



## TAKE ADVANTAGE OF THE CURRENT GENERATION OF PRACTICE MANAGEMENT AND TIME & BILLING SOFTWARE

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Not a week goes by without one or more hotline callers asking about software to replace their current practice management (case management) and/or time & billing software. This is not a step firms take lightly. For those of you who remember the last time you implemented such software you clearly recall the pain points:

- Huge capital outlay for software licenses
- Costly upgrades to or purchase of server
- Steep learning curves
- Lack of compliance in using the software as designed, often interfering with a firm's return on investment (ROI)
- Costly data conversion and data entry for set-up
- Consultant costs to "link" software packages, such as general ledger to time & billing; not all of which operated successfully
- Costly customizations for must-have reports to produce data required to compute stakeholder compensation

I optimistically estimate that about 60% of firms were actually happy with what they bought. Even if the software didn't fully meet expectations, most firms decided to live with what they had. After living through the pain points, most firms were reticent to make a change again. Understandable. After all, it could be worse. A small percentage of firms took the risk to try different software. Most were happier as a result.

In recent years we have witnessed a big shift in the marketplace of law firm software developers. There has been a mass consolidation of server-based legacy packages. Simply, a few of the “big players” have been buying up competitor’s packages at an alarming rate. Firms whose software has been acquired are reporting experiencing any combination of the following:

- Deterioration of support
- Slowing or discontinuation of upgrades
- Loss of whole areas of functionality as packages are “streamlined” by new owners
- Pressure to convert to the new developer’s flagship product

For some firms, the handwriting on the wall becomes clear rather quickly. The first time something “breaks” they face a huge cost before they can get it fixed. They are told they must pay retroactively for years of support contracts when no support was needed, as well as for past software upgrades, even if the firm didn’t want what the upgrades offered. There aren’t many choices but to pay up when you can’t get your bills out the door.

Sometimes they are offered a “special incentive” to convert to the flagship product. Or they realize that their firm is relatively small compared to most being served by the vendor’s flagship product, and they are treated shabbily as a result.

Ultimately, the usual objective of the software developer is to cannibalize the client base of the acquired product, as well as to acquire trained software development and support employees. Frequently the new owner will halt additional sales of the product. With a decreasing number of users over time, the “clout” of the user-base lessens. There becomes little economic incentive to improve the product. Support personnel are trained and deployed to flagship products. Service deteriorates.

I don’t know about you, but I find that most lawyers don’t like being strong-armed or treated as unimportant. Many vendors haven’t figured out that when they use these tactics, the result is rarely what they expect or desire.

The good news is that the “next generation” of cloud-based software has matured into the current generation. I frequently get immediate push-back about



recommending cloud-based products. Yes, it's a new paradigm. Let's explore the plusses and minuses.

1. Firms are used to owning their assets. The thought of paying indefinitely for a product doesn't sit well. However, software-as-a-service (SAAS) is here to stay. Eventually most software will be offered on a pay-as-you-go model. The good news is that there is no huge capital investment. There is no additional maintenance. It's easy to scale up and down as firm size changes. And usually there are no additional annual costs for support or upgrades.
2. This new generation of products has far superior import / export capabilities. Switching from one product to another doesn't require expensive third parties to program conversion tables. Most developers have a solid track record of transferring firms from most major legacy products. It's also not as daunting financially to switch from one product to another when there has been no large capital investment.
3. Except for the largest or most profitable firms, or those that represented institutional clients with complex billing requirements, most of the server-based programs were purchased in modules. Not all modules functioned as well as the core product. Some were very pricey. So most firms worked with programs that offered few bells and whistles.

Current software comes with more functionality built in. For example, it's common for programs to offer both practice management and case management, as well as some form of document and email management, (albeit basic), all fully integrated. Many offer full general ledger and trust accounting as well. And again, they are fully integrated. That means there are no "links" to maintain. There is not just limited information flowing back and forth. All information resides in one database.

4. Probably the greatest attraction of these products is that they are mobile-friendly and highly secure. That means that people can access and input important data from anywhere there is a secure internet connection. They can record time spent working on portable devices like smartphones, laptops and tablets. Best of all, the developers data center is far more secure than any data stored on the firm's in-house servers. It is automatically backed up. And the firm has peace of mind in knowing that they can retrieve their data despite any disaster which strikes their office(s).



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Understanding the ethical issues, and the lawyer's obligations, is a consistent concern. The cloud is scary. I get that. And it's largely misunderstood. Equally unclear to many is how obligations may be met in a simple to understand, pragmatic, best-practices way. In PA we are fortunate to have Formal Opinion 2011-200 on this topic, which clearly spells out the attorney's obligations when utilizing cloud computing. Remember, too, that I am here to help you every step of the way. With strong guidance, you can be confident of minimizing missteps, and obtaining the results you desire.

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