

GCR

GLOBAL COMPETITION REVIEW



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**A GUIDE TO THE WORLD'S LEADING
COMPETITION LAW AND ECONOMICS PRACTICES**
13TH ANNUAL EDITION – REVISED AND UPDATED

Economics 20

The Economics 20 is GCR's assessment of the world's leading economic consultancies. Each entrant is measured using several criteria, including the size of its practice, the number of nominations to *Who's Who Legal*, its reputation and its work over the past year

Over the past decade or more, the use of economics in competition analysis and enforcement has become increasingly important.

Economic analysis forms a key part of any merger review, and the deal lists of this edition's nominated consultancies read like a who's who of the year's major mergers and acquisitions – with matters including *AT&T/T-Mobile*, *Glencore/Xstrata*, *Google/Motorola* and *NYSE/Deutsche Börse*.

Abuse of dominance and cartel cases also demand economic expertise and many consultancies report expansion into new areas such as state aid, intellectual property disputes and damages litigation.

“One change we have seen in recent years is the growth of private actions before national courts,” says Gunnar Niels of Oxera. “Economists work as often with litigation lawyers and barristers as with competition lawyers.”

While the economist's toolkit remains the same, problems are becoming ever more complex. Agencies too require a higher level of economic evaluation and more frequently retain their own experts. Cristina Caffarra, at Charles River Associates (CRA), says the European Commission has developed its economics capabilities enormously over the past decade and now engages in increasingly “sophisticated economic analyses, not only responding to the parties' submissions but also developing their own”.

Many of the major firms in this year's Economics 20 have been at the top since our first edition – NERA, CRA and RBB Economics remain significant forces. CRA this year overtook NERA as the second-largest competition consultancy after the dispersal of several NERA experts to rival consultancies. Compass Lexecon, meanwhile, formed from the merger of Lexecon and Competition Policy Associates in 2008, towers over its rivals in terms of size, thanks in part to its recruitment of ex-LECG staff.

Caffarra also says that while individuals move and may regroup under different flags, ultimately clients look for established credibility and reputation at both individual and firm level.

Caffarra says the reason behind the market's relative stability is the importance of established reputations and long-standing relationships with law firms, which will often rely on the same consultancy for a succession of cases. “While

the market is always interested in people with bright ideas, economists are in the end ‘experience goods;’ she says.

Law firms will typically rely on individuals who have performed well for them in previous cases, and this means it may take some time for newcomers to establish a profile.

The two new firms in this year's Economics 20, however, both field well-established names in the world of competition economics – US consultancy Berkeley Research Group and UK-based AlixPartners. Berkeley has an impressive six nominees to *The International Who's Who of Competition Lawyers & Economists* among its 75 experts in competition. At AlixPartners, *Who's Who Legal* nominee and practice head Liam Colley has earned an excellent reputation among his peers and clients. He leads a team of nine, mainly London-based competition experts.

The consultancies range from national-based practices with a handful of experts, to global firms with over 200 specialists and a range of complimentary practices outside competition. Niels outlines the benefits of a diversified firm. “Combining competition with a financial economics practice is essential for advising on matters concerning damages, state aid, the failing firm defence and the inability to pay a fine,” says Niels.

Both international and domestic firms feature on the list – economics is more portable than law, and specialists can advise on transactions taking place on the other side of the globe. Niels reports that Oxera economists in Oxford, London and Brussels last year worked on cases in Romania, Australia, Brazil and the USA, to name a few.

Individual talent remains a key part of a firm's success, and its consultants' placings in *Who's Who Legal* are an important barometer by which to evaluate firms. Here, CRA and Compass Lexecon have the most nominees, while other firms are impressively represented, with some – such as Zoltan Biro at Frontier Economics and Derek Ridyard RBB Economics – being nominated to every edition of *Who's Who Legal* since it was launched 15 years ago.

This year saw the loss of two such talents who helped shape the development of competition economics: Halbert White, co-founder of Bates White and professor of economics at the University of California, and Gary Dorman, senior vice president of NERA Economic Consulting, who both passed away.

Senior hires, departures and promotions

Consultancy	No. of lateral hires
Berkeley Research Group	9
RBB Economics	8
Charles River Associates	8
Compass Lexecon	5

Consultancy	No. of departures
NERA Economic Consulting	8
RBB Economics	6
Compass Lexecon	4

Consultancy	No. of internal promotions
RBB Economics	4
Compass Lexecon	4
Tendências Consultoria Integrada	4
NERA Economic Consulting	3

New entrant Berkeley Research Group topped this year's hires chart thanks to its nine additions. The consultancy hired six directors and three principals, while no senior economist left its competition practice over the year.

At the other end of the spectrum, NERA Economic Consulting saw more departures than any other consultancy, losing eight specialists – about a third of its senior team. This was only partially compensated by three promotions.

Compass Lexecon's growth slowed down this year. After adding 24 senior specialists last year, in 2012 it hired five new economists and promoted four, while also losing four. Only two senior competition economists left Charles Rivers Associates, which hired eight new specialists. RBB Economics built on last year's expansions, adding 12 specialists to its senior ranks, but turnover remained high, with six economists leaving the firm.

Most competition specialists

Consultancy name	No. of competition specialists
Compass Lexecon	282
Charles River Associates	130
NERA Economic Consulting	113
Bates White LLC	91
Berkeley Research Group	75
PricewaterhouseCoopers	55
Cornerstone Research	53
RBB Economics	50
Frontier Economics	45
The Brattle Group	44

This year, Charles River Associates leapt to second place by adding 19 economists to its practice. The firm overtook NERA, which shrank by seven people. Compass Lexecon continues to claim the top spot in the table, with more than double the headcount of its closest competitors. After a dramatic increase in 2011, when the firm hired 69 more

competition specialists following the break-up of LECG, this year Compass has continued to grow and added more than 20 economists. Fourth-placed Bates White's practice remained more or less stable this year, and so did most of the other largest consultancies. Berkeley's 75 competition specialists helped the consultancy make its entry in fifth place.

Most specialised consultancy

Consultancy	% of competition economists
Case Associates	100
LEAR	100
RBB Economics	100
E.CA Economics	100
Compass Lexecon	81
Bates White LLC	71
Economists Incorporated	61
CEG	60
AlixPartners	60
Oslo Economics	50

The same four firms remain entirely focused on competition economics as last year – Case Associates, LEAR, RBB Economics and E.CA Economics. Compass Lexecon continued to be a highly specialised consultancy, with over 80 per cent of its economists working on competition matters. More than half of new entrant AlixPartners' economists specialise in competition. Among the largest and most prestigious firms in the survey, NERA and CRA remain out of the list as they combine their antitrust groups with large practices active outside the field of competition economics.

Most *Who's Who Legal* nominees

Consultancy	<i>Who's Who Legal</i> nominees
Charles River Associates	28
Compass Lexecon	27
NERA Economic Consulting	12
RBB Economics	12
Bates White LLC	7
Frontier Economics	6
Berkeley Research Group	6

Charles River Associates continues to claim the top spot in the table for firms with the most *Who's Who Legal* nominees. Its position is now threatened by the continuing growth of Compass Lexecon, which added three more nominees this year after almost doubling its figures last year. CRA and Compass are now head-to-head with 28 and 27 nominees respectively. RBB added one *Who's Who Legal* nominee this year, bringing its total figure to 12. This was just enough to match NERA's result, which lost five nominees from 2011. Bates White made it into the list this year with its seven nominees, followed by Frontier Economics and Berkeley, which count six nominees apiece.

A guide to the Economics 20

Global head

This indicates the leader of each consultancy's competition practice. In several instances, there is more than one individual listed.

Home jurisdiction

This indicates the country where the consultancy first operated.

Total size of the firm

This figure indicates the total number of economists at the consultancy.

Number of competition economists

This figure indicates the total number of economists specialising in competition economics. A specialist is someone who spends at least 60 per cent of his or her billable time working on competition matters.

Economic consultancies use different terms to refer to senior and junior specialists. As such, we have grouped the competition specialists at each consultancy in the same way.

- Group one: equivalent to a partner in a law firm, who leads major matters.
- Group two: equivalent to a non-equity partner in a law firm, who leads cases but is not at a top level position.
- Group three: equivalent to an associate with at least six years' experience in a law firm, and who is on track for the second group.
- Group four: equivalent to an associate within a law firm, with less than six years' experience.

Percentage of the firm specialised in competition

This figure indicates the ratio of economists at the consultancy who specialise in competition economics, compared with the firm as a whole.

Number of *Who's Who Legal* nominees

This indicates the number of economists who appear in GCR's sister publication, *The International Who's Who of Competition Lawyers & Economists*.

Number of lateral hires

This figure indicates how many competition specialists joined the consultancy at group one or group two level between 31 July 2011 and 1 August 2012.

Number of departures

This figure indicates the number of group one or group two level competition specialists who left the consultancy between 31 July 2011 and 1 August 2012. This does not specify the reason for leaving but does include retirement.

Number of internal promotions

This figure indicates how many competition specialists were promoted to group one between 31 July 2011 and 1 August 2012.

Commentary

This section provides a picture of the largest matters that each consultancy handled between 31 July 2011 and 1 August 2012, though we make every effort to include significant developments since the end of this period, in the interests of making the publication as relevant as possible. We asked every consultancy in the Economics 20 to tell us about their headline cases of the last year, as well as any other interesting work that didn't attract as much press coverage.

Berkeley Research Group

Global heads:	Henry Kahwaty, David Kaplan, David Scheffman
Home jurisdiction:	United States
Total size of firm:	399
No. of competition economists:	75
% of firm specialised:	19
<i>Who's Who Legal</i> nominees:	6
Group one:	27
Group two:	16
Group three:	12
Group four:	18
Part-time consultants:	2
No. of lateral hires:	9
No. of departures:	0
No. of internal promotions:	1

New entrant Berkeley saw impressive growth last year, attracting six directors and three principals from rivals including the Brattle Group, NERA and KPMG, without losing a single senior economist. Practice heads David Kaplan and David Scheffman are two of the firm's six nominees to *Who's Who Legal*, half of whom are based in the Emeryville, California office.

In merger matters, the consultancy has helped to analyse the competitive effects of tie-ups in the waste, avionics, mining, chemicals and computer industries. On the behavioural side, Berkeley provided analysis in the *Apple v Samsung* litigation. It has also worked on a monopolisation investigation related to network providers to health insurance companies, and has assessed market power issues arising from the expansion of a pipeline system in Canada.