



Insider Corporate Legal is Legal Technology Insider's regular supplement looking at the benefits of technology and business best practices within general counsel and corporate legal departments.

Maximising the benefits of matter management and e-billing systems

by Jonathan P Bellis

A growing number of law departments around the world have devoted significant resources – money, time, effort, and management attention – to the selection and implementation of matter management and electronic billing (MM&EB) systems. In some cases, especially in the United States, these represent second or even third generation efforts. Many law departments are still striving to realise the promised benefits and to recoup the considerable investment they have made in these systems.

This is the first of a three-part series of articles that reviews the evolution and current status of MM&EB systems, and identifies ways to maximise their benefits. This article provides a definition of matter management and e-billing systems, and summarises their evolution and current status.

In identifying ways to maximise the benefits of these systems, the second article adopts a tactical perspective, with emphasis on implementation and operation of these systems. Specifically, it will address: (1) establishing effective operational support and management, (2) encouraging widespread adoption and use within the law department, (3) integrating with other relevant systems, and (4) ensuring effective participation by law firm partners. The third and final article adopts a strategic perspective, and addresses the role that these systems should play in supporting the law department's ➔

➔ broader management and communications initiatives. It will describe approaches to: (1) defining and implementing meaningful performance metrics, analyses and reports, (2) extending these systems to meet broader needs within the legal function, and (3) using these systems to demonstrate the value-added contribution of the legal function to top management.

Definitions

First, definitions of matter management and e-billing systems will provide a frame of reference for the rest of this series of articles.

- Matter Management

The principal objective of a matter management system is to enable the law department to better track, control, manage, analyse and report on legal activities and costs. A matter management system typically includes the following capabilities or modules: matter identification/tracking, fee/invoice tracking, party identification/tracking, outside counsel and vendor management, calendaring/docketing; budgeting, timekeeping, chargeback/cost allocation, file management, and reporting.

Law departments – reflecting many differences in industry practice and company needs and characteristics – vary widely in their specific requirements for these capabilities. A prime example of the variability is the timekeeping module.

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MM&EB systems

⇒ *continued from front page...* Typically, less than one-third of corporate law departments in the US keep time. That percentage is even lower among law departments outside the US. Matter management systems provide the backbone of information needed to manage the resources and activities of the law department. They provide the data and analytic tools necessary to support the working attorney, the general counsel and all levels in between.

- **Electronic Billing**

Electronic billing enables the legal function to automate and streamline its legal bill review, approval and payment process. More generally, electronic billing provides the legal function with the information and analytic tools to manage outside counsel services and costs.

Simultaneously, with proper integration, it automatically populates the matter management system with matter-level detail on activities and costs. Finally, automation of bill review and audit rules enables the enforcement of a company's outside counsel billing guidelines. Many law departments negotiate invoice discounts (of up to 5%) for early review and payment programs (eg within 15 to 30 days of receiving the invoice).

Evolution and Current Status

Matter management systems have evolved in significant ways over the past two decades, and electronic billing systems only emerged in the past decade. In the 1980s the initial focus was on case management and on tracking and paying outside counsel fees. Few commercial products were available, so large companies embarked on custom software development projects to meet their needs.

The 1990s was a decade of enormous change in the law department systems market. Similarly, major change was taking place in law department management, the increasing pressure ⇒

⇒ on law departments to be accountable and apply corporate management trends and practices, and in the broader field of technology itself. Thus, many new matter management software vendors emerged, as well as a new category of technology for law departments – electronic billing.

During the 1980s and 1990s, matter management and e-billing systems implementations in law departments often resulted in failure or disappointment. There were several principal reasons for this:

- First, the corporate IT infrastructure and networks on which these systems were deployed were often unreliable.
- Second, law departments often received little or no support from corporate IT for their projects.
- Third, the software vendors supporting the law department market were often small, underfunded, and had difficulty in producing workable software. Those that did achieve a successful launch of a new product often had difficulty marshalling the financial and technical resources to continue to maintain their current product, provide ongoing customer support, and invest in developing and distributing a new release or version.
- Finally, many law departments have not devoted sufficient resources (financial, time, skill) to the management of these projects.

The past ten years have been marked by important developments and improvements in the world of MM&EB systems.

- **Consolidation of MM&EB software vendors**
After a proliferation of software vendors in both the MM and EB segments, a significant consolidation among those vendors has occurred in recent years.

- **Greater reliability of vendors and software**
The MM&EB software market has matured, and the reliability and stability of leading vendors is now greater than it has been in the past. This reflects in part the consolidation of vendors. Still, there are occasional unpleasant surprises in the performance of a new product release by an existing, well-regarded vendor.

- **Multi-functional solutions**
Increasingly, software vendors offer broader capabilities than just matter management. Many now incorporate some level of document management, records management, and e-billing, whereas in the past, custom programming or special interfaces would have been required to achieve integration between matter management and these other systems. ...concluded on page 3 ⇒

How open collaboration created standard IP billing code sets

by **Domenic Leo**

In this article Domenic Leo, chair of the UTBMS IP Working Group and vice president, intellectual property business development of DataCert, shares how a global collaboration defined and built the new Uniform Task-Based Management System (UTBMS) IP code sets.

“Our goal is that these code sets will give everyone a better picture of where they are spending IP services dollars.” ...*Bill Heinze, chair of the UTBMS IP Working Group patent subcommittee and patent procurement counsel for GE Energy.*

The advent of legal electronic invoicing in the early 1990s exposed the real need to develop standards. Early e-invoicing pioneers initially focused on creating standard formats in the form of the Legal Electronic Data Exchange Standard (LEDES) organisation (www.ledes.org). It soon became clear that not only were standards required for formats, they were also required for the billing codes used for e-invoicing.

The standard, named the Uniform Task Based Management System (UTBMS) (www.utbms.com), initially concentrated on activities and tasks in the growing area of litigation. As e-invoicing evolved, the industry needed the development of more code sets in other areas of legal practice. The strongest need grew in the area of intellectual property (IP).

In early 2005, leaders from the UTBMS organisation recruited me to lead an industry-wide effort to develop a standardised code set for IP e-invoices. Faced with this challenge, I knew the only way to successfully develop this would be to draw upon the expertise of volunteers from law departments, law firms, agents and vendors worldwide. Soon, volunteers from industry leaders such as DuPont, HP and Procter & Gamble were banding together to address this task and the IP Working Group was born.

Pent-up demand for help in standardising the invoicing process made recruiting easy - though focused efforts were made to attract international corporations and law firms. Prior to the end of 2005, more than 100 individuals from 40 organisations had signed up. By the end of 2006, the numbers of participating firms and individuals more than doubled. ...*continued on page 4* ➔

MM&EB systems

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- **Matter-centric orientation**

The theme of ‘matter-centric work’ began to emerge at Legal Tech New York in the mid-1990s. In reflecting how lawyers work within law departments, document and matter management systems have embraced a matter-centric orientation in their underlying structure.

- **Browser-based interfaces**

The emergence of the Internet and web-based technologies and interfaces has taken hold among many MM&EB system vendors. This facilitates access from widely dispersed locations within the legal function.

Today, MM&EB systems provide a comprehensive information environment for the in-house legal function. They are a key tool for knowledge management with access to key information about inside and outside counsel, inside and outside experts, other service providers, cases, matters, projects and issues, budgets, costs and invoices, contracts and agreements, files and records, courts, dates and events.

As will be discussed in the third article, they increasingly provide the basis for legal function performance analysis, management and reporting. Some law departments have expanded the use of these systems to track a wide range of issues and projects beyond traditional legal cases or matters. Finally, adventurous law departments that have a strong sense of work process analysis and improvement have incorporated workflow management capabilities within their MM&EB systems. ...**To be continued in the next issue**

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IP billing standards

⇒ *continued from page 3...* Without standardised code sets, many companies had created their own IP billing codes. Law firms, agents and vendors essentially had to utilise a separate billing language for each of their corporate clients.

Research

In order to eliminate this 'Tower of Babel' billing confusion, the IP Working Group contacted corporate law departments from 3M, Dow Chemical, Microsoft, Honeywell and others to request copies of their customised code sets. The Group then researched these sets to discover how they could be applied to the new proposed sets.

Patent and trademark sets from corporations and law firms, work done by the original UTBMS initiative and a number of meetings also contributed to the knowledge used to develop the sets.

Possibly the most important core dataset was gathered from a similar initiative developed in Canada. In November of 1986, a Canadian UTBMS project was instigated at the suggestion of the Insurance Corporation of British Columbia (ICBC). Their legal department saw the value of America's UTBMS efforts. An intellectual property code set was developed by the Canadian consortium that provided great information.

It was clear that the granularity of patent and trademark work would require an additional level of parameters beyond the higher-level rules. Unlike the original UTBMS code sets, the group assumed that the patent and trademark code sets would be used in conjunction with matter management systems. This assumption substantially eliminated the need for country-specific codes, for example, which would have geometrically increased the number of codes needed. For example, significant time was spent on adopting 'PA' and 'TR' prefixes ('P' was already used for project code sets). ⇒

⇒ The UTBMS IP Working Group

On August 4, 2005, the newly-formed UTBMS IP Working Group had its first conference call. In addition for a call to members to convey the group's existence, it was agreed at that meeting to separate the Working Group into two separate subcommittees – one for patent and a second for trademark.

A month later, Bill Heinze, then with Thomas Kayden Horstemeyer & Risley LLP and currently with GE Energy, was appointed as chairman for the patent subcommittee and Ed Courtney of Ecolab was appointed as chairman for the trademark subcommittee. Heinze had exposure in both the corporate and law firm sides of electronic invoicing and he also possessed a much-needed diversified background in international patent prosecution and global preparation. Courtney had the reputation of a visionary with an understanding of the business of law and brought a widespread skill set to the team in trademark knowledge.

The Group developed an informal set of rules which was used to guide the initiative:

- Internationalisation

The globalisation of IP, from both a law firm/agent and corporate perspective, required consideration of international issues.

- Simple versus Granular

The balance between the need for 'simple' for IP law firms, agents and vendors and 'granular' for corporations would be constantly scrutinised.

- Consistency

Adopting the templates used for the existing UTBMS code sets was agreed to early on.

- Get it done

It was important for the group to realise that the baseline to be developed would incorporate the dynamics of IP internationally and would likely require ongoing modifications.

As time went on, these items would serve as the outline boundaries for the group's discussions. Topics were constantly benchmarked against these parameters to ensure that the initiative stayed on task. In early 2006, the UTBMS initiative, led by Brad Blickstein of Blickstein Group, merged with the LEDES Oversight Committee (LOC). The LOC, responsible for the standard format of electronic data transmission, was an organisation that would provide a dynamic construct for continued, necessary changes to the code sets. ...concluded page 5 ⇒

⇒ Presentation and Feedback

On April 13, 2006, the new code sets were presented for public feedback. Follow-up meetings around the globe were done to share and discuss the format of the sets and answer any questions stakeholders might have. From these series of meetings, the IP Working Group focused on participants with an international interest. The electronic invoicing delta between vendors in the United States versus those located elsewhere caused the Working Group to expand its charter from an IP-specific one to include a more general education on electronic billing and how it worked.

A final set was developed and rolled out through a series of meetings, highlighted by the Association of Patent Law Firms meeting on June 22, 2006. In late summer, the group determined that a final comment period would begin with a deadline set for November 15, 2006. Unofficially, the deadline was rolled back to December 31, 2006 to gather further information.

The quantity and quality of feedback exceeded our expectations. The industry had taken notice of the initiative and IP professionals began to look at how the codes could be used in their own companies and firms.

On January 23, 2007, I moderated a panel of industry experts at the American Intellectual Property Law Association's (AIPPLA) Mid-Winter Institute in New Orleans. The panel discussed, in part, how the codes could be used to manage patent budgets, forecast costs and increase practice efficiencies in the preparation and prosecution of patents in a corporate environment. Bill Heinze, as one of the panellists, discussed the role of the new UTBMS IP Code Sets in helping to control, manage and monitor those costs.

In April of 2007, the Working Group developed a feedback matrix specifically designed to address input and to pull together proposed changes to the code sets posted for comment in the fall of 2006. After another series of conference calls and meetings, the code sets were released for approval to the LOC Executive Board on June 13, 2007.

The Final Result of an Open Collaboration

In many ways, the completion of the code sets is ratification that the initiative was a truly collaborative process. Voluntary endeavours rarely succeed unless the goal is both needed and achievable. The goal of the IP Working Group was to both formalise industry interest in the IP code sets and to use that interest to formulate code sets. ⇒

⇒ With the recent ratification of the code sets by the LOC, the code sets will now be presented to professional organisations in the IP and legal industries around the world. Part of the ratification process will be to continue the proliferation and encourage the use of the sets through education and discussion.

Ultimately, the goal is to make the process easier for all involved. Development of the new patent and trademark code sets is the first step on that path.

- For questions regarding the UTBMS IP code sets standard, please contact Domenic Leo at domenic.leo@datacert.com

New conference

The Lawyer group is holding a two-day conference on managing your relationship with outside counsel at the Kensington Close Hotel, W8 on 29th & 30th January. The programme will cover such topics as how corporates can ensure the firms they instruct are actively delivering value to the business; how much should be done in-house, versus outsourcing to external firms; and what level of value-added services they are entitled to. For more details visit www.thelawyerconferences.com

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News round-up

It takes how long to produce a bill?

At the ILTA 2007 conference this summer, one of the sessions looked at research conducted on behalf of LEDES into some of the issues law firms face over e-billing. The results found that:

- 54% of respondents say it takes one month or longer from the time of notification of a new matter to the third party system until a bill can be generated
- 59% of respondents claim that 25% or more of their electronic invoices are challenged as having problems or needing line item adjustments
- 43% of respondents would prefer a way to electronically pre-validate an invoice before submission
- 59% of all respondents have had to hire multiple resources dedicated to e-billing, or have had to add one dedicated person or part of a full-time equivalent person.

Collaborative know-how space for inhouse counsel

Cisco Systems' general counsel Mark Chandler is behind a new initiative to provide an intranet-style internal collaborative space that can be accessed by counsel in the inhouse legal departments of many different corporates. Cisco began spreading the word in 2005 and within months had attracted support from the likes of DuPont, Altria, Clorox, Citigroup, Chevron Phillips Chemical Co. and FMC Technologies Inc. The consortium also brought in Paul Lippe of Quality Automated Legal Systems to help develop the facility, now christened Legal OnRamp. www.legalonramp.com

Legal OnRamp, which goes fully live later this year, is intended to be a members-only online community for inhouse legal teams and outside law firms (it now has 30 corporates and 100 law firms as members, with everything geared to information sharing, collaboration and negotiating honest value for legal work. The rationale is that instead of surfing from one law firm website to another in search of legal updates, FAQs, forms, templates etc, they will all be available from a single location. Other features include: KM databases of individual law firms, wiki-style collaboration on legal knowledge and strategies, a version of the Facebook social-network site, and a 'craigslist' way of pitching and getting business that avoids the troublesome features of requests for proposals.

- A similar project is the Law Department Consortium Marketplace www.lawdepartmentconsortium.com

Free CD included

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