



## Levi Strauss & Co. Serengeti Tracker E-billing Return on Investment Study

### EXECUTIVE SUMMARY

IBM Global Services (IBM) was retained by Serengeti Law to conduct this return on investment (ROI) study covering Levi Strauss & Co.'s (LS&CO.) use of the electronic billing functionality within Serengeti Tracker for the twelve-month period ending April 30, 2009.

**During its second year using Serengeti, LS&CO. realized a return on investment of 716% or approximately 7.2 times the system cost.** The system cost consisted of the monthly fees for the corresponding period.

<b>Savings from Serengeti Tracker E-billing</b>	
<b>Category I: Improved Invoice Review Savings</b> From invoice reductions due to automated rate and billing guideline auditing; improved analysis of staffing and work performed; convenient markdown tools.	<b>353%</b> of system cost
<b>Category II: Paperless Invoice Savings</b> From elimination of paper, printing, photocopying, and storage costs.	<b>10%</b> of system cost
<b>Category III: Time Savings</b> From time saved in invoice intake, coding, routing, analysis, and AP processing.	<b>352%</b> of system cost
<b>Total Return on Investment</b>	<b>716%</b> of system cost

*NOTE: Savings from other Serengeti functionality (e.g. matter management, budgeting, accruals, document management, reporting, etc.) were not factored into the calculation.*

### DESCRIPTION OF SAVINGS CATEGORIES

**Category I: Improved Invoice Review Savings**—Serengeti Tracker provides invoice auditing features that include the ability to mark down bills automatically if they exceed custom rules set by the law department. In addition, company invoice reviewers can use Tracker to reduce individual line-item entries, to reduce timekeeper rates, or to reduce the amount of an entire invoice. Savings in this category consisted of the amount of invoice reductions that LS&CO. directly attributed to Serengeti's enhanced invoice auditing, analysis, and markdown functionality.

**Category II: Paperless Office Savings**—This category represents the savings the company realized due to the elimination of paper invoices and attachments, including paper, printing, photocopying, and storage costs.

**Category III: Invoice Review Time Savings**—Serengeti Tracker provides configurable invoice approval routes and accounts payable (AP) routes, so electronic invoices are automatically coded and routed through the approval chain. Approved invoice information is then sent in electronic format to the company's AP department for payment. To calculate savings, the fully burdened employee hourly rate was multiplied by time saved due to Tracker's automated invoice processing capabilities.

### ADDITIONAL CATEGORIES OF SAVINGS

LS&CO. reported that Tracker has enabled the company to implement key efficiency initiatives—from requiring matter budgets to automating accruals collection—that have reduced the administrative burden of managing legal work. In addition, with the data available in Tracker, the company identified areas in which even greater efficiency could be realized. As a result, the company designed a new, Tracker-based initiative to consolidate the management of legal work worldwide. LS&CO.'s use of Tracker has resulted in the following improvements in the way matters and legal spending are managed:

- **Global Convergence:** The LS&CO. law department analyzed the data available in Tracker and determined that the company would operate more efficiently if it reduced the number of law firms to which it outsourced its legal work. Prior to implementing Tracker, LS&CO. did not have an efficient way to survey its entire portfolio of legal work to analyze the number and type of firms and vendors that it used worldwide.

As a result of its evaluation, LS&CO. selected two firms to engage on a fixed fee retainer basis—one for all commercial and general legal work and one for brand protection—to handle all of its matters worldwide. These firms will use Serengeti Tracker for matter management and e-billing. LS&CO. will be able to oversee all matters in Tracker, but it will not need to approve and pay any individual invoices. Instead, LS&CO. will review the work of the two umbrella firms periodically to assess performance and value. This massive convergence effort is dependent upon matter management and e-billing in Serengeti Tracker, and the company anticipates that it will realize significant financial benefits from the new program, as well as vastly reduce the amount of administrative work done by the law department.

- **Efficient, Accurate Reporting:** Prior to Tracker, LS&CO.'s matter and legal spending data was scattered in various places and formats, so producing a simple spending or budget report could take as long as eight hours. Today, Tracker provides the ability to report on spending compared to budgets instantly, with 100% accuracy. Company users have access to the information in Tracker, so if they have questions about reports or budgets, they can look up the information or quickly run a report in the system, rather than sifting through paper files. Also, when LS&CO.'s AP system was audited, the law department was able to provide prompt responses to inquiries, delivering fully traceable, accurate records of all actions taken on every invoice.
- **Timely Invoice Approval and Payment:** With LS&CO.'s paper-based systems, it took an average of 120 days before a legal invoice was paid. Using Serengeti Tracker for e-billing has shortened the invoice approval cycle to an average of 16 days from the time an invoice is received in Tracker to the time it is sent to AP for payment. As a result, the company has avoided late payment fees and been able to build more positive relationships with its vendors. Also, prompt payment of international invoices is crucial due to constantly fluctuating exchange rates. In addition, Tracker provides up-to-the-minute information regarding the status of invoice approvals, as well as information about when the invoice was first uploaded to Tracker. This has enabled the law department to respond to vendor payment inquiries quickly and with complete information.
- **Streamlined Accruals Collection:** Accruals—work-in-process and pending invoices—must be reported by LS&CO.'s law department every month. Formerly, LS&CO. collected accruals through a tedious, manual process: The law department received accrual information from more than 200 firms in over 400 offices via email. The information in the emails was not uniformly formatted, so the law department staff had to print out each email and hand-key the financial data into spreadsheets. Three staff members devoted three full days every month to this task as part of month-end processing. The Tracker automated accruals module has eliminated this time-consuming process. Firms are now trained to enter their accrual data directly into Tracker every month, and the accruals report can be run in a matter of minutes by staff in LS&CO.'s global finance department. The LS&CO. law department reported that the Tracker system not only saves them a tremendous amount of time, but it also results in more accurate and complete data.

- **Efficient Knowledge Transfer:** If an attorney leaves the law department or if caseloads are shifted for any reason, the matter information can be transferred quickly in Tracker, and the new attorney can be granted instant access to the relevant matter documents and financial information. This efficient transition is particularly valuable in today's cost-conscious economy.

#### **METHODOLOGY**

IBM performed the following functions:

1. Collected data directly from LS&CO. and from LS&CO.'s Tracker database.
2. Verified return on investment calculations in categories I-III.
3. Validated *Additional Categories of Savings* qualitative benefits section with LS&CO. staff.
4. Ensured that any subjective estimates and descriptions were reasonable/conservative.
5. Summarized results and produced this report.

Serengeti Tracker is a 100% hosted, Web-based legal collaboration and electronic billing platform. No software is installed on client computers, and Tracker does not require the company to dedicate any hardware or network infrastructure resources to the application. Companies pay a monthly fee, based on their overall legal spending, to connect to Tracker. Outside counsel connect to the system and upload all invoices and information free of charge.

This report summarizes data provided directly to IBM from LS&CO. for the period May 1, 2008 to April 30, 2009. To calculate return on investment, the monthly service fee paid by LS&CO. to Serengeti for the corresponding period was compared to savings outlined in categories I-III above.

#### **ABOUT LEVI STRAUSS & CO.**

Levi Strauss & Co. is one of the world's largest branded apparel companies and the global leader in jeanswear, marketing its products in more than 110 countries worldwide. The company designs and markets jeans, casual wear and related accessories for men, women and children under the Levi's®, Dockers® and Signature by Levi Strauss & Co.™ brands. For more information, go to [www.levistrauss.com](http://www.levistrauss.com).

Invented in 1873 by Levi Strauss & Co., Levi's® Jeans are the original, authentic jeans. The Levi's® brand offers the widest range of great-fitting jeans on the market and are the most widely recognized and often-imitated products in the history of apparel. Levi's® jeans have captured the imagination and loyalty of generations of diverse individuals through more than 150 years of innovation. For more information about the Levi's® brand, its products and the Levi's® Stores, visit [www.levi.com](http://www.levi.com).

#### **ABOUT IBM GLOBAL SERVICES**

In 1991, foreseeing new marketplace trends and changing client needs, IBM built IBM Global Services, with a mission to be the recognized leader in business and IT services. Today, IBM Global Services is the largest business and information technology services organization in the world, generating \$58.9 billion of revenue in 2008, employing more than 200,000 professionals in 170 countries. The acquisition of the consulting business of PricewaterhouseCoopers Consulting in September 2002 further strengthened our capabilities in business consulting services. Global Services is a critical component of the company's strategy of providing IT infrastructure and business insight and solutions to our clients and is the leader in all three major segments of our industry: consulting and systems integration, infrastructure services, and strategic outsourcing.