

Law360's Global 20 Firms Open Up New Frontiers

By **Liz Hoffman**

Law360, New York (June 29, 2012) -- For the second year in a row, Law360 has selected and ranked the 20 law firms with the greatest global reach and expertise.

Over the next several weeks, Law360 will profile these firms whose pioneering cross-border work and growing global footprints earned them a spot on Law360's second annual Global 20 ranking:

1. White & Case LLP
2. DLA Piper
3. Baker & McKenzie LLP
3. Freshfields Bruckhaus Deringer LLP
5. Cleary Gottlieb Steen & Hamilton LLP
6. Hogan Lovells
7. Jones Day
8. Skadden Arps Slate Meagher & Flom LLP
9. King & Spalding LLP
10. Sidley Austin LLP
11. Mayer Brown LLP
12. Latham & Watkins LLP
13. Orrick Herrington & Sutcliffe LLP
14. Gibson Dunn & Crutcher LLP
15. K&L Gates LLP
16. Reed Smith LLP
16. Shearman & Sterling LLP
18. Weil Gotshal & Manges LLP
19. Paul Hastings LLP
20. O'Melveny & Myers LLP

Law360 ranked each firm in six categories: the number of countries where the firm has offices, the number of offices outside the firm's home country, the percentage of attorneys working outside the firm's home country, the breadth of the firm's international work, the size and complexity of the firm's cross-border work and how pioneering the firm has been in its international efforts.

White & Case topped this year's ranking, rising from the fifth spot in 2011. King & Spalding, O'Melveny & Myers, Gibson Dunn and Sidley Austin are all newcomers to the list in 2012.

The biggest mover from 2011 was Cleary Gottlieb, which vaulted from 13th to fifth after a year that included advising Greece on its sovereign debt restructuring and launching new offices in Brazil and South Korea.

These 20 firms have taken different paths toward their global powerhouse status. Some have been international for decades, like Baker & McKenzie, which opened its first office in Venezuela in 1955. Others have bloomed more recently, like K&L Gates, which since 2010 has added offices in Moscow, Brussels, Sao Paulo, Qatar and Tokyo and busted through the \$1 billion revenue barrier. Some thrive on Hong Kong's initial public offering market, others in European antitrust, still others in international arbitration.

What they share is a starring role in some of the most complex cross-border work on the market today, which increasingly requires boots on the ground and broad expertise in global corporate, technology, currency and political trends.

"There's a growing gap between firms that are, or at least aspire to be, global and those that aren't, and the pack is moving faster and farther at the top end," said Jeffrey Lowe, global practice leader at law firm consultant Major Lindsey & Africa. "There's a push to be everywhere."

As another recruiter said: "Baker & McKenzie was the quintessential international firm, and they used to catch a lot of heat for being everywhere all at once. Now everyone wants to be a Baker & McKenzie."

Asia was the most popular destination for new firm offices, accounting for 29 of 62 new outposts since the beginning of 2011. The Middle East and northern Africa was a second growth area, welcoming 14 newcomers, led by European transplants like Linklaters LLP, Allen & Overy LLP and Clifford Chance LLP. Turkey, Israel and Tunisia all saw a BigLaw entrant in 2011.

Law firms follow clients, and clients follow growth, says Alan Hodgart, a managing director at the Huron Consulting Group. That closely links the future of legal expansion to the world economy, he said.

Singapore and Brazil appear poised to be the next hot spots, consultants said. Hodgart put his money on Latin America, where foreign direct investment is up by half since 2009 and new energy and mining discoveries in Brazil, Chile and Argentina are luring international investment.

"Every emerging economy is going to need more legal services in five years than it does today," Hodgart said. "The challenge for law firms is to pick their spots."

Experts cautioned against a "herd mentality," where firms see rivals head for a new market and feel pressure to keep pace. Norton Rose, Clifford Chance and Allen & Overy all launched in Morocco within weeks of each other last summer. Since the announcement of a South Korea-U.S. free trade agreement in October, at least a dozen American and British firms have hung shingles in the country.

"It's important to distinguish between client demand and competitive concerns," Lowe said.

“Sometimes a rush to a particular place means there's a compelling business reason to be there. Sometimes it's just for show.”

And the challenges to succeeding are steep, said Robert Kinney, a legal recruiter who placed more than 60 associates at Asian firms last year. Legal cultures are different in New York, where 2,000 billable hours is the norm, and some emerging markets, where it's closer to 1,500. Clients can balk at high hourly rates across southeast Asia and Latin America, where litigation is less of a threat and environmental and antitrust rules are looser, all of which can undervalue good legal advice.

Clients often demand discounts as steep as 60 percent, Hodgart said. That drags down law firms' profitability and could pinch those that staffed up with highly paid partners from their home bases.

“If you go into somewhere like Brazil or Asia, it's a long-term haul,” he said. “You can't go in, and then when the market turns down and the home office is getting nervous about profits, pull back. Be prepared to invest and hold your nerve as economy goes up and down.”

Overall, experts say the steady global expansion will continue unabated, and that smart planning — like small offices, staffed with just enough home-grown or poached talent to make it work — will keep law firms ahead of the curve.

“There's tremendous opportunity, not just to follow clients where they're going, but to lead them,” Hodgart said. “Clients will appreciate a firm that is ready and willing to serve them in a new place, but they'll respect the firm that helps them get there in the first place.”

--Editing by John Quinn and Elizabeth Bowen.

Correction: A previous version of this article had Orrick Herrington & Sutcliffe LLP ranked as 12. The firm incorrectly reported the number of offices outside its home country. The firm should be ranked as 13 below Latham & Watkins LLP.

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