Transforming the in-house legal team: responding to Covid-19 and future plans

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Welcome to the results from our recent survey – “Transforming the in-house legal team – responding to Covid-19 and future plans”.

A key theme that dominates the results is a dilemma that has unified in-house teams for years, how to deliver “more-for-less”. Our findings show that while Covid-19 has exacerbated this in various ways, there are also lots of positive signs that in-house teams are remaining committed to evolving how they work by embracing new skills, resourcing models and technology.

Over 65% of respondents are sticking to their existing strategic priorities and efficiency is by far the main focus with 86% identifying it as the main driver for transformation activity.

After a summary of our key findings on the impact of Covid-19 on in-house teams so far and expectations going forward, we share details of the strategic priorities teams are focusing on, expected challenges and options for overcoming them.

We also include insights on how the findings compare to a similar survey we ran in 2018. Although there has been some progress, it appears that teams are largely still at the beginning of their transformation journey. Interestingly, this aligns with international research covering in-house teams which we also touch on.

We hope you find the results and insights useful and relevant. We look forward to discussing it with you and welcome your feedback.

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Methodology
This research draws on 46 responses from members of in-house teams across New Zealand.
The respondents were from a mix of sectors including business, aviation, energy, financial services, insurance and local government.
The full range of in-house team size was represented, from sole individual up to 65 members.
Key findings

Impact of Covid-19

Workloads have increased for 78% of respondents

Over 70% of respondents specifically noted that their teams are working remotely more frequently

30% Reduced
63% Unaffected
7% Increased

Team budgets

For over 60% of teams, Covid-19 related matters have been taking up less than 10% of their time

Sending work to external providers

Compared to business-as-usual, the top three areas respondents are seeing more work are

48% Contracts
35% Compliance/Corporate Governance
35% Employment/Health & Safety

22% Decreased
56% Unaffected
22% Increased

Strategic priorities going forward

65% of respondents are sticking to their existing strategic priorities

64% of respondents plan to implement new technology over next 12 months

38% of respondents plan to implement new skillsets into how they work
29% of respondents plan to implement new resourcing models
28% of respondents plan to implement new ways of delivering services

Top 3 technologies respondents plan to implement:
- Document Management
- Case/Matter Management
- Digital Signing
Challenges and overcoming them

Top challenges for delivering transformation activity

- **69%** Lack of time
- **57%** Securing budget
- **31%** Resistance to change

Top 3 reasons for transformation activity

- **Increase efficiency** 86%
- **Manage risk** 59%
- **Reduce costs** 50%

Global growth in legal operations roles to drive transformation activity

Adopting agile principles and design thinking can enhance how in-house teams deliver business-as-usual work as well as how to approach innovation.
Impact of Covid-19

In-house teams have been helping their organisations manage increasingly larger and more complex risks for years. It’s no surprise that the risks related to Covid-19 have made the role of the in-house team even more critical and that the pandemic has impacted workloads, areas of focus and budgets.

Workloads

Not surprisingly, workloads have increased for 78% of respondents.

How has Covid-19 impacted your team’s workload?

<table>
<thead>
<tr>
<th>Impact Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significantly increased</td>
<td>28%</td>
</tr>
<tr>
<td>Somewhat increased</td>
<td>50%</td>
</tr>
<tr>
<td>Unaffected</td>
<td>20%</td>
</tr>
<tr>
<td>Somewhat decreased</td>
<td>2%</td>
</tr>
<tr>
<td>Significantly decreased</td>
<td>0%</td>
</tr>
</tbody>
</table>
Areas of focus

Compared to pre-Covid levels, the three main areas in-house teams are seeing more work are Contracts (48%), Employment/Health & Safety (35%) and Compliance/Corporate Governance (35%). These areas align with international research recently completed by Acritas, a legal research company, on what in-house teams globally are focusing on.

In terms of the next 12 months, the leading areas respondents expect to continue to see more work include Contracts (50%), Compliance/Corporate Governance (40%) and Data Privacy (38%).

Contracts also leads the way as the area respondents have been seeking more help from external providers (23%) and the area they expect to continue to seek help for over the coming 12 months (31%).

<table>
<thead>
<tr>
<th>Compared to business-as-usual prior to the Covid-19 outbreak, in which areas are you seeing more work right now?</th>
<th>In which areas do you expect to see more work over the next 12 months?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance/Corporate Governance</td>
<td>35%</td>
</tr>
<tr>
<td>Construction</td>
<td>17%</td>
</tr>
<tr>
<td>Contracts</td>
<td>48%</td>
</tr>
<tr>
<td>Data privacy</td>
<td>17%</td>
</tr>
<tr>
<td>Employment/Health &amp; Safety</td>
<td>35%</td>
</tr>
<tr>
<td>Litigation/Dispute Resolution</td>
<td>22%</td>
</tr>
</tbody>
</table>

Working with external providers

For 56% of respondents, Covid-19 has not affected sending work to external legal providers. For the remaining respondents there was an equal split of reducing and increasing the volume of work sent to external legal providers (22%). Results indicate that respondents expect this approach to remain largely the same for the next 12 months.

For over 60% of teams, Covid-19 related matters have been taking up less than 10% of their time. This may seem like a small percentage but when you are already managing a complex set of business-as-usual demands, any new focus adds additional pressure.

For over 60% of teams, Covid-19 related matters have been taking up less than 10% of their time

In terms of sending work to external legal providers, has this:

- Significantly decreased | 9%
- Somewhat decreased | 13%
- Unaffected | 56%
- Somewhat increased | 20%
- Significantly increased | 2%
Remote working and tools

Lockdown drove most organisations to shift to remote working models almost overnight.

As part of this, we also saw a huge jump in the adoption of digital tools. Recent research shows we may have even vaulted forward five years in consumer and business adoption of tech.

88% of respondents said how they work internally has changed, or will change, as a result of Covid-19.

Over 70% of respondents specifically noted that their teams are working remotely more frequently and 30% highlighted that they have reduced work-related travel.

Unsurprisingly, the tool respondents have found most helpful recently is video calls (89%). This was followed by digital signing (37%) and collaboration platforms (35%).

Digital signing was definitely an area where the legal sector saw rapid adoption during lockdown and with many people continuing to work remotely, it appears that it will continue to be a key tool.

There are however some fundamental things to consider when it comes to signing and witnessing documents remotely – find out more here.

We go into more detail about plans for the implementation of technology tools over the next 12 months in the next section.

Budget

Since lockdown, 30% of respondents have had their budgets reduced, 63% have been unaffected and 7% have increased their budget.

These results are relatively positive compared to indications from Acritas on forecasted changes for legal departments in other jurisdictions. Our results sit closer to forecasts for Asia Pacific and Canada while in-house teams in the US and UK are expecting significant decreases in spend.

Team budgets

- 30% Reduced
- 63% Unaffected
- 7% Increased

Over 70% of respondents specifically noted that their teams are working remotely more frequently.
Strategic priorities going forward

Navigating Covid-19 challenges on top of usual day-to-day legal demands further cements the “more-for-less” dilemma for in-house teams.

What does this mean in terms of strategic priorities and existing transformation activity aimed at helping with this?

We knew from our in-house survey in 2018 that over 80% of respondents were actively engaged in transformation activity and that implementing new ways of delivering legal services and technology was going to continue to be a focus.

In 2018, lack of time was identified as the main challenge so we were keen to understand whether the pressures of Covid-19 would simply be too much to keep the wheels going.

It turns out that for 65% of respondents, their teams are sticking to their existing strategic priorities and there is a significant amount of transformation activity planned.

What is interesting however, is that the results indicate that most teams are still at the beginning of their transformation journey.
Implementing new technology

Going forward, exactly the same amount of respondents (64%) plan to implement new technology as did in our 2018 survey.

The tools they are planning to implement also remain the same. These are document management (42%), matter management (38%) and digital signing (35%).

These results align with the international survey released last month by the Corporate Legal Operations Consortium (CLOC) which found that the most common technology used by corporate legal departments are Matter Management/eBilling, Digital Signing and Document Management.

With the rise of the focus on Legal Operations we expected to see more of a focus on analytics and metrics, it may be that some of this is done via matter management systems but it appears that teams are still focusing on getting the basics in place first (eg document management).

It can be overwhelming for in-house teams to know where to start when it comes to implementing technology – there is no one solution that will solve all challenges. Thankfully, CLOC has released a guide for developing a technology roadmap – we highly recommend checking it out if you want some practical tips on the key steps to go through and how to make it simple and visual.

Technology respondents plan to implement in the next 12 months

<table>
<thead>
<tr>
<th>Technology</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document Management</td>
<td>42%</td>
</tr>
<tr>
<td>Case/Matter Management</td>
<td>38%</td>
</tr>
<tr>
<td>Digital Signing</td>
<td>35%</td>
</tr>
<tr>
<td>Collaboration platforms</td>
<td>15%</td>
</tr>
<tr>
<td>Video calls</td>
<td>12%</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>12%</td>
</tr>
<tr>
<td>Document Review</td>
<td>8%</td>
</tr>
<tr>
<td>Client portals</td>
<td>4%</td>
</tr>
<tr>
<td>Document Drafting/Automation</td>
<td>4%</td>
</tr>
<tr>
<td>Machine Learning tools</td>
<td>4%</td>
</tr>
<tr>
<td>Project Management</td>
<td>4%</td>
</tr>
<tr>
<td>eBilling</td>
<td>0%</td>
</tr>
<tr>
<td>eDiscovery</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>19%</td>
</tr>
</tbody>
</table>
Resourcing models, skillsets and new ways of delivering legal services

Over the next 12 months, over 25% of respondents plan to implement new resourcing models (eg contract lawyers) and ways of delivering legal services (eg play books, self-service portals).

It is also exciting to see that 38% of respondents plan to introduce new skillsets to their teams. Incorporating agile principles was by far the biggest focus, there were also mentions of design thinking and continuous improvement. These methodologies can be really powerful when adopted by in-house teams as they can help to amplify the value the team can offer to their organisation and surface how to deliver it in the most efficient ways possible. We cover this in more detail in the next section.
Challenges and overcoming them

The concept of delivering “more-for-less” for in-house teams is usually driven by constraints around time and resources. Two obstacles dominated our results.

69% of respondents selected lack of time, and 57% securing budget as the main challenges to delivering transformation activity. 86% of respondents said increasing efficiency is a key driver for such activity.

### Top challenges for delivering transformation activity

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of time</td>
<td>69%</td>
</tr>
<tr>
<td>Securing budget</td>
<td>57%</td>
</tr>
<tr>
<td>Resistance to change</td>
<td>31%</td>
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</tbody>
</table>

### Top 3 reasons for transformation activity

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase efficiency</td>
<td>86%</td>
</tr>
<tr>
<td>Manage risk</td>
<td>59%</td>
</tr>
<tr>
<td>Reduce costs</td>
<td>50%</td>
</tr>
</tbody>
</table>

The question then becomes, when you are already short on time, how do you ever get the opportunity to properly focus on, and make progress with, transformation activities that will increase efficiency and ultimately save you time?

In-house teams are taking various approaches to this challenge. One approach that is growing in popularity (especially in the Northern Hemisphere) and which the Altman Weil Chief Legal Officer Survey 2019 indicates is having positive results, is having a dedicated legal operations role. Although we have definitely seen a handful of these roles arise in New Zealand, most people charged with legal operations tasks are doing it on top of their day-to-day role which can be extremely difficult.

Another approach we are seeing that involves wider team involvement, and which can help in-house teams better align with how other parts of their organisation may already be operating, is to embrace agile and design thinking approaches. They can be used to both enhance how in-house teams deliver business-as-usual work and also how they approach innovation and transformation activities.
**Tips for approaching agile and design thinking**

It is great to see that many respondents are already planning on introducing agile and design thinking.

You can start with small and contained areas for improvement (e.g., triaging work coming into the team) and run safe experiments with reflection points to determine quickly and cost-effectively what does and doesn’t work for the team and its stakeholders, all while keeping progress with business-as-usual work.

We find that there is a little bit of work to do to incorporate agile and design thinking approaches into legal teams so that they resonate with team members and you establish the necessary engagement. We’ve also learnt that sharing examples of what other teams have done is really helpful and inspires ideas.

**Join a Simpson Grierson workshop**

We have an online workshop series that covers adapting agile and design thinking approaches for legal and which also includes lots of great case studies. If you are keen to learn more, be sure to get in touch with Caroline Ferguson, our Director of Business Transformation and Innovation.
Predictions

There are no signs that the “more-for-less” dilemma will get any easier anytime soon.

Transformation activity such as implementing new skillsets, resourcing models and technology is going to remain a critical focus for in-house teams. Our three main predictions going forward relate to getting the basics right, broader skillsets and collaboration.

1. **Getting the basics right**
   Although there is a continuous stream of increasingly sophisticated tech solutions coming on to the market, most in-house teams are still at the beginning of their transformation journey. We predict that in-house teams will continue to focus on getting the basics right such as ensuring they have modern and effective document management, matter management and contract lifecycle systems in place. These will be predominantly cloud-based with helpful analytics built in.

2. **Broader skillsets**
   The concept of the T-shaped lawyer has been gaining prominence. This is all about having the traditional skills related to deep legal knowledge as well as developing non-traditional skills such as process improvement, project management, design thinking and data analytics. We predict that broadening skills in areas such as these will remain important, particularly as technology advances and the problems we need to solve get even more complex.

3. **Collaboration**
   Over the last couple of years there has been a significant shift to taking a more collaborative approach to adopting new ways of working and implementing technology. Whether it’s tech vendors having dedicated customer success managers for each client, or in-house teams and their internal stakeholders or external providers co-designing processes to streamline how they work together, it is great to see key parties coming together. We predict that this collaborative approach will continue and ultimately lead to better outcomes for all parties.