

## GE Inks Legal Outsourcing Deal With UnitedLex, Eying Big Savings

*UnitedLex says the agreement will help GE shave 30 percent off its legal spend in areas ranging from e-discovery and document review to litigation and operations.*

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By Miriam Rozen

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UnitedLex, an Overland Park, Kansas-based enterprise legal services company, has expanded its relationship with General Electric in a move that could rattle GE's outside law firms, its in-house lawyers and its legal technology partners alike.

Under a new multiyear, exclusive contract, UnitedLex will deploy its technology to serve GE in 180 countries and across several areas, beginning with legal operations, litigation, investigations, e-discovery, forensics and document review. In those areas, UnitedLex will reduce GE's legal spend by 30 percent, the companies said.

Given its breadth and scope, the deal is sure to attract attention in a legal marketplace that's strongly attuned to signs of disruption. The agreement comes less than four months after UnitedLex inked what many billed as the largest-ever outsourcing deal in the legal industry: A five-year deal to provide more than 250 senior-level professionals to support the legal operations at Fortune 200 technology services company DXC Technology Co.

The UnitedLex partnership will save GE between \$40 and \$50 million and allow it to repurpose as many as 75 lawyers, with some of those transitioning to UnitedLex, according to one person familiar with the deal.

"GE's legal team embraced early the use of data, analytics and automation to improve our delivery of legal services, and this new enterprise services engagement with UnitedLex is a big step forward in continuing our digital transformation," William "Mo" Cowan, GE's vice president of global litigation and legal policy of GE, said in a statement.

"UnitedLex understands our strategic objectives and challenges, and is committed to creating efficiencies that will deliver business impact and create more value for GE and its shareholders," Cowan said.

Daniel Reed, the CEO of UnitedLex, said the GE deal, along with partnerships it plans with other corporate law departments, "renders traditional models obsolete." By working with UnitedLex, companies' corporate law departments are lowering both their risk profile and cost structure, he said.

"We have a lot invested in the evolution of the law business and we have a long-term view of it," Reed said.

## A 'Revolution?'

As a result of the deal, which touches every active GE matter, GE has abandoned its pre-existing panel of legal technology vendors, according to Christine Hasiotis. Late last year, shortly before GE and UnitedLex expanded their relationship in January, Hasiotis moved from GE, where she was director of the company's legal support solutions, to become a senior vice president and deputy general counsel at UnitedLex.

As for the company's outside law firms, Hasiotis and Reed said won't be displaced—but they may lose out on some work, and may find themselves working alongside UnitedLex lawyers on some matters.

"We are replacing litigation support at law firms, as well as associate-level work, and we are applying operational management," Hasiotis said. (GE did not respond to questions for this story beyond Cowan's prepared statement.)

Law firms named on the "GE Select" list of regulator outside counsel either declined to comment or didn't respond to requests. The firms on that roster include: Weil, Gotshal & Manges; Davis Polk & Wardwell; Morgan, Lewis & Bockius; Jenner & Block; Jones Day; Hogan Lovells; Covington & Burling; Sidley Austin; and Arnold & Porter Kaye Scholer.

"The legal sector is going through its own version of the industrial revolution, 250 years after the fact," said Kent Zimmermann, a Chicago-based consultant with the Zeughauser Group. "This development is evidence of an ongoing trend; led by clients, the market is forcing a more efficient allocation of resources to get legal work done."

"A lot of the work historically performed by junior associates at law firm[s] now gets done elsewhere more efficiently," he added.

The GE-UnitedLex new deal has "some big numbers," Zimmermann said, "but in the end it's not just cost savings that is going to matter; quality is going to be critical."

Thursday's announcement comes less than a month before Michael Holston, formerly general counsel of Merck & Co., is set to take the reins as GE's new general counsel. GE announced in February that Holston would replace Alex Dimitrief, who will move into the role of president and CEO of GE's Global Growth Organization.

Early last year, GE reached another deal that showed how the professional services market is changing. About half of General Electric's tax department—about 600 lawyers, accountants and others—were hired by PricewaterhouseCoopers, which agreed to handle GE's tax work for at least five years as well as providing enterprise tax services to other companies.