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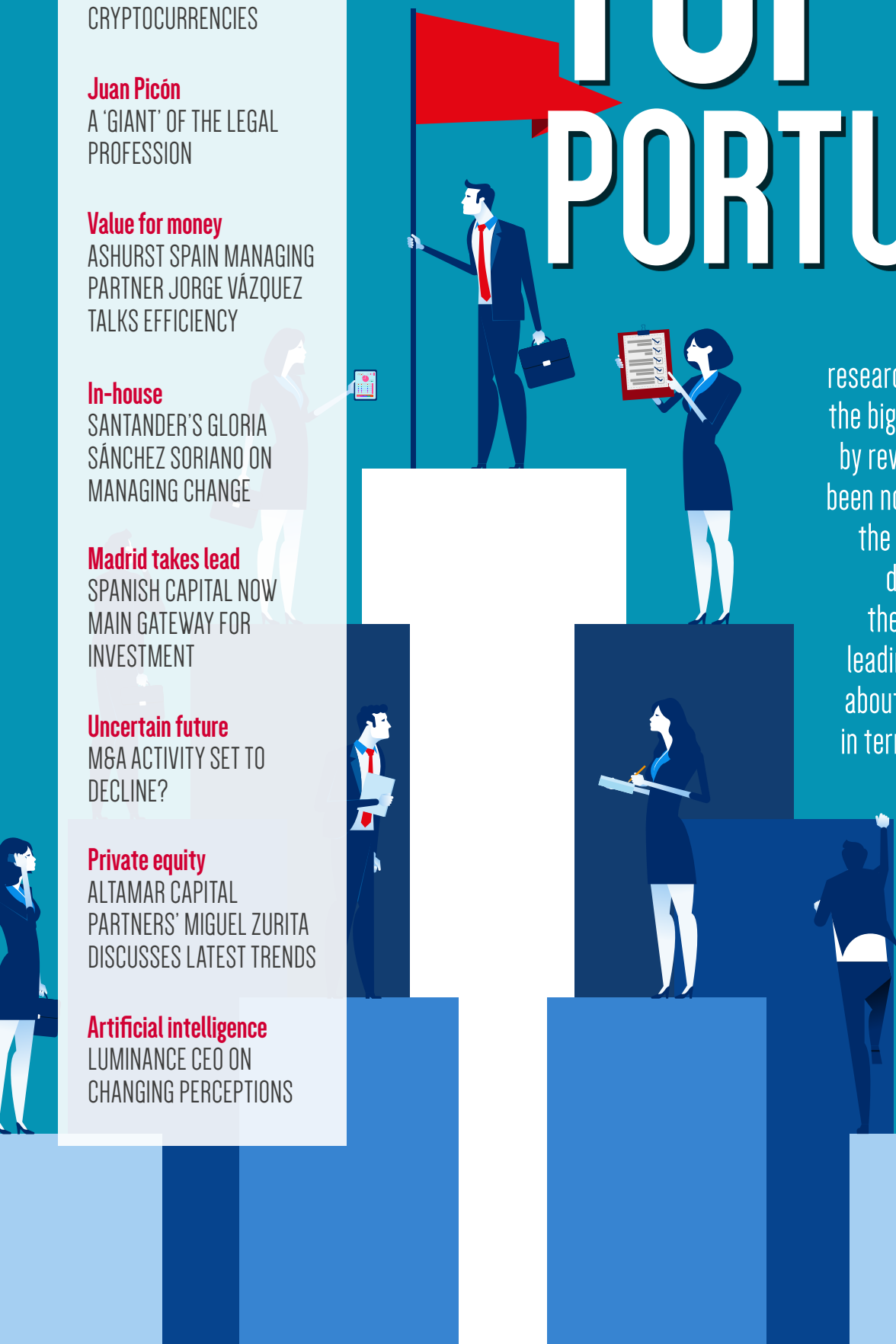
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Iberian Lawyer TOP 30 PORTUGAL

In a pioneering piece of research, Iberian Lawyer reveals the biggest law firms in Portugal by revenue – though firms have been notoriously secretive about the income they generate, we disclose information about the finances of the country's leading firms as well as details about the top performing firms in terms of revenue per partner and revenue per lawyer



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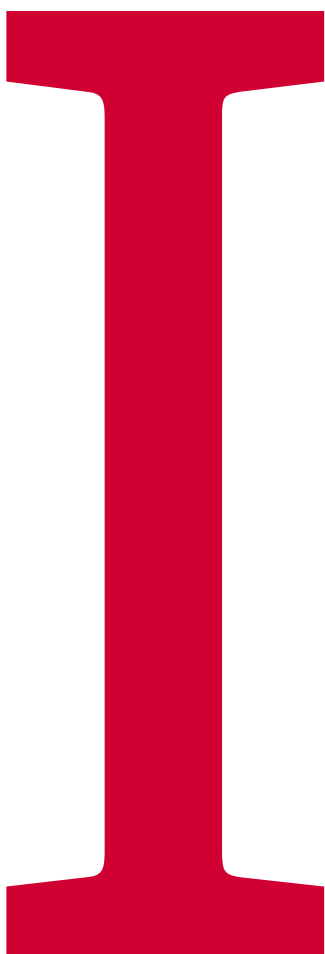
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REVEALED: FINANCIAL SECRETS OF PORTUGAL'S LAW FIRMS

by ben cook



In an unprecedented piece of research, in this issue of *Iberian Lawyer* we publish a list of the Top 30 law firms in Portugal by revenue. Portuguese law firms have traditionally been notoriously secretive about how much money they make and the vast majority of firms were unwilling to provide us with official figures. However, by making use of well-placed market sources, we have been able to gain an insight into the finances of Portugal's leading firms. It came as little surprise to see that Portugal's traditional 'Big Three' – Morais Leitão, PLMJ and Vieira de Almeida – were at the top of the tree when it came to total revenue, but there were some revelations that the market may not have been anticipating. Firstly, Uría Menéndez's performance fully justifies the claims that it is a truly 'Iberian law firm' - Uría Menéndez – Proença de Carvalho is the fourth biggest law firm in Portugal by revenue and it is the third most impressive performer in the Top 30 when figures for revenue per partner and revenue per lawyer are taken into account. Indeed, in the revenue per partner stakes, Uría Menéndez's Portuguese practice

is, in general, on a par with its other practices around the world. Secondly, while it was widely thought that Linklaters' Lisbon office was a very profitable practice, our data shows exactly how profitable it is – with revenue per partner of €2.1 million and revenue per lawyer of €333,000, Linklaters is by far the best performer of the ten biggest firms in our list.

IT IS KNOWN THAT A NUMBER OF FOREIGN PRIVATE EQUITY FUNDS ARE LOOKING TO INVEST IN LAW FIRMS IN PORTUGAL (AS WELL AS SPAIN). WHEN ASSESSING WHICH LAW FIRMS IN PORTUGAL WOULD BE THE BEST TO INVEST IN, OUR PORTUGAL TOP 30 LIST IS A GOOD STARTING POINT

Why does all this matter? For several reasons. To begin with, transparency builds trust and trust is vital in the legal profession. Though financial performance is only one factor to be considered, the fact this data is being published means clients now have a more accurate picture of which Portuguese firms are the most successful. In addition, it enables clients to make a more informed decision about which law firms are likely to do the best job of representing them in a major deal or dispute. Meanwhile, lawyers in Portuguese law firms now have a better indication of how their firm is run, how money is distributed among lawyers within the firm, how well the firm is performing, and, just as importantly, how their firm compares to their rivals in the market from a financial perspective – it may come as a surprise to some, but there are firms which share precious little financial information with their more junior lawyers. The other point to make here is, when looking to identify the best law firms in Portugal, instead of relying on mere opinions, we now also have some hard facts we can use to help us.

And finally, the financial performance of law firms will come under increasing scrutiny in the coming months. It is known that a number of foreign private equity funds are looking to invest in law firms in Portugal (as well as Spain). When assessing which law firms in Portugal would be the best to invest in, our Portugal Top 30 list is a good starting point. ■



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Legal Deposit

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MANAGEMENT

Garrigues appoints Javier Ybáñez as senior partner

Garrigues has appointed **Javier Ybáñez** (pictured) as senior partner after Ricardo Gómez Barreda decided not to renew his mandate.

Ybáñez has spent his entire professional career at the firm - he joined the firm in 1988 and became a partner in 1998. He specialises in corporate and commercial law, focusing on securities markets, finance and M&A.

Since 2013 he has coordinated Garrigues' expansion into Latin America through the establishment of fully-integrated offices in Bogotá (Colombia), Lima (Peru), Mexico City (Mexico), Santiago (Chile) and São Paulo (Brazil). Meanwhile, Gómez-Barreda will continue to advise clients on tax matters, as well as being in charge of the development of strategic projects. Garrigues managing partner Fernando Vives said Ybáñez's "professionalism, savoir-faire and dedication will be key to enabling us to take on the significant challenges facing the firm".

OPORTO

Cuatrecasas appoints Paulo de Sá e Cunha as Oporto office head

Cuatrecasas partner **Paulo de Sá e Cunha** has been appointed head of the firm's Oporto office. The office has a team of twenty lawyers plus seven support staff.

The office reported a 21 per cent increase in revenue in 2018.

A criminal law specialist, Sá e Cunha (pictured) has been a partner at Cuatrecasas since 2008. Maria João Ricou, managing partner of Cuatrecasas in Portugal said: "Paulo de Sá e Cunha has been increasingly involved in the activity of the Porto office, and he was a natural choice for this role – the Porto office has had a remarkable growth path and we intend to continue betting and investing in its growth."



LATERAL HIRE

PLMJ hires Cuatrecasas' Porto head Filipe Avides Moreira

PLMJ has hired the head of Cuatrecasas' Porto office **Filipe Avides Moreira**. Moreira (pictured) joined Cuatrecasas 10 years ago, he had been a partner since 2014. Prior to joining Cuatrecasas, Moreira was a lawyer at Cerqueira Gomes & Associados. His areas of expertise include mergers and acquisitions (M&A), venture capital deals and corporate restructuring. Also joining him at PLMJ will be a team of four Cuatrecasas lawyers that specialise in M&A and infrastructure. Their clients include public bodies, developers and construction companies. Earlier this year, PLMJ's Porto-based partner Tomás Pessanha left the firm to join Garrigues.



SOCIAL MEDIA

Facebook appoints former Pfizer Spain legal head as privacy policy director

Facebook has appointed former Pfizer Spain legal director **Cecilia Álvarez** as EMEA privacy policy director. Álvarez spent four years at Pfizer, where she also held the role of European data protection officer lead. Prior to joining Pfizer, she was a lawyer at Uría Menéndez, where she spent more than 17 years. At Uría Menéndez, she headed the IT, data protection and e-commerce teams



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CORPORATE

Ventura Garcés & López-Ibor recruits Alejandro Alonso from Dentons

Ventura Garcés & López-Ibor has hired **Alejandro Alonso** from Dentons. He will join the firm as a partner in the corporate department. Alonso has more than 25 years of experience advising international distribution groups and companies in the luxury products and real estate sectors. His areas of expertise include mergers and acquisitions, litigation and arbitration and commercial distribution.

He was previously founding partner of Alonso, Armand, Boedels and Associates. In addition to Alonso, Ventura Garcés & López-Ibor has also recruited José Ramón Lora from Dentons as a senior lawyer. He specialises in mergers and acquisitions and previously worked for Deloitte, Valma and JA Cremades.

COMPLIANCE

MA Abogados managing partner leaves for Ecix Group

Spanish law firm Ecix Group has recruited MA Abogados managing partner **Mercedes Carmona**. Carmona (pictured) was managing partner of MA Abogados for just over one year. Prior to joining MA Abogados, Carmona was managing counsel for western Europe at BP. At Ecix, she will be a partner in the firm's corporate compliance group.



PROMOTIONS

KPMG promotes Francisco Fernández and Esteban Guitián to partners

KPMG Abogados has promoted **Francisco Fernández and Esteban Guitián** to partners. Fernández (pictured) joined the employment team at KPMG Abogados in 2010 and has 19 years experience advising clients in the financial, health and consumer sectors. Guitián joined the firm's outsourcing and compliance department in 2000. He has 18 years experience of the outsourcing of accounting, financial, tax and administrative processes.

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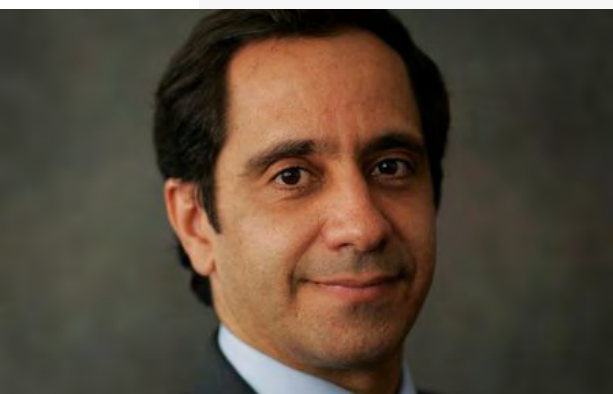
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LISBON

Sérvulo announces nine new partners

Lisbon law firm Sérvulo has announced nine new partners in its public law, finance, tax, employment, real estate and litigation teams. The new partners are: Ana Moutinho Nascimento (tax), António Cadilha (public law), Cláudia Amorim (litigation and criminal law), Duarte Rodrigues Silva (public law), Eduardo Gonçalves Rodrigues (real estate and urbanism), Francisco Boavida Salavessa (finance), Pedro Fernández Sánchez (public law), Rita Canas da Silva (employment) and Sofia Thibaut Trocado (finance). The firm's managing partner **Paulo Câmara** (pictured) said: "These promotions to partner mean an excellent generation of lawyers have risen to the top."

APPOINTMENTS

Broseta Abogados announces three new partners in Valencia

Broseta has promoted **Amparo Canillas**, **Enrique Hervás** and **Nuria Arenas** (pictured) to the firm's partnership. The lawyers specialise in litigation, employment and corporate, respectively. Arenas joined Broseta in 2000 and has experience advising companies and non-profit public-private entities, on state aid and competition matters. Canillas joined the firm in 2013 and had previously served as a lawyer at the Generalitat Valenciana, serving in roles related to the Ministries of Finance and Public Administration, Health and Presidency. Hervás has worked at Broseta since 2006. She previously worked for Sagardoy Abogados. The firm has 32 partners and a total of 160 lawyers in Spain and Portugal.



MADRID

Chevez Ruiz Zamarripa's Madrid office hires Anna Roig as associate

Chevez Ruiz Zamarripa's Madrid office has hired former Uría Menéndez lawyer **Anna Roig** as an associate. Prior to joining Chevez Ruiz Zamarripa, Roig was a lawyer at Consulting International Business. She previously spent eight years at Uría Menéndez. Chevez Ruiz Zamarripa's Madrid office - which has five staff - is led by partner Pere Pons. Meanwhile, Luis Vidal, a lecturer at Centro de Estudios Financieros on visa and nationality issues, is expected to join the firm as of counsel in the coming weeks. The Madrid office of Chevez Ruiz Zamarripa - which is located at the intersection of Calle de Hermosilla and Calle de Serrano - is mainly focused on legal services related to tax and immigration.



GAINING TRUST

Spanish real estate investment trusts are rapidly acquiring, and disposing, of assets, a trend that is generating a flood of work for the nation's real estate lawyers – meanwhile finance lawyers are also getting a piece of the action as trusts issue shares

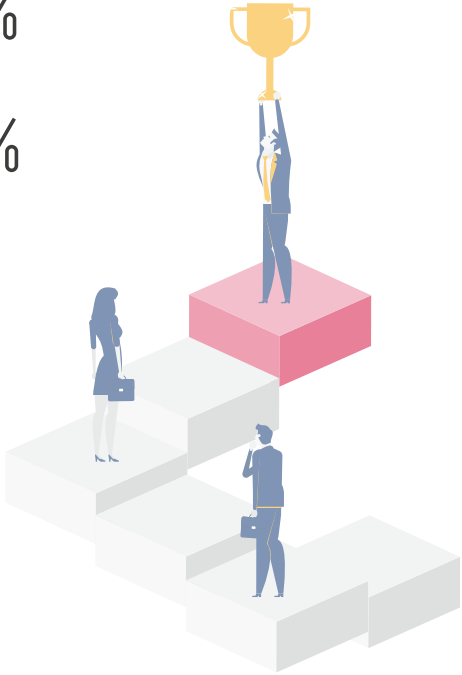
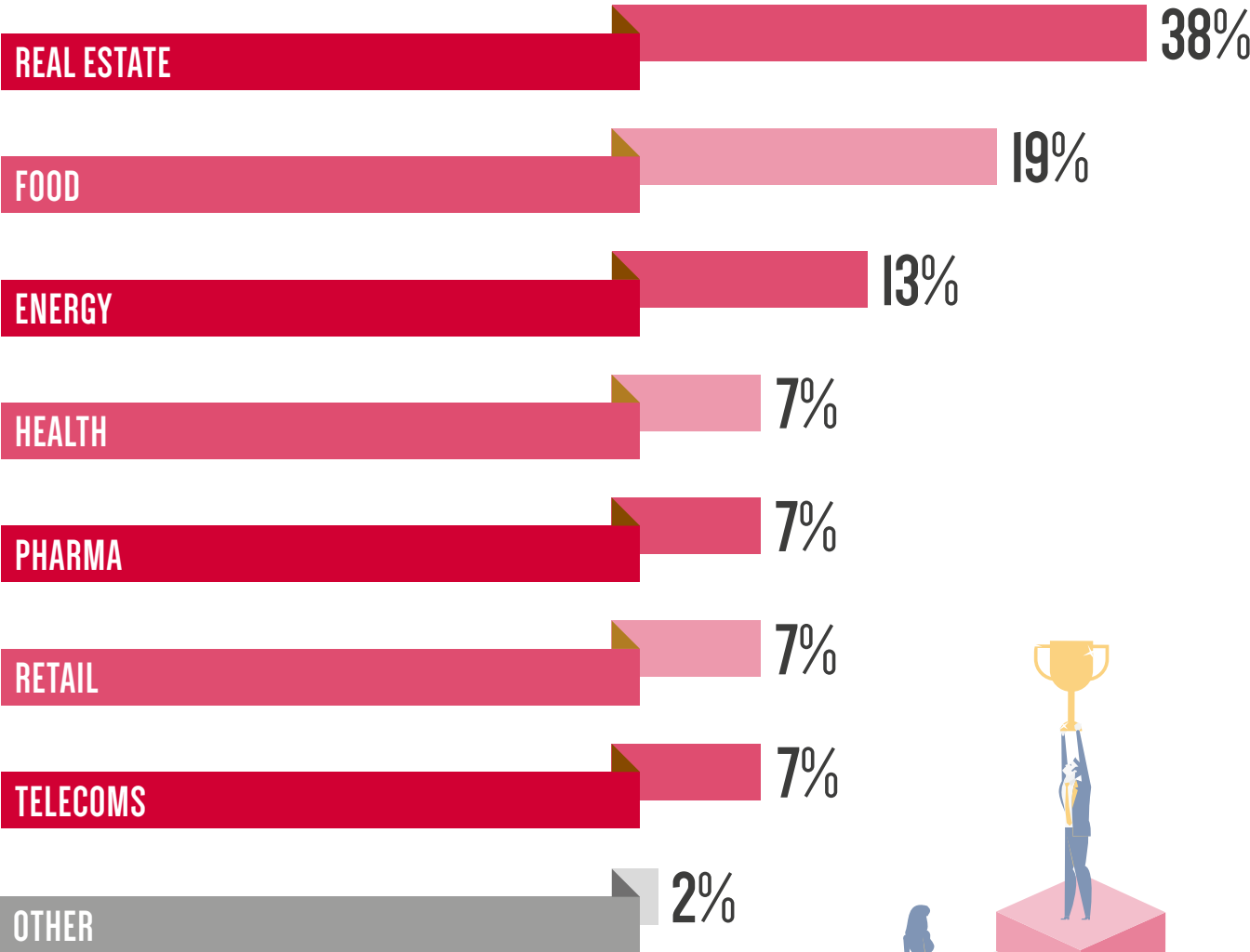
Spanish real estate investment trusts are booming. Known as SOCIMIs [[Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliari] in Spanish, real estate investment trusts have become extremely fashionable of late. It's good news for real estate lawyers, with SOCIMIs acquiring, and disposing, of assets at a frantic pace. In addition to advising on acquisitions and disposals, lawyers are also being instructed on share offerings by SOCIMIs. In one notable recent deal, Clifford Chance advised Partners Group on the acquisition of a portfolio of real estate assets from Meridia Iberian Real Estate, which manages a number of SOCIMIs. Meanwhile, Linklaters recently advised another real estate investment trust, Merlin Properties, on the sale of two logistics units in Catalonia for €26 million. The popularity of SOCIMIs was

demonstrated recently when real estate investment trust Árima raised €40 million in a share offering – Árima was advised by Davis Polk. Investors view hotels in Spain as particularly attractive assets – the property portfolio Partners Group acquired from Meridia included a number of hotels, while in another notable deal, Linklaters and CMS advised BlackRock on the €100 million acquisition of a hotel portfolio from Amistat Hostels.

CLIFFORD CHANCE ACTS FOR PARTNERS GROUP ON MERIDIA REAL ESTATE DEAL

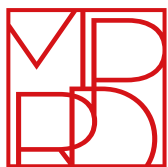
Clifford Chance advised Partners Group on the acquisition of a portfolio of 15 Spanish companies – owning 32 real estate assets – from Meridia Iberian Real Estate. The real estate assets include hotels, office buildings, shopping centres and residential buildings throughout Spain. The deal was valued at €243 million. The Clifford Chance team included **Javier Amantegui** (pictured), **Ana Torres**, **Rodrigo Uria**, **Roberto Grau**, **Aina Gómez**, **José Maria Vilaseca**, **Blanca Ochoa**, **Carl**

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Practice area:

M&A

The deal:

Partners Group's acquisition of a portfolio of 15 Spanish companies – owning 32 real estate assets – from Meridia Iberian Real Estate

Firm:

Clifford Chance

Lead partner:

Javier Amantegui

Value:

€243 million

LINKLATERS ADVISES MERLIN ON SALE OF LOGISTICS UNITS IN CATALONIA

Linklaters advised Spanish real estate investment trust Merlin Properties on the sale of two logistics units in Catalonia. The deal was valued at approximately €26 million. The Linklaters team included **Gabriel Cabello** and **Rosario Bernaldez**.

Practice area:

M&A

The deal:

Merlin Properties' sale of two logistics units in Catalonia.

Firm:

Linklaters

Lead lawyers:

Gabriel Cabello and Rosario Bernaldez

Value:

€26 million

DAVIS POLK INSTRUCTED BY ÁRIMA ON €40M SHARE OFFERING

Davis Polk acted for Spanish real estate investment trust Árima on its follow-on offering of four million ordinary shares. The offering raised gross proceeds of €40 million. The offering comprised an



Javier Amantegui



Gabriel Cabello



Michael J. Willisch



Rodrigo Uria

offering to institutional investors within and outside of Spain, including in the United States pursuant to Rule 144A, and an offering within Spain to Árima's management team. Árima's shares have been admitted to listing on the Spanish stock exchanges. Árima is a Spanish public limited company managed by the former management team of real estate investment trust Axiare Patrimonio. The Davis Polk capital markets team advising on the deal included Madrid partner **Michael J. Willisch**.

Practice area:

Finance

The deal:

Árima's follow-on offering of four million ordinary shares

Firm:

Davis Polk

Lead partner:

Michael J. Willisch

Value:

€40 million

LINKLATERS ACTS FOR BLACKROCK ON €100M AMISTAT HOSTELS DEAL

A Madrid-based Linklaters team advised BlackRock on the acquisition of a hotel portfolio from Amistat Hostels. The deal was valued at €100 million. The Linklaters team included **Gabriel Cabello** and **Rosario Bernaldez**.

Practice area:

M&A

The deal:

BlackRock's acquisition of a hotel portfolio from Amistat Hostels.

Firm:

Linklaters

Lead lawyers:

Gabriel Cabello (pictured) and Rosario Bernaldez

Value:

€100 million

Forty40

UNDER

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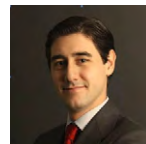
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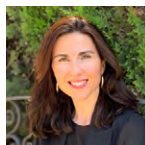
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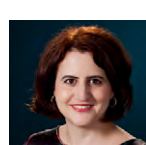
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Teresa González Ercoreca
CCDO Legal Services | Head of Multinationals,
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BLOCKCHAIN

PAY

CHECK

Leading Spanish law firms are disrupting the legal sector by accepting payment in cryptocurrency for the services they provide – advocates claim that blockchain will ensure there will be more integrity in the provision of legal services and mean clients are billed more fairly



Lawyers are often perceived as very traditional, conservative people surrounded by dusty books. However, law firms are anxious to change such perceptions. In an effort to demonstrate their technological credentials, leading Spanish law firms are bravely leaping into the cutting-edge spheres of blockchain and cryptocurrency.

Two recent initiatives launched by major Spanish law firms have caught the eye in this respect. In February this year, Cuatrecasas announced it was issuing tokens for legal services that will be 'spent' via blockchain technology. Cuatrecasas said it would be issuing a single package of 80 tokens that will be equivalent to 20 hours of legal advice. Each token will enable the client to have a Cuatrecasas lawyer's services for 15 minutes. The tokens are exclusively for use by Blocktac and FuVeX, which were both winners of the Cuatrecasas Acelera programme. Then, in June, Gómez-Acebo & Pombo launched its own cryptocurrency called 'Pombo'. In its first phase, the 'Pombo' will be used solely to finance pro bono projects, but in the future, the firm said, it will be used to pay for legal services. A total of 350 Pombos will be launched in the first phase. They will be sold in packages of 35 units at a price of €1,000. The initial Pombos will expire after one year.

GUARANTEEING INTEGRITY

In the case of the Cuatrecasas blockchain tokens, the way the system works is the client has a 'wallet', through which it displays the tokens. When the lawyer has finished providing the advice, they record the hours worked on a software system in the office, and the purse is

€1,000

Cost of 35 'Pombos'

(the name of the cryptocurrency issued by Gómez-Acebo & Pombo)

updated. The client also has information about the hours billed, the balance, as well as notes and comments from the lawyer. In this pilot project, the tokens were not transferable. **Alba Molina**, innovation project manager at Cuatrecasas, explains: "In order to provide legal advice to a third party, it is necessary to pass a conflict of interest verification process, as well as complete a questionnaire and a risk assessment."

Cuatrecasas CIO **Francesc Muñoz** says the blockchain registers all the transfers of tokens produced by Cuatrecasas and therefore, in accordance with the hourly billing system, "guarantees integrity while also providing transparency." After evaluating the pilot programme, the firm plans to offer tokens to all startups participating in the next *Accelera* programme. Molina says that, in future, it will be possible to "incorporate in the blockchain network the documents drawn up by Cuatrecasas for the startup



so that we have absolute certainty about the work done – we are analysing the implications for customers and pro bono issues."

Gómez-Acebo & Pombo's initiative goes beyond the mere issue of a cryptocurrency because it has charitable purposes – in that it will be used to finance pro bono projects only – says partner **Guillermo Guerra**. The scheme is a collaborative project between the firm and the Fernando Pombo Foundation. The 'Pombo' will be quoted on the public network Stellar (similar to a stock market or virtual stock exchange, but designed for blockchain technology), although Guerra says "in this first issue we have limited it to clients of the firm".



ALBA MOLINA



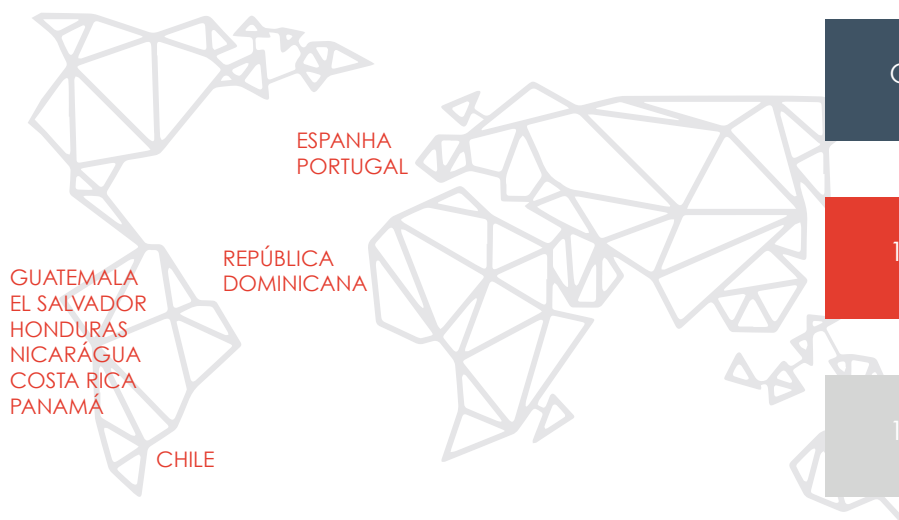
FRANCESS MUÑOZ

PROVIDING TRANSPARENCY

Carlos Álvarez, director of digital transformation at Gómez-Acebo & Pombo, says the Pombo is not designed to be a means of payment, but as a cryptocurrency that can be used to acquire pro bono work from the firm.

»»

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“The purpose of this token is to provide transparency, as well as traceability to contributions, and the provision of pro bono hours, to the Fernando Pombo Foundation.” Although in this first stage it only be used for pro bono work, the idea is that in the future it will used as a method of payment for legal services. There is still some way to go before blockchain technology is utilised to its full potential in the legal sector, it is likely that, in the near future, clients

will be paying for legal services using cryptocurrency. While initially it will be used as an alternative payment system, there is a view that, in relation to some types of legal services, it will eventually replace more traditional payment methods. Ramón y Cajal Abogados partner **Cándido Pérez** argues that the use of new alternative payment systems – such as bitcoins, tokens, ripples, Nxt or ether – is now an alternative to more traditional methods of payment. He adds that such alternative forms of payment ensure that, given the guarantees and security they provide, in addition to the elimination of intermediaries, means they are viable.

SECURITY CONCERNS

That said, there is still widespread scepticism regarding the level of security offered by alternative methods of payment. Yet it is anticipated that the security of blockchain will increase significantly with distributed ledger technology and the double key system. Pérez says: “It has been shown that the double key encryption system provides an extra level of security when it comes to performing transactions.” Many observers believe blockchain technology could potentially bring about what would be a fourth industrial revolution. However, there are concerns that the regulation of such technology, both at national and European level, is scarce, if not non-existent. **Alfonso López-Ibor**, managing partner of Ventura Garcés López-Ibor, says one of the fundamental factors that needs to

THE ‘POMBO’: HOW IT WORKS

Quoted on the public network Stellar (similar to a stock market or virtual stock Exchange), the ‘Pombo’ can be acquired and then assigned to a project run by the Fernando Pombo Foundation. The Pombos are then transferred to the wallet of the chosen project and the foundation then requests that Gómez-Acebo & Pombo provides the corresponding number of hours of pro bono work to the project in question. Once the owner of the Pombo selects the project to which they want to assign the tokens, the information will be registered securely on the blockchain network through a smart contract, and this data can be verified at any moment by the token holder or any third party. This technology therefore facilitates greater transparency and traceability for the owners of the tokens, in addition to involving them in the execution of the projects. 

15 minutes

Amount of free legal advice that can be purchased with one Cuatrecasas blockchain token



CÁNDIDO PÉREZ



THE USE OF NEW ALTERNATIVE PAYMENT SYSTEMS – SUCH AS BITCOINS, TOKENS, RIPPLES, NXT OR ETHER – IS NOW AN ALTERNATIVE TO MORE TRADITIONAL METHODS OF PAYMENT

Cándido Pérez, Ramón y Cajal Abogados

be taken into account is the future legal recognition of blockchain, which will give it authenticity. He adds that the world is moving towards the widespread use of Smart contracts and simpler negotiating processes. “In Spain the blockchain, once legally recognized, will have effects on our notarial and registry system – in any case, regulation needs to come from a European level. “

It seems indisputable that blockchain will be playing a key role in the business of law firms in the not too distant future. It is a sector that will generate new sources of work for law firms, in addition to providing a high level of information




ALFONSO LÓPEZ-IBOR



IN SPAIN THE BLOCKCHAIN, ONCE LEGALLY RECOGNIZED, WILL HAVE EFFECTS ON OUR NOTARIAL AND REGISTRY SYSTEM – IN ANY CASE, REGULATION NEEDS TO COME FROM A EUROPEAN LEVEL

Alfonso López-Ibor, Ventura Garcés López-Ibor

security, along with transparency, and records of transactions that cannot be altered. Pérez says that, when this technology develops further, it will impact the “enforceability of thousands of day-to-day transactions among the world population, but any innovation that involves the automation of certain processes will in one sense close doors, but in another sense it will open a window of opportunity.” Blockchain clearly has massive potential and with that will come equally enormous opportunities for those law firms that quickly acquire an in-depth understanding of the dynamics of this rapidly developing market. 



JUAN PICÓN:

A 'giant' of the legal profession

The managing partner of Latham & Watkins' Madrid office was one of the highest profile Spanish lawyers in the world, and a man known for his determination, courage, talent and good humour

The death of Latham & Watkins' Spain managing partner Juan Picón came as a massive shock to the Spanish legal sector. Though it was known that he had been battling severe illness, the news of his passing was still difficult to comprehend due to the size and vibrancy of his personality. The feeling expressed by many in the sector was one of dismay and deep sadness.

Picón was only 54 years of age. Few in Spain's legal sector have achieved, or will achieve, as much as he did at such a relatively young age. Prior to becoming managing partner of Latham & Watkins' Madrid office two years ago, Picón was senior partner and global co-chairman of international firm DLA Piper, a role that made him one of the highest profile Spanish lawyers in the world.

In total, he spent 11 years at DLA Piper, prior to that he was managing partner at Squire Sanders & Dempsey in Madrid. He also worked as a lawyer at Clifford Chance and Banco Santander.

Colleagues and peers speak of a man who constantly pursued excellence with a determination, perseverance and talent that was matched by few. He was also a man of great courage, as his battle with cancer demonstrated time and again.

In addition, he stood out for his boundless enthusiasm and optimism. And his sense of humour. He was often talked about, with one of the stories being that he was the highest paid lawyer in Spain. When this story was published, it is understood that, privately, it irritated him, but, in public he played along, joking that he was the “four million dollar man”. Described as a visionary, but also an incredibly considerate person, Picón’s passing leaves a gap that will be difficult to fill. *Iberian Lawyer* spoke to some of those who knew Picón and asked them about their memories of him.



SALVADOR SÁNCHEZ-TERÁN,

managing partner,
Uría Menéndez

“The death of Juan Picón is a great loss both personally and

professionally. I’ve known Juan since I was seven, because we were classmates at school. He was always a person of great energy and dynamism, and that has contributed to his successful career as a lawyer. Rest in peace.”



RICH TROBMAN,
chair and managing partner ,
Latham & Watkins

“We are mourning the death of an extraordinary and dear friend and partner. Juan was an excellent lawyer, a visionary leader, and an incredibly considerate person who touched the hearts of many members of the firm and our profession. He will be remembered for his unselfish spirit, boundless energy, generous leadership, tremendous courage and inner strength. A giant in so many ways and an inspiration to all who met him who will miss him deeply. Our thoughts and prayers are with your family and friends, as we mourn the loss of a truly special person. Our precious memories of Juan will live forever.”



JOSÉ LUIS BLANCO,
former Spain managing
partner,
Latham & Watkins

“I had the opportunity of meeting Juan first as a counterpart in several M&A transactions and later on during the course of the discussions that brought him to Latham & Watkins. As a lawyer, Juan was the prototype of a deal maker – fully committed, transaction oriented, and capable of separating the key issues from other rather ancillary matters. Strong in his positions but easy to discuss with and very open to clever compromises. In the course of the lengthy conversations we held prior to him joining Latham & Watkins, I discovered the leader – an extraordinarily persuasive and charismatic person. Above all, I discovered a passionate and enthusiastic human being who I am honoured to say was my friend. We will all always remember him as a very special person and a legendary lawyer.”



IGNACIO GÓMEZ-SANCA,

partner,
Latham & Watkins

“Juan has left an unforgettable mark on the world. He had an astonishing capacity to enrich others’ lives and change them for the better, and I’m humbled to have been one of the many beneficiaries of the pure joy he emanated. Juan had an amazing energy, and anyone within his orbit gained from being in his presence. A giant in the legal profession — and a peerless one at that — the impact Juan has had across industries is doubtlessly unmatched. We will miss him, his affability, and his true passion for people and the law.”



JORDI DOMÍNGUEZ,

partner,
Latham & Watkins

“Since the day I met Juan, I could sense he was an inspiring leader. He was a great example for all

of us: his core values, his endless optimism, and his general attitude towards the challenges in our lives were an inspiration. He cared for all of us, he wanted us to be happy and encouraged everyone to work together toward a common goal. He made us all feel important, a true mark of his character. We will miss you, Juan. You will always be in our memories. Rest in peace.”



JOSÉ MARÍA JIMÉNEZ-LAIGLESIA,

partner,
Latham & Watkins

“Juan was ambitious and hardworking. He was special in the sense that he had a gift — one that meant he could surround himself with people of different personalities and outlooks and influence everyone to work together. He loved Latham, and we loved him. We will miss him.”



IGNACIO PALLARÉS,

partner,
Latham & Watkins

“I cannot express in words my gratitude to Juan for providing me with assurance, guidance, and space to develop my career. With no doubt, his enthusiasm, ambition, and kindness have inspired us all and will continue to do so in the future. ‘Upwards and onwards’ was his constant motto when he joined our firm, and I’m sure he would smile knowing that it’s now that of the entire office.”



JOSÉ ANTONIO SÁNCHEZ-DAFOS,

partner,
Latham & Watkins

“Not only has Juan been a unique leader and true lawyer, but also an incredible friend. The way he has always managed to gain the loyalty and admiration of those around him has been mind-blowing. He always sought to support and make sure that his team members grew into the best they could and took pride in the success of others working with him. Clients and the whole industry loved him, and young lawyers saw him as an example. Sharing all these years with him has been a real privilege. He was one of a kind.”



ANDREW DARWIN,
senior partner and global co-chairman,
DLA Piper, said:

“We are deeply saddened to hear of the passing of Juan Picón. Juan has been a great lawyer and an extraordinary person who spent a large part of his life at the firm. He has been a great figure in the Spanish legal sector and in the business of law. We convey our deepest condolences to his friends and family.”



RAFAEL FONTANA,
president,
Cuatrecasas

“Juan Picón has been, and will be, a benchmark in the world of law, mainly for his commitment to the client. His charisma, empathy and his enormous communication skills managed to build customer loyalty by earning their trust. I am sure that Juan will be remembered for being

a successful international lawyer and for showing great ability in the direction and management of two of the most prestigious law firms in the world.”



FERNANDO VIVES,
executive chairman,
Garrigues

“Juan was a great lawyer with leadership and a very clear vision of the profession. In addition, many of us will miss the friend who was always easy to work with.”



LAURA NEMETH,
partner,
Squire Patton Boggs

“Juan was a charismatic person and an incredible lawyer with a loyal client following. When I joined the firm almost 20 years ago, it was Juan who introduced me to one of his Spanish clients to handle a US acquisition. This gesture of collaboration

laid the foundation for me to develop a cross-border M&A practice. Juan opened my world to Spain, it’s incredible culture and its wonderful people. I have two favourite memories of Juan. In 2000, the firm held a retreat in Phoenix, Arizona. Throughout the retreat, Juan and our other Madrid colleagues could be heard singing from far away. My second memory is from the day the Atocha train station in Madrid was bombed and so many people lost their lives. Juan and I were at a client’s office in Madrid when this happened. Many of the client’s employees commuted to work through that station. Juan’s compassion and support of the client throughout that horrific day exemplified who Juan was as a lawyer and a person. He will be greatly missed.”



PETER CORNELL,
former managing partner
Clifford Chance

“Clifford Chance was only starting to get traction in Madrid at that time, so joining us wasn’t the natural choice. But you could already see that, despite his young age, Juan was determined and also very talented - especially when making his way between the Spanish, UK or US approaches.”

Iberian Lawyer TOP 30 PORTUGAL

In a pioneering piece of research, Iberian Lawyer reveals the biggest law firms in Portugal by revenue – though firms have been notoriously secretive about the income they generate, here we disclose information about the finances of the country's leading firms as well as details about the top performing firms in terms of revenue per partner and revenue per lawyer



The combined revenue of Portugal's Top 30 law firms totalled nearly half a billion euros in 2018, according to new research by *Iberian Lawyer*. Though the Portuguese market has traditionally taken a highly secretive approach to law firm revenues, *Iberian Lawyer* has broken new ground by publishing information about the income of the country's leading law firms. In general, firms declined to provide official revenue figures, but *Iberian Lawyer* sources have enabled us to develop a picture of the financial health of Portugal's major firms.

The combined revenue of the top 30 firms totalled €443.7 million. The biggest biller was Morais Leitão, where revenue stood at €58.3 million last year. This represented an increase of 6 per cent on the previous year. Real estate work was a key driver of growth for the firm, which is led by managing partner **Nuno Galvão Teles**. The boom in real estate work has meant the firm took the unusual step of making some lateral hires during 2018 in order to boost its capability in this area. In one notable property deal, Morais Leitão advised construction company Teixeira Duarte on the sale of the business park Lagoas Park to private equity fund Kildare. The finance sector was another rich source of work – in one significant transaction, Allianz Group was advised by Morais

Leitão on the sale of its shares in Portugal's Banco BPI to CaixaBank. However, a total revenue figure only tells part of the story, numbers indicating revenue per partner and revenue per lawyer can enable us to gain

a better insight into firms' efficiency. Our sources indicate that revenue per partner at Morais Leitão is approximately €911,000 – this is at the high end of the scale compared to most of the Top 30, though it is lower than the comparable figures at some of the foreign firms with offices in Portugal, such as Linklaters and Uría Menéndez, for example. Revenue per lawyer at Morais Leitão stands at €261,000, a figure that is bettered by only three firms in the Top 30.

Iberian Lawyer | PORTUGAL TOP 30 (Firms 1 to 15)

Firm	Estimated Revenue (€m)	Number of partners	Total number of lawyers	Revenue per partner (€)	Revenue per lawyer (€)
1 Morais Leitão	58,3	64	223	911.000	261.000
2 PLMJ	55	61	298	902.000	185.000
3 Vieira de Almeida	52	42	290	1.2 million	179.000
4 Uría Menéndez – Proença de Carvalho	32	20	111	1.6 million	288.000
5 Abreu Advogados	25	28	184	892.000	136.000
6 Miranda	25	23	98	1.1 million	255.000
7 Cuatrecasas	22,4	28	137	800.000	164.000
8 Garrigues	16	12	62	1.3 million	258.000
9 Linklaters	15	7	45	2.1 million	333.000
10 SRS Advogados	15	21	110	714.000	136.000
11 CMS Rui Pena & Arnaut	14,4	18	92	800.000	157.000
12 DLA Piper ABBC	11	11	50	1 million	220.000
13 Servulo	11	18	76	611.000	144.000
14 Telles Advogados	9	15	98	600.000	91.000
15 Campos Ferreira, Sá Carneiro & Associados	9	13	45	692.000	200.000


NUNO GALVÃO TELES

SUBSTANTIAL INVESTMENT

The second biggest firm by revenue in Portugal is PLMJ where revenue totalled €55 million in 2018, an increase of more than 13 per cent on the previous year. The firm's headcount stood at 298 lawyers in 2018, an increase of 10 per cent on the previous year, and a figure that made it the biggest firm in Portugal in terms of lawyer numbers. Growth at the firm, which is headed by managing partner **Luís Miguel Pais Antunes**, was attributed to substantial investment in the Portuguese real estate, infrastructure and small and medium-sized enterprise (SME sectors). Deals of note included advising Morgan Stanley Infrastructure Partners and Horizon Equity Partners on the acquisition of a 75 per cent stake in Towers of Portugal from PT Portugal. In addition, the firm advised Ferro Corporation on the acquisition of Endeka Group's operations in Portugal. Revenue per partner at PLMJ

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Iberian Lawyer | PORTUGAL TOP 30 (Firms 16 to 30)

Firm	Estimated Revenue (€m)	Number of partners	Total number of lawyers	Revenue per partner (€)	Revenue per lawyer (€)
16 EDGE International Lawyers	9	9	42	1 million	214.000
17 Caiado Guerreiro	7,5	8	126	938.000	60.000
18 FCB Sociedade de Advogados	7	17	63	412.000	111.000
19 Gómez-Acebo & Pombo	6,6	6	28	1.1 million	235.000
20 CCA Law	6	11	59	545.000	102.000
21 SLCM - Serra Lopes, Cortes Martins & Associados	6	11	42	545.000	143.000
22 PRA-Raposo, Sá Miranda & Associados, Sociedade de Advogados RL	5,5	14	110	393.000	50.000
23 AAA Advogados	4	6	22	666.000	181.000
24 SPS	3,8	9	58	422.000	66.000
25 Antas da Cunha Ecija	3,6	7	32	514.000	113.000
26 pbbr - Sociedade de Advogados RL	3	8	31	375.000	97.000
27 Pares Advogados	3	10	37	300.000	81.000
28 Andersen Tax & Legal	3	5	24	600.000	125.000
29 AAMM	2,8	3	8	933.000	350.000
30 RRP Advogados	2,8	1	17	2.8 million	165.000
TOTAL	443,7				



Revenue per partner | **The Top Five**

Firm	Revenue per partner
1 RRP Advogados	€2.8 million
2 Linklaters	€2.1 million
3 Uría Menéndez – Proença de Carvalho	€1.6 million
4 Garrigues	€1.3 million
5 Vieira de Almeida	€1.2 million

The Five Firms with the Highest Number of Partners

When we rank the firms by number of partners, the top three firms are also the top three firms by revenue (in the same order): Morais Leitão, PLMJ and Vieira de Almeida. Partner numbers at Morais Leitão increased 10 per cent in 2018, with the increase partly attributable to a number of high profile lateral hires (see box). Partner numbers at PLMJ increased 7 per cent in 2018 with the appointment of four new partners: **Alexandra Mota Gomes** (who specialises in compliance and criminal and litigation); **Carmen Baptista Rosa** (arbitration and litigation); **João Velez de Lima** (tax); and **Mariana França Gouveia** (arbitration). There was a slight increase in the number of partners at Vieira de Almeida in 2018 – one major lateral hire saw the firm recruit EU and competition partner **Ricardo Bordalo Junqueiro** from Cuatrecasas (see box). ¹⁰

Firm	Number of partners in 2018	Change in partner numbers
1 Morais Leitão	64	+ 10%
2 PLMJ	61	+ 7%
3 Vieira de Almeida	42	+ 5%
4 Abreu Advogados	28	No change
5 Cuatrecasas	28	No change



LUÍS MIGUEL PAIS ANTUNES

stands at €902,000, while revenue per lawyer totals €185,000, which is considerably less than that at Morais Leitão, for example.

Vieira de Almeida (VdA) was the Portuguese law firm with the third highest revenue in Portugal last year. Billing totalled €52 million in 2018, a 2 per cent increase on the previous year. Key drivers of growth at the firm – which is led by **João Vieira de Almeida** – included work for private equity funds, as well as pension and infrastructure funds. In addition to advising PT Portugal on the aforementioned Towers of Portugal deal, other notable matters handled by the firm in 2018 included advising Portuguese private healthcare company José de Mello Saúde (JMS) on the registration of its commercial paper programme on MARE, the fixed income market operated by Bolsas y Mercados Españoles (BME). Meanwhile, the firm also advised Deutsche Bank on the sale of

Revenue per lawyer | **The Top Five**

	Firm	Revenue per lawyer
1	AAMM	€350,000
2	Linklaters	€333,000
3	Uría Menéndez – Proença de Carvalho	€288,000
4	Morais Leitão	€261,000
5	Garrigues	€258,000



JOÃO VIEIRA DE ALMEIDA

its private and commercial banking business in Portugal to Spain's Abanca. Revenue per partner at VdA, at €1.2 million, was around a third higher than that at Morais Leitão and PLMJ. However, revenue per lawyer at VdA, which stands at €179,000 is lower than that at the other two major Portuguese firms, which illustrates the higher gearing at VdA, that is a larger ratio of lawyers to each partner.

Total Revenue of Portugal **Top 30 firms**

€443.7m

**The Five Biggest Firms
by Lawyer Numbers**

PLMJ is the biggest law firm in Portugal in terms of lawyer numbers, despite being the second largest in terms of revenue. Headcount at PLMJ increased 10 per cent to 298 in 2018. The major drivers of growth at the firm included increases in work in the real estate, infrastructure, and small and medium-sized enterprises sectors. The firm's real estate practice has quadrupled in size in the last decade. Vieira de Almeida's headcount increased 7 per cent in 2018 with work for private equity funds, as well as pension and infrastructure funds cited as among the key reasons for the growth. There were no changes in lawyer numbers at Abreu Advogados and Cuatrecasas, with headcount remaining flat at 184 and 137 respectively. ■

Firm	Number of lawyers in 2018	Change in lawyers numbers
1 PLMJ	298	+ 10%
2 Vieira de Almeida	290	+ 7%
3 Morais Leitão	223	+ 7%
4 Abreu Advogados	184	No change
5 Cuatrecasas	137	No change

LATERAL HIRES: THE BIG MOVES

One of the most high-profile lateral hires of 2018 saw Morais Leitão litigation partner **Miguel de Almada** leaving the firm to join Cuatrecasas. Almada – who specialises in civil and commercial disputes, domestic and international arbitration, and insolvency and restructuring matters – was a partner at Morais Leitão for eight years. However, there were also some high profile additions to the Morais Leitão team with real estate specialist **João Torroaes Valente** joining as a partner from Uría Menéndez and **Magda Viçoso**, formerly a partner at PLMJ, joining from CTT Correios de Portugal, where she was legal counsel – Viçoso joined Morais Leitão's corporate department as a partner.

There were a number of high-profile departures from Cuatrecasas – the firm's Lisbon-based partners **Miguel Esperança Pina**, who had been a partner at Cuatrecasas for 17 years, and **Rita Gouveia**, who had been a partner at the firm for nine years, left to join CMS Rui Pena & Arnaut. Meanwhile, **Mafalda Ferreira Santos**, who had been a partner at Cuatrecasas for more than five years, joined Servulo, while partner **Ricardo Bordalo Junqueiro** left the firm to join Vieira de Almeida. It is **Bordalo Junqueiro's** second spell at Vieira de Almeida, he was previously with the firm from 2002 to 2013. 



MIGUEL DE ALMADA



MAGDA VIÇOSO



JOÃO TORROAES VALENTE



RITA GOUVEIA

SPECTACULARLY SUCCESSFUL

What will surprise many in the market is the size of the revenue being generated by Uría Menéndez's practice in Portugal. Though widely recognised as a prestigious firm that carries out highly sophisticated work, few will have anticipated exactly how successful the firm has been in the country. The firm's Portuguese practice billed €32 million in 2018, which means it is now the fourth largest law firm in Portugal by revenue. Major deals the firm advised on during the year included acting for Aquila Capital on the €164 million acquisition of EDP subsidiary Small Hydro. Revenue per partner at the firm is an impressive €1.6 million, which, of the Top 10 firms in our list, is bettered only by Linklaters. The firm is also one of the top performers when it comes to revenue per lawyer, which totals €288,000. Of the 'big three' Spanish law firms with operations in Portugal, Uría Menéndez's Portuguese practice is undoubtedly performing best. Its revenue is more than 40 per cent higher than that of Cuatrecasas (€22.4 million) and double that of Garrigues (€16 million). While Garrigues revenue per partner, at €1.3 million, and revenue per lawyer, at €258,000, are among the highest in the market, Cuatrecasas is being considerably outperformed by not only the Portuguese offices of the major Spanish firms, but also the three biggest Portuguese firms – revenue per partner at Cuatrecasas totals €800,000, while revenue per lawyer stands at €164,000.

Other performances of note include that of Linklaters – the firm billed €15 million in 2018, which means revenue per partner totals a massive €2.1 million, while revenue per lawyer stands at an equally impressive €333,000. Meanwhile, revenue per partner at Miranda totals €1.1 million, with revenue per lawyer standing at a respectable €255,000. Other firms with revenue per partner over the €1 million mark include DLA Piper ABBC, EDGE International Lawyers, and Gómez-Acebo & Pombo. But the firm in the Top 30 with the highest revenue per partner is RRP Advogados – the firm has one partner, founder Ricardo Reigada Pereira, and a total revenue of €2.8 million. The firm with the highest revenue per lawyer, at €350,000 is public law, tax and private client specialist AAMM. 

TIME TO SPEAK UP

Clients urged to improve channels of communication with external counsel in order to better articulate their requirements and help law firms understand their business

It's good to talk. Unfortunately, however, it seems that in-house legal departments and the external lawyers they work with are not talking enough. This was one of the conclusions of the recent *Iberian Lawyer Legal Day* event held in Lisbon. Clients were urged to take the time to invite their external lawyers to their offices in order to ensure that they fully understand what they need from their legal service suppliers. Clients were also urged to demand that their external legal advisers provide them with concise, and easily understandable, legal opinions. The message was: If you can't understand the legal advice provided by your lawyer, it's time to change your lawyer. Attendees at the session on legal management – where speakers included CCA Law managing partner **Domingos Cruz** and **Mafalda Mascarenhas Garcia**, IBM Lead Counsel for EU Cloud Code of Conduct – heard that a lack of communication between clients and external counsel is a common problem. There is a view that the roles of in-house

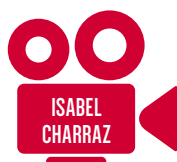


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lawyers have changed, and now they are much more knowledgeable about what they require from external legal advisers. Consequently, it was argued that arranging meetings with external counsel would not only enable in-house lawyers to fully explain what they need from law firms, but also help external lawyers to get a better understanding of their clients' business. When it comes to the legal advice external lawyers provide it must be clear and easy to digest. "If you don't understand your lawyer's legal opinion, change them," said PLMJ partner **Bruno Ferreira**. Another participant said that clients needed to "stop being fooled by law firms that are not adding value".

'FEELING AFRAID'

While using technology can improve legal management in that it can facilitate more cooperation between professionals, it is important that the automation of processes is managed correctly, attendees heard. **Gloria Sanchez**, legal department head of transformation at Banco Santander, said when training people in the automation of contracts, for example, it is important to involve employees in the development of new automated processes as this reduces the chances of them "feeling afraid" of the new technology. "Involve them in the decision-making process and involve them in the design process," she said.

Meanwhile, in-house lawyers' relationship with other parts of the business can be blighted by the 'silo mentality', argued **Luís Graça Rodrigues**, legal manager for Portugal and Lusophone Africa at Indra. To overcome this problem, in-house counsel have to "prove to them [the other members of the organisation], that you know their business," Graça Rodrigues explained. "They have to know us and they have to trust us," he added.

'CUSTOMER-CENTRICITY IS VITAL'

Being client-focussed is crucial for in-house lawyers. In the session on how



digitalisation is transforming business sectors – in which speakers included Antas da Cunha Ecija managing partner **Fernando Antas da Cunha**, Ecija IT/IP manager **Cristina Villasante**, AmRest Holding corporate affairs director **Jaime Tarrero Martos** and Tabaqueira director general **Miguel Matos** – it was stressed that "customer-centricity" is fundamental. Meanwhile, **André Nobre**, head of legal and compliance at PME Investimentos, said that clients need to use digitalisation as an opportunity to "update their own business model". He added: "Digitalisation is a way for a business to change its whole mindset – you can re-think the business from the start and look at what opportunities digitalisation could bring their business." With regard to the EU General Data Protection Regulation (GDPR), data breaches are a key concern for in-house lawyers, according to **Isabel Charraz**, country legal counsel at Citibank Portugal. "Cybersecurity is a major issue, in particular how we manage data breaches and protect information," she explained.

The Iberian Lawyer Legal Day event was held in Lisbon at the offices of Tabaqueira. The event was sponsored by Antas da Cunha Ecija, CCA Law, CMS Rui Pena & Arnaut and PLMJ.

VALUE FOR MONEY

Ashurst's new Madrid office managing partner Jorge Vázquez has taken over one of Spain's most efficient law firms – he says the firm's team spirit and 'collaborative culture' has been one of the key factors in its success



JORGE VÁZQUEZ

Much is expected from Jorge Vázquez. He recently took over from María José Menéndez as managing partner of Ashurst's Madrid office. Menéndez left the office in very good shape – not only did revenue in the Madrid office increase by almost 25 per cent to €27.7 million last year, but the firm is also one of the most efficient in Spain. Revenue per lawyer in Spain stands at around €470,000, which is higher than the Spanish offices of a number of 'magic circle' firms – including Clifford Chance and Allen & Overy – and considerable higher than revenue per lawyer at Spain's 'Big Three' firms, namely Uría Menéndez, Cuatrecasas and Garrigues.

So Vázquez first task will be to ensure that it maintains its current high level of performance before, ideally, improving on it. So what are his credentials? Vázquez has been a partner in the firm's corporate department since 2011. His particular areas of expertise include M&A and private equity transactions, and restructuring. In addition, Vázquez has considerable experience

handling the sales of distressed companies as well as non-performing loan (NPL) portfolios. However, more of Vázquez's time will now be devoted to management responsibilities, in addition to being tasked with consolidating and expanding Ashurst's presence in the Spanish market. The reinforcing of the firm's already strong team ethos will be a key priority. *Iberian Lawyer* spoke to Vázquez to find out the circumstances behind his promotion, whether he has any major changes in store for the Madrid office, and what the secret is to running a highly efficient law firm.

What is the background to your promotion to managing partner?

The objective has been to ensure continuity. I am not here to change the firm's course. María José Menéndez was appointed for a period of three years, in accordance with our business plan. The truth is that we have done very well in relation to meeting the objectives we set three years ago, and

WE HAVE ALWAYS BEEN VERY SELECTIVE – IN FACT, A FUNDAMENTAL ASPECT OF SELECTION INTERVIEWS IS ENSURING A GOOD PERSONAL FIT, OUR CULTURE IS VERY IMPORTANT TO US

JORGE VÁZQUEZ

the firm's global managing partner Paul Jenkins had the option of proposing that María José stay in the role or making a change now instead. It was María José herself who said that she preferred not to remain as managing partner. I was director of corporate operations for Europe, and coordinating European corporate partners gives you a lot of visibility and knowledge about what is happening in each market, what problems may be arising and what areas need to grow. I think that this, together with other factors such as good results, influenced Paul Jenkins decision and made him think that I was a good candidate to lead the office in Madrid.

Do you have significant changes in mind for the Madrid office at this stage?

Not especially. This is an office that, since it opened in Spain, has grown organically as our clients have given us more confidence. Ashurst did not arrive in Spain and start writing cheques, we have always been very selective – in fact, a fundamental aspect of selection interviews is ensuring a good personal fit. Our culture is very important to us, and every time we ask internally what is the best thing about being here, the same thing always stands out – people. And that is something that we value very much. Our approach is not to recruit superstars, but more to follow what we think our clients want us to do. With the latest additions, we have reinforced the corporate area with Andrés Alfonso and public law with Pablo García. Areas in which we had demand from customers who needed more than we were providing at the time. That is the philosophy that we are going to follow.

How would you describe the culture of the office?

We are dedicated to a business of people – for us clients are very important, but so are our professionals. We work a lot as a team, and our internal culture, including the remuneration or evaluation of partners, greatly encourages collaboration. We share contacts, ideas, and we meet to share them. That environment is very important to us and we encourage it a lot. This collaborative culture works very well because clients perceive it. They notice that there is a team spirit and that gives them peace of mind. Team spirit is also important when it comes to retaining talent. We compete in two markets, the market for clients and the market for lawyers. That good people want to come here and stay is very important.

What has been the key to the firm's recent good results?

We have been fortunate to have clients that want to trust us for the operations they carry out in Spain and those clients have been successful in those operations. We tend to have a volume of operations that may be surprising because of the size of our office, but we have been in very important operations such as all of those involving Castellana Properties, as well as the financing of Telepizza's IPO. This year we have been working on very significant operations and fortunately the clients are doing well.

OUR APPROACH IS NOT TO RECRUIT SUPERSTARS, BUT MORE TO FOLLOW WHAT WE THINK OUR CLIENTS WANT US TO DO

JORGE VÁZQUEZ

What is the secret of being a firm with such a high level of productivity?

I do not think there is a unique magic recipe. I think that the environment and the way we work are very helpful. Our teams are limited in size with limited rotation, so everything is measured very well. Everyone knows how far they can go, when



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they have to ask, when they have to involve people in more administrative tasks or consult on more complex matters, and the truth is that works very well for us.

What challenges does the Madrid office face?

We are still an office that is very focussed on being a transactional firm. Clients consider us more for this type of work, that is operations that are complex and have to be completed in a tight timeframe. There are often many parties involved and, in most cases, several countries with different legal systems. The challenge is to see to what extent – depending on what happens with the economy in Europe, worldwide and in Spain – investment will continue to take place here, both in terms of the entry and exit of capital. That is one of the challenges that we all, in general, face. We have to compete for big transactions. The challenge is to ensure our name is known and that people take us into account.

What does the future hold for the Spanish legal sector?

There has been some movement, though it is a little exaggerated. With the crisis, large Spanish firms have had to rethink their strategies with regard to the territories in which they operate. Some have embarked on a Latin American adventure, and others, with the passage of time, are already thinking more about being international. The challenges are common, but each one is taking a different approach, there is no common pattern. With regard to the business of law firms, those in Spain have different sizes and positions. There

THE CHALLENGE IS TO SEE TO WHAT EXTENT – DEPENDING ON WHAT HAPPENS WITH THE ECONOMY IN EUROPE, WORLDWIDE AND IN SPAIN – INVESTMENT WILL CONTINUE TO TAKE PLACE HERE

JORGE VÁZQUEZ

IT WAS MARÍA JOSÉ [MENÉNDEZ] HERSELF WHO SAID THAT SHE PREFERRED NOT TO REMAIN AS MANAGING PARTNER

JORGE VÁZQUEZ

are those who began to look at Asia and Latin America, and those who are looking at the US or London – they have seen that they do not need to depend only on the Spanish market. We, being an international firm, have covered that part. We do not want to depend only on local clients – we work a lot with international clients.

What are your predictions for the M&A market?

Recently, there has been a slight dip in activity. Transactions that we had on track at the beginning of the year are going to need a little more time to mature. It doesn't mean there are fewer deals, just that the timescales are lengthening a bit. In the long term, Spain will still be a very interesting country for investors. The fears that existed regarding the euro have completely vanished, and southern Europe has become a focus for many international investors.

With the interest rates that exist today, it is difficult to make money. When you talk about funds that invest, you tend to think that we are referring to three or four big funds, but in reality we are talking about pension funds that manage the pensions of all public employees in California or Denmark, for example. They are committed to managing our pensions for when we retire, so they have to invest in a place where they do not lose and, if possible, generate more. There is, therefore, fierce competition, which means some sectors are becoming more in vogue. We are seeing, for example, a lot of investment in renewable energy and infrastructure – areas in which, perhaps a few years ago, only interested very specific investors with a more moderate risk profile. Things are going well due to the fact we have (as a country and as a continent) a good level of legal security, which helps to take away the fear of the investor. Spain, and southern Europe, are destined to attract investors. ■

GOLDEN OPPORTUNITY

The Iberian private equity sector is booming and lawyers are playing a significant role in the development of the industry, says Miguel Zurita, managing partner of Altamar Capital Partners and president of the Spanish Association of Capital, Growth and Investment (Ascri)



MIGUEL ZURITA

All law firms love to win private equity funds as clients. Well, from a financial perspective at least. While private equity funds can be very demanding clients who – when a deal is in the offing – want their lawyers to be at the end of the phone any time, day or night, they are also generally considered to be better payers when it comes to legal fees.

So what are the prospects for the Iberian private equity sector? One of the best people to answer this question is Miguel Zurita, managing partner of Altamar Capital Partners – which has almost €6.5 billion of committed capital – and president of the Spanish Association of Capital, Growth and Investment (Ascri). Zurita says that in recent years there have been significant transactions in the energy, leisure and telecommunications sectors. “The bulk of the investments are buyout operations where the funds are acquiring control of previously consolidated companies of medium and large size,” Zurita explains. He adds that these deals coexist with a growing venture capital sector,

which, he argues, is among the most dynamic in Europe and which, in terms of the number of transactions, accounts for the bulk of the market. Zurita also says that the Spanish market is very wide-ranging, though he highlights the consumer sector as being one of the major recipients of investment.

SPAIN'S ECONOMIC DEVELOPMENT

Indeed, the Iberian private equity market is booming. In 2018, the sector generated more than €6 billion in investment, in addition to a significant amount of disinvestment, the end result being that private capital is clearly playing a significant role in Spain's economic development. As a result, Zurita is optimistic about the outlook for the Spanish economy in the next few years, regardless of where the country is in the economic cycle. Zurita also highlights the fact that there has also been considerable venture capital and private equity

1.5
€ billion

Total amount of Iberian private equity investment in the first quarter of 2019

Sectors with the highest volume of private investment in 2018

1	Energy and Natural Resources	19,9%
2	Communications	17%
3	Other Services	16%

investment in Iberia in 2019 – during the first quarter of this year, the Iberian venture capital and private equity sector generated total investment of more than €1.5 billion (which amounted to 198 investments in total), a 49 per cent increase on the same period the previous year.

With more than 25 years of experience in the sector, Miguel Zurita is undoubtedly an authority on this subject. He has coordinated numerous transactions in Spain and in Latin America – during his career he has spent periods with investment funds such as Mexcapital and Mercapital.

Spain was one of the countries that suffered most during the financial crisis. Zurita says that the companies that managed to survive are those that are currently attracting the interest of private equity funds. “They are very high-quality companies, innovative even in traditional sectors, oriented to international markets, and with global aspirations,” he explains. “In addition, they are led by young, dynamic and very professional teams.”

The Iberian market is currently the scene of many innovative transactions, according to Zurita. He highlights the agribusiness sector, in particular, as a once traditional sector where a lot of innovation is taking

place and consequently giving rise to very innovative investments. Meanwhile, Zurita adds that, in the venture capital sector, there are many innovative companies, while at a global level, Spanish private equity funds are completing highly innovative credit transactions as well as deals related to ‘special situations’ (which may involve bankruptcies or distressed assets, for example).

BARRIERS TO INVESTMENT

However, despite the optimism, there are a number of obstacles in the Spanish market that can act

as barriers to investment. In addition to regulatory hurdles that have to be overcome, there is also a feeling in Spain that there are still some doubts about partnering with private equity funds, more so than in neighbouring countries. Zurita argues that, in Spain, there is still a lack of knowledge about the benefits of working with private equity funds. “We need to increase managers and entrepreneurs’ knowledge of what funds can provide in the form of financing and support for the strategic development of companies,” he says. Zurita adds that the rigour and institutionalisation of the private equity sector is increasing and lawyers are playing

an essential part in this process. He explains that lawyers are playing a key role in “the structuring of our funds, looking for the most efficient solutions, and in our operations, where they combine business judgment with legal rigour”.

It seems clear that the forecast for the Iberian private equity sector is positive. Zurita’s view is that there will be an increasing number of private equity funds targeting the Iberian market. “The opportunities are still there and Spain is an economy that is doing better than the European average – it is true that we have been experiencing some political instability for a few years, but investors recognize that there are no significant anti-European forces in our country, which is seen as a framework for future stability.”

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€ billion

Total amount of Iberian private equity investment in 2018

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WE NEED TO INCREASE MANAGERS AND ENTREPRENEURS’ KNOWLEDGE OF WHAT FUNDS CAN PROVIDE IN THE FORM OF FINANCING AND SUPPORT FOR THE STRATEGIC DEVELOPMENT OF COMPANIES

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INNOVATION: A LAWYERS GUIDE

Lawyers are widely seen as untrustworthy, lacking in empathy and unable to provide easily understandable advice, what innovations can they adopt to improve their image?

Lawyers need to be more innovative in order to distinguish themselves in an increasingly competitive market. But what does 'being innovative' actually mean in practice? One of school of thought is that innovation begins with a change of mindset. In practical terms this means that lawyers need to fundamentally change the way they operate, though this can obviously be a difficult and often painful process. In an attempt to analyse this issue, a group of lawyers from Europe and Latin America came together at the recent Legalcommunity Week event in Milan to develop a series of practical steps lawyers could take to be more innovative. One important step involves

in-house lawyers tailoring the information they provide to meet the requirements of the intended audience. "You need to use the language of the recipient you are addressing," said **Sandra Mori**, data privacy officer at Coca-Cola Europe. "You should not be ashamed of using language that managers will understand, even if it [the opinion you give] takes the form of a cartoon, for example." The key to adopting the appropriate language when communicating with other members of the business is making the effort to understand such colleagues, said Mori. "Adopting the right language involves saying 'tell me how different you are and I'll learn to speak how you speak'." As a consequence,



it is vitally important that lawyers develop skills that supplement the legal training they have. For example, social and communication skills are becoming increasingly important for lawyers. "You [lawyers] are always free to be yourself," said Mori. "Now the profession is focusing on

those who did something else in addition to a law degree – we want to hire people, not just lawyers.”

UNDER ATTACK

Luis F. Lozano Olivares, senior legal director at Toyota Mexico, said innovation was especially important for lawyers in industries that are “being attacked by non-traditional competitors”. He added that it was important for lawyers to be more concise when they provided legal opinions, ideally including all the information on “one page”. Meanwhile, Lozano Olivares also said that political correctness was creating an obstacle to effective communication. “We’re in a world where euphemisms are proliferating, this makes communication difficult, and makes it difficult to communicate ideas directly.” Lozano Olivares added: “I encourage young lawyers to really participate in the business, we send lawyers to work on the production line to understand the business. Event participants also heard that in-house lawyers would be prepared for the challenges they face in their roles if they did business degrees and ensure that they are “effective in their communication internally”. Why is it so important for the legal sector to be more innovative? **Carlo Gagliardi**, managing partner of Deloitte Legal in Italy said that innovation was necessary because law firms faced a number of significant challenges, including the wider availability of legal information, and an increasingly mature legal market, in which there



CARLO GAGLIARDI

are fewer barriers to entry. He added that lawyers also faced the problema of being widely mistrusted. “Lawyers empathy is very low – clients want quick solutions not 20 page opinions,” Gagliardi said.

CHANGE YOUR MINDSET

Sibilla Ricciardi, CEO and co-founder of in2law, said clients want to find lawyers that

understand their business. She added that lawyers “need to understand clients’ goals, this will give them a competitive advantage”. Ricciardi also said that it was important that legal opinions summed up the key findings in the opening paragraph. **Alexandre Marcotte**, group legal director at Commercial AkzoNobel, said lawyers needed to change their mindset. He added that lawyers should not write “a long



SIBILLA RICCIARDI

HOW LAWYERS CAN BE MORE INNOVATIVE

1. **Adapt your language to your audience** - Make legal opinions easily understandable and write them in plain language
2. **Develop other skills** – Get other qualifications, such as business degrees or degrees in communication, for example
3. **Be concise** – Try and sum up the key points of your legal opinion on one page
4. **Get to know the business you are providing advice to** – in-house lawyers should take every opportunity to work alongside colleagues in the business if possible
5. **Be more empathetic** – Make more of an effort to get to know colleagues and what makes them tick. 🇮🇹



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ALEXANDRE MARCOTTE

memo that no one understands, instead just write an executive summary and say if you want to know more get back to me, also use plain English, not jargon, the way you communicate is important.” Marcotte also said that authenticity is important. “You build trust if you give a little of yourself, go for drinks or dinner, however in some cultures private life is private, some people don’t want to share so you can build trust by not asking,” he explained.

Jacques Moscianese, executive director and group head of institutional affairs at Intesa Sanpaolo, said law firms need to change the way they approach clients. He added: “There can’t be 20 pages of legal opinion with no solution, if I Google something, I can have the answer in three minutes –



JACQUES MOSCIANESE



lawyers also need to have a full understanding of the business they are going to work for because products are getting more and more complex.” Providing concise legal opinions that sum up the key



JOANA ROUCAYROL

points in an easily digestible format are crucial. **Joana Roucayrol**, senior legal manager at Value Retail, said: “Insert all the steps on one page, though this is a very tricky exercise for lawyers as they like to impress with jargón,” she says. Roucayrol added that it was also important for lawyers to develop empathy. “You’re working with a person not a set of skills, having empathy means you can make win-win relationships, not power relationships, it’s about knowing people, knowing what they like and dislike – communication degrees will become more important for lawyers.”



LOCONTE & PARTNERS

THE ITALIAN INDIVIDUAL SAVING PLANS - PIR

The 2017 Italian Budget Law (L. n. 232/2016) introduced for the first time in Italy a new investment tool called “Individual Saving Plans” (*Piani individuali di risparmio – or PIR*) with the goal to match the tax benefits of the investor with the need to boost the cash flow of the Italian SME’s (small and medium enterprises).

The tax incentives granted for those who subscribe an Individual Saving Plan are subject to an investments limited to 30.000 euros per tax year, with a holding period of five year, and a maximum of 150.000 euros per investor. Tax benefits are highly appealing: the investor can be exempted from any tax on profits and capital gains produced by each investment and also is exempted from the inheritance and gift tax on those asset.

Due to the above advantages, the performance of the PIR funds were able to gather capitals for around 15 billion euros in relation to the years 2017-2018, through almost 800 thousands subscribers, with an average investment of about 13.500 euros.

The attention to this financial product, therefore, was really high and the Italian legislator decided to renew and to slightly modify the regulation with the 2019 Italian Budget Law (L. n. 148/2018).

The new provisions, in force from 1st January 2019, define the type of investments that need to be made by the PIR funds, which every year must invest for at least 70% of their

value in financial instruments issued by Italian enterprises located in Italy or in another EU member State.

A part of that 70% must be invested as follows:

- 5 % of the PIR fund must be invested in Italian SME’s not listed in the stock market or listed in the stock market from less than seven years, and that need an investment for a new product or to get into a new market;
- 5 % of the PIR fund must be invested in shares of Italian Venture Capital Funds.

The choice of the new provision made by the legislator is justified by the intent to improve the startup industry and the innovation sectors of the Italian economy through the implementation of more appealing rules for investors, and also to grant an alternative and fast channel for financing enterprises.

The new provisions offer the chance to the PIR funds to invest not only in equity capital, but also in “almost equity” (kind of investment between equity capital and private founding, whom returns is related to the business performance).

The PIRs indeed allow the Italian small and medium enterprises to raise funds in an easier and more efficient way, even if the financial support for every SME cannot exceed the amount of maximum 15 million euros, taking in to account every possible financing that a single company received from the State, the European Union, or other Venture Capital Funds.

It is has been provided that every PIR fund must obtain from every SME a declaration to certify the respect of the financial limit, and a strategic business plan to show that the required financing is higher than the 50% of the average turnover of the last five years.

A further characteristic of the new PIR funds, is the possibility to acquire stocks not only from a company but also from other investors, under the condition to combine the acquisition with a new investment in equity capital for at least the 50% of the total investment.

Since the Italian Minister of Economy showed his interest in this financial instrument, that can connect the small investors with the Italian small and medium enterprises, it is also been provided that in the next months all the effects produced by these new provisions shall be evaluated in order to provide, if necessary, new rules to implement the PIR for a better and more efficient functioning of the funds.



BREXIT: PLAN FOR 'NO DEAL'

Lawyers say the risk of a 'no deal' Brexit is increasing, yet despite this many SMEs have failed to assess the possible impact of such a scenario on their business

In-house lawyers at businesses in Europe need to plan for a 'no deal' Brexit. This was the stark warning issued to general counsel at the recent Legalcommunity Week event in Milan. DLA Piper Brexit director **Paul Hardy** said that planning for 'no deal' was the right strategy as the risk of this outcome is increasing.

"Our advice to clients remains to stay prepared for a 'no deal' Brexit," said Hardy. He added: "September will be soon upon us soon, with a re-run of the mounting panic of January to March this year – for those businesses that have not fully prepared, it may seem counter-intuitive to start preparing now, with the thinking being that, if neither the UK nor the EU want the UK to leave without a deal, the EU could extend the negotiation period a further six months." But Hardy said such an assumption was "far from risk-free". He continued: "Indeed, we think the extension gives those businesses precious additional time to prepare."

PROHIBITIVE COST

However, event participants heard that many small and medium-sized enterprises in Europe have still

not taken steps to assess the impact of a 'no deal' Brexit on their business. Attendees were told that the expense of conducting such assessments was prohibitive for many small companies.

In-house lawyers were also warned that the UK and the EU have different approaches to no-deal planning. Hardy said the UK will seek to limit the impact by continuing to recognise the validity of many goods and services imported from the EU to mitigate the effect of Brexit, and has issued guidance to this effect. He added that in-house lawyers working for businesses trading with the UK are advised to understand, and take advantage of, these measures.

In contrast, the EU will treat the UK as a 'third country', that is, outside the Single Market and Customs Union, for the purposes of importing goods and services into the EU. Hardy explained that subject to limited exceptions, this means no preferential treatment for UK goods and services.

'LOSE-LOSE GAME'

In-house lawyers at the event were told that, if

the UK is unable to ratify the draft Withdrawal Agreement by 31 October, the outcome of Brexit is, again, solely in the hands of the EU. "It only takes a few heads of state to change their mind about extending the negotiating period for a no-deal Brexit to follow," Hardy said. He added that by law, one member state can veto a further extension, but, in practice, a number of member states will have to oppose an extension."

Participants at the event – where speakers also included **Raffaele Jerusalmi**, CEO of Borsa Italiana, **Joana Roucayrol**, senior legal manager of Value Retail, **George Mortimer**, legal director at DLA Piper, and **Éanna Mellett**, partner at DLA Piper – heard that, while there were concerns that the risk of a 'no deal' Brexit was increasing, there was also a belief that the negotiating period could be extended beyond 31 October. Attendees were told that it could be ten years before the UK's departure from the European Union is finalised.

There were differences of opinion about what opportunities Brexit could present for businesses. Jerusalmi said Brexit was a "lose-lose game for everybody – there are no real opportunities



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for anybody". However, other event participants argued that some UK businesses in some industries may benefit by having fewer European competitors post Brexit.

Meanwhile, attendees heard that some UK law firms would be severely impacted by Brexit. Some major UK law firms have no more than three offices in the European Union – under the current rules, lawyers from UK firms are allowed to travel to other EU jurisdictions to work on transactions. However, post Brexit, such lawyers may be asked to produce a work permit by border control officers. ■

CHECKLIST: 'NO DEAL' BREXIT IMPACT ASSESSMENT FOR IN-HOUSE LAWYERS

DLA Piper recommends that in-house lawyers go through the following checklist to help prepare their business for a possible 'no deal' Brexit. General counsel should consider the possible impact of:

- new barriers to exports of goods or services - customs clearance, tariffs, additional regulatory approvals - from the UK to the EU?
- new barriers to imports of goods or services - customs clearance, tariffs, additional regulatory approvals - from the EU to the UK?
- new barriers to exports of goods or services - customs clearance, tariffs, additional regulatory approvals - from the UK to countries with an EU trade agreement?
- new barriers to imports of goods and services - customs clearance, tariffs, additional regulatory approvals - from countries with an EU trade agreement to the UK?
- changes in tax legislation - VAT, withholding tax?
- changes in competition rules - M&A activity?
- changes in data protection legislation - EU-UK restricted data flows?
- changes in funding sources?
- changes in immigration legislation - impact on talent retention, attraction and business travel?
- changes to contracts - choice of law, pricing ratio, material adverse changes?
- changes in scope of intellectual property protection?
- UK regulatory changes as a result of the impact of 2018 EU Withdrawal Act?
- changes in safety, health and the environment legislation?
- sterling exchange-rate fluctuations - treasury/hedging policy?
- changes in consumer protection legislation?
- the macro-economic situation - risks, opportunities? ■





EMILY FOGES

AI AND LAWYERS: 'THE NEW NORMAL'

Iberian Lawyer interviews Emily Foges, CEO at Luminance, who says the deployment of artificial intelligence is become increasingly common in the legal sector

by ilaria laquinta

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When discussing legal technology or artificial intelligence (AI) with lawyers, most of them talk about the impact these tools will have in the future. However, AI is already playing a prominent role in the legal sector. “The last five years has seen an explosion in the legal technology sphere,” says **Emily Foges**, CEO at Luminance, the artificial intelligence platform for the legal sector. “Across a range of industries, we have arrived at a point where deploying AI is increasingly the norm, and law is no exception – the number of firms and in-house teams operating with some form of assistive AI technology has increased exponentially in such a short time period.”

Foges adds: “Our technology is used by over 150 customers in 40 countries globally, which translates into thousands of lawyers across the world using AI as part of their working routine – it is no longer a case of whether this technology is beneficial, the question lawyers are now beginning to ask is which technology can best meet their requirements. She continues: “Lengthy deployment and training periods, which plagued the implementation of legacy technology, are no longer cause for concern, now new-era tools are integrated seamlessly within

minutes and learn alongside the lawyer.”

Iberian Lawyer talked to Forges about the use of technology in law firms and in-house departments.

What kind of technologies are currently available for lawyers?

Luminance’s machine learning platform offers lawyers greater insight at unmatched speeds, transforming document review across due diligence, compliance reviews, property lease abstraction, eDiscovery and many more.

Do languages represent a barrier for these tools?

In the past, different languages have presented huge barriers for legacy solutions which are rendered useless in any language other than the one the technology was trained in. We often talk to UK and European-based firms who had spent months, sometimes even years, training another system to find it only works in certain jurisdictions.

And today?

Luminance is transformative machine learning technology. Sophisticated, pattern-recognition algorithms read, understand and learn from any body of documents regardless of language, specialism or jurisdiction.

How does it work?

All languages are constructed from patterns – Luminance clusters semantically and statistically similar documents based on this. Our first customers were Norwegian, French and Dutch. Nobody at Luminance spoke these languages at the

time, yet Luminance was able to bring value within days. Currently, over 40 per cent of our customers are working predominantly in non-English languages and we see success stories every day in Portuguese and Spanish.

From your point of view are lawyers already making the most of these tools or are they still reluctant to use them?

The legal industry has historically been resistant to change. However, as consumers become increasingly used to working with AI in their personal devices, we are moving beyond AI’s unclear and futuristic connotations. We have seen perceptions of AI within the legal industry shifting – lawyers are more open than ever to trialing the technology in a bid to improve the services they deliver to clients. Now the question around AI in the legal profession is not why they should adopt, but when and how the adoption should be carried out.

Lawyers are starting to recognise the untold benefits that a machine learning tool offers. Not only are lawyers able to get through swathes of data at a record pace, they are, more importantly, more confident in the results they achieve. Legal teams can avoid the rush of sampling or the inaccuracies of manual review, instead they can negotiate from the best possible position, certain that nothing has been missed.

Is there a link between the size of the company and the speed of adoption of these tools?

Not necessarily. Some of the smaller firms have been quicker to recognise the untold benefits that such a product offers. These

organisations know that without these innovative tools, they won’t survive. So instead, they are embracing change and thriving in the process.

Do in-house lawyers and external counsel have different approaches to AI?

Definitely. In-house lawyers often have more limited resources than larger firms, so they are constantly on the lookout for new solutions that integrate into existing technology and workflows, as well as ones that are affordable and easily scalable. General counsel’s tend to look to outside counsel to see what they’re using, as advisory firms will have the resources to test the technology first, and then advise their clients.

WE HAVE SEEN PERCEPTIONS OF AI WITHIN THE LEGAL INDUSTRY SHIFTING – LAWYERS ARE MORE OPEN THAN EVER TO TRIALING THE TECHNOLOGY

And law firms?

By contrast, law firms often have the resources to thoroughly investigate the solution they want to deploy, and many have dedicated innovation teams responsible for investigation, testing and driving use. They need to deploy quickly, due to competitive pressure and client demands, and often need a solution that can handle more than one area of law, due to the



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variety within their practice. They can also feel the pressure from their clients, the in-house lawyers, to innovate and provide the most efficient service possible.

Moving on to the future, how will AI impact the legal sector?

In our customers' organisations, the biggest impact we are seeing is a change in the type of work those lawyers are doing. Junior lawyers normally burdened with endless mind-numbing due diligence, can instead spend their time on more analytical and creative tasks, and we see this shift having a positive impact on lawyers' career progression.

What else?

The adoption of AI levels the playing field for firms and clients alike, opening up the market to smaller firms with fewer people, as they will be able to bid for larger projects. So, to remain competitive in a crowded market, law firms and in-house counsel need to continue to view AI as an exciting enabler, rather than simply a box-ticking exercise. Accountancy is a case in point – today, the idea of a good accountant without Excel is unthinkable, perhaps in time, a lawyer without an AI platform will seem just as absurd.

PERHAPS IN TIME, A LAWYER WITHOUT AN AI PLATFORM WILL SEEM ABSURD



EMILY FOGES

Some people are concerned about job losses due to AI while others think that trainees won't be able to develop their skills due to technology being used for certain tasks, what do you think about this?

The use of AI does not seek to replace the lawyer, but instead allows him or her to conduct the most logical review in the context of their entire data set. By adopting AI platforms, firms can ensure they are getting the best value out of their staff, with the automation of low-value tasks freeing them up to concentrate on more strategic thinking.


And what about law firms? AI is changing the way legal services are delivered. Will it become a competitor from a law firms perspective? Will these tools, or their providers, become another alternative legal services provider to compete with?

AI will never be able to compete with law firms, at least not for a long time. From Luminance's perspective, we would never attempt to replace the years of expertise, experience and judgment of a lawyer. Technology should seamlessly work in

tandem with the lawyers, surfacing relevant and pertinent information which the lawyer then decides to act on. Machine learning platforms allow firms to remain productive, profitable and above all, competitive.

So far, Luminance has launched specific tools for due diligence and eDiscovery, what's next? In February the company collected \$10 million from existing investors how will you use this funding?

2018 was a year of significant achievement for Luminance. We expanded from one product to five, owing to the flexibility and innovative nature of our core technology. The latest funding round will allow us to continue the development of our product suite, to ensure that our platform remains at the cutting of machine learning research.

We are constantly looking to increase the size of our team globally, hiring the brightest employees to drive our progression forward and expand our reach internationally, which this funding will support. 



GLORIA SÁNCHEZ SORIANO

MANAGING CHANGE

Gloria Sánchez Soriano, head of legal department transformation at Banco Santander, says that when using technology to automate legal department processes, it is vital to consider the impact on the people affected



Change can be painful. However, the continual emergence of new technologies means that change is inevitable. Lawyers, like professionals in all sectors, are having to adapt to technological innovations that are completely changing the way they work. Banco Santander recognises that this can be an extremely disorientating experience and, as a result, it has assigned responsibility for helping its lawyers adapt to change to **Gloria Sánchez Soriano**. She is the head of legal department transformation at Banco Santander and her task is ensuring that the bank's legal department does not get left behind as the organisation evolves.

Sánchez Soriano says it is crucial that organisations have someone who is dedicated to managing change in their legal departments. Her role is focused on helping facilitate change by promoting projects involving the implementation of new technology that helps to provide better services. She also helps the team with cultural change, in addition to helping

to define the future of the legal department. Sánchez Soriano says that legal departments are commonly perceived as merely providing a support service and therefore the transformation of legal teams is not always high on the agenda of some organisations. "In addition, there are all the the 'entry barriers' surrounding the legal profession – we have our own jargon and codes, for example – and all this can scare third parties at first, and make it more complex for such third parties to modify the way we work," she says. However, Sánchez Soriano insists: "We believe that you cannot transform your business and how you serve your customers if you do not innovate in relation to the way that your internal teams work and interact with each other." She adds that this applies to all support functions. "Otherwise, we would end up with scenarios in which a support function that works very much like it did 50 years ago, would be providing services to businesses that are totally digital, which work according to different rhythms, and which require more collaborative working – as well as knowledge of new technologies and how these are changing the market."

CULTURAL CHANGE

Santander has more than 1,700 lawyers in 22 countries – Sanchez Soriano works in the legal department in the bank's Madrid headquarters, which has around 100 lawyers advising the corporate banking, private banking, wealth management, retail banking and new digital business teams. "We have areas of practice including corporate and M&A, litigation, cybersecurity and legal risk and industrial property, for example," she says.



YOU CANNOT TRANSFORM YOUR BUSINESS AND HOW YOU SERVE YOUR CUSTOMERS IF YOU DO NOT INNOVATE IN RELATION TO THE WAY THAT YOUR INTERNAL TEAMS WORK AND INTERACT WITH EACH OTHER





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- 18.30 Registrations and welcome cocktail
- 19.00 Greetings **Marco Vigni** President *AIDP Lombardia*
- 19.10 Opening Speech **Danielle Kelly** Global Head of Diversity & Inclusion
Herbert Smith Freehills (from Sydney office)
- 19.30 Roundtable: "Diversity: the importance of variety or of differences?"

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Lawyer, Global Corporate Real Estate, Portfolio Sales and Equity Participations
- **NOVEMBER 2008 - JULY 2013**
 Banco Santander
Lawyer, Legal Corporate Affairs, Real Estate & Tax at Altamira Santander Real Estate
- **OCTOBER 2004 - NOVEMBER 2008**
 Clifford Chance
Associate
- **MARCH 2004 - JUNE 2004**
 AGM Abogados
Lawyer
- **MARCH 2003 - JUNE 2003**
 Ministry of Economy and Finance
Lawyer

Sanchez Soriano, who has been in the role for just over a year-and-a-half, says that one of the biggest challenges she faces is cultural change. She says that any process involving the introduction of new ways of working, or new technologies needs to take into consideration all of the people affected. "This includes both the team members, who will have different reactions to the change, as well as the internal clients who receive our legal services," Sánchez Soriano says. She adds it would be pointless

“

WE HAVE DECIDED TO STOP DOING THINGS THAT WERE NOT RELEVANT TO THE LEGAL DEPARTMENT, WE HAVE ORGANISED SOME OTHERS, AND WE ARE IN THE PROCESS OF DIGITIZING SOME OF OUR WORKFLOWS

”

to make a change to the way the legal department provides its services without considering the opinion of those to whom the service is provided. In addition, this process also involved introducing concepts like "user experience". Sanchez Soriano says that, in order for it to be possible to undertake a process of transformation, it is essential to carry out training sessions and involve the teams in the change process and decision-making.

USING THE RIGHT TOOLS

With regard to innovations in the legal department, Sánchez Soriano says that rather than simply having more technology, it is better to have tools that facilitate a change in the way services are provided to clients. "We are perhaps using quite basic technology, such as document management, but it is important, she says. "Also tools such as chatbots and tools for analysing and extracting data, and improving collaboration."

Meanwhile, the legal department has also established processes to enable better coordination on some matters. "We have decided to stop doing things that were not relevant to the legal department, we have organised some others, and we are in the process of digitizing some of our workflows – it's a live project, it's not finished," Sánchez Soriano says. Sanchez says the transformation of the legal department does not necessarily mean it will use fewer external advisors. She adds: "What it does mean is better management of our internal and external resources, automation of what can be automated, more strategic advice and a focus on risk management." ■



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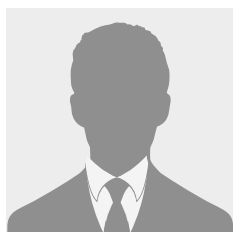
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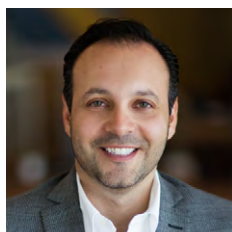
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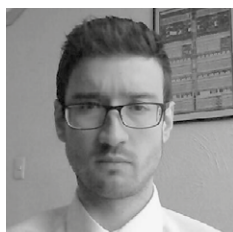
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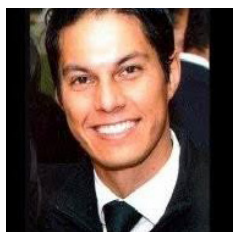
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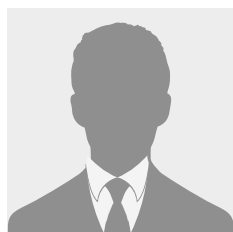
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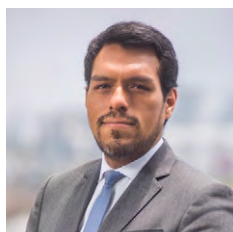
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Sarah Alvarez
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Toyota Mexico's general counsel Luis F. Lozano Olivares wants external lawyers to continuously work at becoming more efficient and he gets frustrated when they lie about their expertise

EFFICIENCY DRIVE



LUIS F. LOZANO OLIVARES



The legal team at Toyota Mexico is a big believer in the value of using external legal advisers. The company's philosophy involves outsourcing pretty much all of its legal work. This is, of course, good news for law firms – however, Toyota demands that all the external lawyers it uses continually innovate to ensure the services they provide are as efficient as possible. It's a strategy that seems to be working, with the Toyota Mexico legal department widely considered to be one of the most sophisticated in-house legal teams in the country. The team works with 12 external law firms. Toyota Mexico's legal government and industry affairs senior director and general counsel and compliance Luis F. Lozano Olivares says that it is vital that the members of the in-house team have

an in-depth understanding of the business – in order to facilitate such an understanding, members of the team are sent to the company's factories to discover how the manufacturing processes work. He also expects his team to work to improve their communication skills so they can have better relationships with the other parts of the company. *Iberian Lawyer* spoke to Lozano Olivares, who was formerly an associate at Baker McKenzie, to find out what the company wants from its external legal advisers, how the legal department has changed since he first joined Toyota, and what his biggest frustrations are when dealing with legal advisers.

What do you expect from the external law firms you use?

Toyota's legal team is focused on serving the business, which is where innovation is needed. We expect the law firms that provide us with a service to ensure they keep modernising and making their service more efficient.

How are you using technology to improve your legal team?

In North America we are systematising processes and modernising the systems to make the service more efficient. Toyota also uses technology for product innovation in order to better meet the needs of our customers worldwide.

What are the potential uses of artificial intelligence for in-house legal teams?

So far, I do not see many opportunities internally, except for review and document analysis, as well as for research into legal precedents. I think artificial intelligence offers the biggest opportunities for law firms.

What was the legal team like when you joined Toyota? How has it changed?

There was no legal department at Toyota Mexico. I was rendering my legal services to Toyota from an external firm. However, 15 years ago I founded the legal team and structured the practice.

How big is your legal team?

Now we have four people, but we have a dozen law firms working for us. Toyota has very light structures and relies heavily on strategic partners, including law firms.

How is the legal team structured?

The legal team is assigned projects and the nature

»»



LUIS F. LOZANO OLIVARES

of the project determines which law firms will be involved. In some cases we involve our office in the US or offices in other parts of the world if we think we can benefit from the experience. We have regional and global meetings periodically to discuss issues in each jurisdiction and thus benefit from the experience of teams in other parts of the world.



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WE DO NOT BELIEVE IN 'ONE-STOP-SHOPPING', WE SELECT THE FIRMS DEPENDING ON THE PROJECT AND THE FIRM'S EXPERTISE



What areas of legal work do you do internally?

Contracts, generally speaking. All types of litigation and projects are managed in partnership with law firms, though all decisions are made by Toyota.

What type of work do you outsource?

Virtually everything is outsourced. It is very efficient to work like this. We can choose the best firm in each practice area. Our in-house legal department has been widely recognised as one of the best in Mexico.

When choosing a law firm, what factors do you take into consideration?

Everything depends on the matter in question. We do not believe in 'one-stop-shopping', we select the firms depending on the project and the firm's expertise. We have sometimes used up to five firms for a single project, with each firm having expertise in a particular area.

What qualities do you look for when selecting an external adviser?

They need to have experience, be firm and be efficient.

What is your biggest frustration with outside attorneys?

When they lie about their experience or area of specialism. Some firms that offer services in several practice areas are guilty of this. ■

IBERIAN LAWYER ANNUAL REPORT

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GETTING AHEAD

Lawyers in Madrid believe the city is now the number one gateway for Spanish investment – as a result, firms in the capital are bracing themselves for the possible arrival of more UK and US firms

GUIDE TO LEADING LAW FIRMS

The competition between Madrid and Barcelona has always been fierce. This has particularly been the case when it comes to the battle to attract foreign investment. But now lawyers in Madrid believe that the Spanish capital is leading when it comes to winning the attention of potential investors. As **Carlos Blanco**, managing partner of Roca Junyent's Madrid office puts it, Madrid has reached a position where it is now the "indisputable gateway" for international investment in Spain. Blanco points to the high levels of activity in the Madrid legal sector as evidence of the city's prosperity. There is also a feeling that Madrid's status as a centre for arbitration has also been enhanced and this presents a tremendous opportunity for the city's law firms. The good times are expected to continue too, with signs that M&A activity will increase, with a plethora of transactions in the energy, health, technology and telecoms sectors.

MARKET RUMOURS

With workflow looking healthy, it comes as no surprise that the rumours are that more international firms will open in Madrid. In particular, it is anticipated that US firms and mid-sized UK firms could potentially enter the market in the near future. Uría Menéndez managing partner **Salvador Sánchez-Terán** is among the lawyers bracing themselves for the potential arrival of international law firms. "We may see an influx of US and medium-sized UK firms in the coming year," he says. In



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addition to M&A and litigation, there is also a substantial amount of tax and employment-related work for Madrid law firms at present. Meanwhile, firms from the Spanish capital are also seeing a significant opportunity to push into the Latin American market. But it's not all plain sailing for Madrid law firms. There are also a number of issues that they are being forced to grapple with – for example, hiring and retaining lawyers, as well as implementing the diversity policies that clients are increasingly demanding can prove challenging. Meanwhile, accommodating the needs and demands of the younger generation of lawyers can be difficult in that they often have different career priorities when compared to previous generations. In addition, using technology to improve the service law firms' offer clients is another major preoccupation. Those that manage this process best are sure to have a significant competitive advantage.

HIGH STANDARD


Indeed, the Madrid market is becoming increasingly competitive. The general standard of commercial lawyers in Spain is considered to be high, with the result that the level of client service is often the differentiating factor. Clients now want 'business partners' rather than merely lawyers. In-house lawyers are playing an increasingly strategic role within their companies and therefore there

GUIDE TO LEADING LAW FIRMS

is high demand for 'business-minded' external counsel. Madrid's Castellana Norte project, the regeneration scheme around Chamartín railway station on the city's northern edge is expected to generate a significant amount of real estate-related work for lawyers, in addition to construction, logistics and tourism-related work. Meanwhile, there is also an expectation among lawyers that a number of technology hubs could be set up in Spain, which will see a rise in demand for lawyers with technology expertise. **Rodrigo Martos**, partner at Fieldfisher Jausas, says: "Technology-based companies are finding qualified technicians in Spain at a very competitive cost and we may see development centres being incorporated and technology hubs being developed."

'CLOCK-IN RULES'

Employment and compliance-related work is also expected to increase, particularly due to new regulations on working time, as well as criminal compliance-related investigations. Araoz & Rueda partner **Alejandro Fernández de Araoz** says: "Some of the key opportunities for law firms are now the implementation of the new regulations on working time and clock-in rules." In addition, there is also expected to be high demand from clients for advice on the Shareholders Rights Directive II (SRD II), specifically its impact on institutional shareholders, proxy advisers and issuers. Elsewhere, renewables and technology M&A is on the



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increase, with a significant increase in transactions expected in the next 12 months. In addition, real estate deals are another key driver of demand for legal advice. **Jacobo Ollero**, Madrid office managing partner at Toda & Nel-lo, says: "Operations in real estate should continue." With regard to the

outlook for Madrid law firms, he adds: "The legal market has a tendency, like all sectors, to move towards globalisation, which is causing law firms to become larger, while the traditional model of law firms is disappearing. The challenge is how firms handle this change to a model of globalisation." 📄

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**ALEJANDRO
FERNÁNDEZ**

EMPLOYMENT MATTERS AND COMPLIANCE INVESTIGATIONS REPRESENT MAJOR OPPORTUNITIES FOR MADRID LAW FIRMS

The implementation of new employment regulations on working time, as well as criminal compliance-related investigations, are among the biggest opportunities for law firms in Madrid, according to Araoz & Rueda partner **Alejandro Fernández de Araoz**. However, law firms still face difficulties associated with an increasingly competitive legal market and lower legal fees, as well as fierce competition for the best legal talent. “Some of the key opportunities for law firms are now the implementation of the new regulations on working time and clock-in rules,” says Fernández de Araoz. “In addition, another major opportunity relates to understanding the implications of the Shareholders Rights Directive II (SRD II) and its impact on institutional shareholders, proxy advisers and issuers.” However, firms also face a number of significant challenges such as “increased competition and pressure on fees”, Fernández de Araoz says. Meanwhile, in the recruitment market, firms are also competing to provide attractive packages

for new associates. Fernández de Araoz says such packages have to offer a combination of “good salaries, interesting work, attractive career prospects and a good work-life balance”. In addition to all of this, firms also have to make effective use of artificial intelligence in order to effectively compete and offer an attractive proposition to clients. From the perspective of some clients, fees are the primary concern when selecting legal advisers. “For some clients, a competitive fee proposal remains the key driver,” says Fernández de Araoz. However, other clients’ major preoccupation is protecting the directors and the board in relation to the issue of liability for compliance programmes, or protecting the businesses’ reputation and avoiding “marketing/communication blunders”, he says. With regard to the outlook for the Madrid market, Fernández de Araoz says employment related matters will be a major source of work for law firms. He says “With the new Socialist government now in power and an ambitious social agenda, the new employment and working rules and regulations will offer a major challenge to every company and will require specialized advice.”



RODRIGO MARTOS

MADRID’S CASTELLANA NORTE PROJECT WILL GENERATE CONSTRUCTION, TOURISM AND LOGISTICS WORK FOR LAWYERS

The Castellana Norte project in Madrid will generate a significant amount of construction, logistics and tourism-related work for the city’s lawyers, according to **Rodrigo Martos**, partner at Fieldfisher Jausas. The project, which involves the regeneration of the northern edge of the city around Chamartín railway station, will also generate substantial real estate-related work for Madrid law firms. “The development of the Castellana Norte Project will lead to an increase in construction work and we believe the storage/logistics and hotels market will follow,” says Martos. “Cleantech and energy-related projects, as well as special renewable developments and assets will also continue to peak in the coming years.”

In addition, Martos anticipates that there could be more technology hubs established in Spain. “Technology-based companies are finding qualified technicians in Spain at a very competitive cost and we may see development centres being incorporated and technology hubs being developed,” he says. “We also believe that there will be an appetite for healthy industrial assets, while there will also be internationalisation projects.” Martos says Madrid is becoming an increasingly attractive location for foreign and local investors. “Madrid is leading Spanish economic growth, which is at the moment higher than the average of the Eurozone – it is capitalising on the very positive investors’ confidence indexes in relation to Spain,” he explains. “The current increase in foreign investment in Spain, which is reaching pre-crisis levels and which has experienced enormous growth in 2018 (71 per cent higher than 2017), means firms with true international capabilities and deep roots in the Spanish and Madrid market have a unique opportunity to help international investors succeed in their projects.”

Martos adds that the application of technology in the legal profession is a big challenge for law firms, as is the retention of talent and maintaining “very close relationships” with clients.



CARLOS BLANCO

MADRID NOW MAIN GATEWAY FOR SPANISH INVESTMENT

Madrid is now the “indisputable gateway” for international investment in Spain, according to **Carlos Blanco**, partner at Roca Junyent. “There is still a high level of activity in the Madrid legal sector,” he says. “Despite the gloomy predictions of economists, the Spanish economy remains strong and dynamic and this is reflected in the health of the Madrid legal market.” Blanco adds that, while international institutional investors have been very active in the M&A and real estate market for a number of years, local players have also taken a lead role in the “transactions arena”. He continues: “Auctions has become very frequent in the M&A market pushing up EBITDA multiples and prices.” Blanco also argues that Madrid has also grown in stature in the “tremendously competitive” arbitration market. “This trend can also be an opportunity for Madrid law firms since they can play significant roles in relevant and profitable international disputes,” he says. The positive outlook for Madrid will continue for

the foreseeable future. “In the coming year we expect the good times for the Madrid market to continue,” Blanco says. “The return of trends we started to see some years ago – M&A auctions, high EBITDA multiples, and surges in energy, health, tech and telecoms deals – have consolidated.” The consistent growth of the Spanish economy and the Madrid legal market have resulted in greater interest from international law firms in opening offices in Madrid. Blanco says: “If these rumours are confirmed, Madrid law firms must prepare for increased competition, especially in big M&A and complex banking and finance matters.” Digitalisation and the integration of millennials are some of the biggest challenges being faced by law firms, according to Blanco. “Technology can help law firms to provide a better service, be more efficient and focus on added-value services,” he says. “Low-skilled work can be better done by tech tools so lawyers can devote their time to designing added-value solutions for their clients – technology and a renewed cultural approach are great allies when managing the increasing demand for better work-life balance.”



FRANCISCO PALÁ

TECHNOLOGICAL DEVELOPMENTS ARE PRESENTING BOTH NEW BUSINESS OPPORTUNITIES AND NEW CHALLENGES FOR LAW FIRMS IN MADRID

Firms in the Spanish capital will be forced to rethink their business models in order to best respond to technological developments.

According to **Francisco Palá**, Managing Partner at Ramon y Cajal, the introduction of new technology is set to alter the way in which both law firms and their clients interact. “The exponential growth [of technology] is impacting all areas of activity, from the financial to the labour sectors,” he explains. With the introduction of new ‘realities’, such as blockchain, smart contracts, cryptocurrencies, cybersecurity and more, new business opportunities are arising across many different fields. However, he notes that the largest

opportunities in Madrid currently lie within the real estate sector. “[The real estate market] has recovered the activity levels of the years before the crisis,” Palá states. But it is not only this sector he believes to have generated the most activity in Madrid. “On a broader basis, we can also highlight the dynamism of the energy sector,” he adds.

However, with these developments arise also certain challenges, particularly for law firms within the Spanish capital. “[There is a] strong competition currently present in the Spanish legal market,” Palá explains; this competition is particularly apparent within Madrid itself, which has developed into a financial centre, attracting new business. “This has also been reflected within the legal sector.” But it is technology that is calling firms to reconsider their existing business models, aiming therefore to adapt to new developments; firms should thus be prepared to respond to these changes.



**SALVADOR
SÁNCHEZ-TERÁN**

MORE US AND UK FIRMS COULD ENTER THE MADRID MARKET

Madrid law firms face the prospect of increased competition with more US and UK firms potentially entering the market, according to Uría Menéndez managing partner **Salvador Sánchez-Terán**. “Spain’s legal market, and Madrid’s specifically, is very mature and competitive,” he says. “We therefore do not expect any drastic short-term changes, nevertheless, we may see an influx of US and medium-sized UK firms in the coming year.”

Madrid is an attractive market with law firms benefitting from considerable M&A activity in the real estate, infrastructure and energy sectors, in addition to relatively high levels of litigation and arbitration, according to Sánchez-Terán. He adds that there is also a substantial amount of tax and labour-related work for at present for law firms in the Spanish capital.

Further afield, Sánchez-Terán also highlights Latin America – where Uría Menéndez has offices in Chile, Colombia and Peru as a result of its joint-ownership of Philippi, Prietocarrizosa, Ferrero DU & Uría – as a “big opportunity”.

However, in addition to the significant opportunities, Madrid law firms, like those in many jurisdictions, face major challenges. “Hiring lawyers, retaining lawyers, and diversity are some of the biggest challenges we currently face, though we believe we handle them quite successfully,” says Sánchez-Terán. Meanwhile, accommodating younger generations of lawyers can also be tricky. “Adapting to the concerns and interests of the new generations is also a big test,” says Sánchez-Terán. He adds that digital transformation, and the use of new tools such as artificial intelligence “in our day to day” is another increasingly important consideration for law firms. “Being at the forefront of this transformation will give law firms like us a big advantage and allow us to focus on providing added value for clients,” Sánchez-Terán argues.

Clients have an expectation that their external legal advisers offer “technical excellence, expertise, profound knowledge of the market, availability, and, where possible, flexible fees”, Sánchez-Terán says. However, he adds that a new, more recent, trend has seen clients take an interest in law firms’ diversity policies and their technological capacity.



JACOBO OLLERO

RENEWABLES AND TECHNOLOGY M&A ON THE INCREASE

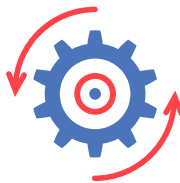
M&A activity in the renewable energy and technology sectors is set to increase, according to **Jacobo Ollero**, Madrid office managing partner at Toda & Nel-lo. It is also anticipated that there will be a significant number of real estate deals in the coming year.

“From a business point of view, operations in real estate should continue,” says Ollero. He adds that he also expects an increase in renewable energy and technology transactions in the next 12 months. Indeed, such is the level of activity in these areas that Toda & Nel-lo is taking steps to strengthen its M&A practice, according to Ollero.

Other significant areas of activity include the telecommunications sector. “The Spanish market continues to advance and continues to attract an increasing amount of foreign investment,” says Ollero, who adds that he foresees more growth in the Spanish economy.

LAW FIRM MODEL CHANGING

Meanwhile law firms are under pressure increase in size and change the way they do business, says Ollero. “The legal market has a tendency, like all sectors, to move towards globalisation, which is causing law firms to become larger, while the traditional model of law firms is disappearing,” he explains. “The challenge is how firms face this change to a model of globalisation and progressive concentration.” Clients are demanding quick responses from law firms and there is also a lot of competition with regard to fees, according to Ollero. “Clients expect to be provided with high quality legal service, agile response times and always at competitive prices, which is not always compatible,” he explains. “The different perspectives of each sector require a lot of flexibility from firms in order to provide solutions.”



LEGAL UPDATE



LIFE SCIENCES LEGAL UPDATE - PORTUGAL

THE BOOMING MEDICAL CANNABIS MARKET IN PORTUGAL

The potential surrounding the use of the cannabis plant and its derivatives for medicinal purposes has ignited growing interest and attention in Portugal and elsewhere in recent times, with wide media coverage and public discussion. Reports from various parts of the globe on the use of the plant in a somewhat experimental way in response to situations of illness where conventional therapies did not help, in many cases without a legal framework, have contributed to the passing of legislation in Portugal on the matter.



The compromise between different political forces and different levels of concern resulted in Law 33/2018, which governs the use of medicines, preparations and substances based on the cannabis plant for medicinal purposes in Portugal and which came into force on August 1st, 2018.

With this law Portugal joined a still reduced group of countries that are regulating the matter, and the country positioned itself as clear a player in this arena.

According to this law, the use of cannabis is accessible through medical prescription, dispensation taking place in pharmacies, it being up to the physician to evaluate for each patient the benefits of using this type of product...

By **Ricardo Costa Macedo** – Lawyer and Partner at **Caiado Guerreiro** (Head of the Life Sciences practice) rmacedo@caiadoquerreiro.com
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LABOUR LEGAL UPDATE - SPAIN

NEW OBLIGATIONS REGISTERING WORKING HOURS

On March 8, 2019, Royal Decree-Law 8/2019 on urgent measures regarding social protection and against the precariousness of work in the working day (hereinafter "RD"), was published.

Between other matters that this RD regulates we must underline the new obligation imposed to the employers regarding the **control and registration of the working time of the employees**. According to the Government messages, this regulation pretends to avoid hidden and not paid overwork, and try to provide employees with evidences of the real number of hours that they made at work.



This obligation has its origin in a Spanish court case, recently analyzed by Judgement of the EU Court of Justice (Grand Chamber) that concluded: "the introduction of measures to encourage improvements in the safety and health of workers at work, must be interpreted as precluding a law of a Member State that, according to the interpretation given to it in national case-law, does not require employers to set up a system enabling the duration of time worked each day by each worker to be measured."

New regulation impose employers to have a **working time daily record**, registering the specific time when each employee in fact starts and ends it working time. All the time spend between this to registrations is considered as effective working time if there is not a real evidence or justification of the resting time that may take place....

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UNCERTAIN FUTURE

Global M&A activity could dip in the coming years, but Iberia's real estate and energy sectors are expected to keep lawyers in Spain and Portugal busy in the short term



Though the short-term outlook for M&A activity is bright, there are concerns that dealflow could be set to slow. Despite a significant number of transactions in the fintech, renewable energy and real estate sectors, there are fears that, globally, there could be a dip in the number of transactions. DLA Piper legal director **Remei Sánchez** says there are “some indications that the deal market will – both globally and locally – slow down”. However, Spain still offers investors considerable value due to the fact that assets are available at fairly low prices. In addition, the country is also seen as a gateway to the Latin American market. Meanwhile, from the point of view of non-European investors, Spain also represents another way to access the potentially lucrative EU market. As a result, international law firms with operations in Spain are particularly

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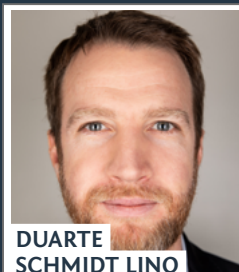
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well-placed in this respect, lawyers say. There is expected to be significant investment from foreign private equity funds and asset managers, in particular. Meanwhile, venture capitalists' desire to invest in the Spanish start-up sector represents a major opportunity for the country's law firms.

M&A deals can be fraught with difficulties, lawyers say. "The drivers of M&A deals can be flawed and the problems associated with trying to make merged companies work are well-known," says Sánchez. "M&A is often driven for the wrong reasons – globalisation, the arrival of new technological developments or a fast-changing economic landscape all impact on executives' decisions to seek M&A deals."

Francisco Bachiller, senior associate at DLA Piper, adds: "The decision is typically based on a product or market fit, but integration processes and employee differences, for example, are often ignored – overpaying for an acquisition and valuation issues are also rampant when executing M&A deals, leading to financial losses and failures."

FINANCING PROBLEMS

With regard to the outlook for the coming year, the emerging trends are expected to be an increasing number of transactions in sectors such as infrastructure, business services, banking, consumer and distribution/logistics, real estate, insurance and



healthcare. In the first half of 2019, M&A activity increased with private equity funds targeting assets in the agrifood, technology, renewable energy and consumer sectors. However, the progress of transactions is sometimes held up due to difficulties obtaining financing in a timely fashion, according to EY partner **Francisco Aldavero**. However, it is anticipated that delays could be offset by the use of artificial intelligence, which is expected to speed up transactions in future. Private equity funds have been among the most active investors in Spain this year. However, lawyers say there have been issues when it comes to obtaining warranties insurance for M&A deals, with this sometimes taking two to three weeks.

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European and Latin American investors, in particular, have been targeting Spain in recent months. However, political uncertainty in the country has delayed some deals, according to

Broseta partner **Julio Veloso**. He adds that the sectors experiencing the most transactional activity have included infrastructure, real estate, hotels, health and technology. Meanwhile, in the coming year, Spanish companies' efforts to internationalise their business should also present many opportunities for M&A lawyers.

PORTUGAL: BREXIT BENEFITS

There has been considerable M&A activity in the Portuguese real estate and tourism sectors in the last year. Meanwhile, there is also expected to be an increase in transactions in the health and energy sectors. There is also a feeling that Brexit could generate significant opportunities for Portuguese lawyers, with suggestions that there could be an increase in the number of UK funds investing in Portugal if the UK does finalise its departure from the European Union.

Alexandre Jardim, partner at PBBR says he expects a large number of deals in the health and energy sectors. He adds: "Sectors such as infrastructure and transport can also play a very important role in the M&A market, although this is dependent on political decisions and public



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investments – low interest rates will continue to make an important contribution to these types of transactions.” Private equity funds continue to drive most deals in Portugal, though there has been a dip in their activity of late, with the start-up sector expected to generate an alternative workflow for lawyers.

It is by no means certain, but there is a theory that Brexit will lead to more opportunities for M&A lawyers in Portugal. Data shows that UK investors, and funds especially, have been among the most active players in the Portuguese market, and there are suggestions that Brexit will lead to an increase in such activity. 

M&A INVESTMENTS IN SPAIN PRIMARILY LED BY PRIVATE EQUITY HOUSES ARE TO INCREASE THE EXPANSION AND GLOBALISATION OF BUSINESSES



PEDRO RUEDA

Private equity funds will become an alternative to finance acquisitions and transactions involving changes in the stakeholder.

According to **Pedro Rueda** and **Israel de Diego**, M&A Partners at Araoz & Rueda, “clients will be seeking the consolidation of their market share and the increase of their clients’ portfolio and/or its geographical expansion by the opening of new business lines” which will definitively generate instructions for law firms. “There will be also commercial alliances and joint ventures and the growing appetite of private equity funds will continue to be a trend” de Diego predicts; “Private equity funds will become a real alternative to finance acquisitions and transactions involving changes in the stakeholder,” Rueda adds.



ISRAEL DE DIEGO

Albeit industrial companies will continue to be players in these acquisitions, Rueda and De Diego explain that they may find themselves at a competitive disadvantage in terms of price, having to compete against the higher liquidity of private equity funds and the need of financing of the companies to carry out the investments. “The most interesting assets to invest in will be those allowing the companies to achieve their strategic goals,” they explain. “with sectors such as infrastructure and construction, real estate, energy, technology, telecommunication, healthcare and transportation on top of the list,” they add.

Of course, changing trends in M&A are not without challenges and Rueda and De Diego warn that clients should be aware of “the different perspectives and expectations between buyers and sellers in competitive markets in which there has been a significant increase in the prices paid.” “There is a complexity in identifying the target’s key employees and reaching agreements to retain them,” they add. “Clients should also be aware of regulatory requirements to close a transaction, with special attention to potential regulatory changes. The difficulty to obtain adequate financing and the post-integration uncertainty (cultural differences, integration of systems and products/services, etc.) will continue to be the main concerns clients will face”.

The biggest challenges that M&A lawyers will confront again this year will continue to be embracing new technologies. “Digital transformation and artificial intelligence will impact the competitiveness and position of law firms,” Rueda and De Diego explain, “as legal tech has gradually and smoothly made its way into the market, and will definitively stay and develop”. “A higher degree of specialization by sectors will also be necessary as a key element to add value to the companies’ legal departments, since in-house lawyers are more and more sophisticated and specialized,” they say.



JULIO VELOSO

EUROPEAN AND LATIN AMERICAN INVESTORS TARGETING SPAIN THOUGH POLITICAL UNCERTAINTY SLOWING DEALS

A large number of European and Latin American investors are targeting acquisitions in the Spanish market but political uncertainty in the country is delaying some deals, according to Broseta partner **Julio Veloso**. A broad range of industries in Spain are currently being targeted, with investors showing a particularly keen interest in the infrastructure, real estate, hotels, health and technology sectors. However, there has been a general election in Spain this year and the associated political uncertainty has meant there has been some difficulty in getting some deals finalised. However, Veloso anticipates that, once the political situation settles down, such obstructions will disappear. “What we are seeing is that the infrastructure, real estate, hotels, health and technology sectors are particularly hot these days,” says Veloso. “We are seeing a significant number of foreign investors – mainly Europeans and Latin Americans – and they are mainly interested in the aforementioned sectors.”

DEALS DELAYED

But the political situation has been particularly challenging, according to Veloso. “In our experience, and this is very particular to Spain this year, some of the deals are being delayed due to the political uncertainty – however, we anticipate that once the different governments are in place, some of these issues will be solved immediately.” And what is the outlook for the coming year with regard to M&A activity in Spain? “We believe we will see a significant number of deals within the health sector, as well as infrastructure, technology and real estate-related deals,” Veloso says. He adds that it is also expected that there will be considerable corporate work related to companies’ “internationalisation, customer-base expansion and diversification of products and services”.



RICARDO RODRIGUES LOPES

PORTUGAL’S BOOMING IT START-UP SCENE IS SET TO DRAMATICALLY ALTER THE FACE OF THE CURRENT TECHNOLOGY SECTOR

The development of Portugal’s technology sector is predicted to increase the number of important IT transactions in the country, allowing for a strong, linguistically diverse workforce

According to **Ricardo Rodrigues Lopes**, M&A Partner at Caiado Guerreiro, information technology is set to find itself in the spotlight over the coming year, presenting new M&A opportunities for both clients and law firms alike. He explains that “real estate and tourism continue to be the main driving force of Portugal and its growing sectors,” meaning that M&A opportunities in these sectors will continue to be a relevant part of the market. However, it is within technology that the largest changes, and most

significant transactions, are set to take place. “There is a booming IT start-up scene in Portugal, as [the country] continues to graduate and train a technically strong workforce in this sector,” he states. “In fact, in the first quarter, technology transactions had already overtaken the value of transactions in the real estate sector.”

Rodrigues Lopes explains that the main source of these funds stems from foreign private equity firms: primarily from Spain or other parts of Europe. “This is due to the political stability and positive growth [in Portugal],” he says. These foreign companies are also beginning to invest in the country’s industrial sector, as investors hope to expand their positions or gain market share. “Chinese investors [also] continue to be interested in Portugal,” explains Rodrigues Lopes, “but only within a certain dimension.”

However, these changes will not arise without their challenges. Due to the nature of business in Portugal, many companies are family-owned, giving the owners therefore a personal link to their business. “Sometimes it is hard for business owners to accept a fair valuation. In some cases, a solution would have to be provided so that business owners are allowed to maintain a link with the business for a certain period of time.” Rodrigues Lopes explains that this will then assure a smooth transition from a family-owned company to a more business-oriented structure. Another issue is taxation, and by extension, finding the right deal structure. “Reducing the impact of taxes from the sellers’ perspective is always crucial,” he says.



SARA REIS

TECHNOLOGICAL DEVELOPMENT WILL INSPIRE FOREIGN COMPANIES TO INVEST IN BOTH TRADITIONAL AND NEWER SECTORS OF THE PORTUGUESE M&A MARKET

Technological start-ups, cryptocurrencies and pharmaceuticals are among the numerous sectors predicted to grow in Portugal over the coming year, thanks to the investment of funds from overseas.

The recent technological revolution has disrupted traditional M&A transactions, calling therefore for an increased development in a number of different sectors within Portugal. “In a way, the M&A market can be seen as an economy screenshot, mirroring its challenges and emerging trends,” explains **Sara Reis**, Managing Associate of the Corporate/M&A Department at CCA, who also predicts pharmaceutical cannabis to become one of the largest markets. “Despite the regulatory constraints and this being a new industry, cannabis – once possible as a legitimate business from a regulatory perspective – can quickly move through the typical industry life cycle: from division to association in the form of mergers and acquisition.” Reis believes that this could go on to benefit small businesses, private and institutional investors, and the M&A market itself. However, the future of Portuguese M&A will not be without its challenges. The significant increase in foreign investors in the Portuguese market – namely the likes of Spain, the USA, the UK and France – means that clients will be forced to consider multiple issues that would not arise from a national transaction. “Not only they will deal with the difficulty in identifying the target and the fair value of the target, but also the political environment, the legal and regulatory framework and the cultural and communication obstacles,” explains Reis. The particular markets being targeted by these investors are the real estate, health, tourism, financial and technology sectors. Despite new issues to be overcome, law firms will be presented with various new opportunities. “I believe the technology sector represents the biggest opportunity for law firms,” Reis states. “Disruptive industries such as artificial intelligence, FinTech and the Internet of Things keeps attracting investors’ attention, both on a national and international level.” Alongside this, the recently-approved Real Estate Investment Trusts (REITs) will help to boost the real estate market in Portugal; for the past few years, it is this sector that has received the highest activity from M&A transactions and foreign investors.



SHARON IZAGUIRRE

INTERNATIONAL INVESTMENT IN THE SPANISH MARKET IS MATURING THE M&A SECTOR, RENDERING IT MORE SOPHISTICATED

Law firms with international networks should capitalize upon this in order to best respond to the growing and changing demand of the market

The face of M&A in Spain has undergone rapid changes over the past few years; the main development lies in the internationalism of clients, meaning that a large proportion of funding stems from overseas. “The M&A sector in Spain is becoming more mature, helped by the entry, with great force, of foreign investors,” explains **Sharon Izaguirre**, Partner at Deloitte. In recent years, these international companies have experienced a heightened interest in Spain as a destination for investment. Izaguirre advises law firms, therefore, to capitalize on their overseas networks in order to best respond to the change in demand from their clients. “Competitive bid situations are no longer so interesting,” she states. “As a consequence, bilateral processes are becoming more frequent.” Izaguirre also notes that the most active sector during the previous financial year was the real estate market, followed closely by renewable energy and infrastructure, which are still driving a good part of the activity. Because of this, the biggest challenge clients – and, by extension, law firms – will face in the Spanish M&A market will lie within their ability to respond to M&A deals with a global, well-integrated approach. Firms will have to “[act] as a partner to the business, and take into account all new regulatory and compliance drives,” such as the European General Data Protection Regulation (GDPR). “Post-merger/acquisition processes are therefore as important as the deal itself,” Izaguirre adds. It appears that the coming year is predicted to change very little from the developments already experienced over the course of the previous year; however, Izaguirre predicts a change in investment profile. “In this scenario, the M&A market must continuously look for solutions, more than ever before, with a deep know-how of the relevant sectors and a close-knit firm,” she explains, adding also that “the incorporation of technology will consequently be a must.”



REMEI SÁNCHEZ

LAW FIRMS BRACED FOR DECLINE IN DEALS ACTIVITY

Deals activity could be set to slowdown in the near future, despite the outlook being positive for M&A in the short term, says DLA Piper legal director **Remei Sánchez**.

He adds that it is anticipated there will be significant activity in the fintech and renewable energy sectors, as well as major investment in Spanish real estate.

“The outlook for the remaining months of 2019 is really positive for M&A law firms and we are approaching 2020 with optimism,” says Sánchez. However, he adds that there is an awareness that, although M&A deal activity “remains robust and we expect transaction growth, there are also some indications that the deal market will – both globally and locally – slow down”.

That said, Spain still represents a good option for investors due to relatively low prices, Sánchez says. In addition, Spain is a market that gives clients the opportunity to access

Latin American markets and, in the case of non-European investors, it is a country that provides access to the EU market. “This will specially benefit Spanish-based international law firms,” says Sánchez. “We would expect to see more opportunities in the fintech and renewable energy sectors and we will clearly see continuing activity in the real estate M&A sector, including the hospitality industry, particularly via investments by both domestic and foreign private equity funds and asset managers.” Sánchez adds that the emergence of many growing start-up companies is another significant opportunity for potential venture capital deals.

In recent years, there has been an increasing number of foreign investors – including private equity funds, hedge funds and investment banks – looking for opportunities in Spain. Sánchez says: “Large funds remain interested in investing in the real estate and renewable energy sectors. We also expect strong M&A activity in innovation-heavy sectors such as healthcare, technology and life science.”



FRANCISCO ALDAVERO

PRIVATE EQUITY TARGETING AGRIFOOD, TECHNOLOGY AND RENEWABLES SECTORS

There has been a substantial increase in M&A activity in the first half of 2019 with private equity funds, in particular, targeting the agrifood, technology, renewable energy and consumer sectors, according to EY partner **Francisco Aldavero**.

However, the progress of transactions is sometimes held up due to the fact that sometimes there are doubts that financing will be available in the anticipated timeframe. In contrast, it is expected that the use of artificial intelligence will help to speed up transactions in future, Aldavero says.

“Our M&A activity has increased remarkably in the first half of 2019 - most notably in agrifood, technology, renewable energies and consumer businesses,” says Aldavero. “We believe that this trend will continue in the coming months.”

He adds that private equity funds have been among the most active investors. “We see that private equity firms and financial buyers with dry powder are extremely active in M&A deals for business consolidation with a view to creating local and/or regional leaders in what are still atomized sectors.”

Aldavero says finance providers are impacting on the timing of transactions in the sense that “getting the financing on time is not something that can be taken for granted”. He added that the increasing resistance among sellers to “undertake any liability for hidden contingencies vis-à-vis buyers may impact on timing as well if warranties’ insurance needs to be in place”. Aldavero continues: “In our experience, it may take two to three weeks to get coverage from the relevant insurer and it is important to have this in mind in order to avoid a delay to the process.”

Technology is increasingly become central to M&A transactions, according to Aldavero. He says artificial intelligence will increase the speed in which deals are executed and is “likely to produce better outcomes”.



**CRISTINA
HERNÁNDEZ LERÍA**

BUSINESSES MUST STRIVE FOR A WELL-INTEGRATED M&A PROCESS IN ORDER TO EXECUTE A SMOOTH TRANSACTION

Companies must ensure that both parties involved in M&A transactions feel they have benefitted; management must create an integrated team to achieve this.

With the upward trend noted in the activity of the technology, healthcare and renewable energy sectors, businesses must ensure M&A transactions continue to benefit both parties. **Cristina Hernández Lería**, Partner at Lener, explains that this will not be an easy task, and will prove to be one of the biggest challenges faced by clients in the Spanish market. “The integration processes of the companies involved in the M&A deal is an important factor to consider,” she explains, “and succeeding in the creation of an integrated team is a big chal-

lenge for investors.” She also underlines the concern for global economic uncertainty, capital market volatility and political instability in affecting the financial decisions of potential investors.

Hernández Lería notes also that the largest investments in recent years have stemmed from foreign investors, with a particular focus upon the Spanish real estate market. “The continuous increase in purchase and rental prices has rendered the profitability extremely attractive,” she states. The real estate team at Lener have contributed, in fact, to several of these transactions over the past financial year, continuing subsequently to manage these assets.

Over the coming year, Hernández Lería predicts the growth in sectors such as renewable energy and the consumer market to continue. She also believes that firms must keep up-to-date with technological developments, as these will be present across a range of industries. “The transactions in any business where the technology improves the process, reduces the costs or improves the customer experience will, for sure, be present,” she explains.



ALEXANDRE JARDIM

PORTUGUESE REAL ESTATE AND TOURISM SECTORS ATTRACTING INVESTORS

The Portuguese real estate and tourism sectors are among the most active in terms of M&A activity, according to PBBR partner **Alexandre Jardim**. In addition, it is also anticipated that there could be notable transactional activity in the health and energy sectors. Jardim adds that Brexit could potentially mean increase in the number of UK funds investing in Portugal, though this is far from certain.

“Real estate and tourism are still the most active sectors in terms of acquisitions and divestments,” Jardim says. “We would like to see Portuguese players in various industries getting together to participate in this consolidation in order to create significant Portuguese players not only in the domestic market but also in the international market.”

Jardim adds that there is also expected to be significant M&A activity in the health and energy industries. He also says: “Sectors such as infrastructure and transport can also play a very important role in the M&A market, although this is dependent on political decisions and public investments – low interest rates will continue to make an important contribution to these types of transactions.” The M&A market is still very dependent on private equity funds, according to Jardim. However, he adds: “Comparing the first months of 2019 to 2018 shows some decrease in the activity of these players – this means that new investment opportunities need to be created and in this respect the start-up market can play an important role.” Brexit is also expected to have an impact on M&A activity in Portugal. Jardim says: “The main issue may be will Brexit create new business opportunities in the Portuguese M&A market, taking into account that, according to 2018 figures, investors from the UK, especially funds, are among the most active M&A players in the Portuguese market?” He adds that there is the possibility that Brexit could mean such investment from UK funds, though this is not certain.

REAL ESTATE IS ONE OF THE MOST ACTIVE MARKETS IN THE IBERIAN PENINSULA, AND IS PREDICTED TO MAINTAIN THIS STABILITY IN THE SHORT-TERM FUTURE



**JAVIER MATEOS
SÁNCHEZ**

The real estate sector is viewed as a secure means to preserving capital for investors, who are prioritising financial security over high returns.

Throughout the course of the 2018 financial year, key transactions made between certain businesses have secured the stability of the Iberian real estate market – at least for the short-term future. Among these deals are the real estate business of Caixabank, purchase of Testa and the takeover bid on Hispania. **Javier Mateos Sánchez**, Director of PwC, explains that the energy, transport and infrastructure sectors have all contributed significantly to this financial activity. “Transactions such as the sale of 20% of Gas Natural, the takeover bid on EDP and the sales of Acciona Termosolar, Eolia, Redexis and

Itinere have been a reference,” he states. Additionally, Mateos Sánchez notes that certain Iberian companies within the tourism, food, and service sectors also experienced a high level of activity during this financial period. “The bid on NH Hoteles, Telepizza and Europac have been leading reference deals in their respective areas,” he explains. All of these businesses act as contributing factors to the stabilization of the real estate market in some way.

In terms of the investors themselves, however, Mateos Sánchez highlights the internationalism of the transactions taking place: most investors in this market are foreign, meaning the funds stem from outside of Spain. “There is little involvement of Spanish investors, who are mostly concentrated in middle-market operations,” says Mateos Sánchez. Particular examples are the American private equity firms Blackstone and Lone Star Funds, who have both made significant investments in the Iberian real estate market.

But it is not just real estate which has undergone significant business transactions over the course of the past year. Javier Gómez Domínguez, Partner at PwC and Head of the M&A Legal team, explains that the dental industry is set to experience noteworthy developments, based upon the results of the 2018 financial year. “Another hot topic in the Mergers & Acquisitions industry has been deals involving dental clinics, and there will be more transactions in this industry in the near future,” he explains. Some of the leading deals within this market have been JB Capital Market’s 40-million-euro investment in the purchase of Vitaldent, and now recently acquired by Advent, no economic details have been published. Portobello Capital Market’s purchase of 6 of the main players in the dental clinic industry. These are namely: Unidental, Laser 2000, Dr SENER, Avadent, Plenido, and Anaga Dental, all of which have been grouped to form the leading company Vivanta, which owns over 300 clinics. “Another large player in Spain is Dentix,” Gómez Domínguez explains, “which still remains in hands of its founder and is increasing its footprint in other countries (UK, Italy, Portugal, Colombia, Mexico, Chile) as opposed to its competitors.”

Mateos Sánchez shares also his predictions for the development of this market over the course of the upcoming financial year (2019), expressing that he believes real estate to remain one of the region’s most active markets. “It remains a sector that investors see as a way to preserve their capital and, additionally, investors have still sufficient capital resources for potential real estate investments”, he explains. “They are not looking for high returns, but are looking instead for financial security.” However, while the short-term future of Iberian real estate M&A seems stable – particularly in its profitability and liquidity – the medium or long-term could carry more risks, based mainly in geopolitical factors.

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