

Acritas Insight Report

ADVISORY BOARD AND PANEL
2012 ONLINE ROUNDTABLE
DISCUSSION SERIES



Profit from Panel Firm Management Innovation

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On 22 March, Acritas hosted a web seminar on 'Panel Firm Management Innovation' for its Advisory Board members and SharpLegal respondent panel.

Over 25 General Counsel and Law Firm Leaders from around the world dialled into the call. The major themes and points discussed are provided below.

Speakers:

Justin McCarthy, Senior Vice President and Associate General Counsel of Pfizer, Chief Counsel for Pfizer's worldwide Research & Development division. He is responsible for co-ordinating legal support for the company's research activities. Justin has led design implementation of their outside counsel program that aims to fundamentally alter relationships between law firms and Pfizer's law departments.

Bonella Ramsay, Partner at DLA Piper heads the IP group and the UK Pharmaceuticals and Bioscience practice. Pfizer works with DLA Piper both in the UK and internationally.

What is the rationale behind implementing a new form of law firm panel management?

When Amy Schulman became GC of Pfizer, there were several existing programs in place and 80 law firms managed about 75% of Pfizer's legal work, making for a fragmented approach to outsourcing legal expertise. A few hundred did the other 25% of legal world globally.

Pfizer did not want to consolidate into one of the existing programs but instead intended to build a new approach to panel management that not only considered what Pfizer sought most from external counsel in terms of the relationships with law firms but also a program that could fix what it believed was a broken Billable-Hour model.

Pfizer found the Billable-Hour model to:

- ▶ Promote inefficiency
- ▶ Breed mistrust between in-house and outside counsel
- ▶ Foster relationships that often focused on discrete matters
- ▶ Cultivate incentives that were not aligned to produce proactive lawyering; appropriately aligned incentives are critical to have a strong relationship with law firms. Taking the example of asking someone to prepare a contract for Pfizer where Lawyer A takes 20 hours and Lawyer B takes 2 hours. Lawyer A would be more efficient to the in-house law department although Lawyer A would be more efficient to

the law firm as they are billing more hours to the law firm. That is a misalignment of incentives and a bad reflection of true value. This was a key driver of seeking the new model.

Pfizer also felt that team work and collaboration, which are instrumental to proactive and strategic legal counselling, can also be obstructed due to task-based billing. Outside of a crisis or a matter it is difficult for law firms and in-house legal departments to think strategically; if the clock is ticking, the company only contacts the outside counsel when something is urgent.

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Sharplegal: What is involved?

The survey is conducted by phone. Your interview will take approximately 10 minutes to complete, depending on the length of your answers. Your responses will be gathered in line with the Market Research Society's Code of Conduct ie Acritas will keep your individual answers strictly confidential and they will not be forwarded to any third party without your permission.

Take part

To schedule a convenient time to be interviewed please contact Michelle mnesbitt-burrell@acritas.com or call +44(0) 808 1783020