



The Business of Litigation Support

January 2009

Money on the Table: Project Tracking for Litigation Support

By Terry Vaughan

As owner and manager of a growing litigation support business, I often had the feeling that we were leaving money on the table, that our inability to track all of our costs and all of the services that we provided was costing us real money. And the harder we worked on projects to meet rush deadlines and the greater the value of the services that we provided, the more likely we were not to bill for everything. I felt that this was particularly a problem in our forensics section because we were simply not used to billing for our time. We



Terry Vaughan, founder of DocuLogix

would bill per gigabyte for some services, per page for others, but we would overlook billing hours spent on project time. However, the time of our forensic specialists and our project managers was a real cost to us while the services they provided were a real value to our clients.

Having had senior-level experience at some very successful litigation support providers, I knew we had to remedy this situation if we were to grow and reach our earning potential. We had automated portions of our business with QuickBooks for accounting and with SalesForce for our sales people, but neither of those programs was intended or was usable for the kind of project tracking we needed. After looking for suitable commercially-available software, I came to the conclusion that we would have to develop our own system to get the type of capabilities that I wanted.

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We've used our Project Tracking Software ("PTS") internally at Litigation Solution, Inc. ("LSI") for over two years now and have had three different litigation support companies using and testing the software. Here's an overview of how it helps us manage a profitable, growing litigation support company:

Bids or Quotes. We establish prices for all of the literally hundreds of services that we offer. We build a great deal of flexibility into our system and can have general pricing, law firm-specific pricing as well as case-specific pricing. We use these built-in services and prices to submit quotes or bids for projects, and we track how well we are doing in winning bids and we can compare final prices with initial bid prices.

Standard Costs and Margins. We enter standard costs for all of the supplies, products and services that we use on projects and then we track how much of them are used on specific projects. We also track how much time each production worker spends on projects and we have costs associated with each person. Each production worker who performs any function on the project enters his or her time against the project as each step of each batch is finished. As managers we know how profitable a project is turning out to be right while it is being processed.

Deadline Tracking and Reporting. One thing we always track is the date and time that a project was promised to a client. We have two ways to keep up to date on a project. PTS is a web-based application, and we have



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secure login from anyplace on the Internet. This permits us to check on the status of a project any time we have a question. As a single parent, I like the flexibility of not having to be physically in the office to look at a white board in order to keep tabs on projects.

We also have an email alert system as part of PTS. We can have PTS send us email reports on project status at either fixed times or as project milestones are approaching. While we make every effort to never miss a deadline, we absolutely *never* want to learn about a problem after it's too late to give advance notice to our client or to do something about it. The email alert system keeps us on top of all of our projects. We can have custom email lists for each project and we often include client email addresses as part of the email report distribution.

Client Portal. One feature that our law firm and corporate legal department clients really appreciate is the PTS client portal. We provide usernames and passwords to our clients so that they can check on the status of their projects in real-time without having to call an LSI account manager or project manager. In other industries they call this sort of thing supply-chain integration, and our clients are very enthusiastic about it. We truly are partnering with our clients to give them the very latest and best information and this does wonders to build and enhance reasonable delivery expectations and confidence in LSI.

Employee Compensation and Motivation. Despite all the attention given to technology in litigation support today the fact of the matter is that no system is better than the people operating it. Our employees are absolutely vital to our success and we've built PTS to help us compensate and motivate them. On the one hand, we don't mind paying good wages when we're achieving good earnings on our business, but on the other, we can't afford to pay non-performing employees. We really want our employees to be always thinking about how to perform a job better, to be willing to go that extra mile to be sure our clients are never left disappointed that we didn't deliver what we

said we would. We also want to be able to keep the good employees that we find and develop.

Here's how PTS helps us retain and motivate top performers: PTS lets us measure each employee's productivity contributions and reward them on it. Basically each employee can give themselves a raise by making larger productivity contributions. When business is slow they still earn a reasonable wage, but when we're busy they can earn more by contributing more. We also let each employee see how they are performing relative to their peers. Nobody wants to be on the bottom, and just by making the relative standings available to the employees, the bottom performers raise their level of performance and we find that we have a steadily improving rate of production.

PTS has helped us achieve a very competent, stable and loyal workforce and we've come to where we don't have to actively recruit new employees – they learn about us from our present employees or clients and that puts us in the nice position of being able to select from highly qualified and motivated candidates.

Note that we also measure and track rework so that we don't fall into the trap of achieving higher volume at the expense of lower quality.

Software as a Service ("SaaS"). We offer PTS on a SaaS basis – litigation support companies who use our software do not have to dedicate a server, take time to load and upgrade the software or worry about backing it up. Users can customize the interface with their own logos and contact information, but DocuLogix takes care of providing the hardware and maintaining the software. PTS is licensed on a per active user modular basis with different modules being available for different locations.

Training. Users have the option to either receive phone-based training or to have in-person training. The training covers all phases of user training including operations, sales, and management, and includes setting up QuickBooks to make optimal use of the information tracked in PTS.

TO LEARN HOW PROJECT TRACKING SOFTWARE CAN HELP MAKE YOUR LITIGATION SUPPORT COMPANY MORE PROFITABLE AND RESPONSIVE, contact DocuLogix Founder Terry Vaughan at tvaughan@doculogix.com or call 888-436-2856



Reading for Profit: *the Great Game of Business*

By Terry Vaughan

If we, as owners and managers of litigation support businesses, are already earning as much from our companies as we can with the knowledge we have, it follows that we'll have to learn more to earn more. The book entitled *the Great Game of Business* offers great insight into managing all kinds of businesses and is highly recommended for its suggestions on improving the profitability and competitive responsiveness of any organization. When I was employed at Nightrider I held positions of Production Manager, Account Manager, Managing Partner and Regional Vice President. At IKON I held positions of Managing Partner of Business Document Services and Regional Vice president of Legal Document Services. The *Great Game* was required reading at NightRider and at IKON and was critical to the success of both companies. It has also been instrumental in the success of Litigation Solution, Inc. ("LSI") a Dallas-based litigation support company which I bought in 1998 and have operated at a profit ever since then.

"learn more to earn more"

The *Great Game* was based on the experience of Jack Stack who was part of a management team that bought a failing division of International Harvester in 1983 and turned into a leading remanufacturing company that has spun off many other successful affiliated companies. Since its first publication in 1992 *the Great Game* has become a basic text in the open-book approach to management.

The *Great Game* details how to motivate employees to act like owners by measuring key activities, sharing that information on a timely and up-to-date basis and then rewarding employees based on performance. *It has*

been my first-hand experience at NightRider, IKON, and LSI that this approach really works. The problem that we had in implementing the *Great Game* at LSI was that we didn't have the reporting infrastructure in place to obtain performance data much less share that information on a timely basis or base performance incentives on it. That was in fact one of the key motivators in my decision to develop our Project Tracking System ("PTS").

Over the course of the last three years we have developed PTS to where it supports our version of *the Great Game*. We have performance standards for each revenue-generating task performed within LSI and our production employees receive incentive compensation in addition to their basic hourly wage or salary – this way they earn more when LSI earns more. We also let each of them see where they stand in revenue contributions compared to their peers. Not everyone aspires to be the top performer, but no one wants to be last, and between rewarding good performance and letting everyone see where they stand we find that we have continuously improving performance – raising the bottom has the effect of raising the top as well as the average performance.

While our basic hourly rates and salaries are competitive for our area, our incentive compensation lets our employees earn more than they could at most of our competitors. Once employees become acclimated to how incentive compensation works, they seek out more work and contribute ideas on how to work more efficiently. Another huge benefit of this approach is that we have developed a very stable group of production workers which greatly reduces training costs and helps ensure consistent high quality of our work.

Reference:
<http://budurl.com/AmazonGreatGame>

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Starting or Locating a Litigation Support Company

By Terry Vaughan

With over 20 years experience in the litigation support industry, I have had the responsibility for starting and evaluating litigation support offices of many sizes in many different cities and settings. The following thoughts may be helpful if you are considering offering litigation support services at a new location or as an additional service offering:

Location. If your company provides physical deliverables like paper copies or trial graphics, the usual advice is to locate close to your largest client or clients. In a large city this may involve being “under” the client, i.e. in the same building but on the lower level of the building. This lets you provide the best service with the least travel delays or costs. To the extent that you offer primarily electronic deliverables, it may be less important for you to be physically next to your largest clients.

If your future is electronic deliverables I suggest a location that has the infrastructure to help you in the future. Look for buildings that have fiber optic cabling in place or at least have them planned. This will be vital in your ability to share work product with your clients via the web at a speed adequate to meet their expectations. If you’re planning to have web solutions and are using a co-location facility then make sure you give thought to a direct connection between those two facilities. Also give some thought to reliable power and what chances the building might be down due to Mother Nature.

Education. Everyone in the litigation market is always looking for new information and we use education as a great way to keep our company’s name in the minds of lawyers, paralegals, litigation support managers and other support staff. We would recommend that you include specifications for a well-equipped classroom as part of your plans. At LSI we have an affiliated company, MD5 that has made training and certification a separate profit center. If space is a premium then give thought to how your conference room might double as your training facility.

Hardware. In the litigation support reprographics area (scanning, copying and printing paper copies), there are

two main philosophies about acquiring hardware: one is to use lower cost hardware which may have a lower throughput and the other is to use higher cost hardware that provides greater throughput. I personally prefer to use higher cost/throughput equipment in part because the hardware provider is making enough money on the hardware and maintenance that it can afford to offer top-level support. By contrast sometimes low-end hardware comes with low-end support.

When evaluating hardware, I usually ask for and receive a trial period so that we can see how the hardware actually works in our facility with our people running our projects. And whatever hardware we put in place we tie into our Project Tracking System (“PTS”) so that we can keep up-to-the-minute track of projects being processed on the hardware and so that we’re sure to bill for all the work that is done on it.

I think the most important part of evaluating hardware lies in understanding your trends. If you have multiple machines you might be compelled to replace each machine when needed. Using PTS we evaluate our trends to determine if we need less equipment or more. You can also track your service history to determine which machines tend to be more reliable.

People. The two constants in litigation support are the importance of the work and nearly-constant change. We look for people with letters after their name – i.e. people who have earned certifications or training in specific fields such as administering document management systems, digital forensics, or Microsoft certifications. We love to find people who want to learn more about their job. When you find these types of people ongoing training is important to them. You need to be prepared to help them to continue to learn, it will pay off for you in the long run with employee morale, low turnover and most importantly expertise that will benefit you and your customers.

The most important qualification for litigation support production work is caring about the quality of work. We can train on technical topics, but it’s difficult to teach someone to have pride in their work and want to go the extra mile for the client. One of the principal goals of our PTS is to help us identify and reward those workers who produce high quality and high volume work. Finding and hiring high quality people is just the start – we want to keep them so that we have consistency and continuity in what we do for our clients.



QuickBooks for Litigation Support Companies

By Terry Vaughan

Many small to mid-sized litigation support companies use QuickBooks as their basic accounting and billing software because it is reasonably priced and widely supported. However, unless QuickBooks is set up specifically for litigation support companies, it may not provide very meaningful data for purposes of tracking trends and determining which product or service offerings are really profitable.

DocuLogix offers consulting on QuickBooks implementation as part of our support for implementing or operating our Project Tracking System ("PTS"), but even without PTS, litigation support service providers should ensure that they have the appropriate categories set up in QuickBooks. The following general categories have worked well for LSI:

- Blowbacks/Laser Print Rev
- Copy Rev
- EDD Rev

- FM Sales
- Forensic Rev
- Imaging Rev
- Postage / Delivery
- Refunds
- Tech & Trial Consulting Rev
- Trial Presentation Rev
- Vended Work
- Web Hosting Rev

Within PTS we are able to track revenue and labor costs at a much more granular level. At Litigation Solution, Inc. ("LSI") we have a fairly large number of service offerings, in part because I believe that we should optimize revenue from existing clients by having additional offerings before we open new offices to try to service additional clients. We have some 200 specific services we track within PTS, all tied into the general QuickBooks categories and all of them with the appropriate billing unit such as per page, per GB, per square foot, per hour, etc. Here is a list of just some of them.

Descriptions of Services for Billing

Digital – Coding Services

- Key Words
 - Bates Capture
 - Coding at Scan Time
 - Names in Text
 - Basic Objective Coding
- #### Digital – Document Imaging
- Scanning 11 x 17 Black and White
 - Color Oversize Scans
 - Color Scanning
 - Imaging Doc Prep
 - Logical Document Determination
 - Oversized Scanning B&W
 - Reassemble
 - Scanning – A
 - Scanning – B
 - Scanning – C

Digital – Electronic Binders

- Additional Disc
- Additional Pages
- Book Marks
- Color Pages
- Custom Work/Tech Time
- Electronic Binders
- Hyper-link Index
- Oversized B/W

Oversized Color

Digital – Electronic Data Discovery

- Data Carving
- DeNIST Hard Drive
- File Formatting
- Indexing
- Native Review Email
- Native Review Raw Data
- TIFF Conversion Per GIG
- TIFF Conversion Per Page

Digital – Forensic

- Capture Drive/Wait Time
- Expert Analysis
- Expert Witness
- Forensic Testimony
- Hard Drive Storage
- HD Capture Copy
- HD Capture Master
- Server Capture
- System Time
- Travel Time

Digital – Laser Prints / Blowbacks

- Blowback Black & White
- Blowback Color
- Blowback Oversize B&W
- Blowback Oversize Color

Slipsheets

Digital Other Imaging Pricing

- Acrobat Bates Numbering
 - Batch File Renaming
 - Book Marking PDF
 - Branding/Endorsing Number
 - Branding/Endorsing Text
 - Control Number
 - Custom File Renaming
 - Data Entry
 - Diskettes
 - File Renaming
 - Folder Creation
 - Hyperlink PDF
 - Load File Creation
 - Matching Bates Numbers
 - OCR PDF Images
 - OCR Tiff Images
 - OWR TIFF Images
- #### Digital – Tech Time
- EDD Tech Time
 - EDD Tech Time After Hours Rush with client approval
 - Graphics/Clean Up/Manipulation
 - Tech Time - Project gr
- #### Digital – Web Hosting Solutions



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Concordance FYI
Data Up-load FTP
Data Up-load Native
Data Up-load TIFF/PDF
Web Review Set Up Fee
Web Review Database Indexing
FTP Set Up Fee
Storage Fee
Summation Set Up Fee
Concordance FYI Set Up Fee

Analog – Binding

3-Ring Binders
3-Ring Binders:1 inch
3-Ring Binders:1 1/2 inch
3-Ring Binders:2 inch
3-Ring Binders:3 inch
3-Ring Binders:4 inch
3-Ring Binders:5 inch
Drilling
Fastback
GBC Bind

Laminating
Manila Folder
Map Holders
Padding
Plastic Coil
Pressboard
Rebind Original
Redweld Folder
Sheet Protector
Tape Binding
Transparencies
Velo Bind
View Binders (3-Ring):1 inch
View Binders (3-Ring):1 1/2 inch
View Binders (3-Ring):2 inch
View Binders (3-Ring):3 inch
Analog – File Copying
11x17 Black & White
11X17 Color
Color Copies
Copying – A

Copying – B
Copying – C
Copying – D
Copying – E
Copying – EE
Oversized Color Copying
Oversized Copying
Analog – Certified Mailout
Adhere the white and green forms
Archive copy of sent mail
Certified Mail
Certified Mail Postage
Certified Mail White Form
Domestic Postage& more....

Note: A complete list of services offerings is developed during PTS installation and training.

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