

# LIST OF METRICS

## SECTION 1. HEADCOUNT AND STRUCTURE

### Legal Department Staff by Position

Number of full-time legal staff by position type, including the following:

- **Lawyers:** Number of lawyers in the legal department, including the chief legal officer/general counsel.
  - **Lawyers–Intellectual property (IP):** Number of lawyers that spend at least 50 percent of their time at work on intellectual property matters. This number is also included in the overall Lawyers category. Only asked if department reported more than one lawyer.
  - **Lawyers–Litigation:** Number of lawyers that spend at least 50 percent of their time at work on litigation matters. This number is also included in the overall Lawyers category. Only asked if department reported more than one lawyer.
- **Paralegals:** Number of paralegals.
- **Legal operations professionals:** Number of legal operations professionals, who are staff members solely dedicated to management of legal operations (not practicing law).
- **Administrative/secretarial staff:** Number of administrative or secretarial staff.
- **Other staff:** Number of other staff employed in the legal department, which may include corporate secretary office personnel, technologists, IP database managers, contract, data, and compliance analysts, librarians, and others.
- **Total legal staff:** Number of total legal staff, which reports the sum of the following five categories (lawyers, paralegals, legal operations professionals, administrative/secretarial staff, and other staff).
- **Contract (temporary) staff:** Number of contractor or temporary staff employed in the legal department (not included in the total staff metric calculation).

### Percentage of Legal Staff by Position

Legal department staff by position type relative to the total number of legal staff, expressed as a percentage. Metrics reported include:

- **Lawyers** as a percentage of total staff
- **Lawyers–IP** as a percentage of total staff
- **Lawyers–Litigation** as a percentage of total staff
- **Paralegals** as a percentage of total staff
- **Legal operations professionals** as a percentage of total staff
- **Administrative/secretarial staff** as a percentage of total staff
- **Other staff** as a percentage of total staff

**Calculation:** (Number of staff in a position type ÷ Number of total legal staff) × 100

### IP and Litigation Lawyers as a Percentage of Total Lawyers

IP- and Litigation-dedicated lawyers relative to the total number of lawyers in the legal department, expressed as a percentage.

- **Lawyers–IP** as a percentage of total lawyers
- **Lawyers–Litigation** as a percentage of total lawyers

**Calculation:** (Number of IP/litigation lawyers ÷ Number of lawyers) × 100

## Lawyer to Other Legal Staff Ratios

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Number of lawyers divided by other, non-lawyer staff position types, expressed as a ratio. Metrics reported include:

- **Lawyers per paralegal**
- **Lawyers per legal operations professional**
- **Lawyers per administrative/secretarial staff**
- **Lawyers per other staff**
- **Lawyers per total non-lawyer staff** (i.e., the sum of paralegals, legal operations professionals, administrative/secretarial staff, and other staff).

**Calculation:** Number of lawyers ÷ number of staff in each position

Not valid in cases where there are no staff members in a specific position (division by zero).

## Legal Staff as a Percentage of Company Employees

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Legal staff per position and total legal staff relative to the company's total number of employees, expressed as a percentage. Metrics included:

- **Lawyers** as a percentage of company employees
- **Lawyers-IP** as a percentage of company employees
- **Lawyers-Litigation** as a percentage of company employees
- **Paralegals** as a percentage of company employees
- **Legal operations professionals** as a percentage of company employees
- **Administrative/secretarial staff** as a percentage of company employees
- **Other staff** as a percentage of company employees
- **Total legal staff** as a percentage of company employees

**Calculation:** (Number of legal staff ÷ Number of total company employees) × 100

## Lawyers and Legal Staff Standardized by Revenue

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Number of lawyers and legal staff divided by a standardized company revenue value. Metrics reported

For companies with **under \$1B** in company revenue:

- **Lawyers per \$100 million** in company revenue
- **Legal staff per \$100 million** in company revenue

For companies with **\$1 billion or more** in company revenue:

- **Lawyers per \$1 billion** in company revenue
- **Lawyers-IP per \$1 billion** in company revenue
- **Lawyers-Litigation per \$1 billion** in company revenue
- **Legal staff per \$1 billion** in company revenue

**Calculation:** Number of lawyers ÷ (company revenue ÷ \$100 million) for companies with **under \$1B**.

**Calculation:** Number of lawyers ÷ (company revenue ÷ \$1 billion) for companies with **\$1B or more**.

## Business Function Oversight

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Percentage of departments that classify each of 21 different business functions according to their corporate organization relative to the legal department, as follows:

- **Part of legal**

- **Separate function reporting to legal**
- **Separate function not reporting to legal**
- **Not known**

The business functions inquired about are administration, communications, compliance, cybersecurity response, environmental, health, and safety (EHS), environmental, social, and governance / corporate social responsibility (ESG/CSR), ethics, finance, government affairs, human resources, information governance, information security, information technology (IT), internal audit, physical security, privacy, procurement, public/corporate affairs, real estate/corporate facilities, risk, and supply chain.

## SECTION 2. COST MANAGEMENT

### Overall Legal Department Spending Amounts

Results provide legal department costs in US Dollar amounts from the period January 1, 2023 – December 31, 2023, for the following spending categories:

- **Total inside spend:** Includes lawyer and non-lawyer compensation, and other inside spend not categorized.
- **Total outside spend:** Includes outside counsel and ALSP spend, and other outside spend not categorized. These amounts do not include outside legal expenses related to settlement costs, judgements, fines, recoveries, or costs associated with claims and capitalized expenses.
- **Total legal spend:** The combined amount of total inside spend and total outside spend.  
**Calculation:** Total inside spend + Total outside spend
- **Total compensation (lawyers):** Combined compensation among all department lawyers, including salary, bonus, taxes, and benefits.
- **Total compensation (non-lawyers):** Combined compensation among all non-lawyer staff, including salary, bonus, taxes, and benefits.
- **All other additional inside spend:** Any other additional inside spend not categorized.
- **Total spend on outside counsel:** All costs associated with outside counsel.
- **Total spend on ALSPs:** All costs associated with ALSPs.
- **All other additional outside spend:** Any other additional outside spend not categorized.
- **Outside counsel spend on litigation (excluding intellectual property):** All outside counsel expenses allocated to litigation matters, excluding intellectual property litigation. These amounts are also included as part of the total spend on outside counsel and total outside spend metrics.
- **Outside counsel spend on intellectual property litigation:** All outside counsel expenses allocated to intellectual property litigation matters. These amounts are also included as part of the total spend on outside counsel and total outside spend metrics.
- **Outside counsel spend on intellectual property (non-litigation):** All outside counsel expenses allocated to other, non-litigation intellectual property matters. These amounts are also included as part of the total spend on outside counsel and total outside spend metrics.

### Percentage of Legal Spend by Category

Results provide legal department costs for each of the listed spend categories relative to other types of spend, expressed as a percentage. Reported spending categories include:

- **As a percentage of total legal spend...**
  - **Inside spend:** Inside spend as a percentage of total legal spend  
**Calculation:** (Total inside spend ÷ Total legal spend) × 100
  - **Outside spend:** Outside spend as a percentage of total legal spend  
**Calculation:** (Total outside spend ÷ Total legal spend) × 100
- **As a percentage of total inside spend...**

- **Lawyer compensation spend:** Lawyer compensation as a percentage of total inside spend  
**Calculation:** (Lawyer compensation spend ÷ Total inside spend) × 100
- **Non-lawyer compensation spend:** Non-lawyer compensation as a percentage of total inside spend  
**Calculation:** (Non-lawyer compensation ÷ Total inside spend) × 100
- **Other additional inside spend:** Other additional inside spend as a percentage of total inside spend  
**Calculation:** (Other additional inside spend ÷ Total inside spend) × 100
- **As a percentage of total outside spend...**
  - **Outside counsel spend:** Outside counsel spend as a percentage of total outside spend  
**Calculation:** (Outside counsel spend ÷ Total outside spend) × 100
  - **ALSP spend:** ALSP spend as a percentage of total outside spend  
**Calculation:** (ALSPs spend ÷ Total outside spend) × 100
  - **Other additional outside spend:** Other additional outside spend as a percentage of total outside spend  
**Calculation:** (Other additional outside spend ÷ Total outside spend) × 100
- **As a percentage of total outside counsel spend...**
  - **Spend on litigation (excluding intellectual property):** Spend on litigation (excl. IP) as a percentage of total outside counsel spend  
**Calculation:** (Litigation spend [excl. IP] ÷ Total outside counsel spend) × 100
  - **Spend on intellectual property litigation:** Spend on IP litigation as a percentage of total outside counsel spend  
**Calculation:** (IP litigation spend ÷ Total outside counsel spend) × 100
  - **Spend on intellectual property (non-litigation):** Spend on IP (non-litigation) as a percentage of total outside counsel spend  
**Calculation:** (IP spend [non-litigation] ÷ Total outside counsel spend) × 100

## Legal Spend as a Percentage of Company Revenue

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Legal department inside, outside, and total spend standardized by company revenue, expressed as a percentage.

- **Inside spend** as a percentage of company revenue  
**Calculation:** (Total inside spend ÷ Company revenue) × 100
- **Outside spend** as a percentage of company revenue  
**Calculation:** (Total outside spend ÷ Company revenue) × 100
- **Total spend** as a percentage of company revenue  
**Calculation:** (Total legal spend ÷ Company revenue) × 100

## Cost per Lawyer Hour

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A measure of the hourly cost per lawyer obtained by dividing the reported total annual lawyer compensation amount by the number of lawyers in the department multiplied by 1,800 hours in a year, a common industry standard to measure workload on an annual basis. This metric is measured in US Dollars.

- **Cost per lawyer hour:** Total lawyer compensation divided by the number of lawyers multiplied by 1,800 hours of work annually per lawyer  
**Calculation:** Total lawyer compensation spend ÷ (Number of lawyers × 1,800 hours/lawyer)

## Legal Technology Budget Allocation

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Results report the percentage of departments that follow any of the following three practices in relation to how the legal technology budget is allocated in the legal department and overall organization.

- **Entirely contained within the legal department budget**

- **The budget for legal technology is shared between legal and other department(s) (shared services model)**
- **Spend on legal technology is not part of the legal department budget**

### Legal Technology Spend

Spend allocated to legal technology costs expressed both in US Dollar amounts and as a percentage of total legal spend. Participating departments reported their legal technology costs as a percentage of total legal spend, excluding those departments that indicated that technology expenses are not part of the legal department budget.

- **Legal technology spend amount** in US Dollars  
**Calculation:** Total legal spend × (Legal technology spend as a percentage of total spend ÷ 100)
- **Legal technology spend as a percentage of total spend**

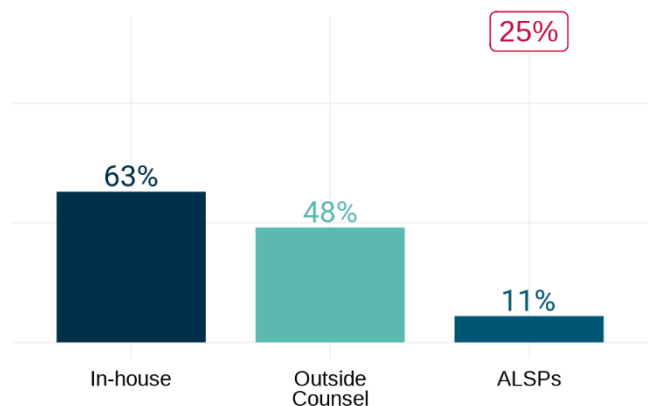
## SECTION 3. WORK ALLOCATION

### Percentage of Departments that Allocate Work In-house, to Outside Counsel, or to ALSPs

Percentage of legal departments that handle each type of legal work in-house by the legal team, by outside counsel, and by ALSPs. Because multiple responses were allowed, the percentages often sum up to more than 100 percent.

Results reported based on work allocation for 17 different areas, namely: compliance, contract management, corporate and governance, discovery–data collection, discovery–data processing/hosting, document management–review and drafting, due diligence, intellectual property services, invoice review, labor and employment, legal operations, legal research, litigation–case/project management, litigation–legal hold, privacy and security, records management, and regulatory.

#### Legal Work Area Example



In this chart used as an example, the values indicate the following results. Among valid responses, the work distribution in this legal work area is handled as follows:

- **In-house**, by 63 percent of departments
- By **outside counsel**, by 48 percent
- By **ALSPs**, by 11 percent

The value on the top right indicates the percentage of all departments where this specific legal work area was not covered or not applicable.

- **Not applicable**, in 25 percent of all departments

## SECTION 4. LEGAL TECHNOLOGY ADOPTION

### Percentage of Departments that Use Each Legal Technology Tools

Percentage of departments that use each of the following 26 legal technology tools.

#### Technology Tools

- **Artificial intelligence tools:** Software applications that use algorithms to perform tasks and solve problems (e.g. Chat GPT).
- **Board portals:** Collaborative software solutions that help manage and distribute board meeting materials as well as facilitate corporate leadership communication.



- **Business intelligence software:** Used to gather and analyze data about your legal functions. Examples of data that can be analyzed include legal spend, legal case data allows, and eDiscovery metrics. It typically provides dashboard, report creation, or other methods to represent data in various formats.
- **Compliance office tools:** Used for policy, risk, incident and procedure oversight and management.
- **Contract management tools:** Used to support contract lifecycle management, including requesting, authoring, negotiating, approving, signing, analyzing and storing contracts.
- **Corporate secretary tools:** Used to manage board governance cycles including online board books, event scheduling, collaboration and reporting.
- **Document comparison tools:** Used to identify changes between two versions of the same document for the purposes of document editing and review.
- **Document management tools:** Used to manage, track and store digital documents and email, and reduce paper.
- **eBilling tools:** Used to electronically submit and review invoices from outside counsel or other external entities over the internet to organizations and support the processing of invoice payments electronically.
- **eDiscovery tools – identification/preservation/collection tool(s):** Used to identify, preserve, collect, analyze, process and/or review data for discovery in legal proceedings and support the phases of the Electronic Discovery Reference Model.
- **eDiscovery Tools – processing/analysis tool(s):** Used to support processing and analysis of electronic discovery in legal functions.
- **eDiscovery – review/production tool(s):** Used to support review and production of electronic discovery in legal functions.
- **eSignature tools:** Used for electronic sending, signing and managing of agreements.
- **Integration tools:** Used to provide a way to connect and manage software applications and automate a variety of critical business processes.
- **IP management tools:** Used to track and manage IP portfolios (Patents and Trademarks), provide deadline and docketing support, which incorporates workflow for proper IP management and process annuity payments.
- **Knowledge management software:** Used to identify, save and index prior work product and knowledge, to be used as a resource for future matters and projects.
- **Legal hold tools:** Used to automate and manage the entire process of legal hold notifications, and supports tracking of responses, interviews, reminders, and escalations.
- **Legal research services tools:** These assist attorneys and paralegals in researching case law, statutes and regulations.
- **Matter management tools:** Used to manage and track legal matters, day-to-day matter work and matter budgets.
- **Online virtual data room repositories:** Used as part of due diligence and acquisition activities to allow the secure exchange of information between the parties.
- **Patent search tools:** Patent research and analytics platform which provides access to published patents and scientific literature worldwide.
- **Project management software:** Tools designed to assist a project manager in developing a schedule, assigning resources to tasks, tracking progress, managing budgets, and analyzing workloads.
- **Record management:** Used to manage your inventory of records.
- **Remote connectivity tools:** These allow users to communicate and access the systems they need when not physically in the office.
- **Survey/information gathering software:** Used to collect information from specific groups of respondents, and usually feature software assistance throughout the process, from creation through results analysis.
- **Workflow tools:** Used to automate business processes.

## SECTION 5. LAW FIRMS, ALSPs, AND FEE ARRANGEMENTS

### Number of Law Firms and ALSPs Engaged in 2023

Overall number of law firms and alternative legal service providers (ALSPs) engaged by legal departments in 2023.

- **Number of law firms engaged**
- **Number of ALSPs engaged**

### Change in the Number of Law Firms and ALSPs Engaged in 2023

Change in the number of law firms and alternative legal service providers (ALSPs) engaged by legal departments in 2023 compared to engagement rates in 2022. The results show the percentage of departments that reported that the number of law firms and ALSPs engaged decreased, stayed the same, or increased in 2023.

- **Change in the number of law firms engaged**
- **Change in the number of ALSPs engaged**

### Types of Outside Counsel Fees Used

Percentage of departments that used each of the following outside counsel fee types in any of these 11 practice areas: commercial and contracts; corporate; employment and labor; environmental; finance, loan, and investment; insurance; intellectual property; litigation; merger and acquisitions; real estate; and regulatory and compliance.

#### Fee Types

- **Standard hourly:** Fees are based on the number of hours each lawyer works on a matter and the lawyer's billable rate.
- **Discounted hourly:** The timekeeper's hourly rate is discounted proportionately to the volume of work provided.
- **Capped:** Capped fees are based on the number of hours each lawyer bills to the matter and the lawyer's billable rate but are capped at a certain amount.
- **Blended:** Fees are based on the number of lawyer hours billed and an agreed-to billable rate. Every timekeeper is billed to the client at the same hourly rate.
- **Fixed/flat:** An agreed sum fee paid for specified services.
- **Contingency:** Fees based on a percentage of the client's award (or savings) realized at the end of the matter.
- **Collars:** Based on hourly fees subject to a case budget and a collar (a range above and below the budget). If the fees are less than the lower collar, outside counsel receives a bonus. If the fees are higher than the upper collar, the client receives a discount from the regular hourly rate.
- **Holdbacks:** Used with hourly and fixed fee arrangements, a portion of the client's fees is placed in a separate bank account. On reaching predetermined benchmarks, fees are dispersed to outside counsel, refunded to the client, or divided between them.

**Success fee:** Used with hourly and fixed fee arrangements, outside counsel earns a bonus on achieving a certain benchmark.

## SECTION 6. DIVERSITY, EQUITY, AND INCLUSION

### Internal Diversity Tracking

Percentage of legal departments that track internal diversity metrics.

### Internal Diversity Tracking Items

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Percentage of legal departments that track diversity metrics for each of the following categories: departures, hires, levels or functions, matter staffing, promotions, and training.

### Formal Strategy to Improve Internal Diversity

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Percentage of departments that report having a formal strategy to improve departmental diversity with tangible consequences for success or failure.

### Outside Counsel Diversity Tracking

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Percentage of legal departments that track diversity metrics for their outside counsel.

### Outside Counsel Diversity Tracking Items

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Percentage of legal departments that track diversity metrics for each of the following categories: all lawyers in a firm, firm leadership positions, incoming associate classes, matter leaders or responsible partners, matter teams working for your department, partners in a firm, and promotions to partner.

### Formal Requirements for Outside Counsel Diversity Metrics

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Percentage of legal departments that have formal requirements for outside counsel to improve diversity with tangible consequences for success or failure.