

# Top 5 Trends Influencing Legal Ops in 2019

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# Top 5 Trends Influencing Legal Ops in 2019

## Introduction

For legal professionals, 2018 was marked by changing regulations (think GDPR), more stringent government policies (often across more jurisdictions), and significant advances in technology. But, there were also a handful of trends that seemed to have a direct effect on the legal operations field, fueling the already fast paced growth of the role and function. We'll be diving into what those trends are as well how they will impact legal operations in 2019.

## Trend 1: Pressure to Run the Legal Department like a Business Unit

Today's legal teams, who are operating under extreme pressure while facing complex and constantly changing regulatory environments, must take a more proactive stance than the traditional legal department in order to demonstrate their department's value and mitigate perceptions of being a cost center.

As a result, legal departments must take a data-driven approach, acting like any other business unit to track and measure success, most notably through cost control. While billing guidelines, alternative fee arrangements (AFAs), and fixed or flat fees have emerged as some of the most effective ways to manage spend, obtaining the level of control and efficiency that is required to run legal like a business is reliant on a company's legal operations processes.

At the 2018 CLOC Institute, Mary O'Carroll, Head of Legal Operations at Google, stated it was "irresponsible for a company not to have legal ops," a sentiment that was reinforced by [Altman Weil's 2018 Chief Legal Officer Survey](#) in which respondents cited that employing a legal operations manager is the most effective tactic to improve department efficiency.

Employing a legal operations manager is the most effective tactic to improve department efficiency.

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## Trend 2: Rising Legal Operations Salaries

The legal operations role continues to flourish, which has led to rising salaries for legal operations professionals. The Association of Corporate Counsel's 2018 [Global Compensation Report](#) highlights the uptick, reporting that:

- Heads of legal operations earn a median total compensation of \$189,063, with the **top 5 percent making a minimum of \$464,037**.
- Managers of legal operations earn a median total compensation of \$120,000, with the **top 5 percent making a minimum of \$275,000**.

These median salaries hint at more career opportunities for those considering a legal operations role, likely contributing to increased popularity overall. The same compensation report identifies that nearly one third of large legal departments – departments with 50 lawyers or more – have a distinct legal operations function. But, this doesn't discount smaller legal departments – departments with less than 10 lawyers – where nearly 40 percent now have a dedicated legal operations function.

The report also highlights increased interest for in-house roles in general, with **15 percent of survey respondents reporting that they went directly in-house after law school**, bypassing the traditional law firm, government, and academia routes.



“Legal operations is a quickly emerging field that’s impacting the next generation of lawyers. Law schools are starting to offer dedicated legal ops and legal technology coursework, creating graduates that are more equipped to face modern legal challenges.”

**Stephanie Lamoureux**  
Legal Operations Lead, Square

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## Trend 3: Expansion of In-House Teams

In-house spend represents a larger share of total budget (50.2 percent) than outside spend (49.8 percent). While the difference may seem insignificant, this is a notable milestone because it is the first time in-house spend has even come close to outside spend since [Gartner first began measuring the metric](#).

According to [HBR Consulting's Annual Survey](#), this may, in part, be due to a rise in legal needs. 81 percent of legal department respondents expect their legal needs will continue to increase in the next year. Commercial contracts, regulatory compliance, and M&A were cited as the top areas expected to require legal attention over the next year.

**But after years of cuts, legal budgets are finally rising again.** Brad Blickstein, Principal at the Blickstein Group, [explains](#), "Legal budgets are expanding, but almost all of that expansion is in-house spend. Folks are starting to build up their teams; they're starting to bring work in-house. Spend outside the law department is relatively flat. Bringing work in-house is not only cost efficient, but it also provides visibility and accuracy in budgeting as well."

**81%** of legal department respondents expect their legal needs will continue to increase in the next year.

CLOs and legal department leaders – with budget, efficiency, and departmental productivity top of mind – are actively rethinking how they assign work to maintain positive outcomes and achieve optimal cost effectiveness. 36% of law departments [surveyed](#) are bringing some work previously done by law firms in-house to be done by their in-house attorneys. Aside from employing an operations manager, making greater use of paralegals and contract lawyers was cited as one of the most effective ways to run an efficient department. This right-sourcing approach has identified contract and temporary lawyers as key individuals who can complete in-house work on an as-needed basis.

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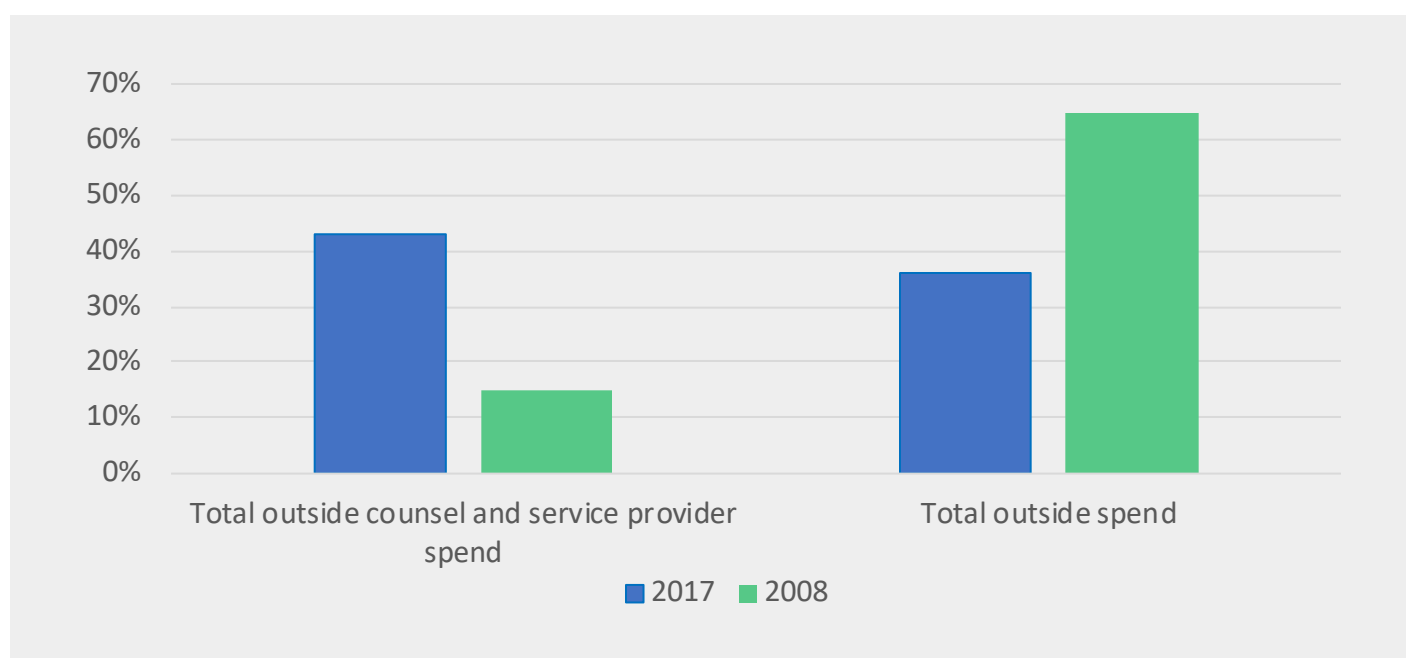
## Trend 4: Focus on Outside Counsel Relationship

The Corporate Legal Operations Consortium (CLOC) published their [2018 July Monthly Metrics Report](#) in which 50% of surveyed CLOC members have a preferred vendor program. Respondents shared that their top reasons for creating such programs were to:

- Secure better rates
- Save money
- Secure better spend predictability

Overall, respondents leverage 74% of their outside counsel with these preferred firms. Doing work with a selected group of vendors demonstrates a preference for working with counsel that are not only good legal partners who help mitigate risk, but those that can demonstrate their ability to help legal teams reduce spend, meet departmental goals, and achieve overall business objectives.

In addition to legal teams relying on preferred vendors, the increased use of alternative legal service providers is trending. Legal departments that participated in the [Blickstein Group's 2018 LDO \(Law Department Operations\) Survey](#) halved total outside counsel spend while tripling total outside counsel and service-provider spend as a KPI. What does this mean for LDO professionals? There are fewer concerns with who is doing work, and more emphasis is being placed on the overall efficiency, predictability, and cost of getting it done.



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## Trend 5: Continued Investments in Legal Technology

Today, in-house legal departments spend nearly \$1.5 billion annually on legal software, with a total addressable market potential of \$6.5 billion, according to a report from [Laconia Capital Group](#). Legal operations professionals have already emerged as leaders when it comes to selecting and implementing legal tech, especially as a broader range of solutions has become available to in-house teams.

In fact, technology and process support is one of [CLOC's core competencies](#) for legal operations professionals, meaning these folks are tasked with “creating a long-term technology roadmap including tools such as e-billing/matter management, contract management, content management, IP management, business process management, board management, compliance management, legal hold, subsidiary management, etc.”

In-house legal departments spend nearly **\$1.5 billion** annually on legal software



While there was a lot of buzz in 2018 around contract management solutions and AI's role in reducing human error and expediting the contract approval process, legal teams seemed to rally around the idea that a legal operations management solution with e-Billing and matter management capabilities is the foundational tool for success. This type of platform provides visibility into all matters, a clear view into legal department spend, as well as data to inform decisions that drive strategy, productivity, and vendor evaluations.

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# Conclusion

## Conclusion

It is becoming the norm to have legal operations in place – every company, whether big or small, is looking to fill the role. And because there isn't a clear legal ops career path, the role is attracting a wide range of people with different backgrounds and skill-sets. It is this diverse, yet data-driven group that will be a catalyst for change in 2019 – impacting CLOs, GCs, and how they run their in-house departments, the larger business organizations they support, as well as the service providers they partner with.

**Legal operations is the future – are you ready?**

### About SimpleLegal

SimpleLegal provides a legal operations platform that centralizes all legal matters, vendors, and spend so that we are the single source of truth for running a corporate legal department. Our software allows legal operations to make better decisions and more efficiently manage the entire legal department by fitting to the organizations business processes.

To learn more about SimpleLegal, email [sales@simplelegal.com](mailto:sales@simplelegal.com) or [schedule a demo](#) to see the platform in action.



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