

THE NEED FOR SPEED - SIBS

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Businesses need to move quickly so external law firms that take “two or three weeks” to respond are not very helpful, says SIBS’ João Franco do Carmo

As the in-house legal department at Portuguese electronic payments company SIBS becomes more experienced, so it is able to handle more legal matters that previously it may have outsourced to external legal advisers. However, the company still frequently calls on the services of external legal advisers, according to the organisation’s head of legal and compliance, João Franco do Carmo.

“Now we have more experience and we have reviewed a large number of issues previously in the past, so we probably no longer have the same need for external legal advisers as we have done previously,” he adds.

Yet, Franco do Carmo says there are fairly regular occasions and matters when external advice is

sought, particularly when it comes to issues related to tax and employment. Among the firms used by SIBS are J. A. Pinto Ribeiro & Associados and Linklaters, the latter for competition issues in particular. The company also uses a small number of other firms for certain matters but more infrequently.

How does SIBS choose its external legal advisers? "We ask firms to pitch, we ask for information about service levels and rates and then we take the best offer possible," Franco do Carmo says. "We need to be confident about the quality of the assistance they offer and we also want them to be as fast as possible."

Franco do Carmo explains that his attitude towards outsourcing has changed in recent years. "In the past, companies and managers used to believe that it was better to outsource because it was better for costs," Franco do Carmo says. "But now I am not sure, except when it involves very specialised issues – sometimes we just want confirmation of something already prepared in-house, but when you go to an external law firm, it can sometimes take two or three weeks for them to come back to us, but businesses need a quicker response than that."

However, Franco do Carmo says he has few complaints about the law firms SIBS currently use. "We may have a contract with a firm for a period of three years but due to the pressure to control costs internally, we regularly check that the agreement with the firm is okay," he says. "When we review the contracts we compare, or benchmark, the quality of the service and the service capacity of the firm." SIBS prefers lawyers that take a commercially minded approach. "We want sensibility to our business," Franco do Carmo says. He adds that, despite the economic crisis, the legal department at SIBS has been able to maintain a "stable" budget. However, Franco do Carmo says that the budget is "not increasing" at the moment due to the legal team's good performance and the "politics of cost control". But he adds: "We still must be prudent."

We will pay hourly rates

In general, Franco do Carmo says that SIBS is prepared to pay its external advisers according to the system of hourly rates. However, there are instances where it has a "stable" contract with a law firm – in these cases fees are agreed in advance. That said, if additional services are provided that go beyond the framework of the contract, additional fees become payable in accordance with the amount of extra hours worked and the seniority of the lawyers carrying out the work.

One of the biggest challenges facing SIBS' corporate legal department is helping to facilitate the further growth of the organisation. Founded in September 1983, SIBS' services include the management/processing of ATM and point-of-sales (POS) systems and a number of other payment solutions. The company processes more than two billion transactions per year with a value of more than €8 billion. The company's subsidiaries include: SIBS Pagamentos; SIBS Cartoes, SIBS Forward Payment Solutions; SIBS Processos; SIBS International; and SIBS Gest. "SIBS' processing and systems are among the most efficient and modern in the world and the business can grow," says Franco do Carmo. He adds that stability and growth are among the company's key objectives, but that this is dependent on the wider political and economic situation. "The industry is not as tightly regulated as it once was, it has become more competitive, and the economy is still in crisis."

João Franco do Carmo is head of legal and compliance at SIBS