

CONSILIO BRINGS TOGETHER ANALYTICS AND HUMAN REVIEW IN IN-HOUSE COST-CONTAINMENT SERVICE

The “External Spend Optimization” tool promises to provide actionable data to control spending on outside counsel.

BY GABRIELLE ORUM HERNÁNDEZ

In-house legal departments are increasingly recognized as the primary drivers of legal technology adoption, but, like law firms, they are often hampered by budgetary constraints. And outside counsel spend can make up a sizable portion of these budgets—upward of 45 percent, according to consulting group Consilio.

Consilio’s newly-launched External Spend Optimization (ESO) service takes aim at legal departments’ outside spending. Consilio managing director Robin Snasdell spoke to LegaltechNews about the new service and its use of analytics tools:

Who it serves: Consilio launched the service as a means to help in-house departments respond to companywide initiatives to curb or scale back spending on outside counsel. “A lot of our clients are faced with similar challenges of reducing spend, reducing overall cost. A lot of them have corporate



mandates they have to operate their legal service departments within a certain amount, or reduced a certain amount,” Snasdell said.

Consilio’s most recent Law Department Benchmarking Survey found that in-house departments are struggling to contain external spend budgets. HBR Consulting’s recent survey of in-house legal departments told a slightly different story, finding

that outside counsel spending is down 2 percent overall since last year, with more in-house departments now opting for alternative fee arrangements.

How it works: Consilio managing director Robin Snasdell explained that the service is designed to bring together both technology and consultant advising to help law departments find ways to cut costs on outside spending. “It’s a service

that includes a methodology and a technology to reduce legal spend,” he explained.

Consilio consultants begin the ESO process by meeting with in-house executive teams and key clients to get a sense of the key concerns and challenges. They then pair these conversations with a comprehensive data analysis of in-house spending to come up with a set of recommendations.

Snasdell said that in-house teams undergoing the ESO process can “expect to achieve 10 to 15 percent savings” as a minimum baseline.

The technology driving ESO: ESO service’s technology side hinges in large part on Consilio’s proprietary data analytics platform, Sky Analytics. Snasdell explained that ESO consultants working with in-house teams to reduce spend feed the past two years’ worth of the legal department’s spending data into the Sky Analytics platform to identify potential cuts.

“Sky visually is very informative,” Snasdell noted. “There are dashboards, there are compari-

sons, there’s all sorts of stuff in there.

Although Sky Analytics is Consilio’s primary data tool, Snasdell said that consultants can also work with other matter management and e-billing tools that legal departments already employ in-house.

Deconstructing analytics: In-house departments are increasingly investing in new technology, with technology-based spending up 2 percent from last year, but big data can be, as Snasdell pointed out, “overwhelming.” While bringing in big data can help in-house departments identify potential improvements, sifting through the data often requires significant training and expertise.

Snasdell said that ESO is part of a greater effort to help make analytics accessible and actionable to in-house departments. “We are helping translate from what the data is telling the client into how to actually make improvements,” he said.

What it’s trying to do: Snasdell said that part of why the ESO service leans heavily on

actual consultants is the need to really understand the opportunities revealed by data and pair them with in-house teams’ other needs.

“We realize that it’s not just a technology solution that is going to provide the silver bullet. It is a combination of the technology plus the people, process, strategy, relationships, objectives that need to be achieved, all of that,” he said.

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