



ACC CLO SURVEY RESULTS ANALYSIS

CAN LEGAL OPERATIONS PROFESSIONALS DELIVER ON RISING EXPECTATIONS?



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Introduction

The [2021 ACC Chief Legal Officers Survey](#) is one of the largest surveys ever put together about corporate law departments. It provides more than **50** data points from **947** chief legal officers and general counsel. The data has been analyzed by ACC's research team, and they draw important, forward-looking conclusions from it.

One of those conclusions, not surprisingly, is that “legal operations is now a strategic imperative.” They reach this conclusion because **61%** of legal departments now have at least one legal operations professional, a near 40-point increase since 2015. More than **20%** now employ at least four legal ops professionals, and nearly **13%** say they plan on hiring more in 2021.

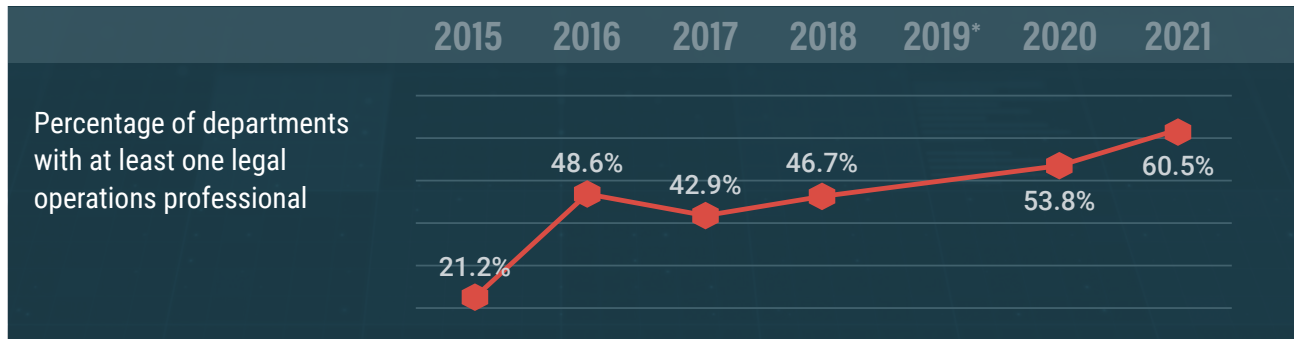
In addition, almost **38%** of them say that “legal operations” is their department's most important strategic initiative. It's clear that many CLOs' expectations of their legal ops functions are rising fast. What is less clear, however, is whether these expectations are in line with how legal ops professionals see their own roles, critical issues facing their law departments, the extent to which expectations are aligned and whether we are all heading in the right direction.

To this end, we assembled a group of four legal ops experts to discuss the results, check for alignment between CLOs and legal ops and look to the future: **Jim Michalowicz**, senior manager for legal operations performance at TE Connectivity, who was one of the pioneers of the legal ops function in the 1990s; veteran legal ops professional **Elizabeth Jaworski**, senior director and global head of legal operations at Astellas Pharma, and Chair of ACC Legal Operations; **Amy Yeung**, general counsel and CPO at Lotame, and Vice Chair of ACC's Law Department Management Network, who also runs the company's privacy function; and longtime industry researcher and analyst **Brad Blickstein**.



Here are their findings.

Legal Operations Is Becoming Conventional Wisdom for Law Departments



It's really interesting that **38%** of the CLO survey said that legal operations is their department's most important strategic initiative. And more than **60%** now say they have a legal ops function: that's a stunning rise. It seems like having legal ops is becoming standard practice at law departments.

Brad Blickstein – Principal, Blickstein Group

The pace of commercial business has picked up along with increased complexity. As legal teams get larger, legal ops and legal tech help to create more consistent approaches. Especially this past year with the pandemic, many technological improvements have been deployed as necessary as organizations have transitioned to remote workforces.

Amy Yeung – General Counsel and Chief Privacy, Officer Lotame



COVID-19 has disrupted a lot of law departments, and operations professionals became more important as they are critical to keeping things running operationally but also maintain a sense of community for people who aren't going in the office every day and need to stay connected.

Jim Michalowicz – Senior Manager - Legal Operations, Business Performance, TE Connectivity

Legal ops is growing so fast, and I'm concerned about where all the talent will come from.

Brad Blickstein – Principal, Blickstein Group



A lot of folks who have gotten into legal ops came from either litigation management or e-discovery. But I really think the expansion is going to be beyond that, from areas such as contract management and IP. Those with proven skills are valuable across the board.

Jim Michalowicz – Senior Manager - Legal Operations, Business Performance, TE Connectivity

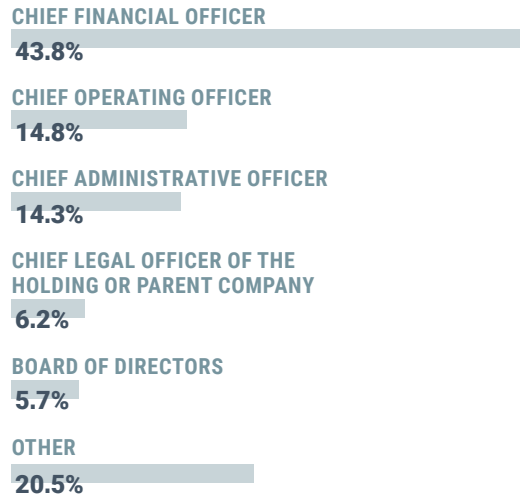
Since there is not enough talent out there, law departments must right-size or right-resource some initiatives or tasks and consider the core competencies needed to succeed. They need good project managers who really understand how legal runs as a business and how it incorporates into the finance and accounting teams. We require a variety of different skill sets, so the talent will come from a variety of different places.

Elizabeth Jaworski – Sr. Director, Global Head of Legal Operations, Astellas Pharma



Companies Where the General Counsel Reports to the CFO Create a Special Set of Issues for Legal Ops

To whom do you directly report in your organization? Select all that apply. Only asked to those who do not report directly to the CEO (n = 210).



Most general counsel report directly to the CEO, but about a quarter do not. And among those that do not, a strong plurality report to the CFO. Overall, about **11%** of GCs report to the CFO. I'm wondering if that creates even more pressure on legal ops to manage spend.

Brad Blickstein – Principal, Blickstein Group

The organizations that I've been with are small or midcap, and some industries, such as mine (software and data), are likely to have more consistency than others. In the software and data space, having the GC report directly to the CFO may not have a direct correlation to focusing on legal spend more as much as it is a place in time for an organization to be in its corporate maturity curve. They may just be a growing or burgeoning new legal department. Nevertheless, it's helpful for legal leaders to understand its ROI and understanding how the legal department is providing value.



Amy Yeung – General Counsel and Chief Privacy, Officer Lotame



The company I work for, TE Connectivity, is about a **\$12 billion** company, and the CEO is the former CFO so we are very numbers focused. We are expected to present scorecards for our speed, our effectiveness and our cost to serve. It's important to have a focus on numbers as evidence to support our delivery relative to the value proposition to the company.

Jim Michalowicz – Senior Manager - Legal Operations, Business Performance, TE Connectivity

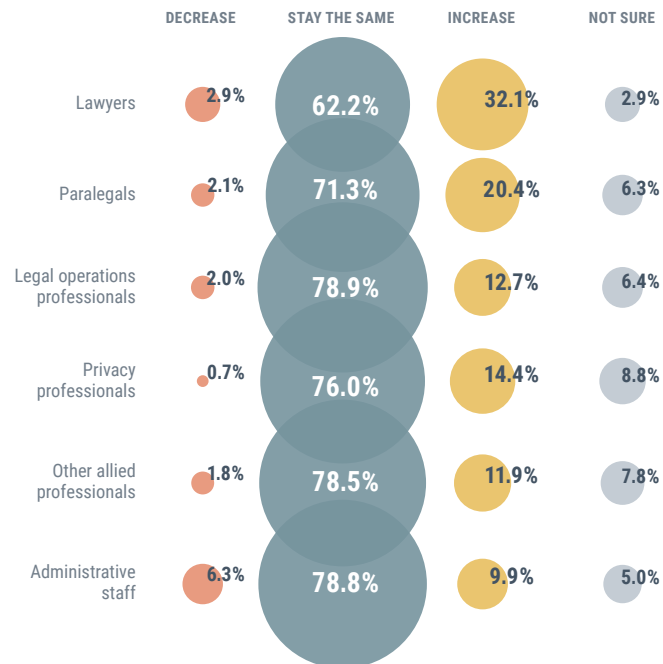
I think it's really the overall dynamics between all of the senior leaders is what is important, rather than simple reporting structures. And just because a CLO reports to the CFO, that doesn't mean she doesn't also have the ear of the CEO.

Elizabeth Jaworski – Sr. Director, Global Head of Legal Operations, Astellas Pharma



Will Legal Ops Lead Their Law Departments to New Methods of Managing Increasing Demand?

Do you anticipate your department's staffing levels will decrease, stay the same, or increase in the next 12 months?



About a third of respondents to ACC's survey say that they're going to be increasing the number of lawyers in their law department and bringing work in-house. About another third say they're going to be sending more work to law firms. Those had been the only two options for forever, but I think there are better ways. For example, sending work to ALSPs, which only **18%** say they are doing.

Brad Blickstein – Principal, Blickstein Group

There's lots of talk out there about trying to source lower-value, lower-risk work in the right way, for example, by and outsourcing it. Doing so gets the existing staff working on a higher level and on more interesting things, which keeps them more engaged.

Elizabeth Jaworski – Sr. Director, Global Head of Legal Operations, Astellas Pharma



I suspect that COVID-19 also has an impact on this year's results, as there have been a lot of corporate changes across the board. Whether they're organic, inorganic or a direct result of COVID-19, certain departments have been impacted more than others. Many CLOs are looking to rebalance, as well as to maximize what they can do with what they have.

Amy Yeung – General Counsel and Chief Privacy, Officer Lotame

I agree. in addition, COVID-19 hasn't affected all companies the same. Overall, I think that demand is going to continually grow, but budgeted resources are going to stay the same.

Jim Michalowicz – Senior Manager - Legal Operations, Business Performance, TE Connectivity

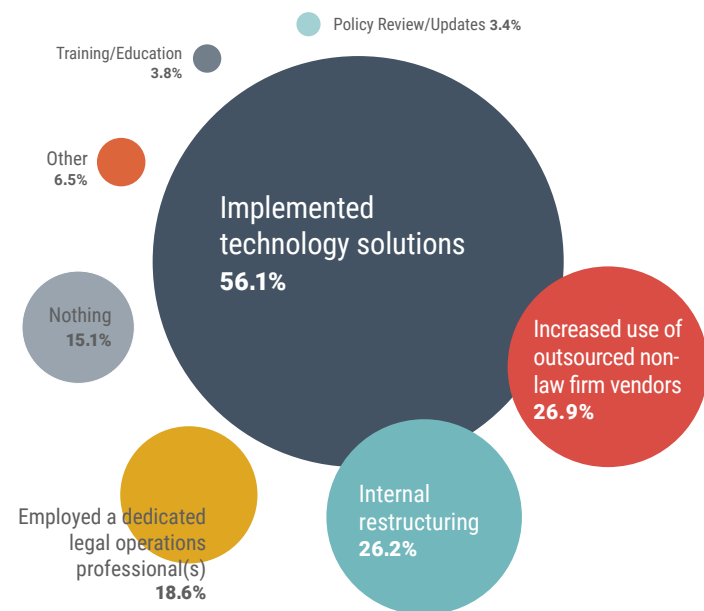


Companies have learned different ways of working they weren't engaging with in the past. Now we can take those learnings, turn them into efficiencies and cost savings, and then apply them to the broader legal function.

Elizabeth Jaworski – Sr. Director, Global Head of Legal Operations, Astellas Pharma

Should Legal Ops Be Driving Law Departments to Prioritize a Holistic Approach Rather Than Just Adding Tech?

How have you prepared your organization for complying with data privacy regulations in the past 12 months?
(Select all that apply)



Rate the following types of issues in terms of their importance to your overall business
"1" being "very low importance" and "10" being "very high importance."

CYBERSECURITY

7.77

REGULATION/COMPLIANCE

7.69

DATA PRIVACY

7.52

INTELLECTUAL PROPERTY

6.30

ONGOING/ANTICIPATED LITIGATION

6.11

TAX

6.04

ENFORCEMENT/INVESTIGATIONS

5.35

CORPORATE SOCIAL RESPONSIBILITY/ SUPPLY CHAIN MANAGEMENT

5.27

CORPORATE GOVERNANCE/ SHAREHOLDER ACTIVISM

4.75

CORRUPTION/BRIBERY

4.56

WHISTLEBLOWER ISSUES

4.49

COMPETITION/ANTITRUST

4.27

SANCTIONS/EXPORT CONTROLS

3.73

MONEY LAUNDERING

3.55



Many say that their law departments have turned to technology to manage their business challenges, comply with data privacy regulations and increase defensibility against litigation or compliance threats. Most now say they have a comprehensive data strategy. But if cybersecurity and data privacy are two of the top three issues listed in terms of importance to their business, I'm not sure technology is enough. It seems there's a major disconnect, and we need a more holistic approach.

Brad Blickstein – Principal, Blickstein Group

A lot of people do think of technology as a savior, and that can be a problem. But it doesn't necessarily mean that the problem isn't being looked at in a holistic way.

Elizabeth Jaworski – Sr. Director, Global Head of Legal Operations, Astellas Pharma



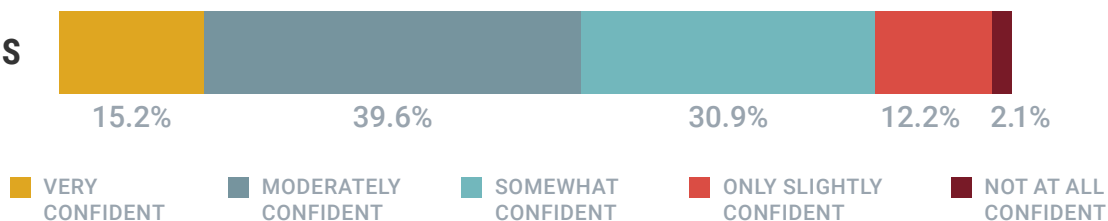
A company can identify its top issues but prioritization may then reorganize based on overall risk and other factors. I see cybersecurity, for example, as a separate topic distinct from data privacy, though other companies, particularly based on their quantity of data, might keep data privacy and cybersecurity together. That said, being able to understand these risks together in a holistic fashion, and supported by legal ops leadership, is beneficial.

Amy Yeung – General Counsel and Chief Privacy, Officer Lotame

GC Confidence in their Ability to Respond to Cyberbreaches Is High

How confident are you in your organization's ability to consistently and defensibly respond to cybersecurity incidents and breaches?

ALL RESPONDENTS



A full **86%** of chief legal officers say they're at least somewhat confident in their organization's ability to consistently defend against and respond to cybersecurity incidents and breaches. This level of confidence is very surprising, especially considering the size of the organizations that responded—a vast majority of which are organizations of under **\$1.5 billion**.

Brad Blickstein – Principal, Blickstein Group

It could be that data privacy is one of the biggest issues from a regulatory standpoint, but it does not necessarily have a large impact on the footprint of data usage or data governance.

Also, many law firms have been able to develop full-service offerings for their clients, so there are other solutions that can present themselves that do not necessarily require internal elbow grease. For example, GCs might be feeling confident because they trust their law firm to be able to help if necessary, even if it may not have been an internal project that required high investment.



Amy Yeung – General Counsel and Chief Privacy, Officer Lotame



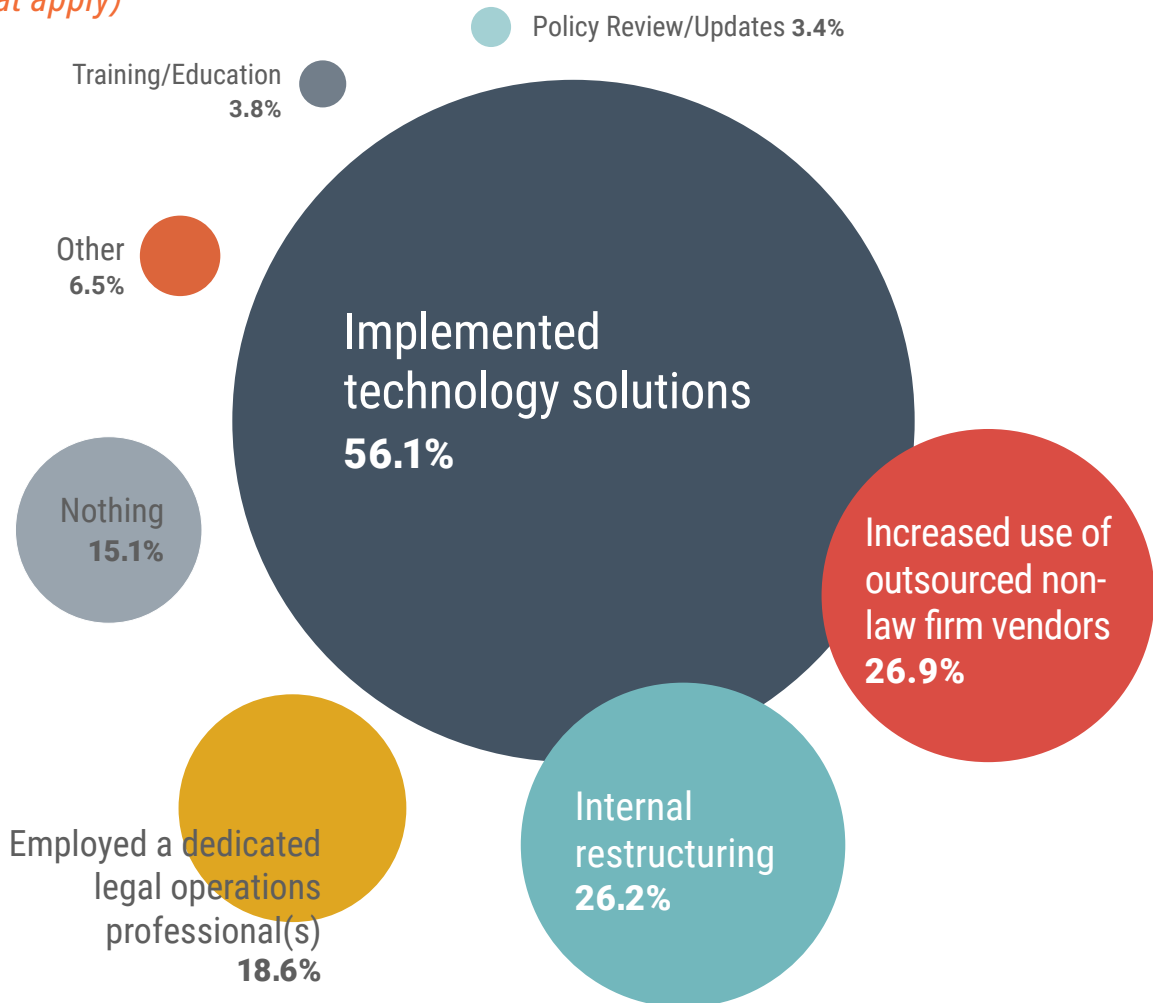
There is a fair amount of pressure testing that maybe provides the confidence about the ability to respond. But I think if the question had been about preventing those types of breaches, rather than responding to them, we might see a very different answer.

Jim Michalowicz – Senior Manager - Legal Operations, Business Performance, TE Connectivity

Relying Solely on Tech to Solve Privacy Problems May Be a Questionable Approach

How have you prepared your organization for complying with data privacy regulations in the past 12 months?

(Select all that apply)



ACC asked how organizations have prepared for complying with data privacy regulations. The number one answer by far was that they had implemented technology. The number two answer was they increased their use of outsourced vendors. Only a few have implemented any policy reviews or training. This seems to be exactly the opposite of how companies should focus their energy.

Brad Blickstein – Principal, Blickstein Group

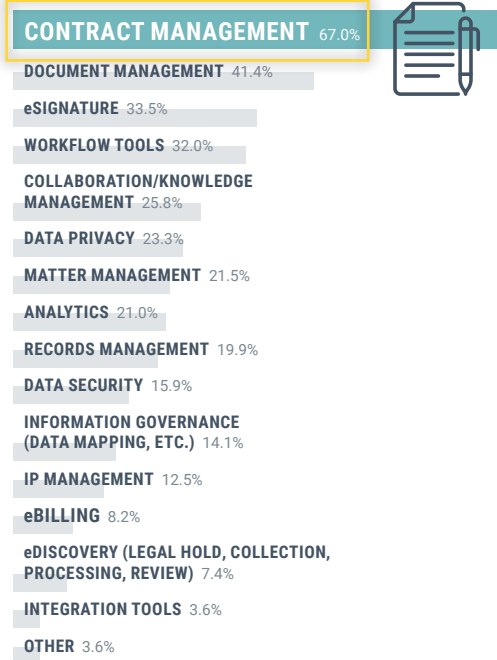
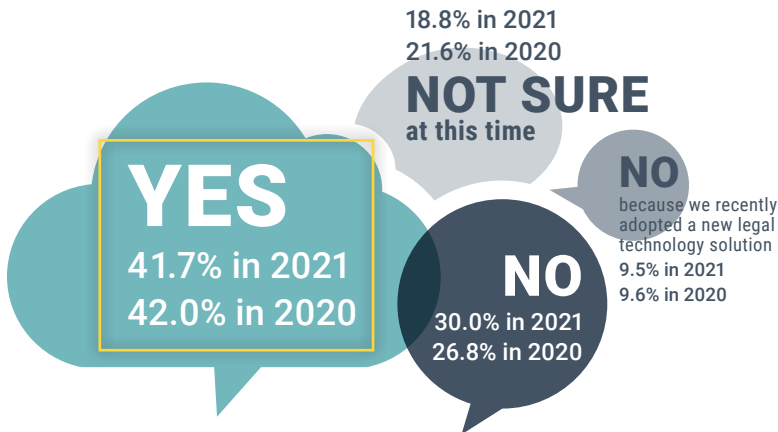
The laws that continue to spring up in the last few years do emphasize best practices that didn't previously exist in data privacy, so many companies may have already implemented some or all of these processes. And we are at a point in our world where every solution will inherently consider or include technology. But it varies by company because for organizations like mine with big data footprints having training or privacy policy reviews is absolutely part of a holistic picture.



Amy Yeung – General Counsel and Chief Privacy, Officer Lotame

Planned Technology Is Out of Step with GRC-Related Priorities

Are you planning on adopting any new legal technology solutions in your department to improve efficiency in the next 12 months?



ACC asked, "Are you planning on adopting new legal technology?" and many said they are. But the top technologies being implemented were around contract and document management—not around data privacy, data security, information governance, as would make sense since those are the stated top priorities.

Brad Blickstein – Principal, Blickstein Group

It doesn't surprise me that contract management is number one or that e-signature is number three. And workflow tools at four makes a lot of sense, too. I find more and more when I talk to some of my peers that we are using the terminology of workflow engineers because the law department is often a connector between sales, IT and more. We are in the middle of the supply chain.

Jim Michalowicz – Senior Manager - Legal Operations, Business Performance, TE Connectivity



From my review of a variety of relevant technology over the last decade, I have not seen a lot of innovation in contract management software in particular until just recently. During this time, I've worked directly with a number of contract management systems because I needed them to help me provide the scalability not just within the legal department, but oftentimes as a result also lifting other departments up to adjust to quantities that the legal team may already be familiar with. These changes are more recent trends in contract management software. We aren't always owners, but we are often key stakeholders in the overall process.

Amy Yeung – General Counsel and Chief Privacy, Officer Lotame

In my opinion, data privacy, records management, data security and information governance should be much higher on this list, since those are the issues that GCs are saying are most critical, according to this very survey—or, even better, impacting all these issues holistically with an enterprise approach like legal GRC.

Brad Blickstein – Principal, Blickstein Group



Final Recommendation from Our Legal Ops Experts



Amy Yeung:

If this is new to you, legal operations is now much more recognized as a place of value in the legal department. There are many individuals and organizations who now can help navigate and provide resources that will quickly get you to first base and meet the needs of your department and your company.



Elizabeth Jaworski:

Your data is very informative, but make sure to look at it through the lens of your culture, your industry and the size of your team. Also, for those trying to focus on legal operations, the ACC provides a maturity model that can serve as a great baseline. And don't forget to take into consideration some of the things that this survey uncovered as you build your road map.



Jim Michalowicz:

I see constant maturing of this area we're calling legal operations. There had been so much focus on administration and then budgeting and billing, and now I see legal ops professionals as being "chief productivity officers" and also chief strategy officers because they are married together. Focus on how to get the most productivity out of your business—and on how to demonstrate that to the company.



Brad Blickstein:

We've identified some disconnects between key strategic initiatives and where legal ops fits. For both GCs and legal ops professionals, be as clear as you can about your KPIs and make sure they are aligned with your GCs objectives, so neither of you end up surprised about what you are delivering in the role. To the extent that those KPIs are related to cost and efficiency, remember that a data management strategy impacts not only compliance, but those areas as well.



About Association of Corporate Counsel

The Association of Corporate Counsel (ACC) is a global legal association that promotes the common professional and business interests of in-house counsel who work for corporations, associations and other organizations through information, education, networking opportunities and advocacy initiatives.

With more than 45,000 members employed by over 10,000 organizations in 85 countries, ACC connects its members to the people and resources necessary for both personal and professional growth.

To learn more about ACC's Research & Insights please contact ACC Research at +1.202.293.4103 or visit: acc.com/surveys

exterro[®] About Exterro

Exterro empowers legal teams to proactively and defensibly manage their Legal Governance, Risk and Compliance (Legal GRC) requirements. Our Legal GRC software is the only comprehensive platform that automates the complex interconnections of privacy, legal operations, digital investigations, cybersecurity response, compliance and information governance.

Thousands of legal teams around the world in corporations, law firms, government and law enforcement agencies trust our integrated Legal GRC platform to manage their risks and drive successful outcomes at a lower cost.

For more information, visit: exterro.com



About Blickstein Group

Blickstein Group has two missions: to help legal service providers better understand and serve their clients and to provide information about law departments and legal operations. Brad launched his Annual Law Department Operations Survey in 2008, when few law departments had legal ops, and he has been part of the function's enormous growth ever since. With more than 300 data points, it remains the largest and most comprehensive legal ops survey. He also writes and speaks extensively on the topic.

Please visit our [Law Department Operations Survey page](#) for more information about our work with legal ops.



CONCLUSION

Exterro, the leader in Legal GRC software, can help your organization meet these growing challenges outlined in this report.

With Exterro's award winning technology suite, Exterro empowers legal operations professionals to automate and create efficiencies across compliance, data privacy, litigation, cybersecurity, and internal investigations activities.

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A MEETING**

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