LEGAL SPEND MANAGEMENT

Moving Beyond E-Billing

Lawcadia

INTRODUCTION

The days of the legal department as a cost centre are well and truly over. Now responsible for risk management, advice and strategic planning, it plays a crucial role in defining the direction of the organisation as a whole.

However, no legal department has all of the answers and from time to time, outside expertise may be required to fill the gaps. All of which necessitates spend. And in these days of decreasing budgets and increased responsibilities, that spend must be justified, accounted for, and completely transparent.

Over the last decade, e-billing has provided a logical solution to the spend management conundrum. However, it isn't necessarily the easy to implement and use solution it's made out to be. Additionally, as legal departments continue to evolve and legal technology becomes more sophisticated, it has proven to be less a total solution and more a component of a more inclusive spend management process.

In this e-guide, we explore the reality of what e-billing can and can't deliver, and how emerging 'next generation' e-billing Platforms provide a more holistic legal spend management tool.

WHAT E-BILLING DELIVERS

E-billing can certainly help provide the transparency, clarity and control the legal department needs for long-term operational efficiency. In fact, there's a lot to like about it, including:

Visibility

Visibility over billing processes and invoicing behaviours

Clarity

Identification of spend and cost trends over time

Consistency

Consistent, streamlined billing and invoicing processes organisation and service provider wide

Control

Control over legal costs and internal and external billing and invoicing processes

Compliance

Compliance with billing guidelines and agreed hourly rates and the identification of discrepancies that indicate billing practices inaccurate or sloppy

Efficiency

Institution and automation of effective spend management processes and elimination of duplicate and time consuming practices

WHAT E-BILLING DOESN'T DELIVER

There's no doubt e-billing helps streamline previously cumbersome, time intensive activities. It also makes the sometimes murky world of legal spend management more transparent. However, as its primary focus is invoicing, it is not designed to assist with:

Scope management

E-billing is activated at the conclusion of the engagement and matter management process. As such it cannot assist with scope management which can – and should - be deployed to identify assumptions, manage scope creep and ultimately avoid budget blowouts.

Identification and analysis of behaviours

As e-billing doesn't encompass the 'human element', it can't influence law firm behaviours and processes or help foster a collaborative approach between in-house teams and their service providers.

Relationship management

E-billing can be a valuable tool for tracking spend, but it doesn't capture the information that helps create the competitive tension that underpins the delivery of a measurably valuable service. Without the accurate collation, analysis and comparison of relevant data, legal teams will be forced to continue to rely on price alone when deciding which providers to engage when outside help is required.

THE NEXT GENERATION OF E-BILLING

E-billing is a valuable component in the modern legal team's toolkit. But there's so much more to spend management than automating and streamlining the invoicing and billing process.

For optimal organisational outcomes, legal teams need to close the gap between the initial engagement and the creation and sending of the final invoice. By shining a light on what lies between, legal teams can monitor, manage and control the entire spend management process (and reduce their spend as a result).

With the next generation of e-billing, legal teams will not only be able to ask their legal service providers to adopt specific invoicing and billing procedures, they'll also be able to eliminate:

✓ Manual data input processes

✓ Spreadsheets and duplicate applications

✓ Inconsistent reporting practices

✓ Reliance on law firms to identify and provide useful and relevant data

Sounds great right? So how does it work?

INTRODUCING THE 'NEXT GENERATION' OF E-BILLING

As we've already pointed out, efficient spend management practices encompass far more than simple invoicing. To ensure spend is controlled from the beginning of the matter creation and management process, it must include four crucial functionalities. These are:

Agree matter fees upfront

Receiving the final invoice is meaningless if you haven't formally agreed the fee or estimate for the matter based on a Scope of Work. Ensure your teams are disciplined in the way that they brief work out, with detailed instructions and consideration given to what is to be included in-scope and out-of-scope so that law firms can price effectively. Take this further, in addition to detailing the scope, ensure that there is clarity over how the law firm are to service you - not all matters require gold class, economy might be just fine. Lastly, it is critical that a budget or estimate is agreed and that this is documented alongside the scope details at the point of engagement.

Scope and budget control

Fail to control your scope, and you fail to control your budget. It's all very well to know how much you've spent after the fact, but by instituting scope control measures at the beginning of the spend management cycle, you can steer the work in the direction your finances dictate. When work moves out of scope, you have the option of approving or rejecting the changes, meaning any changes to your spend are made with full knowledge of the likely financial outcome.

Reporting and analytics

There's no point knowing how much you've spent, or even over what period, if you don't know what influenced that spend in the first place. By collecting data over time, you can assess and monitor your spending behaviours and the factors that influence the hiring of specific service providers, giving you insights that can guide your activities in the future. Forget about manual data entry, multiple applications or asking your law firms for their data, with next gen spend management, it's all there right at your fingertips.

Relationship management

You can gain all kinds of insights from raw data. But without the human element, you're missing a big part of the picture. By integrating a performance management element into your spend management processes, you not only identify your top performers, but create a competitive element among your providers that all but guarantees top quality work.

INTEGRATING NEXT GEN TECHNOLOGY WITH YOUR EXISTING FUNCTIONALITIES

Implementing an effective and efficient spend management process doesn't mean abandoning your existing e-billing functionality, particularly if it works well for you. That's why any reputable spend management system should offer an ability work with and alongside with existing e-billing, payments or enterprise platforms. That way, you get all of the add-ons you need, without abandoning the systems that continue to provide good results.

The Lawcadia Platform can be configured to work with your existing systems, providing a streamlined approach to the entire legal process. If you do not have an existing e-billing solution Lawcadia can provide a simple solution that can be implemented easily with your current processes. For more information on how our game changing cloud-based Platform can transform the way your team works, get in touch and book a demo today.

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