Beat the Clock:
How to Choose a Time and Billing Solution for Your Law Firm

A BQE WHITE PAPER

bqe BillQuick Legal

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DILIGENTLY WATCHING THE CLOCK

In each law practice, there's a managing partner watching a clock and wanting a better way to capture and bill that time.

Billable time is the essence of a law firm's business operations. It allows firms to track time and generate invoices and reports that provide a foundation for operations. It keeps a law firm functioning and profitable.

Yet, for this mission critical task, many attorneys are willing to suffer through inconsistent manual processes, rebuild time sheets at the end of the month from notes or calendars or rely on software that is outdated or doesn't properly fit the law firm's needs.

There is a better way.

The purpose of this white paper is to provide you with information, checklists and facts to help you make an informed decision on how to improve your law firm's time and billing processes by selecting the correct software solution provider.

After all, every minute counts when it is time to bill your clients.

A (SHORT) HISTORY OF BILLING PRACTICES FOR LAW FIRMS

The billable hour, undeniably a standard in billing today, began to achieve widespread use in the 1970s. There were several other prevalent billing standards prior to that.

In the 19th century, attorneys faced capped legal fees categorized by service and imposed by state laws. Contingency fees, deemed ethical by the ABA in the early 1900s, soon became a viable option for billing. In the 1930s, state bars began to impose minimum fees for services. Lawyers who charged less than these minimum fees would face punishments.

As litigation became more complex thanks to expanded federal and state laws in the late 1930s, the prescribed flat-fee system often left attorneys with less money for the same work. When the Supreme Court outlawed capped billing and minimum-priced billing in 1975, the path was clear for the widespread adoption of hourly billing.

While billing by the hour remains a popular structure, the past two decades have witnessed the rise of alternative fee arrangements. It is no longer unusual for law firms to offer contingency fee, retainer, flat-fee, task-based or value billing.

Different types of billing arrangements lend themselves well to certain types of practice areas. Litigation, corporate, family law and insurance defense law firms tend to be hourly billers. Other practice areas such as bankruptcy, criminal defense and estate planning often rely on flat-fee billing, which generally involves clients paying 100 percent upfront or 50 percent upon completion depending on the practice area.

No matter what type of billing arrangement your law firm offers, it is clear that billing overall has become a much more complicated process. Errors lead to disgruntled clients, non-billable hours spent researching and correcting billing issues and ultimately a delay in payment. Now more than ever, it's important for law firms to have state-of-the-art technology with mobility options in place to properly record time and expenses, generate invoices, track outstanding receivables and report on firm profitability.

FOUR COMMON LAW FIRM BILLING CHALLENGES: WHICH ONES APPLY TO YOU?

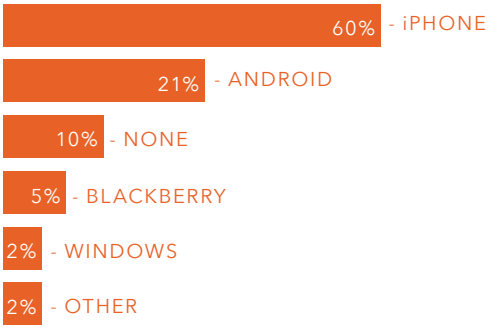
In order to identify the proper technology to fit your law firm's needs, the first step forward is … to take a step back. After all, how can you know what time and billing solution will properly fit your law firm's billing requirements if you don't have a good idea of your law firm's specific pain points or challenges?

Begin by thoroughly examining your law firm's overall billing and reporting process. Here are some questions to help jump-start the evaluation.

Question 1: *Are you spending too much time tracking your time?*

Tracking time should be easy and intuitive. Collecting time and expenses for billing should be a pain-free process, especially when mobility options are available.

2015 LAWYER SMARTPHONE USE



RESULTS FROM THE 2015 ABA LEGAL TECHNOLOGY SURVEY REPORT

Often, law firms rely on manual procedures to collect time, report time and bill. For example, attorneys might use an Excel spreadsheet or jot down time on spare pieces of paper as they make calls or prepare cases. Then, this information is handed to the billing staff to deal with. The process can lead to excessive time spent entering data and clarifying questions to timekeepers as well as creating the potential for errors on bills.

If your firm has a time and billing solution, you may have other challenges. For example: Are your timekeepers using the software throughout the day as they work? Is the software easy to use? Are mobility options available for timekeepers working on the road or from home? If the answer to any of these questions is no, then you have inefficiencies in your billing process.

Question 2: *Are you invoicing accurately?*

You might automatically answer "yes" to this question when you read it. You're getting bills out the door, and you're getting paid.

However, the key to this question is *accuracy*.

Do you receive complaints from clients regarding bills and their amounts? If so, how many a month? How much non-billable time is wasted addressing client complaints and adjusting bills based on those complaints?

The fact is that client questions and complaints will never be completely eliminated. However, when each concern comes in, time that could be spent on productive and billable activities must be redirected to research and communications. Your law firm may be losing revenue during the entire process.

Another facet of this question is to consider if your law firm is complying with clients' billing arrangements and requirements when invoicing. For example, if your client requires a LEDES billing format, is your solution providing it? Or do you often have to reformat the bills manually to fit that electronic billing requirement?

Question 3: *How much time does it take to create and send bills?*

Often the process of creating and sending bills comes with a slew of challenges and headaches. Think carefully about how much time it actually takes to create and send bills.

How many hours, on average, does it take to convert timekeeper information into a client-ready bill? Is it a highly manual process (compiling spreadsheets, checking hourly rates, revising entries, etc.)? Is there an unusually large amount of time spent ensuring that formats are correct or rerunning invoices if they were produced with inaccurate information?

Are you spending too much time reminding timekeepers to enter time? All of these questions can help determine if your billing process is truly efficient.

Likewise, consider how your law firm is delivering the invoices. Are staff members manually printing invoices and envelopes, stuffing the envelopes, adding postage and mailing them? Or has the firm automated electronic delivery of the invoices with links for online payment?

HAVE YOU OUTGROWN YOUR CURRENT TIME AND BILLING SOLUTION?

Following are important hallmarks that indicate that your law firm has outgrown its time and billing software.

1. It no longer offers up-to-date functionality such mobility or working off-site.
2. It is not supported by the technology provider or has been sunseted.
3. It's unable to accommodate your firm's growth due to outdated database technology.
4. It doesn't offer a level of security that can protect you from modern threats or it isn't consistently updated with important security patches.
5. Support costs are consistently escalating.

Question 4: Do you have the ability to gather important insights from billing reporting on areas such as forecasting and budgeting?

Reporting is absolutely critical in order to have an accurate view of your law firm's finances and operations.

Law firms relying on manual processes may face more challenges in terms of locating relevant data and trying to obtain meaningful insight from it. This process includes collecting the data from multiple resources, standardizing it via formatting and information contained for reporting purposes and spending hours analyzing the results each week or month.

Likewise, an existing solution may not be able to conform to your reporting requirements in order to provide an overall financial picture.

At a minimum, your law firm should be able to produce these reports each month:

A. Productivity versus profitability
B. Aged A/R balance report
C. Billable hours vs. non-billable hours
D. Client retainer balance management

If your law firm cannot produce these financial reports efficiently, it is time to re-evaluate your law firm's current billing processes and existing software solutions.

TIME AND BILLING SOFTWARE – AN EVALUATION CHECKLIST

It can often be a daunting task to evaluate multiple time and billing software solutions. However, now that you have a full understanding of your law firm's time and billing challenges, it helps to know exactly what functionality and features you require. The checklist below contains common features for time and billing software as well as spaces you can use for notes, feature ranking or listing additional features.

RANK	FEATURE	DESCRIPTION	NOTES
	Billing flexibility	A variety of billing arrangements are available to meet every client's needs, including hourly, flat-fee, retainer, contingency, recurring and split fees; ability to record expenses in multiple currencies	
	Fee schedules	Ability to assign fee schedules at a client and matter level	
	Automation	Automated billing for yearly, quarterly and monthly client billing; Automatic monitoring and reminders to timekeepers for missing time	
	Time entry flexibility	Easy-to-use time entry options, simple time card and timer options; ability to use multiple timers at the same time	
	Management	Client trust account/retainer management	
	Invoice creation	Ability to create and distribute invoices electronically with customization options such as adding a law firm's logo	
	LEDES compliance	Ability to export files in LEDES format	
	Fee allocation	Ability to report on percentage-based allocations defined at the client level and generate reports based on billable time and payments received	
	Reporting	Robust reporting capabilities that can determine law firm billing productivity and profitability	
	Mobile access	Ability to access solution from devices such as smartphones or tablets	
	Accounting program integrations	Integrations with accounting programs such as QuickBooks	
	Scalability	Ability to easily add and delete users as needed to accommodate your law firm's structure	

HOW TO IDENTIFY & RESEARCH POTENTIAL TIME & BILLING SOLUTIONS

While there may be numerous software solutions, it makes sense to create a list of potential solutions gathered from trusted resources as a starting point. You can begin the list by referencing:

1. **Online research:** Start with an online search to identify potential solutions. When you identify key players in the field, be sure to visit each of their websites to determine what products they offer, what features the products have, what type of clients the company works with, and the company's overall knowledge of legal software and law practices. Examine if they provide implementation support, data conversion and ongoing support and determine their database technology. Likewise, determine what requirements are necessary for the software. For example: Can the software work in a Mac environment? What network capabilities are needed for the software?
2. **Peer recommendations:** Contact your colleagues and peers to ask them how they handle time and billing and what solutions they recommend.
3. **Resources:** Doubtless, reputable software solutions providers will be eager to share information on trends and challenges they are seeing in regard to legal time and billing. Access industry publications, webinars and company blogs to ascertain what level of expertise the company's thought leaders offer.
4. **Partnerships:** Oftentimes, industry organizations such as the ABA will forge relationships with proven software solutions.
5. **Evaluation:** Ensure that you have a good feel for the software by getting an insider's tour of it as well as the chance to test it yourself. Ask a technology provider for a demonstration or download a free trial. Additionally, research the software's technical support department. Evaluate how many hours of support they offer and call them to monitor support's hold time. Do you feel they are competent? Can you determine how they escalate items within support?

TYPES OF PURCHASING OPTIONS

There are two common purchasing options for time and billing solutions: perpetual licenses and subscriptions.

With a perpetual license, the user pays an upfront sum to own the software and work with it in perpetuity. This purchasing option is the traditional approach for acquiring legal software. It ensures that the law firm will own the software. However, the firm will be responsible for implementation and assuring that auxiliary and important technology such as a server and security measures are in place to accommodate its database structure and system requirements. This process can incur extra costs for the hardware, IT support/consultation and training needed to effectively roll out the software.

Remember also that if the software solution is discontinued, the law firm will not be able to benefit from technical support or future development.

A second option is to subscribe to the software as a cloud-based service and pay a subscription fee to continue to use it. This subscription option, which is quickly gaining popularity with law firms, enables a technology implementation with a typically lower upfront cost than a perpetual license. While your law firm will have full access to the solution and the ability to customize it, the technology provider will maintain the software and ensure that it is regularly updated, patched and secure. It is also scalable to accommodate your practice, so as you hire more timekeepers or staff, you can add users easily.

Regardless of the option you select, be sure to do your legal homework and find out what happens and how much it will cost to discontinue the service and retrieve your data.

CONCLUSION

Technology has become an essential tool for today's successful law firms, especially when it comes to time and billing. However, a reliance on outdated systems or manual processes can hinder your law firm's profitability and result in diminished service to clients and inefficient processes.

By following the steps in this white paper and undertaking a careful evaluation of your law firm's current billing processes and needs, you can implement a feature-rich and flexible billing solution that offers sophisticated, modern and accurate billing as well as valuable metrics to ensure a profitable practice in the years to come.

About BillQuick® Legal

BillQuick® Legal from BQE Software is a robust time, billing and accounting software for lawyers that combines the powerful functionality of BillQuick with legal-specific features to provide an efficient billing solution for small and midsize law firms. The solution includes enhanced support for LEDES electronic billing, upfront retainer billing and tracking capabilities, automatic billing arrangements with recurring options and native mobile apps to capture every billable minute and maximize billable time for law firms.

BillQuick Legal is available for a free trial at www.bqe.com/legal.

About BQE Software

BQE Software is a world leader in time tracking, billing and project management software for professional services firms. Its products, including BillQuick® Legal, ArchiOffice® and EngineerOffice®, simplify the way information is entered and utilized by firms. With over 325,000 users, BQE is the trusted solution worldwide for lawyers, architects, engineers, accountants, IT consultants and business consultants. The company is headquartered in Torrance, California, with offices in Australia and Europe.

For more information, visit www.bqe.com.

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