

A large graphic on the left side of the page depicts a dark blue star rising above a mountain range. The mountain peaks are rendered in shades of grey and white, with some peaks featuring smaller white stars. The background is a solid dark red color.

# 2018 ACC VALUE CHAMPIONS

IMPROVING COSTS, PREDICTABILITY AND OUTCOMES

SOFTWARE AG | WALMART | MONSANTO & HUSCH BLACKWELL  
ANDEAVOR & COUNSEL MANAGEMENT GROUP | AARP | PURE STORAGE  
7-ELEVEN & SEYFARTH SHAW | EATON | TAHAL GROUP B.V.  
DXC TECHNOLOGY & UNITEDLEX | DANAHER & SEYFARTH SHAW  
OCWEN FINANCIAL; QUISLEX; HUNTON ANDREWS KURTH;  
ORRICK, HERRINGTON & SUTCLIFFE



QuisLex is thrilled to congratulate its client, Ocwen, on being recognized as an ACC Value Champion. We are proud to have played a role in developing innovative ways to re-engineer their due diligence delivery model.



QuisLex is a managed legal services provider that was named a 2018 ACC Value Challenge winner for their collaboration with Ocwen, Hunton Andrews, and Orrick.

## MEET THE 2018 VALUE CHAMPIONS:

A GROWING  
COMMUNITY OF  
LEGAL INNOVATION

SOFTWARE AG | WALMART  
MONSANTO & HUSCH BLACKWELL  
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In his 2000 best-seller, *The Tipping Point*, Malcolm Gladwell defines a tipping point as “a moment of critical mass, the threshold, the boiling point.” Gladwell first wrote about the idea in *The New Yorker* in the summer of 1996. At its core, the book is about how ideas spread.

Upon the 10-year anniversary of the ACC Value Challenge, is it too much to assert that the practice of seeking greater value for spend in the in-house practice of law is at a tipping point? Looking back over the accumulated collection of ACC Value Champions’ winning initiatives, an evolution is clear, from convergence projects and the introduction of value-based fees in 2012, to shared risk and outcomes-based value contracts and lawyers writing code for legal department apps in 2018.

Can we also say that the ACC Value Challenge is, itself, a tipping point? “If you want to bring a fundamental change in people’s belief and behavior... you need to create a community around them, where those new beliefs can be practiced and expressed and nurtured,” Gladwell wrote. The ACC Value Challenge aims to be that community, within which ideas about value for legal spend spread. Has it reached critical mass and stasis? Certainly not! There is still room for increasing creativity and sophistication, but this year’s winners have much to share and teach about creative ways to tackle the challenges in-house legal departments face daily. The nominations were assessed by past Champions Jessica Rivera, Chief Legal Officer & General Counsel, Velocity Solutions; Stephanie Sciuлло,

Deputy General Counsel & Director of Litigation, MSA Safety; and Vincent Montalto, Litigation Counsel, BASF Corporation. The 2018 crop now joins a community of Champions that convenes annually, in person, to share lessons learned as they continue to drive value in their organizations.

Many of this year's Champs encountered a tipping point of their own, a threshold over which they stepped to create their winning initiatives. For example, the law department at **Ocwen Financial Corporation** was challenged by staggering demand: the need to review 15,000 agreements and documents in only two months. Deputy General Counsel Adrienne Coffin and her team stepped up with a radical proposal to do things differently on a number of levels: assign initial reviews to an offshore Legal Process Outsourcer, leverage technology and artificial intelligence, and use outside counsel as subject matter experts, ensuring a division of labor and responsibility based on skill set as well as expertise. Ocwen worked with co-Champs **QuisLex**, **Hunton Andrews Kurth**, and **Orrick, Herrington & Sutcliffe** on the project.

At **Tahal Group BV**, the nature of the challenge was different but the need for a new approach equally pressing: As new General Counsel Moshe Shalev joined the company, he found every GC's nightmare: a legal department everyone in the business loved to hate. Annual outside legal spend was unrestrained and exceeded US\$1.5 million. Through patience, persistence and process improvement—and, one would guess, no small measure of charm—Shalev succeeded in transforming the law department into a resource that is valued and sought out by the business side.

The boiling point was definitely reached at **DXC Technology**, as General Counsel Bill Deckelman was challenged with delivering on promised “synergies” when two companies merged, which amounted to an aggressive cost reduction mandate of 35 percent. Deckelman worked with **UnitedLex** CEO Dan Reed to craft the largest managed legal services transaction ever, which included the transition of legal department members from DXC employees to UnitedLex, which now provides legal support to DXC in more than 26 global jurisdictions.

Ocwen Financial and DXC weren't the only Champions to turn to alternative legal service providers. Being thoughtful about tiers of work and distribution methodology is easier said than done.

**7-Eleven Corporation** turned to the SeyfarthLean consulting arm of **Seyfarth Shaw** to devise a work allocation solution for its real estate portfolio, which was overwhelming in-house counsel. The result is a creative hybrid insourced/outsourced model that divides work based on type of matter. Seyfarth Shaw took value-based sourcing a step further by moving low-cost work like title and survey review to its Real Estate Hub in Atlanta.

The legal department at **Danaher Corporation** hit its tipping point with frequent and often repetitive labor and employment law queries from its 20-plus operating companies worldwide. To inform the design of a value-based sourcing model, the internal team tracked their own time and activities to generate critical data. The three-part solution includes a new internal portal populated with toolkits and best practices that are regularly updated; and a helpline that internal clients can call to get real-time legal advice for routine labor and employment issues. Outsourced to and staffed by **Seyfarth Shaw**, the helpline saved Danaher more than US\$100,000 in its first year.

At **Monsanto**, the nature of the challenge was toxic tort asbestos litigation nationwide. The portfolio was being handled by 17 local law firms, and the management of the spend was simply

too time-consuming. In selecting **Husch Blackwell** as national coordinating counsel, Monsanto was able to retain the relationships and knowledge of the local firms while establishing a strategic, data-based approach to case evaluation and resource allocation, backed by process protocols matched to matter complexity and risk. Even better, the internal team was freed to focus on other litigation priorities.

The legal department at **AARP** turned to an unusual alternative legal service provider: their clients. In an example of truly thinking about things differently, Associate General Counsel Doris Gilliam employed a strategy she calls “Train and Trust,” in which internal clients are trained and certified to provide compliant self-service in content review and publication. As a result, 90 percent of clients report significant time savings, and the in-house department has seen service requests decline by more than a third.

Two other Value Champions leveraged innovative thinking while playing with organizational structure. **Andeavor** instituted Centers of Excellence that support traditional legal specialties, and cross-matrixed them with Business Unit Support teams that focus on key business priority areas. The company also partnered with **Counsel Management Group** to implement an RFP process designed to engage outside counsel on the basis of cost-effectiveness as well as price.

Global power management company **Eaton** took a similar approach, forming Special Practice Groups that support traditional legal specialties, and complementing them with Focus Teams aligned to departmental priorities. Of particular note is the department’s proactive stance in driving needed change in the organization, including an annual requirement to lead a “Lessons Learned” initiative to prevent future risk; and restructured pattern litigation procedures derived through benchmarking that have reduced spend by more than 15 percent.

The lawyers at several of this year’s Champion organizations rolled up their sleeves to develop custom technologies to get their departments past the tipping point. For example, **Walmart’s** legal team partnered with the company’s internal IT department to create a suite of dynamic, connected dashboards called the General Counsel Insights Platform (GCIP). The GCIP provides information on key performance indicators at a glance; its development in-house likely saved Walmart around US\$1 million over an outside vendor.

At **Pure Storage**, where the legal department offers a client satisfaction guarantee, lawyers heavily customized Contract Express software to create an intuitive, end-to-end solution for processing contracts. Sales team members can now provide self-service and generated more than 7,000 related documents in a single fiscal year. For work that stays with the legal department, they designed a workflow and ticketing system that accelerates client response time and ensures accountability.

Meanwhile, in-house lawyers at **Software AG** tapped their inner coders to design, test and roll out their External Legal Manager application in only three weeks, saving the company nearly three million euros. The application brings transparency and discipline to outside legal spend and has increased budget predictability by almost 50 percent. The legal department has since developed more than a dozen more applications that other corporate functions use.

Metrics and data were integral to the success of the value initiatives for three-quarters of this year’s Champs. Whether tracking their own time to build a business case at Danaher, studying the nature of law department requests at AARP, understanding the nature and cause of outside legal

spend at 7-Eleven or getting compliance around subsidiary governance and management at Tahal, these Champs are savvy about data visualization and using metrics to convey key messages within their organizations.

In a *BookTV* talk on C-SPAN from the Stanford University bookstore in January 2002, Gladwell recapped his interest in learning why ideas spread and noted: "We need to pay much more attention to what people are saying to each other and less attention to what we are saying to people. We get too caught up in the top-down model, and we forget how fundamentally social the idea of behavior change and generation is."

To hear more about what people are saying to each other about innovative ways to get greater value out of legal spend and to spread those ideas in your own organization, attend the three ACC Value Champion sessions at the ACC 2018 Annual Meeting in Austin, Texas, October 21-24, 2018.

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## VALUE LEVER KEY



ALIGNMENT



METRICS



DISAGGREGATION/STAFFING



PROCESS IMPROVEMENT



KNOWLEDGE MANAGEMENT



TECH



LEGAL PROJECT MANAGEMENT



VALUE-BASED FEES

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Find bonus tools and materials at [www.acc.com/valuechallenge](http://www.acc.com/valuechallenge)

# Congratulations to 7-Eleven our 2018 ACC Value Co-Champion



**68%** reduction in existing-store transactional outside counsel legal spend year over year, while the volume of contracts for this area increased by 19%



**46%** reduction in outside counsel dispute and litigation spend



**61%** reduction in outside counsel condemnation spend

Seyfarth Shaw LLP is proud to partner with 7-Eleven to streamline the real estate portfolio for greater efficiency, better outcomes and significant cost saves.

**SEYFARTH**  
**SHAW**

## 7-ELEVEN AND SEYFARTH SHAW

HYBRID MODEL  
COMBINES  
INSOURCING AND  
OUTSOURCING FOR  
MAXIMUM EFFICIENCY



Left to right, front row, Kim Murphy, Kristen Cook, Keneisha Miller; back row, Ben Nicholson, Rankin Gasaway, Lillian Kirstein

The next time you need that critical Slurpee fix, or that midafternoon taquito, there's likely a 7-Eleven right around the corner. The convenience store chain's real estate portfolio, comprised of more than 10,000 properties in the United States and Canada, grew by more than ten percent in a single January 2018 acquisition. Maintaining and growing that portfolio represented an enormous workload for the two real estate attorneys in the legal department at corporate headquarters in Irving, Texas, so they had come to rely heavily on outside counsel. As the company began looking for greater efficiency in the legal department in late 2016, the real estate portfolio seemed ripe for transformation.

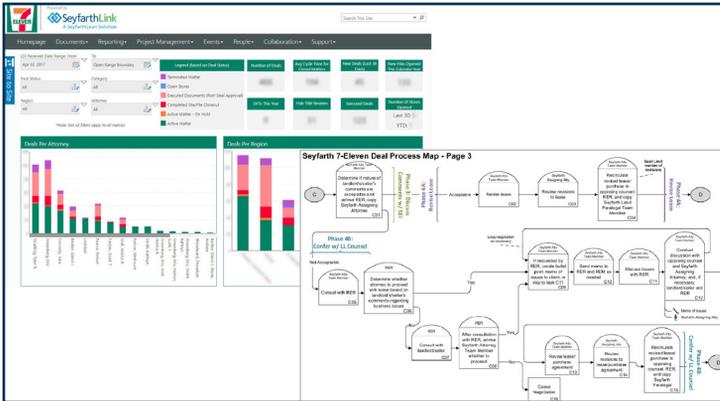
That thought was soon confirmed by data. The second real estate attorney hired by the company, Senior Counsel Kristen Cook, began looking at data from Serengeti Tracker, implemented in 2015, to analyze outside legal spend, and discovered that real estate matters represented one-third of the total.

"While we didn't historically view ourselves as a real estate company or property management company, that was a huge aspect of the work," she says. "I wasn't surprised by the total spend,

primarily because of the volume and not having resources to deal with it."

Setting her sights on making substantive changes to processes and workstreams in that space, Cook issued RFPs to five firms in the United States and Canada. She subsequently partnered with Eric Greenberg, Andrew Pearlstein and Andrew Shure of Seyfarth Shaw and Heather Eskra in the SeyfarthLean Consulting arm of Seyfarth Shaw. **Together, they implemented value-based sourcing and staffing by realigning workflow based on type of matter to create a hybrid insourced/outsourced model.** The in-house team handles transactional issues for existing stores, including SNDAs and lease renegotiations, disputes and Notice of Violation judgements. Outside counsel are responsible for: new store development, with its transactional, leasing, acquisition, zoning, and land use issues; existing store transactional issues in Canada; litigation and land use matters; and condemnations.

This work is performed under various flat fee models, which 7-Eleven implemented in 2015. The resulting budget predictability is not the only benefit to having a single firm handling new store development, Cook says. "We get consistency in processes for negotiation and lease provisions and pay one fee from letter of intent to new store opening."



field teams on a regional basis, at least six per year. Covering such topics as leasing, acquisitions and technology, the sessions have helped to maintain consistency across the country, resulting in better-negotiated deals and fewer disputes, Greenberg says. In February, the entire 7-Eleven/Seyfarth team participated in a joint, day-long training session.

For its part, Seyfarth Shaw took value-based sourcing a step further, implementing an innovative staffing model that moves such low-cost work as title and survey review to its Real Estate Hub in Atlanta. They leveraged their proprietary technology, SeyfarthLink, to create a **dedicated 7-Eleven website that streamlines communications among the legal department and more than 100 real estate professionals. It features daily deal tracking, real-time budget tracking, and other features.**

Once the responsibilities were divided up, the team turned its attention to process improvement. “We sat in a room with the legal department and members of the real estate group, and mapped out the processes for negotiating a lease or a purchase contract. **We created a detailed, 15-page process map that enabled us to see where we could improve on efficiency, find the right people to do the right job, and cut down on unnecessary tasks.** We came up with a process where we could negotiate deals much more quickly and efficiently, resulting in lower legal costs at the end of the day,” Greenberg says.

As a value-add, Seyfarth provides annual, in-person training sessions for the real estate

**In only eight months, 7-Eleven had reduced total outside counsel spend by 19 percent in real estate legal spend. Outside counsel fees for new store development were decreased by 13 percent year over year. In addition, new store deal fall-through rates declined from 25 percent to near 1 percent.**

Once matters related to existing stores in the United States were insourced, a new real estate transactional attorney and a new real estate dispute attorney were hired, and four contract specialists were transferred from another department to work as paralegals. As a result, outside counsel spend for the real estate transactional part of the work decreased by 68 percent year over year. Further, **80 percent of all real estate disputes are now resolved in-house.**

Cook’s best advice for getting started with a similar initiative? “Take a step back to think about what your problem is, then decide the best way to arrive at a solution that will be cost-effective with the resources you have. ACC provides a great platform to learn the fundamentals,” she says.



- *7-Eleven realized tremendous results from a top-notch process improvement project, and recaptured lawyer time by doing things in a smarter way. They are now able to negotiate higher-quality deals at the outset through field team education, truly driving business results.*
- *Setting Six Sigma to work in a Lean setting, this project is an example of the positives that result when legal truly partners with business.*

## AARP

### TRAIN AND TRUST TO ENABLE COMPLIANT SELF-SERVICE



Left to right, Kelsey Bennett, Sarah Shaw, David Morales, Terry Weir, Jami Wyatt, Sanchita Bose, Lauren Beegle, Charlene Wilson, Leslie Nettleford, Doris Gilliam, Larry Cohen

Legal value initiatives, while great for all in-house legal departments, often have even greater impact when executed by small legal departments. That was the case for the 14-person legal department in the Office of the General Counsel (OGC) at AARP, which found itself overwhelmed with service requests to review content, images and video for distribution among multiple channels, including text messaging. Many internal clients were waiting five days or more for the necessary approvals.

“OGC checks submission language to ensure articles, advertisements and resources are developed in a non-commercial, nonpartisan manner; and that they adhere to internal policies designed to protect our non-profit tax status and mitigate other legal risk,” says Associate General Counsel Doris Gilliam.

Seeking to improve the client experience and reduce wait times by reducing the number of service requests, Gilliam, Client Services Manager Larry Cohen and the OGC State Group developed and implemented process, technology and knowledge-sharing changes to automate lower-risk work. By providing client education and standardizing legal guidance, their project resulted in improved predictability and compliance.

The team had already chalked up a proven success with enabling self-service for contracts in 2013, which generated a workload reduction of 25 percent for the Office of the General Counsel (OGC), and a 400 percent increase in contract approval speed for clients. Building on that effort, Gilliam and Cohen with the support of the rest of the OGC team developed “Train and Trust: Content QuickPath,” which was piloted in 2015, launched in 2016 and fully implemented in 2017.

**“We wanted to push the boundaries of just how far we could improve our internal service management, improve the overall client knowledge base and improve client perception based on their experience,” says Cohen.**

To do that, the legal department offered something novel: a certification internal clients can earn to approve their own content based on clear guidelines. They do this by attending a two-hour, web-based training session with Gilliam; she delivered 11 of these sessions along with a former colleague in the first year, and has now trained 100 percent of the targeted client groups, totaling 243 people. Up to four mandatory quarterly training updates are required for individuals to maintain their certification, in addition to compliance with program guidelines.

“Some of our internal clients were already expert,” says Gilliam. “Through training and education, we could confirm that expertise and

talk everyone through the guidelines to move others forward.”

Guidelines were designed by codifying the business rules the OGC legal team would apply when reviewing content. That step has forced standardization of business rules that can now be applied consistently across the organization, Cohen observes, as well as providing a standardized, predictable, repeatable experience for clients.

**The team developed the rules, guidelines and training program structure collaboratively with the Community, State and National Affairs client group over a year-long period. They baked risk tolerance into the program by establishing categories or tiers of content.**

Certified individuals may self-approve Tier 1 or Tier 2 content only; OGC prior review and approval is required for Tier 3 content, which is characterized by higher risk profile or complexity. The Tier 3 list is a living document that is continually updated.

Compliance is verified by a monthly audit of various platforms. Certified participants must submit content to a centralized email box for later audit and education. Gilliam also trains service teams, such as the AARP brand department.

The project team measures its success along several metrics, including training sessions delivered, certifications awarded, reduction in OGC service requests and time savings for clients. Gilliam notes that Cohen has convinced her of the importance of metrics, and that **the OGC team “decided to be vulnerable to client service ratings and feedback.”** In the first full year of implementation, their results were impressive:

- 36.7 percent reduction in service requests
- 90 percent of clients report significant time savings
- 25 percent of clients save a minimum of 1 to 2 business days in process time, while 32 percent reported time savings of more than 5 days
- Clients waited 1,403 fewer business days for content approvals in 2017 than in the year before.



“As our internal clients seek and act upon the opportunities and possibilities for change through innovation, our department must also find ways to function as a change agent. Content QuickPath provides an innovative approach to legal review that enables our clients to experience productivity and efficiency gains, which ultimately increase the impact of our social mission,” says David Morales, Interim EVP and General Counsel.

For readers interested in pursuing similar initiatives, Cohen advises doing your homework. “It’s critical to do a lot of analysis for these programs before launch to identify categories of work that make sense to convert to self-service,” he says.

There have been other benefits for the legal department as well. “By eliminating some of the lower-risk work, our legal department is now more stable and manageable, and the client experience has improved,” Gilliam says. “Our team members have been able to work with internal business units to pursue new ideas and new initiatives that really help to move our mission forward.”

## FROM THE JUDGES

- *Every law department struggles with how to handle the volume of work. Rather than being hindered, AARP took a really smart look at educating and empowering their internal clients to use self-service tools. In doing so, they raised the legal IQ of the organization and enabled speed. Now the legal department is spending time on higher-priority issues, but still performs its quality assurance role through the audit process.*

# ANDEAVOR AND COUNSEL MANAGEMENT GROUP

SETTING UP TO  
ADVANCE OPERATIONS  
AND DRIVE VALUE



Left to right, Monica Moton, Michelle Straus, Cliff Barr, Joanna Mason

When Kim Rucker arrived as new General Counsel at Tesoro Corporation (now Andeavor) in early 2015, she wanted to transform the legal organization into a unified team that is indispensable and valued. Key activities were running the organization like a business, not a cost center; treating every corporate dollar as its own; and demonstrating value as a strategic business partner.

The original legal department was organized like a law firm with legal specialties, such as HR, labor and employment; corporate governance, securities and finance; and real estate and marketing. In the new organization, there are two types of teams: 1) Centers of Excellence that support those traditional specialty areas, including a new legal operations group; and 2) Business Unit Support teams (marketing; commercial supply, trading and logistics; and EHS&S and refining).

**“The new structure was designed to operate the legal team like a business by increasing accountability, effectively managing legal function spend, improving processes, team building, training and development of personnel, tracking KPIs and benchmarking against other legal functions—all to drive significant value add and trusted advisorship in the support of the strategic direction of the company,”** Rucker says.

As head of the new legal operations group, Associate General Counsel Cliff Barr’s organizational and managerial skills gained as a JAG attorney in the Air Force came in handy during the transition, along with the use of Lean Six Sigma and process management methodologies. For example, using existing resources, he rolled up the paralegals into the new legal ops group and organized legal operations support into four main areas, each of which is led by a manager.

The other legal operations areas are Records and Information Governance, Vendor Management, and Financial Management and Administration. The team is also keenly focused



on employee development. When paralegals were reporting to individual attorneys, they weren’t receiving standardized training, devel-



Left to right, Fred Paulmann of CMG, Kim Rucker of Andeavor

**They verified efficiency by comparing cost figures across the tasks in the particular phases. This enabled apples-to-apples comparisons and showed that the difference in the fee proposals was attributable to cost-effectiveness, not widely divergent views of scope.**



opment or promotional opportunities, Barr explains. With the centralized structure, there is now a strong focus on professional and career development and team building. In creating the group, Barr and his colleagues carefully measured their progress against ACC's Stages of Legal Operations Model. The legal operations team implemented processes for the tracking and management of expenses and policies for outside counsel engagements. **New expertise in budget analytics and reporting has contributed to a 28 percent reduction in legal spend.**

Turning their attention to outside counsel, Andeavor partnered with Counsel Management Group (CMG) to launch and implement an RFP process that would deliver more value, greater predictability and better outcomes. In response to the RFP, more than 70 law firms submitted a total of 442 proposals across 16 portfolios of work. CMG provided data analytics to help measure law firm value based on these weighted criteria: responsiveness (willingness to propose AFAs); quality of fixed-fee submissions; timekeeper rates; rate and volume discounts; and complimentary services offered, such as trainings and briefings.

The process generated some surprises. As an example, for single plaintiff employment litigation across three key phases combined (early case assessment, discovery and dispositive motions), the lowest proposal was 76 percent lower than the highest. And some firms sought to charge nearly 50 percent more for their per-phase fixed fee than other firms with similar hourly rates.

"This type of analysis goes far beyond rates and staffing. It was a deep dive to understand efficiency, and to answer the question, 'What should this work cost?'" says Fred Paulmann, consultant at CMG.

By structuring the analysis this way, the team was able to see beyond the hourly rate and identify those firms that could complete the work at an effective cost. Andeavor increased fixed fee and related arrangements by 30 percent in one year.

**"We learned that efficiency is just as important as price and started to see that there were multiple ways to slice the apple.** CMG pointed out the advantages to taking different approaches, and there were some things we wanted to set up hourly," Barr says. "We were amazed at the efficiency and savings that could be realized."



- *This reorganization, which added legal operations to the portfolio, is a strong vendor/outside counsel management story. The use of cutting-edge analytics is impressive.*

## DANAHER AND SEYFARTH SHAW

DESIGNING & ENABLING A NEW LEGAL SERVICE DELIVERY MODEL



Left to right, Joseph Bernasky, Patricia Kim, Colleen Giusto

Many in-house attorneys are happy in part because they no longer have to bill their time, jokes Patricia Kim, Vice President and Chief Counsel, Global Labor & Employment for Danaher Corporation. Yet, in pursuit of a new service delivery model that would provide relief to her leanly staffed three-person team without sacrificing the client service they prided themselves on, Kim and her colleagues spent four and a half months conducting an internal timekeeping and activity tracking exercise to generate critical data. The company cherishes the Danaher Business System, which emphasizes data- and fact-driven approaches to process improvement, so it was crucial that Kim be equipped with evidence to support her drive for change.

A science and technology company with more than 60,000 employees and more than 20 operating companies worldwide, Danaher's decentralized operating model meant that all of its operating companies—none of which have specialist L&E attorneys—would call Kim's team with lots of routine inquiries. She wanted her lawyers to work at the top of their skills, but the drag of the routine was dominating their bandwidth; Kim found herself outsourcing

an increasing amount of work that she would prefer her team to work on.

“The only way to dig into this was to figure out how much time we were actually spending on routine matters. We were motivated to do the hard work,” she says. **“With our eyes on the prize, we recognized that we were going to emerge with a service model that was going to be better for us, allowing us to deploy our skills and talents in a higher-value way, to be more challenged and to have time for the more complex matters.”**

The team analyzed the data to uncover and categorize the nature of their client inquiries, the level of advice they were giving and how much time they were spending.

“The resulting data supported our hypothesis that we were being underutilized—in fact, even more than we realized. It allowed us to make the business case to our clients that it was worthwhile to pursue a new solution,” Kim says.

Data in hand, Kim and her team designed a new L&E service delivery model based on three components:

**Toolkits and best practices.** The team continued to create a series of extensive toolkits for many critical areas of labor and employment law, including basic legal information, templates and process maps.



**Internal portal.** Those toolkits and best practices reside on a redesigned internal portal, which allows clients easy access to the most current information. “We had created toolkits for standard work before, and tried to disseminate them to entities,” Kim says. “By adopting a ‘pull’ versus ‘push’ approach for the new portal, we were trying to change the paradigm with a central location where our clients could draw down the information and know that it would be current.”

**Global ER4HR Helpline.** Seeking to shift the remaining calls to a new resource, Kim turned to Seyfarth Shaw’s Lisa Damon, who had worked with Danaher for many years. They collaborated to design, model, pilot and roll out the ER4HR Helpline in the United States. **Through the Helpline, five Seyfarth attorneys provide Danaher HR clients with real-time legal advice for routine L&E issues. A service-level agreement guarantees a two-hour response time and call logging within 24 hours.** A customized dashboard displays data on inquiry volume, resolution time, data on requesting units and teams and other factors to identify potential legal trends. A fixed monthly fee guarantees that Kim’s spend is predictable, and resulted in savings to Danaher of almost 60 percent, or US\$105,000. (Kim worked with Bird & Bird to roll out a similar helpline for Europe.)

Kim didn’t want to sacrifice quality for lower cost. Program elements ensure accountability and maintain the high-touch, Danaher-specific way her team provides legal advice that internal clients had come to expect:

- a governance framework that ensures higher-risk matters immediately escalate to the in-house L&E team

- training for ER4HR team members on Danaher best practices, toolkits and policies, including a 1.5-day in-person training session
- careful promotion and socialization of the new model, including an unveiling roadshow, dedicated email addresses and phone lines and customized email signatures for the in-house lawyers that include ER4HR contact information.

“Danaher is committed to making the Seyfarth panel the best it can be. The training ensured that we understood Danaher’s philosophy and enables ER4HR to stand in the shoes of Patricia’s staff,” says Damon. “She is trusting her outside counsel to sit in her legal department. We regard this as Danaher’s team, not Seyfarth’s Danaher team.”

Data gathered by the helpline facilitates knowledge management now and in the future. “It is opportunity-rich. We can evaluate why we are getting calls in a particular area, especially if there are best practices or toolkits available on the portal. That reveals a disconnect, and shows us that a correction may be needed, so we can design further training,” says Kim.

In its first 16 months, the ER4HR Helpline received more than 1,300 inquiries. **The Danaher in-house L&E legal team has re-captured more than 17 work weeks of attorney time. They were able to handle several large, high-impact matters internally with their newfound bandwidth,** resulting in savings of more than US\$200,000 on outside legal fees and increased engagement by team members.

- *Undertaking this project was really courageous on the part of a small legal department. By shadow billing their time, they made it past the inevitable dip in productivity while making the change. It demonstrates a remarkable commitment by the department as whole to recognize the potential and spend time building the business case. Best of all, their successful model is replicable by virtually any company.*



## DXC TECHNOLOGY AND UNITEDLEX

TAKING MANAGED  
SERVICES TO A NEW  
LEVEL



Left to right, William Deckelman, Daniel Reed

When venerable IT companies Computer Sciences Corporation and Hewlett Packard Enterprise Services combined to form DXC Technology last year, the result was one of the world's leading independent IT services companies, with annual revenues topping US\$25 billion. It also left General Counsel Bill Deckelman with an aggressive cost takeout target of 35 percent while supporting an evolving business in a fast-paced industry.

“Our expectation was that there would be synergies between our two legal departments, which we identified quickly,” Deckelman says. “We looked at all the traditional things you do to save money, and it was clear that cost-cutting alone would not get us there. It was a significant dilemma. The only way to address it was to change the way we performed the legal work.

“We did not have the necessary elements in-house to do the work differently,” he continues, “and we knew we couldn't let quality decline or have gaps in the support we offer to the business.”

Deckelman partnered with UnitedLex CEO Dan Reed to create a new operating model for DXC's legal department—a more modern and efficient model. **Planning began before the merger was finalized. UnitedLex reviewed every resource, process and technology used by the legacy law departments to design the new enterprise legal services model.** The result was a unique managed services solution that has UnitedLex providing legal support in more than 26 global jurisdictions. More than 150 DXC attorneys became UnitedLex employees, a move that allows DXC to save money while retaining institutional knowledge and a “One Department” mindset. Now, more than 250 UnitedLex senior attorneys, contract and commercial professionals, engineers and subject matter experts support DXC globally in sales transactions (majority of team), legal operations, litigation, immigration and other corporate legal activities. The five-year agreement is the largest managed legal services transaction ever.

**A core component of this model's success is providing seamless legal services to the business client, regardless of whether the team member is from DXC or UnitedLex.** To enable this, the legal department leadership team includes members from both organizations who discuss the strategy and operations of the team; its management of the department has been enhanced by quantifiable metrics, reporting and

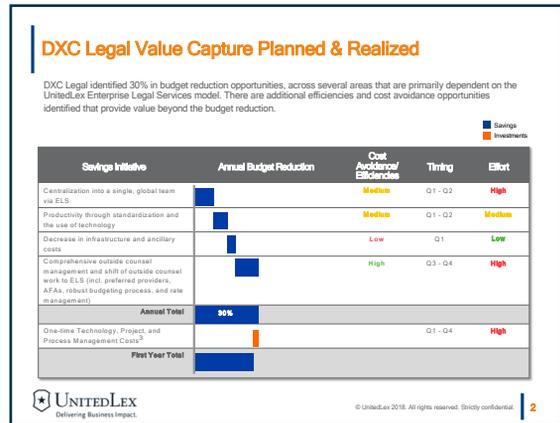
the use of service level agreements to measure success. Additionally, all team members have been trained on topics ranging from positions on contract clauses to legal project management to litigation management.

The model allows DXC to take advantage of UnitedLex's contract management platform, ContractRoom, which integrates with Salesforce, supports more than US\$26 billion worth of DXC contracts and provides automated end-to-end contract support. "UnitedLex makes incredible investments in technology, whereas corporate legal departments fight for investment but rarely get it," Deckelman says.

**Naturally, change management around the transition was crucial. Deckelman worked early in the process to garner support from the CEO and the executive team. To help drive support for the project throughout the company, communication channels were opened with the business teams that rely daily on the legal team.** For the members of the legal team who were being transferred, Deckelman emphasized that they were being offered a unique career trajectory with a company that both understands digital and has varied clients.

"UnitedLex was formed to combine consulting, technology and resources to deliver a complete solution versus addressing a narrow transactional need," says Reed. "What makes the initiative unique is its comprehensive nature. I've been following the ACC Value Challenge for a long time. I am not aware of any law department solution of this scale and complexity."

**Deckelman says that not only has the arrangement made the legal department's work much more structured and focused, but the UnitedLex "Fast Track" contracting solution**



**has given DXC a competitive advantage in wooing new customers.** In a sales environment in which customers almost always issue RFPs, and there are usually at least four companies submitting, "winning is often about how quickly and fairly you can contract."

"Given where the IT industry is going, the practice of law will need to fundamentally change," says Deckelman. **"DXC is in the business of outsourcing, and we now have experience as the client in that relationship.**" Fortunately, it has been a great year. People are ecstatic, we've gotten rave reviews and our CEO has declared the transformation a success."

## FROM THE JUDGES

- *While the outsourcing of the legal department is a radical notion, DXC and UnitedLex managed a smooth and seamless transition for the in-house team that minimized disruption. The outcomes for the company are plain: Faster and more competitive contracting that provides an advantage in the marketplace, and new business wins that are up by 20 percent.*

## EATON

### STRUCTURED FOR CHANGE



Eaton's Cleveland Team

The legal department at global power management company Eaton includes 55 lawyers and 70 support staff worldwide. The function is made up of Special Practice Groups (SPGs), such as IP, litigation, M&A, employment and benefits, and others; as well as focus teams aligned to departmental priorities, or “pillars.” This innovative team structure has enabled a multifaceted drive toward value over the past two years that has reduced pattern litigation spend by more than 15 percent, reduced litigation report cycle time by 40 percent and reduced total legal spend 11 percent year over year. Leadership development and staff engagement are equally important outcomes of the team structure for Heath Monesmith, Executive Vice President and General Counsel, who joined the company in 2012.

“Most legal departments are designed to respond to legal needs as they arise,” he observes. **“We wanted to create a culture in which lawyers were leaders, held themselves accountable, and took responsibility for driving change. But change isn’t confined to specific areas of the law. It must go where the business needs it. So, we wanted a structure that was team-based, where priorities**

**and challenges were identified for the entire department, not just the functional areas; and that would allow the team to come together to drive the needed change.”**

The focus teams drove improvement in five key areas:

- optimizing relationships through supplier selection, convergence and budget discipline
- project management through technology-enabled solutions
- increased inclusion and diversity through a special program and mentoring
- continuous improvement through proactive projects
- pattern litigation docket efficiency through feedback and benchmarking.

**Strategic Alliance: Better value from outside counsel.** Eaton’s law department revamped its outside counsel strategy and developed a new process to ensure that only the most qualified firms represent the company. In a gradual convergence effort over the past four years, the number of outside firms has been reduced by 80 percent. “This has enabled us to develop stronger partnerships and leverage better rates and discounts,” Monesmith says.

Firms are subject to a multi-level outside counsel evaluation process. “We think of our outside counsel as an internal team, and give powerful feedback,” Monesmith says. “It’s

remarkable how much change can happen when you're sharing strengths and opportunities for improvement in a transparent way."

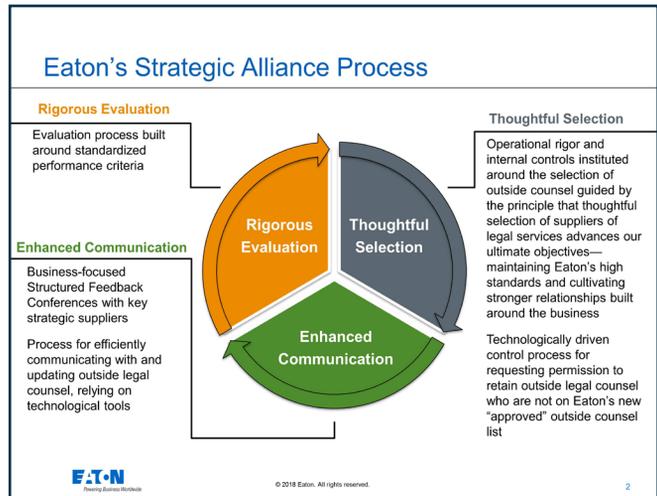
The budget discipline came with the creation of a Worldwide Legal Spend Dashboard, aligned with business objectives; and the implementation of life-of-matter and annual budgets on all litigated matters, to which outside counsel are held accountable.

**Leveraging legal operations and technology to improve efficiency.**

Eaton created a Legal Operations Specialist position in 2017, which helps to identify and drive cost savings opportunities across practice areas. The department also created a Cost-Out Team as one of its pillars; improved reporting efficiency, reducing cycle time by 40 percent; and invested in a state-of-the-art contract management platform.

**Backstage Pass: Promoting diversity through mentoring.** Underscoring Eaton's commitment to inclusion and diversity, the law department introduced a unique mentorship program, which invites diverse associates from strategic law firms to gain a behind-the-scenes perspective of Eaton's law department.

**Lessons Learned: Proactive prevention of future risk.** Any member of the legal team is empowered to identify and execute a Lessons Learned initiative to drive change within the business; these projects are incorporated into team members' annual goals. Focusing on current or anticipated legal risks, "Lessons Learned have helped redefine the notion that a corporate law department is merely a cost center," Monesmith says. It wasn't always easy,



though: "It takes time to instill this cultural mindset and I am very proud of what our team has accomplished."

**Driving costs out of pattern litigation.** Working closely with the Cost-Out Team, Eaton reviewed and restructured pattern litigation procedures; defined creative ways to be more cost-efficient, including benchmarking against similar companies; and **circulated to outside counsel a list of more than 60 strategies to reduce spend.**

For other general counsel considering implementing a similar team structure, Monesmith has this advice: "This wasn't some master plan that we started with on day 1, but it does build from thinking more creatively about the department. We realized that we needed teams to address priorities that don't exist in formal areas of the law, but do exist for everybody," he says. "And, we wanted to establish the expectation that our lawyers are leaders, rather than dealing with problems only in a reactive way."



- Eaton really did it all, using a wide array of value practices, from convergence to enhanced budgeting, dashboards and metrics, after-action reviews, two-way feedback with outside counsel and process improvement to hit all of the value levers.

## MONSANTO AND HUSCH BLACKWELL

MULTIFACETED  
PARTNERSHIP  
SHARES KNOWLEDGE,  
REDUCES COST AND  
EFFORT



Left to right, Jen Dlugosz, Molly Jones, Michelle Weber, J.Y. Miller

As part of a company that focuses its efforts on feeding a growing population, Monsanto's legal department is focused on helping the company achieve its business goals. Money spent defending litigation is money that is not being spent advancing those goals, explains Molly Jones, Senior Assistant General Counsel, Litigation. As part of its effort to meet those goals, the legal department has adopted a refined approach to managing asbestos litigation.

The Monsanto legal team has partnered with Husch Blackwell, which had been working with Monsanto for many years, and which has had success in toxic tort litigation management nationwide.

"We were looking for an approach that would reduce our costs and risk; allowing our internal team to focus on other litigation priorities while staying fully informed about the asbestos docket to make key strategic decisions," Jones says. Before they began the project, she was getting bills from 17 law firms on 8,700 cases.

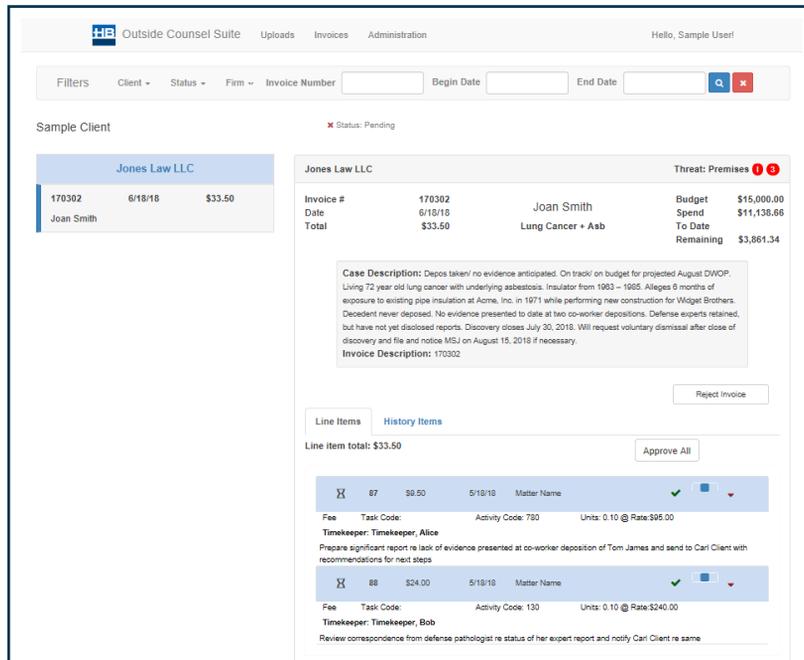
Husch Blackwell was ready to step up to the challenge, having restructured the firm along industry lines in 2012. "This allows us to be a true business partner through alignment of purpose," Partner J.Y. Miller says. "We get better results if we understand the 'Why?'" Husch

Blackwell's team had more than a decade of experience with legal process management (LPM) techniques to manage litigation on a regional and national basis.

In selecting Husch Blackwell as national coordinating counsel for its asbestos litigation, Monsanto's legal team wanted not only to establish consistency in approach and process, but also to capture and preserve the history and knowledge of long-time local counsel all over the country. **Under a fixed-fee arrangement with Monsanto, Husch Blackwell oversees the work of other firms, and manages the overall fixed-fee budget.** The firm's IT experts built a new electronic billing platform that enables invoice reviewers to ensure that specific activities are within the scope of individual case plans.

"I think Monsanto may have been a little skeptical at the outset," Miller says. "Monsanto's legal team has a very hands-on approach to all litigation impacting the company, and they understandably did not want to lose that focus on each individual case. Fortunately, we were able to create a model that provides Monsanto's legal team with clear visibility to important issues in its asbestos cases, so they can continue making the key strategic decisions."

**The team implemented a strategy of comprehensively evaluating cases and the projected consequences of different courses of action to ensure that resources are**



**directed where they have the greatest impact.**

Using a proprietary algorithm, a robust analysis and assessment based on more than 100 variables, Husch attorneys assess the risk profile, likely outcomes and alternative paths to resolution of each case. The case is then put on one of several tracks that have clearly defined, associated tasks to move it forward, Miller explains. “Every action taken is intentional in an effort to have zero waste,” he says. Critical resources are allocated to such higher-value activities as refining trial presentations, building and reinforcing key defenses and responding to novel claims. As a result, the number of active asbestos cases has been reduced by 53 percent, and settlement costs were reduced by 30 percent.

Husch Blackwell’s IT team also designed an electronic knowledge management platform to harness and share the expertise and work

product gained over decades of experience by local law firms. They spent months collecting historical information, which is compiled into examples and summaries and made freely available to the entire outside counsel network. “It has been really helpful to Monsanto’s legal team in evaluating cases,” Jones says.

If they were to go back and do things over, Jones and Miller say, they would devote more resources to reconciling their different accounting and communications systems. But they also say they learned from the challenges:

“My best advice,” Jones says, “is for internal and outside counsel to be open with each other in communications about expectations and deliverables. It’s key to pushing through early challenges.”



- *This is a great partnership; there is much to tie the two together. The team created a decision tree on steroids that leverages next-generation early case assessment and tailors the kind and amount of defense resources. Despite the high volume of cases, each can be slotted into the best strategic resolution point for the company. The integrated knowledge management aspect for local counsel means that all act on behalf of the company as one.*

## OCWEN FINANCIAL CORPORATION; QUISLEX; HUNTON ANDREWS KURTH; ORRICK, HERRINGTON & SUTCLIFFE

LARGE-SCALE, AI-ENABLED DUE DILIGENCE



Ocwen Team: Timothy M Hayes, Julia A. Paternoster, Jolene Stratton, Adrienne M. Coffin, Appanna A Poonacha, Lokesh Balan, Rohan Kanekar

With opportunity often comes challenge. Ocwen Financial Corporation had the chance to transfer existing mortgage servicing rights with US\$110 billion in unpaid principal balances to another company as the named servicer, which would generate hundreds of millions of dollars in upfront fees. But the challenge was just as great: the need to review 15,000 agreements and documents and analyze 300 data points from more than 2,000 mortgage servicing deals in only two months.

That reality was daunting, not only in terms of size and scope. Because Ocwen would maintain subservicing of the loans, quality of the review was essential, and accuracy could not be compromised. Ocwen's legal team needed a way to conduct the process that was fast, accurate, and affordable. Deputy General Counsel Adrienne Coffin, who joined the company four years ago to create a new contracts group, was in charge of finding a solution.

At the suggestion of one of Ocwen's legal professionals in Bengaluru, India, Ocwen teamed with QuisLex, an alternative legal service provider with a significant execution capability in India. Together with Hunton Andrews Kurth and Orrick, Herrington & Sutcliffe, two of Ocwen's outside law firms, the company reengineered its due diligence

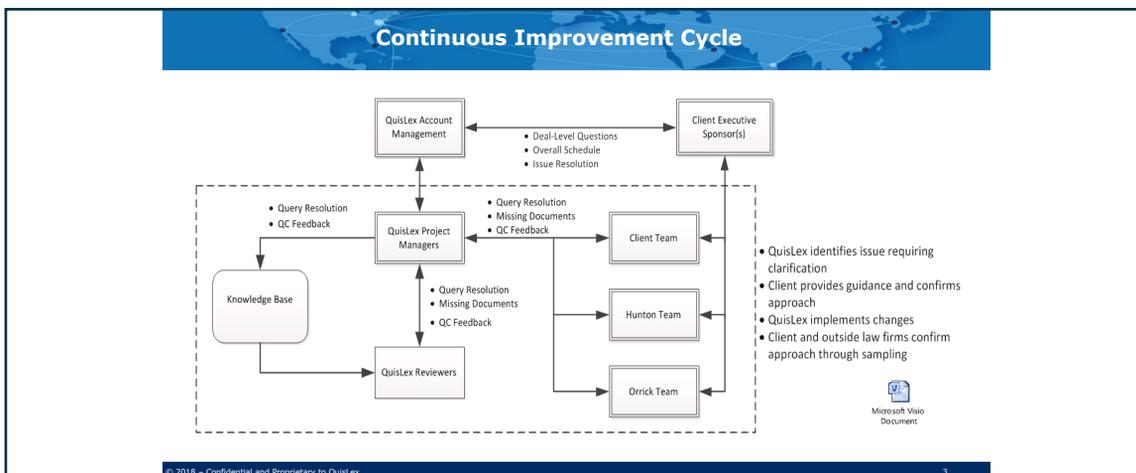
delivery model to create a technology-enabled process that defines roles for each of Ocwen's in-house and external legal teams to fit the unique value they bring to a specific project.

"Ocwen's primary focus is always to operate at the highest standards, so quality is non-negotiable. However, the scope and critical time constraints of this project were nearly impossible," Coffin says. Her plan to use an entirely new process and provider under those constraints was a little unusual, she admits. "But I always look for ways to challenge conventional methods to help find the right solution that can add value to a project and our business."

QuisLex had worked on many significant M&A due diligence projects, says Sirisha Gummaregula, chief operating officer for QuisLex. "What was new for us was the different types of contracts included in a securitization. As we built a customized workflow on top of established processes, we kept checking in with our Hunton and Orrick representatives to make sure we were getting it right."

**The AI-based technology-leveraged workflow allows for clustering similar agreements, searching to highlight key concepts to be evaluated substantively and streamlining the review with automated responses and guided help text.**

The resulting summaries were routed to Hunton and Orrick for a final check by the subject



matter experts. “As we received the results of the reviews, we were very optimistic about the work product,” says Sherry Yeatts of Hunton. “It was extremely valuable to have QuisLex managing the technical aspects, so we could focus on the substantive issues.”

Altogether, almost 200 professionals worked concurrently across four organizations. Leaders held brainstorming sessions; complex decision-making protocols were disseminated through daily communications. The result is a spreadsheet database that has more than 300 columns of data on aspects of each of the 2,000 deals. **Taking the time to plan, train and refine the process, while focusing on the highest and best use of the skills of each organization, was critical to generating accurate data, Coffin says, and has contributed to the lasting value of the database.**

“Diligence projects were done for servicing transfers in the past,” she says. “The information was useful, but people didn’t really save it and use it. We began to believe that we should do this only once and build on it with each new project to move forward. During the up-front

preparation time, team members were getting a tremendous amount of outside pressure for faster results, but the planning paid off 10 times over.” Ocwen and the QuisLex, Hunton and Orrick teams have continued to build on the data in the next phases of the consent and transfer process.

That discipline of capturing data and re-using it is a huge driver for many of QuisLex’s clients, says Gummaregula. **“The data analytics become business intelligence, which enables negotiation at a holistic level rather than a transactional one and gives clients greater leverage.”**

With a significant cost savings realized over a traditional approach and on-time project completion, Ocwen’s legal team drove true enterprise value for the company. There were benefits for the other parties as well. “QuisLex was able to quickly get up to speed on the structured finance nuances. This is a complex industry, and this experience has added meaningfully to what I can offer to clients moving forward,” says Marty Howard of Orrick.



- *This project is a great example of four-way collaboration as well as an intriguing use case of artificial intelligence in due diligence, which is incredibly detail-oriented. AI-enabled automatic text summarization helped to cut through the initial volume and get the right eyes on the work. It shows that a legal department can meet tight deal deadlines despite high volume and complex due diligence, and provides a model that can be replicated by other departments and applied to deals and M&A transactions.*

## PURE STORAGE

EARNING THE LOVE  
BY AUTOMATING AND  
INTERACTING



Left to right, Michael Moore, Gwen Harrison, Joe Colliss, Joe FitzGerald, Sarah Matos, Joseph Kucera (not pictured: Tarisa Wain and Alexandria Gartrell)

Since its founding in 2009, enterprise data storage company Pure Storage has been growing by leaps and bounds. The company nearly doubled head count in the past year and announced in March 2018 that it had surpassed US\$1 billion in revenue. With such rapid growth and heated sales activity comes dramatically increased volume and types of agreements for review and negotiation, as well as new innovations to protect. The teams responsible for transactions, IP and products within Pure Legal's 18-person department knew that they had to embrace automation—but they wanted to do it in a way that underscored their commitment to be accelerators of the business.

"We are here to help accelerate the business," says Gwen Harrison, Vice President and Associate General Counsel for Transactions.

**"It is our goal to be the most-loved legal team on the planet."**

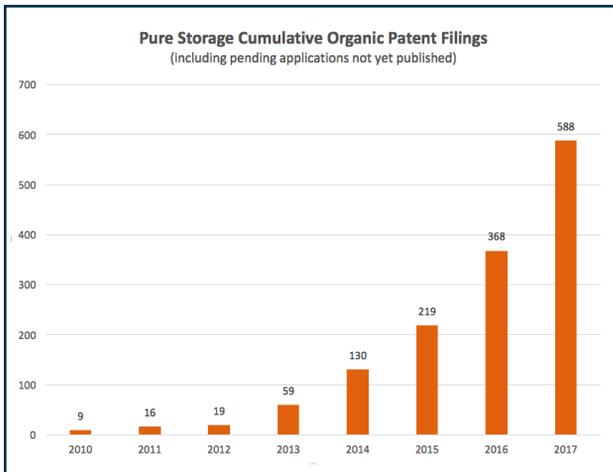
Licensing the Contract Express platform for processing contracts was just the first step, explains Joe Colliss, Director of Transactions. The team heavily customized the software to create an end-to-end solution that is so intuitive and easy to use that it lives up to its founder's belief that Pure products "should

never have an instruction manual bigger than a business card," he says. The platform works within Salesforce, which ties the contract to the appropriate customer or partner and pulls field data into the contract. It permits sales teams to process their own contract records, generating more than 7,000 NDAs, evaluations and end user license agreements in FY2018 alone. The team estimates time saved at a whopping 3,500 person-hours, equaling approximately US\$700,000 worth of sales and operations employee time.

**"We mapped and modified the automated process through learning, but many users don't realize what is going on at the systems level. They just see that they get approvals quickly and their product gets shipped," Harrison says.**

To resource matters and track progress, Pure Legal designed a workflow and implemented the Service Now request system, a first for a legal team on that platform. Essentially a ticketing system, it revs up client response time and provides clear tracking and accountability. The legal team uses it to allocate resources efficiently and report on metrics quickly. They processed more than 9,000 service requests during FY2018, yielding an estimated savings of 1,500 person-hours and approximately US\$300,000.

Having automated these critical processes, the legal team redirected their attention to intel-



lectual property improvement efforts. Led by Michael Moore, Associate General Counsel for Products and Patents, the IP team adopted a highly collaborative, team-based approach with engineers and outside counsel to overhaul the disclosure drafting process.

“In traditional organizations, it often takes hours for engineers to research and prepare invention disclosures,” explains Moore, who holds 10 patents himself. “The process is impersonal and daunting. Plus, their time is a highly valuable commodity. All of that can be a deterrent to the patenting process.”

**At Pure, the IP team and outside counsel interview inventors over coffee, basically saying, “Tell us about your idea!” Outside counsel quickly draft a disclosure with input from in-house counsel, then the inventor reviews and submits it to Pure’s internal patent review board.** Fixed fees provide an incentive to outside counsel to draft high-quality disclosures that can be reviewed and approved more quickly. Combined with data-driven predictive modeling, the fixed fees inform budget

accuracy that came well under 1 percent of forecast in FY2018.

Patent filings went up by more than 160 percent in the same timeframe. **Moore estimates that the new approach saved over 300 hours of engineering time, and notes that the resulting goodwill is immeasurable.** “Engineers love talking about their ideas and take great pride in their creativity. They are comfortable and happy with the way they are now made a part of the process,” he says.

Once the ideas are in, automation takes over. The Pure IP team eliminated underutilized software tools and renegotiated contracts for the ones that remained, cutting costs in half. A new, fully integrated set of IP portfolio management tools will help to drive savings of more than US\$250,000 over the life of the contracts.

A relatively young company, Pure embraces change, unhampered by “that’s the way we’ve always done it” ethos that can pervade well established organizations. The legal team was embraced within the company from the very start, as a result of the partnership and leadership of General Counsel Joe FitzGerald and its members take pride in the interpersonal connections they make.

“We put ourselves in the process; not by staying behind our desks. We walk the halls and put ourselves in front of clients. We earn their respect and time by engaging on things that matter to them,” Moore says.

The department even offers a “Love Your Legal” guarantee, coined by one of the original Pure Legal members Michele Ardizzone, promising to make things right if clients are not satisfied.

## FROM THE JUDGES

- *This submission demonstrates the importance of looking at process improvement and automation before adding headcount. The result was an intelligently designed workflow that was the equivalent of adding three people to the department.*

## SOFTWARE AG

IN-HOUSE LAWYERS  
BUILDING APPS TO  
MANAGE OUTSIDE  
LEGAL SPEND...AND  
MORE



Left to right, Debbie Neuman, Kenny McWilliams, Kris Thomas, Stan Smith, Joanne Bradley, Joshua Freeman (not pictured: Benno Quade)

Benno Quade, General Counsel at Germany-based Software AG, believes that lawyers have skills that extend far beyond the law. **Recognizing that legal logic is similar in many ways to software design principles and coding logic, Quade was convinced that lawyers could also be talented app-builders.** Their in-house creation of the Software AG External Legal Manager application proved him right—and saved the company nearly 3 million euros in the bargain.

When Quade was promoted to the role in 2015, the company's CEO requested greater efficiency from the department. Not wanting to decrease head count, Quade set himself a goal of transforming the team into a digital legal department, and bringing greater order and centralization to external legal spending. The timing seemed right, as Software AG had recently acquired a platform company, LongJump (Relational Networks).

Quade decided to begin with North America. "It was our hot spot," he explains. "We had just acquired new technology that we determined to be useful. We were in an active M&A cycle, doing four to five deals at a time. Getting quotes for outsourced work and incoming litigation was burdensome."

Further, says Stan Smith, Senior Vice President and General Counsel for the Americas, "Software AG historically had handled external legal spending in a decentralized, ad hoc fashion. There was no defined process for sourcing external legal services." Smith and his Regional Counsel colleagues, along with Quade, decided to create a legal spend management system to:

- identify Software AG's current external legal providers
- analyze the providers to determine which should have preferred status, and enter them into a registry
- rank and rate providers to reward on the basis of quality, quote reliability and responsiveness.

"This was an occasion to review and question our law firm relationships," says Quade.

**"We could confirm our subjective feelings with objective results and data, resulting in increased efficiencies and savings," Smith adds.**

Using Software AG's ARIS Business Process Analysis Platform to create a process map, as well as tools from Software AG's proprietary Digital Business Platform, the team developed the application by moving through three phases: sorting, a bidding process, and post-award coordination. They employed a sandbox approach, Quade says, in which every member of the team was invited to play around and



submit ideas to a core project team of four people. Smith and the other Regional Counsels participated in process and content input.

The Software AG team tackled the sorting phase next, determining which matters they would handle directly and which would be outsourced.

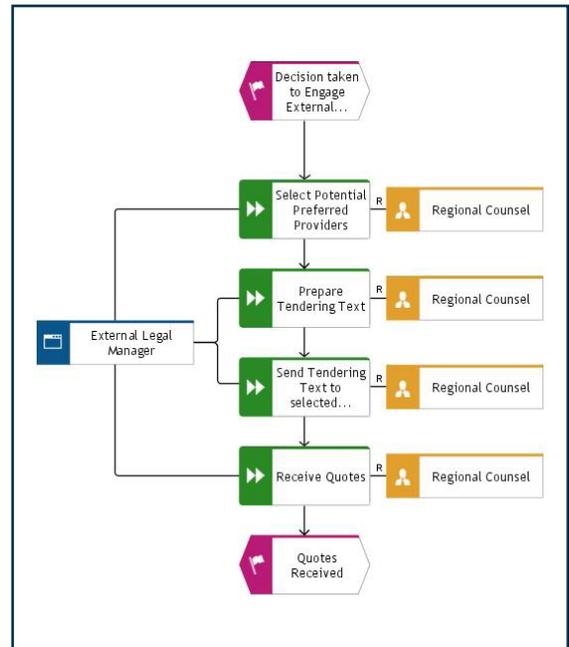
**“We tried to make intelligent decisions about how to spread the work, and onboarded projects and cases based on sufficient people, coverage and resources,” Smith says.**

For the matters to be outsourced, the team developed a bidding process: preparation of a Request for Quote, invitation of certain firms to respond, and establishment of a process for selection. Law firms submitted their information using an external quote engine. In the third phase of the project, the SAG team set up project management guidelines and other steps to onboard, manage and monitor outside counsel and legal services providers; analyze the completed project and deliverables; and conduct performance assessment.

The result is a 100 percent increase in captured ratings for law firms, which is not only important for quality management but is also relevant for weighting a law firm’s quote.

**The Software AG attorneys built the External Legal Manager software application in just three weeks.** “It validated that the team could do much of this work on its own, without having to bring on outside consultants or tools; and demonstrated the ability of the legal department to stand up a digitized process quickly,” Quade says.

Quade and Smith estimate that they have achieved a virtual savings of more than 2.9 million euros through the use of the application. They arrived at the figure by comparing the



highest law-firm quote received to the quote submitted by the firm ultimately engaged. Budget predictability was increased by almost 50 percent, as was the use of alternative fee arrangements. The department hopes to monetize the application by licensing it to other in-house law departments and is in talks with several prospective clients.

Having learned how much they could accomplish by building custom apps, the Software AG legal team picked up the pace, creating more than dozen additional applications that other corporate functions use. Expanding the constituency for their apps beyond the legal department raises the team’s profile internally, Smith observes. “People see that your department is innovative and trying to offer solutions proactively.”



- *Very impressive cost reduction in percentage and pure dollars and innovative use of process mapping.*
- *By including quality ratings in the RFP process, this project demonstrates that it need not be a race to the bottom on price but rather a smart way to compare value—a nice message to send to firms in today’s marketplace.*

## TAHAL GROUP B.V.

GC LEADERSHIP TAKES  
A LEGAL DEPARTMENT  
FROM LOATHED TO  
LOVED



Left to right, Ifaat Avital, Moshe Shalev, Ruth Shelsky, Amos Kreiner, Orna Swartz

When Moshe Shalev was hired as VP and General Legal Counsel at Tahal Group B.V., a global engineering design and construction company, he found the legal department every GC fears—a department that was viewed as a roadblock by its internal clients, some of whom referred to the lawyers as the “Deal Breakers.” As a result of the department’s sluggishness, business leaders hired and managed outside counsel ad hoc, with little to no regard to cost or budget predictability. The internal lawyers did little work themselves, spending their time reviewing the work of the outside firms. During that first year, Tahal spent nearly US\$1.5 million with external counsel.

System inefficiencies and lack of process further complicated matters, especially with Tahal’s 30 subsidiaries in more than 20 countries, 15 in developing countries. There was no central database containing information on contracts, signatory rights or even who the subsidiary board members were. Fortunately, Shalev brought an international background gained by working at the United Nations. His negotiation and diplomatic skills would come in handy at Tahal.

**“He brought experience in working with developing countries, with a great sense for helping people, with genuine concern for diversity, and with an uncommonly wide point of view due to his international experience,” says Alon Pasternack, director of finance.**

Shalev met with the various departments inside the Group to understand the types of contracts they needed. “Many were the same, but each law firm and each in-house lawyer had its own template,” he notes. “Clients would get confused and would have to review the contract carefully every time.”

Shalev undertook a multi-part transformation. First, the legal team worked together to develop their own templates for the commonly used contracts from different types, which they accompanied with training of their internal clients, implementing a simple solution to enable effective subsidiary management, as well as knowledge-sharing within the legal department.

Then, Shalev sought to re-assemble and re-motivate the legal team. Avoiding any criticism of the prior state, he encouraged them to be motivated for change. He empowered them to do the work themselves using their own templates, encouraged them to take responsibility and increased their exposure to top management within the company.



**After a few months, Shalev made it official: He would no longer use outside counsel on a permanent basis, but only in special circumstances or for special issues.** “We brought 95 percent of the work in-house, cut our costs by 45 to 50 percent and reduced response time,” he says. “It became very clear that there was real change, and we saw increased satisfaction among our clients and Group management.”

**Remarkably, they brought the majority of the work in-house while adding only one full-time equivalent,** decreasing external legal spend to only US\$165,000, with total budget predictability, by the end of 2016.

**“The outcome was fascinating,” his clients note. “Due to the standardization, knowledge retention within the company and the motivated, available in-house lawyers with in-depth knowledge of the company and its needs, the response time became faster, negotiations proceeded more quickly, and the legal cost was dramatically decreased.”**

As to the subsidiaries, Shalev spent the first three months of his tenure at Tahal visiting them all, from Ecuador and Angola, to Cyprus and Siberia. (“Most of them are missing basic necessities,” he notes.) Shalev met with local managers, personally explaining the importance of updated signatory rights, Power of Attorney, management appointment documents and other corporate documents, and took this opportunity to become personally acquainted with them. He collected the active contracts of each subsidiary and reviewed them to identify the main issues and make suggestions on how to move forward. He returned with two massive spreadsheets that were used to populate new databases that are now housed in the cloud.

“The simplicity of the cloud usage encourages people to use it, and with periodic reminders from the team, almost all subsidiaries update their information regularly,” Shalev says. He maintains those valuable personal connections through regular Skype calls.

Shalev also launched the Legal Academy, in which one member of the legal team researches a legal issue in depth and makes a presentation to the others. “It forces us to deeply analyze and scrutinize the issue, to speak about it and answer questions, which refine our understanding of the subject,” he says.

**Shalev’s impact on the organization was so profound that something unprecedented happened: It was the CFO who authored Shalev’s nomination to be named an ACC Value Champion.**

Since the departmental transformation, the team has shifted from passive to proactive, actively seeking to bring funds into the Group, and get involved with its internal clients from the very beginning of any transaction. The entire ethos of the department has changed.

“Our in-house team is the best legal resource,” says Shalev. “They know the company the best and are expert at what we do. They are available, flexible and committed to the company’s success; and are now the first and foremost to handle any legal matter, bringing the utmost value to the company.”

## FROM THE JUDGES

- *This project demonstrates the importance of setting the tone at the top to demonstrate value not just in the eye of the legal department and service providers, but in the eye of business clients. It is notable to have another member of executive team so enthusiastic about the work of the legal department. Through strong leadership, the law department committed to customer experience and service that became infectious and effected a cultural change that resonated with the business.*

# WALMART

## WHAT GETS MEASURED GETS MANAGED



Left to right, Casey Yang, Ben Hulsey, Alan Bryan, Zach Aldrich, Tariq Abdullah, Phyllis Harris, Randy Sommer, Jonathan Atwell, Jason Dembinski, Rahul Dhamnani

A year ago, the members of the legal department at Walmart, in Bentonville, Arkansas, set themselves a goal: to pursue an initiative worthy of entering in the 2018 ACC Value Challenge. Their proprietary software solution, the General Counsel Insights Platform, has garnered Walmart not only a Value Champion designation but impressive results during the first year of its implementation.

Within the 320-person department, Phyllis Harris is one of six Senior VP/General Counsels. For the past three years, she has led the team focused on legal operations. She was given a blank slate to become a more cost-effective and better aligned legal department. **“We sought to transform from a transactional stance to a function equipped to manage our data and deliver analytic capabilities,”** she says. Harris made some critical strategic hires, including data science and visualization professionals and finance folks. One of the first was Tariq Abdullah, an attorney who understands data and had worked with Harris in her former role in compliance. Joining the legal department presented a unique challenge.

“The legal department was operating with some outdated systems, processes and skill sets,” Abdullah says. “Under Phyllis’s leadership,

we had a great opportunity to focus on legal operations through data and analytics.”

**The key question the pair was trying to answer: Why did costs continue to escalate?** There was limited visibility into spend, Harris says. “We had to clean up our data to use the systems, which led us to discover the need for an entirely new system.”

To get the visibility they were seeking, two of the new data scientists designed and programmed the General Counsel Insights Platform (GCIP), an ecosystem of dynamic and connected dashboards that focus on key performance indicators (KPIs). **Designed to empower members of the legal department to make better informed, data-driven decisions, the system focuses on up-to-date, actionable KPIs** in such areas as firm/vendor spend, work allocation, matter detail, gender and diversity, practice areas and firm/timekeeper rates. Harris’s team leveraged existing Walmart resources to build the platform themselves. Harris estimates that this saved US\$1 million over using an outside vendor.

The main dashboards of GCIP show data and KPIs for:

- savings, invoice review and requests for proposals
- firm evaluation and feedback

- diversity, including work allocation and average rates by gender and ethnicity
- outside counsel and vendor spend and comparisons.

The dashboard allows for better informed and data-driven decisions based on historical trends, Abdullah explains. In one example of how Harris walked the talk with the data, she met with Walmart’s top 100 relationship partners, handing each of them a copy of their diversity figures and inviting them to correct or augment it. Several firms declined to provide the information she sought, so she drew a line in the sand: Walmart would no longer work with firms that did not provide that data by June 1, 2017.

The department also implemented a Master Engagement Letter (MEL) and rate cards that establish a uniform agreement and onboarding for firms and timekeepers. They expect to achieve significant long-term savings by locking rates for multiple years, projecting 10 to 15 percent savings for 2018; these locked rates also enable budget predictability. **The MEL Master Dashboard displays MEL rates versus old rates by year, a running total of savings, average rate increases and savings by program duration. The rate comparison gives the legal department the ability to manage matter spend more efficiently.**

The development of GCIP reflects a change in approach for the Walmart legal department. Whereas its prior state was very siloed—“We didn’t go outside of the legal department for inspiration because we didn’t think that there



was anyone else as smart as we were,” says Harris—the development team drew inspiration from many places, including within the company’s IT Division and Merchandising Division. They learned from the IT department’s enterprise-wide data analytics team, advancing toward Harris’s goal of **a legal department that focuses on operational discipline, efficiency, transparency and a culture of innovation “often found in other corporate departments, but not often in Legal.”** The department now hosts an annual legal hackathon. They learned about vendor negotiations and the early concept of the MEL from merchants who negotiated with suppliers daily.

Recognizing the importance of effective change management, and knowing that communication is critical, Harris detailed one person to do just that, through weekly newsletters, videos, quarterly messages from the General Counsel, and other techniques. Getting outside counsel on board was also crucial.

- *This broad program provides visibility into spend through its very intensive dashboard, augmented by data visualization that enables data-driven decision making. Leaders were able to see and document resulting behavior change.*



# What does it take to be a Value Champion?



**Vision**



**Leadership**



**Resilience**



**Collaboration**



**Motivation**



**Creativity**

Congratulations to the 2018 Value Champions. We are proud to be among this esteemed group of innovative collaborators who are changing the way value is created and measured for in-house teams and their organizations.

We are especially grateful to **7-Eleven** and **Danaher** for allowing us to be part of their vision, journey, and success.

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