

The GC Insider 2024

Uncovering the key drivers of law firm
engagement

Contents

Title	Pg No.
● Introduction	1
● Firm Selection	
● Preferences and Expectations of General Counsels	2
● The Trifecta: Quality, Expertise and Relationships	5
● The Cornerstone of Selection	7
● Need for Commercial Acumen	9
● Changing Advisers	11
● Budget & Billing	14
● Moving In-house: A Cost Management Strategy?	16
● Tech Innovation & Legal Practice	
● Maximising Efficiency with Technology	18
● The AI Surge	19
● Navigating Tech Integration: Challenges Ahead	22
● ESG in Shaping Future Practices	23
● Journey Ahead	24
● The Law Firm Perspective	25
● Top Tips for Law Firms to Find and Retain Clients	28
● Methodology & Disclaimer	29
● Contributors	30
● Researcher and Author	32
● About LawWiser	33

Introduction

The inaugural edition of the LawWiser GC Insider report discovered that general counsel want firms who are proactive, flexible and pragmatic about costs – and a year on, that remains true.

Many of the issues highlighted in the 2023 edition of the report remain, which, given the general slow pace of change in the legal industry, is to be expected.

However, that is set against more rapid developments in areas such as the use of technology by corporates and their advisers alike, and continued cost pressures which are driving an increase in the amount of work kept in-house. Indian general counsel save their external spend for the high-stakes matters – large M&A transactions and litigation.

Because of this, the need for true quality and industry expertise from external firms has only grown, and general counsel are becoming more demanding on their needs and expectations from their advisers.



The Indian legal industry continues to change, grow and innovate. In this second edition of LawWiser's GC Insider report, general counsel from a range of industries discuss the challenges of working with external advisers and how they expect the relationship between general counsel and law firms to change in a world increasingly driven by technology and regulation.

Firm Selection

Preferences and Expectations of General Counsel

Proven expertise remains the number one factor taken into account when general counsel are selecting external advisers, with 76 per cent of survey respondents saying this is the aspect they consider most when picking a law firm, a similar proportion to the 2023 survey.

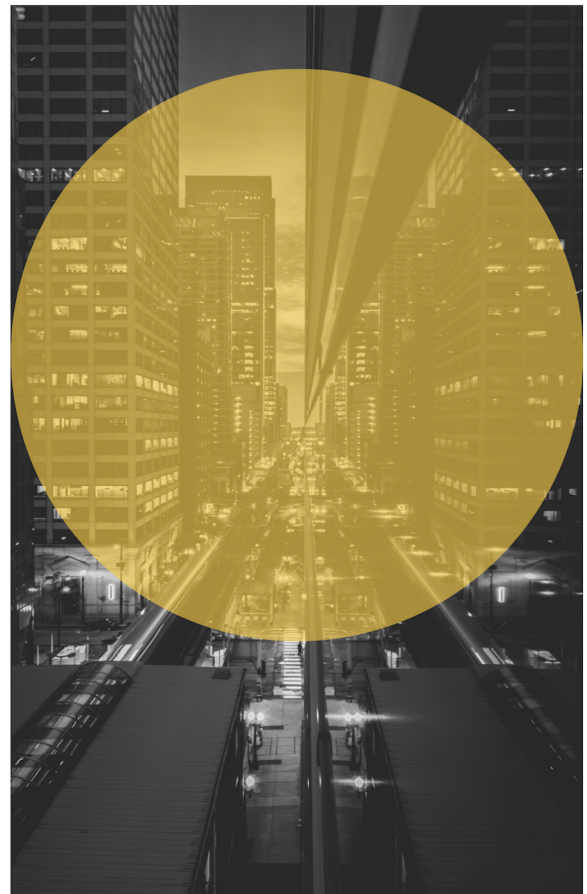
Prior relationships and cost effectiveness are, as in 2023, the next two most important factors. While prior relationships was picked as the most important factor by 11 per cent of survey respondents, compared to 8 per cent who selected cost effectiveness first, the two factors received a similar number of second-placed votes (31 and 35 per cent of respondents, respectively). It should be emphasised that ‘cost effectiveness’ does not necessarily mean ‘cheaper’, as United Breweries chief legal and compliance officer Shelly Kohli explains.



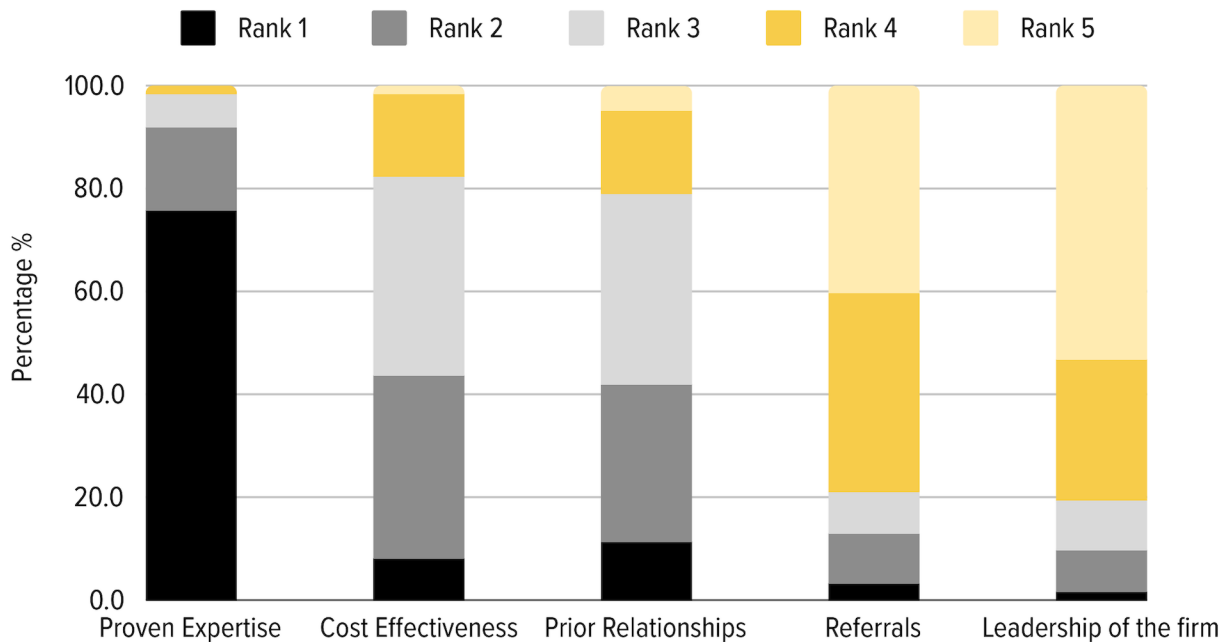
Shelly Kohli

Chief Legal & Compliance Officer
United Breweries Ltd.

"I would not mind paying the top dollars for someone who is really delivering a superior work product. In some cases, when your work gets delegated to junior associates you realise the firm is still charging a very high hourly rate but the quality of advice might not be at the expected level or there is a duplication of hours. Essentially, junior associates may be getting trained at the expense of the clients. This is not an optimal use of a GC's legal budget."



What are a GC's criteria for selecting law firms?



*This graph illustrates factors considered by GCs when selecting law firms with Rank 1 representing the most preferred choice

While referrals emerged as the least important factor in firm selection, **a nuanced look at the survey reveals that referrals do have an important part to play in the selection process.** Referrals from peers help general counsel ascertain whether the law firms they are considering have the expertise they are looking for.

Just over a quarter of respondents said referrals from other in-house counsel was their main way of assessing whether a law firm has the expertise they are looking for; a further 39 per cent ranked referrals second among the methods used.

India has a thriving general counsel network – big enough to be useful and small enough that contacts are good. In-housers will reach out to their peers through WhatsApp groups, or one to one, if they need to find a firm in a new practice area or region, to ask for recommendations.

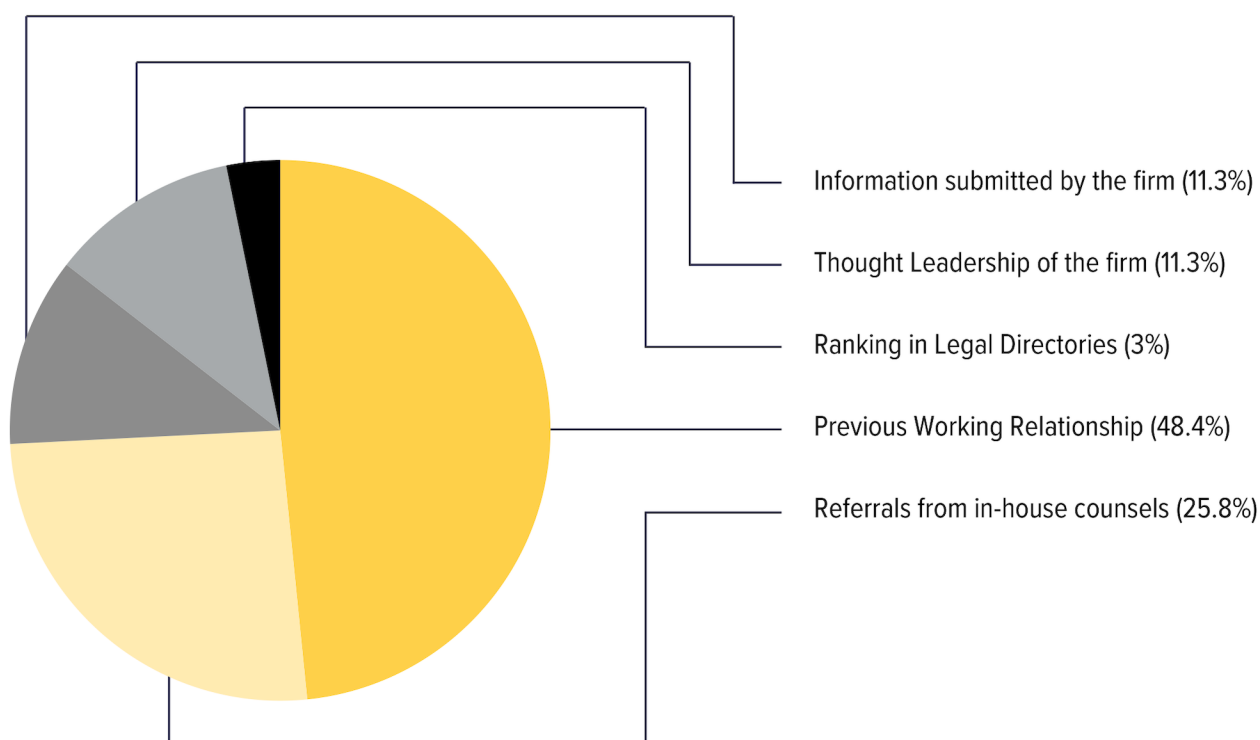
“I find that very effective. If you have five or six recommendations you can get a sense of which firm to choose,” says Kohli.

But the main way of assessing a firm's expertise remains prior relationships with a partner or team in that firm. A significant 48 per cent of respondents put most weight on a previous working relationship with a partner, with a further 24 per cent ranking this factor second among the five choices in the survey.

OYO general counsel Rakesh Prusti says he wants to work with firms that become real partners and friends of the company in good and bad times.

"That means I treat them as if they're an extension of my in-house law department. If I have to take a decision, if the same decision will be taken by them if I'm not around," he explains.

How do GCs evaluate law firm expertise?



*This graph depicts the percentage of GCs who ranked the above parameters as their top choice (Rank 1)

The Trifecta: Quality, Expertise and Relationships

General counsel point out they tend to have plenty of experience in working with a range of firms, and generally find it relatively easy to identify whether a firm has the necessary expertise in the area they are looking.

Parvesh Kheterpal, who recently took on a new role as general counsel of AMPYR Energy, a new entrant into the Indian solar power market, says he has used his prior experience in the industry to choose the firms the company has begun working with – but has generally gone with a handful of tier-one outfits who have worked on similar projects for similar clients.

“From the budget side in this venture, I always look for value for money. I need high quality work and timely deliverables from my law firm,” Kheterpal says.

“When you have experience of over two decades you would have, at some stage or another, known of big practice teams in many other firms,” explains Google legal counsel Hitesh Mehra. “You have a sense of the relative strength of many of the firms. When it comes to the boutique firms there it depends a little more on referencing and a sense-check by speaking to others in the general counsel circle or the rest of your network.”



Looking at who has previously worked for other clients in the industry can also help. Ajay Kharbanda, chief legal officer for the North and West Sector at GMR Airports, explains: “When we’re in a transaction, if there’s a lawyer from the other side and we find some good skills and expertise, we see that that person can be helpful to us in another transaction.”



Hitesh Mehra
Legal Counsel,
Regulatory and Investigations
Google

“If I was looking for “feet on the street” representation in a new territory, I will triangulate with two or three references from other general counsel and existing external adviser relationships. The latter also have skin in the game and will not want to recommend firms that cannot deliver the advice.”

Accenture legal manager Jahnvi Upadhyay suggests the big firms should be able to manage relationship firms in tier two and three cities, making sure that communication lines are swift and efficient and taking that burden off the in-house team.

“Usually the stakes are low but it requires the same level of attention,” Upadhyay says.

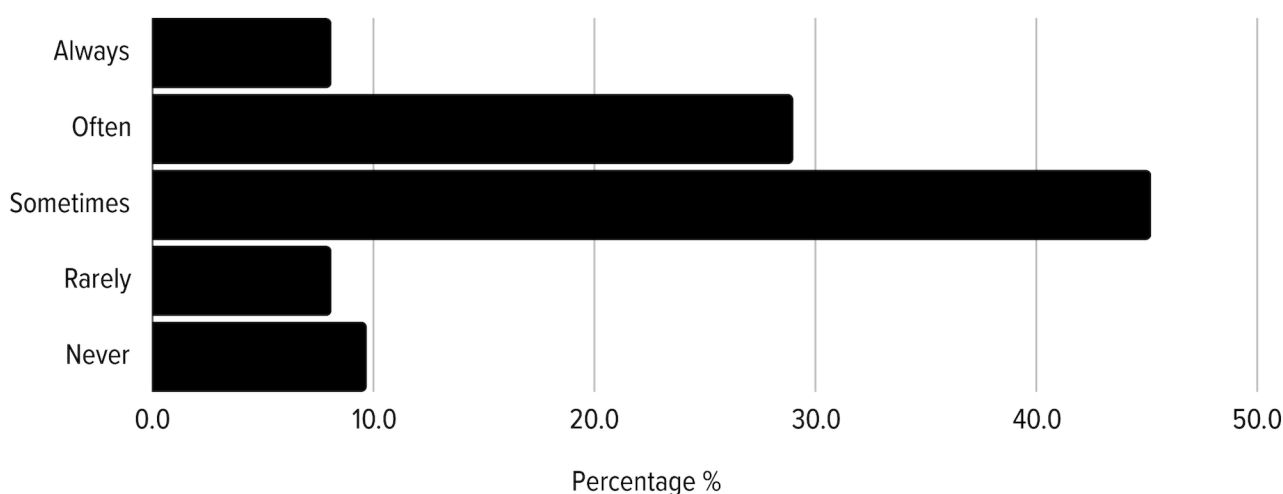
The results of this year’s survey reinforce those of the previous year, and emphasise that general counsel know what they want from their advisers and how to find it. Firms looking for new mandates are therefore best advised to cultivate existing relationships – both to maintain links with the companies they are already working with, and to help them pick up new mandates through those all-important referrals.

The Cornerstone of Selection

The combination of prior experience and the referral network appears to be sufficient to give most general counsel the comfort they need to find a firm that they can then work with. Although cost is always a consideration, in-house counsel are prepared to pay a little more for the comfort of knowing their adviser will give them the service they need.

Given the choice between two firms with similar expertise, 45.2 per cent of respondents said they would “sometimes” give a mandate to a firm where they had a prior relationship with the lead partner; 29 per cent said they would “often” give the mandate to this firm; and 8.1 per cent said they would “always” hand that firm the instruction. Only 16.8 per cent of respondents said they would “rarely” or “never” pay a premium to work with a partner they knew.

Do GCs prioritise hiring a law firm with a familiar lead partner?



*This graph illustrates the percentage of GCs who prioritise hiring a law firm with a familiar lead partner, even if it means paying a bit of premium

Considering that the majority of legal work that goes to law firms is high-stakes – such as big M&A transactions and litigation – it continues to make sense for general counsel to instruct the firms with the best reputations in the market.

“There is no strait-jacket formula to apply while taking any decision qua legal matters at hand. The first thing I look at is the stakes involved,” says Jahnavi Upadhyay. “If the stakes are high I would go to a bigger firm that have proven themselves over a period of time.

If the stakes are not too high we can probably go with someone with good experience or good track record but a smaller firm. I would definitely test the waters, but I would also like to give someone new an opportunity. When there are low-stake matters you can try out new lawyers who do not yet have 10 years of experience, but are people who really want to prove themselves and are driven. Based on performance, it can be decided if they can be involved in high-stake matters or not.”

Senvion Wind Technology general counsel Pathik Arora takes a similar approach. Where stakes are high, he will either turn to the larger firms or firms known to be the subject experts and pay the premium; but he will keep costs lower when he can and use a wider range of firms for other matters.



Pathik Arora
General Counsel
Senvion Wind Technology

“There have been a lot of fractures that have been happening and people coming out of the bigger law firms – many who I would have worked with as part of the bigger law firms and who are now running their own practices or are a part of mid-sized firms. I know that they will give me the best possible advice while keeping the costs lower.”

As the weight of industry knowledge and the referral network is so strong, Indian general counsel tend to put less emphasis on other ways of finding firms. **Legal directories/rankings, though low on the priority list, can be a useful first point of reference; Google’s Mehra describes them as a “good compass to start with”.** He adds: “I’ve been in certain roles where I had to extend into other jurisdictions very fast and very often and sometimes it became a problem, just a speed issue.”

Legal directories can therefore provide an extra layer of hygiene when decisions need to be made fast. When compared to prior relationships and referrals, thought leadership is perhaps not the key factor in the initial selection process, but it is a great way for a firm to demonstrate some of their knowledge and their commercial understanding of a sector. All the more reason that law firms need to curate their thought leadership initiatives carefully and strategically.

Wipro general counsel Tejal Patil says there is a place for thought leadership and for firms to demonstrate their expertise and level of knowledge at conferences and similar events.

“The problem that’s happened today is that many conferences are superficial and there’s not a lot of knowledge that’s being shared,” Patil says.

Need for Commercial Acumen

Commercial understanding is the one area where all general counsel want to see improvements from their advisers – they do not feel that firms have, or can demonstrate, that they understand the way a business works and why advice should provide solutions and not just legal opinions.

“To enhance their understanding of the client's industry and deliver commercially viable solutions, private practitioners should focus on specialisation and clearly articulate their expertise in two to three key areas relevant to the client's needs. This differentiation ensures that when tasks arise, they are the first choice,” said one respondent to the survey.

By prioritising collaboration and seeking input from in-house teams, firms can align legal strategies with the client's business objectives, ensuring that the advice provided is not only legally sound but also commercially effective.

Firms need to make sure their lawyers get on-the-ground experience of the sector or industry they are specialising in, say general counsel, and they are a bit tired of having to pay to help younger lawyers in particular get that experience.



Payal Khanna
Director- Legal
DB Schenker

“Law firms really need to make efforts to understand how the business works and what are the finer nuances which are very much industry-specific; and then guide us as in-house to enable us in-house counsels to make informed decisions for the organisations which are legal, sound and business friendly. Sometimes we feel that we are bearing additional cost to make them learn our industry.”

“If I were to be in a law firm I would say that you send your associate to clients at the small stipends that the client can pay you because the guy's going to learn,” United Breweries' Kohli says.

Re Sustainability global general counsel Shujath Bin Ali says he would like to see firms investing their time and resources in understanding businesses, and having team members dedicated to doing research into specific industries. He shares this opinion with others; for example, Cube Highways general counsel Dr. Mukul Shastry suggests that firms should be hiring non-lawyers to build their industry expertise, while Boeing India group general counsel Dr. Akhil Prasad would like to see law firms offer strategic advice, weighing in commercial aspects than purely advise on the “law of the land”.



Dr. Akhil Prasad

Board Member, Group General
Counsel, Company Secretary
Boeing India

“When our clients come to us they don’t come to us purely with legal problems confined to the law of the land but look forward to strategic guidance. We have to be very agile, proactive and apply a strategic commercial mindset rather than advise on purely legal and law of the land aspects. For that we need external firms with strong strategic and commercial approach.”

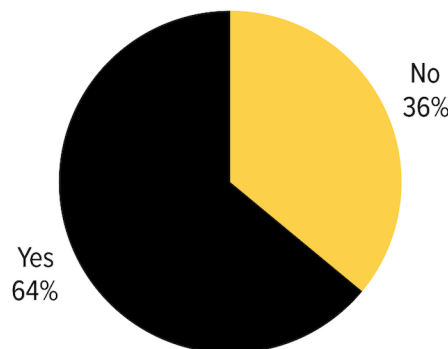
Firms need to be innovative and proactive in the way they show they have commercial expertise and the ability to deliver commercial solutions, and be prepared to invest in improving the skills of their lawyers in this regard. This is certainly a key area for focus, and one where savvy firms can really set themselves apart from their peers. In addition, thought leadership initiatives should have a value-based approach keeping clients in mind.

Changing Advisers

When the relationships break down or the service levels are not what they want, general counsel are happy to change advisers.

The vast majority of respondents (88.7 per cent) said they had expanded or diversified their panel of external advisers in the last two or three years; almost a third (64 per cent) said they had changed their go-to law firm in the same period.

Do GCs change their go-to law firm?



*This graph depicts if GCs have changed their go-to law firms in the past 2-3 years

In line with results from the previous survey, **poor service and quality issues were the most-cited reasons for changing a law firm.** Cost comes in third, while lack of sector or industry understanding is also reasonably significant as a reason to switch advisers.

Accenture's Upadhyay says she has changed firms because she needed continuation of service, or because the level of communication she needed was not being provided.



Jahnavi Upadhyay

Corporate Investigation Counsel
(Global Legal)
Accenture

"I rely on the engaged counsels for timely reporting. Cost is important but it becomes crucial when the stakes are not too high and we are paying too much for the services. Thus, timely reporting, case management and cost are all important for me to continue with the firm."

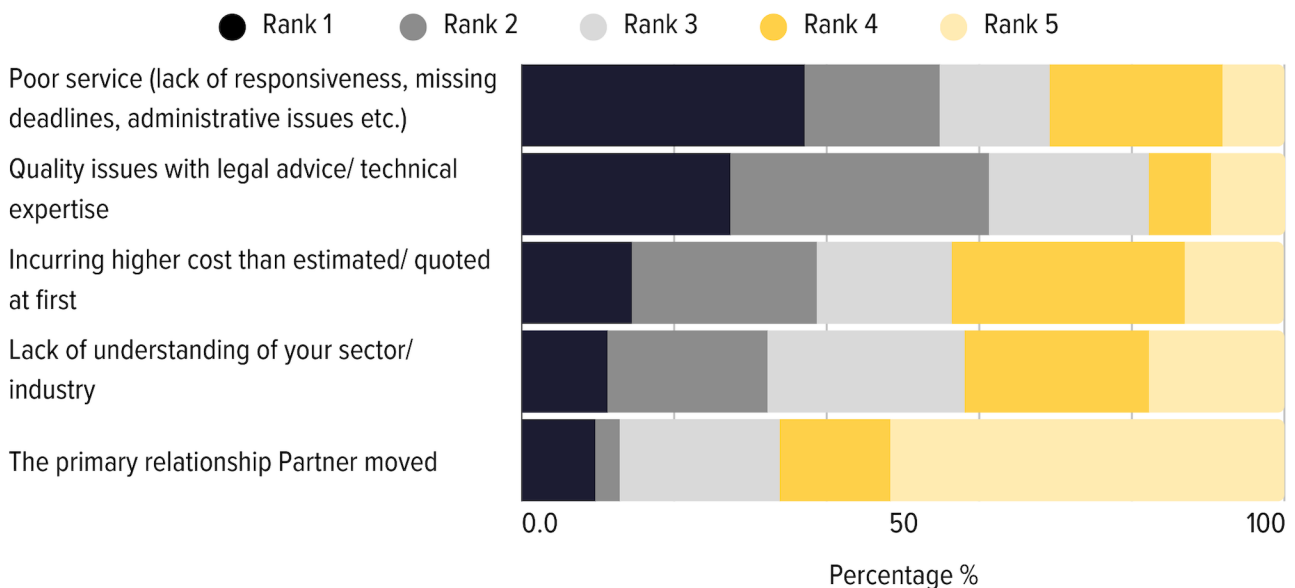
DB Schenker's Khanna has also made changes to her external roster.

“One of the major reasons why I decided to switch law firms was that I was not very happy with the quality of advice, plus number two was their speed and response time, and number three was that in one or two cases they did not get us the desired relief,” Khanna says.

Cube Highways’ Dr. Shastry says his pre-instruction due diligence and relationships means that quality is rarely a reason to switch advisers. Instead, he says: “It’s mostly because of functional need that we change firms.”

He will also follow a trusted individual to a new firm should they choose to move on.

Why do GCs change law firms?



*This graph illustrates the reasons cited by GCs for changing their law firms, with Rank 1 representing the most common reason

External firms can prevent their clients from leaving them in a number of ways, but institutionalising the relationship is key. Bench strength is important – general counsel want to know that the replacement partner or senior associate is as good as the lead partner on a matter. Having multiple points of contact can help with this.

It is of course worth noting that not every client will want or need to institutionalise their external relationships.



Tejal Patil
General Counsel
Wipro

“Wipro does not need institutional relationships in India as our in-house team of well over 100 people is big enough to handle things itself; I require more specialised advice, often on a state level. The legal industry is fragmented and it’s very difficult to have one firm which is strong in every aspect in every state. Larger in-house departments can manage a bigger array of external firms.”

Responsiveness is also cited by a large number of survey respondents as a way for firms to build trust. Over 43 per cent of the in-housers responding to the survey this year said they preferred real-time communication, and 9.7 per cent wanted daily communication, reflecting the fact that many only instruct external lawyers when there is a critical issue.

A large number – 37.1 per cent – want weekly communication, and around 8 per cent said they were happy with monthly communication.

Transparency is another way of building trust and securing the relationship.

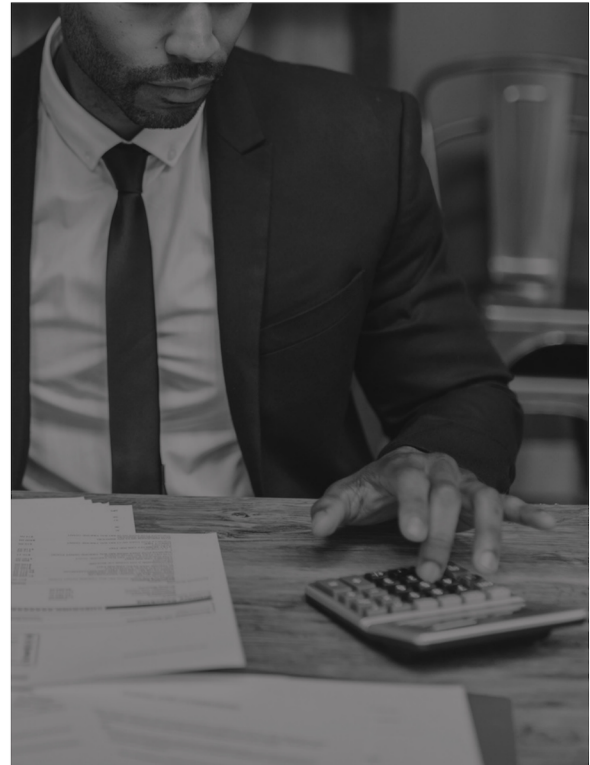
“Nothing sours trust more than a confident proclamation of a win, which in reality turns otherwise,” said one respondent.

Legal services is a buyers’ market and general counsel have plenty of choice about who to instruct – even given the constraints of expertise and the need for a top-tier firm for the big-ticket work. An easy win for firms is to be on top of the simple things, like communication and quality control, after of course establishing what a general counsel’s expectations are.

Budget & Billing

As in the 2023 report, budget remains a concern and something which in-housers are keen to manage and keep a close eye on. Legal costs within corporates are rising. General counsel say the primary reasons for this are regulation and compliance, and litigation and arbitration, with around three-quarters of respondents citing these two areas. Just under two-thirds of respondents added that increased M&A and deal activity had also contributed to rising costs.

However, **most general counsel say their law firms rarely or never try to keep their clients' costs down**; only 41.9 per cent of respondents said they thought their external advisers would sometimes seek to do this, and 43.5 per cent said it was rare.



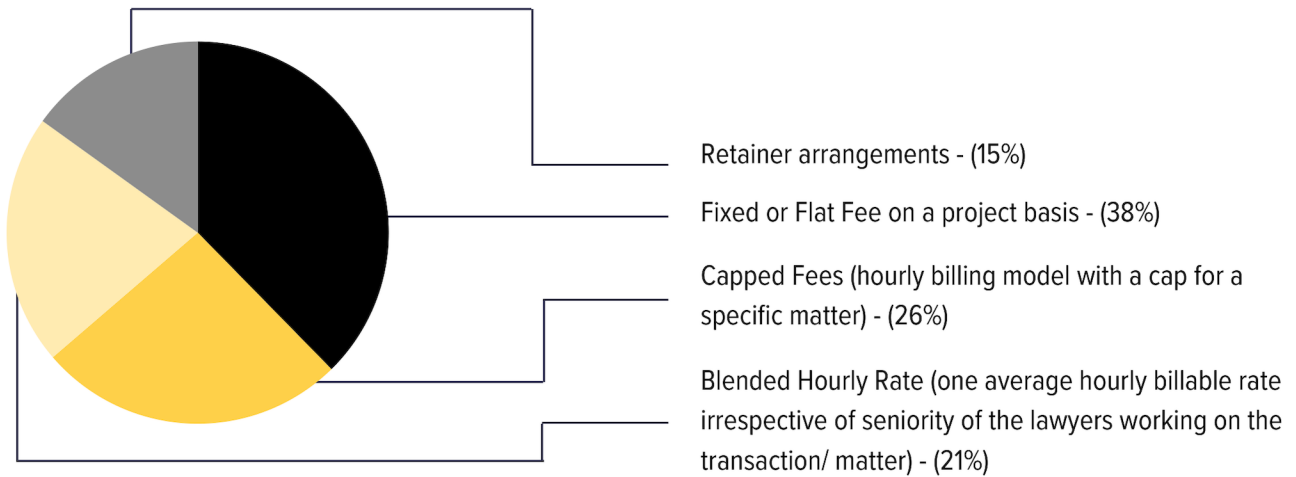
Ashish Pandey
General Counsel &
Company Secretary
Luminous Power Technologies

"In many instances, the actual expense ends up being much higher than the costs estimated by the firm. To justify this and get enhanced budgets sanctioned gets all the more difficult for us. It also reflects badly on GCs as well as their legal service providers. Proper scoping of work is very important and I encourage law firms to ask more questions and seek data with insights before budgeting for a matter."

GMR Airports' Kharbanda says firms need to be more cost-conscious, while keeping the quality of their service up. At OYO, Prusti says he wants firms to be transparent about their costs and deploy their human capital more effectively to help keep costs down for clients.

As in the previous survey, general counsel are generally looking to pay bills on a fixed or capped basis, although they will consider paying hourly rates in the right situation.

What are the preferred billing methods for GCs?



*This graph depicts the alternative billing methods that GCs mostly opt for

“Firms are applying a lot of business sense rather than being rigid on the rates. All these years I’ve been fortunate to work with firms that can adjust and support our requirements,” Boeing’s Dr. Prasad says.

“There are times when it’s an important matter but the budget is restricted. Then we’re able to reach out for a budgeted cost.”

Moving In-house: A Cost Management Strategy ?

As mentioned previously, away from the high-stakes work, many companies are now trying to keep the majority of their legal work in-house, with just under three-quarters of in-house counsel responding to the survey saying this has been a major way they are trying to manage spend.

Alternative fee arrangements; instructing newer, more cost-effective firms; and increasing the use of technology are other, but less common, ways that external counsel are trying to keep costs down.

Payal Khanna says competition from mid-sized firms helps keep external spend down for in-house teams.

“There are a lot of good competent mid-sized law firms who are able to deliver the same quality of service without charging as much. They are flexible, or they’re moving towards being flexible and cost-effective to be relevant in a fast-changing legal environment,” she notes.

In-housers are also being innovative in the way they are building and growing their own teams.



Dr. Mukul Shastry
General Counsel,
Cube Highways

“I have developed departments within the legal department who have control over areas including M&A, litigation and contracts. They are experts in their field, which creates efficiency. When those teams prepare documents they only need vetting by a lawyer, so the cost goes significantly down. The set-up provides a uniform approach to obtaining advice.”

Prusti says OYO has been hiring partners from private practice to head up in-house divisions including M&A, adding: “We have insourced quite a few activities and empowered our in-house counsels in the laws of different geographies. We generally go for support only when we need somebody’s very peculiar unique knowledge that we don’t have in-house, for example a new law that’s coming up, or a large piece of litigation.”

Prusti adds that this approach has extended to training his team on the laws of other geographies where relevant, and only using external firms to validate or confirm the work done in-house; he estimates his dependency on law firms is down to only 10 or 20 per cent of the legal department's work.

Vedanta group general counsel Dr. Sanjeev Gemawat says: "We've transitioned several key functions in-house, including contract drafting, due diligence, and litigation strategy and drafting.

"As we continue to assess our needs and capabilities, there is significant potential to further expand our in-house team and enhance the range of services we offer to the business. This could involve bringing additional legal expertise in-house to handle specialised areas, such as regulatory compliance or industry specific expertise like oil and gas; mining and metals; environmental law management and so on, thereby increasing efficiency and responsiveness to the company's legal and business needs."

Kohli says she has grown the in-house team at United Breweries from five to 13 people, in order to bring the legal department up to the necessary standards of business partnering she wanted, and increase its speed and agility when it came to advising internal stakeholders. "In-house expertise is only growing and that's also one of the reasons why if you have really good talent in-house your need to look outside is diminishing," she says.

Cost is not often the only driver behind building the in-house function – the focus is far more on speed, efficiency and the need to provide the best advice to the company.



Ajay Kharbanda

CLO - North & West Sector
GMR Airports

"We are now more dependent on our in-house counsel. In-house is very important. It has three advantages: cost; continuity; and third is the expertise and knowledge specific to the business that is available."

Going in-house can be a rewarding career choice in and of itself, and there are likely to be far more opportunities for young Indian lawyers in the future as teams grow further. Law firms will need to keep an eye on how they can continue to be relevant and cost-effective for their clients – more effort in helping clients keep costs down will reap long-term benefits, even if there is a short-term hit.

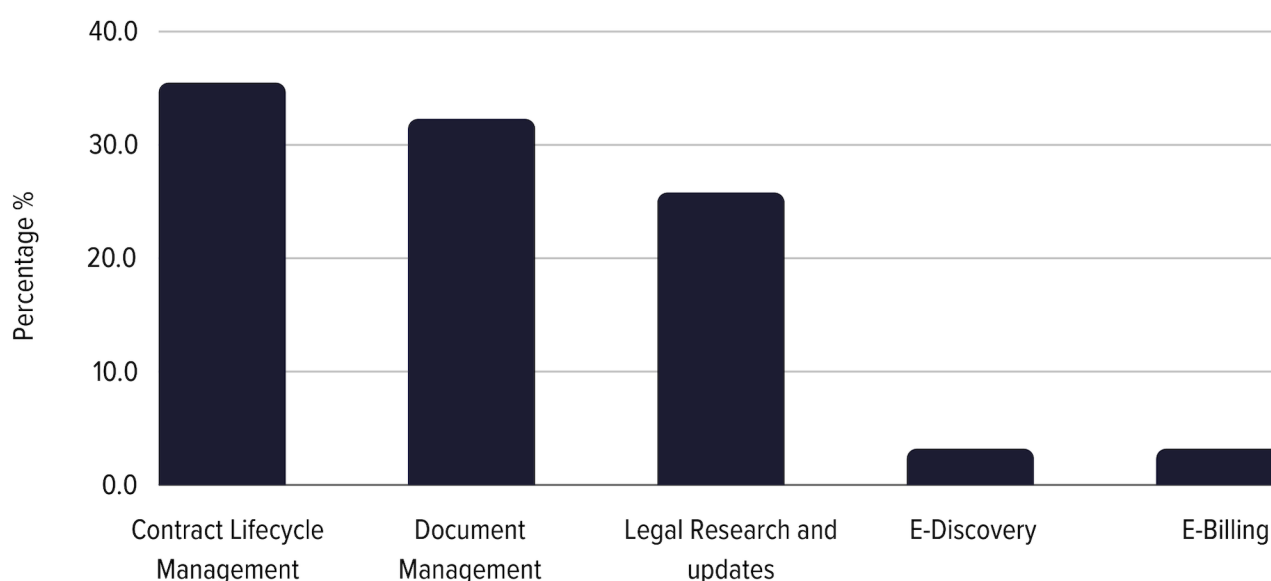
Tech Innovation & Legal Practice

Maximising Efficiency with Technology

One way of improving efficiency is by adopting technological tools. Document management is the tool which in-house counsel feel is helping them the most, and was the first choice by 32 per cent of respondents and the second by 42 per cent. Contract management tools are also popular, being the first choice when it comes to tools that will help an organisation for 35 per cent of respondents, and the second choice for another 35 per cent.

Legal research, e-billing and e-discovery tools have some supporters, but are far less likely to be seen as helpful at this point; this could well change over time.

What areas has legal technology impacted the most?



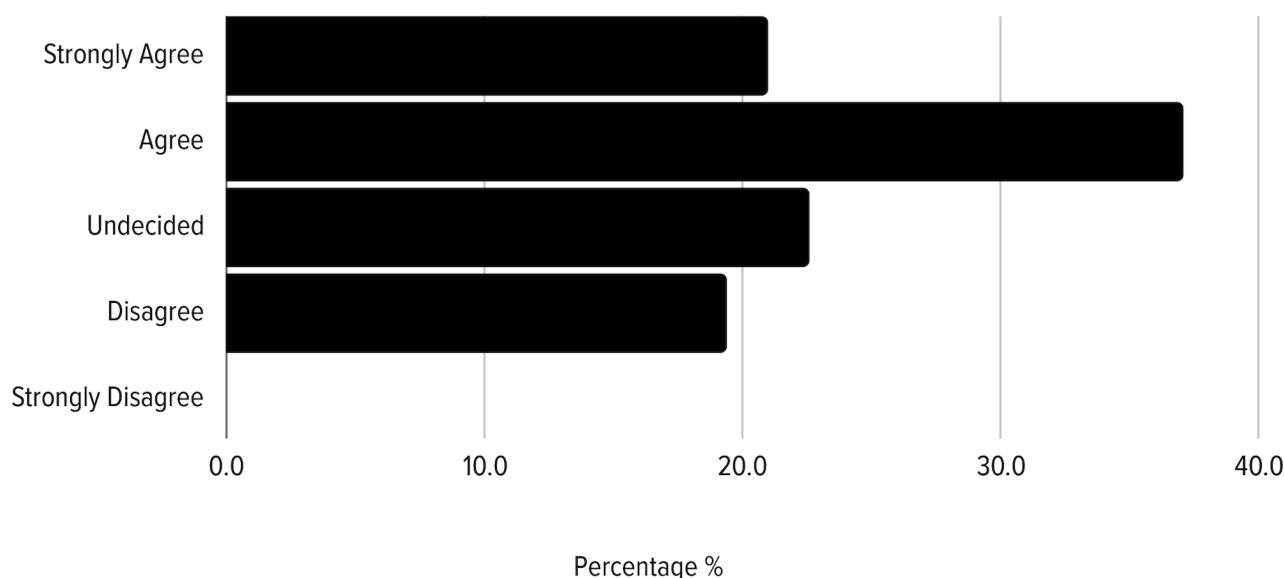
*This graph shows the percentage of GCs who ranked the above parameters as Rank 1 in terms of the integration of Legal Technology for organisational benefits

The AI Surge

Meanwhile, artificial intelligence (AI) is growing in usage among law firms and corporates alike, but it remains a new technology and almost half of survey respondents said they had only low levels of familiarity with it. However, **29 per cent of respondents said they now routinely check with law firms whether they use AI tools to increase their efficiency.** The increase in the interest in AI is probably the biggest change in opinion year-on-year, when comparing this year's survey with that of 2023.

Over half of the general counsel responding to the survey said they would give a preference to firms with well-integrated legal technology – indicating some growth compared to the previous year. AMPYR Energy's Kheterpal says he will definitely give weight to “techno-savvy” firms.

Do GCs prefer law firms that are well integrated with the latest legal tech?



*This graph illustrates the percentage of GCs who prefer hiring a law firm that is well integrated with the latest legal tech

But there is an acknowledgement that more needs to be done when it comes to investment in technology, as there is no doubt that these various tools are here to stay. And investment means not only monetary investment in the tools themselves, but also in the knowledge required to operate them and to stay on top of the constant updates and regulatory changes associated with using digital tools.

“When we are talking about AI and generative AI, these are very new subjects for lawyers because it involves a lot of technical work. That is where definitely we need help, first to educate ourselves and then to educate our client,” says Google’s Mehra, acknowledging it is easier for him to find answers within his company than for many general counsel.

At Re Sustainability, Shujath Bin Ali says he is researching the tools that could help in the future and is “carefully watching the space”. He is also looking at what tools his advisers might be deploying.



Shujath Bin Ali

Global General Counsel &
Chief Compliance Officer
Re Sustainability Limited

“If law firms use more technology and AI tools to enhance their efficiency it will definitely give us more comfort. It will make me feel happy to work with a firm who’s more advanced with tech utilisation.”

Kharbanda says firms are not yet technologically savvy enough, but stresses they need to get up to speed quickly and start investing.

In the longer term, Shujath Bin Ali thinks technology will help improve legal services, reducing the man-hours spent on a task – but he does not think it will replace legal teams or firms.

“It is something which is going to impact all the industries, the key is to make it an enabler,” he adds.

Wipro’s Patil has significant experience in AI, as the company provides technology and AI services. She says few Indian firms have the knowledge they need at this point, despite many claiming they do.

The key area which needs to be understood, Patil adds, is that AI has to be backed up by legal expertise, and the need for that will only grow.

“You need in-depth expertise to understand if there’s a flaw in what the machine is generating,” she explains. “All the younger folks are faster, better, more efficient at using the tool, but not necessarily sharp enough to find out where the tool is wrong.”

“The middle level lawyers are going to be the ones who have the maximum impact. They’re the ones who I think need to completely upskill themselves to stay relevant. They will have to, because they will soon get replaced.”

**Parvesh Kheterpal**

General Counsel -Head
Regulatory & Power Sales
AMPYR Energy

"Some routine stuff can be done by AI, but I believe typically interpretation and getting legal advice delivered means that you need a human mind to deal with that, that will not be outsourced."

Vedanta's Dr. Gemawat agrees care needs to be taken when using AI for legal work, but says ignoring it is not an option.

**Dr. Sanjeev Gemawat**

Group General Counsel,
Vedanta Group

"A crucial obstacle lies in guaranteeing the precision and dependability of AI systems, as inaccuracies or prejudices in algorithms can result in substantial legal ramifications. Furthermore, there are apprehensions regarding data privacy and security, particularly when AI platforms handle sensitive legal information. I believe we should be resorting to responsible AI as innovation should not lose the race to AI."

Navigating Tech Integration: Challenges Ahead

Regulation related to technology use will also be something which corporates are having to think about. On top of the agenda right now is the Digital Personal Data Protection Act, which came into force in August 2023. Many general counsel will have a leading role to play in making sure their organisation complies with the act, which requires companies to protect and process personal data in a specific way. As the law is new, lawyers – internal and external – are still working to understand its impact.

“Right now the problem is lawyers are even struggling. It has to be a collaborative approach. It’s a partnership and both have to sit together and understand the framework,” explains Dr. Shastry of Cube Highways, adding that the act has had a big impact on his company as it derives a majority of its revenue from digital services.

Future regulation is inevitable in other areas of technology and particularly AI, and the challenge will again be for external advisers to quickly get on top of the issues to be able to help their clients. The Big Four are examples of professional services firms which are good at helping in such areas, and law firms seem to be headed in the same direction, as they are building capabilities to come up to speed, learning about technology and the legal issues that it may pose in the near future.

There is no doubt that Indian firms have a way to go before they match the use of legal technology by their counterparts in the US and UK, with Dr. Shastry noting: “Basic things like e-discovery are extremely well managed and developed in foreign law firms but in Indian law firms not to the extent you should wish or should like to see.”

It is clear that no-one within the legal industry can afford to ignore technology, particularly AI – it is here to stay, and understanding how it can help both corporates and their advisers is absolutely critical. Indian firms have a little way to go to catch up compared to their overseas peers, and should not wait to make that move.



ESG in Shaping Future Practices

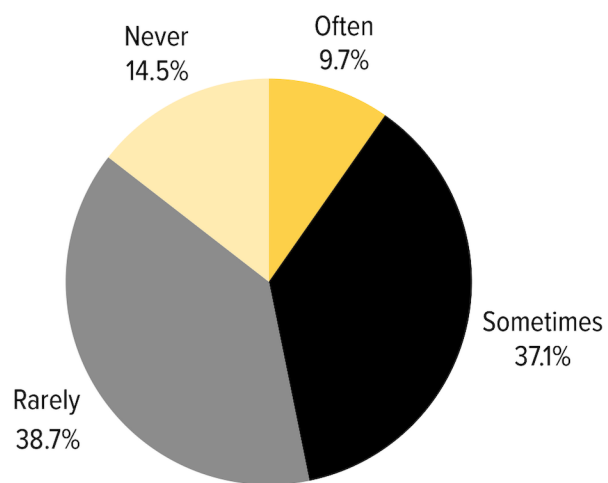
The approach to environmental, social and governance (ESG) issues continues to develop. In 2023 a minority of survey respondents said they would look at firms' approaches to ESG; this number has increased a little in 2024, with 37.1 per cent of respondents now saying they would "sometimes" assess firms on ESG parameters and 9.7 per cent saying they often do this. However, the remaining respondents – over half – rarely or never assess ESG when selecting firms.



Rakesh Prusti
General Counsel,
OYO

"I would give weightage to a firm that is applying ESG policies internally. However, there is some work to do in terms of truly understanding the nuances in the path of implementation and making ground-level changes."

Are Indian law firms being assessed on ESG while being given mandates?



*This graph explores the GC perspective on whether Indian law firms are evaluated based on ESG parameters, particularly when serving global clients

That said, general counsel expect ESG to grow in importance in the future, with 56.6 per cent of respondents saying they think Indian firms will be evaluated on ESG parameters in the next five years.

Environmental and social are the two ESG pillars where in-house lawyers think their own organisation are least engaged; 14.5 per cent of respondents say their companies need to work on all three pillars.

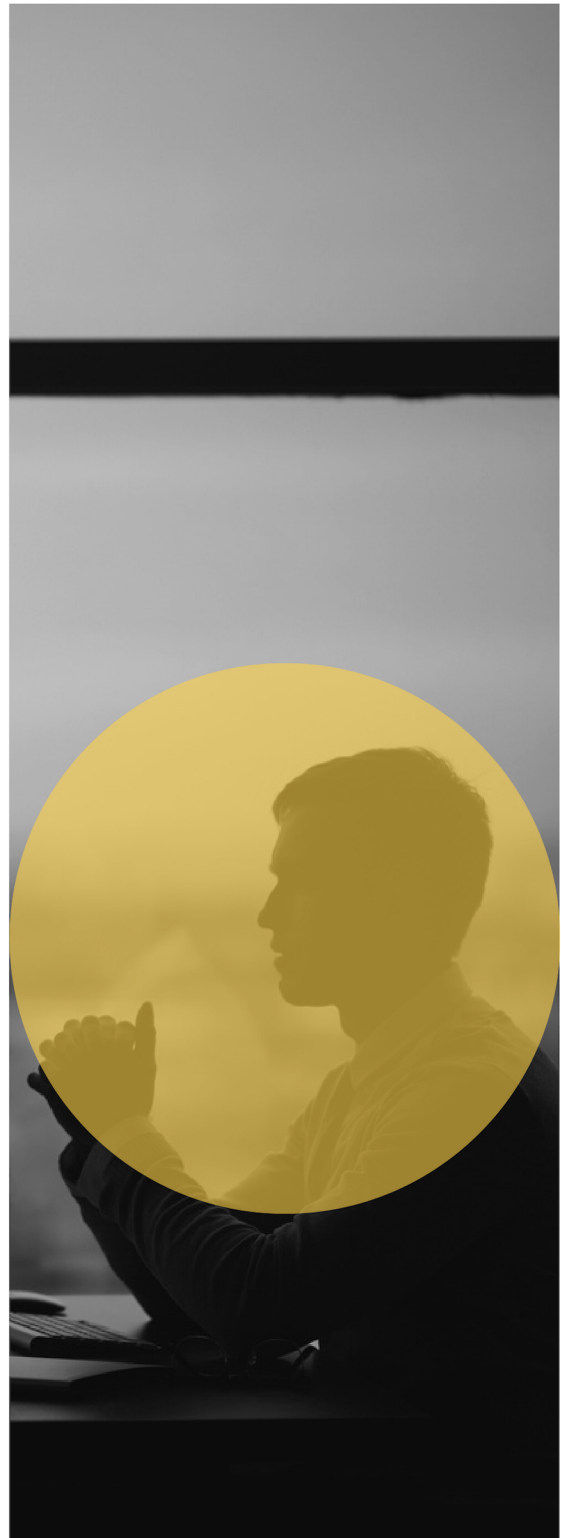
Journey Ahead

By and large the general counsel spoken to for this report are happy with the service they receive from their advisers. However, the relationship between in-house lawyers and their advisers will certainly continue to evolve, particularly as technology continues to develop and the need for a focus on ESG grows in importance.

The prime message for law firms has not changed: your clients are happy to pay for quality advice, but that advice must provide commercially focused solutions. Nobody doubts that law firms are experts on the law, and most general counsel are confident in their own ability to find firms which have and can demonstrate industry expertise. The trick is to marry those two strands and deliver timely, business-oriented answers to whatever the issue is. That applies for all types of work, whether it be a hefty piece of litigation or the next industry-shaping merger, and regardless of the geographic location or the size of the mandate.

To do this, general counsel believe firms should be spending more time looking at the soft skills of their lawyers – making sure they have the training to help them deliver the commercial answers. Those skills could also be built in better at the law school level, say some.

Taking a more corporate approach to building a law firm, as the world's biggest international firms have done, could help with this, but ultimately it has to come down to firms giving their younger lawyers the time and space to grow the skills to really become business partners and not merely advisers.



The Law Firm Perspective

Law firms agree that the general counsels' desire for commercial solutions is key to the service they need to provide, but contend that they are seeking to meet that desire.

"The concerns raised by GCs are very fair. Often, lawyers don't spend too much time understanding the commercial angle of a deal," says IndusLaw founding partner Gaurav Dani. Dani says training is key, encouraging lawyers to think more commercially from the start of every mandate.



Gaurav Dani
Founding Partner
IndusLaw

"It's mostly drilling into their system that you need to be able to find solutions on the deal table rather than finding problems. Always think why are you sitting in this room. If you start thinking like a commercial lawyer, start thinking about the economics behind the whole process then you'll be able to give input."

Luthra & Luthra managing partner Harry Chawla agrees, saying lawyers should not sugarcoat the advice they provide. But while acknowledging that sometimes learning how to be commercial happens on the job, Chawla argues that much of the development process takes place separately. "Sometimes it's true you're learning at the client's cost, but more often than not you actually learn on your own time," he says, pointing out that to win a mandate, firms have to prove they are already experts in the industry.

Athena Legal partner Simranjeet Singh says it is key for firms to keep their employees up to date with what is going on within the firm as well as wider trends within the legal industry, so they are engaged with firm strategy and growth and how to attract and retain clients.

Part of that process is institutionalising the relationship with clients, so your firm becomes their first point of call. Firms are making an effort to ensure that relationships happen at all levels of the business – managing partner with CEO, equity partners with the general counsel, associates with the legal team, and so on.



Harry Chawla
Managing Partner
Luthra and Luthra Law
Offices India

"The GC knows if I'm not answering he'll call the next in line. It gives the comfort that the organisation or the client isn't depending on one person to give the answer."

That constant communication is needed for firms to make sure they are not losing business to the competition, which at the top end remains the biggest firms. And although in-house teams are also growing and handing out less work, external advisers do not see this as too much of an issue.

"If 20 clients have grown that large, 200 more new clients have come up, so the pie becomes larger and larger," Chawla points out.

Singh says growth in new areas is a challenge for firms.



Simranjeet Singh
Partner
Athena Legal

"The firm has started to expand its presence in various cities in India as well, so to establish the credibility associated with the firm in the said jurisdictions is an organic process. We are also expanding in relation to the domains we operate in and are not only focused on the disputes practice in general, owing to client expectations and requirements."

"To challenge established operators in the said domains is a demanding task, however not a daunting one. With grit, determination and sheer will to work hard, we have been able to make a name for ourselves in the domains in which we have expanded," Singh adds.

One area where firms can differentiate themselves is in their use of technology. Dani reveals IndusLaw is in the process of building its own AI tool, and has developed other tools which it can use and which it also hopes it can sell to peers – a model which has worked well for several international firms in the UK and US. While this is a “work in progress”, he adds that lawyers in the firm understand that technology will not necessarily take away their jobs but make them more efficient.

Luthra & Luthra has adopted the key tools – client relationship management, document management and so on – that every firm must now have to satisfy client demand, but is staying away from AI as of now.

“We work a lot for the financial services industry and these clients are very concerned about data leakage through these platforms. Let us all get comfortable about information being stored on the cloud and being passed around before we adopt it,” Chawla says.

Ultimately, law firms believe their relationship with in-house counsel is constantly evolving, and they know they must continue to develop this to keep the business. Remaining accessible, contactable and solution-oriented is key, and will continue to be so.

“If the end product is good then it will automatically be successful. Thus it is our constant endeavour to first understand the needs of the client and then ensure that the advice rendered by us adequately addresses those needs, to the best satisfaction of the client,” concludes Singh.

Top Tips for Law Firms to Find and Retain Clients



Establish how frequently your clients want to hear from you; don't send them daily updates if they only want weekly, but make sure you're in touch with every update if that's what they prefer



Build relationships with your clients at all levels – the interaction between your associates and the junior in-house staff will pay off later on



Recognise the cost pressures your clients are working under, and show that you are willing to be flexible – within reason



Invest in technology. It's here to stay. Look at the more sophisticated AI-driven tools now coming to market, as well as the essential contract, document and client relationship management systems



Stay on top of new regulation coming down the line and ensure you can communicate the key changes to clients when they need it



Look at how your firm can foster a positive ESG culture



Manage relationship firms in tier two and three cities as it takes a lot of burden off the in-house team. Even if the stakes are low in these cities, it requires the same level of attention

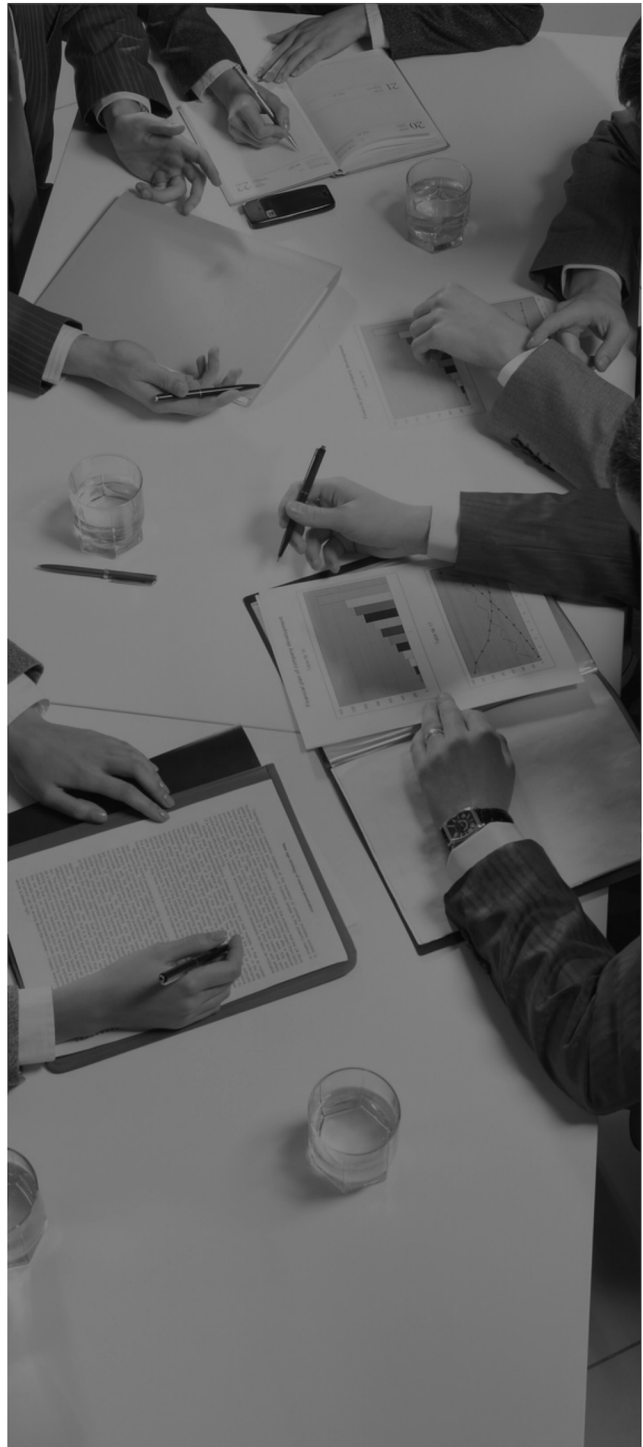
Methodology & Disclaimer

Between November 2023 and March 2024, LawWiser contacted general counsel and heads of legal by email and WhatsApp, asking them to complete a short survey gauging views and trends on what in-house counsel are looking for from their external advisers.

The survey was followed up by one-on-one interviews with a sample of respondents to gain further insight into the topics.

This report is based on inputs from 64 respondents. We have covered global MNCs, large Indian corporations and Unicorns from a diverse set of sectors such as aviation, auto, renewable energy, IT, metals & mining, online gaming, edtech, logistics, banking, FMCG, agriculture and infrastructure.

All views expressed in this report are personal and not representative of respondents' organisations.



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About LawWiser

LawWiser is a knowledge platform which helps businesses understand legal and regulatory developments and their applicability. We bring together General Counsel, practising lawyers and policy influencers to discuss and decode important and trending topics under law and policy. Our vision is to become the number one legal knowledge platform for businesses across the globe.

We are building a vibrant community of legal professionals and creating interesting ways in which they can network with each other, gain knowledge and share their expertise and ideas.



Aman Abbas
Founder, LawWiser

Aman is the Founder of LawWiser and one of the pioneers in law firm marketing in India, advising some of the top law firms on their practice development.

Prior to founding LawWiser, Aman was heading the Strategy and Client & Market Development functions at Amarchand Mangaldas. He has been in leadership roles in multiple PR agencies managing their key clients and has been named amongst the Top 100 influencers in the PR industry by exchange4media for four years in a row. He is also on the Global Expert Panel of NEXL for business of law.

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Lavanya Behl
Co-founder & CGO, LawWiser

Lavanya is the Co-founder and Chief Growth Officer at LawWiser. She has over 14 years of experience across diverse sectors including social impact, advertising and law. Her focus areas include brand and communication strategy, stakeholder engagement and new business development.

Lavanya has spent three years with one of the top law firms in India as part of their client & market development team. She brings in all that experience to ensure that clients feel understood and derive maximum value. She has been recognised in Asia Law Portal's list of 30 people to watch in the business of law in Asia in 2023.

Lavanya is an alumna of Lady Shri Ram College and Brunel University, London where she secured an MSc in Corporate Brand Management.

A low-angle, black and white photograph of several modern skyscrapers reaching towards the sky. The perspective creates a sense of height and architectural grandeur. The buildings are composed of glass and steel, with their facades reflecting light. The sky is a uniform, light gray, providing a stark contrast to the dark, geometric lines of the buildings.

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Uncovering the key drivers of
law firm engagement

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