

Boosting Head Count and Profitability, O'Melveny & Myers Became a \$1 Billion Firm in 2022

The global law firm increased gross revenue by 12.4% and head count by 10.7% without reducing RPL or PEP

By Dan Roe

What You Need to Know

- O'Melveny & Myers crossed the \$1 billion revenue mark in 2022, a year chair Brad Butwin described as the best in the firm's history.
- Head count and per-lawyer profitability increased simultaneously thanks to strong demand in litigation and corporate practices.
- The firm starts 2023 with more than 60 scheduled trials and arbitrations.

Looking back at 2022 from his office above Times Square, O'Melveny & Myers chair Brad Butwin said it was the best year in the 137-year history of the global law firm.

The profit and loss statement doesn't tell the whole story, but it's a good place to start. Gross revenue rose to \$1.02 billion, a 12.4% increase and the eighth consecutive year of revenue gains. Net income was up 8.2% despite a 10.7% increase in lawyer head count. O'Melveny brought in 23 lateral partners for a 5.9% increase in the equity tier, but still saw profits per equity partner rise 2.1%.

Demand was up around 5% last year, and the firm enters 2023 with 8.2%

more inventory than it had at the start of 2022. Having worked on 18 trials last year, O'Melveny has more than 60 trials and arbitrations scheduled in 2023, as well as several multibillion-dollar transactions.

Taking a longer view of the year, Butwin said the firm's 2022 performance was the culmination of a three-year strategy that began when the litigation-heavy firm confronted court closures at the beginning of the pandemic.

"When I look back over the past three years, 2020 was about strategy and planning as we entered a pandemic, 2021 was about executing on those ambitious plans and 2022 was about leveraging our stronger platform to help clients achieve exceptional outcomes," Butwin said in an interview.

The firm continued its expansion in Texas, following up 2021 office launches in Dallas and Austin with a Houston office that opened in May 2022 with the hiring of three Willkie Farr & Gallagher corporate partners. Since then, O'Melveny has poached Texas partners from Norton Rose Fulbright, Baker Botts, King & Spalding and Locke Lord, adding more than 60 lawyers in Texas within 20 months.

In addition to continuing growth in Texas, the home of key clients such as



(Courtesy photo)

Bradley J. Butwin, chair of O'Melveny & Myers

American Airlines, AT&T and Exxon, O'Melveny looks to keep hiring in the key growth markets of New York, London and China in 2023. The firm promoted three lawyers to partner in China last year, Butwin said, and plans to move into a new office in New York next year.

O'Melveny's litigators got "really busy" as courts reopened and worked through backlogs in 2022. Among its major wins, the firm helped Johnson & Johnson resolve claims in 48 states and more than 3,000 cities and counties that accused the company of causing the opioid crisis alongside other pharmaceutical companies. It won a 10-year antitrust dispute against a travel reservation company on behalf of American Airlines and won a jury trial for insurer Chubb in a Hurricane Sandy coverage dispute.

The firm also dedicated significant hours to pro bono work, which included a court victory for underfunded school districts in Pennsylvania in a lawsuit that challenged the constitutionality of the state's school funding system. The effort took 80 lawyers, 26,000 pro bono hours and more than eight years, said Butwin. In total, 90% of the firm's attorneys billed at least 50 pro bono hours in 2022.

On the corporate front, O'Melveny lawyers advised semiconductor manufacturer Broadcom on the \$61 billion pending acquisition of multicloud services provider VMware, the second-largest mergers and acquisitions deal of 2022. The firm also counseled a real estate consortium on a \$4.2 billion deal to finance, construct and operate the new international terminal at John F. Kennedy International Airport.

Butwin declined to state O'Melveny's average rate increase in 2022. "We do our rates in consultation with clients and we're big fans of alternative fee arrangements—we have been for years, particularly fixed fees. All of that nets out to what for us is an acceptable rate increase. It would not be in the top quarter or so of what has been reported," he added.

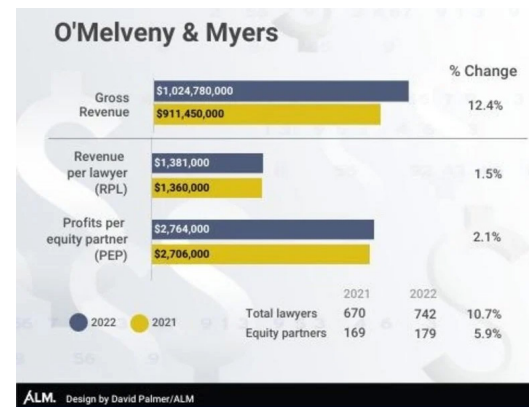
The firm is retrofitting office spaces as it adapts to a hybrid working environment. Butwin said O'Melveny expects attorneys to be in the office more than 50% of their working days, but the firm eschews specific mandates. Last year, the firm shrunk space in Los Angeles, its historic home base, by nearly 50%, although Butwin said the smaller footprint doesn't indicate a shrinking head count.

"When you modernize, you have common areas and conference rooms to make things more welcoming, which results in more efficiency. The offices that were built years ago with the big partner office—things like that are not as efficient as the new wave," Butwin said. "Los Angeles and New York are still our biggest offices by head count, but we're making them more modern." Ahead of a planned move to a new office in New York next spring, Butwin said the head counts in New York and Los Angeles will continue growing.

The firm also continued to invest in diversity, equity and inclusion infrastructure, rolling out a senior leadership mentoring program that pairs the firm's most-senior partners with midlevel associates of color. In each of the past eight years, more than half of the firm's U.S. partner promotions have been lawyers from underrepresented groups, Butwin said. The firm also expanded its Living Well program, which offers mental, physical, nutritional, spiritual and social well-being resources on topics such as substance abuse, mental health and resilience.

This year the continuation of major matters from 2022 is part of the increase in inventory. O'Melveny's docket includes more product liability disputes for Johnson & Johnson, patent cases for Samsung, coverage cases for Chubb and initial public offerings in Hong Kong and the U.S.

On the heels of substantial head count and geographic growth, Butwin said the firm is also focused on broadening and



deepening cross-functional practices and helping new hires hit the ground running. The firm has already leased a second Dallas office after running out of space at its initial location.

Yet, with Texas being the first market O'Melveny entered since launching in Silicon Valley two decades ago, Butwin said observers shouldn't expect more rapid-fire office openings. For instance, he conceded that not following Am Law 100 peers such as Quinn, Emanuel, Urquhart & Sullivan, King & Spalding, Sidley Austin and Kirkland & Ellis to Miami may have cost the firm its sports industry group co-chairs (Irwin Raji and Charles "Chuck" Baker took their practice to Sidley Austin in May), but said the firm remains judicious on its geographic expansion plans.

"When opening an office aligns with our strategic and client needs we're open to it, but we don't have any plans to open in Miami," Butwin said. "We'll watch it. There are certain clients and sectors where we have strengths in Miami, including health care, entertainment, and family offices, so it's something that would not be frivolous for us to look at, but we want to make sure that we're successful in integrating all the new folks and the three new offices."