

Thinking Strategically About E-Billing

by Daniel Garcia of The eBillingHub

There is no shortage of horror stories about how complex, expensive, ineffective and irritating e-billing is for most law firms. At the same time, clients are demanding e-billing with increasing frequency.

Many firms recognize e-billing is a permanent fixture, and every day a larger percentage of firm revenues depend on e-billing working flawlessly. It's time to look at this issue from a more strategic point of view. The question is simple: Since we have to live with it, can a law firm use industry best practices to turn e-billing into a competitive advantage?

The answer is a resounding "Yes." Consider these strategic goals and tips on how to achieve them:

Goal #1: Speed Up Payments

Contrary to popular belief, many e-billing clients do indeed process your invoices faster. However, it typically takes a firm substantially longer to get e-bills screened and accepted by the client in the first place. The overall result is a delay in cash flow.

To speed up payments, look for e-billing tools that can put invoices in front of your firm's clients faster and with fewer errors. This will help ensure you won't miss any client processing deadlines (*e.g.*, invoice review or check-cutting dates) as well as position your bills to be "first in line" with respect to those of other firms.

Select e-billing tools that upload invoices automatically so you don't have to upload them manually through a multitude of vendor websites. You'll be surprised how much faster your checks arrive.

Goal #2: Avoid Increasing Labor Costs

Hiring more staff to "deal with e-billing" will not only significantly increase your costs, but it will also create important coordination challenges. Instead, choose e-billing tools that will make your current staff more efficient and enable them to work better as a team.

Effective collaboration will happen if your staff has the technology to help them centralize and share invoice status information. This makes it easier for the key players (billing staff, billing manager, A/R manager) to know exactly where each e-bill is during the process.

Goal #3: Reduce Risk of Billing Backlogs

The impact of prolonged absence of your e-billing specialist can be profound. Without the proper technology, you may find yourself — more often than you'd like — unable to bill several of your clients for one or more billing cycles during this absence.

To reduce the risks of billing backlogs, make sure your billing manager knows exactly what has been billed and what is still pending. Your e-billing tools should help people jump in at any time and complete the tasks at hand, even with little or no training. Keep track of every invoice submission and rejection, and make sure you have the ability to track billing progress and fix problems early. Choose tools that provide a high degree of automation and tracking rather than tools that require e-bills to be uploaded and tracked manually.

The Bottom Line

Without the right tools, e-billing can have a negative impact on your cash flow, client profitability and client service. As a finance manager, it's your responsibility to put together the right combination of staff, technology and procedures to ensure that your firm will remain competitive as e-billing continues to grow and becomes an integral part of the firm's operations.

This article was first published in ILTA's May, 2007 white paper titled "Finance — Dollars and Sense" and is reprinted here with permission. For more information about ILTA, visit their website at www.iltanet.org.