

## NRG Energy, Inc. 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 NRG Energy, Inc.'s (NRG's) use of the electronic billing functionality within Serengeti Tracker for the twelve-month period ending April 30, 2009.

**During its first year using Serengeti, NRG realized a return on investment of 1667% or approximately 16.7 times the system cost.** The system cost consisted of the monthly fees for the corresponding period plus a one-time implementation fee.

<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>1516%</b> of system cost
<b>Category II: Paperless Invoice Savings</b> From elimination of paper, printing, photocopying, and storage costs.	<b>13%</b> of system cost
<b>Category III: Time Savings</b> From time saved in invoice intake, coding, routing, analysis, and AP processing.	<b>138%</b> of system cost
<b>Total Return on Investment</b>	<b>1667%</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 NRG 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**

NRG reported that Serengeti Tracker's overall value is significantly greater than the savings detailed above. Since implementing the system, the company has also realized the following benefits:

- **Increased Law Department Efficiency:** All NRG legal matters are managed through Tracker and available online. Within each matter, the information is organized, searchable, and accessible. Attorneys can quickly find budget and spending information as well as matter details, and staff members have reduced copying, filing, and paper routing time. Also with Tracker, NRG staff can immediately identify firm mistakes—such as posting invoices to the wrong matter—and reject the invoice back to the firm before time is wasted reviewing incorrect invoices. As a result of having all matter spending and other information centralized in Tracker, law department attorneys and staff can focus on higher-value work rather than menial tasks.
- **Improved Spending Predictability:** Tracker has enabled NRG's law department to enforce its requirement that outside counsel provide a budget on every matter. In Tracker, in-house attorneys can see spending compared to budget at a glance, so they can work proactively with firms to control costs, alter strategy, or adjust the budget to accommodate developments. Giving attorneys quick access to reports on all their matter financials has significantly enhanced the department's quarterly forecasting and planning process as well.
- **Timely, Accurate Accruals Reporting and Other Accounting Benefits:** Prior to implementing Serengeti Tracker, NRG collected work-in-process and unbilled amounts from outside firms through a tedious process of contacting each firm individually and hand-keying the numbers into spreadsheets. Firms were reluctant to comply with reporting requirements because current and historical spending information was not readily available. Without knowing how much they had spent compared to the budgeted amount, the firms had a difficult time estimating future spending. With Tracker, budget and spending information can be viewed instantly at any time, which has helped firms overcome their resistance to reporting accruals. Law firms now reliably enter their accrual data directly into the system, where the information is immediately available to NRG.

As a corollary, the law department's monthly closing process is now greatly improved. Tracker provides the financial information necessary for NRG's accounting department to reconcile accounts payable accruals against spending amounts applied to the current period, and the accountants have confidence in the accuracy of the data. In general, the time spent performing AP accruals related to the law department has dropped significantly since the implementation of Tracker.

Also, Tracker supports NRG's need for granular spend tracking and reporting—the system allows NRG to break down spending by matter, firm, practice area, or organizational unit. This type of detailed data parsing was time- and cost-prohibitive prior to the implementation of Tracker.

- **Efficient Auditing:** Now that financial data is consolidated in Tracker, the law department can respond to auditing requests more quickly and easily, and the auditors' satisfaction regarding the quality and availability of data has improved significantly. NRG has further increased efficiency by granting limited Tracker access to people in other departments, such as accounting, so that they can respond directly to auditors' inquiries.

**METHODOLOGY**

IBM performed the following functions:

1. Collected data directly from NRG and from NRG's Tracker database.
2. Verified return on investment calculations in categories I-III.
3. Validated *Additional Categories of Savings* qualitative benefits section with NRG 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 NRG for the period May 1, 2008 to April 30, 2009. To calculate return on investment, the one-time implementation fee plus the monthly service fee paid by NRG to Serengeti for the corresponding period was compared to savings outlined in categories I-III above.

**ABOUT NRG ENERGY**

NRG Energy, Inc., a Fortune 500 company, owns and operates one of the country's largest and most diverse power generation portfolios. Headquartered in Princeton, NJ, the Company's power plants provide more than 24,000 megawatts of generation capacity—enough to supply more than 20 million homes. NRG's retail business, Reliant Energy, serves more than 1.7 million residential, business, commercial and industrial customers in Texas. A past recipient of the energy industry's highest honors—Platts Industry Leadership and Energy Company of the Year awards, NRG is a member of the U.S. Climate Action Partnership (USCAP), a group of business and environmental organizations calling for mandatory legislation to reduce greenhouse gas emissions. More information is available at [www.nrgenergy.com](http://www.nrgenergy.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.