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Eversheds' Tyco model sparks quiet revolution

One year on, Eversheds' Tyco deal is setting a standard that others are trying to follow. By Nina Goswami

As any technology fiend will tell you, good computer software is the cornerstone of a strong business, and as Eversheds has proved, law firms are no exception.

This week marks the first anniversary of Eversheds' £10m agreement with engineering conglomerate Tyco, which ditched between 175 and 200 firms in favour of just one.

The relationship has kick-started a quiet revolution for Eversheds, providing the firm with a new way of working and giving it colossal pulling power when it comes to beauty parades.

Since getting into bed with Tyco Eversheds has become the sole adviser to six other companies, including Samsung and Akzo Nobel, using a similarly perfect pitch.

Just last week the firm snared US sign manufacturer Brady by parading its Tyco success in front of the US company (The Lawyer, 14 January). And the firm is hopeful that more wins are in the pipeline.

Severn Trent is another recent win and its general counsel Fiona Smith says she was impressed with Eversheds' progressive nature.

"Eversheds impressed significantly in the selection process as a firm that would invest time and energy in getting to know our business and as a firm that would be committed to helping us all get the very best advice at a reasonable and transparent cost," says Smith.

So what is the secret weapon that Eversheds uses to get general counsel salivating with its reasonable and transparent costs? According to Eversheds, it is that cornerstone of business – a computer software package.

The program, dubbed the 'Global Account Management System', or Gams as it is known affectionately at Eversheds, is the centrepiece of the firm's tenders.

When pitching to Tyco, Eversheds had two separate project management systems, known as 'Rapid Resolution' and 'Deal Track'. These clinched Eversheds the Tyco deal. But it was also the willingness to push these systems forward that impressed Tyco's Europe, Middle East and Africa general counsel Trevor Faure.

Tyco wanted an integrated scheme, leading Eversheds to roll Rapid and Deal Track into what is now Gams.

Eversheds energy chief Stephen Hopkins, who heads the Tyco account team, explains that the software provides a management system by which general counsel are firmly in charge of the purse strings.

"No work on any case or transaction for Tyco can start without its approval," says Hopkins. "If Tyco hasn't approved it and we just go ahead anyway, we will not get paid."

The need to sign off fees before work is done is not as painful as one would imagine. The bulk and high-volume legal work are run on a fixed-fee basis, while hourly rates are negotiated on a case-by-case basis.

The eight lawyers dedicated to Tyco and the 120 part-timers just need to fill out a quick form saying what they propose to do, how long it will take and how many people will need to be on the case. Then general counsel just need to click on the web-based Gams program to sign off the work.

“Gams is more than just a tool to give general counsel a rough idea of how much a piece of legal advice will cost,” claims Hopkins. “It gives counsel exactly what their total spend of legal services across the whole of their business is.”

The system breaks down a company's legal spend by country, jurisdiction or practice area, providing a heat map, as Faure calls it, of where money is being either wasted or used efficiently. As any general counsel will tell you, the way to keep the boss happy is to give them an accurate projection of the legal spend.

Hopkins says the new system has started to change the way Eversheds' international network is working.

“By bringing in Gams, every firm within the Eversheds network has to work in the same way, which means there's a consistency of service,” explains Hopkins.

Eversheds has also been training its lawyers to have more standardisation of the actual legal advice where possible. So if Italy is cheaper than London, then the work can be done there. This is the model Eversheds has operated in the UK for years, but on a global scale.

The Tyco deal itself has helped Eversheds expand its international network. Many firms that used to work for the engineering conglomerate, such as Czech law firm Balcar Polansky & Spol, were brought into the fold to continue servicing Tyco.

Other firms are beginning to take notice, as they see the advantage of a more integrated financial system.

Hammonds managing partner Peter Crossley has embarked on a process of centralising his firm's finances. He wants consistency across the firm.

“Clients want to receive just one invoice, one price and so on, even when using the firm across borders, and this is what we're looking to deliver,” insists Crossley.

Sound familiar? Crossley does concede that he shares Eversheds' general philosophy of providing the same level of service in any jurisdiction – what he calls his ‘one-firm’ strategy – but would not go as far as to say he is following suit.

Pinsent Masons also has schemes that are very much like Gams' forerunners with extras tacked on.

Pinsent's ‘Reaching Resolution’ project, which involves the firm having an in-house accountancy team, provides clients with, as litigation head Nigel Kissack puts it, “a quick and dirty cost estimate” to work from while the finer details are being mapped out.

Although not as advanced as the Eversheds system, Pinsent's scheme continues to evolve and is likely to follow in Gams' footsteps.

DLA Piper, which won the gig to provide international gas and engineering company Linde Group with its global legal solutions, replacing 150 law firms, also used its support services to clinch the deal.

The firm pitched that it would invest in a global legal intranet and extranet that would be integrated into Linde's existing knowledge systems.

Efficiency and consistency are the factors turning counsel to firms with integrated management systems. Just having the international network coverage, however, is not enough, as CMS Cameron McKenna proved when it came a close second to DLA Piper for the Linde role.

Eversheds' Tyco model has impressed the powers that be at Camerons and has been a key driver in the firm's push to integrate its CMS network. Camerons realises that its CMS firms should be equal to Eversheds' international network and has moved to bring all the CMS firms together under one banner and to work with the same systems.

Eversheds' quiet revolution has set the standard.