Assessing Alternative Billing Models

With today’s tight economy crimping legal budgets, savvy law firms are considering their options.

The demise of the billable hour might be, as Mark Twain once wrote about reports of his own death, greatly exaggerated. However, with venerable sources such as The Wall Street Journal® reporting a 50 percent increase in corporate spending on alternative billing models, this is probably a good time to consider all your options. Fortunately, there are many interesting and profitable choices to replace or augment the traditional billable hour.

**The DIY (with a real lawyer’s help) trend is catching on fast**

Rocket Lawyer™, one of the fastest growing cloud computing services in North America, is helping to lead a fundamental shift in how legal services are obtained and delivered. Fueled by the powerful connections enabled by the Internet, RocketLawyer.com™ provides millions of consumers with do-it-yourself legal tools and access to over one hundred thousand lawyers online. This simple and affordable solution helps clients write their own legal documents and puts them in touch with experts like you through a complete suite of online services for attorneys, called the Web Law Office™.

With new clients coming to you out of the blue to perform straight-forward tasks for a standard fee, it doesn’t take a rocket scientist to understand the advantages this new service could bring to your bottom line.

**Another fast-growing experiment: prepaid legal insurance**

Most people would like to have the services of an attorney “as needed” whether it’s for drafting a will, reviewing contracts for major purchases, or assisting with life’s unexpected legal emergencies. But most people cannot afford the hundreds of dollars it would take to put a law firm on retainer—especially if they may not need these services every year. A pre-paid legal program, just like other insurance plans, makes these services affordable and available as needed.
Today over one million middle-income households are covered by prepaid legal services, and the market is expanding rapidly. Subscribers typically pay a monthly amount, generally less on an annual basis than what it would cost to engage an attorney for one or two hours of work. Often these plans are offered as a workplace benefit, with employees participating via payroll deduction.

Several major insurance underwriters have acquired or begun affiliating with key players in the prepaid legal services world, which is increasing in acceptance. Most plans provide basic services such as the preparation of a will, with perhaps unlimited access to participating attorneys for telephone consultations. Legal representation that requires extensive work is provided at a substantial discount from normal attorney hourly billing fees.

The Standing Committee on Group and Prepaid Legal Services is the center of the ABA’s effort to promote the development of legal service plans for the benefit of both consumers and lawyers. It works closely with the American Prepaid Legal Services Institute to support and disseminate information about such programs.

A good briefing for lawyers who are contemplating becoming a legal service plan provider is available with “The Concise Guide” which includes details of how plans are constructed, how lawyers provide services, funding mechanisms, and insights as to marketing of and consumer demand for legal service plans. The guide is available at http://www.aplsi.org/pubs/.

Know who you can trust

At LexisNexis we are committed to helping you spend more time practicing law and less time worrying about all the headaches of the business of law. LexisNexis® helps you increase productivity and gain peace of mind with award-winning tools and expert support that enables you to efficiently manage your firm and your finances, so you can spend more time practicing law.

For the past 20 years PCLaw® billing and accounting software has helped over 30,000 firms and become one of the most widely used practice management softwares in North America. This fully integrated time, billing, and accounting software package is easy-to-use right out of the box, PCLaw helps law firms capture more billable time, expedite their billing, manage trust accounting, and manage their financial and client accounting.

PCLaw gives you integrated tools to offer more flexible billing policies to meet today’s demand for a more innovative approach such as:

- Direct integration of research charges into firm billing. Charges for using online research tools such as lexis.com® can now be auto-loaded into the law firm billing process within PCLaw. This saves time and helps reduce errors in billing.
- The integrated credit card processing within PCLaw is compliant with the Payment Card Industry (PCI) transaction standards set by VISA®, ensuring that clients can completely trust a firm they are paying via credit card transactions.

A better bottom line

With many existing clients asking for more predictable billing models and potential clients looking for new ways to access legal expertise, participating in programs like Rocket Lawyer and prepaid legal insurance could give you an advantage over other firms. Not only will alternatives like these help you demonstrate your flexibility, they could also result in closer client relationships due to fewer fee disputes.
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