



2022

LAW DEPARTMENT  
MANAGEMENT  
BENCHMARKING  
REPORT

— EXECUTIVE SUMMARY

# DOES YOUR **Legal Department** FUNCTION **Efficiently** **And Effectively?**

# DO YOU HAVE **The Right Talent** IN YOUR **Legal Department?**

If you answered **NO** to either of these questions, then Major, Lindsey & Africa is here to help. Our Transform Advisory Services team can work with you to evaluate and assess your current team and organizational structure and then identify areas for improvement and growth. Then our In-House Counsel Recruiting and Interim Legal Talent teams can help you build out your team for success now and into the future.

#### We can help with:

1. Integration and Transition Coaching
2. Legal Department Maturity Assessment
3. Legal Department Benchmarking
4. Legal Department Operating Model Review
5. Legal Department Operations Infrastructure and Technology Review
6. Talent Development and Retention Review
7. Reducing, Consolidating or Disaggregating Legal Spend
8. Legal Staffing & Executive Placement

Contact [MLATransform@mlaglobal.com](mailto:MLATransform@mlaglobal.com)



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# INTRODUCTION

The Association of Corporate Counsel (ACC) and Major, Lindsey & Africa (MLA) are pleased to introduce the *2022 Law Department Management Benchmarking Report*. The main objective of this report is to provide ACC members and the broader in-house community with key law department financial and operational data to assist legal departments in establishing baselines for performance improvement in the areas of staffing, spending, work allocation, law firm and alternative legal service providers usage (ALSP), and diversity and inclusion metrics.

This executive summary report is based on the responses from 427 legal departments in organizations spanning 24 industries, 26 countries, and all company sizes. The report contains the survey's topline results, key trends that we are observing, and shows how the data has changed compared to the 2021 edition of the survey. Although the results reveal a variety of takeaways, several worth noting include the following:

- Departments' internal/external legal spend distribution shifted from a near 50/50 split last year to majority internal spend (54 percent) this year. However, this is largely driven by smaller companies. Larger companies still maintain a majority external spend balance.
- Compared to last year, more departments are shifting work in-house in the areas of due diligence (+ six percent), labor & employment (+ six percent), legal research (+ five percent), and intellectual property (+ four percent). We see an increase in the number of departments that are shifting their document management, records management, and invoice review to ALSPs (+ four percent each).
- This year there was a six-percentage point increase in the number of respondents who said they increased the number of law firms they engaged compared to 2020. The use of ALSPs has mostly remained the same overall and there is only widespread use among larger companies with a minimum outside spend of US\$5 million annually.
- More departments are capturing diversity metrics of their outside counsel, are using a wider variety of specific metrics to do so, and are establishing formal requirements to improve diversity with tangible consequences for success or failure. Capturing diversity metrics with respect to departments' own internal composition has largely remained the same since last year.

The full survey results, available for purchase on at [www.acc.com/benchmarking-reports](http://www.acc.com/benchmarking-reports), include detailed breakdowns of all available metrics by company revenue, industry, legal department size, and company type that provide legal departments with dozens of pages of data to benchmark against many relevant peer groups. Tailored reports with more specific peer group definitions involving multiple segmentation criteria can be commissioned by making a request to [research@acc.com](mailto:research@acc.com).

ACC and MLA deeply appreciate all survey participants for taking the time to share their data to help us build benchmarking resources like this report. We hope that you find the survey results useful.

ACC Research  
[acc.com/benchmarking-reports](http://acc.com/benchmarking-reports)  
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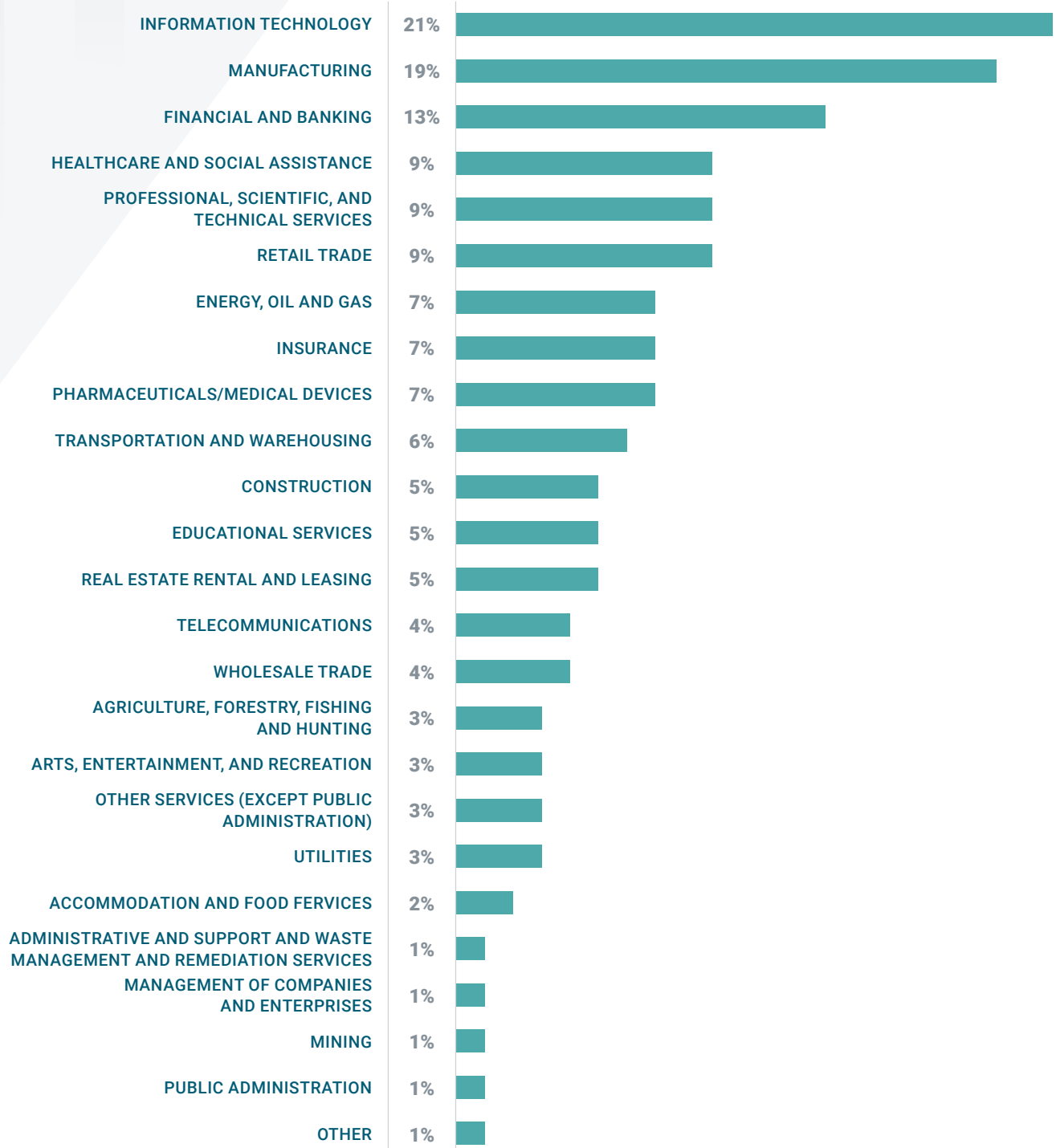
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# PARTICIPANT PROFILE



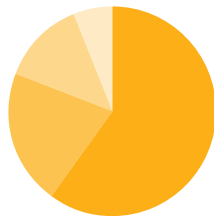
## INDUSTRY



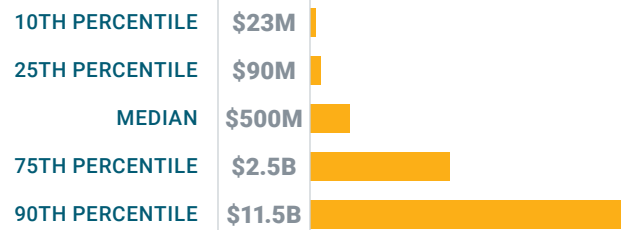


## PARTICIPANT PROFILE

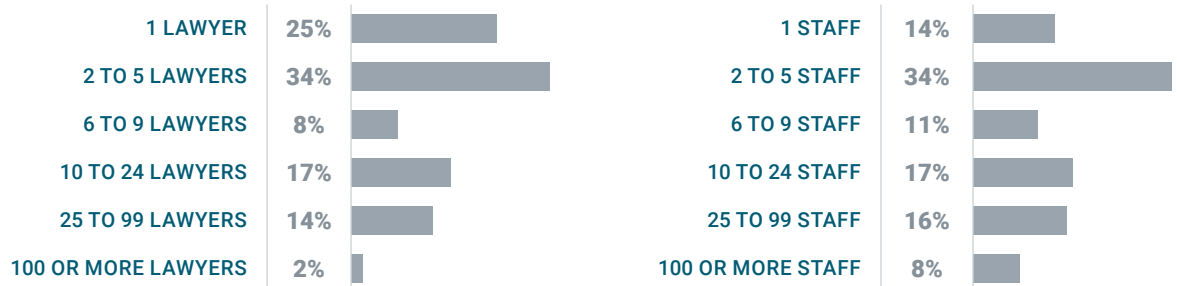
### \$ COMPANY REVENUE



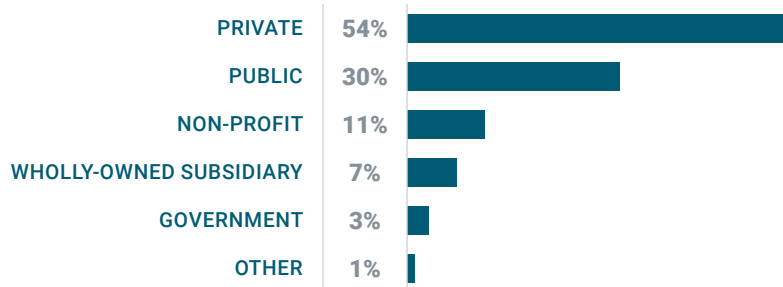
LESS THAN \$1B	60%
\$1B TO <\$5B	21%
\$5B TO <\$20B	13%
\$20B OR MORE	6%



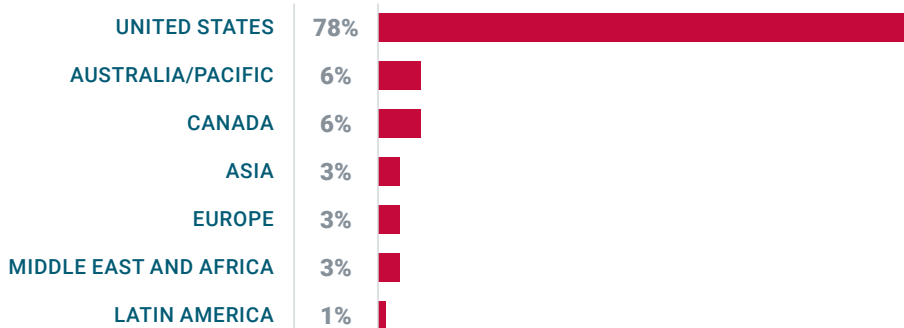
### LAWYERS AND LEGAL STAFF



### COMPANY TYPE



### HEADQUARTERS' LOCATION





# STAFFING AND STRUCTURE

The metrics presented in this section include staffing numbers by position and company size, the internal distribution of legal teams based on position, and other key metrics, such as the ratio of lawyers to other position types, and standardized lawyer and legal staff headcount based on company revenue. Additionally, we provide data on the different business functions that are either part of the legal department or report to legal, which offers complementary insights on the scope of work that legal does and how to staff appropriately.

Across 427 participating legal departments, the median of total legal staff is six individuals – the same result observed in 2021. Staffing numbers vary substantially based on the size of the company measured by annual revenue: companies with up to US\$1 billion in revenue employ three legal team members; mid-size companies with up to US\$5 billion have 15 legal department staff; large companies between US\$5 billion and US\$20 billion have a median of 59; and the headcount in participating companies with more than US\$20 billion jumps to 98. The wide differences across the four company revenue ranges are replicated when we break down legal staff by position type.

## NUMBER OF STAFF PER POSITION TYPE AND COMPANY SIZE

	ALL PARTICIPANTS	LESS THAN \$1B	\$1B TO <\$5B	\$5B TO <\$20B	\$20B OR MORE
LAWYERS	4	2	10	30	53
PARALEGALS	1	0	2	7	13
LEGAL OPERATIONS PROFESSIONALS	0	0	1	2	5
ADMINISTRATIVE/ SECRETARIAL STAFF	0	0	1	4	7
OTHER STAFF	0	0	0	6	8
<b>NUMBER OF TOTAL LEGAL STAFF</b>	<b>6</b>	<b>3</b>	<b>15</b>	<b>59</b>	<b>98</b>



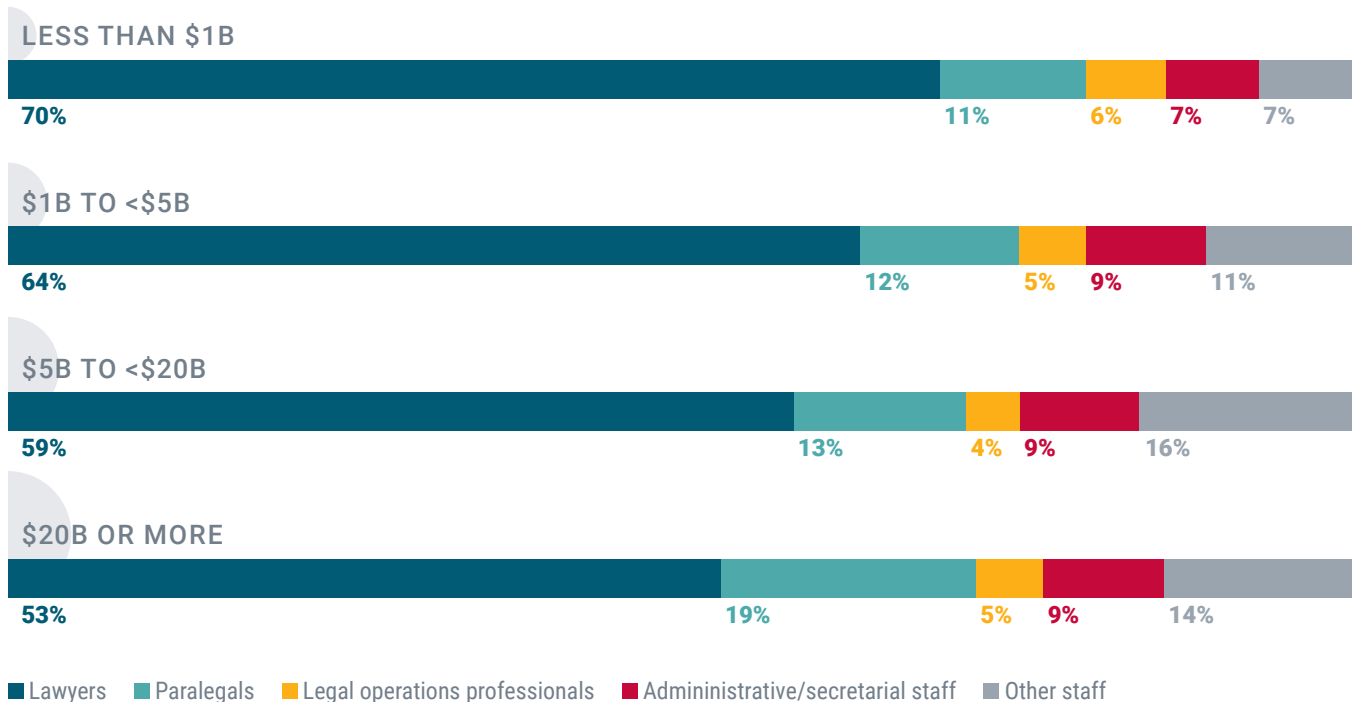
On average, two-thirds of legal department personnel are lawyers – the same percentage observed last year. Twelve percent of legal staff are paralegals, other staff make up for nine percent of the legal department roster, administrative staff represent eight percent, and legal operations professionals, five percent.

The internal composition of in-house positions varies by company revenue. Lawyers represent a higher percentage of legal staff in smaller companies and, as a company increases in size, the percentage of lawyers decreases and that of paralegals increases. The results show that in companies under US\$1 billion, 70 percent of legal staff are lawyers and 11 percent are paralegals, while in large organizations with more than US\$20 billion in revenue the average percentage of lawyers is 53 percent and that of paralegals is 19 percent. Large companies also employ a larger percentage of other staff than smaller organizations, while the share of legal operations and administrative professionals is more stable across different company sizes.

### PERCENTAGE OF LEGAL STAFF BY POSITION TYPE



### BY COMPANY SIZE



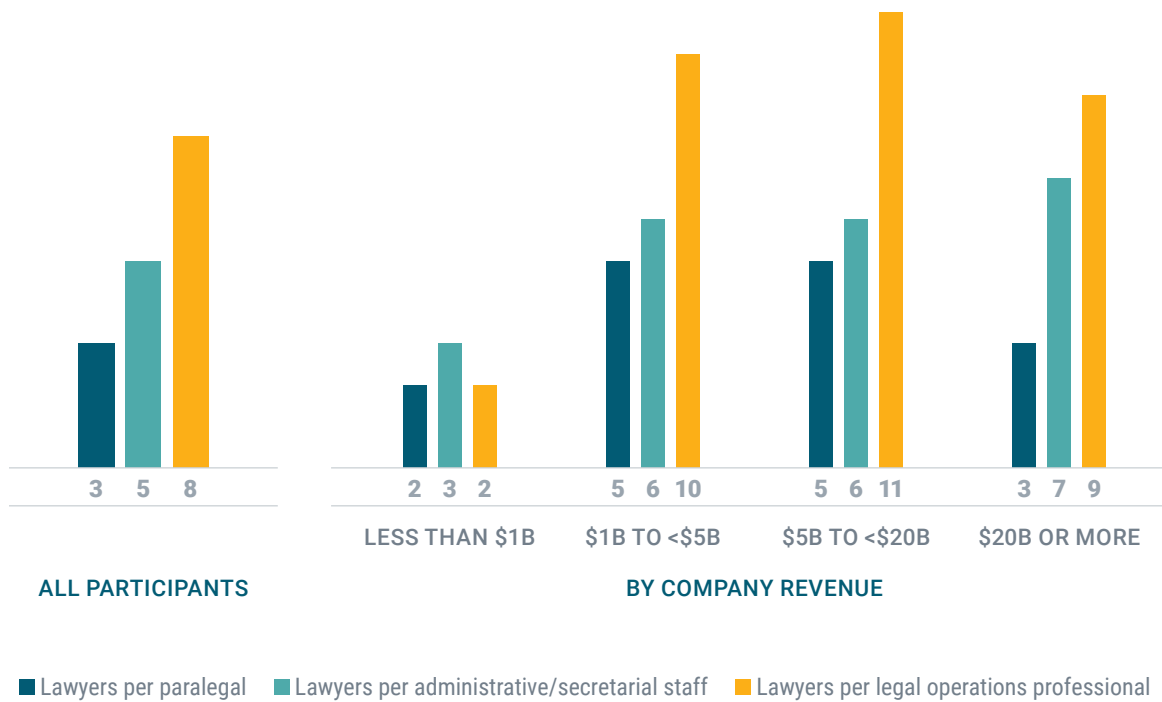




Another way to assess the distribution across different in-house positions is to measure the ratios of lawyers in the department compared to other staff types. Based on the median for all participating organizations, departments employ three lawyers for every paralegal, five lawyers for every administrative staff, and eight lawyers for every legal operation professional. These values closely match last year’s results: three paralegals, five administrative staff, and seven legal operations professionals per lawyer.

Ratios vary considerably by company size. In small companies, due to the limited number of legal staff overall, the ratios are rather low, with two lawyers for every paralegal and legal operations professional, and three lawyers per administrative staff. The ratios increase to five lawyers per paralegal and six lawyers per administrative staff in companies between US\$1 billion and US\$20 billion, whereas in companies with US\$20 billion or more the number of lawyers per paralegal is three – as noticed above, larger companies employ a larger number of paralegals – and the number of lawyers per administrative staff is seven. The number of lawyers per legal operations professional in the three largest revenue categories is higher than for the other positions at around 10.

## LAWYER-TO-OTHER-STAFF RATIOS

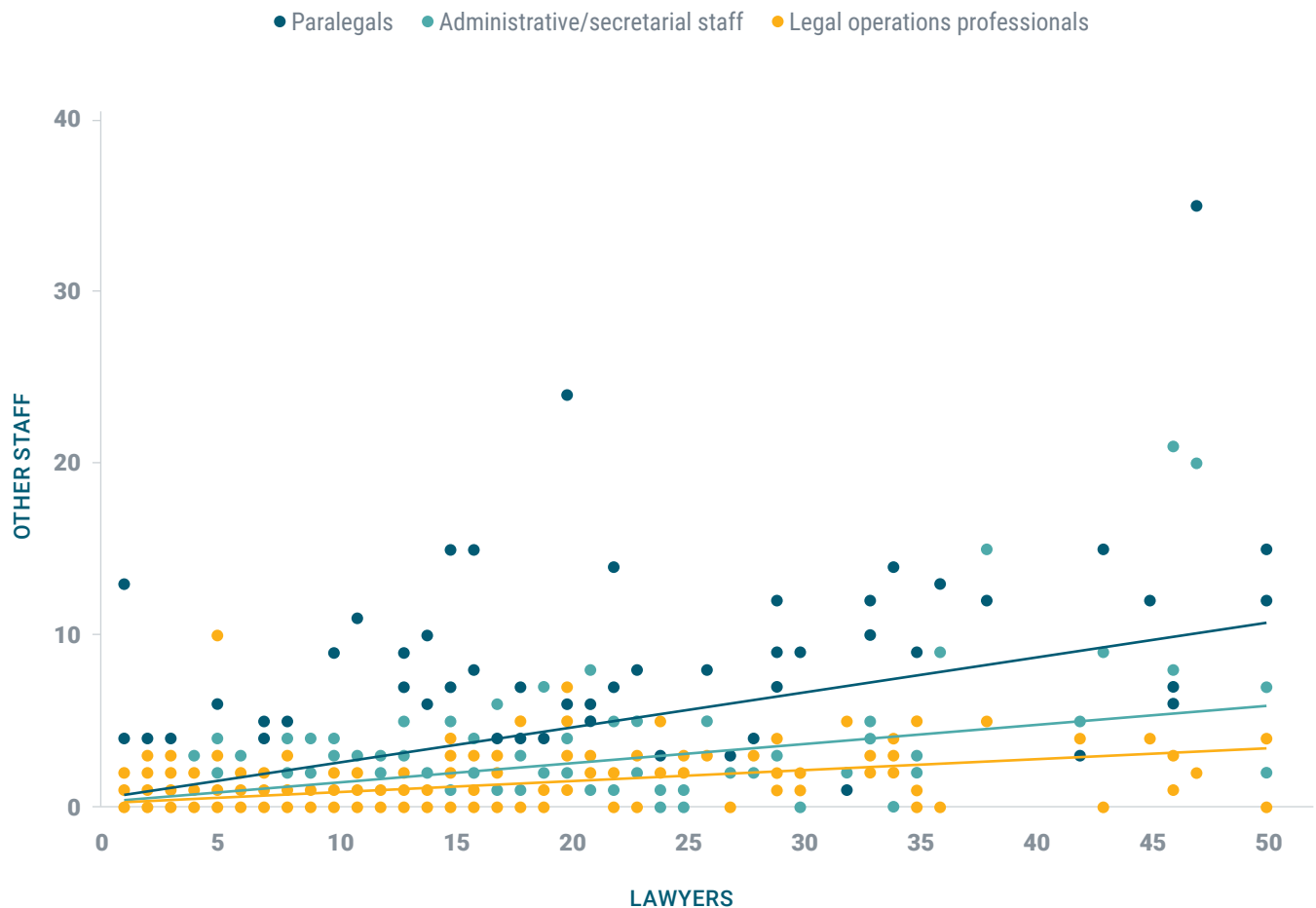




The scatter plot visualizes the lawyer to other position ratios in yet another way. The horizontal (X) axis records the number of lawyers in participating departments while the vertical (Y) axis accounts for the number of other legal staffers, namely paralegals, administrative, and legal operations professionals. Each dot represents a legal department with each color recording the number of paralegals, administrative professionals, and legal operations professionals in relation to the number of lawyers in the department. The horizontal (X) axis is limited to departments with up to 50 lawyers to make visualization easier.

The linear trend lines show how the number of paralegals, administrative professionals, and legal operations professionals increases based on the number of lawyers in the department. The different slopes of the trend lines show that the number of paralegals increases faster than the number of administrative staff, which in turn increases faster than the number of legal operations professionals as the lawyer headcount grows.

## NUMBER OF LEGAL STAFF BASED ON NUMBER OF LAWYERS





The median participating legal department has one lawyer for every 270 employees in the organization overall. Because the number of employees scales with company size, lawyers in larger organizations support a larger number of employees. In small companies with under US\$1 billion in revenue, there is one lawyer for every 200 employees, whereas in large multi-billion organizations each lawyer supports 1,000 staff.

## LAWYER-TO-EMPLOYEE RATIOS



In order to determine the right number of lawyers and staff to hire, a standardized metric like lawyers per billion in company revenue takes into account the size of the company. As we have seen, large companies have a significantly larger number of staff compared to smaller organizations. This industry-standard KPI is calculated by taking the number of lawyers and dividing it by the company revenue divided by 1 billion – which provides for revenue standardization.

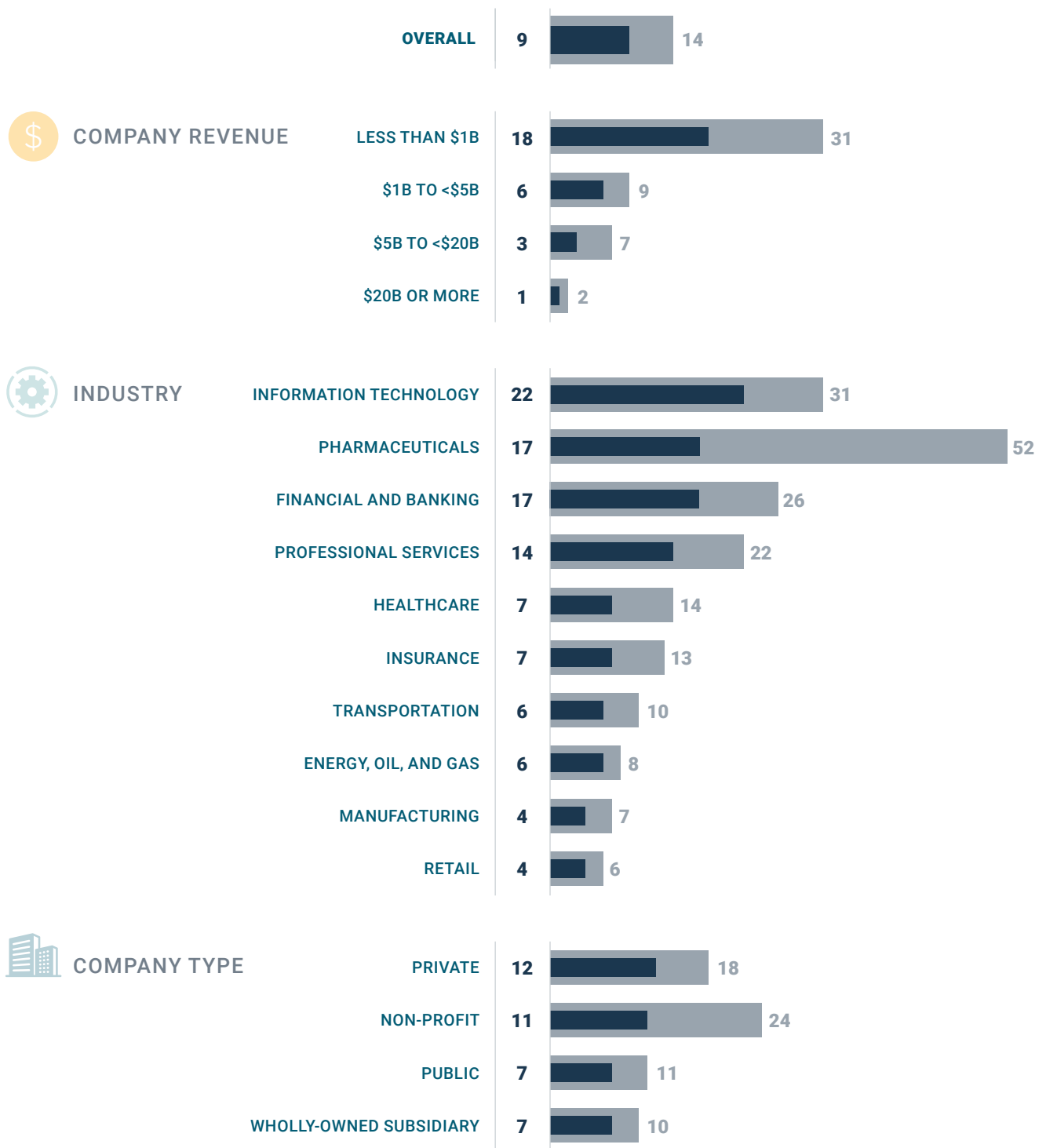
It is important to note that in organizations with a revenue below US\$1 billion the calculation becomes more of a projection since the denominator in the division is smaller than one and, accordingly, the metric’s result will be higher than the actual number of lawyers in the department. For example, if a US\$500 million company employs five lawyers, their “lawyers per US\$1 billion” is 10 lawyers per billion:  $5 \div (\$500M \div \$1B) = 5 \div 0.5 = 10$  lawyers per billion.

Overall, participating organizations have a median of nine lawyers per billion in company revenue, compared to eight last year. The median for total legal staff per billion in revenue is 14. Although standardized by company size, this metric’s value tends to vary markedly because of scaling. In companies under US\$1 billion, the median number of lawyers per billion is 18 – relatively high, as explained above – but the metric’s value decreases as company revenue increases. In companies between US\$1 billion and US\$5 billion, the median is six lawyers and nine legal staff per billion in revenue. In larger companies with up to US\$20 billion the results are three lawyers and seven total legal staff, and companies with more than US\$20 billion employ a median of one lawyer and two legal staffers per billion in company revenue. The chart also shows how the results vary by industry and company type.



# LAWYERS AND LEGAL STAFF PER \$1 BILLION IN COMPANY REVENUE

■ Lawyers per \$1 billion in company revenue ■ Legal staff per \$1 billion in company revenue





In addition to staffing numbers, participants also reported which business functions from the following list of 21 items are part of the legal department, a separate function that reports into legal, or a separate function that does not report into legal.

In line with what we have observed in previous ACC surveys, compliance is the most common function that is either part of or reports into the legal department. Almost three in four legal departments oversee compliance – 55 percent indicate that it is part of legal, and 18 percent report that it is a separate function that reports to the legal department. A solid majority of departments also oversee privacy (68 percent) and ethics (62 percent), either directly as part of legal or as separate function. Forty-five percent oversee risk, and around one-third supervise government affairs (37 percent) and environmental, social, and governance (ESG) and corporate social responsibility (CSR) – 33 percent.

While comparing this year's percentage results to last year's is not a straightforward exercise due to a change in the structure and wording of the question, it is important to note that the first eight functions – based on the percentage of departments that include each function as part of the legal department, from highest to lowest – remains unchanged from last year. These functions are compliance, privacy, ethics, risk, government affairs, ESG/CSR, public and corporate affairs, and real estate and corporate facilities. At the bottom of the list, only up to one in ten have oversight on physical security (10 percent), communications (7 percent), and finance, information technology, and supply chain (4 percent).



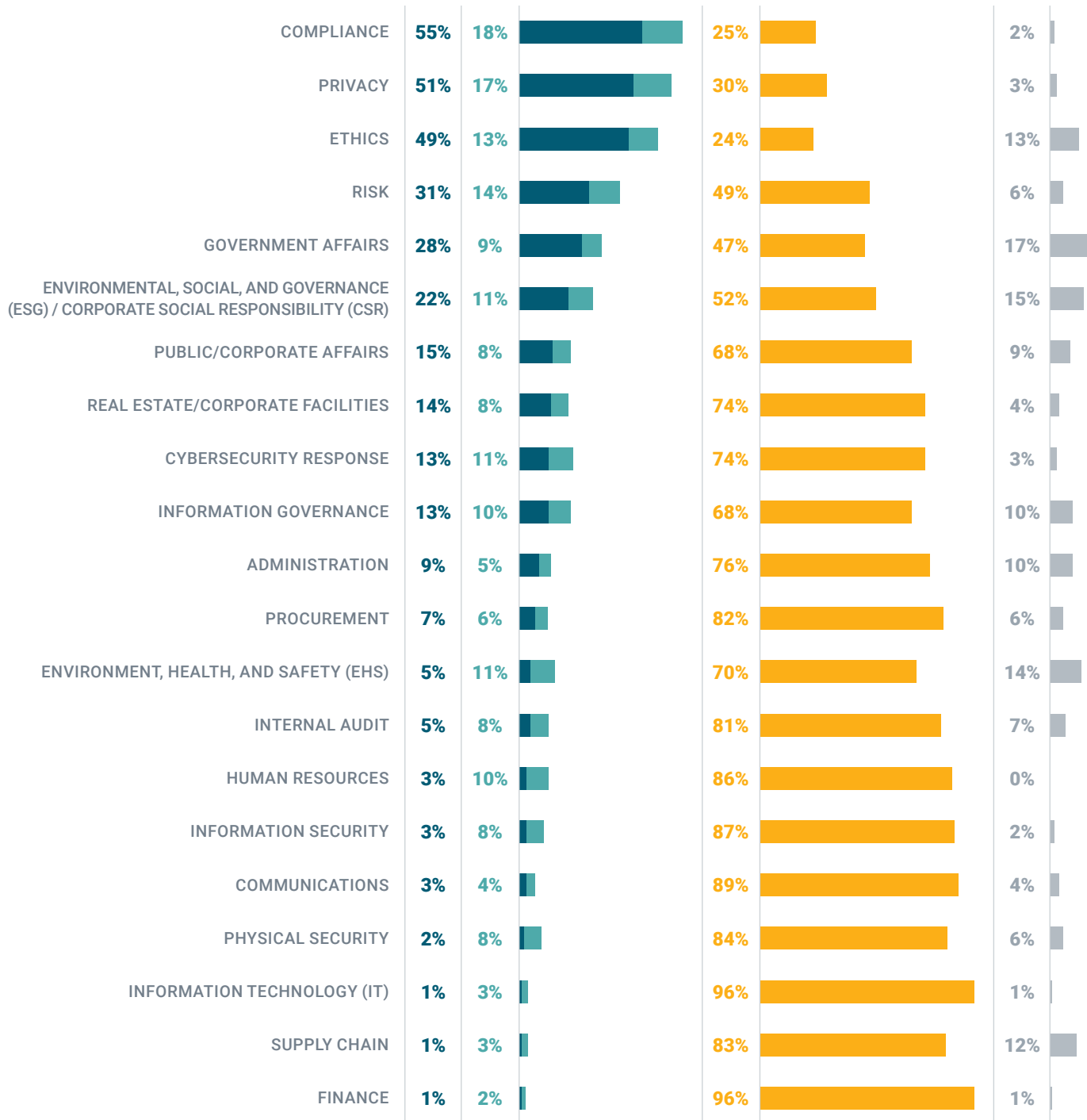
**Compliance** is the most common function that is either part of or reports into the legal department.

**55%** indicate that it is part of legal

**18%** report that it is a separate function that reports to the legal department



## LEGAL DEPARTMENT FUNCTIONS



■ Part of legal 
 ■ Separate function reporting to legal 
 ■ Separate function NOT reporting to legal 
 ■ Not known



# SPENDING

This section covers a wide range of legal spending metrics, based on the overall amounts of inside and outside legal spend provided by participating legal departments. We report on total legal spend, as well as the internal-external spend distribution, standardized KPIs like spend as a percentage of company revenue, and a breakdown of internal and external spend in specific categories, including lawyer and non-lawyer compensation and spend on outside counsel and alternative legal service providers (ALSPs).

## METHODOLOGICAL NOTE

The spending values reported are descriptive statistics (median, percentiles, etc.) for each of the metrics presented – e.g., internal spend, external spend, and total legal spend. These statistics are calculated independently for each metric, and therefore we should not expect that the medians and percentiles provided for internal and external spend should “match” the results for total spend. This is due to the distributions of the values varying widely for each individual metric and, additionally, some respondents provided their internal spend amount but not their external spend – and vice versa – which resulted in different population sizes for each specific metric, namely internal, external, and total legal spend.

Consider the following example:

John has **1** apple and **8** oranges – a total of **9** fruits.

Lucy has **5** apples and **3** oranges – a total of **8** fruits.

Steve has **3** apples and **4** oranges – a total of **7** fruits.

If we consider each metric – apples, oranges, and total fruits – separately, the medians are as follows:

Apples = {**1, 3, 5**} = **3**

Oranges = {**3, 4, 8**} = **4**

Fruits = {**7, 8, 9**} = **8**

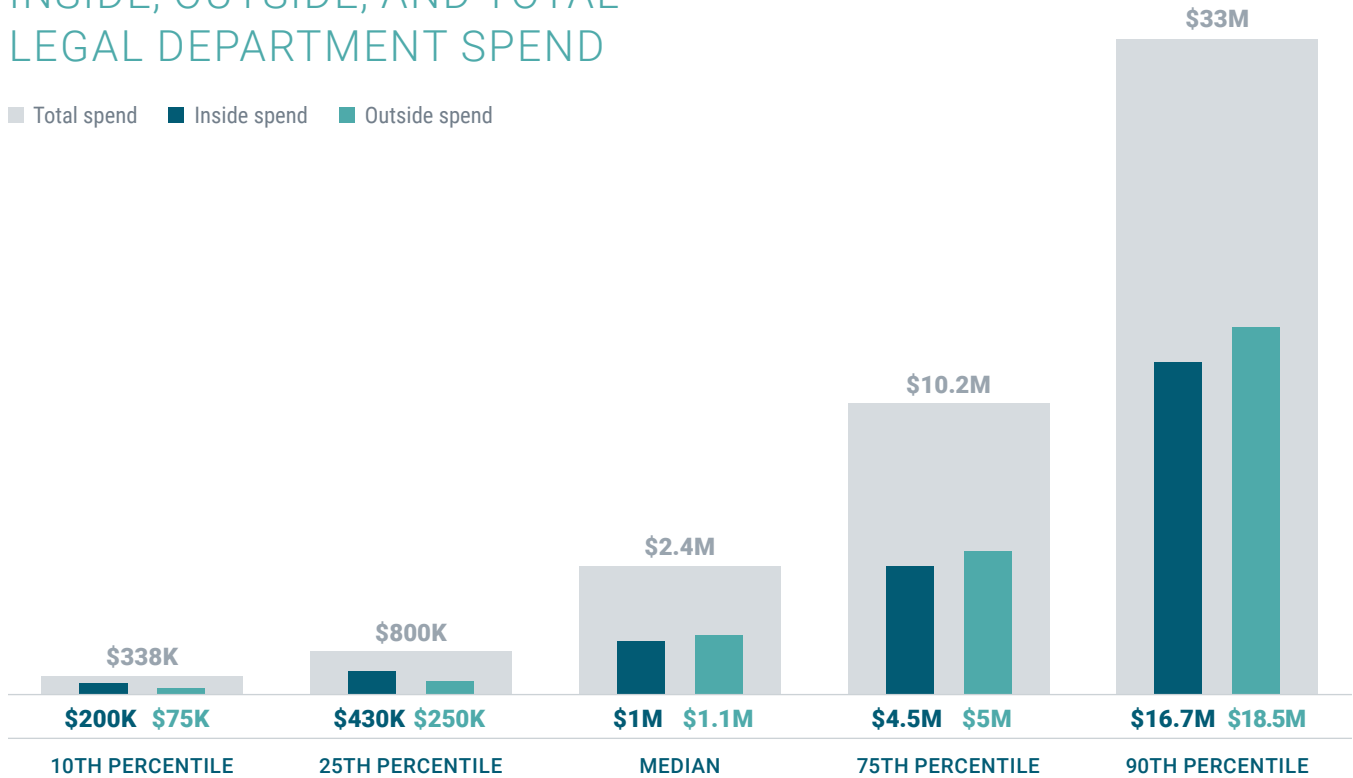
The median value of total fruits is **8**, which is different than the sum of the medians of apples and oranges, **3 + 4 = 7**. A similar pattern occurs throughout the spending charts that follow.



Participating legal departments recorded a median internal spend of US\$1 million and external spend of US\$1.1 million in 2021, while the median total legal spend was US\$2.4 million – last year’s median total spend value was higher at US\$3 million. The statistical distribution reflects the wide variation in legal spend across participating organizations that vary substantially in size, with the top 25 percent of spenders recording an overall legal spend of US\$10.2 million or more and those in the top 10 percent – or 90th percentile – spending a minimum of US\$33 million.

## INSIDE, OUTSIDE, AND TOTAL LEGAL DEPARTMENT SPEND

■ Total spend ■ Inside spend ■ Outside spend



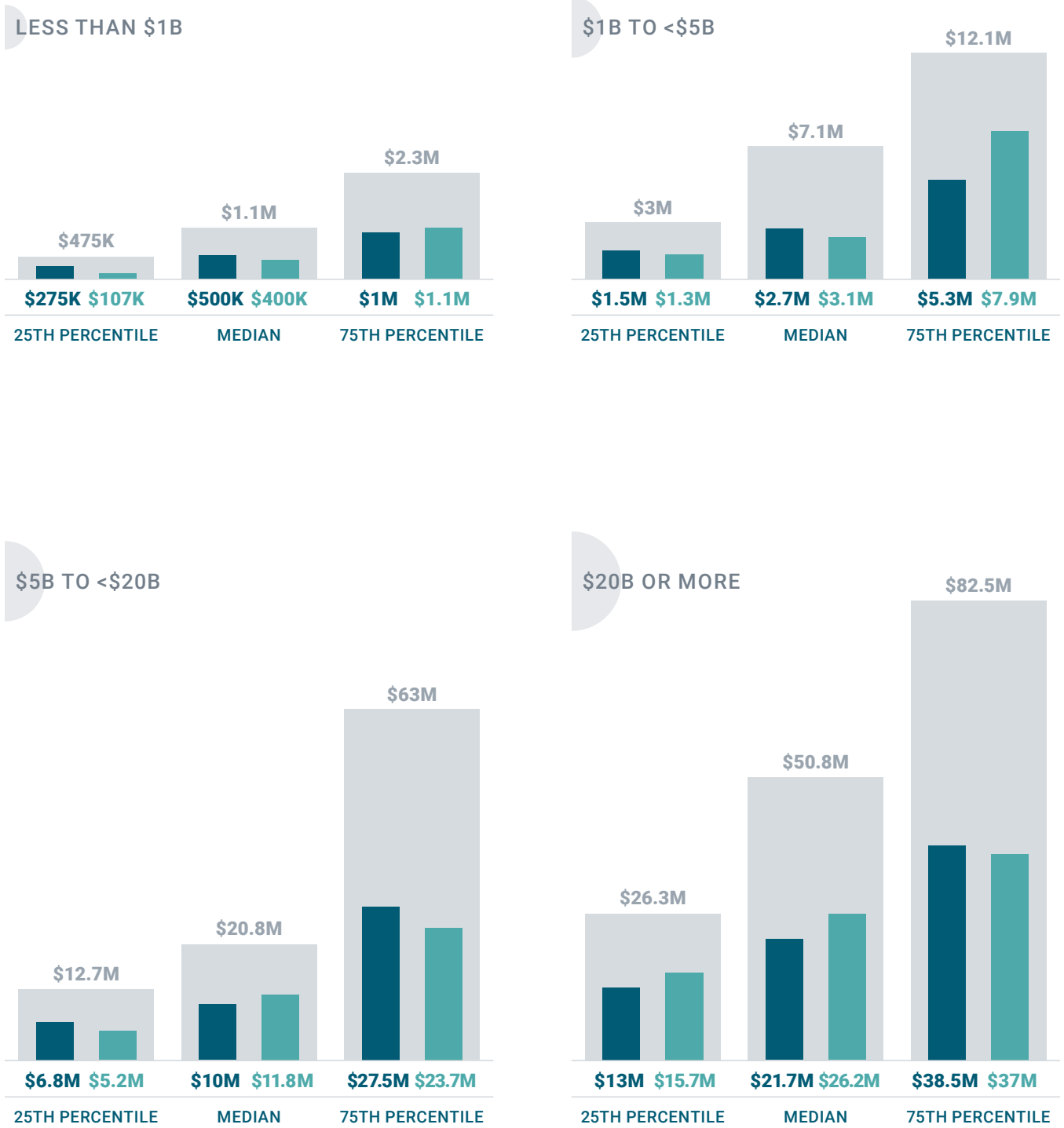
The descriptive statistics for internal, external, and total legal spend reflect the dramatic differences in spending between companies of different sizes, with a clear progressive increase in spending alongside company revenue growth. Small companies with under US\$1 billion in revenue reported a median of US\$1.1 million in overall legal spend, those in the US\$1 billion to US\$5 billion range recorded US\$7.1 million, those in the US\$5 billion to US\$20 billion had a median total spend of US\$20.8 million, and the largest participating companies with revenues surpassing US\$20 billion dedicated \$US50.8 million to legal expenditures. Internal and external spending amounts also show a similar positive progression when broken down by company size.





# LEGAL SPEND BY COMPANY SIZE

■ Total spend ■ Inside spend ■ Outside spend

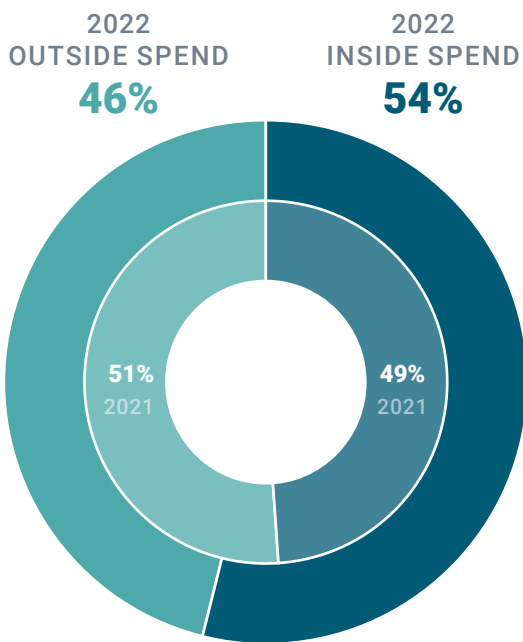




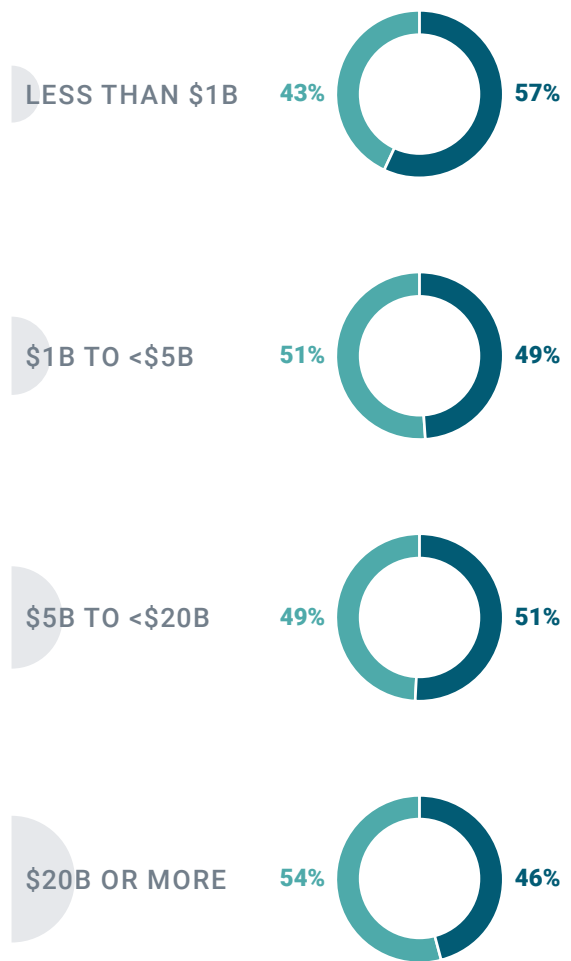
Departments spent more internally than externally – 54 percent of legal spend in-house – compared to the distribution observed in the 2021 survey, which tilted slightly toward a larger external spend – 51 percent on average spent outside versus 49 percent inside. The distribution of internal and external spend varies by company size, with smaller organizations spending more internally on average while the largest departments spend more outside. Companies in the smallest revenue range spent on average 57 percent of their legal budget in-house; while companies in the middle categories – 1-to-5 and 5-to-20 billion in revenue – the internal and external spending distribution was near evenly split – 49 percent internally for the former and 51 percent internally for the latter. Larger companies with more than US\$20 billion in revenue spent on average 54 percent of their legal expenses externally – and accordingly 46 percent internally.

## INTERNAL AND EXTERNAL SPEND DISTRIBUTION

ALL PARTICIPANTS



BY COMPANY SIZE



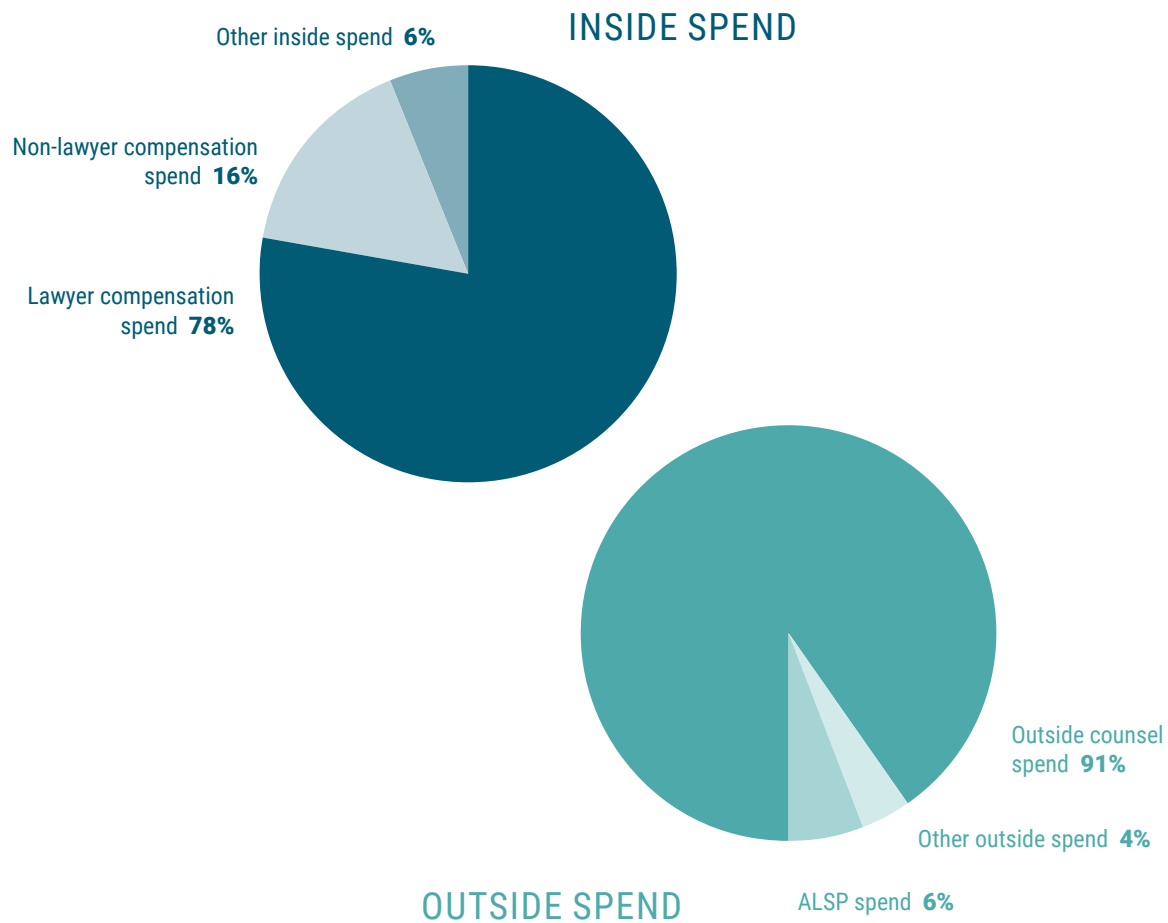
■ Outside spend ■ Inside spend



Most internal spend is dedicated to in-house counsel compensation, with departments reporting that, on average, 78 percent of inside spend is dedicated to the attorneys' payroll. Compensation for non-attorney staff consists of around 16 percent of total inside spend, while departments allocate on average about six percent of inside spend on other internal expenses.

External spend is overwhelmingly dedicated to outside counsel, with departments spending on average nine out of 10 dollars of external spend to cover law firm fees. Six percent of outside spend is dedicated to ALSPs and four percent to other external expenses.

## DISTRIBUTION OF INTERNAL AND EXTERNAL SPEND BY CATEGORY OF EXPENSES

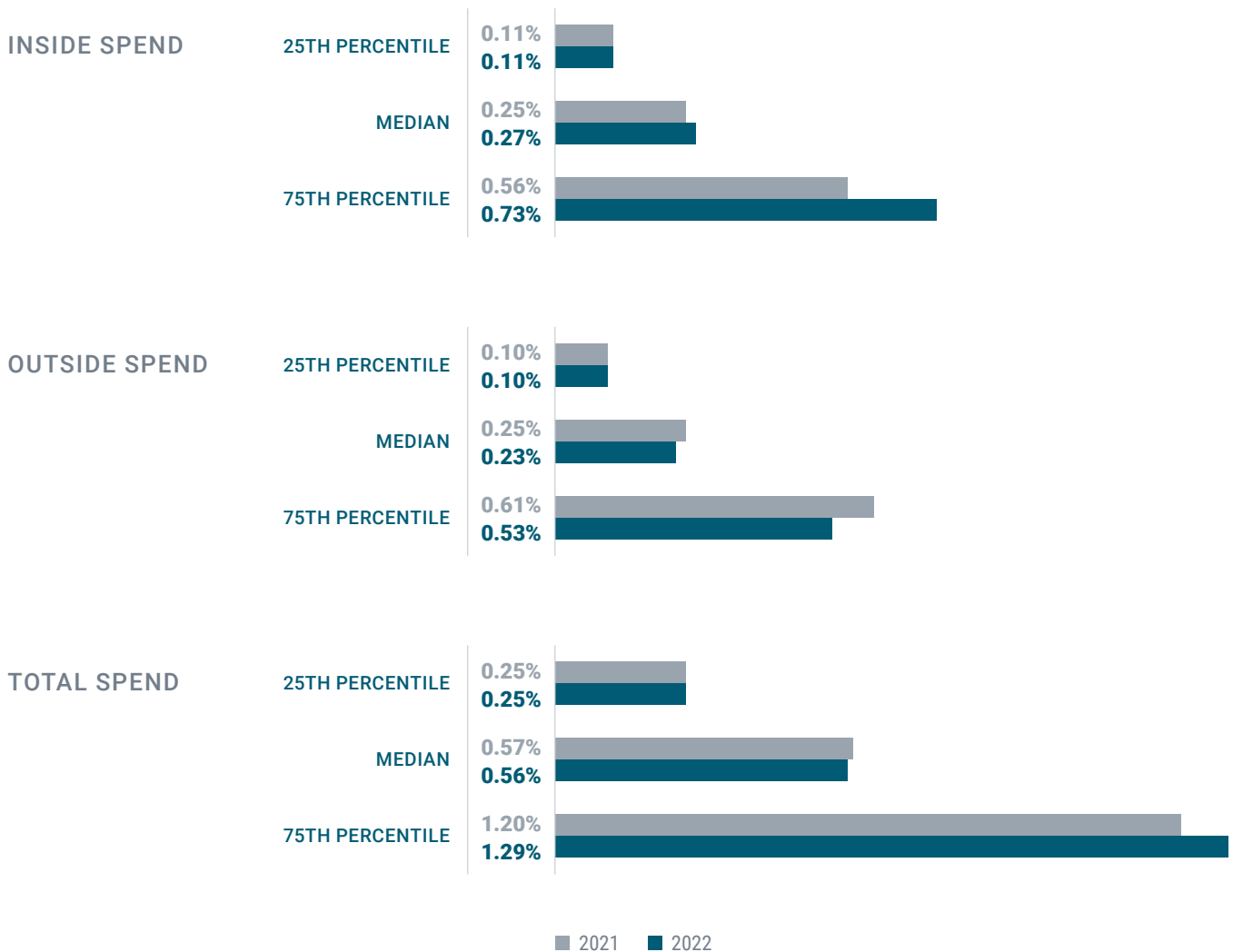




Legal spend as a percentage of company revenue is a critical KPI that allows departments to benchmark their legal costs scaled to the size of the organization. The results are very similar to last year's, with the median total spend as a percentage of revenue recorded at 0.56 percent – compared to 0.57 percent last year. The median internal spend is 0.27 percent of company revenue and external spend is slightly lower, 0.23 percent.

There is wide variation across companies with the interquartile range – the distance between the 25th and 75th percentile – going from 0.25 percent of total legal spend as a percentage of company revenue to 1.29 percent. The results are stable compared to those observed last year.

## LEGAL SPEND AS A PERCENTAGE OF COMPANY REVENUE





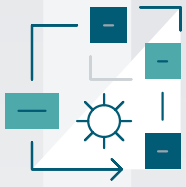
The following table summarizes the key spending benchmarks provided while breaking them down by company size. All the values provided are the median. It is worth noting that overall lawyer compensation is very close to the value observed last year – US\$690,000 to US\$670,000 in 2021 – but the median non-lawyer compensation value is practically half of what we observed last year – US\$125,000 compared to US\$213,000. This does not necessarily imply that compensation of non-lawyer positions has decreased, but likely reflects a different composition of the survey participants.

Similarly, the median spend on outside counsel is also smaller this year – US\$1 million compared to US\$1.3 million in 2021. Some metric values remain rather constant, however, with the median cost per lawyer hour reported at US\$121 – US\$120 last year – and the median percentage of legal spend allocated to legal technology at two percent. The company size comparison also shows how median legal costs scale when the company revenue grows.

## ADDITIONAL SPENDING BENCHMARKING METRICS BY COMPANY REVENUE

	ALL PARTICIPANTS	LESS THAN \$1B	\$1B TO <\$5B	\$5B TO <\$20B	\$20B OR MORE
<b>TOTAL LEGAL SPEND</b> <i>Total inside spend + total outside spend</i>	<b>\$2.4M</b>	\$1.1M	\$7.1M	\$20.8M	\$50.8M
<b>TOTAL INSIDE SPEND</b> <i>Includes lawyer and non-lawyer compensation and other inside spend not categorized</i>	<b>\$1M</b>	\$500K	\$2.7M	\$10M	\$21.7M
<b>TOTAL OUTSIDE SPEND</b> <i>Includes spend on outside counsel and ALSPs another other outside spend not categorized</i>	<b>\$1.1M</b>	\$400K	\$3.1M	\$11.8M	\$26.2M
<b>LAWYER COMPENSATION SPEND</b> <i>Combined compensation among all department lawyers– includes salary, cash bonus, taxes, and benefits</i>	<b>\$690K</b>	\$400K	\$2M	\$6.2M	\$13.3M
<b>NON-LAWYER COMPENSATION SPEND</b> <i>Combined compensation among all non-lawyer legal staff–includes salary, cash bonus, taxes, and benefits</i>	<b>\$125K</b>	\$64K	\$450K	\$2.6M	\$4.1M
<b>OUTSIDE COUNSEL SPEND</b>	<b>\$1M</b>	\$360K	\$3.3M	\$11M	\$22.1M
<b>ALSP SPEND</b>	<b>\$0</b>	\$0	\$75K	\$17K	\$1M
<b>COST PER LAWYER HOUR</b> <i>Total lawyer compensation spend divided by (lawyers x 1,800 billable hours)</i>	<b>\$121</b>	\$111	\$126	\$139	\$161
<b>PERCENTAGE OF TOTAL SPEND ALLOCATED TO LEGAL TECHNOLOGY</b>	<b>2%</b>	2%	2%	2%	3%

All median values reported.



# WORK ALLOCATION

Legal departments were asked about how 17 different types of legal work were managed. Participants indicated whether each of those tasks was managed internally or outsourced to outside counsel and/or to alternative legal service providers (ALSPs). Of course, some tasks may be handled both internally and externally, so multiple responses were allowed. The results show which types of work are more commonly handled internally and those legal tasks that are more likely to be outsourced to outside vendors.

The following charts report the percentage of legal departments that handled each of the 17 work areas internally, externally through outside counsel, and externally through ALSPs. Because multiple responses were allowed – i.e., a specific area may be handled concurrently by the legal department, law firms, and ALSPs – the results do add up to more than 100 percent.

Participants were also able to indicate that a specific task was either not covered in their legal department, that it was not applicable to their specific situation, or that it was not known. The percentages reported for work allocated in-house, to outside counsel, and to ALSPs are based on the “valid” responses, thus excluding those departments in the non-applicable scenarios described above. The 17 work areas are sorted alphabetically.

At least 90 percent of departments for which the following work areas are relevant handle them internally, including compliance, contract management, corporate and governance, document management, invoice review, legal operations, privacy and security, records management, and regulatory. This accounts for nine out of the 17 areas listed, and at least eight in ten departments also handle due diligence, labor and employment, legal research, and litigation/legal hold in-house.

Departments rely on external providers for other tasks, most notably discovery, with only 68 percent handling data collection internally and less than half (45 percent) managing data hosting and processing. Forty-four percent of departments outsource data collection to outside counsel and 58 percent data hosting and processing do the same, and these are the two areas most commonly outsourced to ALSPs as well – 11 percent and 23 percent, respectively.

The most common work area outsourced to outside counsel is intellectual property services (70 percent), though almost six in 10 departments (also) handle it in-house. Fifty-five percent outsource case and project management related to litigation to law firms, 47 percent outsource labor and employment work, and 43 percent due diligence – with an eight-point decrease compared to last year.

Overall, results are comparable to those observed last year. Where significant changes occur – variations larger than three percentage points – the results suggest that more departments are taking the work in-house – e.g., due diligence, labor and employment, legal research, intellectual property – and slightly fewer are outsourcing some of those tasks to outside counsel, namely due diligence and litigation – though more companies outsource document management to law firms compared to last year. Additionally, more departments outsourced work related to document management, invoice review, and records management to ALSPs, though the number of departments that engaged with these alternative legal services vendors remained limited.



### SURVEY QUESTION

Indicate how each category of work is primarily managed. Some elements of these tasks may be handled in-house, while others may be handled externally by law firms or ALSPs/LPOs. Select all the management options that apply to each category of work.

### CHART LEGEND

**IN-HOUSE:** Percentage of legal departments that manage these tasks internally.

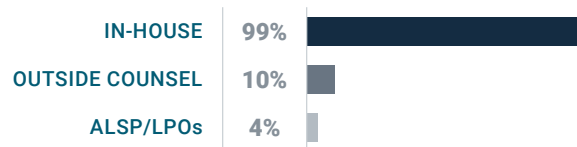
**OUTSIDE COUNSEL:** Percentage of legal departments that outsource work on these tasks to outside counsel.

**ALSP/LPOs:** Percentage of legal departments that outsource work on these tasks to alternative legal providers (ALSPs/LPOs).

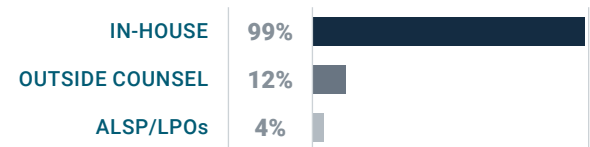
- Values in **green** indicate an increase larger than three percent for any given task and allocation category compared to 2021.
- Values in **red** indicate a decrease larger than three percent for any given task and allocation category compared to 2021.

## ALLOCATION OF WORK BY TYPE

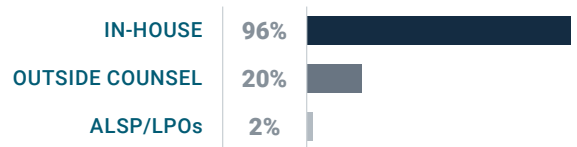
### COMPLIANCE



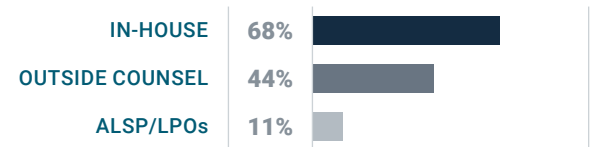
### CONTRACT MANAGEMENT



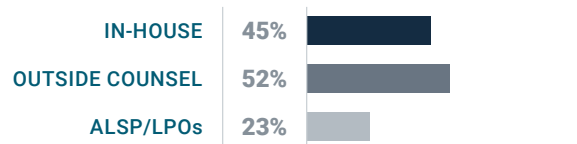
### CORPORATE & GOVERNANCE



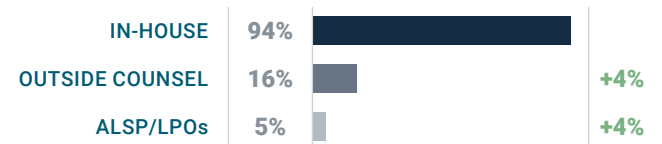
### DISCOVERY – DATA COLLECTION



### DISCOVERY – DATA PROCESSING/ HOSTING

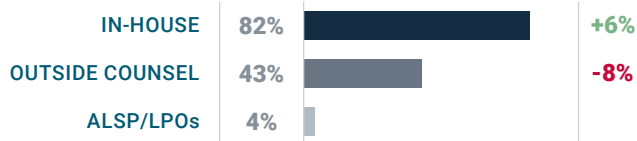


### DOCUMENT MANAGEMENT

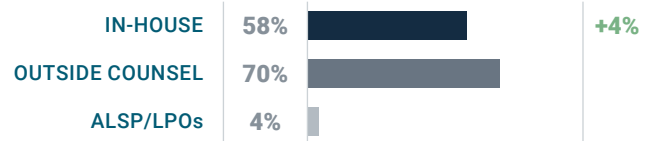




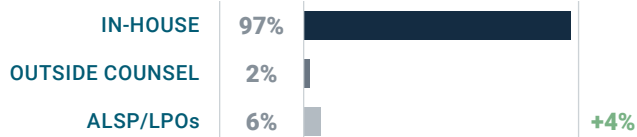
DUE DILIGENCE



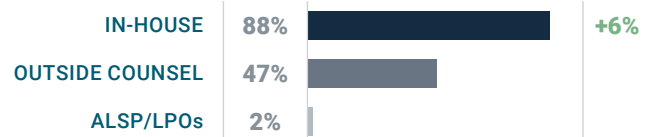
INTELLECTUAL PROPERTY



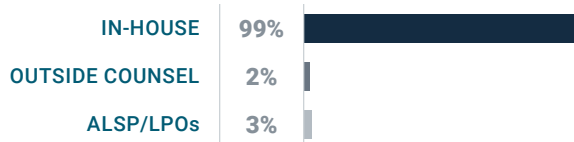
INVOICE REVIEW



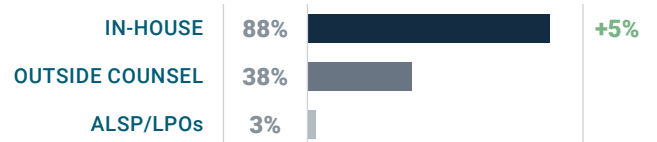
LABOR & EMPLOYMENT



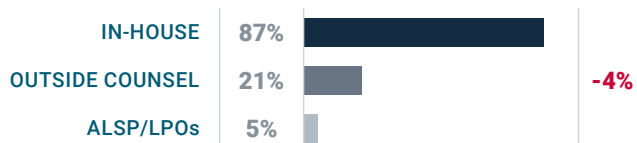
LEGAL OPERATIONS



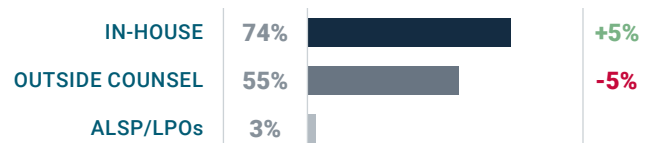
LEGAL RESEARCH



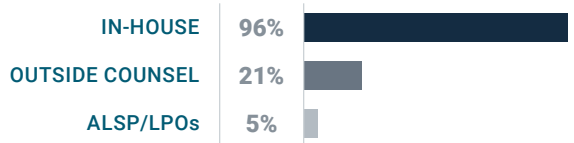
LITIGATION – LEGAL HOLD



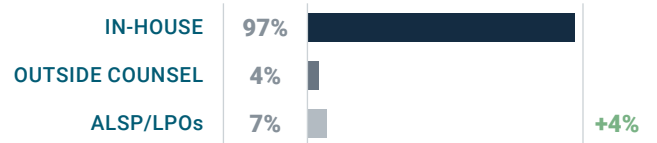
LITIGATION – CASE/PROJECT MANAGEMENT



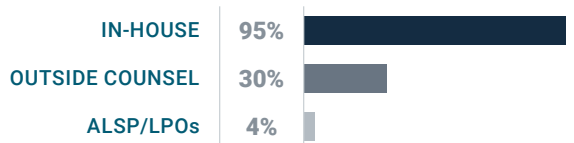
PRIVACY & SECURITY



RECORDS MANAGEMENT



REGULATORY







## LAW FIRMS AND ALSPs

In this section we present results related to law firm and ALSP engagement, including the number of providers used, whether the number of engaged providers changed last year compared to the year before, and the types of outside counsel fees used by participating legal departments.

The median legal department engaged 10 law firms and no ALSPs in 2021 – the same numbers recorded the previous year. Variation in the number of providers engaged is more pronounced regarding law firms than ALSPs – for the latter, the 75th percentile value is one alternative provider and the top 10 percent (90th percentile) engaged a minimum of just three ALSPs. The interquartile range for law firm engagement covers from five to 30 law firms that the middle 50 percent of legal departments outsourced work to, and the top 10 percent employed 95 law firms.

There is a clear, positive relationship between the amount of outside spend and the number of external providers engaged: companies with higher outside spend use more vendors. The results show that companies that spend under US\$1 million on outside expenses engaged a median of 5 law firms and no ALSPs, while those spending US\$10 million or more engaged a median of 84 law firms and three ALSPs.

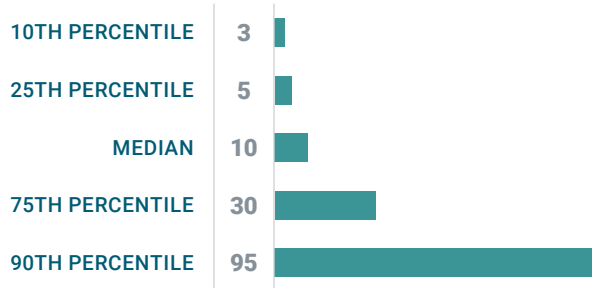
A slightly higher percentage of respondents indicated that the number of law firms engaged by their legal department increased last year compared to the year before – 35 percent to 29 percent. Eighty-six percent said there was no change in the number of ALSPs used.



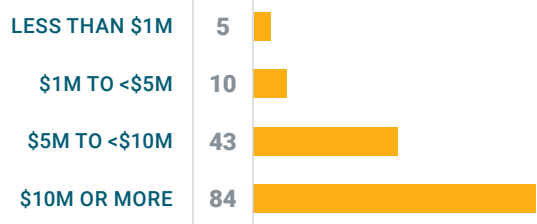
There is a clear, positive relationship between the amount of outside spend and the number of external providers engaged: **companies with higher outside spend use more vendors.**



## LAW FIRMS ENGAGED IN 2021



### BY OUTSIDE SPEND



### ALL PARTICIPANTS

■ Decreased ■ Stayed the same ■ Increased

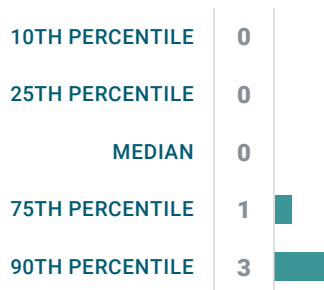
2021



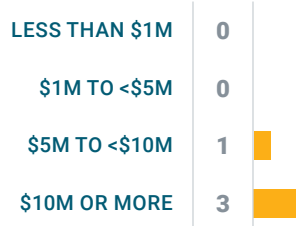
2022



## ALSPs ENGAGED IN 2021



### BY OUTSIDE SPEND



### ALL PARTICIPANTS

■ Decreased ■ Stayed the same ■ Increased

2021



2022





Discounted and standard hourly rates remain the most common outside counsel fee types used by legal departments (~80 percent use them). Six in ten use flat fees, 44 percent use capped fees, and slightly over one-third use blended hourly rates (37 percent) and retainers (36 percent). Around one in six participants reported using contingency fees and incentive or success fees, and only two percent use performance-based holdbacks or other fee arrangements. The order of fee types by percentage of use remains identical to last year's.

The heatmap shows the percentage of participants that use each fee type based on company size. The visualization clearly shows that larger companies – which engage more outside counsel providers – use a wider range of fee types compared to smaller organizations.

## TYPES OF OUTSIDE COUNSEL FEES USED

	ALL PARTICIPANTS	LESS THAN \$1B	\$1B TO <\$5B	\$5B TO <\$20B	\$20B OR MORE
DISCOUNTED HOURLY RATES	81%	73%	86%	96%	100%
STANDARD HOURLY RATES	77%	76%	76%	83%	82%
FLAT FEES FOR ENTIRE MATTERS OR FOR SOME STAGES OF MATTERS	62%	52%	67%	89%	93%
CAPPED FEES	44%	35%	56%	59%	59%
BLENDED HOURLY RATES	37%	28%	40%	64%	63%
RETAINERS (INCLUDING PERIODIC RETAINER FEES FOR A PORTFOLIO OF SERVICES)	36%	28%	45%	51%	52%
CONTINGENCY FEES (INCLUDING REVERSE CONTINGENCY FEES)	15%	10%	19%	19%	41%
INCENTIVES OR SUCCESS FEES	14%	9%	18%	30%	19%
PERFORMANCE-BASED HOLDBACKS	2%	2%	0%	6%	4%
OTHER	2%	2%	0%	6%	7%

Note: These results present only a high-level overview. The types of fee structures used will of course vary dramatically across matter type. We did not attempt to capture this level of granularity in the survey.



# DIVERSITY

This section reveals to what extent legal departments are tracking diversity and inclusion metrics both in terms of their own internal composition and in relation to their outside counsel. Departments that do track diversity metrics were also asked to share which specific items they evaluate. Results are compared to those recorded last year to assess progress.

Twenty-nine percent of respondents track internal diversity metrics or have targets regarding the department's composition – the same percentage of participants recorded last year. The number is lower – 21 percent – for those that track diversity with respect to their outside counsel composition, though three points higher than the value observed in 2021.

Based on the specific items or areas tracked, the results overall show that more legal departments are tracking diversity related to different aspects of their internal composition as well as the composition of the law firms they work with. Regarding internal diversity metrics, almost all (97 percent) keep track of diversity in hiring, followed by promotions, departures, and levels or functions. Around one-third also track diversity in matter staffing and training. The results are higher than those observed last year for each of these items.

In terms of outside counsel, a majority of those who track diversity metrics evaluate the matter teams working for the legal department (78 percent), all the firm's lawyers (69 percent), the matter leaders or responsible partners (63 percent), and the partners in a firm (57 percent). One-third also track diversity in firm leadership positions, with the number of departments that evaluate diversity in those five areas increasing between three and 14 percentage points compared to last year.

Among those who track diversity internally, 45 percent report that there is a formal strategy to improve department diversity with tangible consequences for success or failure – two points lower than last year. For outside counsel, however, those departments that have formal requirements related to law firm diversity have increased five points – 29 percent to 24 percent in 2021.

Overall, the results suggest that while internal diversity tracking has remained stable compared to last year, there has been an uptick in the number of departments that track outside counsel diversity and in the number of diversity metrics evaluated. The results show nevertheless that there is still room to grow.



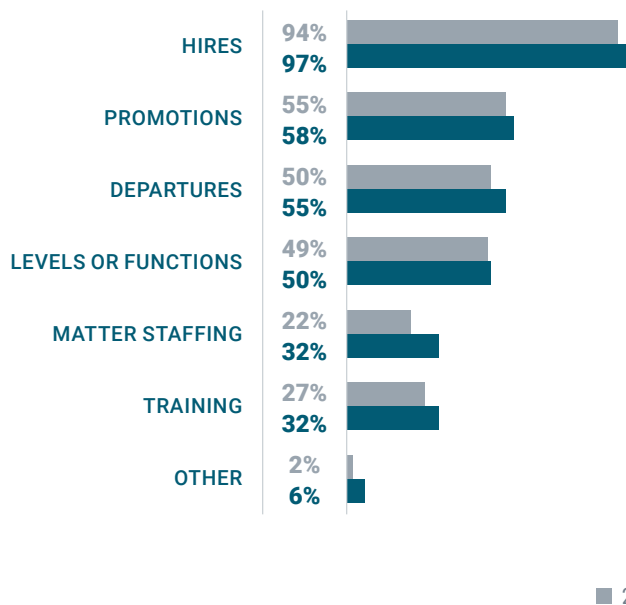
This year, more legal departments are tracking diversity related to different aspects of their internal composition as well as the composition of the law firms they work with.

## INTERNAL LEGAL DEPARTMENT METRICS

Does your department have diversity metrics and/or targets with respect to its own composition? (Percentage “Yes”)



Percentage of departments that evaluate the diversity of any of the following with respect to its own internal composition

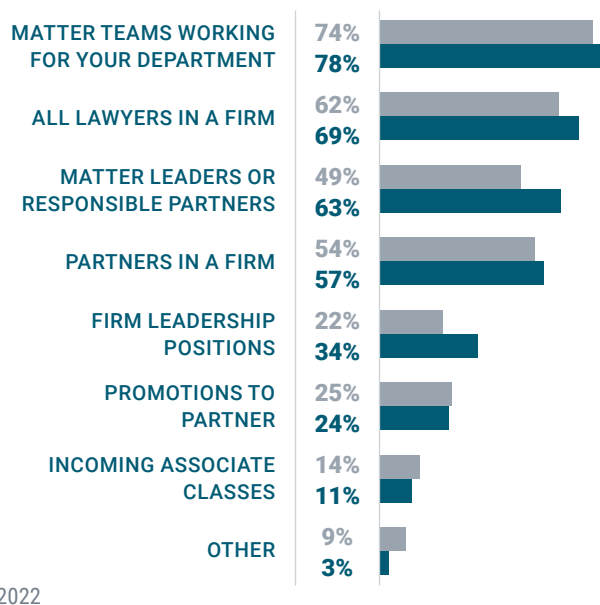


## OUTSIDE COUNSEL METRICS

Does your department have diversity metrics and/or targets with respect to its outside counsel? (Percentage “Yes”)



Percentage of departments that evaluate the diversity of any of the following with respect to its outside counsel



Is there a formal strategy to improve departmental diversity with tangible consequences for success or failure? (Percentage “Yes”)



Are there formal requirements for outside counsel to improve diversity with tangible consequences for success or failure? (Percentage “Yes”)





# METHODOLOGY

## SURVEY INSTRUMENT

The survey questionnaire was offered through an online survey platform. Personalized survey links were sent by email to the target population, which allowed participants to save their responses and fill out the questionnaire in more than one sitting, if needed.

## FIELDING PERIOD

The survey opened on February 17, 2022, and closed on April 15, 2022. Reminder emails were sent weekly.

## TARGET POPULATION

We targeted relevant representatives in all legal departments with at least one ACC member. These individuals were selected based on their job position and their capability of reporting on the requested information, e.g., the highest-ranking legal officer and/or legal operations professionals. If no members in a given department held either of these positions, we targeted the highest-ranking individual available. Apart from personalized email messages, opportunities to participate were also sent through LinkedIn campaigns, through ACC's online network forums, and via outreach on the ACC website.

## PARTICIPATION

A total of 427 legal departments participated.

## ANONYMITY

The results are only provided at the aggregate level. No specific data point or response is tied to any individual or organization.

## DATA ACCURACY

Not all respondents answered all questions. The percentages and descriptive statistics provided are based on the number of valid responses received for each individual question or calculated for each individual metric. Many survey questions offered the opportunity to select multiple response options. In those cases, percentages may not total to 100 percent.

## STATISTICAL TERMINOLOGY

**MEAN:** The values of each observation are summed together and divided by the total number of observations (also called the average).

**MEDIAN:** This is the middle value of all observations ordered from low to high (also called the 50th percentile).

**PERCENTILE:** This is a value that divides a population according to a distribution of observations. It allows us to know the percentage of observations that fall above or below a particular value. For example, if we find that the 25th percentile of the number of lawyers in a department is three, we then know that 25 percent of departments have up to three lawyers, while the other 75 percent of departments have three or more.

# PARTICIPATING ORGANIZATIONS

777 Partners LLC	Bison Bank	DFS Group Limited
ABB Australia	BlackBerry	DHL Supply Chain
ABM Industries	BlackLine Inc.	Digital Trends Media Group
Above Lending, Inc.	Blue Cross and Blue Shield of Kansas City	Discover Financial Services
Academy Sports + Outdoors	Blue Prism Group Limited	DocuSign
Accedian Networks Inc.	BMT Aerospace	Douglass Colony Group, Inc.
Access Now	Booking.com	Dow Jones & Company
Acciona Infrastructure	Briggs & Stratton	Draken International, LLC
Acrisure	Brighthouse Financial	DynaFlex
Acronis AG	C&T Enterprises, Inc.	Eastern Dental Management
ADD Systems	Calian Ltd.	eClinical Solutions LLC
Adir International	Cambrian BioPharma	ECTP
AdvoCare	Campbell Companies	Edmonton Airports
Air Canada	Canadian Western Bank	Electrical Consultants, Inc.
Alberta Central	Capital Power Corporation	Electro Rent Corporation
Alberta Teachers Retirement Fund	Cardinal Group Companies	Electronic Transaction Consultants
Alimera Sciences	Cardinal Health	EMD Electronics
Alkeme Insurance	Carver Bancorp, Inc.	Empire Technologies Risk Management Group
Alliance Bancshares, Inc.	Casey's General Stores, Inc.	Engesul-Raysul Group
Alliance Laundry Systems	Centene Corporation	Enstar
Allianz Technology of America	Centerline Business Services	Entain
Alshaya Group	Challenger Limited	Entergy Corporation
Amalgamated Sugar Company	Charter Communications	Entrinsic Bioscience
American Council on Exercise	Clearcover, Inc.	Epoch Payment Solutions
American National Red Cross	Cleveland Clinic	Ethos
Amino, Inc.	Client Network Services, LLC	Expedia Group
AMP Bank	Coast Capital Savings Federal Credit Union	EyeCare Partners, LLC
Anaheim Ducks / Honda Center	CoBank	Fannie Mae
Analog Devices, Inc.	Cognia	FBD Partnership, LP
APL Logistics	Columbia Association	Finalsite Holdings, Inc.
Appen Limited	Commonwealth Capital Corp.	First National Bank of Omaha
Aramark	Community Capital Corporation	Fletcher Building
Astellas Pharma	Computershare	Flex Technology Group
Atkins	Confluence Technologies, Inc.	FlexiVan Leasing
Atomic Data, LLC	Consumers Energy	FlightSafety International Inc.
Attentive	Contentful	Florida Crystals Corporation
Autodesk	Council on Rural Service Programs, Inc.	FLSmidth
Autoneum North America, Inc.	Coursera	FMC Corporation
Bally Schuhfabriken AG	Cousins Properties	Fox Factory Holding Corp.
Basler Electric Company	Cox Enterprises, Inc.	Freddie Mac
Berkshire Grey, Inc.	Cox Media Group	FullSix S.p.A.
Beyondsoft Consulting Inc.	Customertimes	Genomics Inc. (UK parent company, Genomics plc)
Bidstack Group plc	DaVita Inc.	GEON Performance Solutions
Bigfork Technologies, LLC	Delaware River and Bay Authority	Gimbal
Biorasi, LLC	DENSO	Glassbox
Bio-Techne	Desert Financial Credit Union	Glazer's Beer and Beverage, LLC
BioXcel Therapeutics	DFS	

Global Tote US, LLC	Kent Corporation	MSA Safety, Inc.
GoDaddy	Khoros LLC	MultiPlan Corporation
Goldfinch Bio, Inc.	Kimball Electronics, Inc.	Muscatine Power and Water
GOWell International LLC	Knowles Electronics LLC	Mutual of Omaha
Grane	Kohler Co.	Nakheel PJSC
Greening Australia	Kootenai Health	Nanoramic Laboratories
Hagerty	KPMG LLP	NASW
Hancock Whitney Bank	Kudelski SA	National Community Pharmacists Association
Harkins Builders	Landmark Recovery	Nav Technologies, Inc.
Heaven Hill Distilleries	Leadership for Educational Equity	Nestle, USA
Hewitt Cattle Australia	LeadVenture	Netrush, LLC
HighSage Ventures	Lehigh University	Neurelis, Inc.
HM.Clause, Inc.	Levi Strauss & Co.	New Jersey Resources Corporation
Home Trust	Liberty Mutual Insurance	Nine Entertainment
HonorHealth	Liferay, Inc.	Nippon Value Investors KK
Hybrid Apparel	LifeScan Global Corporation	NRG Energy, Inc.
Hydrite Chemical Co.	Lincoln Financial Group	Nutanix, Inc
Hydro Extrusion North America	Lithia Motors, Inc.	NXP Semiconductors
Hypergiant	LogicMonitor, Inc.	OMERS
Hyundai Capital America	LS Networks	On Demand Pharmaceuticals, Inc.
I-77 Mobility Partners	lululemon usa inc.	Ontario Power Generation Inc.
IAG	Lumos Pharma	Operative
ICON Government and Public Health Solutions, Inc.	Lynden Incorporated	Opteon
IDEXX Laboratories, Inc.	M. Holland Company	Organovo, Inc.
IMMI	MaineHealth	Palo Alto Networks, Inc.
Independent Financial	Management Sciences for Health	Panopto, Inc.
Infinite Reality, Inc.	Maritime New Zealand	Pax8 Inc.
Infomedia Ltd	Mass General Brigham	PCSI
Ingenico	MassMutual	Peerless Machine & Tool Corp
INRIX, Inc.	McDonald's Corporation	Pembina Pipeline Corporation
Institute of International Finance, Inc.	Medica	Pennsylvania Association of Realtors
Intermountain Healthcare	Memorial Health System	Pennsylvania General Energy Company
Inviu	Merrick Bank	Percona
Ionis Pharmaceuticals, Inc.	Merz Aesthetics	Petroleum Development Oman
ISS	MetaBank	PetSmart LLC
Ivoclar Vivadent AG	Mewbourne Oil Company	Pharmscience Inc
J.C. Cannistraro LLC	Milliken & Company	Philip Morris International
JACK Entertainment	Mission Federal Credit Union	Plexus Corp.
Jack Henry & Associates, Inc.	Mitchell International, Inc.	PowerPlan, Inc. (Roper)
Jacuzzi Group	Mitrelli Group	PPL Services Corporation
Jama Software, Inc.	Mizkan America, Inc.	Practising Law Institute - New York, NY
JERA	MNP LLP	Pramata Corporation
Jewelry Television	Mobis Alabama, LLC	Prologis
Jobcase	Molson Coors Beverage Company	Prysmian Group
John Deere	Montauk Renewables	PSP Investments
Jones Lang Lasalle	Motiva Enterprises LLC	PTI
Kaman Distribution Group	Movado Group	Pure Storage, Inc.



Purple	Southeastern Surveying and Mapping C	Trelleborg Wheel Systems
Quaker Window Products Co.	Southern Cross Austereo	Trimac Transportation
Quantum Polymers, Inc.	Sparkfund	Trinity Health
RAD Data Communications Ltd.	Special Olympics International	True Manufacturing Company
RAZR Marketing, Inc.	Spire Holdings	Trust Re
Red Canary, Inc.	Spreetail, LLC	TrustRadius
Red Hat, Inc.	Starbucks Corporation	Truth Initiative
Renaissance Learning	Stepan Company	UChicago Argonne LLC
Republic Cement	Sumitomo Electric Industries, Ltd.	UKG Inc.
Resultant	SumUp, Inc.	Unique Industries
Revolution Prep, LLC	Superior Group of Companies, Inc.	Unisys
Rimini Street	Supernal	United Farmers of Alberta Co-operative Limited
RMIT University	Supernova	University of Central Florida
Rockford Public Schools, District 205	Sutro Biopharma, Inc.	University of Phoenix
Roger Cleveland Golf Company, Inc.	Synchrono Group Inc	University of St. Thomas
Rollins, Inc.	Synchrony Financial	US Foods
Roy Morgan Research Centre Pty Ltd	Syneos Health	Vault Insurance
RSL Queensland	T.D. Williamson, Inc.	Vaya Health
rue21	Talbert House	VEIC
Ryerson	Tamer Group	Vein Clinics of America
Saadia Group LLC	Tapjoy, Inc.	Veritas Technologies LLC
SADA	Target Corporation	VF Corporation
Safety National	Tauber Oil Company	VGA
SAHA	Tec de Monterrey	Visit Orlando
SAI Global	Telos Corporation	Visteon Corporation
Saint-Gobain, N.A.	Texas Oncology	W.L. Gore & Associates
San Joaquin County	Textron Inc.	Wastequip
San Joaquin Valley College, Inc.-Ember Education	Thales Australia	WEG Electric Corp.
Savage	ThayerMahan, Inc.	Weichert Companies
SCAN Group	The Beck Group	Western Alliance Bank
SecondMuse	The Beldon Group of Companies	Wheel Pros, LLC
Securian Asset Management	The Co-operators Group Limited	Wiley
Seeing Machines Ltd	The Emmes Company, LLC	Wm. T. Burnett & Co.
Sempra Energy	The Estee Lauder Companies	WOFICC
Sestina Bio, LLC	The Gibraltar Life Insurance Co.,Ltd.	Wolters Kluwer
SFOX Inc	The Heico Companies	Woods Hole Oceanographic Institution
Shape Technologies Group	The New York Blower Company	Woolworths Group Limited
Shine Justice Ltd	The New York Times Company	World Travel Protection Canada Inc.
Shoe Show	The Standard	Wyld
Skyline Champion Corporation	Thomas Jefferson University and Jefferson Health	Wynden Stark dba GQR Global Markets
Smith & Associates	Thomson Reuters	Zendesk Inc
Snow Joe	Thrasio	Zillow
Solid State Operations	TIAA	Zoeller Company
Sonedix	TJM Holdings, LLC	ZS Associates, Inc.
Sony Electronics Inc.	Toyota Motor North America, Inc.	Anonymous (8)
SOPREMA, Inc.	Traditional Medicinals, Inc.	
South Carolina Hospital Association	Transcontinental Inc.	

## NEED A MORE TAILORED REPORT?

We understand that for a true benchmarking exercise you will need the survey data only among a clearly defined apples-to-apples peer group. You define the population to compare against and we provide a tailored report to fit your requirements.

Benchmarking reports can be customized to your organization's peer group based on:



**COMPANY REVENUE**  
(total gross annual in \$US)



**TOTAL COMPANY EMPLOYEES**



**GEOGRAPHIC LOCATION**  
(country or global region)



**INDUSTRY SECTOR**  
(using Standard Industry Classification (SIC) codes)



**DATA WEIGHTING**



**COMPANY TYPE**  
(public, private, wholly-owned subsidiary, non-profit)

## TAKE A LOOK INSIDE!

Legal Department Spending Metrics – Medical Technology & Life Sciences					
	n	25th Percentile	Mean	Median	75th Percentile
<b>Total inside spend</b> <i>Includes lawyer and non-lawyer compensation and other inside spend not categorized</i>	29	\$500,000	\$17,352,024	\$1,290,000	\$21,000,000
<b>Total outside spend</b> <i>Includes spend on outside counsel and ALSPs and other remaining outside spend not categorized</i>	29	\$413,000	\$18,018,658	\$2,795,400	\$10,000,000
<b>Total legal spend</b> <i>Total inside spend + total outside spend</i>	29	\$900,000	\$35,370,682	\$6,318,313	\$25,949,509
<b>Lawyer compensation</b> <i>Combined compensation among all department lawyers – includes salary, cash bonus, taxes, and benefits</i>	23	\$274,000	\$8,786,876	\$550,000	\$4,950,000
<b>Non-lawyer compensation</b> <i>Combined compensation among all non-lawyer legal staff – includes salary, cash bonus, taxes, and benefits</i>	21	\$75,000	\$6,492,421	\$296,000	\$7,515,341

The following table presents the results of a custom benchmarking exercise for the legal department. The results are based on the survey data provided by the respondents. The data is presented in the table below. The results are based on the survey data provided by the respondents. The data is presented in the table below. The results are based on the survey data provided by the respondents. The data is presented in the table below.

Peer Company Profile	
<b>Company revenue</b>	US \$500 million to US \$3 billion
<b>Industry</b>	Organizations in "Medical Technology and Life Sciences": • SIC Code 35: Industrial Machinery and Equipment • SIC Code 36: Electronic and Other Electronic Equipment • SIC Code 38: Instruments and Related Products
<b>Company type</b>	Private companies and subsidiaries
<b>Number of lawyers</b>	12 to 18
<b>Number of staff</b>	Not selected
<b>Total legal spend</b>	\$6M to \$10M
<b>Region</b>	Organizations headquartered in Asia, North America, or Latin America
<b>Data weighting</b>	Data weighted by percentage of revenue in each industry sector: • SIC Code 35: 20% • SIC Code 36: 30% • SIC Code 38: 50%

The following table presents the results of a custom benchmarking exercise for the peer company profile. The results are based on the survey data provided by the respondents. The data is presented in the table below. The results are based on the survey data provided by the respondents. The data is presented in the table below. The results are based on the survey data provided by the respondents. The data is presented in the table below.

## HAVE QUESTIONS? WE'RE HERE TO HELP.

To request a custom benchmarking report or to speak with a member of ACC's research team, please call +1 202.293.4103 or email [research@acc.com](mailto:research@acc.com).

For more information on ACC's benchmarking offerings visit [acc.com/benchmarking](http://acc.com/benchmarking).

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The Association of Corporate Counsel (ACC) is a global legal association that promotes the common professional and business interests of in-house counsel who work for corporations, associations and other organizations through information, education, networking opportunities, and advocacy initiatives. With more than 45,000 members employed by over 10,000 organization in 85 countries, ACC connects its members to the people and resources necessary for both personal and professional growth.

To learn more about ACC's Research & Insights please contact ACC Research at +1.202.293.4103 or visit [acc.com/surveys](https://acc.com/surveys). To learn more about ACC's benchmarking offerings visit [acc.com/benchmarking](https://acc.com/benchmarking).

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