DEFINING COMPETITIVE INTELLIGENCE

Competitive intelligence (CI) is the systematic process of collecting, analyzing and distributing public information that carries strategic importance for an organization. By monitoring and disseminating relevant information about products, competitors and consumers within the marketplace, firms can gain foresight into market trends and be more tactical in their business strategy. With CI, firms can aggregate factual data about competitors, such as market statistics and financial reports, and transform it into relevant and practical intelligence about competitors' position, performance and intentions.

Types of Competitive Intelligence

In today’s increasingly competitive environment, it’s particularly important for firms to understand their place in the market, as well as their competitors’. Competitive intelligence enables firms to benchmark themselves against other organizations, identify early risks and opportunities in the marketplace and assess business plans against market response. The information uncovered from CI enables organizations to better understand their strengths and weaknesses in relation to the marketplace and maximize the value of the firm’s capabilities.

Competitive intelligence is typically composed of four main areas:

**Strategic Intelligence:** Strategic intelligence focuses on anticipating future trends in the marketplace and the strategic risks and opportunities facing a firm over the long term.

**Tactical Intelligence:** Tactical intelligence provides small-scale, operational information about competitors designed to help firms improve short-term decisions. Generally, this type of intelligence supports the sales process.

**Ad hoc Intelligence:** Ad hoc intelligence is collected with no defined pattern or process. This type of information can be gathered through breaking news or gleaned from a competitor at a conference.

**Continuous Intelligence:** Continuous intelligence is collected systematically over an extended period of time, often from news or docket alerts. This type of intelligence is most effective when it incorporates escalation triggers that require action.

MAXIMIZING YOUR COMPETITIVE INTELLIGENCE INVESTMENT

Investing in Resources

Firms often struggle with how to best invest their resources to maximize their CI capabilities. There are typically three main areas of investment to consider when starting a CI initiative:

1) **Staffing**
2) **Process**
3) **Tools and Technology**

**Staffing**

A majority of law firms today rely on their library and marketing staff to coordinate the CI function and gather meaningful information for the firm. There are two basic skill sets that successful CI researchers possess:

1) **Ability to gather relevant data**

An effective CI researcher needs to understand what types of information they should be searching for, as well as the available information sources. The ability to understand available sources and use search technologies like Boolean is generally considered a learned technical skill, often associated with a librarian skill set.
2) Ability to aggregate data into actionable intelligence

In order to turn raw data into usable intelligence, it needs to be filtered, combined, compared and interpreted. The right CI staff will be able to interpret the data into key findings and draw conclusions based on their analysis of the marketplace. Individuals with business analyst training tend to be good candidates for this position, as they typically are skilled at drawing reasonable assumptions on possible outcomes from various actions.

Process

There are a number of different methods to deliver CI information to clients. However, the most effective delivery methods communicate actionable information into the workflows of the firm. The more sophisticated and integrated your CI process, the more likely busy attorneys are to leverage the information in a valuable way. Organize reports in a format that enables attorneys to quickly process the findings, and package it so that it may be printed or distributed electronically. Additionally, look for ways to integrate the CI process into the firm’s existing systems, such as the firm’s intranet or CRM system.

In order to get the most out of CI, firms must also effectively communicate the process and the goals of the program to their attorneys. Make sure attorneys know how to request information and analysis and how to best leverage it for the firm.

Tools and Technology

There are a number of technology tools that firms can leverage to augment their CI efforts. Relationship management systems, benchmarking tools and other analytical technology applications can help expedite the delivery of rich, targeted information for CI. The data delivered from these tools is typically aggregated and segmented, which makes it easy to analyze.

Competitive Intelligence Platforms: Competitive intelligence software helps firms effectively and efficiently collect, aggregate and analyze information from public sources, such as financial reports, dockets, case opinions, and intellectual property filed patents and trademarks. CI platforms then weave this information into an in-depth analysis of competitor activities and industry trends. Firms leverage CI technology, such as Monitor Suite®, to help with client planning, cross-selling and prioritizing client acquisitions.

Relationship Management: Relationship management provides insight into the existing relationships within your firm to other firms and highlights the strongest connections to target for new business development, cross-selling and client service. Oftentimes, these programs are referred to as ERM systems, such as ContactNet.

Benchmarking Programs: Benchmarking programs, like Peer Monitor®, provide access to key metrics, such as demand, rates, productivity and expenses, and other actionable information about how your firm is performing compared to peer firms.

Competitive Intelligence Capability Quadrant

The systematic capabilities and human resources in your CI process set the foundation for your CI capabilities. The “Competitive Intelligence Capability Quadrant” below displays the capability variations a firm can expect based on their investment and allocation of people, process and tools for CI.

As shown in the graph, CI capabilities are optimized when both quality data and analysis are present. It is only under these conditions that CI quality will remain consistent.

In order to get the most return on your CI investment, you need to clearly identify the specific needs of the firm and set the foundation for a CI process that meets those needs.

To help evaluate the firm’s CI needs, you should be able to answer these six key questions:

1) What type of information do we need?
2) Why do we need this information?
3) How frequently do we need to know this information?
4) How will we use this information once we have it?
5) What is the investment needed to acquire this information?
6) What is the cost of not investing in the information?
HOW FIRMS ARE LEVERAGING COMPETITIVE INTELLIGENCE

Focused on Firm-Wide Technology

In April 2009, Catherine Monte, Peer Group Vice President, International Legal Technology Association (ILTA), partnered with Nina Platt Consulting to survey 77 NLJ 250 firms about their approach to competitive intelligence. More than 75 percent of respondents indicated their firm conducts some form of competitive intelligence, yet only 12 percent said they had a formal CI program. Of those currently not performing CI, 9 percent indicated they were in the planning stages for a new CI program (Figure 1).

Although many firms have not yet formalized their CI efforts, more than 60 percent of survey respondents said they are seeing an increase in CI requests (Figure 2).

At the 2009 LMA (Legal Marketing Association) Annual Conference, Hubbard One conducted its Pulse of the Industry survey to help understand the challenges and opportunities facing its clients. Nearly 70 percent of respondents indicated that technology solutions were an important marketing priority for building business and improving efficiency in 2009. Marketing intelligence platforms were ranked among the top-three highest technology priorities for law firms, along with relationship management solutions and website initiatives.

Developing a CI Unit

The collaboration between marketers and librarians is increasingly evident in effective CI programs. Many firms rely on their libraries to assemble the data and provide a snapshot of firm relationships, profiles and conflict information. This information is then handed off to marketing, which then provides analysis and suggestions on how to best approach prospects based on the information provided.

This trend is illustrated in the survey conducted by ILTA and Nina Platt Consulting. The survey found that although a majority of firms rely on their libraries for CI research, marketing also plays a significant role in communicating CI information. More than 16 percent of survey respondents indicated CI research reports to marketing, and about 20 percent said CI research is reported to both the library and marketing (Figure 3).
MONITOR SUITE: HOW IT WORKS

What Is Monitor Suite?
Monitor Suite is Thomson Reuters’ competitive intelligence software designed to help law firms with client planning, cross-selling and prioritizing client acquisitions. Monitor Suite enables firms to electronically aggregate and analyze data from disparate sources such as dockets and case opinions, SEC filings, Thomson Financial and LIVEDGAR® feeds, USPTO data, Derwent, Hoovers and other public sources.

There are two key functions that Monitor Suite performs:

1) Authority File Indexing
Authority file indexing identifies company names and multiple variants of a company name that may exist in legal documents. This process also enables firms to match subsidiaries to multiple variants of parent company names, ensuring a more complete collection of information.

2) Data Weaving Process
Monitor Suite’s data weaving process matches information from public documents to existing information in the firm’s database. Monitor Suite applies logic that allows information matching based on less than perfect matches, which enables it to collect more comprehensive data that can be easily segmented and aggregated for statistical analysis.

The results of these two key processes are then compiled into an easy-to-read Monitor Report that can be leveraged in strategic decision making.

Name Authority Capabilities
Monitor Suite’s name authority capabilities provide access to a wide range of information sources across Thomson Reuters. Coverage currently includes 1.2 million companies and is expected to increase to more than 2.5 million in 2010. The addition and deployment of more sophisticated workflow tools, as well as a new centralized company editorial department, are also expected to improve the accuracy and relevance of company information.

Monitor Suite also leverages this extensive company information for name authority indexing. Name authority indexing incorporates data streams from information sources using automated business rules and editorial enhancement for entity resolution, de-duplication and accuracy. The platform is typically optimized for practice areas such as litigation and patents, and can be easily refined as new sources are applied.

Limitations and Cautions
Due to the dynamic nature of companies and company information, no name authority can assure perfect coverage and currency. Monitor Suite strives to provide representative data sets that can be reasonably relied upon for the purpose of trending analysis. However, there are known limitations to the current company authority file.

Company Coverage
Not all companies with relevant events are contained in the company authority index. However, the application enables a near-complete data set to be produced in most cases by utilizing the program’s custom search function in addition to the index. The platform presently is being refined to enable name authority and custom searching results to be used together in a combined dataset. Additionally, Monitor Suite editors will manually add companies to the company authority as necessary to improve the index. As previously described, the authority file company count is planned to increase from 1.2 million to approximately 2.5 million companies by the fourth quarter of 2010.

Company Duplication
In some cases, two or more upstream data providers will submit reports on the same company that differ enough in their characteristics to defy the logic of the automated entity resolution process. Typically, duplicate companies will appear in close proximity to one another in search results and can be grouped into a single report. In these cases, Monitor Suite editors typically merge duplicate companies as a normal part of the editorial process.

Incomplete Subsidiary Information
Legal event information for known subsidiaries is included in with parent company information. The company authority file is not a definitive source for parent/subsidiary relationship information, and occasionally merged entities may present unique challenges in the editorial process.
MONITOR SUITE STRATEGIC USE CASES

The Basics
Monitor Suite most frequently is used to determine what law firms are representing specific clients in specific areas of work. Although this is a very basic scenario, Monitor Suite enables users to filter results by a number of detailed criteria, such as a specific firm office location.

For example, a firm wants to find information on Dell’s IP & Labor Employment Litigation in Texas state and federal courts. The firm can narrow its results by searching only docket filings with Dell as the defendant and by only involving firms with more than 250 attorneys that have represented Dell. The firm’s search yields the analysis below (Figure 4).

The key to reading the report is in understanding the year-over-year trend analysis chart. The pie chart and subsequent list represent the cumulative total of legal events (including docket and reported opinions) over the time period for the report (the default range is five years).

Each firm listed is represented by a color swatch in the bar graph on the right. This graph displays the year-over-year firm representation trends, and it’s the analysis of these trends that provide the most value.
The dockets/opinions section can also be filtered to show only dockets, only opinions, or both (Figure 5). Docket filing trends are one of the most valuable sections within Monitor Suite and play a crucial role in the prospective and current client selection process, as well as benchmarking. As business development and marketing resources decrease, it’s more important for firms to be selective in choosing which clients to actively pursue. Prospects or current clients showing a steady decline in their docket filing trends should be benchmarked against their industry or peer group to determine whether the decline is company-specific or an overall trend within the industry.
Monitor Suite’s unique Law Firm Size Analysis is also a vital part of competitive analysis (Figure 6). The analysis helps provide insight into prospective and current clients’ engagement with a firm based on firm size. Some questions it can help answer include:

- What size firms does a particular client typically hire for specific types of work, and which firms are currently handling that work?
- Is the client consistently hiring smaller firms for commoditized work in large markets?
- Are the larger firms consistently handling the bet-the-business matters for a specific client only, or are they also handling commodity-driven work?
- From which offices is specific work being handled?

The Law Firm Size Analysis is one of the best indicators of how a company typically purchases legal services. It’s also a great tool to facilitate engaging, open-ended questions with a prospective client.
For example, the graph below shows that about 67 percent of Walmart’s litigation is handled by firms of 100 or fewer attorneys (Figure 7). This could create many questions for an Am Law 200 firm that is trying to pitch Walmart.
Monitor Suite can also be used as part of pretrial preparation by creating reports on judges and opposing counsel (Figure 8). Firms can uncover valuable information about judges and counsel in a matter of seconds:

- How often has a particular judge presided over a trial featuring a specific type of litigation or involving companies in a particular industry?
- How often has opposing counsel been in front of the judge in this particular matter?
- How much experience does opposing counsel have in a particular area of practice or industry?
Strategic Client Protection
According to Hildebrandt®, the number of mergers in 2009 is on track with 2008. As mergers continue to occur, it’s crucial for firms to protect their base of business. Hildebrandt has tracked 108 new office openings so far in 2009. Although 45 percent of openings occurred in the United States, Europe, the Middle East and Asia continue to be active markets. In the United States, California has been a key destination in 2009.

In Hildebrandt’s 2009 third-quarter report, Lisa Smith, head of Hildebrandt’s Law Firm Strategy and Merger Practice, said that although merger activity has slowed down since the beginning of 2009, “now that many firms are starting to look ahead and refocus on strategic positioning, we are seeing an increased interest in both domestic and global expansion.”

Leveraging basic competitive intelligence concepts can be a core function in protecting your base of business against merger activity. With Monitor Suite, you can analyze the market volatility and identify at-risk clients derived from competitor mergers and expansions.

Many clients maintain a “top clients” report that features their top 10-15 percent of clients by revenue. Oftentimes this report can include more than 50 clients. When a competing firm moves into your firm’s geographic market, a simple filtering of the Top Clients report can uncover the level of threat to the firm (Figure 9). This will also expose the volume and trends around clients that are represented both by your firm and the competing firm, and can be done across litigation, deals and IP transactions.
When running this type of report, it’s important to look beyond which clients are commonly shared. Pay close attention to the year-over-year trends for the types of work that the competing firm is handling, from litigation to IP transactions, as well as the number of jurisdictions where the competing firm is representing each client (Figure 10).

The broader the representation, both geographically and by overall share of work, along with consistent year-over-year trends, the higher the probability the client is “at-risk.”

![Company Distribution](image1.png)

![Company Trend](image2.png)

Figure 10
Market Share Analysis

Which firms represent your top clients? What is your firm’s share of a particular client’s work, both by practice area and market, or collectively by practice group? These are questions that every relationship partner, practice group leader, client team leader and marketer should be able to answer quickly and accurately.

Monitor Suite enables firms to create custom groupings of clients, a firm’s top-20 Labor & Employment Litigation clients for example, which can be filtered to specific jurisdictions, practice areas and other detailed criteria (Figure 11). Additionally, the report’s charts can be created as SharePoint® Web Parts and integrated into the firm’s intranet, enabling dynamic, updated information to attorneys within their daily workflow.

Market share analysis, whether for groups of clients or a single client, can also be valuable in facilitating direct client action, such as client loyalty interviews or targeted e-mail and event marketing.

For example, a Midwest-based firm recently noticed that it was losing its overall share of a client’s work to the local office of a firm based on the east coast. Through just a few clicks, the firm was able to determine the areas of practice which were being lost to the competing firm. This early detection enabled firm leadership to form an executable next-step strategy that included meeting directly with the client to address why the firm was losing the client’s business.

Figure 11
In-House Analysis

According to Altman Weil’s 2009 Survey of Chief Legal Officers, 40% of CLOs indicated their legal departments planned to decrease their use of outside counsel in 2009, up from 15% in 2007. This creates a new competitor for many law firms: the client.

Similar to the market share analysis of competing firms, Monitor Suite users can perform analysis on the amount and type of work that clients are keeping in-house, simply by running the client as a law firm (Figure 12).
Benchmarking

Benchmarking is a key function of Monitor Suite analytics and provides context around the volume of activity in the industry (Figure 13).

If a firm is preparing to pitch a client for Labor & Employment litigation, and a Monitor Suite report on the company shows 80 L&E matters over the past five years, it introduces the following questions:

• Is that amount high or low relative to the rest of the industry?
• Are there subcategories within Labor & Employment affecting the prospect and not the rest of the industry, or vice versa?
• How much work is being kept in-house?
• Are the docket filing trends increasing or decreasing for both the industry and the client?
Benchmarking is also a perfect complement to firms with a robust and well-maintained experience database. Firms can refer to their relevant experience to capitalize on trends uncovered during the benchmarking progress, such as growing areas of litigation within an industry that has yet to affect the prospect (Figure 14).
Merger Analysis
For firms considering a merger, or evaluating the impact of a merger between competitors, Monitor Suite provides users the ability to combine two law firms into one firm, creating a snapshot view of the combined firm’s footprint (Figure 15).

![Figure 15](image-url)
Monitor Suite also has the ability to combine two companies into one company to help evaluate the risk impact of a merger, strategies for targeting the combined company as a client or even uncover valuations of IP assets if representing the buyer or seller (Figure 16).

Additional intelligence around M&A can be gleaned by analyzing mergers in similar or related industries in recent years and is easily done by running an industry M&A report in Monitor Suite. The report looks at the Litigation or IP transactions of the acquiring companies, using a date range that includes pre- and post-merger analysis to facilitate post-merger predictive analysis on their current deal.
Analytics-Based Prospecting

Monitor Suite provides users the ability to include or exclude specific entities, including law firms. This is very beneficial when building a list of work with which the firm is not involved.

For example, a firm looking to target work in a specific jurisdiction by a practice area can run a docket-only search by practice area in a specific set of jurisdictions (such as Cook County, Illinois, and the Northern District of Illinois, federal court), and exclude their firm from the results (Figure 17).

This builds a list that exposes all of the matters in which the firm is not involved within the parameters set. By using the exclude feature, this type of dynamic report is continuously updated to remove all work associated in the firm excluded. Users can further refine this type of report by filtering to specific jurisdictions, legal roles, further refined practice areas, specific law firm sizes, or specific judges.

These types of reports prove more beneficial when the results are filtered to either practice areas or industries. The chart highlighting firms currently not engaged in those specific areas should be used as a dynamic link or built into a SharePoint Web Part on the firm's intranet.
On the Mergers & Acquisitions section of Monitor Suite, users can run a “Headquarters Location” report, and filter the report to show only those companies, for example, that are seeking a buyer, a target, or are involved in a rumored deal (Figure 18). This report should also be leveraged as a dynamic link or within the firm’s intranet.

Figure 18
Client-Centric Analytics and Extranets

Monitor Suite provides the ability to create dynamic, password-embedded, persistent URL links to both full reports and individual sections. This means that each time a filter is applied, the URL changes and is unique to that report with that criteria, and any link created from that report will retain all of the filters, but will always render the most up-to-date, current information. This is extremely beneficial to firms who wish to provide access to specific analytics to clients via a password-protected extranet.

For example, a client wishes to monitor which companies are developing or acquiring specific types of technology. The firm is able to create a password-embedded link to a set of analytics that dynamically monitor companies pursuing patent applications, grants and assignments (Figure 19). This data can be tailored around a specific patent including USPTO Classifications and Derwent Classifications.

Figure 19
A firm could also use Monitor Suite to help their conglomerate corporation client keep abreast of their various trademarks by current status. By providing the client with a password-embedded link to their Trademark Status section, the firm could provide the client with a dynamic, passively updated, dashboard type view of their trademarks by status (Figure 20).