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## Mattern Assists Am Law 200 Firm Create New Cost Recovery Model to Recoup Charges for Litigation Support Solution

**Opportunity:** This Am Law 200 firm with over 380 attorneys in seven offices across Texas offered clients a full end-to-end litigation support solution that included collections, forensic analysis, early case assessment, data processing, document review, and production and trial presentation capabilities. Unfortunately, the firm's hourly billing model stopped covering the true costs of litigation support services delivery, and the firm needed a new model to recoup overall costs for labor, infrastructure, and software while continuing to deliver first-class, market-leading service to clients. The firm also sought a current state assessment with roadmap recommendations to ensure its capabilities remained aligned with future client needs.

**Solution:** The firm engaged Mattern to assess its capabilities, workflow and skill-sets, as well as the creation of a new cost recovery model. Utilizing Mattern's database of industry benchmarks for labor costs, billing rates, and net realization percentages, the firm was able to ensure its labor costs and associated collections for billable hours were competitive with peer firms. Additionally, Mattern analyzed the firm's litigation support workflow. This included efficiency recommendations for document handling—from collection through review and production. Staff skill-sets and certifications were addressed, and a continuous improvement process was presented for inclusion in annual reviews, incorporating goal-setting and billable hour targets.

The technology tool-set was analyzed with a focus on efficiency and recommendations to cut down on the back-and-forth requests between attorneys and litigation support staff. Future-state capabilities were recommended along with associated products that would allow the firm and its attorneys to provide increased value to clients (e.g., having attorneys directly utilize early case assessment capabilities).

As for litigation support-related chargeback, the firm was only charging for the billable hours of its litigation support staff. The net realization of these receivables no longer covered the cost of labor, software, and the infrastructure required to deliver service. This problem was compounded by the exploding data storage requirement of E-Discovery, the rise in software-related charges, and client push-back on billable hours related to mundane tasks such as 'staging data' and 'processing.' Mattern recommended a new model where the billable hour would cover the fully burdened cost of labor, with the introduction of a new unit-based model for data storage to cover the infrastructure and software costs.

To ensure simplicity in client billings, all software and infrastructure were bundled into an associated per GB per month recovery plan for data storage under active review within the firm's repository database. The model was limited to one unit of recovery (data storage) and avoided the inclusion of processing, analytics, and software user fees to simplify the conversation. In addition, speaking points were developed for the attorneys on why the client benefited from this type of model - a market-leading solution at a below-market rate. The firm's management committee signed off upon the implementation plan, and the new model was implemented on new matters.

**Mattern**223 Wilmington/  
West Chester Pike

Suite 104

Chadds Ford, PA 19317

(610) 459-7750

[www.matternassoc.com](http://www.matternassoc.com)

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**Result:** Mattern conducted a thorough audit of the firm's people, processes, and technology that supported its litigation support offering. Layered across this audit was the creation of a cost recovery model that recouped the true costs of delivering the service. The model is scalable to meet the growing costs of infrastructure, software, and exploding data storage.

After one year, the Mattern model increased recovery of costs by 35%. Due to the success, discussions are underway to revise the model to include other ancillary costs.

**Client Comment:** "I thought Mattern did an excellent job of collecting the information they needed to support the report and presentation. The committee signed off during the meeting on the charge back model we recommended. I didn't expect endorsement that soon, but I believe most of that was attributable to how well Mattern presented the model. Nice work and we are very pleased with the outcome."

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