Legal Department **Operations Index 2021:** The risk of being left behind

The 2021 Legal Department Operations (LDO) Index includes responses by 100 companies to an in-depth survey conducted in June 2021 and real-world legal spend analytics from Thomson Reuters® Legal Tracker sourced from more than 1,500 corporate legal departments.

SURVEY RESPONSES

In response to the June survey, we received replies from the following:



Firm and company size dramatically affected law firm utilization

Volume of work continues to increase Growth in legal operations continues The most-reported metrics relate to spend

KEY INSIGHTS

In the sixth edition of the Thomson Reuters LDO Index, we noticed new or continuing developments in three crucial areas of legal department operations: department management, spending, and technology. This was reflected in how department leaders cited their top priorities:

Top Legal Department Priorities

More than 50% of legal departments ranked these topics as "high priority"

1. Controlling outside counsel costs	87%
2. Using technology to simplify workflow and manual processes	74%
3. Focus on internal data security	73%
4. Focus on legal operations	59%

DEPARTMENT MANAGEMENT O

The LDO survey highlighted the continuing growth of dedicated legal operations staff:

80%	0		212121212		
of legal departments have dedicated legal operations staff	Dedicated legal operations	Large	Medium	Moderate	Small
	NO	5%	12%	26%	56%
up from 56% in 2017	YES	95%	88%	74%	44%
				Sour	ce: Thomson Reuters 2021

Staffing of legal operations functions continues to increase with the corporate legal departments in medium and moderate companies showing the largest percentage, respectively, of dedicated legal operations staff compared to overall legal staff.

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Company annual revenue	Average total legal dept. staff size	Legal Ops staff as a % of total staff
Large (\$10B+)	255	5%
Medium (\$2B - \$10B)	51	11%
Moderate (\$500M - \$2B)	26	16%
Small (Less than \$500M)	14	6%

Average number of attorneys per billion in revenue

Large	
Medium	
Moderate	
Small	

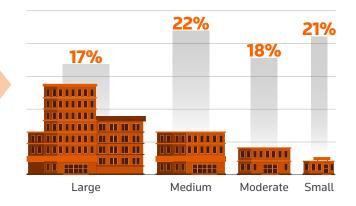
Corporate legal departments are employing outside counsel for legal work outside the United States approximately one-fifth of the time:



volume of outside counsel work is outside the United States.*

This is relatively consistent based on size of company.

*Large majority of legal departments reporting were companies headquartered in the United States. Source: Thomson Reuters 2021



ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES ON THE RISE O

A greater corporate focus on ESG is driving a step-change in diversity and inclusion initiatives in legal departments.

More and more legal departments require diversity information from law firms:



And, legal departments are increasingly using tools like Legal Tracker to report on law firm diversity as a metric as part of wider diversity initiatives:

of legal departments report on law firm diversity as a key metric

Finally, an increasing number of law departments are utilizing diversity data as a factor in law firm selection:

Using diversity data as a factor in firm selection

2021:	34% High Priority	36% Low Priority	30% No Priority
2017:	4% High Priority	32% Low Priority	64% No Priority

For a deeper dive into the LDO Index key findings and developments around spending and technology, see our infographic.

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