



405 Implementation & Management of Fixed Fee & Other Alternative Billing Arrangements

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Faculty Biographies

Mark Chandler

Mark Chandler is senior vice president, general counsel, and secretary of Cisco Systems, in San Jose, California, where he manages a 120-member team of professionals.

Prior to that, he was managing attorney, Europe, Middle East, and Africa, based in Paris. He was previously general counsel of StrataCom, Inc., which Cisco acquired, and was vice president, corporate development, and general counsel of Maxtor Corporation, a Fortune 500 manufacturer of computer data storage devices.

He also participated in the Robert Bosch Foundation fellowship program in Bonn and Munich, Germany, including a work assignment in the German Ministry of Economics. Mr. Chandler is a member of the board of directors of Lytton Gardens Senior Communities in Palo Alto, California, the board of visitors of Stanford Law School, and the advisory council of the Woodrow Wilson International Center for Scholars in Washington. He previously served as member and chairman of the City of Palo Alto planning commission and as a member of the City of Palo Alto Utilities advisory commission.

He received a B.A. from Harvard College and a J.D. from Stanford Law School.

Jami Wintz McKeon

Jami Wintz McKeon is the chair of Morgan Lewis' commercial litigation practice and one of the leaders of the global litigation practice in San Francisco. Her practice focuses on complex litigation at both the trial and appellate level, including business disputes, fraud litigation and class action cases. She has substantial experience in litigation involving mergers, acquisitions, joint ventures, and divestitures. Ms. McKeon has represented companies in numerous industries, including financial services, computer hardware and software, technology, and health care industries. Ms. McKeon is active in firm leadership, having served two terms on the firm's advisory board and currently a member of the firm's compensation and legal personnel committees. She played an active role in Morgan Lewis' expansion on the West Coast, relocating to California, from where she continues her national practice.

Ms. McKeon has served as an instructor for the National Institute of Trial Advocacy and national and regional advocacy programs for beginning and experienced lawyers. She is a frequent speaker at industry and legal professional development conferences. Ms. McKeon is listed in The Best Lawyers in America and was selected by The American Lawyer in the category of best lawyers - commercial litigation.

Ms. McKeon received a B.A. Pennsylvania State University and her J.D. from Villanova University School of Law.

Frederick H. Paulmann

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Pfizer Inc.



How Did We Get Here? – Evaluation of Relationships with Outside Counsel

ACC's 2006 Annual Meeting: The Road to Effective Leadership

October 23-25, Manchester Grand Hyatt

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Overview of Alternative Fee Arrangements

- How Cisco and Pfizer approach relationships with outside counsel

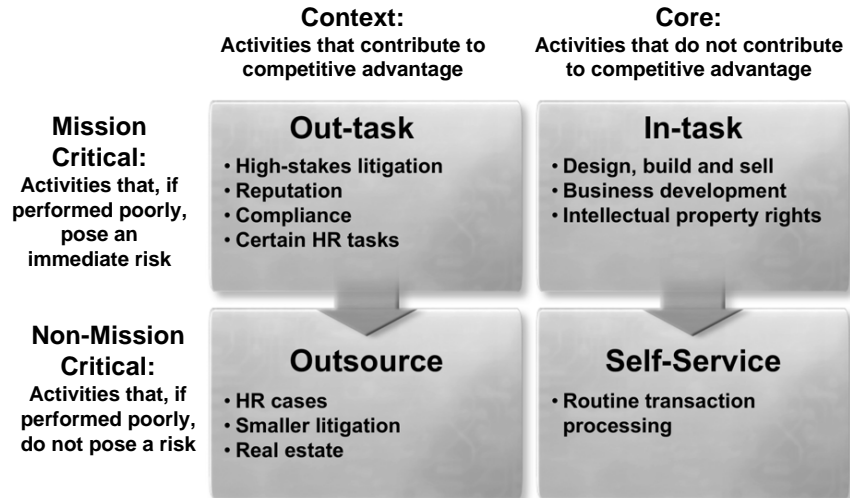


Cisco's Successful Partnering Relationships

Mark Chandler



Cisco Legal Department Strategy



ACC's 2006 Annual Meeting: The Road to Effective Leadership

October 23-25, Manchester Grand Hyatt



Law Firm IT Investment – Prof. Susskind's Model



ACC's 2006 Annual Meeting: The Road to Effective Leadership

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Case Study: Cisco/Morgan Lewis Fixed Fee Arrangement – The RFP Process

- In Spring of 2003, Cisco issued RFP through third-party vendor for commercial litigation
- Invited 12 firms to participate
- Provided some information regarding historical billings



Case Study: Cisco/Morgan Lewis Fixed Fee Arrangement – The RFP Process

- RFP requested bids on a fixed fee basis for:
 - All commercial litigation in the U.S. (active litigation, counseling and subpoenas)
 - Excluded certain matters by subject and size
 - New matters only
 - Cisco and all of its subsidiaries included
 - Two year term
 - Most costs included



Case Study: Cisco/Morgan Lewis Fixed Fee Arrangement – The RFP Process

- Cisco's Criteria For Successful Bidder
 - Experience in defending technology corporations in commercial litigation matters
 - Successful litigation track record and trial experience
 - Electronic discovery and support systems
 - Diversity
 - Cost



Case Study: Cisco/Morgan Lewis Fixed Fee Arrangement – The RFP Process

- Several rounds of bidding
- Field was narrowed down to 3 firms
- Interviews and final bids
- Morgan Lewis bid was selected



Outside Counsel Perspective – Implementation of Cisco/Morgan Lewis Fixed Fee Arrangement

Jami McKeon



Case Study: Cisco/Morgan Lewis Fixed Fee Arrangement – The Implementation

- Created a small team with Cisco expertise
- Set up an extranet and direct connection to Cisco
- Set up a dedicated Cisco war room
- Handled more than 30 active litigation matters
- Spent approximately 6,300 hours on counseling and 4,200 hours on subpoenas
- Achieved a significant realization rate over the course of 2 years



Case Study: Cisco/Morgan Lewis Fixed Fee Arrangement – The Renewal

- Same price/similar services
- Lower threshold for “major” matter exclusion
- Creative staffing of subpoenas
- Cap for certain types of counseling



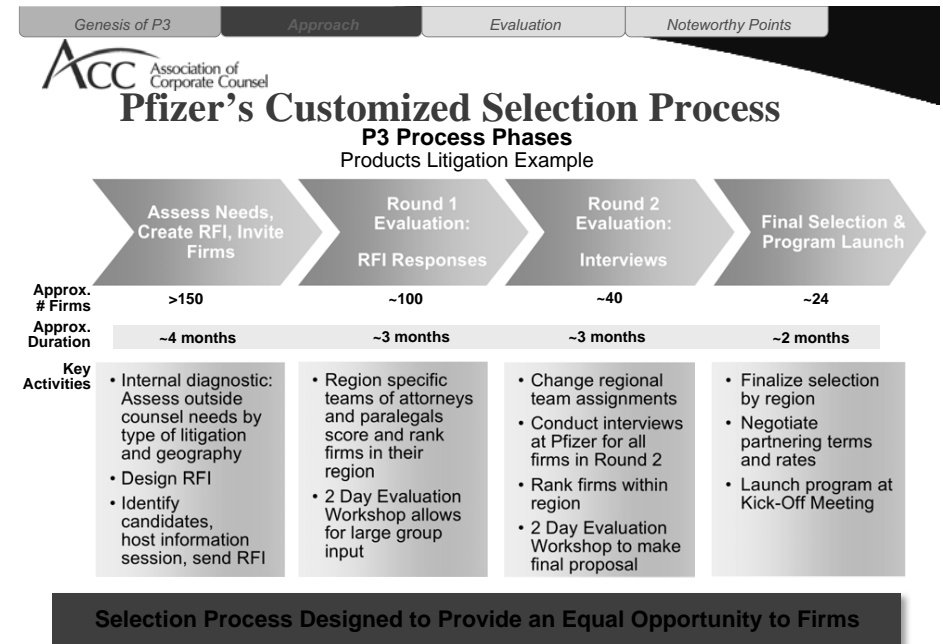
Case Study: Cisco/Morgan Lewis Fixed Fee Arrangement – Why It Worked

- Relationship of trust between Cisco and Morgan Lewis
- Alignment of interests
- Careful matter management



Pfizer's P3 Program

Frederick H. Paulmann





Scorecards: Firms Graded and Ranked Based on 4 Selection Criteria

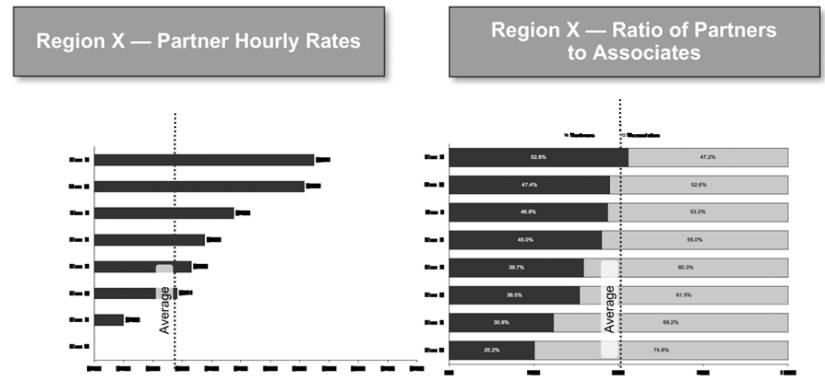
Region & Name		Sample Score Card		Firm Name	
1 (NY)				Smith & Smith	
Evaluator: Fred Paulmann				Number of Firms in Region: 9	
Selection Criteria	Qualities	Weight	Relative Grade: Excellent, Strong, Average, Poor	Comments	
1 Expertise and Experience	<ul style="list-style-type: none"> Total experience, especially pharma Pharmaceutical and other product family experience Strategic creative approaches Superior execution and/or strategic Business development/contract essential 	50%	Excellent	*Steve Smith is the go-to strategist for cases tried in New York *Nationally renowned and selected for high profile cases	
2 Cost Effective Results and Solutions	<ul style="list-style-type: none"> Customer/client experience Budget management skill Experience with and/or willingness to explore alternative fee arrangements Appropriate staffing models Discouraged rates 	20%	Strong	*Genuine impression they actively managed to stay within budget *RFI was extremely open to alternative fee interviewees seemed less so	
3 Responsiveness to our Needs	<ul style="list-style-type: none"> Appropriate proposed team (skills, level, etc.) Passionate to work with Pfizer Good impression of multiple factors such as responsiveness, trust and loyalty Clearly seems to understand client's perspective 	15%	Poor	*Works with pharma competitor *Desired team unlikely to be available *Based on interview, didn't seem trustworthy	
4 Compatibility and Advocacy	<ul style="list-style-type: none"> Demonstrates commitment to Pfizer's values Commitment to diversity Works actively to improve the business environment (e.g. Justice Reform) Willingness to improve the community (e.g. ProBono) 	15%	Strong	*Examples of advocacy before judge; recognized in industry *Light on pro bono; no major initiative in 2 years	
Overall Impression		Strong		One Line Summary Comment	
Excellent: Strong, Avg., Below Avg., Poor				Strong firm but may be unavailable	

RRTs Assign Firms:
 • Excellent
 • Strong
 • Average
 • Below Avg.
 • Poor

Final grade based on overall impression, not mathematical calculation



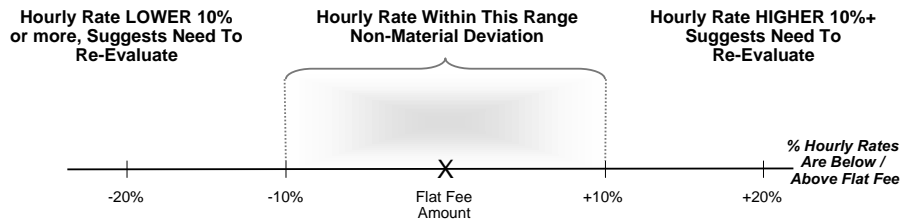
Assessing Value: Comparative Billing Rate Analyses
 Round 1 Firm Analysis Example



Summary Booklet Developed with 6 Charts Per Region Which Provided Quick and Easy Evaluation Reference



Pfizer Approach To Evaluating Flat Fees



Assumptions

- At the outset, must set forth assumptions about case volume and tasks to be performed
- At the end of the year, verify flat fee amount by tracking hours expended and multiplying by hourly rates
- Revisit if material deviation due to unforeseen change in case activity or work to be performed
- Trust is key — easier with long-term relationship



● Outside Counsel Perspective on the Pfizer P3 Program

● Jami McKeon



- Preparing for the process
- Going through the process
- The Relationship of Trust
- Takeaways



Win, Win

- Evaluating Cisco's Fixed Fee Arrangement in Retrospect
- Evaluating Pfizer's P3 Program in Retrospect



Lessons Learned / Tips for Success

- To succeed, you must have:
 - Meaningful discussion at negotiation stage
 - Ongoing communication with in-house counsel
 - Efficient case management skills
 - A commitment to the relationship
 - Goodwill on both sides