**UpLevel Ops’ Track Record: ROI of Past Projects**

Since industry veterans Stephanie Corey and Jon Hoak founded UpLevel Ops in 2016, the company has provided legal operations consulting services to more than 25 organizations, ranging from very small to very large, with a combined 2017 revenue of over $105B. UpLevel’s clients include companies in the following industries: clothing manufacturing, semiconductors, subscription-based websites, video on demand, health insurance, healthcare payment processing, gaming and entertainment, pharmaceuticals, travel fare aggregation, IT service management, consumer products, technology incubation, shipping logistics, business analytics, public universities and university systems, medical devices, HR software, and debit and credit card processing. Many of these clients are global companies, with a few based outside the US. UpLevel has provided expertise in areas such as: strategic planning and alignment with corporate goals, departmental budgeting and financial management, vendor management, including eBilling systems, technology portfolio management, culture and organizational development, contract lifecycle management, eDiscovery and litigation support, legal matter intake and triage, goal-setting, data analytics and metrics, knowledge management, recoveries initiatives, legal and compliance risk management, and law department diversity and HR processes.

The services UpLevel provides drive value in three key ways:

* Reduction of outside counsel spend
* Reducing spend on headcount and technology and/or getting more value out of existing headcount and technology budget
* Improving legal outcomes, with a focus on matters directly aligned with the company’s primary business objectives

What follows is a discussion of these three areas of ROI — savings on outside counsel, getting more value out of headcount and technology, and improved legal outcomes — as well as a discussion of one of our core offerings, the legal operations assessment and strategic plan.

**The Legal Operations Assessment and Strategic Plan**

The ROI of legal operations consulting and initiatives depends on many factors, but especially on the gap between the current maturity level of legal processes versus where they could be with a little help. Thus, whether the potential behind the three key areas of ROI identified above is realized depends not only on whether legal operations is deployed in an organization, but *how well* it is deployed, and in *what areas*.

UpLevel has performed **legal operations assessments** and crafted **strategic legal operations plans** for approximately two dozen companies in the industries mentioned previously. Those strategic plans contained recommendations for improving processes ranging from negotiating outside counsel rates to analyzing whether and when to apply for patent protection. They have also included recommendations to improve the accruals process, legal matter and departmental budgeting, outside counsel billing guidelines, the compliance policy drafting process, anti-corruption programs, RFP processes, employee performance review processes, diversity programs, matter intake processes, and many other important law department processes.

When the strategic plans included recommendations for technology upgrades, we have helped law departments create **legal technology roadmaps** and identify, vet, select, negotiate prices for, and/or implement the market offerings of vendors in the following areas: compliance training, contract lifecycle management, privacy incident management, GDPR readiness, legal workflow tools, contract analytics and human-assisted AI review, accruals software, document management, compliance policy authoring and dissemination tools, e-billing and matter management, eDiscovery, entity management, e-signature, legal hold, anticorruption, learning management, legal project management, bulk machine translation (“gisting”) of foreign-language PDF’s, and others.

The legal operations assessments, strategic plans and technology roadmaps we have helped craft are starting points for achieving significant ROI. The ROI depends on the number and type of recommendations, the situations they are intended to cure, and whether and how well they are implemented. For several clients, we have been engaged to address a specific, pre-identified issue without doing an overall assessment. However, in most situations we believe that an assessment of the current state of legal ops and comparing that status to best practices is a good place to start. It lays a foundation for the three types of ROI discussed below and helps law departments show the CFO and other senior executives the value to be derived from improvements in legal operations.

1. **Savings on Outside Counsel Fees**

We discuss below examples of recommendations with a high potential for cost savings on outside counsel where UpLevel has done work in the past. UpLevel believes the following measures can create and sustain savings on outside counsel in excess of 20% -- indeed, we have seen them do that. Those savings can then be re-invested into additional headcount and training of existing headcount, technology and process improvements, attempts to prevent legal problems before they arise, or other projects.

* **Managing vendor contracts.** Despite spending millions of dollars on outside vendors, many in-house law departments do not have written agreements in place with all vendors, and many of the agreements they do have are outdated or contain suboptimal terms. Oftentimes these agreements are not kept in a central, easily accessible place, and there is not a systematic process for periodically reviewing them to see whether updates are necessary. The terms of the agreements may not be taken seriously by law firms who view their attorney-client relationship as more cozy than it ought to be, or who have no systematic way of tracking agreement terms with their many clients and ensuring they get followed. Finally, even when none of these issues are present, the terms of the various agreements may be non-uniform to the point where it is unmanageable to enforce them through an e-billing system. UpLevel Ops has extensive experience dealing with these and related issues and in one case by addressing them was able to save a medium-sized client $200k/year in hotel, travel, and other ancillary expenses alone — not to mention the additional savings on hourly billings mentioned below.
* **E-billing vendor selection and implementation**. The Association for Corporate Counsel suggests that simply implementing appropriate e-billing and invoice review practices can reduce outside counsel cost by up to 22%, although in our experience some of those gains only last a year or two until law firms improve their invoicing hygiene. Nevertheless, UpLevel’s experience is going from a paper-invoice system to e-billing will result in sustained savings of approximately 10%. E-billing also greatly reduces the amount of administrative overhead that drains departmental energy away from higher-value activities. Since inception, UpLevel has helped approximately 10 law departments move to e-billing and has helped others upgrade their e-billing to more modern systems. One project we worked on helped a law department with approximately $17M in outside counsel spend save an estimated $5.5M in the first year.
* **Matter budget management**. Every legal matter above a certain threshold should have a budget associated with it and those budgets should be monitored and enforced on a monthly basis. The threshold can vary according to circumstances, but the concept of having a budget should not. The budgeting process needs to be reduced to standard operating procedures and standard forms, or vendors will come up with excuses when budgets are not met in an attempt to avoid write-offs.[[1]](#footnote-1) To address vendor complaints that they cannot predict the costs of hourly matters, law departments can allow budget updates as long as they are submitted within a reasonable time, such as 30 days, prior to invoicing. Budgets not updated within this time period are presumed invalid and can be ignored. Compliance with the department’s budgeting policy should be agreed upon ahead of time to minimize the risk of confusion or argument after the fact. Law departments should have QBR conversations with all of their key vendors in which vendor budgeting performance is reviewed in an “apples-to-apples” comparison against like vendors. Poor performers will get the hint and most will clean up their act immediately. Especially when law departments do not have the benefit of an e-billing/matter management platform with inbuilt budget management functionality allowing for submission and management of invoice to budget, matter budget management is a task unto itself and should not be taken lightly. UpLevel has extensive expertise with managing hourly legal budgets and is available to assist with this issue. In one case, by creating a proper matter budget reporting system, standardizing matter budget forms and training stakeholders, UpLevel obtained fresh matter budgets on approximately 1,100 individual matters and brought compliance with a law department’s matter budgeting policy from single digits to over 90% in less than three months. That year was the first in a six-year period in which the law department was able to stay within its budget for outside counsel.
* **Incentive programs, value-based billing and other Alternative Fee Arrangements (AFAs)**. Some law departments have begun withholding 10% of law firm invoices until the end of the year, only releasing them when agreed-upon performance metrics — such as billing, budget and accrual hygiene metrics, legal outcome metrics or diversity targets — are met. Another growing strategy is “value-based billing,” in which legal matters are broken down into phases or discrete tasks and the payment for each one—including potentially a success bonus — is negotiated up front or as the matter evolves. We recommend consideration of both of these approaches, depending on the legal department culture and the current relationships with the partner law firms. With respect to value-based billing, UpLevel partners with the pioneer of this approach, and would be happy to bring him into any engagement. His clients have typically reduced their outside counsel spend 20-30% over and above the savings already discussed, with a rigorous implementation of value-based billing. In addition to value-based billing, sophisticated law departments are using other AFAs more frequently with good results. There are a lot of options for AFAs; based on our experience, we have seen the best ROIs from straight fixed fees, or a combination of fixed fees with a success fee component.
* **Convergence programs**. While it is important to have relationships with a variety of law firm vendors, legal departments should be thoughtful in deciding what value any particular law firm brings to the LD. In fact, we have counseled a few of our clients to reduce the number of vendors with whom they are working by as much as 75%, with the result of improving service and significantly reducing costs. Using too many vendors creates a “cat-herding” situation where it is difficult, if not impossible, to communicate expectations and measure and improve vendor performance. In contrast, converging operations around a few key vendors creates an opportunity to collaborate with those vendors and build relationships of trust and standard operating procedures that can be measured and optimized -- and the more business the law department is doing with a particular vendor, the more incentive they have to keep its client happy. The key firms also learn the business more deeply, and this itself can create significant efficiencies in addressing legal needs. Studies in the procurement field suggest that spend management efforts that include vendor reduction lower costs by 46% more than efforts that do not.[[2]](#footnote-2) We believe law departments can do even better, because their sourcing processes are typically immature compared to the corporate procurement departments that were the subjects of that research. Before starting UpLevel, Stephanie Corey and Jon Hoak worked together on a convergence program for a previous employer that reduced the number of firms from 200 to 69, only 34 of which were frequently used. Working closely with a smaller number of vendors saved an estimated $5.2M in the first two years, with an additional $2.3M/year thereafter. The company was also able to hold outside counsel rates flat over a 6-year period.
* **Unbundling**. Related to but conceptually distinct from convergence, unbundling means taking parts of legal work traditionally performed, or subcontracted out, by law firms and having it performed by other means. The other means could include farming it out to alternative legal service providers, doing it in-house, having it done by a lower-cost law firm, or any combination of these. UpLevel Ops has experience with unbundling, and in one case saved an organization an estimated 20% -- or $1.8M annually — on eDiscovery services by taking those services away from traditional law firms and converging all of the work into a single alternative legal service provider.
* **Developing a vendor pipeline and substitutes for using vendors at all**. While we recommend converging most work into a few key vendors (80% of spend with the top 10 firms as a rough target), we are not saying that law departments should quit “playing the field,” checking out new vendors, and developing relationships with them. According to established negotiation theory, allowing that to happen would mean the law department has a poor BATNA[[3]](#footnote-3) that impairs its ability to make a credible threat to go elsewhere and undermines its fundamental bargaining position with vendors. On an even more basic level, it impairs the law department’s ability to find the help they need when they need it in the event of a conflict of interest or when an unusual legal need arises. Therefore, law departments should have both deep and broad knowledge of alternatives to their current vendors, including information on areas of expertise, pricing, diversity, and business models. We also believe it is especially important to understand the offerings of alternative legal service providers, such as Axiom, UnitedLex, Elevate Services, and similar companies, and use them when appropriate. Finally, law departments should consider developing insourcing capabilities, if for no other reason than to strengthen negotiating positions with outside providers.
* **Hourly rate negotiations**. Most law firms will request hourly rate increases on a yearly basis, and with new vendors hourly rates need to be negotiated at the time of onboarding. Oftentimes both of these processes need improvement. Rate negotiation at onboarding is often done informally when the firm offers a percentage discount off its rack rates, but rack rates are often pulled out of thin air and any percentage discount derived from that base number is equally suspect. Instead of allowing law firms to frame the rate conversation, we suggest law departments negotiate rates based on objective data that shows what is in line with market trends for the kind of expertise in question. Products like Wolters Kluwer LegalView and others contain powerful tools that give legal operations professionals visibility into that market data. As for requests for rate increases from current vendors, they do not always need to be granted in whole or even in part, and can be conditioned on vendors hitting objective performance metrics explicitly agreed to in Master Retention Agreements. The vendors should understand ahead of time that if they do not meet those objectives, they are ineligible for rate increases. Furthermore, even when rate increases are granted, that should only happen to the extent that objective data suggest the increases are in line with market trends.
* **Other tactics**. Other important parts of a vendor management program include negotiating nonprice terms of vendor contracts, performance tracking, documenting and managing specific incidents of excellent (or poor) performance, and close financial monitoring of the top 2-3 matters with the largest spend — especially staffing ratios when those matters are hourly. On this last point, UpLevel has experience closely monitoring key litigation and government investigation matters with lifetime spend of over $50M and brining to the attention of inside counsel some very difficult-to-justify behavior on the part of law firms and e-discovery vendors that led to significant changes in the way those matters were handled.
1. **Savings on Inside Costs: Headcount and Technology**

In addition to savings on outside costs, there is substantial potential to save on internal costs, including the cost of headcount and technology. There are at least three ways to make that happen:

* **Optimizing staffing mix**. Keeping the same number of legal workers, but reducing the average amount they are paid by moving more work to lower-paid resources like paralegals, admins and legal process outsourcers
* **Technology portfolio management**. Employing technology portfolio management methodologies to minimize the number of systems needed to perform legal department work, minimize the cost paid for those systems and the amount of internal time and attention required to implement and maintain them. In addition, we have helped clients achieve significant efficiencies by optimizing use of existing systems, maximizing integration between systems, and increasing adoption rates and the magnitude and business-relevance of any benefits flowing from use. Specific change management tools and focus is key to maximizing the ROI of technology initiatives.
* **Reducing headcount**. Reducing the total number of workers in the legal department through better workflow processes, outsourcing, contracting process improvements, use of technology or — the most difficult of all with the biggest potential return — reducing the amount of legal problems that need to be addressed by preventing them from happening in the first place or not committing resources to very low risk work.

The savings from these and other measures can be reinvested in the organization to increase both the quantity and quality of outputs delivered. Here are two specific examples of relatively easy targets for efficiency, with hard numbers behind them.

* **Contract lifecycle management**. Implementing processes and technology to improve the contract request process as well as contract drafting, editing, negotiation, signature, storage and retrieval can substantially reduce the amount of legal department time spent on these tasks,[[4]](#footnote-4) not to mention the overall number of days a deal takes from initial inquiry to close.[[5]](#footnote-5) Furthermore, these efficiencies do not need to be limited to the legal department, but may be extended to any part of the organization that touches the contracting process. That energy can then be redirected to higher-value activities. UpLevel has extensive expertise in CLM improvement, in one case improving contract throughput by 39% while reducing cycle times by approximately 30%.
* **eSignature implementations**. Related to the above, UpLevel has worked on multiple eSignature engagements with clients, including one project that resulted in a 98% reduction in labor associated with obtaining physical signatures, an 80% reduction in associated nonlabor costs and a 67% reduction in associated turnaround time. Overall, the project saved approximately $300,000 and innumerable headaches for clients who rightly felt they had much higher value uses for their time than dealing with signature-related issues.
* **Document management**. Depending on the source consulted, the average office worker spends between 10 and 30 percent of their workday simply attempting to locate the information they need to do their jobs.[[6]](#footnote-6) Typically, this includes hunting through emails, attempting to find the right attachment, wondering whether a document is the current version, finally verifying it is and then proceeding with the actual work. In a legal department, the situation is exacerbated by the fact that attorneys are highly paid and by the fact that attorneys tend to create “high stakes” documents that, when impaired by version control issues or not working off of a proper template, may have dire repercussions. If the average attorney in a 20-attorney legal department is paid $250,000 per year and spends 10% of their time looking for documents, then that costs the legal department $500,000 per year in attorney time. If a document management system reduces the amount of time to 5% of the workday, it saves the company $250,000 in attorney time. In fact, it could save a lot more than that if it helps prevent re-creating documents from scratch that could have been generated using pre-existing documents as a foundation. We have found numerous examples of attorneys spending many hours creating documents that are substantially similar to documents that already exist elsewhere in the same LD. Furthermore, whatever amount of attorney time is saved could probably be channeled towards tasks that create more value for the company than finding documents, netting additional benefits. While there are many document management systems in the legal marketplace, very few of them are powerful enough to cut search time in half, and those that are powerful enough still need to be implemented properly to reap their full benefits. Some of these document management systems also have non-contract-related workflow capabilities that can simplify a lot of business processes as well. UpLevel has helped multiple clients identify and implement appropriate document management solutions, and continually scans the marketplace for new and better solutions.
1. **Improved legal and business outcomes**

Saving on internal and external legal expenses is an important objective for legal departments, but it is not their purpose for existence. Their purpose is to achieve great legal outcomes and facilitate — or at least avoid impairing — the accomplishment of the company’s business objectives. While the ROIs for outcomes are harder to quantify, and also harder to control, than cost, that should not dissuade law departments from trying to do both. Here are some ways of doing that, with hard numbers to back them up.

* **Avoid killing deals by reducing contract cycle times.** “Time kills deals” is an old sales adage and it is true — some percentage of deals, if not closed quickly, will die for the following reasons: 1. The buyer finds another solution; 2. The economic environment changes; 3. A critical employee resigns or moves to a different assignment. Research indicates a better contracting process can reduce the time between initial inquiry and inked deal by 21%, reducing the number of deals that fall by the wayside due to delays.[[7]](#footnote-7)
* **Preventing revenue leakage by improving contract lifecycle management**. The International Association for Contract and Commercial Management estimates that the *average* company loses 9.2% of its revenue every year when contracts are not managed properly — to say nothing of the situation at companies that do worse than average.[[8]](#footnote-8) To us, that number sounds high, but nevertheless draws proper attention to very serious issues: Invoices issued that do not reflect agreed-upon amounts or are never issued at all; payment timeframes that are not clear or are not honored; delivery costs escalated without any mechanism for ensuring pricing adjusts to reflect those increases; discount-happy salespeople negotiate deals with customers that are in the salesperson’s best interest, but not the company’s; rebates issued even though they were not earned[[9]](#footnote-9) or, alternatively, rebates due to your company never issued. These are just some examples of how lawyers can work hard to get a contract to signature only to have those deals never reach their potential after the ink dries. Improving CLM processes can greatly reduce these losses.[[10]](#footnote-10) UpLevel has extensive experience designing, implementing and optimizing CLM processes, including consulting specifically on the issue of leakage reduction. The tools and services involved are not cheap to purchase, nor easy to implement consistently across the LD, but those costs pale in comparison to the potential benefits to the broader organization.
* **Improving anti-corruption programs**. The Association of Certified Fraud Examiners estimates that organizations worldwide lose 5% of revenues due to fraud.[[11]](#footnote-11) Reducing that number down to 4% translates to millions of dollars in large organizations. With a former Fortune 500 GC with a compliance background at the helm, UpLevel has the expertise to help make that happen, and has had recent engagements with the legal departments of large, global organizations to help with one-time anticorruption risk assessments, as well as building repeatable processes to reduce the risk of third-party fraud.
* **Improving privacy readiness and incident management programs.** Data privacy issues are becoming more and more important each day, with each new data breach that gets reported in the news and global requirements being imposed, such as GDPR. The 2017 Ponemon/IBM Cost of Data Breach study estimated that the current average cost of a data breach is $3.62M,[[12]](#footnote-12) and the potential cost of noncompliance with GDPR requirements in place is far greater. The breach notification response times mandated by some privacy laws cannot realistically be adhered to without appropriate technology, at least not consistently, and even if that were possible, it would swamp the privacy team with voluminous manual work that is best automated. UpLevel has experience helping corporate legal departments understand and choose an appropriate portfolio of tools and processes to mitigate these and other data privacy issues. By way of example, UpLevel recently helped a law department identify a very powerful incident management tool that, when implemented, will likely save tens of thousands of dollars in outside counsel fees and eventually allow the department to hit notification deadlines for numerous breaches that it previously just could not handle.

**Conclusion**

Long considered an afterthought or not even recognized as an issue that deserves dedicated solutions, legal operations has come into its own as a legitimate discipline with hard ROI, and the numbers exist to prove it. Studies show that legal operations is associated with reduced outside counsel spend, greater efficiency in-house, and better legal outcomes in the form of enhanced revenue and costs avoided. UpLevel has extensive experience in helping clients improve ROI in all of these areas and is always happy to speak with corporate legal departments about their issues and concerns.

1. For instance, we have seen vendors claim the reason they have not met budgets is they thought that the budgets contemplated when costs were billed, not when they were incurred. Another common excuse is that the budgets did not include charges stemming from sub-vendors, such as e-discovery providers. By defining what budget compliance means in Master Retention Agreements, law departments deprive their vendors of the ability to credibly make these arguments, which distract from the real issues. [↑](#footnote-ref-1)
2. See website of the Hackett Group, “The Benefits of Supplier Consolidation Extend Far Beyond Sourcing Savings,” available at: http://www.mypurchasingcenter.com/files/6213/8929/0096/Hackett\_Group\_Supplier\_Consolidation\_Research\_Article\_1.pdf [↑](#footnote-ref-2)
3. Best alternative to a negotiated agreement. [↑](#footnote-ref-3)
4. The only study we know of on the subject is old, from 2001, and claims that appropriate CLM technology and process improvements can reduce cycle times by 20%. Goldman Sachs, “Time to manage those contracts,” February 2001. Given the vast improvements in CRM and CLM in the last 17 years and our own experience, we believe that the true figure is 30% or higher. [↑](#footnote-ref-4)
5. Aberdeen Group found that 18% of the sales cycle is attributed to contract creation, negotiation and approval, and that improving those and adjacent processes could reduce Days Sales Outstanding by 21%. See here: http://www.ecteon.com/wp-content/uploads/2010/09/Contract\_Management\_Quote\_Cash.pdf [↑](#footnote-ref-5)
6. See McKinsey Report, “The social economy: Unlocking value and productivity through social technologies,” available at: <https://www.mckinsey.com/industries/high-tech/our-insights/the-social-economy>. See also “Various Survey Statistics: Workers Spend Too Much Time Searching for Information,” available at: https://www.cottrillresearch.com/various-survey-statistics-workers-spend-too-much-time-searching-for-information/ [↑](#footnote-ref-6)
7. Aberdeen Group found that 18% of the sales cycle is attributed to contract creation, negotiation and approval, and that improving those and adjacent processes could reduce Days Sales Outstanding by 21%. See here: http://www.ecteon.com/wp-content/uploads/2010/09/Contract\_Management\_Quote\_Cash.pdf [↑](#footnote-ref-7)
8. See IACCM website, “Companies with good contracting processes make more money,” available at: https://www.iaccm.com/resources/?id=8200 [↑](#footnote-ref-8)
9. Some industry observers (Aberdeen) believe approximately 10% of rebates are “unearned rebates,” where the conditions for triggering the rebate never occurred, but the rebate nevertheless issues due to inadequate process and controls. See here: https://rev.io/2017/02/08/are‐you‐leaving‐revenue‐on‐the‐table/ [↑](#footnote-ref-9)
10. The IACCM claims that companies with the best-managed processes can reduce revenue leakage down to as low as 3.4%. See IACCM website, “Companies with good contracting processes make more money,” available at: https://www.iaccm.com/resources/?id=8200 [↑](#footnote-ref-10)
11. See ACFE website, “ACFE Report Estimates Organizations Worldwide Lose 5 Percent of Revenues to Fraud,” available at: http://www.acfe.com/press-release.aspx?id=4294973129 [↑](#footnote-ref-11)
12. See IBM Security website, “Cost of Data Breach Study,” available at: https://www.ibm.com/security/data-breach [↑](#footnote-ref-12)