

5 WAYS TO CUT LEGAL DEPARTMENT SPEND

THAT WON'T COST YOUR TEAM

Corporate legal departments are under increasing pressure to manage and review spend, deliver more commercial and strategic support to the business, and proactively navigate complex regulatory frameworks.

Short-term solutions, such as reducing headcount, decreasing or delaying technology investment, or eliminating paid training, can leave organizations bereft of key talent, infrastructure, and drive.

Set your department and business up for success with our five alternative ways to cut legal department costs that won't cost your team or your business.

1 SCRUTINIZE SPEND AND MAXIMIZE VALUE

Carefully inspect invoices from outside counsel (OC) and ask for detail where needed to ensure you're getting what you're paying for — and not paying for services that aren't being provided.

Target any suspect charges on your invoice and address those that seem absurd. Negotiate to ensure you get the best rate and if you are concerned that you aren't, consider replacing your current OC with a different firm. Bring specialists on board to cover the areas that contribute historically to your greatest OC spend, such as litigation, IP, and compliance. Weigh the sum of a couple of salaries against your average expenditures and other benefits to having them on staff versus at a firm.

2 COLLABORATE ACROSS FUNCTIONS

Get ahead of potential risks by proactively engaging with and getting updates from other departments. Identify and maximize opportunities to create value and consider collaborating with finance, for example, who can quantify legal risk through financial modeling to better understand the cost of litigation.

3 TRACK SPEND

A 2021 survey on the state of the legal market found that the top three areas to implement metrics in were: 1) spend in the aggregate, 2) average vendor/ attorney billing rate, and 3) spending by project/matter/task. Accordingly, ensure spend and cost don't balloon by tracking against key metrics or deliverables like shared costs, business costs, outside

counsel, and vendors. If your business wants to excel, consider alternative legal service providers versus heading straight for outside counsel — they often offer lower rates and can work in concert with your OC. A managed review partner can give access to both you and your OC and you can negotiate the rate and thus control the spend.

4 CONSOLIDATE AND COLLABORATE

Evaluate the number of firms you engage with and consolidate where possible to reduce time and cost to manage them. Build relationships based on results and value, and encourage OC to give you different pricing models, such as flat-fee billing or value-based pricing rather than hourly rates. Bloomberg Law's 2021 Legal Operations Survey asserts that in-house legal departments implement 21% of their legal work, on average, under alternative fee arrangements (AFA) to cut unnecessary costs. Finally, but importantly, preferentially hire law firms that meet your criteria for technology use and share your values of creating efficiency and managing cost.

5 GET SMART AND GAIN CONTROL OVER YOUR DISCOVERY

Bloomberg states that "legal technology that automates manual and time-consuming legal processes [...] is expected to be a top priority in the coming year for in-house legal departments."¹ Accordingly, investing in this kind of technology will save huge amounts of time and money for everything from internal investigations to litigation prep. Consider AI-driven technologies capable of repeating data-driven tasks that, in turn, will improve your analytics and inform your decisions. Check for hidden costs, such as inordinate data upload or expansion fees. Examine the total cost of ownership: what associated software is required, e.g. processing or analytics? Will you get an end-to-end solution — data upload to production? If not, you may create a hodgepodge of legal technologies with limited to no integration — from licensing to support, deployment, and associated IT infrastructures plus management costs. There are also data security and data management issues to deal with if using multiple solutions.

NEXT

Build a legal operations department that's fit for the future. Check out the at-a-glance guide.

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