The Four Primary Drivers of Change in the Modern Business of Law

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By Brad Rogers

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Even compared to just two years ago, change is happening faster than ever and on far more sophisticated levels for corporate legal departments and legal operations. While the pandemic certainly accelerated things, these changes were already in progress long before the pandemic hit.

What's fueling these changes in the business of law? Today, there are four primary drivers behind the change that's reshaping the legal industry: technology, the rise of legal operations, the replacement cost revolution and business model innovation.

Technology

There's no question that technology has been perhaps the biggest driver of disruption in the legal industry in recent years. Technology has permitted legal professionals to think differently about the corporate legal function.

This is not because automation is replacing lawyers' jobs, but because the recent legal tech boom has made available a wide range of new tools and technologies that are changing both the business and the practice of law. Primary among them is AI, which is significantly accelerating and streamlining tasks for lawyers.

But the availability of new data is also playing a significant role. As these tools allow greater transparency into data, corporations can better understand what drives value for an organization or where they're not obtaining the value they could be. Particularly pivotal today are

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the insights into data around outside counsel spend and in-house counsel efficiency, allowing companies to make more informed business allocation decisions that support company innovation, growth and revenues.

The Rise of Legal Ops

Legal ops professionals are changing the legal industry by bringing business discipline to law. Legal ops teams are taking technology, data and insights and using them to rethink the nature of the business of law. Today's legal ops professionals have a better understanding of the proper allocation of resources, enabling data-driven staffing models that are intentionally designed to achieve specific organizational goals.

As a result, the discussion around cost reduction has dramatically shifted. Smart, innovative legal operations teams have the data to focus their decisions on measures that will make a real difference in value. They are no longer focusing on actions that may lower the cost of growth but on insightful and transformational changes that can give lawyers as much as 30% of their time back to focus

on innovation and growth. The rise of legal ops is a game-changer, causing organizations to think differently about their legal functions.

The Replacement Cost Revolution

One aspect of legal practice that has accelerated significantly in the past five or ten years is the introduction of new ways of handling legal work. Outside law firms are no longer the only option for corporate legal departments—alternative legal service providers (ALSPs) and other outsourcing solutions have taken a firm hold in the legal marketplace and today are often a quality alternative when it comes to corporate legal work and supplementing the in-house legal team.

Essentially, the gig economy has finally come to law. Legal departments can disaggregate legal matters to get the right work in the right hands and decide whether to keep work in-house or outsource a given task or project to a law firm or ALSP—effectively levering up in-house talent to work "at the top of their license." This goes hand-in-hand with the rise of technology and data because legal ops teams have been able to analyze that data to revolutionize how they allocate budgets and resources.

Business Model Innovation

Business model innovation, or operating model innovation, is one of the most enduring sources of value for a corporation. Business model innovation goes beyond simply thinking differently about leveraging new tools, capabilities and data and instead thinking about how you would intentionally design the legal function in ways that are more efficient, more engaging and deliver more value.

Data can lead legal ops professionals down two different paths when they consider new business models for the legal complex—that is, lawyers, paralegals and administrative professionals that make up the core of most legal departments. The data on the quantity, nature and trends of the work these teams and professionals perform can be analyzed in a couple of valuable ways.

The first is by categorizing the time spent by the legal complex into buckets of legal specialty. When you do that, you might realize that you have areas of legal practices in your organization that don't necessarily match up with your overarching organizational chart. For example, you might find that your staff is spending significant time on IP or tax law questions, even though these are areas where you don't need to build and maintain expertise. In response, you can choose to free up capacity by directing this work to either a law firm or an ALSP to be the expert for you.

The second path for business model innovation is to again look at the legal complex and determine the tasks that each of the three resources are handling. Are your lawyers performing tasks that require their level of legal expertise, or are they focusing on tasks that strong paralegals or other right-sourced resources could handle? Collaborative workflow tools can better enable lawyers to engage these resources on their matters to increase their overall value.

Looking Ahead

Now is the perfect time to join in the changes that are sweeping the legal industry. If your legal department is due for a transformation, stop and ask yourself what your work and processes would look like if they were intentionally designed.

Do you have the right mix of outside counsel vs. in-house counsel or the data you need to understand your mix in the first place? You want to have the right resource mix that's consciously made up of both the right people and the correct number of people. Do you have the technologies, data, and streamlined processes that enable the resources in a modern legal department to seamlessly adapt while increasing value, efficiency and lawyer engagement?

Embracing the four drivers of change outlined above will put you in the best position to do just that.

Brad Rogers, senior vice president of strategy and growth for Onit, has more than 27 years of transformation, process excellence, strategic planning and legal operations leadership experience. In his role, Rogers focuses on developing, communicating, executing and sustaining corporate strategic initiatives. He holds an MBA in competitive strategy and quantitative methods from Fordham University, a bachelor's degree in mechanical engineering and a Master Black Belt in Six Sigma Quality and Change Management (GE Certified).