

## Global Manufacturer Harnesses the Power of Data to Generate Impressive Results

### Situation

A black hole. That's how the company's management viewed their law department budget. This perception arose from both a suspicion that the law department was spending too much money on outside counsel fees and an inefficient and subjective manual bill review and invoice payment system.

At the time, the company had no access to the information it needed to evaluate its legal expenses. This information was rolled up in the company's chart of accounts, which indicated total dollars spent, but provided no meaningful breakdown about the kinds of cases assigned to outside counsel or the business units that generated these matters.

"Getting invoices paid was painful. We needed to look at the bills and we weren't doing that consistently." The busy in-house attorneys had little time to spend reviewing invoices from outside legal counsel. Inevitably, bills would pile up and the unpaid law firms would start calling to complain.

### Solution

The company began using LexisNexis Examen's solution in 2003 to help maintain better relationships with the company's law firms, to pay them on time, and to create a streamlined and paperless billing process. The web-based application enables the electronic submission, validation, presentment, analysis and payment of the company's outside counsel bills.

"LexisNexis Examen is the only company that could provide us with a completely paperless e-billing system and accurate bill review—without any expense or burden to our law firms. Now we're able to electronically create, budget and track our legal matters, receive and review legal bills, streamline payment to our firms and consolidate legal expense information to better predict legal costs and make strategic decisions."

The senior counsel was also surprised at the ease of the implementation and training.

"I expected to devote 20 hours a week to this implementation project, and was shocked at how painless and quick it turned out to be. The training went very smoothly. Our labor and employment and intellectual property attorneys were all using the application within hours of training."

Under the company's revamped outside counsel e-billing process, the law firms upload their invoices directly into the online application. Within seconds, the invoice information is validated and invoices needing correction are returned to the law firms with an explanation. Next, the bills are reviewed using the unique SmartReview® technology, which reads the charge text to make sure it complies with the company's billing policies. The system then automatically sends the invoices electronically to the appropriate invoice reviewer in the legal department. Finally, the company's legal department can review online reports in the application.

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“This is a product for the 21st century. Using the application’s intuitive, web-based interface, I can go online and create a matter, save it and the law firm can bill on it immediately. Invoices are accepted or rejected within seconds, so the law firm knows right away. I have also experienced a big time savings with regard to setting up a matter—which used to be a cumbersome process and now takes me only 2 minutes to complete.”

And, by being completely paperless, the application makes the legal billing process much more convenient.

“I love how the process is entirely paperless - it’s so easy and efficient, with access 24/7. I don’t have to be in my office to approve bills. I can be at home, or in a hotel, as long as I have internet access. When you start getting used to this, you get spoiled.”

Even better, the senior counsel has not received a single complaint about the application from the company’s inside attorneys or outside counsel.

“The fact that I have heard nothing negative is a huge positive—especially from lawyers, who generally don’t like change. Everyone likes the application—it works.”

## Results

In addition to streamlining the company’s bill review and payment process, the senior counsel says the most significant impact he’s seen as a result of using the application is having the data at his fingertips to do more statistical analysis than he ever dreamed possible.

“LexisNexis Examen gave us the enormous power of data. Data is invaluable to managing, making decisions and reporting to management. Now I’ve got the data to manage outside counsel expenses and report to management in a detailed fashion.”

Thanks to data from the application, the senior counsel could now determine the kinds of cases in which the company was involved, the types of law firms the company retained, the average hourly rates for law firms by state and the geographic regions where the company concentrated most of its legal spending.

“Without this application, it would take four to five full-time people to gather and analyze this data manually.”

The senior counsel discovered that the company which in 2000 used about 65 law firms, had used 180 law

firms over a two-and-a-half year period and that the bulk of the company’s cases were in three states. The application also made it easy to break down the company’s outside counsel expenses, showing average rates for partners, associates and paralegals. This helped the senior counsel

determine which firms were the most efficient and cost-effective.

Based on better access to their data, the company decided to employ a regional counsel model, selecting firms that were doing a better job and reducing the number of law firms the company uses from 65 to 15.

The LexisNexis Examen application has also enabled the company’s legal department to partner with its various business divisions. Based on the application’s robust reporting capabilities, the legal department can provide each business unit with metrics to facilitate informed decisions about whether to litigate or settle cases based on past legal matters.

The legal department now cross-charges outside counsel fees to the business-division budgets that incurred them. Before, the law department held the entire outside counsel litigation budget. Because the

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cost of litigation did not impact their budgets, business units had a built-in incentive to litigate cases, rather than settle them.

“We’ve had to educate business-unit leaders on litigation and how the system works. Using the data captured in our legal spend management solution enables me to tell them that a certain case will cost X to try and Y to settle, which gives them confidence in me and adds credibility to our legal department.”

By giving the business units visibility into and ownership of their legal matters, the LexisNexis Examen solution has helped the company manage its litigation more efficiently.

The senior counsel can also provide company management with reports that detail the amount the company spends on intellectual property matters and help business units identify how to avoid intellectual property litigation in the future, thanks to the detailed granularity of data provided by the application.

Whether by streamlining the accounts payable process, improving relationships with outside counsel or providing the information to cross-charge legal fees, the LexisNexis Examen application has definitely helped the company save money.

“Prior to using the LexisNexis Examen solution, we were spending in excess of \$10 million a year on outside counsel. Now, we’re spending close to 40 percent less a year. The application helped us cut our budget almost in half.”

The senior counsel doesn’t underestimate the importance of saving money. But, moving forward, he says

that the information provided in the application will be the key.

“Thanks to the application, I’ve now got the data to do my job—to manage outside counsel fees and to tell business-unit leaders and their finance people how they’re spending money.”

The senior counsel also credits LexisNexis Examen’s customer service with helping the company make the transition from a manual, error-prone bill review and invoice payment system to a streamlined, paperless and data-rich process.

“LexisNexis Examen is my partner—they understand our needs and are always suggesting ways to help us. Everyone at LexisNexis Examen is so professional. They spend time talking about my business needs - and listen when I make points and suggestions. Their product was built to meet customers’ needs.”

### About LexisNexis Examen

LexisNexis Examen Inc. is a leader in providing corporate counsel with solutions to manage their matters, legal spending and outside counsel relationships. Combining an in-depth knowledge of the legal industry with state-of-the-art technology, LexisNexis® Examen® offers reliable innovative Web-based solutions to its growing list of Fortune 1000 customers and their law firms.

**For more information on our solutions, please contact us at 866-239-2636 or visit our website at [corporate.lexisnexis.com/counselink](http://corporate.lexisnexis.com/counselink).**