

2011 Global Corporate Counsel Survey:

Selecting Outside Counsel in Foreign Jurisdictions



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Introduction

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In 2011, Lex Mundi and LexisNexis paired up to conduct a Web-based survey of Chief Legal Officers and other in-house lawyers at companies throughout the world.

The goal of the survey was to study the ways corporate counsel locate outside counsel in foreign jurisdictions for both single- and multiple-jurisdictional matters. The survey also probed related issues, such as countries and legal areas where the volume of work is predicted to grow as well as the status of the in-house legal department.

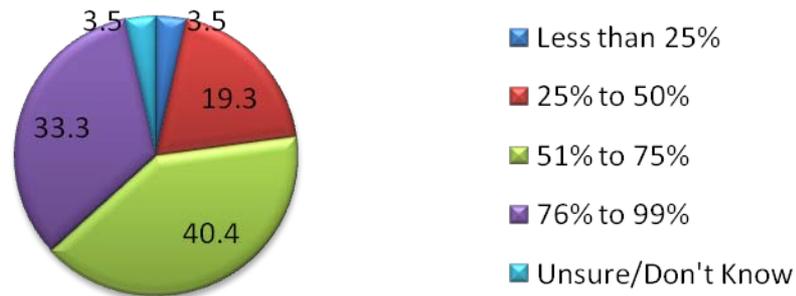
The survey results are summarized in this report.



Survey Results

Legal departments are handling a substantial of the company's work in house.

Percentage of legal work being handled in house:

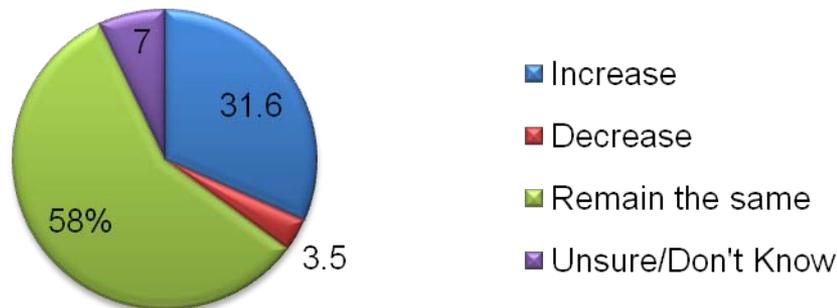


When asked what percentage of their company's legal work is being done in house, 74% indicated more than half.

Survey Results

Companies expect their in-house legal departments to stay the same size or grow over the next year.

Anticipated changes to the size of the in-house legal department in the next 12 months:

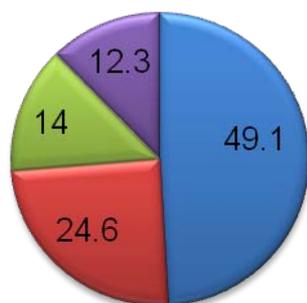


Only 4% of the respondents said the company has plans to decrease the size of the legal department. The reasons for growing the legal department are many, including: a need for different expertise in house (e.g., regulatory); the growth and activity of the company, including M&A; and, a desire to reduce outside legal assistance and cost.

Survey Results

Three-quarters of the companies have ongoing international/cross-border legal matters..

Volume of international legal matters:



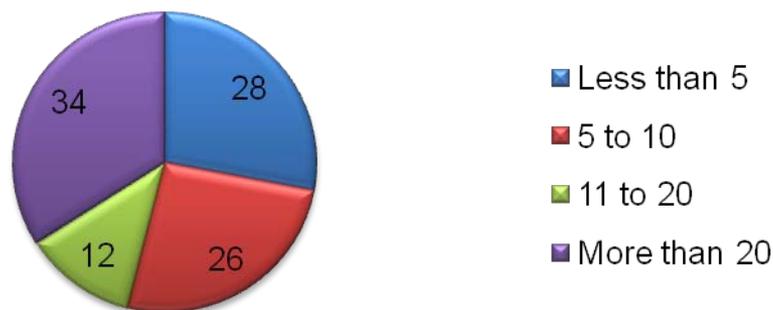
- Ongoing international legal matters in a wide range of areas of law
- Ongoing international legal matters in one or a few areas of law
- Occasional one-off international legal matters (e.g., litigation)
- No international legal work

Almost half of the companies have ongoing international/cross-border legal matters in a wide range of areas of law, and another quarter have ongoing international/cross-border legal matters in one or a few areas of law.

Survey Results

In 2010, most of the companies had 5 or more matters requiring outside counsel in another country.

Number of matters requiring hiring outside counsel in another country in 2010:

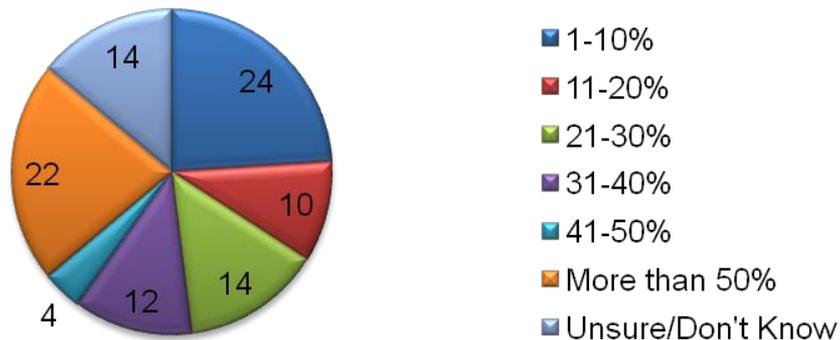


More than 72% of the respondents with international legal issues had 5 or more matters requiring hiring outside counsel in another country in 2010, although 34% had more than 20 such matters last year.

Survey Results

More than 20% of the companies spent the majority of their legal budget in 2010 on matters outside their home country in 2010.

Percentage of legal budget going to matters outside home country in 2010:



The places where the companies currently have the most legal issues outside their home countries are:

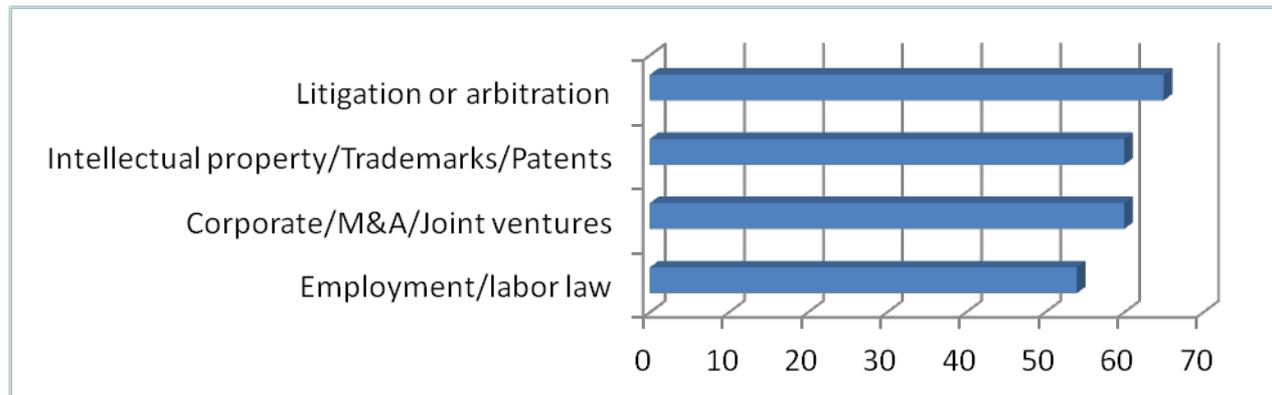
- Western Europe (33%)
- US (32%)
- China (25%)

The greatest percentage of respondents spent 10% or less of their legal budgets on matters in countries other than their company's headquarters last year, although a large number (22%) spent more than half of their legal budget on matters outside their home country.

Survey Results

Litigation/arbitration was named as the most frequent legal issue faced in other jurisdictions.

Most frequent international legal issues:

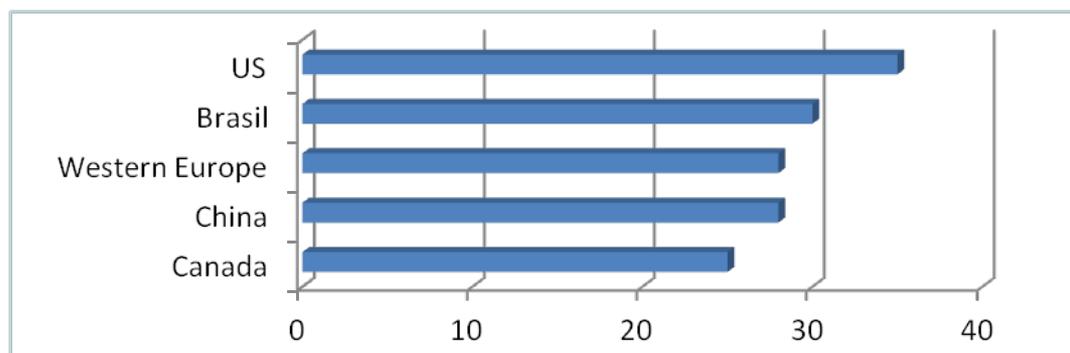


In addition to litigation/arbitration (65%), areas noted by more than half the participants are: intellectual property matters (60%); corporate matters (e.g., M&A) (60%); and, labor and employment law (54%).

Survey Results

When asked where they anticipate they will have new legal needs outside their home country in the next two to five years, the U.S. was at the top of the list.

Jurisdictions where legal issues are anticipated in 2-5 years:

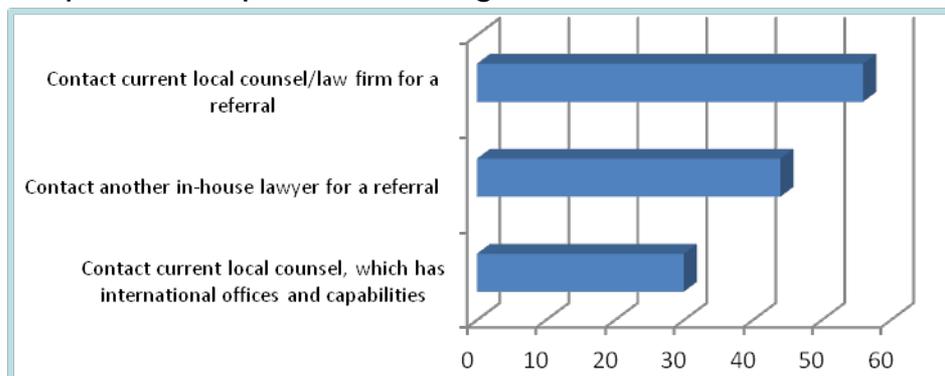


The U.S. (35%), Brazil (30%), Western Europe (28%), China (28%) and Canada (25%) were all mentioned by a quarter or more of the companies.

Survey Results

When seeking outside counsel in a country where they do not have an established relationship, in-house lawyers start by asking someone they know.

Top three steps for selecting a law firm in another country:



Not surprisingly, respondents turn to someone they know for a referral, including their local law firm (56%), another in-house lawyer (44%) or current counsel with international offices (30%). When they have recurring work in another jurisdiction or country, 60% contact the same firm repeatedly.

Survey Results

In most cases, the Chief Legal Officer or General Counsel is responsible for selecting law firms, both domestically and internationally.

Who selects law firms—Matters in home country:



Who selects law firms—International legal matters:

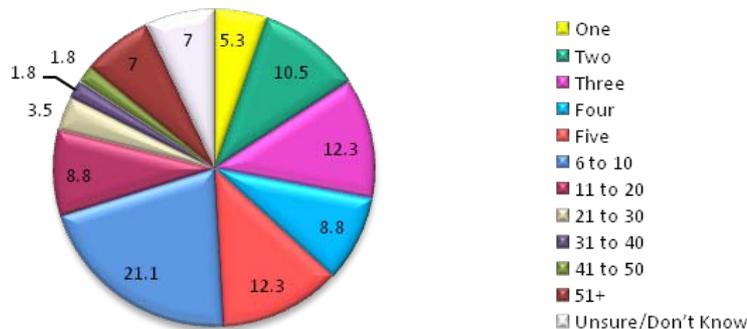


When asked who in the organization selects outside counsel, in 90% of the companies, it is the responsibility of the Chief Legal Officer/General Counsel for matters within their home country; for those companies with international legal work, 77% said the CLO makes that call.

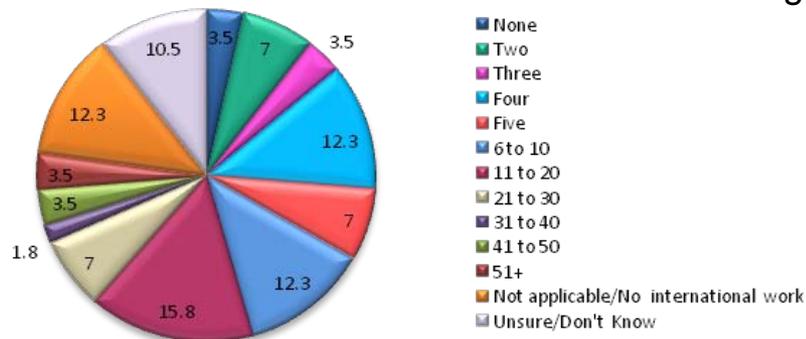
Survey Results

While companies have consolidated law firms in their home country, they are using more firms for international legal issues.

Number of law firms used in 2010—Matters in home country:



Number of law firms used in 2010—International legal matters:

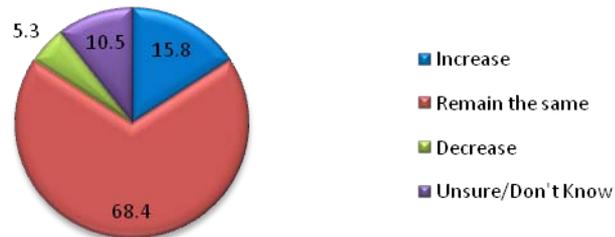


In 2010, nearly half of the companies used five or fewer outside law firms for legal matters in their own country. For international legal matters, only one-third of the companies used five or fewer firms in 2010.

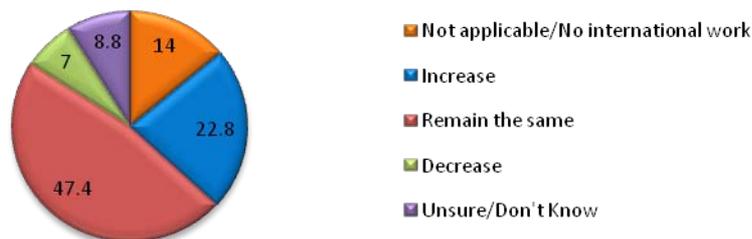
Survey Results

Within the next year, most companies plan to increase or maintain the amount of work going to outside counsel, both nationally and internationally.

Amount of work going to outside counsel in next 12 months—Matters in home country:



Amount of work going to outside counsel in next 12 months—International legal matters:



In the next year, 84% of the respondents plan to either increase the amount of work going to outside counsel nationally or keep it the same; 70% plan to increase or keep it the same for international work.

Survey Results

Very few companies plan to reduce the number of outside law firms employed by the organization.

Number of outside counsel used in next 12 months:

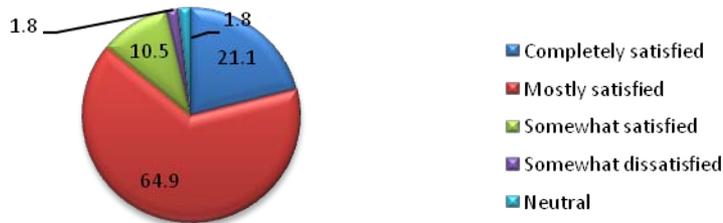


In the next year, just 2% of the respondents plan to decrease the number of outside law firms used.

Survey Results

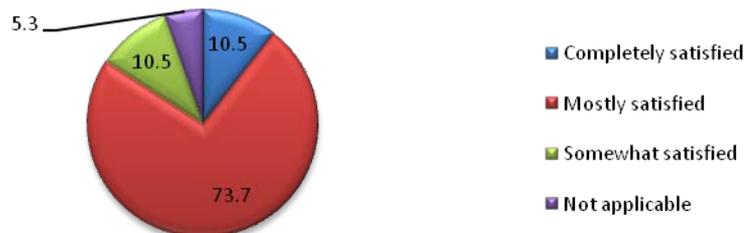
The level of satisfaction with outside counsel depends on the nature of the relationship.

Satisfaction with outside counsel—Primary outside counsel:



For both *primary* outside counsel and *other firms within their home country*, most of the companies claim to be satisfied (86% and 85%, respectively). The satisfaction level goes down for law firms *outside their home country*.

Satisfaction with outside counsel—Other counsel within home country:



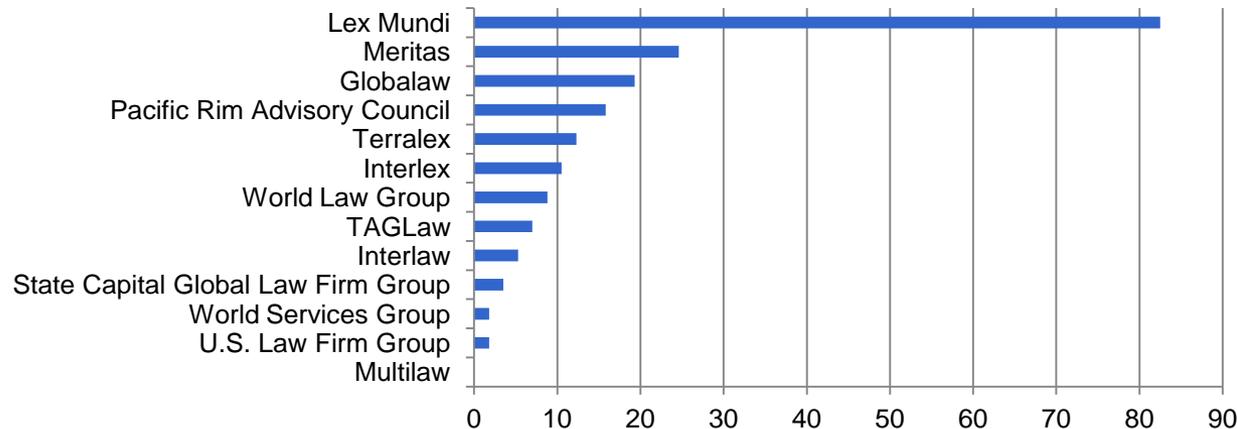
Satisfaction with outside counsel—Other counsel outside home country:



Survey Results

Lex Mundi is the most-recognized law firm network.

Familiarity with law firm networks:



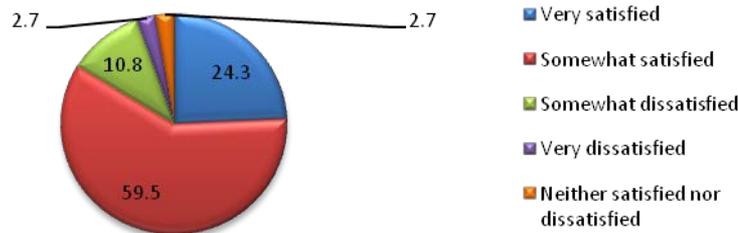
The level of familiarity with Lex Mundi (83%) was more than three times that of the next network (25%). In addition, 40% of the companies had worked with a Lex Mundi member firm, and 9% had selected a Lex Mundi firm to work with them solely based on its membership in Lex Mundi.



Survey Results

Nearly two-thirds of the companies have used an international or global firm to coordinate a multi-jurisdictional matter; 28% have used a law firm network.

Level of satisfaction with the way the matter was coordinated—International/global law firm:



Level of satisfaction with the way the matter was coordinated—Law firm network:



While both groups were satisfied with the experience, the level of “very satisfied” companies was higher (38%) for the networks than for the international firms (24%).



Appendix – Who Completed the Survey?

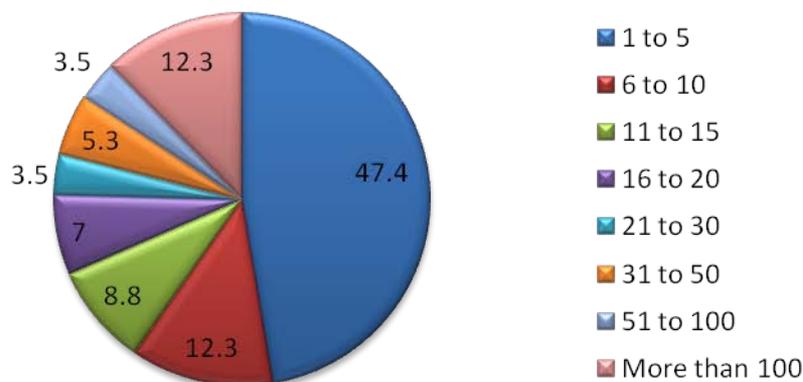
Titles



The largest number of survey respondents (60%) has the title of General Counsel or Chief Legal Officer (CLO) for their companies.

Appendix – Who Completed the Survey?

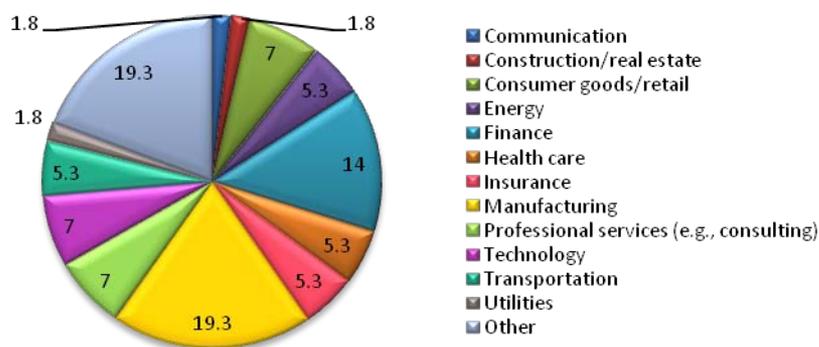
Size of the In-house Legal Department



About 60% of the responding companies have 10 or fewer in-house counsel but 12% have in-house legal staffs with more than 100 individuals.

Appendix – Who Completed the Survey?

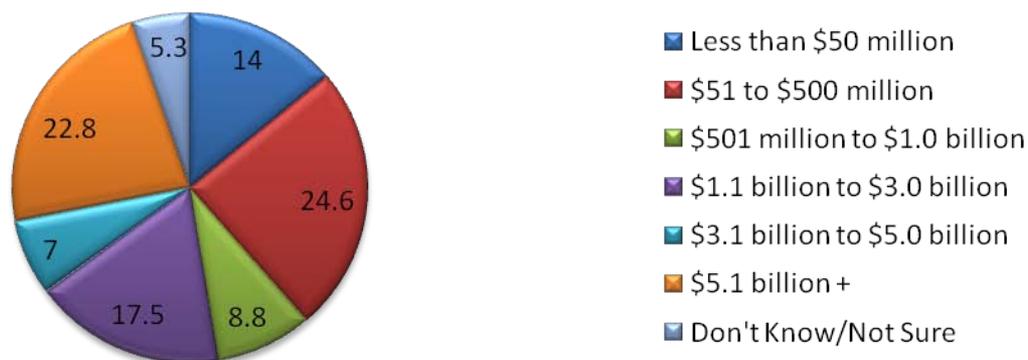
Industries



The largest number of respondents represents the manufacturing (29%) and finance (14%) industries.

Appendix – Who Completed the Survey?

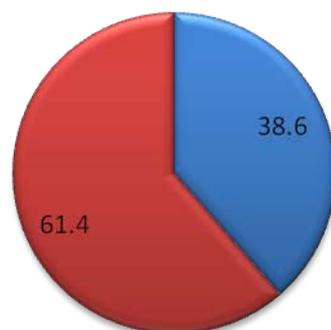
Revenues



Annual revenues for participating companies run the gamut from less than \$50 million to more than \$5 billion, with 23% of the companies reporting annual revenues in 2010 of more than \$5 billion.

Appendix – Who Completed the Survey?

International Business



- National: At least 80% of our revenue comes from outside our home country
- International: More than 20% of our revenue comes from outside of our home country

The companies in the survey represent 15 countries, and 61% derive more than 20% of their revenue from outside their home country. Nearly one-third operates or sells products in more than 50 countries.

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