

# Starting from Scratch

## *Building A Tech System From The Ground Up*

By Joe Luber

The number of new law firms formed by partners that have split off from existing firms is on the rise. As such, these partners, who may never have been involved in technology decisions at their previous firms, have to start from scratch in order to implement the computer systems, e-mail systems, financial and practice management software needed to conduct business.

In the case of Buckley Kolar, LLP, five partners at a large national law firm decided to break off and form a new practice in the Washington, DC, area. The practice would serve a national client base and specialize in the financial services industry. In the last quarter of 2003, I was contacted by the CPA representing the partners to set up the soon-to-be-formed firm. As an accountant and independent consultant, I was tasked with managing the entire set-up process for this 20-attorney firm. The technology selections, including our computer network, e-mail, financial and practice management systems were the most significant from both budgetary and complexity standpoints. The goal was to have the office functional within 90 days so that the attorneys could walk right in and begin billing from day one. The first step was to create budget and cash flow projections before any technology decisions were made. As a general rule of thumb, a start-up firm must be able to finance security and other deposits, capital items and approximately 3 months of operating costs.

### KEY TECHNOLOGY DECISIONS

The partners came from a very organized,

large firm environment where they were using top-notch technology, including a fully-staffed IT department and the latest and greatest computers and software. It was very important to them to set things up correctly from the beginning. They were used to "Cadillac" products and did not want to compromise functionality because of firm size, nor did they want to start with less capable systems that would only have to be redone in the future. I was challenged to find the right technologies and toolsets to meet both the budget and the partners' specific needs.

Cost comparisons had to be made as to whether or not to employ a full time IT person or to outsource. Given our timeframe and resources, outsourcing was the only way to go. It was more cost effective and with the right vendor, remote access to our servers gave us the same level of service as having someone in house.

The most critical selections were the network, financial management system and practice management systems. I immediately began interviewing network companies. Within 3 days I had decided on two organizations that would prepare proposals and compete for the business. One company had handled the network for a national trade association where I had been Controller. They were my first choice, since I had intimate knowledge of their company and engineering capabilities. However, I did not contract with them due to the fact that they had recently been sold and I was uncomfortable not knowing how the new management would service the client base. I ultimately selected Optimal Networks (Gaithersburg, MD) because, in addition to being able to build and service the entire network, the company was also an authorized integrator of iManage (now known as Interwoven), which the partners had

been using for document management at their previous firm. They were given carte blanche to design a state-of-the-art system. Further, Optimal was able to accommodate our timeline by building our network in their shop and then delivering the servers and workstations after our furniture was in place.

The second most important technology purchase was our financial management system — the heart of the firm — essential for timekeeping, billing and collecting, and financial and management reporting. The attorneys wanted a stellar system that provided remote time entry, simultaneous cash and accrual accounting, advanced reporting capabilities and data warehousing. Most financial systems probably contain the data for reporting. The problem is that many require report writers that are virtually impossible for the typical end-user to understand. Advanced reporting makes it easy to access the data you want, when you want it and in the format that best meets your needs. Further, we wanted a totally integrated system with few, if any, third-party products because we did not want to have to deal with separate vendors (eg, getting them in synch, contending with different product upgrades and necessary reintegration, etc.). I turned to the expertise of Washington, DC-based Mark Grant, CPA, a consultant with more than 20 years experience who specializes in selecting and implementing law firm financial management systems. He reviewed our needs and conducted an extensive review of vendors. We actually looked at all industry vendors at first, including the ones that address the needs of small firms up to the largest firms. We initially reviewed the vendors' Web sites, looked at product literature and talked to end-users regarding their satisfaction. We then narrowed our search to the top three according to the

above criteria, which were Omega, ProLaw and RainMaker Software. We participated in detailed demonstrations of each, and ran some test transactions through the systems to make sure they could handle the transactions that were complex and critical to the business processes of our firm. Price was not a deciding factor as all three vendor proposals were competitively priced. RainMaker Software (Blue Bell, PA) was the best fit for our firm. We agreed that this SQL-based system was as good if not better than the typical systems implemented at many of the nation's largest law firms, so our attorneys would not have to compromise functionality because of our firm's size or budget. It was well-designed, user-friendly and provided all of the functionality and power of the systems offered by larger vendors. The RainMaker system processes transactions and reports exceedingly fast, is intuitive and doesn't require a lot of training to figure out. We checked the company's references and it was clear that RainMaker had a very satisfied user base, especially pertaining to support and product updates.

We are taking a multi-tiered approach to implementing our technologies. Our goal in the beginning was to implement the software that we absolutely needed from day 1, so the majority of practice management systems, with the exception of time entry, were slated for phase-two implementation. In keeping with our intent to use a single-source provider, we evaluated practice management software from the financial management system vendors noted above. Included in our purchase, RainMaker was also able to provide the practice management features and functionality we were looking for, including business intelligence tools that allow for the easy extrapolation, manipulation and presentation of data for decision-making purposes, as well as conflicts checking, contact management (marketing) and Web-based time entry, without requiring any third-party products. For document management, we decided to use Interwoven, which our attorneys liked and were familiar with from their old firm. Records management will be a phase-three decision, one that we have not yet fully explored.

### IMPLEMENTATION & TRAINING

Fortunately, the vendors selected were both reliable and ready for the quick turn-around. Optimal Networks designed a five-server network using HP equipment and 40 Dell workstations. We choose

Microsoft Outlook with a Microsoft Exchange server for our e-mail. Optimal "set up" the Buckley Kolar network at their location, so that it could be picked up and moved as soon as the lease was signed for our new office space. They also set up Interwoven for us. The entire process took less than 45 days. Optimal provided training on the use of the network and the Microsoft office suite of software.

Mark Grant oversaw the RainMaker installation. Our RainMaker project manager came in and spent 2 days with us, reviewing and planning for our specific project requirements. Once these setups were in place, our billing manager was able to quickly enter all of the new client/matter information. Further, the time entry (both server and web-based) option was turned-on. Thankfully, the system is user friendly as there was little time for training on entering clients and matters, time entry, billing and cash receipts. The biggest volume of training was pertaining to time entry, because it is a distributed process. We took a "train-the-trainer" approach, and she, in turn, is training individual users. RainMaker trained Mark Grant, who then trained our billing staff on client/matter set-up and month-end billing, both in advance and again at the end of the first billing cycle. Mark and I worked closely on the general ledger and financial reporting functions.

### CHALLENGES

The entire office had to be fully functional before the partners and staff came in at the end of December. While I know that it is hard to imagine the formation and construction of a totally new firm in such a short period of time, there were few if any glitches. Everyone delivered on time. The hardware and software did what it was purchased to do. Reference checks, employing a consultant, and previous vendor relationships definitely helped.

Because of ethical considerations, we could not announce the creation of the new firm until Dec. 21, 2003. As such, I had to operate without the advance assistance of key administrative personnel such as the billing manager, who was needed to enter the initial client/matter setup data and make decisions about billing formats. As a result, we did have to do some tweaking to our pre-bill and bill formats, which took about two billing cycles (until all clients of varying types had been billed) in order to finalize. One

other area that needed extra attention was deciding on report formats and helping the attorneys to assimilate these formats.

### OUTCOME

The partners and staff, a total of 27, came in on Dec. 31, 2003. The associates and staff began working the first week of January and entering time shortly thereafter. After a full month of time entry for January, the month end close went off without a hitch — on time, in balance with all reports run and tied out. Billing was done immediately and client invoices went out on time during the first and second weeks in February. Our first cash receipt was received in mid-February. In fact, our collections have been excellent and we continue to collect timely due to our financial management system, daily time entry and timely preparation and mailing of bills at month end. On the first day of each month I am able to produce financial statements for the previous month, both cash basis and accrual basis.

Opening a new, fully operational law firm in just 90 days was challenging, yet extremely rewarding. I recommend starting by talking to partners to assess their goals and needs — having partner trust is imperative. Prepare realistic budgets and do not cut corners. Do it right from the beginning; it will cost double or triple to make changes later. Don't hesitate to bring in consultants to assist in the process. They can save valuable time and help ensure system interoperability. Select vendors carefully and check references. Look not only for vendors that provide "wish list" requirements, but also those that are reputable in terms of flexibility, on-time implementation, staying within the budget and customer service.



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