

**ASSOCIATION OF CORPORATE COUNSEL SEMINAR**  
**ELECTRONIC BILLING - IT'S NOT JUST FOR LARGE LAW DEPARTMENTS**  
**MARCH 30, 2005**

**CALL PARTICIPANTS**

- Rob Thomas                      *Serengeti Law, VP*
- Lynn Molfetta                      *American Express, Global Legal Administrator*
- Geneva Gilbertson                      *Sierra Health, Law Department Administrator*
- James Sheets                      *Resun Leasing, VP and Corporate Counsel*

**PRESENTATION**

Rob Thomas: Welcome everyone to the electronic billing panel discussion. It's a primer in electronic billing. And thank you to the Association of Corporate Counsel for hosting today's presentation.

I also want to thank today's panel members who from law departments who are doing electronic billing, who made themselves available to discuss their experiences in answering questions you might have about electronic billing.

By the way, if you need to drop off today's session in the middle, it will be recorded, so it will be available later on for year on the ACC website. So you or anyone else in your group who might be interested can always log in and listen to it.

The speakers on today's panel have been carefully chosen to represent a broad range of the law department users of electronic billing, from law department that have been on for years to some that have just recently started.

We were specifically asked by the Association of Corporate Counsel to include some Small Law Departments on panel. They apparently have had a lot of questions from smaller law departments as to whether this is a technology that they should be considering. So we have made a point to do that.

To see the list of speakers, please advance the presentation to slide number 2, which lists the people later on the panel. And also I will be moderating. My name is Rob Thomas and I'm from Serengeti Law.

The materials that are posted on the ACC website include the bios of each of the panel members. So I won't go into the specific personal information about their backgrounds. But I do want to say couple of words about the law departments that they are members of.

First, Geneva Gilbertson is the Law Department Administrator for Sierra Health Services.

Sierra Health has a 14-member law department. And is a \$1.5 billion diversified health services company whose benefit plans serve more than 0.5 million subscribers.

James Sheets is our representative of the Small Law Department, and they don't get much smaller. He is a solo in-house corporate counsel with Resun Leasing. Resun is an equipment leasing modular construction and finance company that has over 200 employees in United States.

Finally, Lynn Molfetta is with American Express representing the other side of the law department spectrum. She is the Vice President of Legal Operations and Global Legal Administrator for American Express's legal department. American Express, as you probably know is a Fortune 100 financial services company with operations around the world. A couple of years ago, American Express came off of their Waltac (ph) internal system and on to Serengeti. Lynn headed up the effort to connect all their legal offices and their hundreds of law firms around the world in a single online system, a process that took just a little under 3 months.

I mentioned, my name is Rob Thomas. I'm Vice President with Serengeti. I was one of the architects of the Serengeti tracker electronic billing in our management system. And prior to joining Serengeti, I had a little over 20 years of experience as a practicing attorney managing legal teams both of in-house counsel and outside counsel.

So with that introduction, let's move into today's program. We're going to try to remember to advance the slide, as we go and you'll just need to click on your presentation to advance to the next slide. We should be all up at slide 3, which is the agenda for today's program.

We're going to cover 4 main areas today in the coming hour. The first, general description of what e-billing is, the various flavors and options so that we all have an understanding of what this technology involves.

Second discussion of why law departments are using it and which law department should be considering using it. Discussion of the general benefits to the law departments that are involved in electronic billing.

Nex, a discussion of due diligence questions that will help law departments decide which is the best system for them.

And finally, we devoted a significant amount of time to questions. So we would ask that you as we are going along e-mail questions to me. I have someone collecting them and organizing them. My e-mail address is on the last slide. It is [rthomas@serengetilaw.com](mailto:rthomas@serengetilaw.com).

So I like the polar bear here with his head in the ice cubes. Everyone please get comfortable. And lets move on to the first substantive slide, which is slide 4.

As we see from this, this photo of the dog doing the prewash in a dishwasher. Sometimes things don't work as you expect. And e-billing is one of those things. Many people have a conception that electronic billing for legal is something like glorified e-mail. And it really is a lot more than that.

Geneva Gilbertson is going to get us started by overviewing the technology, how it works. The various types of systems that are available. So if you advance your presentation to slide 5.

Geneva let me turn things over to you.

Geneva Gilbertson: Thank you Rob. In its simplest form, electronic billing also known as e-billing is similar to e-mail. And that you receive copies of bills through your computer.

However, most systems have gone well beyond just delivering copies of paper bills electronically. The latest generation systems provide the actual electronic data that is in the bills making bills much easier to process, audit, compare with budgets and report on.

Generally, this is how it works. Instead of producing mailing paper invoices, law firms log into an e-billing system and upload their electronic billing data.

The electronic billing system captures the data from the law firm's billing systems, create a bill for you and puts that data into other system databases for future use.

The e-billing system provides a consistent billing format for all of your different outside law firms and there is no duplicative reentry into sending data into another management database and/or account payable system.

This electronic data can then be compared with budgets. Can be analyzed and audited and feed management reports about spending. The way e-billing vendors get the data out of law firm's billing systems is through an industry standard called LEDES. LEDES is the acronym for a legal electronic data exchange system that was originally developed in 1998 by Pricewaterhouse Coopers, the Association of Corporate Counsel and the ABA.

LEDES is a standard file format generally offered in most law firm billing systems in United States. LEDES permits e-billing vendors to take specific data in a structured way from most law firms to create a consistent billing format and populate databases with the information.

Law firm clients can do online revisions of the bills; can make comments and adjustments. Bills can be automatically audited by the system, supply changes in hourly rates or violations of expense guidelines.

Finally, the billing data goes into the databases for report and for comparison for the electronic budget to a lot of clients to see whether things are going as planned.

Historically, there have been vendors that provide different flavors of electronic billing. The basic e-billing is similar to e-mail that contain no data, just an attachment of images of bills.

Although this permits you to review bills online it does not provide any of the auditing, reporting or other capabilities possible when you receive billing data. The next generation of e-billing to be developed was like a pipeline that is a direct channel by which information is

privately transmitted, putting electronic billing information into the order matter management system that some law departments use.

The latest generation is a shared information system between the law department and all of its law firms. The system allows the sharing not only of electronic bills but also status updates, documents, deadlines, notes and any other electronic information that a legal team needs to work together on a project.

All this information is shared in secure online files with carefully controlled access only to members of the legal teams both in-house and at law firms.

This latest generation of information systems used by law department is an online matter management system of which electronic billing provides the important financial element. There have been many articles recently describing how the corporate legal world is focused on reduced spending, increase productivity and improving the quality of legal services.

Much of this can be achieved by utilizing the technology available today to eliminate outdated methods of legal bill processing.

The 2004 ACCA Serengeti survey reported that approximately 10% of law departments are getting various forms of electronic billing from their law firms. This group is likely to grow dramatically in the near term, as 25% of the law departments stated that they are considering electronic billing.

The connection becomes easier each day as new law firms join the thousands of firms, both domestic and foreign, who are already submitting electronic bills to e-billing vendors.

And finally, as an added bonus, e-billing not only saves paper and postage, it also saves time and money.

I now turn you back to our moderator.

Rob Thomas: Thank you very much, Geneva. Did any of the other panel members have anything they wanted to add to slide 5, the basic technology and option available in electronic billing?

Lynn Molfetta: No, this is Lynn. I would just say that when I go through my section on due diligence, I'll probably reiterate a lot of what Geneva just said through our valuation of what met our needs at American Express.

Rob Thomas: Great. Well, let's move on to slide 6, then. One of the concerns with new technology and this applies to electronic billing as well is, will it last. Or are we going to get stuck with something that no one else is using?

This is a particular concern when you are talking about something that is not just used by your company internally but all your law firms.

James Sheets is going to address these questions whether e-billing is something that is here to stay and the benefits that are driving the growth of this new technology.

So let's all advance to slide 7. And James let me turn things over to you.

James Sheets: Thank you, Rob. As Rob just mentioned, I am the only attorney in my legal department and I have been using the e-billing system about, we started it using about 10 months ago.

So it was about this time last year that I was evaluating e-billing systems, really whether or not they were going to be a fad and whether or not they're feasible for such a small legal department.

And I think the reasons that I selected e-billing system apply regardless of the size of the legal department although some of the reasons may be more applicable to a smaller department than the larger department.

My way of background, my legal department did not exist until I took my position about an year and half ago. And when I took the position I realized that the company has no means of tracking outside counsel spendings. Add to the manual spreadsheet which can be unreliable and frustrating to continuously update depending on the invoices that come in.

And I realized that my needs were to have an efficient system of reviewing invoices that came in on a monthly basis. Resun uses approximately 19 to 20 law firms across the country. And most of those firms have more than one matter. So if you just do the simple math, you realize there can be substantial number of invoices each month.

I knew that I needed to make that process more efficient. I also needed to have a process to audit those invoices. You'll be surprised that how many firms bill the wrong times to the wrong client or don't follow billing guidelines issued by the client. And one person in legal department doesn't have enough time to do that by themselves, to review these paper invoices and then sent them to AP department to be processed.

So I knew that there had to be a more efficient way of doing it. I knew also that there were probably going to be different options out there. But for me, my needs were that whatever e-billing system I selected had to be reasonably priced and easy to implement because I'm sensitive to spending money instead of saving money especially as a new law department that I felt I had to justify the existence of.

So it was about a year ago at this time that I started to look at e-billing systems. And if you look at Slide number 7, which are on right now, those are really the reasons why I wanted to pursue electronic billing.

Another feature, which is very important relates to something I mentioned few seconds ago, which is the company never really tracked outside counsel spending. So it was about this time last year that we began the budgeting process. And to you look at the spending that the company had done in the past, and to try to budget going forward, it is very difficult when you don't know exactly how the money was been spent on outside counsel fees.

So I needed a system that was going to be paperless, was going to be efficient and that was going to allow me to track my spending and my budget. And that was really, those were some of the reasons why I selected the e-billing system.

Last year at this time I was also curious as to whether or not e-billing will be feasible for one-person law department. And I looked at 3 to 4 different options out there for electronic billing and came to realize that actually the smaller department may benefit more from electronic billing than a larger department.

So those were some of the reasons why my company began using electronic billing. And like I said I think those reasons apply regardless of the size of the law department.

Rob Thomas: James, could you maybe elaborate on the point you just made which is that smaller law department sometimes need an electronic billing system more than a medium sized or larger law department.

James Sheets: Sure, not a problem. I looked at systems out there and realized that I might need them even more than a larger department. Because, I don't have the manpower or the resources available to go through the bills each month, to audit them and yet to manage and meet my job responsibilities.

And having an electronic billing system almost adds a head counts to the legal department by having us process automatically. Especially the audit functions, which will go through each invoice and compare it to previously established criteria. That it almost added a half person to my department that remove those time consuming responsibilities from my shoulders and instead automated it.

So that was one reason why electronic billing may actually benefit the smaller department that doesn't have the resources as opposed to a 15 or 20 attorney law department.

Lynn Molfetta: I could probably add on that point. American Express, as you can well imagine, we use a lot of large law firms. But we are global, so there are a lot of geographic small firms that we use as well. And I think that the smaller firms rely on payments quicker because they don't have that a steady income stream as larger firms have.

And when you are on an electronic billing system, you get the bill immediately as James had indicated it screens and audits it for you. So it eliminates that, getting lost in the mail, having to sit there with the paper invoice and reviewing it line by line. And then the electronic billing system allows you just to approve it and send it on to payment extremely rapidly.

And what we've seen for all firms both large and small is that the benefits are on both sides because the faster that we make the payments to the firms, the more open they are to actually giving us better rates.

So it's been a win/win situation all around for small, large and us as the corporation with an e-billing system.

James Sheets: I've actually had two different law firms mention to me that my company has done much better about paying their bills on time.

Lynn Molfetta: That's true.

James Sheets: And I think that it really helps improve the relationship with that law firm when they know that we're not going to take 45 or 60 days to process an invoice, whereas it now happens almost instantaneously. That is sent to the account payable department. That was almost a hidden benefit having the e-billing system.

Rob Thomas: Yes. Excellent point. I think we're going to talk a little bit later about how important it is to find a system that will actually connect you with your smaller law firms, both domestically and foreign so that you can reap some of the benefits of having everybody in one system. And doing this accelerated processing of legal bills not just with your biggest firms, your primary firms but also the smaller ones.

All right. Let's move to the next slide then. We're on slide 8. As you'll see from the photo here, it's an indication -- there's a variety of opinions on what kind of savings companies can expect from using e-billing. There's also a variety of opinions on the types of savings that companies experience with electronic billing. We've seen articles recently from consultants in the field who say conservatively, companies can expect about 5% savings on what they're spending on outside counsel, from instituting electronic billing system.

We also see in the ACC/Serengeti survey each year, on average companies are stating that they get from 5% to 15% savings on what they're spending on outside counsel by having electronic billing system in place. Particularly, if they use in connection with budgeting and data management functions.

So there are some potentially significant savings to be had. The question then is, given the potential savings and the cost of such systems, which law department should be considering electronic billing? How big you have to be, what types of things should be going on in your law department to make you a potential candidate for electronic billing? And James, let me turn things back over to you as we move to slide 9.

James Sheets: Sure. Looking at slide 9, there are some bullet points here. But I think what I'd mentioned a few seconds ago still applies that I'm a one-person legal department. And I looked at the cost of the e-billing system and then just did some analysis as to what sort of savings are anticipated.

And like I said, we're about 10 months into my use of electronic billing. And the savings are immense. Some of them come from the audit functions. Some come from the savings on time for entering data into the spreadsheets which we would have done a year ago that we don't have to do now.

Return on the investment has been incredible. Without going into specifics, our legal department spends close to 7 figures a year. And this year we anticipate cutting that almost in half. Now of course some of that will be through the electronic billing. I'd like to think some of that's through the efficient management of the legal department.

But I think that certainly, one important cog in the wheel of saving those outside counsel fees has been electronic billing. It's made me much more efficient. I don't spend a couple of hours each month at least reviewing invoices. And it also has, I think increased the billing discipline of our outside firms.

Like I said before, it's not uncommon for time to be billed to the wrong matter or to the wrong client. I have encountered several instances of expense policy violations being billed the wrong amount for copies which may seem small at first instance. But when you have a matter that's producing 30,000 to 40,000 pages of document, that adds up very quickly.

Before, chances are, I would not have caught that. Because I didn't have the time to pore through each invoice. But now it's flagged automatically. You can go through, see what the violation is and then let the firm know that this violates Resun Leasing's outside counsel policy. And that we will pay what we previously agreed to. So those are some of the savings.

I think it's increased the efficiency through the usage of requiring less time to track these invoices. It's increased the discipline on the part of the law firms. And it's helped track spending to the budget, which from my perspective, when reporting to the President of the company as to how we're doing in outside counsel spending, is incredibly important. Because a year ago, I would have had to take couple of hours to go through, compile the information, and get back to him. But now I can give the information in a matter of seconds.

And also I can give him a breakdown as to which division is costing us more in outside counsel fees. So it's increased the efficiency. And it's also increased the response time to request for information. So there's both the monetary and non-monetary benefits to electronic billing systems.

Rob Thomas: Great. Do any of the other panelists have anything they wanted to add to James remarks on slide 9?

Lynn Molfetta: No. I think he covered that quite well. From my perspective.

Rob Thomas: Let me just kind of elaborate on one point here on this slide. Someone may be wondering about where we got the ROI figure 200 plus percent. I assume, James that's consistent with what were you're saying, you're saying at least a 200% return.

James Sheets: At least. It's probably higher than that, if I sat down and did the precise amount. But we usually see it's 200%.

Rob Thomas: All right. The way we calculated for smaller law department is Serengeti charges most smaller law departments about \$24,000 a year for use of the system. That includes all the internal users and law firms. If they're conservatively getting about a 5% savings on their outside legal bills, say a million dollars, they'd be saving about \$50,000 a year.



So roughly 2 times what they'd be spending for the system. That's a very conservative analysis of cost versus savings. And that does not take into account the other savings that James described in terms of time for the law department, not having to hire additional people, and being able to produce the types of reports that smaller law departments need to have as well as larger law departments.

OK. Let's then move on to slide 10. As with anything, and in particularly new technology, the devils in the details. You really need to take a closer look before you jump into this new technology. And make sure that you're getting the right thing for your law department. I like these 2 kids in the picture that are looking under the kilt, you may be surprised what you find, when you do take a closer look.

Lynn Molfetta is going to talk a little bit about the process that American Express used to investigate the various options out there, as well as the types of questions that you should be posing to make sure that you get a system that works the way you expect it to work. And that is a good step forward in needs of your law department.

So, Lynn, let me turn things over to you and have everyone move to slide 11.

Lynn Molfetta: Thank you very much. And I actually just want to make comments on slide 10 is that when you say be sure to check under the hood, we absolutely checked under the hood. And we did it for such a long time, that we are more of the recent customer e-billing because we were looking for so long for that system that would, in our opinion just be meeting some needs that we thought were just kind of normal needs that anybody would expect from a system.

But let me start with saying that American Express was looking for an e-billing solution for quite some time. We searched and received several demonstrations from some of the main people out there that were selling to large corporations. And every demonstration we received, it never really met our needs. We were looking for something that was quite simple. We weren't looking to build the model. We were looking for somewhat of an off-the-shelf system that would meet very 3 simple kind of criteria's for us.

And what we were looking for, was a system that would be out of a box solution that would not require any customization. We were looking for a system that would be both intuitive and easy to use for both American Express and our outside counsel. And most important, we were looking for a system that would be cost effective with a short implementation timeframe. Because a lot of these systems, if you start customizing them, they could run into hundreds of thousands of dollars. And then the other systems, they might be cost effective for the person who is implementing it. But they might be taking those charges in trying to charge the law firm and as a result of you getting a cost effective solution.

So with that in mind, we met with several firms. We met with the Datas (ph) person and Time-Metrix (ph) and the Bridge Ways (ph), just to name a few. And interestingly enough, after meeting with these firms, the things that we thought would be apparent to the system became additional requirements.

Issues such as the ability to connect to all of our law firms globally at once versus a phased implementation plan. That was a very important feature for us. We wanted everyone to get on at the same time. The fees for the system would not be passed on, as I mentioned to the outside counsel firm.

And lastly, we wanted the training, to be both seamless, timely and cost effective. We wanted this system to be intuitive. And we wanted to make sure that once we got everybody on board, which was the intent, that all lawyers and paralegals and everybody would be working on the system, including the people in the law firms. That it would be an easy, seamless system to use. So it would not be a hard thing to implement.

And what I can tell you that based on my experience, now that we're fully operational with a system of our choice that it was a lot easier than I thought it would be. For example we thought that there would be a considerable push back from our law firms not wanting to convert to the system. Also although, we wanted a very rapid implementation period, we thought it would take us longer than the 2 months, 2 to 3 months that it did.

Training was another issue. We thought we'd have to work through. And although we had some issues, they were minimal.

The greatest outcome of this overall endeavor for us was that both the lawyers at American Express, and the outside counsel firms once fully operational, began giving us great feedback on how much they loved this system. How easy it was to use and how responsive and time spent, it was just, increased the time and the efficiency by just expedientially.

From the billing perspective, our international group was able to see an immediate benefit from the foreign currency conversion capabilities of this system, reducing their errors in billing.

The cost benefits we are getting from this system, which has been mentioned by my colleague, in addition to what I already mentioned is savings we get from the LEADES billing and the reports that allow us to track our expenses much more closely.

And I want to actually tell you that in addition to the e-billing system, which has been just kind of win for us, the system that we're on serves as a matter management system as well. And that was I think icing on the cake because I actually don't believe that there are any other companies out there that offer both an e-billing solution plus a matter management system that will allow you to kind of, track all the documents relevant to the matters that you're working on with outside counsel firms in one place. So that has been really a benefit for us and we're taking full advantage of that.

But you know I should probably elaborate a little bit more on the bullets on pages slide 11 and 12. And one of the things that I thought that I would reiterate on which we've talked on a little bit before about is, connecting large and small, domestic and foreign firms. I really do believe that large or small, I think once they get onto the system, everybody sees the benefits associated with electronically sending bills versus sending paper through the mail that becomes a very onerous process that tends to not pay promptly.

And once everyone gets on to the system and realizes the efficiency and how fast it is to get payment approved and paid, that to me, I think was not really initially, both the firms and us were a little nervous about how that would happen. But everybody starting saying, “Yes, this system really, really works to our benefit.”

So it's been nothing but, for us spectacular in how we've been able to save money, drive efficiencies for our company. And really centralize the process that in the past has been decentralized and not working well at all until we implemented with an e-billing solution.

So hopefully that has helped in due diligence of how American Express has looked to choose the e-billing solution.

Rob Thomas: Yes. Thank you, Lynn. Geneva or James, did you want to add anything in terms of the due diligence of process that you would suggest companies follow in selecting an e-billing system?

Geneva Gilbertson: Actually I would. This is Geneva, and I would like to say what we did is we were sort of proactive. We formed a team in our due diligence efforts. And we contacted almost all of our law firms and much to our delight and surprise, we found that many of them were already signed on.

And so there was, we have roughly 35 law firms that we use. And so this e-billing, again to our surprise, was nothing new to them. It was really only new to a few of our local sort of mom and pop shops here in town. So that was a win for us as well.

Lynn Molfetta: That's true.

James Sheets: Rob, if I could touch on few points, I think that Lynn had mentioned originally. The first had to do with the matter management system, which is one feature of e-billing that you may, or may not decide to pursue. From the one-person legal department perspective, that has been almost as important as the electronic billing. So I'd certainly consider anybody to consider that with an e-billing system that they're interested in.

The second point also had to do with what something that Lynn had said, which is e-billing departments of nearly every law firm that I deal with, they've all been very happy we switched to electronic billing because it actually makes their life easier. In that, all you have to do is the way I handled it is contact the partner that I worked with the most, start with name of the person in the e-billing department of that firm, contacted them directly. And 9 times out of 10, once they realized that we wanted to have electronic invoices, it was just a matter of minutes before they switched to sending us the invoices electronically. So the transition was very, very easy.

So I would certainly, if any of our listeners today are worried that perhaps there maybe some resistance from among the law firms that they use to electronic billing, my experience has shown that they're actually very, very excited that we decided to go that route.

Rob Thomas: Lynn, we had a question coming while you were speaking about which vendor did you pick? What kind of configuration did -- were you able to do with the system? And how long did the implementation take?

Lynn Molfetta: The vendor that we chose was Serengeti Tracker. And when you say configuration, I mean basically Serengeti Tracker met all of our needs. So, with respect to, I just would need some clarification on what kind of configuration? What exactly are you asking?

But as far as the implementation, it took us 3 months. It took us very rapidly because for Serengeti Tracker, we partnered with your firm. And the training was online. It was very intuitive, very easy. And we pretty much put an operational plan in place that actually got each particular location and region on board. And it was so easy to use that it was not a hard thing to sell to anybody.

And we also trained the law firms. And as James had indicated, and also everyone, most firms are already on e-billing. And they are, they welcome. They welcome it when you call and say, "We'd like to just be part of this process with us." And they see immediately that it's improved the overall bill paying process just by joining an e-billing solution with us though.

Configuration, I don't know. Rob, can you help me as far as, because it was off-the-shelf as far as I was concerned. It met all my needs.

Rob Thomas: It may be a question about how you tailored the system to your business groups, your practice groups and your law department types of matters that you handle that sort of thing. Is there flexibility in the system to do that?

Lynn Molfetta: There is extreme flexibility. We have all of our matters in there. There are none -- we have not chosen some to be outside of the system. Everything is put in there. Also, as far as all locations going on and tracking in there, it's pretty much has been extranet and it's housed by Serengeti Tracker.

So it's as easy as just having a computer. So for instance, in American Express, part of the problem of us choosing an e-billing solution was that we had to get through a very rigorous security review. And what I meant by that is that I had to make sure that the firewalls were intact. And that there was an ability to house our data very secure. And that nobody could break through the firewalls.

And we have a pretty, we have a pretty strong group that put us through level. You know, we went through 4 different phases of making sure that this was a secure enough system because we've never really even presented a system that would be an extranet housed outside because American Express traditionally would say no.

But we went through the security phases with our technology folks. And Serengeti Tracker passed with flying colors. And what's great about this is that when our systems are down at American Express, as you could well imagine, they do go down from time to time, you can get onto Serengeti Tracker at home or anywhere else because it's, you can get onto the Internet. Not the Intranet, which is what we're currently working at American Express.

So that's from a business continuation plan, from disaster recovery that has even helped us in that regard. Because we can say that we can get our data at, very easily if there was a disaster that our systems went down. It's been beneficial.

Rob Thomas: Excellent point. Anything anyone else wants to add, just like about due diligence?

Geneva Gilbertson: I would like to mention, just sort to reiterate with Lynn has just said with regard to business continuity plan and disaster preparedness. That has enabled us to -- we've seen a value in that. So our corporate compliance officer is putting all of her contracts on there from a HIPAA perspective compliance position and our IS people are doing the same thing. We were very pleased with those capabilities.

Rob Thomas: Thank you Geneva. I would like to just emphasize a couple of the points, that Lynn talked a bit about. First, we are seeing frequently law departments who are picking e-billing systems finding that they've assumed that the e-billing system can connect them with all their law firms. And what they are finding is a year down the road they are only connected with a fraction of them. So this is something that you definitely want to concentrate on.

The problem with having some of your firms in the system, is that you are still maintaining a separate paper system which involves a lot of inefficiencies and also the reports that James was talking earlier, it's very difficult to tell what's in and what's out. So people have a hard time relying on reports and there is a lot of dissatisfaction with the system.

So, key point -- can the system connect you with all your law firms, small or large, domestic and foreign?

On the law firm's side, what we are hearing from most law firms is that although Electronic Billing was kind of a blip on the radar screen several years ago, maybe 2 or 3 clients were doing it, it's becoming a big issue as more and more law departments are asking the law firms to be involved in Electronic Billing. And those law firms now are starting to push back when the vendors ask for modifications of their time and billing systems, special outputs. They are also pushing back when the vendors are charging them to send bills in electronically.

Some of the law firms that we've heard from recently are paying hundreds of thousands of dollars a year to some of the vendors because of the number of clients that they have on the system. And they are recovering those costs from the clients, who are asking them to use those systems.

So it's becoming a bigger issue for the law firms as Electronic billing becomes more common. And as Lynn suggested you, you definitely you want to talk, not only to the Law Department that are using the systems that you are considering but also the law firms. You want to talk to your primary law firms. Find out what system they are using and what their experience has been, because they probably have as Geneva indicated, valuable experience that you'll want to consider when you are making your decision.

I noticed we got another question about the other systems that the other people on the Panel are using. Let me clarify that all of the Law Departments are on today's Panel have chosen Serengeti Tracker. They have considered other systems, but they are all using Serengeti.

All right. Lets move to Slide 13. The question often comes up -- all right, we got this connection with our law firms now, for Electronic Billing, we're getting data in from the law firms regarding the financial aspects of our relationship. Can we use that same connection to get other types of information that the law firms have in Electronic Form?

And the answer to that is as Lynn indicated is yes, if you have a system which combines not only Electronic billing but the broader umbrella called Matter Management. Matter management being the status information, documents, deadlines, calendars, results, the other stuff that you are trying to keep track of as your legal terms are working together both in-house counsel and outside counsel.

There are some significant advantages that Lynn alluded to, of having everything in one system. First of all, you are only training your lawyers and your outside law firms to learn to use one system. And when they log in, they're using a single system. So everything is in one place, easy for everyone to access.

Second, you just have one vendor. So generally there's efficiencies, lower costs. You don't have to worry about finger pointing between the vendors when things don't work. And implementation time is much quicker.

The data is all in one place and is retrievable. So you can get in the same place, not only your financial information but also status, documents, outcomes all the other things that you typically need to track when you are analyzing what's going on, in your legal work not only internally with your law firms.

One of the things that is an advantage that most people don't know about is by tying Electronic Billing to Matter Management, you can enforce some of your requirements on the Matter Management side. For example in Serengeti, the companies that are using Serengeti have the ability to require budgets periodic status updates, monthly or quarterly, exposure estimates and that sort of thing.

If they require that and specific matter and the law firm has ignored that requirement, the next time the law firm comes in to submit their bill they get a reminder that they need to do what the client has asked for, before that bill will be accepted.

So in a system where you do have the Electronic Billing and Matter management tied together, you can solve one of the common problems with these systems and that is how do you keep things up-to-date? How do you get the law firms to contribute to types of information you need to manage?

And finally if you are getting all of this other information into the same system, your reports will have not only spending information, but all the other information you need. So if James is sitting down with the head of a specific business unit, wants a quick snapshot of all of the legal work that is going on at that business unit, not only spending, not only how they're doing James' budget but also the current status, the next key deadline coming up, the lessons learned, the results in those matters, all of that information can feed reports that include not only spending information, but the other information you need in order to manage your work.

So, one of the things that you want to consider is whether you want just basic e-billing or whether you want a system that includes e-billing and Matter Management. Often, you can get them all together for about the same prices, which you pay just for basic Electronic Billing.

Any comments from any of the other Panel Members on the advantages of having everything in one system?

Lynn Molfetta: I could add a comment that the American Express is looking currently for an enterprise solution for Records Management. And with the Matter Management system tied in to the e-billing and the ability to have all these documents in one place is going to make the Legal Department's process much easier when it's electronically connected to the rest of the systems in the company that would take them to a records retention electronic platform.

So we are pretty excited about that because if we were not using this we would rely on our electronic loaded notes and how to respond to the multiple copies that we would typically get through e-mail to various people where when you have a Matter Management system, who ever has access to the matters, how many lawyers both on the law front side as well as the company side, it's one central place to actually retrieve the most up-to-date documents on that relative matter.

So, we see benefits even outside of just, efficiently managing the matter per se. It's really tying into Sarbanes Oxley, as well as some of the more enterprise wide solutions that they are looking to do going forward.

Rob Thomas: Excellent point. When you are considering a new system like this you need to look down the road and say what other types of things in addition to Electronic Bills we want to track, and what are the systems we want them to integrate with, so that we can have everything work the way we want it work, and don't build ourselves into a dead-end situation. Great point.

Lynn Molfetta: And also the budgeting is a very key also. When you try to manage a very large budget and you have multiple matters and you have various budgets associated with what matter -- the costs could be spiraling, but if you use an electronic Matter Management system that could actually monitor the budgets that you've assigned to each matter. It gives you more disciplined approach on how you are spending your dollars overall.

Rob Thomas: Great point. What we see in the annual ACC survey of 100s of Law Departments is that budgeting is a key way to not only clarify expectations with outside counsel about levels of activity, it's also a good way to monitor how you are doing as you are going along.

Lynn Molfetta: Absolutely. It prompts the discussion, if you send too quickly. It just prompts it. And then the system should automatically reject an invoice if you've exceeded the budget. The firm actually prompts a discussion with the client. So it works both ways.

Rob Thomas: All right, anything else on due diligence process or shall we move on to the Question and Answer Session?

Let's then move to Slide 14. I've received some questions and would encourage people to continue to send questions in, we've got 20 minutes or so to respond to the questions that we are getting. Let's start we have a question about implementation.

What does it take get one of these systems started? How much time does it take, what is the effort involved? I think probably the responses to these will be different depending upon the Law Department. So maybe Geneva, you're the most recent one to have implemented e-billing system. Maybe we can start with you and then have James and Lynn add their perspective as well.

Geneva Gilbertson: OK, Rob. As you said it would probably depend upon the size of the company, the Law Department, any conversions and the availability of staff. Here at Sierra, it probably took a total of 2.5 weeks because I was the only one working to get our fields in our database in alignment with those of Serengeti, prior to the conversion, and that included 6 years accumulation of data being converted.

James Sheets: Rob, I'll speak about the process for the very small legal department. It probably took 2 or 3 weeks. We did not have much data to be converted over and there was only one person who needed to be trained, and that was me. So it was a very, very easy process.

Lynn Molfetta: For American Express as I said, it took us 2 or 3 months so what we did was we were on corporate law pack. And we had created matters over the years, and never closed them. So we had to actually make a cut-off date as to what was going to get converted over, so yet we actually filed the older matters of on to this -- if we ever have to, get back into those matters.



But once we decided when the cut-off date was and how many matters were going to be converted it took us 2 to 3 months because we have as you can well imagine, a lot of law firms, a lot of attorneys -- because all of our attorneys are using it, and a lot of people that needed to get trained. But we felt that the size of the American Express, 2 to 3 months was an aggressive timeframe, but we were able to meet that.

Rob Thomas: We have a series of questions here about how Electronic Billing integrates with the accounting systems of companies. Once you approve the bills, where does that information go and how does it work with your AP system?

Geneva Gilbertson: May I respond to that, this is Geneva.

Rob Thomas: Sure.

Geneva Gilbertson: One of our IS programmers wrote an AP interface to our account payable department, now has the capability to literally lift the data out of the APS track in Serengeti and drop it into Oracle. This has clearly eliminated the need for that particular data entry and those people are very excited.

Rob Thomas: Anyone else want to talk about how they are working with their accounting systems?

Lynn Molfetta: I wish American Express had that end-to-end solution. It doesn't. It is purely electronic but we do do a download and we actually do wire transfers and we work electronically to our accounts payable departments. But our accounts payable department but does not feed through Serengeti, and, you know it's not connected that way. But we do do an intense electronic solution. We are working towards what Geneva just mentioned. But what you can well imagine a company of the size of ours is just a little bit more complicated.

Rob Thomas: There are also questions about the cost of the system and the types of potential savings. Someone would like to speak to whether the costs are dependent on the amount of bills going through the system, or whether it's fixed, whether it is dependent on other things or whether its fixed? And what types of potential savings you companies be looking at when comparing the potential savings with the cost of the system?

Geneva Gilbertson: Well. This is Geneva again. Since we're so new to it, I don't know that we've really realized the savings that is as far as -- my time I'm noticing a huge chunk of change, but as far as the financial -- we are not there yet. We're just 2 new kids on the block yet.

Lynn Molfetta: We have, American express has realized savings. We did eliminate some positions because we were decentralized, and we centralized it to 1.5 positions, who are managing on my team this process.

But more important the savings that we get from the auditing system of the e-billing through the LEADES and just making sure that the firms are submitting based on our retainer agreement on what is approved and what is not, has saved us I would say an several million dollars.

And as far as what it costs us to manage our e-billing solution, it is based on matters. And we, we watch very closely on matter creep in, whether we could close on matters on an annual basis to keep our annual contract in check with what we want to spend. But the benefit absolutely outweigh what we are paying to this system by a 1000%.

James Sheets: The same applies for small legal department. Obviously our savings aren't to the extent of American Express, as much as I would love them to be. But really the savings can be measured both in terms of the simple things that are caught by the Audit System, as well as the increased time that I now have. Instead of having to watch my mail everyday to see how many invoices come in for me to review, I get an e-Mail stating that I need to quickly take a look at an invoice and its flags, which increase has violated the billing policies that we have in effect in that firm.

So it's a little of both. We are still about 10 months into the use of the electronic billing system. So like can't quantify how much we saved in a full calendar year. But as I said before we are on tape to cut our legal spending in half, and some of that certainly could be attributed to the electronic billing system.

Rob Thomas: In terms of the pricing structures, I could speak a little bit to that. Serengeti's pricing is a fixed monthly price based on the amount of work on the system. We do not change that price, based on the amount of the bills coming through the system, or adding seats or adding law firms, it's pretty much fixed for the year unless there's a dramatic change in use of the system.

Other, we do not charge law firms anything to use the system. We found that those charges typically made their way back to the client sometimes their mark up, sometimes indirectly. So law departments in Serengeti so typically do not want to worry about seeing their legal bills go up because of the cost of the system. So we do not charge law firms.

Other vendors you need to explore whether or not their pricing is based on a percentage of the billed amounts coming through, which would fluctuate month to month, the number of people on the system some charge by seat.

So if you add people in the law firms, your pricing would be adjusted accordingly. And also check for additional charges like things like upgrades, maintenance, support Serengeti's price as an all inclusive price, so you don't worry about getting a phone bill each month with a list of additional charges -- you do need to explore that with other vendors to see whether or not there might be other charges down the road.

We have some questions about attorney-client privilege and concern about use of the Internet to convey bills and use of an application service provider like Serengeti that hosts the information. Would anyone like to speak to attorney-client privilege issues, or confidentiality issues with regards to use of systems for Electronic Billing, and matter management?

I can -- let me just jump in because I've had to answer this question a lot, with a variety of companies. We have done some research. It's most probably where the ABA has come out with ethical opinions saying that you can use unencrypted e-mail to send privileged communication as long as there is a reasonable expectation of privacy given the circulation.

The ABA has also said that use of application service providers -- again because there is a reasonable expectation of privacy does not waive the privilege. It's akin to a delivery service, a very sophisticated delivery service. But the contracts that we have typically say that we will not be in looking at things, or do things that would cause or be a problem with attorney-client privilege.

It's akin to getting something say; to Federal Express bringing a privilege document in a Federal Express envelope. Fed Express does have the right to say if they sense there is a problem with the package, to open it up. But generally, there's an expectation of privacy. So the privilege is not waived by giving privileged information to Federal Express to deliver. Similarly with Serengeti and other similar services putting information in a system that is fundamentally private, does not generally waive the privilege and is generally not an issue.

We haven't gotten those questions much lately. But I think there is still some concern out there and we do have legal authorities if people want to see them.

Geneva Gilbertson: This is Geneva, I would like to make a statement. I'm not an attorney so obviously I defer that part to you attorneys, although I would like to say what I do also really like about Serengeti is that the initial connection made with our law firms is with our lawyers we use, that we retain, and that maintains the attorney client privilege -- I do like that.

Rob Thomas: I have some questions about LEADES and what percentage of your firms are able to produce LEADES bills. Is that different depending on the size of the law firms, is it different depending whether in the U.S. or foreign, how do you handle firms that can't generate LEADES bills? Any one like to address those types of questions?

Geneva Gilbertson: Well, I'll be happy to speak up. This is Geneva again. As I stated most of our law firms were already signed down with e-billing in the beginning before we even finalized our decision. And ironically most of our law firms do have that LEADES billing system in their billing. So it's not been an issue. Its primarily then just the small local mom and pop law firms that have not had it. And only one law firm has had any problem and we came to find out that she had a corruption in her billing system, so she's had to replace that and everything is fine.

Rob Thomas: Lynn, do you know what your experience has been in terms of getting LEADES bills from domestically versus say, a foreign law firm?

Lynn Molfetta: Yes you know I should have gotten those percentages before I got on this call but I do know that most all U.S. firms send through LEADES, because we use most of the larger firms and all of them are compliant with that. And the ones that aren't, its not a problem, because they still will send us the bills, through -- and again I'm probably not saying this accurately, because my administrator would probably articulate this clearer but they send it electronically despite not sending it through LEADES -- and its been working fine. But I don't know Rob, did you explain the other process that are that some firms send non LEADES, how it gets sent?

Rob Thomas: Absolutely.

Lynn Molfetta: Just give the solution.

Rob Thomas: Yes this is important for companies that are dealing with smaller law firms that may not produce LEADES or companies that have foreign law firms. Serengeti does have a non-LEADES option, most companies that are using Serengeti require leads from all their primary firms in the U.S. But there is a non-LEADES option we are finding that about two-thirds of the U.S. law firms can produce leads.

For the other third and those foreign law firms that don't have U.S. time and billing systems, we have a non-LEADES option. And what that consists of -- with LEADES bills they can submit 100s of bills with a single click and a dash (ph). With non-LEADES bills they need to submit them individually, they fill in a little cover sheet that provides the fees, expenses, the timeframe covered by the bill -- basic information that the company needs in order to have its reporting without having to reenter data.

And then they attach an electronic copy to that bill, the most common formats we see are Word documents and Adobe Acrobat documents. But it could be a spreadsheet whatever, the law firm can generate. That way the law department can process that bill electronically. That data is in its reporting, they can review the bill online, and it provides a way to have all of the law firms, small, large, domestic and foreign in a single system.

So I think it is important again if you'd ask if the vendor has a non-LEADES option, what that involves and how much of work that involves on the law firm side.

We had some questions about Sarbanes Oxley and whether Sarbanes Oxley requirements are driving interest in these types of systems. Anyone want to speak to Sarbanes Oxley and whether or not Electronic Billing is helping you provide better reporting as required by Sarbanes?

Lynn Molfetta: Really not an expert in that area. I just help from the records retention standpoint and I know that we've got the audit department to come in and viewed the way our processes are working online. And so far so good that it meets the standards, which I think is in relationship to responding to the Sarbanes Oxley rules. But I can't speak in great detail about that.

Rob Thomas: I know, as a vendor we are finding that more and more companies are asking specific questions about Sarbanes Oxley. It is looking at the processes involved, and setting up matters in processing bills, and feeding reports and making sure that those processes are secure and verifiable. So I think Sarbanes Oxley has had an effect on companies that are looking for better ways to have a verifiable process in terms of electronic billing.

Lynn Molfetta: I know that they look closely at our approval routing to make sure from a -- who has authority to approve on how much money or whether the system works in a sequential matter that way and its working seamlessly and it is -- so any auditing that's being done has been fine. So I assume that's part of Sarbanes.

Geneva Gilbertson: You know I would like to add to that as well, Lynn because our internal audit people were very pleased as well with Serengeti.

Lynn Molfetta: Yes

Rob Thomas: We've had some questions about how foreign bills are handled -- foreign currency conversions, value added tax, that sort of things. Lynn, probably you're --American express has some of that ...

Lynn Molfetta: We do. We have a lot of that, and I -- I just feel I should have a (ph) a partner on this call.

I do know that the system itself handles that, and it does the conversion and it's a seamless process. I wish I could speak as an expert on that, but I do know all of our firms are on board except for these remote firms, that we're actually working hard this year to get them on board and we're all over the world. But most of our large firms, I would say, all of our large firms, all over the world, except for the pockets in the Far East region, are submitting and it's kind of, a conversion process that works through LEADES, that enables us to get in U.S. dollars and the VAT is kind of, worked out in the system as well, and it seems to work. I think Rob, you can probably speak better than what I just said.

Rob Thomas: Well, no, I think you said it very well. And the only thing I would add is that, the reason Value Added Tax is generally important, is because it's often reimbursed. So, if you do have foreign legal work, it's important to find a system that does tracks that separately because typically you may want that out of your reports at the end of the day because you generally get that money back.

Lynn Molfetta: It does do that conversion for you and then separate this other.

Rob Thomas: And the other thing on foreign currency conversions. If you have foreign legal offices, you want to make sure that each user can pick their own foreign currency to view their bills, their reports, and so on, and have the home office pick their own currency that may be different.

So, you need to drill down on how the foreign currency conversions work and whether it can be individualized, depending on where the office is, and what currency they're most familiar with.

Had a question here, and its being question about the law firms. And it says that law firms are currently using another e-billing system and the law department wants to use Serengeti. There's a lot of -- does the law firm have to give up the other systems that it's using in order to get on Serengeti or any other system? Anyone like to address that? In other words, is it possible for law firms to work in multiple e-billing systems?

Lynn Molfetta: Yes. Yes, it is, yes. We currently are and yes.

Rob Thomas: Yes, in fact, it's become a headache for them, I mean, working in so many different systems that they're finding it difficult, I think, to manage all the ones that they're in. So, it's important again, to make sure that you look for a system that the law firm is comfortable working in.

We're getting at the end of our hour, I think; we're a little bit past it. I've received some other questions, but what I will try to do is, respond to these by e-mail, so that we can respond to everyone's questions that were asked.

Let's move to slide 15. Just to conclude the discussion. If you want to mention that there were several background articles on the ACC website notice of this meeting, and those articles might be something that you'd want to look at. There's one about electronic billing from the law firm perspective, to give you a sense of what's important to the law firms in this process.

There's another article about lessons learned by law departments, as they become used to using these web-based systems, and finally, there's an article about the latest findings from the Associates and Corporate Counsel of Serengeti's survey report about some of the latest things that law departments are doing to get better control of their legal spending and manage their work with outside counsel.

There are some additional sources of information out there about electronic billing that you might want to explore. ACCA I'm sorry, the ACC, I'm getting used to the new name, has an excellent list of, particularly for smaller law departments, that occasionally has discussions about technology.

If you remember at the ACC, you might want to enroll in that list serve and post questions to the other members of list serve about Electronic Billing and Matter Management.

If you're a member of the general counsel round table, they have reports assessing the Electronic Billing and Matter Management systems that are available for law departments; it's another excellent resource if you remember that organization.

And finally, you may want to check out the websites of the various vendors out there you can do a Google search for say Electronic Billing for legal or Matter Management for legal. Look at the sites that come up and I would encourage you to actually get on the live systems. Each of the law departments that's been on the call today, got on the live systems before they made a decision.

Don't just look at a demo that somebody else is running but see how the system works with your Internet connection, with the things that you -- are most important to you, so that you can play with the system a bit before you use it. It's important that the system be something that you are comfortable with. So I would encourage everyone, before they pick a system to actually get on the live system, that you are considering.

I would also encourage you, if you specifically want to take a look at the Serengeti system, which we've discussed today, keep in touch with me, I'll be glad to give you a tour of Serengeti or provide additional information about our system.

And we'd like particularly to thank today's panelists for taking their time to share their experiences regarding Electronic Billing. And thank again the Association Corporate Council for hosting today's panel session.

Thank you and everyone have a good day. We appreciate your attending.

James Sheets: Thank you, Rob.

Lynn Molfetta: Pleasure.

Geneva Gilbertson: Bye-bye.

Rob Thomas: Bye-bye.

Geneva Gilbertson: Bye-bye.

