



Corporate Legal Departments Want This

At the most recent Future's Conference which took place in the fall of 2016, the College of Law Practice Management prepared sessions that were full of interesting trends and developments which may have a strong impact on the future practice of law.

The on-going discussion about Alternative Fee Arrangements is actually and finally starting to sound like more than talk. Big Law is responding more to the needs so often expressed by legal departments to keep fees predictable and on budget. AFAs seem to go hand-in-hand with outside firms being rated and with an emphasis on how they ask for and respond to the service needs of each legal department. Great work remains a critical factor, of course, but client service preferences are taking on an increasing importance in the evaluation of outside services. In-house counsels remain "stupefied" that more firms are not having client feedback meetings with them to explore service preferences.

Many Big Law firms are customizing client portals (extranets) adding custom features upon request. The most frequently used features of extranets remain:

- Easy access to document and project management
- Review of up to date billings
- Legal research that pertains to all of their matters
- A custom Home page on each client's portal with a statement of industries served customized for each client offering a display of photos and bio links for in-house counsels to review their matters.
- CLE offerings

As a point of clarification, many large corporations have their own extranets which they require their firms to use instead of law firm created ones.

Connie Brenton, Chief Legal Officer of NetApp, spoke with alacrity about the ever changing role of GC. She stated that many GCs are taking on a role similar to that of managing partner because they are managing their growing internal law (firm) departments. "We know how to run a law firm. We know how to be efficient and collect metrics. Eighty percent of the work we have is not bespoke and this type of work can get done in my department for about \$100/hour. So you can see that we are not happy with outside law firms that want to charge us two to four times that rate. We are tired of empty conversations about AFAs that we have been having with

firms. We are constructing more and more successful AFAs but also asking for shadow billing only to confirm how much the work really costs. It is so much more efficient to get fixed fees. It is such a waste of our time reviewing bills. And by the way we will not pay for first year associates. We are starting to incorporate Consortium Buying where we might connect with several other corporate legal departments and hire one firm to do all of our securities work, for example. This creates more volume for the firms and a better rate for the companies in the consortium."

Connie talked about "Bet Your Company" work stating that they still pay top dollar for high stakes litigation but continue to look for better efficiencies. NetApp is incorporating the principle of Right Sourcing on these huge matters where they might tell their outside firms to outsource or find a better way to reduce costs on mundane work such as document management. In some instances legal departments select their own vendors for this work and tell the outside firm to work with that vendor. All businesses look for better ways to be more efficient. Law firms need to join that party too."

Other interesting comments from law firm clients at the conference:

- Sometimes billing sheets look like creative writing.
- Some legal departments are asking firms to prepare simple PowerPoint slides to explain matters that the legal department can share with other C-level executives and departments. We like this.
- A trend is starting now in which paralegals and sophisticated legal secretaries are doing more mundane tasks that have been pushed down, i.e. document management and process mapping.
- Too many law firms still have their head in the sand about data breaches and cyber security.
- The trend is for legal departments to continue creating better efficiencies.
- An increasing number of law firms are creating Apps for their clients.
- Corporate legal departments want to know exactly what it will cost for matters. For some departments this is not in the future –it's happening now.
- More small and mid-size law firms are having opportunities to work with major corporations.