

GCR

GLOBAL COMPETITION REVIEW



A GUIDE TO THE WORLD'S LEADING COMPETITION LAW AND ECONOMICS PRACTICES

100

14TH ANNUAL EDITION — REVISED AND UPDATED

Economics 20

With economic analysis now firmly at the heart of almost every antitrust case, the importance of expert economists in proving or challenging harm is no longer in dispute. Below is GCR's annual ranking of the world's top 20 firms for antitrust and competition economics – a list that, while generally stable over the past year, remains in flux as top experts move from firm to firm, and in and out of government service.

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

Over the past decade or more, the use of economics in competition analysis and enforcement has become increasingly important. These days, no important merger or investigation is without some high-level number crunching from the elite group of firms listed in this survey. Economists were involved in deals such as *Olympic/Aegean*, *Omnicom/Publicis* and *US/AA* and the investigations of Apple, Samsung, Google, Libor and Visa interchange fees.

"2013 has been a good year for economic consultancies," says Jon Orszag at Compass Lexecon. "More cases are economics-focused and that trend looks set to continue."

Mergers have been particularly bountiful for economics agencies in the US, says Orszag, "because the market for mergers with antitrust concerns has been more active".

Cases such as *US/AA* and *AB InBev/Grupo Modelo* illustrate the high level of scrutiny antitrust enforcers in the US are willing to go to, which Orszag says is something of an incremental increase from last year.

These days, economic analysis is crucial to major merger cases, both for enforcers attempting to articulate how a deal might harm competition and for companies defending their proposed transactions, says Cristina Caffarra at Charles River Associates International. It has also become the driving force behind remedies that may allow a contentious deal to close. "Much more economic thinking has been injected into the assessment of remedies, in an effort to make them more closely geared to the theory of harm," Caffarra. "Designing remedies now requires much more economic input."

What's more, economics can often be brought to bear early in an investigation as a way to "open up a dialogue with the agency and raise doubts about whether a case has merit and should be pursued at all," Caffarra says. Submitting strong economic analysis early on in a case can show enforcers that the companies are taking the case seriously and intend to fight the case on substance – something that is difficult for an agency to ignore, she says.

Many of the major firms in this year's Economics 20 have been at the top since our first edition – NERA and RBB Economics remain significant forces; however, CRA and Compass Lexecon tower over their rivals. Compass Lexecon

was formed from the merger of Lexecon and Competition Policy Associates in 2008. Behind these two, NERA, Bates White and Berkeley stay in third, fourth and fifth places respectively in numbers of competition specialists.

The past year has seen its share of economist moves just like any other. Some have indeed been significant: Oxera hiring Pascale Déchamps and opening a Berlin office with Michael Kraus; Bates White snagging Leemore Dafny from the US Federal Trade Commission; NERA hiring Frank Maier-Rigaud from DG Comp; and David Stallibrass and Thibaud Vergé joining the ranks of Charles River Associates, to name but a few. But ultimately, observers say, clients look for established credibility and reputation at both individual and firm level.

In the world of economics consultancies, success is built on established reputations and long-standing relationships with law firms, which will often rely on the same consultancy for a succession of cases. Law firms 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 same 20 firms as 2013 make up GCR's Economics 20. Last year's newcomers AlixPartners and Berkeley Research Group have proved themselves right at home among the elite. Alix now has 15 competition specialists, up from nine last year, while Berkeley has increased from 75 to 79.

The consultancies range from national-based practices with a handful of experts, to global firms with over 300 specialists and a range of complementary practices outside competition. 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.

Individual talent remains a key part of a firm's success, and its consultants' rankings in *Who's Who Legal* are an important barometer by which to evaluate firms. Here, CRA and Compass Lexecon are in a league of their own, with 31 and 30 nominees respectively. They were both helped by mergers with other firms, CRA with Navigant and Compass Lexecon with Princeton Economics. 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 16 years ago.

While the Economics 20 was stable this year, we have our eye on emerging economics practices at Navigant Consulting and Fingleton Associates, which brought on former Office of Fair Trading economist Alex Baker last year and appears poised for expansion.

Senior hires, departures and promotions

Consultancy	No. of lateral hires
Charles River Associates	9
Compass Lexecon	7
NERA Economic Consulting	6
AlixPartners	5
Consultancy	No. of departures
NERA Economic Consulting	5
Charles River Associates	3
PricewaterhouseCoopers	3
Consultancy	No. of internal promotions
Compass Lexecon	15
NERA Economic Consulting	5
Bates White Economic Consulting	3

Compass Lexecon, NERA Economic Consulting and Charles River Associates had the busiest years in terms of new, high-level personnel. Particularly striking is Compass Lexecon's 15 internal promotions, significantly more than any of its competitors. Together with seven lateral hires, the firm is expanding considerably.

Though it tops the table again for departures, NERA Economic Consulting has offset these losses with a swathe of internal and external appoints meaning the firm is growing once more. The same is true for Charles River Associates, which had the most lateral hires – eight – including Kai-Uwe Kühn, former chief economist at DG Comp.

Meanwhile, PricewaterhouseCoopers has recently lost three senior figures. It's been a quieter year at the top level for RBB Economics, which made eight lateral hires and four internal promotions last time. This year, it has just one of each.

Most *Who's Who Legal* nominees

Consultancy	<i>Who's Who Legal</i> nominees
Charles River Associates	31
Compass Lexecon	30
RBB Economics	12
NERA Economic Consulting	11
Bates White Economic Consulting	7
Frontier Economics	6
Berkeley Research Group	5
Competition Economics Group	5
Copenhagen Group	5

Once again the firms with the two top spots in this year's survey in terms of *Who's Who Legal* nominees are CRA and Compass Lexecon. Both firms underwent mergers this year: CRA bought a large portion of Navigant's economics practice, while Compass merged with Princeton Economics, boosting their respective *Who's Who Legal* tallies. Elsewhere, NERA lost one nominee this year, dropping down to fourth in our list behind RBB Economics.

Most competition specialists

Consultancy	No. of competition specialists
Compass Lexecon	318
Charles River Associates	181
NERA Economic Consulting	117
Bates White Economic Consulting	91
Berkeley Research Group	79
Cornerstone Research	73
RBB Economics	63
The Brattle Group	52
Frontier Economics	52
PricewaterhouseCoopers	52

The top-five firms retain the same ranks as last year. Compass Lexecon and Charles River Associates continue to be a class apart in terms of size. A group of medium-sized firms, with between 50 and 100 competition economists is beginning to emerge beneath them.

In general, competition economics firms are flourishing. Compass Lexecon and Charles River Associates continue to expand rapidly, in the last year adding an additional 36 and 51 economists respectively. Things are more settled among the medium-sized players as NERA and Bates White maintain their size. Below them, however, Cornerstone Research, RBB Economics and the Brattle Group are on the rise; last year their practices numbered 50, 53 and 44 respectively. PricewaterhouseCoopers and Frontier remain steady.

Most specialised consultancy

Consultancy	% of competition economists
Case Associates	100
E.CA Economics	100
Lear	100
RBB Economics	100
Compass Lexecon	81
Bates White LLC	73
Economists Incorporated	61
Competition Economics Group	60
AlixPartners	58
Oxera	48

Four firms in our survey remain entirely focused on competition economics: Case Associates, LEAR, RBB Economics and E.CA Economics. Compass Lexecon continue to be a highly specialised consultancy, with over 80 per cent of its economists working on competition matters. Some of the largest and most prestigious firms in the survey, including NERA and CRA, remain out of the list as they combine their antitrust groups with large practices active outside the field of competition economics.

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 2012 and 1 August 2013. 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 2012 and 1 August 2013.

Commentary

This section provides a picture of the largest matters that each consultancy handled between 31 July 2012 and 1 August 2013, 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:	503
No. of competition economists:	79
% of firm specialised:	16
<i>Who's Who Legal</i> nominees:	5
Group one:	29
Group two:	18
Group three:	12
Group four:	20
Part-time consultants:	2
No. of lateral hires:	3
No. of departures:	1
No. of internal promotions:	0

The economics group at Berkeley saw impressive growth last year, attracting two directors and one principle, including two from Finance Scholars Group and Ram Shivakumar, a professor at the University of Chicago. Practice heads David Kaplan and David Scheffman are two of the firm's five 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 behavioral side, Berkeley provided analysis in the *Apple v Samsung* litigation regarding antitrust and intellectual property damages, and has also been studying most-favoured customer commitments. It has also worked on a monopolisation investigation related to network providers to health insurance companies, and has assessed claims of large-scale price fixing and bid rigging in the computer component industry.