

Manage your firm's operational efficiency with Future Payments

Simplify and help save while paying foreign invoices.

WesternUnion  |

Business
Solutions

Foreign currencies and your firm

Law firms dealing with foreign associates understand the added costs that often arise from currency exchange rates. Paying foreign bills on behalf of clients and recuperating that expense through invoicing, means law firms can find themselves incurring losses and burdened with complex reconciliations. With foreign exchange rates in constant flux, the payment amounts you receive from your client may not equal the total you originally invoiced. How often has your firm written off a loss, or dealt with the hassle of rebilling a client in a situation like this?

Cash flow is critical to every business, including law firms. However, many firms send out invoices for foreign billings based on the current foreign exchange rate (known as the 'spot rate') and accept currency fluctuation as a cost of doing international business. Time is money for law firms, and monitoring currency markets to help ensure your invoices are in line with current exchange rates is a time-intensive task.

With some proactive planning and specialist support, a firm of any size can help reduce many expenses linked to international transactions.



A simple way to achieve this is to lock in an exchange rate using our Future Payments solution, which can help provide certainty to your cash flow while helping your firm operate more efficiently.

The following article examines how Future Payments work and how your firm can benefit.

Currency markets are unpredictable

Global currency markets are currently facing one of their biggest challenges since the financial crisis of 2008 amidst the unprecedented COVID-19 pandemic and a supply glut in oil markets. Now more than ever, law firms dealing with foreign associates must contend with currency markets that are constantly on the move, making it difficult to control costs and profits.

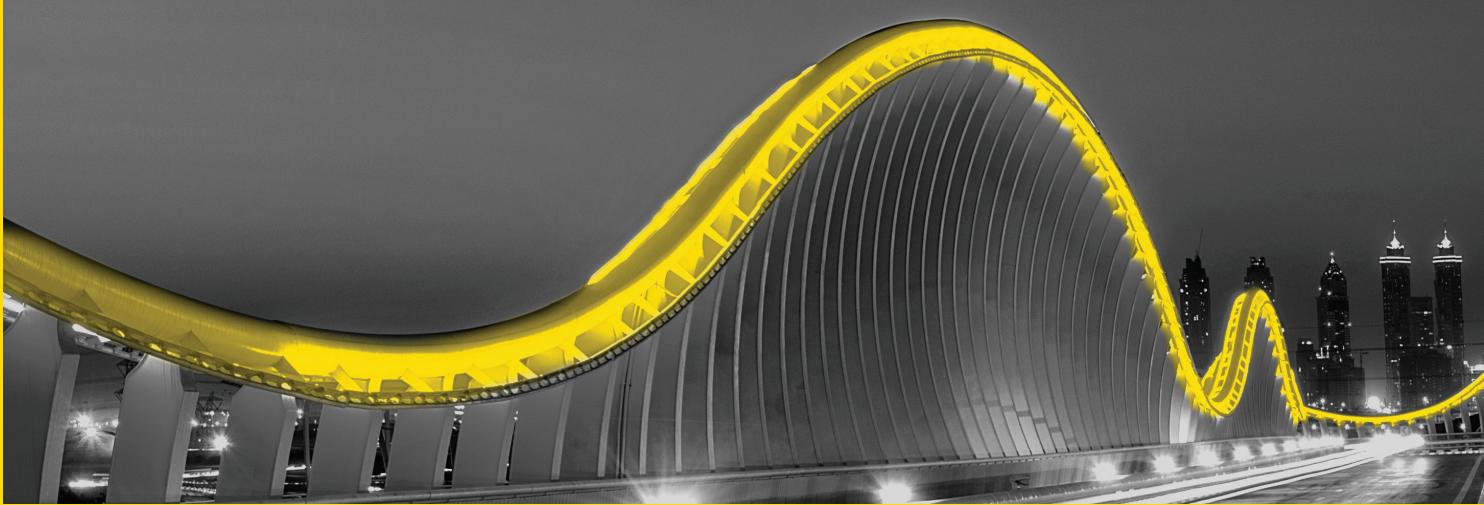
Joe Manimbo, Senior Market Analyst at Western Union Business Solutions, explains “Planning ahead in this market was already clouded coming into 2020 by numerous geopolitical issues such as America’s presidential election, Brexit and US-China trade negotiations. On the back of such uncertainties, managing the way foreign currencies impact a firm’s invoicing has evolved from an environment of fairly low fluctuation to one with significant, if not historic, swings.”

According to Joe, currency markets are experiencing instability on a global scale right now. “Geopolitical events like Brexit, combined with uncertainty surrounding COVID-19 are impacting currencies around the world. Previous periods of lower volatility have given way to heightened exchange-rate swings of around 1% or more on an almost daily basis. This makes forward planning harder for firms who need clear longer-term trends, yet constantly face these aggressive gyrations in currency rates.”

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Joe Manimbo, Senior Market Analyst
Western Union Business Solutions



How currency fluctuation can impact your firm*

1

Your foreign associate in the UK bills for £1,000 GBP

2

On receipt of this bill you invoice your US based client in USD, which totals \$1,300 USD

3

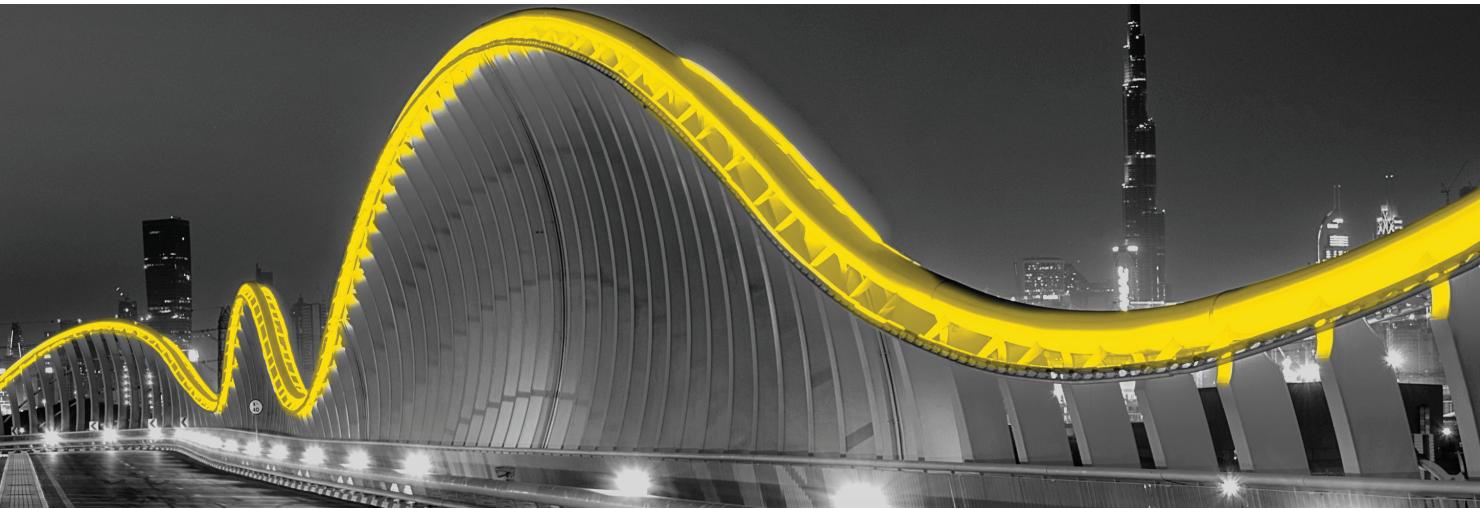
However, by the time the invoice is due, the exchange rate has fluctuated and £1,000 GBP now costs \$1,360 USD

4

The difference of **\$60 USD** needs to be written off, or re-billed to your client.

* For illustrative purpose only. Your results may vary. This comparison is a general overview of a Future Payment. Always use your independent judgment in evaluating hedging tools based on your business needs.

In a volatile and uncertain global environment, it is important to develop a strategy that helps alleviate the impact exchange rates can have on your firm, both financially and operationally.



Help protect cash flows

The potential impact a foreign currency could have on an international transaction, and therefore cash flow, is known as currency risk. All types of businesses, including law firms, face the challenge of managing currency risk. While this may sound daunting when your core business is law, as opposed to trading foreign currencies, with the right tools and some specialist support, it is possible to help minimize the cost of currency fluctuation without straining your resources.

“Law firms typically disburse pro forma invoices. These are often payable in a foreign currency, based on an exchange rate offered by the firm’s provider on the day the invoice is issued.”

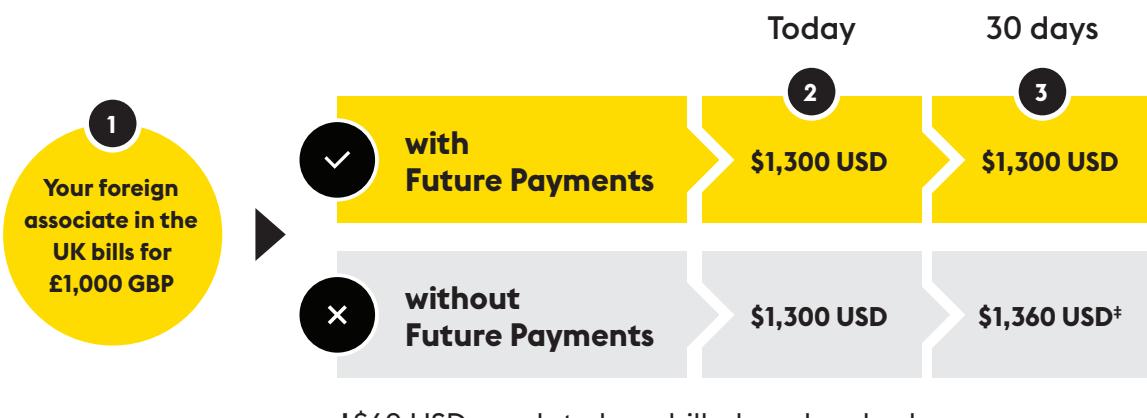
Fernando Delas, Global Product Director, Western Union Business Solutions

Delas adds, “Our Future Payments solution can help alleviate efficiency challenges, free-up cash flows, provide clients and foreign associates with payments transparency and allow law firms to focus on their core business.”

A Future Payment is a solution offered by Western Union Business Solutions to address these concerns. It enables law firms to lock in a current rate of exchange to pay for an invoice at a later release date. Future Payments do not require the firm to lock in a minimum amount of currency, and the funds can be utilized at any time within a window of up to 365 days.

How Future Payments work*

1. Your foreign associate in the UK bills for £1,000 GBP.
2. Your firm locks in an exchange rate with Western Union Business Solutions and bills a fixed USD amount to your client \$1,300 USD.
3. Your firm settles the payment for \$1,300 USD within a window of up to 365 days, and Western Union Business Solutions sends £1,000 GBP to your foreign associate
► Your firm has no need to reconcile the invoice, rebill your client or absorb any costs due to currency fluctuations.



Invoice savings can quickly add up.

1 invoice = \$60 USD | 10 invoices = \$600 USD | 100 invoices = \$6,000 USD

* For illustrative purpose only. Your results may vary. This comparison is a general overview of a Future Payment. Always use your independent judgment in evaluating hedging tools based on your business needs.

Important to note: A future payment is a foreign exchange forward contract. When you enter a Future Payment, you're locking in a fixed rate for the invoice and will be required to pay in full, even if the market moves in your favor. Cancellations may also result in losses (or gains) based on market movement.

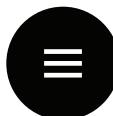
Future Payments can also come with risks and may not always be suitable. It's important that risks are properly understood and Western Union Business Solutions can help address any questions or concerns about Future Payments.

For more information on the product features and conditions, please contact one of our global law firms payments experts.

Manage the efficiency of your firm

Cash flow certainty is not the only benefit Future Payments provide, according to Delas, “By avoiding the need to rebill or credit clients for estimated costs, firms can also manage the efficiency and productivity of their operations. Reconciling invoices, managing P&L sheets and forecasting budgets can all be streamlined when the firm has confidence in its invoice currency rates.”

Part of the Western Union Business Solutions Future Payments offering is the ability to manage these payments from an intuitive online platform tailored to the needs of law firms. Operational efficiencies can be managed in the following ways:



Simplify reconciliation by utilizing customizable fields to feature information such as Invoice #, Invoice Date, Matter #, Description/Narrative, Vendor ID or any other special details required. This information can also be uploaded into your practice management software.



Quickly release payments to multiple associates in multiple currencies via one transaction through payments aggregation.



Help reduce manual processes and the chance for error.

Future Payments in action

Hogan Lovells | www.hoganlovells.com | Location: UK



Challenge

A leading global firm, Hogan Lovells, makes extensive international payments on behalf of clients, billed in GBP, EUR & USD. Due to the time between receipt of disbursement invoices and their due date, exchange rates could vary significantly from the original cost. This created uncertainty for Hogan Lovells around costs and the subsequent need to adjust for any gains or losses.



Solution

Future Payments allows the convenience of fixing FX rates for individual invoices at the point of receipt, for a set time period, then allowing release of the payment at the click of a button.



Result

Hogan Lovells now has cost certainty, simplified billing and invoice transparency for clients.

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Hogan Lovells have been benefitting from the Future Payments service from Western Union Business Solutions for the past three years. This delivers 80 hours of efficiency savings a year, as payments are released at the click of a button without the need to post a loss or gain and input them twice.

Chris Harp, Senior Finance Operations Manager, Hogan Lovells

Future Payments in action

Angelo IP | www.Angeloip.com | Location: USA



Challenge

Award winning law firm Angelo IP utilizes a network of foreign associates, requiring the firm to issue and pay invoices in multiple currencies and countries. Constantly shifting exchange rates caused inefficiencies for the firm, which regularly found itself adjusting systems to maintain accurate billing records.



Solution

Utilizing Future Payments on the WU® GlobalPay for Law Firms platform, Angelo IP can now lock in the day's exchange rate for a set time period. This allows Angelo IP to pay foreign associates while knowing their final cost in advance and reduces the need for rebilling.



Result

Angelo IP is now able to manage their payment process with ease, accuracy and at a lower cost.



Working with Western Union Business Solutions has not only saved our firm a substantial amount of money, it has also simplified our process and made it virtually seamless.

Basil M. Angelo, Founder & CEO, Angelo IP

Take control of currency losses with Future Payments

The impact of exchange rates on your operational efficiency doesn't have to be accepted as an expense that comes with international business. Working with a law firm payments specialist can help your firm lock in foreign exchange rates to give you cash flow certainty, while helping you operate more efficiently.

With over 30 years experience helping over 700 law firms worldwide, the team at Western Union Business Solutions are experts in developing tailored payment solutions to drive efficiencies for you and your clients.



**Work with a
trusted partner to
deliver efficiencies
for your firm.**

Speak to a law firm payments specialist to learn more about Future Payments.

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**Business
Solutions**

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