

# Law Firm Tips: How LEDES Makes it Easy for Law Firms to Issue Invoices and Track Data

---

If your law firm has yet to embrace the LEDES billing system, this post is all about why it should. Many attorneys do not understand the nuts and bolts of LEDES billing and how it can help their legal practices. While law firms can benefit from LEDES in various ways, this post will focus on how LEDES can help simplify the processes of issuing and tracking invoices.

## What is LEDES and How Does it Work?

LEDES stands for Legal Electronic Data Exchange Standard. In 1995, a non-profit organization called Legal Electronic Data Exchange Standard Oversight Committee was established to develop legal billing standards that would “meet the needs of corporations, law firms, and legal industry software vendors.” They sought to keep bills simple and unambiguous, without the extraneous information that attorneys often add to their invoices.

There are five basic principles to LEDES billing, including:

1. A simple billing process
2. Reduce questions and confusion about bills
3. Minimal deviation from existing legal billing formats
4. A billing system where law firms can utilize their existing financial systems
5. Meeting the needs of law firms and corporations working within the legal industry

The billing formats created by the LEDES Oversight Committee are now widely used across the domestic and international legal communities.

## Which Practice Areas Work Best with LEDES

LEDES billing is commonly used by attorneys who work in personal injury law, like bodily injury and property damage cases, workers’ compensation cases, and homeowner’s insurance disputes. Attorneys in these practice areas often work with third-party clearinghouses – typically insurance companies – to secure compensation for their clients. LEDES billing uses one centralized billing format to make the process streamlined and easier to complete.

## Issuing Invoices

When it comes to issuing invoices, LEDES billing codes can streamline the process making the task easier for law firms to happen. LEDES codes, also referred to as, Uniform Task-Based Management System (UTBMS) codes, allow law firms to separate and compartmentalize their billable tasks and expenses. For example, LEDES timekeeper classification codes quickly categorize the various levels of timekeepers that may work on a matter, from law firm partners to legal assistants.

LEDES also provides defined Activity Codes based on common tasks undertaken by law firms. By implementing LEDES billing, law firms can quickly choose the most appropriate activity code instead of constantly reinventing their own to define tasks completed on a matter.

For your staff, these pre-established codes translate to less effort because timekeepers no longer need to familiarize themselves with your firm's unique customizations and task codes. Instead, any staff member with an understanding of LEDES billing can easily come in and utilize your billing system without wasting time or money.

## **Tracking Invoice Data**

Billing and collection data are key to law firm success. Lawyers need to have a clear understanding of where effort is being expended and whether those efforts are adequately translating to profit.

The use of LEDES codes makes it much easier for law firms to track invoicing data accurately. Many firms only utilize a few catch-all codes to capture the numerous tasks that they complete each day. But these overly general codes make it extremely difficult when trying to determine which legal services your practice provides most often and to what clients.

Fortunately, lawyers don't have to invent the wheel from scratch. LEDES provides a system that has been tested and refined for more than two decades. It only takes implementation to provide your law firm with access to a system that quickly and easily collects and tracks billing data.

With standardized billing and task coding, law firms can turn that valuable data into insights for actionable steps. When lawyers know exactly how much time and effort was spent on specific tasks, they can better determine where the inefficiencies exist and how to best perform those tasks in the most profitable manner going forward.

To remain competitive in a crowded field, law firms cannot rely on antiquated, ineffective billing practices that don't allow for any analysis of billing and collections data. LEDES offers proper data reviews, which can lead to increased profitability.

## **What to Consider when Implementing LEDES Billing?**

One of the first things you need to consider when choosing LEDES billing for your law firm is the tools you will use to implement it. You need billing software that is compatible with LEDES,

so you can quickly and easily create LEDES invoices that are formatted to the exact specifications of the LEDES billing system.

If you want to get the most out of LEDES billing, you need TimeSolv's legal time tracking and billing system. They understand the benefits of LEDES and how to help you use it to reach your law firm's goals. The platform seamlessly guides you through the necessary steps of creating invoices that comply with the LEDES format, meet compatible billing requirements of major clients, and compare with invoices generated by large firms nationwide. To learn more about TimeSolv's legal billing system, [click here](#) for a free, no-obligation trial.

---

**About Erika Winston:**

*Erika Winston is a freelance writer with a passion for law. Through her business, Personal Touch Edits, she helps legal professionals deliver effective written messages. Erika is a regular contributor to [TimeSolv](#) and a variety of other publications.*