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**HBR Consulting's Annual Survey Reveals Law Departments Are Striving for Operational Excellence in the
Midst of Increased Legal Demand**

New Report Reveals Law Departments Are Effectively Leveraging Internal Resources, Containing Spend

November 14, 2017 (Chicago, IL) — As global organizations' legal needs continue to increase, corporate law departments are adopting more innovative practices to better control outside counsel costs, according to the 2017 HBR Consulting (HBR) Law Department Survey, whose participant base primarily includes Fortune 500 level companies.

The annual survey, released today, found the majority of law department respondents (82 percent) expect their legal needs to increase in the next year – up from 79 percent reported in last year's results. The top areas requiring increased legal attention over the next year include commercial contracts, regulatory compliance and international business units.

"Law departments are building internal capacity, increasing capabilities and effectively managing demand by training internal clients to be more self-sufficient. By leveraging available technology, law departments are optimizing internal resources and automating routine tasks," said Lauren Chung, managing director and survey editor for HBR. "This year's survey results align closely with what we are seeing in our own work with clients. Law departments are driving change across the legal vertical by creating a well-leveraged organizational structure, streamlining inefficiencies and adopting new innovative technologies to be more agile in supporting growing legal needs.

According to HBR's 2017 survey, median inside legal spending increased by 4 percent, up 1 percent from the 2016 results. This is consistent with the trend of law departments continuing to invest internally. While last year's survey found a 2 percent decrease in median outside counsel spending, the 2017 report indicated no change, confirming that law departments are successfully containing costs.

To streamline operations and reduce costs, cutting-edge law departments are:

- **Implementing [centers of excellence \(CoE\)](#) for contracts.** Most law departments (79 percent) manage contracts through individual legal resources within the law department. However, the use of a contracting CoE is gaining traction among leading law departments as a method to drive significant efficiency in contracting. Thirty-two percent of law departments said they have a dedicated CoE for standardizing and centralizing contracts, allowing senior-level attorneys to focus on more strategic work.
- **Using legal process outsourcing (LPO) and alternative service providers.** To efficiently manage increased legal demand, law departments are increasingly opting for alternative service providers – the process of sending legal work to a non-law firm entity for a lower cost than would be feasible in-house. The 2017 Law Department Survey found that 21 percent of law departments currently outsource some legal processes, which is up from 18 percent last year. This steady increase indicates law departments' interest in decreasing overhead while maintaining high-caliber levels of work.
- **Increasing use of technology and analytics.** More law departments are adopting data analytics to manage increased legal needs while controlling costs. In this year's survey, 46 percent of respondents reported having a legal spend analytics platform, up from 39 percent last year. Additionally, 24 percent of law departments are considering implementing a spend analytics tool within the next 1-2 years. When armed with the right business intelligence tools, law departments have better visibility into legal spend, which ultimately allows organizations at large to make more strategic management and operational decisions. In addition to analytics, workflow tools, contract management, artificial intelligence and document management tools round out the top five technology areas law departments are planning to implement.

[The HBR Law Department Survey](#), now in its fourteenth year, provides comprehensive data on legal spending, staffing, operations, technology, outside counsel management and compensation. This year, the survey had nearly 300 participants representing approximately 20 industries and over 10 countries. HBR will be hosting Survey Roundtables in New York, Chicago, Houston and San Francisco the coming weeks to discuss the key insights from the Survey.

About HBR Consulting

HBR Consulting (www.hbrconsulting.com) delivers advisory, managed services and software solutions that increase productivity and profitability, while mitigating risk for law firms, law departments and corporations. As trusted advisors with deep industry experience, clients partner with HBR to achieve significant, sustainable results.

About the Survey

The annual HBR Law Department Survey is the leading source of benchmarking data for U.S. and global law departments. It gathers and reports key qualitative and quantitative metrics that assess and benchmark law department performance. The Survey, now in its fourteenth year, continues to grow its participant base and expand its focus on global legal function management. The 2017 Survey includes nearly 300 participants representing over 20 industries.

Unique among law department surveys, HBR Consulting's Survey focuses on larger law departments, includes both global and U.S. law departments and emphasizes data consistency and rigorous quality control procedures. For more information about how to purchase HBR Law Department Survey reports, visit www.lawdepartmentsurvey.com or call 215.628.3409.