



USING TECHNOLOGY TO MANAGE COSTS, INCREASE PROFITABILITY AND SUPPORT BILLABLE HOUR ALTERNATIVES

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WHERE WE ARE TODAY

- Clients are under pressure to reduce their overall legal spend, despite rising e-discovery costs
- Financial crisis reduces overall legal work, resulting in a buyer's market
- Bottom line: Reduce the client's bottom line costs



WAYS TO REDUCE CLIENT'S COSTS

Option #1

Continue to bill at hourly rates, but discount the rates by 10%

Average firm profit margin is 40%, so 10% decline in revenues results in 25% decline in profits

Substantial decline in average profits per partner

Option #2

Bill at a fixed rate, blended rate or on basis of value of services to the client

Manage the matter and perform the work the "old-fashioned way"

Firm's high costs of production and reduced fees produce a *de facto* discount

Substantial decline in average profits per partner



WAYS TO REDUCE CLIENT'S COSTS

Bill at a fixed rate, blended rate or on basis of value of services to the client



Lower the firm's cost of production

Lower the average cost of workers

Do the work in less time



Lower fees to clients are offset by lower costs of production, so firm retains profitability



To offer sensible alternative billing choices, lower the average cost of workers, and do the work in less time, we must change:

- People
- Process
- Technology

Note:

Technology is rarely the sole cure for any business problem.



PRACTICE / KM TECHNOLOGIES

- Expertise system
 - Recommind
 - ContactNet
 - BranchIT
 - SharePoint Knowledge Network
- Enterprise search
 - Recommind
 - Autonomy/Universal Search
 - SharePoint (XMLaw, Handshake)
 - West KM
 - Desktop Search (x1, Google etc.)
- Project management
 - Microsoft Project
 - Excel
 - Eclipse from Solution Q
 - Basecamp from 37signals
- Practice portal
 - LawPort
 - SharePoint
- Document assembly/drafting tools
 - Hot Docs
 - DealBuilder
 - Exari
 - RealPractice
 - DealProof
 - KIIAC
 - Legal MacPac 10
- Collaboration
 - Blogs
 - Wikis
 - Threaded discussions
 - RSS
 - Email
 - Extranets
 - Webinars
- Online training
 - West LegalEdcenter
 - PLI Online



FINANCIAL TECHNOLOGIES

- Fee estimation
 - Tool to estimate the firm's costs, so it can bid responsibly
- Profitability analysis reflecting new business model
 - Tool to ensure that proposed practice area or bid is consistent with firm's profit goals
- Resource management
 - Tool to allocate work to fee earners in manner that maximizes overall utilization, efficiency, quality, training and professional goals
- Task-based billing
 - Tool to measure the firm's cost of completing defined tasks, rather than entire matters – useful for bidding and tracking
- Matter management
 - Tool to track firm's actual matter costs against budget

