

# The thing about ...

ASIAN-MENA COUNSEL'S Publishing Director, Patrick Dransfield, photographed and talked to Mr Chew Seng Kok on his recent visit to Hong Kong and put to him a series of questions on behalf of the *In-House Community*.

**ASIAN-MENA COUNSEL:** ZICO Holdings is described as “an integrated provider of multi-disciplinary services”. What does that mean for a General Counsel when considering engaging ZICO Holdings’ services?

**Chew Seng Kok:** Unlike a traditional law firm which provides only legal services, ZICO Holdings (ZICO) is able to offer a combination of services together with legal, including but not limited to Shariah, trust, corporate services, consulting and share registry. These services can be provided in an integrated manner because ZICO is structured as a multi-disciplinary practice (MDP). This allows GCs to have the option of engaging ZICO to provide this range of services without having to engage several service providers in transacting a deal.

**AMC:** Please explain the relationship between ZICO Holdings, ZICOLaw and Zaid Ibrahim & Co. Please also describe the ZICOLaw Network. Are the individual offices structured on a traditional partnership structure?

**CSK:** Zaid Ibrahim & Co. (ZI) started in Malaysia in 1987 and rapidly became the largest Malaysian law firm in 1998. Between 2003 and 2014, ZI expanded into Singapore, Indonesia, Thailand, Vietnam, Cambodia, Myanmar and Laos. In the process of doing so, the network adopted the ‘ZICO’, ‘ZICOLaw’ and ‘ZICOLaw Trusted Business Advisor’ trademarks to provide a common corporate identity for the various offices and entities, which were using different names until then. In July 2011, Singapore was announced as the regional hub for the ZICOLaw Network and is now present in 15 cities, and eight of the 10 ASEAN countries.

ZICO Holdings (ZICO) is a listed company on the Catalist Board of the Singapore Exchange Securities Trading Limited. The group is an integrated provider of multidisciplinary professional services focussed on the ASEAN region, and provides advisory and transactional services, management and support services and licensing services. ZICO augments its existing regional presence with the ZICOLaw Network to reach eight out of 10 ASEAN countries. ZICO works closely with ZICOLaw Network, but do note that the members of the ZICOLaw Network are legally separate from ZICO (save for members in Myanmar and the Lao PDR).

**AMC:** ZICO Holdings recently listed in Singapore. Could you share with the In-House Community what you and your colleagues learned through the experience? What advantages did

it bring to the group? Was your personal experience at Andersen Legal a contributing factor in considering how to structure both ZICO Holdings and ZICOLaw?

**CSK:** One of the key lessons we learned from the listing is the need for compliance with the standard of legal and financial regulation under a transparent legal framework. Another key lesson is the importance of timely and accurate communication to a wider group of stakeholders. From the listing, we have benefited from the ability to raise capital which was a serious structural constraint on the traditional partnership model. External capital allows management to fund growth, expand into other services through acquisitions and invest in capital expenditure, especially IT solutions. Another benefit is that we now have the ability to implement employee share options and share grant schemes to attract and retain valuable talent within the organisation. Being a member of the Andersen Legal Network, I was given the opportunity to learn world class management skills and standards. Andersen Legal provided me with the forward thinking environment required for developing processes and initiatives that drive efficiency. It brought into clear focus the importance of people and IT as key drivers for transformation in any profession.

**AMC:** Where do you hope ZICO Holdings will be in 10 years’ time?

**CSK:** My vision for ZICO Holdings and the ZICOLaw Network is that collectively, we will be the ‘go-to’ organisation for all corporations, entrepreneurs and talents doing business in ASEAN. In 10 years’ time, I would like to see the ZICO brand acknowledged by all stakeholders as the premier ASEAN firm for professional services.

**AMC:** What kind of clients are attracted to the ‘one-stop-shop’ that ZICO Holdings represents? Who do you see as your main competition?

**CSK:** Clients who are in need of a range of legal and related services appreciate the value of going to a one-stop-shop like ZICO, which operates as a single entity. They can have access to companies and businesses which harness the collective skills and experience of different entities in different countries who share a vision to provide an enhanced level of service across the ASEAN region. With regards to competition, we see the expansion of the Big Four into legal services as our major competitor.

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# Chew Seng Kok

**AMC:** What are the ties that bind the whole together? How does ZICOLaw maintain high standards of practice across a wide spectrum, from the developed market of Singapore to the emerging market of Vietnam? For example, how do you incentivise partners in the different offices?

**CSK:** At ZICO, we are all ASEAN insiders. We all believe in ASEAN and we all share this common vision that the region will be a major economic force in Asia and a driver of global development.

We have a collaborative arrangement amongst the offices, and the partners are encouraged to share their skills and experiences with each other. This is enhanced by the secondment arrangement of lawyers within the offices in the ZICOLaw Network. As chairman of the ZICOLaw Network I make it a point to consult closely with the partners of the law firms across the network. The partners of ZICOLaw are incentivised through their shared vision and as shareholders in ZICO Holdings, which benefits from their collective contributions.

**AMC:** What should a legal department know about ASEAN integration? Do you foresee legal services as being one of the areas that will liberalise under the proposed Regional Economic Integration process starting in January 2016?

**CSK:** Legal departments should realise that with the AEC scheduled to happen on December 31, 2015, closer integration of the ASEAN economies will create a market of 625 million people with a single market and production base. There will be an increase of FDIs, transfer of specialised expertise and technology into the service sectors regionally and opportunities for local companies to expand out of the domestic markets and enter into regional markets.

As has been reported, the Regional Comprehensive Economic Partnership (RCEP) intends to bring together existing Free Trade Agreements in ASEAN and has the objective of broadening, deepening and improving significantly all elements of those agreements, including tariffs and chapters relating to market liberalisation for services and investment, intellectual property,

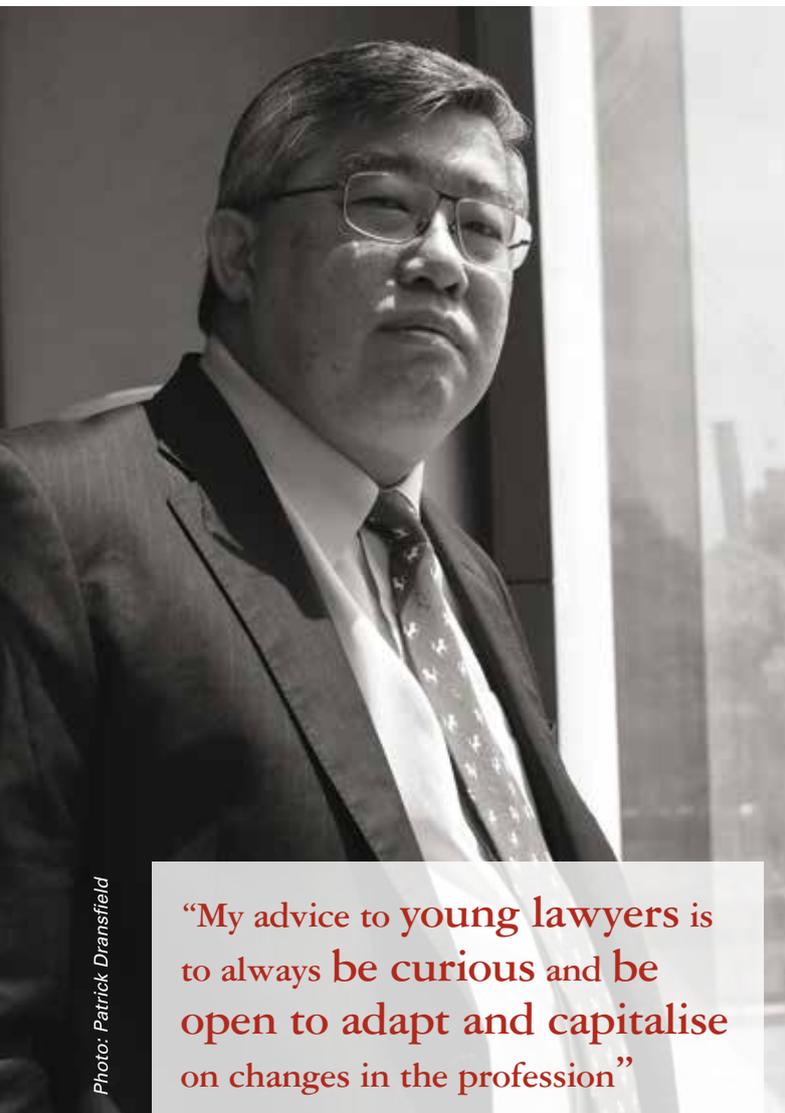


Photo: Patrick Dransfield

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competition and legal matters such as dispute resolution. As with the AEC, the RCEP has a target completion date of end-2015. However, there have been doubts on this as progress has been slow and it has not yet been possible to agree on the actual extent of tariff reductions during the ongoing negotiations.

**AMC: What are the common mistakes you see when international law firms attempt to enter into the Southeast Asian market?**

**CSK:** ASEAN is a region with diverse cultures with countries at different levels of political, economic and social development. In terms of legal system, the laws amongst the countries in Southeast Asia are not harmonised. Malaysia, Myanmar and Singapore are governed by common law principles; Cambodia, Laos, Vietnam and Indonesia follow the French civil code and the Roman-Dutch civil system. Therefore, due to the disparities and differences, it is a mistake to try and attempt to deal with these countries with a uniform or one-size-fits-all approach.

Another common mistake is to try to manage the local offices remotely and not have any representatives on the ground. I find it

very important to have people on the ground as they are more familiar with the local policies, environment and working culture in doing business, which are important to guide foreign investors.

**AMC: Following the financial crisis, Islamic finance has grown exponentially. Malaysia, Zaid Ibrahim & Co.’s home, pioneered the use of Sharia-compliant Sukuk bonds and remains the global leader in Islamic finance. Dubai has recently announced its ambition to be the global capital of the Islamic economy. With Hong Kong, Singapore and London joining the fray, what do you see regarding the opportunities and challenges for Islamic finance?**

**CSK:** Malaysia will still be at the forefront of Islamic finance. The emergence of the Islamic financial model has been accelerated in recent years, largely thanks to its deep and widespread incorporation as a key part of the Malaysian economy. It sets the trend in blending Islamic and non-Islamic finance, and the Islamic financial world takes its cues from Malaysia’s pioneering efforts in bringing structure and regulation to a rapidly expanding industry.

The increasing interest in Islamic finance in Hong Kong, London and Singapore will create a wider pool of stakeholders, which can only benefit the industry. ZI has a very strong Islamic finance practice. ZICO Shariah Advisory Services is a leading provider of Shariah services in the ASEAN region. The combination of ZI and ZICO Shariah Advisory Services working together differentiates and puts ZICO in a good position to capitalise on the growing demand for Shariah related counsel in Islamic banking and finance, wealth management and Islamic law in general.

**AMC: Professor Richard Susskind maintains that we are “on the brink of fundamental change in the world of law”. Would you agree that this is true across Southeast Asia? What are the key drivers of this change?**

**CSK:** I am a fan of Richard Susskind and George Beaton, who were the pioneers in alerting us about the fundamental changes likely to affect the legal profession. I believe deeply that the convergence of client demands for ‘more for less’ and the acceleration in the scope, scale and economic impact of technology are powerful forces that are transforming the delivery of legal services. We now live in a world which is much more connected through trade and movements in capital, people and information, so I believe it is inevitable that the disruptive forces affecting the legal profession in the US and Europe will reach the shores of Southeast Asia sooner rather than later. The question that arises is ‘what should the leaders of law firms like ours do?’ In our case, we have anticipated and embraced these developments in recasting and restructuring our business model to capitalise on these changes. We have set out our views on these threats in the Offering Circular for our listing. I am glad to report that since then, we have benefitted from expanding and seizing the opportunities from an increasingly disaggregated legal services market.

**AMC: On training: our belief is that the aim of training is to produce lawyers who can be at the top of their game, where knowledge of the law and a profound grasp of professional**

**ethics and integrity, as well as the necessary commercial acumen to be your own boss, are embedded in the DNA. Do you subscribe to the above and how does ZICOlaw attempt to accomplish the above? Is operating in the challenging business environment of across Southeast Asia a particular challenge?**

**CSK:** I agree, which is why we have a knowledge management team (KM) within ZICO. KM is a critical component in a ZICO team's competency development. The KM team would analyse what is required in the current business landscape and run extensive in-house legal and soft skills in order for us to stay ahead in the challenging business environment across Southeast Asia.

The KM team is led by a full time former legal partner, Paul Subramaniam, who has been in practice for more than 30 years. Paul has extensive years of legal knowledge and commercial acumen. He is supported by a team of lawyers and managers with experience in research and training.

**AMC: What keeps you awake at night?**

**CSK:** I am very passionate about what I do and the restless spirit in me is always looking for 'white spaces' or 'blue oceans' to deliver new and better quality services to clients. Having just embarked on a new phase in my career and life as the managing director of a listed company, I find myself embracing a new set of challenges and presented with so many opportunities to grow our businesses. As a result, I am driven to seek new ideas and innovative ways to manage ZICO. In that sense, I am usually awake at night, although I do sleep well.

**AMC: On fees and service: what are the various ways that ZICOlaw engages with clients regarding compensation for services rendered? Have you seen a shift in preferred billing arrangements in recent years? Can you provide a real example of where the network has gone 'the extra mile' for a client?**

**CSK:** We exercise a combination of hourly rates and fixed fees, where the services to be provided can be defined with some certainty in terms of scope and time frame. We have definitely seen a shift towards fixed fees in recent times as clients have to buy and manage their budget. We have worked closely with clients to structure our fees to align with the risks in their transactions, so the higher proportion of the fee is paid upon the successful completion of a transaction.

**AMC: What advice would you give an ambitious and intelligent young person interested in pursuing a career in the law today?**

**CSK:** It is most definitely an exciting and challenging time to be in practice. Lawyers may not have realised the drastic changes that have occurred over the past few years. The profession is no longer as protected as it once was. As mentioned, liberalisation of law firm ownership and the existence of disruptive innovations in the legal industry mean that lawyers must either embrace change or be changed. My advice to young lawyers is to always be curious and be open to adapt and capitalise on changes in the profession.

**AMC: What is your hinterland (i.e. what are your interests outside of the firm)? How do you control your time so that you can pursue them?**

**CSK:** My colleagues and friends will tell you I am a workaholic. I have not, as yet, struck the work life balance that is supposed to be ideal for me. Indeed, I find I am even more busy than I was in my previous role in managing the law firms. Part of this is due to my extensive and constant travels around to meet with the people in our offices and presenting a wider range of services to clients. The other part is because of the difficulty in adjusting to the challenges in my new role in managing a wider group of stakeholders. I hope this current hectic phase will be transitional so that I get more time to spend with my family. I hope to also pursue my interests in travel, reading and following my favourite sports: football and rugby union.

Mr Chew Seng Kok is the Managing Director of ZICO Holdings Inc (ZICO). He is primarily responsible for the business development and overall strategy and management of ZICO.

ZICO is a listed company on the Catalist Board of the Singapore Exchange Securities Trading Limited. It is an integrated provider of multidisciplinary professional services focused on the ASEAN region and provides advisory and transactional services, management and support services and licensing services. Chew graduated with a LLB (Hons) in 1984 and obtained a LLM (1st Class) from Victoria University of Wellington, NZ in 1989. He started practice in Malaysia in 1985, was with Chapman Tripp Sheffield Young in Wellington (1987 - 1989) and Baker & McKenzie, Singapore (1989 - early 1991). In 1991, he joined Zaid Ibrahim & Co. where he rose up the ranks to become its managing partner in 2004. He assumed the role of regional managing partner of the ZICOlaw Network in 2011.

In November 2014, Chew left his managing role in Zaid Ibrahim & Co. to take up a full time role as the Managing Director of ZICO and as the Chairman of the ZICOlaw Network.

Chew has been recognised and acknowledged as one of Asia's leading business lawyers in legal industries publications. He was shortlisted for the Most Innovative Lawyer award at the Financial Times (FT) Asia-Pacific Innovative Lawyer Awards 2014. ZICOlaw won the FT "Innovation in Corporate Strategy Award" in 2014 and this year ZICOlaw is recognised for its Innovative Transformation of Legal Services under the "Innovation in the Business Law" (Asia-Pacific headquartered law firms).

Chew is also a member of the ASEAN Business Club and a member of the Executive Council of the International Centre for Law & Legal Studies, which is a body under the Attorney General's Chambers of Malaysia.