

RIC

Delivering The New Standard

WESTERN US LAW FIRM

With one vendor for 20+ years

THE CHALLENGE

A law firm based in the Western U.S. – with **22k cubic feet** of records – was utilizing a major industry storage vendor for their offsite storage program **for over 20 years**. The firm had two separate storage agreements and two separate shredding agreements with the same vendor. The average annual spend for **both storage and shredding was \$91k** and with annual price increases. The firm had established the need to cut costs and get a better program in place ASAP, so they engaged with Reliance Information Consulting (RIC) to manage their overall increasing costs.



THE SOLUTION

ASSESSMENT.

RIC conducted an analysis of the firm's 2 storage accounts and 2 shredding accounts. The firm has a main storage account, which **holds 95%** of the firm's total inventory and had a **3% price cap** on annual increases. The second storage account did not have any price caps.

During the analysis, the firm was quoted **over \$321k** to terminate their main account. RIC took immediate action to get a \$321k quote revised to **\$75k, a 77% decrease**, because the vendor was billing for noncontractual charges and rates which were not aligned with contractual price increases.

OVERBILLING.

Since the vendor was not abiding by the contractual increases, RIC advised the firm to allow RIC to conduct an overbilling analysis of the firm's previous 56 months of billing. Upon approval, RIC conducted a billing review and uncovered over **\$53k in overcharges**.

The vendor agreed with our overbilling findings, however they stated that due to statute of limitations, the audit would only go back 6 years and agreed to a refund of \$33k. After several rounds of negotiations with the vendor, RIC successfully negotiated a **refund of \$42k**.

REQUEST FOR PROPOSAL

The next step was to develop and conduct a Request for Proposal (RFP) specific to the firm's objectives and plans on a go forward basis. The purpose of an RFP is to help align the firm's rates **with market rates** and bring the firm's separate legacy agreements under **one Master Service Agreement**. While multiple legacy agreements, the firm had inefficiencies which led to inconsistent pricing among the separate agreements and different terms and conditions for each..

THE RESULTS

After a thorough RFP and negotiation process which included the firm's current vendor and 3 outside vendors, RIC was able to present the firm with a new 10-year proposal with a new storage vendor, that resulted **in over \$321k (31%)** in savings over the new contract period. The new proposal consolidated the 4 legacy contracts into one MSA and created more efficiency for the client going forward.

It reduced the administrative burden which comes with multiple contracts and separates invoices. Also, RIC successfully negotiated decreasing permanent removal fees, eliminating many unnecessary and nonvalue service charges, and **no price increases** for the first 2 years of the contract. The new vendor would pay the firm's buyout costs and take in an inventory of over 22k cubic feet at no cost.

Key Negotiations:

- Initial savings from incorrect Contingent Liability quote: \$321k to \$75k **(77%)**
- RIC **negotiated decreasing Permanent Removal** fees over the 10-year term
- Average 50% reduction** on storage rates
- Rates fixed for first 2-years, then increases **capped at 2.75%**
- New spend for storage and shredding: \$66k compared to \$91k – a **27% reduction**

Savings Include:

- Total Direct savings over new contract term: **\$321k**
- Overbilling Refund: **\$42k**
- Contingent Liability: was \$349k in Year 10 of new contract \$62k: **\$287k (82%) reduction**
- RIC negotiated a free move of 22,841.4/CF: **\$49k**
- TOTAL SAVINGS: **>\$700k**

RIC was compensated for our normal engagement agreement on Items 1 & 2 only.