2019 Corporate Legal Operations Survey Report

Facts & Analysis

In Partnership with

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Introduction

2019 Corporate Legal Operations Survey Report

Legal operations executives juggle the business, processes, and people of in-house legal teams to support these departments in protecting and growing their companies. This balancing act requires a multidisciplinary set of skills including strategic planning, legal data analytics, tool investments, and vendor management. While the chief legal officer of some companies might be tasked with facilitating legal operations, an increasing number of businesses are charging a separate executive with these responsibilities. The following report was designed to provide greater insight to this collective group of executives.

Survey Structure & Methodology

Consero created its 2019 Corporate Legal Operations Report in connection with its 2018 Corporate Legal Operations Forum. This forum focused on senior-level legal operations executives from companies with revenues in excess of $500 million. Consero conducted a 14-question survey at the events, collecting responses from 85 participants that provide a window into the priorities and challenges facing legal operations executives today.

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A Majority of Companies Are in the Process of Developing a Legal Operations Function

As companies focus on letting lawyers lawyer, it is of no surprise that legal operations functions are on the rise. The survey responses show that a good number of LO executives rate the maturity of their organization’s legal operations function as mature (29%) with a slightly larger percentage rating the function as in early stages of adoption (35%). A very small percentage of respondents rated their organization as fully mature (6%). Interestingly, companies that have or are developing this function staff it very leanly — 38% of respondents dedicate between two and five staff members to the operation, followed by 34% of respondents dedicating only one staff member. While the staffing may seem small in comparison to the size of respondent companies, it is in step with the broader efforts of many organizations to function more efficiently.

Figure 1: How would you rate the maturity of your organization’s legal operations function?

<table>
<thead>
<tr>
<th>Maturity Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Development</td>
<td>30%</td>
</tr>
<tr>
<td>Early Stages of Adoption</td>
<td>35%</td>
</tr>
<tr>
<td>Mature</td>
<td>29%</td>
</tr>
<tr>
<td>Very Mature</td>
<td>6%</td>
</tr>
</tbody>
</table>

Figure 2: How many staff members do you have dedicated to the legal operations function?

<table>
<thead>
<tr>
<th>Staff Members Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Staff Member</td>
<td>34%</td>
</tr>
<tr>
<td>2-5 Staff Members</td>
<td>38%</td>
</tr>
<tr>
<td>6-9 Staff Members</td>
<td>15%</td>
</tr>
<tr>
<td>10+ Staff Members</td>
<td>13%</td>
</tr>
</tbody>
</table>
The Top Priorities for Legal Operations Are Legal Technology Management and Cost Control

Legal operations executives are responsible for a broad range of functions, but the survey shows that in the upcoming 12 months, these executives are focused mainly on legal technology management (33%) and cost control (32%). We expect to see this trend in top priorities continue as these responses are consistent with Consero’s 2018 Legal Operations Survey data. These two main focus areas were followed by cybersecurity and data privacy for 13% of respondents, and significantly smaller focus on outsourcing, litigation management, and insourcing. The data supports the notion that companies are developing legal operations functions as a way to manage legal departments more efficiently and effectively.

Figure 3: What are your top priorities in the next 12 months? (Select all that apply.)

- Cost Control: 54%
- Cybersecurity and Data Privacy: 22%
- Insourcing: 9%
- Outsourcing: 16%
- Legal Technology Management: 55%
- Litigation Management: 12%
LO Executives Need to Focus on Implementing Current Legal and Business Technology

As the survey respondents identified above, technology plays an important role in facilitating legal operations functions, and LO executives expect it to be a key priority in the upcoming year. A significant number of survey participants identified a weakness in their company’s legal technology. Seventy-one percent of LO executives felt that their legal technology infrastructure did not meet the needs of their company operations. None of the executives have a fully mature artificial intelligence system within their legal operations, and only 9% have AI in use and evolving. Moreover, a resounding majority of respondents (64%) are merely considering the use of AI within their legal operations. Those using AI are doing so primarily in conjunction with litigation and drafting, with 24% leveraging AI for e-Discovery and 16% using it to generate and review legal documents. When the executives surveyed were asked whether they expect legal technology spend to change in the next 12 months, a majority (74%) responded that they expect to see an increase in such spend.

In addition, although a significant number of survey participants stated that they used a third-party e-billing system to process legal bills (78%), the majority (60%) of these executives also reported that they saved up to 10% of their legal department’s annual outside spend in doing so. Moreover, almost none of the executives (5%) are using blockchain technology to manage contracts and compliance tasks.

Identifying and implementing current legal and business technology will be critical for this group of executives moving into 2019.

Figure 4: Does your legal technology infrastructure meet the needs of your operations?

| Yes 29% | No 71% |

Figure 5: How would you describe the use of artificial intelligence within your Legal Operations function?

<table>
<thead>
<tr>
<th>Under Consideration</th>
<th>Recently launched</th>
<th>In use and evolving</th>
<th>Fully mature</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>64%</td>
<td>8%</td>
<td>9%</td>
<td>0%</td>
<td>19%</td>
</tr>
</tbody>
</table>
**Figure 6:** In what specific areas do you leverage the use of Artificial Intelligence within your Legal Operations function?

- e-Discovery 20%
- Legal research 5%
- Administrative legal support 5%
- Legal document generation and review 16%
- Due diligence 5%
- Monitoring and assessment of cybersecurity and data privacy threats 4%
- Enhanced self-help resources 11%
- Not applicable 34%

**Figure 7:** How do you expect your legal technology spend to change in the next 12 months?

- Increase 74%
- Remain the Same 24%
- Decrease 2%
Figure 8: Do you use a third-party e-billing system to process your legal bills?

Yes 78%  No 22%

Figure 9: If yes, what percentage of your legal department’s annual outside spend is saved through initiatives enabled by your e-billing software?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Percentage Saved</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10%</td>
<td>60%</td>
</tr>
<tr>
<td>11-20%</td>
<td>19%</td>
</tr>
<tr>
<td>21-30%</td>
<td>2%</td>
</tr>
<tr>
<td>31-40%</td>
<td>4%</td>
</tr>
<tr>
<td>41-50%</td>
<td>0%</td>
</tr>
<tr>
<td>&gt;50%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Figure 10: If yes, what has been the chief advantage of using e-billing software?

- Efficiencies in your matter and billing workflows: 19%
- Ease of reporting on legal spending and/or budgets: 43%
- Visibility into your matter portfolio and legal risk: 17%
- Proving the value of the legal department within your company: 6%
- Reducing outside counsel cost: 15%
Figure 11: Do you use blockchain technology to manage contracts and compliance tasks?

- Yes: 5%
- No: 95%

Figure 12: Do you have a formalized metrics/reporting program that measures the value delivered by legal operations?

- Yes: 20%
- No: 80%

Figure 13: Do you use billing metrics for savings and improved relationships with outside counsel?

- Yes: 52%
- No: 48%

Figure 14: What metrics have you found effective for your legal operations functions?

- Total Spend by Matter Type: 21%
- Average Matter Spend by Law Firm: 17%
- Staff Workload Metrics: 6%
- Invoice Savings: 16%
- Spend to Budget: 21%
- Litigation Exposure Over Time: 4%
- Savings/discounts from Timekeeper Rate Negotiation: 15%
Lessons For The Industry

Consero’s 2019 Legal Operations Survey found that the main priority and focus of LO executives are legal technology management and cost control. In order to address these priorities, these executives must implement the most current technology that will effectively address identified areas for improvement. Using the right technology tools and deriving actionable insight from metrics will allow LO executives to support their legal departments efficiently and effectively to protect and grow their companies.

About Thomson Reuters Legal Tracker

Thomson Reuters Legal Tracker (formerly Serengeti) is the most widely used and highest-rated system for spend and matter management. More than 1,300 law departments worldwide store and track bills, budgets, status reports, and documents from 100% of their firms on Legal Tracker’s easy-to-use, online platform. The result is a system that helps in-house counsel control legal spending while saving significant time and money, while at the same time providing law firms with a free, convenient platform to communicate and collaborate more effectively with clients. Tracker also helps in-house counsel produce reports that provide insight into operations, results, and data that facilitate decision-making, benchmarking, and telling the story of the value that the legal department provides to the organization.

About Consero

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