

# ACC CUSTOM LEGAL DEPARTMENT BENCHMARKING REPORT

**COMPANY NAME**

Key Insight / Other Information



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## Benchmarking Profile

The cases selected for inclusion in this report were collected via the *2019 Global Legal Department Benchmarking Survey Database*. Ten peer companies were identified for benchmarking purposes based on the following selection criteria:

Peer Company Profile	
Company revenue	US \$500 million to US \$3 billion
Industry	Organizations in “Medical Technology and Life Sciences”: <ul style="list-style-type: none"> <li>• SIC Code 35: Industrial Machinery and Equipment</li> <li>• SIC Code 36: Electronic and Other Electronic Equipment</li> <li>• SIC Code 38: Instruments and Related Products</li> </ul>
Company type	Private companies and subsidiaries
Number of lawyers	12 to 18
Number of staff	Not selected
Total legal spend	\$6M to \$10M
Region	Organizations headquartered in Asia, North America, or Latin America
Data weighting	Data weighted by percentage of revenue in each industry sector: <ul style="list-style-type: none"> <li>• SIC Code 35: 20%</li> <li>• SIC Code 36: 30%</li> <li>• SIC Code 38: 50%</li> </ul>

### Statistical Terminology

**Mean:** The values of each observation are summed together and divided by the total number of observations.

**Median:** This is the middle value of all observations ordered from low to high (also called the 50<sup>th</sup> percentile).

**Percentile:** This is a value that divides a population according to a distribution of observations. It allows us to know the percentage of observations that fall above or below a particular value. For example, if we find that the 25<sup>th</sup> percentile of the number of lawyers in a department is three, we then know that 25 percent of departments have up to three lawyers, while the other 75 percent of departments have three or more.

**n:** This indicates the number of observations for a given metric or reported value.

This report presents metrics on legal department staffing, spending, standardized cost measures, basic measures of workload, work allocation, law firm usage and fees structures, use of technology, and legal department performance in ten different attributes.

## Methodology and Data

**Survey Instrument:** The survey questionnaire was offered through an online survey platform as well as through an embedded electronic PDF, both of which allowed respondents to save their work and send to other members of their department to complete relevant sections if needed.

**Fielding Period:** The survey opened on January 30, 2019, and closed on April 12, 2019. Reminder emails were sent weekly.

**Target Population:** We targeted one relevant representative — the person we considered most capable of reporting on the information requested — in each legal department with at least one member of ACC. We reached out to around 10,000 organizations worldwide. In order of priority, we first sent invitations to heads of legal operations or, in many cases, a department's sole legal operations staff member. If we did not have a member in that position, we then targeted the organization's general counsel/chief legal officer — who would be able to appropriately delegate this task. If a member was not in either of these positions, we then targeted the highest-ranking individual in the legal department. Finally, if we received no response after repeated attempts, we reached out to a broader group of members in each department requesting that they forward the invitation to the most appropriate individual or group within the department.

**Comparability:** Respondents were asked to report all information for the period January 1, 2018 to December 31, 2018 or the closest corresponding fiscal year. We asked legal departments within subsidiary companies to report their information at the level of the subsidiary rather than at the level of the parent company.

**Currency:** Respondents were asked to enter all financial values in US dollars. Non-US respondents were asked to use the exchange rate on December 31, 2018, for currency conversion.

**Industry:** All participating organizations were separately assigned up to three industry affiliations based on Standard Industry Classification (SIC) codes. See "Industry Detail" section for the industry breakdown.

**Incomplete or Unusual Data:** Not all respondents answered all questions. In cases where data appeared unusual, respondents were emailed and asked to clarify their responses. In some cases, we received no reply and therefore had to omit certain data entries from our reporting. The benchmarking metrics reported tend to have a lower sample as complete data is required for all components of each benchmarking calculation.

## Terms and Definitions

<b>Paralegals/Case Managers</b>	Typically, non-exempt employees working on legal matters under the supervision of lawyers.
<b>Legal Operations Professionals</b>	Staff who are solely dedicated to the management of a legal operations function.
<b>Non-Legal Professionals</b>	May include corporate secretary office personnel, technology professionals, IP database management, contract and compliance analysts, and librarians. These are typically exempt employees performing more independent work.
<b>Inside Legal Spend</b>	Includes legal staff compensation (salary, cash bonuses, taxes, and benefits), overhead, and operating expenses (all administrative and office expenses and corporate costs allocated to the legal department). Does not include settlement costs, judgments, fines, recoveries, or filing fees.
<b>Outside Legal Spend</b>	Includes outside counsel, other service providers, and patent and trademark filing fees. Does not include settlement costs, judgments, fines, recoveries, or costs associated with claims or capitalized expenses.
<b>Litigation Matters</b>	Includes internal and external litigation matters (lawsuits only), including those that were still active at the time of survey participation.
<b>Contracts</b>	Contracts reviewed in 2018 from initial request until the contract has been completed or negotiations have been suspended or abandoned.
<b>Contract Cycle Time</b>	Average number of days from initial request until the contract has been completed or negotiations have been suspended or abandoned.
<b>“Significant” Law Firms</b>	Those firms that make up approximately 80 percent of the legal department’s spending on outside counsel.

# 1. Key Benchmarks — Staffing

Legal staffing is a crucial component of any corporate legal department benchmarking effort. This is particularly true for legal given the uniquely difficult task of demonstrating the value of additional headcount when there is rarely a direct tie to the company's revenue. Optimizing headcount is essential not only for effective legal coverage and product quality but also for internal client satisfaction and to operate in a proactive rather than reactive state.

This section presents 24 standardized staffing metrics representing the custom company set. We include five major staff categories. Contract (temporary) staff are listed as a separate category and are not included in the total inside legal staff calculations.

## Key Section Terms:

### **Paralegals/Case Managers**

Typically, non-exempt employees working on legal matters under the supervision of lawyers.

### **Legal Operations Professionals**

Staff who are solely dedicated to the management of a legal operations function.

### **Non-Legal Professionals**

May include corporate secretary office personnel, technology professionals, IP database management, contract and compliance analysts, and librarians. These are typically exempt employees performing more independent work.

## 1. Key Benchmarks — Staffing

**Table 1: Legal Department Staffing Metrics — All Respondents**

	n	25 <sup>th</sup> Percentile	Mean	Median	75 <sup>th</sup> Percentile
<b>Number of Legal Department Staff by Position</b>					
Number of lawyers	10	13.0	54.0	27.5	55.0
Number of paralegals/case managers	10	3.0	12.0	6.5	18.0
Number of legal operations professionals	10	1.0	5.4	2.0	5.0
Number of non-legal professionals	10	0.0	31.9	1.5	57.0
Number of administrative/secretarial staff	10	2.0	5.3	3.5	10.0
Total inside legal staff	10	21.0	109.9	45.0	147.0
Number of contract (temporary) staff	9	0.0	11.1	0.0	3.0
<b>Staff by Position as a Percentage of Total Legal Department Staff</b>					
Lawyers as a percentage of total staff	10	46.2%	59.0%	58.2%	69.4%
Paralegals/case managers as a percentage of total staff	10	4.8%	13.0%	12.6%	23.1%
Legal operations professionals as a percentage of total staff	10	1.6%	4.1%	4.1%	7.1%
Non-legal professionals as a percentage of total staff	10	0.0%	15.1%	3.8%	27.3%
Administrative/secretarial staff as a percentage of total staff	10	2.5%	7.1%	7.9%	9.7%
<b>Staff by Position as a Percentage of Total Company Employees</b>					
Lawyers as a percentage of total company employees	10	0.1%	0.2%	0.2%	0.3%
Paralegals/case managers as a percentage of total company employees	10	0.0%	0.0%	0.0%	0.1%
Legal operations professionals as a percentage of total company employees	10	0.0%	0.0%	0.0%	0.0%
Non-legal professionals as a percentage of total company employees	10	0.0%	0.1%	0.0%	0.1%
Administrative/secretarial staff as a percentage of total company employees	10	0.0%	0.0%	0.0%	0.0%
<b>Lawyer to Staff Ratios</b>					
Lawyers per paralegal/case manager	9	2.4	6.0	4.3	6.4
Lawyers per legal operations professionals	8	7.3	14.1	10.2	14.3
Lawyers per non-legal professionals	6	1.0	7.1	4.0	12.0
Lawyers per admin/secretary	9	6.0	8.6	6.5	8.5
Lawyers per total non-lawyer staff	9	0.9	1.5	1.3	2.2
<b>Legal Department Staff Standardized by Company Revenue</b>					
Lawyers per \$1 billion in company revenue	10	0.6	2.9	2.3	4.0
Legal staff per \$1 billion in company revenue	10	1.1	5.4	4.1	7.6

Note: See “Benchmarking Calculations” section for a complete list of metrics and their calculations.

## 2. Key Benchmarks — Spending

Legal spend takes many forms but it primarily centers around internal staffing costs, external legal fees, and the resulting cost of not having adequate legal resources (i.e., the cost of regulatory fines and penalties). We therefore break down internal and external legal spend into a series of relevant metrics that are standardized by staff size, overall legal spend, and company revenue. To allow for more direct and consistent comparison, these numbers do not reflect settlement costs, judgements, fines, recoveries, or costs associated with claims or capitalized expenses.

This section presents 37 standardized spending metrics representing the custom company set.

### Key Section Terms:

#### **Inside Legal Spend**

Includes legal staff compensation (salary, cash bonuses, taxes, and benefits), overhead, and operating expenses (all administrative and office expenses and corporate costs allocated to the legal department). Does not include settlement costs, judgments, fines, recoveries, or filing fees.

#### **Outside Legal Spend**

Includes outside counsel, other service providers, and patent and trademark filing fees. Does not include settlement costs, judgements, fines, recoveries, or costs associated with claims or capitalized expenses.



## 2. Key Benchmarks — Spending

**Table 2: Legal Department Spending Metrics — All Respondents**

	n	25 <sup>th</sup> Percentile	Mean	Median	75 <sup>th</sup> Percentile
<b>Total Legal Spend</b>					
Legal spend (budgeted) 2018	6	\$900,000	\$52,162,723	\$9,844,000	\$87,800,000
Legal spend (actual) 2018	6	\$2,100,000	\$49,976,745	\$14,453,200	\$96,100,000
Budget to actual spend ratio 2018	6	-12.5%	190.1%	4.7%	9.5%
Total legal spend (actual) as a percentage of company revenue 2018	6	0.1%	0.3%	0.1%	0.2%
Company revenue divided by total legal spend (actual) 2018	6	\$436	\$3,057	\$1,256	\$1,968
Total legal spend per lawyer	6	\$225,000	\$644,293	\$553,474	\$625,000
Total legal spend per legal staff	6	\$118,908	\$320,667	\$282,316	\$476,190
Company revenue per lawyer	10	\$250,000,000	\$2,558,329,984	\$579,166,667	\$1,669,717,833
Company revenue per legal staff	10	\$130,769,231	\$1,534,678,694	\$241,981,132	\$871,157,130
<b>Inside Legal Spend</b>					
Inside legal spend (actual) 2018	6	\$1,680,000	\$20,767,987	\$7,903,200	\$31,600,000
Inside spend (actual) as a percentage of total legal spend (actual) 2018	10	30.0%	52.9%	46.8%	80.0%
Inside spend (actual) as a percentage of company revenue	6	0.0%	0.1%	0.1%	0.1%
Revenue per inside spend (actual)	6	\$1,003	\$4,472	\$2,106	\$4,667
Total lawyer compensation and benefits spend	6	\$1,344,000	\$12,559,253	\$2,804,000	\$16,100,000
Lawyer compensation and benefits as a percentage of total inside spend	10	50.0%	60.3%	67.2%	80.0%
Total non-lawyer compensation and benefits spend	5	\$510,000	\$8,046,050	\$8,018,000	\$8,500,000
Non-lawyer compensation and benefits as a percentage of total inside spend	10	15.0%	28.2%	28.4%	30.7%
Total other inside spend	7	\$0	\$1,246,021	\$84,000	\$1,670,400
Other inside spend as a percentage of total inside spend	10	0.0%	11.4%	10.0%	20.0%
Inside spend per lawyer	6	\$187,500	\$280,772	\$228,172	\$337,011
Inside spend per legal staff	6	\$88,421	\$144,296	\$145,299	\$191,250
Cost per lawyer hour	6	\$57	\$87	\$78	\$102
Cost per non-lawyer hour	5	\$37	\$45	\$51	\$57
<b>Outside Legal Spend</b>					
Outside legal spend (actual) 2018	6	\$420,000	\$29,208,758	\$6,550,000	\$64,500,000
Outside spend (actual) as a percentage of total legal spend (actual) 2018	10	20.0%	47.1%	53.3%	70.0%
Outside spend (actual) as a percentage of company revenue	6	0.0%	0.2%	0.0%	0.1%
Revenue per outside spend (actual)	6	\$772	\$13,848	\$4,049	\$7,407

	n	25 <sup>th</sup> Percentile	Mean	Median	75 <sup>th</sup> Percentile
Total outside spend on outside counsel	6	\$294,000	\$22,760,852	\$4,525,000	\$48,340,000
Outside spend (on outside counsel) as a percentage of total outside spend	10	70.0%	72.2%	77.5%	85.0%
Total outside spend on other service providers	6	\$84,000	\$3,355,788	\$2,025,000	\$5,320,000
Outside spend (on other service providers) as a percentage of total outside spend	10	10.0%	18.3%	13.0%	20.0%
Total patent and trademark filing fees	8	\$0	\$2,313,838	\$0	\$3,835,353
Patent and trademark filing fees as a percentage of total outside spend	10	0.0%	6.5%	0.0%	7.9%
Total other outside spend	7	\$0	\$6,000	\$0	\$0
Other outside spend as a percentage of total outside spend	10	0.0%	3.0%	0.0%	5.0%
Outside spend per lawyer	6	\$33,750	\$363,521	\$252,422	\$437,500
Outside spend per legal staff	6	\$33,750	\$176,370	\$115,129	\$333,333

Note: See "Benchmarking Calculations" section for a complete list of metrics and their calculations.

# 3. Key Benchmarks — Workload and Work Allocation

Optimizing workload and how that work is allocated internally and externally is critical for maintaining proper coverage and efficiency in the legal department. Just as headcount and spend are intimately tied to one another, having a better understanding of current workload and work allocation directly affects proper optimization of headcount and spend.

This section first presents metrics on litigation matters and contracts handled in the legal department. We then present the internal versus external work allocation among 12 different work area categories. Finally, we show how insourced work is distributed across several staff positions.

## Key Section Terms:

### Litigation Matters

Includes internal and external litigation matters (lawsuits only), including those that were still active at the time of survey participation.

### Contracts

Contracts reviewed in 2018 from initial request until the contract has been completed or negotiations have been suspended or abandoned.

### Contract Cycle Time

Average number of days from initial request until the contract has been completed or negotiations have been suspended or abandoned.

### 3. Key Benchmarks — Workload and Work Allocation

#### 3.1. Key Benchmarks — Workload Metrics

**Table 3: Legal Department Workload Metrics — All Respondents**

	n	25 <sup>th</sup> Percentile	Mean	Median	75 <sup>th</sup> Percentile
<b>Litigation Matters</b>					
Number of litigation matters handled	9	20.0	49.2	50.0	70.0
Number of litigation matters handled per inside lawyer	9	0.8	2.1	0.9	1.5
<b>Contracts</b>					
Number of contracts reviewed	8	600.0	2,089.3	2,350.0	3,022.0
Number of contracts reviewed per inside lawyer	8	27.1	128.7	56.6	110.9
Contract cycle time (in number of days)	7	6.0	24.5	21.0	42.0

Note: See "Benchmarking Calculations" section for a complete list of metrics and their calculations.

#### 3.2. Key Benchmarks — Work Allocation Metrics

**Table 4: Work Allocation — All Respondents**

	Insource (In-house)	Outsource to Law Firm	Outsource to ALSP/LPO	Other	Not Applicable
Contract management (review and drafting)	100.0%	10.0%	0.0%	0.0%	0.0%
Discovery (data collection)	70.0%	40.0%	10.0%	0.0%	10.0%
Discovery (data processing/hosting)	33.3%	55.6%	44.4%	0.0%	0.0%
Document management (review and drafting)	80.0%	10.0%	10.0%	0.0%	0.0%
Due diligence	60.0%	70.0%	20.0%	0.0%	0.0%
Intellectual property services	60.0%	70.0%	20.0%	0.0%	10.0%
Invoice review	100.0%	0.0%	0.0%	0.0%	0.0%
Legal operations	100.0%	0.0%	10.0%	0.0%	0.0%
Legal research	80.0%	70.0%	0.0%	0.0%	0.0%
Litigation (legal hold)	80.0%	50.0%	0.0%	0.0%	0.0%
Litigation (case/project management)	90.0%	30.0%	0.0%	0.0%	0.0%
Records management	90.0%	10.0%	0.0%	0.0%	10.0%

### 3.3. Key Benchmarks — In-House Work Allocation

If respondents reported that any of the 12 work categories were performed in-house, we then asked how this work was distributed across staff positions. This section presents the distribution of work in-house among seven types of positions. Percentages indicate the average amount of work in each category that is done for each legal department staff position. Cells with darker shades indicate that a larger percentage of work is carried out by that staff category.

**Table 5: In-House Work Allocation — All Respondents**

	Lawyers	Paralegals/ Case Managers	Legal Operations Professionals	Non-Legal Professionals	Administrative/ Secretarial Staff	Contract (Temp.) Staff	Other Staff
Contract management (review and drafting)	58.3%	33.3%	0.6%	7.8%	0.0%	0.0%	0.0%
Discovery (data collection)	53.5%	12.5%	24.5%	9.5%	0.0%	0.0%	0.0%
Discovery (data processing/hosting)	20.0%	12.9%	35.7%	2.9%	0.0%	0.0%	28.6%
Document management (review and drafting)	66.1%	22.8%	0.0%	0.0%	0.0%	0.0%	12.5%
Due diligence	61.0%	27.0%	0.0%	2.0%	0.0%	0.0%	12.5%
Intellectual property services	61.1%	19.4%	5.6%	2.8%	0.0%	0.0%	12.5%
Invoice review	54.0%	11.0%	25.0%	5.0%	5.6%	0.0%	0.0%
Legal operations	40.5%	1.0%	58.5%	0.0%	0.0%	0.0%	0.0%
Legal research	62.5%	32.5%	1.0%	4.0%	0.0%	0.0%	0.0%
Litigation (legal hold)	66.5%	13.5%	10.0%	10.0%	0.0%	0.0%	0.0%
Litigation (case/project management)	75.6%	12.2%	1.1%	11.1%	0.0%	0.0%	0.0%
Records management	44.0%	18.0%	13.0%	5.0%	0.0%	0.0%	25.0%

## 4. Key Benchmarks — Law Firms and Fee Structures

Law firm convergence and alternative fee structures are topics of serious interest for corporate legal departments as the pressure to do more with less and to demonstrate value to the business only continues to grow. We present several metrics to help departments get a better sense of the law firm usage and fee structures most commonly used.

This section provides the average number of law firms employed by legal departments as well as the number employed across 30 separate practice areas. We also show the average number of “significant” law firms used. The numbers only reflect departments that employed at least one law firm in each practice area. We then present the percentage of departments using specific fee structures and the percentage of outside spend using those fee structures.

### Key Section Terms:

#### **“Significant” Law Firms**

Those firms that make up approximately 80 percent of the legal department’s spending on outside counsel.

## 4. Key Benchmarks — Law Firms and Fee Structures

### 4.1. Key Benchmarks — Law Firms

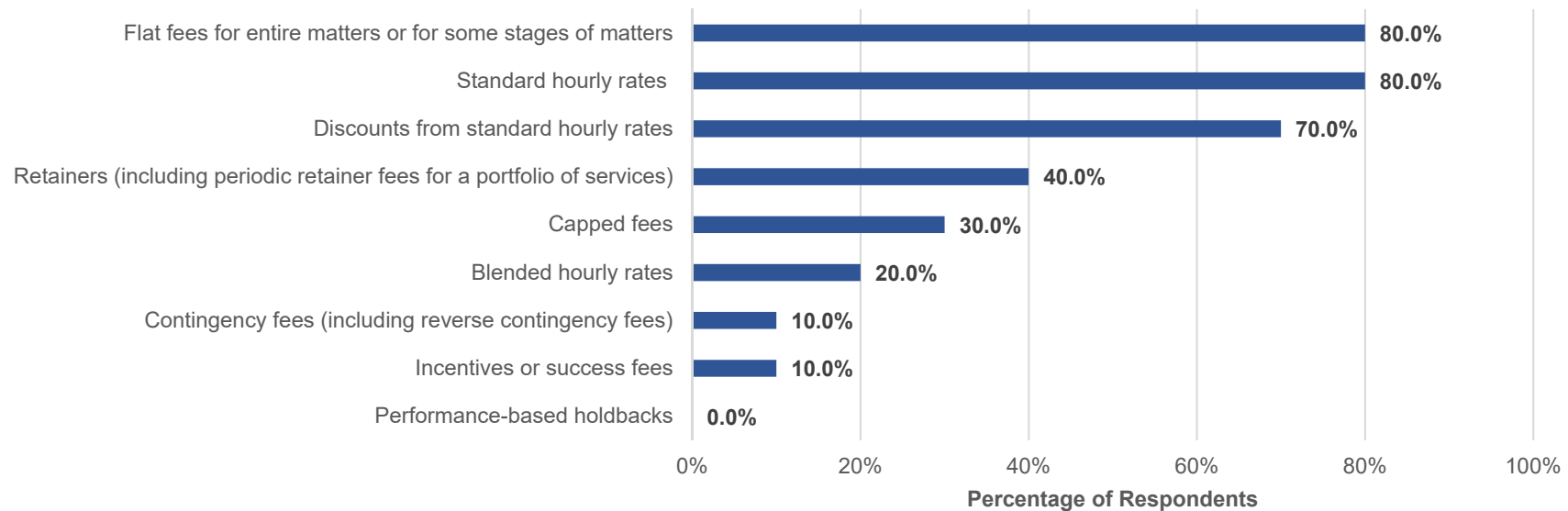
**Table 6: Law Firms — All Respondents**

	n	25 <sup>th</sup> Percentile	Mean	Median	75 <sup>th</sup> Percentile
<b>Law Firms Employed by Legal Department</b>					
Number of law firms employed	9	15.0	58.8	53.0	70.0
Number of "significant" law firms employed	9	3.0	10.1	10.0	10.0
<b>Law Firms Employed by Practice Area</b>					
Antitrust	3	2.0	5.0	2.0	11.0
Bankruptcy	1	2.0	2.0	2.0	2.0
Contracts	1	4.0	4.0	4.0	4.0
Capital markets	0	.	.	.	.
Cybersecurity/IT governance	1	1.0	1.0	1.0	1.0
Data privacy	1	1.0	1.0	1.0	1.0
Employee benefits/executive compensation	1	1.0	1.0	1.0	1.0
Employment/labor	4	1.5	3.5	2.0	5.5
Environmental	1	3.0	3.0	3.0	3.0
General/corporate commercial	4	2.5	6.0	6.0	9.5
Government relations	1	1.0	1.0	1.0	1.0
Industry specific	1	2.0	2.0	2.0	2.0
International	0	.	.	.	.
Intellectual property — licensing	2	5.0	7.5	7.5	10.0
Intellectual property — patent	2	6.0	8.0	8.0	10.0
Intellectual property — trademark	1	10.0	10.0	10.0	10.0

	n	25 <sup>th</sup> Percentile	Mean	Median	75 <sup>th</sup> Percentile
Litigation — commercial	3	1.0	8.0	3.0	20.0
Litigation — environmental	1	2.0	2.0	2.0	2.0
Litigation — patent	1	10.0	10.0	10.0	10.0
Litigation — product liability	1	14.0	14.0	14.0	14.0
Litigation — securities	0	.	.	.	.
Litigation — trademark	1	8.0	8.0	8.0	8.0
Litigation — other	0	.	.	.	.
Mergers and acquisitions	4	1.0	4.8	3.0	8.5
Property and casualty	1	7.0	7.0	7.0	7.0
Real estate	1	2.0	2.0	2.0	2.0
Regulatory	2	2.0	2.0	2.0	2.0
Securities/finance	1	1.0	1.0	1.0	1.0
Tax	1	2.0	2.0	2.0	2.0
Other	0	.	.	.	.

## 4.2. Key Benchmarks — Fee Structures

**Figure 1: Percentage of Legal Departments Using Each Fee Type — All Respondents**



**Table 7: Percentage of Outside Counsel Spend by Fee Type — All Respondents**

	n	25 <sup>th</sup> Percentile	Mean	Median	75 <sup>th</sup> Percentile
Flat fees for entire matters or for some stages of matters	8	10.0%	16.3%	10.0%	25.0%
Standard hourly rates	8	37.5%	51.1%	49.5%	65.0%
Discounts from standard hourly rates	7	20.0%	40.9%	25.0%	70.0%
Retainers (including periodic retainer fees)	4	10.0%	22.5%	17.5%	35.0%
Capped fees	3	5.0%	8.3%	10.0%	10.0%
Blended hourly rates	2	5.0%	27.5%	27.5%	50.0%
Contingency fees (including reverse contingency fees)	1	3.0%	3.0%	3.0%	3.0%
Incentives or success fees	1	2.0%	2.0%	2.0%	2.0%
Performance-based holdbacks	0	.	.	.	.



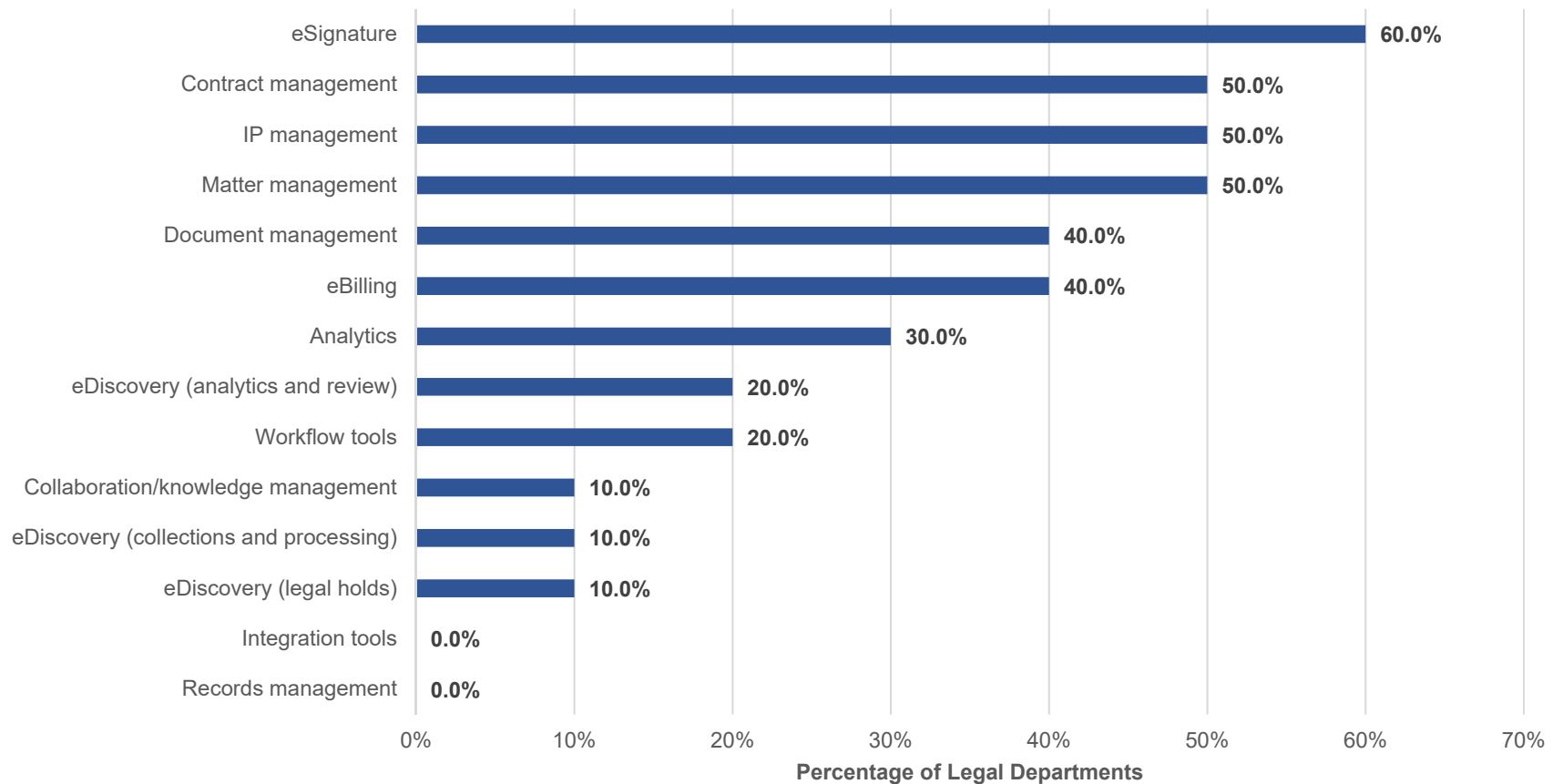
## 5. Use of Technology

Employing the right technology in the appropriate functional areas can help to greatly improve matter and document management, contract processes, and financial record keeping, ultimately helping to streamline time consuming processes and reduce the amount of time spent on low-value work. It is essential for establishing and maintaining an efficient legal department. With a burgeoning legal technology industry, the process for acquiring the right technology for one's department can be overwhelming.

In order to better understand current technology usage among departments, respondents were presented with fourteen different legal technology solution areas and were asked to select those areas in which their legal department has implemented technology. Among each technology solution used, respondents were asked to list the specific vendor(s) and system(s) they employed and then rate each vendor and system on a five-point satisfaction scale.

## 5. Use of Technology

**Figure 2: Technology Adoption by Key Legal Technology Area**



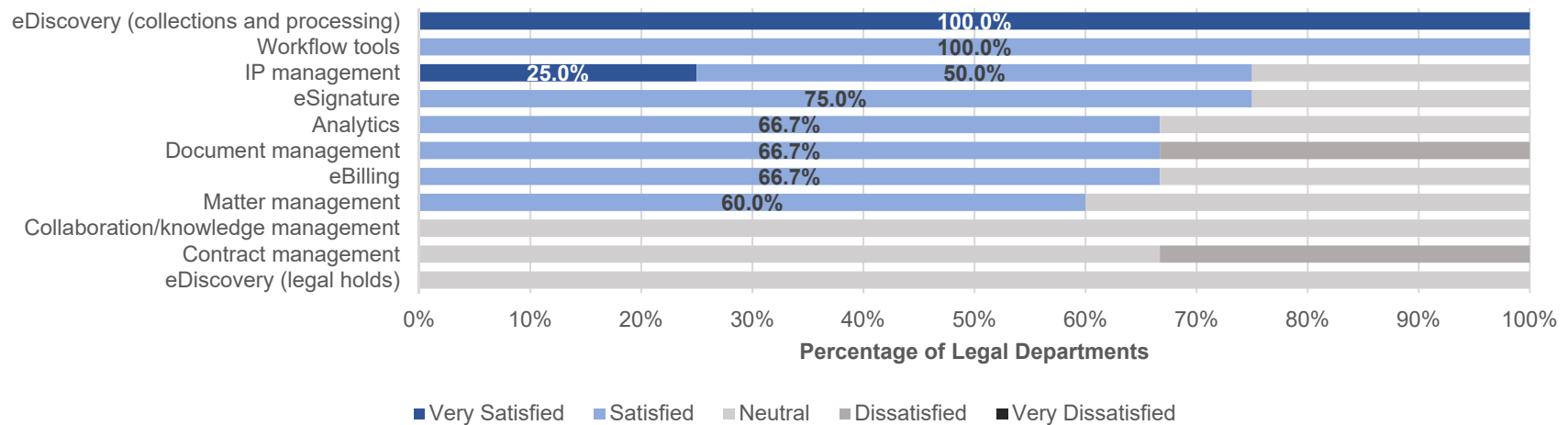
The following table presents the single most common (mode) vendor and system listed by respondents for each technology solution area. The “n” size indicates the number of respondents that use each of the listed vendors and systems. Many vendors produce systems in more than one solution area and are therefore eligible to be listed across more than one category. For example, two legal departments use Wolters Kluwer as their eBilling technology vendor out of the total number of departments that listed a specific vendor in that solution area. This does not necessarily mean that a majority of participating legal departments use Thomson Reuters, simply that it is the most common vendor listed in that solution area.

**Table 8: Most Common Vendors and Systems by Key Legal Technology Area**

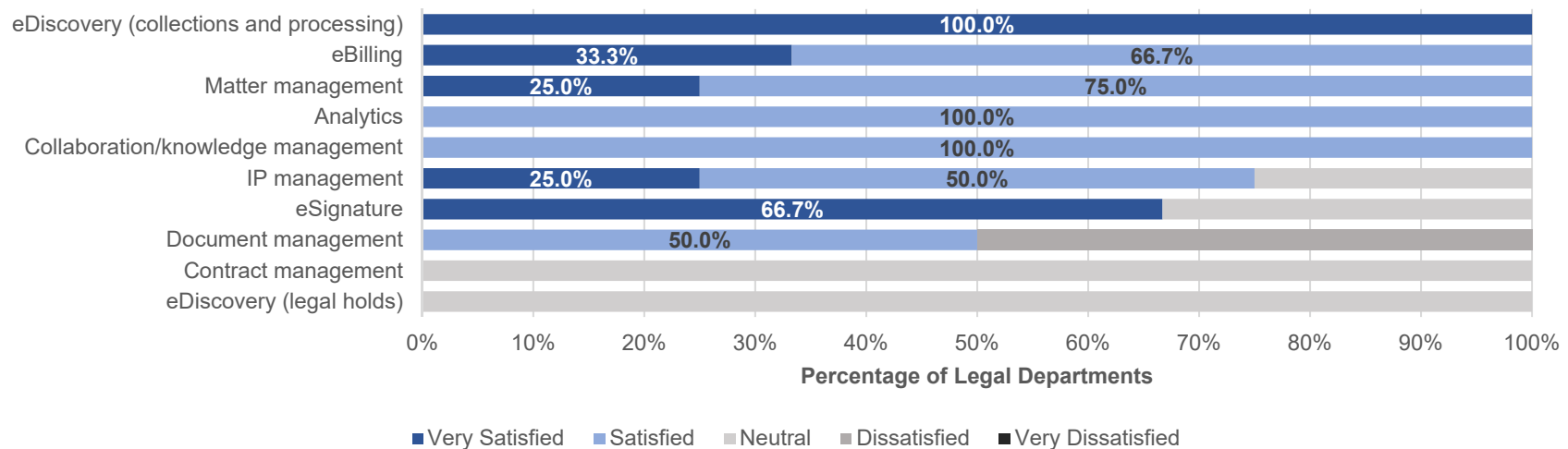
Key Legal Areas	n	Most Common VENDOR	n	Most Common SYSTEM
eSignature	2	DocuSign	2	DocuSign
Contract management	1	Microsoft/Model N/SAP	1	Revvvy CLM/SAP/SharePoint
IP management	2	Anaqua	1	FoundationIP/Patricia
Matter management	2	Wolters Kluwer	2	TyMetrix 360°
Document management	1	Adobe/iManage	1	Adobe Acrobat/iManage
eBilling	2	Wolters Kluwer	2	TyMetrix 360°
Analytics	1	Custom Build/Microsoft/Thomson Reuters	1	Custom Build/Legal Tracker/Power BI
eDiscovery (analytics and review)	1	Custom Build	1	Custom Build
Collaboration/knowledge management	1	Eversheds	1	Protec
eDiscovery (collections and processing)	1	KPMG	1	KPMG eDiscovery
eDiscovery (legal holds)	1	Symantec	1	Clearwell

Note: It is not stated or implied that the vendors or products listed are recommended or endorsed by ACC in any way, and ACC expresses no opinion on them. ACC members and others should exercise independent judgement when selecting vendors and products.

The following figures present vendor and system satisfaction ratings, respectively, across technology solution areas. The ratings represent the overall satisfaction scores of the collective vendors and systems within a technology area and do not intend to reflect any single vendor or system. Both charts show the percentage of respondents that selected a specific satisfaction rating on a five-point scale and the data is ordered by the collective percentage totals of the “very satisfied” and “satisfied” categories. Exact percentages are presented only for those two categories for ease of interpretation.

**Figure 3: Vendor Satisfaction by Key Legal Technology Area**

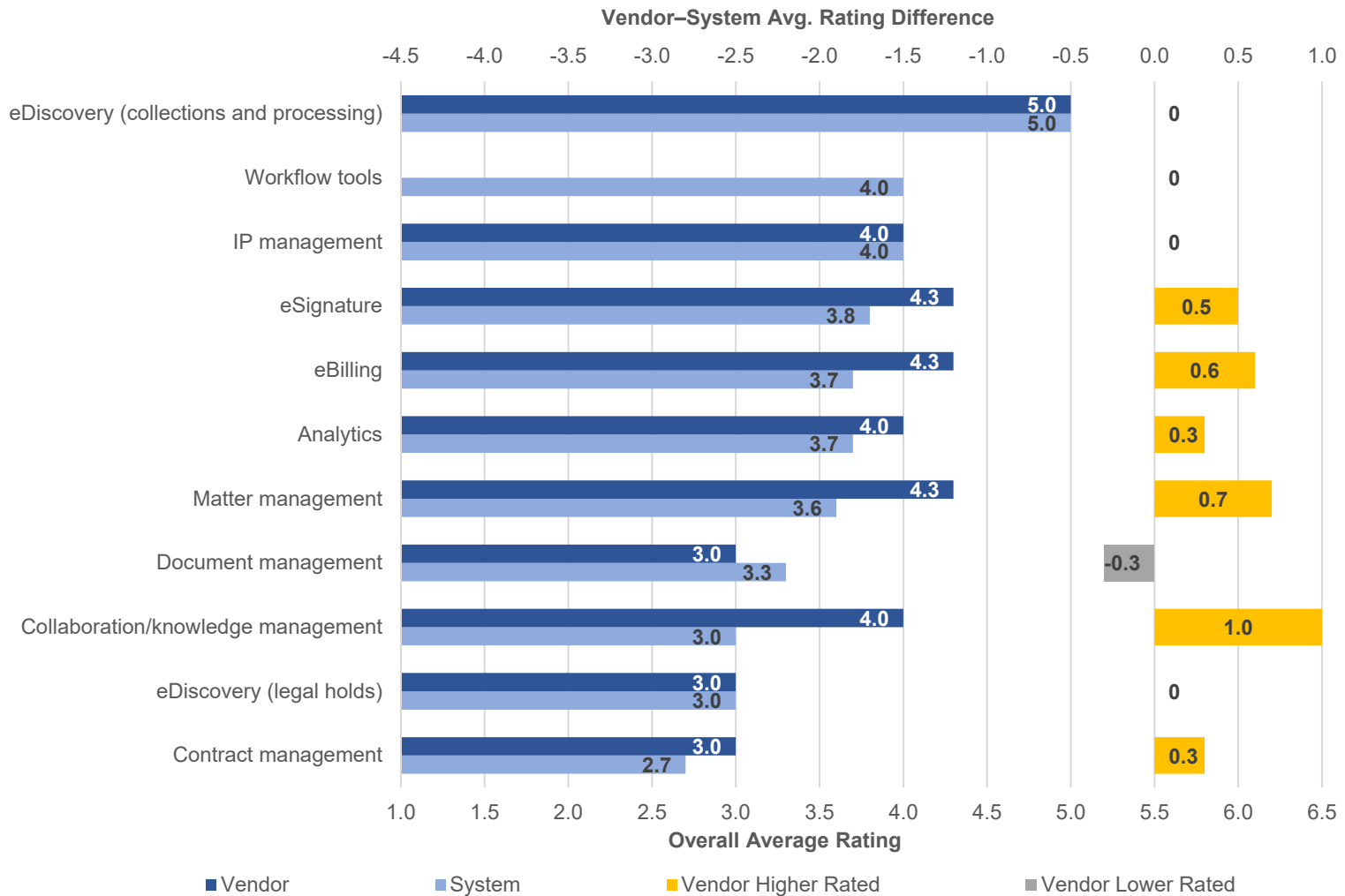
Vendor rating scale: 5 = Very satisfied; 4 = Satisfied; 3 = Neutral; 2 = Dissatisfied; 1 = Very dissatisfied.

**Figure 4: System Satisfaction by Key Legal Technology Area**

System rating scale: 5 = Very satisfied; 4 = Satisfied; 3 = Neutral; 2 = Dissatisfied; 1 = Very dissatisfied.

In addition to presenting ratings through categorical percentages, the following figure shows the average vendor and system rating across each technological solution. The top bar in each row lists the average satisfaction rating of all vendors collectively listed by respondents for each solution area. The bottom bar presents the same information for each system. The data is shown in descending order from highest to lowest average vendor rating. The bars on the right-hand side of the chart show the difference between average vendor and system ratings.

**Figure 5: Overall Vendor and System Ratings by Key Legal Technology Area**



## 6. Performance Scoring

In order to demonstrate effective legal performance and high value to the business, legal departments must define their strategic priorities and align them with those of the broader organization and measure their performance in achieving these priorities. We developed a set of 10 legal department performance attributes that emphasize outside counsel management in terms of spend and communication, optimizing operational efficiencies like work allocation and the employment of technology, talent development, and value alignment.

Respondents were presented with each of the 10 performance attributes and asked to rate (on a five-point scale) both the importance of each attribute in their legal department and how satisfied they were with their department's performance in each area.

## 6. Performance Scoring

The following table lists each attribute and the overall average importance and satisfaction scores across all participating departments.

**Table 9: Legal Department Performance Attributes**

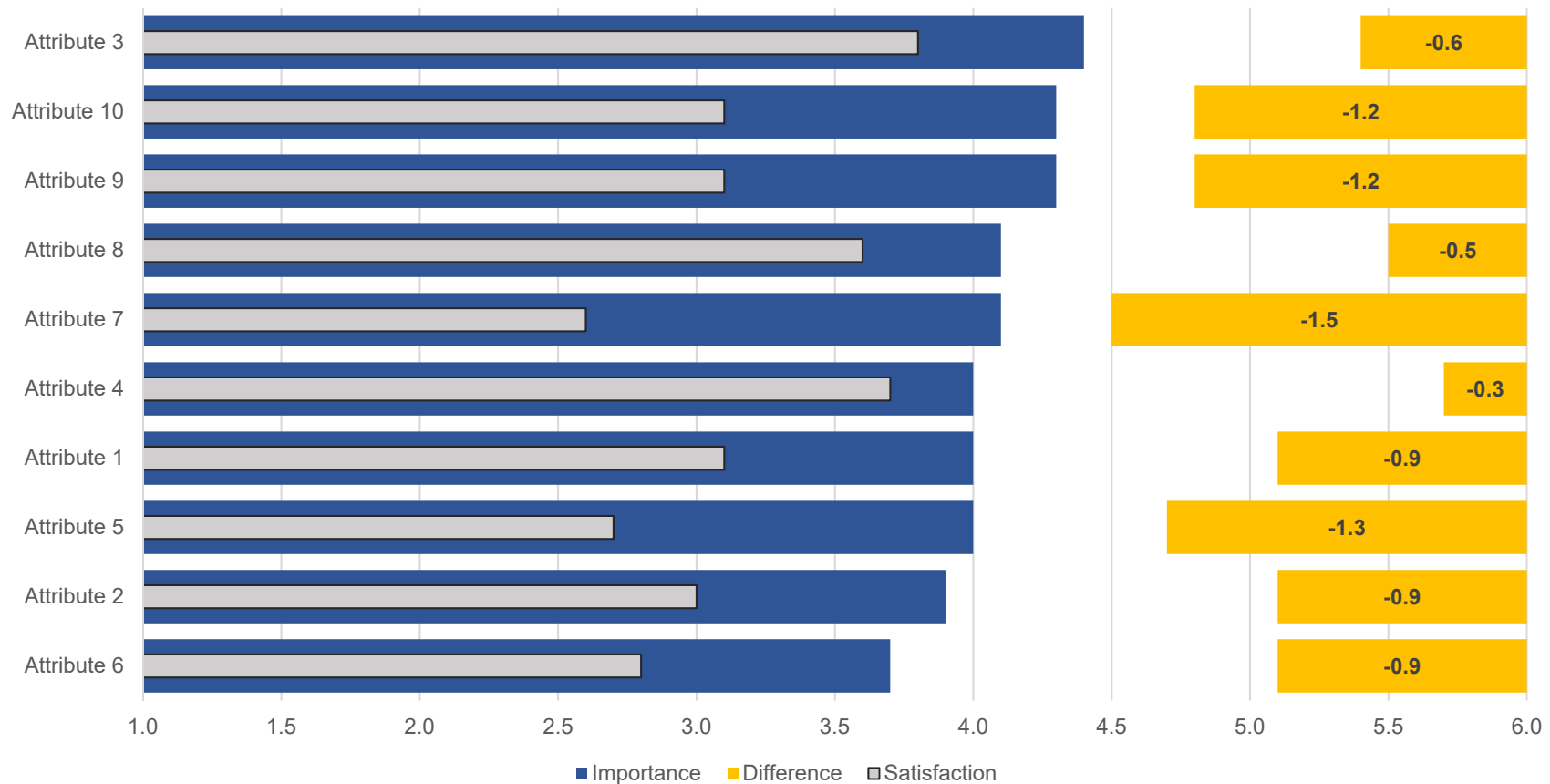
	Importance Rating	Satisfaction Rating
1. <i>We actively identify and implement ways to reduce outside counsel spend and other external spend.</i>	4.0	3.1
2. <i>We provide regular feedback on outside counsel performance to help ensure high quality, cost-effective legal work.</i>	3.9	3.0
3. <i>Our legal department initiatives/activities are aligned with our clients' strategic priorities.</i>	4.4	3.8
4. <i>We regularly solicit feedback from our internal clients to improve our delivery of legal services.</i>	4.0	3.7
5. <i>Our clients consistently use a legal intake mechanism to allow us to track and assign requests for legal services.</i>	4.0	2.7
6. <i>Work allocation among our legal department staff is measured or tracked to ensure the right work is being done by the right people.</i>	3.7	2.8
7. <i>We employ technology to streamline processes and reduce time spend on low-value work in the legal department.</i>	4.1	2.6
8. <i>We actively promote professional development opportunities for our legal staff.</i>	4.1	3.6
9. <i>Our legal department has a culture that promotes innovation and/or continuous improvement of legal services.</i>	4.3	3.1
10. <i>We clearly demonstrate the value of the legal department to our business leaders and other stakeholders.</i>	4.3	3.1

**Importance Rating Scale:** 1 = Not Important; 2 = Slightly Important; 3 = Moderately Important; 4 = Important; 5 = Very Important

**Satisfaction Rating Scale:** 1 = Very Dissatisfied; 2 = Dissatisfied; 3 = Neutral; 4 = Satisfied; 5 = Very Satisfied

The following figure presents the average importance and satisfaction ratings for each attribute among all departments listed in descending order, from highest to lowest importance score. The outer bar represents the average importance score and the inner bar represents the average satisfaction score. The bar on the right-hand side of the chart shows the difference between average importance and satisfaction scores.

**Figure 6: Performance Ratings — Importance vs. Satisfaction**



In addition to charting the importance-satisfaction gaps across attributes, we created a performance matrix that assigns value labels based on a legal department's combined importance and satisfaction scores for any given attribute. The following figure presents this matrix with each of four quadrants assigning a value label. For example, if a respondent rated a performance attribute as at least moderately important (on the y axis) and was neutral or dissatisfied (on the x axis) in the department's performance, then that attribute is labeled as an "opportunity for improvement."



**Figure 7: Legal Department Performance Matrix**

Degree of Importance	5 = Very Important	<u><b>Quadrant #1</b></u> Opportunity for Improvement			<u><b>Quadrant #2</b></u> Keep Up the Good Work!	
	4 = Important					
	3 = Moderately Important					
	2 = Slightly Important	<u><b>Quadrant #4</b></u> Low Priority			<u><b>Quadrant #3</b></u> Exceeding Expectations	
	1 = Not Important					
		1 = Very Dissatisfied	2 = Dissatisfied	3 = Neutral	4 = Satisfied	5 = Very Satisfied
		Degree of Satisfaction				

We then use the performance matrix to determine how legal departments are generally performing across each of the 10 attributes. The following table shows the percentage of departments that are assigned to each of the four quadrants for each performance attribute. Quadrants with the highest percentage of departments are highlighted.

Table 10: Quadrants Assigned by Performance Attribute

Legal Department Performance Attributes	Opportunity for Improvement	Keep Up the Good Work	Exceeding Expectations	Low Priority
1. We actively identify and implement ways to reduce outside counsel spend and other external spend.	55.6%	33.3%	0.0%	11.1%
2. We provide regular feedback on outside counsel performance to help ensure high quality, cost-effective legal work.	55.6%	44.4%	0.0%	0.0%
3. Our legal department initiatives/activities are aligned with our clients' strategic priorities.	22.2%	77.8%	0.0%	0.0%
4. We regularly solicit feedback from our internal clients to improve our delivery of legal services.	33.3%	66.7%	0.0%	0.0%
5. Our clients consistently use a legal intake mechanism to allow us to track and assign requests for legal services.	77.8%	22.2%	0.0%	0.0%
6. Work allocation among our legal department staff is measured or tracked to ensure the right work is being done by the right people.	77.8%	11.1%	0.0%	11.1%
7. We employ technology to streamline processes and reduce time spend on low-value work in the legal department.	77.8%	11.1%	0.0%	11.1%
8. We actively promote professional development opportunities for our legal staff.	33.3%	55.6%	0.0%	11.1%
9. Our legal department has a culture that promotes innovation and/or continuous improvement of legal services.	44.4%	44.4%	0.0%	11.1%
10. We clearly demonstrate the value of the legal department to our business leaders and other stakeholders.	66.7%	33.3%	0.0%	0.0%

## Benchmark Calculations

Benchmarking Metrics	Calculation
<b>Number of Legal Department Staff by Position</b>	
Number of lawyers	Total number
Number of paralegals/case managers	Total number
Number of legal operations professionals	Total number
Number of non-legal professionals	Total number
Number of administrative/secretarial staff	Total number
Total inside legal staff	Total number
Number of contract (temporary) staff	Total number
<b>Staff by Position as a Percentage of Total Legal Department Staff</b>	
Lawyers as a percentage of total staff	Lawyers divided by total legal staff
Paralegals/case managers as a percentage of total staff	Paralegals/case managers divided by total legal staff
Legal operations professionals as a percentage of total staff	Legal operations professionals divided by total legal staff
Non-legal professionals as a percentage of total staff	Non-legal professionals divided by total legal staff
Administrative/secretarial staff as a percentage of total staff	Administrative/secretarial staff divided by total legal staff
<b>Staff by Position as a Percentage of Total Company Employees</b>	
Lawyers as a percentage of total company employees	Lawyers divided by total company employees
Paralegals/case managers as a percentage of total company employees	Paralegals/case managers divided by total company employees
Legal operations professionals as a percentage of total company employees	Legal operations professionals divided by total company employees
Non-legal professionals as a percentage of total company employees	Non-legal professionals divided by total company employees
Administrative/secretarial staff as a percentage of total company employees	Administrative/secretarial staff divided by total company employees
<b>Lawyer to Staff Ratios</b>	
Lawyers per paralegal/case manager	Lawyers divided by paralegals/case managers
Lawyers per legal operations professionals	Lawyers divided by legal operations professionals
Lawyers per non-legal professionals	Lawyers divided by non-legal professionals
Lawyers per admin/secretary	Lawyers divided by administrative/secretarial staff
Lawyers per total non-lawyer staff	Lawyers divided by non-lawyer staff
<b>Legal Department Staff Standardized by Company Revenue</b>	
Lawyers per \$1 billion in company revenue	Lawyers divided by (revenue divided by \$1B)
Legal staff per \$1 billion in company revenue	Total legal staff divided by (revenue divided by \$1B)

Benchmarking Metrics	Calculation
<b>Total Legal Spend</b>	
Legal spend (budgeted) 2018	Total number (in \$US)
Legal spend (actual) 2018	Total number (in \$US)
Budget to actual spend ratio 2018	Subtract budgeted amount from actual amount. Take the difference and divide by the budgeted amount. Multiply the resulting rate by 100 to find the % change.
Total legal spend (actual) as a percentage of company revenue 2018	Total legal spend divided by company revenue
Company revenue divided by total legal spend (actual) 2018	Company revenue divided by total legal spend
Total legal spend per lawyer	Total legal spend divided by lawyers
Total legal spend per legal staff	Total legal spend divided by total legal staff
Company revenue per lawyer	Company revenue divided by lawyers
Company revenue per legal staff	Company revenue divided by total legal staff
<b>Inside Legal Spend</b>	
Inside legal spend (actual) 2018	Total number (in \$US)
Inside spend (actual) as a percentage of total legal spend (actual) 2018	Total inside spend divided by total legal spend
Inside spend (actual) as a percentage of company revenue	Total inside spend divided by company revenue
Revenue per inside spend (actual)	Company revenue divided by total inside spend
Total lawyer compensation and benefits spend	Total number (in \$US)
Lawyer compensation and benefits as a percentage of total inside spend	Lawyer compensation & benefits spend divided by total inside spend
Total non-lawyer compensation and benefits spend	Total number (in \$US)
Non-lawyer compensation and benefits as a percentage of total inside spend	Non-lawyer compensation & benefits spend divided by total inside spend
Total other inside spend	Total number (in \$US)
Other inside spend as a percentage of total inside spend	Other inside spend divided by total inside spend
Inside spend per lawyer	Total inside spend divided by lawyers
Inside spend per legal staff	Total inside spend divided by total legal staff
Cost per lawyer hour	Total lawyer compensation & benefits spend divided by (lawyers x 1,800 billable hours)
Cost per non-lawyer hour	Total non-lawyer compensation & benefits spend divided by (non-lawyers x 1,800 billable hours)
<b>Outside Legal Spend</b>	
Outside legal spend (actual) 2018	Total number (in \$US)
Outside spend (actual) as a percentage of total legal spend (actual) 2018	Total outside spend divided by total legal spend
Outside spend (actual) as a percentage of company revenue	Total outside spend divided by company revenue

Benchmarking Metrics	Calculation
Revenue per outside spend (actual)	Company revenue divided by total outside spend
Total outside spend on outside counsel	Total number (in \$US)
Outside spend (on outside counsel) as a percentage of total outside spend	Outside spend (on outside counsel) divided by total outside spend
Total outside spend on other service providers	Total number (in \$US)
Outside spend (on other service providers) as a percentage of total outside spend	Outside spend (on other service providers) divided by total outside spend
Total patent and trademark filing fees	Total number (in \$US)
Patent and trademark filing fees as a percentage of total outside spend	Patent & trademark filing fees divided by total outside spend
Total other outside spend	Total number (in \$US)
Other outside spend as a percentage of total outside spend	Other outside spend divided by total outside spend
Outside spend per lawyer	Total outside spend divided by lawyers
Outside spend per legal staff	Total outside spend divided by total legal staff
<b>Litigation Matters</b>	
Number of litigation matters handled	Total number
Number of litigation matters handled per inside lawyer	Number of litigation matters divided by inside lawyers
<b>Contracts</b>	
Number of contracts reviewed	Total number
Number of contracts reviewed per inside lawyer	Number of contracts divided by inside lawyers
Contract cycle time	Number of days

## Industry Detail

### 01-09 Agriculture, Forestry, Fishing

- 01 Agricultural Production—Crops
- 02 Agricultural Production—Livestock
- 07 Agricultural Services
- 08 Forestry
- 09 Fishing, Hunting, and Trapping

### 10-14 Mining

- 10 Metal Mining
- 12 Coal Mining
- 13 Oil and Gas Extraction
- 14 Nonmetallic Minerals, Except Fuel

### 15-17 Construction

- 15 General Building Contractors
- 16 Heavy Construction, Except Building
- 17 Special Trade Contractors

### 20-39 Manufacturing

- 20 Food and Kindred Products
- 21 Tobacco Products
- 22 Textile Mill Products
- 23 Apparel & Other Textile Products
- 24 Lumber and Wood Products
- 25 Furniture and Fixtures
- 26 Paper and Allied Products
- 27 Printing and Publishing
- 28 Chemicals and Allied Products
- 29 Petroleum and Coal Products
- 30 Rubber & Misc. Plastics Products
- 31 Leather and Leather Products
- 32 Stone, Clay, and Glass Products
- 33 Primary Metal Industries
- 34 Fabricated Metal Products
- 35 Industrial Machinery & Equipment
- 36 Electronic & Other Electronic Equipment
- 37 Transportation Equipment
- 38 Instruments & Related Products
- 39 Misc. Manufacturing Industries

### 40-49 Transportation

- 40 Railroad Transportation
- 41 Local & Interurban Passenger Transit

- 42 Trucking and Warehousing
- 44 Water Transportation
- 45 Transportation by Air
- 46 Pipelines, Except Natural Gas
- 47 Transportation Services
- 48 Communications
- 49 Electric, Gas & Sanitary Services

### 50-51 Wholesale Trade

- 50 Wholesale Trade—Durable Goods
- 51 Wholesale Trade—Nondurable Goods

### 52-59 Retail Trade

- 52 Building Materials & Garden Supplies
- 53 General Merchandise Stores
- 54 Food Stores
- 55 Automotive Dealers & Service Stations
- 56 Apparel and Accessory Stores
- 57 Furniture and Home Furnishings Stores
- 58 Eating and Drinking Places
- 59 Miscellaneous Retail

### 60-67 Finance, Insurance, Real Estate

- 60 Depository Institutions
- 61 Nondepository Institutions
- 62 Security and Commodity Brokers
- 63 Insurance Carriers
- 64 Insurance Agents, Brokers, & Service
- 65 Real Estate
- 67 Holding & Other Investment Services

### 70-89 Services

- 70 Hotels and Other Lodging Places
- 72 Personal Services
- 73 Business Services
- 75 Auto Repair, Services, and Parking
- 76 Miscellaneous Repair Services
- 78 Motion Pictures
- 79 Amusement & Recreation Services
- 80 Health Services
- 81 Legal Services
- 82 Educational Services
- 83 Social Services

- 84 Museums, Botanical, Zoological Gardens
- 86 Membership Organizations
- 87 Engineering & Management Services
- 89 Services, NEC

### 91-99 Public Administration

- 91 Executive, Legislative & General Government, Except Finance
- 92 Justice, Public Order and Safety
- 93 Public Finance, Taxation and Monetary Policy
- 94 Administration of Human Resource Programs
- 95 Administration of Environmental Quality and Housing Programs
- 96 Administration of Economic Programs
- 97 National Security and International Affairs
- 99 Nonclassifiable Establishments

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1001 G St., NW, Suite 300W  
Washington, DC 20001 USA  
Tel +1 202.293.4103  
**[acc.com](https://acc.com)**