

Building a Better Pricing Experience Database

Your Panel



Michael Byrd

Director of Law Firm Management - Accenture Legal Department



Chris Ende

*Director of Pricing and Project Management,
Goodwin Procter LLP*



Vince Cordo

Global Director of Client Value, Reed Smith LLP



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Introduction

- ◆ Why do law firms and law departments need a pricing experience database?
- ◆ What is an opportunity versus the traditional RFP? How are they tracked?
- ◆ Six essential questions for building a pricing database:
 1. What metrics and information should be included in the database?
 2. How are you going to capture it?
 3. Where are you putting the data?
 4. Who is going to use the database?
 5. Can this be automated? Is it really possible?
 6. How do you track your Wins/Losses and tie your budgets to your financial system?

What Data are Needed?

- ◆ What data should be included in a pricing database
 - ◆ Engagement type
 - ◆ Cost drivers
 - ◆ Arrangement type
 - ◆ Financial metrics
 - ◆ Profitability?
- ◆ Must have ... should have ... nice to have
- ◆ Who is involved with the process? Start to finish....

Capturing Data and Using It

- ◆ How do you capture the desired data?
 - ◆ First question - Do you know your process? Can you put it on paper?
 - ◆ Leverage existing databases/resources
 - ◆ Seek input from other administrative departments
 - ◆ Consider the matter lifecycle (initial engagement, key , post-matter review)
- ◆ Where do you put it so that the data is actionable?
 - ◆ Lots of options ranging from Excel to complex systems
 - ◆ Challenges of comparing “similar” matters

Challenge: Can You Draw an Actionable Conclusion?

Specific XYZ Transactions

Transaction Value Range	Count	Average Value	Median Value	Range of Value	Avg Hrs. Worked	Median of Hrs. Worked	Range of Hrs. Worked
\$1M - \$2M	11	\$63,169	\$43,101	\$14,623 - \$168,572	138.3	88.7	35.7 - 366.7
\$2M - \$3M	10	\$110,945	\$60,659	\$33,793 - \$374,472	243.9	153.2	81.1 - 581.6
\$3M - \$5M	17	\$103,117	\$71,205	\$12,012 - \$515,238	230.8	139.0	36 - 1,094.1
\$5M - \$8M	17	\$80,392	\$68,522	\$25,258 - \$151,441	172.7	156.3	55.8 - 312.4
\$8M - \$20M	13	\$81,709	\$60,544	\$19,901 - \$220,674	177.2	136.3	47.4 - 438.8
\$20M - \$29M	5	\$197,416	\$109,203	\$65,320 - \$610,501	370.3	215.9	117.2 - 1,137.4
\$29M - \$47M	5	\$33,961	\$34,429	\$21,851 - \$48,396	78.8	71.8	51.9 - 128.5
Total	78	\$91,578	\$61,330	\$12,012 - \$610,501	197.0	134.2	35.7 - 1,137.4

Who Uses the Database?

Attorneys

- ◆ Quick and easy access to data at any time
- ◆ Fear of attorneys drawing inaccurate conclusions
- ◆ Need good user interface
- ◆ Need training and user-support structure

Professional Staff

- ◆ Must have resources available to handle requests
- ◆ Allows for analysis of data prior to attorney use
- ◆ Can sacrifice user interface for powerful searching capability
- ◆ No need for user-support

Automation and Tracking



Tips for Getting Started

- ◆ Consider starting with a well defined type of work
- ◆ Gather the essential data points
- ◆ Start with Excel as your platform
- ◆ Refine as needed to produce actionable results
- ◆ Make sure its repeatable & that you can get the answer you need FAST

Sample Excel Database

Client	Matter	Lead Atty	Client Industry	Offering Size	Closing Date	Hrs. Total	Value at Standard Rates	Billed Fees	Billed Disbs.	Total Collected	Pricing/Budget Agreement	Pricing/Budget Description
DAEE Corp.	IPO	Chris Smith	Communications	\$130,000,000	4/4/2013	2,500	\$X	\$X	\$X	\$X	Fee Cap	Fee Cap of \$X
LLA Corp.	IPO	Jen Smith	Social Networking	\$75,000,000	6/19/2013	750	\$X	\$X	\$X	\$X	Hourly w/ Disc. Rates	Hourly billing with 7% discount
TELL Corp.	IPO	Jon Smith	Investment Banking	\$230,000,000	3/30/2013	2,000	\$X	\$X	\$X	\$X	Fee Cap	Fee Cap of \$X
LION Corp.	IPO	Kim Smith	Biotechnology	\$85,000,000	10/1/2013	550	\$X	\$X	\$X	\$X	Fixed Fee	Fixed Fee of \$X
MMA Corp.	IPO	Tim Smith	Software	\$45,000,000	11/8/2012	650	\$X	\$X	\$X	\$X	Busted deal discount	If IPO fails, fees discounted 33%.

Conclusion

- ◆ Evolution of “Big Data”
- ◆ Do something!