



Taming time with technology

How AI-enabled software can conquer your timekeeping challenges

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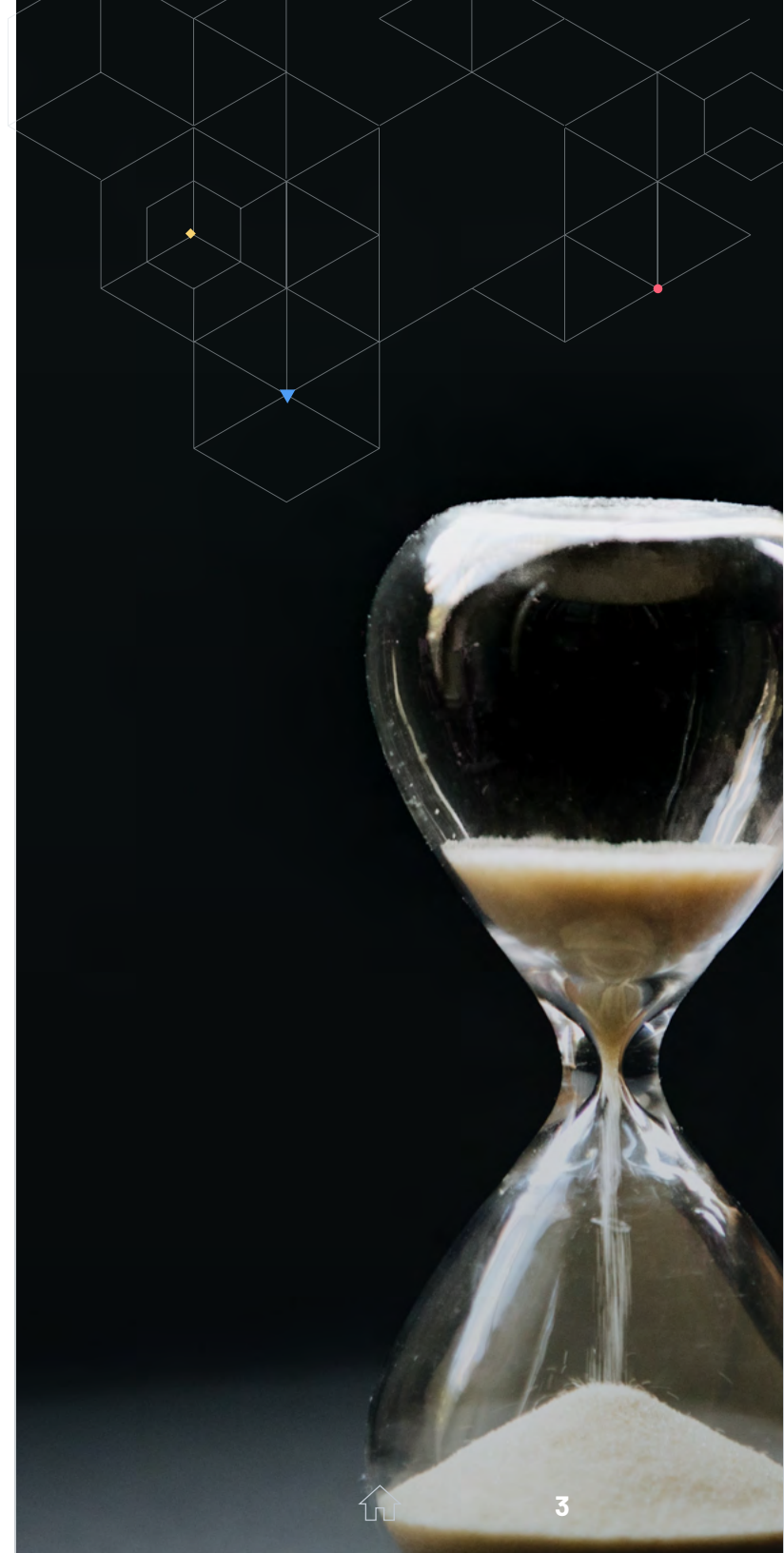
1. Introduction

Technology-enabled timekeeping is not a new concept for law firms. Indeed, it has become today's standard, with a plethora of tactical point products claiming to help fee earners record time faster and more easily. However, capturing time electronically only solves part of the puzzle.

Despite using these tactical tools, many firms still struggle with making time entry accurate, contemporaneous, and compliant with client billing terms. Those challenges continue to result in inefficient processes, quote-to-cash delays, bill rejections, write-offs, and write-downs – and, all too often, erosion of client goodwill.

Does this sound familiar? If so, it's time to look beyond simple point solutions that solve only a fraction of your overall time-recording problems and embrace a more modern approach to total time management. You need a solution to address everything time-related – from the moment work on a matter begins to the creation of the final, accurate, client-compliant bill.

By going beyond simple timekeeping and leveraging today's cutting-edge technology – including automation and AI – you can help your firm implement a more comprehensive approach to timekeeping. And there are real, impactful outcomes to be had: Your firm can improve operational efficiencies, accelerate billing cycles, and increase realization.





2. Vanquishing vanished time

One of the core problems firms face is the specter of vanished time. Overlooked, and thus unbilled, time is an insidious profit-killer — that drip-drip noise you sometimes hear is the sound of potential billings leaking away.

It's no secret why this happens.

Imagine it's Friday afternoon at 4 p.m. at your law firm. After putting in a week of extremely long hours, your lawyers are reminded to submit their time sheets for the current billing cycle. They begin to reconstruct their time by looking back at their emails, phone records, and calendars. Mostly, they rely on their memories.

Inevitably, some of their time gets overlooked. Trying to reconstruct time spent on matters several days after the fact makes it nearly inevitable that some time slips away. It's not surprising that the quick client chat while in line at the coffee shop or the brief review in the taxi on the way to the meeting don't readily come to mind.

It's not really your lawyers' fault — it's just the way humans are wired. Psychological research demonstrates that our memory accuracy is likely as low as 23% after 6 days (see sidebar, "The Ebbinghaus forgetting curve"). Yet we expect our best

fee earners to remember the specifics about how they spent their time on client matters days earlier.

So why do we still do it this way? Well, most lawyers work on multiple matters and clients every day. Constantly interrupting their analysis or writing flow to record time as it's spent — so-called "contemporaneous" timekeeping — generally isn't efficient or effective. As a result, we often attempt to capture time after the fact by practicing reconstructive timekeeping.

The result is a slowdown in time velocity — the period of time between work being completed and being recorded. And the longer the delay between the two, the greater the risk of inaccuracy and undervaluation of work effort.

The fact that many lawyers rely on administrative assistants to enter their time can compound the inefficiencies. Multiple exchanges between partner and assistant to determine how time was spent can further delay time velocity and, again, increase the possibility that worked time may be overlooked, and thus not billed.

This is a very real — and very expensive — problem for law firms. Consider a \$350-per-hour lawyer who forgets to enter just 15 minutes of billable time each day. They would leave \$21,000 on the table annually. A firm with 100 associates billing at that rate could lose \$2.1 million per year in leakage, or unrecorded billable time.

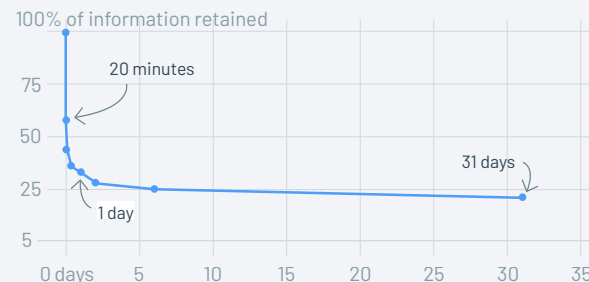
But now there's a way to overcome the problem of vanished time, thanks to technology that goes beyond simple stopwatches and time trackers. Modern time-capture software accelerates time velocity by contemporaneously tracking work effort automatically, behind the scenes. Smart, AI-enabled software extracts metadata from email, document, phone, and calendar systems in real time; it then matches this data to time spent in productivity apps and related activities to intelligently assign blocks of time to particular matters.

By leveraging AI and smart tracking, this new breed of software can then serve up suggested time entries as they happen for immediate validation (active capture), or collect entries in the background without disrupting a lawyer's work, then present them for review when it's convenient (passive capture). The leading solutions leverage both of these approaches and allow your lawyers to customize prompting to their preferences.

Even better: The most advanced software adds cross-platform functionality into the mix. A lawyer can move from working on her desktop computer to her mobile phone as she catches a taxi — and the software seamlessly transitions with her, ensuring there's no gap in time capture or time management.

This smart-technology-enabled approach vastly improves time capture accuracy and lowers underreported time. And because it's much easier for lawyers to enter their own time, it shifts the burden away from administrative assistants and speeds the overall process.

The Ebbinghaus forgetting curve



Do your firm's time sheets truly reflect the reality of your fee earners' efforts? Probably not, and here's why. It has to do with something called the Ebbinghaus forgetting curve.

Hermann Ebbinghaus (1850–1909) was a German psychologist who pioneered the experimental study of memory. He became interested in philosophy while at the University of Bonn, where he wrote his doctoral dissertation on the philosophy of the unconscious. While teaching young children at a small school in England, he came upon a book called *Elements of Psychophysics*, which launched his interest in human memory. He began his first memory experiments in 1879. But it was his later experience, studying how children's mental abilities declined during the school day, that laid the groundwork for his "forgetting curve." His results are still widely accepted as a general theory for how we learn and retain information.

The forgetting curve is a mathematical formula that describes the rate at which something is forgotten after it is initially learned. Ebbinghaus performed his experiments on himself, learning lists of meaningless syllables such as DIF, LAJ, LEQ, MUV, WYC, DAL, SEN, KEP, and NUD. He then tested himself periodically to see how many of the nonsensical syllables he remembered at various points in time. He discovered that his memory quickly decayed. He learned that the amount of knowledge our brains retain drops quickly over a 24-hour period, but it eventually levels off — even taking into account the fact that the human brain retains more information when the syllables are consistently repeated.

By the sixth day, a person retains less than 25% of the information learned on day zero. The forgetting curve shows how a human brain needs constant repetition to retain information.

If your lawyers practice reconstructive timekeeping at the end of each week — or even track their time an end-of-day basis — the chance that their time sheets reflect the totality of their billable efforts is vanishingly small.

BY THE NUMBERS

A firm with 100 lawyers could lose \$2.1 million per year in unrecorded billable time.

—INTAPP RESEARCH

BY THE NUMBERS

Time automation and AI-based compliance with billing terms can shrink the time-submission-to-collection gap by 5%.

— INTAPP RESEARCH

3. Enforcing compliance and reducing rejection

Capturing all your lawyers' billable time is just part of the battle. The other part? Getting that time out the door — and onto the balance sheet. Failing to adhere to client billing terms causes delays in both of these endeavors.

The [emergence of increasingly complex outside counsel guidelines](#) in recent years — including billing rules and requirements — has placed an additional burden on law firms. Clients intent on aggressively managing law-firm spend now stipulate billing codes, formats, and impermissible charges.

Most client billing requirements today abolish many things that law firms traditionally charged clients for in the industry's heyday. Typical examples include banning or limiting electronic research tools, messenger fees, car services, overtime meals, first- and business-class travel, and expensive hotels. Many clients now require their law firms to adhere to the same travel policies as the client's own employees, which tightly control allowable expenses.

In recent years, these requirements have proliferated to create dozens, if not hundreds, of detailed billing terms for law firms to observe. Firms are trying to [mobilize to deal with the onslaught](#) in various ways, such as building dedicated legal operations groups or multidepartmental task forces, but those solutions aren't always feasible. This challenge is particularly acute when it comes to time entry, as it's virtually impossible for busy lawyers to keep track of all their different client billing stipulations. The process of lawyers entering their time while essentially flying blind, without visibility into billing terms, creates a constant stream of rework that's necessary to correct noncompliant time.

That's why billing coordinators spend seemingly endless hours reviewing time entries for accuracy, ensuring compliance with client billing terms, and wrangling lawyers to correct time-entry missteps. The resulting corrections can take days or even weeks; meanwhile, bills are held up.

Another troubling scenario takes place when a billing coordinator catches a noncompliant block-billing time entry, but the lawyer's memory has faded regarding the specifics required by the guidelines. The lawyer must now comb through calendar entries and emails for clues. Meanwhile, they aren't billing time for other clients, which in turn costs the firm revenue.

BY THE NUMBERS

A 1% increase in realization can grow Am Law 50 firms' annual revenue by \$5 to 20 million.

— INTAPP RESEARCH

And, despite large firms' armies of billing coordinators, nothing is foolproof. If a billing coordinator is out sick or on vacation, or if resources are stretched thin, mistakes can still creep into bills. When that happens, clients (or their e-billing systems) promptly reject them. Arguing back and forth over large-ticket, noncompliant items can delay payment of the entire bill for months; with many firms reporting that [collection cycles are lengthening](#), anything that further slows the process isn't welcome. Rather than lose time or potentially damage a relationship by dickering with important clients, the tendency is for firms to simply write off these charges.

Dealing with ongoing billing-related write-downs and write-offs this way is like shooting yourself in the foot: It hurts on impact and hobbles you for months. Over time, this write-off pattern can significantly harm your firm's realization rates.

That's why the best timekeeping software helps ensure that captured time is truly compliant with client billing requirements. AI-based solutions can automatically classify, categorize, and apply billing terms. These terms are then tied to matters, and proactive alerting prompts lawyers to correct noncompliant entries at the moment they enter their time. For example, if the system spots a narrative that includes a prohibited term or lacks a required element, the lawyer can make the fix on the spot rather than having to revise that entry days or even weeks down the road.

With compliance validation moved upstream to the point of time entry, and with fewer timekeeping errors to correct at month's end, your firm can deliver timely, accurate bills and experience fewer rejections. In addition, your billing coordinators will be less stressed and more available for value-added work.

Metrics matter for winning business

In the wake of the Great Recession (2007–2009), many companies undertook a number of cost-saving measures to reduce legal spending. These initiatives included moving legal services in house, using alternative service providers, and demanding more value from the law firms they did hire.

In addition, many corporate law departments began developing more stringent outside-counsel selection criteria that use metrics to evaluate firms. Companies now typically measure a [variety of key attributes](#) of their law firms, including cost-effectiveness, transparency and information sharing, and effective technology use. The [2018 CLOC survey](#) found that 49% of corporate law departments maintained preferred-provider programs, with an average of 13 law firms on their lists. It's a safe bet those numbers will continue to rise.

Law firms know all of this, but many remain unaware that a growing number of corporate law departments also include bill-rejection rates in their criteria for evaluating outside legal partners. E-billing vendors publish bill-rejection rates for law firms, ranking them and identifying the worst offenders. And unfortunately, the bad news is getting around.

According to the [2019 CLOC State of the Industry Survey](#), 78% of companies polled use e-billing systems, so they're privy to those published rejection rates. Outside law firms with reputations for chronically submitting bills that get denied can find themselves passed over during the firm selection process. And many never know that their billing-rejection problems contributed to the loss. Clients are simply no longer prepared to tolerate endless streams of incorrect bills.

The data-driven evaluation and selection of law firms appears to be a trend that's here to stay. However, firms that invest in timekeeping technology send a signal to clients that they take cost savings and billing guidelines seriously. Down the road, those reduced billing rejection rates will help ensure that timekeeping missteps aren't keeping firms from winning business.



4. Keeping clients content and lawyers happy

One major piece of the timekeeping puzzle revolves around two often-intangible, but clearly critical, outcomes: meeting client expectations and making timekeeping a less onerous task for lawyers.

In today's client-empowered era, value and transparency reign supreme in law firm relationships. Indeed, over the last 10 years, the [Association of Corporate Counsel \(ACC\)](#) and the [Corporate Legal Operations Consortium \(CLOC\)](#) have worked diligently to advance the business orientation of companies' internal legal departments and their outside counsel. The [ACC Value Challenge](#) articulates the idea that general counsel must connect legal costs with value received. As a result, many clients are now calling for increased billing transparency and alternative fee structures from their law firms, and issuing billing requirements detailing exactly which fee-earner rates and time entries are acceptable.

CLOC's work supports the growing corporate mandate for law departments to operate like any other business unit: adhering to a budget, improving operational efficiency with processes and technology, and managing the performance and cost

of third-party service providers, including law firms. The message is resonating in corporate environments. According to the [2019 Law Firms in Transition flash survey by Altman Weil](#), 82% of large law firms polled had conversations about matter management efficiency with clients; half of smaller firms reported similar discussions.

These developments are dramatically transforming the client-firm relationship as corporate clients raise the bar with their outside counsel. As law firms adjust and respond to these trends, they find they must provide ever-more visibility into matter progress and results – and industry watchers believe [clients will become even more demanding](#) of improved service models. Time and billing are key elements of the imperatives for transparency and efficiency. Along with the monthly updates on budget adherence that many clients now require, billing is where clients can truly review the cost-value connection.

And, of course, lawyers are very much vested in preserving their positive relationships with clients. Bill rejections caused by erroneous or noncompliant timekeeping can erode trust and damage those relationships, which can portend disaster for lawyers' practices. Embracing a technology-enabled approach increases accuracy in timekeeping, ensures adherence to client expectations, and provides a clear account of work effort and cost – all of which serve to improve client retention and satisfaction, and set the stage for continued and expanded engagements.



BY THE NUMBERS

Streamlining time entry with automated time capture gives law firms 30 minutes of billable time back per lawyer per week.

— INTAPP RESEARCH

But for timekeeping technology to pay such relationship dividends, lawyers must actually adopt it.

It's no secret that lawyers despise the imperative of recording their time. It's a necessary evil — a chore that's part and parcel of their existence, but not one they ever welcome. And, often, they don't do it well. Entire articles have been devoted to conveying [best practices for lawyers to track time](#) while following client rules.

Intellectually driven lawyers prefer to spend their time learning their clients' businesses, being responsive, and providing stellar legal insights to support successful outcomes. They don't want to have to remember billing details or be hounded to correct time entries. They also don't want to have to learn to use cumbersome or complicated new systems for recording time.

That's why modern software solutions are designed to solve these frustrations. They employ automation to make accurate timekeeping easier, faster, and contemporaneous. They leverage artificial intelligence to help tease out the classifications and connections that tie time entries to actual matters. And they can be customized to work the ways lawyers want to work, either by capturing time entries in the moment and prompting for instant validation, or quietly collecting them in the background for later batch review.

The best technology solutions provide more than just a mobile app; they offer a connected experience, in which a lawyer can begin work on a matter in her office, then seamlessly transition to her mobile phone — with time tracking continuing uninterrupted in the background, even if the lawyer is offline.

All of this makes time entry less onerous and helps speed prebill review cycles. And being able to spend less energy focused on timekeeping — and more time on building their books of business and satisfying current clients — is a welcome prospect for most lawyers.

Finding the holy grail: On-demand billing

Traditionally, law firms have billed clients on a monthly basis. This process is highly manual and time-consuming because billing departments accumulate time entries for 30 days, review and assemble prebills, then send them to lawyers to edit, correct, or write down fees before the firm sends invoices to clients. Further billing delays and impediments can occur when prebills don't match a client's billing requirements.

But what if there's a better way? A more comprehensive time-management approach could provide support for the ultimate efficiency in law-firm finance: on-demand billing. This means being able to bill whenever the billing manager says sufficient time entries have accumulated, or as a firm reaches predetermined budget-to-actuals benchmarks. Firms could then potentially send bills biweekly or even weekly, depending on the matter and client. Not only would this shorten the collections cycle, but many clients would greatly appreciate better visibility into matter progress.

By implementing a more comprehensive timekeeping methodology, firms can collect more-accurate time entries, ensure that timekeeping is compliant with client billing terms, submit bills more rapidly and frequently, and boost realization rates. It's the holy grail of profitability.

Are billing departments ready for this approach? Yes and no. Although many firms use paperless billing tools that could help them bill more frequently, many do not. According to the [2019 Orion Prebill Survey](#), "More than 71% of law firm accounting/billing departments were still circulating paper printouts and collecting handwritten annotations to capture lawyers' input before finalizing invoices. Only 12% were using electronic PDF prebills."

But when the time comes that firms are ready to take this step, those that have modernized to use paperless billing and then add time-entry automation — allowing fee earners to send accurate and fully compliant time entries to the billing department — will find themselves a major step ahead of the competition.

Of course, none of this can happen unless firms start to capture accurate and compliant time entries that efficiently support prebilling and billing. A comprehensive time-entry approach provides these capabilities that will allow firms to drink from the golden chalice.





5. Applying intelligent timekeeping to create meaningful outcomes

There's no doubt that technology has already changed the face of fee-earner timekeeping. But the majority of tools on the market are simply not holistic enough to provide firms with the array of benefits provided by a more comprehensive approach.

A smart-technology-enabled solution facilitates more accurate time entries, captured via methods that work well for the fee earner regardless of where the effort occurs — online or offline, in the office or beyond. Billing teams also love these systems because time data is validated for compliance at the point of entry, reducing queries and corrections and resulting in fewer bill rejections and write-downs.

This in turn can deeply impact the firm's bottom line and improve realization rates, which pleases firm leaders. Clients are happier, too, because they receive the matter transparency they crave. It's a win-win.

These benefits can't be realized without a holistic, leading-edge solution — one that captures highly accurate time entries automatically and contemporaneously, then uses AI to validate those entries against client billing terms.

A comprehensive time-management approach creates outcomes that support long-term profitability through higher realization rates and roster of content clients. By modernizing timekeeping, firms can turn off the leaky time-and-money faucet and enjoy a watertight, well-run operation.

Intapp Time helps firms capture and record more work, enforce billing compliance, and accelerate the work-to-collect cycle while improving realization.

Learn more at www.intapp.com/time.

Let's work together to assess your systems for a more holistic take on timekeeping and billing compliance.

An Intapp expert can give you an in-depth analysis of how implementing a modernized approach to timekeeping can improve bill integrity, reduce client scrutiny, and increase realization in your firm.

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