Claims
COVERING THE BUSINESS OF LOSS

Intelligence
▶❙ ON DEMAND

Managing Litigation Expenses with BI

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O ver the past several years, some remarkable enhancements in both the capture and strategic use of claims information have been made. Virtually all claims organizations now have true business intelligence (BI) available to analyze and use their increasing volumes of data to make informed business decisions. The expertise in using this capability is expanding at a rapid rate; so much so that the next wave of BI innovation facilitates making use of that information virtually automatic at the point of decision.

Past, Present and Future Data

BI uses computer-based technology to capture and provide historical, current, and future-oriented data. The systems then turn that raw data into a wealth of analytic, performance management, and predictive information that must be made easy to access and configure to successfully leverage the technology. Many companies have already implemented a BI system that accomplishes this, but instituting such a program often requires varying degrees of time-consuming data and design manipulation before an actionable product is delivered into the right hands.

Also, much of the focus on initiating BI programs has occurred at a higher level than litigation management, and has involved the introduction of a reporting warehouse that integrates data from claims, policy, e-invoicing, and other systems within the organization. Where BI has been successful in generating savings and efficiencies within a litigation and spend management program, the BI tool has three essential elements: a matter management application, an e-invoicing application, and a reporting application, the last of which is capable of fully integrating and combining all three.

What makes these three applications so important to BI is their ability to work together seamlessly as one. System integration has certainly been a significant challenge in the past, but the greater challenge today is delivery of the data in ways that are meaningful, easily accessible, and configurable by a disparate set of professionals ranging from claims representatives to executives.

Claims Management with BI

Gone are the days when management reports were comprised mainly of segmented outcome reports that were manually distributed on paper. Instead, claims management information is now delivered electronically at anytime, anywhere, and is composed of infinitely more useful information.

The source of current BI technology starts with the rich segmentation capabilities of the matter level information accessed from a matter management system. The ability to dissect and analyze minute information at the invoice level provides additional focused information;

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ANECDOTAL EVIDENCE OF REDUCED LITIGATION COSTS WITH BI

Now that forward-looking claims organizations have begun to integrate their claims management with e-billing and reporting systems to capture detailed performance information, they can begin analyzing and leveraging this data to both gain greater control over their litigated cases and cut costs.

LAW FIRM SUCCESS RATES

Claims organizations can compare metrics including cycle times, resource assignments, budgets, and outcomes. This analysis allows cases to be segmented appropriately and directed to firms that have proven to be the best at handling particular issues.

Example #1:

Using its integrated platform, one organization was able to analyze billing and outcomes related to specific cases in a particular jurisdiction during a three-year period. Its goal was to determine which firms were providing the best overall results and why. It used BI tools to first identify the top performers by reviewing staffing profiles, billing practices, time allocations, case durations, and other metrics. The results of its research determined that the best results were achieved by firms who had a high degree of partner engagement early on and resolved matters within the first six months. This analysis gave the company greater insight into their top performers and provided guidance for future matter strategy and planning.

BUDGETING AND FORECASTING

Routine reporting and transparency adds credibility as the organization proactively identifies and defuses potentially problematic cases and invoices.

Example #2:

During a recent annual budget review, a large law department was using the data it had captured in its integrated platform to prepare the CEO for what its proposed budget would be for the next year. Historically, this had been a lengthy meeting with many questions and few answers about the current spending patterns and how the budget would be allocated in the coming year. By analyzing its billing data, the team was able to quickly put the budget proposal into terms the CEO could relate to, resulting in fewer questions, a quick meeting and an approved budget.

BILLING DATA AND CASE OUTCOMES

Inaccurate billing can be easily identified by individual or aggregate invoice review. Detailed billing information that suggests extraordinary costs can be easily identified, as can groups of cases or activities that can be better handled by alternate resources or processes.

Example #3:

After putting an integrated business intelligence platform in place, one organization recognized that a law firm was charging reasonable rates, but had the worst per-case cost in its jurisdiction. An analysis of billing data uncovered the causes — unit billing, redundancies, and excessive entries for individual line items — indicating that the firm may have been more interested in generating fees than in matter resolution. Further comparison of similar cases across different firms determined that the firm in question was also attaining the worst case outcomes. Uncovering these results enabled the department to take informed action.

Organizations have found that putting an integrated spend management system in place can save from five to 15 percent in legal fees solely by pre-screening invoices for accuracy and compliance with performance guidelines. As they learn to capitalize on the data-driven business intelligence solutions, these organizations have been able to drive savings of as much as 50 percent by making fully informed and data-driven decisions.

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however, it is the fusion of that information with matter management level information that makes BI so powerful for claims departments.

Relative to matter management information, BI allows the prioritization of that information so that identifying what types of matters are driving inventory is easy. As a result, organizations are able to focus on creating strategies and processes to address those matters generating the most activity. BI also supports measurement of those strategies and processes to make certain that the claims organization is complying with them, and that the applied processes are actually delivering the

anticipated results.

Relative to invoice-related information, BI makes possible the analyses of drivers of cost, as well as prioritization and development of cost management disciplines. Beyond that capability, BI assures that claims organizations have paid and pending cost information on matters at their fingertips. Any matters that have not been billed can be identified, those generating extraordinary expense can be highlighted, and groups of matters showing extraordinary growth in cost can be segmented and targeted for special attention. The full capability of BI is unveiled when the depth of matter information is combined with the depth of invoice information, because not only are areas ripe for improvement easily targeted, but what needs to be done, where, and with whom is also immediately accessible.

For example, if a typical BI analysis identifies a growth in both matter count and cost in any particular matter type, the BI tool can dissect that growth by matter sub-type, location, law firm, and so on. Because all results are caused by people's actions, the invoice information is harvested to identify who is doing what, how often, with what level of resources, for what periods of time, and when. That information can be trended over time to see what, if any, change has occurred surrounding those processes. Even more importantly, that information can be compared across law firms and personnel to determine what differences are occurring as a result of varying approaches taken by firms and individuals in the handling of those matters. The invoice information allows complete transparency into the drivers of cost and for absolute identification of the individual or individuals responsible, resulting in the ability to change or leverage specific resources and activities.

Identifying Best Practices

With the current power of BI, there are many aspects of any matter that can be identified, including the best practices, most appropriate levels of personnel, best performing lawyers, and most useful types of activities. Meaningful strategies can be overlain on various levels to assure that what is perceived as the best practices are communicated. Just as importantly, BI can then be used to generate reports to

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determine if those strategies and processes are being followed and if they are not, to identify who is violating procedure. Finally, BI can be used to track results against history so as to determine how effective new processes and strategies are in improving performance.

While all of that information is available and can shift the focus on improved performance, BI also makes the dissemination of that information accessible for all levels of management. The technology not only identifies areas of focus as it supports development and implementation of processes, but it also drives those processes to spread across the organization through its communications capabilities.

Results, comparative performance, progress against objectives, and additional analyses can be electronically distributed as often as is necessary, even several times a day where appropriate. The level of information disseminated can be adjusted per recipient so that senior management is focused on pertinent segments of information, and individual claims professionals receive information relevant to their priorities. Dashboard information, tailored differently for senior, middle, and matter level management, can be created so as to focus the organization on specific areas of performance and provide instant interpretation of the presented data. All of those capabilities are available now, and claims organizations are always developing more sophisticated technical expertise in the use and leverage of those tools.

Instituting Intelligence

The focus of ongoing claims BI development is currently centered around making use of the data without the need for the claims professionals to interpret or even be completely familiar with the underlying information. This work is described as "intelligence on demand," and includes at least three areas, including workflow, informed decision support, and "what if" analyses. In today's technological en-

vironment, most organizations are looking to cloud-based solutions to provide lower cost and greater flexibility to data management and delivery of BI. In the claims world, if the basic streams of data from claims, litigation management, and e-billing systems can be supplied, cloud solutions can be leveraged to accelerate the use of BI, transforming it into a true intelligence on demand platform for end users.

The technology incorporates focused, up-to-the-minute data, which makes the intelligence on demand uniquely timely and relevant. Implementing BI also means that intelligence on demand can be applied to whichever discrete segmentations are selected. The same rules and logic do not apply to overly broad groupings of matters. Because the intelligence on demand information is not only client specific, but also specific to particular groups of matters, scenarios, personnel, and actions, integration of these tools require close interaction with claims management.

The institution of an "intelligence on demand" approach is particularly significant in the litigated claims area, where mass quantities of detailed information need to be processed and manipulated at many levels in order to make educated decisions on everything from individual suit management, to panel and vendor management. Within the litigation management lifecycle, for example, workflow triggers claims management action in a timely fashion. Based on an understanding of all of the activities required to properly manage a particular type of claim or suit, intelligence on demand platforms can use historic activities within those matter types to identify the optimum time to undertake specific activities such as confirm responsive pleadings or the like.

"What If" Technology

Sophisticated intelligence on demand deployments allow for the insertion of "on the ground" expert-driven data and variables within business operation calculations. This

"what if" technology allows analyses on demand, so as to display any number of scenarios based on human determination of critical input values, then projecting likely outcomes. Informed decision support provides recommendations for selecting the best resources with which to manage particular matter types and activities, and can even recommend settlement values. The output is based on objective data specific to the matter or activity type being analyzed. Such a process eliminates the influences of human biases and generalities to the greatest extent possible. The data is useful in any number of ways, from selecting counsel to evaluating ultimate exposure.

BI is widely available for all claims organizations, many of which are utilizing it in a disciplined fashion to continually analyze claims costs, and to identify opportunities for performance improvement. Building processes and strategies around those opportunities is easily accomplished once they are identified, as is building metrics to identify compliance and results. Ongoing performance and result metrics are also easy to develop within the BI tool and can be disseminated throughout the organization on whatever schedule is desired. Any format, from grid reports to dashboards, can be delivered at the appropriate level of specificity. Once both BI and intelligence

on demand are implemented in claims organizations, resources and focus can be spent on defining the right guides and performance indicators for each area within claims and litigation management, extending the competitive advantage. ∎

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