAST 10 YEARS (NON-UK)

Firm	Score	Description
Vieira de Almeida & Associados (VdA)	35	The firm has set an example by embedding a culture of innovation. It was one of the first in Portugal to institutionalise professional management. Its talent management breaks new ground for the legal profession and empowers employees to innovate in their own style.
Fondia	34	This Finnish law firm operates as a company rather than as a partnership and all employees are shareholders. It also acts as the internal legal department to 140 companies. Revenues have grown from €0.14m to €13.6m in a decade.
Magnusson	32	Strong professional management has helped this firm with offices in a number of Baltic countries overcome two big traditional challenges for the legal sector. Diversity is illustrated by half of its managers being women. And referrals between offices, which in many firms are rare, have risen 569 per cent in three years.
PLMJ	32	PLMJ was the first Portuguese law firm to develop internationally. It was also one of the first to offer standardised services more competitively and offer multidisciplinary teams across industry sectors and geographies.
Tuca Zbarcea & Asociatii	32	A ground-breaking Romanian firm that is a perennial feature of the FT reports. It acts as a developed-market firm in the way it puts a multidisciplinary approach at the heart of its client service, to ensure that legal advice is given holistically and in context.

lative change to allow European investment funds into Ireland. Meanwhile, William Fry assisted in creating the first Europe-wide clearing house for exchange traded funds. And Arthur Cox combined legal with financial and strategic advice to assist CRH, the Irish building materials company, in acquisitions that pushed it into the sector’s top three globally.

In the area of social responsibility, many firms in Europe have set up foundations over the past decade that can access alternative funding sources and make projects more sustainable. Gómez-Acebo & Pombo and Uría Menéndez of Spain and Matheson of Ireland, have used their advocacy skills in a range of initiatives to uphold the rule of law, instil values and build a culture of philanthropy in their home markets. ■

Opportunities to add value

Collaborating with in-house legal teams and bringing fresh ideas to corporate projects are two ways firms have enhanced their client relations. By **Lindsay Fortado**

It was a sunny September day two years ago, and Michael Hatchard, a partner with Skadden, Arps, Slate, Meagher & Flom, was having lunch with executives from insurance broker Aon at the law firm's office at London's Canary Wharf.

The group was discussing the fallout since a radical move by the Takeover Panel, the UK's mergers regulator, two years previously

to enact new rules to make hostile takeovers of British companies more difficult. This had followed the contentious acquisition of food group Cadbury by US rival Kraft in 2010.

"Break fees had become unavailable, which left the bidder exposed to costs," Mr Hatchard says. Without those incentives for first bidders, an unsuccessful bid could end up costing tens of millions of pounds in some cases. ▶

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CLIENT SERVICE

The Skadden lawyers and Aon executives worried that the change was putting at risk a nascent revival in mergers and acquisitions in the UK, discouraging private equity bidders in particular.

The result of the brainstorming was “topping insurance”, a new product that would act as break-up coverage for potential acquirers in deals, and pay the bidders any costs incurred — up to 1 per cent of the bid price — if a competing bidder emerged and won. “It’s about using insurance as a mechanism to reduce risk for both parties,” Mr Hatchard says.

It is a rare instance of lawyers coming up with the idea for a commercial product for a client, and it helped Skadden by providing more work, boosting its standing with Aon and providing security for the sort of deals Skadden is often hired to advise on.

It is also a sign of the times — lawyers are realising that to maintain and strengthen their relationships with clients they have to find innovative ways of providing value after a deal is done. That is especially true for mandates such as M&A, where the billing rates are highest.

Increasingly, law firms are also being asked to leave their egos at the door by collaborating with other lawyers so that the client has the benefit of a wider range of expertise.

‘It’s about sharing the risk. The more efficient we are, the better it is for the client and that ends up being better for us’

A £1bn technology project to facilitate a move from a prime-contract to a multi-supplier model led Royal Mail Group to instruct Slaughter and May in 2011 to work with its in-house legal counsel, leading a team of up to 18 lawyers from Royal Mail’s panel law firms, including secondees from Addleshaw Goddard and DAC Beachcroft. The group was headed by Rob Sumroy, a Slaughter and May partner, and Sarah Draper, Royal Mail’s legal director for technology on the project.

Pinsent Masons and Axiom have taken a similar approach with two of their clients, which effectively outsource part of their bulk legal work to the firms, which in turn allows the companies’ in-house departments to concentrate on strategic issues.

Pinsent Masons has been working with one of its clients, the consultancy Mercer, a wholly owned subsidiary of professional services group Marsh & McLennan, to take on operational legal work, mostly on a fixed-fee basis. As a result, the company has saved more than £1m a year since the programme began in 2012.

The partnership, dubbed “Getting Certainty”, came about after discussions on how the firm could help Mercer do some of its day-to-day work in order to free up its in-house legal department to focus on areas such as

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developing new consumer-facing products, de-risking pension schemes and improving internal risk and compliance systems.

Up to 30 lawyers at the firm, across eight offices, may be working for Mercer at any given time, says Isabel Nurse-Marsh, a pensions litigation partner at Pinsents who has worked with the consulting firm for about 15 years.

Pinsents has also signed up to conduct an annual review of hundreds of Mercer's standard contracts with clients at a fixed price. This is to give the company easier access to information and allow it to assess risk more easily.

"There's an awful lot of collaboration," Ms Nurse-Marsh says. "We would see ourselves as an extension of them: they have secondees from us; they have recruited people from Pinsents. We know them really well."

The arrangement means Mercer knows in advance how much the work will cost. The client will also pay Pinsents bonuses if the work meets certain efficiency targets.

"It's about sharing the risk," Ms Nurse-Marsh says. "The more efficiently we do it, the better it is for Mercer and that ends up being better for us."

Lisa Tolaini, chief legal counsel at Mercer, says: "We believe we have developed an innovative approach to managing our legal spend without compromising the quality of the advice we receive, and which will also allow the legal function to focus more time on those areas such as product development that really add value to the business. We particularly like that our lawyers are sharing the upsides and downsides of our risk with us."

Axiom, a firm whose lawyers are seconded in-house with clients on a project basis, is working with BT, the telecoms company, on a multi-million-pound project where a team of more than 30 lawyers in Northern Ireland, England, India, Singapore and the US is trying to transform BT's contracting operations.

The work of Axiom's lawyers frees BT's in-house team to focus on deals. The firm is using its proprietary technology, Iris, to provide BT with dashboards that allow the company to view the contracts the Axiom team is working on by type, geography, counterparty, originating requester, source of terms, business line, legal entity and date, and the status of each.

The volume of work handled by Axiom has risen about 250 per cent since it launched the programme. The complexity of work handed over has also increased.

Skadden's Mr Hatchard and his team spent about 18 months negotiating with the Takeover Panel to approve the topping insurance. The product, which will cover deals with a value of up to £3bn, with potential for further coverage of up to £7bn, was packaged earlier this year along with support insurers. "It has deepened our relationship with [Aon]," Mr Hatchard says. "We can see it having applications in the US and elsewhere." ■

CLIENT SERVICE

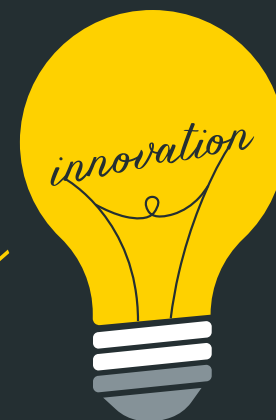
Law firm / client		Originality	Rationale	Impact	Total		
Standout	Pinsent Masons/Mercer	A holistic approach that frees Mercer's in-house team to take on more strategic work and play the role of trusted adviser. Includes a bespoke case management system, flexible fees and directly advising business units.	8	9	9	26	
	Axiom/BT	A multi-layered three-year partnership to handle BT's commercial contract work. Axiom's technology enables in-house lawyers to track and speed workflow and make better resourcing decisions. Business units send requests directly to Axiom, freeing the in-house team for more complex work.	8	9	8	25	
	Slaughter and May/Royal Mail	When Royal Mail shifted to a dynamic supplier model, the firm initiated a collaboration with other panel law firms to disseminate all process changes across the company.	8	9	8	25	
	Linklaters; Milbank / Futures Industry Association	The firms reviewed the central clearing counterparties rulebooks to provide financial institutions with clear advice and analysis of regulations. Aimed at all market participants, the product cuts the time taken to make investment decisions from months to minutes.	8	8	8	24	
	Skadden, Arps, Slate, Meagher & Flom/Aon	After break-fee protection for failed bidders was removed from the Takeover Code, the firm developed an insurance policy for Aon - which can now offer bidders up to 1 per cent of the price if their bid fails. Commended: Skadden partner Michael Hatchard.	9	9	6	24	
	Stephensons/private clients	A loyalty programme tailored for individual clients. It includes personal counselling and store discounts.	9	8	7	24	
	Addleshaw Goddard/Barclays	The firm's client development centre works to help the in-house teams of clients across a range of issues. The programme with Barclays focuses on developing lawyers' understanding of the financial sector and the bank.	7	8	8	23	
	Hogan Lovells/Honeywell	More than 100 partners in 33 international offices at the firm provide legal services to Honeywell. The scheme includes a transparent fee structure and bi-monthly training.	7	8	8	23	
	CMS/Standard Life	The firm has developed a sophisticated e-discovery software that provides forensic analysis and review.	8	7	7	22	
	Paul Hastings	The firm streams client panel conversations around 13 offices to educate partners about clients' concerns.	7	8	7	22	
	Commended	Baker & McKenzie; Morrison & Foerster; Allen & Overy/Accenture	The three law firms have an unusual collaboration to act as a "super firm" for Accenture.	9	4	8	21
		DLA Piper/Heineken UK	A single-supplier relationship has seen the firm deepen its collaboration with Heineken.	7	8	6	21
		PwC Tax & Legal Services (Spain)	Created internal mechanisms to encourage innovation - about 100 projects are funded each year.	6	8	7	21
		Reed Smith/CAA	Developed two learning programmes with the CAA.	7	7	7	21
		Berwin Leighton Paisner/Thames Water	Full legal service provider to Thames Water since 2010, the multi-disciplinary team now advises on the Thames Tideway Tunnel project.	6	7	7	20
First Law International		An alliance of local firms that gives a more personal service than big firms.	6	7	7	20	
Garrigues/Orona		Working with Orona to encourage a culture of compliance.	6	7	7	20	
Herbert Smith Freehills/Man Group		Running innovation workshops to foster ideas with the client.	6	7	7	20	
Morais Leitão, Galvão Teles, Soares da Silva / Legal Flow	A two-way relationship to develop the business of technology start-up Legal Flow.	7	7	6	20		
White & Case/private equity clients	Servicing clients post-deal and preparing them for exits.	6	7	7	20		

Note: For additional entries, see the online table



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Good works

Engaging with civil society is proving to be a bonus for many firms, whose own businesses are benefiting too, writes **Sarah Murray**

European law firms are crossing the globe to use their skills and experience in initiatives that promote human rights and the rule of law. Equally importantly, firms are taking a problem they encounter at home more seriously: the lack of diversity in the workplace.

Firms are recognising they can use knowledge acquired through their commercial work to support civil society organisations. For example, for more than 10 years White & Case has worked with New York-based non-profit organisation the Auschwitz Institute ▶

SOCIAL RESPONSIBILITY

Law firm		Originality	Rationale	Impact	Total
iProbono	The UK-based organisation facilitates pro bono activities for lawyers worldwide. It has built a network of 50,000 lawyers and 1,200 civil society organisations, and completed more than 720 projects in 31 countries. Commended: Shireen Irani and Swathi Sukumar.	9	10	9	28
White & Case	Collaborating with the Auschwitz Institute for Peace and Reconciliation, the firm works to prevent atrocities in more than 30 countries and has helped more than 70 governments. Commended: Owen Pell.	9	9	9	27
Linklaters	More than 200 lawyers from eight offices worked to index Liberia's case law to provide a crucial judicial resource.	9	9	8	26
Reed Smith	Helped to achieve a dual first in social impact finance with the world's first cross-border development impact bond. The scalable Educate Girls bond allows private international investors to fund education. Commended: Ranajoy Basu.	9	8	8	25
Allen & Overy	The Smart Start programme provides training and work experience for more than 60 students from underprivileged backgrounds each year. It was the catalyst for the profession-wide Prime initiative. Commended: David Morley.	9	8	7	24
Vieira de Almeida & Associados (VdA)	VdA played a critical role in creating a food redistribution programme that has given out 1.3m meals. Endorsed by the UN. Commended: Margarida Couto.	8	8	8	24
Baker & McKenzie	Since 2006 the firm has targeted inclusivity and support across all its offices. As a result 30 per cent of trainees, 15 per cent of associates and 6 per cent of partners are black, Asian or minority ethnic.	8	7	8	23
Garrigues	The lawyers help businesses assess the social, environmental and human rights risks of supply chains.	7	8	8	23
PwC Tax & Legal Services (Spain)	The Impulsa Programme subsidises PwC's lawyers to work with non-governmental organisations for two months.	8	8	7	23
Skadden, Arps, Slate, Meagher & Flom	Combining art and the law to address a critical lack of funding for the charity Justice, the firm has helped raise more than £400,000. Commended: Karyl Nairn, QC.	8	7	8	23
Cuatrecasas, Gonçalves Pereira	Legal protection for unaccompanied migrant children entering Spain.	7	8	7	22
DWF	The 5 Star Future programme improves social mobility.	7	7	8	22
Gómez-Acebo & Pombo	Business and human rights training programme.	7	8	7	22
Hergüner Bilgen Özeke	Collaboration to instil ethical values in young people.	7	8	6	21
Matheson	Helping to build a culture of corporate philanthropy.	7	7	7	21
Pinsent Masons	Tailored programmes in partnership with 12 schools.	6	7	8	21
Shearman & Sterling	Advancing the international criminal justice system.	6	8	7	21
Slaughter and May	Extensive support for a school in Islington, London.	6	7	8	21
A&L Goodbody	Collaboration with the Irish Refugee Council.	6	6	8	20
Abreu Advogados	Raising youth awareness of justice and citizenship.	6	7	7	20
Arthur Cox	An international programme to assist disadvantaged students.	6	7	7	20
CMS	Supporting social entrepreneurs through advice and advocacy.	6	7	7	20
Hogan Lovells	A coordinated global approach to empower women and girls.	7	7	6	20
Paul Hastings	Producing the Reporters Without Borders Handbook.	7	7	6	20
Uría Menéndez	Educating Spain's youth about law, justice and democracy.	7	7	6	20

Standout

Commended

for Peace and Reconciliation on a programme that helps governments monitor and halt the processes that can lead to mass atrocities, and trains government, police and military officials in genocide prevention.

The relationships and experience White & Case has built up through the programme have also increased the value of the services it offers to corporate clients. “We’re doing the right thing. But, also, atrocity prevention is another form of legal risk management,” says Owen Pell, the White & Case partner who spearheaded the initiative.

At Linklaters, the approach has been to use the firm’s intellectual capital to promote the rule of law. More than 200 of the firm’s lawyers worked for five years to help Liberia rebuild its legal infrastructure by producing an indexed digest of the country’s jurisprudence dating back more than 150 years.

Meanwhile, for some firms, the focus has been closer to home, particularly on efforts to increase social mobility and diversity in the legal sector. Some are also looking far beyond traditional recruitment pools to promote social inclusion. Through its Smart Start work experience programme, for example, Allen & Overy brings young people from underprivileged backgrounds into its offices for a week.

The youngsters’ activities include mock deals, for which they act as advisers. In one session, teams negotiate the buying and selling of a football club, with A&O staff playing sheikhs and oligarchs, the potential buyers.

The sessions build confidence, as well as skills such as writing a CV and making public

‘Promoting diversity has an important business benefit. If we don’t represent our clients’ values, we’re going to be less effective’

presentations. They also expose young people to the workings of a law firm. “None of them would have any idea about what law is, so this brings it alive,” says David Morley, A&O’s worldwide senior partner who conceived the programme and chairs it.

The Smart Start programme has now been extended into Prime, a national initiative in which 88 law firms participate. “Every firm does it slightly differently, but a minimum

standard is set in terms of the quality of the work experience,” says Mr Morley.

For Baker & McKenzie, statistics were what prompted a focus on diversity in its London office. In 2006, it discovered that just 4 per cent of trainees and only one partner in the office — the firm’s largest — were from black and minority ethnic groups.

Rather than paying external consultants to hire new staff, the firm created the Baker-Ethnicity initiative to address systemic barriers to diversity. A range of programmes includes widening the diversity of recruitment panels and giving interviewers training to combat unconscious bias.

Many of the ideas for initiatives came from the staff. “The way we’ve tackled some of these things has been from the inside out,” says Sarah Gregory, inclusion and diversity partner at Baker & McKenzie. “We’ve used the energy and ideas of people from across the organisation — that’s been really important.”

As critical, however, has been the recognition that, like so many social responsibility initiatives, promoting diversity makes strategic sense. “We see this as having an important business benefit,” says Ms Gregory. “Because, as a law firm, if we don’t look like our clients and represent their values, we’re going to be less effective.” ■



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Case study: iProbono

While studying at the University of Warwick’s law school in 2003, Shireen Irani wanted to apply her research to promoting human rights. Her difficulty in identifying opportunities to do this led her to create an online marketplace that now has a network of more than 50,000 volunteers and has provided services to the social sector worth more than £7.4m.

Ms Irani tapped into a groundswell of demand from lawyers to use their skills and training to help solve global problems. “Because of time constraints and lack of visibility as to what existed, they weren’t able to find anything,” she says.

Social networks were still at a nascent stage, as were law firms’ corporate responsibility initiatives, and no forum existed where lawyers could easily find projects that matched their individual passions with their specific skills. In 2009, therefore, Ms Irani secured the support of her law firm, Fieldfisher, to create an independent organisation and technology platform that would become iProbono, with headquarters in the UK and India.

Non-profit organisations post projects on iProbono, which sends alerts to the most appropriate lawyers in the network. Organisations are subjected to due diligence by iProbono, which works with them so that, rather than making open-ended requests, they develop projects that are clearly defined in scope.

Examples of the work volunteer lawyers undertake include creating contracts, representing vulnerable people or securing adequate compensation for abused children. Such cases not only help these people, says Ms Irani, but also pave the way for fairer judgments in future cases. “That’s strategic litigation,” she says. “It’s individual justice, but we’re also advancing the legal system.”

In the process, iProbono is meeting demand by lawyers to use their skills for public good. “For this generation of professionals, there’s a real hunger for these opportunities,” says Ms Irani.

Sarah Murray

disruptive

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A full suite

Some of the most creative efficiency improvements have produced substantial savings for firms and their clients, writes **Lindsay Fortado**

In the run-up to July 2014, when a sprawling set of regulations took effect to make Europe's hedge funds and private equity funds more transparent, thousands of asset managers needed legal advice.

They wanted to know not only what to do to comply with the new laws — known as the Alternative Investment Fund Managers Directive (AIFMD) — but also how individual EU member states would implement the rules, and when. While some answers had to be tailored to specific funds, many of the questions were universal.

Simmons & Simmons, a UK law firm whose clients include many asset managers and hedge funds, saw an opportunity with a product it had created several years before, during the onset of the financial crisis in 2007.

Its Navigator suite of online subscription services was aimed at just that scenario — when hundreds of clients from the same industry asked the same questions. The fund managers needed to know the basics, such as when the rules would take effect and how to comply, but they also needed regular updates from each European country on how that jurisdiction was interpreting the new rules.

“It was a case of us trying to respond to a huge amount of uncertainty,” says Sarah Chambers, a financial regulatory lawyer at the firm. “There was supposed to be harmonisation on various issues, but there have been a lot of variations.”

Despite the usual slow pace of change in the legal industry, how firms creatively and more efficiently deliver legal work has evolved as they seek competitive advantage.

In the past few years, leading UK firms have begun using contract lawyers, and have opened lower-cost service centres in cities such as Belfast, Manchester, Glasgow and Birmingham, shifting work out of costly London. Lawyers are also collaborating with third-party providers, adding on consulting or other services and using document automation technologies. The rise in the use of project managers is indicative of the efficiency drive.

Linklaters has tackled the issue through its business improvement, knowledge and learning and technology teams, which identified eight areas for improvement, including new uses of technology, paralegals and lower-cost resources, and document standardisation. It has produced savings of up to 35 per cent. The business improvement team, created two years ago, brought in non-legal expertise, including project managers, to increase the efficiency of its projects.

Axiom, a legal services company that provides teams of lawyers to work on projects in-house with clients, is resourcing a project at a global bank to draft and negotiate its derivatives and master trading agreements. The deal, worth \$73m, is being staffed mostly at centres in Belfast and Poland, with senior lawyers, derivatives specialists, business and ►

STRATEGIC RESOURCING

data analysts, technologists and project managers working together.

Since Allen & Overy and Herbert Smith Freehills opened service centres in Belfast in 2011, several other firms, including Baker & McKenzie, have followed suit. At the time, A&O global managing partner Wim Dejonghe says the move was about the firm asking itself: "Are we operating in the most efficient and cost-effective way possible?"

Berwin Leighton Paisner set up a legal services delivery team in Manchester. The firm has created an "integrated client service model" to offer alternative resourcing for projects. That includes using its Manchester staff, third-party providers and LOD (Lawyers

'The Navigator system was so much part and parcel of what we were doing on a daily basis, it just made sense to streamline it'

On Demand), its contract lawyer agency. Clients include Deutsche Bank, Tesco, Barclays, National Grid and Aviva.

Simmons & Simmons' Navigator system was created by partner Charlotte Stalin after her team was approached by a big hedge fund client that wanted a way to access information on regulations in different jurisdictions.

With laws in the financial services industry constantly changing, the fund wanted to be sure it was targeting the most appropriate investors.

"We thought, let's see how we can commoditise this," Ms Chambers says. "It was so much part and parcel of what we were doing on a daily basis, it just made sense to streamline it."

Navigator gave the firm's asset management clients access to regularly updated advice on how to comply with AIFMD and other fund regulations in more than 90 jurisdictions, at a fraction of the price of bespoke advice from counsel in each jurisdiction.

More than 300 organisations subscribe to the service, encompassing more than 6,000 individual users. Navigator has grown to include channels with advice on securities, share disclosure and derivatives. Tax, corporate finance and lending services are being developed.

"It's been a very organic process, listening to clients and seeing what's going on in the market," Ms Chambers says.

"The feedback has surpassed our expectations in terms of how it's been performing. It's been a huge opportunity to assist our clients and attract new ones." ■

STRATEGIC RESOURCING

Law firm		Originality	Rationale	Impact	Total
Axiom	Axiom has struck a five-year, \$73m deal with a leading investment bank to handle its derivatives agreements, including secondments of specialist lawyers and regulatory support teams. It improves how the bank handles risk through better control of large documents and information.	9	10	9	28
Berwin Leighton Paisner	The integration of different approaches to delivering legal services reflects a growing trend. A low-cost centre in Manchester, contract lawyers through its LOD (Lawyers On Demand) business, a process improvement service and access to specialist third-parties combine to allow customised, transparent and value-for-money services.	8	9	9	26
Linklaters	Efficient and integrated resourcing throughout the firm includes a team of project managers who are an essential part of pitches and now handle almost half of big projects. Specialist teams focus on streamlining processes for clients, making efficiency savings of up to 35 per cent.	8	9	9	26
Eversheds	Resourcing for global clients has evolved into an offering called Eversheds Connect. This co-ordinates the work of business professionals and lawyers across the firm to give clients access to better management information.	8	9	8	25
Halebury	The firm, which provides in-house legal expertise, combines three business lines for small and medium-sized enterprises: resourcing, advisory and consulting. Pricing options include fixed fees, daily and weekly rates, and bulk hour purchases.	8	9	8	25
Simmons & Simmons	The firm has created an offering on Navigator, its online service platform, to help financial institutions comply with the Alternative Investment Fund Managers Directive. It provides updates from more than 90 jurisdictions.	7	9	9	25
DWF	The firm is embracing flexible working for its staff. Initiatives such as selling fully equipped portable offices to lawyers encourage homeworking along with advanced video conferencing, smart desks and flexible working spaces. More than 500 people work flexibly at the firm.	8	8	8	24
Pinsent Masons	Working with US opportunity fund Lone Star, the firm created a due diligence and document automation process for the auction of assets of Irish Bank Resolution Corporation. The first three deals had a book value of more than €15bn.	8	8	8	24
TLT	TLT's captive "shared services" centre provides administrative, legal and complementary business services for the firm and its clients. It is now expanding its target client base to other law firms and in-house client teams.	8	8	8	24
Serjeants' Inn Chambers	A client service team facilitates a partnership between clients and the chambers, which helps its clients win work.	8	8	7	23
Baker & McKenzie	Set up a new multi-jurisdictional research unit for clients in Belfast.	6	8	8	22
Cuatrecasas, Gonçalves Pereira	Developed a pricing tool for partners to cost work better.	7	8	7	22
Latham & Watkins	Took a step forward in alternative fee arrangements and budgeting.	7	8	7	22
Radiant Law	Expanded its service centre in Cape Town.	7	8	7	22
Van Doorne	Created a business line to leverage document automation for volume work.	8	8	6	22
Ashurst	Its legal analysts in Glasgow save clients up to 50 per cent.	6	7	8	21
CMS	Set up new legal support units in Glasgow and Edinburgh.	7	7	7	21
NautaDutilh	An approach to help save costs in the design phase of a zoning plan.	7	7	7	21
Schultze & Braun	Set up a dual legal and financial team for insolvent companies.	7	7	7	21
Hogan Lovells	Set up a low-cost Birmingham centre for complex legal work.	6	7	7	20

Standout

Commended

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Diverse models

While some firms are taking on the accountancy giants, others are finding more unorthodox ways to boost their bottom line, writes **Jane Croft**



Since the liberalisation of the legal services market, law firms have feared competition from the “march of the accountants” as consultancy firms have pushed eagerly into the legal market.

The 2011 Legal Services Act was aimed at allowing non-law firm entrants such as accountants to offer legal services, while law firms could take investment from third parties.

The big four accountancy and consulting firms have moved quickly. PwC has pledged to build up its legal services division while EY Law has hired partners from Freshfields and Addleshaw Goddard. Law firms are fighting back by hiring accountants and bolstering their expertise in areas such as tax that traditionally have been dominated by accountants.

The global financial crisis and squeeze on public finances have increased the focus on tax and the level of public controversy as to whether big business is paying its fair share.

A decade ago, law firms’ tax practices often acted as corporate support functions in big merger or takeover deals. The big four would devise new tax structures while law firms would legally implement them. Today, law firms advise not just on law but also on financial and economic aspects of tax planning in an increasingly complex and cross-border world.

Tax lawyers were helped by a landmark ruling in 2013 by the Supreme Court, which refused to extend legal professional privilege

to accountants offering tax advice. Legal professional privilege is the confidentiality of communications between a lawyer and a client; many accountants consider it gives the legal profession an unfair advantage.

Law firms have also been hiring non-lawyer tax professionals. At Baker & McKenzie’s corporate tax practice for example, non-lawyers account for half of the team’s fee earners. Its hiring of Mark Bevington, a former partner at Ernst & Young, illustrates the competition with the big accountancy firms, as does the promotion to partner of non-lawyers.

‘The interaction between tax and areas of law is now better recognised’

Pinsent Masons has also formed a tax team of lawyers and accountants. In 2000, senior tax litigators James Bullock and Jason Collins launched the UK’s first dedicated tax litigation practice. The firm has also set up a tax investigations practice in a further move on to accountancy firms’ turf. Now about 30 per cent of the firm’s tax fee earners are non-lawyers with a background in accounting or HM Revenue & Customs policy.

One recent hire is Heather Self, a former senior policy adviser at HMRC and group tax

director at Scottish Power. She says law firms are picking up work as more tax disputes go to court. “The interaction between tax and areas of law is now better recognised. Tax is more law than accounting in many ways,” she says.

“Tax disputes are becoming more complex and litigation might be considered at an earlier stage than if the client had been advised in an accountancy firm. Law firms can also draw on additional expertise [internally], such as competition lawyers, when advising on state aid and its tax treatment.”

Spain-based Garrigues is another law firm that has increased its complement of other professionals, including economists or financial analysts, to work alongside its lawyers.

Beyond these defensive moves to stave off competition, some firms have used the liberalisation of the legal market to innovate and have exploited their expertise to create new offerings. One example is Bird & Bird’s partnership with ASE Consulting, a management consultancy, that has created Baseline, which offers IT transformational programmes.

Other more specialised law firms have enhanced their expertise. Wiggin, which has traditionally focused on media law, has developed non-legal media-focused businesses such as Cirkus. This is a subscription television service with partners such as content consultancy Content & Co and ITV offering British programmes to Scandinavia. Wiggin has also



combined with technology business Incopro to help clients protect trademarks and intellectual property.

In some cases, such as new boutique law firms, the innovation has come from firms structuring themselves differently. Traditional firms have a large number of salaried lawyers and a small elite of equity partners who share profits. However, some smaller, boutique firms are rethinking this business model.

A prime example is Signature Litigation, a London-based firm set up by lawyers in 2012. Graham Huntley, a founding partner, has 30 years' experience in commercial litigation.

Clients have included the family of the late Badri Patarkatsishvili, a Georgian billionaire, who were embroiled in a \$1.8bn High Court battle with Russian aluminium tycoon Vasily Anisimov in a case that was settled before trial.

Signature has set up a profit-sharing scheme for all members of the practice. It has also outsourced some back-office functions, which Mr Huntley says enables lawyers to devote time to practising law rather than other ancillary activities. Adopting the same administrative structure as a traditional law firm would also result in a poor cash flow model for a boutique law firm, he says.

"If you are in a large law firm, some of your time is spent on areas like maintaining client files or billing, rather than practising law," Mr Huntley adds. ■

GROWTH AND BUSINESS DEVELOPMENT

Law firm		Originality	Rationale	Impact	Total	
Standout	Signature Litigation	A litigation-focused boutique that has doubled its revenues in the past year. With six partners and 23 fee-earners, it has outsourced its back-office functions and every member of the firm participates in an egalitarian profit-sharing model.	9	9	10	28
	CMS	Grew in the UK by 35 per cent in revenue terms last year. Its focus on industry sectors, new delivery models and talent development raised brand recognition.	8	10	9	27
	LOD (Lawyers On Demand)	The pioneer of the flexible working contract lawyer service, LOD posted a 48 per cent growth in revenues between 2014 to 2015. Now offers "managed teams" of in-house lawyers for big corporate clients, remotely or on site.	9	8	10	27
	Bird & Bird	Bird & Bird, with ASE Consulting, has created Baseline, which works with clients on change and compliance programmes that have a heavy technology component.	9	9	8	26
	Baker & McKenzie	Accountants now outnumber lawyers in the growing tax team. The international distribution of offices means it can compete with the big accountancy firms on tax services.	8	9	8	25
	Emsleys Solicitors	Review My Claim is a service that enables consumer clients to have their personal injury legal work from other solicitors reviewed by the firm. It has converted 85 per cent of inquiries into clients.	8	8	8	24
	Matheson	Grew its fund practice through research on where asset managers can set up funds	8	8	8	24
	Pinsent Masons	A combined multidisciplinary tax team of lawyers and accountants that is expanding internationally.	8	8	8	24
	PwC Tax & Legal Services (Spain)	The firm has developed a business line for high-growth and high-potential companies, which also provides them with an interface to larger companies.	7	9	8	24
	Wiggin	A focus on media means the firm has developed several businesses, such as Incopro, a technology business that helps clients enforce intellectual property rights, and Cirkus, a subscription on-demand television service.	8	8	8	24
Commended	Morais Leitão, Galvão Teles, Soares da Silva	Set up Team Genesis to help start-up companies in Portugal.	7	8	8	23
	Garrigues	Set up a multi-disciplinary transfer pricing team.	7	8	7	22
	Hogan Lovells	Set up a constitutional change taskforce.	7	8	7	22
	L&E Global	An expanding international network of employment firms.	7	8	7	22
	Magnusson	The first firm to cover the entire Baltic region.	7	7	8	22
	Schillings	Developed a business offering around reputation risk.	8	8	6	22
	Simmons & Simmons	A stakeholder engagement programme means it now acts for 40 out of the top 50 European hedge funds.	7	7	8	22
	King & Wood Mallesons	New and different approach to promoting its Asia business in Europe.	7	7	7	21
	Latham & Watkins	Various measures to build a top buyout practice in Europe.	6	7	8	21
	Mishcon de Reya	Set up a standalone family office for wealthy clients.	7	7	7	21
	Paul Hastings	One of the first to set up a mobile payments practice, it now has 40 lawyers.	7	7	7	21
	Akin Gump Strauss Hauer & Feld	Took advantage of a failing firm to establish 120 more staff in Europe and Asia.	6	6	8	20
Cooley	Overnight expansion in London saw 20 partners join.	6	6	8	20	
Gómez-Acebo & Pombo	Built an arbitration practice from scratch through a clever collaboration.	6	7	7	20	
Miranda Correia Amendeira	Extended its Portugal-led Africa practice to Paris and Francophone markets.	6	7	7	20	

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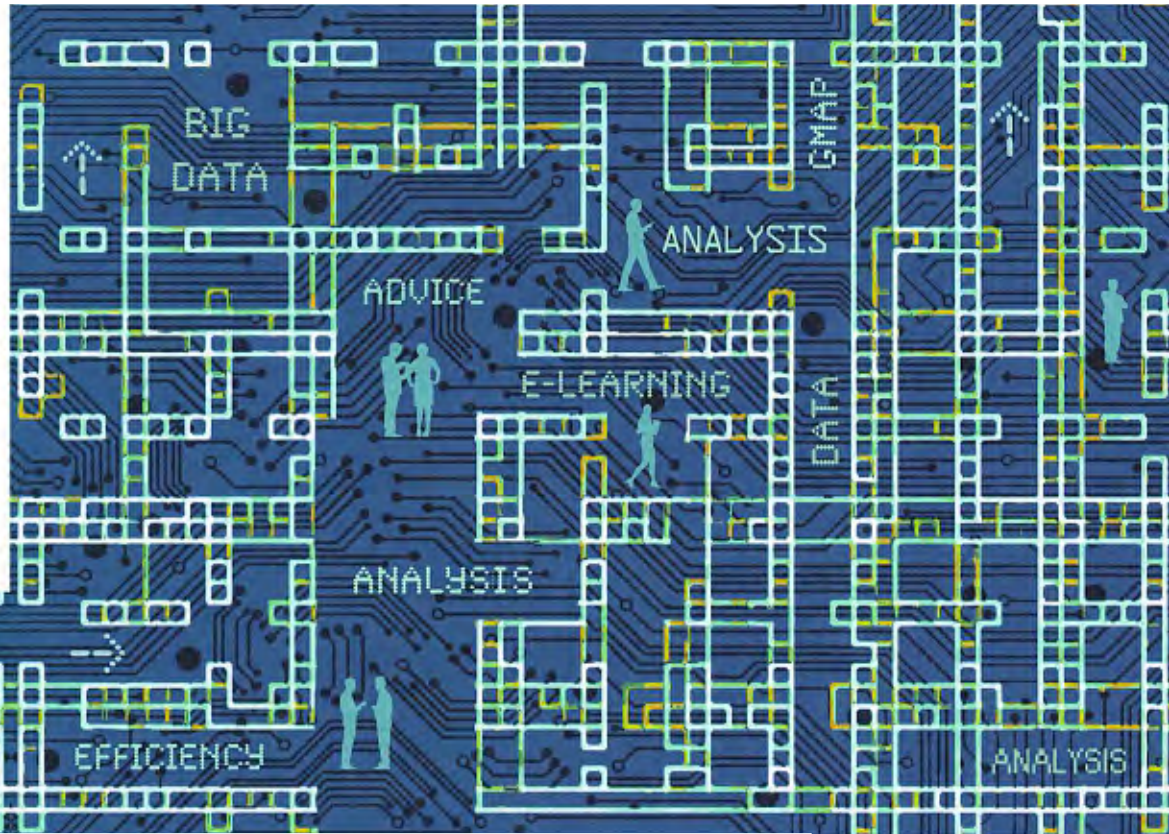


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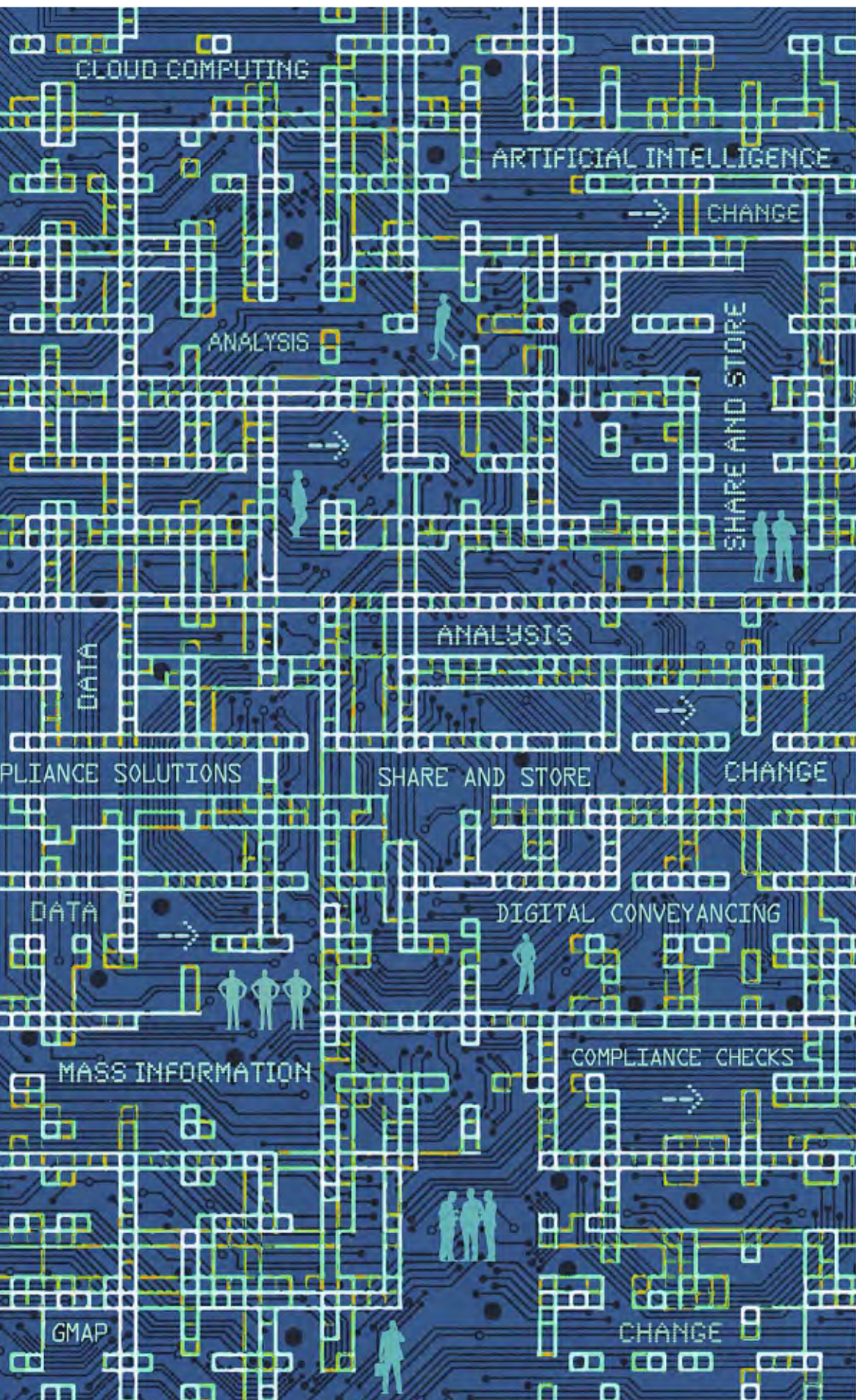
The search for efficiency gains that can give firms a competitive advantage has been the prime focus of their investment strategy, writes Murad Ahmed



A photograph of a dark pinstriped suit jacket on a mannequin. A large yellow graphic element, resembling a stylized 'E' or a frame, is overlaid on the left side of the jacket. Inside this frame, the text 'Does comprehensive have to mean compromise?' is written in white. Below this, smaller white text reads: 'EY eDiscovery has a proven global methodology, operating an end-to-end service of the highest quality at every stage. Visit ey.com/FIDS'. At the bottom of the yellow frame, there are three small yellow squares. To the right of the jacket, the EY logo is displayed in white, with the tagline 'Building a better working world' underneath. On the far right edge of the image, there is vertical text: '© 2015 EYGM Limited. All Rights Reserved. ED0116'. The background of the entire advertisement is a continuation of the circuit board graphic from the top section.

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As the heart of a bureaucracy that sets rules for 28 EU states, Brussels is a good place to observe the complexities of completing a big international deal.

Fiona Carlin and Gavin Bushell, partners at Baker & McKenzie in the Belgian capital, saw how large mergers and acquisitions for international companies required the clearance of antitrust authorities in multiple countries. This adds a layer of regulatory difficulty to big deals; the prolonged reviews of multiple jurisdictions are costly and time-consuming.

Ms Carlin and Mr Bushell proposed a solution: a digital tool that could identify the antitrust issues for any deal. Since being launched in September 2014 the Global Merger Analysis Platform (GMAP) has been rolled out to 300 of the firm's antitrust and competition lawyers worldwide, enabling them to provide a detailed analysis of the key risk in M&A deals within hours rather than what previously may have taken many expensive days.

The tool is an example of how law firms are using high-tech services to aid their work. According to groups such as Axiom, Pinsent Masons and Foot Anstey, the reasons to adopt such new technologies are obvious: as clients look for value for money, lawyers are increasingly aware that digital tools can also create efficiencies in their own work, speeding up previously laborious and repetitive tasks, while also serving to spotlight errors.

In the search for marginal competitive gains, firms are embracing practices and techniques that have transformed other industries, whether it is big data — finding better ways to deal with the enormous mass of information their organisations collect — or cloud computing, which allows employees to share and store documents over the internet, or even artificial intelligence, with smart computers able to “think” like humans to complete tasks.

In the case of Baker & McKenzie, GMAP has collected data related to merger controls in 135 countries. Clients can be given a tailored report within a couple of days that analyses the risks attached to an international merger.

“GMAP has transformed the way we handle the M&A process for our clients,” says Sam Mobley, Baker & McKenzie's head of global antitrust and competition. “What would ordinarily have been a highly complicated, arduous process requiring a significant amount of due diligence has been streamlined to deliver clarity, simplicity and, crucially, cost and time efficiency.”

Nick Koberstein, division counsel at Abbott Laboratories, the global healthcare company advised by Baker & McKenzie, says: “These tools are critical for my position. I need to quickly analyse a transaction and advise my management on the potential risk associated with the deal. Anything that can help me get the job done easier and faster [is invaluable].”

Another highly ranked law firm, Pinsent Masons, has shown its entrepreneurial side by launching and being the majority owner of ►

TECHNOLOGY

Cerico, a compliance solutions business. Companies must comply with a vast range of rules on issues ranging from bribery and corruption to health and safety, with substantial penalties

The Cerico platform allows employees to undergo compliance checks in a fast and auditable manner

if they fail to implement suitable strategies. The platform provided by Cerico allows them to ensure employees and suppliers can undergo regular, rigorous compliance checks in a fast and auditable manner.

The platform also allows companies to keep a gift and hospitality register, an important tool for staying ahead of complicated new laws surrounding corporate bribery, as well as elearning tools that allow employees to take training courses online on issues such as competition and health and safety.

“There are other offerings in the market but we found these to be relatively expensive, anonymous and loath to have any amendment

to their template content. The Cerico team is excellent — very driven and very customer and deadline-focused,” says Anthony Stanitsas, former legal counsel at Aggregate Industries, the construction company and a Cerico customer.

Such innovations are not the preserve of global firms. Foot Anstey, a regional firm in southwest England, has used software by Thomson Reuters, the business information provider, to create a digital conveyancing tool. One benefit of the system is automatic generation of conveyancing letters. The time taken for each has been cut from 90 seconds to two seconds — a difference that adds up, given the firm produces more than 80,000 letters a year.

But despite these individual advances, persuading law firms to adopt new technologies can be an uphill struggle. The FT rankings are dominated by tools that improve efficiency and can be adopted quickly by lawyers who immediately understand the need for them.

A survey of chief information officers at European legal firms by RSG Consulting, the legal consultancy that is the FT’s research partner for the Innovative Lawyers series, found the vast majority did not believe their firms used available technology enough, the reasons being a lack of investment in IT talent and — almost inevitably for a centuries-old profession — a resistance to change. ■


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Rise of the machines

The fast-developing technology of artificial intelligence is creating quite a buzz, from Google's self-driving cars to digital assistants that could replace secretaries. But surely it is unlikely to disrupt the livelihoods of highly skilled workers such as lawyers in the same way?

Wrong, say experts such as Richard Susskind, a legal futurist, who warns that complacent law firms face big changes. "Until the economy fell off a cliff most people in major law firms and indeed in-house counsel were quite happy to continue working the way they had done for a couple of centuries," he said last year in a presentation on the potential impact of artificial intelligence on the legal profession.

The threat — or opportunity, depending on your standpoint — to the profession comes from recent developments in this technology. Companies such as Google are working towards "general AI" systems that can make connections and interpretations from information in order to make independent decisions and predictions. This would make them able to "think" like humans. Even lawyers.

Prof Susskind predicts the "decomposition", though not the death, of the legal profession, with traditional jack-of-all-trades legal jobs being split into several distinct roles. Many of his suggested jobs carry titles more befitting a tech start-up than a law firm: legal knowledge engineer, legal technologist, project manager, risk manager or process analyst. Tomorrow's barrister or solicitor is likely to be part software engineer, part lawyer, he says.

This is not pie-in-the-sky thinking. Students at the University of Toronto were asked to find a useful application for IBM's Watson, the cognitive technology famous for answering trivia questions on television show *Jeopardy*. They came up with Ross, a legal research service.

Lawyers ask Ross legal questions, which it answers by sifting through huge quantities of legal documents, cases and legislation. Ross's answers are sophisticated: they include legal citations and links to articles for further reading. Because Watson has the ability to learn, Ross refines its responses based on experience.

Such a tool could do much of the work that has been left to junior lawyers — work that, as billable hours, has traditionally been profitable.

The Toronto group plans to launch a company that offers Ross's services. Soon law firms, instead of hiring swaths of new lawyers every year, could be far smaller entities that outsource all but the trickiest work to a computer. ■

Murad Ahmed

TECHNOLOGY

Law firm		Originality	Rationale	Impact	Total
Axiom	Axiom's Iris technology helps leading global companies to create and manage commercial contracts faster and more efficiently, with reduced risk. It now forms a critical part of Axiom's managed services business.	10	9	9	28
Pinsent Masons	Pinsent Masons and information technology consultancy Campbell Nash launched Complete Electronic Risk Compliance (Cerico), a technology business that helps clients comply with regulations. Regular audit checks of employees and suppliers embed a culture of compliance.	9	10	9	28
Baker & McKenzie	The Global Merger Analysis Platform is a tool to identify potential anti-trust issues for clients considering a merger or acquisition. It provides access to real-time data and a bespoke analysis across 135 jurisdictions.	9	9	9	27
Foot Anstey	Responding to demand from politicians for more homes, the firm built on software tools from Thomson Reuters to improve the efficiency of its conveyancing team. The time taken to create a legal letter has been cut from 90 to two seconds.	8	9	10	27
A&L Goodbody	The firm developed two information management portals. Bids Centre facilitates the production of complex, highly tailored bid documents using document automation and standardised processes. Partner Connect gives partners all the management information required to run practices.	8	9	8	25
Tools4Legal	A new legal project management provider whose products enable in-house legal departments and law firms to track the progress of their work from start to finish.	9	9	7	25
Allen & Overy	The firm is using the isheets module of software provider HighQ's cloud-based product Collaborate to create client-facing resources. With more than 500 lawyers using it, the firm is turning legal and commercial information collected into data and management information.	7	9	8	24
Addleshaw Goddard	Customising modules from HighQ, the firm is enabling closer collaboration between its transaction services team, lawyers and clients.	7	8	8	23
Ashurst	Created a risk assessment system with software firm Intapp that enhances client service and ensures that the firm's own risk and compliance requirements are met. The platform will be rolled out to other law firms to customise.	8	8	7	23
Schillings	Developed a team supported by its risk consulting and cyber information security services arms that helps clients prevent and address data breaches.	7	9	7	23
Toffoletto De Luca Tamajo e Soci, and NCTM	The two Italian firms collaborated to develop the iLex system, which integrates and automates routine functions of running a law firm, saving lawyers up to two hours a day.	7	9	7	23
Aequitas Legal	An app to give clients real-time updates on claims.	6	8	8	22
DWF	A digital mail service that routes mail directly into matters.	7	8	7	22
Van Doorne	A pricing tool that contributes to gross and net earnings.	7	7	8	22
Eversheds	Developed DealMaster, a tool to manage multijurisdictional M&A transactions.	7	7	7	21
Macfarlanes	A process to automatically produce leases for clients.	7	8	6	21
Morais Leitão, Galvão Teles, Soares da Silva & Associados	Set up an internal business development web portal to serve clients better.	6	7	8	21
NautaDutilh Belgium	A portal to grow young companies and let them access legal advice.	7	7	7	21
PwC Tax & Legal Services (Spain)	A tax exemption tool for mobile professionals that saves them money.	7	7	7	21
Radiant Law	State-of-the-art technology infrastructure.	7	8	6	21
CMS	An advanced approach to complete mobile and flexible working for all staff.	7	6	7	20

Standout

Commended

Forging links

Two lawyers who have shown how to unleash the power of networks rose to the fore among our 10 finalists.
Portraits by **Rick Pushinsky**



**CAMILLE ABOUSLEIMAN,
DECHERT ▲**

The judging session to choose the most innovative individual lawyer is always spirited. But the discussions have, in the past, resulted in a single winner emerging.

This year the list of 10 finalists was as impressive as always. But the judges could not decide between two contenders: Simon Harper, founder of LOD (Lawyers On Demand), and Shireen Irani, the principal mover behind iProbono and Fieldfisher's director of corporate responsibility.

Mr Harper hit on the idea of a service that would provide lawyers on a temporary basis for in-house corporate legal departments and later for other law firms. Originally set up within the firm of Berwin Leighton Paisner, LOD has now been spun off as a separate entity.

Ms Irani's iProbono project is an online platform connecting lawyers prepared to offer free services to civil society organisations. iProbono has teams in London and New Delhi, although it operates in 31 countries. The judges were particularly impressed with the legal support iProbono had been able to offer on child protection matters in India.

The judges felt both these contenders were tapping into the same phenomenon: lawyers increasingly want to work in different ways, whether flexibly or by offering pro-bono services.

As the argument continued on which of these two should win the award, some of the judges began to ask: can't they both win? Why do we need to separate such worthy candidates? The rest of us could see no reason why not. So, in the 10th anniversary year of FT Innovative Lawyers, Mr Harper and Ms Irani are joint winners.

MICHAEL SKAPINKER, CHAIR OF THE JUDGING PANEL

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Your wealth matters

Camille Abousleiman has been a driving force behind legal work in capital markets in the Middle East. In the early 1990s, while working in Latin America when the Mexican peso crisis struck, he sensed an opportunity for the development of capital markets in the Middle East, adapting new structures long before the investment banks.

His market firsts include the then largest international placement offering, the first equity listing of a Middle Eastern company on the London Stock Exchange, the first eurobond issued by a private company and a bank in the region and the first and second listings on Nasdaq Dubai.

Mr Abousleiman has guided transactions for sovereigns and companies through regime change, constitutional crises and assassinations. His work has helped to preserve investors' access to capital markets under extraordinary circumstances — Egypt and Tunisia returned this year following the Arab Spring and subsequent upheavals.



**SIMON BAGGS,
WIGGIN ▲**

As the head of Wiggin's intellectual property and rights protection team, and managing director of Incopro, Simon Baggs has been at the forefront of the fight against the online infringement of businesses' intellectual property.

Mr Baggs founded Incopro in 2012 after recognising that businesses were inadequately protected from growing global challenges in the form of counterfeiting and piracy.

But he realised that legal skills alone were not enough. Incopro therefore also offers

technology and intelligence services that allow clients to counter threats.

In 2013, Mr Baggs achieved a ground-breaking success for the film industry. Under his guidance the sector won the first UK site-blocking order, which requires internet service providers (ISPs) to block subscribers from accessing websites that infringe businesses' copyright.

In October 2014, he won another landmark victory for client Richemont. His advice acted as the catalyst for the luxury goods group

to secure a court order blocking websites that infringe trademarks by selling counterfeit goods online.

And this March, a High Court order required the UK's five leading ISPs to ensure that they blocked access to specific websites that allowed users to download films illegally.

Having identified a gap in the market for legal protection of intellectual property, Mr Baggs has significantly contributed to filling it, not just with Incopro but also with some important legal precedents.

**MICHAEL HATCHARD,
SKADDEN, ARPS, SLATE,
MEAGHER & FLOM ▼**

Michael Hatchard has played an integral part in the rise of Skadden, Arps, Slate, Meagher & Flom in the City.

He has been at the forefront of significant changes in mergers and acquisition law over an extensive career. He developed the use of demergers in hostile bids and created a new structure for hostile acquisition in the 1980s. More recently, he led the team on Pfizer's bid for rival drugs group AstraZeneca and created the structure for more binding commitments and post-offer undertakings.

Invited to comment on the liability structures underwriting UK privatisations, he was appointed adviser to the government broker, where he created a structure that forms the basis for all UK government privatisations.

Mr Hatchard's innovations also extend to new products. He was instrumental in developing a new topping insurance product for client Aon, following changes to the Takeover Code that removed break-fee protection for failed bids.



INDIVIDUALS



**DAVID KERR,
BIRD & BIRD ▲**

David Kerr has built his career on innovation in law firm leadership. He has driven Bird & Bird's strategy of continuously developing technology-focused expertise. Under his leadership the firm has grown from a small, specialist London-based outfit into a network of lawyers in 28 offices and 18 countries.

Mr Kerr has also been determined not to abandon the firm's heritage as one focused on intellectual property and technology. Instead, the firm's growth has been strictly confined to these areas.

This has also been a key part of Mr Kerr's international growth strategy: local market expertise combined with the international Bird & Bird brand — a formula used in the opening of the Sydney office in November 2014, when Bird & Bird merged with leading local technology and communications firm Truman Hoyle.

Mr Kerr has also overseen operational innovation, developing the Virtual General Counsel service to help resource companies with no internal lawyers; establishing Baseline, a joint venture with ASE Consulting to offer clients a multidisciplinary service; and launching a matter planning and profitability initiative to provide clients with more flexible and transparent pricing proposals.

**SIR NIGEL KNOWLES,
DLA PIPER ▼**

In just 19 years Sir Nigel Knowles has taken a Yorkshire firm that had its roots in a Sheffield debt-collecting practice and turned it into one of the largest firms in the world in revenue terms.

As head of Dibb Lupton Broomhead he first merged with Manchester firm Alsop Wilkinson, but by 2006 his firm had a base in the City of London and a tie-up

with US firms Piper Rudnick and Gray Cary Ware & Freidenrich.

By 2009 his firm's rapid expansion and work for the Prince's Trust had won him a knighthood.

It was not all smooth going. As an early adopter of both a transatlantic link and the Swiss *verein* structure, under which affiliates remain separate entities, the firm that had become DLA Piper came under criticism,

But Sir Nigel's commitment to making the structure

work meant that other top firms have followed suit and the structure is now considered commonplace in the profession as the way to expand internationally.

Sir Nigel's appetite for game-changing was further shown when he was one of the first senior lawyers to take advantage of the Legal Services Act, liberalising parts of the profession, to invest in the holding company of Riverview Law, which offers a different way of delivering legal advice.





YULIA KYRPA,
AQUO ▲

Yulia Kyrpa is an outstanding specialist in the field of banking and finance law, at a time of immense challenges. Ms Kyrpa has tackled the difficulties surrounding the 2014 Ukraine revolution with a commitment to reform.

Ms Kyrpa assisted the European Bank for Reconstruction and Development on the launch and implementation of state insurance of household deposits and bank reform, bringing Ukraine's legislation into line with best international practice.

Ms Kyrpa's full-scale legal assistance for NCH Capital, a leading US private equity fund, was essential in achieving the acquisition of the insolvent Astra Bank from the state.

The deal brought new US money into the country, demonstrating to foreign investors that, despite the crisis, it was possible to enter into successful and credible transactions.

When President Yanukovich fled Ukraine, Ms Kyrpa and her team faced the challenge of finding grounds in the constitution to justify the appointment and scope of the temporary Ukrainian government.

And by finding innovative legal solutions Ms Kyrpa and her team ensured that Ukraine could agree borrowing from the EU.

PADRAIG O RIORDAIN,
ARTHUR COX ▼

Pádraig Ó Ríordáin is a well-recognised name among leading corporate lawyers and has played a key role in the Irish banking crisis as part of the Arthur Cox team.

He trained in a Wall Street firm before joining Arthur Cox, where in 2003 he was elected managing partner at just 37 years old. He developed a new vision for the firm that would turn its focus from being a domestic Irish practice to one that could operate on an international stage.

Mr Ó Ríordáin, as lead external adviser to the Irish state, was at the centre of the Irish banking crisis, advising on the implementation of agreed bank guarantees. The nature of the crisis meant that every bank and building society was a risk to the state.

Against this difficult backdrop, but with no existing legal structures in place, Mr Ó Ríordáin's team designed a legal framework that would preserve the legal integrity of the banks but enable the government to take the action it deemed necessary.

With that background it is perhaps not surprising that Mr Ó Ríordáin is a member of the European Commission's Insolvency Law Expert Group, the advisory body to the Commission on the development of an EU cross-border regulatory crisis management regime.



PENELOPE WARNE,
CMS ▲

Penelope Warne joined CMS as an oil and gas specialist in 1993 to set up the firm's Aberdeen office. Twenty years later, she has built this specialism in her role as senior partner and head of energy.

She has applied herself to expanding the firm.

In 2014, swiftly after becoming senior partner at CMS, Ms Warne drove the merger with Dundas & Wilson that allowed the firm to become Scotland's market leader.

One year on, revenue has grown 30 per cent and profits are up 15 per cent — making 2014-15 a record year for CMS.

Ms Warne has also led the firm's international

expansion, with offices being established in Brazil, Mexico, the Middle East and Asia.

She has also worked hard outside her field. She was instrumental in helping War Child, the firm's charity partner, to raise £150,000 in five months. And she is passionate about helping female lawyers to break through the glass ceiling.

Her commitment to creating a leading energy practice, influencing the global energy debate and actively championing diversity and corporate social responsibility combine to form a picture of a lawyer who can innovate in not just one but a number of areas.



WINNERS

**SIMON HARPER,
LOD (LAWYERS ON
DEMAND) ◀**

LOD (Lawyers On Demand) sent shockwaves through the legal industry when it was launched in 2007 as an original alternative legal services provider. Simon Harper, the man behind this idea, led the project to make it a successful and now independently managed business after it was spun off from Berwin Leighton Paisner as a separate entity.

Mr Harper developed the idea for LOD after observing contradictory pressures in the legal industry that were exacerbated by the global financial crisis: he recognised that while buyers of legal services needed to make their budgets stretch further, more lawyers were looking for flexibility and autonomy. Since being established, LOD has grown 700 per cent and now has a turnover of more than £12m and a team of more than 200 lawyers.

Mr Harper's innovation has been copied by several big law firms in the UK. More than a third of the top 20 firms now have similar offerings.

But Mr Harper continues to innovate. He has developed an evolution of the LOD model that sends in teams of lawyers who use technology and data analytics to support in-house legal departments. This new avenue accounted for more than half of the 40 per cent growth LOD posted last year.

**SHIREEN IRANI,
IPROBONO ►**

Shireen Irani, Fieldfisher's director of corporate responsibility, founded iProbono to provide an online platform for civil society organisations to engage with lawyers and students willing to provide legal assistance.

It was while she was reading for an LLM that Ms Irani recognised the desire of fellow students to contribute to society. But she also noted the absence of an easy and flexible way to do so. When she joined Fieldfisher in 2007, she decided to harness this potential and pitched her ideas to the firm, which lent its support to the organisation, which is an independent charity.

The success of iProbono revolves around a core team in London and New Delhi, led by Ms Irani. An easy-to-access networking platform caters for the limited resources of civil society organisations and the desire of lawyers to provide assistance in a flexible manner. It has a global reach, in 31 countries, with 1,200 organisations and 50,000 volunteers on its network who have varying levels of experience, skills and availability. The platform has a registration process, which is used to match projects to volunteers' interests.

The organisation has provided legal support on a wide variety of issues, from child welfare, slavery, education and the environment to the rights of girls on the Indian subcontinent.





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Deal sealers

The revival in mergers and acquisitions has given firms a showcase for their skills. By Laura Noonan

Take an abundant appetite for deal-making, pair it with snowballing regulatory demands and you create a powerful catalyst for innovation in corporate and commercial law.

The past year has had both those ingredients in large quantities, as the mergers and acquisitions fever triggered by sluggish growth and ultra-cheap financing collided with greater regulation in almost every industry.

The M&A boom in the first half of 2015 was the biggest since the heady pre-crisis days of 2007 and shows that lawyers have had a decent success rate in working their way through the regulatory labyrinth.

Other areas of corporate and commercial law have blossomed too, particularly in pensions, where new structures are being used to cut costs to pension funds that want to hedge against their beneficiaries living longer than expected.

Mega-deals have dominated the headlines, but some of the most innovative legal footwork was done for less high-profile agreements, such as that struck between chemicals groups ICL/Iberpotash of Spain and Akzo Nobel of the Netherlands. Ownership and accounting restrictions prevented the companies from agreeing a normal joint venture, so Cuatrecasas, Gonçalves Pereira, Iberpotash's law firm, used a little-used provision in Spain's 19th-century commercial code to create a "participation account" that enables the companies to work together. The deal could lead to investment in Spain of up to €800m.

Regulation is often an obstruction to M&A, but regulatory appeasement can spawn deals too, as with Irish cement company CRH's €6.5bn bid for assets being sold by France's ►

CORPORATE AND COMMERCIAL

Law firm		Originality	Rationale	Impact	Total
Cuatrecasas, Gonçalves Pereira	When a usual joint venture was not possible, lawyers helped ICL and its Spanish subsidiary Iberpotash form a deal with AkzoNobel that could enable investment of €800m in Spain.	9	10	9	28
White & Case	Lawyers, working with HM Treasury, initially pro bono, came up with a tax law innovation that will give UK businesses greater choice when looking for finance.	9	9	9	27
CMS	Working initially for free, the firm approached the Pension Insurance Corporation with an idea for a new collateral and security structure.	9	9	8	26
Arthur Cox	Combined role of legal, financial and strategic adviser to CRH, the Irish building materials company, on its acquisition of assets from Holcim and Lafarge in 10 jurisdictions.	8	9	8	25
Gleiss Lutz	Changed the structure of German publishing house Suhrkamp to resolve a long-running shareholder dispute.	9	9	7	25
Allen & Overy	Devised a structure allowing the BT pensions scheme to hedge 25 per cent of its longevity.	9	8	7	24
Skadden, Arps, Slate, Meagher & Flom	Work for Pfizer during its bid for AstraZeneca has inspired significant changes in the UK Takeover Code.	7	9	8	24
Uría Menéndez	Designed structures and strategies that the Lone Star Fund III used to buy a portfolio of performing and non-performing loans from Commerzbank.	7	9	8	24
Pinsent Masons	Worked with Peterborough to help the council establish itself as a leader in green energy.	8	8	8	24
Ashurst	Raised more than £1bn in five months for two equity funds.	8	9	7	24
Morais Leitão, Galvão Teles, Soares da Silva	Advice on the listing of Mota-Engil Africa shares on Euronext Amsterdam.	7	8	8	23
Shearman & Sterling	Advising the Qatar Investment Authority on its hostile takeover of Songbird Estates.	8	8	7	23
Skadden, Arps, Slate, Meagher & Flom	Helped raise the level at which a majority shareholder can unilaterally delist.	7	9	7	23
Slaughter and May	Advising GlaxoSmithKline on a three-part transaction with Novartis.	7	8	8	23
Eversheds	Flexible planning consents for the world's largest wind farm.	7	8	7	22
Skadden, Arps, Slate, Meagher & Flom	Advised on the Automobile Association's accelerated initial public offering.	7	7	8	22
Akin Gump Strauss Hauer & Feld	Advised VimpelCom on complex telecoms transactions in Algeria.	7	7	7	21
Berwin Leighton Paisner	Devised a new model for private rented-sector housing in the UK.	6	7	8	21
DLA Piper	Acting in Allied Minds' initial public offering.	7	7	7	21
NautaDutilh	Created a new global e-commerce company via a Dutch entity, Cnova.	7	7	7	21
Orrick	Advised Alstom on the \$13.5bn sale of its energy business.	7	7	7	21
SEH Legal	Advised employees on their takeover of the Nice-Matin newspaper group.	7	8	6	21
Ashurst	Advised Royal London Mutual Insurance Society on a £22bn reorganisation.	6	7	7	20
Paul Hastings	Created a new structure in Italy for KKR's restructuring of distressed loans.	6	8	6	20
Simmons & Simmons	Advised UK Ministry of Defence on sale of Defence Support Group, main provider of maintenance on army vehicles.	7	6	7	20

Standout

Commended

Lafarge and Switzerland's Holcim as part of their drawn-out merger. Holcim and Lafarge put the assets on the block so that the scale of their combined company would not unnerve regulators, but in the end their own shareholders proved more difficult to reassure and the deal came close to collapsing several times.

The CRH transaction, which made the Irish company the third-biggest player in its sector globally, held firm throughout the uncertainty, with Dublin law firm Arthur Cox acting as legal, financial and strategic adviser to CRH.

Lawyers expect regulator-inspired sales to feature more and more in the M&A landscape. "The increase in the number and scope of authority of regulators is a real issue in the context of major cross-border M&A," says Stephen Wilkinson, London-based global head of M&A at Herbert Smith Freehills.

"As a result, lawyers are thinking of ways to structure deals that either avoid the full impact of the regulatory intervention or are structured to mitigate that involvement. Or they are finding ways to ensure that intervention is not fatal to the deal."

Pre-clearance is one option. That was the format used in Shell's £47bn bid for energy rival BG Group in April, the biggest M&A transaction in UK history. Typically, pre-clearances

commit the purchaser to follow through with the deal; penalties are payable if it falls apart.

Tying down commitments before a deal is signed is increasingly common. During pharmaceuticals group Pfizer's failed takeover of rival AstraZeneca last year, lawyers designed a new kind of commitment that was more binding than a statement of intent.

Deals in the financial services sector bring

'Lawyers are thinking of ways to structure deals that avoid the full impact of the regulatory intervention'

their own complexities. "The identity of the regulator that will be in charge of supervision of the group plays a part in choosing the holding structure," says Arnaud Coibion, a partner at Linklaters in Brussels. "Obtaining the consent from the regulators on time, the fit and proper criteria for the directors who are going to be on board... that's all critical."

Some of the most innovative transactions in

the past year have been in pension funds, as trustees have looked to reduce the funds' running costs. Traditionally, when funds wanted to insure against beneficiaries living longer than expected, they had to engage both an insurer and a reinsurer.

"The problem in the UK market is that there are very few insurers to act as middlemen between the pension scheme and reinsurers," says Madhu Jain, a counsel in Linklaters' insurance practice in London.

Last year, BT's pension scheme, advised by Allen & Overy, cut out the middleman by using a specially created in-house insurance company based in Guernsey. Its offshore status was important for capital and tax efficiency and brought significant savings for the scheme.

Smaller companies may be daunted by the prospect of setting up an in-house offshore insurer, but consultancies such as Towers Watson have developed insurance cells that companies can use for the same purposes.

It is not all good news for lawyers though. The traditional fee model faces increased pressure from clients, particularly on lengthy transactions. GlaxoSmithKline, for example, asked Slaughter and May and its other lawyers to work on a fixed-fee basis on the extensive Novartis deal rather than an hourly rate. ■



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INVESTIGATE EVALUATE COMMUNICATE

Solutions to the funding puzzle

The complexity of deals, especially those across borders, required some original thinking from companies' advisers, writes **Arash Massoudi**

Finance lawyers faced no shortage of challenges last year. Roaring capital markets and the busiest mergers and acquisitions period since the onset of the financial crisis kept advisers in demand and in search of solutions to an onslaught of requests from corporate clients.

At the other end of the spectrum, political instability in Ukraine and the Middle East added complexity to already difficult conditions for companies and governments.

In corporate activity, blockbuster deals dominated the headlines. Transactions were large, often cross-border and almost always high-profile. These elements contributed to the highest level of global M&A activity by volume since 2007. In total, \$3.34tn worth of deals were reached in 2014, according to data provider Dealogic.

But the prevalence of mega-deals, in particular the desire for companies to use dealmaking to consolidate an industry or sector, meant completion times for agreed transactions ran into months as regulators scrutinised competition issues. For instance, it took 14 months for Dutch coffee group DE Master Blenders to complete its May 2014 takeover of the coffee assets of Mondelez, the US snacks company. Mondelez received \$5bn and a large minority stake in the merged entity. The transaction to create the second-largest global coffee company required antitrust approvals in multiple jurisdictions.

To execute the deal, DE Master Blenders' controlling shareholder needed to secure an enormous \$1bn leveraged loan. That task was complicated by uncertainty on how long it would take for the deal to win regulatory clearances.

"The parties could not confidently estimate when the transaction would close, but neither party was prepared to enter into a transaction without certainty on the financing," according to Skadden, Arps, Slate, Meagher & Flom, which advised JAB Holding, a private investment group and the controlling shareholder of DE Master Blenders.

The law firm believed the deal could have

taken up to 30 months to complete, meaning the bank financing had to be committed for much longer than lenders were accustomed to for private or public transactions.

A typical commitment for this sort of lending is usually for less than a year. Ultimately, three banks agreed to commit lending for 30 months in what was one of Europe's largest post-credit crisis leveraged loan transaction. Skadden also played an important role in securing the funding from lenders with limited conditions.

In Lebanon, the country's largest banking group, Bank Audi, sought to raise \$300m to strengthen the capital base of its Turkish subsidiary, Odeabank. Working with law firm Dechert, the Lebanese bank decided to pursue a rights issue for new Bank Audi shares and global depository receipts to secure the funding.

But an interesting part of the transaction was the inclusion of English-law warrants, which would be exercisable in the future for common shares in Odeabank, according to Dechert. Warrants are not typically a feature of rights issues and the use of rights over equity in a separate company, in a different jurisdiction, was novel.

The move helped Bank Audi complete an intricate capital markets transaction without the aid of an investment bank, and investor participation helped demonstrate confidence in financial institutions operating in a difficult region.

However, not all markets were rife with corporate dealmaking. In Ukraine, a revolution and ensuing conflict between pro-Russian separatists and the Ukrainian military plunged its economy into a full-on crisis.

The situation was complicated by the departure of President Viktor Yanukovich, which in turn left a constitutional crisis.

The unrest prompted the European Commission to seek to intervene by providing financial aid to help stabilise Ukraine. Lawyers were asked to find a way to satisfy the conditions of the EC's offer, which called for the application of English law, rather than international law, which is stipulated in such circumstances under Ukrainian legislation.



In finding a solution, Ukrainian firm Aequo employed what it called an “innovative approach... to confirm the scope of powers and due procedure of the appointment of the new temporary government of Ukraine, which was the mandatory condition for granting of the aid by the donor”.

The political turmoil also raised the prospect of defaults on corporate debt and generated work for international firms. DTEK, Ukraine’s largest privately owned energy business, worked with US law firm Latham & Watkins to restructure \$200m in debt to avoid default.

The transaction also resorted to English law by using a UK scheme of arrangement. The move, Latham believes, will have global ramifications for bankruptcy law as it shows a potentially cheaper alternative to the US Chapter 11 process. ■



FINANCE

Standout

Law firm		Originality	Rationale	Impact	Total
Dechert	The firm created a structure to raise capital for Odeabank, the Turkish subsidiary of Lebanon's Bank Audi, helping to stabilise the future of financial institutions in the region. Commended: Camille Abousleiman.	10	9	9	28
Aequo	Helped stabilise the Ukrainian financial market following the outbreak of the conflict in 2014. Commended: Yulia Kyrpa.	9	9	9	27
Allen & Overy	Negotiating on the tendering process for the A11 motorway in Belgium, the firm created the first structure whereby both bank and bond financing bids can be compared in parallel under public procurement rules.	8	9	9	26
Latham & Watkins	Instrumental in breaking a four-year impasse on the restructuring of Punch Taverns by establishing a powerful negotiating position for the bondholders.	8	10	8	26
Uría Menéndez	Representing more than 100 creditors in two complex restructurings of Fomento de Construcciones y Contratas, the firm set a market standard for restructuring in Spain.	8	9	8	25
William Fry	Overcame jurisdictional issues to help create the first Europe-wide clearing house for exchange traded funds.	9	8	8	25
Linklaters	Advised the UK government on the creation of the first sovereign sukuk outside the Islamic world, raising the UK's reputation as a jurisdiction for Islamic finance.	9	8	7	24
Gómez-Acebo & Pombo	Crucial to the successful restructuring of Grupo Condesa, the steel manufacturer.	7	9	7	23
Hogan Lovells	Advised the UK Export Credits Guarantee Department on a \$913m sukuk to finance the acquisition of aircraft.	8	8	7	23
Pérez-Llorca	Acted for the banks in the Fomento de Construcciones y Contratas restructuring.	7	9	7	23
Baker & McKenzie	Acted in the receivership and sale of London's Gherkin building.	7	8	7	22
Latham & Watkins	Acted on the \$200m debt restructuring of DTEK, the private Ukrainian energy company.	7	7	8	22
Linklaters	Achieved direct access for pension schemes to the reinsurance market.	7	8	7	22
Skadden, Arps, Slate, Meagher & Flom	Negotiated acquisition by Joh. A. Benckiser of Mondelēz International's coffee business.	7	8	7	22
Slaughter and May	Secured shareholder consent for Punch Taverns' restructuring.	7	7	8	22
Sullivan & Cromwell	Advised Zim Integrated Shipping Services on its restructuring.	7	8	7	22
White & Case	Advised on the financing of the A7 highway in Germany.	8	6	8	22
DLA Piper	Acted for ING Bank in financing of the Gherkin acquisition.	7	8	6	21
Garrigues	Refinancing the debt of the majority shareholder in Fomento de Construcciones y Contratas.	6	7	8	21
Herbert Smith Freehills	Advised the government of Nepal on project development.	7	7	7	21
Mills & Reeve	Advised Northampton university on its city-centre campus.	7	7	7	21
Shearman & Sterling	Advised a banking syndicate on a big US-Italian acquisition finance deal in the gaming industry	7	8	6	21
Akin Gump Strauss Hauer & Feld	The first international bond offering for Bangladesh.	6	7	7	20
Matheson	Acted for J.P. Morgan Mansart Management on a derivative-incorporating fund in Ireland.	7	7	6	20
Pinsent Masons	Acted on the bond issue for Northampton university's campus development.	7	6	7	20

Commended

Action on the global front

The intricacies of cross-border litigation are putting demands on firms to find new ways of achieving settlements. By **Jane Croft**



A wave of financial scandals involving global banks has kept London's civil courts busy with cases of complex cross-border litigation. But it is notable that the global nature of business is giving rise to disputes in areas such as insolvency law and capital markets that are being dealt with in ways never seen before, and with the assistance of new technology.

This is no better illustrated than in the outcome of a five-year global court battle involving 33,000 British pensioners from collapsed telecoms provider Nortel. They achieved a fair share of a \$7.3bn fund held in an escrow account, representing the remains of Nortel, whose European, US and Canadian entities had made separate insolvency filings in London, Delaware and Toronto. There was no agreement on how the \$7.3bn would be distributed.

Fights between creditors of a huge global insolvency are not new — strands of litigation relating to the 2008 collapse of US bank Lehman Brothers are still going on in courts around the world. But Nortel became the first case in which global assets were legally entitled to be distributed in accordance with creditors' claims.

The case was also unusual because two courts in Canada and the US sat simultaneously and the trial unfolded in two locations linked by a private live internet stream. The level of co-operation between judicial authorities was unprecedented, but the judges had to decide the legal issues in the case according to the laws of their own country.

Hogan Lovells, the law firm that represented the UK pensioners, had to convince courts in Canada and the US to accept the legal principle that creditor liabilities could be paid out on a pro rata basis — ignoring claims to ownership based on individual corporate identities and geographical boundaries. The ruling put an end to five years of battles, with three failed attempts at mediation, in a case described as featuring “scorched earth litigation”.

John Tillman, a partner at Hogan Lovells, says the case was unusual because of the courts sitting jointly: “There is a strong tradition of different courts co-operating on certain aspects of large, cross-border insolvency cases, but this took it to a new level.”

The scale was also daunting: it involved 120 witnesses being deposed worldwide and 3m documents being disclosed. The case has far-reaching implications for future cross-border insolvencies and could pave the way for further judicial co-operation across frontiers.

In more conventional bank litigation cases heard in London's High Court, law firms have had to contend with cross-border jurisdictional issues, often where cases have parallel civil or criminal proceedings elsewhere.

One colourful case was fought by Addleshaw Goddard on behalf of a German water utility against Swiss bank UBS over the alleged mis-selling of complex derivative transactions that triggered large payment obligations. The

litigation was one of the first instances when a bank was successfully sued by a public authority and involved close co-operation with the utility's German lawyers.

The bank had claimed it was owed about \$140m from contracts with Kommunale Wasserwerke Leipzig in a trial that featured lurid allegations of corruption, a luxury African safari and the hiring of strippers in New York.

The German company had claimed, however, that the deal was invalid because a former UBS banker had an "improper" relationship with a Swiss consultancy advising the utility. KWL won the case and in a hard-hitting ruling, Mr Justice Males said of UBS's conduct: "It has been a case study in how not to conduct investment banking in an honest and fair way."

Other law firms have sought to use innovative ways to test parts of European law that need to be clarified following bailouts relating to the financial crisis. Allen & Overy, for example, was instructed by the European Central

Lawyers say many complex cross-border cases are being settled behind closed doors using arbitration

Bank following claims brought against it by investors in Cypriot banks who had lost out under the terms of Cyprus's bailout.

Lawyers at the firm successfully argued the ECB was not acting as a European institution in relation to its work with the European Stability Mechanism and therefore the General Court of the European Union lacked jurisdiction to hear the case. The ruling helped clarify the capacity in which the ECB and European Commission were acting in the European Stability Mechanism and the action helped prevent EU tax partners from being on the hook for liabilities.

Despite the amount of litigation reaching London's courts, however, many lawyers say many complex cross-border cases are being settled behind closed doors using arbitration.

Arbitration is often thought to be faster, cheaper and private. In the past year, big arbitration cases have included the one brought by Paul Hastings, the London-based litigation group, that achieved a victory for the Rwandan government. There are signs, however, that the English courts will exercise their discretion to intervene on arbitral awards if necessary.

Law firm Pinsent Masons advised the UK home secretary on a successful application to the High Court to set aside a £200m arbitral award made by an international arbitral tribunal in relation to an information technology dispute case. The ruling is now the lead test case on issues in which the English courts will intervene in such awards. ■

DISPUTE RESOLUTION

Law firm		Originality	Rationale	Impact	Total
Hogan Lovells	Following the collapse of Nortel, the telecoms provider, won a billion-dollar victory for 33,000 UK pensioners. The deal also benefited pensioners on the other side of the Atlantic. Commended: Angela Dimsdale Gill.	9	9	10	28
Addleshaw Goddard	Lawyers secured a victory for KWL, the Leipzig water utility, against UBS over the sale of complex derivatives that triggered large payments in the wake of the credit crisis.	9	8	9	26
Allen & Overy	The firm represented the European Central Bank in a case regarding the liability of EU organisations in relation to the terms of bail-out treaties. Commended: Wolf Bussian.	9	8	9	26
Pinsent Masons	The firm advised the UK Home Secretary on a successful application to set aside a £200m-plus arbitration award in a case that clarifies when courts are willing to intervene.	9	8	9	26
DWF	Lawyers acted for Zurich Insurance against International Energy Group to give clarity to claimants, insurers and policyholders. Commended: Derek Adamson.	9	8	8	25
Paul Hastings	Defeated the practice of automatic suspension in France of public tender offers and takeover bids in the event of a court challenge. The practice had been an obstacle to investment.	8	9	8	25
Bird & Bird	Won an action against Crédit Agricole, the French bank, to recover funds for a client despite the client not having a contractual relationship with it.	8	9	7	24
Cooley	Enabled clients with limited resources to litigate by managing the risk of losing through technology, third-party funding and after-the-event insurance. Commended: Mark Deem.	7	9	7	23
Garrigues	Developed a strategy to protect Mediapro during extended and public proceedings over football broadcasting rights.	8	8	7	23
Latham & Watkins	Defended the London Metal Exchange against an unprecedented application for judicial review brought by aluminium producer Rusal.	8	8	7	23
Paul Hastings	Defending and training the Rwandan government.	8	7	7	22
Shearman & Sterling	Acted in the Yukos arbitration to win the largest-ever international award.	8	7	7	22
William Fry	Convinced the Irish courts to consider sharia law.	8	8	6	22
Eversheds	Resolved a significant five-year dam dispute in Senegal, Mauritania and Mali.	7	7	7	21
Morais Leitão, Galvão Teles, Soares da Silva	Defended mobile phone operator Optimus against the Portuguese Data Protection Authority.	7	7	7	21
White & Case	Broke a 30-year deadlock worth €900m for Commisimpex against the Republic of the Congo.	7	7	7	21
Arthur Cox	A landmark case for Irish defined-benefit pension funding.	7	6	7	20
Baker & McKenzie	Defended MasterCard in the first claim filed against it in Russia following US sanctions.	7	6	7	20
Macfarlanes	Clarified the scope of Brussels regulation.	7	6	7	20
Mayer Brown	Achieved approval for a new regime to address the deficit in the Merchant Navy's pension scheme.	7	6	7	20
Sidley Austin	Developed parallel schemes of arrangement in the liquidation of Murray Holdings.	6	8	6	20
Slaughter and May	Defended a big claim against Kroll and three co-defendants.	7	7	6	20
Squire Patton Boggs	Acted for the Slovak Republic on planned changes to public health insurance.	7	7	6	20
Van Doorne	Introduced the concept of multi-party arbitration into the Dutch insurance market.	7	7	6	20
VdA	Reducing the reputational damage for companies charged with capital markets offences.	7	6	7	20

Standout

Commended



Tactics to level the playing field

The regulatory environment has been a testing one but firms showed invention to ensure positive outcomes for clients. By **Christian Oliver**

In March, GlaxoSmithKline and Novartis completed a landmark \$23bn asset swap that was widely hailed as a template for how to reinvigorate big pharma.

But over the 2014 Christmas holidays the deal was hanging by a thread after running into highly complex — and somewhat novel — competition concerns. The regulators' worries struck at the heart of the transaction, in which the UK's GSK was selling its portfolio of cancer drugs to Novartis for up to \$16bn and bought the Swiss group's vaccines unit for up to \$7.1bn.

The European Commission insisted Novartis would have to divest two important cancer treatments that were under development, as GSK already had similar products for slow-

ing the development of skin cancer. Brussels feared the asset swap could harm consumers by reducing the number of potential producers of such drugs from three to two, as the Novartis trials would probably be abandoned.

Sir Christopher Bellamy, chairman of the global competition practice at Linklaters, says frantic 11th-hour discussions to ensure the deal's approval raised new challenges for his lawyers. How to ensure work continued on the two Novartis drugs was far from obvious.

Critically, Sir Christopher says Brussels was going to unusual lengths to target products that were still in development. "It was clear that the commission was developing a new theory of harm [to consumers] about competition

in clinical research and innovation... that was a big development. They really looked in detail at competition in innovation," he says.

The case was made more complex by the fact that the two drugs were designed to work in combination with each other, but only one of them, LGX818, was fully owned by Novartis. The other, MEK162, was produced under licence from Array BioPharma, a small Colorado-based company.

Competition lawyers at Linklaters made the unprecedented step of proposing two potential remedies to the commission. Under the terms of the first proposal, LGX818 and MEK162 would be owned by different companies and then it would be left to market demand to



“The world of follow-on damages is relatively new. Other cases have had skirmishes but they settled. This went right to the gate of the court’

ensure that they reached consumers in a way that they could work together effectively as a treatment.

The second proposal was that Array Bio-Pharma would acquire both products. However, there would need to be a significant European partner to ensure the drugs’ position in the EU market. Brussels preferred the second option after conducting its market tests.

Lawyers involved in the case noted that the deal was under intense time pressure as the costs of a long approval procedure could have undermined the attractiveness of the asset swap.

However, Novartis still needed to bear important costs associated with the remedy. The Swiss company is paying to ensure that clinical trials continue on the divested drug. It is also paying for a “monitoring trustee” to make sure that Array, which has no experience of operating in the EU, selects a suitable European partner.

Linklaters’ responses to the difficulties associated with securing quick regulatory approval

COMPETITION

Law Firm		Originality	Rationale	Impact	Total	
Standout	Linklaters	A series of solutions to problems that might have stymied the \$23bn Novartis-GSK asset swap. The challenge was to dispose of two products still in development. The lawyers convinced the European Commission to market-test their solutions and allow a company from outside Europe to participate in the deal.	9	10	9	28
	Berwin Leighton Paisner	In a case that has become a model for international cartel disputes, BLP challenged the rules of international disclosure particularly around material such as evidence from whistleblowers. The firm fielded a multi-disciplinary team for National Grid, its client, to win a complex case that lasted six years and involved multiple opponents.	9	8	9	26
	King & Wood Malletson	The firm advised a consortium of tyre manufacturers seeking damages from cartels inflating the price of synthetic rubber. Using complex economic modelling, the firm successfully argued that cartels were liable for damages not only from their own price-fixing but also from the overall inflation of prices in the market, called “umbrella damages”.	8	8	8	24
	Shearman & Sterling	In an unusual but successful strategy, the firm sued the UK’s Competition and Markets Authority (CMA) over its disclosure of evidence investigating the firm’s client, BMI Healthcare. As a result, BMI did not have to make the divestment previously ordered by the CMA, and the CMA’s processes around evidence handling were improved.	8	7	8	23
	Latham & Watkins	Groupement des Cartes Bancaires (GCB), the French payment card association, faced a European Commission ruling that its published pricing measures were anti-competitive. This ruling meant the commission did not have to prove that GCB’s actions had any effect on the market. The firm successfully argued for the European Court of Justice to annul the commission’s decision and clarified the use of this ruling.	7	6	9	22
Commended	Garrigues	Acted in a “state aid” case that clarified the role of the European Commission in Spanish tax affairs.	7	7	7	21
	Pérez-Llorca	Enabled Schibsted, the Norwegian media group, to expand in Spain.	6	6	8	20
	William Fry	Integrated advocacy approach in a “state aid” case that lasted 10 years.	6	7	7	20

gave it a narrow victory in the competition category in the FT’s Innovative Lawyers awards for Europe this year.

Berwin Leighton Paisner came second for its work seeking damages for Britain’s National Grid power company in the English courts.

In 2007, the European Commission imposed a fine of more than €750m on a number of leading companies, including Alstom, Areva, Schneider and Siemens, for running a cartel in the supply of gas-insulated switchgear — key equipment used by power transmission companies. These fines, however — the largest set of fines ever imposed on a single cartel — bolstered the EU’s own budget and National Grid decided to seek follow-on damages for its own losses.

Joby Davies, litigation partner at BLP, says the National Grid case charted new territory for the duration of the litigation battle, which dragged on for six years. “The world of follow-on damages is relatively new. Other cases have had skirmishes but they settled. This went right to the gate of the court.”

BLP says the case turned into a “tooth and nail” fight against 22 opponents and required a team of lawyers and economists that swelled to as many as 20 at its peak.

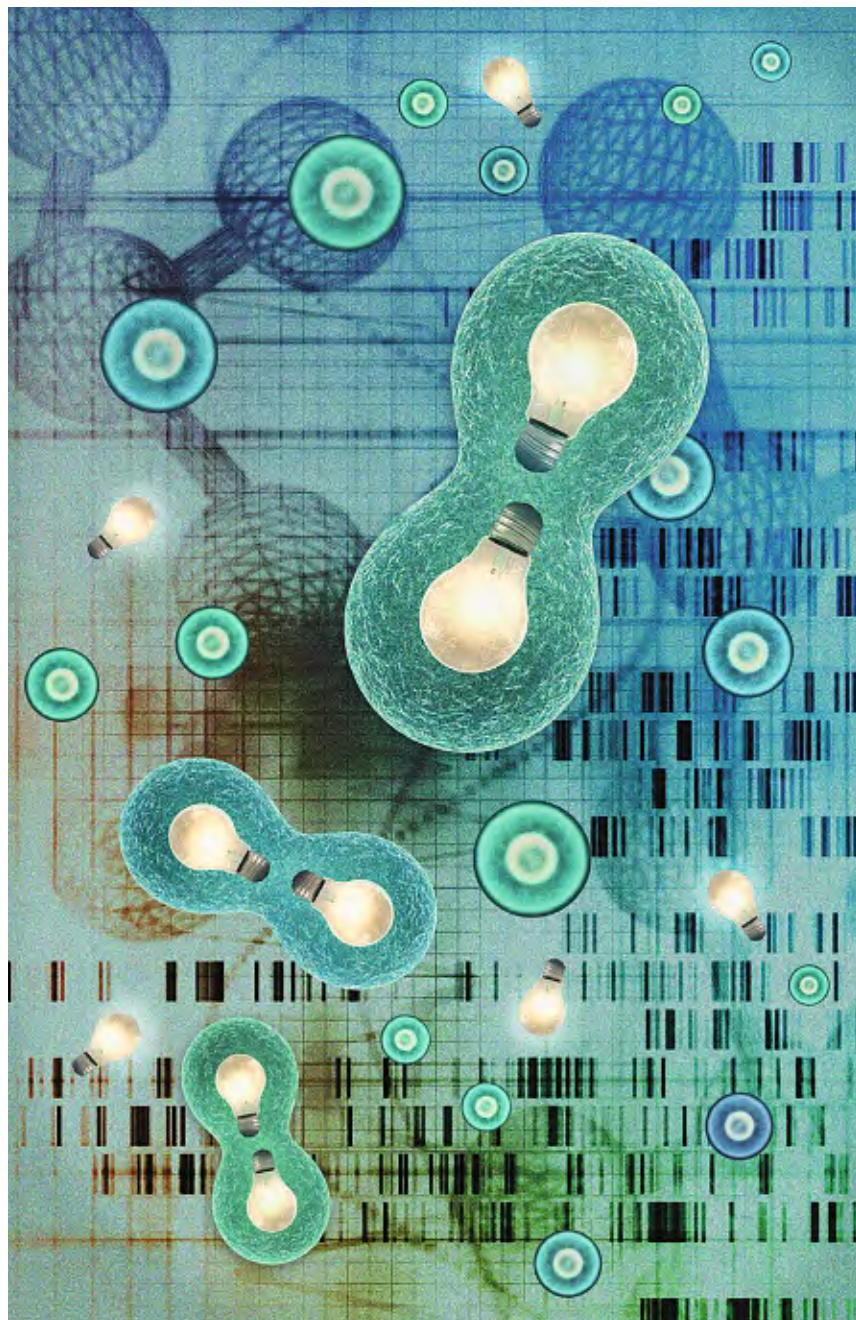
The case was also remarkable for two unusual precedents. It was the first in which the High Court ordered that leniency material could be disclosed. Under normal circumstances, companies win leniency from Brussels by whistleblowing and providing documentation on the operations of a cartel, but on the understanding that paperwork remains confidential. In this case, BLP successfully argued that the material was needed for follow-on damages.

The case also broke new ground by ensuring that the French defendants were unable to rely on the so-called French blocking statute, which companies can use to avoid obligations on open disclosure.

The defendants finally settled just before the case was due to go to trial last year. The sum sought was £275m, but the eventual settlement remains confidential. ■

Technically talented

The advance of digitally based and online businesses has put the onus on legal teams to expand their skills, writes **Duncan Robinson**



Divorce can be a messy business, especially when you used to run a \$3.5bn hedge fund with your ex. The split in 2009 between Martin Coward and Elena Ambrosiadou, who founded the Cyprus-based Ikos hedge fund in 1992, was acrimonious, leading to dozens of lawsuits in multiple jurisdictions over several years.

Rather than custody of the children or who would keep the family home, lawyers focused on something even more complicated: who owned the company's trading algorithm?

As part of this process, the code in the algorithm used by Mr Coward at his new business had to be compared with the one used by Ikos. There was only one problem: the code was millions of lines long.

With court-imposed deadlines pressing, Andrew Moir at Herbert Smith Freehills — working for Ikos — wrote a bespoke program that compared the two.

The efforts of Mr Moir, who was a software engineer before he became a solicitor, demonstrate the increasing lengths lawyers now go to in order to win intellectual property cases.

The increasing complexity and profile of intellectual property mean law firms find themselves at the forefront of monitoring, explaining and combating infringement — as well as coming up with snappy new legal points. "There is a lot of overlap between the law and the technology in intellectual property," says Mr Moir. "If the lawyers live and breathe the tech, they can really help formulate the arguments."

In this climate, lawyers with a background in science or technology are increasingly valued. Finding people with these sorts of skills is becoming important when dealing with any topics that touch on intellectual property, says Stephen Kinsella, a partner at Sidley Austin. "There is a recognition of the value of having people like that," he says.

Other firms have gone further than using the coding skills of one of their team. Lawyers at Wiggin, a media law firm, set up a separate business dedicated to monitoring abuse of intellectual property online. The business, Incopro, started life in 2012 predominantly as a way of monitoring copyright infringement in film and music.

But when Wiggin's lawyers started working with luxury goods group Richemont in 2013, they realised the monitoring software could be put to wider use by tracking down counterfeit sales of the Swiss group's brands.

The sale of counterfeit goods online was a growing problem for Richemont, whose brands include Alfred Dunhill, Montblanc and Cartier. Monitoring and trying to take down these websites was a long-winded and expensive process.

Incopro proved invaluable in a case brought by Cartier against BSKyB, an internet service provider in the UK, which was reluctant to block websites selling the luxury goods maker's wares. BSKyB had argued that blocking

websites did little to prevent the sale of counterfeit goods. Statistics provided by Incopro demonstrated to the court that the opposite was true — and the court found in Cartier’s favour.

“For a long time, technology was just the enemy,” says Simon Baggs, a partner at Wiggin. “If you were a rights owner, there was a new thing called the internet and everything coming out of it looked bad.”

Now it is an ally. A tool aimed at stopping people illegally downloading a film worth a few pounds in lost cinema ticket or DVD revenue was used to stop the sale of £10,000 Cartier watches. “If the internet is a series of pipes, the way to tackle that problem is to go after the pipes,” says Mr Baggs.

This principle was picked up by Allen & Overy, acting for pharmaceutical company Pfizer in a patent dispute with the makers of an off-patent drug. Pfizer was trying to defend the \$300m of revenues generated in the UK by its Lyrica drug, which is used to treat epilepsy and in neurological pain relief. While the drug’s patent for treating epilepsy had lapsed, it still applied when it was prescribed as a pain reliever. Doctors, however, would often simply prescribe the drug under its generic name, even when doing so for pain.

‘For a long time, technology was just the enemy. For rights owners, there was a new thing called the internet and everything coming out of it looked bad’

A large US pharma company suing British doctors and the National Health Service would not look good. “Our client, Pfizer, was never going to sue any doctors or pharmacists,” says Nicola Dagg, partner and global head of intellectual property litigation at Allen & Overy. “We had to think of ways of minimising infringement, without taking enforcement steps.”

Instead, Allen & Overy argued that in this case the NHS was an intermediary — like BSkyB was in the Cartier case — and therefore had an obligation to ensure patents were not being infringed.

The court agreed and the NHS came out with guidelines on the prescription of Lyrica — much to the chagrin of GPs, many of whom felt they had been unwillingly placed on the front line of patent enforcement.

As intellectual property becomes an increasingly complicated and occasionally controversial topic, lawyers need to consider expanding their knowledge of another: public relations. ■

INTELLECTUAL PROPERTY

Law firm		Originality	Rationale	Impact	Total	
Standout	Wiggin	Wiggin used its wholly owned, online content protection business, Incopro, to advise Richemont, the luxury consumer goods firm, on a landmark case. Using a combination of legal strategy and its site-monitoring technology, it managed to protect brands such as Cartier by having internet service providers block sites that sell counterfeit goods. Commended: Simon Baggs and Helen Saunders.	10	9	9	28
	Allen & Overy	The firm helped Pfizer, the pharmaceutical company, protect its \$300m-a-year revenue stream from the drug Lyrica in the UK by ensuring that the NHS continued to prescribe Lyrica rather than generic alternatives, for neuropathic pain. The case is significant for other owners of second-use patents. Commended: Nicola Dagg.	9	9	9	27
	Bird & Bird	Bird & Bird successfully protected the brand of Cunningham Lindsey Group, the claims management company. Part of the strategy involved advising the group to take over management of the company’s old subsidiary in Poland to gain access to sensitive documents. The case created a precedent that means brand theft can be considered a criminal offence in Poland. Commended: Marta Koremba and Izabela Kowalczyk-Pakula.	9	10	7	26
	Herbert Smith Freehills	Two people claimed ownership of the financial algorithm on which the trading of hedge fund Ikos was based: Elena Ambrosiadou, chief executive, and her co-founder and ex-husband Martin Coward. The lawyers successfully defended the claim by Mr Coward through writing software that could compare the algorithms used by both parties. Commended: Andrew Moir.	8	9	7	24
	DLA Piper	When the UK Intellectual Property Office denied the International Stem Cell Corporation’s request for a stem cell patent, the ISCC, turned to DLA Piper for help. The firm successfully explained complex biotechnology to the European Court of Justice to win the ISCC’s appeal. Commended: Adam Cooke and Lisa Haile.	7	8	8	23
	Commended	Pérez-Llorca	Protecting the trademark of BlaBlaCar, the ride-sharing company, in Spain.	7	7	8
Hogan Lovells		Helped Vodafone write a global report on government monitoring of telecommunications.	6	7	8	21
Baker & McKenzie		Special adviser to the European Commission on trade secrets protection in the EU.	6	7	7	20
CMS		Protecting a 15-year patent for Syngenta, the agricultural company, in the Netherlands.	7	6	7	20
King & Wood Mallesons		Defending Sky’s online TV service, “Now TV” from a trademark infringement claim.	6	7	7	20



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INDIVIDUAL IN-HOUSE LAWYERS

MATTHEW OWENS WINNER

GLOBAL HEAD LEGAL, STRATEGIC PARTNERSHIPS AND DIGITAL MEDICINE, NOVARTIS PHARMACEUTICALS.

Mr Owens plays a critical role in forging relationships with technology partners to turn Novartis's vision of digital medicines into a reality. He is changing attitudes in the industry to embrace a way of working that does not focus on ownership of intellectual property.

TOM BROWN

HEAD OF LEGAL UK & IRELAND, PAYPAL UK

By encouraging his team to lead products from inception to market, Mr Brown has turned his lawyers into business leaders and project managers. He has had direct input into building the UK business and creating value in the company.

NICK MALTBY

GENERAL COUNSEL AND COMPANY SECRETARY, GENOMICS ENGLAND

Part of the team set up to deliver the sequencing of 100,000 genomes by 2017, Mr Maltby is shaking up the UK's approach to health. In his legal role he is forging partnerships, pricing outputs and aiming to enhance the company's capability.

LISA TOLAINI

CHIEF LEGAL COUNSEL UK, MERCER

Ms Tolaini implemented a programme to enable the legal department to assist in Mercer's expansion.

Initiatives include an internal contract management system, setting up risk registers and an overhaul of relationships with outside counsel.

SAKARI WUOLIJOKI

CHIEF LEGAL COUNSEL, NORDEA PRIVATE BANKING

Mr Wuolijoki helped create a wealth planning service. By combining that with an overhaul of the legal operation, he has transformed the team of lawyers into business partners.

MOHSIN ZAIDI

GENERAL COUNSEL, PRIDE IN LONDON

Mr Zaidi, Pride's first in-house counsel put in place the structure needed to bring the breathe new life into the organisation. A full-time solicitor at Linklaters, he shows exceptional commitment in this voluntary position.

Extreme becomes mainstream

Lawyers' power of pure legal innovation translates to creating commercial opportunities, writes **Reena SenGupta**

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he in-house legal role has seen a dramatic transformation over the past 10 years. Once seen as the poor relation to private practice, working in-house has become the exciting option for lawyers with an interest in innovation. The 2015 rankings show how the innovations of in-house practitioners reflect the rapid rate of change in some industries such as pharmaceuticals, healthcare and energy.

The pharmaceutical industry is adapting to "outcomes-based" medicine, where the price of drugs is based on their performance. In-house lawyer Matthew Owens is helping Novartis get to the forefront of digital medicine. His role is to enable the collaboration of the pharmaceutical and technology industries, which will in turn

create products such as microchipped pills that track patients' adherence to their prescriptions, as well as contact lens technologies that detect blood sugar levels in diabetics. For



Digital medicine:
Novartis's
Matthew Owens

PHOTO: CHARLIE BIBBY



Novartis, these products mean new partnerships with technology companies such as Proteus Digital Health and Google.

Mr Owens is trying to forestall the problems facing the union of these two industry sectors. David Morris, global head of development for Novartis, says: “The lawyers are changing the mindset in the industry. They are seeding an ecosystem for the development of new products and supporting partners in the process with a more collaborative approach to intellectual property.”

The need for lawyers to form new-style commercial partnerships was also evident in the work of Nick Maltby at Genomics England, the UK government-backed organisation building one of the world’s largest genetic databases. Mr Maltby was part of the start-up company and now has other corporate responsibilities besides being the in-house lawyer.

He was instrumental in negotiating a critical joint venture with Illumina, the US genetic technology company that will sequence the genomes. The favourable terms mean that the UK has access to cutting-edge technology and the relationship between Genomics England and Illumina has moved from a standard pur-

chaser-supplier relationship to a partnership.

Lawyers who find themselves at the intersection of law, science and business have an unprecedented opportunity to be more than legal innovators.

The team at PayPal is involved in product design and has an active role making the company’s new offerings successful. Commercial colleagues credit the UK legal team with a direct contribution to building PayPal’s increase in market capitalisation.

Being able to contribute to both gross revenues as well as net earning is a hallmark of all the teams in the 2015 FT ranking. Some teams were seen by commercial colleagues as direct revenue generators and others more as revenue facilitators.

But none were seen as cost centres. This marks a significant shift for the in-house branch of the profession. In the 2007 FT ranking of in-house lawyers, only a handful of legal departments could claim to drive economic value for their companies.

Innovation for in-house lawyers is not just the preserve of those working in the high-tech industries. The ranking also include some value-driving initiatives from lawyers working

for Nordea private banking in Finland and for Mercer, the insurance company.

However, one of the more startling examples of the power of pure legal innovation to create commercial opportunities comes from the London team at CME (Europe), the options and futures exchange. The lawyers were instrumental in creating a new cocoa futures trading contract denominated in euros. Their work did not stop at winning regulatory approval. The lawyers also realised that there was a way to improve how physical cocoa warrants moved between parties trading on the exchange. The solution was simple and straightforward but had never been done before. Instead of using a third party or a bank, CME uses space in its own office to print off the warrants once a sale had been concluded without compromising the integrity of the legal transfer process for the cocoa. This new in-house depositary system and warrant management process has ramifications for other CME product lines and has the potential to change current practices in this niche but global market.

The 2015 winning team shows how a mainstream corporate legal function can excel at in-house innovation. Given a directive to cut



Proactive: Dan Fitz leads the BT Group legal function

its budget by 5 per cent every year, BT Group's legal function took a sweeping approach to improving its services to the business while cutting costs. It took a leaf out of fellow corporate functions and set up BT Law, its own limited liability claims management business that now generates £5m in revenues, acting for BT and other clients.

The legal function at BT Group incorporates many of the significant developments of the legal profession of the past 10 years. Dan Fitz, group general counsel and company secretary, says: "We have a comprehensive legal services business here and my role is very much to lead and manage it." The BT Group function is an entire legal business that fields specialist lawyers and works with top law firms. It is itself a proactive in-house adviser to BT on risk and strategy, has its own alternative business structure in BT Law, and has integrated disruptive suppliers such as Axiom into the department's everyday work. It shows the value of necessity as a spur to innovation. ■

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MOST INNOVATIVE EUROPEAN IN-HOUSE LEGAL TEAMS

Organisation	Score	
BT Group	36	A complete legal function that spans governance, compliance and ethics, it is both a risk manager and generates revenues via BT Law, its insurance claims business.
CME (Europe)	35	The legal team created an entirely new asset contract and in-house depository model for the management and movement of cocoa warrants. The first time warrant management has been done in-house.
PayPal UK	35	The UK legal team is an integral part of designing new products and is seen as making a direct contribution to building the business. Contract automation has delivered \$41m in savings over two years.
Mercer	34	Lawyers are instrumental in the move by consulting group Mercer into the consumer sector. Improving consultants' risk awareness and automating contracts free the team for more complex work.
Nordea Private Banking (Finland)	34	Going through substantial operational change, the team developed a new wealth planning service that helps the bank win clients. A first for Finland.
Novartis (Strategic Partnerships & Digital Medicine)	34	The move towards digital medicine and an outcome-based healthcare system is a huge shift for the pharmaceutical industry. Lawyers are at the centre of this change for Novartis.
Asda	33	Implemented digital contracts automation to draft contracts, manage approvals and allow business colleagues to generate contracts themselves in a matter of minutes.
BP (Global Technology & Sourcing)	33	Taking the lead in educating the business on cyber security, lawyers focus on getting ahead of legislation.
E.ON (UK)	33	Steering the company through one of the largest demergers in the energy industry, lawyers set up a new business line and moved to using just one law firm.
GlaxoSmithKline	32	The legal team's leading role in the deal with Novartis ensured the billion dollar international asset swap was done on a fixed-fee basis and on time.
Equatorial Coca Cola Bottling Company	31	Lawyers in a joint venture between Coca-Cola and a Spanish bottling company have rolled out a commendable ethics programme for doing business in Africa.
Mind Candy	31	The sole in-house lawyer uses JIRA software to handle the legal work and enable some to be done by business colleagues.
Roche (UK)	31	Taking the lead on commercial initiatives and driving the case for diversity in the profession.
Tyco (UK and Germany)	31	Both teams add value, the UK team in its new commercial contracts offering; the German team in its recovery of \$100m from dormant accounts.
Volkswagen Group	31	Implemented a comprehensive compliance program to transform internal business attitudes.
Novartis Farmaceutica	30	The lawyers, who are active in the field of sales and marketing field, come up with business ideas and are considered revenue generators.
Energy Technologies Institute	29	Lawyers bring value to bespoke energy savings projects.
TSYS International	28	The team excels in protecting the business from data protection breaches.

INNOVATORS IN OPERATIONAL CHANGE

Organisation	Score	
Wolseley Group	33	Improvements across the group's legal function including its Nordic business comprise a lean approach to the company secretariat, dawn raid apps and a product integrity programme.
Schroders	32	The team has changed its perception in the business from revenue protectors to business enablers over the past three years.
Siemens	32	Lawyers transformed their function to turn them from service provider to business partner.
OneSavings Bank	29	Focused on value creation, the team assisted on the recent initial public offering and is now embedded in the business.

The next generation

These individuals have shown that ideas in the profession do not have to come from the top down. By **Reena SenGupta**

In her acceptance speech for the FT Innovative Lawyers Special Achievement Award in 2014, Rosemary Martin, group general counsel at Vodafone, said she wanted to put innovation on the agenda for the next generation and encourage young lawyers to “raise their heads above the parapet”.

The law is a hierarchical profession and has tended not to give credit to young lawyers. Traditionally, knowledge and ideas in the profession travels from the top down.

In response to Ms Martin’s plea, this year for the first time we have selected a group of under-40s who stood out in the research for this report. The group is eclectic. Some showed entrepreneurialism, others focused on technical legal innovation. Some focused on clients, others on wider society.

The judges felt all five were strong candidates who, together, reflect how the profession is evolving. Ranajoy Basu was chosen as the winner for using his legal expertise to create a new socially oriented practice area for Reed Smith. Prabhu Narasimhan, the runner-up, showed that being inventive in tax law can pay dividends. His forward thinking will enable billions of dollars’ worth of investment in the UK.



**RANAJOY BASU,
REED SMITH ▲**

Ranajoy Basu combined dual qualifications in Indian and English law with his knowledge of structured finance in a technical legal innovation for positive social change — improving education for children in the Indian state of Rajasthan.

In the first cross-border development impact vehicle of its kind, he created the Educate Girls bond aimed at private US and European investors. The UBS Optimus Foundation and the Children’s Investment Fund Foundation invest funds to support the work of Educate Girls, a non-governmental organisation. Mr Basu set up Reed Smith’s social impact finance group to target clients who want to use their activities for social good.



**PRABHU NARASIMHAN,
WHITE & CASE ▲**

Prabhu Narasimhan has proved attention to detail can bring about great legal innovation. He specialises in implementing tax-efficient, cross-border structures for international corporations. He worked with the Treasury to devise a tax law structure that gives UK businesses more choice when looking for finance. The proposal has resulted in European investors committing more than \$14bn in lending to UK companies over the next five years.

**PETER FEEHAN,
PINSENT MASON ▼**

Peter Feehan is recognised for helping Peterborough City Council with its ambitious plan to become the UK’s green capital. His entrepreneurial approach gave him the drive to take advantage of every commercial opportunity, applying his private sector knowledge to create new products and identify potential partnerships. He advises clients across the energy and utility sectors.



**ANDREW MOIR,
HERBERT SMITH FREEHILLS ▲**

Before qualifying as a solicitor, Andrew Moir studied physics at Imperial College London and worked in electronics and software engineering. This experience has allowed him to bridge the gap between law and technology. He is recognised here for his work in a dispute over ownership of the financial algorithm on which Ikos, the investment management business, is based. He wrote software to compare algorithms used by both parties to win the case.

**JENIFER SWALLOW,
MIND CANDY ▼**

As general counsel and chief of staff for Mind Candy, an entertainment company for the digital generation, Jenifer Swallow has developed the business in a highly regulated and rapidly evolving industry. Mind Candy, best known for Moshi Monsters, has more than 80m registered online users. Ms Swallow’s work empowered Mind Candy staff to understand and respond to day-to-day legal issues, freeing her up to focus on strategy.



RESEARCH AND AWARD SUPPORTED BY ROSEMARY MARTIN

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ACROSS

1. a set of rules that defines how something is played.
2. a person or entity that disrupts.

DOWN

1. the leading provider of tech-enabled legal services.

Answer: Across 1. Game; 2. Changer.

EVERSHEDS



Game changers
Daring to be different.
Changing the rules.

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