

## LEGAL PROCUREMENT & LEGAL OPERATIONS

The terms 'Legal Procurement' and 'Legal Operations' (or 'Legal Ops') are frequently mentioned in today's landscape. When combined, these complimentary disciplines can significantly impact the dialogue between legal service providers and corporate legal teams. But what does each do, and what benefits can they offer your team?

### LEGAL PROCUREMENT

### LEGAL OPERATIONS

#### WHAT IS IT



**Legal Procurement** applies procurement processes to the legal function through two main subsets:

**Purchasing:** A transaction-based function that includes the buying and selling of goods and services and the making and receiving of payments

**Sourcing:** The development of supply channels that represent the best value or lowest total cost and the management of suppliers via performance assessment and active collaboration

Procurement professionals use:

- ◉ Marketplace analysis
- ◉ Portfolio analysis
- ◉ Supplier preferencing
- ◉ Supply base segmentation

They also screen firms, define lower cost processes, and deliver targets

**Legal Ops** is a multi-disciplinary function focused on better managing the legal department and optimizing legal services delivery within the organization

It includes:

- ◉ Litigation support & eDiscovery
- ◉ IP management
- ◉ Strategic planning
- ◉ Information/data governance & records management
- ◉ Managed services & legal process outsourcing
- ◉ Knowledge management
- ◉ Financial planning, analysis & management

#### WHO ARE THE PROFESSIONALS



◀ Usually come from a **quantitative background** (e.g. finance, accounting, business)

◀ Are expert negotiators and vendor management professionals

◀ Report to the Head of Procurement and the CFO (Chief Financial Officer)

◀ Usually have a **legal background** (although it isn't a strict requirement)

◀ Undertake a wide range of operational activities

◀ Report to the GC (General Counsel)

#### WHAT DO THEY DO?



- ✓ **Vendor management**, including RFPs
- ✓ Establish payment terms
- ✓ Negotiate contracts and manage fee proposals
- ✓ Monitor regulatory compliance and ensure compliance with agreed engagement terms
- ✓ Collect and evaluate data on services delivery by preparing decision-grade data
- ✓ Manage external spend

- ✓ Evaluate and implement technology solutions
- ✓ Optimize the management of the legal department
- ✓ Manage internal resources
- ✓ Drive internal capacity management
- ✓ Monitor internal and external costs

**LEGAL PROCUREMENT**

**LEGAL OPERATIONS**

**WHO USES IT?**



Companies with a **significant legal spend**

Some of the first industries to embrace Legal Procurement include pharmaceutical companies, all facets of financial services, energy companies and utilities

Companies with **large legal departments**

Organizations focused on better managing a growing number of in-house counsel and easing the GC's administrative and managerial load

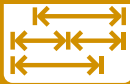
**WHAT ARE THE BENEFITS?**



- ✓ Effective management of external legal spend and identification of opportunities for innovative cost arrangements
- ✓ Unbundling of legal services and matching with most appropriate providers
- ✓ Establishment of an efficient and robust vendor identification process
- ✓ Identification and management of the best value legal services and strengthening of supplier relationships

- ✓ More accurate costs forecasts
- ✓ Identification and management of technology solutions that support efficient department and matter management
- ✓ Creation of a repository of knowledge - e.g. contracts, precedents, and templates
- ✓ Identification of trends and opportunities for increased efficiencies, waste reduction and increased savings

**WHEN ARE THEY INVOLVED?**



Ideally, legal procurement is involved in the **entire process**, including the selection and ongoing management of suppliers

Legal ops manages the legal department on an **ongoing basis**

**HOW DOES IT START?**



- ▶ The CEO, CFO or Board initiates sizing legal procurement opportunities and brings in a trained buying professional
- ▶ Legal services were previously largely exempt from cost scrutiny but publicity about billing practices, big ticket spending and profit pressure have contributed to this shift

- ▶ The legal department and GC identify an opportunity for better department and resource management and set up a Legal Ops department
- ▶ The function has become increasingly necessary over the last decade as legal departments have increased in size

**POTENTIAL CHALLENGES TO OVERCOME**



- 🎯 In-house counsel may fear potential loss of power and influence if new processes are introduced
- 🎯 Concerns about a business and process driven approach disrupting long-standing provider relationships

- 🎯 In-house counsel reluctance to separate legal practice from delivery management
- 🎯 Lack of resources to support the function
- 🎯 Lack of collaboration between in-house counsel and Legal Operations

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