Benchmarking Digital Agility
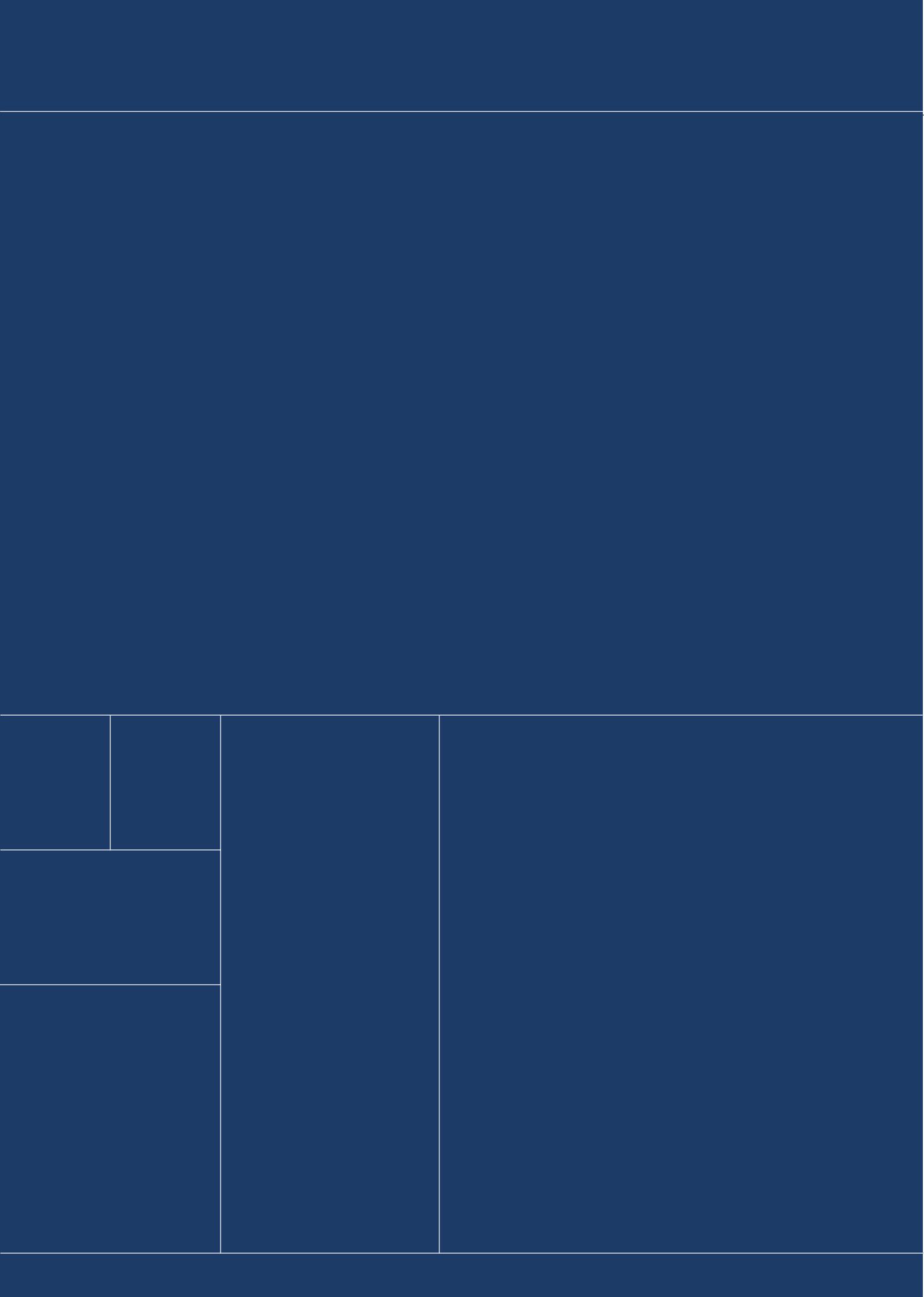
Excerpt

Data and insights
Automation and enablement
Culture and people
New ways of working

Contents

Available to
members only

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Introduction

The Digital Legal Exchange is delighted to present the findings of our recent survey, *Benchmarking Digital Agility*, conducted in collaboration with Major, Lindsey & Africa.

The idea for this survey came from our members. They repeatedly noted the absence of reliable, independent, data-backed benchmarking to gauge their digital maturity against peer organizations. This survey is intended to fill this market void and to advance the latent potential of the legal function to positively impact business, customers, society, and the planet.

The survey is full of insights, addressed in detail in the report that follows. It reveals that legal functions of leading global corporations are no longer focused solely on cost savings and efficiency gains – they have gone beyond that. The focus now is on the legal function's alignment with and impact on business. This demonstrates that digital transformation is being embraced by the legal function of these organizations. We believe that, in order to deliver genuine enterprise value, the legal function must digitally transform *with the business*.

Our survey also demonstrates that the historic narrative of the legal function as cost center is shifting. Progressive legal functions are moving beyond the foundational elements of "legal ops" and "legal tech" to a more holistic transformation where legal positively impacts other business units as well as customers. Legal is morphing from department to business partner.

Significantly, an overwhelming majority of legal leadership – more than two-thirds – now recognize that successful *legal digital transformation requires close integration* between legal and the business. Survey respondents cited a combination of business integration, protecting and realizing enterprise value and demonstrating value to the business as their highest-level concerns. This represents a sea change. Until the recent past, legal leadership has felt disconnected from the business, and either not empowered to embark on digital transformation, or hampered in their efforts by an enterprise perception of legal as a business blocker. This is no longer the case: when asked to name the potential obstacles to the legal function achieving its transformation goals, respondents ranked lack of empowerment and being perceived as a block to progress at the bottom of the list. These findings are encouraging.

There is still much work to be done to realize the latent potential for legal departments to drive significant value creation for the enterprise, customers, society, and the planet. Technology, data mining and analytics, and cross-functional collaboration remain challenging for most legal functions. Maturity scores are generally low across these areas, particularly 'cutting edge' use of technology – such as use of AI across the contracting lifecycle. Still, the signs are positive and the focus on value creation suggests law's digital transformation will continue to accelerate.

We hope you find value in this report, and look forward to receiving your feedback.

We gratefully acknowledge participating Exchange members, Faculty Advisors, and MLA clients for taking time to share their thoughtful, transparent responses.

Mark A. Cohen
Executive Chairman
Digital Legal Exchange

Acknowledgment

Major, Lindsey & Africa is proud to partner with the Digital Legal Exchange on this ground-breaking Benchmarking Digital Agility survey. Many of the senior leaders at leading global corporations with whom MLA works face key challenges and choices in how they design and operate their legal and compliance departments. There's much discussion in the legal industry about the role of technology and digital transformation but, as Mark Cohen noted, the dearth of actual data has made it difficult for general counsel and their teams to learn from their peers.

We view the valuable insights of this survey as only the beginning. The data suggests much work remains to understand not only the potential impact of technology, but how the coupling of technology and human capital can enable the legal function to deliver business value beyond traditional legal support services.

We thank our MLA clients and friends who contributed thoughtfully to this endeavor. We and the Digital Legal Exchange look forward to receiving your feedback, and additional thoughts on how we may collaborate further. Much remains to be done to help general counsel and other senior leaders leverage technology to truly deliver strategic value to the underlying businesses.

Duc V. Trang
Managing Director
Major, Lindsey & Africa
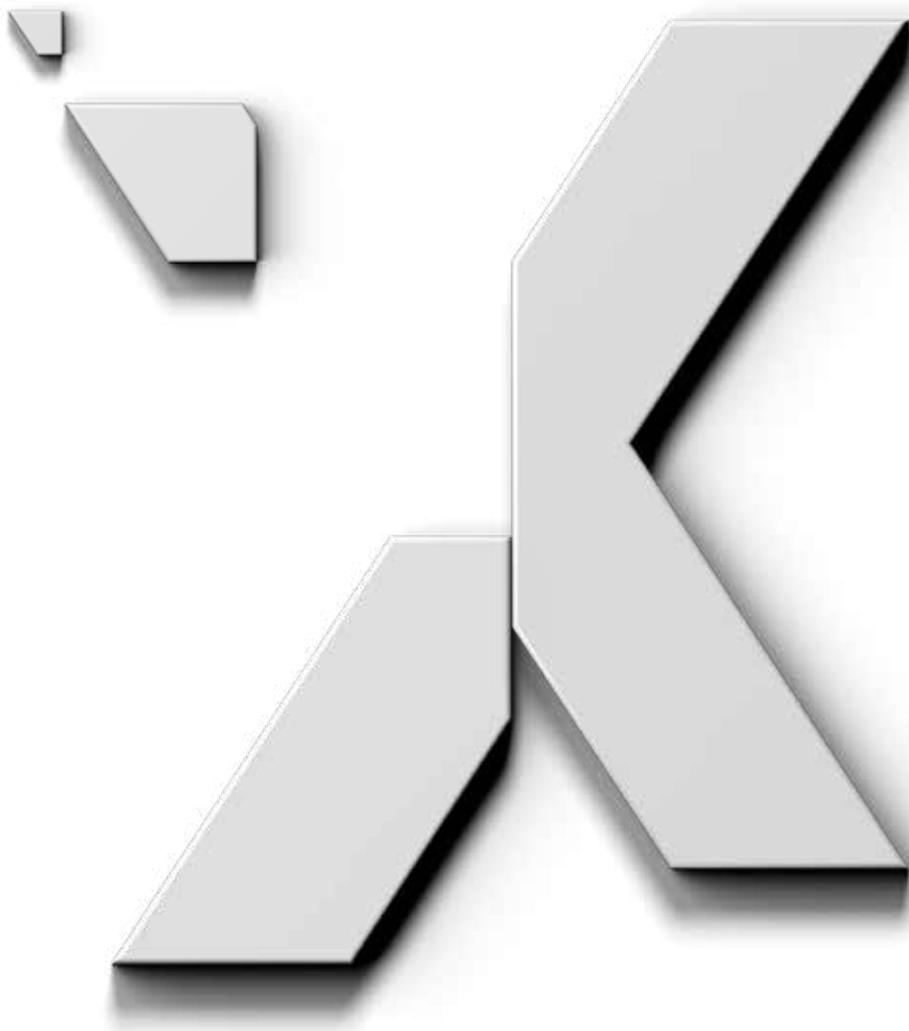
Executive summary

Our survey focus - four critical maturity components

Our survey explored four critical components of legal digital transformation. Find out more on each of them in the section '**A deeper dive**'.

1. Data and insights

The availability, collection and analysis of information to enable faster, better decision-making.

2. Automation and enablement

Technology to reduce or eliminate high-volume, routine work.

3. Culture and people

The skillsets, mindsets, and behaviors of the team, as well as resource and work allocation modeling.

4. New ways of working

The processes or workflows, and the responsibilities and interaction models between the department and its partners.

Our key insights

Digital legal transformation is out of the starting blocks

Over the past 24 months, **digital legal transformation has begun in earnest.** A large proportion of legal functions participating in our survey reported that they have already embarked on a formal digital initiative.

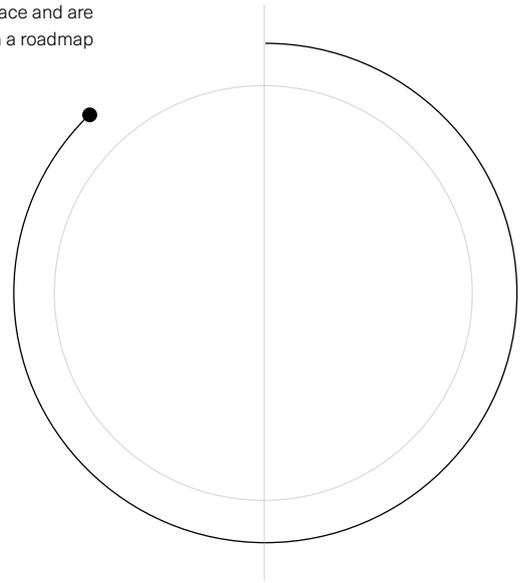**88%** of respondents have a formalized digital initiative in place and are delivering on a roadmap

Legal functions' understanding of digital transformation has matured

Our survey shows that legal functions are developing a sophisticated understanding of what digital legal transformation involves and the value a transformed legal function can deliver to the business.

Three key data points demonstrate this development:

1. Legal functions see **business integration as critical to success.**

2. Legal functions recognize that transformation is **within their capabilities.**

3. Legal functions understand that legal digital transformation is not just about technology: that is a holistic **undertaking** requiring effort across all areas of the business.

The **three highest ranked concerns for current legal goals** (two thirds of respondents):

23%
Protect and realize core elements of enterprise value

23%
Integrate more deeply with the business in real time

21%.
Demonstrate the value of legal to the business

The three **lowest ranked obstacles** to success:

1.
We don't feel empower

2.
Legal is perceived as a blocker

3.
High turnover from our teams

Allocation of legal functions' digital transformation efforts over the next 12 months is **evenly split across the four critical transformation components:**

Data and insights | Automation and enablement | Culture and people | New ways of working
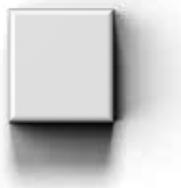
Executive summary

Levels of digital maturity remain low

Survey results indicate that, although most legal functions have embarked on a transformation, **execution is still in the early stages.**

Most respondents rate their **current maturity at 2 – 3 out of 5** on the four critical transformation components:

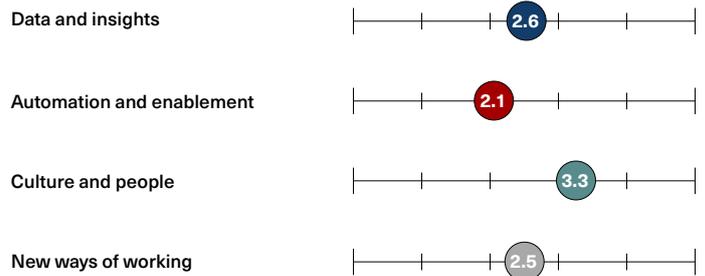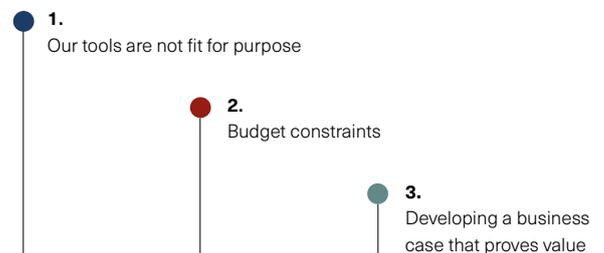|	
Data and insights	2.6
Automation and enablement	2.1
Culture and people	3.3
New ways of working	2.5

Legal functions' want to move faster

Our survey shows that historic or anecdotal obstacles (legal as a blocker; the business not empowering the legal function; lack of cultural readiness in the legal team) are no longer issues for the legal function. The top three obstacles cited by our respondents suggest that **legal functions are frustrated and want to move ahead faster.**

The **three biggest obstacles** to success:

1.
Our tools are not fit for purpose

2.
Budget constraints

3.
Developing a business case that proves value

Alignment with the business is critical to success

A consistent theme emerging from the survey is the importance of close integration with the business.

The challenge of alignment, both within the legal team and with the wider business, is a prevailing theme in the free text parts of the survey.

2/3
view components of business integration as a more important transformation objective than reducing legal costs

"Alignment is required which takes time and may slow things down."

"Alignment with the department (senior leader buy-in but lacking support across the employee base)"

"As a large global organization, it is sometimes difficult to gain alignment and move the needle."

Culture is no longer an afterthought

Our survey shows a cultural shift in the digital readiness of legal teams. Respondents reported a positive view of their teams' ability to thrive in a digitized legal function.

The survey results also indicate that **legal functions are ambitious about digitizing their people**, but realistic about the effort involved, as our gap analysis demonstrated.

Most legal functions report that the biggest gap between where they are now and where they want to be is in culture and people.

81% of respondents reported having digital talent on their teams
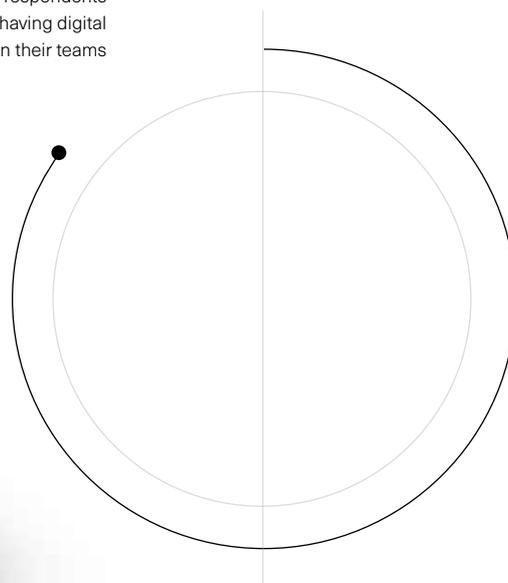
A deeper dive

Question 5:

Data and insights

Data and insights is focused on the availability, collection, and analysis of information to enable faster, better decision-making.

The data-backed legal function

The use of data to guide decision making and to serve the customer better is central to the strategy of successful organizations. As with all elements of digital transformation, a focus on data is not only about new tools and technologies; creating a data-backed culture requires a mindset shift:

"Data's impact is elevated when it is embedded into enterprise culture. Data mining, analytics, and protection are central operational elements within and across business units. The most digitally mature (read: successful by any business metric) companies and organizations have done just that."

Mark A. Cohen
The Data Backed Legal Function
Forbes.com

The legal function is waking up to data's potential to deliver operational and strategic insight. However, in most large organizations, legal has significant work to do to embed a data-backed culture which will bring legal up to speed with the rest of the business. A recent study by the RELX Group, which polled 10,000 U.S. senior executives across health care, insurance, legal, science, banking and government, ranked law last amongst industry sectors in its use of big data. At the same time, legal's client, the business, wants to see a more data driven approach to managing legal risk: according to the 2021 EY/Harvard survey, 61% of CEOs are pushing for a more data-backed approach to risk management.

The most advanced legal functions are using data to gain insight not only into the legal department's performance, but also the performance of the wider business. For these legal functions, historic data analysis is a given; true value lies in the use of real time or predictive data, visualised through dashboards and made transparent to the legal function and across the enterprise.

Survey results: data and insights

Our survey explored the use of data for insight across four sub-categories:

1. **work allocation**;

2. **throughput and utilization**;

3. **transaction velocity and deal status**; and

4. **contract portfolio and contract performance**.

For each sub-category, respondents were asked to select the statement that best described their organization, from a list of five (with each statement representing a different level of maturity).

You can view the maturity scale here.

Our survey results reinforce the fact that legal is lagging the business when it comes to use of data for analysis and insight. **The average overall score for legal function maturity in data and insights was 2.6**, reflecting the fact that the majority of respondents are relying on manual effort or very basic levels of automation to extract and track data in key areas. Only a small portion of respondents (17% average per sub-category) reported having access to reliable, comprehensive, real-time data, or using visualisation and dashboards to inform decision making.

Sector focus:

Overall, respondents in the **Technology** sector had the highest maturity score in the data and insights category, with an average maturity score of **3.5 out of 5**.

Legal function maturity in data and insights:

2.6

A detailed analysis of responses across the four sub-categories is set out on the following page →

2.9

1. Insights into work allocation

The responses show that, of all the four sub-categories, work allocation is the area in which data and insight is being used most effectively. The average maturity score for this sub-category was **2.9 out of 5**. According to the survey, almost all respondent legal functions (91%) are currently tracking how legal work is allocated, either through an intake tool or manually. Despite this positive progress, only 17% of respondents have moved to the next level by establishing intake workflows and integrating them with enterprise systems. A very small percentage (8%) has reached the highest level of maturity, with clear visualisation of work allocation data, delivering insight into the effectiveness of the organization's operating model.

2.4

## 2. Insights into throughput and utilization

Throughput and utilization (the capacity that the team has to take on legal work, and the speed at which it is delivered) is the next step on from work allocation. Our survey showed a low level of maturity in this sub-category.

Data and insight for the management of throughput and utilization ranked in equal last place, with an average maturity score of **2.4 out of 5** (the same score as insights into contract portfolio and contract performance (see opposite for more details)).

Survey responses demonstrated that 32% of respondents have no data at all relating to demand or team utilization. A similar percentage (34%) have reached the next level of maturity, with an understanding of established performance benchmarks for different legal work types.

Very few legal functions that participated in the survey have implemented automation that allows for monitoring of team capacity or for tracking time spent on service requests. Fewer still are making this information transparent through visualisations or dashboards.

91% are currently tracking how legal work is allocated through an intake tool or manually
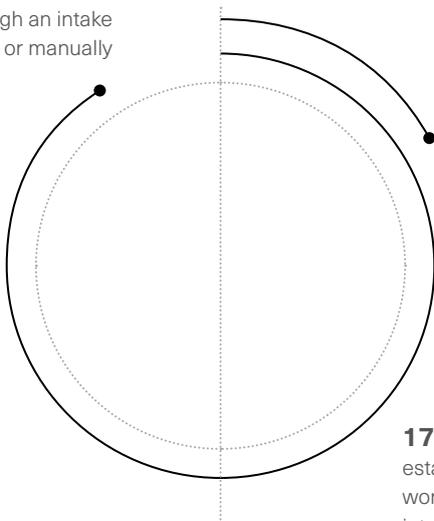
17% have established intake workflows and integrated them with enterprise systems

32%
have no data at all relating to demand or team utilization

34%
have an understanding of established performance benchmarks for different legal work types

		2.7		

3. Insights into transaction velocity and deal status

Tracking transaction velocity and deal status allows for an analysis of the stage of the process a deal has reached and how quickly a transaction is closed. Data and insight into transaction velocity and deal status ranked second, below work allocation, with an average maturity score of **2.7 out of 5**.

Again, this indicates that the majority of respondents are undertaking some kind of manual tracking (although 23% of respondents report having no system in place, manual or otherwise, to track these metrics). However, systematic and automated aggregation and tracking of data is not routinely carried out in most legal functions that participated in our survey.

A very small number of respondents reported having achieved alignment with the business on service levels. Fewer still respondents have reached a level of maturity in which business portals are routinely used to display real-time data around current service levels and transaction status.

		2.4		

4. Insights into contract portfolio and contract performance

Over the past two years, contract lifecycle management has become a key strategic priority for the legal function. Using advanced analytics to mine the data in a contract repository can help legal functions demonstrate their value, both by reducing risk and by identifying revenue opportunities.

In our survey, data and insight for the management of contract portfolio and contract performance ranked in equal last place, with an average maturity score of **2.4 out of 5**. 30% of respondents reported relying almost entirely on manual review to assess their contract portfolio. The majority (66%) of respondents have contracts in a centralized repository, with basic contract metadata available for analysis and 38% are able to undertake more sophisticated data mining (to assess contractual risks and obligations).

Very few legal functions that participated in our survey reported being able proactively to monitor for emerging risks or provide dashboards indicating portfolio health, risks or opportunities to business leaders.

Using **advanced analytics** to mine the data in a contract repository can help legal functions demonstrate their value, both by **reducing risk** and by **identifying revenue opportunities**.

The full report is available to Exchange members and Faculty Advisers.

To enquire about becoming an Exchange member, please contact our Executive Director, Isabel Parker, at ip@dlex.org

www.dlex.org

Digital Legal EXchange

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