

Acritas
SHARPER INSIGHT

Buying Legal Services in China

SHARPLEGAL INSIGHT GUIDE 2012



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Introduction

This exclusive report has been specifically prepared for in-house counsel with responsibility for buying legal services in China.

Drawing on data and quotes from Acritas' Sharplegal, the world's most comprehensive study of the global legal market, the report explores a focused area of the research to provide you with background on what to expect when purchasing legal services in China.

Through insight generated from peers, this guide will help you to:

- ▶ Understand the current trends and challenges faced by clients in the Chinese market and help you understand what to expect from Chinese law firms
- ▶ Discover the differences in strengths and weaknesses of using Chinese and international law firms to help you select and demand the best from your chosen law firm
- ▶ Identify the firms most used for high value work and those most often considered for specialist work types, to inform your decision-making process when instructing firms for specific work types
- ▶ Identify the firms most favoured by global and Chinese legal buyers to help you choose the right type of law firm to meet your legal needs
- ▶ Discover the differences in pricing structures used by various organisations and equip you with the evidence to demand the right price and value from your law firm.

Background

This report contains the views of China-based general counsel and buyers of legal services in China.

All data is derived from Sharplegal, a global survey of 2,500 law firm clients from the world's largest organisations. As such, it is the world's most comprehensive study of the global legal market.

Sharplegal insight is compiled every year from interviews with the most influential general counsel in the world's largest companies operating in over 40 countries including the key jurisdictions of the US, Canada, Brazil, the UK, Germany, France, China, Japan, Australia and the Middle East. It includes the opinions of:

- ▶ Over 1,400 senior law firm clients in \$1bn+ revenue 'global elite' companies
- ▶ Over 1,000 general counsel in \$50m to \$1bn revenue companies.

Acritas conducts the Sharplegal survey from Feb to December, primarily through telephone interviews in local languages. The survey is in its sixth year and measures changes in the legal industry across spend patterns, performance of law firms, rates paid, challenges faced and expected new developments.

Sharplegal is used by the world's leading law firms to help them better meet the needs of their clients.

Backdrop to the China legal market

The legal market in China has undergone significant change in recent decades, seeing rapid growth since the market opened up in the early 1990s to allow Chinese law firms to develop and start working more with international clients.

International law firms with a presence in the People's Republic of China (PRC) must be licensed by the Ministry of Justice, which imposes strict rules related to the competence of firms to practice and the extent to which they can advise on Chinese law – well over 200 foreign firms are now registered. These firms are permitted to advise clients on the law within the firm's jurisdiction, international practices and the Chinese legal environment as a whole. However, they must form co-operative agreements with Chinese law firms as they are not allowed to advise on PRC law.

Market trends

The market has seen significant international collaborations and expansion over the past few years, including the high profile combination of King & Wood and Australian firm Mallesons Stephen Jaques earlier in 2012. Commentators and buyers alike expect that the drive for international presence and the demand for legal services will continue to increase in the near future, with some speculating that this will improve the quality and service breadth of Chinese law firms.

Speaking of how the Chinese legal market will change in response to the market trends, respondents said:

“It is about international development. With the integration and depth of internationalisation, we will need more legal services – especially intellectual property law. The professional conduct code of lawyers will be getting stricter.” [Automotive]

“Law firms will provide a much wider range of services. It will involve more disputes cases. Law firms will investigate each case more carefully; the quality of service will be increased.” [TMT]

Legal Market Changes



BASE: 2011 (155)

Figure 1: What do you believe will be the major changes in the legal services market over the next two years? [Sharplegal China 2011 overall]

As a result of the internationalisation of the market, buyers based in China expect that the legal market will become increasingly professional and mature:

“[The market will become] more and more professional and integrated; more detailed in market segmentation. More large integrated firms will emerge.” [Pharma/Bioscience]

“[The market] will become mature; it is very immature in China at the moment; internationalisation will make China become mature.” [Manufacturing]

“There will be more intense competition in China. Good, large law firms will be growing market share, and they will also increase the gap compared with small law firms in China.” [Manufacturing]

Law firm strengths and weaknesses

Chinese buyers – a domestic view of the market

Among Chinese buyers who have used both domestic and international firms, the key strengths of Chinese firms are identified as ...

To continue reading this report you will need to complete Acritas' Sharplegal 2012 survey.

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

