

## Pay-per-Probate versus Capital Spend Comparison (as Published in Modern Law Magazine)

Pay-per-Probate, sometimes referred to as Pay-as-you-Go, might at first glance seem to make good financial sense. For the smaller practice with very few estate administration matters that is certainly the case.

In this example, we use figures from Isokon Software which provides a complete probate accounting system with an integrated case management component. The Pay-per-Probate model by contrast is a case management system, without the benefit of a backend accounting database to contain the plethora of financial details involved in handling a probate matter.

Let's consider the costs over 5 years for a case management system, without the benefit of a full accounting system, charging £60 per probate matter for a firm receiving an average of 10 matters per month, which equals 120 matters x £60. Your annual costs in this example would be £7,200. Over a five year period your total spend would be £36,000.

By contrast your capital spend on a system with three fee earners (who with effective software could easily handle 120 cases annually) would be £7,850 plus five years support at £1,570 per annum over five years. This would equal a total capital spend of £15,700 - a difference of more than £20,000

This represents a massive saving compared with the pay-per-probate model. The PPP model only begins to compete financially if your intake of estate matters is approximately four per month.

On this basis of four probates a month, you would clearly not require as many fee earners. Consequently your capital spend on a capital purchase including support would be reduced to £12,800 over the five year period. For your PPP model to compare with this figure, you would need to be receiving fewer than 3.5 new cases per month (3.5 PPP cases x £60 = £210 per month x 12 months = £2,520 per annum x 5 years

= £12,600). Any more than 3.5 cases will leave you out of pocket using the PPP model.

Let's not forget that after 5 years your costs on the PPP model will continue at a significantly higher rate than the capital spend model. Comparing the ongoing support costs, your ongoing annual cost for support on the capital spend model (after the capital spend has been completed) for three users will be £1,570 annually for an unlimited number of cases.

By contrast receiving any more than 2 cases per month using the PPP model (2 PPP cases x £60 = £120 per month x 12 months = £1,440) will be akin to throwing your money away.



"I used to be on contract, but now I'm pay-as-you-go."

The capital purchase model will provide you with a complete accounting system combined with integrated case management, whereas the PPP model will only provide you with case management.

**Conclusion: the capital spend model provides more software for less money.**

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