2019 STATE OF CORPORATE LEGAL DEPARTMENTS

by

Acritas and Thomson Reuters

FEATURED WHITE PAPER
2019 State of Corporate Law Departments

Improving the Impact of Legal Services

A collaborative report produced by Thomson Reuters and Acritas
EXECUTIVE SUMMARY

Today’s corporations need law departments to provide legal support that enables them to maximize their competitive advantage, while at the same time safeguarding the organization against unnecessary risk. Over the last decade, the focus to become ever more efficient while still delivering on these primary objectives has been a heavy burden for many law department leaders — especially given the resistance of their traditional outside counsel to reduce their costs. However, this report suggests that in order to maximize the value delivered, it’s time to pay as much attention to improving the impact of legal services the corporate law departments are delivering as it is to reducing the cost of those services.

Indeed, today’s legal problems are dynamic and wide-ranging, and the solutions require a highly diverse set of skills and capabilities. Teams of lawyers alone are no longer enough to solve problems in optimal ways. All types of professionals need to work together collaboratively, often from different organizations, and they need the support of modern working processes and systems.

**Innovative law departments and innovative law firms score significantly higher across all key performance areas, including the ultimate measures of quality and value.**

Innovation incorporates a whole host of different areas, such as embracing legal technologies, utilizing expert professionals holistically with lawyers, overhauling work processes and pricing models, and building collaborative partnerships between in-house teams and their outside law firms and alternative legal services suppliers.

To that end, the report identified a number of key levers that corporate law departments can use to create a higher performing legal function and enhance the impact that their departments makes on the overall success of the organization.

For example, recent research by Acritas showed that many corporate law departments would benefit most from enhancing the project management capabilities among their teams. The lack of this capability was the number one criticism made by law firm partners when reviewing their corporate clients’ performance. While some departments can justify professional project managers, others enhance their existing teams’ project management skills through training. Both groups benefited from leveraging project management systems, the research showed. And asking for feedback will help to assess whether your team has room for improvement.

Another key lever was increasing the demographic diversity of your legal teams — both in-house and in supporting teams. Greater diversity led to greater results, and yet the proportion of women in the most senior roles plummets in comparison to their number at the start of their legal careers. The interim results of recent research by the International Bar Association (IBA) showed that sexual harassment and bullying is commonplace in both law departments and law firms. Law departments have a role to play in ensuring their departments are a safe and inclusive place to work and one that offers equal opportunity. At the same time, law departments can push their external legal providers to ensure that they are fielding diverse teams, allowing them to reap better performance results as well.
Further, for law departments to prove their full value beyond simple cost savings, they need to find ways to measure the value they deliver in terms of business benefit and averted risk — and to show that they are delivering this quicker and better each year. Metrics play a key role in this, particularly when aligned to the strategic direction of the organization.

Finally, law departments are being forced to innovate in order to deal with the new age perils of cybersecurity and data privacy. More than half of US corporate law departments feel they are failing to meet new data privacy regulations. The solution to this challenge reinforces the key findings of this report as a whole — the need to tap into a diverse range of skills beyond legal expertise, to access new technologies, and to report on the progress made.

**DATA CREDENTIALS**

Acritas helps law departments and firms to improve performance through its research and benchmarking services. In addition to customized surveys to collect business stakeholder feedback and external law firm feedback, Acritas conducts an ongoing global research study of senior in-house counsel, called SharpLegal, which started in 2007. More than 2,000 interviews are conducted by telephone each year exploring the approach of in-house counsel to buying legal services, their spend level, their experiences with law firms, and their team size. This report draws on the 600 interviews conducted with U.S.-based respondents each year. Additionally, Acritas conducts two annual surveys with partners at law firms who have been nominated as stand-out by senior in-house counsel. In the Stand-Out Talent survey, these attorneys are asked about what it takes to deliver superior client satisfaction and how the legal industry can develop stand-out talent. In the Appraising Clients survey, the external lawyers evaluate their corporate clients’ performance in managing their input and delivering for their organizations.

Thomson Reuters provides industry-leading solutions to Corporate Law Departments. Legal Tracker is the industry-leading e-billing, matter management, analytics, and reporting platform used by more than 1,300 of the world’s best corporate law departments. With more than $87 billion in approved legal spend data, Legal Tracker provides pricing and benchmarking information that allows law departments to make more-informed business decisions and improve their bottom line. In 2018, Thomson Reuters published several reports and white papers focused on trends in corporate law departments, including the LDO Index, a combination of quantitative benchmarking from the Legal Tracker product and qualitative survey responses published annually; the Survey on Data Privacy Compliance, including results from 1,000 data privacy professionals at organizations (corporations, private companies, government organizations, and NGO charities) in nine countries or jurisdictions; and the Efficiency Study, based on a survey of 462 attorneys and decision-makers working in law departments across the globe.

Corporate Legal Operations Consortium (CLOC) is an organization of corporate legal operations leaders who aim to optimize legal service delivery models and share knowledge. The group’s work has helped define what skills and focuses are needed for law departments to make legal operations work and enabled a community of professionals to form around operations. CLOC conducts regular pulse surveys with its memberships.

The IBA, in collaboration with Acritas, has led a global survey to understand the nature, prevalence and impact of bullying and sexual harassment across the world within law departments, law firms, and other areas of the legal ecosystem. This report shares some of the interim global results. The full report will be issued in May 2019 but preliminary analysis indicates that the US has a higher incidence of bullying and harassment than the global average.
SECTION 1
Creating a high-performing legal function

In order to create a high-performing legal function, corporate law departments must deliver quality legal solutions that maximize their organization’s success and provide long-term shareholder value. Much of the recent focus of law departments, however, has been to drive down the cost of their legal spend through greater efficiency and lower cost services. This still remains the number one focus area in terms of the desired improvements law departments want to see in their external law firms. However, Acritas’ research over the last decade has uncovered specific levers that enable law departments to offer a more business-optimizing service, creating even greater value than trimming away at cost can provide.

This report suggests that departments that focus on improving the legal solutions they deliver, in addition to remaining vigilant on cost efficiency, are likely to offer significantly more value to their organizations and ultimate shareholders.

Figure 1 – Legal function goals

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Develop solution</th>
<th>Deliver results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand business need</td>
<td>Source work appropriately</td>
<td>Maximize commercial gain</td>
</tr>
<tr>
<td>Assess legal requirements</td>
<td>Work quickly and efficiently</td>
<td>Evidence value creation</td>
</tr>
<tr>
<td></td>
<td>Collaborate and manage expectations</td>
<td>Minimize organizational risk</td>
</tr>
<tr>
<td></td>
<td>Embed data-driven processes</td>
<td>Evidence losses mitigated</td>
</tr>
</tbody>
</table>

Over the next few pages, we will highlight five levers which, when leveraged correctly, enable corporate law departments to reach higher levels of performance and provide significantly higher value.

IMPROVEMENT LEVER 1 – CREATE HIGH-PERFORMING TEAMS WITH DIVERSE SKILLSETS

Within Acritas’ research, we see time and time again that bringing together diverse experience and skillsets delivers an uplift in performance. This goes beyond just different areas of legal expertise and experience and into the broader skillsets that legal teams need to draw on. Through analyzing the qualities recognized in more than 10,000 stand-out lawyers, we were able to identify 23 distinct skills. These skills clustered around three different lawyer types — the “specialist expert” lawyer, the “practical service” lawyer and the “business relationship” lawyer.

Business relationship lawyers are effective at working with internal clients. They build rapport, work hard to understand the organization’s business goals, are proactive, and deliver solutions. Practical service lawyers are effective project managers. They ensure matters are appropriately resourced, are responsive, and ensure a fast turnaround. Specialist expert lawyers focus more on the legal work itself, bringing to bear their specialist knowledge and superior legal capability as well as their business sense.
While it is rare to find an individual lawyer that can deliver all three skill types, the highest performing teams brought together the three different lawyer types and allowed them to work together in a complementary way.

It is worth considering how other professionals can complement these legal teams. For example, legal operations professionals, professional project managers, account managers, and technology/data experts could be enlisted to support the legal team. While many lawyers have learned these broader skills, they aren’t always the most skilled at these non-legal tasks nor are a cost-effective resource.

Figure 2 – Collaborative team utilizing different skillsets with clear responsibilities

**TAKE-AWAY**

Within your law department, think about the lawyers you have and which profile they fit. Are you missing any of the three skill types? Given the make-up of your work portfolio and the size of your team, would you benefit from specialist professional experts such as legal operations or technology managers?

**IMPROVEMENT LEVER 2 – DEVELOPING PROFESSIONAL PROJECT MANAGEMENT SKILLS**

41% of outside lawyers felt their clients could benefit from effective project management training.

High-performing law departments appear to be doing one thing in particular better than the rest — project management.

Project management incorporates a range of activities and skills; notably, internal organization, coordination, and efficiency — which, not incidentally, are the qualities most frequently cited by private practice lawyers of clients they regard as “stand-out.” Other strong features of great project management include active engagement with the work, proactivity, and appropriate focus throughout. Project management at the initial engagement stage specifically should focus on clarity of communication. Indeed, stand-out clients provide their law firms with comprehensive briefings that include clear objectives, including scope and establish expectations.

Figure 3 picks out the traits that the most effective in-house counsel excel, from external lawyers’ perspective.
Figure 3 – Top five traits of stand-out in-house counsel

<table>
<thead>
<tr>
<th>Trait</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well-organized</td>
<td>27%</td>
</tr>
<tr>
<td>Required legal knowledge</td>
<td>21%</td>
</tr>
<tr>
<td>Understanding the business need</td>
<td>19%</td>
</tr>
<tr>
<td>Clear communication</td>
<td>17%</td>
</tr>
<tr>
<td>Collaborating as equal partners</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Acritas Stars - Appraising Clients Survey, September 2018

TAKE-AWAY
Would your people benefit from project management training and qualifications? Would a professional project manager add value to your legal function? Do you have a project management system to help you manage and report on your legal work? Are you working with project managers at the external legal service providers you deal with?

IMPROVEMENT LEVER 3 – BUILD COLLABORATIVE PARTNERSHIPS WITH EXTERNAL LEGAL SUPPLIERS

Most legal functions rely on external legal support to deliver services, either to access additional capacity or provide special expertise. The way external and internal teams work together has a dramatic effect on the quality of the final legal outcome.

After analyzing thousands of interviews from both in-house and private practice lawyers, Acritas found that there is room for improvement on both sides. If the in-house counsel does not manage their external counsel effectively, they are unlikely to get the best outcome. Through working together in a respectful, collaborative partnership, where objectives and incentives are aligned, the outcome is likely to be optimized. This research identified a number of areas which are critical to get right in order to manage external counsel effectively, including attitude, skills, and taking action.

Figure 4 – Areas critical to managing outside counsel

<table>
<thead>
<tr>
<th>Experience</th>
<th>Mindset</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand legal issues</td>
<td>Trusting</td>
<td>Set direction and expectations</td>
</tr>
<tr>
<td>Understand business drivers and risks</td>
<td>Respectful</td>
<td>Take control and manage all parties</td>
</tr>
<tr>
<td>Realistic expectations on timeframes and costs</td>
<td>Appreciative</td>
<td>Bring in external lawyers at the right time</td>
</tr>
<tr>
<td>Focus on big issues, not minor distractions</td>
<td>Collaborative</td>
<td>Respond quickly</td>
</tr>
<tr>
<td>Cool under pressure</td>
<td>Open</td>
<td>Provide complete information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Allow access to stakeholders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Act on advice</td>
</tr>
</tbody>
</table>

Source: Acritas Stars - Appraising Clients Survey, September 2018
Law departments striving to get the most out of their external advisors need to ensure that their internal teams are built around these attributes and establish working practices that best demonstrate these attributes. This starts with ensuring a suitable balance of commercial and legal experience across the department. In areas of work which require external support, the focus of the internal team should perhaps be more on the commercial side because, according to our research, external lawyers feel at least half of the time that they are not given adequate background information and clarity on the client’s goals.

High-performing law departments take the lead in connecting external advisors to the organization, through such venues as vendor conferences or vendor orientations that include items like sharing the organization’s priorities and goals, reviewing internal language and acronyms, and connecting external advisors to the organizational leadership. When external advisors know the business they are serving, they deliver stronger outcomes.

Creating a successful panel

Law departments are increasingly seeking out external advisors who proactively show their value. A recent CLOC pulse survey showed that 50 percent of law departments have a preferred provider program, resulting in an average 23 percent cost saving. And yet only 12 percent of law departments gave all their work to those preferred providers.

Panels, in theory, should be the perfect foundation for implementing business partner relationships between in-house and external lawyers which deliver optimal value. In reality, the mismanagement of panels results in weaker relationships in one-third of cases. External lawyers are willing to put in the effort to apply for panels, but it is frustrating if insufficient work comes in return. Often there is little transparency around how work is distributed; and at worst, panels are used as a tool to keep procurement teams happy. Indeed, this frustration can grow when external legal teams see most of the work going to firms that aren’t even in the panel and aren’t making the same investment in the relationship. To get the best from a panel, law departments need to be open, fair, and transparent, treating the external lawyers as part of the same team.

Figure 5 – Most suggested improvements for panel management

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More transparency/openness</td>
<td>22%</td>
</tr>
<tr>
<td>Clarity on work opportunities</td>
<td>21%</td>
</tr>
<tr>
<td>Stronger communication</td>
<td>15%</td>
</tr>
<tr>
<td>Clearer criteria for selection/assessment</td>
<td>13%</td>
</tr>
<tr>
<td>Provide feedback</td>
<td>6%</td>
</tr>
<tr>
<td>Innovative approach to fees</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Acritas Stars - Appraising Clients Survey, September 2018

The more sophisticated law departments are able to optimize the outcomes on legal matters and ensure panel success with a highly collaborative relationship between in-house attorneys, external lawyers, and legal operations professionals. Sharing scorecards on law firm performance and collaborating for improvement ensures realization of greater value.
TAKE-AWAY

Are you managing your external legal services providers in a collaborative way? Are your panel firm relationships optimized? Can you offer more support to enable your external lawyers to perform at their best? Are you open and transparent with the information you provide them? Are you giving and receiving regular feedback?

IMPROVEMENT LEVER 4 – GENDER DIVERSITY ENHANCES THE QUALITY OF A LEGAL FUNCTION

After reviewing thousands of performance scores that rated legal teams, Acritas found that gender diverse teams achieved significantly higher performance ratings. And yet, both law firms and in-house teams continue to lose female talent at the most senior levels.

There are many reasons why women leave the legal profession. Recent research by the IBA found that half of women lawyers had been bullied and one-third had been sexually harassed, both significantly higher ratios than for their male counterparts. Findings were similar both in-house and in private practice. Most often these incidents were ongoing rather than one-off events and were rarely reported. In addition to the hostile work environment, many women feel a lack of fairness in terms of opportunity, reward, and career progression factors, unfortunately which are borne out with statistics. Less than 20 percent of law firm equity partners are women and only 25 percent of general counsel are women. And for those women who do get to the top, there is a significant pay gap, both at in-house departments and law firms.

Figure 6 – Female lawyers

1 in 2 have been bullied
1 in 3 have been sexually harassed

Source: IBA Bullying and Harassment in the Legal Profession - interim results, November 2018

Acritas’ research has found that male in-house counsel are biased in favor of selecting male external advisors and pick women as lead partner in just 17 percent of cases. **In-house counsel can play an important role in increasing diversity at their outside law firms as well as on their own teams.** Requesting diverse teams on the law firm side, looking to female lead partners in at least one in every three matters, and ensuring equal pay and promotional opportunity within their own teams are important ways to start. Many law firms are adhering to the “Mansfield Rule”, as a public declaration of their commitment to achieving higher levels of diversity.

Named after the first women admitted to a U.S. bar, the [Mansfield Rule](https://www.diversitylab.com/knowledge-sharing/client-push-for-diversity/) asks law firms to consider women and minority lawyers for at least 30 percent of their candidate pool for leadership and governance roles, equity partner promotions, and lateral hiring. More than 50 law departments—including 3M, Workday, PNC, PepsiCo, Gap, Target, VMware, Facebook, Abercrombie & Fitch, Mastercard, American Express, Ford Motor Company, BASF, Salesforce, Google, Hewlett Packard Enterprise, and Charles Schwab—have agreed to support the law firms that meet or exceed the Mansfield Rule requirements by meeting and getting to know their newly promoted diverse partners.

Overall, only 29 percent of law departments require diversity information from their law firms; however, for law departments with annual legal spending in excess of $50 million, that percentage grows to 62 percent that require diversity information. High-performing law departments don’t just ask for law firm demographics but

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1 For more, see data provided by Diversity Lab, at [https://www.diversitylab.com/knowledge-sharing/client-push-for-diversity/](https://www.diversitylab.com/knowledge-sharing/client-push-for-diversity/)
demand diverse staffing on legal matters, measure the work being performed at the timekeeper level, and award bonuses based on diversity performance.

The research clearly shows that increasing diversity both on your own teams and among your external providers is significantly more likely to result in higher performance. A recent CLOC pulse survey showed that only 29 percent of law departments had a formal diversity program. Law departments could consider joining efforts with their broader organization’s diversity programs, too.

**TAKE-AWAY**

Are you paying enough attention to the diversity of your internal and external legal teams? Are you ensuring fairness of opportunity and a safe working environment for your people and your advisors? Are you measuring the make-up of teams who work on your matters and offering recognition or reward?

**IMPROVEMENT LEVER 5 - CREATING AN ENVIRONMENT FOR SUCCESSFUL INNOVATION**

Law departments who embrace innovation are seen as 10 percent more effective by external lawyers; and equally, in-house counsel who recognize their law firms as innovative also awarded 5 percent higher ratings across all key performance areas.

Examples of innovation given by in-house counsel mostly focused on technology. Other examples included alternative pricing models, new ways of resourcing such as contract attorneys or legal managed services, and value-added services such as training and sharing knowledge. What is innovative to one department is fully established to another.

Thomson Reuters research showed that both small and large law departments alike are increasing their use of legal technology.

**Figure 7 – Legal departments with increasing use of legal technology**

![Chart showing increase in legal technology use across different law department sizes](source)

Two of the inhibitors of innovation are a lack of time and a risk-averse mindset. Most in-house lawyers are very time-strapped and risk-averse by nature. Creating a role on the team for someone who can be given the time and budget to create and pilot innovative solutions is likely to deliver real dividends. It is not surprising that we now see 50 percent of law departments with legal operations professionals. Many legal ops roles carry the responsibility for driving innovation in the legal function, and larger organizations are starting to have legal technology managers within legal operations looking to automate manual processes with technology.
Figure 8 uses the Rogers, Everett M. (1962) *Diffusion of Innovations Model* and overlays the recent findings of Acritas research with in-house legal regarding adoption of legal technology. The chart shows that most of the legal tech tested has reached the “early majority” stage in terms of market penetration (15 percent to 50 percent implementation).

**Figure 8 – Technologies used by legal departments**

Most law firms also now have specialists who are responsible for driving innovation within the firm. By engaging in dialogue with those people at your external law firms, you can see what the firm has to offer and how you can benefit as a client. Learn from the firm and its other clients.

**TAKE-AWAY**

Have you innovated the way you work in the past year? Do you have in place the right team members with expertise in process improvement and supporting technologies? Are you having open dialogues with your external legal service providers about how you can improve the way you work together?

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2 Rogers, Everett M. (1962). *Diffusion of Innovations*, Glencoe: Free Press. Copyright license – [https://creativecommons.org/licenses/by/2.5/legalcode](https://creativecommons.org/licenses/by/2.5/legalcode)
SECTION 2

Measuring value creation and improvement over time

Alongside the legal issues confronting companies, in-house teams continued to deal with the challenges of providing legal services while measuring and then demonstrating the value of the legal department to the organization at large. Educating internal stakeholders to the value of the contribution of the legal team remained one of the top frustrations cited by respondents in the 2018 Thomson Reuters Efficiency Survey.

As high-performing law departments are making decisions using data, analytics, and benchmarking — all optimized by the professional lens of legal operations — law departments can share this information to build greater credibility internally with sourcing, finance, and other key divisions.

When it comes to use of data and performance analytics, legal is often looked at as behind other divisions of the organization; however high-performing law departments effectively use data alongside the delivery of legal services — improving law firm value and delivering higher quality outcomes.

By implementing data-driven solutions that are technology enabled, law departments are more able to show value and demonstrate how efficiency and effectiveness are helping to not only minimize risk but maximize commercial gain.

It is also worth considering using surveys to collect feedback from stakeholders that really matter, including your internal business clients, your in-house team, and your external partners. Indeed, the use of these survey tools and rating scales can then be shown as an independent and objective exercise, which in itself acts as a vehicle to direct efforts and track progress.

TAKE-AWAY

Have you shared data around efficiency gains? Have you used benchmarking data to differentiate your department’s performance against that of your peers? Have you connected your department’s use of technology and automation of manual processes to the ROI it provides?

CREATING METRICS THAT MEASURE QUALITY AS WELL AS COST

Returning to the legal function goals outlined at the start of this report, we can see that only one area relates to cost, whereas most law departments focus purely on cost-related metrics. Cost metrics are critical to measure, of course, but much of that data should stay within the department or be shared with external providers rather than being shared upwards to the C-suite. The higher-level metrics that more closely relate to higher-level strategic goals — although more difficult to measure — should be shared upwards. Some examples are shown in Figure 9.
Figure 9 – Cost-related metrics

<table>
<thead>
<tr>
<th>Goal</th>
<th>Metrics</th>
<th>Tools to Collect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding the business need</td>
<td>Understanding the business objective (score out of 10)</td>
<td>Business stakeholder feedback</td>
</tr>
<tr>
<td>Assessing the legal requirements</td>
<td>Setting expectations and giving clear instructions (score out of 10)</td>
<td>External lawyer feedback</td>
</tr>
<tr>
<td>Working quickly and efficiently</td>
<td>Cost per matter ($)</td>
<td>Spend and matter management</td>
</tr>
<tr>
<td></td>
<td>Hours per matter (volume)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Turnaround time (number of days)</td>
<td></td>
</tr>
<tr>
<td>Communicating and managing expectations</td>
<td>Communicating effectively (score out 10)</td>
<td>Business stakeholder feedback</td>
</tr>
<tr>
<td></td>
<td></td>
<td>External lawyer feedback</td>
</tr>
<tr>
<td>Maximizing commercial gain</td>
<td>Additional value added ($)</td>
<td></td>
</tr>
<tr>
<td>Minimizing commercial risk</td>
<td>Value of exposure avoided or mitigated ($)</td>
<td></td>
</tr>
<tr>
<td>Building an effective team</td>
<td>Team engagement (score out of 10)</td>
<td>Internal engagement feedback</td>
</tr>
</tbody>
</table>

Source: Thomson Reuters

It is important to make sure that your reporting is framed with business-friendly language, reinforcing the idea that the law department is accessible and aligned to the organization’s corporate objectives.

**TAKE-AWAY**

Do you have metrics that go beyond spend? Can you find a way of valuing your function’s contribution to the organization? Are you spending time reviewing progress on your metrics and comparing your performance to industry benchmarks? Are you asking for feedback from your internal customers and external suppliers?
SECTION 3
Dealing with new age perils

Cybersecurity and data privacy are two related issues that have become growing areas of great concern for in-house counsel. Protecting internal and client information has long been an in-house priority, given the substantial repercussions of a data breach or data privacy lapse. As threats evolve and companies look to mitigate risks as much as possible, “in-house counsel is facing growing responsibility to minimize damage to the corporate reputation, loss of key data, and legal and regulatory penalties.”

According to the Thomson Reuters Survey on Data Privacy Compliance, many organizations are struggling to comply and stay current with the data privacy regulations that are both in effect and evolving wherever they operate around the globe. The U.S. showed the highest level of failure in meeting data privacy regulations among the countries surveyed.

Figure 10 – Failing to adhere to data privacy regulations

<table>
<thead>
<tr>
<th>Country</th>
<th>Failure Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>44%</td>
</tr>
<tr>
<td>United States</td>
<td>64%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>44%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>44%</td>
</tr>
<tr>
<td>Canada</td>
<td>40%</td>
</tr>
<tr>
<td>Singapore</td>
<td>40%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>37%</td>
</tr>
<tr>
<td>France</td>
<td>32%</td>
</tr>
<tr>
<td>Australia</td>
<td>26%</td>
</tr>
<tr>
<td>Germany</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Thomson Reuters Survey on Data Privacy Compliance

TAKE-AWAY

Do you review the security profile of your software providers? Do you conduct security assessments of your external law firms and other service providers? Are you accessing up-to-date expertise to ensure you are doing all you can to protect your organization against this hugely dynamic and unfamiliar threat?

DEVELOPING THE HALLMARKS OF A MODERN LEGAL DEPARTMENT

The modern corporate law department faces complex challenges in 2019, and is increasing under growing pressure to demonstrate clear contribution to shareholder value. We predict that the law departments most successful in delivering on this as we move into the next decade will be those that relentlessly focus on forward momentum in four key areas as shown in Figure 11.

Figure 11 – Key areas law departments will focus on in 2019

And it does makes sense to address each of these areas in the order they have been laid out – starting with the internal team, then the external partnerships, and then getting systems in place before measuring. In reality, we observe that many law departments have focused their modernization efforts in a different order. Whichever the order, however, a balance of initiatives across all four areas ultimately will generate the synergistic impact needed to deliver optimal return on effort.

Let’s assume, for example, you are experiencing frustrations in getting commercially practical advice from your external lawyers and need to drive better value from them. Ensuring your internal team combines all key skill sets is a great start, which enables you to leverage the skills of individuals with collaborative and communication strengths to manage external law firm relationships more effectively. Support this with fit-for-purpose project management technology, on which all parties are trained and incentivized to use, and you will also benefit from efficiency gains and reduced scope for error. Finally, measure and report your enhanced outcomes to gain organizational support for further improvement and resources. In this way, you’ve effectively shifted the focus of your law department from reducing cost to improving the impact of the legal services provided.

The above framework for developing your department can be applied to a host of other challenges. For example, if you are struggling to keep up with fast-paced regulatory changes, then draw on strong relationships with external law firms and online compliance resources. If you need to reduce costs on commoditized work, then consider whether you need to develop relationships with alternative legal service providers and who on your team should manage these new relationships. And when under pressure to further reduce internal costs, you can demonstrate value with robust, benchmarked data.

While this report provides an optimal model to aim for in the long term, there are a multitude of quick wins available to all law departments, regardless of size or budget, including:

• Draw on the diverse skills of your colleagues in other business units;
• Take a more organized approach to project management;
• Invest time in getting the most out of the existing technologies you already have in place; and
• Spend the time to make open and honest communication a two-way street with your external advisors.

Most importantly, remember that collaboration is most successful when everyone is rowing in the same direction.
FINAL NOTE
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