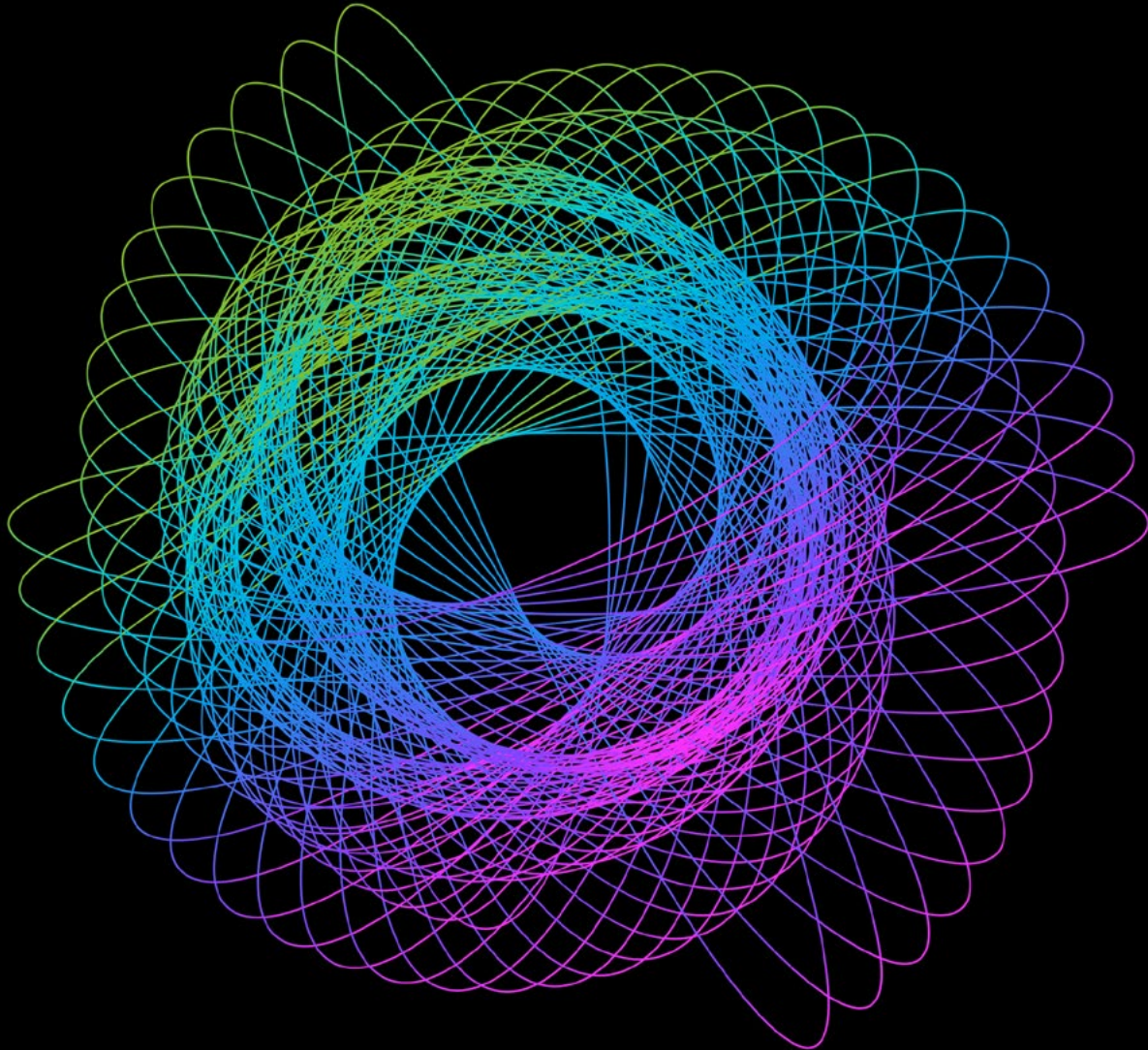


Deloitte.



Modernizing
legal services

2021 State of Legal Operations Survey

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Executive summary

Across an unprecedented year, corporate legal departments were tested as they weathered many storms related to COVID-19. Resource and budget constraints, along with lack of technical capabilities were cited as the most significant challenges facing legal departments over the last year as many companies remained largely work from home environments.

The pandemic forced corporations to mitigate risks that occurred with the disruption of business, quickly address the gamut of legal requests that arose, as well as adapt to new work arrangements. After more than a year of demonstrating resilience, findings reveal that managing, doing and tracking the work can be challenging but are major drivers on the path towards modernization. As one survey participant stated, “The strategic initiative for the company is to work faster, smarter, and bolder.”

Deloitte’s 2021 State of Legal Operations Survey—comprised of legal executives representing 81 companies across five industries—indicates that legal executives continue to struggle right-sizing and right-sourcing work, with attorneys taking on too much administrative work up 11%

from last year. Almost every responding legal executive (91%) agrees the time to modernize how legal services are delivered has arrived, up 10% from last year.

As legal executives strive to become strategic business partners, which issues are top-of-mind as they embark on or further their modernization journey?

Several key areas emerged such as smarter management of contracted firms and vendors, addressing the hurdles around implementing and retiring technologies, and a mindset of innovation around the people, tools, and processes necessary to align with the business strategy. In fact, 71% of survey participants agreed that establishing better processes would help solve current technology challenges, up 11% from last year. And while access to metrics is improving over last year, automation is lagging in legal operations as only 32% of respondents indicated current tools can provide actionable KPIs and reporting without significant manual effort. There has been little to no change in the use of automation over the last year, with nearly 20% indicating they leveraged tools to automate routine tasks.

Survey questions focused on 12 core competencies and responses indicated many opportunities exist to move departments from operating on guesswork to modern, technology- and data-driven operations. Participants could pick and choose which competencies they wanted to respond to. They are ordered from most selected to least below.

Firm & Vendor Management (80%)

Eighty percent of participants responded to survey questions about Firm & Vendor Management. Findings revealed many companies are lacking in their ability to hold vendors accountable against formal measurements. In addition, technology is needed to improve vendor metrics and evaluation.

Technology (74%)

More than three-fourths of participants said their companies need to invest in and implement new technology. While many already use eBilling, Contract Lifecycle Management was a big pain point requiring better technology. In addition, the majority of participants indicated their legal staff are performing manual tasks that could be automated via technology. A barrier to such automation is the lack of data integration.

Strategic Planning (65%)

While corporate legal operations are moving toward more intentional and strategic innovation, they are hampered by a lack of processes and tools that support a long-term roadmap for success. Most survey respondents were concerned that their companies did not have the right people doing the right work and many disagreed that they have clear success metrics to track and thus achieve those measures.

Financial Management (65%)

More than half of survey respondents said the corporate legal department was involved in their companies' financial management. However, most said their companies were not using predictive analytics to support forecasting and planning. Predictive tools could help improve compliance with tax codes and invoicing requirements. And data mining could lead to actionable financial management insights.

Project & Program Management (64%)

Participants confirmed their corporate legal departments lacked specialized program management experience and skills to effectively manage such programs. Legal operations is far better at ensuring project budgets are approved (75%) than they are at measuring a project's success (30%).

Their responses also indicated a great opportunity to use collaborative technology to help streamline and improve project management.

Business Intelligence (62%)

According to survey participants, in-house corporate legal departments do not routinely utilize data in decision making. Many could not identify the right data or how to access it. As such, projects and programs are more often managed by intuition versus data-driven decision making. More than half of respondents' legal teams lack business analysts to support business intelligence and nearly as many do not have IT and technical resources to validate data accuracy and completeness.

Knowledge Management (62%)

Responses to the survey indicated a misunderstanding of what knowledge management is, compared to document and content management. In addition, there is a lack of access to institutional knowledge, templates, policies, processes and learnings. Findings supported the fact that most corporate legal departments rely on unstructured, undocumented knowledge that fails to scale, leading to costly re-work.

Information Governance (57%)

A comprehensive approach to establishing a strategic framework for managing digital and physical information assets helps organizations reduce risk. However, less than half of survey respondents agreed they could quantify the value of an information governance program. There was no clear consensus on what department should manage information governance and responses indicated that technology tools for governance are lacking.

Practice Operations (57%)

Survey respondents reinforced the fact that resource and budget constraints led to lawyers in corporate legal departments juggling too many tasks that don't require their expertise. However, they predicted that implementation of new technology, automation and improved workflow would have a big impact on their departments in the next year. In terms of practice operations, many (64%) said they did not have a well-defined practice operations program in place.

Training & Development (56%)

Outside of attorneys' traditional continuing education, respondents displayed much interest in training in project management, data analytics, finance and communication. Just 51% felt their organization curates engaging learning and development experiences as part of workforce strategy. Legal operations should consider looking at non-legal areas, such as technology and project management, for upskilling teams.

Service Delivery Models (53%)

Ninety-one percent of survey participants believed an opportunity exists to modernize how legal services are delivered to customers. But fewer than half felt their company has the appropriate number of attorneys and support staff, leading to attorneys taking on too much administrative work. Most agreed that work processes and metrics need improvement and that there were immediate opportunities for technology and automation.

Organization Optimization & Health (48%)

Fewer than half of survey participants responded to questions about modernizing operations. However, more than half believed their organization involved employees in designing work. Generally, respondents said these were not workers at all levels. Most gave their organizations high marks for frequent and transparent communications to support change.

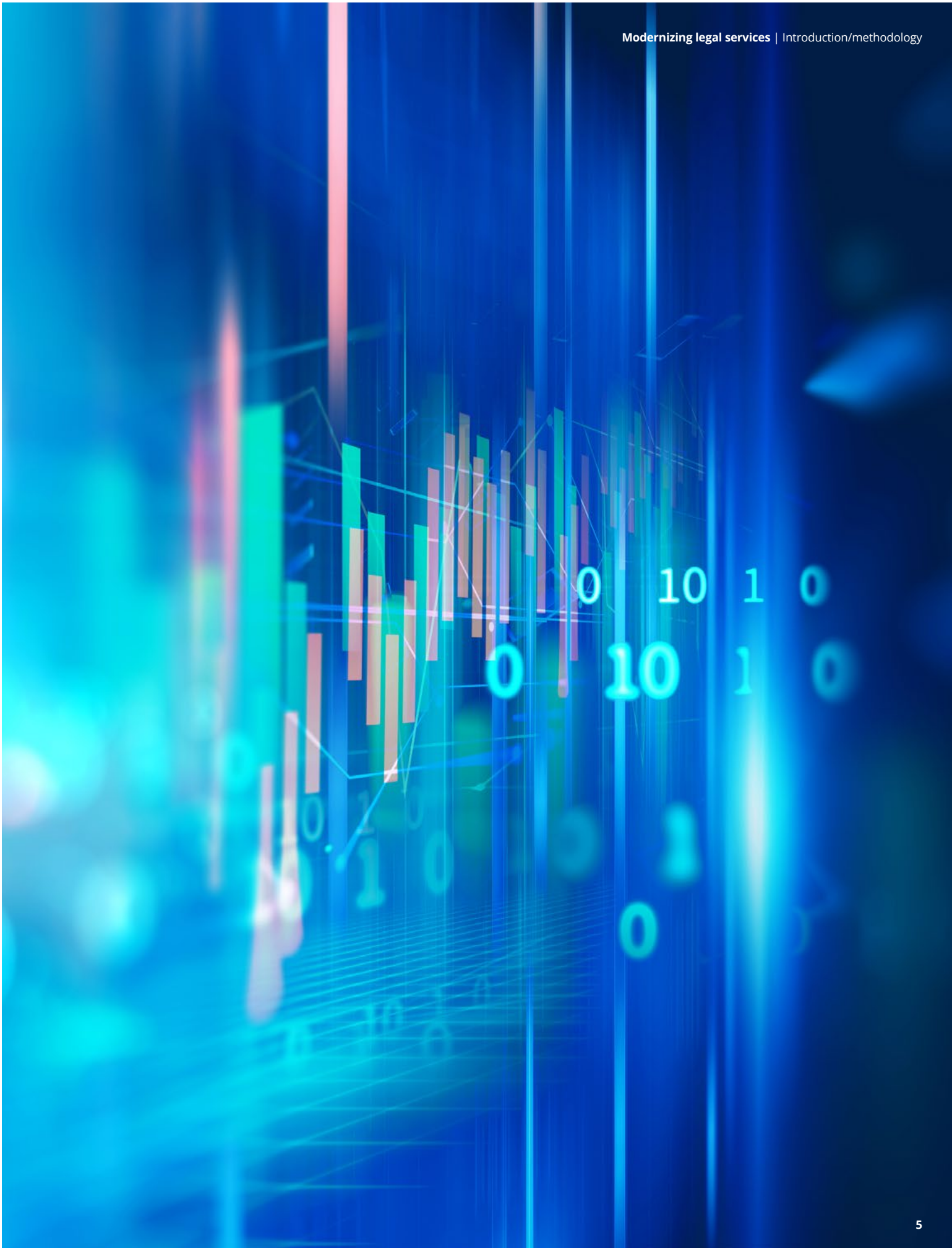
In conclusion, the survey provided a snapshot of where corporate legal departments are in their evolution to a more strategic function. Generally, in-house lawyers and their staff are doing more with less and discovering that technologies and processes are not keeping up with their needs. The time is at hand for bold modernization steps to transform corporate legal departments.

Introduction/ methodology

Introduction

Today's corporate legal departments are facing significant challenges that have been exacerbated by the COVID-19 pandemic. Corporations have been forced to mitigate risks that accompanied business disruption and quickly address the gamut of legal requests, all while adapting to new work arrangements. Resource and budget constraints, along with a lack of effective technological capabilities have hindered legal departments' ability to manage, perform and track their work since US pandemic shutdowns began in March 2020. After more than a year, these challenges have become primary drivers on the path towards modernization. The stage is now set for a major transformation of legal operations, the engine that drives value back into the business.

To fully understand the current state of corporate legal operations, Deloitte conducted the Legal Operations Survey early in 2021. It leveraged the Corporate Legal Operations Consortium (CLOC) 12 Core Competencies of Legal Operations. [1] These competencies focus on business processes, activities and the professionals who enable legal departments to serve clients effectively by applying business and technological practices to legal service delivery.



Methodology

Over the course of three months, 81 companies across five industries took part in Deloitte's 2021 Legal Operations Survey. Chief Legal Officers, General Counselors, Directors of Legal Operations and many of their direct reports contributed both qualitative and quantitative data.

The online portion of the survey allowed participants to select from any—or all—of the CLOC 12 Core Competencies. Approximately one in five companies, or 22%, selected all 12 pillars. Two competencies were widely chosen—

Firm & Vendor Management (80%) and Technology (74%). About two thirds selected Strategic Planning (65%), Financial Management (65%), and Project & Program Management (64%).

The non-online portion of the survey included individual interviews with survey participants that were conducted over the phone or via teleconferencing platforms.

Following the survey, participants received individual customized reports, from 20 to 55 pages in length, with detailed

maturity frameworks, scoring along with opportunities and next steps for consideration.

The total survey, across all 12 competencies, included 313 questions. The following report includes high-level findings, and a sampling of questions and responses across competencies. All quotes in the report came from verbatim responses.

CLOC 12 Core Competencies percent selected

80%

Firm & Vendor Management

64%

Project & Program Management

57%

Practice Operations

74%

Technology

62%

Business Intelligence

56%

Training & Development

65%

Strategic Planning

62%

Knowledge Management

53%

Service Delivery Models

65%

Financial Management

57%

Information Governance

48%

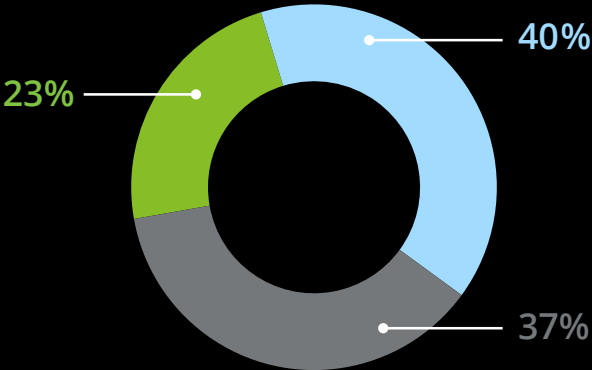
Organization Optimization & Health

Participant overview

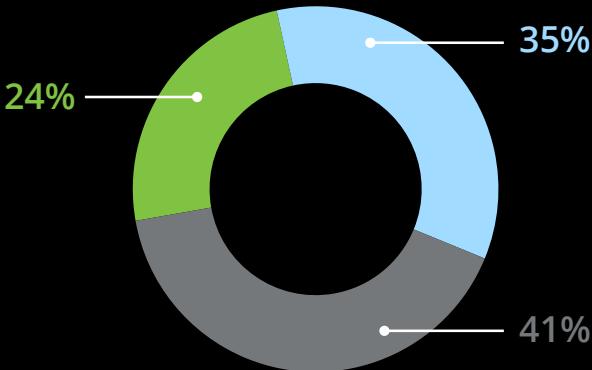
Participation by company industry, revenue and size



Participation by company revenue*



Participation by company employees*



Criteria*

Size	Revenue	Employees
Small	<= \$5 B	<= 9,999
Midsize	\$5 B - \$25 B	10,000 - 49,000
Large	> \$25 B	>= 50,000

* Company revenue and employees were determined by review of publicly available information for the most recently reported year.



About CLOC and levels of maturity

Why CLOC?

Launched in 2016, CLOC is a nonprofit global member community of experts that represent the entire legal ecosystem with the goal of supporting and moving the business of law forward. By helping corporate legal professionals collaborate with each other and with representatives of different industries such as law firms and schools and technology providers, CLOC helps to set standards and best practices for the legal profession.

Among these standards are CLOC's 12 Core Competencies, which represent the areas legal operations departments should focus on for improvement. Corporate legal departments are encouraged to gauge their maturity related to the core competencies and benchmark their progress against industry peers. This process will inevitably lead to greater maturation in a systematic and data-driven manner to achieve corporate goals.

Assessing maturity

The Deloitte 2021 Legal Operations Survey assessed the maturity of people, processes and technology across the 12 core competencies. Maturity levels were categorized as developing, foundational, advanced and mature in each competency. Mastering supportive technology and implementing best practices around people and processes denoted a mature company, while a developing company had a fragmented or incomplete posture in these dimensions.

Looking at the aggregate maturity scores, the survey found that, while none of the participants felt their companies were fully mature across any of the 12 competencies, Financial Management and Strategic Planning were identified as the most mature with scores of 3.05 and 2.94, respectively, followed by Firm & Vendor Management with a score of 2.72.

Knowledge Management was the least mature across the pillars, with a score of 1.74. Interestingly, Business Intelligence was next to the bottom with a score of 2.09. As the scope of Business Intelligence is being able to make data driven decisions, with the formal definition from CLOC being “guide your organization through data, not intuition,” it appears that while legal departments may have shown maturity within individual competencies, it’s not clear that they are able to drive proactive management decisions based on data.

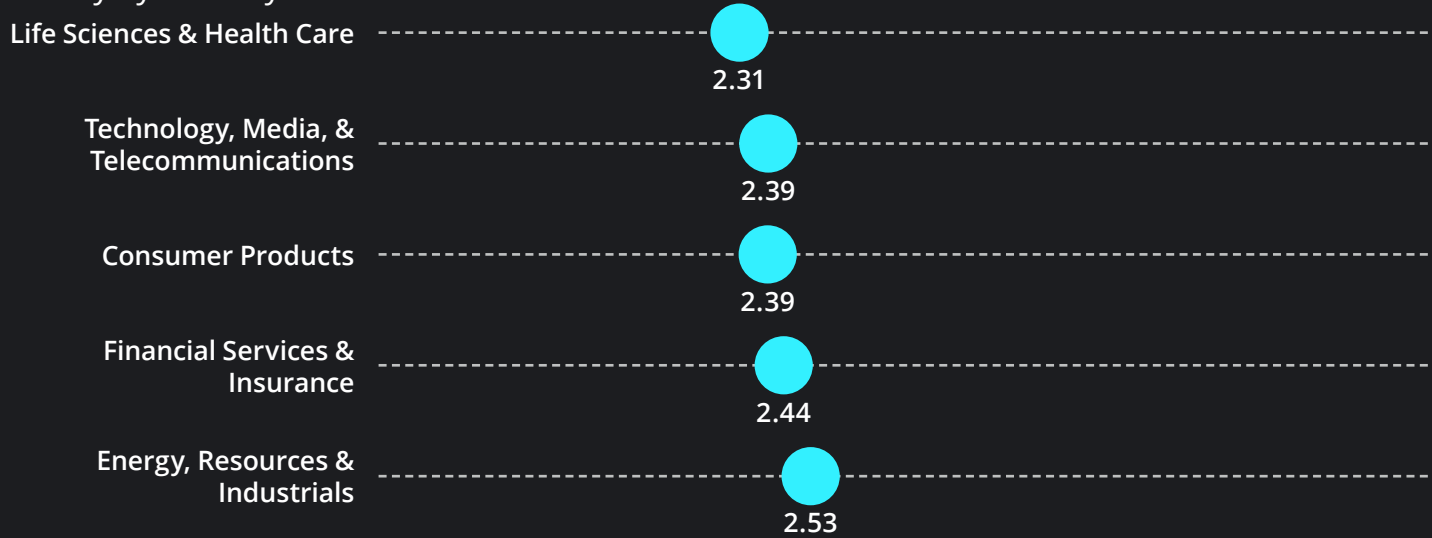
The fact that no participants said their companies’ programs were much beyond the foundational stage indicates transformational opportunities exist for corporate legal departments. They are poised to transition from operating on assumptions and guesswork to data-driven operations that will result in higher value.

Further underscoring the need for transformation, 91% of survey participants agreed there’s an opportunity to modernize how legal services are delivered and the time has come for leadership to take bold steps to innovate legal operations.

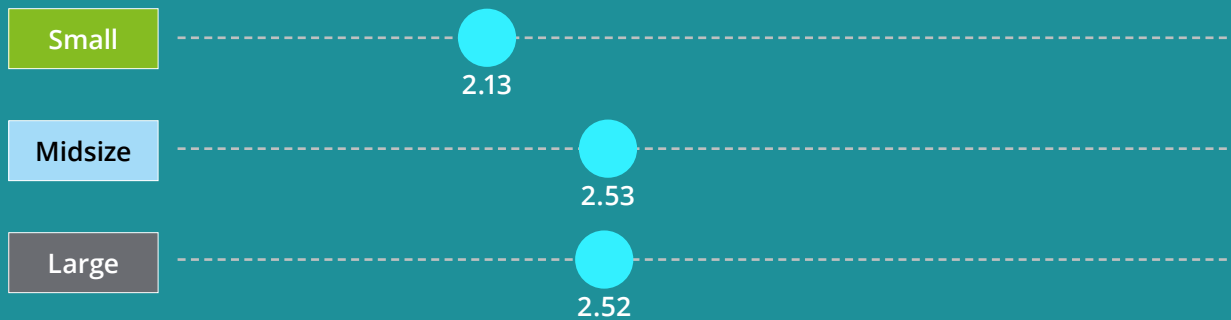




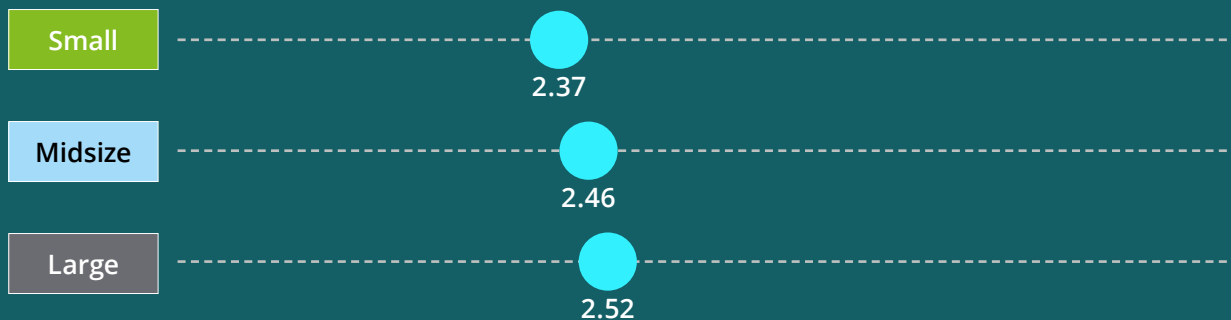
Maturity by industry



Maturity by company revenue*



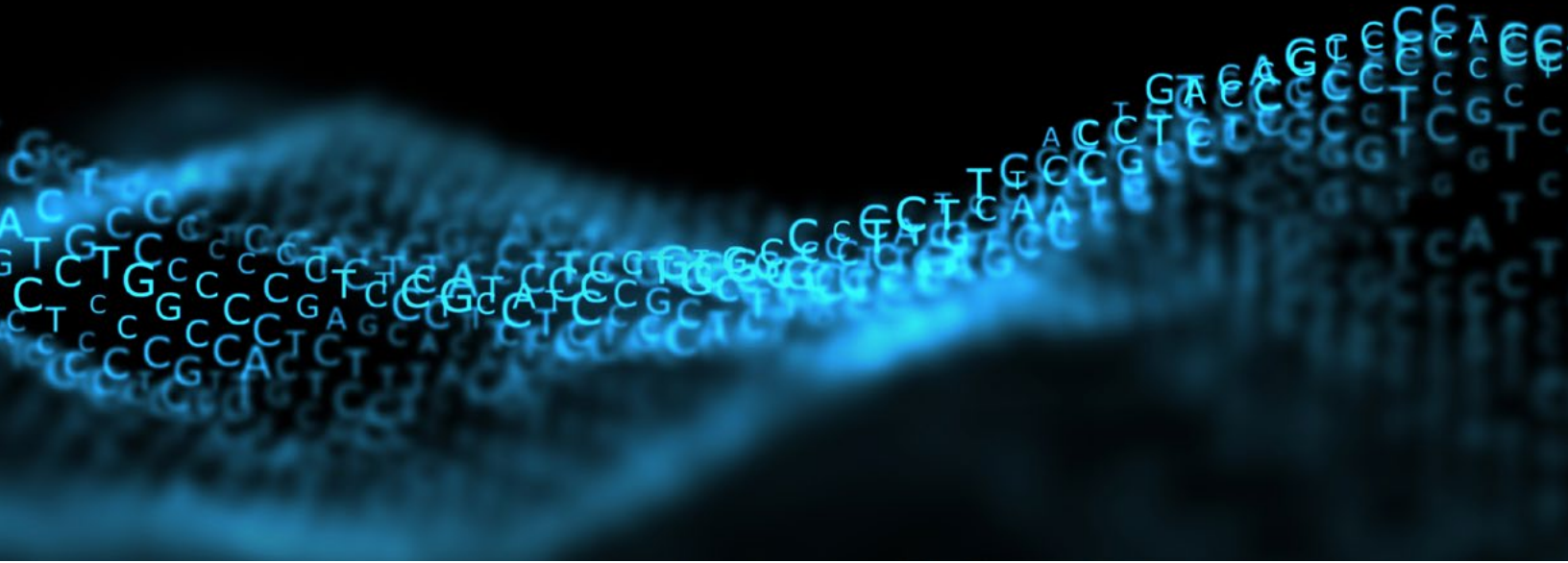
Maturity by company employees*



Criteria*

Size	Revenue	Employees
Small	<= \$5 B	<= 9,999
Midsize	\$5 B – \$25 B	10,000 – 49,000
Large	> \$25 B	>= 50,000

* Company revenue and employees were determined by review of publicly available information for the most recently reported year.



CLOC competency

Competency #1:

Firm & Vendor Management

Competition gets hot

The field of law is beginning to shift from a labor-intensive, lawyer-centric model to a technology-and process-enabled model that is aligned with consumer needs and expectations. Increasingly, managing the delivery of legal services requires skills that most lawyers don't have. What are they? Namely business, technological, and project management skills that help solve personal and business challenges cost effectively, efficiently and measurably. [2] Lawyers working with other professionals, firms, vendors and machines will be the new normal for problem solving. [3]

Perhaps in recognition of that shift, 80% of participants in the Deloitte 2021 Legal Operations Survey chose to respond to the Firm & Vendor Management competency,

more than any other CLOC competency. The vast majority of those (88%) have firm and vendor management programs and 82% of the time the legal department has the decision-making authority over those programs. Other departments with decision-making authority included Procurement, Supply Chain and Operations.

However, 25% of the participants did not feel their company had a clear, defined strategy for allocating work to firms and vendors.

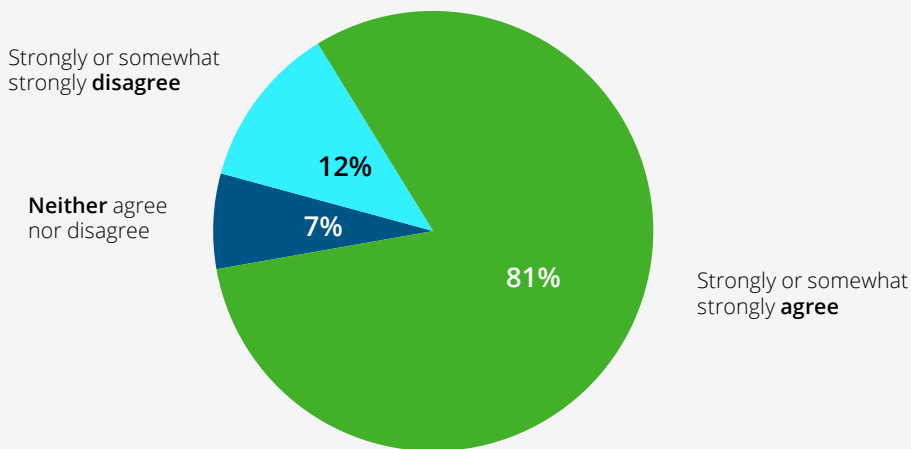
“There are *policies* in place for firm and vendor management, but they are *not strictly enforced.*”

Vice President, Legal Operations

25%

Did not feel their company had a clear strategy for allocating work to vendors

Rates are regularly negotiated/renegotiated



Vendor tracking and fee arrangements

As organizations begin to look beyond using firms and vendors with negotiated rates to alternative fee arrangements, alternative providers or managed services, another transition is brewing that may create more competition in legal services: better metrics. The survey found that corporate attorneys are most commonly tracking five areas: budget-to-actual spend, total external spend, year-over-year trends, hourly rates and cost-per-matter.

Although only about a quarter (24%) can report accurate metrics on the work performed by internal or external resources, one Chief of Staff to a Chief Legal Officer (CLO) summed up the climate of transition by saying, "Our goal is to shift to a data-driven strategy in how we allocate work to firms and vendors instead of relying on relationships." Companies already report regularly negotiating or renegotiating rates. Survey results showed:

- 83% of participants have implemented programs for preferred firms and vendors with negotiated rates. The same also report that they do consider using alternative fee arrangements.
- 45% said they always consider alternative legal service providers and legal managed services, an increase of 12% from last year.
- 57% state providers and capabilities are routinely evaluated to promote innovation and mitigate complacency.

Vendor metrics and Key Performance Indicators (KPIs)

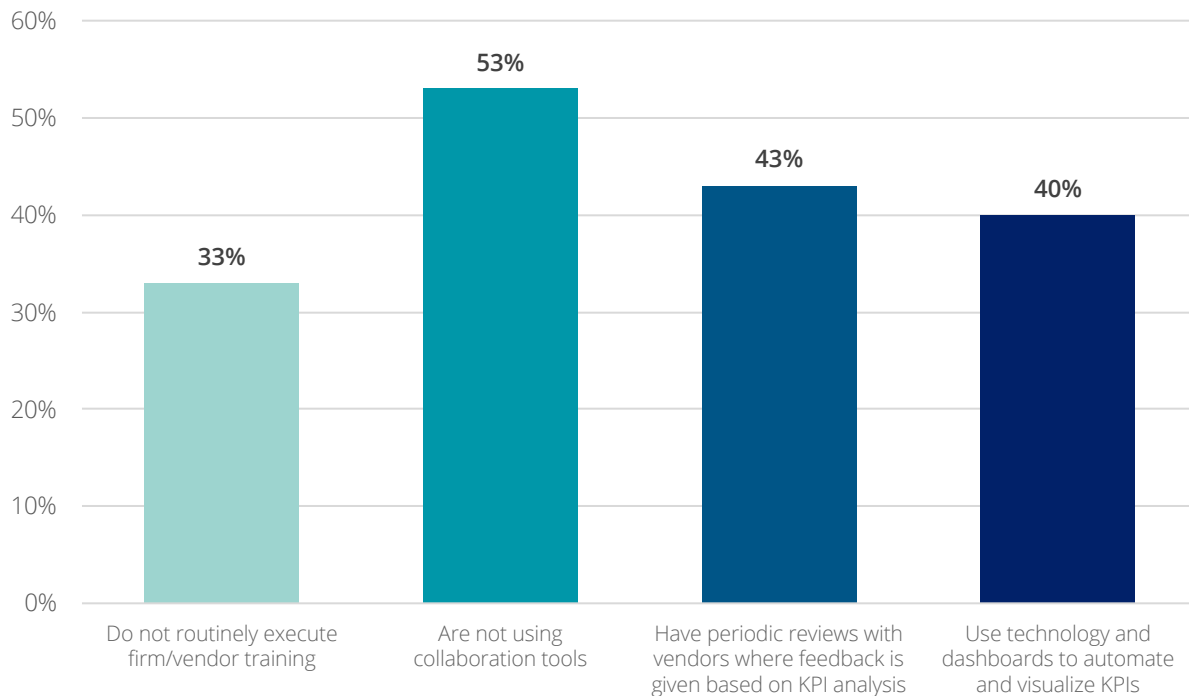
Despite that firms and vendors seem to be evaluated on a somewhat regular basis and rates are negotiated consistently, companies are lacking in their ability to hold them accountable against formal measurements. This finding indicates a gap in understanding whether vendors are, for example, using the right level of staff to perform the right tasks, which could affect fees. It also suggests that there is limited capability to monitor vendors for compliance against the metrics they are being held to. The processes are likely still done manually.

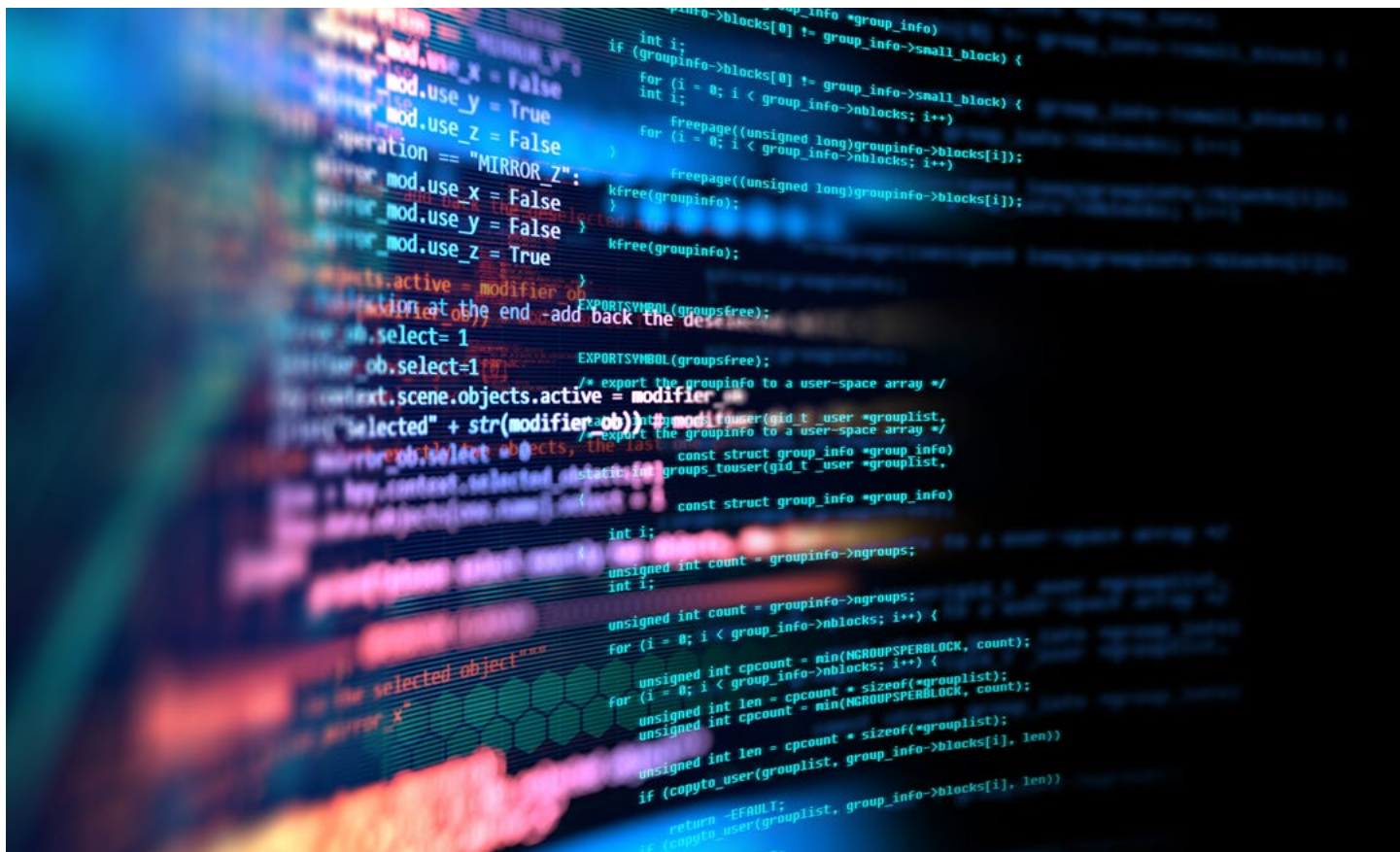
Training programs for vendors were another area where participants felt improvement was needed. More than one-third of participants said their companies did not provide proper training programs, leaving the vendors to their own devices when executing the work pushed to them. In addition, only 34% of participants said their companies leveraged KPIs and metrics during periodic vendor reviews. In the absence of hard data, it's difficult to evaluate and assign a value to vendor performance. That, in turn, makes it hard to ensure legal teams have quality vendors when needs arise.



Key takeaways

- Competition with non-legal firms as contenders is on the rise.
- Fee arrangements are continuing to shift with an uptick in alternative.
- Technology will play a greater role in vendor metrics and evaluation.





Competency #2:

Technology

A quagmire of systems

The good news about technology use is that legal operations often turn to technology to help streamline, integrate, automate and modernize service delivery. And, migrating to new tech solutions and staff training are generally considered sound investments, as is eliminating out-of-date and unused systems.

Of those participating in the Deloitte survey, 76% identified a current need to implement new technology and half (54%) have a defined and actionable legal system roadmap to do so. That's a 15% over last year's survey. Whether the tech is old or new, 45% are using between five and ten technologies in support of their legal processes and 30% are using more than ten different legal technology solutions.

“We have a lot of technology. The challenge is to integrate or eliminate what we don't need.”

Director Legal Operations

However, 46% of survey participants said they do not have the right tools. Further, 40% said their company continues to invest in antiquated or unused technologies and more than half of the participants (57%) cited lack of adoption and change management as the biggest concerns related to technology. It's often not the actual technology, the concept or the idea that's the issue. It's the execution and the ability to effectuate that change. No wonder legal teams are struggling.

A deeper dive into the survey reveals some of the specific findings related to technology use across legal processes; how well teams are leveraging technology; and the metrics, processes and operations related to the use of technology in legal operations.

Technology across legal processes
Perceived emphasis on Contract Lifecycle Management

Across the gamut of legal processes, the survey found that eBilling leverages

technology more than any other at 86%. On the flip side, the Business Intelligence and Reporting processes is the least supported by technology at just over 33% according to survey participants.

However, in interviews with participants, Deloitte discovered that Contract Lifecycle Management seems to be a big pain point not only for legal departments, but also for other departments in the company. Legal may not have sole decision-making authority

Participants who indicated they somewhat or strongly agree that their legal technology supports the following processes

eBilling	87%
Legal Hold Management	76%
Matter Management	74%
Legal Spend Analytics	73%
Legal Entity Management	72%
eDiscovery	69%
Ethics & Compliance	61%
Contract Lifecycle Management	55%
IP Management	53%
Trademark Management	53%
Legal Training	52%
Business Intelligence / Reporting	42%
Knowledge Management	38%
Information Governance	38%
Legal Research	34%
Other	10%

over the technology that is ultimately selected and implemented, but they need to be part of the selection process to ensure their needs are met. Between leases, sales, supply chain and the hundreds of contracts that companies negotiate day in and day out it's a tall order. Technology can add value to managing the process.

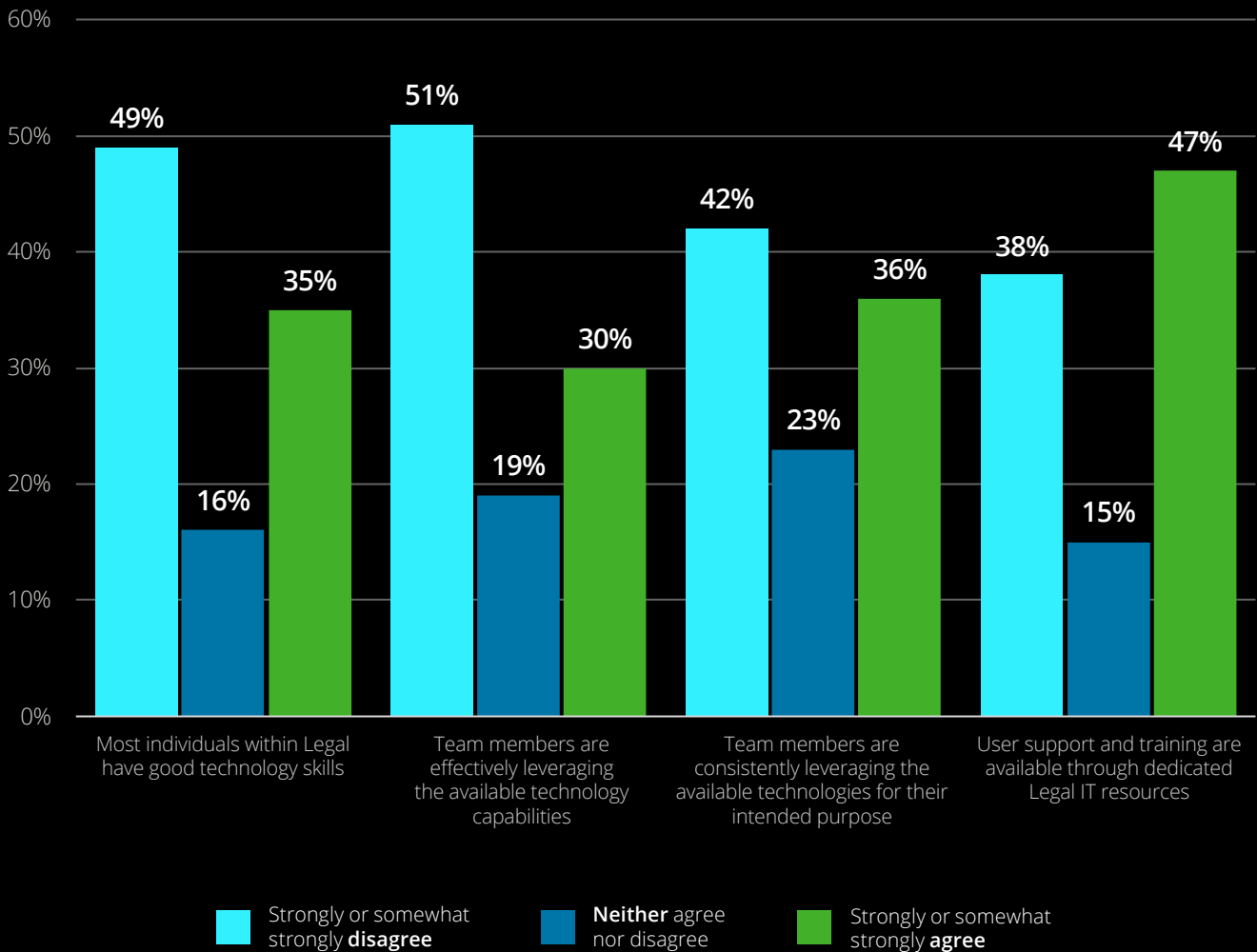
As one participant put it, "Contract lifecycle management is one of the most important focuses for the company at this time, but there is a lot of fatigue as well."

Teams and technology? Lackluster results

While technology exists to help streamline work done by legal teams, many are

continuing to perform manual tasks. More than three-quarters of survey participants said legal staff are spending a lot of time on manual tasks and working outside of available technology tools (76%). Only 30% believed that team members are effectively leveraging technology. And, only one-third (35%) agreed that most of their department colleagues have a good tech skillset.

From skills, to use, to training



Team members spend a lot of time on manual tasks

We are able to automate most of our routine tasks using our current technologies.

76% >>> 18%

It's time to reverse these numbers in order to modernize legal department efforts.

Where technology can help the most?

Automating manual tasks

Half of the participants said their departments did not have defined KPIs on which they regularly report. And only 30% agreed that their legal technologies could provide actionable KPIs. Nearly three-fourths of survey participants (71%) believed that establishing better processes around existing technologies can help solve current challenges and new technologies might not necessarily be needed. Participants report that processes related to the use of legal technologies are not well documented. Despite all this technology, if legal departments are going to truly modernize their efforts, they need to start making significant gains in their automation efforts. Only 18% report that they are able to automate most of their routine tasks using their current technologies. Those existing technologies carry significant dissatisfaction rates when it comes to demonstrated value (38%) and user experience (47%). And the drive for new technologies is high. Seventy-six percent report there is a current need to implement new technology to meet their legal organization's needs.

Then there's the data

Challenges also exist with integration and funding

Automation technologies are dependent on good clean data and consistent processes. If legal departments are going to modernize, they'll need to work on the backend for success. Over half of survey participants (52%) noted that legal technologies are not integrated with a consistent data taxonomy to allow for visibility into workflows and real-time data reported. Further, 49% said the technologies are not integrated with other enterprise business technologies (e.g. HR, Finance). And while a little more than half (52%) report having a technology roadmap, sometimes budgets are lacking to implement them. As one senior manager of legal operation noted, "I have a technology roadmap that I can't fund."

Clearly the appetite to implement new technology exists among legal teams, but there is also much opportunity to invest in better enablement of people and processes around companies' existing technology investment. For the most part, legal teams do not understand which technologies house the data required to drive successful business decision making.



Key takeaways

- Stakeholders need to get a clear roadmap with a funding plan (what to keep, toss, buy).
- Automating manual processes is the grand prize, but don't forget about the people and change management component involved.
- Getting a handle on contract management is a challenge, but tech can add value.

Competency #3:

Strategic Planning

It takes a map to know where you're going and keep you on track

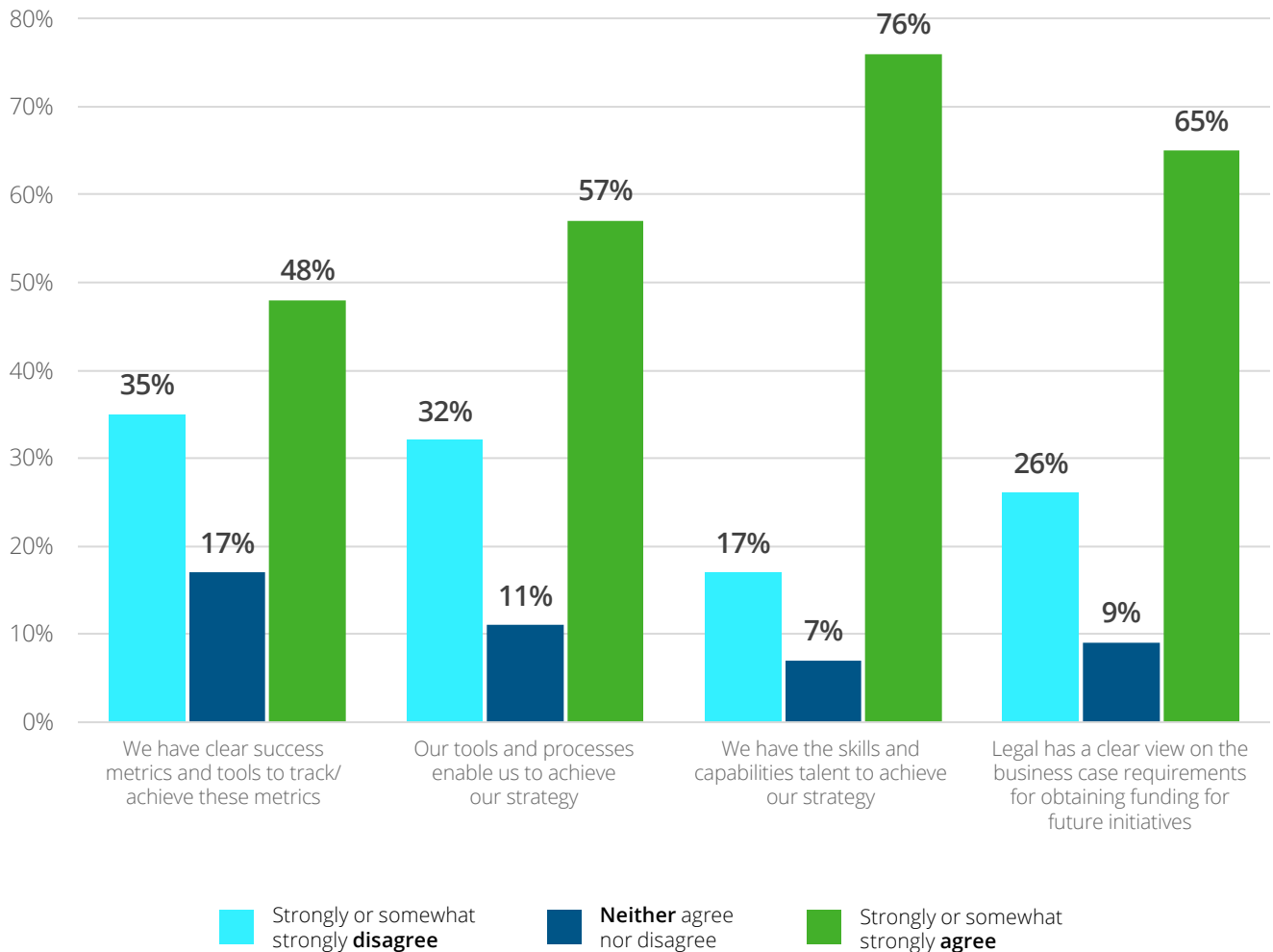
A long-term plan with yearly goals and corresponding metrics is needed to guide corporate legal departments, otherwise department leaders can become bogged down in the weeds. Structure helps prevent everyone from getting lost.

The right strategy requires the right resources

Legal operations are moving toward more intentional and strategic innovation, but successful execution is at risk. That's because developing people with the necessary skills and modernizing data and processes are necessary steps to succeed at innovation. In the Deloitte survey, 77% of participants indicated their leaders are investing and prioritizing resources on things that best align to business strategy.

But only 32% of respondents felt they have the right tools and processes to achieve the strategy. This finding highlights the need for leadership to assess tools and processes supporting the work. It also stresses why technology carried significant attention from survey participants.

And, while three-quarters of respondents agreed that their company has the right skills and talent to achieve its strategy, only 39% believe their current project resource



model has the right people doing the right work. And many participants indicated that their company did not have the right learning and development opportunities. Therefore, leadership should consider investments in professional development that supports business strategy.

Seeing clearly leads to success

According to the survey, participants had much confidence in their company's business strategy. Nearly all (96%) said legal operations' goals and objectives supported the business strategy and about three-fourths (74%) thought company stakeholders understood legal's contributions toward enabling the strategy. More than half (57%) felt leadership had a long-term vision for success and 66% of participants said goals were clearly defined and shared. Some verbatim comments

offered a less rosy picture such as this one: "We don't have an articulated or documented Legal Operations vision or mission statement beyond just saving money."

Survey respondents shared the same confidence in their organizations' strategy alignment and 80% could easily describe their own organization's vision. Almost all (94%) said they understood how their work and that of their teams supported the mission and strategy and 79% believed their leaders were aligned with and living the company's goals. When teams are aligned with organizational vision and goals, greater personal accountability exists along with a greater likelihood of achieving success.



Key takeaways

- Corporate legal departments need a long-term roadmap complete with tools that help them monitor metrics.
- Placing people with the right skills in the right roles and modernizing tech are necessary for successful innovation.
- While confidence in business vision and strategy are commendable, legal operations leaders are well served by boosting communications.

Competency #4: Financial Management

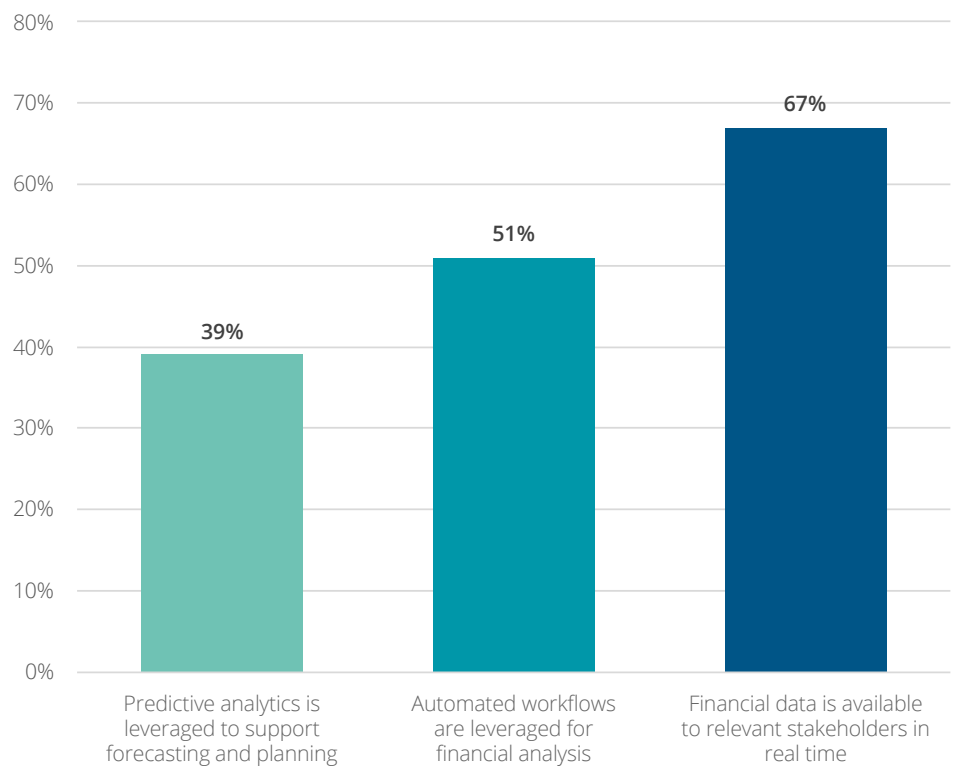
The quest for cost savings and efficiency

Corporate legal operations are generally responsible for managing the departmental budget, tracking accruals, and forecasting. However, the department also works with Finance on company-wide initiatives to identify spending trends, potential cost savings, and opportunities for greater efficiency. [4] Legal operations teams can provide a lot of value in regards to saving their companies money if budgets are managed effectively. But first they need to get clear on the role.

Involvement and confusion

According to Deloitte's 2021 Legal Operations Survey, almost two-thirds (65%) of participants said their corporate legal department was involved in the company's financial management, while 25% of respondents were unsure about their department's involvement. Among legal's financial management activities were:

- Managing budgets, including negotiating rates with firms and vendors
- Providing input on internal and external expenditure forecasting, including involvement with monthly and quarterly planning reviews
- Engaging with the procurement and finance departments



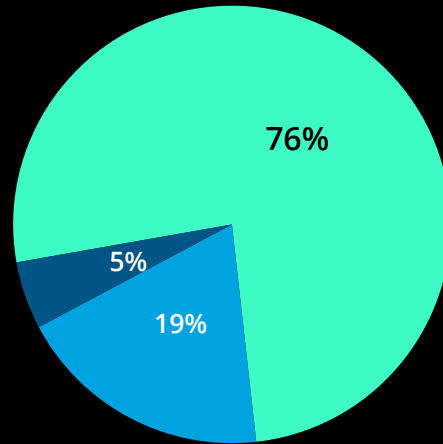
Critical processes but few insights

Across a number of their companies' financial management processes, nearly all survey participants (98%) agreed that financial reporting is a mission-critical process. This attitude was followed by nearly 90% who said negotiation of fees was important to maximize value. But it seems that companies are not using predictive analytics to support their forecasting and planning, as evidenced by more than half of the responses to that effect. Clearly the opportunity exists for such predictive analytics as well as automated workflows to be leveraged more effectively. The good news is two-thirds report already having real-time access to financial data.

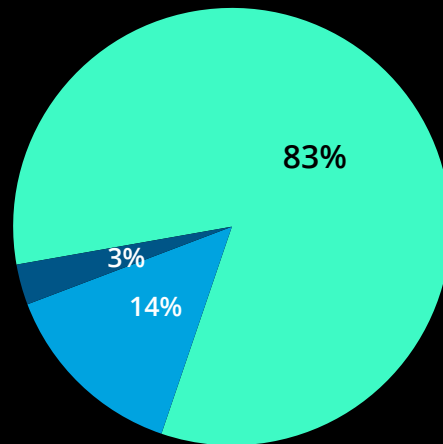
Keeping an eye on vendors and performance

When it came to vendors and financial management, the survey uncovered three main data points shown in the pie charts that indicate respondents' companies are closely scrutinizing their vendors and what's being charged. Participants report that their eBilling software is used for everything from invoice submission (91%) to data analysis and accruals/forecasts (79%) among other uses (21%).

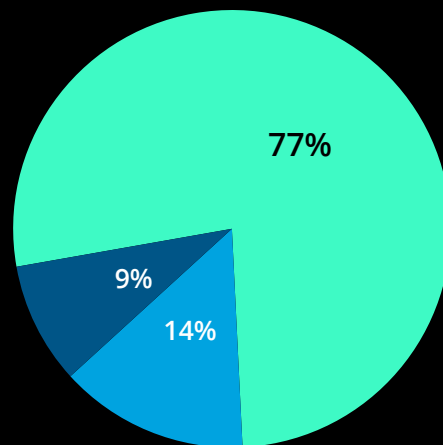
The financial management of vendors



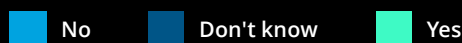
Firms and vendors are required to submit accruals and forecasts



Submission of activity level breakdowns is required for matters/projects where applicable



Industry standard (e.g., ABA/UTBMS) or custom task codes are required from firms and vendors





Key takeaways

- Corporate legal departments are involved in financial management but are not using predictive analytics on a widespread basis to gain insights.
- Compliance with tax codes and invoicing requirements is considered of paramount importance for corporate legal departments.
- eBilling and invoice forensics tools have become prevalent and present opportunities for data mining that could lead to actionable insights and increased value to the enterprise.

Compliance gets top priority

Vendor management is clearly on the forefront of survey participants' minds. Not surprisingly, since many respondents are attorneys, compliance with tax codes and invoicing requirements was considered overwhelmingly important. Those who somewhat and strongly agreed did so with gusto:

- Compliance with invoicing requirements is routinely evaluated (93%)
- Invoice compliance process is defined and centrally managed (89%)
- Technology is leveraged for invoice compliance review (89%)
- Bill auditors or bill audit rules are used to ensure invoices confirm to billing guidelines (87%)

The fact that eBilling has widespread use in corporate legal departments means there are opportunities for data to be mined that could lead to actionable steps, elevating the legal function and adding value to the enterprise. For example, reports could be run to compare what the department is spending to industry averages for the work performed. Insights from such reports could point to an improved allocation of resources. [5] Predicative tools could also point out potential risks faster than what might normally be caught. Wouldn't a supply chain executive be grateful to know if one of their vendors was headed for a supply shortage as the news was first breaking?

Competency #5:

Project & Program Management

How to get from A to B?

Providing more value to the enterprise often means enterprise-wide rollouts. Most corporate legal departments do not have specialized program management experience and skills. This makes it hard for them to implement successful initiatives at scale. And, more than half (53%) of respondents to the Deloitte survey said there is no project management office (PMO), function or dedicated resource to support project or program execution. So how do legal teams get to a place where they can design, lead and implement effective department-wide and enterprise-wide initiatives?

It all begins with buy-in

In order to establish priorities for project management, time must be spent listening to stakeholders to get a sense of their pain points. In terms of getting buy-in, about half of survey participants (49%) said they have established processes for engaging and obtaining buy-in from stakeholders. This means there's much opportunity to understand where the pain points are and develop these into priorities for project management. As in the case of strategic planning, it is essential to create a roadmap from the priorities that becomes the mission.

The right resources and people are key

According to the survey results, most people believed that corporate legal departments were allocating the time needed to support project execution and that external resources with specialized skills like operations, finance and technology were being employed. But legal operations staff aren't necessarily trained in project management strategies and they aren't confident that they have the right people doing the right work. Specific responses revealed:

- 64% agreed that their legal resources were allocating time to support execution of projects
- 64% agreed that their organizations leveraged external resources with specialized skills (e.g. operations, finance, technology) to execute on projects
- 43% agreed that their project resources have training and/or certification in project management strategies

39%

agree that their current project and program model allowed them the best opportunity to be a strategic business partner with other business units

34%

agree they currently had the right resource model to handle day to day activities as well as ongoing and future special projects



There's more to it than cost control

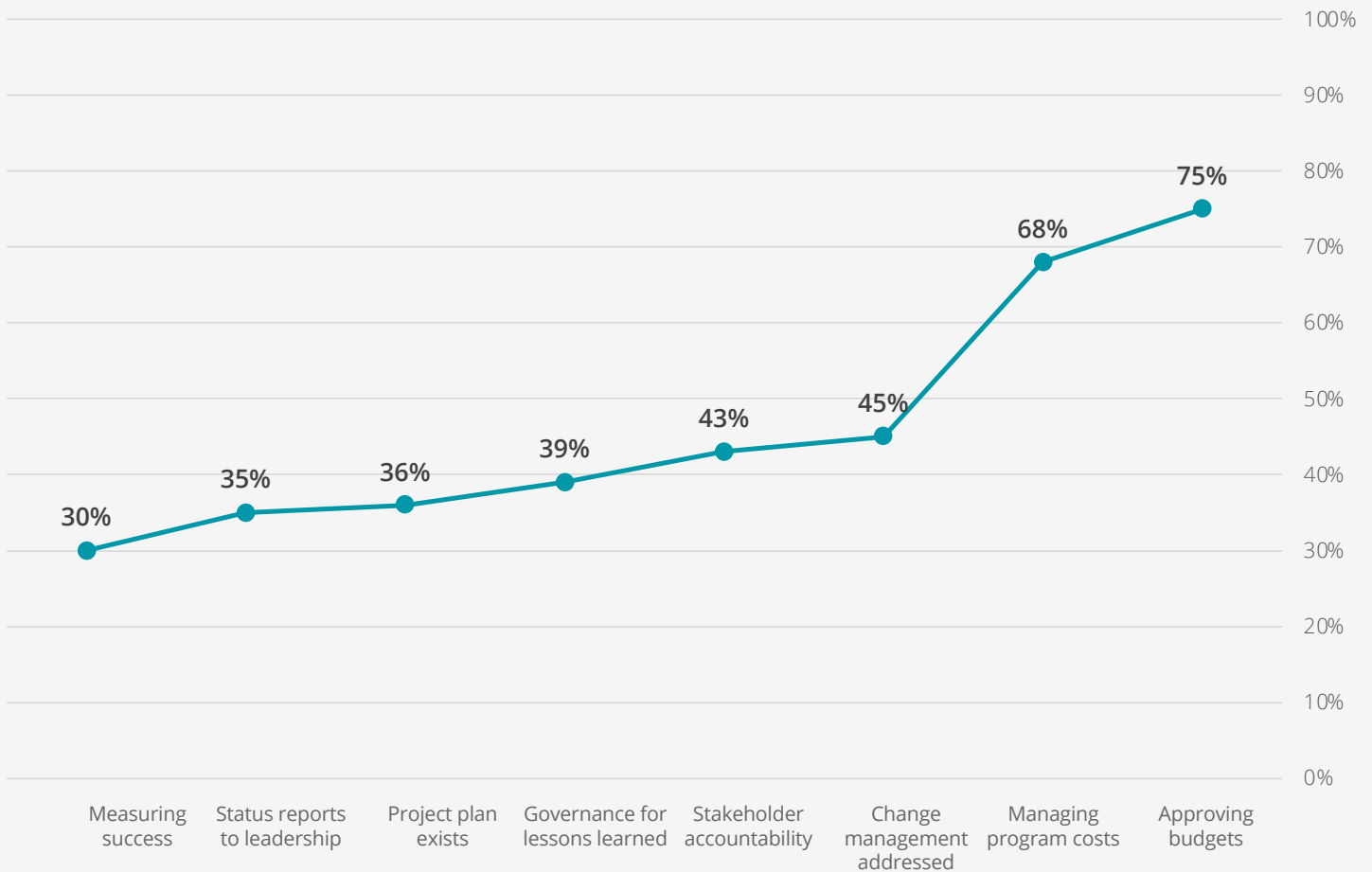
Processes around budgeting and managing costs appear to be in place, but other processes related to project management were not deemed to be as robust. Legal operations are far better at ensuring project budgets are approved (75%) than they are at measuring a project's success (30%).

Technology avoidance is widespread

Survey participants generally did not use an abundance of technology to facilitate project and program management. Their responses reflect the minimal technology use:

- 28% said that they had a technology governance process to regularly assess their use of technology
- 32% said they had a technology-enabled method for engaging and communicating with project stakeholders across the company
- 37% said they proactively budget for technology improvements to enable project support as part of their capital planning
- 46% said they used a shared technology to track, measure and report on project status
- 54% said their project teams use a non-email technology for collaborating and sharing information

Reported strength of program management processes



These responses indicate there is great opportunity to promote collaboration technology to help streamline project management. The legal operations departments that can get program and project management in a better place will reap the biggest rewards. The ultimate prize? Being widely viewed as a strategic business partner across the enterprise.



Key takeaways

- A significant warning sign to leaders, legal operations teams currently don't have a project and program model that supports them in being a strategic business partner with other business units.
- While legal operations teams are pulling off the work to a certain extent, the right people aren't in the right positions, which ultimately drives cost up and efficiency down.
- Technology isn't supporting the effort, and without it, legal operations is going to have a hard time scaling company-wide initiatives.



Competency #6: Business Intelligence

Where's the data?

Maybe more importantly, what's all the data mean? Nearly a quarter of survey participants report using spreadsheets for their Business Intelligence (BI) efforts. Given that statistic it shouldn't be a big surprise that in-house corporate legal departments do not routinely make use of data in their decision making. Many struggle to access or identify the right data and most lack the culture or tools to make consistent use of analytics. Managing projects and programs through data instead of intuition is the goal. Data can help uncover hidden trends and new efficiencies while focusing the legal team on clear and measurable outcomes that will add value to the business.

Help wanted: Data analysts

The Deloitte survey revealed that 52% of legal operations teams do not have business analysts who are responsible for supporting business intelligence and analytics. In addition, half (50%) of respondents said their companies do not have IT and technical resources that are responsible for validating that reporting data is complete and accurate.

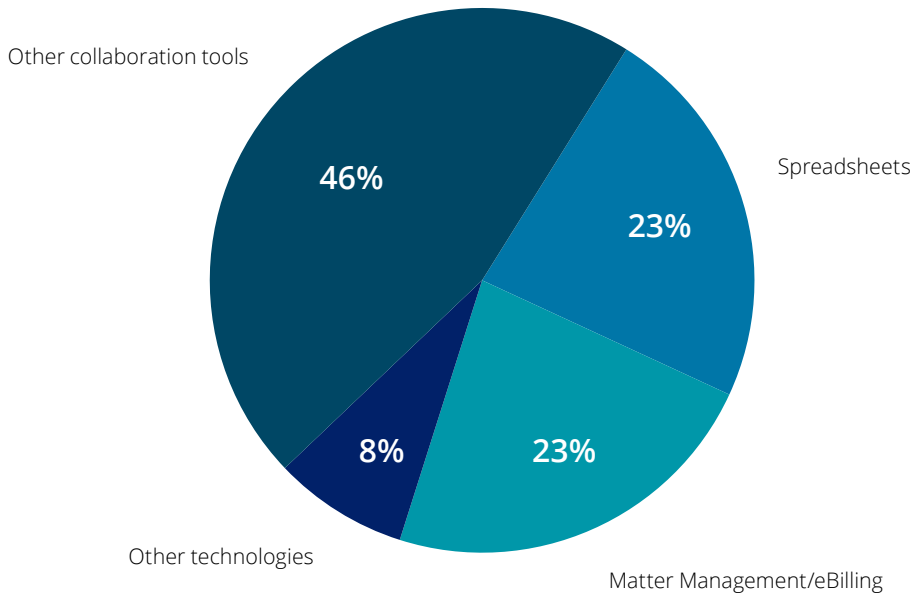
However, more than half (56%) said they have a dedicated team of legal operations resources who are responsible for reviewing the reporting that drives business decision making.

The sad state of business intelligence in legal operations

Only 37% of participants report that business decisions are most often based on data-driven forecasts, as opposed to look-back scenarios. If legal operations are going to create value for the enterprise, they have to have better insight into what's going on—that means having clean, enterprise-wide data that drives helpful analytics in real-time, not three weeks after the fact when someone builds out a spreadsheet.

Nearly a quarter of legal operations survey participants report using spreadsheets for their business intelligence efforts.

Centralized reporting is fragmented.



Key takeaways

- Clearly, there exists a need to determine the right data to collect and monitor to spot patterns and hidden opportunities.
- Short- and long-term business decision-making outcomes can be improved through more robust data analytics.
- Legal operations need data analysts to help lead the effort.

Strongly or somewhat strongly agree

Business decisions are made based on high quality and complete data that spans departments/groups.	35%
A formal process exists to update executive/BI dashboards based on changing data or business need.	25%
Insights are gathered from highly integrated data that spans technologies and are pushed to business decision makers from an enterprise data lake.	21%
Executive/BI dashboards content is updated automatically and reviewed in real time.	15%

Competency #7:

Knowledge Management

Confusion, cost and avoidance

Many corporate legal departments struggle to provide easy access to institutional knowledge, templates, policies, processes and learnings. As a result, knowledge management often ends up on the back burner while other more easily solvable priorities are addressed.

In addition, there continues to be a misunderstanding of what knowledge management is, compared to document and content management. Knowledge management is being able to ask a question and have the right answer served up without the need for additional searching. Considering professionals throughout an enterprise spend more than 25% of their time looking for information, the cost of an inefficient knowledge management approach is high. [6]

Reactive priorities

When asked to rank the top priorities from their knowledge management program, respondents stated:

- Increase effective onboarding and time-to-productivity (67%)
- Reduce errors and mistakes (60%)
- Improve service efficiencies (59%)

Additional priorities included:

- Increase service quality and consistency (54%)
- Prevent knowledge loss (53%)
- Decrease compliance risk (50%)

Other objectives included reduce duplication of effort and improve business continuity and operational efficiency. In total, respondents' priorities reveal a reactive posture to knowledge management.

Being in-the-know is hard

Responses to survey questions about established content and contextual knowledge management were generally negative. Only 15% of respondents agreed their company has an established knowledge architecture that connects all areas of the organization with taxonomies and metadata and is consistently managed. Furthermore, only 18% agreed that knowledge is managed for ideal reuse with minimal duplication and redundancy of content.

Where's the tech solution?

In terms of technology, the majority of survey participants (63%) do not think their organization has an integrated knowledge management technology platform that contains the core knowledge in a defined structure.

Content quality needs improvement



35%

think content is well-written, easy to consume, with supportive visuals



32%

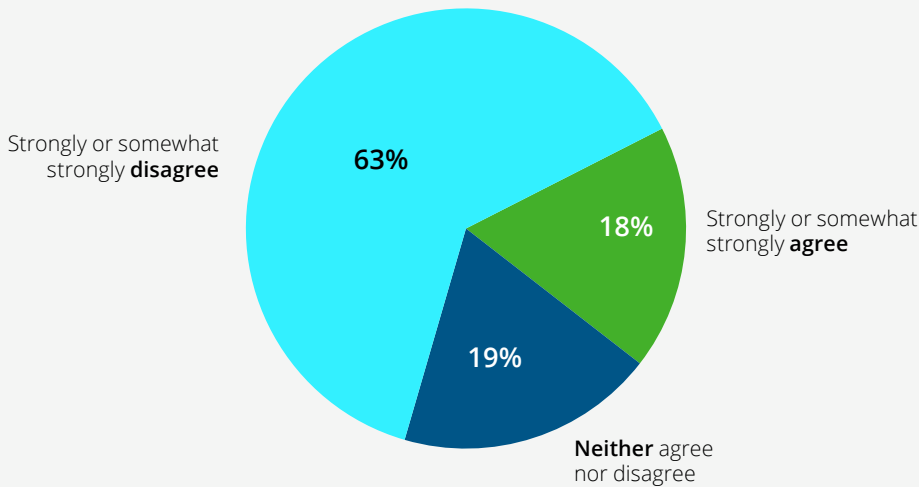
think content is well structured, leverages templates



22%

feel content is personalized and integrated into business processes by roles, location, or needs

Does your organization have an integrated knowledge management technology platform?



Knowledge 'known' yet undocumented is still the norm

When it came to people and culture, survey participants were not especially confident in their company's knowledge management competencies. While 45% agreed that employees are fully engaged and recognized for knowledge sharing and consumption, only 26% said users shared knowledge and provided feedback on a regular basis. And 77% strongly or somewhat disagreed that their organizations had a fully executed change management program for knowledge management.

These findings underscore the fact that most corporate legal departments continue to rely on unstructured, undocumented knowledge that fails to scale as teams grow or change, which leads to costly re-work. The desired state is a knowledge management

strategy and system that saves time and improves outcomes by making it easier to find answers and best practices. A culture needs to be created enterprise-wide that encourages sharing, mutual support and documentation. To accomplish this, organizations must:

- Facilitate knowledge hubs
- Develop consistent responses to topics and issues
- Design an intranet solution to make sharing and finding best practices easier
- Encourage documentation and sharing of knowledge in standard templates and formats
- Guard against knowledge loss resulting from staff departures and role changes [7]



Key takeaways

- Survey respondents gave their Knowledge Management systems a lackluster report.
- Undocumented knowledge won't help legal operations scale or save their companies money as they consistently lose the power of documented know-how that results in re-work.
- Consistent taxonomies and a strong tech solution will aid in the effort, but the size of the project consistently seems to be a deterrent for many companies.

Competency #8:

Information Governance

More structure needed

Information governance is an organization's strategic framework for managing digital and physical information assets throughout the enterprise. The core concepts include privacy and security, authenticity and integrity, business continuity and management of the information lifecycle. Information governance extends beyond legal and ethical obligations to assisting organizations in realizing greater value from their information to facilitate better decision making. [8]

Organizations can benefit from a comprehensive and coordinated approach, but in many cases corporate legal departments have little or no structure to their information governance. It's loosely managed, which exposes companies to possible risk and makes access to the right information difficult. [9] Only 42% of survey participants thought they could quantify the value of an information governance program. Keep in mind this function doesn't always sit in legal operations.

Where is home?

There's no clear consensus on what function should oversee information governance. While 46% of survey participants reported that information governance and records management sat within legal, 20% said it fell within a data protection and information security office and just 4% said it was a stand-alone function. That left a full 30% saying that information governance sat elsewhere, including Finance, Chief

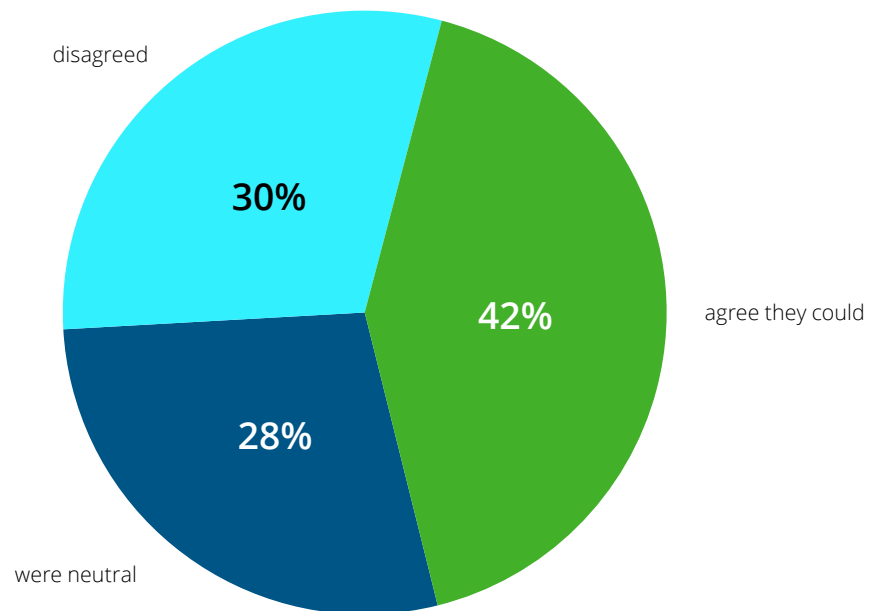
Administrator, Enterprise Risk Management, Compliance, Quality, and IT/Data Management.

A good foundation exists

There is significant awareness across the organization about an information governance program (68%) and survey respondents felt positively that they had the people and resources to successfully implement information governance initiatives (60%); but there's room for

improvement, especially as it relates to training. Fifty-six percent felt a formal training program has been developed and implemented in their organization that provides guidance and instruction on all aspects of information governance. Role-based training that often helps people put doctrine into practice was even less prevalent. Only 46% said role-based training is distributed and monitored for compliance.

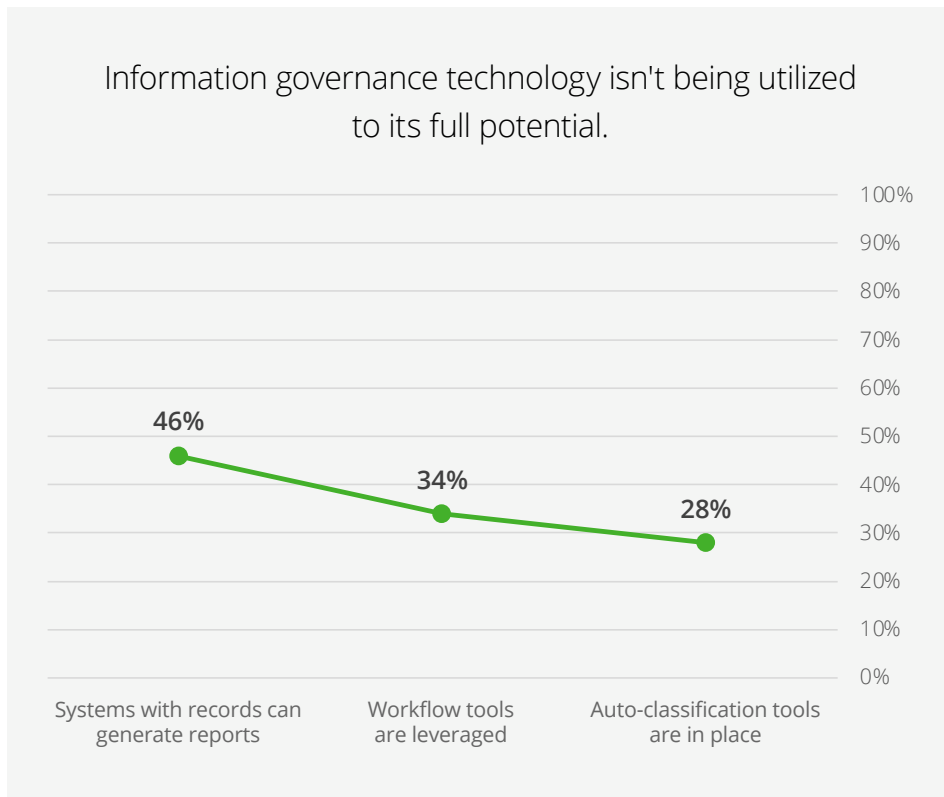
Can legal operations quantify the value of an information governance program?




Tech tools are lacking

Participants' confidence in their organizations' use of technology for information governance was more mixed. While many (74%) felt that technology solutions have been implemented to secure sensitive or personal data, less than half (48%) reported having an integrated,

organization-wide tool to support information governance. From there the ratings around technology drop significantly and users of these systems don't understand how to fully leverage auto-classification tools (18%) even if they have them and not many do based on the chart below.





Key takeaways

- If information isn't governed in a proactive way, make no mistake, it can lead the organization down a path of increased risk.
- While legal operations departments don't necessarily need to own information governance, they need to have a heavy hand in it.
- Companies will be well served with more robust technology tools that can auto-classify documents, help with workflow, and provide reports.

According to CLOC, companies need to define and implement clear, comprehensive guidelines for sharing and retaining information. Risk can be reduced by determining the digital and physical documents that should be preserved to be compliant with corporate standards and legal imperatives. Included in the information governance guidelines are:

- Clear and organized policies in plain language, not legalize
- A communications strategy and implementation plan to make sure all employees know procedures and policies
- Access management and monitoring for all sensitive, confidential, and restricted information
- Appropriate security for corporate records and information [10]

Competency #9:

Practice Operations

Too much juggling

Lawyers in many corporate legal departments often wear too many hats. As a result, they end up juggling tasks that don't require a JD degree. Tasks may not be assigned strategically or according to expertise. This situation increases costs and reduces lawyers' ability to contribute more fully elsewhere. Freeing up legal teams through focused practice operations will enable them to practice law and minimize distractions from operational tasks and projects. [11]

Never enough

In the last 12 months, survey participants said their biggest challenges in legal operations were resource and budget

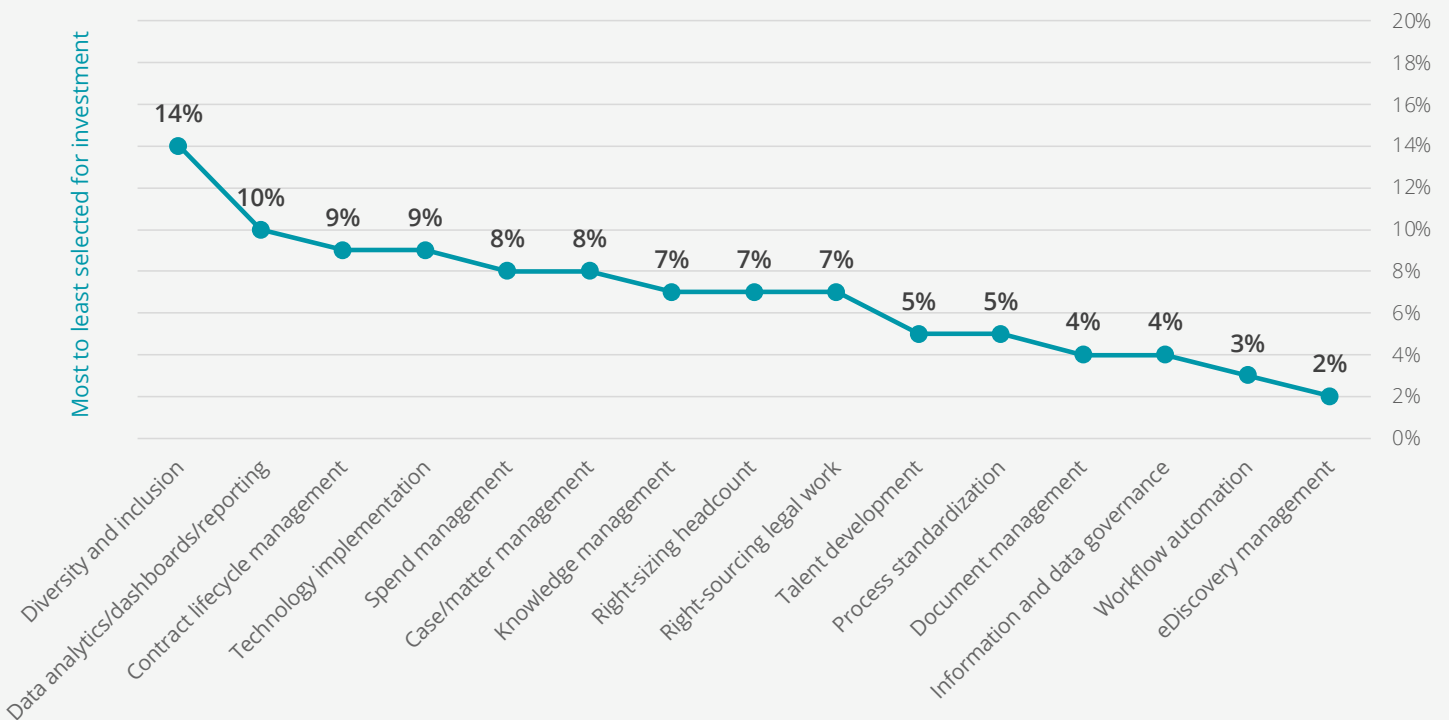
constraints and lack of technical capabilities. Vendor management, hiring freeze and loss of funding related to COVID-19 were also cited as challenges, although they were at the bottom of the list.

Departmental disruptors

In terms of disruptors to their departments, participants predicted implementation of new technology, improved workflow management and increased automation would have the biggest impact on legal departments in the next year. Returning from work-at-home and hiring new talent would be among the least disruptive, they said.

Where people felt leaders were placing investment priorities

Survey participants were asked to choose up to five categories in which legal leadership was investing.



Diversity and inclusion in corporate legal departments is currently in the spotlight, with respondents prioritizing the initiative as a top area for needed investment. More than 70% said they consider diversity when sourcing vendors and firms, leadership and individuals to work on projects.

Problematic processes

Participants were not terribly confident when it came to practice operations processes. They largely disagreed that they have a process in place to track resources' capabilities or specializations, training, or certifications (60%). They did not feel they could track or differentiate between standard activities conducted in the ordinary course of operations and more specialized or complex activities (62%). They did not feel they had a well-defined practice operations program with formalized

processes, centralized methodologies and actively developed accelerators used across legal (64%).

Without the right processes in place, legal operations will struggle to work efficiently, and will experience obstacles in automating tasks until those processes are clearly defined and standardized.

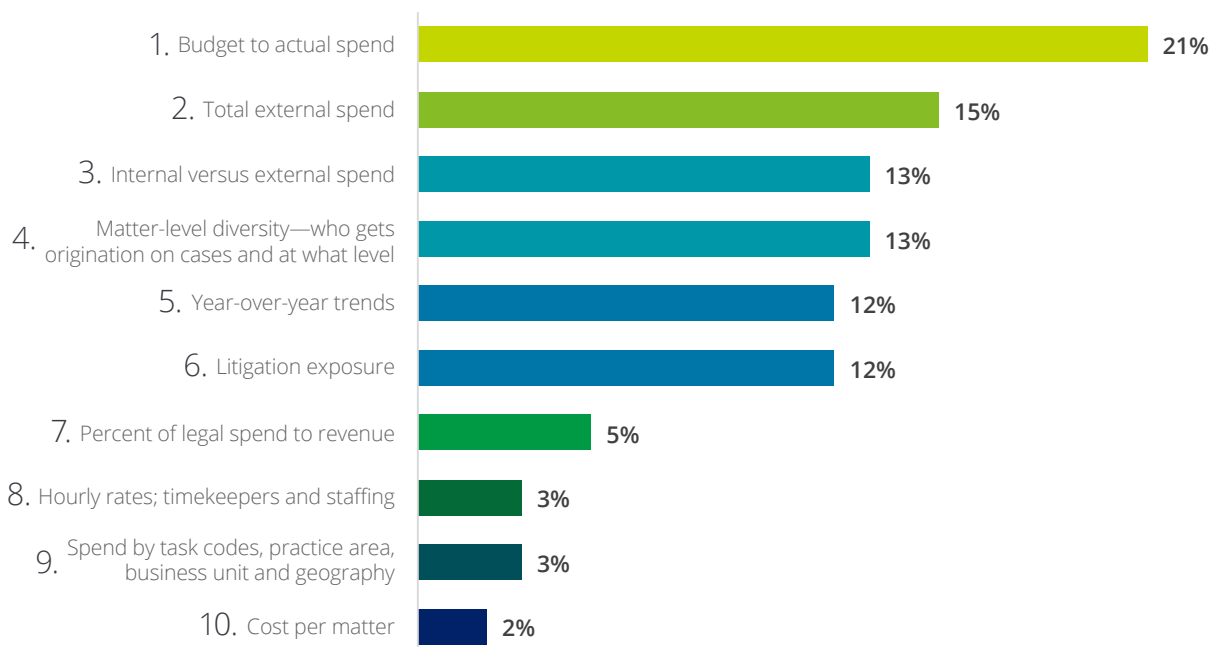
Calling tech support

When asked to indicate the extent to which technology is being used to

support processes and the level in which the processes are being supported by technology, participants cited eBilling at the top of the list at 86%. Competencies Information Governance and Knowledge Management have the least technology support. Interestingly, participants reported they did not have supporting technology tied to IP Management (28%) or Trademark Management (26%) processes.

The top 10 KPIs leaders care about are...

Participants were asked to select the top Key Performance Indicators (KPIs) they believed their legal operations leaders cared most about. Here's what they said:





Key takeaways

- Legal operations should think more broadly about who is needed to do what task and if roles and responsibilities are aligned. Incorporating other skillsets beyond those with law degrees may be of significant value.
- Standardizing processes can not only bolster efficiency, but also help in automation of the most mundane work.
- Technology will support many of the processes that are pain points for legal operations, increasing efficiency and lowering costs. Technology audits could help legal operations in planning efforts.

Is the process supported by technology?

Strongly or somewhat strongly agree

Information Governance	32%
Knowledge Management	40%
Business Intelligence/Reporting	46%
Contract Lifecycle Management	48%
Trademark Management	52%
IP Management	54%
Legal Training	56%
Legal Research	62%
Ethics & Compliance	64%
Legal Spend Analytics	70%
eDiscovery	70%
Legal Entity Management	70%
Matter Management	72%
Legal Hold Management	78%
eBilling	86%

Competency #10: Training & Development

Hit the target

Lawyers are no different than other professionals in that they need targeted, ongoing professional training. Many corporate legal departments offer little onboarding to new hires, which reduces opportunities to engage new team members. And once they're onboard, lawyers typically have fragmented training opportunities. What's needed is high-quality, specific training. [12]

Train for change

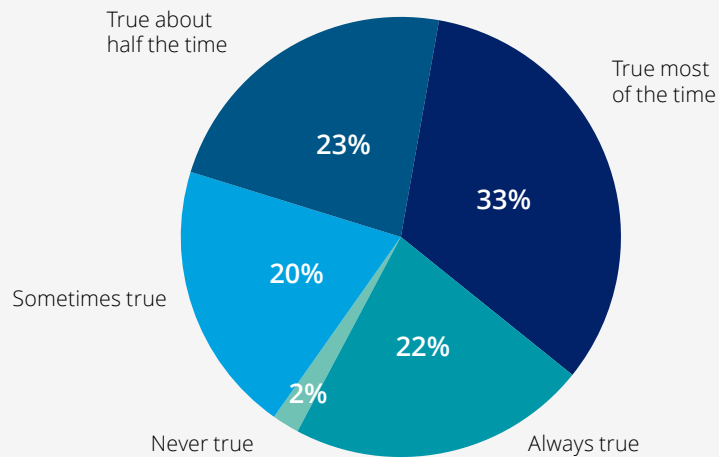
Outside of traditional continuing education for attorneys, there was keen interest among survey participants in up-leveling attorneys and non-attorney professionals by providing training in such areas as project management, data analytics, finance, and communication. With 43% of respondents indicating their company did not have high-value development opportunities, a huge opportunity exists for leadership to invest in professional development to support business strategy.

A culture of learning

Despite a perceived lack of targeted learning and development opportunities supporting business needs, survey participants were positive in their responses to questions about their organization's learning and culture. Fifty-one percent agreed that their organization curates engaging learning and development experiences as part of their workforce strategy. They said the following statements were mostly or always true within their legal operations group:

- My leaders value mistakes as learning opportunities (59%)
- I am rewarded for growing my knowledge, skills, and/or abilities (59%)

Do legal operations professionals take advantage of social activities to build professional networks and learning via conferences, professional associations?



“There is a big focus on talent development... we are developing legal learning pathways.”

Chief of Staff to CLO, Director, Legal Operations

Making connections

Survey participants also reported that they leverage social activities to build professional networks or business connections to further their own knowledge base. These included participation in mentorships, communities of practice, conferences in their field and professional associations.

Corporate legal departments must be equipped for success. That means designing and implementing a high-quality new hire experience, creating a learning culture through ongoing training, boosting skills and knowledge around technology, and implementing certification programs that help team members build their careers and capabilities. [13]



Key takeaways

- While legal operations seems to be on the right track in regards to a positive learning culture, there is still room for improvement.
- Legal operations should look at non-legal related areas for upskilling, especially as it relates to technology and how to use it as well as processes and project management.

Competency #11:

Service Delivery Models

A perfect match

Matching the right work to the right staff members or vendor firms is a challenge for corporate legal departments. The seemingly indiscriminate assigning of work can lead to increased costs and lower quality and delivery speed. A complementary ecosystem of vendors that are tightly connected to each other and to the organization will enable case work to be routed to the vendor that can deliver the best outcome at the best cost. [14]

Thoroughly modern?

When it came to transforming legal services, a full 91% of survey participants believed there was an opportunity to modernize how the services are delivered to their customers. And nearly three-quarters of participants (72%) said there may be opportunities to re-organize their operating model (organizational structure) to improve efficiency.

Furthermore, survey participants believed their legal operations were understaffed. Only 40% of respondents felt they have the appropriate attorney headcount, and only 38% of respondents felt they have the appropriate support staff headcount. As a result, the general consensus was attorneys are taking on too much administrative work.

Process breakdown

While 55% of participants said they had a clear understanding of what their resources are working on, they were not as confident in other processes related to service delivery. They strongly or somewhat disagreed with the following statements:

- Our process on how work is assigned or delegated both to our internal and external resources is defined and widely adopted (53%)
- We have a process for validating that work and resource level are properly aligned (58%)

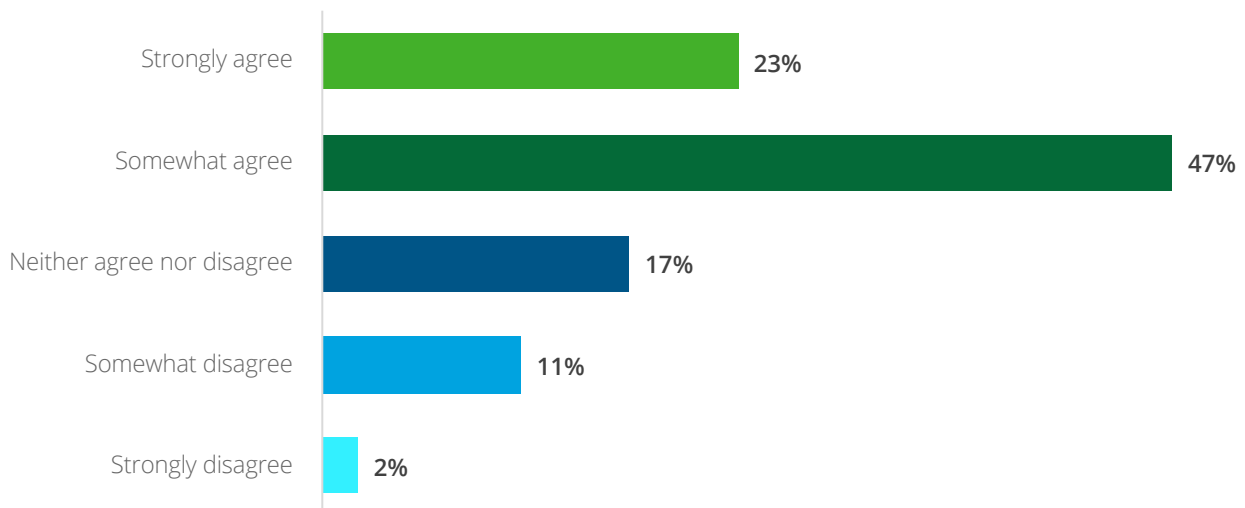
- We can provide clear and accurate metrics on the work performed by our internal and external resources (62%)

Regarding vendor processes, participants were a bit more positive. 60% said they had a defined and widely adopted methodology on engaging existing and new external resources. 55% said they had an established process to assess their vendor selections.

Technology's role

When asked about technology related to service delivery, participants can widely track their litigation matters with technology (83%). Almost half (47%) felt they had the appropriate technology in place to deliver legal services. For legal operations to significantly improve their service delivery, better technology could make a resounding impact. Tracking activities is one thing, managing the workflow better helps create efficiencies.

Our attorneys are taking on too much administrative work.





Key takeaways

- Legal operations participants report their service delivery efforts are currently bogged down by administrative work and process inefficiency.
- To solve it, legal operations are clear in their desire to get the right technology for not just better, easier work, but for more effective work via technology and automation.

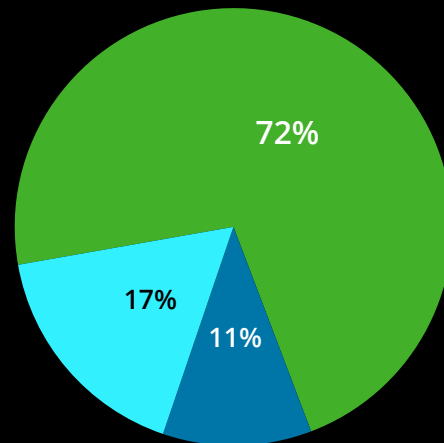
Participants agreed that:

- We can track our non-litigation activities (66%)
- Our internal teams can share data without using email (43%)
- We have a centralized repository to support response to legal requests (38%)
- Workflow technologies are integrated with other legal technologies (15%)

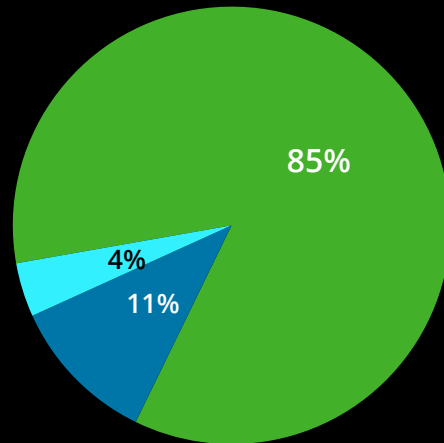
Automate, automate, automate

The survey asked participants to respond to the level to which they thought there was an immediate opportunity for automation, considering both ease of execution and impact. Their responses indicated that they felt there were immediate opportunities for automation in some areas.

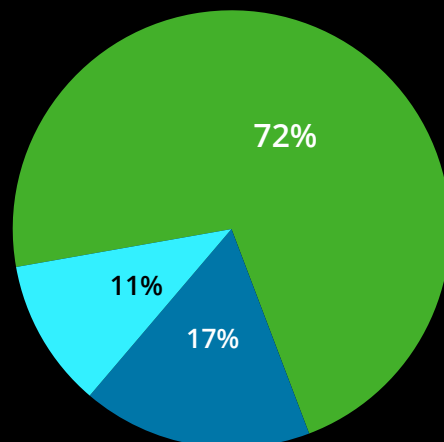
Where is there immediate opportunity for automation?



Contract lifecycle management

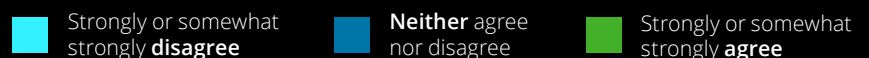


Knowledge management



Legal spend analytics

Clearly, opportunities exist to innovate new solutions using technology to connect service providers and create a complementary ecosystem.



Competency #12:

Organization Optimization & Health

It takes clear vision

In many corporate legal departments, just as in other parts of the organization, employee teams are put together without a clear vision. They form by happenstance. Organizations may hire for short-term needs instead of overall fit and long-term efficacy. Often, key aspects of the employee experience are overlooked, including career planning, skills development, and job satisfaction. Department leaders should plan for, design, and support balanced, high-impact teams. [15]

Just under half (48%) of survey participants chose to respond to questions about Organization Optimization & Health indicating that perhaps, legal operations leaders should take a closer look. To modernize operations, people are going to need to be brought along. They need to not only be part of the change process, but to help architect it themselves. Some legal operations respondents may not have felt they could make assessments in this area

given the state of the pandemic at the time the survey was given. Many employees were working from home. Those that did respond gave their organizations average results.

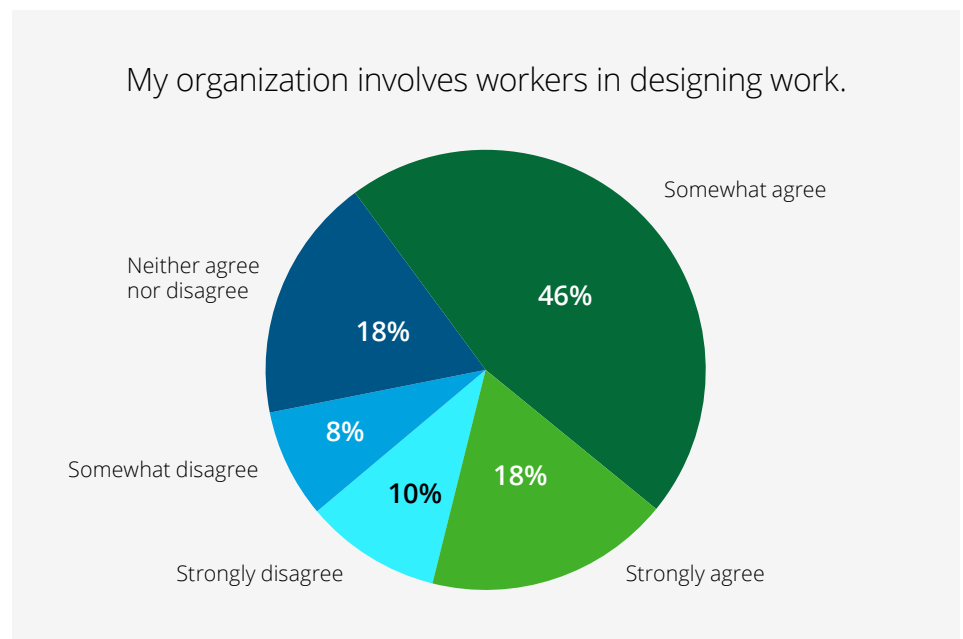
The village approach to work design? Not so much

When asked about whether their organization involved employees in designing work, 64% of survey participants believed it did. And nearly half (49%) agreed that their organization used data to inform work design.

When it came to creating a vision, however, 44% strongly or somewhat disagreed that workers at all levels were involved in co-creating the vision for change in their organization. Just one-third believed they were involved, and others didn't have an opinion.

“There is opportunity to reorganize our operating model to improve efficiency by reimagining roles.”

Managing Director, Legal, Regulatory & Industry Affairs





Communicate ... again and again

Top down

Over half of the participants (56%) somewhat or strongly agreed their organization provided frequent and transparent communications to support change and adaptation. However, what really

helped in change management initiatives was senior executive sponsorship and support. Leaders inside and outside of legal operations need to reinforce and promote the department's modernization efforts enterprise wide.

“The most impactful change management approach has been executive sponsorship and support.”

Head of Technology, Records & Reporting, and Legal Operations



Key takeaways

- Every employee should be empowered to contribute to discussions on how they can redesign their roles using automation and data-driven analytics.
- Executive communication from the top is key to any modernization effort.

Conclusion

Corporate legal departments are quickly evolving from support functions to strategic ones. This growth means in-house lawyers and their staff are taking on more projects, doing more administrative work and discovering that technologies and processes are not keeping up with their needs. The

time is right for leaders to take bold steps to modernize how work is done, who does the work and how it is delivered. These steps are crucial to transforming corporate legal departments into the functions of the future.

Let's talk

Get in touch with us to learn more about the 12 competencies for corporate legal departments.



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