

2024 CLO OUTLOOK

Key Chief Legal Officer Expectations for 2024

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Corporate legal departments are facing an unprecedented series of challenges, including an increasingly difficult regulatory environment, global economic uncertainty, cost reduction mandates, significant outside counsel cost increases, and rapid technological advancement, just to name a few.

This deck shares five key expectations for CLOs and law departments in 2024, based on results from ACC's [2024 Chief Legal Officers Survey](#).

We also share three resources that can help law department leaders navigate these many challenges and lead with confidence into 2025.

1 Regulatory Enforcement Will Be the Top Issue Keeping CLOs Up At Night in 2024



Top issues impacting the organization that keep CLOs up at night



Complying with regulatory obligations is foundational for all CLOs. For most industries, the regulatory environment is becoming increasingly complex, and CLOs are suffering from a lack of clarity from enforcement agencies around their obligations. It is no surprise that above all other issue areas, **53 percent** of CLOs say that **regulations and enforcement** will keep them up at night in 2024.

Privacy and cybersecurity threats continue to be top of mind for CLOs.

CLOs outside the US are more concerned about retaining talent

- The top issue area keeping CLOs up at night outside of the US is talent retention with **42 percent** of responses, compared with just **19 percent** in the US.
- Cross-border work and ESG compliance are also top of mind for a higher percentage of CLOs outside the US, while litigation is of greater concern in the US.
- **41 percent** of CLOs representing non-US companies are concerned with regulations and enforcement, a percentage that is almost **20 points** lower than among CLOs in the US.



How To Stay Ahead of the Curve

- 💡 **Stay Informed:** Keep abreast of regulatory changes and enforcement trends relevant to your industry. Invest in resources such as regulatory intelligence platforms or legal updates to stay ahead of developments. Use ACC communities!
- 💡 **Be Proactive:** Implement robust compliance programs that are adaptable to evolving regulations. Conduct regular audits and risk assessments to identify and address potential compliance gaps.
- 💡 **Build Relationships:** Consider fostering strong relationships with regulatory agencies and regulators. Proactively engage with them to understand expectations, seek clarification when needed, and demonstrate a commitment to compliance.

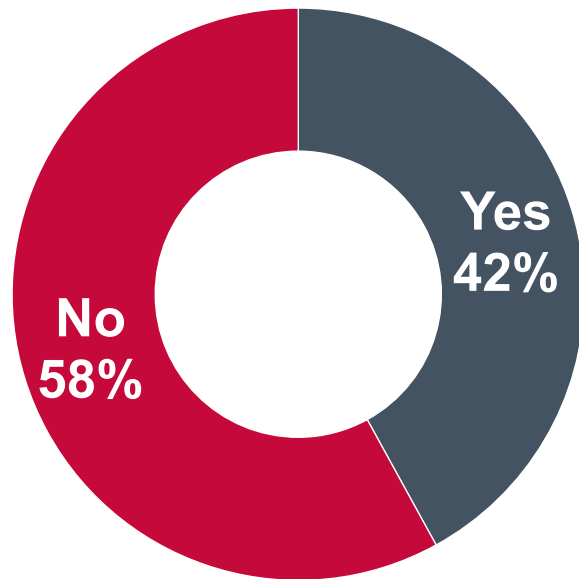
2 The Pressure to “Do More With Less” Will Continue to Intensify in 2024



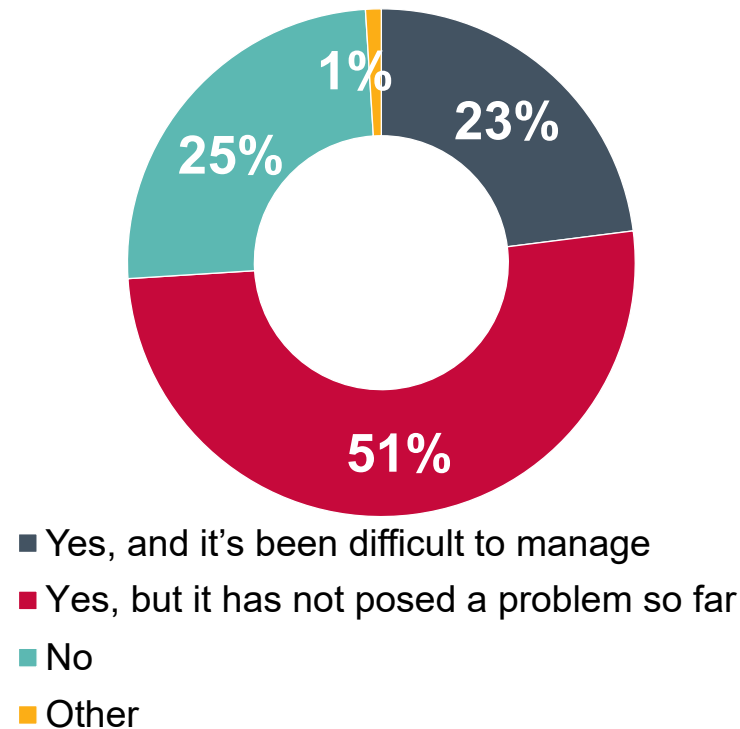
Many CLOs experienced rising outside counsel costs and cost-cutting mandates from their organization over the past year

A significant number of CLOs are contending with internal pressure to reduce legal costs while simultaneously facing substantial increases in outside counsel rates. With workloads only increasing, there is a heightened focus on operational efficiency.

Received cost-cutting mandates



Experienced law firm rate hikes



CLOs expect hiring to decline across all legal positions



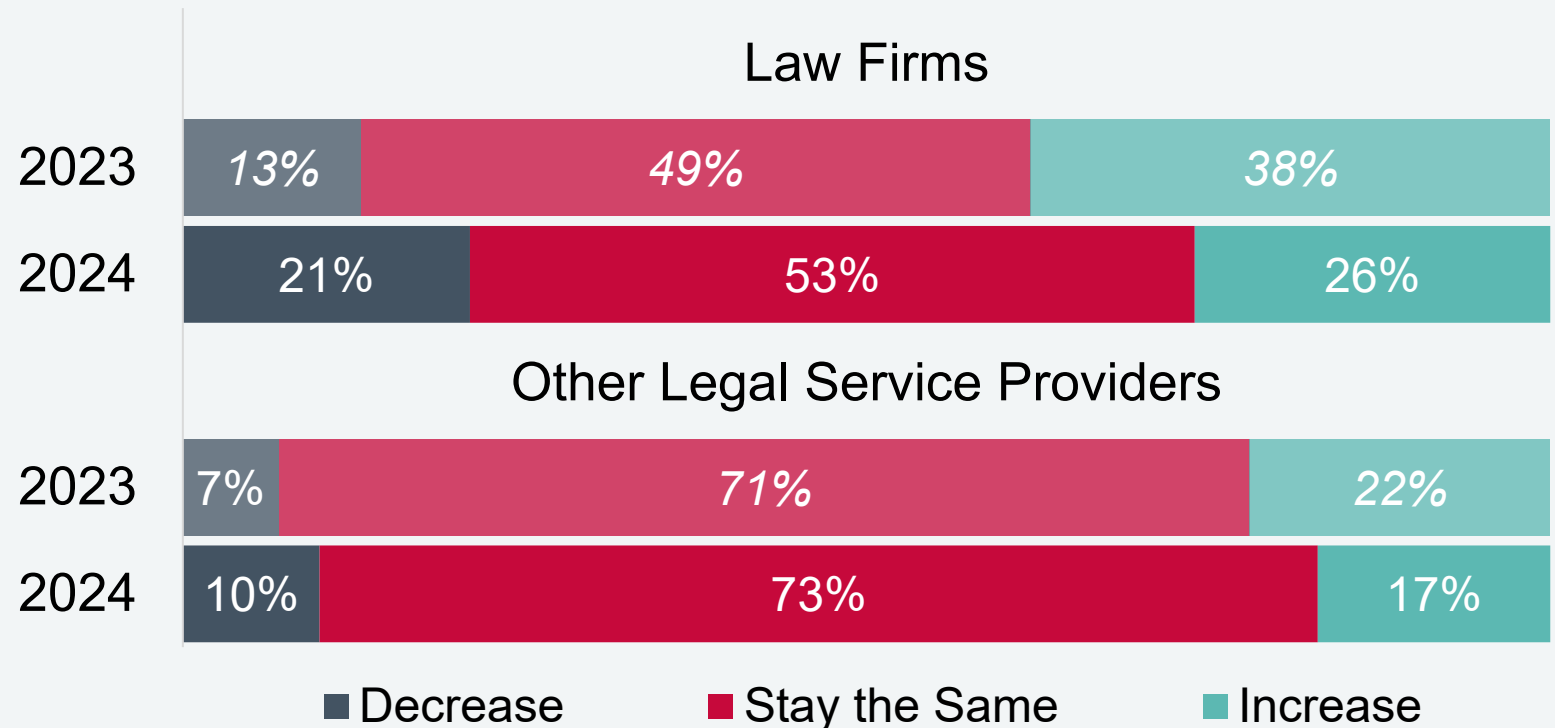
Across all legal department positions, the percentage of CLOs that expect the number of legal staff to increase in 2024 has receded compared to 2023.

Just **31 percent** of CLOs expect to hire new **lawyers** compared to 38 percent last year, a **7-point decline**. For **paralegals**, the decline is even larger at **9 points**.

CLOs also expect to retain more work in-house

- 38 percent of CLOs expected to send out more work to law firms last year compared to just **26 percent** this year, and **21 percent** expect the work they send out to decrease.
- Similarly, **17 percent** of CLOs expect to send more work out to other legal service providers compared to 22 percent last year, and **10 percent** expect to send less work outside.

Percentage of CLOs who will increase/decrease amount of work sent to law firms and ALSPs



How To Stay Ahead of the Curve

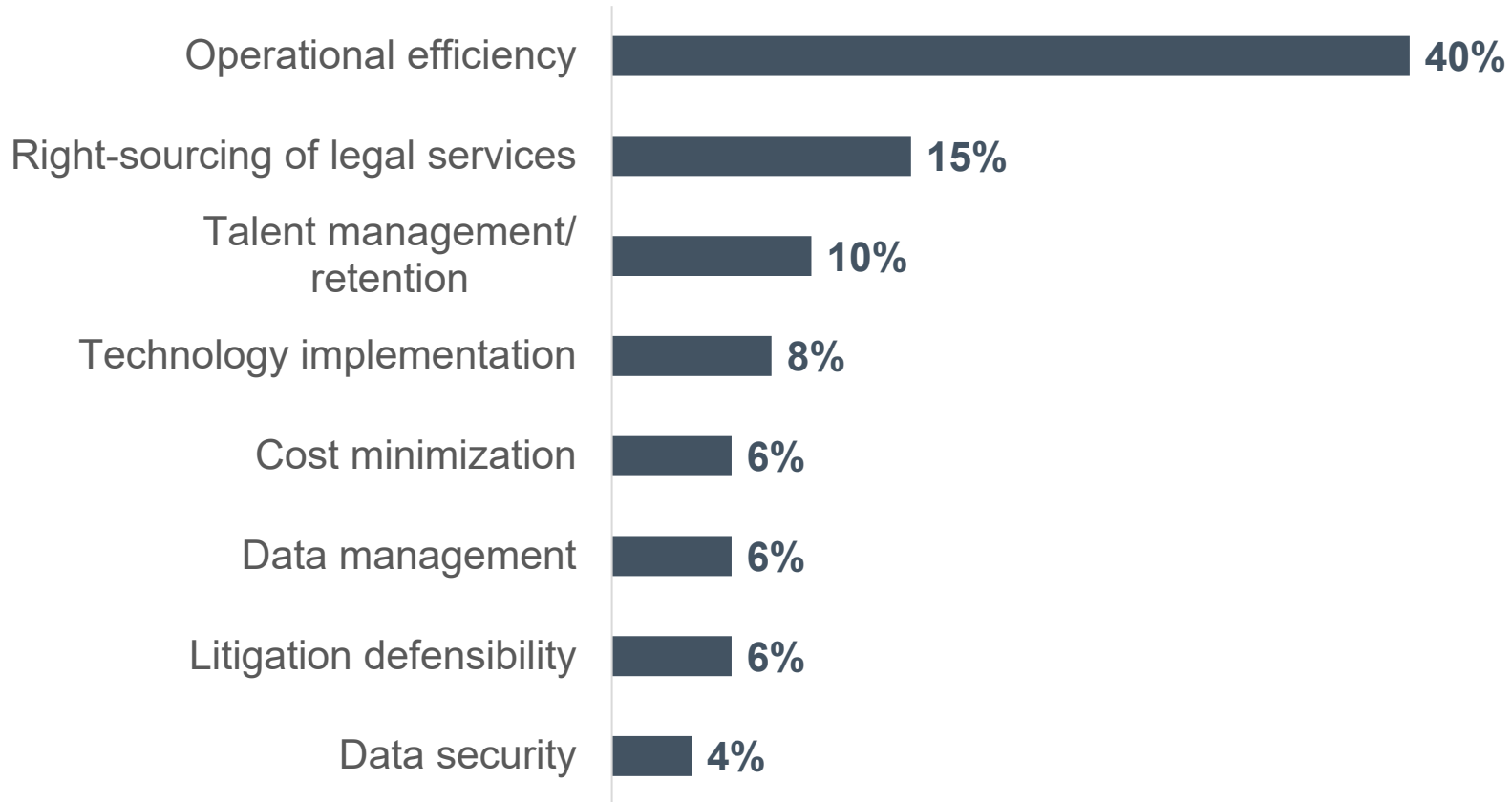
- 💡 **Prioritize Tasks:** Identify high-priority tasks and allocate resources accordingly. Focus on activities that provide the most value to the organization while optimizing resource utilization for lower-priority tasks.
- 💡 **Outsource Non-Core Functions:** Consider outsourcing routine legal tasks or non-core functions to external service providers or legal process outsourcing (LPO) firms. This can help reduce costs while freeing up internal resources for strategic initiatives.
- 💡 **Embrace Technology:** Leverage technology solutions such as contract management systems, e-discovery tools, and automation software to streamline processes and increase productivity.

3

CLOs Will Seek Greater Operational Efficiency in 2024



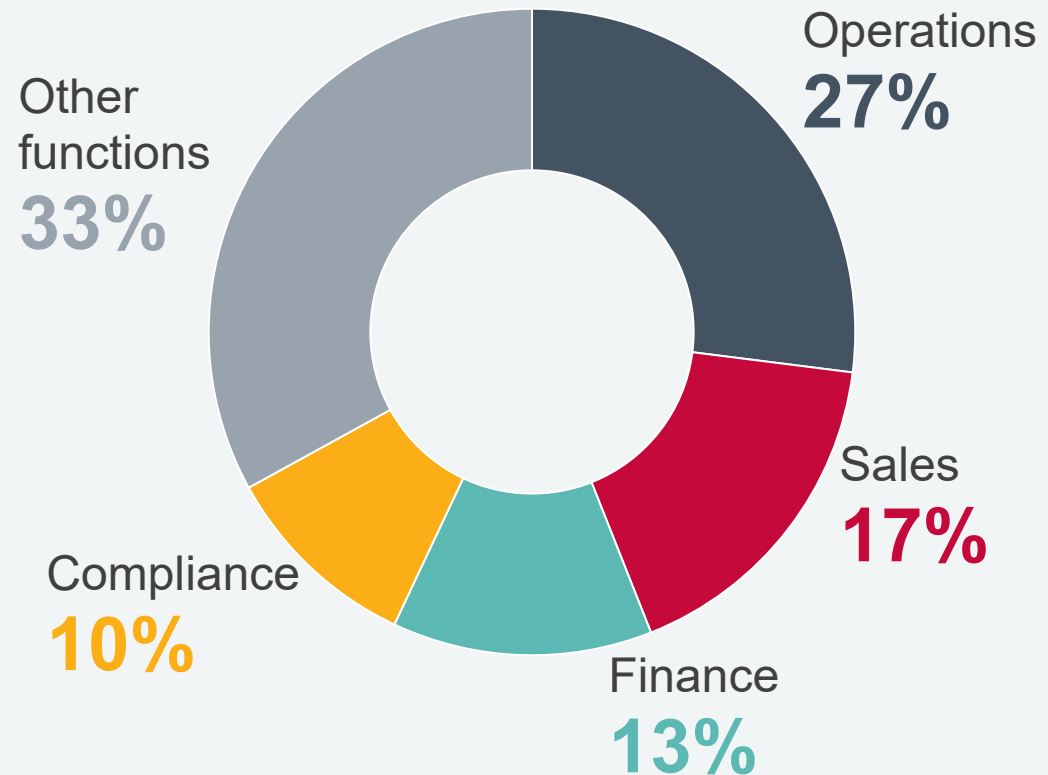
Top law department strategic initiatives in 2024



40 percent of CLOs say that operational efficiency will be their **top strategic initiative**. An additional **29 percent** collectively will focus on the right-sourcing of legal services, technology implementation, and cost minimization—all strategies to help optimize department performance.

CLOs want stronger collaboration with operations and sales to help improve business outcomes

- **27 percent** of CLOs believe collaborating more closely with business operations could help improve overall business outcomes the most, and **17 percent** say working closely with the sales department.
- CLOs in **large organizations** with more than US\$3 billion in revenue, put less emphasis on **operations (20 percent)** and more on collaborating with **compliance (17 percent)**.



How To Stay Ahead of the Curve

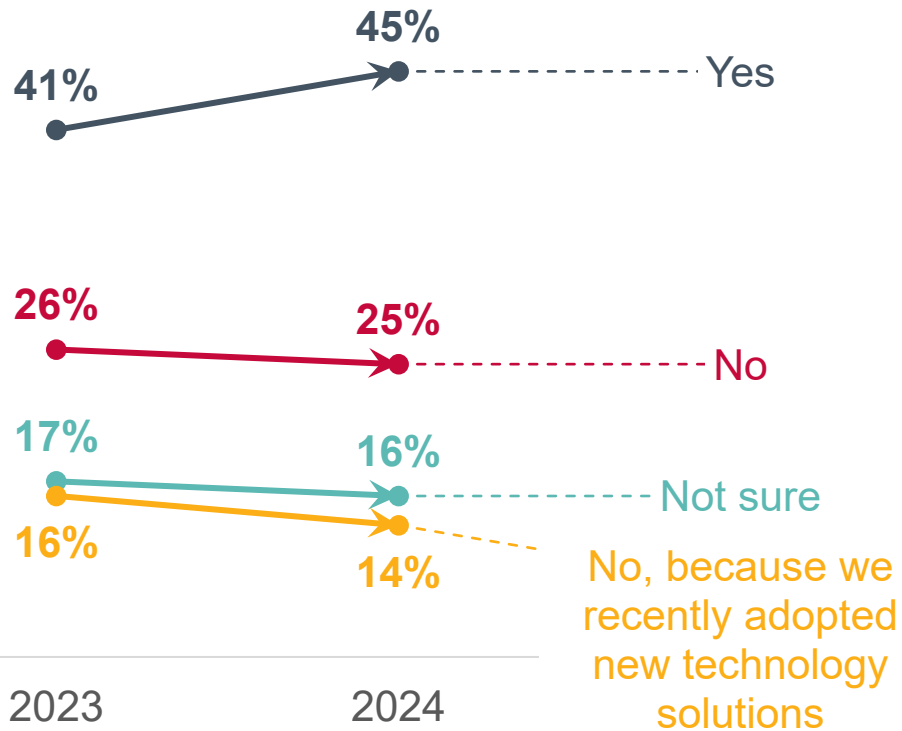
- 💡 **Process Optimization:** Conduct a thorough review of existing processes and workflows to identify inefficiencies and areas for improvement. Implement standardized procedures and best practices to enhance operational efficiency.
- 💡 **Cross-Functional Collaboration:** Foster collaboration between legal and other departments such as operations, IT, and finance to streamline workflows and achieve common goals. Encourage open communication and knowledge sharing across teams. Read more about the importance of collaboration in ACC's report: [*The State of Collaboration in Corporate Legal Departments*](#).
- 💡 **Continuous Improvement:** Establish a culture of continuous improvement where feedback is solicited and acted upon regularly. Encourage employees to identify opportunities for efficiency gains and implement solutions iteratively.

4

Almost Half of CLOs Will Implement New Technology in 2024



45 Percent of CLOs Will Implement New Technology in 2024



With increased pressure to do more with less, to optimize resources, and to collaborate more effectively, CLOs are considering investing in new legal technology solutions in greater numbers than last year.

45 percent of CLOs say they will likely **purchase new technology** or upgrade existing tools, and an additional **14 percent** say that they recently **revamped their technology portfolio**. These results are slightly higher compared to CLO expectations last year.

The Majority of CLOs Will Invest in Contract Management Software

- **64 percent** of CLOs who plan on investing in new technology in 2024 say they will implement a **contract management** tool.
- Document management, workflow tools, collaboration and knowledge management, matter management, and analytics tools are the technology types selected by **at least 25 percent of CLOs**.
- Though a small increase, the only tech category that has shown an increase year-over-year since 2022 is **Analytics**.



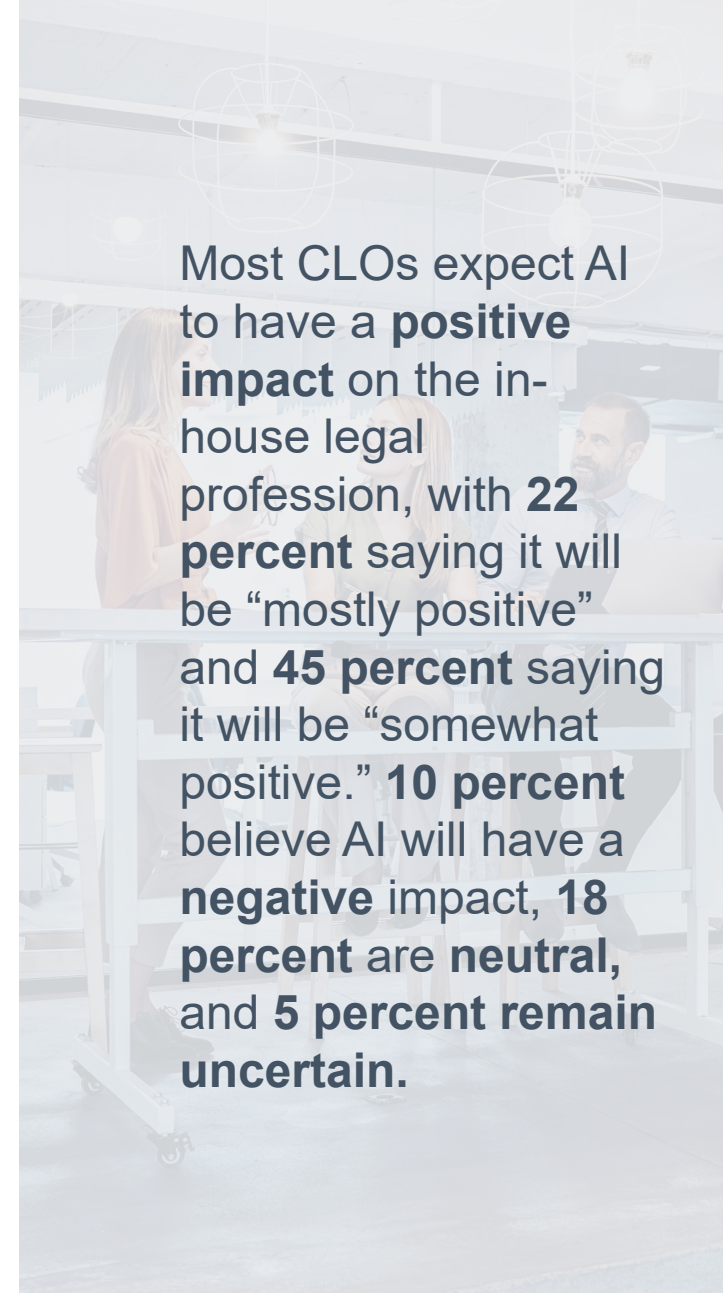
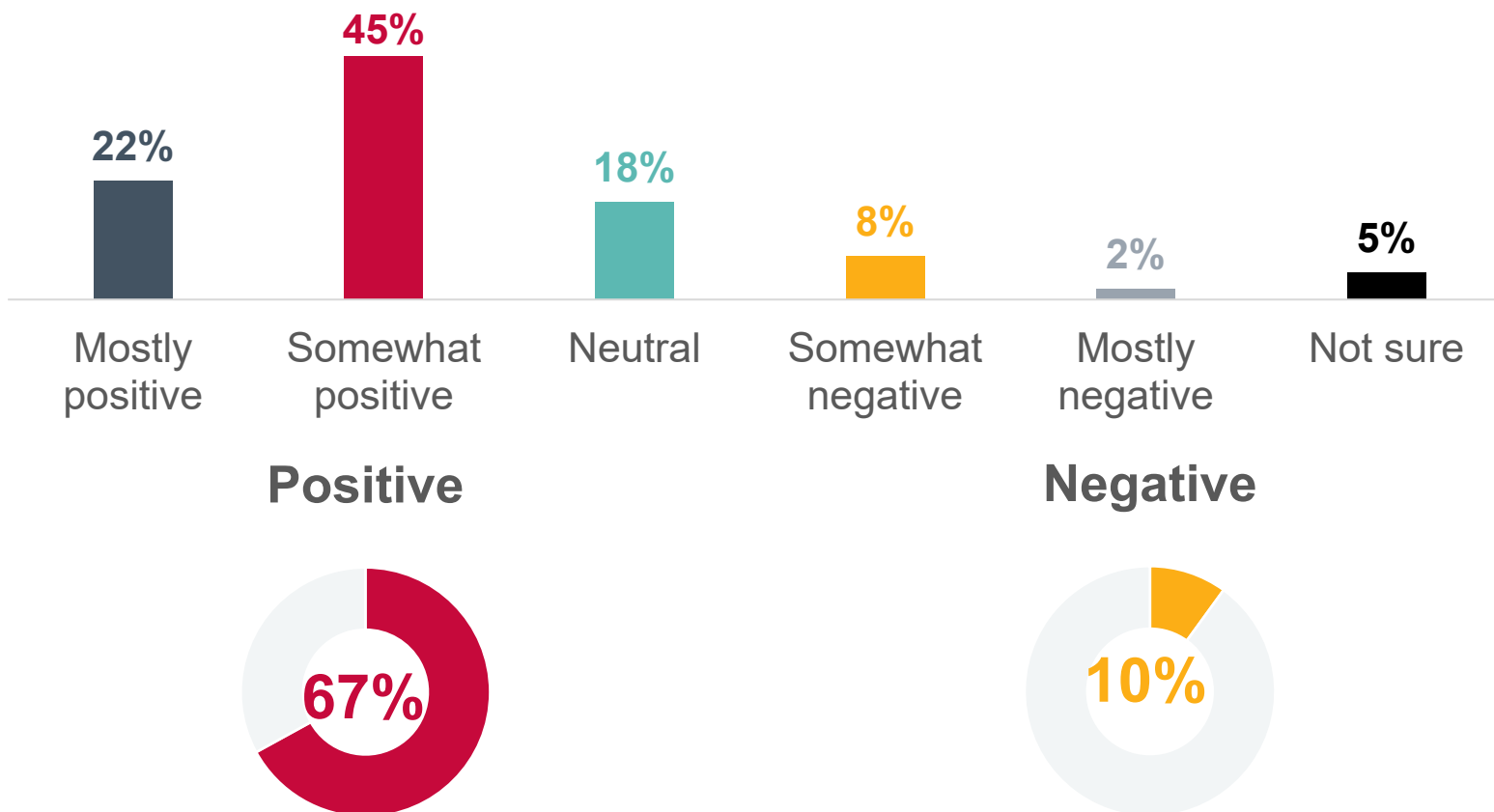
How To Stay Ahead of the Curve

- 💡 **Conduct a Needs Assessment:** Evaluate your department's specific needs and challenges to determine the most suitable technology solutions. Consider factors such as scalability, ease of integration, and compatibility with existing systems. Learn other factors departments consider when implementing technology in ACC's: [Legal Technology Report for In-house Legal Professionals](#).
- 💡 **Pilot Programs:** Start with small-scale pilot programs to test new technologies before full implementation. Gather feedback from end-users to identify any issues or areas for improvement before scaling up.
- 💡 **Training and Support:** Provide comprehensive training and ongoing support to ensure that employees are comfortable using new technologies effectively. Offer resources such as user guides, tutorials, and helpdesk support to address questions and concerns.

5 CLOs Expect Generative AI to Have a Positive Effect on the In- House Legal Profession



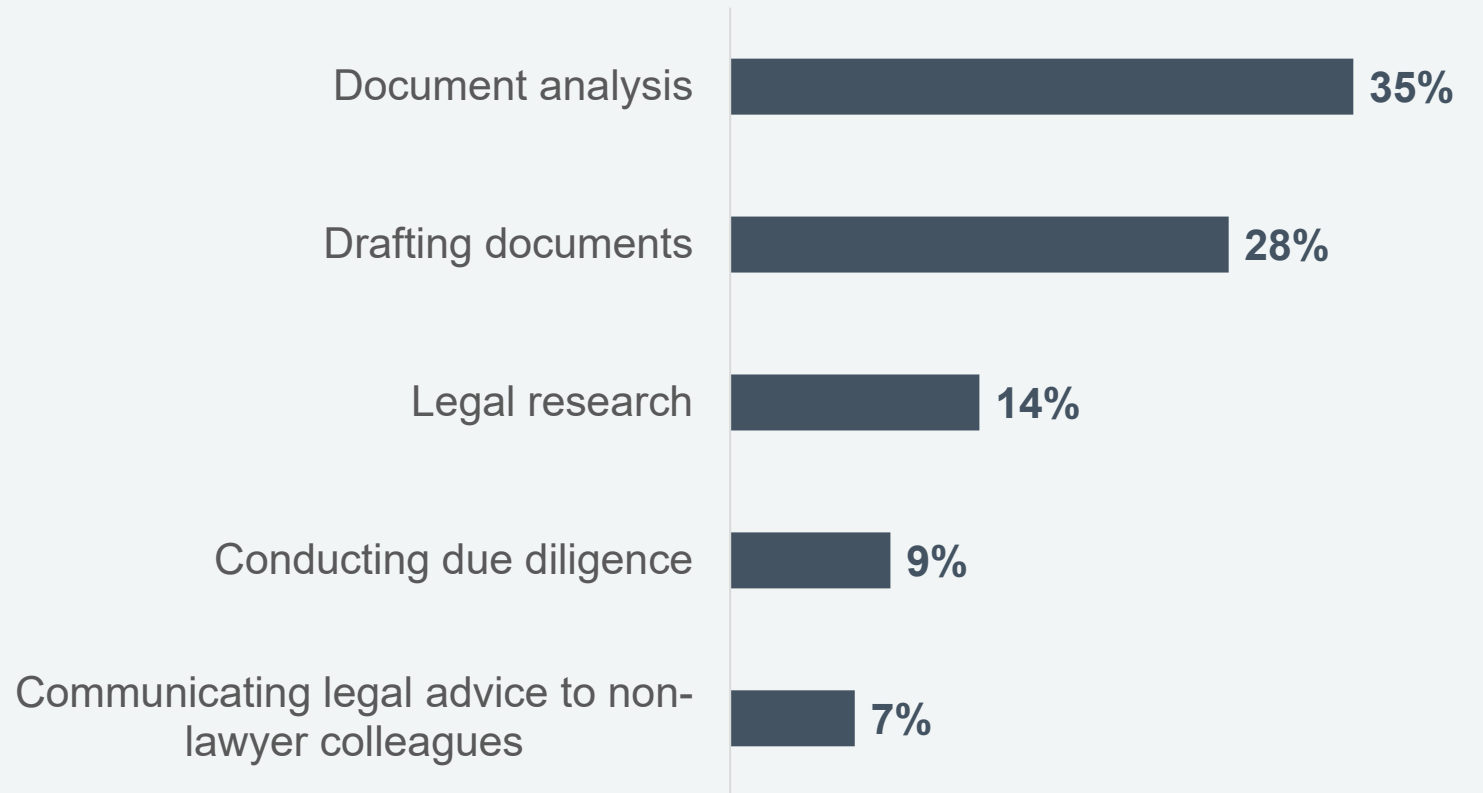
67 Percent of CLOs Believe AI Will Have a Positive Effect on the In-House Legal Profession






Most CLOs expect AI to have a **positive impact** on the in-house legal profession, with **22 percent** saying it will be “mostly positive” and **45 percent** saying it will be “somewhat positive.” **10 percent** believe AI will have a **negative impact**, **18 percent** are **neutral**, and **5 percent** remain **uncertain**.

CLOs Say the Areas With the Greatest Potential For the Application of AI in Their Own Departments Are Document Analysis and Drafting

- **35 percent** of CLOs say that **document analysis** will likely be the area where AI will have the most potential, and **28 percent** say that AI content generators will have the most impact in **drafting documents**.
- **44 percent** of CLOs in large companies say the greatest impact of AI will be in **document analysis**, while **23 percent** of those in one-lawyer departments believe that it will mostly help with **legal research** compared to just **9 percent** among those in departments with 25 or more lawyers.



How To Stay Ahead of the Curve

-  **Embrace AI Tools:** Explore the potential applications of AI in various functional work areas such as contract review, legal research, and risk assessment. Invest in AI-powered solutions that can help streamline workflows, improve accuracy, and enhance decision-making.
-  **Upskill Employees:** Provide training and development opportunities to help your legal staff develop the skills needed to leverage AI effectively. Encourage continuous learning and experimentation with new technologies to stay ahead of the curve. Take advantage of ACC's [AI Resource Collection](#).
-  **Ethical Considerations:** Maintain transparency and integrity in the use of AI technologies, ensuring compliance with ethical and regulatory guidelines. Implement safeguards to mitigate potential biases and ensure fairness in decision-making processes.

ADDITIONAL RESOURCES

By proactively addressing these trends, CLOs can navigate the evolving landscape of the in-house legal profession in 2024 and beyond, driving greater efficiency, compliance, and value for their organizations. We invite you to take advantage of the resources below as well as the many more available at www.acc.com.

1

Benchmarking Data

Benchmark your law department using core financial and operational metrics

2

Smarter Law Consultation

ACC members can request a free consultation to learn how to address key law department performance challenges

3

CLO Summit

Network with your global peers at the 2024 CLO Summit in Edinburgh, Scotland (May 22-24)

CONTACT US

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