

Legal Department 2.0: What Will a Next Generation Legal Department Look Like?

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Managing Director, Law Dept. and Contracts Consulting APAC
Elevate Services



Legal Spend

Legal Spend Summary | Law Firm Activity | Budget to Actuals | Rate Analysis | Timekeeper Control | Billing Compliance

- Law firm spend for the 12 months ended August 2017 decreased by and # of law firms paid decreased
- Law Firm spend decreased by 73.6% in August 2017 vs. prior month, while the number of law firms paid decreased by 30.2%

	September 2016 - August 2017	September 2015 - August 2016	Variance
Spend (All Vendors) (\$MM)	\$10,833,917	\$0	-
Spend (Law Firms) (\$MM)	\$10.73	\$0.00	100.00%
# of Law Firms (Billed)	50	50	0.0%

Fees and Expenses Summary
January 2017 - August 2017 (\$MM)

Risk & Complexity Analysis

Unlock the potential of your billing data by performing an analysis of matter risk and complexity

Risk	High	Standard
	<p>Total Fees (in MMs) - \$8.00</p> <p>21.9% of total</p> <p>Current Staffing Mix - 26 0 33 20 0 21</p> <p>Target Staffing Mix - 25 5 45 20 0 5</p>	<p>Total Fees (in MMs) - \$9.63</p> <p>26.4% of total</p> <p>Current Staffing Mix - 68 0 11 11 0 9</p> <p>Target Staffing Mix - 40 10 35 10 0 5</p>
Standard	<p>Total Fees (in MMs) - \$18.90</p> <p>51.7% of total</p> <p>Current Staffing Mix - 6 0 82 7 0 6</p> <p>Target Staffing Mix - 10 5 60 20 0 5</p>	<p>Total Fees (in MMs) - \$0.00</p> <p>0.0% of total</p> <p>Current Staffing Mix - </p> <p>Target Staffing Mix - 25 5 45 20 0 5</p>
	Standard	High

Complexity

Staffing Targets organized by: PR|OC|IAS|PL|CA|OT

Legal Spend

- Spend Summary
- Spend Details
- Rates & Staffing Summary
- Rates & Staffing Details
- Rate Alignment
- Risk & Complexity
- Timekeeper Control
- TK Rate Analyzer
- Billing Compliance
- AFA Dashboard
- QBR
- Report Builder
- Budget to Actuals
- Monthly Deck
- Law Firm Compare

Contracts

- Deviations Overview
- Customers
- Contracts Details
- Cycle Time
- Flow Overview

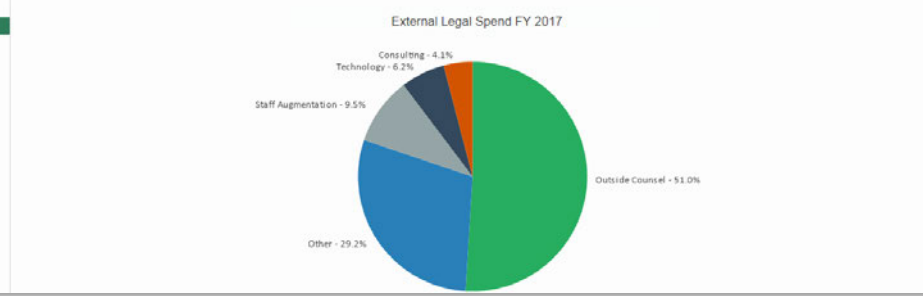
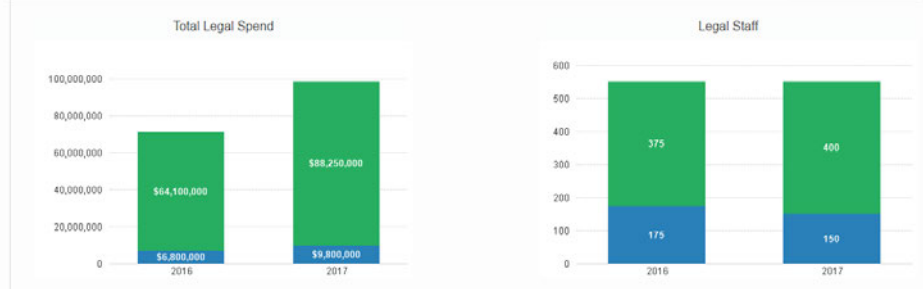
Operations

- CLOC Metrics
- GC Metrics

CLOC Metrics

\$25,000,000,000 | \$250,000,000 | 0.01% | 110

2017 Revenue ▲ 25.0% | 2017 Legal Spend ▲ 8.7% | 2017 Legal Spend as a Percentage of Revenue ▲ 8.7%



1

Evolution of the Legal Department

2

Anatomy of a Next Generation Legal Department

3

5 Things You Should Do Right Now

1

Evolution of the Legal Department

Embedding of technology and 'always-on' communications and connectivity into the fabric of society
Breakthrough technologies: AI, robotics, IoT

Society

3rd Industrial
Revolution

Advancements in technology and
penetration of digital devices

4th Industrial
Revolution

GFC

Fundamental transformation of business and organisational behaviour, processes, capabilities and models to leverage the opportunities and address the risks presented by digital technologies

Re-engineering of existing processes, activities and services in digital form to deliver efficiency and effectiveness

Irreversible and dramatic disruption impacting all professional services

1980

1990

2000

2010

Digital transformation

2020

Legal Depts.

Society

3rd Industrial
 Revolution

4th Industrial
 Revolution

GFC

1980

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2000

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Digital transformation

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Legal Depts.

Risk management focus
 Duopoly
 Less complexity
 Reactive

Law Firm

Legal Dept.

Society

Legal Depts.

3rd Industrial
 Revolution

4th Industrial
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GFC

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Digital transformation

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Risk management focus
 Duopoly
 Less complexity
 Reactive

Strategic partnership
 Increased speed of
 business
 Global issues and
 complexity
 Increased sensitivity to cost
 Duopoly but advent of LPO

Law Firm

Legal Dept.

Society

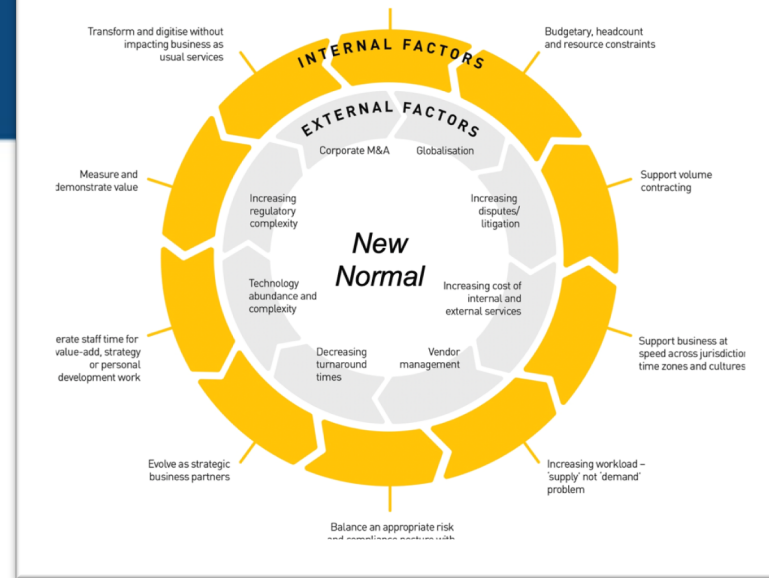
Legal Depts.

3rd Industrial Revolution

4th Industrial Revolution

The New Normal

GFC

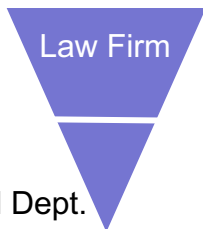


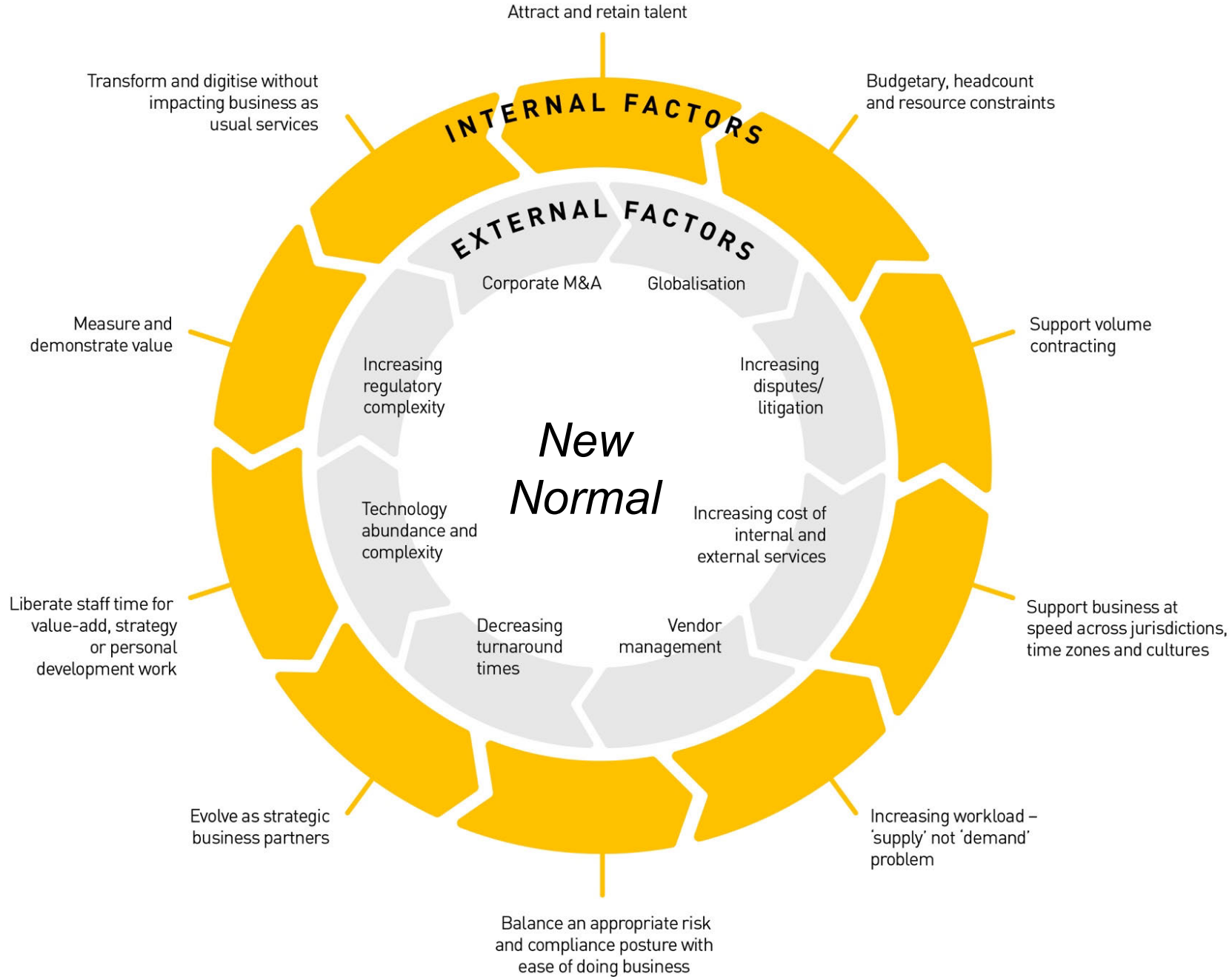
1980 1990 2000 2010 2020 Digital transformation

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Strategic partnership
Volume, scale, complexity
Spend management
Alternative sourcing
5% OC





Society

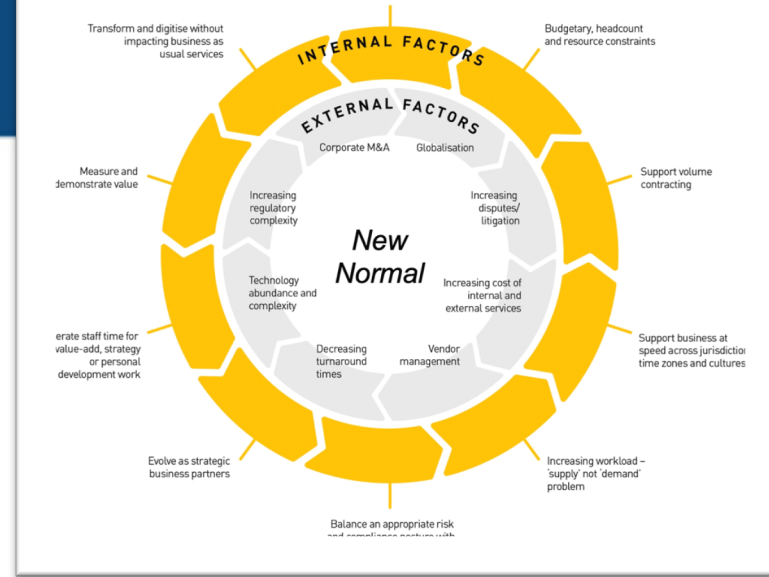
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3rd Industrial Revolution

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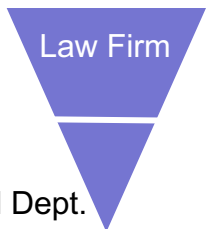


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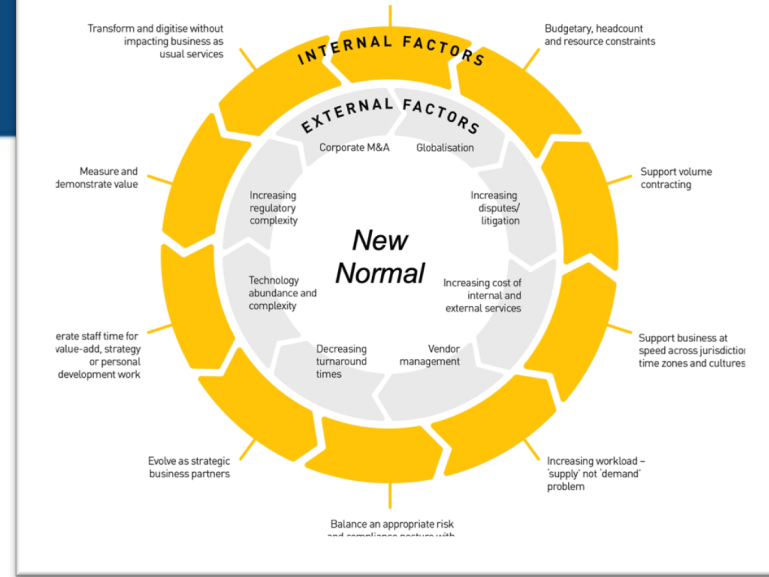
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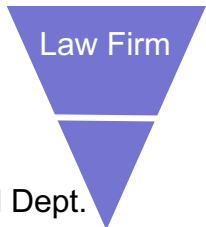
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Alternative sourcing
5% OC ↓

Trusted business advisor and enabler
Legal delivery at the speed of business
Business outcomes
Right-sourcing ecosystem



Legal Dept.



Legal Services Ecosystem



Legal department run like a business

Legal services delivered at the
speed of business

Business Value Enablement

Increased business velocity and
enablement – competitive advantage

Visibility, reporting, advanced
analytics

Operational cost reduction

Staff engagement, efficiency and
productivity

Ease of doing business and customer UX

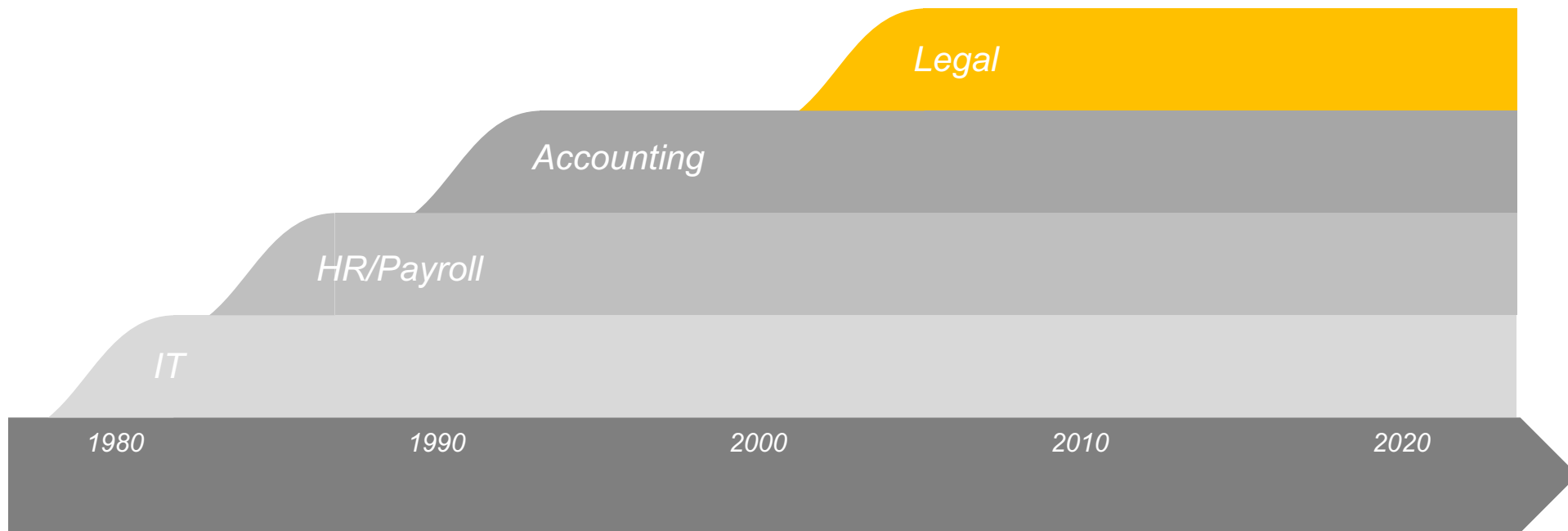
Enhanced policy compliance

Affirmative recovery and reduced
revenue/margin leakage

Enhanced risk management

Doing business the right way

Managing by metrics



2

Anatomy of a Next Generation Legal Department



“The future is already here – it’s just not very evenly distributed”

William Gibson (21 June 2001)

STRATEGY

OPERATIONAL

Services Towers

Lawyers

Multi-Disciplinary Professional Staff

Sourcing strategy

Business Value Alignment

Continuous Improvement

Metrics

KPIs

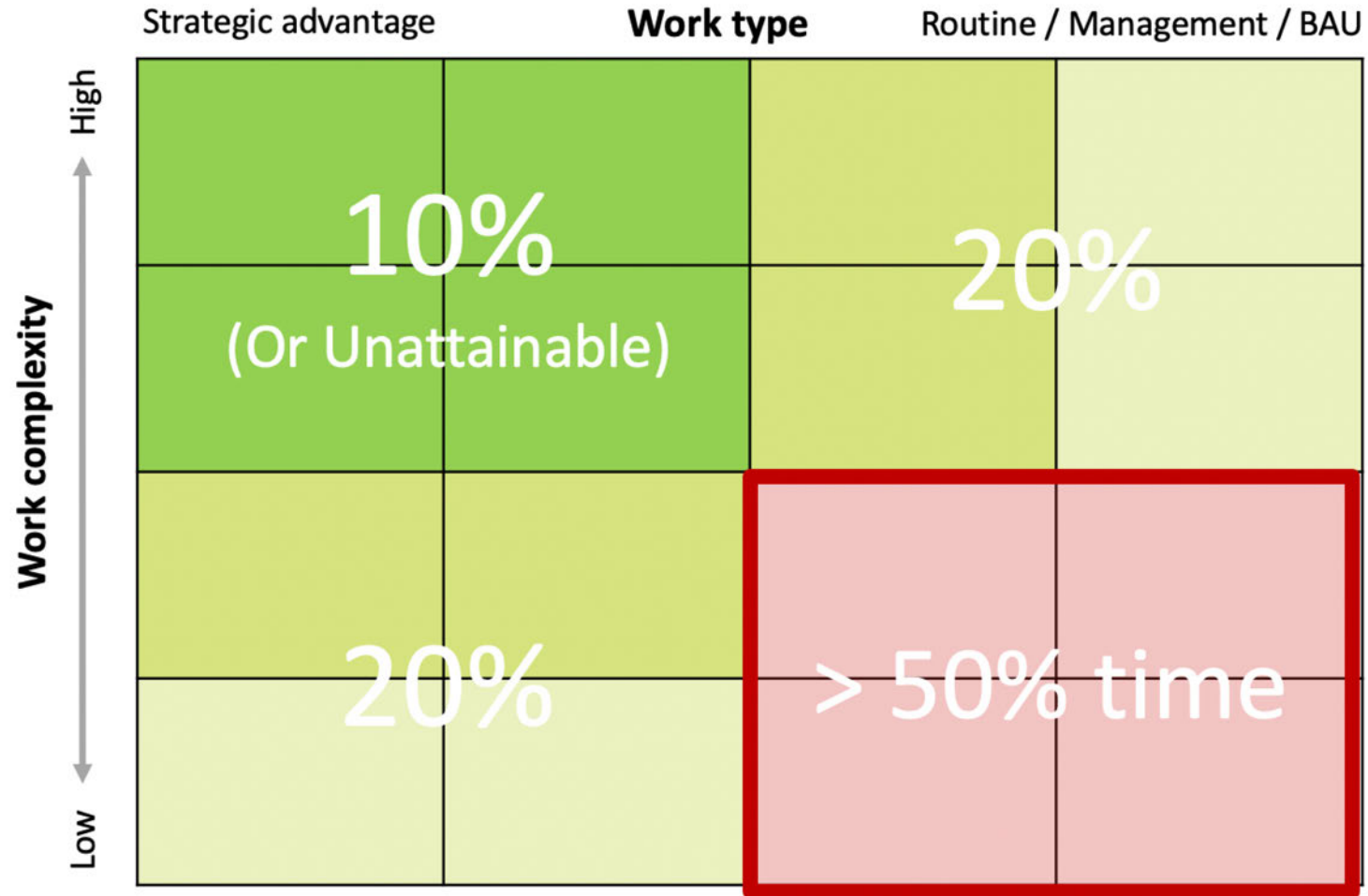
ENABLEMENT

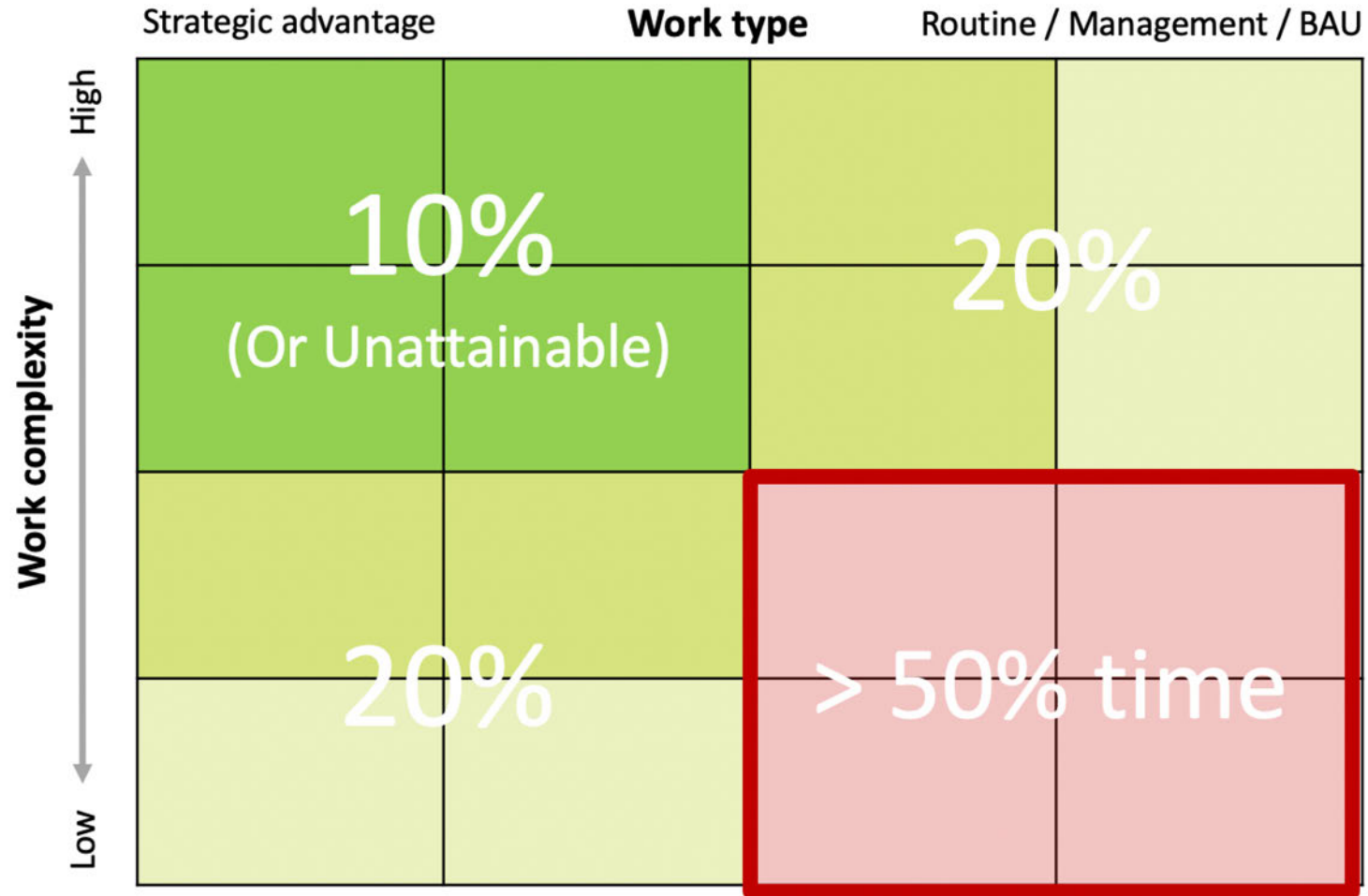
Service Integration and Delivery Management

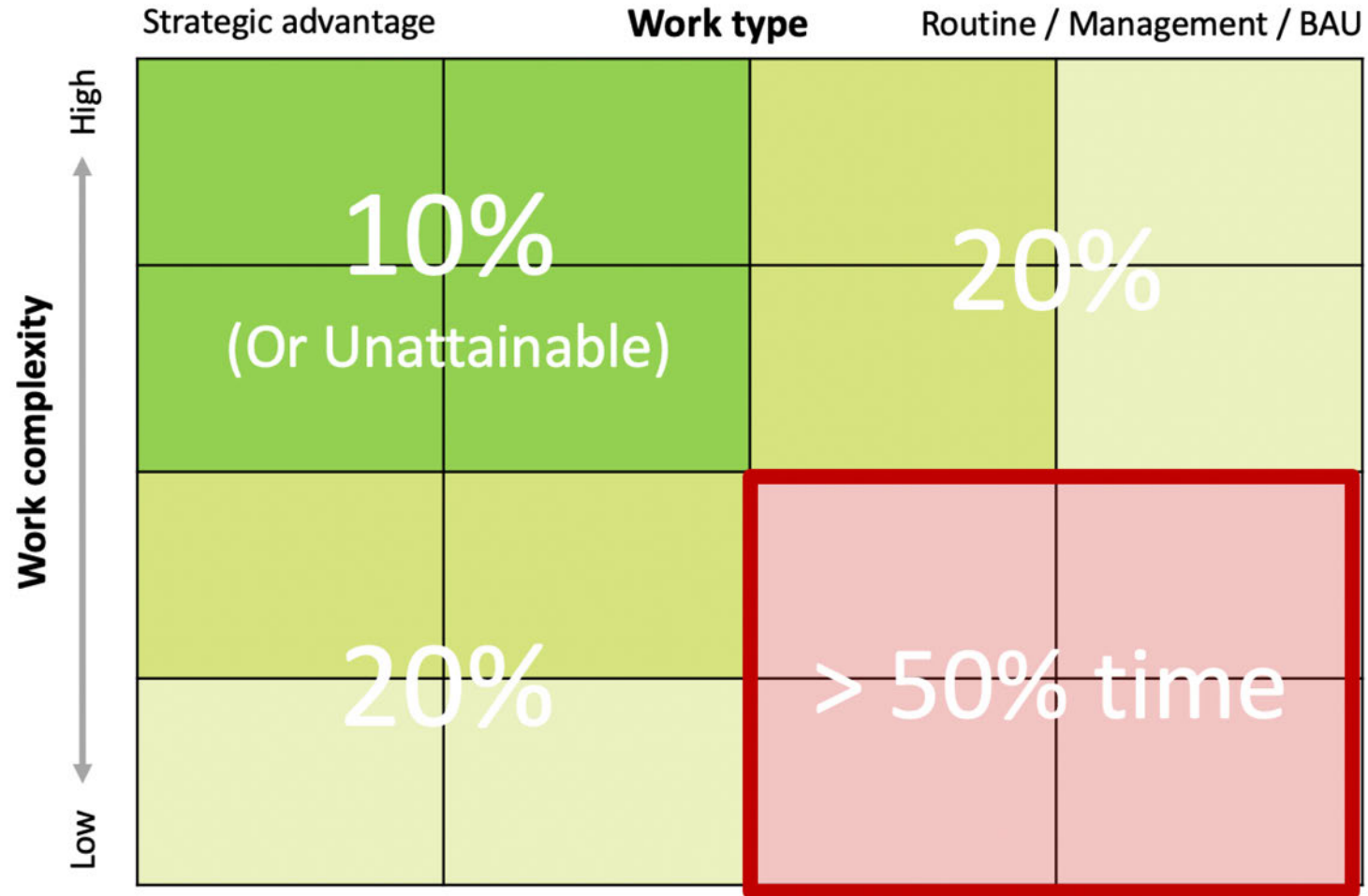
Knowledge Management

Technology and Data Analytics

Legal Department Operations (LDO)







Right-Sourcing Strategy and Service Delivery Models

Prioritize the entire portfolio of legal work based on the value of the work and how it supports the overall corporate strategy

Value is a combination of:

Risk Potential

The extent to which it is possible for specific types of legal work to negatively impact the company (e.g. financial, regulatory, reputation)

Impact on Competitive advantage

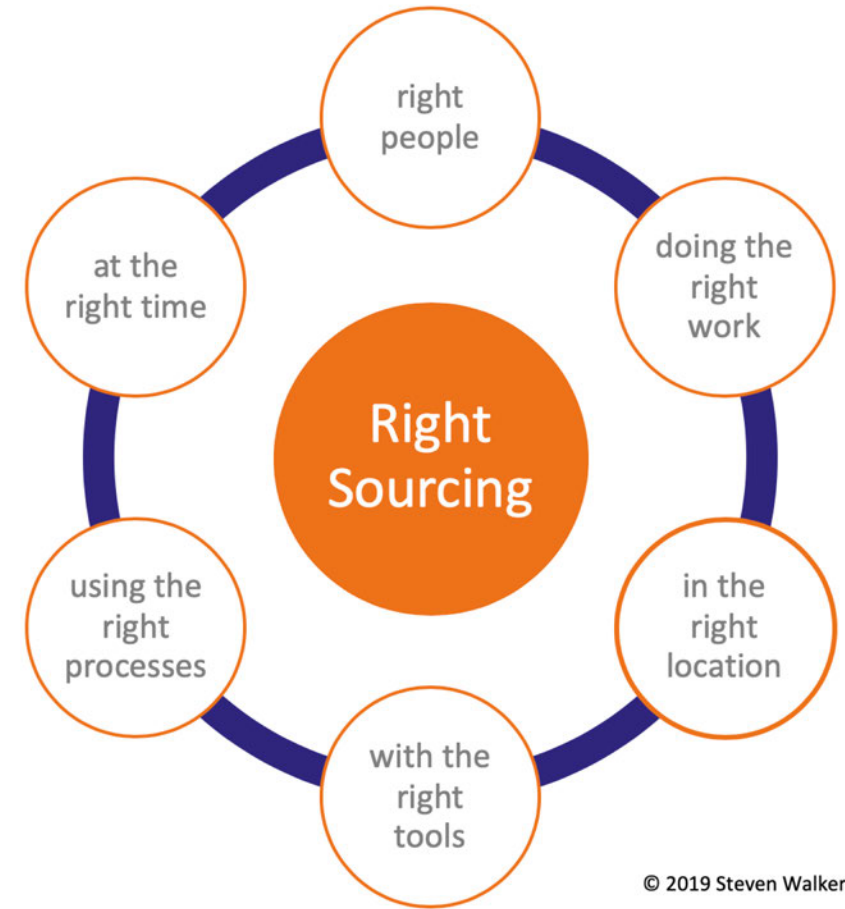
The degree to which the type of legal work drives competitive advantage and supports the corporate strategy and achievement of business goals

High ↑ Risk potential ↓ Low	Medium value	Higher value	Higher value
	Lower value	Medium value	Higher value
	Lower value	Lower value	Medium value

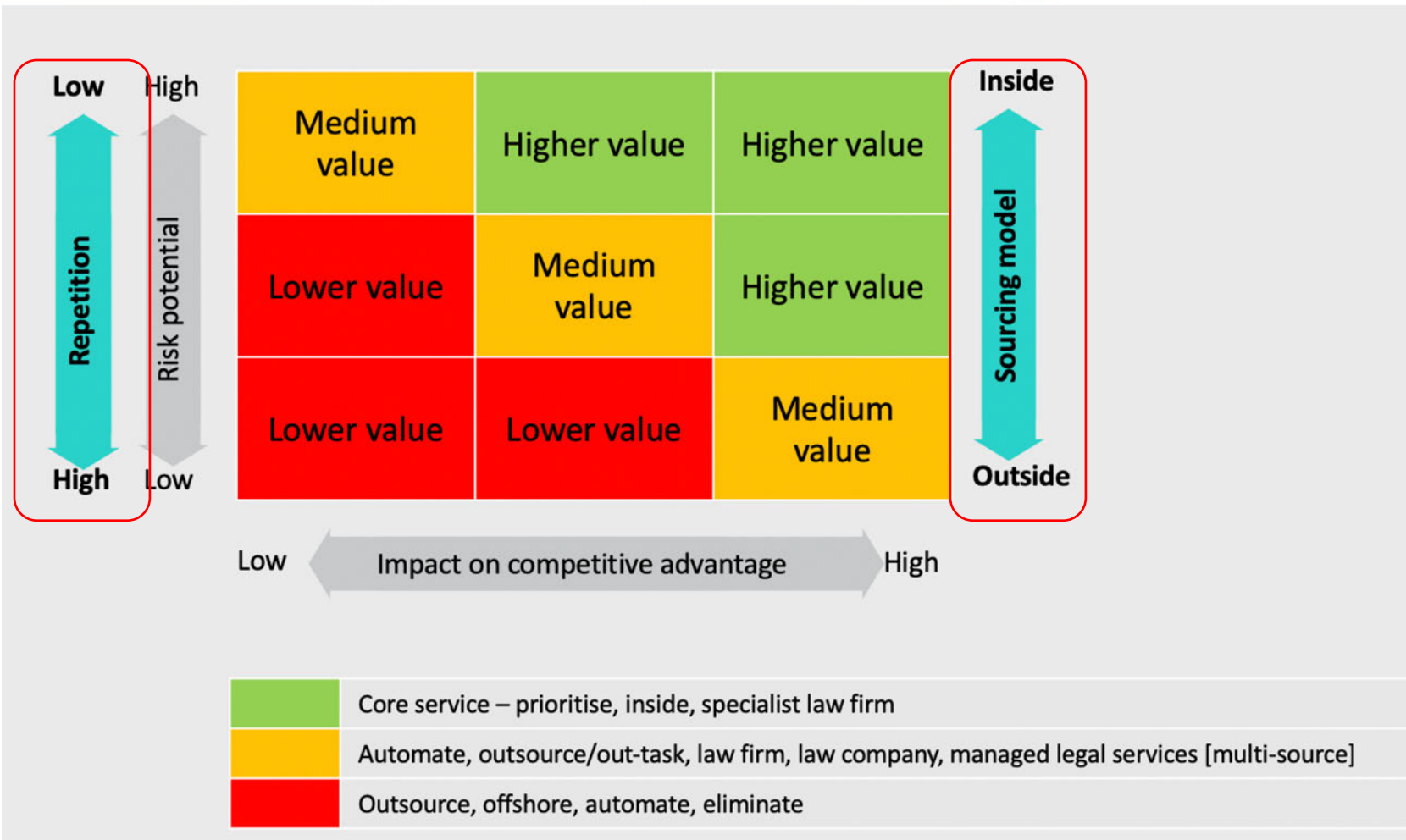
Low ← Impact on competitive advantage → High

- Core – make efficient by consolidation and prioritization
- Automate, outsource
- Reduce, eliminate

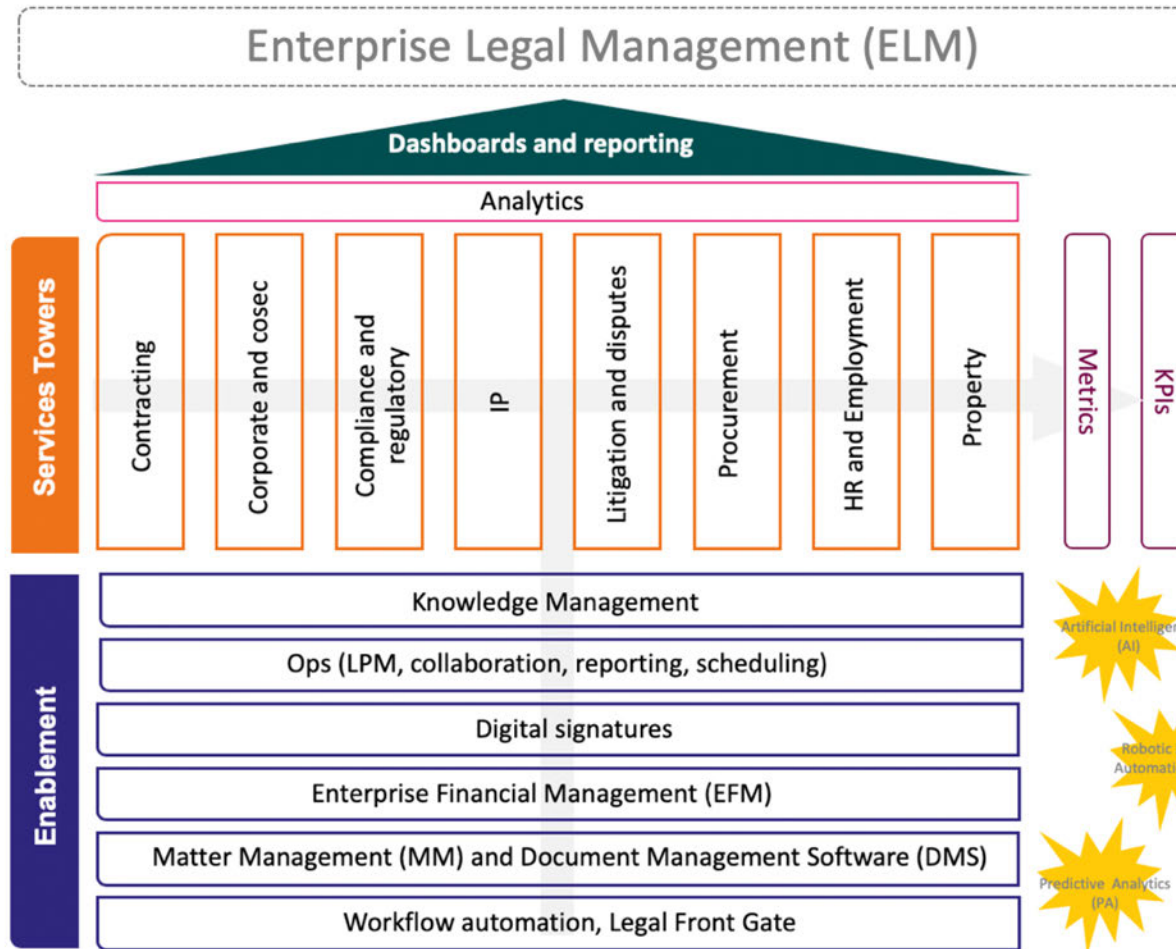
Association of Corporate Counsel



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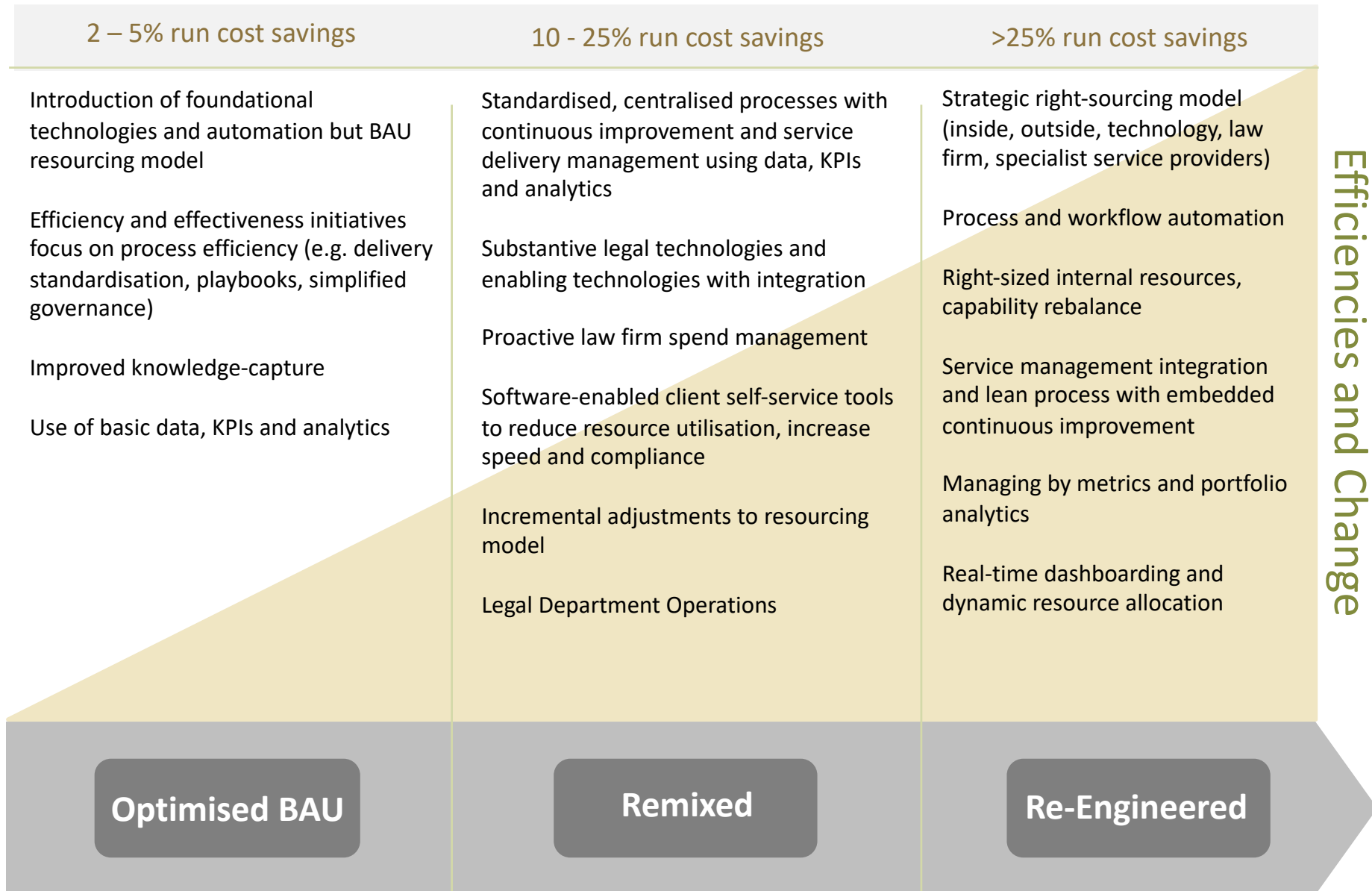


Technology

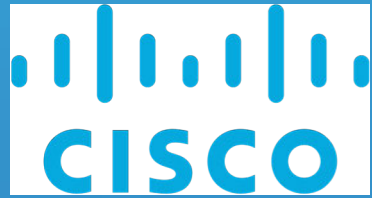


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Directional Savings



Core vs Context Resource Allocation Model



Context

Activities that are necessary but not tied to competitive advantage

Core

Activities that contribute to competitive advantage

Mission Critical

Activities that, if performed poorly, pose an immediate risk

**15%

Out-task

In-task

**65%

High Stakes Litigation
Compliance
Reputation
HR Policy

Tools/Processes

Compliance integrity reviews
eDiscovery

Tools/Processes

M&A Deal Rooms
Diligence Templates
Knowledge Management

Design, build, sell
Business Dev
IP Rights

Non-Mission Critical

Activities that, if performed poorly, do not pose a risk



HR Cases
Smaller litigation
Real estate

Tools/Processes

Entity Management
eBilling

Tools/Processes

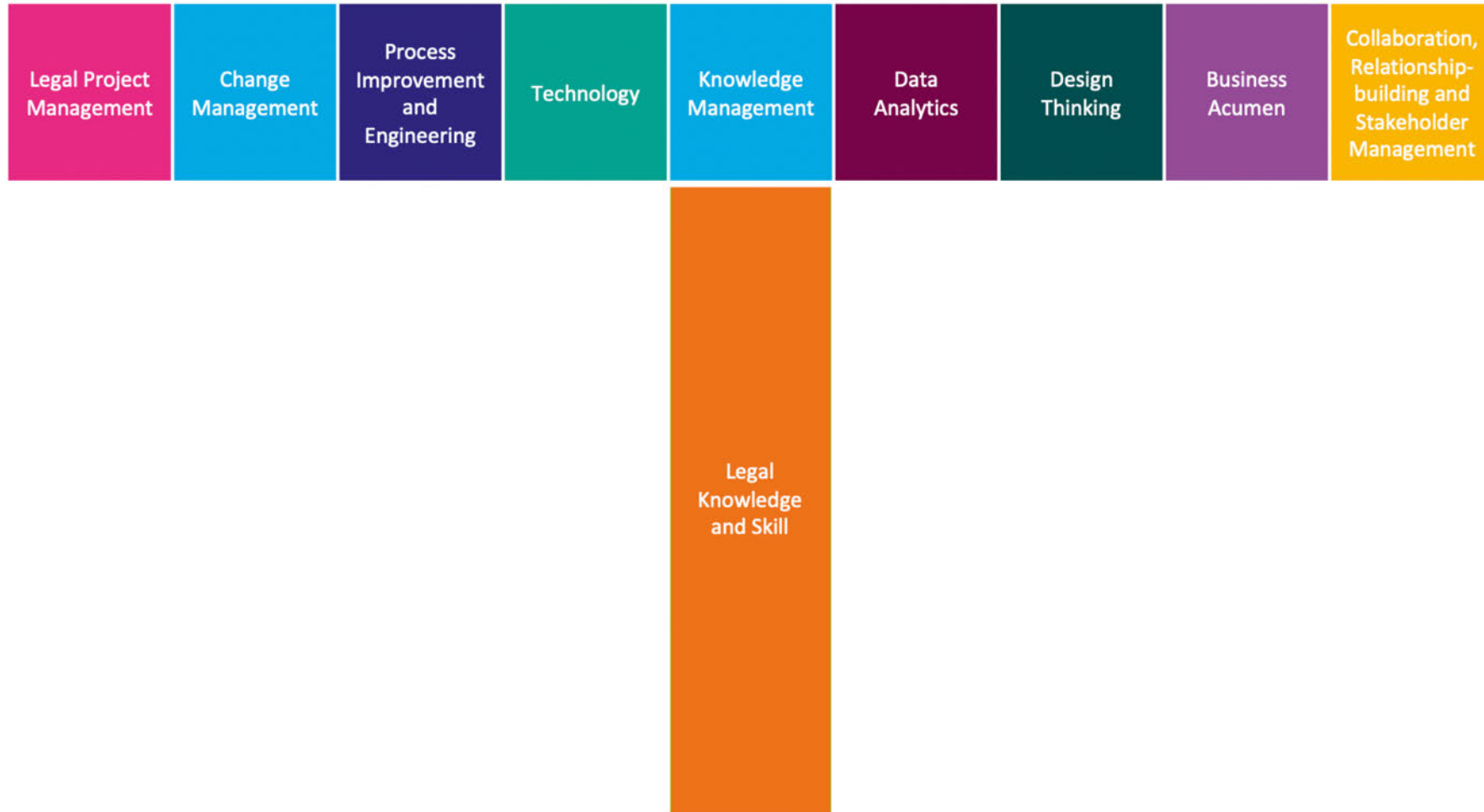
Document Assembly
Patent Tracking

Routine transaction processing

Outsource

Self-Service **20%

** % of in-house legal staff devoted to this work © 2018 Cisco and/or its affiliates. All rights reserved



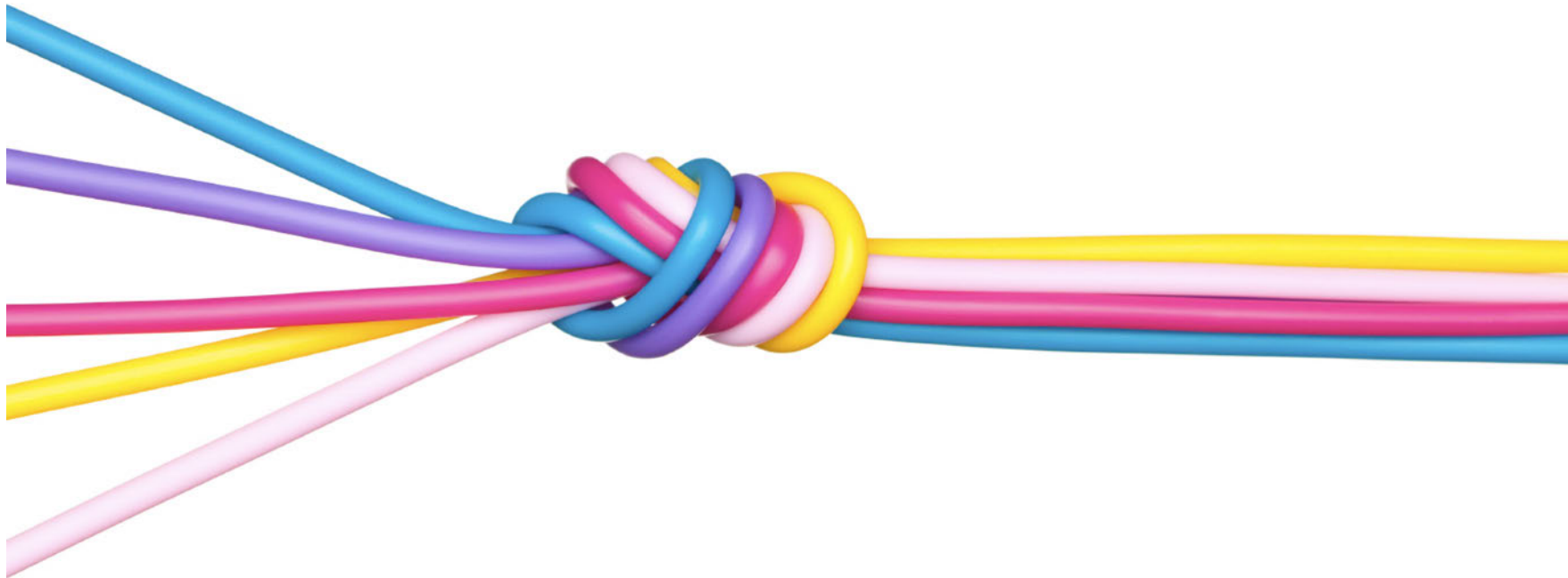
3

5 Things You Should Do Right Now



“If you don't know where you are going, you'll end up someplace else.”

Yogi Berra



1 Strategy

- ✓ Assess Current Mode of Operation, define Future Mode of Operation, and plot Transitional Mode of Operation
- ✓ 1/3/5 year plan aligned to dept. vision and business strategy
- ✓ ACC Resources: Maturity Model / Strategic Planning (<https://www.acc.com/maturity/>)
- ✓ People, Process, Technology, **Culture, Data**



PROJECT AUTOBAHN

STARTING LINE

- Legal played a big role in helping land our **NEW CEO**
- We've had some other exciting exec staff changes this year
- We had tough Q4 results & Q1 guidance: macro and micro trends have hurt us
- Our ELS data is **TOPS** in NetApp & **WORLD CLASS!**
- We have made some tremendous hires! Legal does not have an attrition issue & we only let the **VERY BEST PEOPLE** join our club!
- Our opportunity & influence have never been higher! We have earned our seats at the table! **THIS IS OUR TIME!!!**

LANDSCAPE

TECHNOLOGY CULTURE
 PEOPLE
 STRATEGY LEADERSHIP

DESTINATION

OUR CLIENTS

- Legal GETS IT!
- Legal partners with us to drive business
- They have our back

OUR TEAM

- WE ROCK!
- Together we are making a difference
- I am learning and growing

OUR WORLD

- NetApp Legal is changing the industry
- This is an innovative group
- They are way **AHEAD** of their peers

The BEST Legal Department in the world!

FOCUS AREAS

BUST SILOS AND BUILD BRIDGES
ENABLE SPEED AND SIMPLICITY
WE ARE ALL IN SALES



Competitors
Red Tape

Fuel Stations Ahead

- Reconnect
- Recommit
- Revise
- Recharge

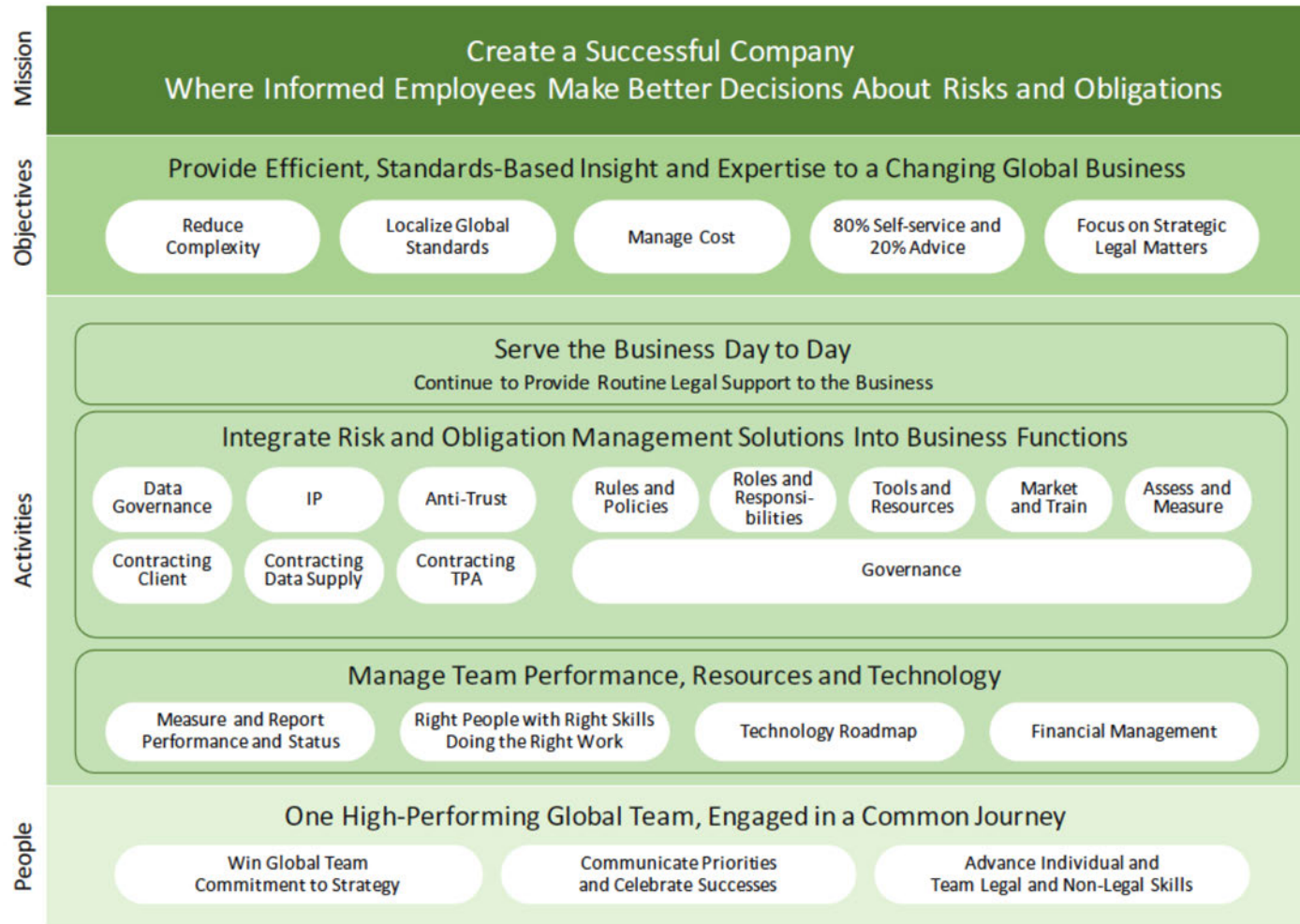
NO SPEED LIMIT

ROAD SIGNS

POTHOLES Ahead

- Bandwidth
- Fire Drills
- Emails
- Bloated Meetings
- Opt-outs

EMBRACE your CORE ROLE



Source: Kai Jacob, Dierk Schindler, and Roger Strathausen (eds) *Liquid Legal: Transforming Legal into a Business Savvy, Information Enabled and Performance Driven Industry* (Springer International Publishing, 2017) 403

2

Tech Roadmap

Core 4




Enterprise Financial
Management



Matter and Document
Management



Contract Lifecycle
Management



Workflow Automation
and Digital Signatures

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3 Right-Sourcing

- ✓ Optimise
- ✓ Cost ↓
- ✓ Quality ↑



4 Metrics

- ✓ Managing by metrics, measuring outputs and outcomes is a core and critical management competency
- ✓ Tell the “story” of the department and the value that it brings to the business in data-driven terms (the language of business)

Area	Leadership Team Level
Budget	<ul style="list-style-type: none"> Overall deviations to budget
Outside Counsel Management	<ul style="list-style-type: none"> Overall deviations to budget Internal/external cost split
Business Partnering	<ul style="list-style-type: none"> Satisfaction scores Responsiveness scores
Operational Efficiency	<ul style="list-style-type: none"> % of staff in shared services Aggregated view of key operational measures
People	<ul style="list-style-type: none"> Attrition levels Performance reviews
Risk Management	<ul style="list-style-type: none"> Volume and value of litigation % compliance training completed

Operating Team Level

Illustrative Measures

- Activity volumes (e.g. absolute number of transactions, contracts)
- Contract turnaround cycle times
- Number of deviations from standard contract terms
- Number of precedent documents
- Process compliance (e.g. eSignature usage)
- Patent filing rates
- Trademark filing error rates
- Pre-discovery resolution rate
- Merger integration cycle time

Operating Team Measures should be tailored to specific operating team objectives

5

#DoLessLaw

- ✓ AKA 'creative denial of service'
- ✓ Client self-service solutions and empowerment
- ✓ Not to be confused with no-sourcing
- ✓ Reduce consumption of legal resources by proactive service and compliance posture
- ✓ See <https://prismlegal.com/do-less-law-a-taxonomy-of-ideas/>

Thank you





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