



SimpleLegal

# How to Leverage Technology to Improve Legal Operations

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# Introduction

Legal operations departments got their start with piles of paperwork: stacks of case files, notes on active matters, pending invoices, and budget reports tucked into file cabinets. While paper case files have migrated to computer files, and finances have moved to accounting software, the truth is, most legal ops departments are still lagging behind when it comes to technology.

This disjointed system — mixing both paper and electronic systems — prevents you from gaining full visibility into your operations because your matter, vendor, and spend management processes are not standardized or connected. Without technology tracking and linking your work, you're left to connect the dots on your own.

But where do you start? How do you know which technologies are right for your legal department and your business? In this guide, we'll share:

- Top legal tech tools to think about and why
- Tips for getting the most from each solution
- Ways to leverage data from legal tech to drive strategic decision making
- How to integrate technologies and create a connected legal tech stack

It's time to bring your legal ops department into the 21st century with a little help from technology that is specifically designed for legal departments.

# Top Legal Tech Tools to Think About

## Essential Tool #1: Legal Billing Software

If you work with a lot of outside counsel, the type of legal billing software you choose will have a sizable impact on the overall efficiency of your billing process. Choosing software that streamlines invoicing is a great start. But if you want to replace your manual system or current billing solution, you need versatile legal billing software. Your software should be able to do everything from automating frequent tasks to offering deeper insights into your spending.

### Choose Legal Billing Software with Spend Management Capabilities

The first step to improving your billing process is to gain greater visibility into your legal spend. Your legal billing software needs to provide insight into what you are spending, with which law firms, and for which matters.

Billing software with spend management breaks down invoices in a way that pulls out the details of your legal spend. Invoices give you line-item detail into associated UTBMS task or activity codes along with the work performed, by which timekeeper, at which rate, on which matter.

Use spend management to:

- Analyze billing information across multiple outside firms/vendors
- Easily identify internal hiring needs
- Review in-depth legal analytics to be proactive instead of reactive with vendor relationships and opportunities for improvement

Detailed invoices allow you to hone in on trends, such as matters with increasing spend and timekeepers who bill higher or for more hours compared to others performing similar work. This information allows you to make informed decisions in the future. For example, if you notice a steady increase in outside vendor spend on intellectual property (IP) matters, you can use that data to justify hiring internal talent dedicated to IP matters.

#### *Making Sense of UTBMS Codes*

UTBMS codes are a set of codes maintained and developed by the Legal Electronic Data Exchange Standard (LEDES) Oversight Committee. UTBMS codes were designed to standardize the categorization of legal services and expenses so that legal work and the associated costs could be easily identified and analyzed. In order to track and understand legal spending and associated activities, the proper UTBMS task codes must be assigned to each bill. When used consistently, UTBMS codes allow you to monitor legal spending by categorizing each activity or expense.

# Establish Processes Using Automation

You can also leverage your legal billing software to create standard operating procedures for recurring billing processes. Not only will this help legal teams work cohesively while minimizing repetitive manual tasks, it will also help proactively avoid common billing issues like the ones below.

## Avoid Payment Delays

Manual systems rely heavily on back-and-forth communication, which inevitably leads to delays in invoice delivery and payment.

Instead, leverage your legal billing software to automate invoice-approval routing. You can avoid bottlenecks by sending invoices to the right person at the right time – and monitor the status of the invoice every step of the way.

**Perhaps one of the most powerful ways you can leverage invoice routing is when enforcing your billing guidelines.** We've previously discussed the [basics of establishing billing guidelines](#) (and why you should) but essentially, guidelines allow you to set clear expectations for outside counsel around what should and should be billed, when those things should be billed, and how.

Automatically enforcing those guidelines will significantly streamline your billing process and positively impact the bottom line.

Let's say Lily from legal suspects a timekeeper billed over their approved hours. With a manual system, Lily has to dig up the vendor agreement and look into the hourly limits set for that particular timekeeper. If the timekeeper did overbill, the invoice has to be sent back. This could easily stall the entire process, and no one would be able to check the status of the invoice or know why it was rejected.

With automated invoice-approval routing, the progress of the invoice is visible at all times. Plus, the [automatic billing guidelines enforcement](#) would flag the overbilling right away, allowing you to auto-reject or auto-adjust the invoice.

### Key Takeaway

Legal billing software can help you avoid payment delays by making it easy for your team to:



Send to the right person...



...at the right time...



...and monitor the invoice status.

## Prevent Miscommunication and Disputes

When receiving, tracking, and managing bills from outside counsel, one of the most common miscommunications happens around accruals. There are four types of accruals:



Tracking these types of **accruals estimates** is an important aspect of budget forecasting, however, emailing dozens of law firms every month to request accruals estimates is tedious. These often manual efforts also tend to ignore rejected invoices or any estimates with missing information when projecting work-in-progress costs.

Similarly to billing guidelines, accruals estimates are valuable only if they are properly understood and enforced. With a solution like SimpleLegal, you can automatically send reminders to every vendor you work with to increase response rate with a fraction of the effort. Our legal billing software with spend management capabilities also makes more accurate reporting possible – giving both legal and finance more insight into accruals.

## Connect with Accounts Payable

Linking your legal billing software to finance's accounts payable system allows you to monitor the entire lifecycle of a bill while improving communication between departments.

Once connected, the legal and finance departments can work together to optimize the billing process in several ways, including the following:

- Eliminating manual errors due to duplicate data entry between separate systems
- Allowing finance to access accruals data to more accurately predict future spending
- Avoiding compliance issues with financial requirements and **SOX**

With SimpleLegal, you can easily integrate your legal billing system with accounts payable and keep both departments informed throughout the billing process.

# What is a LEDES file?

LEDES is a simple file format with specifications that support hourly billing, flat fee billing, expenses, multiple currencies, and tax. Created by the [LEDES Oversight Committee \(LOC\)](#) in 1995, this informal group of corporate legal departments, law firms, universities, and software vendors sought to address [legal e-Billing software](#) issues with a “standard format for the electronic exchange of billing and other information between corporations and law firms.”

## The LOC and its guidelines for LEDES format are guided by five basic principles:

1. Keep it simple
2. Make it unambiguous
3. Diverge from existing formats as little as absolutely necessary
4. Ask only for information the law firm is typically able to provide from their financial system
5. Meet the needs of corporations, law firms, and legal industry software vendors to the maximum extent possible consistent with the first four criteria

## The Benefits of LEDES Format for In-House Counsel & Legal Operations

### Ease of Use for Your Law Firms

Your law firms use a variety of e-Billing solutions to submit invoices to their clients, a process that can be extremely time-consuming without a standardized process. With its efficient coding system, LEDES format reduces the time law firms spend on invoice creation and task descriptions, while allowing your legal department to accept invoices in a uniform format for ease of processing.

### Improved Legal Spend Analysis for Your Legal Department

Another benefit for in-house legal teams is the billing analysis capabilities that LEDES file format provides. Submitting invoices in LEDES format to an eBilling solution allows legal teams to extract valuable invoice data for a better understanding of where and how their money is spent, and empowers them to control costs by viewing services in proper context. This level of insight can then be used in reporting and analysis to improve overall [legal department operations](#), decision making, and spend management.

## How LEDES Files Work

Categorizing spend using LEDES files with activity and UTBMS codes gives you greater visibility into your legal spending. Instead of lumping costs into general areas, LEDES files drill down into the specifics. While a standard PDF invoice might break costs down into discovery, communication, and expenses, a LEDES file with task and activity codes would categorize costs even further.

**For example, a LEDES file might include all of the following codes:**

- L310 Written Discovery
- L329 Document Production
- L330 Depositions
- A102 Research
- A106 Communicate (with client)
- A107 Communicate (with other outside counsel)
- E112 Court fees
- E113 Subpoena fees
- E120 Private investigators
- E115 Deposition transcripts

With this LEDES file, you have the ability to see exactly how and where money is spent. In this example, you might take a closer look at how much time was spent on research (A102) and the cost of a private investigator (E120). Were both expenses justified, or should you implement a cap on private investigator spend in the future?

## Types of LEDES e-Billing Formats

Because LEDES files rely heavily on standardization, it's important to specify which format your vendors should use.

### LEDES 1998

The original LEDES format, LEDES 1998, was created in 1998 but was quickly replaced by LEDES 1998B and 1998BI. LEDES 1998B is a pipe delimited format that contains 24 data fields. Currently, it is the most commonly used format in the U.S. due to its simplicity.

LEDES 1998BI is based on the 1998B format but is designed to accommodate legal bills created outside of the United States. Building off the original 24 data fields, the 1998BI version includes 51 total data fields that cover more detailed information such as law firm and client addresses, currency used, and data by timekeeper.

## LEDES XML 2000

This XML file format was created in 2000 and includes [125 fields within seven segments](#):

- |                               |                                 |
|-------------------------------|---------------------------------|
| 1. Tax                        | 5. Fee item discount credit     |
| 2. Tax summary                | 6. Tax item fee                 |
| 3. Matter discount credit     | 7. Expense item discount credit |
| 4. Tax matter discount credit | 8. Tax item expense             |

LEDES XML 2000 has been ratified twice: once in 2006, and again in 2014. Those updates are referred to as LEDES XML2.0 and LEDES XML2.1, respectively.

The XML2.0 update took the total number of fields up to 153 and added eight more segments:

- |            |                   |
|------------|-------------------|
| 1. Firm    | 5. Timekeeper sum |
| 2. Client  | 6. Fee            |
| 3. Invoice | 7. Expense        |
| 4. Matter  |                   |

The main goal of the 2006 ratification was to better address the complexity of itemizing taxes. In 2014, XML2.1 was designed to accommodate the increasing popularity of alternative fee agreements (AFAs) and the move away from traditional hourly billing.

## Does Your e-Billing Solution Support LEDES?

Whether you are thinking about adopting legal e-Billing software, or considering an alternative to your current [e-Billing system](#), look for a solution like SimpleLegal that accepts the most commonly used LEDES file formats – LEDES 1998B and 1998BI.

If you're concerned that some of the smaller, boutique law firms that you work with will not be able to provide invoices in LEDES, a solution like SimpleLegal accepts the most commonly used LEDES file formats as well as PDF invoices. Plus, SimpleLegal has the capability to extract the data within your invoices for analysis so you're collecting all the data you need to make informed decisions.

# Get the Most from Your Tech: Leverage Billing Guidelines Effectively

Billing guidelines will vary widely, depending on the size of your department, your matter volume, and your specific goals. However, there are key components that every great set of billing guidelines needs.

## Answer the Who, Why, What, When, and How

**Who is affected by the guidelines?** When you know who will be affected, you can make staffing decisions and determine who can and should work on specific matters.

For instance, you can establish how many attorneys will work on each matter and which timekeepers will be allowed to bill for work. Will you accept any attorney or only senior counsel? Will you allow interns and paralegals to bill for work, or only attorneys?

Billing guidelines can also be used to establish your main point of contact so you can avoid communication gaps that often result from discussing matters with too many attorneys at once.

**Why do the guidelines need to exist?** The main purpose of billing guidelines is to define the expectations for both parties. Think of billing guidelines as the outline for how your relationship will work. By determining how you'll communicate (email, calls, etc.) and how often (daily, weekly, etc.), you can help avoid frustration before any work begins.

**What do the guidelines aim to achieve?** Establishing the scope of your billing guidelines ensures that both parties know what the guidelines will govern:

- Acceptable invoice formats, like LEDES, PDF, etc.
- Timeline for invoicing: for example, invoices received more than 60 days after work completion will not be paid
- Staffing issues, like whether intern or paralegal work is billable
- Accepted expenses: maybe air travel is accepted, but only economy fare.
- Clearly describing what you will and will not accept helps you avoid billing disputes, staffing issues, and work disruptions.

**When do the guidelines take effect?** Whether you are sending guidelines for the first time or are updating previous agreements, it's important to note the date when the guidelines will go into effect. Be sure to include a signature page to confirm receipt. Doing so ensures that you can enforce all aspects of the guidelines later, even if your vendors chose to skim them.

**How will the guidelines be enforced?** This is where your legal tech comes into play. Without a way to enforce guidelines, they can't do you much good. You can leverage e-billing and spend management software to automatically reject, adjust, and flag billing guideline violations.

Automatic enforcement can improve your legal ops productivity by taking care of several administrative tasks for you. Use automated guideline enforcement to:

- Reject invoices submitted more than 60 days after completed work
- Adjust invoices to include only approved UTBMS task codes
- Adjust invoices to cap time billed against specific UTBMS task codes
- Flag UTBMS codes that are nearing their allotted billable hours
- Reject expenses linked to unapproved expense codes



**When you work with a large number of vendors, guideline violations can slip through the cracks. Spend management software ensures that every invoice is in line with the agreed-upon terms.**

## Set Limits and Warnings for Specific UTBMS Codes

With spend management software, you can drill down even further with billing guidelines by setting limits and warnings for certain UTBMS codes.

Start by documenting which UTBMS codes will be accepted. If you will reimburse expenses for out-of-town travel but not local travel, for instance, you can set a rule to allow invoices with E110 but reject invoices with E109.

For activity codes, you can set time limits to prevent overbilling for certain activities. While you may keep A109 (Appear for/attend) open-ended, you might limit billable hours associated with A107 (Communicate with other outside counsel). Doing so allows you to create more accurate budget forecasts and automatically flag codes that are close to their billable limits.

### Example Text

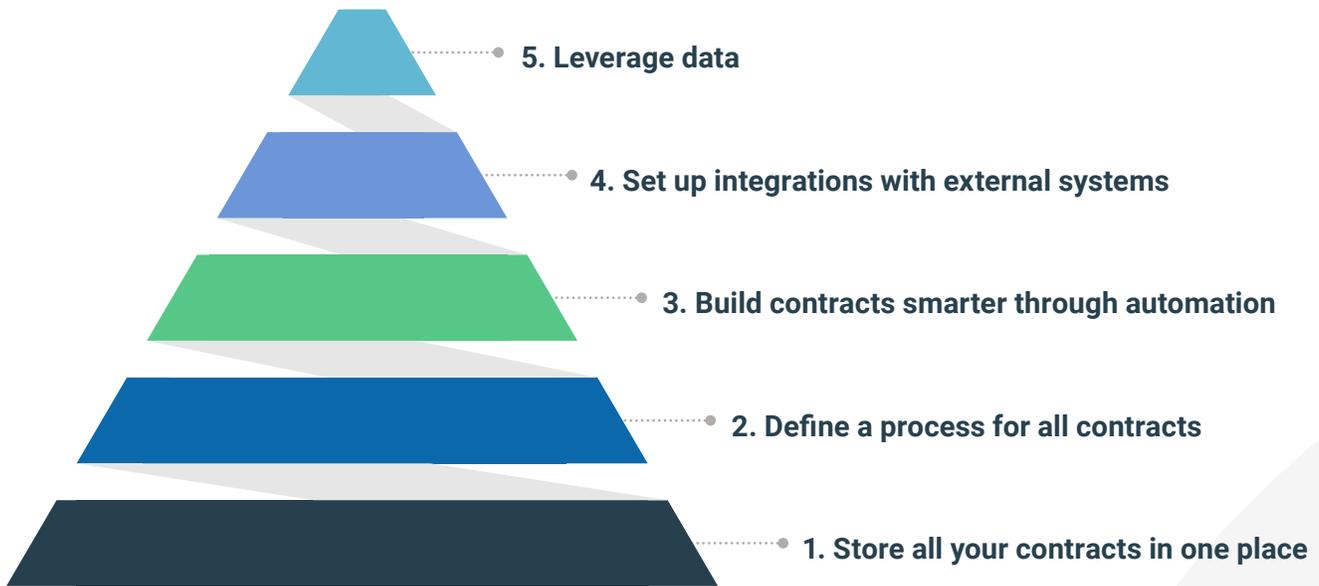
Limit billing to the following codes:

Type	Code	Description
L100 - Case Assessment, Development, Administration		
	L110	Fact Investigation / Development
	L120	Analysis / Strategy
L200 - Pre-Trial Pleadings and Motions		
	L210	Pleadings
	L220	Preliminary Injunctions / Provision Remedies

# Essential Tool #2: Contract Lifecycle Management Software

When done well, contract lifecycle management can significantly increase productivity and lower costs. However, if handled poorly, it can just as easily cause serious delays and open you up to quite a bit of risk.

The key to speeding up your contract lifecycle management is knowing where to start. Begin by building a solid foundation and working your way up, similar to constructing a pyramid.



## 1. Store All Your Contracts in One Place

If your contracts are spread out across multiple systems, blocked by permissions, or buried among earlier versions, you're bound to run into delays.

**One of the biggest pain points in contract lifecycle management is lack of visibility.** Everyone within an organization tends to go directly to the legal department for every contract question. However, legal doesn't necessarily own the contract or even have easy access to it. Not only does this cause serious delays whenever a question arises, but it also puts the company at risk of not complying with obligations defined in a contract. Legal departments cannot provide advice about a contract they cannot access.

Solve the visibility problem with contract lifecycle management software that keeps every contract (and all previous versions) in one easy-to-access place. When necessary, you can also use the software to set up user groups and assign security permissions for individual contracts or accounts.

## 2. Define a Process for All Contracts

Often, people submit something to legal and it feels as if it fell into a black hole. No one confirms receipt, provides updates, or lets anyone know when the work will be completed. Not only does this lead to frustration, but it also slows down the process. Every time someone pings the legal department for an update, legal has to waste time responding to the same status update inquiries.

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*“Avoid headaches and delays by building a process that clearly outlines each step in the contract lifecycle... Establishing a process also allows you to tie performance metrics to each step within a particular workflow.”*

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Avoid headaches and delays by building a process that clearly outlines each step in the contract lifecycle, helping provide transparency for everyone involved. By creating workflows for new contract requests or changes to an existing contract, for example, each team member can view the steps within a specific workflow and is aware of everything that has to occur from start to finish. They can even see where the contract is within the workflow at any given time.

Establishing a process also allows you to tie performance metrics to each step within a particular workflow. As you continue using the system, it will automatically track not only the average time spent per matter, but also the time spent on each workflow step.

Tracking these metrics allows you to provide more accurate estimates for how long specific actions will take to execute, such as two days for new contract requests or five days for adjustments to existing contracts. As you continue leveraging your CLM software, you'll start to form a clearer picture of how your internal team handles different types of matters, giving you a reliable baseline for setting external expectations in the future.

## 3. Build Contracts Smarter Through Automation

Chances are, if you have to write a certain kind of contract once, you'll eventually have to do it again. Save yourself time and effort by automating parts of the contract creation process.

With the right contract lifecycle management software, you can create playbooks for different contracts to minimize back and forth communication. For instance, a playbook could be created for non-disclosure agreements (NDAs) that includes three approved templates along with the steps for sending, reviewing, and approving the contract.

In many cases, templates provide self-service functions for basic contracts. Instead of running to legal every time sales lands a new client, sales agents can answer a couple of questions, input a few data points, and have a pre-approved contract generated automatically.

Pre-approved contracts also solve the common issue of inconsistent legal language. More often than not, multiple attorneys are working together, but each has their own particular language style. Those minor nuances result in inconsistent contract wording that can be interpreted in different ways. To overcome this issue, you can create a clause library that contains pre-approved clauses for a variety of contracts, which allow attorneys to “plug and play” by choosing and inserting clauses without having to discuss it with the rest of the team.

Let’s take a limited liability clause, for example. The clause library contains three pre-approved clauses set at \$1 million, \$750,000, and \$500,000. When Company X receives a contract with limited liability set at \$1 million, they counter asking for a lower cap. Thanks to the clause library, your sales agent can get back to them right away with an updated contract containing the pre-approved clause with a \$750,000 cap. The clause library prevents your sales team from having to reach back out to legal, saving time while also significantly speeding up the negotiation process.

## 4. Set Up Integrations with External Systems

Many contracts will require a data transfer to upstream or downstream systems. Without integrations, many legal teams are stuck manually updating records across these multiple systems or relying on their colleagues in other departments to do so, unsure of what information has been updated, in what system, and when.

This type of manual workflow naturally increases risk due to human error. At best, the errors can cause confusion for the involved parties; at worst, the mistakes could end up costing you quite a bit of money due to incorrect contract terms, lack of knowledge of obligations, missed renewal dates, and more.

Setting up integrations with external systems can solve this problem. Integrations with spend and matter management, customer relationship management (CRM), enterprise resource planning (ERP), or vendor management platforms allow you to push data from CLM software directly to external systems.

Eliminating repeat data entry is an easy and extremely effective way to speed up contract lifecycle management and ensures the correct data is being displayed in each system leveraged by your company – whether by legal, finance, procurement, or human resources – which means greater collaboration cross-functionally.

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*“Eliminating repeat data entry is an easy and extremely effective way to speed up contract lifecycle management and ensures the correct data is being displayed in each system leveraged by your company...”*

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## 5. Leverage Data

We love data and think it's one of the most valuable levers for in-house teams so it's no surprise that leveraging data is number 5 on our list (and at the top of the pyramid). Once you have your contracts centralized, processes defined, metrics outlined, and integrations set up, use the wealth of data you've collected to improve your CLM efficiency.

Reports from contract lifecycle management software help identify common delays, information silos, and areas in need of improvement. To help you hit the ground running, look for a contract lifecycle management solution that has out-of-the box reports, such as a report that details average time spent per contract type (e.g., an NDA contract). This type of report can break the data down by phases, so you can see if a particular team or resource is overloaded and causing delays.

The benefit of using contract lifecycle management software to create and run these reports is that AI algorithms often uncover patterns that a human might not. While you might not think twice about the time spent on NDA revisions, a report might show you that 80% of revision time is spent rewriting one specific clause. Introducing a few more pre-approved clauses into your NDA clause library could shave a few days off the entire process.

## Get the Most from Your Tech: Use CLM Shortcuts

Shortening your contract lifecycle is easier when you know all the best shortcuts.

### Design Playbooks

Creating playbooks for common processes is a great way to speed up contract negotiations. When sales agents have pre-approved playbooks, they can avoid deferring to legal for every decision.

Playbooks should include various templates for different matters. For example, a playbook for Service Level Agreements (SLAs) might include four approved templates, along with notes for which template should be presented first and when to counter with a different template.

By creating templates and designing playbooks to explain when to use each one, you can streamline the CLM process. Playbooks that lay out the ground rules for contract amendments, renewals, and negotiations eliminate unnecessary back-and-forth communication between sales and legal. This saves everyone time and cuts back on labor costs.



**Playbooks that lay out the ground rules for contract amendments, renewals, and negotiations eliminate unnecessary back-and-forth communication between sales and legal.**

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Using templates also improves consistency in the legal language you use in contracts. Every attorney has their own legal writing style, and those small variations in language can cause confusion or even serious disputes. With templates, the entire legal team can agree on language standards.

## Set Up Clause Libraries

Much like matter templates, clause libraries include multiple versions of frequently used clauses. For example, Time of Performance clauses that dictate the time frame in which work must be completed. A clause library might include three different Time of Performance clauses, with each specifying a different accepted time frame.

Clause libraries make it possible to create “plug-and-play” contracts. Employees can choose pre-approved clauses from the library and build contracts one clause at a time. Why waste time and risk inconsistencies in language by building a contract from scratch? Simplify the process by giving your team the pieces they need to put together contracts that will get quick approval.

## Establish Contract Routing Workflows

Remember: Without established processes, contracts can get lost in the “black hole” of the legal department. To prevent contracts from getting stuck in limbo – with no confirmed receipt or status updates – use contract routing workflows so that contracts have a pre-defined path.

Workflows allow you to map out exactly how a contract travels through the department, ensuring that it goes to the right person at the right time. Plus, you can keep an eye on how a contract is progressing through the workflow, so you can identify and resolve delays quickly.

### Key Takeaway



Get extra time savings from setting up contract routing workflows in your CLM system and supplementing your processes with playbooks and templates to ensure consistency in your contracts and cut down on unnecessary back-and-forth communications.

# Essential Tool #3: Legal Document Management Software

Legal document management can be the difference between a legal department that functions like a well-oiled machine and one that leads to confusion and overspent budgets.

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*“Legal document management can be the difference between a legal department that functions like a well-oiled machine and one that leads to confusion and overspent budgets.”*

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Let’s say you are working on a big patent prosecution project. Multiple in-house attorneys are collaborating with outside counsel and the U.S. Patent and Trademark Office (USPTO), which requires quite a bit of communication and document sharing.

Every patent search, correspondence with the USPTO, application draft, etc., has to be stored and accessible to everyone working on the project. The deeper you get into the work, the more difficult it gets to track document versions, find filings, or build a file history in case of future litigation.

Without a legal document management solution in place, your team is bound to make costly mistakes and waste a lot of time hunting down information.

Of course, not all document management systems will solve these particular pain points. Before you implement just any system, gain a better understanding of what legal document management software and solutions can do for you and your team.

## Document Management is Not the Same as Document Storage

Although document storage and document management may seem like interchangeable terms, there is a wide gap between storing and managing documents.

Storage can be as simple as a folder on your computer or a cloud-based solution like Google Drive. With only basic file-sharing features and limited options for organizing documents, these storage solutions can get messy and frustrating.

Legal document management, on the other hand, is more involved. Not only does legal document management software include a built-in organizational system, but it also provides important features such as:

- Versioning and audit trails
- Full-text search
- Secure user permissions
- Matter/case association

While both storage and management keep your documents in a central location, you can think of document management as a smarter and more accessible solution.

## Document Management Versus Legal Document Management

Document management systems are useful in a variety of industries, but legal document management takes it a step further by catering to the specifics of legal work.

### Matter Management

The ability to link documents to matters is essential. Associating relevant documents to each matter ensures that users will be able to quickly locate information as needed.

With legal document management software, you can even attach documents to specific steps within established workflows.

### Document Sorting and Categorization

You often need to reference multiple documents as you work on a legal matter. Tagging documents by type – pleading, motion, order, deposition, exhibit, etc. – ensures that the information you need is always accessible. In such a document-heavy industry, being able to filter files by category is not just a time-saver but also an essential part of collaboration.

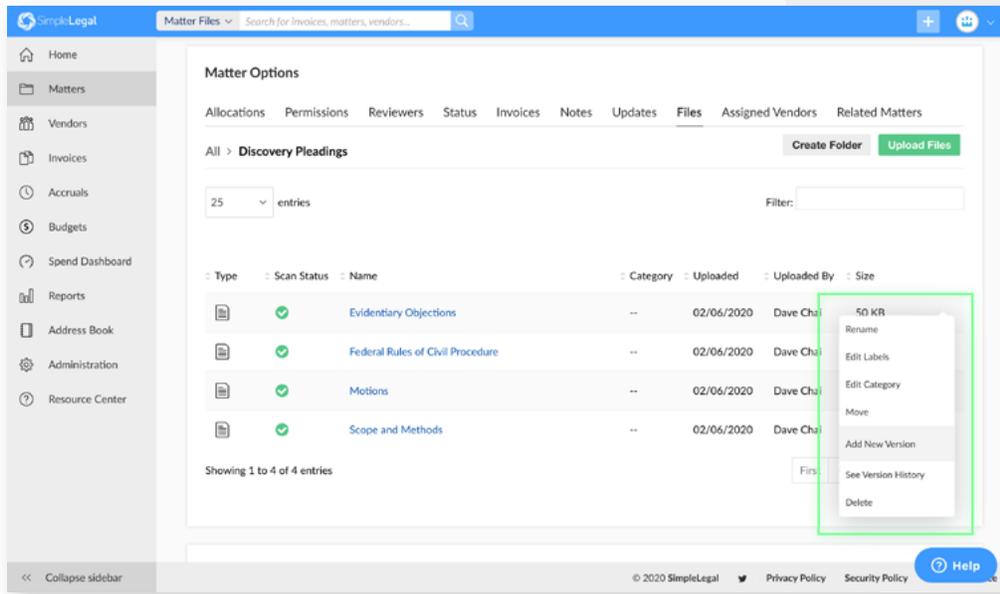


#### Pro Tip

Add tags to documents so you can easily filter by categories such as pleadings, exhibits, transcripts, etc.

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## Versioning and Audit Trails



In a field where something as simple as a strategically placed comma could cause a debate, tracking changes to documents is invaluable. Legal document management software includes versioning and audit trails that allow you to review which users accessed each document and when, along with any edits made.

## Secure Collaboration

To ensure that you are in compliance with local laws, maintaining attorney-client privilege, and protecting document access, your document management solution must go beyond basic user permissions.

With legal document management software, you can grant different access levels that determine how both in-house talent and outside vendors interact with each file. Different access levels can help protect your clients, your legal department, and your partners.

## Understanding Legal Document Management Integrations

While there are standalone legal document management software solutions, document management integrations allow you to seamlessly move between systems and provide access to key legal document management features.

Integrations make information accessible to people in and outside of the legal department. While this is a significant time-saver, it also keeps documents more secure. When you have to download files from one system and upload to another, an unprotected copy is stored on your local drive. Transferring documents via an integration eliminates that risk.

Integrations with document management solutions like [Box and iManage](#) offer additional features including:

- Option to auto-create associated workspaces
- Automatically inherit user access permissions
- Full-text search
- Real-time sync
- Ability to associate documents with matters and/or link to steps within a workflow

Bringing documents into your legal software also makes it possible to add important file notes, such as related deadlines, involved parties, and associated documents. Integrations keep vital information in one place.

## Get the Most from Your Tech: Quickly Locate Matter Related Documents

If you've ever tried to dig through folders on your computer to find not only a specific file, but a particular sentence in a specific file, you know it can be incredibly time-consuming and frustrating. Leveraging legal document management solutions and integrations can simplify this kind of search process.

Another way to speed up document review is to associate documents with relevant matters. That way, if you know a document is related to an active patent prosecution matter, you can begin your search by filtering by that matter.



**With SimpleLegal's document management solutions, you can search file names and file content. Quickly locating exactly what you're looking for is as simple as searching for a keyword.**

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Versioning and audit trails play an important role as well. For many documents, such as contracts, you'll need to refer back to previous versions to verify which agreement was in place at a specific time. With legal document management software, you can simply filter by matter, date range, and document type, and then do a quick text search for the clause in question.

# Essential Tool #4: IP Management Software

Intellectual property management can get complicated due to the sheer volume of paperwork, vendors, and invoices involved. Before you know it, you're spending money on patent work without knowing exactly what results you have to show for it.

Then, if the CFO asks you and the rest of the legal department to provide insight into the IP management spend, and you can't give a detailed answer, you have a problem.

If your legal team is making any of the following IP management mistakes, it's time to think about adopting an IP management solution and change the way you handle patent work.

## Mistake #1: Only Tracking Spend by Vendor

You can only get so much information from basic invoices. When you only track spend by vendor, you miss out on associated matter details and data, including documents, task codes, timekeepers, etc. And because most patent work is done on a fixed-fee basis, when you don't track spend by matter, you risk not enforcing fixed-fee arrangements, discounts, and established budgets.

To gain greater visibility into how your budget is being used, you'll need a tool with spend management capabilities, like SimpleLegal. Spend management breaks down invoices by UTBMS codes. Categorizing spend by codes allows you to see costs associated with vendors, product lines, geographic location, and other variables.



**Tracking spend by matter helps you see exactly where you are investing your money – whether it be on protecting patents you already have or investing in new product lines. That information gives you the knowledge you need to make educated decisions about speeding up or slowing down patent matter work.**

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## Mistake #2: Choosing Vendors Based on Feelings Instead of Data

When you're dealing with a high volume of patent matters, it's easy to gloss over potential IP management issues. Without quick access to the right data, it's difficult to ensure intellectual property compliance or properly manage your legal budget.

When vendor data isn't readily accessible, you're also more likely to choose vendors based on a gut feeling. These kinds of qualitative vendor decisions are based on anecdotal evidence. If you are dealing with a large number of patents and vendors, you're working off of what you happen to remember about each vendor's work.

To make data-driven decisions about the vendors you use for IP management, you need quantitative evaluations. Spend management software can generate reports that allow you to compare vendors side-by-side.

Vendor management reports also allow you to manage your vendor relationships more efficiently by viewing key metrics at a glance. By categorizing work by UTBMS code, you can quickly review how much time vendors are spending on document management, patentability investigations, infringement investigations, etc.

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*E-billing provides you with the data you need to answer questions such as:*

- Does another vendor do the same type of work for less?
  - Does a certain vendor require a lot of rework and end up costing you more?
  - Are vendors adhering to fixed-fee arrangements?
  - How long does it take each vendor to issue an invoice?
- 

## Mistake #3: Allowing Vendors to Control Your Process

If you neglect to set a clear process for your intellectual property management, you put the control in the hands of your vendors — all of which will operate slightly differently. When you allow vendors to control the process, you're essentially giving them some control of your finances as well.

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*“When you allow vendors to control the process, you're essentially giving them some control of your finances as well.”*

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Establishing billing guidelines is an important step in taking control of how you handle patent matters. Whether you choose an hourly or fixed-fee agreement, neither is effective unless you have a system to track and verify that vendors follow these agreements.

Guidelines help establish general expectations for both parties. You can put in writing what your legal department expects from vendors as well as what vendors can expect from your team.

For example, how involved will your team be in determining the scope of an individual patent? Will you accept work from any timekeeper at a firm you have hired, or will you specify who can work on each matter? Setting expectations up front helps avoid issues in the future.

Perhaps the most important step in taking control of the process is establishing how guidelines and expectations will be enforced. As we previously mentioned in the billing guidelines section, spend management software can automatically flag issues such as overspent budgets, inaccurate invoices, unapproved expenses, and late invoices.

## Get the Most from Your Tech: Streamline the IP Management Process with Integrations



By leveraging integrations, you can take control of the business side of IP management. When you are able to track all active patent prosecution matters and link documents to specific matters, you gain a more complete view of how each matter is progressing.

Linking your patent matter management software to your spend management allows you to track budgets, evaluate vendors, and estimate costs quickly and easily. With data from both systems updating in real time, you can look at metrics such as:

- Billable work categorized by UTBMS code
- Current spend for each product line
- Average spend for hourly work versus fixed-fee arrangements
- Average time spent on patent prosecution matters, categorized by vendor

These metrics help you keep track of your IP management process and plan for future IP work.

Automations are also a great way to both control the process and cut back on time-consuming administrative work. Consider automating invoice approval and the enforcement of fixed-fee arrangements by setting rules in your spend management software.

For more details on leveraging integrations and automations, refer to the **Building an Integrated Legal Tech Stack** section of this guide.

# How to Use the Data from Your Legal Technology

If you want to be the best run department in your organization, you need to learn how to work backwards.

This may sound a bit strange, but when you're armed with data gathered through legal analytics, you can look back at your decisions and determine which processes are working and which ones need to be revised.

Think of it this way – spending an extra \$500,000 a year on specialized outside counsel work may seem like a huge expense, but if analytics shows you that a \$500,000 increase in legal spend led to a 30% decrease in lawsuits filed against your organization, it's a lot easier to get a higher legal budget approved for the upcoming year.

While legal analytics can cover a wide range of metrics, leveraging legal analytical data and applying it to your [spend management](#) is a great place to start.

## Set Realistic Performance Targets

Keeping an eye on overall spend by practice area allows you to set realistic expectations for different projects. For example, knowing the average time and costs associated with employment law matters versus patent prosecution can help you make more educated estimates for future projects in those areas.

Spend by practice area analytics helps legal departments:

### Reduce risk

by determining which practice areas have high legal spend

### Identify savings opportunities

by shifting work in-house when hiring outside counsel is not cost-effective

### Set realistic budgets and timelines

for future matters based on past data for each practice area

**When you isolate data by time period and practice area, you can take the guesswork out of budget decisions and performance targets.** Instead of assuming a commercial matter will take 800-900 hours, you can leverage past data to establish a more precise budget and timeline. More accurate budget and labor forecasts help companies save money and continue to grow.

# Set and Monitor Vendor Management Goals

What does a successful outside counsel relationship look like to you? Defining the goals you want to reach through vendor management is key to achieving that ideal relationship.

Goals might include:

- Switch X number of vendors to [alternative fee agreements \(AFAs\)](#) over the next year.
- Complete X number of contracts annually.
- [Reduce gaps in estimates compared to actuals](#) by X percent.

Goals and KPIs are a great way to prove your value and efficiency to the finance department. The more progress you can show, the easier it will be to get additional budget approvals.

Let's say you need to increase outside counsel spending by 20%. Instead of just requesting a bigger budget, you can go to finance with a clear plan.

*We need to increase outside counsel spending by 20% but will set a goal of establishing AFAs with 50% of the new vendors. Over the past year, switching to AFAs reduced outside legal spend by 35%*

When presented alongside historical data and clear goals for improvement, your case for additional budget is stronger because you can show that you're spending wisely.

## Make More Informed Hiring Decisions

Determining when to use in-house talent or outside counsel is essentially a "buy versus rent" decision. For each matter, you have to decide if it makes more sense to buy (hire internally) or rent (pay outside counsel) to perform the work. Legal analytics can help you identify savings opportunities, flag productivity issues, and more.



### Buy-Versus-Rent Decisions

Does it make more sense to buy (hire internally) or rent (pay outside counsel)?

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Analyze these key areas to guide your buy-versus-rent decisions.

## Trends in Spending

As you grow, how and where you spend your budget will change. Watching for trends in spending allows you to keep a pulse on your internal versus external costs and make adjustments as needed.

Start by setting a target for in-house and outside counsel spend, such as 50/50 or 80/20, then monitor how close you stick to it. Be sure to drill down by matter type, as you may discover that while intellectual property disputes, for example, benefit from a 70/30 internal/external split, other matters benefit more from a 60/40 split.

## Vendor Management

Each vendor offers different skills at different hourly rates. To make educated vendor management decisions, you need to be able to compare vendors based on several metrics.

Track timekeeper rates to determine which law firms are worth the cost. If you notice a particular firm charges much higher rates than others, take a step back to consider whether another firm could perform the same work at a lower price.

The screenshot shows the SimpleLegal Vendors interface. The main heading is "Rate Comparison by Vendor". There are filters for "Matter Status", "From", "To", "Tax included", and "Filter". On the right, there are options for "Group by", "Subtotal by", "Date Type", and "Fee Type", along with a "Download XLSX" button.

The interface displays two tables of average rates by worked month.

**Practice Area: Commercial Contracts**

Vendor	Matter	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Total
Davis Polk & Wardwell LLP (New York)		-	-	-	-	-	\$328	-	-	-	-	-	-	\$328
Kirkland & Ellis LLP		\$519	-	\$514	-	-	-	-	-	-	-	-	-	\$516
Sullivan & Cromwell LLP		-	-	\$1,250	-	\$407	-	-	-	-	-	-	-	\$629

**Practice Area: Compliance**

Vendor	Matter	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Total
Davis Polk & Wardwell LLP (Paris)		-	\$998	-	-	-	\$1,114	-	-	-	-	-	-	\$1,062
Gibson, Dunn & Crutcher LLP		\$1,464	\$510	-	-	\$526	-	-	-	-	-	-	-	\$675
Wang Legal Group		-	\$310	\$255	\$255	-	-	-	-	-	-	-	-	\$264
	Compliance New Federal Guidelines	-	\$310	\$255	\$255	-	-	-	-	-	-	-	-	\$264
	Average Rates - Wang Legal Group	-	\$310	\$255	\$255	-	-	-	-	-	-	-	-	\$264

Other metrics to pay close attention to include:

- Practice area (matter group) activity by vendor
- Task code cost comparison by vendor
- Rate comparison by vendor

Vendor management legal analytics also gives you a better look at which law firms are the most reliable and effective. By running reports that show unbilled estimates versus actuals, you can get a better idea of how well certain firms estimate the cost of the work they will provide.

Not only does this allow you to flag overbilling, it also gives you the data you need to discuss performance and efficiency with outside counsel. Identifying firms that frequently go over budget makes it easier to negotiate rates or make the decision to move work to other law firms.

## Resource Allocation

Regularly reviewing in-house versus outside counsel performance and spending allows you to better gauge your hiring needs. Internally, legal analytics points you to issues such as low-value work being done by experienced, high-paid attorneys or practice areas that require a higher percentage of partner work. It's important to use data to better allocate resources so that your in-house talent is used effectively.

Of course, it won't always make sense to keep work in-house. For occasional tasks, such as 10-Q quarterly filings, it may be more cost-effective to "rent" outside firms rather than keep someone on staff.

When it comes to ongoing outside counsel work, you probably have a gut feeling for what your department needs – but educated guesses are still guesses. **Backing up a gut feeling with data will help determine if it is more cost-effective to hire staff internally or to outsource.**

For example, if data shows an increase in IP matters, you can refer to vendor management data to see:

- Vendors with the necessary expertise
- Hourly rates for this type of work
- Average spend on IP matters
- Historical total cost of services for IP matters

This data will give you an estimated budget for working with outside counsel on IP matters, so you can make more strategic buy-versus-rent decisions and create a long-term plan that is both cost-effective and valuable to the business.

# Justify Your Department

People tend to go to the legal department when they have a problem that needs to be solved. It's easy to forget that legal work is ongoing and adds significant value to the business overall. Legal analytics ensures you track the right metrics so you can clearly demonstrate your department's worth.

Show your team's efficiency by tracking the following legal analytics:

Average opened and closed matters per month

Average pending days for each matter

Spend by matter type

Proactive and preventative legal work is another high-impact metric worth tracking. When you monitor the time and money spent on avoiding issues down the line, you can authenticate the return on investment. For instance, spending more time upfront to design a clear patent prosecution process could lead to a decrease in patent rejections. The upfront investment would be justified by saving the department the time and money needed to file appeals and re-submit applications.

Providing evidence of internal productivity and cost savings is important, but it can also be valuable to show how your department leverages knowledge gained through analytics to make future decisions.

When analytics simplify the process of setting accurate budgets and choosing which vendors to work with for each matter, your department is seen as proactive rather than reactive. It shows that your in-house team can manage their internal projects and also actively manage outside counsel.

The key is to demonstrate the value of your department by highlighting how your ongoing work leads to far-reaching financial and productivity benefits.

## Put Legal Analytics Back into Context

To properly leverage knowledge gained from tracking legal analytics, you need to know how to put it into language that business heads will understand. Don't bog down C-level decision makers with confusing legalese — put the data back into the context of the business by focusing on things they care about the most, such as profit margins.

# Get the Most from Your Tech: Create a Vendor Scorecard

With vendor scorecards, you can quickly review vendor performance. This allows you to have more honest conversations with your vendors and make more data-driven decisions about which vendors to work with in the future.

One way to do this is to send vendor surveys to gather feedback from in-house attorneys about the vendors they work with. Once you create surveys, you can determine how often you'd like to check in on vendor performance and schedule the surveys to be sent out automatically.

Surveys measure performance in areas such as timeliness, accuracy in cost estimates, and work quality – all of which can then be turned into a vendor scorecard.

Scorecards give you the ability to compare vendors side-by-side and leverage those comparisons to negotiate better vendor relationships.

The screenshot shows a vendor scorecard for 'ABC Law Firm' in the SimpleLegal system. The interface includes a search bar, a summary of key metrics, filter options, a survey question with a progress chart, a table of survey responses, and another survey question. Callout boxes highlight various features:

- Quickly view the vendor's overall score as well as other pertinent information about the relationship:** Points to the 'Overall Satisfaction' score of 8.1/10 and the 'Open Matters' count of 10.
- Filter survey results by date and/or practice area and drill in for specific insights:** Points to the 'Filter' section with options for 'Survey Start Date', 'Survey End Date', and 'Practice Area'.
- Select other vendors to compare against and see how they stack up to assist with vendor selection:** Points to the 'Compare Against' dropdown menu.
- An easy-to-understand visual representation of survey responses:** Points to the progress bar for the first survey question, which shows 20% (20) below expectations, 10% (10) met expectations, and 70% (70) exceeded expectations.
- Attorneys can leave specific comments to reference in the future:** Points to the 'Comment' column in the survey response table.

Score	Date	Matter	Practice Area	Evaluator	Role	Comment
10			Contracts			Did a fantastic job, very happy with the work and outcome. Overall satisfied.
7			Litigation			Great communication and responsiveness.
1			IP			Missed multiple deadlines, bad estimates, bad outcome. Not satisfied!
10			Contracts			Great work, would use again.
6			Contracts			Went over their time estimates a bit.
9			Litigation			Did a great job and achieved a better outcome than expected.
10			IP			Very easy to work with. They knew what needed to be done with minimal direction.
10			Contracts			Knowledgeable and met expectations.
8			Contracts			Was slow to respond at first but overall satisfactory.

Let's say you'd like to negotiate more Alternative Fee Agreements (AFAs). Scorecards show that Vendor A and Vendor B have the same score for overall satisfaction. Vendor B has a slower turnaround time, but their estimates are more accurate. Vendor A works quickly, but consistently underestimates costs.

You can use the data to negotiate an AFA with Vendor A:

*We can get this same work done by a different vendor and stay closer to budget. If you are willing to agree to an AFA, we can increase your matter volume by 20%*

# Tips for Building an Integrated Legal Tech Stack

“Legal tech stack” is a term for the totality of legal software (typically cloud-based) that a legal team utilizes. Integrating all the technology that your legal department uses improves your team’s access to data and allows them to collaborate more efficiently – which saves you time and money down the line.

It’s easy to convince yourself that your current processes work well enough – but once you see how much control a well-designed legal tech stack can give you, you’ll never turn back.

## Save Time, Money, and Frustration by Connecting Your Legal Tech

When you connect your technologies to meet your specific needs, you create something that is both valuable in the moment and highly scalable. Not only does it help your legal department overcome a disjointed system that leaves gaps in communication and reporting, but it also gives you the ability to move forward as a more cohesive, streamlined operation.

### Customize Versus Configure Legal Technology

When looking to consolidate, onboard, or connect legal technologies, a common question that arises is to customize or configure a solution. A custom legal tech solution may seem like the best way to get all the features you need and want, but there are several downsides to custom software, including:

- Enabling bad processes by designing a system around them
- Increased downtime, since you’ll need additional coding needs each time an update is released
- Inability to scale due to software limitations

On the other hand, configurable legal tech gives you the flexibility to leverage software in a way that aligns with your current processes, needs, and requirements.

Configurable solutions have several benefits, such as:

- Eliminating back-and-forth between the legal department and tech vendors
- Allowing legal departments to implement features at their own pace
- Addressing immediate requirements while still allowing room to evolve for future needs

Leveraging technology allows you to run your legal department like a business. The right tech stack gives you the ability to:

- Design standard processes for everything from invoice reviews to approval routing
- Gain full visibility into your legal spend by tracking accrual estimates, managing budgets, and enforcing AFAs
- Make data-driven decisions by designating key metrics and creating custom reports
- Improve collaboration with internal and external parties with streamlined information-sharing

## The Most Common Integration Types

Often times, legal works in multiple systems and is left with databases that aren't able to talk to one another. Fortunately, there are three approaches for integrating legal technology that allow legal teams of any size to get started on creating more streamlined operational processes.

**Using the integration method that aligns with your team's needs and available resources will help create a well-designed legal tech stack**, allowing you to take control of your department and simplify operations.

### Email Integration

This is a "shortcut" to get your initiative started. An email integration doesn't yield a fully integrated process, but is an option to get an initiative started without immediate access to IT resources.

### File-Based Integration

This involves CSV files, flat files, or FTP folders and is a great way to transfer information if you need to move files, such as PDFs, around in a matter-heavy environment.

### API Integration

An integration is a direct connection between two systems using a real-time call and response process, which often requires support from IT. One of the benefits of API integrations is they require fewer touch points and therefore minimize opportunities for error.

## What is an API?

An API, or Application Programming Interface, enables software to access whatever it needs: data, server software, or other applications. They are the backbone of today's connectivity and the key data-sharing link between disparate applications. You probably depend on them regularly – for online restaurant reservations, making mobile payments, viewing online store stock inventories, etc.

# Get the Most from Your Tech: Work Cross-Functionally with the Finance Department

One of the greatest challenges for legal departments is justifying spend to the finance department. But working cross-functionally with finance allows you to demonstrate your department's worth.

## Reduce and Efficiently Manage Spend



With spend management being a key area of focus for legal operations professionals, cost savings are often seen as low-hanging fruit where the quickest results can be achieved. Implementing billing guidelines, opening lines of communication with law firms and relationship partners, as well as working closely with finance are all ways to control spend and stick to departmental budgets.

Specifically, legal operations can work with finance to:

- Prepare month and year-end budgets
- Report on the status of finances to stakeholders
- Provide reliable accrual data for more predictability into spend
- Ensure compliance with financial requirements and SOX

## Achieve Operational Efficiencies Through Integration

One way for legal operations to enhance collaboration between their department and finance is to connect the technologies that each department uses, facilitating faster payment of invoices, efficient information sharing, increased spend transparency, and fewer manual processes and errors.

For example, without an accruals process, finance cannot properly report on legal spend. Your legal department needs to work with the finance department to identify pain points so that the two can develop a plan for better spend tracking and reporting. By integrating your legal tech with the finance department's system, you can ensure that everyone has up-to-date information at all times.

Consider the path of a single invoice. If your department reaches out to vendors via email and relies on manual invoice processing, that invoice can get lost in someone's inbox, buried at the bottom of their to-do list, or forgotten altogether. Meanwhile, finance has no way of knowing what amounts are owed to whom, what those payments are for, or when those payments are due. As a result, at the end of each quarter, finance will need to make massive adjustments for the legal department's spend.

Now, if that process was centralized into a legal spend management system, all of that back-and-forth between your team and outside counsel would be easily traced. The software would identify not just the invoice amount but other important details such as the associated timekeeper, matter, and task codes as well. The accruals process could be automated and integrated with the finance department system. This would allow finance to keep an eye on spend, make more accurate budget estimates, and improve response rate to requests for unbilled estimates.



**Connecting your legal tech with finance improves operations for both departments.**

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## Conclusion

Technology is what keeps legal departments connected with their internal teams as well as outside vendors. Configuring a legal tech stack gives legal ops professionals end-to-end control over their matter, vendor, and spend management processes – and that control is critical.

With control comes visibility into the entire legal department, which facilitates data-driven decisions for everything from budget allocation to resource management. Leveraging legal tech allows you to ditch the disjointed mix of paper and electronic processes and bridge the information gaps caused by unlinked systems.

Ready to build your own legal tech stack? Get in touch with us to discuss how we can help bring your legal department into the 21st century.



## About SimpleLegal

SimpleLegal combines e-Billing and Spend Management, Matter Management, Vendor Management, and Legal Analytics in one comprehensive platform to help in-house legal teams better track and manage their legal spend and matters.

We believe that legal technology should be modern and easy to use, require little to no training, and have the flexibility to customize to the unique needs of each organization. We partner with legal departments to drive legal operation efficiencies, gain transparency into their legal spend, and realize significant time and cost savings.