SimpleLegal

Top 5 Trends Influencing Legal Ops in 2020

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Introduction

SimpleLegal published a popular white paper last year that reported on trends within the legal operations space in 2018 and highlighted the implications those trends might have on the growth of legal operations, the in-house legal department (and the organizations they serve), and the greater legal industry in 2019.

To keep the tradition going, we looked back to see how last year's trends are continuing to shape legal operations, as well as identified new trends that we expect to influence 2020. If you haven't read the 2019 edition of Top Trends Influencing Legal Ops, **download your copy here**.

Top 5 Trends
Influencing
Legal Ops in 2019

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Trend 1: Corporate Counsel Expect Law Firms to Be More Efficient

According to **Bloomberg Law's Legal Operations & Technology Survey**, "Rapid changes in talent, technology, and processes mean that sophisticated law firm clients are asking questions of, and expecting answers from, their outside counsel." In fact,

87%
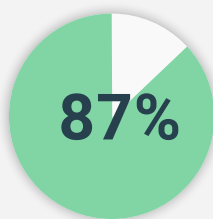
87% of in-house teams expect their outside counsel to use appropriate legal technology to be more efficient.

As legal departments are seeing success by introducing more organization and rigor to their legal processes via technology, it's not surprising that they're expecting their law firms to do the same. The Bloomberg Law survey mentioned above, however, reported that 33% of law firms' highest concern is that their employees aren't tech savvy enough to use new technology – potentially limiting overall motivation to introduce new technologies.

What Can We Expect in 2020?

Technology adoption is inevitable to some degree, and while there are concerns that law firms might be slower to adopt technology, lawyers as a whole are becoming more familiar with cloud technologies, according to the **2019 Cloud Computing Survey** by the American Bar Association. Solo and small firms lead the way in cloud adoption at around 60% of those surveyed.

We can expect to see more law firms adopting and accepting the legal operations process and role in general. Earlier in 2019, we interviewed Jerry Wyckoff, Firm Administrator at Mullin Hoard & Brown, LLP. Responsible for law firm legal operations, Wyckoff leads all daily operations, finances, and logistics for all three of the firm's locations. When we asked why law firms had been slower to adopt legal operations, he shared,

Legal Ops Roles in Law Firms

According to Bloomberg Law, the most represented positions on the legal ops teams within law firms are:

1. Equity partner
2. Associate
3. Non-equity partner
4. Information technology
5. Executive director

> *I know it's cliche, but in my opinion, a large reason why law firms have been slower in adopting a legal operations team has to do with law firm leadership. Many law firms have what I call a "positional leader" – a member of the executive team who wants to control the operational movements of the firm. Unfortunately, this often translates to the law firm running more like a consensus law practice where politics reign rather than allowing the best ideas to win.*

**– Jerry Wyckoff, Firm Administrator at Mullin Hoard & Brown, LLP**

Read the full interview

Organizations like CLOC (Corporate Legal Operations Consortium) are looking to change this perception. At the annual CLOC Institute in Las Vegas, the group announced that law firm staff who "devote the majority of their focus to legal operations or business management" can now apply to join its law firm community.

Created in response to law firms wanting to be a part of the conversation in driving change in legal operations, this community of law firm professionals will have access to a dedicated website where discussions on topics ranging from billing to diversity and inclusion. We look forward to seeing how these conversations shape the law firm legal operations discussion in 2020.

Trend 2: Continued Investment in the Legal Operations Function

The average legal operations FTE supports **22 legal department staff**
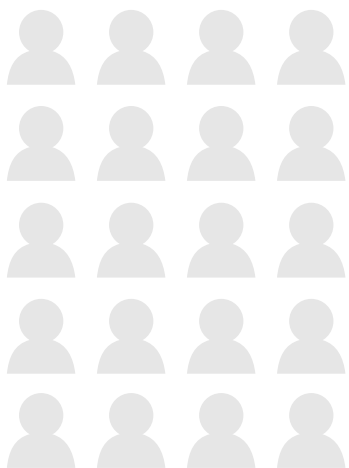
Legal Ops

In our last white paper, we reported rising legal operations salaries ($120,000 median total compensation for legal operations managers) which hinted at more enticing career opportunities for those considering a role in the nascent field.

Not to our surprise, in 2019, we saw the legal operations role gain even more popularity. According to **CLOC's 2019 State of the Industry Survey**, "legal operations professionals are accounting for a larger portion of their departments as the function grows in scope and new roles are added."

The same survey shared that 39% of respondents said their legal ops FTEs (full time employees) increased from 2018, with small and mid-size companies having an average of 2 full time legal operations professionals and large companies having an average of 14 legal operations professionals. The average legal operations FTE supports 22 legal department staff!

Top Skills for Legal Operations

Leadership

Business Management

Communication

are the top non-legal skills that legal department leaders seek to develop among their corporate legal teams according to the **2019 ACC Chief Legal Officers Survey**.

What Can We Expect in 2020?

As the legal operations role continues to attract a wide range of individuals – from law school graduates to those without a juris doctor, and even a few currently at law firms – we can expect a diverse range of talent to rise within legal operations in 2020.

As with diverse talent in any industry, the result is differing perspectives that collectively produce creative solutions to problems both new and old. As legal operations tackle new issues (i.e. those that have cropped up from introducing legal tech such as how to get more visibility into vendor relationships or what metrics best measure legal department success), there is ample opportunity for legal operations to revamp former, often outdated, processes that have been viewed as "good enough" or "status quo." This is especially true as non-lawyers may approach these processes with different experiences and points of view.

> *There is a recognition that legal operations do not have to be led by a lawyer. Often it is better if it is not led by a lawyer. It could be a finance professional or a technology professional or even an MBA. It's not just lawyers that in-house legal departments need.*

– Robin Snasdell, Managing Director at Consilio LLC

Read the full **Law.com article**

Need to make the case for legal operations?

According to Gartner, hiring a dedicated legal operations specialist is a no brainer. Departments without legal operations capabilities spend **30% more** than those with legal operations capabilities.

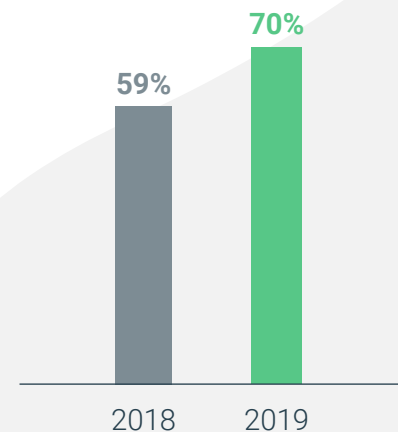# Trend 3: Business Leaders Seeking More Input from Legal

According to the **Association of Corporate Counsel (ACC) Chief Legal Officer's Survey**, 70% of chief legal officers say the executive leadership team frequently seeks their input on business decisions. This is up from 59% in 2018, demonstrating how legal is being sought after for more than their legal expertise.

The need for CLOs and GCs to be strategic partners to the business means they have less time to focus on day-to-day operations. That's where legal operations professionals can step in to:

- Audit and streamline processes

- Get visibility into legal spend for more predictable and reduced costs

- Introduce technologies to reduce time consuming, manual tasks

- Increase cross-functional collaboration with other business units

% CLOs Whose Executive Leadership Teams Seek Their Input on Business Decisions

This focus on being a strategic business partner means that legal operations professionals are becoming the CLO or GC's right hand. In addition to focusing on driving departmental cost savings and efficiencies, they're analyzing data extracted from legal technology platforms and identifying key data points that demonstrate legal's value. Many of these business-minded individuals are also leveraging insights to inform decision making, further supporting CLOs and GCs in their quest to be strategic partners.

> *It should be on the general counsel to include the head of legal operations, whether they hold a J.D. or not, on the leadership team. If the legal operations lead is part of leadership, the practice group leaders will hold them in higher regard.*

– Catherine J. Moynihan, Executive Director at ACC Legal Operations

Read the full **Law.com article**

Legal Aligns Business Units with Organizational Business Objectives

It's not just legal leaders, but the entire legal department including in-house attorneys, legal ops professionals, and GCs, that are being leveraged to inform decision making. With legal already interacting with nearly every department, from sales to finance to human resources, in-house teams are perfectly positioned to influence efficiencies throughout the company, while aligning teams with organizational business objectives.

Download our white paper, *7 Strategies for GCs: How to Become a Strategic Business Partner*, for additional insights on this topic.

What Can We Expect in 2020?

Legal is being sought for their advice, not just their legal advice. This is opening up new opportunities for all legal professionals. We can expect to see more legal roles, including legal operations, taking a seat at the leadership table and having a direct influence on business strategy.

We can also expect to see more career paths, similar to the one of our friend, Dan Wright, who began his career at AppDynamics as the company's first in-house legal hire, moving to general counsel in just under three years and chief operating officer in four. With a business first, lawyer second mentality, he shares one tip for success when it comes to growing from an operationally-focused role:

> *Have regular one-on-ones with each of your board members. It may not be appropriate at every stage in the company, but I think it becomes more appropriate as you get closer to IPO. This way, you can build relationships and really be that strategic partner for the CEO, helping work through some of the thorny issues that may come up for more effective board meetings.*

– Dan Wright, COO at AppDynamics

Read the full article

Trend 4: Prioritization of Analytics

Cost-effective legal departments allocate almost twice as much of their in-house budget to training than higher-cost peers, **according to Gartner, Inc**. A commitment to the continuous improvement of in-house capabilities – which can encompass ongoing training, standardization of legal work, and allocating more of the total legal work in-house – allows legal departments to be the most cost-effective.

"Cost-effective legal departments allocate nearly 8% more of their total budget to in-house line items (e.g. staff salaries, training, IT systems and software) compared with higher cost peers."

- Gartner Inc

Yet, in order to be as cost-effective as possible, legal teams must have metrics to track against this initiative. So it comes as no surprise that HBR's 2019 **Law Department Analytics Survey** reported:

3 in 4 respondents either have a data analytics program in place now or have plans to develop one in the future.	**More than 50%** of respondents characterize data science and analytics as "high" or "medium" priorities for their law departments.	**Nearly 80%** of respondents either "have" or "are developing" a strategy for data analytics with their departments.

These statistics demonstrate that data analytics is a top area of emphasis for in-house counsel and legal operations professionals. The greater the focus on metrics, the easier it is for legal departments to measure their success and ensure they are operating as efficiently as possible.

What Can We Expect in 2020?

A focus on analytics will bring greater collaboration in 2020. As legal teams prioritize analytics to measure workload, productivity, and efficiency for their in-house teams, many stand to learn from other leaders within the organization. Your peers, the leaders of other business units like sales, marketing, and even HR, have forged this data-driven path before. From where to start with analytics, to common challenges faced, to general tips and learnings, other departments are great resources that are already available to legal teams. In many cases, these initial reach outs will have the potential to open the conversation to how legal can improve processes with these other business units, aligning with the company's larger initiatives.

There will also be greater collaboration between legal and groups outside of the organization. Many legal teams are turning to experienced consultants for advice on how to shape their legal operations departments, implement technology, enact change management programs, and more. We can also expect legal teams to collaborate with legal technology vendors who have worked with legal teams of all sizes, across all industries, to solve the most common challenges that each type of organization might face.

Together, legal teams, their organizations, and their vendors and consultants will come together to advance legal operations and create a playbook around how analytics are used by corporate legal departments.

Trend 5: Focus on Technology Management

Statistics from 2018 that were included in last year's top trends white paper showed there would be continued investments in legal technology. **According to Bloomberg Law**, the growth of legal technology shows no signs of slowing down. Quarterly investment in legal tech companies reached new heights in the third quarter of 2019, with nearly $700 million in disclosed funding to legal tech firms, meaning investment in 2019 has exceeded the $1 billion mark.

Consero's Spring 2019 Corporate Legal Operations Report further substantiated these growth numbers, citing that legal departments are adopting legal technology just as fast as new technologies are becoming available. A majority of respondents (68%) expect their technology spending to increase over the next year.

That being said, 83% of users polled in the same Consero report do not believe their legal tech infrastructure meets their needs. More mature legal departments are starting to look at how to leverage individual technologies to their maximum potential, as well as how to connect them with other platforms being used within and outside of the legal department for even greater efficiencies and benefits.

> *"Quarterly investment in legal tech companies reached new heights in the third quarter of 2019, with nearly $700 million in disclosed funding to legal tech firms."*
>
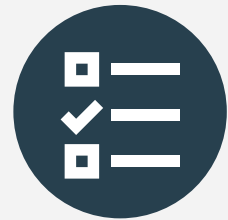> - Bloomberg Law

4 Tools Every In-House Legal Department Needs

e-Billing   **Document Management**   **Contract Management**   **Task Management**

For more on why these solutions are foundational for in-house legal departments and two other bonus solutions, **check out this article**.

What Can We Expect in 2020?

Legal tech management will become a top priority for legal teams in 2020, led by the legal operations function. Learning how to manage technology and the data it collects will shift focus from implementing technology to how to use technology to create formal reporting programs that measure the value legal operations functions can bring.

We can expect legal operations professionals to continue learning best practices for adopting and introducing legal technologies, while also learning how to create 1, 3, and 5 year technology roadmaps. These roadmaps will be instrumental for growing legal teams, identifying the best potential solutions to match the maturity of the department, creating greater efficiencies, cost savings, and collaboration across the organization.

Many times, these roadmaps will also take integrations into consideration. Legal operations professionals will start looking at ways to connect the technologies they use on a daily basis with one another, sharing data across their department and with others. By eliminating data silos, duplicate data entry will also be eliminated, saving time and reducing errors. As legal operations professionals begin to tackle this head on, we can expect to see the overall legal technology stack grow alongside them.

Conclusion

Efficiency will always be a high priority for legal teams, so it's no surprise that technology continues to be ever present on our top trends impacting legal operations lists. But the side effects of new technology are creating other areas of focus for legal operations professionals to tackle as the role and function continue to grow. While we can't predict exactly what is going to happen in 2020, there is no doubt that legal operations will be instrumental for legal teams to meet business objectives and exceed departmental goals.

About SimpleLegal

SimpleLegal combines e-Billing and Spend Management, Matter Management, Vendor Management, and Legal Analytics in one comprehensive platform to help in-house legal teams better track and manage their legal spend and matters.

We believe that legal technology should be modern and easy to use, require little to no training, and have the flexibility to customize to the unique needs of each organization. We partner with legal departments to drive legal operation efficiencies, gain transparency into their legal spend, and realize significant time and cost savings.

For more information, visit www.simplelegal.com.