

INDRA: BALANCING THE BUSINESS NEEDS WITH THE BUSINESS RISKS

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“ We are always looking to bring more work in-house, but any desire to stop using external law firms is mere wishful thinking. ”



Company legal departments need to help encourage and assist business operations but they must also highlight and balance the commercial risks being assumed

Los asesores jurídicos internos siempre conocerán sus empresas mejor que cualquier abogado externo. Deben ayudar a facilitar las operaciones comerciales, pero también tienen que centrarse en su misión de velar por los intereses a largo plazo de la empresa, según Carlos González, Director de Asesoría Jurídica de Indra. Es importante que el equipo legal entienda los retos y necesidades de todas las áreas de la empresa, para predecir y evitar posibles obstáculos.

In-house lawyers will always know their business and policies better than any outside counsel, and must always help facilitate commercial operations, but they need also to emphasise their role to protect the long-term interests of the company, says Carlos González, General Counsel at Indra, a leading global IT services company.

"Indra focuses on very specific and often highly regulated markets. It is important therefore that the legal team perfectly understands the recurring needs and challenges of the different business divisions. But we also need to understand our markets and to predict and avoid obstacles, over the weeks, months and years ahead."

Since González first arrived at Indra in 1996 the legal department has grown from eight to 50 lawyers including within international subsidiaries. Last year the company recorded revenues of €2.5bn, it has 27,000 employees and operations in 106 countries.

"The legal team structure has continuously adapted to reflect the different scale and requirements of the business, in Spain and elsewhere, but also because of our need to better manage risk and adopt a more consistent approach to matters," he says.

The company's lawyers therefore no longer belong to the business divisions, the legal function was centralised after González came and all lawyers report directly to other lawyers. Even though lawyers at Indra have a strong service focus in legal advising we add value to how the company does business. "I have always believed that as lawyers we have to retain a degree of independence – our role is also to protect the interests of Indra – which is not always an easy balance to achieve."

The legal department is therefore structured along three core operational lines: Secretariat, supporting the Board's needs and the regulatory, compliance and corporate governance aspects of being a Spanish listed company; Business, advising the commercial and operational needs of the Group's internal divisions; and Corporate, which caters to specific Group needs, for example, banking, real estate, labour, M&A and litigation.

"The size of the team and our structure allows us to specialise either by practice area or business function, which helps to better demonstrate the value we can add to commercial operations," he says. But González also believes that the role of in-house lawyers has inevitably become harder as a result of the pressures brought about by the economic downturn, while Indra's own growing international strategic emphasis is also presenting new challenges.

The company now has 20 software labs around the world, provides air traffic and simulation services to authorities across Europe, Asia and the Americas, and is also having significant success in the defence sectors providing technologies to NATO, the US Navy, Chilean, German, Portuguese and New Zealand military.

"The regulatory demands placed on the business have not necessarily changed, but where and how we do business clearly has. There is also now an increasing trend within the commercial divisions to accept greater risks in order to conclude deals, but this is not matched by the external clients who are in fact becoming much more positional."

Both the delivery and execution of projects is therefore much more challenging, he says. With a continuing issue being to ensure the business divisions are aware of the risks being assumed. The legal function is also taking on more importance as Indra looks to operate in more challenging and developing markets, across Europe, Latin America, North Africa, Arabia, India and Far East countries.

"Our aim is to do as much work internally as is practicable, not only for the knowledge advantages mentioned before but also for a cost efficiency reason, but issues such as complex litigation or major M&A often demand outside help. We already have in-house lawyers in those countries where we have a significant permanent presence – in Argentina, Brazil, Chile, Colombia and Mexico – but we are inevitably looking to increase our international capability."

A dedicated lawyer now co-ordinates all Indra's international legal requirements, but when it comes to selecting law firms, cost is inevitably an issue and the preference is for local firms except in those jurisdictions where a reliable local partner cannot be found, says González. In such instances the legal team will usually turn to an Anglo-Saxon firm to co-ordinate advice.

"Our law firm selection process is rigorous but we want to be sure that those we use are able to handle all our local needs. We do not necessarily advertise a preference for specific firms but we are not looking for one-off advice. Our goal is always to make sure we have all the necessary contingencies in place, in terms of both how we do business and where we do it."

Carlos González is the General Counsel at Indra, one of Europe's leading IT services companies. Last year the company recorded revenues of €2.5bn, it has 27,000 employees and operations in 106 countries

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