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## Marsh And McLennan's Global Legal Department Connects The E-Billing Dots To Ensure Effective Spend Management

*The Editor interviews Brian Kenny, Manager of Planning and Analysis, Marsh and McLennan.*

**Editor:** Please tell us about Marsh and McLennan.

**Kenny:** MMC (Marsh and McLennan Companies) is a global advice and solutions firm with annual revenues of approximately \$12 billion. Through its market leading brands (Marsh, Guy Carpenter, Kroll, Mercer Human Resource Consulting, Mercer Specialty Consulting and Putnam Investments), 55,000 employees in more than 100 countries help clients identify, plan for and respond to critical business issues and risks.

**Editor:** Tell us about the organization of the company's legal department.

**Kenny:** Each of our operating companies is supported globally by a general counsel and a defined legal group which focuses on that particular company's needs. These groups report to the General Counsel of MMC, Peter Beshar, who has overall functional responsibility for all legal services provided to the organization. We have approximately 140 lawyers worldwide. Over the last two years, our

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*Brian Kenny is responsible for the administration of Marsh and McLennan Companies global legal department and providing financial expertise. In his 17 years with the company, he has worked in audit, corporate treasury, executive compensation and legal.*

General Counsel has emphasized a global view of the department and we made sure that all attorneys report into the general counsel of their respective operating companies regardless of location.

**Editor:** What objectives did you have in mind when originally researching e-invoicing and spend management systems?

**Kenny:** Although we have always looked for ways to enhance administrative efficiency, the New York Attorney General's complaint and its aftermath lent particular urgency to increasing controls over external spend – we wanted to be sure that our billing requirements were being adhered to by outside counsel. We needed an e-billing system that would enable our attorneys to more effectively and efficiently review invoices. We felt that this would also improve our relationships with outside counsel in the long run by enabling us to pay invoices more promptly.

**Editor:** Did you have the opportunity to consult peers at other corporations about e-invoicing?

**Kenny:** Yes. We obtained vendor information from a number of sources. We started with the General Counsel Roundtable which provided us with a thorough briefing on implementing an e-billing solution. We then identified a handful of prominent e-billing vendors and asked that they visit us to present their solutions. Finally, our general counsel talked to general counsels from a number of

other corporations and got their opinions and insights on e-billing.

**Editor:** Were there any themes in the advice given to your general counsel? Who did you select?

**Kenny:** Engaging in due diligence and the need to select a vendor we were comfortable with and who could meet our expectations were the main themes. Ultimately, we selected DataCert, which has a strong reputation in the industry. In addition, approximately 80 percent of the law firms with whom we do business were already submitting e-bills to other clients using DataCert. DataCert was familiar with our legal matter management system STARS and had previously completed an implementation for another client who uses STARS. DataCert's AIMS e-billing system integrates with STARS and this is a critical aspect of our e-billing process. There are currently three integration points ... matter and vendor information is uploaded from STARS to AIMS and approved invoice data is downloaded from AIMS to STARS. STARS was developed by one of our subsidiaries, Marsh Inc. Litigation and corporate attorneys use the system to manage their legal dockets. It enables us to track and analyze fees and costs on a number of levels ... matter, vendor, business unit, etc.

**Editor:** What are your security prerequisites and how did the solution you selected satisfy them?

**Kenny:** We wanted best practices to ensure that our data is protected from cor-

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ruption and that it is suitably controlled. We wanted full accountability in all stages in the process. We also wanted to ensure that access to our data was limited to a purely need to know basis. AIMS satisfied all these criteria.

**Editor: How long did it take to implement the system?**

**Kenny:** The implementation process took approximately four months. We defined our expectations and examined our internal processes in order to create a vision of how we believed e-billing should be implemented. The DataCert implementation team then reviewed our requirements and shared with us best practices and lessons learned from other clients. Using that feedback we adjusted our approach. We created a project plan and set about implementing the system. We went live February 1, 2006. We now have just over one year of experience with the system.

**Editor: How did the law firms react?**

**Kenny:** The feedback has been generally positive. We realized that, in the short term, the implementation of any e-billing system places an administrative burden on law firms but we believe that in the long run it will improve our relationships. Submission of electronic invoices facilitates prompt payment, provided the invoices meet our submission guidelines. The system also improves our ability to respond to law firm inquiries regarding the status of invoices. With approximately 70 firms and vendors on board, the majority of our bills are received electronically enabling us to manage the workload better. We worked very closely with the firms during the implementation and they have been accommodating and patient. One of the more time consuming aspects of the law firm implementation was the legal matter reconciliation process. We had to reconcile our matter names and numbers with the firms' corresponding names and numbers.

**Editor: What feedback did you get from members of the law department and corporate personnel?**

**Kenny:** The implementation of electronic invoicing was a significant success factor for our legal department in 2006. It demonstrated to senior management that

we are capable of improving our processes through technology and aided our efforts to contribute to the corporate cost reduction initiatives. Because the system provides a standardized format for all invoices, we are able to focus on the most important portion of the invoice – the fee lines and the description of the services rendered.

**Editor: What about training?**

**Kenny:** The training was excellent. A representative from DataCert came to New York from Houston and spent three days with us. We scheduled training sessions for all of our attorneys and some members of the administrative staff. We limited the training sessions to eight to ten people per session. The smaller groups increased the interaction with the representative from DataCert. It was a solid introduction to the system and enabled me to provide any needed one-on-one training after the system was launched.

**Editor: How useful did you find the legal spend management reporting?**

**Kenny:** Thus far we have found the reporting tools useful with respect to analyzing spend for individual legal matters or vendors. It also enables us to identify and focus on specific tasks or specific expense areas that we are concerned with – such as online research and photocopying. The system also allows us to track and report on legal fee discounts. This allows our general counsel to more easily demonstrate to senior management that we are working with outside counsel to reduce legal fees. The features that allow attorneys to adjust invoices are excellent, as well. We have found that the attorneys are more inclined to adjust invoices within AIMS as opposed to paper invoices. It allows them to input the adjustment and communicate with the law firm regarding the adjustment in one step. We expect that we will become more sophisticated with reporting and data mining as we increase the amount of payment history in the database – let's say two years worth of invoice data.

**Editor: What about return on investment?**

**Kenny:** The improvement in the administration of invoices, the ability to track

our fee discounts and the ability to adjust invoices represents a significant return on investment. As we look forward, we anticipate developing more sophisticated billing guidelines and fine tuning our review of invoices. E-billing provides our general counsel with an effective tool not only to reduce legal fees, but also to show senior management exactly how those reductions were achieved.

**Editor: What part of the implementation process would you have done differently?**

**Kenny:** We went live on February 1, 2006. If I had to do it again, I would have preferred a mid-year go live date. We did not have the luxury of waiting until mid-year though. Nevertheless, the implementation was a success and we have a full year of data and experience to work with.

**Editor: Do you have advice for law departments considering e-invoicing?**

**Kenny:** They should keep the implementation as simple as possible. If you try to do too much too soon you run the risk of grinding the accounts payable process to a halt and damaging relationships with outside counsel. You should give colleagues and outside counsel time to adjust to the system before adding advanced billing requirements and approval guidelines. Also, a corporate legal department should choose an e-billing vendor with a flexible system. No matter how much you plan, issues will arise during implementation. The vendor's system should be nimble enough to allow you to work around issues that arise whether technical or otherwise. Also, the system should be accessible through any Internet browser. Our attorneys working outside of the office can access AIMS through the Internet and review invoices remotely.

**Editor: How often do you update the system?**

**Kenny:** We recently updated the system. We converted to the latest version of AIMS 3.8 in February. The conversion went smoothly. There was no unscheduled downtime.