

# Efficiency by technology

In an exclusive roundtable hosted by *The Lawyer* and Consilio, lawyers share their secrets to winning the 'more for less' debate in the boardroom

**H**ow do FTSE 100 companies manage legal spend? According to the companies' top lawyers, it is a large-scale balancing act between creating value for money and effective horizon scanning for future risk.

Barclays general counsel of operations and technology Rob Dinning; Shell head of legal and director Michael Coates; Pearson assistant GC Vicky Lockie; Tesco Stores litigation and investigations legal director Kay Majid; and Sky UK director of legal Fiona McLaren were among the line-up of 14 top in-house lawyers at the roundtable hosted by *The Lawyer's* deputy editor Matt Byrne.

The average number of lawyers in FTSE 100 companies attending the roundtable varied significantly from eight to 700 globally, putting the average size of a FTSE legal team at 163. Despite this, their problems are mostly universal.

Many of these GCs are facing demands to cut legal spend and increase value to the business, reflecting the trend in the wider market.

"Constantly we are asked to reduce our legal spend," BT's M&A chief counsel Rachel Canham says. "This year we got a cut of 5 per cent. As lawyers move on within the organisation and elsewhere, we are still expected to deliver the same level of work. It's challenging, but it's about putting together a business case for those resources."

"We are a function supporting a broader business. If efficiencies are required then often the pain is shared across the enterprise," Coates says. "This can present a challenge because the demand for legal support is increasing, regulatory demands are also increasing, and at best you're stable with your resources. So you need to do more with less and learn to work more effectively."

"There is a perceived tension between the potential value we know we can add [as a legal function] and the resources available. How you reconcile that and demonstrate value is a constant challenge. Not all legal work is of equal value or importance and so we need to focus on where the key opportunities and risks lie."

## Tech tools

More than ever before, general counsel are using technology to back their demand for more resources, or to demonstrate the value that the present team contributes to the business.

E-billing systems may be increasingly popular within the FTSE 100 ranks, but it is notable that only around half of the attendees confirmed having a system in place within their teams.

"E-billing in the US is more of a staple," confirms Consilio managing director Robin Snasdell, "as is analysis of the external and internal spend to get metrics. That way companies can balance the fixed cost of internal lawyers."

Thanks to technology such as benchmarking and e-billing, the Royal Mail's Maaïke de Bie was not only able to justify growing her team but also demonstrated how much value the team has brought to the company and where the actual legal spend was the highest.

"Over the years, our team was cut back too deep. Some years ago we had a team of well over a 100 and this has gradually been cut back to recently just 24 lawyers," she says. "We are now addressing this huge gap. I have been able to demonstrate with the help of these tools that it's a false economy, because our external spend was disproportionately high. I needed to go against the trend of reducing headcount, and go to my CFO to show that by hiring 15 new lawyers I would be able to achieve significant savings on legal spend overall."

"There is this general perception that lawyers are expensive. I was able to give detailed metrics about what the lawyers were doing and where our legal spend is actually the highest – and it isn't with those lawyers that are traditionally seen as very expensive."

Pearson's Lockie, who led a technology transformation in-house at the global publisher, believes in changing the way GCs talk about budget.

"The starting point is collecting data," she says. "Your CFO isn't interested in the nuts and bolts of a legal function. They're interested in the legal risk and the costs associated with it."

## Attendees

**Aviva Investors** head of legal Jonathan Price

**Babcock International Group** general counsel, support services division, Meng Liang

**Barclays Bank** general counsel of operations and technology Rob Dinning

**BP** managing counsel of global technology and sourcing Andrew Stewart

**British Gas/Centrica** lead counsel of financial services Julian Sinclair

**BT M&A** chief counsel Rachel Canham

**Consilio** managing director Drew Macaulay

**Consilio** managing director Robin Snasdell

**Lloyds Banking Group** general counsel for litigation regulatory and competition Tom Spender

**Marks & Spencer** legal practice manager Flora Cox

**Pearson** assistant general counsel, strategy, Vicky Lockie

**Royal Mail** group general counsel Maaïke de Bie

**Shell** head of legal and director Michael Coates

**Sky UK** director of legal Fiona McLaren

**Tesco Stores** litigation and investigations legal director Kay Majid

**Wolesley** general counsel and company secretary Richard Shoykov

## Chairs

Matt Byrne, deputy editor, and Natasha Bernal, news editor, *The Lawyer*



Rachel Canham and Drew Macaulay



l-r: Fiona McLaren, Vicky Lockie and The Lawyer's Natasha Bernal



l-r: Rob Dinning and Michael Coates



Vicky Lockie



l-r: Natasha Bernal, Tom Spender, Julian Sinclair and Rob Denning



l-r: Maaïke de Bie, Rachel Canham and Drew Macaulay



Meng Liang

## GC strategy in association with Consilio



l-r (facing): Matt Byrne, Robin Snasdell, Kay Majid, Richard Shoylekov



l-r: Rob Dinning, Michael Coates, Maaïke de Bie and Rachel Canham

### The new-age in-house team

Royal Mail and Barclays were the only attending companies to have set up a low-cost centre, in Sheffield and Birmingham respectively, while Berwin Leighton Paisner launched a low-cost centre in Manchester partly at the instigation of major client BT. Despite rumours about the difficulty recruiting talent, both report growing teams that work well for their business.

Those who do rely on external law firms say they are not too happy with the results, claiming that many have “outdated models” that do not motivate them to offer solutions to clients.

Some, like Royal Mail’s de Bie, have turned to different people to act as their solutions sounding board.

“I have developed my own network of in-house lawyers to learn and share ideas, as we’re all trying to square the same circle” de Bie says. “Law firms see what they offer as intellectual property, and unfortunately I don’t see partners in most firms incentivised to share helpful knowledge gained from their experience with their clients across, so that it can be passed on to other partners’ clients.”

The demand is clear: firms should stop making excuses and start delivering solutions that cut costs for commoditised work.

Effective outsourcing is about developing the right technology to do it without risk. FTSE 100 GCs claim if they can start introducing tech, they can deal with these sourcing issues, separating law firms for strategic and high-value work.

Do not say that your team will do more for less, Lockie warns. “Try instead to reframe the discussion by saying ‘this budget will let us do this much but these things are going to have to change’. That provokes a change in the discussion.”

If companies want low to no risk, they will have to dig deep to boost legal spend budget, lawyers claim.

“It’s like an insurance policy,” Lockie claims.

Systems that ‘feed’ into others, like e-billing, are proving to be popular among the UK’s biggest companies. Time-keeping is the most widespread of these, with in-house counsel using it to “refocus lawyers on higher-risk work that does matter”.

“If it’s repeat work then this can be automated,” says BT’s Canham. “This can be done by non-lawyer experts.”

## Technology, strategy and avoiding white elephants

Legal efficiency was the theme of our roundtable event and the breadth of the conversation that took place showed just how many facets there are to this ever more important topic. For some, the focus was cost effectively managing external teams, while for others growing their internal capabilities was the primary goal. Either way, the pressure to do more with a lower overall budget was universally felt around the table. Before considering whether the people, processes and technology involved in delivery of legal support to the business are optimal, it is important to take a step back and define what exactly the business wants and needs from its legal department.

Amongst the corporations represented, legal department sizes and structures varied dramatically from minimally-staffed teams focused on a risk management mandate and outsourcing nearly all legal project work, to very large and sophisticated organisations whose aim is to resource all legal work internally.

Making a case for which model is most efficient for a given business is a challenging endeavour, but starts with identifying at a granular level the work required from the legal team. If, as is the case for some corpo-

rations, the business is prepared to manage lower level tasks such as NDAs, contract creation and term negotiations within the business units themselves, then the legal team can be smaller and focused on higher level tasks. If embedding lawyers within business units is desirable from a business support and/or compliance perspective then a larger team with more sophisticated management structures, processes and technology may be required.

Once the decision is made on the strategic priority for the department, legal teams can focus on delivering efficiency, be that through improved internal processes supported by technologies such as case management systems, contract lifecycle management, process automation/workflow tools or efficient management of the external costs using tools such as electronic billing systems. In either case, technology solutions can automate, streamline or assist in the management of a variety of legal tasks but in-house counsel should take the requisite care with planning and implementation to avoid the technologies becoming expensive white elephants.

If implemented correctly, one of the major benefits of these systems is the management information that can be collated and

“The pressure to do more with a lower overall budget was universally felt around the table”

analysed to aid management reporting and guide decision making, be that a detailed breakdown of external legal spend or a comprehensive analysis of the internal costs of insourcing a particular element of work. This information is becoming more and more vital as CFOs more often than not look to the legal department for budget reductions and require in-depth financial analysis to support spending. For a GC, it has never been more important to stay one step ahead.