

Integreon Alternative Legal Services Survey Report

2019





Managed Services Growth is Strong in Both Corporate Legal and Law Firms, says 2019 Integreon Alternative Legal Services Survey

Managed legal services continues to substantially impact the practice of law and corporate business as priorities and regulations shift, but to what extent, and why? To better understand our clients and to gain a deeper understanding of some of the trends and drivers within the legal industry, Integreon commissioned the 2019 Integreon Alternative Legal Services Survey.

The Survey captured 200+ diverse perspectives on alternative legal services from corporate legal departments and law firms in both the United States and the United Kingdom. Both corporate legal departments and law firms demonstrated a strong and growing appetite for outsourcing, and we also found that the variety of outsourced activities is expanding.

The Survey showed that more than 80% of law firms and corporate legal departments currently are outsourcing. In both camps, over 50% indicated they had increased outsourcing in the past two years. The activities being outsourced continue to diversity, encompassing everything from legal research to data/document review to compliance assurance and contract management, to name a few.

Top motivations for using an ALSP differed among corporate legal and law firms. An overwhelming majority - 74% - of corporate legal respondents said their primary motivation was access to expert resources. At 55%, law firms' top reason for outsourcing was cost reduction and control. Both factions were also interested in freeing up internal resources to focus on other initiatives, including higher value strategic work.

Law firm or corporation, clearly the landscape for alternative legal services continues to quickly evolve responding to a need for solutions that are less transactional in nature, but rather a cornerstone of long-term strategic planning. It is an exciting time to be part of this dynamic industry.

Bob Rowe, CEO, Integreon



Summary

Appetite for Using an ALSP and Activities Outsourced

Appetite for outsourcing:

- Considerable appetite for outsourcing across Law Firms and Corporate Legal Departments, with the vast majority (more than 80%) currently outsourcing.
- Across Law Firms and Corporate Legal Departments, most indicate they have increased outsourcing over the past two years (52% and 69% respectively).
- Relative to Law Firms, Corporate Legal Departments will see greatest growth in use of outsourcing:
 - Close to half (47%) of those who are not currently outsourcing express an interest in doing so, which is higher compared to Law Firms who are not currently outsourcing (29%).
 - Additionally, 77% of Corporate Legal Departments agree that outsourcing will become increasingly important.

Current activities outsourced:

- Document review and document services are the top activities outsourced by Law Firms. Primary drivers are cost reduction and control, as well as to free up time to manage other priorities and workloads.
- Legal research and cyber incident response are the top activities currently outsourced by Corporate Legal Departments seeking access to expert resources.

Current Activities Outsourced and Other Purchasing Behaviors

Current activities outsourced (cont'd):

- Currently, 72% of Corporate Legal Departments outsource compliance-related activities with GDPR most frequently outsourced followed by KYC¹ related compliance.
- 21% of Corporate Legal Departments are open to offshoring KYC or KYS² related work.

Other purchasing behaviors:

- Corporate Legal Departments have higher frequency of offshoring work compared to Law Firms (41% Corporate Legal Departments always / often / sometimes offshore work vs. 19% of Law Firms).
- 41% of Corporate Legal Departments who currently do not offshore work, indicate that they would consider doing so.

1. Know Your Customer
2. Know Your Supplier



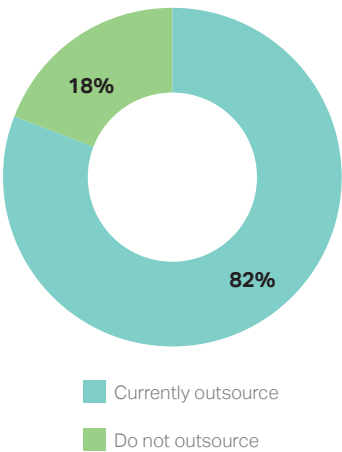
Corporate Legal Departments

82%

Corporate Legal Departments
that currently outsource

The vast majority of Corporate Legal Departments are currently outsourcing. More than two-thirds have increased use of outsourcing in recent years.

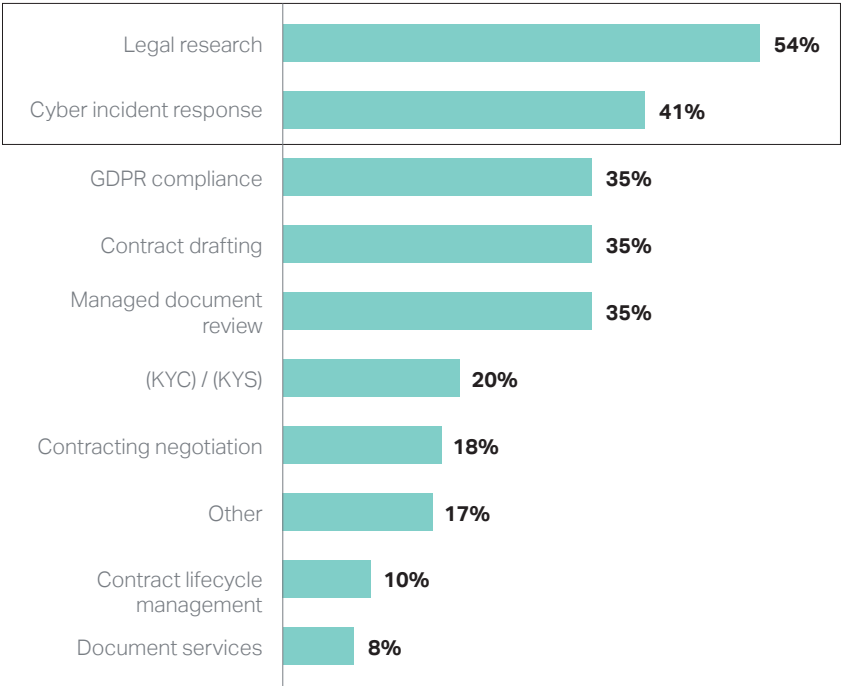
Corporate Legal Departments' outsourcing practices (n=179)



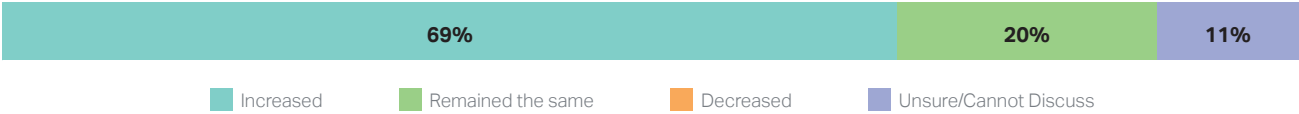
Outsourcing is perceived as important: 77% agree this will become an increasingly important strategy for corporate legal departments

Among Corporate Legal Departments not currently outsourcing, close to half (47%) are considering outsourcing.

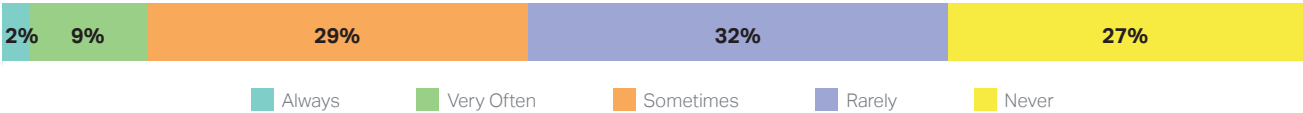
Activities outsourced (n=147)



Changes in use of outsourced services over the past two years (n=147)



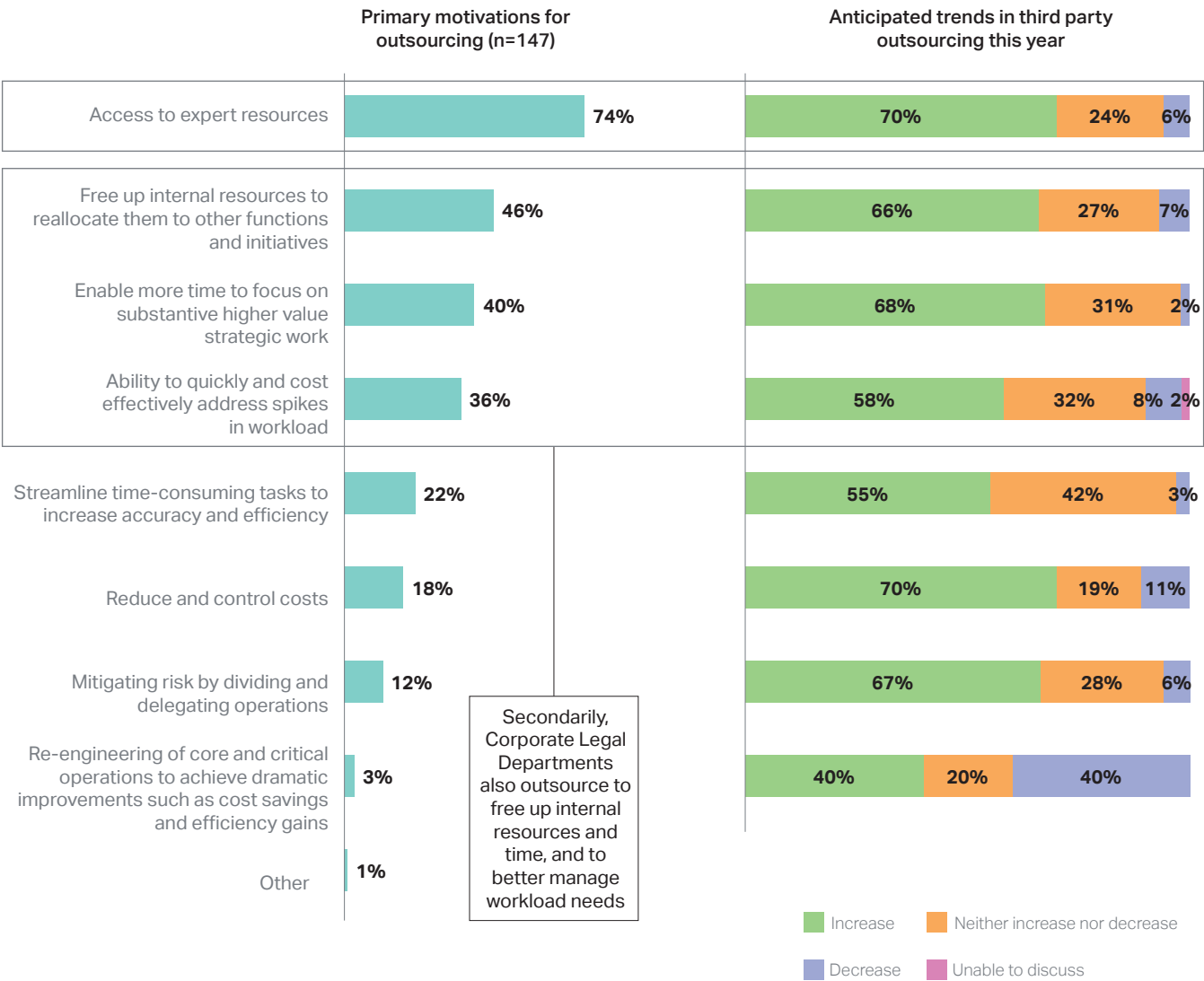
Frequency in offshoring work (n=179)



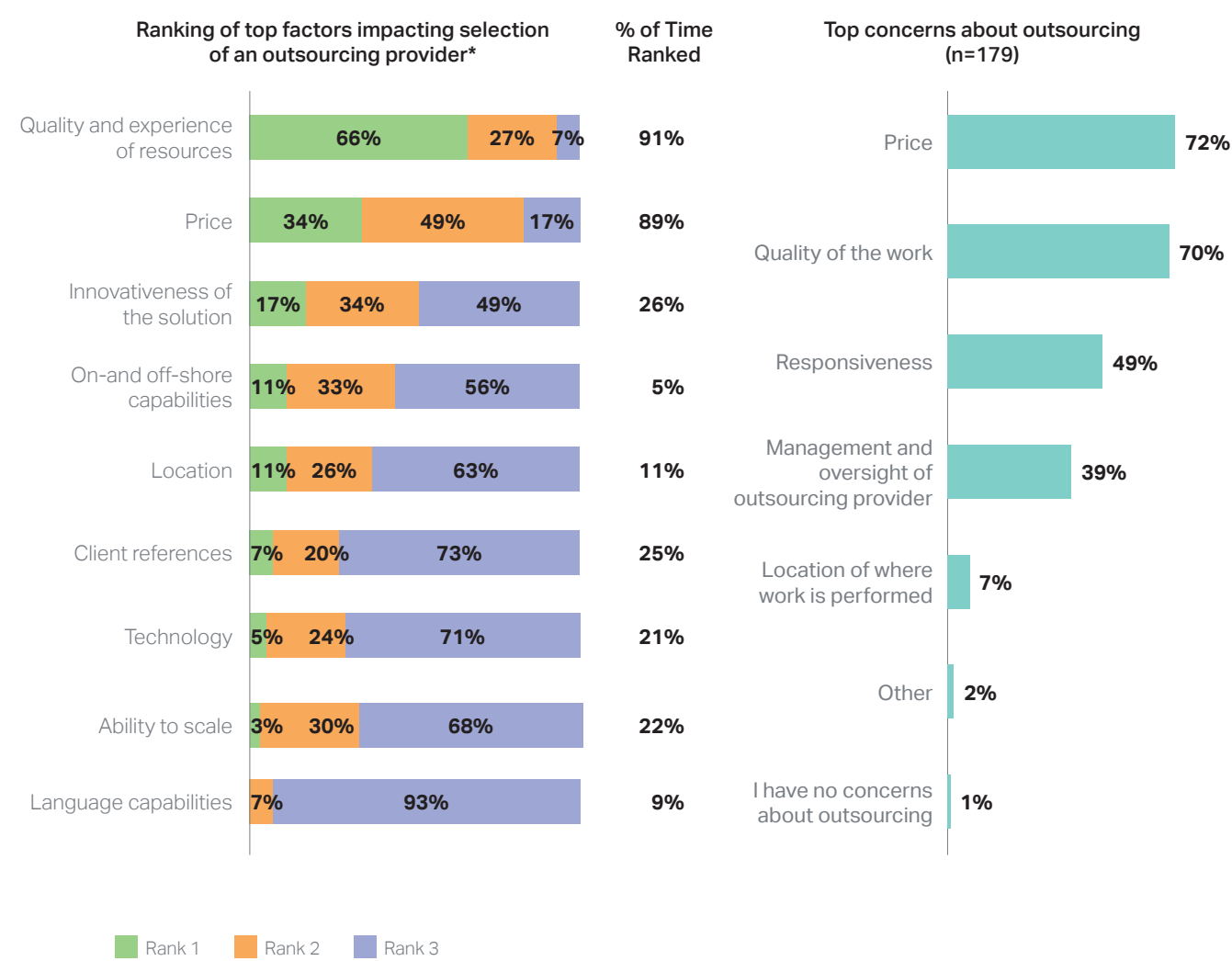
Among those who never offshore work, most (59%) would not consider offshoring, while a smaller proportion (35%) would prefer a combined on-and off-shore model

Note: Data values less than 2% are not shown.

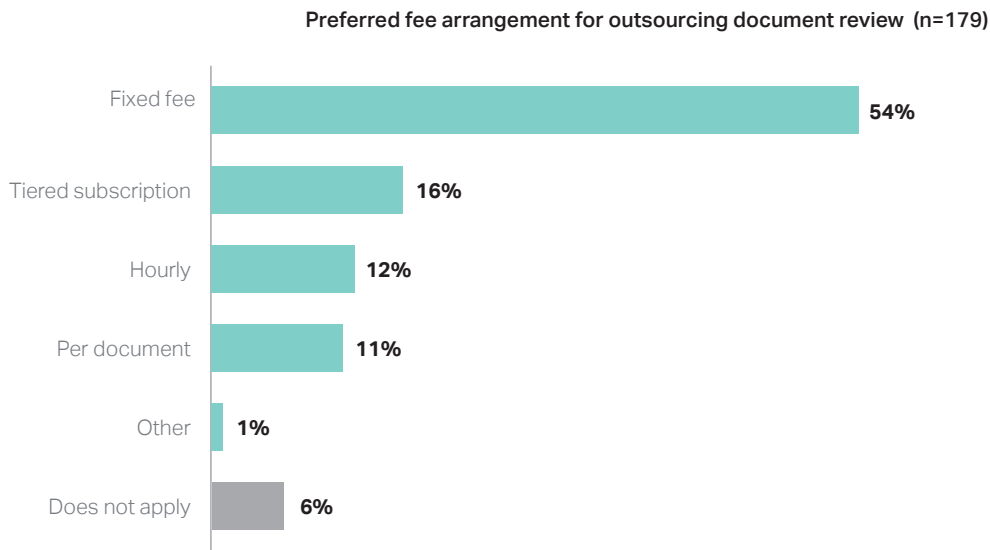
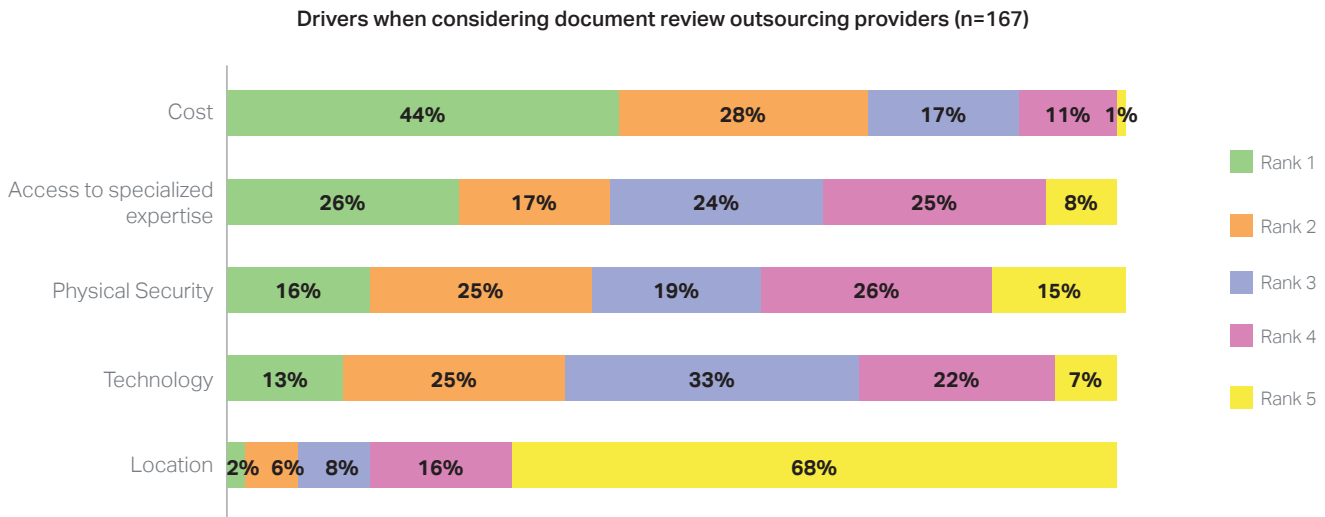
Corporate Legal Departments outsource primarily to gain access to expert resources, and most expect to increase use of third party outsourcing to maintain this priority.



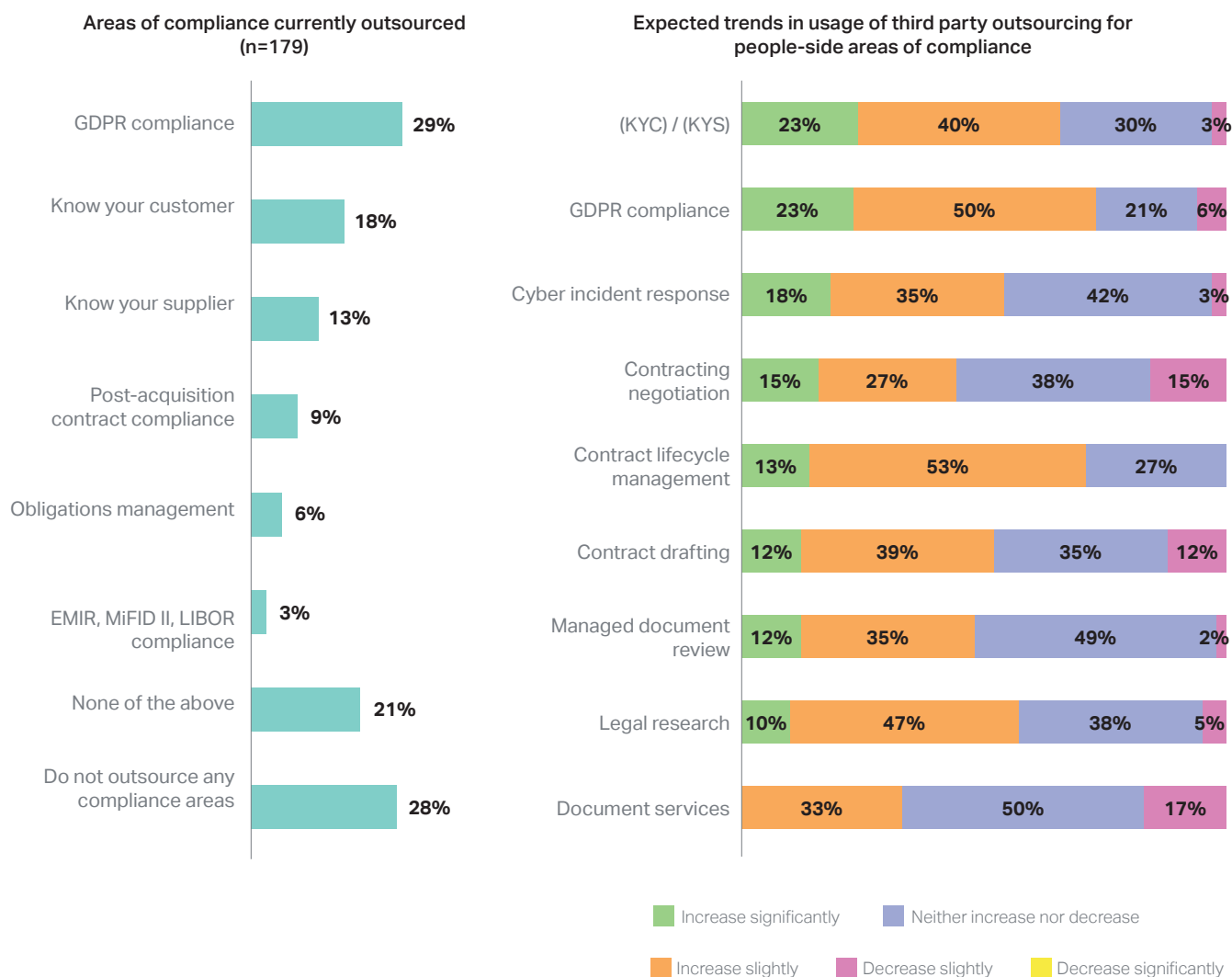
Corporate Legal Departments prioritize quality, experience, and price when selecting an outsourcing provider. On and off-shore capabilities, language capabilities, and location are least important.



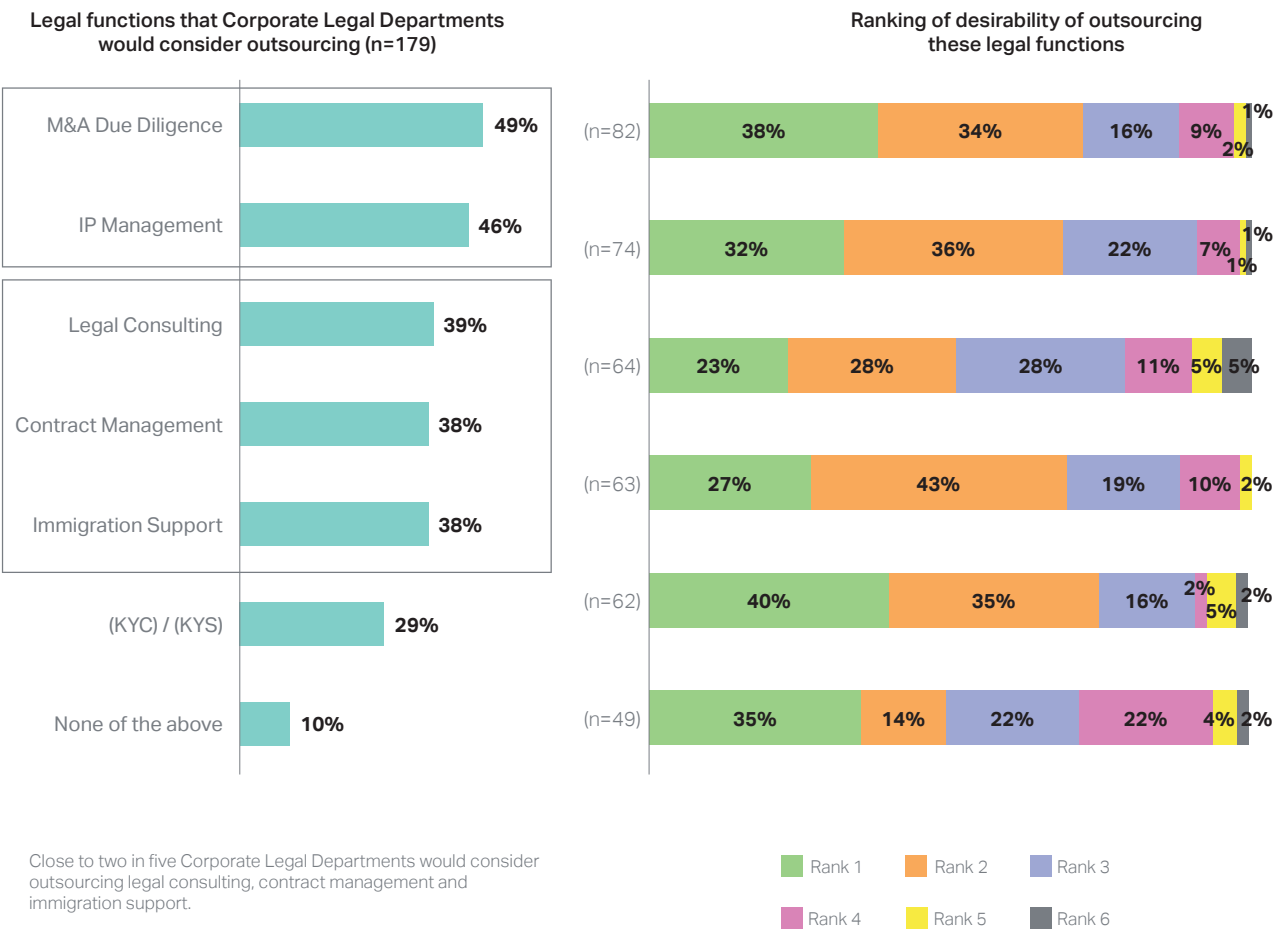
Cost is the top factor considered by 44% of Corporate Legal Departments when selecting document review outsourcing providers. Fixed fee is the preferred fee arrangement for outsourcing document review.



At present, approximately three in four Corporate Legal Departments outsource compliance related work. GDPR is the most frequently outsourced practice area, and 73% expect to increase outsourcing in this area.

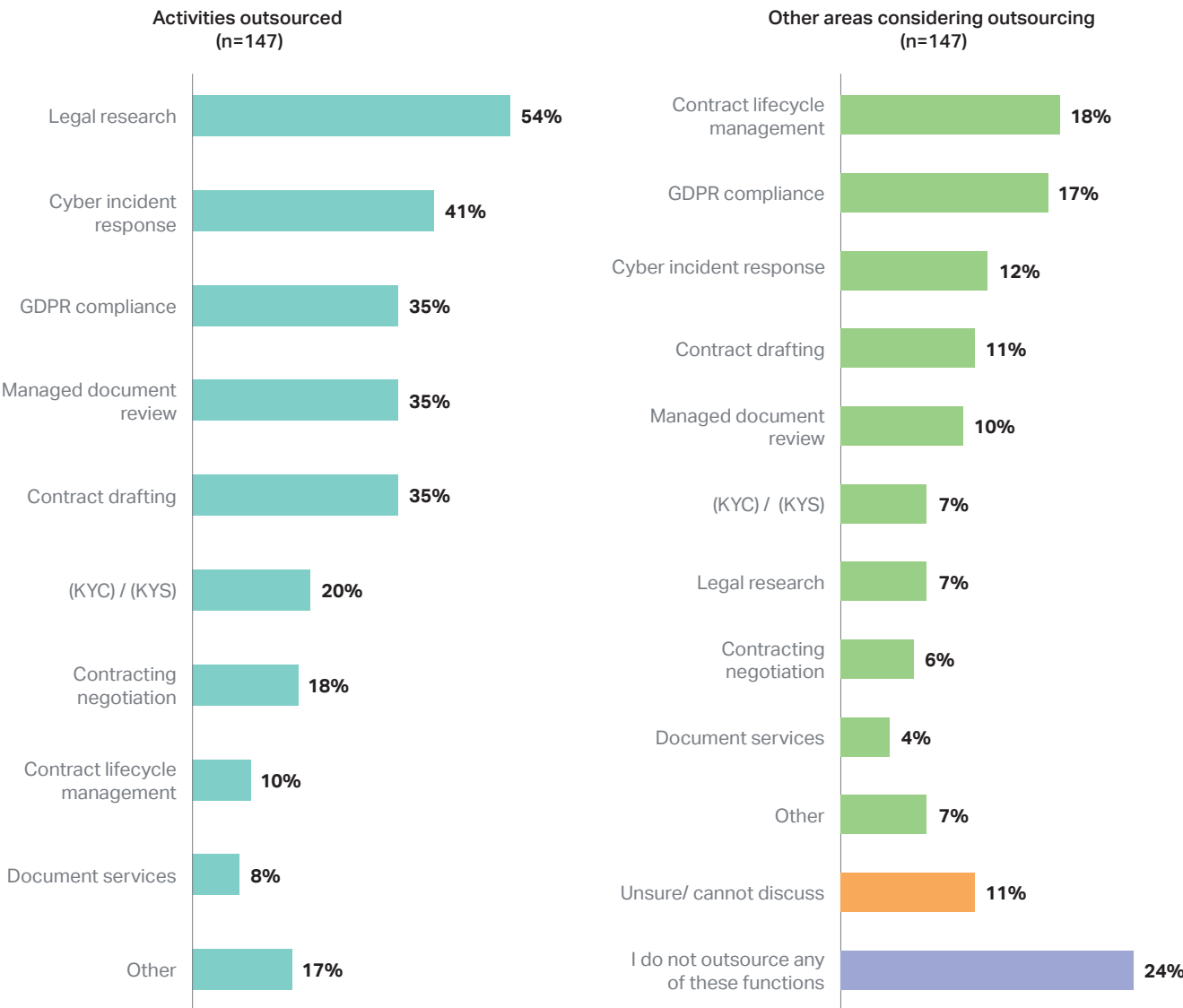


Looking to the future, close to half of Corporate Legal Departments would consider outsourcing M&A due diligence and IP management. These are also highly ranked in desirability for outsourcing.



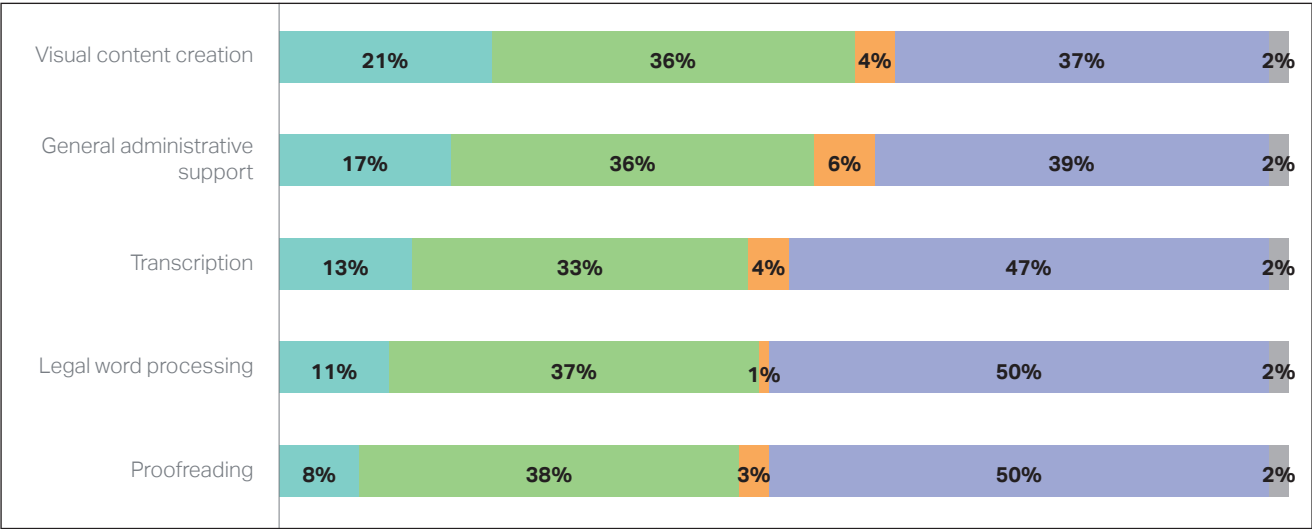
Among Corporate Legal Departments that are currently outsourcing, almost one in five are also considering outsourcing contract lifecycle management and GDPR compliance.

Areas in which Corporate Legal Departments are considering outsourcing



Approximately two thirds of Corporate Legal Departments do not outsource administrative services, while a smaller proportion are looking to increase outsourcing these services.

Future plans for outsourcing administrative support (n=36)

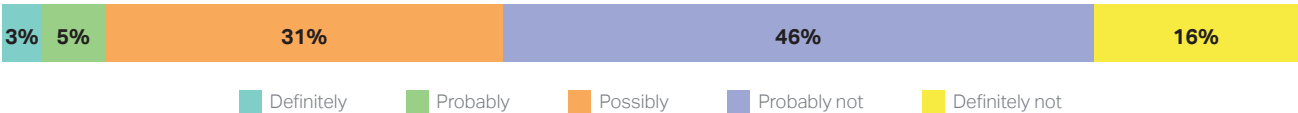


Of the 72 Corporate Legal Department personnel who indicate they are likely to increase outsourcing any of the above administrative activities:

- 90% are US-based, while 10% are UK-based
- 82% are already currently outsourcing, of which 83% report that use of outsourcing has increased over the past two years

■ Increase ■ Neither increase nor decrease ■ Decrease ■ Not applicable; will not or do not outsource ■ Unsure/Cannot discuss

Receptivity towards offshoring administrative services (n=179)



■ Definitely ■ Probably ■ Possibly ■ Probably not ■ Definitely not



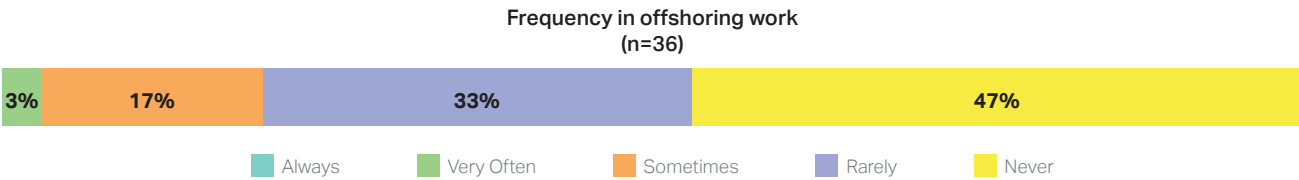
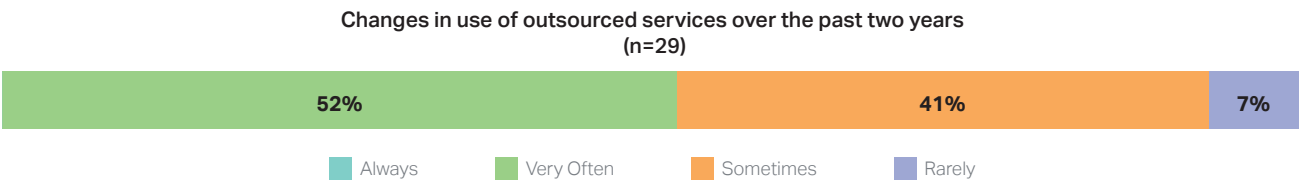
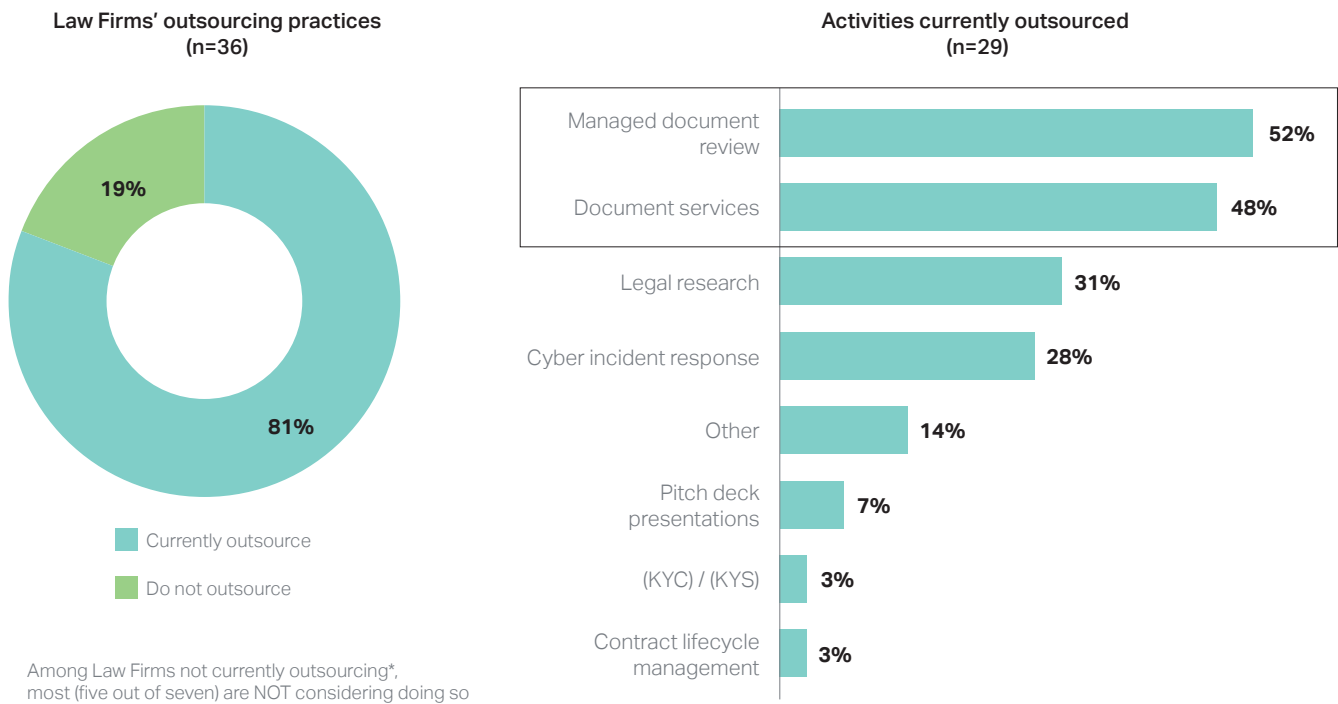


Law Firms

81%

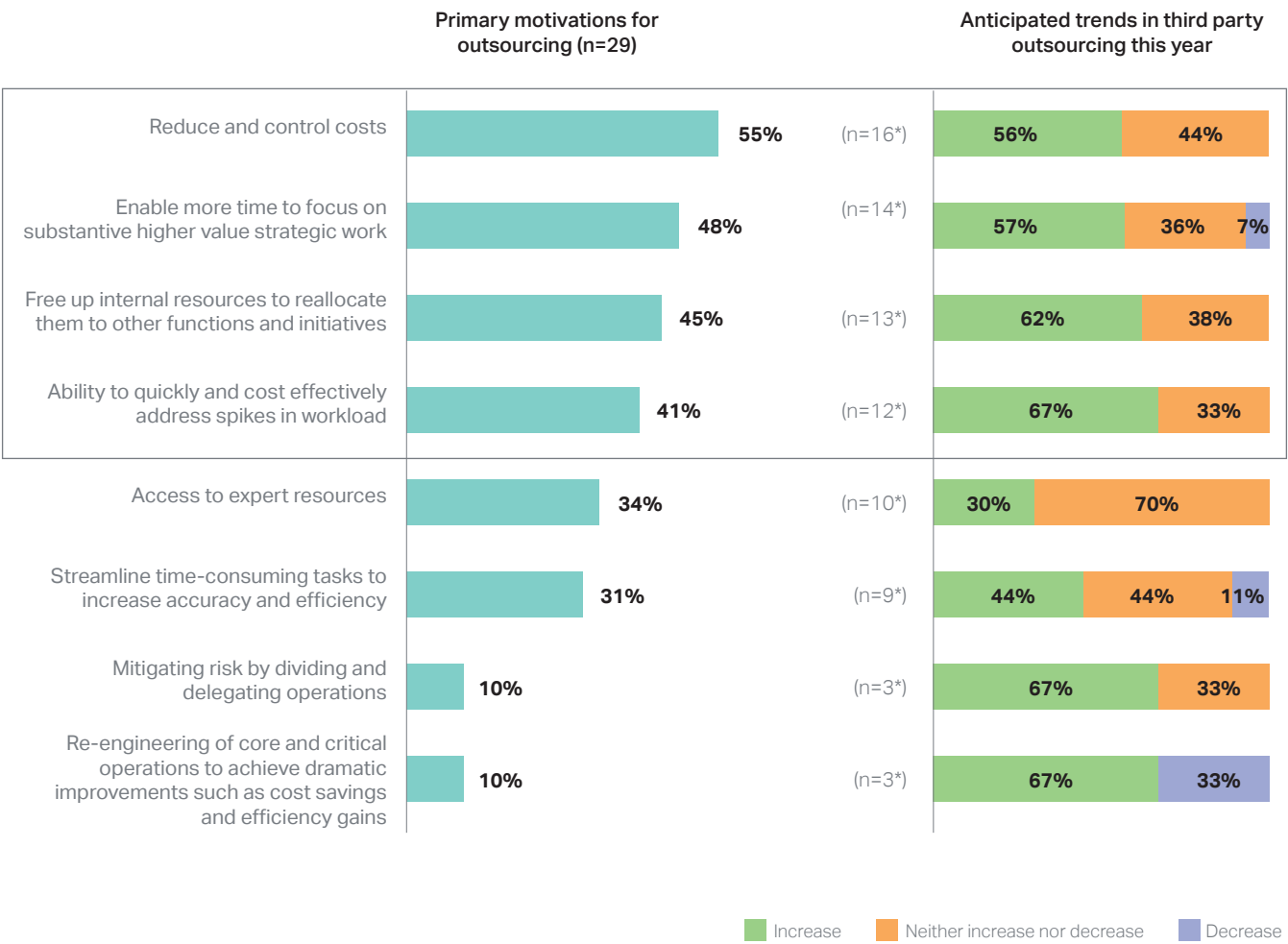
Law firms that currently outsource

The vast majority of Law Firms are currently outsourcing. Outsourcing has increased over the past two years for most. Top activities outsourced are managed document review and document services.

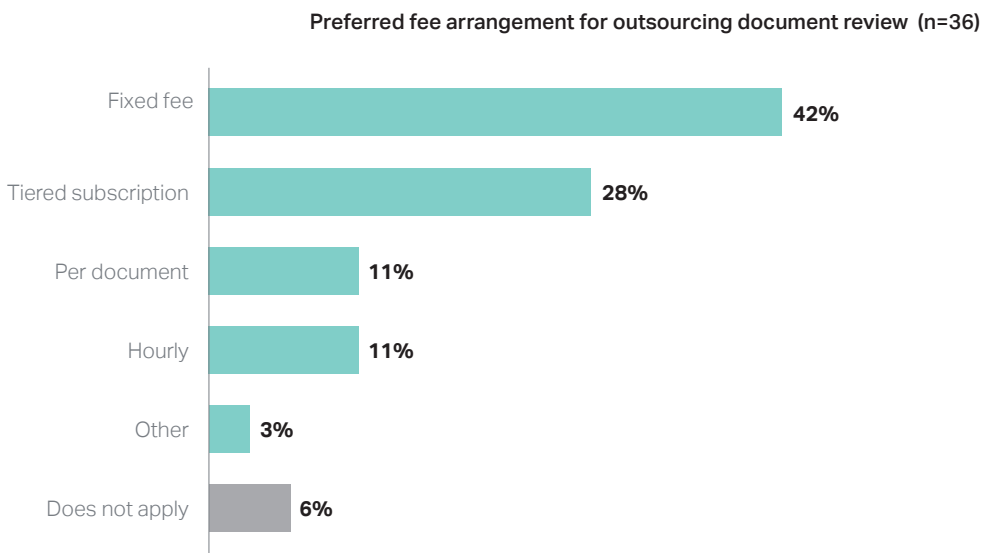
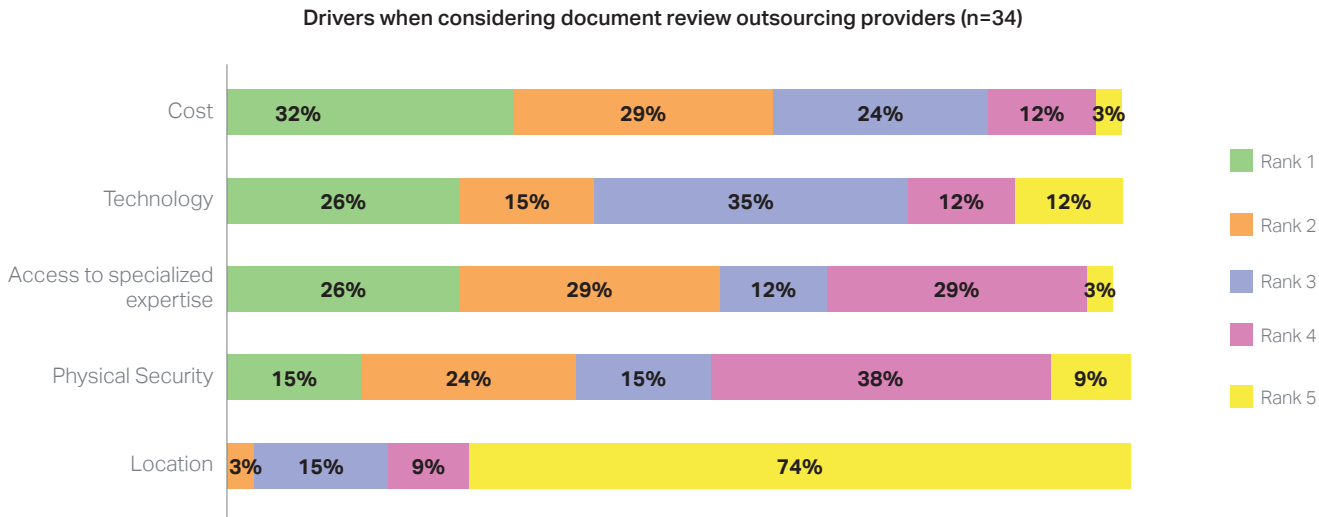


Among those who never offshore work*, most (13 of 17) are reluctant to consider offshoring work

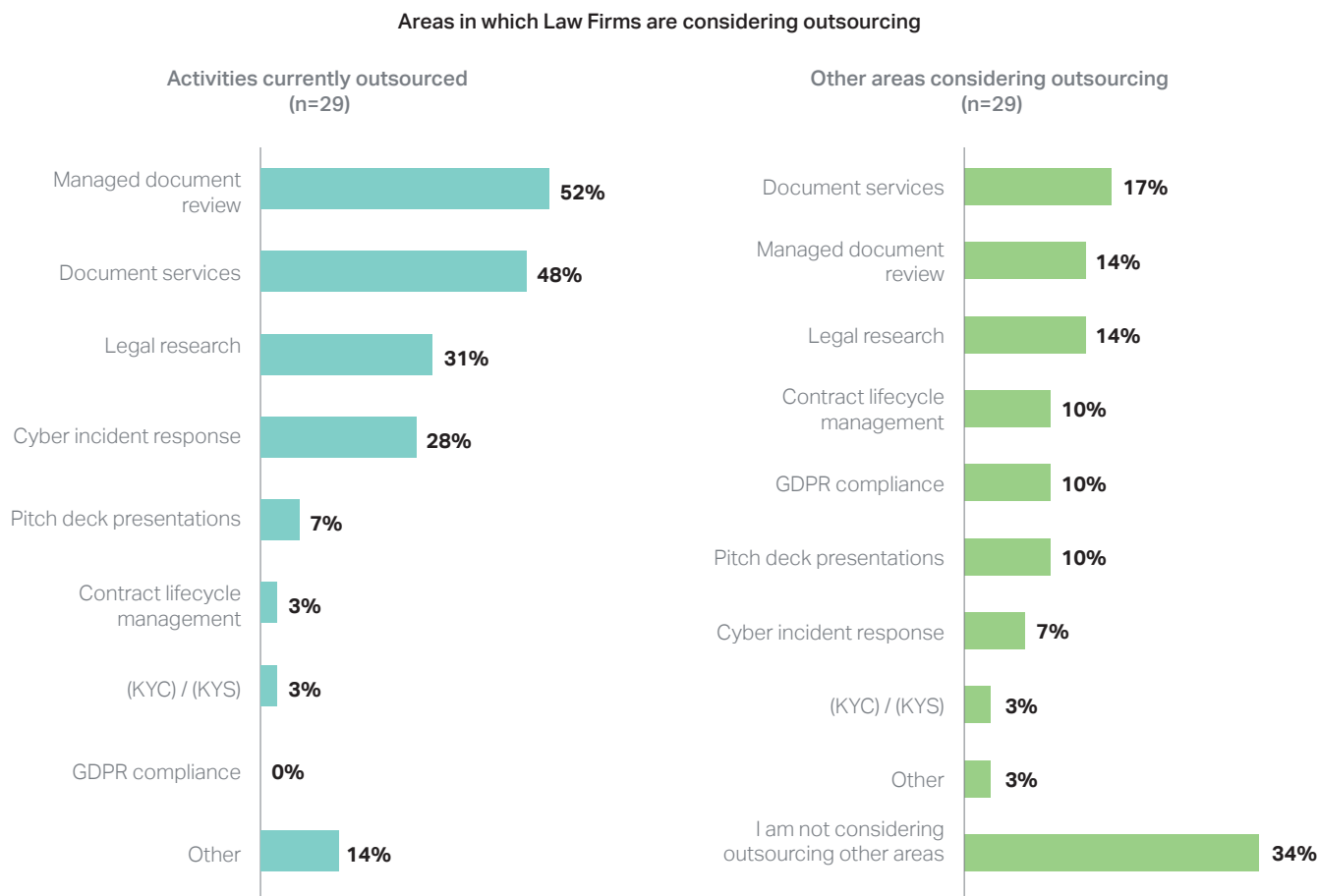
Law Firms outsource mainly for cost control, to free up time and resources, and to better balance workloads. Respondents anticipate increasing use of third party outsourcing in order to maintain these priorities.



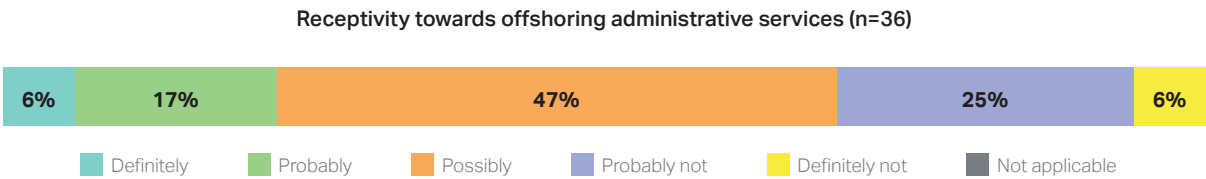
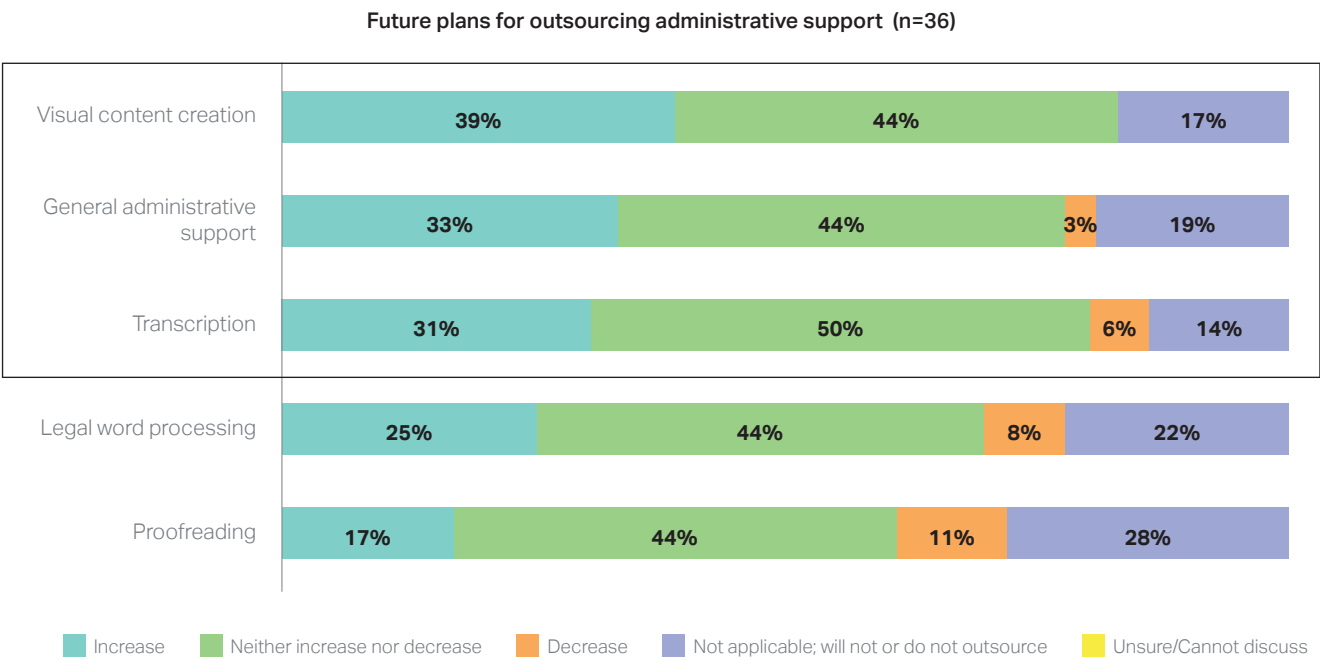
Cost is ranked as the top consideration among one-third of Law Firms when considering document review outsourcing providers. Fixed fee is the preferred fee arrangement for outsourcing document review.



Among Law Firms that are currently outsourcing, slightly more are also considering outsourcing document services, managed document review, and legal research.



Close to one-third or more of Law Firms expect to increase outsourcing of visual content creation, general administrative support, and transcription. However, the majority are either undecided or unreceptive to offshoring administrative services.





integreon

Visit: integreon.com
Contact: info@integreon.com

