



Digital Transformation of the Legal Industry Webinar Series

SLW Digital Transformation Case Study: Billing, Invoicing, Client Budgeting and Cost Projection

8-Episode Webinar Series

Episode 01 – What is Digital Transformation for Law Practices?
Thursday, February 11th, 2021, at 12:00 PM CT

Episode 02 – SLW Digital Transformation Case Study: Overview of SLW systems, tools, data lake, processes, teams and personnel.
Thursday, March 11th, 2021, at 12:00 PM CT

Episode 03 – SLW Digital Transformation Case Study: Application Preparation – Disclosure intake and docketing, application drafting tools, production management
Thursday, April 13th, 2021, at 12:00 PM CT

Episode 04 – SLW Digital Transformation Case Study: Prosecution I – Receiving & Reporting PTO Correspondence – docketing, data/document storage, work packets, drafting and filing papers and responses; reporting to clients
Thursday, May 13th, 2021, at 12:00 PM CT

Episode 05 – SLW Digital Transformation Case Study: Prosecution II – Claim tracking, reference analysis tools and reports, prosecution landscape tools and reports, IDS management
Thursday, June 10th, 2021, at 12:00 PM CT

Episode 06 – SLW Digital Transformation Case Study: Due Diligence, Freedom to Operate Studies, Landscape Studies, Portfolio Curation, Portfolio Analytics, Landscape Analytics, Examiner and Attorney Analytics
Thursday, July 8th, 2021, at 12:00 PM CT

Episode 07 -- SLW Digital Transformation Case Study: Billing, Invoicing, Client Budgeting and Cost Projection
Thursday, August 12th, 2021, at 12:00 PM CT

Episode 08 -- SLW Digital Transformation Case Study: Recruiting, on-Boarding, Training, Firm Communications
Thursday, September 9th, 2021, at 12:00 PM CT

Before We Get Started...



Recording

A link to the recording and slides will be emailed to all registrants.



Questions

Type in the question box and we will answer in real time or during the Q&A.



Social

Follow us on LinkedIn or go to slwip.com to see upcoming and on demand webinars.

Today's Presenters...



Steve Lundberg
Principal & Chief
Innovation Officer
Schwegman
Lundberg &
Woessner



Bob Brace
Executive
Director
Schwegman
Lundberg &
Woessner



Sheena Devine
Accounting
Manager
Schwegman
Lundberg &
Woessner



Kelly Ebert
Billing Specialist
Schwegman
Lundberg &
Woessner



Janal Kalis
Principal
Schwegman
Lundberg &
Woessner
FTO and Patent
Analytics Expert



Andre Marais
Principal
Schwegman
Lundberg &
Woessner



Jill Young
Software Manager
Legal Systems Expert
Schwegman
Lundberg &
Woessner



Billing

A Brief History of Law Firm Billing





A Brief History of Law Firm Billing

Flat Fees

- In the 1800's, legal fees were capped by state laws;
- Litigation fees paid by the losing party;
- "Bonuses" and Retainers were used to circumvent the caps;
- In 1908, ABA found contingent fees ethical;
- In the 1930's and 1940's, caps replaced by base billing;
- State bars published minimum fees; Lawyers charging less were punished;
- Over time, legal work got more complex but flat fees did not change;



A Brief History of Law Firm Billing

Flat Fee to Billable Hour

- Flat fees resulted in dentists and doctors out-earning lawyers;
- 1958 ABA pamphlet stated that lawyers were bad businessmen and suggested that lawyers track hours worked and work 1300 hours per year;
- In 1975, S.Ct. Outlawed flat fee billing, such as cap/base billing as a violation of antitrust laws;
- By the late 1970's, most lawyers charged for services based on hourly billing



A Brief History of Law Firm Billing

- The 1980's saw a rise in audits of law firm invoices—first manual, then automated with software;
- By 2000's, pushback from clients against hourly billing has brought back flat fee billing for much of prep/pros work;
- Software advances has resulted in each client having its own rules regarding what can be billed and how much can be charged.



Reginald Heber Smith

Father of the Billable Hour and Legal Aid

Image source:
<https://maximinlaw.wordpress.com/2018/06/05/new-article-reginald-heber-smith-and-justice-and-the-poor-in-the-21st-century/>



Budgeting

Dealing with the Uncertainty



Budgeting Big Picture



Preparation/Filing

- More controllable
- Larger individual spends



Prosecution

- Snowball
- Harder to apply brakes

Budgeting Approaches



Docket Report
+ Guestimate



Historical +
Projections



Machine Learning
+ Projections

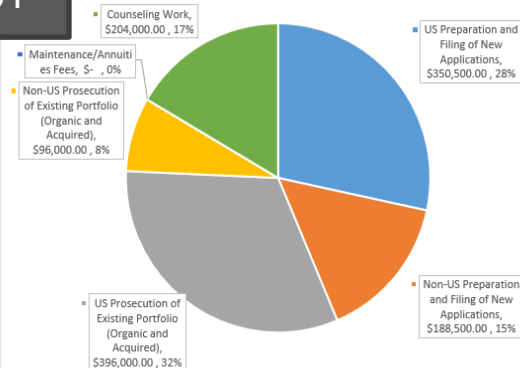
Summary Dashboard

INPUT

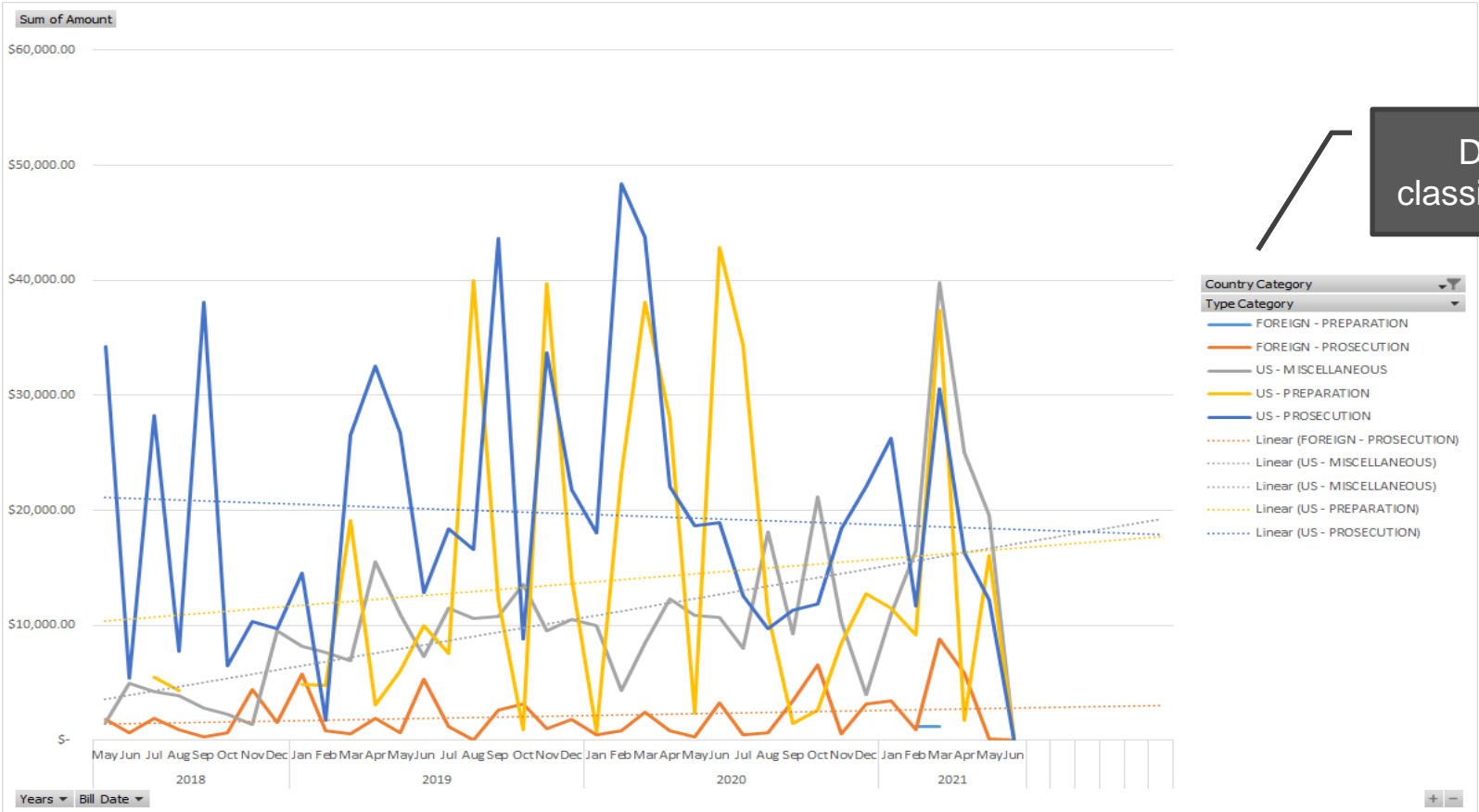
2021 - XYZ CORP Prosecution Budget							
MONTHLY	US - Fees	FF - Fees	US - Expenses	FF - Expenses	Misc. (Disclosure Review, Prosecution Meetings, Foreign Filing Review etc.)	Total (Monthly)	Total (Quarterly)
Prep - Monthly	\$ 23,916.67	\$ 1,750.00	\$ 5,291.67	\$ 13,958.33	\$ -	\$ 44,916.67	\$ 134,750.00
Pros - Monthly	\$ 18,000.00	\$ 3,000.00	\$ 15,000.00	\$ 5,000.00	\$ -	\$ 41,000.00	\$ 123,000.00
Maintenance/Annuities					\$ -	\$ -	\$ -
Counseling Work					\$ 17,000.00	\$ 17,000.00	
Total (Monthly)	\$ 41,916.67	\$ 4,750.00	\$ 20,291.67	\$ 18,958.33	\$ 17,000.00	\$ 102,916.67	\$ 308,750.00
Total (Quarterly)	\$ 125,750.00	\$ 14,250.00	\$ 60,875.00	\$ 56,875.00	\$ 51,000.00	\$ 308,750.00	
MONTHLY	Fees (US + FF)	\$ 46,666.67	Expenses (US + FF)	\$ 39,250.00	\$ 102,916.67		
Filing Assumptions:							
		Previous Year					
ORG_NEW filings/year	16	15					
ORG_CONV filings/year	5	3					
CON filings/year	15	15					
PRV filings/year	5	10					
Foreign Filings/year - PCT	5	1					
Foreign Filings/year - National Phase Clusters (assumes 3 countries as avg)	5	0					
Budget Assumptions							
	Fees	Expenses					
ORIGINAL_NEW Filings	\$ 12,000.00	\$ 2,000.00					
ORIGINAL_CONV Filings	\$ 7,000.00	\$ 2,000.00					
CONTINUATION Filings	\$ 3,500.00	\$ 2,000.00					
PROVISIONAL Filings	\$ 5,000.00	\$ 300.00					
PCT Filings	\$ 1,200.00	\$ 3,500.00					
NATIONAL PHASE Filings	\$ 3,000.00	\$ 30,000.00					
Item:							
	Monthly:	Quarterly:	Annual:				
US Preparation and Filing of New Applications	\$ 29,208.33	\$ 87,625.00	\$ 350,500.00				
Non-US Preparation and Filing of New Applications	\$ 15,708.33	\$ 47,125.00	\$ 188,500.00				
US Prosecution of Existing Portfolio (Organic and Acquired)	\$ 33,000.00	\$ 99,000.00	\$ 396,000.00				
Non-US Prosecution of Existing Portfolio (Organic and Acquired)	\$ 8,000.00	\$ 24,000.00	\$ 96,000.00				
Maintenance/Annuities Fees	\$ -	\$ -	\$ -				
Counseling Work	\$ 17,000.00	\$ 51,000.00	\$ 204,000.00				
Total	\$ 102,916.67	\$ 308,750.00	\$ 1,235,000.00				

INPUT

Estimated Annual Fees and Expenses



Historical Fee Data + Trendline (Linear)



MACHINE LEARNING + PROJECTIONS

Applicant-Specific Data

- Financial Data
 - ⚙ Prep <> Pros
 - ⚙ US <> International
- Portfolio Data
 - ⚙ Where + When
 - ⚙ Art Units
 - ⚙ File Wrapper Data

Patent Office Data

- Art Unit
- Examiner

FINANCIAL



PORTFOLIO



Budgeting Tools

- **Quantify IP** : Patent, Trademark, IP Portfolio Tools - Quantify IP (acquired by Anaqua)
- **CPA Global**: Forecast - IP Financial Modelling | IP Software | CPA Global
- **Schwegman**: CosterDamus.ai (internal only)



CosterDamus.ai

AI-DRIVEN IP BUDGETING



Electronic Time Entry






Electronic Time Entry

- Main Time Entry is FIP
- Billing System is Aderant
- FIP has an API to electronically get time entered
- FIP has a process to download entered time into XML file that can be processed and reformatted for the import routine into Aderant



How We Keep Track of Work and Enter It Into System

- Manual Entry by billers into FIP or our in-house custom application (custom app has a simple interface that utilizes the FIP API to upload)
- Email entries to an email address with email template
- Attorney has created a small front-end app that can utilize the email option as another means of creating billing entries



Automated Generation of Billing Entries

- For fixed billing entries with completion of various activities, we can generate the billing entry upon completion of activity



Autocoding Tool


Task Coding for Invoicing

- Many task coding systems are complex or have many grey areas
- Computerized review on client end of process is intolerant of minor deviations
- More essential than before to nail task coding or risk long delays in invoice payment and even loss of entire invoice
- SLW has developed its own tool to correct task coding errors and make sure fees are compliant with fee schedule



Revenue Cycle & Front End Billing





Evolution of Accounting/ Enterprise Software Systems

Character based to Graphical User Interface


- Challenges
- Advantages

Third Party Systems

- Word Processing
- Expense
- Billing
 - *Bill Blast
- Credit Card Processing
- Banks


Subscription Enterprise Software Systems

- Advantages



Different Types of Client Billing Systems

- We have about 100 clients that are uploaded into ebilling systems
- Examples of the billing systems we use to upload invoices:
 - ★ Legal Tracker
 - ★ SimpleLegal
 - ★ Collaborati
 - ★ Tymetrix 360
 - ★ Some clients have their own system



How SLW Interacts with Different Types of Client Billing Systems


- We work with the client to make sure timekeeper information, phase/task codes, matters and reference numbers are uploaded into the billing system before we can submit the invoices.

Pros:

- Invoices uploaded directly to client as opposed to email or snail mail
- Tracking/budgeting tool for client
- Improves speed of payment

Cons:

- Rejections:
 - § Due to timekeeper information and matters not being in the ebilling system which creates a lag in the uploading of invoice and subsequently payment
- Extra time it takes the billing folks to upload the invoice, we might have to make many manual changes to phase/task codes and additional invoice backups, in order the get the invoice uploaded properly.



Accounts Receivable


Payment Cycle

Shift in payment methods

- o Move from paper to electronic
- o Accommodate clients by having several payment options
 - ✓ Wire transfer, ACH, credit/debit card, eCheck, PayPal, and paper checks
- o In order to meet demand, we needed a payment portal that clients could access on their own
 - ✓ LawPay (formerly ClientPay)

Collection of payments

- o E-billing and e-payments lead to a reduction in collection time
- o Credit card payments tend to be within 30 days of invoice date
- o E-billing helps us track balances which has reduced our aging



Accounts Receivable

Payment Cycle

Automation projects

- o VantagePoint – bank matches up ACH and wire payments with corresponding remittances to our outstanding invoices then ultimately to a cash receipt import
 - ✓ Reduce time entering cash receipts
- o LawPay – integrates directly with accounting software (Aderant) for easy cash receipt importing
 - ✓ Allows clients to see all outstanding invoices
- o BillBlast – Aderant tool
 - ✓ Collective view of all e-bills and the statuses from the e-billing systems Kelly mentioned



Thank you for your interest.

Questions?





These materials are for general informational purposes only. They are not intended to be legal advice, and should not be taken as legal advice. They do not establish an attorney-client relationship.