

InfoTrack 

IN-HOUSE LEGAL ADVISERS

TECHNOLOGY AND EFFICIENCIES

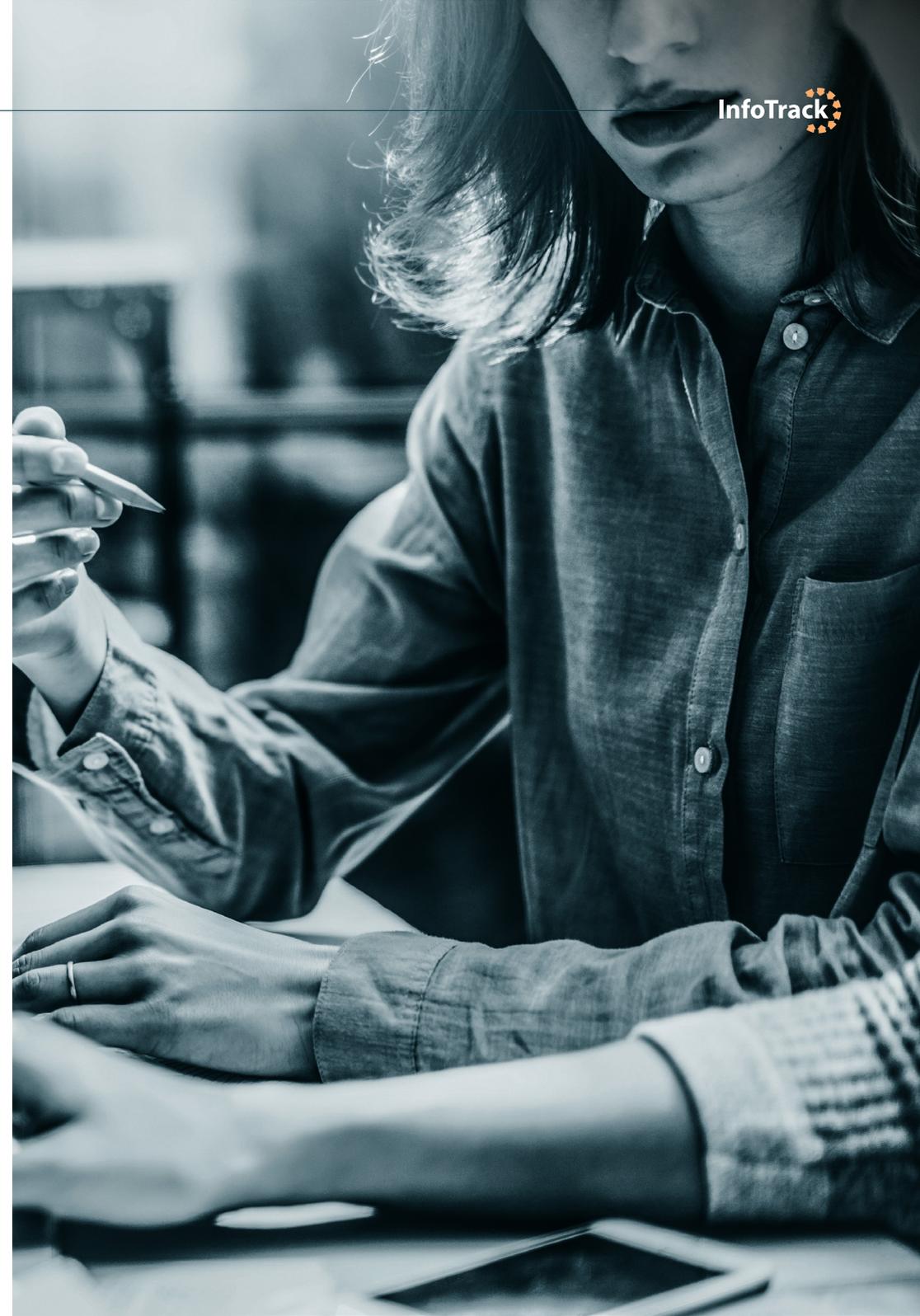
INTRODUCTION

Over the past 10-15 years, it is estimated that the proportion of Australian legal professionals working in in-house roles has grown from 10% to more than 30%, causing major disruption to the traditional private practice model.

There has been a perception that in-house lawyers are expected to 'do more with less', that is, without the same resources that are available to many law firms. As a result, some tasks have been outsourced to external legal firms equipped with the resources and specialists to handle them.

Improving technologies are enhancing efficiencies for some legal tasks and, in the case of in-house lawyers, have the potential to increase capabilities and decrease reliance on external legal firms, causing further disruption to the legal industry.

While the cost of implementing new technologies is a concern for many organisations, survey findings suggest that providing in-house legal advisers with some of these tools may actually provide cost benefits due to increased productivity and reduced external legal costs.



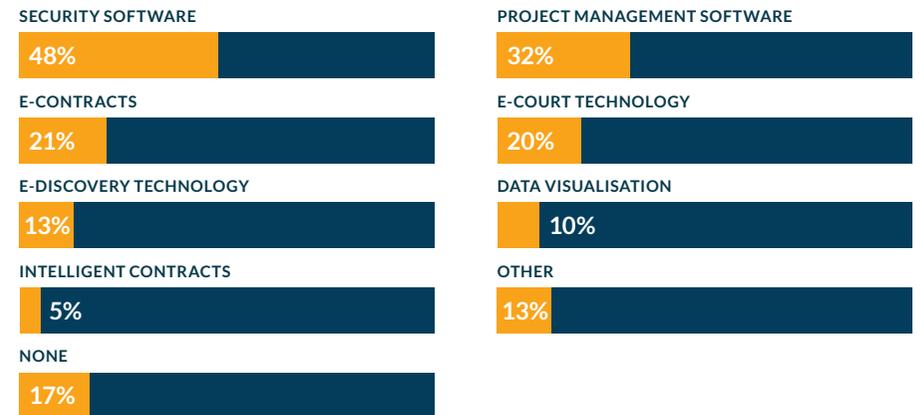
ACCESS TO TECHNOLOGY & TOOLS

There does not appear to be universal adoption of available technologies by companies employing in-house legal counsel. The most commonly utilised technology is security software, which is available to just under half of the surveyed in-house legal advisers (48%). One-third have access to project management software (32%), while one in five use e-Contracts (21%) and/or e-Court technology (20%). Interestingly, the data suggests that e-Court technology is more commonly utilised by smaller companies; 40% of in-house legal advisers working for companies with fewer than 100 employees indicated that they have access to e-Court technology, compared with 8% of those at organisations with 100-999 employees and 7% of those working for organisations with 1,000 or more employees.

Relatively few of the surveyed in-house legal advisers have access to e-Discovery technology (13%), data visualisation tools (10%) or intelligent contracts (5%), while 17% did not indicate any access to tools, software or technology to assist in performing their legal work.

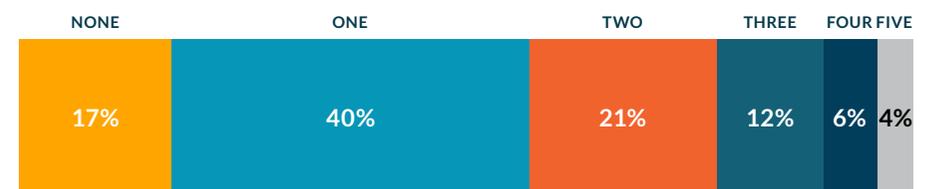
Other tools, including practice management software, document filing and retention systems, and commonly used business software such as Microsoft Office and Adobe Professional, were mentioned by 13% of in-house legal advisers. (Figure 1)

FIGURE 1 WHAT CURRENT SOFTWARE/TECHNOLOGY/TOOLS DO YOU HAVE TO HELP YOU PERFORM YOUR LEGAL WORK IN YOUR COMPANY?



It is rare for in-house legal advisers to have access to a wide range of software or tools to assist in their roles. From the list above, surveyed legal advisers most commonly indicated that they have access to one (40%) or two (21%) tools. While none have all the listed software or tools available to them, 10% have access to four or five tools. (Figure 2)

FIGURE 2 NUMBER OF AVAILABLE TOOLS



PERCEIVED BENEFITS OF ACCESS TO TECHNOLOGY AND TOOLS

Increased productivity and efficiency is the perceived outcome of in-house legal advisers having access to a greater range of technology-based tools. The majority indicated that they would spend less time doing 'processing' work (63%), and would get through their workload faster (56%), which would give them more time to focus on driving business growth and organisational efficiencies (60%).

One in five also believe that they would outsource less work to external law firms if they had the technology to efficiently handle more tasks internally (19%). (Figure 3)

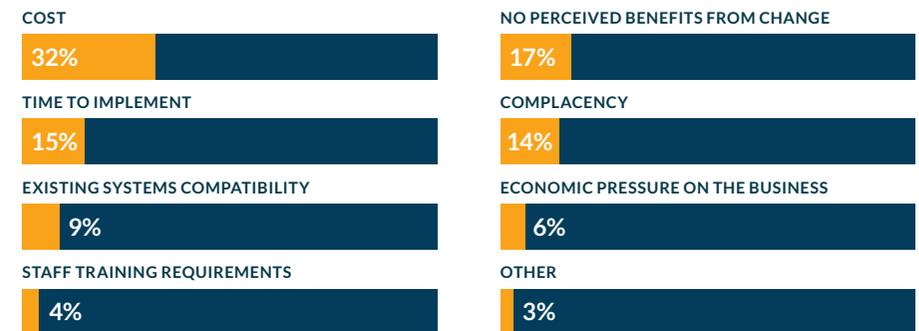
FIGURE 3 IF YOU WERE PROVIDED THE TOOLS YOU DON'T HAVE, WHICH OF THE FOLLOWING STATEMENTS DO YOU THINK WOULD BE TRUE?



HURDLES TO TECHNOLOGY ADOPTION

Cost is an impediment to adopting new technologies at many organisations, and was most commonly cited by respondents as the biggest hurdle to their company embracing new technology (32%). Additionally, some in-house legal advisers indicated that their organisation sees little value in adopting technologies (17%), are unwilling to sacrifice the time to implement them (15%), or are merely complacent about updating or upgrading to newer systems (14%). (Figure 4)

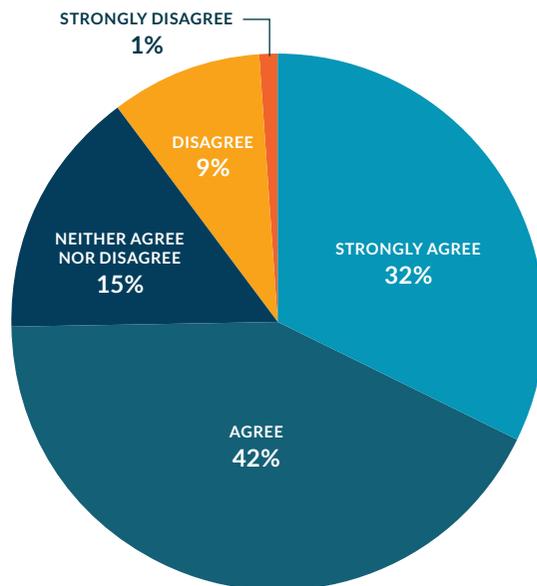
FIGURE 4 WHAT DO YOU THINK IS THE BIGGEST HURDLE TO YOUR COMPANY ADOPTING NEW TECHNOLOGIES?



TECHNOLOGY AND INDUSTRY DISRUPTION

Three-quarters of surveyed in-house legal advisers believe that adoption and improvement of technologies that allow in-house legal advisers to enhance their efficiencies will continue to drive disruption in the legal industry. One third strongly agree with this notion (32%). (Figure 5)

FIGURE 5 TECHNOLOGICAL IMPROVEMENTS THAT ALLOW IN-HOUSE LEGAL ADVISERS TO IMPROVE THEIR EFFICIENCIES AND CAPABILITIES WILL CONTINUE TO DRIVE DISRUPTION IN THE LEGAL INDUSTRY



OUTSOURCING LEGAL WORK

WHAT TYPE OF WORK IS TYPICALLY OUTSOURCED?

Nearly four in 10 surveyed in-house legal advisers said that they currently outsource work that they do not have the tools to effectively do in-house (37%).

Other common reasons for outsourcing include work that is outside of the in-house legal adviser's area of expertise (74%) and potentially risky work, where there is a desire to minimise the organisation's exposure (52%). (Figure 6)

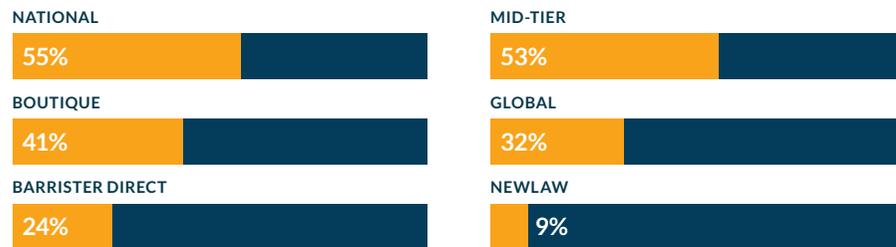
FIGURE 6 WHICH WORK DO YOU CURRENTLY OUTSOURCE TO AN EXTERNAL LAW FIRM?



WHAT TYPE OF FIRMS DO IN-HOUSE LEGAL ADVISERS OUTSOURCE TO?

In-house legal advisers who outsource work to external law firms most commonly use national (55%) and mid-tier (53%) firms, however boutique (41%) and global (32%) firms are also engaged. One-quarter outsource work directly to external barristers (24%). Many respondents indicated that they outsource work to multiple firm types, which suggests that choice of external firm may vary depending on the specifics of the work in question. (Figure 7)

FIGURE 7 IF YOU OUTSOURCE WORK, HOW WOULD YOU DESCRIBE THE SIZE OF FIRMS YOU OUTSOURCE TO?



HOW MUCH IS BUDGETED ANNUALLY FOR OUTSOURCED LEGAL WORK?

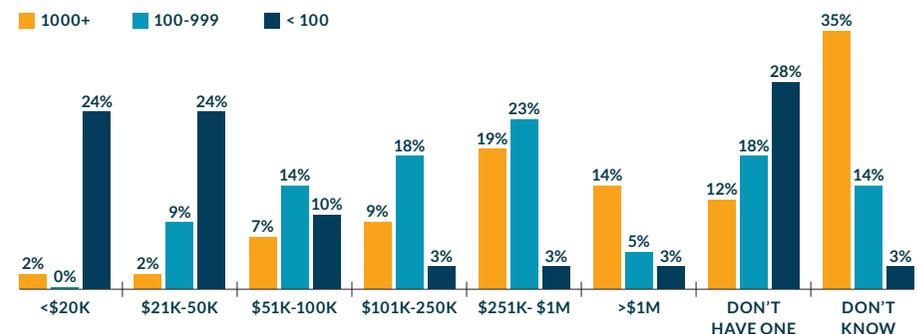
A large portion of in-house legal advisers who outsource legal work to external firms indicated that they either do not have a budget for outsourced work or they do not know how much the budget is (38%), while 30% have an annual budget of \$100,000 or less. One-quarter (25%) have budgets that could fall anywhere between \$101,000 and \$1 million and a further 9% have an annual budget of over \$1 million for outsourced legal work. (Figure 8)

FIGURE 8 WHAT IS YOUR BUDGET FOR EXTERNAL/OUTSOURCED LEGAL WORK ANNUALLY?



Unsurprisingly, in-house legal advisers working for small companies (fewer than 100 employees) were the most likely to indicate that they have an annual budget of \$50,000 or less for outsourcing legal work. These respondents were also more likely to indicate that they do not have a budget, which may suggest that external legal expenditure in small organisations is decided on an ad hoc or case-by-case basis. In-house legal advisers for organisations with 1,000 or more employees are the most likely group to have outsourcing budgets in excess of \$1 million, however they were also more likely to say they do not know how much is their budget is. (Figure 9)

FIGURE 9 WHAT IS YOUR BUDGET FOR EXTERNAL/OUTSOURCED LEGAL WORK ANNUALLY?



CHECKS AND REVIEWS

OUTSOURCING CHECKS

The majority of surveyed in-house legal advisers indicated they outsource some background checks to other organisations (61%); 39% do not outsource any checks. (Figure 10)

FIGURE 10 DO YOU OUTSOURCE CHECKS (E.G. POLICE CHECKS, BANKRUPTCY, ASIC, PPSR)?

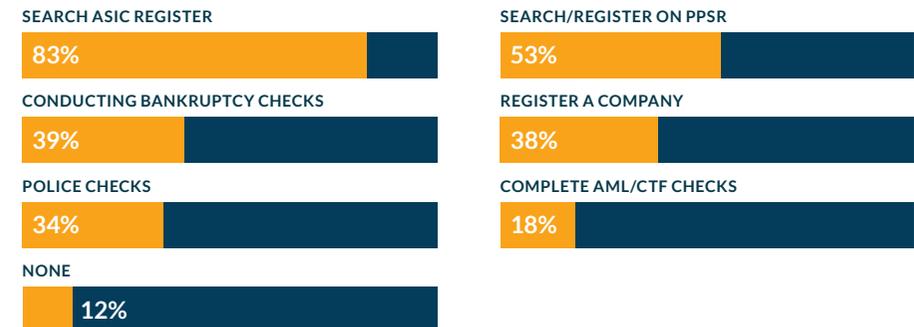


WHICH CHECKS ARE CONDUCTED INTERNALLY?

Most surveyed in-house legal advisers indicated that they conduct ASIC register searches internally (83%), suggesting that this is a task unlikely to be outsourced to an external firm. Just over half conduct Personal Property Securities Register (PPSR) searches and registrations internally (53%).

In-house legal advisers are somewhat less likely to conduct bankruptcy checks (39%), company registrations (38%) or police checks (34%) themselves. Few complete anti-money laundering and counter terrorism financing (AML/CTF) checks in-house (18%), presumably preferring to seek specialist assistance in this area. (Figure 11)

FIGURE 11 WHICH CHECKS ARE CONDUCTED INTERNALLY?

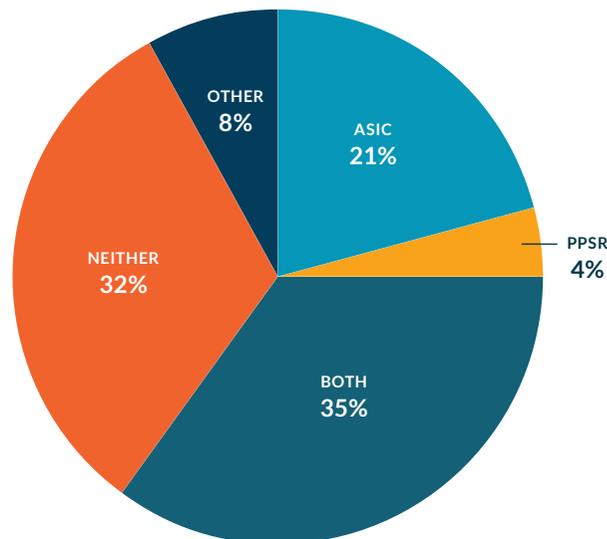


SUPPLIER CHECKS

More than half of the surveyed in-house legal advisers indicated that they conduct ASIC checks on suppliers before engaging them, either in isolation (21%) or in combination with PPSR checks (35%). However, one-third do not conduct any ASIC or PPSR checks on suppliers (32%).

The small proportion who gave “other” responses most commonly indicated that they don’t know which checks are conducted and/or that such checks are not the responsibility of the legal team. (Figure 12)

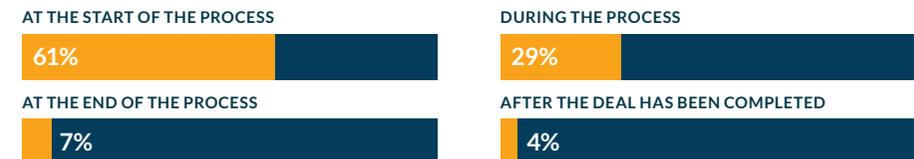
FIGURE 12 BEFORE ENGAGING WITH SUPPLIERS WHICH OF THE FOLLOWING CHECKS DO YOU DO ON THE SUPPLIER IN QUESTION?



REVIEWING SUPPLIER/ SALES CONTRACTS

There may have once been a perception of in-house legal teams reviewing deals and contracts as a final step before signing. However, this research suggests that that has changed, with 61% of surveyed in-house legal advisers saying that they are usually involved in reviewing contracts at the start of the process, which reflects the changing nature of the industry and increasing integration of in-house legal teams. Only 11% indicated that they are asked to review contracts either at the end of the process or after a deal has been completed. (Figure 13)

FIGURE 13 WHEN ARE YOU ASKED TO REVIEW SUPPLIER/SALES CONTRACTS?



ABOUT THIS REPORT

The InfoTrack and Lawyers Weekly In-House Efficiencies Survey was conducted during September 2017. The survey attracted 112 responses from legal professionals working in in-house roles.

SAMPLE DEMOGRAPHICS



76% of respondents worked at a legal firm before taking an in-house role.



39% work for companies with more than 1,000 employees, 23% are with organisations that have 100-999 employees, and 38% work for companies with fewer than 100 employees.



23% have been with their current company for a decade or longer. 31% have spent 4-9 years with their current company, 33% 1-3 years, and 13% less than a year.



47% are female, 40% are male, and 13% declined to answer.



36% described their role as in-house lawyer. General counsel (19%) and head of legal (13%) are also common roles.

Others include chief legal officer, senior legal counsel, manager, junior/assistant general counsel and consulting counsel.

ABOUT INFOTRACK

InfoTrack is an award-winning Australian technology company that is helping legal professionals move into the digital age. We create intuitive tools for both professionals and consumers that enable you to find, analyse, organise and communicate information more efficiently and effectively. We build simple technology that makes your life easier.

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