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E-Billing: A Critical Component For Effectively Managing Global Legal Operations

The Editor interviews David Cambria, Director of Operations, Law Department, Aon Corporation.

Editor: Please tell us what Aon does and the origin of its name.

Cambria: Aon was named after the Gaelic word for "oneness." We bring together leading professionals working across multiple disciplines to provide risk management service, insurance, reinsurance brokerage, human capital, and management consulting.

We have approximately 500 offices in 120 different countries. The law department is made up of approximately 250 professionals working from 17 countries.

Editor: How is Aon's legal department structured?

Cambria: There is a central reporting line up to Cam Findlay, our Executive Vice President and General Counsel, who manages the legal department out of our headquarters in Chicago. In addition to our headquarters in Chicago, we have three additional regional offices that oversee our international operations and report directly to Cam. They include our London office which handles the work in the UK region, our Rotterdam, Netherlands office which works on our European and Middle Eastern matters and our APAC office, which oversees our legal matters in Australia, Singapore, and Hong Kong.

Editor: What challenges does Aon face as a result of managing its legal department on a global scale?

Cambria: Much of Aon's growth and geographic reach has come through acquisition. Many of these acquisitions had very mature operations. They had become very accus-

tomed to doing things a certain way and because of that, had institutionalized different process and technologies to advance their operations. On top of that we have the added challenge that multiple languages and multiple time zones present.

Cam determined very early on that many efficiencies were to be had through implementation of uniform process for data collection, standardization of our operations and better visibility into the individual global offices. Furthermore all the things that make Aon an exciting and dynamic company to be a part of (different customs and cultures combined with a diverse workforce) also mean that there are a lot of factors to consider in every decision. For example, how does the implementation of a new process or policy mesh with local laws, customs and work styles? Tactically a global rollout of any new initiative means paying particular attention to the logistics involved in operating globally. Requirement gathering, system design and training all take on added complexity when you throw multiple languages and expansive geographic reach into the mix.

Finally, we all know that no change is easy, especially one with a global reach. Commitment and leadership at the highest levels of the organization is a necessity to facilitate a change of this magnitude. Luckily for us, through Cam's vision and leadership we were able to build support and excitement for our global initiative throughout the entire executive suite.

Editor: How does an electronic invoicing and legal spend management solution allow Aon to achieve those objectives?

Cambria: We have various accounts payable systems, collecting data in many currencies, which complicated our ability to operate with a centralized program. We

were also dealing with various types of invoices ranging from very detailed invoices to those with little information. By incorporating an e-billing system into our operations we have been able to enter invoices into a centralized location in a consistent manner. That has greatly improved our data collection process and allowed us to make better decisions with respect to managing the legal department – thanks in large part to the richness and granularity of the data.

Editor: What were your main criteria in selecting an electronic invoicing and legal spend management vendor?

Cambria: When looking for a vendor, we knew that we would need to partner with someone who could negotiate through some complex problems. Aon has grown through considerable acquisitions of companies that had their own IT systems and methods for managing their invoices. We needed someone who could work with us and help us integrate those systems into one common platform for the entire company.

Given our international presence, we also needed a system that could operate with multiple currency types and respond to the compliance needs of our different offices. For example, a rule limiting the price for copies to 10 cents per page makes sense in the U.S. but that would not translate well in our UK or Rotterdam offices. Also, the program had to take into account the different tax requirements at the national, state or provincial level within the countries where we operate. Other compliance issues we had to consider include the data privacy issues in Europe, and local rules concerning the adjustment of final invoices. Since DataCert has worked with other clients with global operations, they understood these intricacies and could help

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provide a solution that would allow us to comply with those requirements while working with the invoices in a manner we were accustomed to.

Editor: Why was it important to integrate your legal spend management solution with matter management and accounts payable systems?

Cambria: We were very interested in having a system that provided a consistent perspective of our yearly legal expenses on a real time basis. When dealing with multiple time zones, locations, and languages, it does not make sense to have a manual system for data collection. We knew that we would be better off with a system that automated the process so we could focus more on the data as it entered the centralized location.

With this in place, I am able to pull up our legal expenses at any time across the country. Additionally, it allows us to estimate what is probable with respect to our contingent liabilities. Tying our e-billing, matter management and accounts payable system into our e-billing system provides richness and granularity to those numbers.

Editor: What improvements have been made to the business processes as a result of implementing DataCert's Advanced Invoice Management System (AIMS)?

Cambria: If you think about e-billing as a multi-tiered solution to improving spend management, then you need to look at the entire operation from workflow through reporting. As for work flow, it has allowed us to automate that process. It moves the data throughout the organization in a more streamlined and simple fashion. AIMS allows me to set approval chains, work flow rules and all sorts of processes that make everything more efficient. We are then able to gather more detailed information for billing analysis and make more informed decisions on what a particular matter should cost and whether it makes sense to settle sooner rather than later. Lastly, insights into outside counsel spend and matter trends allow us to more actively manage our relationships with outside counsel.

Editor: What AIMS features have proved to be the most beneficial for Aon's legal department business process?

Cambria: The ability to handle multiple currencies and to apply location-specific rules to our invoices has been most valuable. The system's automated adjustments reduce the time we spend reviewing

invoices, which is another added value. If you consider the number of law firm invoices we receive on a worldwide basis, they all use their own formats and contain different information. The ability to convert them into a consistent format has also proven invaluable. It offers certainty that our invoices contain higher levels of information and detail.

Editor: Aon's e-invoicing and legal spend management solution is set up in a unique manner. Please explain how Aon uses a hosted solution, yet still retains its data behind the corporate firewall. What security advantages does this give Aon?

Cambria: We use a hosted provider for our AIMS system and maintain the majority of our data inside our firewall for added protection. Our invoices are sent in an encrypted format which we are able to decode once they pass through our firewall. Aon personnel can then access the information from any of our locations.

Our IT security group examined the entire system before we implemented it. Once they understood how the system worked with respect to our internal IT infrastructure, they were satisfied with the solution's security, safety and risk mitigating components. The security advantages of this type of architecture are consistent, allowing monitoring combined with ease of access for our global user base.

Editor: Is Aon able to report on its legal spend? If so, what reports have been the most valuable for operation savings?

Cambria: We have not been using the system long enough to be able to benchmark our specific results. However, during my career as a consultant I have seen how valuable the reports generated through an e-billing system can be. For example, by understanding in which phases of litigation you are spending the most money, you can then reevaluate your strategic planning around early case assessment in order to save money. The reports also allow you to track how many hours are being billed on each matter across all of our offices (a feat near impossible with manual review). By tracking how many matters a law firm is handling, we are better able to manage the work being done so that more routine projects are handled by associates rather than partners. It allows you to be more proactive with outside counsel.

Editor: What is Aon's anticipated percentage of savings per year since you

have implemented your legal spend management solution?

Cambria: We expect to save between three and seven percent and expect that savings to grow over time as we have more of our legal expenses pass through the system. By having fewer people reviewing the invoices, fewer man hours spent locating lost invoices, and less money spent on copies and postage we will also see more soft cost savings. Taken together these savings will grow exponentially over time.

Editor: So far, has the AIMS system met your expectations?

Cambria: It has. During the sales process, I appreciated the management of expectations on both sides. We were then able to evaluate the product and develop a road map to fit its features and functions into our spend management planning. We have been able to develop a partnership with DataCert where we can both work together to develop solutions to our problems.

Editor: What advice would you give to companies interested in e-invoicing and legal spend management solutions?

Cambria: For those considering implementing an e-billing solution, the return on investment is absolutely there because of the real savings that you will realize in both hard and soft costs. Go for it! E-billing implementations are straightforward but not necessarily simple. In order to maximize the benefits of e-billing you have to start with a strong and consistent process in place for managing invoices, and outside counsel.

If a legal department does not have the subject matter expertise in-house to implement this program, go out and get an outside consultant. We used Huron Consulting Group, and their experience and expertise proved invaluable as we worked through the various aspects of the implementation. It was an investment well worth it. Remember everyday you are not live with e-billing is a day you are not realizing savings. Once e-billing comes into place and is linked to various systems such as matter management and A/P, there will be a whole new group of people in the organization who will be interested in the information the system can provide. For instance, the law department will be able to manage costs, internal auditors can test internal controls, and accountants will have integrity built into the reporting system. Finally in-house clients suddenly realize that they now have insight into past and future spending trends and will be able to manage them before they happen.