

Example of Free Spend Assessment Report

Demonstrating the ROI from legal bill review

Jalubro Consulting
19th November 2021

[CLIENT NAME & LOGO]

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Client Challenge

Client challenge

The Challenge



[CLIENT NAME REMOVED] currently has an estimated £100m+ external legal spend globally. Spend data is not accessible in a single, central location meaning MI reporting is a very challenging and time-consuming task. Invoices are submitted manually and usually behind schedule; therefore, the current billing process is inefficient and costly. Invoice review is manual which costs the departments high-value resources time. There is currently no easy method to manage budgets or to identify work attributed to specific projects, matters or companies.

The Solution



A cost-effective, flexible solution that will deliver significant and almost immediate savings, simplify the entire billing and budget management process whilst providing an effective way to track, control and report legal spend.

Goals and Objectives

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We were asked to demonstrate how the adoption of a robust bill review process could significantly reduce costs and provide better visibility of spend and matter information



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What we did

What we did

By delivering the goals & objectives defined, we used the data gathered from our clients spend data to build a business case for investment in a legal spend management system. They wanted to demonstrate the historic missed savings opportunities, productivity savings and potential future savings and ROI. We wrote a set of billing guidelines and reviewed their invoices to identify billing violations and overspend.

- Identified high value / volume spend firms
- Assessed current billing processes
- Analysed existing billing guidelines / rules to identify areas of weakness
- Provided a more robust set of guidelines for purposes of comparative invoice review
- Selected several matters identified as “challenging” in terms of spend / budget tracking
- Established the parameters for the review
- Reviewed the selected invoices (criteria for selection: Minimum 100 line items per bill, value not less than € 10,000, total value not exceeding € 1m, not less than 3 matters across a minimum 3 firms)

Guideline review

Our initial plan was to review invoices using [CLIENT's] guidelines to identify possible savings, then review the invoices against our own guidelines to compare the savings each set achieved. We first analysed the OCG's provide by {CLIENT}.

[CLIENT] OCG Guidelines

What we found

Compared to industry standards, [CLIENT's] guidelines took a 'borderless-approach' to:

- The scope of non-billable, Fee services
- Minimum standards of invoicing
- Currently, these offer [CLIENT's] little opportunity to generate savings on external spend.
- In-House lawyers are left to specify their own personal preferences to invoicing standards, without the departments support and necessarily having the knowledge and time to do so.
- Firms will find it difficult to apply a consistent approach, which will lead to frustration and delays in payment.

JALUBRO Guidelines

In Comparison

Our guidelines are designed using industry standards and experience creating cost-saving guidelines They:

- Are robust but not repressive.
- Reflect a strong bargaining position.
- Present an opportunity to generate savings.
- Give law firms clear guidance setting them up for success.
- Are flexible to enable legal departments to adjust the scope of billable charges.

For the purpose of this review, we selected a set of Guidelines with common, non-permissible charges to give a **Moderate** comparison point.

Pilot Results

Results at a glance



€ 1.16m
Total spend
excluding VAT



€ 858k
Total Violations
Identified

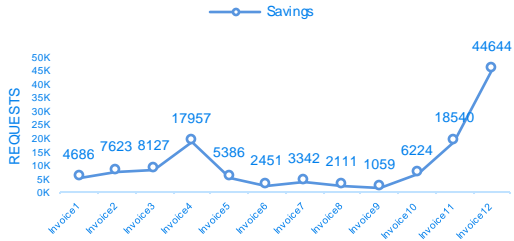


€ 121k
Total Identified
Savings

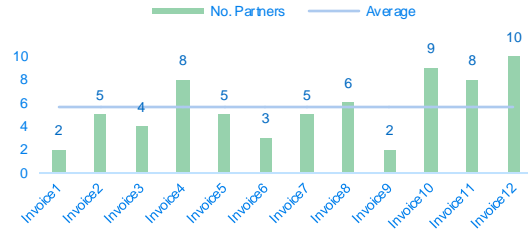


5
Hours of lawyer
review time saved

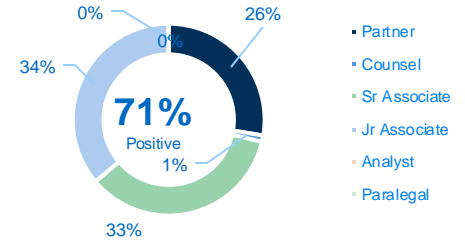
Savings per Invoice



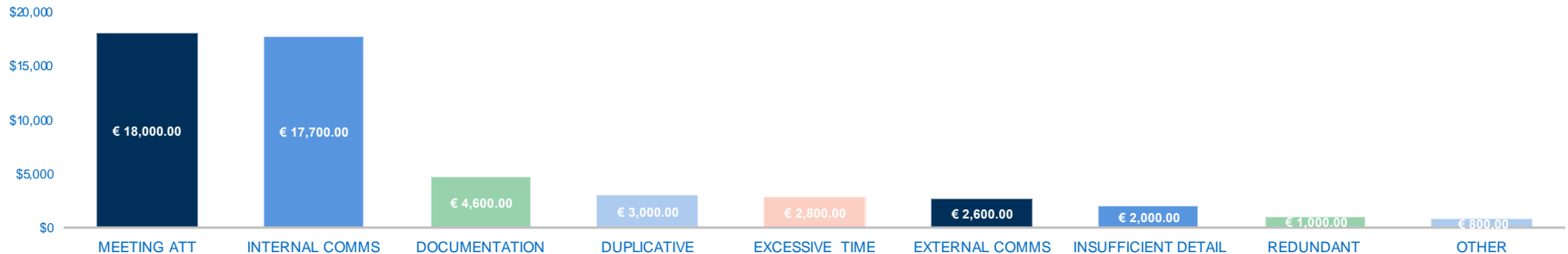
Excessive Partner Time



Resourcing Analysis



Savings Breakdown by Violation

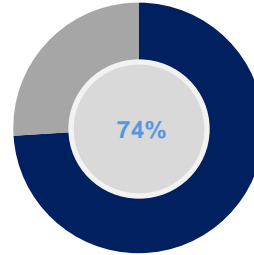


Hidden savings opportunities

Identified Violations (Potential Savings)

Violation	Amount (€)
Block Billing	693,112
French	112,780
Meeting Attendance	18,082
Internal Comms	17,774
Documentation	4,550
Duplicative Entry	2,906
Excessive Time	2,819
External Comms	2,660
Insufficient Detail	2,189
Redundant Entry	1,022
Purpose	416
Telephony	170
Secretarial	133
Computerised Charges	118

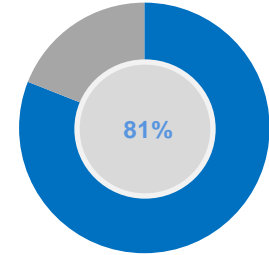
Violations as % of Billed



243.5hrs (10.2%)

Of total hours recorded by a single partner

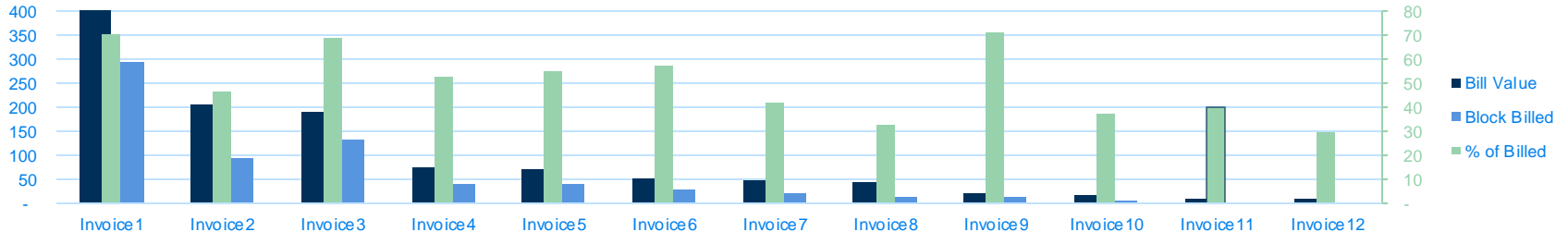
BB as % of Identified Violations



59%

Of total billed by Sr Associates and Partners

Block Billing as a % of Spend

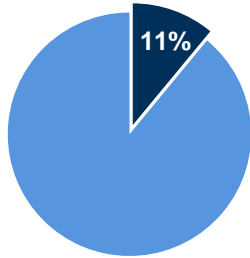


Takeaways

€ 121k

Total Identified Savings

Savings



Summary

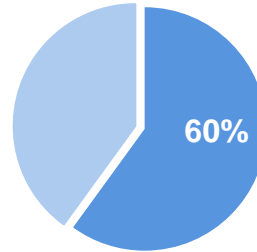
Of the total billed (€1.16m) €121k (11%) of savings were identified.

With enhanced Billing Guidelines and expert review, significant savings on spend can be made.

€ 693k

Total Block Billing

Bad Billing Behaviours



Summary

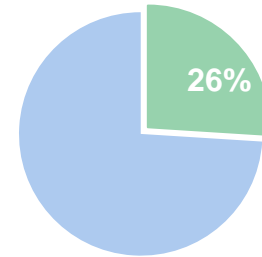
The largest violation by far, block billing, accounted for almost 60% (€693k) of total amount billed and 81% of all violations.

[CLIENT] lawyers are unable to properly review 60% of charges on invoices, either approving without review or spending too much time in assessment.

608hours

Total Partner Hours Billed

Excessive Partner Utilisation



Summary

A significant amount of the time billed (608 hours) was by law firm partners.

Improved metrics around resourcing will help lawyers control costs and enable successful, data-driven commercial decision-making.

Recommendation report

1	<p>...</p>	100%	100%
2	<p>...</p>	100%	100%

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**The future of legal is a digital workplace
—
Let's transform together.**

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