



SEE LEGAL SPEND AHEAD OF THE INVOICE

The Phoenix logo features a stylized red and white icon resembling a flame or a series of vertical bars of varying heights, followed by the word "Phoenix" in a white, sans-serif font.

Phoenix

Customer Story

Phoenix Group

Customer Story

The legal operations team at Phoenix Group used process and technology to control legal costs – and they did it in a way that supported the relationship among the in-house team and the company’s panel of law firms.



Sarah Gormley is the Head of Legal Operations, and has been using Apperio’s legal spend tracking and analytics software within Phoenix Group.

Many legal departments struggle to obtain a comprehensive view of their legal spend. They simply don’t know (or realize) what they’ve spent on a matter until the invoice shows up. Even then, gaining a view of spending across the organization, on all matters, necessitates piecing together invoice data from law firms in spreadsheets.

There’s also another issue: the data goes stale quickly. Invoices often come months after work was performed and don’t account for work-in-progress (WIP). In other words, the legal department can accrue costs that have yet to be billed. When fees exceed estimates, corporate counsel have limited recourse and resort to contending fees for work that occurred months ago.

This is partly why in-house teams can feel as if they don’t have control over legal costs. In many ways, it reflects [Sarah Gormley’s](#) initial experience when she joined [Phoenix Group](#), the UK’s largest long-term savings and retirement business, to lead the newly formed legal operations team.

“We had fairly good controls over individual spend, but collectively, we couldn’t really see what we were doing overall as a group. Gaining control of legal spend was the first challenge when I joined the legal ops team.”

That challenge is a considerable task for any [legal operations](#) team. However, Phoenix Group had also experienced significant growth by acquisition. Those corporate transactions meant the legal and company secretary function grew from roughly 25 employees to 85 employees – including 67 lawyers and legal ops professionals – in just a few years.

Process improvements to control spend

When she joined in 2018, Sarah set to work on improving legal operations processes. For example, the in-house team began centralizing all legal spending through the legal department. They also implemented a law firm panel – consolidating the law firms they engaged with down to a preferred list of service providers.

While these process changes helped to improve control, Sarah points out these still didn't provide the desired comprehensive view of legal expenditures. Similarly, the organization's need remained for real-time **WIP transparency** to account for accrued costs.

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'Closer to our law firm spend'

As a matter of corporate policy, the legal department at Phoenix Group must account for accruals and re-forecast their legal budget. More importantly, they must provide evidence to justify any deviations. One key obstacle persisted: aggregating and analyzing legal spend data was still a labor-intensive task done by hand.

"Every month we'd have to track accruals and tabulating those was very manual," Sarah explains. "Legal ops would have to go out to each of the individual instructing lawyers, ask them what matters they had going on, and then go out to the law firms working on those matters to get the spend data by email."

She notes it was a bit of a scramble at the year's end when the legal department was accounting for accruals that would hit the budget in the following year. Further, this manual process ate up precious time from both the in-house team and the law firms – distracting the lawyers from focusing on the legal work at hand.

"It was really time-consuming for us - and the law firms as well," she says. "We'd wind up writing to partners at law firms getting WIP updates on all the individual matters we need to track."

This is where Apperio made a big impression on Sarah and her team. The legal spend management software obtains data – both billed and unbilled time – directly from law firms. Clear dashboards and reports then present up-to-date information on the status of budgets, WIP and accruals.

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Seeing the ‘overall legal spend in one place’

In her review of available legal technologies, Sarah and her team considered [e-billing](#) tools, but these didn’t quite do what she wanted.

E-billing wouldn’t solve the core problem of real-time visibility into WIP and accruals. This is because e-billing data, like manual aggregation, is derived from invoices that come in weeks or even months after the work is performed (see the [similarities and differences between e-billing and legal spend management](#)).

By contrast, Apperio obtains data directly from law firms’ time recording systems. Sarah’s team could then see accruals as they were entered. She didn’t have to wait for a law firm to send an invoice to understand the budget status. The data collection process was automated and everything she needed was rendered in an interactive [dashboard](#).

“Apperio provides us with an overall picture of our panel and overall legal spend in one place. That gives us a lot of value,” she says. “It also allows us to analyze and break that spend down which in turn helps us to have better conversations about costs with all our firms.”

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Risk management and cost-effectiveness

Sarah also liked the fact Apperio supports their process of centralizing spend. The corporate legal risk policy relies on having all external law firm instructions, with a few exceptions, going through the in-house legal team.

“That’s one thing I remember that stood out in the demo – the fact that Apperio sent us an alert as soon as a file was opened at the law firm. That is such a fantastic tool for us, just being able to have that control to make sure the legal department is always aware of what’s happening.” The value delivered in terms of features and functionality was clear to Sarah and the legal team, but also made it easy to justify based on business value.

“Every GC and in-house team will tell you that getting budget for legal technology is like gold dust,” says Sarah. “Apperio gave us a cost-effective license model that allowed us to demonstrate value to the business. If we hadn’t seen Apperio we’d probably have gone with a middle-ground solution. That means using an in-house tool, like Excel, to track this spend.”

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'Fair and equitable' control over legal costs

Sarah says Phoenix Group has "definitely seen" a reduction in overall legal spend, however that's not their focus. Indeed, a 'savings-centric' approach is often counterproductive. Their focus is on controlling costs with a collaborative approach that supports law firm relationships rather than trying to squeeze discounts.

"We are quite close to the law firms on our panels, and we treat outside counsel as an extension of the in-house team," she says. "Software tools that help you to have an open conversation is key to managing those relationships."

"In the past, we'd get to the end of the piece of legal work, and the law firm would say, 'Oh, we've gone over the cap because you changed the scope and we need to discuss it'" she says.

Chances are that discussion would turn into an uncomfortable conversation where the in-house team felt like they didn't have negotiating power. "It was quite easy for an in-house lawyer to say, 'Well, I'm just going to walk away and I'm not paying it'."

That scenario places inside and outside counsel in an adversarial relationship. A better way, according to Sarah, is to "give the law firm feedback, have a discussion about the issue, and put it in writing. Apperio allows us to do that with evidence."

"Apperio is a tool to have open conversations and drive better behaviour and outcomes that are fair and equitable on both sides."

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To find out more about how Apperio can support your legal team to gain control of legal spend, visit [Apperio for Private Funds](#) or email info@apperio.com.



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