INTRODUCING DATA VISUALIZATION TO LEGAL OPERATIONS

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It is not news that the evolution of legal operations as a discipline has redefined the expectations and barometer of success for corporate counsel. However, many questions still remain as to how to best introduce the concepts that this discipline encompasses. The corporate legal operations consortium (CLOC) has stated:

Legal operations professionals bring the leadership, knowledge, and experience necessary to drive peak in-house legal department performance. They offer a deep understanding of the industry; expert knowledge of best practices and enabling technologies; team development skills; and core competence in implementing policies, processes, and technologies to increase value to the company while driving down costs and fostering a globally connected culture.

Central to the role of a successful legal operations team is their proclivity to drive progress. Within institutions as entrenched in tradition as law, change management can be a particular challenge. However, disrupting the status quo and driving change can no longer be considered ambitious; rather, it is a necessity. Corporate legal departments now have access to tools that allow them to be nimble, proactive, and accountable for spend. Utilizing these tools intelligently will dictate whether a legal department continues to be viewed simply as a cost center, or instead as a fiscally responsible, forward-thinking contributor to the company's success. Utilizing these tools intelligently means responsibly collecting and using data to tell your legal department's story.

Technology is the umbrella under which the aforementioned tools live. Technology, which embraces concepts not taught in law school, has become the driver which allows (and some may say now mandates) lawyers to demonstrate efficiency and vision in a tangible way. Adoption of e-billing and matter management software is currently standard practice among corporate counsel. Using that software in the most proficient manner possible (e.g. in a way that truly contains spend, improves collaboration with outside counsel, and allows push-button reporting) requires a legal department to respect the input and integrity of data.

Data visualization, a prevalent term in the corporate lexicon, has been defined as "the presentation of data in a pictorial or graphical format." In theory, it should facilitate the decision-making process of corporate leaders by allowing them to view trends, benchmarks, and statistics in snapshots that support larger concept theories or decisions. For the metrics to be reliable and meaningful, the following concepts must be supported.

The metrics should:

- Be based on reliable data born of disciplined input process/workflow that is
  - Simple in structure
  - Intuitive and easy to use
  - Centralized or disciplined
  - Audited

- Incentivized for buy-in
  ◦ Saves time and improves records vigilance and productivity
  ◦ Helps and supports AP to make their job easier
- Align with the corporation's organizational structure and be meaningful to the institution's overall goals
  - Mirror the database to the company's business structure
  - Define goals first and then consider what data points will support success when configuring the database
  - Be disciplined about accounting codes, billed to entities, and other easily quantifiable fields
- Capture relevant trends
  - Employ custom fields that are specific to the business (plants, product lines, regions, and other relevant categories)
  - Use internal matters to demonstrate productivity and make business cases for internal hires if necessary
- Accurately demonstrate changes over time
  - Run reports consistently using report scheduling solutions
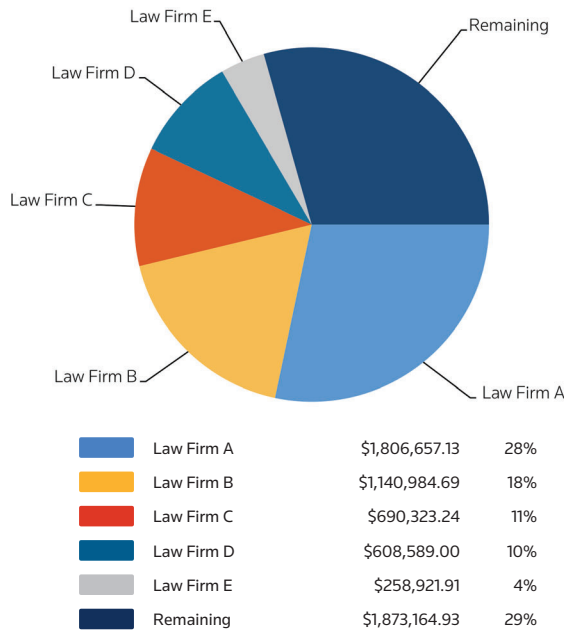 - Export to Microsoft® Excel® or use custom reports to track trends

THE POTENTIAL OUTPUTS AND USES OF DATA OF INTEGRITY

When measures such as those suggested above have been taken to ensure confidence in the data itself, the opportunities to use that data to improve outside law firm relationships and support your internal staff are abundant. On the following pages, several examples depict how data visualization has been used by corporate legal departments to bolster productivity, workflow, and overall efficiency. The creation of data visualization models can be generated from various tools. The use of a report engine in a reliable e-billing and matter management system, such as Thomson Reuters Legal Tracker™ (formerly Serengeti Tracker™), offers an extremely user friendly and effortless method of accomplishing your goals. Exporting data to Excel or other data visualization software, such as Tableau®, provides an alternative means of analyzing and displaying data. Lastly, technical professional services teams are a valuable resource for creating custom and repeatable reports at the push of a button.

Using Data Visualization to Better Manage Outside Counsel

Tracking metrics specific to your outside counsel is a practice that is pivotal to making solid hiring decisions and enabling intelligent rate negotiations. These metrics also support your organization's initiatives for vendor convergence and diversity. Ultimately these efforts will drive cost savings through expense enforcement and budget management and by improving the communications and overall relationships with your firms. The following graphs offer a handful of examples on how the organized display of information allows audiences to spot trends at a glance and equips them with important decision making tools.

Data Visualization Example A: Spend by Law Firm Analysis

	Law Firm A	$1,806,657.13	28%
	Law Firm B	$1,140,984.69	18%
	Law Firm C	$690,323.24	11%
	Law Firm D	$608,589.00	10%
	Law Firm E	$258,921.91	4%
	Remaining	$1,873,164.93	29%

Analysis of overall spend by law firm allows legal departments to identify opportunities to reallocate spend to increase negotiating power, as well as to make determinations on whether they are receiving sufficient value from services rendered.

Data Visualization Example B: Law Firm Specific Report Cards
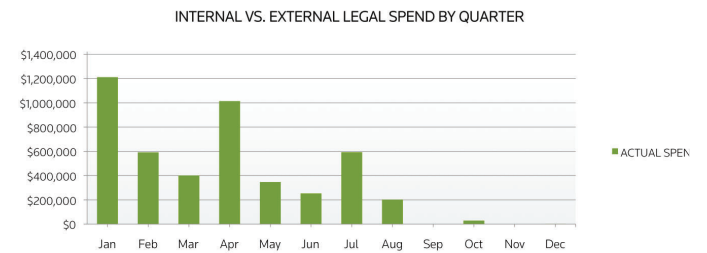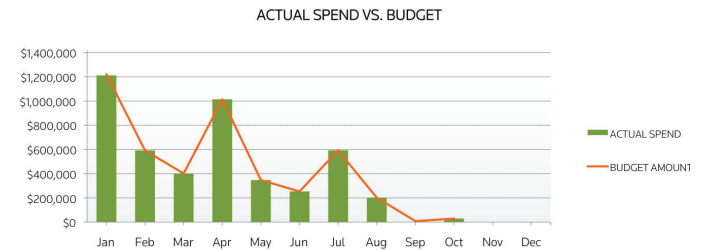

Some companies create firm specific report cards that allow them to evaluate each firm based on a set of key metrics to determine if the firm is working efficiently. These metrics also help companies to determine whether the legal department is making payments in a timely fashion. Several companies have negotiated speedy pay discounts, which offer a quick turnaround in invoice payment in return for savings.

Data Visualization Example C: Spend Over Time Analysis

Understanding fluctuations in spend over time helps to identify problems or trends that may have contributed to increased spend. The identification of these issues allows the legal department to take proactive steps to address or prevent them in the future.

Data Visualization Example D: Spend to Budget Tracking

Keeping an eye on spend as compared to budget prevents surprises for the finance department and allows legal departments to adjust expectations sooner rather than later to avoid overspending. This is also a key discipline that allows departments to better model budgets and predict annual spend in the future.
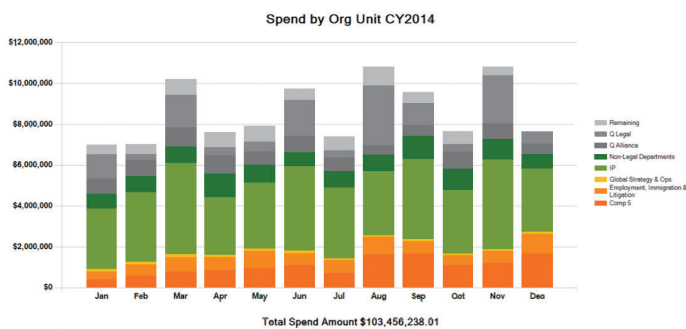
Improving Internal Workflow and Department Administration through Data Visualization

Using reports, graphs and other forms of data visualization not only helps support high level business decisions, but can also be extremely useful in helping to facilitate day-to-day workflows and processes. Some of the key tasks and disciplines where trend analysis can have a major impact internally within a legal department include:

• Tracking stuck invoices and accruals

• Matter management

  - Tracking the number of contracts reviewed or generated

  - Assessing the number of claims over time

  - Reviewing the number of current active matters

• Matter reconciliation

  - Monitoring individual and average turnaround times

  - Recording the number of matters open/closed in the year

  - Documenting the number of cases settled

  - Tracking cycle time (average period of time between opening and closing a matter)

• Manage employee behavior by holding employees accountable for their responsiveness and vigilance, including the means to document and incentivize positive outcomes

In addition to the examples listed, using data to illustrate how the legal department supports the company's internal clients allows for informed decision making regarding allocation of resources and budget projections. Data is also the optimal way to offer a true picture of the valuable work being done within the legal department.

Data Visualization Example E:
Spend by Company Organizational Unit for a Fiscal Year

The annual trends by organization unit over the year are displayed in this chart. The graph also provides a clear snapshot of which units within the company are benefiting from legal department spend and work.

Data Visualization Example F:
Organizational Unit Spend Across Years, Compared to Budget Shown from Various Perspectives

This type of dashboard offers a prime example of how similar sets of data can be viewed side by side, using differentiating graphics to manifest the data's importance and allow for a more circumspect analysis.

CONCLUSION

This white paper offers just a small sample of the many ways reliable data can and should be used to improve overall legal operations. Defining and understanding the goals of your own respective legal department is the first step in deciding exactly what kind of data visualization tools and outputs align with your needs. The concepts relayed in this article are universal, but can be adopted and applied in myriad of creative ways.

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