

2020

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# ACC LEGAL OPERATIONS MATURITY BENCHMARKING REPORT



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- DAN YOUNG, BOSTON SCIENTIFIC



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→ <b>Legal Ops Conference and Boot Camp @ Xchange</b>	<a href="https://acc.com/events">acc.com/events</a>
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# INTRODUCTION

The Association of Corporate Counsel (ACC), in partnership with Wolters Kluwer Legal & Regulatory, is pleased to share the results of the *2020 Legal Operations Maturity Benchmarking Report*. Based on the popular *ACC Legal Operations Maturity Model*, this study assessed in-house legal departments' performances on 15 different functions and 92 related subfunctions to assess legal departments' operational maturity.

The report aims to be a useful resource for legal department leaders to benchmark the maturity of their operations against their peers. Not only will they be able to see how their department compares in essential functions, such as *Financial Management, Contracts Management, and Compliance*, but they will also be able to scrutinize dozens of legal operations practices, processes, and tools to determine to what extent other legal departments have these in place, are planning to implement them, or have not (yet) implemented them.

This comprehensive study comprises responses from 316 legal departments across 29 countries and 24 industries, with organizations that range from the millions to tens of billions of US dollars in company revenue, and includes one-lawyer departments to legal teams with hundreds of employees.

The report is divided into four main sections. First, we provide

the **overall survey results** for the *Maturity Model's* 15 functions, with breakdowns by industry, company revenue, organization headquarters location, size of the legal department, and total legal spend. We also examine the impact of having dedicated legal operations professionals on staff.

Second, we present the results in detail for **each of the 15 legal operations functions**. Respondents shared whether their departments are implementing several practices, policies, and tools related to each function, and the results show the distribution of different implementation stages. Finally, this section includes valuable insights from legal department leaders about the most pressing challenges they face in advancing legal operations maturity.

Third, we combine the maturity rates to create an **Overall Maturity Score** for the legal department as a whole. A straightforward,

easy-to-read index ranging from 0 to 100, this score offers means to evaluate where legal departments are in their journey toward achieving advanced status. Apart from the aggregate overall score across diverse participants, we segment the results for key industries, and company and legal department sizes.

Finally, we provide a profile of the **"best in class"** — departments with the highest levels of maturity — and look at the specific subfunctions in which this group of maturity leaders excels.

We hope that this report offers valuable insights to legal departments when self-assessing legal operations maturity in order to identify specific opportunities for improvement. We would like to thank all survey participants, Wolters Kluwer for its support, and the ACC Legal Operations Steering Committee for the thought-provoking feedback that guided us in every stage of this report.

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[www.acc.com/benchmarking-research@acc.com](http://www.acc.com/benchmarking-research@acc.com)

# MATURITY MODEL: LEGAL OPERATIONS FUNCTIONS

## What is Legal Operations?

Legal operations are activities focused on optimizing legal services for the corporation. Its disciplines are rooted in business fundamentals, leveraging processes, data and technology. They are designed to build consistency and drive efficiency and value in a legal function's practice of law. In many legal departments, this business management function is handled by dedicated legal operations staff that take responsibility for some or all of the areas in the [ACC Legal Operations Maturity Model](#).

## ACC LEGAL OPERATIONS MATURITY MODEL

ACC's [Maturity Model](#) is a popular reference tool that legal department leaders use to benchmark maturity in a wide range of functional areas that are relevant for optimization of legal services delivery. The Maturity Model attributes allow legal departments to place themselves in three stages of maturity in each

function — early, intermediate, and advanced — bearing in mind that priorities and aspirational targets will vary based on department size, staffing, and budgets.

This report builds on the *Maturity Model's* structure and utility as a benchmarking tool to compare one's performance against legal departments across different

company sizes and industry sectors. The *ACC Legal Operations Maturity Benchmarking Survey* gathered insights from legal department leaders on the *Maturity Model's* 15 functions and 92 specific subfunctions.

The results will surely benefit company executives, general counsel, legal operations professionals, and other key stakeholders by shedding light on the legal departments' degree of maturity compared to peer organizations. Before diving into the survey results, we present a table with the definitions of the *Maturity Model's* 15 functions (listed in alphabetical order) that legal departments were asked to evaluate.

## LEGAL OPERATIONS FUNCTION

## DEFINITION

1. Change Management	A systematic process to enable an organization to embrace targeted changes in the way work is done.
2. Compliance	The set of activities to ensure organizational awareness of and adherence to rules and regulations in all jurisdictions in which the enterprise does business.
3. Contract Management	The process of managing contract creation, execution, storage and compliance with contractual obligations.
4. eDiscovery & Litigation Management	The process of identifying, collecting and producing electronically stored information in response to a request for production in a lawsuit or investigation.
5. External Resources Management	Oversight of vendors and law firms from selection through performance management and payments.
6. Financial Management	The discipline to allocate financial resources, forecast revenues/ expenses and create/maintain budgets to ensure compliance with accounting and cash flow requirements.
7. Information Governance (Records Management)	The system to manage electronic and physical documents enterprisewide to support an organization's compliance and operational requirements.
8. Innovation Management*	The program and process to collect, analyze, select, pilot and implement innovative systems and processes within the legal department.
9. Intellectual Property Management	Operations to optimize the return on investment in the tangible assets of an organization, such as patents and trademarks.
10. Internal Resources Management	The activities to advance the human resources in the legal department, including recruiting, onboarding, training, work allocation, performance management, talent development and employee communications.
11. Knowledge Management	The process of capturing, distributing, and effectively using both structured and tacit knowledge assets, from work products (such as legal memos) to understanding of an issue due to prior experience.
12. Metrics & Analysis	The system to collect, organize and use data to inform decision making and performance management.
13. Process & Project Management	The disciplines utilized to plan, coordinate and oversee multifaceted initiatives and matters, as well as to continuously improve process efficiency.
14. Strategic Planning	The process to set legal department goals that align with enterprise objectives, prioritize initiatives, allocate resources and define metrics to assess progress.
15. Technology Management	The set of activities to optimize utilization of technology, including planning, selection, procurement and/or development, training and promotion of adoption.

\*This is a newly added function for the purposes of this survey and is not included in the original 14 functions of the Maturity Model.

To learn more about ACC's Maturity Model and associated resources, visit [www.acc.com/maturity](http://www.acc.com/maturity).

# OVERALL RESULTS

Legal departments provided a self-assessment of their maturity level across the 15 functions that constitute the *ACC Legal Operations Maturity Model*. Although the *Maturity Model* describes three stages of maturity — early, intermediate, and advanced — we offered a more granular scale by asking participating legal departments to choose between two values for each maturity stage, resulting in a six-point scale to measure the department's maturity for each function.

Functions that were outside of the legal department's remit or were not relevant could be classified as not applicable. The following table provides the scale definitions used to measure maturity.

Please rate your department's current level of maturity regarding each function using the following scale.

EARLY STAGE		INTERMEDIATE STAGE		ADVANCED STAGE		N/A
1	2	3	4	5	6	—

1 = Maturity level is **early stage**.

2 = Maturity level is **early stage** and is transitioning to intermediate stage.

3 = Maturity level is **intermediate stage**.

4 = Maturity level is **intermediate stage** and is transitioning to advanced stage.

5 = Maturity level is **advanced stage**.

6 = Maturity level is **advanced stage** and is pioneering new developments in this competency.

**Not Applicable** = This legal operations competency falls outside of the legal department's remit.



For each function, we calculated and reported the average maturity rate of all legal departments. Because the self-assessed maturity rate was provided on a six-point scale, the average rate is a value placed on a continuum from 1 to 6 as well.

The following table clarifies the translation of the average maturity rate for each legal department function into the six possible stages of the Maturity Model. For example, the overall average maturity rate for *Change Management* is 2.38, which means that, on average, participating legal departments are within early stage 2 for this particular function.

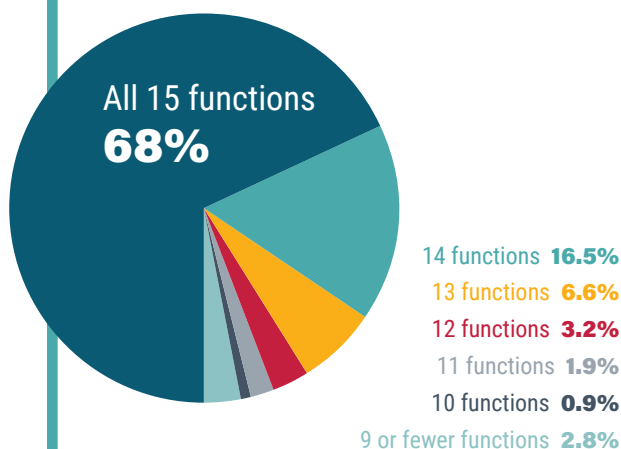
AVERAGE MATURITY RATE RANGE	MATURITY LEVEL
1.0 – 1.5	Early stage 1
1.5 – 2.5	Early stage 2
2.5 – 3.5	Intermediate stage 1
3.5 – 4.5	Intermediate stage 2
4.5 – 5.5	Advanced stage 1
5.5 – 6.0	Advanced stage 2

This section provides the overall results of the *Legal Operations Maturity Benchmarking Survey* for all 15 functions, with breakdowns by company revenue, industry, size of the legal department, and headquarters location. We also explore the differences in maturity rates depending on whether legal departments have dedicated legal operations staff.

The table on the right shows all 15 functions sorted by their average maturity rate, from highest to lowest. *Compliance* is the function with the highest average maturity rate (3.46) across all participating departments, closely followed by *Financial Management* (3.34). These are the only functions that score above three (out of six) on average. The remaining functions in the top five are *Information Governance* (2.95), *Contract Management* (2.90), and *External Resources Management* (2.85).

In terms of maturity level, for 12 of 15 functions the average maturity is intermediate stage 1. The three remaining, lowest-rated functions are *Change Management* (2.38), *eDiscovery and Litigation Management* (2.37), and *Innovation Management* (2.09). The average maturity level for these three functions is early stage 2.

### Legal Departments With Applicable Functions



Sixty-eight percent of participating departments assessed their maturity for all 15 available functions, while a further 16.5 percent rated themselves in 14, thus deeming one function not applicable. Just under 3 percent of legal departments reported having nine or fewer applicable legal operations functions. Overall, nine out of 10 departments rated themselves in 13 or more functions.

## Average Maturity Rate for Each Function

### COMPLIANCE

**3.46** Intermediate Stage 1

### FINANCIAL MANAGEMENT

**3.34** Intermediate Stage 1

### INFORMATION GOVERNANCE

**2.95** Intermediate Stage 1

### CONTRACT MANAGEMENT

**2.90** Intermediate Stage 1

### EXTERNAL RESOURCES MANAGEMENT

**2.85** Intermediate Stage 1

### TECHNOLOGY MANAGEMENT

**2.73** Intermediate Stage 1

### STRATEGIC PLANNING

**2.70** Intermediate Stage 1

### KNOWLEDGE MANAGEMENT

**2.69** Intermediate Stage 1

### INTELLECTUAL PROPERTY MANAGEMENT

**2.60** Intermediate Stage 1

### PROCESS & PROJECT MANAGEMENT

**2.59** Intermediate Stage 1

### INTERNAL RESOURCES MANAGEMENT

**2.53** Intermediate Stage 1

### METRICS & ANALYSIS

**2.50** Intermediate Stage 1

### CHANGE MANAGEMENT

**2.38** Early Stage 2

### eDISCOVERY & LITIGATION MANAGEMENT

**2.37** Early Stage 2

### INNOVATION MANAGEMENT

**2.09** Early Stage 2

## Applicability Rate for Each Function

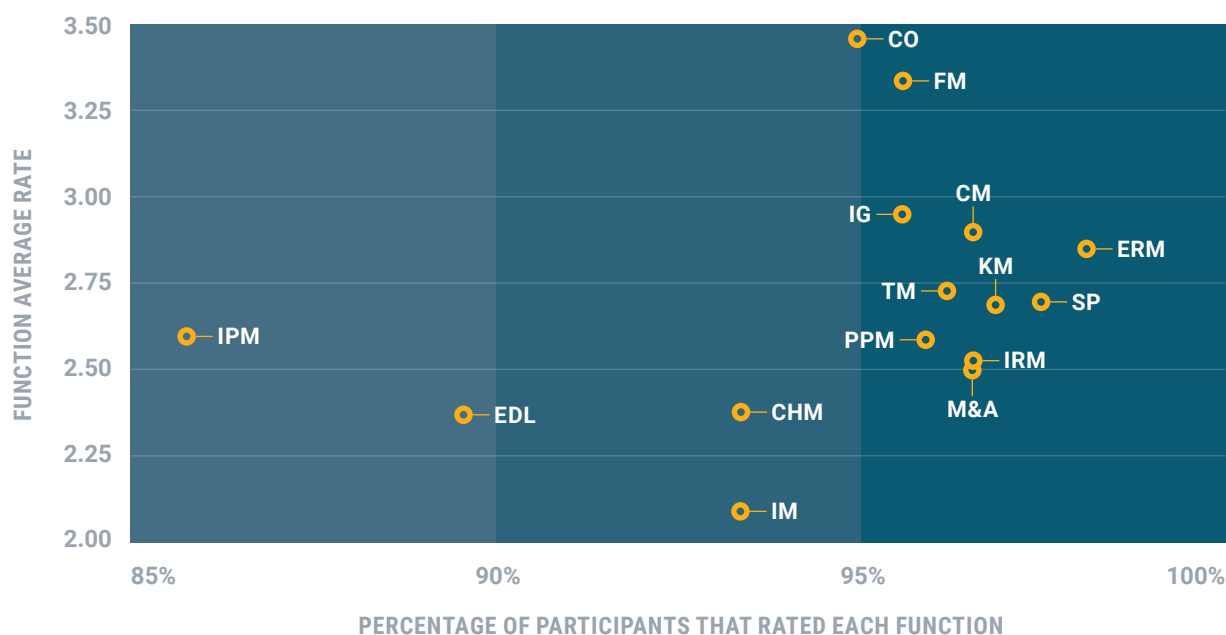
External Resources Management	98.1%
Strategic Planning	97.5%
Knowledge Management	96.8%
Contract Management	96.5%
Internal Resources Management	96.5%
Metrics & Analysis	96.5%
Technology Management	96.2%
Process & Project Management	95.9%
Financial Management	95.6%
Information Governance	95.6%
Compliance	94.9%
Change Management	93.4%
Innovation Management	93.4%
eDiscovery & Litigation Management	89.6%
Intellectual Property Management	85.8%

We show the 15 legal operations functions sorted by their applicability rate. This is the percentage of legal departments that provided a 1-6 self-assessment rate for each individual function. As the chart shows, all functions are highly relevant to a vast majority of legal departments, with applicability rate values of 85 percent and above.

*External Resources Management* is the legal operations function that applies to most departments, with 98.1 percent of participants providing their maturity level in this area. *Strategic Planning* comes a close second with 97.5 percent, and *Knowledge Management* is the third most applicable function with 96.8 percent. Overall, 10 out of 15 functions have applicability rates of at least 95 percent, which signals that the areas covered by the maturity model are relevant to almost all the legal departments that completed our survey.

Two functions present slightly lower applicability rates: *eDiscovery and Litigation Management* (89.6 percent) and *Intellectual Property Management* (85.8 percent). Open-ended respondents shed some light on the reasons behind the lower applicability rates of these two functions. Some respondents indicated that *Intellectual Property Management* is entirely handled by outside counsel. Others point at their organizations' limited litigation needs, which result in *eDiscovery and Litigation Management* not being a priority for the legal department.

## Applicability Rate by Average Maturity for Each Function



CHM	Change Management	FM	Financial Management	KM	Knowledge Management
CO	Compliance	IG	Information Governance	M&A	Metrics & Analysis
CM	Contract Management	IM	Innovation Management	PPM	Process & Project Management
EDL	eDiscovery & Litigation Management	IPM	Intellectual Property Management	SP	Strategic Planning
ERM	External Resources Management	IRM	Internal Resources Management	TM	Technology Management

We can map both the functions' average maturity rates and applicability rates in a scatterplot to explore similarities between functions. The horizontal (X) axis represents the percentage of legal departments that rated each function, while the vertical (Y) axis indicates the average maturity rate (on a 1-to-6 scale) of each function.

This scatterplot reveals three interesting groupings of functions, located on the upper-right, bottom-right, and bottom-left quadrants, respectively:

1

### HIGH APPLICABILITY-HIGH MATURITY:

This group of functions, located on the upper-right corner, report both a high applicability rate (95 percent or higher) and the highest maturity rates of all functions, indicating that these are top priorities for legal departments. We find in this group core functions such as Compliance and Financial Management, with the highest maturity rate averages, and Contract Management, External Resource Management, and Information Governance.

2

### HIGH APPLICABILITY-LOW MATURITY:

This second group, located on the bottom-right corner of the scatter chart, contains eight functions that are highly relevant to legal departments but reveal considerably lower average maturity rates. These functions are overwhelmingly considered applicable, but the lower maturity rates suggest that legal departments still have work to do in order to bring these functions up to the top tier of legal operations priorities. The functions included in this group are Change Management, Innovation Management, Internal Resources Management, Knowledge Management, Metrics and Analysis, Process and Project Management, Strategic Planning, and Technology Management.

3

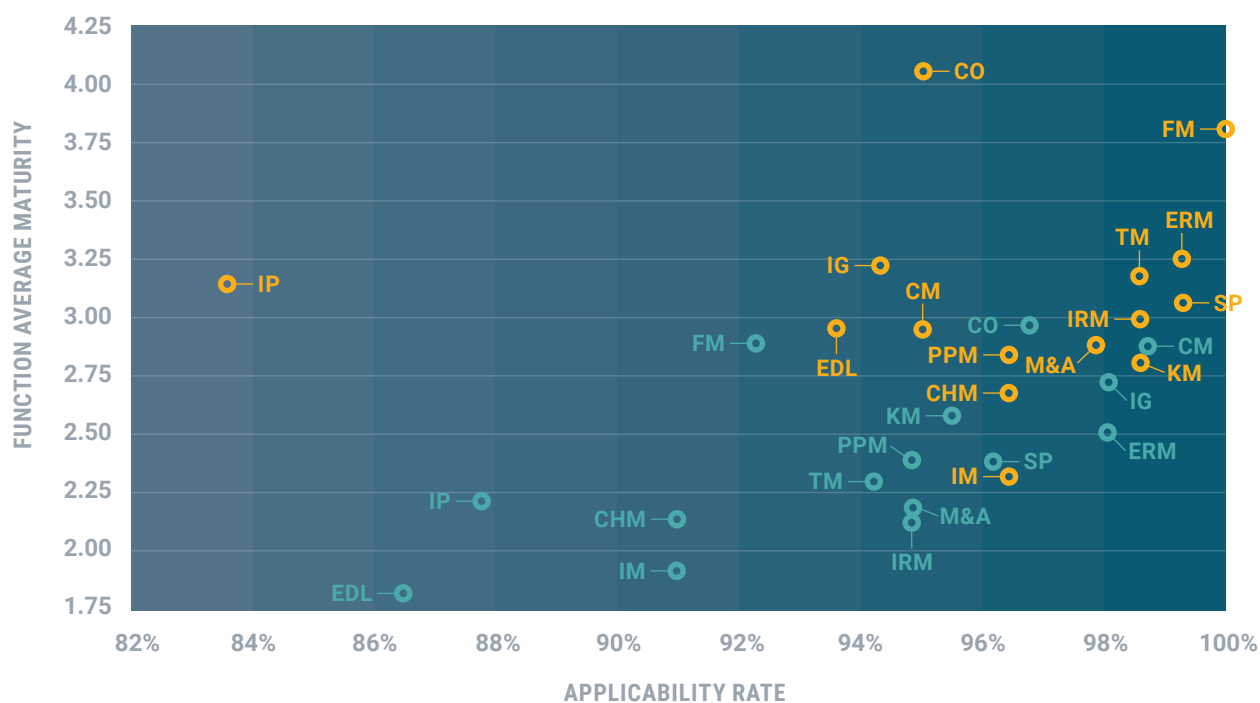
### LOW APPLICABILITY-LOW MATURITY:

This third quadrant includes two functions that are one step behind in terms of priority for the average legal department. Both eDiscovery and Litigation Management and Intellectual Property Management score comparatively lower on the applicability rate scale, and the average maturity rate is also lower than that of the functions included in the first quadrant. Others in this grouping include Change Management and Innovation.

This scatterplot provides an enticing visual representation of groups of legal operations functions, but because it represents the whole pool of participating departments, it does not capture any differences between substantially different companies. We can dig a little deeper and explore whether the distribution of functions changes when we take into account company revenue, and whether the legal staff includes dedicated legal operations professionals.



## Applicability Rate and Average Maturity by Company Revenue



● LESS THAN \$1B ● \$1B OR MORE

CHM	Change Management	FM	Financial Management	KM	Knowledge Management
CO	Compliance	IG	Information Governance	M&A	Metrics & Analysis
CM	Contract Management	IM	Innovation Management	PPM	Process & Project Management
EDL	eDiscovery & Litigation Management	IPM	Intellectual Property Management	SP	Strategic Planning
ERM	External Resources Management	IRM	Internal Resources Management	TM	Technology Management

This is the same scatterplot of applicability rate and average maturity rate but separating companies according to their annual revenue. Companies with less than \$1 billion are marked in blue, while larger companies are represented in orange.

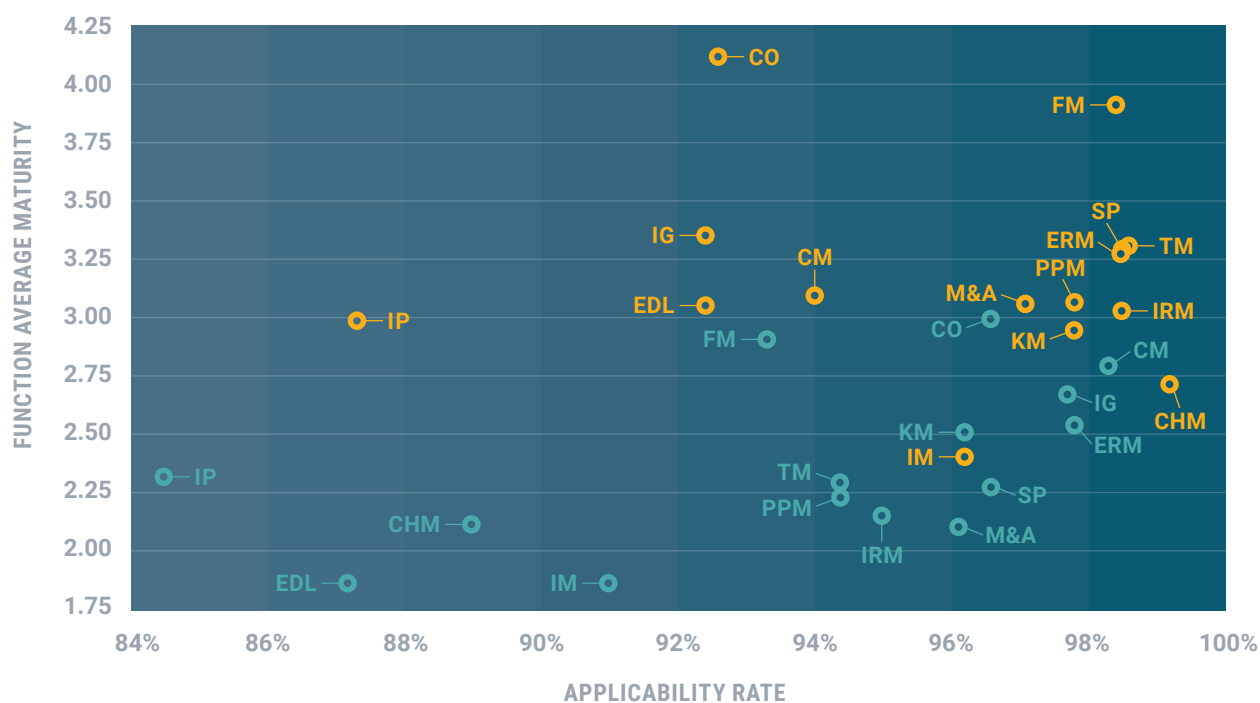
This chart reveals that larger companies (\$1 billion or more) score higher on maturity across all functions than smaller companies. We can also see that *Compliance* and *Financial Management* are on top in maturity rate. However, the difference between the high rates in these two functions compared to the rest is greater among large companies than for small companies.

Finally, there are interesting differences regarding *Intellectual Property Management* and *eDiscovery and Litigation Management* when we look at the results by company size. While *IP Management* remains a low

priority for small companies in line with the overall results, larger companies report a lower applicability rate but also a moderately high maturity score. Thus, for larger companies, *IP Management* may be relevant to fewer companies than other functions, but when it is relevant, the average maturity level of this function is similar to that of other functions.

Company size also reveals a striking difference in *eDiscovery and Litigation Management*. For small companies, it shows a low applicability rate (X axis) and a low average maturity rate (Y axis). For large companies, however, the applicability rate is greater, which places *eDiscovery and Litigation Management* clearly in the cluster of other relevant functions, such as *Contract Management* and *Information Governance*. Litigation is much more relevant to large companies, and thus they are far more advanced.

## Applicability Rate and Average Maturity by Legal Operations Staff



● NO LEGAL OPS PROFESSIONAL

● AT LEAST ONE LEGAL OPS PROFESSIONAL

CHM Change Management

CO Compliance

CM Contract Management

EDL eDiscovery & Litigation Management

ERM External Resources Management

FM Financial Management

IG Information Governance

IM Innovation Management

IPM Intellectual Property Management

IRM Internal Resources Management

KM Knowledge Management

M&A Metrics & Analysis

PPM Process & Project Management

SP Strategic Planning

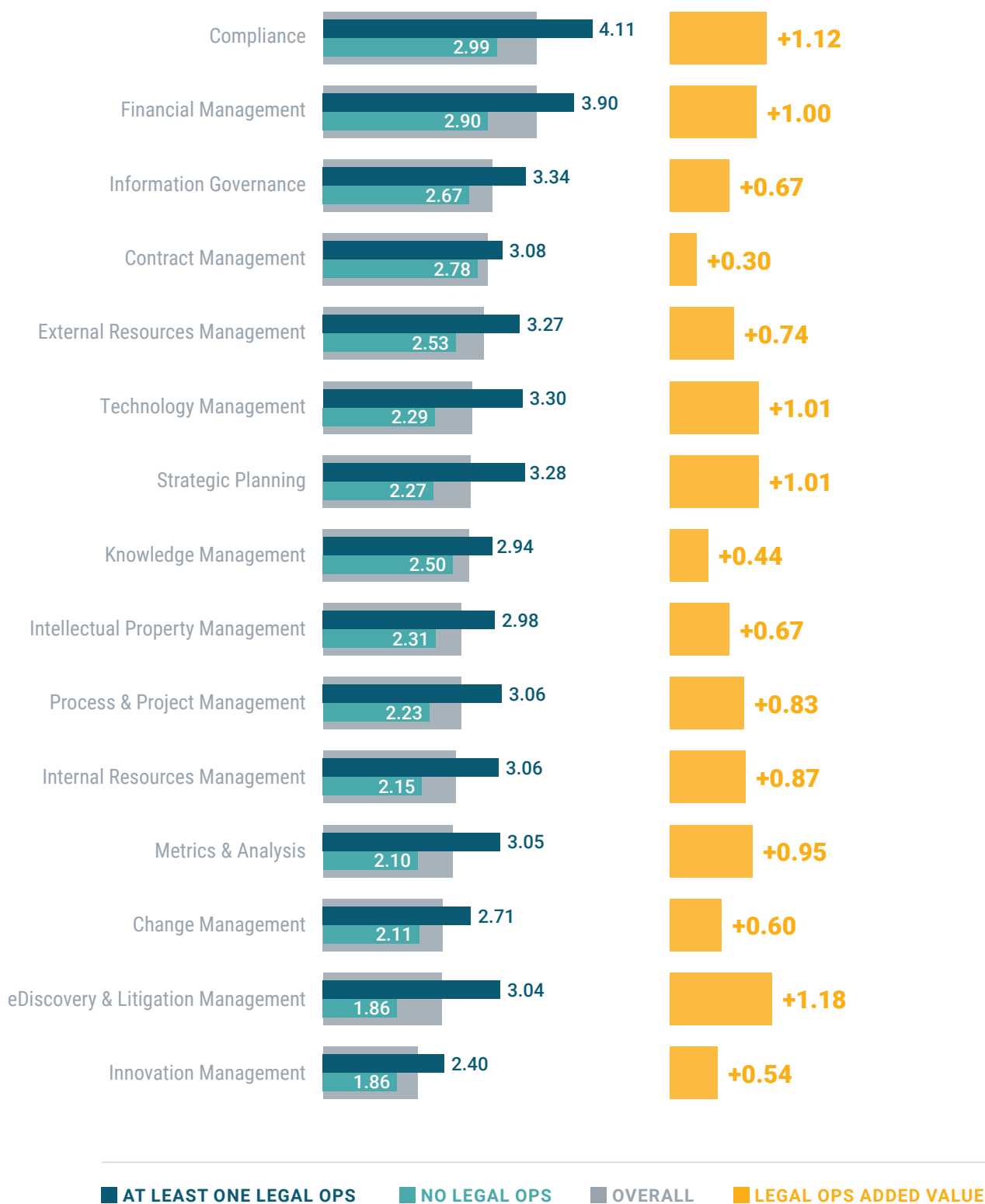
TM Technology Management

The results also show considerable differences when we filter by departments that employ at least one dedicated legal operations professional (orange). Across all functions, departments with legal operations staff score higher in terms of maturity than departments without legal operations professionals.

*Compliance* and *Financial Management* are the highest rated in terms of maturity of all 15 functions in those departments that have legal operations professionals, while *Change Management* and *Innovation Management* report the lowest maturity rates on average.

However, these two functions score very high in terms of applicability rate (X axis), which represents a moderate difference with the rate in departments that do not have legal operations professionals. Therefore, even if the maturity rates in these two functions are lower, the fact that applicability rates are higher suggests that having legal operations professionals in the department ensures that these two functions are on track to become more advanced.

## Average Maturity Rate by Legal Operations Professionals



## GREATEST POSITIVE IMPACT FROM THE PRESENCE OF LEGAL OPERATIONS PROFESSIONALS IN Compliance and eDiscovery & Litigation Management

We can look at the effect of legal operations professionals on maturity rates in more detail. This chart lists the 15 legal operations functions sorted by their average maturity rate, from highest to lowest. When we look at the average maturity rates depending on whether legal departments employ at least one legal operations professional, the contrast is stunning.

For all 15 functions, the average maturity rate is higher in those departments that employ legal operations professionals compared with those departments that have no specific staff devoted to legal operations. The chart shows the added maturity value of legal operations staff. The highest value is on *eDiscovery and Litigation Management*, with departments with legal operations staff scoring on average 1.18 points more on the 1-to-6 maturity scale. *Compliance* reports the second highest added value, with 1.12 points, and *Strategic Planning* and *Technology*

## LEAST IMPACT FROM Contract Management, Knowledge Management, and Innovation Management

*Management* both record 1.01 points of added value in departments with legal operations staff.

It is interesting to note that the areas that experience the greatest positive impact from the presence of legal operations professionals are in what would traditionally be considered strictly legal domains: *Compliance* and *eDiscovery & Litigation Management*. We know that general counsel, on average, view compliance as the single most important issue to the overall business,<sup>1</sup> so it is especially noteworthy that this is one of the areas in which legal operations professionals are having the greatest impact.

At the other end of the list, *Contract Management*, *Knowledge Management*, and *Innovation Management* show the lowest values in terms of the impact of having dedicated legal operations staff, with 0.30, 0.44, and 0.54 points in added value compared with the maturity rates of departments with no legal operations professionals in these three areas.

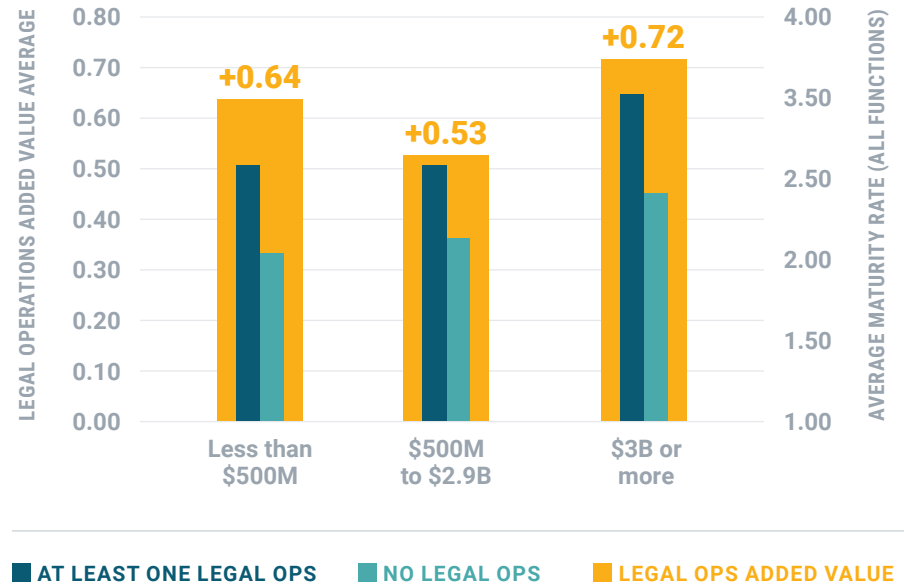
With legal operations professionals generating added value in each of the 15 functions, we can also calculate the average added value that legal operations professionals deliver. This value is +0.80, which means that departments with legal operations professionals score 0.8 points more on maturity averaging all functions.

LEGAL  
OPERATIONS  
ADDED VALUE  
AVERAGE  
**+0.80**

<sup>1</sup> 2020 ACC Chief Legal Officers Survey.

The added maturity value of legal operations professionals is consistent across companies in distinct revenue categories. As the table shows, the average maturity score across all 15 functions is higher in departments that employ legal operations professionals than in departments that do not for companies in three company ranges. The added average maturity value in small companies with less than \$500 million in revenue is 0.64, in medium-size companies (\$500 million to \$2.9 billion) it is 0.53, and in companies with \$3 billion or more it is 0.72.

## Legal Operations Added Value Average by Company Revenue



Compliance and Financial Management tend to be the top two functions with the larger percentage of companies in an Advanced Stage of maturity

The bubble chart on the following page shows the percentage of participating legal departments that reported an Advanced Stage of maturity – values 5 and 6 on the maturity rating scale – for each function and by industry sector. The chart includes the top 10 industry sectors based on the number of participating legal departments in each industry.

The size of the bubble corresponds to the value indicated, i.e., the larger the bubble, the larger the percentage of participants in each function and industry that are in an Advanced Stage of maturity. Cases in which the bubble is absent imply that no participants in that industry sector are in an Advanced Stage of maturity for a specific function.

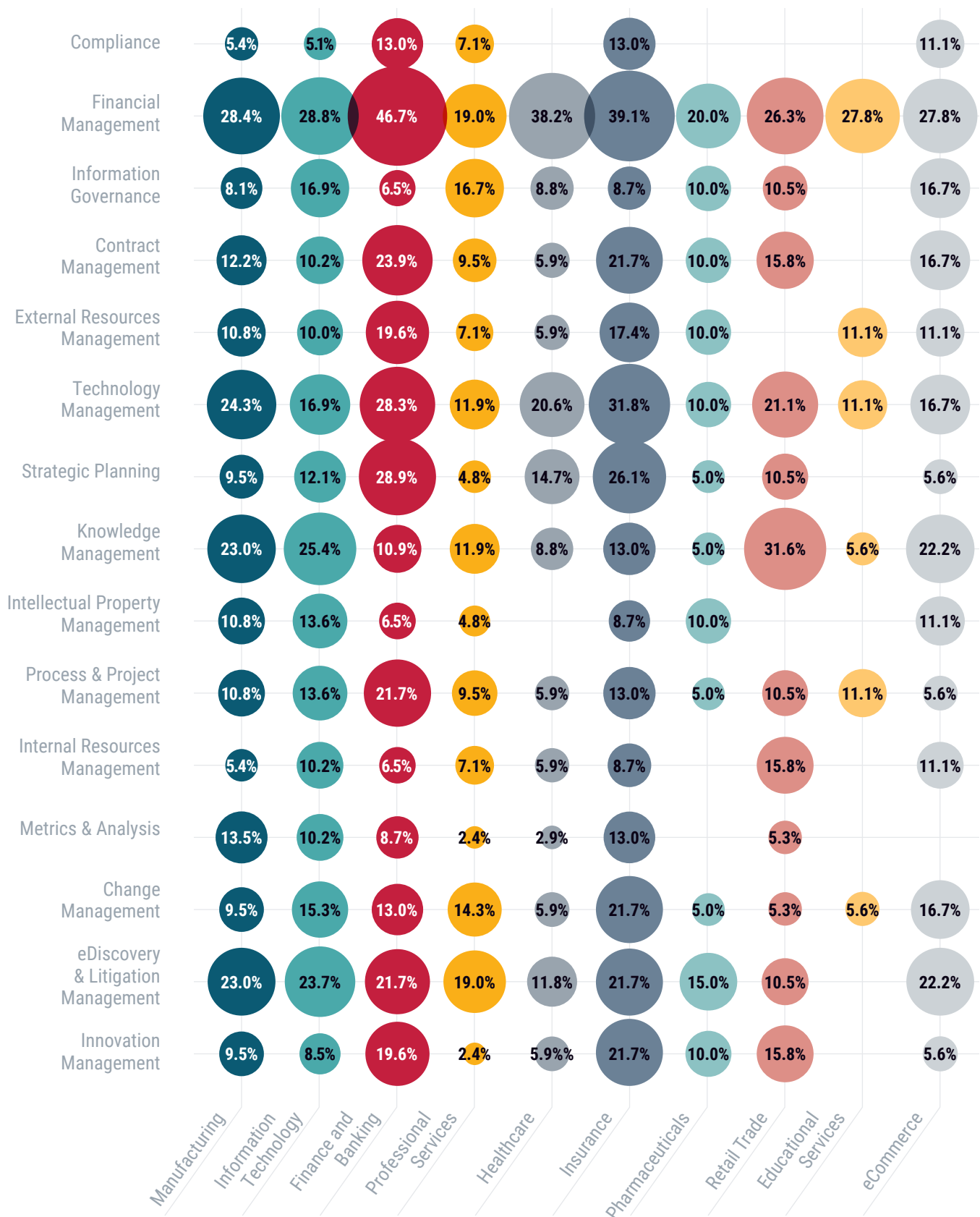
This chart allows us to review the results by function across industries and to detect

differences within each industry sector. For example, when looking at *Compliance*, almost half of respondents (46.7 percent) in the finance and banking industry reported an Advanced Stage of maturity compared with just 19 percent of legal departments in professional services.

Also, *Compliance* and *Financial Management* tend to be the top two functions in the larger percentage of companies in an Advanced Stage of maturity across all industries, but some exceptions occur. One such case is the information technology industry: A larger percentage of respondents is in the Advanced Stage of maturity in *IP Management* (25.4 percent) and *Strategic Planning* (23.7 percent) than *Financial Management* (16.9 percent).



## Percentage of Companies in Advanced Stage by Function and Industry (Top 10)

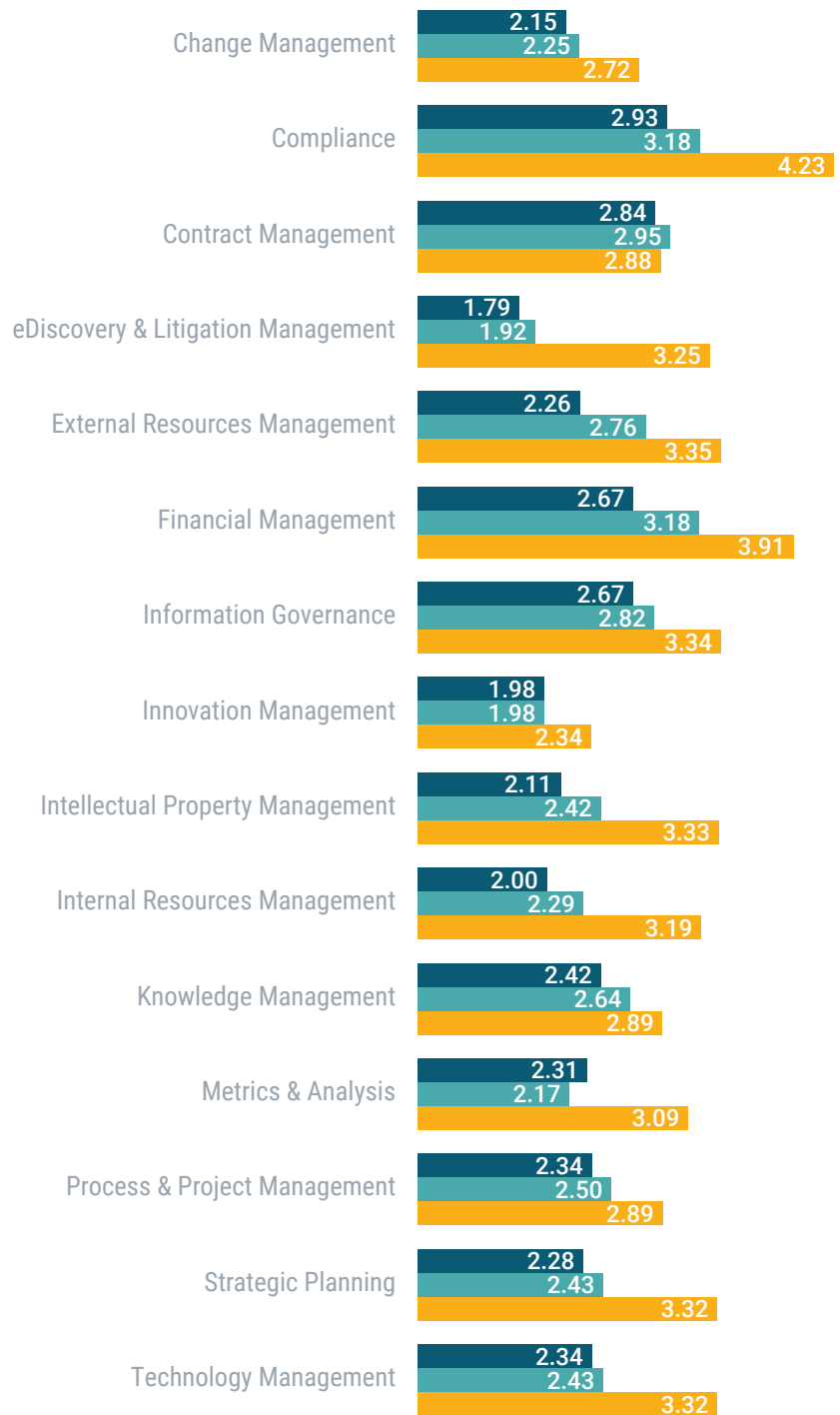


In this bar chart, we show the average maturity rate for each function based on company revenue. Large companies with \$3 billion or more in annual revenue score higher on average across 14 functions, although the differences vary. The exception is *Contract Management*, where the average maturity rate is very similar for all three revenue categories, with the average for midsize companies (\$500 million to \$2.9 billion) being slightly higher.

Similarly, midsize companies tend to score higher than smaller companies with less than \$100 million across legal operations functions, although two exceptions are noticeable, with a tie between *Innovation Management* (average rate of 1.98) and *Metrics and Analysis*, where smaller companies have a slightly better maturity rate (2.31 to 2.17).

Large companies with \$3 billion or more in annual revenue score higher across 14 functions

## Function Average Rate by Company Revenue



■ LESS THAN \$100M ■ \$100M TO \$2.9B ■ \$3B OR MORE

Across all revenue categories, legal departments based outside of the U.S. perform better in Innovation Management, Knowledge Management, and Process and Project Management

The table on the following page shows the average maturity rate for each function and company revenue range but also considering whether companies are headquartered in the United States or not. Some interesting results are worth raising.

Among small companies with less than \$500 million in revenue, those based outside of the United States score higher on average across all 15 legal operations functions than companies based in the United States.

For midsize companies of up to \$2.9 billion in revenue, results are more balanced. Non-U.S. companies hold the lead in nine of the 15 functions, with U.S.-based organizations reporting higher maturity values in *eDiscovery and Litigation Management* (+0.46), *Intellectual Property Management* (+0.14), and *Compliance* (+0.11), among others.

When looking at large companies with more than \$3 billion in revenue, organizations headquartered in the United States report higher average values in nine functions, with notable differences in *Compliance* (+0.74), *eDiscovery and Litigation Management* (+0.53), and *Financial Management* (+0.52).

Across all revenue categories, legal departments based outside of the United States perform better in *Innovation Management*, *Knowledge Management*, and *Process and Project Management*. These findings may come as a surprise as conventional wisdom suggests that legal operations tend to be more advanced in the U.S., but the results show that this is only true for certain functions and only at higher revenue thresholds. This does not appear to be the case for smaller companies.

## Function Average Rate by Company Headquarters Location and Revenue

	LESS THAN \$500M			\$500M TO \$2.9B			\$3B OR MORE		
	NON U.S.	U.S.	DIFF.	NON U.S.	U.S.	DIFF.	NON U.S.	U.S.	DIFF.
Change Management	2.53	1.85	-0.68	2.45	2.17	-0.28	2.76	2.76	0.00
Compliance	3.24	2.70	-0.54	3.13	3.24	0.11	3.74	4.48	0.74
Contract Management	3.06	2.58	-0.48	2.93	2.98	0.05	2.81	2.94	0.13
eDiscovery & Litigation Management	1.79	1.76	-0.03	1.61	2.07	0.46	2.89	3.42	0.53
External Resources Management	2.53	2.05	-0.48	2.98	2.67	-0.31	3.31	3.38	0.07
Financial Management	2.88	2.53	-0.35	3.31	3.16	-0.15	3.55	4.07	0.52
Information Governance	2.76	2.57	-0.19	2.85	2.83	-0.02	3.07	3.49	0.42
Innovation Management	2.19	1.65	-0.54	2.10	1.96	-0.14	2.45	2.34	-0.11
Intellectual Property Management	2.31	1.86	-0.45	2.32	2.46	0.14	3.41	3.25	-0.16
Internal Resources Management	2.44	1.62	-0.82	2.41	2.28	-0.13	3.03	3.31	0.28
Knowledge Management	2.82	2.06	-0.76	2.80	2.58	-0.22	2.90	2.89	-0.01
Metrics & Analysis	2.50	2.05	-0.45	2.16	2.20	0.04	2.90	3.17	0.27
Process & Project Management	2.37	2.08	-0.29	2.74	2.40	-0.34	2.93	2.86	-0.07
Strategic Planning	2.59	1.89	-0.70	2.38	2.48	0.10	3.55	3.24	-0.31
Technology Management	2.50	2.08	-0.42	2.45	2.44	-0.01	3.10	3.42	0.32

Teal cells indicate the highest value between U.S. and non-U.S. HQ for every combination of function and revenue range

The value "Diff." indicates the difference in the averages for U.S. and non-U.S. HQ. It is calculated U.S. – non-U.S., thus positive values indicate that U.S. HQ average is higher than non-U.S. HQ, and vice versa

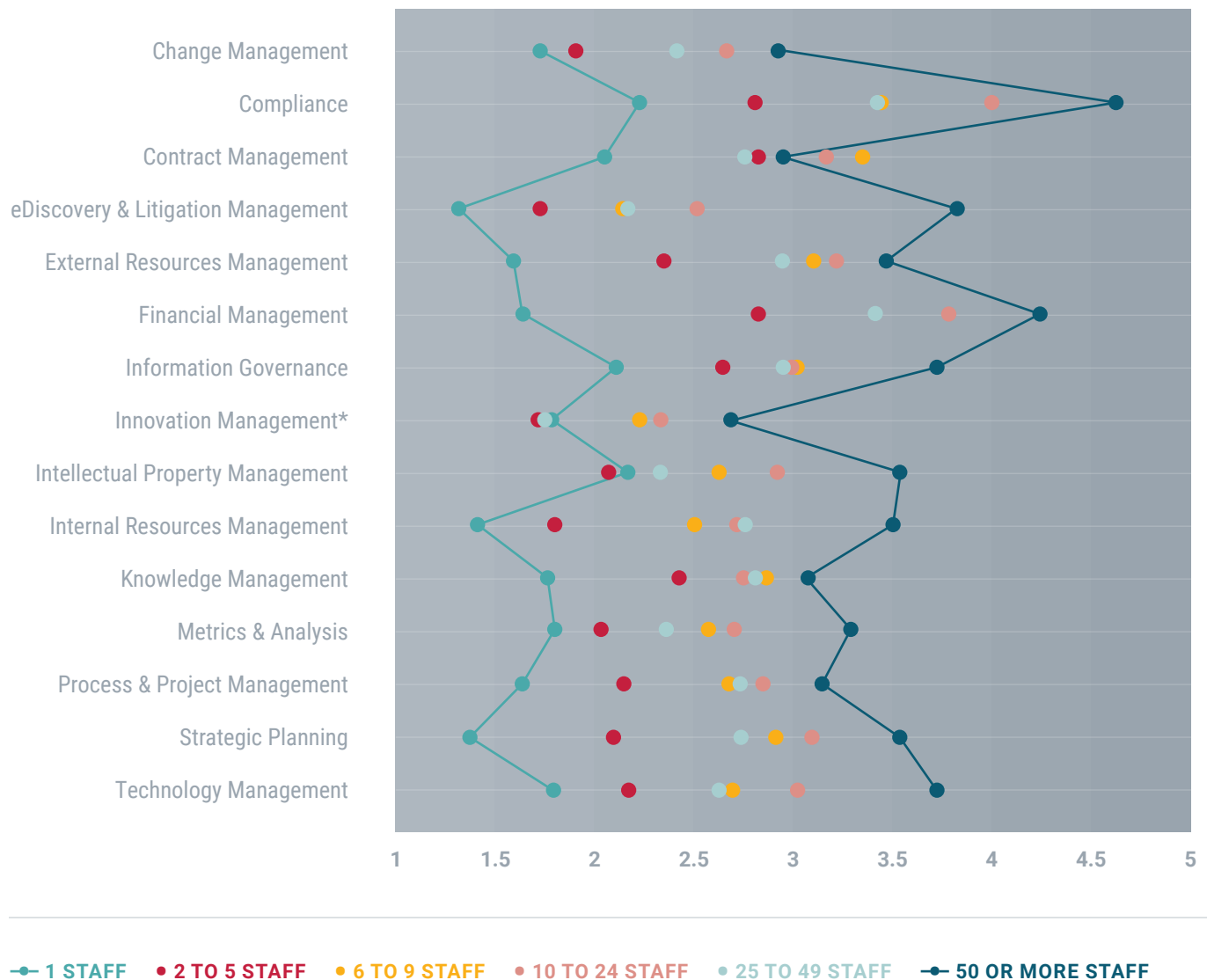
Related to what we observed with company revenue, large legal departments tend to be more mature on average than smaller legal departments. This chart provides the average maturity score for all 15 functions based on the size of the legal department, from one-lawyer departments to legal teams of more than 50.

The chart allows us not only to compare the average rates for each function across different legal department sizes but also to compare the different average scores across functions within a single legal department staff category.

The two lines bring together the scores of the one-lawyer

department and the 50 or more staff categories to visualize the “boundaries of maturity.” It also helps readers easily notice in which functions the distance between the average scores of small law departments and large law departments is higher or lower, e.g., in *Financial Management* (high) and *Innovation Management* (low).

## Function Average Rate by Legal Department Size





Finally, this last chart reports the average maturity rates for each function based on the department's total legal spend. Average maturity rates are reported

for five different categories of spending and are highest across all functions for those companies with a legal spend that totals \$10 million or more.

## Function Average Rate by Total Legal Department Spend

Change Management	2.07	2.24	2.14	2.19	2.81
Compliance	2.76	3.30	3.11	3.37	4.37
Contract Management	2.71	3.18	2.62	2.93	2.96
eDiscovery & Litigation Management	1.80	1.77	2.12	2.15	3.45
External Resources Management	2.19	2.68	2.86	3.15	3.33
Financial Management	2.47	3.30	3.11	3.37	4.09
Information Governance	2.59	2.97	2.68	2.59	3.59
Innovation Management	1.84	1.93	2.14	1.96	2.54
Intellectual Property Management	2.04	2.57	2.20	2.12	3.40
Internal Resources Management	2.00	2.27	2.24	2.48	3.28
Knowledge Management	2.32	2.74	2.52	2.70	2.92
Metrics & Analysis	1.97	2.54	2.04	2.26	3.19
Process & Project Management	2.13	2.75	2.04	2.54	3.07
Strategic Planning	2.03	2.77	2.59	2.67	3.31
Technology Management	2.10	2.47	2.39	2.52	3.44

■ LESS THAN \$1M ■ \$1M TO \$2.9M ■ \$3M TO \$4.9M ■ \$5M TO \$9.9M ■ \$10M OR MORE

# MATURITY RATINGS BY FUNCTION

We have presented the average maturity rates across each function and also looked at the results by company size, presence of legal operations professionals, industry, headquarters location, legal department size, and total legal spend. We now take a deeper dive into the results for each of the Maturity Model's 15 functions separately.

Respondents rated their maturity level for each function using this 1-to-6-point scale that encompasses three maturity stages: early, intermediate, and advanced.

Please rate your department's current level of maturity regarding each function using the following scale.

EARLY STAGE		INTERMEDIATE STAGE		ADVANCED STAGE		N/A
1	2	3	4	5	6	—

1 = Maturity level is **early stage**.

2 = Maturity level is **early stage** and is transitioning to intermediate stage.

3 = Maturity level is **intermediate stage**.







4 = Maturity level is **intermediate stage** and is transitioning to advanced stage.

5 = Maturity level is **advanced stage**.

6 = Maturity level is **advanced stage** and is pioneering new developments in this competency.

**Not Applicable** = This legal operations competency falls outside of the legal department's remit.

When aggregating all responses, we can calculate an average score for all respondents for each function. This score will have a value from 1 to 6. The following table determines the maturity level — early stage 1 and 2, intermediate stage 1 and 2, and advanced stage 1 and 2 — that the average value for each function falls into.

AVERAGE MATURITY RATE RANGE	MATURITY LEVEL	COLOR
1.0 – 1.5	Early stage 1	
1.5 – 2.5	Early stage 2	
2.5 – 3.5	Intermediate stage 1	
3.5 – 4.5	Intermediate stage 2	
4.5 – 5.5	Advanced stage 1	
5.5 – 6.0	Advanced stage 2	

For each of the 15 legal operations functions, we show a chart that contains two types of information.

**First**, we report the percentage of legal departments that allocated themselves in each of the six possible maturity rates. This is visually represented in a column chart. The color of the column indicates each maturity stage — from one to six. A seventh column indicates the percentage of participants that did not rate themselves in a specific function because it was not applicable to their legal department.

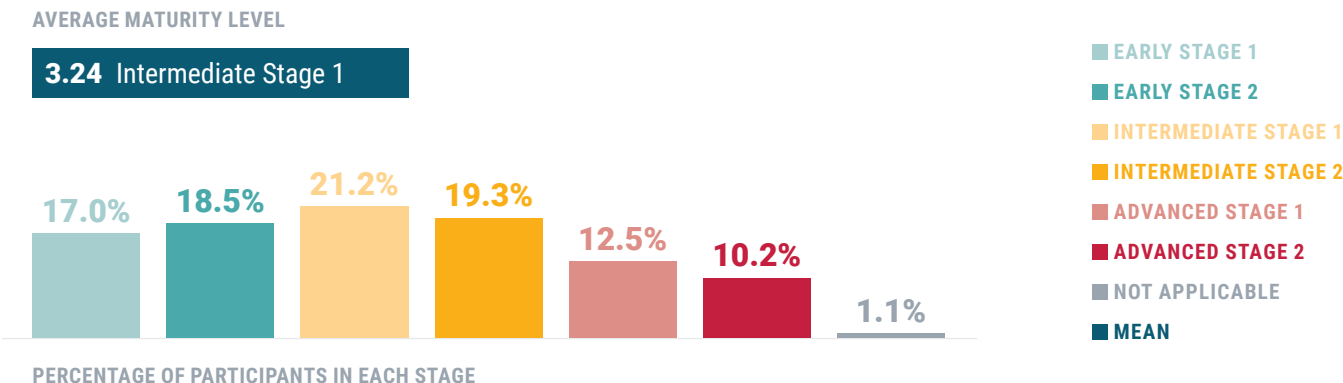
In the example chart provided, 17 percent of departments selected “1” as their maturity rate, 18.5 percent selected “2,” and so on. The last column on the right indicates that 1.1 percent of respondents did not rate themselves in this specific function because it was not applicable to them.

**Second**, we report the average maturity rate for a specific function. This value is represented with the horizontal bar that hovers above the columns. The larger the average maturity value is, the longer will the bar be.

The average maturity value is accompanied by the maturity stage that this value represents, based on the table above. The average maturity stage is also easy to grasp visually with the help of the column chart below: The average maturity level is represented by the column below the point in which the horizontal bar ends.

In the example, we see that the average rate is 3.24. The horizontal bar ends above the gray column representing the third maturity level, which according to the chart is “Intermediate Stage 1,” as reported on the chart next to the average rate.

# Example Chart



Apart from the results for each legal operations function, this section also includes the results of legal departments' use of a list of subfunctions specifically related to each function.

For each subfunction, we asked legal departments to select one of four options available, whether

- a. The subfunction **is not in place**.
- b. They **plan to have the subfunction in place**.
- c. The subfunction **is partially in place**.
- d. The subfunction **is in place**.

The results report the percentage of participating legal departments that selected each of the four options for each subfunction.

Finally, respondents who rated themselves in an early stage of maturity for each function were invited to provide additional comments on the challenges they experience when being on this stage. Similarly, respondents who rated themselves in an advanced stage were asked to comment on what challenges the legal department had to face to reach that stage of maturity.

These open-ended responses provide illuminating, relevant insights on the reasons behind legal departments' self-assessed legal operations maturity levels and raise several themes that illustrate the challenges that legal departments are facing to climb the maturity stage ladder. Across all 15 functions, we provide examples of the most relevant challenges that early stage and advanced stage departments encounter or have encountered in their journey to achieve superior legal operations maturity.

# 1

## CHANGE MANAGEMENT

A systematic process to enable an organization to embrace targeted changes in the way work is done.

### EARLY STAGE

- No systematic change management (CM) process or strategy.
- Change tends to be reactive as opposed to proactive and is often viewed with cynicism due to false starts.
- Communication is ad hoc, if any; most information is spread by hearsay.

### INTERMEDIATE STAGE

- Systematic approach has been developed and is applied for most major projects.
- CM is an acknowledged ingredient for success, but responsibility is left to the project team (not a part of the overall culture).
- CM is part of planning whenever a major change is being contemplated; some effort made to address CM through communications to the affected staff.

### ADVANCED STAGE

- Standardized processes for managing change embedded in all activities; project management is used in all major initiatives, and CM is embedded in all project plans.
- CM experience is evident throughout the organization and is a fundamental part of department culture.
- Both the department and affected clients are systematically informed about change initiatives; feedback is sought and addressed so that participants feel engaged and informed.
- If warranted, staff includes change management resources.



### EARLY STAGE CHALLENGE

*"General resistance to change, fragmented responsibilities and budgets, and focus on short-term work rather than longer term projects."*



### CHALLENGE TO BECOME ADVANCED

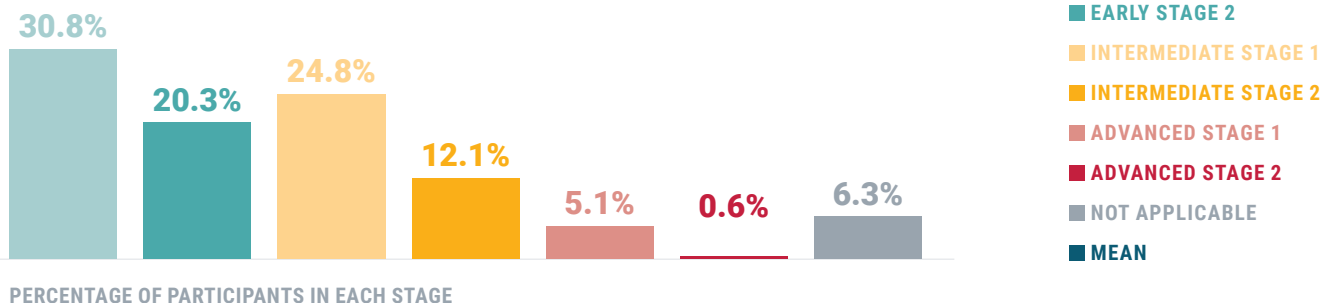
*"Buy-in from the top."*



## Change Management Maturity

AVERAGE MATURITY LEVEL

**2.38** Early Stage 2



■ EARLY STAGE 1  
 ■ EARLY STAGE 2  
 ■ INTERMEDIATE STAGE 1  
 ■ INTERMEDIATE STAGE 2  
 ■ ADVANCED STAGE 1  
 ■ ADVANCED STAGE 2  
 ■ NOT APPLICABLE  
 ■ MEAN



### SUBFUNCTIONS

**a** Standardized processes for managing change embedded in all activities



**b** Project management is used in all major initiatives and change management (CM) is embedded in all project plans



**c** CM experience is evident throughout the organization and is a fundamental part of department culture



**d** Both the department and affected clients are systematically informed about change initiatives; feedback is sought and addressed so that participants feel engaged and informed



■ DO NOT HAVE IN PLACE  
 ■ PLANNING TO HAVE IN PLACE  
 ■ PARTIALLY HAVE IN PLACE  
 ■ HAVE IN PLACE

# 2

## COMPLIANCE

The set of activities to ensure organizational awareness of and adherence to rules and regulations in all jurisdictions in which the enterprise does business.

### EARLY STAGE

- Compliance is decentralized in business units across the company.
- No clear definition of compliance.
- No annual training OR bare minimum required by statute/regulations/settlement agreements.

### INTERMEDIATE STAGE

- Centralized compliance function.
- Policies and procedures drafted.
- Gap analysis conducted and strategic plan in place.
- Undertaking automation and systematization of compliance processes.

### ADVANCED STAGE

- Enterprisewide compliance plan documented, published, and communicated.
- Annual compliance testing plan in place.
- Tool(s) deployed to track and mitigate future risk, (e.g., Governance, Risk, and Compliance application(s)).



### EARLY STAGE CHALLENGE

*"Bringing the different departments together and putting everything in a central place, and getting business leaders to understand how compliance works, what we are required to comply with, and how their deals affect that."*



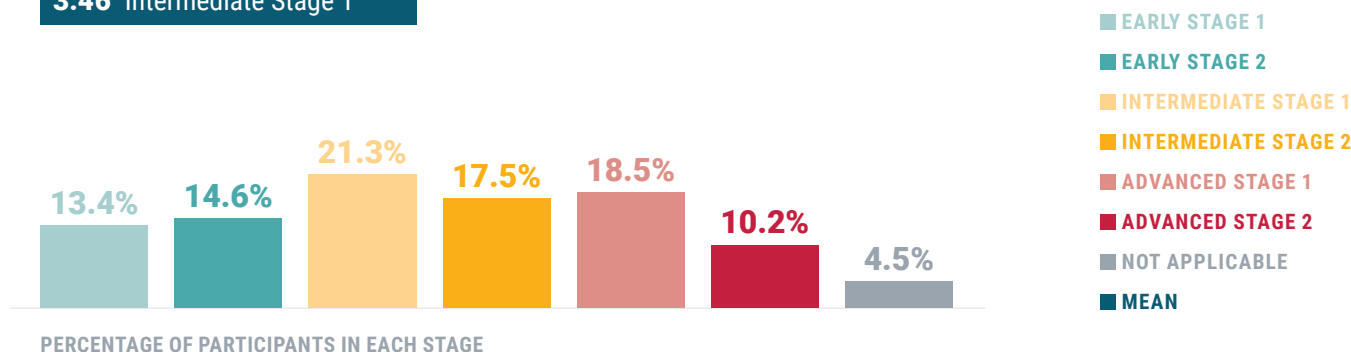
### CHALLENGE TO BECOME ADVANCED

*"Lack of understanding of the general counsel role by other business leaders, who tend to diminish our contribution and see us as an obstacle to avoid instead."*

## Compliance Maturity

AVERAGE MATURITY LEVEL

**3.46** Intermediate Stage 1

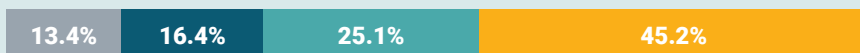


### SUBFUNCTIONS

**a** Enterprisewide compliance plan documented, published, and communicated



**b** Annual (or some regular interval) compliance testing plan in place



**c** Tool(s) deployed to track and mitigate future risk (e.g., Governance, Risk, and Compliance application(s))



DO NOT HAVE IN PLACE  
PLANNING TO HAVE IN PLACE  
PARTIALLY HAVE IN PLACE  
HAVE IN PLACE

# 3

## CONTRACT MANAGEMENT

The process of managing contract creation, execution, storage, and compliance with contractual obligations.

### EARLY STAGE

- No contract management tool.
- No central repository (contracts saved in multiple locations, e.g., shared drives, hard drives, etc.)
- Ad hoc legal review.
- No signature policy or weak enforcement.
- Contracts not completely executed.
- Inconsistent terms; multiple versions.
- Contract lifecycle management tool in place (some automated contract creation, standard contract workflows, approval processes, e-signatures).

### INTERMEDIATE STAGE

- Central repository in place.
- Authoring supported by family templates, clause libraries, redlining & version control.
- Reporting & audit/history capabilities; operational metrics; obligation tracking; expiration alerts.
- Standardized processes, templates; focus of lawyer review is on exceptions only.
- Signature authorization policy in place; compliance is strong.

### ADVANCED STAGE

- Contract lifecycle management tool is utilized enterprisewide, leveraging systems integrations (e.g., with procurement and sales systems) and collaboration with supplier portals; nearly paperless.
- Single repository contains all contracts (buy and sell side); robust searchability supports compliance.
- Reporting and metrics are robust, including business intelligence driving continuous improvement in terms.
- Standardization, risk calibration and playbooks allow extensive contract creation/execution with no Legal Department involvement.
- Signature policy is governed through automation; 100% compliance.
- Focus is on operational improvement, reducing cycle times and disputes; investing effort only in highest risk/complexity contracts.



## EARLY STAGE CHALLENGE

*"Diverse business models in overall organization without centralized management."*

*"We need investments in technological platforms to enable lifecycle processes."*

*"Getting the business to understand the value of putting this in place."*

*"Lack of support at the management and CEO level for any innovation in the way they receive legal services — when we asked for legal ops software to manage our templates and everything else, they laughed and asked us to use Microsoft Word."*



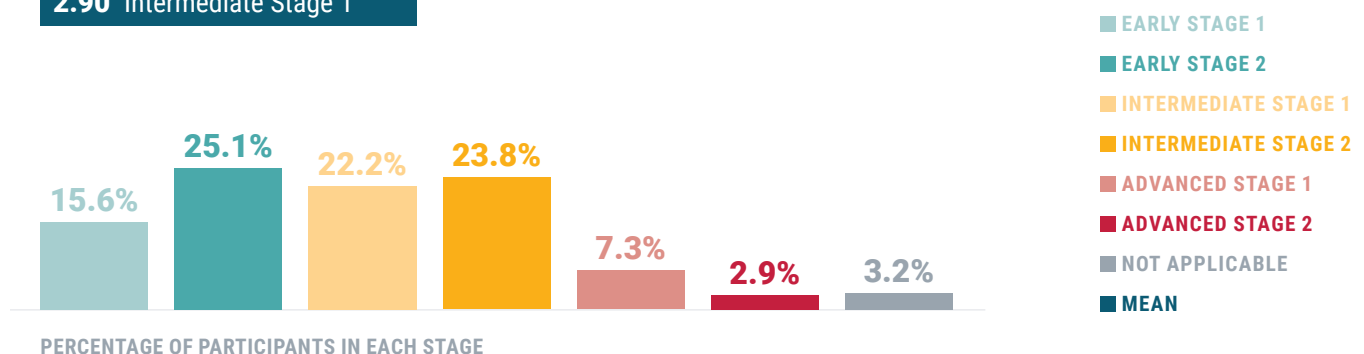
## CHALLENGE TO BECOME ADVANCED

*"It required sponsorship, budget, preparatory work, involvement by multiple groups, careful pacing, and change management. We had a legacy, homegrown contract repository which had inefficient searching, limited reporting capabilities, inconsistent global data entry processes, and data integrity issues; and our end-to-end contract lifecycle was completely manual."*

## Contract Management Maturity

### AVERAGE MATURITY LEVEL

**2.90** Intermediate Stage 1





## SUBFUNCTIONS

- a** Contract lifecycle management tool is utilized enterprisewide, leveraging systems integrations and collaboration with supplier portals; nearly paperless



■ DO NOT HAVE IN PLACE  
■ PLANNING TO HAVE IN PLACE  
■ PARTIALLY HAVE IN PLACE  
■ HAVE IN PLACE

- b** Single repository contains all contracts (buy and sell side); robust searchability supports compliance



- c** Reporting and metrics are robust, including business intelligence driving continuous improvement in terms



- d** Standardization, risk calibration and playbooks allow extensive contract creation/execution with no Legal Department involvement



- e** Signature policy is governed through automation; 100% compliance



- f** Focus is on operational improvement, reducing cycle time and disputes; investing effort only in highest risk/complexity contracts



# 4

## eDISCOVERY & LITIGATION MANAGEMENT

The process of identifying, collecting, and producing electronically stored information in response to a request for production in a lawsuit or investigation.

### EARLY STAGE

- All e-discovery coordinated by outside counsel.
- Litigation support (including document review) handled by outside counsel.

### INTERMEDIATE STAGE

- Internal dedicated eDiscovery resource to coordinate collections and advise on strategy.
- Limited use of third-party services for first level document review.
- Use of in-house tools for collections, search, and preparation of electronically stored information (ESI).

### ADVANCED STAGE

- Full end-to-end eDiscovery program.
- Use of predictive technology to limit human review.
- Regular use of document review services.
- Internal coordination with IT to identify potential eDiscovery issues with new technologies.



#### EARLY STAGE CHALLENGE

*"We have no in-house tools to manage e-discovery, dedicated IT or legal resources for our e-discovery needs."*

*"Management considers this is solely related to litigation and investigations conducted by external counsel, and do not want to spend money on this."*



#### CHALLENGE TO BECOME ADVANCED

*"Getting IT to work with us when new technologies are implemented and use of existing technology is changed. Need to have these conversations proactively."*

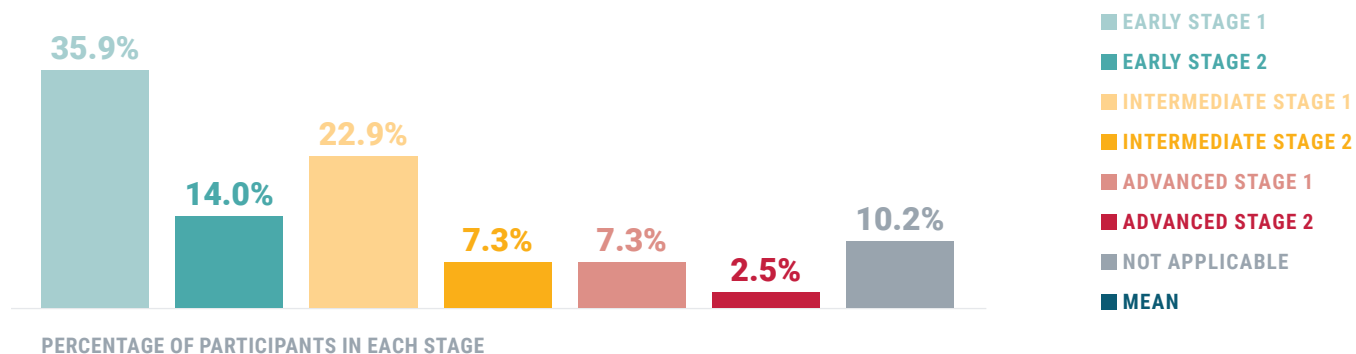
*"We do not have a centralized litigation practice group. Therefore, the training of business counsel on eDiscovery was and is a challenge."*



## eDiscovery & Litigation Management Maturity

### AVERAGE MATURITY LEVEL

**2.37** Early Stage 2

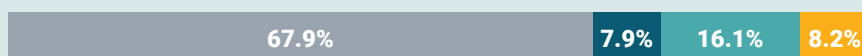


### SUBFUNCTIONS

#### a Full end-to-end e-discovery program



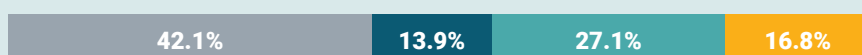
#### b Use of predictive technology to limit human review



#### c Regular use of document review services



#### d Internal coordination with IT to identify potential e-discovery issues with new technologies



■ DO NOT HAVE IN PLACE  
 ■ PLANNING TO HAVE IN PLACE  
 ■ PARTIALLY HAVE IN PLACE  
 ■ HAVE IN PLACE

# 5

## EXTERNAL RESOURCES MANAGEMENT

Oversight of vendors and law firms from selection through performance management and payments.

### EARLY STAGE

- Virtually all work that is outsourced is directed to law firms.
- Law firms are at arm's length from in-house department; relationship may be somewhat untrusting or adversarial.
- Law firms are managed by frontline counsel.
- Ad hoc billing rates, engagement, and billing standards.
- Limited invoice review and analytics.
- Lack of supplier evaluation program.

### INTERMEDIATE STAGE

- Limited use of alternate legal service providers (LSPs).
- Concerted effort to improve collaboration with law firms and other LSPs (e.g., through feedback, conferences, joint process improvement efforts).
- In-house resources (often legal operations) are overseeing cost effectiveness of law firms and LSPs.
- Billing guidelines are acknowledged & enforced through rigorous bill review.
- Alternate fee arrangements (AFAs) are in limited use and are not incorporated into billing/management systems.
- Some informal or ad hoc law firm/supplier evaluation.

### ADVANCED STAGE

- Sourcing decisions are ongoing considerations and LSPs are integrated in legal services delivery model; use of legal suppliers is driven by value provided at phase/task level.
- Law firms/LSPs are considered value producing business partners; continually improving performance and relationship.
- Outside counsel and vendor management are centralized function(s) within legal operations; involvement in RFPs, engagements, pricing, and performance review.
- AFAs considered on all matters & heavily used; systems smoothly incorporate/support AFAs in billing and metrics/dashboards; procedures exist to assess value and reconcile pricing to cost variances.
- Frequent review of budgets and performance (at least quarterly); standardized supplier quality/performance metrics; regular, structured and mutual feedback.
- Vendor management metrics integrated with General Counsel (GC) dashboard.
- Systematic use of value-adds (e.g., training, secondments) and value-enabling capabilities such as firm/LS- provided project management and technology.
- Win rates (outcomes) are considered in vendor selection.



## EARLY STAGE CHALLENGE

*"Resistance to change to formalized process and the need for data-driven decision-making vs personal relationships – certain senior team members are protective of their own outside counsel relationships and are not open to the idea of scrutiny for cost-effectiveness."*

*"Competing demands on legal ops' time to focus on internal resources management."*

*"We do not have the tools to automate and it is a very manual process."*



## CHALLENGE TO BECOME ADVANCED

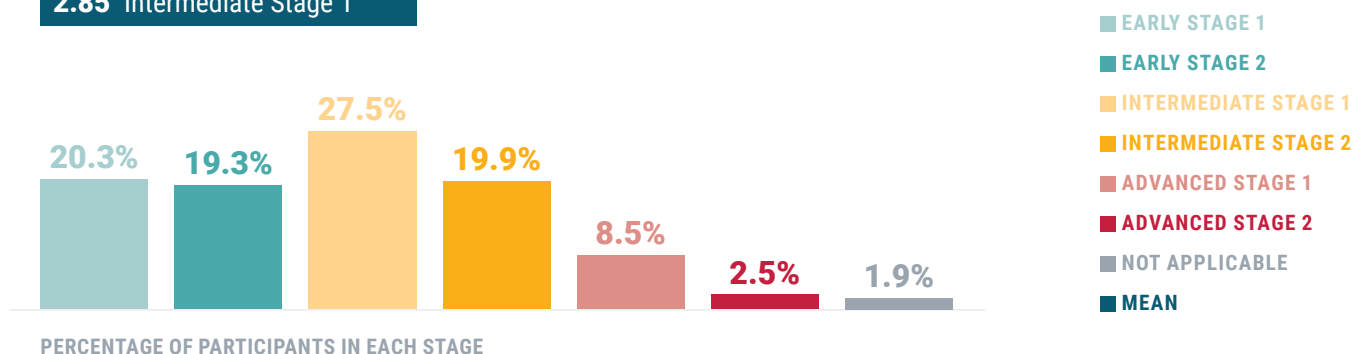
*"Time and information – as General Counsel I actively seek the best representation we can afford. I want quality and I am looking for the best value so AFAs are important."*

*"Educating law firms and internal lawyers on AFAs; establishing a preferred outside counsel panel and change management around that internally, helping stakeholders understand that consolidating our work with a smaller number of firms leads to efficiencies and cost reduction."*

## External Resources Management Maturity

### AVERAGE MATURITY LEVEL

**2.85** Intermediate Stage 1





## SUBFUNCTIONS

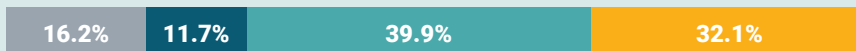
- a** Sourcing decisions are ongoing considerations and LSPs are integrated in legal services delivery model



- b** Use of legal services is driven by value provided at phase/task level



- c** Law firms/LSPs are considered value producing business partners; continually improving performance and relationship



- d** Outside counsel and vendor management are centralized function(s) within legal operations; involvement in RFPs; engagements, pricing, and performance review



- e** AFAs are considered on all matters and are heavily used



- f** Systems smoothly incorporate/support AFAs in billing and metrics/dashboards



- g** Procedures exist to assess value and reconcile pricing to cost variances



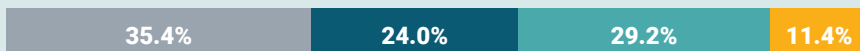
- h** Frequent review of budgets and performance (at least quarterly)



- i** Standardized supplier quality/performance metrics



**j** Regular, structured, and mutual feedback



■ DO NOT HAVE IN PLACE  
■ PLANNING TO HAVE IN PLACE  
■ PARTIALLY HAVE IN PLACE  
■ HAVE IN PLACE

**k** Vendor management metrics integrated with GC dashboard



**l** Systematic use of value-adds (e.g. training, secondments) and value-enabling capabilities such as firm/LSP-provided project management and technology



**m** Win rates (outcomes) are considered in vendor selection



# 6

## FINANCIAL MANAGEMENT

The discipline to allocate financial resources, forecast revenues/expenses, and create/maintain budgets to ensure compliance with accounting and cash flow requirements.

### EARLY STAGE

- No standard processes in place.
- No budget or budget set by corporate accounting function.
- No metrics and analytics. Timing is ad hoc.
- Budget tracked via spreadsheets and/or word tables, if at all.
- No forecasting and accrual accounting.
- No reserves or contingencies set.

### INTERMEDIATE STAGE

- Standard processes exist but are not documented or well known.
- Budget set by central legal operations or corporate accounting function. Legal operations is accountable for spend and budget.
- Metrics and analytics is reactive and not centralized.
- Timing is driven by external party (e.g., corporate finance).
- Budget tracked via spend management system.
- Forecasts done as requested. Accruals done on large matters.
- Reserves and contingencies set on large matters and/or through informal conversations — undocumented.

### ADVANCED STAGE

- Standard processes defined, documented, and communicated through published policies and procedures.
- Budgets developed and managed by practice areas and functions, rolling into a department budget managed by Legal and reported to Corporate Finance and Accounting.
- Defined reports, metrics and dashboards distributed according to a defined schedule with assignees and real time data.
- Timing is driven by Legal (in support of corporate calendar) via published, communicated timeline and/or project plan.
- Budget tracked via standardized tools and systems utilized enterprise wide (within Legal).
- Forecast and accruals standard, automated with technology and according to a defined timeline.
- Reserves and contingencies set via a standard, defined, and defensible process for tracking and reporting reserve recommendations and aggregated legal contingencies.
- Regular budget reviews with the Senior Leadership team.
- Overarching financial strategy in place.
- Manage, track, report and benchmark key performance indicators (KPIs).



## EARLY STAGE CHALLENGE

*"The budget for legal expenditure sits with operating business, not under control of legal, which means that the legal team cannot pursue high value and impact projects, or set our own budget requirements."*

*"We lack basic technology to generate real-time data, like e-billing, for example."*



## CHALLENGE TO BECOME ADVANCED

*"Unify a wide diversity of practice groups with different billing/budgeting protocols."*

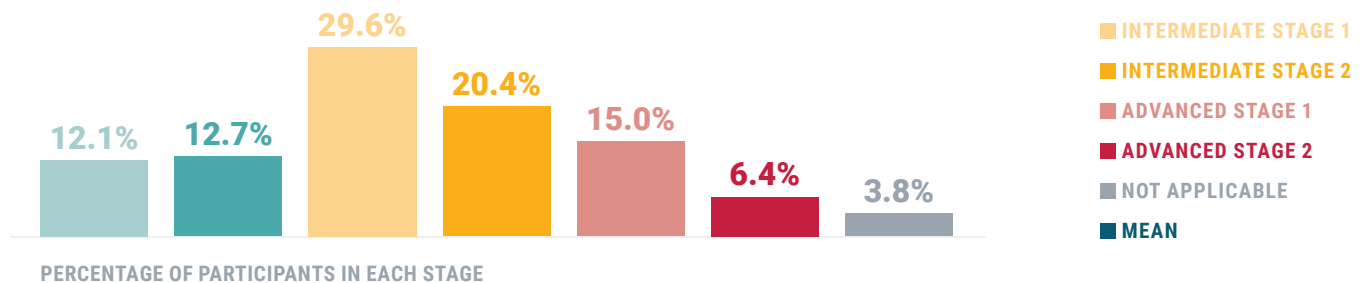
*"Creating and tracking the correct KPI's to show the department's value within the company."*

*"Implementing the processes and aligning technology to those processes."*

## Financial Management Maturity

AVERAGE MATURITY LEVEL

**3.34** Intermediate Stage 1







## SUBFUNCTIONS

- a** Standard processes defined, documented, and communicated through published policies and procedures



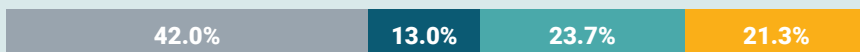
- b** Budgets developed and managed by practice area and functions, rolling into a department budget managed by Legal and reported to Corporate Finance and Accounting



- c** Defined reports, metrics, and dashboards distributed according to a defined schedule with assignees and real time data



- d** Timing is driven by Legal (in support of corporate calendar) via published, communicated timeline and/or project plan



- e** Budget tracked via standardized tools and systems utilized enterprise wide (within Legal)



- f** Forecast and accruals standard, automated with technology and according to a defined timeline



- g** Reserves and contingencies set via a standard, defined, and defensible process for tracking and reporting reserve recommendations and aggregated legal contingencies



- h** Regular budget reviews with the Senior Leadership team



- i** Overarching financial strategy in place



- j** Manage, track, report, and benchmark key performance indicators (KPIs)



■ DO NOT HAVE IN PLACE  
■ PLANNING TO HAVE IN PLACE  
■ PARTIALLY HAVE IN PLACE  
■ HAVE IN PLACE

# 7

## INFORMATION GOVERNANCE

The system to manage electronic and physical documents enterprisewide to support an organization's compliance and operational requirements.

### EARLY STAGE

- Information governance and recordkeeping are not addressed at all or in an ad hoc manner.
- Employees generally keep everything.

### INTERMEDIATE STAGE

- Information governance and recordkeeping addressed by the business.
- Enterprise policy and retention schedule exist but are not enforced.
- Employees are trained on policy and retention schedule.
- Essential or minimum requirements meet the organization's legal, regulatory, and business requirements.
- Still missing opportunities for streamlining business and controlling costs.

### ADVANCED STAGE

- Enterprise policy and retention schedule regularly communicated and enforced.
- Policy and retention schedule redirect regulatory requirements.
- End-to-end document/record life cycle management.
- Information governance integrated into overall corporate infrastructure and business processes.
- Information governance plays a critical role in cost containment, competitive advantage, and client service.
- Information governance phase gate included in all IT projects.



### EARLY STAGE CHALLENGE

*"Getting the business to recognize the importance of information governance as a business advantage."*

*"We do not have a document management system that provides a standardized location for records. As a result, records are saved in a wide variety of places."*

*"We need to homogenize the information governance of various stakeholders: IT, R&D, compliance, business teams, etc."*



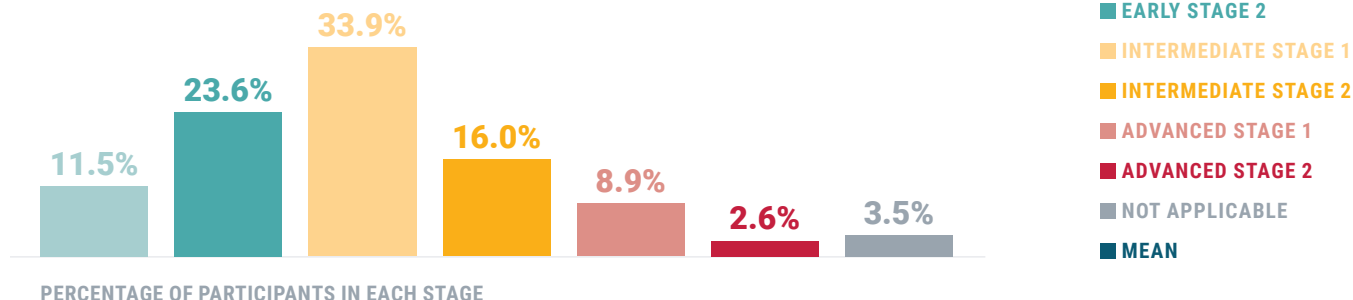
### CHALLENGE TO BECOME ADVANCED

*"Technology challenges – we cannot automatically delete certain records that should be deleted because the system does not have functionality and it is too expensive to change."*

## Information Governance Maturity

AVERAGE MATURITY LEVEL

**2.95** Intermediate Stage 1



### SUBFUNCTIONS

**a** Enterprise policy and retention schedule regularly communicated and enforced



**b** Policy and retention schedule redirect regulatory requirements



**c** End-to-end document/record lifecycle management



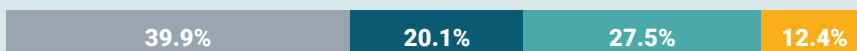
**d** Information governance integrated into overall corporate infrastructure and business processes



**e** Information governance plays a critical role in cost containment, competitive advantage, and client service



**f** Information governance phase gate included in all IT projects



# 8

## INNOVATION MANAGEMENT

The program and process to collect, analyze, select, pilot, and implement innovative systems and processes within the legal department.

### EARLY STAGE

- Innovation strategy is reactive and short term.
- No defined or committed resources dedicated to innovation within legal operations.
- Sporadic processes with limited workflow, integration, and governance.
- Innovation projects siloed with limited engagement by colleagues.
- Self-directed education on enabling technologies.
- General disdain and skepticism of trying new ways to achieve solutions.
- Limited technology and tools.
- No established metrics.
- No encouragement or reward for goals and objectives related to innovation activities.
- No external engagement.

### INTERMEDIATE STAGE

- Innovation strategy aligned to corporate objectives.
- Part-time resources with sponsorship.
- Defined processes with limited adoption and some governance.
- Collaborative environment with engagement by colleagues.
- Limited education on enabling technologies and application.
- Pockets of innovative behavior throughout organization.
- Limited pipeline of innovation initiative to act upon — some use of crowdsourcing to collect new innovation ideas.
- Variety of technologies and methods.
- Ad hoc measurement of innovation project performance.
- Some external engagement through attendance of industry conferences, workshops, and webinars.

### ADVANCED STAGE

- Innovation strategy in place and drives competitive advantage and provides an opportunity to monetize innovations.
- Team or task force dedicated to innovation management with executive sponsorship and established governance model, systems, and processes.
- Experimental culture, including internal and external co-creation, is widespread and valued by leaders.
- Culture includes “fail fast” principles; feedback enables teams to adapt, respond, and improve quickly.
- Formalized education provided about innovation in the marketplace.
- Robust innovation pipeline, with crowdsourcing initiatives fully integrated into the innovation management model and subject to continuous improvement.
- Multiple tools, technologies, methods, and approaches.
- Strategic metrics program measures performance and value; metrics are shared across Legal.
- Operations lead with deep external network used to benchmark changes in the industry.



## EARLY STAGE CHALLENGE

*"Lack of dedicated personnel and time. We approach innovation mostly on an ad-hoc basis."*

*"Technology cost and available resources. There is a general acceptance of the importance of innovation across the business, but not necessarily a specific solution that comes with a reasonable cost."*



## CHALLENGE TO BECOME ADVANCED

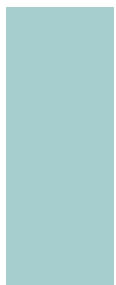
*"Educating technical staff on the importance of innovation to lead the market and the executives across the company as to why they should support and fund innovation."*

## Innovation Management Maturity

### AVERAGE MATURITY LEVEL

**2.09** Early Stage 1

42.9%



19.7%



17.5%



8.3%



3.8%



1.6%



6.3%



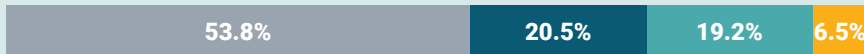
- EARLY STAGE 1
- EARLY STAGE 2
- INTERMEDIATE STAGE 1
- INTERMEDIATE STAGE 2
- ADVANCED STAGE 1
- ADVANCED STAGE 2
- NOT APPLICABLE
- MEAN

PERCENTAGE OF PARTICIPANTS IN EACH STAGE



## SUBFUNCTIONS

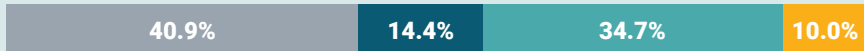
- a** Innovation strategy in place that drives competitive advantage and provides an opportunity to monetize innovations



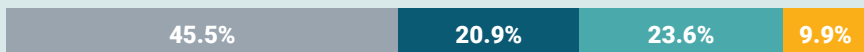
- b** Team or task force dedicated to innovation management with executive sponsorship and established governance model, systems, and processes



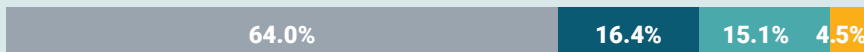
- c** Experimental culture, including internal and external co-creation, is widespread and valued by leaders



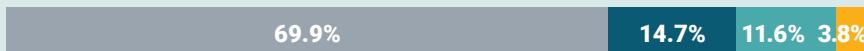
- d** Culture includes “fail fast” principles; feedback enables teams to adapt, respond, and improve quickly



- e** Formalized education provided about innovation in the marketplace



- f** Robust innovation pipeline, with crowdsourcing initiatives fully integrated into the innovation management model and subject to continuous improvement



- g** Multiple tools, technologies, methods, and approaches



- h** Strategic metrics program that measures performance and value; metrics are shared across Legal



- i** Operations lead with deep external network used to benchmark changes in the industry



■ DO NOT HAVE IN PLACE  
■ PLANNING TO HAVE IN PLACE  
■ PARTIALLY HAVE IN PLACE  
■ HAVE IN PLACE

# 9

## INTELLECTUAL PROPERTY MANAGEMENT

Operations to optimize the return on investment in the tangible assets of an organization, such as patents and trademarks.

### EARLY STAGE

- Manual tracking docketing via spreadsheet.
- Manual patent tracking.

### INTERMEDIATE STAGE

- Automated patent and trademark docketing (service provided country rules).
- Basic patent workflow.
- Integrated patent annuity and trademark renewal decisions/payments.

### ADVANCED STAGE

- Fully integrated IP system (patent application and trademark registration, plus enforcement).
- IP analytics dashboard.
- Brand management.
- Integrated intake for invention disclosures, product clearance requests, and trademark clearance requests.



#### EARLY STAGE CHALLENGE

*"Intellectual property management is handled primarily via outside counsel as we do not have the internal expertise."*

*"We currently do not have the bandwidth to take care of this ourselves, so we largely rely on outside counsel. We are working to implement a brand strategy across the organization."*



#### CHALLENGE TO BECOME ADVANCED

*"It required significant financial investment to build a world-class patent practice group. Capital investment and leadership discipline to support the practice group took years to mature."*

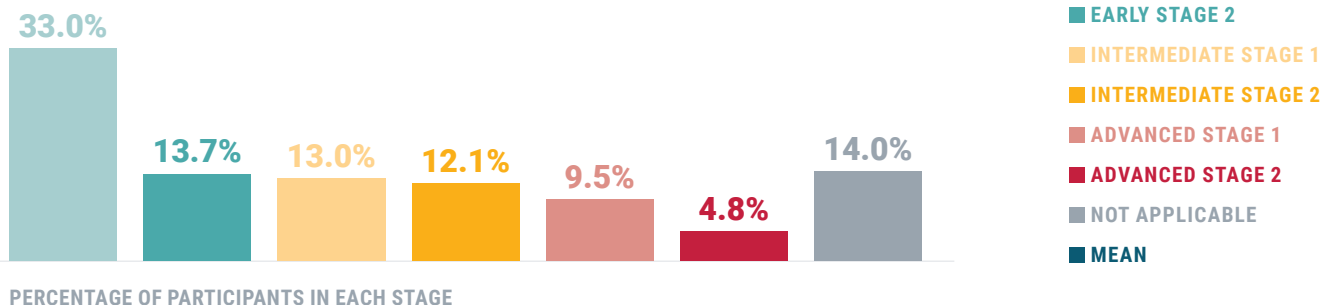
*"We had to customize our invention disclosure intake model to match the needs of our IP team and our company, and establish brand management processes and practices."*



## Intellectual Property Management Maturity

AVERAGE MATURITY LEVEL

**2.60** Intermediate Stage 1

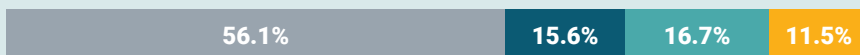


### SUBFUNCTIONS

**a** Fully integrated IP system (patent application and trademark registration, plus enforcement)



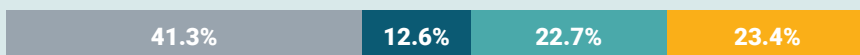
**b** IP analytics dashboard



**c** Brand management



**d** Integrated intake for invention disclosures, product clearance requests, and trademark clearance requests



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PLANNING TO HAVE IN PLACE  
PARTIALLY HAVE IN PLACE  
HAVE IN PLACE

# 10

## INTERNAL RESOURCES MANAGEMENT

The activities to advance the human resources in the legal department, including recruiting, onboarding, training, work allocation, performance management, talent development, and employee communications.

### EARLY STAGE

- Training limited to continuing legal education (CLE) for attorneys.
- Performance management limited to execution of the corporate program.
- Employee recognition is limited to the corporate program.
- Succession planning as required by corporate program.
- Employee engagement surveys limited to corporate program.

### INTERMEDIATE STAGE

- Training for all law department employees (not just attorneys).
- Legal department-specific talent development protocols are in place for all employees, featuring identification of development opportunities (e.g., special projects or rotations), as well as succession planning.
- Legal-specific or tailored employee recognition program.
- Legal-specific or tailored engagement surveys.
- Legal-specific onboarding checklist.
- Documented employee related policies (e.g., bar dues reimbursement; dress code; etc.).

### ADVANCED STAGE

- Robust talent development, retention and engagement program, reflecting strategic priorities (can feature diversity, pro bono, community service initiatives, rotations, flexible work options, etc.).
- Intern/extern programs.
- Law department specific engagement surveys and action plans.
- Formal work processes and procedures (SOPs).
- Employee networking programs.
- Staffing optimization (right work to the right level).
- Coordinated employee communication protocols and methods (e.g., department website, community pages).



## EARLY STAGE CHALLENGE

*"Since we do not currently have a formal legal operations function or professional, there is no one to assist with this. We create plans, and partially put them in place, but often we do not have the expertise or time to continue them."*

*"It is a lower priority than other initiatives and we face an uphill battle with HR and management on what end results will look like and who owns the processes."*



## CHALLENGE TO BECOME ADVANCED

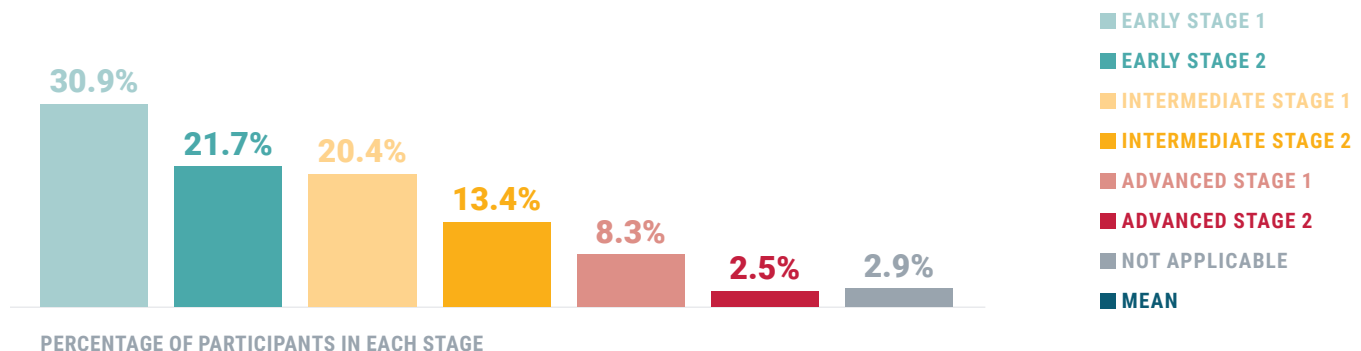
*"Fitting in training and implementation of Integrated Leadership Systems, individual development plans, goals and other training into the already heavy workload of our staff."*

*"Simplify and enhance the onboarding experience so that our employees access our programs promptly and effectively."*

## Internal Resources Management Maturity

AVERAGE MATURITY LEVEL

**2.09** Intermediate Stage 1





## SUBFUNCTIONS

- a** Robust talent development, retention and engagement program, reflecting strategic priorities (can feature diversity, pro bono, community service initiatives, rotations, flexible work options, etc.)



■ DO NOT HAVE IN PLACE  
■ PLANNING TO HAVE IN PLACE  
■ PARTIALLY HAVE IN PLACE  
■ HAVE IN PLACE

- b** Intern/extern programs



- c** Law department specific engagement surveys and action plans



- d** Formal work processes and procedures (SOPs)



- e** Staffing optimization (right work to the right people)



- f** Coordinated employee communication protocols and methods (e.g., department website, community pages)



# 11

## KNOWLEDGE MANAGEMENT

The process of capturing, distributing, and effectively using both structured and tacit knowledge assets, from work products (such as legal memos) to understanding of an issue due to prior experience.

### EARLY STAGE

- Little or no intention to formally manage organizational knowledge; no knowledge sharing mechanism.
- Communication about who knows what or where knowledge assets (KAs) may be found are ad hoc or nonexistent.

### INTERMEDIATE STAGE

- Some Knowledge Management (KM) practices in place, using a centralized repository, intranet, or other knowledge sharing mechanism for some categories of knowledge.
- A culture that recognizes and rewards at least some organizational knowledge sharing.
- Rudimentary documented communication about who knows what or where KAs may be found.

### ADVANCED STAGE

- KM is well established, deeply integrated, and continually improved.
- Mechanisms and tools for curation, easy finding and sharing of KAs are leveraged and valued throughout the organization.
- KM is a required part of workflows and a standard component in organizational processes.
- Systematic knowledge sharing is accepted as fundamental; KAs are celebrated and directories are maintained and accessible by staff and clients.



#### EARLY STAGE CHALLENGE

*"We face significant concerns about confidentiality issues when sharing information; fragmented IT infrastructure does not support information sharing beyond the immediate team; and culture has not yet developed to attribute value to preserving institutional knowledge."*

*"We are just now creating a knowledge management library and getting everyone to contribute is a bit challenging, not for lack of wanting to contribute, but because of time constraints. It is not a priority."*



#### CHALLENGE TO BECOME ADVANCED

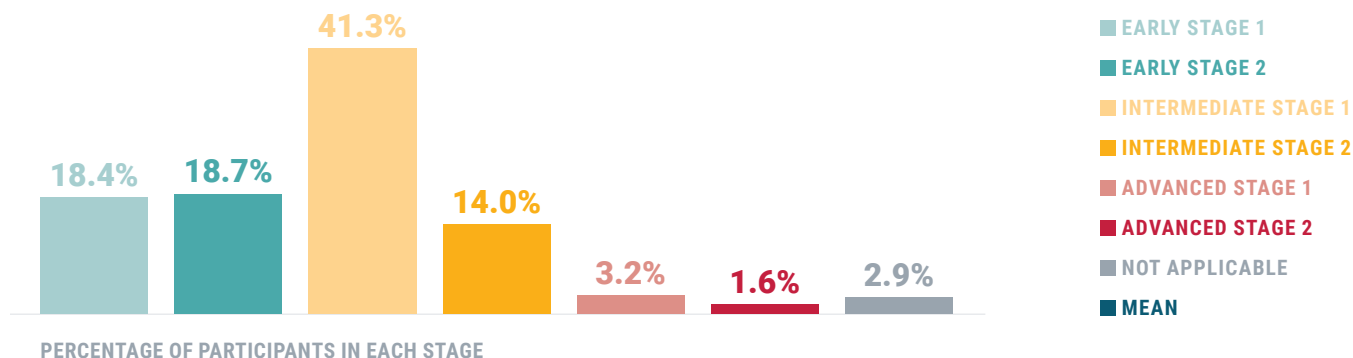
*"Keeping on top of, and investing in, new technology to improve knowledge management."*

*"Ensure the adoption of new tools by the entire team."*

## Knowledge Management Maturity

AVERAGE MATURITY LEVEL

**2.69** Intermediate Stage 1



### SUBFUNCTIONS

- a** Knowledge management (KM) is well established, deeply integrated, and continually improved



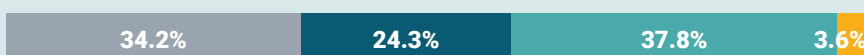
- b** Mechanisms and tools for curation, easy finding and sharing of Knowledge Assets (KAs) are leveraged and valued throughout the organization



- c** KM is a required part of workflows and a standard component in organizational processes



- d** Systematic knowledge sharing is accepted as fundamental; KAs are celebrated and directories are maintained and accessible by staff and clients



DO NOT HAVE IN PLACE  
 PLANNING TO HAVE IN PLACE  
 PARTIALLY HAVE IN PLACE  
 HAVE IN PLACE

# 12

## METRICS & ANALYTICS

The system to collect, organize, and use data to inform decision making and performance management.

### EARLY STAGE

- Manual tracking.
- Methodology differs by practice area (silos).
- Focus is on external spending, mostly for budgeting purposes.

### INTERMEDIATE STAGE

- Most metrics generated through manual synthesis of data from disparate systems.
- Ability to analyze external spend on a variety of dimensions; analytics applied to law firm performance management.
- Some metrics are established for internal performance management.
- Limited to relatively few, proven metrics (reducing/avoiding overload).

### ADVANCED STAGE

- Well established automation for integrating and dashboarding of information.
- Well balanced across financial controls, outcomes, and operational efficiency.
- Clearly linked to organizational objectives.
- Leading & lagging indicators of performance (including predictive analytics informing decision-making).
- Measured relative to baselines, benchmarks, and targets.



### EARLY STAGE CHALLENGE

*"There is no culture of measuring the legal team's performance; resistance to change; and a lack of automation, so all data requests involve manual effort and results have significant inconsistencies."*

*"Gathering information from different business units."*



### CHALLENGE TO BECOME ADVANCED

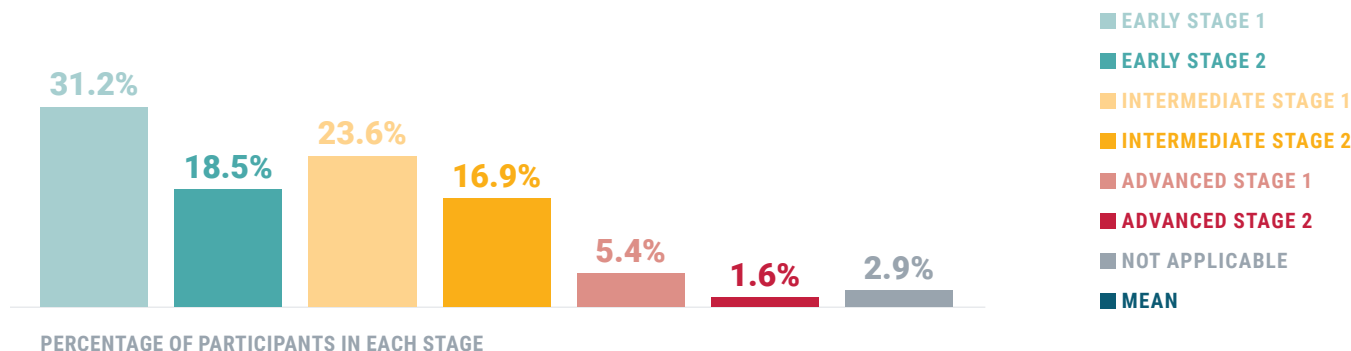
*"Deciding which metrics are useful, benchmarking them, and setting targets."*



## Metrics & Analytics Maturity

AVERAGE MATURITY LEVEL

**2.50** Intermediate Stage 1



### SUBFUNCTIONS

**a** Well established automation for integrating and dashboarding of information



**b** Metrics are well balanced across financial controls, outcomes and operational efficiency



**c** Clearly linked to organizational objectives



**d** Leading and lagging indicators of performance (including predictive analytics informing decision-making)



**e** Reports include measures relative to baselines, benchmarks, and targets



# 13

## PROCESS & PROJECT MANAGEMENT

The disciplines utilized to plan, coordinate, and oversee multifaceted initiatives and matters, as well as to continuously improve process efficiency.

### EARLY STAGE

- No or ad hoc project oversight.
- Lack of standardized processes or process evaluations.
- Organized teamwork is ad hoc and rare.
- Little to no executive sponsorship.
- Ignorance across the department about the benefits or principles of project and process management.
- Project participation and change communications are piecemeal.

### INTERMEDIATE STAGE

- Formal project management (PM) is applied in some cases, and staff is broadly familiar with the process.
- Leadership drives process reviews and improvement initiatives are conducted in extreme situations; some work processes have been made systematic (e.g., supported by mapping).
- Staff is fostering best practices and are encouraged to evaluate and improve individual and department practices; they have had some good experience with both PM and process improvement and know to suggest or accept them in certain circumstances.
- Skilled resources have been identified and some dedicated time is allocated.

### ADVANCED STAGE

- Formal PM is applied in all appropriate cases, and staff is very familiar with PM process.
- Executive sponsorship is visible but staff own the outcomes.
- Process improvement is methodically and continuously conducted in all appropriate situations and driven from within affected groups; most work processes have been made systematic and documented.
- Continuous improvement review; project and process management have become an integral part of the culture; staff are highly motivated to evaluate and improve individual and department practices.
- If warranted, experienced PMP and/or lean resources are part of the staff.
- Good visibility into projects, processes, and metrics documenting ongoing impact.



## EARLY STAGE CHALLENGE

*"A need for a cultural change within the legal team to become more process driven."*

*"The legal department is not used to these tools and mentality."*



## CHALLENGE TO BECOME ADVANCED

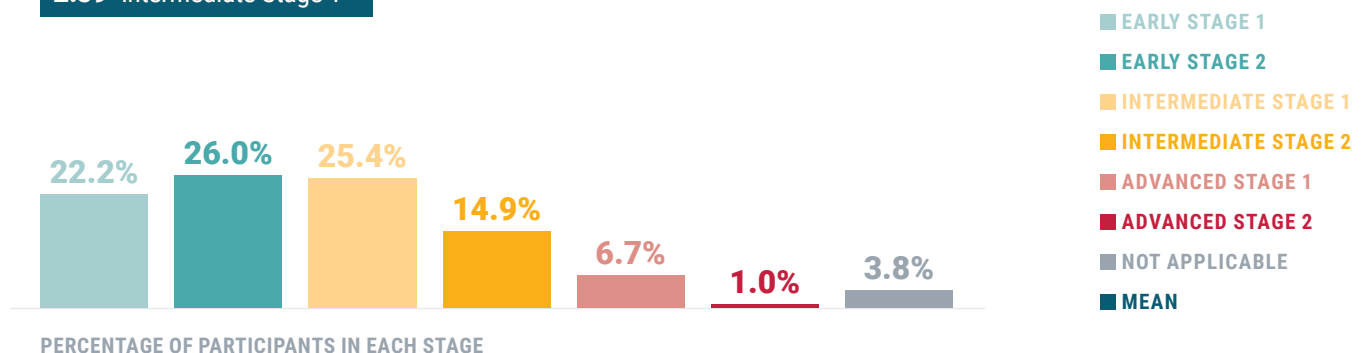
*"Getting access to and integrating the team with performance improvement resources."*

*"Implementing capable resources and convincing attorneys to think of their work as a process."*

## Process & Project Management Maturity

AVERAGE MATURITY LEVEL

**2.59** Intermediate Stage 1





## SUBFUNCTIONS

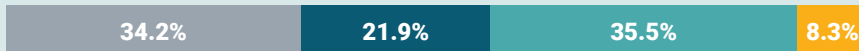
- a** Formal project management (PM) is applied in all appropriate cases, and staff are very familiar with PM process



- b** Executive sponsorship is visible, but staff own the outcomes



- c** Process improvement is methodically and continuously conducted in all appropriate situations and driven from within affected groups; most work processes have been made systematic and documented



- d** Continuous improvement review; process and PM have become an integral part of the culture; staff are highly motivated to evaluate and improve individual and department practices



- e** If warranted, experienced PMP and/or lean resources are part of the staff



- f** Good visibility into projects, processes, and metrics documenting ongoing impact



■ DO NOT HAVE IN PLACE  
■ PLANNING TO HAVE IN PLACE  
■ PARTIALLY HAVE IN PLACE  
■ HAVE IN PLACE

# 14

## STRATEGIC PLANNING

The process to set legal department goals that align with enterprise objectives, prioritize initiatives, allocate resources, and define metrics to assess progress.

### EARLY STAGE

- No legal operations strategic planning process.
- No legal operations strategic plan.
- No alignment among legal department financial, staffing, technology, and outside counsel decisions.
- Informal and reactive approach to operational decisions.
- No measurements and metrics regarding legal operations decisions.

### INTERMEDIATE STAGE

- Formal process identifying current state, where you are going, how you will get there (strategies, goals, and desired outcomes).
- Published legal operations strategic plan, identifying specific activities aligned with department and company goals.
- Alignment of all legal department financial, staffing, technology, and outside counsel decisions.
- Formal process regarding operational decisions.
- Identifying, capturing, and reporting on key data and other measures to assess progress against goals and plans.

### ADVANCED STAGE

- Annual legal operations planning process, designed to produce plan before submission of annual budget.
- Quarterly reviews and updates to legal operations strategic plan.
- Strategic management of all staffing, technology, and service delivery strategies.
- Legal operations goals, strategies, and activities embedded in legal team talent development and assessment activities.
- Quarterly reports and monthly dashboards shared with Leadership regarding progress against goals and plans.



## EARLY STAGE CHALLENGE

*"Department leaders do not view operations and technology as key to their strategy or success, and therefore do not devote time or resources into long-term thinking on these topics."*

*"The GC is constantly consumed with urgent matters."*

*"We still are at the scoping stage of legal operations, and responsibilities for staffing, technology, and vendor management are highly fragmented."*



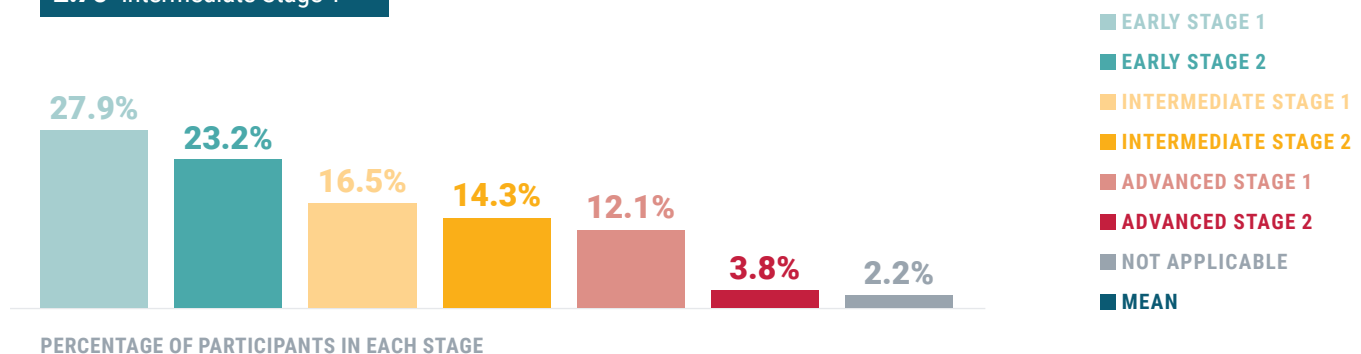
## CHALLENGE TO BECOME ADVANCED

*"Having the senior leadership understand what planning is necessary for spending due to budget and IT requirements. Actively counsel the leadership on what is the best practice and what they should be purchasing, not what they want to purchase."*

## Strategic Planning Maturity

AVERAGE MATURITY LEVEL

**2.70** Intermediate Stage 1





## SUBFUNCTIONS

- a** Annual legal operations planning process, designed to produce plan before submission of annual budget



- b** Quarterly reviews and updates to legal operations strategic plan



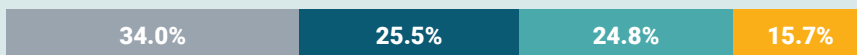
- c** Strategic management of all staffing, technology and service delivery strategies



- d** Legal operations goals, strategies, and activities embedded in legal team talent development and assessment activities



- e** Quarterly reports and monthly dashboards shared with Leadership regarding progress against goals and plans



■ DO NOT HAVE IN PLACE  
■ PLANNING TO HAVE IN PLACE  
■ PARTIALLY HAVE IN PLACE  
■ HAVE IN PLACE

# 15

## TECHNOLOGY MANAGEMENT

The set of activities to optimize utilization of technology, including planning, selection, procurement and/or development, training, and promotion of adoption.

### EARLY STAGE

- Complete reliance on corporate IT.
- Limited technology deployment and user adoption.
- Spreadsheets for data/metrics, project management, etc.
- Knowledge stored on individual workstations.

### INTERMEDIATE STAGE

- Legal is coordinating with corporate IT, often with a designated liaison and helpdesk support.
- Technology roadmap is focused on leveraging current technology within Legal, driving adoption and establishing some integrations.
- Training is ad hoc.
- Typical systems in place include basic matter management, e-billing, document, contract, and IP management.

### ADVANCED STAGE

- Legal is focused on aligning business processes across the enterprise using technology.
- Longer-term (5-year) technology roadmap; benchmarked & adapted as environment changes.
- Process in place for research, scenario planning, and piloting artificial intelligence (AI) and emerging technologies.
- Technologists or legal ops leaders evaluate changes in technology and develop implementation strategies; drive continuous improvement in user adoption.
- Training and user support protocols are well established.
- Strong integration among systems in Legal, and as appropriate across the enterprise.
- Systems include e-discovery, knowledge management, collaboration, full contract lifecycle management; workflow automation; and applications designed to anticipate/mitigate risk (e.g., tracking new regulations, trends in consumer complaints, deficiencies identified in audits).





## EARLY STAGE CHALLENGE

*"Budget constraints and IT department dependency."*

*"Legal technology and AI are used on a limited basis, but there is very limited budget and resources to implement new technology."*



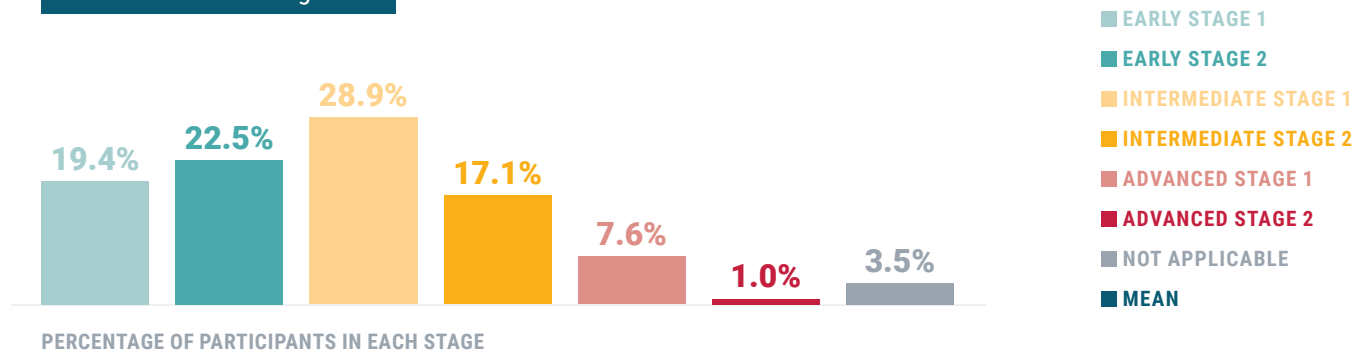
## CHALLENGE TO BECOME ADVANCED

*"Coordination with and support from the IT department."*

## Technology Management Maturity

AVERAGE MATURITY LEVEL

**2.73** Intermediate Stage 1





## SUBFUNCTIONS

- a** Legal is focused on aligning business processes across the enterprise using technology



■ DO NOT HAVE IN PLACE  
■ PLANNING TO HAVE IN PLACE  
■ PARTIALLY HAVE IN PLACE  
■ HAVE IN PLACE

- b** Longer-term (5 year) technology roadmap; benchmarked and adapted as environment changes



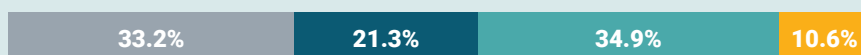
- c** Process in place for research, scenario planning and piloting artificial intelligence (AI) and emerging technologies



- d** Technologists or legal ops leaders evaluate changes in technology and develop implementation strategies; drive continuous improvement in user adoption



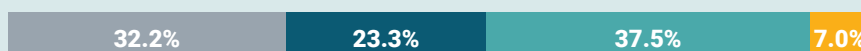
- e** Training and user support protocols are well established



- f** Strong integration among systems in Legal and as appropriate across the enterprise



- g** Systems include e-discovery, knowledge management, collaboration, full contract lifecycle management; workflow automation; and applications designed to anticipate/mitigate risk (e.g., tracking new regulations, trends in consumer complaints, deficiencies identified in audits)



# LEGAL DEPARTMENT OVERALL MATURITY SCORE

So far, we have showed the aggregated results in detail for each of the 15 legal operations functions individually. The average rates for each function show that maturity overall is higher in some areas, like *Compliance* and *Financial Management*, than others, like *Change Management* and *Innovation Management*.

In this section, we explore the results from a general perspective of the legal department and provide an aggregate Legal Department Overall Maturity Score, which takes into account the participants' maturity rates across all functions.

One way to report this would be to calculate a simple average of

all function rates. Because the rates available to participants ranged from 1 to 6, this average would also range from 1 to 6. However, we are taking it a step further and standardizing the average to a 0 to 100 scale, allowing for easier interpretation.

Given that the Overall Maturity Score scale is a 100-point range,

we can divide it into three identical intervals that indicate the thresholds among our three different maturity stages: early, intermediate, and advanced. Therefore, an Overall Maturity Score between 0 and 33.3 results in the legal department being in an early stage of maturity; a score between 33.4 and 66.6 equals intermediate stage, and a score between 66.7 and 100 indicates that the legal department is in an advanced stage of maturity.

## Legal Department Overall Maturity Score – 15-Function Aggregate Index



The calculations to reach the Overall Maturity Score follow. It is worth noting that, in order to obtain this overall score for the legal department, we assign the same weight to each function. Also, we exclude the functions that legal departments rated as “Not applicable.” The reason behind this choice is not to penalize legal departments with one or a few functions that were not relevant to them.

## Maturity Score Calculations

$$m = \frac{\text{function 1} + \text{function 2} + \cdots + \text{function 15}}{\text{number of applicable functions}}$$

*m* = legal department average maturity rate for all applicable functions on a 1-to-6 scale

$$M = \frac{m - 1}{5} \times 100$$

*M* = conversion of *m* from a 1-to-6 scale to a 0-to-100 scale

For example, let’s consider a department that rated “3” in seven functions, “4” in another seven functions, and Intellectual Property Management was not applicable.

Therefore,

$$m = \frac{3+3+3+3+3+3+3+4+4+4+4+4+4+4}{14} = \frac{49}{14} = 3.5$$

The legal department maturity score for this department is 3.5 on a 1-to-6 scale. Then,

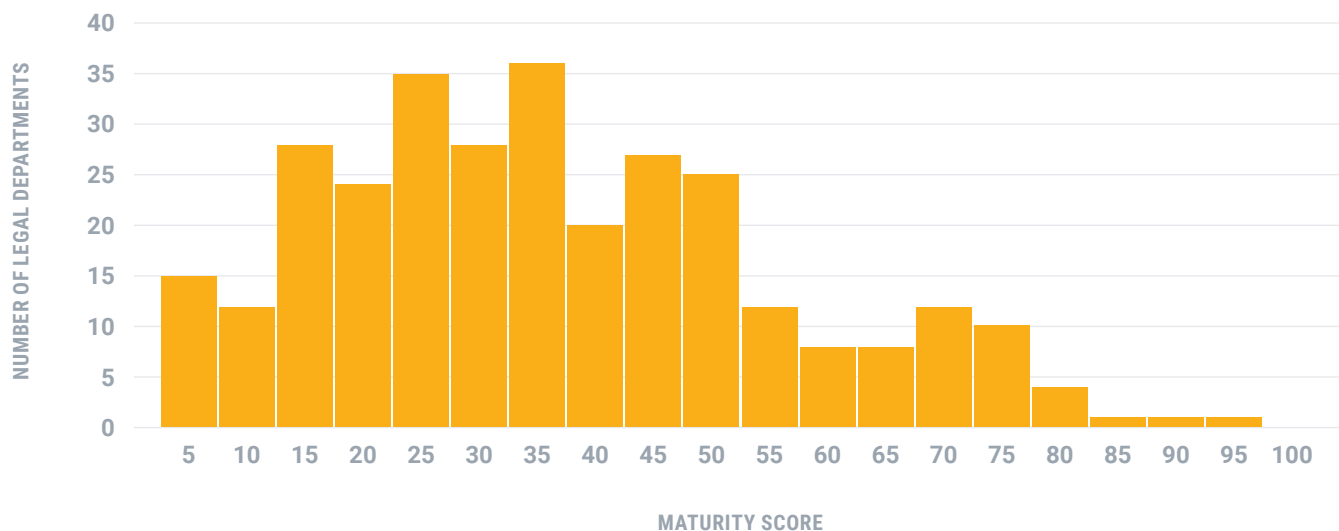
$$M = \frac{3.5 - 1}{5} \times 100 = \frac{2.5}{5} \times 100 = \frac{1}{2} \times 100 = 50$$

The following table contains the descriptive statistics of the Overall Maturity Score for all *Legal Operations Maturity Benchmarking Survey* respondents.

## Legal Department Maturity Score Descriptive Statistics

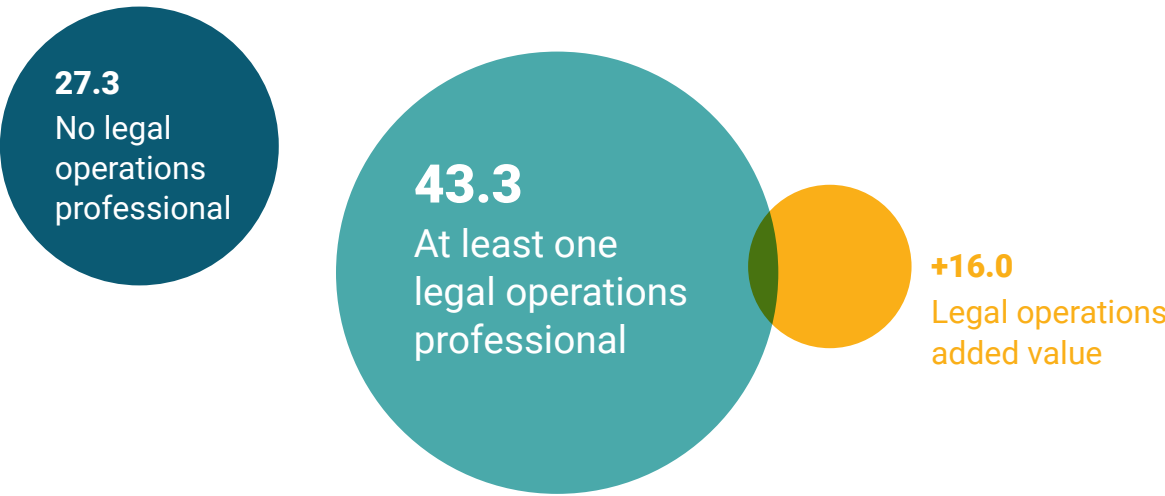
<i>n</i>	25th Percentile	Mean	Median	75th Percentile
307	20.0	34.2	32.0	45.3

## Maturity Score Histogram



This histogram shows the distribution of legal departments according to their Overall Maturity Score. Each column represents the number of respondents whose score falls within successive five-point intervals, i.e., 0 to 5, 5 to 10, etc. As the descriptive statistics indicate, half of the respondents reported an overall maturity score ranging from 20 to 45 points. On the higher end, it is notable that very few departments score higher than 80.

## Impact of Legal Operations Professionals on Maturity Score



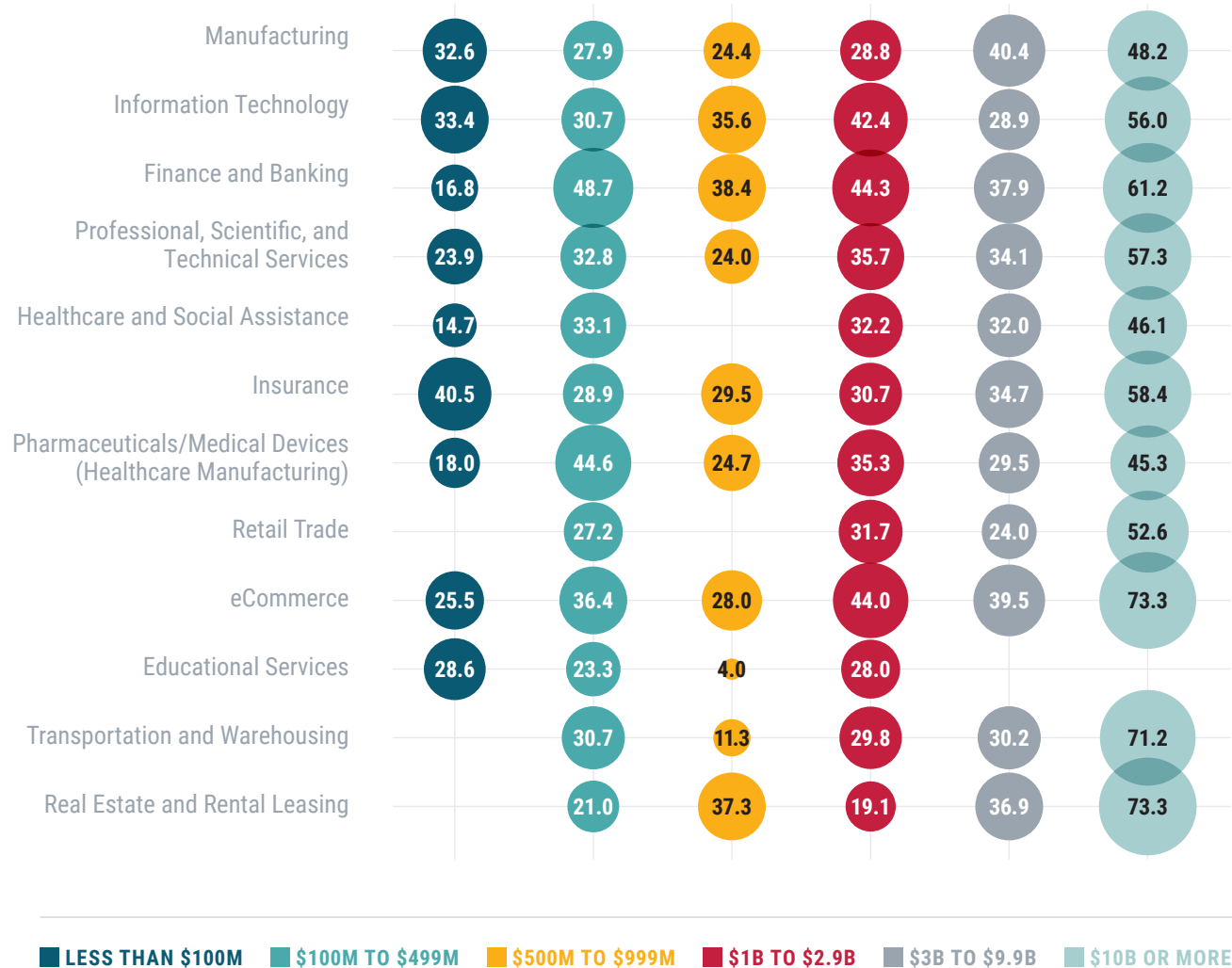
Overall Maturity scores change substantially depending on the specific characteristics of legal departments. We have already pointed out that legal departments that employ at least one legal operations professional score higher than departments that do not have legal operations professionals across all 15 functions.

Therefore, it is evident that departments with legal operations staff report a higher overall maturity score on average as well. Specifically, the average overall score for departments with legal ops professionals is 43.3 compared with 27.3 for those departments with no legal operations staff – a 16-point difference.

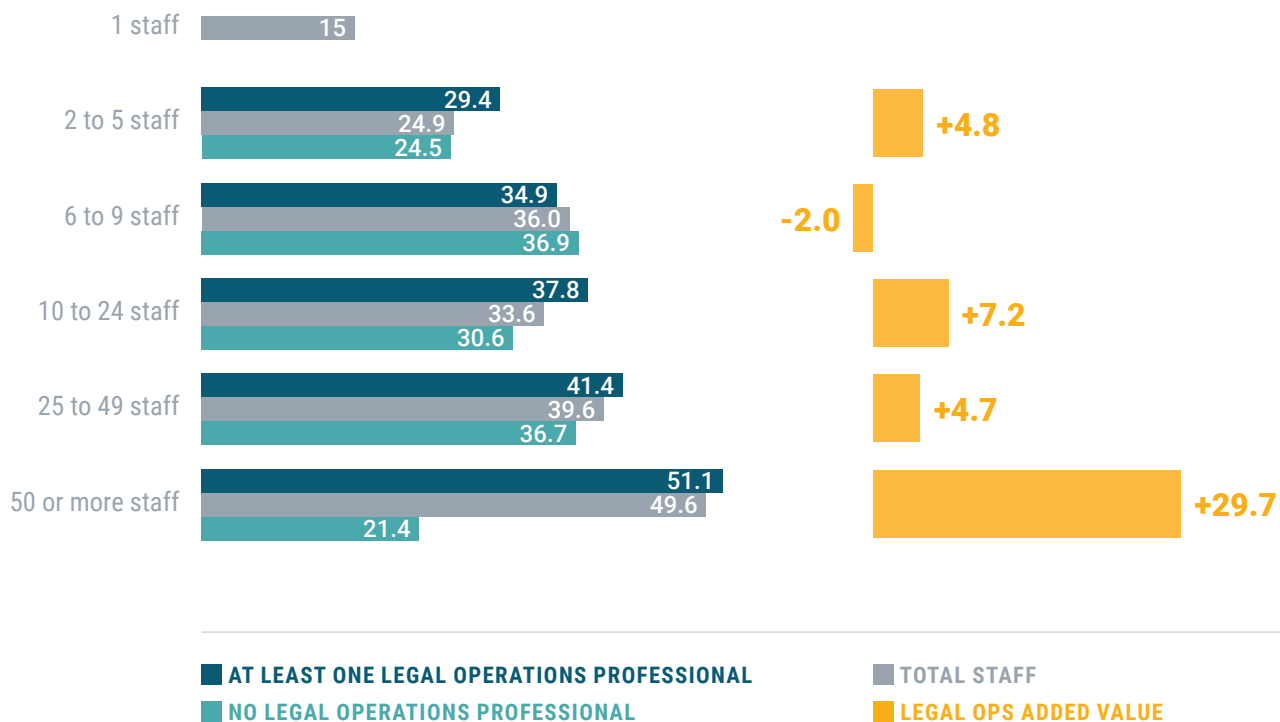
This bubble chart provides the average Overall Maturity Score by company revenue and industry sector – for the top 12 industry sectors by number of participating legal departments.

The size of the bubble is linked to the average maturity score for companies in each industry and revenue category. The chart allows for comparisons between companies of different sizes in the same industry sector and also of companies within the same revenue range across different industries. Blank spaces indicate that there were no participating departments in a combined revenue range and industry sector.

## Maturity Score by Company Revenue and Industry



## Maturity Score by Legal Department Size



The Overall Maturity Score by legal department size also suggests that larger legal departments tend to score higher in terms of legal operations maturity, as previously seen with individual function results. However, the relationship is not completely straightforward. One-lawyer departments score an average of 15 in overall maturity, whereas large departments with more than 50 staff trebled this figure with 49.6 points. There is some variation around the middle, with departments with two to five staff scoring 24.9, those with six to nine staff hitting 36, but those with 10 to 24 recording a slightly lower average score of 33.6. Finally, departments with 25 to 49 staff score a bit higher at 39.6.

The chart also shows the differences in average Overall Maturity Score depending on whether the staff includes legal operations professionals. The yellow columns on the right indicate the magnitude of the difference on the overall score based on the presence of legal operations professionals

among the staff. It first catches the eye that in departments with six to nine staff, the difference is a negative number. This means that departments of this size with no legal operations professionals score slightly higher than those that count at least one legal operations professional among those six to nine staff members – 36.9 to 34.9.

In all the other staff categories, departments with at least one legal operations professional are more mature on average than those departments with no legal operations capability. This is particularly intense in large departments with more than 50 employees: Departments with legal operations professionals have an average Overall Maturity Score of 51.1 compared with 21.4 for those legal departments that have none. That is almost 30 points higher in the Overall Maturity Score, which is more than twice the overall maturity rate than those large departments with no legal operations professionals.

The following three scatterplots show the relationship between legal spend (internal, external, and total) and the legal department's Overall Maturity Score. Each dot represents one legal department: The horizontal (X) axis indicates the department's spend amount and the vertical (Y) axis shows the department's Overall Maturity Score.

To ease visualization, only legal departments that spent up to \$16 million (internal and external) and \$24 million (total) are included in the charts — including larger spending values would result in a dense clustering of dots on the left side of the chart that would make it very difficult to read. The point is to show the general relationship.

All three charts reveal similar information. Many participating legal departments reported modest spending amounts, which results in many observations being located on the left-hand side of the charts. Among these clusters of dots, however, we can see that many have low maturity scores, but a few departments scored higher than the overall average of

34.2. As we move along the horizontal (X) axis toward the right, observations become sparser, and we see legal departments with both low and high scores.

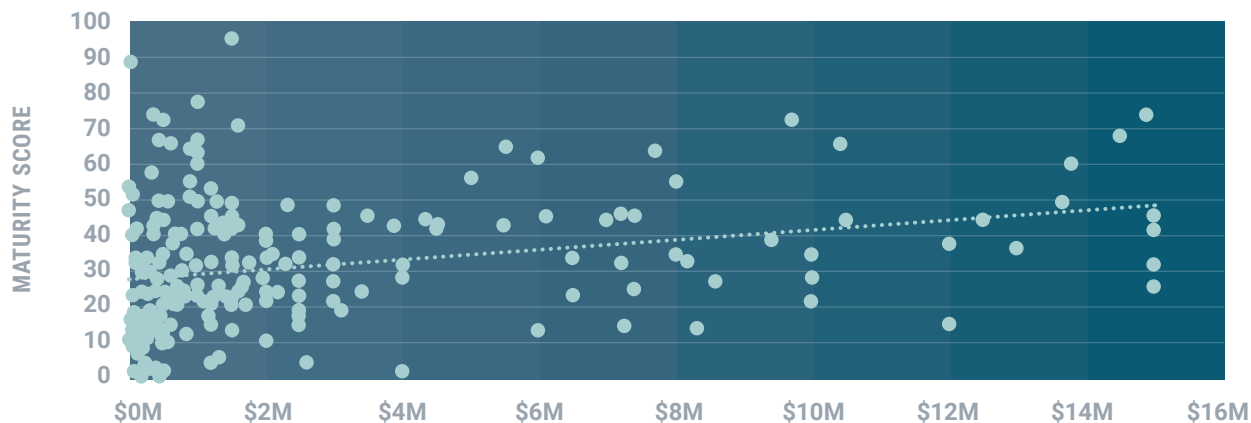
The trendlines in the charts help to visualize the pattern of the observations. They show a mild positive trend, meaning that as legal departments move along the horizontal (X) axis, with higher spending amounts, the overall maturity scores represented on the vertical (Y) axis also increase. This pattern therefore resembles what we have previously shown for other variables like company revenue and legal department size, namely that large organizations score higher in terms of legal operations maturity.

However, the trendlines are rather flat, which indicates that the relationships between spending and legal operations maturity are not very strong. If the dots in the scatterplot were aligned in a continuum going from the bottom left of the chart to the upper right, the trendline would be steeper, and this would result in a stronger relationship between spend and legal operations maturity.



## Maturity Score by Legal Spend

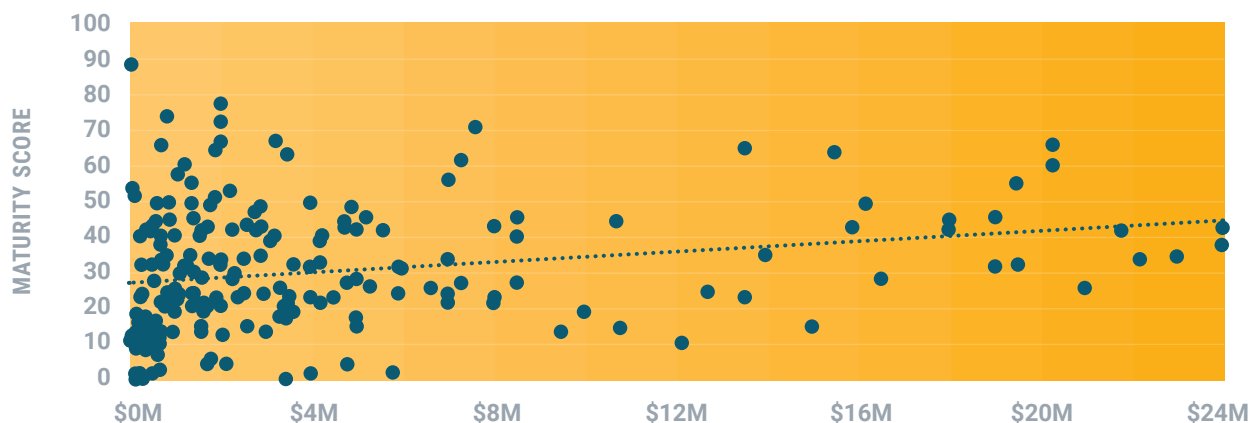
### INTERNAL SPEND



### EXTERNAL SPEND



### TOTAL SPEND



# "BEST IN CLASS" PROFILE

We have shown the maturity rates of legal departments for all 15 functions of the Maturity Model, then we drilled down into in each function to show the results in more detail and provided an extensive outlook into what specific subfunctions departments do and do not have in place, and we have provided a summary of the Overall Maturity Score that evaluates the legal department's maturity as a whole.

Now it is time to take a closer look to the best in class to see what the most mature departments look like, which policies, processes, and tools they have in place, and whether sound financial performance measured as spending as percentage of revenue leads to a more advanced Overall Maturity Score.

The legal operations maturity best in class are the top 10 percent legal departments by their Overall Maturity Score. This group includes those legal departments with an Overall Maturity Score higher than 64.1.

The best in class company profile includes a statistical summary (median values) of the 30 companies that make up the top 10 percent legal departments by maturity score.

The most mature legal department is part of a large company with about \$9 billion in company revenue and has more than 50 staff members, including around 30 in-house counsel and four legal operations professionals. The department total legal spend is about \$28 million (around \$15 million in internal spend

and \$13 million in external spend), and the total spend as a percentage of revenue is around 0.57 percent. Furthermore, we find that 73.3 percent of the departments that make up the best in class have at least one legal operations professional.

This statistical summary does not imply that an advanced stage of legal operations maturity is out of reach for smaller organizations. Some small companies reported high maturity scores, while companies with billions in revenue reported relatively low maturity scores. This profile, however, highlights some insights that the results provide, most notably that company size matters and that a dedicated legal operations function also delivers higher maturity scores.

## Legal Department Maturity Score Descriptive Statistics

Percentile	10th	20th	30th	40th	50th	60th	70th	80th	90th
Overall Maturity Score	10.7	17.3	22.7	26.7	32.0	37.3	42.7	49.3	64.1

Median

Top 10



# BEST IN CLASS

Top 10% of Departments by Maturity Score

**\$9,367,000,000**

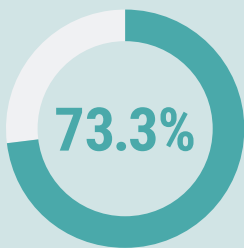
COMPANY  
REVENUE



INTERNAL SPEND **\$14,900,000**

EXTERNAL SPEND **\$12,850,000**

TOTAL SPEND **\$28,500,000**



73.3%

Department has at least  
one legal ops professional



**30.5** LAWYERS



**4.0** LEGAL OPS PROFESSIONALS



**58.0** STAFF

**6.24**

Lawyers  
per \$1B of revenue

**11.55**

Legal Staff  
per \$1B of revenue



**0.231%** Internal spend as a percentage of company revenue

**0.214%** External spend as a percentage of company revenue

**0.576%** Total spend as a percentage of company revenue

Note: Median values reported.

This table contains a checklist of the most common subfunctions (policies, processes, and tools) that the best in class legal departments have in place. It includes the specific subfunctions that a majority of the top 10 percent legal departments in terms of their Overall Maturity Score are currently implementing.

The list includes items in 13 of the 15 functions of the Maturity Model; *Contract Management* and *Knowledge Management* are missing. In these two functions, less

than half of the best in class departments have related subfunctions in place.

This checklist is an effective resource for maturity benchmarking purposes, as legal departments can review which subfunctions they already have in place and note the areas where there is room for improvement to match the best of the best in legal operations maturity.

## BEST IN CLASS — SUBFUNCTIONS CHECKLIST

LEGAL OPERATIONS FUNCTION	SUBFUNCTION
<input type="checkbox"/> Change Management	<input type="checkbox"/> <b>b.</b> Project management is used in all major initiatives and change management (CM) is embedded in all project plans
<input type="checkbox"/> Compliance	<input type="checkbox"/> <b>a.</b> Enterprisewide compliance plan documented, published, and communicated <input type="checkbox"/> <b>b.</b> Annual (or some regular interval) compliance testing plan in place <input type="checkbox"/> <b>c.</b> Tool(s) deployed to track and mitigate future risk (e.g., Governance, Risk, and Compliance application(s))
<input type="checkbox"/> eDiscovery & Litigation Management	<input type="checkbox"/> <b>c.</b> Regular use of document review services  <input type="checkbox"/> <b>d.</b> Internal coordination with IT to identify potential eDiscovery issues with new technologies
<input type="checkbox"/> External Resources Management	<input type="checkbox"/> <b>a.</b> Sourcing decisions are ongoing considerations, and LSPs are integrated in legal services delivery model  <input type="checkbox"/> <b>c.</b> Law firms/LSPs are considered value producing business partners; continually improving performance and relationship  <input type="checkbox"/> <b>d.</b> Outside counsel and vendor management are centralized function(s) within legal operations; involvement in RFPs; engagements, pricing, and performance review  <input type="checkbox"/> <b>h.</b> Frequent review of budgets and performance (at least quarterly)
<input type="checkbox"/> Financial Management	<input type="checkbox"/> <b>a.</b> Standard processes defined, documented, and communicated through published policies and procedures  <input type="checkbox"/> <b>b.</b> Budgets developed and managed by practice area and functions, rolling into a department budget managed by legal and reported to corporate finance and accounting

	<input type="checkbox"/> <b>c.</b> Defined reports, metrics, and dashboards distributed according to a defined schedule with assignees and real-time data <input type="checkbox"/> <b>d.</b> Timing is driven by legal (in support of corporate calendar) via published, communicated timeline and/or project plan <input type="checkbox"/> <b>e.</b> Budget tracked via standardized tools and systems utilized enterprise wide (within legal) <input type="checkbox"/> <b>f.</b> Forecast and accruals standard, automated with technology and according to a defined timeline <input type="checkbox"/> <b>g.</b> Reserves and contingencies set via a standard, defined, and defensible process for tracking and reporting reserve recommendations and aggregated legal contingencies <input type="checkbox"/> <b>h.</b> Regular budget reviews with the senior leadership team <input type="checkbox"/> <b>i.</b> Overarching financial strategy in place <input type="checkbox"/> <b>j.</b> Manage, track, report, and benchmark key performance indicators (KPIs)
<input type="checkbox"/> Information Governance (Records Management)	<input type="checkbox"/> <b>a.</b> Enterprise policy and retention schedule regularly communicated and enforced <input type="checkbox"/> <b>b.</b> Policy and retention schedule redirect regulatory requirements <input type="checkbox"/> <b>d.</b> Information governance integrated into overall corporate infrastructure and business processes
<input type="checkbox"/> Innovation Management	<input type="checkbox"/> <b>c.</b> Experimental culture, including internal and external co-creation, is widespread and valued by leaders
<input type="checkbox"/> Intellectual Property Management	<input type="checkbox"/> <b>c.</b> Brand management <input type="checkbox"/> <b>d.</b> Integrated intake for invention disclosures, product clearance requests, and trademark clearance requests
<input type="checkbox"/> Internal Resources Management	<input type="checkbox"/> <b>a.</b> Robust talent development, retention, and engagement program, reflecting strategic priorities (can feature diversity, pro bono, community service initiatives, rotations, flexible work options, etc.) <input type="checkbox"/> <b>b.</b> Intern/extern programs <input type="checkbox"/> <b>c.</b> Law department specific engagement surveys and action plans <input type="checkbox"/> <b>f.</b> Coordinated employee communication protocols and methods (e.g., department website, community pages)
<input type="checkbox"/> Metrics & Analysis	<input type="checkbox"/> <b>b.</b> Metrics are well balanced across financial controls, outcomes, and operational efficiency <input type="checkbox"/> <b>c.</b> Clearly linked to organizational objectives
<input type="checkbox"/> Process & Project Management	<input type="checkbox"/> <b>b.</b> Executive sponsorship is visible, but staff own the outcomes
<input type="checkbox"/> Strategic Planning	<input type="checkbox"/> <b>a.</b> Annual legal operations planning process, designed to produce plan before submission of annual budget

	<input type="checkbox"/> <b>b.</b> Quarterly reviews and updates to legal operations strategic plan <input type="checkbox"/> <b>c.</b> Strategic management of all staffing, technology, and service delivery strategies <input type="checkbox"/> <b>d.</b> Legal operations goals, strategies, and activities embedded in legal team talent development and assessment activities <input type="checkbox"/> <b>e.</b> Quarterly reports and monthly dashboards shared with leadership regarding progress against goals and plans
<input type="checkbox"/> Technology Management	<input type="checkbox"/> <b>a.</b> Legal is focused on aligning business processes across the enterprise using technology <input type="checkbox"/> <b>d.</b> Technologists or legal ops leaders evaluate changes in technology and develop implementation strategies; drive continuous improvement in user adoption

## FINANCIAL EFFICIENCY AND LEGAL OPERATIONS MATURITY

We have profiled the best in class legal departments based on their top-notch overall maturity scores, and finally we looked at the top legal departments in a different way: Does a sound financial performance lead to higher legal operations maturity?

To measure financial performance, we use an industry gold-standard metric: legal spend as a percentage of company revenue. We then consider that an optimal financial performance entails a value in this metric that ranges between 0.3 and 0.5 percent, following standard industry assumptions. We then look at the maturity scores of companies with an optimal legal spend as a percentage of revenue as defined above and compare the maturity scores with the companies with a value in that particular metric that falls outside of the 0.3–0.5 percent range.

The chart shows that the average Overall Maturity Score for companies with an optimal legal spend is only marginally higher than that of companies with a total legal spend as a percentage of company revenue outside the 0.3–0.5 percent range. With a 36.6 average score compared to 34.4, the resulting 2.2-point difference in overall score is not substantial.

### Maturity Score by Legal Spend Efficiency



Optimal legal spend as % of revenue  
(0.3%–0.5%)



Legal spend as % of revenue outside  
the 0.3%–0.5% range

Results for each function seem to confirm just a moderate advantage in maturity rates for legal departments with an optimal financial performance. This bar chart shows the average maturity rates for all 15 functions of the departments with an optimal spend and those of departments with a lower (below 0.3 percent) or higher (above 0.5 percent) total spend as a percentage of company revenue.

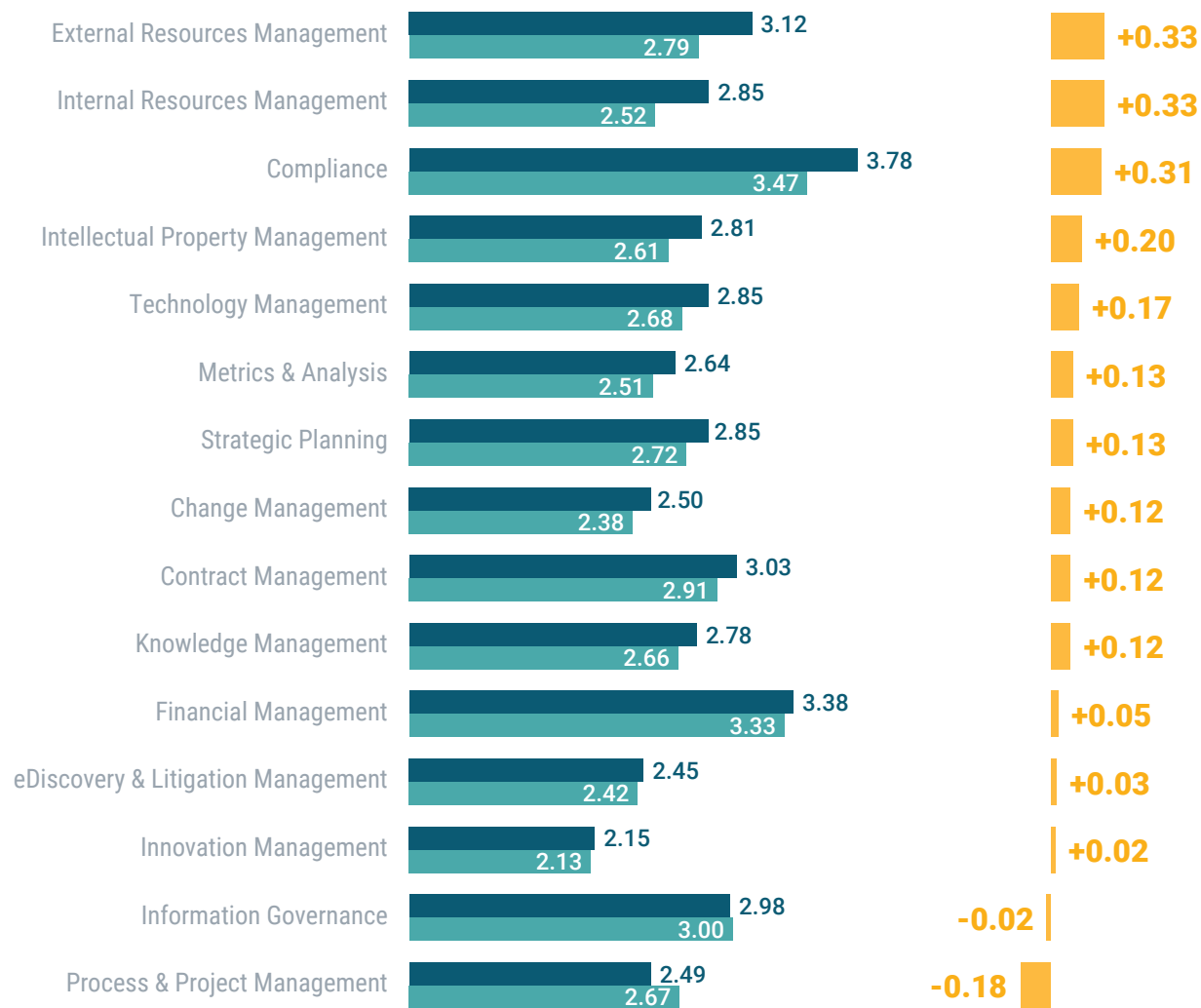
The results show that departments with a financial optimal performance outscore the other departments in 13 out of the 15 functions, the two exceptions being *Information Governance* and *Process and Project Management*. However, the differences are not large. Average function maturity scores, measured on a 1-to-6 scale, show that the difference between departments with an optimal spend and the rest is only above 0.3 points in *External Resources Management* (+0.33), *Internal Resources Management* (+0.33), and *Compliance* (+0.31).

Considering these results, we cannot conclude that a sound financial performance, in itself, leads to

higher levels of legal operations maturity. This may be a product of the way in which we have defined an optimal performance based on the legal spend as a percentage of company revenue metric. Another possibility is that top financial performance needs to operate in conjunction with other factors in order to deliver a higher maturity score.

Notwithstanding its limitations, the results overall point at interesting insights that will enlighten the path to better measuring and understanding legal operations maturity. Further research will surely contribute to providing a more comprehensive explanation of the determinants of legal operations maturity.

## Function Maturity Rate by Legal Department Performance



■ OPTIMAL LEGAL SPEND AS % OF REVENUE (0.3%-0.5%)

■ LEGAL SPEND AS % OF REVENUE OUTSIDE THE 0.3%-0.5% RANGE

■ DIFFERENCE

# SURVEY TAKEAWAYS

1

## LEGAL OPERATIONS PROFESSIONALS MAKE A DIFFERENCE

The results clearly underline the positive impact on maturity rates of having dedicated legal operations professionals in the legal department. Both in terms of maturity rates for each individual function and overall maturity, departments with legal operations professionals score significantly better across companies of different revenue sizes. Put simply, departments with no legal operations professionals are, on average, at an early maturity stage, while departments with dedicated legal operations staff are at an intermediate stage.

2

## NOT ALL FUNCTIONS ARE EQUAL

Average maturity levels vary considerably among functions. *Compliance* and *Financial Management* are the two top-rated functions. Conversely, *Change Management*, *eDiscovery* and *Litigation Management*, and *Innovation Management* ranked at the bottom. While most functions are applicable to a vast majority of legal departments, *Intellectual Property Management* and *eDiscovery and Litigation Management* are not relevant to all, especially for smaller companies. Alongside *Compliance* and *Financial Management*, the five core legal operations functions, based on the highest percentage of relevance and comparatively high average scores, also include *Information Governance*, *Contract Management*, and *External Resources Management*.



### 3

#### COMPANY SIZE MATTERS

Across all demographics emerges a clear pattern: legal departments in large organizations tend to report higher maturity rates. This observation is consistent for company revenue, size of the legal department, and legal department spending. By function, departments in large companies are especially more mature in *eDiscovery and Litigation Management*, *Compliance*, *Metrics and Analytics*, *Intellectual Property Management*, and *Internal Resources Management*. The notable exception is in *Contracts Management*, where large companies struggle.

### 4

#### DEPARTMENTS FACE DIVERSE CHALLENGES IN THEIR MATURATION PROCESS

Regardless of where departments are on the maturity scale, challenges to advance are numerous and varied. Budget limitations, leadership skepticism on the added value provided by legal operations, and general resistance to change hinder the efforts to increase maturity. Respondents also struggle with fragmented and siloed organizational structures, the challenges of adopting new technology solutions that would boost efficiencies, and being consumed by short-term needs that impede developing a long-term strategy.

### 5

#### BEST IN CLASS ARE IN AN ADVANCED STAGE, BUT THEY STILL HAVE ROOM TO GROW

The top 10 percent departments in terms of maturity present a wide portfolio of measures, policies, and tools that covers most legal operations functions. The best in class have in place crucial practices in *Financial Management*, *Compliance*, *Internal and External Resource Management*, and *Strategic Planning*, among other areas. With overall scores of 64 and above out of 100, these leading departments all showcase an advanced stage of legal operations maturity. However, even the best in class still have room to grow: Only 2.5 percent of participating legal departments are in an advanced stage of maturity across 10 or more functions, and none recorded an advanced stage of maturity in all 15.

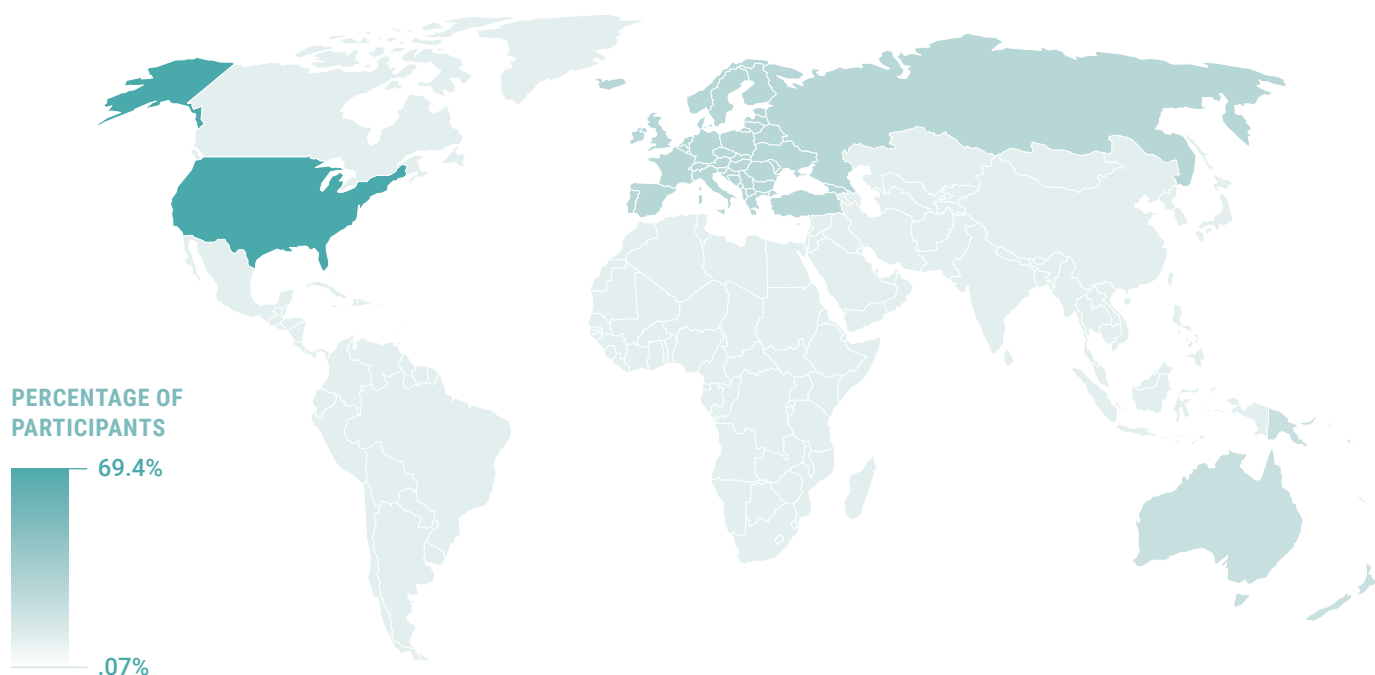
# SURVEY DEMOGRAPHICS

The ACC *Legal Operations Maturity Benchmarking Survey* received responses from 316 legal departments worldwide. This section provides a demographic summary of all participants.

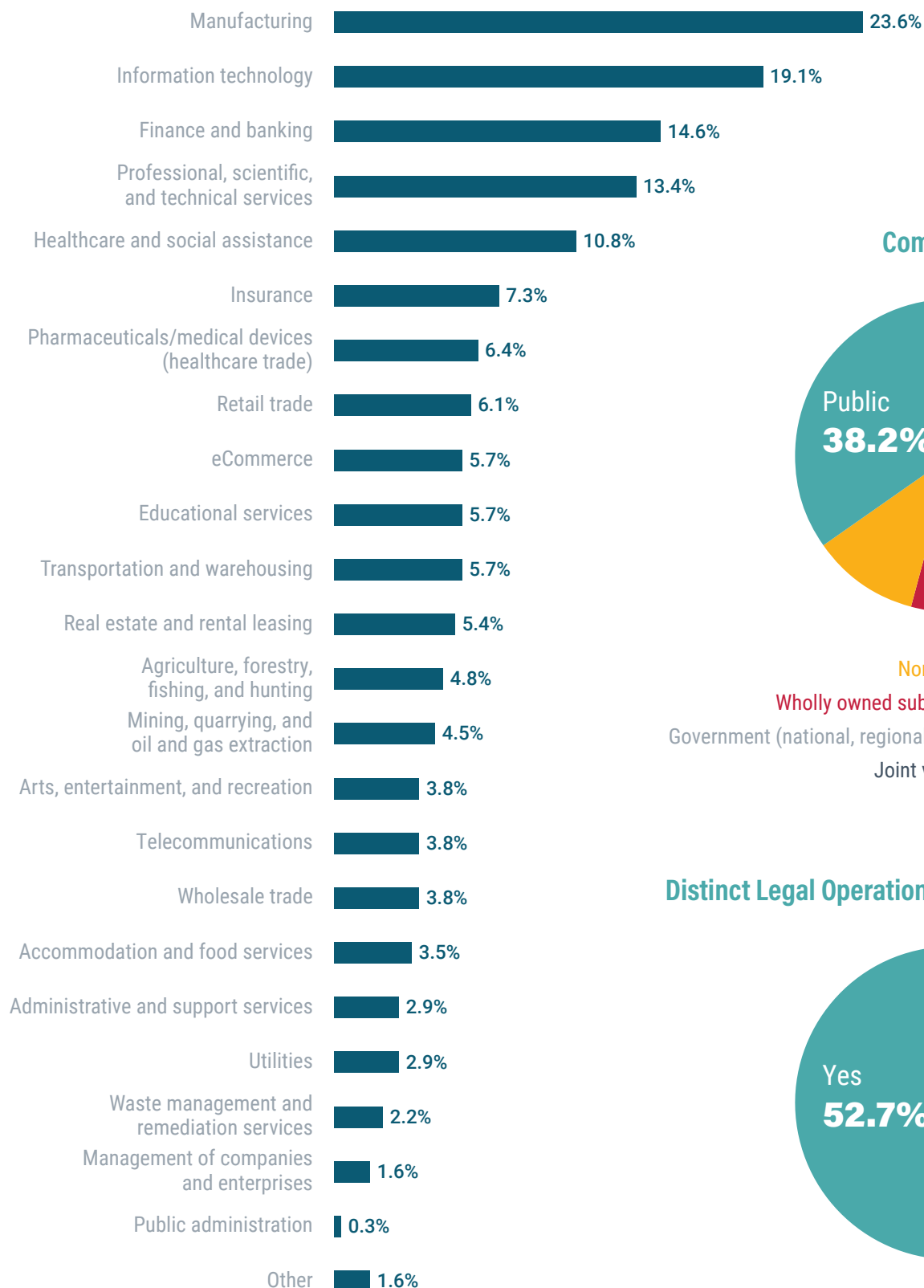
The data included in this demographic profile shows the percentage of respondents by global

region, company type, industry sector, number of organization employees, annual gross company revenue, legal department spend (internal, external, and total), and number of legal department employees (total and by position type). Legal departments also indicated whether they had a dedicated and distinct legal operations function.

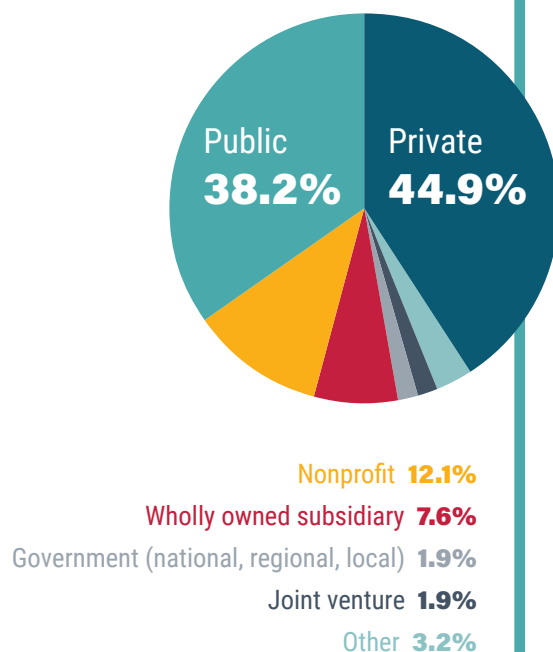
## Geographical Distribution of Participants by Global Region



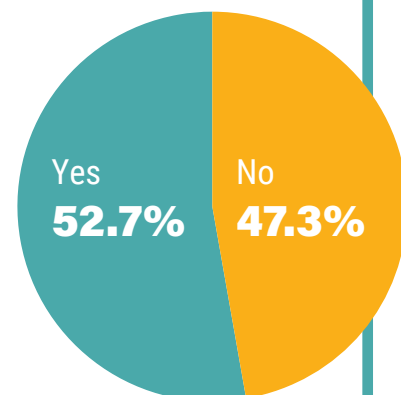
## Industry



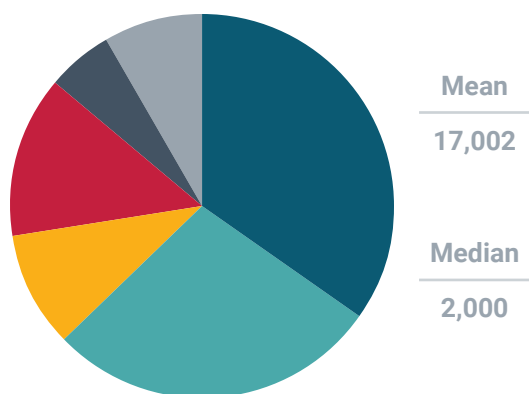
## Company Type



## Distinct Legal Operations Function

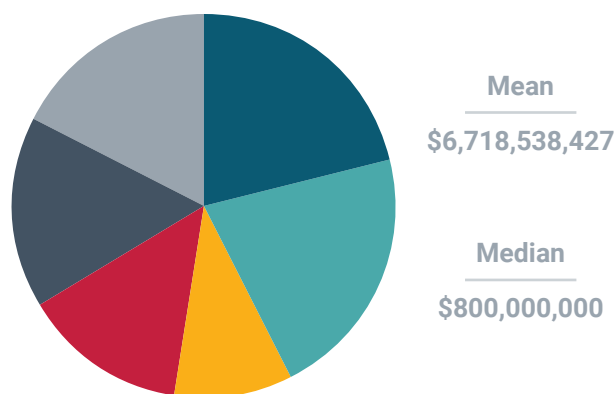


## Organization Employees



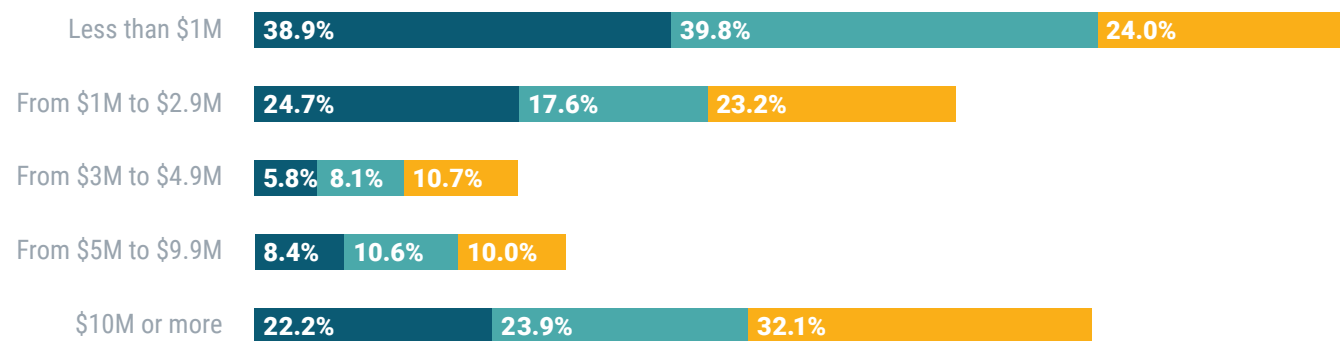
Less than 1,000 employees **34.8%**  
 1,000 to 4,999 employees **27.8%**  
 5,000 to 9,999 employees **9.9%**  
 10,000 to 24,999 employees **13.4%**  
 25,000 to 49,999 employees **5.8%**  
 50,000 or more employees **8.3%**

## Organization Worldwide Gross Revenue (USD)



Less than \$100M **21.4%**  
 \$100M to \$499M **21.4%**  
 \$500M to \$999M **9.8%**  
 \$1B to \$2.9B **13.9%**  
 \$3B to \$9.9B **16.3%**  
 More than \$10B **17.3%**

## Legal Department Spend (USD)



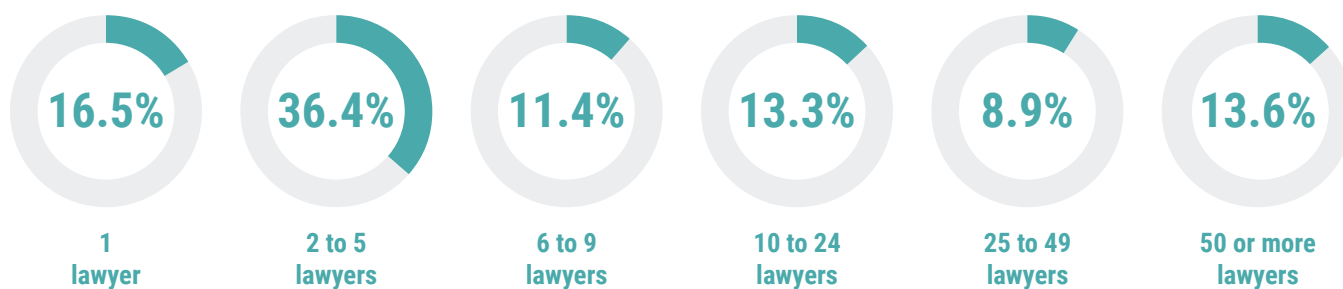
INTERNAL EXTERNAL TOTAL

Internal spend	\$13,617,451	\$1,500,000
External spend	\$16,945,756	\$1,600,000
Total spend	\$28,994,188	\$3,400,000

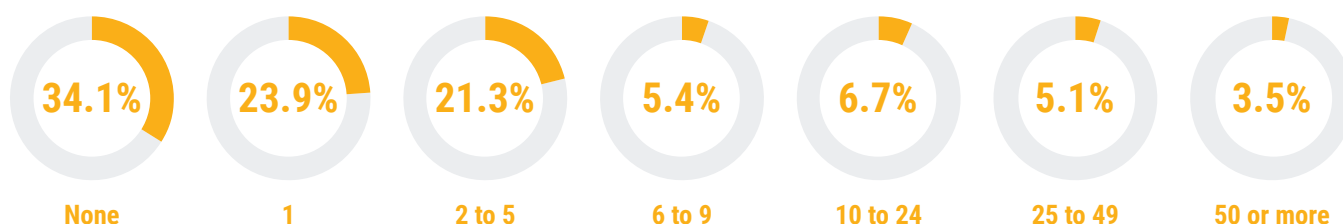
Mean

Median

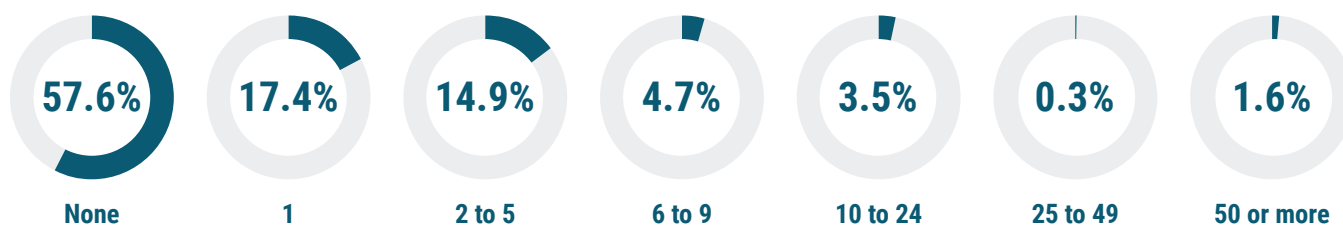
## Legal Department Employees



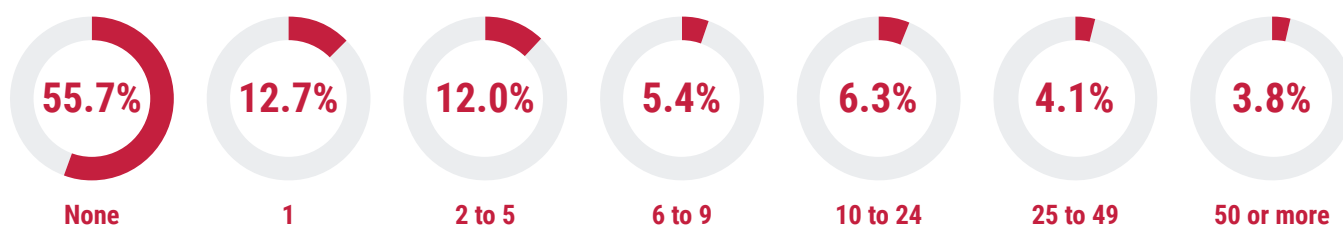
## PARALEGALS



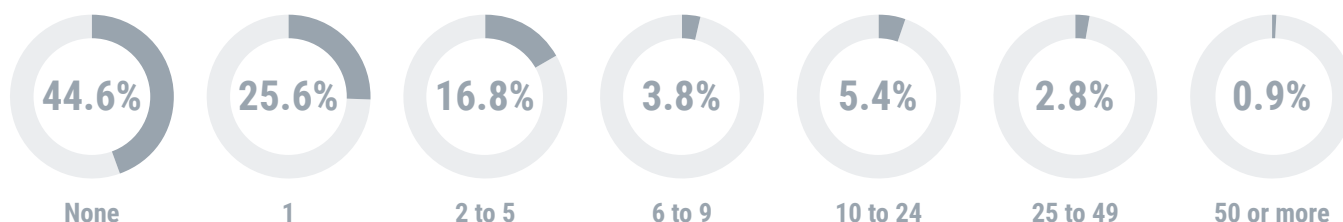
## LEGAL OPERATIONS PROFESSIONALS



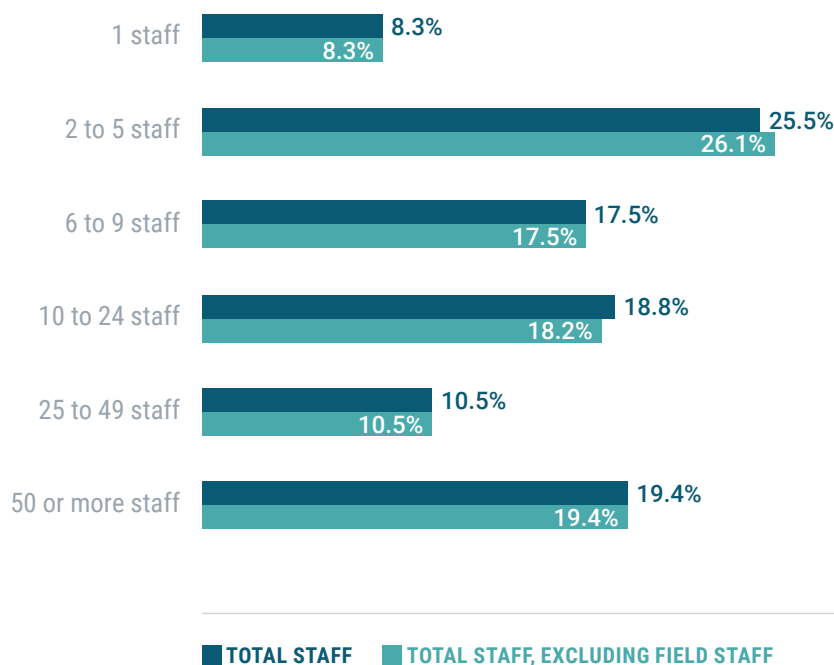
## OTHER ALLIED PROFESSIONALS



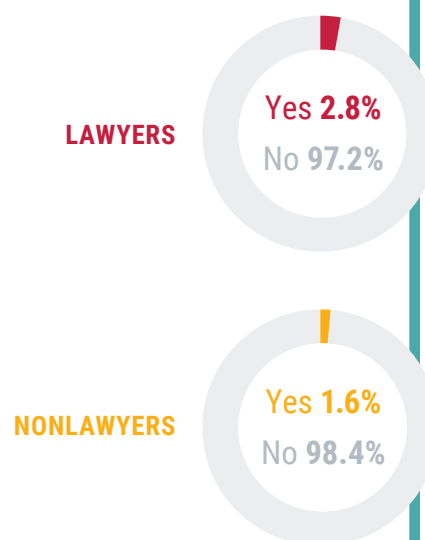
## ADMINISTRATIVE STAFF



## Total Legal Department Staff



## Percentage of Departments That Employ Field Staff



### LEGAL DEPARTMENT EMPLOYEES/STAFF

### MEAN

### MEDIAN

#### Lawyers

29.9

5.0

**Paralegals:** employees working on legal matters under the supervision of lawyers

7.1

1.0

**Legal operations professionals:** dedicated legal operations staff may or may not be lawyers, but do not do legal work or provide legal advice

3.1

0.0

**Other allied professionals:** e.g., analysts, corporate secretary personnel, contract and compliance specialists

15.7

0.0

#### Administrative staff

4.8

1.0

**Field staff — lawyers:** lawyers/staff counsel that are part of captive law firms employed by the organization (*most common in insurance companies*)

4.0

0.0

**Field staff — nonlawyers:** staff that are part of captive law firms employed by the organization (*most common in insurance companies*)

1.4

0.0

#### Total staff

66.4

9.0

#### Total staff, excluding field staff

60.9

9.0

# METHODOLOGY

## SURVEY INSTRUMENT

The survey questionnaire was offered through an online survey platform. Personalized survey links were sent by email to the target population, which allowed participants to save their responses and fill out the questionnaire in more than one sitting, if needed.

## FIELDING PERIOD

The survey opened on October 1, 2019, and closed on January 31, 2020. Reminder emails were sent weekly.

## TARGET POPULATION

We targeted ACC members worldwide who are the leaders of their legal operations in the legal departments. A screener question was asked to help determine the most relevant population.

## PARTICIPATION

A total of 316 lawyers and legal operations professionals participated. Apart from targeted email messages, opportunities to participate were also sent through various communications with the ACC legal operations membership.

## ANONYMITY

Survey responses were completely anonymous. No information is linked in any way to an individual respondent. The results are provided only at the aggregate level, and respondents' quotes from open-ended responses were carefully reviewed and edited, if appropriate, to remove any identifiable information related to respondents or their organizations.

## DATA ACCURACY

Not all respondents answered all questions. The percentages provided are based on the number of valid responses received for each individual question. If respondents answered "Not Applicable" to any of the 15 functions, they did not receive questions regarding the subfunctions related to that function.

## OPEN-ENDED RESPONSES

Several survey questions required open-ended responses. Many of the quotes and citations from participants that we present throughout the report were shortened or edited due to space or style needs.

## 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 50th 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 25th 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.



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### HEADQUARTERS

1001 G Street NW, Suite 300W  
Washington, DC 20001 USA  
+1.202.293.4103

### BRUSSELS OFFICE

Rue de la Science 14b  
1040 Brussels – Belgium  
+32.488.46.72.88

### HONG KONG OFFICE

Suite One and Two,  
23/F The Wah Hing Building  
283 Lockhart Road, Hong Kong  
+852.9686.5089

### LONDON OFFICE

Meridian House  
34-35 Farringdon Street  
London EC4A 4HL,  
United Kingdom

### MELBOURNE OFFICE

PO Box 422  
Collins Street West  
Melbourne, Victoria 8007  
+61.3.9248.5500

[research@acc.com](mailto:research@acc.com)

[acc.com](http://acc.com)



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Wolters Kluwer reported 2019 annual revenues of €4.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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