



## **Getting law firms and general counsels on the same page (of the invoice)**

Exploring two sides of e-billing

E-billing simplifies the entire billing process. It improves cash flow through faster and easier billing practices, reduces billing errors prior to submission with powerful prebilling validation features, increases efficiency with seamless information updates and real-time status tracking, reduces billing complexity, and achieves a predictable, dependable, and efficient automated billing process.

Although there are several e-billing vendors who have emerged to help general counsels accept e-bills from their outside law firms, there have been fewer solutions produced for law firms to generate and deliver e-bills to their clients. These factors have made it difficult for some firms to take full advantage of the benefits that today's e-billing solutions have to offer. This white paper will take a quick look at the history of e-billing and a closer look at how it is viewed by both general counsels and law firms. Finally, we will conclude with some tips on how firms can make e-billing a regular part of their workflow and realise the greatest benefit from it.

## A BRIEF HISTORY

E-billing has been on quite a journey in the 25 or so years of its existence. Finding its roots in LEDES (the Legal Electronic Data Exchange Standard), a set of file format specifications intended to facilitate electronic data transmission in the legal industry, e-billing was sold with the potential to revolutionise how general counsels and law firm users handle the billing portion of their practices. The LEDES specifications are maintained by the LEDES Oversight Committee (LOC), which initially emerged from the Law Firm and Law Department Services Group within PricewaterhouseCoopers (PwC). The LOC was first informally created in 1995 to address e-billing issues and was then incorporated as a California mutual-benefit nonprofit corporation in 2000.

The electronic billing data exchange format types now provide standard data formats for electronically transmitted invoices, typically from a law firm to a corporate client. The LEDES e-billing format has seen several variations since 1995, namely:

- 1998—Introduction of LEDES 1998 format (retired), followed by the LEDES 1998B (or LEDES 98B), a pipe-delimited format
- 2000—First XML-based format introduced in the LEDES XML2000, introducing more flexibility
- 2006—Introduction of pipe-delimited LEDES 98BI, supporting international taxes, as well as the LEDES XML2.0, to support additional international needs
- 2008—Our final LEDES entry, the LEDES XML2.1, to support additional international and business needs

## THE GENERAL COUNSEL/LAW FIRM DIVIDE

Even though e-billing technology has been available for 25 years with several proven solutions on the market, the technology has not been universally embraced by general counsels and law firms alike. General counsels typically look to standardised invoices, automated billing guideline checks, and better spend control as the traditional benefits that e-billing brings to them. These users still need outside work to be completed, and they need to track it electronically along with other finances in order to maintain a clear picture of their outside legal spend. To them, e-billing has many obvious advantages.

For law firms, the benefits must compete in a crowded legal technology market rich with solutions designed to help their practices in other areas. With some firms struggling to prioritise their tech investments across the firm, it's easy to see why they have not adopted an e-billing solution more readily.

Nevertheless, law firms still need to complete billing to get paid. An e-billing solution can help to create streamlined processes, agreed upon billing categories, and less guess work, among other benefits.

## NO PAIN, NO GAIN

It is important to acknowledge that both law firms and clients will have some work to do around e-billing before either can fully realise its benefits. However, there are routes that will make these obstacles a thing of the past.

Service contracts and agreements will need to be revisited to ensure that there is clear understanding and agreement regarding billable and nonbillable categories. There should also be agreement on coding and abbreviations for each service to avoid client confusion during invoice review. The implementation of an e-billing solution aside, these are conversations that should happen regularly to ensure that both sides remain on the same page and to avoid any confusion or client dissatisfaction.

Initial conversations around e-billing are also a good opportunity to discuss clients' internal systems to ensure that your preferred e-billing solution will integrate with theirs. Doing so early on establishes rapport with clients and gives the firm the opportunity to talk through any questions or concerns on the client side.

## PAVING THE WAY FOR A SMOOTH TRANSITION

Change can sometimes be difficult to navigate for parties on both sides. Especially when dealing with a topic as potentially sensitive as billing. There are several practices firms can adopt in pursuit of the smoothest possible transition. Let's take a closer look at a few of them:

### TRANSPARENCY IN ALL THINGS

In every law firm-client conversation, one priority should always be to provide maximum transparency from the start. With specific regard to introducing a new e-billing solution, some clients may worry about the accuracy of the bill or firms trying to use similar naming conventions to sneak in unauthorised charges. In situations like these, offer to provide a demo to the client's accounting team. If you haven't already done so, offer to provide a glossary of the billing codes with explanations of the associated services.

Many law firms don't understand that the cost pressures being put on them by clients is a direct result of internal pressures they are receiving from their boards and executive leadership teams. So, being prepared with a few talking points about the benefits of e-billing for both sides can also help to create client buy-in and ease the transition.

Just like the law firms they employ, general counsels are being asked to do more with less and to enact more cost-saving measures. Executives are demanding data to support costs and actions, and this expectation cascades down to their outside firms. If both parties can better understand each other's reasoning, then there is a heightened chance of aligning goals—a key element in any form of success.

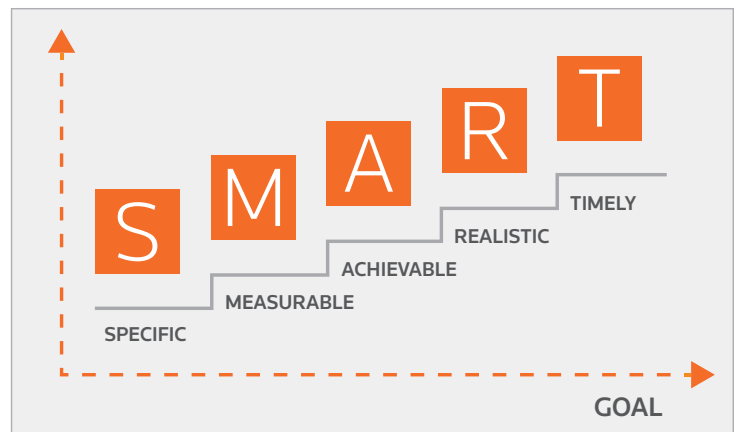
This can be done in a number of creative ways, including:

- Leveraging technology to deliver legal services. Find new ways to complete the work that needs to be done, from task automation to sharing resources, like travel systems, to ensure compliance.
- Setting up alternative fee arrangements. While fixed fees and rate discounts are the most common, explore ways that help demonstrate the value of the work being done.
- Fostering a collaborative relationship. Work towards a partnership rather than a contractor-based approach. To help make this a reality, scheduled checkpoints are a great way to make sure that both parties are aware of any changes and to ensure the rate is still representative of the work being done.

Most general counsels and legal operations managers are simply looking for evidence that the rate they pay is a fair value. In fact, the executive suite is demanding that legal departments show that value. Firms should voice concerns over rates or processes that create undue burdens so that both sides can find a middle ground that works.

### IMPROVING COMMUNICATIONS

Expectations must be set on both sides, and they must be clear and reasonable. Collaborative discussions are the most beneficial, and space should be allowed for negotiation to reach better solutions for both firms and legal departments. This is much easier to accomplish when firms proactively seek to align expectations across clients. One way to address this is by setting SMART objectives. These building blocks of Specific, Measurable, Achievable, Realistic, and Timely goals are a foundation of corporate performance reviews, with contractors, partnerships, and individual employees alike. They help to make expectations easier to understand and quantify and, at a minimum, should help both parties get on the same page in terms of their mutual goals.

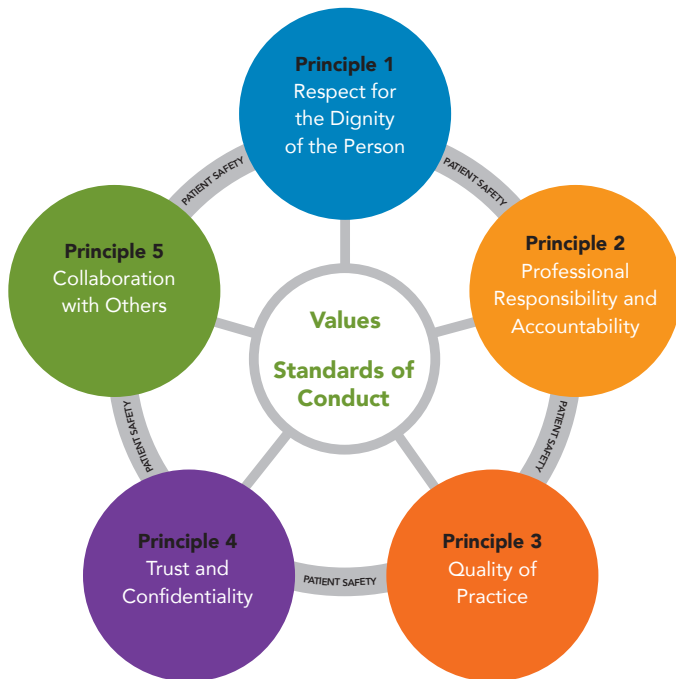


Another potential improvement is to broaden communication from the interaction between the law firm and general counsel and expand it to other key players who actually do the work for which the firm is being paid. In addition, connecting IT departments, billing/finance, and legal operations departments, for example, may help to uncover some of the inefficiencies in the working relationship and identify ways to improve them for both parties.

Again, checkpoints are a great way to improve these communications. By ensuring regular interaction, checkpoints help to keep everyone on the same page to make sure the most essential tasks remain front and centre.

## CODE OF STANDARDS

In many businesses, the cross-pollination of ideas is very useful. The diagram below is from the Standards of Conduct for the Nursing and Midwifery Board of Ireland. Although it might seem unusual to cite an example from a medical board, the key principles are similar to those that lawyers and law firms should aspire to.



© 2015 by Nursing and Midwifery Board of Ireland (NMBI), Practice Standards for Midwives, downloaded from: <https://www.nmbi.ie/Standards-Guidance/Midwives-Standards/Code-Practice-Standards>

However, it's much less common to see these standards put to paper. Therefore, they can often get lost in the shuffle. For e-billing to work most effectively for both general counsels and law firms, a code of standards should be developed.

Billing guidelines will always be a portion of these standards. Mutually agreed upon guidelines help avoid a cat-and-mouse game where general counsels look for something new to block, and lawyers look for new ways to describe their work to get it billed. A more productive approach would be to create guidelines that are clear, succinct, and objective towards the value of the work being done.

One way to do this is to find alignment across clients. If a law firm feels they are being held to a standard that is unreasonable compared to their other clients, it should be reasonable to bring this up in a checkpoint for discussion. Similar practices will help ensure that there are fewer billing mistakes and less pushback from clients. When there are cases for more extensive changes, focus on those that make the most sense and can be supported with data. Cooperatively tackling the problem helps avoid potentially uncomfortable situations.

Working together as partners should again be emphasised. It builds trust: The legal department knows it is receiving quality work at the right price, while the firm knows it is being compensated for the value it provides time and again. This is often part of the reason there are "preferred" firms. Absent trust, both parties are subjected to increased scrutiny and a micromanaged relationship. Something established partners have the privilege of avoiding.

## EBILLINGHUB MAKES IT POSSIBLE

E-billing simplifies the billing process, and many firms could benefit from the increased efficiency, accuracy, and improved cashflow these solutions offer. eBillingHub from Thomson Reuters® Elite provides a market-leading tool that offers all these benefits and many others.

Finally, there is the possibility to automate and accelerate the e-billing process for a faster and more efficient work-to-cash cycle. eBillingHub streamlines the entire process and reduces operating costs. Delivering business value to hundreds of law firms worldwide, eBillingHub is a fully integrated, web-based electronic billing solution that integrates seamlessly with a broad range of financial platforms.

eBillingHub simplifies the e-billing process with a single portal to execute every e-billing need. It then condenses the electronic billing process by integrating time and billing software with multiple e-billing vendors. By streamlining and reducing the complexity and administrative costs of the process, eBillingHub helps efficiently and effectively manage the e-billing process and ultimately improve cash flow.

eBillingHub has a single, easy-to-use web interface and a centralised dashboard for information in real time. A Management Dashboard provides a historical view of client payments and aging. And because eBillingHub operates as a Software as a Service (SaaS), there is no hardware or software to purchase or install and no annual maintenance fees. An optional Web Services integration tool can store your data in one centralised location. With eBillingHub, it is possible to find common ground with general counsels and law firms both reaping e-billing benefits. It is possible to move ahead to a more profitable future by working with one of the world leaders in providing professional services firms with the most innovative of business solutions. With more than 60 years of experience, Thomson Reuters has the proven expertise to make it happen.

To learn more about eBillingHub or for a global list of office locations, visit [ebillinghub.com](http://ebillinghub.com).