

PRESSURE MOUNTS ON SPANISH LAW FIRMS TO ADOPT E-BILLING

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Spanish government suppliers must use it by next year, while clients are increasingly making it mandatory, but despite the cost benefits, are law firms ready to implement e-billing?

The pressure on law firms in Spain to introduce electronic billing processes is growing. In December last year, Congress passed a law impacting on electronic invoicing in the public sector. This ruling states that the issuing of e-invoices will be mandatory in the course of business dealings between the government and its suppliers from 15 July, 2015. All suppliers that provide goods or services to any type of government agency will be affected.

Meanwhile, private sector clients are increasingly making the use of e-billing mandatory. Carlos Seoane, operations director and general manager at eBillingHub, a web-based electronic billing system that is used by around 400 predominately US and UK law firms, says that research has revealed that US law firms report that around 30 per cent of their clients made the move to e-billing

in the last year. He adds that Fortune 500 clients will no longer accept paper invoices.

Cutting costs

Why are clients moving to e-billing? In the case of the Spanish government, the new law was introduced in order to allow government agencies to have access to more up-to-date data about their financial situation, as well as enable supplier invoices to be more closely monitored and cut down on late payments.

Proponents of electronic billing, or e-billing, say the benefits are reductions in costs, greater security, and reductions in administration time, which therefore boosts productivity. Shipping and paper costs are also reduced – the Spanish government has estimated that the annual savings made as a result of introducing e-billing could be as high as €51 million.

E-billing is also said to increase payment times for suppliers. All the stages an invoice passes through as part of the e-billing process are monitored, which means suppliers are able to check the progress of potential payments.

Yet, despite the advantages of e-billing, there are still law firms that continue to submit and track invoices manually with whole teams of people involved in the process. In addition to using up valuable law firm resources, it also means firms lack the ability to more accurately monitor how many invoices get paid on time, how many get rejected and for what reasons. Seoane says it is “shocking” that some law firms have so little control over their invoicing processes.

According to estimates made by eBillingHub, the cost of submitting a paper bill when various costs, such as printing and shipping, are taken into account, is around \$50 to \$70 in the US. The cost of invoicing using electronic billing is less than half that, eBillingHub claims.

There is little available data regarding the extent of e-billing among law firms in Spain, however anecdotal evidence suggests that even some global firms with offices in Spain use their offices in the UK to send invoices via e-billing. There are also suggestions in the market that because alternative fee arrangements are more common in Europe in comparison to the US, the shift to e-billing will take more time because it is easier for clients to check invoices as they are aware of the costs upfront. However, a compelling case for e-billing is that it has been reported in the US that law firm payment collection rates have been in decline since 2007.