

# 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

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Evolution of the Legal Department

2

Anatomy of a Next Generation Legal Department

3

5 Things You Should Do Right Now

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## Evolution of the Legal Department

Society

Legal Depts.

**\$600bn global legal sector**  
**\$22bn in Australia**

3<sup>rd</sup> Industrial Revolution

4<sup>th</sup> Industrial Revolution

**The New Normal**

**GFC**

1980

1990

2000

2010

*Digital transformation*

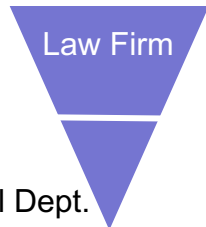
2020

Risk management focus  
Duopoly  
Less complexity  
Reactive

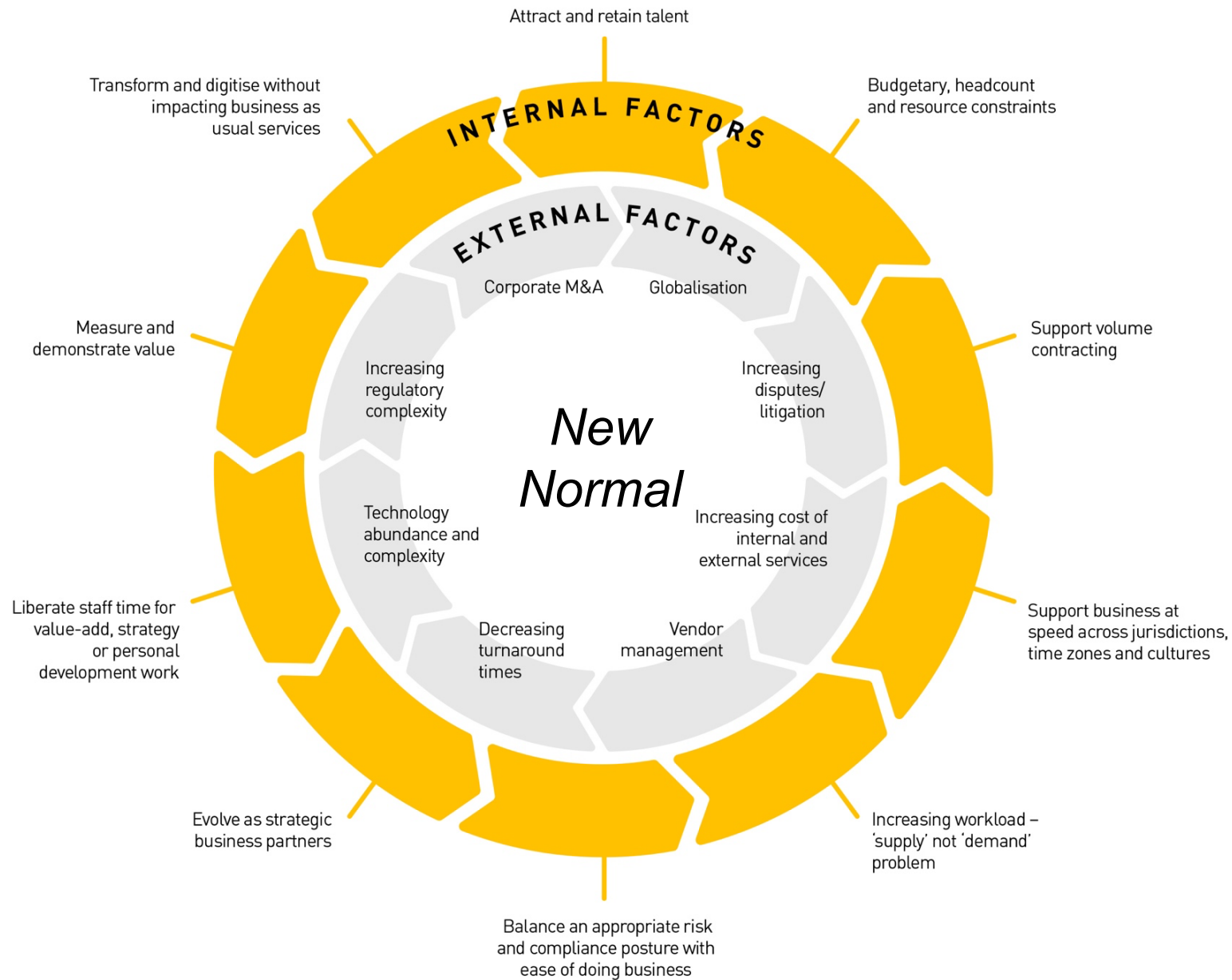
Strategic partnership  
Increased speed of business  
Global issues and complexity  
Increased sensitivity to cost  
Duopoly but advent of LPO

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

Trusted business advisor  
Legal delivery at the speed of business  
Business outcomes  
Global complexity  
Spend management  
Right-sourcing ecosystem  
YoY budget ⚡

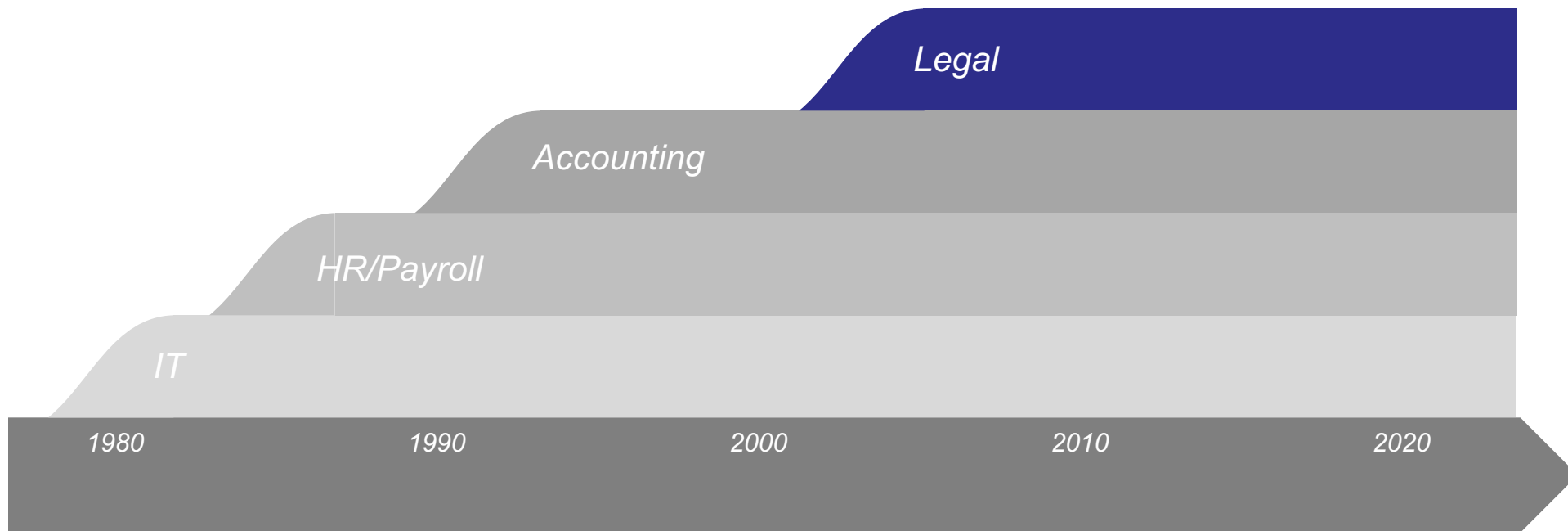


More for Less and Better,  
Faster, Cheaper



# Legal Services Ecosystem





# Business Value Enablement

Increased business velocity and enablement – competitive advantage

Operational cost reduction

Ease of doing business and customer UX

Affirmative recovery and reduced revenue/margin leakage

Visibility, reporting, advanced analytics

Staff engagement, efficiency and productivity

Enhanced policy compliance

Enhanced risk management



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## Anatomy of a Next Generation Legal Department

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

*William Gibson (21 June 2001)*



## **Mission Statement**

Business value creation

Legal services delivered at the speed of business

Legal department run like a business

Managing by metrics

# STRATEGY

OPERATIONAL

Services Towers

Lawyers

Multi-Disciplinary Professional Staff

Sourcing strategy

Business Value Alignment

Continuous Improvement

Metrics

KPIs

ENABLEMENT

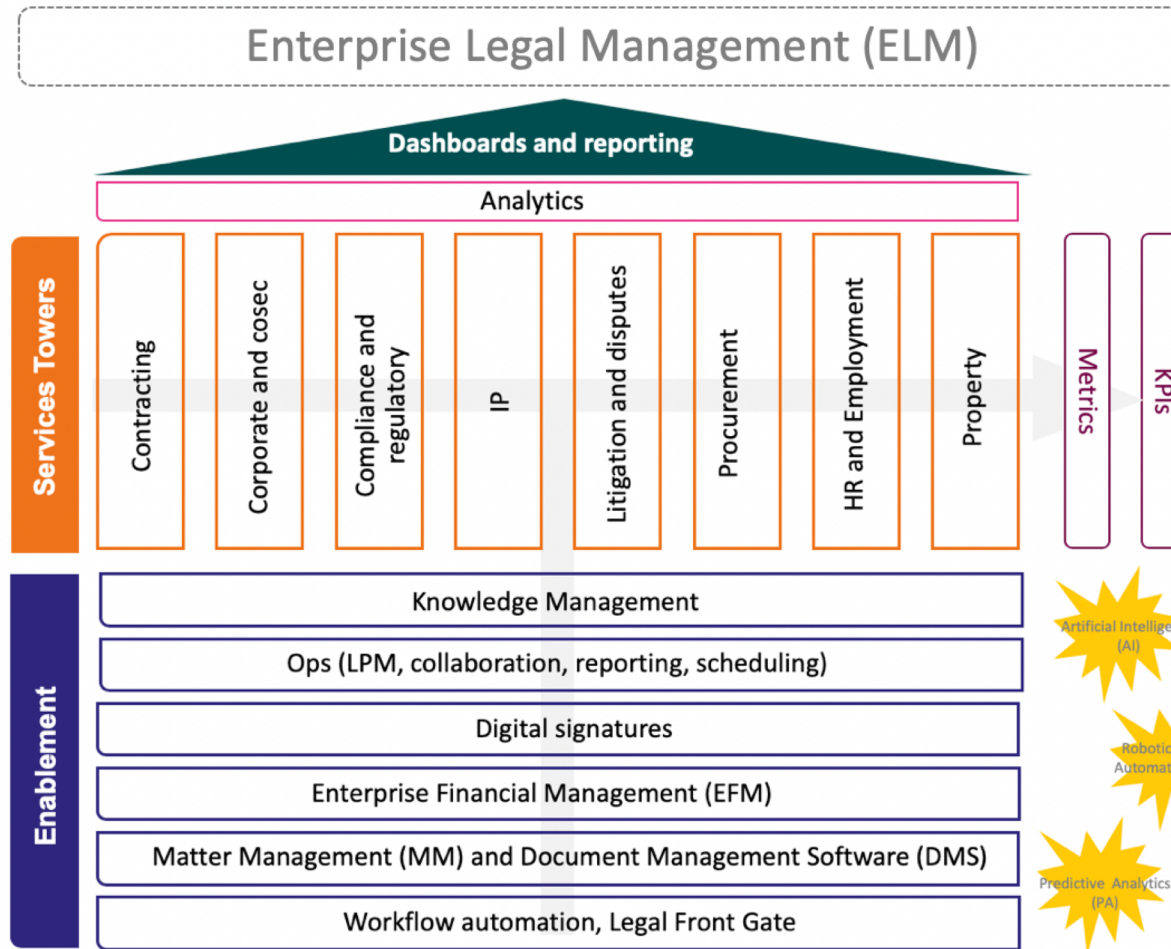
Service Integration and Delivery Management

Knowledge Management

Technology and Data Analytics

Legal Department Operations (LDO)

# Technology



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# Right-Sourcing Strategy

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**

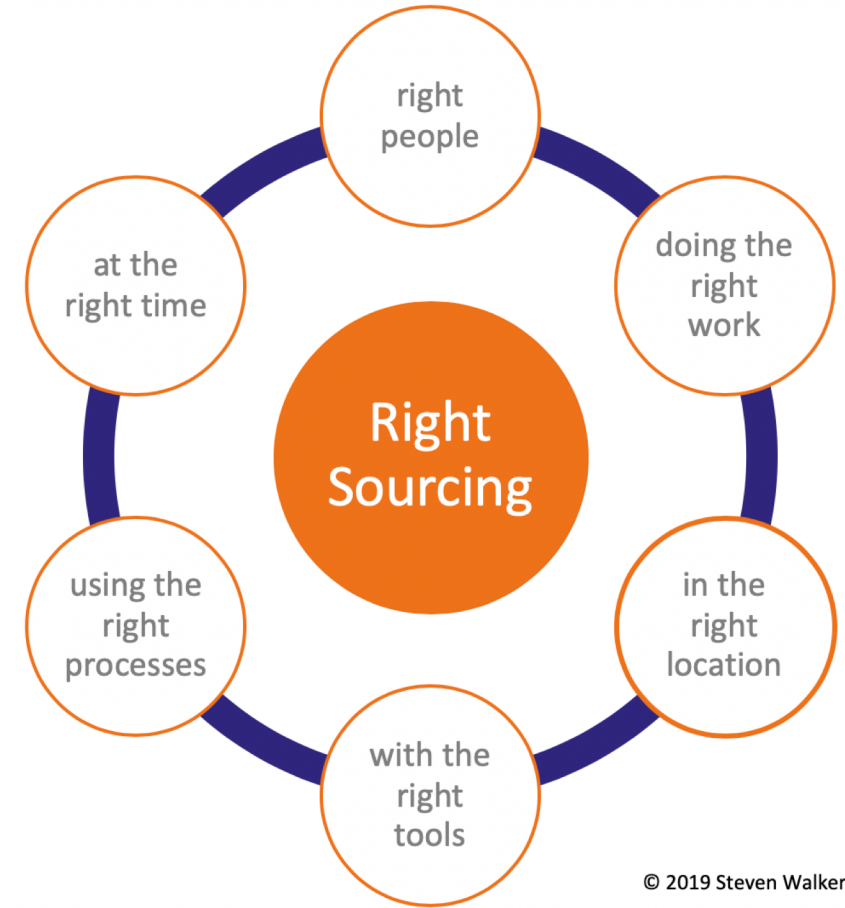
The degree to which the type of legal work drives competitive advantage and supports the corporate strategy and achievement of business goals

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

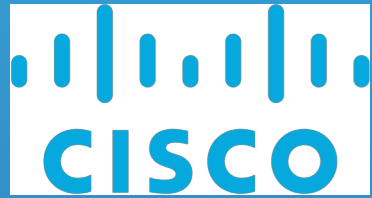
- Core – make efficient by consolidation and prioritization
- Automate, outsource
- Reduce, eliminate

Association of Corporate Counsel



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# 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

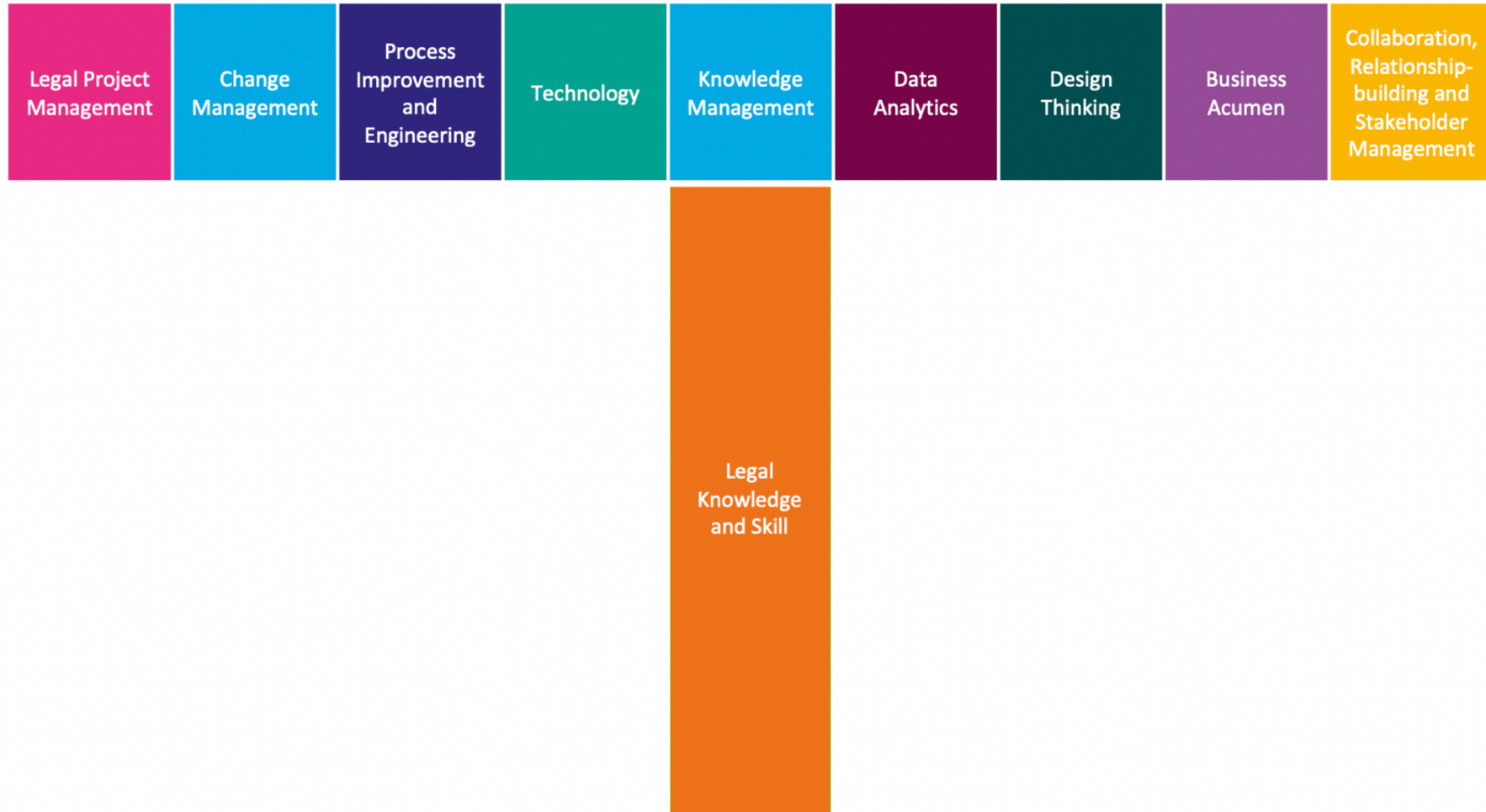
Document Assembly  
Patent Tracking

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



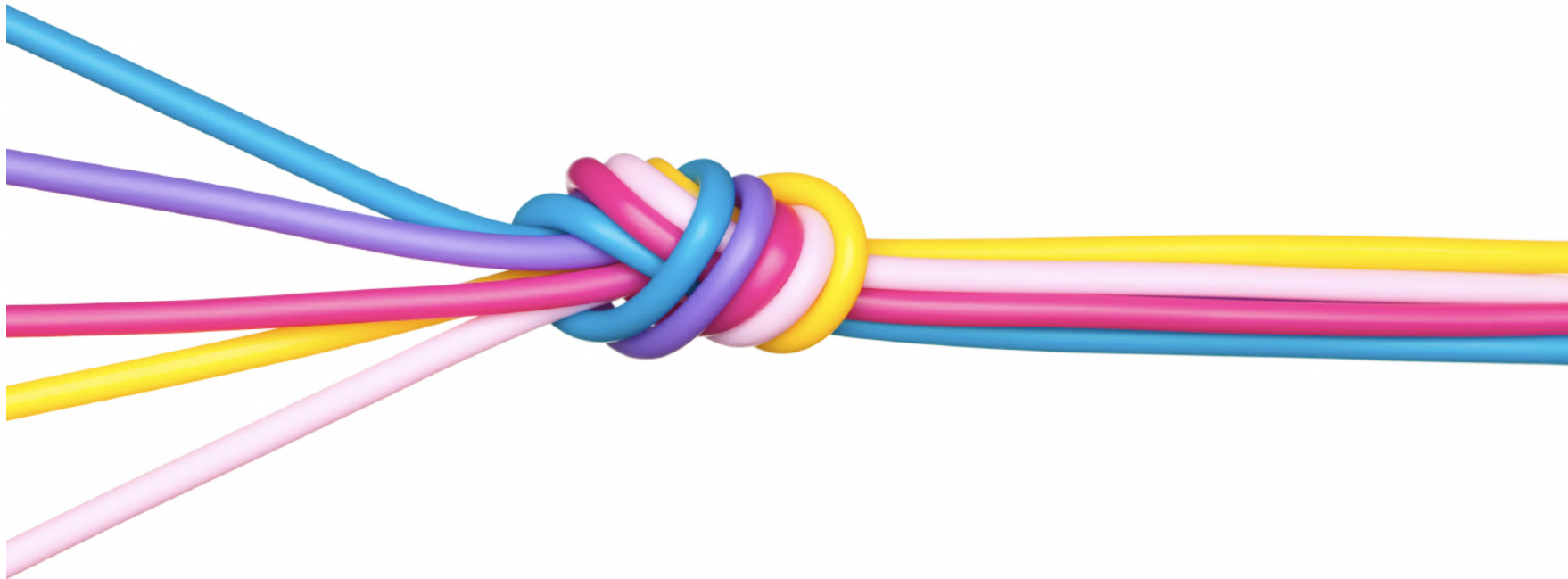


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## 5 Things You Should Do Right Now

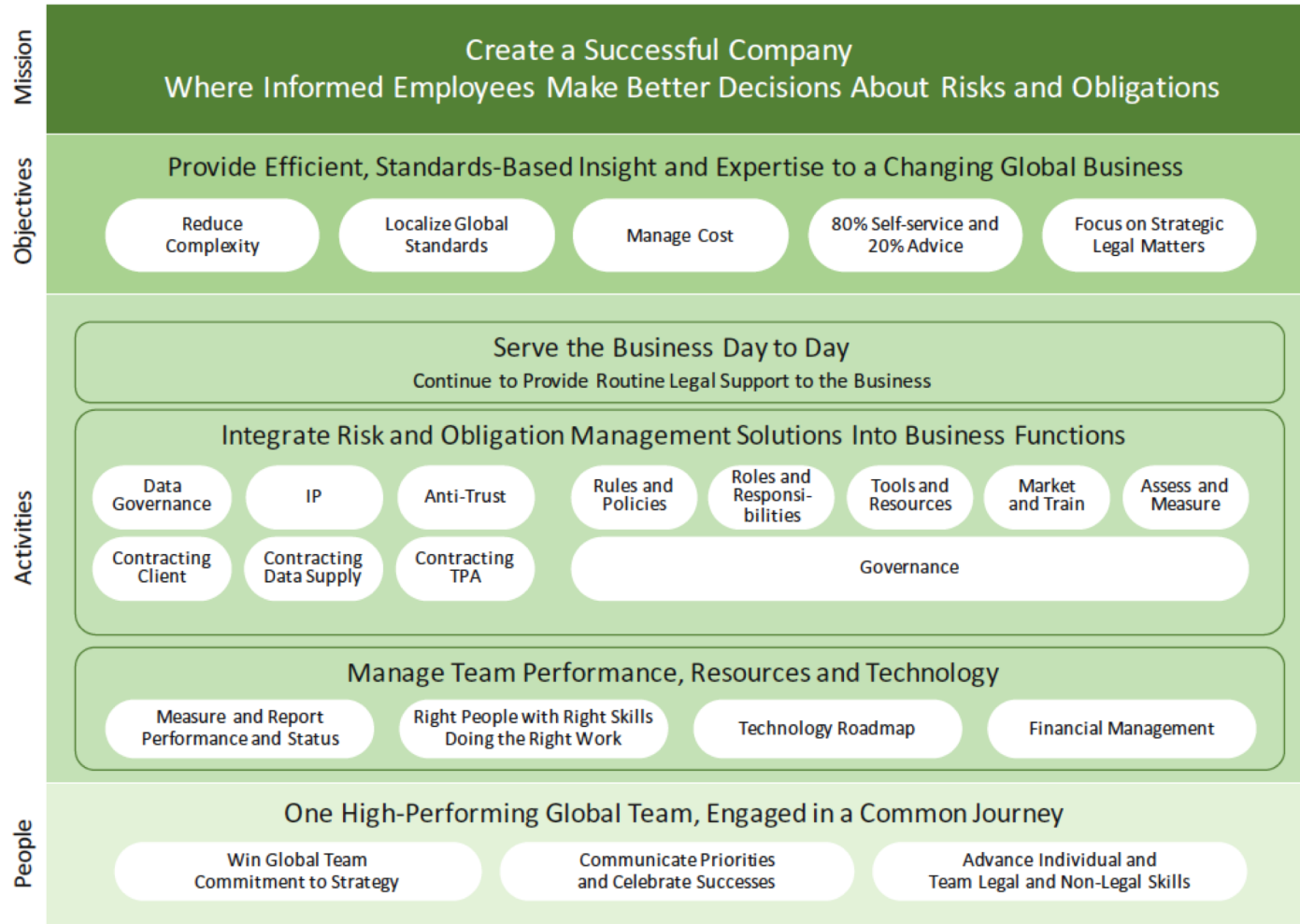
“If you don't know where you are going, you'll end up someplace else.”

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**



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

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Tech Roadmap

Core 4




Enterprise Financial  
Management



Matter and Document  
Management



Contract Lifecycle  
Management



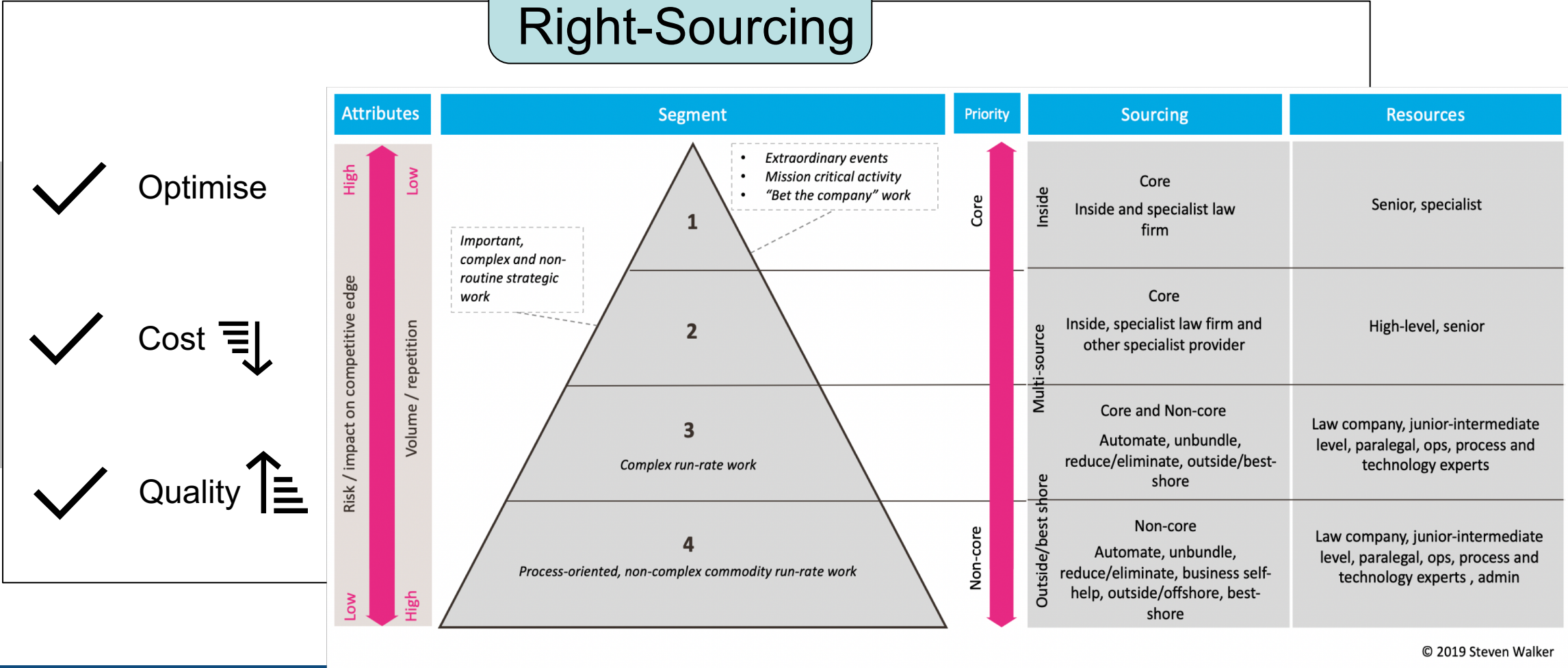
Workflow Automation  
and Digital Signatures

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## Legal Services Transformation



# 3 Right-Sourcing



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## 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	Operating Team Level
Budget	<ul style="list-style-type: none"> <li>Overall deviations to budget</li> </ul>	<p><b>Illustrative Measures</b></p> <ul style="list-style-type: none"> <li>Activity volumes (e.g. absolute number of transactions, contracts)</li> <li>Contract turnaround cycle times</li> <li>Number of deviations from standard contract terms</li> <li>Number of precedent documents</li> <li>Process compliance (e.g. eSignature usage)</li> <li>Patent filing rates</li> <li>Trademark filing error rates</li> <li>Pre-discovery resolution rate</li> <li>Merger integration cycle time</li> </ul> <p><i>Operating Team Measures should be tailored to specific operating team objectives</i></p>
Outside Counsel Management	<ul style="list-style-type: none"> <li>Overall deviations to budget</li> <li>Internal/external cost split</li> </ul>	
Business Partnering	<ul style="list-style-type: none"> <li>Satisfaction scores</li> <li>Responsiveness scores</li> </ul>	
Operational Efficiency	<ul style="list-style-type: none"> <li>% of staff in shared services</li> <li>Aggregated view of key operational measures</li> </ul>	
People	<ul style="list-style-type: none"> <li>Attrition levels</li> <li>Performance reviews</li> </ul>	
Risk Management	<ul style="list-style-type: none"> <li>Volume and value of litigation</li> <li>% compliance training completed</li> </ul>	

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#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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