



WHITE PAPER

Financial Matter Management For Client Transparency

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Unlock Your Firm's Value Through Financial Matter Management

The post-pandemic world has significantly emphasized internal and external collaboration for organizations. Having transitioned to virtual collaboration platforms like Microsoft Teams, firms can work together across physical barriers to deliver matters to clients. With that, the legal industry is also experiencing an operational shift, with clients pursuing a new way of doing business. Part of this is ensuring that the firm they're working with values their input, time, and concerns. Enabling clients to have visibility into the matter process and be informed at all times is vital in nurturing client relationships.



This is why [80%](#)¹ of today's clients are looking to be more involved throughout the matter lifecycle. For firms, this means it's crucial to foster a transparent and inclusive relationship while still delivering maximum value.

As part of the drive to add client value, a vital component has also been General Counsel focusing on delivering legal spend to the budget. In fact, [88%](#)² of General Counsel report they plan on reducing the overall cost of the legal function in the next 3 years. This indicates higher budget consciousness and a requirement for quality services at predictable lower fees.

As legal work becomes more complex and firms seek to enhance efficiency by automating repeatable processes, the benefits of adapting to these new general requirements are limitless.

¹[2018 An Altman Weil Flash Survey](#)

²[General Counsel Imperative: From barriers to building blocks | EY - Global](#)

Overcoming Challenges

Regarding matter budgeting, planning, monitoring, and reporting, there are still several challenges that firms face with efficiency, transparency, and optimization.

Around 68% of General Counsel lack accurate and up-to-date information on their legal entities. This can be addressed through enhanced openness, so law departments have better reporting capabilities.

As complex as law firms are, there are still repetitive tasks that affect the efficiency of many departments. In fact, 87% of firms say that associates lack efficiency when it comes to these repeatable tasks. With the workflows in law departments continuously increasing (76% stating that they face challenges in managing it) it makes sense for firms to automate these processes to save time and cost.

There are growing efforts in improving processes related to matter budgeting, planning, monitoring, and reporting. In an effort to develop a robust partner-client relationship, 92% of firms report they are already changing several aspects of their operations.

This white paper will discuss how your firm can ensure a transparent partner-client relationship, all while improving efficiency and matter profitability.



When the firm determines how much a matter will cost, they will inevitably have to plan the work that needs to be done and who will do it. Once the matter starts, the firm must do its best to efficiently meet the budget, which means lawyers must stick to the initial plan.

This is where combining pricing and LPM is vital, as once the matter budget is set, that's where the LPM practice comes in. That's why firms do pricing analysis while managing their matters. The predictability and transparency of pricing and LPM extend across different components, such as:

- Protecting your business with current clients
- Increasing the chances of winning new business
- Improving client communication
- Enhancing efficiency
- Managing risk by controlling quality
- Increasing profitability
- Improving realization, and
- Delivering greater client value.

Instead of thinking of pricing and legal project management as two distinct functionalities, they should be implemented together through technological platforms in order to drive effective financial matter management (FMM).



Financial Matter Management: Technology Driving Efficiency

Understanding the importance of incorporating FMM is one thing; implementing it efficiently is another.

The challenge is aligning people, processes, and technology for seamless financial matter management.

In this case, (1) people refer to anyone within the firm, including but not limited to pricing and LPM professionals; (2) processes refer to the way that information flows, and tasks are executed; and finally, (3) technology is the link that allows people to execute those processes faster and at a lower cost.

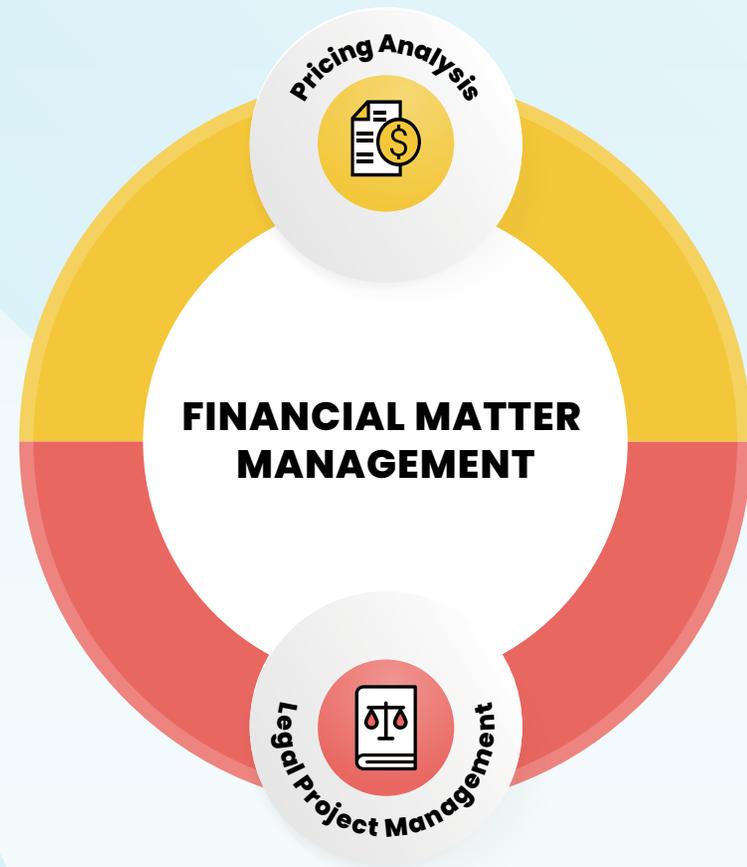
All three need to support and drive the following four main building blocks of FMM:

Planning – being able to estimate the budget of a new matter or opportunity profitably.

Alerting & Monitoring – the ability to set up alerts & notifications to keep clients and partners in the loop on matter and portfolio progress and spend.

Decision-Making Support– ability to optimize decision making & matter profitability through understanding multiple scenarios, matter progress to prevent overruns, and the impact of write-downs and discounts throughout a matter lifecycle.

Reporting – ability to understand the matter progress at a glance and accurately & efficiently communicate it to clients, and other stakeholders.



All four blocks work in unison to create a flawless process machine, which allows firms to:

- Set matter objectives
- Identify scope and define matter tasks
- Meet budget expectations
- Streamline decision-making
- Obtain better financial predictability
- Create a benchmark for future performance measurement
- Track matter progress down several levels
- Improve efficiency and the partner-client relationship through higher credibility and better reporting

Understanding the requirements for each FMM building block is vital in finding the right technology platform to align people and processes within a firm.



1 Building Block 1: Planning

As client demands for proposals and matter cost forecasting increases, it's critical to plan matters more carefully. This refers to the initial estimation of:

- Matter scope, including matter phases and tasks
- Resources, so the mix of partners, associates, paralegals, and other staff (Leverage)
- Duration of each phase/task
- Type of budgeting, so whether the firm is billing hourly, using AFA, or a mix of both
- Expenses for non-timekeeper related costs
- Profitability margins for the firm

It is important for any FMM software solution to enable efficient planning that helps users plan flexibly for any matter scenario and any degree of complexity.



Ultimately the FMM planning component should offer firms the ability to:

- Plan on a single or matter family level
- Plan through different methods of budgeting
- Support for all fee arrangement types
- Plan complex fees (i.e., a combination arrangement types such as a fixed fee and an hourly standard arrangement)
- Create a budget from a template or existing matter
- Add expenses/costs to a budget
- Allow rate overrides
- Plan at different levels and different periods
- Support planning for rate and cost increases over multi-year matters
- Apply security to users, groups, and roles for any matter plan
- Allocate work through coded and free text phases to accommodate initial intake when codes may not yet be known



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Building Block 2: Alerting

Monitoring your matters and setting email alerts on critical KPIs can be essential for firms to satisfy client needs in an age of digitalization. Monitoring matter progress allows firms to determine if they're on track to come in on budget or what needs to change to accomplish that. This approach requires a lot of data and an efficient and structured way of analyzing it.

Alerts and notifications need to be flexible and accommodate different matter scenarios and complexities. The alerting functionality gives firms the flexibility to:

- Set up email alerts or notifications on any matter for hours, amounts, percentages, or incremental increases
- Manage escalations
- Monitor any KPI, such as billed, billable, entered, collected, write-down, etc.
- Customize who receives email alerts by the user, group, or role
- Customize the email notification text for different types of alerts

Having a solution that enables granular monitoring is important for visibility into the legal operations, spending, and matter progress. Ultimately, firms will meet deadlines, streamline their workflow, and set out predictability and control over matter budgets.



3 Building Block 3: Decision Support Tools

Decision support tools are strategies and processes that firms can use to decide which matter plan scenarios best fit certain clients. Firms can leverage decision support tools to help make informed choices about their matter plans and budgets.

With these tools, firms can analyze and keep track of the matter's progress throughout the ongoing lifecycle of the matter. This ultimately enables them to have better conversations with their clients and keep them updated during the entire matter lifecycle.

Decision Support Tools help firms:

- Generate more profitable plans according to client requirements to diminish the chance of write-downs
- Create multiple versions of the same matter, and track it for both, client and internal purposes
- Experiment with the impact of potential discounts or alternative fee arrangements on a matter and analyze how they may impact the final budget
- Track matter progress using a breakdown plan on how much work has been completed compared to how much of the budget the firm has spent

- Test different matter scenarios with write-down analysis to see where the current elements in a matter budget need review or adjustment

Firms can leverage decision support tools to find the matter plan that works best for the matter at hand. Afterward, they can generate reports for clients so they too can see how the matter is progressing in comparison to the agreed-upon budget.



4 Building Block 4: Reporting

Finally, as clients demand detailed reports on their matters, firms must quickly generate and send them. Firms also need to create reports for internal purposes to improve matter management. This way, partners remain informed on how a matter or matter family is progressing and can take measures beforehand if something is not going as planned.

To address client requests to be involved in the matter process and for partners to have better conversations with them, it's critical for the reporting functionality to enable firms to:

- Generate status reports using dashboards or spreadsheets at any point throughout a matter lifecycle
- Customize dashboards with out-of-the-box KPIs to meet client requirements and internal firm policies
- Capture dashboard reports through screenshots, or export them to Word or Excel
- Update matters in real-time to generate the latest status reports
- Provide the ability to structure reports by different levels such as phase, office, department, period, etc.



As matter and client requests become more complex, Excel and similar financial tools quickly become an inefficient and expensive solution, especially for keeping track of matter progress, report generation, repeatable tasks, email alerts, etc.

A platform that enables flexibility and customization, ultimately enhancing efficiency and allowing optimization, is key to a firm's FMM solution.

Many law firms have already turned to technology solutions to address their matter management challenges and enable them to nurture a partner-client relationship.

This is where Prosperoware Umbria comes in. Designed to help firms with their financial matter management journey, Umbria offers the flexibility, functionality, accuracy, and transparency that the law firms and clients of today need.





Umbria – Financial Matter Management for Client Transparency

To tackle law firm’s challenges with financial matter management, Prosperoware has developed its platform, Umbria, for partners, pricing teams, and legal project management.

Umbria enables law firms to satisfy two primary goals:

- 1. Internal** – monitor matters for more accurate & profitable matter plans
- 2. External** – empower partners to have better financial conversations with clients throughout the matter lifecycle.

Umbria benefits law firms through:

- Improving client value with accurate and profitable matter plans
- Easier decision-making on matter plans with What-If, Progress, and Write-Down analysis.
- Increasing fee and cost predictability.
- Flexible matter planning to keep up with ever-changing client needs.
- Keeping track of matter spending with KPIs customized to client preferences
- Streamline client communication and trust through transparent reporting
- Increasing profitability & improving accuracy
- Delivering greater client value



Prosperoware Umbria is the financial matter management platform for law firms. It enables partners, legal project management, and pricing departments to plan, alert, monitor, and report on matters, allowing firms to deliver matters within the scope and expected budget.

Umbria’s data-driven approach ensures that firms plan and deliver matters profitably, all while improving client value, transparency, and predictability.

Streamline your Matter Planning Process with Umbria

Umbria tackles the complexity of matter planning through its flexible planning platform, which fulfills all the requirements for law firms. Users can plan for any matter scenario of any degree of complexity, using different types of budgets, fees, and expenses. They can add different types of fee arrangements within one plan and create multiple plans for one matter to compare important KPIs.

Umbria also supports multi-currency and applies daily updates to rate cards, so they reflect the latest ones. In case a rate card doesn't exist in the selected currency, Umbria has been designed to handle such cases too.

Users can also add discounts, blended rates and AFA's to see how they impact matter profitability with the out-of-the-box "what-if" analysis. Users can customize KPIs, which are vital to them and their clients to conduct scenario planning.

It enables firms to create multi-year plans and account for rate & cost increases or create multiple plans for each year of the matter. It also gives firms the ability to map phases to multiple client e-billing codes, avoiding the problem of code mismatches.

Umbria enhances efficiency and improves accuracy for matters with similar budget plans by enabling partners to plan from historical matters.

As [76%⁴](#) of law departments find it challenging to manage current workloads, efficiency is key. Umbria modernizes the processes involved in matter planning by enabling firms to automate several of the repeatable tasks throughout their matter planning.

Umbria's matter planning capabilities, flexibility, customization, and automation enable firms to drive efficiency and profitability. It takes firms to the next level by helping them keep track of matters and enabling new changes in just a few clicks, ultimately reducing time and costs.

Dashboards & Reporting: Building Transparent Partner–Client Relationships

Umbria streamlines monitoring and reporting with visual dashboards, generating quick reports for clients and partners. Firms can monitor multiple budgets simultaneously and tailor KPIs based on internal and client-facing policies.

Umbria's reporting capabilities allow firms to demonstrate to clients where the matter process incurs new costs -- if any.

Umbria also gives a general or granular view of the overall matter process. This ensures client satisfaction and also enables your firm to stay ahead of challenges that may arise during the matter lifecycle.

Through Umbria, firms can quickly create tailored, widget-based dashboards with custom KPIs to quickly report on matters, both internally and externally.

Firms can monitor internal and client-facing plans, so they can always report on KPIs customized to client preferences. Not only that, but Umbria also allows firms to structure data by phase, office, department, period, etc., and gain the ability to drill down on any KPI.

Ultimately, Umbria's dashboard and reporting capabilities allow firms to keep partners in the front line of client communication while still equipped with the necessary matter budget information. All this helps assure clients that their matter is being handled efficiently and accurately.



Automation: The Bridge to Monitoring & Alerting

When it comes to alerting, Umbria has again been designed with flexibility in mind. Law firms can create any type of alerts on their matters, whether that is by hours, amounts, or even custom values. It helps keep matters on time and within budget as initially planned.

Firms can create alerts for budget vs. actual and refilling retainers. They can also measure against multiple KPIs, both internal and client-facing ones. Firms can set up any type of email alert on matters, for example:



500k

When the matter budget hits \$500K

80%

When 80% of it has been spent

50k

For each \$50,000 spent on a matter

50k

For every \$50,000 spent between \$500K and \$800

Umbria's automated alerting capabilities offer partners the flexibility to always keep clients in the loop on matter progress. Ultimately, Umbria helps firms:

- Monitor KPIs such as billed, billable, entered, collected, write-down, etc.
- Utilize out-of-the-box email templates for sending alerts or have an administrator configure your own
- Set email alerts to monitor KPIs, that include standard rate, matter rate, WIP, billed, write-off, billable, collected, expenses, costs, hours, amounts, etc.

With automated email alerts, staff members don't have to manually put together reports since with Umbria you can send individual matter updates or summary emails across a partner's portfolio of matters.

Obtain Matter Flexibility with Umbria's Decision Support Tools

Umbria offers decision support tools that allow firms to test different matter scenarios and impact through a “what-if,” “burn,” and “write-down” analysis with customizable KPIs.

Firms can use the “what-if” analysis to create and test different plans at the beginning of the matter budget to see how various changes, such as discounts, premiums, alternative fee arrangements and blended rates, impact specific KPIs. With this flexibility, firms can determine what alternative arrangements will best benefit the firm.

Decision support tools are not just about the planning phase, but the ongoing lifecycle of the matter. This way firms can anticipate if the matter may overrun the current budget and take measures beforehand.

To foresee this, firms must conduct a “burn” analysis, which provides a breakdown of how much work has been completed compared to how much of the budget has been spent. This way, firms can get a projected outcome on potential overruns of the actual budget if they were to continue at the same pace.

Also provided is a “write-down” analysis tool that firms can utilize to complement the tools provided. This analysis enables firms to determine which elements in a matter budget are being over or

undervalued or if other changes need to be applied such as a discount or fixed fee. It ultimately enables firms to see where they've ended up with their matter. It ensures firms are better informed on the whole matter lifecycle and their options when having conversations with their clients.

All-in-one with Prospereware Umbria

As transparency and collaboration are the pillars of modern hybrid work, Umbria's capabilities enable firms to ensure sustainable matter profitability, stay competitive in the market while winning more business, and foster long-lasting relationships with their clients.



Prosperoware helps teams collaborate more efficiently and securely.

A client relationship or project can spawn millions of data points, documents, participants, and actions - across dozens of systems. Without an organizing agent, chaos and risk result. Prosperoware is the organizing agent to help information move through your business safely and effectively. Our clients consist of 66% of Am Law 100, 50% of Global Top 20, and 24% of UK Top 50.

