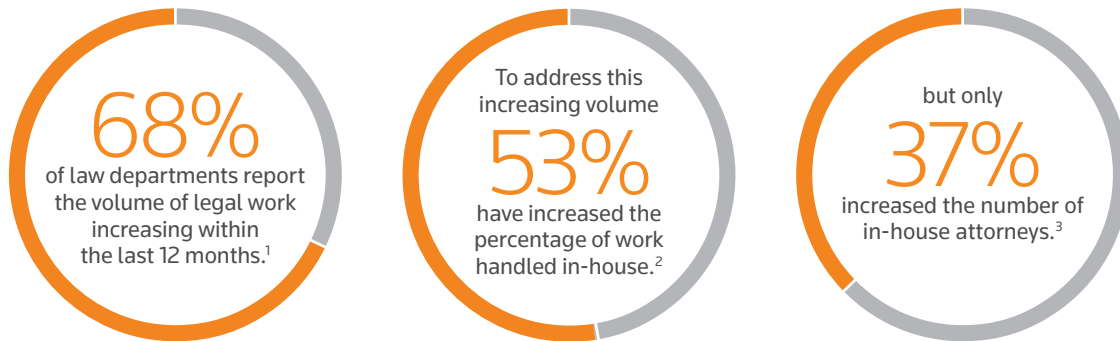




The Modern Law Department:
Designed to Deliver Superior Value

DID YOU KNOW



THE BOTTOM LINE: Law departments are far more likely to be increasing the percentage of work handled in-house than decreasing it, doing so with fewer or the same number of attorneys as last year.⁴

The Modern Law Department: The Ideal State

Legal operations

As a general counsel today, it's not enough to drive down legal costs and to manage efficient legal workflows. If you want to truly build a high-performing law department and deliver superior value, you must simultaneously address several essential areas.

The Modern Law Department strategically uses legal technology in legal operations, specifically to:

- Automate routine administrative tasks like tracking down updates from law firms, checking invoices for billing guideline violations, and approving invoices
- Have visibility into all aspects of a matter, from initial intake to final invoice
- Easily communicate and collaborate with outside counsel
- Manage current and predicting future spend
- Use data analytics to demonstrate the value of the law department

By leveraging the right legal technology, legal operations run more efficiently and effectively, and the corporate attorneys' time is freed up to spend on higher value activities.

The practice of law

The practice of law is no different. Using effective legal technology, the corporate attorney in the Modern Law Department can consistently have confidence in his or her legal work — even in unfamiliar matters — knowing that the most reliable, most current legal information was quickly and easily found and that this legal information was properly interpreted and then skillfully applied, helping mitigate risk for the organization and freeing up more time to serve as the organization's trusted advisor.

1. 2019 Legal Department Operations Index.

2. Ibid.

3. Ibid.

4. Ibid.

The company

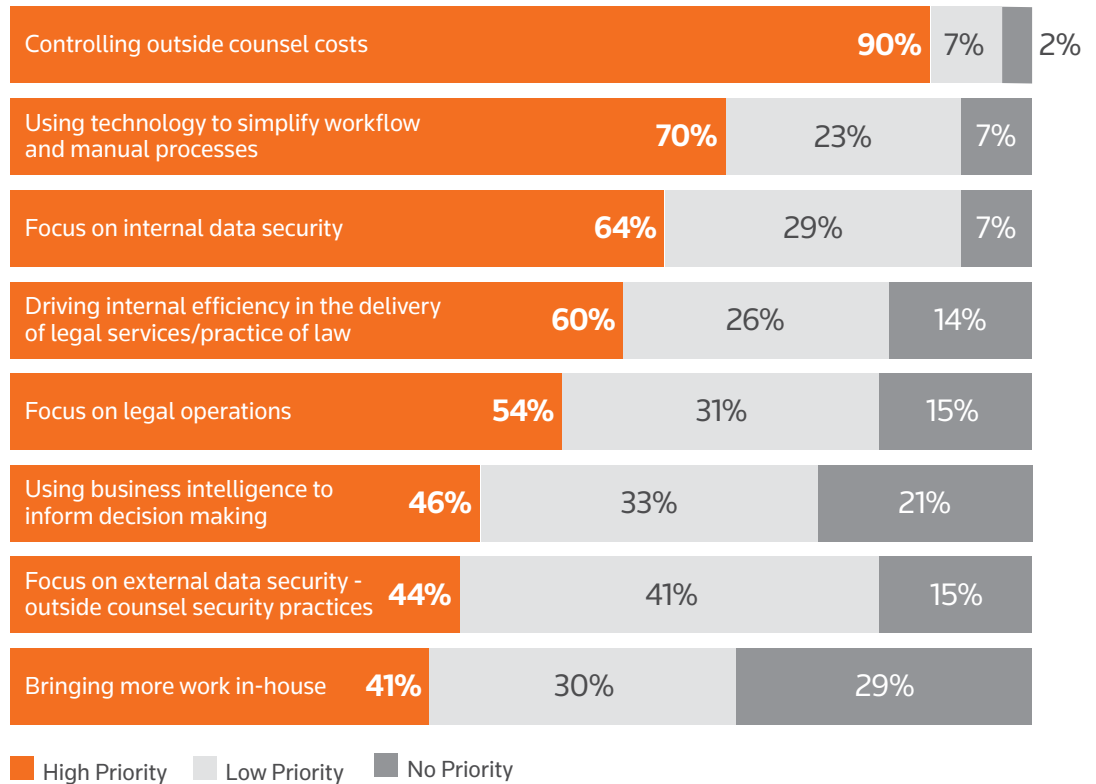
Lastly, the law department attorney in the Modern Law Department must understand and align his or her legal services with the business goals of the organization and demonstrate the law department’s contributions to those goals. Depending upon the goal, this demonstration could be either qualitative — surveying key stakeholders on law department performance — or quantitative — analyzing outside counsel rates. Leveraging the right legal technology allows Modern Law Department attorneys to be data-driven and proactive, so they can consistently provide superior value.

If you’re like most corporate counsel, you’re probably wondering if it’s truly possible to deliver superior value when you’re constantly doing more and more with less and less, when you’re never fully confident in your legal information as you face unfamiliar matters, and when you must continue to develop and execute both legal and business initiatives. Given these many disparate demands, is it possible to build the Modern Law Department?

What Law Departments Have Told Us

In the 2019 Legal Department Operations Index conducted by the Legal Executive Institute, 210 law departments, including 75 companies in the Fortune 1,000, attorneys ranked their highest priorities.⁴

Here are their top eight priorities:



Law departments like yours may be working diligently to address these issues; unfortunately, they have remained counsels’ top concerns for the past several years. So, what is preventing most general counsel or legal operations professionals from successfully addressing these issues to build that Modern Law Department so they can deliver superior value? To discover why, let’s take a closer look.

4. 2019 Legal Department Operations Index.

The Current State: 3 Challenges to Delivering Superior Value

Challenge #1: Solving the “know how” problem

Even if you’re a master legal researcher, conducting legal research is challenging because you work within a dynamic legal landscape made more complex by ever-changing case law, regulations, and government policy, often across multiple jurisdictions. It’s difficult to stay abreast in matters familiar to you, much less in those that aren’t.

If you’re like most corporate counsel, you’re not always fully confident you’ve uncovered everything you need in your research, especially in matters new to you. In our experience at Thomson Reuters, some of the questions corporate attorneys like yourself commonly ask include:

- What did I miss?
- Am I asking the right questions?
- Is my information up to date?
- Is there a better resource?
- Is the argument I am making the best argument to be made?
- Have I addressed my argument’s weaknesses?

When you spend too much time working on a matter, when you’re not confident that you’ve uncovered everything relevant, when the rules frequently change, and you constantly find yourself on unfamiliar ground, you are unable to sustain efficiency and productivity.

Even if you know your legal understanding is sound, how do you interpret and apply it to the matter at hand, especially when that matter is unfamiliar to you?

Well, you could engage outside counsel. Unfortunately, this option is not always viable, due to static or shrinking law department budgets. In the 2019 Legal Operations Index report, 24% of law departments reported their budgets decreasing while 40% reported their budgets remained flat. Only 35% reported their budgets increasing.⁵

In addition to shrinking or static budgets that many law departments are facing, are two other issues: volume of work and in-house attorney head count.

In this same report, 68% of law departments reported their volume of legal work increasing. To address this increase, 53% have increased work brought in house with 37% increasing the number of in-house attorneys. Forty-seven percent of law departments have increased outside counsel spending.⁶

Whether or not law departments bring their increasing legal workload in-house or send to outside counsel; whether or not law departments increase attorney head count; and whether or not law departments face decreasing, static or increasing budgets, there is one challenge they all face. It’s the “legal know-how problem.” Solving the legal know-how problem means you are consistently confident in the legal information you use in a matter (knowing) and then you can confidently interpret and apply that legal information to that matter (knowing-how).

The legal know how problem is one of the challenges to establishing the Modern Law Department.

Challenge #2: Creating efficient legal workflows and managing spend

In the 2018 Thomson Reuters/Acritas State of the Corporate Law Department report, 41% of law departments surveyed said that technology was key to helping address an increased workload.⁷

5. 2019 Legal Department Operations Index.

6. Ibid.

7. 2018 State of Corporate Law Department: Innovation, Data and Collaboration Drive Optimal Results.

Technology is key to building the Modern Law Department, however, not just any technology. And herein lies the problem with the current state. Law departments have leveraged separate technologies, such as email, document management, and e-billing, in an attempt to create more productive workflows and manage spend. However, because each technological solution is separate — and frequently combined with manual methods like paper filing — the law department achieves neither workflow productivity nor spend management.

Challenge #3: Quantifying the law department's contribution to the business

Trying to manage a combination of separate technologies and various manual methods not only reduces the opportunity for law departments to be more productive and effectively manage spend, but it also prevents law department leadership from acquiring the data needed on matter cost, time spent on matters, overall spend, etc., so they can quantify the law department's contribution to the business.

This quantification is a key column of Modern Law Departments. Innovative corporate law departments harness technology for more than managing workload. For them, legal technology also supplies analytical tools, provides predictive capabilities, employs early warning systems, and helps track compliance. These tools give them deep insights that transform their work from managing the status quo to exceeding stakeholder expectations and delivering superior value.

“Lawyers need to evolve to a place where they maximize creativity,” said Sohn. “It is the ability to be a ‘thought worker’ in a broader business context. The legal function is now demanding a lawyer to be in step with creating business strategy in-house.”

The Blueprint for Building the Modern Law Department

During the recent CLOC 2019 conference, a panel of legal operations thought leaders provided some insights into how corporate law departments can move from the current state to the ideal state.⁸

Thought Leaders

Ed Sohn

Vice president of Product Management and Partnerships for Thomson Reuters Legal Managed Services

Susan Hackett

CEO of Legal Executive Leadership Institute

Karl Chapman

Strategic advisor at EY

Heidi Stenberg

Leader for the Americas and Global Discovery Services for EY

Seth McNary

Compliance and Governance practice leader for EY Americas

In their discussion, these panelists agreed that the challenges facing today's corporate law departments are formidable, but not insurmountable. Cost pressures, changing regulatory requirements, demand for digital change, challenges attracting and retaining the appropriate talent, and willingness to outsource certain functions are all top-of-mind for law department leaders.

The research supports this position. According to the 2019 State of Corporate Law Departments report jointly produced by Thomson Reuters and Acritas, high-performing law departments deliver superior value by maximizing their organizations' success and by providing long-term shareholder value.⁹

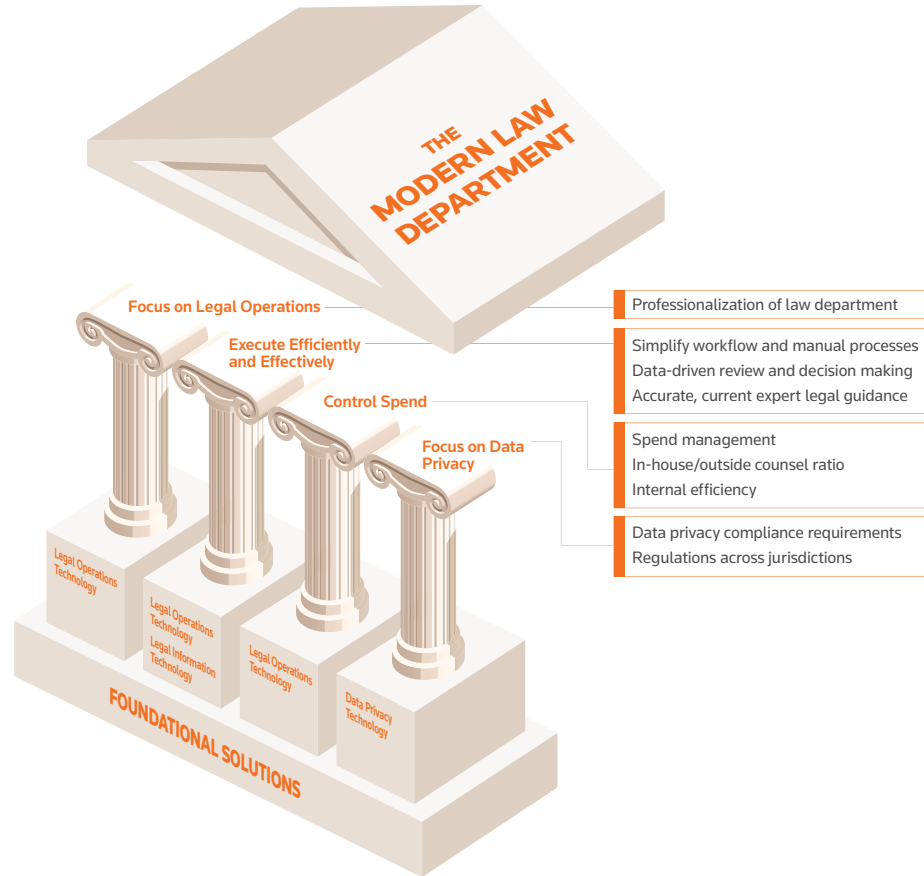
8. Jurva, Gina, “On the Ground at the CLOC Institute 2019: How to Be a Legal Ops Business Enabler”, blogpost, May 17, 2019.

9. 2019 State of Corporate Law Departments: Improving the Impact of Legal Services report.

The Four Columns of the Modern Law Department

There has been much talk about the “Modern Law Department”, but what exactly is it?

Think of the Modern Law Department as a building anchored to a foundation and supported by columns. First, let’s take a look at the columns:



Column #1: Focus on Legal Operations

Legal operations is the professional discipline within the law department that includes: project management, legal technology, legal information management, education, outside counsel management, training, and innovation. Given these elements are in addition to the actual practice of law within the law department, it’s no surprise that 50% of corporate counsel who are building the Modern Law Department employ legal operations professionals.¹⁰

Column #2: Execute Efficiently and Effectively

Central to any legal operations — whether a legal operations professional is involved or not — is the right legal technology. In the context of this paper it includes the management of matters, spend, and legal information.

With the right legal technology, law departments gain visibility into every stage of a matter, from the initial intake to final invoice. This technology also supports communication with partners both inside and outside the law department. Lastly, this technology gives corporate counsel ready access to the most current, accurate legal information supported by expert guidance with checklists, practice notes and toolkits, and expert application through automated model documents and contracts.

With the right legal technology, workflows are simplified, and manual processes are automated, enabling corporate counsel to work efficiently and effectively. With the right technology, accurate data drives decision making. These are some of the hallmarks of the Modern Law Department.

10. 2019 State of Corporate Law Departments: Improving the Impact of Legal Services report.

Column #3: Control Spend

The right legal technology also allows law departments to control spend, tracking to the current budget and each matter, and enable predictive spend on future matters based upon historic spend data.

With the right legal technology, law departments can negotiate rates with outside counsel and effectively allocate the legal workflow between in-house and outside counsel. Having visibility into past spend gives corporate counsel higher confidence as they create future budgets.

Lastly, the right legal technology enables corporate counsel to make decisions involving their legal operations using data, analytics, and benchmarking. This improves law department value, demonstrating efficiency and productivity, and helps the department deliver higher-quality outcomes, such as minimizing risk and maximizing commercial gain for the business. Consequently, corporate counsel build greater credibility for the law department with internal partners, including procurement, finance, and other key divisions.

Controlling spend and making data-driven decisions are essential in building the Modern Law Department.

Column #4: Focus on Data Privacy

The right legal technology will also secure sensitive legal data, ensuring data privacy. It keeps corporate counsel up to date on the latest standards, regulations, and data privacy research, even across jurisdictions.

What this means to corporate counsel is that they can mitigate risk to their organizations by helping their stakeholders better understand and enforce data privacy requirements.

Data privacy is a key to building the Modern Law Department.

The Foundation

The foundation of the Modern Law Department is the right technology that supports efficiency and effectiveness within legal operations and the practice of law in key areas including:

- Workflows
- Matter management
- Legal information
 - Acquisition
 - Interpretation
 - Application
- Control of spend
- Data privacy

By selecting the right legal technology to improve legal research, streamline workflows, manage spend, and quantify the law department's contributions to the business while ensuring data privacy, you will have a strong foundation for building the Modern Law Department.

The Modern Law Department: Designed to Deliver Superior Value

In the previous pages, we explored what is meant by the Modern Law Department, the current state of legal department operations and the challenges to building a highly effective and efficient department. Lastly, we examined a blueprint for building the Modern Law Department. It is through this design — the Modern Law Department — that you can deliver superior value to your key stakeholders.

Three Tips to Begin Building a Modern Law Department

Tip #1:

Conduct a thorough assessment. Identify the department’s challenges and pain points and assess what operations and processes can be done better and more efficiently.

Tip #2:

Start small. Look for easy wins and the low-hanging fruit before tackling more challenging areas.

Tip #3:

Focus on return on investment. Identify “need to have” rather than “nice to have” tools where savings or efficiencies can be quantified.

To get started, here are some additional points to consider:

Improve legal know-how: Stay on top of the latest legal developments and changes in state and federal regulations across jurisdictions. Get access to expert, easy-to-use legal guidance on any matter in the form of practice notes, checklists, and toolkits. *Your solution: Practical Law or Practical Law Connect*

Streamline legal workflows and manage spend: Automate the matter intake process and have visibility into all of your matters, including matter budget and spend. Manage and automate your invoice billing guideline violations, approvals and payment. Easily communicate with partners both inside and outside the legal department. *Your solution: Legal Tracker*

Quantify the law department’s contributions to the business: Track matter spend to budget, receiving customized alerts to flag spend issues. Easily access matter spend history to reliably forecast future budgets and to create reports for internal partners. Use industry analytics and custom dashboards to show your stakeholders the metrics that they need and that show the law department’s value to the business. *Your solution: Legal Tracker*

Ensure data privacy: Keep up to date with the latest regulations, research data privacy issues and be confident your research is complete, mitigate risk to the organization by understanding and helping enforce data privacy requirements, understand regulations across jurisdictions and collaborate with colleagues by sharing research folders. *Your solution: Data Privacy Advisor*

Although it is true that the Modern Law Department is driven by data, quantitative metrics don’t tell the entire story. That’s because there are higher-level goals for the business — like stakeholders’ evaluation of the law department’s performance — that can only be measured qualitatively.

Below is a chart of goals to be assessed, the metrics used to assess them and the tools to collect the appropriate data to measure that goal.

LAW DEPARTMENT GOAL	WHAT’S MEASURED	SUGGESTED TOOL
Working quickly and efficiently	Cost per matter (\$) Hours per matter (vol) Turnaround time (# of days)	Spend and matter management
Assessing the legal requirements	Setting expectations and giving clear instructions	External lawyer survey
Communicating and managing expectations	Communicating effectively	Business stakeholder survey External lawyer survey
Minimizing commercial risk	Value of exposure avoided or mitigated	Risk management powered by AI
Aligning with the business strategy	Understanding business strategy and objectives	Business stakeholder survey

The Next Step

As we've briefly explored in this paper, businesses place great demands on law departments these days, with a growing volume of legal work and increased requirements to report out and manage to budget. The legal landscape is constantly shifting, and department operations are becoming ever more complex.

These demands interfere with doing higher value work: serving as the trusted legal advisor to the business and delivering superior value. This work requires having the time to devote to thoughtful reflection, so as to make informed decisions and to offer prudent advice.

But time for such higher-value work will continue becoming scarcer, as the demands are unrelenting. The only viable solution is to rely upon the right legal technology, enabling corporate counsel to reclaim the time by automating routine tasks and by doing legal work more efficiently.

The right legal technology is the foundation for building the Modern Law Department. Take the next step and learn more about this topic, visit legalsolutions.com/corporate.