LegalShift

Transforming Legal Operations

How In-House Counsel Can Achieve Operational Excellence in the Higher Education Market

- LEGAL PROJECT MANAGEMENT
- LEGAL SPEND MANAGEMENT
- LEGAL LEAN INNOVATION
- TECHNOLOGY ASSESSMENT & PLANNING
- IN-HOUSE/OUTSIDE COUNSEL ALIGNMENT
- KNOWLEDGE MANAGEMENT

June 21, 2016

Agenda

- Welcome and introductions
- Who is LegalShift?
- Today's presentation context
- About you! Polling questions
- Outside counsel controls
- Matter information collection, tracking and reporting
- Using knowledge for strategic planning
- Wrap-Up
- Questions

LegalShift

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I have a strong passion for improving the way clients and lawyers work together, and have dedicated a significant part of my career to educating the legal industry on the benefits of legal project management and process improvement. I am a lawyer with more than 18 years of diverse experience in transactions, litigation and government operations, and my practical experience also includes the management of multi-million dollar government projects and large teams of lawyers and paralegals that operate much like a corporate legal department.

I am responsible for helping to lead the change in how law departments and law firms work together. I have spent more than 30 years both inside and externally advising corporations and law firms on strategic growth, the application of business best practice and leading the drive to achieve operational excellence.

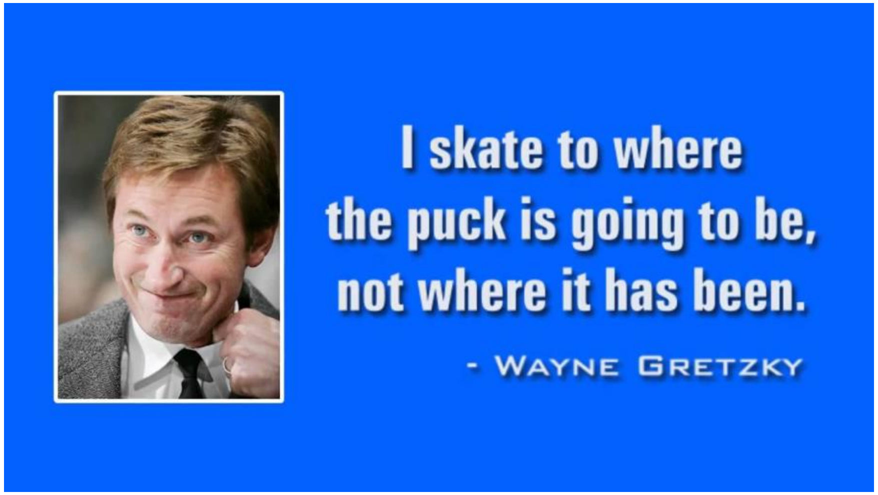
With more than 15 years' experience in the legal industry, I have served as an attorney, legal technologist, research and competitive intelligence expert, social media guru, online education developer, information governance advocate, knowledge strategist and leader of the largest legal technology association in the world. My role at LegalShift is to help clients look at all aspects of information and knowledge in a unique way and understand that every component can be more important than the technology used to contain it.

Who is LegalShift?

Both the business and practice of law are continuously changing. That which was done yesterday may not be enough today.

LegalShift was formed with one goal in mind:

> getting law departments to ***shift*** the way they do business in ways that allow them to align with client needs and achieve true operational excellence.



LegalShift can provide you that strategic vision and guide your line of sight.

Who is LegalShift?

- **LegalShift is a management consulting and advisory company** focused on driving operational change in the legal market, focused on law departments.

- LegalShift's consultants have worked with hundreds of corporate legal clients and law firms.
  - *Law Departments – more than 250 law departments across disparate industries including Adventist Health, Selective Insurance, Abbott Laboratories, CIBC, Edwards Lifesciences, CNA Insurance, T-Mobile, Rockwell Automation, Viacom; McDonald's, MoDOT, Colgate Palmolive*
  - *Law Firms – more than 250 firms including Baker Donelson, Bradley Arant, Denton's, DLA Piper, Mayer Brown, Ogletree Deakins, down to firms of 75 lawyers.*

ACC Value Levers

Source: http://www.acc.com/

LegalShift Services

HOW WE MEET THE CHALLENGE

- **LEGAL PROJECT MANAGEMENT**
  - BakerManage™ LPM Program Development & Training
  - BakerManage™ Workflow Management
  - LPM Secondment/Sourcing
- **LEGAL LEAN INNOVATION**
  - Legal Process Improvement
  - Contract Workflow Strategy
  - Litigation Readiness Assessment
  - IP Paper-less Process Design
  - Business Operations (Re)design
- **TECHNOLOGY ASSESSMENT & PLANNING**
  - Technology Assessment, Recommendations & Roadmap
  - Solution Selection
  - Implementation Assistance
- **KNOWLEDGE MANAGEMENT**
  - Knowledge Management Program Development
  - Contract Discovery & Compliance
  - Practice Support Solution Design (e.g., Microsoft Matter Center)
- **IN-HOUSE/OUTSIDE COUNSEL ALIGNMENT**
  - Workload Analysis
  - Outside Counsel Management
  - Law Firm Convergence
- **LEGAL SPEND MANAGEMENT**
  - Matter Budget Design & Compliance Program
  - Pricing Model Development

Context for Today's Discussion

Stages of Operational Maturity

Maturity	Stage 1 (Inefficient)	Stage 2 (Early)	Stage 3 (Repeatable)	Stage 4 (Managed)	Stage 5 (High Performing)
Project Management					
Process Improvement					
Technology					
Knowledge Management					
Allocating Work					
Value-based Fees					

Where are you?

LegalShift

Higher Education Law Department Operations Evolution
Where are You?

Maturity	Stage 1 (Inefficient)	Stage 2 (Early)	Stage 3 (Repeatable)	Stage 4 (Managed)	Stage 5 (High Performing)
Project Management	• Low oversight of Outside Counsel • No project mgmt	• No structured OC mgmt • Little to no use of project mgmt	• Reactive to OC mgmt • Limited use of LPM	• Working to move from reactive to proactive OC mgmt • Evaluating some components of LPM and LPM resource	• Proactive mgmt of OC to ensure fee adherence • Driving internal use of and implementing LPM teams
Process Improvement	• Limited process documentation • Process inefficiencies • No Legal Operations team	• Limited written process • Work is bottlenecked or inefficient • No legal Ops team — may have eDiscovery team lead	• Some written process • Silos of inefficiency • May have Ops lead • May have eDiscovery l • Use Cor	• Small legal Ops team and lead • May have partially dedicated IT liaison and eDiscovery leaders • Limited/tactical process improvement n OC for eDiscovery	• Legal Ops team and lead along with Tech and eDiscovery leaders • Pursuing process efficiency and "Lean" internal improvement. • Increasingly demanding that OC show process innovation/improvement • Moving eDiscovery services in-house
Technology	• Documents stored shared network or local user drive • No eBilling or matter tracking	• Documents on shared network drives • May have eBilling and/or matter mgmt system but not used consistently	• Doc in s • May ha g and matter mgmt but not used consistently	red in silo DMS • er mgmt and e stems • M er centric work • U aboration tools	• Documents in SharePoint or legacy system and heavily integrated • Integrated matter mgmt, eBilling, IP, etc. • Mobile focused • Entirely matter centric
Knowledge Management	• No knowledge repositories • No mgmt or tracking of contracts	• Light intranet with contact information and limits • No or limited mgmt of tracking of contracts	• Intranet with inconsistent practice focus • Standalone contract database	with basic forms, ocesses; some self-help andalone knowledge infobase Data warehouse with some reports atabase of abstract contracts	• Integrated KM and collaboration tools • Highly integrated dashboards and data warehouse for sophisticated reporting • May have legal knowledge owner • May mine contracts for compliance
Allocating Work	• Dependent on OC • No formal work allocation	• Dependent on OC • Hiring internally if growing	• Moving towards internal staff vs. O • Practice specific OC	rategic dependence on OC ormalized work allocation • Using some outsourced vendors	• OC partnering and collaboration • Formal allocation and approvals • Increasing use of outsourced vendors
Value -based Fees	• High OC fees • Manual/paper invoices • Reactive spend review • No OC guidelines	• Higher OC fees • PDF invoices • Reactive spend review with limited transparency • Limited OC guidelines	• Usually reactive to spend • Silos of AFA use • Most have OC guidelines	• Beginning proactively fee mgmt • Focus on AFA's and simple analytics including variance identification • Sophisticated OC guidelines	• Collaborative budgeting to manage fees • Forecasting work • Managing fees via AFA's, national counsel relationships, volume discounts, loaned resources

Polling Questions

We Want to Know About You!

Outside Counsel Controls

The Problem

Law schools have not equipped lawyers with the skills to plan, control and drive efficiency

Lawyers have developed budgets, but rarely are budgets based upon a plan or upon a thorough analysis of the anticipated work

Hourly billing and traditional billing practices

- Places all the risk on the client (ABA 2001 Report) and rewards inefficiency
- Promotes inconsistency, shifting timekeepers without approval, lack of detail, block billing and billing surprises
- Used as the predominant form of communication

Lawyers wait to be asked before they implement improvements:

- More thorough budgeting
- Development of project plans
- Process improvement
- Data capture using phase/task codes
- Monitoring tools

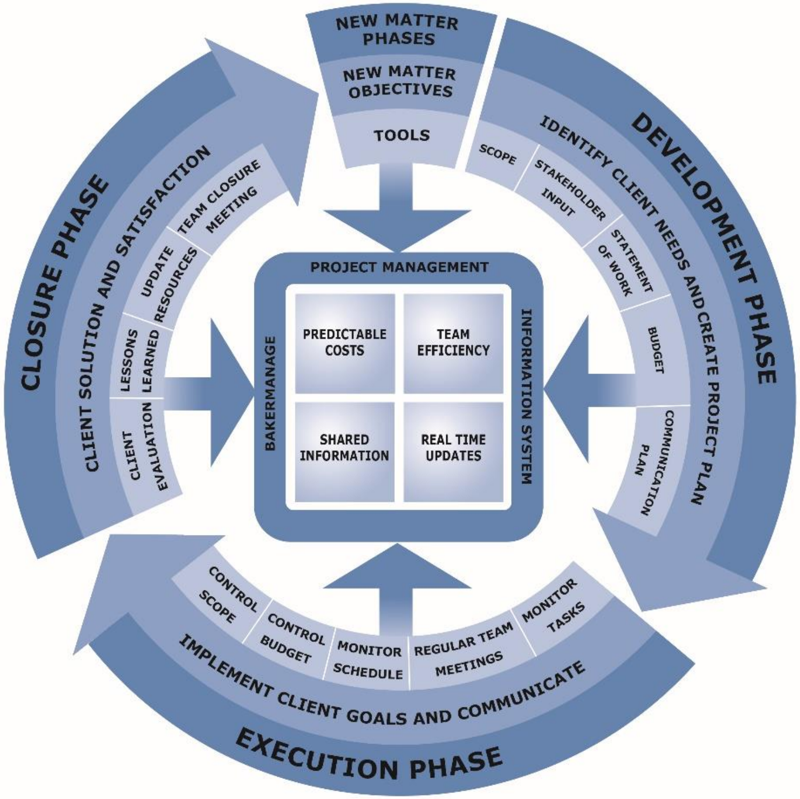
A Solution: Combination of best practices for planning, communicating and auditing

- Implement a methodology that encourages lawyers to take more time at the outset of an engagement to evaluate both the legal and business aspects of the matter.
- Require project plans and detailed budgets which can be used to better predict spend and serve as a guideline for the team.
- Prohibit block billing and implement phase/task codes to help you gain a better understanding of the time spent on tasks and to provide a mechanism for closer monitoring.
- Develop requirements before work begins regarding communication, reporting, billing limitations, etc. through Guidelines for Outside Counsel and LPM techniques.
- Require attorneys to provide a reconciliation against their budgets with each bill.
- If an attorney requests a budget adjustment, identify specifically what must be provided for approval.

***** Does not require technology!***

Baker Donelson's Solution – BakerManage, Task Code Billing and Client Reporting

- Baker Donelson recognized the need to develop a step-by-step process to integrate PM techniques into practice – for both hourly billing and fixed fees.
- In 2010, there was no software, recognized process or training available to help lawyers become more efficient and control legal spend.
- Baker Donelson developed BakerManage (licensed by LegalShift) – a patent pending process which won the 2012 ILTA Award for Project of the Year – which is incorporated into the ABA's LPM Training Programs.



LPM Technology Approaches to Manage Outside Counsel:

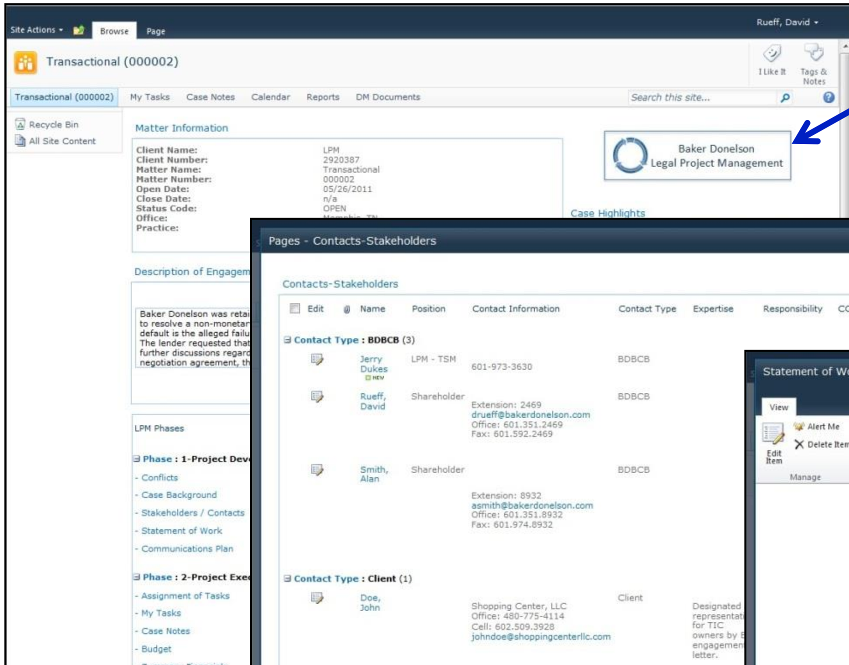
Functionality:

- Security and protection of confidential information
- Workflow to onboard new matters consistently (data and process)
- Workflow for outside counsel to consistently develop a plan and budget
- Platform for ongoing communication and reporting through the matter
- Data capture for post-matter analysis, improvement and strategic planning

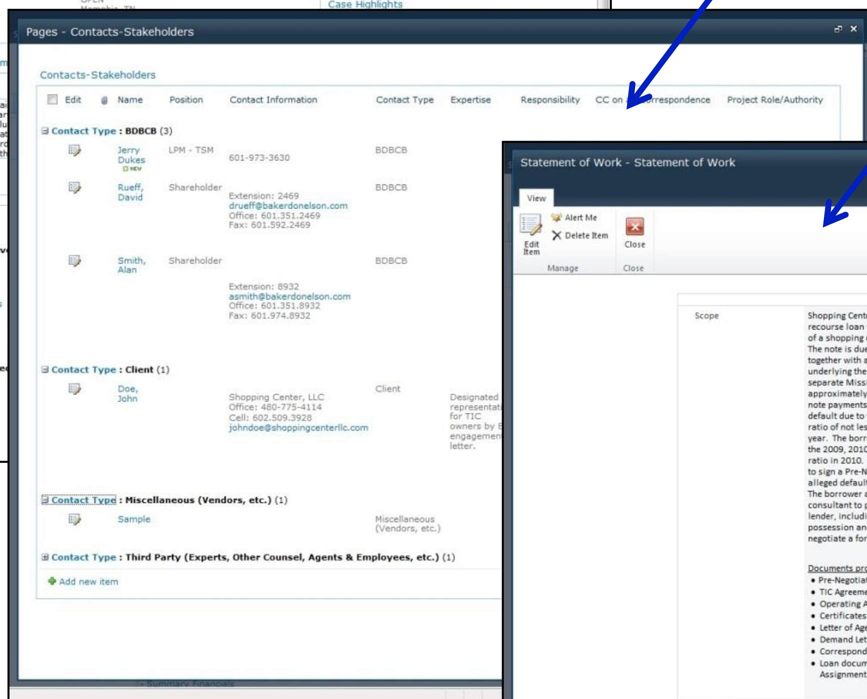
Platforms:

- Microsoft Word Templates
- Shared Excel Spreadsheets
- Relational Databases
- SharePoint Platforms
- Web Based General Project Management Applications
- Specialized Third Party Technology Applications for LPM

Technology – LPM Process in SharePoint:

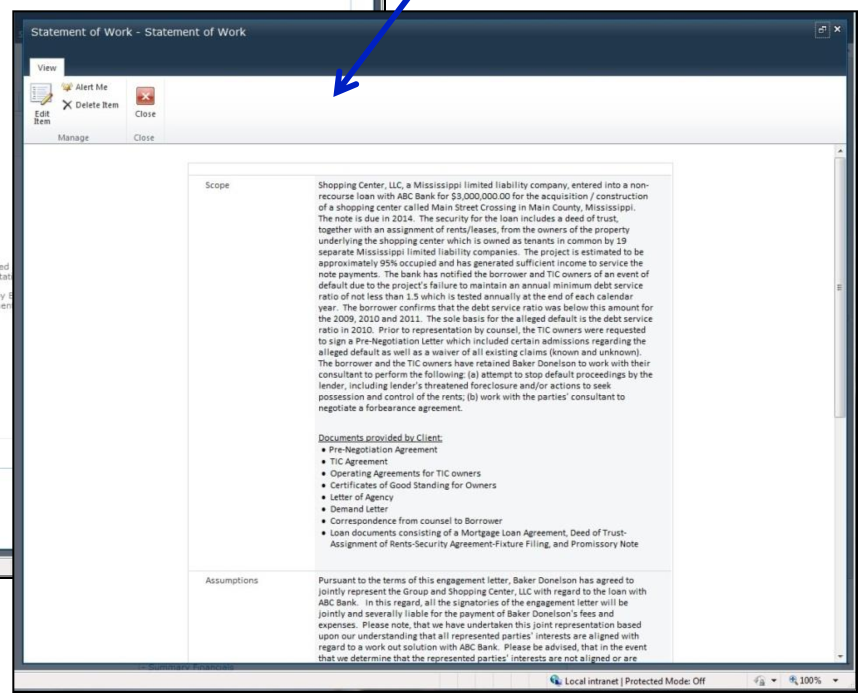


General Information and Documents



Matter Contacts and Stakeholders

Matter Statement of Work



Technology – LPM Process in SharePoint:

Monitor and Report Task Status

ClientAssignmentOfTasks

Assignment of Tasks

Tellus O

Task	Assignment	Status	Due Date
P100 Project Administration			
P100 Project Administration			
P100.001 Team Conferences			
Shareholder	Chafetz, Sam	In Progress	
Shareholder	Painter, William	In Progress	
Associate	Haire, Trey	In Progress	
Associate	Wilgenbusch, Chad	Completed	
Associate	O'Connor, Bill	Completed	
P100.002 Client Status Reports			
Shareholder	Chafetz, Sam	Not Started	
Shareholder	Painter, William	Not Started	
Assoc			
P100.003 In			
Share			
Share			
Assoc			
Assoc			
P100.004 Cl			
Share			
Share			

Provide Summary of Case Progress

Pages - Case Notes

Case Notes

Edit	Type of Note	Title	Associated Task	Note
	Task	Status Update Foreclosure and Control of Rents NEW	P240-Real and Personal Property	(5/4/12) Response letters to each tenant re: bank's demand for rent turnover were sent out on 5/2/12, with copies provided to bank's counsel. Tenants are beginning to respond with questions re: what to do with May, 2012 rents. Bank'scounsel has now contacted us and wishes to discuss possible agreed resolution of rents issue (although, given bank's desire for total control of rents, we are not optimistic that bank will make an acceptable proposal re: control of rents). At this time it is uncertain what further steps the bank may take to enforce its claimed rights to the rents (but the bank may be preparing to initiate litigation on its own; possibly seeking the appointment of a Receiver to control the property and rents). We are moving forward with drafting pleadings and related materials to file in the Chancery Court, seeking an injunction to halt the foreclosure and the bank's action re: rents. We have located law to support the TIC owners' position that a non-monetary default is insufficient to support the harsh remedy of foreclosure, in the absence of the non-monetary default having diminished the value of the lender's collateral to less than the value of the collateral as of the date the loan was made. We will utilize this Mississippi law to support the TIC owners' arguments in opposition to the bank's actions re: foreclosure and control of rents.
			P210-Corporate Review	(03/15/12) Conference with client regarding organizational structure of ownership. The following information was provided: • Investor obtained contracts to acquire the property for investors needing to roll funds out of a 1031 • Investory entity received an assignment of the contract • Investor entity was apparently initially a member of Shopping Center • Investory entity acquired the property and entered into the loan with ABC • Investor entity transferred interests in the property to the individual TIC owners and retained a 1.0% interest • The individual TIC owners took title in the same name that they previously sold property in their 1031, entered into a TIC agreement and assumed the ABC loan • Once they acquired ownership interests in the property, the individual TIC owners transferred their interests to SPEs

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ClientBudgetToActuals

Budget To Actuals

Tellus

Disclaimer - The financial information included on this page may be subject to change based upon the daily time entry by the Baker Donelson attorneys and staff working on this matter. Prior to relying upon this information as an up to date balance of the fees and costs incurred on this matter, please contact Baker Donelson to confirm that all time and expense entry is current.

Task	Budget	To Bill	Billed	Balance
P100 - Project Administration	$8,133	$1,626	$10,964	($4,458)
P100 - Project Administration	$8,133	$1,626	$10,964	($4,458)
Associate	$2,028	-	$392	$1,636
Haire, Trey (007461)	$1,348	-	$392	$956
O'Connor, Bill (012469)	$475	-	-	$475
Wilgenbusch, Chad (012088)	$205	-	-	$205
Shareholder	$6,105	$1,626	$10,572	($6,093)
Chafetz, Sam (007015)	$3,375	$1,080	$7,065	($4,770)
Painter, William (005529)	$2,730	$546	$3,402	[illegible]
Prester, Jackie (005774)	-	-	$105	($105)

Track Budget to Actuals

Outside Counsel Controls

The Results for Outside Counsel:

People/Process

- Step-by-step approach to prepare a thorough case plan
- Thoughtful and reliable fee estimate instead of a guess
- Strategic decisions with better information
- Framework to control the work of team members
- Communication platform for the entire team
- Consistent results and costs for similar matters

Technology

- One stop shop to avoid emails and inefficiency
- Platform for collaboration through shared action items
- Inventory of open/closed matters and related information
- Customized and automated reporting for portfolios
- Alert notifications for updates, budgets and key dates
- Tested platform for Coordinating Counsel engagements

Use LPM to create a holistic solution including departmental management:

General Counsel are typically responsible for the following:

- oversight of outside counsel
- management of the department's staff, budget and strategic planning
- providing legal advice to other departments within the organization either through:
  - assistance or coordination of special projects (compliance, data security, etc.); or
  - ad hoc counseling

LPM processes and technology can also be implemented internally to achieve the following:

- clarify the information required to engage an in-house lawyer
- clarify projects, expectations, deliverables and timelines with other departments
- more closely monitor the department's budget and expenses
- communicate progress and results through automated reporting
- communicate capacity and justify the need for additional resources
- share documents, best practices, policies, procedures and templates
- collect data to provide a recap of the department's annual performance

Matter Information Collection, Tracking and Reporting

The Problem

Your "points of pain"...

- What is my team working on?
- What is Bob/Jane working on and where are they in this matter or project?
- What is the status of my or my team's matter/projects(s)?
- Where are we on budget?
- I have the information in our systems, but can't get to it easily or quickly.
- How can I quickly share status with the CEO or Board?
- How do I demonstrate that I need more people/budget?
- How do I show value to the CEO and Board?

require "know how" in areas of:

Strategy **– capacity and capability to take both a broad (holistic) and deep, real-time look at our inside and outside matter status and outcomes**

Process **– formalize workflow best practices to capture data on the matters, scope, tasks, assigns, due dates, status, actuals vs. budget, outcomes, etc.**

People **– having the right people doing the right work at the right time (right sourcing); develop staff to be better business managers by tracking real progress and outcomes**

Technology **– leverage technology to aid capture and reporting**

Top Matter Capture and Tracking Problems and Solutions

Client GC problem:

CEO/Administrator requested a twice monthly update on matter status for five specific matters, three of which were being handled internally, and two via outside counsel.

Prior to our solutions, the GC and the internal team were spending 9–12 hours per month manually crafting status reports, reviewing, checking information, talking to outside counsel and other non-value time activities. In addition, they spent 18+ hours per month working through and updating budgets.

- Post implementing legal project management process, training both inside and outside team members and implementing task tracking software, the GC's secretary would pull a status report and budget update directly from the system in a few minutes, send it to the GC for review and mark-up and update the system.

- **The Result:** The GC and team are now spending 2–4 hours per month in the same activities as before.

Top Matter Capture and Tracking Problems and Solutions

Client GC problem:

Client was experiencing continual budget cuts and reduced spend abilities. At the same time, workload was rising. The GC was unable to substantiate or support the need to not only maintain budgets, let alone increase budgets.

- Post implementing matter management and eBilling solutions along with a legal project management process and technology overlay, (and some time capture) the GC was able to:
  - Explain how much time and $ was being spent on each matter
  - Benchmark efficiency gains of over 10 percent
  - Reduce outside counsel spent
  - Measure the number of matters worked on and closed by each internal team member
  - Budget the amount of time and $ required for outstanding work
- **The Result:** The GC received permission to add one lawyer, one paralegal and one secretary and has now been exempt from budget cuts.

Using Knowledge for Strategic Planning

A Knowledge Economy

Knowledge enables individuals, teams and the entire organization to collectively and systematically create, share, locate and apply knowledge, to achieve efficiency.

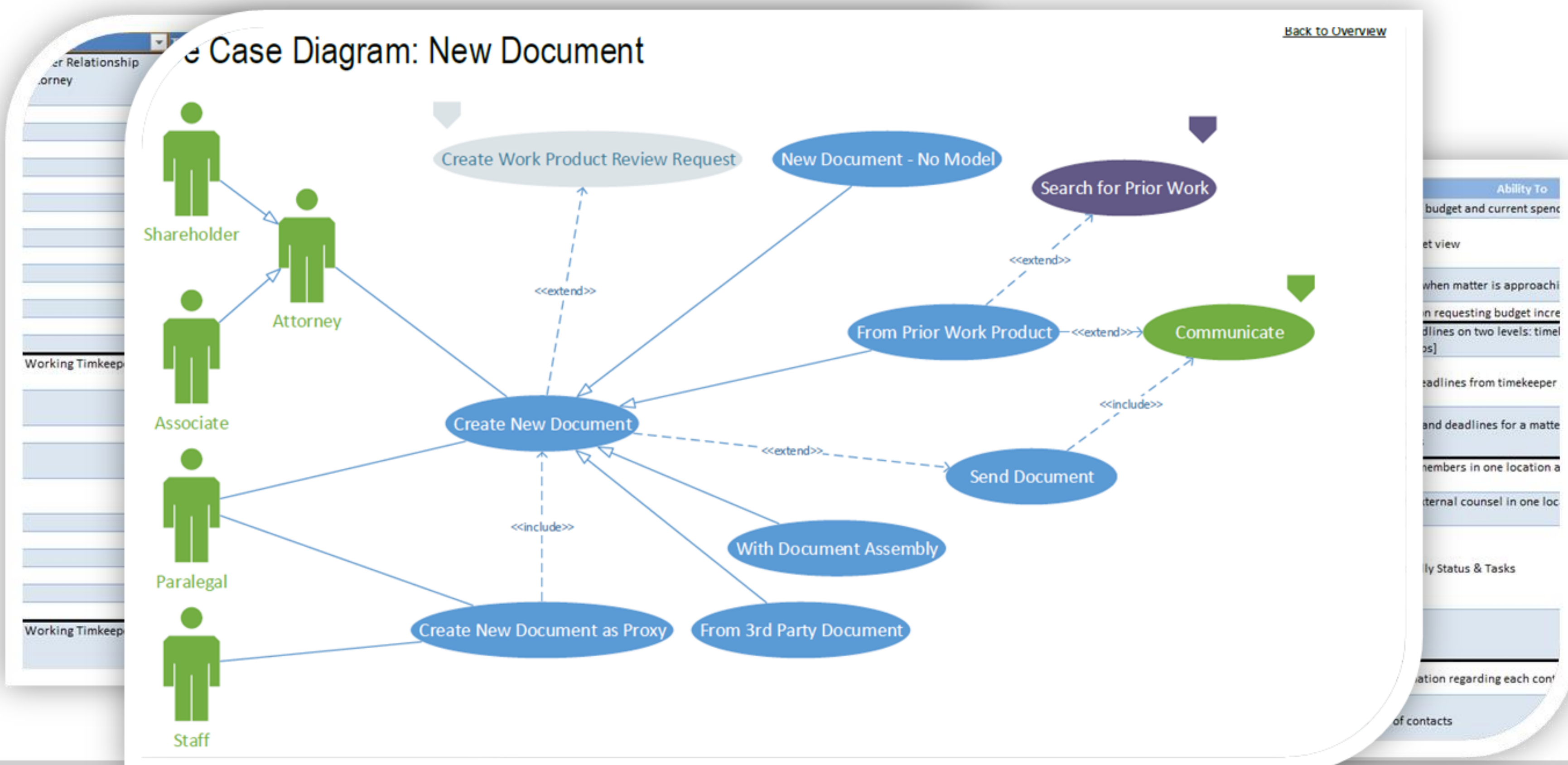
The process of KM is designed to generate and manage the knowledge that establishes a competitive advantage. KM leverages the intellectual capital that each person has and is critical to strategic performance.

How does organization knowledge help build strategy?

- Pain Points and Efficiency Gaps
- Technology Gaps
- Resource Constraints and Needs

Knowledge is Power - HOW People Work

- Understand the functions being performed. Understand the processes people are taking.
- Is it causing loss of time? Is it efficient? Are there better ways? Do you need new technology?



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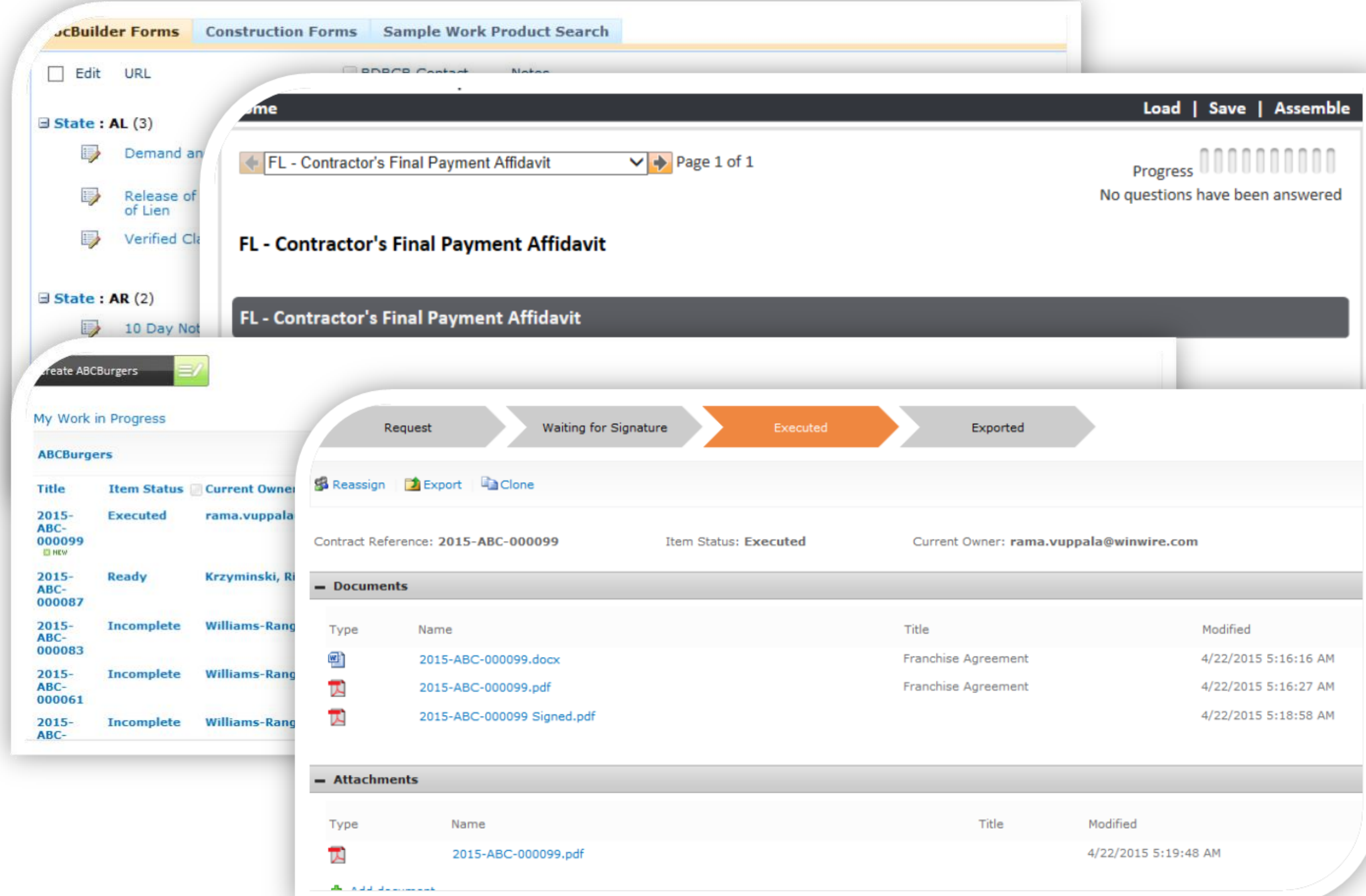
Standardization of Forms & Document Automation with Contract Tracking

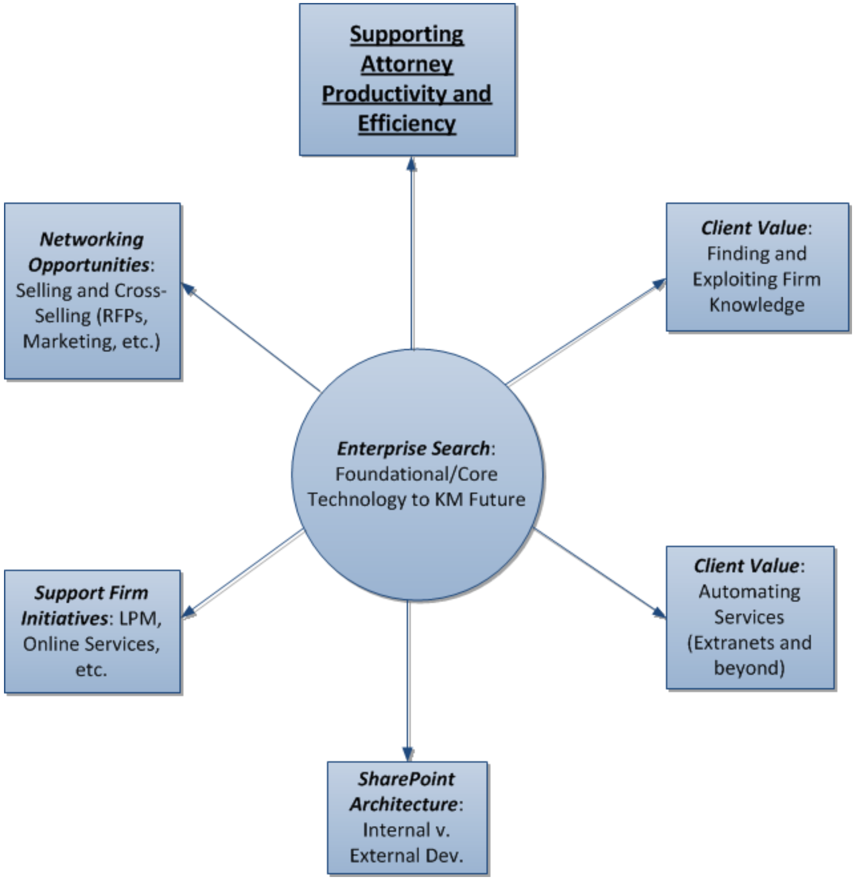


Knowledge is POWER – Search & Location

- Need the ability to locate expertise across the growing organization within a matter of seconds.
- Need to research both internal materials and external materials with one search to provide better efficiency and increase margins.

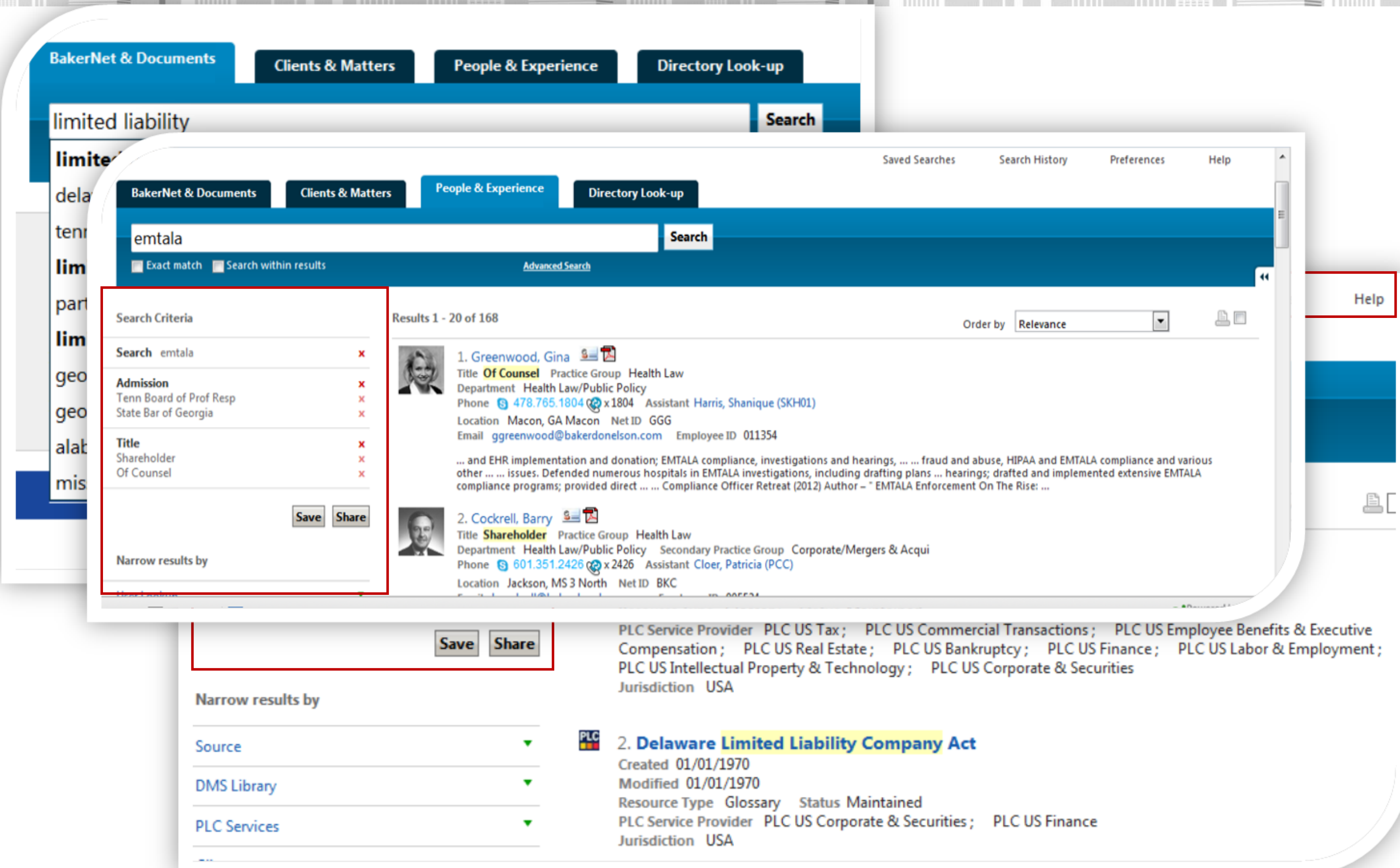
TASK	TODAY	WITH SEARCH
• Attorney gets a call from a client. Needs to know if we have expertise within a specific area of the law.	• The lawyer has to check multiple expertise listings on the practice site of portal or send a mass mail to all attorneys in the firm.	• The lawyer goes to the single interface and searches for others in the firm related to a specific area of law.
• Attorney is asked to complete a formal RFP and needs to locate similar matters.	• The lawyer relies on the Marketing or Business Development department to provide other similar matter information or the lawyer sends a mass email to all attorneys in the firm.	• The lawyer goes to the single interface and searches for other matters in the firm with similar work produced.
• Attorney needs to see a 360 view of a client file (i.e. documents, emails, research, financials, news, etc.)	• Attorney searches on portal for the client matter # and goes to the client or matter site. Only documents or emails saved to a correct client matter # displayed.	• The lawyer goes to the app that pushes frequently worked matters to the attorney. They click on the client or matter name. Visiting the site provides emails, documents, research, etc.

Knowledge is POWER – Search & Location



- NETWORK
- FIND
- UNDERSTAND
- ADD VALUE
- AUTOMATE
- TRUST
- LEVERAGE

Knowledge is POWER – Search & Location



Wrap-Up

Law Department Operations Improvements

Opportunity Area	Process identification, assessment & design	People training, project mgmt & secondment	Technology selection, deployment & change mgmt
Legal project management and dynamic workflow	• Legal project management (LPM) processes including BakerManage™ • Legal "Lean" improvements • LPM assessment	• In-house resource training • Legal Project Manager secondment • Other operations resource secondment	• Scope and work management systems • Matter management • Automated, integrated workflow applications
Vendor partnering and collaborative budgeting	• Matter estimating and budgeting processes • Matter audit processes • Outside counsel guidelines • Scope management and control processes (including BakerManage™) • Financial assessment	• In-house pricing review and audit analyst training • Legal Project Manager secondment • Financial review analyst secondment	• Scope and work management systems • Financial analytics • eBilling tools • Matter management applications • Financial systems integration • Team and matter collaboration tools
Contract discovery and recovery	• Enterprise contract lifecycle processes • Contract identification and aggregation • Contract discovery/recovery approach strategy • Contract compliance assessment	• Outsourced contract review • In-house contract reviewer training • Contract discovery / recovery analyst secondment • Legal Project Manager secondment	• Contract lifecycle management applications • Contract discovery/recovery tools
Knowledge management	• KM definition • KM prioritization and roadmap processes • Knowledge capture and leverage processes • KM assessment	• In-house knowledge analyst training • KM strategy secondment • KM analyst secondment	• Intranets • KM repositories toolsets • Data warehouse reporting • Graphical data presentation layer applications
Proving value	• Metrics definition • Metrics/benchmark measurement processes • Departmental value assessment • Value add strategy, reporting and ongoing marketing of value processes	• In-house staff training • Staffing models • Resource allocation and management • Demand generation	• Metrics/dashboard data collection, measurement and reporting tools • Business intelligence software • Resource analytics
Influence matter outcomes	• Risk identification and management processes • eDiscovery lifecycle processes • Litigation readiness/ legal hold processes	• eDiscovery team lead/consultant secondment • Litigation project manager secondment	• Risk management tools • eDiscovery technologies • IP docket systems • Litigation hold/management software

The practice of law is continuously changing, with increased pressure to do more with less. LegalShift is driving lawyers to be better business managers and to demonstrate their value.

Let LegalShift help *SHIFT* your legal team, process and technology to better align with client needs and achieve operational excellence. Contact us at:

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