



## **Mission Impossible?**

Supporting the Corporate Legal Department

Marty Harlow  
Director, Professional Services Procurement



YOUR MISSION

SHOULD YOU CHOOSE TO ACCEPT IT

IS...



## MANAGING LEGAL SOURCING



### **Agenda**

Mission Impossible?

GSK Overview

Mission Log

- Mission Intelligence

- Mission Objectives

- Mission Tactics

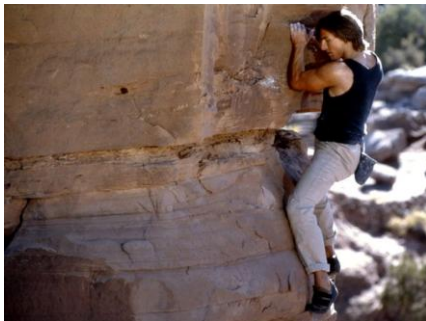
Mission Possible – Key Learnings

## Mission Impossible? : Nature of the work

### Typical Matters for Pharma

- Product Liability
- Mass Torts
- Intellectual Property
- Government Matters
- Corporate Transactions

## Mission Impossible? : Personal Challenges



- Outnumbered
- Outsider
- Not equipped
- Not needed

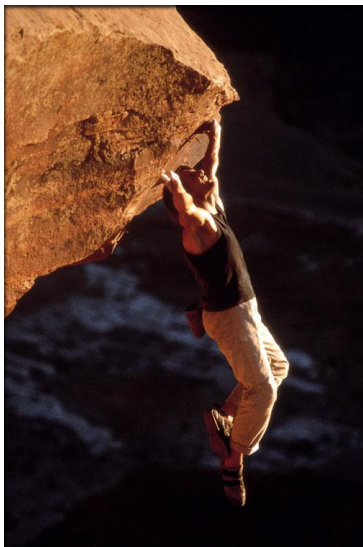
## Mission Impossible? :

### Top 10 List of Things I Heard Getting Started



- *"We're not dealing with widgets here."*
- *"That will never work."*
- *"Are you on crack?"*
- *"What kind of a crackpot idea is that?"*
- *"Never speak to counsel without counsel."*
- *"We went to law school together."*
- *"What the hell am I suppose to do with this?"*
- *"You are destroying our profession."*
- *"How can you live with yourself?"*
- *"Marty, you are not an attorney."*

## Mission Impossible?





## **Agenda**

Mission Impossible?

## **GSK Overview**

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## **GSK Overview**

- GlaxoSmithKline is a Global Healthcare Group and Pharmaceutical firm engaged in the discovery, development, manufacturing and marketing of:
  - Pharmaceutical products
  - Vaccines
  - Over-the-counter (OTC) medicines
  - Health-related consumer products
- Headquarters:
  - London, UK

Source: Reuters, GSK Company Profile

## GSK Overview

**10**  
**TOP**

### Top 10 Pharmaceutical Companies by Revenue in 2010 (In Billions of USD)

1.	Pfizer	\$45.4
2.	Sanofi-Aventis	\$40.9
3.	Novartis	\$38.5
4.	<b>GlaxoSmithKline</b>	<b>\$36.7</b>
5.	AstraZeneca	\$31.9
6.	Merck & Co.	\$26.9
7.	Johnson and Johnson	\$22.5
8.	Eli Lilly & Co.	\$20.6
9.	Bristol-Myers Squibb	\$18.8
10.	Abbot Laboratories	\$16.5

Source: Contract Pharma Magazine

## GSK Overview: Pharmaceutical Products and Vaccines

### Respiratory



Advair



Flovent



Ventolin

### Anti-Viral



Valtrex



Kivexa



Relenza

### CNS



Paxil



Lamictal

### Metabolic



Avandia

### Anti-Bacterial



Augmentin

### Vaccines



Boostrix

Source: GSK

## GSK Overview: GSK Procurement



### Procurement Strategies

- Category Review
- Organization Structure
- Business Governance
- Capabilities of People
- Talent Management

### Key Metrics

- Savings
- Working Capital
- Diversity Spending
- Capability Boost



### Agenda

Mission Impossible?

GSK Overview

### Mission Log

#### Gathering Intelligence

Mission Objective

Mission Tactics

Mission Possible – Key Learnings

## Mission Log: Gathering Intelligence



### How It Started

- Conducted a survey of sourcing & SRM practices
- Sponsored by GC and VP Procurement
- Interviewed 25 attorneys from various practice groups
- Presented key findings and recommendations to Legal Exec Team

## Mission Log: Gathering Intelligence



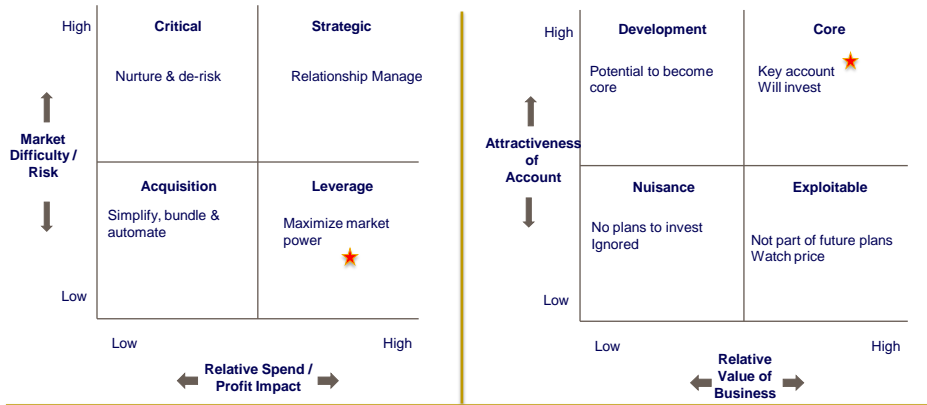
### Benchmarking

- Imperative to learn what others are doing
  - Industry peers
  - Non-industry peers
- Understand relative performance
- Caution: Superficial benchmarking is worse than no benchmarking



## Mission Log: Gathering Intelligence

### Portfolio Analysis & Supplier Preferencing



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**Mission Objectives**

Mission Tactics

Mission Possible – Key Learnings

## Mission Log: Mission Objectives



## Mission Log: Mission Objectives

### General Counsel's To Do List



- Process for objectively selecting outside counsel
- Incentive-based fee arrangements
- Direct relationships with ancillary legal service providers
- Matter specific performance metrics
- Save money

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**Mission Tactics**

Mission Possible – Key Learnings

## Mission Log: Mission Tactics



### Ancillary Legal Services Sourcing

- Establish direct relationships
- Non-core law firm services
- Examples:
  - Court Reporting
  - Legal Records Collection
  - Discovery

## Mission Log: Mission Tactics



### Discovery

- The pre-trial phase in a lawsuit in which each party can obtain evidence from the opposing party including requests for documents.
- Big spend
- Multiple sourcing options
- Labor and technology intensive
- High potential for savings

## Mission Log: Mission Tactics



### Alternative Billing Arrangements

- Moving away from hourly billing
- Industry trend
- Growing prevalence of:
  - Capped Fees
  - Flat Fees
  - Contingency Fees
  - Risk Sharing Collars

## Mission Log: Mission Tactics

### OCSI – Outside Counsel Selection Initiative

- **Consistent Process** – Provides a simple and efficient mechanism to assign matters
- **“Matter-Specific mini-RFI” Tool** – Enables in-house counsel to easily request information, and summarizes data for GSK Legal leadership
- **Online “Sourcing Room”** – Allows outside counsel to submit and update fee proposals for matters, and understand the relative competitiveness of their proposal



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**Mission Possible – Key Learnings**

## Mission Possible: Key Learnings



- Understand the nature of the work
- Secure GC's sponsorship
- Align with members of the Legal Department with business savvy
- Beware of generic strategies
- Legal sourcing demands precision and customized solutions
- Beware of general Management Consulting Firms
- Turn benchmarking intelligence into action

## Mission Possible



### Media Attention

- *The Wall Street Journal*  
"Pricing Tactics Spook Lawyers"
- *Bloomberg*  
"Legal Procurement: Sourcing is a Team Sport"
- *Inside Supply Management*  
"Working With In-House Lawyers: A Significant Sourcing Opportunity"
- *Association of Corporate Counsel*  
"ACC Value Champions"