LEGAL DEPARTMENTS IN A DIGITAL ERA

A pan-European study on building the modern, digitised legal department

European Company Lawyers Association (ECLA) & Wolters Kluwer

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THOUGHTS ON THE PRESENT AND FUTURE

The transformation of legal departments

The transformation of legal departments is currently at an intriguing stage. A considerable proportion of legal departments across Europe acknowledge the need to improve a number of aspects, from the way processes are structured to how legal information is collected and organised, to how the workload is managed. Legal departments see technology and digital resources as a primary way to support this transformation and also eagerly indicate plans to undertake such improvements in the near future, which is a positive trend to observe.

However, when looking at the current status of legal departments, it becomes evident that legal departments have not prioritised matters that would facilitate the implementation of legal technology. Priority has been given to matters that directly benefit the company and its activities, be it compliance, collaboration solutions or other aspects that the management of an organisation would expect legal departments to fulfil.

Are legal departments ready to transform?

Legal departments have not positioned themselves to be able to transform their departments. This is evident based on participants' responses to questions in the survey, from assessing maturity levels for different areas of their legal departments, to identifying processes that are urgently in need of improvement. The lack of readiness is also made clear by the fact that aspects which would greatly benefit the implementation process within a department have not been prioritised.

It should be noted that legal departments should not be expected to be ready to completely transform their legal departments. However, the will to do so, at least to a certain extent, exists across Europe, as virtually all legal departments highlighted plans to increase the usage of digital tools over the next few years. This raises the question of whether it is actually feasible for legal departments to introduce new and extensive processes if the current infrastructure does not support this.

Building a digital strategy requires an implementation plan

This doubt is bolstered by the lack of an actual plan within the organisations. Legal departments may confirm that they have digital strategies in place and are working with them, but the lack of a clear timeline with established goals, or the absence of a budget – both of which two out of three legal departments with digital strategies are lacking – highlights gaps in the implementation process.

This is also illustrated by how legal departments view their own implementation process so far, considering it to be neither successful nor unsuccessful.

Strong support for change

Nevertheless, it is reassuring to see that support for the transformation of the legal department exists throughout the company, from C-level executives to legal department members of all levels to the IT departments. This does indicate that even if the infrastructure is not there yet, support for change is.

This support is strengthened by how participants view the future of legal departments, seeing a considerable increase in the proportion of work performed using legal technology. Furthermore, legal departments do not expect the change to come gradually over the next few decades – they see change coming in the next five years, which is an extremely short period of time.

When looking at what has already been implemented by legal departments, it becomes evident that software used throughout the organisation has been prioritised, together with solutions that directly relate to the work that corporate lawyers have to do, such as data privacy or compliance management. Solutions that aim to transform the way lawyers work, however, have either been shelved or postponed for the future.

Lawyers of tomorrow

It will be interesting to see how much legal departments will change in the upcoming years. Change is constant and lawyers will have to change, too, even if they resist. As corporate lawyers expect transformative change to happen within the next five years, it is difficult to forecast what the next decade will bring.

Given the lack of proper infrastructure and of prioritisation within the organisation, it is doubtful that change will happen to the extent currently anticipated by corporate lawyers. Nevertheless, as lawyers now can no longer fathom how work could have ever been accomplished without the ever-available synchronised emails carried around in one's pocket, lawyers of tomorrow will look back at how we work today and think similar thoughts.

TABLE OF CONTENTS

LEGAL DEPARTMENTS IN A DIGITAL ERA

Times are changing rapidly. The technological revolution of recent decades has completely transformed the status quo of the past, disrupting daily lives in ways people could not have imagined in the past. The change has been drastic, yet linear. It would be weird today to work in an office without a computer and a smartphone. The possibilities of the future envisioned a century ago are now within reach.

Our beloved legal profession has also undergone major changes in recent times. Spending days in libraries researching on legal questions, having photocopies made for highlighting, and other old-school activities, from personal meetings to postage have almost all but disappeared. Why go through all the hassle if one could just pick up their phone? Why not open up your web browser to find a solution within moments?

Technology has also enabled companies to approach managing legal tasks more intuitively, even when law has simultaneously become more complex. Several continents can be covered, with the majority of communications done online. The possibility to communicate worldwide, a central component of the digital revolution, has transformed the way companies are able to operate and how businesses can even be envisioned.

This is just a part of the journey. In the new decade, we will see more dedicated software designed for in-house lawyers. Tasks trusted to paralegals and junior members currently might soon be solely done by software. It can enable company lawyers to focus more on the content and other creative aspects of the work.

The widespread restrictions on movement and gatherings due to the COVID-19 pandemic will also have a long-lasting impact on how legal work and collaboration can be done. Sharing best practices amongst the profession now will lead to more flexible working opportunities for the profession overall.

The legal technology field is currently growing at a rapid pace. These tools, however, cannot replace lawyers' critical judgment and ability to take advantage of collective intelligence, making it extremely doubtful that lawyers will be replaced any time soon. Nevertheless, they will slowly, but surely become an indispensable part of an experienced lawyer's arsenal. For these discussions, ECLA serves as the ideal platform to facilitate ideas and innovation among the in-house profession.

The "Legal Departments in a Digital Era' report" is an ambitious task to map out the status of corporate legal departments across Europe. It is the type of Study that ECLA was made for – pan-European, topical and with significant value for corporate lawyers. I am personally very excited to read more into the facts and figures and discuss it with my peers across Europe.

Jonathan Marsh
President of the European Company Lawyers Association (ECLA), Vice President, International General Counsel, Total Marketing & Services

BUILDING THE MODERN, DIGITIZED LEGAL DEPARTMENT

The challenges we see legal counsel currently facing include having to deal with too much information and complexity, changing demands from the business and internal clients, pressure on productivity, and trying to understand how they need to embrace technology to move forward in their profession and become more digitally mature.

Our customers look to us to help them with their journey beyond technology. We listen, we learn, and we partner with them by co-creating products, from the initial idea to the design phase to testing. Our employees consistently work side-by-side with our customers to make, manage and service solutions driven by a deep understanding of their needs, addressing the rapid challenges and changes in their environment.

The relevance of having a clear strategy to form a more digitally mature legal department cannot be underestimated. There are few European legal departments that are currently not seeking to implement new and innovative technological solutions to their workflows. However, the implementation of these processes and legal technology can generate significant challenges. Selecting, introducing, and successfully using technology highly depends on understanding the optimal way to run legal activities in one's specific organization. Only when the digital strategy is aligned with the overall strategy and driven by the priorities of the legal department, can the value of the output be maximized.

Since Wolters Kluwer started almost two centuries ago, expertise and trusted knowledge have always been our guiding principles. The last 15 years, like many others, we have been on a transformational journey resulting in the fact that we are now a digital business and well on our way to becoming an expert solutions company. Our expert solutions are deeply embedded in our customer's workflow delivering improved outcomes, analytics and productivity for our customers.

As a provider of legal software solutions to more than 100,000 legal professionals across nine countries in Europe, in collaboration with ECLA, we sought to assess how legal departments across Europe have fared with introducing modern solutions into their legal departments whilst dealing with the current market challenges and changes. The results of the study, together with the multiple interviews we conducted with legal experts (see page 102) have given us more insights into how far along legal departments in Europe are in terms of implementing a digital strategy and the support in terms of budget and resources they are receiving for this; what legal technology is currently being used and is expected to be increasingly used in the next 5 years; and the current focus areas of legal departments in Europe.

The knowledge gained from conducting this study provides us with the opportunity to put our newly gained insights to work and to further invest in and innovate our solutions and services for legal professionals in exactly those ways that are most important for them; to help them in choosing the right technology for them according to their digital strategy, maturity and budget. Our strategy is focused on exploiting our deep domain knowledge combined with advanced technology to develop and enhance our expert solutions that help our customers when they need to be right – for their clients, their businesses, and the communities they support.

Giulietta Lemmi
CEO Wolters Kluwer Italy & Managing Director, Wolters Kluwer Legal & Regulatory Global Legal Software Unit

CHANGE AND CHANGEABILITY

Companies all over the world are facing a highly dynamic market environment with multiple challenges which can all be subsumed under one common headline: ChanGe or ChanCe?

For instance, there is technological change creating a growing pressure on competitiveness and innovation capability, pushing ever harder for a greater consolidation in many industries. Not to forget the paradigm shift from a mere focus on product features to customer journey and user friendliness.

Furthermore, there is demographical change leading to an ongoing struggle to find skilled employees and leaving companies with the effects of increasingly individualized internal and external reference groups, as well as rather demanding generations Y and Z.

In addition, companies are facing political change with an ongoing erosion of the established multilateral world order and the contrary trends of globalization on the one hand and growing protectionism on the other hand, creating a "Sword of Damocles" situation of a more volatile economy with a higher susceptibility to disorders. Finally, there is climate change bringing along growing risk and production cost due to extreme weather conditions, resource scarcity on many ends and a high impact on energy production and supply, as well as availability and infrastructure respectively.

Eventually, change also comes from inside with corporate legal departments currently undergoing a transformation from re-active firefighters to pro-active legal risk managers and strategists becoming valuable and indispensable business partners.

Nonetheless, legal departments are caught in a double mill between growing regulatory market requirements, as well as compliance and process optimized operations and the urge for innovation and flexibility as a matter of their company's survival, forcing GCs and CLOs to perform an everyday managerial balancing act.

This picture is completed by a tight integration in complex group structures and decision-making processes, internal politics and a constant push for more efficiency at lower cost in combination with legal risk and workload increasing on a daily basis, which can be quite a challenge with a permanently understaffed and overstressed team.

Technology seems to offer a solution to at least a part of the problem, as it may lever the limits of headcount and even help to cope with recruiting problems. Also, technology facilitates the provision of services formally considered too costly and platform technologies offer new market places for sourcing, supply and service delivery, as multi-sourcing accelerates the unbundling of tasks on the one hand but growing complexity demands new ways of communication and coordination on the other hand.

Hence, most legal departments are planning to increase their efficiency by greater use of technology to support their processes and services in the near future. What sounds like a no-brainer, can be quite a challenge sometimes, as there obviously is no one-fits-all solution for a wide variety of problems.

Interestingly, the largest obstacle in finding the right technology usually is not a lack of suitable solutions but rather confusion about which solutions are available and a lack of guidance on which business problem they specifically address.

Also, when it comes to managing change with respect to the future use of technology in legal departments, GCs and CLOs have to cope with human factors like a general resistance to change, as well as employees fearing to get marginalized by technology.

Apart from all these challenges, neglect of legal operations management and digitization of legal processes and services finally bears the threat of disconnecting from the company's main business processes. No wonder, most CGs and CLOs especially emphasize the importance of improving inner-company-collaboration and further structuring of processes, as well as implementing a digital strategy for their respective legal department.

Setting up such a digital strategy naturally has to cover strategic goals like alignment with the company's strategy, meeting business and market demands, raising efficiency and productivity, dealing with growing complexity, improving the company's risk profile, increasing quality of work, positioning the legal department as an enabler and business partner, expanding the legal department's solution portfolio, raising attractiveness as an employer for legal staff and improving retention.

Furthermore, a digital strategy defines, which services and solutions the legal department wants to deliver and how this could be done, taking into account different technologies, processes and resources like staffing legal and non-legal experts. Not to forget a properly embedded data strategy.

It goes without saying that priorities may vary from company to company, country to country and region to region in Europe, as some are quite advanced in certain aspects while others are still doing their homework.

As a matter of fact, change and change management always are accompanied by the background music of the respective firm's and national culture. But by starting to share this information, ideas and experiences on platforms like ECLA and ELTA powered by international players like Wolters Kluwer, we can make traditional European diversity a strength and hence join forces to generate chances out of change.

Tobias Heining
President of the European Legal Tech
Association (ELTA)

MANAGEMENT SUMMARY

■ **Positioning** In total, 76% of legal departments across Europe are integrated closely within the organisation, owning their tools and processes to manage legal risks within the company, whereas 24% act as external law firms within their respective organisations. There is no uniform trend across Europe, with the proportions ranging considerably: from 69% and 31% in Germany to 87% and 13% in the Netherlands.

■ **Functioning** 58% of legal departments in Europe approach legal risks systematically across the organisation in order to prevent potential risks from emerging. On the other hand, 42% of legal departments approach legal matters on a case-by-case basis, treating all cases and projects individually. The numbers do not vary considerably across Europe, ranging from 54% and 46% in Germany to 62% and 38% in Belgium.

■ **Current priorities** Collaboration tools have already been improved by 47% of European legal departments, followed by document management at 35% and demonstrating departmental value at 34%. Collaboration tools have also been improved the most across the surveyed markets. Process structuring and information management are seen as two aspects that almost half of legal departments are planning to improve. One in four legal departments see the need to improve workload management processes.e.

■ **Departmental maturity** Across Europe, collaboration possibilities between legal and business, compliance management, contract management, and company secretarial matters are seen as the most mature aspects of legal departments – one in three legal departments rated these aspects as at an advanced level. On the other hand, technology management and metrics and analytics take the two bottom spots at both European level and across the surveyed markets, indicating a lack of readiness to implement legal technology extensively within the department.

■ **Importance in legal** Nine out of ten legal departments in Europe see collaboration between legal and business as highly important, with just 1% considering it to be irrelevant. In addition, compliance management, contract management, case management, information management, resource management and company secretarial matters are seen by at least half of legal departments as highly important areas. Essential legal technology aspects, such as technology management, metrics and analytics, and e-signatures, however, are seen as having low importance by at least one quarter of legal departments.

■ **Future plans** An increased use of digital tools and solutions within the legal departments are viewed by the majority of respondents as an essential step in increasing efficiency within legal departments, with 85% of legal departments across Europe planning on doing so. 69% of legal departments are planning on either structuring or redesigning their processes within the next three years. Less than 20% of legal departments are planning on increasing their use of law firms or alternative legal services. Companies with revenue exceeding €1 billion are prioritising the usage of analytics over companies with revenue below €1 billion.

■ **Value through tech** Legal departments across Europe agree that having a strategy to structure formal processes and adopting the right technology to support these processes enable departments to increase the value that a legal department is able to deliver in the most efficient way. The variance is low between the surveyed markets, indicating general agreement across the surveyed countries.

■ **Digital strategies** 47% of legal departments in Europe have already established a digital strategy, with an additional 20% currently considering it. 41% of digital strategies were established more than three years ago, with a further 37% established between the last one and three years. In addition, 22% of digital strategies are less than a year old. However, just a third of digital strategies have specific goals and a timeline for achieving milestones, indicating less of a detailed approach and more of a general assessment.

■ **Digital budgets** Even though 67% of legal departments are working with digital strategies, only one third of those strategies have an established budget. The budgets vary, with most budgets amounting to less than €25,000. The proportions increase for legal departments with annual revenue below €1 billion, with 21% of digital strategies having budgets below €25,000. Belgium has the most legal departments with budgets, where 61% of legal departments have a digital strategy with an allocated budget.

■ **Support for disruption** Over half of legal departments in Europe see general counsel as supporting the organisation's digital strategy for legal departments, though it should be taken into account that 58% of participants in this study were general counsel. IT departments, C-level executives, and senior legal department members also are considered by at least one third of legal departments as supportive. There are considerable differences between the surveyed countries, though support from general counsel is widely agreed upon.

■ **Expectations for legal tech** Half of legal departments see legal technology as currently playing a minor role in their daily work. With the exception of Spain, no other country rates legal technology as currently playing a significant role in more than 20% of their daily work. However, legal departments expect major changes in the next five years, anticipating that legal technology will play a role in at least 40% of their daily work. German and French legal departments are the most sceptical about these expectations, with the Dutch being the most adamant.

■ **Solutions in use** 60% of legal departments have already improved their shared data repositories, with an additional 25% of legal departments currently implementing it. Data privacy management tools are currently implemented in a third of legal departments across Europe. Legal departments that have decided to implement intellectual property solutions have already done so, with one third of legal departments indicating no plans to implement them. Legal technology solutions, such as document automation and e-discovery, have been implemented by the fewest number of legal departments.

■ **Success with disruption** Legal departments across Europe are modest when it comes to assessing their own success in implementing legal technology within their legal departments. Out of a score of 10, the average score in Europe amounts to 5.33, with Belgian legal departments considering themselves to be the least successful, while the Spanish and French departments are the most successful. Overall, the variance is not significant across the surveyed markets, indicating a general lack of satisfaction in implementing technology.

■ **Implementation challenges** Half of legal departments in Europe have experienced challenges in reorganising and redefining processes within their legal departments. In addition, managing interfaces that legal technology brings with it has proven to be a considerable challenge for almost half of the legal departments. Overall, organisations with annual revenue exceeding €1 billion reported higher rates of challenges than companies with revenue below €1 billion.

INTRODUCTION

The relevance of having a clear strategy to structure legal activities in an efficient way cannot be understated. Nowadays there are few corporate legal departments in Europe that do not seek to implement new and innovative technological solutions to their daily workstreams.

However, the initial implementation of these lean processes and legal technology can generate significant challenges. Selecting, introducing, and successfully using technology highly depends on understanding the optimal way to run legal activities in one's specific organisation. Only when the digital strategy is aligned with the overall strategy and driven by the activities and priorities of the legal department, the value of output can be maximised.

Understanding the legal technology landscape and defining an optimal approach for your department is vital in order to ensure the effectiveness of a modern legal department. Fortunately, most legal technology solutions are not bound to a specific country or jurisdiction, enabling lawyers across Europe to share their experiences and best practices.

For this reason, ECLA and Wolters Kluwer organised a comprehensive survey and distributed it to legal departments across Europe, more specifically, to five key countries in Europe: Germany, France, Spain, the Netherlands and Belgium. The aim of the study is to gain an overview of the status of legal departments across Europe and to showcase intrinsic differences between the five key countries. The survey questions were designed in a way to test the following five hypotheses:

- "CLDs have a clear strategy to structure their legal activities in the most efficient way in the department to produce tangible value and foster collaboration across the company"
- "Legal Departments in Europe do have a clear digital strategy and are working on paving the way for implementing future solutions in their workstreams"
- "The technology introduction and successful use is not dependent on size and age structure of the department but rather its driven by the main activities and priorities of the department"
- "Legal technology is defined and implemented differently across legal departments and strongly depends on activities ad strategy to structure them in the most efficient and valuable way"
- "Although the implementation of Legal Technology constitutes organizational challenges the overall quality of legal advice and output of legal departments will increase"

Although the study focuses on five key European markets, the aim is not to compare different markets extensively, but to provide a pan-European picture based on the results from the surveyed countries. Comparisons will be made and highlighted, but the main goal is to illustrate how European legal departments have fared with these new and exciting challenges.

The results of the survey, presented to you in this report, touch on multiple facets within legal departments, ranging from what corporate legal departments see as their current focus in terms of disruption, their experience with legal technology to date and what the future holds for corporate lawyers.

The processing of results was performed strictly anonymously.

DEMOGRAPHICS

From mid-August to mid-November 2019, ECLA distributed a 13-question survey to company lawyers across Europe. The goal was to approach in-house counsel from a variety of sectors and industries, with a particular emphasis on the heads of legal departments, as decisions on legal technology are generally made at that level.

The aim of the distribution was to reach an appropriate number of participants to give a comprehensive overview of the status of legal departments across the surveyed countries, in addition to showcasing the intrinsic differences that exist between the different markets.

A total of 940 companies were contacted throughout the three-month period. Participants were approached in a number of ways, mainly via direct contact through various channels and contact through ECLA's national associations. A total of 387 companies participated in the survey, which resulted in a 41% return rate for the study.

Figure 0.1.1.: Demographics – participating companies and primary work location
Question: *Which country is your primary work location?*
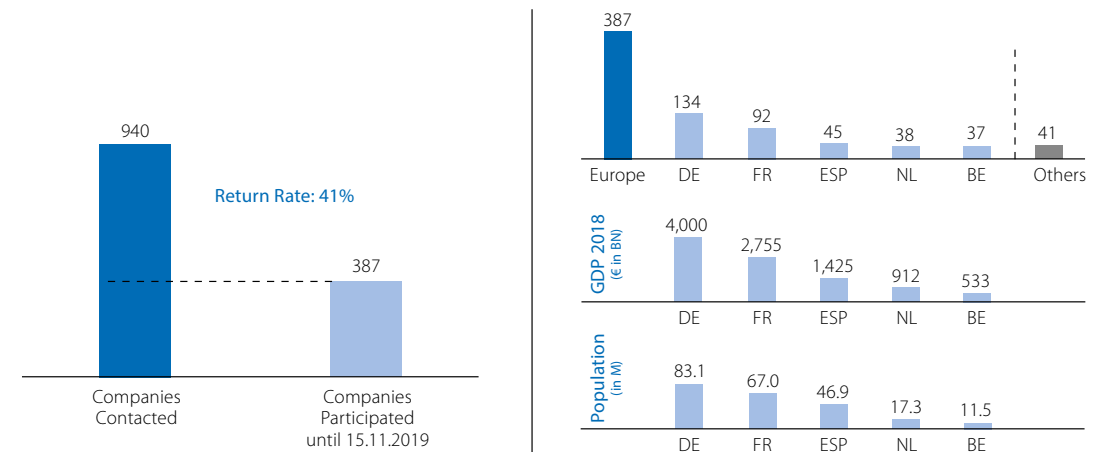
The number of companies that participated in the survey from each of the five surveyed countries is conditional upon two major factors: the population and the GDP of the countries. This provides a proportional representation of the status of legal departments across the surveyed markets and offers an objective look at the European landscape. An additional 41 legal departments participated from outside the five surveyed countries, as interest in the study spread throughout ECLA and its respective member associations.

The 387 companies that participated in the study operate in a total of 25 industries across Europe. The goal was to prevent over-representation of any one industry in order to provide a balanced outlook at the European landscape.

Figure 0.1.2.: Demographics – industry/sector of participating legal departments
Question: *What industry/sector does your company operate in?*

Further Industries/Sectors:	
Automotive	5%
Food & tobacco industry	5%
Administration/associations	3%
Real estate	3%
Pharmaceutical, biotechnology & medical technology	2%
Textiles & clothing	2%
Transport, logistics & traffic	2%
Aerospace	2%
Healthcare	2%
Oil & Gas	2%
Packaging, paper & printing industry	2%
Science & research	2%
Energy	1%
Media	1%
Waste/recycling	1%
Metal & steel processing industry	<1%
Mining, mineral oil, stone & earth extraction	<1%

32% of companies that participated in the study generate annual revenue amounting to less than €100 million. An additional 16% of companies generate annual revenue ranging from €100 million to €1 billion. This comprises 48% of all participants. Furthermore, the annual revenue for 27% of the companies range from €1 billion to €10 billion. A final 24% of companies have annual revenue amounting to at least €10 billion. These calculations exclude the banking sector, given the nature of revenue figures for such companies.

Figure 0.1.3.: Demographics – revenue category of participating companies
Question: *What revenue category does your company belong to?*
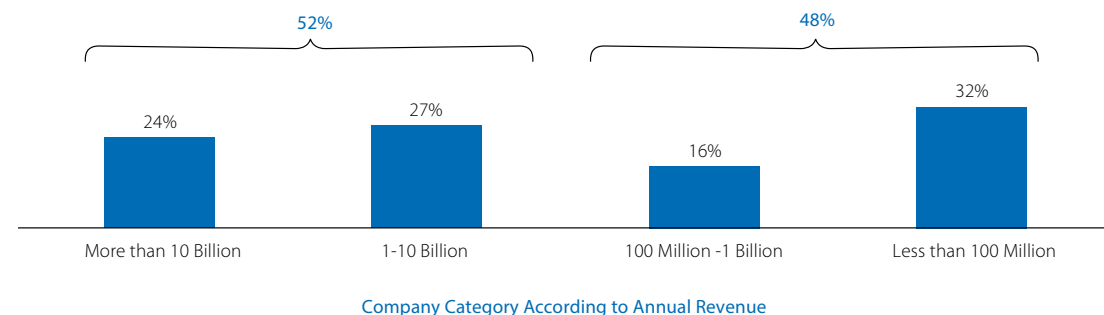
* Excluding Banking, Insurance and Financial Services
* Roundoff errors may occur

Responsibility for the assessment and implementation of legal technology and other disruptive aspects of modern legal departments varies by organisation. Given the transformative nature that the implementation process wields, it is most often the responsibility of either senior members or the head of the legal department.

In this study, 57% of participants comprise general counsel and heads of legal departments. They are the main decision-makers for legal departments and are responsible for multiple aspects of the department, often also budgetary matters. The responsibility for transforming the culture within the department when introducing transformative measures also rests on their shoulders. Given the impact of legal technology and other disruptive elements that are being introduced in legal departments across Europe, it is clear why most organisations have entrusted these tasks to departmental heads.

Figure 0.1.4.: Demographics – position/seniority of participants
Question: *What is your position within the company?*
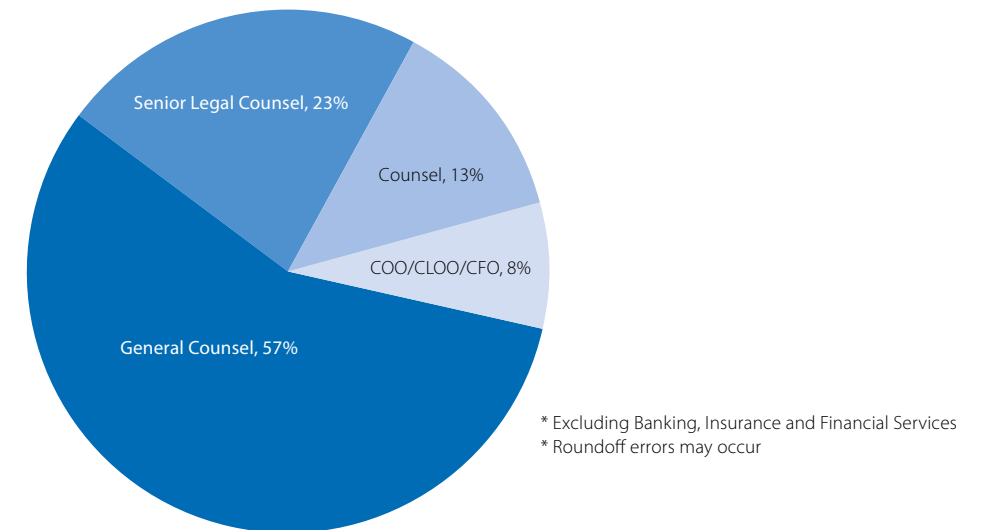
* Excluding Banking, Insurance and Financial Services
* Roundoff errors may occur

A further 23% of participants comprise senior legal counsel. They are corporate lawyers with extensive legal experience, who have been entrusted with assessing the feasibility of legal technology within their respective legal departments. As they are more in tune with the day-to-day activities within a department, it could be argued that senior members may have a better overview of what processes and technology are best suited for their departments.

13% of participants are legal counsel. They are in-house lawyers who often work as part of a task force assigned with assessing the suitability of various disruptive measures and legal technology for their legal departments. A final 8% of participants consist of C-level executives, including chief operating officers, chief legal operating officers and chief finance officers. They work for organisations that have concluded that due to the disruptive nature of legal technology, it would be best to make assessments at management level.

1 HOW LEGAL DEPARTMENTS ARE POSITIONED AND FUNCTION WITHIN AN ORGANISATION

1.1 THE POSITION OF EUROPEAN LEGAL DEPARTMENTS IN ORGANISATION VARIES

The majority of European legal departments are closely integrated into their companies and have close ties to other departments, as well as with the business. However, differences are observed when assessing specific markets.

- 76% of legal departments across Europe own their tools and processes to manage legal risks within the organisation

- 24% of corporate legal departments act as external law firms within the company

- Significant variances are observed for legal departments in Germany and the Netherlands with a difference of 18 percentage points

There are two distinct types of structure for positioning a legal department within a company. First, a legal department can be integrated into the work stream, enabling in-house lawyers to remain close to daily business operations. The benefits of this structure, in addition to making it possible for company lawyers to work closely with their colleagues from other departments, also include normalising legal discussions within the workplace.

In contrast, legal departments can also be positioned as distinctly separate from other departments and operations within the business. This set-up means that legal departments function more like a law firm with just one client – the company itself. Structuring corporate legal departments to remain more separate from other departments enables lawyers to have a more complete picture of business operations, which in turn simplifies organising legal advice for the business as a whole.

A THREE-QUARTERS MAJORITY

Overall, 24% of legal departments across Europe resemble external law firms that provide services exclusively to their businesses. However, the numbers vary considerably across different markets. There is no uniform trend for one quarter of European companies in terms of being placed as external law firms.

Figure 1.1.1.: The positioning of legal departments in Europe (across Europe)
Question: *How is your legal department positioned within the company?*

Across Europe
Position within the company

- 24%
- 76%

■ Owns the tools and processes for the management of legal risiks within the company

■ Acts like an external law firm within the company based on projects/on demand
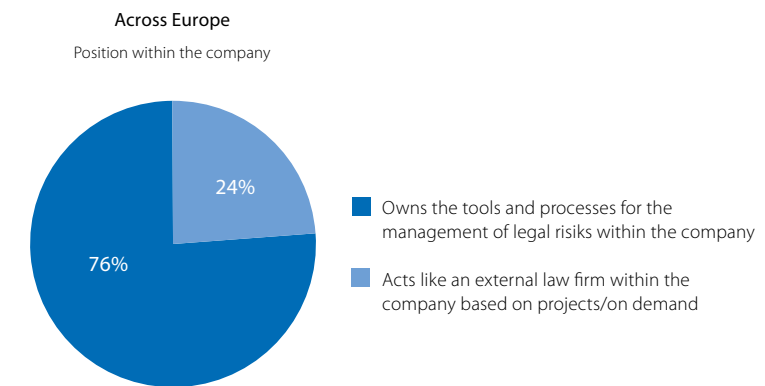
GERMANY AND THE NETHERLANDS AT THE PERIPHERIES

Out of the five surveyed markets, legal departments in Germany hold the largest share of the minority option, i.e. 31% of respondents see their legal departments positioned as external law firms within the company. 69% of respondents believe their departments are more integrated within the business.

Figure 1.1.2.: The positioning of legal departments in Europe (per country)
Question: *How is your legal department positioned within the company?*

Position within the company

Germany	The Netherlands	Spain	France	Belgium
31% / 69%	13% / 87%	15% / 85%	22% / 78%	19% / 81%

■ Owns the tools and processes for the management of legal risiks within the company

■ Acts like an external law firm within the company based on projects/on demand
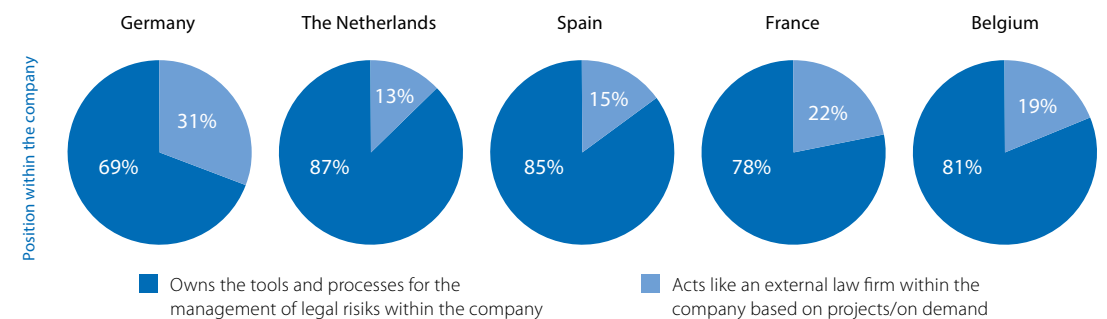
This stands in contrast to the Netherlands, where only 13% of companies act like external law firms and 87% of legal departments see their operations as integrated within the company. In the Netherlands, the minority option also holds the smallest share out of all surveyed countries.

The situation in the Netherlands is more comparable to Spain, where 85% of companies have legal departments that work closely with other parts of the company, with only 15% of legal departments in Spain acting as external law firms for their respective businesses. The country with the figures closest to the European averages is France, where 78% of companies are closely integrated within their companies and 22% respond to ongoing projects assigned by the business and ad hoc matters. For Belgium, 19% of companies act on the basis of the company's ad hoc needs, which is more in line with France than the Netherlands.

Variance exists between different European countries, with Germany and the Netherlands showing an 18% difference between both figures. Where there is little variation between companies of different sizes and between companies from different industries, it would imply that there are intrinsic cultural differences between different European nations and how they operate their businesses, given the high variance in responses between, for example, German and Dutch companies.

▶▶▶

In total, 76% of legal departments across Europe are integrated closely within the organisation, owning their tools and processes to manage legal risks within the company, whereas 24% act as external law firms within their respective organisations. There is no uniform trend across Europe, with the proportions ranging considerably: from 69% and 31% in Germany to 87% and 13% in the Netherlands. The position of European legal departments within their organisations varies

1.2 A SLIGHT MAJORITY OF EUROPEAN LEGAL DEPARTMENTS FAVOUR THE SYSTEMATIC MANAGEMENT OF LEGAL RISKS

European companies are divided on how corporate legal departments should function. A slight majority of companies prefer to have their legal departments systematically manage and prevent legal risks, instead of taking a per-project approach.

- 58% of legal departments in Europe systematically manage and prevent potential legal risks within the company

- 42% approach legal risks on a project- and case-by-case basis

- There is little variance between surveyed countries, indicating popularity for both options across Europe

Another way to differentiate between corporate legal departments would be to look at how they function on a day-to-day basis within the organisation. By systematically managing legal risks within a company, legal departments can systematically categorise all issues affecting their organisation – grouping legal questions, such as data privacy, contracts, or compliance together, which in turn makes it possible for them to look at the issues pertaining to the organisation as a whole.

On the other hand, there is a large proportion of legal departments across Europe that prefer to function on a case-by-case basis. By opting for this approach, legal departments can remain more aware of ongoing projects and work more closely with other business departments, leaving less room for communication gaps.

THE EUROPEAN SCENARIO

Across Europe, 58% of respondents see their legal departments as functioning systematically, looking at the business and any risks arising therefrom as a whole, compared to 42% of respondents who choose to tackle legal challenges on a per-project basis. This shows that both approaches are widely supported across the continent. The variance in results for the two sub-questions is surprising, given the expectation that legal departments acting as external law firms would function on a case-by-case basis.

Figure 1.2.1.: The functional tasks of legal departments in Europe (across Europe)
Question: *What are the functional tasks of the legal department?*

Across Europe
Function within the company

- Systematic management and prevention of potential and emerging legal risks
- Case- and project-based approach to handling legal topics
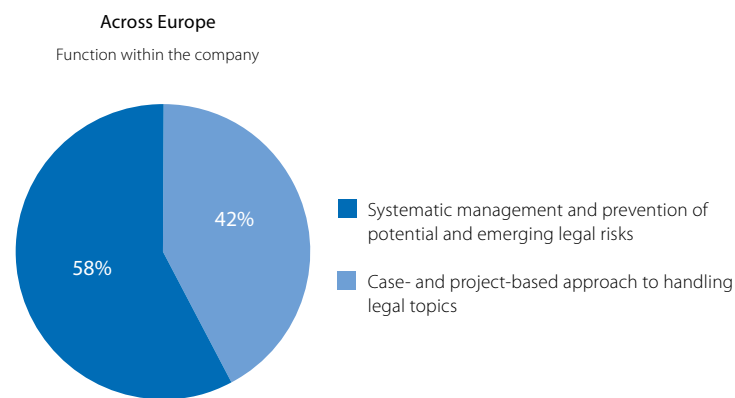
MINOR VARIATIONS BETWEEN COUNTRIES

Of all the surveyed countries, Germany enjoys the most balanced results, with 54% managing legal risks systematically and 46% looking at legal risks within each ongoing project separately.

Figure 1.2.2.: Functional tasks of legal departments in Europe (per country)
Question: *What are the functional tasks of the legal department?*

- Systematic management and prevention of potential and emerging legal risks
- Case- and project-based approach to handling legal topics
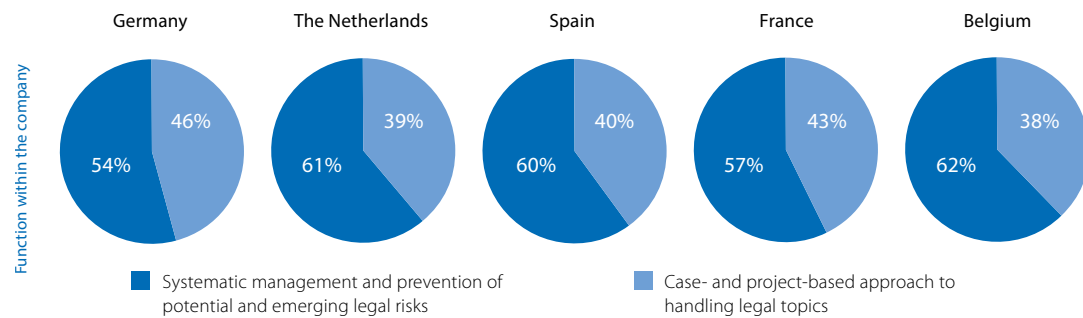
In contrast, in the Netherlands 61% opt for systematic management and 39% for managing legal risks on a per-project basis. This marks the largest variance amongst the surveyed states. Similarly, Belgian legal departments are also more in favour of having legal departments assess risks on the basis of legal topics, with 62% of corporate legal departments opting to prevent potential legal risks systematically and 38% to assess legal risks on a project basis.

France's results are the closest to European averages, with a one percentage point difference from the results for across Europe. In France, 57% of legal departments have opted for the systematic management of legal issues, with 43% choosing to evaluate legal risks on a project basis. Spain also has a distribution similar to the other European markets, with 60% of corporate legal departments opting to assess potential and emerging legal risks in a systematic manner, and 40% choosing to take a case-by-case approach.

The variance between the countries with the most extreme results for this question, namely Germany and Belgium, are rather small: both are only four percentage points off the continental average. This indicates that even though there are two widely-spread options for how a legal department should function, the choice depends on other factors. It is surprising to see an 18% discrepancy between the answers for question 1.1 and question 1.2. One would assume that if a legal department acts like an external law firm within the organisation from a positional point of view, that their functional tasks would be more case-oriented. The difference is rather considerable between the two questions, which could indicate that the perception that in-house lawyers have of their legal departments is incomplete.

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58% of legal departments in Europe approach legal risks systematically across the organisation in order to prevent potential risks from emerging. On the other hand, 42% of legal departments approach legal matters on a case-by-case basis, treating all cases and projects individually. The numbers do not vary considerably across Europe, ranging from 54% and 46% in Germany to 62% and 38% in Belgium. The position of European legal departments within their organisations varies

2 CURRENT PRIORITIES IN LEGAL DEPARTMENTS

2.1 SIMILAR PRIORITIES FOR LEGAL DEPART-MENTS ACROSS EUROPE

Legal departments across Europe show similarities, but also differences, when it comes to their priorities. Structuring processes in a more efficient way was in the top half of the list for all five markets. Workload management was the least improved process in all five countries.

> - One in two legal departments in Europe have improved their collaboration processes, with an additional 30% planning to do so soon
>
> - Structuring processes was noted in four out of the five surveyed countries as the next step that legal departments are planning to take, ranging from 43% of legal departments in France, to 63% of legal departments in the Netherlands
>
> - Seven out of eight processes have been improved by at least one quarter of legal departments in Europe

Looking at the organisational priorities of a company highlights aspects that are currently being focused on in legal departments across Europe. Participants in the study were given the possibility to choose between four different options for rating their processes, which are presented in the charts in this chapter. This approach makes it possible to ascertain the priorities of a business and to showcase processes that have been prioritised over others, in addition to processes which have been deemed as not requiring any improvement at this time.

COLLABORATION, STRUCTURING PROCESSES, DOCUMENT MANAGEMENT PRIORITISED

In Europe, facilitating collaboration with other departments in the company and with third parties was identified as the process that has been most improved by corporate legal departments – a total of 47% of European legal departments have already made efforts to improve this area. Furthermore, a total of 30% of corporate legal departments are planning to improve collaboration methods within the next three years. Just 23% of respondents do not see it as on their agenda in the near future.

Figure 2.1.1: Improvements most urgently needed in legal departments (across Europe)
Question: *What part of the current organisation and processes would you improve most urgently? What do you plan to change in the next three years?*

	Already improved	Planning to improve	Improvements needed but not planned yet	No plans to improve
Collaborating with other departments	47%	30%	11%	12%
Structuring processes	25%	50%	17%	8%
Contracts drafting and management	35%	37%	19%	8%
Collecting, organising and retrieving legal information	25%	46%	21%	7%
Having complete visibility over legal activities	27%	42%	18%	13%
Managing priorities and deadlines	28%	37%	17%	18%
Demonstrating value of legal department	34%	31%	22%	13%
Managing workload / high number of requests	18%	40%	25%	17%

Contract management is also highly valued by legal departments. A total of 35% of legal departments have already made strides in improving these processes, with another 37% planning upgrades in the next few years. Furthermore, organising legal departments in a way that demonstrates the value of the unit to business stakeholders is the third most frequent process that has already been improved, with a total of 34% of corporate legal departments having upgraded it already. The least improved aspect to date concerns workload management, as 17% of respondents chose option 4, indicating no plans to improve the process in the near future. Only 18% of legal departments have improved this process already.

Across Europe, 18% of legal departments will have improved three or fewer processes out of the eight listed within the next few years. This includes processes that companies have already improved and processes that they are currently planning on improving. 82% of legal departments, on the other hand, will have improved at least four processes within the next three years.

Overall, seven out of eight processes have already been improved by at least one quarter of legal departments across Europe. This is a considerable achievement.

DIFFERENT, BUT SIMILAR PRIORITIES ACROSS EUROPE

44% of German legal departments have already improved collaboration possibilities aimed at increasing intra-departmental efficiency. By adding the 30% of respondents who are planning to improve such processes within the next three years, this combined figure indicates that almost four out of five corporate legal departments have been prioritising this issue.

Similarly, contract management and improved drafting processes are highly rated by German in-house lawyers – 39% of legal departments have already improved these processes, with another 39% responding that urgent improvements are necessary in the near future. Collecting, organising and retrieving legal information is also rated highly, with three out of four legal departments either already having improved such processes, or they view them as urgently needing improvement within the next three years. Only

Figure 2.1.2.: Improvements most urgently needed in legal departments (Germany)
Question: *What part of the current organisation and processes would you improve most urgently?*
What do you plan to change in the next three years?

	Already improved	Planning to improve	Improvements needed but not planned yet	No plants to improve
Contracts drafting and management	39%	39%	16%	7%
Collecting, organising and retrieving legal information	30%	46%	19%	6%
Structuring processes	20%	54%	18%	8%
Collaborating with other departments	44%	30%	14%	13%
Having complete visibility over legal activities	23%	50%	19%	9%
Managing priorities and deadlines	27%	42%	17%	15%
Demonstrating value of legal department	29%	35%	23%	14%
Managing workload / high number of requests	17%	46%	22%	16%

■ Already improved ■ Planning to improve ■ Improvements needed but not planned yet □ No plants to improve

Figure 2.1.3.: Improvements most urgently needed in legal departments (the Netherlands)
Question: *What part of the current organisation and processes would you improve most urgently?*
What do you plan to change in the next three years?

	Already improved	Planning to improve	Improvements needed but not planned yet	No plants to improve
Structuring processes	29%	63%		9%
Having complete visibility over legal activities	31%	46%	11%	11%
Demonstrating value of legal department	40%	31%	14%	14%
Contracts drafting and management	31%	40%	14%	14%
Collaborating with other departments	40%	31%	3%	26%
Collecting, organising and retrieving legal information	20%	49%	14%	17%
Managing priorities and deadlines	29%	40%	6%	26%
Managing workload / high number of requests	14%	49%	9%	29%

■ Already improved ■ Planning to improve ■ Improvements needed but not planned yet □ No plants to improve

6% of legal departments do not have any plans to improve, nor do they deem it necessary. The results from the German legal departments correlate with the overall European trends. The numbers overall differ slightly, but not enough to showcase major differences between Germany and the rest of Europe. Given the proportion of German legal departments in the overall European numbers, it would be surprising if the European numbers differed drastically.

Legal departments in the Netherlands, however, paint a different picture than their German counterparts. 63% of participants are planning on improving their processes, structuring them in a more efficient way. Zero respondents indicated no plans to structure their processes in a more efficient way. That leads to a total of 91% of legal departments who will have made structural improvements to their processes within the next few years.

As with German legal departments, improving processes to manage workloads and high numbers of requests have been rated as the process least likely to be improved in the upcoming years. Almost one third of Dutch legal departments are not planning on improving this process. In addition, 26% of legal departments do not have any plans to improve processes aimed at enhancing the management of priorities or deadlines, or those which would ease inter-departmental collaboration.

In the Netherlands, a proportionally larger number of participants have decided not to improve specific processes than in any other surveyed country. Furthermore, Dutch legal departments overall have largely completed their assessments on the viability of a specific process for their organisations, as evidenced by the lower proportions of respondents who selected option three in comparison to other markets.

It could be argued that the Dutch legal market is further down the road on its journey to maturity in comparison to some other European countries. The decision not to improve certain processes also enables Dutch legal departments to focus more on the processes that they have already decided to improve.
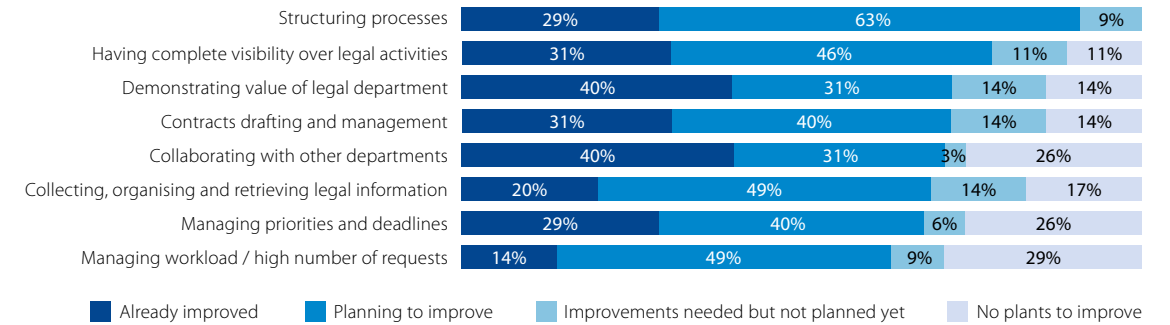
INCREASED COLLABORATION POSSIBILITIES AND AN OVERVIEW OF LEGAL ACTIVITIES FOR SPANISH IN-HOUSE LAWYERS

Spain indicated two areas that 49% of legal departments are planning to improve: structuring processes and organising information more efficiently. Similarly to the Netherlands and in contrast to Germany, every two legal departments out of five have prioritised the need to demonstrate high value to stakeholders.

None of the processes listed were selected by more than half of Spanish respondents. 26% of legal departments are not planning on improving the way workload is managed, in contrast to 43% of participants, who have prioritised it. Workload management had the lowest importance among legal departments,

Figure 2.1.4.: Improvements most urgently needed in legal departments (Spain)
Question: *What part of the current organisation and processes would you improve most urgently?*
What do you plan to change in the next three years?

	Already improved	Planning to improve	Improvements needed but not planned yet	No plants to improve
Collaborating with other departments	43%	43%	6%	9%
Having complete visibility over legal activities	40%	43%	6%	11%
Structuring processes	29%	49%	14%	9%
Collecting, organising and retrieving legal information	26%	49%	17%	9%
Demonstrating value of legal department	40%	31%	20%	9%
Contracts drafting and management	29%	37%	20%	14%
Managing priorities and deadlines	23%	34%	17%	26%
Managing workload/high number of requests	17%	26%	31%	26%

■ Already improved ■ Planning to improve ■ Improvements needed but not planned yet □ No plants to improve

Figure 2.1.5.: Improvements most urgently needed in legal departments (France)
Question: *What part of the current organisation and processes would you improve most urgently?*
What do you plan to change in the next three years?

	Already improved	Planning to improve	Improvements needed but not planned yet	No plans to improve
Collaborating with other departments	58%	28%	5%	8%
Contracts drafting and management	39%	34%	19%	8%
Structuring processes	28%	43%	18%	11%
Collecting, organising and retrieving legal information	27%	43%	22%	8%
Managing priorities and deadlines	32%	32%	19%	16%
Demonstrating value of legal department	36%	27%	20%	16%
Managing workload/high number of requests	23%	36%	28%	12%
Having complete visibility over legal activities	26%	31%	24%	19%

■ Already improved ■ Planning to improve ■ Improvements needed but not planned yet ☐ No plants to improve

Figure 2.1.6.: Improvements most urgently needed in legal departments (Belgium)
Question: *What part of the current organisation and processes would you improve most urgently?*
What do you plan to change in the next three years?

	Already improved	Planning to improve	Improvements needed but not planned yet	No plans to improve
Collecting, organising and retrieving legal information	19%	59%	19%	3%
Structuring processes	25%	44%	19%	13%
Collaborating with other departments	44%	22%	22%	13%
Having complete visibility over legal activities	28%	34%	25%	13%
Demonstrating value of legal department	34%	28%	25%	13%
Managing priorities and deadlines	25%	34%	19%	22%
Contracts drafting and management	19%	34%	38%	9%
Managing workload/high number of requests	19%	28%	38%	16%

■ Already improved ■ Planning to improve ■ Improvements needed but not planned yet ☐ No plants to improve

who either have already improved it or are planning on doing so in the near future. Furthermore, 15% of legal departments will have improved three or fewer processes in the next three years. Conversely, 85% are expecting to undergo many changes in the near future, with the intention of upgrading at least four of the listed processes.

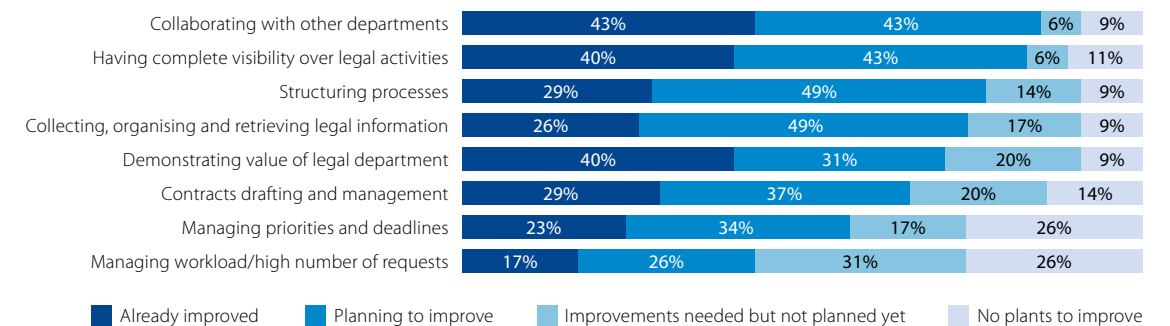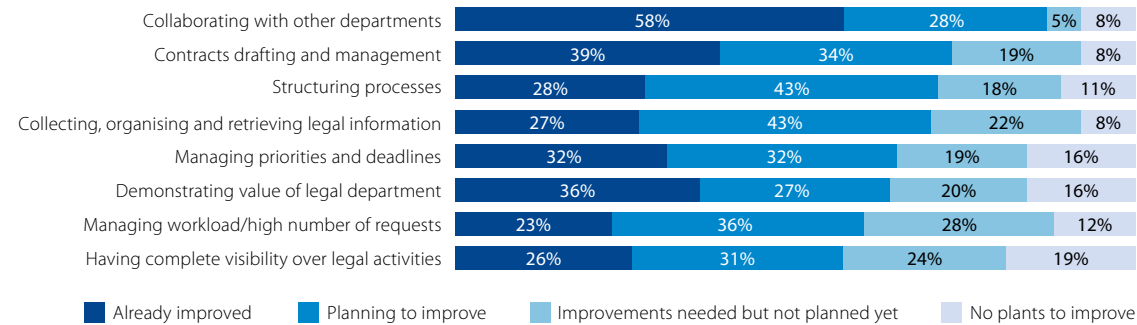In France, intra-departmental collaboration possibilities have been identified by a large majority of legal departments as a priority, with 58% having already improved it and another 28% planning improvements within the next three years. Only 5% of legal departments see the need but do not have any plans yet.

In addition to improvements in collaboration, 8% of respondents indicated that they have no plans to improve two other processes listed, i.e. document management and information management. For these processes, a high proportion of legal departments also stated that they have already improved them or are currently planning on doing so. While intra-departmental collaboration stands out as the most improved process, distribution amongst the other items listed is more balanced. No other process listed was described as "already improved" by at least 40% French legal departments.

The processes which have been improved the least are workload management at 23%, followed by oversight over legal activities at 26%. These processes were also received the two highest rankings from legal departments that chose improvements needed but not planned yet. All eight processes listed have either already been improved or will be improved by at least half of the legal departments in France. In this regard, the French market shows similarities to the Dutch and German legal markets.

INFORMATION MANAGEMENT AND PROCESS STRUCTURING PLANNED FOR BELGIAN DEPARTMENTS

59% of Belgian legal departments indicate plans to improve the way their organisations manage legal information, yet only 19% have already done so. Only 3% of respondents indicated no need for improvement.
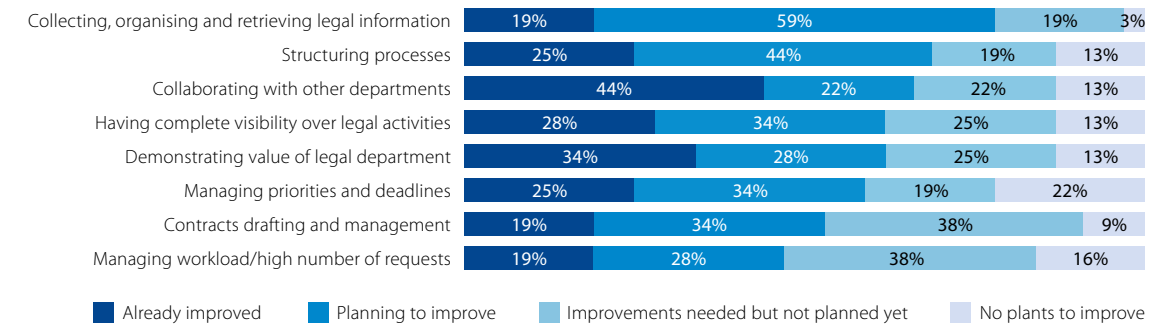
Collaboration tools have been improved by the largest number of legal departments, with 44% of departments having done so, followed by ways to demonstrate the value of the legal department to outsiders. Both document management and workload management stand out, with a high number of legal departments indicating that they see improvements as necessary and 38% of legal departments highlighting this issue. However, for both processes, just 19% of legal departments have already made improvements in this regard.

While almost half of the legal departments have improved their collaboration methods, the second most improved aspect, i.e. demonstrating the value of the legal department, has only been improved by 34% of Belgian legal departments. The proportion of Belgian legal departments that indicate no plans to improve certain aspects is in line with the results from the German market, with only one process exceeding 20% in this category. The importance of all eight processes has been recognised and assessments have been made on the viability of improvements for the department.

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Collaboration tools are the processes that have already been improved by 47% of European legal departments, followed by document management at 35% and departmental value demonstration at 34%. Collaboration tools have also been improved the most across the surveyed markets. Process structuring and information management are seen as two aspects that almost half of legal departments are planning to improve. One in four respondents sees the need to improve workload management processes.

2.2 LACKING INFRASTRUCTURE TO TRANSFORM LEGAL DEPARTMENTS IN EUROPE

Business-focused areas, such as collaboration tools and compliance management, showed higher rates of maturity throughout the surveyed countries. Areas at the very centre of legal disruption activities find themselves at the bottom of the list in Europe overall, and in most of the surveyed markets individually.

- Four out of five legal departments assess collaboration between legal and business, compliance management, contract management, and company secretarial matters to be functioning at least on an intermediate level

- Metrics and analytics and technology management are viewed across Europe as the least advanced aspects in legal departments, indicating a lack of readiness to introduce legal technology

- Most legal departments identify areas in their departments that do not function on an advanced level

Establishing the maturity of legal departments across various areas illustrates where corporate legal departments are more developed and what areas corporate lawyers consider to be the weaker points within their own organisations.

MOST MATURE: COLLABORATION AND COMPLIANCE MANAGEMENT

Across Europe, there are no areas in which 40% of corporate lawyers confirmed that their department functions at an advanced level. The highest rated area was collaboration between the legal department and other business units, with 36% of European corporate legal departments rating this area as at an advanced level within their organisations. An additional 46% consider this area to be at an intermediate level. Only 1% of respondents did not see collaboration possibilities as relevant to their work.

Compliance and risk management take second place, with 34% of participants rating their operations within this area as advanced. A further 42% consider their departments at an intermediate level when dealing with compliance issues. Both contract management and corporate secretarial matters are seen by 33% of

Figure 2.2.1.: Maturity level of legal departments (across Europe)
Question: *How would you evaluate the maturity of your legal department in the following areas?*
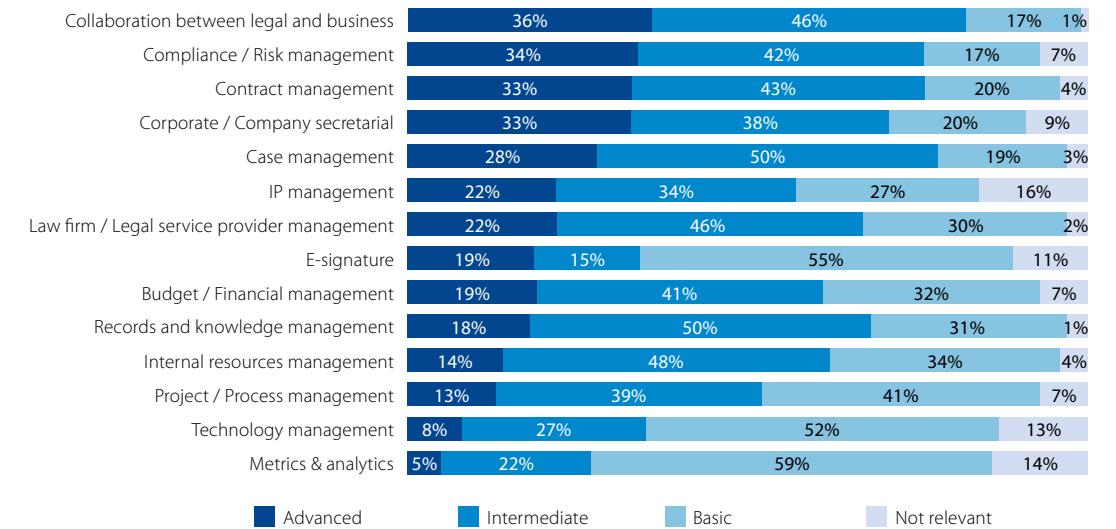
legal departments as advanced. For the former, 43% of respondents believe their departments to be at an intermediary level, whereas for the latter, 38% of legal departments consider themselves intermediary.

There are two areas where half of the respondents assessed their departments to be at an intermediary level: case management and knowledge management. 28% of respondents see their case management activities as achieving an advanced level, whereas only 18% feel that their knowledge management structure is advanced. There are three areas where at least 50% of respondents identified their activities to be at a basic level: e-signature facilitation, technology management, and metrics and analytics. For all three areas, at least 10% of legal departments assessed them to be irrelevant for their departments. These three categories, however, are key to using legal technology because they entail core solutions, processes central to the implementation of legal technology, and analytics necessary to ensure optimal usage.

Though 19% of legal departments are already at an advanced level regarding e-signatures, both technology management and metrics and analytics are at the bottom of the list, with the least number of departments assessing their operations to be advanced in these areas. The bottom three slots are rounded out by project management, which is another significant part of a legal department for implementing legal technology.

GERMAN LEGAL DEPARTMENTS IN LINE WITH EUROPEAN AVERAGES, CONTRACT MANAGEMENT IS A PRIORITY FOR DUTCH LEGAL TEAMS

In the German market, at least one third of legal departments consider themselves to be advanced in three areas: compliance and risk management at 34%, contract management at 34%, and collaboration between legal and business at 33%. Overall, the results of how departments have assessed themselves in these areas do not differ considerably from the European averages.

In total, there are seven areas, out of 14, where at least 20% of German legal departments consider themselves to be at an advanced level. There are, however, eight areas, where at least 40% of legal departments consider themselves to be intermediate. In line with the overall European situation, areas which facilitate the implementation of legal technology are rated as the most basic areas within German legal departments. This includes metrics and analytics and technology management. The number of legal departments who do not consider these areas to be relevant to their operations is also slightly higher.

Figure 2.2.2.: Maturity level of legal departments (Germany)

Question: *How would you evaluate the maturity of your legal department in the following areas?*

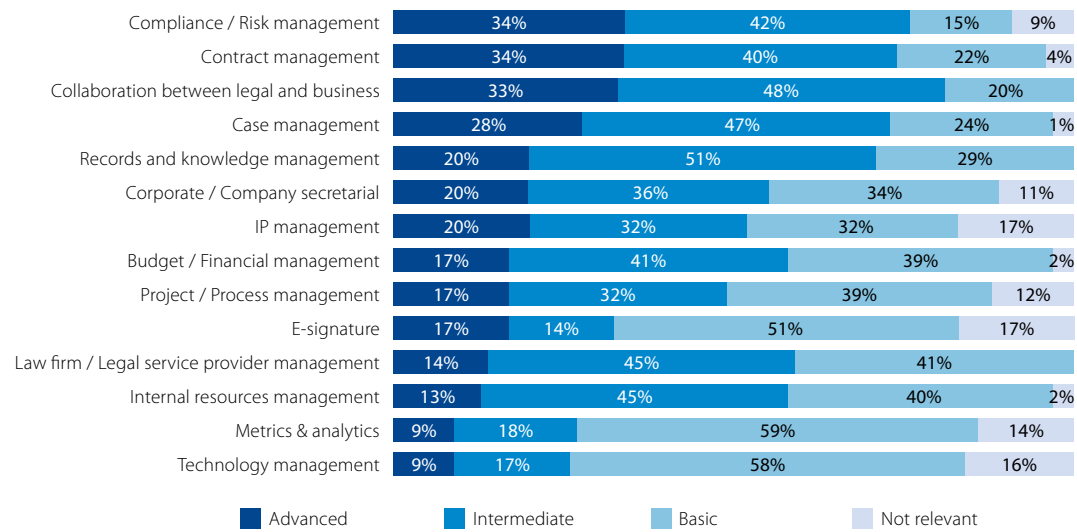|	Advanced	Intermediate	Basic	Not relevant
Compliance / Risk management	34%	42%	15%	9%
Contract management	34%	40%	22%	4%
Collaboration between legal and business	33%	48%	20%	
Case management	28%	47%	24%	1%
Records and knowledge management	20%	51%	29%	
Corporate / Company secretarial	20%	36%	34%	11%
IP management	20%	32%	32%	17%
Budget / Financial management	17%	41%	39%	2%
Project / Process management	17%	32%	39%	12%
E-signature	17%	14%	51%	17%
Law firm / Legal service provider management	14%	45%	41%	
Internal resources management	13%	45%	40%	2%
Metrics & analytics	9%	18%	59%	14%
Technology management	9%	17%	58%	16%

In the Netherlands, contract management is the only area that is considered to be advanced by at least 40% of legal departments, indicated as such by 44% of respondents. Furthermore, an additional 44% of legal departments consider their departments to be at an intermediate level in this area, with just 9% indicating their level to be basic, and only 3% stating that this area is irrelevant for their legal departments. There are a number of aspects that Dutch corporate legal departments rate as intermediate.

Out of 14 listed areas, 12 have been rated by at least 40% of legal departments as being at an intermediate level. This includes technology management, which is essential for implementing legal technology; here, 47% of Dutch legal departments see themselves at an intermediate level. The main difference between the Dutch market, the European averages, and the German market specifically relate to technology management. Even though just 3% of legal departments in the Netherlands see themselves as advanced in this area, the proportion of companies at the intermediary level is 20 percentage points higher than the European average. Furthermore, just 6% of legal departments consider this area to be irrelevant for their departments, compared to 13% in Europe and 16% in Germany.

Figure 2.2.3.: Maturity level of legal departments (the Netherlands)

Question: *How would you evaluate the maturity of your legal department in the following areas?*

	Advanced	Intermediate	Basic	Not relevant
Contract management	44%	44%	9%	3%
Collaboration between legal and business	35%	50%	12%	3%
Corporate / Company secretarial	35%	44%	18%	3%
Compliance / Risk management	32%	47%	18%	3%
Law firm / Legal service provider management	26%	50%	21%	3%
E-signature	26%	12%	53%	9%
Case management	21%	53%	21%	6%
IP management	21%	41%	18%	21%
Records and knowledge management	12%	59%	29%	
Project / Process management	12%	56%	29%	3%
Budget / Financial management	9%	56%	24%	12%
Internal resources management	9%	53%	26%	12%
Technology management	3%	47%	44%	6%
Metrics & analytics	3%	29%	53%	15%

In Spain, company secretarial matters is the only area where at least 50% of legal departments consider their operations to be at an advanced level. An additional 26% of legal departments assess this area to be at an intermediate level, with another 15% as basic. Only 6% of respondents do not see it as relevant for their activities.

Figure 2.2.4.: Maturity level of legal departments (Spain)

Question: *How would you evaluate the maturity of your legal department in the following areas?*

	Advanced	Intermediate	Basic	Not relevant
Corporate / Company secretarial	53%	26%	15%	6%
Collaboration between legal and business	44%	41%	15%	
Contract management	35%	41%	21%	3%
Compliance / Risk management	32%	47%	12%	9%
Records and knowledge management	32%	44%	24%	
Law firm / Legal service provider management	32%	44%	21%	3%
Case management	29%	50%	21%	
IP management	29%	29%	29%	12%
Budget / Financial management	24%	47%	24%	6%
Internal resources management	21%	44%	32%	3%
E-signature	21%	18%	59%	3%
Project / Process management	12%	53%	32%	3%
Technology management	9%	35%	47%	9%
Metrics & analytics	9%	26%	53%	12%

The possibilities for collaboration between legal and business are also a mature area in the Spanish market – 44% of legal departments consider it to be advanced, with another 41% indicating intermediate capabilities. 59% of Spanish legal departments assessed their e-signature capabilities as basic, in addition to 53% of legal departments that also view their metrics and analytics as at a basic level. A further 47% of legal departments see their technology management to be at a basic level. Again, this shows that organisations do not have the optimal conditions for successfully introducing legal technology into their work streams.

COMPANY SECRETARIAL MATTERS, COMPLIANCE MANAGEMENT AND COLLABORATION POSSIBILITIES PRIORITISED IN FRANCE

For France no areas were considered to be at an advanced level by more than 50% of corporate legal departments, with just two areas seen as advanced by 40% of respondents: company secretarial matters and compliance management. An additional 40% consider the company secretarial functions within their organisation as intermediate, whereas 36% see their compliance management aspects as such. Only 8% consider the former to be irrelevant for their departments, whereas 7% feel this way about the latter.

Figure 2.2.5.: Maturity level of legal departments (France)
Question: *How would you evaluate the maturity of your legal department in the following areas?*
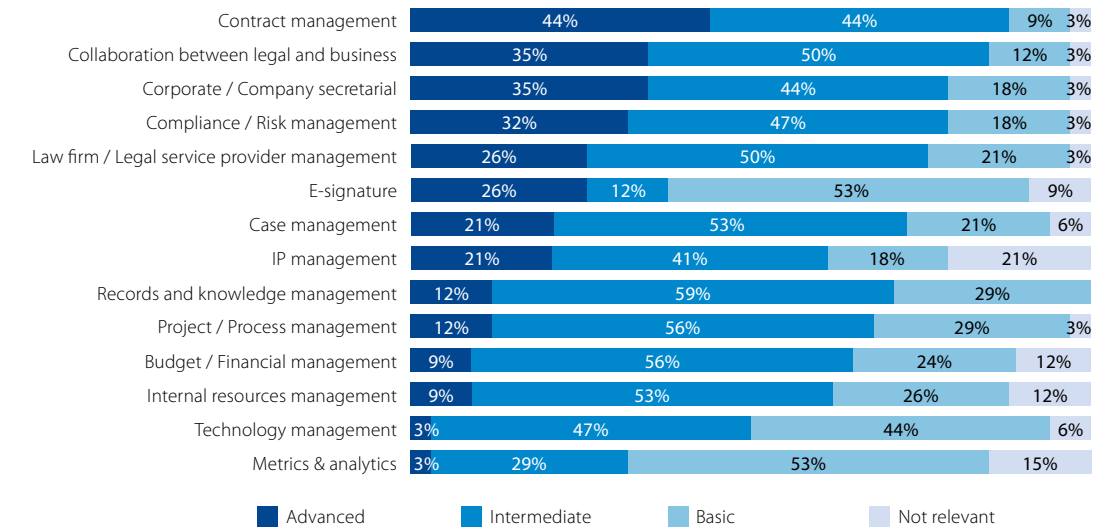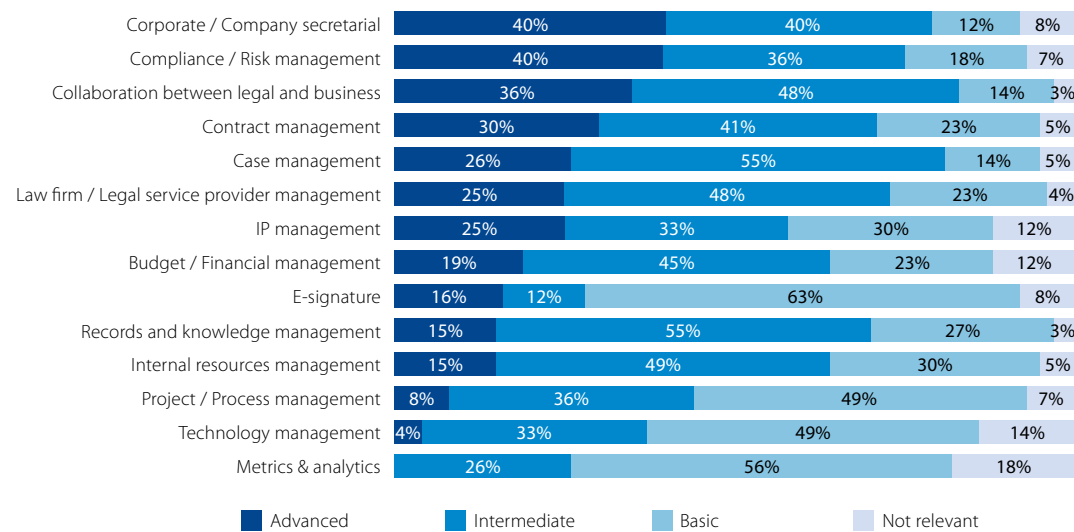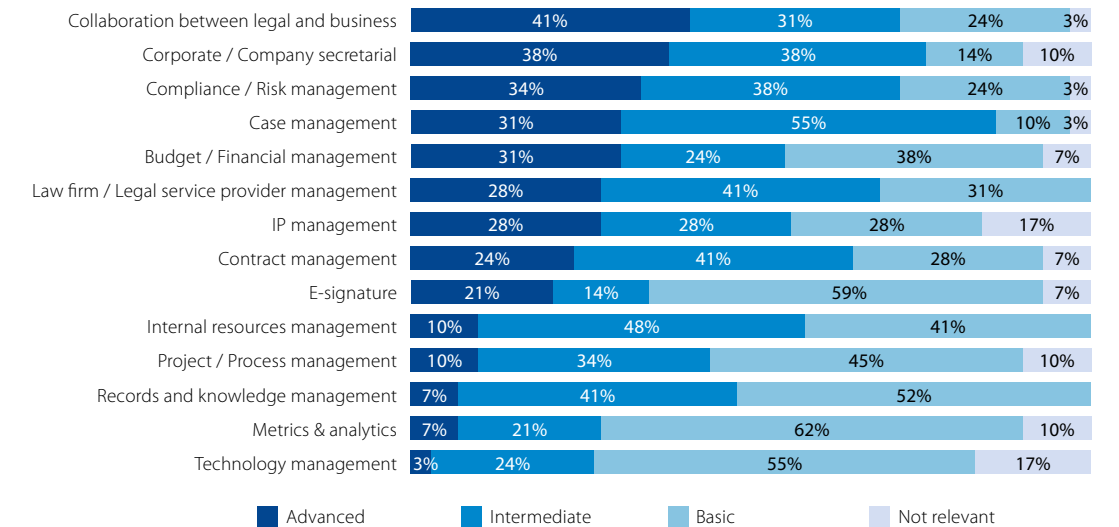
Area	Advanced	Intermediate	Basic	Not relevant
Corporate / Company secretarial	40%	40%	12%	8%
Compliance / Risk management	40%	36%	18%	7%
Collaboration between legal and business	36%	48%	14%	3%
Contract management	30%	41%	23%	5%
Case management	26%	55%	14%	5%
Law firm / Legal service provider management	25%	48%	23%	4%
IP management	25%	33%	30%	12%
Budget / Financial management	19%	45%	23%	12%
E-signature	16%	12%	63%	8%
Records and knowledge management	15%	55%	27%	3%
Internal resources management	15%	49%	30%	5%
Project / Process management	8%	36%	49%	7%
Technology management	4%	33%	49%	14%
Metrics & analytics	26%	56%	18%	

French legal departments do not consider most of their operating areas as advanced, and not one legal department surveyed in France sees their metrics & analytics capabilities as at an advanced level. There are a number of areas, however, which they deem as intermediate. Case management and knowledge management lead the way with 55% of legal departments considering their maturity level to be intermediate, followed by internal resources management with 49% of respondents, and collaboration possibilities between legal and business and external services management both at 48%. When looking at the areas

Figure 2.2.6.: Maturity level of legal departments (Belgium)
Question: *How would you evaluate the maturity of your legal department in the following areas?*

Area	Advanced	Intermediate	Basic	Not relevant
Collaboration between legal and business	41%	31%	24%	3%
Corporate / Company secretarial	38%	38%	14%	10%
Compliance / Risk management	34%	38%	24%	3%
Case management	31%	55%	10%	3%
Budget / Financial management	31%	24%	38%	7%
Law firm / Legal service provider management	28%	41%	31%	
IP management	28%	28%	28%	17%
Contract management	24%	41%	28%	7%
E-signature	21%	14%	59%	7%
Internal resources management	10%	48%	41%	
Project / Process management	10%	34%	45%	10%
Records and knowledge management	7%	41%	52%	
Metrics & analytics	7%	21%	62%	10%
Technology management	3%	24%	55%	17%

indicated by French legal departments as at a basic level, metrics and analytics comes in at 56%, technology management at 49%, e-signature facilitation at 63%, and project management at 49%. This shows that French legal departments have not, in general, positioned themselves to introduce and implement legal technology into their work streams.

For Belgium, there is just one area where at least 40% of Belgian legal departments consider their operations as advanced – collaboration between legal and business. A further 31% saw this area as intermediate, with an additional 24% deeming it to be basic. This is followed by company secretarial management, with 38% of legal departments considering their departments as both advanced and intermediate in this regard.

Case management is the only area that at least 50% of Belgian legal departments consider to be at an intermediate level. Overall, Belgian legal departments indicated more areas as at a basic level than any other surveyed country. At the very least, this indicates that the Belgian legal market is currently slightly behind other Western European countries, given the higher proportion of departments who consider their legal departments to be at a lower level of maturity.

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Across Europe, possibilities for collaboration between legal and business, compliance management, contract management, and company secretarial matters are seen as the most mature aspects of legal departments – one in three legal departments rated these aspects as advanced. On the other hand, technology management and metrics and analytics take the two bottom slots, both at European level and across the surveyed markets, indicating a lack of readiness to implement legal technology extensively within the department.

2.3 LEGAL DEPARTMENTS IN EUROPE SEE MATTERS SURROUNDING LEGAL TECHNOLOGY AS LESS IMPORTANT

Areas that legal departments consider themselves to be more advanced in, such as collaboration and compliance management, also rate higher in importance. In contrast, areas central to implementing legal technology are seen as less important.
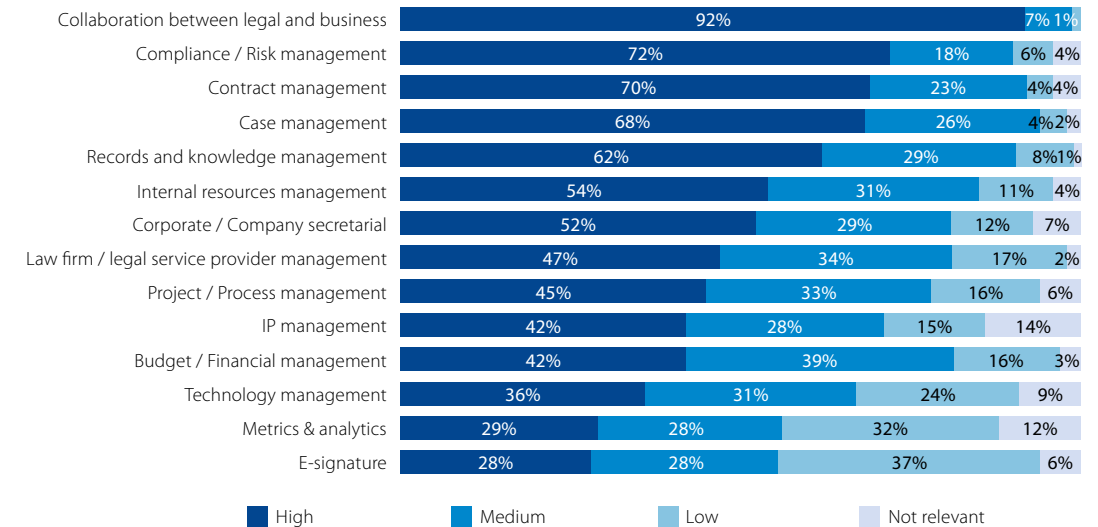
- Collaboration between legal and business rated highly – 92% see it as highly important

- Different countries have diverging views on the importance of different areas – more Spanish legal departments consider areas to be of higher importance than French legal departments

- Metrics and analytics, technology management, and e-signatures seen as least important, highlighting a lack of interest in the in-depth implementation of legal technology

Participants were asked to rate the importance of the same 14 areas within their respective legal departments. This analysis highlights the priorities of legal departments across Europe and can be used to compare whether the priorities of legal departments were also confirmed by the companies themselves.

COLLABORATION BETWEEN LEGAL AND BUSINESS CONSIDERED THE MOST IMPORTANT ASPECT ACROSS ALL 14 AREAS

Collaboration possibilities between legal and business were seen as the most important aspect across Europe, with 92% of respondents rating it as high. There was not one legal department that rated this aspect as of no relevance. Based on the inherent function of a legal department – to provide the company with legal advice – it is also clear why this is rated so highly.

Figure 2.3.1.: The importance of specific departmental areas to legal departments (across Europe)
Question: How would you rate the importance of the same areas within your legal department?

	High	Medium	Low	Not relevant
Collaboration between legal and business	92%		7%	1%
Compliance / Risk management	72%	18%	6%	4%
Contract management	70%	23%	4%	4%
Case management	68%	26%	4%	2%
Records and knowledge management	62%	29%	8%	1%
Internal resources management	54%	31%	11%	4%
Corporate / Company secretarial	52%	29%	12%	7%
Law firm / legal service provider management	47%	34%	17%	2%
Project / Process management	45%	33%	16%	6%
IP management	42%	28%	15%	14%
Budget / Financial management	42%	39%	16%	3%
Technology management	36%	31%	24%	9%
Metrics & analytics	29%	28%	32%	12%
E-signature	28%	28%	37%	6%

Compliance and risk management also garnered high ratings, with 72% of European legal departments seeing it as highly important. Furthermore, 18% of legal departments consider this area to be of medium importance. This indicates that compliance overall is taken seriously across European legal departments. Contract management is also rated highly, with 70% of respondents giving it a high level of importance, and an additional 23% who consider it to be of medium importance. As with compliance and risk management, only 4% of respondents do not consider it to be relevant for their legal departments.

There are seven areas out of the 14 listed that are considered to be highly important by at least 50% of European legal departments. On the flip side, there are three areas deemed to be of low importance by at least 20% of legal departments, i.e. technology management by 24% of respondents; metrics and analytics by 32%; and e-signature facilitation by 37% of legal departments. This again highlights the key issue that although legal departments have high praise for the overall idea of introducing legal technology, the general introductory process and steps that have to be taken to efficiently introduce the new processes are met with a lukewarm reception.

RECORDS AND KNOWLEDGE MANAGEMENT CONSIDERED MORE IMPORTANT IN GERMANY

In Germany, possibilities for collaboration with the business exceeds the European average, with 96% of legal departments believing it to be highly important. Another 3% consider it to be of medium importance, with an additional 1% considering it to be of low importance.

Figure 2.3.2.: The importance of specific departmental areas to legal departments (Germany)
Question: *How would you rate the importance of the same areas within your legal department?*

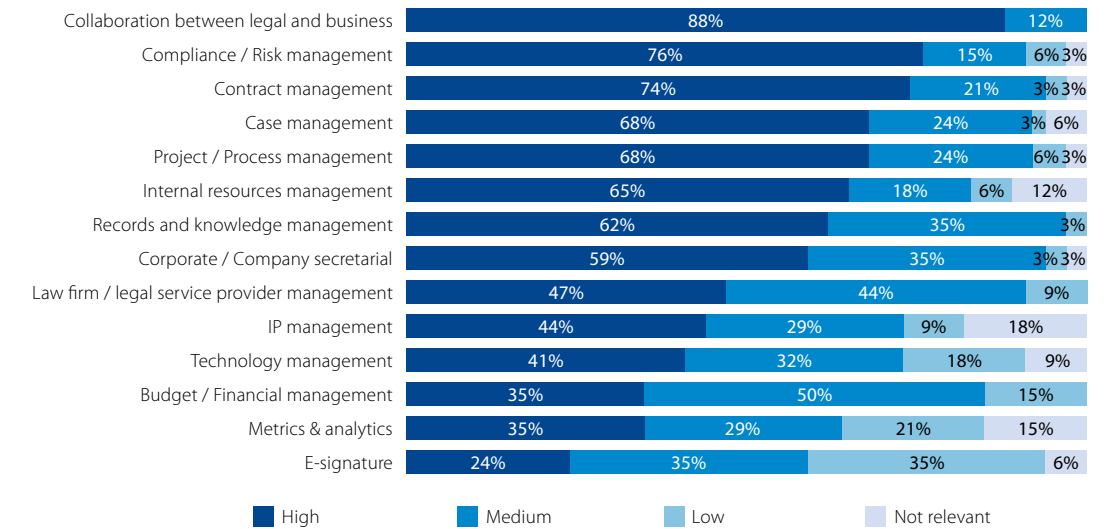| Area	High	Medium	Low	Not relevant
Collaboration between legal and business	96%	3%		1%
Records and knowledge management	71%	22%	7%	
Contract management	71%	22%	1%	6%
Compliance / Risk management	70%	19%	7%	4%
Case management	67%	28%	3%	1%
Internal resources management	54%	34%	9%	3%
Budget / Financial management	45%	35%	18%	2%
Law firm / legal service provider management	44%	30%	25%	1%
Project / Process management	44%	34%	17%	6%
IP management	39%	25%	17%	19%
Corporate / Company secretarial	38%	31%	21%	9%
Technology management	34%	28%	29%	9%
E-signature	25%	25%	38%	12%
Metrics & analytics	22%	28%	38%	11%

■ High   ■ Medium   ■ Low   ■ Not relevant

Records and knowledge management is also rated higher by German legal departments, with 71% of respondents considering it to be of high importance, in comparison to 62% of legal departments across Europe. Contract management, compliance and risk management, case management, and internal resources management all received similar results in Germany to across Europe as a whole, with minor deviations. The German viewpoint concerning the levels of importance of different areas in a legal department correlate with the European opinions. As with the European results, higher proportions of legal departments in Germany considered areas that would help facilitate the implementation of legal technology into organisations to be of lower importance.

There are more areas in the Netherlands that corporate legal departments consider to be of high importance in comparison to the German and the European results. 88% of legal departments consider facilitating collaboration to be highly important for the legal department, with an additional 12% considering it to be of medium importance.

Figure 2.3.3.: The importance of specific departmental areas to legal departments (the Netherlands)
Question: *How would you rate the importance of the same areas within your legal department?*

Area	High	Medium	Low	Not relevant
Collaboration between legal and business	88%	12%		
Compliance / Risk management	76%	15%	6%	3%
Contract management	74%	21%	3%	3%
Case management	68%	24%	3%	6%
Project / Process management	68%	24%	6%	3%
Internal resources management	65%	18%	6%	12%
Records and knowledge management	62%	35%		3%
Corporate / Company secretarial	59%	35%	3%	3%
Law firm / legal service provider management	47%	44%		9%
IP management	44%	29%	9%	18%
Technology management	41%	32%	18%	9%
Budget / Financial management	35%	50%		15%
Metrics & analytics	35%	29%	21%	15%
E-signature	24%	35%	35%	6%

■ High   ■ Medium   ■ Low   ■ Not relevant

Compliance and risk management also received high ratings, with 76% of legal departments considering it to be of high importance, and an additional 15% to be of medium importance. This is followed by contract management, which 74% of Dutch legal departments have rated to be of high importance and a further 21% consider it to be of medium importance.

Project management is rated much higher in the Netherlands than in Germany, France, and Belgium, at 68%. An additional 24% view it to be of medium importance, with just 3% considering it to be irrelevant for their respective legal departments. This is refreshing to see, given that project management within legal departments could be considered a newer concept and it is also an aspect that facilitates the implementation of legal technology. However, the largest proportion of legal departments still rated metrics and analytics and e-signature facilitation to be of low importance.

SPANISH LEGAL DEPARTMENTS GIVE HIGHER RATE OF IMPORTANCE TO ALL AREAS THAN THE OTHER COUNTRIES SURVEYED

The Spanish results have the largest proportion of responses that fell into the "high" category. Collaboration between legal and business was seen by 94% of legal departments as highly important, whereas case management and contract management were both also deemed such by 88% of respondents.

Figure 2.3.4.: The importance of specific departmental areas to legal departments (Spain)
Question: *How would you rate the importance of the same areas within your legal department?*
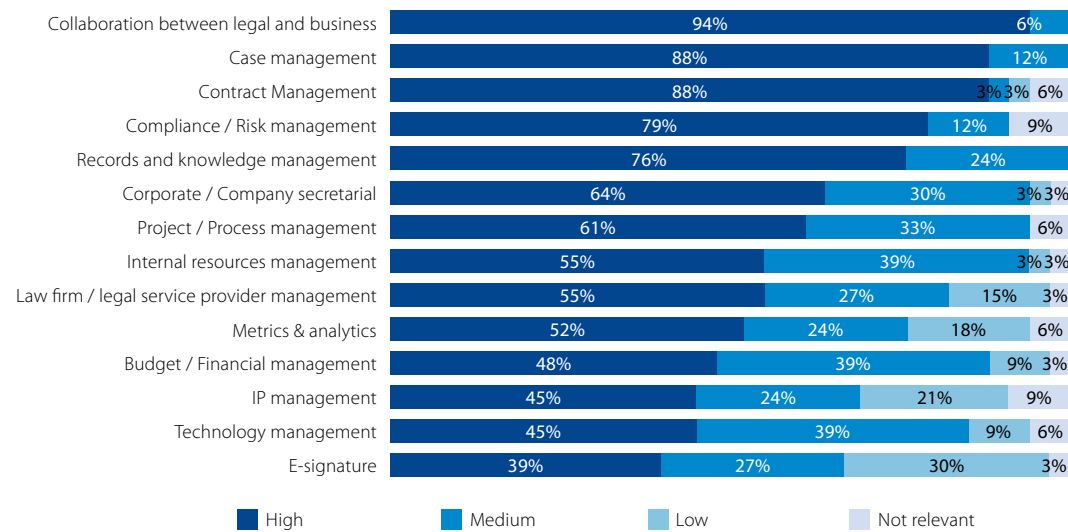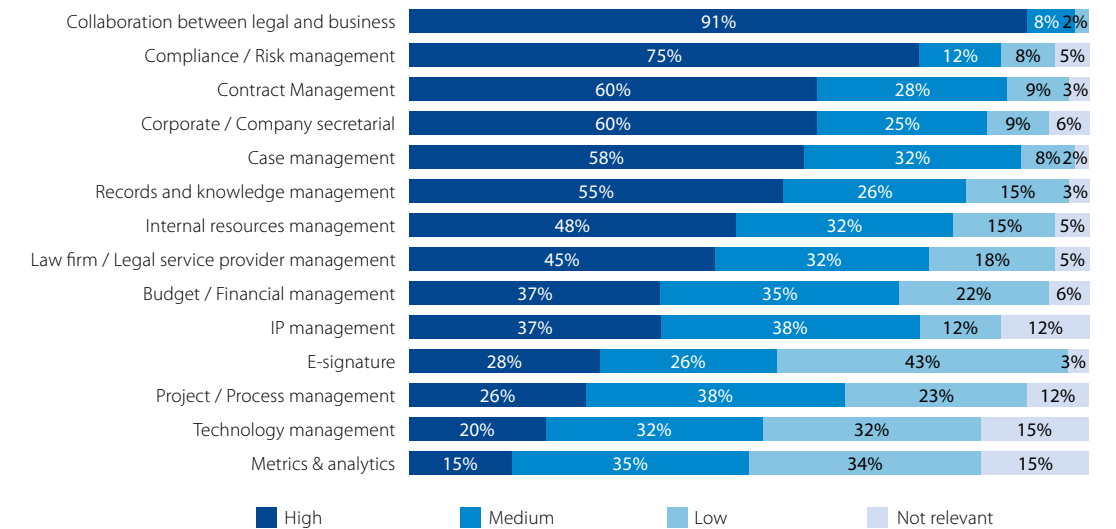

Compliance and risk management also garnered high ratings, with 79% of Spanish respondents considering it to be of high importance. Similarly, records and knowledge management were seen by 76% of respondents as being of high importance for the organisation, with 0% of respondents considering it either of low importance or not relevant at all. Similar to the Netherlands, Spanish legal departments also consider project management at a higher level than other surveyed countries, with 61% of legal departments seeing it as highly important.

Spain was also the only surveyed market where at least 50% of respondents considered metrics and analytics to be of high importance. Moreover, only 18% of legal departments considered it to be of low importance, with an additional 6% considering it to be not relevant to their activities. This is significant, given the importance that metrics and analytics plays in the introduction of legal technology and the digital transformation within legal departments overall. Furthermore, fewer legal departments deemed technology management to be of low importance, with just 9% of respondents considering it as such. As this is another key element for implementing legal technology, it does indicate that Spanish legal departments might be more adaptive to the disruptive trends that legal technology brings with it.

Figure 2.3.5.: The importance of specific departmental areas to legal departments (France)
Question: *How would you rate the importance of the same areas within your legal department?*

In France, possibilities for collaboration between legal and business was also rated as the most important aspect, with 91% of French legal departments considering it to be of high importance. This is followed by compliance and risk management, where three legal departments out of four consider it to be of high importance. However, no other areas reached a 70% threshold.
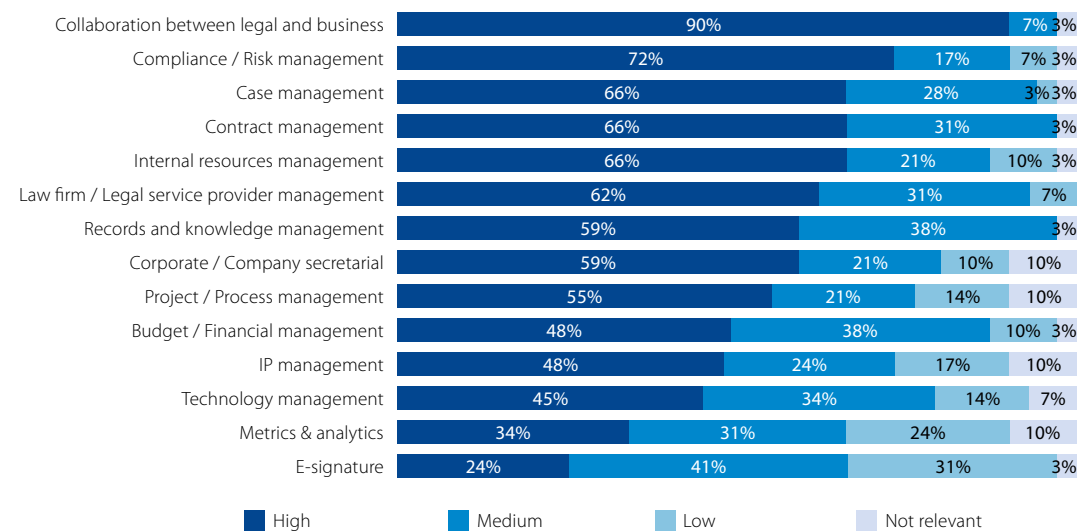
Both the contract management and company secretarial areas are considered by 60% of legal departments to be of high importance, with an additional 28% considering the former and 25% considering the latter to be of medium importance, respectively. However, all areas central to introducing legal technology received low ratings from French legal departments. Technology management is considered by just 20% of legal departments to be of high importance, with a further 32% seeing it as having low importance. Metrics and analytics, however, are seen by just 15% of respondents to be of high importance. It remains to be seen whether there will be a considerable shift, with legal departments opting to employ analytics to increase efficiency within the team.

TWO OUT OF THREE BELGIAN DEPARTMENTS VIEW CASE AND CONTRACT MANAGEMENT TO BE HIGHLY IMPORTANT

Belgian legal departments also consider collaboration between legal and business to be of the highest importance, with 90% of legal departments rating it in this category. This is followed by compliance and risk management, seen by 72% of Belgian legal departments as highly important. Similar to France, however, no other areas exceeded the 70% threshold.

Figure 2.3.6.: The importance of specific departmental areas to legal departments (Belgium)
Question: *How would you rate the importance of the same areas within your legal department?*

Area	High	Medium	Low	Not relevant
Collaboration between legal and business	90%		7%	3%
Compliance / Risk management	72%	17%	7%	3%
Case management	66%	28%	3%	3%
Contract management	66%	31%		3%
Internal resources management	66%	21%	10%	3%
Law firm / Legal service provider management	62%	31%	7%	
Records and knowledge management	59%	38%		3%
Corporate / Company secretarial	59%	21%	10%	10%
Project / Process management	55%	21%	14%	10%
Budget / Financial management	48%	38%	10%	3%
IP management	48%	24%	17%	10%
Technology management	45%	34%	14%	7%
Metrics & analytics	34%	31%	24%	10%
E-signature	24%	41%	31%	3%

■ High ■ Medium ■ Low ■ Not relevant

As with Spain and the Netherlands, Belgian legal departments consider project management to be at a higher level than German and French legal departments. 55% of Belgian respondents rated it highly, with an additional 21% considering it to be of medium importance. Though both technology management at 45% and metrics and analytics at 34% are both higher than the European averages, both areas still took the bottom three slots out of the 14 possible selections.

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Nine out of ten legal departments in Europe see collaboration between legal and business as of high importance, with just 1% considering it to be irrelevant. In addition, compliance management, contract management, case management, information management, resource management and company secretarial matters are seen by at least half of legal departments to be highly important. Essential legal technology aspects, such as technology management, metrics and analytics, and e-signatures, however, are viewed as having low importance by at least one quarter of legal departments.

3 DIGITAL STRATEGIES OF EUROPEAN CORPORATE LEGAL DEPARTMENTS

3.1 LEGAL DEPARTMENTS WANT TO IMPLEMENT LEGAL TECHNOLOGY, OR DO THEY?

We can expect big changes across Europe. At the very least, the majority of corporate legal departments in the surveyed countries will be looking to increase their usage of digital tools and services.

- Greater use of digital tools and solutions is viewed by most European legal departments as the most necessary step towards increasing efficiency within their departments, followed by structuring and redesigning processes

- Companies with revenue exceeding €1 billion are prioritising the usage of analytics over companies with revenue below €1 billion

- Most legal departments in Europe will not increase their outsourcing of legal matters to third parties

Although the legal profession can be considered more conservative and less open to change than some other fields, there is no doubt that lawyers can benefit from the digital revolution. Given the role that legal departments play within corporations and the lack of an actual revenue stream that the department provides to the company, upgrading the components of a legal department must either drive down costs or increase efficiency.

EXPECT GREATER USE OF DIGITAL TOOLS IN THE UPCOMING YEARS

This opinion strongly correlates with the views of European legal departments: When asked what steps their departments will take in the next three years, 85% of respondents confirmed that they are planning on increasing their use of digital tools and solutions. Furthermore, 69% of legal departments are planning on restructuring or redesigning their internal processes to increase efficiency, followed by 50% of legal departments which are planning on creating one central repository for information, data and documents.

Figure 3.1.1.: Measures planned to increase efficiency within the next three years (across Europe)
Question: *Are you planning, either now or within the next three years, to take any of the following steps to increase the efficiency of your legal department?*
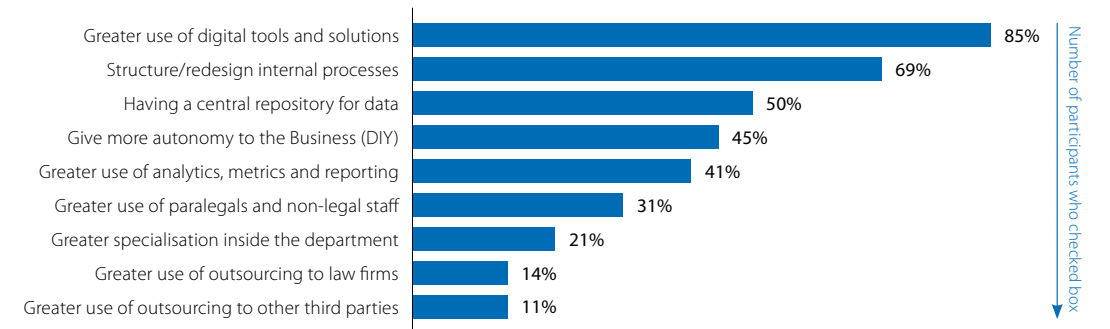
Other options were not as popular: 45% of respondents are planning to give more autonomy to the business area, while 41% of respondents plan to implement methods aimed at increasing the usage of analytics, metrics and reporting within the organisation.

When looking at legal departments with annual revenue of over €1 billion and under €1 billion, differences can be identified. First, a larger proportion of companies with revenue exceeding €1 billion see their departments utilising more digital tools and solutions in the upcoming years, with this figure coming in at 92% in comparison to 81% of legal departments with revenue below €1 billion. Furthermore, these companies are also more likely to structure their processes so that they have a central repository in the near future.

Figure 3.1.2.: Measures planned to increase efficiency within the next three years (across Europe: companies with annual turnover of over €1 billion)
Question: *Are you planning, either now or within the next three years, to take any of the following steps to increase the efficiency of your legal department?*
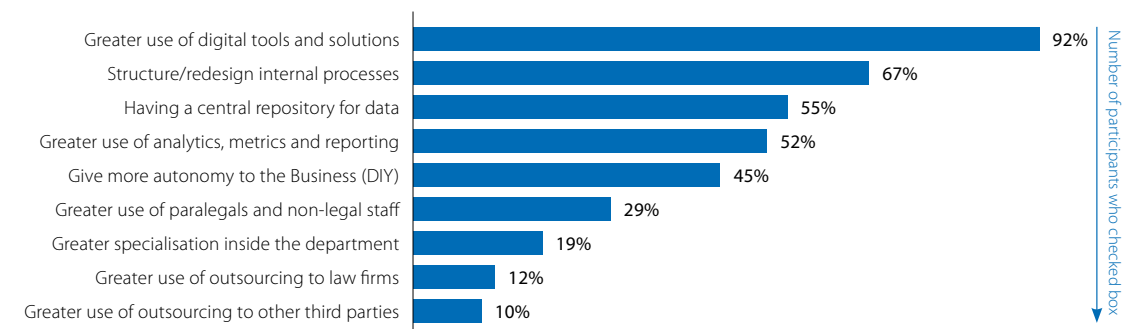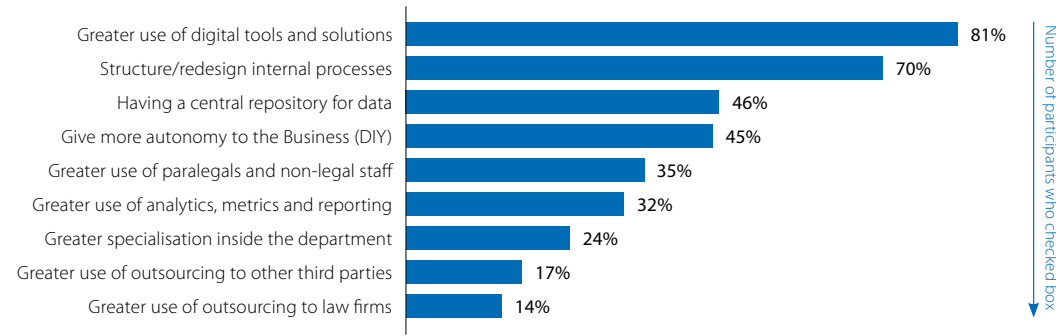
Figure 3.1.3.: Measures planned to increase efficiency within the next three years (across Europe: companies with annual revenue of under €1 billion)
Question: *Are you planning, either now or within the next three years, to take any of the following steps to increase the efficiency of your legal department?*


We see the largest discrepancy regarding the usage of analytics. While 41% of respondents across Europe stated that they are planning to increase the usage of analytics, metrics and other methods of reporting, the difference between companies with revenue of over €1 billion (52%) and under €1 billion (32%) is considerable.

INCREASING THE USE OF DIGITAL TOOLS AND STRUCTURING PROCESSES MORE EFFICIENTLY THE TWO MOST POPULAR PLANS

When looking at country-specific data, certain trends and differences between the respective jurisdictions can be identified. The most popular answer among respondents from all surveyed countries was to increase the usage of digital tools at work, with the percentage of respondents varying from 81% in France and Belgium, to 85% in Germany, 87% in Spain and 88% in the Netherlands.

Figure 3.1.4.: Measures planned to increase efficiency within the next three years (Germany)
Question: *Are you planning, either now or within the next three years, to take any of the following steps to increase the efficiency of your legal department?*
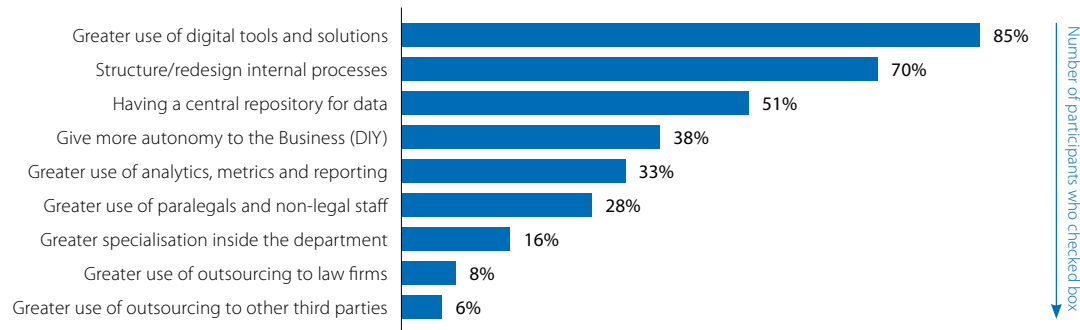
Similarly, structuring or redesigning internal processes ranked as the second most popular option across the board, with France having the lowest rate at 60%, followed by Germany, Spain and Belgium at 70%, and the Netherlands at 82%.

Figure 3.1.5.: Measures planned to increase efficiency within the next three years (the Netherlands)
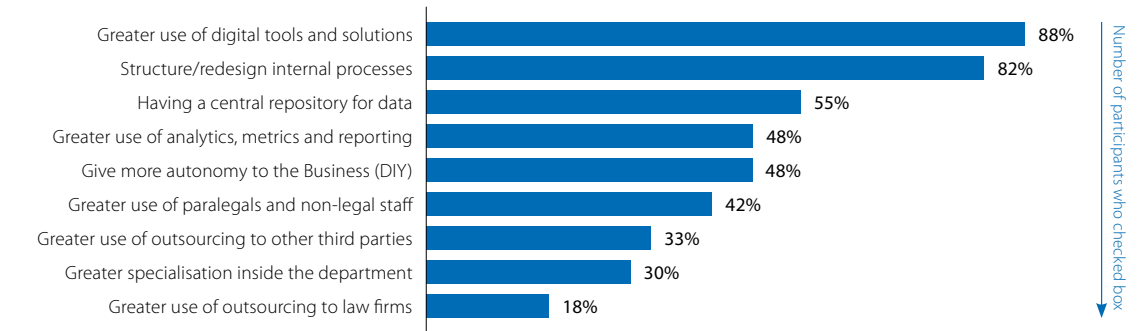Question: *Are you planning, either now or within the next three years, to take any of the following steps to increase the efficiency of your legal department?*

For Germany, the Netherlands and Belgium, implementing a central repository within the organisation is the third most popular response at 51%, 55% and 63%, respectively. In France, giving more autonomy to the business area at 48% ranked just one percentage point above creating a central repository. Based on the data, out of the surveyed countries, the German market could be seen as the market where we can expect the least amount of change in the near future. Although utilising more digital tools, structuring internal processes and establishing a central repository is still in line with other surveyed countries, there is a noticeable drop-off in percentages after the three most popular options.

However, in Spain, more emphasis is placed on increasing the usage of metrics and reporting capabilities, with 60% of respondents selecting this option. This is 12 percentage points above the figure from the Netherlands and a 27-percentage point difference in comparison to Germany, the country with the lowest ranking for this option.

Figure 3.1.6.: Measures planned to increase efficiency within the next three years (Spain)
Question: *Are you planning, either now or within the next three years, to take any of the following steps to increase the efficiency of your legal department?*

Figure 3.1.7.: Measures planned to increase efficiency within the next three years (France)
Question: *Are you planning, either now or within the next three years, to take any of the following steps to increase the efficiency of your legal department?*

Measure	%
Greater use of digital tools and solutions	81%
Structure/redesign internal processes	60%
Give more autonomy to the Business (DIY)	48%
Having a central repository for data	47%
Greater use of analytics, metrics and reporting	40%
Greater use of paralegals and non-legal staff	39%
Greater use of outsourcing to law firms	18%
Greater specialisation inside the department	16%
Greater use of outsourcing to other third parties	6%

Number of participants who checked box

In the Netherlands, legal departments could be seen as the most adaptive to change out of all the surveyed countries. It is also the only surveyed country where one third of respondents are planning to increase their usage of third parties other than law firms, such as alternative legal services at 33%. The only other country where this option reached a double-digit percentage point was Belgium with 15%.

Belgium can be seen as the other country where one can expect considerable changes in the upcoming years. Certain options, such as structuring a central repository (63%), received the highest rating from Belgian legal departments. Furthermore, no options received a single-digit figure in response to the questions.

Figure 3.1.8.: Measures planned to increase efficiency within the next three years (Belgium)
Question: *Are you planning, either now or within the next three years, to take any of the following steps to increase the efficiency of your legal department?*
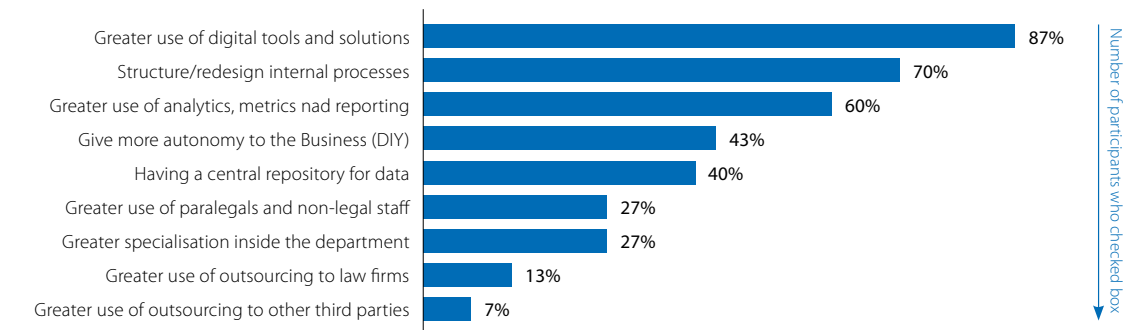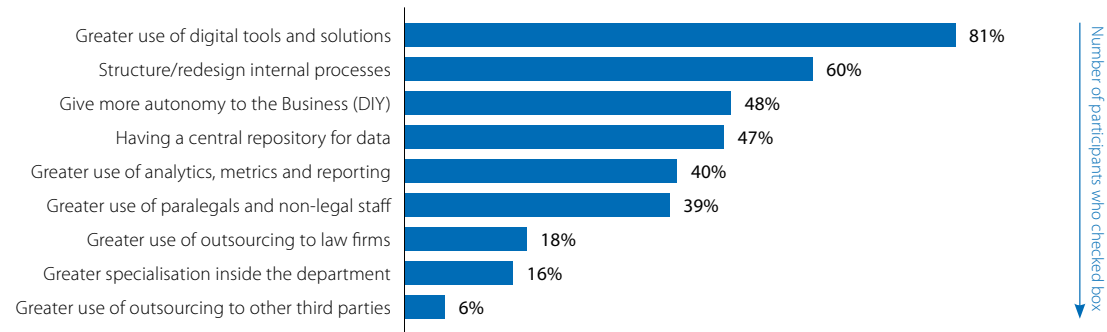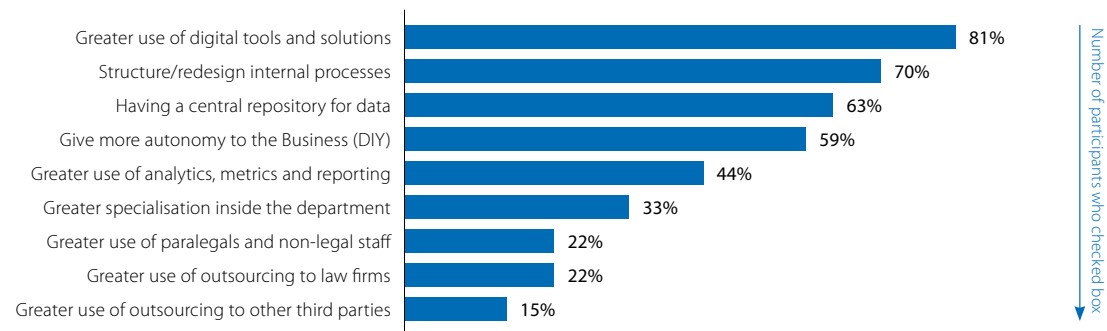
Measure	%
Greater use of digital tools and solutions	81%
Structure/redesign internal processes	70%
Having a central repository for data	63%
Give more autonomy to the Business (DIY)	59%
Greater use of analytics, metrics and reporting	44%
Greater specialisation inside the department	33%
Greater use of paralegals and non-legal staff	22%
Greater use of outsourcing to law firms	22%
Greater use of outsourcing to other third parties	15%

Number of participants who checked box

Only 7% of the legal departments in Spain and 6% in France are planning on an increased use of alternative legal services. Though paralegals seem to play a larger role in France (39%) than in Spain (27%), French legal departments are not keen on increasing the number of specialists within the department, with only 16% of respondents indicating some increase in the near future. This stands in contrast to Spain, where 27% of legal departments indicate an increase in the number of specialists.

As previously established, legal departments see the use of legal technology as more of a supplement rather than a new and innovative approach to legal work. It is understandable why legal departments take this position given their elevated importance within a business and the low margin of error that legal departments enjoy.

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The increased use of digital tools and solutions in legal departments are seen by the majority of respondents as an essential step towards increasing efficiency within legal departments, with 85% of legal departments across Europe planning to do so. 69% of legal departments are planning on either structuring or redesigning their processes within the next three years. Less than 20% of legal departments are planning on increasing their usage of law firms or alternative legal services. Companies with revenue exceeding €1 billion are prioritising the usage of analytics over companies with revenue below €1 billion.

3.2 EXPECTATIONS FOR VALUE INCREASE THROUGH STRUCTURING PROCESSES AND IMPLEMENTING LEGAL TECHNOLOGY

Corporate lawyers across Europe see having a strategy in place – supported by technology – for organising work processes as beneficial to the organisation and as something all corporate legal departments should consider doing.

- Legal departments expects structuring processes and adopting suitable technology to increase the value of legal departments' performance

- No stark discrepancies between the surveyed countries – all markets agree on the feasibility of structuring processes and adopting technology

- None of the surveyed countries, however, voiced strong agreement on the statement that structuring processes increases value in the most efficient way

UNIFORM VIEWS ON THE VALUE AND EFFICIENCY THAT CAN BE GAINED BY STRUCTURING PROCESSES AND IMPLEMENTING TECHNOLOGY

Looking at the overall trend across Europe, respondents are inclined to agree – albeit not strongly – with the statement that having strategy to structure formal processes and adopt the right technology will increase the value that can be delivered in the most efficient way. On a scale of 1 to 10, with 1 indicating that the respondent strongly disagrees with this statement and 10 indicating that the respondent strongly agrees, legal departments across Europe had an average response of 7.75, indicating clear agreement with the statement.

Figure 3.2.1.: Increasing value in the most efficient way through process restructuring and technology implementation (across Europe)
Question: *Do you agree that having a strategy to structure formal processes and adopt the right technology to support these processes accelerates your maturity journey, enabling you to increase the value delivered in the most efficient way?*

Figure 3.2.2.: Increasing value in the most efficient way through process restructuring and technology implementation (DE, NL, ESP, FRA, BE)
Question: *Do you agree that having a strategy to structure formal processes and adopt the right technology to support these processes accelerates your maturity journey, enabling you to increase the value delivered in the most efficient way?*
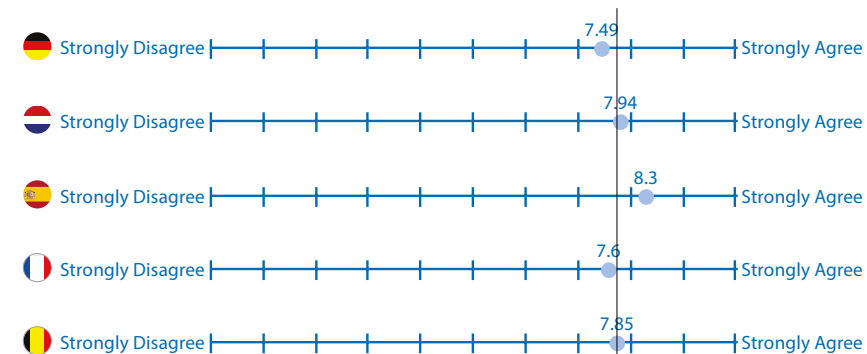
There is not much discrepancy between the surveyed countries. Out of the five countries, Germany agrees the least with this statement, with an average score of 7.49. The only other country below the European average is France, with a score of 7.6. Countries that came in above the European average include Belgium at 7.85, the Netherlands at 7.94 and Spain at 8.3.

This statement is supported across Europe, with little to no deviation between the surveyed countries. The largest gap, which was between Germany and Spain, was still less than 10%. This indicates that corporate legal departments are similarly positioned across the surveyed markets. At the very least, the overall agreement across Europe on this statement makes it evident that legal departments see legal technology as beneficial and as a way to increase the value that the department delivers. Nevertheless, given the trends that have emerged from the previous questions in the survey, it remains to be seen how this will unfold in practice.

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Legal departments across Europe agree that having a strategy to structure formal processes and adopt the right technology to support these processes enables departments to increase the value that a legal department is able to deliver in the most efficient way. The variance is low between the surveyed markets, indicating agreement across the surveyed countries.

3.3 WHAT DIGITAL STRATEGIES DO LEGAL DEPARTMENTS HAVE?

While two out of three legal departments have either already started implementing their digital strategy or are currently determining it, only one third of these strategies include an actual plan with due dates and goals to reach.

- Almost every second legal department in Europe has already started implementing a digital strategy

- Two out of five digital strategies are more than three years old

- Just one in three digital strategies have established due dates and milestones to achieve the desired results
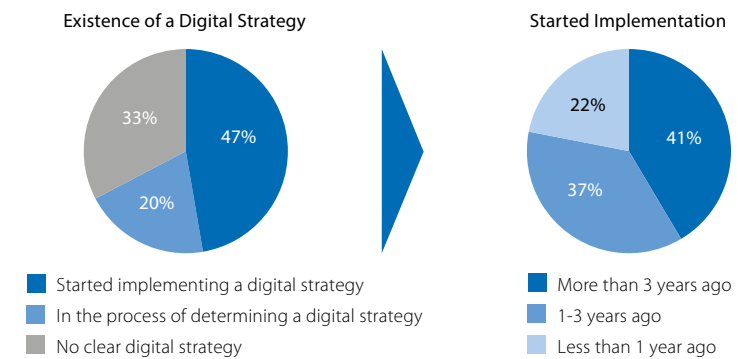
HALF OF EUROPEAN LEGAL DEPARTMENTS HAVE ALREADY STARTED IMPLEMENTING A DIGITAL STRATEGY

When looking at the numbers across Europe, we see that 47% of legal departments have already started implementing their digital strategies, 20% are currently determining an ideal strategy for their organisations, and 33% do not have a clear strategy in place. This shows that only one third of corporate legal departments in Europe are currently not considering the implementation of a clear digital strategy.

Only 22% of departments have started implementing their strategies within the last year. The remaining participants are divided almost equally: 37% of legal departments started implementing it within the last one to three years, whereas 41% of respondents already started implementing their strategies more than three years ago. It is reassuring that 78% of organisations with a strategy in place have already been implementing it for more than a year. This indicates at the very least that legal departments across Europe have been engaged in some level of discussion over the last few years on how their departments should adapt to the digital revolution.

Figure 3.3.1.: Implementation of a digital strategy (across Europe)
Question: *Does your corporate legal department have an established digital strategy? If YES, when did you start implementing it?*

Existence of a Digital Strategy / Started Implementation

- Started implementing a digital strategy
- In the process of determining a digital strategy
- No clear digital strategy

- More than 3 years ago
- 1-3 years ago
- Less than 1 year ago

ONE OUT OF THREE DIGITAL STRATEGIES INCLUDES DUE DATES AND MILESTONES

However, another question concerns the specifics of the digital strategies, i.e. whether legal departments have established due dates and milestones to reach their goals. Out of all the participants who have a digital strategy in their organisation, only 35% of these departments have an established plan in place. Out of that 35%, a total of 4% have established a six-month plan, 14% have a plan for up to one year, and 17% have a plan covering up to three years. 65% of organisations who see themselves as having established digital strategies admit that they do not have a detailed plan in place.

Figure 3.3.2.: Implementation of digital strategy (across Europe)
Question: *Is your digital transformation driven by a clear plan with due dates and milestones? If YES, how long is the horizon for implementing that plan in your legal department?*

- Up to 6 months
- Up to 1 year
- Up to 3 years
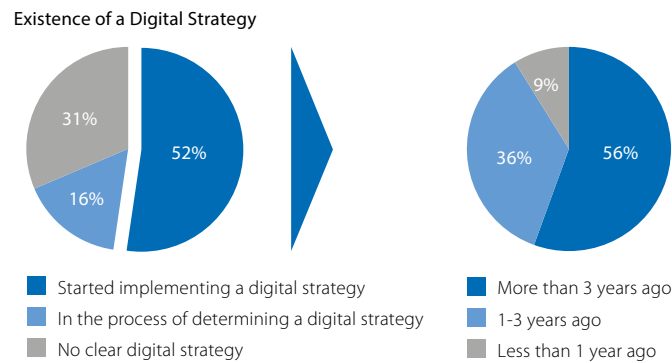- We do not have a specific plan with due dates and milestones
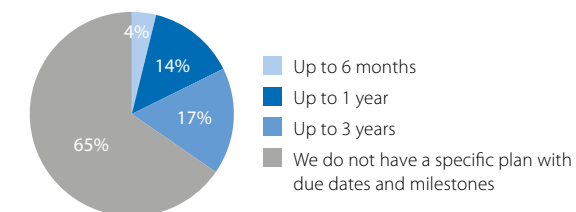
Even where in-depth digital strategies are in place, a lack of a proper infrastructure and prioritisation – as established in Chapter 2 – could result in goals not being reached as, among other things, not enough data is collected to establish a comprehensive overview of the situation.

DIFFERENT COUNTRIES STARTED IMPLEMENTING THEIR STRATEGIES AT DIFFERENT TIMES

In Germany, the number of organisations who do not have a clear digital strategy is relatively in line with the European average, with a slightly larger proportion of companies already implementing a digital strategy rather than assessing the feasibility of one. Furthermore, the proportion of companies which started implementing their digital strategies less than one year ago is significantly lower (9%) than the European average of 22%. The highest proportion has gone to companies which started implementing their strategies more than three years ago.

### Figure 3.3.3.: Implementation of digital strategy (Germany)
Question: *Does your corporate legal department have an established digital strategy? If YES, when did you start implementing it?*

Existence of a Digital Strategy

- Started implementing a digital strategy
- In the process of determining a digital strategy
- No clear digital strategy

- More than 3 years ago
- 1-3 years ago
- Less than 1 year ago

Surprisingly, even though the proportion of legal departments which started implementing their digital strategies at an earlier date is higher, the percentage of legal departments that do not have a specific plan with due dates and milestones is also up five percentage points on the European average. The proportion of organisations that plans to implement their digital strategies within one year or less is also down, amounting to just 10%. The other 20% have plans in place that could take up to three years to implement.

Figure 3.3.4.: Implementation of digital strategy (Germany)
Question: *Is your digital transformation driven by a clear plan with due dates and milestones? If YES, how long is the horizon for implementing that plan in your legal department?*

- Up to 6 months
- Up to 1 year
- Up to 3 years
- We do not have a specific plan with due dates and milestones
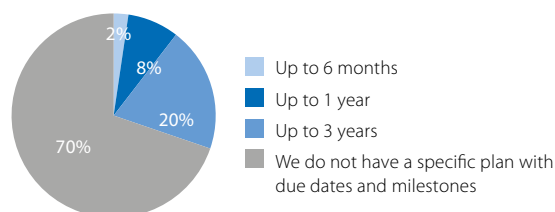
In the Netherlands, however, the situation is different. The proportion of respondents who say they do not have a clear digital strategy is higher than the European average, at the expense of organisations who have already started implementing a digital strategy. Furthermore, of the 35% that have actually started implementing a digital strategy in the Netherlands, more than half have only started doing so within the last year, with only 18% having started the implementation process more than three years ago. This stands in stark contrast to Germany, where 56% of companies started their implementation process more than three years ago.

Figure 3.3.5.: Implementation of digital strategy (the Netherlands)
Question: *Does your corporate legal department have an established digital strategy? If YES, when did you start implementing it?*

Existence of a Digital Strategy   Started Implementation

- Started implementing a digital strategy
- In the process of determining a digital strategy
- No clear digital strategy

- More than 3 years ago
- 1-3 years ago
- Less than 1 year ago

Nevertheless, even in the Netherlands, 71% of corporate legal departments with a digital strategy do not have a specific plan in place. Of those that do, only 3% of departments have plans for up to three years, with the majority (25%) reporting plans of up to one year.

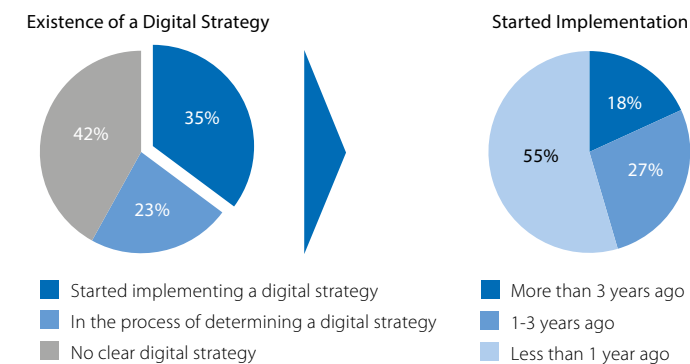### Figure 3.3.6.: Implementation of digital strategy (the Netherlands)
Question: *Is your digital transformation driven by a clear plan with due dates and milestones? If YES, how long is the horizon for implementing that plan in your legal department?*

- Up to 6 months
- Up to 1 year
- Up to 3 years
- We do not have a specific plan with due dates and milestones

The data from the Netherlands indicates that the market is still very much in the process of adapting to the changes that digitalisation has brought to legal departments. The numbers show that this is still a recent development, with more to come in the upcoming years. The Spanish situation is more in line with

the German one, with 52% of respondents attesting that they have already started implementing a digital strategy. An additional 21% are currently determining an optimal strategy, with the final 28% admitting that they do not have a clear strategy.
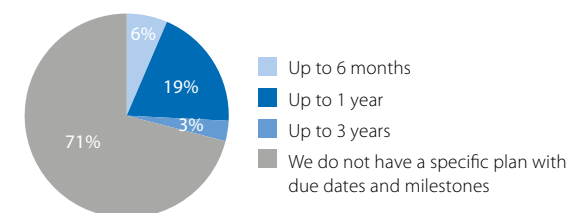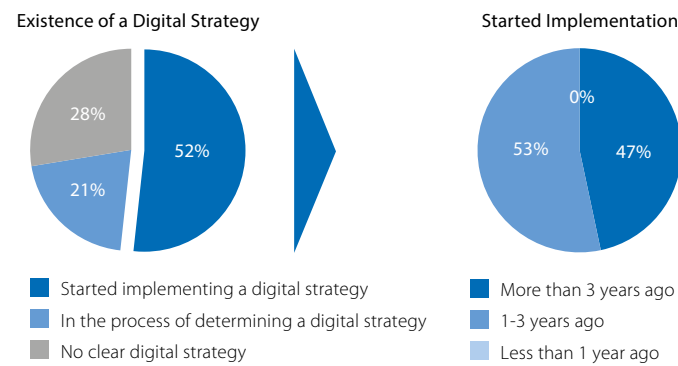
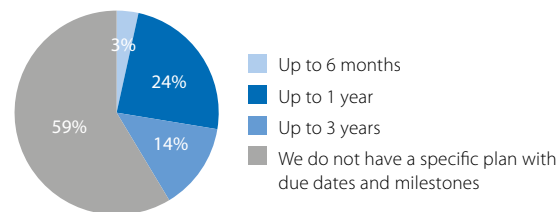## Chart 3.3.7.: Implementation of digital strategy (Spain)

Question: *Does your corporate legal department have an established digital strategy?*
If YES, when did you start implementing it?

Existence of a Digital Strategy

- 28%
- 52%
- 21%

Started Implementation

- 0%
- 53%
- 47%

- ■ Started implementing a digital strategy
- ■ In the process of determining a digital strategy
- ■ No clear digital strategy

- ■ More than 3 years ago
- ■ 1-3 years ago
- ■ Less than 1 year ago

Of all the Spanish respondents, no legal departments have started implementing their strategies within the last year. 53% started implementing them within the last three years, and another 47% started more than three years ago. 59% of Spanish digital strategies do not include any specific goals or milestones. Only 3% of respondents have a six-month horizon, with the majority (24%) having a timeline of up to one year. An additional 14% of respondents have plans to reach their goals within a three-year time period.

Chart 3.3.8.: Implementation of digital strategy (Spain)

Question: *Is your digital transformation driven by a clear plan with due dates and milestones?*
If YES, how long is the horizon for implementing that plan in your legal department?

- 3%
- 24%
- 14%
- 59%

- ☐ Up to 6 months
- ■ Up to 1 year
- ■ Up to 3 years
- ■ We do not have a specific plan with due dates and milestones

In France, two thirds of corporate legal departments are either already implementing their strategies within their organisations or are currently in the process of determining an optimal strategy. Of the 47% of legal departments which have already started implementing their strategy, 29% began the implementation process more than three years ago. Another 39% of legal departments started within the last one to three years, with an additional 32% having started less than one year ago.

Chart 3.3.9.: Implementation of digital strategy (France)

Question: *Does your corporate legal department have an established digital strategy?*
If YES, when did you start implementing it?

Existence of a Digital Strategy

- 32%
- 47%
- 20%

Started Implementation

- 32%
- 29%
- 39%

- ■ Started implementing a digital strategy
- ■ In the process of determining a digital strategy
- ■ No clear digital strategy

- ■ More than 3 years ago
- ■ 1-3 years ago
- ■ Less than 1 year ago

In terms of whether French legal departments have specific plans to reach the goals set in their strategies, the result is similar to other European markets, with 56% of corporate legal departments not having a plan in place. Of the remaining 44%, only 3% have plans spanning less than six months, with an additional 17% having a year-long plan, and 24% with strategies that include goals to be reached within the next three years.

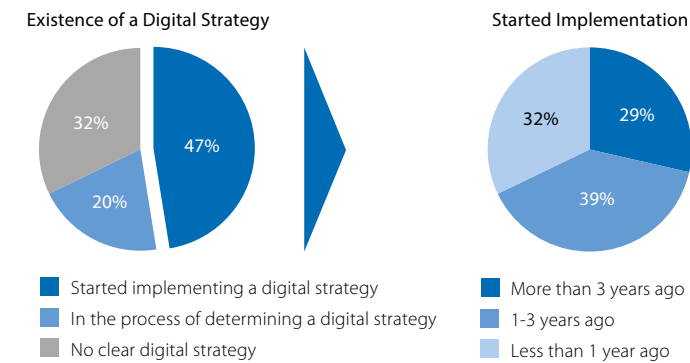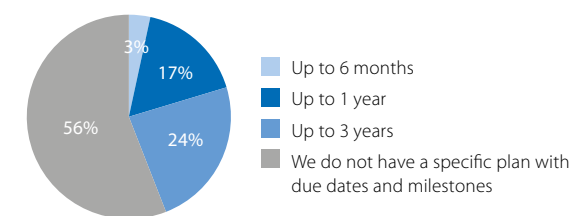## Chart 3.3.10.: Implementation of digital strategy (France)

Question: *Is your digital transformation driven by a clear plan with due dates and milestones?*
If YES, how long is the horizon for implementing that plan in your legal department?

- 3%
- 17%
- 24%
- 56%

- ☐ Up to 6 months
- ■ Up to 1 year
- ■ Up to 3 years
- ■ We do not have a specific plan with due dates and milestones

The Belgian situation is similar to the Dutch one: 42% of respondents do not have a digital strategy in place, nor are they assessing one right now. Another 23% are currently looking into the best possible options for their departments and 35% have already started implementing their strategies.

Chart 3.3.11.: Implementation of digital strategy (Belgium)

Question: *Does your corporate legal department have an established digital strategy?*
If YES, when did you start implementing it?

Existence of a Digital Strategy

35%
23%
42%

Started Implementation

33%
33%
33%

- ■ Started implementing a digital strategy
- ■ In the process of determining a digital strategy
- ■ No clear digital strategy

- ■ More than 3 years ago
- ■ 1-3 years ago
- ■ Less than 1 year ago

One third of Belgian legal departments have started implementing digital strategies within the last year, while another third started implementing them between one and three years ago. A final third has been implementing their digital strategies for over three years now. The proportion of legal departments which do not have specific goals or milestones in place for their strategies is similar to the figures for the German and Dutch markets, and less in line with the French or the Spanish ones. Just 23% of Belgian legal departments have set themselves due dates for their goals.

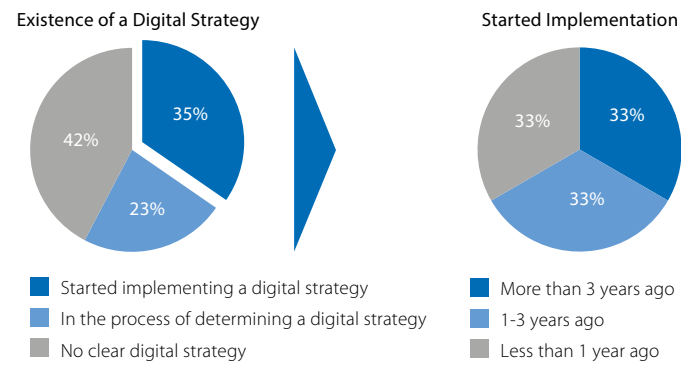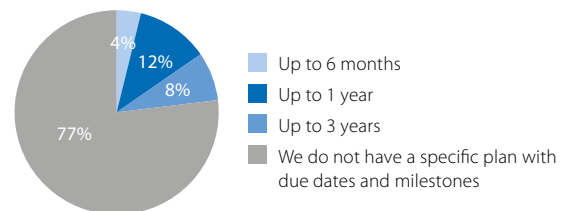## Chart 3.3.12.: Implementation of digital strategy (Belgium)

Question: *Is your digital transformation driven by a clear plan with due dates and milestones?*
If YES, how long is the horizon for implementing that plan in your legal department?

4%
12%
8%
77%

- ■ Up to 6 months
- ■ Up to 1 year
- ■ Up to 3 years
- ■ We do not have a specific plan with due dates and milestones

▶▶▶

47% of legal departments in Europe have already established a digital strategy, with an additional 20% currently considering it. 41% of digital strategies were established more than three years ago, with a further 37% established between one and three years ago. In addition, 22% of digital strategies are less than one year old. However, just one third of digital strategies include specific goals and a timeline for achieving milestones.

4 ORGANISATION & BUDGET

4.1 EVERY THIRD DIGITAL STRATEGY IN EUROPEAN LEGAL DEPARTMENTS OPERATES ON A BUDGET

One third of European legal departments with digital strategies operate with an established budget to implement their strategy. The numbers and budget sizes vary considerably across the continent, with smaller companies preferring smaller budgets for their operations.

- One in three digital strategies in Europe is established on the basis of a budget

- In Germany, just one in five legal departments is working with a budget to implement their digital strategies

- Companies in Europe with higher revenue have a larger range for budgets, in comparison to smaller companies that exclusively prefer smaller budgets

Establishing what the budget range is for legal departments can help identify the extent of the digital strategies across Europe and provide a clearer picture of the degree to which transformation can be expected in legal departments.

ONE OUT OF THREE LEGAL DEPARTMENTS HAVE AN ALLOCATED BUDGET TO IMPLEMENT THEIR STRATEGY

Just 36% of legal departments have an established budget allocated to their departments for the implementation of their digital strategies. A total of 64% of legal teams do not have an established budget for this purpose.

When looking at companies with annual revenue in excess of €1 billion, figures are slightly higher for companies working with digital strategies, though the difference is not significant. Budget-wise, however, it is clear that larger companies can allocate larger budgets to their corporate legal departments:

Figure 4.1.1.: Digital strategy budget (across Europe)
Question: *To what category does your digital strategy budget belong?*

Less than €25,000
€25,000 – €100,000
€100,000 – €250,000
More than €250,000
No specific budget
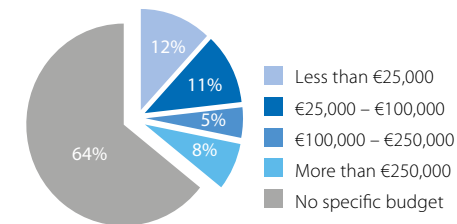
12% of companies in this category enjoy a budget in excess of €250,000, while another 6% of corporate legal departments have budgets that range between €100,000 and €250,000. Similarly, 12% of companies have budgets ranging between €25,000 and €100,000, with another 6% which have budgets of less than €25,000.

Figure 4.1.2.: Digital strategy budget for companies with an annual revenue exceeding €1 billion (across Europe)
Question: *To what category does your digital strategy budget belong?*

Less than €25,000
€25,000 – €100,000
€100,000 – €250,000
More than €250,000
No specific budget
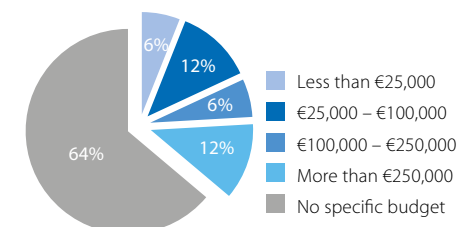
On the other hand, for companies with revenue of under €1 billion, there is a decrease in the figure for companies working with a digital strategy, down from 78% in companies with an annual revenue exceeding €1 billion to 65% for companies under €1 billion.

Figure 4.1.3.: Digital strategy budget for companies with an annual revenue under €1 billion (across Europe)
Question: *To what category does your digital strategy budget belong?*

Less than €25,000
€25,000 – €100,000
€100,000 – €250,000
More than €250,000
No specific budget
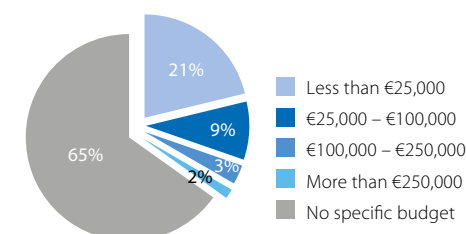
Though the proportion of companies who do not have a specific budget in place remained consistent at 65%, the number of companies whose budget is less than €25,000 is significantly higher, at the expense of larger budget options. A total of 21% of legal departments with digital strategies have budgets of less than €25,000, with only 5% of budgets exceeding €100,000.

GERMANY HAS THE LOWEST PROPORTION OF LEGAL DEPARTMENTS WITH A BUDGET, BELGIUM THE HIGHEST

For legal departments in Germany, the proportion of legal departments working with digital strategies is in line with the European average. However, Germany has the largest proportion of legal departments which do not have a specific budget for their activities – just one in five legal departments have been allocated specific budgets. The allocation is rather balanced though – 3% have budgets exceeding €250,000, 6% have budgets ranging between €100,000 and €250,000, another 5% have budgets between €25,000 and €100,000, and the final 6% of legal departments have budgets amounting to less than €25,000.

Figure 4.1.4.: Digital strategy budget (Germany)
Question: *To what category does your digital strategy budget belong?*

- 6% Less than €25,000
- 5% €25,000 – €100,000
- 6% €100,000 – €250,000
- 3% More than €250,000
- 80% No specific budget
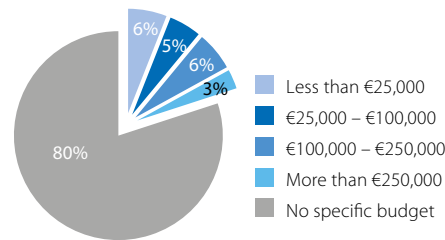
The Netherlands has the largest proportion of companies that do not have clear digital strategies in place – just 58% of respondents work with a digital strategy to adapt their legal departments to the digital era. For legal departments that have a digital strategy in place, more than half (54%) do not have a specific budget to work with. Furthermore, 23% of legal departments have budgets that amount to less than €25,000, while an additional 18% have budgets ranging between €25,000 and €100,000, and another 5% have budgets between €100,000 and €250,000.

Figure 4.1.5.: Digital strategy budget (the Netherlands)
Question: *To what category does your digital strategy budget belong?*

- 23% Less than €25,000
- 18% €25,000 – €100,000
- 5% €100,000 – €250,000
- 0% More than €250,000
- 54% No specific budget
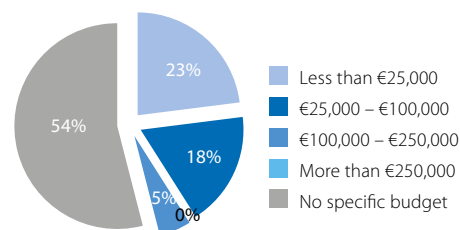
Figure 4.1.6.: Digital strategy budget (Spain)
Question: *To what category does your digital strategy budget belong?*

- 5% Less than €25,000
- 14% €25,000 – €100,000
- 0% €100,000 – €250,000
- 24% More than €250,000
- 57% No specific budget
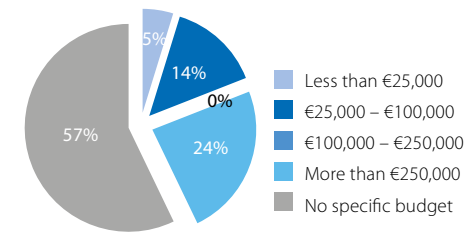
In Spain, a total of 72% of corporate legal departments have a digital strategy in place to modernise their legal departments. The allocation of budgets differs greatly from other countries. 5% of departments have budgets that amount to less than €25,000. Another 14% of departments have budgets in place ranging between €25,000 and €100,000. A total of 57% of departments do not have a specific budget in place.

Figure 4.1.7.: Digital strategy budget (France)
Question: *To what category does your digital strategy budget belong?*

- 17% Less than €25,000
- 7% €25,000 – €100,000
- 3% €100,000 – €250,000
- 7% More than €250,000
- 66% No specific budget
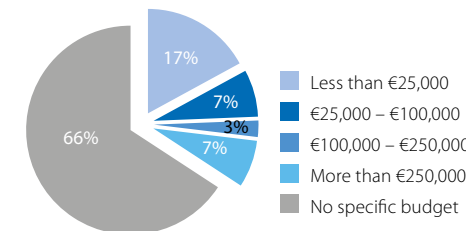
The French figure is the closest to the European average, with a total of 69% of respondents working with a digital strategy. Of the 69%, two thirds do not have a specific budget in place, which is in line with the European average. Of the remaining 34% with a budget, half of the organisations have a budget amounting to less than €25,000. Another 7% have a budget which ranges between €25,000 and €100,000. Furthermore, 3% of corporate legal departments have a budget between €100,000 and €250,000. Finally, 7% of legal departments have budgets exceeding €250,000.

Figure 4.1.8.: Digital strategy budget (Belgium)
Question: *To what category does your digital strategy budget belong?*

Less than €25,000
€25,000 – €100,000
€100,000 – €250,000
More than €250,000
No specific budget
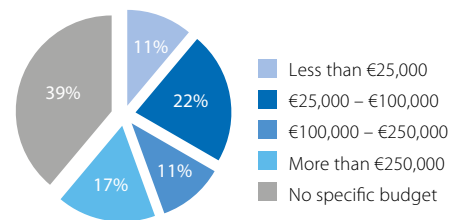
The budget allocation in Belgian legal departments is the most balanced out of all of the surveyed countries. 69% of organisations have a digital strategy in place for their corporate legal departments. 39% of organisations with a digital strategy in place do not have an established budget. The largest proportion of legal departments has a budget ranging between €25,000 and €100,000, amounting to 22% of corporate legal departments with a digital strategy. A total of 17% of legal departments have budgets exceeding €250,000.

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Even though 71% of legal departments are working with digital strategies, only one third of those strategies have an established budget. The budgets vary, with most budgets amounting to less than €25,000. The proportions increase for legal departments with annual revenue below €1 billion, with 21% of digital strategies having budgets below €25,000. Belgium has the most legal departments with budgets, where 61% of legal departments with a digital strategy have one.

4.2 WHO SUPPORTS CHANGE?

The heads of legal departments, the largest demographic included in this survey, show the most support for digital strategies in legal departments, followed by the IT department and C-level executives.

- Over half of the legal departments in Europe see general counsel as supportive of the legal department's digital strategy

- IT departments are viewed as supportive in all surveyed countries, expect the Netherlands

- C-level executives are supportive of digital strategies in one third of legal departments across Europe

Having individuals within the organisation who strongly support the implementation of a digital strategy in a legal department provides direction for achieving the desired end result. Given that corporate legal departments, in principle, agree that having a proper strategy in place to adopt legal technology increases the efficiency of a legal department, as established in Chapter 3, having individuals in place who support implementing the strategy is highly significant.

GENERAL COUNSEL ARE THE MOST VOCAL PROPONENTS OF CHANGE

Across Europe, the position of general counsel is seen as the most supportive of the implementation of an organisation's digital strategy. At 58%, it is the only position reported to be supportive by more than half of the respondents all across Europe. One must take into account the proportion of general counsel who participated in this survey, amounting to 57% of the overall participants.

Nevertheless, by highlighting themselves as the most supportive unit within the organisation, it is clear that the heads of legal departments – and by extension, management, to whom general counsel report to – are aware of the necessity to adapt and modernise. However, the view that just 40% of IT depart-

Figure 4.2.1.: Support for the digital strategy within the company (across Europe)
Question: *Who supports your digital strategy in your organisation?*

General Counsel	58%
IT Department	40%
CEO (Chief Executive Officer)	37%
CFO (Chief Financial Officer)	32%
Senior Legal Department Members	32%
Junior Legal Department Members	23%
Legal Operations	23%
COO (Chief Operating Officer)	14%
Other	13%
External Providers (Law Firms, Consultancies)	10%
Sales	8%
CRO (Chief Risk Officer)	4%
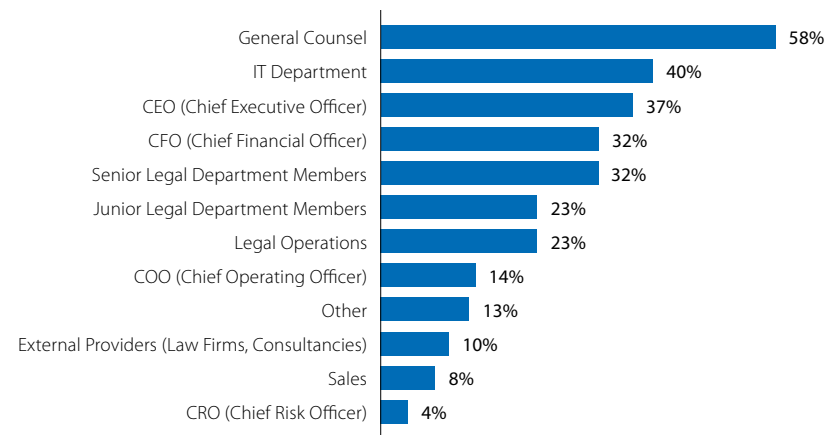
ments support the digital strategy and only 37% of Chief Executive Officers, is of concern as there should be a larger proportion of support throughout the organisation. Similarly, the lack of enthusiasm from both senior and junior legal department members raises the question of whether the legal department's digital strategy is being discussed enough within the organisation.

DIFFERENT RATES OF SUPPORT IN DIFFERENT MARKETS

In Germany, general counsel top the list at 66%, a full 8 percentage points higher than the European average. The business unit that is seen as the second most supportive of the corporate legal digital strategy is the IT department at 45%. A shift away from the European averages can been seen among the bot-

Figure 4.2.2.: Support for the digital strategy within the company (Germany)
Question: *Who supports your digital strategy in your organisation?*

General Counsel	66%
IT Department	45%
Senior Legal Department Members	44%
Junior Legal Department Members	35%
CEO (Chief Executive Officer)	34%
CFO (Chief Financial Officer)	33%
Legal Operations	23%
External Providers (Law Firms, Consultancies)	13%
Other	13%
COO (Chief Operating Officer)	9%
Sales	6%
CRO (Chief Risk Officer)	3%

Figure 4.2.3.: Support for the digital strategy within the company (the Netherlands)
Question: *Who supports your digital strategy in your organisation?*

CEO (Chief Executive Officer)	61%
General Counsel	58%
CFO (Chief Financial Officer)	52%
Senior Legal Department Members	35%
COO (Chief Operating Officer)	26%
IT Department	23%
Junior Legal Department Members	19%
Legal Operations	16%
Other	13%
Sales	10%
External Providers (Law Firms, Consultancies)	6%
CRO (Chief Risk Officer)	0%

tom-third of the list. Senior legal department members ranked as the third-most frequent supporters of legal digital strategies with 44%. This is a full 12 percentage points above the European average. Similarly, junior legal department members also show a larger proportion of support in Germany at 35%, which is 12% above the continental average.

The Netherlands stands out as the only market where support from the general counsel does not top the list. This is reserved for the CEO, who leads the way with 61% of corporate legal departments. 58% of legal departments put support from their general counsel in second place. Surprisingly, in third place, 52% of legal departments see their digital strategies supported by the CFOs of their organisations, which is a full 20 percentage points above the European average. On the flip side, support from the IT department is 17 percentage points lower than the European average.

Figure 4.2.4.: Support for the digital strategy within the company (Spain)
Question: *Who within your organisation supports your digital strategy?*

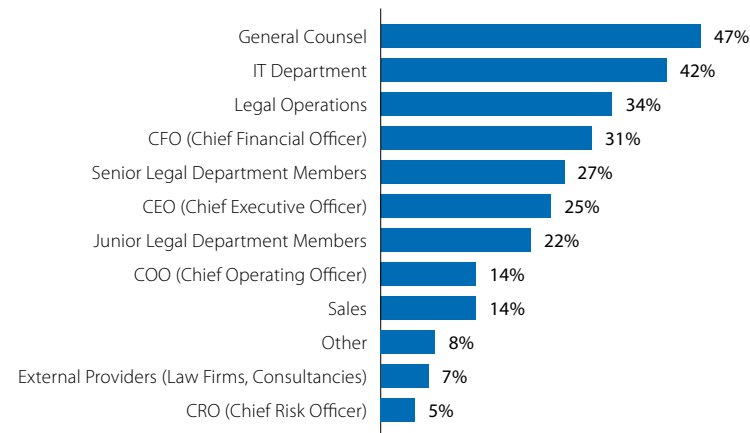|	
General Counsel	52%
CEO (Chief Executive Officer)	45%
IT Department	41%
CFO (Chief Financial Officer)	28%
Senior Legal Department Members	24%
Legal Operations	21%
COO (Chief Operating Officer)	17%
Junior Legal Department Members	17%
Other	14%
Sales	10%
External Providers (Law Firms, Consultancies)	7%
CRO (Chief Risk Officer)	3%

Figure 4.2.5.: Support for the digital strategy within the company (France)
Question: *Who supports your digital strategy in your organisation?*

General Counsel	47%
IT Department	42%
Legal Operations	34%
CFO (Chief Financial Officer)	31%
Senior Legal Department Members	27%
CEO (Chief Executive Officer)	25%
Junior Legal Department Members	22%
COO (Chief Operating Officer)	14%
Sales	14%
Other	8%
External Providers (Law Firms, Consultancies)	7%
CRO (Chief Risk Officer)	5%

The Spanish rankings largely correlate with the European results, with general counsel leading the way with 52% of legal departments considering them most supportive. The general counsel are followed by the CEOs in second place at 45% and the IT department in third place at 41%. There is a noticeable drop off between the third and fourth options, with CFOs in Spanish legal departments coming in at 28%.

The French situation could be seen as the most balanced out of all the results, as no options reached the 50% threshold. General counsel still topped the list at 47%, followed by the IT department at 42%. Noticeably, legal operations take the third spot with 34%, which is 11 percentage points above the European average. This highlights the intrinsic difference of the French market and how legal operations are positioned differently within the country.

Figure 4.2.6.: Support for the digital strategy within the company (Belgium)
Question: *Who supports your digital strategy in your organisation?*

General Counsel	65%
CEO (Chief Executive Officer)	31%
IT Department	31%
CFO (Chief Financial Officer)	23%
Senior Legal Department Members	19%
Legal Operations	19%
Other	19%
COO (Chief Operating Officer)	12%
External Providers (Law Firms, Consultancies)	8%
CRO (Chief Risk Officer)	4%
Junior Legal Department Members	4%
Sales	4%

The Belgian market is the most clear-cut market out of all of the surveyed countries. 65% of general counsel support the digital strategies of their corporate legal departments. Tied for second place, both CEOs and IT departments garnered 31% of votes. Furthermore, 23% of legal departments saw CFOs as supporting the strategies, whereas senior legal department members and legal operations were noted by 19% of Belgian respondents.

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Over half of legal departments in Europe see general counsel as supportive of the organisation's digital strategy for legal departments, though it should be taken into account that 58% of the participants in this study were general counsel. IT departments, C-level executives and senior legal department members are also considered by at least one third of legal departments to be supportive. There are considerable variances between the surveyed countries, though support from general counsel is widely agreed upon.

4.3 LEGAL DEPARTMENTS EXPECT LEGAL TECHNOLOGY TO PLAY AN INCREASINGLY SIGNIFICANT ROLE IN THE FUTURE

Though most corporate legal departments across Europe do not currently use legal technology to a great extent in their daily work, the majority of legal departments expect a significant increase in usage in the next five years.

- One in two legal departments in Europe use legal technology for at least some of their daily work, amounting to less than 20% of their overall workload

- Half of Spanish legal departments already use legal technology for at least 21% of their daily work

- Legal departments expect the usage of legal technology to increase considerably in the next five years

Participants were asked to provide their opinion on the usage of legal technology today and how they believe the trend will have shifted in five years. This provides an overview of where participants see their departments now and how drastic legal departments across Europe expect the shift to be in the upcoming years.

SOME ROLE FOR LEGAL TECHNOLOGY IN DAILY WORK CURRENTLY, EXPECTING MAJOR CHANGES IN THE NEAR FUTURE

When asked what proportion of daily work in their legal departments – currently includes elements of legal technology, the answers dip dramatically to the lower regions of the chart. 5% of respondents see 0% of work involving legal technology. The largest proportion of respondents, 49%, were of the opinion that legal technology plays some role today, ranging between 1% and 20%. An additional 23% of respondents

saw legal technology as playing a role in 21%–40% of their daily work. This is followed by 7% of respondents, who view legal technology as playing a role in 61%–80% of their work. Finally, 3% of respondents rate legal technology as playing a role in 81%–100% of their daily work.

Figure 4.3.1.: The impact of legal technology today and tomorrow (across Europe)
Question: *What is the proportion of daily work in your legal department where legal technology plays a role today? In your personal opinion, what will the proportion be in five years?*

Share of Overall Workload, Where Legal Technology Plays a Role
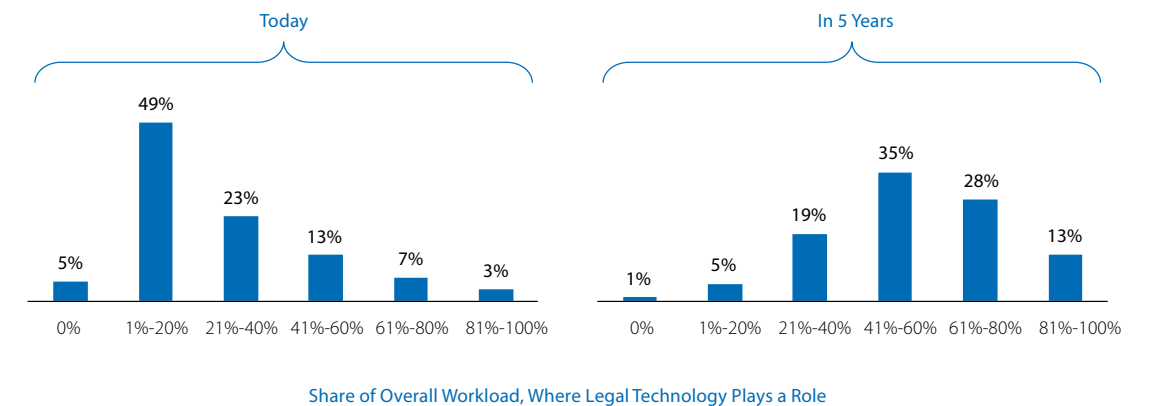
However, legal departments across Europe expect major changes to unfold in the coming years. 35% of respondents see legal technology as suitable for at least 41%–60% of daily work. A further 28% see legal technology as having an even bigger role to play, ranging between 61% and 80% of daily work.

There is even a considerable proportion of legal departments (13%) which believe that legal technology will be incorporated into at least 81% of the work in legal departments. 25% of respondents are more reserved with their judgment, with 19% believing legal technology suitable for 21% to 40% of work, another 5% expecting it to cover 1% to 20% of work, and 1% of respondents who believe that legal technology will have no role to play in 5 years.

### ALL MARKETS EXPECT AN INCREASE IN LEGAL TECHNOLOGY USAGE

When looking at the German response to this question, it is clear that today, German legal departments see legal technology as playing a lesser role than the European average.

When looking at how German legal departments see the role of legal technology evolving within the next 5 years, one can see that the outlook is more reserved than the European average.

For the Dutch market, when looking at the current perspective of legal departments, 57% of participants see legal technology as playing a role in 1%–20% of the work in their respective legal departments.

Figure 4.3.2.: The impact of legal technology today and tomorrow (Germany)

Question: _What is the proportion of daily work in your legal department where legal technology plays a role today? In your personal opinion, what will the proportion be in five years?_
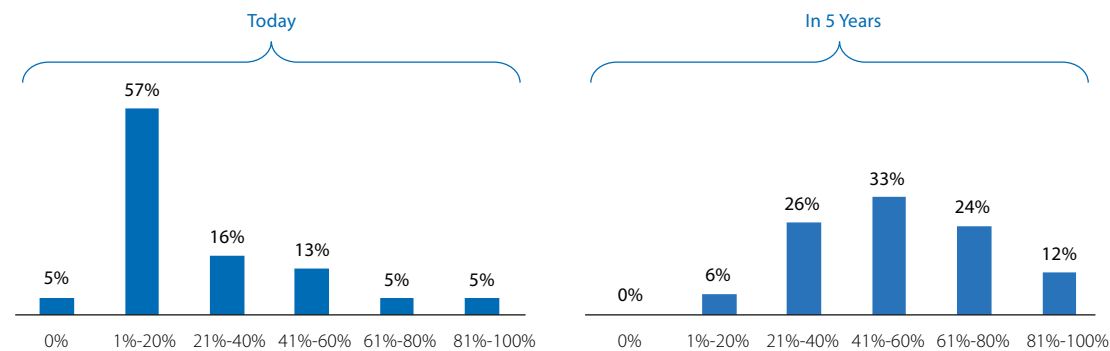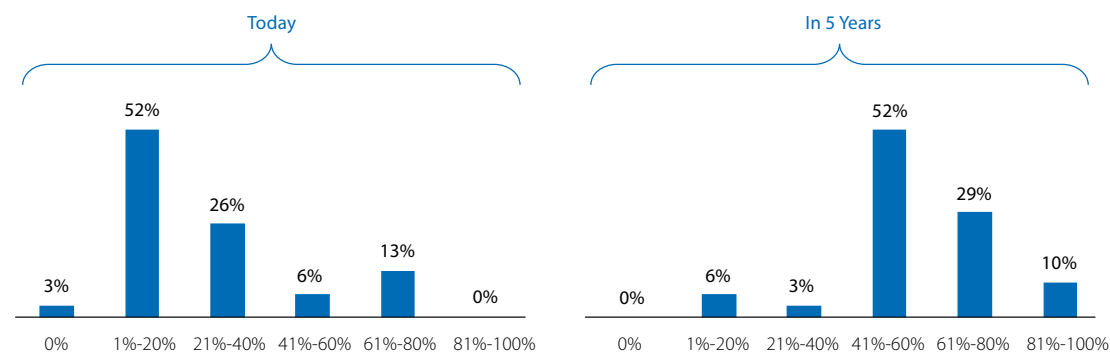

Share of Overall Workload, Where Legal Technology Plays a Role

The way that the Dutch corporate legal departments view the role of legal technology in five years differs extensively from other surveyed countries, with the exception of Belgium. The largest proportion of respondents, at 52%, see legal technology as playing role in at least a 41% and up to 60% of daily work in five years' time. The second largest group of respondents (29%) see legal technology as playing a role ranging between 61% and 80%.

Spain is the only surveyed country where the largest proportion of respondents on today's perspective differs from all other surveyed markets. 36% of participants see their legal departments today with legal technology playing a 21% to 40% role in their daily work.

Figure 4.3.3.: The impact of legal technology today and tomorrow (the Netherlands)

Question: _What is the proportion of daily work in your legal department where legal technology plays a role today? In your personal opinion, what will the proportion be in five years?_

Share of Overall Workload, Where Legal Technology Plays a Role

Figure 4.3.4.: The impact of legal technology today and tomorrow (Spain)

Question: _What is the proportion of daily work in your legal department where legal technology plays a role today? In your personal opinion, what will the proportion be in five years?_
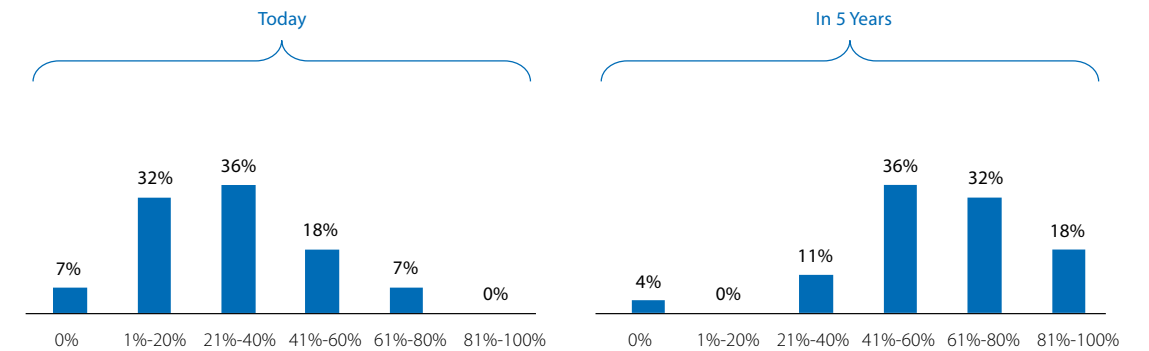
Share of Overall Workload, Where Legal Technology Plays a Role

The future outlook for Spanish legal departments is balanced: 36% of legal departments expect legal technology to play a role in 41% to 60% of daily work, followed by 32% of respondents who see legal technology as having some influence on 61% to 80% of work.

The French perspective overall is balanced with 44% of legal departments currently viewing legal technology as playing a role in 1% to 20% of work, and another 25% of organisations using legal technology in 21% to 40% of their daily work. Furthermore, 15% of legal departments already use legal technology in 41% to 60% of their daily work.

Figure 4.3.5.: The impact of legal technology today and tomorrow (France)

Question: _What is the proportion of daily work in your legal department where legal technology plays a role today? In your personal opinion, what will the proportion be in five years?_

Share of Overall Workload, Where Legal Technology Plays a Role

Figure 4.3.6.: The impact of legal technology today and tomorrow (Belgium)
Question: *What is the proportion of daily work in your legal department where legal technology plays a role today? In your personal opinion, what will the proportion be in five years?*
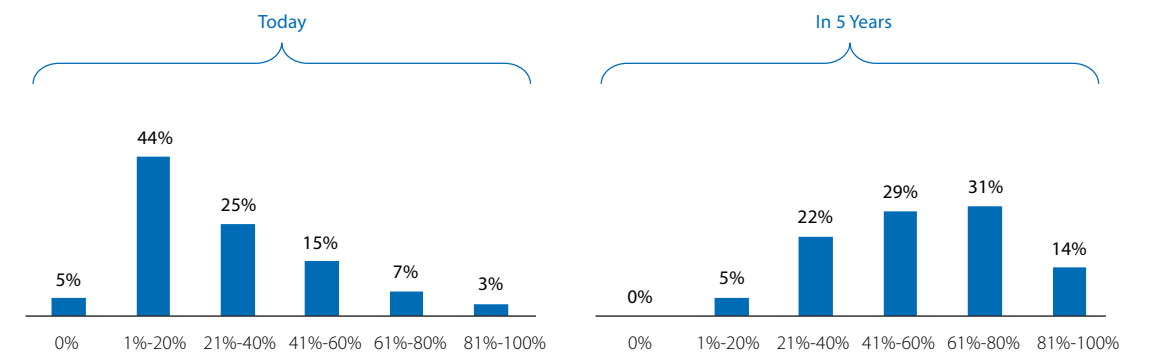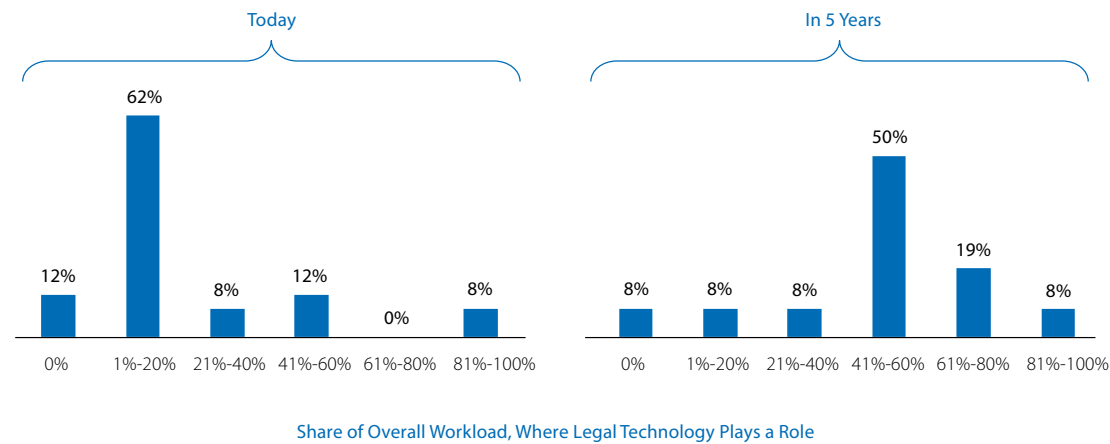

Today — In 5 Years

Today:
- 0%: 12%
- 1%-20%: 62%
- 21%-40%: 8%
- 41%-60%: 12%
- 61%-80%: 0%
- 81%-100%: 8%

In 5 Years:
- 0%: 8%
- 1%-20%: 8%
- 21%-40%: 8%
- 41%-60%: 50%
- 61%-80%: 19%
- 81%-100%: 8%

Share of Overall Workload, Where Legal Technology Plays a Role

The French outlook for the future is also well balanced: 31% of legal departments expect legal technology to have a role in 61%–80% of legal work in 5 years. The second largest proportion of legal departments expect legal technology to have a place in 41%–60% of work, followed by 22% of respondents, who see legal technology playing a part in 21%–40% of daily work.

The perspective of Belgian legal departments on the role of legal technology today is most similar to the Dutch point of view. 62% of legal departments in Belgium see legal technology as having a place in 1% to 20% of daily work within the department. Furthermore, 12% of respondents see legal technology as playing a role in 0% of the work that is done on a daily basis, in addition to another 12%, who see 41% to 60% of work being performed with the support of legal technology.

50% of Belgian legal departments see legal technology as playing a role in at least 41% to 60% of daily work five years from now. This option was the most popular among all the countries surveyed, with the exception of France. The second most popular choice with 19% of participants was the expectation that 61%–80% of daily work will be influenced by legal technology.

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Half of the legal departments see legal technology as currently playing a minor role in their daily work. With the exception of Spain, no other country views legal technology as currently playing a considerable role in more than 20% of daily work. However, legal departments expect major changes in the next five years, anticipating legal technology to play a role in at least 40% of daily work. German and French legal departments are the most sceptical of these projections, with the Dutch being most adamant.

5 PRACTICAL EXPERIENCE WITH LEGAL TECHNOLOGY

5.1 WHAT SOLUTIONS ARE ALREADY IN USE?

All five surveyed countries exhibit similar tendencies when it comes to technology solutions that are being prioritised and those that legal departments have decided not to implement. Lower levels of implementation were observed for purely legal technology solutions.

- Three out of five legal departments have an established shared data repository for their departments, with an additional 25% of legal departments currently implementing one

- One in three departments are currently implementing data privacy solutions

- Contract automation and e-discovery were highlighted as the least likely to be implemented

By asking respondents to highlight solutions that their departments have already implemented or to indicate any future plans, the priorities of legal departments across Europe can be identified and insight provided into how the work inside a legal department could shift in the future.

THREE OUT OF FIVE LEGAL DEPARTMENTS IN EUROPE HAVE IMPLEMENTED DATA REPOSITORIES

Shared document and data repositories stand out from other solutions as the legal technology solution that has already been implemented by legal departments across Europe – 96% of legal departments either have this solution in place or are planning to implement it.

Figure 5.1.1.: Currently implemented legal technology (across Europe)

Question: What legal tech solutions have been implemented/are in the process of being implemented/ will be implemented in your legal department?
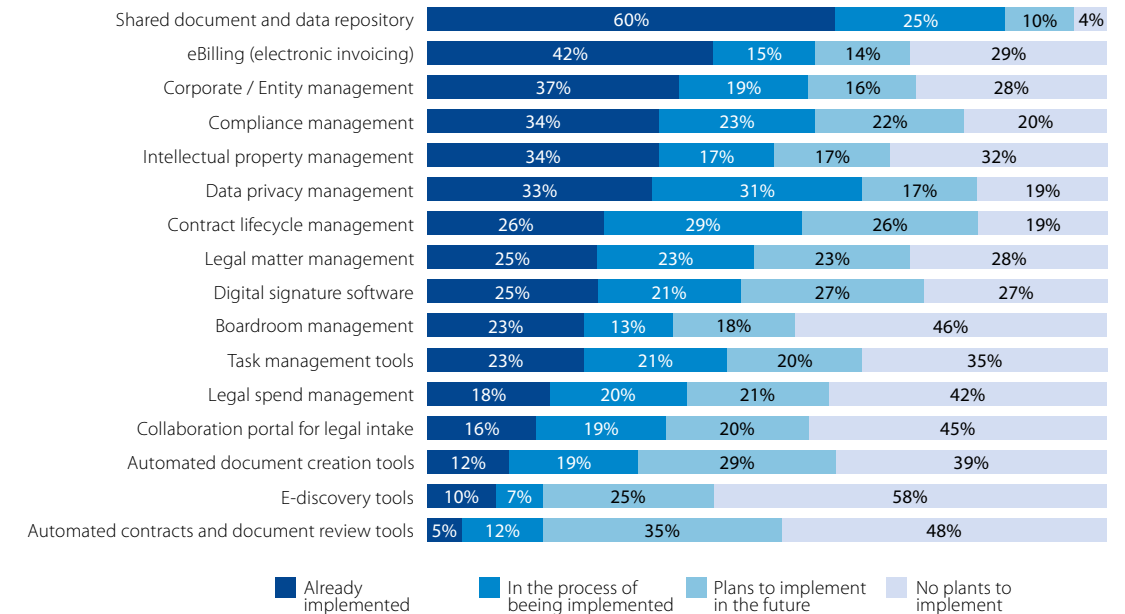
There are five additional solutions that have already been implemented by at least 30% of European legal departments. However, there are also a number of solutions which participants across Europe show no interest in implementing any time soon. Automated contracts and other AI-based contract analysis tools have been implemented by just 5% of departments.

It should be noted that the solutions most implemented by organisations across Europe are also the most established solutions as well. For example, data repositories are not inherently a legal technology solution, as the concept can be applied throughout a business. Similarly, eBilling, implemented by 42% of legal departments already, is a universal solution and enjoys high levels of popularity across all business units.

When looking at solutions that aim to modernise certain legal processes, the implementation rate is much lower, in addition to having a much higher rate of legal departments who are not planning on implementing these solutions in the near future. Automated document creation, e-discovery, and contract automation are the three least implemented solutions. Two out of the aforementioned three solutions also have the two highest rates of departments that do not have any plans to implement them.

DATA REPOSITORIES PRIORITISED ACROSS EUROPE

Germany has four software solutions that at least 40% of legal departments have implemented. Similar to the European results, shared document and data repositories take the top of the list. As with the European averages, eBilling places second, with 45% of legal departments already having implemented it.

Figure 5.1.2.: Currently implemented legal technology (Germany)
Question: *What legal tech solutions have been implemented/are in the process of being implemented/ will be implemented in your legal department?*

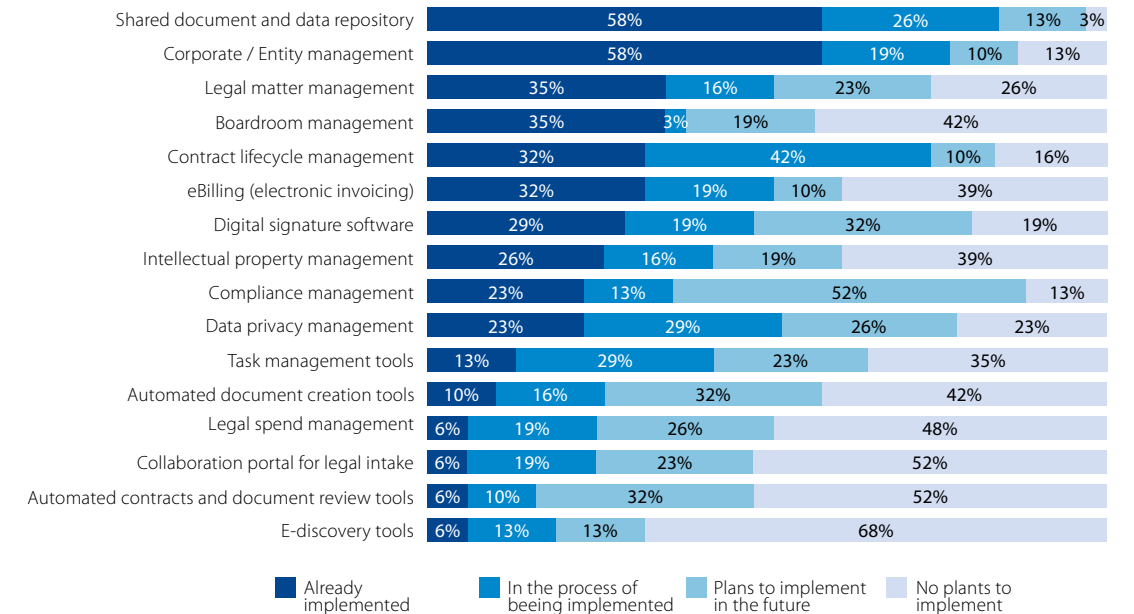|	Already implemented	In the process of beeing implemented	Plans to implement in the future	No plants to implement
Shared document and data repository	65%	22%	9%	3%
eBilling (electronic invoicing)	45%	15%	12%	28%
Compliance management	40%	26%	20%	15%
Intellectual property management	40%	15%	15%	30%
Data privacy management	35%	33%	12%	21%
Task management tools	33%	20%	21%	26%
Corporate / Entity management	31%	23%	16%	29%
Legal matter management	29%	24%	27%	20%
Contract lifecycle management	23%	27%	28%	22%
Boardroom management	20%	16%	15%	49%
Digital signature software	20%	17%	29%	33%
Automated document creation tools	16%	21%	28%	34%
Legal spend management	14%	26%	26%	35%
E-discovery tools	13%	3%	26%	57%
Collaboration portal for legal intake	12%	22%	26%	40%
Automated contracts and document review tools	6%	9%	35%	49%

Compliance, intellectual property, and data privacy management also have high rates of implementation, with the former two at 40% and the latter at 35%. Both compliance and data privacy management also had fewer participants indicate no plans to implement them. Similar to the European averages, however, contract automation and contract analysis tools have the largest proportion of respondents indicating plans to implement them, with 35% of legal departments in Germany planning to do so in the future.

58% of Dutch legal departments have implemented shared document and data repositories. This is followed by corporate management solutions, which 58% of legal departments have also already implemented, a 21% increase on the European average. Only 13% of departments do not have any plans to introduce corporate management solutions into their organisation, the second-lowest rated option in this category.

Figure 5.1.3.: Currently implemented legal technology (the Netherlands)
Question: *What legal tech solutions have been implemented/are in the process of being implemented/ will be implemented in your legal department?*

	Already implemented	In the process of beeing implemented	Plans to implement in the future	No plants to implement
Shared document and data repository	58%	26%	13%	3%
Corporate / Entity management	58%	19%	10%	13%
Legal matter management	35%	16%	23%	26%
Boardroom management	35%	3%	19%	42%
Contract lifecycle management	32%	42%	10%	16%
eBilling (electronic invoicing)	32%	19%	10%	39%
Digital signature software	29%	19%	32%	19%
Intellectual property management	26%	16%	19%	39%
Compliance management	23%	13%	52%	13%
Data privacy management	23%	29%	26%	23%
Task management tools	13%	29%	23%	35%
Automated document creation tools	10%	16%	32%	42%
Legal spend management	6%	19%	26%	48%
Collaboration portal for legal intake	6%	19%	23%	52%
Automated contracts and document review tools	6%	10%	32%	52%
E-discovery tools	6%	13%	13%	68%

Contract lifecycle management is the solution most prioritised, with 42% of legal departments currently in the process of implementing tools of this kind. 32% of legal departments have already gone through the implementation process, with only 10% of respondents indicating plans to implement it in the future. 16% of legal departments indicate no plans to implement it.
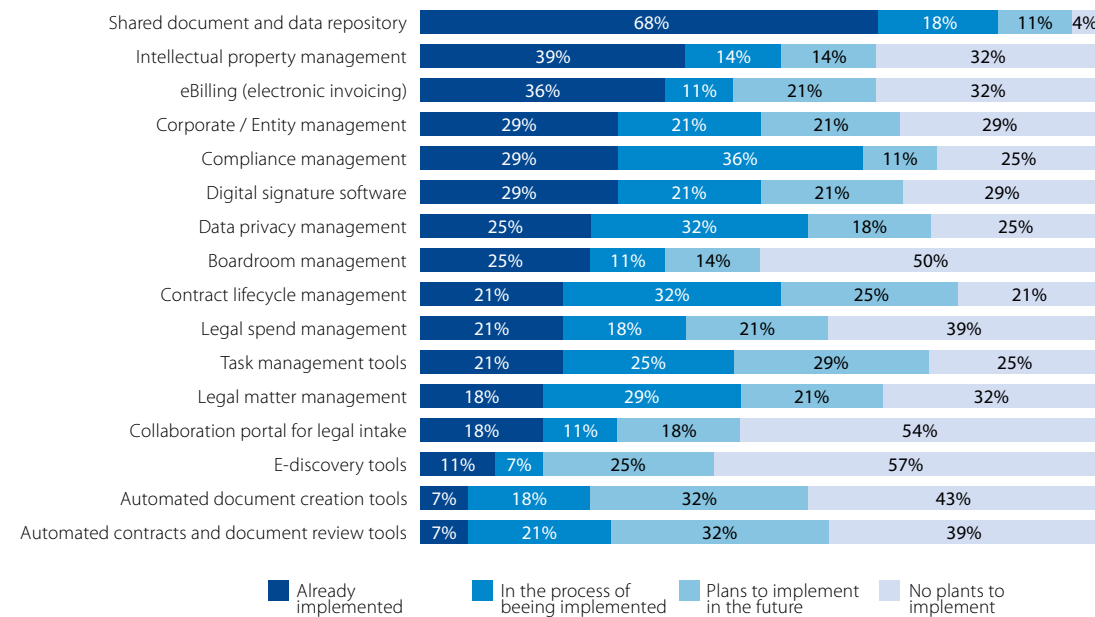
This shows that legal departments throughout the Netherlands have already assessed and decided on whether to implement it or not. As with the European averages, tools and solutions that replace or assist the work that lawyers do are at the bottom of the list, with contract analysis tools and e-discovery tools at a 6% rate of implementation. Furthermore, such tools see the highest rates of legal departments who do not indicate any plans to implement them any time soon.

TWO OUT OF THREE SPANISH LEGAL DEPARTMENTS HAVE IMPLEMENTED DATA REPOSITORIES

The Spanish results largely reflect the European averages. 68% of legal departments in Spain have already implemented shared data and document repositories, with an additional 18% currently in the implementation phase and another 11% planning to do so in the future.

Figure 5.1.4.: Currently implemented legal technology (Spain)

Question: *What legal tech solutions have been implemented/are in the process of being implemented/ will be implemented in your legal department?*

	Already implemented	In the process of beeing implemented	Plans to implement in the future	No plants to implement
Shared document and data repository	68%	18%	11%	4%
Intellectual property management	39%	14%	14%	32%
eBilling (electronic invoicing)	36%	11%	21%	32%
Corporate / Entity management	29%	21%	21%	29%
Compliance management	29%	36%	11%	25%
Digital signature software	29%	21%	21%	29%
Data privacy management	25%	32%	18%	25%
Boardroom management	25%	11%	14%	50%
Contract lifecycle management	21%	32%	25%	21%
Legal spend management	21%	18%	21%	39%
Task management tools	21%	25%	29%	25%
Legal matter management	18%	29%	21%	32%
Collaboration portal for legal intake	18%	11%	18%	54%
E-discovery tools	11%	7%	25%	57%
Automated document creation tools	7%	18%	32%	43%
Automated contracts and document review tools	7%	21%	32%	39%

Every third Spanish legal department is currently implementing compliance management solutions, with 36% of legal departments doing so. It is clear that both the Dutch and the Spanish legal markets are behind the German market with regard to implementing compliance tools, given the lower implementation rate. The most balanced responses for the Spanish market are for contract lifecycle management solutions. 21% of legal departments have already implemented these tools and an additional 32% are currently doing so. Furthermore, 25% of respondents indicate plans on doing so in the future, with another 21% stating they have no plans at this time. As with other surveyed countries, e-discovery, document automation and contract automation tools took the bottom three spots.
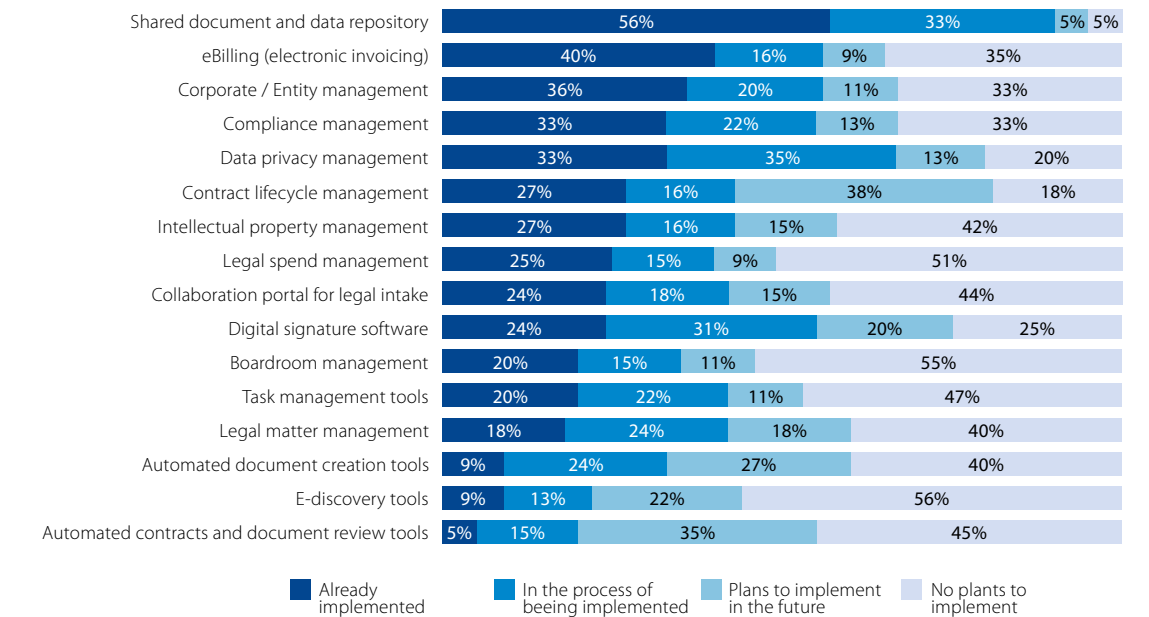
For boardroom management tools, it is also clear that the assessment and decision on implementation have already been made within the organisations. 25% of legal departments in Spain have already implemented this option, an additional 11% of organisations are currently implementing it, with another 14% planning on doing so.

A THIRD OF FRENCH LEGAL DEPARTMENTS ARE PLANNING TO IMPLEMENT CONTRACT AUTOMATION SOLUTIONS

The French market is most similar to the German one, albeit with a slightly lower rate of implementation across the board. Overall, there seems to be a balanced approach, with every legal technology tool being implemented to a certain degree. No solutions stand out with a high implementation rate or any indications to implement them in the near future.

Figure 5.1.5.: Currently implemented legal technology (France)

Question: *What legal tech solutions have been implemented/are in the process of being implemented/ will be implemented in your legal department?*

	Already implemented	In the process of beeing implemented	Plans to implement in the future	No plants to implement
Shared document and data repository	56%	33%	5%	5%
eBilling (electronic invoicing)	40%	16%	9%	35%
Corporate / Entity management	36%	20%	11%	33%
Compliance management	33%	22%	13%	33%
Data privacy management	33%	35%	13%	20%
Contract lifecycle management	27%	16%	38%	18%
Intellectual property management	27%	16%	15%	42%
Legal spend management	25%	15%	9%	51%
Collaboration portal for legal intake	24%	18%	15%	44%
Digital signature software	24%	31%	20%	25%
Boardroom management	20%	15%	11%	55%
Task management tools	20%	22%	11%	47%
Legal matter management	18%	24%	18%	40%
Automated document creation tools	9%	24%	27%	40%
E-discovery tools	9%	13%	22%	56%
Automated contracts and document review tools	5%	15%	35%	45%

56% of French legal departments have already implemented shared document and data repositories, with an additional 33% currently in the implementation process. eBilling is the second-most implemented solution at 40%, followed by corporate management tools at 36%, and compliance management tools at 33%. The decision whether to introduce compliance management solutions within the department has, as seen in the German market, already been made. In addition to the 33% of legal departments which have introduced these tools, an additional 22% are currently implementing them and another 13% plan on doing so in the future. 33% of legal departments have decided not to implement any compliance management tools now or in the near future.

Legal spend management is another solution for which data shows that an assessment on whether to implement it has, in general, been concluded. 25% of legal departments have already implemented tools of this kind. An additional 15% are currently implementing them, with another 9% planning on doing so
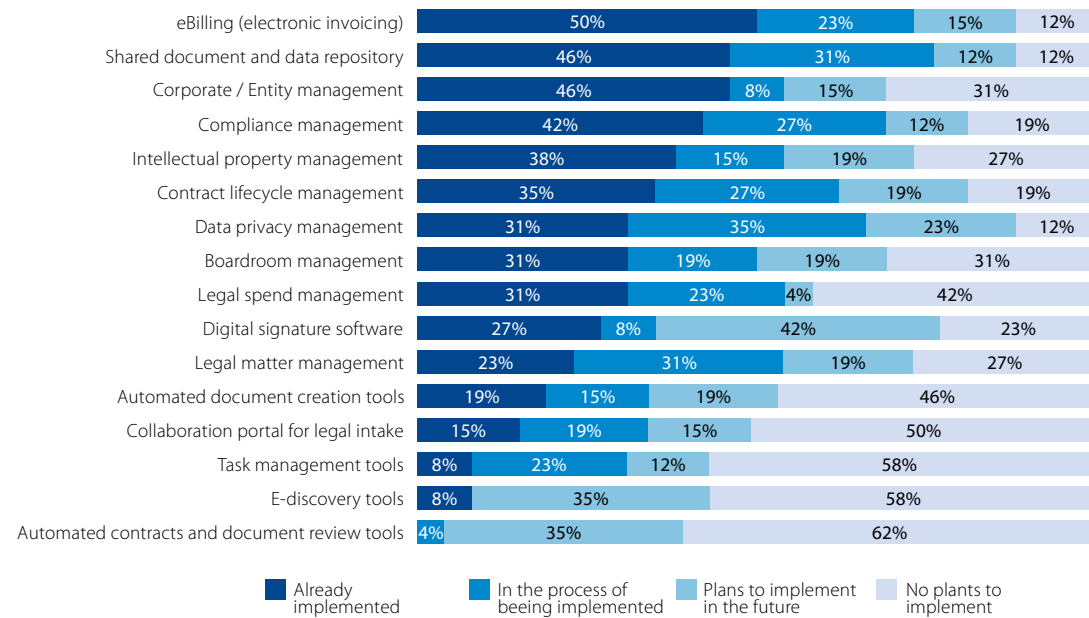
in the future. A total of 51% of legal departments in France have decided not to implement this tool. Digital signature solutions enjoy a 24% rate of implementation. An additional 31% of legal departments are currently implementing digital signature software into their workstreams, with another 20% planning on doing so in the future. As with other surveyed markets, document automation, e-discovery and contract automation and analysis tools see the lowest implementation rates. However, 35% of legal departments indicate plans to implement automated contracts into their workstreams in the future.

HALF OF BELGIAN LEGAL DEPARTMENTS HAVE ALREADY IMPLEMENTED EBILLING SOLUTIONS

The Belgian legal market is the only market out of all 5 surveyed countries where shared document and data repositories did not take the top of the list. Furthermore, it is the only country where online repositories have not been implemented by at least half of legal departments.

Figure 5.1.6.: Currently implemented legal technology (Belgium)
Question: *What legal tech solutions have been implemented/are in the process of being implemented/ will be implemented in your legal department?*

	Already implemented	In the process of beeing implemented	Plans to implement in the future	No plants to implement
eBilling (electronic invoicing)	50%	23%	15%	12%
Shared document and data repository	46%	31%	12%	12%
Corporate / Entity management	46%	8%	15%	31%
Compliance management	42%	27%	12%	19%
Intellectual property management	38%	15%	19%	27%
Contract lifecycle management	35%	27%	19%	19%
Data privacy management	31%	35%	23%	12%
Boardroom management	31%	19%	19%	31%
Legal spend management	31%	23%	4%	42%
Digital signature software	27%	8%	42%	23%
Legal matter management	23%	31%	19%	27%
Automated document creation tools	19%	15%	19%	46%
Collaboration portal for legal intake	15%	19%	15%	50%
Task management tools	8%	23%	12%	58%
E-discovery tools	8%	35%		58%
Automated contracts and document review tools	4%	35%		62%

Data privacy management is currently the most discussed solution in Belgium. 31% of legal departments have already implemented it, with another 35% currently doing so. Furthermore, 23% of Belgian legal departments have plans to implement some sort of data privacy software in the future.

Contract lifecycle management is another highly discussed solution within the Belgian landscape. A total of 35% of legal departments have already completed the implementation process, with another 27% currently implementing it. An additional 19% of legal departments also have plans to implement it in the future, with another 19% indicating no plans to do so. Similarly to France, interest in digital signature software solutions is elevated in Belgium. 27% of legal departments have already implemented it and 42% of legal departments indicate plans to implement it in the future.

23% of legal departments have already introduced legal matter management tools into their workstreams, with another 31% currently in the process of doing so. This is a high proportion of departments and it can be expected to become an integral tool in at least half of all Belgian legal departments. E-discovery and contract automation and analysis software stand at the bottom of the list, though legal departments are still interested in having these solutions within their organisations in the future. Both e-discovery and contract automation have been highlighted by 35% of legal departments in Belgium as having plans to implement them in the future.

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60% of legal departments have already improved their shared data repositories, with an additional 25% of legal departments currently in the implementation process. Data privacy management tools are currently implemented by a third of legal departments across Europe. Legal departments that have decided to implement intellectual property solutions have already done so, with a third of legal departments indicating no plans to implement them. Legal technology solutions, such as document automation and e-discovery have been implemented by the least number of legal departments.

5.2 IS IMPLEMENTING LEGAL TECHNOLOGY CHALLENGING?

Legal departments across Europe do not consider the implementation process to be either successful or unsuccessful. The opinions of legal departments across different jurisdictions do not differ significantly.

- Legal departments in Europe do not consider themselves to be either successful or unsuccessful in implementing legal technology

- The lack of variance across European countries indicates a similarity to challenges faced when implementing technology within their respective departments

- Belgian legal departments consider the implementation process as the most challenging

Having legal departments reflect on their own successes and failures regarding the implementation process highlights just how challenging the transformation process has been to date for legal departments across Europe. Change is difficult, and it only gets harder the more people there are who have to adapt. Given the potential and transformative nature of legal technology, it is interesting to look at how legal departments see the whole process and whether they consider it a success or not.

LEGAL DEPARTMENTS ARE RESERVED WHEN ASKED ABOUT THEIR SUCCESS IN IMPLEMENTING NEW TECHNOLOGY

Across Europe, on a scale ranging from 1 to 10, with 1 designating that the legal department was highly unsuccessful and 10 indicating a level of high success, European legal departments, on average, see themselves as very average with a score of 5.33.

Figure 5.2.1.: Success in implementing legal technology (across Europe)
Question: *How successful have you been in implementing legal technology in your corporate legal department?*
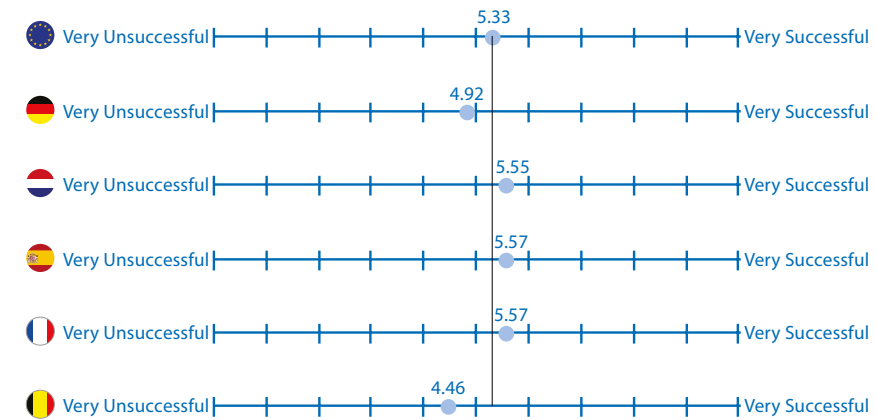
German legal departments are one of two surveyed countries where the average score places below 5.0, coming in at 4.92. The Dutch are mildly more optimistic about their success than the continental average, giving themselves a score of 5.55 out of 10. The Spanish legal departments are tied for first place with a score of 5.57 and see themselves as having the most success in implementing legal tech into their respective organisations. The French legal departments share their Spanish colleagues' optimism, also scoring an average of 5.57. The lowest score belongs to the Belgians, with an average score of 4.46. This is considerably lower than the German legal departments, which placed second-to-last, and more than one point lower than Spanish and French legal departments.

It is worth noting that the difference in averages between neighbouring countries exceeds one point. The opinion across Europe indicates that implementing legal technology has been challenging and only somewhat successful.

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Legal departments across Europe are modest when assessing their own success in implementing legal technology within their legal departments. Out of a score of 10, the average score in Europe amounts to 5.33, with Belgian legal departments considering themselves to be the least successful and the Spanish and French departments as the most successful. Overall, the variance does not differ considerably across the surveyed markets, indicating a general lack of satisfaction in implementing technology.

5.3 CHALLENGES WHEN IMPLEMENTING LEGAL TECHNOLOGY PERSIST

Legal departments across Europe have experienced challenges when implementing legal technology to a considerable degree. Process reorganisation and interface management were identified by half of participants as particularly challenging.

- Five challenges were identified by at least two out of five legal departments across Europe, including reorganising processes and an overall resistance to change

- Companies with higher revenue experience a higher proportion of challenges within their departments

- Low levels of technological expertise was highlighted as a major challenge for corporate lawyers

As shown by this study, the benefits of legal technology are widely agreed upon. Nevertheless, legal departments across Europe have felt only moderate success in introducing legal technology into their respective legal departments. The question then remains: what have been the most challenging aspects for legal departments across Europe?

HALF OF THE LEGAL DEPARTMENTS IN EUROPE HAVE EXPERIENCED DIFFICULTIES IN REORGANISING PROCESSES

Across Europe, every second legal department has experienced difficulties in restructuring the processes within their organisation. 47% of legal departments also highlighted general issues pertaining to the management of legal and IT interfaces. This means that the actual integration process, i.e. introducing and using new legal technology solutions in the department, is in and of itself a challenge.

Figure 5.3.1.: Challenges with implementing legal technology (across Europe)
Question: *What type of challenges have you encountered in your legal department when introducing legal technology tools/services?*

Reorganisation and redefinition of processes	51%
Managing the IT/legal interface	47%
Increased need for training of lawyers/other workers	45%
Coping with a higher workload with the same workforce	43%
Resistance to change in the legal department	42%
Adapting to the changing roles within the legal department	26%
Provision of proactive legal advice	18%
Deepening of knowledge about the core business of the company	16%
Other challenges	9%
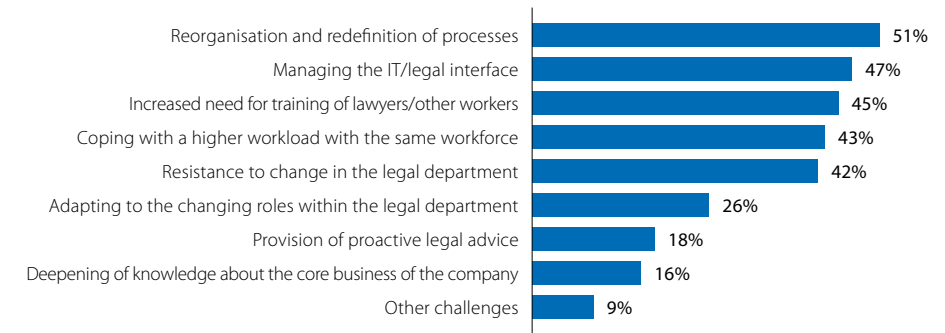
In addition, 45% of corporate legal departments have identified the increased need for expertise, for example technology-related, among corporate lawyers as a considerable challenge. This shows that introducing new technology department-wide to individuals with different levels of IT experience poses a significant challenge.

An overall resistance to change is also rated as challenging by many legal departments across Europe (42%). This is natural, as people are inherently hesitant to adabt given the extra effort needed to change the routine and potentially learn new methods. This figure should decrease considerably as legal departments mature and the integration process continues.

When distinguishing between companies based on their annual revenue, one can see that larger and smaller companies across Europe experience different challenges. The challenges can result from the structure of the companies, the responsibilities, the overall size of companies and their legal departments.

Figure 5.3.2.: Challenges with implementing legal technology (across Europe, companies with an annual revenue of over €1 billion)
Question: *What type of challenges have you encountered in your legal department when introducing legal technology tools/services?*

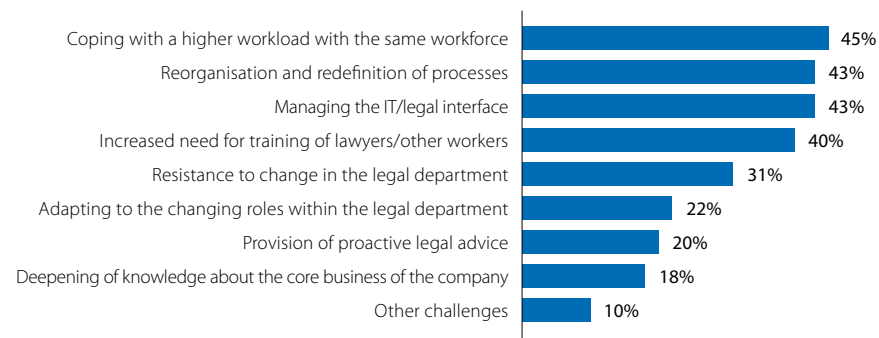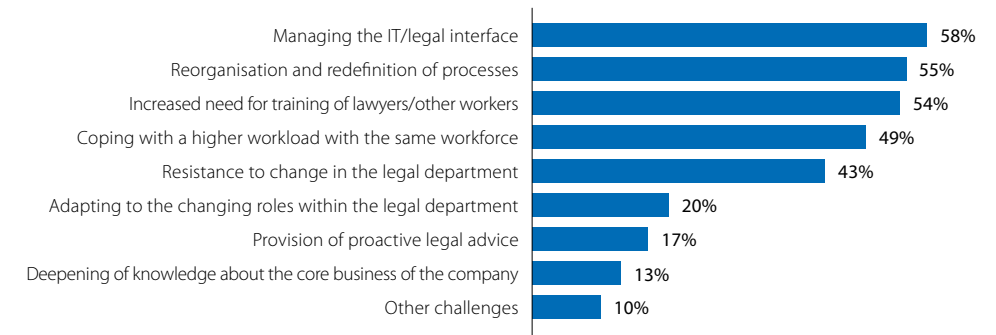|	
Reorganisation and redefinition of processes	59%
Managing the IT/legal interface	52%
Increased need for training of lawyers/other workers	50%
Resistance to change in the legal department	50%
Coping with a higher workload with the same workforce	40%
Adapting to the changing roles within the legal department	31%
Provision of proactive legal advice	14%
Deepening of knowledge about the core business of the company	14%
Other challenges	9%
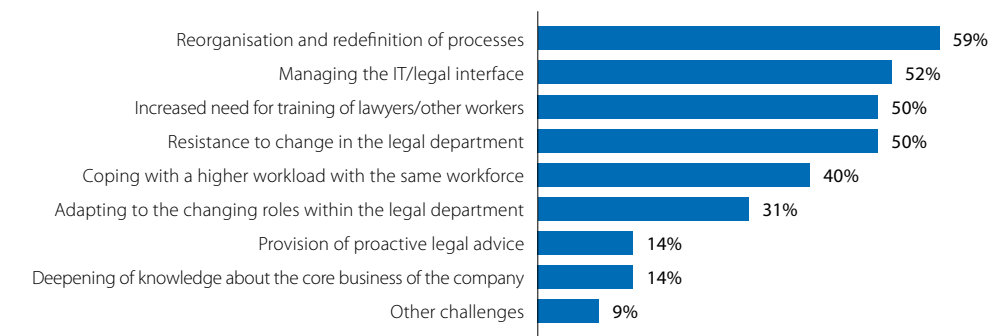
For companies with an annual revenue exceeding €1 billion, the order of the three most identified challenges does not change, though the proportion of legal departments identifying these issues as challenges does rise. Reorganising and redefining processes still takes the top of the list, with 59% of legal departments in companies with revenue in excess of €1 billion highlighting this issue. This is followed by challenges related to the management of IT and legal interfaces, with 52% of legal departments experiencing challenges in this area.

For companies with annual revenue below €1 billion, the five most popular options Europe-wide remained the same, with only the order of the options changing slightly. The proportions identified by participants in this category were lower, however, with no challenge reaching the 50% threshold.

Figure 5.3.3.: Challenges with implementing legal technology (across Europe, companies with an annual revenue below €1 billion)
Question: *What type of challenges have you encountered in your legal department when introducing legal technology tools/services?*

Coping with a higher workload with the same workforce	45%
Reorganisation and redefinition of processes	43%
Managing the IT/legal interface	43%
Increased need for training of lawyers/other workers	40%
Resistance to change in the legal department	31%
Adapting to the changing roles within the legal department	22%
Provision of proactive legal advice	20%
Deepening of knowledge about the core business of the company	18%
Other challenges	10%

Coping with a higher workload due to the implementation process was identified by 45% of corporate legal departments with revenue below €1 billion as challenging. This was followed by challenges concerning the reorganisation of processes, and challenges related to interface management, both at 43%. The necessity of lawyers to have increased expertise in new fields, such as technology, was identified by 40% of companies.

LEGAL DEPARTMENTS IN DIFFERENT MARKETS EXPERIENCE CHALLENGES AT A DIFFERENT RATE

For legal departments in Germany, over 50% of participants identified three challenges. Managing legal technology interface leads the way, with 58% of respondents identifying it as a challenge. This is followed by challenges concerning the reorganisation of processes within the department at 55%. Third, the increased expertise needed by corporate lawyers was identified by 54% of German legal departments, followed by workload challenges at 49%.

Figure 5.3.4.: Challenges with implementing legal technology (Germany)
Question: *What type of challenges have you encountered in your legal department when introducing legal technology tools/services?*

Managing the IT/legal interface	58%
Reorganisation and redefinition of processes	55%
Increased need for training of lawyers/other workers	54%
Coping with a higher workload with the same workforce	49%
Resistance to change in the legal department	43%
Adapting to the changing roles within the legal department	20%
Provision of proactive legal advice	17%
Deepening of knowledge about the core business of the company	13%
Other challenges	10%

Dutch legal departments, on the other hand, did not identify any challenges that surpassed the 50% threshold. Issues pertaining to interface management come out at the top, with 47% of corporate legal departments seeing that as an issue. This is followed by 43% of respondents highlighting higher workloads as a challenge, and 40% of respondents seeing the increased technical expertise required and the reorganisation of processes as challenging. All other potential challenges were identified as such by less than 30% of Dutch legal departments.

Figure 5.3.5.: Challenges with implementing legal technology (the Netherlands)
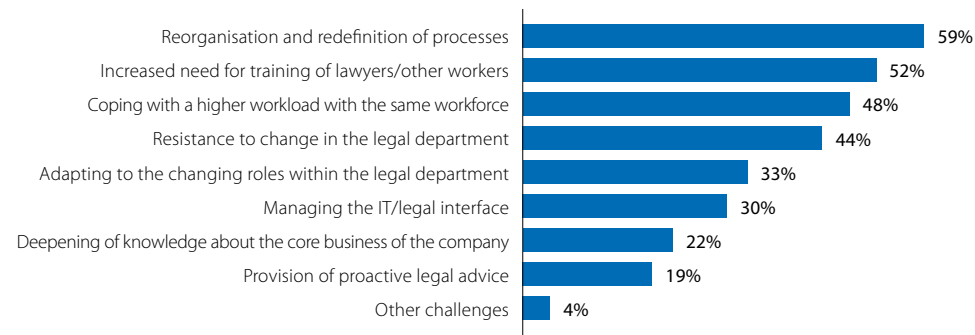Question: *What type of challenges have you encountered in your legal department when introducing legal technology tools/services?*

Managing the IT/legal interface	47%
Coping with a higher workload with the same workforce	43%
Increased need for training of lawyers/other workers	40%
Reorganisation and redefinition of processes	40%
Resistance to change in the legal department	27%
Provision of proactive legal advice	20%
Deepening of knowledge about the core business of the company	20%
Adapting to the changing roles within the legal department	17%
Other challenges	13%

For Spanish legal departments, reorganising and redefining processes was ranked as the greatest challenge, with 59% of corporate legal departments experiencing this. This is followed by the increased expertise that is expected from corporate lawyers, which was identified by 52% of legal departments. Coping with a higher workload while having the same workforce was named by 48% of respondents as a challenge, whereas resistance to change within the department is a relevant topic for 44% of legal departments.

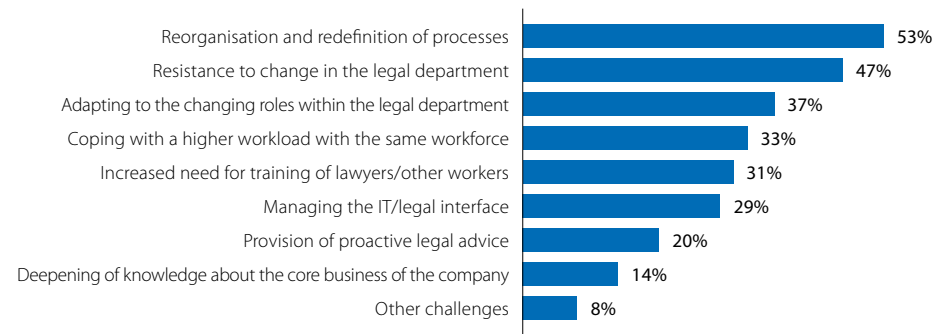**Figure 5.3.6.: Challenges with implementing legal technology (Spain)**
Question: *What type of challenges have you encountered in your legal department when introducing legal technology tools/services?*

Reorganisation and redefinition of processes	59%
Increased need for training of lawyers/other workers	52%
Coping with a higher workload with the same workforce	48%
Resistance to change in the legal department	44%
Adapting to the changing roles within the legal department	33%
Managing the IT/legal interface	30%
Deepening of knowledge about the core business of the company	22%
Provision of proactive legal advice	19%
Other challenges	4%

In France, only one challenge managed to break the 50% threshold and just two other challenges reached 40%. Reorganising and redefining processes was seen as a challenge by 53% of legal departments, whereas resistance from within the department was identified by 47% of respondents. Surprisingly, challenges relating to interface management were recognised by only 29% of legal departments, which is 18% lower than the European average.

Figure 5.3.7.: Challenges with implementing legal technology (France)
Question: *What type of challenges have you encountered in your legal department when introducing legal technology tools/services*

Reorganisation and redefinition of processes	53%
Resistance to change in the legal department	47%
Adapting to the changing roles within the legal department	37%
Coping with a higher workload with the same workforce	33%
Increased need for training of lawyers/other workers	31%
Managing the IT/legal interface	29%
Provision of proactive legal advice	20%
Deepening of knowledge about the core business of the company	14%
Other challenges	8%

Belgian legal departments have identified two challenges that break the 50% threshold, in addition to five challenges overall that were highlighted by at least 40% of legal departments. Tied for first place, both increased workload challenges and issues pertaining to interface management were identified by 52% of respondents. 44% of respondents have experienced challenges relating to the reorganisation of processes and resistance within the legal department to such changes. 40% of participants also saw the increased expertise required to manage legal technology as a challenge.

Figure 5.3.8.: Challenges with implementing legal technology (Belgium)
Question: *What type of challenges have you encountered in your legal department when introducing legal technology tools/services?*

Coping with a higher workload with the same workforce	52%
Managing the IT/legal interface	52%
Reorganisation and redefinition of processes	44%
Resistance to change in the legal department	44%
Increased need for training of lawyers/other workers	40%
Adapting to the changing roles within the legal department	28%
Provision of proactive legal advice	20%
Other challenges	16%
Deepening of knowledge about the core business of the company	8%

▶▶▶

Half of the legal departments in Europe have experienced challenges in reorganising and redefining processes within their legal departments. In addition, managing interfaces that legal technology brings with it has proven to be a considerable challenge for almost half of all legal departments. Overall, organisations with an annual revenue exceeding €1 billion reported higher rates of challenge than companies with an annual revenue below €1 billion.

6 EXPERT OPINIONS

THE EVOLUTION OF LEGAL TECHNOLOGY IN CORPORATE LEGAL DEPARTMENTS

Dr. Gernot Halbleib, Legal Tech Consultant and Entrepreneur

Across Europe, the term "legal technology" has become a buzzword in the last five or more years. A confusingly high number of technology-based applications are now available on various European markets. They aim to help lawyers deliver better, faster and – above all – more cost-effective results. This can be beneficial both to their own internal workflow as well as to the entire business they serve.

The fact that legal technology has been knocking on the doors of the relatively conservative world of corporate legal departments, and in many cases entered into the room already, has not been universally met with enthusiasm. It has also triggered disruption, disappointment and in some cases outright rejection.

Nevertheless, most corporate legal departments are willing to embrace technological solutions: either they are pushed to do it from the outside (e.g. by company management), or they have analysed their internal processes and identified the benefits of the bright new world.

THE ROLE OF THE CORPORATE LEGAL DEPARTMENT IS ADVANCING

The European market is witnessing a trend to integrate corporate legal departments better into the operative management of companies. So far, as this survey also confirms, a majority of legal departments are often not (yet) considered, and do not consider themselves, as integral parts of their respective management processes. Rather, they act as a sort of in-house law firm that is called upon and involved in decision-making on a case-by-case

basis, often in a reactive manner, namely to do the troubleshooting.
A significant number of legal departments in both Germany, and even more so in Europe, believe today that they truly own the tools and processes for the management of legal risks in the company, or in other words, that they are "in charge". Yet quite often, that is not the case.

Although legal departments are crucial contributors in cross-departmental processes and give valuable input, with the exception of a few clearly defined areas of law, there is no appetite in most companies to grant them actual process ownership (which is understood as being equipped with responsibility and accountability). Moreover, legal counsel do not even desire to "run things", but are instead perfectly content with the status quo.

Even more relevant in this respect is the question of whether or not legal departments are integrated into processes to the extent that allows them to proactively identify potential risks and other legal issues.

Of course, the situation differs depending on the countries surveyed, the nature of a company's business and the size of the respective law departments. Nonetheless, some overarching conclusions can be drawn, and they are backed up by the results of this survey.

BROAD RANGE OF TECHNOLOGY

It is important to make a distinction between what should be called "office tech" on the one hand

and true "legal tech" solutions on the other. Very often, software acquired by legal departments is essentially a tool to improving the workflow (e.g. document repositories) but is not primarily geared towards replacing or adding to legal processes. Often, office tech and legal tech are confounded, including by lawyers.

It is important – and this survey shows it – to provide more and better information to corporate legal departments about the solutions available on the market and those under development. This could help dispel the existing confusion among potential buyers of such applications and make it easier for them to purchase only products that make a real difference to their work environment.

DIGITAL STRATEGY

It is crucial to be very clear about what can and cannot be transferred into Legal Tech at all. Only a small minority of legal departments in Germany have already made sufficient progress in structuring these processes. The results of the study show that there seems to be willingness to undertake it in an analytical and systematic fashion. However, there is a lot of room for improvement when it comes to following a proper digital strategy.

According to the study, less than half of the legal departments surveyed believe that they have implemented a clear digital strategy, while another 20 percent are at least working on it. While on that number alone there is clearly room for improvement, this self-assessment might also be put into question.

As the study shows, only very few legal departments (13 percent of those working with a digital

strategy) command a significant budget (i.e. more than €100,000 a year) to implement that strategy. Yet without a proper budget, it is hard to see how a digital strategy can succeed. Those without a budget are strongly advised to fix that. Nonetheless, it can at least be said that the issue is increasingly on the radar screen of the majority of corporate legal departments.

THE FIRST STEP TO SUCCESSFUL INTEGRATION

Seventy-three percent of respondents in the survey have highlighted the importance of structuring processes before embarking on the introduction of legal tech solutions. This is indeed a critical matter. Legal departments wishing to embrace legal tech often take the second step before the first. And the first step is (and always should be) the structuring of processes.

Let us be clear: This is not about purchasing a new software. There is a tendency that the question really is which tool to acquire. Whilst that is hardly surprising given the widespread error that one needs new tools, it often overshadows what actually ought to be done. Those who start with tools usually realise eventually that they need to start with processes.

HURDLES AND CHALLENGES

Company-internal or external support for legal departments – or rather a lack thereof – is another issue that often arises when legal technology is being discussed. For corporate IT departments, the needs of the colleagues in the legal department

are often at the bottom of the priority list. However, when introducing new legal technology applications, the IT department needs to be on board. Persuading management is often another challenge for general counsel. Corporate legal departments are often at pains to calculate the return-on-investment of new tech solutions, and a CFO might want justification before signing off on a new, expensive budget for the purchase of legal tech applications.

EXPECTATIONS ARE HIGH

Furthermore, the study reveals the expectations that exist among corporate legal counsel when it comes to legal technology. A staggering 85 percent of those surveyed hope for efficiency improvements in their departments within the next three years. This number certainly is surprisingly high, given the abovementioned shortcomings in many departments with respect to having a digital strategy implemented and working with a proper budget.

There is no doubt, that, when applied in an orderly manner, legal technology will improve efficiency for lawyers in legal departments. However, it needs to be proven, whether the high expectations that the study reveals can be met in the future.

Another detail of the survey that contradicts these high expectations is that only 45 percent of legal departments are willing to give more "autonomy to other business units". However, this is crucial to tap into the full potential of legal technology.

For many lawyers, it is still hard to imagine that we will see salespeople create their contracts in excellent quality with only the help of legal software and

in most cases no involvement of the legal department at all. However, some legal departments have already been successfully applying self-service tools, and the technology needed for that is now rather easily available.

One question raised in the survey is whether or not there is a significant difference in how smaller companies deal with the advent of legal technology, compared with larger ones. One can clearly see that the tendency is the same in both categories. Are smaller companies a bit more reluctant? Maybe, but the difference might be accidental or due to the fact that legal departments in smaller businesses are less advanced in their digital strategy than those in the big corporations.

Enhanced Need for Training and Education
The more legal technology is penetrating corporate legal departments, the more vital it is to integrate technology training into the education of future lawyers. Not every law student should be taught programming skills, far from it. That would be unnecessary. However, the corporate legal department of the future will need at least some staff (I call them "legal engineers") who comprehend the purpose and functionalities of new legal tech applications, have the legal and IT skillset required and who can eventually adapt and integrate technology into existing processes. Granted, not every law student is tech-savvy, but some are.

Moreover, not every general counsel will have to become an expert in coding and artificial intelligence. But keeping the domains of the law and technology completely separate will hamper the legal department of the future to unleash the full potential legal technology undoubtedly offers.

Universities and law colleges are currently developing study courses for such engineer profiles, but we are still at the beginning of this new development. In the meantime, third-party providers may fill the gap and provide badly needed expertise to corporate legal departments and law firms. This is especially true for legal work processes, though perhaps less so for standard office tech applications whose use can be learnt more easily. Law school training is of course only one side of the coin: It is also crucial to learn on the job, e.g. through acquiring project management skills.

THE HUMAN ASPECT

As the survey also shows, the willingness to embrace legal technology solutions may be there already. But do legal counsel have the right mindset to start and implement this transformation on their own? Very often, the impetus comes from outside the corporate legal department, from a chief financial officer, for example, who is seeking to cut costs and streamline management processes.

We can clearly identify a certain risk aversion among lawyers, a desire to continue doing things the traditional way. For transformative processes to be successfully completed, it is, however, critical that the head of the legal department allows and encourages such change and shows leadership. Until now, change has been mostly foisted upon legal departments, e.g. through the application of budgetary pressure, demands for more responsiveness, etc. While there are exceptions to this rule, instances where corporate legal departments demand and lead innovative processes themselves, the reality across Europe is still that without leadership within the legal department and without external demands, the transformation going to be very slow.

CONCLUSION

Where do we go from here? There are high expectations when it comes to legal technology. Nonetheless, the survey shows that corporate legal counsel are prepared to embrace new technology. However, a strategy to digitalise the legal department to some extent requires the allocation of necessary funds in dedicated budgets. It also calls for senior management support and a clear strategy to be worked out and implemented.

Such a process, whilst beneficial in the long term, is often more onerous, expensive and lengthy than many think at the outset. Corporate legal departments are well advised to always start with the processes within the department before moving to integrating other company units. Lawyers may be averse to new ways to do their work, but with the advent of new technological solutions, the transformation of the way they work is not very far off. It certainly has a huge potential.

About Dr. Gernot Halbleib
Dr. Gernot Halbleib supports law firms, legal departments and legal technology companies in taking advantage of the opportunities offered by technological innovations in the legal field. As a fully qualified lawyer and expert for legal tech, he has several years of work experience in the fields of law and technology and at their interface. He is an independent consultant, author and member of the Executive Faculty of the Bucerius Center on the Legal Profession in Hamburg, Germany. Since 2014, his main focus of activity has been on legal technology.

A TRUE DIGITAL STRATEGY MEANS HAVING THE RIGHT RESOURCES (MONEY, PEOPLE AND TECHNOLOGY), HAVING SUPPORT AND HAVING CAPACITY

Interview with María Jesús González-Espejo, Managing Partner at Instituto de Innovación Legal, Vice-President at the European LegalTech Association

Were there specific results in the study Wolters Kluwer conducted in collaboration with the European Company Lawyer Association (ECLA) that stood out to you the most?

"When I look at the results for Spain, as this is the country I know best, it seems to me that people are answering more in an aspiring way than in a realistic way. In other words, it seems to me that they are answering more in terms of what they wish to have in place, rather than what is there in reality. I work with many large and medium size companies in Spain - providing them training, advice and consult - and despite the fact that they find the digital transformation and the use of legal technology relevant, they often do not yet have a digital plan for their legal departments. Happily enough they have started to work, research and try to get something in place, but in most cases it is simply not yet there. In my opinion, the stage now is awareness - I would estimate that about 40% of the big corporations in Spain are aware of the need of a digital transformation plan for their legal departments; often this is driven by their company's internal or external innovation teams who are urging the whole organization them they cannot stay behind. In a few cases, it's the legal department which is leading this. The rest, about 60%, they are not even aware of the urging need to transform their businesses - they hear things in the media like blockchain and artificial intelligence, but I really don't think they have a formal, approved digital plan.

It is striking to me and there is data in the research that also underlines my assumption of the market answering in an aspirational way rather than a realistic one. Because the data points out that almost 75% of the Spanish participants say that they have a digital strategy but then they don't have a budget to execute this strategy. What is the strategy then? If you want a digital strategy, you need support, you need capacity and you need money. If you don't have that, you should not jump into digital transformation, because you do not have the basics in place. What you need to do first is work towards those goals, before buying any software. Otherwise, the software implementation will fail, your people will not be able to manage it, you will not have the information you need, and you will not have the support of the decision makers. As a conclusion, from my experience, there are very few companies and law firms in the Spanish market right now, who really have a digital strategy in place, with the understanding that a true digital strategy means having the right resources (money, people and technology), having support and having capacity."

What do you think are the main hurdles that are keeping corporate legal departments from legal tech adoption?

"Time. Time is a big problem. Most legal departments do not have enough people because everyone used the crisis in Spain for the same goal, to cut costs. They fired people and started looking at expenses in all fields, including legal. For the first time, they obliged legal departments to look at their own costs, so they started looking at how much legal departments spend on outside support, such as law firms. That means

that these people are under a lot of pressure to do more work with less resources and less time. Ultimately it means that they do not have the time to formalise the decision on what legal technology to buy and to implement the software. Time is really the first thing. And within time, we can say that prioritising for legal departments means solving the daily needs of the company. And that of course is not the same as buying software and putting data in the software. Therefore, time is the first challenge and we should keep emphasising to them that they should decide whether to keep on working the way they work, running all the time and being under stress constantly, or stop, think and do things differently and more efficiently. The tools are out there to help them, they just have to grasp them.

It is also about resistance to change. It is about people. Some people are afraid that when these machines come in and start to play a role, they will be out. You read it all the time: "40% of people will lose their jobs, particularly white collar, like doctors and lawyers, because of technology." It is natural to build up some resistance to this technology, as it is perceived as something that is coming to take their jobs.

Lack of knowledge also plays a role. If I do not have time, I do not have time to learn. I cannot go to events or join webinars, because I do not have time. Consequently, most legal professionals do not know what to buy, what is out there in terms of technology and how it can help them.

Lastly, there is also a problem about the perceptions of other departments of the role and ambitions of lawyers in many companies. Legal departments are often still considered as a back office

which is not really "in the business." And I think that is a problem. It is an image problem. They should be in the top decision-making level, visible and considered as a true and valued business partner, not hidden away in the back office. The places where the right digital transformation is happening are the places where the legal departments are also true leaders."

How do you think the digital transformation will impact corporate legal departments? Will it give them a seat at the (top) table?

"It will give them management techniques and what comes with them. It will allow them to better control expenses, document management, legal risk, people's performance, outside law firms' performance etc. If you have technology, you can control and become more efficient. Because you can automate those tasks that are of zero added value to you and your company."

What do you think in terms of the next 3-5 years in Spain? Will corporate legal departments put a strategy and a budget behind their digital transformation?

"I think that it is changing very, very fast. In the next 3-5 years I believe people will be buying a lot of contract management, including automation and e-signature, document and knowledge management, data protection and compliance tools and everything that has to do with workload management, cost control, everything that can demonstrate the value of the department. And it is funny but if you look at the results of the Spanish market, one of the things that many people have pointed out as relevant is the last one, demonstrate the value of the department. And that

happens because in Spain - like I said - many legal departments are considered laggards and people who do not truly help the business results. In a way it makes sense, because the training we get as lawyers here (my generation at least) is not focused on analytical capacities, numbers, or KPIs. We primarily solve conflicts and draft contracts, a lot of them, but not enough anymore. We are not good at managing people. It is difficult for us to become leaders."

What do you think in terms of the next 3-5 years in Spain? Will corporate legal departments put a strategy and a budget behind their digital transformation?

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Do you think the new generation of legal professionals will be trained differently to solve this problem?

"I think that universities are essential for the real change in the sector. However, in my opinion, most of them they are not moving fast and consistently enough. I know that it is it is difficult for them, because of the rigidity of the curriculum. They cannot change the curriculum only because the market seems to need something different. But they could perhaps use other ways of introducing the topics in the studies like organising activities such as hackathons or sprints or summer courses or other alternatives. The university still has to do a lot of thinking and doing. They are still in the first stages."

The ECLA study shows that in-house legal professionals expect legal technology to become vital to their work within the next five years. How will this affect the profession?

"First, and we spoke about this briefly before, it will affect their training needs. Legal professionals need to acquire new skills and knowledge. Second, they need top quality and neutral information about legal technology. People are really lost in the jungle. They don't know what to do - there is so much information, they don't know how to choose a tool and that's really a challenge. And the third way that they will be affected is in the profile of the jobs. I think that these new kinds of jobs will demand for instance, data scientists, lawyers who can code or who manage certain kinds of software. In sum, new professionals will be necessary and legal professionals will have to respond to these new profiles."

About María Jesús González-Espejo

María Jesús González-Espejo is a leading expert in innovation, LegalTech, strategy and legal marketing. She is the Managing Partner at Instituto de Innovación Legal, a consultancy for which she advises law firms, lawyers and organizations in the legal sector on innovation and digital transformation and with which she has organised several hackathons: #HackTheJustice, #JustiApps and The Legal Design Challenge, a pioneering program that has introduced the Legal Design Thinking methodology in Spain.

Maria Jesus devoted the first half of her career to the practice of law, specializing in IP, Data Protection and Contracts' Drafting. Admitted to the Madrid bar in 1989, she practiced first as a solicitor at Clifford Chance and Gómez-Acebo & Pombo; and later as a corporate counsel in several companies.

She is the Vice-President of the European Legaltech Association (ELTA), co-organizer of Madrid #LegalHackers and President of the Latin American Legal Professionals Women Association (AMJI). She has been recognized by the International Legal Technology Association (ILTA) as one of the 5 most influential women in Legal Tech. The Madrid Town hall named her ambassador of Madrid and she has been included in the ranking of Spanish Leading women, Top 100.

TECHNOLOGY IS WHAT WILL HELP LEGAL DEPARTMENTS TO DEMONSTRATE THAT THEY ADD VALUE TO THE COMPANY

Interview with Paloma Aparicio, corporate lawyer at lawingit and member of the European LegalTech Association

Were there specific results in the study Wolters Kluwer conducted in collaboration with the European Company Lawyer Association (ECLA) that stood out to you the most?

What was really interesting in this study to me were the results about the budget. Because you need to have a budget behind a digital strategy. Yes, we are all very interested in having a digital strategy and are willing to embark upon a digital transformation but we are reluctant to put budget behind that and the results support this. We can see that most respondents have not yet allocated budgets to support their strategy.

How do you expect Spanish legal departments to transform in the next five years?

I believe and hope that Spanish legal departments take advantage of having a close collaboration between legal and the business and to start building a digital strategy together to ensure that the legal function is being modernised at the same speed as other business departments. The business cannot afford the risk of not having the best in class legal function in accordance and balance with the rest of the business functions and needs.

Why should Spanish legal departments consider implementing legal technology – is there an inherent need for it currently?

If legal departments want to remain well integrated into the business and be considered as a full business partner within the organization, firstly,

they need to have complete visibility over their legal activities which, currently, may be disseminated and managed in a none efficient way (e.g. because of silos organisation, reluctancy to delegation, resistance to technology, lack of information, etc). Afterwards, the main challenges would be having the right and well-trained people (lawyers and others) in charge of dealing with the reorganization and project management of legal activities.

Are there intrinsic differences in the Spanish market, when comparing it to other European countries?

There is a quite significant difference between the Spanish market and other EU countries as shown in the study. In Spain, Managing IT/Legal interface is not a problem but a strength. We are good in IT implementation, even in the legal function especially to cover certain areas which are traditionally pretty bureaucratic and formalistic such as Corporate / Company secretarial. In addition, as in other countries, in Spain the legal function is willing to provide proactive legal advice. Both strengths together may drive to a design a good and realistic strategy "from thought to finish" which can successfully end in the right technology implementation.

Do all different countries require tailor-made solutions specific to the market or could we expect to see more European solutions in the future?

I would say that tailor-made solutions will be driven by specific business and legal department needs,

not really per country except for certain constrains such as language differences or regulatory particularities. Notwithstanding, the tendency shall be working for European or even global solutions which can solve needs in a flexible way to potentially absorb minor differences.

What are examples of technology innovation you have already embraced as a corporate lawyer?

As an in-house corporate lawyer for more than 15 years in a US FMCG global company, I fortunately am proud to say that I grew immersed in many business projects managed by case management or business processes tools. We were fully included in the digital transformation of the company. I was used to experiencing the migration processes and the new 'WoW' moments each time a new business tool was implemented for communication, corporate secretarial, document and contract management, M&A Due Diligence, outside counsel fees control, budget approval, lean processes, etc. I even had the opportunity to participate in Virtual Global Conferences across the world within the legal teams including all kinds of activities for Social networking, team building, internal education, etc.

Where do you see technology playing a significant role in how corporate lawyers practice law?

Simply everywhere where needed. Technology is what will help legal departments to be able to demonstrate to their management - with the support of figures - that they are able to save money, avoid risks, deliver on their KPIs. That they add value to the company. Additionally, it will help them in coping with a higher workload with the same headcount.

About Paloma Aparicio

Paloma Aparicio is member of the Spanish Chapter of the European LegalTech Association (ELTA), representing the interests of Corporate Lawyers. She is a Corporate lawyer expert in personal data protection, certified as Data Protection Officer as per the Spanish Data Protection Authority (AEPD) scheme and, exploring on new technologies impact in the legal sector (LegalTech) and about the legal impact of new technologies (Blockchain). Paloma is founder of lawingit for the legal services rendering and of the 1st illustrated legal forum, www.bypas.es. Previously, Paloma was the legal coordinator of the GDPR implementation project in 26 European countries of Mondelēz International (former Kraft Foods), a US multinational firm which sells Snacking products within the Fast Moving Consumer Goods (FMCG) market and, formerly, over 16 years, she was its In-house Senior Counsel for the Iberian business. Before that, she was member of the EY's Human Capital team. Mastered in Data Protection (IE, ICAM), in Legal Research (ICADE) and in Law and Corporate Advice (E-1, ICADE).

IN THE COMING 3 YEARS, DIGITIZING PROCESSES AND SYSTEMS WILL PLAY AN INCREASING ROLE

Interview with Martijn Noordermeer, attorney and lecturer on corporate law at the Hogeschool Utrecht

What stands out the most about the results of the study Wolters Kluwer conducted in collaboration with the European Company Lawyer Association (ECLA) on the digitalization of legal departments?

"What struck me was the lack of digital strategy in the Netherlands, compared to a number of other European countries. We are at something like 35% in the Netherlands, at least low if you compare it with the other countries that have developed a certain form of strategy and that this is lagging behind in the Netherlands.

What I also noticed was that in the Netherlands but also in Europe in general, all legal departments to a certain extent are planning or want to make that digital transformation. And this is a trend that is important for us in the education sector because we are able to show that we need to make that transformation. We notice that slowly we are moving in the right direction. We see the importance within the Legal Tech Alliance and also within the educational sector. To be able to convince all of our colleagues and to be able to show that this is important, that the legal field is changing and we need to give lawyers different tools to succeed, this is something that takes a lot of time. At a country level, it has now been decided that for all HBO Law studies, we are adjusting some of the competencies. For example, one of them is organisation, which includes a very prominent legal tech assignment. However, it will be challenging unless you are able to get all educators and students along with you. That is a big assignment to reach and will take time.

How do you train the new generation of legal professionals to be well equipped to work in the next generation legal department?

"We notice within our HBO (Universities of Applied Sciences) Law studies in the Netherlands - and we formed this Legal Tech Alliance - that we are now being asked by the Universities in the Netherlands on how we educate our students. I would consider us ahead of the pack with HBO Law. We decided 3 years ago that we have to act quickly, so we can teach law students how to use digital tools such as Legisway and different workflow software solutions. That is now included in many HBO Law curricula. The Universities have more difficulty with that. In HBO education we are now working on making that transformation to include more training for technology skills. The Universities are also very keen to do so, but they are simply more committed to traditional legal subjects, whereas we can switch more easily."

Do you think that the people now studying HBO Law will fulfill different roles as those studying law at the University?

"Yes, I think in the future you will need more people who are more practically trained. We also see that regarding the financing of such education. The Minister of Education is now discussing the need for more money to be spent on science/beta studies. It will ultimately be the case that a certain form of digitization must be reflected in all forms of education. And I think that if I look at the jobs that are already there and are coming more and more into the legal field, we increasingly need people who can use digital tools in a very practical way. You always keep the complex legal work, but the universities train you for that. But I think that higher professional education law courses and higher professional education courses in general can train students easier for that practical part. For example, corporate housekeeping used to be a very complicated process, but with digital tools it has become much more accessible, also for slightly lower educated lawyers."

Do you think that the set of tasks of a company lawyer now – in the future – will fall under two different functions, two different people?

"I think that the present tasks of a corporate lawyer now also are very varied, but I do indeed think that you will get two types of corporate lawyer. I think the General Counsel is the university-trained lawyer who is – for example - present at the Shareholder meetings and needs to be able to think and act fast etc. But the layer of lawyers directly below the GC, which is now also often university-educated lawyers, but who actually do most of the legal administrative work, I think that more and more the practically educated HBO lawyers will emerge here.

The work is changing - so where you, as General Counsel, used to check contracts for days for acquisitions or mergers, more and more artificial intelligence is now being deployed to help aid in this. Managing those processes is becoming more important and increasingly, digital tools will be deployed to support the work and also take a piece away so that that corporate lawyer is able to focus on negotiations, discussions, and much more of that. The very specific legal knowledge to check contracts will increasingly be taken over by smart machines."

You're involved in the Legal Tech Alliance here in the Netherlands – and the Alliance is considered a front runner with regards to other European countries. Could you speak a bit more about this?

"Yes – we recently visited the ELTA Conference in Madrid and what we heard there was that many countries are interested in the way we have organized this. And to be honest, it is not very special the way we set this up, we just said - let's get the leads of the 12 HBO law studies from the different cities in the Netherlands together and let's work together. We work with public funds so why are we all developing our own law studies. Together we are stronger and will have the information and data of all HBO law studies in the Netherlands. Let's try and get the HBO lawyer (approximately 4000-5000 students start every year) to a higher level in the area of digitalisation."

When we talk about legal tech – what do you see as the main advantages for lawyers and corporate legal departments?

"Well for me it starts with - and some people don't consider this as legal tech but I do - with automating and digitising your law firm's organization. You can see that with many small law firms, if they need a model/template for a shareholders agreement for example, people just take a Word document from the central disk. Digitising these types of processes can be a big improvement for a lot of firms. The firm I work for has a big real estate practice, where handing over real estate portfolios entails a lot of manual work. Particularly in the Netherlands, and probably also in other countries too, there are a lot standard contracts that are used which could have easily have been screened by an AI tool.

This is happening far too little still at the moment. Nevertheless, it is an area where I can see legal tech being used increasingly more in the next years to really speed up these types of processes.

And you can see with acquisitions for example - and from the Hogeschool Utrecht we work together with Legadex - that the datarooms used for these acquisitions are arranged in such a way that they are highly efficient. Where you used to put 3 university educated, starting lawyers, for 3 months working on this type of data, we can now do that with 3 HBO lawyers and appropriate technology in 3 days."

In the coming 3 years, where do you see legal technology playing an increasing role?

"Digitising processes and systems. And what I also see is that decision tree software such as chatbots are increasingly used in firms and companies. And in the public sector there are also huge projects where digitisation plays an enormous role and where technology is being used to simplify the work and to grant better and more open access to

citizens. And this is all happening now, we are looking at how our lawyers will play a role in this, and how is this going to be rolled out in the next years."

About Martijn Noordermeer
Martijn Noordermeer has been a lawyer since 1996 and has specialized in IT law and corporate law. In 2009, he also started working at the Hogeschool Utrecht as a lecturer and expert in the field of corporate law. Since 2015, he has worked at the Institute for Law on the consequences of digitisation and technology for the legal field and what this means for our study programs, and from January 1, 2019 he has been made responsible for implementing Digital and Law in the law studies of Hogeschool Utrecht. In 2017, they also started the Legal Tech Alliance in that context. The Legal Tech Alliance is a collaboration of all 12 HBO Law courses in the Netherlands where education is made and shared together in the field of legal tech and legal design.

THE AGE OF DIGITALISATION – STMICROELECTRONICS

Interview with Didier Lucotte, Group Vice President, Senior Legal Counsel and Head of Procurement at STMicroelectronics

More than five years after it began centralizing its contractual data, STMicroelectronics continues to chart its own course with a high-performance, collaborative business tool for the entire company. Met alternately with resistance and support, the man responsible looks back on a powerful dynamic that has won over all of the company's stakeholders.

Didier Lucotte, Group Vice President, Senior Legal Counsel and Head of Procurement at STMicroelectronics, discusses the evolution of this project since 2014.

Didier Lucotte remembers the year 2013 well, which preceded the decision to launch a centralized legal data system. The dispersal of lawyers in different countries around the world made it difficult to share contracts signed at Group level and the exchange of corresponding information accentuated a lack of global visibility. A change in the organization of the Legal Department at that time, the arrival of a new Legal Director, was also the opportunity to launch this new digitization process. "At the time, we had a corporate organization based in Geneva with legal departments in France, Italy, the United States and Singapore respectively, i.e. about thirty lawyers in total," emphasizes Didier Lucotte. The need then focused on a database and equipment that would allow the teams to access in real time all future or already signed contracts, whether they were drafted at the head office in Geneva or in any other country. A way to avoid certain recurring malfunctions: "A way to avoid that certain contracts could contain deviations or different clauses with regard to the same customer or supplier: for example, a legal entity in a ST Italy country could have a liability clause that was more favourable than the contract negotiated by a colleague in another country in Singapore", explains Didier Lucotte.

The dream objective was: to create a tool that allows every lawyer in the world to see in one click what has been done at a given moment in time, with a given client, a given supplier or one of its subsidiaries. Thus, a call for tenders was launched with, upstream, a market study carried out with the help of an IT staff member. The observation: the IT staff member attended various product demonstrations with relevant technical solutions proposed but which did not fit 100% with their expectations. Didier Lucotte says: "I remember a competitor with an attractive Swiss offer but which was more specialised in the world of lawyers, also an interesting Indian company but which had no branch in Europe, only a hotline in local English, whereas we wanted a service that was at least French-English. Another service provider could not, for example, list contracts of more than 20 pages, a system that was too restrictive for us as a company".

Over the next months following multiple consultations, the list of competitors is refined before a certain event changed the decision. "When we first visited Legisway, we took a tour of the company, visited their offices, had exchanges with the development teams, and enjoyed the start-up spirit of the company," comments Didier Lucotte.

The process was set in motion, with a project sketched out to take shape after the summer of 2014 and intended to be completed by the end of the year. The next step was to implement the solution operationally by migrating existing data and customising the software menu, tailoring the tool as closely as possible to the company's business environment.

Handling enormous volumes of different types of contract: a challenge

To understand contract management at STMicroelectronics, you need to understand the business of cedu, a Franco-Italian-European manufacturer of electronic chips (semiconductors), which handles an impressively large scope of contracts. "We start with our raw material, which is the silicon wafer. Our business is to buy materials to make semiconductors, we also have a huge variety of contracts that are absolutely phenomenal. For example, in my area alone, I have almost 6,000 suppliers in virgin materials. Our industrial sites, we buy materials, energy, services, software, equipment, maintenance, services or consulting. Our multiple production sites operate on the basis of the raw materials they buy and the associated services they require. All of this generates a very large number of transactions that need to be managed," according to Didier Lucotte.

The crucial support of the finance department

During the operational deployment phase of the Legisway tool, the legal teams shared their issues with the financial teams, who gradually become actors and internal ambassadors of this new tool emerging in the company by understanding its added value. "We realized that we needed to add a financial component to our menu. Our company is listed on 3 stock exchanges with financial obligations. Concretely, at the beginning of each week, we had to list all the contracts signed the previous week, indicating the amounts of the contracts in question. This work was carried out manually by an employee in charge of compiling the data for week N-1 in an Excel file. At the same time, the Legisway teams then offered to include this data directly in the menu to automatically generate a summary of contracts signed both at corporate level and by geographic zone. The calculations speak for themselves. We understood that with a single click, we could save almost 20 hours of work. This was a decisive argument for the financials because it was necessary to mobilize an average of one paralegal, one lawyer, one or two financiers, i.e. 4 people to do this work.

The dynamic started to take off. If at the beginning, only a few financiers have access rights, local and regional financial controllers multiply the requests in order to be able to have a visibility on their respective active contractual field as well.

Digitalisation, a dynamic process of continual co-development

However, there was no lack of internal opposition when the tool arrived. "We were starting from almost nothing and many people were opposed to it at the beginning. We were starting from zero, it was difficult to go all the way because many people were opposed to it at the time. Some of our employees therefore saw it as a competing project if it worked," explains Didier Lucotte, who adds, "we were first of all trying to meet the needs of the legal department, to centralise our contracts at a given point, both those signed by the parent company and those signed by its subsidiaries everywhere. But once this preliminary step was taken, agile communication and the commitment of the

financiers was acquired, the snowball effect began, giving a new dimension to the project.

Today, in hindsight, Didier Lucotte measures the progress made with players more favorable to Cloud-matures applications in all directions of the company. If for him, some contracts can still gain in automation in certain product segments in the next 5 to 10 years, they are still a minority. In the BtoB world, STMicroelectronics is positioning itself as a player that does "hand-stitching". For a large number of transactions with significant amounts, over-the-counter negotiations are still the order of the day with single contracts.

The integration of the electronic signature also simplifies these ecosystems. The path has thus been mapped out for these next steps.

So many dynamics are underway to co-construct these projects at the crossroads of the legal, IT, purchasing or financial fields, which are moving the lines of business with increasingly shorter deadlines. Beyond technologies, these are collaborative reflexes to be cultivated in order to steer tomorrow's company today.

The process under the spotlight

Challenge 1
Having a tool at the corporate level that would make it possible to identify all contracts to be signed, as well as a selection of those signed in the past. But how do you capture on a human scale the 74,000 contracts that have been concluded since the company was established in 1987?
- This figure was recorded at the end of 2014 after internal consultation with all of the company's

legal departments
- The 74,000 contracts identified were not all in PDF version!
- Some of these paper contracts were illegible, made up of old originals difficult to scan with more or less altered ink

Solution
Select from these 74,000 contracts only those relating to key customers and suppliers, particularly those deemed to have recurring transactions with the company
- A list of 7,100 contracts was approved
- This list formed the historical database integrated into the Legisway software during data migration

Challenge 2
To use the tool effectively on a given contract and gain access to a series of essential fundamentals such as: identification of the parties, the subject of the contract, its duration, the price, the payment due date in the financial tab, its termination conditions, its expiration date and the setting up of alarms to manage its possible renewal, its possible intellectual and industrial property rules applicable to certain contracts, applicable law, competent court or recourse to an arbitration clause in case of disputes, an arbitration clause. How to translate and integrate these multiple parameters in a simple way during the menu customization phase?
- The risk was to lose readability and efficiency by putting too many items and sub-categories to cover all types of contracts

Solution
Define a dozen or so categories with sub-categories, around 15 to 20 items in total, to streamline

the tree structure
- Compared to the final version of the tool, the rationalization process made it possible to halve the number of categories initially imagined
- The method was pragmatic with the active contribution of all of the lawyers to co-construct and ultimately arbitrate a tree structure in line with the needs of each of the legal departments concerned and applicable to the largest number of contracts.

The point of view of Matteo Barbaza, Chief Digital Officer of STMicroelectronics

We started our project in 2013 and even if it may seem long, it must be considered that a Digital Transformation is a "journey", not a "destination". In hindsight, we clearly see 3 key success factors in relation to the context of our society:
- It is necessary to take into account the "start maturity" and adapt the speed of execution to business needs, to avoid resistance to change delaying the implementation.
- You have to demonstrate the added value of the change on real use cases, because the change requires an investment in time, and there are always other operational priorities to lead.
- It takes the right "Product Owner", the person who carries the initiative on the business side (in our case my colleague Didier), to "give it meaning" and avoid that the Transformation is just the deployment of a new IT tool!
- At the heart of our digital transformation at ST, there is the data. For the lawyers of ST, the objective was the same, namely, to make the data available (centrally) in order to be able to exploit and benefit from it by taking decisions guided by the data and not by intuition or, sometimes, emotional aspects.

- The next step in our Transformation will focus on user-friendly automation to allow our lawyers to focus on their core business and value-added tasks, rather than "researching" information.

About Didier Lucotte
Didier Lucotte is the Group Vice President, Senior Legal, Counsel and Head of Procurement at STMicroelectronics, a French-Italian company headquartered in Geneva. It is Europe's largest semiconductor chip manufacturer based on revenue.

About Matteo Barbazza
Matteo Barbazza is Chief Digital Officer (CDO) at STMicroelectronics.

THE DIGITAL TRANSFORMATION IS A TRULY INVIGORATING CHALLENGE

Interview with Stéphane Baller, creator of the Observatoire des Directions Juridiques survey of legal departments, and Bruno Deffains, president of the Cercle des Juristes Numériques working group

What surprises you the most about the European Company Lawyer Association (ECLA) study on the digitalization of legal departments?

The inversion of priorities between redesigning processes and using tools. It's no surprise to read that 80% of legal departments want to use more digital tools and solutions, because unfortunately the promise of automation often seems to solve all problems. On the other hand, the desire to overhaul internal processes is worrying, perhaps more so, because I get the impression that legal departments are putting the cart before the horse! The priority should not be tools, but knowing what you want to do with your legal department first, what skills are available, what provides added value, what can be delegated, and what you can/want to automate. Once you know this, you can look for tools already on the market or even create them if they do not exist. In other words, if you think before you leap, you will instantly create a virtuous circle of value creation. But without analysing processes, competences and KPIs to identify value – essentially, without analysing strategy – you cannot defend trade-offs to strong financial managers. Indeed, you have to know the cost of the law and demonstrate its added value to make the right decisions.

One day, one legal department... is there an experience that stands out?

Supporting an international legal department that wanted to digitalise its activities and equip itself with high-performance tools, even though it didn't have a clear idea of its specifications and everything it wanted to include in the tool, starting with an inventory of its contracts, their segmentation, their location and an evaluation of their strategic nature, not forgetting the applicable local rules of evidence. This was a case of tackling the problem backwards by trying to solve it with a tool, without integrating the tool into a strategy. It's a bit like buying yourself a fabulous gardening tool without knowing what you want to do with it or learning how to use it from gardening experts, and without all the equipment you really need; in the end, the garden still looks a mess and the tool just sits collecting dust in the garden shed!

In your opinion, why do legal departments not go digital faster, given their clear ambitions in this direction?

The ECLA study highlights this paradox: how can one in two companies claim to have a genuine digital strategy when, at the same time, their legal strategy is not always very clear or approved at the highest level? Several fundamental difficulties explain this phenomenon in France, like the fact that, nine times out of ten, teams are under-equipped with the appropriate human resources and do not always have the means to invest in innovation, project management or legal operations jobs, as was illustrated in our last Observatoire des directions juridiques (EY) survey on innovation. These are new professions in their own right, which nevertheless require a strong legal culture. At the same time, the output of legal departments has increased with the entry into force of the Sapin II anti-corruption law, GDPR, the volume of risky contracts and their penalisation, while the legislative agenda remains extremely heavy in this era of reform. This observation raises a number of questions regarding your next steps. When can you pause for a moment's reflection with your team? In which segments do you want to add value or minimise "production costs"? What strategy should be implemented and how should you reorganise your processes? Should you not go on a "learning expedition" before worrying about the existing or future lawtech firms you'll be working with?

What steps should legal stakeholders take to successfully overcome the challenges of digitalization?

In-house lawyers, like outside counsel, need to embrace collaboration to combine organisational advice, a sound knowledge of the law and client care. By pooling these skills and adopting an open mindset, a period of reflection may open up based on a minimal analysis of implemented processes, particularly for outside counsel. In this way, we can build a strategy centred on value, visibility, cost, development and recruitment – which represents an investment and calls for high-level expertise and maturity. Knowledge of lawtech companies and their offerings then comes into play to help identify existing products and those currently in the pipeline. Key questions include how to work with certain talented, fledgling lawtech firms to find out what you really need, and how to find digital skills that can be mobilised to help you integrate the solutions you identify. And you have to do all of this without losing sight of your goal: to find better and more cost-efficient ways to practise law!

The ECLA study shows that in-house legal professionals expect legal technology to become vital to their work within the next five years. How will this affect the profession?

When you talk to legal departments about innovation, their main approach is to automate as many tasks as possible with no added value and to roll out new processes. Thinking this through to its logical conclusion means that in a perfect world we would automate or outsource anything that does not add value, keeping only those noble tasks within the company that turn a profit. This implies that, in the future, some individuals will collaborate with machines and outside counsel who produce law... but working with a robot is no simple matter – it is not something that comes naturally – no more than buying legal services other than technical consultations. There is still just a vague understanding of how to use technology in the legal sector and it is not taught systematically. Are we talking about assisted activities? Automated processes? What level of human-machine collaboration are we aiming for? What service quality indicators apply? What is certain, on the other hand, is the impact of organisational issues on finding a model that will produce the required law and compliance and that risks redrawing the lines between the legal sphere, risk management, auditing, quality control, management, and more, because now everyone in the company is a legal stakeholder and wants to be protected by their legal department. This is therefore quite a complicated question!

The study also shows that today's in-house lawyers still need fundamental tools to manage their contracts. Can you say a few words about this?

Yes, the study reveals that in-house lawyers are more concerned with management and information – that

is, with indicators – than with analysing and evaluating this data. Electronic invoicing raises questions, because there are few signs that this has become standard practice in France, yet we have noted an uptick in demand for electronic signatures. However, you cannot have one without the other; it is a package deal for the purchasing department! When we work with some large companies that operate internationally, we ask to see their contract libraries. Very often, their libraries are incomplete, yet this first legal analysis of the company is vital in order to identify all of their contracts by type, with proper segmentation. Indeed, a commercial lease, a royalty contract and an internal contract are all handled differently and, depending on the jurisdiction, are not subject to the same rules of evidence, particularly when it comes to electronic evidence. This work is not always carried out very precisely or consistently, which makes automation and evaluation even more difficult.

How do you prepare new generations to be in-house lawyers?

Our guiding principle is to promote a well-rounded entrepreneurial mindset in terms of developing a business, developing client care, innovation, carrying out market studies, devising and implementing strategies, and tracking KPIs. The need to lean into the digital transformation is no longer a generational problem. We have been training mixed teams of those in foundational and continuing education for three years. All of these individuals are progressing at the same level and speed, despite having very different backgrounds. Everything revolves around project work for six months: enough time for participants to learn how to distribute tasks according to each person's skills – or to encourage each other to develop them themselves. And this group-based, entrepreneurial approach yields good results.

Within our programme, each participant receives an average of eight offers from recruiters, which is virtually unheard-of elsewhere in the market.

Will the position of in-house lawyer encompass an increasingly varied range of skills in the future?

What we teach our teams of participants is what they need to know to work with others, and especially with engineers or consultants. We're talking about complementary learning built on a foundation of solid legal skills, which remain indispensable. Yet that is the biggest difficulty today: knowing how to work together, pool your knowledge and have fun in a constantly shifting landscape. Ultimately, what we're teaching is this ability to relate to others, especially since our legal professions, and particularly outside counsel, tend to struggle to embrace change. There is a kind of enrobed resistance, despite clear ambitions that raise the question of recruiting those profiles that could help move legal departments forward. But there is also a characteristic of innovation – acceptance of the right to make mistakes – which is counter-intuitive for the lawyer who often does not have the room to make them, both during their education and in the workplace. In this respect, the engineer and the businessman have a clear advantage, and the solution undoubtedly lies in genuine dual training.

Can you give a concrete example of the change in attitude you'd like to see from in-house lawyers?

We recently had lunch with a client advised five years ago to reorganise his legal department. We asked him: what do you want to do? What is your vision of success for your new legal department

of tomorrow? He fortunately understood that he needed to create a "company" within the Group to serve his internal clients by segmenting them and working on his offer. And it became an ambition: his ambition! He is happy: he set up a robot that makes it possible to train and redeploy staff who were always answering the same questions and is now working on automating contracts to generate added value and delegate a first level of control to sales staff. To do this, he made several videos with them on key legal points, allowing them to make better sales and demonstrate that the law in action can be a commercial advantage. In short, this entrepreneurial legal director is more responsible for a business unit than for an internal law firm.

What is your vision for the way digital transformation will impact legal departments?

It is an incredible opportunity, perhaps the last one in France, to enhance the perceived value of the unloved legal professional compared to their counterparts in Anglo-American companies. Some missed the shift to internal control, then risk management, then compliance, and this will be the last call for action.

If we can get people more interested in the law and improve the legal and ethical culture of companies, we will be able to "push" some of the work of in-house lawyers towards them, provide them with digital or physical aids, depending on the complexity of the issues at hand, and increase the effectiveness of training thanks to an enhanced ability to track recurring misunderstandings. We would then move towards a corporate organisation like in the United States, with strong legal departments where company operatives – for excellent reasons – never act without consulting their law-

yers. There are still people today who try to avoid those who can prevent them going around in circles! Without a doubt, it is about adopting the attitude of a service provider, and we have no qualms about discussing the marketing of legal departments to make people think about the work we do every day to offer legal protection and contribute to our companies' growth and development. It is a truly invigorating challenge!

About Bruno Deffains and Stéphane Baller
Stéphane Baller, outside counsel and creator of the Observatoire des Directions Juridiques survey of legal departments, and Bruno Deffains, associate professor and president of the Cercle des Juristes Numériques working group, are the creators and co-directors of the T2DL university degree in the digital transformation of law and lawtech at the University of Paris II Panthéon-Assas. This programme, open to engineers and in-house lawyers and tax specialists in foundational or continuing education, is designed to prepare participants to get actively involved in the digital transformation of the law in their organizations or to create their own lawtech. This training may lead to entrepreneurship on the lawtech market or to the job of Chief Digital Officer (CDO) within companies, law firms or legal departments that wish to implement their own digital transformation.

CREATING A DIGITAL LEGAL DEPARTMENT AT OPTILE

Interview with Yvonne Enzinger, General Counsel at optile

Yvonne Enzinger, General Counsel at optile, has first-hand knowledge of how a legal department can be digitalised with the use of legal software. When looking for new contract management software for her firm, she had a strict project plan and timetable, a fixed budget and internal IT policy requirements to take into account. She found the right solution in Wolters Kluwer's Legisway Essentials, which now helps her department to work in a more effective and time-efficient way.

optile is a Munich-based fintech company that offers simplified online payments to global enterprises and their customers around the world. optile's open payment orchestration platform helps businesses grow by streamlining and optimizing their online payment setups. optile's platform was specially designed for enterprises to reduce the complexity of payment structures while improving payment processes, customer experience, and conversion rates.

When Yvonne was tasked with creating a digital legal department, she was confronted with a huge variety of contracts in a sprawling document depository. The contractual documents were accessible to different people via a SharePoint archive. However, if someone wanted to pull up a contract, check the term of an agreement or generate reports from multiple files, they had to laboriously comb through all of the information. This often delayed response times to important questions from different departments within the company.

With her list of requirements in hand, Yvonne looked at various providers recommended to her by colleagues in other companies. "The first

requirement on our list was the cost," says Salome Beradze, Legal Project Manager at optile. "The price-performance ratio was critical in our search for a suitable contract management system." Yvonne was extremely impressed by the webinar that introduced them to Legisway Essentials: "Via an initial overview of the Legisway Essentials solution we were able to really work through our list of requirements and already started imagining how everything would play out in day-to-day work.

ADHERING TO A STRICT SCHEDULE FOR THE IMPLEMENTATION

To get an overview of the all the contracts available in-house as quickly as possible, the team set a strict timetable for the project. And thanks to the solution's ease of use, they were able to do a lot of the implementation work themselves. With help provided by Legisway Essentials specialists, they organised the contracts into different categories with various access rights. The first documents could be uploaded immediately. In fact, only six weeks passed between the initial idea and the first contracts being uploaded in the tool. Salome Beradze, who led the implementation, is happy with how things went: "I can barely remember that period because it all happened so quickly. Everything went just as we wanted it to. The IT department only had to be involved once, to define administrators."

However, when files were being uploaded during implementation, the ambitious timetable fell slightly behind schedule. "There were more contracts than I thought," says Yvonne Enzinger.

"There were two of us were handling the implementation and uploading the contracts. But it took longer than expected. What we lacked were the internal resources to populate the solution with our content." Looking back, she can take away some positives from the situation: because they were forced to deal with all the contracts and categorise them, they now know exactly which contracts the company has. And in the meantime they have found a satisfactory solution from DocuSign, which allows them to integrate Legisway Essentials in existing processes when procuring digital signatures.

A 360-DEGREE VIEW OF ALL LEGAL MATTERS

In addition to contract management, optile uses the General Data Protection Regulation dashboard in Legisway Essentials. This supports the legal and compliance team with documenting and monitoring risks related to data privacy. Meanwhile, the investment management and procedure management/internal legal projects modules give Yvonne Enzinger a holistic overview of all legal matters at optile.

Yvonne is happy overall as she describes how contract management software helps her prepare for due diligence procedures with special reports, and how much time it saves her: "Anyone who's had to prepare a due diligence report will appreciate that." And when it comes to submitting reports to the CEO or responding to queries from other departments, her legal department is now able to react significantly faster with Legis-

way Essentials. "Now I can safely say: our legal department is digital. There's no need to hunt for contracts any more; we save so much time. I can't even imagine working in a legal department without a solution like this."

WHAT DOES WORKING IN THE LEGAL DEPARTMENT AT OPTILE GMBH LOOK LIKE NOW?

"If I need a contract, I go to Legisway Essentials and find it immediately. We save so much time now," explains Salome Beradze. Yvonne Enzinger is delighted with the holistic overview of all contracts and the rapid access to documents: "At the touch of a button, I can see which partner agreements, client contracts and IT agreements are available. And it's not only searching for documents that's easier; we can also find documents with all the relevant information in the fields that we have created within Legisway Essentials."

About Yvonne Enzinger
She is the General Counsel at optile since 2017. Prior to that, she worked in-house in the telecommunications industry for over 10 years..

PRACTICE REPORT: HOW TO SCOPE WITH DIGITALISATION IN SMALL AND MEDIUM-SIZE LEGAL DEPARTMENTS

Thomas Wagner, General Counsel, Faber-Castell

WHAT IS THE CURRENT SITUATION?

Many legal departments report, or depend on, the chief financial officer or the finance department. There is often pressure to become more efficient and cost-effective.

When I started working at the company, I first tried to find out what the expectations placed on the legal department were. Were the services we provided to the rest of the company sufficient? Did we deliver the right things in time? Did we have to build up additional know-how and provide better support?

In my opinion, we can only be truly successfully as a legal department if our business units know us and come to us for support and added value.

I work in a medium-sized company. Consequently, our relatively small department cannot be compared to that of a big international corporation. Including myself, our department in Germany consists of four legal counsel. In addition, there are two further legal experts as well as assistants, legal trainees and law students. We also have additional lawyers in several subsidiaries abroad.

General counsel has to work within the constraints of a given situation: the size of the company, its structure, the work routines that are in place, etc. Moreover, there are time constraints. It is often a challenge to carve out sufficient time to think about, and plan for, the future.

When I started working at Faber-Castell, I tried to ensure that 10 to 15 percent of my team members'

working time is dedicated to planning ahead, to making us fit for the future. My assumption was that in ten years from now, our work will be very different from what it is today, and we will do our work in a very different way.

This is not only due to digitalisation; it also stems from the need to manage processes better. We need to ask ourselves constantly:

How can we support the operative units in our company better in what they do? What are the daily problems they face, e.g. in terms of copyright law? Do we have all rights for the images? A few years ago it was not so important, today it is. There was the handshake mentality and there were not so many written agreements.

We are also receiving more and more inquiries about how our sales staff in international business units can obtain legal security and minimize risks. The requirements, especially in an international context, are becoming more complex, each country has its own requirements in terms of labeling, customs regulation, IP rights, etc. It is increasingly hard to manage such matters without the aid of legal technology.

Perhaps in ten years' time, the kind of legal counsel we know today will no longer even exist and we will instead have "legal managers".

There can be no doubt that we will gradually, but surely experience a shift in the tasks expected of in-house counsel. From personal experience, this will affect international companies even more, as selling the same product in different jurisdictions

creates additional legal complexities. Only legal tech and digitisation can create transparency, efficiency and clear guidelines for the processing.

WHAT ARE THE REQUIREMENTS FROM THE LEGAL DEPARTMENT?

The requirements on in-house lawyers have grown constantly, especially in the fields of intellectual property, copyright, cartel law, consumer protection, and data protection.

One can foresee that soon it will not be possible to produce contracts that comply with all laws without the help of technological tools.

This is especially true for small and medium-sized enterprises who cannot afford and often do not want to have large legal departments. Software solutions will become even more attractive for them.

However, it will be equally important to have the right kind of personnel who can manage such technological tools.

It is therefore essential to work with all relevant business units – not just the IT department – to develop a comprehensive digital strategy and implement it. This main objective should be for the legal department to become an effective and efficient service provider to other units.

It can be achieved by considering the legal department as a kind-of in-house law firm. This can go to the point where internal billing is based on the services provided and the hours worked, very much like an external counsel would do.

In the past, counsel in legal departments gave their comments on the draft contracts, but nowadays, they are part of the process from the outset. They sit at the table, give advice, and they need to know what can or must be included in a contract even before anything is discussed with the potential client. But they are jointly responsible for ensuring that the contracts are concluded successfully.

This requires a shift in mentality from the legal department staff. The old ways of structuring work will soon be gone by. We need to improve our workflow, and that is impossible without recurring to the available technological tools.

However, before even discussing which new software should be installed and what budgets and human resources are needed, it is crucial to have the right mindset within the legal department – and beyond.

One of the biggest challenges today is to maintain a reasonable reaction time, despite the increase in requests. This is particularly difficult given the ever-growing complexity of the issues we have to deal with. It is therefore necessary to constantly demonstrate what we are doing, and what resources are needed to support our work.

In our legal department, we strive to register the services we provide to other business units in a very transparent manner. Like many others, we come from an analogue world and only recently have begun using some legal tech applications. For instance, we use contract templates and are trying to expand this. But as with many other small and medium-sized enterprises, the human and financial resources available to the legal department are not

limitless. We are not Siemens, Daimler or Google, and we need to determine carefully what is critical for our work and what is just "nice to have."

WHO DRIVES THE DIGITAL TRANSFORMATION?

In our digital strategy, we are supported by the chief financial officer of the company, as well as the IT department. We are part of the company-wide transformation process. It is very exciting to see how a 258-year-old company has to reinvent itself.

The business units do not really care how we do things in the legal department, as long we do fulfill their needs.

However, most importantly, it is the younger generation who are critical in this transformation process. We are just "digital immigrants" but the next generations, whether Y or the millennials, are grown-up with steady changes and new technologies. They bring the drive and the right mindset. Based on their ideas about life, they push for the introduction of new technological tools.

Our digital strategy is result-oriented above all, and as outlined above, we must become faster and more efficient.

We also face tremendous obstacles. Originally, we had an IT department that was very technology driven. Some time and many meetings later we have developed a better understanding for each other, in terms of needs and expectations from both departments.

There is also the question of how much we can actually implement, and where the priorities should lie. It is not just a matter of available resources, but also a question of the people of the company and the processes within the department. People who find change difficult to accept are more reluctant to implement new tech-based solutions that require a long induction period.

It is no secret that lawyers are overwhelmingly conservative, in addition to the fact that generation does not like really like big changes. One of the most common statements is: "We have always done it this way." It can take time to persuade employees to open themselves up to new tools. For this process to succeed it is necessary to invest time and talk to people constantly. Furthermore, the aspirations and targets should be realistic and not too ambitious to achieve.

WHAT IS IT THAT WE NEED?

Planning ahead is important. A contract database, for example, needs to be updated constantly and contain the rights sets of data. This can be quite time-consuming and requires considerable investments. In small and medium-sized businesses, this normally can't be done by external consultants as they are often considered too expensive but needs to be carved out of existing in-house resources.

When developing a digital strategy, a general counsel should also be very clear what kind of technological solutions they want and how they fit into their specific company situation. This should be done in close cooperation with other departments, such as the IT department.

For instance, if a new contract database is desired, it should be established whether it has to be built from scratch and whether the department can manage such a system. It should also be assessed how new technology can be linked to existing processes.

In smaller organizations, it is difficult, if not impossible, to train people in software management or to implement ready-made solutions. The only available alternative is to purchase off-the-shelf solutions and work with external consultants. This can potentially trigger new problems.

To give an example from my own experience: When we started our journey, the IT department preferred to implement a SharePoint application. We realised that we did not have anyone in the IT department who had experience in implementing legal applications. We thus decided on another solution and with the support of some consultants, adapted the software slightly to our needs.

It is like an expensive tailor-made suit: it may be a nice thing to have, but there is no guarantee that you will look good in it. Or in the world of fashion, prêt-à-porter is often the better option, compared to haute couture.

WHERE ARE WE HEADED?

It is difficult to overestimate the speed of the digital transformation we are witnessing, including in corporate legal departments. While some of the technological solutions we are using are not exactly new, one can imagine that in five years' time, 70 to 80 percent of the work we currently do manually will be done by machines

fed with data and capable of using artificial intelligence, e.g. to produce ready-made contracts, assess legal risks and support IP management.

Perhaps this an optimistic view and the transformation will take longer. While the relevance of AI tools for the elaboration of contracts or for due diligence operations is currently close to zero, I strongly believe we will soon see the implementation of solutions analysing jurisprudence.

I can also imagine that in the near future things like a "Robot Judge" will be created. Clearly, this might look like a spooky scenario to many lawyers. But it is perhaps not a bad thing after all because it could give us helpful advice on potential legal risks – and it could allow us to avoid mistakes.

About Thomas Wagner
Before joining Faber-Castell in 2015, Thomas worked as an attorney-at-law in a law firm and as an in-house counsel for a family-owned industrial company. Within Faber-Castell, he is responsible for almost all legal matters, including the management of a portfolio with more than 2.500 trademarks and almost 1.000 designs. Furthermore, Thomas Wagner focuses his practice on domestic and international corporate and commercial matters, which range from commercial contracts to M&A transactions.

COMPANY LAWYERS ARE WILLING TO USE TECHNOLOGY TO SERVE THEIR NEEDS, BUT OFTEN THEY STILL FAIL TO SEE HOW FAR THIS TECHNOLOGY COULD GO

Marc Beyens, President of IBJ-IJE and Julie Dutordoir, General Manager of IBJ-IJE

Looking at the results of this European Legal Technology Study 2020 (the "Study"), we see that most company lawyers believe that technology could bring efficiencies to their work. Indeed, according to the Study around 9 out of 10 legal departments in Europe are "planning to increase their efficiency by the greater use of digital tools". However, we see much lower results for the effective implementation of a digital strategy: less than half of the surveyed legal departments have started to implement or have determined a digital strategy.

This contradiction is not a big surprise for us as it confirms feedback that we have received from some of our members. Most of them are keen to believe that digital technology could, in theory, bring value and efficiency to their particular legal department, in the same way as it does for other professions. Yet when it comes to concrete applications and tangible benefits, certain members do not really perceive the significant added-value potential.

Here is a recent example from one Institute member, a company lawyer for an international company, who was looking for a satisfactory contract management system for the company's contracts in different countries. He told us that despite discussions with different providers of contract management systems, he was disappointed and left 'hungry' for more. He could not find the right tool combining functionality, customer support and value for money.

Perhaps the market has yet to mature and/or more information has to be given on Digital solutions to legal departments. Institutes like ours certainly have roles to play in this latter aspect.

Another reason might be the difficulty for legal departments to precisely define their needs in such a complex system. Legal technology solutions work well with processes and it is interesting to note that, according to the Survey, legal departments plan to improve the "structuring [of] processes" the most. Perhaps certain digital solutions are currently one or two steps away from reality, as they rely on the existence of processes that might still be underdeveloped in certain legal departments.

Still another reason why digitalization is not so well-implemented in legal departments could be the nature of our work. Certain parts of the company lawyer's work cannot easily be replaced by technology or artificial intelligence (AI). The company lawyer, contrary to external legal counsellors, is fully part of the company where she or he works, which is a complex (human) system, with a particular culture, personalities, politics, feelings etc.

In our view the key for digital solution providers is understanding the problems that can be solved through technology (rather than starting from what it is possible to do with a certain technology). In other words, the technology should answer concrete needs. In this respect, we believe technology can really help legal departments to

reduce time-consuming tasks or improve efficiency or precision in certain tasks. Sometimes technology can only solve part of the problem, and it is key to define what can be broken off and done faster, cheaper and/or better. We see the potential for contract screening, contract template generation, contract lifecycle management etc. There are also tools such as online filing, interactive intranet platforms, e-signatures, e-voting that have already proven their efficiency to those who use them. Yet again, to be effective, technology needs the proper processes and people.

In conclusion, we believe that company lawyers are willing to use technology to serve their needs, but often they still fail to see how far this technology could go. They do not see an answer to a concrete need for their current organisation and processes. They are not yet convinced by the return on investment of certain tools, as company lawyers are performing an activity in which human business sense and soft skills are as important as the job's legal and technical aspects.

About Marc Beyens, President and Julie Dutordoir, General Manager
Marc Beyens and Julie Dutordoir are the President and General Manager of the Institute for Company Lawyers (Instituut voor bedrijfsjuristen – Institut des juristes d'entreprise, also known as IBJ-IJE), respectively. IBJ-IJE is the organisation managing the regulated "company lawyer" profession in Belgium. Our Institute is celebrating its 20th anniversary in 2020 and counts around 2100 members, who are obliged to follow a Code of Ethics, which guarantees their professional independence, and whose legal advice is legally privileged.

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