

BUYING LEGAL COUNCIL
Americas Legal Procurement Conference

New York

September 5, 2019

MATTHEW BEEKHUIZEN

Data-driven Portfolio Agreements

What information do law firms need to propose fee agreements that provide predictability and cost savings?

Matthew Beekhuizen

Chief Pricing Officer

Greenberg Traurig, LLP

Agenda

- Key Considerations
- Case Study 1 - Crawl
- Case Study 2 - Walk
- Case Study 3 - Run
- Takeaways

Key Considerations

- Benefits of Data and Collaboration
- Portfolio Agreement vs Individual Matter
- Client Data vs Law Firm Data
- Financial vs Non-Financial Information

Case Study #1 - Crawl

SylviaCo., an integrated media and retail conglomerate operating throughout the US and Canada, is consolidating outside legal counsel to a preferred provider panel for labor, intellectual property, corporate, transactional, and tax advice. Please propose fees to be charged for each practice area, including any alternative fee arrangements. SylviaCo. prefers creative alternative billing arrangements, beyond traditional discounts to hourly rates, specifically to handle all or a portion of the outside counsel spend.

Case Study #1 - Discussion

- Does the law firm have enough information to make a proposal?
- Will SylviaCo. be able to evaluate the best financial proposal?
- What additional information would enable firms to provide a more specific response?
- What can you do if you don't have detailed data to provide?

Case Study #2 - Walk

BLC Global, a world-wide provider of commercial and consumer data and communication services, has set a goal of transitioning all legal spend to non-hourly fee agreements within the next 24 months. Please use the data provided below to propose appropriate fee agreements. Estimated Fees are based on average historical spend in each area.

Work Area	Matter Type	Estimated Fees
Intellectual Property	Prosecution	\$8 - \$10 M
	Trademark	\$2 - \$3 M
Labor & Employment	Arbitrations	\$1 - \$2 M
	Immigration	\$2 - \$3 M
	Single Plaintiff	\$4 - \$5 M
	General Advice	\$1 - \$2 M
Litigation	Intellectual Property	\$10 - \$11 M
	Class Action	\$2 - \$3 M
	General Litigation	\$25 - \$35 M
	Other	\$3 - \$4 M
Corporate / M&A / Others	M&A	\$25 - \$29 M
	General (Transaction / General / Others)	\$12 - \$15 M

Case Study #2 - Discussion

- What should the law firm propose?
- What additional information would help the law firm provide a better response?
- Is there non-financial data that would help add context?
- Is a portfolio fee agreement, appropriate for every practice area? Why or why not?
- Will BLC Global be able to evaluate the best financial proposal?

Case Study #3 - Run

ProcurePro is a logistics company providing raw material sourcing for various manufacturing industries in the United States. ProcurePro operates in 28 states with over 10,000 employees, including administrative staff, drivers and warehouse workforce. Labor and Employment matters are the largest single category of outside counsel spend. ProcurePro is selecting 2 firms to handle all Labor and Employment matters. Please use the following data to propose a fee arrangement providing cost savings and predictability.

Case Study #3 - Data

Active Matters				
Matter Type	2016	2017	2018	2019 YTD
Employment	510	466	500	574
Arbitration	610	498	307	246
General	53	57	57	77
Litigation	193	202	177	190
Total	1,552	1,418	1,278	1,390

Hours Billed				
Matter Type	2016	2017	2018	2019 YTD
Employment	15,847	17,371	13,842	9,435
Arbitration	10,303	6,297	4,345	2,238
General	7,841	2,045	3,629	646
Litigation	41,480	40,210	31,442	9,930
Total	77,285	67,802	58,280	23,547

Legal Spend				
Matter Type	2016	2017	2018	2019 YTD
Employment	4,600,039	4,820,010	3,601,060	2,123,988
Arbitration	3,380,014	2,366,041	1,618,703	846,731
General	2,261,890	540,170	1,503,964	321,870
Litigation	11,686,573	11,215,762	8,793,606	2,355,454
Total	22,769,590	19,467,971	17,517,490	6,393,826

Case Study #3 - Discussion

- What types of fee arrangements should the law firm propose?
- What does this data tell the law firm?
- What information is still missing?
- How else can this data be presented?
- Will ProcurePro be able to evaluate the best financial proposal?

Takeaways

- Detailed data leads to accurate, transparent pricing
- Important data points include:
 - Three year historical data to evaluate trends
 - Count of opened, closed and active matters by year
 - Average rate, spend per matter, hours per matter by year
 - Distribution by matter type and geography
- Where to get data
- If the data is not available now, collaborate with law firms to put systems and process in place to allow for better decision making in the future
- Data isn't perfect – agreements should plan for and address variability