

**ASSOCIATION OF CORPORATE COUNSEL SEMINAR**  
**ELECTRONIC BILLING - IT'S NOT JUST FOR LARGE LAW DEPARTMENTS**  
**MARCH 30, 2005**

**CALL PARTICIPANTS**

- Rob Thomas                      *Serengeti Law, VP*
- Lynn Molfetta                      *American Express, Global Legal Administrator*
- Geneva Gilbertson                      *Sierra Health, Law Department Administrator*
- James Sheets                      *Resun Leasing, VP and Corporate Counsel*

**PRESENTATION**

Rob Thomas: Welcome everyone to the electronic billing panel discussion. It's a primer in electronic billing. And thank you to the Association of Corporate Counsel for hosting today's presentation.

I also want to thank today's panel members who from law departments who are doing electronic billing, who made themselves available to discuss their experiences in answering questions you might have about electronic billing.

By the way, if you need to drop off today's session in the middle, it will be recorded, so it will be available later on for year on the ACC website. So you or anyone else in your group who might be interested can always log in and listen to it.

The speakers on today's panel have been carefully chosen to represent a broad range of the law department users of electronic billing, from law department that have been on for years to some that have just recently started.

We were specifically asked by the Association of Corporate Counsel to include some Small Law Departments on panel. They apparently have had a lot of questions from smaller law departments as to whether this is a technology that they should be considering. So we have made a point to do that.

To see the list of speakers, please advance the presentation to slide number 2, which lists the people later on the panel. And also I will be moderating. My name is Rob Thomas and I'm from Serengeti Law.

The materials that are posted on the ACC website include the bios of each of the panel members. So I won't go into the specific personal information about their backgrounds. But I do want to say couple of words about the law departments that they are members of.

First, Geneva Gilbertson is the Law Department Administrator for Sierra Health Services.

Sierra Health has a 14-member law department. And is a \$1.5 billion diversified health services company whose benefit plans serve more than 0.5 million subscribers.

James Sheets is our representative of the Small Law Department, and they don't get much smaller. He is a solo in-house corporate counsel with Resun Leasing. Resun is an equipment leasing modular construction and finance company that has over 200 employees in United States.

Finally, Lynn Molfetta is with American Express representing the other side of the law department spectrum. She is the Vice President of Legal Operations and Global Legal Administrator for American Express's legal department. American Express, as you probably know is a Fortune 100 financial services company with operations around the world. A couple of years ago, American Express came off of their Waltac (ph) internal system and on to Serengeti. Lynn headed up the effort to connect all their legal offices and their hundreds of law firms around the world in a single online system, a process that took just a little under 3 months.

I mentioned, my name is Rob Thomas. I'm Vice President with Serengeti. I was one of the architects of the Serengeti tracker electronic billing in our management system. And prior to joining Serengeti, I had a little over 20 years of experience as a practicing attorney managing legal teams both of in-house counsel and outside counsel.

So with that introduction, let's move into today's program. We're going to try to remember to advance the slide, as we go and you'll just need to click on your presentation to advance to the next slide. We should be all up at slide 3, which is the agenda for today's program.

We're going to cover 4 main areas today in the coming hour. The first, general description of what e-billing is, the various flavors and options so that we all have an understanding of what this technology involves.

Second discussion of why law departments are using it and which law department should be considering using it. Discussion of the general benefits to the law departments that are involved in electronic billing.

Nex, a discussion of due diligence questions that will help law departments decide which is the best system for them.

And finally, we devoted a significant amount of time to questions. So we would ask that you as we are going along e-mail questions to me. I have someone collecting them and organizing them. My e-mail address is on the last slide. It is [rthomas@serengetilaw.com](mailto:rthomas@serengetilaw.com).

So I like the polar bear here with his head in the ice cubes. Everyone please get comfortable. And lets move on to the first substantive slide, which is slide 4.

As we see from this, this photo of the dog doing the prewash in a dishwasher. Sometimes things don't work as you expect. And e-billing is one of those things. Many people have a conception that electronic billing for legal is something like glorified e-mail. And it really is a lot more than that.

Geneva Gilbertson is going to get us started by overviewing the technology, how it works. The various types of systems that are available. So if you advance your presentation to slide 5.

Geneva let me turn things over to you.

Geneva Gilbertson: Thank you Rob. In its simplest form, electronic billing also known as e-billing is similar to e-mail. And that you receive copies of bills through your computer.

However, most systems have gone well beyond just delivering copies of paper bills electronically. The latest generation systems provide the actual electronic data that is in the bills making bills much easier to process, audit, compare with budgets and report on.

Generally, this is how it works. Instead of producing mailing paper invoices, law firms log into an e-billing system and upload their electronic billing data.

The electronic billing system captures the data from the law firm's billing systems, create a bill for you and puts that data into other system databases for future use.

The e-billing system provides a consistent billing format for all of your different outside law firms and there is no duplicative reentry into sending data into another management database and/or account payable system.

This electronic data can then be compared with budgets. Can be analyzed and audited and feed management reports about spending. The way e-billing vendors get the data out of law firm's billing systems is through an industry standard called LEDES. LEDES is the acronym for a legal electronic data exchange system that was originally developed in 1998 by Pricewaterhouse Coopers, the Association of Corporate Counsel and the ABA.

LEDES is a standard file format generally offered in most law firm billing systems in United States. LEDES permits e-billing vendors to take specific data in a structured way from most law firms to create a consistent billing format and populate databases with the information.

Law firm clients can do online revisions of the bills; can make comments and adjustments. Bills can be automatically audited by the system, supply changes in hourly rates or violations of expense guidelines.

Finally, the billing data goes into the databases for report and for comparison for the electronic budget to a lot of clients to see whether things are going as planned.

Historically, there have been vendors that provide different flavors of electronic billing. The basic e-billing is similar to e-mail that contain no data, just an attachment of images of bills.

Although this permits you to review bills online it does not provide any of the auditing, reporting or other capabilities possible when you receive billing data. The next generation of e-billing to be developed was like a pipeline that is a direct channel by which information is

privately transmitted, putting electronic billing information into the order matter management system that some law departments use.

The latest generation is a shared information system between the law department and all of its law firms. The system allows the sharing not only of electronic bills but also status updates, documents, deadlines, notes and any other electronic information that a legal team needs to work together on a project.

All this information is shared in secure online files with carefully controlled access only to members of the legal teams both in-house and at law firms.

This latest generation of information systems used by law department is an online matter management system of which electronic billing provides the important financial element. There have been many articles recently describing how the corporate legal world is focused on reduced spending, increase productivity and improving the quality of legal services.

Much of this can be achieved by utilizing the technology available today to eliminate outdated methods of legal bill processing.

The 2004 ACCA Serengeti survey reported that approximately 10% of law departments are getting various forms of electronic billing from their law firms. This group is likely to grow dramatically in the near term, as 25% of the law departments stated that they are considering electronic billing.

The connection becomes easier each day as new law firms join the thousands of firms, both domestic and foreign, who are already submitting electronic bills to e-billing vendors.

And finally, as an added bonus, e-billing not only saves paper and postage, it also saves time and money.

I now turn you back to our moderator.

Rob Thomas: Thank you very much, Geneva. Did any of the other panel members have anything they wanted to add to slide 5, the basic technology and option available in electronic billing?

Lynn Molfetta: No, this is Lynn. I would just say that when I go through my section on due diligence, I'll probably reiterate a lot of what Geneva just said through our valuation of what met our needs at American Express.

Rob Thomas: Great. Well, let's move on to slide 6, then. One of the concerns with new technology and this applies to electronic billing as well is, will it last. Or are we going to get stuck with something that no one else is using?

This is a particular concern when you are talking about something that is not just used by your company internally but all your law firms.

James Sheets is going to address these questions whether e-billing is something that is here to stay and the benefits that are driving the growth of this new technology.

So let's all advance to slide 7. And James let me turn things over to you.

James Sheets: Thank you, Rob. As Rob just mentioned, I am the only attorney in my legal department and I have been using the e-billing system about, we started it using about 10 months ago.

So it was about this time last year that I was evaluating e-billing systems, really whether or not they were going to be a fad and whether or not they're feasible for such a small legal department.

And I think the reasons that I selected e-billing system apply regardless of the size of the legal department although some of the reasons may be more applicable to a smaller department than the larger department.

My way of background, my legal department did not exist until I took my position about an year and half ago. And when I took the position I realized that the company has no means of tracking outside counsel spendings. Add to the manual spreadsheet which can be unreliable and frustrating to continuously update depending on the invoices that come in.

And I realized that my needs were to have an efficient system of reviewing invoices that came in on a monthly basis. Resun uses approximately 19 to 20 law firms across the country. And most of those firms have more than one matter. So if you just do the simple math, you realize there can be substantial number of invoices each month.

I knew that I needed to make that process more efficient. I also needed to have a process to audit those invoices. You'll be surprised that how many firms bill the wrong times to the wrong client or don't follow billing guidelines issued by the client. And one person in legal department doesn't have enough time to do that by themselves, to review these paper invoices and then sent them to AP department to be processed.

So I knew that there had to be a more efficient way of doing it. I knew also that there were probably going to be different options out there. But for me, my needs were that whatever e-billing system I selected had to be reasonably priced and easy to implement because I'm sensitive to spending money instead of saving money especially as a new law department that I felt I had to justify the existence of.

So it was about a year ago at this time that I started to look at e-billing systems. And if you look at Slide number 7, which are on right now, those are really the reasons why I wanted to pursue electronic billing.

Another feature, which is very important relates to something I mentioned few seconds ago, which is the company never really tracked outside counsel spending. So it was about this time last year that we began the budgeting process. And to you look at the spending that the company had done in the past, and to try to budget going forward, it is very difficult when you don't know exactly how the money was been spent on outside counsel fees.

So I needed a system that was going to be paperless, was going to be efficient and that was going to allow me to track my spending and my budget. And that was really, those were some of the reasons why I selected the e-billing system.

Last year at this time I was also curious as to whether or not e-billing will be feasible for one-person law department. And I looked at 3 to 4 different options out there for electronic billing and came to realize that actually the smaller department may benefit more from electronic billing than a larger department.

So those were some of the reasons why my company began using electronic billing. And like I said I think those reasons apply regardless of the size of the law department.

Rob Thomas: James, could you maybe elaborate on the point you just made which is that smaller law department sometimes need an electronic billing system more than a medium sized or larger law department.

James Sheets: Sure, not a problem. I looked at systems out there and realized that I might need them even more than a larger department. Because, I don't have the manpower or the resources available to go through the bills each month, to audit them and yet to manage and meet my job responsibilities.

And having an electronic billing system almost adds a head counts to the legal department by having us process automatically. Especially the audit functions, which will go through each invoice and compare it to previously established criteria. That it almost added a half person to my department that remove those time consuming responsibilities from my shoulders and instead automated it.

So that was one reason why electronic billing may actually benefit the smaller department that doesn't have the resources as opposed to a 15 or 20 attorney law department.

Lynn Molfetta: I could probably add on that point. American Express, as you can well imagine, we use a lot of large law firms. But we are global, so there are a lot of geographic small firms that we use as well. And I think that the smaller firms rely on payments quicker because they don't have that a steady income stream as larger firms have.

And when you are on an electronic billing system, you get the bill immediately as James had indicated it screens and audits it for you. So it eliminates that, getting lost in the mail, having to sit there with the paper invoice and reviewing it line by line. And then the electronic billing system allows you just to approve it and send it on to payment extremely rapidly.

And what we've seen for all firms both large and small is that the benefits are on both sides because the faster that we make the payments to the firms, the more open they are to actually giving us better rates.

So it's been a win/win situation all around for small, large and us as the corporation with an e-billing system.

James Sheets: I've actually had two different law firms mention to me that my company has done much better about paying their bills on time.

Lynn Molfetta: That's true.

James Sheets: And I think that it really helps improve the relationship with that law firm when they know that we're not going to take 45 or 60 days to process an invoice, whereas it now happens almost instantaneously. That is sent to the account payable department. That was almost a hidden benefit having the e-billing system.

Rob Thomas: Yes. Excellent point. I think we're going to talk a little bit later about how important it is to find a system that will actually connect you with your smaller law firms, both domestically and foreign so that you can reap some of the benefits of having everybody in one system. And doing this accelerated processing of legal bills not just with your biggest firms, your primary firms but also the smaller ones.

All right. Let's move to the next slide then. We're on slide 8. As you'll see from the photo here, it's an indication -- there's a variety of opinions on what kind of savings companies can expect from using e-billing. There's also a variety of opinions on the types of savings that companies experience with electronic billing. We've seen articles recently from consultants in the field who say conservatively, companies can expect about 5% savings on what they're spending on outside counsel, from instituting electronic billing system.

We also see in the ACC/Serengeti survey each year, on average companies are stating that they get from 5% to 15% savings on what they're spending on outside counsel by having electronic billing system in place. Particularly, if they use in connection with budgeting and data management functions.

So there are some potentially significant savings to be had. The question then is, given the potential savings and the cost of such systems, which law department should be considering electronic billing? How big you have to be, what types of things should be going on in your law department to make you a potential candidate for electronic billing? And James, let me turn things back over to you as we move to slide 9.

James Sheets: Sure. Looking at slide 9, there are some bullet points here. But I think what I'd mentioned a few seconds ago still applies that I'm a one-person legal department. And I looked at the cost of the e-billing system and then just did some analysis as to what sort of savings are anticipated.

And like I said, we're about 10 months into my use of electronic billing. And the savings are immense. Some of them come from the audit functions. Some come from the savings on time for entering data into the spreadsheets which we would have done a year ago that we don't have to do now.

Return on the investment has been incredible. Without going into specifics, our legal department spends close to 7 figures a year. And this year we anticipate cutting that almost in half. Now of course some of that will be through the electronic billing. I'd like to think some of that's through the efficient management of the legal department.

But I think that certainly, one important cog in the wheel of saving those outside counsel fees has been electronic billing. It's made me much more efficient. I don't spend a couple of hours each month at least reviewing invoices. And it also has, I think increased the billing discipline of our outside firms.

Like I said before, it's not uncommon for time to be billed to the wrong matter or to the wrong client. I have encountered several instances of expense policy violations being billed the wrong amount for copies which may seem small at first instance. But when you have a matter that's producing 30,000 to 40,000 pages of document, that adds up very quickly.

Before, chances are, I would not have caught that. Because I didn't have the time to pore through each invoice. But now it's flagged automatically. You can go through, see what the violation is and then let the firm know that this violates Resun Leasing's outside counsel policy. And that we will pay what we previously agreed to. So those are some of the savings.

I think it's increased the efficiency through the usage of requiring less time to track these invoices. It's increased the discipline on the part of the law firms. And it's helped track spending to the budget, which from my perspective, when reporting to the President of the company as to how we're doing in outside counsel spending, is incredibly important. Because a year ago, I would have had to take couple of hours to go through, compile the information, and get back to him. But now I can give the information in a matter of seconds.

And also I can give him a breakdown as to which division is costing us more in outside counsel fees. So it's increased the efficiency. And it's also increased the response time to request for information. So there's both the monetary and non-monetary benefits to electronic billing systems.

Rob Thomas: Great. Do any of the other panelists have anything they wanted to add to James remarks on slide 9?

Lynn Molfetta: No. I think he covered that quite well. From my perspective.

Rob Thomas: Let me just kind of elaborate on one point here on this slide. Someone may be wondering about where we got the ROI figure 200 plus percent. I assume, James that's consistent with what were you're saying, you're saying at least a 200% return.

James Sheets: At least. It's probably higher than that, if I sat down and did the precise amount. But we usually see it's 200%.

Rob Thomas: All right. The way we calculated for smaller law department is Serengeti charges most smaller law departments about \$24,000 a year for use of the system. That includes all the internal users and law firms. If they're conservatively getting about a 5% savings on their outside legal bills, say a million dollars, they'd be saving about \$50,000 a year.

So roughly 2 times what they'd be spending for the system. That's a very conservative analysis of cost versus savings. And that does not take into account the other savings that James described in terms of time for the law department, not having to hire additional people, and being able to produce the types of reports that smaller law departments need to have as well as larger law departments.

OK. Let's then move on to slide 10. As with anything, and in particularly new technology, the devils in the details. You really need to take a closer look before you jump into this new technology. And make sure that you're getting the right thing for your law department. I like these 2 kids in the picture that are looking under the kilt, you may be surprised what you find, when you do take a closer look.

Lynn Molfetta is going to talk a little bit about the process that American Express used to investigate the various options out there, as well as the types of questions that you should be posing to make sure that you get a system that works the way you expect it to work. And that is a good step forward in needs of your law department.

So, Lynn, let me turn things over to you and have everyone move to slide 11.

Lynn Molfetta: Thank you very much. And I actually just want to make comments on slide 10 is that when you say be sure to check under the hood, we absolutely checked under the hood. And we did it for such a long time, that we are more of the recent customer e-billing because we were looking for so long for that system that would, in our opinion just be meeting some needs that we thought were just kind of normal needs that anybody would expect from a system.

But let me start with saying that American Express was looking for an e-billing solution for quite some time. We searched and received several demonstrations from some of the main people out there that were selling to large corporations. And every demonstration we received, it never really met our needs. We were looking for something that was quite simple. We weren't looking to build the model. We were looking for somewhat of an off-the-shelf system that would meet very 3 simple kind of criteria's for us.

And what we were looking for, was a system that would be out of a box solution that would not require any customization. We were looking for a system that would be both intuitive and easy to use for both American Express and our outside counsel. And most important, we were looking for a system that would be cost effective with a short implementation timeframe. Because a lot of these systems, if you start customizing them, they could run into hundreds of thousands of dollars. And then the other systems, they might be cost effective for the person who is implementing it. But they might be taking those charges in trying to charge the law firm and as a result of you getting a cost effective solution.

So with that in mind, we met with several firms. We met with the Datas (ph) person and Time-Metrix (ph) and the Bridge Ways (ph), just to name a few. And interestingly enough, after meeting with these firms, the things that we thought would be apparent to the system became additional requirements.

Issues such as the ability to connect to all of our law firms globally at once versus a phased implementation plan. That was a very important feature for us. We wanted everyone to get on at the same time. The fees for the system would not be passed on, as I mentioned to the outside counsel firm.

And lastly, we wanted the training, to be both seamless, timely and cost effective. We wanted this system to be intuitive. And we wanted to make sure that once we got everybody on board, which was the intent, that all lawyers and paralegals and everybody would be working on the system, including the people in the law firms. That it would be an easy, seamless system to use. So it would not be a hard thing to implement.

And what I can tell you that based on my experience, now that we're fully operational with a system of our choice that it was a lot easier than I thought it would be. For example we thought that there would be a considerable push back from our law firms not wanting to convert to the system. Also although, we wanted a very rapid implementation period, we thought it would take us longer than the 2 months, 2 to 3 months that it did.

Training was another issue. We thought we'd have to work through. And although we had some issues, they were minimal.

The greatest outcome of this overall endeavor for us was that both the lawyers at American Express, and the outside counsel firms once fully operational, began giving us great feedback on how much they loved this system. How easy it was to use and how responsive and time spent, it was just, increased the time and the efficiency by just expedientially.

From the billing perspective, our international group was able to see an immediate benefit from the foreign currency conversion capabilities of this system, reducing their errors in billing.

The cost benefits we are getting from this system, which has been mentioned by my colleague, in addition to what I already mentioned is savings we get from the LEADES billing and the reports that allow us to track our expenses much more closely.

And I want to actually tell you that in addition to the e-billing system, which has been just kind of win for us, the system that we're on serves as a matter management system as well. And that was I think icing on the cake because I actually don't believe that there are any other companies out there that offer both an e-billing solution plus a matter management system that will allow you to kind of, track all the documents relevant to the matters that you're working on with outside counsel firms in one place. So that has been really a benefit for us and we're taking full advantage of that.

But you know I should probably elaborate a little bit more on the bullets on pages slide 11 and 12. And one of the things that I thought that I would reiterate on which we've talked on a little bit before about is, connecting large and small, domestic and foreign firms. I really do believe that large or small, I think once they get onto the system, everybody sees the benefits associated with electronically sending bills versus sending paper through the mail that becomes a very onerous process that tends to not pay promptly.

And once everyone gets on to the system and realizes the efficiency and how fast it is to get payment approved and paid, that to me, I think was not really initially, both the firms and us were a little nervous about how that would happen. But everybody starting saying, “Yes, this system really, really works to our benefit.”

So it's been nothing but, for us spectacular in how we've been able to save money, drive efficiencies for our company. And really centralize the process that in the past has been decentralized and not working well at all until we implemented with an e-billing solution.

So hopefully that has helped in due diligence of how American Express has looked to choose the e-billing solution.

Rob Thomas: Yes. Thank you, Lynn. Geneva or James, did you want to add anything in terms of the due diligence of process that you would suggest companies follow in selecting an e-billing system?

Geneva Gilbertson: Actually I would. This is Geneva, and I would like to say what we did is we were sort of proactive. We formed a team in our due diligence efforts. And we contacted almost all of our law firms and much to our delight and surprise, we found that many of them were already signed on.

And so there was, we have roughly 35 law firms that we use. And so this e-billing, again to our surprise, was nothing new to them. It was really only new to a few of our local sort of mom and pop shops here in town. So that was a win for us as well.

Lynn Molfetta: That's true.

James Sheets: Rob, if I could touch on few points, I think that Lynn had mentioned originally. The first had to do with the matter management system, which is one feature of e-billing that you may, or may not decide to pursue. From the one-person legal department perspective, that has been almost as important as the electronic billing. So I'd certainly consider anybody to consider that with an e-billing system that they're interested in.

The second point also had to do with what something that Lynn had said, which is e-billing departments of nearly every law firm that I deal with, they've all been very happy we switched to electronic billing because it actually makes their life easier. In that, all you have to do is the way I handled it is contact the partner that I worked with the most, start with name of the person in the e-billing department of that firm, contacted them directly. And 9 times out of 10, once they realized that we wanted to have electronic invoices, it was just a matter of minutes before they switched to sending us the invoices electronically. So the transition was very, very easy.

So I would certainly, if any of our listeners today are worried that perhaps there maybe some resistance from among the law firms that they use to electronic billing, my experience has shown that they're actually very, very excited that we decided to go that route.

Rob Thomas: Lynn, we had a question coming while you were speaking about which vendor did you pick? What kind of configuration did -- were you able to do with the system? And how long did the implementation take?

Lynn Molfetta: The vendor that we chose was Serengeti Tracker. And when you say configuration, I mean basically Serengeti Tracker met all of our needs. So, with respect to, I just would need some clarification on what kind of configuration? What exactly are you asking?

But as far as the implementation, it took us 3 months. It took us very rapidly because for Serengeti Tracker, we partnered with your firm. And the training was online. It was very intuitive, very easy. And we pretty much put an operational plan in place that actually got each particular location and region on board. And it was so easy to use that it was not a hard thing to sell to anybody.

And we also trained the law firms. And as James had indicated, and also everyone, most firms are already on e-billing. And they are, they welcome. They welcome it when you call and say, "We'd like to just be part of this process with us." And they see immediately that it's improved the overall bill paying process just by joining an e-billing solution with us though.

Configuration, I don't know. Rob, can you help me as far as, because it was off-the-shelf as far as I was concerned. It met all my needs.

Rob Thomas: It may be a question about how you tailored the system to your business groups, your practice groups and your law department types of matters that you handle that sort of thing. Is there flexibility in the system to do that?

Lynn Molfetta: There is extreme flexibility. We have all of our matters in there. There are none -- we have not chosen some to be outside of the system. Everything is put in there. Also, as far as all locations going on and tracking in there, it's pretty much has been extranet and it's housed by Serengeti Tracker.

So it's as easy as just having a computer. So for instance, in American Express, part of the problem of us choosing an e-billing solution was that we had to get through a very rigorous security review. And what I meant by that is that I had to make sure that the firewalls were intact. And that there was an ability to house our data very secure. And that nobody could break through the firewalls.

And we have a pretty, we have a pretty strong group that put us through level. You know, we went through 4 different phases of making sure that this was a secure enough system because we've never really even presented a system that would be an extranet housed outside because American Express traditionally would say no.

But we went through the security phases with our technology folks. And Serengeti Tracker passed with flying colors. And what's great about this is that when our systems are down at American Express, as you could well imagine, they do go down from time to time, you can get onto Serengeti Tracker at home or anywhere else because it's, you can get onto the Internet. Not the Intranet, which is what we're currently working at American Express.

So that's from a business continuation plan, from disaster recovery that has even helped us in that regard. Because we can say that we can get our data at, very easily if there was a disaster that our systems went down. It's been beneficial.

Rob Thomas: Excellent point. Anything anyone else wants to add, just like about due diligence?

Geneva Gilbertson: I would like to mention, just sort to reiterate with Lynn has just said with regard to business continuity plan and disaster preparedness. That has enabled us to -- we've seen a value in that. So our corporate compliance officer is putting all of her contracts on there from a HIPAA perspective compliance position and our IS people are doing the same thing. We were very pleased with those capabilities.

Rob Thomas: Thank you Geneva. I would like to just emphasize a couple of the points, that Lynn talked a bit about. First, we are seeing frequently law departments who are picking e-billing systems finding that they've assumed that the e-billing system can connect them with all their law firms. And what they are finding is a year down the road they are only connected with a fraction of them. So this is something that you definitely want to concentrate on.

The problem with having some of your firms in the system, is that you are still maintaining a separate paper system which involves a lot of inefficiencies and also the reports that James was talking earlier, it's very difficult to tell what's in and what's out. So people have a hard time relying on reports and there is a lot of dissatisfaction with the system.

So, key point -- can the system connect you with all your law firms, small or large, domestic and foreign?

On the law firm's side, what we are hearing from most law firms is that although Electronic Billing was kind of a blip on the radar screen several years ago, maybe 2 or 3 clients were doing it, it's becoming a big issue as more and more law departments are asking the law firms to be involved in Electronic Billing. And those law firms now are starting to push back when the vendors ask for modifications of their time and billing systems, special outputs. They are also pushing back when the vendors are charging them to send bills in electronically.

Some of the law firms that we've heard from recently are paying hundreds of thousands of dollars a year to some of the vendors because of the number of clients that they have on the system. And they are recovering those costs from the clients, who are asking them to use those systems.

So it's becoming a bigger issue for the law firms as Electronic billing becomes more common. And as Lynn suggested you, you definitely you want to talk, not only to the Law Department that are using the systems that you are considering but also the law firms. You want to talk to your primary law firms. Find out what system they are using and what their experience has been, because they probably have as Geneva indicated, valuable experience that you'll want to consider when you are making your decision.

I noticed we got another question about the other systems that the other people on the Panel are using. Let me clarify that all of the Law Departments are on today's Panel have chosen Serengeti Tracker. They have considered other systems, but they are all using Serengeti.

All right. Lets move to Slide 13. The question often comes up -- all right, we got this connection with our law firms now, for Electronic Billing, we're getting data in from the law firms regarding the financial aspects of our relationship. Can we use that same connection to get other types of information that the law firms have in Electronic Form?

And the answer to that is as Lynn indicated is yes, if you have a system which combines not only Electronic billing but the broader umbrella called Matter Management. Matter management being the status information, documents, deadlines, calendars, results, the other stuff that you are trying to keep track of as your legal terms are working together both in-house counsel and outside counsel.

There are some significant advantages that Lynn alluded to, of having everything in one system. First of all, you are only training your lawyers and your outside law firms to learn to use one system. And when they log in, they're using a single system. So everything is in one place, easy for everyone to access.

Second, you just have one vendor. So generally there's efficiencies, lower costs. You don't have to worry about finger pointing between the vendors when things don't work. And implementation time is much quicker.

The data is all in one place and is retrievable. So you can get in the same place, not only your financial information but also status, documents, outcomes all the other things that you typically need to track when you are analyzing what's going on, in your legal work not only internally with your law firms.

One of the things that is an advantage that most people don't know about is by tying Electronic Billing to Matter Management, you can enforce some of your requirements on the Matter Management side. For example in Serengeti, the companies that are using Serengeti have the ability to require budgets periodic status updates, monthly or quarterly, exposure estimates and that sort of thing.

If they require that and specific matter and the law firm has ignored that requirement, the next time the law firm comes in to submit their bill they get a reminder that they need to do what the client has asked for, before that bill will be accepted.

So in a system where you do have the Electronic Billing and Matter management tied together, you can solve one of the common problems with these systems and that is how do you keep things up-to-date? How do you get the law firms to contribute to types of information you need to manage?

And finally if you are getting all of this other information into the same system, your reports will have not only spending information, but all the other information you need. So if James is sitting down with the head of a specific business unit, wants a quick snapshot of all of the legal work that is going on at that business unit, not only spending, not only how they're doing James' budget but also the current status, the next key deadline coming up, the lessons learned, the results in those matters, all of that information can feed reports that include not only spending information, but the other information you need in order to manage your work.

So, one of the things that you want to consider is whether you want just basic e-billing or whether you want a system that includes e-billing and Matter Management. Often, you can get them all together for about the same prices, which you pay just for basic Electronic Billing.

Any comments from any of the other Panel Members on the advantages of having everything in one system?

Lynn Molfetta: I could add a comment that the American Express is looking currently for an enterprise solution for Records Management. And with the Matter Management system tied in to the e-billing and the ability to have all these documents in one place is going to make the Legal Department's process much easier when it's electronically connected to the rest of the systems in the company that would take them to a records retention electronic platform.

So we are pretty excited about that because if we were not using this we would rely on our electronic loaded notes and how to respond to the multiple copies that we would typically get through e-mail to various people where when you have a Matter Management system, who ever has access to the matters, how many lawyers both on the law front side as well as the company side, it's one central place to actually retrieve the most up-to-date documents on that relative matter.

So, we see benefits even outside of just, efficiently managing the matter per se. It's really tying into Sarbanes Oxley, as well as some of the more enterprise wide solutions that they are looking to do going forward.

Rob Thomas: Excellent point. When you are considering a new system like this you need to look down the road and say what other types of things in addition to Electronic Bills we want to track, and what are the systems we want them to integrate with, so that we can have everything work the way we want it work, and don't build ourselves into a dead-end situation. Great point.

Lynn Molfetta: And also the budgeting is a very key also. When you try to manage a very large budget and you have multiple matters and you have various budgets associated with what matter -- the costs could be spiraling, but if you use an electronic Matter Management system that could actually monitor the budgets that you've assigned to each matter. It gives you more disciplined approach on how you are spending your dollars overall.

Rob Thomas: Great point. What we see in the annual ACC survey of 100s of Law Departments is that budgeting is a key way to not only clarify expectations with outside counsel about levels of activity, it's also a good way to monitor how you are doing as you are going along.

Lynn Molfetta: Absolutely. It prompts the discussion, if you send too quickly. It just prompts it. And then the system should automatically reject an invoice if you've exceeded the budget. The firm actually prompts a discussion with the client. So it works both ways.

Rob Thomas: All right, anything else on due diligence process or shall we move on to the Question and Answer Session?

Let's then move to Slide 14. I've received some questions and would encourage people to continue to send questions in, we've got 20 minutes or so to respond to the questions that we are getting. Let's start we have a question about implementation.

What does it take get one of these systems started? How much time does it take, what is the effort involved? I think probably the responses to these will be different depending upon the Law Department. So maybe Geneva, you're the most recent one to have implemented e-billing system. Maybe we can start with you and then have James and Lynn add their perspective as well.

Geneva Gilbertson: OK, Rob. As you said it would probably depend upon the size of the company, the Law Department, any conversions and the availability of staff. Here at Sierra, it probably took a total of 2.5 weeks because I was the only one working to get our fields in our database in alignment with those of Serengeti, prior to the conversion, and that included 6 years accumulation of data being converted.

James Sheets: Rob, I'll speak about the process for the very small legal department. It probably took 2 or 3 weeks. We did not have much data to be converted over and there was only one person who needed to be trained, and that was me. So it was a very, very easy process.

Lynn Molfetta: For American Express as I said, it took us 2 or 3 months so what we did was we were on corporate law pack. And we had created matters over the years, and never closed them. So we had to actually make a cut-off date as to what was going to get converted over, so yet we actually filed the older matters of on to this -- if we ever have to, get back into those matters.

But once we decided when the cut-off date was and how many matters were going to be converted it took us 2 to 3 months because we have as you can well imagine, a lot of law firms, a lot of attorneys -- because all of our attorneys are using it, and a lot of people that needed to get trained. But we felt that the size of the American Express, 2 to 3 months was an aggressive timeframe, but we were able to meet that.

Rob Thomas: We have a series of questions here about how Electronic Billing integrates with the accounting systems of companies. Once you approve the bills, where does that information go and how does it work with your AP system?

Geneva Gilbertson: May I respond to that, this is Geneva.

Rob Thomas: Sure.

Geneva Gilbertson: One of our IS programmers wrote an AP interface to our account payable department, now has the capability to literally lift the data out of the APS track in Serengeti and drop it into Oracle. This has clearly eliminated the need for that particular data entry and those people are very excited.

Rob Thomas: Anyone else want to talk about how they are working with their accounting systems?

Lynn Molfetta: I wish American Express had that end-to-end solution. It doesn't. It is purely electronic but we do do a download and we actually do wire transfers and we work electronically to our accounts payable departments. But our accounts payable department but does not feed through Serengeti, and, you know it's not connected that way. But we do do an intense electronic solution. We are working towards what Geneva just mentioned. But what you can well imagine a company of the size of ours is just a little bit more complicated.

Rob Thomas: There are also questions about the cost of the system and the types of potential savings. Someone would like to speak to whether the costs are dependent on the amount of bills going through the system, or whether it's fixed, whether it is dependent on other things or whether its fixed? And what types of potential savings you companies be looking at when comparing the potential savings with the cost of the system?

Geneva Gilbertson: Well. This is Geneva again. Since we're so new to it, I don't know that we've really realized the savings that is as far as -- my time I'm noticing a huge chunk of change, but as far as the financial -- we are not there yet. We're just 2 new kids on the block yet.

Lynn Molfetta: We have, American express has realized savings. We did eliminate some positions because we were decentralized, and we centralized it to 1.5 positions, who are managing on my team this process.

But more important the savings that we get from the auditing system of the e-billing through the LEADES and just making sure that the firms are submitting based on our retainer agreement on what is approved and what is not, has saved us I would say an several million dollars.

And as far as what it costs us to manage our e-billing solution, it is based on matters. And we, we watch very closely on matter creep in, whether we could close on matters on an annual basis to keep our annual contract in check with what we want to spend. But the benefit absolutely outweigh what we are paying to this system by a 1000%.

James Sheets: The same applies for small legal department. Obviously our savings aren't to the extent of American Express, as much as I would love them to be. But really the savings can be measured both in terms of the simple things that are caught by the Audit System, as well as the increased time that I now have. Instead of having to watch my mail everyday to see how many invoices come in for me to review, I get an e-Mail stating that I need to quickly take a look at an invoice and its flags, which increase has violated the billing policies that we have in effect in that firm.

So it's a little of both. We are still about 10 months into the use of the electronic billing system. So like can't quantify how much we saved in a full calendar year. But as I said before we are on tape to cut our legal spending in half, and some of that certainly could be attributed to the electronic billing system.

Rob Thomas: In terms of the pricing structures, I could speak a little bit to that. Serengeti's pricing is a fixed monthly price based on the amount of work on the system. We do not change that price, based on the amount of the bills coming through the system, or adding seats or adding law firms, it's pretty much fixed for the year unless there's a dramatic change in use of the system.

Other, we do not charge law firms anything to use the system. We found that those charges typically made their way back to the client sometimes their mark up, sometimes indirectly. So law departments in Serengeti so typically do not want to worry about seeing their legal bills go up because of the cost of the system. So we do not charge law firms.

Other vendors you need to explore whether or not their pricing is based on a percentage of the billed amounts coming through, which would fluctuate month to month, the number of people on the system some charge by seat.

So if you add people in the law firms, your pricing would be adjusted accordingly. And also check for additional charges like things like upgrades, maintenance, support Serengeti's price as an all inclusive price, so you don't worry about getting a phone bill each month with a list of additional charges -- you do need to explore that with other vendors to see whether or not there might be other charges down the road.

We have some questions about attorney-client privilege and concern about use of the Internet to convey bills and use of an application service provider like Serengeti that hosts the information. Would anyone like to speak to attorney-client privilege issues, or confidentiality issues with regards to use of systems for Electronic Billing, and matter management?

I can -- let me just jump in because I've had to answer this question a lot, with a variety of companies. We have done some research. It's most probably where the ABA has come out with ethical opinions saying that you can use unencrypted e-mail to send privileged communication as long as there is a reasonable expectation of privacy given the circulation.

The ABA has also said that use of application service providers -- again because there is a reasonable expectation of privacy does not waive the privilege. It's akin to a delivery service, a very sophisticated delivery service. But the contracts that we have typically say that we will not be in looking at things, or do things that would cause or be a problem with attorney-client privilege.

It's akin to getting something say; to Federal Express bringing a privilege document in a Federal Express envelope. Fed Express does have the right to say if they sense there is a problem with the package, to open it up. But generally, there's an expectation of privacy. So the privilege is not waived by giving privileged information to Federal Express to deliver. Similarly with Serengeti and other similar services putting information in a system that is fundamentally private, does not generally waive the privilege and is generally not an issue.

We haven't gotten those questions much lately. But I think there is still some concern out there and we do have legal authorities if people want to see them.

Geneva Gilbertson: This is Geneva, I would like to make a statement. I'm not an attorney so obviously I defer that part to you attorneys, although I would like to say what I do also really like about Serengeti is that the initial connection made with our law firms is with our lawyers we use, that we retain, and that maintains the attorney client privilege -- I do like that.

Rob Thomas: I have some questions about LEADES and what percentage of your firms are able to produce LEADES bills. Is that different depending on the size of the law firms, is it different depending whether in the U.S. or foreign, how do you handle firms that can't generate LEADES bills? Any one like to address those types of questions?

Geneva Gilbertson: Well, I'll be happy to speak up. This is Geneva again. As I stated most of our law firms were already signed down with e-billing in the beginning before we even finalized our decision. And ironically most of our law firms do have that LEADES billing system in their billing. So it's not been an issue. Its primarily then just the small local mom and pop law firms that have not had it. And only one law firm has had any problem and we came to find out that she had a corruption in her billing system, so she's had to replace that and everything is fine.

Rob Thomas: Lynn, do you know what your experience has been in terms of getting LEADES bills from domestically versus say, a foreign law firm?

Lynn Molfetta: Yes you know I should have gotten those percentages before I got on this call but I do know that most all U.S. firms send through LEADES, because we use most of the larger firms and all of them are compliant with that. And the ones that aren't, its not a problem, because they still will send us the bills, through -- and again I'm probably not saying this accurately, because my administrator would probably articulate this clearer but they send it electronically despite not sending it through LEADES -- and its been working fine. But I don't know Rob, did you explain the other process that are that some firms send non LEADES, how it gets sent?

Rob Thomas: Absolutely.

Lynn Molfetta: Just give the solution.

Rob Thomas: Yes this is important for companies that are dealing with smaller law firms that may not produce LEADES or companies that have foreign law firms. Serengeti does have a non-LEADES option, most companies that are using Serengeti require leads from all their primary firms in the U.S. But there is a non-LEADES option we are finding that about two-thirds of the U.S. law firms can produce leads.

For the other third and those foreign law firms that don't have U.S. time and billing systems, we have a non-LEADES option. And what that consists of -- with LEADES bills they can submit 100s of bills with a single click and a dash (ph). With non-LEADES bills they need to submit them individually, they fill in a little cover sheet that provides the fees, expenses, the timeframe covered by the bill -- basic information that the company needs in order to have its reporting without having to reenter data.

And then they attach an electronic copy to that bill, the most common formats we see are Word documents and Adobe Acrobat documents. But it could be a spreadsheet whatever, the law firm can generate. That way the law department can process that bill electronically. That data is in its reporting, they can review the bill online, and it provides a way to have all of the law firms, small, large, domestic and foreign in a single system.

So I think it is important again if you'd ask if the vendor has a non-LEADES option, what that involves and how much of work that involves on the law firm side.

We had some questions about Sarbanes Oxley and whether Sarbanes Oxley requirements are driving interest in these types of systems. Anyone want to speak to Sarbanes Oxley and whether or not Electronic Billing is helping you provide better reporting as required by Sarbanes?

Lynn Molfetta: Really not an expert in that area. I just help from the records retention standpoint and I know that we've got the audit department to come in and viewed the way our processes are working online. And so far so good that it meets the standards, which I think is in relationship to responding to the Sarbanes Oxley rules. But I can't speak in great detail about that.

Rob Thomas: I know, as a vendor we are finding that more and more companies are asking specific questions about Sarbanes Oxley. It is looking at the processes involved, and setting up matters in processing bills, and feeding reports and making sure that those processes are secure and verifiable. So I think Sarbanes Oxley has had an effect on companies that are looking for better ways to have a verifiable process in terms of electronic billing.

Lynn Molfetta: I know that they look closely at our approval routing to make sure from a -- who has authority to approve on how much money or whether the system works in a sequential matter that way and its working seamlessly and it is -- so any auditing that's being done has been fine. So I assume that's part of Sarbanes.

Geneva Gilbertson: You know I would like to add to that as well, Lynn because our internal audit people were very pleased as well with Serengeti.

Lynn Molfetta: Yes

Rob Thomas: We've had some questions about how foreign bills are handled -- foreign currency conversions, value added tax, that sort of things. Lynn, probably you're --American express has some of that ...

Lynn Molfetta: We do. We have a lot of that, and I -- I just feel I should have a (ph) a partner on this call.

I do know that the system itself handles that, and it does the conversion and it's a seamless process. I wish I could speak as an expert on that, but I do know all of our firms are on board except for these remote firms, that we're actually working hard this year to get them on board and we're all over the world. But most of our large firms, I would say, all of our large firms, all over the world, except for the pockets in the Far East region, are submitting and it's kind of, a conversion process that works through LEADES, that enables us to get in U.S. dollars and the VAT is kind of, worked out in the system as well, and it seems to work. I think Rob, you can probably speak better than what I just said.

Rob Thomas: Well, no, I think you said it very well. And the only thing I would add is that, the reason Value Added Tax is generally important, is because it's often reimbursed. So, if you do have foreign legal work, it's important to find a system that does tracks that separately because typically you may want that out of your reports at the end of the day because you generally get that money back.

Lynn Molfetta: It does do that conversion for you and then separate this other.

Rob Thomas: And the other thing on foreign currency conversions. If you have foreign legal offices, you want to make sure that each user can pick their own foreign currency to view their bills, their reports, and so on, and have the home office pick their own currency that may be different.

So, you need to drill down on how the foreign currency conversions work and whether it can be individualized, depending on where the office is, and what currency they're most familiar with.

Had a question here, and its being question about the law firms. And it says that law firms are currently using another e-billing system and the law department wants to use Serengeti. There's a lot of -- does the law firm have to give up the other systems that it's using in order to get on Serengeti or any other system? Anyone like to address that? In other words, is it possible for law firms to work in multiple e-billing systems?

Lynn Molfetta: Yes. Yes, it is, yes. We currently are and yes.

Rob Thomas: Yes, in fact, it's become a headache for them, I mean, working in so many different systems that they're finding it difficult, I think, to manage all the ones that they're in. So, it's important again, to make sure that you look for a system that the law firm is comfortable working in.

We're getting at the end of our hour, I think; we're a little bit past it. I've received some other questions, but what I will try to do is, respond to these by e-mail, so that we can respond to everyone's questions that were asked.

Let's move to slide 15. Just to conclude the discussion. If you want to mention that there were several background articles on the ACC website notice of this meeting, and those articles might be something that you'd want to look at. There's one about electronic billing from the law firm perspective, to give you a sense of what's important to the law firms in this process.

There's another article about lessons learned by law departments, as they become used to using these web-based systems, and finally, there's an article about the latest findings from the Associates and Corporate Counsel of Serengeti's survey report about some of the latest things that law departments are doing to get better control of their legal spending and manage their work with outside counsel.

There are some additional sources of information out there about electronic billing that you might want to explore. ACCA I'm sorry, the ACC, I'm getting used to the new name, has an excellent list of, particularly for smaller law departments, that occasionally has discussions about technology.

If you remember at the ACC, you might want to enroll in that list serve and post questions to the other members of list serve about Electronic Billing and Matter Management.

If you're a member of the general counsel round table, they have reports assessing the Electronic Billing and Matter Management systems that are available for law departments; it's another excellent resource if you remember that organization.

And finally, you may want to check out the websites of the various vendors out there you can do a Google search for say Electronic Billing for legal or Matter Management for legal. Look at the sites that come up and I would encourage you to actually get on the live systems. Each of the law departments that's been on the call today, got on the live systems before they made a decision.

Don't just look at a demo that somebody else is running but see how the system works with your Internet connection, with the things that you -- are most important to you, so that you can play with the system a bit before you use it. It's important that the system be something that you are comfortable with. So I would encourage everyone, before they pick a system to actually get on the live system, that you are considering.

I would also encourage you, if you specifically want to take a look at the Serengeti system, which we've discussed today, keep in touch with me, I'll be glad to give you a tour of Serengeti or provide additional information about our system.

And we'd like particularly to thank today's panelists for taking their time to share their experiences regarding Electronic Billing. And thank again the Association Corporate Council for hosting today's panel session.

Thank you and everyone have a good day. We appreciate your attending.

James Sheets: Thank you, Rob.

Lynn Molfetta: Pleasure.

Geneva Gilbertson: Bye-bye.

Rob Thomas: Bye-bye.

Geneva Gilbertson: Bye-bye.



# ACC WEB SEMINAR ON ELECTRONIC BILLING

MARCH 30, 2005

## QUESTIONS FROM PARTICIPANTS

Because there was not enough time to respond to all of the questions that were emailed by participants during the session, this document provides responses to the questions that were not discussed.

### Law Firm Participation/Reaction

1. We are concerned that e-billing and the increased scrutiny over invoices will hurt our relationships with our law firms—please comment.
2. How resistant are the law firms to receiving mandatory billing guidelines? Do they try to charge you for the IT technical support to implement the system?
3. How do you handle a firm that can't or won't participate in the electronic billing process? Do your companies manually convert the bill to an electronic bill (for purposes of overall tracking)?
4. Isn't it an issue for law firms that various clients may be using different systems? What share of the market do the various systems have?
5. Can you talk a little about the connection/network/infrastructure that the law firms must be connected to or logged into?

### Implementation

6. How long from purchase point to up and running does the average size law department take?
7. What types of data do most small law departments already have? What happens with information in existing law department spreadsheets and databases—is there a way to get them into the system?
8. We have been using electronic billing through another vendor with one of our primary firms. We are having problems getting the lawyers to view their invoices electronically. They still like the hard copy. Are you experiencing the same problems and if so, how do you handle them?
9. How many countries are represented in your customer law firm base?

### E-Billing Requirements/Functionality

10. Do you have to use UTBMS codes or other billing codes to do electronic billing? If so, are you experiencing any pushback from the law firm timekeepers?

11. How do you handle bills in foreign currencies?
12. How about bills from 3rd-party vendors of the law firms i.e. court reporting services, arbitration services, etc. Do those bills get electronically transmitted as well and thereby get into the system?
13. What does the system flag automatically?
14. Describe all of the steps in the review process for an electronic bill.
15. What if we don't agree with entries on the bill? Is there a mechanism for disapproving entries?
16. Do all of the presenters' companies use the system for all types of Legal billing (i.e. Litigation, Corporate, etc)?
17. How does the system help in identifying layering by outside counsel?

## **Budgeting and Matter Management**

18. What types of budgeting capabilities does the system have? Can it track budget performance down to the matter level?
19. What reporting data can be gleaned from the system to enable better outsourcing decisions (which firms to use)?
20. How does e-billing help with the preparation and prosecution of patents? Does it track invoices by patent docket numbers, subcases, and also types of expenses?
21. Do law departments track other matters in the matter management system that don't require outside counsel?
22. How do the members of the panel track legal expense v. settlement payments?

## **Costs/Savings**

23. When you say that \$24,000/yr. is the typical cost for a small law department, how do you define "small"?
24. The 5-15% savings, what is that based on? Is there a reduction in fees?
25. Are there any additional fees apart from implementation and yearly maintenance/support fees?
26. What criteria are used to determine the cost of your service?

## **Other**

27. All of our legal costs are reimbursed by our parent company in Japan. We have to provide backup (receipts, etc.) to get reimbursed. With electronic billing, how do we obtain and provide the necessary backup?
28. What happens when two law firms merge? Does the new merged firm have to be re-

- [implemented?](#)
29. [Some law departments have been forced to migrate to a new matter management system because the existing vendor discontinued that line of business \(e.g., Hummingbird's Corporate LawPack\). So, what happens if Serengeti \(or other e-billing vendors\) decide to stop supporting their e-billing products at some point down the road?](#)
30. [All the participants on the panel selected Serengeti -- what other products did they review/consider?](#)

## ANSWERS TO PARTICIPANT QUESTIONS

### **1. We are concerned that e-billing and the increased scrutiny over invoices will hurt our relationships with our law firms—please comment.**

Law firms generally do react negatively to systems that require attorneys to provide UTBMS task and activity codes, charge the law firm, require firms to customize their time and billing systems to produce a non-standard invoice format, or automatically reduce or reject bills without reasonable cause. Firms are not opposed to systems that review invoices for appropriate factors (e.g. changes in hourly rates, clear violations of billing guidelines, etc.). However, many systems impose audit rules that are dubious and generate an inordinate number of “false positives.” For example, some systems can be setup to automatically reject a time entry if the time entry contains a certain word. These types of systems produce many false positives, which in-house attorneys are either not allowed to override, or which are so time consuming to review that in-house counsel don't bother to weed out the true violations from the false positives. This can create a serious burden on the law firms to deal with all of the alleged violations.

Consequently, it is critical that you consult with your firms about the types of systems that they are using with other clients, and to ask them which ones they prefer. You may be pleasantly surprised at the number who are already doing electronic billing with other clients, and the significant differences they have experienced depending upon the vendor.

[▲back to top](#)

### **2. How resistant are the law firms to receiving mandatory billing guidelines? Do they try to charge you for the IT technical support to implement the system?**

We are not aware of any law firm that has attempted to charge a Serengeti Tracker law department for IT technical support to implement the system. The only requirement to use Serengeti Tracker is a computer with Microsoft Windows and a Microsoft Internet Explorer web browser. Also, unlike most other systems, Serengeti Tracker does not require specific invoice formats.

With respect to other systems, law firm resistance depends upon the types of requirements that are imposed. Law firms generally expect reasonable and clear limitations on expenses, such as photocopy and fax charges. They are more resistant to vague limitations, such as no permitted conferences among team members which in many cases may be necessary. There has been significant resistance to electronic billing systems that automatically reject bills based upon what law firms perceive to be arbitrary criteria to reduce fees, regardless of the value of the work performed. It is therefore important to talk with law firms who are using a system that you are evaluating to assess their reactions to the auditing/billing guidelines and bill rejection criteria.

Moreover, if a system requires the customization of LEDES, special billing codes, databases of timekeepers and rates, or other special work, this may become an issue. Such costs are becoming a larger concern as more law firms are being required to submit electronic bills. If you do not want to face such potential costs, and delays in implementation, it is important to select a system that accepts standard LEDES bills, has a practical non-LEDES option, does not require special billing codes, and does not have other significant law firm setup requirements. Law firms that are using multiple systems should be able to help you identify those that are easiest to use, and that involve the least ongoing time and cost.

[▲back to top](#)

### **3. How do you handle a firm that can't or won't participate in the electronic billing process? Do your companies manually convert the bill to an electronic bill (for purposes of overall tracking)?**

All of your law firms should be able to submit bills electronically if you select an electronic billing vendor that does not require special formats, codes, or charges. If there are a small number of your firms who aren't already doing electronic billing, it is likely that many of their competitors are. Recently, one of our corporate law departments had a firm that indicated they were not interested in electronic invoicing. The corporate law department reviewed the Tracker Worldwide Directory of Firms, found several other firms in the same city with the same practice areas that were already billing on Serengeti Tracker, and shared that fact with the law firm. The law firm quickly changed its approach, and indicated it too would be willing to submit invoices electronically. Obviously, it is easier to overcome such law firm concerns if the electronic billing vendor does not require them to make significant changes to their systems, or pay to submit electronic bills.

However, if the law department does occasionally receive paper bills from law firms or other vendors that you want to post, the system should permit the law department to provide the billing data, designate whether the bill has been paid or needs to be approved and transmitted to the A/P system, and upload a scanned copy of the paper bill to the system.

[▲back to top](#)

#### **4. Isn't it an issue for law firms that various clients may be using different systems? What share of the market do the various systems have?**

As we discussed during the presentation, electronic billing is becoming a bigger issue for law firms as more corporate clients require it. They are becoming more concerned with the fees charged by some vendors (around \$3,000/client/year or 2% of the billed amounts), as well as customized billing formats and codes required by some vendors (Serengeti is committed to following the standards set forth by LEDES). To maximize your chances of having all of your law firms on the same system, and not dealing with additional charges coming through your legal bills, it is important to select a vendor that does not make life difficult or expensive for your law firms. It is therefore a good idea to ask your primary firms about the electronic billing vendors that they have used, and which ones they prefer.

We are not aware of a source for data regarding the market share of various electronic billing vendors. We have heard that the General Counsel Roundtable has recently issued reports for its members that evaluate electronic billing and matter management systems, including data collected from their members. Serengeti currently has more than 3,000 in-house counsel at over 75 companies managing their legal work on the system with their over 6,000 law firms. These firms are all searchable in Serengeti Tracker's Worldwide Directory of Firms. In fact, we work with all of our customers prior to signing a contract to review the firms that the law department uses to see how many of them are already invoicing through Serengeti Tracker. In most cases the average is about two-thirds.

It is always a good idea to ask for a current customer list from vendors to assess whether they are widely accepted in the profession. While you're at it, you might want to find out how many companies have stopped using a system, and talk with some of them as well.

[▲back to top](#)

#### **5. Can you talk a little about the connection/network/infrastructure that the law firms must be connected to or logged into?**

To work on Serengeti, all users (both law firm and law department) need a computer with a Windows operating system, an Internet connection, and Internet Explorer 6.0 or higher. They can log in from anywhere that they have Internet access. The system controls access and role security down to the individual matter level. There are no other hardware or software requirements.

Some other systems require a "key" to be able to login, which generally means that they can only login from one computer. This may not be an issue for law firm billing personnel in a simple electronic billing system. However, it can be a significant issue for in-house counsel and for law firm attorneys in a shared matter management system, when people who are traveling or working from home need to access the system from multiple locations.

## **6. How long from purchase point to up and running does the average size law department take?**

It varies widely depending upon the vendor. At a legal conference last year, a well-known company complained that it had taken over a year to start electronic billing with less than half of its law firms. Serengeti connects most law departments in about two months, including all of their law firms. As was discussed during the presentation, American Express with its LawPack data conversion, many international law department offices, and hundreds of law firms took just under three months to implement Serengeti.

There are several reasons why Serengeti Tracker implementations take on average two months:

- All firms that are currently using Serengeti Tracker are listed in the Tracker Worldwide Directory of Firms. You connect to your firms by selecting the your firms from the Directory.
- Because Serengeti Tracker has an intuitive interface, many users can start using the system without any training at all. If users want training, it only takes one hour, and they can be trained in that time on all of the functionality in the system.
- Law firms and vendors can generate invoices in LEDES and non-LEDES formats, making it simple for them to start billing electronically.

## **7. What types of data do most small law departments already have? What happens with information in existing law department spreadsheets and databases—is there a way to get them into the system?**

With respect to matter information, most law departments have some form of spreadsheet or database in which they are tracking their spending, and often other types of information as well (matter types, current status, results, etc.). You need to determine whether the e-billing/matter management systems that you are considering have corresponding fields to hold the data that you have collected and want to continue to track. If so, the vendor can tell you whether there is an automated way to convert and upload your data. Serengeti has performed such conversions for many law departments, from simple spreadsheets to complex databases, such as the LawPack database described by American Express during the seminar.

In addition, every law department has a list of law firms and vendors. Some systems require you to manually enter all of that information into the system (or you have to pay the e-billing system to enter that information, get the firm connected, etc.). Serengeti Tracker

provides the Tracker Worldwide Directory of Firms, which as of this time has over 6,000 firms and vendors in more than 125 countries. These are firms that are already on the Serengeti Tracker system with another law department, and new firms are being added every day. Consequently, you "drag & drop" your firms from the Tracker Worldwide Directory into your Tracker panel, and you are instantly ready to begin working with them.

Moreover, law departments coming onto the system find that about two-thirds of their firms are already in the Tracker Worldwide Directory. This is one of the reasons why law departments complete implementations of 100% of their firms in two months (as discussed in the presentation, AMEX took three months, which is typical of the largest law departments). If a firm is not in the Tracker Worldwide Directory, all you need to add that firm is their name, country, state (for U.S. firms), and the name and email of the firm's administrator.

[▲back to top](#)

**8. We have been using electronic billing through another vendor with one of our primary firms. We are having problems getting the lawyers to view their invoices electronically. They still like the hard copy. Are you experiencing the same problems and if so, how do you handle them?**

Occasionally, in-house counsel will express an initial preference to work with paper bills, which can be printed from the Serengeti Tracker system if necessary. However, that is rare, and law departments on Serengeti Tracker law departments report that virtually all lawyers are approving invoices online.

To maximize use, it is important to carefully select a system with an intuitive interface that will be easily used by even the most computer-resistant lawyers. On Serengeti, it only takes a couple of minutes to show the lawyer how much easier it is to review bills online, and how doing so helps the entire law department better track its spending. Moreover, Serengeti Tracker provides tools that make the review process easier and faster. For example, the system automatically compares the invoice to the budget. In short, to be successfully implemented, an electronic invoicing and matter management system must be similar to the iPod and Google in rescuing the user from complexity. It is therefore essential to test drive any system with the most technologically challenged members of your law department to assess their reaction to the functions and interface.

[▲back to top](#)

**9. How many countries are represented in your customer law firm base?**

Serengeti has law firm users in more than 125 countries. These users, their firms, and other information such as experience, practice areas, and jurisdictions are searchable in the Tracker Worldwide Directory of Firms.

[▲back to top](#)

## 10. Do you have to use UTBMS codes or other billing codes to do electronic billing? If so, are you experiencing any pushback from the law firm timekeepers?

Background: The Uniform Task-Based Management System specifies "UTBMS task and activity codes," which are codes for fee line items, and "UTBMS expense codes," which are codes for expense line items.

With respect to UTBMS task & activity codes, some vendors do require UTBMS task and activity codes (i.e. a bill can't be submitted unless every fee line-item has a task AND activity code). Others accept such coding but do not require it. During the past year, there have been several articles in the in-house counsel press discussing why the use of the UTBMS billing codes has not caught on (e.g., "Staying Power," **Corporate Counsel** magazine, April 2004, pp.78-83). Annual surveys of ACC members indicate that only about 5% of the ACC law departments require UTBMS codes from any of their law firms--and one-fourth of those that actually admit that they don't use the data they receive. In general, companies who have tried using UTBMS codes report that: (1) the data that they receive is not useful, except to analyze a large volume of very similar matters; and (2) the time necessary to collect and analyze the data does not result in sufficient measurable gains.

Law firms are also pushing back on the amount of time necessary for their lawyers to designate a task and activity code for each time entry, particularly when their clients do not seem to use the data and they see no benefit for this work. Moreover, many law firms will merely delegate the task down to staffers, who may not apply the codes accurately, further reducing any value provided by the codes.

For the reasons described above, Serengeti does not require UTBMS task & activity codes (although the system does accept such codes if provided). Our philosophy is that the most effective and efficient way to manage outside counsel is through budgets and tracking of results. Law firms focus their energy on achieving expected results within an agreed upon budget, rather than figuring out the trick words and codes to bypass imprecise audit rules.

Law departments on Serengeti can, however, require UTBMS expense codes. The UTBMS expense codes are much different than the UTBMS task and activity codes, because they are easily generated by law firm billing systems without lawyer involvement. Moreover the audit rules are straightforward (for example, the charge for photocopies can't exceed \$0.10 per page). Therefore, the UBMS expense codes generally provide a practical way to collect data regarding expenses, and to audit for compliance with billing guidelines.

[▲back to top](#)

## 11. How do you handle bills in foreign currencies?

In Serengeti, each user selects a currency preference into which all bills, budgets, and other financial information are automatically converted. That user's reports are also presented in their currency of preference, no matter what currency the bills were originally submitted in. Also, different users in the law department can each have different currency preferences, permitting an attorney at a branch office in Singapore to review bills/spending reports converted to Singapore dollars, while the home office reports covering worldwide spending are in U.S. dollars. The law department selects the frequency of currency conversion updates, which is done automatically by the system.

In addition, the system tracks value added taxes separately because such taxes are often reimbursed. This permits inclusion or exclusion of such amounts when creating spending reports.

[▲back to top](#)

## **12. How about bills from 3rd-party vendors of the law firms i.e. court reporting services, arbitration services, etc. Do those bills get electronically transmitted as well and thereby get into the system?**

Yes, this is another reason that companies generally need an electronic billing system that includes an easy-to-use non-LEDES option. Most non-law firm vendors have billing systems that cannot generate LEDES (which is a standard for law firm bills). Law departments on Serengeti are currently processing electronic bills from accounting firms, trademark agents, expert witnesses, agents for service of process, copy services, and other vendors. There is also flexibility for the law department to manually post an occasional paper bill that is received, a scanned copy of which can be uploaded. These features permit the law department to have complete reports that reflect all spending related to their legal work, and to eliminate a separate paper system.

[▲back to top](#)

## **13. What does the system flag automatically?**

Serengeti's system automatically catches violations of the standard LEDES requirements in a LEDES bill (e.g. missing required fields), duplicate bills, math errors, new timekeepers on a matter, changes in hourly rates, violations of billing guidelines, and spending exceeding budget for the month, fiscal year, and since the beginning of the matter (if there is a matter budget).

[▲back to top](#)

## **14. Describe all of the steps in the review process for an electronic bill.**

Different systems provide various processes. The following describes the bill review

process in Serengeti Tracker.

When a bill is submitted by a law firm, it is checked for errors, completeness, duplicates etc. and rejected with a specific explanation if there is a problem. Once the bill is accepted, it comes up on the Serengeti dashboard of the first reviewer, with an email alert if the user has requested one. Many law departments have the first reviewer (which we call a "billing guideline reviewer") resolve audit violations and check other basic issues before the bill is sent on to the first attorney reviewer. The system automatically routes a bill through the approval chain of reviewers for a specific matter until final approval is obtained, capturing comments and revisions along the way. Additional approvers with higher levels of spending authority may be designated to receive only bills exceeding certain thresholds. Also, the Serengeti system can be set up to route the invoice to users who are specifically responsible for checking the accounting code allocations of a specific bill to make sure that the defaults for the matter are acceptable for a given bill. When the bill is finally approved, it goes into an A/P approval file and to the appropriate A/P system (s) for payment. The A/P file includes all of the approval data and an electronic copy of the bill. The approved/rejected/modified bill also goes back to the law firm with any modifications and comments.

Each bill reviewer can check the audit violations caught by the system and resolve them either before or after looking at the bill. When reviewing the bill, the reviewer can make line item adjustments and comments, which are captured by the system and recalculated. The reviewer can change the format of the bill for ease of review, looking at the activities chronologically, seeing each timekeeper's work grouped together, checking biggest charges first, etc. Comments can be designated as only for law department reviewers, or for the law firm. The reviewer can also check summary data regarding the bill, including comparisons with the budget (for the month, fiscal year, and since the beginning of the matter), staffing levels (partner vs. associate vs. paralegal time) and other summary data. If appropriate, a bill can also be approved or rejected with a single click, at which point it moves to the next approver, or off to A/P for payment.

[▲back to top](#)

## **15. What if we don't agree with entries on the bill? Is there a mechanism for disapproving entries?**

In Serengeti you can make an adjustment on any line item of the bill, including comments (designated as either internal or to the firm) and adjustment of the approved amount for that line item (or reducing it to zero if appropriate). The system captures all changes and recalculates the bill. This is in addition to audits that the system automatically runs for new timekeepers, changes in rates, and violations of billing guidelines.

[▲back to top](#)

## **16. Do all of the presenters' companies use the system for all types of Legal billing (i.e.**

## Litigation, Corporate, etc)?

Yes, all of the companies use the Serengeti system to track all of their different types of legal work, both internal and with outside counsel, including litigation, transactional, intellectual property, and corporate governance.

[▲back to top](#)

### **17. How does the system help in identifying layering by outside counsel?**

Assuming that “layering” refers to the staffing levels in a matter, Serengeti’s system provides a summary of the amount of time by timekeeper, as well as the relative allocations of time/ spending for each category of timekeeper: partner, associate, and paralegal. This permits the bill reviewer to verify whether the allocation of work and staffing levels are consistent with what was expected for the specific project.

[▲back to top](#)

### **18. What types of budgeting capabilities does the system have? Can it track budget performance down to the matter level?**

Serengeti’s system does track budgets down to the matter level, either by time period (month or months) or by litigation phase. Once a budget is approved by the client, all electronic bills are automatically compared with the budget, so that clients can see spending vs. budget for the month, year-to-date, and since the beginning of the matter. The entire history of budgets for a matter is retained, permitting comparisons of prior versions. The client can lock a budget, or permit changes to past and/or future time periods, subject to client approval.

In addition to traditional uses, some companies are using budgets to replace purchase orders, accruals for unbilled amounts, and other workflows. Reports show actual/budget performance for any time period for specific types of matters, outside counsel, in-house counsel, etc. so that clients can assess predictive accuracy and developing problem areas. Law departments using a combination of budgets and electronic billing report that this approach provides a practical way to set reasonable expectations and control outside legal spending.

[▲back to top](#)

### **19. What reporting data can be gleaned from the system to enable better outsourcing decisions (which firms to use)?**

Basic electronic billing systems allow you to compare spending on fees/expenses for specific types of matters to determine whether certain outside counsel are above or below averages. Some may also allow comparisons of staffing models (partner/associate/ paralegal), hours to resolve a matter, and other information from the electronic bills.

Systems like Serengeti that have electronic invoicing with matter management in one system permit comparisons not only of fees/expenses, but also results achieved (e.g. settlement amounts paid and/or received), the time necessary to resolve matters, predictive accuracy (for fees/expenses, time to resolve, and results), lessons learned, and subjective performance evaluations of outside counsel (achievement of client's goals, efficiency, etc.). Evaluating law firms' fees and expenses, together with the results achieved and their predictive accuracy (based on data that the law firms provide through the matter management system), furnishes the most comprehensive information for better outsourcing decisions.

[▲back to top](#)

## **20. How does e-billing help with the preparation and prosecution of patents? Does it track invoices by patent docket numbers, subcases, and also types of expenses?**

Systems that offer only e-billing generally cannot provide any information specifically relevant to the preparation and prosecution of patents. Also, there is not a uniform and widely accepted coding system for fees or expenses to be able to separate out patent preparation from prosecution, or the various types of expenses.

However, systems that combine matter management with e-billing such as Serengeti Tracker can provide that type of information. For example, in October 2005, Serengeti Tracker will be releasing Tracker version 7.0 that will allow users to create a budget and track spending by the following patent categories:

- Preparation Phase
- Prosecution Phase
- Post-Allowance Phase

This will enable law departments to create baselines for each of these categories without the law firm having to code time entries (Serengeti Tracker has similar phased-budgeting for litigation matters as well).

[▲back to top](#)

## **21. Do law departments track other matters in the matter management system that don't require outside counsel?**

Basic electronic billing systems generally track only those matters involving outside counsel who are submitting bills. Systems that combine electronic billing with matter management generally allow law departments to track both matters involving outside counsel and internal matters being handled by the law department, so that reports can include all of the company's legal work.

[▲back to top](#)

## **22. How do the members of the panel track legal expense v. settlement payments?**

Electronic billing systems generally do not track outcomes such as settlement payments, unless they are made through a law firm. Combined e-billing/matter management systems like Serengeti do provide for the tracking and reporting of results, including the phase, date, type of resolution, and amounts paid and received.

[▲back to top](#)

## **23. When you say that \$24,000/yr. is the typical cost for a small law department, how do you define “small”?**

For purposes of Serengeti pricing, a small law department has up to roughly 20 in-house users, 50 law firms, and 150 active matters at any one time being managed with outside counsel. There are no additional charges to law firms, and no additional charges for ongoing services such as support, maintenance, and upgrades.

[▲back to top](#)

## **24. The 5-15% savings, what is that based on? Is there a reduction in fees?**

The savings referred to by most consultants are generally writedowns in legal bills from better bill review and bill audits. The savings reported by law departments in the ACC/Serengeti survey are savings in outside legal spending, which in addition to bill writedowns could include budgets, sending more work to firms that are most efficient, using billing data to negotiate alternative fees, and other savings. These savings estimates generally do not include the time savings for the law department from not having to manage paper bills, enter data into internal systems, and create reports, which can be significant. You can download a tool to estimate your return on investment from an electronic billing/matter management system, using your own assumptions about potential savings, at: [www.serengetilaw.com/Tracker/ReturnOnInvestment.htm](http://www.serengetilaw.com/Tracker/ReturnOnInvestment.htm).

[▲back to top](#)

## **25. Are there any additional fees apart from implementation and yearly maintenance/support fees?**

For Serengeti, there is an implementation/setup fee and a monthly service fee, which includes all in-house and law firm users, as well as all ongoing maintenance, support, and upgrades. The only other potential charge is for converting and uploading historical information, instead of manually copying that information into Serengeti. Serengeti will provide a fixed quote for database upload as well, after examining the database(s) to be converted. There are no other charges for Serengeti Tracker.

Unlike most electronic billing vendors, Serengeti does not impose any charges on law firms

(these fees range from around \$3,000/client/year or 2% of the billed amounts for each firm). Many law firms have told us that if they are charged by a system, they find a way to pass on the charges to the corresponding corporate law department, either directly or indirectly. Consequently, to estimate the true cost of a system, you should add in any law firm costs to arrive at your total system cost—or ask the vendor for a price that would require no charges to law firms. In addition, charging law firms generally leads to delayed and partial implementations. Finally, with any vendor, you should determine whether there is any variable pricing to you or your law firms that will change with the number of users, number of firms, amount of bills being processed, etc., and whether there are any extra charges for upgrades, maintenance, and support.

[▲back to top](#)

## **26. What criteria are used to determine the cost of your service?**

In setting its implementation and fixed monthly service fees, Serengeti considers company estimates of the following: law department users, law firms (domestic and foreign), active matters (both internal and with outside counsel), average number of bills processed/mo., and annual legal spending as an indicator of overall level of activity/inactivity. The cost of any database conversion is dependent upon the size, complexity, and completeness of the database.

[▲back to top](#)

## **27. All of our legal costs are reimbursed by our parent company in Japan. We have to provide backup (receipts, etc.) to get reimbursed. With electronic billing, how do we obtain and provide the necessary backup?**

Some e-billing systems like Serengeti Tracker allow law firms to include an electronic copy of receipts. Tracker will keep the electronic copy of backup receipts with the electronic bill for online review by your parent company, eliminating the need to send them paper bills and receipts each month. If your parent company prefers to review the bills, spending reports, etc. in Japanese yen, each user can set a currency preference, which is the currency into which all financial information is converted by the system for that user. In addition, if the parent company doesn't want to login to Serengeti Tracker, you can send them .zip files with all invoices, receipts, etc., which they can easily save or print.

[▲back to top](#)

## **28. What happens when two law firms merge? Does the new merged firm have to be re-implemented?**

Some systems require that the new law firm information (users, contact information, positions, etc.) be manually re-entered into your system, and that new users IDs be issued to everyone in the new merged firm. Some systems also do not merge the historical spending information from the two firms into the new firm. By contrast, Serengeti has tools

that automate the merger of law firms in the system, so that neither the law firm nor the law department has to do any extra data entry, and so that all historical data is retained. Given the increasing frequency of law firm mergers, this is a significant issue to explore with a prospective vendor.

[▲back to top](#)

**29. Some law departments have been forced to migrate to a new matter management system because the existing vendor discontinued that line of business (e.g., Hummingbird's Corporate LawPack). So, what happens if Serengeti (or other e-billing vendors) decide to stop supporting their e-billing products at some point down the road?**

As was mentioned during the web seminar, migration from discontinued systems like LawPack is possible by mapping and uploading the existing data to a new system, which is what American Express did when it moved from LawPack to Serengeti. It is critical to determine whether a system that you are considering permits the law department to do periodic exports of data to your own database, which provides insurance if the vendor should terminate its service. In addition, vendor contracts should specifically describe the vendor's obligations to deliver the customer's data in a structured format if the relationship is ever terminated, so that the law department has what it needs to restart in a new system.

Obviously, the best solution is to avoid a forced migration to a new system by selecting a vendor that is committed to the long-term delivery of the service, and whose success is proven in the marketplace. Due diligence should include an analysis of the diversity of the vendor's current customer base, growth, financial stability, revenue versus the number of employees to support the service, and whether the vendor is involved in other businesses. Another very important consideration is whether the vendor is owned or controlled by another entity (e.g. a parent company, venture capitalists, major owners, banks, or other creditors), who may at any time decide to pull out of the business because it is not sufficiently profitable, or does not meet their other priorities. LawPack is a good example of why such due diligence is important.

One of the most important indicators of future stability of a system is whether there is a broad and growing base of satisfied customers who will continue to support the service and encourage others to use it. The ACC small law department listserv and reports by the General Counsel Roundtable regarding electronic billing and matter management vendors are good sources of information about which systems other law departments are using, and whether they will continue to use them.

[▲back to top](#)

**30. All the participants on the panel selected Serengeti -- what other products did they review/consider?**

Prior to selecting Serengeti, the panel members considered the following other vendors:

Abacus  
Bridgeway (eCounsel and Secretariat)  
CLS/Summit Law Dept. Suite  
Corprasoft  
DataCert  
Examen  
INSLAW, Inc.  
LAWTRAC  
Legal Files  
Mitrstech  
Time Matters  
TLEX  
Tripoint  
Tymetrix

[▲back to top](#)