2021

Legal Technology Report

FOR IN-HOUSE COUNSEL

exterro®

ACC Association of Corporate Counsel

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Executive Summary

The Association of Corporate Counsel (ACC) and Exterro, the leader in Legal GRC software, are pleased to present our *2021 Legal Technology Report for In-House Counsel.* In today's in-house legal department, technology is no longer just a nice-to-have. With growing amounts of data to review, a variety of third parties — law firms, service providers, internal business units, etc. — to work with, and an evolving set of e-discovery, compliance, incident response, information governance, and data privacy requirements, corporate counsel must leverage technology to adequately protect and serve their organization.

With survey responses from 250 in-house counsel and legal operations professionals across 18 countries, this report first provides an overview of the technology categories most often used and respondents' take on how effective they are in their intended purpose. We then present results on technology purchasing behavior—the purchasing process, which business units are involved, the factors that influence the purchase—and in which areas departments are hoping to leverage technology more effectively. Finally, we present the challenges to technology implementation and which technology areas have been most helpful in reducing legal costs. We compare the results across job role—GC, in-house counsel, and legal operations professionals—and across company size and level of legal process optimization.

We hope that this report will be useful to both legal professionals and other key stakeholders in compliance, information technology, and information security. Many thanks to all survey participants for taking the time to share their valuable experience and perspectives.

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Key Findings

Key Findings

1

Legal technology is no longer a nice to have, but a must have.

Nearly two-thirds of survey respondents report that having legal technology in-house is now a must have. Efficiency is the primary benefit legal departments are looking to extract for using legal technology, with more than 50 percent of respondents stating they are somewhat to very interested in buying legal software in the next 12 months. This finding is not surprising since sixteen percent of respondents categorize their legal department processes as ad hoc, leaving a lot of opportunity for improvement.

2

The top legal technologies that will help ensure defensibility in these uncertain times: (1) E-Discovery, (2) Matter Management, and (3) Privacy

With the COVID-19 pandemic, an increasing amount of climate changes, and a constantly evolving business and regulatory environment, in-house counsel must ensure legal defensibility for their organizations. E-Discovery technology (i.e. legal hold, data collection/processing, document review) ranked number one with matter management and privacy technology (i.e. data inventory, data retention, DSAR, incident and breach response, etc.) rounding out the top 3. The emphasis on litigation and privacy showcases in-house counsel's awareness of the increasing demands regulators and rapidly growing data volumes are putting on the organizations they are advising.

3

Matter management, e-billing, and contract management are the most effective technologies

These three areas are considered the most effective categories of technology by the legal professionals that use them. Sixty-six percent of those who use matter management tools, 64 percent of e-billing users, and 61 percent of legal operations professionals using contract management tools consider them the most effective technology areas for the legal department from a list of 14 technologies.

4

Assessment of legal technologies varies by legal department role

Lawyers aim at leveraging software more effectively primarily with regards to contracts, and privacy and compliance issues. Legal operations professionals give less importance to these two areas but are twice more likely than lawyers to say they look to leveraging technology more effectively in litigation. In order to reduce costs, lawyers say that matter management tools are the most helpful to achieve that goal, whereas legal operations professionals stress the importance of e-billing technology, likely pointing to the type of technology in which each role is most often involved.

5

### Purchasing technology is a longer, more complex process in larger and optimized organizations

In companies with under $1 billion in revenue, the purchasing of legal technology typically involves between two to five individuals, IT is the other only department that is regularly involved in the process, and the process normally lasts less than six months. In larger organizations, more than five individuals are typically involved, the purchasing process receives input from IT, procurement, and information security, and it can take from three to 12 months to finalize a new software purchase. That said, larger organizations that are focused on optimizing processes continue to apply technology, with 63 percent indicating they are "definitely" or "considering" buying new software.

6

Most departments want to leverage technology to improve contract management, data privacy, and litigation activities

Contracts is the top area where participants want to leverage software more effectively for 77 percent of the respondents, with privacy (40 percent), and litigation (25 percent) rounding out the top 3. Interestingly, legal departments which were categorized as having optimized processes were looking to focus more attention on privacy and litigation activities compared to their less mature counterparts.
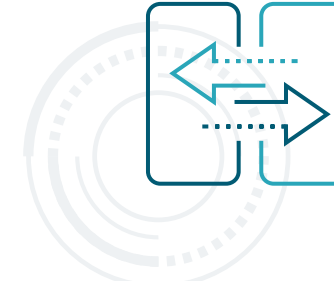
7

Top challenge when using technology is lack of software interoperability

The biggest pain point in using technology is that the software applications are not connected to one another. This leads to challenges in having to learn a variety of user interfaces. All being unique, this can be confusing and cumbersome for users, particularly when many experience a lack of IT support. Many respondents indicate that they would rather have a single comprehensive and unified software platform, and this is true across legal roles.

01
Technology Use and Effectiveness

Survey participants were first asked to classify the operational efficiency of legal processes in their organization based on a five-point scale ranging from "ad-hoc" (Level 1) to "optimized" (Level 5). This scale measures the level of sophistication, structure, and formal implementation of projects and processes in the organization, and the overall results show a relatively even spread across levels.

One in six participants indicated that their legal processes are ad-hoc, that is, largely experimental, with no management or dedicated budget. Eight percent indicated that their processes are optimized, the most advanced state, which is characterized by strong executive team buy-in, a significant budget, and the widespread use of metrics and business intelligence for process optimization. Seventy-six percent of participants said their processes are somewhere in the middle: either defined, structured, or managed.

1 IN 6

PARTICIPANTS INDICATED THAT THEIR LEGAL PROCESSES ARE AD-HOC

How would you categorize legal processes at your organization?

LEVEL 1 – AD HOC	Experimental, ever-changing process, with no management and no budget
LEVEL 2 – DEFINED	Management is aware of the process but doesn't enforce it, only part-time resources allocated
LEVEL 3 – STRUCTURED	Formal projects with defined roles throughout the process, dedicated budget along with management buy-in
LEVEL 4 – MANAGED	Well-defined and dedicated resources to support the defined process, requirements driven along with executive sponsorship
LEVEL 5 – OPTIMIZED	Prioritized by executive team with a significant budget, staff uses metrics and other business intelligence to influence and optimize the process.

OVERALL RESULTS

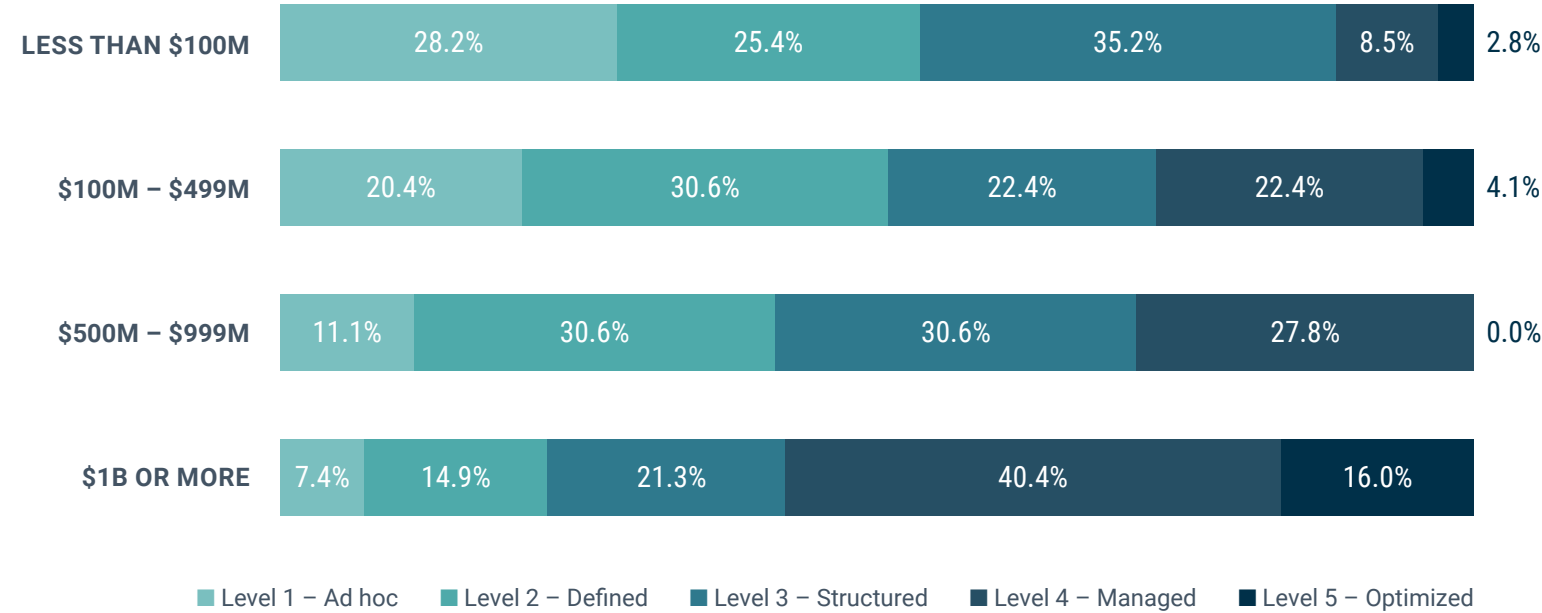| 16.4%	23.2%	26.8%	26.0%	7.6%

The level of legal processes is distributed quite differently, however, when taking the size of the company into account. Larger companies, as measured by annual revenue, tend to have far more optimized legal processes.

In the smallest revenue category — companies with under $100 million — more than half of respondents indicated their legal processes to be either ad-hoc or defined (levels 1 and 2 on the scale), while only about ten percent report legal processes to be either managed or optimized (levels 4 and 5). Thirty-five percent of respondents indicated having structured processes (level 3).

Companies with more than $1 billion in revenue report significantly larger levels of legal processes optimization. One in six claims that their legal processes are optimized (highest point on the scale) and an additional 40 percent reported managed legal processes. On the other end, only about one in five respondents in this revenue group indicate that legal processes in the organization are either ad-hoc or defined (levels 1 and 2).

This progression by company size is also exemplified clearly when considering the median. The median legal departments in the first two revenue categories — under $100 million and between $100 million and $499 million — report a defined level of legal processes (2), the median department in the $500 million to $999 million revenue category is slightly ahead, with structured legal processes (3). Finally, the median department in the $1 billion or more revenue group reports managed legal processes (4).

LEGAL PROCESSES LEVEL BY COMPANY REVENUE

	Level 1 – Ad hoc	Level 2 – Defined	Level 3 – Structured	Level 4 – Managed	Level 5 – Optimized
LESS THAN $100M	28.2%	25.4%	35.2%	8.5%	2.8%
$100M – $499M	20.4%	30.6%	22.4%	22.4%	4.1%
$500M – $999M	11.1%	30.6%	30.6%	27.8%	0.0%
$1B OR MORE	7.4%	14.9%	21.3%	40.4%	16.0%

COMPANIES WITH MORE THAN **$1 BILLION** IN REVENUE REPORT **SIGNIFICANTLY LARGER LEVELS** OF LEGAL PROCESSES OPTIMIZATION.

We then asked what categories of technology departments are using. Technology for Legal Research is the most widely used by participants, with 64.5 percent reporting its implementation in their department, followed by document repository with 53.7 percent, and contract management with 50.6 percent. E-billing ranks fourth, and a group of four areas— matter management, legal hold, document review, and data retention — have around one-third of departments using technology to manage these.

64.5%

PERCENT REPORTING IMPLEMENTATING TECHNOLOGY FOR LEGAL RESEARCH IN THEIR DEPARTMENT
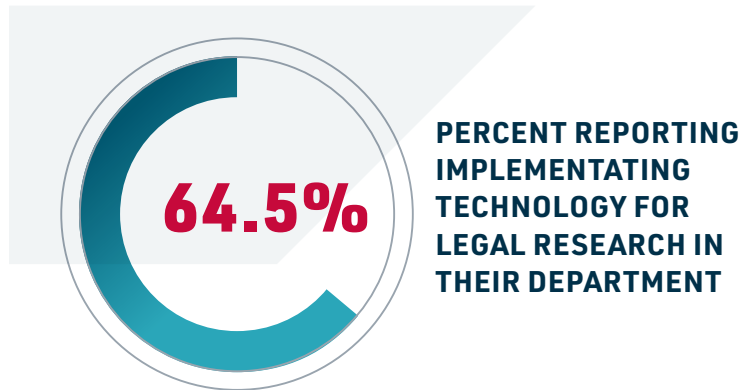
What legal technologies does your legal department use?

LEGAL RESEARCH	64.5%
DOCUMENT REPOSITORY	53.7%
CONTRACT MANAGEMENT	50.6%
E-BILLING	47.2%
MATTER MANAGEMENT	37.2%
LEGAL HOLD	35.1%
DOCUMENT REVIEW	33.8%
DATA RETENTION	32.5%
DATA COLLECTION/PROCESSING	29.0%
INCIDENT AND BREACH MANAGEMENT	24.2%
DATA INVENTORY/DATA MAPPING	19.0%
DATA SUBJECT ACCESS REQUEST	13.4%
FORENSIC IMAGING	12.1%
ECA	3.5%

Technology use increases in larger organizations, as shown in the following chart. A higher percentage of billion-dollar companies use every category of technology listed compared to smaller $100 million companies. In addition, the most commonly used tech areas vary across company size. For example, 75 percent of companies over $1 billion use e-billing technology — the most used technology in this group — compared to just 21 percent of those departments in organizations with $100 million or less. Matter management (58 percent v. 13 percent) and legal hold (63 percent v. 15 percent) also show significant differences in usage between small and large companies.

LEGAL TECHNOLOGIES USED BY COMPANY REVENUE

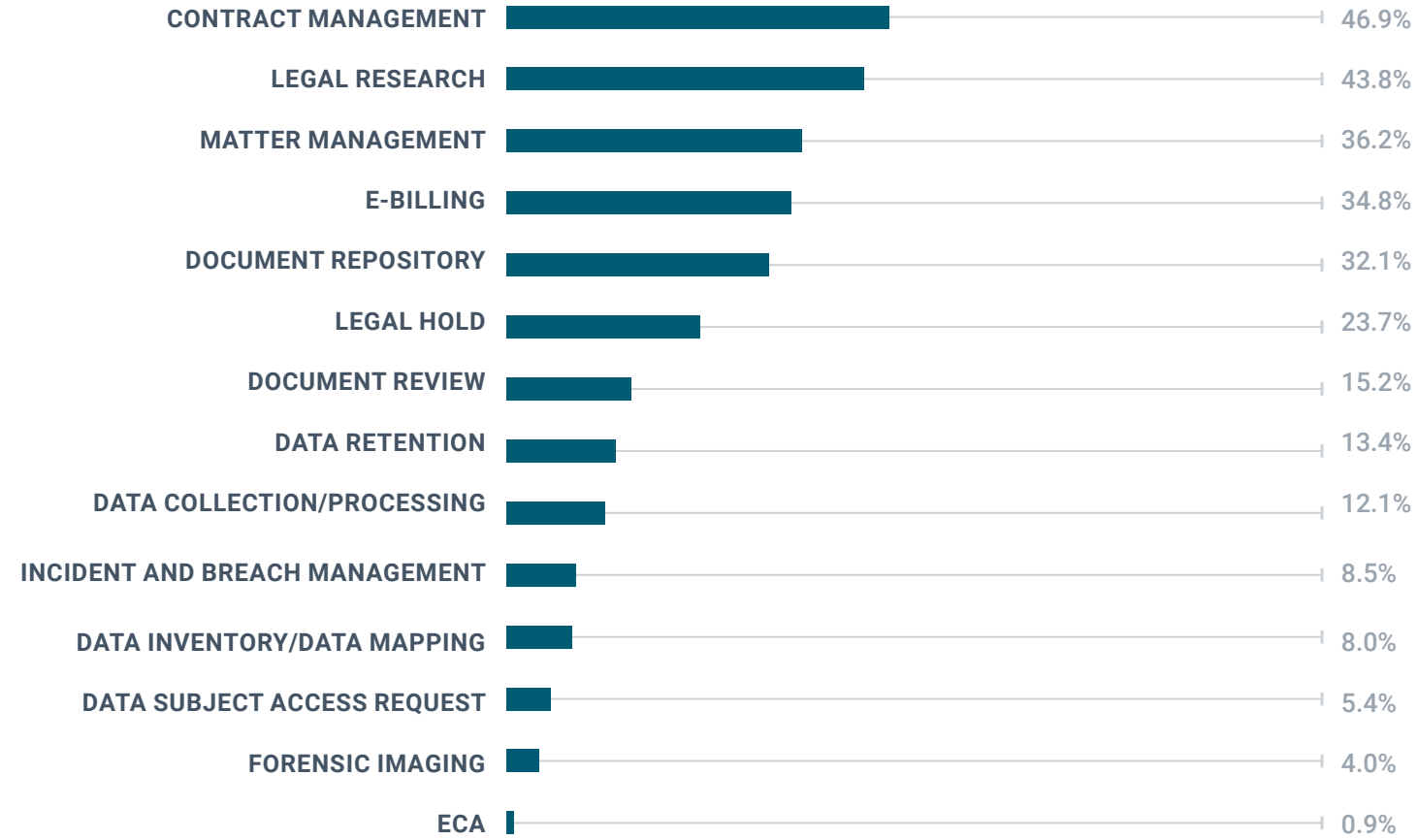|	Less than $100M	$100M – $499M	$500M – $999M	$1B or more
LEGAL RESEARCH	56.5%	66.0%	70.6%	67.0%
DOCUMENT REPOSITORY	37.1%	42.6%	58.8%	69.3%
CONTRACT MANAGEMENT	46.8%	42.6%	55.9%	55.7%
E-BILLING	21.0%	23.4%	55.9%	75.0%
MATTER MANAGEMENT	12.9%	27.7%	41.2%	58.0%
LEGAL HOLD	14.5%	21.3%	20.6%	62.5%
DOCUMENT REVIEW	35.5%	21.3%	23.5%	43.2%
DATA RETENTION	25.8%	21.3%	26.5%	45.5%
DATA COLLECTION/ PROCESSING	16.1%	23.4%	14.7%	46.6%
INCIDENT AND BREACH MANAGEMENT	11.3%	21.3%	20.6%	36.4%
DATA INVENTORY/ DATA MAPPING	14.5%	14.9%	17.6%	25.0%
DATA SUBJECT ACCESS REQUEST	9.7%	14.9%	14.7%	14.8%
FORENSIC IMAGING	1.6%	4.3%	8.8%	25.0%
ECA	1.6%	0.0%	2.9%	6.8%

■ Less than $100M ■ $100M – $499M ■ $500M – $999M ■ $1B or more

After identifying the tech areas currently used in the legal department, participants were asked to indicate which of the technologies they found most effective, with the possibility to make up to four selections. The following chart provides the overall results, showing that 47 percent of participants selected contract management as one of the most effective technologies, followed by legal research (44 percent), matter management (36 percent), e-billing (35 percent), and document repository (32 percent).

It is important to note that the percentages are based on all survey respondents, including many that do not use some of the technologies listed and consequentially will not be able to find it effective. The results are still valuable since they provide an overall ranking of the technology areas that in-house counsel and legal operations professionals find most effective.

What legal technology do you find most effective?

(Please select up to 4)

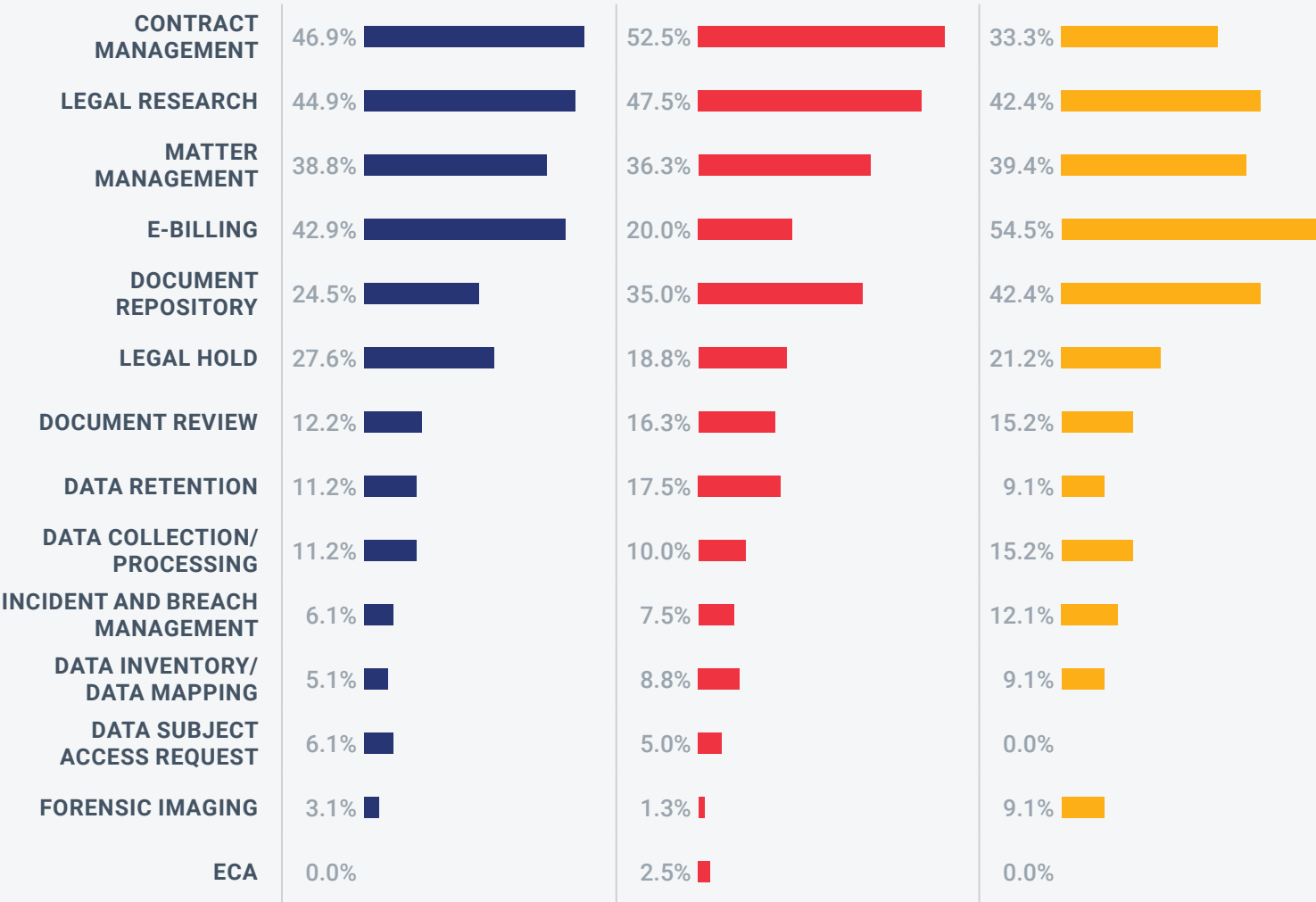| Technology	Percentage
CONTRACT MANAGEMENT	46.9%
LEGAL RESEARCH	43.8%
MATTER MANAGEMENT	36.2%
E-BILLING	34.8%
DOCUMENT REPOSITORY	32.1%
LEGAL HOLD	23.7%
DOCUMENT REVIEW	15.2%
DATA RETENTION	13.4%
DATA COLLECTION/PROCESSING	12.1%
INCIDENT AND BREACH MANAGEMENT	8.5%
DATA INVENTORY/DATA MAPPING	8.0%
DATA SUBJECT ACCESS REQUEST	5.4%
FORENSIC IMAGING	4.0%
ECA	0.9%

In fact, in-house counsel and legal operations professionals have somewhat different views on which technology areas are most effective. This chart breaks down the results by the participants primary role in the legal department: in-house counsel (non-GC), general counsel/chief legal officer, and legal operations professional.

In-house counsel find contract management to be the most effective technology — 47 percent of non-GC in-house counsel and 53 percent of general counsel — but only 33 percent of legal operations professionals find contract management among the most effective technologies. The opposite is true of e-billing, with 55 percent of legal ops considering it to be one of the most effective technologies compared to just 43 percent of in-house counsel (non-GC) and only 20 percent of general counsel. Document repository is also more often selected by legal ops professionals than in-house counsel, whereas legal research and matter management record similar percentages across legal department roles.

MOST EFFECTIVE LEGAL TECHNOLOGIES BY LEGAL DEPARTMENT ROLE

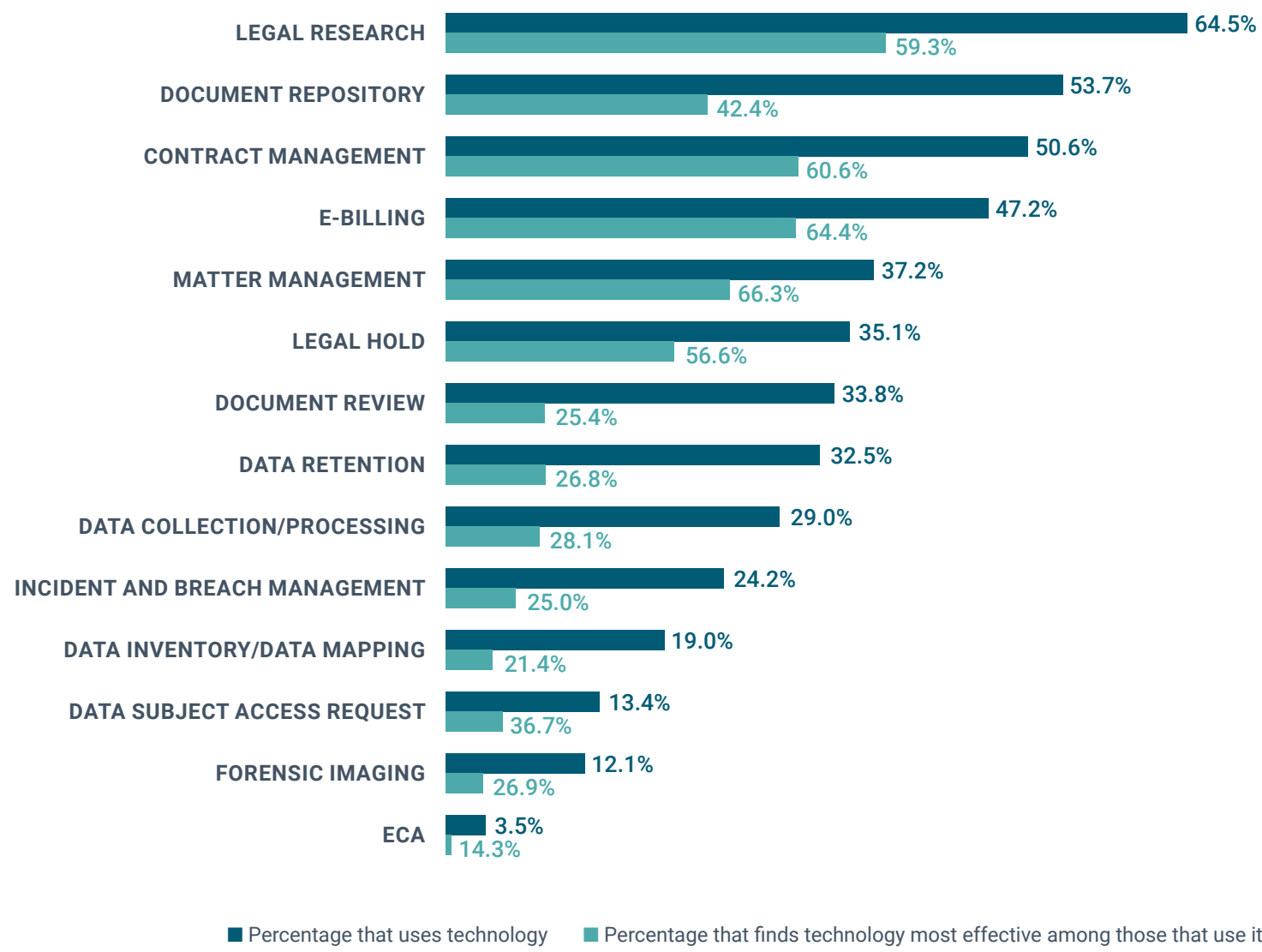|	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
CONTRACT MANAGEMENT	46.9%	52.5%	33.3%
LEGAL RESEARCH	44.9%	47.5%	42.4%
MATTER MANAGEMENT	38.8%	36.3%	39.4%
E-BILLING	42.9%	20.0%	54.5%
DOCUMENT REPOSITORY	24.5%	35.0%	42.4%
LEGAL HOLD	27.6%	18.8%	21.2%
DOCUMENT REVIEW	12.2%	16.3%	15.2%
DATA RETENTION	11.2%	17.5%	9.1%
DATA COLLECTION/ PROCESSING	11.2%	10.0%	15.2%
INCIDENT AND BREACH MANAGEMENT	6.1%	7.5%	12.1%
DATA INVENTORY/ DATA MAPPING	5.1%	8.8%	9.1%
DATA SUBJECT ACCESS REQUEST	6.1%	5.0%	0.0%
FORENSIC IMAGING	3.1%	1.3%	9.1%
ECA	0.0%	2.5%	0.0%

■ In-house Counsel (non-GC) ■ General Counsel/CLO ■ Legal Operations Professional

A different way to look at legal technology effectiveness is provided by the following chart, which combines technology use with effectiveness. The list of technology areas is ordered by the percentage of participants that reported using technology in each of those categories, from highest — legal research, 64.5 percent — to lowest — ECA, 3.5 percent.

The inner bar reports the percentage of users of that technology that selected it as one of the most effective. Fifty-nine percent of participants that use legal research technology find it one of the most effective, but three other technology areas have higher effectiveness percentages. Among those who use matter management software, two-thirds find it to be one of the most effective technologies, while the same occurs for 64 percent of e-billing users and 61 percent of participants that use contract management technology. Additionally, fifty-seven percent of those who use legal hold software find it among the four most effective technologies that they use.

Document repository technology is the second most widely used — 54 percent of respondents indicated so. However, only 43 percent of those who use it rank it as one of the most effective technologies to carry out their legal work. The remaining technologies on the list have lower effectiveness selection rates, with about one-quarter of those that use document review, data retention, data collection/processing, and incident and breach management ranking them among the four most effective technology areas.

TECHNOLOGY USE AND EFFECTIVENESS

Technology	Percentage that uses technology	Percentage that finds technology most effective among those that use it
LEGAL RESEARCH	64.5%	59.3%
DOCUMENT REPOSITORY	53.7%	42.4%
CONTRACT MANAGEMENT	50.6%	60.6%
E-BILLING	47.2%	64.4%
MATTER MANAGEMENT	37.2%	66.3%
LEGAL HOLD	35.1%	56.6%
DOCUMENT REVIEW	33.8%	25.4%
DATA RETENTION	32.5%	26.8%
DATA COLLECTION/PROCESSING	29.0%	28.1%
INCIDENT AND BREACH MANAGEMENT	24.2%	25.0%
DATA INVENTORY/DATA MAPPING	19.0%	21.4%
DATA SUBJECT ACCESS REQUEST	13.4%	36.7%
FORENSIC IMAGING	12.1%	26.9%
ECA	3.5%	14.3%

■ Percentage that uses technology   ■ Percentage that finds technology most effective among those that use it

Why do you find these legal technologies the most effective?

[OPEN-ENDED]

The following figure provides representative quotes from participants on the specific benefits of the most widely used technology areas. Participants underscore the efficiency gains brought by technology solutions and the time saved compared to manual processes as two of the main reasons why legal technologies are effective. Ease of use as well as the automation of processes enabling staff to spend more time on high-value work are qualities greatly valued.

LEGAL TECHNOLOGIES

LEGAL HOLD

"One-click legal holds that **effectively hold data behind the scenes** are best – asking people to maintain documents when they're subject to inbox size limits or when they're on an extended legal hold and might forget are recipes for disaster."

DOCUMENT REVIEW

"Document collection and review for large scale litigation is **more cost effective than manual processes** without quality compromise."

DATA RETENTION

"In a busy department with a small team matter management and data and records retention could otherwise **take a lot of time and be ineffective**."

DATA COLLECTION/PROCESSING

"Data collection and processing is the **most powerful tool** for developing insights and making informative decisions."

MATTER MANAGEMENT

"Matter management allows tracking, reporting, and ensuring that **work gets done**."

GENERAL COMMENTS

"Efficiency and **process consistency**."

"Technology **increases the efficiency of the team**. It allows the lawyers to focus time on more strategic/value added work as opposed to the administrative tasks required to get the job done."

"The systems are very **user friendly**."

"Technologies achieve the purpose, are secure, and **save time over manual processes**."

02
Technology Assessment and Purchasing Behavior

When considering expectations from survey participants on whether their legal department will invest in purchasing new technology or upgrading existing technology in the next year, 18 percent reported that they will definitely make an investment. An additional 20 percent report that acquiring new technology was being evaluated. One-quarter of participants were unsure, and an additional 20 percent responded negatively, though not decisively. Only nine percent of respondents categorically said that their legal department is not expected to upgrade their technology portfolio in the coming year. Nine percent of participants said that they are unsure.
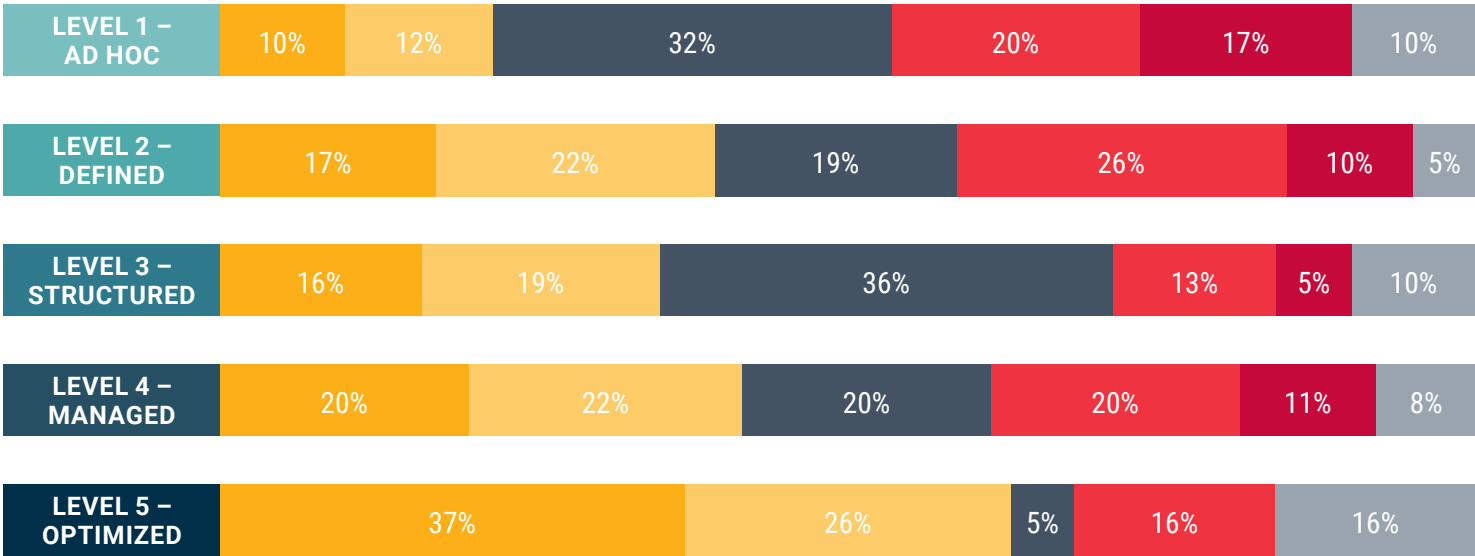
Expectations on upgrading legal software vary, however, when we consider the level of the legal processes in the legal department. Only 22 percent of departments in the level 1, ad-hoc processes category reported their department to be considering buying or upgrading technology solutions, compared to 63 percent of departments with optimized legal processes.

Does your organization plan to buy additional legal software or upgrade legal software in the next 12 months?

OVERALL RESULTS

18%	20%	24.8%	19.2%	9.9%	8.8%
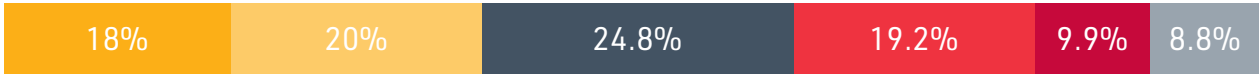
PLANS TO BUY ADDITIONAL SOFTWARE BY ORGANIZATION'S LEGAL PROCESS LEVEL

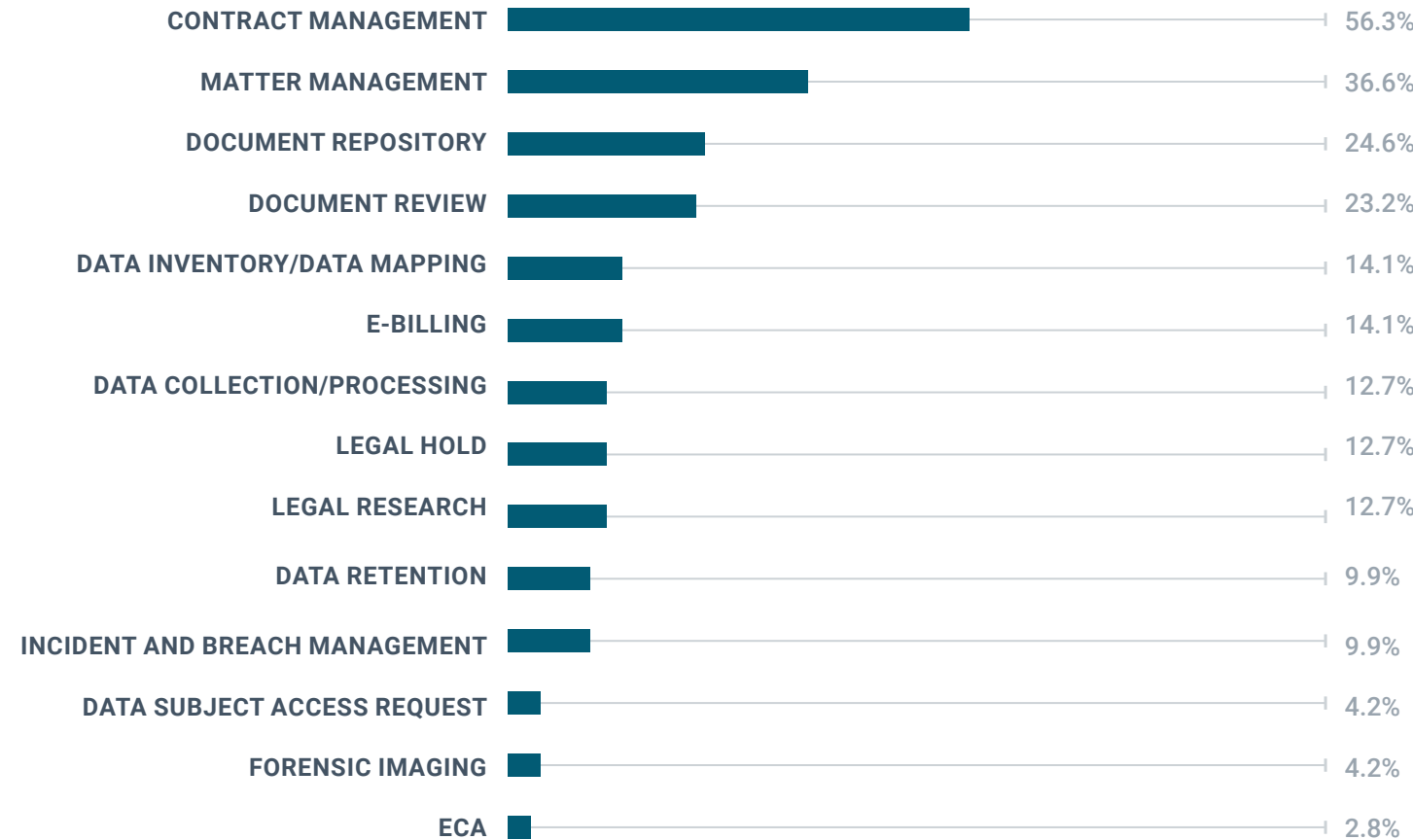|	Yes, definitely	Yes, we are assessing	Maybe, not sure	No, probably won't	No	Don't know
LEVEL 1 – AD HOC	10%	12%	32%	20%	17%	10%
LEVEL 2 – DEFINED	17%	22%	19%	26%	10%	5%
LEVEL 3 – STRUCTURED	16%	19%	36%	13%	5%	10%
LEVEL 4 – MANAGED	20%	22%	20%	20%	11%	8%
LEVEL 5 – OPTIMIZED	37%	26%	5%	16%		16%

■ Yes, definitely ■ Yes, we are assessing ■ Maybe, not sure ■ No, probably won't ■ No ■ Don't know

Those who responded yes or maybe to the previous question were also asked about which specific technologies they were considering upgrading or purchasing. More than half reported looking into investing in contract management technology, followed by matter management (36 percent), document repository (25 percent), and document review (23 percent).

56.3%

MORE THAN HALF REPORTED LOOKING INTO INVESTING IN CONTRACT MANAGEMENT TECHNOLOGY

What legal technology are you currently assessing or looking to purchase?

Only asked to those that responded yes or maybe in the previous question.

CONTRACT MANAGEMENT	56.3%
MATTER MANAGEMENT	36.6%
DOCUMENT REPOSITORY	24.6%
DOCUMENT REVIEW	23.2%
DATA INVENTORY/DATA MAPPING	14.1%
E-BILLING	14.1%
DATA COLLECTION/PROCESSING	12.7%
LEGAL HOLD	12.7%
LEGAL RESEARCH	12.7%
DATA RETENTION	9.9%
INCIDENT AND BREACH MANAGEMENT	9.9%
DATA SUBJECT ACCESS REQUEST	4.2%
FORENSIC IMAGING	4.2%
ECA	2.8%

Contract management is the technology that most legal departments are considering upgrading or investing in across company sizes, though with varying intensities. Forty-four percent of small companies with under $100 million in revenue reported looking into a contract management software upgrade compared to 81 percent of those in the $500 million to $999 million category.

Matter management comes second as well across all company sizes, followed by document repository or document review. One in five participants in the smallest revenue range are looking into investing in legal research and data retention, while a similar share of respondents in the $100 million to $499 million bracket are considering an upgrade in data collection, legal hold, and incident and breach management technology.

LEGAL TECHNOLOGY ASSESSMENT TO PURCHASE OR UPGRADE BY COMPANY REVENUE

	Less than $100M	$100M – $499M	$500M – $999M	$1B or more
CONTRACT MANAGEMENT	44.4%	53.1%	81.0%	56.6%
MATTER MANAGEMENT	41.7%	34.4%	42.9%	32.1%
DOCUMENT REPOSITORY	27.8%	15.6%	28.6%	26.4%
DOCUMENT REVIEW	19.4%	21.9%	19.0%	28.3%
DATA INVENTORY/ DATA MAPPING	11.1%	12.5%	14.3%	17.0%
E-BILLING	16.7%	9.4%	9.5%	17.0%
DATA COLLECTION/ PROCESSING	8.3%	18.8%	4.8%	15.1%
LEGAL HOLD	5.6%	21.9%	9.5%	13.2%
LEGAL RESEARCH	19.4%	12.5%	9.5%	9.4%
DATA RETENTION	19.4%	12.5%	0.0%	5.7%
INCIDENT AND BREACH MANAGEMENT	8.3%	18.8%	4.8%	7.5%
DATA SUBJECT ACCESS REQUEST	2.8%	3.1%	4.8%	5.7%
FORENSIC IMAGING	5.6%	0.0%	0.0%	7.5%
ECA	0.0%	0.0%	0.0%	7.5%

■ Less than $100M ■ $100M – $499M ■ $500M – $999M ■ $1B or more

Why are you looking to purchase or upgrade your selection(s)?

[OPEN-ENDED]

This word cloud summarizes the key concepts mentioned by participants when sharing their insights on the reasons behind the decision to upgrade or purchase new technology solutions. Increasing efficiencies is certainly one of the main goals, alongside improving or streamlining work processes in the legal department with the assistance of new technology.
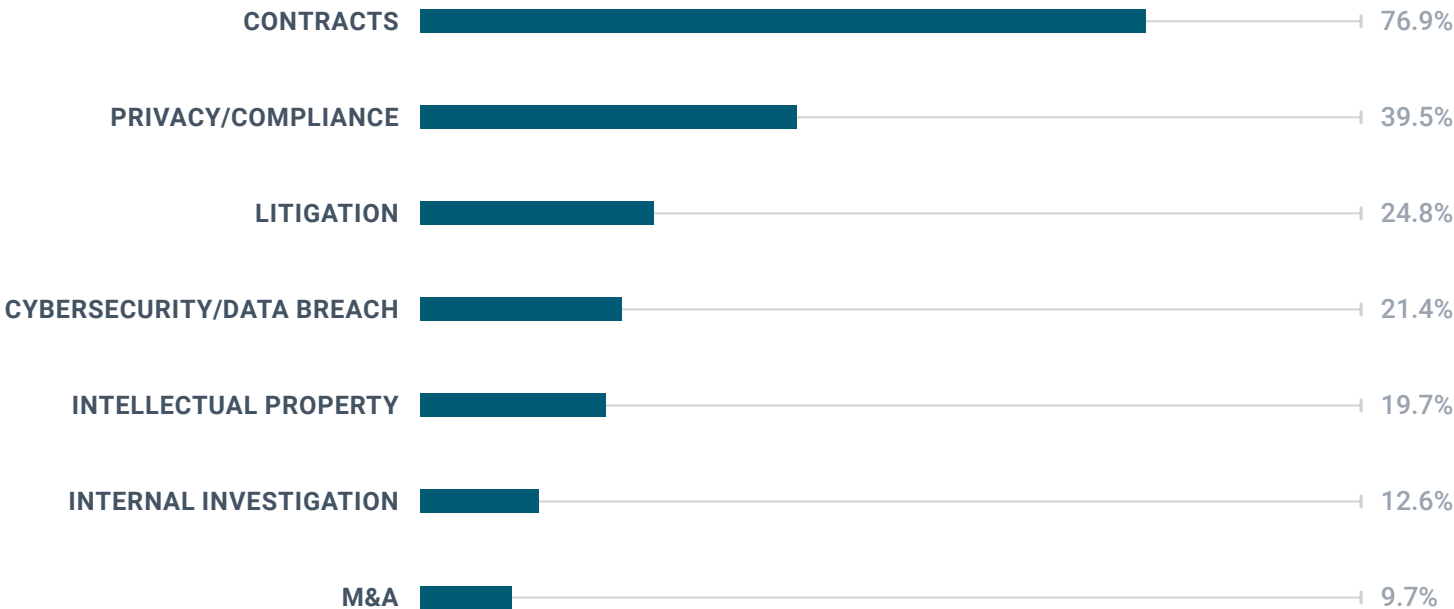
Regarding subject matter, participants are looking to improve their contract and matter management capabilities with the help of new or upgraded tools. Some departments and organizations are also growing and expanding the use of legal technology will assist automating processes instead of doing much more manual work, and therefore save valuable time, according to several participants. Artificial intelligence was also mentioned as the way forward to achieve these goals, specially applied to contract and document management.

The previous section reported on the technologies that participants found most effective.We also examined where existing technology might be used more effectively. Specifically, we inquired about practice areas in which participants were seeking ways to better leverage software. In a multiple-choice question which allowed for three selections, an overwhelming majority of participants (77 percent) reported that they want technology to help them improve contracts. Forty percent are also looking to leverage technology to assist with privacy and compliance issues, 25 percent selected litigation, 21 percent cybersecurity and data breaches, and 20 percent intellectual property. A smaller share of respondents indicated that technology will most effectively assist with internal investigations (13 percent) and mergers and acquisitions (10 percent).

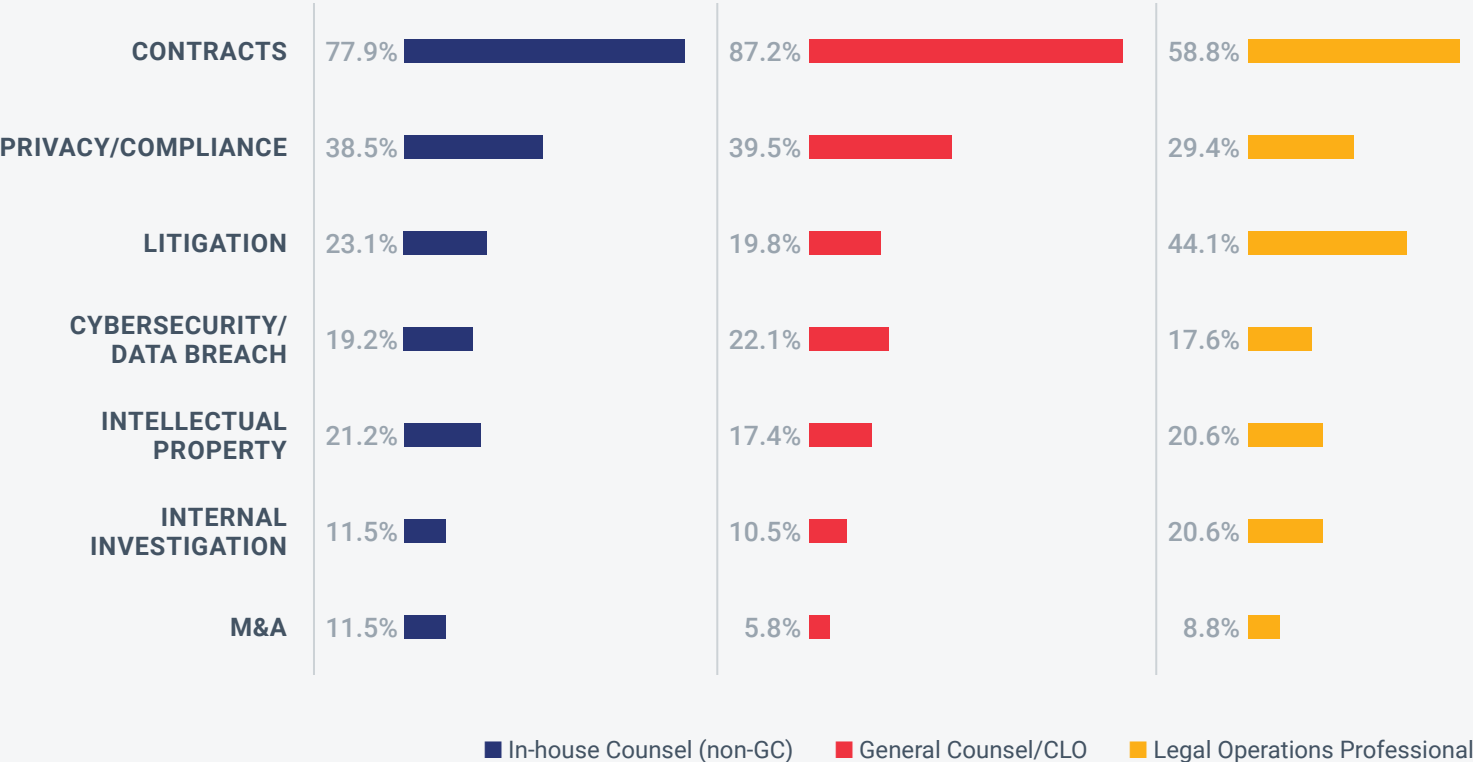# Which areas in your legal department are you looking to leverage software more effectively?

(Please select up to 3)

CONTRACTS	76.9%
PRIVACY/COMPLIANCE	39.5%
LITIGATION	24.8%
CYBERSECURITY/DATA BREACH	21.4%
INTELLECTUAL PROPERTY	19.7%
INTERNAL INVESTIGATION	12.6%
M&A	9.7%

We noticed some interesting variations between in-house counsel and legal operations professionals in their perceptions on how technology can most effectively facilitate legal department work. These perceptions seem to align rather well with the work nature and responsibilities of these two professional categories.

Lawyers overwhelmingly expect to leverage technology most effectively in contract work — 77 percent for non-GC attorneys and 87 percent of GC indicated so, but only 58 percent of legal operations professionals. Lawyers also place more emphasis on privacy and compliance matters — around 39 percent — than legal operations professionals — 29 percent, a ten-point difference. Conversely, 44 percent of legal operations professionals expect to leverage technology most effectively regarding litigation, practically twice that of in-house counsel. Similarly, 20 percent of legal operations professionals look to leverage technology most effectively in internal investigations, while only half that number of in-house counsel expect so.

AREAS TO LEVERAGE SOFTWARE MORE EFFECTIVELY BY LEGAL DEPARTMENT ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
CONTRACTS	77.9%	87.2%	58.8%
PRIVACY/COMPLIANCE	38.5%	39.5%	29.4%
LITIGATION	23.1%	19.8%	44.1%
CYBERSECURITY/DATA BREACH	19.2%	22.1%	17.6%
INTELLECTUAL PROPERTY	21.2%	17.4%	20.6%
INTERNAL INVESTIGATION	11.5%	10.5%	20.6%
M&A	11.5%	5.8%	8.8%

■ In-house Counsel (non-GC)   ■ General Counsel/CLO   ■ Legal Operations Professional

Efficiency is the main factor that most departments consider when deciding on legal technology purchases. Sixty-four percent indicated this as the principal deciding factor. Around one-quarter (27 percent) selected reducing cost as the main driver for acquiring new legal technology, while consistency (5 percent) and defensibility (4 percent) are less important priorities among participants.

Efficiency is the main factor when breaking down the results by both company size and the participants' role in the legal department. Around six in ten in-house counsel in both small and large companies selected efficiency, while this is clearly the most important factor for general counsel and CLOs — 75 percent of those in small companies selected efficiency and so did 88 percent of general counsel in companies with a revenue larger than $1 billion.

Legal operations professionals present an interesting contrast. Those in smaller organizations with under $1 billion in revenue consider efficiency the most important factor (67 percent). However, only 31 percent of legal operations professionals in larger companies consider efficiency the most important factor, while almost half (46 percent) point instead to cost reduction.

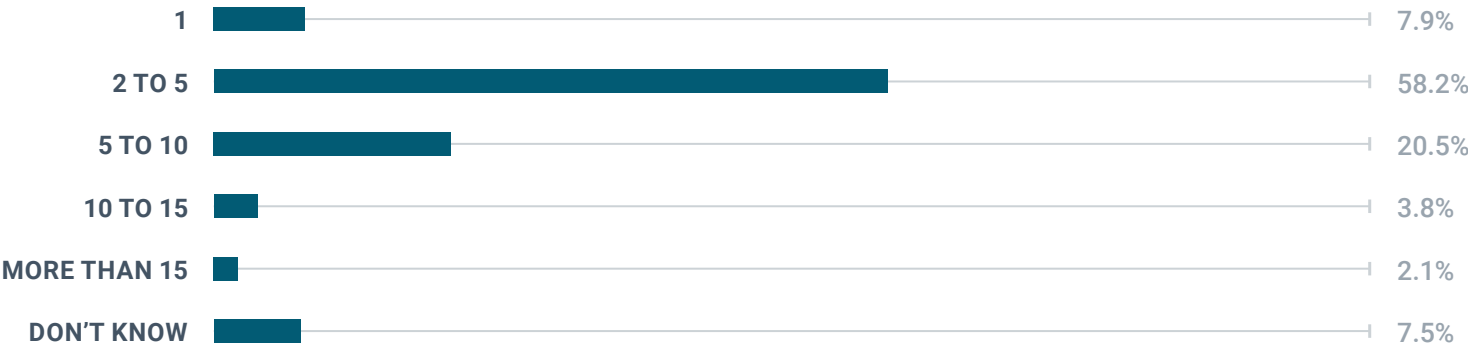## What is the biggest factor in deciding whether your legal department will purchase legal technology?

Factor	Value
EFFICIENCY	64.2%
COST REDUCTION	27.2%
CONSISTENCY	4.9%
DEFENSIBILITY	3.7%

BIGGEST FACTOR IN DECIDING TO PURCHASE LEGAL TECHNOLOGY BY ROLE AND REVENUE

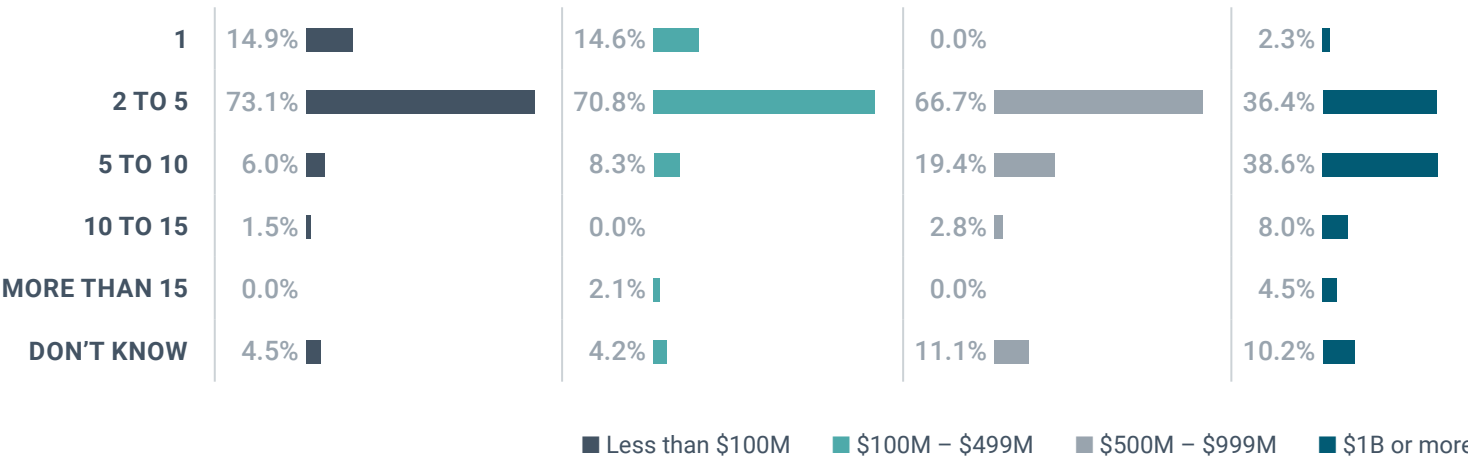|		EFFICIENCY	COST REDUCTION	CONSISTENCY	DEFENSIBILITY
IN-HOUSE COUNSEL (NON-GC)	LESS THAN $1B	61%	35%	2%	2%
	$1B OR MORE	59%	31%	6%	4%
GENERAL COUNSEL/ CLO	LESS THAN $1B	75%	17%	5%	3%
	$1B OR MORE	88%	8%	0%	4%
LEGAL OPERATIONS PROFESSIONAL	LESS THAN $1B	67%	24%	10%	0%
	$1B OR MORE	31%	46%	15%	8%

The process of buying legal technology typically involves between two and five individuals based on the survey participants' feedback. In eight percent of departments, just one person is involved, while two to five people is the most common with 58 percent. Twenty-one percent of departments reported that between five and ten people are involved, and only six percent of participants reported that purchasing technology in their organization involves ten or more individuals.

The larger the organization, the more complex processes can be, and the more people are required to provide input when purchasing legal technology. Seven in ten respondents in organizations under $500 million in revenue report that between two to five people are involved in the process, while in larger organizations with a revenue ranging from $500 million to $1 billion the number of people involved increases a bit. Sixty-seven percent report that two to five people are involved in the process of buying new technology, and an additional 19 percent report that five to ten individuals are involved. In large companies with more than $1 billion in revenue, 38 percent indicate that between five and ten people are involved and 36 percent report that two to five people decide on legal technology purchases.

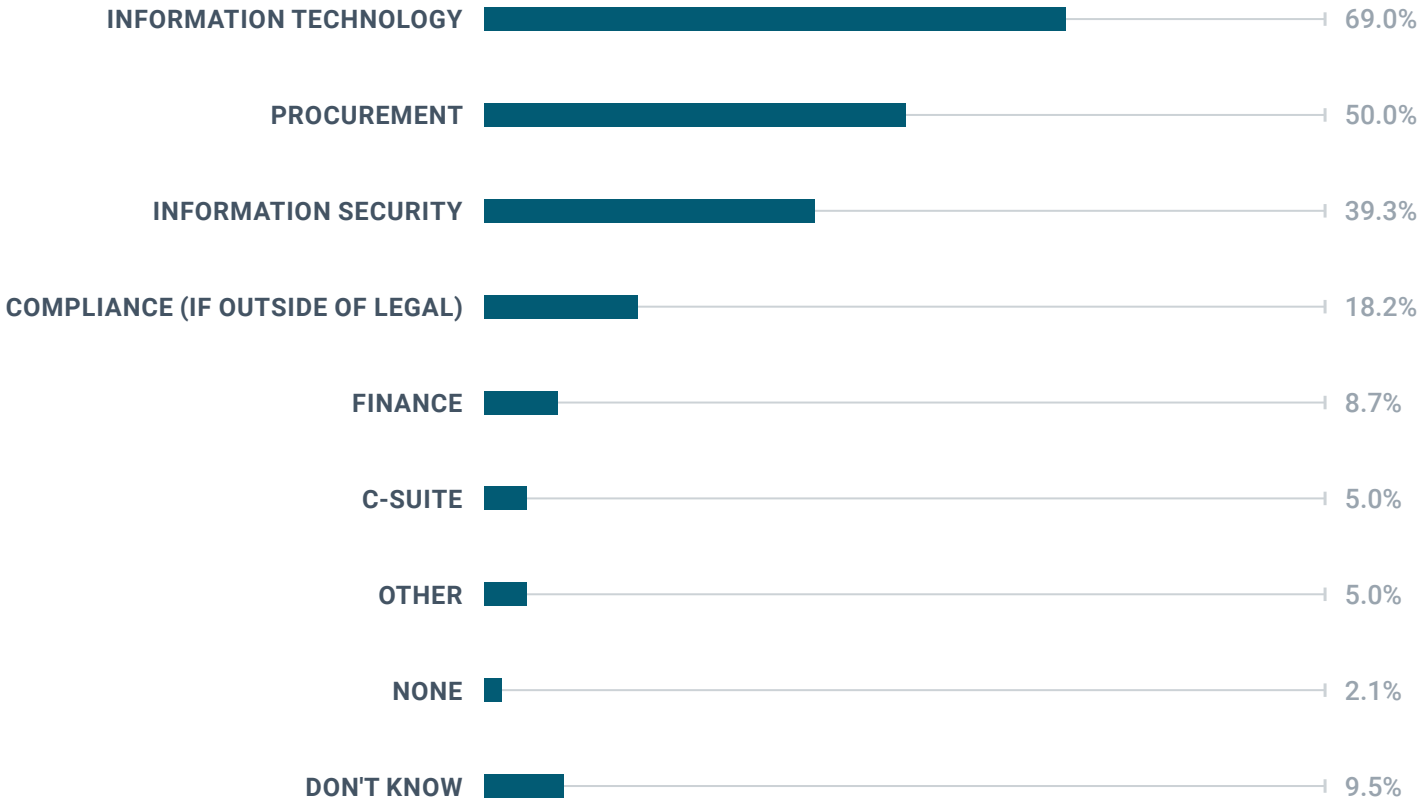# How many people are usually involved in the process of buying legal technology at your organization?

1	7.9%
2 TO 5	58.2%
5 TO 10	20.5%
10 TO 15	3.8%
MORE THAN 15	2.1%
DON'T KNOW	7.5%

NUMBER OF PEOPLE INVOLVED IN BUYING LEGAL TECHNOLOGY BY COMPANY REVENUE

	Less than $100M	$100M – $499M	$500M – $999M	$1B or more
1	14.9%	14.6%	0.0%	2.3%
2 TO 5	73.1%	70.8%	66.7%	36.4%
5 TO 10	6.0%	8.3%	19.4%	38.6%
10 TO 15	1.5%	0.0%	2.8%	8.0%
MORE THAN 15	0.0%	2.1%	0.0%	4.5%
DON'T KNOW	4.5%	4.2%	11.1%	10.2%

■ Less than $100M ■ $100M – $499M ■ $500M – $999M ■ $1B or more

In addition to asking about the number of individuals involved in the purchasing process, we also asked about the involvement of business units outside of legal. Not surprisingly, information technology (IT) is the main partner in most cases (69 percent of departments). Half of participants indicate that procurement is also involved, and 39 percent report the involvement of the compliance function, if separate from legal. Nine percent report that finance is involved, and five percent reported the involvement of some company executives, or other divisions. Interestingly, two percent of respondents indicated that no other business function is involved, other than legal, in determining whether to purchase legal technology.
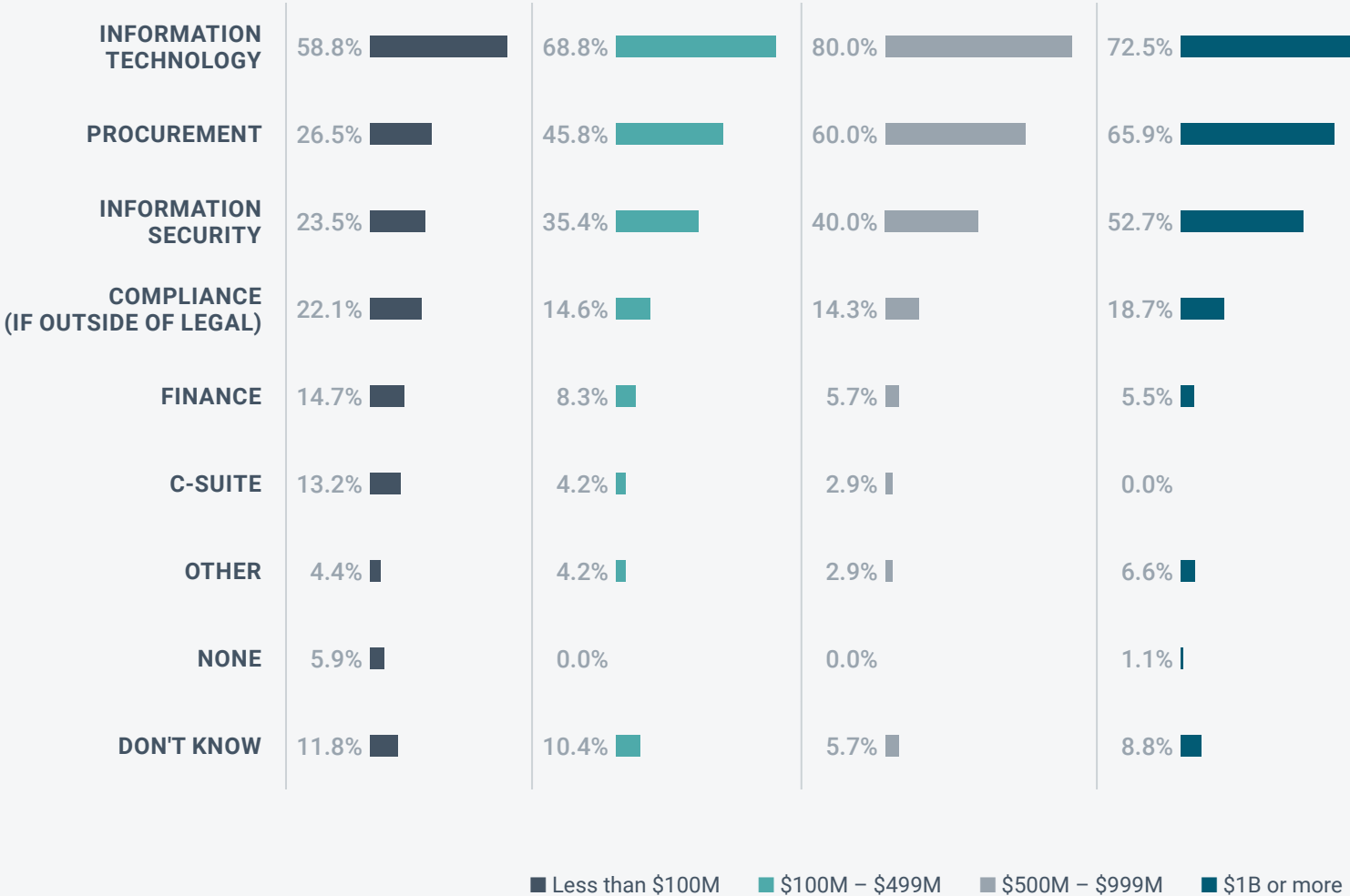
Which business units outside of legal are involved in the purchasing of legal technology at your organization?

(Please select all that apply)

INFORMATION TECHNOLOGY	69.0%
PROCUREMENT	50.0%
INFORMATION SECURITY	39.3%
COMPLIANCE (IF OUTSIDE OF LEGAL)	18.2%
FINANCE	8.7%
C-SUITE	5.0%
OTHER	5.0%
NONE	2.1%
DON'T KNOW	9.5%

The breakdown of the results by company size shows some interesting variations, even though the general pattern remains the same across company revenue ranges. The IT and procurement departments tend to be more involved in the purchasing process in larger organizations than in smaller organizations. The same is true for the information security unit. The direct involvement of C-suite executives and the finance department tends to go the other way and decreases when the size of the company increases.

BUSINESS UNITS INVOLVED IN PURCHASING LEGAL TECHNOLOGY BY COMPANY REVENUE

	Less than $100M	$100M – $499M	$500M – $999M	$1B or more
INFORMATION TECHNOLOGY	58.8%	68.8%	80.0%	72.5%
PROCUREMENT	26.5%	45.8%	60.0%	65.9%
INFORMATION SECURITY	23.5%	35.4%	40.0%	52.7%
COMPLIANCE (IF OUTSIDE OF LEGAL)	22.1%	14.6%	14.3%	18.7%
FINANCE	14.7%	8.3%	5.7%	5.5%
C-SUITE	13.2%	4.2%	2.9%	0.0%
OTHER	4.4%	4.2%	2.9%	6.6%
NONE	5.9%	0.0%	0.0%	1.1%
DON'T KNOW	11.8%	10.4%	5.7%	8.8%

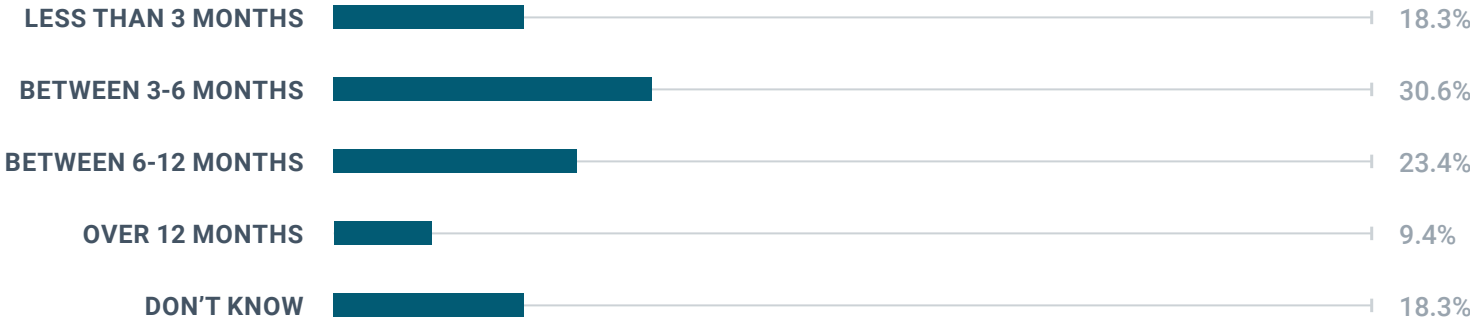■ Less than $100M   ■ $100M – $499M   ■ $500M – $999M   ■ $1B or more

So far, we have shown how many individuals are involved in the process of purchasing legal technology and which business units other than legal provide input i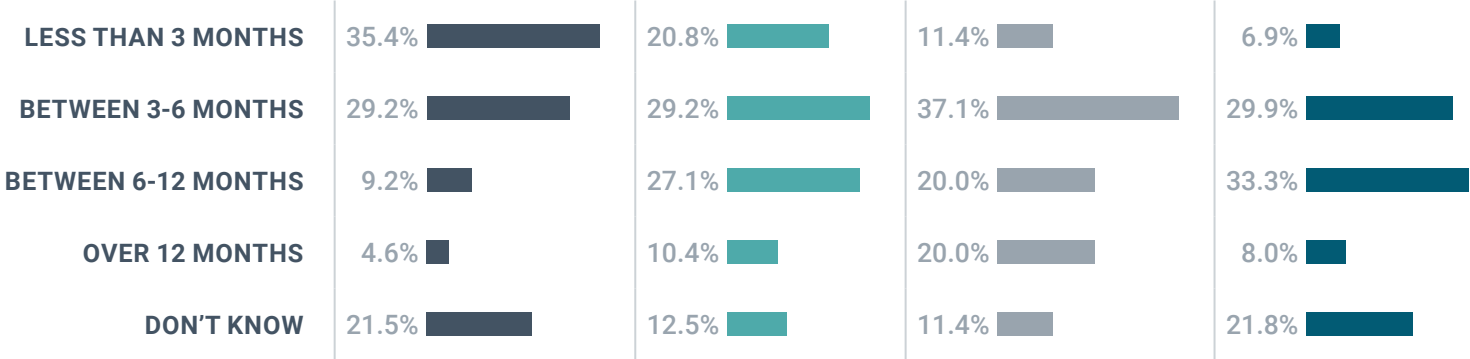n the process, but how long does the process take? On average, our respondents say less than a year, with 18 percent saying that it can be done in less than three months, 31 percent say it takes a little longer, between three and six months, and 23 percent say that it can take between six and 12 months to finalize a technology purchase. Nine percent reported that the process takes longer than one year.

The results broken down by company revenue suggest that the purchasing process takes longer for larger companies. Around half of companies under $1 billion reported the process to last less than six months, whereas this is the case in about 36 percent of companies with $1 billion or more in revenue. One-third of companies in this latter category reported that the process takes between six to 12 months.

On average, how long is the buying process for legal technology at your organization?

LESS THAN 3 MONTHS	18.3%
BETWEEN 3-6 MONTHS	30.6%
BETWEEN 6-12 MONTHS	23.4%
OVER 12 MONTHS	9.4%
DON'T KNOW	18.3%

LENGTH OF LEGAL TECHNOLOGY PURCHASE PROCESS BY COMPANY REVENUE

	Less than $100M	$100M – $499M	$500M – $999M	$1B or more
LESS THAN 3 MONTHS	35.4%	20.8%	11.4%	6.9%
BETWEEN 3-6 MONTHS	29.2%	29.2%	37.1%	29.9%
BETWEEN 6-12 MONTHS	9.2%	27.1%	20.0%	33.3%
OVER 12 MONTHS	4.6%	10.4%	20.0%	8.0%
DON'T KNOW	21.5%	12.5%	11.4%	21.8%

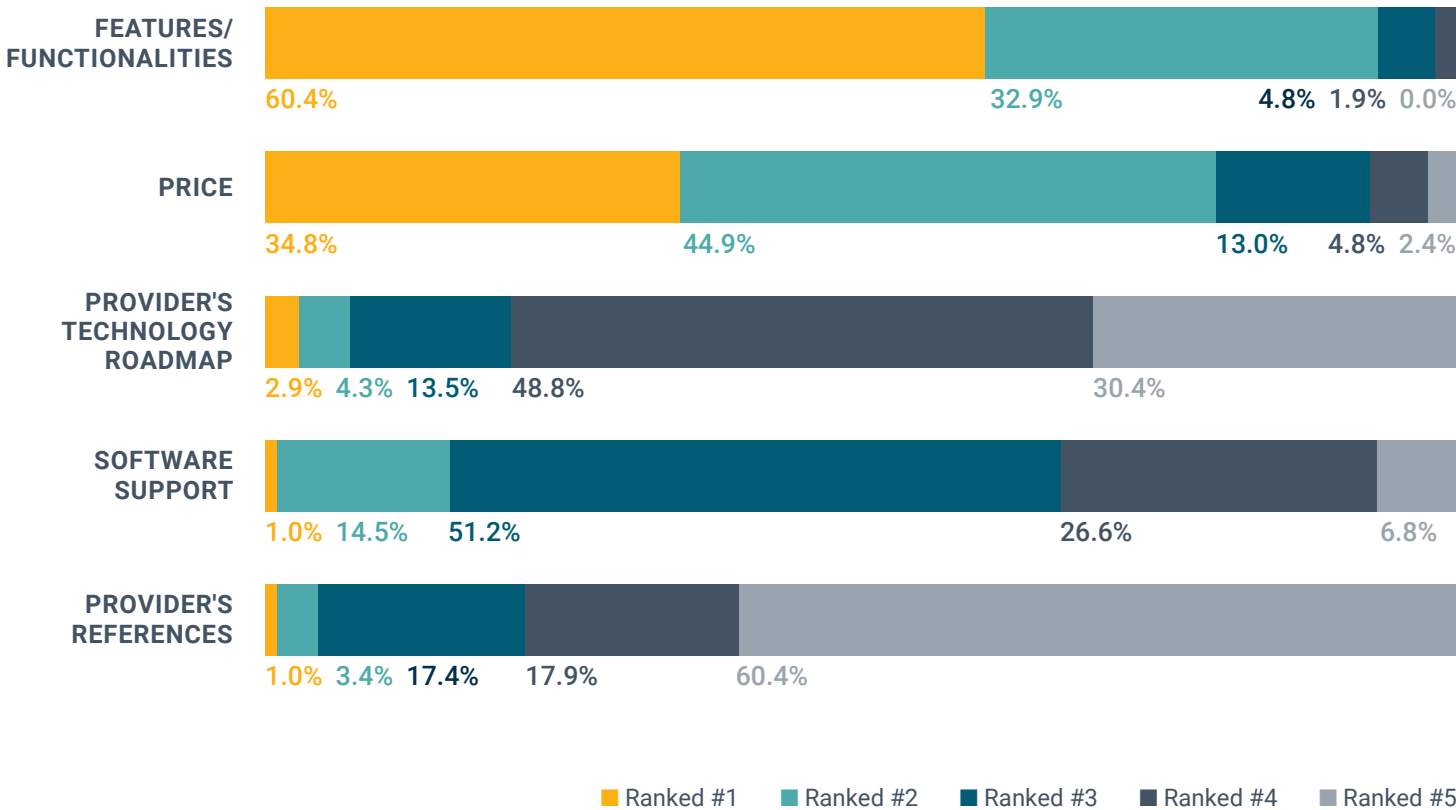■ Less than $100M ■ $100M – $499M ■ $500M – $999M ■ $1B or more

Participants were also asked to rank five factors that may influence their decision to purchase a specific legal technology software, from most important (ranked #1) to least important (ranked #5). Six in ten respondents ranked the software's features and functionalities as the most important factor, while 35 percent said that price was the main factor impacting the decision. Only a minority of respondents indicated that either the provider's technology roadmap, references, or software support were the most important factor.

Features and functionalities, and price were the most common second options as well, thus the former was selected among the top two most important factors by 93 percent of participants, and the latter by 80 percent. Although just one percent selected software support as the main factor, 14.5 percent of participants selected it as the second most important factor, and more than 51 percent ranked it as their third most important element to consider. The provider's technology roadmap was ranked in fourth place by almost half of participants, and sixty percent said a provider's references were the least important factor in deciding whether to purchase a specific technology.

When considering only the items ranked as the most important factor, there are no relevant differences in order when looking at the results by company revenue — features and functionalities comes first across all revenue categories, followed by price. However, there is a wide difference in the percentage of participants that favor features and functionalities over price when comparing small and large companies — 53 percent to 38 percent in small companies with less than $100 million in revenue, and 69 percent to 28 percent in companies with $1 billion or more.

What are the biggest factors that influence your legal technology purchases?

FEATURES/ FUNCTIONALITIES
60.4% 32.9% 4.8% 1.9% 0.0%

PRICE
34.8% 44.9% 13.0% 4.8% 2.4%

PROVIDER'S TECHNOLOGY ROADMAP
2.9% 4.3% 13.5% 48.8% 30.4%

SOFTWARE SUPPORT
1.0% 14.5% 51.2% 26.6% 6.8%

PROVIDER'S REFERENCES
1.0% 3.4% 17.4% 17.9% 60.4%

■ Ranked #1 ■ Ranked #2 ■ Ranked #3 ■ Ranked #4 ■ Ranked #5

03
Challenges to Implementation

After asking participants to assess their existing technology and provide detail about the purchasing behavior of their organization, participants were then asked to identify the challenges in implementing new technology. Respondents were presented with a list of prospective challenges when using legal technology in the legal department. The following chart reports the percentage that each selected as their biggest pains.

The biggest issue reported is that software applications are not connected to one another (59 percent). Forty-five percent of respondents point to the challenges posed by having to learn and use a variety of user interfaces, and 42 percent report manual, ad-hoc processes related to software, and software that is confusing and not intuitive as important caveats of using legal technology for legal work. Thirty-nine percent noted that they have to manage too many different applications and would be happier if there was a comprehensive software platform that streamlined technology use.

Other issues with a slightly lower impact among our participants are the lack of IT support (26 percent) and the challenge of ensuring data security (20 percent), while three percent of participants also indicated that they face other challenges when using legal technology.
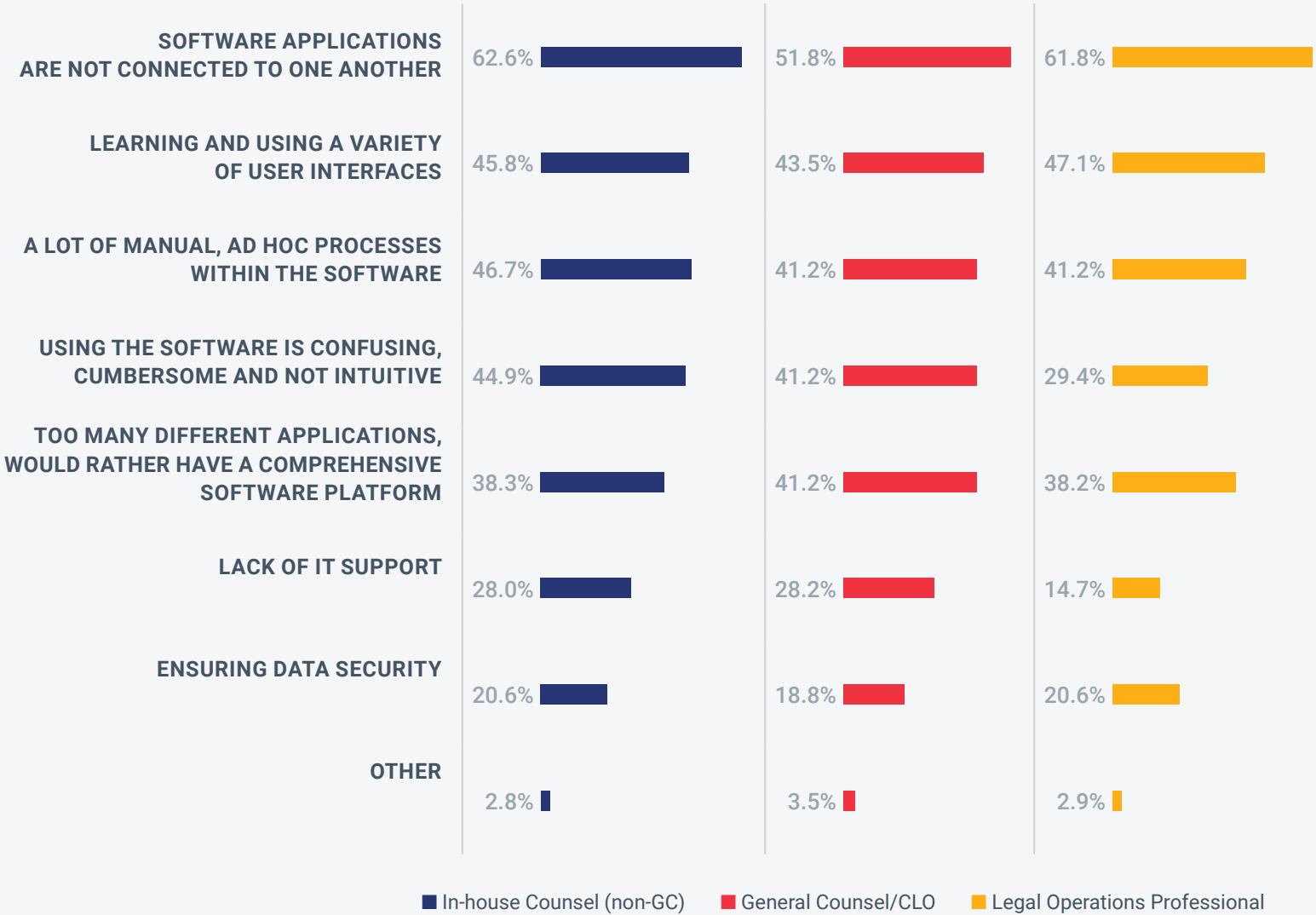
When using legal technology, my biggest pain points are:

SOFTWARE APPLICATIONS ARE NOT CONNECTED TO ONE ANOTHER	58.8%
LEARNING AND USING A VARIETY OF USER INTERFACES	44.6%
A LOT OF MANUAL, AD HOC PROCESSES WITHIN THE SOFTWARE	42.1%
USING THE SOFTWARE IS CONFUSING, CUMBERSOME AND NOT INTUITIVE	42.1%
TOO MANY DIFFERENT APPLICATIONS, WOULD RATHER HAVE A COMPREHENSIVE SOFTWARE PLATFORM	38.8%
LACK OF IT SUPPORT	26.3%
ENSURING DATA SECURITY	20.4%
OTHER	3.3%
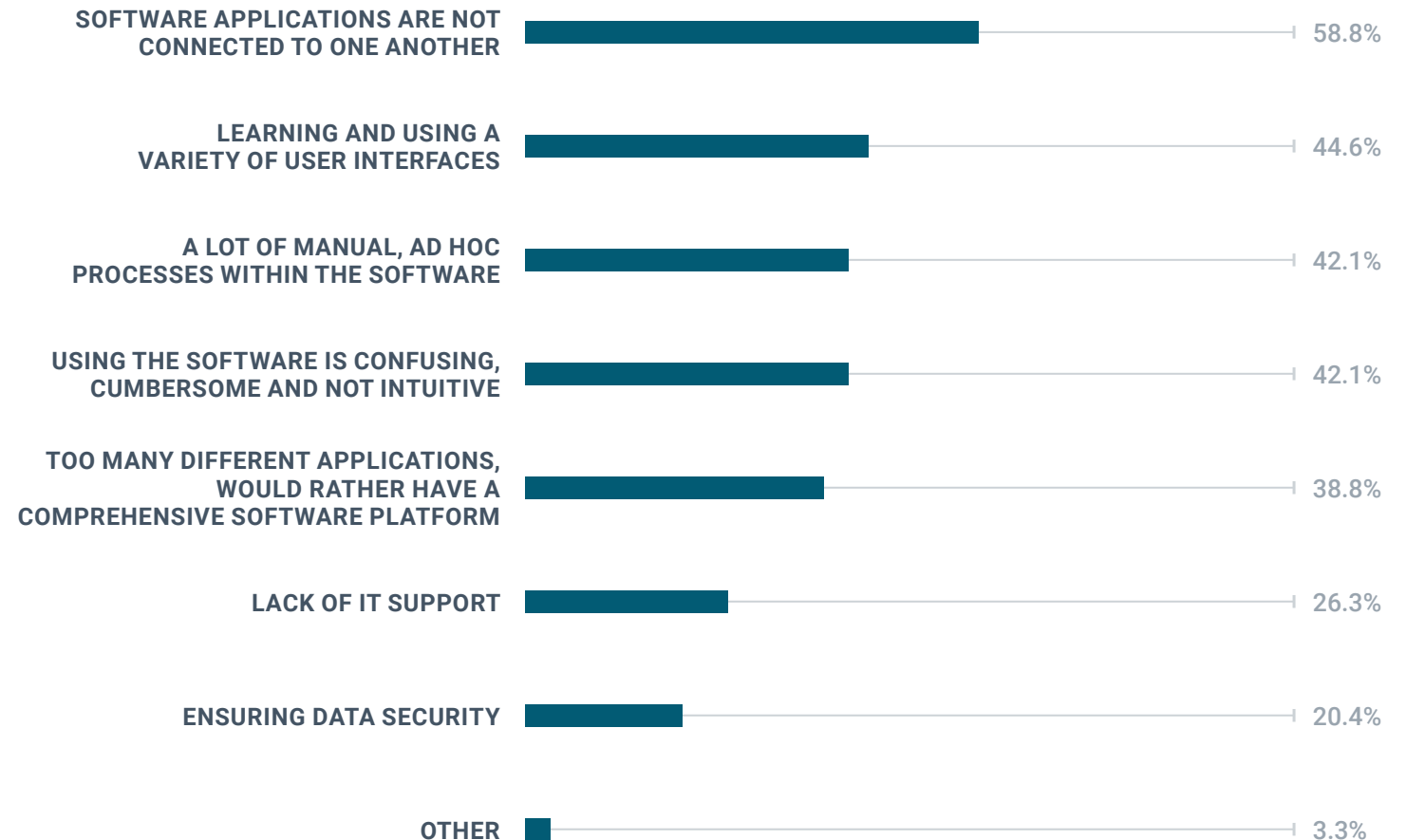
In-house counsel and legal operations professionals report similar pain points, though with minor differences. A larger percentage of lawyers find software confusing, cumbersome, and not intuitive than legal ops professionals — 45 percent of counsel and 41 percent of general counsel, but just 29 percent of legal operations professionals. Similarly, lawyers are twice as likely to select IT support issues than are legal operations professionals — 28 percent to 14 percent. Interestingly, just 52 percent of general counsel reported that one of the main issues is that software applications are not connected to one another, which is 10 points lower than the percentage for both in-house counsel and legal operations professionals.

BIGGEST PAIN POINTS WHEN USING LEGAL TECHNOLOGY BY LEGAL DEPARTMENT ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
SOFTWARE APPLICATIONS ARE NOT CONNECTED TO ONE ANOTHER	62.6%	51.8%	61.8%
LEARNING AND USING A VARIETY OF USER INTERFACES	45.8%	43.5%	47.1%
A LOT OF MANUAL, AD HOC PROCESSES WITHIN THE SOFTWARE	46.7%	41.2%	41.2%
USING THE SOFTWARE IS CONFUSING, CUMBERSOME AND NOT INTUITIVE	44.9%	41.2%	29.4%
TOO MANY DIFFERENT APPLICATIONS, WOULD RATHER HAVE A COMPREHENSIVE SOFTWARE PLATFORM	38.3%	41.2%	38.2%
LACK OF IT SUPPORT	28.0%	28.2%	14.7%
ENSURING DATA SECURITY	20.6%	18.8%	20.6%
OTHER	2.8%	3.5%	2.9%

■ In-house Counsel (non-GC) ■ General Counsel/CLO ■ Legal Operations Professional

Some interesting variations appear when analyzing the participants' biggest pains points by the reported level of legal processes in the department. Although across levels the top concern is that software applications are not connected, only 45 percent of respondents in departments with ad hoc processes (level 1) reported this challenge compared to 79 percent of those in optimized departments (level 5).

Professionals in optimized departments also reported that learning and using several interfaces is a pain in fewer numbers — 32 percent compared to around 45 percent of those in the other level of legal processes categories. Likewise, those in optimized departments that reported the lack of IT support as a challenge represent a smaller percentage than those in other categories.

When presented with a list of technology areas and required to select the one type of software that has helped them the most to reduce legal costs, participants provided a rather diverse picture. Matter management came out on top with 28.5 percent of respondents, followed by e-billing with 26 percent. These two technology areas combined for more than half of respondents indicating that these help them the most in reducing legal costs.

In the third place is e-discovery (16 percent), closely followed by project management tools (14 percent), and at some distance by compliance and privacy software (10 percent) and cybersecurity (six percent).
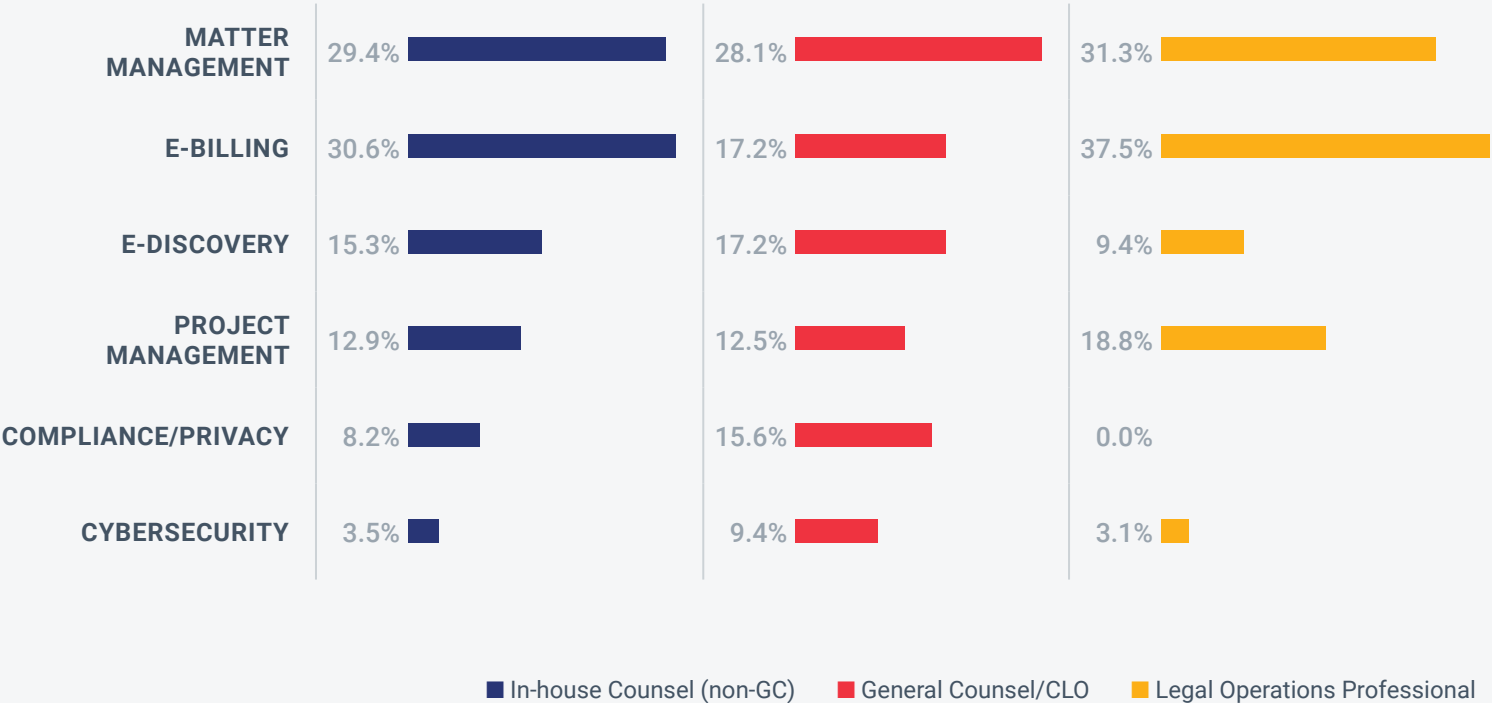
To reduce legal costs, the software that has helped me the most is:

MATTER MANAGEMENT	28.5%
E-BILLING	25.9%
E-DISCOVERY	15.5%
PROJECT MANAGEMENT	14.0%
COMPLIANCE/PRIVACY	9.8%
CYBERSECURITY	6.2%
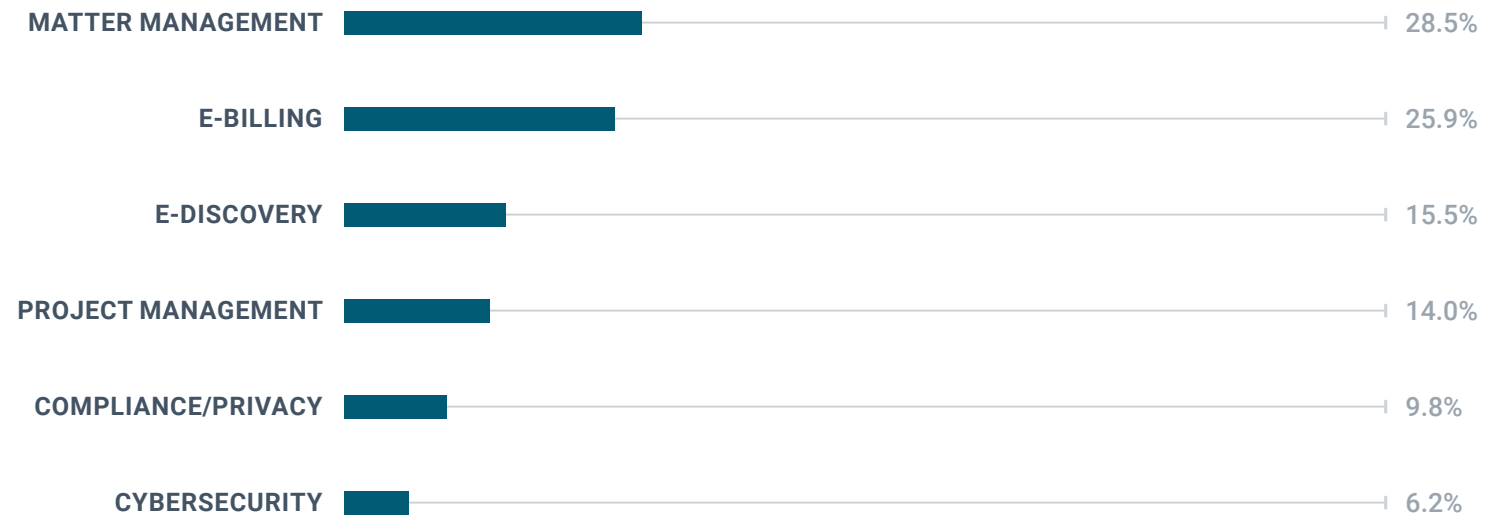
Legal department role once again influences legal technology assessments. For legal operations professionals, e-billing is the first choice of technology for reducing costs (38 percent), and so is for in-house counsel (31 percent), but only 17 percent of general counsel selected it — the latter group places more emphasis on compliance and cybersecurity than both non-GC lawyers and legal operations professionals. Lawyers selected e-discovery more often than legal operations professionals, and the opposite is true for project management tools.

MOST HELPFUL SOFTWARE TO REDUCE LEGAL COSTS BY LEGAL DEPARTMENT ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
MATTER MANAGEMENT	29.4%	28.1%	31.3%
E-BILLING	30.6%	17.2%	37.5%
E-DISCOVERY	15.3%	17.2%	9.4%
PROJECT MANAGEMENT	12.9%	12.5%	18.8%
COMPLIANCE/PRIVACY	8.2%	15.6%	0.0%
CYBERSECURITY	3.5%	9.4%	3.1%

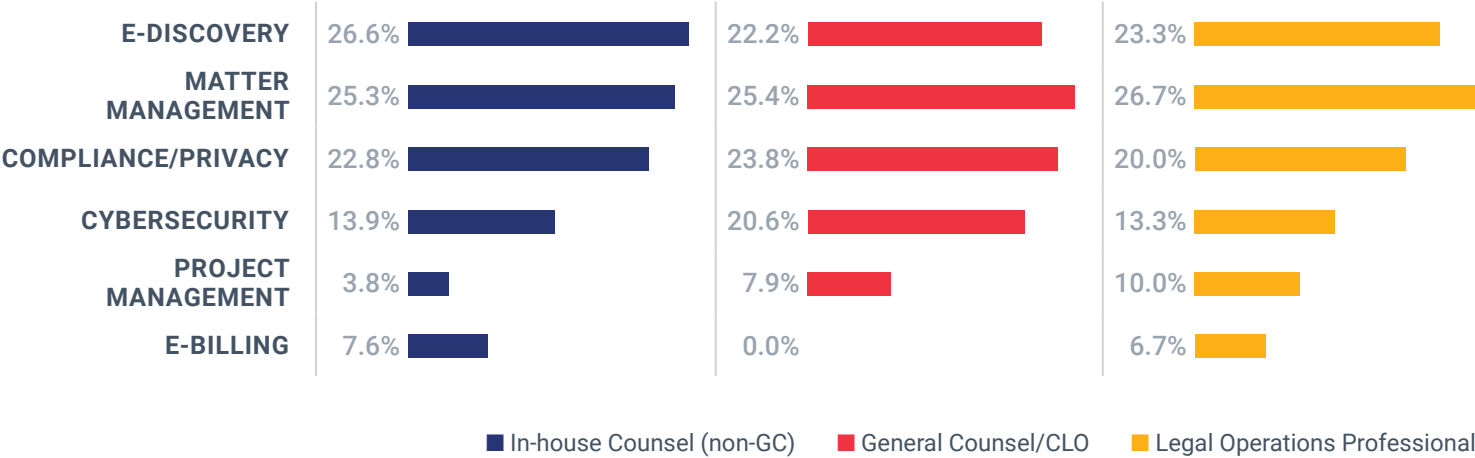■ In-house Counsel (non-GC)   ■ General Counsel/CLO   ■ Legal Operations Professional

Participants are also evenly split in determining which software is the most useful to maintain defensibility. One-quarter selected e-discovery, another matter management, a third compliance and privacy software, and the rest opted for cybersecurity (16 percent), project management (seven percent) and e-billing (five percent).

In this case there are not significant differences when looking at the results broken down by legal department role. The three most selected areas — e-discovery, matter management, and compliance and privacy — are the top three types of software most appropriate to maintain defensibility across all three roles. General counsel selected cybersecurity more often compared to the other two groups.

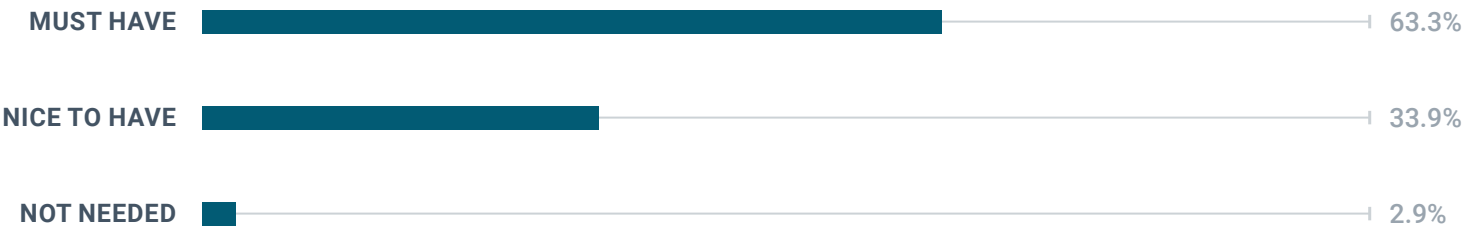## To maintain defensibility, the software that has helped me the most is:

E-DISCOVERY	24.6%
MATTER MANAGEMENT	24.0%
COMPLIANCE/PRIVACY	23.0%
CYBERSECURITY	16.4%
PROJECT MANAGEMENT	7.1%
E-BILLING	4.9%
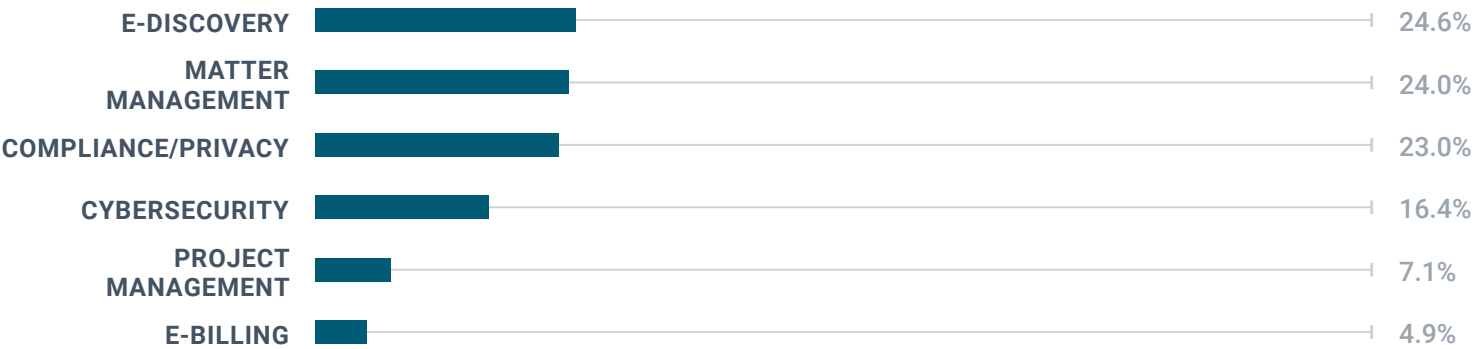
MOST HELPFUL SOFTWARE TO MAINTAIN DEFENSIBILITY BY LEGAL DEPARTMENT ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
E-DISCOVERY	26.6%	22.2%	23.3%
MATTER MANAGEMENT	25.3%	25.4%	26.7%
COMPLIANCE/PRIVACY	22.8%	23.8%	20.0%
CYBERSECURITY	13.9%	20.6%	13.3%
PROJECT MANAGEMENT	3.8%	7.9%	10.0%
E-BILLING	7.6%	0.0%	6.7%

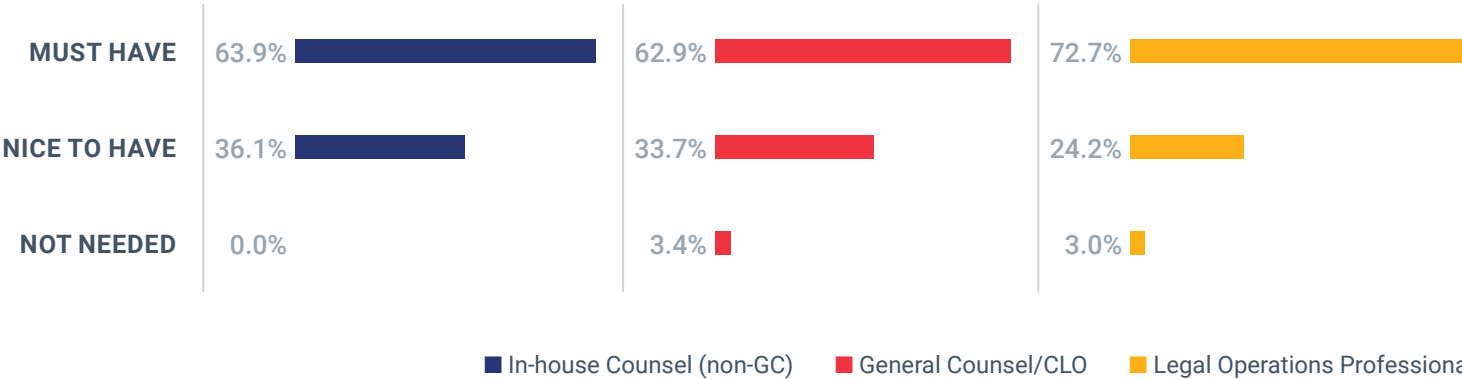■ In-house Counsel (non-GC) ■ General Counsel/CLO ■ Legal Operations Professional

Sixty-three percent of participants believe that legal technology is a must have in the current work and legal environment, while 34 percent said it is nice to have. Only three percent of participants reported that legal technology is not needed.

When looking at the preferences by role, we observe that legal operations professionals are more likely than lawyers to say that technology is a must have in this digital age — 73 percent compared to 63 percent, a ten-point gap.

In today's digital age, how important is it for your legal department to have legal technology in-house compared to 5 years ago?

MUST HAVE	63.3%
NICE TO HAVE	33.9%
NOT NEEDED	2.9%

IMPORTANCE TO HAVE LEGAL TECHNOLOGY BY LEGAL DEPARTMENT ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
MUST HAVE	63.9%	62.9%	72.7%
NICE TO HAVE	36.1%	33.7%	24.2%
NOT NEEDED	0.0%	3.4%	3.0%

■ In-house Counsel (non-GC) ■ General Counsel/CLO ■ Legal Operations Professional

The level of legal processes in the legal department also stresses the differences in perception of the need to use legal technology. Just 42 percent of respondents in departments with ad hoc processes (level 1) say that technology is a must have, but this percentage increases along with the legal processes level: 61 percent for defined (2) and structured (3) departments, 73 percent for managed (4) departments, and 90 percent of those in optimized (5) departments.

IMPORTANCE TO HAVE LEGAL TECHNOLOGY BY LEGAL PROCESSES LEVEL

	Must have	Nice to have	Not needed
LEVEL 1 – AD HOC	42%	51%	7%
LEVEL 2 – DEFINED	61%	37%	2%
LEVEL 3 – STRUCTURED	61%	36%	3%
LEVEL 4 – MANAGED	73%	25%	2%
LEVEL 5 – OPTIMIZED	90%	11%	0%

■ Must have   ■ Nice to have   ■ Not needed
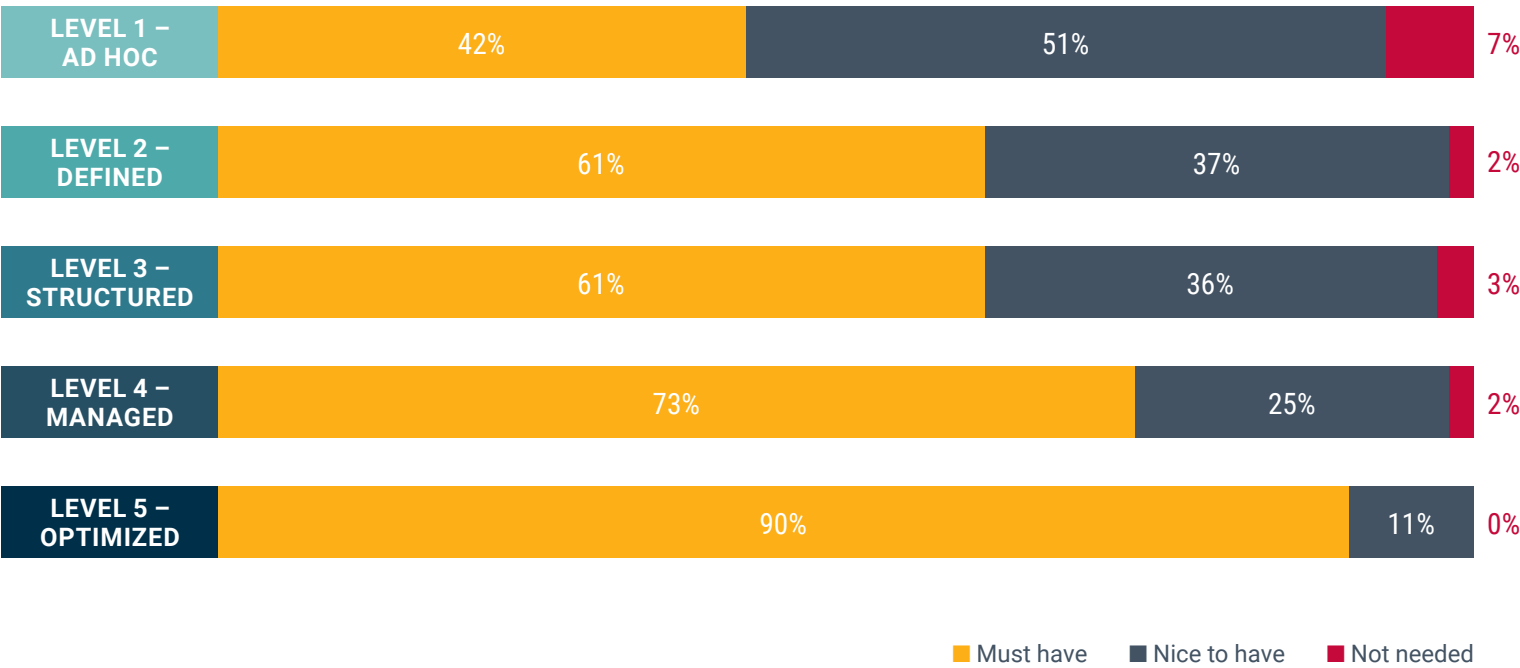
Survey Details

Demographics

—

COMPANY REVENUE

LESS THAN $100M	28.4%
$100M – $499M	19.6%
$500M – $999M	14.4%
$1B OR MORE	37.6%
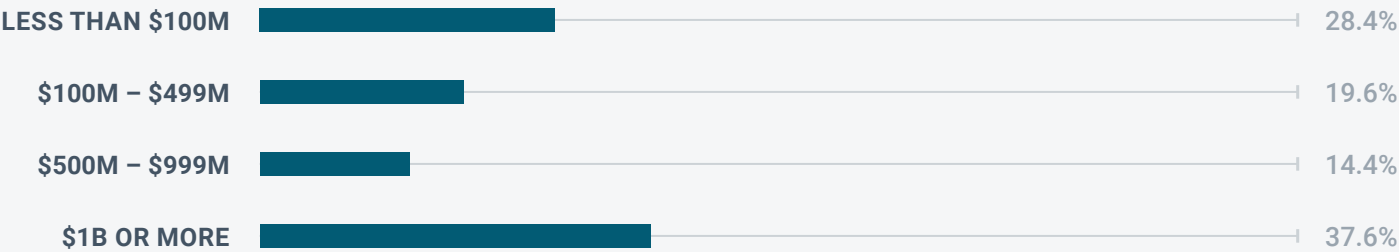
PARTICIPANT PRIMARY LEGAL DEPARTMENT ROLE

IN-HOUSE COUNSEL (NON-GC)	44.4%
GENERAL COUNSEL/CLO	36.0%
LEGAL OPERATIONS PROFESSIONAL	13.6%
OTHER	6.4%
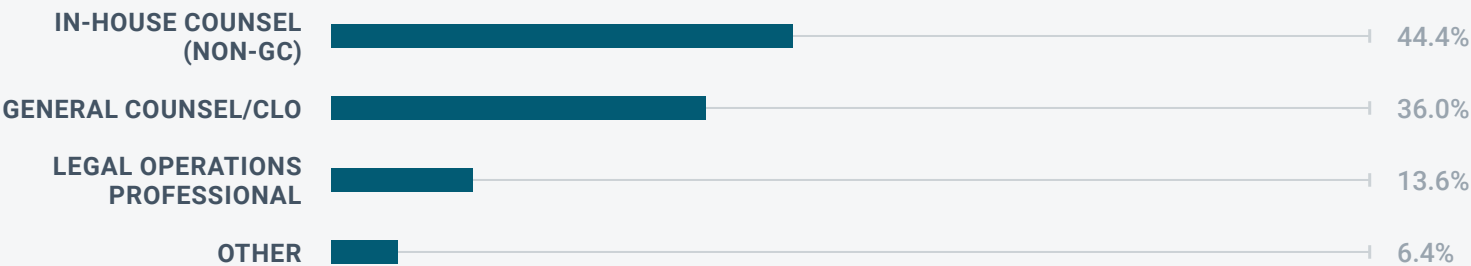
Methodology

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 June 30, 2021, and closed on July 30, 2021. Reminder emails were sent weekly.

PARTICIPATION

A total of 250 in-house counsel, legal operations professionals, and other legal department staff participated. Apart from targeted email messages, opportunities to participate were also sent through various 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.

ABOUT ACC

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.

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ABOUT EXTERRO

Exterro was founded with the simple vision that applying the concepts of process optimization and data science to how companies manage digital information and respond to litigation would drive more successful outcomes at a lower cost. We remain committed to this vision today. We deliver a fully integrated Legal GRC platform that enables our clients to address their privacy, regulatory, compliance, digital forensics, and litigation risks more effectively and at lower costs. We provide software solutions that help some of the world's largest organizations, law enforcement and government agencies work smarter, more efficiently, and support the Rule of Law.

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