



## ARTICLES

### Process & Pricing: Using Legal Ops To Improve Law Firm Relationships

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*This interview with Barnes & Thornburg's Rick Eads and Levi Remley was originally published on November 11, 2019 in Corporate Counsel Business Journal.*

The rise of legal operations as an occupation in corporations' law departments has given rise to legal operations professionals in law firms, resulting in both groups creating synergies to further support better business acumen in their respective firms and law department hierarchies. This interview takes a look inside Barnes & Thornburg's Legal Operations Department to view what law firms are doing to meet the needs of clients and their legal operations counterparts.

#### **CCBJ: From a law firm legal ops professional's perspective, what does a typical matter lifecycle look like from engagement to execution?**

**Rick Eads:** Typically, the first step is for the lead attorney, the law firm, the corporate legal ops team, and the in-house counsel to determine the scope of a project. This is where the collaboration and the planning begins. The scoping discussion then transitions into formal documents that will detail the workflow of the matter. That all informs the financial arrangements that best suit a client's needs – either a budget or alternative fee arrangement (AFA) – and what a successful outcome looks like legally and financially. Our legal ops team's role in the execution of a matter is to support the lead attorney by providing tools, assistance navigating our matter management technology platforms, and active project management or reporting.

## RELATED PEOPLE



### Levi Remley

Director of Pricing  
Indianapolis

P 317-231-7774

F 317-231-7433

[Levi.Remley@btlaw.com](mailto:Levi.Remley@btlaw.com)



### Rick Eads

Pricing Manager  
Indianapolis

P 317-231-7350

F 317-231-7433

[Rick.Eads@btlaw.com](mailto:Rick.Eads@btlaw.com)

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## What should in-house counsel expect from law firm legal ops as it relates to the planning and execution of a matter?

**Levi Remley:** It's appropriate to draft a scope of work document (SOW). In some matters with narrow scopes of contemplated work, this language can take the shape of an email. For other matters it might be a more comprehensive standalone document that is referenced within the engagement letter and specifically addresses the matter at hand. We often see these engagement letters address a number of questions, including: What specific tasks is outside counsel contemplating and what does the client anticipate will be handled in-house? How quickly do they expect the matter to progress? What assumptions are they making in their estimate? What happens if the case settles early or the transaction isn't consummated in a fixed-fee arrangement? The best SOWs will answer these questions and many more.

It is more than reasonable for in-house counsel to ask for a detailed SOW document and encourage in-house attorneys to collaborate with their outside attorneys and legal ops teams in the production of these documents. Communication and cooperation during the engagement phase is critical, and collaborating around a SOW can certainly enhance the law firm and client relationship.

**Eads:** From a legal ops perspective, the SOW and budget document should be scalable and in template format so they are efficient and easy to adapt to different scenarios. This keeps the focus on communication and working with the lead attorney to refine the accuracy of the estimate instead of spending time reinventing the wheel for each engagement.

From the client's perspective, a budget document should be a summary of the SOW document that translates the scope into financial terms in a granular but simple fashion, and helps the law firm and the client understand how a matter should be staffed. Depending on a client's needs or the demands of a particular matter, it is during execution that legal ops would be working diligently behind the scenes to help manage the matter with legal project management (LPM) specialists who track the non-legal aspects of a matter, including facilitating communications, reporting progress and organizing meetings. The specialists work with accounting to provide a reporting framework and schedule for the matter.

**Remley:** To further that idea, I can't overstate how important recurring reports are in the law firm and client relationship. Providing continuous financial and legal updates can spark deeper conversations regarding the scope and direction of a matter, keeping both parties abreast of their own expectations. Having a reporting mechanism helps make the scoping and budgeting dialogue an ongoing effort rather than a point-in-time discussion. Matters change as they progress and SOW documents need to correspondingly alter as well.

## What tools are law firms using to enhance their budgeting processes and deliverables?

**Remley:** Clients are asking for both efficiency and/or predictability from their outside counsel. As such, many law firms, especially in the AmLaw 200, are investing in a variety of technologies: matter management tools

for efficiency and business intelligence (BI) or artificial intelligence (AI) tools for predictability. From a matter management perspective, firms are investing in software that can provide a dashboard of detailed client and matters metrics to monitor, alert key firm and in-house stakeholders of financial thresholds as desired, and establish a reporting platform that provides on-demand reports that meet client needs. One example of such software, one we have experience using, is Umbria by Prosperoware, which allows law firm attorneys and legal ops staff to continuously monitor and dissect matter details in real time and share them in a timely fashion directly with clients. Tools like Umbria make it much easier for budgeting and scoping to remain a constant agenda item in firm/client communication.

**Eads:** There's been a shift away from creating processes in phase and task coding that gather better historical data, to coding that is used to proactively manage matters at a more granular level to better track matter progress and communicate with clients who value this level of detail. Current technological innovations can now bypass this level of detail in historical data by extracting and grouping tasks directly from the entry narrative. Clockimizer, an example of such technology, is what our teams currently use. It uses natural language processing, which is a part of AI technology, to skim narratives and assign them as various activities. This creates a more robust data set where we can make quick comparisons of similar historical matters based on similar workflow, duration of matters, practice areas, and several other qualitative and quantitative metrics. We can then use this analysis to help inform and improve the accuracy of pricing estimates.

**One of the biggest challenges outside counsel, in-house counsel and legal ops professionals are facing is creating and adapting to industry standards.**

**What are some challenges associated with these processes?**

**Remley:** One of the biggest challenges outside counsel, in-house counsel and legal ops professionals are facing is creating and adapting to industry standards. As a legal ops professional who is deep in the weeds on requests for proposal (RFP) and pricing proposals, so many of our responses, as with those from other firms, are founded on a lengthy list of assumptions when the scope of a matter is unknown. Not surprisingly, we often hear that our assumed scope of the matter doesn't match those of other bidding law firms, and this dynamic makes it difficult for clients to evaluate bids and for firms to submit competitive proposals. Thankfully, initiatives like SALI (Standards Advancement for Legal Industry) are gaining traction, which presents a great forum for legal ops and in-house counsel to collaborate and begin to address this challenge.

**Eads:** In analytics, the term big data is used often, and it is frequently assumed that law firms are data rich, but in fact we are data poor in the true context of what big data represents. Large tech companies who deal in the business of gathering information are the ones who are data rich. They know where we are, what websites we visit, for how long, who else is nearby when we click, what we purchase, and are gathering billions of pieces of qualitative data – the who, what, when, where, and why of

information – a day.

As a law firm we have a few pieces of the puzzle to help us meet this challenge but for the most part we are limited to a wealth of quantitative financial data. It is a matter of taxonomy. The more information we can capture to identify how similar or dissimilar a new engagement is from historical examples, the better. The solution lies in innovations like Clocktimizer, technology and processes that continue to adapt to overcome this obstacle, gather more valuable qualitative data on matters, and find ways around lack of information.

## **How will in-house counsel, attorney and law firm legal ops relationships evolve in the next five years?**

**Remley:** It will become increasingly common for law firm legal ops professionals to be included in ongoing communication between the law firm and in-house counsel. Clients tell us that having a third party in the room or on the call who is keenly focused on budgets, AFAs, SOWs and strategic business issues can add great value to the dialogue. Sometimes legal ops may be simply inserted in the relationship to provide ongoing budgetary status updates; other times it may be a more detailed conversation regarding building a matter-intake risk matrix. I'd recommend all in-house counsel ask their outside counsel about their legal operations functions and how they can add value to their relationship, especially those who may be short-staffed in their own internal legal ops teams.

**Eads:** Legal ops and pricing professionals will find ways to improve how to capture information on matters, and will continue to see rapid advancement in legal technologies that use this information more effectively. Most of these changes will revolve around the importance of communication and availability of information that bring value to the in-house and outside counsel relationship. Outside counsel attorneys will have more visibility on matters through improved dashboards and platforms that give them easy access to financial metrics, and are more efficient and responsive to clients. In-house attorneys and law departments will also find information more accessible through investment in legal ops or pricing staff, technologies that support client reporting and client portals that encourage collaboration.