

HEWLETT-PACKARD : THE IMPORTANCE OF UNDERSTANDING

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The most important thing that a law firm can bring to a matter is an understanding of how your business works, says Hewlett-Packard's Regional Counsel in Iberia Eduardo Ruiz Montoya.

Aunque en los últimos diez años las operaciones realizadas por la empresa Hewlett-Packard han cambiado de forma significativa, el énfasis de su asesor jurídico responsable de la Península Ibérica, Eduardo Ruiz Montoya, en gestionar de forma eficaz todas las necesidades legales de la empresa no ha variado. Ruiz Montoya afirma que los aspectos de mayor importancia estratégica se llevan internamente, pero cuando se requiere apoyo externo, su objetivo es derivarlo a un despacho eficiente, que comprenda no sólo las cuestiones técnicojurídicas sino también cómo aplicarlas en relación a las necesidades de su empresa.

On graduating from university, Eduardo Ruiz Montoya had initially intended to become an Abogado de Estado (State Lawyer) instead he joined Hewlett Packard (HP), in 1996. It is a move he says that he has never regretted. "Hewlett-Packard is a great company, and the role continues to present many challenges."

As one of the world's largest computer companies, HP counts around 150,000 employees and annual revenues close to \$90bn (€62.6bn). Spain may no longer be a centre for the business but it is now a major research and development hub, with the company's Sant Cugat operation in Barcelona one of only four global business centres.

Ruiz Montoya is now HP's Regional Counsel in Iberia with responsibility for leading and co-ordinating the central legal teams in Spain and Portugal, as well as sitting on the company's local steering group.

✖ HP is effectively split into two sorts of organisation, explains Ruiz Montoya. "In one sense there is the outward facing business that is responsible for selling HP products and services and developing HP as a technology platform, then there are the company's three internal operational units, which are broadly centred around manufacturing, marketing and research and development.

These are the Technology Solutions Group (TSG), the Personal Systems Group (PAG), and the Image and Printing Group (IPG).

Divisional split

When I first joined HP eleven years ago the Iberian legal team consisted of only three lawyers, which meant that we were constantly under pressure," admits Ruiz Montoya. "Now the team has since grown to seven lawyers, six in Spain and another in Portugal."

While the Spanish and Portuguese operations ultimately sit within the company's wider Europe Middle East and Africa (EMEA) sphere of operation – where overall control of the legal function is led by general counsel Joyce Norcini – Ruiz Montoya reports in the first instance to the general manager of HP in Iberia.

There are in addition a further two lawyers that sit outside of Ruiz Montoya's group, handling day-to-day issues directly within HP's Iberian units, and also a dedicated intellectual property (IP) team of three-attorneys, with general responsibility for all patent, trademark and copyright issues, and which report directly to the IP lead at the company's headquarters in Palo Alto, California.

In line with the responsibility of Ruiz Montoya's group to look after Iberian legal issues however, it is now overseeing copyright matters that arise from Spain's recent legislative change to enable purchasers of copyright licences to create an additional "personal copy" of the licensed product, he says.

"The legislative change was very controversial and can lead to a number of issues, which we have to take into consideration. As it is a result of domestic legislation and effectively a local issue, it therefore falls under our remit rather than that of the IP team."

Workload

With the exception therefore of mainstream IP, and also tax issues – which are handled by a dedicated group – Ruiz Montoya's team handles however the vast majority of HP's own legal work, he says.

"The culture at HP is to take on as much of the company's internal legal needs as possible, so on the whole our work can be characterised as broadly split into three types of involvement: compliance, general commercial and company issues."

Compliance encompasses all company ethics issues, but extends also to labour and competition and antitrust matters, he explains, while commercial work encompasses issues such as licensing, partnering and outsourcing agreements, alongside other contractual negotiations.

The team's remit is therefore broad, but individual lawyers have responsibility for overseeing the individual needs of its internal operational divisions. Alongside his own management responsibilities, and the demands of his involvement with the Iberian steering committee, Ruiz Montoya's emphasis he says is predominantly focused on the needs that arise from the operation of HP's Technology Solutions Group.

"Essentially we are tasked with focusing on the most complex, high risk and important matters, and to try to close these in the best interests of HP."

Ruiz Montoya is happy therefore for his team not to handle high volume work, which is instead routinely outsourced to law firms.

"Much of our litigation work is sent to law firms as it can be intensive and take up a lot of time. Nonetheless we insist on retaining control of matters, which means being in constant contact with the lawyers undertaking the assignments."

Another area that is routinely outsourced is labour litigation. "Even though we tend to handle most of our own labour needs, aspects of it can often be very specialist and so we will look for an outside opinion."

While he will also typically look for outside help in relation to specific competition and antitrust issues, he says.

When it comes to major transactional or cross-border M&A matters, these tend to be co-ordinated on a worldwide or regional basis, says Ruiz Montoya, and his input will therefore be largely restricted to plugging-in the local element.

One exception however is in relation to major outsourcing deals, he emphasises. "In these matters it is important for us to retain internal control and to handle the work ourselves as there will often be significant employment and transfer of undertaking issues, and as these are often the subject of very local laws it falls under our direct responsibility."

Trust

When it comes to selecting external law firms, Ruiz Montoya says that he places his emphasis on the quality of the relationship and trust, although cost will always be an additional criteria.

"This may sound simplistic, but what we primarily look for in a law firm is the ability to work around our needs and to give us what we expect."

Essential therefore is for a law firm to appreciate the business goals of HP, and to understand what the major issues are likely to be. "The way that a law firm adds value is essentially by getting close to us," he says. "If the quality of an external lawyer is not what is expected it is up to us to remedy it, but in the first place we have to be very clear about our expectations and the criteria by which we will evaluate the work."

The past year has seen HP review its external legal advisers in the US, led by its global general counsel Michael Holston, and they may now repeat the process for EMEA. Ruiz Montoya is not however a strong advocate of beauty parades, he says.

"We enter into them for certain issues, but my preference is to get to know specific firms closely. For crossborder M&A however we have a preference for firms that can offer an international connection, as they usually bring with them a level of deal and information management that can prove very efficient," he says. Although Ruiz Montoya is based in Madrid, he does not however have a preference for using only the local offices of firms, he says. "The types of firm we use tend to have offices in Barcelona, Madrid, and elsewhere."

Among the key firms HP relies on in Spain are Garrigues, Uría Menéndez, Freshfields, Baker & McKenzie and Cuatrecasas, and in Portugal, F. Castelo Branco & Associados.

"Some of the firms that we use have been working with HP much longer than the eleven years that I have been with the company," he says. "In Portugal our law firm has been with us for almost 20 years, and they continue to care about the work they do."

While the start of a new law firmclient relationship inevitably involves a period of getting to know each other, it is usually quickly apparent whether the firm is genuinely interested in you and your business needs, he says.

"Ultimately what is important is that a law firm offers businessorientated advice. I do not want a 50-page opinion on a legal point. I want someone to understand what the key issues are and to tell me what we can do about them."

