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# 13TH ANNUAL LAW DEPARTMENT OPERATIONS SURVEY

*Weathering the Storms of 2020*

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# PREPARING FOR YEARS, RISING TO THE OCCASION

By David Cambria



*David Cambria is Chair of the Annual Law Department Operations Survey Advisory Board.*

Among the key findings of this year's Annual Law Department Operations Survey has been the relatively restrained impact that the COVID-19 pandemic has had on legal ops. Throughout the pandemic, LDO professionals' ability to adapt and transition their departments and organizations into the new normal has been on full display.

Like every other corporate department, law departments had to pivot unexpectedly earlier this year as COVID-19 swept the globe and company offices shut down to a degree that was nearly unimaginable 12 months ago. Yet LDO professionals were uniquely suited to manage this abrupt change. As the Annual Law Department Operations Survey has tracked over the last 13 years, LDO professionals have grown increasingly mature, confident and trusted. They recognized what needed to be done and, with a heightened sense of alacrity, were able to guide their attorneys and staff through the transition. The rise of legal operations work in both law departments and law firms better positioned them to embrace these changes. With the infrastructure already in place, the fruits of their labor in the past several decades offered more choices and opportunities to enhance the evolution of the legal industry.

LDO professionals didn't just survive the transition; they have been able to remain focused on the job at hand while guiding their departments through these shifts. While LDO professionals may have been temporarily diverted from the goals they had been pursuing early in 2020, their growing levels of

sophistication and expertise mean that, as a general rule, law departments have been able to get back to operating and developing their models.

Many were even able to take the opportunity to change how they managed some of their day-to-day operations. The tragic speed of the pandemic upended normal ways of doing business so quickly that law departments needed to act immediately. The scale and rapidity of the necessary shifts took naysayers out of the equation completely. There was no opportunity for those who would otherwise complain that people working from home weren't "really working" or that "clients would never go for online meetings." Because we were all driven to those same needs at the same time, assumptions about what would and wouldn't work just went away. There was a lack of fear and stigma around doing something new.

The most telling lesson of the pandemic may be that by taking the fear of trying something different out of the equation, law departments have been allowed to try new approaches, new technologies and new ways of thinking about the business. There has been a sharing of vision and risk, a sustained commitment to collaboration and experimentation and a kindness about the value of each other's time.

While the logistics may have changed, this way of thinking and operating that has been at the core of the LDO profession has not. With these newfound opportunities, LDO professionals will be well-suited to face whatever happens in the future.

# LAW DEPARTMENT OPERATIONS SURVEY

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# 13TH ANNUAL LAW DEPARTMENT OPERATIONS SURVEY

*Weathering the Storms of 2020*

The world looked like a very different place last year when results from the 12th Annual Law Department Operations Survey were released. The economy was strong, and business was proceeding seemingly as normal. But even then, respondents to the survey were already steeling themselves for a downturn that could bring about an end to the extraordinary growth cycle that had buoyed their clients and law firms for years.

While no one was predicting the events of 2020, the ability to prepare for a shift in the economy and environment and react quickly helps to explain why many respondents to the 13th Annual Law Department Operations Survey have reported that the impact of COVID-19 on their departments has not been as extreme as it could have been.

“No one could have seen COVID-19 coming, of course,” says Brad Blickstein, principal at the Blickstein Group and publisher of the Annual Law Department Operations Survey. “But LDO professionals were able to anticipate in 2019 that change was coming. With that foresight and the ability to adapt once the pandemic hit, the fallout has not been nearly as bad as we thought it would have been. Law departments have been able to meet the needs of their clients. This ability to anticipate changes and to adapt and be nimble is just another indication of the maturity and the professionalism that has become a hallmark of the LDO profession since our first survey 13 years ago.”

## FIRST LOOK: THE IMPACT OF COVID-19 ON LEGAL OPERATIONS

This year’s survey offers what may be the first real data on the pandemic’s impact on law department operations. And as respondents noted, the impact so far has not been too substantial—in some cases it even provided opportunities for the operations functions.

While the effects of COVID-19 are clearly on the minds of LDO professionals, they are not top of mind, which may come as a surprise to those familiar with past industry downturns. For example, when asked about their top challenges, COVID-19 was not even close to the biggest. Only 11% considered COVID-19-related budget cuts to be among their top three challenges, and only 10% listed work from home/return to work in their top three.

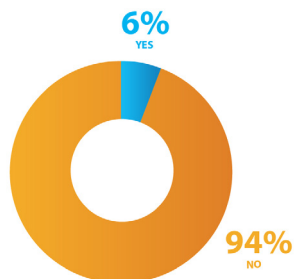
## AS THE LDO, WHAT ARE THE TOP THREE CHALLENGES YOU CURRENTLY FACE RELATED TO MANAGING LAW DEPARTMENT FUNCTIONS?

- 60.3%** Cost containment and savings / managing the budget
- 56.2%** Business process improvements
- 38.4%** Departmental resources (e.g., funding for personnel / technology, personnel retention)
- 30.1%** Staying abreast of law department technology / managing and handling IT issues
- 21.9%** Service providers (e.g., managing outside counsel, effective AFAs)
- 13.7%** Intra-departmental relationships (e.g., gaining attorney buy-in, communicating with GC)
- 12.3%** Performance (e.g., documenting ROI of the LDO position, reporting to stakeholders)
- 11.0%** COVID-19-related budget cuts
- 9.6%** Pandemic-related expense pressures
- 9.6%** Work from home / return to work
- 8.2%** Handling global / international matters (e.g., Brexit, GDPR, cross-border discovery)
- 8.2%** Promoting diversity and inclusion/civil justice
- 5.5%** Compliance issues
- 5.5%** Data protection
- 5.5%** Regulatory affairs

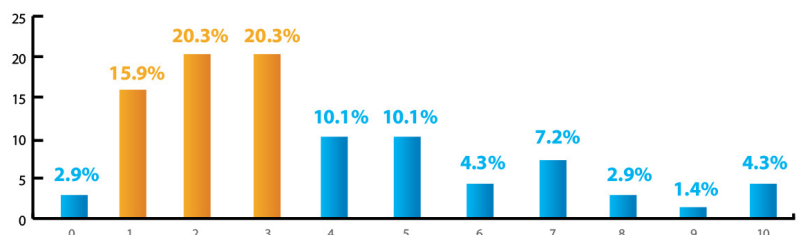
As another example of the relatively restrained impact of COVID-19, when respondents were asked whether they noticed a diminished ability of their internal legal team to deliver work product due to COVID-19/work from home, only 6% said yes. Almost all respondents were able to serve their clients seamlessly.

And when asked to rank how much the legal operations function has changed due to or since COVID-19, most reported that there had been little impact.

### HAVE YOU NOTICED A DIMINISHED ABILITY OF YOUR INTERNAL LEGAL TEAM TO DELIVER WORK PRODUCT DUE TO COVID-19/WORK FROM HOME?



### ON A SCALE OF 1-10, WITH 1 BEING "NO CHANGE AT ALL," HOW MUCH HAS THE LEGAL OPS FUNCTION CHANGED DUE TO OR SINCE COVID-19?



# SINGING IN THE RAIN: NEVER WASTE A CRISIS

By Joe Borstein and Paul Stroka



Joe Borstein is the CEO and Paul Stroka is the CCO of LexFusion.

The legal profession is waking up to its own Cambrian explosion of innovation, but many potential beneficiaries of these tools—big law partners, general counsel and legal operations professionals—are not enjoying the promised evolutionary advantages. Day after day, they are forced to endure a chaotic onslaught of “hip, hot new technologies” which obscures, rather than illuminates, much of the value being created.

The COVID-19 crisis has helped the legal innovation cause. Of course, the pandemic has been a nightmare of historic proportions causing grief and pain all over the globe. But COVID-19 has also put the traditional delivery of legal services in a full nelson, given it a wedgie and made it cry uncle. And many of the changes were overwhelmingly positive!

Was this because of any revolution in legal technology? Hardly, for in our estimation, approximately nothing truly new was invented this year, though many technologies and services advanced toward the edge of the adjacent possible. Mostly, we saw already existing—and excellent—technology, collaboration tools and globalized services were increasingly embraced and adopted, because there was literally no choice.

As we emerge from the pandemic, we must decide if we want to go back to our cubicle-like prisons—whether physical, technological or economic—or continue down the path of mobility, agility and (likely) profitability. As our friend Casey Flaherty, director of legal project management at Baker McKenzie, says, “If we are not diligent and vigilant, the jungle will retake the city.”

Here are our suggestions for keeping up the momentum:

#### **SPECIALIZATION VIA MANAGED SERVICES:**

People hate the word outsourcing, but they need to get over it. First, outsourcing does not necessarily

mean moving work overseas. It can be domestic, if you’re not into that whole modern-global-economy thing. All it means is that a non-core function is done outside of your company, as most non-core functions are.

As we have known since Adam Smith, almost all progress in economics comes from increased specialization. And yet, lawyers haven’t internalized it. Better, cheaper and faster all come from the continued specialization of tasks.

**MOBILITY:** Digitalization is freeing, and (Q34) the pandemic has demonstrably sped up digital transformation. Legal professionals of the future will be happier and more effective choosing where they live and work.

**WORK FROM HOME:** While offices have their place, they weigh heavily on the bottom line and force employers to pick from local talent, instead of a national (or even global) talent pool. Technology exists to reliably protect information outside of office facilities. Let’s make it safe, but not take away this glorious advantage of the technological age.

In 2008, economic necessity changed the practice of law when global banks had a clear choice: cut costs in every single function—including legal—or go bust. But 2020 was even more existentially challenging as the work simply couldn’t be done the old way.

Legal innovation is in hypergrowth mode and we were pleased to see that 49% of survey respondents now have a three-year tech road map. But by year two of those plans, much of the current technology will already be obsolete. The key is finding an organized way to keep abreast of innovations for a more productive, mobile and inexpensive future in legal.



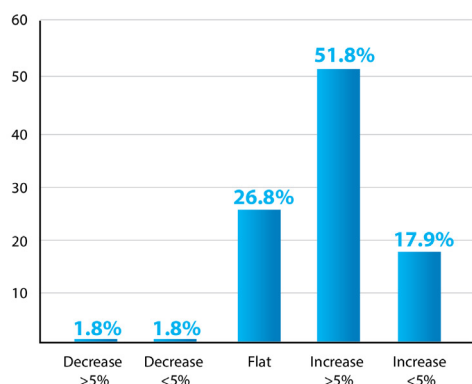
# FINANCIAL IMPACTS OF THE PANDEMIC

Law Department Operations Survey Advisory Board member Amy Yeung, general counsel and chief privacy officer at Lotame, points out that this may not be the case for all law departments. Those responding to the survey already have mature LDO functions, but law departments without experienced LDO professionals may not be faring as well.

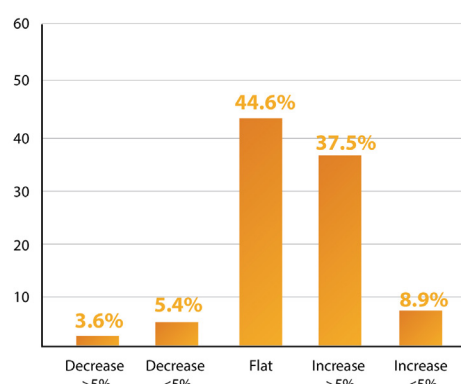
“The companies taking the survey often have a more mature legal operations process or department, so they may not have needed to pivot as sharply as other departments for technical outlays in order to adjust to COVID-19,” she says. “Some legal departments may not have already fully embraced some of the technologies that legal operations take advantage of. Those departments may have felt more of an impact.”

One of the key metrics the industry looks at carefully during economic downturns is the impact on law firm hourly rates, and the data illustrates a major shift from the impact of the most recent downturn, the Great Recession in 2008. At that time, rates stayed flat and even were reduced in many instances before rebounding after a few years. But that doesn’t seem to be the case this year: Only 9% of respondents expect rates to go down next year, and many more—46%—expect to be paying more in the next 12 months. While that represents a significant decrease from the 70% of respondents that got hit with rate increases last year, it is clear that, despite the downturn, many LDO professionals are not planning to hold the line on rates.

**HOW HAVE YOUR OVERALL LAW FIRM RATES CHANGED OVER THE PAST YEAR?**

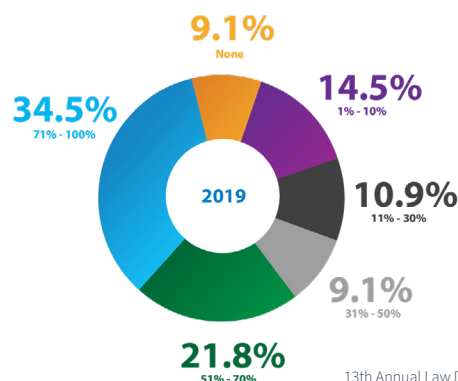
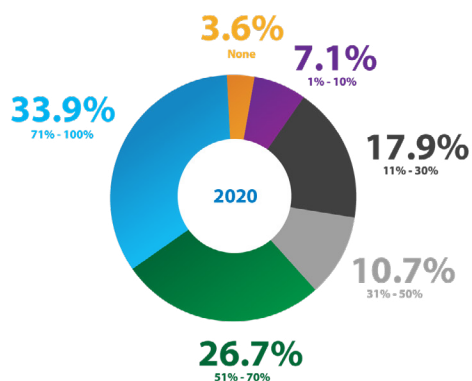


**HOW DO YOU EXPECT YOUR OVERALL LAW FIRM RATED TO CHANGE OVER THE NEXT 12 MONTHS?**



One of the big fears expressed by law firms at the start of the pandemic was their clients pushing them into discounts. LDO professionals, however, don’t seem to be asking for them at a substantially increased rate, or if they are, they are not getting them. The data around discounted bills has not changed significantly from 2019 to 2020. For example, this year’s respondents reported that 96% of their firms are discounting hourly bills, which is a small increase from 91% in the last survey. And while nearly two-thirds, 61%, are getting discounts on more than half their bills, that is not a pandemic-sized increase from last year, when LDO managers reported 56% of discounts on more than half their bills.

**WHAT PERCENTAGE OF YOUR FIRMS BILL AT DISCOUNTED HOURLY RATES, INCLUDING TIERED DISCOUNTING?**



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Other expected cost-saving measures have barely been impacted as well. LDO professionals worried about budget pressures often consider moving work offshore, but when asked whether they plan to actually do so, only 16% said yes. This number has barely budged since last year's survey. And the number of respondents who anticipated moving more additional work offshore at some point in the future actually went down to 44%, which represents a drop from 49% in 2019.

Yeung explains that these results are indicative of how senior leaders recognize that a shortsighted approach to cost savings can ultimately cost more. "The economic environment of 2020 is a good opportunity to repivot the organization, but not necessarily at the cost of short-term gains," she said. "Companies still need to be in a strong position—or as strong of a position as they can relative to others in the industry—coming out of this. That includes the talent footprint."

She also observes that a number of companies have started to expand the way in which the workforce can be present.

"Traditionally, the legal function is often seated with the corporate office, but as companies' footprints have become global, there is more pressure to recognize support consistent with time changes and cultural events that impact the commercial calendar," she says. "The pandemic opens up fresh evaluations on the way in which business can be done effectively."

## NONFINANCIAL IMPACTS

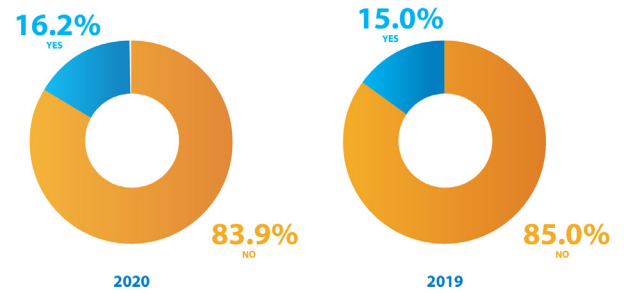
While the pandemic hasn't changed LDO operations as drastically as some might have expected, it has had some impact. And some of that fallout may echo for years to come.

For example, 70% of respondents said that the pandemic has hastened their move toward automation/digital transformation. This is one impact that could have ripple effects for years. Since using data more effectively is clearly the right long-term vision for law departments, being able to focus on these types of initiatives for extended periods may help law departments catch up to other business units further along on this journey.

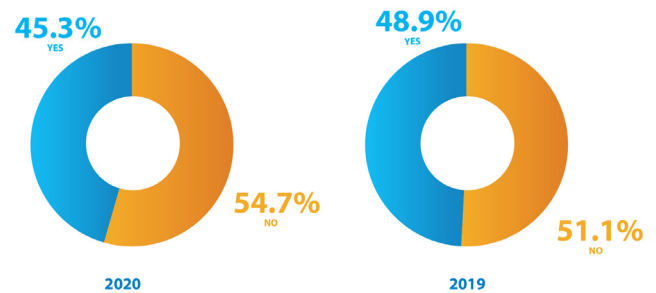
According to Mike Haysley, Law Department Operations Survey Advisory Board member and director of legal operations for Occidental Petroleum Corp., these initiatives may have been impacted by unexpected shifts in priorities for both legal and IT. "Most of us have experienced an increased reliance on technology this year in order to do our jobs, which may drive greater acceptance and adoption of future technology initiatives," he says. "A key force in driving change is to build on your wins, and the acceptance of new technologies could be a win for legal operations."

Other pandemic-related changes have been positive as well. LDO managers were invited to comment about what

### DO YOU USE OFFSHORE LEGAL PROCESS OUTSOURCING?



### WOULD YOU CONSIDER USING OFFSHORE LEGAL PROCESS OUTSOURCING?



# KEY CONSIDERATIONS FOR MODERN DOCUMENT MANAGEMENT

By Clinton Crosier



Clinton Crosier is General Counsel at iManage.

Over the past decade, the role of legal operations has grown in strategic importance by embracing digital transformation. Legal operations professionals have successfully leveraged digital technologies to bring efficiency and innovation to corporate legal processes. Their efforts have played a critical role in guiding organizations through the disruption and uncertainty associated with the COVID-19 pandemic. As organizations look to the future, legal operations will play a vital role in developing efficiencies in the delivery of legal services.

According to the 2020 Annual Law Department Operations Survey, the greatest challenge legal operations professionals are currently facing is around delivering measurable business value. The top challenge that survey respondents expect to face over the next three years is “cost containment and savings or managing the budget.” In light of this, selecting technology partners that will deliver what they promise and provide value to the organization has become even more important.

One of the core legal technologies that legal departments invest in to improve efficiency, productivity and security is document and email management. Of survey respondents, 37% will evaluate or implement this solution for their in-house teams in 2021. With so many competing priorities and options in the market, it can be difficult to get started. Here are a few questions that LDO professionals should ask to ensure they are picking the right document and email management solution for their in-house teams.

## TOP QUESTIONS WHEN EVALUATING A DMS

### How does legal document management differ from enterprise solutions?

Modern document management solutions are designed to meet the specific productivity, collaboration and security requirements of legal professionals. For example, legal DMS solutions organize information by matter, with metadata and security inheritance so that information can be tagged appropriately.

### Can your solution help me manage all my emails as well as my documents?

A modern DMS should enable legal professionals to manage their emails as effectively as documents—in the same folder structures and workspaces. The solution should provide a single repository for all communications and documents relating to a matter, enabling professionals to quickly find the information they need.

### How does your DMS help improve my ability to search documents?

Finding and applying the right information at the right time is critically important for any legal professional. Modern document management includes more powerful search capabilities that save valuable time, leverage precedent more effectively and make more efficient use of information resources.

[Click here to download a 15-question DMS Checklist for Legal Operations.](#)

the pandemic has changed. Many cited a new opportunity to work from home. According to one respondent, there has been a new “cultural acceptance and adoption of remote working.” Another reported: “Discovered that work from home works well, if not better, than in the office.” According to another LDO professional, “The need to work disparately yet efficiently has accentuated the need for a team to support and organize the department. Out of the pandemic, legal ops has suddenly started growing.” Several reported that legal operations are now playing a much larger role than pre-pandemic.

According to David Cambria, chair of the Law Department Operations Survey Advisory Board, the best result from the pandemic may be the new willingness to embrace work-from-home opportunities.

“People shouldn’t ever think about working remotely in a negative way again. All that just went away,” he said. “It was either do it or die.”

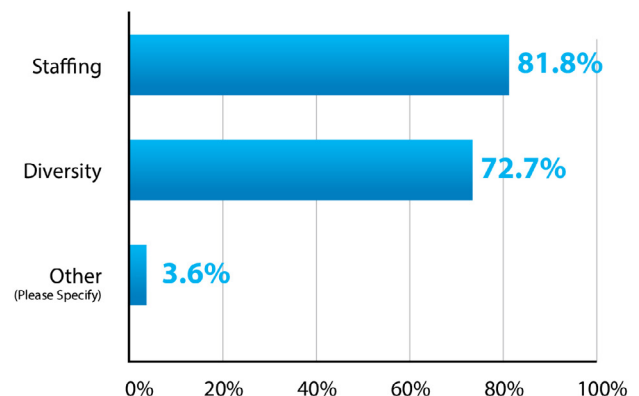
## DIVERSITY AND INCLUSION— 2020’S OTHER MAJOR STORYLINE

The COVID-19 pandemic wasn’t the only issue in 2020 that has had a profound impact across the country. The year also brought a renewed emphasis on racial justice and the lack of it in many communities. Corporate America noticed. For several months, it seemed like every company and law firm was busy issuing statements about their commitment to diversity and inclusion. Yet despite all those statements, improving D&I is still not a priority for many survey respondents. When asked to rank their top challenges, only 8% listed promoting D&I and civil justice as among their top three. In fact, for many it ranked among the least important. And few expected that to change in the next three years, either.

However, law departments are making some efforts to move in the right direction. Nearly three-quarters of respondents report tracking department-related diversity efforts, which is a significant increase from previous years. Within their diversity programs, most are tracking (69%). More than half also focus on recruiting (58%), mentorship (56%) and training (55%). However, less than half—42%—frequently reassess their programs to improve their efforts. At a time when every company in the United States should be considering social justice and equity, the focus on D&I remains markedly low.

Law departments are also using their position as buyers of legal services to help ensure that their law firms are diverse. Three-quarters of respondents track how diverse their law firms are overall. Sixty-five percent track hours spent on matters for diverse attorneys, and half provide clear mandates and expectations to their outside counsel. However, only 6% have financial penalties for noncompliance or lack of diversity and inclusion for their law firms.

WHICH OF THE FOLLOWING EMPLOYEE-RELATED METRICS DO YOU TRACK?





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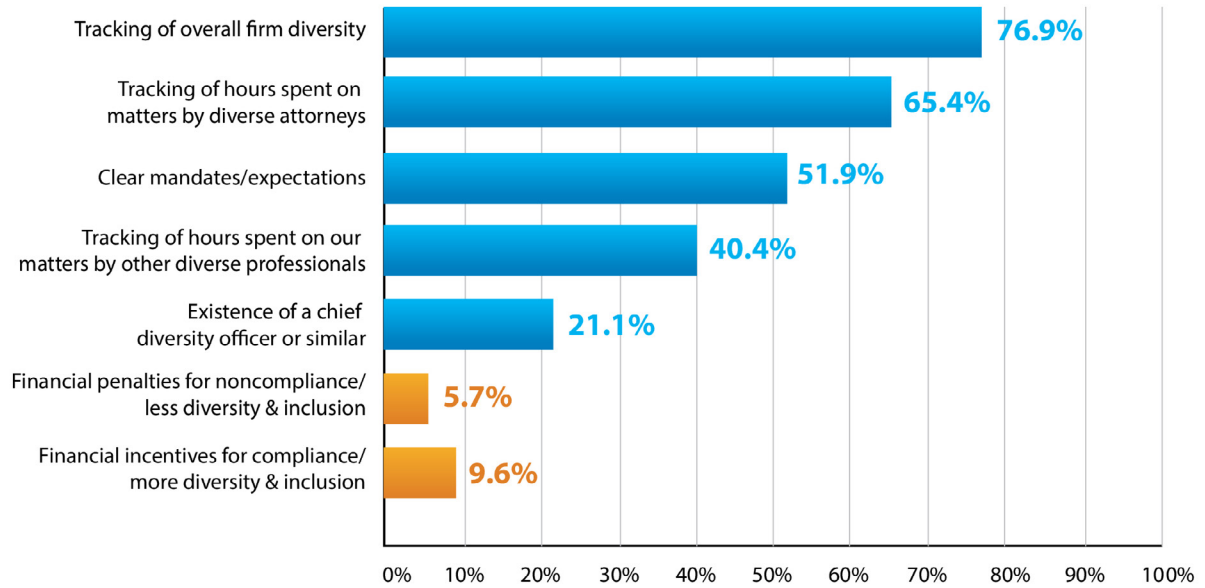
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**WHAT ARE THE ELEMENTS OF YOUR PROGRAM TO IMPROVE DIVERSITY AND INCLUSION FROM YOUR LAW FIRMS AND OTHER SERVICE PROVIDERS?**



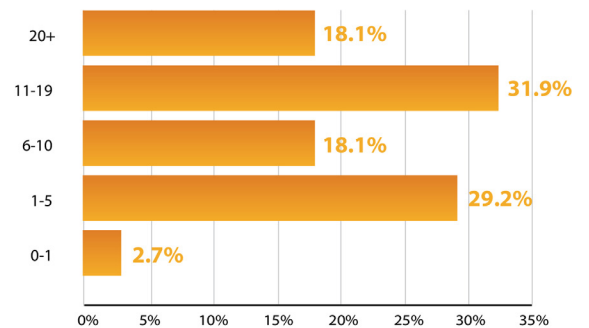
According to Blickstein, real change won't happen until financial incentives become stronger. "If law departments want to promote diversity, they need to make sure that their law firms are walking the walk," he says. "That means taking steps up to and including firing law firms that fail to meet diversity goals—and law firms need to believe they will."

## PROFESSIONALIZATION CONTINUES TO GROW

Since our very first survey, an ongoing theme has been the growing maturity and expertise of those in the LDO function. That experience and sophistication, along with increasingly powerful technology, ongoing process improvements and stronger data, have helped LDO professionals become increasingly indispensable parts of their organizations.

This trend has continued in 2020. Half say their top LDO professionals have more than 10 years in legal operations. Another 18% have 6-10 years of experience. And 76% of those reported having responsibility for more than one legal operations function.

**HOW MANY YEARS OF EXPERIENCE DO YOU HAVE IN LEGAL OPERATIONS?**



These numbers do not surprise Haysley. "This tells me that legal operations certainly can no longer be referred to as a trend," he says. "It is clearly an established best practice for leading organizations."

**IN WHAT YEAR DID YOUR COMPANY ADD ITS FIRST DEDICATED LAW DEPARTMENT OPERATIONS PROFESSIONAL WITH RESPONSIBILITIES FOR MORE THAN ONE LEGAL OPERATIONS FUNCTION?**

12.2%	6.0%	8.5%	4.8%	7.3%
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
4.8%	2.4%	4.8%	0.0%	3.7%
<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
0.0%	20.7%	24.4%		
<b>2009</b>	<b>2008 or before</b>	<b>Do not have an LDO professional with multiple responsibilities</b>		

# DATA ACCURACY AND ACCESSIBILITY ARE FOREMOST IN CORPORATE LEGAL'S FUTURE SUCCESS

By Jonathan Reed



*Jonathan Reed is the CEO and co-founder of Advologix.*

Corporate legal departments face an uphill battle when it comes to organizing and maintaining data in the face of social uncertainty and shifting regulations. The path to better understanding operations, making informed decisions and increasing productivity starts with identifying and cleaning the data you have so you can analyze and utilize it to generate critical business intelligence.

## THE CURRENT DATA SITUATION IN CORPORATE LEGAL

Data and automation are changing the way companies do business, from analyzing, reviewing and managing contracts to optimizing business and negotiation strategies. Having data in order is critical to the many privacy laws that require companies to track personally identifiable information (PII). Compliance with these regulations is impossible without defined processes for finding, reporting on and deleting any piece of data at any time.

Corporate legal departments are finding they need to modernize and innovate using technology and data so they can adapt to shifting demands and regulations.

## UNDERSTANDING DATA

Many organizations keep their data in multiple, disconnected systems, as well as on individual computers—which is common in the current work-from-home environment. Having organizational data scattered rather than in one overarching system is problematic for consistency, context and quality and makes the data difficult to aggregate.

Data identification involves evaluating:

- What systems of record hold your data
- How it is used in key business processes
- Which processes are high-value
- The best systems of record and processes for maintaining data

It is crucial to consider both data quality and data context. Once you know the full universe of the data you have, you can start to clean it and make it useful for compliance and other purposes.

## CLEANING DATA

The pressure to improve data quality is greater than ever given the increasing number of regulations requiring that customer data and PII be identifiable, accurate and readily accessible.

The process of migrating and consolidating data into a single system of record creates an opportunity to cleanse that data and start with a clean slate. It also gives the opportunity to implement robust processes for automatically cleaning and maintaining data going forward.

## AGGREGATING DATA

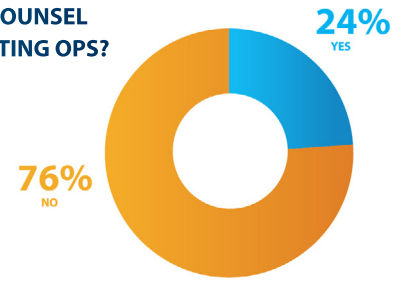
Clean data is actionable information that empowers your organization to make informed business decisions. Aggregating data is the final step to having complete control of data to comply with internal policies and external regulations and meet the demands of the new normal. Cloud-based legal management platforms have made it easy for organizations to process all their data in one place and access it anytime, anywhere.

When organizations have accurate data at the exact time it is needed, they can institute sound, efficient business processes that boost productivity and allow the company to understand operations to make informed, timely business decisions.



The most telling statistic, however, may be that among today's legal operations professionals, a strong majority are now focused full-time on LDO activities. Only 24% are counsel who spend a fraction of their time supporting legal operations but have other duties. In the early days of the survey, nearly all respondents found themselves wearing multiple hats, with LDO responsibilities only part of their day-to-day job.

**ARE YOU A COUNSEL ALSO SUPPORTING OPS?**



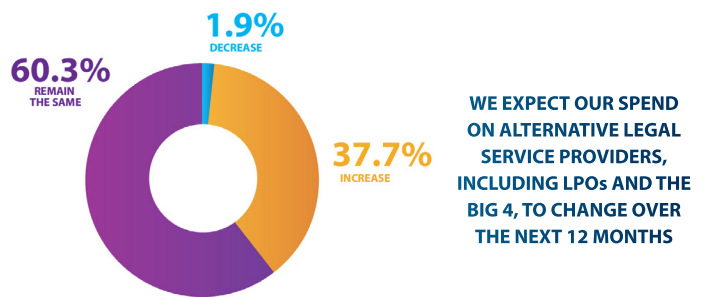
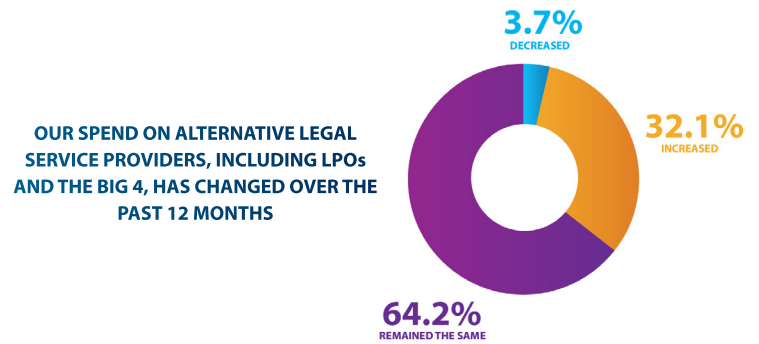
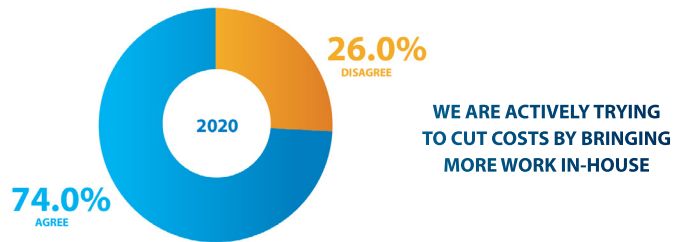
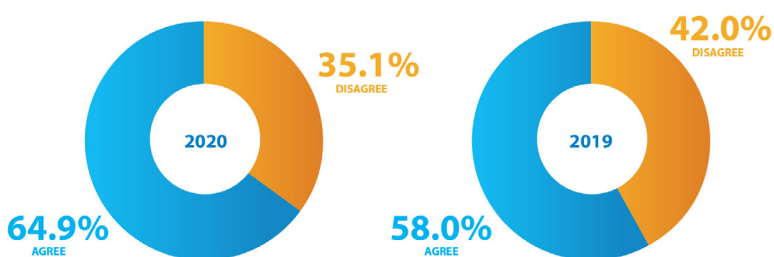
## NEWLAW APPROACHES

As in years past, the survey also explored how LDO professionals are looking for better ways to deliver legal services to their organizations.

When asked if they are actively trying to cut costs by bringing more work in-house, 74% said yes. Since bringing more work in-house is the most obvious way to cut costs, this is not surprising. But respondents are also looking for other ways to manage budgets. One is through alternative legal service providers. One-third of respondents have seen an increase in spend on ALSPs over the past 12 months, including legal process outsourcing organizations and the Big 4. Only 4% reported a decrease. And 38% expect their spend to increase over the next year.

ALSPs are just one new approach to the delivery of legal services. Technology and artificial intelligence are also on the rise. Two-thirds of respondents believe that law departments will be using AI for legal-type work in the next three years. That is an increase from 58% last year.

**I BELIEVE MOST LAW DEPARTMENTS WILL BE USING ARTIFICIAL INTELLIGENCE FOR LEGAL-TYPE WORK IN THE NEXT THREE YEARS**



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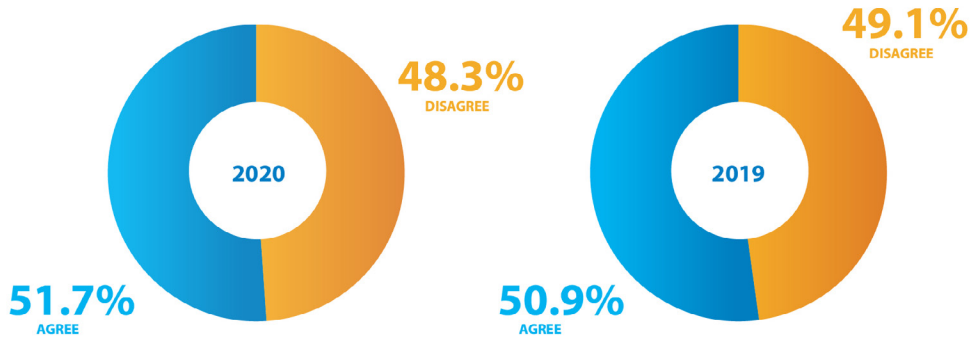
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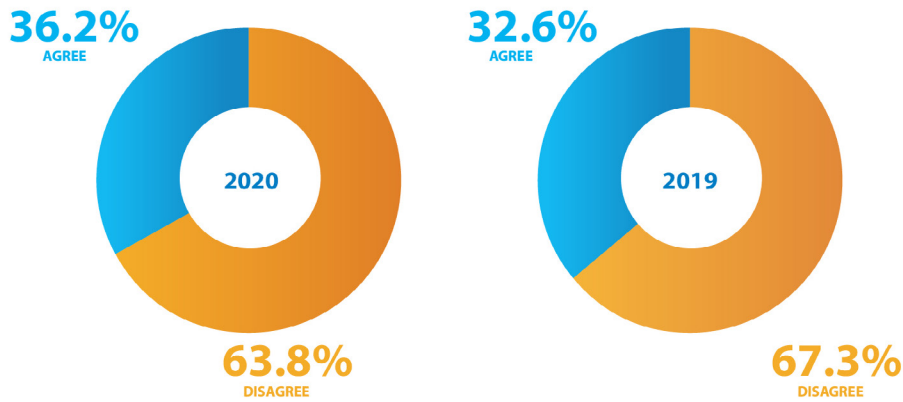
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**OUR LAW FIRMS ARE INNOVATIVE**

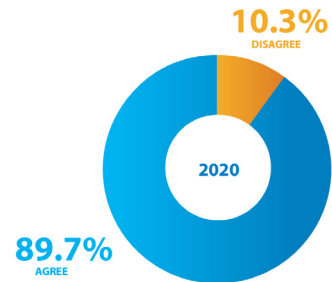


And law firms seem to be starting to have success embracing innovation. A slight majority of respondents—52%—now agree that law firms are leveraging technology to deliver legal services more effectively and cost-efficiently. That has inched up from 51% last year.

When asked directly whether they consider their law firms to be innovative, 36% of respondents said they are. That is a small increase from 2019, but a surprisingly large number, nonetheless. It seems like law firms are finally starting to hear the message that they need to look for creative ways to cut costs and provide service, and their clients are finally starting to believe in those efforts.

And LDO professionals are craving innovation from law firms. Nine out of 10 respondents also said they would appreciate law firms approaching them more frequently with new legal service delivery models. So while it seems that LDO professionals believe that their law firms are becoming more innovative, they do not necessarily feel that those innovations are executed or offered to them in any systematic way.

**I WOULD APPRECIATE LAW FIRMS APPROACHING US MORE FREQUENTLY WITH NEW LEGAL SERVICE DELIVERY MODELS**



# HOW LEGAL DEPARTMENTS WORK INSPIRED BY SAVING ON TIME AND HARD COSTS THROUGH AUTOMATION

By Josh Baxter



Josh Baxter is the CEO of NetDocuments.

In this revealing and redefining year, strategically minded legal teams and ops leaders are taking a closer look at how to leverage technology to work more effectively and efficiently.

As legal departments continue to pursue digital transformation, we know that automation will play an increasingly pivotal role. That's because the ultimate efficiency isn't just completing a task faster—it's completely removing that task from your to-do list.

Take document management, for example. In the past, legal teams like yours created physical documents and carefully filed them in folders and boxes on shelves in a far-off storage room. With advancing technology, that process has drastically improved in speed and simplicity, first through on-premises digital storage and now with cloud-based document management systems.

But the fact is, even though it's now much faster and easier to save, sort, share and use files, it's still something on the mental to-do list that takes up time and effort. With dozens of small tasks bombarding legal teams on a daily basis, the burden accumulates quickly. Automation, on the other hand, reduces that burden by chipping away at daily task lists and processes bit by bit.

When we look through this lens at the challenges reported by respondents to this 13th Annual Law Department Operations Survey—managing costs, improving processes and allocating resources—it's easy to see how automation can be part of the solution:

## **MANAGING COSTS.**

Time is a legal department's most precious resource and correlates directly to costs. That means automation can bring significant savings to in-house legal teams as they work more efficiently and are burdened with fewer low-value tasks.

## **IMPROVING BUSINESS PROCESSES.**

Automation helps legal ops leaders simplify and streamline business processes. Not only does this help legal teams save significant time, it also reduces opportunities for human error—which can be quite costly.

## **ALLOCATING RESOURCES.**

Over two-thirds of respondents indicated that they're speeding up their digital transformation—in other words, tech spending is trending. Automation should be a budgeted priority for strategically minded legal teams who desire to better meet the needs of their businesses.

The legal operations function exists to professionalize the law department, and it's clear that legal teams are getting smarter and pursuing more advanced technology solutions that improve their efficiency and productivity. But the real purpose—and magic—of automation is in allowing legal professionals to take repeatable tasks off their to-do lists entirely so that they can focus more effectively on the things that only they can do.

At NetDocuments, we have a term for that: Work Inspired. All too often, managing documents is a chaotic, obtrusive and risky organizational burden. We're changing the equation with a content platform that leverages automation for tasks like predictive filing, security, code-free workflows, governance and more—taking content management processes from intuitive to invisible.

For law department operations professionals, helping their teams to work inspired is a big part of the job. It means assisting their lawyers in breaking free from tedious administrative tasks and delivering more value to their companies every day.

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## Onit is Building Its Future on AI

The acquisition of legal artificial intelligence company McCarthyFinch supports our passion for building AI into our expansive product offering – from contract lifecycle management to enterprise legal management, e-billing, matter management and our workflow automation platform.



Onit Precedent is an artificial intelligence platform that automates and improves legal and business processes for corporate legal departments, law firms and contract and procurement teams. With a single mission of helping business professionals get more work done faster, the AI platform automates existing mundane, manual and costly legal processes and empowers continuously learning and workflow.

“The AI platform reads, writes, problem solves and reasons like a lawyer, understanding tiny differences in language that make all the difference in the legal world. Our AI platform is designed to read pages like a human, not a machine. It looks beyond statistical patterns and instead interprets the meanings behind the words.”

- Nick Whitehouse, AI expert & General Manager, Onit AI Center of Excellence

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# THE MASS DIGITAL TRANSFORMATION: THE INCREASED ADOPTION OF E-DISCOVERY

By Shana Simmons



*Shana Simmons is general counsel of Everlaw.*

Law is among the slowest industries to adopt new technology, and there are a few reasons why. First, lawyers are risk-averse—it comes with the job title. Second, litigators are accustomed to the pace of courts, where cases can take years to resolve. Third, the business of practicing law continues to see costs rise as resources and time become scarce.

Oftentimes, legal teams have cited security concerns, high costs or troublesome onboarding processes as their reasons. However, the emergence of the pandemic has pushed the industry toward digital transformation. According to the survey, 67% of respondents claimed the pandemic sped up their move toward a digital transformation.

## THE CHALLENGES OF PRACTICING THE LAW IN THIS CLIMATE

The business of law has put unique requirements on lawyers. Then, the pandemic came. Now, the challenges that legal departments face have taken more precedence.

With regard to budgetary concerns, 75% of respondents agree that they are trying to cut costs by bringing more work in-house. There's also been a rise in the adoption of technology in an effort to streamline workflows and compensate for limits in resources. According to the survey, 32% of respondents use AI for e-discovery and document review, and 24% plan to do more. Additionally, 64% agree that most law departments will use AI for legal-type work in the next three years.

There's also been a massive uptick in the use of videoconferencing tools—Zoom, Skype, Slack and others. Because these tools create discoverable data, the approach regarding handling audio and video files during the discovery stage is something legal teams need to consider.

The industry was also hit hard in April when 64,000 jobs were cut—a nearly 20-year low, Reuters reported. According to Bloomberg Law, almost half of Am Law firms have cut costs in various ways, including decreasing salaries or furloughing altogether.

## HOW CLOUD-BASED SOFTWARE HELPS LEGAL DEPARTMENTS

In-house legal teams are finding that they need to do more with less. By eliminating on-premises data processing and storage, companies can drastically cut costs on hardware and maintenance. Cloud-based services boost the speed and volume of productivity and enable remote work and real-time interactive collaboration. Lastly, the cloud is more secure and ensures business continuity better than data stored on-site.

With the explosion of discoverable data and devices, AI and machine learning are helping legal professionals do data mining and analysis. This allows them to easily sift through vast volumes of information—including video, text messages, wearables and digital assistants—to find the relevant details to bolster cases. Technology is even used to interface with clients; online forms and chatbots help with basic questions and guidance.

## THE FUTURE OF THE LEGAL INDUSTRY AND E-DISCOVERY

This is only the start. In the future, we'll see more use of predictive analytics that can be used for a number of things, including predicting legal outcomes, digital forensics and smart contracts. This pandemic-prompted digital transition is just the beginning of a larger evolution that will lead to more efficiency, stronger security and better client service.

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*“We deployed on Monday and by Wednesday I had people already telling me how much time they were saving.”*

– A Legal Operations & Global Technology Manager at a Fortune 500 company

## LOOKING AHEAD

As the Annual LDO Survey has demonstrated over the past 13 years, law departments continue to strive toward innovation and collaboration. Going forward, there is hope that this trend will continue, as law firms and legal departments work to develop the same goals and strategies.

“We will continue to see an appetite for legal operations professionals navigating law departments through the economic crisis to focus more on executing sound strategies that encompass cost control, but also involve new and alternative ways of approaching legal work,” says Cambria. “New voids that have been created in law departments still need to be filled. Past experience suggests that the way to weather the storm is together in a collaborative and cohesive way. Everyone is feeling it—law departments, law firms and technology vendors.”

“The more proactive law departments and law firms will embrace the opportunities of 2020 to do the things they thought they couldn’t do or thought couldn’t be done before,” adds Cambria. “A more integrated strategy for law departments and law firms will accelerate some of these changes.”

Over the last 13 years, the Annual LDO Survey has tracked the dramatic changes in the field. Law department operations professionals have continued to demonstrate their value, even as they face new and ongoing challenges around issues such as budgets, metrics, technology and law firm relations.

Those challenges may increase if concerns about a faltering economy come to fruition. Since the 2008 recession, law department operations have become far more established with demonstrated value. A new recession could force corporate legal departments to reduce headcount both in legal ops and in the law department itself. However, law department operations professionals have overcome staffing and budget challenges before, and they have the tools and know-how to continue to work toward the benefit of their organizations.



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For more information about the survey or to purchase the full LDO survey results package for 2020, please contact Brad Blickstein at [brad@blicksteingroup.com](mailto:brad@blicksteingroup.com) or call 847.256.5298.

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