

Use E-Billing or Lose Business

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Electronic billing has gained mainstream attention in the legal profession because it enables law firms to deliver invoices in a more detailed and consistent format to satisfy clients' growing demands for more precise billing information. Consequently, e-billing has become one of the most widely and quickly adopted legal technologies among *Fortune* 100 companies.

Corporate counsel and vendors encouraged firms to use such technology with promises that e-billing would revolutionize the attorney-client relationship. Clients promised their firms a faster payment cycle, expedited dispute resolution, lower administrative costs and a more efficient method for billing. Knowledgeable law firm administrators found that these systems can identify billing patterns, analyze time and resource expenditures and unify billing practices among practice groups. These programs also give firms more tools to ensure compliance with client billing guidelines. The firms that use these systems effectively have established a stronger bond with their corporate clients.

Today, the vast majority of the top 200 U.S. law firms are sending electronic invoices to one or more clients. Many work with four or more e-billing vendors, depending on the demands of their clients. Electronic billing can provide significant value to the firm and its clients, but it is absolutely imperative to align corporate client e-billing goals with law firm participation and vendor functionality. With proper alignment and support, e-billing is a powerful tool that strengthens the relationship between the attorney and client.

E-billing systems enable the law firm to upload its bills, created through the firm's standard billing system, directly to a secure Web-based portal. Upon upload, the law firm checks each bill to ensure that it is applied against the appropriate client matter, that the firm is authorized to bill that matter and that the bill is not a duplicate. Some systems perform an automatic audit of the bill against the client's billing guidelines and enable the firm to correct errors online before erroneous submission to the client. Other systems provide only a secure portal, allowing the corporate client to download the invoice and perform an audit offline.

From the law firm's perspective, efficiencies are immediately realized in eliminating paper, printing and postage costs. Even more significant to the law firm and the lawyer-client relationship are the underlying benefits of a faster and more predictable payment approval schedule, invoice error resolution and exchange of information between the firm and its client regarding bill accuracy.

IMPROVED CASH FLOW

The most obvious and immediate benefit from e-billing is a shortened payment-approval cycle. Many corporate legal departments report processing reductions of at least 20 percent to 40 percent, and they transform that time saving into expedited payment for outside counsel. Clients using an e-billing system that audits invoices immediately upon upload (to pre-established standards) are often able to submit payment consistently within 10 days. That is a tremendous improvement over antiquated paper billing processes. E-billing shrinks the payment cycle by

eliminating the delay of regular mail invoice transmittal and by streamlining the corporate client's invoice review and processing through automated auditing and internal routing. Upon successful e-billing audit completion, invoices can be routed directly to the client's payment unit. Clients that limit internal review by personnel to invoices that have been flagged because of unusual activity gain the most efficiency.

Most clients operate on regular payment cycles, regardless of implementation of e-billing programs. However, the efficiencies generated by e-billing systems avoid undue delays due to invoice processing and approval. This benefits the law firm by allowing it to properly budget and anticipate regular receipt of payment. The regular cash flow is the direct result of bills being generated efficiently, processed quickly, approved and placed in line for payment within the billing cycle.

Another benefit e-billing provides is the opportunity for law firms to resolve billing mistakes before the bill is submitted. This is extremely important to managing partners who cherish their professional relationships with their clients. Clients are highly sensitive to billing errors, and e-billing systems that incorporate audit rules based on accounting principles and the client's billing guidelines can automatically highlight mistakes upon invoice upload, before transmission to the client. Some systems even enable the law firm to correct the mistakes online without having to regenerate and reupload the bill.

This level of verification also prevents processing and payment delays. Error-ridden paper invoices are likely to sit on an in-house counsel's desk until they can be researched. Often, such invoices simply are returned to the law firms weeks later (with the resultant delay in payment) because of some minor error, such as an incorrect matter-reference number. Moreover, these mistakes, while unintentional, can result in negative and often unjustified opinions about the law firm and potential loss of business for the firm. E-billing systems provide law firms with the ability to reduce such oversights and avoid unnecessary disputes with the client.

When billing disputes involve charges not invoiced in error, e-billing can facilitate resolution of the conflict. Some e-billing systems enable the client to set aside or flag the disputed items and process the remaining invoice balance. Others provide opportunity for online dialogue regarding a charge that both parties to the transaction can access simultaneously.

Dispute resolution over invoice charges is expensive because bills remain unpaid for significant stretches of time, and this can damage the attorney-client relationship. E-billing enables the parties to collaborate on a solution quickly, while also permitting the undisputed charges to be processed and paid expeditiously. This function replaces the appeal process some clients used in the past. Because this process was so time-consuming and labor intensive, many firms chose instead to write off charges they were, in fact, rightfully due. E-billing provides a much fairer and more expeditious system of conflict resolution.

CLIENT RELATIONSHIPS

In today's information-driven age, a great boon to law firm managers and billing personnel is immediate access to client billing information. Through e-billing, law firm billers can tap into matter information, approved timekeeper rates and billing guidelines. Outside counsel can track invoice processing and payment approval status once the invoice has been submitted. No longer must the law firm biller or managing attorney make frustrating and time-consuming telephone calls to determine invoice approval status. While some clients still require calls routinely due to personnel involvement, e-billing's ability to provide immediate, consistent information to all parties enables lawyers and their clients to reduce time spent on bill monitoring and resolution significantly. Attorneys can return to their core competencies -- the business of practicing and managing legal matters.

