The Corporate Legal Department of the Future

How CLDs are Responding in Age of Uncertainty

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Speakers

Chris started his career as a software engineer for IBM, designing components of the U.S. air traffic control system, and has been a practicing lawyer for nearly 25 years. Chris now works at the intersection of law and technology, as a legal innovation consultant, as a first-chair IP litigator and as a legal technology entrepreneur.

Chris Colvin has an Aerospace Engineering degree from Princeton University, a J.D. from George Washington University Law School and a Cybersecurity Certificate from Harvard University.

Chris Colvin

Nita brings 20+ years of experience in strategy, operations, innovation and transformation consulting. She has successfully advised many complex global services businesses (in financial, profession and legal services) during up- and down-markets. Nita has helped firms innovate, right-size, improve operational efficiency, generate incremental revenues and transform to ensure continued growth. Nita has also worked with various legal businesses, including large, small and mid-sized corporates, law firms, legal services firms and legal techs.

She brings domain expertise in the application of technologies (i.e. Artificial Intelligence/Cognitive, Internet of Things, Blockchain, Crowdsourcing, Crowdfunding, Analytics, etc.) to transform the business. Nita has an MBA from Columbia Business School.

Nita Sanger

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First Things First — We All Need Empathy and Understanding Right Now

CD (Cultural Distancing)
+ SD (Social Distancing)
———————————-
= ET (Emotional Togetherness)

- Well before the current pandemic, we were living at a time of declining "social capital" and increasing cultural distancing (think politics, coastal elites vs heartland, decreasing club memberships, etc.) [1]

- On top of cultural distancing, we now have "social distancing" so we are no longer sharing physical space with co-workers, clients, peers

- We need Emotional Togetherness (Empathy) since that is human's best tool for connecting with others, and Empathy does "work remotely"
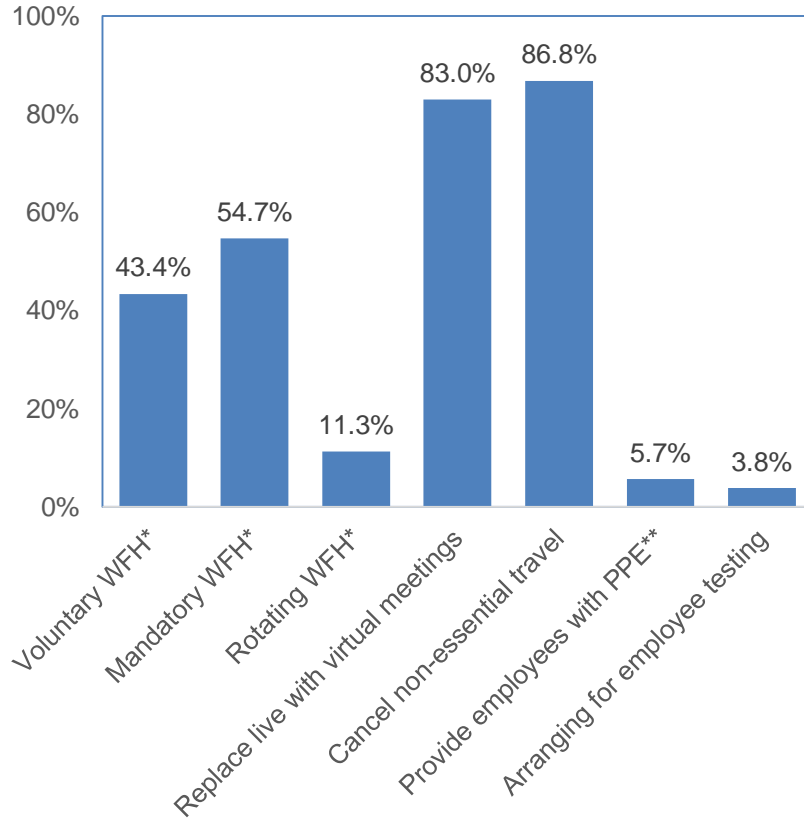
Some Suggested Actions to Foster Emotional Togetherness

- <u>Do</u> talk openly about the need for ET / Empathy — we are all going through this together

- <u>Do</u> replace meetings with video conferences (***not teleconferences — please!)***

- <u>Do</u> create a "virtual water cooler" and a "virtual lunch hour"

- <u>Do</u> issue a "WFH survival kit" to workers (can take many forms, from free to swag-laden)

- <u>Do</u> host "virtual" happy hours @ 5 pm — cocktails optional

- <u>Don't</u> obsessively watch/read the news / social media apps

[1] Bowling Alone, Robert Putnam (2000); Tightrope, Nicholas Kristof (2019)

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How CLDs are Responding to the Market Downturn

Changes Currently in Place to Address the COVID-19 Epidemic

- Voluntary WFH*: 43.4%
- Mandatory WFH*: 54.7%
- Rotating WFH*: 11.3%
- Replace live with virtual meetings: 83.0%
- Cancel non-essential travel: 86.8%
- Provide employees with PPE**: 5.7%
- Arranging for employee testing: 3.8%

* WFH – Working from home   *** Personal Protective Equipment

Likely Pressure on CLD to Decrease Costs and Increase Efficiency in the Expected Market Downturn

- Very Likely/Likely: 49.0%
- Neither Likely nor Unlikely: 33.0%
- Unlikely/Very Unlikely: 17.6%
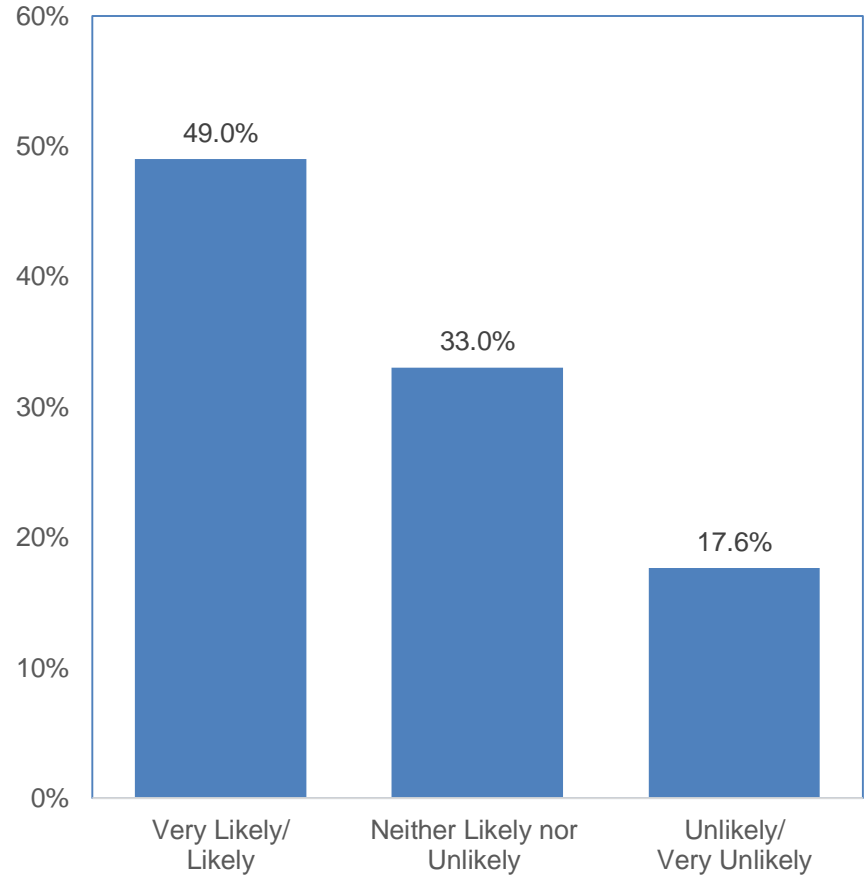
Let's Face It: We are in a Market Downturn of Unknown Severity and Duration

Approach for C-suite to address a Market Downturn
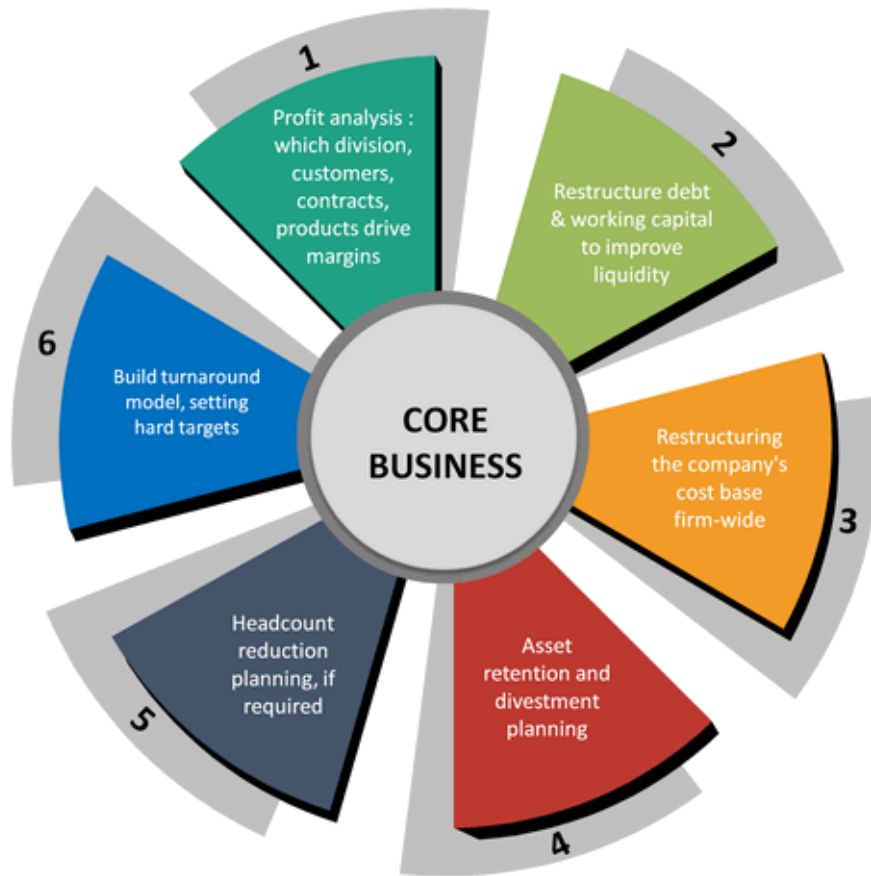
- During a market downturn the C-suite has several approaches to sustain profitability

- The ones that are likely to impact the General Counsel and the Corporate Legal Department ("CLD's) are:

  - Restructuring the company's cost-base – identifying all the **non-revenue generating businesses** (Legal, HR, operations, procurement, IT, etc.)

  - Determining which units can be **combined, downsized, outsourced to a managed service or low-cost provider, use an alternate talent model**

  - Headcount reduction, of which the initial focus will again be on **non-revenue generating or support resources**

  - **Building turnaround models**

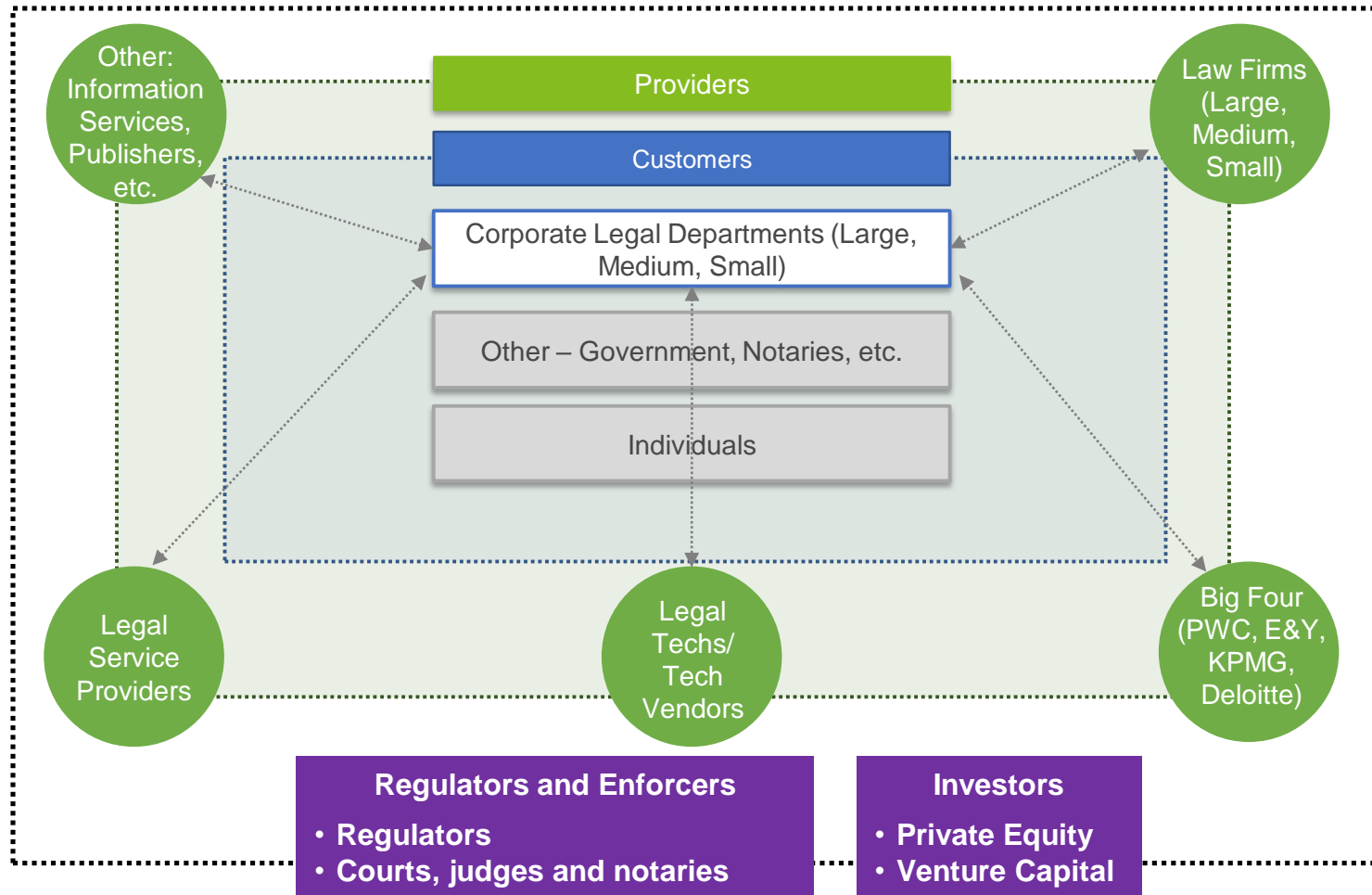# Brass Tacks: Disrupt or be Disrupted (Proactive not Reactive)

Strategic GCs <u>must</u> use this time of transition to re-engineer their CLD to:

- Position themselves for future success through operational optimization, technology and vendor streamlining

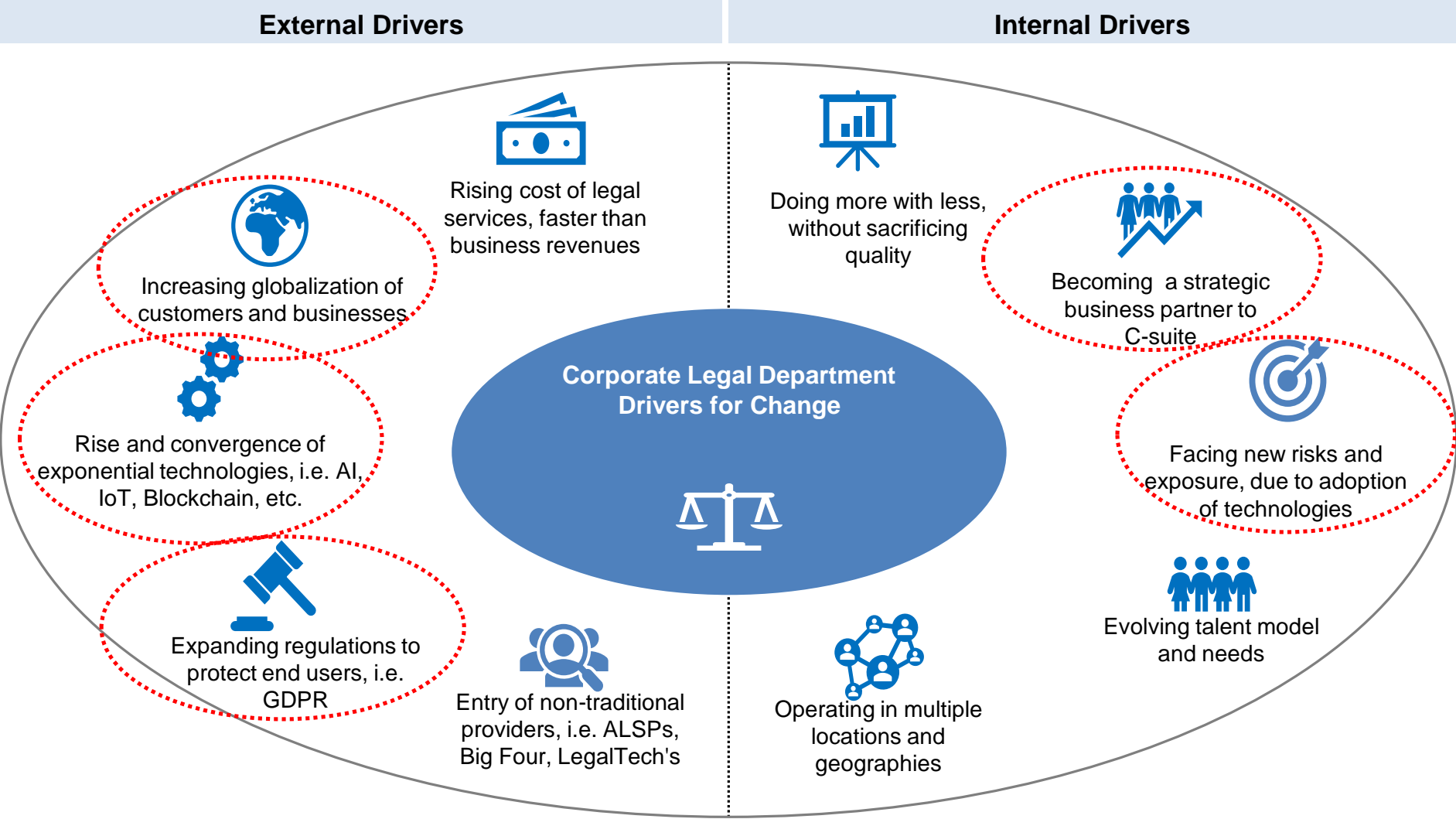- Rapidly evolve their role as <u>indispensable</u> "strategic advisor" to the C-suite

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The Legal Services ecosystem has moved from a sellers to a buyers' market, with CLDs driving change & having options of multiple providers

The Legal Services Ecosystem
With the increased use of technology in daily operations and legal delivery, several new non-traditional service providers have entered the ecosystem

Providers

Customers

Corporate Legal Departments (Large, Medium, Small)

Other – Government, Notaries, etc.

Individuals

Other: Information Services, Publishers, etc.

Law Firms (Large, Medium, Small)

Legal Service Providers

Legal Techs/ Tech Vendors

Big Four (PWC, E&Y, KPMG, Deloitte)

Regulators and Enforcers
- **Regulators**
- **Courts, judges and notaries**

Investors
- **Private Equity**
- **Venture Capital**

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As CLDs face various internal and external drivers for change, these drivers also provide opportunities to demonstrate their importance to the C-suite

External Drivers	Internal Drivers

Corporate Legal Department Drivers for Change

External Drivers

- Rising cost of legal services, faster than business revenues
- Increasing globalization of customers and businesses
- Rise and convergence of exponential technologies, i.e. AI, IoT, Blockchain, etc.
- Expanding regulations to protect end users, i.e. GDPR
- Entry of non-traditional providers, i.e. ALSPs, Big Four, LegalTech's

Internal Drivers

- Doing more with less, without sacrificing quality
- Becoming a strategic business partner to C-suite
- Facing new risks and exposure, due to adoption of technologies
- Evolving talent model and needs
- Operating in multiple locations and geographies

"CLD of the Future" would be more integrated, efficient, data driven, will leverage the players in the legal services ecosystem, enabled by technology

CLD of the Future
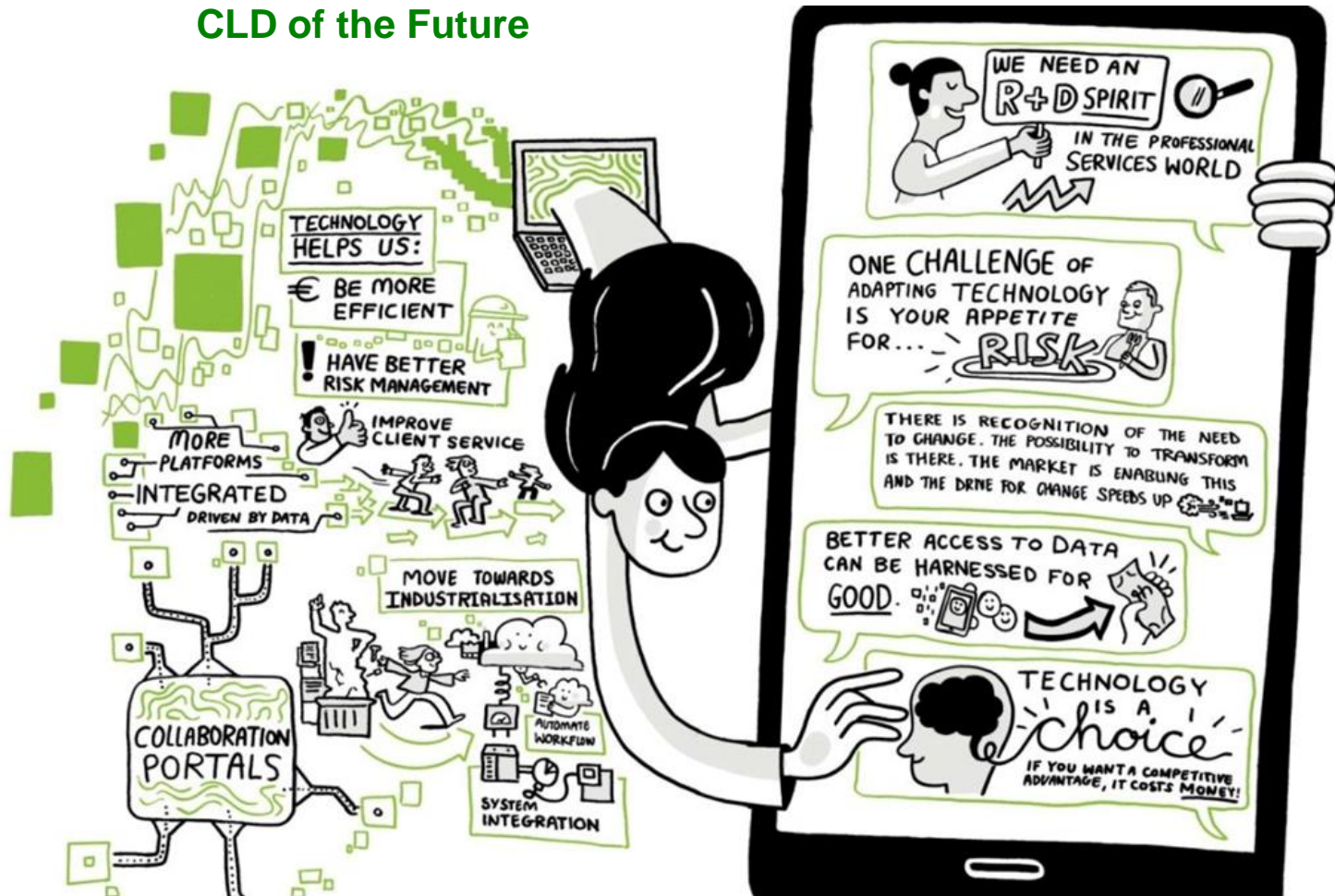
Source: Deloitte Legal, Tech and Law Tech Education Series for GCs and Legal COOs

Front End and Back End for the "CLD of the Future"
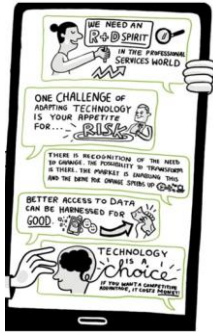
Front End

- CLD Staff must leverage technology to be more effective and efficient

- A single portal on the desk-top of every CLD lawyer

- Aligned with the key activities and processes of the legal professionals

- Provides access to the legal ecosystem being used by the CLD

- With potential for customization in key countries or regions

Back End

- A single integrated back end platform for the department

- Hosted globally or regionally depending on the legal and regulatory implications

- With appropriate risk controls

- A collaboration portal that connects to firm's overall and legal innovation ecosystem, and includes:
  - Internal and external tools, solutions and technologies
  - Internal resources, i.e. KM, analytics, etc.
  - External Resources - Law firms, Alternate Legal Service Providers (ALSPs), LegalTechs

- Is integrated with other systems within the firm

Suggested Actions to Create the "CLD of the Future"

1. Understand C-suite expectations of CLD – strategic advisor vs. tactician, risk acceptance vs risk avoidance

2. Analyze the processes, technologies and people capabilities in the department:
   - **Processes:** Identify the most time-consuming activities. Determine which can be automated, combined, outsourced, etc. Identify activities that have the potential to be done inhouse, etc. Create "journey maps" for the new revised processes
   - **Technology:** Understand the current and proposed exponential technologies used within the business and the CLD. Determine tech and legal tech vendors in use, Develop a roadmap for future use
   - **People -** Assess skills and capabilities of legal professionals. Identify knowledge gaps for a "future-ready" CLD professional

3. Develop an action-oriented plan to innovate and transform the Corporate Legal Department

4. Create an innovation leadership and cross-functional execution team

5. Establish an Innovation Lab, to experiment with new processes and technologies, or leverage an existing innovation lab within the company

6. Experiment, iterate, test, pilot, and deploy new processes in the system

7. Set up shared global/regional service centers, where relevant

8. Upskill existing resources

9. Focus on change management, upwards, sideways and top-down throughout the process

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Bringing it All Together

Our "Triple Bottom Line" — We Want to Help:

1. *Individual GCs* (and other in-house counsel) in our community to have successful, enriching long-term careers

2. *Corporate Legal Departments* to innovate and establish themselves as indispensable strategic resources for the C-suite and the business side

3. *The In-House Community* to gain increasing power and prestige within the legal profession and the business community as a whole

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Q&A

Resources for All GCs

Contacts for Additional Information and Advisory Support

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2. Nita Sanger, email: nsanger@ideainnovate.com. website: https://ideainnovate.com/

Thought leadership

1. An Industry in Transition: The Legal Services Market of the Future

2. Transforming Corporate Legal Departments for Success

3. Identifying the "Right" Legal Tech Partner(s) to innovate your Corporate Legal Department (CLD)

Funny Work from home videos

1. https://www.youtube.com/watch?v=Mh4f9AYRCZY

2. https://m.youtube.com/watch?v=SOS7e6UTNPI

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