



102 Managing a Multinational Legal Department

Alexander Basse
General Counsel
T-Systems International GmbH

Kirsi Komi
Vice President, Legal
Nokia Corporation, Networks

George L. Miller
Head Group Legal
Novartis AG

Faculty Biographies

Alexander Basse

General Counsel

T-Systems International GmbH

Kirsi Komi

Vice President, Legal


Nokia Corporation, Networks

George L. Miller

George Miller is the Head of Group Legal for Novartis, the Swiss Healthcare/Pharmaceutical multinational, a position he has held since January 2000. Mr. Miller supervises a team of 150 lawyers working in 20 different countries and counsels eleven different business units that make up the Novartis Group. Since taking on this role, he has focused on increasing the skills and professionalism of his team, bringing Novartis lawyers even closer to the business and dealing with a variety of significant legal developments including large-scale M&A transactions, listing Novartis on the New York Stock Exchange, setting corporate governance standards for the Group and creating systems to more efficiently handle mass tort (product liability) litigation in the U.S.


Prior to taking on his current position, Mr. Miller was General Counsel for the Novartis group companies in Japan where he also was head of the Consumer Health business. Prior to joining Novartis, Mr. Miller worked for FedEx, where he was Managing Director and Regional Counsel in Tokyo.

Mr. Miller attended Georgetown University Law Center and is licensed to practice law in the State of Hawaii. He holds an MBA from Thunderbird, the Garvin School of Management.




102 Managing a Multinational Legal Department

Dr. Alexander Basse



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June 19-21, Conrad Hotel,
Brussels, Belgium



TSI at a glance

DTAG

T-Mobile

Wireless Communication

T-Com

Broadband/Fixed Line

T-Online

T-Systems

Business Customers

Industry expertise				
Telecommunications, Media & Utilities	Manufacturing	Services	Finance	Public
Fixed Line	Automotive	Telematic Services	Finance Services	Public
Mobile	Aerospace, Defense, High Tech	Healthcare & Social	Insurance	Defense
Media & ISP	Plant & Mechanical Engineering	Travel, Transport & Logistics		Research, Education
Utilities	Process & Consumer Goods	Retail & Professional Services		
		DPWN		

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TSI at a glance

Telecommunications	Information technology
Telekom Global Net: access from over 50 countries from over 2,000 access points	Operations of 1,219 million desktop computers
Cooperation on approx. 80 sea-cable systems (173,000 km land and sea cable) with a capacity of 177 gigabits/second transatlantic and 6 gigabits/second transpacific	Over 550,000 SAP users
MPLS* backbone with 46 petabytes of IP traffic per month	32 data centers around the globe with over 50,000 m ² hosting space 35,418 open system servers 130,786 mainframe MIPS** over 3.1 petabytes of storage
Network control center on 3 continents in 'follow-the-sun' operation (7x24x365d)	Largest provider of e-CRM systems in Europe
2,000 corporate networks	

* Multi-Protocol Label Switching** Million instructions per second

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TSI at a glance

Revenue (Jan. 1 - Dec. 31, 2004)	
Global	approx. EUR 13 billion
Germany alone	approx. EUR 11 billion
EBIT adjusted (Jan. 1 - Dec. 31, 2004)	
Total	EUR 691 million
Employees	
Total worldwide	approx. 52,000
% based internationally	approx. 17 %
International presence	
Represented in over 20 countries with delivery capability around the globe	
Core business	
Customized ICT solutions and services	
Customers	
Over 160,000 customers worldwide	

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T-Systems Legal Affairs locations

□ = 13 locations in Germany

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General Counsel
Dr. Basse

LA 1
CEO
HR
BS/ES
BDRC
Corporate Affairs
Exportkontrolle
Versicherungen
Sox
Big Deal Management
Foreign Counsel

LA 2
IL Manufacturing
SI IBU Manufacturing
IT Operations
SSM Board
HQ Finance & Controlling
Purchasing
Corporate Business Development
Corporate Marketing & Communications
LBU IL Manufact

LA 3
IL Public
IL Telco, Media & Utilities
SI IBU Public & Healthcare
SI IBU Telco
SI Global Competence Center
SI Board
LBU IL Public
LBU IL Telco, Media & Utilities
DeTeCon*

LA 4
Regulierung
IL Services
IL Finance
SI IBU Services & Finance
BS Board
Sales & Service Mgmt. Large Enterpr./NetHo
MB
LBU IL Services
LBU IL Finance

LA 5
ME-Kunden
SM-Kunden
Marketing & Product Management
TC-Operations
Purchasing

RA 11
RA 12-14

Security Officer

Privacy
SSC Privacy

Legend:
yellow : Enterprise Services (ES)
green: Business Services (BS)
blue: TSI HQ

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Role of Legal Affairs

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Legal Affairs

Centralized vs. de-centralized

- Germany: centralized
 - Synergies: less internal discussions/ one face to customer
 - Standardization: templates/ regulations/risk management
 - Compliance: regulatory aspects/DTAG
 - Career: motivation
 - Know-how: easier transfer; shift of capacities
 - Miscellaneous: less political discussions: not lawyers on one issue
- Foreign countries: de-centralized
 - historical reasons
 - dotted line
 - compliance program → risk management/guidelines
 - foreign legal aspects dominate local contracts
 - know transfer more complicated

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Legal Affairs – Risk Management

Regulations and Reporting

Regulations:

- Big Deal Review Committee
Thresholds: quantitative qualitative
- Sub-BDRC-Regulations
equivalent to BDRC
- Set of guidelines:
Export-Control
Signature
Guideline concerning Liabilities
- Assessment of Commercial Exposure (ACE)



Legal Affairs – Risk Management

Regulations and Reporting

Berichtswesen Legal Affairs.

Reporting:

	Ad hoc	Wöchentl.	2-Wöchentl.	Monatlich			Quartalsweise	Halbjährl.
	Rechtsfragen T-Systems (Ausnahme HR)	LA SC LA 2-4 Wochen- bericht	CDG FK- Meeting	Foreign Counsel Monats- berichte	Projekt- liste	Expor- tierende T-Systems Legal Unit		
	Legal Affairs							
	Guidelines Policies Vertrags- muster Infos	Wochen- bericht LA		Ad hoc Mittellung			Risiken >3 Mio €	EB-CDG Halbjahres- Bericht (Highlight- Report)
	TSI T-Systems MA Aktuelles	CDG	LA-FK Meeting	EB Foreign Counsel		CF	Risk Mgt. FI	EB-CDG
					Export Kon- trolle	Anhängige Verfahren > 10 Mio € > 100.000 €	Unter- nehmens- Risiken >125 Mio €	
	DTAG	R			ST4	R	R	



Legal Affairs – Reporting

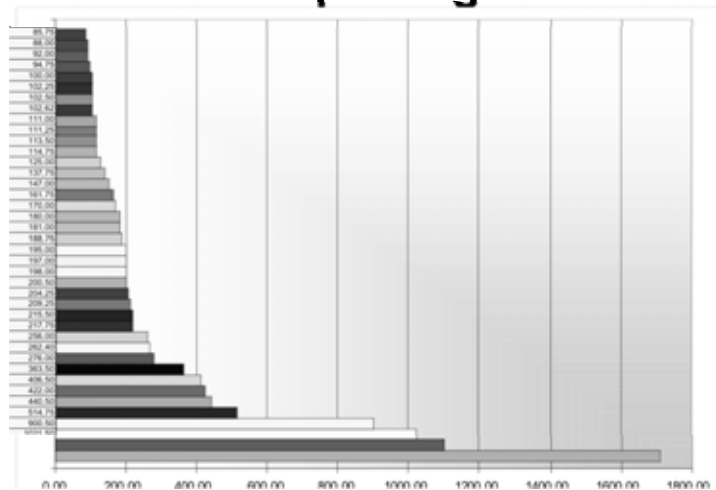
- Weekly Reports in Germany
 - Monthly Reports from foreign counsels
 - Competence Center Newsletters
 - Ad hoc expertise documents
 - Internal resources report
- customer orientated
 - monthly basis
 - budget relevant

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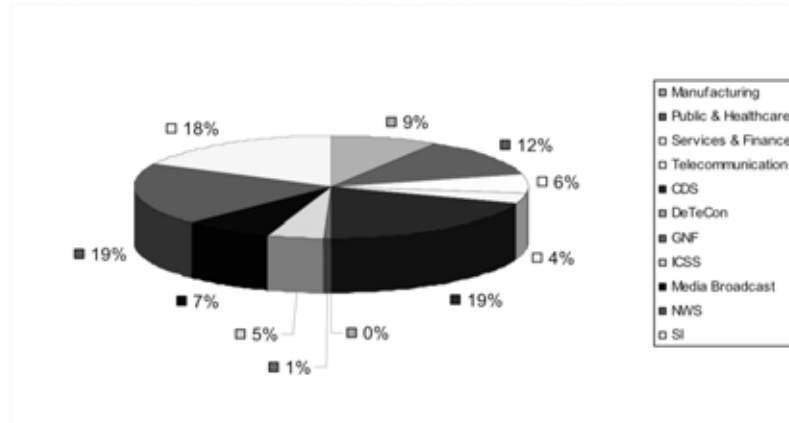
Legal Affairs – Reporting



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Legal Affairs – Reporting



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Legal Affairs – Knowledge Transfer

- Legal Affairs Data Base
 - Open Source
 - Closed User Group

- Competence Center
 - Arbitration
 - EU-Law
 - Public Tendering/Public Private Partnership
 - Off-Shoring
 - Insolvency
 - etc.

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Legal Affairs – Knowledge Transfer

- Meetings/Conferences

- Internal Business orientated
- Cross Border orientated → International Legal Committee (2 p. a.)
→ Monthly Telco
- Training sessions internal/external
- Training programs specially designed for lawyers on other topics

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**T-Systems International GmbH
Legal Affairs**

Legal Due Diligence Checklist

**I. CORPORATE BOOKS AND RECORDS OF OPERATING
SUBSIDIARIES**

A. Charter and By-laws

1. Excerpt from commercial register, certificate of incorporation or equivalent, including all amendments;
2. Original by-laws and all amendments;
3. Rules of Procedure of Management Board and Supervisory Board.

B. Minutes of Meetings (preceding five years)

1. Shareholders;
2. Supervisory Board, Board of Directors and/or Administrative Council;
3. Any policy committees such as executive Committee, Audit Committee or other;
4. Details of any agreement with any past or present directors or employees such as preemptive rights, call-options or other agreements with impact on the corporate structure.

C. Shareholding

1. Shareholder list and other stock records;
2. Any shareholder agreements, voting trusts, proxy agreements or similar arrangements;
3. Any stock purchase agreements with shareholders;
4. Any agreements relating to preemptive rights or other preferential rights of shareholders;

5. Any agreements restricting the sale or other disposition of capital stock;
6. Details of any other liens, mortgages, charges or encumbrances over the share capital of the company;
7. Any agreements or plans concerning outstanding or proposed stock options, warrants or rights, including any employee stock ownership plans;
8. Any agreements relating to registration rights of shareholders.

D. Qualification and registrations

1. List of jurisdictions where qualified or licensed to do business;
2. Any other material governmental qualifications, registrations, business licenses, permits, authorizations, exemptions or security clearances;
3. Copies of reports and management letters of the auditors of the company and its subsidiaries and affiliates for the last five years;
4. Copies of Reports to any national exchange supervisory authorities, in particular but not limited to the U.S. Security and Exchange Commission (SEC).

E. Group structure

1. A list of all the companies within the group structure (affiliates, subsidiaries, shareholder, branches);
2. A list of all investments held in other corporations;
3. Organizational chart.

II. CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS

A. Not in Ordinary Course of Business

1. Partnership agreements;

2. Joint venture agreements;
3. Contracts relating to material business acquisitions or dispositions (by transfer of capital stock or assets);
4. Standstill agreements (waiver of recourse, etc.);
5. Confidentiality and cooperation agreements;
6. Agreements limiting the ability to compete with any other person or to engage in any line of business;
7. Corporate transactions with management or directors or affiliates;
8. Agreements to provide goods or services at below cost (other than promotional arrangements entered into in the ordinary course of business);
9. Indemnification agreements for directors and officers;
10. Letters of comfort;
11. Any other material contracts not in the ordinary course of business. To the extent not already covered details of all current and anticipated contracts which carry, or will carry, unusual risks.

B. In Ordinary Course of Business

1. Copies of key customer contracts (including but not limited to all contracts with states or state agencies);
2. Copies of key supply contracts;
3. Material agreements relating to product warranties;
4. Material sales representative, marketing, agency or distributorship agreements;
5. Material contracts with consultants;
6. Material government contracts, including contract number, name of program, product description, backlog, whether sole source or not and period of performance (except to the extent included in Clause 1 above);

7. Non assignable or terminable contracts and agreements;
8. Main purchase and subcontracting agreements;
9. A list of all standard forms of sale and service contracts, incl. Frame contracts and copies thereof;
10. A list of all standard forms of purchase contracts and copies thereof;
11. A list of all internal supply, service, sales or other arrangements within the Group of the company and copies thereof.

III. PROPRIETARY RIGHTS

1. A list of material patents, licenses, trademarks, copyrights and other intellectual property rights (including technology transfers), indicating expiration dates and royalty payments and agreements in regard of employees or third parties;
2. Material license, royalty and other intellectual property agreements (where the company or any subsidiary is licensor or licensee);
3. List and description of material pending or threatened claims for infringement or other violations of proprietary rights;
4. Third party rights to assets (mortgages, liens, pledges, retention of titles, restrictions of disposal, options, silent capital contributions).

IV. CONTINGENT LIABILITIES

A. Litigation

1. List of all pending or threatened litigation, arbitration, administrative or other proceedings involving the company, any subsidiary or any officer or director (including parties, remedies sought and nature of action);
2. List and description of all pending or threatened government or other investigations involving the company, any subsidiary or any officer or director;

3. Pleadings and other material documents in material litigation, arbitration and investigations or other proceedings;
4. Consent decrees, judgments, settlements etc., under which there are continuing or contingent obligations;
5. Letters from lawyers to auditors for most recent five years concerning litigation and other legal proceedings;
6. Details of any anti-trust proceedings.

B. Regulatory Compliance

1. List of any violations of governmental laws or regulations pending and for recent five years;
2. Material reports to governmental agencies for recent five years;
3. Written estimates, if available, of future expenditures for environmental programs and their effect on business (prepared for internal purposes or filed with governmental agencies);
4. Agreements or commitments with governmental entities or other persons relating to clean-up obligations, hazardous substances or waste management or other environmental liabilities.

C. Defective products

Details of all products manufactured, sold or distributed by the company or a subsidiary which are or may become defective or do not comply with any express or implied warranties made by the relevant company.

V. REAL PROPERTY

A. Real Property

1. A list of all properties occupied by the company and/or its subsidiaries with respective excerpt from the Land Register or corresponding documents;
2. Copies of any valuation obtained within the last three years;

3. A list of all lease contracts and copies thereof;
4. A list of all planning and building laws and regulations and/or rights similar to property rights in land such as indefeasible rights of use or right of way;
5. Material deeds or agreements relating to real property.

B. Environmental risks

A list of environmental risks and copies of valuation and/or any governmental obligations.

VI. INSURANCE

1. A schedule of current insurance cover, detailing risk covered, amount and period of cover, annual premiums, renewal dates, names and addresses of insurance companies, policy numbers and copies of policies;
2. Commentary on any unusual terms in any such policies;
3. A list of significant claims in progress and anticipated claims and copies of related documents.

VII. OTHER ISSUES

Stand: 6. Mai 2003

Managing a Multinational Legal Function – Case Nokia

Kirsi Komi
Vice President, Legal
Nokia Corporation, Networks

ACC Europe's 2005 Annual Conference
Brussels, 20 June 05



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The image shows a group of seven business professionals in a meeting room. They are seated around a large wooden conference table. Several laptops are open on the table, and there are water bottles and a plate of food. The room has large windows in the background, and the overall atmosphere is professional and collaborative.

Nokia is about



Connecting People

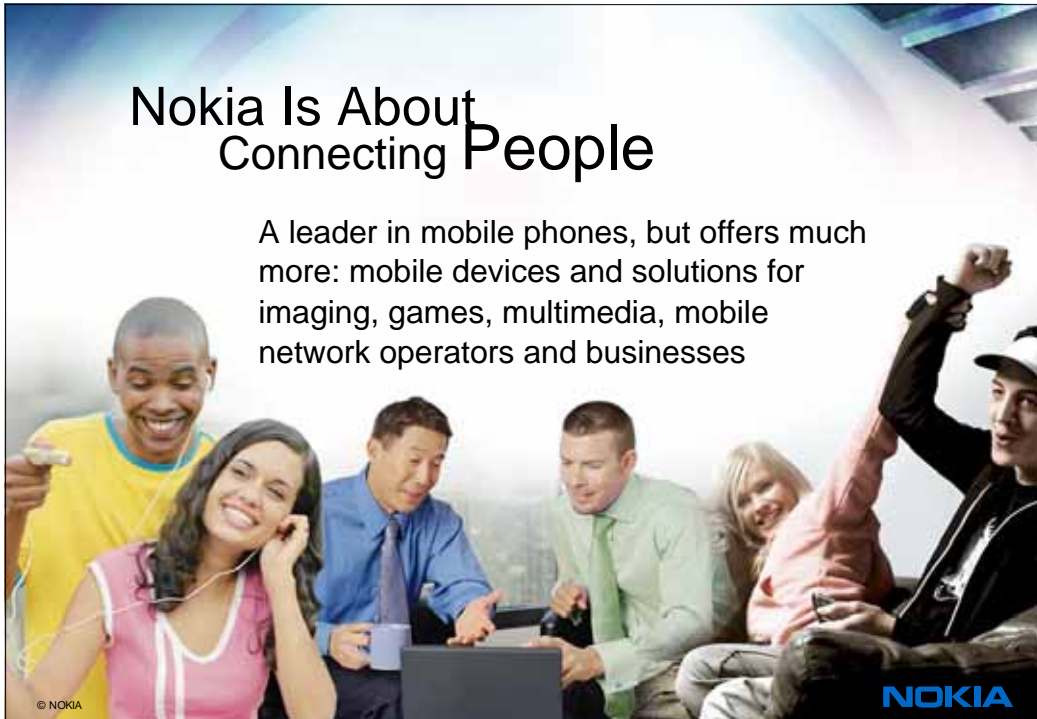
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The image features a man in a purple shirt and tie, looking to the right while talking on a mobile phone. In the foreground, there is a collage of several small, tilted photographs showing various people in different settings using mobile phones. The background is a soft, abstract blue and white gradient.

Nokia Is About Connecting People

A leader in mobile phones, but offers much more: mobile devices and solutions for imaging, games, multimedia, mobile network operators and businesses

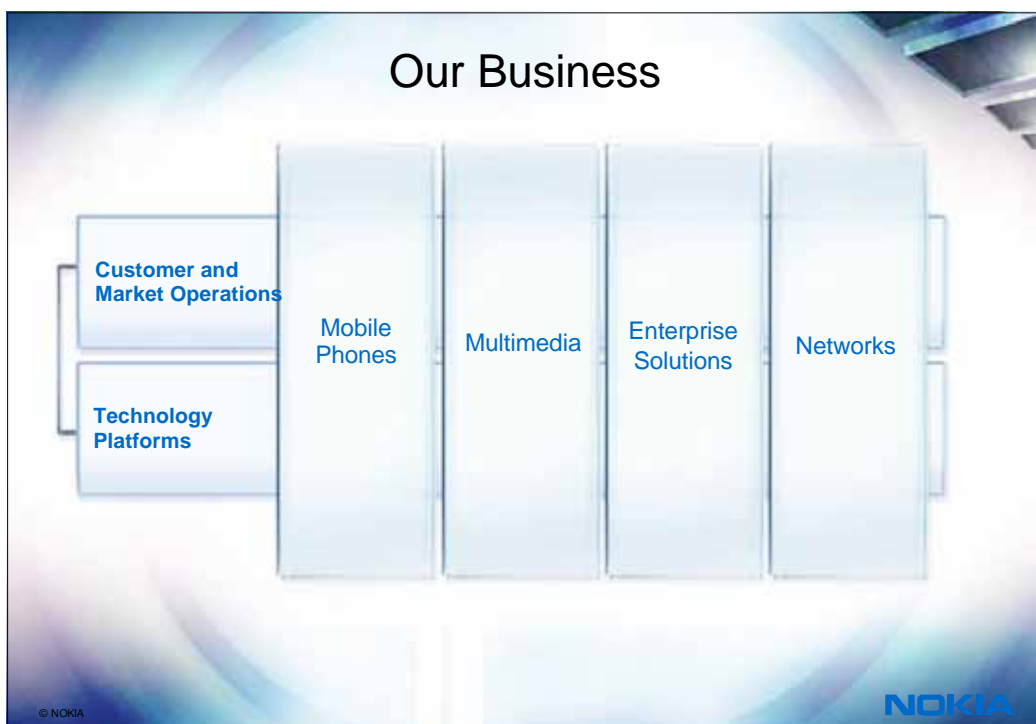


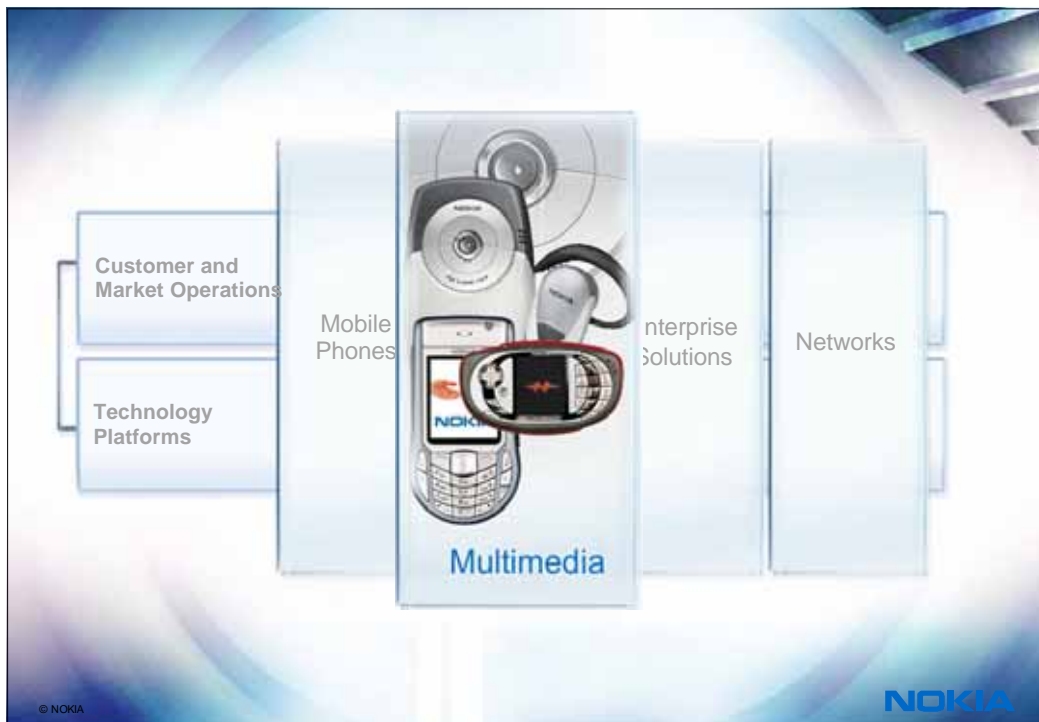
Nokia at a Glance

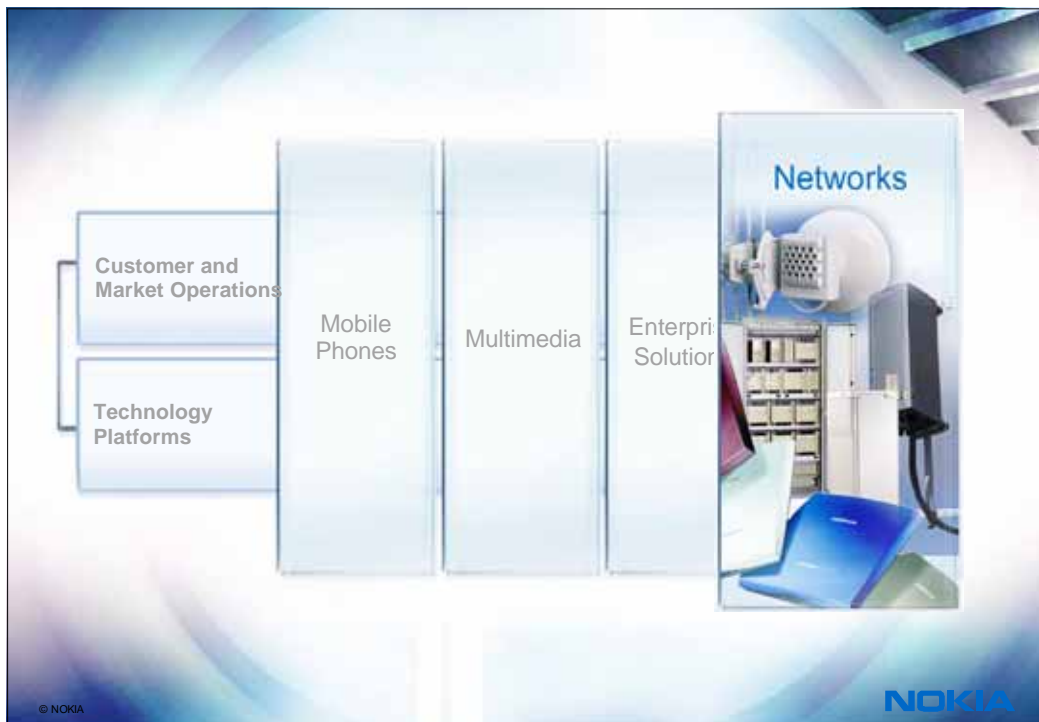
Nokia is about connecting people
Over 55,000 employees from more than 120 countries

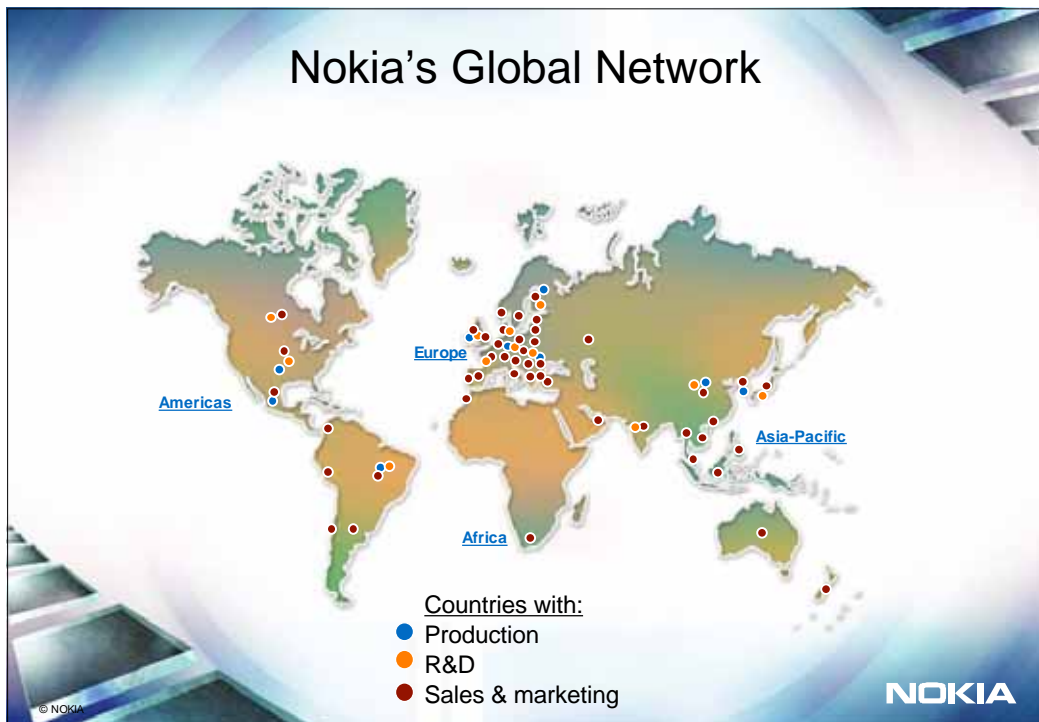
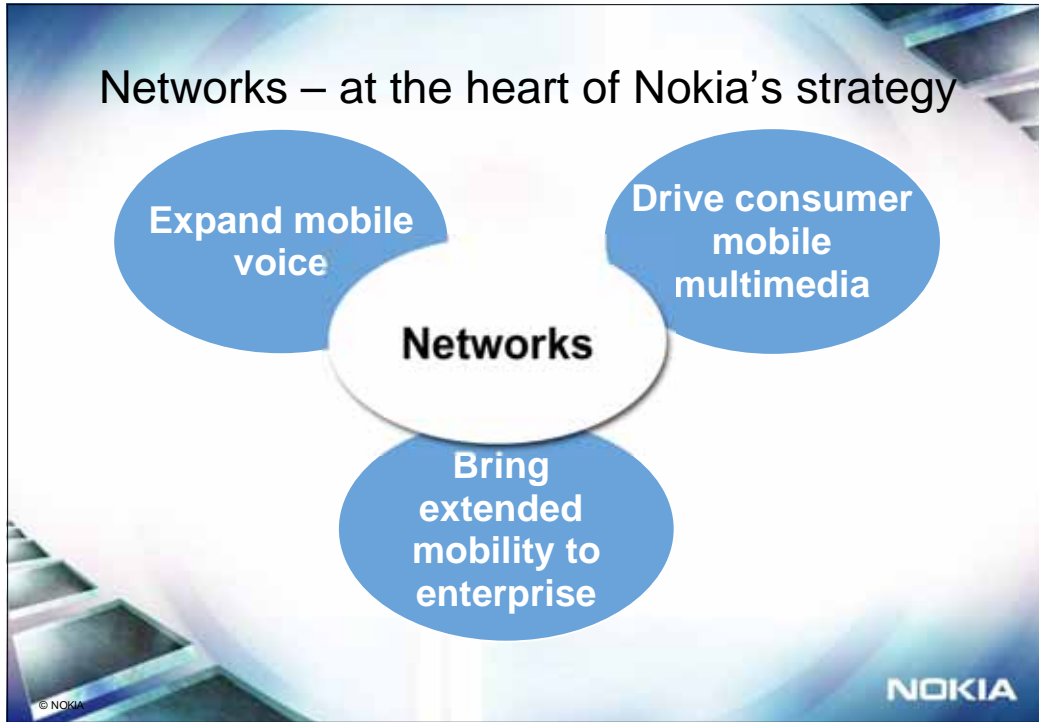
2004 net sales: EUR 29.3 billion
2004 net profit: EUR 3.2 billion
Sales in more than 130 countries
Approximately 500 – 600 million Nokia
phone users globally

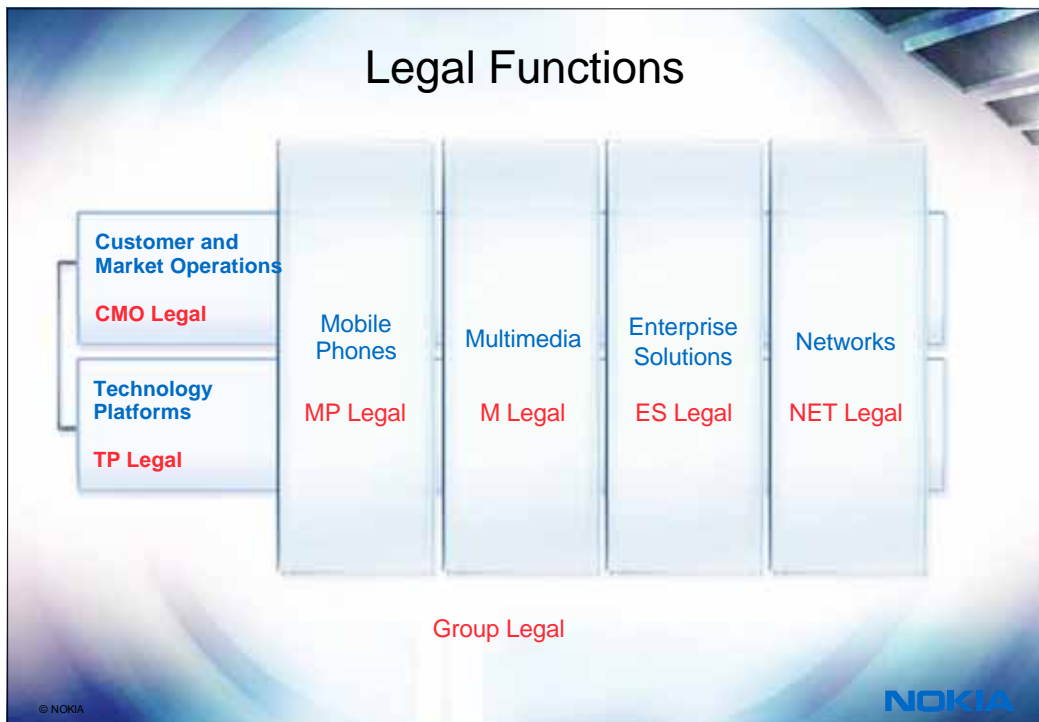
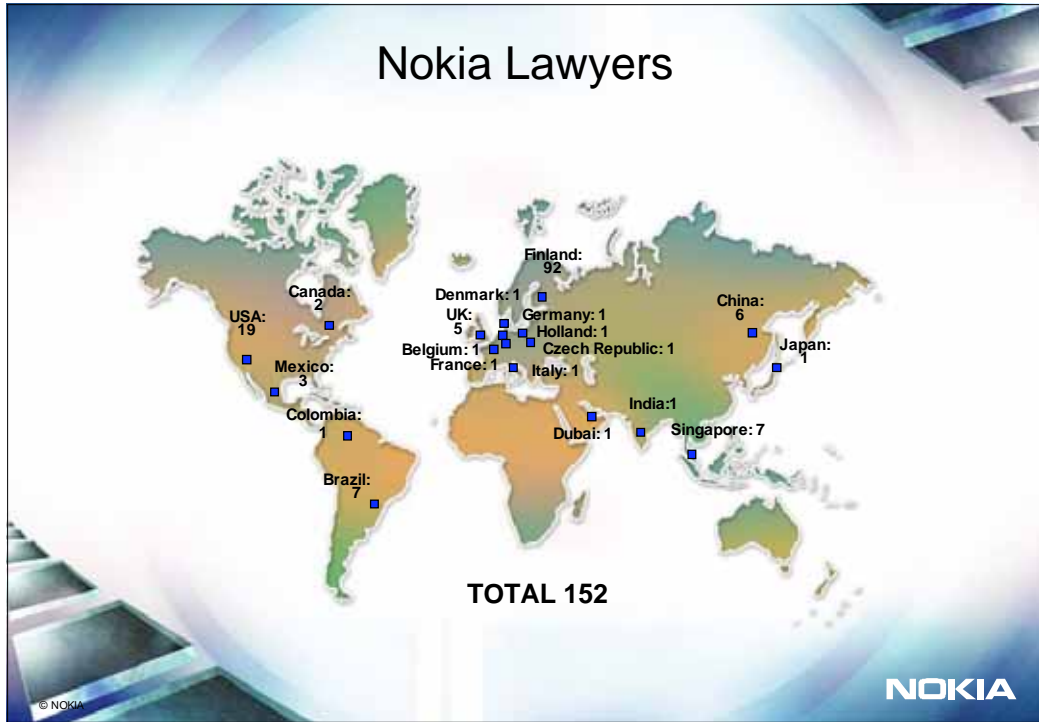












ABOUT NOKIA LEGAL

- 150 lawyers globally in 7 different decentralized legal functions close to the business operating independently whilst in good cooperation leveraging the synergies structured in accordance with the group corporate structure
- 7 Legal Heads report direct to the head of the business; monthly peer meetings, rotating chair; lawyers within the Legals report direct to Legal, dotted to business
- we are in search of a Chief Legal Officer who would report to the Chairman & CEO; dotted line reporting by the Legal Heads; aim to leverage the synergies of centralization without a centralized set up
- 40% of the lawyers based outside of Finland in 19 different countries close to our customers and internal business owners; we are adding locations as the business develops
- more than half of the lawyers non-Finns; nationality no issue



ABOUT NOKIA LEGAL (2)

- Lean & mean organization! Regional Legal Directors in APAC, China, EMEA, LAM, NAM
- Lawyers participate as active members of the business & management teams ensuring good business understanding for proactive legal support
- Effective use of external counsels in addition to in-house resources at other Nokia legal functions in areas where we lack i) competence; or ii) capacity; work always farmed out by in-house lawyers with responsibility to manage the law firms ensuring value for money
- We operate as a global pool whereby each task is assigned to the lawyer closest to the case and/or best suitable for the task at hand; effective shift of lawyers to assist in other areas/matters during work load peaks
- NET Legal: Virtual monthly global meetings for entire team; 3 meetings a year face-to-face typically in Finland, regional legal meetings together with other Nokia legal functions; similar practices in other Legals



ABOUT NETWORKS (“NET”) LEGAL

A diversified Legal Team of 40 lawyers globally in 19 different jurisdictions close to our customers and internal business owners



NET LEGAL MISSION: ADVANCE THE BUSINESS

- Let's get the deal done (but not at any cost)
- Let's resolve the problem
- Sound business reasoning & prudent professionalism must prevail
- Challenge the business owner (client) and internal target setting
- Concentrate on the big picture
- Minimize risk & liability and maximize interest with a fair and balanced deal for both parties
- Due regard to legal compliance
- Always try to achieve **the best deal possible** under the circumstances!



OUR MAIN TASKS

- to support Customer Account Teams in tendering, negotiation, contract implementation; all aspects of deal making at the customer interface
- to support NET business owners (= clients) in other business-to-business transactions; sourcing, manufacturing, R&D, networked product creation, strategic transactions, M&A activities etc

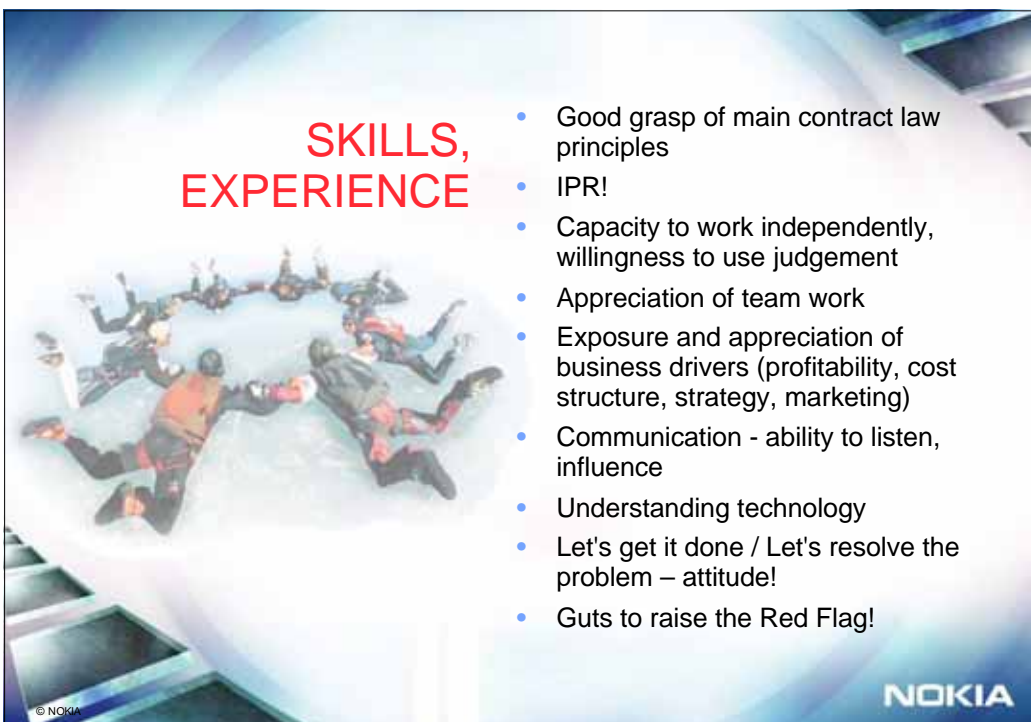


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SKILLS, EXPERIENCE

- Good grasp of main contract law principles
- IPR!
- Capacity to work independently, willingness to use judgement
- Appreciation of team work
- Exposure and appreciation of business drivers (profitability, cost structure, strategy, marketing)
- Communication - ability to listen, influence
- Understanding technology
- Let's get it done / Let's resolve the problem – attitude!
- Guts to raise the Red Flag!



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DAILY PRACTICALITIES



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- Tough negotiations out there in the line of fire
- Now and then we have to battle at two fronts
- Heavy case load requiring prioritization & focus
- But we enjoy the acceleration!
- We are always prepared to pack our bags; and we will not go home until the deal is done
- Sometimes we have to step on the brakes
- Sometimes we have to grasp the steering wheel
- But it is team work at it's best!

HOW TO APPROACH IT IN PRACTICE?

- We do not check deals
- We are not internal policemen
- We do not perform miracles
- We will not just mind the details
- We are not priests ensuring that no sins are committed
- Instead we want to be fully in the picture from day one minding about the big picture, supporting the business to achieve its set targets in an efficient way fulfilling the applicable legal requirements!



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HOW TO APPROACH IT IN PRACTICE? (2)

- Be bold to tell the Business Owner what he necessarily does not like to hear
- If the assignment makes no sense to you; it may very well not make any sense at all
- Often stupid questions add the greatest value
- Invest in constructive dialogue; never resort to the deadly sin of arrogance
- Defend the business logic, don't hide behind policy or management decision
- Raise the Red Flag!

But remember: the Business Owner is in Charge!

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Novartis Global Legal

George Miller
Head Group Legal
June 2005



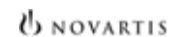
Who is Novartis?

- Leading Swiss multinational in the field of healthcare
- 3 Divisions operating in 140 countries via more than 80,000 people
 - Pharmaceuticals
 - Consumer Health
 - Generics
- Pharmaceuticals is 65% of sales
- Several FMCG businesses
- Sales split 43% US, 38% Europe, 19% RoW



Legal Organization

- Decentralized – matrix reporting
 - Corporate (~15 lawyers)
 - Pharma (~80 lawyers)
 - Generics (~20 lawyers)
 - Consumer Health (~35 lawyers)
- 150 lawyers globally
 - Organized around business
 - Lawyers located in 20+ countries
 - Legal teams range from 1 lawyer to 15 in one office



Purpose and aspiration

To bring competitive advantage to Novartis through the advancement and protection of the legal and business interests of the Group.

- Create and maintain a 'best-in-class' law firm within a major healthcare company
- Provide legal counsel appropriate to, and aligned with, the needs of the business based on our thorough understanding of the business;
- Add value and bring competitive advantage through creative legal approaches;
- Make certain the business has the information required on legal matters to make informed decisions; and
- Identify and manage legal risks.



Key Issues

- No critical mass
- Geographic scope
- 'Conglomerate' issues – little commonality
- 'Silo' mentality
- Limited transferability of skills/knowledge



Key Questions

How do you provide top quality service with minimum resources in a global, decentralized environment?

How do you attract, retain and develop a legal team that has the right skill sets and experience level?

How do you add value in a cost cutting environment with ever-increasing complexity of issues and demands?



Knowledge Management

What is 'knowledge management'?

Why is KM important?

How do you manage knowledge?



What is Knowledge Management?

The

- retention,
- organization and
- dissemination

of information having value in the counseling of clients

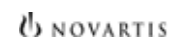


Why is Knowledge Management Important?

- “Reinventing the Wheel” is expensive
- Cumulative wisdom is powerful
- Expectations of our clients



How do you Manage Knowledge?



How do you Manage Knowledge?

- Case Management software
- Precedents
- Contract wizards
- Annotated Agreements
- Common filing systems
- Intranet sites



How does Novartis Legal Manage Knowledge?

- We are still taking baby steps
- Centres of Excellence
- Practice group(s)
- Working groups
- Communication



Career Development for Lawyers

Why develop lawyers?

- Improve skills
- Recruitment and Retention
- Build bench strength
- Provide the business with top notch management talent

How to develop lawyers:

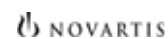
- Standard HR approaches DO NOT apply
- Know your lawyers
- Buy-in from legal department management team
- Keep on top of business requirements
- Train, encourage, push, motivate – and push some more



Ideas for Development

Novartis does the following:

- Annual formal organizational plans
- Regular 'talking talent' sessions
- Get the best HR person in the company
- Plan ahead where possible
- We are opportunistic
- Train, train, train
- Deliver on promises and communicate



Where We are Headed

- Deeper 'drill down' - improve focus on entry level
- Build talent pools
- Better understand – and communicate – skills required to progress
- Tie training to skill requirements for next level talent pool



Adding Value Through Outside Counsel

- Very technical and very routine matters should be allocated outside:
 - do what you are good at and can add most value
 - get help for the rest
- Get understanding up front on fees, personnel and expenses
- Monitor
- With key firms – develop relationship and understanding of your business
- Outside counsel are a great resource for training
- Innovative fee approaches are nice – but value for you and profit for the firm are the keys - - this can be accomplished simply
- Outsourcing – it isn't for everyone

