

LEGAL PROCUREMENT

In recent years legal procurement – the buying of legal services via traditional procurement processes – has become more and more popular for a variety of reasons. To find out what these reasons are and the issues that legal procurement raises, *Lawyer Monthly* speaks to Stacey Coote from Yerra Solutions.



You support companies in minimising risk and maximising efficiency – can you tell me how you do this?

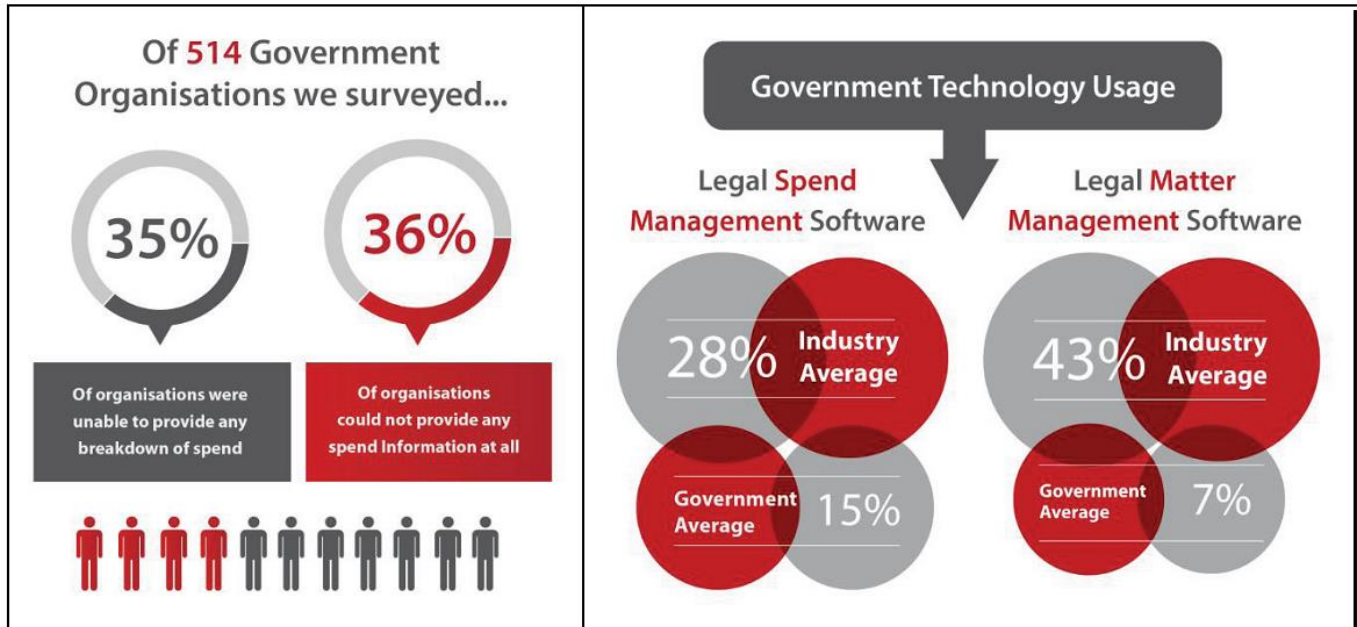
Yerra Solutions helps in-house legal and IP departments build long-term operational excellence with consulting, managed services and technology. By improving operations and alleviating administrative headaches, our clients are able to focus on more strategic risk management and cost control initiatives that benefit the organisations they serve. Advising corporations and government entities on procurement best practices and managing the procurement of legal services on their behalf is one of our offerings.

What challenges are involved and how do you overcome them?

The challenges that global legal and IP departments face are numerous and very complex, and this is especially true for those trying to implement procurement best practices. There is the cultural resistance of in-house lawyers who do not want to “nit-pick” with their law firm colleagues over legal bills. There is a general lack of knowledge about procurement amongst legal professionals, and vice-versa. Most people working in the office of the general counsel don’t know how to draft a Request for Proposal or manage the process of issuing one. On the flip side, most procurement people don’t fully understand the nuances around purchasing legal services and evaluating law firm performance. Yerra offers people with the unique skillset to manage both sides of this coin. Our people have built legal procurement practices in some of the largest corporations in the world. Many of our clients deal with these challenges by outsourcing the legal procurement function to us, leaving us to handle building a panel of law firms, negotiating terms, analysing legal bills and evaluating the panel firms at regular intervals.

What would you say are the benefits of legal procurement?

The legal function has historically been a cost centre with very limited visibility into spend details. In addition, the costs to the company can be huge for litigation and regulatory investigations. Putting procurement best practices in place for legal can help increase



visibility into spend, giving you data to make future projections. It can also enable you to identify areas of potential cost savings, such as inconsistencies in billing rates. Having this data also puts in-house legal and procurement teams in a better position to build a panel of preferred law firms and negotiate with the panel to accomplish optimal terms. All of this requires a great deal of culture-shift on the part of both in-house lawyers and the outside law firms. Having consultants help with the process who have experience with procurement and legal, as well as the supporting technology like eBilling, is critical to success. This is what Yerra provides.

From a personal point of view, what do you enjoy most about your role?

First of all, I enjoy being the leader of a truly exceptional team. Yerra was very purposeful in building operations in the North East of England, an area of traditional under-employment. Our team is incredibly skilled and enthusiastic about the work they do. We also have employed lawyers and legal operations experts from large, global organisations that bring a wealth of knowledge to the team. Secondly, I enjoy working with our clients. We work with some of the most complex organisations in the world, and helping them to identify, understand and tackle their challenges is extremely rewarding.

How does the government sector in the UK compare to the private sector in their use of legal procurement best practices?

There is a substantial disconnect between the speeds with which private sector companies, especially large enterprises, are adopting procurement processes for legal spend and how quickly government entities are doing so. Yerra performed an analysis of the results of a Freedom of Information request looking at government legal spend from 2014. What we found showed a real need for basic spend management around what government spends on outside legal services. Of 514 government organisations surveyed, only 35% were able to provide any breakdown at all of legal spend. A full 36% could not provide any data at all on what they spent in 2014 on legal services. We also found a rate of technology adoption for managing legal spend that is much lower than rates in the private sector. Yerra hopes to help drive greater efficiency in the government sector, and we have seen greater interest in the past year that we anticipate will grow.

Where do you see the legal procurement industry in 5 years?

I envision the industry continuing to grow as more and more companies and government

entities realise that putting solid business and procurement practices in place around the legal function not only reduces costs but also risk. The challenge will be educating those in the legal profession about these best practices and their advantages. The practice of law is not traditionally a profession focused on data and analytics, and convincing people to think in this way is not always easy. That said, there are some very pioneering souls (many of whom are Yerra clients) that see the value and are evangelising it to their colleagues. In the past, it has been the business putting pressure on general counsel to reduce costs and do more with less. In five years' time, I would expect that it will be the lawyers driving this proactively. **LM**

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