

Omega

White Paper

Time for a New Time & Billing System?
A Step-by-Step Guide to Selecting What's Best for Your Firm

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Introduction

Replacing your firm's time & billing system can seem like an overwhelming task. Where do you start? What's the process? How long will it take? This guide will step you through the process of finding a new system, including an estimated timeline, and help you to be sure you aren't just replacing your system, but actually improving upon what you currently have.

First, what are the signs that your firm needs to replace its current time & billing system? Why have one or more persons in the firm concluded that the current system is inadequate for the firm's current and future needs? Which group within the firm is pushing for change? Where is the pressure for change coming from?

Examples:

1. If the firm's management committee has concluded that the current system no longer allows them to adequately perform the billing, tracking, analyzing and/or decision making critical to the firm's management ability, then there will likely be a desire for change.
2. If two people in the accounting department decide that their life would be easier if a more expensive system were purchased, then it's doubtful anything will happen.

Typical reasons for desiring a change:

1. Inadequate reporting capabilities
2. Limited billing methodologies
3. Lack of scalability
4. Too many manual processes required
5. Current system cannot be upgraded or upgrades are too costly
6. Inadequate or loss of vendor support
7. High maintenance & support costs

If the pressure for change is coming from the administrative staff, the staff will have to make a very good economic case for initiating any change. Without a strong and persuasive reason for change, the most likely decision by senior management will be to do nothing.

If the pressure for change is coming from management, the staff may still have to make a very good economic case for purchasing a new system that will demonstrate a solid return on investment based on improved efficiency, productivity and profitability for the firm.

Step 1: Point Person

The number of people involved in the decision-making process depends on the size of your firm. A small firm may have only one decision maker. A large firm might have a committee with as many as six to seven people. In any case, there should be one point person to interact with potential vendors and internal users in order to manage the implementation process from the firm's perspective. That one person should have the authority and respect of the executive team or committee. If the firm decides it wants a committee to recommend a vendor, make sure the committee members are willing to spend the time needed to attend demos and to meet with potential vendors. Of course, conflicts arise and not everyone will be able to make every meeting. However, a committee member should be able to attend at least 75 percent of the meetings.

Each firm obviously has its own unique culture that will impact who should participate on the selection committee. Make sure that users in different functional areas, such as timekeepers, billing, accounting, I.T., etc., are represented in some way.

Step 2: Ongoing Challenges

Even if you are the one responsible for accounting and billing, and quite familiar with the ongoing challenges or problems the firm is experiencing with its current time & billing system, survey users in other departments to get a complete picture. Make sure you to talk to all current and potential users, including attorneys, accounting staff, paralegals, administrators, I.T., etc. They might have a set of problems of which you weren't even aware. It's important to clearly identify all of the issues that need to be resolved.

For example, how much unnecessary manual effort is the staff expending? Are there unique bill formats required by specific clients that aren't possible with your current system? Are there reporting requirements that your current system can't provide? Are your data storage servers at their maximum capacity?

Step 3: Status Check

Before starting an exhaustive search for a new system, ask yourself if many of the problems identified in Step 2 could be solved if your current system were updated to the most current release.

If the system is at the most current release and/or an upgrade to the next version of the product is cost-prohibitive, it's time to move on to Step 4. If the firm has to spend money for an upgrade anyway, it's probably a good idea to see what other options are available in the marketplace.

An evaluation of network and hardware needs and estimated costs should be included in this step. Some performance issues may be related to network and hardware problems that can be resolved if they are repaired, updated or replaced. This could save significant time and money over fully replacing the entire time & billing system.

Step 4: Wish List

Create a “wish list” of key features that would resolve the problems identified with your current system. In addition to flexibility in configuration, system scalability and reliability, billing schema, ease of use, low-maintenance costs and affordable hardware requirements, the new system should also provide the reporting capabilities necessary to support strategic decision making in the areas of:

- Attorney Productivity
- Billing Realization
- Client Profitability

Prioritize this list based on the unique needs of your firm. Get agreement from the selection committee and executive committee. The target “go live” date, or date when time will be entered into the new time & billing system, should be agreed upon or at least discussed. The final go live date may also depend upon the vendor.

Once the executive committee has agreed to investigate—and ultimately purchase—a new system, the estimated time to get to this point (Step 4) in the process is about six to eight weeks.

Step 5: Research the Market

Even if you think you know what other vendors have to offer and the features and services the firm wants, survey the market to make sure no vendors have been missed. Conduct web-based searches using keywords that are important (e.g., legal time and billing) and research the vendors' websites. Many of the publications focused on technology for the legal industry have vendor directories, articles about the vendors, product reviews and informative advertising. These publications include *Law Technology News' Resource Directory*, *FindLaw* (www.findlaw.com), *TechnoLawyer* (<http://www.technolawyer.com/>), ALA's *Legal Management* and ILTA's *Peer-to-Peer* magazine and website (<http://www.peertopeer.org/>).

Another good way to survey the market is to attend legal technology tradeshows. Get a good feel for the vendor by meeting some of the employees, seeing a brief demo or even scheduling a detailed demo at the show. At this point, you should start getting some general ballpark pricing to begin establishing a budget for this project.

Start calling the list of vendors you want to invite to participate to get answers to some fundamental questions:

- How do you price your system? (e.g., by timekeeper, modules, services, support level, training, custom programming, etc.)
- Is there a maximum number of timekeepers your system will support?
- Is there an upper limit to the number of users on the system at one time?
- How do you handle customer support?
- How are conversions performed and how long do they take?
- How much do you charge for upgrades?
- What hardware is required to run your system?

Basically, walk through the “wish list” to narrow the list to the top three to five vendors.

This step will take another four to six weeks.

Step 6: Budget Approval

Talking with the vendors should provide a general idea of the expected budget. In addition to the software price, make sure to include the cost of implementation, training and conversion, hardware and ongoing support and update fees. You may want to reserve an incremental contingency budget in addition to the initial budget to pay for possible additional modules, customizations, etc. that the firm may want as everyone becomes more knowledgeable about what is available.

It is very important at this stage of the process to inform and discuss the anticipated expenditure with the executive committee to reconfirm their commitment to the project and to get their approval before continuing.

Step 7: Decision Document

Using the “wish list” as an outline, develop a more detailed list of needs for the new system, further prioritizing the list to “must have” and “nice to have”. Prepare a document matrix for each of the three to five vendors under consideration. Also, include the status of items in the decision-making process, such as demo scheduled, demo completed, contract received, contract reviewed, budgetary considerations, and final pricing received. The project manager for the selection should maintain all the information from all of the vendors and collect input from the other decision makers.

When reviewing the information these vendors have provided, remember that demos and features are not always the most important criteria when choosing new software. In the end, it’s a mature market and many vendors provide similar features, so what differentiates them is their customer service and support, training capabilities, conversion experience, reporting flexibility, scalability and the system’s total cost of ownership.

Step 8: Demonstrations

While demos help to visualize how the product works, scheduling too many demos can take the selection committee away from billable hours and can be confusing as they all begin to run together over time. Minimize the number of full-length demos viewed. Schedule the demos over a short time frame so committee members will be less likely to forget what they’ve seen. To facilitate the process, and make it more relevant to the firm, make sure the vendor knows which features and modules are most important for your firm to see.

Give all selection committee attendees a separate “rating sheet” of things they should look for and take notes on. To make it easier to evaluate, try to establish objective values for as many features as possible (e.g., yes/no). Compile these notes after each vendor demo to help the decision-making team understand what they have seen. Include in the evaluation what features are currently available and what are “to be delivered in the future”. It’s good to know the features a vendor will be providing in future upgrades, but it’s most important to know what will be available and installed at your firm.

Scheduling and viewing demos can take about four weeks. It can easily take longer, so try to be as disciplined as possible to minimize this step.

Step 9: Check References

Now is the time to get references from each of the vendors. As much as possible, have the vendor select three to four references that are similar in scope and size to your firm, either now or as you anticipate the firm will be in the future. Are the references happy with their system? Do they receive quality customer service? Ask those references for other firms to call.

Step 10: Final Selection

Choose the vendor that’s the “right fit” for your law firm. You don’t want to select a vendor solely on price if it means you may have to change vendors again in the near future because you’ve already outgrown the system. You also don’t want to select a vendor that offers more features (at a much higher price) than your firm could ever use, either now or in the foreseeable future.

The selected vendor should:

- Offer all the features that your firm needs now to resolve the challenges and problems identified during Step 2.
- Provide a system that is scalable, at an affordable price, to meet the growing needs of your firm in the future.
- Offer the level and availability of customer support your users will require.
- Have a proven record of success for conversion of systems like yours.

In some firms, the selection committee makes a recommendation to the executive committee and the executive committee makes the final decision. The executive committee may also want to have a detailed demo from the recommended vendor. As the timeline for implementation is established, make sure any additional steps or unanticipated requests from senior management are taken into consideration.

Steps 9 and 10 should take one to three weeks.

Step 11: Contract Review

Now is the time to obtain and review the standard licensing and support agreements from the selected vendor. If you decide to try to negotiate the pricing with the vendor, make sure to understand what is in the contract to keep from getting caught paying hidden fees down the road to make up for any vendor discounts at the start.

Step 12: Execute Contract

After the lengthy evaluation process, signing the contract will be a big relief. Make sure to talk through all of the issues, including finalizing costs and outlining how the data conversion and system implementation will be handled. You're then ready to go.

Overall timeframe? It can take as little as five months to as long as 9-12 months. Select a date by which the firm needs to be billing from the new system and work backwards from there. Keeping the end goal in mind will keep the process moving (and eliminate stress).

Key Points

As you are going through the above steps, keep the following points in mind:

- ***Evaluate all technology projects:*** If other technology implementations are on the horizon, make sure these projects are included within the overall project timeframe of selecting and implementing the new time & billing system and consider how they will affect/influence /interact with the new system.
- ***Pick a point person who has the respect of the firm:*** One of the reasons that major projects fail is lack of buy-in from executive management. Choose a person who has the respect and support of management to lead the selection process.

- ***Remember your vendor is your partner:*** The vendor wants to make a sale, of course, but they also want to provide the service and support needed for you to successfully run your business. Working together with the vendor during implementation and with ongoing support will make this easier for all.
- ***Communicate with the vendor's sales representative:*** View the sales representative as a resource. Have them do as much of the work for you as possible. Communicate openly with them regarding your specific needs & challenges and return their calls as promptly as possible. Otherwise, the process gets bogged down. However, if they're not responsive, re-think the vendor as a potential contender.
- ***Don't forget, support is critical:*** If the vendor doesn't offer the support required, especially when attempting to resolve issues that are negatively impacting the business, look for a new vendor. It's that important.
- ***Make sure there are no hidden fees:*** Costs for ongoing support, training, customization, for example, should be outlined in the contract.
- ***Keep personal relationships separate:*** Don't let friendships with people working at the vendors skew your objectivity. If the product doesn't provide the features the firm has identified as important – or the vendor doesn't offer the support expected – don't purchase the product. Period. Too much money is involved to settle for second best (or even third) because of an “obligation”.
- ***Listen to references:*** They've used the product and worked with the vendor. However, don't dismiss the vendor entirely if there is one bad reference, especially if you are happy with what you have seen. Remember, there are always two sides to every story.
- ***Use independent consultants:*** If you choose to use an outside consultant to help select a system, they should NOT receive money from a vendor for selling or implementing the system. The consultant should be familiar with all types of systems, not just one. The consultant needs to be objective.

- *Last, but not least, remember, you aren't just replacing a system, you're improving it:*
The new system should be better than the current one. Converting to a new system can be an expensive and time-consuming process, so make sure it is going to pay off in the long run with the features and support that will help you better manage your business.

About Omega Legal Systems, Inc.

Since 1975, Omega's integrated financial and practice management software has set the standard for return on investment, performance and service for discerning law firms. With timekeeping, billing and reporting, Omega Legal will help meet client demands, improve productivity and manage your cash flow. Every time. No hassles.

Omega Legal's sophisticated, integrated time, billing and accounting software is coupled with a high performance database, which requires only a single server to manage years of detailed historical and current data. With Omega Legal, Business Intelligence isn't an option, it's a standard.

[Contact us](#) now to learn how Omega's best law office practice software can help increase cash flow, lower costs and eliminate headaches caused by high-maintenance systems.

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