

# BENEFITS TO LAW FIRMS OF FINANCING TECHNOLOGY PURCHASES

When does it make sense for law firms to finance major technology purchases? What factors do they need to consider?

## Brief Introduction to Financing Technology in Law Firms

# Financing Technology in Law Firms

## Factors to Evaluate When Considering Financing for Technology

Technology is becoming increasingly important for law firms, and not just because it helps make their business more efficient and successful. Law firms and attorneys increasingly have an ethical obligation to be cognizant of the benefits and risks of technology in their practices as well.

strategies to make it easy to acquire, manage and control the investment necessary for state of the art technology solutions.



According to an [ABA Tech Report](#) "...sixty percent of the firms reported that they budget for technology; this is in line with the gradual increase of previous years. It is a positive indication that firms are taking the job of technology planning seriously, versus making ad hoc decisions without considering the financial impact of legal technology purchasing decisions".

Law firms across the country, regardless of their size, have effectively utilized lease and financing

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AmericanBar.org Tech Report

Creative, innovative and flexible financing products enable firms to pay over time, rather than invest a large lump sum up front. Payments can be tailored for budget requirements or revenue streams that align with project return on investment (ROI).

Financing programs solve a variety of issues facing busy law firms and allow them to focus on their main priority: successful operation of the firms business.

All project costs can be included to provide a truly "one payment" convenience.



## Benefits of Technology Financing Programs For Law Firms

### Lower Upfront Costs / Total Project Financing

Financing reduces upfront costs, enabling the firm to obtain the technology solutions they need now without impacting cash flow. It preserves working capital and conserves existing credit lines with banks, freeing up cash for other important operational costs and investment opportunities.

#### ALL PROJECT COSTS CAN BE FINANCED

All project costs can be included to provide a truly "one payment" convenience. Many firms aren't aware that ancillary costs can be financed, such as:

- All Upfront Migration / Conversion Expense
- Consulting, Implementation & Training
- Multiple Years of Ongoing Service & Maintenance Support

This provides the firm with a very simple methodology for moving forward with an entire technology investment.



### Flexible and Diverse Pay Structures

Most financing arrangements allow the firm to consider a range of financial programs and products that most closely align with their specific borrowing requirements.

Financing terms usually range from short-term 12 and 24 month terms to longer terms extending out to 72 months for firms focused on keeping monthly payments at their lowest possible amount.

Structuring options are also quite flexible with most of these programs providing the firm the choice of reducing interest rates by making advance payments or having a slightly higher monthly payment with nothing more than a \$150 processing fee required to commence the transaction.



The firm might find deferred payment options as their best structuring option, delaying their first payment 90 and even 180 days.



## Tailored Legal Technology Finance Solutions

As legal technology continues to evolve, recent trends include financing for:

- SaaS & Cloud-based Technology
- Annual Software Subscriptions
- Managed Service Solutions

## Financing Traditional Solutions

Of course law firms can elect to finance more traditional solutions such as:

- Servers & IT Hardware Systems
- Other Office Technology (Telecommunication, Audio Visual Systems & Software Licenses)
- Necessary Capital Equipment & Office Furniture.



## Financing The Cloud

With the cost saving benefits that cloud-based solutions offer it is easy to understand why adoption has been so widespread in the legal community. However, the costs related to their adoption might catch more than a few law firms by surprise and in many cases entail transition costs that many firms have not anticipated or accounted for in their budgeting.

With Cloud Computing gaining more acceptance, law firms have become reliant on financing programs to provide them with several additional benefits:

- Turning the upfront costs of the cloud infrastructure into affordable monthly payments
- Providing ease of migration from existing platforms
- Aligning the cloud project costs to anticipated benefits and accelerating the cash flow break-even point
- Providing the flexibility to add capacity and grow the cloud infrastructure without incurring major expense
- Preserve cash and existing lines of credit for core business needs



## Key Factors to Assist in the Evaluation of your Financing Partner

Just as your clients make an informed decision based on several important factors and criteria to select your law firm, you too must be discerning in your selection of your finance partner.



The following provides a listing of several important value components you should expect from your financing source:

- Rapid Credit Turnaround Times Not Exceeding 3 to 4 Hours for Transactions Under \$400,000
- Range of Transactional Costs from \$5,000 to \$5,000,000 (One Stop Lender)
- Extremely Competitive Rates Fixed for the Entire Finance Term

## OTHER IMPORTANT FACTORS

These are additional important factors to consider when selecting a financing partner:

- No Pre-Payment Penalties
- No Personal Guarantees (for Established Firms)
- No Commitment Fees
- No Blanket UCC Filings



## IRS Section 179 Qualification

In most cases, the products and services financed will qualify for consideration under IRS Section 179 accelerated depreciation, something that should be discussed with your accounting professional.



## SELECTING YOUR FINANCING PROVIDER

Other factors to consider when selecting a financing partner:

- Vendor Pre-Funding Programs To Eliminate Your Out of Pocket Costs
- Electronic Documentation To Expedite Processing
- Industry Knowledge and Experience



## CONCLUSION

Legal technology is the great equalizer for many law firms, helping them run more efficiently, satisfy clients better, research cases faster, tackle tasks more easily, and maintain competitive output.

The business of operating a law firm is challenging enough and the last thing you want or need when it comes to investing in your technology solutions, capital equipment and office furniture systems is added complexity.

Simplicity is the rule of the day and by planning ahead and placing a premium on creative, innovative and flexible financing structures that grow along with the firms needs you will most adroitly take advantage of productivity and revenue enhancing opportunities.

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## ABOUT DIMENSION FUNDING

### Financing Solutions Made Simple

Since 1978, Dimension Funding has built and maintained a solid track record and reputation as a trusted source for capital for U.S. and Canadian business owners, entrepreneurs, professionals to help grow their business.

We specialize in working with legal vendors and law firms, manufacturers, software and technology vendors, and healthcare, providing financing to our clients for a variety of equipment, technology and software.

in 2019, Dimension Funding expanded its financing operations to companies across South America.

Being a family owned and operated company for over 40 years has created an atmosphere of stability and integrity that is rare in the industry. Dimension uses its years of expertise and knowledge to create financing programs that best fit our clients' needs. More than 80 percent of our business comes from repeat clients or referrals.

Our A+ rating with the Better Business Bureau is a testament to the care that we show to our customers.

### OUR DIFFERENCE

- Established in 1978, we have over 40 years of providing financing to businesses across the United States and Canada.
- Most of our staff have been with us for 10 years or more.
- The majority of our sales team has been with us for over 20 years.
- We have a corporate culture that fosters longevity, not only internally, but with our vendors and borrowers.
- Most of our clients have been with us for many years - some for decades.
- John Dondey and Dean Morrison, Managing Directors at Dimension Funding, each have over 30 years experience tailoring financing programs for law firms.

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