

Legal Technology

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Using Technology to Uncover Hidden Revenue in Law Firms

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Quarter 4 -- it is budget season for law firms. For IT departments, 2009 was a bleak year. Headcount, operating budgets and capital budgets all got slashed. Now, most firms are running a decidedly tighter ship than they were last year. CFOs are reporting that everything that can be cut has been cut. So now what?

Clearly, if firms have already sliced expenses to the bone, then they need to focus on bringing more revenue into the firm any way they can. In boardrooms across the country, partners, practice leaders, managing partners and firm management are brainstorming ideas of how they can bring more revenue into their firms without expending massive additional resources in the process.

While business development and rainmaking has always been the mainstay of stimulating revenue, there are two huge areas that many firms often overlook when trying to increase their revenue: accurate and complete time capture, and cost recovery, specifically for prints and scans.

Most law firms are continuously leaking revenue and no one really notices or takes the initiative to stop it. They leak revenue in two major ways: by not billing clients for time actually spent on client work; and by failing to recover costs effectively. Fortunately, technology can provide a solution to both of these problems.

TIME-CAPTURE SOFTWARE

For decades, law firms have been plagued by the problem of not being able to book eight billable hours for eight hours of work. The classic systems that support time entry on your desktop, on the Web, or on a mobile device, work best for the highly diligent -- and extremely rare -- contemporaneous timekeeper. Contemporaneous timekeepers record their time constantly as the day progresses, so at the end of the day, they have a virtually full accounting of all their billable work. This meticulous group comprises approximately only 20 percent of the population. So what about the other 80 percent?

Most everyone else accounts for billable time by hunting and gathering e-mails, documents, phone records and calendar entries. With this information, timekeepers attempt to reconstruct what they did all day, and whether it was billable. When they finally get to prepare their timesheets, they are often doing it after several days or weeks have gone by.

How can they possibly remember all the calls, e-mails and documents they handled? The answer is: they usually can't. These timekeepers are forced to estimate and guess their way through building a timesheet, often under-recording billable time simply because they can't recall the details of what they did. Since they don't want to overcharge clients, they tend to low-ball the time they spent. They may have worked an eight-hour day, but their billings reflect less than that. Can you hear that drip, drip, drip? Your firm is leaking time!

Until now, no software has existed to help the hunter and gatherer to create time notes accurately and completely. An exciting new technology category has debuted recently -- time-capture software. The software presents timekeepers with a journal of everything they did that day to "jog" their memory so they can accurately book all the work they actually completed for clients.

The best time capture software will capture time spent on e-mails, appointments, phone calls, mobile calls, documents, research and dictation. The vendors in this space have vastly different models, ranging from desktop-centric monitoring to desktop-network hybrid models to enterprise systems that data mine the firm's applications in real-time. Some of the products can be installed in one day or less (the Web-based ones) and others have more involved implementations because they load code on the desktop and have complex back-end appliances.

Whichever time capture software a firm chooses, however, it stands to close up the time entry leaks at the firm -- which automatically leads to increased revenue. Even if the firm recovers one more hour per timekeeper per week, it's astonishing how those numbers -- and dollars -- start to stack up.

Karen Chin, partner of [B2B CFO](#), who specializes in financial management, says: "If you don't record and bill time, you can't collect it. Many law firms shortchange themselves because they capture time long after it was worked, or not at all. With time capture software, they can find time buried in e-mails, phone calls and meetings. While all may not be actually billable, the timekeeping process is greatly simplified because they can affirm the entries rather than creating them from memory. Time capture is an application that is long-awaited and greatly needed by professional services firms."

COST RECOVERY FOR PRINT AND SCAN

Some law firms are now installing second and third-generation cost recovery systems. Other firms have yet to implement cost recovery at their firm at all. In either case, these firms may still be leaving significant revenue on the table by not recouping costs for printing and scanning.

Historically, cost recovery products were more focused on capturing expenses for copies and faxes, and it was widely accepted for those fees to be billed back to the client. Now, the volume of copying and faxing has drastically fallen, replaced by printing and scanning. Even though this shift has certainly occurred on the process side, it often is not reflected in the firm's cost recovery plan and client engagement agreements.

Before the invention of multifunction devices, when people wanted a copy, they would walk up to a copier and enter a client/matter number or submit the job to office services. With the advent of the MFD, it is easier to print 10 copies of a document than to print one and walk to a copier. Print counts have gone up and copy counts have gone down.

If your firm only bills back copies and not prints, you are missing an opportunity to increase your revenue. Firms need to update their cost recovery policies -- and software -- to reflect the new reality of a MFD driven law office. Also be sure to include scanning recovery in your policy change -- it is another function on the MFD and can be added rather effortlessly to your recovered costs.

[According to Rob Mattern](#), president of [Mattern & Associates](#), a consulting firm that specializes in advising law firms about support services and cost recovery, "Printing is replacing copying and scanning has largely replaced faxing at this point. For these reasons, law firms ought to strongly consider adding print and scan to their slate of recovered costs. This is a clear-cut client expense and recouping costs for it will no doubt increase incoming revenue for the firm."

CONCLUSION

As the budget discussions rage on, realize that technology can be your key to unlocking additional sources of revenue for the firm. Time-capture software and cost recovery for print/scan are straightforward, immediate ways to increase revenue coming into the firm. Return on investment for purchasing these technologies is quick so you are truly solving a problem without creating a new one. Using time-capture and cost-recovery technology, you can add revenue to your collective pocket without adding a single new client or matter to your book of business. You can still run that tight ship, but now you can plug up the leaks in it so it can float more confidently and securely.

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