How innovative in-house teams
Deliver value in the evolving legal market

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How innovative in-house teams deliver value in the evolving legal market
Agenda

- Introduction
- Legal service delivery in 2019
- Why is everyone talking about tech and outsourcing?
- Technology
- Alternative Legal Services Providers (ASLPs)
- Where to start?
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Introduction

Advisory

Managed Service

Interim Resourcing

Technology
Legal Service Delivery
2019 Onwards

A time for change for:
- in-house lawyers
- in-house legal teams
- what will the future look like?
How do we define change?

Rise of the machines?
# ALSPs

## The market

### THE SIZE AND SCOPE OF THE ALSP MARKET

<table>
<thead>
<tr>
<th>Representative ALSPs</th>
<th>Big Four</th>
<th>Captive LPOs</th>
<th>Independent LPOs</th>
<th>Managed Services</th>
<th>Contract and Staffing Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deloitte</td>
<td>Allen &amp; Overy</td>
<td>Consilio</td>
<td>Elevate</td>
<td>Axiom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EY</td>
<td>Clifford Chance</td>
<td>DTI</td>
<td>Thomson Reuters Legal Managed Services</td>
<td>Halebury*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPMG</td>
<td>Eversheds</td>
<td>Integreon</td>
<td>Mindcrest</td>
<td>LOD</td>
<td></td>
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</tr>
<tr>
<td>PwC</td>
<td>Orrick</td>
<td>KLDiscovey</td>
<td>UnitedLex</td>
<td>Special Counsel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reed Smith</td>
<td>WilmerHale</td>
<td>QuisLex</td>
<td></td>
<td>Update Legal</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Estimated Segment Revenue | $1,200 million | $300 million | $7,400 million | $700 million | $1,100 million | $10.7 billion |

*Halebury was acquired by Elevate in January 2019.*
ALSPs – The new outsourcing

1) **pre 2008** – in house teams outsource primarily to ‘Big Law’ firms, using the traditional panel model

2) **post recession** – more work brought in house as part of cost reduction measures

3) **2015 onwards** – start of ALSPs being a new option

   **Drivers:**
   - more for less
   - strategic focus
   - highest and best use
   - natural evolution
The rise of the alternative legal service providers

Lots of Options!

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Why is everyone talking about tech and outsourcing?

The challenges

- **Budgetary pressures:** A need to do more with less
- **Leveraging technology and demonstrating the value of the legal team**
- **Regulatory pressure:** Need to proactively manage risk
- **Stakeholder relationships:**
- **Volume & complexity:** A need to develop people and deliver quality work
- **Legal team challenges:**
  - Make best use of suppliers, freeing up internal team for strategic work
### Why is everyone talking about tech and outsourcing?

#### Legal team audit

- senior lawyers doing junior tasks
- lawyers doing non legal work
- retention and talent management
- career progression
- high cost centres
- limited or no case/matter management
- no document management
- no technology used to aid provision of legal advice
- manual reporting and monitoring progress
- risk of data loss
- poor systems for business instruction
- legal involved too late or not at all
- inefficient panel instructions
Adding value

CLOC’S 12 CORE COMPETENCIES.
Audience questions

Do you have a legal department strategic plan?
- Yes, and it shapes how we operate now and in the future
- Yes, but I have not thought about it recently
- Yes, we are currently working on
- Maybe, I’m not sure
- No, why would we have that

What is the primary driver for your interest in legal operations?
- Budget pressure / cost control
- Overworked in-house legal team
- Improve support to our business
- Add value to the business
In-house strategy
2019 onwards

People

Technology

Law Firms and Other Service Providers

Process
Technology
### Legal technology
#### Maturity model

<table>
<thead>
<tr>
<th>Manual</th>
<th>Centralized</th>
<th>Established</th>
<th>Optimized</th>
</tr>
</thead>
<tbody>
<tr>
<td>No IT strategy or investment</td>
<td>Document management and knowledge sharing</td>
<td>Legal processes and workflows administered through technology (intake/ request management, matter tracking &amp; closure, e-Billing)</td>
<td>Self Service tools in place to enable business processes</td>
</tr>
<tr>
<td>Manual and paper based process</td>
<td>Capturing data on volumes and work types</td>
<td>MI &amp; Reporting generated in real time to demonstrate value, manage resources and justify investment</td>
<td>Data driven inputs to continuous improvement (cycle times, insource v outsource)</td>
</tr>
<tr>
<td>Shared drives, spreadsheets, email filing</td>
<td>System administration of basic tasks (alerts, reminders etc)</td>
<td>Document automation in place to improve efficiency of drafting</td>
<td>Opportunities for further automation, Artificial Intelligence (AI) and Robotic Process Automation (RPA) being assessed and implemented</td>
</tr>
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Technology

The essentials

key questions:

1. what do you already have that could be leveraged?
2. what can your suppliers do for you?
Technology
Best of breed?

- Triage of requests via SmartForms or Instant Messaging
- Automated allocation, acknowledgements and reminders
- Creating records on internal systems and drafting initial documents
- AI tools to review contracts, draft reports and escalate exceptions
- Pass for e-signature and update contract management database

Client Portal
Workflow / RPA
RPA
Contract Review
Workflow / RPA

ESME Chatbot
autologyx
ThoughtRiver
ES/Unity
DocuSign
Technology
The future – AI review

- Quality: quickly increases its capabilities through volume and configuration

- Speed: to review a 3rd party NDA takes 30 seconds

- Cost: works on a pay-per-use model
Technology
Leveraging suppliers – The Legal EcoSystem

- Final versions to DM/repository

- Automated triage with LRIs
- Consistent Reporting across teams
- Self Service, Q&A and reporting

Client Business Customer

ES LawHub

- New legal request
- Self service

Assigned to Client

Assigned to ES

Assigned to Panel

ES / Ignite
ES / Practice Groups

Escalations
Exceptions
Conflicts
Overflow
Complexity
Low
High

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ALSPs
ALSPs
The new model

Taking you from your “as-is” position

Through to the “to be” solution
ALSPs
Usage to date

% of legal departments using each type of ALSP

- Big Four: 25, 31, 37
- Contract Attorneys: 9, 17, 20
- LPOs: 7, 8, 14

- Significant Increase from Global Elite 2015
- Significant increase from Global Elite Overall 2018
ALSPs
High level process

- Intake
- Triage
- Allocate
- Review & Deliver
- Execute & Archive
**ALSPs**

Work fulfilment strategy

- Large Scale Outsourcing
- IT Infrastructure/Business Critical Systems
- Supply & Distribution, Marketing
- Standard Goods & Services
- Statements of Work, Variations
- Purchase Orders

contract type

optimal delivery model

In House Legal Team
Panel Firms
ALSP
Business Self Service

Value/Complexity/Risk

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**Audience questions**

*Where do you expect to add most value in 2020?*

- Corporate governance
- Compliance/ethics
- Enterprise risk management
- Crisis management
- M&A
- Industry issues
- Global issues
- Cyber security
- Data retention
- Compensation issues
People

The changing role of the in-house lawyer

- Enhanced profile and influence
- GC accepted as member of the executive team
- Involvement in strategic direction
- A critical role in risk identification and management
- Responsibility for Compliance
People
What do GCs think?

Issues on which GCs expected to add most value to the board in 2020

<table>
<thead>
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<th>Source: The Rise of the GC Survey Report</th>
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<tr>
<td>85% Corporate Governance</td>
</tr>
<tr>
<td>80% Compliance/Ethics</td>
</tr>
<tr>
<td>49% Enterprise Risk Management</td>
</tr>
<tr>
<td>49% Crisis Management</td>
</tr>
<tr>
<td>48% M&amp;A</td>
</tr>
<tr>
<td>19% Industry Issues</td>
</tr>
<tr>
<td>18% Global Issues</td>
</tr>
<tr>
<td>17% Cyber Security / IT Risk</td>
</tr>
<tr>
<td>9% Data Retention</td>
</tr>
<tr>
<td>9% Compensation Issues</td>
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</table>
Where to start?
How to kick start your Transformation Initiative

CONSULT WITH KEY STAKEHOLDERS

REACH CONSENSUS ON THE PROBLEMS THAT NEED TO BE SOLVED

INITIATE A STRUCTURED ‘DEFINE’ EXERCISE

- Driving Up In-house Legal Efficiency

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How to transform successfully

Define...
- objectives
- communications
- plan (schedule, activities, resources)

Discover
- workshops & interviews
- doc analysis
- ‘As Is’

Diagnose...
- Problems and inefficiencies
- Opportunities
- Gaps

Design...
- ‘To Be’

Deliver...
- Making it happen

Plan & structured approach for success
- Driving Up In-house Legal Efficiency
The tick of change

- Expectations of sponsor...
- ...the project plans for this...
- ...this is what actually happens!
- Improve through preparation...

Value vs. Risk of Back-Out vs. Time

Start

Planned Benefit

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