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Key Findings from the 14th Annual
Law Department Operations Survey

Adding Value Across the Enterprise



Deloitte Legal Business Services collaborates with the Blickstein Group on the Annual Law Department Operations Survey.

The 14th Annual Survey Report was published in December 2021 and it provides insight into many critical success factors of effectively managed corporate law departments. Key findings include a trend towards providing more value to different areas of the law department, a focus on contract management, more attention on data mining and, of course, pressure to do more with less. Here is our analysis.

The full 14th Annual Blickstein Group Law Department Operations Survey Report, published in collaboration with Deloitte, can be downloaded at www.LDOSurveyReport.com.

Adding Value Across the Enterprise

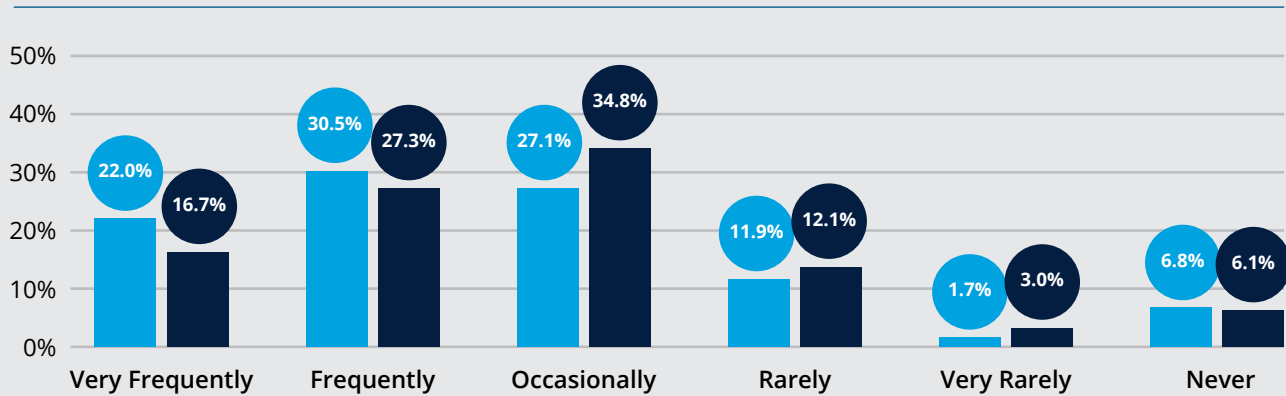
The 14th Annual Law Department Operations Survey demonstrates that the legal operations function is no longer focused exclusively on providing efficiencies and strategic value to the corporate legal department itself. Rather, the law department operations (LDO) function at many companies is evolving toward assisting law departments to deliver more value to many different areas of their organization. As LDO teams and professionals have grown in depth and maturity, they are taking more of an outward-facing approach to enhance the value they provide to their corporations overall.

Perhaps the best evidence of this is in survey respondents' ranking of key performance indicators (KPIs). They ranked "Value provided to the corporation" as the second most important and "Customer/client feedback" as third, behind only "Actual spend vs. law department's total budget."

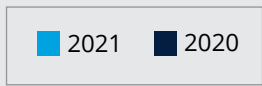
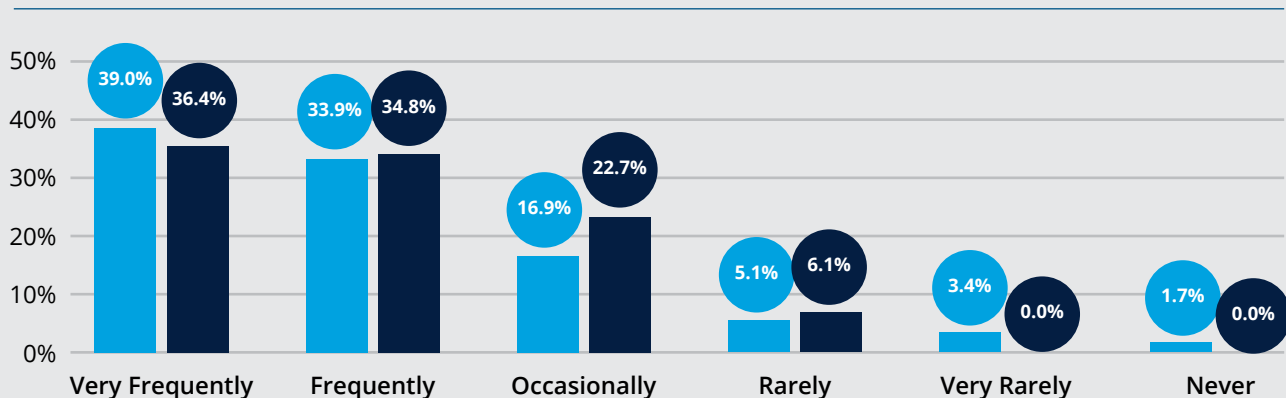
What do you consider to be your top three key performance indicators?

42.6%	Actual spend vs. law department's total budget
36.1%	Value provided to the corporation
32.8%	Customer/client feedback
29.5%	Total outside counsel spend
24.6%	Outcomes
24.6%	Total department spend
19.7%	Total outside counsel and service-provider spend
19.7%	Law-related expense as a percentage of total revenue
18.0%	Timeliness
11.5%	Outside counsel savings
9.8%	Attorney productivity
6.6%	Contracts closed
4.9%	AFA usage
0.0%	Panel usage
4.9%	Other

How often are you involved in enterprise-wide (outside the legal department) strategic initiatives?



How often are you involved in cross-functional objectives (e.g. a contract management program that involves both procurement and legal)?



Source: 14th Annual Blickstein Group Law Department Operations Survey

Further evidence of an outward-looking focus is that LDO professionals are having substantial interactions on matters that stretch beyond the legal department. When asked how often they are involved in cross-functional objectives such as a contract management program that involves both procurement and legal, 73% of respondents reported frequently or very frequently, a small increase from 70% in 2020. And more than half of respondents – 52.5% – are very frequently or frequently involved in enterprise-wide strategic initiatives, defined as those outside the legal department. That represents an increase from 44% last year.

These responses illustrate an LDO function that has grown beyond internal projects. Rather, these professionals are leading projects that transcend the legal department and are becoming a crucial point of contact within the legal department in relation to other functions. In fact, survey respondents were asked if they interface with the following functions at least weekly: 68% of respondents said they communicate with the executive suite; 98% with IT; 95% with finance; and 75% with HR.

Please indicate the number of times per week you interface with:



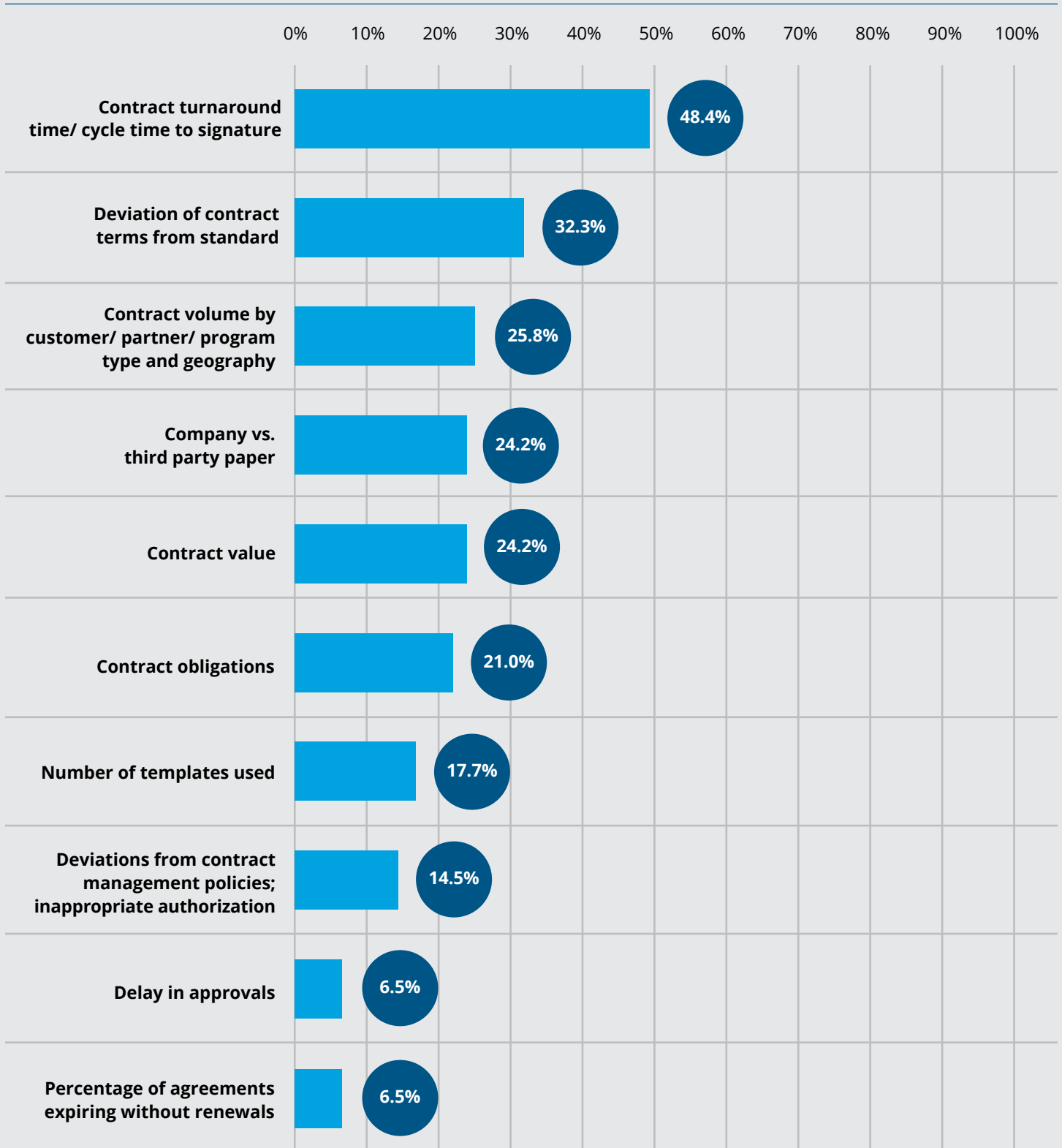
The Broader Influence of Contract Management

This year's survey findings also highlight specific areas where LDO professionals have expanded their sphere of influence. Consider contract management, which is one of the most frequent processes in which law departments provide support and value to the rest of the corporation. In the pre-execution phase, in-house counsel review contracts, typically for sales or procurement deals that are in progress. And post-execution, contract management is one of the areas where the corporate legal department supports ongoing enterprise-wide risk mitigation by understanding the terms and conditions in the contracts or through major initiatives such as M&A activity. About 57% of survey respondents said they have or are planning to update, evaluate or implement both pre- and post-execution contract technology.

The LDO function is also carefully tracking contract management metrics in more strategic ways than simply working through clauses and other contract elements. When asked to rank the most valuable metrics they track around CLM, survey respondents listed turnaround time and contract value – both outward-facing – as two of the top four. (Tracking company and third-party paper tied for fourth.)

Close to half of law departments surveyed – 41% – are choosing to outsource contract management work. It is significant that contract management now trails only e-discovery work, which has long been the area of the corporate legal department most closely associated with outsourcing.

With regard to your contract lifecycle management processes, what is the most valuable data you track?

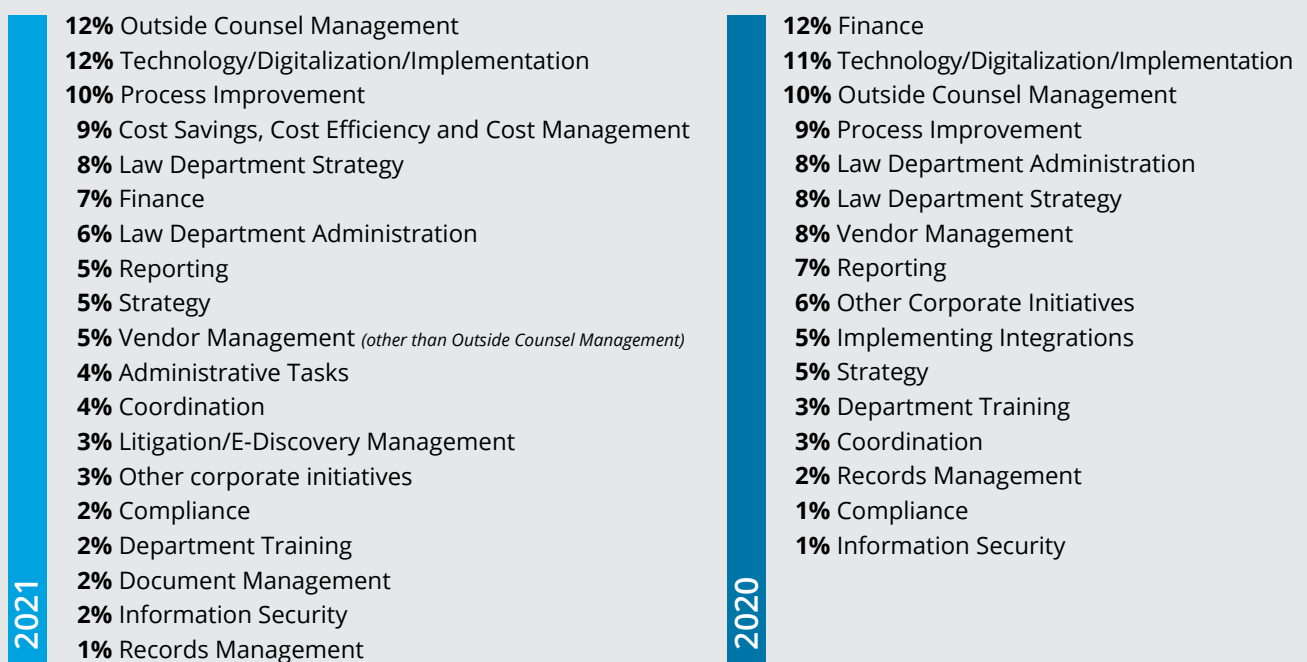


Providing Direct Value Through Efficiency and Cost Savings

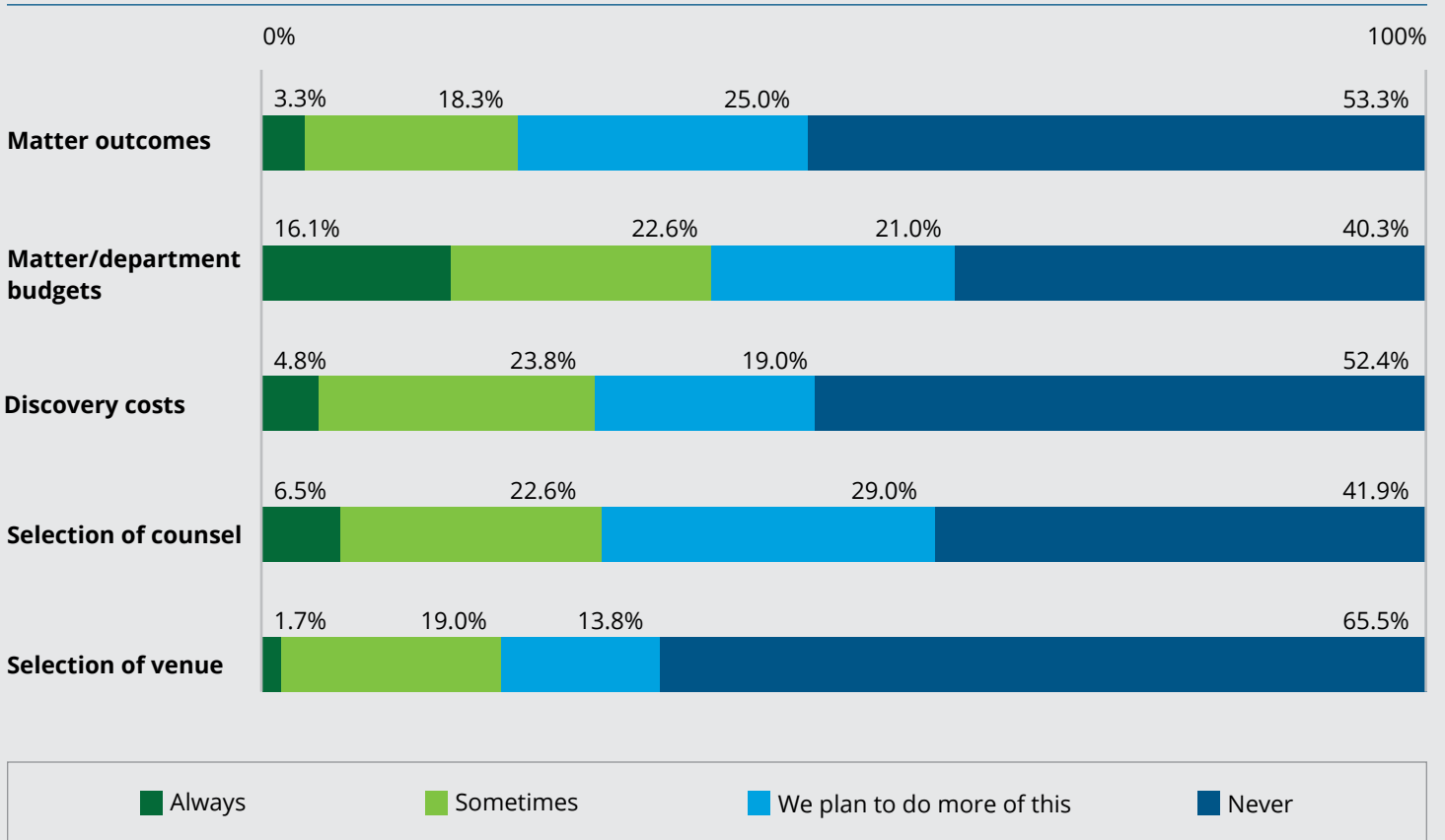
Another important way that corporate legal departments provide direct value to the organization is by reducing spend that can be leveraged into identifying and mitigating additional risk or returning shareholder value through careful outside counsel and vendor management. Here, the operations function also adds invaluable support and insights by maintaining a concentrated focus on cost savings. The LDO professionals surveyed spend 26% of their time on cost savings, cost efficiency, cost management, outside counsel management and vendor management. This is telling for a function with so many other responsibilities and tasks.

This focus of their time is another reason that so many in the LDO function are moving toward legal spend management tools. Slightly more than 28% of law departments surveyed are looking to update, evaluate or implement that type of technology, in addition to the 17% of respondents that reported already having these tools in their technology stack. In fact, 74% of corporate legal departments surveyed gather data from their e-billing systems. The LDO function may be leveraging this information in efforts to reduce cost.

What percentage of time do you spend on the following:

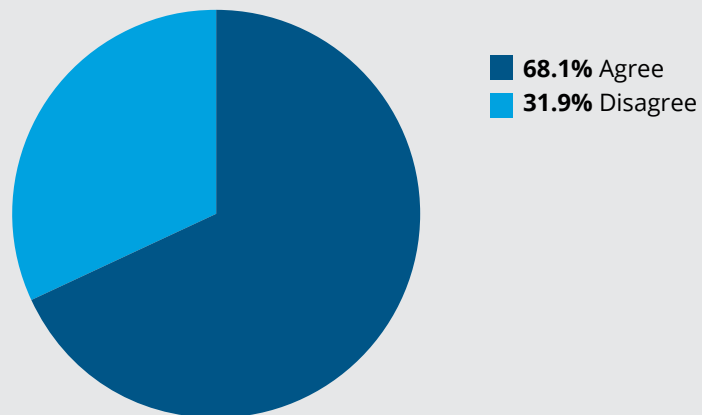


To what extent do you use data mining and analytics to predict the following:



Please indicate if you agree or disagree with the following statements...

We Regularly Seek Feedback From Our Internal Clients.



Turning Data Into Value

Survey respondents are also using their skills and knowledge in another emerging area: data mining. More than a third – 39% – mine data for matter and department budgets, and another 21% said they plan to do more in this area. Twenty-nine percent said they also use data mining for selection of counsel, while another 29% said they plan to do more of this.

While the reach of the LDO profession is expanding beyond the corporate legal department, there is still work to do in order to deliver. For example, only 68% of survey respondents seek regular feedback from internal clients.

This year's results illustrate that sophisticated LDO professionals are no longer expected to simply add value within the corporate legal department. Instead, they are looking outward to add value enterprise-wide. They are securing their position as key players in the law department and also playing a role in the corporate ecosystem that will ensure that their law department is not left behind.



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