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INTRODUCTION

Each year, the Association of Corporate Counsel (ACC) releases their much-anticipated Chief Legal Officers Survey, which represents one of the most comprehensive collections of insights from general counsel and CLOs across a wide range of companies and industries. For more than 20 years, the ACC’s flagship study has provided crucial, high-quality data on the state of the corporate legal department and the evolving role of the CLO.

This year, Exterro, the ACC’s Alliance Partner for E-Discovery, Data Privacy and Cybersecurity Compliance, was thrilled to sponsor the survey. This is an in-depth study that builds on responses from 947 CLOs at organizations spanning 21 industries and 44 countries, making it one of the largest and most comprehensive surveys of its kind. Of those 947 CLOs, 760 of them reported working for companies with revenue under $2 billion—which is the focus of this version of the report.

In looking at the data across company sizes, we noted a variety of differences, including data points that smaller legal departments might consider as they continue to build and implement their strategies for 2021.
TREND 1:

DATA MANAGEMENT STRATEGIES & CONFIDENCE IN CYBERSECURITY DIFFERS WILDLY
Does your organization have a comprehensive data management strategy to ensure compliance, defensibility, and security?

While a majority of organizations now have a comprehensive data management strategy, smaller organizations lag behind by about 8 points compared to their larger counterparts. Moreover, the majority is slim; about 59% of respondents report having a comprehensive strategy for managing their organizational data, while 41% have yet to establish or deploy one.

Considering that small businesses are less likely to have access to efficiency-creating legal technologies, the need for a comprehensive strategy to manage data and be able to access it for legal and regulatory purposes is becoming greater with each passing day.
KEY COMPARISON

How confident are you in your organization’s ability to mitigate against emerging risks?

These data-related risks are growing—and worrying smaller legal teams—and manifest themselves within the survey in a number of ways.

Although both larger and smaller revenue organizations report moderate to great confidence in their ability to mitigate against emerging risks—legal, regulatory, cybersecurity, and other data-related items—smaller organizations were about 3.5 times more likely to say they were “only slightly confident,” or “not confident at all.”

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

Regarding cybersecurity in particular, smaller organizations are twice as likely as larger organizations to say they were “only slightly confident” or “not confident at all” in their abilities to consistently and defensibly respond to cybersecurity incidents and breaches.
How have you prepared your organization for complying with data privacy regulations in the past 12 months? (Select all that apply.)

- Implemented technology solutions: 56.1%
- Increased use of outsourced non-law firm vendors: 26.9%
- Employed a dedicated legal operations professional(s): 18.6%
- Internal restructuring: 26.2%
- Policy Review/Updates: 3.4%
- Training/Education: 3.8%
- Other: 6.5%
- Nothing: 15.1%

Above data aggregates responses from all revenue segments.

In order to prepare for complying with data privacy regulations, over the prior 12 months, about the same number (56%) of large and small businesses say they implemented technology solutions.

But whereas large businesses began employing dedicated legal ops professionals (34%) to help handle compliance, smaller organizations leaned on outsourcing to nonlaw firm vendors (27%) to handle compliance.
TREND 2:

TO WHOM DOES THE CLO REPORT? IT DEPENDS ON BUSINESS SIZE
As the ACC surveys have consistently shown in recent years, the majority of CLOs report directly to the CEO. For those that don’t, we’ve seen CLOs and GCs increasingly report to the Chief Financial Officer, especially when the organization has less revenue. The size of the business appears to have a major impact, as CLOs are far more likely to report to the CFO (48%) than at larger businesses (27%). In fact, among businesses with more than $2 billion in revenue, the GC/CLO is actually more likely to report to the Chief Administrative Officer (29.5%) than the CFO (27%).
TREND 3:

LEGAL OPs ARE AN OPPORTUNITY FOR INVESTMENT
Please indicate the number of legal operations staff that are employed in your legal department in all locations.

(Staff that are solely dedicated to operations – i.e. not doing any legal work)

Survey statistics indicate a drastic difference in the number of legal operations professionals between larger and smaller businesses. Almost half of smaller businesses have no legal operations professionals (45%); by contrast, nearly the same percentage of larger businesses (44.3%) employ at least four legal operations professionals. Large businesses that invest the most in their legal operations (those in the 75th percentile) employ at least 11 legal ops professionals, whereas smaller legal teams that invest the most among their cohort (again in the 75th percentile) have a minimum of only two on their teams.

“Build and foster positive working relationships with your operations group. You can learn a lot from them that will help you better serve your company.”
"To provide the most value to your organization, you must be able to think strategically, and not solely through the lens of risk management."

In what area does your legal department’s most important strategic initiative fall?

- **Legal operations** 37.7%
- **Insourcing of legal resources** 14.8%
- **Cost minimalization** 9.0%
- **Data security** 8.4%
- **Data management** 7.8%
- **Litigation defensibility** 10.1%
- **Other** 12.1%

Above data aggregates responses from all revenue segments.

However, for organizations of all sizes, the legal department’s most important strategic initiative falls under the category of “legal operations,” far outpacing the second-ranked “insourcing of legal resources.” Smaller legal teams are poised to quickly close this gap, as 37% say it is their top strategic initiative.
TREND 4:

DIFFERENT TIME MANAGEMENT PRIORITIES AMONG GCs
At both small and large companies, CLOs and GCs report that providing legal advice was their top time priority—but it’s more common for legal leaders of smaller teams. This could be because, as the highest-ranking legal officer among a smaller number of legal advisers, more of the decisions are on their plate. Larger legal teams may enjoy a greater number of high-ranking or legal professionals that are experienced in specific areas of law, whereas the small business CLO must be more of a generalist with a wide range of knowledge.

Please estimate the percentage of time you allocated over the past 12 months for each of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>&lt;$2B Annual Revenue</th>
<th>&gt;$2B Annual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing Legal Advice</td>
<td>29.4%</td>
<td>22.7%</td>
</tr>
<tr>
<td>Managing Legal Risk</td>
<td>18.1%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Managing the Law Department</td>
<td>13.5%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Advising Executives on Non-Legal Issues</td>
<td>12.0%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Contributing to Strategy Development</td>
<td>11.7%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Board Matters and Governance</td>
<td>11.5%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Other</td>
<td>3.7%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>
TREND 5:

TECHNOLOGY STILL REPRESENTS THE BEST OPPORTUNITY & INVESTMENT FOR SMALL LEGAL TEAMS LOOKING TO ACHIEVE MORE
How do you anticipate the regulatory environment in your industry changing in the next 12 months? Please select all that apply.

Almost two thirds of participants expect the volume of regulations affecting the business to increase during the next year, and four in ten expect an increased regulatory enforcement environment. Twenty percent expect no change in both the volume of regulations and regulatory enforcement, while only a handful of respondents expect regulatory pressure to decrease.

Interestingly, respondents from organizations with over $2B in annual revenue expect for both the volume of regulations, and the volume of regulatory enforcement to increase more than their counterparts at organizations with less than $2B in annual revenue.

“Constantly keep yourself informed of changes in your industry, from regulations, to business trends.”
How are you planning to increase defensibility against litigation and compliance threats (cyber attacks, data breaches, regulatory fines, civil litigation sanctions)?

Both large and small businesses anticipate an increase in the volume of regulations in the next 12 months—along with an increase in regulatory enforcement—and are therefore considering new technology solutions to improve departmental efficiencies.
How are you planning to increase defensibility against litigation and compliance threats (cyber attacks, data breaches, regulatory fines, civil litigation sanctions)?

But whereas large businesses are confident in their pursuit of technology (59% say yes), smaller businesses are much more split, with 37% saying yes and 33% saying no, with another 19% not sure at this time.
PARTICIPANT PROFILE

GEOGRAPHIC LOCATION OF PARTICIPANTS

- United States: 77.0%
- Australia/New Zealand: 7.2%
- Europe: 3.6%
- Asia: 2.5%
- Canada: 4.2%
- South America: 2.5%
- Middle East: 1.7%
- Caribbean/Central America: 0.9%
- Africa: 0.3%
### What is your organization's industry affiliation?

<table>
<thead>
<tr>
<th>Industry Affiliation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>15.2%</td>
</tr>
<tr>
<td>Other services</td>
<td>13.4%</td>
</tr>
<tr>
<td>Healthcare and social assistance</td>
<td>10.5%</td>
</tr>
<tr>
<td>Finance and banking</td>
<td>10.5%</td>
</tr>
<tr>
<td>Information</td>
<td>8.0%</td>
</tr>
<tr>
<td>Professional, scientific, and technical services</td>
<td>8.4%</td>
</tr>
<tr>
<td>Construction</td>
<td>5.5%</td>
</tr>
<tr>
<td>Real estate, rental and leasing</td>
<td>4.4%</td>
</tr>
<tr>
<td>Educational services</td>
<td>4.3%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>3.3%</td>
</tr>
<tr>
<td>Wholesale trade/distribution</td>
<td>1.9%</td>
</tr>
<tr>
<td>Insurance</td>
<td>2.7%</td>
</tr>
<tr>
<td>Mining, quarrying, and oil and gas extraction</td>
<td>2.4%</td>
</tr>
<tr>
<td>Arts, entertainment, and recreation</td>
<td>2.9%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>1.7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>1.9%</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing, and hunting</td>
<td>0.9%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>0.8%</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>0.5%</td>
</tr>
<tr>
<td>Public administration</td>
<td>0.4%</td>
</tr>
<tr>
<td>Administrative and support and waste management and remediation</td>
<td>0.3%</td>
</tr>
</tbody>
</table>
Which of the following describes your organization? Please select all that apply.

- Private: 64.4%
- Public: 17.4%
- Non-profit organization: 13.1%
- Wholly owned subsidiary: 5.9%
- Government (national, regional, local): 2.9%
- Joint Venture: 0.8%
- Other: 2.0%

Including yourself, what is the total number of lawyers in your law department, including all locations?

- 1 lawyer: 33.8%
- 2 to 5 lawyers: 47.5%
- 6 to 9 lawyers: 9.5%
- 10 to 24 lawyers: 6.9%
- 25 to 49 lawyers: 1.7%
- 50 to 99 lawyers: 0.4%
- 100 or more lawyers: 0.1%
Please select the category that represents your organization’s worldwide total gross revenue for the last reported fiscal year in US dollars.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 BILLION - $1.9 BILLION</td>
<td>11.3%</td>
</tr>
<tr>
<td>$500 MILLION - $999 MILLION</td>
<td>14.7%</td>
</tr>
<tr>
<td>$300 MILLION - $499 MILLION</td>
<td>12.4%</td>
</tr>
<tr>
<td>$100 MILLION - $299 MILLION</td>
<td>18.9%</td>
</tr>
<tr>
<td>$50 MILLION - $199 MILLION</td>
<td>13.8%</td>
</tr>
<tr>
<td>$25 MILLION - $49 MILLION</td>
<td>10.4%</td>
</tr>
<tr>
<td>LESS THAN $25 MILLION - $25 MILLION</td>
<td>18.4%</td>
</tr>
</tbody>
</table>
RESEARCH 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, 2020 and closed on November 29, 2020. Reminder emails were sent weekly.

TARGET POPULATION
We targeted ACC members worldwide who are the highest-ranked legal officers in their respective legal departments. A screener question was asked to help determine the most relevant population. To further expand our reach, we also sent participation invites through other ACC partner organizations, namely the Association of Corporate Legal Departments Japan, the Latin American Corporate Counsel Association, and the UK Law Society of England & Wales.

PARTICIPATION
A total of 947 CLOs participated. Apart from targeted email messages, opportunities to participate were also sent through LinkedIn campaigns.

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. Many survey questions offered the opportunity to select multiple response options. In those cases, percentages may not total to 100 percent.

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.
YOUR TRUSTED RESOURCE

ACC has curated resources based on substantive needs, all with the goal of helping you better serve your company.

- Benchmark your legal department in staffing, spend, workload, law firm usage, technology adoption, and performance scoring.
- Access sample contracts, policies and forms or whitepapers.
- Learn how to optimize your legal department through the legal operations maturity model.
- ACC Newsstand and ACC Docket provide in-depth and practical information that keep you on the cutting edge of your practice.

GLOBAL COMMUNITY. LOCAL CONNECTIONS.

ACC is for in-house counsel, by in-house counsel. Your community of peers is unmatchable.

- Attend local or regional chapter events, CLE/CPD opportunities, networking and leadership are available globally.
- Join practice area networks for topic specific conversations and content.
- Contact fellow members through the ACC member directory – available exclusively to ACC members, or through our online forums, where you can seek advice or share expertise.

YOUR GROWTH

Whether you are new to in-house or stepping into the CLO role, ACC has programs and education tailored to every stage of your in-house career.

- Learn from your desk with over 100 live webcasts every year, or browse our library of on-demand recordings.
- Attend an in-person event. ACC Annual Meeting. Corporate Counsel University. Xchange. GC Summit. As a practicing counsel, law department manager, or CLO, we have the in person learning that will elevate your skills.
- Share your expertise by authoring an article for the ACC Docket, serving as faculty at a conference, or volunteering as a chapter or network leader.

- LORNE O’REILLEY, SENIOR COUNSEL, DOW CHEMICAL CANADA

- LORNE O’REILLEY, SENIOR COUNSEL, DOW CHEMICAL CANADA

“ACC’s global leadership efforts and initiatives continue to demonstrate a passion for educational opportunities that facilitate and enhance our capacity and skill to do our jobs. Most importantly, I am grateful that the ACC cares about what is relevant to me locally, and nurtures ideas and events to support fellow in-house counsel in my region on topics of value to us.”

ARE YOU READY TO ENGAGE?

- Benchmarking Services acc.com/benchmarking
- Find Your Chapter acc.com/chapters
- Join a Network acc.com/networks
- Download a Resource acc.com/resource-library
- Read the Docket accdocket.com
- Attend an Event acc.com/events