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:: Enhance Firm Financial Management By Leveraging SharePoint

While both are essential in any law firm, IT and finance departments traditionally have not worked closely together. Neither have attorneys turned to the IT team for financial information. Most likely, your firm's IT and finance groups collaborated primarily during the implementation of a time and billing system as well as worked out performance kinks associated with end-of-the-month billing, report generation and related troubleshooting. In terms of firm management and attorney needs related to finance (e.g., distributing reports, time entry issues), interaction has most likely occurred at the CFO or accounting department levels.

However, in the last year or so, there has been a sea change in how finance, IT and attorneys are delivering, accessing, sharing and utilizing financial information. What is the driving force behind this shift? It's the introduction of Microsoft SharePoint portal technology.

Adoption of SharePoint in the Law Firm Environment

As little as two years ago, firms were just beginning to discuss SharePoint and how it fits in a law firm environment. "What can it really do for us?" Last year, however, ILTA offered numerous SharePoint sessions at the annual conference, all of which were packed with law firm professionals hungry for information on implementing SharePoint-based solutions within the firm. Why the change?

SharePoint is a core portal technology that can be implemented in numerous ways. Prior to the introduction of SharePoint, available portal technologies were proprietary and offered by new or lesser-known vendors. As such, most law firms took a wait-and-see approach. When Microsoft launched SharePoint Server 2007, firms began to take notice of what portals might have to offer.

Microsoft initially offered the base version of SharePoint, Windows SharePoint Services (WSS), free as an integral component of Microsoft

Server 2003. This gave firms risk-free exposure to the technology and time to explore its potential. SharePoint provides a framework for aggregating information for presentation and collaboration among users or teams, including out-of-the-box templates for easy creation of calendars, meeting managers, discussion forums, ready-to-use and custom built "Web parts," shared documents and reports, as well as other collaboration features. In addition, SharePoint is easy to deploy (and use), rich in support and offers complete integration with other Microsoft applications widely used within law firms.

Naturally, as firms familiarized themselves with SharePoint, the realization of its potential grew exponentially and so did demand. SharePoint is now the *de facto* portal standard used in law firms today. With the release of Microsoft Office SharePoint Server 2007 (MOSS) and Microsoft Office 2007, this growth trend only continues to build. Firms that are looking to benefit further from SharePoint's advanced capabilities such as integrated Windows Workflow Foundation and externally-developed Web parts can purchase MOSS licensing as an upgrade to the WSS platform.

To introduce SharePoint, firms often start with the basics: firmwide calendar, contact lists, simple personalization features (e.g., newsfeeds; stock-tickers). However, the real benefit of SharePoint is it enables IT to provide end users with access to information that resides in enterprise systems in an easy-to-use manner that doesn't require multiple logins or extensive training. On the deployment side, IT no longer has to load individual PCs. Instead, an e-mail message with a link to a SharePoint site is all that's needed to get end users up and running.

Moving Beyond the Basics

SharePoint has become the attorney desktop, a landing site where information and updates related to a matter or other topics of interest are aggregated in one place. Web parts take this convenience a step

further. Web parts are vendor-neutral and technology-neutral shortcuts built on XML and SOAP standards for accessing specific information in enterprise systems. Vendors can develop libraries of specific Web parts related to their software providing end users with hard-hitting information snippets. Without having to go into multiple vendor systems (e.g., time and billing, document management, marketing), firm management and attorneys have decision-making information at their fingertips.

Of course, the easier and more accessible technology becomes, the greater the adoption and demand by end users for specific content. If you're an IT professional, you're probably now fielding requests for information to be added to the portal such as, "I want to be able to see the last 10 documents I worked on for a particular matter," or "Can I see, at-a-glance, how much time I billed against a particular client this year?"

Financial-Specific Applications

Through SharePoint and the use of business intelligence-type Web parts, the IT and finance departments can now empower end users with the ability to access need-to-know information easily without having to wait for reports to be generated and without requiring knowledge of the enterprise financial management system. Web parts can be developed for specific financial aspects of the firm, from time entry and accounting (e.g., billing and payments) to realization and profitability analysis.

To get started, a financial-specific site, or landing page, can be created in SharePoint for content related to the firm's financial management system. Here, a highly-personalized view of alerts and reports specific to the requesting attorney can be viewed. Security, rights management and ethical walls guarding access to information are automatically applied as they would be in the enterprise system itself.

Following are some of the critical pieces of financial information that end users will undoubtedly expect to be able to access via SharePoint, and how the firm benefits by making them available:

Cash Reports. Law firms operate on a cash basis, so most partners receive and review cash reports on a daily basis. These reports cover pertinent information such as total cash, fees versus cost, retainer, etc. They typically are generated in the financial management system and then sent in PDF format via e-mail or printed and circulated through office mail. This is a time-consuming and repetitive process, not only for the accounting staff but also for the attorneys.

What if an attorney is on the road or in court for a few days? He or she will return to an inbox (physical or electronic) full of static reports that have to be reviewed and pieced together one-by-one. By making a cash report Web part available in SharePoint, the information is accessible at the attorney's convenience. The attorney can look at the most recent data or even go back to missed days as needed. What's more, Web parts can be created with drill-down capabilities that provide answers to the next level of logical questions. For example, attorneys might first view firm-wide cash position information, and then drill-down to matters where they are the originating attorney.

Billing Payment History. Attorneys are often compensated based on billing or fee receipts. They want to know how much they've billed, what has been paid and to see specific client/matter breakdowns.

Again, using SharePoint, this information can be available right at the attorney desktop in real time.

Opened and Closed Matters. Law firms generate revenue by opening new matters and closing files where work has been completed. Managing this process is key to client satisfaction. Most law firms report on what matters have been opened or closed for a given week or month, which clients are involved, etc. SharePoint can provide this information at a lower cost than manual report distribution.

Recorded Time. Attorneys from junior to senior are closely measured on their recorded time, a clear asset of the firm. Attorneys need to know where they stand with regard to their billable-hour requirements. Although they may not see their billing rates, even first-year associates want to be aware of how many hours they have recorded. Instead of having to ask accounting for a time entry report or go into the time entry system, this information can be gathered through SharePoint, on the fly, and compared to the attorney's goals.

Realization. A key performance indicator of both productivity and profitability, realization analyzes the ratio of recorded time value to billed value and in turn, to the amount actually collected. Business intelligence Web parts will dissect detailed billings, cash collection and both work-in-process and accounts receivable write-offs. Firm managers need to have their finger on the pulse of realization with drill-down capabilities that go beyond the overall firm view to include realization by branch office, particular practice groups, billing attorneys and clients.

Trend Analyses. "Point in time" reporting often doesn't provide a true assessment of the big picture. The firm's management committee, and CFO in particular, will need to measure performance over time to ensure the firm is on target to hit its strategic goals and, if not, to identify the contributing issues. For example, if the ongoing firm total investment budget is \$10 million — ideally composed of \$2.5 million in work-in-process and \$7.5 million in outstanding accounts receivable — then the firm is in a seemingly healthy position.

Firms, however, know that the total investment number fluctuates throughout the year, and the accounts receivable component becomes increasingly more important at year end. SharePoint Web parts can provide a 13-month rolling trend analysis chart that can be used to forecast both year-end cash and corrective actions that might be necessary. If the partners see a negative variance in the trend, drilling down to the branch office or area of law might bring a better understanding of anything in need of immediate attention.

Business Intelligence. SharePoint offers unique business intelligence tools allowing detailed financial modeling and analysis, which can be used to help determine firm profitability goals. Business intelligence-type Web parts enable firms to bypass irrelevant information in order to zero-in on key performance indicators. Further, the newly available Excel Services running on Office SharePoint Server 2007 provide access to real-time, interactive Excel 2007 spreadsheets from a Web browser. These new spreadsheets maintain and efficiently share one central, up-to-date version as compared to static "point-in-time" spreadsheets, while helping to protect proprietary information such as financial models.

These are just a few examples of how SharePoint can be leveraged to deliver actionable financial information to targeted individuals. While finance personnel will still need to work in the enterprise financial management system, end users will no longer need to wait for static reports or spend billable time trying to get at the information themselves. Further, the time required by the finance and IT teams to produce reports and troubleshoot end user issues will be virtually eliminated.

Getting Started

As the IT team plans to develop the firm's SharePoint usage scenarios, be aware that internal department heads may have to be educated as to the possibilities. Most likely, they are familiar only with those scenarios to which they've already been exposed.

Similarly, you may not be aware of all the financial information that is generated and circulated within the firm. Take the time to meet with the partners, CFO and accounting team as well as individual attorneys to understand the kinds of financial information they would benefit from having access to on a routine basis. Be sure to probe for the next logical drill-down related to each data point of interest, so you can ensure the associated Web part that you (or a vendor) develop will meet end users' needs.

Use some of the above scenarios to spark your discussion or begin by discussing the Web parts already provided by your firm's financial software vendor. Because deployment is so easy, test the Web parts with a few key audiences before deploying to the broader user base. Training, if required at all, should be minimal, as users need only understand SharePoint as opposed to any enterprise system.

Not all attorneys are at the same comfort level when it comes to technology. Some partners may still prefer hard-copy reports, whereas some junior, tech-savvy attorneys may continue to demand more information via SharePoint. Fortunately, SharePoint is flexible so that each end user can determine the quantity and types of Web parts they see.

Finally, to increase adoption, be sure to explain the time saving and productivity benefits of leveraging SharePoint technology.

Working with External Vendors

Enterprise-wide software vendors either have or are currently developing ways of aggregating data from their applications as Web parts for SharePoint. You need a clear understanding of what your vendors provide in this regard so you can build your firm's portal offering. Here are some important questions that you should ask your vendors:

Do you provide Web parts?

Are your Web parts compatible with SharePoint?

Do your Web parts respect the security already built into the enterprise system?

What is the licensing for Web parts?

Do you recognize and respect Windows Single Sign-On technology?

Do your Web parts "read" users and provide only the information relevant to them without prompting?

How many Web parts do you have in your library? What do they do?

How many levels of drill-down are offered with your Web parts?

Do your Web parts offer Windows Workflow capabilities?

Can you launch the base enterprise or other applications within the Web parts?

By harnessing the power and simplicity of Microsoft SharePoint, IT and finance can better deliver empowering financial information to key constituents in the law firm. SharePoint does not eliminate the need to work within enterprise systems, but it certainly helps unlock the value of these systems to benefit the firm overall.