

LEDES OVERSIGHT COMMITTEE

Sub Committee on LEDES 2000 Utilization Report



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Introduction

In the interest of getting broader traction with the XML version of the LEDES 2000 format, the Ledes Oversight Committee (“LOC”) established the Sub Committee on LEDES Utilization (the “Sub Committee”) at their annual meeting in February 2005. The Sub Committee’s charter was:

To recommend to the LOC Board an appropriate course of action for establishing and fostering XML as a preferred standard for legal industry invoice data.

The LOC was primarily concerned with the fact that e-billing was still too difficult to adopt for smaller law firms with limited resources especially because data exchange requirements between corporations and law firms has been increasing. It was also a concern that the more seemingly extensible LEDES 2000 XML format was lagging behind the older, more static LEDES 1998B format in terms of adoption. Because XML provides a built-in mechanism for improved data accuracy and utility, it is clearly a more desirable format but is not as widely used.

Obstacles to LEDES Adoption

The all-volunteer Sub Committee (See Appendix A – Sub Committee members) established a course of action that included investigating why the LEDES 2000 XML standard was not more broadly adopted. This involved surveying law firms to determine why e-billing was so challenging to adopt and interviewing the original designers of the LEDES 2000 format to understand the concepts applied to the design of LEDES 2000. This investigation led to the identification of the following as primary obstacles to adoption of XML as a standard for legal e-billing:

1. LEDES 2000 is poorly defined, with many inconsistencies and shortcomings; this fact made it virtually impossible to deploy consistently not only from one corporate law department to another, but across law firms from client to client;
2. Both LEDES 1998B and LEDES 2000 have deficiencies in handling complex international taxes; this is an important issue as there is a growing need to utilize LEDES in the international community; and
3. Corporate law departments have been asking or requiring law firms to use LEDES e-billing formats to transport non-invoicing data, leading to inconsistent use of the format and reluctance by law firms who understandably are faced with an unduly difficult task of monitoring multiple client-specific data requirements.

Taken together, these issues have unfortunately resulted in a much lower level of LEDES 2000 e-billing utilization than should be expected. At the same time, the definition of the LEDES 2000 format has not been re-visited since it was first introduced in 1999.

Recommendations

The Sub Committee therefore recommends three steps to improve adoption of XML as a standard for legal e-billing:

1. ***Create a more effective XML invoicing standard*** that addresses the data requirements and needs of law departments without putting a strain on law firms; it should be easy to understand and easy for time & billing vendors to adopt. In this document, we have referred to this format as “LEDES XML”¹.

With regard to a new standard, a large part of the sub committee’s efforts were related to developing this new XML format. It was designed to address the shortcomings of LEDES 1998B and LEDES 2000 while addressing emerging market needs, particularly in taxation. A high-level overview of the standard is presented in the section of this document entitled “Understanding the New Format”². However, because of the history of LEDES 1998B and LEDES 2000 formats being used to exchange non-invoice data, we have also presented an overview of what LEDES XML is not intended to address (See “What LEDES XML Does not Address”). The recommended format has several advantages over LEDES 1998B and LEDES 2000:

- i) It completely restructures the manner in which taxes are handled to make tax issues less burdensome;
- ii) All contact fields have been restructured and money and number fields have been reformatted to make them consistent from field to field;
- iii) A number of “non-mainstream” fields have been eliminated;
- iv) The specification document was written to be more consistent than the original LEDES 2000 specification; and
- v) The new format is a superset of LEDES 2000, so it should not have any adverse impact on organizations that have already implemented LEDES 2000.

If the LOC approves this new format, it should lead to a simpler, more consistent and much easier to understand standard which will help drive XML adoption resulting in more powerful and effective invoice data exchange between law firms and law departments globally, not just domestically. Additionally, the new format will provide more accurate information for use in intelligently analyzing the services provided by law firms.

2. ***Institute other standards for movement of non-invoicing data.*** One of the recurring issues in the frustration faced by law firms in implementing e-billing has been the constant modification of the LEDES 1998B file to

¹ We recommend that a new naming convention be adopted by the LOC for its standards, particularly if there are to be standards beyond invoicing. If ratified by the LOC board, the standard will need to be appropriately named.

² For full details of the recommended standard see the “LEDES XML Supplement” to this document

accommodate other kinds of data beyond just law firm invoice data. This implies a clear need for additional data formats to facilitate broader information exchange between law firms and law departments.

3. ***Institute a comprehensive and on-going outreach program*** to help e-billing stakeholders to adopt and utilize the standard appropriately and within the boundaries of its design.

As this recommendation implies, we believe that a significant threat to widespread adoption is the incorrect use of the standard for purposes that the format was not designed to address. While it stands to reason that there are many kinds of data that law firms and clients will wish to exchange beyond invoice data, we contend that it is a mistake to use any LEDES invoice format to accomplish this objective. To use an invoice format to exchange non-invoice data is prone to error which can be expensive and burdensome for law firms, introducing an impediment to widespread adoption.

Accordingly, the e-billing, matter management and time & billing vendor communities need to work together with the LOC to a) better educate legal e-invoicing consumers on how to effectively utilize the LOC's published standards³ and b) develop further standards geared at exchanging other kinds of information beyond invoice-related data in conjunction with law firms and law departments (e.g. timekeeper, entity, matter profile and budget data⁴.)

Lastly, we received feedback on the LEDES XML standard from a preliminary group of reviewers (LOC Members) who were a valuable contribution to the process. One member recommends that the LOC ***certify compliance with the standard***. We believe this worth discussion. The suggestion as submitted states:

"The LOC should develop and release a set of LEDES XML compliance tests. Any software claiming to implement the LEDES XML standard should verifiably pass those tests. Moreover, the LOC should forbid usage of the LEDES XML name/logos/marks/etc to implementations that cannot be verified to pass those tests."

Conclusion

While we firmly believe that LEDES XML will be more widely adopted than its predecessor, it is important to note that the introduction of any new standard will require an implementation investment in time and money by all stakeholders if it is to be successful. As such, we strongly encourage all stakeholders – vendors, law departments, law firms, consultants and other industry players to provide us with feedback on the new proposed format.

³ *Mechanisms for accomplishing further education include outreach vehicles such as our website, our affiliation with ILTA and active participation in legal technology forums*

⁴ *It is important to also note that the Utilization Sub Committee was also aware that there was another effort underway in parallel by the "Sub committee on Budgets & Case Plans"; development of a budget standard and a Case/Matter Profile standard would presumably reduce the need to inappropriately use the invoice format to exchange non-invoice data.*

It is also important that the LOC actively pursues on-going enhancements to any adopted XML format to address emerging needs and potential issues with any current ratified format. Remaining actively engaged with the market will ensure that the LOC's standards will effectively serve the market with appropriate, relevant and powerful standards and enhancements for years to come. We look forward to the future of legal e-billing under the new LEDES XML standard. Comments, suggestions and concerns should be directed to:

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An Overview of the Proposed LEDES XML Standard

The need for production of electronic invoices has increased significantly since the introduction of the LEDES 98B and LEDES 2000 formats. As a region North America has seen the greatest demand for electronic invoicing, however the requirement has become a global issue.

The demand for enhanced electronic integration is primarily being driven by the demand side of the legal services equation. The increase can be attributed to a number of factors:

1. Increased deployment of case management systems within corporate legal departments.
 - Market studies have shown that approximately only 30% of corporate legal departments have deployed computer based case management systems.
2. Increased awareness created by Electronic Invoicing and Legal Spend Management companies.
 - More than 13 vendors are registered with the LEDES.org web site.
3. Increased focus on corporate cost management and fiduciary responsibility.
 - This focus has been increased with compliance requirements dictated by the Sarbanes-Oxley legislation.

The introduction and availability of electronic invoicing has led to a number of expectations in the broader electronic data exchange that are not part of the objectives of the LEDES organization or the existing formats. The perception of the ease of availability of this information has led to a number of broader issues relating to electronic billing and standard formats.

1. Law firms report a proliferation of the number of formats created and maintained, including multiple formats for the same corporation. A perception that it is easy for law firms to access and provide this information has led to law departments asking them to deliver a broader data set which extends beyond the provisioning of the electronic invoicing formats.
2. Reuse of field areas within the standard to contain information different from the data that the prescribed standard originally intended.
3. The requirement to send a second file along with the electronic invoice to support the extra information requested.

A recurring issue is that corporations request information from their outside counsel that is not part of the defined standards. In order to comply and to facilitate the transmission of this information, law firms are modifying and

manipulating the LEDES standards to meet the client's specific requirements. This has led to several issues with the end-to-end effectiveness and the promise of electronic invoicing.

While electronic invoicing has assisted in-house legal departments with analyzing their outside counsel spending, it has not necessarily delivered on the expectation of a more efficient billing and settlement cycle. A sponsored whitepaper on the cost of producing eBills within private firms indicated that on average an electronic invoice costs \$68.00 to process⁵. This figure reflects that within the set of 68 respondents, the average processed 131 electronic invoices monthly to an average of 12 clients requiring 2 standard formats each having 2 variations of those formats. As electronic invoicing increases, the above figures represent 5% of total monthly invoices produced, the ratios are only expected to increase.

It is consistent in the responses from the law firms that the problem is driven by 1) an expanding global demand for electronic invoices; 2) an increasing demand on the information scope provided within those electronic files; and 3) a limited adherence to the published standards due to limitations and scope.

LEDES 2000 and LEDES 98B Issues & Problems

There are several immediate issues that relate to the two existing LEDES formats:

LEDES 98B:

- ASCII delimited format.
- Requires an involved process to extend the format which has not changed since its release in 1999.
- Order of fields within the file has relevance.
- Limited summarization of information
- Does not support international requirements.
- Does not support taxes of any type.
- Is not a self-describing format.
- Is not easily reviewed or parsed.

LEDES 2000

- Limited industry adoption
- Does not address International requirements.
- Taxes not identified at the invoice level.

The Subcommittee did not commission a formal survey regarding issues due to budget and time constraints. However, the Sub Committee members polled industry contacts to understand the challenges and obstacles faced with the current formats. It is important to keep in mind that the members of the Sub Committee included most of

⁵ "LawNet's 2004 E-Billing Survey" published July 2004

the major e-billing vendors who have extensive contacts within both the law firm and law department communities. Feedback through this process indicated that the LEDES 2000 format was used with only two law firms, and even within these two firms, the utilization rate was low.

To better understand why the LEDES 2000 format was not more widely used, the Sub Committee interviewed some of the original framers of the original format. Hind sight being “20/20”, the Sub Committee, along with these early and courageous pioneers, agreed that the format needed to be redefined if it was to be effective. This led to the Sub Committee establishing a task force that ultimately created the recommended LEDES XML format.

Differences between LEDES 2000, LEDES 98B and LEDES XML

	LEDES 98B	LEDES 2000	LEDES XML
Release Date	January 1999	April 2000	TBD
Easily Extended	N	Y	Y
Multi-Language Capable	N	Y	Y
Multi-Currency Capable	N	N	Y
Identifies Taxes	N	Y – limited	Y
Regional Compliance	N	N	Y

Advantages of LEDES XML

The proposed LEDES XML standard presents the following advantages:

- Based on self-describing XML structure
- Created with international requirements identified which were presented to and reviewed by international members of the LOC
- Addresses regional issues
- Extensible functionality inherent to the structure
- Superset of the LEDES 2000 format

Taken together, we believe that the LEDES XML format is a major improvement over the LEDES 2000 and LEDES 1998B formats that, when properly implemented, will be easier for law firms to administer and provide more valuable data to law departments. To better understand the power of the new format, it is important to understand some of the boundaries and guiding principles which shaped its development.

What LEDES XML Does Not Address

The mission of the LOC is to promulgate standards for the electronic exchange of legal data.

The Move to XML – A Little History

Through the end of 2005, LEDES 1998B has been “the” accepted e-billing standard. The broad-based use of LEDES 1998B when compared to its sister format, the XML-based LEDES 2000 has been attributed by many to the legal industry’s historically slow pace of technology adoption. However, on closer examination, law departments didn’t require or request LEDES 2000 invoice submissions primarily because the format wasn’t readily available in law firm Time & Billing programs. One of the main reasons for the lack of availability is quite possibly due to timing. Virtually all law firms upgraded their Time & Billing systems to address the Y2K bug. Most of these system upgrades included invoice export capability to LEDES 1998B and not LEDES 2000 because the LEDES 2000 format, unfortunately, wasn’t set forth until April, 2000. It therefore meant additional cost to the law firms to make the format available in their Time & Billing programs, and may have required another upgrade.

It is widely recognized that LEDES 1998B is deficient in its ability to adequately capture a full range of e-billing information. For example, the format allows for only one Tax ID Number per law firm and does not identify whether items are taxable and, if so, information on the tax. In fact, without modification LEDES 1998B does not account for taxes at all! The format has been tweaked beyond comprehension by law departments eager to receive a much richer data set than the format was originally designed to deliver including, most notably, information on Alternate Fee Agreements. Interestingly enough, while LEDES 2000 may have addressed many of the data requirements that lead to the modification of the LEDES 1998B format, it had a complicated design that was difficult to understand, creating barrier to adoption.

The proposed LEDES XML format has been streamlined when compared to LEDES 2000. It is designed to provide mainstream, accurate and complete billing information without introducing unnecessary complications. It adequately accommodates alternative legal billing arrangements, reformulates the manner in which tax information is provided and takes into account the complexity of international submissions.

Items Included in the Revised Format

The LEDES 2000 format identifies certain data elements that are universally recognized as being specific to legal e-billing. These have been kept in the proposed LEDES XML format. For example, the new format supports information on the firm, its timekeepers and hourly rates, all of which continue to be connected to invoices. Invoices themselves are comprised of time and expense records, some of which may be taxed. The detail items or the invoice as a whole can have adjustments or credits applied.

Additionally, LEDES 2000 recognizes that electronic bills should mimic paper bills to the extent that a “super bill” may be needed. The “super bill” is characterized by a single invoice that could be related to invoices against multiple matters containing the same invoice number, a practice common in complex and class action litigation.

We have also kept as a requirement in LEDES XML the guidelines established for LEDES 2000 format change requests which required five criteria be passed: (1) is the information requested considered "mainstream" electronic billing information; (2) does the information requested provide as complete a data stream as is necessary to understand the component of the bill, process the payment and/or report on the information provided in a sensible manner; (3) does the information requested expand the concept of e-billing in line with trends in the legal industry (4) does it support global uniformity; and (5) are there any known legal requirements on the inclusion or exclusion of the data requested.

Items Excluded from the Revised Format

Interestingly, some data elements in the current LEDES 2000 format were identified as appearing to be non-mainstream e-billing information. For example, the format included place holders for client codes beyond the UTBMS set. These fields were viewed as problematic in that they provide a container for other information that a client may request. While this may sound reasonable, the LEDES 2000 format allows for customization using the @EXTEND HEADER segment, so it was felt that these place holders were counterproductive as they introduce further confusion and duplicity, hence they were dropped.

Other fields were dropped from the LEDES 2000 format because they were summary total fields that could be compiled by the receiving system. For example, the format included a total number of hours and total of fees for each timekeeper/rate. It is easy enough for the receiving matter management and e-billing systems to compute the totals, and the data is not integral to the invoice submission.

As of this writing, the only data file formats considered and approved by the LOC were for the exchange of invoices. However, the LOC at its annual meeting in February 2005 recognized that corporate law departments need to obtain information from law firms beyond just invoice information and has taken steps to address this need. For example, budgets and case plans are being considered by a separate subcommittee in 2005 for the formulation of a standardized, LOC-endorsed export format for budgets and bibliographic matter information.

As such, it is this Sub Committee's position that invoice data should not be commingled with non-invoice data, consequently, any data that is not a common e-billing data element was excluded from the LEDES XML format. For example, a request to include minority hiring information as part of the timekeeper information provided in the e-billing data was also deferred. While it is acknowledged that the SEC requires publicly held corporations in the USA to collect information of this type, the Sub Committee felt that the topic required more discussion particularly because (1) there needs to be a better understanding of the type of information sought, (2) providing this information may be illegal in some countries outside the US and (3) the data sought is not per se mainstream e-billing data. It would be worthwhile for the LOC to establish a sub committee in 2006 to consider this topic.

LEDES XML is not a process

A major concern of the Sub Committee is that those utilizing the standard clearly understand that this XML format itself is has not been (and shouldn't be) designed to address business process challenges; specifically how data should be loaded or transmitted between a law firm's Time & Billing system and the law department's matter management system. We have assumed that software vendors will work together or independently – as appropriate – to apply software solutions to these business process issues. The Sub Committee recommends to whatever “adoption promotion” team is established for this new standard (assuming it is ratified) that strong consideration be given to developing a standard transmission protocol using XML Web Services.

Understanding the New Format

This section discusses the key segments to this new and exciting legal invoicing file format; and touches on some of the technical attributes. While understanding XML is helpful, it is not necessarily required to comprehend some of the advantages and benefits of the proposed LEDES XML format. Even the XML novice is encouraged to review these sections as they address the capabilities of the format in a manner that is meant to appeal to both the technical and non-technical reader. As this specification was derived from the original LEDES 2000 specification, the original segments have been retained and extended; and as such the original LEDES 2000 specification document should serve as additional reference. Note that the major additions over LEDES 2000 are new segments for handling taxes and we have normalized contact information into a new segment that may be placed within the hierarchy.

Content Segments

The following segments are designed to represent the major entities of an electronically submitted invoice including related support data. All segments now include a required field, **file_item_nbr**, to represent the line item of each data element in the invoice file submission. This has been added to facilitate more effective error handling and troubleshooting.

Also note that we suggest standardization of date formats in keeping with the XML standard. In prior LEDES specifications, the date formats were YYYYMMDD. This has been changed to YYYY-MM-DD. Character fields have been changed to type String. Financial fields have been specified as format **decimal (money w/4 decimal precision)**. Float and numeric fields with specified decimal lengths have been changed to type decimal with an indication of the field format i.e. decimal (1.2).

@Firm

This segment provides the specifics of the firm or firms that are submitting the invoices in the LEDES XML file. Note that it is possible to include billing for multiple firms provided that each firm is properly represented in its own firm segment. Additional fields have been added to the original LEDES2000 firm segment including the URL of the law firm and an item count of this segment/data element in the entire invoice submission file. In addition, the firm identifier has been changed from **lf_tax_id** to **lf_vendor_id** to provide flexibility in firm identification and support international identification standards.

@Tax

This newly introduced segment has been defined to handle the multiple permutations of tax on legal services both domestically and internationally. Requirements of some countries call for taxing flexibility at both an invoice and also a line item level. This new segment allows for specifying tax types (federal, state, local, GST, HST, etc.), tax rates, and taxing jurisdiction. The firm tax ID number should be entered within this segment.

@Client

This segment summarizes the information about the law firm's client who the invoice is being submitted to. It includes the client name and sub-segments for address and contact information. It also includes a unique identifier that should represent the firm's unique ID within their client's billing systems.

@Invoice

The invoice segment provides details about the invoice being submitted including invoice ID, date, currency, billing date ranges, payment terms, and invoice totals. Much of the original LEDES 2000 invoice segment has been retained. However, discounts have been moved into a new @MATTER_DISC_CRED segment. An additional field, `inv_total_net_due_other_iso`, has been added to support multi-currency situations. While it is expected that ISO conversions will occur within the receiving application, this field is mandated by law in the UK.

@Matter

The matter segment contains detailed information about the legal case for which the invoice is being submitted. The client matter id is now required as is the firm's matter id / file number. New fields have been added in support of discounts on fees and expenses. These are required fields that total all discount fee and expense credits for the matter. There is also a required field for the total discounted amount.

Optional client-specific fields (`cl_matter_var_n`) have been removed in an effort to focus the new specification on a set of fields that have pervasive relevance for all firms and clients, and to avoid supporting multiple formats for submission.

@Tax_Summary

A new segment has been added that summarizes, at the matter level, all taxes that were applied against the matter's detail items. If no taxes apply, then the entire segment is not needed and it can be omitted.

A unique identifier, `tx_id`, serves as a key for the segment fields. If taxes are to be applied then this is a required field. Note that there can be multiple tax summary segments to service multiple taxing conditions or jurisdictions.

@Matter_Disc_Cred

This is a new segment added to detail the discounts and credits applied by the law firm's time and billing system at the matter level. If discounts are not applied to the submission, this segment can be omitted.

A `disc_cred` field is required to designate the alternate fee arrangement referenced. Choices include:

- Matter/Invoice Shared Fee (MISF)
- Matter/Invoice Discounted Bill (MIDB)
- Matter/Invoice billed at Flat Fee (MIFF)

- Matter/Invoice Adjustment (MIA)
- Matter/Invoice Discounted Hourly Rate (MIDHR)
- Matter/Invoice Retainer (MIR)
- Matter/Invoice Contingency Fee (MICF)
- Matter/Invoice Bonus (MIB)
- Matter/Invoice Credit Memo (MICM)
- Other

Discount credit types can be flat rates or percentages.

@Tax_Matter_Disc_Cred

This segment supports the newly created @Matter_Disc_Cred segment to identify any relevant taxes assessed against the matter discount or credit. It is a relational reference to a supporting @Tax.tx_id key value.

@TKSUM

Details of each individual timekeeper for whom hours are being billed should be entered with a TKSUM segment. The tk_id field uniquely identifies the timekeeper and it should be a consistent value for all line items being submitted on the invoice and also for all prior and future submissions for the client being billed.

A change from the prior LEDES2000 specification, the fields tk_hours and tk_cost have been removed from this section. These values should be derived by the software application receiving the submitted file.

@FEE

Each billed fee item is contained within a fee segment. This segment details the specific charges at a line item level. A relational reference to the tk_id from the TKSUM segment identifies the timekeeper. In addition, the specification has been expanded to include the tk_level. Although this may appear redundant, it was done to allow for accurate analysis by rate and position in situations where rate changes occur.

The fields acca_task and acca_activity have been changed to task_code and task_activity to reflect the UTBMS task and activity code for the line item. The optional cl_code_n fields have been dropped to minimize non-standard billing requirements.

Individual fields for tracking discount information have been moved to the @Fee_Item_Disc_Cred segment. A new field item_disc_cred_amount has been added to summarize all items from that segment.

The total_amount field represents the final billed value of the fee item after applying fee level discounts. It does not include any matter level discounts or taxes on the fee item.

Note that the rate and units field for flat fee items should now be populated with actual values representing the timekeeper's standard rate and the units incurred in completing the flat fee activity. This is a change from the prior spec where it was specified that these values should be zeros for flat fee line items.

@FEE_ITEM_DISC_CRED

A new segment has been defined to reflect all discounts applied at a fee level. This segment is only needed if fee level discounts are applied by the firm's time and billing software. Note that fee item discounts are tracked separately from matter level discounts as referenced earlier in this document.

Each fee item discount or credit must be qualified using this segment's `disc_cred` field. Although similar in function to the `disc_cred` field within the `@Matter_Disc_Cred` segment, the values are reflective of fee item discounts and credits. Choices are as follows:

- Fee Item Discount (FID)
- Fee Item is billed at a Flat Fee (FIFF)
- Fee Item Adjustment (FIA)
- Fee Item Discounted Hourly Rate (FIDHR)
- Other

Discount types can be categorized as a percentage or a flat amount using the `disc_cred_type` field. Discounts or reductions are represented as negative values and credits are represented with positive values in the `disc_cred_amount` field. For example, a discount of \$100.00 should be reflected as "-100.0000" while a \$100 credit should be represented as "100.0000".

If either the value of `disc_cred` is either FID or FIDHR, a `discount_percent` field should be populated with the appropriate rate. A 15% discount would be represented as "0.15". This value always represents a reduction to the invoice amount.

@TAX_ITEM_FEE

This segment reflects taxes on fees in the `@Fee` segment. It is a relational reference to a supporting `@Tax.tx_id` key value. It replaces the tax fields that were previously within the `@Fee` segment.

@EXPENSE

The expense segment is used for disbursements billed on the invoice. The fields are similar to those within the `@Fee` segment. The `acca_task` and `acca_expense` fields have been renamed to `task_code` and `expense_code` respectively. Both are optional.

Consistent with the changes to flat fee handling at the fee level, expense items that are billed as flat fees should now be populated with actual rates and units rather than the previous zero values.

Previous discount fields at the expense level have now been replaced with a reference to the newly created `@Expense_Item_Disc_Cred` segment. The total amount should be reflected in the `item_disc_cred_amount` field

@EXPENSE_ITEM_DISC_CREDIT

This new segment has been added to reflect all discounts applied at an expense level. It is only needed if expense level discounts are applied by the firm's time and billing software.

Each expense item discount or credit must be qualified using this segment's disc_cred field. Although similar in function to the disc_cred fields within the @Matter_Disc_Cred and @Fee_Item_Disc_Cred segments, the values here are reflective of expense item discounts and credits only. Choices are as follows:

- Expense Item Discount (EID)
- Expense Item is billed at a Flat Fee (EIFF)
- Expense Item Adjustment (EIA)
- Expense Item Discounted Hourly Rate (EIDHR)
- Other

Discount types can be categorized as a percentage or a flat amount using this segment's disc_cred_type field. Discounts or reductions are represented as negative values and credits are represented with positive values in the disc_cred_amount field. For example, a discount of \$100.00 should be reflected as "-100.0000" while a \$100 credit should be represented as "100.0000".

If either the value of disc_cred is either EID or EIDHR, a disc_cred_percent field should be populated with the appropriate rate. A 15% discount would be represented as "0.15". This value always represents a reduction to the invoice amount.

@TAX_ITEM_EXPENSE

A new segment has been added to identify tax applied to the preceding expense item. A tx_id field is used to relationally link to the correct @TAX segment item.

@ADDRESS_INFO

This segment is retained from the original LEDES2000 specification. It reflects address and phone information within the @FIRM or @CLIENT segments.

@CONTACT_INFO

A new segment has been defined to reflect contact information within the @FIRM, @CLIENT and @MATTER segments. This segment provides for contact name, phone, fax, and email information.

@EXTEND_HEADER

The Extend_Header segment allows for the optional inclusion of fields into any segment needing custom extensions. It should be used to support any specific segment needs while allowing applications that do not support custom extensions to still utilize LEDES XML documents which contain extensions. Please note that careful consideration should be given as to the nature of information added anywhere in the file. The Sub Committee strongly recommends that this file only be used for the reporting of invoice information. Non-invoice information should be exchanged elsewhere.

@EXTEND_DATA

This segment contains the extended data defined by the @EXTEND_HEADER segment. It has two fields – one to define the field name and the other to house the extended data values.

Each @EXTEND_DATA segment may contain multiple rows of data that extend the applicable segments.

Summary

It is this Sub Committee's expectation that corporations should be able to mandate LEDES XML format submissions only by September 2006, paving the way for LEDES 1998B to be retired. The success of this timetable depends on contributions by all stakeholders, primarily the vendors, law firms, corporations and the LOC.

First and foremost, success depends on the LOC creating a roadmap for adoption that is easy for the vendor community to implement; this should include on-going maintenance of the standard. Secondly, success depends on e-billing and Time & Billing vendors accepting and agreeing to upgrade their systems to support the proposed format. Thirdly, corporations will need to mandate the use of LEDES XML and provide incentives either independently or with their vendors to encourage law firms to upgrade their Time & Billing software as necessary, and to train their staff to use the new LEDES XML standard.

Success is also dependent on compliance with the standard. Ultimately, while we agree and understand that it is the law department within a corporation that determines the parameters of their e-invoicing needs, if we are to gain widespread adoption of LEDES XML as a standard, there has to be compliance with the standard by all stakeholders.

Accordingly, we recommend that e-billing and matter management vendors discourage modifications to the format to whatever extent possible but also, that corporate law departments work with (and through) the LOC to ensure that their needs are adequately addressed in both the short and long term planning for the continued evolution of the standard.

This being said, the standard has to be relevant to the needs of the marketplace. This will require that the LOC commit to on-going support and rapid implementation of key requirements needed by the marketplace if LEDES XML or any of the LOC's standard formats are to be successful.

With the above in mind, the Sub Committee's immediate and direct recommendations in line with our charter: *"To recommend to the LOC Board an appropriate course of action for establishing and fostering XML as a preferred standard for legal industry invoice data."* are as follows:

1. Adopt the more effective LEDES XML invoicing standard
2. Institute other standards for movement of non-invoicing data
3. Institute a comprehensive and on-going outreach and maintenance program
4. Consider mechanisms that encourage compliance with the standard

Finally, the Sub Committee co-chairs would like to thank the entire Sub Committee and other LOC Members who contributed for their hard work and effort.

While everyone contributed, the definition of the new LEDES XML format could not have been completed without the tireless dedication of Jane Bennitt, currently of LitNeutral and formerly with TyMetrix.

We would like to recognize Jane as being an integral part of the success of the Sub Committee's overall effort.



Ranji Ragbeer



William K. Mertes

Co-Chairs

Appendix A – Subcommittee Members

Name	Organization*	Role
Ranji Ragbeer	CT TyMetrix	Co-Chair
William Mertes	Winston & Strawn LLP	Co-Chair
Jane Bennitt	LitNeutral	Member
Ted Best	Lexis-Nexis / Examen	Member
Andrew Dawson	ADERANT	Member
Pat Marafiotte	Allegient	Member
Tom Melling	Serengeti	Member
Loretta Ruppert	Lexis-Nexis / TimeMatters	Member

* Note that additional input was received from participants from Datacert, Standard & Poors, Johnson Controls, Bottomline Technologies, Liberty Mutual and Microsystems.

Appendix B – LEDES XML Detailed Description

* Please see attached