

Law360's Global 20 Doesn't Acknowledge Global Networks

By **Glenn Cunningham** (July 24, 2018, 12:30 PM EDT)

I read with great interest the recent report on Law360, which analyzed the Top 20 Global Law Firms of 2018, both in terms of their international reach and the type of work they handle.

However, as I read on, I could not help but notice that the article only tells part of the story. With 7,000 lawyers worldwide in over 140 cities and growing, elite networks such as ours compare very favorably with global law firms in terms of their geographic coverage, legal expertise, and awareness of local cultures and customs.

The past two years in particular have seen the distinction between global law firms and networks become increasingly blurred with both mimicking each other more than ever before, and it is a trend that looks set to continue as both models go head-to-head in winning the hearts and minds of clients with increasingly complex needs. But international firms trying to imitate the network model face a distinct disadvantage — the hefty cost of maintaining a vast infrastructure, which will inevitably be passed on to the client. This is obviously not a concern for independent firms that adopt the network model, meaning they are able to offer better value for money.

For clients, having access to alternative providers of global legal services is becoming increasingly important. We recently conducted independent research of more than 100 general counsel and senior lawyers at 55 independent law firms across 41 countries, which revealed what today's global client is seeking from its legal provider. The study, "Global Legal Services in a Disruptive World,"^[1] found that quality in all the locations in which an organization operates was the overriding factor when instructing external lawyers, with 87 percent of GCs more focused on the caliber of the service they receive than the structure of the provider.

The research also highlighted that client demand for consistently high standards across all geographical markets may prove increasingly problematic for traditional global law firms to deliver on. Though the Law360 report demonstrated the reach of global firms, and that some are tactically targeting emerging markets for the launch of new offices, our own analysis demonstrates the difficulty faced by global firms in achieving their goals. Our research identified global law firms' coverage as being less extensive with an astonishing 83 percent of the lawyers at the top 30 "international law firms" actually being based in just Europe or North America. That is indeed a far cry from how the international firms would like the market to view them.



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Fundamentally, global GCs are in search of something new. Frustrated by the limitations of the reportedly inconsistent and fragmented service offered by traditional international law firms, multinational corporations are after high quality advice, delivered seamlessly across borders. So while it may be helpful for major law firms to expand into previously uncharted territories, the same old rules ring true; quality, true local coverage, and genuine value must always take precedence.

Indeed, almost half (46 percent) of the GCs involved in the Interlaw study said they already use or intend to use a network of independent firms. Of those who had already worked with a global network, a very encouraging 77 percent described their experience as good or excellent, with local insight and understanding of local culture cited as the most important benefit.

As more alternative providers enter the market, the dominance of big international firms will inevitably be eroded, especially as clients become increasingly open to new ways of working. Consequently, so-called NewLaw providers are proving to be serious competition to the well-established BigLaw firms. But how else is NewLaw differentiating itself from BigLaw and who is really driving the agenda for a different way of delivering legal advice across an ever more interconnected world?

Ultimately, NewLaw is being defined by clients — it is their agenda and if we are to remain relevant then we as a sector must adapt and evolve by embracing the following six common characteristics, which we believe is what clients really want from their legal services providers.

Borderless — One of the biggest criticisms of traditional firms is their inability to smash the barriers between international offices. Instead, a protectionist culture, which often results in outright hostility, has been allowed to thrive so the revenues of individual jurisdictions can be shielded. In contrast, clients need their global legal services providers to adopt a more holistic approach, providing a smooth and seamless navigation through the various regulatory regimes around the world.

Tech-Savvy — Like all sectors, technology is revolutionizing the way legal services are and will be delivered in the future. From artificial intelligence to blockchain, NewLaw pioneers are investing heavily in their technological infrastructure to bring greater efficiencies, security and value for clients. The next generation of GCs will have technology running through their veins, never having experienced a world without the internet or smart applications. They will have different expectations about the way professional services should be delivered and the sector must be poised to respond.

Enterprising — Clients are looking for resourceful lawyers who can provide creative solutions to increasingly complex challenges. This goes further than simply having commercial acumen, it is about adopting a more versatile and consultative mind-set.

Agile — To deliver the seamless, global service that GCs are seeking, new law providers are heavily focused on ensuring their businesses can quickly respond to client needs. Being able to instantly mobilize a team of lawyers from different parts of the world who have the infrastructure in place to work together and give quality, localized insight is the ultimate goal.

Accessible — As well as immediacy of access to legal advice anywhere in the world, clients are increasingly looking for simplicity and clarity in the way it is delivered. Technology applications will play a role in this, but it will also require a shift in the way lawyers communicate and interact with their clients.

Ethical — Research shows that millennials and, to a greater extent, Generation Z, which is following close behind, have a greater social conscious both in their personal and working lives. The values and ethos of legal services providers and how they compare to that of their clients is therefore likely to be subjected to greater scrutiny and have a more significant bearing on the purchasing decisions made by GCs.

Without the overbearing shackles of weighty corporate infrastructure, independent law firms who make up the membership of elite networks have the built-in agility to respond quickly to the evolving demands of global GCs. What's more, having chosen to be part of a network, there is a built-in desire to collaborate and cooperate with fellow members in the best interests of the client.

However, we are acutely aware of the need for further work to be done before networks are considered to be on a par with international law firms. While many GCs who took part in our research described networks as “convenient,” “dependable,” “efficient” and “effective,” some in-house lawyers used words such as “complicated” and “confusing” to describe the model. Networks also did not score as highly as international firms on their ability to use consistent working practices, such as billing and project management.

While the Law360 report shows that major law firms recognize that there is a demand from clients, global or otherwise, for local offices with local legal expertise and cultural awareness, there is still plenty to be done to meet the needs of this new breed of global client. This needs to be addressed by us just as much as our rival networks and of course BigLaw. However, we are undaunted by the challenge that lies ahead as we believe strong networks are in pole position to deliver. Networks are all about togetherness — if the increased global outreach of international law firms is a reaction to clients defining new law, then it is the networks that are driving this agenda forward.

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[1] <http://www.interlaw.org/global-legal-services-in-a-disruptive-world/>