

## LEDES 2000 (L2K) XML Format

**Submitted to**

**THE LOC EXECUTIVE COMMITTEE**

**by the**

**Change Subcommittee**

These contents constitute the format description of the LEDES 2000 XML format. This format has been ratified and released by the Executive Committee of the LEDES Oversight Committee. This format was produced by the joint efforts within the LOC Change Subcommittee.

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LEDES 2000 (L2K) is the successor to LEDES 1998B which was released in final form to the public in January of 1999. LEDES 1998B has not been modified since its release and is not modified by this release. This format specification is designed to present the results of the significant work done by the Change Subcommittee in attempting to take LEDES to the next level. e.g. a ubiquitous, available, and serviceable data formatting standard for legal e-billing.

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### **Table of Contents**

- Change History (Since March 21st)
- Introduction
- Scope
- Approach
- Data Model
- Required Data Elements

**Content**

Content Segments  
Hierarchical Relationships  
Segment Layouts  
    Firm Segment  
    Client Segment  
    Invoice Segment  
    Matter Segment  
    Timekeeper Segment  
    Fee Segment  
    Expense Segment  
    Extension Header Segment

#### **Issue Areas and Notes about Content**

Currency  
Id Fields  
Invoice and Matter Description Fields  
Code Sets  
Taxes at Invoice Level  
Early Payment Discounts  
Generic Discounts  
EFT Agreement Field

#### **Alternative Fee Arrangements & Fee Sharing Implementation Examples**

Flat Fee  
Contingency  
Fee Sharing

**Change History** - Post Ratification Only March 21st 2000 - Changes made based upon feedback from LOC review cycle.

1. Added cl\_if\_id into CLIENT segment. This field is used to exchange 'client assigned firm specific id codes'. Several comments came back stating that existing client & firm relationships need to have a way to exchange client specific firm assigned codes. This is done at the client level since this is a client field for this firm.
2. Added discount\_percent to the FEE and EXPENSE segments. Used to handle the percentage discount when the discount\_type reflects "PERCENT". This avoids a single field being used to handle a percentage value as well as a dollar value depending upon the discount type. The description for 'discount\_amount' has been changed to limit its use to only discounts of a flat amount.
3. Added 'lf\_remit\_address' segment into the FIRM segment. This segment is to be used when the remit address is different than the 'lf\_address'. This segment is optional and payment should default back to 'lf\_address' if 'lf\_remit\_address' is not provided.

April 29th 2000 - Documentation Changes: Based upon comments from LOC members to better explain the format as well as simple documentation fixes.

#### **Introduction**

The LEDES 1998B format is limited in several ways to gain the usage momentum required for it to become a true standard. In July of 1999, the LOC change committee met and discussed expanding the existing ASCII format as well as starting work on the XML format for LEDES2000. The Change Subcommittee was chartered to make recommendations on how to make the ASCII format more usable with as few changes as possible as well as define a new XML version of the more usable standard.

After much consideration about modifying 1998B, it has been determined to leave the existing 1998B format alone and to focus upon an XML implementation of a more complete format. The existence of this XML standard does not 'replace' the 1998B.

## **Scope**

The proposed data content listed below has had the following considerations go into their creation:

- file ownership (Generating Firm, Destination Client, Individual with Both)
- taxes (Fees & Expenses)
- discounts
- eft reference support
- alternative fee arrangements (time & expense, flat fee, contingency, staged billing)
- fee sharing
- multiple clients
- multiple matters within an invoice

A primary consideration or criteria that went into defining the 'limit' of the data elements to be exchanged was the probability of the originating organization having the 'content' already resident in their time and billing software system.

## **Approach**

### **Data Model**

The approach used in this document is to document, and subsequently model the content needs for LEDES2000 (L2K) by data segmentation. Each 'segment' of the information exchanged can be thought of as its own segment. In XML, the actual data relationship is more accurately described in segments vs. the traditional view of records. Due to this, the term 'segment' will be used throughout this document. Each segment has defined fields which may or may not be required.

### **Required Data Elements**

We have had a great deal of discussion about which fields should be required and which should be optional. In this specification, many of the fields are defined as required. Several thoughts went into this decision.

- Since software generates these files, there is no added effort to include the data elements each time an invoice is presented.

- Making a user indicate, to the exporting software, which fields to include and not include, in an exported file would be a wasted or unnecessary effort.
- Lastly, if the legal firm changes the address, contact, etc. on any of the cases/invoices being generated, the change(s) would be automatically passed along to the receiver of the invoice.

This information exchange mimics the existing paper process. Currently, every paper legal bill includes the address of the firm, the lead attorney, the client contact, etc. even after the case is well into several billing cycles. Consequentially, requiring the same data in an electronic standard does not seem burdensome. With that said, the requiring of data elements to be present in the data file exchange does not imply nor mandate data 'support' policy within the various receiving applications.

## Content Section

### Content Segments

Segment Type	Conceptual Content	Appearance Rules
@FIRM	Detail the name, address, contact information about the firm which has generated the file.	One time per file - should be the first segment of the data contained in the file.
@CLIENT	Detail the name, address, contact information about a client and point of contact within a client that invoices are being sent to.	One or more segments per file. One segment per file for each 'client' being billed with this file. The CLIENT segment is a parent to the INVOICE segment.
@INVOICE	Detail segment identifying the invoice 'header' information regarding detail charges which follow.	One or more segments per file. One segment per 'invoice' (amount due with terms) per client. This INVOICE segment will be nested (a child) under the appropriate CLIENT segment and aggregate the amounts due from the detailed children MATTER segments. This segment provides the due date, invoice number, total amount due, etc.
@MATTER	Detail segment identifying the matter/case information and associating it with the client and firm matter ids found in the charge detail segments.	One or more segments per file. One segment for each 'client-matter-id' / 'law-firm-matter-id'. This segment will contain matter ownership information as well as aggregation, tax and fee sharing information about the matter.
@TKSUM	Details the name, level, rate, sum of hours and costs billed by individuals on the invoice which follows.	One or more segments per biller for each 'matter invoice' the biller has charged to. Note: if the biller bills at two different rates or two different levels on the same invoice, this section would have more than one entry for the biller. From a database perspective, think of this as a 'select distinct biller, biller_level,

		rate, sum(hours),sum(cost) group by biller, biller level'.
@FEE	Detail segment identifying individual 'fee' charges.	Zero or more segments per file One segment for each professional fee charge billing detailed on this matter on this invoice. This segment will be nested under the appropriate matter.
@EXPENSE	Detail segment identifying individual 'expense' charges.	Zero or more segments per file. One segment for each expense charge billing detailed on this matter on this invoice. This segment will be nested under the appropriate matter.

### Content Hierarchical Relationship

<b>Hierarchical File Structure</b> (Indentation shown for concept only)	
LEDES2000	
@FIRM - Smith & Jones, LLP	
@CLIENT - 123 Company	
@INVOICE - 1/1/99	
@MATTER - ABC Matter	
@TKSUM	
@TKSUM	
@FEE	
@FEE	
@FEE	
@EXPENSE	
@EXPENSE	
@MATTER - DEF Matter (NOTE: Same Client - implied)	
@TKSUM	
@TKSUM	
@FEE	
@FEE	
@EXPENSE	
@EXPENSE	
@CLIENT - 456 Company ( New Client - So new segment)	
@INVOICE - 1/1/99	
@MATTER - XYZ Matter	
@TKSUM	
@FEE	
@FEE	
@EXPENSE	

[EOF]

**Segment Layouts**

<b>@FIRM Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/ Optional</b>	<b>Description</b>
If_tax_id	Character*25	Required	The billing firm's federal tax id. For non-USA firm's - a code that the firm will use to uniquely identify itself to it's clients.
If_id	Character*20	Optional	An optional field assigned by the law firm to themselves to identify the firm.
If_name	Character*60	Required	The name of Law firm
@If_address	N/A	Required	Address Structure
@If_remit_address	N/A	Optional	Address Structure
If_billing_contact_lname	Character*30	Optional	The last name of the law firm's primary billing contact.
If_billing_contact_fname	Character*20	Optional	The first name of the law firm's primary billing contact.
If_billing_contact_id	Character*15	Optional	An 'id' associated with primary billing contact person inside the firm. Firm assigned value.
If_billing_contact_phone	Character*20	Optional	The phone number of the firm's billing contact.
If_billing_contact_fax	Character*20	Optional	The fax number of the firm's billing contact.
If_billing_contact_email	Character*60	Optional	The email address of the firm's billing contact.
source_app	Character*25	Required	The name of the program used to generate this invoice. E.g. Elite
app_version	Character*10	Required	The version of the Source_Application. E.g. 9.3b
@extend_header	N/A	Optional	Used to do client and/or firm specific extensions to the @firm segment

<b>@CLIENT Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/ Optional</b>	<b>Description</b>
cl_id	Character*20	Optional	The law firm, client or third party assigned client code.

cl_lf_id	Character*20	Optional	An optional field to carry a client's assigned firm id. This allows the firm to 'not' collide their own number.
cl_name	Character*60	Required	The name of the client.
@cl_address	N/A	Required	Address Structure
cl_email	Character*60	Optional	The email address of the client
cl_contact_lname	character*30	Optional	Client contact last name
cl_contact_fname	character*20	Optional	Client contact first name
cl_tax_id	Character*20	Optional	Client taxpayer-id
@extend_header	N/A	Optional	Used to do client and/or firm specific extensions to the @client segment

<b>@INVOICE Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/ Optional</b>	<b>Description</b>
inv_id	Character*20	Required	The billing firm assigned invoice number or code. Multiple Invoice_Id's can be billed in the same LEDES file. Typically only one Invoice_Id will be billed per client_id in each LEDES file.
inv_date	YYYYMMDD (ie. 20010328)	Required	The invoice date.
inv_due_date	YYYYMMDD (ie. 20010428)	Optional	The law firm assigned date the invoice is due.
inv_currency	Character*4	Optional	The currency for this invoice.
inv_start_date	YYYYMMDD (ie. 20010215)	Required	The starting date for the billing period.
inv_end_date	YYYYMMDD (ie. 20010315)	Required	The ending date for the billing period.
inv_desc	Character*255	Optional	A descriptive summary of work performed.
inv_payment_terms	Character*5 (NN/NN)	Optional	Discount applied to the invoice if paid within the stated number of days. E.g. 10/30 would indicate that the firm will accept a 10% discount of total_net_due if paid within 30 days of the invoice_date.
inv_generic_discount	float	Optional	Generic discount given to all charges represented within this invoice AND not already reflected in the charges below. A value of .10 represents a 10% discount.

inv_total_net_due	money (w/ 4 decimal precision)	Required	The sum of all @Matter.matt_total_due*(1-gen discount) for this invoice id.
@extend_header	N/A	Optional	Used to do client and/or firm specific extensions to the @invoice segment

<b>@MATTER Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/Optional</b>	<b>Description</b>
cl_matter_id	Character*25	Optional	The client assigned matter id.
lf_matter_id	Character*25	Required	The law firm assigned matter code. Multiple lf_matter_id's can be billed in the same invoice.
matter_name	Character*50	Required	The descriptive name of the matter, e.g. "Jones v. Davidson", "Jamison Contract. Proposal"
matter_desc	character*255	Optional	Description of work performed this period.
lf_managing_contact_lname	Character*30	Required	The last name of the individual in the firm who has primary responsibility for managing the matter.
lf_managing_contact_fname	Character*20	Required	The first name of the individual in the firm who has primary responsibility for managing the matter.
lf_contact_id	Character*20	Optional	Unique id of the firm managing contact.
lf_contact_phone	Character*20	Optional	The phone number of the firm managing contact.
lf_contact_email	Character*60	Optional	The email address of the firm managing contact.
cl_matter_var_1	character*50	Optional	Used to pass a client specific value in the core matter segment. This value would expect to be a data attribute of the 'matter'. First of two variables provided.
cl_matter_var_2	character*50	Optional	Used to pass a client specific value in the core matter segment. This value would expect to be a data attribute of the 'matter'. Second of two variables provided.
cl_contact_lname	Character*30	Required	The last name of the individual at the client who has primary responsibility for managing the matter.

cl_contact_fname	Character*20	Required	The first name of the individual at the client who has primary responsibility for managing the matter.
cl_contact_id	Character*20	Optional	An id value used to detail an individual within the receiving clients shop.
cl_contact_phone	Character*20	Optional	The phone number of the client contact
cl_contact_email	Character*60	Optional	The fax number of the client contact.
eft_agreement_number	Character*20	Optional	Id of a previously executed Electronic Funds Transfer agreement.
matter_billing_type	Character*4	Optional (Codes to relate time & materials, flat fees, contingency, fee sharing)	Code indicating how the matter is billed. Valid values and their descriptions are: “TM” (time & materials) “FF” (flat fee) “CT” (contingency) “FS” (fee sharing) No value defaults to “TM”
matter_final_bill	Character*1	Required "Y" or "N"	Field used to specify whether this is the final bill for the matter_id. A null value "" will be treated as "N".
matter_total_detail_fees	money (w/ 4 decimal precision)	Required	Sum of all @Fee.Total_Amounts billed to this matter in this invoice.
matter_total_detail_exp	money (w/ 4 decimal precision)	Required	Sum of all @Expense.Total_Amounts billed to this matter in this invoice.
matter_tax_on_fees	money (w/ 4 decimal precision)	Required	Tax on total_detail_fees. E.g. "532.26". Should be the sum of the tax_on_charge detail fee segments.
matter_tax_on_exp	money (w/ 4 decimal precision)	Required	Tax on total_detail_exp. E.g. "23.45". Should be the sum of the tax_on_charge detail expense segments.
matter_adj_on_fees	money (w/ 4 decimal precision)	Required (positive or negative numbers) - handles discounts	Monetary adjustment to total_detail_fees. E.g. "1245.98" or "-345.34"
matter_adj_on_exp	money (w/ 4 decimal precision)	Required (positive or negative numbers) - handles discounts	Monetary adjustment to total_detail_exp. Can be a positive or negative number. A negative number reflects a discount.
matter_perc_shar_fees	float	Optional (1.00 - 0.00)	This field is used for split fee agreements. For example, if the client is

			responsible for only 50% of the fees billed to the matter, the correct value is ".50". No value will imply 1.00 (100%)
matter_perc_shar_exp	float	Optional (1.00 - 0.00)	This field is used to for split expense agreements. For example, if the client is responsible for only 50% of the fees billed to the matter, the correct value is ".50". No value will imply 1.00 (100%)
matter_net_fees	money (w/ 4 decimal precision)	Required ((total_detail_fees + adj_on_fees) * (perc_shar_fees) + tax_on_fees)	((total_detail_fees + adj_on_fees) * (perc_shar_fees) + tax_on_fees)
matter_net_exp	money (w/ 4 decimal precision)	Required ((total_detail_exp + adj_on_exp) * (perc_shar_exp) + tax_on_exp)	((total_detail_exp + adj_on_exp) * (perc_shar_exp) + tax_on_exp)
matter_total_due	money (w/ 4 decimal precision)	Required	Net_fees + Net_exp
@extend_header	N/A	Optional	Used to do client and/or firm specific extensions to the @MATTER segment

<b>@TKSUM Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/Optional</b>	<b>Description</b>
tk_id	Character*10	Required	Unique ID of a person billing on this matter. The same time_keeper_id may appear multiple times if the timekeeper's name, level or rate changes during the billing period. This value is assigned by the firm and should remain the same for a biller across all work done by the biller within the firm (could be biller initials if the biller initials will be unique across that firm).
tk_lname	Character*30	Required	The last name of the timekeeper.

tk_fname	Character*20	Required	The first name of the timekeeper.
tk_level	Character*15	Required	The level of the timekeeper. Valid values are: Partner Associate Of Counsel Paralegal Legal Assistant Secretary Clerk Other
tk_rate	float (12.4)	Required	An hourly rate billed by this timekeeper for this matter. E.g. "120.00" (Note, It is possible for a timekeeper to bill at more than one hourly rate during a given invoice period.)
tk_hours	float (12.2)	Required	The total hours billed at a given tk_rate to this matter by the timekeeper for this invoice. E.g. "12.2"
tk_cost	float (12.4)	Required	Tk_rate * tk_hours, E.g. "1464.00"
@extend_header	N/A	Optional	Used to do client and/or firm specific extensions to the @TKSUM segment

<b>FEE Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/Optional</b>	<b>Description</b>
charge_date	YYYYMMDD	Required	Date the service was performed
tk_id	Character*10	Required	Unique ID for the person performing the service billed by this line item.
charge_desc	Character*255	Required	Narrative description of the service provided for this line item.
acca_task	Character*4	Optional	Task code for this line item. E.g. "L110". Only one code per line item.
acca_activity	Character*4	Optional	Activity code for this line item. E.g. "A101". Only one code per line item.
cl_code_1	Character*10	Optional	Optional client code for this line item.
cl_code_2	Character*10	Optional	Optional client code for this line item.
charge_type	Character*1	Required ("U" unit price, "F" fixed charge)	"U" unit price, "F" fixed charge. (Note, most line items are will be unit price.)
units	float (4.2) (NN.NN)	Required (use 0.0 for fixed)	Hours billed to this line item. E.g. "3.4" (Use "0.0" for fixed charge)

		charge)	
rate	float (10.4) (NNNNNN.NNNN)	Required (use 0.0 for fixed charge)	The timekeeper rate for this line item. E.g. "120.00" (Use "0.0" for fixed charge)
base_amount	float (12.4)	Required	If charge_type is "U", then base_amount = hours * rate. If charge type is "F", then base_amount is a fixed amount. E.g. "300.00".
discount_type	Character*8	Optional	Type of discount, if any, applied to the base_amount. Valid values are "", "Percent" and "Flat"
discount_amount	float (12.4)	Optional	A dollar amount the charge is being discounted. E.G. "150.00" reflects a \$150 discount.
discount_percent	float(8.4)	Optional	A percentage number expressing the percent discount provided to this charge. E.G. '.15' would reflect a 15% discount to the charge.
total_amount	float (12.4)	Required (Total Charge Amount)	If discount_type is null, then total_amount=base_amount. If discount type = "Percent", then total_amount = base_amount * (1 - discount_percent). If discount type = "Flat", then total amount = base_amount - discount amount
tax_rate	float	Optional	Percentage tax rate against charge. No value defaults to 0.00 which represents 'not taxed'. 7.25% tax rate would be represented as ".0725".
tax_on_charge	float	Optional	Result of applying tax_rate against total_amount. total_amount*tax_rate. No value defaults to 0.00 which represents 'not taxed'. A charge with a 'total_amount' of 200.00 with 'tax_rate' of .075 would have a value for tax_on_charge of "15.00".
@extend_header	N/A	Optional	Used to do client and/or firm specific extensions to the @FEE segment

@EXPENSE Segment			
Field Name	Data Type	Required/ Optional	Description

charge_date	YYYYMMDD	Optional	Date the service was performed
tk_id	Character*10	Optional	Unique ID for the timekeeper.
charge_desc	Character*255	Required	Narrative description of the expense charged by this line item.
acca_task	Character*4	Optional	Task code for this line item. E.g. "L110". Only one code per line item.
acca_expense	Character*4	Optional	Expense code for this line item. E.g. "E101". Only one code per line item.
cl_code_1	Character*10	Optional	Optional client code for this line item.
cl_code_2	Character*10	Optional	Optional client code for this line item.
charge_type	Character*1	Required ("U" unit price, "F" fixed charge)	"U" unit price, "F" fixed charge.
units	float (4.2) (NN.NN)	Required (use 0.0 for fixed charge)	Quantity units billed to this line item. (Use "0.0" for fixed charge)
rate	float (10.4) (NNNNNN.NNNN)	Required (use 0.0 for fixed charge)	Rate for this line item. (Use "0.0" for fixed charge)
base_amount	float (12.4)	Required	If charge_type is "U", then base_amount = units * rate. If charge type is "F", then base_amount is a fixed amount. E.g. "300.00".
discount_type	Character*8	Optional	Type of discount, if any, applied to the base_amount. Valid values are "", "Percent" and "Flat"
discount_amount	float (12.4)	Optional	A dollar amount the charge is being discounted. E.G. "150.00" reflects a \$150 discount.
discount_percent	float(8.4)	Optional	A percentage number expressing the percent discount provided to this charge. E.G. '.15' would reflect a 15% discount to the charge.
total_amount	float (12.4)	Required (Total Charge Amount)	If discount_type is null, then total_amount = base_amount. If discount type = "Percent", then total_amount = base_amount * (1 - discount_percent). If discount type = "Flat", then total amount = base_amount - discount_amount
tax_rate	float	Optional	Percentage tax rate against charge. No value defaults to 0.00 which represents 'not taxed'. 7.25% tax rate would be represented as ".0725".

tax_on_charge	float	Optional	Result of applying tax_rate against total_amount. total_amount*tax_rate. No value defaults to 0.00 which represents 'not taxed'. A charge with a 'total_amount' of 200.00 with 'tax_rate' of .075 would have a value for tax on charge of 15.00.
@extend_header	N/A	Optional	Used to do client and/or firm specific extensions to the @EXPENSE segment

<b>@ADDRESS INFO Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/Optional</b>	<b>Description</b>
address_1	Character*60	Required	The street address of parent
address_2	Character*60	Optional	Optional second street address of parent
address_3	Character*60	Optional	Optional third street address of parent
city	Character*40	Required	The city of parent
state_province	Character*40	Required (30 Characters to handle non-US)	The state of parent.
zip_postal_code	Character*20	Required	The postal code of parent
country	Character*3	Optional (Default assume USA)	The country of parent
phone	Character*20	Required	The phone number parent
fax	Character*20	Optional	The fax number of parent

<b>@EXTEND HEADER Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/Optional</b>	<b>Description</b>
vendor	character	Required	Used to name a vendor the data is associated with.
app	character	Optional	Used to name an application the data is associated with.
sequence	character	Optional	Used to define a sequence of use
date	character (YYYYMMDD)	Optional	Used to define a 'date' associated with the overall 'extend_header' and associated extend_data elements in this segment.

@extend_data	N/A	Required	Used to provide the name value pairs
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<b>@EXTEND_DATA Segment</b>			
<b>Field Name</b>	<b>Data Type</b>	<b>Required/ Optional</b>	<b>Description</b>
ext_name	character	Required	Used to provide the name of the variable
ext_value	character	Required	Used to provide the value of the variable

### **Issue Areas and Notes about the implementations above**

#### 1. Currency Issue

The currency is carried at the invoice level and only stipulates which currency the invoice is presented in. Due to the file being able to include multiple invoices, and given that currency is an attribute of the invoice, it is possible for a file to contain multiple currencies.

The areas where amounts and rates exist, the precision of those fields are defined with four (4) decimals to handle international currency. To see a list of the currency codes LEDES promotes using, please see section #4 Codes Section below.

#### 2. Id Fields - e.g. lf\_id, cl\_id, etc.

The use of the various id fields should be done with caution and consideration for the data content challenges the generating organization may encounter. Problems will exist for a law firm that services two different clients which require use of mutual id fields with differing values. Picture a firm that has been told by client A that the lf\_id value the firm must supply is '1234' and has been told by Client B that the lf\_id value must be '6789'. Conceptually, this does not seem problematic but two issues arise:

- 1) How is this to be implemented by the Time & Billing vendor?
- 2) Is the firm expected to modify these values before exporting or be prompted for human intervention during the export process.

While the LOC is probably not in a position to enforce application logic, we believe that the LEDES organization should 'endorse' a data management strategy with respect to the Id fields. We endorse the following fields be under control of the firm and that the firm consider these fields as 'one value' data fields for all of their clients:

firm.lf\_id  
tksum.tk\_id

It is the responsibility of the firm to define lf\_id and tk\_id(s). Under this model the firm will only need to do this once.

### 3. Invoice & Matter Description fields

You will note that the description fields for matter.description & invoice.description are defined as 255 character fields. In a computer to computer exchange of information, we did not see the need for extended text capabilities area. The concept of work performed is related in the task, phase and charges within the bill. Any discussion surrounding litigation and or management strategy is expected to be discussed directly between the client and the managing attorney.

### 4. Codes

There are two code sets that the content group determined should be backed by LEDES as the recommended external standard values.

- 1) invoice.inv\_currency will support the values found at <http://www.accu-rate.ca/codes.htm>
- 2) firm.address.country & client.address.country will support the three character code set values found at <ftp://ftp.ripe.net/iso3166-countrycodes>
- 3) fee.acca\_task we recommend support of the ABA/ACCA UTBMS task code set here for the appropriate type of legal service.
- 4) fee.acca\_activity we recommend support of the ABA/ACCA UTBMS activity code set here.
- 5) expense.acca\_task we recommend support of the ABA/ACCA UTBMS task code set here (where client has request task association with expense).
- 6) expense.acca\_expense we recommend support of the ABA/ACCA UTBMS expense set here.

### 5. List of Options

Several of the segments above have required data elements which are presented with a list of options in the description column. The list of options is intended to be the 'recommended' set of options. Listed below are the variables which have 'recommended options' (the options appear in the data layout above).

- 1) tk\_sum.tk\_level
- 2) matter.matter\_billing\_type

3) fee.charge\_type

4) expense.charge\_type

## 6. Taxes at the invoice level

### Fees

As most of you are aware, Hawaii, New Mexico and South Dakota have tax on professional fees. Furthermore, the tax on professional fees is not equal to the 'sales tax' or expense tax. Hawaii and South Dakota are state wide taxes (consistent throughout the state) while New Mexico tax varies due to county taxes being leveled on top of the state professional fee tax. In each of these cases, the tax on professional fees is consistent and expected to be applicable to all 'fee' charges. The total tax amount due on professional fees will be passed in the matter 'segment' on the field tax\_on\_fees. The detail fee segments would then be expected to carry the appropriate tax\_rate value on each charge as well the resulting tax\_on\_charge amount.

### Expense

In the expense area, taxes generally show up two different ways

- 1) Buried in the cost of the line item.
- 2) Explicit charge line item for tax.

If there are taxes applied to expenses on the invoice which are not already buried within the charge 'total\_amount' under one of the two methods listed above, this tax amount can be represented in the matter 'segment' on the field tax\_on\_exp. The detail fee segments would then be expected to carry the appropriate tax\_rate value on each charge as well the resulting tax\_on\_charge amount.

## 7. Early payment discounts

The proposed content supports a mechanism for a firm to offer a discount against the invoice for early payment. The field is a character field and should contain information in the format 'number of days'/'percent discount' (ie. 10/2 - meaning 2% discount if paid within 10 days). We have chosen not to include the discount due date and the calculated discount amount.

## 8. Generic Discounts

It is our thought that 'generic discounts' should be given at the invoice level and do not have to foot to the detail charges. This is consistent with a traditional paper invoice that gives the client a 10% discount. In this scenario, the detail charges are not altered and there is a credit/discount given on the invoice at the summary section on paper. The place that this discount is represented is inv\_generic\_discount in the @invoice segment.

## 9. EFT Agreement Number

The EFT Agreement number is used to relate an 'external key' to an agreement between the client and the firm for payment via electronic funds transfer. This field should NOT be used to transmit or communicate any of the details regarding the EFT agreement.

## Alternative Fee Arrangement Implementation Examples

### Flat Fee Implementation

To bill a client for a flat fee amount on an invoice, the law firm would use a `matter_billing_type` of "FF". The exporting software will need to use the `matter_adj_on_fees` and `matter_adj_on_exp` fields to 'adjust' the aggregated fee and expense amounts (reflected in `matter_total_detail_fees` and `matter_total_detail_exp`), to the appropriate 'net values' (`matter_net_fees` and `matter_net_exp`). These `net_fees` & `net_exp` fields then will support the actual amount being billed on the matter (`matter_total_due`).

**Note:** The adjustments can be positive and/or negative numbers. Per the formula shown on the `matter_net_fees` & `matter_net_exp` fields, these adjustment amounts will be 'added' to the `total_detail` fields. Therefore, to increase the amount due on fees up to a flat fee agreement which is larger than the time based charges, the firm would provide a positive number. Likewise, to decrease the amount due on fees down to a flat fee agreement which is smaller than the time based charges, the firm would provide a negative number.

### Contingency

To bill a client for a contingency amount on an invoice, the law firm would use a `matter_billing_type` of "CT". The exporting software will need to use the `matter_adj_on_fees` field to include contingency amount in the bill. By using this field (`matter_adj_on_fees`), the `matter_net_fees` will reflect the total amount of fees due (billed and contingency), which will then support the actual amount being billed on the matter (`matter_total_due`).

### Fee Sharing Implementation

Fee sharing arrangements are handled by placing the clients 'ownership\_percentage' for both the fees section and expense section into the matter header. In our experience, about 10% of our insurance matters involve fee sharing. Of that 10%, approximately 30% have different percentages between the fees and the expenses. The concept above models the most prevalent method used in our 'paper' billed invoices. Each client is presented with an invoice includes all of the detail charges in there entirety with a 'fee sharing' factor applied to the total. For example:

<b>Case: Jones Flower Shop vs. XYZ Company</b>	
Carrier 1: ABC Insurance	Carrier 2: DEF Insurance
Fee Sharing Percentage: 30%	Fee Sharing Percentage: 70%
Expense Sharing Percentage: 50%	Expense Sharing Percentage: 50%

If work is performed during a billing period with 4 fee charges for a \$100 each (totaling \$400 in fees) and two expense charges are incurred, one for \$50 and the other for \$100 (totaling \$150 in expenses), the resulting invoices would be provided to each client:

<b>ABC Insurance</b>	
1/3/99 Task 1	\$100
1/4/99 Task 2	\$100
1/5/99 Task 3	\$100
1/6/99 Task 4	\$100
<b>Sub Total Fees</b>	<b>\$400</b>
Expense descript 1	\$50
Expense descript 2	\$100
<b>Sub Total Expenses</b>	<b>\$150</b>
<b>Fee Ownership: Sub Total Fees * Fee Percentage (\$400 * .30)</b>	<b>\$120</b>
<b>Expense Ownership: Sub Total Expenses * Expense Percentage (\$150 * .50)</b>	<b>\$75</b>
<b>Total Due Firm:</b>	<b>\$195</b>
<b>DEF Insurance</b>	
1/3/99 Task 1	\$100
1/4/99 Task 2	\$100
1/5/99 Task 3	\$100
1/6/99 Task 4	\$100
<b>Sub Total Fees</b>	<b>\$400</b>
Expense descript 1	\$50
Expense descript 2	\$100
<b>Sub Total Expenses</b>	<b>\$150</b>
<b>Fee Ownership: Sub Total Fees * Fee Percentage (\$400 * .70)</b>	<b>\$280</b>
<b>Expense Ownership: Sub Total Expenses * Expense Percentage (\$150 * .50)</b>	<b>\$75</b>
<b>Total Due Firm:</b>	<b>\$355</b>

The percentage 'ownership' can change throughout the case. So, by having the 'ownership' percentage belong to the matter, a case can handle changes in the percentage. To handle a change in the ownership percentage, a firm simply bills out to both parties for the work performed prior to the ownership change, then change the ownership percentage in their billing system and bill under the new percentages going forward.

### **Extensibility Comments**

The goal of the content group has been to develop a data dictionary, which will robustly support the transmittal of legal invoice data for the majority of legal billing applications. It is impossible, however, to anticipate or

accommodate every need of every client and every application. Consequently, we are proposing the following approach to extending LEDES 2000.

## 1. Custom Extensions

Despite the LOC's best efforts, unique needs will arise which can't be met by fields defined in either the Core Standard or in Defined Extensions to the standard. Consequently, the extensibility working-group has defined and provided a method for such extensions to be included. This is done by including an optional extension header into any segment needing custom extensions. This extension header is comprised of elements defining 'vendor', 'application', 'sequence', and 'date' as well as an optional data element call `extend_data`. This `extend_data` element has attributes of 'name' and 'value' allowing for multiple variable 'name' and variable 'value' matching.

This data structure is laid out conceptual in the `@extend_header` section above.

It should be noted that the DTD for the LEDES2000 has been implemented in a fashion that allows applications which do not support custom extensions to still 'read' and use a LEDES2000 XML data document which contains extensions. A conceptual example of using this area to extend a matter segment to include variables for a matter surrounding a real estate transactions, where the address of the purchase, amount of purchase, and seller's name could be:

`@matter`

data element from L2K

data element from L2K

.....

.....

data element from L2K

`@extend_header`

vendor='Realestate.com',

app='Realestate Online',

sequence=NULL,

date='03/01/2000'

(`@extend_data ext_name="Address" ext_value="124 North Street, San Francisco, CA 94232"`)

(`@extend_data ext_name="Amount" ext_value="$20,000,000"`)

(`@extend_data ext_name="Seller" ext_value="Old SF Company"`)

## 2. Defined Industry Specific Extensions - e.g. Property & Casualty Insurance Defense, Bankruptcy

There are groups of clients whose needs can not be satisfied solely with LEDES 2000. Consequently, we have set out to identify data fields that are common to specific vertical legal clients. For example, in property & casualty insurance defense it is common for invoices to include the "Date of Loss" and "Name of Insured". The extensibility group is currently working with the I3stf's billing content working group, [www.i3stf.org](http://www.i3stf.org), to identify data common to these invoices. From the information gathered and defined by various vertical market working groups, LEDES will document and publish specific vertical market extensions through the LEDES change committee.