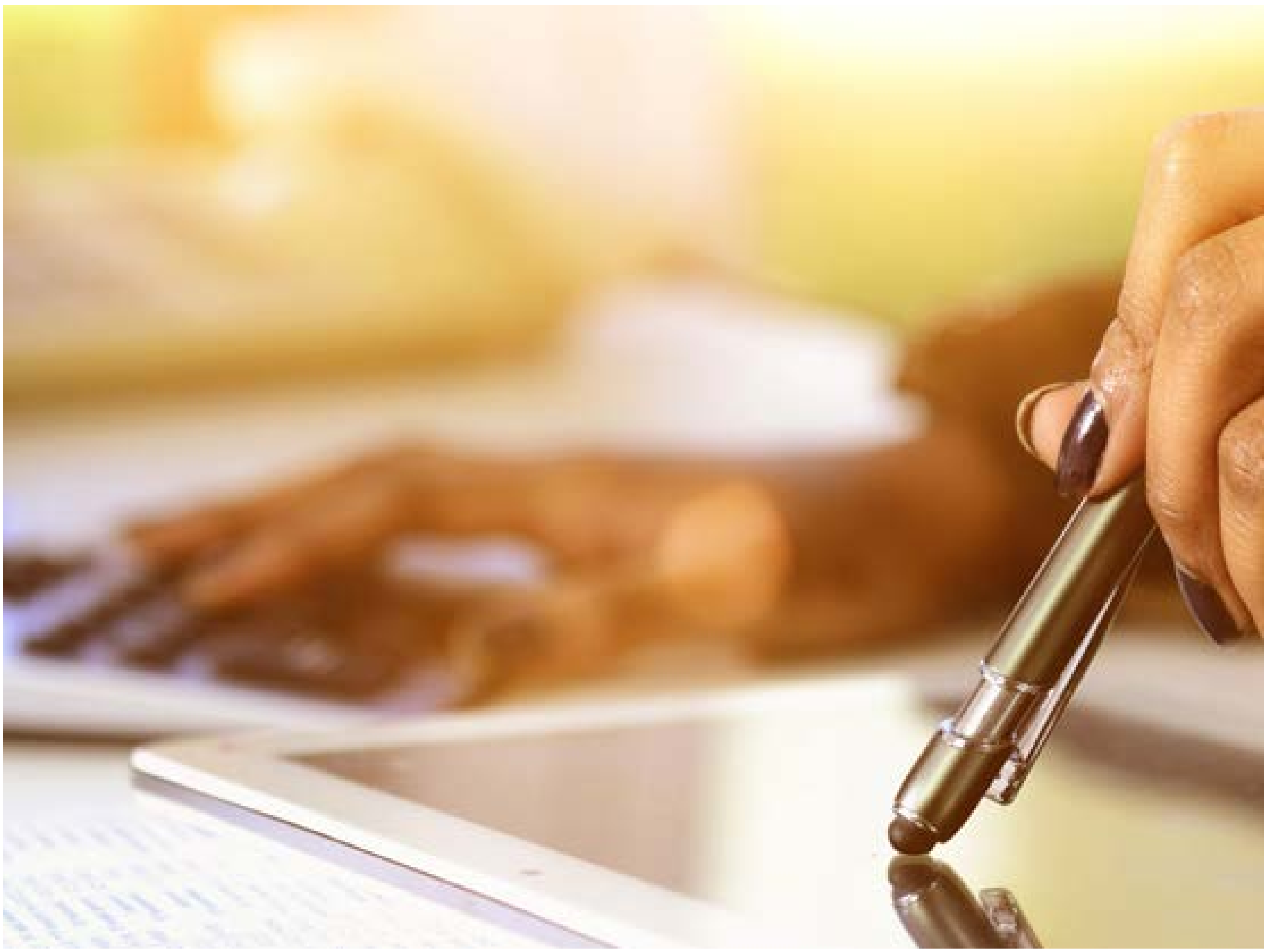
WILSON ALLEN COMMUNITY SURVEY

Focus On: Billing Life Cycle & Operations

Spring/Summer 2020



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How are firms adapting their billing operations in light of the COVID-19 crisis? Wilson Allen recently surveyed large- and mid-sized law firms and consulting firms about how they are managing their financial operations during the global pandemic.

The following summarizes the feedback we received from client surveys issued in April 2020, which had 17 respondents, and from a July 2020 virtual user group meeting.

Going Remote

While most law firms and consulting firms report success in working remotely, certain aspects of billing operations involving traditionally paper-based processes have proven to be challenging for many.

Overall, most said they felt the transition had been successful following an initial adjustment period, as indicated in the following representative responses: ▼

> The initial setup for our team who had never worked remotely took about two to three days before everyone felt comfortable. Since then, it's been more productive.

> We allowed our client accounting (billing & collections) team members to work from home in times of need previously, so we were partially prepared, but it still presented challenges. Our IS team handled it very well by ensuring all parties had the necessary tools (loaner laptops, USB headsets, additional monitors, etc.) to meet the new demands.

> Overall, the response has been good. We have a lot of check-in meetings throughout the week to make sure everyone is up to speed on new items that may have come up.

Pain Points

Even though most finance teams are now working remotely, several pointed out notable exceptions within their departments. Check printing and mail delivery have required certain staff members to travel to the office once a week or more.

With regard to billing, several firms identified creating and managing proformas as a particular pain point. Some firms have continued to send billing team members to the office to pick up, drop off, and ship hard copy proformas.

In the words of one billing supervisor:

> "It’s been a struggle for our billing department as two of us have to go into the office daily to pick up / drop off bills that the other billing specialists have printed. We have kept our quality assurance in place, so she picks up bills and checks for grammar/spelling issues and returns them, and then I pick them up for finalizing in the system and return the next day for mailing."

Similarly, another billing supervisor notes that while all employees are working remotely, a team of billers has continued to go into the office.

> "[An unexpected challenge was] processing proformas and getting them off to the lawyers. We used our messengers and US Mail/FedEx to deliver all proformas in hard copy. We had to have a team of billers go into the office to gather and prepare all of the proformas to perform this function."

Gathering Feedback

Why is it so challenging to move proformas to an all-digital process?

One accounting manager notes that gathering feedback on proformas and tracking status can be especially difficult without a centralized workflow: ▼

> Billing is our biggest challenge. We only have one office, but we are still heavily paper-intensive. Getting the proformas OUT in some electronic fashion is not terribly difficult; it's getting feedback on them and returned from the lawyers that's challenging without a workflow.

> Getting the lawyer communications ON the actual proforma without the billers having to reference an additional resource [has been an unexpected challenge]. Also, the LAAs being able to mark our electronic copies as 'reviewed' without removing them from a place they are still visible to the firm.

Another firm has managed to convert its paper-based proforma review processes to digital, using a combination of emails and software tools for collaborative editing. ▶

> We have moved our billing operations remote. We are now sending all bills via email, and are now asking lawyers to use Adobe PDF editing suite for proforma review. This is a system we've had in place for many years, but we never had firm-wide adoption

Unexpected Challenges

Although at least one firm identified "some lack of technologies to support the business" as an unexpected challenge during the transition to remote working, others identified staff technology skills and training as the more pressing issue.

Training staff who had never worked remotely before on how to access the firm network securely from home was a major issue. Responses from three different firms are included below: ▼

> Technological skills vary greatly among the company, so it was a tough learning curve for a few who were learning how to VPN, set up Mitel remotely, etc.

> Training has been harder than I thought it would be. We are only three months into a merger, so we are all still learning.

> Remote training has been somewhat challenging as it presents its own issues, such as visible/visual cues when someone is either not getting or understanding what you are trying to convey/train. They are much quieter on the conference/WebEx calls vs. when training in person, so more time is spent in follow-up conversation because they often do not openly speak up with their questions while on a call.

One firm noted that the finance department was surprised to have to hunt for up-to-date client email addresses for e-billing, particularly when dealing with clients who had traditionally received paper invoices. ▼

> [An unexpected challenge was] not having an accurate bank of up-to-date client e-mail addresses for eBilling. There were many instances where clients received paper invoices for so many years, and it wasn't a priority to keep their e-mail addresses up-to-date. It was somewhat of a 'mad dash' to get all of the e-mails from our lawyers in one spot and then upload to our eBilling service once we began working remotely.

Digital Transformation

Meanwhile, several firms that participated in the survey who were in various stages of adopting Wilson Proforma Tracker noted that the system is working well for them. Many also mentioned that internal engagement has increased during the pandemic. ▼

> Our billing life cycle was spot on, thanks to Proforma Tracker. COVID-19 did not affect our proforma/billing cycle as we've maintained a paperless workflow for over a year now.

> We've been able to work remotely quite seamlessly and efficiently with the help of the Proforma Tracker tool. We've also expanded our users; we have new billing timekeepers taking on roles.

> [Our process] hasn't changed. We actually used this as an opportunity to invite more partners to use Proforma Tracker (and ran another massive proforma blast, so every partner had work in their queue).

> We extended our pilot phase of Proforma Tracker more broadly and faster than initially expected to help facilitate a remote working environment for our billing lawyers and secretaries.

> Now that we're all working remotely and having to adjust to change, we're strongly encouraging lawyers to use Proforma Tracker. We pushed out proformas firm-wide via Proforma Tracker in mid-March and now again in April. We had ten new users, all of them partners. We're hoping that will increase this month.

Not Quite All-Digital

Overall, most firms indicated that there was broad acceptance of the need to work digitally — and that in general, both lawyers and staff were "leaning in" to move processes online.

> In my personal opinion: overall, there is less resistance to electronic operations than I originally anticipated. I think people understand these unprecedented circumstances were going to cause some change.

However, several firms mentioned that they nevertheless had to deal with instances where they simply couldn't overcome the need to print. In the words of one firm:

> [An unexpected challenge was] clients/ partners who insist on hard copies.

One firm using Wilson Proforma Tracker says they are currently offering multiple options to address the preferences of various stakeholders: ▼

We actually do a combination of everything. We are currently using Proforma Tracker. I currently have 47 lawyers whose proformas are running through Proforma Tracker. Their secretaries are using Proforma Tracker every day to process the bills with their billers.

Three of the partners are using Tracker directly; a fourth one has just reached out to me as of the end of last week for training. So as each week passes, more and more of the partners get interested in learning to use the tool. I guess that's definitely a great thing as a result of the work-from-home orders.

But we do have many of them who still want to see that PDF copy emailed. We have quite a few of them that still get the paper copies sent to them to their homes. So we are really doing a conglomeration of all of those [methods]. But I would say that email and Proforma Tracker are our primary delivery methods at this point.

The same firm explains that the "a la carte" approach does require manual tracking on the part of the [billing supervisor]: ▼

For the 47 that are going through Proforma Tracker, I keep track of those proformas on a monthly basis. I have a running tally spreadsheet to track any new secretaries and lawyers that come on for training and then as I set up their Proforma Tracker each month.

Then each individual biller keeps track of the lawyers and secretaries that are handled outside of that process. And then as part of the proforma run each month, I also have a look or a visual into those lawyers as well because I do handle the entire firm's proforma run myself.

Another firm has solved the issue by offering users multiple options for how to review proformas but requiring all edits to be consolidated in Wilson Proforma Tracker. ▶

"We were fortunate we went live on Proforma Tracker in January… I think we're up around 20,000 proformas generated every month. The entire firm's proformas are generated in Tracker; at the same time, copies of documents are saved on our server.

Through the lawyer review, some of them are reviewing hard copies that are being sent to their house, some of them are red-lining in Word, or are working on their tablets and editing.

But all assistants actually edit all proformas in Tracker. So no matter how they're being reviewed, everything is consolidated into Proforma Tracker. And you know, I think it made it very easy for us to navigate who owes what, who has returned what, and where things stand, because we can see everything. Each billing specialist can see all of their lawyers and where things stand."

Changes in Communication

We asked how the interaction between lawyers and secretaries and the finance team has changed, if at all.

Several respondents said that very little had changed. Departments that were communicating with key stakeholders primarily via email and phone continued to function as before.

Two firms specifically noted that the volume of requests to the finance team had increased: ▼

> We already utilize a ticketing system to answer finance requests, and we have seen an increase in the number of tickets we receive since we went remote.

> [Communication] has grown, of course, as they are more demanding of one-on-one time for training or questions. Certainly, it's more time consuming, but definitely not a bad thing as allows me to hear their feedback [on Proforma Tracker] first hand and to share that information with Wilson for future enhancement considerations.

Similarly, another firm agreed that increased communication had been positive: ▼

> Communicating early and often with our lawyers and legal assistants has been really helpful.

Unsurprisingly, the most significant change reported across multiple firms was reliance on meetings via videoconferencing applications such as Zoom. In addition, many teams said they were using chat applications such as Microsoft Teams, as well as video chat services.

To quote three different firms: ▶

> We're using online chat, and occasionally video chat services, to talk to one another.

> We're trying to over-communicate. We're having a lot of virtual meetings.

> [The] only change is moving from face-to-face meetings to Zoom video meetings with some lawyers that like to continue that interaction.

One respondent noted that moving to a more digital billing process meant that some secretaries were less directly involved. ▼

> Some assistants are less involved now that we're working remotely since much of their previous involvement was printing out bills and having their partner review/sign.

Another responded an increased focus on finding ways to connect directly within the billing/finance team: ▼

> Finding ways to connect each day, so we don't lose human contact, has been important. I post a question of the day to my team, which often sparks conversation vis Microsoft Teams. We had a virtual Happy Hour last week via Zoom with our department.

Lessons Learned

We asked firms to share advice regarding billing or anything related to finance operations while remote working.

Two respondents recommended a flexible, open-minded approach in the face of ongoing uncertainty:

> "Take it one day at a time."

> "There is not a 'one size fits all' solution in this new environment. You must remain flexible and know that you may need to change direction at a moment's notice."

Firms using Wilson Proforma Tracker recommended that firms push for broader adoption of the tool, especially in light of the current trend toward digital transformation.

> "My advice is for firms who don't require their lawyers to use Proforma Tracker take this opportunity to strongly encourage them to use it."

At least one firm advised inviting new users to Proforma Tracker at an even pace.

> "Slow and steady is important. Too many users at once can be somewhat overwhelming, especially when there is an influx of users on a new tool and there are limited resources who have the expertise to resolve issues or meet training needs."

Several firms shared very specific advice on training, with many firms recommending a combination of approaches to suit different users. ▼

> I work really closely with our IS and our internal training department. We basically schedule the different training sessions for the secretaries and/or partners to attend.
> And what we found of course for the partners, with their time being so limited, is they don't necessarily have time to sit through training sessions.
>
> So we recorded a video session, one of the training sessions we did for the secretaries. And when the partners reach out to me, saying that they're interested in training, I do often provide the video to them, and tell them to listen to it and watch it at their convenience. That way, they can take the time to look through it and see if it's something that they are still interested in. Then at that point is when I set up their access to the tool, provide any of the quick reference guides and additional documentation for them, and then give them a step by step.

> We have a lot of folks that like to figure things out on their own… that don't want to do the videos or [virtual meetings]. That question mark next to their name [in Proforma Tracker] provides the quick reference user guide. I've heard from a lot of people that this is very helpful. It's a 10-page PDF with screenshots, definitions, and can help you access the tracker and help out with a lot of questions on your own individually.

> Utilize internal training resources to help train on the basics of Proforma Tracker UI editing whenever possible, so you have time to provide more in-depth individual assistance as needed.

Accelerating the Billing Life Cycle

As the economic impact of the COVID-19 crisis continues to unfold, signs point to challenging times ahead for many law firms. Firms will face added pressure to operate as efficiently as possible across all areas of operations.

Accelerating the billing life cycle has become a top priority for many — from ensuring that time sheets are submitted promptly, to enforcing compliance with client billing guidelines, to minimize rejected invoices. Now with more employees than ever working remotely, there is also considerable focus on the digital transformation of financial operations.

In the words of one finance director: ▼

> “Paperless billing and collection will support me in delivering the top revenue line the firm needs.”

Proformas have proven to be a particular sticking point for many law firms and consulting firms during the transition to remote working. In 2018, nearly half of all law firms in a widely cited industry survey identified “a prolonged pre-bill editing and review cycle” as a top challenge in billing. In 2020, the move to remote working has brought this and many associated inefficiencies into even sharper relief.

Firms in our spring/summer 2020 survey and user group meeting mentioned a variety of issues:

- While many found it straightforward to distribute proformas for review electronically (e.g., via email), others have continued to distribute hard copies even during the lockdown, going to great lengths to ship them to employee’s homes, which makes them difficult to track and places a huge burden on billing teams.
- Several firms said they were struggling with coordinating the process of editing (and consolidating edits from multiple reviewers).
- And even those firms that had tools for collaborative editing said they found the process of tracking proformas and managing the process very time-consuming.

Addressing Market Needs

Wilson Allen has developed Wilson Proforma Tracker software to address these issues and more. By digitizing and centralizing proforma management, the software enables billing teams to gain more oversight and control over the proforma distribution and review process. Lawyers and staff working remotely can easily review and edit proformas from their laptops, mobile phones, or tablets, submit multiple proformas at once, and respond quickly to queries. (And if necessary, it can also activate a paper option as an exception.)

Wilson Proforma Tracker helps designated partners, practice leaders, and managers prioritize which proformas to pay special attention to, providing visibility into defers, holds, and write-offs, and enabling them to quickly search for and sort information. Managers can also see if there are special billing instructions for each client, and route proformas to additional reviewers outside the standard workflow.

Overall, Wilson Proforma Tracker users in our survey were pleased with how well it had supported their billing teams — as well as lawyers and their assistants. However, making the transition to an entirely paperless process can be challenging without the right technology and a realistic change management plan.

Related Process, Training, and Data Management Challenges

Several survey respondents noted more general challenges relating to technology support and training. Wilson has expanded its internal training capacity — which can be delivered both by Wilson and a strategic partner — to enable firms to more effectively tackle training issues exacerbated by distributed and remote working conditions. Training resources, courses and experts can address not only billing life cycle (both finance/administrative processing and lawyer/timekeeper elements), but also broader technology issues and business processes beyond the scope of billing.

Additionally, for firms that have experienced unexpected data quality and integration issues, Wilson Allen offers data governance and master data consultation and related IT architecture services. By creating a centralized repository of key master data (client, matter, user, and group being the most commented on), firms can more effectively ensure that the details required to generate accurate bills are always available and always accurate. As noted in the report, even minor details like missing client email addresses can create ripples of implications and overhead, including delays. Such delays can in some circumstances create soft costs, such as client satisfaction, and hard costs, such as reduced realization rates.

About Wilson Allen

At Wilson Allen, our financial management system experts support the implementation of Wilson Proforma Tracker and integration with Elite Enterprise or 3E, and to work with your finance team to develop a change management plan that works for your organization. We work with your billing team, firm management, and other key stakeholders to define:

- What are your firm's main objectives in streamlining proforma review? What are the main priorities?
- What are the best ways to expand adoption of Wilson Proforma Tracker within your firm, under the current circumstances?
- What training and reference materials are required to support successful adoption within your firm?

In many cases, digitizing and streamlining proforma review will also require assessing and adapting your current processes. The Wilson Allen team can support your efforts by interviewing key stakeholders to identify the most pressing pain points. And once your firm is using Wilson Proforma Tracker, we also appreciate receiving feedback and user requests so we can continue to refine the software.

Now more than ever, as many clients struggle with cash flow and uncertainty with their businesses, it's essential that law firms, consulting firms, and other strategic advisors provide transparency and open dialogue about collections, temporary fee relief, and other special considerations. Wilson Proforma Tracker can be an essential part of accelerating billing so that clients receive timely, accurate invoices with a clear record of how decisions were made during proforma review, if/when there are questions either from clients, from practice or account leads, or from firm management in the future.

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