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FOREWORD



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PICTURE EDITORS

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ILLUSTRATOR

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RESEARCH

Louis Supple

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Dominic Good

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Patrick Collins

HEAD OF PROJECT DELIVERY

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HEAD OF B2B & WORLD REPORTS

Robert Grange

ADVERTISING PRODUCTION

Daniel Lesar

RSG CONSULTING

Reena SenGupta, Yasmin Lambert,
Dominic Williams, Alessandra
Sulzer, Caroline Davies, Michael
Rabinovitz

Expanding horizons

This is the seventh year of the FT Innovative Lawyers report and awards, the unique rankings that highlight how law firms are contributing fresh thinking and practice to business around the world.

Every year, the Financial Times publishes a magazine that covers in depth the work of individual Europe-based law firms and their specific contribution to the wider economy. This year, the magazine's scope is even broader. The rankings remain at the centre but the articles are more thematic.

With many advanced industrial economies still struggling to escape the global financial crisis, it is hardly surprising that the eurozone crisis dominates many of this year's rankings. As the saying goes, out of every crisis comes an opportunity.

In these hard times, it is nevertheless striking how lawyers have embarked decisively on international expansion.

Asia and Africa have become favoured destinations, as well as the Gulf. Each law firm has chosen specific niches to make their mark on the ground. Continental law firms – particularly the Spanish – are steadily building international practices. But it remains the case that UK law dominates deal-making in emerging markets.

The broader lesson lies in how the legal profession has evolved over the seven years since the report and awards came into existence. It is only a slight exaggeration to say that big law firms now act like big corporations. The difference, of course, is that the partnership structure continues to present challenges and can at times be an obstacle to innovation.

Overall, the FT's Innovative Lawyers report and awards have become a stimulus to innovation in the profession, as several firms have testified in the course of research for this and previous reports. I would therefore again like to thank Reena SenGupta of RSG, the inspiration behind the awards, as well as FT colleagues who have done so much to make them best in category.

Lionel Barber

Editor, Financial Times

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Contributors

Andrew Baxter is senior writer of the FT's special reports

Caroline Binham is the FT's legal correspondent

Jane Croft is the FT's law courts correspondent

Miles Johnson is the FT's Madrid correspondent

Hannah Kuchler is a UK news reporter for the FT

James Pickford is the FT's London and South East correspondent

Stanley Pignal is the FT's private equity correspondent

Paul Solman is a freelance journalist

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NEWS

Beyond the call of duty

■ From diamond deals in Botswana to player transfers for Arsenal, via pretty much every significant City takeover in the past couple of decades, Nigel Boardman has seen it all.

The partner at Slaught-ter and May has won this year's Special Achievement award, given to an individual lawyer who has made an outstanding contribution to the profession and the wider business community.

Best known as one of the most influential mergers and acquisitions lawyers in London, Mr Boardman (pictured) has worked on billion-dollar landmark deals including the mergers of mining companies BHP and Billiton, as well as defending retailer Marks and Spencer from a takeover approach by Philip Green.

But it is the breadth of his practice – which also takes in sports and charity law – that most excites him. “I enjoy the range: from player transitions, selling Liverpool football club, acting on behalf of the government of Botswana in diamond and other mineral deals over 30 years and being involved in the government recapitalisation of the banks in 2008-9,” he says. “It is that diversity and spread which make me bounce out of bed and want to be in the office.”

Over almost four decades in the industry, he has seen law firms grow and become



PHOTOS: CHARLIE BIBBY

‘It is the diversity and spread which make me bounce out of bed and want to be in the office’

more professionalised. But he hopes the changes will not lead to a loss of close relationships with clients, without which he fears the sector could be a bit “soulless”.

Geoffrey Green, head of Asia at Ashurst, has known Mr Boardman since early in their careers.

He says it is Mr Boardman’s “utter dedication” that sets him apart. “He is also often utterly charming – and only sometimes insufferable.”

Previous recipients of the Special Achievement award include Peter Solmssen in 2011, Stuart Popham in 2010 and Rodgin Cohen in 2009.

Hannah Kuchler

The constant

■ More and more lawyers are transforming themselves into business consultants, using their trusted position to advise boards on issues far beyond the strictly legal ones.

The FT Innovative Lawyers report received a number of submissions from firms that are extending their reach with innovations such as courses to help women become directors and advice

Olympic success

■ The official legal services provider to this summer’s Olympic Games is using the experience of advising on the world’s biggest sporting event as a “unifying factor” across its business practices.

Freshfields Bruckhaus Deringer’s involvement with London 2012 began in 2003 ahead of the city’s bid and continued with infrastructure planning alongside the Olympic Delivery Authority. But it was not until 2009, when it became the first official Olympic legal sponsor, that it ramped up its activities.

Tim Jones, the Freshfields partner who led the firm’s London 2012 involvement, says that the games “got people out of their silos and got them talking to each other. The games created a huge sense of confidence in the organisation that we would like to see become a habit.”

The key relationship was with the London Organising Committee of the Olympic

expansion of lawyers' roles

on executive pay packages.

After Italy introduced gender quotas for the boards of listed companies, Linklaters partnered with Egon Zehnder International to create a "board membership kit" for women preparing to become directors. The firm is now planning to tailor the course by, for example, creating bespoke lessons for members of Italian branches

of international banks.

In Portugal, PLMJ's capital markets and tax lawyers have been closely advising clients on their executive's pay packets after changes in the law. Magda Vicoso, a partner at the firm, says lawyers never used to be in the room when remuneration packages were discussed but that has now changed.

Hannah Kuchler



and Paralympic Games (Locog), the games organiser whose legal team was headed by former Goldman Sachs partner Terry Miller. Locog called on Freshfields largely through the use of 40 second-dees, Mr Jones said, but also through a "pot of hours".

Freshfields, which after 2008 received payment in kind and branding opportunities for its services, has not released figures on the value of its contribution, but some estimates have put it at £10m.

The scale of the Olympic challenge, which involved about 30,000 contracts and

negotiations with numerous parties in the public and private sectors, required new governance arrangements for the UK capital.

Capitalising on its London experience, Freshfields has advised Qatar on appointments related to its staging of the World Cup in 2022. Mr Jones also suggests that some of the UK-based companies involved in organising the London games have started informal talks about staying together as a loosely affiliated group in order to market their services collectively abroad.

James Pickford

Research methodology

FT Innovative Lawyers 2012 is a rankings report and awards for Europe-based lawyers. Shortlists for the awards are drawn from the standout entries in the rankings.

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 with third-party referees. No entry appears in the FT report without a robust client or independent reference. Market experts are also called in to assess the submissions and the research.

The entries are scored out of 10 on originality, rationale and impact for a maximum score of 30. They are benchmarked against each other to arrive at the final rankings. Lawyers are ranked for delivering exceptional value to business. Award winners are the highest-scoring entries in the ranking tables.

The Legal Industry Pioneers and the In-House Lawyers sections differ in that rankings are drawn from nominations as well as submissions.

The FT Law 50, the index of the most innovative law firms in Europe, is scored on the following criteria:

- ▶ A total report score for all entries ranked in the report
- ▶ A score for all entries submitted
- ▶ A score for the previous year's performance in the report
- ▶ A score for the firm's profitability – the success score
- ▶ A score for management commitment to innovation

For the FT Innovative Lawyers 2012 report, 600 submissions were received and more than 500 telephone interviews conducted with senior lawyers and executives to arrive at the final rankings. More than 150 legal firms, teams and other organisations participated in the European report this year. The research was conducted by a team of eight RSG researchers between May and September 2012.

The one award that uses a panel of judges to decide the winner is Legal Innovator of the Year.

The panel for the award this year is Michael Skapinker, FT senior editor; Rohit Jaggi, FT Innovative Lawyers lead editor; Caroline Binham, FT legal correspondent; Bob Gogel, Integreon chief executive; Teri Hawksworth, Thomson Reuters chief executive; Laura Empson, professor of professional services management at Cass Business School, and Michael Herlihy, general counsel at Smiths Group.

RSG Consulting has more than 20 years' experience analysing the legal profession. It has a track record of devising ranking methodologies for professional services firms. Reena SenGupta, chief executive, helped to launch the FT's Law & Business page in 2001, and has been a regular writer on the legal profession for the FT for the past 12 years.

A more comprehensive version of all the tables can be found online at www.ft.com/innovative-lawyers

INTRODUCTION

THE NEW RULES OF LAW

Innovation in business methods and a focus on international expansion are driving firms up the rankings, writes **Reena SenGupta**

Established legal market groupings in Europe are in the midst of an overhaul. The FT's unique ranking of legal businesses, the FT Law 50, provides a vivid illustration of advances by new-style legal businesses and firms outside the "magic circle" of top firms. At the same time, international mergers are altering the pecking order of those leading firms.

Law firms are businesses that aim for growth. In the boom years, most saw a double-figure expansion in percentage terms. But the flatter growth rates of the new economic reality have forced firms to develop alternative strategies. Many have shifted their growth strategy overseas. A fifth of the 100 firms surveyed for the FT report put forward new offices, networks, mergers and other attempts to expand internationally as their strategic innovations.

UK firm Ashurst, for example, merged with Australian firm Blake Dawson this year. Senior management says it is the most dramatic change in the firm in its 190-year history. These mergers and other combinations are transforming the sector. Hogan Lovells, born of a transatlantic merger in 2011, joins the select group of firms with a turnover of more than £1bn.

For the first time The Lawyer magazine, which publishes annual financial rankings, has accepted the aggregated turnover of firms such as CMS and DLA Piper. These firms have adopted the approach to international expansion favoured by the big accountants – the Swiss *verein* legal structure that allows member firms to control their own earnings.

Simon Davies, managing partner of magic circle law firm Linklaters, says: "The profession is on the brink of a period of revolutionary change which will last for the next decade or so."

That change is also expressing itself in other ways that are reflected in the FT Law 50.

For the first time, virtual law firm Axiom enters the top 10. For many incumbent firms, Axiom is considered a non-threatening upstart, but with its ability to win increasingly higher-value work from clients such as Vodafone, the telecoms company, it looks to have the potential to be a radically disruptive market innovator.

As management writer Clayton Christensen, author of *The Innovator's Dilemma*, says, even

the best-managed businesses have often been unable to respond to new, more nimble market entrants, with devastating consequences.

Other firms that enter the top 10 of the FT Law 50 for the first time include Baker & McKenzie, one of the first law firms to internationalise in the 1950s. Gary Senior, managing partner of the London office, feels there is a "flight to clarity" in the profession, where firms need to be clear on their market position and identity.

This trend is borne out in the research for the 2012 FT report. Several leading firms have undergone branding or strategic reviews and have become more focused as a result.

Taylor Wessing, ranked 18th by turnover in the UK, jumps up the FT Law 50. Its brand review and strategy made it one of the few firms to enjoy double-digit growth last year. This year, Addleshaw Goddard topped the FT's value resourcing ranking.

Another big mover is DLA Piper, which tops the FT's finance ranking with a project in Africa. With its roots in Yorkshire, it has over the past 20 years innovated to become the second largest law firm in the world by turnover.

At the top of the FT Law 50, two firms dominate. Equally able to innovate in the legal expertise and operational categories of

the report, Allen & Overy and Eversheds show that big firms can also respond to the market changes that have allowed Axiom to grow.

Eversheds continues to refine its business processes for clients, with its work for the Mid Staffordshire National Health Service Foundation Trust public inquiry acting as a showcase – it has reduced the time taken for such an inquiry from four years to one.

Allen & Overy holds the number one slot in the overall rankings for the second year running. Its ability to empower individuals is revealed in the number of innovations its partners are generating. Being able to do this in the legal market is not easy. But the newest member of the established magic circle shows that a less elitist culture and an outsider's mentality can foster a culture of innovation.

Several firms have undergone branding or strategic reviews and have become more focused

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FT LAW 50

● MOST INNOVATIVE EUROPEAN LAW FIRMS

2012 rank	2011 rank	Firm	Number of standout entries in FT report (8 points)	Number of highly commended entries in FT report (4 points)	Number of commended entries in FT report (1 point)	2012 Profits per equity partner (£k)	Total innovation score in the FT Law 50 (/100)
1	1	Allen & Overy	1	3	5	1,100	93
2	4	Eversheds	2	1	3	632	85
3	2	Freshfields Bruckhaus Deringer	1	3	1	1,229	84
4	11	Baker & McKenzie	2	1	2	750*	76
5	3	Linklaters	1	1	3	1,243	76
6	14	Axiom	3	1	0	N/A	75
7	22	Ashurst	2	1	1	744	71
8	9	CMS	1	1	3	465	70
9	6	Garrigues	0	3	2	-	70
10	26	DLA Piper	1	2	2	446	69
11	36	Addleshaw Goddard	2	1	1	766	68
12	21	Taylor Wessing	0	2	3	407	62
13	8	Slaughter and May	1	1	1	1,780	61
14	13	Uría Menéndez	1	1	1	-	59
15	7	Simmons & Simmons	0	1	3	528	57
16	18	Hogan Lovells	0	2	2	729	56
17	32	Bird & Bird	0	2	2	515	55
18	24	Skadden, Arps, Slate, Meagher & Flom	1	0	2	1,557*	55
19	-	Cleary Gottlieb Steen & Hamilton	0	2	1	1,653*	54
20	27	Țuca Zbârcea & Asociații	0	1	3	-	54
21	16	Latham & Watkins	0	1	2	1,419*	53
22	5	Berwin Leighton Paisner	0	1	0	660	53
23	10	Cuatrecasas, Gonçalves Pereira	0	0	3	-	53
24	17	Portolano Cavallo	1	0	1	-	52
25	49	Mishcon de Reya	0	2	1	700	51
26	30	Lawrence Graham	1	1	1	303	49
27	-	RPC	0	2	1	354	47
28	42	PLMJ	0	0	3	-	47
29	29	Stephenson Harwood	1	0	0	505	46
30	-	Dundas & Wilson	1	0	0	210	44
31	-	Mills & Reeve	0	1	2	326	44
32	-	Jones Day	0	2	1	546*	43
33	23	Shearman & Sterling	1	0	1	980*	43
34	-	Gide Loyrette Nouel	1	0	0	-	43
35	37	White & Case	0	1	1	906*	43
36	47	McCann FitzGerald	0	1	2	-	41
37	50	Noerr	0	1	0	578**	41
38	-	Houthoff Buruma	0	1	0	-	40
39	-	Harbottle & Lewis	1	0	0	280**	38
40	-	Vieira de Almeida & Associados	0	0	2	-	38
41	-	NCTM	0	0	2	-	37
42	-	Weightmans	0	0	1	264	37
43	-	Gómez-Acebo & Pombo	0	1	1	-	36
44	-	Matheson Ormsby Prentice	0	0	2	-	36
45	31	Kemp Little	0	0	1	350**	36
46	-	Cobbetts	0	1	0	230	35
46	-	Debevoise & Plimpton	0	1	0	1,301**	35
48	-	Weil, Gotshal & Manges	0	0	1	1,471*	35
49	-	Mayer Brown	0	0	1	742*	34
50	-	NautaDutilh	0	0	1	-	34

Profit per equity partner (PEP) figures from The Lawyer, 2012.* Global PEP figures from Legal Business, 2012. ** PEP figures supplied by the law firms to RSG Consulting. For the full methodology of the FT Law 50 go to www.ft.com/innovative-lawyers

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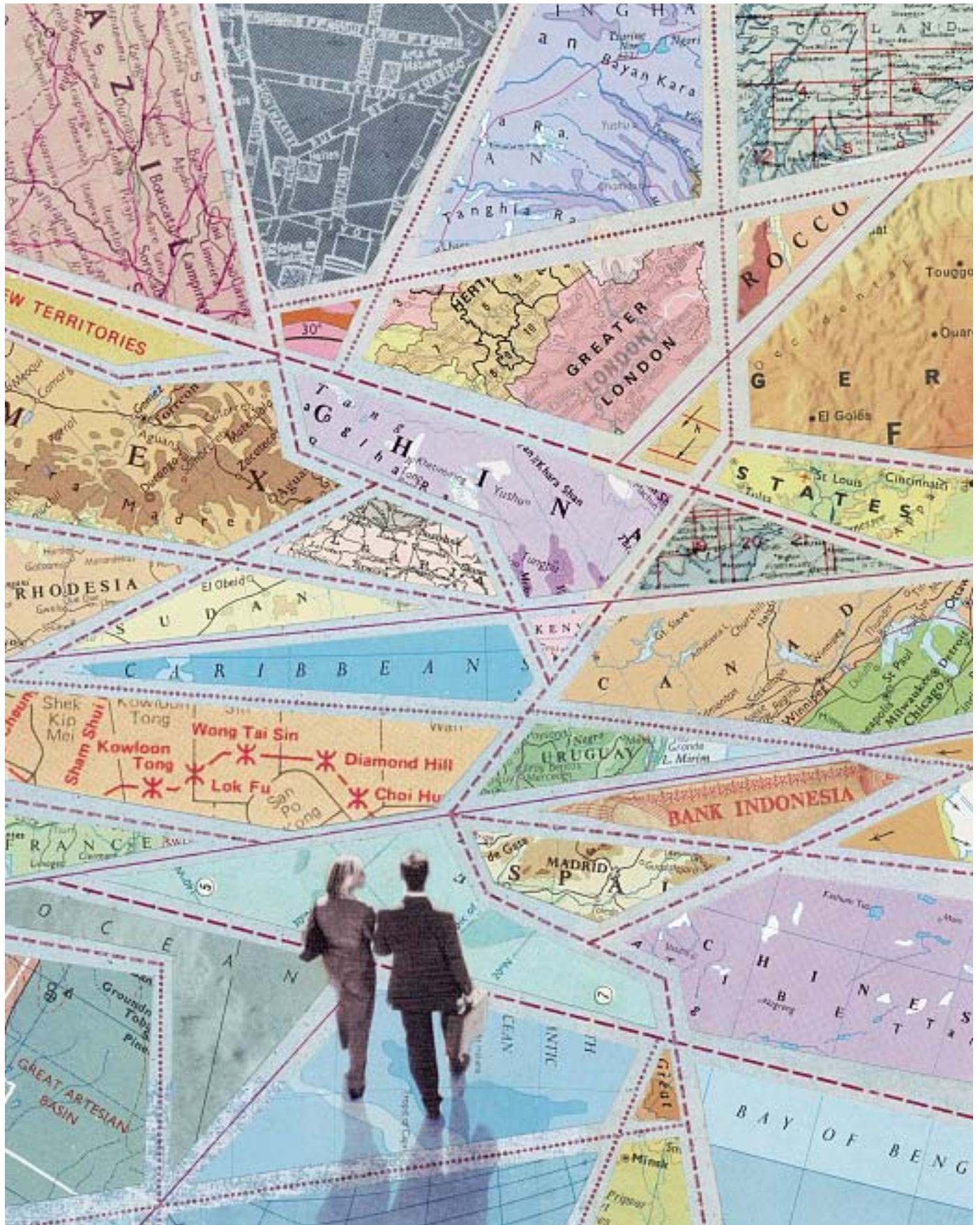
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FUTURE BUSINESS



ACROSS BORDERS

The international nature of many mergers and acquisitions today demands new ways of thinking on the part of lawyers, says Stanley Pignal

W

hether globalisation was the spur for high finance or it was high finance that made globalisation truly possible has long engaged academics. Whatever the case, the twin phenomena have had a marked impact on the world of commercial law.

Gone are the days when mergers and acquisitions (M&A) consisted largely of a company being taken over by a local rival, or perhaps by a conglomerate from a neighbouring country with close trade links and a comparable legal regime.

These days, big M&A deals are likely to be cross-border and cross-cultural, with several tranches of capital coming from yet more countries. More than likely, one or more of the parties will be from a fast-growing emerging economy, whether as vendor, buyer or finance provider. The legal regime chosen by the parties may come from an altogether different part of the world, too.

"Deals are more complicated than they were 10 years ago," says Marco Compagnoni, a senior partner at Weil, Gotshal & Manges, the international law firm. "The straightforward 'here's the company, here's the money' transactions are very rare. Financing is much more complex now than it was."

This complexity offers plenty of opportunity for lawyers to show their innovative edge, but

also requires them to work in different ways than in the past.

For one, the game is often more political than it was. Big M&A deals have always had a political edge – and frequently required regulatory clearance on anti-trust grounds – but the issues around cross-border transactions are doubly complicated. Lawyers often need to move beyond their formal legal briefs and advocate the benefits of a deal to politicians, regulators and the public, sometimes working alongside specialist public relations and lobbying teams.

In the US, for example, large takeovers by foreign entities have to be approved by the Committee on Foreign Investment, a 16-agency hybrid body answerable to the Secretary of the Treasury that determines whether the proposed transaction affects national security.

The deals that have attracted the most scrutiny have involved emerging market buyers, which are often national champions controlled by the government, or investments made by sovereign wealth funds themselves.

In 2005, China National Offshore Oil Corporation (CNOOC), the state-owned oil com- ▶

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FUTURE BUSINESS

pany, dropped its \$16bn bid for Unocal, the US energy group, when the US House of Representatives launched a review into security issues around the takeover. The following year, DP World, the Dubai-based ports operator, was forced to sell the US ports it was acquiring as part of its takeover of P&O, the British group, in a move to assuage political concerns.

Chinese computer maker Lenovo, however, succeeded in snapping up IBM's personal computer business despite some government concerns.

The question of whether it is acceptable for companies to belong to a foreign entity is bound up with questions over whether it is acceptable for them to belong to an entity controlled by a foreign government, lawyers say.

"Many sovereign wealth funds before the crisis were regarded with real suspicion," says Bruce Embley, a corporate partner at Freshfields Bruckhaus Deringer in London. "The concerns principally revolved around a rival state 'meddling with our economy' through foreign investment."

One upshot of having cross-border deals is that different sets of lawyers are required for different parts of a transaction. The most active firms are the internationally minded US and UK law firms, if only because the contracts tend to be drafted in English, and are typically governed by US or English law. Even investments by one emerging market company in another will often want to have a recourse to US or English courts.

A prime example of this was the advice from UK law firm Ashurst to Brazilian oil company Petria Energy on the largest investment between Brazil and Russia, the sale of \$700m worth of concession rights in Brazil. The deal confirmed the primacy of English law in major oil projects. Partner Peter Roberts says, "We were using common law devices that were not Brazilian and not Russian. Both sides really appreciated the use of antique constructs – 1,000-year old laws – to help a modern transaction."

If nothing else, these transactions require new working methods and diplomatic skills. Each side in the Petra Energia transaction had rigorous ideas based on where they were from and Ashurst had a large role to play in explaining the legal expectations and vernacular to each side. Mr Roberts comments, "No one was made to drink from the fire hose. We managed to successfully bridge the cultural gap."

Lawyers from the world's top financial centres know it does not play well if they barge incautiously into a delicate local situation, such as when a family sells a business it has owned for generations.

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	Score	
Linklaters	23	Designed groundbreaking structuring solutions for pension scheme deficits, including the first longevity derivatives swap.
Gide Loyrette Nouel	22	Devised and implemented a pioneering financing structure for Senegal's new international airport.
Ashurst	21	Applied English law petroleum project techniques in the largest investment ever between Russia and Brazil.
Slaughter and May	21	Advised Botswana's government on a transformational diamond sales agreement with De Beers.
Uría Menéndez	21	Crafted a unique mechanism to enable investors to recover indirect interest in a claim in Madoff Securities.
Baker & McKenzie	20	Enabled the first tender offer in Georgia and the first premium listing of a Caucasus bank in London.
Freshfields Bruckhaus Deringer	20	Created an unprecedented structure in the Spanish private equity market for the sale of Liberbank's stake in Telecable.
Latham & Watkins	20	Facilitated a landmark merger of different types of healthcare fund in Germany in politically and economically sensitive circumstances.
Simmons & Simmons	20	Designed a unique structure for the first-ever transfer and leasing of the 4G spectrum in the UK.
Allen & Overy	19	Acted as linchpin and "honest broker" in key UK government finance projects, the Business Growth Fund and Big Society Capital.
Cleary Gottlieb and Vinson & Elkins	19	Advised on the first joint venture between the Iraqi Oil Ministry and big foreign investors.
Debevoise & Plimpton	19	Set the bar for corporate governance in Russia while creating the world's largest producer of potash.
Hogan Lovells	19	Advised on the financing for Duke Street's acquisition of Parabis.
Lawrence Graham	19	First acquisition of a UK law firm, Russell Jones & Walker, by a listed law firm, Slater & Gordon.
Allen & Overy	18	Instrumental in reprivatising UK banks by creating unique post-Basel III perpetual capital notes.
Bird & Bird	18	Invented a structure for Gas Turbine Efficiency's disposal of a quasi-public clean-tech company.
CMS Cameron McKenna	18	Established a precedent for future energy network infrastructure projects with Sub-Sea Western Link.
Cuatrecasas, Gonçalves Pereira	18	Helped devise an auction sale mechanism to ensure an iconic Spanish company's liquidity.
DLA Piper	18	Won over regulators on Abengoa's strategic investment agreement in Spain's first low-voting shares issuance.
Linklaters	18	Advised Glencore in what was the largest London IPO and simultaneous London-Hong Kong listing.
McCann FitzGerald	18	Implemented the first pre-pack receivership sale in Ireland for Superquinn, the fresh food retailer.
NautaDutilh	18	Aligned investors in purchase of the High Tech Campus Eindhoven, a big property deal in the Netherlands.
Shearman & Sterling	18	Enabled Tata Steel to sell some assets of Teesside Cast Products to Thailand's largest steel producer.
Slaughter and May	18	Dramatically changed the corporate governance of the Rugby Football Union in the UK.
Vieira de Almeida	18	Applied ring-fencing technology in a corporate reorganisation for the first time in Portugal.

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AFRICA



PHOTO: DE BEERS

● Key projects: the Jwaneng diamond mine in Botswana

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RICH SEAM

Industrial expansion across the African continent is generating business for international law firms, writes
Paul Solman

In a world where diamonds are usually regarded as luxuries, their value to the people of Botswana is more fundamental. Income from mining and selling the precious stones accounts for about a third of the African country's gross domestic product and 70-80 per cent of its export earnings.

So when the government of Botswana asked Slaughter and May to advise on renegotiating its contract with De Beers, the world's biggest diamond seller, it was clear that the law firm's

role would be central to the nation's prosperity.

Yet Slaughter and May's work, which is ranked standout in the corporate section of this year's FT Innovative Lawyers report, also reflects the growing importance of the African continent to international law firms.

The 2012 report received many more Africa-related submissions than even before. The Botswana diamonds contract is one of three examples of Africa-based innovative work by lawyers ranked standout by the researchers in the corporate and finance sections.

Botswana's partnership with De Beers began nearly five decades ago with Debswana, a joint venture that runs four open-pit mines, including Jwaneng, the world's richest diamond mine.

Traditionally, Botswana and De Beers renegotiated their contract every five years, but the latest deal, signed in 2011, is something new.

This agreement put together by Slaughter and May is for 10 years, and requires De Beers to transfer its London-based rough diamond sales activities to Botswana. "This means that the entire production from Botswana's largest and richest mines will be sold in Botswana for the first time," says Slaughter and May.

Under the deal, the government will also sell 10 per cent of Debswana's output independently of De Beers, rising to 15 per cent over five years.

"The independent sales arm gives the government of Botswana access to the downstream diamond market for the first time," says Slaughter and May. "It will go a long way to ensuring that Botswana is not merely a country where diamonds are mined, but also where they are cut, polished and traded."

While no less innovative from a legal point of view, Gide Loyrette Nouel's work on Blaise Diagne, the new international airport for Dakar in Senegal, is perhaps more typical of the sort of infrastructure-linked deals that have bolstered law firms' reputations in Africa in recent years.

The Paris-based firm had to get over some difficult hurdles to secure financing for the airport. Senegal was unable to provide state aid for the project or borrow directly because of International Monetary Fund constraints. Investors were also deterred by the fact that the airport was unlikely to be profitable early in its life. The solution was a passenger charge, or RDIA (Redevance de Développement des Infrastructures Aéroportuaires) – one of the first times such an arrangement has been used in this way. The charge will be collected by the airlines from each passenger leaving Senegal and will be used exclusively to repay the lenders financing the construction of the airport.

An important concern for lenders was that the funding was secure, with no risk of the RDIA proceeds being diverted. To get over this prob-



● Key projects: the Jwaneng diamond mine in Botswana (left) and Senegal's planned Blaise Diagne international airport

AREEN DESIGN

lem, the charge will be collected directly from the airlines by the International Air Transport Association and transferred to a cash collateral account held by the lenders' agent.

As a result of Gide Loyrette Nouel's work, more than \$500m was raised to finance the airport, and building work is now 60 per cent complete.

On the other side of Africa, DLA Piper took on pivotal infrastructure work for the Mtwara energy project in Tanzania. The firm advised the National Development Corporation, which was seeking a \$3bn investment to develop a coal mine, power project, iron ore mine and smelter in Mtwara in the south of the country.

The firm began working with NDC in 2007. A deal with Sichuan Hongda, a Shanghai-listed metals group, was completed in September 2011. "[The deal] represents the largest ever single investment made in east Africa," says DLA Piper.

"It promises to develop long-ignored resources and will generate much needed power for the country, in solving Tanzania's current energy crisis."

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LONDON CALLING

High-calibre lawyers, a widely adopted legal system and not least the English language have created a buoyant market for UK legal services, writes **Caroline Binham**

The UK's miners, carmakers and now banks – thanks to the worst financial crisis in a generation – are not what they used to be. There is, however, one part of the economy that is doing rather well.

The market for legal services in the UK stands at £23bn, according to government figures, and generated £3.2bn of exports in 2009. That was three times higher than was the case a decade previously.

Four London-headquartered law firms are among the world's biggest by revenue (two more in the top 10, DLA Piper and Hogan Lovells, are transatlantic hybrids), while the top 100 firms in the UK have billed clients around £16.9bn this year, according to ►



● MOST INNOVATIVE FIRMS IN FINANCE LAW



Standout

Highly commended

Commended

	Score	
DLA Piper	22	Drove a \$3bn mining public-private partnership joint venture, the biggest ever investment in East Africa, through the firm's cross-cultural sensitivity.
Allen & Overy	21	Advised the private sector bondholders in the Greek debt restructuring, securing the world's biggest debt restructuring to date.
Freshfields Bruckhaus Deringer	21	Evaded triggering conditions set in a prior government bailout by devising and implementing Commerzbank's hybrid-for-equity swap transactions.
Shearman & Sterling	21	Conceived and wrote a new federal framework law for the United Arab Emirates' financial services industry.
Cleary Gottlieb Steen & Hamilton	20	Developed a collective action clause to help the Greek Public Debt Management Agency achieve the world's largest debt restructuring.
Eversheds	20	Brought power to the people of Sierra Leone with a benchmark project financing for Addax and Oryx Group.
Freshfields Bruckhaus Deringer	20	Produced and led a groundbreaking out-of-court restructuring in the first-ever share pledge enforcement under Catalan law.
White & Case	20	Used onshore structures to achieve the \$10.3bn Barzan gas project financing in Qatar.
Allen & Overy	19	Established the first standardised over-the-counter derivatives client clearing agreement for use outside the US.
Gómez-Acebo & Pombo	19	Concocted an inventive refinance template for Spain's struggling property sector.
Latham & Watkins	19	Created a new model for European businesses to access US financing through the acquisition of software company Misys.
Matheson Ormsby Prentice	19	Advised on the first reverse invoice discounting facility in Ireland for the Irish Dairy Board.
Uría Menéndez	19	Designed a novel liability management arrangement for Banco Sabadell to meet challenging conditions.
Weil, Gotshal & Manges	19	Established the model for future special administration rules bankruptcy cases in the historic MF Global bankruptcy.
White & Case	19	Advised private sector bondholders to negotiate terms for the Greek debt restructuring.
DLA Piper	18	Concluded the UK's largest local authority transport deal in tough conditions to help Nottingham's economy.
Latham & Watkins	18	Privatised the largest municipal ferry operator in the world, IDO of Turkey, using English law contracts.
Mills & Reeve	18	Orchestrated a property acquisition for Trinity College, Cambridge where the college could still benefit from its charity status.
Simmons & Simmons	18	Enabled the renminbi bond issuance by BP Capital Markets, in a step to using it as a major currency for cross-border transactions.
Skadden, Arps, Slate, Meagher & Flom	18	Persuaded the Takeover Panel that the code did not apply in the redomiciling of Russian group Evraz to the UK.
Vieira de Almeida & Associados	18	Skilfully handled the regulator on the first cross-border banking merger in Portugal for Deutsche Bank AG.

● MOST INNOVATIVE LAW FIRMS IN CLIENT SERVICE

	Score	
Standout	22	Partnerships with telecoms company Colt and brewer Carlsberg taking legal service delivery to a different level.
	21	Helping in-house clients save up to 30 per cent in costs through multi-disciplinary teams.
	21	An important forum and toolkit for US securities lawyers in London that broke the mould.
	21	A contract query service for large financial institutions that saves them six-figure sums a year.
Highly commended	20	An online risk product that works around a road map to manage large-scale defaults.
	20	A network for over 4,000 in-house lawyers that is more comprehensive from other forums.
	20	Made a machine-readable definitions for the International Swaps and Derivatives Association.
	19	Designing new contractual solutions for Agile software development projects.
	19	A system that has the potential to deliver the government's "Big Society" agenda simply and at a low cost while transforming public services.
	19	CO2nnection: using social media to analyse climate risk for a major bank.
	18	Developed a highly interactive graphically based regulatory tracker tool for clients.
	18	Pioneered a mediation strategy with all parties in the Panrico restructuring.
	18	Developing a strategic tool to assess insolvency litigation priorities, including costs budgeting for clients.
	18	Board Membership Kit: getting behind the equality agenda in Italy to train female directors for the board.
Commended	18	Cost-effective litigation solutions for BT, the UK telecoms company, that are copied in other European countries.
	18	Advising on the structure of remuneration packages for directors at listed companies.
	18	A strategy to help technology start-ups access funding and develop their businesses.
	18	The next generation of the firm's Elexica product, a comprehensive online legal resource.
	18	Pioneered the Global Intellectual Property Index, which compares the IP regimes in 24 countries.
	18	Trained Royal Bank of Scotland to develop awareness of real estate finance issues at all levels.
	17	Global command and control system for defence of patent rights in the pharmaceutical sector.
	17	Constructive, proactive help for clients investing abroad.
	17	A global derivatives training product for big banks that goes far beyond legal compliance.
	17	A comprehensive client service approach that uses technology smartly.
	17	Edge: a product that uses emergent technologies to deliver proactive insight to clients.
	17	A free online tool to navigate the changes brought about by the new civil code in Romania.

◀ research from The Lawyer – an 18.4 per cent increase on the previous 12 months. This is during the worst downturn in living memory, when UK firms have had to cut about 15 per cent of their aggregate headcount, according to data from the Royal Bank of Scotland.

But how long can the good times last for UK lawyers? RBS's report in March made for gloomy reading: it said firms would have to cut a further 5 per cent of headcount to maintain profitability, and found the UK market had about 3,000 fee-earning lawyers too many.

Despite this warning sign, law is a profession behind which the government has thrown its weight. Ken Clarke, the former justice secretary and now minister without portfolio, labelled the UK the "lawyer of the world" when he presented the government's action plan for modernising the legal profession, including the Legal Services Act 2007, which makes the UK one of the most liberalised legal markets in the world.

Over the past year, flagship cases in London courts have underscored Mr Clarke's point. A succession of oligarchs from the former Soviet Union have mounted ambitious and wildly expensive lawsuits heard in the £300m Rolls

'People turn to us because they know they will find world-class practitioners and judges in the specialist courts'

Building that houses the new commercial court, with UK-based lawyers reaping the benefits: the legal fees on the \$6.5bn spat between Boris Berezovsky and Roman Abramovich were reported to be £100m alone.

"People turn to us because they know they will find world-class, highly specialised practitioners and expert judges in the specialist courts. They understand that a decision from a court in the UK carries a global guarantee of impartiality, integrity and enforceability," wrote Mr Clarke in a Ministry of Justice document to promote UK legal services.

The UK's tradition of the rule of law is well known. English law is widely used in cross-border contracts, partly as a result of London's status as one of the world's main financial centres.

A study of general counsel around the world this year by Acritas, the legal market research company, found English law was favoured by more overseas lawyers than US law, with English law being used by about 20 per cent of lawyers based in continental Europe and Asia-Pacific – the biggest proportion of any non-domestic law.



General counsel cited English law's ease, transparency and wide acceptance around the world

action clauses by the Greek government – one of the first times sovereign debt has been issued under a non-domestic law.

All new eurozone sovereign debt issued after January 2013 will have collective action clauses inserted – just one legal consequence of the Greek restructuring.

Lawsuits stemming from the eurozone crisis may be the next boon for lawyers – if they have the stomach and patience for the fight.

RESEARCH & AWARD SUPPORTED BY



History helps, of course, as the UK's former colonies have similar legal systems and contract laws. But responses to the Acritas survey from general counsel cited English law's ease, transparency and wide acceptance around the world.

Sometimes it is a tactical advantage to use English law, as was the case – with no small amount of irony, given the UK's historic suspicion of European integration – in one of the eurozone's biggest tests: the restructuring of Greece's €206bn sovereign debt in early 2012.

This centred on talks among three parties – the Greek government, advised by Cleary Gottlieb Steen & Hamilton, the EU authorities (including the central bank) and the International Monetary Fund – along with the private bondholders, including hedge funds and other investors.

The private bondholders organised themselves into a steering committee – itself very rare and something that failed to materialise during Argentina's debt restructuring – then turned to Allen & Overy and White & Case for advice.

The majority of previous Greek debt was held in bonds governed by domestic law. This meant the Greek government could insert so-called collective action clauses into the securities, forcing all bondholders to accept a haircut if a majority agreed to a deal.

The eventual deal that emerged in March saw around 95 per cent of the private bondholders accept losses of about 75 per cent as they agreed to swap their Greek-law bonds, but a key part of the negotiation was that the new bonds be governed by English law and therefore not subject to future collective



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PIONEERS

ON THE CONSUMER TRAIL



UK legal market reforms aim to improve accessibility for clients but might spell the end for many small firms, writes **Jane Croft**

Unlikely names such as the Co-operative Group, a mutual best known for its retail and banking services, have increased their efforts to tap into the lucrative UK legal market in the past year.

The Co-operative Group aims to become the largest provider of consumer legal services in the UK within five years and is in the vanguard of market deregulation, offering legal services to its 6m-plus members and the wider public.

The changes that came into effect last year under the Legal Services Act 2007 mean that the UK's 10,000 law firms are able to raise capital by floating on the stock market or to form new business structures by bringing in non-lawyers, such as accountants, as partners.

New entrants will also be allowed to offer legal services. They must be approved as an ABS – an alternative business structure – which can take advantage of the new reforms.

The changes to the UK's £23bn legal market are so profound that they have been likened to the Big Bang of 1986 that reshaped banking by deregulating the City of London.

The aim of the reforms was to make areas of law such as will-writing and conveyancing as accessible for consumers as buying a can of beans. Hence the reforms were dubbed “Tesco law”, although the supermarket chain itself has expressed little interest in the market.

Traditional firms could see their business models undermined by new entrants using

Standout

Highly commended

Commended

● LEGAL INDUSTRY PIONEERS

	Score	
Law:Public	23	A joint venture between Kent County Council and Geldards reinvents the model for local authority legal services.
Riverview Law	22	Under the same brand, Riverview provides access to solicitors and barristers with its pioneering model.
Co-operative Legal Services	22	Growing to over 600 lawyers, it maintains its position as a retail pioneer in the law.
Gunnercooke	21	A new-model law firm for top-end work, it cuts costs on transactional work with flexible resourcing.
Stobart Barristers	21	The logistics company ventures into legal services with pay-as-you-go direct access to the bar.
L&E Global	20	The integration of employment boutiques under a single global brand delivers a new service to big business.
Obelisk Legal	20	A virtual law firm that capitalises on working-from-home parents with legal experience.
Premier Property Lawyers	20	UK's first alternative business structure implements slick conveyancing to give clients direct access to online case files.
Russell Jones & Walker (Slater & Gordon)	20	A landmark transaction between the first listed law firm acquiring one of the first Solicitors Regulation Authority-licensed firms to focus on personal injury.
Irwin Mitchell	18	With five ABS licences under its belt, the firm is set to pursue an aggressive growth strategy.
Parabis Law - Duke Street Capital	18	First private equity investment into a legal services business aiming at volume personal injury work.
Wigster.com	18	Legal services comparison website gives consumers instant fixed prices.
Knights Solicitors	17	Regional law firm takes on private equity investment to compete in the City.

technology to cut processing costs in areas of law such as personal injury that rely on a high volume and low cost.

Small high street firms especially fear the shake-up could lead to intense competition from aggressive entrants at a time when traditional sources of work, including that funded by legal aid, are drying up.

There have been more than 260 applications so far from companies and law firms for ABS status – about 60 per cent from existing law firms wanting to broaden their services or capital. So far 20 have been approved. Private equity groups also see an opportunity to buy stakes in law firms, believing the legal market is dominated by inefficient groups that lag behind in outsourcing and information technology.

Ann Morgan, who heads the team granting approvals to new forms of law firm at the Solicitors Regulation Authority, says there has been little interest from firms trying to float on the stock market. “That is just indicative of the current economic environment,” she says. “I am sure further down the line, they will. We are seeing an increase in private equity funding – both UK-based funds and overseas funds.”

Parabis Law, whose activities include providing claims management for insurance companies as well as defendant insurance work, recently became the first approved ABS with private equity backing – Duke Street has invested £50m in the group.

Duke Street plans to help Parabis management transform the business from a professional services firm to a business process outsourcer as well as to make acquisitions.

Firms that specialise in high-volume services such as personal injury claims have been highlighted by analysts as making the most sense for attracting external investment.

Quindell Portfolio, an Aim-traded outsourcing company, has agreed to pay £19.3m for Liverpool-based law firm Silverbeck Rymer, which specialises in personal injury claims, while Slater & Gordon, a publicly-traded Australian law firm that is publicly traded in Australia, has bought Russell Jones & Walker, a London-headquartered firm that also has a personal-injury litigation division, for £53.8m. Irwin Mitchell, another firm with a strong personal injury practice, has also been granted ABS status.

Co-operative Legal Services – which deals with personal injury claims, family law and employment law, as well as probate and estate administration, will writing and conveyancing – aims to use its brand to reach consumers who are afraid of racking up a large bill at a high street solicitor who charges by the hour.

A network of some 150 small law firms has banded together under the name QualitySolicitors, ranked in the 2011 FT report. Private equity firm Palamon Capital Partners has bought a majority stake in the network, which is to place

Private equity groups believe the legal market is dominated by inefficient groups that lag in outsourcing and IT

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legal access points staffed by lawyers in hundreds of WH Smith stationery and newsagent stores.

Meanwhile, other firms have started to use innovative billing structures for clients rather than the much derided billable hour.

One brand-share between a barristers' chambers and a solicitors' firm in the UK offers clients legal services on a fixed-price contract rather than charging by the hour or on a project basis. LawVest, a holding company part-owned by DLA Piper, now operates a separate law firm and chambers under the name Riverview Law.

Riverview shuns the trappings of normal big law firms, such as hourly rates and expensive offices, instead operating mainly out of offices in Wirral and sending solicitors and barristers to visit clients. For a yearly flat fee clients are provided with all their legal needs up to the point of any litigation starting.

Riverview also intends to offer access to another growth area: litigation funding. In that, third parties such as hedge funds bear some of the cost of bringing a lawsuit in return for a cut of any proceeds.

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WINNER

**DANIEL WINTERFELDT,
PARTNER,
CMS CAMERON MCKENNA**

An American from Ohio now living in Europe, and a former medical student, Daniel Winterfeldt is the FT's 2012 legal innovator of the year.

With a track record building up US securities practices, most notably at Simmons & Simmons and now at CMS Cameron McKenna, Mr Winterfeldt has also created two innovative bodies to support his peers.

As a legal practitioner, his work includes representing international investment banks and corporate issuers in securities transactions. He is also the founder and co-chairman of the Forum for US Securities Lawyers in London, a 1,500-member, independent trade association founded in 2006. The forum represents US-qualified lawyers practising in the London capital markets as well as other market participants.

Mr Winterfeldt also set up the InterLaw Diversity Forum for LGBT (lesbian, gay, bisexual and transgender) Networks in 2008. It has more than 900 members from over 60 law firms and 40 companies and financial institutions.



LEGAL INNOVATOR OF THE YEAR

BRINGING PEOPLE TOGETHER

One of the admirable features of this year's shortlisted candidates is their ability to instil a sense of community among colleagues. By **Michael Skapinker**

Entries for Legal Innovator of the Year in previous years have mirrored the times, focusing on ways of dealing with the banking crisis or on financial restructuring.

The financial crisis is still with us, unfortunately. But this year's entrants have concentrated more on getting the best out of their staff, marketing their wares and looking after their clients.

Dana Denis-Smith, chief executive and co-founder of Obelisk Legal Support, attracted the judges' attention with her firm's use of parent-lawyers who choose the hours they want to work. Given how many women now study law and the appalling drop-out rate as their careers progress (or do not), we thought she was addressing an important problem. Is this a way to ensure that parents, particularly mothers, can prosper in the law? The judges felt it was too soon to judge how successful this would be.

Darryl Cooke, founding partner of Gunner-cooke, won plaudits for his drive to keep overheads down and charge clients fixed fees in different aspects of corporate law.

But once again, as the firm has been going only since 2010, we felt it still needed to prove this approach would be enduring.

Tim Jones of Freshfields Bruckhaus Deringer won admiration for leading his firm's advice to the London 2012 Olympic and Paralympic Games. There were some examples of legal innovation in supporting this hugely complex and successful contribution to London's extraordinary summer – he was a strong contender.

In the end, though, the judges were delighted to award the prize to Daniel Winterfeldt of CMS Cameron McKenna. He has established two path-setting organisations: the Forum for US Securities Lawyers in London, addressing the application of and compliance with US securities law, and the InterLaw Diversity Forum for LGBT (lesbian, gay, bisexual and transgender) Networks.

Both initiatives required spirit, leadership, courage and a willingness to bring people together in a highly competitive and sometimes conservative profession – all of which make him a worthy winner of our individual award.

LEGAL INNOVATOR OF THE YEAR



ELLIOT MOSS, DIRECTOR OF BUSINESS DEVELOPMENT, MISHCON DE REYA

The first non-lawyer to be included in the FT's 10 most innovative individuals in the legal sector, Elliot Moss is Mishcon de Reya's director of business development. He joined the firm in 2009 from the advertising industry and used his 15 years' experience in the sector to revolutionise Mishcon's approach to business development, branding and marketing.

His work with Mishcon's senior management team has helped the firm's turnover grow from £47m to £73m in three years, and aided its move from a traditional private client image to one of a firm for business. Mr Moss's innovations lie in his ability to help change traditional law firm partner behaviour to adopt more modern ways of marketing, product development and client relationships.

In particular, he managed to get the partners to sign off on big media campaigns and partnerships, including with the FT, which have transformed the firm's brand.

Some of these activities include advertising campaigns, hosting a programme on Jazz FM, the radio station, interviewing influential people in business and society and the establishment of three digital TV channels.

In addition, Mr Moss forged a partnership with Quintessentially, the concierge company, to provide services to the firm's wealthy private clients. Mr Moss also redesigned the firm's corporate social responsibility programme, which resulted in it rising from 69th in 2009 to 23rd in 2012 in the Sunday Times' "Best Companies to Work For in the UK" ranking.



FRANCESCO PORTOLANO, FOUNDED PARTNER, PORTOLANO CAVALLO

The seven-partner firm Portolano Cavallo, unusually for the Italian legal market, focuses purely on the media sector. Clients say Francesco Portolano, the firm's founder, leads "a team of lawyers who refuse to be limited to inside-the-box thinking". This approach has ensured the firm of a high ranking in the FT Innovative Lawyers report since 2009.

As a law firm manager, Mr Portolano has adopted forward-thinking management practices from the European market, such as hiring non-legal executives to manage the firm. A bold approach to brand identity distinguishes it from most Italian law firms. Mr Portolano also ensures the firm embraces female-friendly working practices, including educating clients about working with female part-time partners.

As a lawyer, Mr Portolano has advised media companies on how to navigate Italy's rapidly changing regulatory landscape. David Harleston, executive vice-president of business and legal affairs at Current TV, the US media company, says: "Francesco tackled each challenge with deep insight and a tireless fascination for innovative approaches, with the sort of dynamic legal skill set one rarely sees in Italian media counsel."



TIM JONES, PARTNER, FRESHFIELDS BRUCKHAUS DERINGER

The decision five years ago by a leading law firm to become a key sponsor of the 2012 Olympic Games was not obvious: most law firms shun major advertising or branding exercises. But Tim Jones, senior partner at Freshfields Bruckhaus Deringer, saw the value being involved in the games would bring the firm, particularly the London office. His big task was initially to convince his management team and partners.

The sponsorship was an ambitious multidisciplinary, multi-stakeholder project unlike any other undertaken by a law firm. It went far beyond a sponsorship to being a partnership with the London Organising Committee of the Olympic and Paralympic Games (Locog) – providing free advice on all aspects of the staging of the games.

Mr Jones was responsible for liaising with Locog and coordinating the firm's lawyers to provide advice, much of it extremely complicated – the torch relay alone required more than 7,000 contracts and a Freshfields lawyer followed the torch on its journey.

He has over 30 years' experience of big mergers and acquisitions transactions but says: "This is the most innovative thing I have done."

‘The government
has finally
caught up
with us’

**GILLIAN BISHOP, FOUNDING PARTNER,
FAMILY LAW IN PARTNERSHIP**

Gillian Bishop set up Family Law in Partnership in 1995 to provide a distinctive, client-focused approach to the resolution of relationship issues. Over a 30-year career, she has championed the collaborative approach, which allows couples to resolve issues relating to their divorce or separation in private, without involving the courts.

Ms Bishop and her partners introduced the practice of collaborative law in Europe in 2003 but had to wait until April 2011 for their approach to be adopted as best practice by the government.

The firm was consulted by the Family Justice Review group, which adopted all its recommendations. Anyone now wishing to issue family

proceedings has to begin by undertaking a mediation and assessment meeting. “The government has finally caught up with us,” she says.

Ms Bishop is exporting her collaborative model internationally, training Italian lawyers and running workshops in the US. She and her firm have also been the driving force behind “a kidspace”, a

social enterprise that supports children experiencing family breakdown, and the “Parenting After Parting” programme, which provides counselling and advice for parents going through divorce.

In the UK, Ms Bishop is one of just a handful of people who train barristers in the collaborative method of dispute resolution.

**DANA DENIS-SMITH,
FOUNDER,
OBELISK LEGAL SUPPORT**

Dana Denis-Smith is the chief executive and co-founder of Obelisk Legal Support, a venture born in 2010 out of her passion to re-engage highly skilled lawyers (96 per cent of them mothers) who leave the profession to raise families.

Ms Denis-Smith grew up in Nicolae Ceausescu's Romania and started her career as a local journalist in Transylvania before becoming a journalist and analyst with the BBC in Romania and Russia, *The Economist*, and *Global Insight*.

She then became a solicitor with Linklaters in London and Amsterdam before turning her hand to more entrepreneurial ventures, setting up Marker Global, the risk advisory consultancy, and Obelisk.

Just two years after it was founded, Marker Global was nominated for the 2009 Complinet "Consultancy of the Year" for its emerging markets compliance work.

In 2010, Ms Denis-Smith was included in *Management Today's* annual list of "35 Women under 35" awards for women who lead and inspire in business.

Obelisk, her latest venture, allows lawyer-parents to choose the hours they work. A core team in London acts as project managers, allocating the work to lawyers according to their capacity. Initial feedback on the company has been positive and it counts Deutsche Bank as one of its clients.

Ms Denis-Smith hopes Obelisk will go some way towards tackling the gender challenges facing the profession by providing a feasible way for full-time parents to return to work.



LEGAL INNOVATOR OF THE YEAR



GEOFF WILD
DIRECTOR OF GOVERNANCE
AND LAW, KENT COUNTY
COUNCIL, AND CO-FOUNDER,
LAW:PUBLIC

Geoff Wild is the director of governance and law at Kent county council where he has worked for more than two decades, and co-founder of Law:Public, a joint enterprise between Kent county council, and Geldards, the law firm, that gives local authorities access to bespoke legal advice. Law:Public is the winning entry in the Legal Industry Pioneers section in the 2012 FT report.

Local authorities' legal departments have often been perceived as inefficient and a drain on public finances. Mr Wild has shown that public-sector services need not be a burden for the community.

Public authorities from Dubai to the US are listening to Mr Wild explain how they can turn a liability into an income generator. His marriage of a public-sector ethos with private-sector principles has meant Kent county council now provides legal services for 350 other public bodies, generating £2m a year in external income.

Mr Wild is a founding member of the Eversheds/County Councils Benchmarking Group, that links public and private practice lawyers. He also advises the UK and Scottish governments' legal services on modernising and efficiency.



HOWARD BARRIE
PARTNER, FINANCIAL
INSTITUTIONS GROUP,
EVERSHEDS

Howard Barrie, a project finance lawyer, played a crucial role in bringing the first independent power project in Sierra Leone to a financial close. The Makeni bioethanol project, valued at €267m, is the largest international investment ever in Sierra Leone's agricultural sector, sparking a number of legal challenges and local sensitivities.

One of Mr Barrie's key innovations was to devise a solution to the local land issues that met the requirements of the official land law system and the traditional land law system in Sierra Leone. Land rights are a sensitive issue in many African countries, and Mr Barrie's solution could pave the way for other similar foreign investments in the continent.

Africa is a key theme in Mr Barrie's career. In his work with the East African Development Bank he invents new structures and plans to enable public-private projects in Africa. He has already closed a series of other financings in Uganda and Rwanda but says the Makeni project is among the most creative.



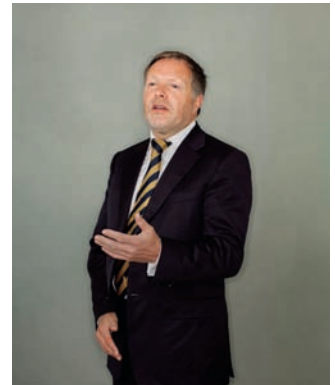
KARYL NAIRN
PARTNER
SKADDEN, ARPS, SLATE,
MEAGHER & FLOM

One of the world's leading international arbitrators, Karyl Nairn needed her wide range of skills to secure the release last year of Ron Fuchs, the Israeli businessman, from prison in Georgia.

Mr Fuchs was imprisoned in October 2010 as part of Georgia's effort to avoid paying him a \$100m arbitration award. Using a combination of legal, economic and political pressure, Ms Nairn was able to secure Mr Fuchs's release and successfully conclude his battle for compensation in arbitration claims.

The case involved her learning about the Georgian criminal justice system, dealing with the Georgian authorities, going to Capitol Hill to involve the US government and subsuming criminal, commercial and human rights law. The stakes were high: Mr Fuchs's life was in danger in jail and Ms Nairn's strategy was risky and innovative.

For 18 months, Ms Nairn has been lead advocate for Altimio, telecom platform of Alfa Group and the largest shareholder in mobile giant VimpelCom, in a multibillion-dollar dispute with rival Telenor. She also successfully represented Roman Abramovich, the owner of Chelsea football club, in a \$7bn dispute with former Russian oligarch Boris Berezovsky.



DARRYL COOKE
FOUNDING PARTNER
GUNNERCOOKE

Darryl Cooke is one of the first top corporate lawyers to found a new-model law firm. With a background as a barrister, in-house lawyer and law firm partner, Mr Cooke, along with Sarah Goldbourne, is attempting to bring fixed fees, flexible resourcing and innovation into high-end corporate law.

Gunnercooke, set up in 2010, does not operate an hourly-based costing model. Instead all work is partnered on a fixed-fee basis with assistants working on a virtual consultancy basis from locations around the UK. Most assistant consultants have been qualified for 10 years but charge out at a rate close to a first-year trainee at a mid-sized law firm.

Gunnercooke represents an attempt to see whether the new model can work for higher-value, partner-level legal work.

Over the past two years, the firm's turnover has grown from £150,000 to £1.6m. It has also opened a London office.

Mr Cooke was previously head of private equity at Addleshaw Goddard and DLA Piper.

COMPETITION LAW



TABS ON THE WATCHDOG

Law firms are preparing for the arrival
of a new competition super-regulator,
writes **Caroline Binham**



● MOST INNOVATIVE LAW FIRMS IN DISPUTE RESOLUTION

	Score	
Standout	Ashurst	23 Led the challenge that caused the OFT's case against Imperial Tobacco to collapse.
	Baker & McKenzie	22 Ensured De La Rue avoided a dispute over the rightful owner of Libyan bank notes during the revolution.
	Addleshaw Goddard	21 Spearheaded a successful argument against fines levied by the OFT on a big construction cartel investigation.
	Stephenson Harwood	21 Used Facebook to serve a claim against a defendant, the first time this has been done in Europe.
Highly commended	Allen & Overy	20 Successfully staved off a threat to London's reputation as an arbitration centre.
	Berwin Leighton Paisner	20 Protected the Newspaper Licensing Authority's core business.
	Bird & Bird	20 Advice on the largest and longest running 'patent troll' litigation in the electronics sector for Nokia against ICom.
	Hogan Lovells	20 Acted on a \$10bn fraud case in the UK for a major Kazakhstan bank.
	Taylor Wessing	20 Traced assets in the largest pension fraud case since Maxwell, involving embezzlement of £52m from nine pension schemes.
	Garrigues	19 A successful challenge to local municipalities imposing a tax on mobile phone operators in Spain.
	Jones Day	19 Created a strategy designed to overwhelm the other side in a cross-border dispute in the Cayman Islands.
	McCann FitzGerald	19 Embarked on highly complex asset recoveries and ongoing litigation across multiple jurisdictions against the Quinn family.
	Mishcon de Reya	19 Retrieved funds for the Bank of Ireland on a significant fraud case using a unique strategy.
	RPC	19 Provided clarity for all parties claiming insurance after the Tottenham riots.
	Slaughter and May	19 Advised Norwich & Peterborough Building Society to achieve a novel resolution on the collapse of Keydata Investment Services.
	Uría Menéndez	19 Protected a bank from exposing its customers' private information to consumer groups by using a new strategy.
Commended	Bird & Bird	18 Challenged a ruling that obliged ISPs to monitor and filter all traffic on their networks.
	Hogan Lovells	18 Brought much needed clarity to the pensions liability of employers in deficit cases.
	Simmons & Simmons	18 Hard-fought enforcement for Nomihold Securities against a Luxembourg subsidiary of a Russian parent company.
	Țuca Zbârcea & Asociații	18 Unblocked Romania's largest foreign direct investment, worth \$4bn.
	Allen & Overy	17 Advised International Swaps and Derivatives Association in formulating a strategy to intervene in court proceedings concerning market standard documents.
	Hogan Lovells	17 Successfully acted for supermarkets Morrisons and Safeway on challenging the OFT's decision on tobacco price fixing.
	Jones Day	17 Challenged the EC on parent company liability for the anti-competitive behaviour of a subsidiary.
	McCann FitzGerald	17 Won a groundbreaking decision to avoid a wind-up petition of a UK parent company.
	PLMJ	17 Acted for National Association of Casinos to ban the biggest online betting company from promotion in Portugal.
	Skadden, Arps, Slate, Meagher & Flom	17 Secured the dismissal of a €1bn claim filed against the Slovak Republic.

T

he past 12 months have seen the biggest overhaul in decades of UK competition law and its regulatory architecture.

The Office of Fair Trading, the antitrust regulator, and the Competition Commission, which addresses thorny issues of inefficient markets and monopolistic mergers, will be presiding over their own union as they become the Competition and Markets Authority in 2014.

Everything from cartel enforcement to merger analysis will be performed under one roof. Under government proposals, the body will also assume new responsibilities, such as undertaking wide-ranging studies of mar- ►

COMPETITION LAW

◀ kets if politicians deem it to be in the public interest.

With the resignation in February of the OFT's long-standing chief executive John Fingleton, one outstanding question was who would lead the new agency. The guessing-game was finally resolved in July when Lord Currie of Marylebone, the former head of Ofcom, was picked to chair the CMA.

Mr Fingleton, who was replaced in July by a caretaker chief executive, Clive Maxwell, was the popular face of the OFT. He did not shy away from taking on household names on behalf of consumers to telegraph a wider message to companies of all sizes about the consequences of breaching competition law.

That high-risk strategy failed most infamously in May 2010 when the regulator's first contested criminal case – against former and current executives of British Airways – collapsed after a cache of emails was discovered during the trial. With rather unfortunate timing, the coalition government took power that same week, promising to cut red tape and scale back quangos.



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Under the proposals, prosecutors must show that those accused had not been open in their dealings

The failure of the OFT to bring any criminal cases of price-fixing, which carries a five-year maximum prison sentence, was one reason why the government proposed easing the prosecutorial burden in criminal cartel cases, doing away with the requirement that dishonesty must be proven. Instead, under the proposals, prosecutors must show only that those accused had not been open in their dealings.

While the collapse of the BA case could be attributed in part to the fact that the OFT did not have experience of criminal trials, there was no such excuse with a civil case before the Competition Appeal Tribunal in late 2011.

In that challenge, Imperial Tobacco and ►

Standout
Highly commended
Commended

● MOST INNOVATIVE FIRMS IN PRIVATE CLIENT WORK

	Score	
Harbottle & Lewis	22	Pioneered pre-conception agreements for non-traditional families in the UK to set out parents' responsibilities during a child's life.
Skadden, Arps, Slate, Meagher & Flom	21	Secured the release of Ron Fuchs from a Georgian prison through criminal, civil and commercial legal solutions.
Lawrence Graham	20	Adapted good governance principles to create the Bahamas Executive Entity, a first-of-its-kind wealth management structure.
Garrigues	19	Developed a mechanism and consulting service to help family-run businesses professionalise.
Mishcon de Reya	19	A proactive and open strategy to prevent bad publicity for a high-profile client where traditional PR had failed.
PLMJ	18	Challenged inheritance legislation in Portugal to achieve a €2m settlement for its clients.
Eversheds	17	Achieved a rare dismissal of the board of a private Austrian trust to ensure the Lisec heirs received their full entitlement.
Mishcon de Reya	17	Used a little-known remedy to avoid costly defamation proceedings for Coventry City Football Club.
Mills & Reeve	16	Invented an app that provides a "satnav" to the legal and financial processes involved in divorce.
Țuca Zbârcea & Asociații	16	Ensured Putna monastery, a world heritage site, won its controversial dispute with the Romanian state.

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COMPETITION LAW



● MOST INNOVATIVE LAW FIRMS IN VALUE RESOURCING

	Score	
Standout	22	Addleshaw Goddard A complete overhaul of its way of working through smart tools, better deployment of individuals and work-flow mapping.
	21	Axiom A new model of legal service delivery and efficiency solutions designed for Vodafone and other clients.
	21	Eversheds Mid-Staffordshire Inquiry: a model for legal input that dramatically reduces the time taken for public inquiries.
Highly commended	20	Jones Day Reinvented the due diligence process for Hansteen Holdings through the design of smart systems.
	20	Mills & Reeve A package of designed services for hospital inquests that reduces costs.
	20	RPC A sophisticated toolkit of inventions that actively manages litigation costs for clients.
Commended	18	Allen & Overy Using advanced project management and deal rooms for a deal that spanned 68 jurisdictions.
	18	Baker & McKenzie Collaborative project management on the Cargill deal, the most significant in the food and agriculture sector.
	18	Eversheds Winning a new court order that allows the use of intelligent electronic review software in major litigation.
	18	Taylor Wessing A new strategic approach to pricing that allows the firm to deliver comprehensive certainty to clients.
	17	Allen & Overy OpinionNet: an online tool to share opinions on counterparty risk in derivative transactions with multiple clients.
	17	Cleary Gottlieb Steen & Hamilton The only state-of-the art anti-trust support centre in Europe.
	17	CMS Using professional project managers to upgrade its efficiencies for clients.
	17	Cuatrecasas, Gonçalves Pereira Using new case management systems to help clients with complex arbitration proceedings.
	17	Garrigues Providing on-the-ground resources for Spanish start-ups in Silicon Valley.
	17	NCTM A unique client-facing knowledge management facility in Italy.
	17	Weightmans Re-engineered the delivery of legal services to the Royal Mail.

◀ five other retailers and tobacco manufacturers appealed fines that were part of a record £225m levied by the OFT on 10 companies following a seven-year investigation. This focused on dealings from 2001 to 2003 between retailers and Imperial and Gallaher, which together enjoyed a market share of about 90 per cent.

Embarrassingly for the OFT, the CAT overturned the fines after already telling the regulator to narrow or abandon its arguments – even after Gallaher and others had accepted the OFT's findings.

Imperial had the most to lose, having been given the largest fine of £112m. Its law firm, Ashurst, advised it to fight, and instructed Mark Howard QC, who rebutted the OFT's evidence during his cross-examination of witnesses. Wm Morrison, the supermarket chain and another appellant, turned to Hogan Lovells, which also advised fighting the fine rather than co-operating in exchange for a reduced penalty.

The OFT's loss led to a proposal by the regulator that it would create a board to oversee price-fixing probes so that different officials to those investigating would decide whether a company had broken the law. The government's proposals had shied away from introducing a so-called prosecutorial model for civil cases, where the regulator would have to present its case to a judicial panel, which would then determine penalties.

The tobacco case was also one reason why the OFT was downgraded in a global ranking of competition agencies. The Global Competition Review awarded the OFT four stars this year, down from the five-star "elite" ranking. The Competition Commission, meanwhile, retained its elite ranking.

The impetus for the OFT to launch its investigation into tobacco was that Sainsbury's blew the whistle on its rivals in exchange for leniency. Whistleblowers are crucial to price-fixing cases, as with most financial crimes that can



The OFT is unusual among UK regulators in wielding a large stick and a tasty carrot

be hard to detect. The OFT is unusual among UK regulators in wielding a large stick and a tasty carrot: it can fine a company as much as 10 per cent of its worldwide turnover in a relevant market if it finds evidence of price-fixing; but it can also grant complete immunity from fines to those who are first through the door with useful information on cartels.

That fining power was tested in two cases decided in 2011. Addleshaw Goddard advised appellants in both challenges, arguing that fines levied by the OFT should be calculated in relation to a company's turnover the year before wrongdoing ends, rather than turnover the year before an OFT decision is made.

This led to reductions of fines in the first case, relating to building companies, from £880,000 to £220,000 for its clients Quarmby Construction and St James Securities Holdings, and in the second case, on recruitment companies, from £1.1m to £440,000 for Eden Brown. The decisions have implications for other OFT probes that have ended in eye-watering fines, proving the watchdog's bite can be softened.

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IN-HOUSE



● Aiming high: Tom Kilroy wins the Most Innovative In-House Lawyer award

PRIZED ASSET

The success of in-house legal teams in contributing to firms' profits has made them a force to be reckoned with, says **Reena SenGupta**



PHOTO: RICK PUSHINSKY

T

he in-house legal community has shifted up a gear in terms of innovation this year.

In 2007, when the FT started ranking in-house teams, the most that could be expected was their ability to add economic value. Now many teams are driving profitability and savings that run into billions of pounds.

Even small legal functions, such as the one at Travelex, the travel exchange specialist that tops the 2012 ranking, have adopted innovation as a core value.

A corporate culture that encourages the challenging of obstacles led the legal team to win a redefinition of Australian VAT law, a victory that delivered a A\$10m (\$10.6m) settlement and an extra A\$1m in annual revenue to the company.

The road to that win, however, was not straightforward. Unwilling to add to mounting legal costs, the Travelex board initially did not want to fight the case. But the legal team independently sought funding from an outside financial institution to convince the board to sanction pursuit of the litigation.

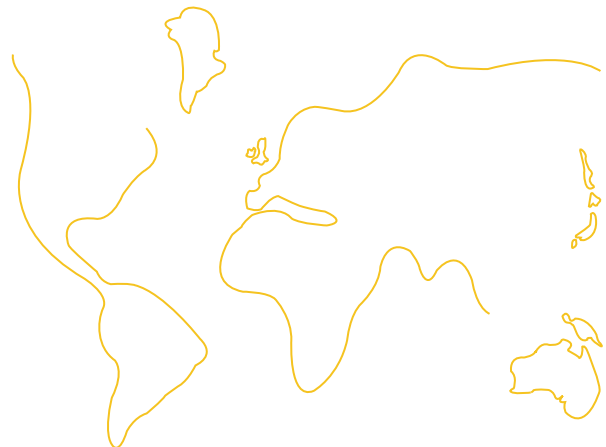
Even further, though, the legal team has also won clients for the business in new jurisdictions such as Malaysia and Qatar, and its work has allowed Travelex to release the first prepaid credit card in Japan, as well as being the first foreign exchange entity to be licensed in China.

This year, nearly 50 legal teams were considered for the FT's ranking. Internal references were taken up for each team and a common question was asked of these mainly top-level referees: did they think that their legal function could provide them with a competitive advantage? Some 58 per cent said their legal function was an essential strategic lever, that directly gave their businesses an edge.

For example, the commercial referee at Sun Edison, the solar energy services company, said the legal team was 85-90 per cent responsi- ►

Some 58% of referees said their legal function was an essential strategic lever that directly gave their businesses an edge

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● MOST INNOVATIVE EUROPEAN IN-HOUSE LAWYER

In-house lawyers are rarely seen as the talent pool from which boards can appoint chief executives or other directors. The number of general counsel who have made the transition from the legal function to overall leadership is tiny and it is only over the past three years that more general counsel are being appointed to executive roles in the UK.

The appointment of Tom Kilroy as interim chief executive at Misys, the banking software group, in the midst

of the company's failed merger talks with Swiss rival Temenos in February 2011, was a reflection of the role the legal team played in the business. As a support function, it is considered a driver of profitability rather than a cost centre.

Now that Mr Kilroy is back in the legal role, he has a unique perspective on why lawyers are rarely chosen to be chief executives. In his opinion, it comes down to a lack of financial confidence in the legal community. "Having to go on the phone to 130 City analysts, you quickly realise

that if you do not understand the financials you will get crucified," he says.

Mr Kilroy's contribution lay in his ability to build

relationships with the shareholders and maintain a logical, analytical stance during a difficult period of change.

Tom Kilroy, general counsel, Misys (winner)

Sharaz Gill, head of patents and licensing EMEA, HTC Europe.

Saving HTC millions of dollars through his oversight of its patent licensing and litigation operations.

Jonathan Jowett, general counsel, Greggs.

Overtaking the "pasty tax", the UK's VAT on hot food sold by bakers.

Jasy Loyal, VP of legal & HR services, HCA International.

Robust implementation of the new Bribery Act into all operations.

Terry Miller, general counsel, Locog.

Enabling the delivery of a successful London Olympic Games.

Lesley Wan, head of real estate legal team, Lloyds Banking Group.

Creating a template for property transactions for the industry.

Peter Wexler, general counsel, Schneider-Electric.

Creating a world-class legal department from scratch.

● MOST INNOVATIVE EUROPEAN IN-HOUSE LEGAL TEAMS

◀ ble for the success of its mergers and acquisition deals.

For other businesses, the legal department was seen as crucial in keeping the company alive and solvent. The team at food producer Premier Foods was largely responsible for the success of its divestiture programme and the renegotiation of the company's debt facilities.

The team at Royal Dutch Shell has made massive operational innovations through standardising contracts. The oil giant is one of the largest procurers in the world, with a global spend of \$65bn. The contracts underpinning this spend are vast and varied. The legal team for Shell's procurement division has over the past three years contributed to \$1bn savings a year through measures such as reducing the company's terms and conditions, in some cases from using 10,000 different sets to one, and halving the time it takes to negotiate contracts.

The potential impact of this innovation could be enormous as the effects reach big suppliers such as General Electric. Other ranked teams, such as the bank HSBC and the telecommunications provider Colt Telecom have made similar operational innovations to make savings and reduce the need for expensive legal input. As these innovations take root, they could significantly reduce the demand for lawyers throughout the industry.

But in-house teams are leading in other types of social change. The Vodafone legal team is also becoming known for its attempts to drive diversity in what is still a white, male-dominated profession.

RESEARCH & AWARD SUPPORTED BY

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Score

Travellex	32	Taking a strategic lead to win business in new markets and successfully challenging Australian tax rules.
Vodafone	31	A legal transformation programme that has leveraged global expertise and built partnerships with new model legal suppliers.
Misys	30	A revenue generation team that provided executive leadership during a critical takeover period.
Premier Foods	30	Creating a strategic plan and achieving a landmark refinancing deal that ensured the survival of the business.
Shell	30	Standardising supply contracts globally, halving negotiation times and saving billions.
Colt	29	Developing a partnership arrangement with a major law firm and creating its own legal team in India to drive efficiency.
HSBC	29	Creating a global supply contracts team that has reduced risk, produced savings and is a potential template for other banks.
Standard Life	29	Reinvigorating the department's culture through training and career opportunities to create a smaller, high-value team.
Sun Edison	29	Connecting legal, financial and technical expertise to execute some of the largest solar energy deals in Europe.
Jardine Lloyd Thompson Group	28	Conceiving and developing the NewBuy scheme, a government-backed solution to make home mortgages more available.
Kingfisher	28	A "one team" model that connects internal legal expertise across the globe and creates networks to share knowledge.
Asda	27	Smart analysis of process has enabled the team to deliver millions of pounds of savings.
BT	27	Delivering 20 per cent savings in legal costs for the UK business through a series of "best-sourcing" initiatives.
Euro 2012 Organiser (PL2012)	27	The legal team orchestrated a successful football championship, creating a template for future sporting events in Poland.
Goldman Sachs (Derivatives EMEA)	27	A new resource model to handle complex and sensitive work that has drastically improved turnaround times and quality.
Royal London Group	27	Solutions to simplify customer literature to save significant costs and create first-of-their kind funds in the UK.
Solvay	27	A flexible function that leverages its resources smartly to provide business-growing risk management advice to the business.

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GENERATION Y

AHEAD OF THE GAME

Young lawyers comfortable with new technology are bringing a fresh approach to legal and practical issues, writes **Andrew Baxter**



You can find out a lot about young people by watching them play a computer game for 90 minutes. Not any old game, but The Game, developed by Houthoff Buruma, one of the big six Dutch law firms, to assess prospective new entrants.

Students enter a fictional world where they represent a Chinese state company trying to buy a Dutch family firm. They have 90 minutes to persuade enough shareholders to sell up, and cope with various problems along the way.

"It sums up what we believe the new generation is all about," says Jaap Bosman, the firm's director of marketing, who devised The Game. "It is gaming and learning at the same time."

Houthoff Buruma, which has won a string of awards for The Game, felt it had reached the limit of what it could communicate to prospective young recruits with print media, such is the gulf between university life and a top law firm. A serious game was an ideal tool to prevent expensive mismatches, says Mr Bosman, in a market where competition for talent is tight.

"We want students who are above average and smart in the law, but that's something everyone wants in our league," he says. "We also want something else we believe is crucial for our business: students who are streetwise and have a sense of business."

It is not just in recruitment where technology and social media are playing a role in the working lives of younger lawyers. Such factors are tilting the balance away from the older generation of partners towards trainees and associates who tend to understand them better.

This year, for the first time in the UK, the fascination of 30-somethings for social media has helped to solve a legal conundrum. In February it was revealed that Stephenson Harwood had convinced a High Court judge to let it use Facebook to serve a claim in a commercial case where there had been difficulty locating the defendant. The idea came from 31-year-old associate and Facebook user André McClean.

"It was a last resort," says Mr McClean. "We had tried all the normal ways of serving the claim. I said: 'What about Facebook?' We just laughed, but Paul [Thwaite, partner in the case] said: 'Go away and see if it is realistic.'"

It was not just a question of finding the right Facebook account. The law firm needed to know whether it was restricted to friends, would accept emails with large attachments and – crucially from the judge's perspective – whether it was active, so that it could be argued the defendant had an opportunity to see the document.

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An increase in the number of friends suggested the account was active, and when the defendant's photograph was replaced by a generic landscape after the claim was served, receipt of the documents was all but confirmed.

Mr Thwaite says technology is throwing up new challenges in commercial litigation as it becomes more pervasive in business and personal life. He is handling a case for a client who is being defamed on Twitter, for example.

It is not as if tech-savvy Generation Y newcomers have upset a status quo in which only senior associates and partners were allowed to have ideas. The best law firms have always wanted trainees and associates to be proactive.

What has increased is the pace at which firms get results from the teams they put together for individual transactions, combining partners, associates and trainees. Technology has relieved the younger team members of most of mindless tasks such as faxing huge documents and freed them to think.

Slaughter and May's extensive corporate governance review for the Rugby Football Union is a case in point. The firm put together a team of two partners, two associates and two trainees for a politically delicate assignment where

'We want something we believe is crucial for our business: students who are streetwise and have a sense of business'

practical solutions were often more important than legal knowledge.

Technology is also giving younger lawyers more involvement in their firms' business development. One recently qualified solicitor says her firm "really liked to use its trainees for expanding its technological offering to its clients, setting up blogs and Twitter accounts".

Associates are being encouraged to build external relationships that may help win work. Or they are being taught how to pitch for business, as in Baker & McKenzie's Pitching to Win masterclass programme for senior associates.

For trainees, the two years of pre-qualification training can still be a mixed experience, involving a certain amount of "grunt work".

As Houthoff Buruma's Mr Bosman says: "Even our partners have to do boring stuff from time to time and you have to learn to do that – it's not all rock and roll."

RESEARCH & AWARD SUPPORTED BY



● MOST INNOVATIVE FIRMS IN CORPORATE STRATEGY

	Score	
Axiom	25	The alternative to the law firm model, the firm's strategy is now winning top-value work from blue-chip clients.
Eversheds	23	A particularly robust people strategy ensures it achieves top results in the diversity, social responsibility and cultural stakes.
Portolano Cavallo	21	Lovemarks: a new approach to developing its client-facing brand to inspire "loyalty above reason".
Ashurst	20	The New Silk Road: a new forum to realise its strategy in emerging markets.
CMS	20	A concerted series of talent development initiatives that ties its people and client strategies together.
Freshfields Bruckhaus Deringer	20	Partnering with the London 2012 Olympics has significantly enhanced the firm's brand with its people and its clients.
Houthoff Buruma	20	The Game: iPad app to recruit graduates through virtual simulation of a deal.
ISFIN	20	A group of firms seeking to exploit the growing demand for Sharia-compliant products worldwide.
Taylor Wessing	20	A focused industry sector strategy has achieved double-digit growth in a slow market.
Țuca Zbârcea & Asociații	20	Combining with Grayling, the public affairs firm, to create a new market and service for clients.
Addleshaw Goddard	19	Pricing strategy: showing impressive learning from other industries, the firm offers options to suit all client needs.
Axiom	19	Adding to its offering with an outsourcing business to achieve huge efficiencies for clients.
DLA Piper	19	An experiential, Emea-wide training programme that accelerates its lawyers' learning.
Gómez-Acebo & Pombo	19	A bold international strategy that takes the firm from a slow start into new markets.
Noerr	19	A values strategy that shows a systematic and integrative approach.
Ashurst	18	Taking gender diversity seriously, the firm has introduced targets for women partners.
Baker & McKenzie	18	A strategy for developing all its lawyers into pitch winning, commercial advisers.
CMS	18	Consolidating its European footprint through achieving a Swiss <i>Verein</i> approach to expansion.
Freshfields Bruckhaus Deringer	18	A suite of unique global campaigns that addresses client needs with a mix of insights and tools.
Linklaters	18	A report on health company innovation has enhanced the firm as a key adviser to the industry.
Matheson Ormsby Prentice	18	A strategy for making itself the go-to firm for international companies doing business in Ireland.
Mayer Brown	18	A management tool to prioritise the firm's investment in lateral partner hiring.
Roxin Rechtsanwälte	18	The first white collar crime alliance of firms to offer cross-border services to business.

Standout

Highly commended

Commended

SPAIN

SPANISH INDEPENDENCE

The long absence of international law firms from Spain has allowed domestic practices to build their profile, says **Miles Johnson**

Spanish business has endured a bruising time since the onset of the financial crisis, with several once mighty institutions left humbled by the collapse of the country's decade-long property bubble.

Yet while once sturdy pillars of the Spanish economy such as banks and construction companies have suffered, the country's law partnerships have so far managed retain both their market share at home, and their reputations abroad.

While British and American international law firms have won large chunks of the French and German domestic markets, indigenous legal partnerships in Spain have retained their status as the leading firms operating in the country. During the economic crisis, leading Spanish law firms have successfully maintained their strength, winning roles on most of the key transactions launched by companies needing to refinance debt or sell assets, and using their practices in other areas such as litigation to compensate for a general drop in corporate dealmaking.

For Luis de Carlos, managing partner at Uría Menéndez, one of Spain's leading partnerships, the continuing strength of domestic law firms has its roots in both historical factors, and the range of services and personal relationships they can offer Spanish clients.

"Spanish firms are more diversified and have more practices which go deeper, and so for these troubled times are probably better equipped than Anglo-Saxon firms that are more specialised," he says.

● MOST INNOVATIVE NON-UK EUROPEAN LAW FIRMS

	FT Law 50 Score (/100)	
Garrigues, Spain	70	Creating new services that clients say anticipate their needs and innovating in a major tax case.
Uría Menéndez, Spain	59	Leading the largest successful Madoff claim and providing smart solutions to help Spanish banks navigate the new landscape.
Țuca Zbârcea & Asociații, Romania	54	Forward-thinking client services to help businesses invest and grow in this developing market keep the firm fresh.
Cuatrecasas, Gonçalves Pereira, Spain	53	Saving an iconic Spanish company and proactive facilitation of client networks and investments abroad.
Portolano Cavallo, Italy	52	Imaginative branding initiatives and new services to stay at the cutting edge of Italy's technology and media sectors.
PLMJ, Portugal	47	Legal firsts in Portugal and a comprehensive service to help company boardrooms structure remuneration packages.
Gide Loyrette Nouel, France	43	Imaginative approaches to project financing including a pioneering structure for Senegal's international airport.
McCann FitzGerald, Ireland	41	Strong wins for clients at the frontline of some of Ireland's highest-profile restructurings and bankruptcies.
Noerr, Germany	41	Attracting talent through a systematic approach to redefining and promoting core values and culture.
Houthoff Buruma, Netherlands	40	A suite of new technologies is changing how the firm engages with graduate recruits and clients.
Vieira de Almeida, Portugal	38	Assisting clients through complex structuring and regulatory challenges in untested environments.
NCTM, Italy	37	A new model of partnering with major clients and market-leading knowledge sharing in Italy.
Gómez-Acebo & Pombo, Spain	36	Developing new approaches to restructuring in Spain and a clear long-term strategy to establish the firm internationally.
Matheson Ormsby Prentice, Ireland	36	A bold strategy to focus on international clients is helping the firm differentiate itself from peers.
NautaDutilh, Netherlands	34	The creative application of a US financing structure in the Netherlands allowed a major deal to go ahead.



Domestic Spanish legal partnerships, such as Uría Menéndez, Cuatrecasas, Garrigues and Gómez-Acebo & Pombo, were also able to professionalise with less initial competition than their equivalents in France and Germany, as international law firms only began to arrive in Spain relatively late, with the country not viewed in the 1980s as a priority European market.

Uría Menéndez has, along with other part-

● **Spanish law firms continue to succeed even in a time of crisis**

GETTY

nerships in Spain, been able to work increasingly internationally as its Spanish corporate clients have expanded abroad, and has worked on constructing innovative legal solutions to complicated cross-border cases.

One recent example was helping investors in a fund management business operated by Banco Santander work towards recovering money lost in its ill-fated investment in Bernard Madoff's Ponzi scheme, collaborating with teams of lawyers in the US and the Bahamas.

Another example of Uría Menéndez's increasingly international work was its advice provided to Isolux Corsán on what became the first cross-border joint venture for a major Spanish group involving infrastructure projects in India.

Manuel Martin, managing partner at Gómez-Acebo & Pombo, says that the Spanish law firms continue to be able to attract the best young talent because of their prestige at home, and benefit from most of their lawyers having experience of living, working and studying abroad. ►

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SPAIN

'Law is something very local. It is not just providing legal services but also knowing the culture'

◀ "We offer similar services to foreign firms, but law is something very local. It is not just providing legal services but also knowing the culture," he says. "In our case, quite a number of partners have been trained not only in Spain but also abroad, with masters from foreign universities, or participated in foreign training programmes. So we also know the cultures in New York and in London."

For Fernando Vives, managing partner of Garrigues, another of Spain's leading legal firms, many of the country's traditional practitioners have maintained their market share because they acted quickly to adopt the same practices and operational structures of the international companies that would eventually try to challenge them.

"While many firms were once owned by individuals, they are now different from the firms of the first generation where there was a founding owner," he says. "In Garrigues now no partner has more than 2 per cent of the firm, meaning it is prepared for the subsequent generations."

Mr Vives also argues that the relatively late arrival of British and US rivals, with the major-

ity only making a big push after Spain had joined the EU in the mid-1980s, meant new entrants faced more sophisticated domestic competition. "The Spanish market really is not a market that had any importance until later on," he says. "In Italy, France, and Germany, the Anglo-Saxon firms arrived much earlier, when there were not firms managed with international practices yet."

Garrigues is another example of a legal partnership that has benefited from its strength across various practices, with its competence in litigation demonstrated by a successful challenge against local municipalities attempting to impose taxes on mobile phone operators in Spain. The case was one of the first in Spain to go to the European Court of Justice.

This continuing success of domestic law firms, especially during a time of crisis for other important parts of the Spanish business landscape, has left lawyers in Madrid confident that their dominance can continue.

"The top firms in Spain are profitable and prestigious, and can recruit the top new lawyers," says Luis de Carlos of Uría Menéndez. "We are proud of what we have achieved."

Your ambition

Our mission



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INDONESIA (ASSOCIATED OFFICE) ITALY JAPAN PAPUA NEW GUINEA SINGAPORE SPAIN
SWEDEN UNITED ARAB EMIRATES UNITED KINGDOM UNITED STATES OF AMERICA

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*Based on Forbes 'Most Innovative Companies' list 2012

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