

EVOLUTION IN LEGAL SPEND BY PRIVATE EQUITY FIRMS

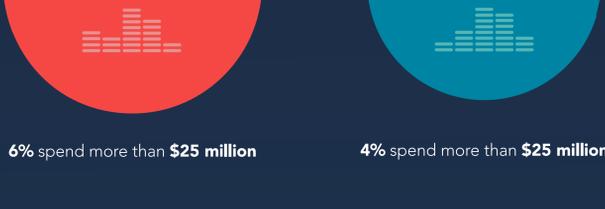
The private equity (PE) community spends large sums of money on external legal counsel to facilitate transactions. In 2020, the market for both fundraising and corporate transactions softened, and the pressure to rein in legal costs increased dramatically. Apperio commissioned a primary research study to better understand the state of legal spend among PE firms.



BENCHMARKS FOR LEGAL SPEND IN PE

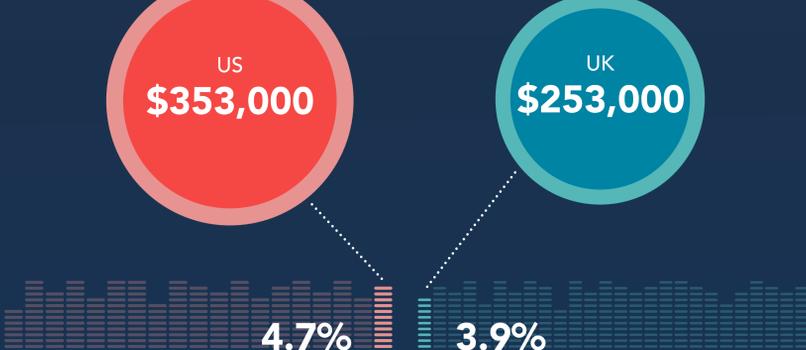
The findings surfaced several benchmarks for legal services commonly executed by PE firms.

Average annual legal spend on external counsel among PE firms



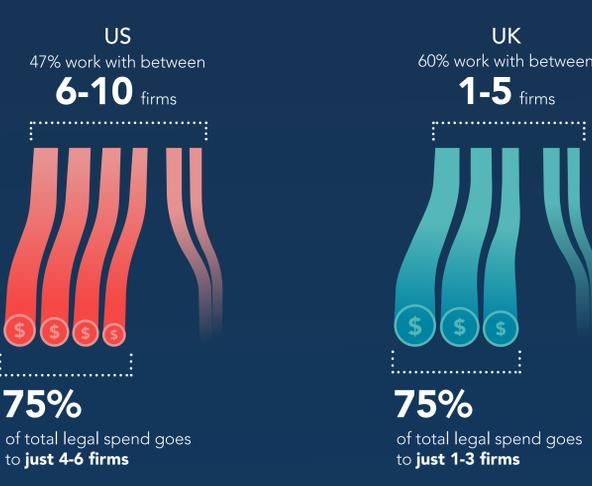
6% spend more than \$25 million (US) | 4% spend more than \$25 million (UK)

Average spend on external legal counsel during a 'typical' acquisition:



Average legal costs as a percentage of a fund's total commitments.

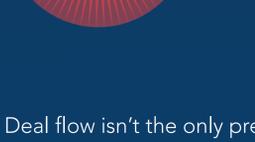
Number of law firms on a panel:



AS MARKETS SOFTEN, SCRUTINY ON LEGAL EXPENSES GROWS

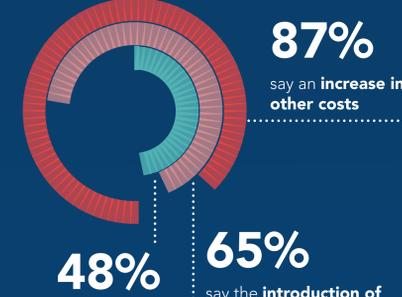
Even before COVID-19, fears of an economic slowdown led to widespread predictions of a reduction in M&A activity.

As a result, **86%** of PE legal departments across all geographies **expect their external legal spend to reduce in 2020.**



4 in 5 respondents feel increased pressure on external legal spend due to the **reduction in deal volume.**

Deal flow isn't the only pressure point. PE firms say other factors are driving cost pressure on legal spend, including:



Legal stakeholders within PE firms say the scrutiny being applied to external legal spend has skyrocketed.



“ The pressure is on in-house legal teams on both sides of the Atlantic to cut and better manage their legal spend. ”

THE SOLUTION IS BETTER LEGAL SPEND MANAGEMENT

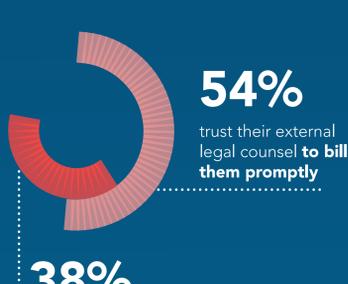
Respondents were unambiguous that they value the legal counsel received from law firm partners. **Yet accuracy, timeliness, and transparency about invoicing leaves much to be desired.**



In both the UK and US:



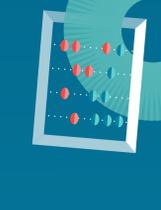
Yet when it comes to invoicing for that counsel:



Legal stakeholders also concede their organization could do a better job of managing legal spend:

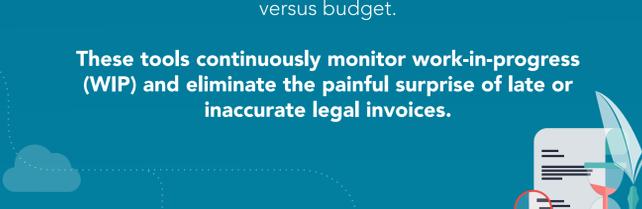


91% are still collating and analyzing billing data manually using spreadsheets.



Legal spend management solutions provide in-house legal teams at PE firms with a single source of spend data providing live metrics on in-progress matters and spend versus budget.

These tools continuously monitor work-in-progress (WIP) and eliminate the painful surprise of late or inaccurate invoices.



The full report – The Changing PE Legal Spend Landscape – is freely available for download with registration: info.apperio.com/pe-spend

In May 2020 independent research firm Coleman Parkes surveyed 100 senior legal stakeholders in PE houses in the US and UK with an average of more than \$10 billion under management across multiple funds.

Learn more about Apperio online: www.apperio.com