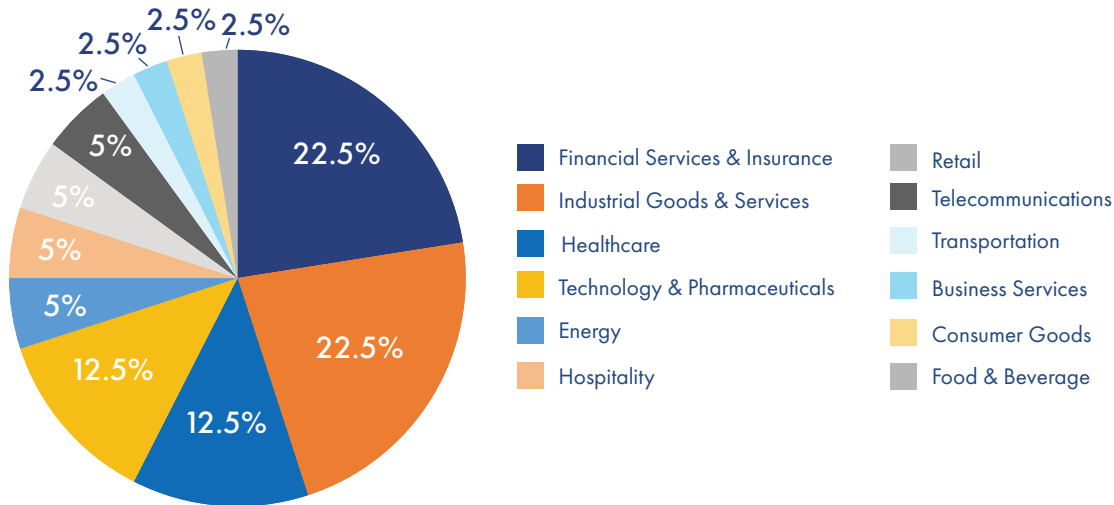


Consilio is an industry leader in legal operations surveys with annual reports on the industry, and industry-specific survey reports such as the 2018 Pharma survey report. Our 2019-2020 Law Department Benchmarking Report covers the entirety of the Legal Operations industry, including not just legal spend and headcount, but delving deeper into many additional areas including:

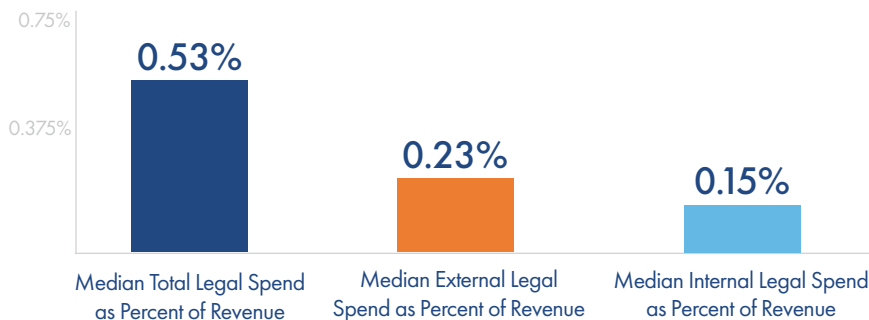
- Organizational Structure and Alignment
- Staffing By Practice Area
- Firm Usage and Engagement
- Alternative Fee Arrangements (AFAs)
- Preferred Provider Programs (PPPs)
- Resourcing By Tasks
- Technology Use
- Department Challenges and Initiatives

The data was compiled from June through September of 2019 and covers 2018 data representing 12 industry sectors, and offers a wide perspective of law department management.

INDUSTRY SECTOR



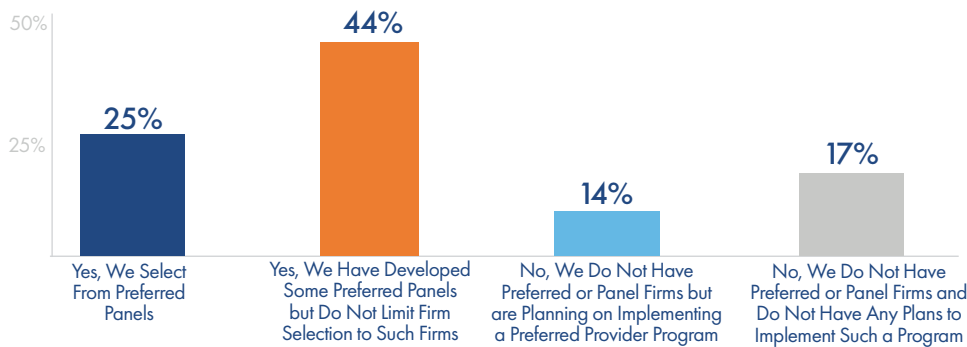
KEY LEGAL SPEND BENCHMARKS



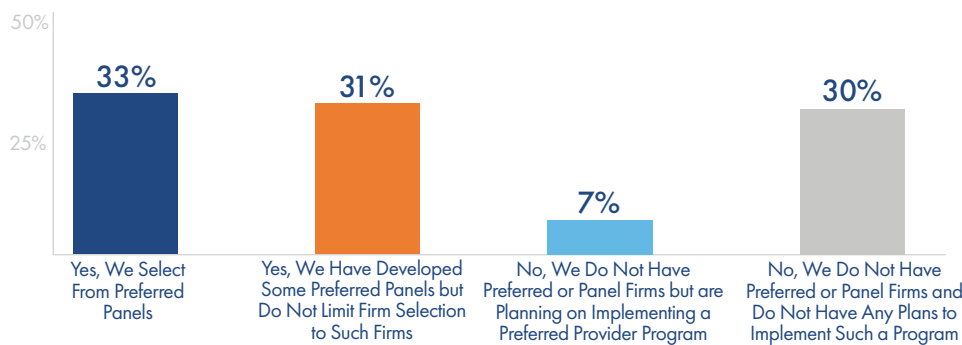
Outside Counsel Financial Management

Consilio's 2019 Law Department Benchmarking Survey uncovered an incremental rise in the use of preferred provider programs. Two-thirds (69%) of respondents said they use PPPs when selecting some or all of their outside counsel, up from 64% in the 2017 survey.

HAVE YOU DEVELOPED A PPP OR PREFERRED SET OF PANEL FIRMS? (2019)



HAVE YOU DEVELOPED A PPP OR PREFERRED SET OF PANEL FIRMS? (2017)



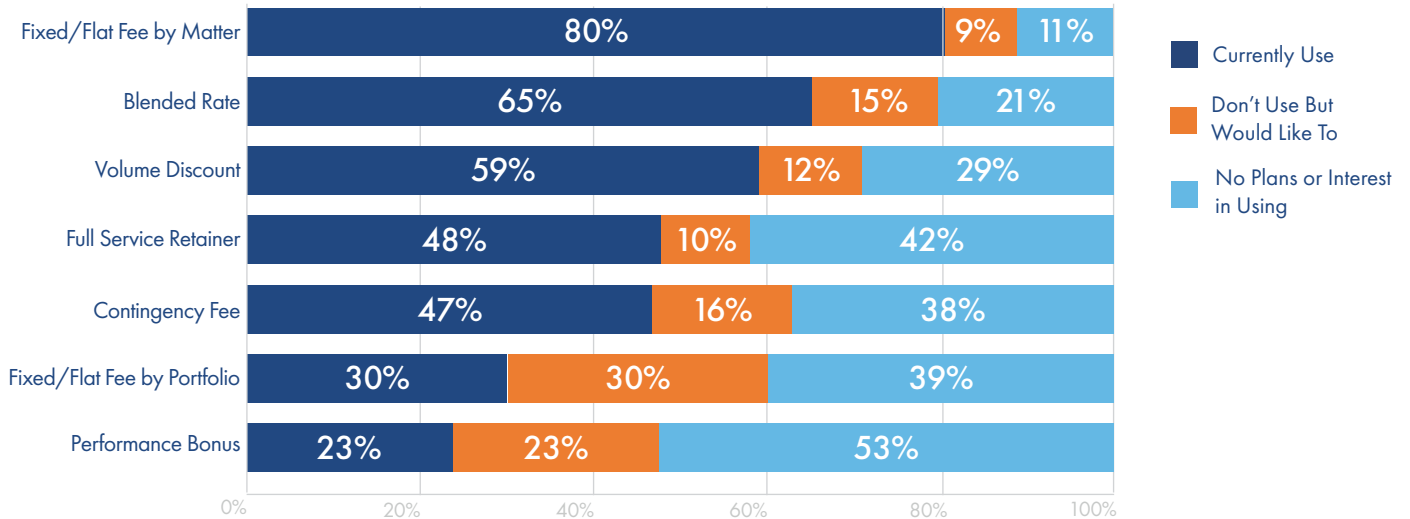
The survey indicates that PPPs are widely being adopted, with 49% of companies having used PPPs, but interestingly governance seems to be a little bit of an issue because 75% of respondents do not limit engagement of outside counsel to the PPP.

Large legal departments are also continuing to use the PPPs to their advantage by lowering the number of law firms on their PPP so they can leverage more work for better rates and an improved partnership. This is evidenced in that 40% of respondents reported the number of law firms on their PPP would be decreasing. Smaller legal departments may want to consider this excellent cost-management strategy.

AFAs/EFAs

Of respondents that use AFAs, 80% of those are being used for fixed fee by matter. This form of AFA provides the most predictability of spend, as it should be based on historical data. Less complex matters like employment law and regulatory are the most likely of the traditional business lines to be subject to AFAs, while complex litigation utilizes AFAs the least.

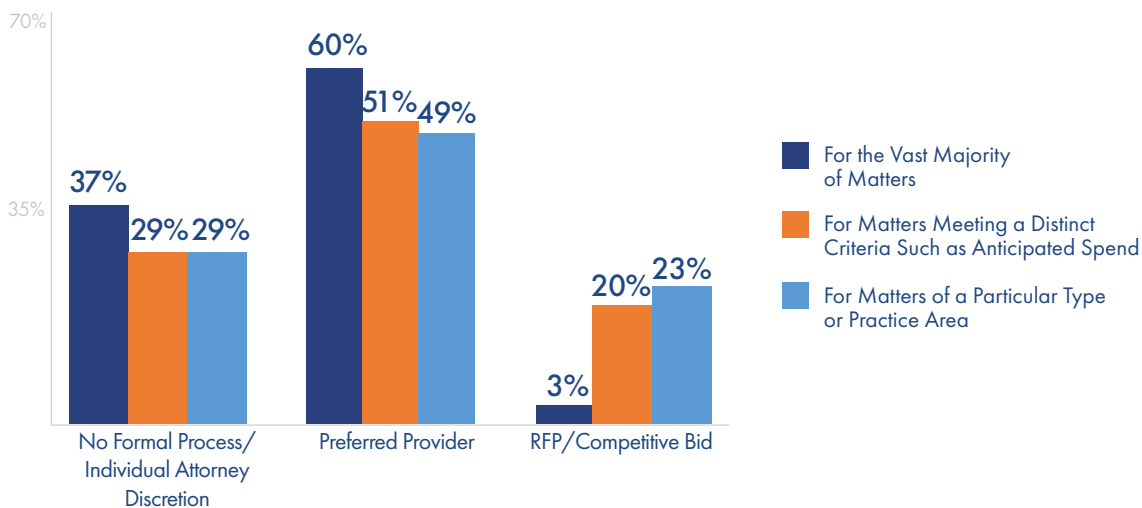
WHAT TYPES OF AFAs ARE YOU USING



Rates / RFP / Reverse Auction

Formal rate programs remain the goal, but an elusive one. Reverse auctions - also known as "competitive bidding" - have not been adapted for the vast majority of matters, but have been utilized for matters of a particular type of practice area and are gaining some traction. Thirty-seven percent of respondents have no formal rate program for the vast majority of matters.

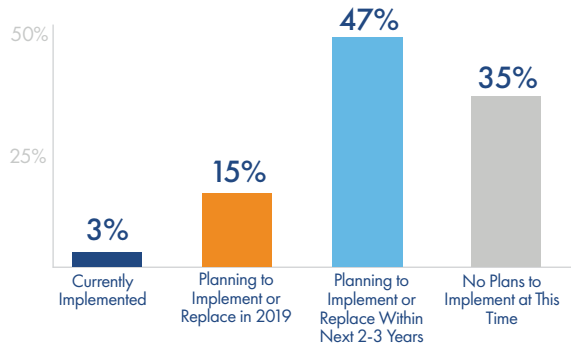
TYPICAL PROCESS FOR HIRING OUTSIDE COUNSEL



Artificial Intelligence

Forty-seven percent of respondents advise they are planning to implement AI within 2-3 years. The use of AI is being more broadly adopted, particularly in CLM and ELM invoice review. New CLM vendors come with AI functionality built-in, and legacy CLM vendors are buying AI and incorporating the functionality to remain competitive.

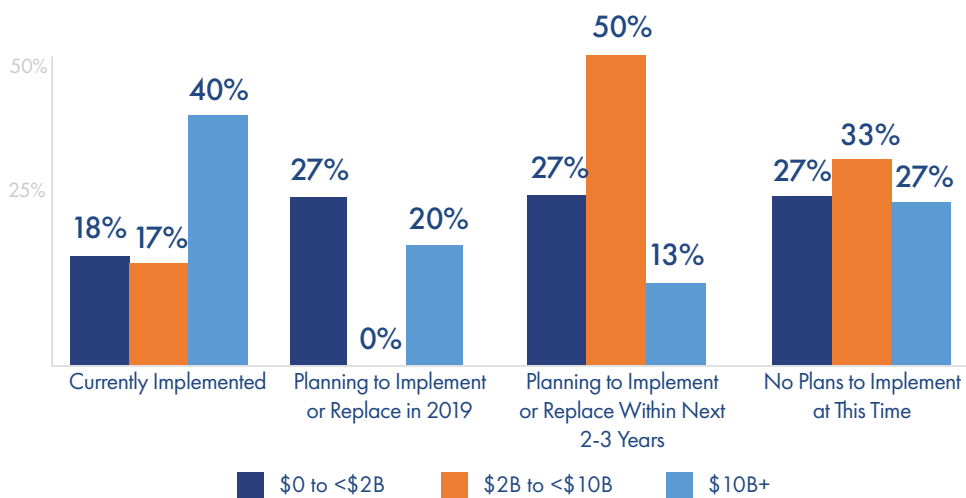
ARTIFICIAL INTELLIGENCE USE FOR CONTRACT MANAGEMENT



Strategic Technology Plan

Developing a strategic technology plan – also known as a “technology road map” – is an important operational exercise, particularly in an ever-increasing technology-driven world that resulted from the COVID-19 Pandemic. In addition to facilitating overall department goals and priorities, strategic technology plans direct effective allocation of budget and resources. Industry groups, peers, and third parties can be useful resources to aid in developing a plan. Seventy-two percent of respondents state that they have a technology plan or are currently developing one, which highlights the importance of implementing this strategic tool to remain current with the industry.

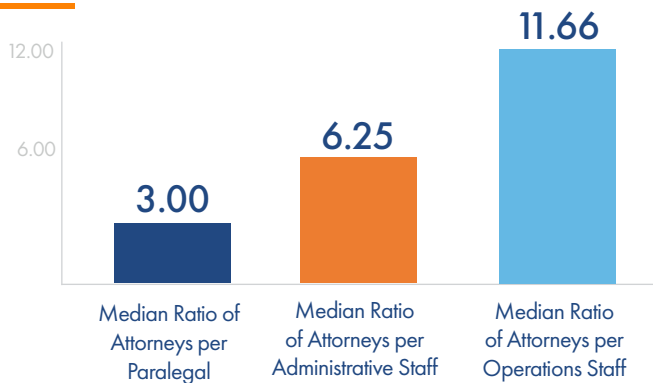
TECHNOLOGY ROADMAP BY REVENUE SEGMENT



Doing More with Less Support Staff

Consilio's 2019 Law Department Benchmarking Survey found that the ratio of attorneys to paralegals, to administrative staff, and to operations staff was highest for large companies. Since the 2016 Benchmark Report, the median ratio of attorneys per paralegal fell from 3.96 to 3.00. Furthermore, the median ratio of attorneys per administrative staff rose from 4.02 to 6.25. This would indicate a trend of more paralegals per attorney and fewer administrative staff per attorney. The survey found that larger law departments are trying to leverage paralegals more and do more with less.

ATTORNEYS PER SUPPORT STAFF



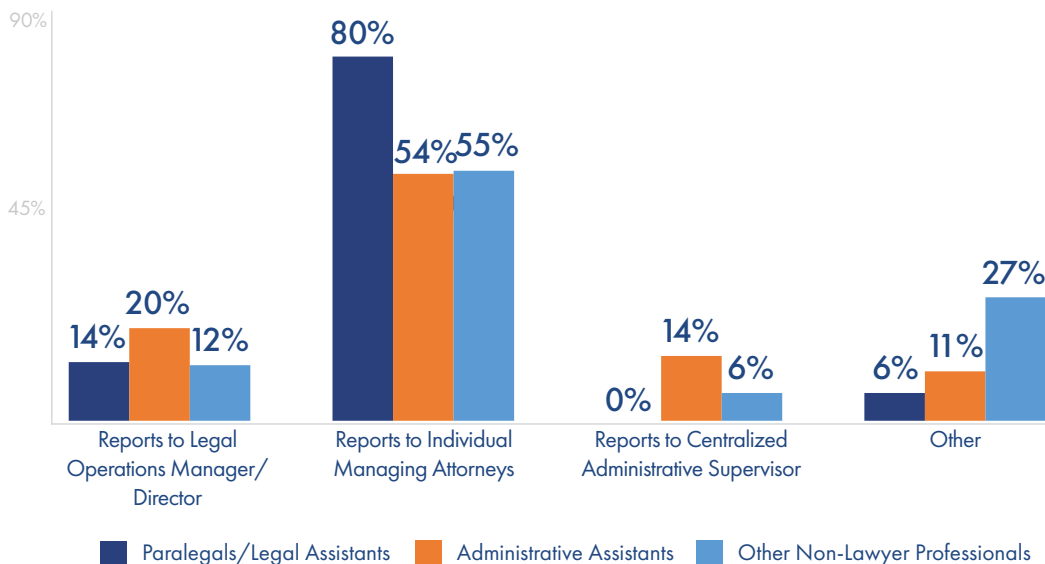
2016 BENCHMARK SURVEY SUPPORT STAFF DATA

3.96
 MEDIAN RATIO OF ATTORNEYS PER PARALEGAL

4.02
 MEDIAN RATIO OF ATTORNEYS PER ADMIN STAFF

Respondents overwhelmingly entrust the management of their support staff to individual managing attorneys. Eighty percent of respondents' paralegals and legal assistants and 54% of respondents' administrative assistants report to individual managing attorneys. However, larger legal departments are finding savings in shared service operations with administrative and/or paralegal pools with independent or matrix management.

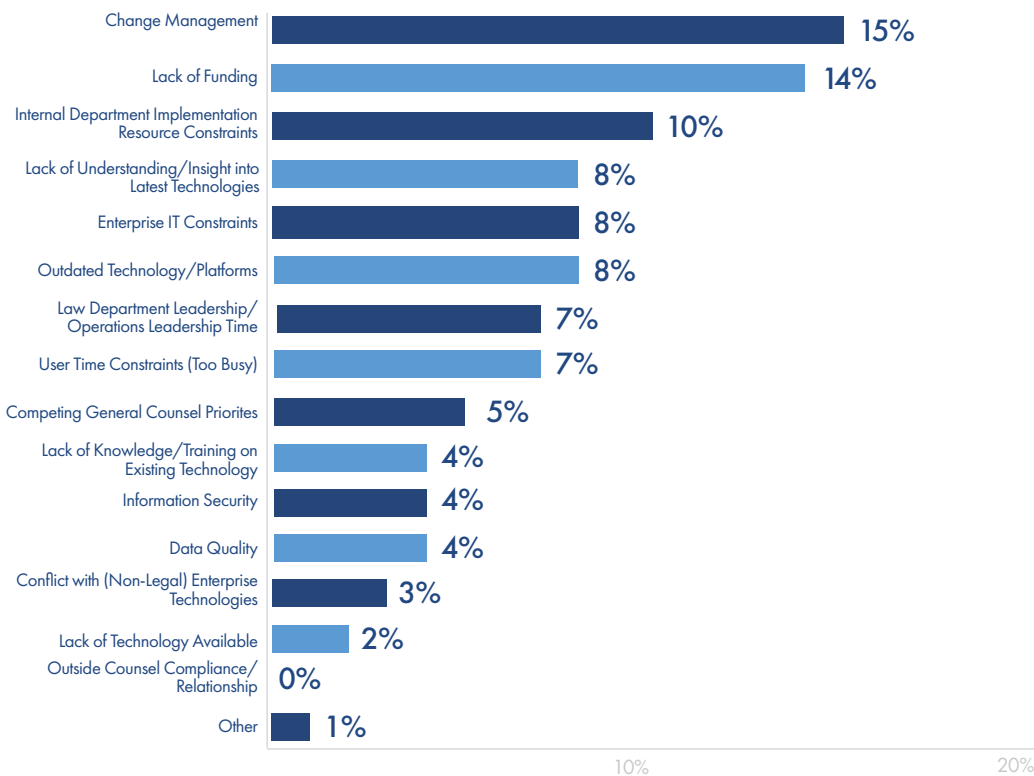
HOW SUPPORT STAFF ARE MANAGED



Top 3 Challenges: Change Management & Support

Change Management is seen as the most significant challenge for legal departments, more so even than lack of funding (#2) and internal department implementation resource constraints (#3). Internal attorneys may be set in their ways, so any new program or strategy should include a change management workstream with a robust communications strategy and internal and external training. Demonstrating why the change is needed and how it will improve the legal work product and services for each employee and the entire legal department are critical to success.

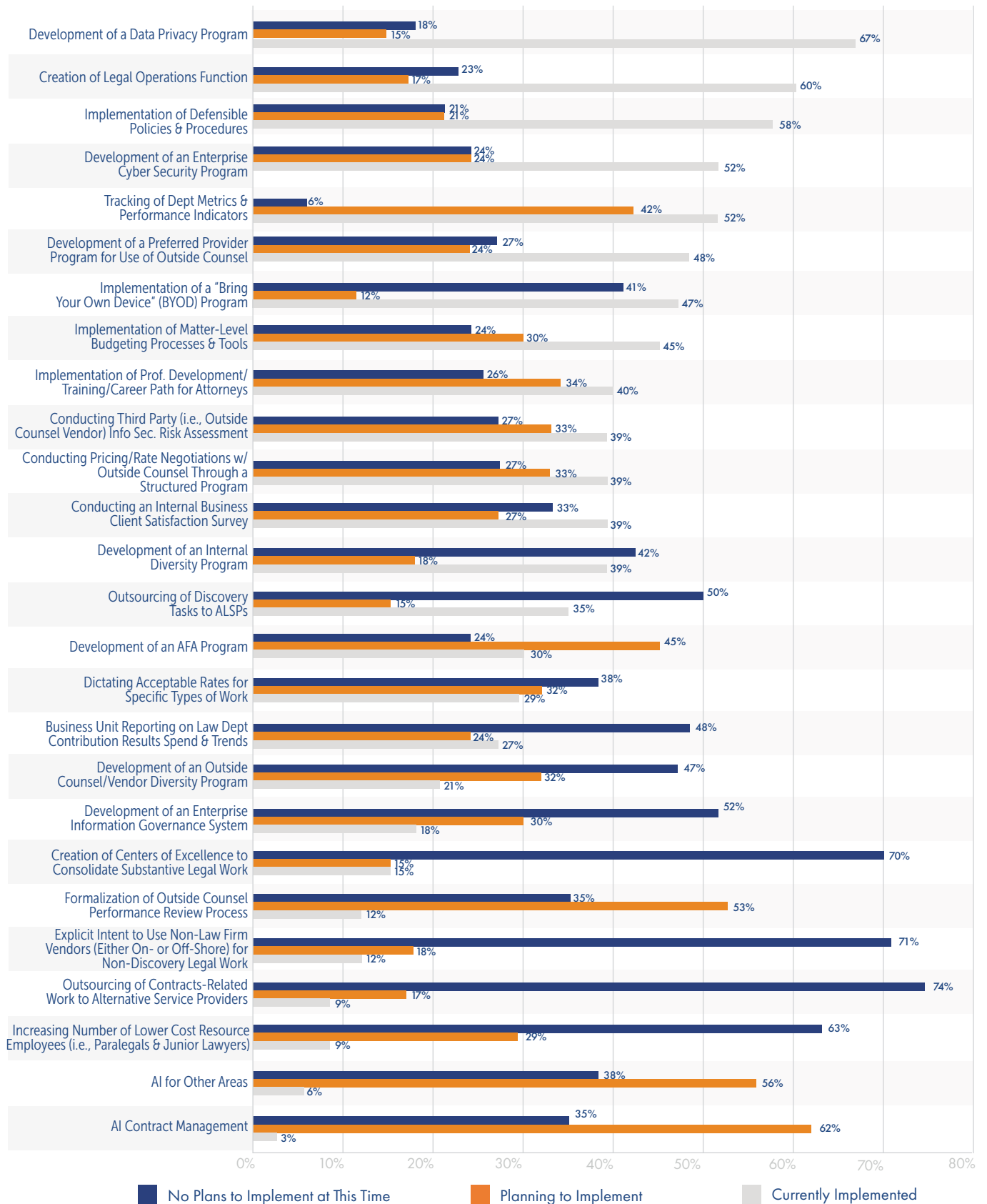
LAW DEPARTMENT CHALLENGES



Top 3 Initiatives: AI & Metrics

Artificial Intelligence has become so important to law departments, that two of the top 3 initiatives involve AI. AI for CLM is the top initiative, with a whopping 62% of respondents. AI for others areas was the second top initiative. Formalizing the outside counsel performance review process was also a top initiative, to better manage the quality of their law firms - and specific attorneys - utilized by law departments.

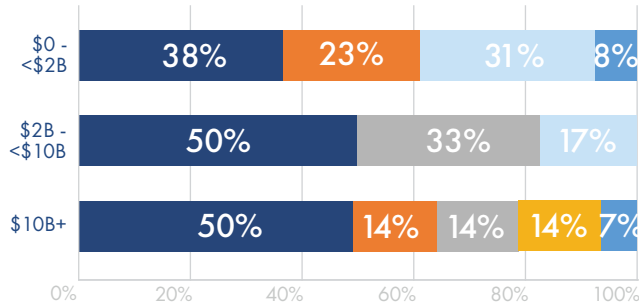
LAW DEPARTMENT INITIATIVES



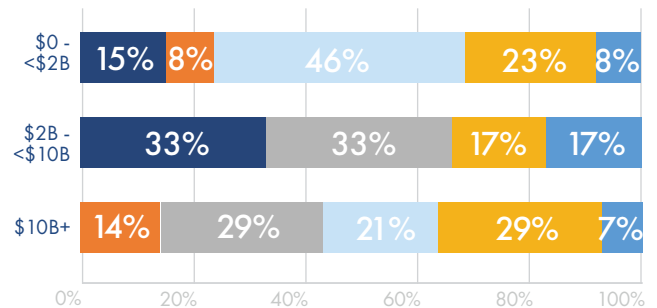
eDiscovery: Outsourcing for Savings

eDiscovery costs are the second highest expense after outside law firm costs; however, many legal departments continue to outsource this work to their law firms – oftentimes paying costs that are above that of an eDiscovery vendor with the expertise and volume to deliver increased cost savings. Document review in particular, can be done at a savings with larger scale and offshore capabilities that ALSPs provide.

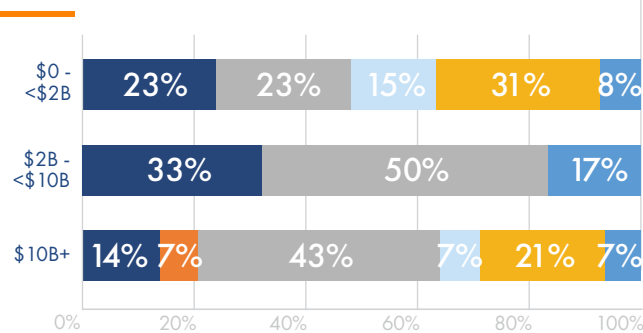
DISCOVERY: DATA COLLECTION



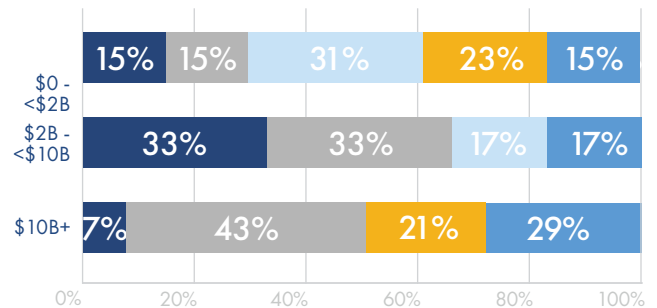
DISCOVERY: DATA PROCESSING/HOSTING



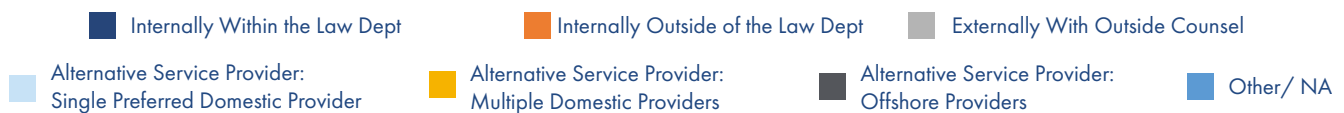
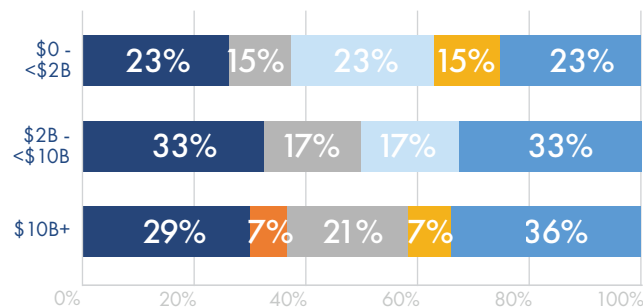
DISCOVERY: DOCUMENT REVIEW



DISCOVERY: TECHNOLOGY ASSISTED REVIEW (TAR) AND/OR ANALYTICS



DISCOVERY: WORKFLOW TRACKING



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