

Benchmarking Digital Agility

Survey findings

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

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Introduction

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



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

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

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

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

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

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

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

Mark A. Cohen

Executive Chairman
Digital Legal Exchange

Acknowledgement

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

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

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

Duc V. Trang

Managing Director

Major, Lindsey & Africa



Executive summary

Our survey focus – four critical maturity components

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

1. Data and insights

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

2. Automation and enablement

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

3. Culture and people

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

4. New ways of working

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

Our key insights

Digital legal transformation is out of the starting blocks

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

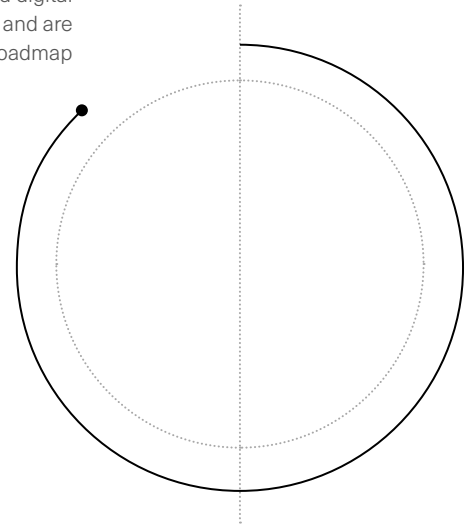
Legal functions' understanding of digital transformation has matured

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

Three key data points demonstrate this development:

1. Legal functions see **business integration as critical to success**.
2. Legal functions recognize that transformation is **within their capabilities**.
3. Legal functions understand that legal digital transformation is not just about technology: that it is a **holistic undertaking** requiring effort across all areas of the business.

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



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

23%

Protect and realize core elements of enterprise value

23%

Integrate more deeply with the business in real time

21%

Demonstrate the value of legal to the business

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

1.

We don't feel empowered

2.

Legal is perceived as a blocker

3.

High turnover from our teams

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



Executive summary

Levels of digital maturity remain low

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

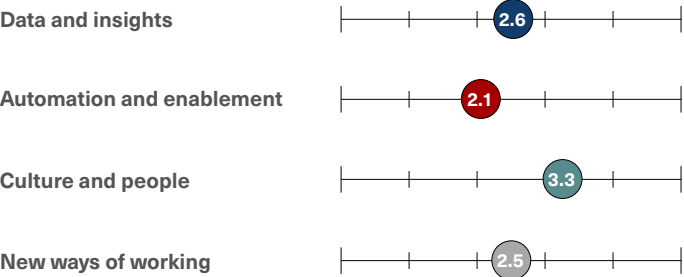


Legal functions want to move faster

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



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



The **three biggest obstacles to success**:

- 1.** Our tools are not fit for purpose
- 2.** Budget constraints
- 3.** Developing a business case that proves value

Alignment with the business is critical to success

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

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

2/3

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



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

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

“As a large global organisation, it is sometimes difficult to gain alignment and move the needle.”

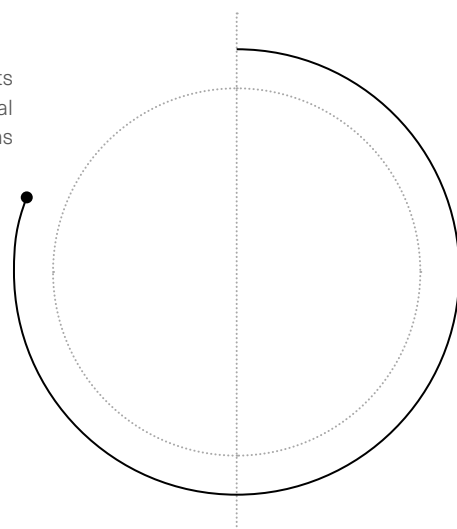
Culture is no longer an afterthought

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

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

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

81% of respondents reported having digital talent on their teams



Detailed survey findings

Question 1: Legal function priorities over the next 12 months

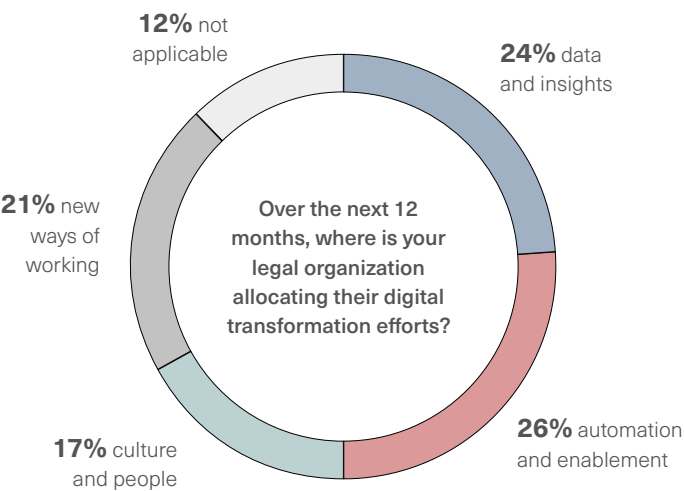
The survey first established respondents' digital priorities. Respondents were asked to give a **percentage allocation of their digital transformation efforts over the next 12 months**, across the four critical components. Participants could also indicate that they had not yet embarked on a formalized digital transformation.

The survey results show a relatively even split between automation and enablement (at 26%), data and insights (at 24%), and new ways of working (at 21%), with culture and people recording the lowest percentage of 17%. 12% of respondents indicated that they had not yet formalized a digital transformation.

Almost all (88%) of the legal functions participating in the survey have a formal legal digital transformation programme underway. This number, which is higher than we might have expected, is likely to be attributable to the impact of the Coronavirus pandemic, which has accelerated digital within legal functions and the businesses they serve over the past 20 months.

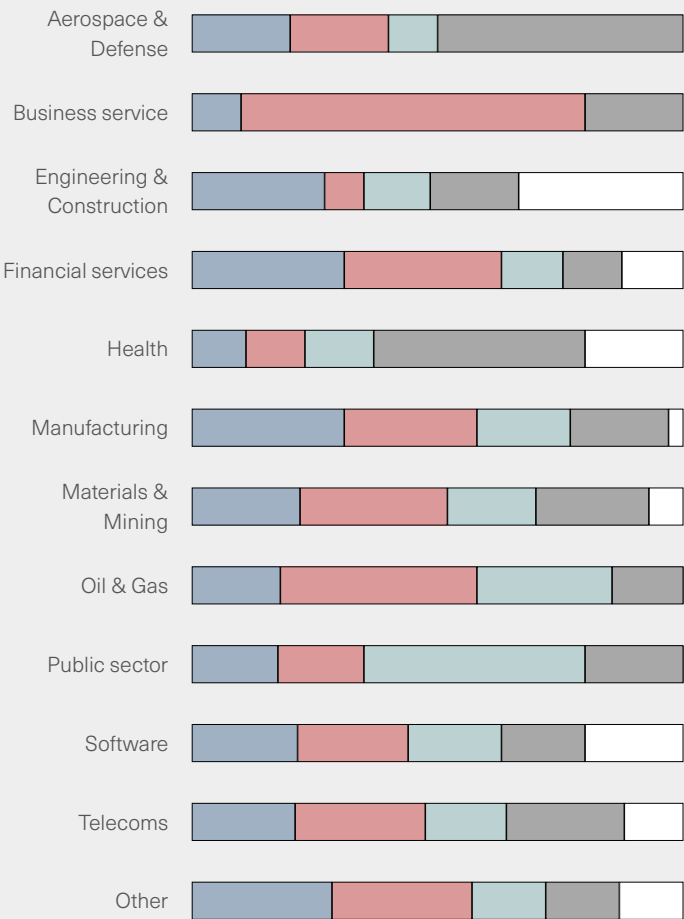
Although automation and enablement ranks slightly higher than the other three critical components, and culture and people slightly lower, there is no clear and definitive 'winner' across

the four components. This is the case regardless of the size of the legal function respondent. This demonstrates that legal functions are now recognising that **digital transformation is a holistic undertaking**, touching each part of the function, and requires equal effort across all four critical components.



Sector focus:

For respondents working in sectors that have been heavily impacted by the Coronavirus pandemic (**Aerospace & Defense** and **Healthcare**), **new ways of working** were cited as the highest transformation priority over the next 12 months.



Question 2:

Legal function maturity gap analysis

For each of the four critical components, participants were asked to indicate, on a sliding 5-point maturity scale, where their organization sits today and their goals for tomorrow. The gap between the two is indicative of the effort (or perceived effort) required to achieve the organization's digital goals.

Current state scores demonstrate that the majority of legal functions participating in the survey are at the early stages of their legal digital transformation. Average current maturity scores across all 4 critical components were generally low, in the 2 – 3 range. Scores were also broadly consistent across all four critical components.

Respondents rated their organizations at 2.3 out of 5 for each of data and insights, automation and enablement and new ways of working. Culture and people had a slightly higher average score of 2.5.

The scores for tomorrow's goals demonstrate that respondents are pragmatic and realistic about their digital aspirations. Most respondents put their ambition for tomorrow's goals at just above 3 out of a possible 5 on the maturity scale. Again, scores were broadly consistent across all four critical components, with legal functions most ambitious about culture and people, ranking their goals in this area at an average of 3.9 out of 5.

The biggest gap between current state and future goals was in relation to culture and people. This indicates that legal functions are maturing in their approach to transformation. Historically, the focus of and starting point for legal digital transformation has been technology, with change management something of an afterthought. Our survey results show a recognition of the critical role that culture plays in driving and sustaining digital transformation, and an understanding of the effort involved to achieve mindset change.

It is interesting to note that, although culture and people has the biggest maturity gap, it is not the primary area of focus for legal functions over the next 12 months. Legal functions understand the importance of culture and people, but do not yet have a clear plan to increase maturity in this area.



Detailed survey findings

Question 3: Obstacles to success

Participants were asked to indicate all the obstacles that prevent them achieving their goals for tomorrow, from the list on the right.

The **top three obstacles** selected by respondents accounted for approximately half (45%) of the responses. Those obstacles were:

- 1. Our tools are not fit for purpose (18%)
- 2. Budget constraints on internal versus external spend (15%)
- 3. Developing a business case that proves the value of certain initiatives (12%)

The top three results are not surprising. Technology, budget and business case are the concerns most frequently raised by members at the Digital Legal Exchange. These findings are also consistent with other market surveys of corporate legal functions. The 2021 [EY/Harvard survey](#), for example, found that 97% of GCs struggle to gain budget for legal technology investment. The same survey found that two thirds of corporate legal departments do not have the tools they need to do their job.

Two of the **least frequently selected obstacles** were:

- 1. We don't feel empowered
- 2. Legal is perceived as a blocker

The low ranking of these obstacles reinforces our overall finding that legal functions are becoming more confident in their digital transformation capabilities, rejecting the historic narrative of the legal function as blocker. Legal is ready to work with the business to accelerate transformation.



A close relationship with the business has become critically important to most of our survey respondents (see [Question 5](#) below). Our survey shows that this is not always easy to achieve. Respondents used a free text box to report obstacles that did not appear in the predefined list. The challenge of alignment between the legal function and wider organization was the prevailing theme, appearing multiple times:

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

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

“As a large global organisation, it is sometimes difficult to gain alignment and move the needle.”

“Siloes between legal functions.”

“Lack of understanding, pan-department of opportunities.”

Question 4:

Highest level concerns

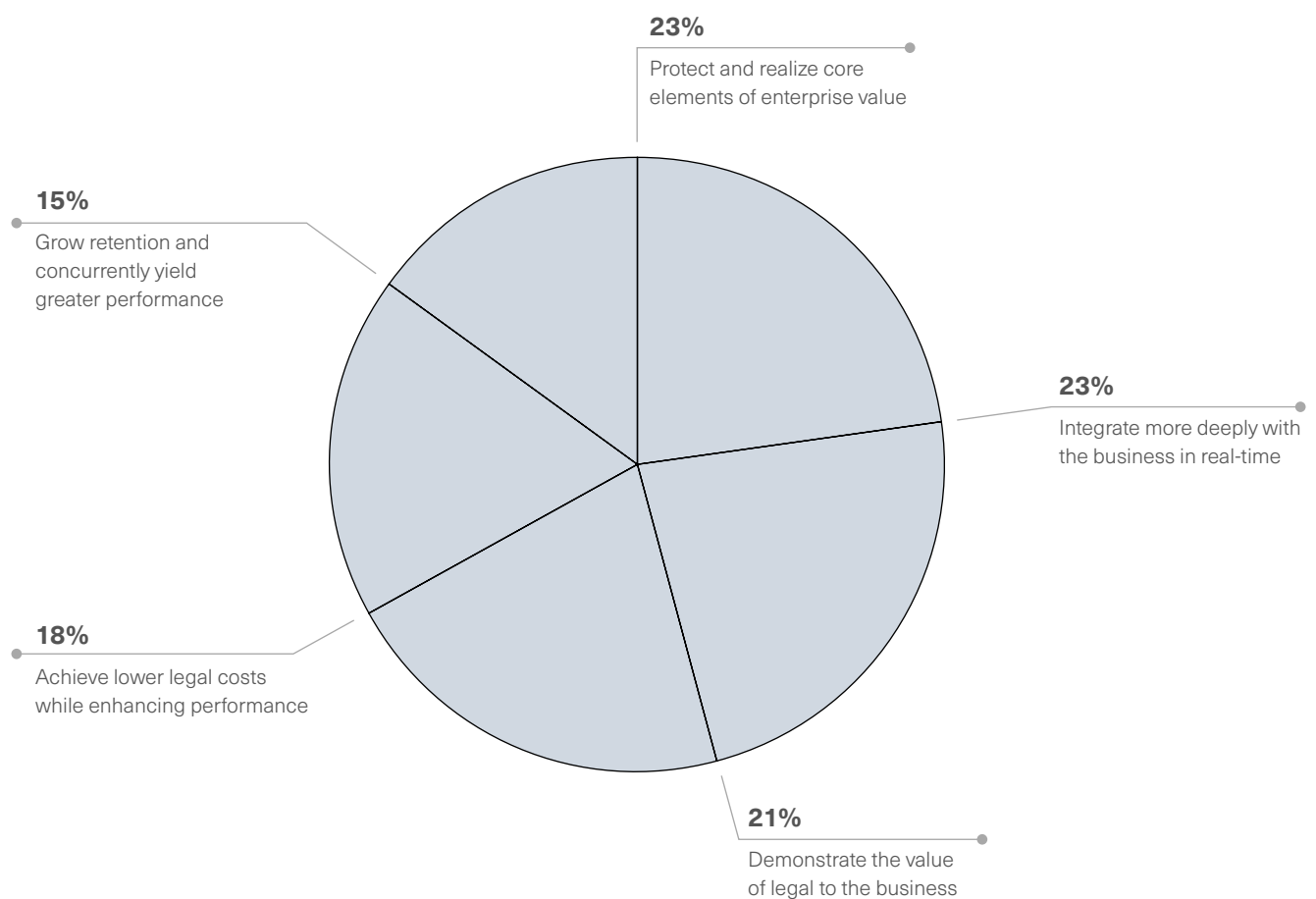
Participants were asked to select the highest level concerns that apply to their current legal goals:

Over two thirds (67%) of respondents selected the following three concerns:

1. Protecting and realizing core elements of enterprise value
2. Integrating more deeply with the business in real time
3. Demonstrating the value of legal to the business

The dominance of these three business related concerns, which far outweighed *achieving lower legal costs* as a concern, indicates a growing recognition amongst legal functions:

- that successful legal digital transformation requires **close integration** between legal and the business; and
- that the overriding objective of transformation is to **provide value to the business**, not simply to reduce legal costs.



A deeper dive

Question 5:

Data and insights

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

The data-backed legal function

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

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

Mark A. Cohen

The Data Backed Legal Function
Forbes.com

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

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

Survey results: data and insights

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

1. **work allocation;**
2. **throughput and utilization;**
3. **transaction velocity and deal status;** and
4. **contract portfolio and contract performance.**

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

You can view the maturity scale [here](#).

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

Sector focus:

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

Legal function maturity in data and insights:



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

A deeper dive



1. Insights into work allocation

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



2. Insights into throughput and utilization

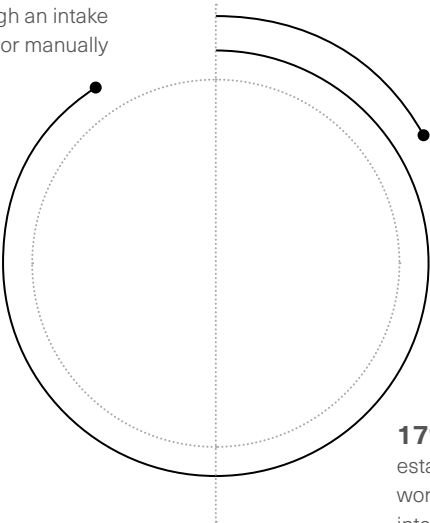
Throughput and utilization (the capacity that the team has to take on legal work, and the speed at which it is delivered) is the next step on from work allocation. Our survey showed a low level of maturity in this sub-category.

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

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

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

91% are currently tracking how legal work is allocated through an intake tool or manually



17% have established intake workflows and integrated them with enterprise systems

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

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



2.7

3. Insights into transaction velocity and deal status

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

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

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

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



2.4

4. Insights into contract portfolio and contract performance

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

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

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



A deeper dive

Question 6:

Automation and enablement

Automation and enablement is focused on technology to reduce or eliminate high-volume, routine work.

Sector focus:

Overall, respondents in the **Technology** sector had the highest maturity score in the automation and enablement category, with an average maturity score of **3.2 out of 5**. The sectors with the lowest score were **Aerospace & Defense** and **Oil & Gas**, with an average maturity score of **1.3 out of 5**.

The benefits of automation for the legal function

Our members at the Digital Legal Exchange consistently report that legal function workloads have increased, particularly over the last 24 months. More complex and far-reaching regulation, an expanded remit for legal in the field of ESG and reputation management, and an unrelenting uptick in M&A have all combined to put pressure on legal function resources.

Add to this picture budget constraints, cost reductions and limits on use of outside counsel, and legal functions become compelled to look to automation of routine legal work to relieve the pressure on their teams. Gartner, in its 2021 Corporate and Legal and Compliance Technology Predictions, is bullish about legal function adoption of automation:

“...the next five years will see leading legal departments progress more quickly than most to an ‘anything that can be automated, will be automated’ stance. The accelerated pace for legal departments versus other functions reflects

a more primitive, highly manual, starting point compared to other departments. Pent up demand, along with the rising potential of emerging technologies, such as artificial intelligence (AI), machine learning (ML), etc. to digitize the typically high occurrence of paper driven processes and collaboration in legal departments, will bring a relatively quick transformation for legal.”

Regardless of whether these predictions come to fruition, it is certainly true that legal functions are alert to the significant benefits of successful automation. Automation has the potential to reduce costs, decrease reliance on external counsel and increase efficiency. However, the benefits extend beyond efficiency and cost control; smart automation can increase product speed to market, contract completion times and transaction velocity, positively impacting the P&L. There are ‘softer’ benefits too; teams will perform better and gain more job satisfaction when relieved of more routine, high-volume work.

Survey results: automation and enablement

Our survey explored automation and enablement across four sub-categories:

- 1. automating commercial contracts;
- 2. automated contract storing and search;
- 3. use of artificial intelligence across the contract lifecycle; and
- 4. automated work intake.

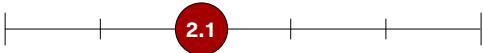
For each sub-category, respondents were asked to select the statement that best described their organization, from a list of five (with each statement representing a different level of maturity).

You can view the maturity scale [here](#).

Our survey results for this category are interesting. Automation of routine legal work is often the starting point for legal digital transformation efforts, as the business case (increased efficiency and freeing up lawyers for more complex legal work) is comparatively easy to make. We would have expected legal functions to have made the most progress in this area.

In fact, the average overall score for legal function maturity in automation and enablement was **2.1 out of 5** – the **lowest across the four key areas explored in the survey** (data and insights, automation and enablement, people and culture and new ways of working). About 70% of respondents ranked their maturity at 1 or 2 out of 5 across each area of automation. The finding from [Question 1](#) of the survey, in which respondents ranked automation as the highest priority for legal functions over the next 12 months, suggests that legal functions are aware of the potential upside from automation and that we can expect to see significant investment in this area in 2022.

Legal function maturity in automation and enablement:



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

A deeper dive



1. Automating commercial contracts

The average maturity score for this sub-category was **2.2 out of 5**. 45% of respondents selected the lowest level of maturity, demonstrating that a significant proportion of participating legal functions have no – or a very low – level of automation for commercial contracts (i.e. basic contract templates and e-signature capabilities).

Approximately half of the respondents have a system that allows for automated creation of templates based on a drop-down menu of parameters. 26% have reached the mid-point of maturity, allowing for dynamic auto-generation of different kinds of contracts with content determined by guided questions.

Our survey shows that playbook automation, enabling bespoke contract drafting and negotiation (for example, automated inclusion of contract fallback provisions) is being used by a small minority of legal function respondents (11%). Very sophisticated bespoke contract generation, baked into workflows and incorporating approvals and external collaboration, remains highly aspirational for most legal team respondents.

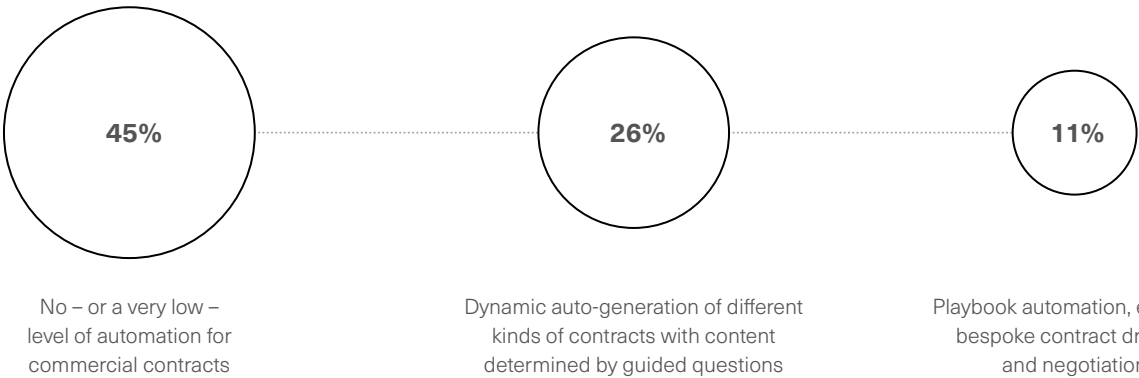


2. Automated contract storing and search

We consistently hear from our members at the Digital Legal Exchange (particularly those that handle a large volume of commercial contracts) that the ability to store contracts in a central, searchable repository is a high priority for the legal function. Our survey shows that there has been some progress in this area.

The average maturity score for this sub-category was **2.2 out of 5**. All of our respondents reported having some kind of central repository. About 38% of respondents reported having a central repository that is reasonably searchable, albeit with some manual effort. Maturity at the higher end of the spectrum is limited.

A minority of respondents (19%) have a searchable repository with a defined search hierarchy. A still smaller percentage (8%) report AI-enabled attribute tagging or the ability to run contract analytics. Fewer still (2%) have search baked into a holistic end-to-end workflow, enabling proactive monitoring of the contract portfolio.



1.9

3. Use of artificial intelligence across the contract lifecycle

Artificial intelligence can be used as part of the contract lifecycle, to augment search capabilities and assist with automated tagging. Common use cases for AI in search and extraction include GDPR and M&A due diligence. Anecdotally, some forward-thinking legal functions are using AI to assist with more complex tasks, such as contract negotiation, bespoke contract drafting and generation of post-signature risk analytics, and to support litigation, investigations, and compliance.

Our survey demonstrates that, despite the hype, AI is not being consistently used by legal functions as a standard part of the contract workflow. AI, even when used, is only being successfully applied in rudimentary use cases. Use of artificial intelligence had an average maturity score of **1.9 out of 5** – the lowest score across all categories in the survey.

Over half (58%) of respondents have not implemented AI capabilities. 15% of respondents are using AI on a project basis only, for clearly defined use cases (such as GDPR or M&A). A small number of legal functions (15%) have advanced in maturity to using AI for automated contract tagging and redlining.

2.2

4. Automated work intake

Particularly in a large legal team, work intake can be a painfully manual process. Without automation, manual processes can be subverted, with priority of legal work determined by personal relationships or seniority, rather than by urgency or level of complexity.

Smart automation of the work intake process can be transformational for a legal function, allowing work to be routed to the appropriate person with the capacity and capability to deliver it, whilst at the same time allowing for high levels of transparency for the internal client and for analytics and reporting.

In our survey, automation of the work intake process had an average maturity score of **2.2 out of 5**. Whilst approximately 38% of respondents reported that work intake is still a matter of emails, phone calls or 'shoulder taps', a reassuring 30% of respondents stated that they have established an automated request portal for specific work types.

A further 19% report using an automated portal for most of the legal function's work. Very few respondents have reached a level of maturity that allows for automatic routing of work based on predefined criteria and still fewer have established a feedback loop to allow for reporting on workflow to encourage continuous improvement.

Use of **artificial intelligence** has the **lowest score** across all categories in the survey.

38%

report that work intake is still a matter of emails, phone calls or 'shoulder taps'

34%

state they have established an automated request portal for specific work types

A deeper dive

Question 7:

Culture and people

Culture and people is focused on the skillsets, mindsets, and behaviors of the team, as well as resource and work allocation modeling.

Sector focus:

Overall, respondents in the **Technology** sector had the highest maturity score in the culture and people category, with an average maturity score of **4.1 out of 5**. The sector with the lowest score was **Engineering & Construction**, with an average maturity score of **2.5 out of 5**.

Putting culture and people first?

Our members at the Digital Legal Exchange consistently reinforce the importance of putting people at the centre of digital change. One member in the pharmaceutical industry has shaped the function's entire digital transformation strategy around people and purpose. Another member in the technology sector has created an expansive and detailed people related roadmap, the objective of which is "reimagined internal and external teams bolstered by enhanced compensation, expansive learning, delivery optimization and accelerated development opportunities".

Successful transformation requires a digital mindset, which is the product of a learning culture at every level of the organization. John Kotter, the leading change expert, emphasizes in his book *Change* the importance of atomising change across the organization, rather than relying on a top-down approach. One of Kotter's change principles is that successful change can only be achieved by harnessing both the "Select Few and Diverse Many":

"We know from research that when change occurs faster and in more perplexing ways, with more interdependencies across regions, units, and

functions, a small group of individuals will find it increasingly difficult to have all the necessary information to make effective decisions. When large scale change is successful, especially in a swiftly changing world, significant numbers of reasonably unknown people sometimes become especially important. These diverse groups are closer to products, customers, technology, or internal processes. They may be far from the executive committee, but in a better position to spot threats and opportunities that highlight a need to revisit strategy, offer new and more relevant ideas, and provide leadership that makes important action happen fast enough."

The most forward-thinking legal functions are relentlessly prioritising people and talent: to retain the best employees; to protect employee wellbeing; and to facilitate successful transformation and greater digital agility.

Survey results: culture and people

Our survey explored culture and people across four sub-categories:

- 1. work allocation/resourcing;
- 2. team skills and capabilities;
- 3. level of change agility; and
- 4. digital talent and culture.

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

You can view the maturity scale [here](#).

The culture and people section of our survey received the **highest overall maturity score** compared to the other three categories (data and insights, automation and enablement and new ways of working). The average overall maturity score for culture and people was **3.3 out of 5**.

It is interesting to note an inconsistency in respondents' views of their legal function's readiness for digital change. In our gap analysis question ([Question 2](#)), our survey asked legal functions to plot where they are today for each of the four categories and what their goals are for tomorrow. The resulting gap indicates

legal functions' perception of the amount of work required to achieve their goals. The gap analysis showed culture and people as having the largest gap. This is in contrast to a much higher maturity ranking for culture and people in the deep dive section of the survey outlined below.

What explains this discrepancy among legal teams? Culture change can seem like an overwhelming obstacle, particularly for large global legal teams with a strong multi-regional presence. When considering digital change readiness in the round, legal functions tend to underestimate their teams' capabilities. When the cultural and people issue is broken down into more digestible elements, legal functions tend to rank themselves higher on the maturity scale.

Legal function maturity in culture and people:



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

A deeper dive

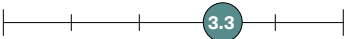


1.1. Resourcing

Smart resourcing (channelling the right kind of legal work to the individual with the right level of skill and capacity to deliver it) has come under the microscope over the last 24 months. As more legal teams have been forced by the Coronavirus pandemic to work remotely, the importance of establishing a process, supported by technology, to channel work to the right resources has become increasingly clear.

Our survey shows that legal functions still have work to do in this area. The average maturity score for this sub-category was **2.9 out of 5** – the lowest in the culture and people category. The majority of survey respondents (77%) reported having a generally effective resource model – although there were still areas where legal professionals were not focussed on highest value add work.

6% of respondents reported having no clear view on work allocation, with the process being entirely 'ad hoc'. About 15% described resourcing as requiring “restructuring” because of “frequent misalignment” between resources and work types. Around 9% had moved to a more mature and optimized model, including right shoring and disaggregation. Perhaps unsurprisingly, none of the legal functions that responded to the survey had reached the highest level of maturity, using predictive resource modelling to streamline the process.



2.2. Team capabilities and talent development

The impact of the Coronavirus pandemic has resulted in many employees re-evaluating their current roles and considering alternative career paths. Many of our members at the Digital Legal Exchange have expressed concern about the strain on teams through a long and busy period of remote working.

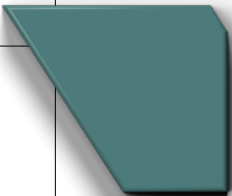
Establishing a clearly defined talent development plan is critical to prevent attrition and ensure the continued wellbeing of employees. The most forward-thinking organizations have a clear view of their teams' skills and competencies, map these skills to employees' roles and build a talent development plan around them.

Our survey demonstrated that legal functions are prioritising their people: most participating legal functions have built sound foundations for talent development. About a third of our respondents (36%) reported having a clear view of individual team member competencies and having mapped those competencies to current roles. A smaller minority (around 15%) have achieved truly mature alignment between talent acquisition, competency and role alignment and standardized talent development methodologies.

The average maturity score for this sub-category was **3.3 out of 5**.

None of the legal functions that responded to the survey had reached the highest level of maturity, using **predictive resource modelling to streamline the process**.

- 1/3**
report having a clear view of individual team member competencies and having mapped those competencies to current roles
- 15%**
report alignment between talent acquisition, competency and role alignment and standardized talent development methodologies





3. Level of change agility

Lawyers and other professionals working in the legal services industry are often characterized as conservative and change resistant. However, as business transforms, legal must keep pace or risk becoming disconnected from its customers.

Our survey results challenge the perception of the legal function as change resistant. Approximately 38% of respondents described their team's level of change agility as good (caveating the change response as 'reactive' rather than proactive). A healthy percentage (19%) took a very positive view, describing their teams as proactive (i.e. driving change for continuous improvements) and skilled change agents.

The average maturity score for this sub-category was **3.4 out of 5**.

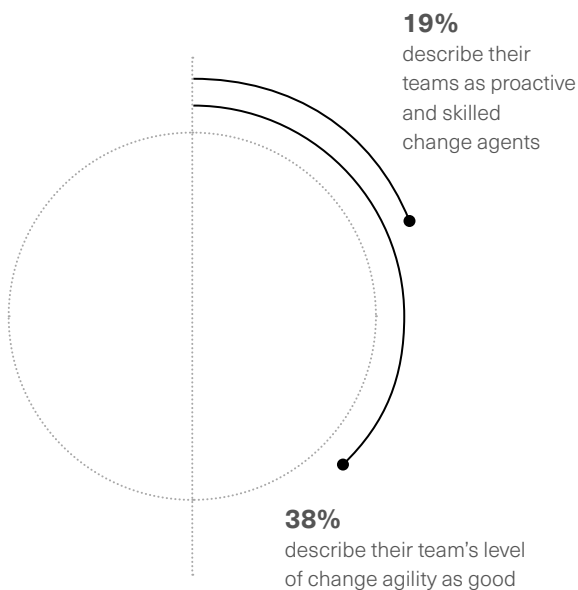


4. Digital talent and culture

Successful digital transformation requires a wholesale mindset and culture change. Mobilising entire teams to achieve greater digital agility, rather than driving change 'top down', has been shown to deliver better results.

Our survey shows that legal functions have a high level of confidence in their teams' ability to succeed in a digitally transformed legal function. The average maturity score for this sub-category was **3.5 out of 5** – the highest in the culture and people category.

Over 75% of respondents reported having digital talent on their teams, albeit with room for improvement. Very few respondents (4%) reported concerns about their teams' ability to thrive in a digital function. A small but encouraging minority (8%) have reached the highest level of maturity – describing their teams as “adaptive, resilient, diverse and ‘digital-first’”.



Digital talent and culture has the **highest score** across all categories in the survey.



A deeper dive

Question 8:

New ways of working

New ways of working is focused on the processes or workflows, and the responsibilities and interaction models between the department and its partners.

Successful legal function operations

Successful operational performance requires a deep understanding of the customer. To move from being a cost centre to a value creator, legal teams must be able to demonstrate that they are delivering to the business’ expectations (of speed, cost and quality). This in turn requires the legal function to measure performance against defined and agreed KPIs.

The most forward-thinking legal functions have a close relationship with the business, and encourage a high level of transparency around their teams’ operational performance. This can only be achieved through a combination of people, process, technology – and data.

At the Digital Legal Exchange, legal function metrics and KPIs are one of the key areas of member discussion.

Survey results: new ways of working

Our survey explored new ways of working across four sub-categories:

- 1. **team operations**;
- 2. **speed, cost and quality**;
- 3. **workload capacity**; and
- 4. **operations governance**.

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

You can view the maturity scale [here](#).

The new ways of working section of our survey was ranked **third** in maturity across the four categories (data and insights, automation and enablement, culture and people and new ways of working). The average overall maturity score for new ways of working was **2.5 out of 5**.

Sector focus:

Overall, respondents in the **Technology** sector had the highest maturity score in the new ways of working category, with an average maturity score of **3.5 out of 5**.

Legal function maturity in new ways of working:



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

A deeper dive



1. Team operations

Consistently high standards of delivery are the foundations of healthy legal team operations. Standardising approaches (through playbooks or process flows) and making them part of the legal function’s corporate memory is one way to achieve this. Measuring and reporting on process adherence is the next step.

Truly mature legal functions use metrics not just for historic review, but proactively to manage risk and performance going forwards. The responses to our survey show a mixed picture. About a quarter (26%) of respondents describe their processes and playbooks as “inconsistent” and not documented or updated.

34% have documented playbooks and processes that, if adhered to, allow for consistent performance. About 21% of respondents have graduated to measuring and reporting standard performance expectations. Very few respondents (4%) have reached the highest level of maturity, using operational reviews proactively to manage risk. The average maturity score for this sub-category was **2.4 out of 5**.



2. Speed, cost and quality

Understanding the metrics that matter to the business is a critical part of effective operations. Speed, cost and quality are three such metrics. Once these customer requirements are understood, they can be tracked and proactively managed.

The results of the survey are encouraging, showing that legal functions are alert to the importance of gaining a deep understanding of business objectives. A large majority of respondents (60%) reported that their teams understood the relative priorities with respect to speed, cost and quality, and a healthy proportion (36%) report having tools, such as dashboards, to track these metrics. Few respondents (4%) currently have the capabilities proactively to track across each one of the vectors. The average maturity score for this sub-category was **2.4 out of 5**.



1/4
describe their processes and playbooks as “inconsistent” and not documented or updated

4%
use operational reviews proactively to manage risk

The results of the survey are encouraging, showing that legal functions are alert to the importance of gaining a **deep understanding of business objectives**.





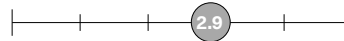
3. Workload capacity

The ability to match the volume of legal work to the capacity of the legal team, and to handle spikes in workload without increasing headcount, is the mark of a mature, resilient and agile legal function. It is also highly aspirational; many legal functions struggle to manage unpredictable work volumes, particularly in volatile and uncertain times.

Failure to manage workload to capacity can have an impact on employee wellbeing, as well as on service levels and quality, and ultimately, can negatively impact legal's relationship with the business. Almost two thirds of our survey respondents (62%) ranked themselves at low maturity levels (1 and 2) in respect of their ability to match workload with capacity.

This meant that they either had no method for matching volume of work with team capacity, or a basic understanding of likely work volumes (but no capacity planning in place). The percentage of respondents with clear capacity plans in place was much smaller (15%), as was the percentage of legal functions using load balancing or a data driven approach to matching team capacity to service levels (17%).

The average maturity score for this sub-category was **2.4 out of 5**.

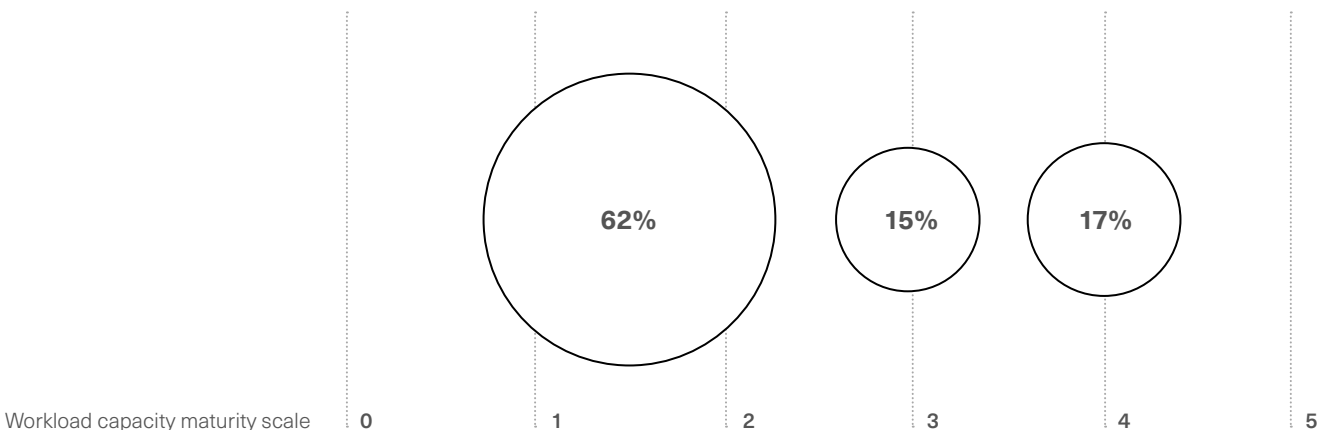


4. Operations governance

The final sub-category in the new ways of working section relates to operations governance; the degree to which teams review, manage, measure and report operational performance issues. Progressive legal functions have structures and tooling in place to identify and address operational performance issues proactively – preventing issues before they arise.

Our survey showed that operational governance amongst participating legal function is relatively strong. This sub-category was the highest in the new ways of working category, with an average maturity score of **2.9 out of 5**. Very few respondents ranked themselves at the lowest level of maturity.

Approximately 38% of participants had operational management in place on an ad-hoc basis. Encouragingly, over half of respondents (53%), taken together, had structures in place to review and address operational issues, or tools and mechanisms to proactively identify potential performance issues.



Maturity scales

Data and insights

1. Insights into work allocation

- 0 This topic is outside my area of expertise
- 1 No line of sight into the work being done by the team
- 2 Work allocation tracking is manual and lack reporting reliability
- 3 An intake tool has been implemented but use of tool is inconsistent and the data unreliable
- 4 Intake workflows have been established and integrated with appropriate business systems (e.g. CRM, ERP)
- 5 Visual insights available on total body of work flowing through the function, highlighting effectiveness/ineffectiveness of target operating model

2. Insights into throughput and utilization

- 0 This topic is outside my area of expertise
- 1 No data on demand or team utilization
- 2 Team understands established performance benchmarks for different types of work handled across team
- 3 Team has an automated way to monitor team capacity and track time against contract service requests
- 4 Team has an automated way to monitor team capacity and track time against contract service requests, but inconsistent use and unreliable data
- 5 Comprehensive, consistent, and reliable performance data is visually displayed through actionable dashboards

3. Insights into transaction velocity and deal status

- 0 This topic is outside my area of expertise
- 1 No systematic way to track transaction velocity (i.e. speed to deal closure) or status (where deal is process)
- 2 Manually tracks basic information related to transaction velocity and status, but lacks sufficient means to aggregate, report, or action this data
- 3 Systematic tracking of some transaction velocity and status data, but very inconsistent across the function
- 4 Alignment with business stakeholders on expected service levels and automated capture of transaction velocity and status
- 5 Business portal displaying real-time data on current service levels and transaction status

4. Insights into contract portfolio and contract performance

- 0 This topic is outside my area of expertise
- 1 Limited data available without manual review
- 2 Majority of contracts are in a repository, with basic meta data available (e.g. counter party, renewal date)
- 3 Ability to mine contract data for risks and obligations from a repository
- 4 Actively monitoring contract portfolio for opportunities and emerging risks and issues on digital platform
- 5 Dashboard for business leaders on contract portfolio health, risks, and areas of opportunity

Automation and enablement

1. Automating commercial contracts

- 0 This topic is outside my area of expertise
- 1 Has no automation or provides a choice of basic contract templates to be sent for eSignature
- 2 Allows me to create a specific contract template based on selecting parameters
- 3 Dynamically generates a variety of different types of contracts in response to guided questions to determine content required for inclusion
- 4 Enables dynamically generated contracts to include clause library fall back options for drafting unique circumstances
- 5 Embeds dynamically generated contracts with clause optionality into a cohesive workflow that includes approvals and internal and/or external collaboration

2. Automated contract storing and search

- 0 This topic is outside my area of expertise
- 1 Without a central repository or in a difficult to search repository
- 2 In a reasonably searchable repository but lacks a hierarchical tree structure and provides limited reporting on attribute tags that are manually identified and populated
- 3 In a searchable repository with a hierarchical structure
- 4 In a searchable repository with a robust and easy search capability with an exportable hierarchy display and AI enabled attribute tagging and content analytics identifying risks, SLA, etc.
- 5 In a searchable repository that is part of a holistic workflow including robust search, hierarchy, and AI enabled tagging and content identification with risk monitoring and obligations performance tracking

3. Use of artificial intelligence across the contract lifecycle

- 0 This topic is outside my area of expertise
- 1 Is not used, we haven't implemented AI capabilities
- 2 Is applied on a project basis such as to find GDPR compliant agreements or locate M&A change control clauses in relevant contracts
- 3 Is limited to a function embedded in my repository that offers contract attribute tags and support redline editing for templated agreements
- 4 Is part of my negotiation workflow including support of bespoke/third party paper to help identify risks and offer drafting alternatives
- 5 Includes pre-signature bespoke drafting assistance and post signature risk analytics as well as on-demand extraction services to support projects

4. Automated work intake

- 0 This topic is outside my area of expertise
- 1 Is conducted primarily through email, phone requests, or "shoulder taps"
- 2 Has an automated request portal for some specific work types
- 3 Uses an automated request portal for most work request types
- 4 Automatically routes most incoming work requests based on specific fixed criteria and includes workflow reporting to support process improvement
- 5 Automatically routes all incoming work requests based on sophisticated consideration of risk, urgency, and similar criteria and uses AI for automated analysis and process improvement

Maturity scales

Culture and people

1. Resourcing

- 0 This topic is outside my area of expertise
- 1 We do not have a clear view into how work is aligned or allocated to resources, or alignment is ad-hoc
- 2 My resourcing needs restructuring because there is frequent misalignment between resources and work type
- 3 We have a generally effective resource model in place but still pockets where legal professionals are not focused on highest-value-add work
- 4 We have a defined resource model, and are successfully using techniques like work disaggregation and right-shoring to optimize cost
- 5 We have predictive resource modeling that ensures that team members are always aligned to their "highest and best" use and work is performed at the right cost profile

2. Team capabilities and talent development

- 0 This topic is outside my area of expertise
- 1 My team is resistant to change
- 2 My team doesn't always embrace change, they take a "wait and see" approach but do not block change
- 3 My team has good adaptability to change, though it is primarily reactive rather than proactive
- 4 My team has a good level of change agility
- 5 My team proactively drives change for continuous improvement and is skilled in leading and managing change

3. Level of change agility

- 0 This topic is outside my area of expertise
- 1 My organization lacks clear visibility into the specific skill sets and competencies of each team member
- 2 My organization has a good idea on the specific skill sets and competencies of each team member, but has not adequately mapped these competencies to current roles of each employee
- 3 My organization has a clear understanding of individual team member competencies and those competencies mapped to current roles, however, we lack a standard methodology for talent development
- 4 My organization has solid alignment between our teams skill sets and the roles they are serving, we have a standard methodology for talent development but lack the ability to track and drive adoption within talent development programs
- 5 My organization has established mechanisms for talent acquisition, proven means for on-boarding new team member and placing them in roles that align to their skill sets and competencies, we have standard methods for talent development and management

4. Digital talent and culture

- 0 This topic is outside my area of expertise
- 1 I have concerns, from a talent and culture perspective, that my team can succeed in a digitally transformed legal function
- 2 Only a small portion of the team is digital/can succeed in a digitally transformed legal function
- 3 A mixed bag of digital and non-digital talent
- 4 The majority of my team is digital but there's still plenty of room for improvement
- 5 I have an adaptive resilient, and diverse "digital first" legal workforce with high levels of accountability for performance

New ways of working

1. Team operations

- 0 This topic is outside my area of expertise
- 1 Standard process and playbooks are inconsistent across functions and not updated or well documented
- 2 Teams have and use documented process and playbooks to ensure work activities are understood and performed consistently
- 3 Teams understand standard performance expectations that are measured and reported
- 4 Teams measure productivity and/or capacity and can demonstrate improvements by controlling process outputs (e.g. process time)
- 5 Structured operational reviews use data and process performance to track improvements and risk mitigation before they become issues

2. Speed, cost and quality

- 0 This topic is outside my area of expertise
- 1 Teams are unclear about priorities with respect to speed, cost, and quality
- 2 Teams understand relative priorities with respect to speed, costs and quantity
- 3 Teams understand standard performance expectations that are measured and reported
- 4 Teams measure productivity and/or capacity and can demonstrate improvements by controlling process outputs (e.g. process time)
- 5 Structured operational reviews use data and process performance to track improvements and risk mitigation before they become issues

3. Workload capacity

- 0 This topic is outside my area of expertise
- 1 Teams have no method for tracking volume data by complexity type
- 2 Teams track and understand the volume of work that is expected and forecasted including work in progress
- 3 Teams have clear productivity and capacity plan used to meet service levels and manage cost targets
- 4 Teams use load balancing to manage daily work activities to handle variations without increasing the headcount
- 5 Team use data to illustrate the relationship between capacity & service levels showing optimal planned capacity to meet service levels

4. Operations governance

- 0 This topic is outside my area of expertise
- 1 Teams do not review and address operational performance and issues
- 2 Teams manage operational performance and issues on an ad-hoc basis
- 3 Teams have structured and defined cadence to review and address operational performance and issues
- 4 Teams have tools and mechanisms to proactively identify and address operational performance issues
- 5 Teams have tools and mechanisms to proactively identify and address operational performance and issues and are measured against clearly defined KPIs and SLAs

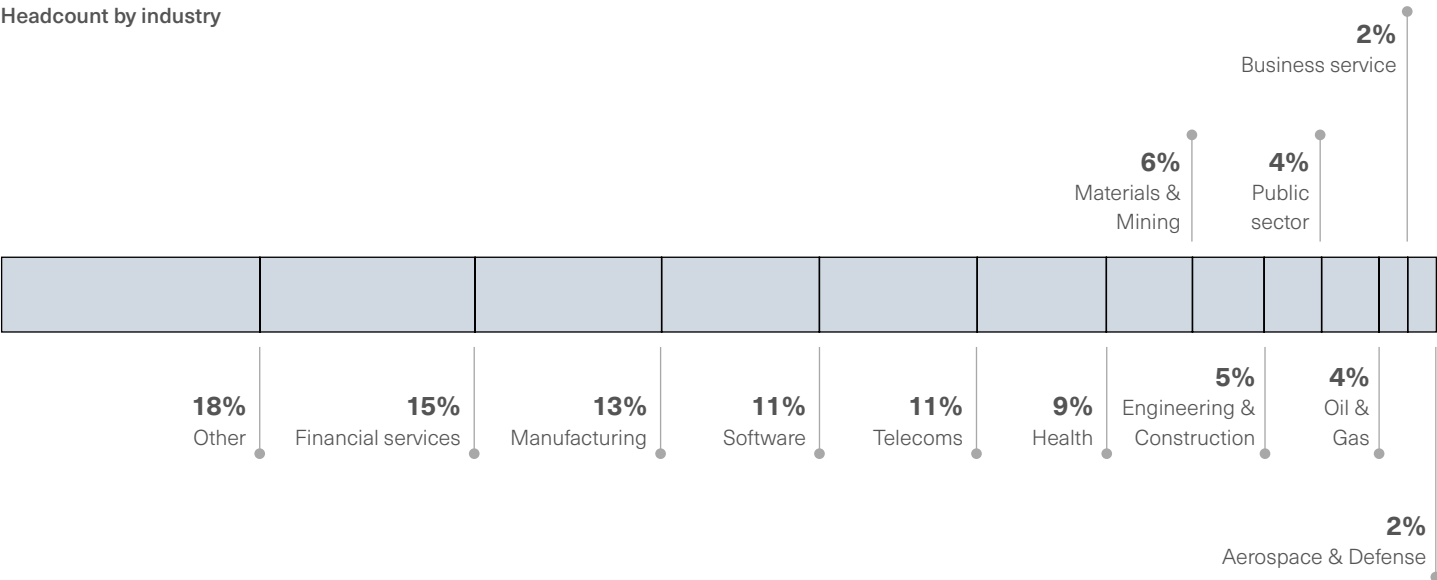
Survey methodology

This survey was completed by members and prospective members of the Digital Legal Exchange, and by selected clients of Major, Lindsey & Africa. Over 50 organizations completed the survey, collectively representing over 12,000 legal professionals. The respondents that were invited to complete the survey are well known to the Digital Legal Exchange or to MLA. Consequently, we are confident that the findings are robust and represent the views of some of the largest and most forward-thinking legal functions, across multiple sectors and geographies.

To be eligible to complete the survey, respondent organizations were required to report annual revenues of more than \$5 billion. By exception, respondents who did not meet this revenue threshold were eligible to complete the survey if they were known to the Digital Legal Exchange and/or MLA, close to the revenue threshold and on a near term trajectory to exceed the threshold.



Headcount by industry



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