



# Top trends influencing legal operations 2023

# Table of contents

---

- 3 Introduction
- 4 Supporting strategic spend management with market intelligence
- 6 Improving matter management with legal ops tech
- 8 Taking a strategic role in environmental, social, and governance (ESG) efforts
- 10 Building a positive reputation with internal clients
- 12 Critically evaluating legal AI for legal ops
- 14 Legal ops needs to be ready to be a legal leader in 2023



# Introduction

The COVID-19 pandemic catalyzed an **accelerated legal ops transformation** that has continued even as the effects of the global crisis wane. As Onit CEO Eric Elfman **notes**, *“There is a desire right now for legal to evolve in impactful ways — their businesses are counting on them.”*

Now that executives have recognized how legal’s unique insights can drive business prosperity and innovation, they expect legal ops to play a more prominent part in strategic decision-making and risk management.

In 2023, legal ops members must show stakeholders that their trust is well placed by continuing to step outside their comfort zone and embrace new responsibilities. A proactive approach here will be key to helping businesses stay afloat in a changing global landscape.

Our research shows five trends that will advance legal ops departments as they lean into supporting the overall health of their companies, solidifying their role as an influential force for progress within the organization.



*“ The legal operations professionals I met [at the 2022 CLOC Global Conference] are carving a path. They’re carving a path for themselves and their company in an industry that is moving full-speed ahead.”*

– **Theresa DiCenzo** | Bandwidth Inc. legal operations intern

01

# Supporting strategic spend management with market intelligence



With more in-house legal teams being run like businesses, legal ops must rely on hard data for legal spend — instead of their instincts. There has been gradual progress on this front, with nearly 40% of teams surveyed by Bloomberg Law using “**formal metrics**” to drive business decisions. But to improve strategic decision-making in 2023, legal ops need to build on this mindset by comparing their internal legal analytics to spend data from the broader legal industry.

Objective market intelligence brings additional context to legal spend reporting, showing how well legal ops is performing in comparison to industry benchmarks. Market intelligence is especially helpful for managing outside counsel spend — the number-one metric used to **measure legal ops’ value**, according to Bloomberg Law’s 2022 Legal Ops + Tech Survey. While GCs are targeting an average of **14–18% legal spend savings** by 2024, many law firms are **raising their rates**. To still prove legal ops’ value and cut costs, teams need to start comparing their vendors’ pricing against industry data.

This type of objective law firm benchmarking shows whether vendors are billing at a fair market rate. And when it comes to rate negotiations, the benchmarks provide credible support for these conversations — which 59% of GCs surveyed by EY believe creates “**opportunities for cost savings.**”

This type of data-driven review will also help you identify strategic places to **consolidate work or move it in-house**, both of which are critical for reducing external legal costs. As the Association of Corporate Counsel (ACC) notes in its **2022 Law Department Management Benchmarking Report**, “There is a clear, positive relationship between the amount of outside spend and the number of external providers engaged.” The ACC additionally found that the average internal-external **legal spend distribution** shifted from a near 50-50 split in 2021 to 54% in-house and 46% external in 2022.

This outside information helps legal ops justify their **spend management decisions** and internal spend KPIs. Solid **spend management** is even more crucial to business health and longevity now as companies navigate the effects of inflation. Leadership needs to have a more nuanced understanding of the total legal spend picture— one through coupling internal data with external data. As such, law firm benchmarking will take on additional significance in 2023.

## Manage outside counsel spend with law firm benchmarking

When it comes to collecting legal industry data, we recommend one or more of the following methods:

- Review and gather information from credible market reports and sources, including **The American Lawyer** and the **ACC 2022 benchmarking report**.
- Reach out to trusted industry peers to swap info on your spend stats.
- Use legal business intelligence software that integrates the latest industry data.

When you combine these external insights with **internal legal analytics**, you not only create stronger cases for rate adjustments, but you can also give more helpful **vendor evaluations**. When you give specific feedback grounded in hard data, it’s a lot easier for vendors to take action on their end to meet your expectations. And if they choose not to speed up their matter lifecycle times, then you have a solid business reason to justify ending the partnership.

Learn more about the ins and outs of **law firm benchmarking** in our cost control guide.



### Check out these 2022 stats from the Association of Corporate Counsel’s annual law department benchmarking report and see how you stack up:

- On average, corporate legal departments spend 90% of their external spend solely on law firm fees, 6% on ALSPs, and 4% on miscellaneous external expenses.
- The median legal spend for companies with under \$1 billion in annual revenue was \$1.1 million, with a median internal spend of \$500,000 and a median spend of \$400,000 on outside counsel.

## Improving matter management with legal ops tech



While legal ops teams have invested a lot of their time, focus, and tech budget into optimizing spend management, the same, unfortunately, can't be said for matter management. In fact, **Bloomberg Law's 2022 Legal Ops + Tech survey** found that matter management was the top area where respondents wanted "new or improved legal tech." And without effective matter management, productivity suffers — which ultimately impacts the bottom line.

Creating consistent processes for matter intake, updates, and tracking isn't a new idea — but there's likely to be a new urgency regarding streamlined matter management in 2023. ACC found increases in the average amount of **in-house intellectual property**, labor and employment, and litigation work handled in 2022. This trend is likely to continue as cost-savvy teams continue to shift work internally. Additionally, complex **mergers, acquisitions, and divestitures** have continued to soar since 2021 — 92% of **corporate legal teams** expect that trend to continue into 2023, according to Deloitte.

This increase in volume means standardized legal ops needs streamlined matter management. Otherwise, you'll get caught up in manual data entry and record-keeping instead of being able to focus on high-level decision making.

The benefits of setting up a system for documenting legal matters — especially with legal ops tech — include:

- Fewer matter inaccuracies
- Fewer communication silos
- Greater cross-department transparency
- Greater time savings

Whether you have solid **legal matter management technology** or are still waiting for your GC to greenlight **replacing legacy software**, the first step toward stronger matter management is working on **legal project management** and **legal knowledge management** skills. These key areas will give you the foundational knowledge you need to improve matter workflows while also bringing greater clarity and consistency to matter information.

## What to do without legal tech

Manual matter management can definitely put a dent in productivity — but it's even worse without standard templates and processes in place. To save time in the long run, create templates for all your key practice areas.

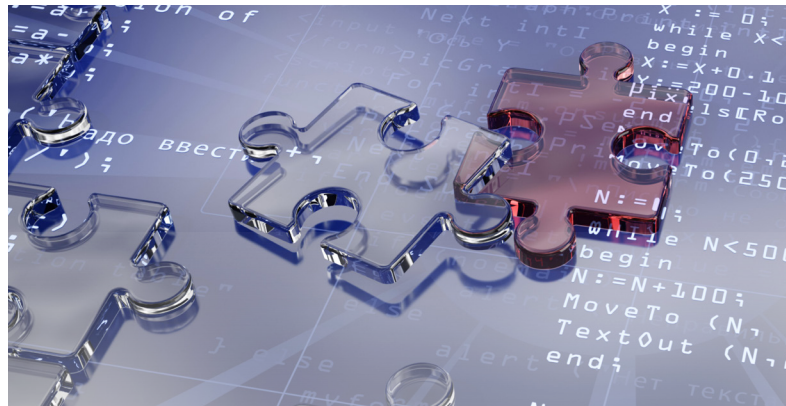
Information should be entered to ensure it's easily understood and also searchable. Templates also eliminate common errors that inhibit successful knowledge management. For example, if your litigation matter template has spots for a judge's first and last name, it's less likely that matters will get mixed up. This also makes it easier to find in a search.

Lastly, whenever a new matter is created, make separate calendar events or a to-do list with deadlines for different matter components and when to check in with attorneys. This helps ensure nothing falls through the cracks.

## What to do with legal tech

According to Bloomberg Law's 2022 Legal Ops + Tech Survey, the top goal for in-house departments was **"increased efficiency."** Matter management tech will keep workflows moving by eliminating the need to create matter templates and calendar reminders from scratch.

With matter management software, you get access to pre-built templates that can be modified to fit your team's unique needs. When you tag someone in a matter, the platform will automatically notify them when deadlines are approaching. These time-saving tricks will streamline workflows and help **reduce burnout** on your legal team.



### Our #1 tip for finding your perfect matter management solution

**Choose what works best for your unique team.** Just because other teams want plenty of bells and whistles in their legal tech doesn't mean it's your best fit. Everyone is at different stages of their legal ops journey — find a platform that lets you nail down matter management fundamentals and has additional capabilities to use as you evolve.

## Taking a strategic role in environmental, social, and governance (ESG) efforts



Consumers expect more from modern corporations than quality goods and services; they want them to use their resources and influence to drive social progress. In their annual global survey measuring **consumer trust**, Edelman found that businesses were the only trusted entity. Governments, non-governmental organizations (NGOs), and the media didn't make the cut.

This lack of confidence has led to a focus on **corporate social responsibility (CSR)** and **environmental, social, and governance (ESG)** — and companies are relying on in-house legal to help navigate them.

CSR is the overarching principle of continuous social improvement, and ESG refers to the specific actions taken to uphold that responsibility. For example:

- **Environmental:** Lower carbon emissions and air pollution, green energy initiatives
- **Social:** Diversity, equity, and inclusion, data privacy, fair labor
- **Governance:** Fairness in C-suite pay, greater transparency with shareholders

And it's not enough for companies to say they're working on ESG — people want proof in the form of detailed reports and tangible actions. This type of external visibility is critical for maintaining public support, with **Edelman** finding that 88% of investors claim they give ESG the "same scrutiny" as business operations and finances.

While the intent behind the ESG work and reporting is positive, it's an area inherently loaded with costly corporate risk. As corporate counsel reporter Trudy Knockless [summarizes](#), there's fear that "ESG issues will cause a loss of customers due to reputational damage, lawsuits by third parties and an increase in regulatory enforcement actions." And in-house legal is increasingly being tasked with managing these risks.

According to the [2022 ACC Chief Legal Officers survey](#), the biggest change in general counsel responsibilities was managing ESG. 24% of GCs now directly oversee these initiatives, up from 15% in 2020. Gartner also found that 65% of GCs noted an [increase in ESG](#) reporting in 2021. To prove itself as a true modern business partner, legal ops will need to step up to support GCs in navigating this new corporate priority.

## 3 steps to take to prepare for increased ESG action in 2023



### 1. Strengthen your understanding of the company's values

The more legal ops understand internal expectations surrounding ESG goals as well as investor and consumer priorities, the better they can assist GCs with their strategic decision-making. As Walt Disney GC Horacio Gutierrez [says](#), *"Decisions in the ESG space cannot be made on an ad hoc basis ... you have to understand the underlying issues at play."*



### 2. Get up to speed on ESG-related regulations

Legal ops' role in ESG should feel a bit similar to its evolving role in [data privacy](#) — both areas require an understanding of complex regulations. Additionally, just like you'd partner with IT to run a data privacy compliance audit, team up with business units across the company to identify any department-specific ESG risks that need to be addressed.



### 3. Prioritize legal DE&I work

Legal ops can also play a huge role in their company's ESG efforts by focusing on legal diversity, equity, and inclusion. This includes within the corporate legal department and with vendors. External efforts can include diversity requirements for outside counsel. Check out our e-book on [how to foster stronger legal diversity](#) for actionable tips.

## Building a positive reputation with internal clients



For legal ops to truly deliver value throughout the entire business, these teams need to work seamlessly with other business departments. However, Onit found that 65% of non-legal employees claim they “**avoid engaging legal**” and ignore its guidance because of “perceived bureaucracy, inefficiency, poor responsiveness and a belief that legal doesn’t understand their specific business needs.”

By investing time and effort in cross-functional relationship building, legal ops can save time while also supporting business growth. For example, better collaboration means less friction when it comes to carrying out ESG initiatives and compliance reviews.

Resolve common complaints about in-house legal by being more transparent and communicative. Here's how:

**Address perceived bureaucracy with clear communication.** 78% of non-legal employees view legal as **"protectors of the business."** But this responsibility doesn't mean legal should just steamroll over other people's input and questions. Be willing to field questions and concerns, and acknowledge other departments' pain points — you're not the only one with a job to do. Even if you ultimately stick to your original stance, this willingness to empathize with the other side minimizes friction.

**Minimize inefficiency with legal tech.** 79% of respondents in **Onit's survey** said in-house legal is outdated, and 59% described legal as "inefficient." Address both areas with **legal technology** that streamlines workflows and increases transparency between departments.

For instance, sharing your legal spend with finance gives them access to the details they need to create accurate budgets. This also minimizes time spent in back-and-forth conversations and errors in accounting.

**Improve responsiveness with an organized system.** 61% of respondents called legal **"unresponsive,"** with almost 40% reporting that the global shift to remote work actually made legal's communication even worse. Whether it's using color-coded flags in your inbox or writing a paper "to-do" list, come up with a method that allows you to stay organized and on top of your replies to cross-department colleagues.



*"Sourcing love for the legal team is simple when it's approached in the right way. It's about giving the business what they need quickly, easily, and without tons of back-and-forth."*

**Michael Grupp**, CEO of BRYTER

**Remedy a lack of specific business knowledge by asking questions.** Take the time to listen and learn about the ins and outs of other departments, including their goals and biggest pain points. This demonstrates an open-mindedness that makes for stronger working relationships, and the information you gain will help you better support teams across the organization.

For a deeper dive into reputation building, check out our **101 whitepaper**. You'll find even more tips to strengthen communication and collaboration, along with specific actions to take to lead company-wide initiatives related to data privacy and diversity, equity, and inclusion.



Gartner notes that **venture capital investments** in the legal tech field hit \$1 billion for the first time on record in 2022, a figure that's only likely to continue climbing as new innovations continue rolling out. As the **market competition increases**, many legal tech vendors will be keen to amp up their promotion of all kinds of "legal AI" features to set themselves apart from the crowd.

Onit found that 77% of legal ops teams currently "integrate some artificial intelligence (AI) into their day-to-day processes to modernize operations." One of the biggest reasons why legal ops turn to legal AI is for **gains in efficiency**.

For instance, as Onit notes, **manually reviewing contracts** can "take up to 70% of an in-house legal department's time." After implementing an AI tool that also uses automation, Onit found that teams were able to be "34% more efficient with their time and 51.5% more productive." Additionally, contract-related costs decreased by 33%.



*"The cloud has enabled many organizations to have greater access to legal AI and this shift, combined with the explosion in both variety and volume of data, has created a perfect storm to entice even the most tech-wary to start embracing legal AI."*

**Wendell Jisa**, Reveal-Brainspace CEO

While these are indeed significant benefits, **legal AI tools** should be viewed as helpful assets, not fix-all solutions. AI can expedite manual processes, flag errors, and reveal data patterns, but legal ops is ultimately responsible for determining how to apply those insights to strategically benefit corporate legal. View AI as your starting partner in a relay race — it's up to legal ops to ultimately bring the task to the finish line.

And remember, not all AI is created equal. Legal ops teams need to conduct their due diligence to make sure they're getting the most out of these new tech investments.

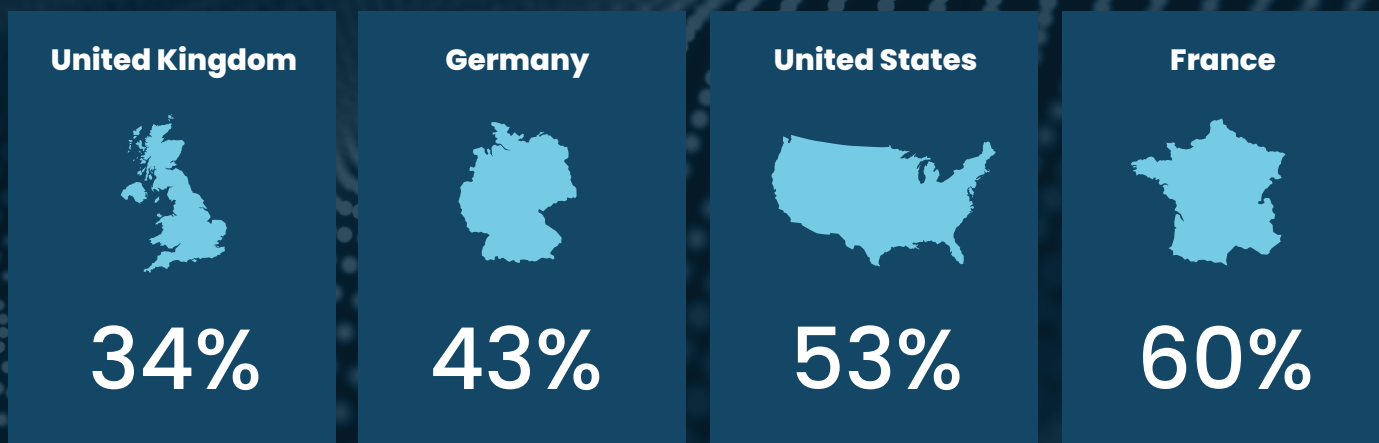
When it comes to legal AI, it's also smart to **loop in your IT department** with any questions you have. Not only will it help you choose legal tech that meets configurability and cybersecurity requirements, but it's also another way to strengthen a cross-department relationship.

## Find yourself the best AI partner by asking legal tech vendors the following questions:

**How much involvement will my team need to have with your AI product?** "Human in the loop" AI is just what it sounds like — AI that requires human involvement to function effectively. While some systems just require manual data entry of elements like billing guidelines or rejecting proposed changes to a contract, others require humans to play a more significant role in "training" the AI. The last thing you want is an AI solution that adds more work to your team's plate.

**How are you planning to expand legal AI capabilities in the future?** Asking about a vendor's long-term plans for AI will give you an idea of whether they're just trying to quickly put something flashy out into the market or if they're actually invested in putting strategic time and effort into their legal AI builds.

Current AI use by legal ops teams is more common than you think. Check out the percentage of teams in **Onit's Enterprise Legal Reputation Report** that said they use AI tools:





# Legal ops needs to be ready to be a legal leader in 2023

Legal ops teams of all shapes and sizes are expanding their areas of expertise to further shape their companies. With this greater power comes increased responsibility, and in 2023, legal ops teams need to fully step up to the plate and own this move from the minor leagues to the big leagues. By boldly embracing change and pitching in across new strategic areas of focus, you can make a significant mark as a powerful force for company growth.



# SimpleLegal, an Onit company

SimpleLegal provides a modern legal operations management platform that streamlines the way corporate legal departments manage their matters, track and interpret spend, and collaborate with vendors and law firms. SimpleLegal combines e-Billing and spend management, matter management, vendor management, and reporting and analytics into one comprehensive application to optimize legal operations and the management of the entire legal department.

For more information visit: [www.simplelegal.com](http://www.simplelegal.com)