

KEY FINDINGS

947 
PARTICIPANTS

21 
INDUSTRIES

44 
COUNTRIES

SECTION 1: THE CLO'S ROLE AND REACH



NEARLY FOUR IN FIVE CLOS REPORT DIRECTLY TO THE CEO

Seventy-eight percent of CLOs report directly to the CEO. The result is consistent with last year's result (80 percent) and within the margin of error, and therefore the overall trend since 2018 is positive. Among those who do not report to the CEO, 44 percent report to the CFO and the remaining report to a mix of other C-suite positions.



PRIVACY REPORTS TO THE CLO IN NEARLY HALF OF ORGANIZATIONS

Out of a list of 19 corporate functions, privacy ranks as the second most common function that reports up to the CLO (46 percent) after compliance (74 percent). Privacy ranks above ethics, risk, and government affairs functions. This result aligns with evidence suggesting legal's growing oversight or increasing responsibility over data privacy.



LEGAL OPS ROLE CONTINUES TO GROW

Sixty one percent of legal departments now employ at least one legal operations professional. This is a 6.7 percentage point increase over last year and 39.4 point increase since 2015. Twenty-one percent of departments now employ at least four legal ops professionals signaling clear and consistent growth in the role.



ONE THIRD OF DEPARTMENTS EXPECT TO ADD MORE LAWYERS IN 2021

Thirty-two percent of legal departments expect to hire more lawyers in 2021, a surprising amount given the COVID-19 pandemic. Even more surprising is that among departments planning on sending more work to law firms, 49 percent expect to add more lawyers in-house.

SECTION 2: THE LEGAL DEPARTMENT'S VALUE TO THE BUSINESS



CYBERSECURITY, COMPLIANCE, AND DATA PRIVACY ARE THE MOST IMPORTANT ISSUE AREAS FOR BUSINESSES

For the third consecutive year, cybersecurity, compliance, and data privacy top the list as the most important issue area for businesses rated by CLOs. However, this year for the first time, cybersecurity has overtaken compliance for the number one spot.



CLOS SPEND MORE TIME ON BUSINESS STRATEGY

Although CLOs still spend about one-third of their time providing legal advice, they also spend a significant amount of time on board matters and governance issues, contributing to strategy development, and advising other executives on non-legal issues. Even more time is spent in these areas when the CLO reports directly to the CEO. Furthermore, seven in ten CLOs report that the executive team almost always seeks their input on business decisions.



SIX IN TEN DEPARTMENTS HAVE A COMPREHENSIVE DATA MANAGEMENT STRATEGY

Most departments across all revenue categories have a data management strategy in place to ensure compliance, defensibility, and security. The larger the company, the more likely it is that such a strategy is implemented, from 58 percent of organizations under US \$100 million to 65 percent of companies with US \$3 billion or more.

SECTION 3: THE POLITICAL AND REGULATORY LANDSCAPE



SIGNIFICANT ORGANIZATIONAL CHANGES MADE DUE TO COVID-19 PANDEMIC

As a result of the pandemic, 95 percent of CLOs say they made changes to their employee safety policies and 94 percent made changes to their travel policies. These percentages have tripled since the last survey iteration pre-pandemic when we asked about changes made due to other geopolitical events.



COMPANIES ARE PRESSED BY INVESTORS ON SOCIO-ECONOMIC ISSUES

Fifteen percent of CLOs say their organization has been pressured by investors to either take (or refrain from taking) a public stand (or both) on a particular political or cultural issue over the past year.



INDUSTRY-SPECIFIC REGULATIONS EXPECTED TO POSE BIGGEST LEGAL CHALLENGES

Sixty-one percent of CLOs say they expect industry-specific regulations to pose the biggest legal challenges for their organization followed by data protection privacy rules (53.6 percent). The percentage of CLOs ranking political changes as the biggest issue rose significantly from 30.9 percent last year to 38.2 percent this year and came in third place overtaking M&A.



INCREASED ATTENTION TO ESG ISSUES IS IMPACTING CORPORATE STRATEGY

As attention to ESG issues continues to increase among businesses, corporate strategy is being impacted in more than one way. CLOs mention greater focus on diversity and inclusion initiatives, the impact of product development on the environment, third party relationships and re-evaluation of supply chain standards, and investor and stakeholder expectations.

SECTION 4: THE OUTLOOK FOR THE LEGAL DEPARTMENT



CONTRACT MANAGEMENT IS THE TOP LEGAL TECH AREA IN WHICH CLOS PLAN TO INVEST

Forty-two percent of CLOs say they plan on adopting new legal tech solutions to improve department efficiency over the next year while 10 percent say they have already recently done so. Among those planning on doing so this coming year, sixty-seven percent are looking to invest in contract management technology, followed by document management and eSignature tools.



DATA PRIVACY CONCERNS EXPECTED TO ACCELERATE

Ninety percent of CLOs believe data privacy issues will continue to accelerate in the near future followed by a focus on diversity and inclusion (72.7 percent) and ESG issues (65.8 percent). The use AI in legal tech applications is still expected to accelerate by a majority of CLOs but has fallen to fourth place on our list of top trends.



DELIVERING VALUE TO CUSTOMERS CONTINUES TO BE A TOP PRIORITY FOR CLOS

For the second year in a row, when CLOs were asked what their organization plans to prioritize over the next five years, delivering value to customers topped the list with 51.6 percent ranking it number one, ahead of maximizing profits (ranked as the top priority by 30.2 percent of CLOs). Fourteen percent of CLOs said investing in employees was their top priority over just 10.4 percent last year.

FOR MORE INFORMATION: research@acc.com

VIEW THE FULL REPORT: acc.com/clo2021