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Automating law firm AR

How automating accounts receivable
benefits both law firms and their clients

Contents

The need for automated accounts receivable (AR)

The legal industry is known for its commitment to justice and precision and also for its heavy reliance on paper systems and a past reluctance to embrace the digital age. Although there is increased pressure from their clients to digitize many business functions, law firms that service the legal departments of large corporations have typically been slow to answer the call by embracing new technologies.

They're finding that this hesitancy must change.

Consider this takeaway from an American Bar Association article:

"Clients don't expect you to be wrestling with stacks of paper and crunching numbers on a retro calculator. They expect you to use the latest tools, processes and technology available to you to handle their legal issues adeptly and efficiently. Furthermore, if you're only offering traditional payment options like cash and check, your clients might wonder whether you've kept up with the latest legal developments and processes, as well. These days, running an old fashioned office doesn't instill confidence." [1]

1. ABA Techreport. "Getting Paid in 2020: What Lawyers Need to Know." https://www.lawtechnologytoday.org/2020/12/getting-paid-in-2020-what-lawyers-need-to-know/

Increasingly, a consistent request from corporate clients is the ability to pay for outside counsel legal services with a credit card. Yet many law firms are lagging behind other vendors who have been taking credit card payments from these same clients for years. **The continued cautious approach of the legal industry to automate accounts receivable functions has many downsides:**

Many law firm AR departments are overwhelmed with **time-consuming, manual processes** including invoicing, applying payments and matching remittance data to an ERP.

Although popular in the legal industry, **ACH payments** can be difficult to reconcile and have other limitations.

Credit card payments made using emails that include cardholder information may not be PCI compliant, creating undue risk for clients.

Unapplied payments can squeeze the credit line of your clients even though payment was made.

A tipping point in law firm AR?

Regardless of the payment method, outside counsel is under increased pressure to provide more timely and accurate billing and reconciliation processes to their corporate clients.

Law firms need to speed up their adoption of new technologies, including an automated AR solution capable of helping them retain clients who expect low-friction invoicing and payment processes from all of their vendors.

Keep reading to understand how automation can help law firms innovate the entire AR cycle, delivering a modern experience to their clients, a more accurate real-time view of their finances, plus time-saving technology tools and processes for their hard working teams.

Challenges and opportunities for law firms

Embracing automated AR

Firms are not keeping up with the demand from corporate clients for more efficient and accurate AR processes — including the ability to pay with credit cards.

CHALLENGE **Dated, paper-centric systems**	OPPORTUNITY **Embrace digital AR**
The legal industry is not keeping up with current best practices for invoicing and collecting payments digitally.	**Automation of accounts receivables functions helps law firms provide a modern client experience that instills confidence.**
Traditional payment methods by cash or check are slow, error-prone and vulnerable to disputes.	**Manual processes are replaced with automation, freeing up FTEs for more strategic work that is purposeful.**
In an effort to bridge the gap between paper and digital, many firms accept electronic ACH payments, but they still require a lot of manual reconciliation.	**An automated AR solution will process ACH payments and match them to the firm's ERP.**
Corporate clients who prefer to pay vendors digitally may switch from a firm that only accepts paper or electronic payments.	**Firms that are reducing friction by accepting digital payments are retaining existing clients and attracting new ones.**
Paper-centric systems can keep firms from providing employees with remote or hybrid schedules.	**Digital AR can help firms lower overhead costs and retain valuable employees.**

CHALLENGE **Safety and security**	OPPORTUNITY **Ensure PCI compliance**
In 2018, about 46 percent of European companies and 39 percent of American companies were in compliance with Payment Card Industry (PCI) Data Security Standards (DSS).	**Although PCI compliance has probably increased over the last few years, ensuring that all systems comply protects law firms and their clients.**
More clients want to pay with credit cards, both traditional and virtual, but accepting these payments has to be 100% compliant with PCI.	**An automated AR solution will meet current PCI compliance standards.**
Payments sent via email that include cardholder information may not comply with PCI (DSS) leading to fines.	**Automating the acceptance and processing of emailed credit card payments is a PCI-compliant solution.**
PCI compliance requires firewalls, encryption, restricting access to cardholder data, protecting stored cardholder data and keeping systems safe from malware.	**A modern AR automation system has state-of-the-art safeguards and security built in, eliminating the need for users to set up many measures themselves.**

CHALLENGE	OPPORTUNITY
Overwhelmed AR departments	**Streamlined receivables processes**
In an effort to service clients on their terms, AR teams are manually pulling and then uploading invoices into third-party platforms, driving up time and costs.	A quality AR solution connects to hundreds of third-party AP buyer portals to streamline invoice posting and customers can view and pay invoices at their convenience.
Manual cash application processes are time-consuming, prone to human error and have low match rates due to remittances from disparate sources arriving in nonstandard formats.	Digitizing cash applications reduces — and many times eliminates — time-consuming manual work and human error while accelerating time-to-cash.
Legal staff and legal operations teams want more purpose in their work and technology tools that help them breeze through low-level manual tasks so they can focus on more challenging ones.	Automating mundane AR tasks makes legal feel valued by freeing them to contribute to higher-level projects.

| CHALLENGE	OPPORTUNITY
Value and industry reputation	**The law firm of the future**
The legal industry has a reputation for being slow to adopt innovation.	Forward-thinking firms are exploring ways to be more relevant while always compliant.
Many corporate clients have change management initiatives to help them pivot quickly, and they expect that agility from vendors.	Automated AR processes adapt quickly to changes at the client level.
Outdated AR processes invite clients to evaluate other firms with updated processes.	Providing an automated AR process demonstrates that a firm is current with systems across all departments and as efficient as possible.
Innovative firms that are adopting new technologies — including automated AR — aren't fully leveraging them.	Communicating flexibility, accuracy, efficiency and value to clients sets innovative firms apart.

Automate the entire AR process
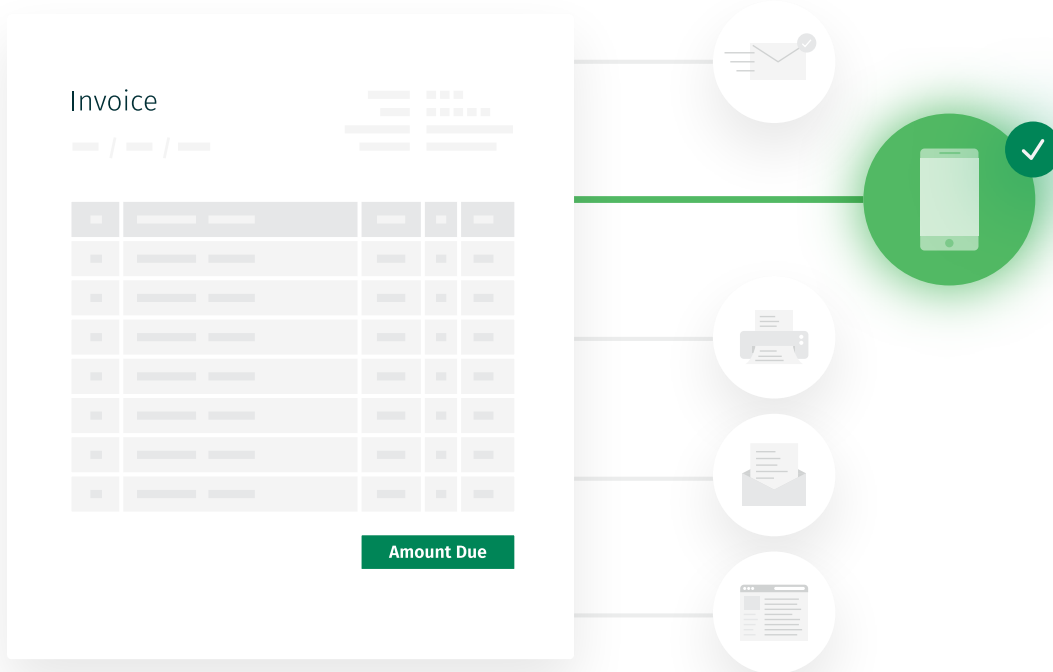
Invoicing

WHY AUTOMATE?

Automated invoicing cuts out time-consuming, error-prone manual work and delivers:

- ✅ More accurate invoices
- ✅ Fewer queries and disputes
- ✅ Faster payments
- ✅ Easier reconciliation

OPERATIONAL EFFICIENCY

Offer your clients every invoicing format, through a single, unique solution:

- ✅ Print and mail
- ✅ Email or fax
- ✅ Electronic invoice presentment and payment (EIPP)
- ✅ Deliver invoices straight into accounts payable portals

Your ERP

Client Payments Received   **Set up autopay**
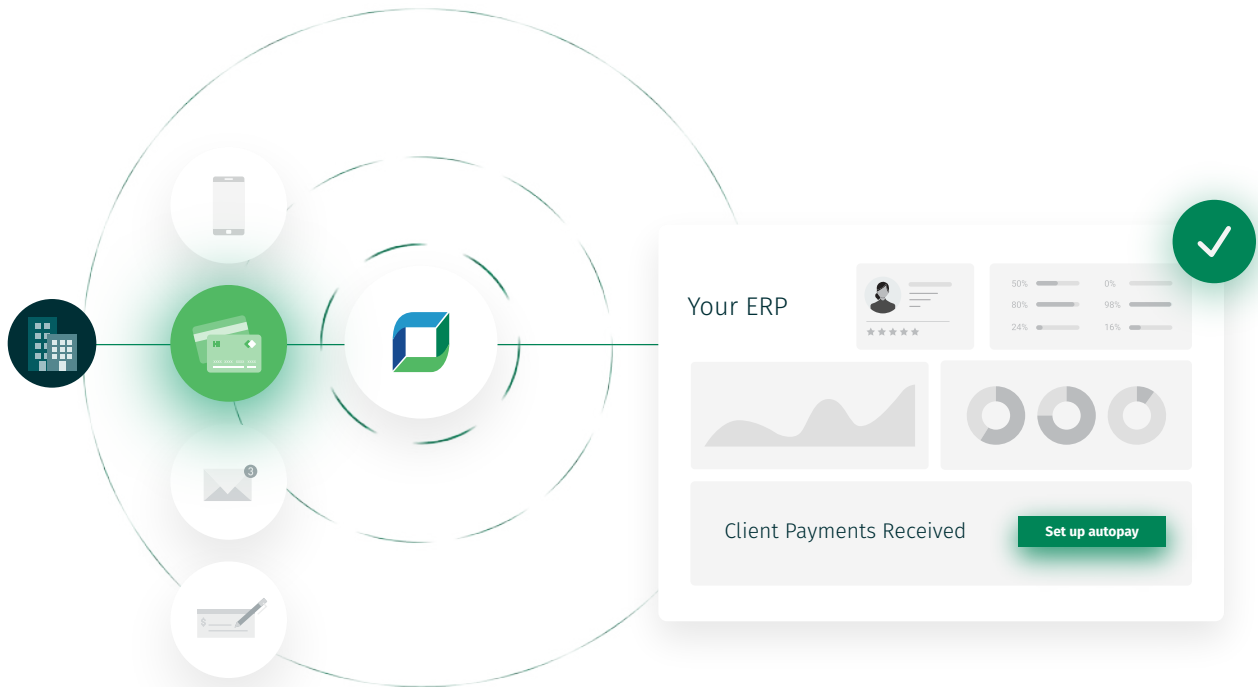
Payments

WHY AUTOMATE?

Encourage your clients to pay with whatever method they prefer:

- Make it easy for clients to make payments when they receive the invoice

- Accept credit card payment without prohibitive costs

- Ensure secure and compliant payments

- Instill confidence with clients through a modern approach

OPERATIONAL EFFICIENCY

Reduce friction between clients and your AR department by:

- Decreasing interchange fees for credit card payments

- Providing an online payment portal

- Capturing credit card numbers and applying the cash automatically

- Integrating seamlessly with ERP systems

- Promoting your automated system to clients

Remittance			AR Data		
#78787	$3,090		#78787	$3,090	
#555	$8,484		#555	$8,484	
	$15,000		#84848	$15,000	
#4343	$740		#4343	$755	

Cash Application

WHY AUTOMATE?

Automating cash application improves the bottom line for a law firm:

- ✓ Improve the accuracy and increase the speed of reconciliation
- ✓ Access cash more quickly
- ✓ Eliminate bank lockbox and data entry fees
- ✓ Keep client credit lines flowing

OPERATIONAL EFFICIENCY

Speed up the cash application process by:

- ✓ Cutting data entry and keying costs
- ✓ Assisting with matching
- ✓ Investigating and researching exceptions
- ✓ Posting to your ERP

Smart List

Task completed

Follow up with Customer 1

Send email

Check status

Collections

WHY AUTOMATE?

Replacing spreadsheets with a digital collections solution helps you:

- ✓ Prioritize collections
- ✓ Improve success rates
- ✓ Reduce manual collection processes
- ✓ Protect client relationships
- ✓ Minimize one of the most stressful functions for your AR team

OPERATIONAL EFFICIENCY

Free up your highly-paid talent to focus on client work and financial strategy:

- ✓ Digitize contact management
- ✓ Prioritize and maximize key accounts
- ✓ Decrease the average age of debt
- ✓ Provide a modern customer experience
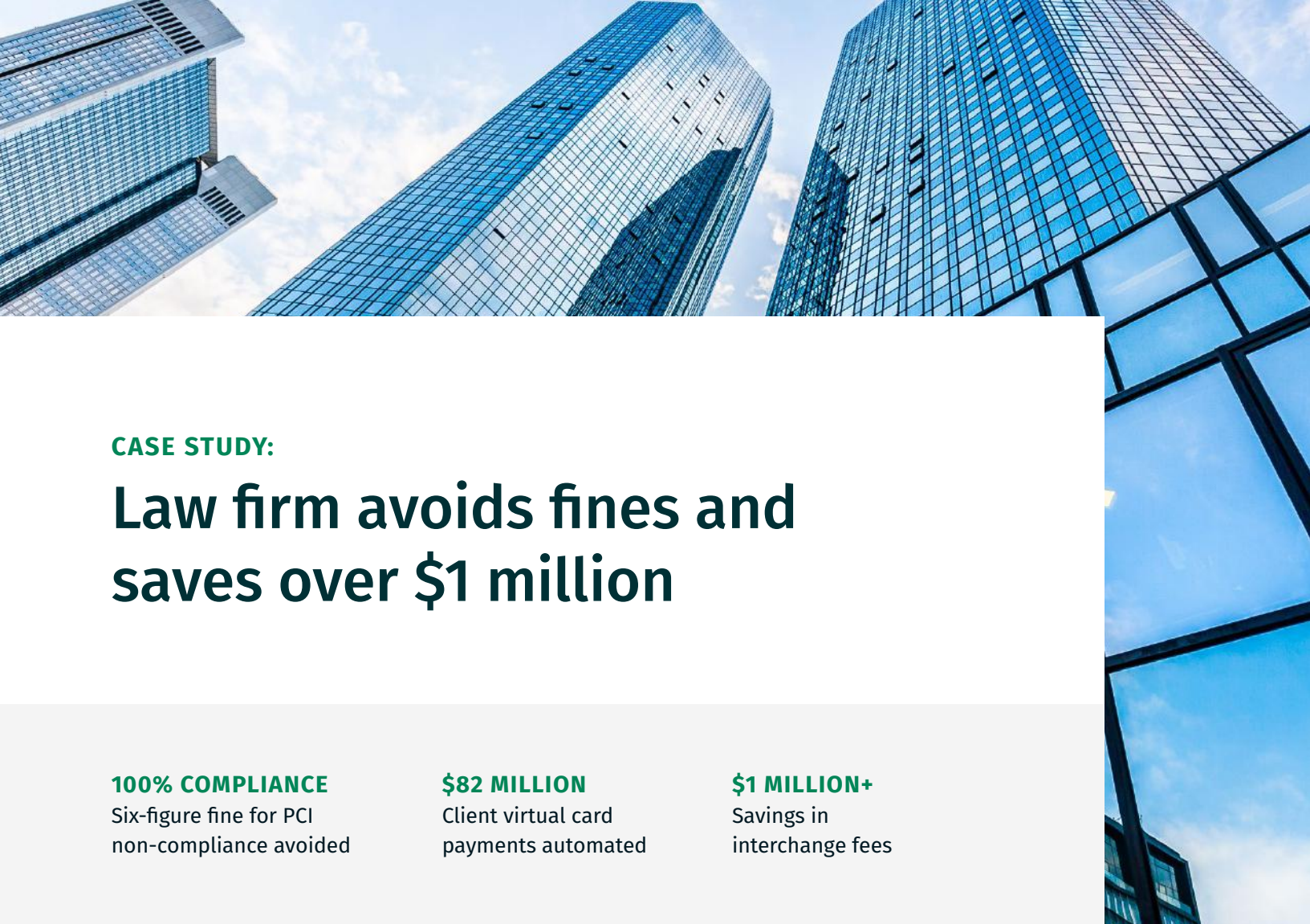
CASE STUDY:

Law firm avoids fines and saves over $1 million

100% COMPLIANCE
Six-figure fine for PCI
non-compliance avoided

$82 MILLION
Client virtual card
payments automated

$1 MILLION+
Savings in
interchange fees

The Challenge

A leading labor law firm was manually processing about 200-300 virtual credit card payments made via email each month. An audit by the firm's bank found the credit card policies were unsafe, exposing them to the risk of a six-figure fine for PCI non-compliance as well as the loss of clients.

The Solution

The firm streamlined and secured the payment process by presenting invoices directly into AP portals and automating credit card payments made by email. By virtually capturing and processing credit card information, the firm was 100% PCI compliant, reduced interchange fees and increased their virtual card payments from 200-300 per month to over 800.

The Results

By automating virtual credit card payments, the firm was able to avoid a six-figure fine for PCI non-compliance, reallocate one FTE on a strategic initiative and save over $1 million in interchange fees on their growing payments of more than $82 million.

Conclusions and recommendations

1 In the changing landscape of client-counsel relations, law firms should **accelerate their adoption** of accounts receivable digital automation to provide more timely and accurate billing and reconciliation.

2 The digital AR automation process should be **100% PCI compliant** to safeguard cardholder data and build confidence with clients.

3 Remittance data should **correspond with your ERP** system to reduce manual reconciliations, increase match rates and reduce human-made errors.

4 By encouraging clients to consistently make **online payments,** law firms can phase out cumbersome paper and electronic systems including cash, check and ACH transactions.

5 The solution should have a **simple, self-service user interface** and easily integrate with other finance and ERP systems.

6 Firms can **raise the satisfaction and retention** of their own highly paid professionals by freeing them up from accounts receivable functions and allowing them to focus on bigger strategies.

7 Throughout implementation, firms should leverage the digital AR automation to strengthen reputation and **improve client experience.**

It's time to embrace modern AR that makes getting paid radically simpler.

Only Billtrust delivers an order-to-cash SaaS platform integrated with an open network connecting the entire B2B payments ecosystem. Learn how we can help boost your business performance by integrating and digitizing your order-to-cash cycle. Contact a Billtrust Legal Specialist at **legal@billtrust.com.**

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