Outsourcing the Back and Middle Office: Is It the Right Long-Term Strategy for Your Firm's Profitability

Presented by
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Investigating Outsourcing & Ensuring Success

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Agenda

- Introduction
- Outsourcing Defined
- Identifying Growing Middle Office Areas
  - Document (Word) Processing
  - Records/Information Governance
  - Litigation Support
  - Administrative Resources
- Why look at Back and/or Middle Office Outsourcing?
- Challenges
- Is it Right for You?
- How to Structure Engagements to Ensure Success
Introduction

Presenter

Ben Schmidt, JD
Consultant

Ben has over five years of business strategy and support services consulting experience, having started his career as an analyst with Canon Business Solutions. Prior to his time with Mattern, Ben was a practicing attorney for eight years both as an associate in a firm specializing in complex commercial litigation, and as in-house counsel for a management consulting company.

Ben works with national law firms on both analysis and procurement of back and middle office operations. Ben also works for his clients to create sound contracts with favorable terms & conditions to ensure long-term partnership success with their outsourcing providers.
Overview

Mattern helps law firms develop unbiased strategic direction for their business while improving cost-effectiveness and expense recovery.

Firms use Mattern because:

- Outstanding results
- Unbiased expertise
- Time management and delegation
- Subject matter experts
- Market knowledge and benchmarking data
- Vendor leverage
- $0 out of pocket

Mattern helps law firms develop unbiased strategic direction for their business while improving cost-effectiveness and expense recovery.

Mattern was able to show our Firm’s position in the industry against the benchmarks.

Mattern & Associates

- Current State Assessment
- Benchmarking
- Recommendations
- Cost Recovery
- Request for Proposal Process
- Contract Negotiation
- Implementation Oversight
- On-going Contractual Monitoring & Maintenance

Back Office Services

- In-house Improvements and/or Outsourcing
  - Reprographics
  - Mail/Messenger
  - Facsimile
  - Office Supplies
  - Reception
  - Hospitality
  - Overnight Supplies
  - Off-Site Records Storage

Middle Office Services

- In-house Improvements and/or Outsourcing
  - On-Site Records Management
  - Document (Word) Processing
  - Litigation Support/eDiscovery
  - Accounts Payable
  - Help Desk/Call Center
  - Secretarial Pool

Additional Services

- Cost Recovery
- Printer Management/Maintenance
- Multifunction Devices/Printers
Outsourcing Defined

&

Growth Areas

“BPO” and “LPO” Buzz

- **Business Process Outsourcing** – non-billable-hour activities in the back and middle office
  - Traditional FM Administrative Support
  - Financial activities such as AP
  - Low Cost Service Centers
    - 21% of Firms 250+, 6% of Firms <250

- **Legal Process Outsourcing** – billable hour-activities subcontracted by the firm
  - Document Review
  - Legal Research
  - Drafting

**Back Office:**
- Copy/Print/Scan
- Mail/Messenger
- Hospitality
- Records Management

**Middle Office:**
- Litigation Support
- Document Processing
- Accounts Payable
- Administrative Resources
**Document Processing (Word Processing)**

- Outsourcing is gaining momentum
- On-site, off-site and hybrid models
- Dedicated staff with office space carve-out
- Trained specifically on firm methods, procedures, style guides, etc.
- Centralization efficiencies and labor cost arbitrage
- Expanded service hours with highly trained staff
- Technology has facilitated the seamless flow of work with end-user transparency

**Records/Information Governance**

- Outsourcing is gaining momentum
  - Access to CRMs
- Implementation and execution on retention plan
- Cross-utilized staff
  - Imaging
  - Indexing
- Employing “paper-light” strategies
- Off-Site Contracts
  - Cost savings
  - Terms & Conditions
    - Perm-out fees, Destruction allowances
Litigation Support – Managed Services

- Mattern Survey Results
  - 28% utilizing managed services environment
  - 46% considering using managed services environment
- Get out of hosting client data (risk mitigation)
- No sunk investment in changing technology
- Chargeback models
- Consumption-based pricing (flexing)
- Infrastructure-as-a-Service
- Software-as-a-Service

Administrative Resources

- Outsourcing is an Option
- On-Site, Off-Site and Hybrid Models
- Accounts Payable (centralization and labor cost arbitrage)
- Adoption of Secretarial Pools (specialization, work groups, larger support ratios)
- Administrative Assistants (expense management, time entry, back-up reception)
What is Outsourcing?

Why Look at Back & Middle Office Outsourcing?

- 70% of firms outsource Copy/Print/Scan, Mail/Messenger & Hospitality
- Continued quest for efficiency
  - Centralization
  - Cross-training and cross-utilization
  - Best practices
  - Consistent Offering for all Offices
Why Look at Back & Middle Office Outsourcing?

- Outsourcing/Partnering
  - Highly trained and motivated staff
  - Career path
  - Possible increased cost recovery realization
  - Ability to “flex” to meet demand
  - Holistic strategy/single point of contact

Challenges
Challenges – Insource or Outsource

- Savings
  - Is it really cheaper?
  - Solicitation and Severance Fees
- Transition
  - On-boarding of partner/employees
  - Ramp-up period
  - Proven workflow?
- Technology
  - Is it as seamless as an on-site offering?
  - Will end-users adopt?
- Security
  - Physical
  - Confidentiality and Intellectual Property

Is it Right for You?
Is it Right for Your Firm?

- Size does not matter
- Culture
- Don’t approach “Head to Head” – Process improvement is where the savings will be found
- Choosing the Right Vendor
- Dipping your Toe in

How to Structure Engagements
Key Points to Structuring Engagements

- Create Competitive Situations
  - It ensures you receive the most competitive pricing and terms.
- Cover Yourself
  - Structure the agreement to include checks on the service provider.
  - Include measurables for “success”.
- Consider the scope of the agreement
  - Labor only is different from Labor and Equipment
- Remember, they work for you
  - The agreement should be favorable to you.

Questions?
THANK YOU

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Thank You!