



## SELECTING THE RIGHT BILLING SYSTEM: HOW TO DETERMINE YOUR FIRM'S NEEDS

Ellen Freedman, CLM  
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I am frequently contacted on the Pennsylvania Bar Association Hot Line by attorneys seeking a new time & billing system. Usually the question is couched as follows, "Please tell me the RIGHT billing system to purchase. We have xx attorneys." If only it were that simple.

I have found over the years that there is never one right answer. Law firm A and law firm B, even if the same exact size, will be different in significant ways. Clients differ from firm to firm, creating differing needs in terms of type of product produced, deadlines, billing requirements, and even the physical layout of the office. So too, software requirements would be different. In addition, each firm has its own unique personality. I use the term in a sense which goes beyond firm culture, to include firm logic. Different firms "think", or process information, in different ways. The work "flows" differently from firm to firm, and what seems like the logical way to process information and perform procedures at one firm can be very different at another firm.

For these reasons, when a firm is seeking new time & billing (or case management) software, we need to have a dialog. My first advice is *not* to pick software because a trusted colleague at another firm uses and likes it. No matter how much respect you have for that attorney, a perfectly well-written software package which works well at that attorney's firm may not work well at yours. It may not fit your particular needs, nor "think" the way you do at your office. If there are two similarly priced and featured packages, it is highly likely that one will make more "sense" given the way you do things at *your* office, and the other will not. That is no reflection of the quality of either package. So by all means check out the package your colleague recommends, but do not *buy* based on his/her recommendation without making sure it is the right package for *you*.

The trick is to figure out what your needs are, so you can indeed pick the *right* package. I frequently deal with firms which do not thoroughly explore their new time & billing package before purchasing, and then they contact me for help when they cannot "do" things they need to with the package. Clearly they did not ask

whether certain features were available before purchasing. Here are some of the things you need to take into consideration:

### **Examining the new software:**

The first step is to look over various software packages. I advise those with internet access to first visit the web sites of many packages being considered, and read as much as possible about the company and software as possible. Some firms want to only explore one or two packages to save time. Remember that you will be married to that software for a long time, so take your time to get it right; it will be well worth the extra effort. After you've explored the web sites and narrowed your choices, download any free demos of the packages you're still interested in and walk through each. So far, you have not made any official contact and will not be "bugged" by salespeople as you quietly and anonymously explore the software. You are trying to find software which flows logically for you. The idea is not to have to change your procedures to accommodate the software, but rather to find software which will work well with your existing procedures.

Once you have gone through the examination process on your own and narrowed your choice to no more than 4 software packages, hopefully only 2, it is time to arrange a personal demonstration through a dealer. Do not allow the vendor to do a "canned" demo. Instead, be prepared to ask your questions and have the answers demonstrated. For example, "Show me how we set up a client from start to finish, including special rates for that client and a special bill format."

Also note that time & billing systems are highly sophisticated databases. You will be much better served having it professionally installed, and receiving some training, than doing it yourself. Correct installation is critical to the ongoing integrity of your data, particularly if you have data to import from another system.

### **Reporting requirements:**

Does your firm or its clients have any special requirements for producing reports? I am always amazed at the creativity I find from firm to firm in terms of the key reports which are regularly produced. Never assume that any of your reports, other than an accounts receivable and work-in-process, will be available on a new system. Show them to the dealer and have the dealer in turn show you how you can produce them. Oh, and make sure you get a guarantee in writing about being able to produce any reports which are key to administering your partner compensation plan. Oftentimes, the vendor believes they or you can produce the report, but when they get more deeply immersed in doing it, they find they cannot.



### Billing requirements:

Does your firm have special requirements for clients? For example, do you have any clients which require task-based billing (TBB)? Typically this is a requirement for insurance companies, for example. It is also a handy function to use in bankruptcy matters to produce the fee petitions automatically. If you need TBB and the broker says their system does TBB, you must explore further to ascertain what they mean by that. One highly regarded software package, for example, only offers *one* set of predefined TBB codes. Because the client usually dictates the set of codes to be used, what would you tell client #2 if they wanted to use a code already used by client #1 to represent something else? The software company “assumed” that everyone would use the Uniform Task-Based Billing Codes. Unfortunately, clients seem to excel in inventing their own code schemes. And you must be able to accommodate. Another typical billing requirement is to be able to produce the bill in a particular format, or electronically. Make sure that the software isn’t just “capable” but *will* produce what you need.

### Client billing rates:

Many firms have multiple billing rates in effect. There may be rate schedules which apply to an entire “class” of clients, or rates which apply only to a particular client or matter. Or you may have matters which use rates by status, like all shareholders/partners at one rate, all associates at another, and so forth. It’s shocking how many firms purchase a time & billing system only to find afterwards it can only handle, say, seven combinations of rates, and that they have upwards of a dozen at their firm. Try telling your client you have to change billing rates because your new billing system can’t accommodate their existing rate schedule! Unless the change is downward, you can bet this will not fly. And do you ever do flat rate or contingency billing? Make sure the software can do it, and do it the *particular* way you need.

### How often will you be changing rates?

How difficult will the software be to maintain and make rate changes? Do you need the ability to make changes retroactively? For example, you negotiate for a while with the client each year, and when you finally agree to a new rate schedule, you’re allowed to make it retroactive to the first of the month in which the new budget year with them began. Or perhaps setting your new rates for the year are dependant on getting through your budgeting and partner compensation decisions. In either case you’ve got to be able to make changes to the rate and fees retroactively. The alternative is to hold up entry of all timesheets until new rates are entered. Some packages also allow prospective rate changes. So, for example, if



you know that your rates will change on the first of the following month for a client, you can put in the new rates the month before, with a future effective date. That way, you do not have to hold off entering timesheets at month end while you first enter the new rates.

### What other packages will you be using and “talking” to?

You may want an integrated general ledger and trust accounting package. You may be happy using QuickBooks, and therefore need to make sure your new time & billing package will “talk” to it. How about case management? Do you want to connect billing and case management? If you already have case management you must determine if the targeted time & billing package can link to it. If you have not yet selected case management, you should simultaneously look at those to find the few you like the best, and then see if they integrate with the time & billing packages you are interested in. This additional consideration might just serve to eliminate one or more of the time & billing packages you’re considering.

### What are the hardware requirements of the software?

Sometimes firms specifically do NOT want certain operating systems. For example, smaller firms prefer windows-based software. They try to avoid the costlier SQL-server environment. Larger firms are not afraid to tackle SQL, Unix or Linux-based systems as they have sufficient in-house technical support to manage it, and can afford the increased hardware costs.

This is certainly not an all-encompassing list of areas to consider when exploring time & billing software, but it should assist you in covering the most critical, and hopefully help you think strategically on your own about others. The important thing is to think about these things *before* you buy.

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