

COVID-19 Law Firm Discount Recommendations

LexisNexis® CounselLink® is hearing from some customers that they are under immediate pressure to reduce fees paid to vendors in order to cut costs on behalf of their organizations.

There are several ways CounselLink can support this objective. But first, consider the following to help you make the best decision for your situation:

1. Is a reduction in rates a temporary measure during the peak of this crisis, or will your expectation of law firms be that they will reset the baseline going forward for future rate negotiations?
2. Are you going to reduce rates for all law firms, all invoices going forward, or will there be exceptions in certain circumstances? What are those circumstances?
3. Two-thirds of CounselLink clients have 10 firms or fewer accounting for 80% of their outside counsel spend. Focusing first on the firms handling the highest volumes of work will garner the greatest savings.
4. Good communication with law firms is essential to successfully saving money during this time while still preserving relationships.

To make it easier for you to see the pros and cons, our team created a table of recommended options. Please refer to the following pages.

Table of Recommended Options

OPTION	PROCESS TO FOLLOW	PROS	CONS
1. New Fee Offers	<ul style="list-style-type: none"> • Set expectations of rate reductions for each firm and communicate them. Request that they submit new fee offers. • Unless you plan to set the same expectation for each firm, we recommend analyzing current firm rates and historical increases, utilizing these standard CounselLink reports: <ul style="list-style-type: none"> ◦ Dashboards/Law Firm Analysis (second tab) ◦ Law Firm Reports/Top X Firms Average Hourly Rate ◦ Fees & Rate Reports/Timekeeper Rate History ◦ Or contact Account Manager or Customer Support for additional report/analysis recommendations. • Follow regular process for fee offer submission/ approval. 	<ul style="list-style-type: none"> • Puts burden on the law firm and makes them “owner” of new rates. • Rate rule will enforce new rates. 	<ul style="list-style-type: none"> • Need resources for analysis to determine which fee offers to update and to arrive at “fair” rate changes for firms. • Could take some time to get rates submitted/negotiated/ approved. • If discounted rates are intended to be temporary, when ready to increase rates, firms must resubmit rates again. • High level of effort for both firms and legal departments. • Existing matters would need to be stamped with the new fee offers. • Not straightforward to track/ calculate the savings from the change in rates.
2. Discretionary Adjustments	<ul style="list-style-type: none"> • Designate an invoice reviewer to apply a percentage discount to the entire invoice (could change an existing workflow step for this purpose). 	<ul style="list-style-type: none"> • Customer can deduct any percentage or dollar amount when reviewing the invoice. • Nothing required of law firms. 	<ul style="list-style-type: none"> • Customer can deduct any percentage or dollar amount when reviewing the invoice. • Nothing required of law firms.
3. Prompt Pay Feature	<ul style="list-style-type: none"> • For each vendor, access prompt pay feature from the appropriate fee offer(s). • Enter any number of days for value of “accounts payable processing time.” • For “discount applies to” select Fees. • Name the discount meaningfully (e.g., COVID-19) and enter a percentage and a high number of days to allow payment. • Discount will be applied to each invoice at time of approval. 	<ul style="list-style-type: none"> • Corporate customers can update this discount on fee offers. Nothing is required from law firms. • Once added, discount will be applied to any new invoice received. • Discount can be removed from fee offer at any point in time. • Can track prompt pay discounts via reporting. • Invoice approvers have discretion to remove a prompt pay discount if appropriate. 	<ul style="list-style-type: none"> • Moderately high level of effort for customer to update all relevant fee offers. • Discounts will be permanently classified as being prompt pay related, though they were not in fact a prompt pay discount. • Requires offline communication with law firms so they understand what “prompt pay discount” on their invoices means during this time. • An invoice approver can remove a prompt pay discount, resulting in lost savings.

OPTION	PROCESS TO FOLLOW	PROS	CONS
<p>4. Discretionary Adjustment % (all law firms)</p>	<ul style="list-style-type: none"> • Determine the discount percentage to apply to all law firm fees during this time. • Ask your account manager to get configuration updated to enable this option. • Select a discount percentage for fees on all invoices (note there is an option to set a dollar cap to the discount amount on an invoice but this can be set to \$0). • Discount is applied by CounselLink at time of invoice approval to the fee portion of an invoice and shows up as a separate discount labeled "Discretionary Client Adjustment." 	<ul style="list-style-type: none"> • Easy to implement or turn off. No effort from either party required. • Applies to all law firms and invoices submitted but not yet approved; maximizes savings quickly. 	<ul style="list-style-type: none"> • No discretion to remove the discount/adjustment. • Discount is applied to the net fee amount after charge-level adjustments are taken but before invoice-level adjustments are taken (e.g., prompt pay or other agreed-upon discounts), which could result in a greater discount being taken than intended.
<p>5. FastTrack Feature</p>	<ul style="list-style-type: none"> • Work with Account Management to understand what's required to activate service. • Communicate to law firms that they will be required to select FastTrack on all invoices during this time, resulting in a percentage discount on invoices in exchange for faster payment. 	<ul style="list-style-type: none"> • No process change required on part of corporate customers. • Law firms get paid immediately upon approval (by third party) and corporate customer gets 60- to 120-day terms. 	<ul style="list-style-type: none"> • Law firm must select FastTrack for each invoice. • Requires minor modification to invoice integrations. • Requires the invoice reviewer to reject or otherwise take action on invoices not submitted under FastTrack.

Contact your Account Manager or Customer Support if you need additional guidance or help.