

Reduce Legal Spend Using Process & Technology

Insights for procurement professionals

Unique challenges in the legal category

Processes & practices are unstructured

The legal industry still operates predominantly with hourly billing rates. It is common for costs to escalate due to: poor instructions, no formal cost agreements, lack of defined scope of work, scope creep, poor fee estimations, lack of data and poor communication.



Systems have limitations

Law firm's systems are built for the billable hour and make it difficult to manage matter budgets. For legal teams, enterprise systems aren't compatible with the constant scope changes inherent in legal work and to get around this they use short-cuts and work-arounds, which don't support data capture, formal fee agreements or formal approval processes.

* 2019 LawVision / Peer Monitor Pricing Survey of Law Firm executives and pricing leaders

66%

of Law Firm executives believe that less than 1/4 of matters requires a budget

Processes & controls

The most significant leakage of costs is in the way that law firms are engaged, matters are managed and unconstrained scope creep. We recommend a framework and structure that incorporates pre-engagement and post-engagement activities with controls, such as internal approvals, and data capture through-out.



Process & Technology Solutions = Big impact

Panel management

- Identify and review all law firms used across the organisation
- Understand who uses which firm for what and why
- Formalise and agree a list of preferred providers
- Structure the panel by work type, work volume, expertise requirements



Matter-based RFPs

- RFPs within a particular legal area go to the relevant panel firms
- Easily compare and identify firms with the right capabilities and costs
- Both parties identify and agree in-scope, out of scope, and assumptions



Scope control

- Require firms to submit change of scope requests
- Approve, reject or negotiate scope changes
- Utilise internal approval hierarchy as required



Financial management

- Track forecast and actual spend along with WIP
- Control budget creep and track and manage changes
- Receive and approve invoices and work with existing payment systems



Vendor management

- Use past performance to enhance decision making processes
- Use reporting systems to analyse pricing, scope creep behaviours and internal team behaviours
- Leverage data to demonstrate value and opportunities for improvement



Checks & balances built in

- Use workflow automation to maintain the appropriate checks and balances
- Engagement approvals, enforced matter RFPs based on spend, change request approvals and invoice approvals are recommended

