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Legal

The use of data within corporate
legal departments

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Introduction

Deloitte Legal UK and LawtechUK have produced this joint report to help in-house legal teams use their data more effectively.

Today, data and analytics are fundamental drivers of a modern business, and that should include the legal profession. However, we still regularly hear of scenarios where Finance, HR, and Marketing Directors are making decisions based on data, while the General Counsel is forced to respond with: "we are busy, we need more lawyers."

But we are starting to see a shift. The expectations of fellow executives, plus the need to make more informed decisions and manage greater complexity, mean the General Counsel is focusing more significantly on data – and starting to see the benefits.

This report is based on our extensive experience of working with General Counsel, Legal COOs and corporate legal departments across the world and is informed by insights gathered from more than 20 large organizations. We have also included a legal department data maturity model, which we developed in light of our findings, to help companies and their in-house legal teams understand where they are on their journey, and how they can improve their use of data.

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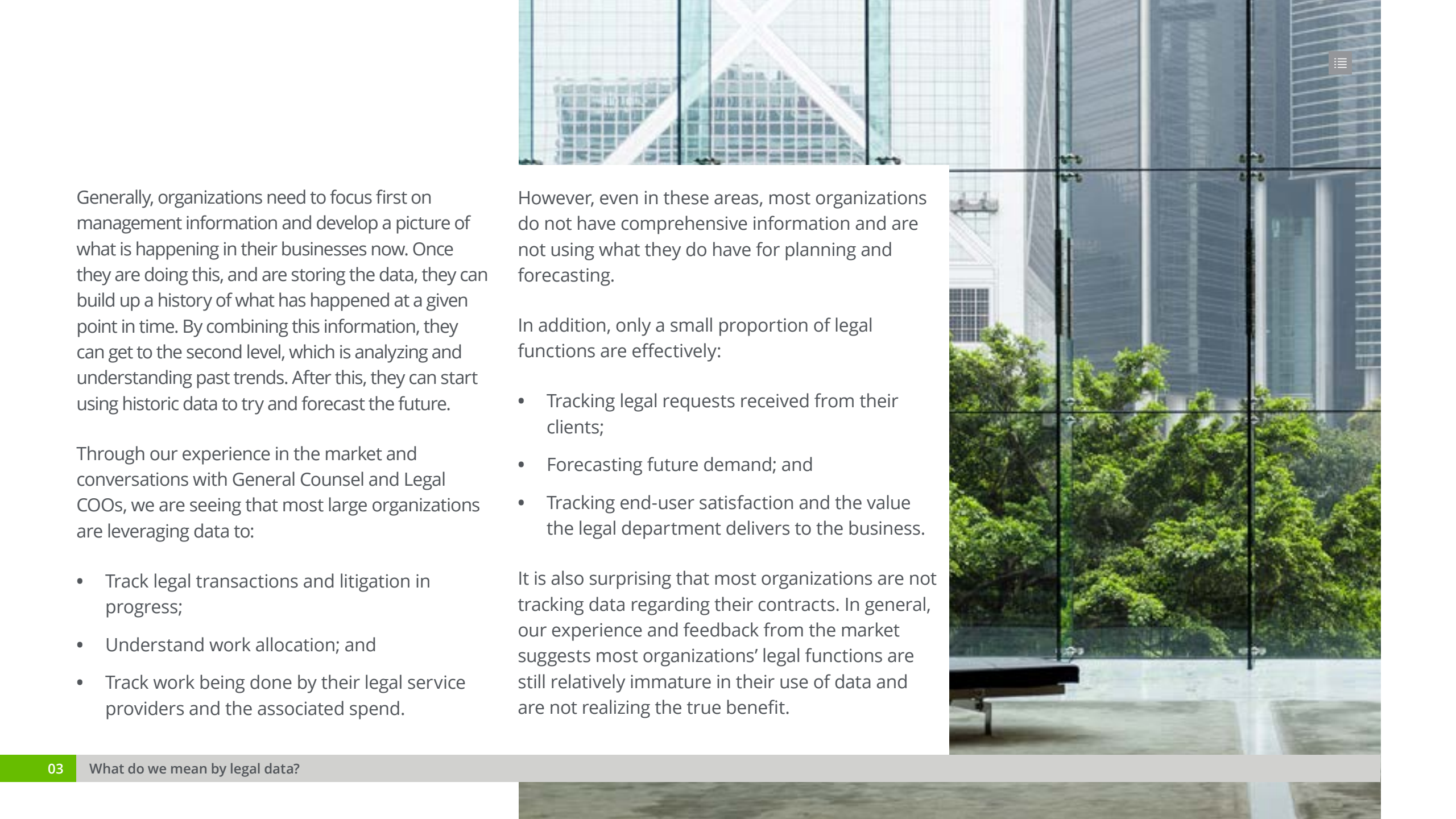LawtechUK
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What do we mean by legal data?

There are many aspects that the term "legal data" could cover, but we believe it should encompass the following:

- Operational data

  – Legal requests that are being received

  – Transactions and litigation undertaken

  – Where legal work is being allocated

  – The capacity of lawyers and other professionals within the legal function to service the work

  – External legal service providers that are used, plus their quality and costs

- Legal data

  – Litigation exposure and risk

  – Contracts and their key data

  – Insights into regulatory changes

- Strategic data

  – The value that the legal function is providing to the business

  – Diversity and inclusion information

  – ESG information

In our view, there are three ways that data can be used in legal departments:

1. **Management information:** Understanding what is currently happening across the operational, legal and strategic data categories;

2. **Analysis:** Recognizing past trends; and

3. **Forecasting:** Informing what may happen in the future to manage risk and optimize delivery.

Generally, organizations need to focus first on management information and develop a picture of what is happening in their businesses now. Once they are doing this, and are storing the data, they can build up a history of what has happened at a given point in time. By combining this information, they can get to the second level, which is analyzing and understanding past trends. After this, they can start using historic data to try and forecast the future.

Through our experience in the market and conversations with General Counsel and Legal COOs, we are seeing that most large organizations are leveraging data to:

- Track legal transactions and litigation in progress;

- Understand work allocation; and

- Track work being done by their legal service providers and the associated spend.

However, even in these areas, most organizations do not have comprehensive information and are not using what they do have for planning and forecasting.

In addition, only a small proportion of legal functions are effectively:

- Tracking legal requests received from their clients;

- Forecasting future demand; and

- Tracking end-user satisfaction and the value the legal department delivers to the business.

It is also surprising that most organizations are not tracking data regarding their contracts. In general, our experience and feedback from the market suggests most organizations' legal functions are still relatively immature in their use of data and are not realizing the true benefit.

Who consumes legal data analytics ?

In our experience, in most businesses that use and analyze legal data, the General Counsel, Legal COOs, and senior in-house lawyers are the primary consumers of these insights. Around half of organizations share aspects of this data with their senior executives and Chief Financial Officer.

We have heard several cases of clients approaching the CFO with data to substantiate resourcing and budget requests, resulting in a significantly improved outcome. This should not be surprising, but it is still not happening in about 50% of organizations.

"Around half of organizations share aspects of this data with their senior executives and Chief Financial Officer."

Why focus on data?

What can the General Counsel gain by exploring the use of data within their legal function?

Leveraging data can help organizations to:

- Recognize and anticipate their clients' needs – and deliver satisfaction;

- Improve how their legal functions are operating, including providing evidence for conversations with stakeholders;

- Understand, manage, and mitigate legal and operational risks; and

- Measure and enhance the real value of the legal function.

And that has to be beneficial for any General Counsel, Finance Director, or Chief Executive.

Why now?

In the past – and it is still happening to a large extent today – lawyers and other professionals have operated as artisans with apprentices. This ad hoc way of working has made it very difficult, if not impossible, to capture data for analysis.

The tools and techniques required for data analysis have been available and used in other industries and business functions for decades. Now, the growing adoption of technology in legal functions is making data capture far more possible as, when legal work is recorded, information becomes available for analysis.

This technology includes legal "front doors" for service intake, contract lifecycle management systems, matter and litigation management systems, e-billing platforms, IP management systems, e-discovery platforms, and technology for self-service legal advice and guidance.

General Counsel and Legal COOs have regularly expressed frustration that systems have tended to exist as individual point solutions, as comprehensive management of the legal function requires multiple platforms. We are seeing some suppliers bringing different categories of legal platforms together to offer a single "Enterprise Legal Management" system.

They have also said that, rather than adopting legal-specific technology, they would like to be able to make more use of existing enterprise platforms in their organizations. Two developments are now making this possible: IT departments are pressuring General Counsel to leverage existing investments, and enterprise platforms are starting to factor the legal function's requirements into their offerings.

What systems are General Counsel adopting?

We are seeing the General Counsel of larger organizations predominantly adopting technology for matter management, e-billing, and online self-service. A smaller but growing set of legal functions are focusing on solutions for managing contract lifecycles, litigation, legal entities, IP, and e-discovery.

Across all of these, there is a fairly even mix of organizations that are leveraging data properly from these systems, and those that are not. Unsurprisingly, it is e-billing where the use of data analytics is most advanced.

Is the data that these solutions provide the primary driver for using them, or are they mainly adopted for their functionality, with data being a secondary benefit?

Approximately a third of General Counsel and Legal COOs that we spoke to implemented matter management and e-billing primarily due to the need for data, with the rest saying they were mainly driven by the platforms' functional benefits. However, in a significant majority of implementations, data was seen as a key advantage, even if it wasn't the main driver. We are also seeing the need for data featuring as a key component of business cases for contract lifecycle management and legal front door projects.

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What skills are used to analyze data?

Having the systems in place to capture data is one thing, but who then analyzes it for insights?

Most legal functions understand the value of analyzing data, but fewer than half are able to do it. Among those that can, the majority simply use Microsoft Excel, while only a very small percentage have the skills to apply more advanced data analytics or build dashboards.

But this is not for a lack of trying. It became apparent during our conversations that data skills training is, on the whole, not offered to people in the legal department.

Most of those we spoke to, when they have the time, try to enhance their skills using self-teaching resources from outside of their organization.

To address this issue, legal functions are turning to their wider organizations, while some are using outside consultants. A small number of General Counsel are getting help from their external legal service providers.

"Most legal functions understand the value of analyzing data, but fewer than half are able to do it."

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Barriers to adoption

Our discussions with General Counsel and Legal COOs have identified that the biggest barriers to adopting more extensive data analytics in legal functions are the lack of time and skills. Even if help is sought from outside the legal department, for example from IT, these functions are generally resource-constrained too, and assisting the legal department is rarely a priority.

A question arises – if the key barriers to data analysis are time and skills, rather than budget, why are external resources not being engaged? Furthermore, if corporate legal departments are already contracting law firms and other legal service providers, why are they not using them to a greater extent to help with data?

The role of legal service providers

Findings show that, in the vast majority of cases, legal service providers either do not supply data to clients, or only do so reactively, and generally via email reports rather than in any systematized manner. The only exception is billing information that is often given to clients via e-billing systems.

Corporate legal departments could quite easily demand more from their providers so they have far greater data insights into the work being carried out for them.

This would be especially worthwhile for items such as matters and litigation, turnaround times, points conceded or achieved in negotiations, value achieved, data for contracts that are negotiated, and risks and issues associated with the legal work. General Counsel could also have systems and processes to collate and aggregate this data across all providers, generating holistic and highly valuable insights.

Legal department data maturity model

A review of the conversations and information received revealed some emerging themes, and we considered how various elements of legal data feed into each other.

In response, we developed a legal department data maturity model to encapsulate the various aspects of data within a legal function, and what different maturity levels look like. It is based on three dimensions:

1. Access to data: This is a measure of whether a legal department has the systems and suppliers in place to provide data it can analyze.

2. Skills to use the data: It is important for legal professionals to have an appreciation of the power of data and the ability to implement it.

3. Use of data: With access to information and the skills to analyze it, departments can aggregate data between systems, highlight it via dashboards, and use it to make decisions and gain buy-in from stakeholders.

Our model also aims to describe what an archetypical legal department's data maturity would be at various stages, ranging from level one (a "traditional" function that does not engage with legal data) to level five (an example of one that, we believe, fully understands and engages with data, the skills and systems).

"We developed a legal department data maturity model to encapsulate the various aspects of data within a legal function, and what different maturity levels look like."

Level:		1	2	3	4	5
Access to data	Systems	Legal work is not managed with technology and data is not captured.	Data regarding Legal work is captured in Excel.	Limited standalone systems to track work.	Some systems in place to work with some integration between systems.	Most work is managed through integrated systems that provide data.
	Providers	Law firms are not providing any data associated with their work product.	Law firms are providing some spend analytics.	Some law firms are providing data regarding their legal work.	Law firms are consistently providing data alongside their legal work.	All law firms provide comprehensive data regarding their legal work. The data is delivered in a structured format that can easily be fed into existing reporting systems.
Skills to use data	Value	The legal function is unable to see where data could be valuable to the quality of the service they deliver.	There is limited appreciation within the legal department of the value of data.	The legal department has some leaders who appreciate the value of data.	There is a good appreciation throughout the legal department of the value of data.	The legal department is focused on data and it is integral to its decision-making.
	Internal capability	There are no skills in the department to analyze data.	The legal department has a few people with basic data skills.	The legal department has a few people who have intermediate data skills.	The legal department has some advanced data expertise internally.	The legal department has dedicated data analysts.
	External capability	There is no access to skills within the wider organization or from outside suppliers.	There is capability elsewhere in the organization or externally that is occasionally accessed for implementation needs.	There is capability in the organization or externally that is accessed more frequently for implementation needs.	There is capability in the organization or externally that is accessed more frequently for both strategic and implementation needs.	The legal department has an ongoing close collaboration with data experts (within the organization or externally) who provide strategic and implementation capabilities.
	Training	No training is given to the legal department on data or data skills.	Training is encouraged but up to individuals' own initiative.	The team is provided with basic data training.	Advanced data training is available.	All legal department team members are trained in the use of data with select people being given advanced training.

Level:		1	2	3	4	5
Use of data	Operational use	There is no use of data in the team to manage legal operations.	Data is being used to track some activity and budget.	There is good discipline to track work and budget through data. with some historic trend analysis.	All work and budget is tracked through data with regular review of historic trends.	Data is used comprehensively to track and manage work, trends are monitored and forecasting is undertaken to anticipate future requirements.
	Legal substance	There is no monitoring of legal content e.g., terms uses in contracting, positions taken in disputes.	Basic data analytics is being used on legal content e.g., tracking IP renewals per territory.	Advanced analytics of current legal content is performed to answer specific questions when they arise e.g., how often a certain contract clause is accepted without negotiation.	Legal content is continually tracked and used to monitor trend and risk exposure e.g., what is our current aggregate liability for all current contracts.	Legal content is continually tracked and used to monitor current risk exposure and highlight where future risks are anticipated.

Moving up the maturity curve

As a result of the benefits that data brings to a legal department, we envisage a significant number of General Counsel will want to improve their function's use of data analytics.

Below are some suggestions for General Counsel and their legal functions to consider when looking to improve the maturity of their data analytics:

1. Start with the end goal in mind. What insights would you like on your legal function and the organization's legal risks?

2. Who would consume these insights and when would they need them – at certain frequencies or at particular milestones?

3. How will this data be used and what difference would it make to your business or operational decisions?

4. What source data would you need to generate these insights?

5. Is this data currently being collected and if so, where and by whom? How can it be accessed?

6. If it is not currently being collected, how could it be?

   a. It would be better if data could be gathered as part of standard processes rather than explicit activity.

   b. Could processes be slightly amended to enable better data capture?

   c. It would be far more effective if, as well as the leaders who will use the eventual data analytics, the person capturing the data benefits from it too.

   d. Is additional technology needed to capture the data? Starting with a basic spreadsheet can be very effective.

7. Do you have the resources and skills to carry out the above business analysis?

8. Do you have the resources and skills to carry out the data analytics? If not, how could you obtain them?

   a. Within your legal function?

   b. From the wider organization?

   c. From specialist consultants?

   d. From your legal service providers?

9. Can you achieve this incrementally?

   a. Start with basic management information, then move into trend analysis and finally mature into forecasting and future risk management.

   b. Start with one aspect of the legal function (e.g., matters/litigation resourcing/contracts) before moving on to others.

10. Can you go on this journey collaboratively with the end-users (General Counsel/Finance Directors/CEOs) so the insights meet their needs?

Conclusion

Corporate legal functions fared perfectly well before the digital age, so what has changed? Why has data become so important? The simple answer is "opportunity".

The surge in technology adoption has created vast banks of data, and the most forward-thinking organizations are developing the skills, and appetite, to harness that. Data can help us analyze the past and present to try and forecast the future. And whether the result is more efficient operations, better compliance, a greater ability to manage and mitigate risks, or anticipating a client's needs, it can only be a good thing.

This research has shown that, while legal teams have been slightly behind the curve, the landscape is evolving. Many are now tracking, for example, work allocation, transactions and spend, and understand how insights can improve how they function.

But fewer are taking the next step and using their data to build business cases, inform resourcing and budget, track risk and predict trends. There are significant opportunities still to explore.

Conversations with General Counsel and Legal COOs have identified barriers, including the way in which in-house lawyers have traditionally worked, and the technology and training available to legal teams. But these discussions also suggest budget can be made available – and a great deal could be achieved by working smarter with legal service providers.

Data-driven thinking creates value for organizations. But this is also an opportunity for legal departments to demonstrate – and enhance – their own value to the businesses they serve.

Get in touch

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Who we are

Deloitte Legal

The way lawyers advise their clients has hardly changed in decades. But now, technological innovations are fundamentally transforming the delivery of legal services. At the same time, organizations and their in-house legal teams are under constant pressure to do "more for less" while facing the dual challenges of a heightened regulatory environment and an increasingly globalized landscape.

Deloitte Legal believes this requires a new approach to providing legal services. One where the outcome isn't just advice, but an innovative solution that combines legal expertise with market-leading technology, scale delivery and consulting capabilities.

Globally, Deloitte Legal brings together more than 2,500 top-flight lawyers in more than 75 jurisdictions and consultants and technology experts who understand the implications of digitization, big data, AI, robotics, and platform-based business models in today's world.

So, whether a client needs to manage the risks of moving to the cloud, navigate data protection and IP rights, maximize opportunities to grow their business, or develop the workforce of the future, Deloitte Legal can help.

Deloitte Legal can also assist organizations looking to transform their in-house legal function by providing innovative scale delivery solutions, and use technology to harness legal knowledge so teams can deliver the best possible service to their own business.

To find out more, visit www.deloitte.com/legal

"Deloitte Legal brings together top-flight lawyers, consultants and technology experts."

LawtechUK

A government-backed initiative, LawtechUK was established to support the transformation of the UK legal sector through technology, for the benefit of society and the economy.

LawtechUK focus on increasing awareness and understanding of lawtech and fostering transformative innovation for the legal sector. The work program includes a Lawtech Sandbox for innovative R&D, and the development of new platforms, toolkits and online training, as well as the UK Jurisdiction Taskforce (UKJT), an industry-led initiative, tasked with promoting the use of English law and UK jurisdiction for technology and digital innovation.

LawtechUK has led the way in developing the UK's legal framework in digital securities and cryptoassets, as well as identifying how legal technology can benefit the wider economy and positioning the UK as a global leader in the law and technology sphere.

As the pioneers of the legal technology sector, LawtechUK has produced key insights and reports to demonstrate the true impact and value of tech on society.

LawtechUK Data Vision

The Legal Data Vision is the initiative of LawtechUK with a mission to improve the use of legal data in the sector. Data represents a £3 billion market opportunity for the industry in productivity gains alone. However, 80% of lawyers say that their organization does not capture data effectively. LawtechUK is helping the legal sector to seize the data opportunity– driving transformational change by laying the foundations for a new data-powered legal ecosystem.

Access a range of resources to better understand the role of LawtechUK's Legal Data Vision and how it is helping the legal sector to seize the data opportunity at lawtechuk.io/data.

To find out more about LawtechUK, visit https://lawtechuk.io/

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