



# Legal Week Intelligence

## Bright ideas

After an award-winning year for RPC, Neil Hodge draws on Legal Week Intelligence research to analyse the firm's approach to innovation



# Driven to abstraction: How RPC is innovating in the face of adversity

Neil Hodge takes a closer look at RPC and its pursuit of client-centric excellence, with the help of Legal Week Intelligence data

**L**ike other professional sectors in the wake of the financial crisis, law firms have faced pressure from customers to keep fees low and to provide additional services as part of the engagement. At the same time, firms have been trying to make their own business models more flexible, adaptable and profitable to attract new clients and create efficiencies.

## Excelling with less

Many firms – particularly large firms like those in the magic circle – have unsurprisingly found the legal market post-crisis a more challenging environment, as the sector struggles to remain price-competitive and profitable in an industry suffering from overcapacity and high operating costs.

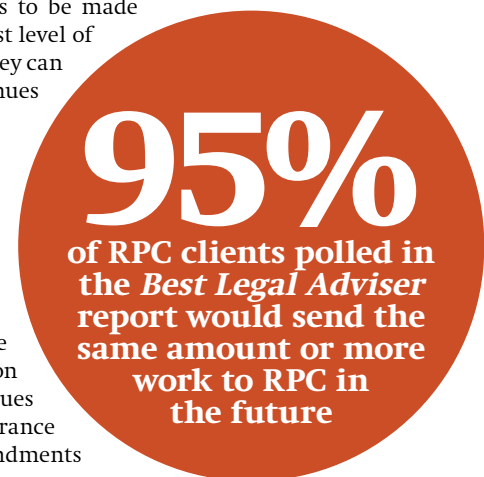
While some firms have gone on the defensive, cutting back rather than stepping forward, others have managed to turn the situation to their advantage, seeing their own strengths and opportunities in adversity. Aside from the global partnerships, there are notable successes within the legal market – smaller but nevertheless fully capable international firms deciding to tackle the provision of legal services in different ways. One such firm, and the subject of much interest recently due to its award successes and financial performance, is RPC.

In the eight years since the financial crisis unfolded, RPC has seen its business diversify and grow stronger. Once a traditional firm known mainly for insurance and litigation work, RPC saw the economic downturn as an opportunity to reappraise and completely overhaul its business. As a result, the firm has significantly grown its non-contentious offering with sizeable teams handling IP, IT, M&A, commercial contracts, competition and outsourcing mandates for an impressive roster of major and emerging brands. It also opened a second UK office in Bristol in 2012.

Taking risks even at unstable times is part of how RPC has become the firm it is today. RPC's managing partner Jonathan Watmough says: "Even when the market may look bad and the economy is against you, there are still opportunities to be made and clients still need the best level of service and expertise that they can get. That is why RPC continues to thrive."

## Local knowledge, global reach

While the insurance industry continues to create a lot of work for the firm – both contentious and non-contentious – due to more intense regulation and compliance around issues like Solvency II, the Insurance Act 2015 and MiFID II amendments





to the Insurance Mediation Directive, RPC is also pressing ahead with the diversification of its range of services.

In addition to building upon its still sizeable insurance business, RPC has invested heavily to establish a notable corporate/commercial offering, resulting in what is today a rough 60/40 split in revenue terms in favour of that portfolio of practices. Not only that, but RPC has continued to develop new practice areas as the economy has recovered – a leading sports law practice has emerged from the firm’s IP team, for example – and it has also launched a consulting business to complement its existing expertise and to satisfy client demands.

The investment has not been limited to the UK either. Building on the substantial proportion of international client work it serviced from London, the firm moved from a one-office firm into Asia by opening offices in both Hong Kong and Singapore during 2012 as the markets liberalised further and demand from pan-Asian and international clients for English law expertise grew. While arguably a bit behind the curve of other leading firms setting up in these jurisdictions, many of whom opened well before 2012, RPC seems to have timed its run and chosen its teams well.

The move has been welcomed by RPC’s clients. “Many firms see themselves as staunchly London market, doing London work in a London way. Here’s the news – the clients have moved on,” says Nigel Taylor, claims manager, specialty casualty (Asia), at Liberty International Underwriters.

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“We have Hong Kong problems needing Hong Kong advice in a Hong Kong way,” adds Taylor. “RPC has taken steps to resolve that need. It is demonstrating that it is sympathetic to the changing commercial imperatives of its core insurance clients and is willing to throw resources at it, taking a substantial risk in the process.”

RPC’s move into Asia complements the access to international lawyers it already enjoyed through its long standing membership of international network TerraLex. This network gives RPC – one of the founders and the sole representative in England and Wales – access to legal experts in more than 150 law firms across 100 jurisdictions to cater for a wide range of clients’ needs. It is also more cost-effective – and less risky – than trying to set up a

multitude of offices in new jurisdictions, only to close them shortly after, as several major firms have recently found to their cost. For example, in June 2015 Herbert Smith Freehills closed its Abu Dhabi office just six years after opening it, while Latham & Watkins also closed two of its Middle East offices last year. Furthermore, New York law firm Fried, Frank, Harris, Shriver & Jacobson closed its offices in Shanghai and Hong Kong in 2015.

**The evolution from law firm to professional services firm**

On even closer examination, one of the main tenets of RPC’s strategy is to innovate its business, anticipating the emerging commercial business needs of its clients. This approach has been noted by clients,

with Paul Van Reesch, vice-president, legal at Coca-Cola Enterprises saying: “They are very commercially pragmatic.”

Legal sector market research – not least *Legal Week’s* own *Best Legal Adviser Report* – confirms that corporates today require their law firms to be increasingly flexible, adaptable and commercially minded. Some in the legal services sector have already shown initiative in acting on their strengths to deliver new services for their clients. For example, Berwin Leighton Paisner has its freelance directory of lawyers – called Lawyers on Demand – to provide further support for in-house legal functions, and Eversheds has followed a similar route with Eversheds Agile, which provides interim legal services for in-house teams. Addleshaw Goddard, on the other hand, has its own consultancy business. These are all good examples of how law firms are adapting their business models to meet the demands of a rapidly changing sector.

Having reviewed what was happening in the market and recognising that clients could see value in buying consulting services from law firms beyond pure law, RPC launched its own management consultancy business, RPC Consulting, in February last year. The team is led by Rory O’Brien, formerly global head of risk consulting and software at what was then Towers Watson. RPC Consulting aims to provide top-end advisory services to its insurance clients and seeks to establish itself as one of the leading independent players in the insurance consultancy space after Willis Towers Watson and the big four accountancy firms.

The rationale behind the move is simple, says RPC’s managing partner Jonathan Watmough. “Moving into management consultancy is a natural fit for us, particularly in the insurance sector. In my mind, we’re all consultants anyway, it just so happens right now that we major in legal consultancy. This move into management consultancy allows us to offer a wider range of services for our clients where we know there’s an appetite, while offering something different to the competition. It is an obvious area for our law firm to add value,” he says. “Doing things differently has become our stock-in-trade,” he adds.

This is evidenced by RPC’s recent acquisition of Marriott Sinclair, a UK-based company that provides software and actuarial consultancy to the insurance, banking, and financial services sector. The acquisition includes a speedy, state-of-the-art financial modelling tool called Tyche, which improves client decision-making, particularly in a regulatory environment demanding an ever-greater awareness of risk. For clients,



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the software has a range of applications, including the use test under Solvency II, and will support much of the advisory work the firm provides to clients.

It is the first time a law firm has ever taken a step in this specific direction and the addition of insurance software to inform decision-making is a further distinguishing feature.

“This is the next stage in the development of our consulting business and in RPC becoming a broad-based City professional services firm,” says Watmough. “While a number of others have entered into the management consultancy market, this is the first time a commercial law firm has provided insurance clients with a full menu of actuarial, risk and management consulting services, including the use of a technology solution like Tyche.”

Other examples of RPC’s approach to innovation include its ReSecure data-breach response product, which marries legal and regulatory expertise with IT forensics and security, PR, credit monitoring and call centres and has become an increasingly important part of its insurance clients’ portfolio. Additionally, RPC Reserve – which provides real-time, mobile-optimised, management information to insurers in an easy-to-use form – has proved popular, and was shortlisted for Law Firm Innovation at the 2015 British Legal Awards.

It has become obvious that the UK’s law firms have had to become more innovative if they are to retain or grow their market share and distinguish themselves from the competition. Bird & Bird has formed a partnership with management consultancy ASE Consulting to form Baseline, which offers IT transformational programmes. Specialist media law firm Wiggin, meanwhile, has combined with technology business Incopro to help clients protect trademarks and intellectual

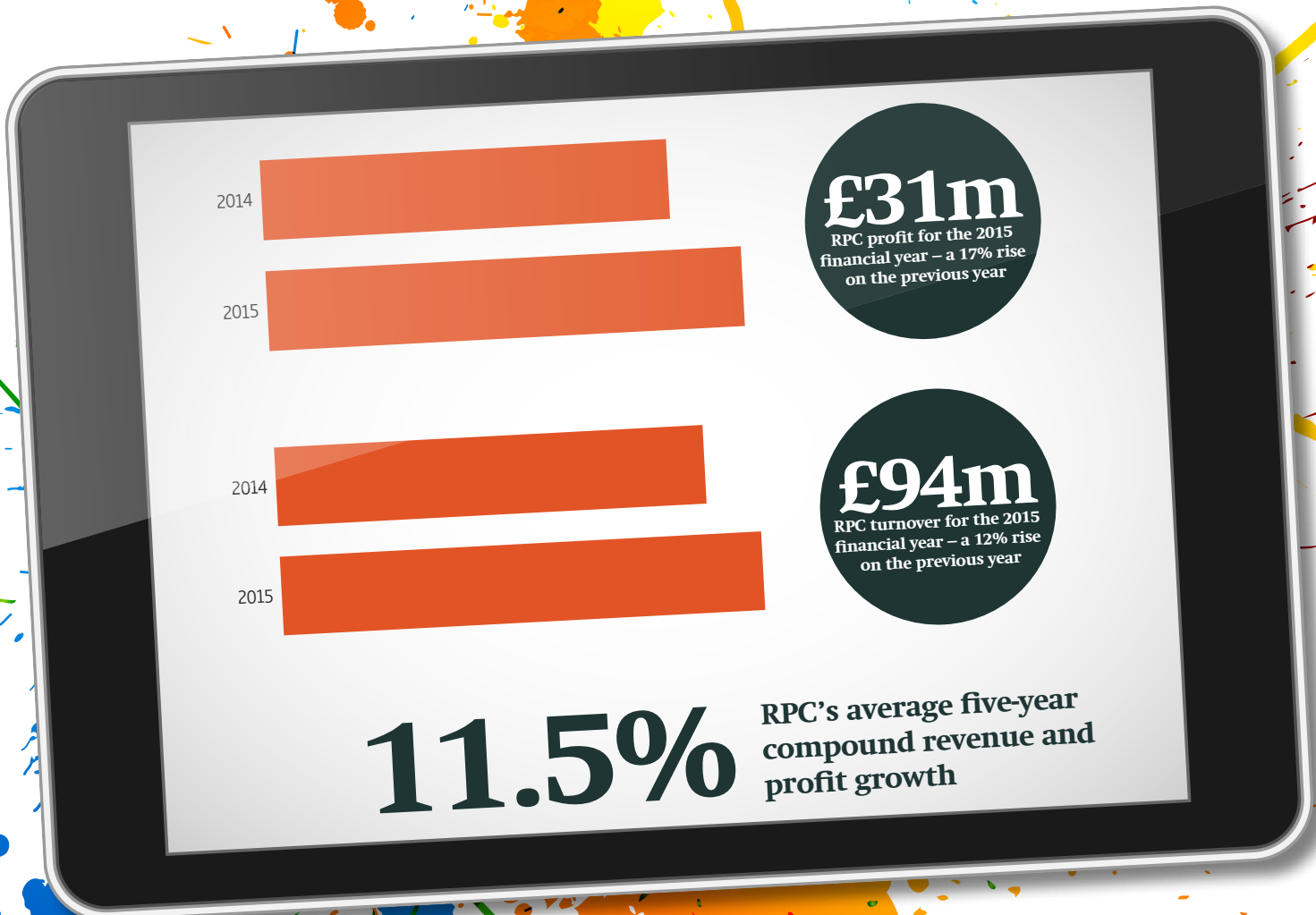
property. The firm has also worked with partners such as ITV and content consultancy Content & Co to develop a subscription television service called Cirkus, offering British programmes to Scandinavia.

More generally, firms have realised that they need to broaden their service offerings if they are to retain clients. For example, Baker & McKenzie and Pinsent Masons have expanded their tax services by employing accountants rather than lawyers to meet clients’ needs.

### A winning formula

There is plenty of evidence to illustrate the steps RPC has taken to broaden its range of services and expand its in-house expertise. And there have been solid returns from this strategy.





RPC posted a £31m profit for the 2015 financial year (equating to a 17% rise in profit on the previous year) against total revenues of £94m, a 12% increase on 2014. That headline revenue may not reach the heights of the transatlantic firms but it tells an impressive story of organic growth, not just following the recession but throughout it too, with average five-year compound revenue and profit growth of 11.5%, and more than 50% overall during the same period.

In fact, the focus on longer-term compound growth also sets it aside from firms with a purely annual performance lens.

The firm is confident that it will continue to experience near double-digit growth in 2016 and that it will continue to increase its market share during the next few years. Without the expense of running a vast network of offices throughout the UK and overseas, RPC can adapt

its practices more quickly, efficiently and cost-effectively, as well as remaining price-competitive as its overheads are lower than many competitors.

**People first**

People are also at the centre of RPC's strategy. As Hannah Purves, claims director at Markel International, says: "It's the people at RPC who make the difference. Yes, they're very good at the law, and extremely commercial, but it's the time and effort they invest in building strong, long-term, professional and individual relationships that we really value.

"They have taken time to understand what's important to us as individuals, and as clients, and we enjoy working with them."

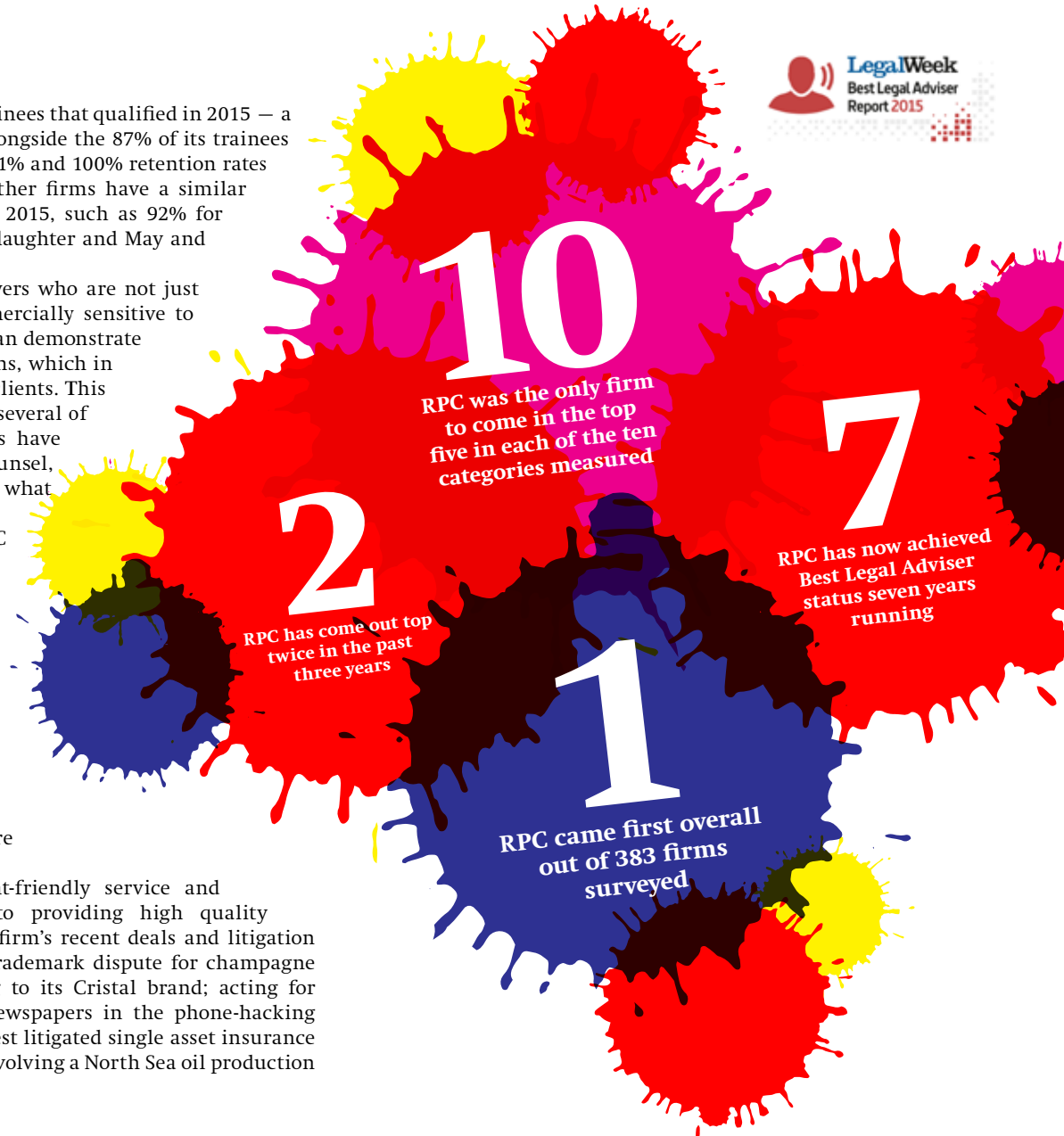
The firm retained 79% of the trainees that qualified in 2015 — a proud record that ranks highly alongside the 87% of its trainees that it retained in 2012, and the 81% and 100% retention rates in 2013 and 2014 respectively. Other firms have a similar record of high retention rates in 2015, such as 92% for Herbert Smith Freehills, 89% at Slaughter and May and 76% at Pinsent Masons.

The firm's ethos is to hire lawyers who are not just legal experts, but who are commercially sensitive to the needs of the client, and who can demonstrate an ability to create lasting solutions, which in turn is recognised and valued by clients. This is further proven by the fact that several of RPC's most recent senior recruits have spent time in-house as general counsel, bringing valuable insight as to what clients really want.

Clients are quick to praise RPC for its work. Simon Baker, legal counsel at insurer RSA, says: "RPC has got all the good parts of a magic circle or other leading City law firm, but without all the baggage that goes with it. Real quality service."

Three fifths of clients who responded to Legal Week Intelligence's *Best Legal Adviser* survey said they would send more legal work to RPC in the future.

In addition to pursuing client-friendly service and efficiency, RPC's commitment to providing high quality legal service is evidenced by the firm's recent deals and litigation work. These include winning a trademark dispute for champagne producer Louis Roederer relating to its Cristal brand; acting for media company Mirror Group Newspapers in the phone-hacking scandal; and working on the biggest litigated single asset insurance claim ever — a complex dispute involving a North Sea oil production platform.



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The list goes on to include advising private equity firm Bridgepoint Development Capital on its sale of Shimtech Industries, representing financial services provider Bank St Petersburg in a €300m banking dispute, and achieving an unprecedented Court of Appeal win for English Channel passenger and freight ferry company MyFerryLink. The firm has also secured significant one-off matters, including a major piece of litigation for Singaporean company director Ng Su-Ling against Goldman Sachs – one of *The Lawyer*'s top cases of 2015.

At the heart of this multi-faceted strategy, RPC has invested in building a rich understanding of what works for the buyers of legal and related services, and what professionals in private practice want in their careers. This involves spending time with legal and business leaders to understand corporate concerns and determine what boards and in-house counsel require from their external law firms. This understanding has helped the firm win places on several panels in the past 12 months, including insurers QBE (Hong Kong) and AIG (claims and corporate), bed and mattress retailer Dreams, and bottling and drinks distributor Coca-Cola Enterprises.

### Industry recognition

The investment also pays off in terms of recognition. RPC has won several major industry awards in 2015. It won Law Firm of the Year 2015 at the British Legal Awards, with *Legal Week* stating in its citation that “innovation has become a theme for RPC and 2015 was no different”. The judges also praised RPC for its strong financial results and for “really looking after its staff”. The firm was also named Competition & Regulatory Team of the Year 2015, and was praised by the judges for its “groundbreaking, impressive victories”.

Similarly, RPC once again had a very successful year in *Legal Week*'s annual *Best Legal Adviser Report*, ranking first overall out of 383 firms surveyed and being the only firm to come in the top five in each of the ten categories measured. This means RPC has now achieved Best Legal Adviser status seven years running, and come out top twice in the past three years.

But it is perhaps client feedback that is the best measure of what the firm is capable of doing on their behalf. Clients gave RPC its highest scores in the recent *Legal Week Intelligence Best Legal Adviser*



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*Report* for communication and responsiveness; quality of service delivery (reliable, practical, dependable service, including consistency across network); and for its commercial approach and understanding of the client’s business.

Clients also said that that RPC’s key assets are that it has “great litigators”; that it is “approachable, knowledgeable and prompt”; and “a good firm that cares about people and what they do”. They add that it has “humanity and compassion”.

Van Reesch of Coca-Cola Enterprises agrees, saying: “An important factor aside from the obvious – cost, value, skill and expertise – is that we can get on with them as human beings. They are just a great bunch of people and all have been really approachable and great to work with.”

The research points to an ability by RPC to build and maintain excellent client relations over the long term. Helen Mason, general counsel at construction services company Morgan Sindall Group, says: “We have been supported by RPC for a number of years – that in itself tells a story. The teams we work with are exceptional, with terrific levels of customer service. They seem to thrive on pressure. The advice is always commercial, practical and thorough, and they respond to us always well within time.”

Other clients rate RPC’s commercial sense as a key reason why they have stayed with the firm. Cameron Olsen, head of legal at Sports Direct, says: “Above everything else, it’s RPC’s no-nonsense approach that sets them apart. They don’t present us with options, but give us clear advice and recommendations, all set in the context of our business and its commercial priorities.

“We’ve worked with them for a long time now so they really understand all facets of the business and have a genuine appreciation of the external pressures that bear on a fast-moving retail organisation,” Olsen adds. “They’re also prepared to do things a bit differently and to take risks when they think it’s the right thing to do for our business. And of course, they’re also a pleasure to work with.”

Demand for good quality legal expertise is growing as organisations see the value of independent advice to help them make better informed commercial decisions. At the same time, law firms need to be able to adapt and innovate to meet client expectations, and those firms that understand corporate needs best will succeed in an increasingly competitive market. RPC is one such firm.



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