

## *Of Counsel Interview . . .*

### **Computer Background Helps Perkins Coie Partner Talk Shop with High-Tech Clients**

Earlier this summer, a team of attorneys in the Portland office of Seattle-based Perkins Coie was advising a venture-financed high-tech client about the potential allocation of purchase price if its business leaders decided to sell the company. The company has a Byzantine, very complicated capital structure with multiple rounds of financing, a variety of layers of preferred stock and other complexities.

“It becomes a mathematical, almost super-computer, number-crunching exercise to get out a spread sheet and figure out how the allocation of sale proceeds would filter down,” says Perkins partner Roy Tucker. “I can’t do it, and most lawyers can’t do it. It’s one of those things where we throw up our hands and ask the CFO to come up with the spread sheet and run it by their accountants.”

One of Tucker’s colleagues, partner Neil Nathanson, took a shot at the numbers, analyzed the spread sheet, and spotted some crucial errors in the calculations. Nathanson took the spread sheet to another partner, who has a master’s degree in mathematics, and together they made the necessary adjustments.

“That spread sheet was just dizzying,” Tucker recalls. “But this represents Neil’s willingness to roll up his sleeves and do stuff that isn’t necessarily in the lawyer’s job description but that’s important for clients. It also helps distinguish the way he approaches his job. And, he can talk the client’s language and understand their strategic goals, even when it comes to an esoteric product, technology, or service.”

Nathanson’s life before he entered the legal profession certainly has helped give him the ability to connect with high-tech clients. Fascinated by technology, he earned a master’s degree in

computer science and then went to work for IBM in sales. After a half a decade doing that, he got bored, took the LSAT, entered law school, and went on to private practice, where’s he been talking “the client’s language” ever since.

The tall, engaging, and humble Nathanson has carved a vibrant practice in the upper-left corner of the country, serving clients on such matters as corporate governance, securities law, venture, angel, and other private and public equity and debt financings, computer and Internet law, and mergers and acquisitions. He’s particularly well-suited to work with emerging-growth companies, according to Tucker. Recently, *Of Counsel* talked to Nathanson about his multi-faceted practice, his life before law, and other aspects of his career. What follows is that excerpted interview.

#### **Silicon Valley to the Silicon Forest**

***Of Counsel:*** You took a circuitous route to the legal profession. Could you talk about that career path, beginning in college at the University of Michigan?

**Neil Nathanson:** Yes, it has been an interesting route. At Michigan, I fell in love with computers when I took my first programming class. I thought that the opportunity to use computers to change things was just as broad as your imagination. I took all the computer classes I could and worked at IBM in the summers. I finished with an undergraduate degree in economics and then went on to get my master’s in computer science.

When I worked for IBM, I saw that the top people came out of IBM’s sales organization. Being young and naive, I assumed that one day I was going to be IBM’s president, so I started in sales also, selling mainframe computer systems,

software, and solutions. I did that for five years. In the late 1980s, IBM started slowing down and changing, and things weren't moving ahead as quickly as I thought that they should.

I looked at various options, one of which was going to law school. What drove me to think about law school were the legal cases, at the time, that seem to have more to do with shaping the computer industry and the economy than the merits of the products themselves, including the *Apple-Microsoft* [copyright] case. I thought that it would be interesting to get in the middle of those kinds of issues that were really influencing the industry.

I took the LSAT, and I did better on the test than I had expected. That gave me an opportunity to apply and get accepted to several of the best law schools, including Stanford, which is where I went. I figured that I could always go back to sales if I didn't like law.

**OC:** You did like it, obviously, and after law school you hooked up with one of the hot law firms at the time, and still a very good firm, Wilson Sonsini Goodrich & Rosati.

**NN:** Yes, and when I joined them the only office they had was in Palo Alto. The group that I was with at Wilson was in intellectual property litigation and the anti-trust [department]. In some ways, it was exactly what I had anticipated going into when I entered law school because the big copyright cases were all the news in the computer industry in the 1980s. In the 1990s, antitrust was the big issue shaping the industry.

What I discovered during that time was that the pace of litigation frustrated me. I wanted to get things to happen faster. I was fortunate enough that, when I decided to move to Portland and join Perkins Coie, I came to a firm that had the kind of flexibility to allow you to shape your practice in a different way if you so chose. The firm gave me the opportunity to switch to a transactional practice, and I've been doing that ever since I came here in 1997.

**OC:** You work in a lot of different areas on the transactional side, including securities law. Many of our readers probably don't think of Portland, OR, as a market where securities law

would be especially big. They think of New York, Chicago, and other places, but of course, lawyers do this work in almost every market. What is it in Portland that's keeping you busy in the securities area?

**NN:** Your readers are correct in thinking that, because the challenge in a market like Portland in practicing securities law stems from the volume of transactions relative to those other markets. So as a practitioner you have to do a variety of different transactions to fill your plate.

To the extent that there are public offerings in Portland, including initial public offerings, we're one of the firms that handle those, both equity and debt offerings. For the public companies, we do compliance work. We tend to do a lot of emerging-company work. Coming from the Silicon Valley and still very much interested in computer practice, I was attracted to Perkins Coie because it's one of the firms that has had a long commitment to servicing the technology industry. We also do work in venture financing, angel equity financing, and private equity transactions, which of course have been very hot lately. We do some work for a local private equity fund that also has offices in California and Seattle. We do a lot of mergers and acquisitions work.

## At the Market's Mercy

**OC:** Speaking of IPOs, could you talk about the hazards in working in the IPO arena in an era in which the SEC is looking high and low for potential problems?

**NN:** Going back to the challenges we face—let me ignore your question for a minute [laughs]—I was saying that we do a smattering of all these different transactions. The challenge is, if you're not focusing on a specific area, you really have to keep up on the [legal changes] in a lot of different areas. That can be difficult. Also, you're often competing with specialists for the best work. We'll see law firms from other jurisdictions come in and try to scoop up some of the work that we'd like to do. And then you're negotiating agreements, sometimes against specialists who do a lot higher volume than you might do in a particular area. You try to balance that by drawing on other experiences to give you an advantage.

You do try to specialize a little, and my specialty has been in the emerging-company work. I may not be the best person to give you the trends in the IPO market, but I have done some public offering work. One of my more notable transactions was the WebTrends IPO. I was right in the middle of that one, writing the prospectus. That was in 1999 before the market collapsed in 2000–2001.

That's one of the big issues in the public offering area from a business perspective: You're very susceptible to the market, and you can spend a lot of time and money preparing for a public offering, and then the conditions aren't just right, and you're not able to complete your transaction.

**OC:** Neil, you work with a lot with emerging companies, as you've noted. What's fueling that practice for you?

**NN:** There are national trends and then there are things in the local market that drive the practice. Nationally, the biggest trend is toward alternative energy and green energy. We're seeing a great deal of interest in venture funds and among angel investors who want to see what the next economic energy source is.

That's a national trend that Portland is also playing in. We happen to be an area that has good resources from the perspective of wind energy and tidal energy, and there's some potential for some solar energy here in Portland, and even bio-fuels. Like other regions, there are industry clusters. The local economy has long had a semiconductor industry cluster because of Intel's big presence and electronic design automation with Mentor Graphics and other companies located here. We're also starting to see a nanotechnology cluster because of work going on at Oregon State University and elsewhere. Display technology has been a bit of a cluster with companies like InFocus and others.

When you get a leading company in a region, people tend to have opportunities to get experience, and they have an idea. Maybe the company doesn't want to fund that idea, so they go off and pursue their own ventures, and that's where the next-generation emerging businesses will often come from.

**OC:** Surely, your expertise in computers has helped you as a lawyer. How has your knowledge

base in high-tech helped you generate clients and serve them in the areas in which you work?

**NN:** I think part of it is in the marketing. That kind of experience gives you credibility with the decision-makers who are hiring counsel. They like to know that they're working with somebody who speaks their language and knows the issues that are facing them, whether they're business or legal issues. You still have to do great legal work at the end of the day and offer the right value proposition. But it at least gets you in the door as someone who's credible and with whom people want to work.

A lot of the legal issues that you deal with as a securities lawyer, a transactional lawyer, are not necessarily specific to technology practice. So it's not always vital in the practice itself, but it does help you get started and build a rapport with clients. On occasion, there will be something that's specific; perhaps you're doing an acquisition and there are some key intellectual property aspects and you're able to grasp how they're important, how they add economic value, maybe a little bit more quickly than someone who doesn't have that background.

**OC:** That leads into another question: How are you and your partners able to market your practice? What sorts of ways to reach out to both build relationships with existing clients and generate new clients?

**NN:** The first thing is just to do great work. Everybody knows that. If you do great work in ways that clients can appreciate, you are marketing. Sometimes it's difficult for people to say that this was a great contract or a great offering memorandum. The quality of the work is not always apparent until a mistake is made and it comes back to bite you. You have to do good work and do the kinds of things that clients notice.

You have to be responsive. You have to answer your phone. You have to get things done when you say that you're going to get them done. All these things build a buzz, with people talking about you. That's the number one marketing tool for your practice to grow.

Now that being said, there is a whole slate of local organizations that are designed to help the emerging company at various stages. Some of

them are more technology-oriented; some are not. We try to get involved with these organizations by sponsoring some of their events and volunteering our time to help them and their mission to help these companies.

I've been involved with the AeA, the leading lobbying organization for the electronics industry. They have a number of committees and events here in town. The group that I've been most involved with is their Emerging Business Committee. I've been the chair of that committee for the past year. We put on five or six programs per year. We get local and other executives to come and sit on a panel and talk about financing or sales or marketing topics or another topic that would be of interest to the local business community. They're great networking events.

I also do work with the Oregon Entrepreneurs Network, which runs annual venture capital and angel conferences, the Open Technology Business Center, which runs some great lunch-and-learn programs, as well as the Software Association of Oregon.

**OC:** This is important, isn't it? Because no matter how often you do "great work," to use your words, for clients, you really do need to be out there marketing, don't you?

**NN:** Yes, I think you do. You can get a certain level of buzz just from your clients talking, but we're also out there marketing. Our competitors are out there, too.

## Among the Best Places to Work

**OC:** Does your sales training help with marketing your law practice?

**NN:** I think it does in terms of listening skills and trying to understand the real needs of the person you're talking to so that you can tailor

your presentation and your services to what they're really seeking.

**OC:** Of course, Perkins Coie has been a firm in the Northwest that's been growing a lot in the past decade or so. You'll probably continue to grow your ranks. When you and your partners think of hiring someone to fit into your firm's culture, what's the profile of that person, in addition to him or her being a really good lawyer?

**NN:** I tend to look for three things, and I think that's true of the other partners here. The first is what you would call technical skill, and by that I don't mean that they're ready to go and run a major transaction. I mean having the capacity to get the technical skill—smart enough, analytical, able to demonstrate that you can do the complicated work.

Equally important is motivation. Do you want to work hard? Motivation can come from a lot of different sources. It can be motivation to earn a comfortable living, to understand the law as well as anyone, to service clients as best you can. This is too difficult a job to be successful if you're not motivated to work hard.

Third, are you fun to be with? Like most law firms, we have a collaborative approach to problems. Even if a particular matter is being handled by a single attorney, you're still one of the people we're going to be interacting with every day, and life's too short to be doing that with people you don't like.

For the past five years, Perkins Coie has managed to get on the list of the top 100 best places to work that Fortune magazine publishes. That's not just law firms, all workplaces. We take our culture very seriously, so we want to hire people who help keep this a great law firm and also a pleasant place to work. ■

—Steven T. Taylor

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