

# A real difference to the bottom line

Information technology can make a vital contribution to the profitability of legal practices. **Barry McCall** reports

The legal services market is becoming increasingly competitive. In conveyancing and commercial law, clients are using modern procurement practices to seek lower costs and increased service levels from legal firms, while new market entrants are taking market share from established firms.

In these circumstances legal firms must strive to improve their profitability levels. And a recent financial benchmarking survey of Irish law firms carried out by Otterburn Legal Consulting has found that there is certainly room for improvement.

The survey included 12 law firms – two in Dublin, four in urban areas outside of Dublin, and the remaining six in rural areas. The combined average fee income was €23 million, and the average number of lawyers employed was 10.

Profitability levels per equity partner showed an alarmingly wide spread – with the highest being approximately 12 times that of the lowest.

While the survey sample is small, and the results should therefore be treated with some

level of caution, the fact remains that profitability levels are clearly not what they should be in many law firms.

“Profitability per equity partner is the lifeblood of any legal firm,” says Justin Phelan, managing director of Keyhouse, one of Ireland’s largest developers and suppliers of legal service software. Without it the firm will eventually close. Generally, the higher it is, the more secure the firm, so it’s important to be where you want to be on the scale.”

The problem facing many law firms is that they simply don’t know how profitable they are. And the answer to this problem is a good computerised accounts system. Such a system will allow firms to monitor key performance indicators (KPIs), such as fee income by work type, by partner, and so on, costs, profitability, and all the other metrics that contribute to profitability.

“Our experience in working with a large number of Irish law firms, is that those who embrace financial management are significantly more profitable than others,” says David Rowe, man-

aging director of Outsource, a leading business consultancy to legal firms in Ireland. “The features in the Keyhouse accounting and time recording software give partners the relevant management information, while at the same time they are easy to navigate and understand.”

But it is more than simply keeping an eye on costs – information technology can also contribute greatly to productivity and efficiency, and thereby profitability. Word processing is obviously a significant contributor to productivity, but the firms at the higher end of the profitability graph are getting more out of this technology than those at the lower end.

They do this by using document management and case workflow systems which operate on the back of the firm’s word processing and e-mail infrastructure. They are able to process and manage a higher volume of work at a lower cost, increasing the production of documents and saving significant amounts of time in managing and reviewing files.

“Case management systems have been shown to result in a 30 per cent efficiency and productivity improvement. As legal services become more price sensitive, and salary costs increase, firms which do not embrace this technology will ultimately become uncompetitive,” adds David Rowe.

And this is where Keyhouse comes in. Keyhouse is a market leading IT supplier of software, infrastructure, training and project management in Ireland. Keyhouse has been servicing lawyers for the past 20 years, and has developed a successful reputation based on results.

“All of our software products are developed and supported by us in Ireland,” says Justin Phelan. “We are the largest supplier to the legal profession in this country, with in excess of 200 firms and public sector legal departments using our products.”

Keyhouse offers a one-stop shop solution to its clients. “We develop the software and provide the hardware,” says sales and marketing director Brian Sweeney. “We will offer a service right the way up from a single PC to full network installation and management. Information technology can be difficult to get right. It is a complex specialised area. Using our considerable experience, our clients can keep disruption to a minimum, while maximising the benefits. Most of all, we work in partnership with our clients and take a common sense approach – we don’t give our clients anything they don’t want or need.”

Having installed its first legal accounts and support systems as far back as 1983, Keyhouse has a real hands-on understanding of what a legal practice needs, and how important successful imple-



**Managing director of Keyhouse, Justin Phelan, centre, with sales and marketing director Brian Sweeney, left, and technical director Stephen Keogh.**

Photograph: David Sleator

mentation is to maximising performance for the benefit of both the practice and its clients.

“Our software and systems are crucial to the effective administration of many large and small law offices and departments throughout the country. Most importantly, we have leveraged our experience of working with legal firms to ensure that all of our products are designed around their needs,” notes Phelan.

Keyhouse Law Office is a comprehensive, straight forward, reliable software suite that helps legal practices deliver results. It facilitates all management and administration aspects of a case – be it money, time-sheets, documents, e-mails, faxes, cheques, diaries, billing. It also includes Keyhouse’s market leading solicitors’ accounts and financial man-

agement software.

The Law Office Accounts package is an integrated suite which includes a solicitor’s accounts matter ledger, a nominal ledger, debtors, and creditors. It is fully compliant with the latest Solicitors Accounts Rules; delivers comprehensive financial management reports, and bank reconciliation.

Other features include accounts ledger enquiry, bill drafting, cheque requisitions, time recording, and file management with physical file tracking for deeds, wills and so on.

The Law Office Case Management module incorporates full MS Outlook and e-mail integration, Microsoft Word Integration, a Case & Fee Earning Diary, document imaging, fax and e-mail capture. It can be used to design case plans, with a number of prede-

defined case plans available on areas such as conveyancing, plaintiff litigation, defence litigation, debt collection, and probate.

Keyhouse’s Digital Dictation solution eliminates tapes and records dictation digitally, so it can be transferred instantly to the computer network.

It removes the hassle from dictation and makes it very simple to manage the entire process. With little or no change to working practices it delivers strong benefits such as greater productivity through faster document turnaround, the ability to auto-link dictation to Microsoft Word documents, and automatic delegation of dictation files to support staff.

With David Rowe of Outsource reporting 30 per cent efficiency gains, and significantly increased profitability in law firms embracing financial management and using the latest technology, it’s clear that IT can make a real difference to the bottom line.

“All indicators point to the fact that using IT to increase productivity and efficiencies is becoming an essential ingredient of increasing profitability,” Justin Phelan concludes.

● **Keyhouse**  
3A Market Court, Main Street,  
Bray, Co Wicklow  
Tel: 01.2040020  
E-mail: sales@keyhouse.ie  
www.keyhouse.ie