

TOP 10 WAYS TO KNOW IT'S TIME TO EMPLOY TECHNOLOGY IN YOUR LEGAL DEPARTMENT

Small but growing legal departments often struggle to define exactly when it's time for them to invest in technology for their legal department. There can be significant time and costs associated with adopting technology, so getting the technology much too soon can waste these precious resources. However, waiting until it's much too late and problems have grown out of control can be infinitely more costly. Below is some practical advice for when it may be time for a legal department to invest in technology that allows its lawyers to serve their clients better, become more efficient, and save money.

1. YOUR INVOICE REVIEW AND APPROVAL PROCESS IS CHAOTIC

If you're finding yourself figuring out which invoices need to be paid by which law firm is calling the most, it's probably time to get an e-billing system to help review, approve, and send the invoices to your accounts payable department. Keeping your relationships with your law firms strong is one reason to not make them be the "squeaky wheel" to get paid. Another is that it is highly inefficient to have to track down invoices every time the law firms call wondering where their payment is. These types of systems also allow you to flag and enforce your billing guidelines automatically, something that will help control costs and that tends to get missed when the invoices really start coming in. If bills are only being paid to the squeaky wheel, you don't know where a given invoice is at a given time, or your invoice volume has gotten so heavy you're no longer properly reviewing invoices and enforcing billing guidelines, it's time to get an e-billing system.

2. YOU'RE STRUGGLING WITH GETTING ACCRUALS TO THE FINANCE DEPARTMENT

This one is fairly straightforward. If your finance department is requiring month-end accruals, getting the accruals from your law firms and tracking the accruals numbers can become burdensome as the list of law firms your legal department works with grows. If you find yourself spending more and more time calling your law firms asking for accrual numbers and your tracking mechanism is becoming unwieldy, it may be time to get a matter management and e-billing system that allows you to automate the accrual process (no invoices can be submitted until the accrual numbers are in) then automatically sends the reports to finance.

3. YOU NEED QUICK ANSWERS TO LEGAL QUESTIONS

Businesses often need quick legal advice on the fly from their legal department. Getting them a quick answer is often difficult to impossible if you need to research it first or contact your law firms to do the research for you. A tool like Practical Law allows you to type in a topic ("insider trading") and instantly get back several articles discussing the topic in simple terms, along with checklists, sample policies, memos, and other materials. This can save time on research or the money of contacting outside counsel. If you're having trouble keeping up with these types of requests, it may be time to consider this type of service.

4. YOU DON'T KNOW YOUR LEGAL SPEND

This is perhaps the most basic number that legal departments need to track. If you're in a smaller company, perhaps you've been able to track spending on a spreadsheet. More often than not, smaller legal departments don't track spending at all. This may work for a time if you're a small start-up, but if your company's growing, you'll soon be asked about how much the legal department has spent on outside counsel, how much you've spent on certain matter types (litigation, IP, transactional, etc.), how does that spend compare to last year, and what are you doing to control legal costs. Once you have more than a few firms doing work for your company and your legal costs have risen past a few hundred thousand dollars, it's time to get a system to track your invoices and spend.

5. YOU SPEND AN INORDINATE AMOUNT OF TIME LOOKING FOR CONTRACTS

"Give me all of the distributor contracts that have restrictions on assignability and transferability along with all service contracts with certain warranties and covenants. Oh, and I think there's a contract from two years ago with a heavily negotiated section on overseas distribution, I'd like that too." Does that request give you shivers? Contracts are a part of every business. Traditionally, legal departments (and law firms) tended to have vast filing cabinets containing all of their contracts. The request above would entail pulling out each of these contracts and searching through them looking for the appropriate information. All of these contracts likely have expiration or renewal dates associated with them as well that must be tracked. If your contract volume has reached a point where a request like the above would entail spending an enormous of time and tracking expiration/renewal dates has become burdensome, it may be time to look into contract management software.

6. YOU NEED TO SHOW YOUR DEPARTMENT'S VALUE

When it comes time to cut costs, cost centers are usually the first to feel the pain. And whether you like it or not, the legal department is viewed as a cost center within your business. Cost centers need to show their value to keep cuts from coming. For a legal department, that means showing things such as spend to budget, staff workload metrics, total legal department cost as a percentage of company revenue, invoice savings, litigation exposure, how the department is reducing claims, and how you're controlling legal costs. Determining legal spend by matter type and business unit can help red-flag problem areas in the company that are generating a surprising amount of legal spend so the legal department can develop a plan to reduce that spend (which can then be shown to superiors). This data can also be used to justify hiring new in-house counsel when legal spend for specific matter types reach a certain level. Systems that track matters and legal spend and that can generate these types of reports are invaluable in showing value. When you start getting "what has the legal department done for me lately" questions, or better yet, when you anticipate those questions are coming, it's time to consider such technology.

7. YOU DON'T KNOW ALL OF YOUR MATTERS THAT YOUR LAW FIRMS ARE WORKING ON AT A GIVEN TIME

Knowing the legal matters being worked on by your law firms is crucial to being able to manage risk and your legal portfolio. If the legal work in your department has grown to the point where you can't produce a list of all the ongoing litigation matters for your company, or all of the active contract negotiations, or all of the transactions and litigation from the last twelve months, within twenty-four hours of a request, then it's time to consider matter management software.

8. YOUR IP PORTFOLIO HAS GROWN BEYOND A SPREADSHEET

Some companies tend to be IP heavy, and documents associated with patent, trademarks, and other IP assets also tend to be voluminous. If your trademarks are registered in several countries, registration dates can become hard to track. Understanding and having quick access to your entire IP portfolio is extremely important to being able to manage these assets. If you're having trouble keeping up with the documentation, IP workflows, and due dates surrounding your IP portfolio, it's time to consider getting IP management software.

9. YOU'RE HAVING TROUBLE KEEPING TRACK OF DEADLINES

All dates associated with legal matters are vitally important; for example, contract renewals, depositions, and filings that are due. Once a legal department starts getting a certain number of legal matters, keeping track of these dates, and making sure you're on the same page as outside counsel becomes more and more difficult. Matter management software allows you to see all of your upcoming deadlines in one place and also allows you to collaborate with your outside counsel. This means that both outside counsel and in-house counsel can go to the same matter in the same place to see all of the information about that matter, including deadlines. So there's no reason to email or call to confirm certain deadlines, no need to search through emails looking for that filing deadline. There is no question whether you and your outside counsel are on the same page, because you're working in the same place. When you start feeling like tracking deadlines has become burdensome and you're constantly checking in with your outside counsel to confirm you're on the same page, it's time to look at matter management software.

10. YOU'RE GETTING SURPRISED

Nobody likes to get surprised, whether it is the outcome of a matter, a material change in a matter, or the cost of a matter. Surprises can be reduced by using e-billing and matter management software. Maximum and minimum litigation exposure, along with the likely outcome, can be tracked and allows the legal department to keep key stakeholders apprised of potential risks and avoid embarrassing surprises. Regular status reports can be required of law firms to make sure that everything that's going on in the matter is being communicated to the legal department. Costs and budgets for matters can be tracked so conversations can be had before the end of the matter about cost overruns. If you feel like you don't know everything that's going on in your matters and feel like you could get unwelcome surprises (or you already have), it may be time to consider an e-billing and matter management system.

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