

Streamlining your invoices

Electronic billing is growing more and more popular with in-house lawyers.

E-billing technology — the ability to send, receive and process invoices electronically — has been around for years, but many law firms have been slow adopters, much to the chagrin of corporate counsel who use these firms' services. Recognizing the advantages of e-billing, corporate counsel are beginning to push harder for their outside counsel to get on board.

Dominic Jaar, a Montreal-based legal technology consultant and most recently legal counsel (litigation) with Bell Canada, says the first step in implementing an e-billing system is to identify the type of services you're billed for and develop a uniform language to apply to these services. Once you have a standardized language, outside counsel attaches a code to each task. This goes into a template for billing purposes that the corporate counsel provides to the outside firm.

A third-party service provider receives the invoices from the outside firm and enters them into the system to be processed. David Cambria, director of legal operations at Aon Risk Management in Chicago, describes the third-party provider as "the pipeline between the law firm and the corporate law department." Most of these service providers use LEDES, a legal electronic data exchange standard.

To ease the pain of law firm on-boarding, Cambria turned to Aon's e-billing provider DataCert, whose law firm support team contacted each of Aon's law firms to walk them through the e-billing process. This relieved Aon of a particularly time-consuming burden.

The primary advantage of e-billing is time saved. "By automating the process, many e-billing platforms offer automated



review," Jaar explains. The system recognizes errors in invoices, such as the wrong service code. Similarly, you can assign time thresholds to specific tasks, and the system will alert you when the time stated on the bill exceeds the threshold. This significantly reduces time spent reviewing invoices.

Second, since everything has a specific code, the system can track the work done and who did it, helping the department plan and make decisions. "Based on that data, we're able to make strategic forward-looking decisions about staffing of our matters, about the relationships we have with our law firms, and our ability to better manage our litigation based on past experiences," Cambria says.

"It's looking at qualitative and quantitative measures, to not only do a post-

mortem on work you've done, but also to make more informed decisions on what you're doing on the next matter."

Jaar also highlights the fact that using e-billing educates outside counsel on how you run your business. "They become aware of what you don't like to see on the bill," he says. "For example, I'm a paperless lawyer, so I go completely ballistic whenever I see line entries such as 'filing documents' or a disbursement entry for 'printing documents.'"

While e-billing offers attractive benefits, experts emphasize that it is only one part of successful legal operations management.

"The benefits increase substantially when you combine e-billing and legal spend management with a matter management solution," says Don Schad, general manager

of corporate legal solutions at DataCert. “Suddenly, your legal department has access to a global platform of matter-related information, actions and expenses. General counsel can instantly define their department’s operational performance based on qualified data. That’s information that resonates with corporate board members.”

Despite all these advantages, the main obstacle to e-billing remains getting outside counsel to adopt the e-billing system. But there are ways. “I take the approach that if you want to do work for Aon, this is how you have to bill us,” says Cambria. Aon has had its e-billing system for two years, and he estimates that it now processes about 90 percent of the company’s legal spend.

“Most large corporations won’t have to convince their outside counsel,” Jaar says. “They’re just going to agree because they know there’s a lot of competition for the business.” He added that smaller companies may have to do some convincing, but didn’t think they should encounter too much resistance.

Bereskin & Parr, an intellectual property law firm in Toronto, implemented e-billing

in about 2005, simply because clients required it, says accounting manager Rodney Freake. He estimates that about 20 percent of the firm’s client base now require e-billing. This has resulted in the firm adopting five different e-billing systems to serve each of these clients’ requirements.

There are some advantages to the firm as well, Cambria points out. “Firms today

about the work being done that probably is being missed if you’re sending traditional paper-based invoices.” On top of that, firms get a quicker return on their accounts receivable. And now that Bereskin & Parr has five systems in place, Freake says the learning curve to set up e-billing with additional clients is levelling off.

For its part, Aon’s return on the investment in its e-billing system was less than six months, Cambria says, and the company has seen significant cost savings and double-digit percentage reductions in legal spend since its implementation.

“Corporate legal departments realize e-billing benefits within a short amount of time,” says DataCert’s Schad.

“Reams of paper disappear from desktops. Invoices are approved more quickly. In-house counsel can focus their efforts on practicing law instead of handling administrative tasks. And most importantly, e-billing can save corporate legal departments money.” ■

Alison Arnot is a writer based in Ottawa.

“ I take the approach that if you want to do work for Aon, this is how you have to bill us. ”

are always looking for ways to differentiate themselves from their competition. The ability to provide invoices in electronic format to your corporate customers really shows some of that commitment and some of that value-add.

“It also allows you to share with your corporate client a level of understanding

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