



# BTI Premium Practices Forecast: Survey of Corporate Legal Spending



## Executive Summary

2009

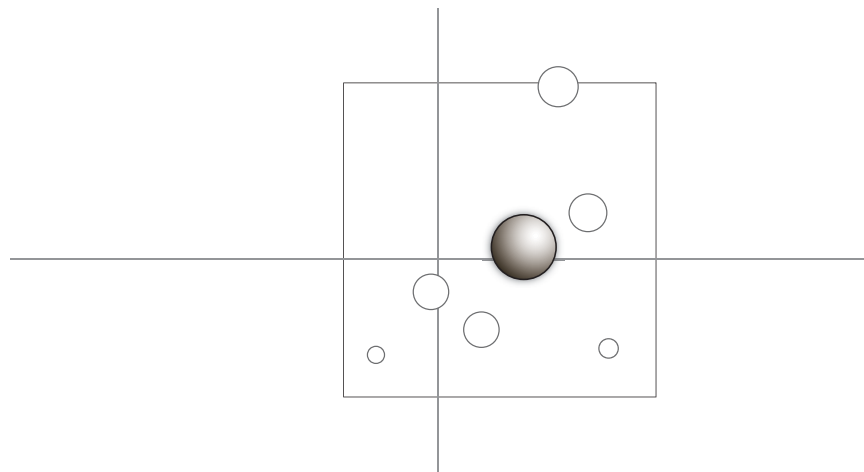
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# Introduction



## 6 Market Trends You Can't Afford to Miss

### 1. **Economic uncertainty flattens the legal market**

Market growth for outside counsel services in 2009 is projected at just 1.9%. 2009 will usher in the third straight year of single-digit growth for the legal market.

Some practices will fare better than others. 5 practices show signs of growth but 11 practice areas are flat to down. Discover which practices will be hit hardest and how your firm can align with the evolving market to come out ahead.

### 2. **In-sourcing is the new outsourcing**

Corporate counsel have strategically augmented their internal departments with resources—including attorneys, staff and technology—to help them boost productivity and get a handle on previously skyrocketing outside counsel costs. Expect clients to demand the same boost in productivity, predictability and value from law firms.

### 3. **Convergence is a reality**

Clients cut law firm rosters to all-new low levels. On average, corporate counsel rely on 42 law firms, down from 52 last year, for their legal needs—cutting the number of firms used by almost 20% in one year.

Plan on increased competition as clients plan to continue to trim law firm rosters over the next three years. BTI uncovers strategic actions to make this trend work to your advantage.



## 6 Market Trends You Can't Afford to Miss

### 4. **Is your firm prepared to embrace the political changes ahead?**

As the U.S. readies for new leadership, visionary law firms will be positioned to leverage emerging opportunities. Financial, M&A and Securities work will undergo significant changes.

A new political regime will also lead the way for numerous Regulatory modifications. Savvy law firms that help define the changes will have access to the most plum work—while others will not benefit.

### 5. **There are still a few bright spots in the market... is your firm in line for the work?**

The market may seem bleak, but the most savvy law firms will weather the storm. In the new year, corporate counsel will be faced with new variations on old themes.

Plan for a surge in pure counseling and advisory work as clients seek ways to navigate through an evolving business environment. But don't expect the work to come to you. Be proactive. Pressures to cut costs direct corporate counsel to law firms they are most familiar with and that deliver the best value. Opportunities will go to the law firms that seek them out—the phones are no longer ringing.

### 6. **The bailout bill—a life raft for law firms**

BTI research shows the bailout bill creating up to \$5 billion in new legal fees. This spending will go to a wide swath of law firms, going well beyond the Wall Street firms. BTI expects between \$700 million and \$1 billion in new fees to kick in through 2009.



## *Introduction to BTI's Premium Practices Forecast 2009*

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2008 heralded in a new reality for law firms. Growth in outside counsel spending slowed to a crawl after nearly 5 years of often double-digit increases. Single-digit growth, declining budgets and work moving in-house hit law firms hard. In the face of economic uncertainty, crashing financial markets and shifting political powers, *BTI Premium Practices Forecast 2009* is your guide on how to weather the storm. This powerful tool reveals:

- ◆ Targeted approaches, by practice area, to help boost your firm's performance in a tight market
- ◆ Which practice areas are potential pitfalls—and how to steer clear of them
- ◆ How 6 new market drivers will have an immediate impact on your firm's potential success

### *The Only Industry Analysis Based on Objective Data Direct from Clients*

The BTI Consulting Group's comprehensive report, *Premium Practices Forecast 2009*, analyzes over 1,900 in-depth interviews with corporate counsel at large and Fortune 1000 companies. We scrutinize spending trends, legal budgets, risks and goals to decipher exactly where the legal services market is headed in 2009.

You can use this unique analysis to:

- ◆ Ensure your law firm's strategy is fortified to weather the economic downturn
  - Align with market trends
  - Learn where clients anticipate increases and decreases in legal spending
- ◆ Set specific goals based on client needs
  - How are client goals changing?
  - What's the biggest risk facing corporate counsel in 2009?
  - Where can law firms provide the most value?
- ◆ Target the most effective mix of practice area offerings
  - Discover the practice areas best positioned for growth and premium billing opportunities
  - Steer clear of potential sinkers
- ◆ Benchmark your firm's key financial indicators against trends in the market
  - Track outside counsel spending over 8 years
  - Monitor how spending in 9 core practices has changed
  - Establish fact-based targets for 2009

### *Growth in Outside Counsel Spending at a Virtual Standstill—What Can You Do?*

Market growth for outside counsel services in 2009 is projected at just 1.9%. Capturing a piece of this shrinking pie is essential to law firms facing increased costs and tighter budgets within their own organizations. Use *BTI's Premium Practices Forecast 2009* to quantify your market opportunity and make informed decisions to guide practice groups and firm management.



### *BTI's Premium Practices Roadmap: Follow the Dollars*

BTI provides an in-depth analysis that delineates growth potential and typical billing rate profiles for 16 core practice areas. 5 practices are positioned to enjoy stronger growth rates and premium billing opportunities in 2009:

- ◆ Litigation
- ◆ IP Litigation
- ◆ Regulatory
- ◆ Class Actions
- ◆ Bet-the-Company Litigation

### *New this year! Compare Historical Trends to Future Growth Predictions*

For the first time, BTI outlines how each of 16 practice areas has performed over the past 3 years and delineates specific prospects for 2009 and beyond. See which practices withstand market fluctuations, which fall prey to economic swings and exactly what to expect from changes in the coming year.

### *Plus...Unequivocal Recommendations, Strategies and Tactics to Guide Your Firm*

*BTI's Premium Practices Forecast 2009* delivers recommended actions, strategies and tactics on how to best position your law firm in a tightening market. For each practice area, BTI provides you with detailed recommendations on how to leverage clients' changing behaviors, needs and priorities to your immediate, tangible advantage.

### *Target Immediate Client Needs—by Practice and Industry: BTI Industry Hot Spots*

BTI dissects spending expectations and needs in 9 practice areas and 18 industries to pinpoint where your law firm can tap into clients' immediate needs for robust returns. This year, BTI identifies spending surges in 16 areas, while 22 areas are positioned to experience declines and rate pressure.

BTI explores client needs in:

- |                      |                            |                         |
|----------------------|----------------------------|-------------------------|
| ◆ Banking            | ◆ High Tech                | ◆ Professional Services |
| ◆ Chemicals          | ◆ Industrial Manufacturing | ◆ Retail Trade          |
| ◆ Consumer Goods     | ◆ Insurance                | ◆ Telecommunications    |
| ◆ Energy             | ◆ Investment Banks         | ◆ Transportation        |
| ◆ Financial Services | ◆ Manufacturing            | ◆ Utilities             |
| ◆ Health Care        | ◆ Pharmaceuticals          | ◆ Wholesale Trade       |

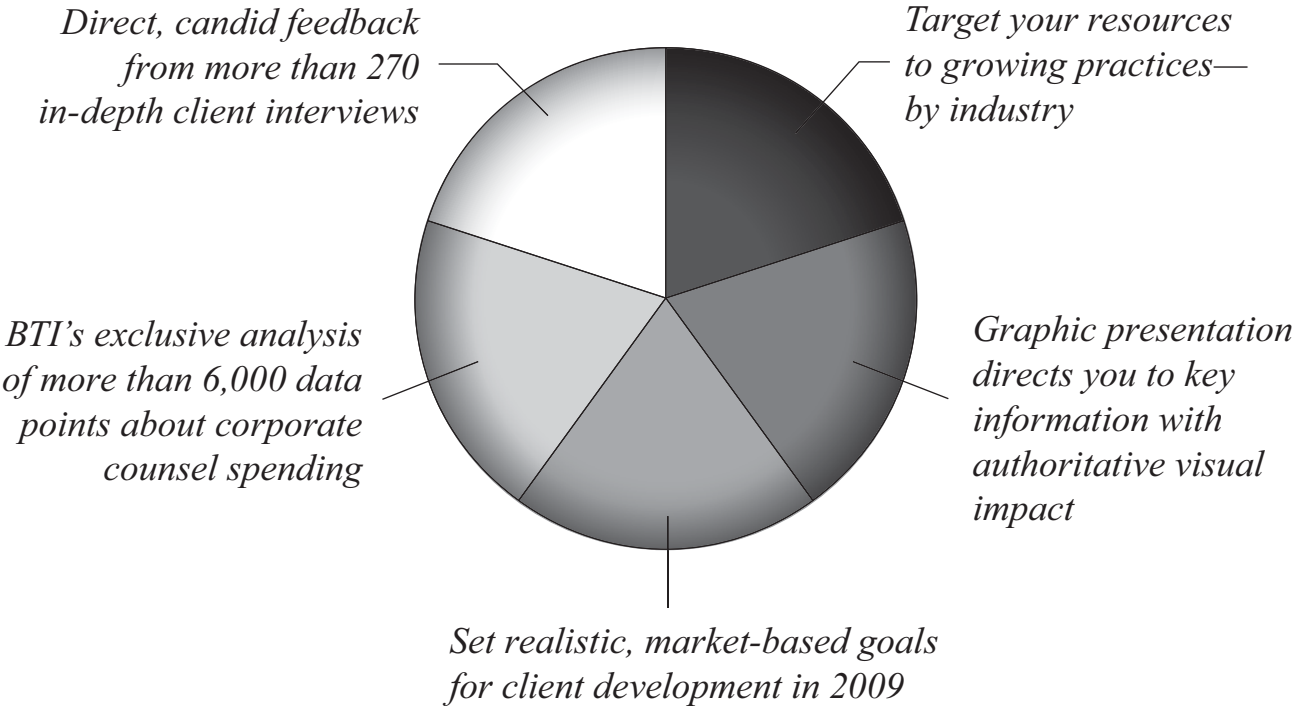
### *What's Driving Your Clients? Pinpoint Client Goals, Needs and Risks*

Savvy law firms are aligning closely with client needs and positioning themselves as strategic partners to maintain and grow primary relationships in a turbulent market. BTI provides you with a robust list of top client needs, goals and concerns for 2009 to help jumpstart your marketing and business development strategies.



## How to Use This Report

### DISCOVER COMPELLING INSIGHT INTO KEY TRENDS



### To the Point

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- ◆ Concise, bullet-point analysis distills key takeaways
- ◆ Delineate specific opportunities
  - Growth projections for 2009—by practice
  - Industry-specific hot spots
  - Prospects for premium billing



## BTI Methodology and Approach

This fact-based, comprehensive analysis draws on more than 1,900 client interviews conducted over the span of 8 years. Spending, budget and practice area assessments for 2008 and 2009 are based on over 270 brand-new, individual, independent interviews with corporate counsel at large and Fortune 1000 organizations. Our interviews were conducted between May 1 and September 15, 2008. These interviews represent:

- ◆ 28% of the Fortune 100
- ◆ 15% of the Global 500
- ◆ More than 15 industries, including:
  - Banking
  - Chemicals
  - Consumer Goods
  - Energy
  - Financial Services
  - High Tech
  - Insurance
  - Investment Banks
  - Manufacturing
  - Pharmaceuticals
  - Professional Services
  - Retail Trade
  - Telecommunications
  - Transportation
  - Wholesale Trade
- ◆ Top legal executives
  - 57.1% of interviews with General Counsel and Chief Legal Officers
  - 37.7% of interviews with direct reports to General Counsel
- ◆ Average revenue of \$25.7 billion
  - Median revenue of \$5.2 billion



### *Independent, Objective Research*

BTI conducts all interviews using multiple techniques; this includes open-ended, unstructured methods enabling the market to define clients' needs and priorities according to their own understanding and perceptions. Our interview team has an average of more than 10 years of experience interviewing C-level executives and General Counsel.

BTI identifies the target companies and individuals to be surveyed. We design and develop the survey instrument based on over 28 years of experience in the research industry. Each interview is conducted individually via telephone. We draw on a variety of sources, including our own research, to identify the individuals surveyed. All of our interviews are conducted using this objective approach.

### *Full, Unlimited Telephone Support*

Each and every *BTI Premium Practices Forecast 2009* report comes with unlimited telephone support. We encourage a dialogue with all our clients and are dedicated to helping them get maximum benefit from this report. Please call Michael B. Rynowecer, President, at (617) 439-0333 ext. 5048 or send an email to [mrynowecer@bticonsulting.com](mailto:mrynowecer@bticonsulting.com). You will find us responsive, helpful and to the point.

The opinions expressed in *BTI Premium Practices Forecast 2009* are based on The BTI Consulting Group's analysis of objective data, combined with our extensive experience. Any perceived criticism is offered in the spirit of constructive input and is not intended to offend any firm. Our analysis is designed to identify strengths, weaknesses, opportunities and threats for BTI clients and subscribers.



Brand new! Just released.

BTI PREMIUM PRACTICES FORECAST 2009:

# Survey of Corporate Legal Spending

## Pinpoint Spending Plans in 16 Practices and 18 Industries

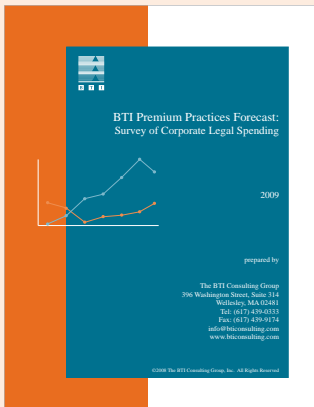
### YOU'LL LEARN:

- ▲ How to target your marketing dollars for the greatest return
- ▲ Techniques to navigate a difficult market
- ▲ How to strategically package services with the most immediate value to clients
- ▲ Changes for 9 major practice areas
- ▲ Detailed outlook for 16 practices in 18 industries

EXCLUSIVE ANALYSIS  
**\$5.2 BILLION IN BAILOUT-  
 GENERATED LEGAL FEES**  
 — BY PRACTICE

*BTI Premium Practices Forecast 2009* draws on more than 6,800 data points about corporate counsel spending, all gleaned from direct client feedback! It's an indispensable tool for setting realistic, market-based client development goals in 2009; if you don't agree, return it within 30 days for a full refund.

YES! PLEASE SEND ME *BTI PREMIUM PRACTICES FORECAST 2009: SURVEY OF CORPORATE LEGAL SPENDING* FOR \$2,400. IF I'M NOT SATISFIED I'LL RETURN THE REPORT WITHIN 30 DAYS FOR A FULL REFUND.



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