

Special Issue Business Intelligence

BI Takes Over Where Canned Reports Leave Off

Nothing My Partners Ask for is Canned

By Jim Hammond

So why don't more firms use Business Intelligence (BI)? Most of them just don't understand what BI is all about. Many firms have a pretty good report writer built into their time-and-billing system and their vendor provides many pre-designed reports, each with selection options. Moreover, many firms have someone on-staff who knows Crystal Report Writer. Isn't this all they need? No, it's not. Today's managers need more powerful and flexible access to financial information than canned or even custom-programmed report writers can deliver in a timely, economical fashion.

Todd Summerfelt, chief operating officer at the 60-timekeeper firm of Carney Badley Spellman in Seattle gets financial performance analysis requests from his partners all the time. He has, at his disposal, a slew of canned reports from his time and billing system as well as custom reports written in Microsoft ACCESS. These days, he finds it much faster and easier to simply use his Business Intelligence program to build an ad-hoc analysis of almost anything the partners request. "It is just so much easier to click on data elements from my data warehouse and choose an Excel Pivot Table as my output option. Canned reports, as good as they are, just can't handle all the special requirements," says Summerfelt. Business Intelligence handles all the hard work. Excel

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Pivot Tables are challenging to build even for an experienced user; my BI program builds them automatically."

Janice Shoultz, office manager for the 133-timekeeper New York City firm of Windels Marx Lane & Mittendorf says, "When I want information, I always go to my Business Intelligence system first. Using it to analyse information is remarkably easy and the reports generate so quickly, that I have the information I need in moments. BI is essential to our firm's year-end reporting. We can now extract accurate data quickly, in practical formats, without custom programming. We write reports in minutes, drill down to detail or re-organize data with a click of the mouse and easily provide information partners want.

Today's law firm's financial management systems collect massive amounts of information relating to every aspect of the business. As the marketplace has become more complex, firms have started to focus on key performance indicators (KPIs). KPIs help take overall business strategies and condense them down to specific points of measurement. Various levels in the firm can have different KPIs. For example, a collection person may have weekly cash collection goals of \$250,000. The same firm elevates collections to the executive director who not only measures cash but must keep "average days of sales outstanding" to less than 75 days. Each of these is a KPI but they are measured at different levels.

So, where does Business Intelligence fit in? Simply put, BI pulls information from your existing data, delivers it in a practical format for analysis use in building KPIs and then monitors these indicators on an ongoing basis. BI acts as a real-time radar screen, or a medical CAT scan (medical term) of the firm's financial operations. The majority of firms

today attempt to use old-fashioned canned accounting reports that have a difficult time diagnosing the problem. Searching through volumes is time consuming and seldom provides an analysis, whereas BI scans through volumes in seconds to provide the exact information required for the KPIs.

CANNED REPORTS v. BI AND KPI

Financial management systems come with numerous pre-programmed canned reports. The initial launch screen may provide the ability to select from such common items as date range, specific clients, matters or attorneys. Otherwise, the design and nature of each report is hard-coded into the system. Outright changes to the report require expensive custom programming so users are largely limited to the vendor's design choices.

BI supports true ad-hoc reporting; you can easily select the exact data you want and in the exact format you want to see it. Since BI reports are not canned, almost every data element in your system is searchable; you just click on the column and row of the information you want. In seconds the system automatically builds a Structured Query Language (SQL) query. These ad-hoc reports can be saved in a library or continually modified as you wish.

While BI reports are not canned, the BI system does come standard with many pre-defined reports. The core of the data warehouse calculates running totals, including each month's starting and ending balances for WIP, AR and hundreds of other financial elements. Each running total is indexed by client, matter, attorney, costs, fees, write-offs and so forth. BI thus provides a great degree of flexibility; you get what you want when you need it.

TIME AND BILLING V. DATA WAREHOUSE WITH CUBES

Being designed primarily to handle transactions, time-and-billing systems are based on relational databases. The tabular structure of such databases is ideal for the storage and processing of transactions, but very poor for the analysis of information. Each time a simple canned report is run, the report must search for the correct tables, build the "data joins," scan through each table looking for criteria that matches each and every requirement and then retrieve the detail. The detailed data must then be summarized by the canned selection, for example, by client, by attorney, by department and so forth. Getting a monthly write-off total might mean looping through this process many times. It is very time consuming even for today's most powerful computers.

In the BI methodology, the vendor provides a well-designed data warehouse commonly referred to as a data cube. The data cube is built specifically for precise, high-speed data analysis. At regular intervals, detailed transactions from the financial system are pumped into the data cube with time and date stamps. A process called "transformation" occurs whereby detailed transactions are combined into a large selection of summaries. Each piece of information

may be referenced by dozens of summaries. For example, the billing realization variance between attorney standard rate and effective billed rate are already summarized daily and monthly at the client level, matter level, attorney level, area of law and so forth. Therefore, when you need such a piece of information, the BI software doesn't have to calculate all the components from individual detailed transaction tables; it just retrieves the answer from a single location. With a properly optimized data cube, the daily update of information from the time-and-billing system takes just a few minutes, even for a very large firm.

REPORT FORMATS V. BI GAUGES, SCORECARDS AND PIVOT TABLES

Canned reports are always hard-coded to fit on a piece of paper. Some vendors have provided workarounds to get a standard report downloaded into an Excel spreadsheet and most of the time it's not very pretty. So what do most firms do? For each of the dozens of desired analyses, they re-key the canned report information into a separate spreadsheet.

Canned reports are also, well, so canned. Lacking flexibility, they are acceptable only for routine list-type reports such as AR and WIP. List-type reports do allow you to dig deeper to analyze information. But what

happens in your current system when you attempt to get a true snapshot of your AR from the 4th Quarter 2002, and then add to that report the billing attorney name and Q4 AR writeoffs? In your time-and-billing system this is probably impossible without custom programming. In BI, by contrast, this report would take less than 30 seconds to design and then only a minute to produce as an Excel report.

With Business Intelligence, a user can easily select the report output design for any analysis; most commonly an Excel spreadsheet is the native format. The report is then built into the spreadsheet and parsed out nicely into the correct-sized columns with all the totals and subtotals requested. Certain BI reports are best shown in a Pivot table, where a user can easily drag around report items to change the view of the information without rebuilding the report.

Some vendors will also provide digital scorecards and gauges with a pre-configured view of KPI information specifically designed for an attorney or partner in the firm. These scorecards and gauges can provide hard-hitting information and trends such as daily cash flow analysis, billing, payment and write off information specifically for that attorney.

SUMMARY

Firm managers need the ability to set key performance indicators that match the financial strategy and goals of the firm and then to efficiently provide this information back to their users. Business Intelligence software meets this need by serving as the firm's core repository of information and by allowing a firm to quickly, intuitively and precisely analyze financial performance and trends for clients, matters, professionals, offices, departments and areas of law.



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Standard Accounting Reports	Business Intelligence
Vendor pre-designs canned reports.	Complete ad-hoc flexibility: user may select data elements from hundreds available. <i>Show me the advance costs AR beginning balance for Jan '03.</i>
Each report has a fixed number of options.	Unlimited options; full control of includes-excludes. <i>Show me the monthly WIP change value for '04; include fees only, and only for our litigation department.</i>
User cannot add new data elements to a report on the fly.	Just click on a data element and add it to a report. <i>Show me an analysis by phase and task codes, fee billed, fees paid and fees written off.</i>
Report program gathers data from transaction tables.	Data comes from a data cube built especially for analysis and reporting. <i>Show me all credits on hand ending balance for June '05, only for our top 10 billed clients</i> A new data cube can easily be built from detailed time-and-billing transactions.
The more tables accessed, the slower the report.	Split-second reports: 1,000 pages of highly detailed analysis in less than 30 seconds. <i>Show me the variance between fees in AR billed value vs. the value at rate #1 (standard rate).</i>
Few summaries are available, since summaries slow down the time-and-billing system and go out of balance.	Data cubes automatically build highly reliable summaries at all levels.
Making even simple changes requires expensive custom programming.	User can change reports in seconds; develop a library of reports; automatically send a report to key attorneys as a regularly scheduled email attachment.
Inflexible, hardcopy formats.	Select formats from a variety of options including Excel, Pivotables, and graphs. <i>Show me an AR balance by a Client Key Word.</i>