

White Paper

# Turning Legal Into a Value Center

Cost-Savings Strategies  
from Legal Operations  
Professionals

Presented by



In Partnership with



## Introduction – Shifting Perspectives On Cost Savings: Legal as a Value Center

For many companies, the legal department is a cost center that enables other departments to generate the revenue that sustains the business. From this perspective, the best way for legal to contribute to the business is to cut costs—get the same amount of work done with less money.

While cost reduction is certainly an important goal for most legal departments today, the overall attitude toward legal as a cost center is changing within many organizations. Thanks to the work in-house teams are doing to become strategic business partners, a new perspective on the legal department is emerging. At organizations where this evolution is occurring, legal is a value center: A department that enables the business to achieve its goals.

Instead of legal spend being purely a question of cost savings through spend reduction, legal departments are looking for ways to empower their business: How can we ensure the next product launch goes off without issues? How can we make sure the company is equipped to respond to new investments? How can we allow other teams to self-serve legal advice and get deals done faster? How can we optimize resources to accomplish these goals efficiently?

While this sounds great on paper, getting to the point where legal is viewed as a value center rather than a cost center is much easier said than done. The goal of this white paper is to share strategies along these lines: optimizing legal spend, enabling the business to generate more revenue and, yes, saving time and money. To gather these insights, we talked to leaders in the legal operations community (a full list of participants is available at the end of this white paper).

The legal operations professionals we talked to represent a wide range of companies, from 100 employees to 100,000, with legal departments that have fewer than 10 members to more than 1,000 and legal spend in the low six figures to approaching \$1 billion. Each of these organizations have different priorities, different processes and different resources. However, what unites them all is the desire to create value for the business and optimize people, processes and technology.

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## Trends in Legal Department Spending Priorities

Among the legal departments we talked to, their priorities regarding legal spend truly ran the gamut. In the current economic environment, this wasn't surprising—many businesses are dealing with budget reductions as well as looking toward the future with uncertainty and taking on the oxymoronic task of planning for unpredictability. And against this backdrop, there are also businesses that are thriving and dealing with the growing pains that come alongside the need to scale quickly and effectively. However, even within a wide range of experience, there were some common themes among the legal operations professionals at the companies we talked to:

**1. Increasing Efficiency** – Efficiency and optimization of resources was the No. 1 trend across just about every legal department. This takes many forms—from using automation to remove ministerial work and allow in-house counsel and other legal staff to spend more time on bigger problems (one company plans to save 3,000 hours this year through process automation) to analyzing internal and external resources and right-sourcing work to the most effective provider.

**2. Reducing Spend** – Of course, for many companies cutting costs remains the overarching priority that informs much of the rest of their legal department decision-making. Some organizations have specific metrics they're trying to achieve (e.g., reducing overall legal department costs by 10%), while for others the goal is to reign in spend and get the work they need done without expending more resources or sacrificing quality.

The strategies being used to achieve cost savings cover everything from streamlining processes to incorporating technology to aid automation. With every legal department working toward these goals, it's also equally as important to be able to show their success. Another common trend legal operations professionals noted is their interest in using data and models to analyze time spent, reduced cost for comparable projects or other metrics to show leadership the impact of the work being done.

### 3. Experiments With Generative AI –

Unsurprisingly, legal teams across the board are investigating and investing in generative AI. The general tenor of the current generative AI trend in legal was one of anticipation. Most of the legal operations professionals we talked to felt the technology is still in its infancy and its true impact is yet to be seen or understood. Generally, companies that are beyond the experimentation phase are using generative AI in relatively straightforward functions: summarizing invoices, doing first-pass reviews of documents, automating processes and even minor but effective tasks like first drafts of emails and calendaring calls and meetings.

**4. Growing and Scaling** – While many companies were treating the uncertain economic environment with wariness—not necessarily cutting costs but also thinking carefully about new expenditures and ways to get more done without budget increases—some companies are focusing on supporting a quickly growing business. For these companies, the highest priorities are anticipating upcoming legal needs, being able to scale resources quickly and also avoid legal team burnout during periods of intense activity.

With these goals in mind, the question becomes: How do you make them happen? Whether you're taking on a short-term project for a quick win or thinking about a long-term project that involves many stakeholders and decisions to be made, you need to start by understanding your company's priorities. You need to be able to tell the story of value and cost savings, and connecting the work you're doing to your organization's goals is the throughline of that story.

*“Legal spend is always the big topic. That’s our bread and butter in legal ops—showing examples of savings models or highlighting things we have put into place that made a difference.”*



**Janine Dixon**

Legal Operations Manager, Spend Optimization  
Meta

## Start by Surveying – The Bird’s Eye View of Legal Spend

Instead of looking at legal spend as a number—taking the cost of internal and external resources, adding them up and then deciding on what those numbers should look like for your next financial period—the most sophisticated legal teams are looking at spend as downstream from their company’s mission. They’re first asking leadership what the corporate priorities are and then taking a holistic view of spend to decide how and where legal can best advance those priorities.

To get an idea of this holistic view of your company’s legal spend, you have to ask questions. Below we take a look at some of the key questions you should be asking and why.

### What Are Your Company’s Goals?

This should be the very first question you ask and the decisions you make about prioritizing projects should flow from the answer. The legal department’s goals should support the overall company’s goals, your legal operations efforts should support the legal department’s goals and so on.

Listen to leadership and stakeholders—if you can, interview them. Talk to your general counsel or chief legal officer about the pain points they’re trying to solve for the company leadership. Is it purely cost reduction? Are they more

concerned about the quality of legal services and cost isn’t as important? Are strategic priorities changing because of an upcoming shift in corporate strategy? Or are they worried about how long it’s taking deals to go through legal? Ask about the company culture and the pressures that may be unique to your business.

Having answers to these high-level questions will help you tell the story when you’re pitching a new project to stakeholders. If you can explain why a new tech implementation connects to your company’s mission of embracing innovation or how utilizing an alternative legal services provider (ALSP) will improve the contract review

*“Every legal operations function is distinctively tailored to meet the specific requirements of its legal department, which, in turn, supports the broader objectives of the enterprise. Nevertheless, legal operations professionals across the board can adopt consistent processes and methodologies to identify, design, and implement effective solutions empowering their clients and customers, fostering a more efficient legal operational landscape.”*



**Kiran Mallavarapu**  
EVP & Senior Manager, Legal Strategic Services  
Liberty Mutual Insurance

process and get deals done faster, you're more likely to get buy-in. And when you follow through and your narrative becomes reality, you can clearly show the value your team created.

### Where and How Are You Spending Your Money Right Now?

Although this is an obvious question, it's not always the easiest to answer. As most legal department professionals know, legal spend can be amorphous and sometimes difficult to pin down. But when you're starting to think about it with the aim of prioritizing spend optimization opportunities, it helps to break it down. Some of the questions you should be asking include:

- Who are the legal department's customers and what do those customers need? What do the requests that come into the legal department look like? Within what time frame do they need to be addressed?

- What services does the legal department provide to those customers—internal clients and business partners?
- Who are the people providing those services? What expertise or seniority level are they (including both internal resources and external resources)?
- What are the biggest areas of spend? What spend-related patterns or trends do you see?

Data gathered from technology your department uses, such as e-billing, matter management or intake management software, can help answer these questions. Like with determining your company's goals, however, these are often questions best answered by a combination of data and the people within your department or in other departments who are doing the work daily.

*"How should you evaluate your company's legal budget and spend? You need to first understand the company's culture, goals and objectives, the pressures the company faces, and what is driving the legal spend. You have to step back and ask what are the key objectives: Is it about cost savings? Efficiency? Quality of legal services? Getting the right results? This will inform how you should look at your legal spend."*



**Vivek Hatti**  
Senior Manager, Legal Operations  
Booking Holdings

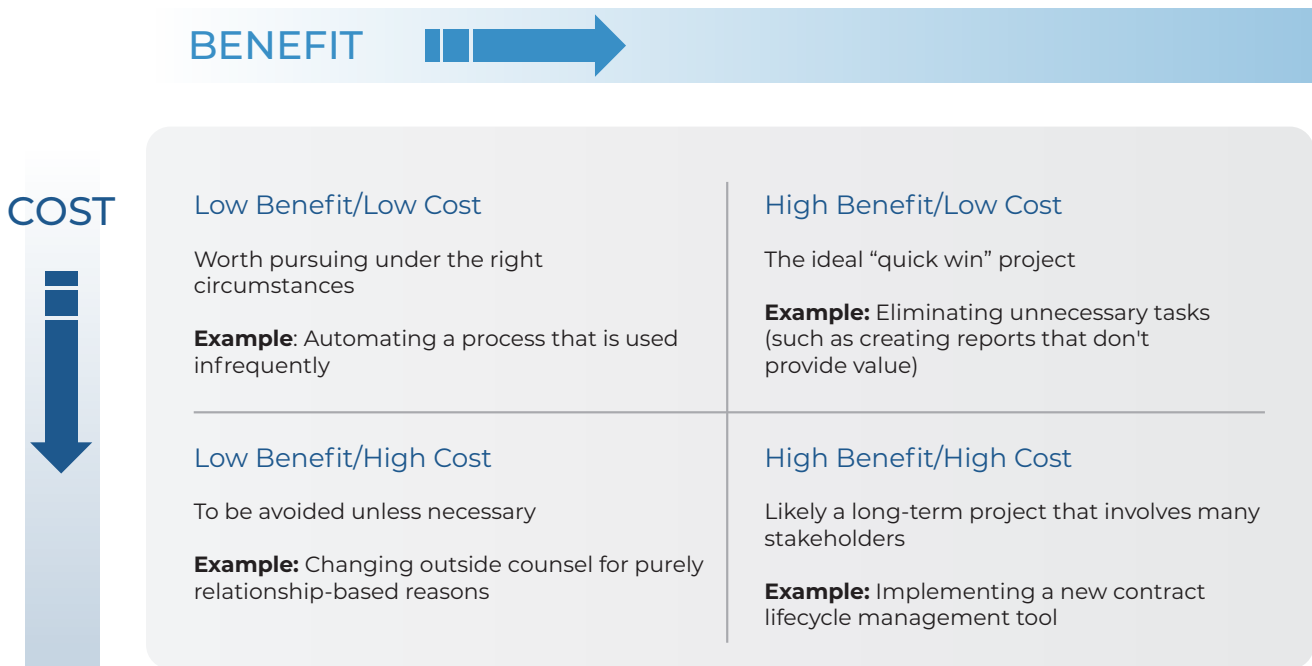
## What Should the Legal Department Prioritize?

This may be the most important question for decision-making purposes, and it involves synthesizing the answers of the two previous questions into a strategic plan that guides the projects your legal department undertakes. You're asking: How can you (1) take your organization's goals and (2) map them onto the work your legal department does to (3) determine what you want to achieve and then (4) package that story in a way that resonates with the decision-makers? It's not an easy task!

Once you've thought about the information you gathered from answering the questions above, start having discussions with your team members—the leadership, in-

house counsel, paralegals, legal ops, administrative staff and others that make up your department. Explain what your goals are and how you think you should get there. Ask them what their pain points are and what they think would have an impact on the department's operations.

More than likely, you'll have many ideas you could turn into projects at any given time. When determining what fits best with your priorities, it can help to do a simple cost-benefit analysis. Many legal operations professionals we talked to recommended scoring potential projects on several criteria (often dependent on the particular business, but here we use costs and benefits as an example) to help you decide what to pursue. It can be as simple as this matrix:



Many companies expand this framework for more precision and nuance one legal ops professional suggested thinking of scores as “t-shirt sizes”—small, medium, large, extra large, etc.) but at the basic level it’s about analyzing the impact a given project will have on your goals and your team’s resources. Some of the questions to think about when making this determination about a given project include:

- What are the pain points you’re trying to solve? Is it cost savings, improving efficiency, mitigating risk, enabling growth, etc.?
- What are the results you expect from the project? How will it improve the quality of legal services you provide? The cost? The consistency? The turnaround times for tasks involved?
- How much time will it save your team? How much time will be required to complete the project?
- Do you have the resources to start the project now? Are the right people available? Do they have the right tools?
- What other departments need to be involved, if any? Do their priorities align with getting this project done on your timeframe?
- Will your legal department clients be happier? Are those clients ready to accept this new solution?

While all of these questions should go into the calculus, the last question may be the most important. If your project isn’t likely to be well received by the internal clients and business partners you’re serving, you could be setting yourself up for failure.

*“Persistence is the No. 1 criterion for success in legal ops because a lot of people are comfortable with the way they’re working and don’t want to change. You have to develop and look for those opportunities to move your agenda forward, and you will eventually find it, as long as you’re prepared.”*



**An Trotter**

Senior Director of Operations

Hearst Office of the General Counsel



## Now What?

After going through the exercises described above, you should be able to paint a pretty detailed picture of your priorities. You know specifically what you want to do, the effect it's going to have on your legal spend and how those both tie into your overall company goals. Of course, to see your project to fruition, you need to effectively present your business case and garner buy-in from leadership through storytelling.

You need to know your audience and what resonates with them. Is the person or group you're presenting your ideas to just interested in the numbers and could care less about the rest? Lean into the data and metrics you have and your projections. Does empathy make more sense for the audience? Give more time to the narrative and explain how what you want to achieve plays into your team's and your company's journey. Either way, bring your decision-makers along for the ride: This is where we're going, this is why we're going that way, these are the things that are going to change and this is how it connects to our company's mission.

Once you've done that and received approval, you'll be ready for your next challenge: executing your ideas! In the next section, we take a deeper dive into what that might look like, breaking down different elements of legal spend and looking at how legal operations professionals and legal departments enhance efficiency, optimize spend and achieve success with different initiatives.

*"Your best cheerleader is not the legal ops team. It's somebody whose problem you've solved, who will then go and tell somebody else about it."*



**Mike Russell**

Head of Global Legal Operations

Expedia Group

## The Elements of Legal Spend – Work Assessment & Allocation

As we look at some of the different elements of legal spend and how legal departments are approaching spend optimization, you'll notice there is overlap between the topics we'll discuss: the technology you use affects work allocation, your available internal resources affect how much and what kind of work you send to outside counsel, etc.

As we explained above, legal spend optimization is best approached holistically. However, without looking at the pieces, it's difficult to complete the puzzle, and that's our goal here: To give you a snapshot of some of those puzzle pieces so you can put them together to help your team save time and money while achieving your goals.

One of the first of those pieces you want to examine to increase efficiency and time savings—particularly for quick wins—is what your internal team is doing. This includes, of course, the legal work your in-house counsel perform as well as the work of paralegals, legal operations, administrative staff and your other team members. Here we'll cover some of the ways legal departments look at their internal resources with an eye toward legal spend optimization.

### Eliminate Tasks That Don't Create Value

This is a great starting point for legal spend optimization. In most cases, eliminating unnecessary tasks is the quintessential low-cost and high-benefit project. If you can identify tasks that aren't adding value and take them off your employees' plates, you're simply freeing up time your employees can then spend on more strategic work.

*"I inventory everything that the department does and then simultaneously look at the company's priorities and what the department should be doing and seeing if there's a mismatch. Just because you're busy doesn't mean you're productive and just because you're productive doesn't mean you're productive in the right direction."*



**Olga V. Mack**

Fellow

CodeX, The Stanford Center for Legal Informatics and a Generative AI Editor at law.MIT Computational Law Report

One example of these types of quick wins is auditing reports the legal team produces for other business units. More than one of the legal operations professionals we spoke to said their team had been producing reports because they were requested at some point, but no discussion ever happened surrounding the reports. Doing some investigating, it turned out nobody was using the reports—they were either being ignored or even deleted. After confirming with business partners that the reports weren't useful, they stopped producing them and gained all of that time back.

Another effective way to eliminate smaller, more mundane tasks is to empower your business partners to do them on their own. This is a win-win for minor tasks that don't necessarily need to go through legal, but often do anyway. Your business partners can make their own decisions without having to wait for legal's approval, and you take those small tasks off of your team. Companies we talked to used this most often for things like low-risk/low-complexity contracts such as NDAs. By providing a checklist or playbook for specific types of contracts that fall under this umbrella, you can remove that work from legal entirely and enable your business partners to get work done faster.

## How Legal Departments Leverage Automation

Automation is a close cousin of the elimination strategy discussed above. Ministerial tasks that can't be eliminated but are manual and repetitive are the perfect candidates for automation. To identify tasks ripe for automation, talk to your team: Are there mundane tasks that take up time and could be turned into plug-and-play processes using technology? Those are great places to start.

*“One thing that makes a legal ops team successful is not being afraid to break something that might need to be broken to be rebuilt better. Sometimes you don't understand what's broken (or could be improved) until you take it apart and put it back together.”*



**Michael Krawitz**

EVP, General Counsel and Corporate Secretary  
Conduent

### **Use Case #1 – Knowledge Management**

One company needed the ability to refer back to older versions of documents. The process was burdensome and manual. It required employees to circulate the documents for approval, save a version of the document every time an update was made and ensure it was filed in the appropriate place so it could be found when needed. The company was able to automate the steps of this process so that upon finalization of a new version, a link would be automatically sent to the right people for approval, and once that approval happened it was filed in the right place and a snapshot was taken to preserve that version. This saved about an hour and a half of time per instance and was applied across many business units that update documents often, resulting in incredible time savings (for legal as well as the company as a whole).

### **Use Case #2 – Contracts**

Another way to find automation opportunities is by looking to your subject matter experts on a given task. One company noticed that there were a handful of attorneys on their team that business partners routinely came to for a specific contract issue. These attorneys knew the ins and outs of this particular issue, which was different for every region. Working with those attorneys, the legal operations team was able to identify several things they were

doing that could be automated just by getting location information and updating documents to reflect that. By doing this, they cut the turnaround time on these contracts from one to two days to 15 minutes. Across the entire enterprise, it created an estimated \$1.5 million cost savings.

For another company, automation helped identify workflow issues. They implemented clickwraps—the click-to-agree function that you see on many software user agreements and other similar contracts—for the numerous NDAs they do every year. This significantly reduced the time spent on NDAs, however the team also noticed in reviewing the time savings metrics that one region lagged behind, taking as much as three times as long as the others. They were able to pinpoint issues in that region’s workflow and work with their business partners there to address the issue and add to the time saved.

*“The mindset for change management is not about saying, ‘You do it this way today; tomorrow, you’re going to do it this way.’ It’s about bringing people along on that journey. Explaining to your leadership team: This is what we’ve agreed on, this is where we’re moving, this is why we’re moving this way and these are the solutions we’re looking at. You need to have conversations with them to paint that picture.”*

**Denise Doyle**  
Director, Legal Operations  
Extreme Networks

## Insource Work to Free Up Resources

While outsourcing work to traditional outside counsel, ALSPs, legal marketplaces, legal process outsourcing (LPO) providers and other external resources is extremely common in legal departments, its counterpart, insourcing, can be equally effective. Put simply, insourcing is the opposite of outsourcing—taking tasks you previously paid external resources to do and bringing them back to your employees.

Law firms and legal departments run on relationships and this isn't likely to change anytime soon. However, for that reason many legal departments send work to outside counsel simply because that's the way it's always been. If you're not carefully reviewing your invoices, you may be paying for significant work done by junior associates or paralegals. Do you have in-house counsel or paralegals on staff who might be able to absorb some of that work?

One legal operations professional described this technique as “pushing on the value chain.” They had senior-level attorneys doing work that could have been done by junior associates, or work done by junior associates that could be taken by paralegals. This had a knock-on effect and the work removed from the senior attorneys' plate allowed them to take on work that previously went to outside counsel.

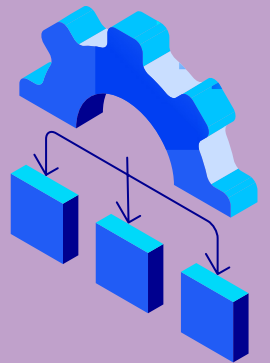
*“First and foremost, you have to define your value. So rather than managing risk, it becomes: How do we empower the business to get in the next market? How do we empower the business to launch the next product? How can we shorten the approval process on a contract? It's the idea that legal work can be a market advantage.”*



**Wendy Butler Curtis**  
Chief Innovation Officer  
Orrick

# 200x

less turnaround time for one legal team using automation for the contract review process



## The Elements of Legal Spend – Technology

Technology is fundamental to business. Nearly every company in the world uses technology to get work done, day in and day out. This is, of course, no different for legal departments. Technology plays a huge role in every aspect of the legal spend conversation, whether it's using technology and the data it provides to learn what your legal spend looks like and analyze trends in your spending, or considering the cost of currently-used and new technology in your legal department's budget and everything in between. In this section, we look at what legal departments should be thinking about when deciding to invest in new technology (or not), as well as highlight one technology many legal departments we spoke to are excited about: chatbots.

### Legal Technology Decision-Making: Build vs. Buy

When you're looking at your department's use of technology with cost savings and spend optimization in mind, you should start by taking stock of the current state, just as you would when you look at spend in general. Some of the questions you want to ask include:

- What technology is the team already using? What technology are business partners using that legal could leverage or should be aware of?
- What are your internal pain points regarding technology?

**20x**

less review time for one company by leveraging AI for standard contracts



- What technologies are on the market that you could invest in to alleviate those pain points?
- What is the ultimate problem you're trying to solve and how does that map back to your business goals?

One legal operations professional recommended three strategies for answering these questions:

- 1. Follow internal communications**  
– What are people talking about regarding their use of technology? Sit in on meetings with teams and review other communications within and outside of your department to see how they're solving problems and the issues they're running into.
- 2. Identify shared experiences or shared challenges** – What are the themes you're seeing and where does technology fit into those themes?
- 3. Keep abreast of the market** – Follow the trends in your industry and the challenges and successes other companies are facing to anticipate future needs.

When your priorities align and you've decided to approach a project using technology, the fundamental question is whether you should handle the project internally or purchase an external solution. Just as with examining legal department priorities as a whole, this decision involves a cost-benefit analysis.

You need to take into consideration many factors: Do you have the expertise and the manpower to take on an internal build? If not, are you willing to get additional resources for the project? What does the timeline look like and how do those resources align with that timeline? What does the runway look like for this project—is it a short-term fix that might have to be addressed again in a year, or is it something that you intend to use over the long term? Would an off-the-shelf product fit your needs or do you have niche use cases that aren't easily addressed by that solution?

### ***Use Case #1 – Internal Resources vs. Software Solution***

As an example, one company had a project that involved taking snapshots of user agreements at different points in time. There was an in-house resource that was doing this but the company investigated an off-the-shelf software solution that could do the work. Although this would have been more efficient and saved the company time, it turned out the software cost more than the in-house employee and the employee didn't have to spend all their time on this project, so they could also take on other tasks. In the end, it made sense to keep the project in-house.

### Use Case #2 – Niche Needs

In a similar situation, another company investigated a software solution to deal with a two-pronged compliance need—one relatively standard compliance use case and one that was relatively unique. The company did an analysis and determined that their best way forward was actually to build and buy: For the straightforward compliance need it made sense to buy the off-the-shelf solution and that allowed their engineering team to build technology that intertwined with the bought solution and addressed their more unique needs, solving both problems efficiently.

### Chatbots and Knowledge Management

Of all the technology we spoke to legal operations professionals about, chatbots may have been the topic that excited them most. Although the generative AI boom certainly has something to do with that, the truth is chatbots are a potentially fruitful solution to the self-service goals of knowledge management projects. Here are few ways they add value to knowledge management efforts:

**Immediate Answers.** Internal hub sites can be difficult to dig through and find the exact information one is looking for. With a chatbot, your employees and business partners can ask for what they need in natural language and be served the answer immediately.

**Version Tracking.** Tracking changes and updating versions of documents in hub sites is a project management nightmare. Documents become out of date quickly and when topics are referenced in multiple places keeping them straight is difficult. Chatbots centralize knowledge so updates only need to happen once.

**Resource Improvement.** The data you collect from chatbot use can be helpful in improving your self-service resources. Are there questions people are asking often that the chatbot doesn't have answers for? Work backward from that point and create the desired content.

**Leveraging AI.** Chatbots are a perfect use case for generative AI. Similar to the point above, they can be trained and learn from the ways people are using your chatbot to improve the user experience.

*“Internal interviewing is incredibly helpful when you’re in legal. I find that going to the business and getting their stories—if we were to bring in an additional person, how would that speed up our contract review times, for example—getting their buy-in and support is huge in driving decision-making, especially in companies where maybe legal doesn’t always have a seat at the table.”*



**Krysta Johnson**  
Head of Legal Operations  
Lexion



## The Elements of Legal Spend – Outside Counsel Management

Many legal operations professionals and others throughout the industry have noted that there has been a mindset shift around the approach to outside counsel over the past decade or so. Corporate legal departments are looking more closely at their relationships with law firms and the value they provide.

Alongside this increasing focus on value, more alternatives to traditional outside counsel have been created including legal staffing firms, ALSPs, legal marketplaces and other “New Law” companies. This has put legal department leaders in the driver’s seat when it comes to optimizing legal spend through outside counsel decision-making. The strategies discussed below are important parts of the value conversations you should be having both internally and with your outside counsel partners.

### Right-sourcing the Right Way

The concept of right-sourcing is where the rubber hits the road regarding this outside counsel mindset shift. Put simply, right-sourcing means sending legal work to the provider that offers the value for that type of work. For most legal departments, this means first analyzing the type of work before deciding where to send it.

Many factors go into this decision, and it usually involves consideration of things like complexity, risk, scale and scope. Do you have a highly complex, bet-the-company litigation matter? That should probably go to one of your trusted Big Law firms. But does it make sense to send less risky and less complex transactional work to that same firm and pay their premium rate? Probably not.

Many of the legal operations professionals we talked to tier or score work to help determine the right provider. For example, one company used an “ABC” format where work that was scored as an “A” would go to the top level of providers (e.g., Big Law firms, senior in-house counsel), “B” work would go to a middle level (e.g., specialized small and boutique firms, solo practitioners and some ALSPs), “C” work would go to a lower level (e.g., ALSPs, LPO, paralegals and other paraprofessionals, etc.) and so on. This type of analysis can also be visualized similarly to the cost-benefit analysis discussed previously. Below is a simplified example of what this process might look like.

Cost savings is one of the biggest benefits of right-sourcing. Utilizing small, midsize and boutique law firms or ALSPs to do work that you used to send to large law firms can reduce your legal spend substantially. Multiple companies we talked to said that analyzing your legal work with right-sourcing in mind was the key to reducing external legal spend and getting more value from outside counsel. Some companies encourage the process by creating a specific target—saying that a certain percentage of work has to go to midsize firms or ALSPs, for example, and anything over that percentage requires approval.

Another important aspect of right-sourcing is it provides legal departments with more access to diverse law firms and legal providers. It's no secret that the largest law firms are generally lacking in diversity. One legal operations professional described this as an easy "win-win": Small and midsize firms are more likely to be diverse and they are more cost-effective. Right-sourcing work can help you support these important company initiatives and optimize spend at the same time.

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<p><b>Low Risk/Low Complexity</b></p> <p><b>Examples:</b> Contract review, high volume NDAs, document review</p> <p><b>Providers:</b> ALSPs, LPOs, tech-enabled solutions</p>	<p><b>Low Risk/High Complexity</b></p> <p><b>Examples:</b> Patent management &amp; filing, policy development, due diligence</p> <p><b>Providers:</b> Boutique and regional firms, solo practitioners, ALSPs, in-house resources</p>
<p><b>High Risk/Low Complexity</b></p> <p><b>Examples:</b> Corporate immigration work, compliance monitoring, certain contracts</p> <p><b>Providers:</b> Specialized firms of all sizes, in-house team</p>	<p><b>High Risk/High Complexity</b></p> <p><b>Examples:</b> Bet-the-company litigation, high value M&amp;A, crisis management</p> <p><b>Providers:</b> Big Law, in-house senior leadership</p>

## Billing Guidelines – Simple But Effective

One of the quickest ways to make an impact on your outside counsel legal spend is to examine your billing guidelines and ensure they are being applied as written. One legal operations professional we talked to said that after implementing a true billing guidelines review and making it clear to outside counsel that invoices would not be paid if they didn't conform, it saved their company nearly 15%.

Here are three ways you can optimize your legal spend with billing guidelines:

**1. Check That Firms Are Following Them.** It sounds simple but, as mentioned above, this step is often overlooked and can produce big cost savings. Check for things like administrative tasks being billed at the same hourly rate as legal work or that you're not getting billed twice for the same work. If you say you only want two people on internal meetings, ensure

you're not getting billed for eight. Many e-billing systems can be set up to do this automatically.

**2. Reject Bills That Don't Comply.** This is a sometimes difficult but necessary step. If you have a 60-day invoicing policy and a law firm sends you a bill outside of that window, you have to reject it. There is often a "teething process" when you start doing this, as one legal operations professional called it, but firms will start to comply when they see you're following through on what your guidelines say.

**3. Create a Manageable Process.** For some companies, the two tips above are much easier said than done. If you find your team getting bogged down in invoice review, consider deciding upon a ceiling for invoices where any amount under that ceiling is automatically approved and only the invoices of a certain value go through your review process. This can be a particularly good timesaver if you can automate the process.

*"We track how much we're spending with boutique law firms because that is one of the key factors through which we've been able to stabilize our legal costs. We extremely value our Big Law relationships and look to derive value from these, especially for certain categories of matters, but we also track our boutique law firm spend against our total OSC spend and always look for opportunities where we can partner with boutique firms for their expertise."*



**Kshitij Dua**  
Head of Legal Operations  
HashiCorp

## Outside Counsel Cost-Saving Tips

**Set rate increase limits.** For example, one company said they would automatically approve rate increases under a certain percentage, but otherwise require approval. This sets you up to either cap increases to a point you're comfortable with, or start a conversation about value going forward.

**Agree to specific payment terms.**

If you agree to pay invoices net-60 or even net-30 (and follow through on that agreement), firms are often willing to give you discounts.

**Explore alternative fee arrangements (AFAs).**

These are different types of fee structures from the traditional hourly rate format, including flat fee, fixed fees and fee caps, among others. AFAs should be a part of the overall value conversation you have with your outside counsel, and can provide cost savings along with more budget predictability.

**Look for value-add opportunities.**

Firms that you have good relationships with will often be willing to offer additional value in a variety of forms, including free CLEs, topic specific trainings, or even secondees. Although not always a direct cost savings, these can save time and help your team operate more efficiently.

**Stay in regular communication.**

Outside counsel understand that plans change and businesses pivot. If unexpected needs arise, talk about the budget you're working with for a project and how strategic changes may affect that. Having an open dialogue about expectations, projections and costs will help avoid situations that could blow up in your face.

*"Much of what law firms do is interchangeable—the difference is the people, the expertise and the client relationship skills that they have. That's where the value lies in the relationship. Make sure that relationship is working in your favor."*

**Arun Mistry**

Vice President, Legal Operations

Providence St. Joseph Health

## Conclusion – Continuing the Story

As we've discussed throughout this white paper, one of the clearest running themes in our conversations with legal operations professionals about spend optimization was the importance in building a narrative and telling your story. A proposed project can have all of the potential in the world, but if you can't explain that potential in a way that resonates with your audience, you won't get the buy-in you need to bring it to fruition.

The strategies we discussed above only scratch the surface of what can be accomplished by a dedicated and knowledgeable legal operations professional (or team). When asked how legal operations can make a difference and learn how to improve and enhance those important storytelling abilities, another theme emerged: Lean on your community.

The reason the legal operations community has exploded over the last decade is because of the value it brings to legal departments and the companies they serve. As much as we'd like this guide to be the comprehensive, authoritative guide to cost saving and spend optimization, we know it likely brings up just as many questions as it answers. If that's where you find yourself, the good news is there are people in the legal operations community who would love to help you find the answer, and the CLOC community is a great place to start!

### Additional CLOC Resources

- Join the CLOC Community: <https://cloc.org/join-cloc/>
- Find Local Events: <https://cloc.org/event-calendar/>
- Subscribe to the CLOC newsletter: <https://cloc.org/category/cloc-newsletter/>
- Legal Technology Solutions: <https://cloc.org/legal-operations-solutions-directory/>

### Content Resources

- Matter Lifecycle Management for Legal Teams: <https://cloc.org/mlm-matter-lifecycle-management-for-legal-teams/>
- Legal Ops Technology Roadmap: <https://cloc.org/legal-ops-technology-roadmap/>
- What Is Legal Ops?: <https://cloc.org/what-is-legal-ops/>

## Participants

This white paper is based on interviews with legal operations professionals working at a wide range of companies. The information presented collects their thoughts and advice and isn't intended to represent any one person's view. We would like to thank the individuals listed below for their participation, without which this publication would not have been possible.

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- Teresa Steen, Head of Legal Operations, **Brex**
- An Trotter, Senior Director of Operations, **Hearst Office of the General Counsel**

## About Priori

Priori is the global legal marketplace for in-house teams. Priori uses data and technology to rapidly connect legal departments from 1 to 1000+ with the right outside counsel for projects globally, saving them time and money. Priori's technology powers two products that are redefining the procurement of legal services. Marketplace connects in-house legal teams with talent from a vetted, global network of attorneys. Scout surfaces insights about law firm relationships to drive informed hiring decisions.

## About CLOC

CLOC (Corporate Legal Operations Consortium) is a global community dedicated to transforming the business and practice of law. CLOC actively develops and standardizes effective operational practices, supporting legal departments of all sizes. We foster innovation and collaboration, provide platforms for the exchange of best practices and offer educational resources that enable our members to influence and redefine our industry.

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