



THE MATTE PAD

MARKETING KNOW-HOW FOR
THE LEGAL PROFESSION

RfX Legal Puts Clients' Legal Work Through Competitive Bidding Process



With most companies still trying to find ways to cut costs, RfX Legal now provides a procurement platform that allows Fortune 500 companies to leverage their purchasing power for legal services.

While most companies have a competitive procurement process in place for many of their purchases, like office supplies and outsourced services, until now, legal services were purchased either by RFP or simply through existing relationships. Seeing an opportunity to save companies money, RfX Legal delivers the first procurement tool designed for legal services with the promise of reducing outside legal costs while optimizing value and ensuring better decisions on how to save and spend valuable resources.

So how does it work? Basically, it's a cloud-based, competitive bidding software platform that automates the RFP process. Firms are asked to answer a series of questions, and RfX Legal scores the answers in a transparent way that allows the company to make an apples to apples comparison when choosing a legal provider. It also allows firms to bid for work they may never have known about before when legal services were purchased by individuals rather than through a centralized process.

At the moment, RfX Legal is working mainly with Fortune 500 companies, who often work with many different firms and can benefit most by putting their legal fees through this sort of competitive bidding process. They eventually plan to start working with governmental agencies too, since they could also benefit from a process like this to reduce their overall legal spend.

So how do firms get chosen to participate in this new process? Most of the time, RfX Legal clients provide a list of the firms they have worked with in the past, so typically their choices include known entities and firms that they have grown to know and trust over the years. Firms can also approach RfX Legal to ask to be involved in the process but must go through a thorough due diligence process before they are added to the mix. RfX Legal is paid a percentage of their clients' outside legal spend, which is reviewed and adjusted accordingly on an annual basis. They can also work on a per-project basis, if needed.

According to a recent Wall Street Journal [article](#), "Legal expenses for Fortune 500 companies range from about \$20 million to \$200 million a year, according to Courtney Sapire, chief marketing officer for RfX Legal, a consulting group that works with companies to reduce their legal spending. Reverse auctions can help cut 15% to 40% off those costs, she says." Companies including GlaxoSmithKline PLC, eBay Inc., Toyota Motor Corp. and Sun Microsystems have started using this tactic to lower their legal spend, and others are looking into it as well.



So, what do you think of this new option? Is it a good way for companies to get the best firm for the best price or will it force law firms to start cutting corners to get the work? Will it give firms that may not have had an opportunity to bid on large company a work a chance to compete with the big boys? I'd love to hear your thoughts.



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