

KEY FINDINGS



861 PARTICIPANTS



20 INDUSTRIES



38 COUNTRIES



1 THE CLO CONTINUES TO PLAY A VITAL ROLE IN THE BUSINESS

The CLO plays a critical role in the company's leadership. Eighty percent of CLOs report directly to the CEO. Furthermore, a solid majority of participants always attend board meetings, meet with other business leaders to discuss operational issues, and are consulted by other executives on key business decisions.



2 INCREASING RESPONSIBILITY IS BEING PLACED ON CLOs

On top of managing the legal department and providing legal advice, CLOs oversee other critical business functions: 80 percent oversee compliance, practically half oversee ethics and privacy, and four in ten handle business risk. Out of 21 different business functions, more CLOs have direct oversight over 18 of these functions than they had in 2020.



3 INVESTMENT IN LEGAL OPERATIONS IS ACCELERATING

Six in ten legal departments have at least one dedicated legal operations professional, three times higher than in 2015, and this is the case in more than half of participating departments since 2020. In addition, 70 percent of CLOs listed legal operations as the area of focus for their department's top strategic initiative.



4 CLOs EXPECT TO HIRE MORE STAFF THIS YEAR

Forty-five percent of participants anticipate hiring lawyers and 29 percent expect to hire more paralegals, a 13-point and nine-point increase from 2021, respectively. Increasing headcount is one of the key actions taken by CLOs to improve internal client satisfaction with the department's delivery of legal services, aimed at shortening delivery times and providing more coverage.



5 CYBERSECURITY, COMPLIANCE, AND DATA PRIVACY REMAIN THE MOST CRITICAL AREAS FOR THE BUSINESS

Cybersecurity, regulation and compliance, and data privacy remain the top three issues that CLOs rank as most important for the overall business, with averages of around eight points on a one-to-ten importance scale. All three areas scored slightly higher than last year, aligning with CLOs' expectations that industry regulations and data privacy will likely pose the biggest legal challenges to the business.



6 HIGHER REGULATORY ENFORCEMENT WILL LIKELY LEAD TO GREATER WORKLOAD IN 2022

Sixty percent of participants expect an increase in the volume of privacy regulatory enforcement in 2022. Two-thirds of participants expect that the regulatory environment will require organizations to improve its compliance efforts, and most CLOs anticipate compliance-related expenses to increase this year. Four in ten also expect to send more work to law firms.



7 M&A POSES TOP UPCOMING LEGAL RESOURCE CHALLENGE

Significant corporate transactions (M&A, spin-offs, etc.) will be the area that requires the most additional departmental resources in 2022, according to 25 percent of CLOs. This is followed by compliance with 16 percent and data privacy with 13 percent. In addition, 39 percent of CLOs say that M&A issues are likely to cause the biggest legal challenges for their organizations.



8 ESG ISSUES CONTINUE TO GAIN RELEVANCE AND IMPACT BUSINESS STRATEGY

Four in ten CLOs indicate that ESG issues are forcing companies to improve their compliance efforts to adapt to new environmental regulations and satisfy the growing number of investors and customers that are emphasizing ESG and CSR. One in six respondents in public organizations reported having received pressure from investors regarding ESG matters.



9 CONTRACT MANAGEMENT IS TOP TECH AREA IN WHICH CLOs PLAN TO INVEST

Among CLOs who plan on adopting new technology solutions, 70 percent are looking into improving their contract management software, around one-third intend to invest in document management and workflow tools, and one-quarter want to acquire new technologies in collaboration management, matter management, data privacy, analytics, and eSignature.



10 CLOs SEE DELIVERING VALUE TO CUSTOMERS AS THE TOP PRIORITY, BUT INVESTING IN EMPLOYEES GROWS IN IMPORTANCE

Half of participating CLOs rank delivering value to customers as their organization's top priority in the next five years. Maximizing profits is the main goal according to 26 percent of CLOs, down from 35 percent in 2020. Conversely, investing in employees has grown by nine points, with 19 percent indicating that this is what their organization will primarily focus on in the next five years, compared to just 10 percent in 2020.

QUESTIONS? CONTACT: research@acc.com

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