any library directors and managers already collect sophisticated service metrics about their libraries and the services they provide. However, gathering metrics is only the first half of the task. In order for those numbers to be meaningful, they must be converted into a monetary value to demonstrate to senior management the actual benefits and costs of library services. While the American Association of Law Libraries (AALL) published a report titled *The Economic Value of Law Libraries* in January 2015, that provides general guidance on how to think about the economic value of law libraries, this white paper seeks to provide practical, concrete techniques to help law librarians quantify their services into a monetary value that an executive director or CFO can easily understand. (To view the study visit bit.ly/AALLEconomicValue15.) This article provides a way to evaluate the business value of the library as a business unit, albeit one that is not focused on maximizing revenue, but rather on providing the highest-quality services at the lowest feasible cost to the firm.

**Billable Hour Is Still King**

Despite the emergence of the alternative fee arrangement (AFA) in the post-Great Recession legal economy, the traditional billable hour model is still the primary way that law firms generate revenue. In fact, even when working under AFAs, the vast majority of lawyers at firms continue to bill by the hour.

This billable hour approach makes equal sense for measuring librarian value and productivity. The first step in measuring librarian monetary value in the same way is to ensure your research librarians record all of their time, both for billable and non-billable matters. It’s also a good idea to push down library administrative work to library staff who is not considered to be a timekeeper, so that the metrics that librarians do record reflect substantive research work on behalf of clients or the firm. This measure shows
clients or who choose to write the time off, it is still valuable to understand how librarians are generating revenue from the hours they bill. As AFAs become more popular with clients, librarians can offer the firm excellent opportunities for reducing the cost of delivering legal work. Librarians are research experts, yet they bill at lower rates than lawyers, which puts them in the best position to conduct cost-effective research services for their firm's clients. As the sidebar on page 31 titled “Billing Best Practices” illustrates, the revenue generated from research librarians can still represent substantial revenue despite write-offs. This revenue can offset the head-count costs of overall library services.

**Align Research Work with the Firm’s Strategic Initiatives**

Don’t just track billable work; researchers should track non-billable work and organize it into meaningful categories. For example, examine the strategic initiatives of the firm to see how the library contributes its share to the greater goals of the firm. In Figure 2, a number of library-oriented categories (such as ILLs) are tracked by time and billing software. More importantly, categories such as Knowledge Management (KM), Practice Group Support, Client Development, Pro Bono, and Conflicts Checks are also included. These traditional, non-billable categories may appear by their category definition not to

Figure 1: Knowledge Management Services Staff Revenue

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>TOTAL HOURS WORKED RELATED TO BILLINGS</td>
<td>8,693</td>
<td>7,630</td>
<td>7,593</td>
<td>7,033</td>
<td>8,447</td>
<td>7,815</td>
<td>8,092</td>
<td>6,620</td>
<td>-17%</td>
</tr>
<tr>
<td>% INCREASE IN HOURS</td>
<td>4.7%</td>
<td>-6.56%</td>
<td>-0.48%</td>
<td>1.73%</td>
<td>10.66%</td>
<td>-7.37%</td>
<td>3.49%</td>
<td>-14.27%</td>
<td>-124%</td>
</tr>
<tr>
<td>STANDARD VALUE BILLED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-21%</td>
</tr>
<tr>
<td>% REAL</td>
<td>72.9%</td>
<td>65.8%</td>
<td>60.4%</td>
<td>61.3%</td>
<td>59.49%</td>
<td>61.4%</td>
<td>61.32%</td>
<td>58.69%</td>
<td>6%</td>
</tr>
<tr>
<td>ACTUAL FEES BILLED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-14%</td>
</tr>
<tr>
<td>% INCREASE IN FEES</td>
<td>4.25%</td>
<td>-19.99%</td>
<td>-9.76%</td>
<td>12.03%</td>
<td>13.93%</td>
<td>-0.56%</td>
<td>2.54%</td>
<td>-12.11%</td>
<td>-119%</td>
</tr>
<tr>
<td>NET COST</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-20%</td>
</tr>
<tr>
<td>% BILLED TO EXPENSES</td>
<td>65.5%</td>
<td>63.8%</td>
<td>65.06%</td>
<td>61.66%</td>
<td>66.67%</td>
<td>58.29%</td>
<td>87.18%</td>
<td>45.56%</td>
<td>-24%</td>
</tr>
</tbody>
</table>

Figure 2: 2015 Knowledge Management Services Billing Report by Type of Service Provided

- Billable Total
- CLE
- CLE-Lib
- Client Dev
- General Research
- ILLs
- KM
- Legal Research
- Library Admin
- Practice Groups
- Pro Bono
- Conflicts Check

how research librarians can generate real revenue for the firm. Figure 1 displays the hours that Debevoise & Plimpton LLP research staff billed on an annualized basis. Even for firms that do not bill librarian time to institutional
We’re all aware that library budgets have been declining since the economic downturn in 2008. However, eight years later, we aren’t focused just on cost-cutting to the bone any more. That’s true, but non-billable does not mean “non-valuable.” In fact, firms are investing in more client and business development research to generate new business. Librarians should calculate the value of client and business development research they conduct by monitoring the daily New Matter Memo (NMM) alerts of the new business. By correlating research performed by the library with new matters, it is easy to calculate the revenue generated by that new work from the firm’s financial software system. Clearly, librarians cannot take credit for the total value of the work performed by attorneys on the new client matter, but should point out to senior management the critical role library research played in winning that new work.

Similarly, for librarians providing curated practice group, industry, or client team newsletters, it is critically important to develop good communication with the readers of those newsletters so you can track when the competitive intelligence you or your staff provided results in a new client engagement. Armed with the new client/matter number, librarians can estimate a monetary value for the work/services performed by the library staff.

**Strategic Contract Management = Measurable Savings**

According to an article in the *American Lawyer* titled "Downsizing Continues at Law Firm Libraries" (published July 7, 2016), the median law library budget at the Am Law 200 firms was $3.90 million in 2015, down from $5.18 million in 2014. View the article at bit.ly/AmLaw. We’re all aware that library budgets have been declining since the economic downturn in 2008. However, eight years later, we aren’t focused just on cost-cutting to the bone any more. The focus has shifted to working smarter and providing lawyers with relevant resources and tools that enable them to work more efficiently. Thanks to the introduction of management tools like Research Monitor and Onealog, library directors have access to granular and precise user metrics by resources that provide generate revenue. We’re all aware that library budgets have been declining since the economic downturn in 2008. However, eight years later, we aren’t focused just on cost-cutting to the bone any more. The focus has shifted to working smarter and providing lawyers with relevant resources and tools that enable them to work more efficiently. Thanks to the introduction of management tools like Research Monitor and Onealog, library directors have access to granular and precise user metrics by resources that provide generate revenue.
Figure 3: Debevoise & Plimpton LLP Knowledge Management Services Resource Dashboard

![Dashboard](image)

Figure 3: Debevoise & Plimpton LLP Knowledge Management Services Resource Dashboard

a dashboard view of all usage by user, role, department, practice, office, etc. (see dashboard in Figure 3).

Armed with the objective usage reports that these tools provide, librarians have been successful in shifting their spends from inefficient enterprise-wide licenses to more cost-effective, limited license agreements that only cover the true benefiting user groups. Figure 4 identifies an opportunity to reduce the subscription license to benefit only the three benefiting users of that particular service (text is purposefully blurry to protect name of users).

Further, negotiate with major legal vendors like LexisNexis, Thomson Reuters, and Wolters Kluwer under a Master Services Agreement (MSA) to include all of the products/services your firm subscribes to. Using an MSA provides an opportunity to reduce pricing on all services compared to negotiating each product on a piecemeal basis. This way, law libraries can provide lawyers with access to more resources than ever before, but at a lower price. As you save the firm money, make sure senior management
knows what you have accomplished. A simple chart can communicate the savings you have achieved for each vendor and service. Don’t be shy; use trending analysis to show the dollar impact of the reductions you have negotiated over a two-, five-, or 10-year timeline. Figure 5 displays yearly comparisons for usage trends.

Figure 6 shows usage for particular users that have benefited from any process improvement and calculates any efficiency gained that the new resource provides as an opportunity cost. Such costs, however, are generally not recorded in a firm’s financial software, but are recognized in decision-making by computing the cash outlays and their resulting profit or loss. Learn more at bit.ly/Oppcost.
**KEY TAKEAWAYS**

1. Learn how to quantify library services and use language that will help leadership evaluate the library’s value as a business unit.

2. Take a leadership role in negotiating external resources.

3. Librarians must be involved in introducing new technologies to lawyers.

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**Demonstrating Value**

Librarians must learn concrete techniques to help quantify their services into a monetary value that an executive director or CFO can easily understand. It provides a way to evaluate the value of the library as a business unit, albeit one that is not focused on maximizing revenue but rather on providing the highest-quality services at the lowest feasible cost to the firm.

Librarians who want to succeed in the future must play a critical role not only in negotiating external resources relevant to providing excellent client services, but must also be integrally involved in introducing new technologies and tools that make their lawyers more efficient and the firm more competitive. By doing so, the overall measure of the value of the law library will move beyond dollars to an indispensable service required to drive optimal value into the delivery of legal services.

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**Steve Lastres** is director of knowledge management services for Debevoise & Plimpton LLP in New York City, where he manages the firm’s information and knowledge management initiatives with the assistance of a dedicated team of research, knowledge management (“KM”), and technical services analysts. Lastres received his JD from New York Law School in 2003, where he also received the Daniel Finkelstein Writing Award. He is a member of the New Jersey and New York Bar Associations. He received an MLIS with a Distinguished Achievement Award in information and library science from Pratt Institute in 1996, and an undergraduate degree in business administration from Pace University. Contact him at salastres@debevoise.com.