2023 LEGAL TECHNOLOGY REPORT

for In-house Legal Professionals

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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 2023 Legal Technology Report for In-house Legal Professionals. In today's in-house legal department, technology is no longer just a nice-to-have. With growing amounts of data to review, and an evolving set of e-discovery, compliance, incident response, information governance, and data privacy requirements, legal staff must leverage technology to adequately protect and serve their organization.

With survey responses from 252 in-house counsel and legal operations professionals across 22 countries, this report presents the types of legal technology organizations are using and their perceived effectiveness, purchasing behavior, and top technology challenges. The results reveal that legal processes are slowly becoming more sophisticated within legal departments, and more are using a greater number of software tools, with a particular increase in contract management technology over the past two years. However, departments are also experiencing a greater number of pain points as more technology becomes implemented. Respondents continue to point toward a desire for software interoperability as many software applications that are purchased have little or no interconnectivity. Yet, there is also a clear understanding and appreciation for the benefits that legal technology can bring and is considered a "must-have" for legal departments by 78 percent of respondents.

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

ACC RESEARCH

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EXTERRO

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KEY FINDINGS

KEY FINDINGS

1

Legal technology is now a must-have

Seventy-eight percent of respondents now say that legal technology is a "must-have" for in-house legal departments. Compared with two years ago, this is an increase of 15 percent. One hundred percent of legal departments who said their processes were optimized thought legal technology is a must-have. Based on that, to achieve an optimized state, technology cannot be overlooked.

2

More companies are showing greater structure and sophistication in their legal processes

Legal processes can range from unsophisticated and ad hoc with no management or budget (level one) to highly sophisticated and optimized with significant budget, resources, and buy-in (level five). Compared to 2021, more companies are now at a level three or four, having more structured and well-defined legal processes with dedicated support, budget, and sponsorship. Fewer companies reported having legal processes at a level one or two.

3

Contract management is the most used legal technology and is considered most effective

Sixty-five percent of companies surveyed are now using contract management technology, up 14 percentage points from 2021, and it is now the most used technology, ahead of legal research tools. Overall, contract management technology is seen as the most effective, but there are differences across job roles. For example, legal operations professionals believe that e-billing and matter management technology are both more effective than contract management.

4

Legal departments looking to broaden technology use cases

The biggest increases in use of legal technology have occurred in contract management (up 15 percent), legal hold (13 percent), matter management (nine percent) and data collection and processing (eight percent). Nevertheless, legal departments are still looking to leverage software more effectively in areas like contracts, privacy/compliance, litigation, and cybersecurity/data breach response.

5

Top challenge: software interoperability

Legal teams face numerous pain points when using legal technology such as having to learn a variety of user interfaces, lack of intuitive design, having manual processes within the software, and experiencing a lack of IT support. However, the top pain point identified by 62 percent of respondents is the lack of interconnectivity across their various software applications. Forty-three percent of respondents thought a comprehensive technology platform could help reduce the challenge of using multiple, disparate technology solutions.

6

Highly optimized departments are more likely to purchase additional technology

Thirty-eight percent of all respondents said their organization will purchase or upgrade legal software over the next year. Contract management, matter management, and document repository software are the top three technology categories that organizations are currently assessing for purchase. Sixty-four percent of highly optimized departments plan to purchase additional software, whereas only 23 percent of departments with ad hoc processes plan to make a technology purchase.

TECHNOLOGY USE AND EFFECTIVENESS

This section presents the results of how participants define legal processes at their organization, the technology tools that they use, and which of those they find most effective to assist in their day-to-day work.

Survey participants were asked to categorize legal processes at their organization on a five-point scale ranging from ad hoc (level 1) to optimized (level 5) processes. The table below provides definitions for each of the five levels in this progressive scale that assesses how structured and sophisticated legal processes are in participating legal departments.

The distribution of responses has varied slightly compared to the 2021 results. Fewer respondents indicated that legal processes are in the two lowest categories, ad hoc (1) and defined (2), with a combined 28 percent compared to 39 percent in 2021. A plurality indicated that legal processes are structured (3), the middle point on the scale, with 38 percent – a nine-point increase since 2021. Finally, about one-third of respondents categorized legal processes in the upper two levels, managed (4) and optimized (5), a practically identical result to the one observed in 2021.

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

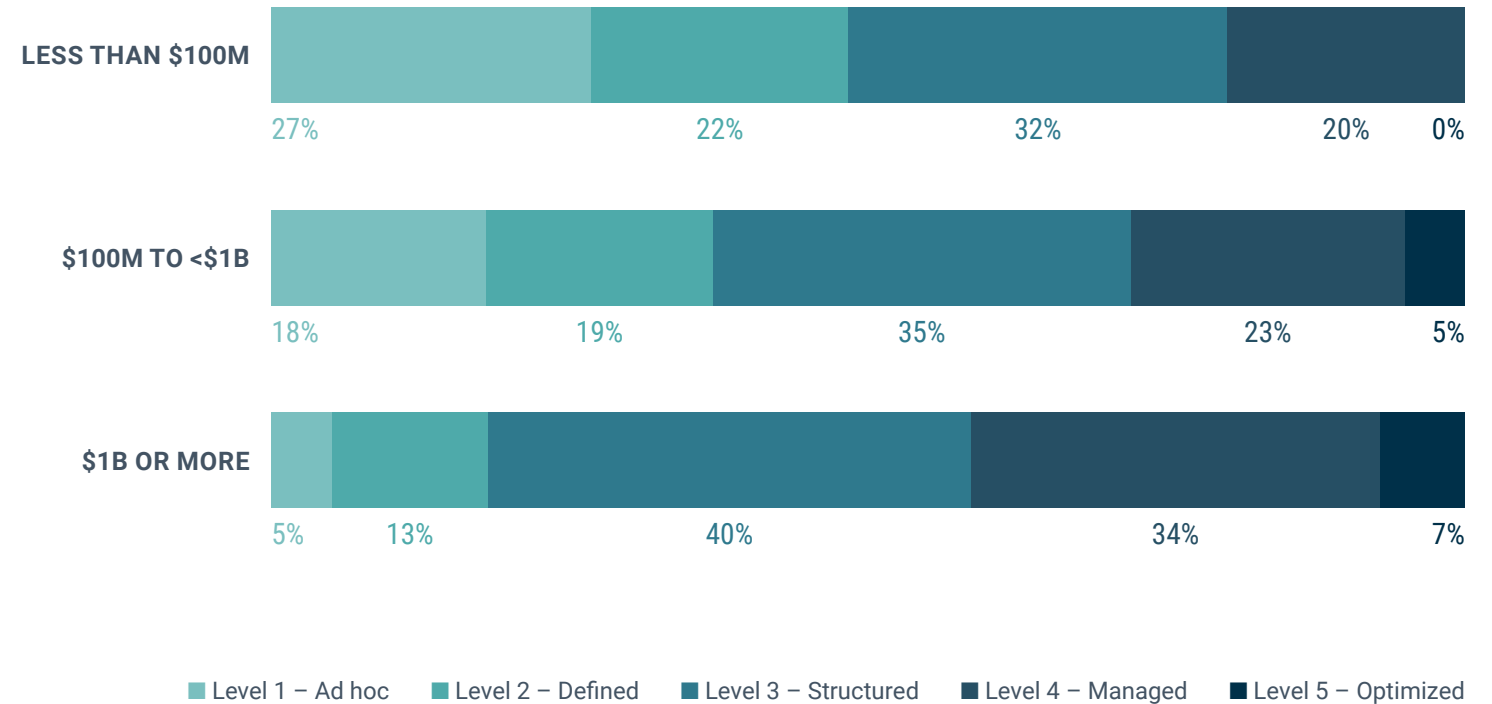|					
2021	16%	23%	27%	26%	8%
2023	12%	16%	38%	29%	6%
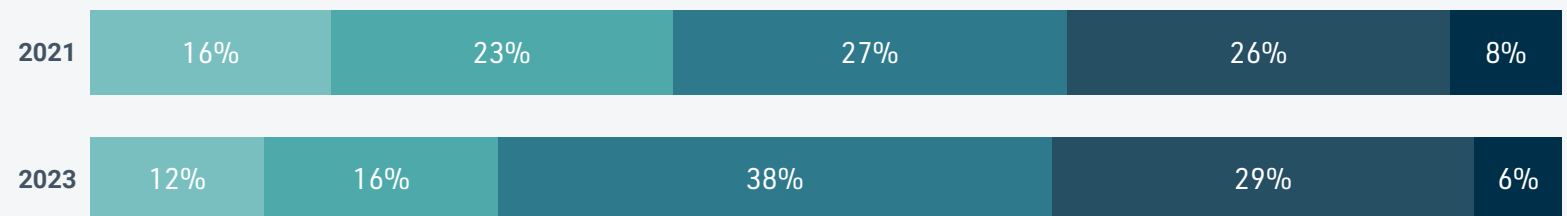
The results show a clear relationship between the legal processes level and company size: a greater number of large companies tend to have managed and optimized legal processes compared to smaller organizations.

As company size increases, those reporting having either ad hoc or defined process, the two lowest points on the measurement scale, continues to diminish: with 49 percent of participants in companies with under US$100 million in revenue, compared to 37 percent in mid-sized companies ranging from US$100 million to US$1 billion, and just 18 percent of those in large companies with US$1 billion or more.

However, only seven percent of respondents in large companies reported having optimized legal processes, five percent in mid-size organizations, and none in the smallest participating organizations. Despite the progress and increasing focus, the small number of organizations achieving a Level 5 may indicate the amount of time and budget that is required.

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	27%	22%	32%	20%	0%
$100M TO <$1B	18%	19%	35%	23%	5%
$1B OR MORE	5%	13%	40%	34%	7%

What legal technology does your organization use?

Contract management is the most used legal technology software among departments with 65 percent, a 14-point increase compared to 2021, having replaced legal research technology (61 percent) from the top of the list. E-billing (55 percent, with an eight-point increase) and document repository technology (54 percent, no change) are used by more than half of participants, while legal hold and matter management fall just short of the halfway mark but are more widely used than in 2021.

Data collection and processing technology is also more used than in 2021, showing an eight-point increase, while the remaining technologies listed are used by under one-third of participants with no relevant changes compared to the 2021 results.

Technology	2021	2023
CONTRACT MANAGEMENT	51%	65%
LEGAL RESEARCH	65%	61%
E-BILLING	47%	55%
DOCUMENT REPOSITORY	54%	54%
LEGAL HOLD	35%	48%
MATTER MANAGEMENT	37%	46%
DATA COLLECTION/PROCESSING	29%	37%
DATA RETENTION AND DELETION	33%	32%
DOCUMENT REVIEW	34%	31%
INCIDENT AND BREACH MANAGEMENT	24%	23%
DATA INVENTORY/DATA MAPPING	19%	18%
DATA SUBJECT ACCESS REQUEST	13%	14%
CONSENT AND PREFERENCE MANAGEMENT		12%
FORENSIC IMAGING AND COLLECTION	12%	10%
ECA	4%	3%
OTHER		7%

■ 2021   ■ 2023

What legal technology do you find most effective?
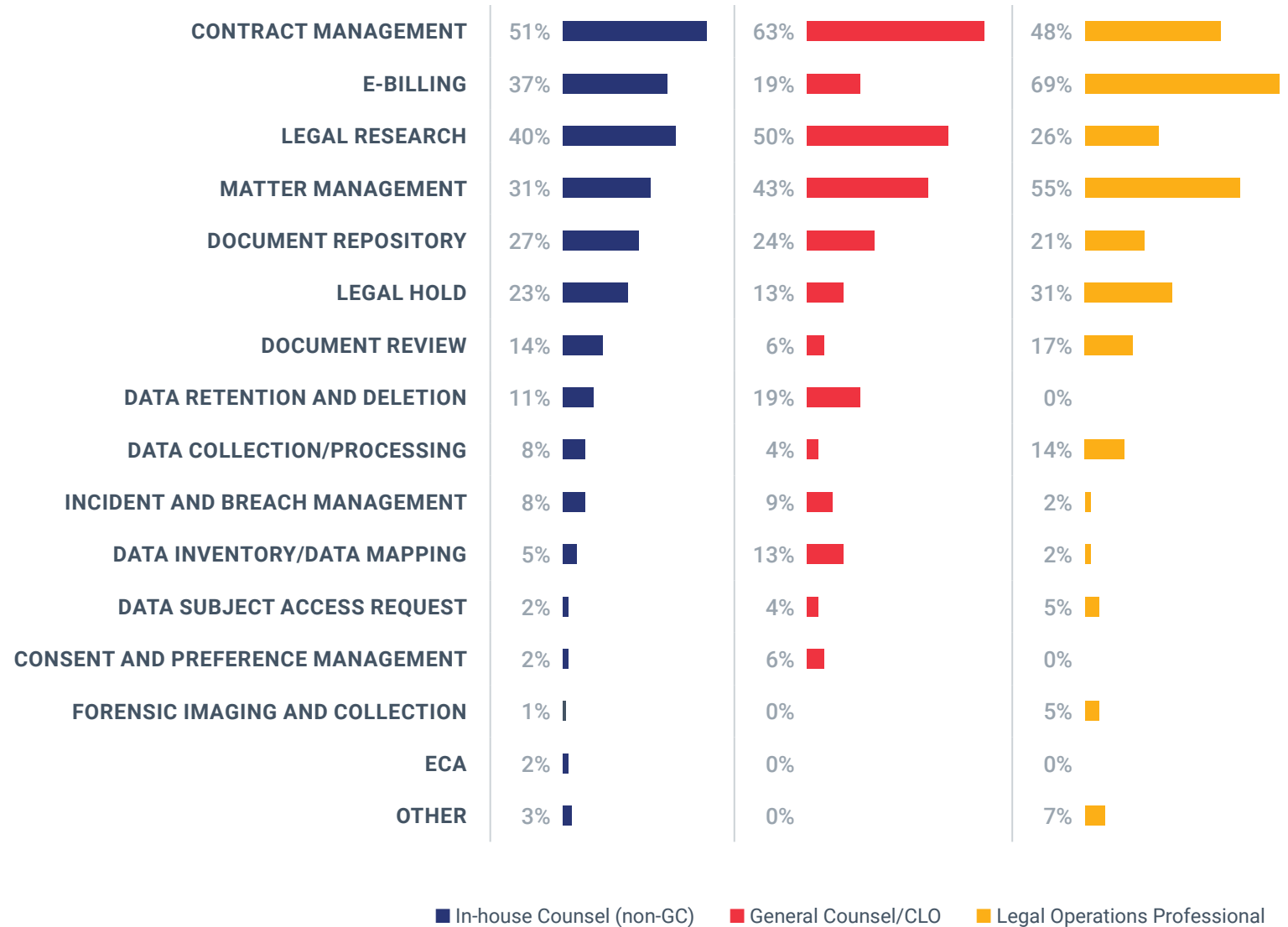
Contract management remains the legal technology that most participants find most effective, with 52 percent, while none of the other tools earned more than 50 percent – respondents were allowed to select up to four options. E-billing (39 percent), legal research (also 39 percent), and matter management (38 percent) follow suit, with legal research technology showing a five-point decrease and the other two showing a minor increase. One-quarter of participants listed document repository tools as one of four most effective technologies that they use (with a seven-point increase compared to 2021) and 23 percent said that legal hold technology is among the most effective.

Technology	2021	2023
CONTRACT MANAGEMENT	47%	52%
E-BILLING	35%	39%
LEGAL RESEARCH	44%	39%
MATTER MANAGEMENT	36%	38%
DOCUMENT REPOSITORY	32%	25%
LEGAL HOLD	24%	23%
DOCUMENT REVIEW	15%	13%
DATA RETENTION AND DELETION	13%	11%
DATA COLLECTION/PROCESSING	12%	8%
INCIDENT AND BREACH MANAGEMENT	9%	8%
DATA INVENTORY/DATA MAPPING	8%	6%
DATA SUBJECT ACCESS REQUEST	5%	3%
CONSENT AND PREFERENCE MANAGEMENT		2%
FORENSIC IMAGING AND COLLECTION	4%	2%
ECA	1%	1%
OTHER		3%

■ 2021 ■ 2023

The perceptions of which legal technologies are most effective vary significantly depending on the job roles of participants. Among the most effective technologies overall, CLOs and other in-house counsel tend to find contract management and legal research technologies more effective than legal operations professionals. Conversely, the latter strongly rely upon e-billing and matter management technologies.

MOST EFFECTIVE LEGAL TECHNOLOGY BY ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
CONTRACT MANAGEMENT	51%	63%	48%
E-BILLING	37%	19%	69%
LEGAL RESEARCH	40%	50%	26%
MATTER MANAGEMENT	31%	43%	55%
DOCUMENT REPOSITORY	27%	24%	21%
LEGAL HOLD	23%	13%	31%
DOCUMENT REVIEW	14%	6%	17%
DATA RETENTION AND DELETION	11%	19%	0%
DATA COLLECTION/PROCESSING	8%	4%	14%
INCIDENT AND BREACH MANAGEMENT	8%	9%	2%
DATA INVENTORY/DATA MAPPING	5%	13%	2%
DATA SUBJECT ACCESS REQUEST	2%	4%	5%
CONSENT AND PREFERENCE MANAGEMENT	2%	6%	0%
FORENSIC IMAGING AND COLLECTION	1%	0%	5%
ECA	2%	0%	0%
OTHER	3%	0%	7%

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

1ST

2ND

Why do you find these legal technologies the most effective?
[OPEN-ENDED]

Respondents provided open-ended comments on the reasons why they found particular technologies the most effective in assisting with everyday tasks. This figure provides examples of how participants leverage the top five most effective technologies on aggregate: contract management, e-billing, legal research, matter management, and document repository.

CONTRACT MANAGEMENT

"Contract management system **helps automate contract requests**, creates audit trail, allows multiple colleagues to collaborate on the same document, and houses all the executed agreements.

"It allows for superior efficiency and confidence of the legal department's **'one version of truth'** when it comes to contracts utilized across the organization."

"We us a contract automation tool to streamline the contract review process. It creates **consistency and efficiency** in contract building and review, approval, and execution process."

E-BILLING

"Effective management of external legal spend through E-Billing technology **frees up time for other value-added work**."

"E-billing helps us track spend and **achieve better alternative arrangements**, streamline data captured, and reduce the risk of lost documents/contracts."

"E-billing solutions help us track our spend and pay our partners on time. Budget planning and tracking is **so much easier** with this type of technology."

3RD

LEGAL RESEARCH

"Legal research is a mature technology that is **easy to use**."

"We use electronic research services with the **available categorization and folders** for recurring issues."

"The ability to **research laws and regulations** is crucial in a legal role."

4TH

MATTER MANAGEMENT

"Matter management is essential for organizing and regularly reviewing matters. This technology **saves time and keeps matters organized**."

"It is often **difficult to track requests** sent to the Legal team from the various company departments. Tracking various approvals, reviews, intra-department review requests, and replies from the various interested parties is difficult to do without a central matter management system."

"Matter management technology forces you (in a good way) to **stay up to date on your matters** with the ability to communicate the most recent updates to the business in an efficient and digestible way."

5TH

DOCUMENT REPOSITORY

"A structured document repository is the basis for **effective collaboration**, knowledge, and precedents management."

"It allows us to **remain organized**, pull up prior work, transition projects between counsel and business partners, and it allows business partners to have access to contracts and other documents pertinent to their areas of responsibility."

"Document management assists with version control especially when **working heavily with departments outside of Legal**."
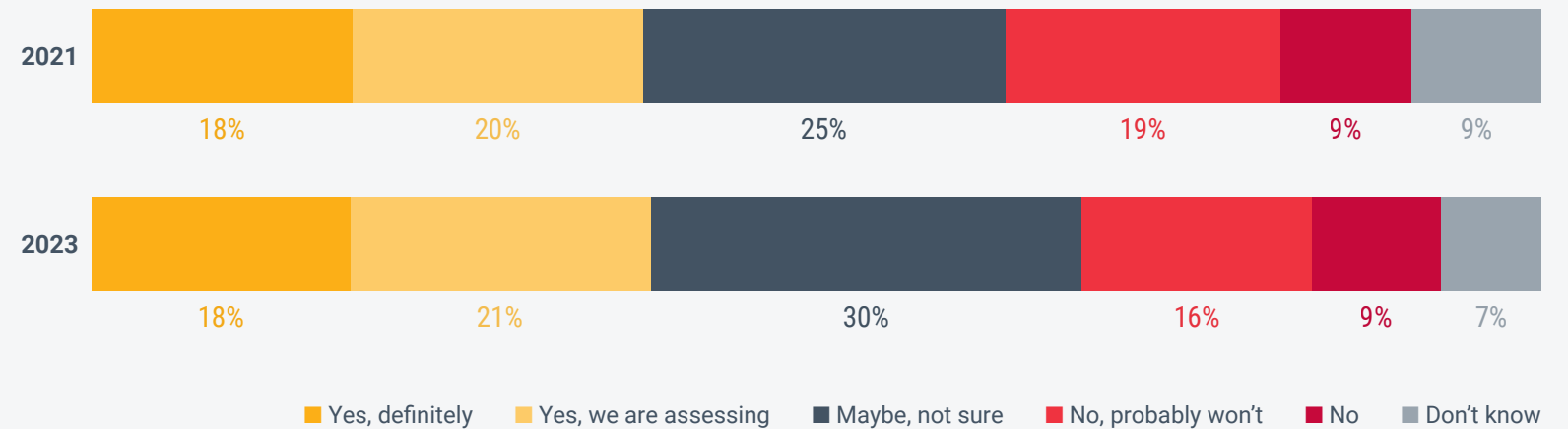
section 2

TECHNOLOGY ASSESSMENT AND PURCHASING BEHAVIOR

We now turn our focus to the process of purchasing legal technology by presenting data on whether departments are looking to purchase new technology in the coming year and which areas and types of software participants are most interested in upgrading. We also look into which business units are involved in the decision of purchasing new legal software, how long the process lasts, and the main factors impacting the decision to invest in new technology solutions.

About four in ten participants responded that their legal department is considering buying additional legal software or upgrading existing software in the next year. Eighteen percent indicated that their organization will definitely buy new technology and 21 percent said that purchasing new technology is being assessed. The results are practically identical to the 2021 survey, which show only limited variations across the other categories in this question.

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

OVERALL RESULTS

	Yes, definitely	Yes, we are assessing	Maybe, not sure	No, probably won't	No	Don't know
2021	18%	20%	25%	19%	9%	9%
2023	18%	21%	30%	16%	9%	7%

■ Yes, definitely　■ Yes, we are assessing　■ Maybe, not sure　■ No, probably won't　■ No　■ Don't know
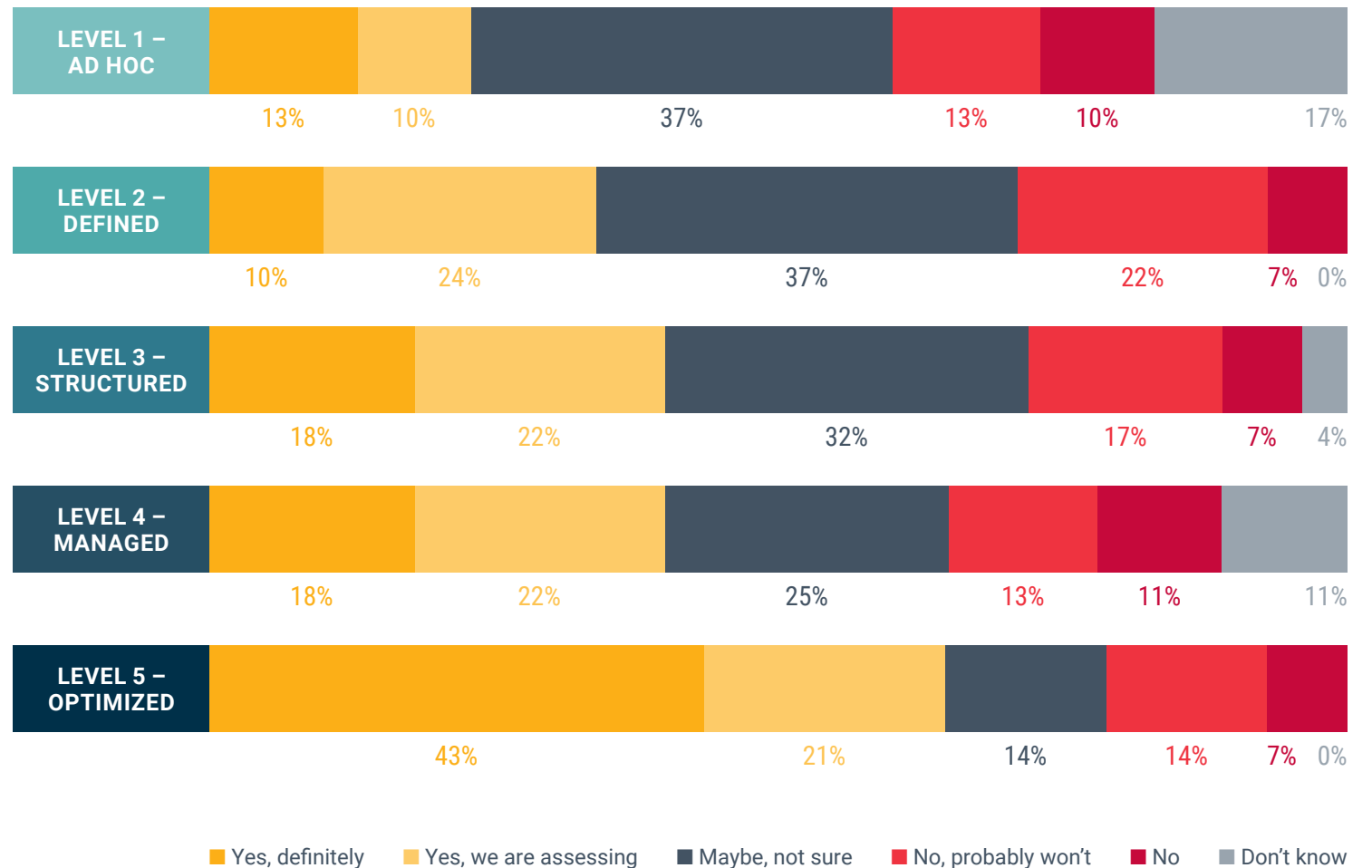
Organizations with optimized legal processes are more likely to purchase new technology this year, with 43 percent of those optimized legal departments saying that they will definitely upgrade the technology toolkit and an additional 21 percent reported that they are assessing new purchases.

Forty percent of respondents in departments with either structured or managed legal processes are also likely to buy new technology, while the percentage in departments with defined processes that are probably upgrading legal technology software falls to 34 percent and is just 23 percent of those in the lowest, ad hoc level of legal processes.

Departments with more structured and sophisticated legal processes are more likely to keep up with their technology investment and rely on these tools to streamline and improve legal processes.
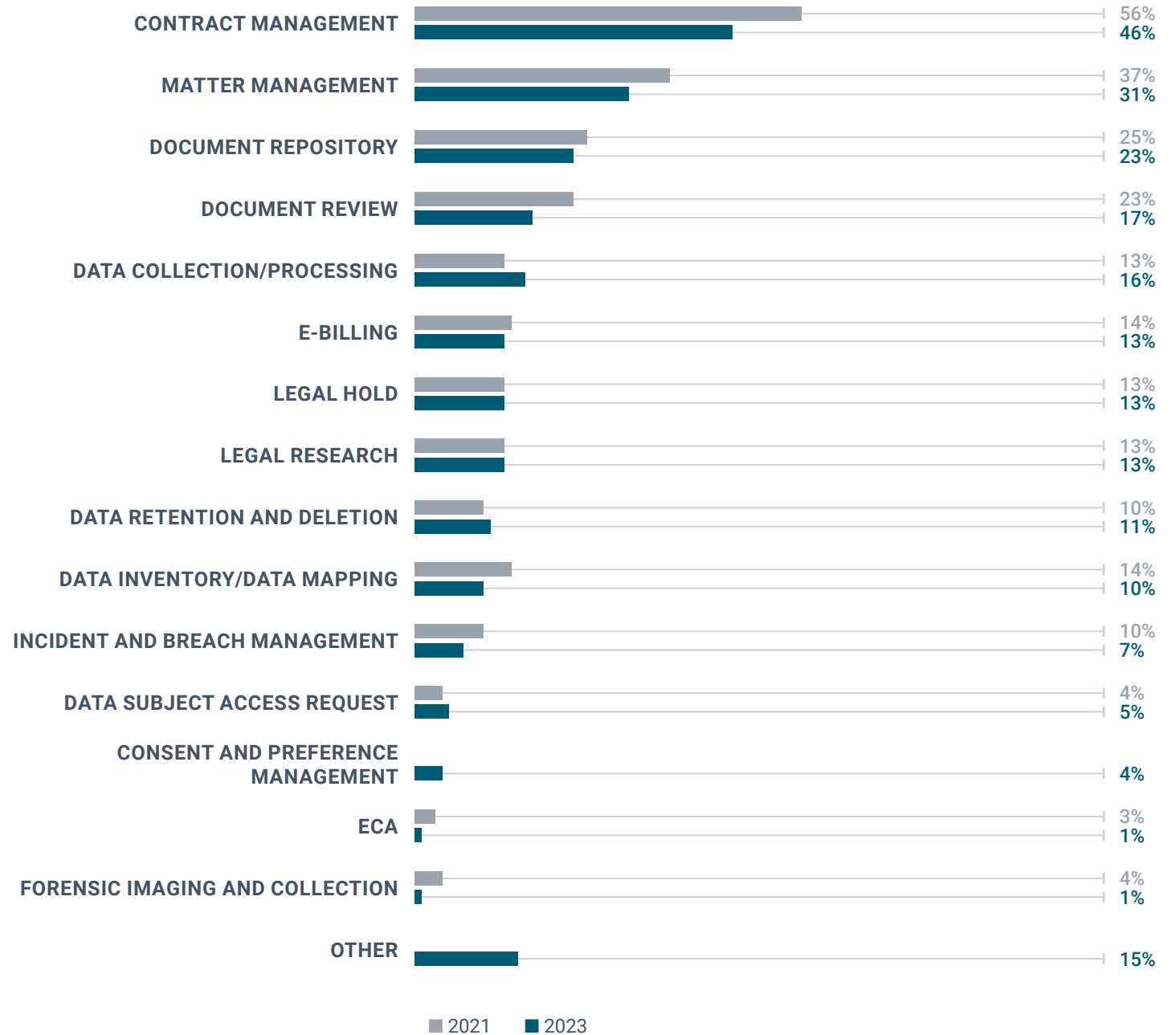
PLANS TO BUY OR UPGRADE LEGAL SOFTWARE BY LEGAL PROCESSES LEVEL

	Yes, definitely	Yes, we are assessing	Maybe, not sure	No, probably won't	No	Don't know
LEVEL 1 – AD HOC	13%	10%	37%	13%	10%	17%
LEVEL 2 – DEFINED	10%	24%	37%	22%	7%	0%
LEVEL 3 – STRUCTURED	18%	22%	32%	17%	7%	4%
LEVEL 4 – MANAGED	18%	22%	25%	13%	11%	11%
LEVEL 5 – OPTIMIZED	43%	21%	14%	14%	7%	0%

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

What legal technologies are you currently assessing or looking to purchase or upgrade?

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

Almost half of participants who said they are considering buying new technology – including those that were not sure – would invest in upgrading their contract management technology (46 percent), 31 percent are looking into new matter management options, and 23 percent are considering revamping their document repository technology. These all represent lower percentages than those observed in 2021, although 15 percent of respondents also indicated that they are looking to purchase or upgrade other technology tools that were not listed in the survey.

CONTRACT MANAGEMENT — 56% / 46%
MATTER MANAGEMENT — 37% / 31%
DOCUMENT REPOSITORY — 25% / 23%
DOCUMENT REVIEW — 23% / 17%
DATA COLLECTION/PROCESSING — 13% / 16%
E-BILLING — 14% / 13%
LEGAL HOLD — 13% / 13%
LEGAL RESEARCH — 13% / 13%
DATA RETENTION AND DELETION — 10% / 11%
DATA INVENTORY/DATA MAPPING — 14% / 10%
INCIDENT AND BREACH MANAGEMENT — 10% / 7%
DATA SUBJECT ACCESS REQUEST — 4% / 5%
CONSENT AND PREFERENCE MANAGEMENT — 4%
ECA — 3% / 1%
FORENSIC IMAGING AND COLLECTION — 4% / 1%
OTHER — 15%

■ 2021 ■ 2023

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

[OPEN-ENDED]

Based on open-ended responses, we identified three main reasons why legal departments are looking to purchase or upgrade their legal technology solutions across multiple areas. Many among those who are looking to make technology purchases expect to better leverage technology to increase efficiencies and streamline processes in the legal department. Another main reason for a technology upgrade is to replace old or outdated systems with better solutions that are now available in the market. Other respondents indicated that they are currently dissatisfied with specific technologies or the services provided by vendors and are looking at other options to improve performance and vendor support.

EFFICIENCY

Willingness to increase efficiencies, reduce costs, and streamline processes

"It will **increase efficiency** and reduce outside counsel legal spend."

"**Streamline** the matter management process and the contract building, review, approval, and execution processes."

"These are areas that have been identified as having **higher risk due to lack of automation** and/or areas that could generate significant efficiency gains."

UPGRADES

Need to upgrade old systems and processes, better solutions are available on the market

"The current system is old and newer platforms have better interface and more **customizable options**."

"We want to move to a more **sophisticated and supported** platform. Our current platform was developed in-house and has become outdated."

"These are areas where we have been looking for a while and believe that the technology is now **up to standard** for adoption."

DISSATISFACTION

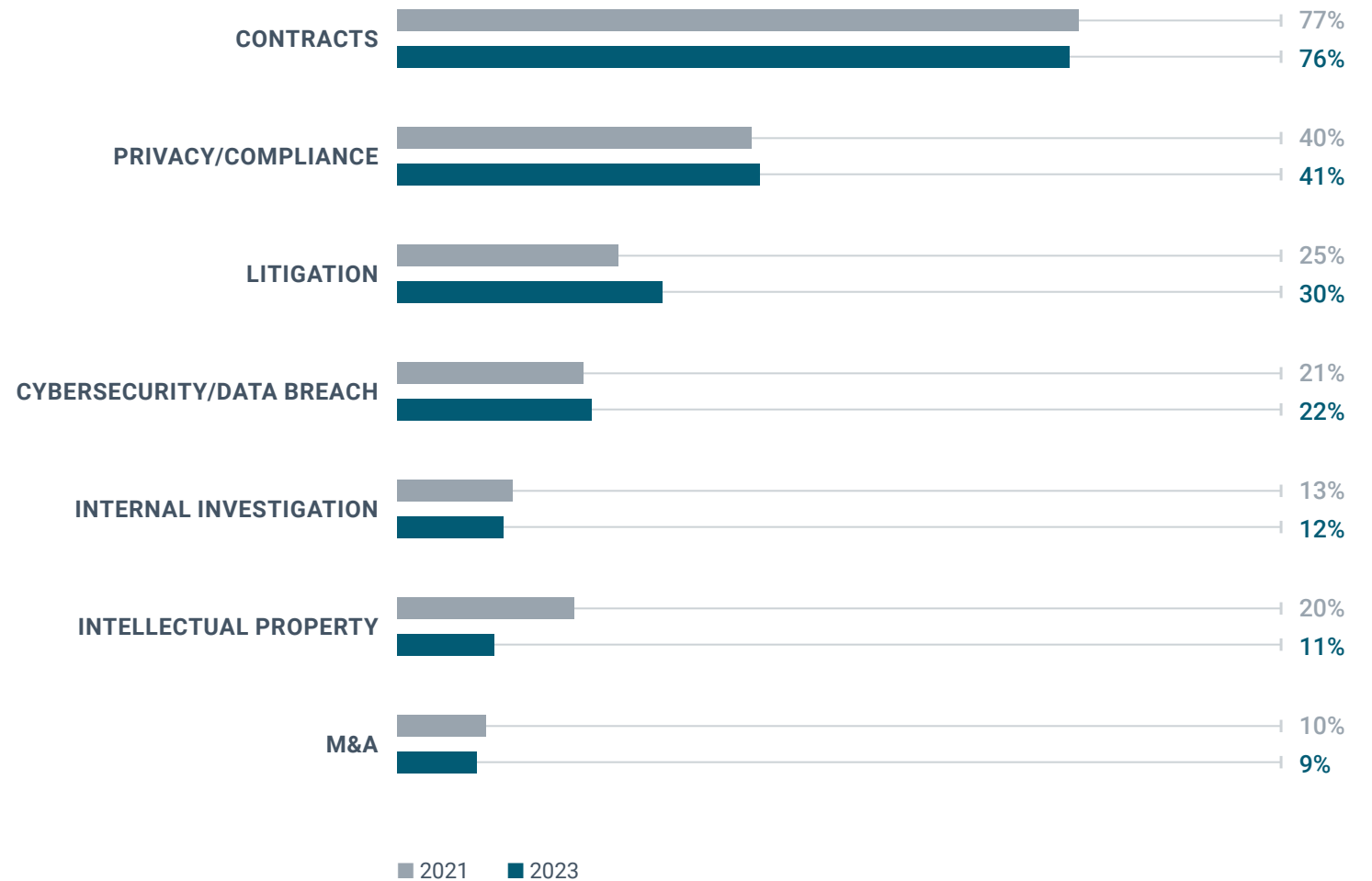Desire to replace technology because of dissatisfaction with current features and vendor support

"Because we are **not satisfied** with our existing solution."

"Our current technologies have some **pain points** that we hope different/new vendors will be able to address more efficiently."

"The software we use now is buggy and bloated. We need **better UX** and greater ability to pull from and generate actual contracts instead of just having them serve as a repository."
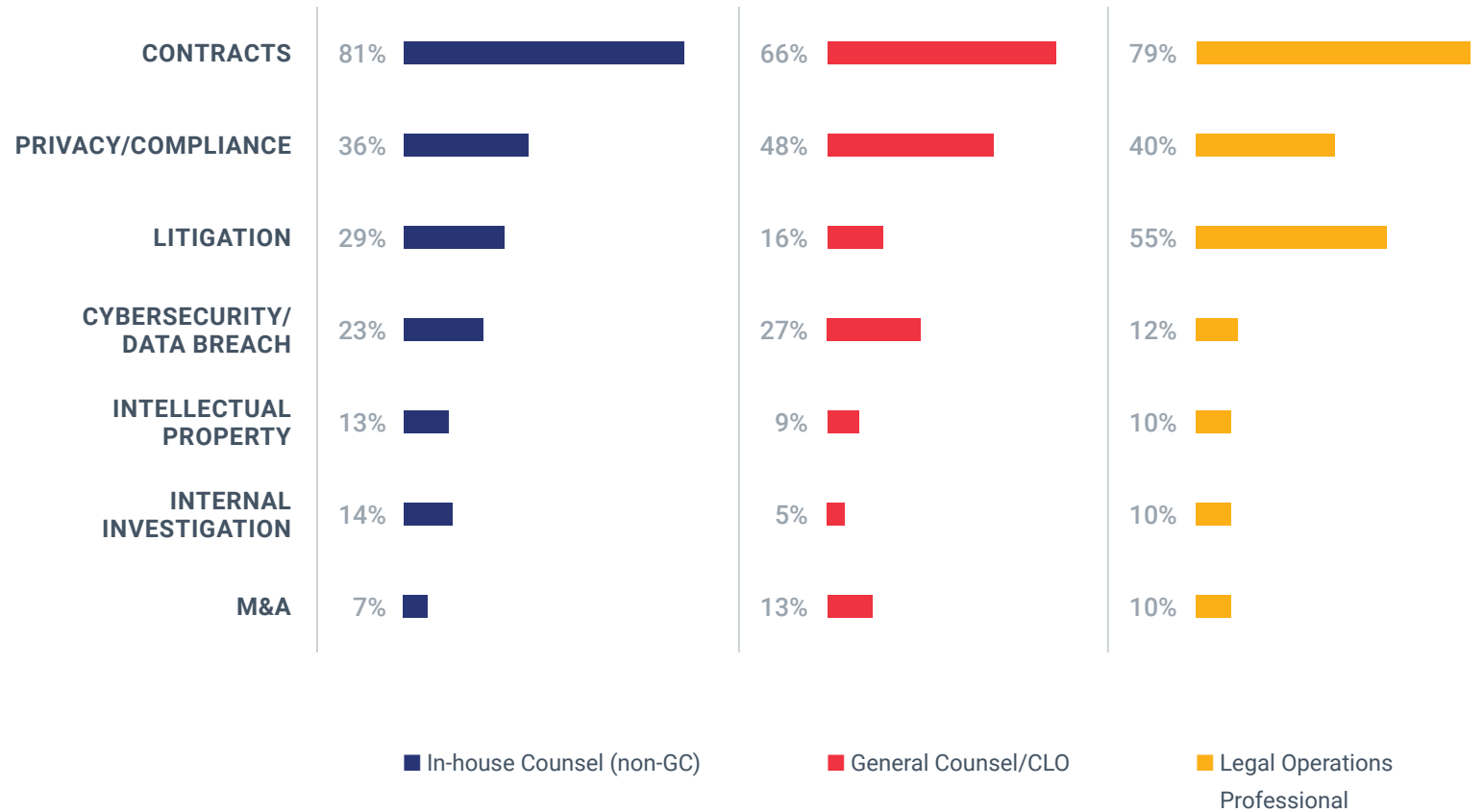
Three in four participants responded that they are looking to leverage legal software more effectively in handling contracts, 41 percent wanted to use technology more effectively in privacy and compliance matters, and 30 percent said that their focus is on litigation. The results remain very similar to those observed in 2021 with those three areas topping the list.

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

Area	2021	2023
CONTRACTS	77%	76%
PRIVACY/COMPLIANCE	40%	41%
LITIGATION	25%	30%
CYBERSECURITY/DATA BREACH	21%	22%
INTERNAL INVESTIGATION	13%	12%
INTELLECTUAL PROPERTY	20%	11%
M&A	10%	9%

■ 2021   ■ 2023

By job type, a clear majority of in-house counsel and legal operations professionals are looking to better leverage technology regarding contracts, though non-GC in-house counsel and legal operations professionals indicated that preference in larger numbers than general counsel and CLO participants. Almost half (48 percent) in this group wanted to better use technology to address privacy and compliance matters compared to 40 percent of legal operations professionals and 36 percent of other in-house counsel. Separately, legal operations professionals are more keen on leveraging technology for litigation purposes – 55 percent in that group said so compared to just 29 percent of non-GC in-house counsel and 16 percent of CLOs.

AREAS TO LEVERAGE SOFTWARE MORE EFFECTIVELY BY ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
CONTRACTS	81%	66%	79%
PRIVACY/COMPLIANCE	36%	48%	40%
LITIGATION	29%	16%	55%
CYBERSECURITY/DATA BREACH	23%	27%	12%
INTELLECTUAL PROPERTY	13%	9%	10%
INTERNAL INVESTIGATION	14%	5%	10%
M&A	7%	13%	10%

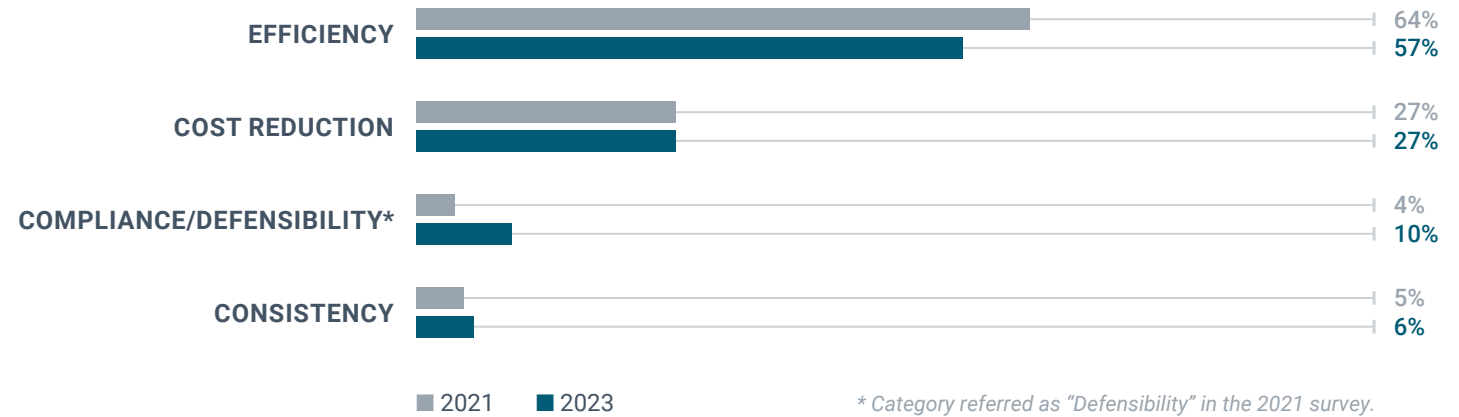■ In-house Counsel (non-GC)   ■ General Counsel/CLO   ■ Legal Operations Professional

Most participants reported that the biggest factor in deciding whether to purchase legal technology is its impact on efficiency (57 percent), while cost reduction is the most important factor according to 27 percent of respondents. Compliance and defensibility considerations are key to one in ten respondents and six percent named consistency as the most important factor to determine whether to purchase legal technology. The results remain largely the same as those observed in 2021.

Efficiency is consistently the most important factor in deciding whether to buy new legal technology across legal department roles and company sizes. However, CLOs are especially seeking to improve efficiencies by purchasing new technology, particularly CLOs in large companies as shown by the 86 percent of participants in that group that rate efficiency as the most important factor.

In-house counsel other than CLOs value cost reduction and the positive effect of legal technology in assisting with compliance issues and defensibility in greater numbers than CLOs do, while legal operations professionals focus on the prospective cost savings that legal technology can bring – with 40 percent of legal operations professionals in companies with up to US$1 billion in revenue saying that cost reduction is the biggest factor in deciding to purchase legal technology.

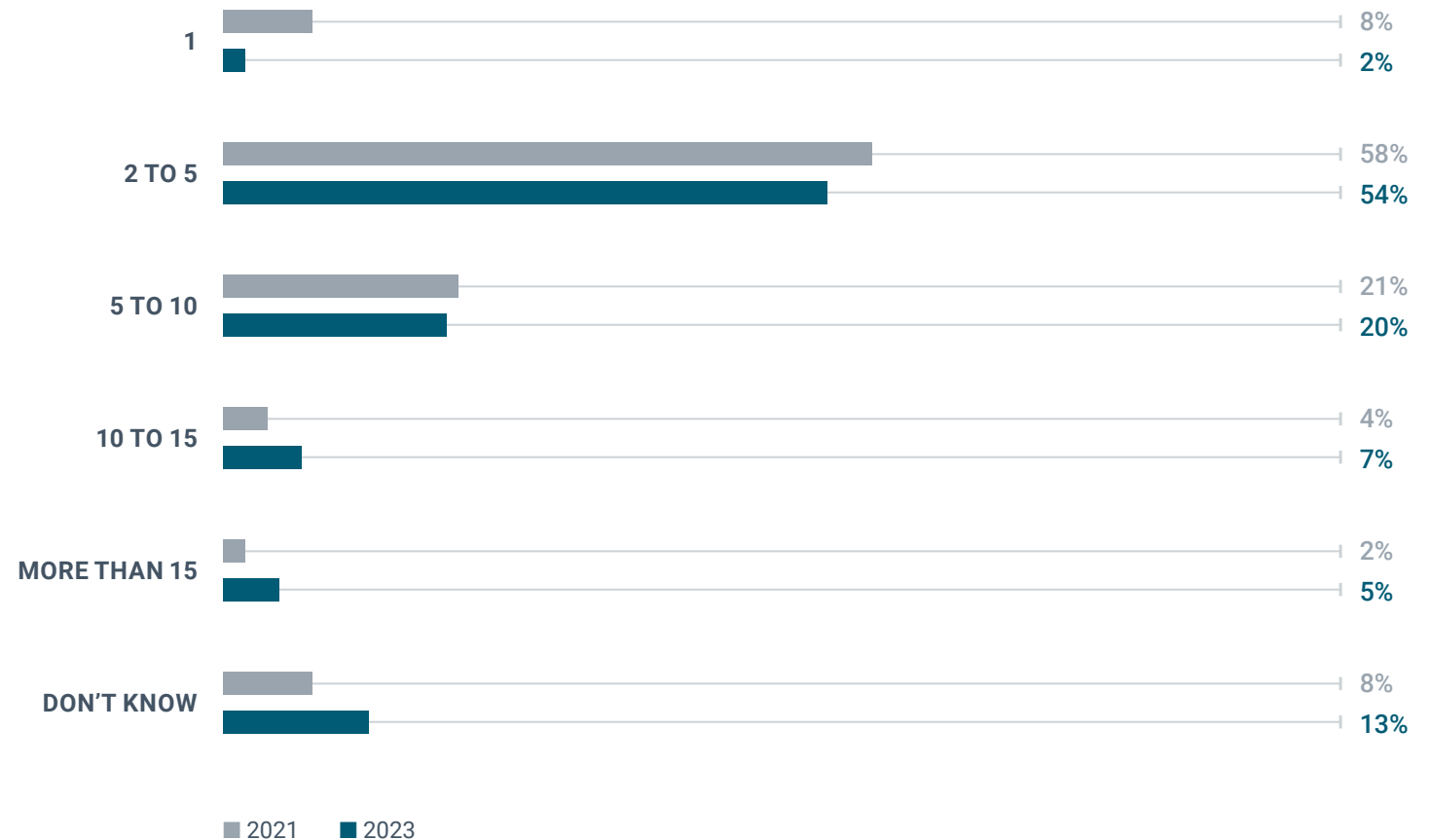# What is the biggest factor in deciding whether your legal department will purchase legal technology?

	2021	2023
EFFICIENCY	64%	57%
COST REDUCTION	27%	27%
COMPLIANCE/DEFENSIBILITY*	4%	10%
CONSISTENCY	5%	6%

■ 2021 ■ 2023   ** Category referred as "Defensibility" in the 2021 survey.*

BIGGEST FACTOR TO PURCHASE LEGAL TECHNOLOGY BY ROLE AND REVENUE SIZE

		EFFICIENCY	COST REDUCTION	COMPLIANCE/ DEFENSIBILITY*	CONSISTENCY
IN-HOUSE COUNSEL (NON-GC)	LESS THAN $1B	47%	31%	18%	2%
	$1B OR MORE	56%	26%	10%	9%
GENERAL COUNSEL/ CLO	LESS THAN $1B	60%	26%	10%	5%
	$1B OR MORE	86%	7%	7%	0%
LEGAL OPERATIONS PROFESSIONAL	LESS THAN $1B	60%	40%	0%	0%
	$1B OR MORE	61%	24%	9%	6%

Fifty-four percent of participants said that between two and five individuals are usually involved in the process of buying new technology at their organizations, and 20 percent indicated that the number of individuals involved is between five and 10. Twelve percent said that more than 10 people are involved in the purchasing process. The results remain similar to those recorded in the 2021 survey, although the number of participants who do not know how many people are involved in purchasing new legal technology rose to 13 percent (from eight percent) and the number of departments where only one person is involved decreased from eight percent to just two percent.
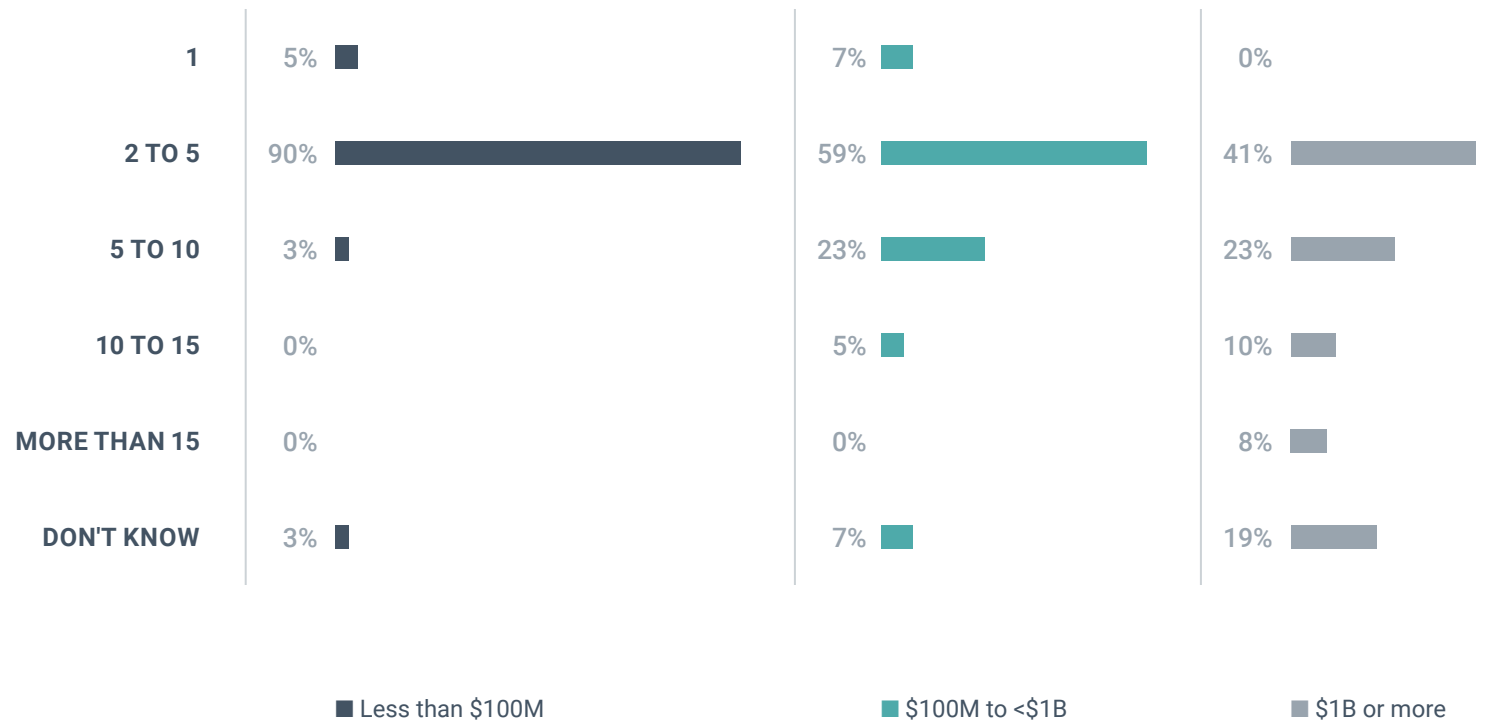
How many people are usually involved in the process of buying legal technology at your organization?

	2021	2023
1	8%	2%
2 TO 5	58%	54%
5 TO 10	21%	20%
10 TO 15	4%	7%
MORE THAN 15	2%	5%
DON'T KNOW	8%	13%

■ 2021 ■ 2023

The number of individuals involved in new technology purchases tends to go up as company size increases, although 40 percent of participants in larger companies with US$1 billion or more in revenue said that between two and five individuals are involved. This is the number of people involved in technology purchases in 90 percent of small companies and 59 percent of mid-size companies.

In the largest company size group, 23 percent said that between 10 and 15 people are involved in the process, and an additional 18 percent reported that the individuals involved numbered more than 10.

NUMBER OF PEOPLE INVOLVED IN BUYING LEGAL TECHNOLOGY BY REVENUE SIZE

	Less than $100M	$100M to <$1B	$1B or more
1	5%	7%	0%
2 TO 5	90%	59%	41%
5 TO 10	3%	23%	23%
10 TO 15	0%	5%	10%
MORE THAN 15	0%	0%	8%
DON'T KNOW	3%	7%	19%

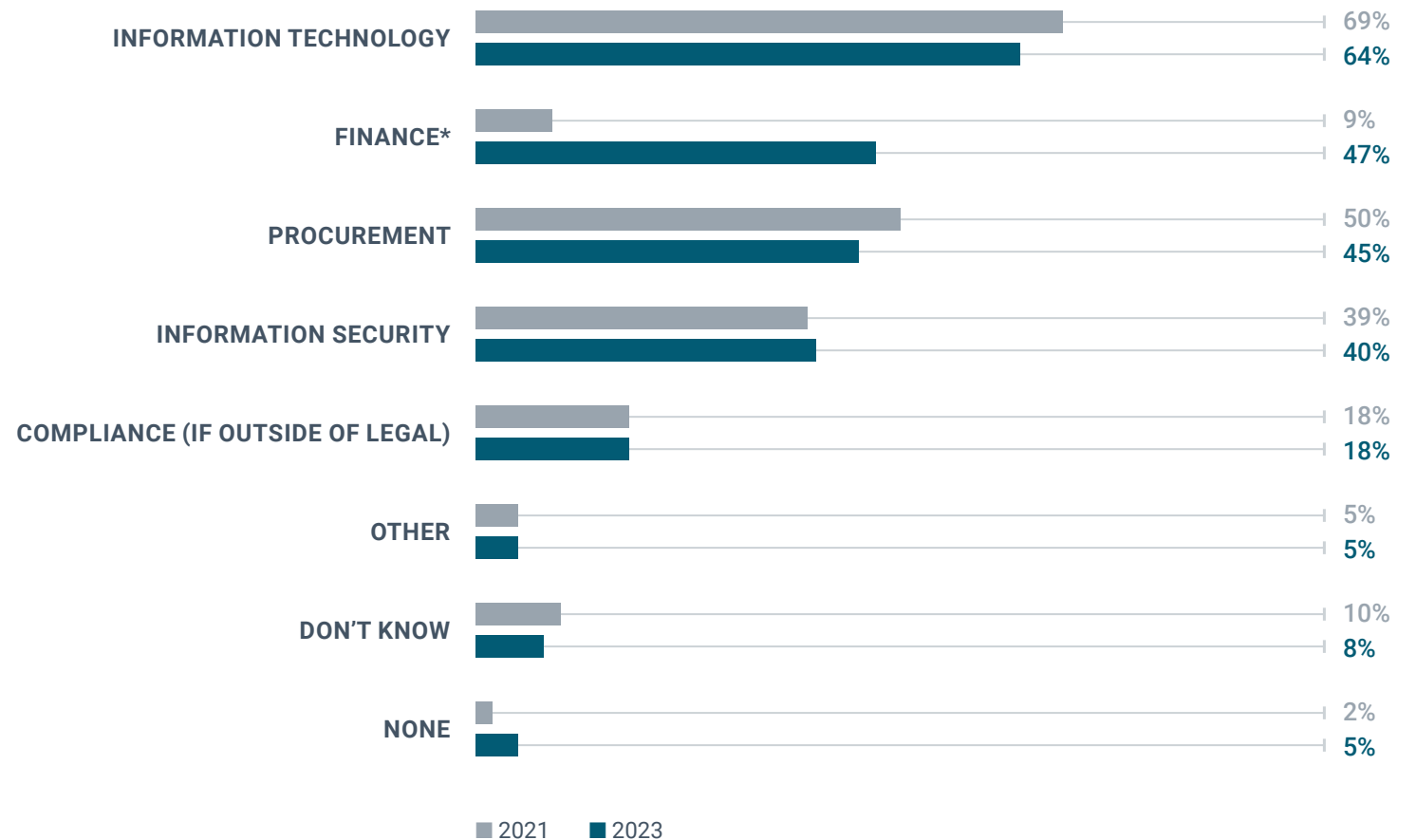■ Less than $100M   ■ $100M to <$1B   ■ $1B or more

In addition to the legal department, two-thirds of respondents indicated that the information technology (IT) department is involved in the purchasing of legal technology (a five-point decrease since 2021), 47 percent said that finance is involved, 45 percent also reported that the procurement division is part of the purchasing process, and 40 percent indicated that information security is also involved. Eighteen percent noted that the compliance department is also involved in legal technology purchases if that division is separate from the legal department.

It is worth noting that the big increase observed in the involvement of finance is due to adding this department to the list of available response options to the question. Nine percent of respondents in 2021 indicated that finance was involved in the process of buying legal technology as a write-in included in the "other" department response category.

Which business units outside of legal are involved in the purchasing of legal technology at your organization?
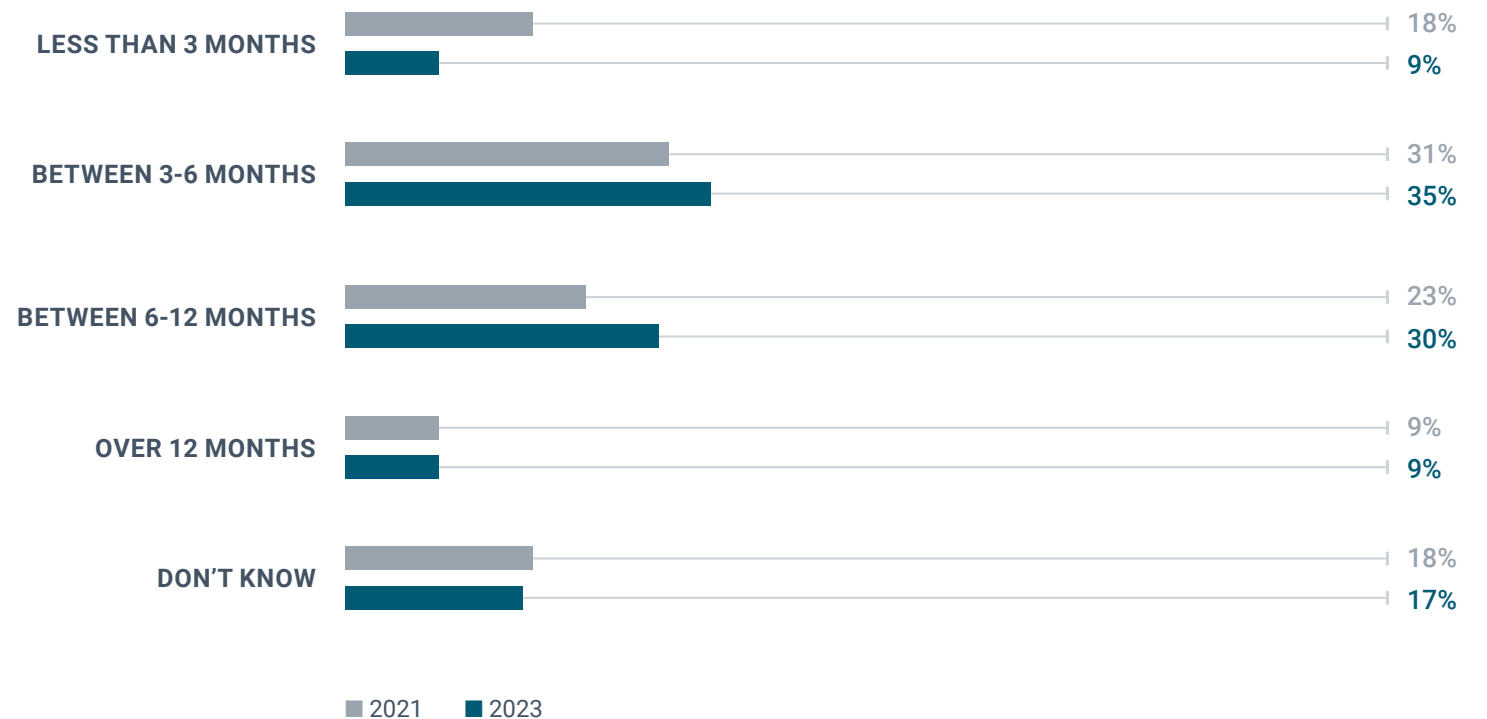
(Please select all that apply)

	2021	2023
INFORMATION TECHNOLOGY	69%	64%
FINANCE*	9%	47%
PROCUREMENT	50%	45%
INFORMATION SECURITY	39%	40%
COMPLIANCE (IF OUTSIDE OF LEGAL)	18%	18%
OTHER	5%	5%
DON'T KNOW	10%	8%
NONE	2%	5%

■ 2021   ■ 2023

* In 2021, Finance was not offered as a response option. Nine percent of respondents wrote in "Finance" as part of the "Other" response category.
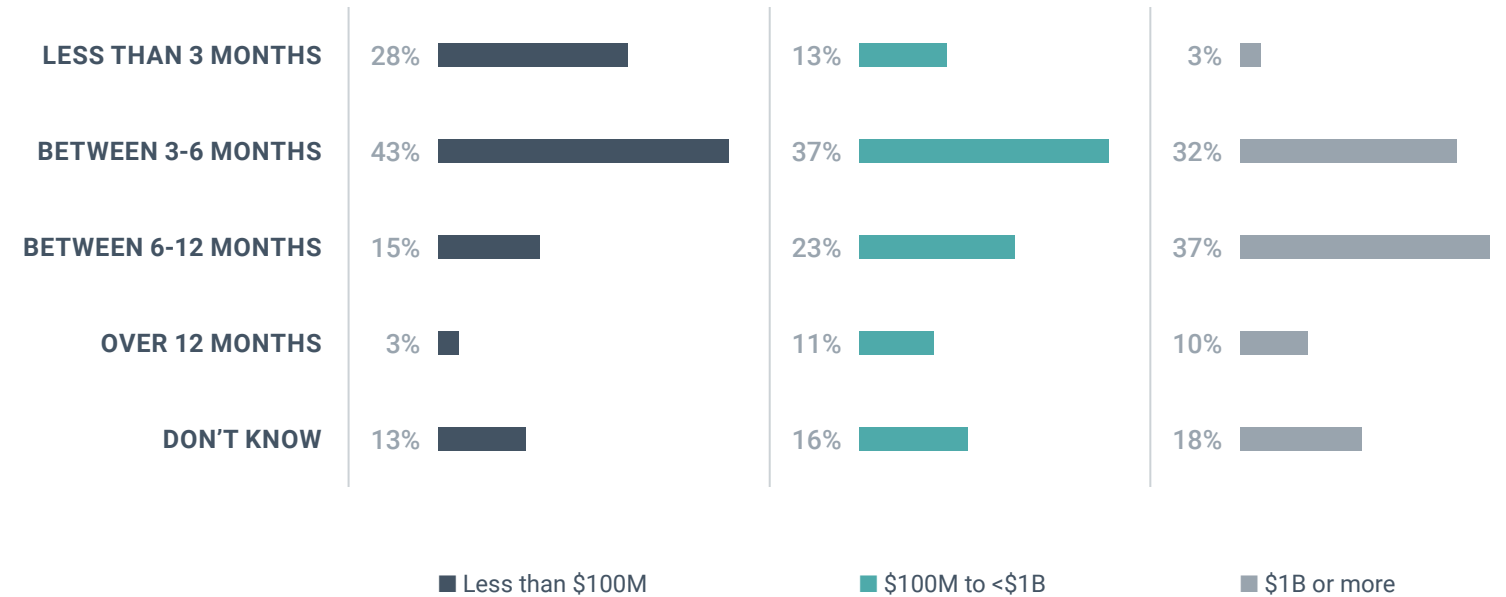
The length of time it takes to purchase legal technology is longer on average compared to the results observed in 2021. Just nine percent of respondents said it normally takes less than three months, half the value recorded in the previous survey. Thirty-five percent of participants said it takes between three and six months (a four-point increase) and 30 percent reported it taking between six and twelve months (a seven-point increase). Nine percent said new technology purchases normally take more than 12 months.

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

LESS THAN 3 MONTHS — 18% / 9%

BETWEEN 3-6 MONTHS — 31% / 35%

BETWEEN 6-12 MONTHS — 23% / 30%

OVER 12 MONTHS — 9% / 9%

DON'T KNOW — 18% / 17%

■ 2021   ■ 2023

Purchasing new technology takes longer in large organizations. In smaller companies, 28 percent said it takes less than three months and 43 percent said it takes between three and six months to buy new legal technology software. In mid-size companies, these percentages are 13 percent and 37 percent, respectively, and just three percent of respondents in larger organizations said the purchasing process takes less than three months. A plurality of 37 percent of respondent in large organizations said that the process takes on average between six and 12 months.
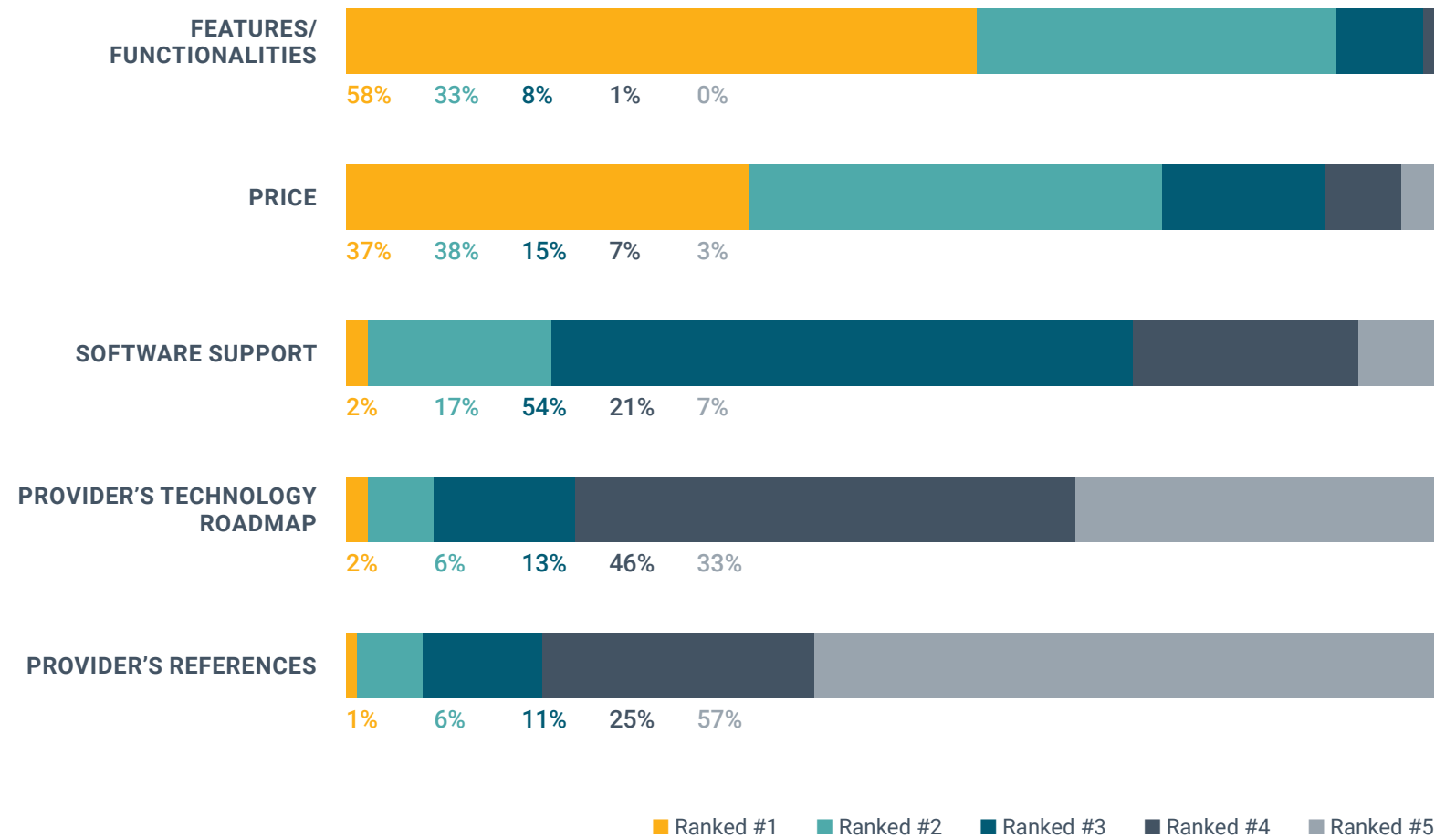
LENGTH OF LEGAL TECHNOLOGY BUYING PROCESS BY REVENUE SIZE

	Less than $100M	$100M to <$1B	$1B or more
LESS THAN 3 MONTHS	28%	13%	3%
BETWEEN 3-6 MONTHS	43%	37%	32%
BETWEEN 6-12 MONTHS	15%	23%	37%
OVER 12 MONTHS	3%	11%	10%
DON'T KNOW	13%	16%	18%

When deciding among different technology options, a majority of participants (58 percent) said that the software's features and functionalities are the most important factor to consider, while 37 percent said that price is what matters the most. These two factors are overwhelmingly considered the two most important elements to consider when making the decision to buy. Other factors are far less relevant, though 54 percent ranked software support as the third most important and 17 percent ranked this factor as the second most important to consider. The results closely resemble those recorded in 2021, with features and functionalities and price, also topping the ranking of most important factors with 60 percent and 35 percent, respectively, being selected as the most important elements to decide among different software options.

69% of legal ops professionals say software features and functionalities are the biggest factor compared to 57% of CLOs and 56% of other in-house counsel.

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

	Ranked #1	Ranked #2	Ranked #3	Ranked #4	Ranked #5
FEATURES/FUNCTIONALITIES	58%	33%	8%	1%	0%
PRICE	37%	38%	15%	7%	3%
SOFTWARE SUPPORT	2%	17%	54%	21%	7%
PROVIDER'S TECHNOLOGY ROADMAP	2%	6%	13%	46%	33%
PROVIDER'S REFERENCES	1%	6%	11%	25%	57%

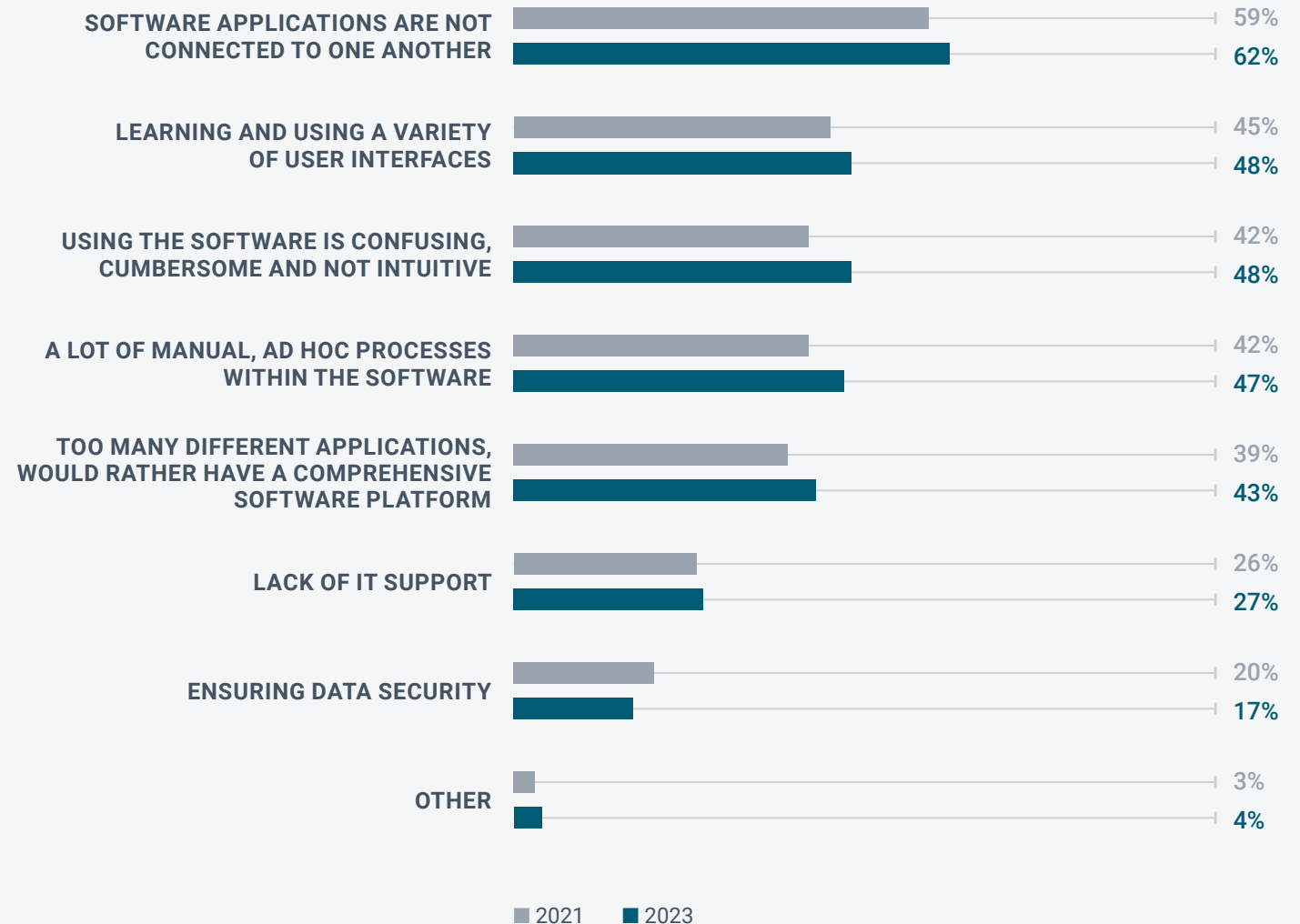■ Ranked #1   ■ Ranked #2   ■ Ranked #3   ■ Ranked #4   ■ Ranked #5

section 3

CHALLENGES TO IMPLEMENTATION

Here we dive into the biggest pain points that participants experience when using legal software, which specific tools are most helpful to reduce costs and maintain defensibility, and the participants' views on the extent to which legal technology is a must in the modern corporate legal department.
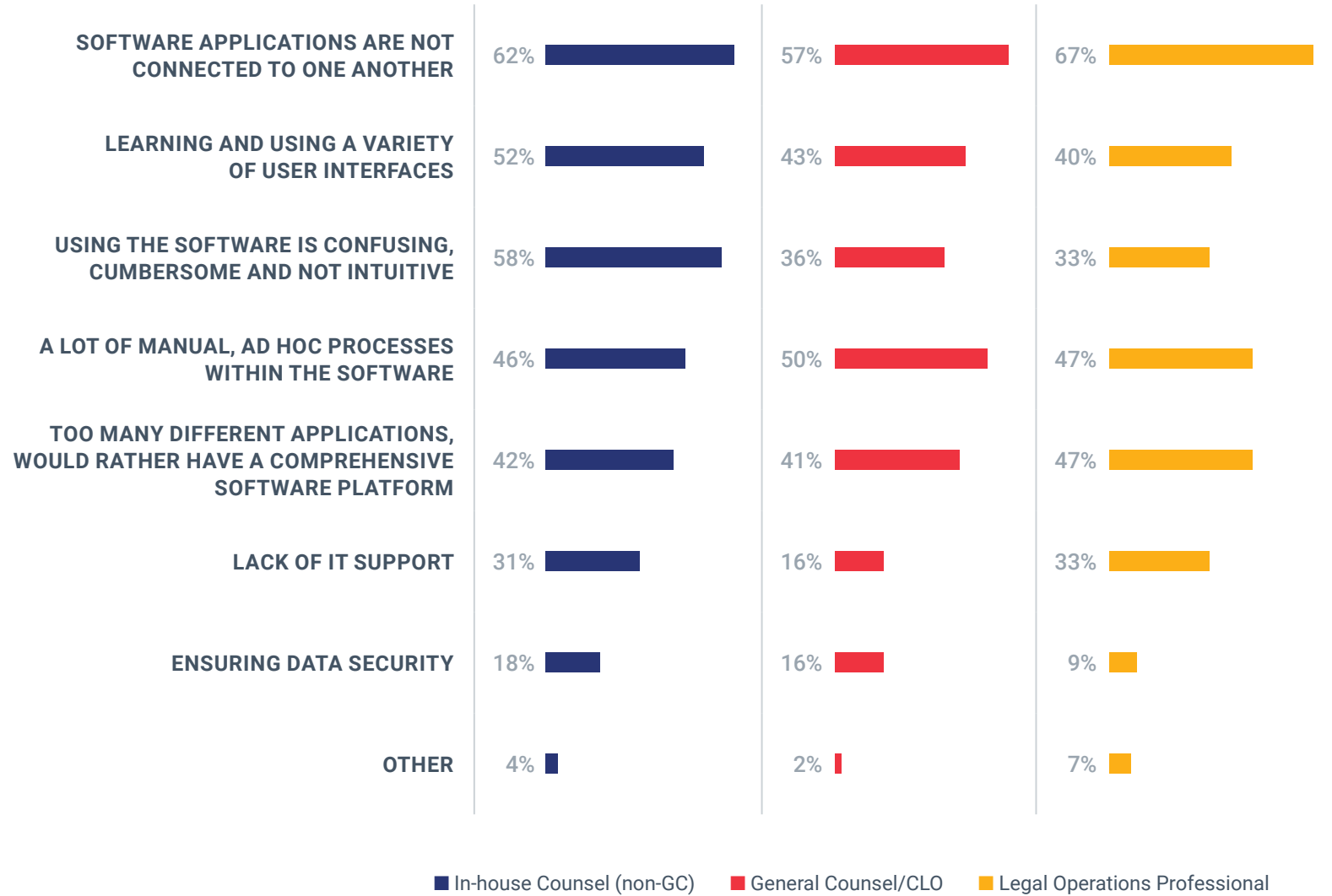
The main hurdle is that software applications are not connected to one another, which is a problem for 62 percent of participants. Almost half are challenged with having to learn and use a variety of user interfaces (48 percent), the software being confusing, cumbersome, and not intuitive (also 48 percent), and a lot of manual, ad hoc processes within the software (47 percent). **Forty-three percent also find it painful to deal with too many different applications and would rather have a comprehensive software platform aimed at accomplishing multiple tasks.** This desire for software interoperability was also voiced in 2021 and based on the data, we have a long way to go.

When using legal technology, my biggest pain points are:

	2021	2023
SOFTWARE APPLICATIONS ARE NOT CONNECTED TO ONE ANOTHER	59%	62%
LEARNING AND USING A VARIETY OF USER INTERFACES	45%	48%
USING THE SOFTWARE IS CONFUSING, CUMBERSOME AND NOT INTUITIVE	42%	48%
A LOT OF MANUAL, AD HOC PROCESSES WITHIN THE SOFTWARE	42%	47%
TOO MANY DIFFERENT APPLICATIONS, WOULD RATHER HAVE A COMPREHENSIVE SOFTWARE PLATFORM	39%	43%
LACK OF IT SUPPORT	26%	27%
ENSURING DATA SECURITY	20%	17%
OTHER	3%	4%

■ 2021 ■ 2023

Software applications that are not connected to one another is the biggest pain point across legal department roles. Non-GC in-house counsel also find it challenging to learn and use a variety of user interfaces and confusing software applications in larger numbers than CLOs and legal operations professionals.

BIGGEST PAIN POINTS BY ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
SOFTWARE APPLICATIONS ARE NOT CONNECTED TO ONE ANOTHER	62%	57%	67%
LEARNING AND USING A VARIETY OF USER INTERFACES	52%	43%	40%
USING THE SOFTWARE IS CONFUSING, CUMBERSOME AND NOT INTUITIVE	58%	36%	33%
A LOT OF MANUAL, AD HOC PROCESSES WITHIN THE SOFTWARE	46%	50%	47%
TOO MANY DIFFERENT APPLICATIONS, WOULD RATHER HAVE A COMPREHENSIVE SOFTWARE PLATFORM	42%	41%	47%
LACK OF IT SUPPORT	31%	16%	33%
ENSURING DATA SECURITY	18%	16%	9%
OTHER	4%	2%	7%

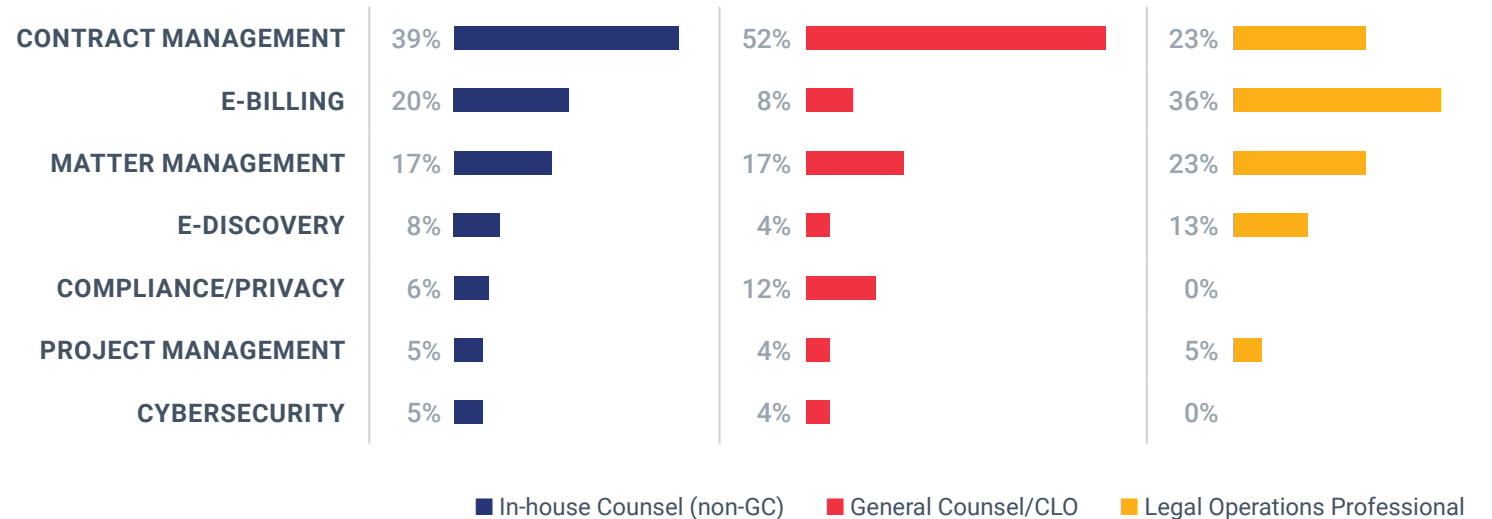■ In-house Counsel (non-GC) ■ General Counsel/CLO ■ Legal Operations Professional

Four in ten participants said that contract management software is the most helpful in reducing costs, 20 percent indicated that the most helpful are E-billing tools, and 19 percent selected matter management software. Other software including E-discovery, compliance and privacy, project management, and cybersecurity tools were selected as the most helpful to reduce costs by fewer than 10 percent of respondents.

Some interesting differences arise when looking at the results by legal department role. Many CLOs and other in-house counsel pointed to contract management technology as the most helpful in reducing costs, while legal operations professionals are more divided on the issue, with 36 percent saying it is E-billing, and 23 percent selecting contract and matter management tools.

To reduce legal costs, the software that has helped me the most is:

CONTRACT MANAGEMENT	38%
E-BILLING	20%
MATTER MANAGEMENT	19%
E-DISCOVERY	9%
COMPLIANCE/PRIVACY	7%
PROJECT MANAGEMENT	5%
CYBERSECURITY	3%
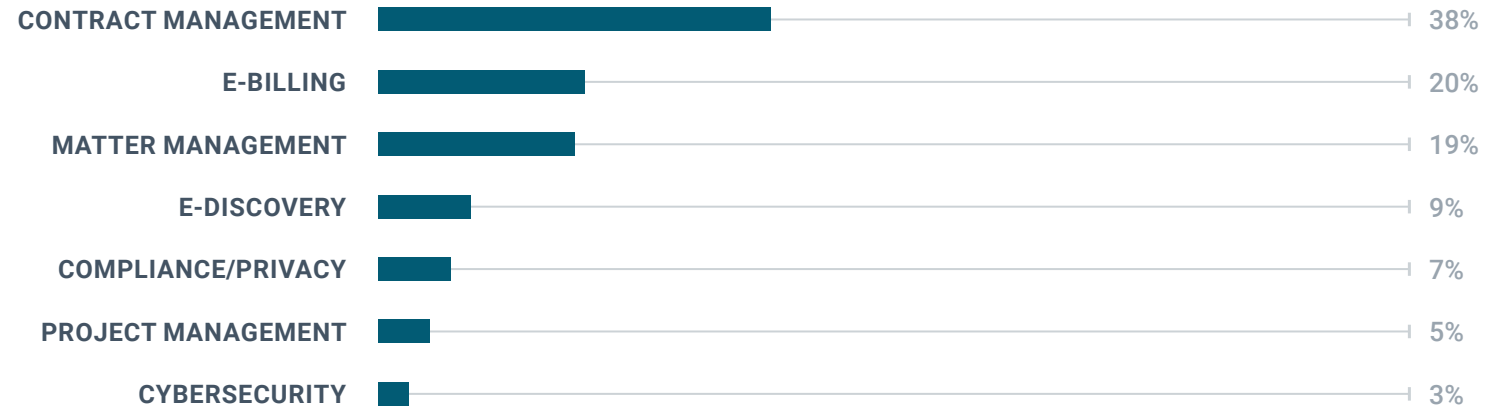
MOST HELPFUL SOFTWARE TO REDUCE COSTS BY ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
CONTRACT MANAGEMENT	39%	52%	23%
E-BILLING	20%	8%	36%
MATTER MANAGEMENT	17%	17%	23%
E-DISCOVERY	8%	4%	13%
COMPLIANCE/PRIVACY	6%	12%	0%
PROJECT MANAGEMENT	5%	4%	5%
CYBERSECURITY	5%	4%	0%

■ In-house Counsel (non-GC)　■ General Counsel/CLO　■ Legal Operations Professional
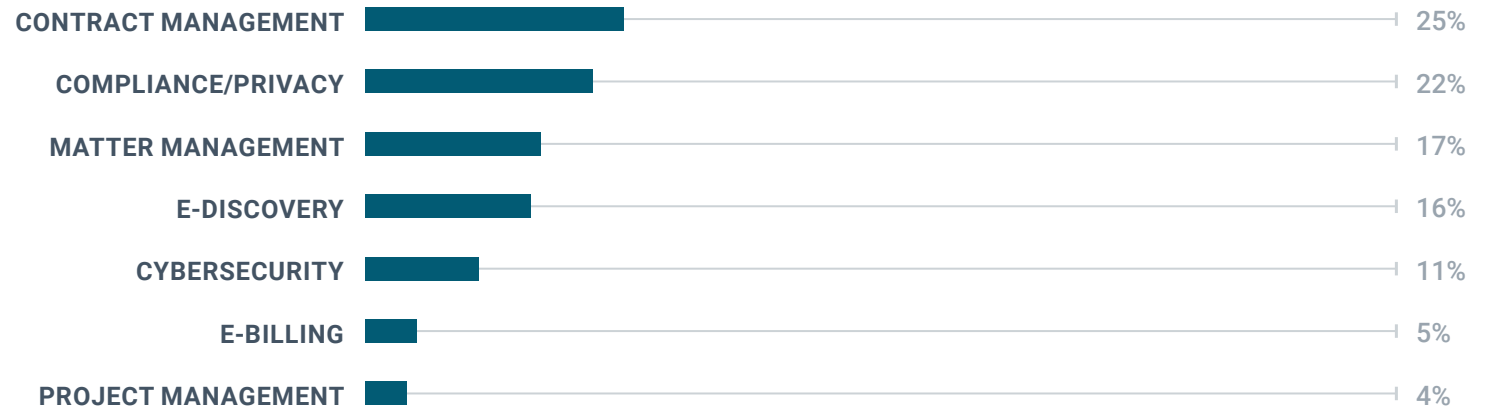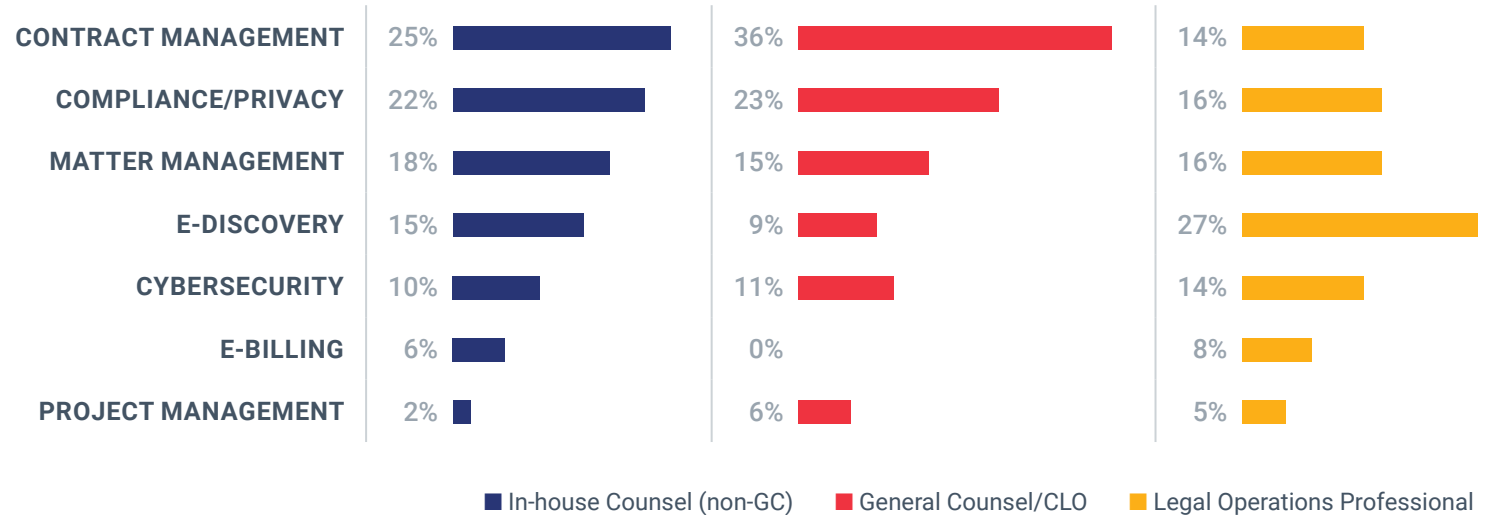
Contract management is also the software that a plurality of respondents believe helps to maintain defensibility the most, with 25 percent, but opinions on this area are more divided. Twenty percent selected compliance and privacy software, 17 percent chose matter management, 16 percent E-discovery, and 11 percent cybersecurity.

Thirty-six percent of general counsel indicated that contract management is the most helpful tool to maintain defensibility, and 25 percent of other in-house counsel selected this technology as well. A plurality of legal operations professionals selected E-Discovery technology instead (27 percent), and just 14 percent chose contract management.

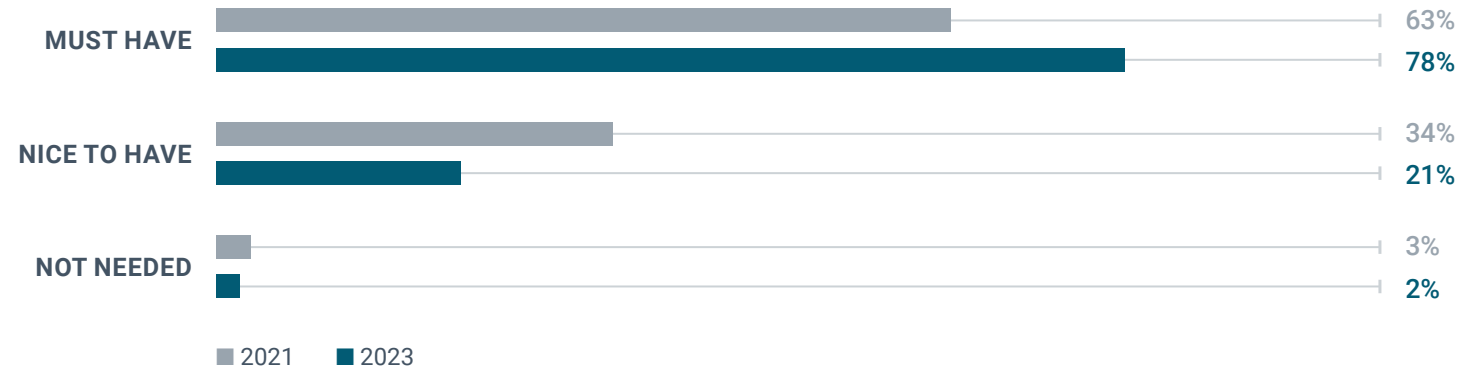# To maintain defensibility, the software that has helped me the most is:

Software	Percent
CONTRACT MANAGEMENT	25%
COMPLIANCE/PRIVACY	22%
MATTER MANAGEMENT	17%
E-DISCOVERY	16%
CYBERSECURITY	11%
E-BILLING	5%
PROJECT MANAGEMENT	4%

MOST HELPFUL SOFTWARE TO MAINTAIN DEFENSIBILITY BY LEGAL DEPARTMENT ROLE

Software	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
CONTRACT MANAGEMENT	25%	36%	14%
COMPLIANCE/PRIVACY	22%	23%	16%
MATTER MANAGEMENT	18%	15%	16%
E-DISCOVERY	15%	9%	27%
CYBERSECURITY	10%	11%	14%
E-BILLING	6%	0%	8%
PROJECT MANAGEMENT	2%	6%	5%

■ In-house Counsel (non-GC)　■ General Counsel/CLO　■ Legal Operations Professional
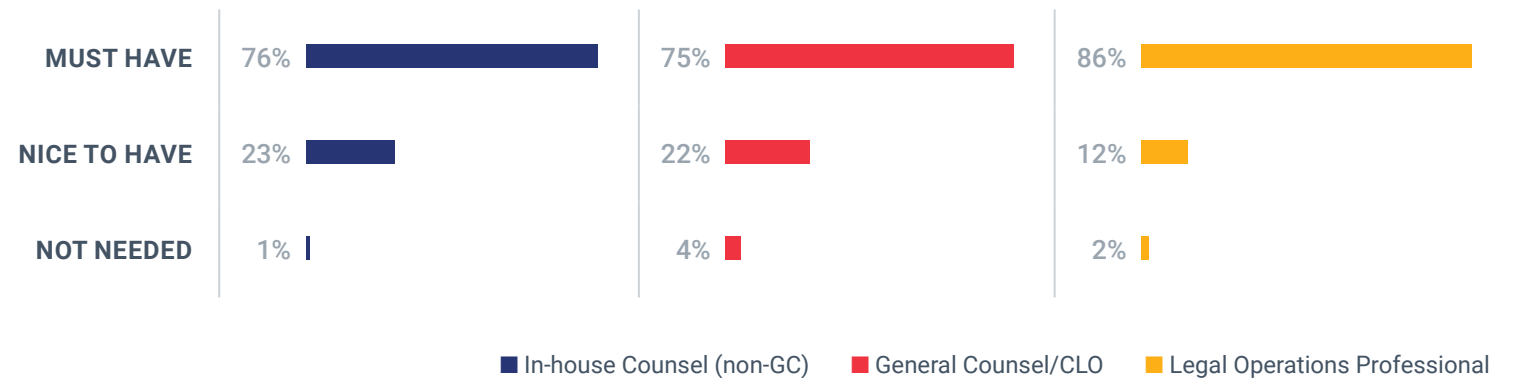
More than three-quarters of participants said that legal technology is a must have (78 percent), a result that is 15-points higher than the one observed in 2021. Twenty-one percent said that having legal technology in-house is nice, and just two percent believed that it is not needed in today's digital age.

By legal department role, about 75 percent of in-house counsel, including CLOs, believe that legal technology is a must have, but the percentage is even higher for legal operations professionals (86 percent).

In today's digital age, how important is it for your legal department to have legal technology in-house compared to 5 years ago?
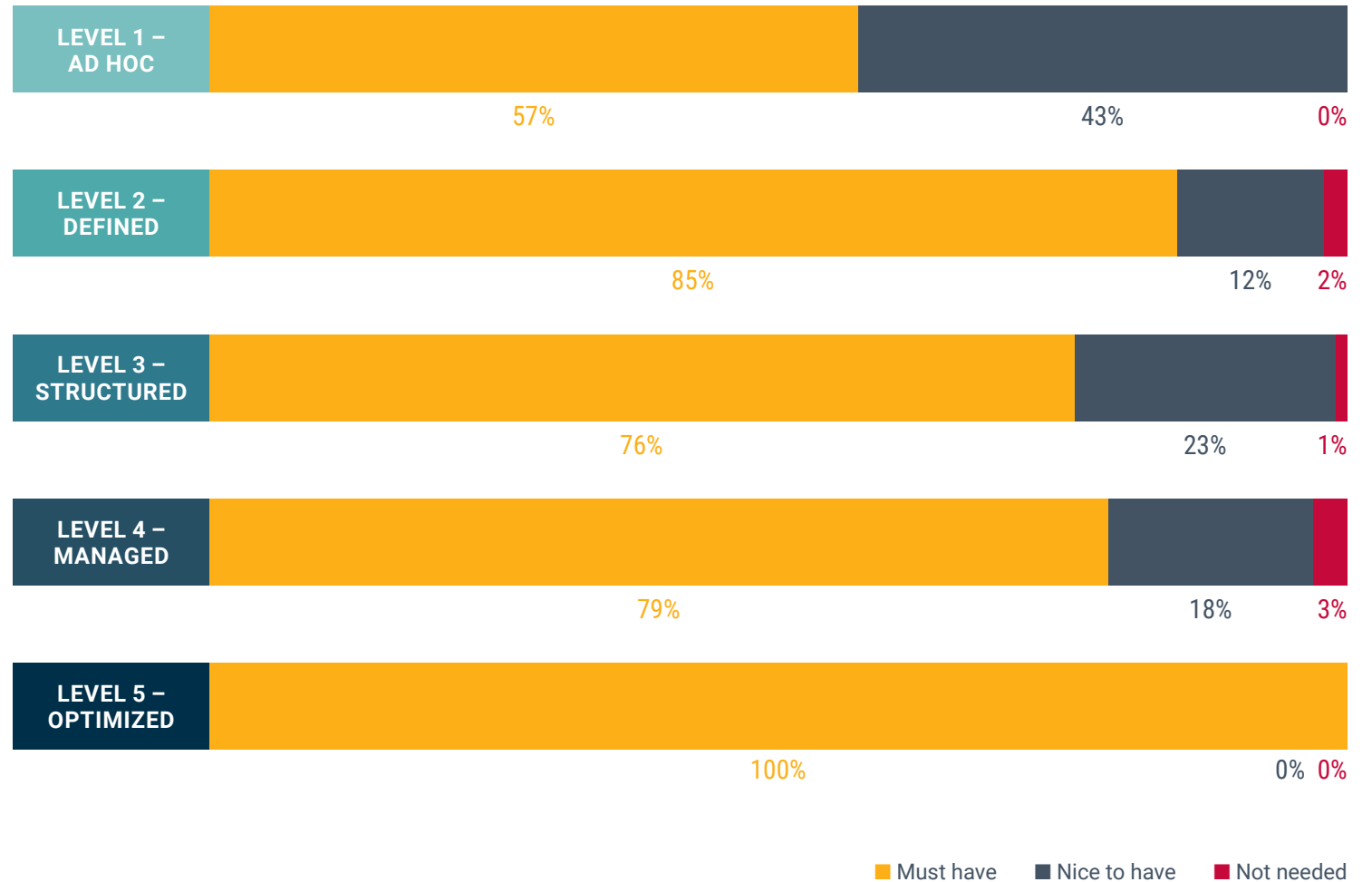
	2021	2023
MUST HAVE	63%	78%
NICE TO HAVE	34%	21%
NOT NEEDED	3%	2%

■ 2021 ■ 2023

IMPORTANCE OF HAVING LEGAL TECHNOLOGY BY ROLE

	In-house Counsel (non-GC)	General Counsel/CLO	Legal Operations Professional
MUST HAVE	76%	75%	86%
NICE TO HAVE	23%	22%	12%
NOT NEEDED	1%	4%	2%

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

The importance of having legal technology is strongly related to the level of legal processes in participating departments. All participants who said that their legal department had optimized legal processes believed that legal technology is a must have, but just 57 percent of the participants in the lowest grade on the legal processes scale, ad hoc, thought legal technology is a must.

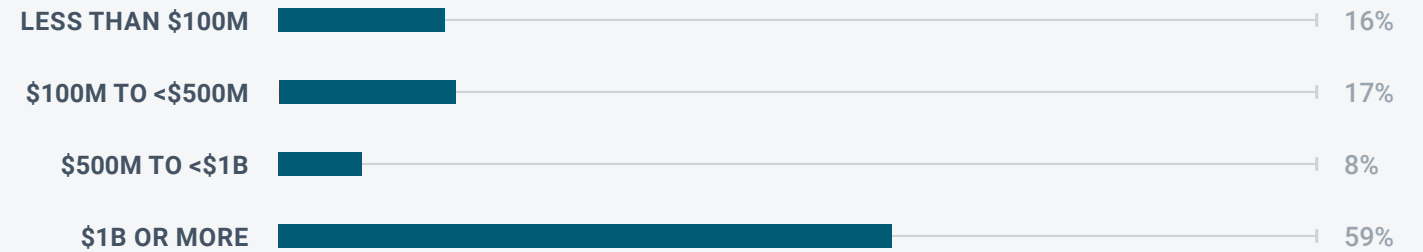**100% of participants** with optimized legal processes believe technology is a must-have.

IMPORTANCE OF HAVING LEGAL TECHNOLOGY BY LEGAL PROCESSES LEVEL

LEVEL 1 – AD HOC
57% 43% 0%

LEVEL 2 – DEFINED
85% 12% 2%

LEVEL 3 – STRUCTURED
76% 23% 1%

LEVEL 4 – MANAGED
79% 18% 3%

LEVEL 5 – OPTIMIZED
100% 0% 0%

■ Must have ■ Nice to have ■ Not needed

SURVEY
DETAILS

DEMOGRAPHICS

COMPANY REVENUE

LESS THAN $100M	16%
$100M TO <$500M	17%
$500M TO <$1B	8%
$1B OR MORE	59%

PARTICIPANT PRIMARY LEGAL DEPARTMENT ROLE

IN-HOUSE COUNSEL (NON-GC)	57%
GENERAL COUNSEL/CLO	22%
LEGAL OPERATIONS PROFESSIONAL	17%
OTHER	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 March 8, 2023, and closed on March 24, 2023. Reminder emails were sent weekly.

PARTICIPATION

A total of 252 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.

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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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