

LUBRICATION FOR THE ENGINE ROOM: THE STATE OF TODAY'S BILLING SYSTEMS

By Neil Quateman



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Billing clients is one of the important engines that keep a law firm moving forward. In this article we'll take a look at the recent features in some of the billing software products available to firms today.

It was a little over twenty years ago, around 1982, that IBM Personal Computers began arriving on our desks. A couple of years after that, developers started to market time and expense billing systems that would run on these desktop computers. This made the automation of law firm billing available to firms of all sizes instead of being limited to only the larger firms that could afford expensive machinery and software dedicated to this task.

The software products that run on PCs and PC networks have been maturing and adding new features constantly over the past couple of decades. If your firm hasn't taken advantage of this automation, perhaps some of the capabilities in today's products will motivate you to get started. We'll separate the discussion into three different areas that affect the use of a billing system: getting data into the system, running the bills, and management reporting or analysis.

The first area is entering data. This includes expenses and payments, but the primary focus is time entries. Each firm handles its time entries differently. In some firms data entry is done by secretaries or administrative personnel, and in some it is done by the attorneys themselves.

The second aspect to a billing system is the key operator, or billing system administrator. This is the person who is given the primary responsibility for running the system and getting the bills out the door. This position also varies among firms between different types of staff members, and in some cases is handled by one of the attorneys in the firm.

Finally, there's the need for a manager to use information from the billing system to assist in the management of the firm. Whether it's answering a client's question, or making hiring or firing decisions, the data in a well-managed billing system can help provide quick, accurate and insightful information.

There are approximately a dozen or so primary players in the marketplace for time and expense billing products suitable for law firms. There are systems that are designed and priced in a range from the smallest firms (for under two hundred dollars running on a single computer only) up to firms with hundreds of attorneys in multiple offices with a mix of currencies (costing tens-of-thousands of dollars). The largest market for these systems is the small to medium sized firms. We'll be discussing features from two of the original entrants into the field: Timeslips and PCLaw, plus a newcomer: Billing Matters.

Data entry

Getting time and expense entries into the billing program is generally regarded as an onerous element of the program, and in some cases of the legal profession. I've heard attorneys jokingly (and sometimes not so jokingly) say that they'd like to get a job where they didn't have to keep track of their time. So, the software systems have done their best to give users a variety of methods to handle this task. And in some cases, a new paradigm is developing which can essentially help remove the job of timekeeping. (I bet that'll make you keep reading!)

When it comes to putting time into your desktop or laptop computer, some users still prefer the original method of opening a single screen to make each individual time entry. Using this approach, Timeslips allows the

user to remove some of the fields on the screen and also to change the tabbing order between fields in order to provide flexibility and personal preference when making entries. Both Timeslips and Billing Matters permit the user to hide certain areas of the screen that are more important to the system administrator than to the person doing the original entry. By way of variations on the single screen, today's programs also offer different approaches to viewing and making your input entries.

Both PCLaw and Billing Matters offer a row-by-row spreadsheet-like approach to time entries that requires no configuration or setup steps. This approach is very easy to use and helps reduce the number of fields that are required to complete an entry. Billing Matters offers a "timesheet view." This is a screen with columns representing each day of the week. The time entries can be entered directly into these columns and are listed for each day and subtotaled at the bottom of each column for a handy overview of the days and the current week. A handy new feature in the most recent version of Timeslips (dubbed "2004") is the ability to keep a list of brief entries, with a timer available for each entry. The attorney doesn't need to choose a matter or any other specific field on a screen. Then, at the end of the day, or week, this list of brief entries can be assigned to the appropriate matters and cleared off of the list.

In addition to the conventional methods of data entry onto your desktop computer that is in your office, today's billing systems offer a number of other methods for collecting time or expense entries. You have the ability to put a version of the program onto a laptop, disconnect from the network and make time entries, and then load those entries back onto the main system. If you own a handheld computer such as a Palm, you can purchase modules for Timeslips or PCLaw that will allow you enter your time on the handheld and then upload the data to the main system when you sync with your desktop PC.

Another popular development is the ability to make entries via an Internet connection. Both Timeslips and PCLaw can accept time or expense entries in this way. One of the less recognized advantages of this feature is the ability to expand the capacity of the billing sys-

tems. For example, although there is no specifically stated limitation to the number of users that can concurrently access a Timeslips database, the practical limit is typically considered to be about twenty users. But using the Web approach there can be hundreds of users making time entries because they are not connected directly to the main database. In the case of Billing Matters, the company offers a module called "World edition" which allows users to have access to a wide range of the product's features using just a browser on any remote desktop or laptop computer.

But the real improvement in billing systems is the ability to meld together doing your legal work and having time entries created automatically as a result. You may have seen references to "practice management" software. This refers to the wide range of activities that members of a firm engage in while running their business on a day-to-day basis such as research, document production, e-mails, calls and notes, meetings and court activity. If you manage these tasks within your software program, then a single button can convert the tasks into a billing entry. With PCLaw, you can convert items on your calendar into billing entries, and also time your research on the Web. Billing Matters offers calendar management that can be converted to billing entries, and if you happen to also use its more mature sibling product, Time Matters, you have a wide variety of tasks that don't only assist you in managing your clients, but easily become

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billing items with the click of a mouse. It is this combination of functions that is making the billing process easier for attorneys in a material way.

Billing system administrator

After the time and expense entries have been gathered into the billing database, preparing for the review of the data (often called pre-bills), and generating the bills is

continued on page 10

usually then left in the hands of the person who is designated as the primary operator of the system. Although this person could be a secretary, or one of the attorneys in the firm, for the purpose of this discussion we'll refer to this person as the system administrator. There are some helpful features in this area of billing systems.

Although not brand new, one of the handiest time savers for the system administrator is the automated importing of expenses from cost recovery systems. Photocopies, faxes, postage and telephone charges are the prime candidates for import. One of the newer areas for cost recovery is the counting of pages generated by the firm's printers. With the multifunction devices now available, the difference between printing and copying is blurred. Being able to track the printed pages can have quite an impact on the costs that firms are submitting on their invoices to their clients. All of the billing systems mentioned here have the ability to import cost data, but the cost recovery mechanisms are hardware and software elements that are separate systems from billing software.

A couple of the newer billing features to aid the administrator have developed as a result of requirements from the law firms' clients. Insurance companies and other large and/or institutional clients have driven the need for firms to use electronic billing and split billing. Electronic billing is the generating of the billing data with specific codes and in a specific file format. Paper invoices are not used in this situation because the data is submitted either via e-mail or uploaded to a website. Timeslips and PCLaw offer a variety of these formats, and Billing Matters is currently preparing this feature.

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Split billing is when a law firm must work on a single matter, but more than one party will be paying the firm for their work. For example, one insurance company will be billed for 60 percent of the work, and a second company will be billed for 40 percent. Until fairly recently, this type of split created a cumbersome process

of issuing bills and also tracking the receivable balances and post-payments. But now, all three of these products have split billing available in an automated and painless fashion.

If your firm has more than one attorney reviewing pre-bills and post-payments, and if there is a need to track the status of each stack of bills, then an interesting feature set introduced in Billing Matters may be beneficial for you. The combination of the Record Review and the Bill Flow Manager offer the administrator the ability to answer the question, "Where is the bill for case number 1234.001? Has the attorney reviewed it and sent it back to the billing department yet?" Managing the billing process with the type of tools mentioned above can increase the accuracy and speed with which an administrator can keep the finances of the firm moving smoothly.

Firm manager

Generally, the manager of a firm needs quick access to current information from the financial system. An overview of the financial status of a matter or a set of matters for a client must be easy to retrieve. This can assist a manager handling the flow of work within the firm, and can give the client a feeling of confidence that the attorney is in touch with the activity on the client's cases. To this end, Timeslips has a feature called the Billing Assistant; it can be set to automatically appear when opening the program. An attorney can then choose the matter to be reviewed, be presented first with an overview of the current balance and work in process, and then drill down into the detail.

Billing Matters can take this a step further by viewing a matter, or collating all of the matters for a client, showing both summary and detailed information. PCLaw also offers the ability to view the "client ledger" to see the status of a client or matter. In addition to the billing information, a PCLaw user can access financial statements and general ledger accounting information from this program's built-in general ledger and check writing modules.

An increasingly common feature provides remote access for a client to view its own data in a law firm's financial system. Billing Matters' World edition, along with the appropriate security settings, allows firms to

BILLING SYSTEMS CONTINUED FROM PAGE 10

browse various areas of the system pertaining to their own matters. Both Timeslips' eCenter and PCLaw's ePCLaw allow a client to see its account receivable balance and its list of invoices and payments. This approach to client service goes beyond the need for a manager at the law firm giving feedback to the client. The client is able to get the information directly.

Looking Ahead

What can law firms expect in the future with respect to features and functions in billing systems? In the area of time entries, regardless of the ongoing discussions about value and task-based billing, the reality for most attorneys continues to mean keeping track of the time they spend on the work that they're doing for their clients. The billing systems that will appeal to these attorneys are those that can provide a way to simultaneously combine the work being done with

capturing the time entries. Managers can look forward to more flexibility in ways to partition financial information, such as fee allocations, which will assist in administrating arrangements among partners. Rate management and billing arrangement features will help firms to meet clients' requirements.

But, the most effective way to see improvements in the products your firm uses is to provide feedback to the vendors. The software developers are interested in and eagerly want your input on the features that will help you run your business. The ability to gather and manage data is the oil that keeps your firm's engine running smoothly.

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