

**ACC AUSTRALIA
& TAYLOR ROOT**

2024 IN-HOUSE TRENDS REPORT

**THE IN-HOUSE PARADIGM
- DOING MORE WITH LESS**

MESSAGE FROM OUR MANAGING DIRECTOR

The Association of Corporate Counsel (ACC) Australia extends our heartfelt thanks to everyone who contributed to making this report possible.

First and foremost, to the Australian in-house lawyers who participated in the survey, we thank you for your time and willingness to share your experiences, practices, and insights to benefit the wider profession. Through your candid feedback, we can continue to advance the profession and support our community more effectively.

We also wish to convey our sincere appreciation to Taylor Root, our sponsor of this year's survey, for their invaluable support. Their contribution has been instrumental in bringing this report to fruition.

Furthermore, we extend our thanks to our partners; your generosity and support enables us to provide exceptional services and resources to our members. It is through these collaborative efforts that we can continue to foster a thriving legal community.

With gratitude,

Chris O O'Callaghan

Managing Director

Association of Corporate Counsel (ACC) Australia

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FOREWARD

Taylor Root is proud to partner with ACC Australia on the 2024 In-house Trends Report:

The In-house Paradigm – Doing More with Less.

Anticipating, analysing, and planning for challenges are key skills for legal teams, and we hope the key trends identified in the 2024 report will assist you in your role as a strategic advisor to the business.

From Taylor Roots' perspective, as a leading legal search and recruitment firm, there are five trends we discuss with General Counsels and their legal teams daily: reporting line, headcount, remuneration, operational efficiency, and cybersecurity. This report aligns these conversations with comprehensive data and insights, providing a detailed analysis to help legal departments navigate the current landscape.

- **Reporting Lines:** 58% of CLOs report to the CEO, reflecting the growing importance of the legal department in managing risk. This also underscores the value the C-suite places on the General Counsel's active support in company strategy. Working with a CEO or securing a place on the Board can be intimidating and challenging, but more and more, this is viewed as an essential reporting structure. We would expect this figure to grow significantly in years to come.
- **Headcount:** 11% of teams expect staff reductions over the next 12 months. Current market conditions have led to a closer evaluation of work efficiency and costs, and local departments have not escaped this. There have been numerous redundancies in the senior legal market in 2024, and this trend looks likely to continue. Relentless succession planning remains an essential component of any well-run legal department, and this year, the most at-risk cohort is the middle management lawyer.
- **Remuneration:** 41% of legal teams face salary expectations challenges in new recruits. Taylor Root has labelled it 'the great squeeze', where legal counsel salaries exploded while Head of Legal salaries remain stagnant. Despite the rise in legal counsel salaries, Taylor Root has observed, independent of this report, that the 3–7-year PQE cohort is the least satisfied with their compensation and the most likely to seek new positions. The war for talent within law firms, locally and internationally, has only amplified this situation. Added to this situation is the extra challenge of internal relativity with current team members' remuneration.

- **Operational Efficiency:** 1 in 4 lawyers see operational efficiency as a top priority. An understaffed and overworked legal team is a common issue for General Counsels. Although often perceived as counterintuitive, adding a lawyer can improve operational efficiency. Building a business case for additional headcount, emphasising reduced external legal spend, improved delivery of high-quality legal advice, and faster contract turnaround, can achieve operational excellence while reducing turnover and stress within the legal department.
- **Cybersecurity:** 43% of in-house lawyers report being kept awake by cybersecurity issues. Taylor Root's own data indicates that this hot topic has also flowed into recruitment processes, where candidates who have worked through and experienced a major cyber-attack are becoming highly sought after. Although the majority of these lawyers are commercial lawyers, their unique experience is now given significant weight in evaluating candidates.

In conclusion, the 2024 In-house Trends Report: The In-house Paradigm – Doing More with Less underscores the evolving landscape of the legal profession. By staying informed about these trends, legal teams can better navigate the challenges ahead, ensuring their departments remain efficient, resilient, and strategically aligned with their organisations' goals.

We at Taylor Root look forward to continuing our support for the in-house legal community and contributing to its success.

Hayden Gordine

Partner and Head of Australia at Taylor Root



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KEY TRENDS IN 2024



50%

CLOs oversee risk & compliance



45%

Of legal depts investing in new tech



58%

CLOs report to CEO



1 in 4

See operational efficiency as top priority



11%

Of teams expect staff reductions over the next 12 months



41%

Face salary expectation challenges in new recruits



3rd

Of legal depts have adopted AI



43%

In-house lawyers kept awake by cybersecurity issues



1 in 5

Legal depts play central role in ESG activities



OVERVIEW

ACC Australia is proud to partner with Taylor Root on the 2024 In-House Counsel Trends Report.

Taylor Root is a trusted name in legal, risk and compliance search and recruitment. They are a trusted advisor to companies, firms and professionals in the legal, risk and compliance sectors globally. With offices in the UK, Europe, North America, Asia, Australia and the Middle East, Taylor Root connects the best legal, risk and compliance talent with leading businesses and law firms.

The Association of Corporate Counsel (ACC) Australia has been committed to producing annual In-House Counsel Trends Reports for several years, with the exception of 2020 due to the disruptions caused by the COVID-19 pandemic. These reports are a cornerstone of our efforts to monitor and support our Australian members and the wider in-house community. We leverage the valuable insights from these reports to enhance our education programs and offer practical strategies for our corporate partners.

In 2024, with the shadow of the pandemic mostly behind us, the way we work has changed irreversibly. There's a greater reliance on technology, an increased awareness of rising cyber threats, and further cuts to legal spending. The role of in-house counsel has also expanded, becoming even more dynamic and multifaceted. In-house counsel are now required to extend their responsibilities across various business units, provide strategic advice to the C-suite, collaborate with multiple departments and external providers, and adopt new technologies.

This year's report delivers insights that highlight the latest internal and external trends, outsourcing practices, and perceptions of both existing and emerging threats to in-house teams. It also explores the workload, job satisfaction, and work-life balance of in-house counsels, along with their future upskilling plans.

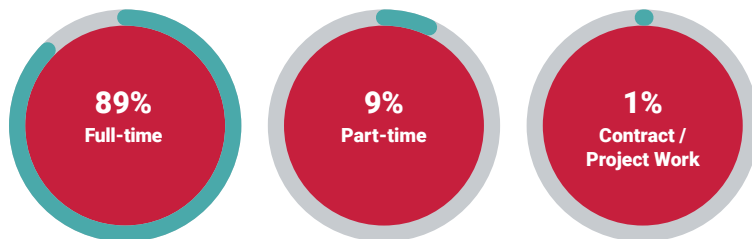
IN-HOUSE COUNSEL ROLE AND REACH

Profile of respondents

This year's survey was completed between 6 May and 9 June 2024 by respondents from various industries, government departments and not-for-profit organisations across Australia.

Full-time remains the most common type of employment, with 89% of respondents describing themselves this way. Another 9% list themselves as part-time, with 1% as contracting or project based. This reflects a consistent profile from the 2023 In-House Counsel Trends Report, where 85% of respondents were full-time employees.

Which classification best describes your employment status?

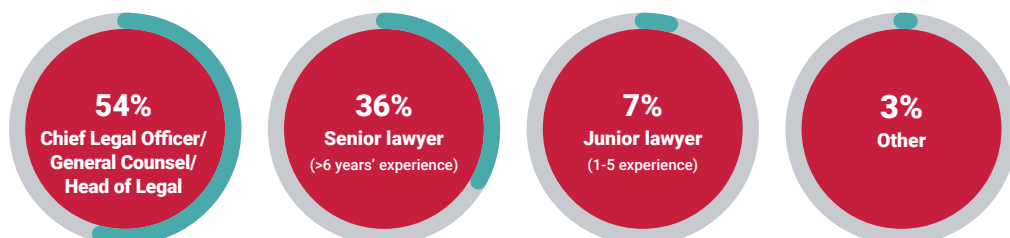


Job designation and size of the team

Survey respondents represented a diverse array of position levels: 54% were Chief Legal Officers, General Counsel, or Head of Legal. Senior Lawyers accounted for 36% of the participants, while Junior Lawyers comprised 7%. The remaining 3% were contracting or seconded lawyers, contractors or those looking for work.

For the purposes of this report, all lawyers holding the highest-ranking officer position, regardless of their specific title, are referred to as Chief Legal Officers.

Which title best describes your current role?



The size of legal teams varied, with the majority (62%) of respondents coming from small teams of 2-9 lawyers. Additionally, 26% were part of large teams with 10 or more lawyers, and 12% identified themselves as the sole legal counsel within their organisation.

Which classification best describes your legal team?



Key focus areas

Respondents were asked about the specific areas of legal focus they handle in their roles. A range of 31 choices was given, and respondents were asked to choose up to three.

The areas that stood out most prominently, with 99% of respondents, were:

- Contract law.
- Governance, risk management, and compliance.

Almost half of respondents (40%) also listed corporate law as a key practice area.

Approximately 15% highlighted employment and workplace relations as areas of focus. Additionally, 13% pointed to privacy, while 11% of respondents listed technology, intellectual property, and property.

A smaller number of respondents reported involvement in more specialised areas such as franchising, discrimination, dispute resolution, and insurance. Additionally, some focused on industry-specific areas like energy, medical negligence, telecommunications, and tourism.

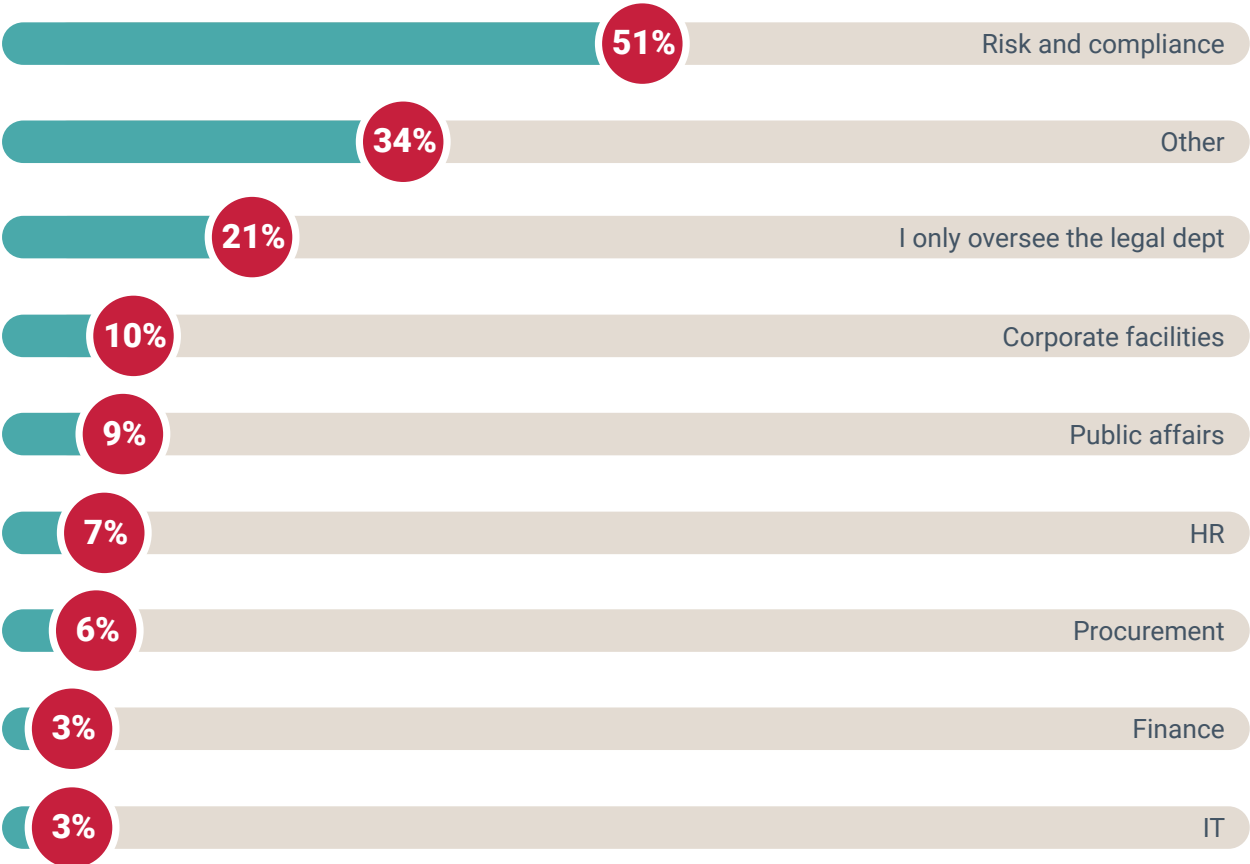
Seniority with legal team

The role of Chief Legal Officer (CLO) has evolved significantly, encompassing a broader range of responsibilities and taking on more diverse functions beyond their traditional legal role. In this survey, 55% of respondents reported they are the highest-ranking legal officer in their organisation. Notably, only one in five (21%) exclusively oversee their legal department without also managing other functions.

- 51% oversee risk and compliance, up from 38% last year.
- 10% manage corporate facilities, a notable rise from 3% in 2023.
- 9% are responsible for public affairs, compared to 5% the previous year.
- 7% oversee human resources, consistent with last year's percentage.
- 6% oversee procurement, a slight decrease from 8% in 2023.
- 3% manage IT, compared to 1% last year.
- 3% oversee finance, up from 2% in 2023.

A diverse range of other functions including investor relations, corporate affairs, property and internal audits are overseen by 34% of CLOs, up from 19% last year.

In your role as CLO, do you also oversee any of the following functions?



Line of reporting

The reporting lines for CLOs have shown a notable shift in 2024. A larger proportion of CLOs now report directly to the CEO, increasing from 52% in 2023 to 59% this year. Conversely, the percentage of CLOs reporting to the CFO has decreased from 21% to 13%. Reporting to other executives or functions remains relatively stable, with a slight increase from 27% to 28%.

Who do you report to?



The role of Company Secretary

The number of CLOs who also hold the title or assume the role of Company Secretary has increased significantly this year, with nearly half (49%) now having this responsibility, compared to only one in four (25%) in last year's report. This year's results closely align with the 2024 ACC Chief Legal Officers Survey, which states that 55% of CLOs worldwide also serve as their organisation's Company Secretary. This trend underscores the additional tasks being assigned to legal teams and possibly the cost-cutting measures within organisations.

Relationship with the executive committee and C-suite

The survey also reveals that 67% of CLOs sit on the executive committee or leadership team, an increase of 5% from last year, underscoring their crucial role in strategic decision-making. Furthermore, the percentage of CLOs with a direct reporting line to the board of directors has increased to 48%, up from 38% in 2023, demonstrating the growing importance of legal insight at the highest organisational levels. Board meeting attendance by CLOs remains consistent, with 53% always attending.

The frequency with which executive leadership teams seek input from CLOs on business decisions has also evolved. In 2024:

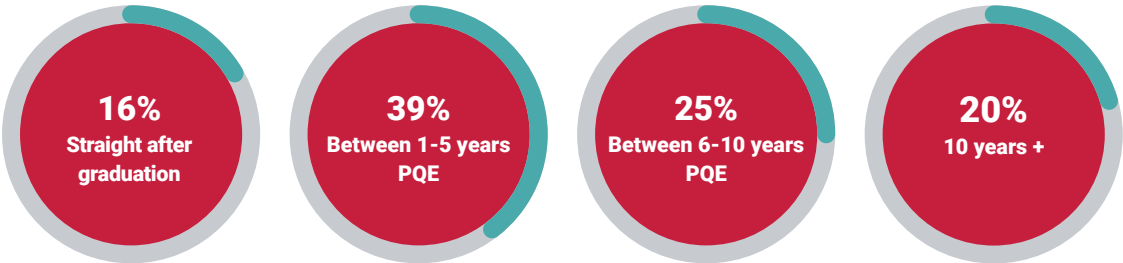
- 24% of CLOs are always consulted, a slight decrease from 26% in 2023.
- Another 49% are consulted most of the time, a notable increase from 39% in the previous year.

This shift indicates a growing recognition of the value of regular legal consultation in strategic decisions and a move towards more frequent and proactive engagement with the legal team.

Law firm vs in-house experience

The highest percentage of survey participants (39%) started working in an in-house legal role when they had between 1-5 years of post-qualification experience (PQE). Twenty-five per cent started working in-house between 6-10 years PQE and 20% at 10-plus years PQE. Sixteen per cent started working in-house directly after graduation. This is higher than the previous two surveys in 2023 and 2021 when 12% and 13% respectively started in-house straight after graduation.

At what level of experience (PQE) did you first commence an in-house legal role in 2024?



Personal opinions regarding the importance of previous law firm experience support these findings, with 70% stating that lawyers should begin their legal careers with experience in private practice. Survey results on this issue haven't changed significantly since the survey question was introduced in 2021.

Do you believe lawyers should spend time working for a law firm before they commence their in-house career?



When respondents were asked about the importance of prior law firm experience, the most common reasons cited were the quality of training provided by law firms, particularly in large corporate firms. Additionally, the broad exposure offered by private practice to a variety of legal disciplines and transactions with different organisations was valued.

TRENDS 2024



Comments agreeing with the need for law firm experience:



Private practice provides best grounding in legal processes and discipline with learning how to manage competing demands, think and act in a risk and legal environment and sets up a junior lawyer for a better experience in-house."



It is very important to be supervised by senior lawyers for a number of years at a law firm before commencing in-house. It is also important to gain experience across a variety of areas of legal practice (and from a variety of different lawyers) at a firm before commencing in-house."



Important to work with experts in their fields across a range of legal disciplines, to gain deeper legal knowledge and experience across a wide spectrum of transactions with different organisations - you will never get this experience working in-house with just one client."



The speed at which in-house moves makes it necessary to act autonomously and makes it difficult to supervise junior staff. I don't think in-house teams are adequately resourced to provide the same level of training you get from private practice."



Private practice builds excellent core legal skills, such as legal research and drafting. These are critical before moving to in-house roles."

Interestingly, both groups—those favouring private practice and those supporting direct entry into in-house roles—agree on the importance of support and mentorship, each believing their area is the best place to gain this. Lawyers with private practice experience emphasise the structured training and oversight provided by senior lawyers. Conversely, advocates for starting directly in-house highlight that with the right mentorship and support, junior lawyers can develop essential skills.

Comments challenging the need for law firm experience:



In-house lawyers work closely with business teams, allowing them to make an immediate impact on the organisation. Your legal advice directly influences decisions and outcomes, and you gain a holistic approach to the practice."



If the team is large enough and has enough senior people to supervise and train someone, there is no reason why a graduate could not join an in-house team."



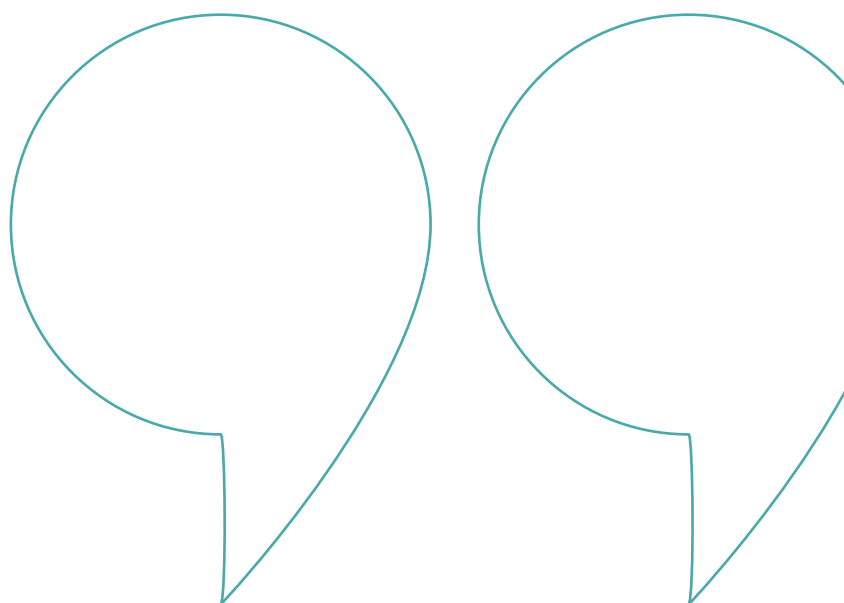
I have never had a private practice role and have been very successful in my career. I do, however, think that it's important to create and nurture a strong network with private practice to ensure you have places to turn when specialist advice or sense checking is required."



Early private practice experience used to be essential in our hiring as it was a great technical training ground. It is less relevant today as in-house has changed to a much more strategic role, and we need staff with different mindsets and experience."



In-house lawyers can provide amazing mentoring opportunities for young lawyers, and those starting in-house early can understand and grasp business needs even faster than someone who spends a lot of time in law firms."



INTERNAL ENVIRONMENT

This section provides an analysis of the internal challenges and priorities within legal departments, including recruitment, staffing levels, cost-cutting mandates, and strategic priorities for the next 12 months. Additionally, it highlights key areas for skills development and actions being taken to improve internal stakeholder satisfaction. By examining these aspects, we gain insights into how legal teams are navigating the complexities of their internal environments and striving to enhance their effectiveness and efficiency.

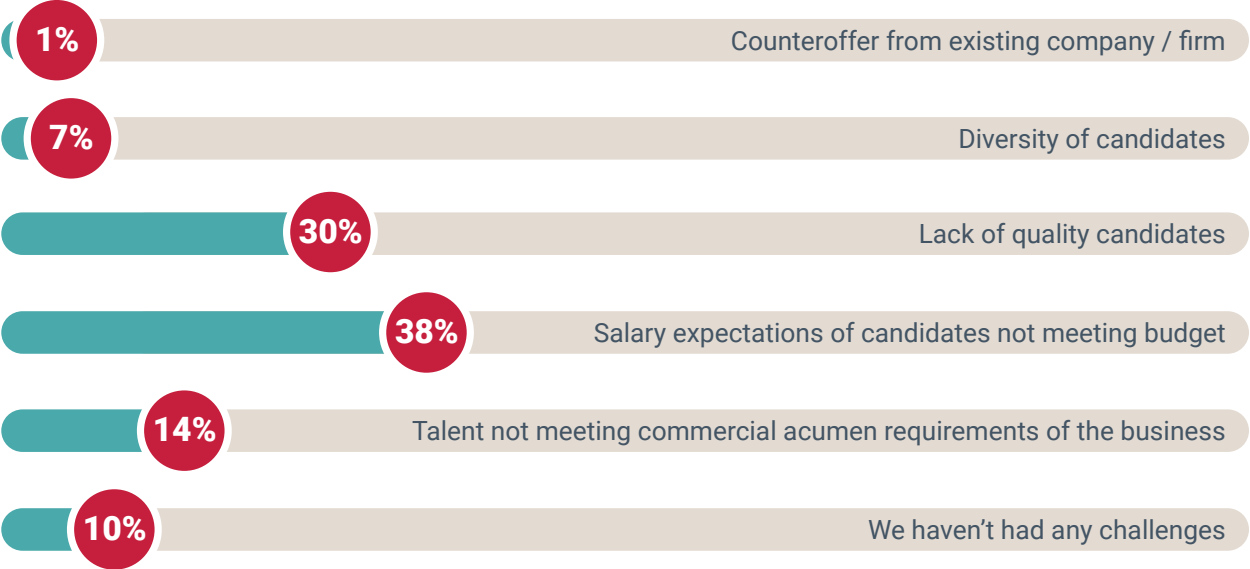
Legal department budgets

Legal departments are increasingly coming under pressure to deliver more with less. Cost-cutting is a concern for almost half of the legal departments in Australia (48%), slightly more so than their global counterparts (42%), underscoring the importance of developing strategies to manage costs effectively while maintaining the quality and efficiency of legal services.

Staffing levels

Respondents were asked if their legal team had recruited in the past 12 months and what challenges (if any) they faced with the hire. While more than a third of respondents (36%) confirmed they didn't recruit, of those that did, the most prominent challenge was the misalignment between salary expectations of candidates and their allocated budget, with 38% of respondents identifying this as a major hurdle. Additionally, 30% reported a lack of quality candidates and an additional 14% noted talent not meeting the commercial acumen requirements of the business as another significant issue. Other challenges included the diversity of candidates (7%) and counter offers from existing companies or firms (1%).

If you have recruited for your team in the past 12 months what challenges (if any) did you face with the hire:



Over the next 12 months, many respondents (73%) expect staffing levels to remain relatively the same, while 16% believe staffing levels will increase and 11% expect staffing levels to decrease.

Do you anticipate the legal department's staffing levels will stay the same, decrease or increase over the next 12 months?

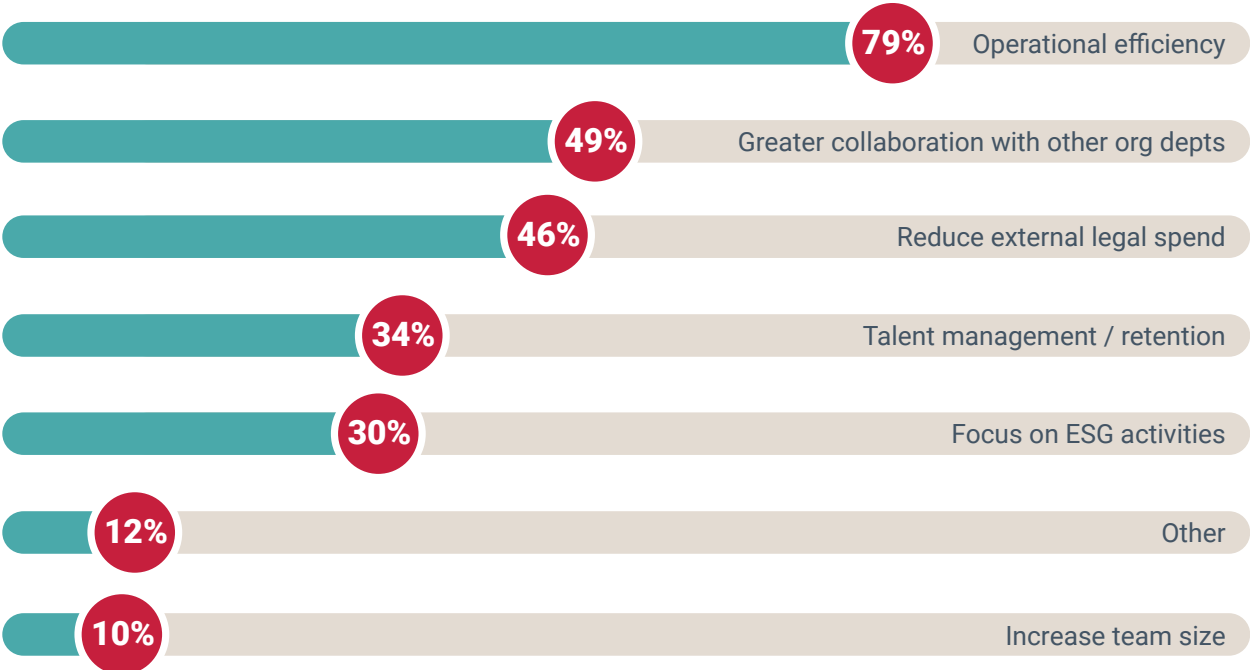


Legal department priorities for the next 12 months

The survey findings on key priorities for Australian legal departments highlights several strategic focus areas.

Operational efficiency is the top priority, underscoring the importance of streamlining processes and improving productivity. Greater collaboration and reducing external legal spend are also significant focus areas, as are talent management and ESG activities. Increasing team size is a lower priority, suggesting a cautious approach to expansion. Overall, these priorities indicate a comprehensive strategy to enhance the effectiveness and sustainability of legal functions within organisations.

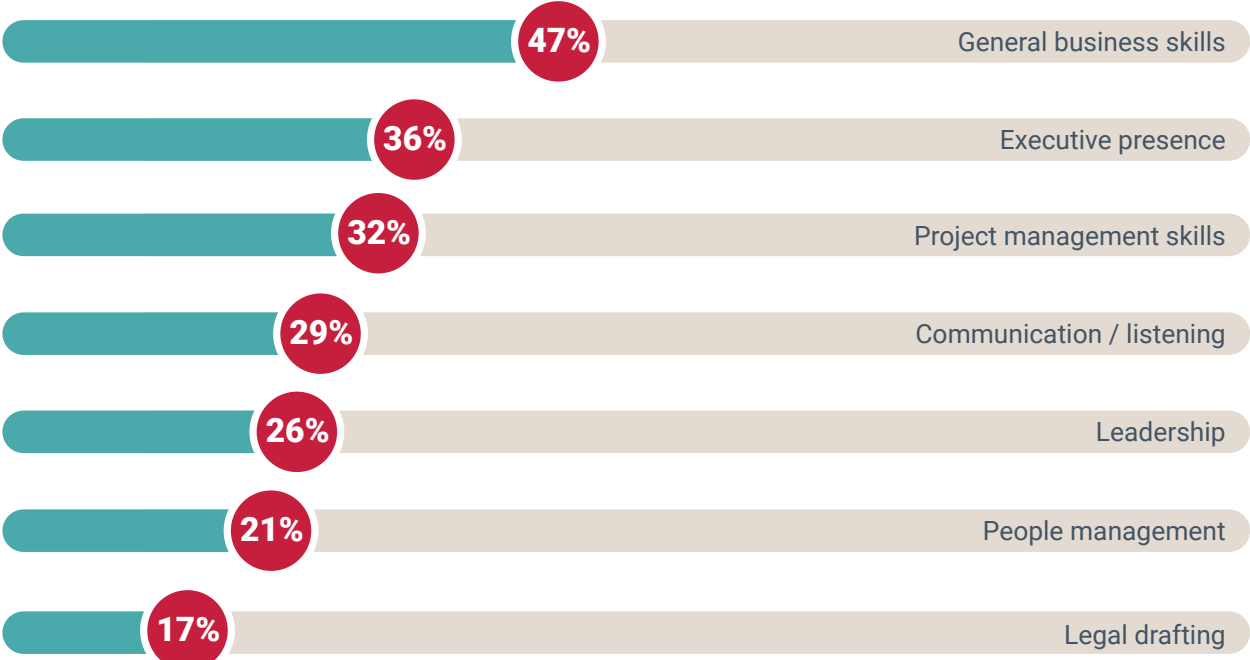
What are your key priorities for the legal function over the next 12 months?



Top skills development priorities for legal teams

This year, CLOs were also asked to identify the key areas they plan to prioritise for their team’s skills development. General business skills are the top priority, with 47% of CLO respondents indicating this as the primary focus for their teams. Executive presence follows at 36% before project management at 32% reflecting the growing need for efficient handling of complex legal projects.

Looking at your legal team’s skills development, in what areas will you prioritise your training?



Improving internal stakeholder satisfaction

Key actions being taken to enhance internal stakeholder satisfaction within legal teams over the next 12 months include:

- Offering legal training and education to internal stakeholders on legal topics to build a culture of compliance - **70%**
- Streamlining processes, establishing clear guidelines and procedures for legal issues: **67%**
- Asking for feedback and reviews to measure improvement - **47%**
- Coordinating informal meetings with key stakeholders and other business functions to improve relationships - **42%**

The high percentages across these four actions indicate a strong commitment to fostering improved collaboration and communication within organisations. These initiatives reflect a proactive approach to addressing stakeholder needs and enhancing overall efficiency and satisfaction.

Legal Service Providers

External legal service providers are used by in-house legal teams to provide additional expertise, fill gaps or provide services that are outside the team's skill set or specialty. Survey participants were asked about the value provided by legal service providers, the frequency of their use, the reasons for engaging these services, and the barriers to using legal service providers.

Utilisation rates for legal service providers

The anticipated volume of work sent to legal service providers over the next 12 months reflects changing expectations within legal departments.

Do you anticipate the amount of work you send to legal service providers to increase, stay the same or decrease over the next 12 months?

	2024	2023
Increase	12%	29%
Stay the same	61%	51%
Decrease	27%	20%

The proportion of respondents expecting to increase the amount of work sent to legal service providers has significantly decreased, dropping from 29% in 2023 to 12% in 2024. Conversely, those expecting the workload to remain the same have risen from 51% to 61% and the percentage anticipating a decrease in work sent to external providers has grown from 20% to 27%. This shift suggests that legal departments may be focusing more on handling tasks internally or implementing cost-saving measures, reflecting a strategic move to enhance internal capabilities and reduce reliance on their current external legal services.

Factors driving the choice of legal service providers

The top factors driving the choice of legal service providers by respondents this year reveal some significant shifts from previous years. The top four choices in 2024 is:

- 1 Personal relationships - **25%**
- 2 Reputation and/or expertise of individual lawyers - **23%**
- 3 Past experience - **21%**
- 4 Understanding of organisation's requirements - **16%**

Compared to the 2023 survey, there is a notable decline in the emphasis on service providers knowing and understanding the legal team's requirements, which dropped significantly from 77% in 2023 to 16% in 2024. Similarly, the importance of having specialist expertise decreased from 75% in 2023 to 15% in 2024. These changes highlight a shift towards valuing individual reputation and personal relationships over broader firm attributes and suggests a more personalised approach to selecting legal service providers.

Other factors, in order of decreasing importance, were:

- Specialist expertise - **15%**
- Hourly rates - **11%**
- Acceptance by the CEO and board - **8%**
- Willingness to tailor work to needs - **6%**
- General legal expertise - **5%**
- Degree of management required - **3%**
- Top-tier status - **1%**
- Thought leadership - **1%**
- Use of leading management practices - **0%**
- Awards received - **0%**
- Firm's client list - **0%**

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What are the most important factors driving the choice of legal service providers by your legal team?

	2024	2023	2021
They know and understand our requirements	16%	77%	75%
They have specialist expertise	15%	75%	73%
Reputation and/or expertise of individual lawyers	23%	43%	45%
Past experience	21%	55%	48%
The firm's willingness to tailor their work to your needs	6%	23%	29%
Personal relationships	25%	35%	42%
The firm's hourly rates	11%	32%	29%
The firm's general legal expertise	5%	14%	16%
The degree to which you have to manage the firm	3%	17%	18%
The firm is recognised as a top tier firm	1%	7%	10%
The acceptance of the firm by the CEO and board	8%	18%	19%
The firm has a reputation for thought leadership	1%	0%	5%
The firm has a reputation for utilising leading management practices	0%	1%	2%
Awards the firm has received	0%	0%	1%
The firm's client list	0%	2%	0%
Other	1%	4%	7%

Value-added services provided by legal service providers

For in-house legal teams, receiving a diverse range of value-added services from legal service providers continues to be an important way of managing workload and improving efficiency.

The top four most common value-added services performed by legal service providers in 2024 were:

- 1 Newsletters – **61%** (up from 43% in 2023)
- 2 Tailored professional development – **32%** (up from 31% in 2023)
- 3 Expertise and knowledge sharing – **29%** (up from 67% in 2023)
- 4 Allocation of non-billable advice – **26%** (up from 2% in 2023)

What are the most common value-added services provided by your legal service providers?

	2024	2023	2021	2019	2018
Newsletters	61%	43%	18%	14%	18%
Expertise/ knowledge sharing	29%	67%	23%	35%	28%
Professional development with peers	0%	48%	19%	20%	19%
Tailored professional development for your organisation	32%	31%	11%	10%	12%
Reduced cost secondees	22%	5%	8%	7%	6%
Use of firm's premises	21%	6%	5%	2%	1.5%
Access to firm's library and resources	19%	14%	3%	1%	1%
An allocation of non-billable advice	26%	2%	6%	8%	NA
Practice Management tools	5%	7%	2%	1%	NA
No additional services are provided	0%	3%	4%	0%	NA

Primary reasons for outsourcing legal work

When asked for the two primary reasons for outsourcing legal work, respondents provided the following insights:

- Meets the requirements at certain times - **68%**
- Other - **39%**, included:
 - Specialist advice or expertise
 - Technical skills
 - Risk or workload management
 - Surge capability for urgent matters
- Greater choice of services - **15%**
- Improved value - **8%**
- Increased flexibility - **8%**
- Lower cost base - **6%**
- Different fee models - **5%**
- More effective use of technology - **2%**

Meeting specific requirements at certain times remains the top reason for outsourcing legal work, indicating the critical need for flexibility. The increase in respondents selecting "Other" suggests a diversification in the reasons for outsourcing, reflecting varied and potentially evolving needs within legal departments.

Primary barriers to outsourcing legal work

When asked about the two primary barriers to outsourcing legal work, respondents provided the following insights:

- Satisfied with current legal provider relationships - **48%**
- Set up costs/time - **43%**
- Lack of time to build relationships - **24%**
- Lack of time to understand all the offerings - **13%**
- Quality concerns - **12%**
- Other - **7%**
- Not sure - **6%**

The top barrier remains satisfaction with current legal provider relationships, which has significantly increased from 26% in 2023 to 48% in 2024. The lack of time to build relationships with new firms has also become a more prominent issue, rising to 24% from 16% in 2023. While some barriers such as quality concerns and lack of time to understand all offerings have decreased, remain relevant considerations.

Engaging a panel of law firms

In 2024, 58% of in-house departments employ a panel of law firms, indicating a majority preference for using multiple external legal providers. This marks a slight increase from the previous year, where 54% reported using a panel. Additionally, 30% of respondents believe it is likely that their organisation will consider streamlining or reducing the number of firms on their panel over the next 12 months.

Innovative ideas from external counsel

Respondents highlighted various innovative ideas and practices observed from their external counsel. Here are some of the main innovations noted:

- Flexible billing arrangements.
- Use of generative AI and legal project management tools.
- ChatBots for client interaction.
- Helpdesk for HR-related matters.
- Joint ESG activities.
- Technology to streamline due diligence verification exercises.
- Use of external consultants (e.g., forensic services or data consultants).
- Offering professional development opportunities for in-house legal teams.
- Webinars and increased virtual training sessions.
- Tailoring business operations and billing practices to meet client needs.
- Moving from hourly rates to fixed fee arrangements on agreed matters.

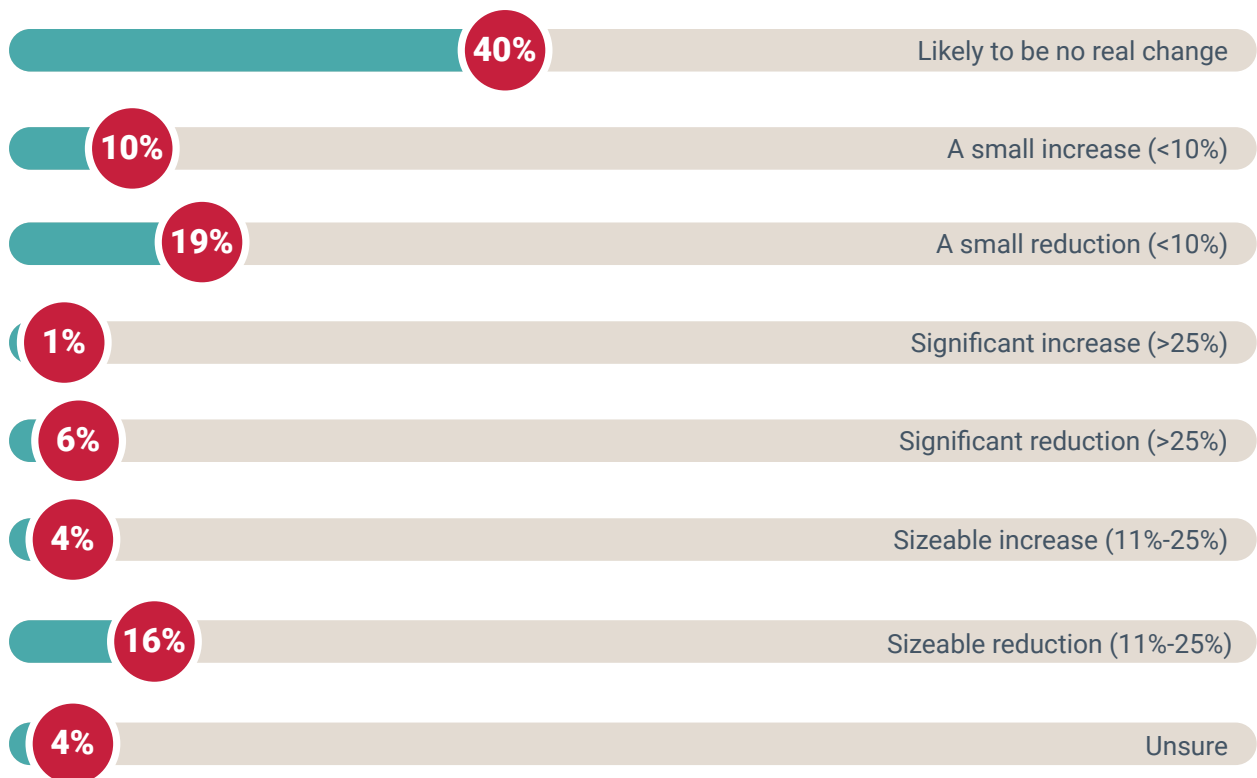
Respondents also shared their thoughts on the innovations they would like to see from their external counsel. Here are some of the most mentioned ideas:

- A portal for document access and communication.
- Streamlining and self-service templates and processes.
- Better proactive billing management and AI offerings.
- Referrals via platforms and new IT products.
- Better matter estimates and accountable cost tracking.
- Better use of current technology, such as live documents.
- Client/industry-specific training and CPD sessions.
- Short updates on recent industry or subject area developments via training sessions or webinars.
- Mentoring/coaching and opportunities for team members to upskill in specialist areas.

Anticipated external legal counsel spend

When considering spend on external legal counsel for the upcoming year, almost one in two respondents (40%) expect no significant changes. The rest of the responses show a wide range of expectations, indicating diverse strategic approaches among in-house departments, reflecting differing priorities and financial strategies.

Considering spending on external legal counsel, what do you see happening over the next 12 months?



Privacy, cybersecurity and other areas of risk

Cybersecurity risk management

While actual data breaches among respondents’ organisations dropped from 42% in 2021 to 21% in 2023, this year the figure has risen again, with more than 1 in 4 companies (26%) experiencing a cybersecurity incident. This year’s survey results show that both “cybersecurity” and “data privacy & information governance” stand out as being of significant concern to in-house legal teams, being listed by 43% and 40% of respondents respectively as issues that were both relevant and “keeping them awake” at night.

Has your organisation been the subject of a cybersecurity incident event in the last 12 months?

	2024	2023	2021	2019
Yes	26%	21%	42%	35%

For organisations that experienced a breach in the past year, one quarter (25%) considered their organisations fully prepared to respond, while 72% were somewhat prepared. Another 3% were not prepared at all.

Regarding the possibility of a future breach, results were very similar, with 24% believing their organisation is fully prepared, 73% somewhat prepared and 2% not prepared at all.

How prepared do you think your organisation WAS to respond to such a breach?

	2024
Fully prepared	25%
Not prepared at all	3%
Somewhat prepared	72%

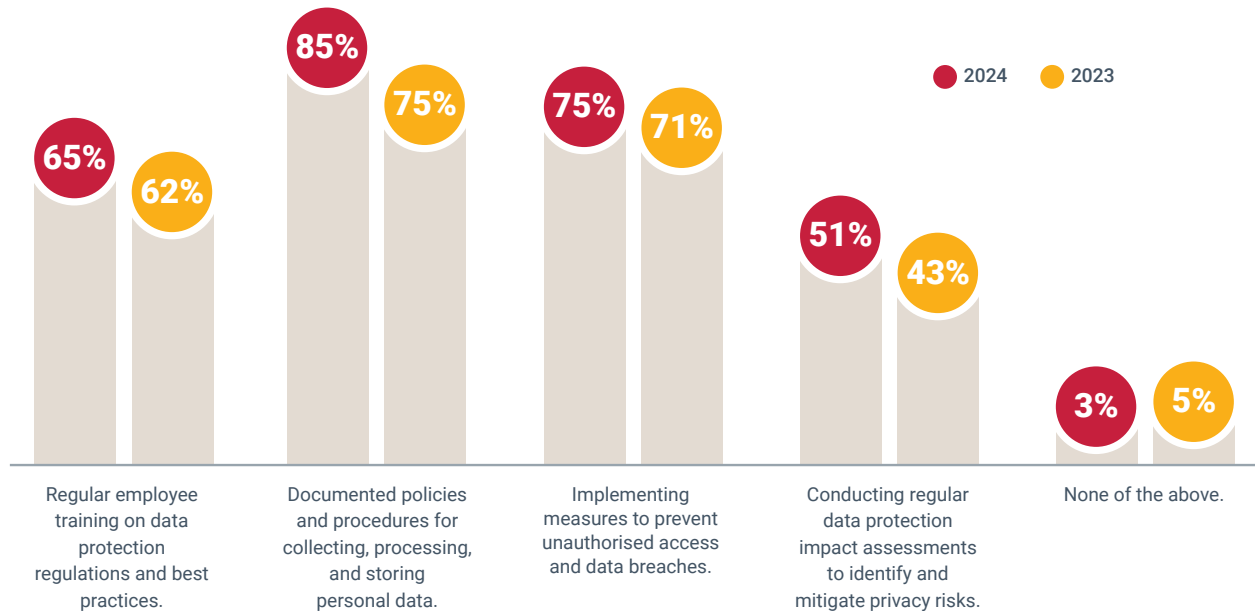
How prepared do you think your organisation IS to respond to such a breach?

	2024
Fully prepared	24%
Not prepared at all	2%
Somewhat prepared	73%

Compliance with data privacy laws

Survey results reveal a noticeable increase in proactive measures to ensure data privacy law compliance and safeguard personal data when comparing this year's data to 2023.

What steps has your company taken to ensure compliance with data privacy laws, and what measures are in place to safeguard personal data?



This increase in proactive data protection measures indicates a growing awareness and prioritising of data privacy within legal departments.

Other areas of risk

Legal teams are tackling a range of other concerns, from reputational risk and fraudulent practices to evolving ESG and sustainability reporting requirements. The survey results reveal that the level of worry these issues induce among legal professionals varies, with some being manageable and others causing significant concern.

- **Reputational risk** is a major concern, with **28%** of respondents indicating it keeps them awake at night.
- **Fraudulent practices and financial misstatement** are less concerning, with only **9%** stating it keeps them awake. The majority, **59%**, find it relevant but not alarming.
- **Changing ESG and sustainability reporting requirements** keep **13%** of respondents awake, while over half, **56%**, find these issues relevant but not worrisome.

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- **Class action litigation** is less of a concern, with only **5%** losing sleep over it.
- **Cybersecurity** is a prominent issue, causing sleepless nights for **43%** of respondents, with another **40%** find it relevant without losing sleep.
- **Data privacy and information governance** also stands out, with **40%** indicating it keeps them awake and **17%** feeling on top of it.
- **Shareholder activism** keeps only **2%** awake, with **6%** managing it well.
- **Inability to keep pace with climate change regulation and attitudes** is a worry for **13%**, and another **44%** consider it relevant but not worrisome.
- **Shortage in workforce and skills** concerns **15%** of respondents.
- **Regulatory or political scrutiny** keeps **26%** awake.

According to the 2024 ACC Global CLO survey, regulatory scrutiny, data privacy, and cybersecurity are at the forefront of concerns, underscoring these issues as key stressors worldwide. These insights highlight the varied landscape of issues facing legal teams, emphasising the need for vigilance and proactive management to navigate these challenges effectively.

Which of these issues keep you up at night, and to what extent?

	<i>Relevant, but I'm on top of it</i>	<i>Relevant, and keeping me awake</i>	<i>Relevant but doesn't keep me awake</i>	<i>Not relevant</i>
Reputational risk	20%	28%	47%	4%
Fraudulent practices and financial misstatement	10%	9%	59%	21%
Changing ESG and sustainability reporting requirements	14%	13%	56%	17%
Class action litigation	2%	5%	29%	65%
Cybersecurity	14%	43%	40%	3%
Data privacy and information governance	17%	40%	41%	2%
Shareholder activism	6%	2%	29%	63%
Unable to keep pace with climate change regulation and attitudes	6%	13%	44%	38%
Shortage in workforce and skills	5%	15%	45%	35%
Regulatory or political scrutiny	19%	26%	45%	10%

EXTERNAL ENVIRONMENT

Key regulatory challenges

Respondents were asked what they considered to be the key regulatory challenges facing their organisations over the next 12 months. The perceived challenges are:

- Protecting the business from cyber-attacks and security breaches - **75%**
- Work health and safety compliance – **48%**
- Meeting ESG reporting obligations – **40%**
- Dealing with the corporate regulator – **40%**
- Industrial relations compliance – **26%**
- Managing mergers, acquisitions, takeovers – **25%**
- Financial concerns, money laundering, insolvent trading and/or other insolvency risks – **14%**
- Trade practices issues – **12%**

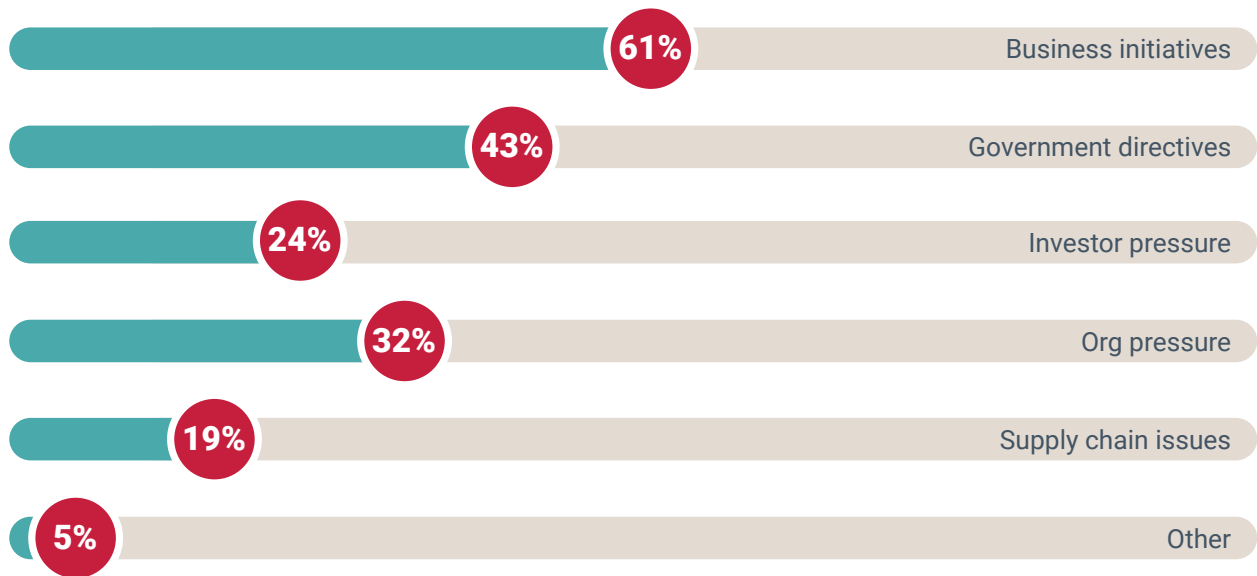
Only 16% of respondents believe their organisations are fully prepared to meet these regulatory challenges, 77% consider themselves somewhat prepared, 4% said they are not prepared at all and 3% said they are unsure.

Focus on ESG compliance and reporting

As a result of the increased executive focus on Environmental, Social and Governance (ESG) as a business driver, as well as increased external scrutiny of ESG practices, in-house legal counsel are experiencing a shift in their roles both in Australia and on a global scale.

In this survey, 61% of in-house lawyers state 'business initiatives' as the main driver of ESG, followed by government directives at forty three percent.

What are the main drivers of ESG in your organisation?



In almost half of all organisations (49%), the legal department is ‘somewhat’ involved in developing and implementing the organisation’s ESG policies, with an additional 22% ‘very involved’.

How involved is your legal department in developing and implementing your organisation’s ESG policies?

Very involved, we play a central role in shaping policies	22%
Somewhat involved, we provide support and guidance as needed	49%
Not very involved, we are consulted but do not play a major role	24%
Not involved at all	5%

This year’s survey also reveals the diverse range of teams involved in ESG strategy and reporting within organisations. The risk and compliance team lead with a significant 60% involvement, indicating their crucial role in ensuring regulatory standards and mitigating associated risks. The finance team follows at 48%, reflecting the integration of ESG factors into financial decision-making and reporting. Other notable teams include procurement (35%), corporate facilities (34%), HR (33%) and public affairs (29%).

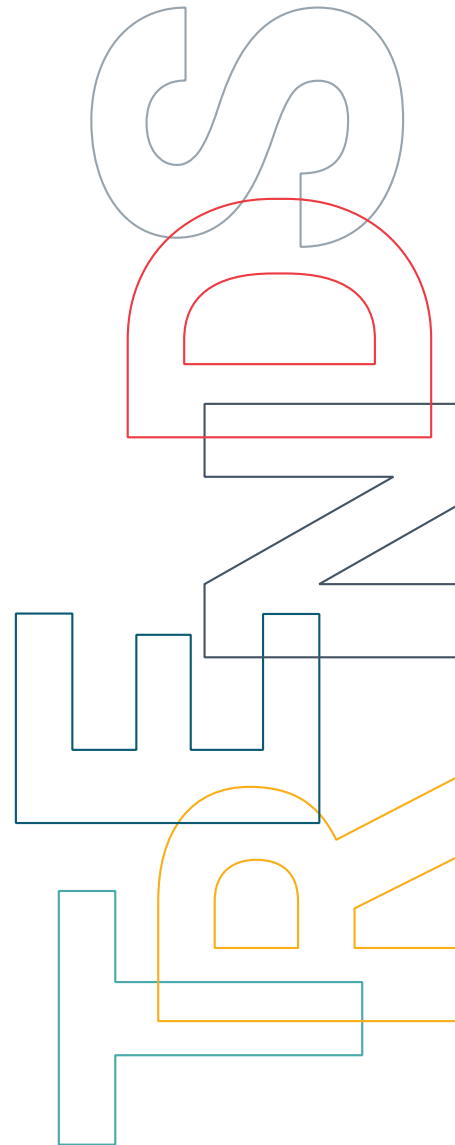
Challenges and significance of ESG in legal departments

Legal departments are increasingly tasked with addressing ESG concerns and face several key challenges.

- Balancing ESG objectives with other business goals is a significant hurdle for **75%** of departments.
- Identifying relevant ESG issues and regulations is challenging for **45%**
- Integrating ESG considerations into existing legal frameworks is challenging for **41%**
- Measuring and reporting on ESG is a concern for **52%**
- Training legal team members on ESG matters is a challenge for **27%**
- An additional **6%** of respondents cited other various challenges.

These findings underscore the multifaceted nature of ESG compliance and the need for comprehensive strategies to address these diverse issues effectively. The significance of ESG factors in legal risk management also varies among organisations.

- For **75%**, ESG is the key component of their risk management strategy.
- Another **46%** view ESG considerations as a part of their risk management but not the primary focus.
- **25%** are beginning to integrate ESG into their risk management.
- **12%** do not consider ESG significant at the moment.



LEGAL TECHNOLOGY

Technology has significantly transformed the role of in-house counsel, providing legal teams with tools to automate tasks, boost productivity, and manage data more effectively. However, cost, budget constraints, and time limitations continue to hinder efforts to explore and implement new technologies and fully digitise operations. This next section explores the levels of technology adoption, the types of technologies being used, and the budgeting considerations associated with these advancements.

Level of take-up

The implementation of new technology by legal teams has remained steady over recent years. In ACC Australia's 2018 and 2019 surveys, 33% of respondents reported introducing new legal software. This figure slightly decreased to 29% in both the 2021 and 2023 surveys. This year's survey shows little change, with 30% of legal teams implementing new legal software in the past 12 months. This consistent trend indicates a stable but ongoing adoption of legal technology within the industry.

In the past 12 months, has your legal team implemented any new legal software?

	2024	2023	2021	2019	2018
Newsletters	30%	29%	29%	33%	33%

Adoption of technology

Of the organisations that introduced legal software in the past 12 months, the most common types were:

- Electronic signing – **35%**
- Contract management software – **35%**
- Matter management solutions – **30%**
- Document management systems – **30%**
- Data analytics and reporting – **30%**
- Document automation solutions – **20%**
- Other technologies – **15%**

The comparison between 2024 and 2023 shows significant increases in the adoption of various legal technologies. Electronic signing and contract management software both surged to 35% in 2024, up from 10% and 13% respectively in 2023. Matter management solutions and document management systems also saw notable growth, each rising to 30% in 2024 from 13% and 10% in 2023. Additionally, document automation solutions, data analytics, and reporting experienced substantial increases. Document automation grew to 20% from 3%, while data analytics and reporting rose to 30% from 3%.

Please provide a brief outline of what was introduced. Of the orgs that introduced.

<i>Of the Orgs that introduced...</i>	2024	2023
Matter management solution	30%	13%
Document management system	30%	10%
Document automation solutions	20%	3%
Electronic signing	35%	10%
Contract Management software	35%	13%
Data analytics and reporting	30%	3%
Other	15%	2%

When asked if legal operations software would play an increasing role in their team's function over the next 12 months, 45% of respondents affirmed its importance. This figure aligns with the 2024 ACC CLO report, which also noted that 45% of legal departments are investing in new technology in the coming year.

Barriers to implementing new legal software

When asked about the barriers faced in implementing new legal software, respondents identified several key challenges. The dominant barrier is cost and budget restraints, cited by 81% of respondents. Time consumption and a lack of knowledge about new products are also significant barriers, each affecting over a third of respondents. The abundance of software options and uncertainty about where to start present another challenge for 34% of respondents. Despite these challenges, a small percentage (4%) reported no barriers, suggesting that some legal teams have successfully navigated these obstacles.

What barriers do you face in implementing new legal software?

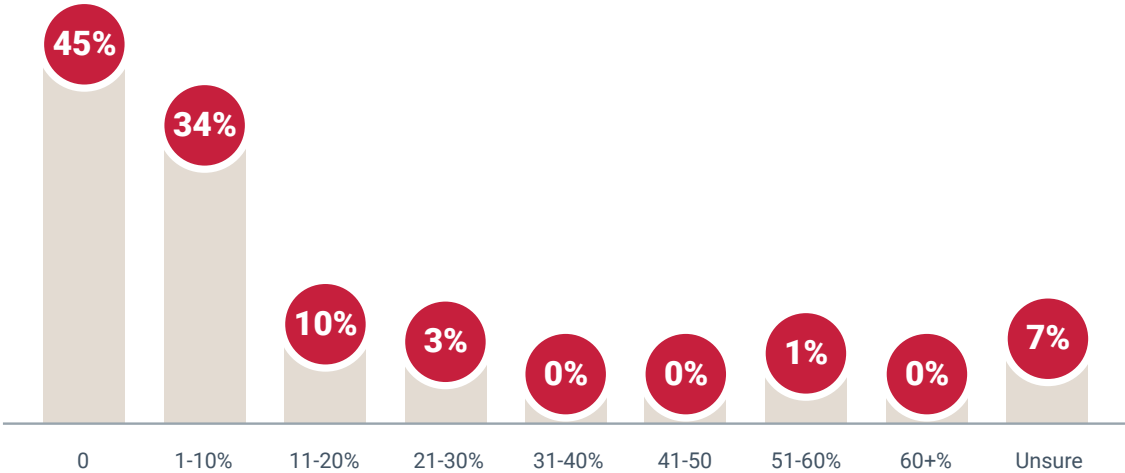
	2024
Cost/budget restraints	81%
Too time consuming	37%
Lack of knowledge about new products	34%
IT system prevents new software	24%
Privacy/ cyber security concerns	18%
Too many options in new software tools and don't know where to start	34%
Unsure	9%
Other	7%
There are no barriers	4%

Budget allocation for legal technology

In 2024, the allocation of budget for legal technology software among respondents shows a varied distribution. A significant 45% of respondents indicate that none of their budget is allocated specifically to legal technology. Meanwhile, 34% have allocated 10% or less of their budget to this area, and another 10% of legal teams have set aside 11-20% of their budget. A smaller proportion, 3%, have allocated between 21-30% of their budget, and only 1% has set aside more than 50% to this area.

This distribution highlights that while many legal departments are dedicating some portion of their budget to technology, there remains a significant portion that has yet to allocate funds in this area.

What percentage of your budget has your department been allocated for legal technology software?



Priority legal technology investments

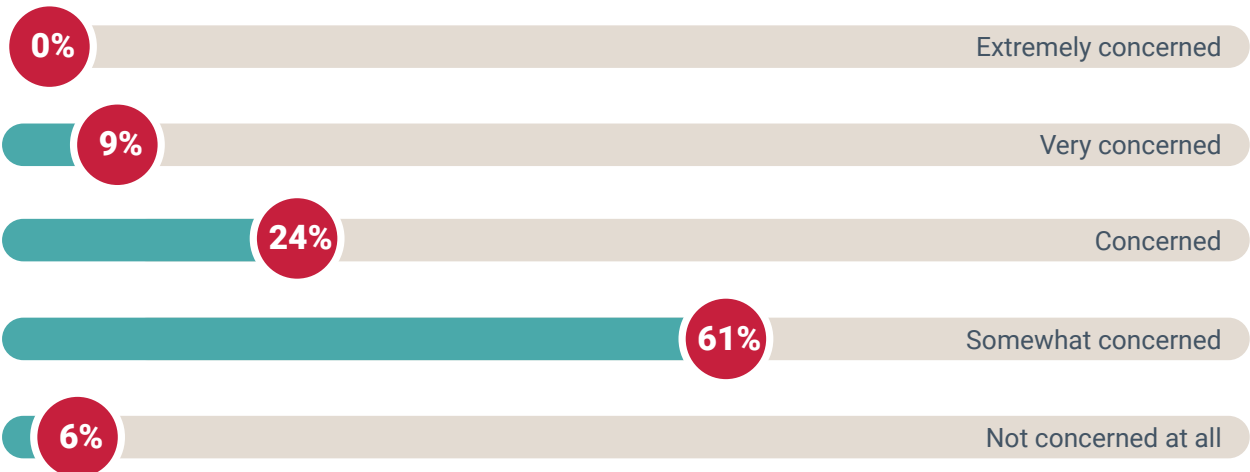
When asked about the legal technologies teams are prioritising investment in over the next 12 months, respondents indicated the following preferences:

- Contract management: **38%**
- Document automation solutions: **29%**
- Compliance management: **24%**
- Matter management solutions: **24%**
- Knowledge management: **21%**
- Cybersecurity: **14%**
- Data analytics and reporting: **10%**
- E-discovery and litigation support: **2%**
- Other: **6%**
- Unsure: **25%**

Impact and risks associated with new communication styles/emerging data

More than 9 out of 10 (93%) in-house lawyers express some level of concern about the impact and risks associated with new communication styles and emerging data sources when it comes to disputes, investigations, data protection, and governance and compliance. Specifically, 9% are 'very concerned,' 24% are 'concerned,' and 61% are 'somewhat concerned.' This highlights apprehension within legal departments regarding these evolving technologies and their potential implications.

How concerned are you about the impact and risks associated with new communication styles/emerging data sources (e.g. remote collaboration apps, linked documents, cloud platforms, or personal devices) when it comes to disputes, investigations, data protection, governance and compliance?





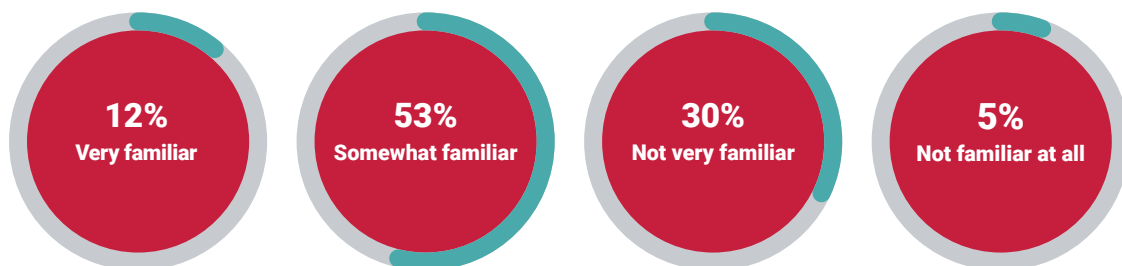
ARTIFICIAL INTELLIGENCE IN THE LEGAL INDUSTRY

This year, ACC Australia is investigating how Australian in-house legal teams are engaging with, and leveraging, Artificial Intelligence (AI) technologies for the first time. Our aim is to understand the current familiarity and adoption levels, the benefits being realised, and the challenges faced by in-house lawyers.

Familiarity with AI in legal practices

The survey findings reveal a varied level of engagement and awareness. A small portion of legal professionals are well-versed and possibly integrating AI into their work, with 12% of respondents reporting being very familiar with AI. An additional 53% reported being somewhat familiar with AI, indicating a moderate level of awareness and engagement with these technologies. Thirty per cent indicated they are not very familiar with AI, showing that while there is some awareness, a significant number still have limited engagement with AI technologies. Additionally, 5% of respondents are not familiar with AI at all, highlighting a small group that has yet to be exposed to or understand the implications of AI in the legal field.

How familiar are you with the use of AI in legal practices?



Implementation of AI technology

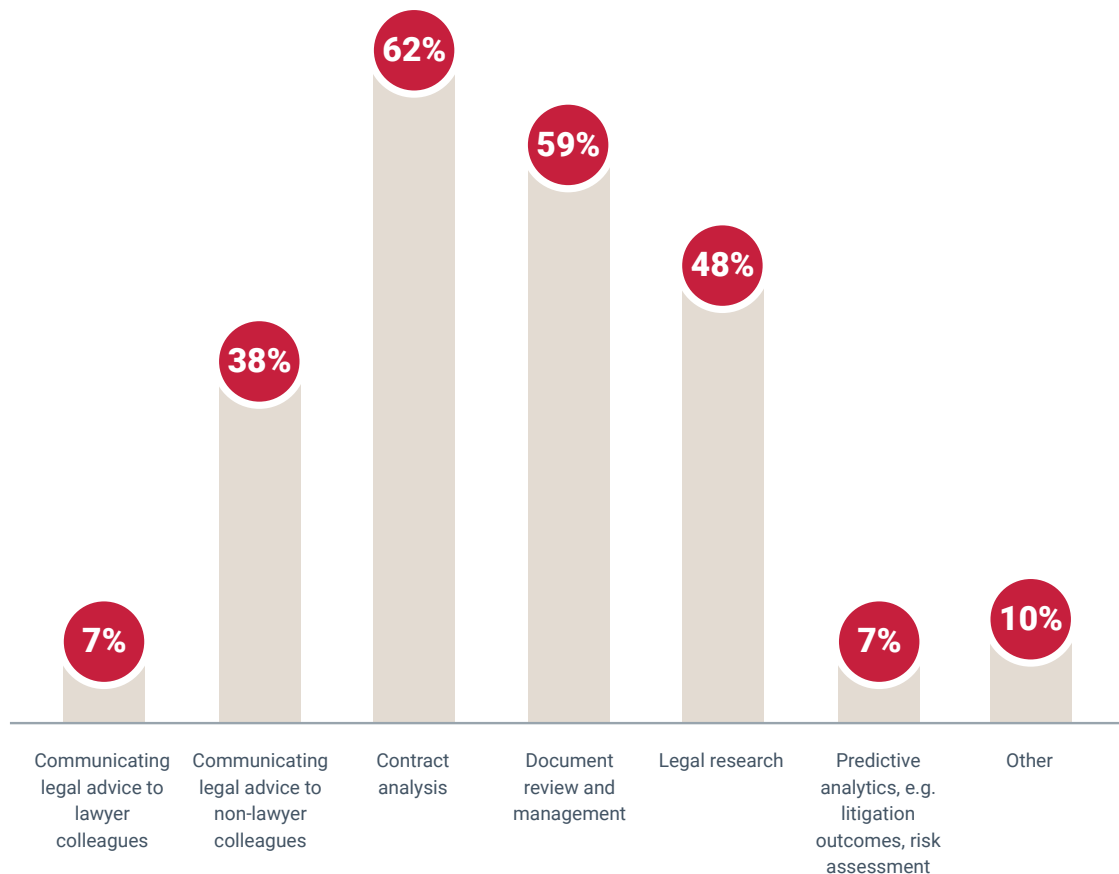
The survey results reveal the extent to which AI technology has been integrated into the day-to-day operations of legal departments:

- **21%** have already implemented AI technology
- **61%** have not yet implemented AI technology
- **18%** are planning to implement AI technology in the near future

These findings suggest a growing interest and gradual adoption of AI within Australian in-house legal teams, with a notable percentage of departments planning to integrate AI technologies soon.

Of those who do use AI, its predominantly used for contract analysis (62%) and document management (59%), with a growing application in legal research (48%) and internal communication (38%).

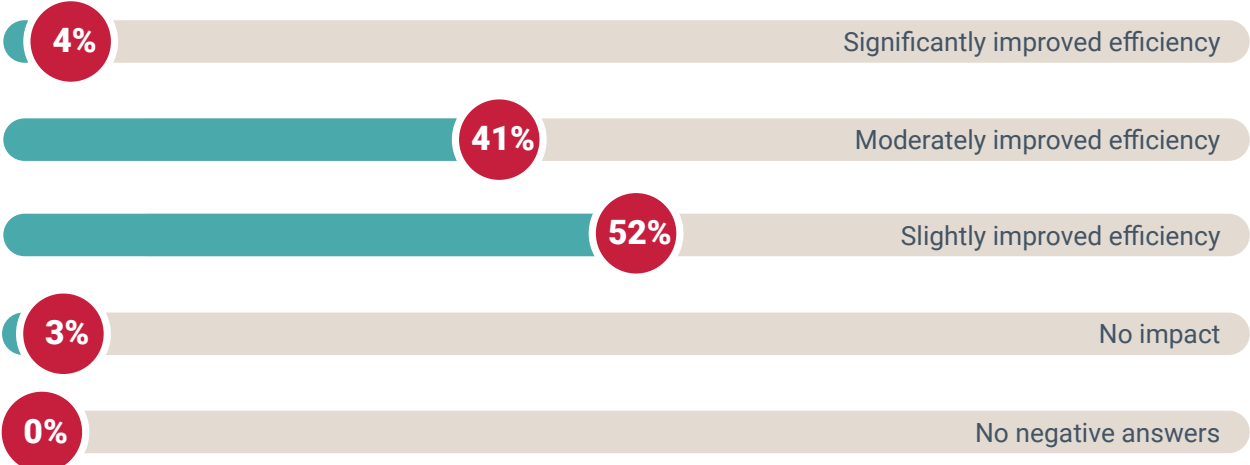
For what purposes does your legal team use AI technology?



Perceived impact on efficiency

Of those who use AI within their legal departments, about 1 in two (52%) reported that AI has at least slightly improved efficiency, with an additional 41% indicating moderate improvements. This suggests that while AI's transformative potential is recognised, its impact varies, and many see it as a positive enhancement to their operations.

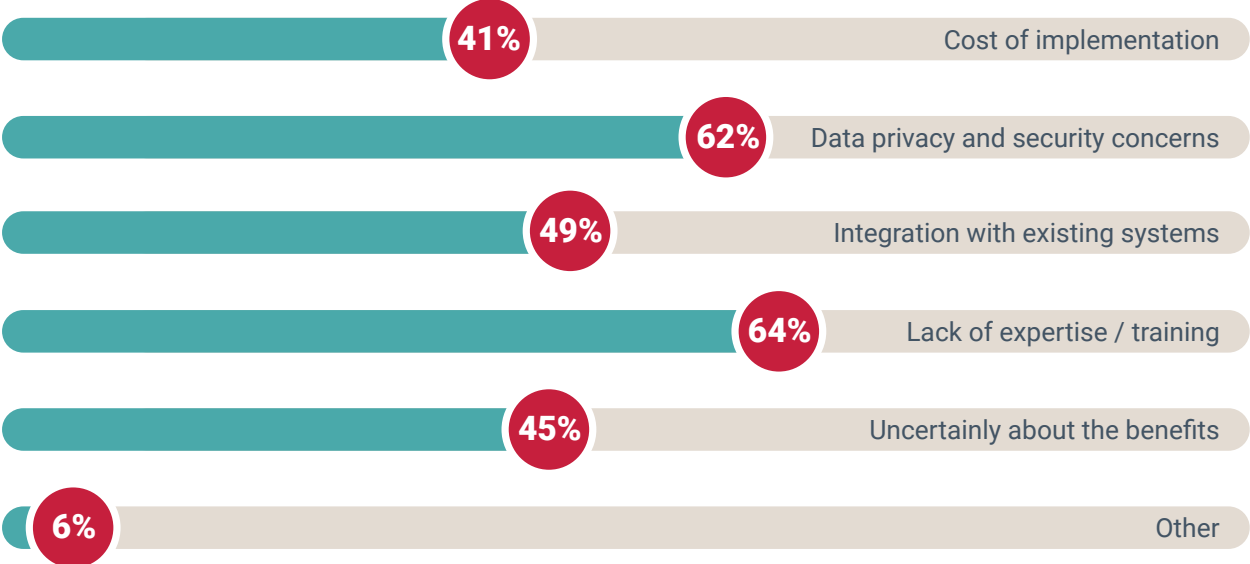
How do you perceive the impact of AI on the efficiency of your legal department's operations?



Barriers in implementing AI

Key challenges to implementing AI with legal departments include a lack of expertise and training, data privacy concerns, and the cost of implementation. These barriers highlight the need for targeted investments in skills development, secure integration processes and robust cybersecurity measures to gain stakeholder trust.

What are the biggest challenges you face in implementing AI in your legal department?



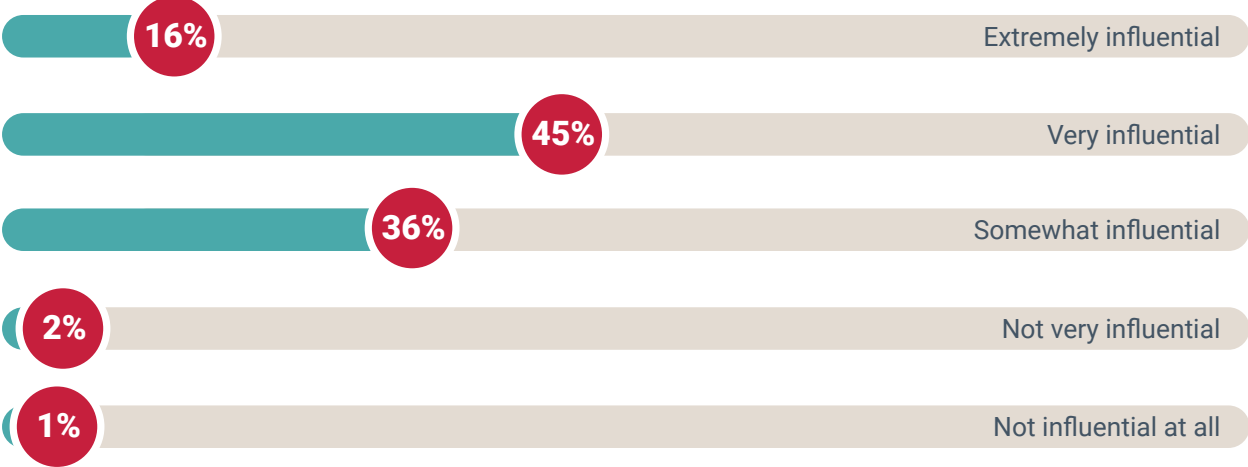
In addition to the predefined challenges, respondents also identified several other significant obstacles and risks in implementing AI in their legal departments including:

- Approval processes of government.
- Data ethics and biased results.
- Not a priority for the General Counsel (GC).
- Time taken to get to implementation.
- Quality control and infringement of IP.
- Privacy and intellectual property concerns.
- Risk of compromising confidentiality.
- Accuracy and risk of compromising confidentiality.
- Theft of confidential information and data.
- Corporate information misuse.

Future role of AI

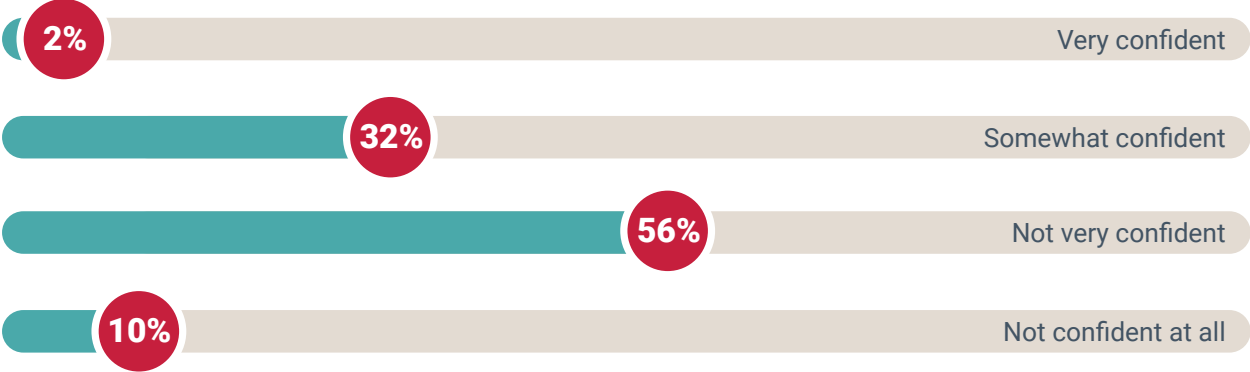
A significant portion of respondents (61%) view AI as influential in the future of legal practices. This reflects a strong expectation that AI will play a pivotal role in transforming legal teams and enhancing their service delivery.

How do you view the future role of AI in legal practices within the next 5 years?



To effectively integrate AI into legal departments, respondents indicated a preference for comprehensive training workshops (74%), peer discussions and networking (64%), and online courses (60%). However, there is significant apprehension about AI’s ability to meet legal ethics and compliance standards, with 66% of respondents expressing low confidence. This underscores the importance of addressing ethical concerns and ensuring robust compliance mechanisms as AI continues to evolve in the legal sector.

In terms of legal ethics and compliance, how confident are you in AI's ability to adhere to the necessary standards?



TRENDS 2024



CAREER AND WORK-LIFE BALANCE

Balancing a career with personal well-being is an ongoing challenge for many professionals. This section delves into the latest data on weekly working hours, career paths and skills training, providing insights into the current trends and their implications for careers and the work-life balance of in-house lawyers.

Hours and workload

Examining the average weekly working hours from 2018 to 2024 reveals a general increase in hours worked. The proportion of respondents working between 31 and 40 hours per week has fluctuated slightly, with 23% in 2024 compared to 29% in 2023 and 25% in both 2019 and 2018.

The most significant increase is seen in the 41-50 hours per week category, which rose from 38% in 2018 to 46% in 2024. This indicates that nearly half of in-house legal professionals now work in this range, reflecting increased workloads and responsibilities.

Additionally, there has been a notable rise in the number of respondents working 51-60 hours per week, increasing from 16% in 2023 to 20% in 2024.

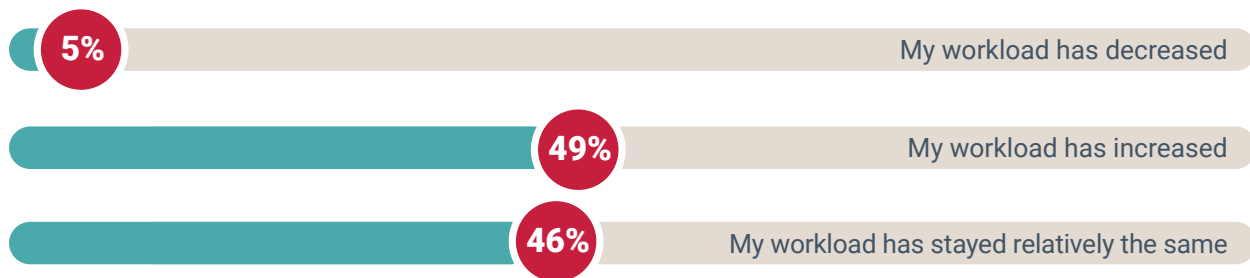
When analysing the data by position, the average working hours for CLOs, senior legal counsel, and junior lawyers have remained consistent over the years. This suggests that the increase in working hours is not confined to any specific seniority level within in-house legal teams, but rather indicates a broader trend across the entire profession.

How many hours on average do you work for your primary employer each week?

	2024	2023	2021	2019	2018
1-20 hours	2%	3%	2%	2%	2%
21-30 hours	3%	3%	7%	6%	6%
31-40 hours	23%	29%	19%	25%	25%
41-50 hours	46%	45%	40%	40%	38%
51-60 hours	20%	16%	24%	20%	22%
61 +	6%	4%	8%	7%	7%

The survey also asked whether workloads have decreased, increased, or stayed the same. Approximately 49% of respondents indicated that their workload has increased, while 46% said it has remained the same. Interestingly, the increase in workload did not appear to directly correlate with unhappiness.

Which statement best matches how you feel about your workload over the past 12 months?



Managing work-life balance

While slightly more than half (59%) of respondents reported being either “happy” or “very happy” with their work-life balance in 2024, this represents a decline from 2018 and 2019, when nearly three out of four (72%) respondents felt the same way. On a positive note, the proportion of respondents who are “unhappy” or “very unhappy” with their work-life balance has decreased to 13% in 2024, compared to fluctuations between 14% and 17% in previous years.

When comparing job levels, CLOs are the least satisfied with their work-life balance, with only 53% expressing happiness. In contrast, 80% of junior lawyers and 71% of senior lawyers reported being happy with their work-life balance.

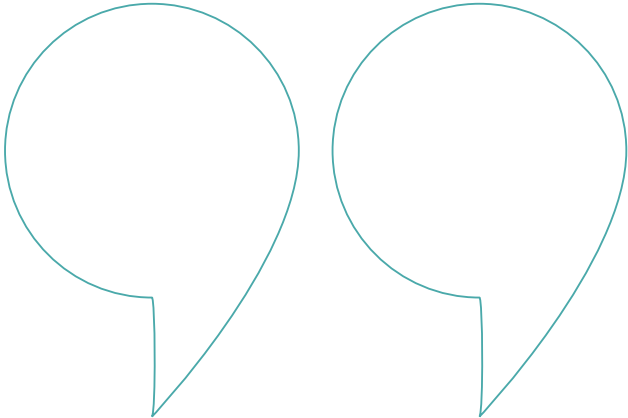
Based on the current demands of your job how happy are you with your overall work-life balance?

	2024	2023	2021	2019	2018
Very happy	12%	16%	18%	21%	21%
Happy	47%	44%	42%	51%	50%
Neutral	28%	26%	23%	17%	14%
Unhappy	12%	12%	13%	7%	11%
Very unhappy	1%	2%	4%	4%	3%

Respondents’ suggestions to improving work-life balance

Respondents shared various ways their organisations could better support them in achieving a work-life balance. The most common suggestions included offering flexible work hours, the option to work from home, and additional staffing to help manage workloads. Many also highlighted the need for better recognition of extra hours worked and the importance of mental health support.

- *“Implement options of 4-day workweek or allowing employees to work longer hours (based on the work required) on some days to take a day off.”*
- *“Work from home flexibility. Recognition for extra hours worked by granting additional leave days. Lifestyle and cultural leave. Mental health checks/support.”*
- *“Offer part-time and working from home.”*
- *“Additional holidays as an opportunity to take a break.”*
- *“Improve our systems to reduce admin work.”*
- *“Flexible work hours, working from home, rules regarding when meetings can take place - these things are already a part of work life and help immensely.”*
- *“Support implementation of legal tech solutions.”*
- *“Add additional headcount to the Legal team.”*
- *“Respect the right to disconnect and not contact lawyers for advice after hours.”*
- *“Continue to support fully remote roles, or less demanding hybrid.”*



Career path

In 2024, there has been a notable shift in the career plans of legal professionals. A significant 28% of CLOs are considering a job change within the next six to twelve months, up from 15% in 2023 and 20% in 2021. This indicates a growing restlessness or pursuit of new opportunities among senior legal leaders.

Among senior lawyers with more than six years of experience, 29% are contemplating a job change, reflecting an increase from 19% in 2023, though still slightly down from 32% in 2021.

Conversely, junior lawyers with one to five years of experience are showing less inclination towards changing jobs, with only 10% considering it in 2024. This is a slight decrease from 11% in 2023 and a significant drop from 30% in 2021. This trend might indicate a stabilisation in career satisfaction or a strategic decision to gain more experience before making a move.

The number of in-house lawyers considering a job change within the next six to 12 months

	2024	2023	2021
Chief Legal Officer/General Counsel/Head of Legal	28%	15%	20%
Junior lawyer (1-5 years' experience)	10%	11%	30%
Senior lawyer (>6 years' experience)	29%	19%	32%

Considering a career pivot or alternative career path

The data on whether legal professionals are considering a career pivot or alternative career path provides insightful trends. In 2024, a significant majority (64%) of respondents are looking for a permanent in-house role, an increase from 57% in 2023. The proportion of respondents considering legal contracting has decreased notably, from 16% in 2023 to 7% in 2024.

Interest in legal operations has slightly increased, with 10% of respondents considering this path in 2024 compared to 8% in 2023 and interest in project management as an alternative career path remains low, with only 2% considering this option in 2024.

Are you considering a career pivot or alternative career path?

	2024	2023
No – I am looking for a permanent in-house role	64%	57%
Yes - Legal contracting	7%	16%
Yes - Legal operations	10%	8%
Yes – Project management	2%	3%
Yes – other	17%	16%

In addition to the predefined categories, respondents were given the opportunity to specify other career paths they were considering. The responses reveal a diverse range of interests and potential career pivots, highlighting a range of aspirations within the legal profession. Responses included:

- Board / non-executive roles
- Executive management
- HR
- Legal operations or consultancy
- Sales

These responses underscore the varied and evolving career aspirations of legal professionals, highlighting a trend towards diversification and the pursuit of roles that leverage their legal background in new and impactful ways.

Training

Respondents were asked to list what they believe their managers would like them to focus on for further development in 2024. Leadership, industry knowledge and business acumen are clearly highly important to in-house legal counsel, evidenced by their selection of priorities for further training. Priorities in order of importance included:

- Leadership skills – **45%**
- Industry knowledge – **31%**
- Business acumen – **27%**
- Financial acumen – **24%**
- Business development – **16%**
- Teamwork collaboration – **15%**
- New market expansion – **15%**
- Talent management – **14%**
- Crisis management – **11%**
- Interpersonal skills – **8%**
- Litigation management – **5%**

In comparison, the Global ACC CLO report highlights different priorities. The global data shows that business acumen (65%) and communication skills (51%) are the top areas for development among legal teams globally. Additionally, leadership (39%) and industry-specific knowledge (36%) are also significant priorities. While business acumen is a shared priority, it is significantly more emphasised globally (65%) compared to Australia (27%). Overall, while there are commonalities between Australian and global peers, the differing priorities highlight the unique developmental needs and strategic focuses of Australian in-house legal teams.

FUTURE DIRECTION

As we look ahead, the legal profession is poised for significant transformation. The insights gathered from this report highlight the dynamic landscape in which legal departments operate, underscoring the importance of adaptability and strategic foresight.

Key areas such as regulatory scrutiny, data privacy, and cybersecurity continue to dominate the agenda. The expanding use of technology, particularly AI, signifies a shift towards more efficient and innovative practices. However, the varying levels of familiarity and adoption indicate a need for continued education and investment in these technologies to fully realise their potential.

ESG concerns are also at the forefront, with legal departments grappling with the integration of these considerations into their frameworks. The challenges identified in balancing ESG objectives with other business goals highlight the necessity for comprehensive strategies that align with broader organisational priorities.

The increasing threats of data breaches and cyber-attacks highlight the need for robust data protection and cybersecurity measures within legal departments. While some respondents feel confident in their organisation's ability to manage these risks, others express significant concern, underscoring the need for continual assessment and improvement of security protocols. Furthermore, the career mobility trends among legal professionals suggest a period of significant change, particularly among senior leaders and experienced lawyers.

The future for in-house lawyers is bright, with numerous opportunities awaiting those who can adapt to change, embrace innovation, and invest in their professional growth. By proactively addressing challenges and seizing new opportunities, legal teams can thrive in the evolving landscape. Success will depend on the ability to manage complexities and leverage unique strengths to navigate the path ahead.

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