

Increasing Efficiencies In-House and Out Through Electronic Billing and Matter Management



ABOUT UNITED TECHNOLOGIES CORPORATION:

United Technologies Corporation (UTC) is a \$40 billion corporation providing high technology products to the aerospace and building systems industries. It employs more than 200,000 people and operates in more than 180 countries. UTC's business units include Carrier, Chubb, Hamilton Sundstrand, Otis, Pratt & Whitney, the UT Research Center, Sikorsky and UTC Power. A Fortune 100 company, UTC has nearly 200 lawyers in 35 locations around the world.



Kimberly Townsan,
Manager,
Legal Services

UTC's Legal Department has an established management career program that has as a key requirement the rotation of attorneys throughout UTC's business units to gain valuable experience across business lines. Though a beneficial program, the relocation of attorneys had adversely impacted the timely resolution of UTC's outside counsel invoices. Even though matters were immediately re-assigned for relocated attorneys, invoices still experienced delays as the paper invoices made their way to the newly assigned professional. In addition to the challenges of changing ownership and location of attorneys, the sheer volume of invoices resulted in a monthly process that was arduous and resource-intensive. Attorneys were spending far too many hours reviewing a large

volume of outside counsel invoices. The entire invoice cycle posed a challenge to UTC, which sought a more efficient method for reviewing and paying law firm invoices. As an added requirement, UTC also wanted to focus on harvesting management information from law firm invoices.

After a process review was conducted on existing invoice procedures, the legal department committed itself to implementing an e-billing solution. UTC launched an initiative to identify what electronic invoicing tools were available. The company hoped that an e-billing system would not only streamline its invoice review and payment process, but would also enable the company to gather and sort invoice data which could be used to identify trends, assist with analysis and provide valuable metrics.

Several Goals

UTC wanted to achieve several goals through e-billing, including:

- Streamline the invoice review and payment process

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- Create a data warehouse to store billing information from its firms
- Establish audit capabilities to measure gender, diversity, class years and hourly rates of its outside counsel

UTC initially attempted to implement e-invoicing using a module provided within its existing matter management system; it then determined that outsourcing the process would be more practical. A task team was created charged with reviewing the various e-billing vendors on the market. After narrowing the list to three and interviewing each vendor, CT TyMetrix was chosen. In addition to advanced reporting and audit procedures, the legal staff at UTC liked the application's ease of use and believed it would be easier to train its employees on the CT TyMetrix system than on any of the other systems they had seen.

"The CT TyMetrix vision of putting aggregated data and meaningful metrics at their clients' fingertips was exactly what we were looking for to support our strategic initiatives," said Kimberly Townsan, Manager, Legal Services for United Technologies.

The CT TyMetrix application was implemented in a phased rollout throughout 2002 and 2003. The process included building, testing and releasing the application; training UTC employees on the new system; and managing the registration process for 75 of UTC's U.S.-based firms to ensure they

were able to submit e-invoices on behalf of UTC. More than 200 employees were trained within a single month.

Streamlined Invoice Review and Payment Processing

UTC achieved its goals by implementing the CT TyMetrix system. The organization streamlined its invoice review and payment process by accepting invoices electronically via a single entry point. This eliminated the need to manually re-route invoices when work was re-assigned to a different attorney, especially in cases where attorneys were relocated to other UTC business units. Now UTC updates the responsible attorney on the matter in the CT TyMetrix system and invoices are automatically electronically routed to the

to establish business rules compliance to our engagement guidelines," continued Townsan. "It was important for invoices to be flagged or rejected if they didn't meet certain criteria."

As law firms submit invoices to UTC electronically, the CT TyMetrix system automatically authenticates the invoice files. The CT TyMetrix system then performs a series of checks that includes validating computations on the invoice, screening for duplicates, and verifying that required content is present. The system also automatically screens the invoice against UTC predetermined outside counsel guidelines. If any charge is not within UTC's guidelines or if a timekeeper rate exceeds the maximum allowable rate for that timekeeper, the system will either automatically reject the invoice or

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appropriate in-house lawyer and administrative staff to review and approve. UTC's law firms no longer experience invoice payment delays that were attributed to timing differences between internally re-assigning a matter and the law firm changing the "submit to" attorney on the invoice.

"In addition to just receiving invoices electronically, we wanted

flag the invoice during review. Having the rates automatically authenticated in the system has relieved UTC attorneys of the burden of verifying rates during invoice review.

A Powerful Management Tool

Electronic invoice processing became a powerful information

collection and management tool when UTC's timekeeper task and rate data was collected, sorted and displayed based on the

The CT TyMetrix application has enabled us to accomplish exactly what we set out to do: decrease the resources spent on the

alternative fee arrangements with our preferred firms."

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criteria determined by the organization. By collecting this data, UTC now has access to aggregated task-based and financial information for matters, practice areas and business units, which assists the organization in effectively managing matters and outside counsel. The data gathered automatically through electronic invoicing enables UTC to identify measures for improved outside counsel selection; evaluate the impact of proposed timekeeper rate increases; establish alternative fee arrangements; create more accurate budgets; and facilitate automated report generation.

"We use the CT TyMetrix system to generate cost saving and diversity reports," continued Townsan. "Not only are we able to identify our cost savings from using preferred firms, but we are also able to generate diversity reports, which break out gender and minority statistics for those counsel working on UTC matters. The data which we extract from the CT TyMetrix system is used in our annual scorecard reviews with our key preferred counsel.

invoice process while increasing the amount of data available to support key programs."

Results

By using the CT TyMetrix system, UTC streamlined its invoice review and payment process and created a process which quickly and easily gathers the information needed to evaluate how closely law firms are following UTC's engagement policies.

"Our outside firms have reduced their invoice cycle time by eliminating the various points of contact that were involved in creating, photocopying and delivering paper invoices," said Townsan. "In fact, using the CT TyMetrix system we discovered that there was a twenty-one day differential between the time it took our firms to create an invoice and deliver it to us. After making them aware of this, they have reduced that cycle time to nine days. We have also used CT TyMetrix reporting as the basis for our review of

The positive impact and benefits of implementing the CT TyMetrix system have been realized both by UTC and by its law firms. Reports on cost-savings and diversifying staff which were previously generated by the firm, are now generated systematically, saving significant time for the law firm. Additionally, automating the invoice workflow, from submission to disposition to payment, has dramatically reduced invoice cycle time, allowing firms to be paid more quickly.

Townsan says, "A highly efficient invoice review and payment process and easy access to data helpful in managing outside counsel were key goals . . . CT TyMetrix delivered on both."

For more information on CT TyMetrix, please access www.cttymetrix.com or call (860) 549-8795.