

The Evolution of the Role of the General Counsel & Corporate Legal Departments

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August 3, 2018

LFA Retreat, San Diego, CA

TODAY'S PRESENTERS



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Sr. Director Legal Ops, NetApp



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General Counsel & Corporate Secretary, CLOC

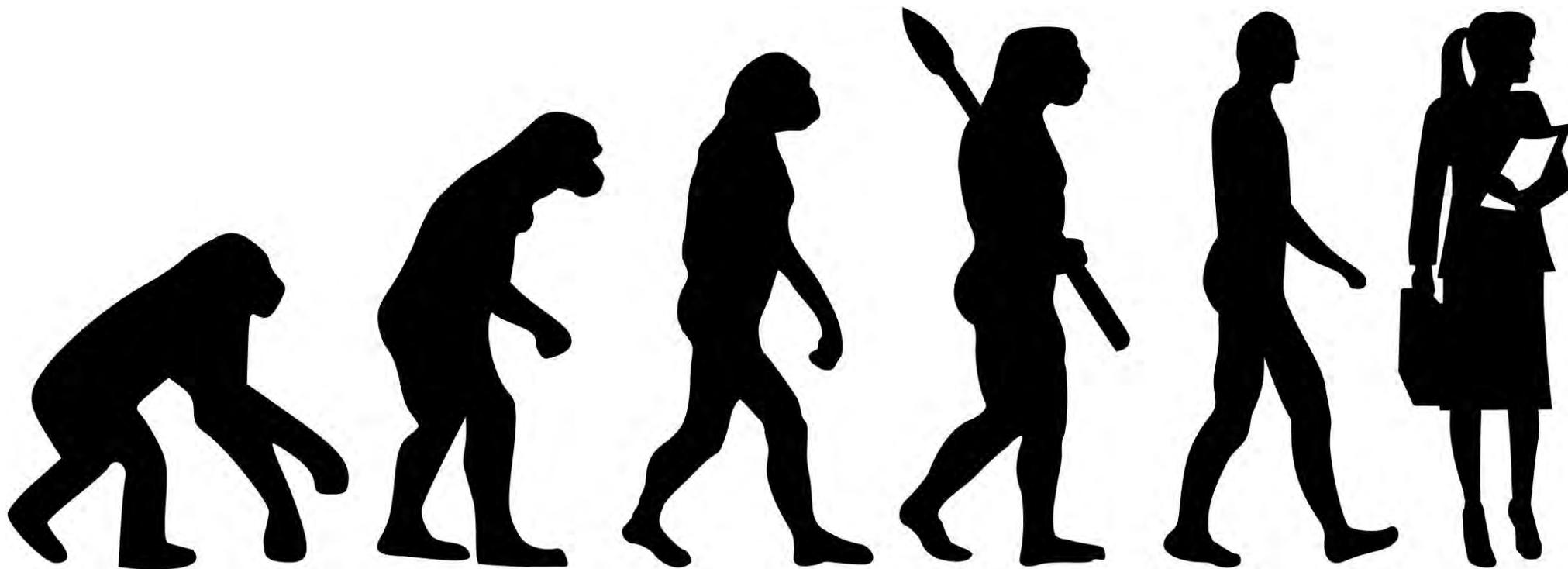


STEVE HARMON
Board Member, CLOC
VP Legal Ops, Cisco

INDUSTRY DRIVERS

INDUSTRY DRIVERS





Evolution of the Role of the General Counsel

THE EVOLVING ROLE OF THE GENERAL COUNSEL

PRE-1980
GC AS RISK MANAGER



THE EVOLVING ROLE OF THE GENERAL COUNSEL

PRE-1980
GC AS RISK MANAGER

1980-2000
GC AS BUSINESS PARTNER



THE EVOLVING ROLE OF THE GENERAL COUNSEL

PRE-1980
GC AS RISK MANAGER

1980-2000
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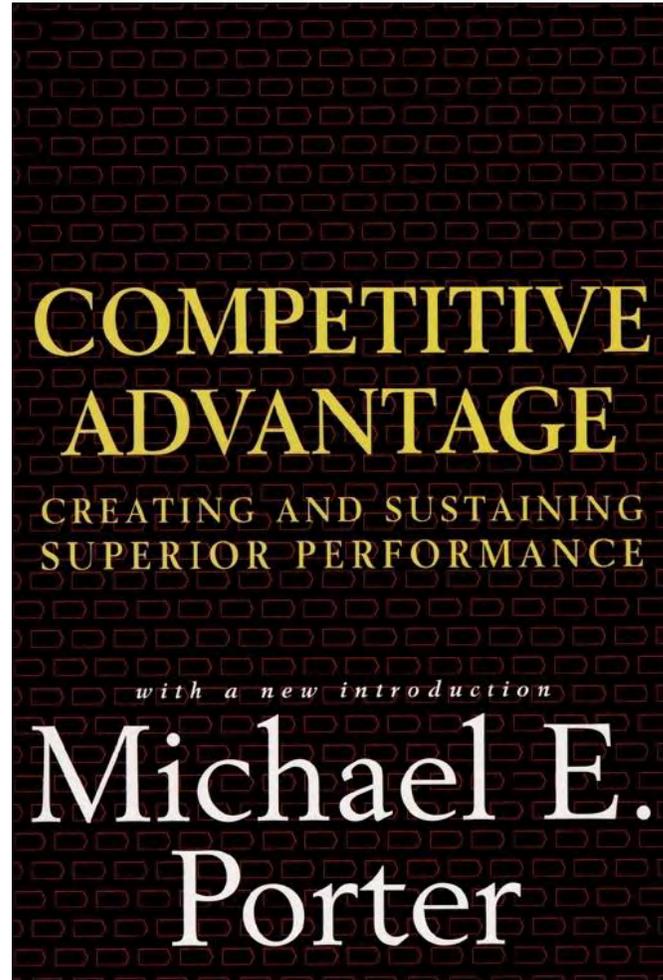
2000-2010
GC AS TRUSTED ADVISOR



THE EVOLVING ROLE OF THE GENERAL COUNSEL

2010 - Today

GC AS A DRIVER OF COMPETITIVE ADVANTAGE



THE EVOLVING ROLE OF THE GENERAL COUNSEL

Future State?



- Many highly complex issues with global impact & public policy concerns;
- Reliance on outside counsel will continue to decrease while the use of ALSP's, Technology and In-house teams for Service Delivery will increase;
- Legal Departments are primary providers of legal support with a heavy reliance on ALSP's;
- 80% of legal work provided at an understood, fixed price irrespective of the provider;
- Sensitivity to outside counsel costs driven by “tone from the top”;
- Legal seen as critical to achieving and maintaining a competitive advantage.

CLOC
&
LEGAL OPERATIONS



LEGAL DEPARTMENT
OPERATIONAL MODEL
CIRCA 2010

Afterglow Light
Pattern
380,000 yrs.

Dark Ages

Development of
Galaxies, Planets, etc.

Accelerated Expansion

Inflation

Quantum
Fluctuations

1st Stars
about 400 million yrs.

Big Bang Expansion

CLOC'S ORIGINS

CLOC'S MISSION

To help legal operations professionals and other core corporate legal industry players (e.g. tech providers, law firms, LPO's, law schools, etc.) **optimize the legal service delivery models** needed by small, medium and large legal departments to support their clients.

WHAT IS LEGAL OPERATIONS?

Legal operations is a multi-disciplinary function within the legal department that **optimizes legal services delivery** to a business or government entity by focusing on the **CLOC twelve core competencies**

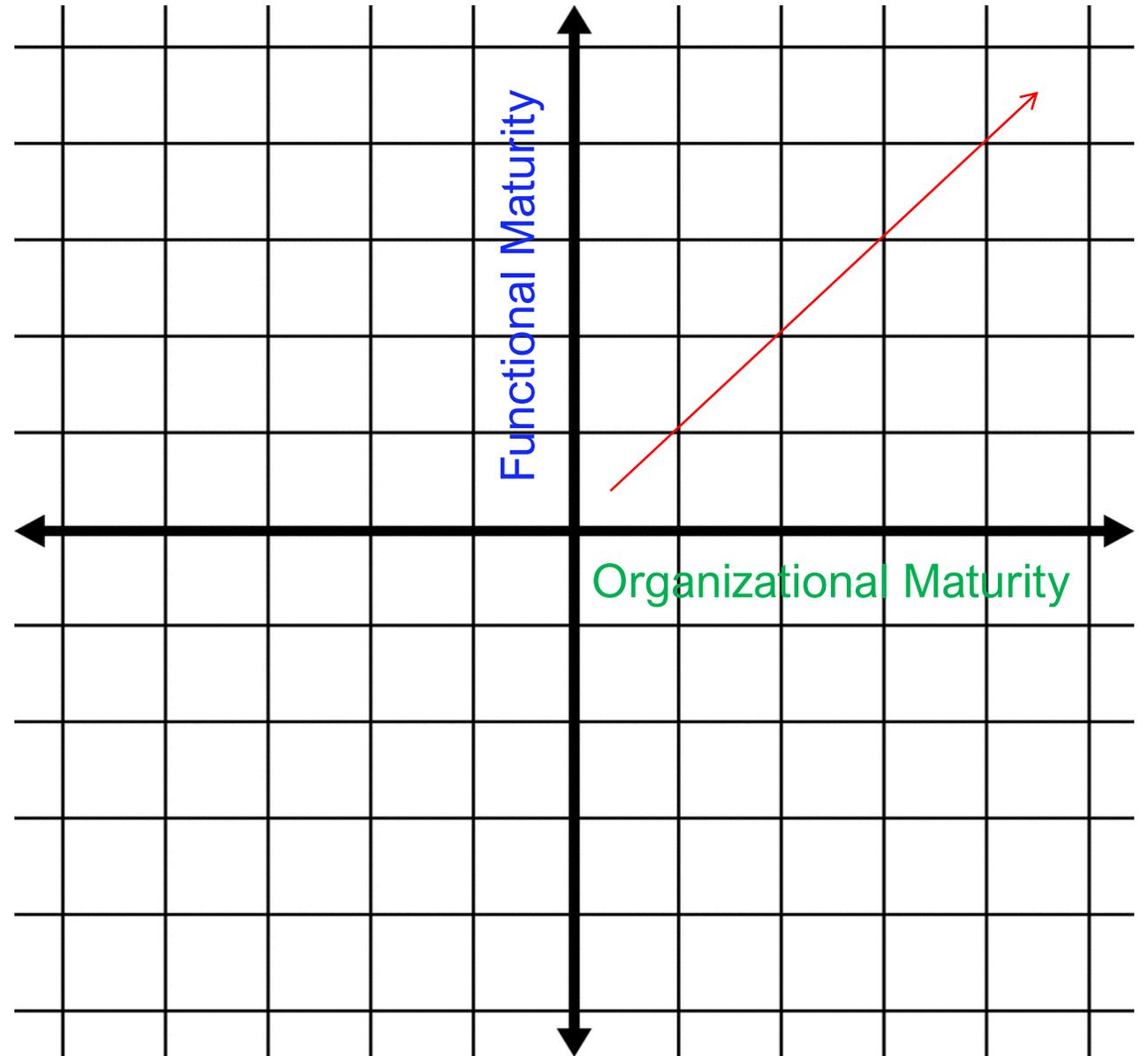
LEGAL DEPARTMENT OPERATIONAL MATURITY



WHAT IS OPERATIONAL MATURITY?

Operational Maturity is measured against two characteristics:

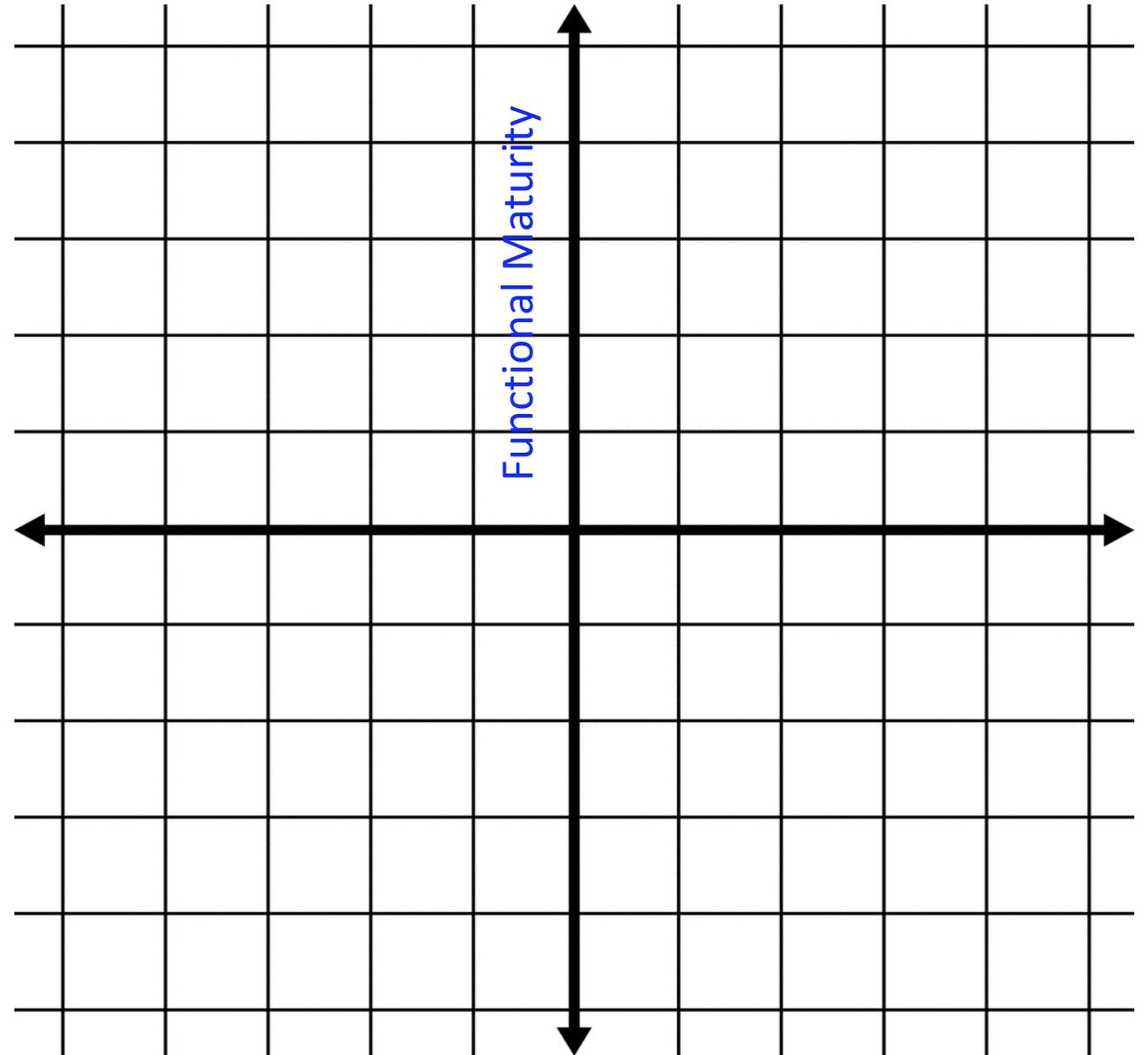
- Organizational Maturity
- Functional Maturity



WHAT IS FUNCTIONAL MATURITY?

➤ Functional Maturity is Measured Against 12 Core Competencies and is Viewed as:

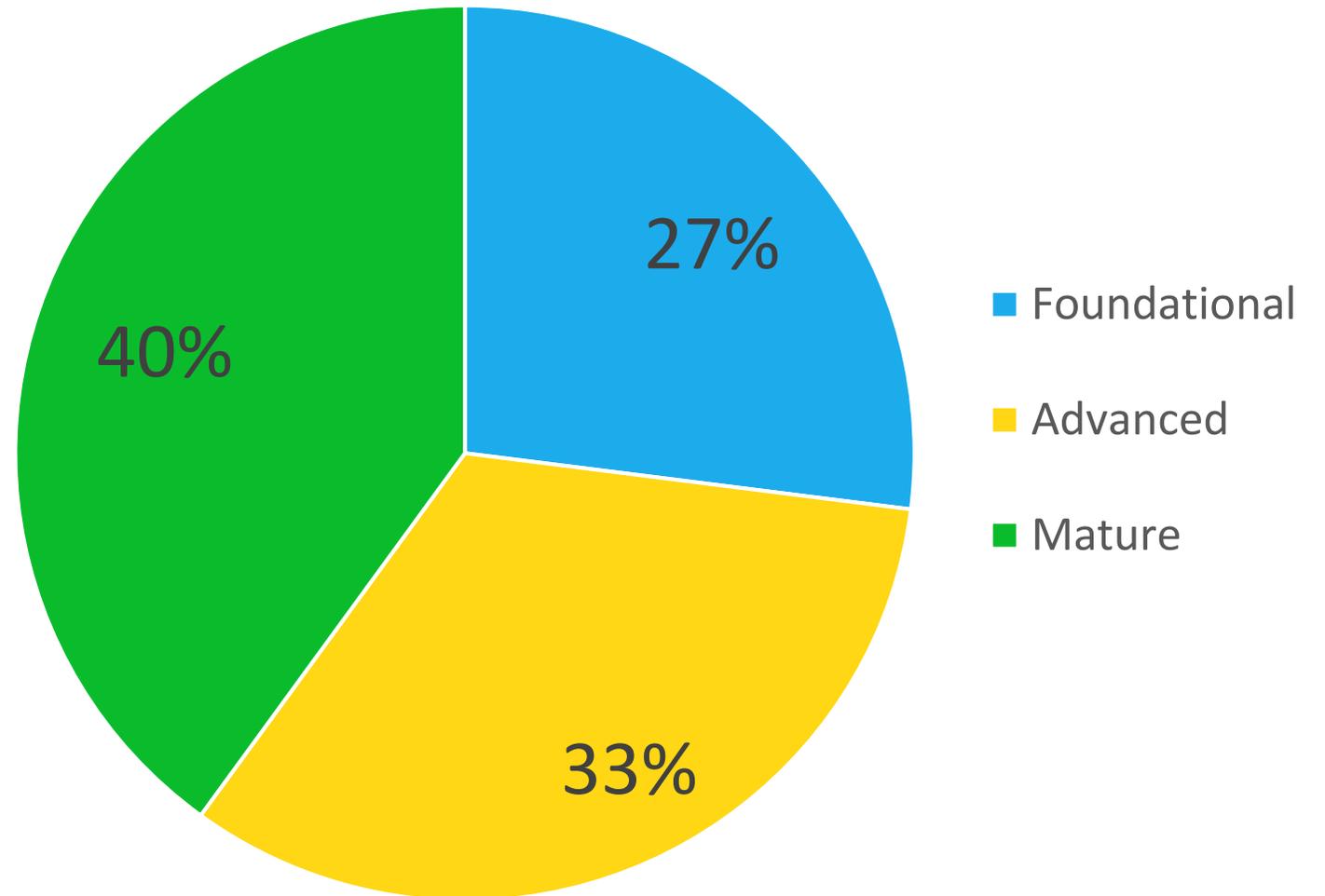
- Underdeveloped
- Foundational
- Advanced
- Mature



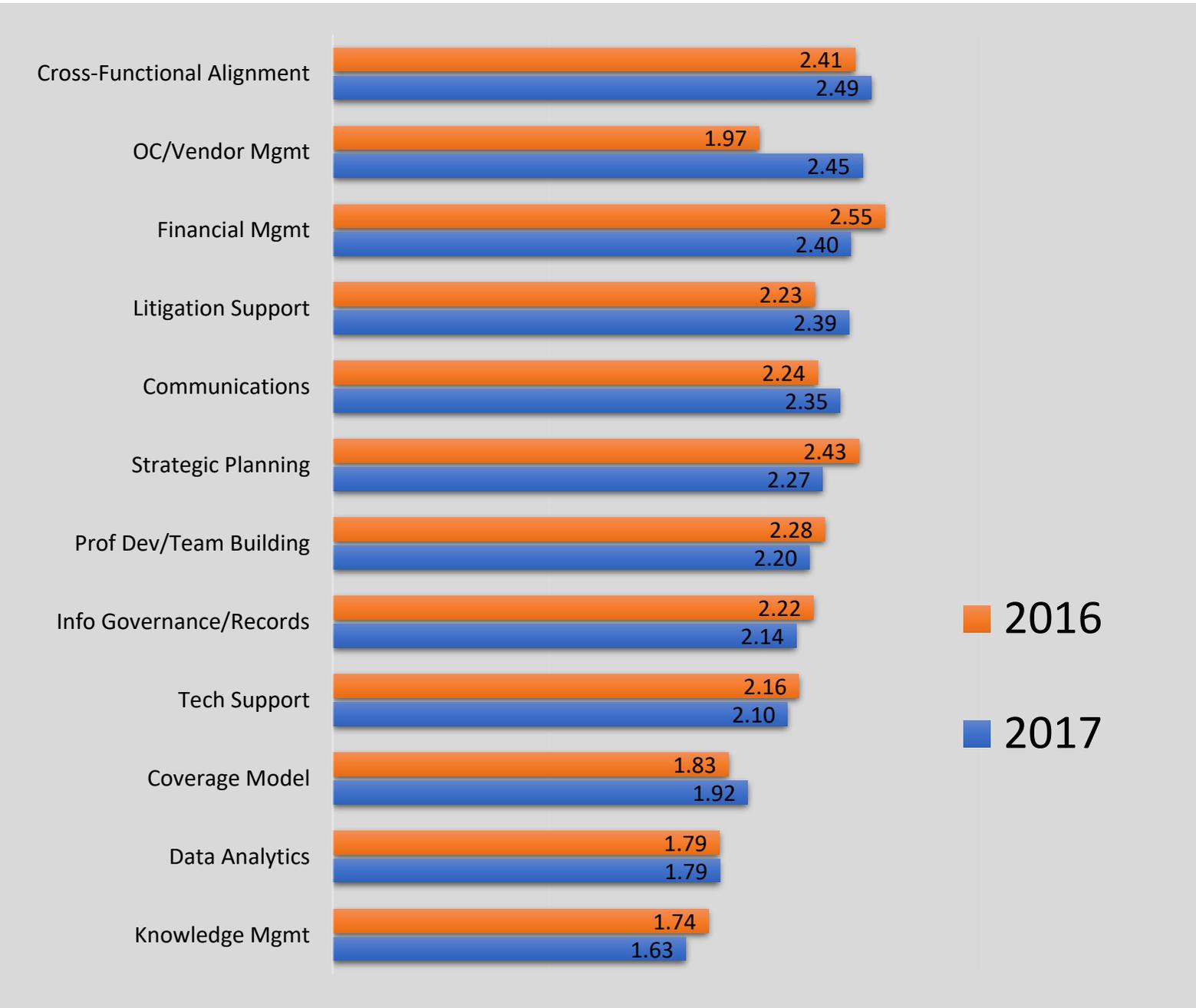
LEGAL OPERATIONS FUNCTIONS FOLLOW A TYPICAL MATURITY CYCLE



PHASES OF
MATURITY
2016 SURVEY
RESULTS



CLOC MATURITY MODEL SURVEY RESULTS 2016 & 2017



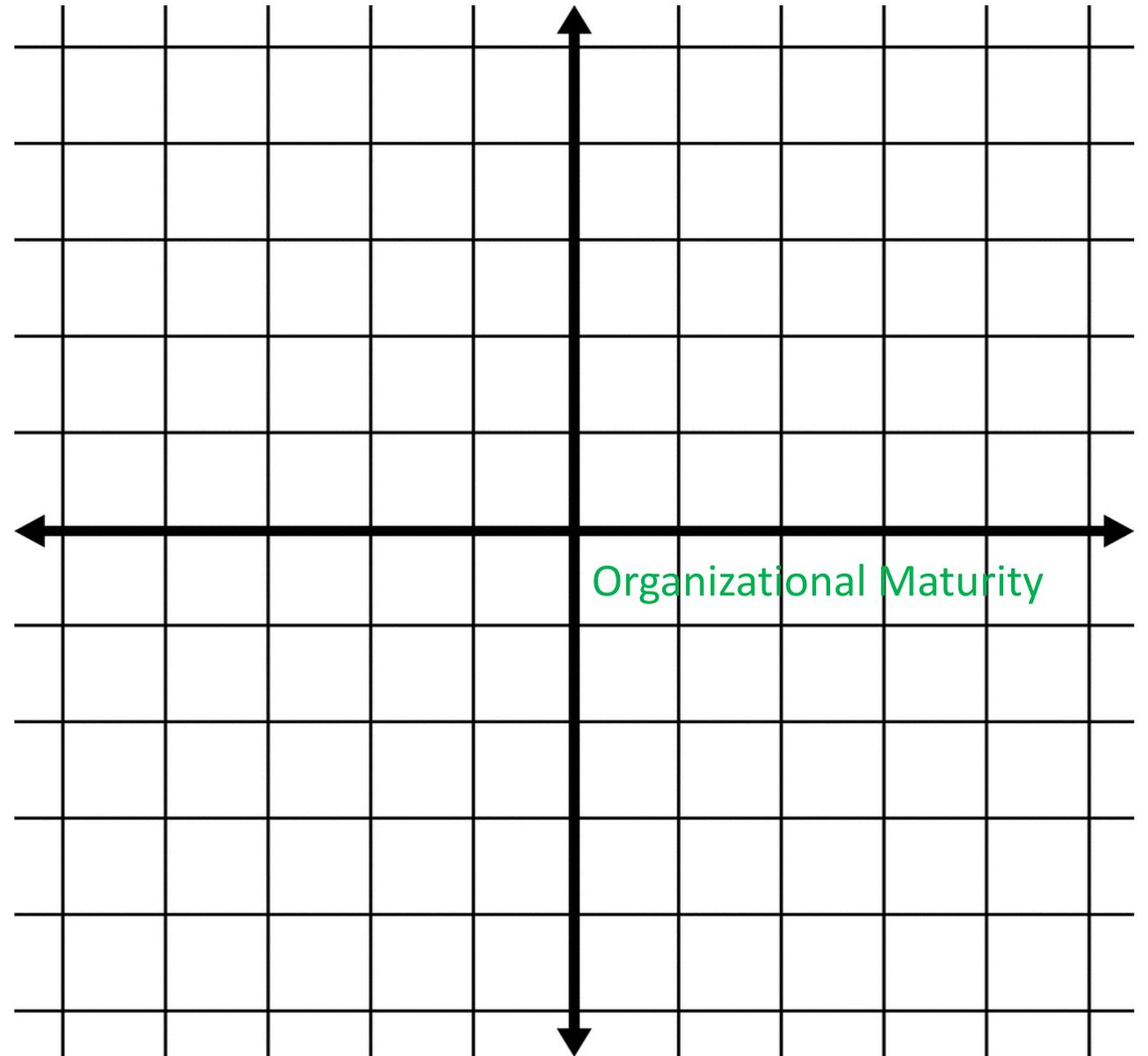
WHAT IS ORGANIZATIONAL MATURITY?

- Organizational Maturity in Legal Operations is Measured by the Scope and the Leveling of the Team Leading the Function.
- Organizational Maturity Follows a Common Growth Path in Most Organizations

➤ Foundational 

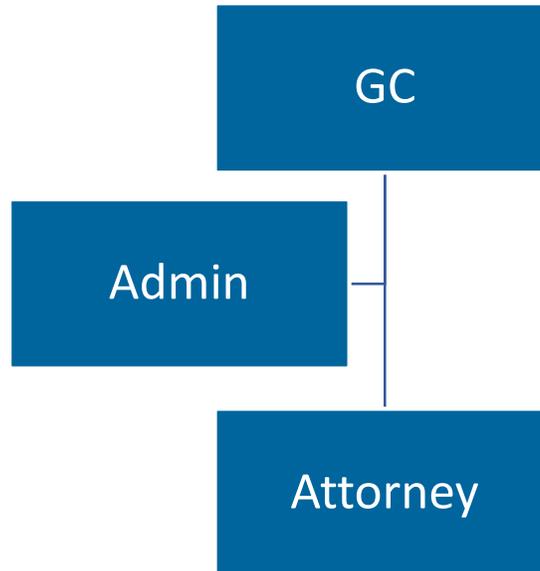
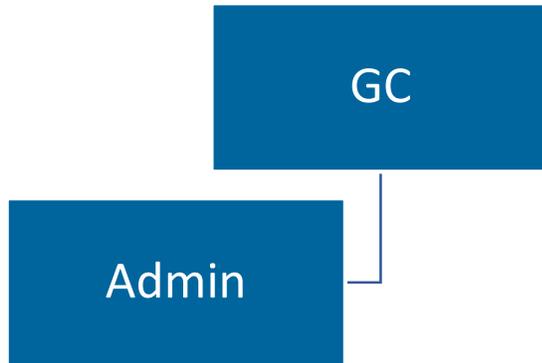
➤ Advanced 

➤ Mature 



Legal Ops Foundational Org Structures

Foundational



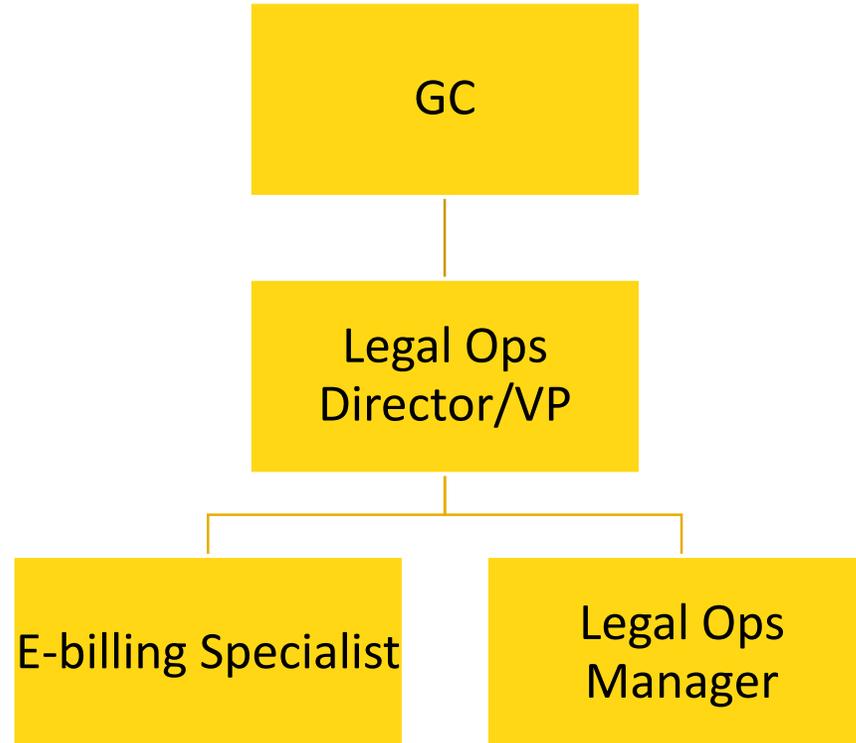
Legal Ops **Advanced** Org Structures

Advanced

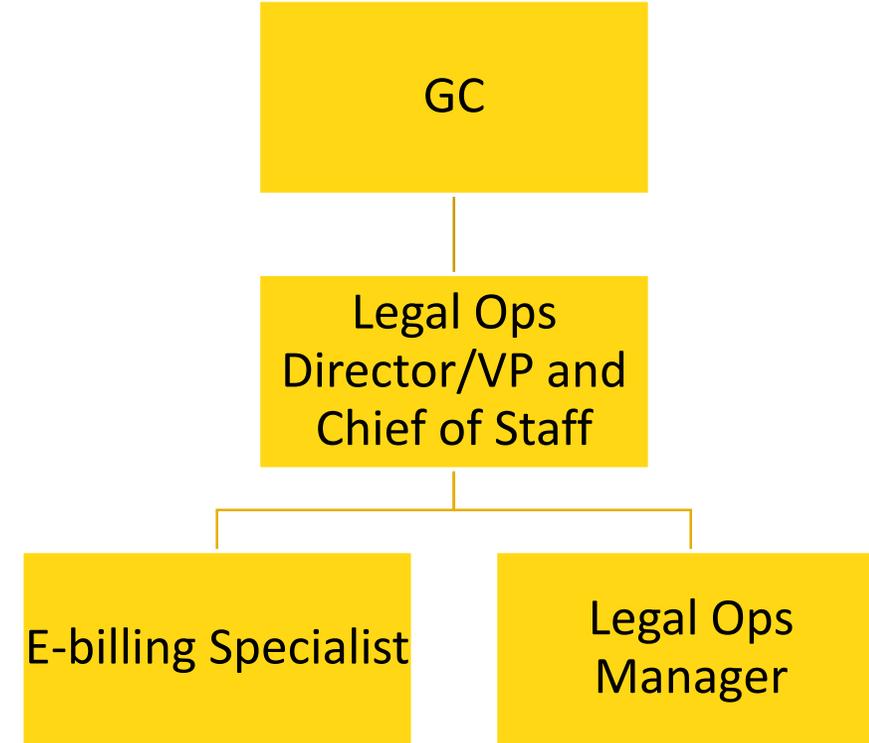
Advanced Tactical Structure



Advanced Tactical Structure and Support

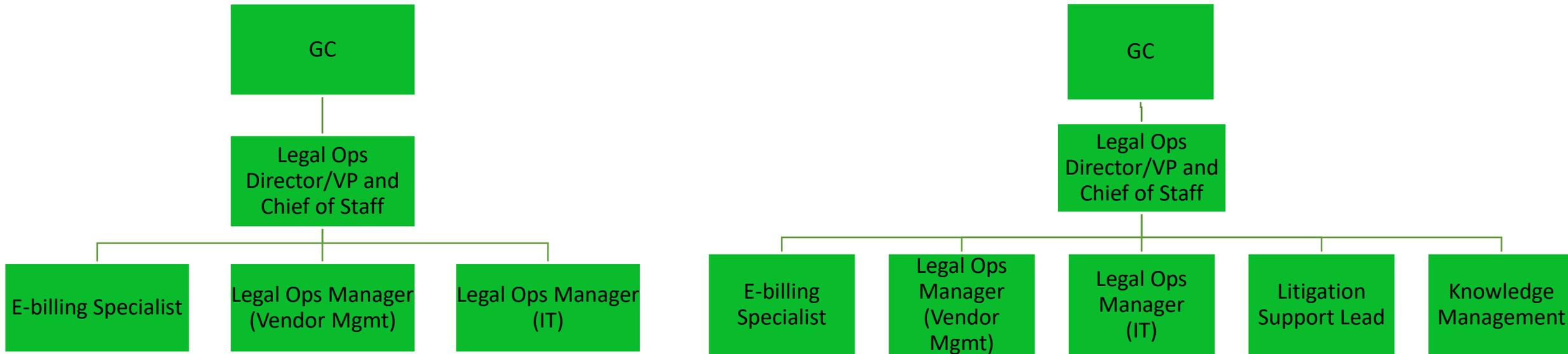


Includes Advanced Strategic Oversight with Chief of Staff Role



Legal Ops **Mature** Org Structures

Mature



THE EVOLUTION OF LEGAL OPERATIONS - RUNNING LEGAL LIKE A BUSINESS

1990 - 2000

- Dot-com Boom
- Legal spend explodes
- **Early adopters** add Ops role
- Role focuses on billing/finance & basic legal department resources
- **Financial / NY Co's** add role and expand/elevate it rapidly
- Chase, Prudential GE, BofA, Prudential, east coast
- Level: Manager, except in NY

2007 - 2012

- Great Recession
- Big companies have added role
- Those that have it, expand strategic focus and Ops HC
- **Legal COO/COS role is trusted advisor to the GC with broad influence**
- Level: Director - VP
- **CLOC** formed: Billions \$\$ of legal spend in one room

2015 - 2020

- Economic Expansion
- **Legal COO now a critical function supporting the GC**
- Level: VP and #2 role in the legal department
- Helps form and drive legal dept strategy and resource model at most companies
- Only very small legal depts don't have this function
- **Collaboration and Guidelines**

2000 - 2007

- Dot-com bust and recovery
- **GC role = Trusted Advisor**
- Expansion of Ops role includes technology: **e-billing**
- Level: Manager - Director
- HP, Sun, Cisco & other Silicon Valley companies add role
- **Chief of Staff role added** to Operations mandate
- Tactical with strategic components

2012 - 2015

- Great recession ends
- Tipping Point
- Big company GC's expect strategic and tactical benefit and build the function
- Smaller departments add role
- **Level: Sr. Dir - VP**
- **Legal COOs Work with GC to create and drive strategic vision and owns all ops functions**

Anatomy of a Legal Operations Leader

- Education
 - JD
 - JD/MBA
 - IT
 - Accounting/Finance
- Level: Director to VP
- Scope: Enterprise-wide
- Drive innovation
- Connecting the legal ecosystem



How The Legal Ops Role Affects The Purchase of Legal Goods and Services

- Who's Buying It
- What We Are Buying
- How We Are Buying It
- From Whom We Are Buying It
- Why We Are Buying It





C L O C

CORPORATE LEGAL OPERATIONS CONSORTIUM

THE BASICS

ABOUT

501(c)6 Nonprofit

Founded December 31, 2015

BY THE NUMBERS

1500+ Individual Members

750+ Member Companies

Adding 750 Members/Year

24 Global Regional Groups

Represents:

30% of the Fortune 500

50% of the Fortune 100

Collective External Spending by CLOC Members:

\$40+ Billion



CLOC's FOUR PILLARS

Membership

Content

Member
Networking

Connecting
The
Ecosystem

Industry
Change

CLOC LEADERSHIP TEAM AND BOARD OF DIRECTORS



CONNIE BRENTON
Founder / CEO and BOD, CLOC
Sr. Director Legal Ops, NetApp



CHRISTINE COATS
Leadership Team and BOD, CLOC
VP Legal Ops, Oracle



JEFF FRANKE
Leadership Team and BOD, CLOC
General Counsel & Corporate Secretary, CLOC



STEVE HARMON
Board Member, CLOC
VP Legal Ops, Cisco



BRIAN HUPP
Board Member, CLOC
Head of Legal Ops, Facebook



LISA KONIE
Board Member, CLOC
Sr. Director Legal Ops, Adobe



MARY O'CARROLL
Leadership Team and BOD, CLOC
Head of Legal Ops, Google

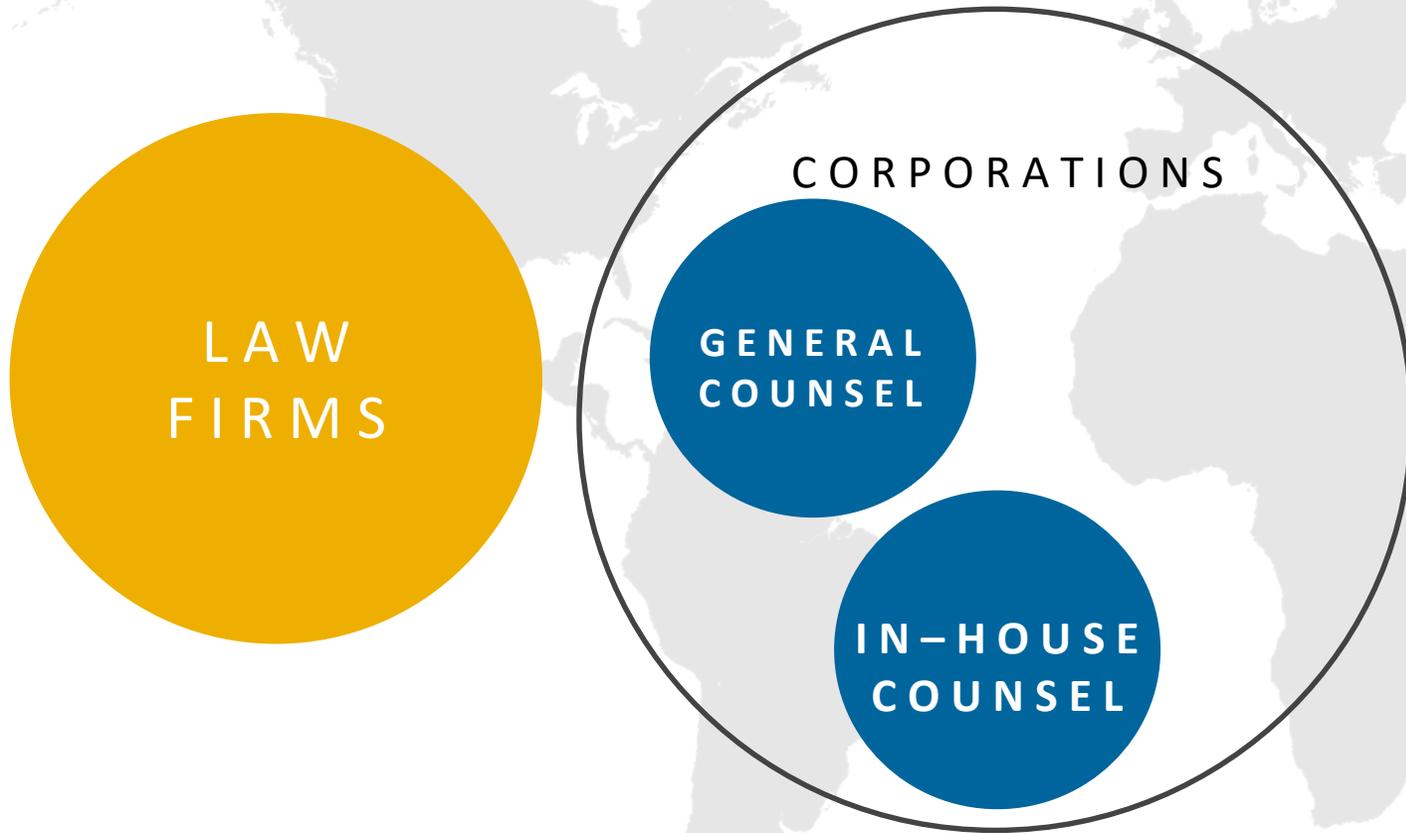
CHANGING LEGAL ECOSYSTEM

EVOLUTION OF THE CORPORATE LEGAL SERVICES ECOSYSTEM



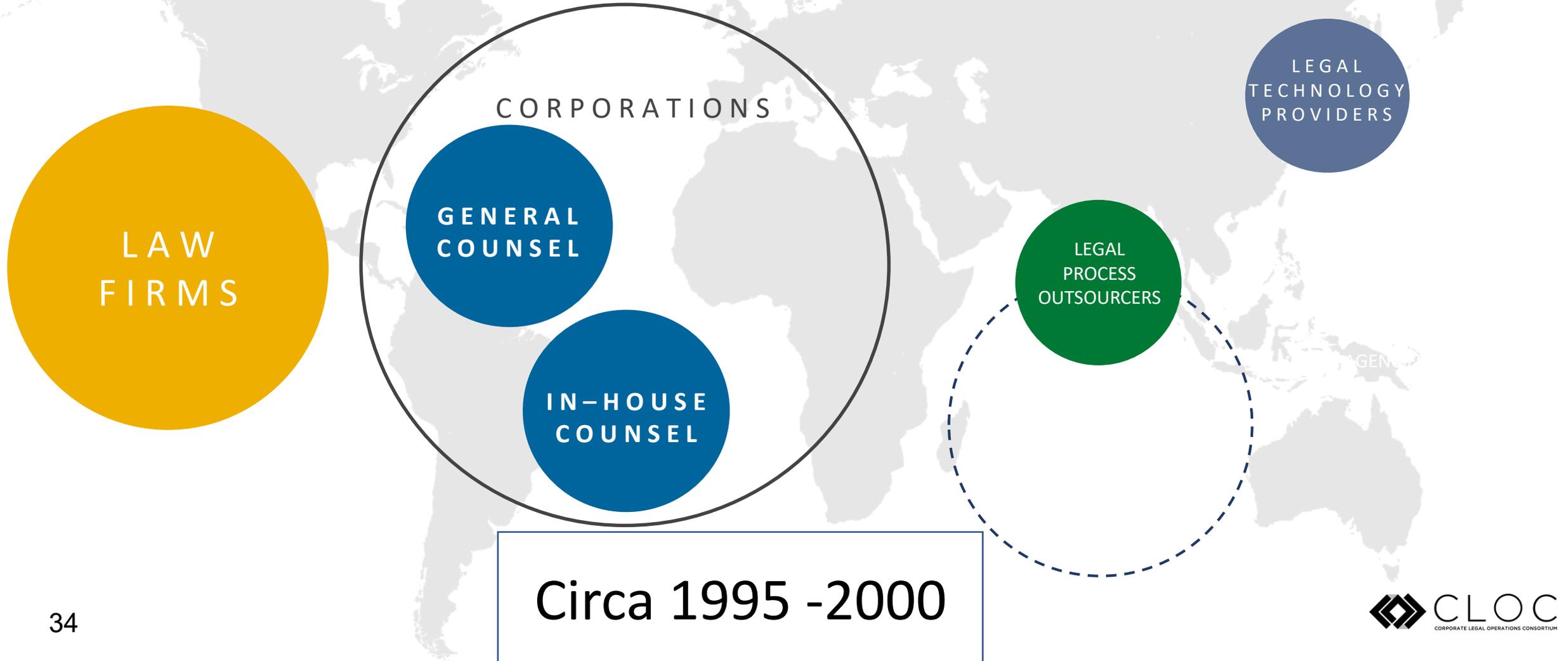
Circa Pre-1980

EVOLUTION OF THE CORPORATE LEGAL SERVICES ECOSYSTEM

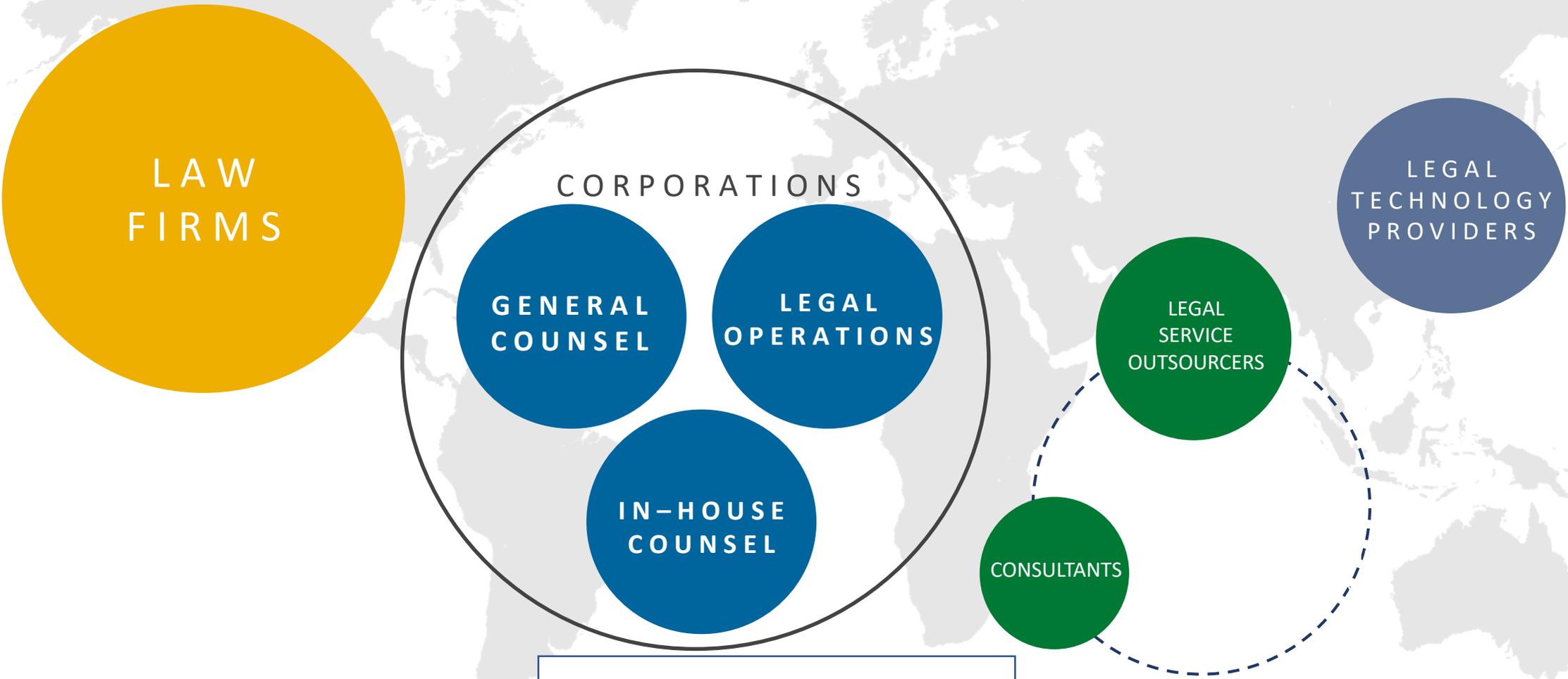


Circa 1990

EVOLUTION OF THE CORPORATE LEGAL SERVICES ECOSYSTEM

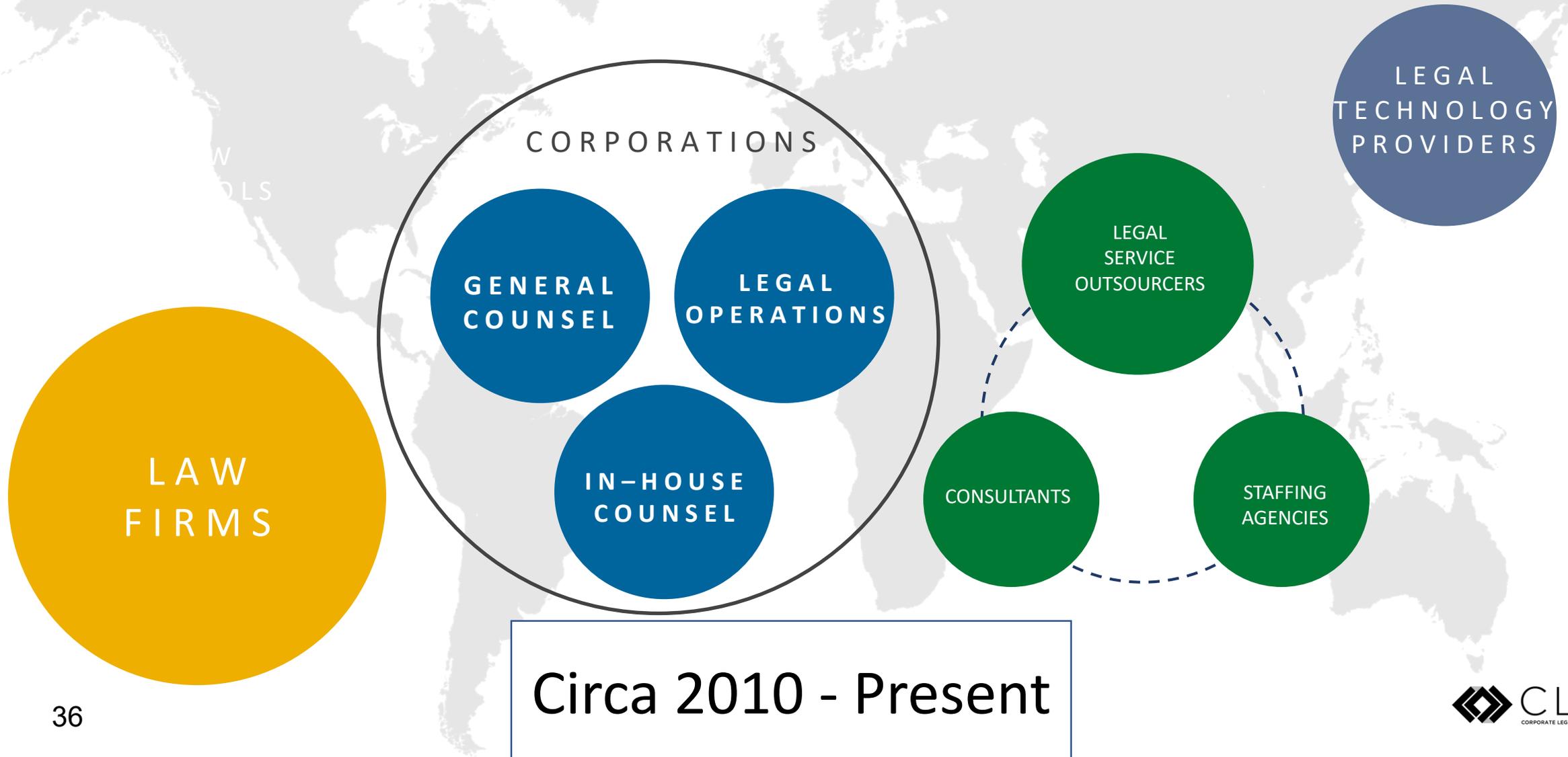


EVOLUTION OF THE CORPORATE LEGAL SERVICES ECOSYSTEM



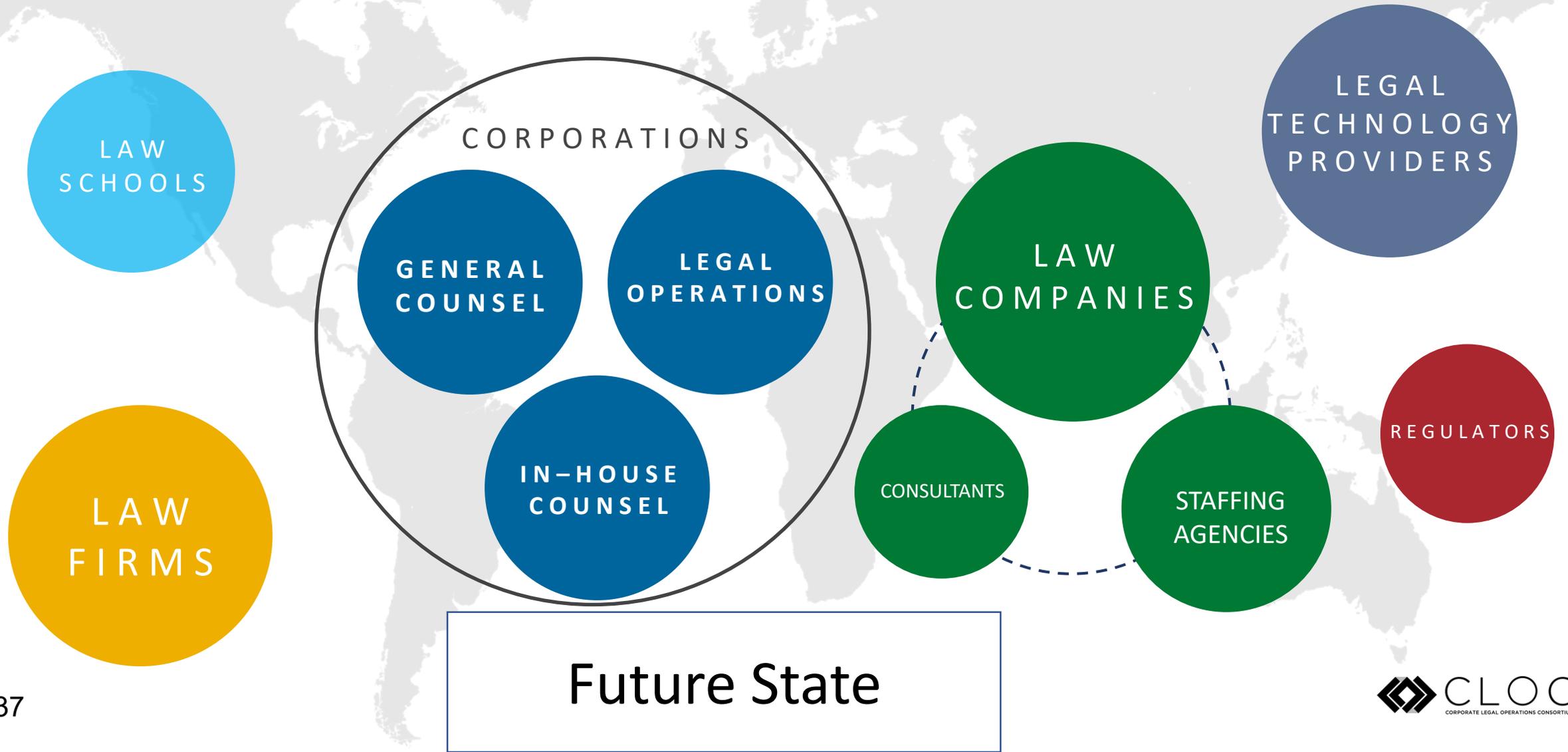
Circa 2000-2010

EVOLUTION OF THE CORPORATE LEGAL SERVICES ECO SYSTEM



Circa 2010 - Present

EVOLUTION OF THE CORPORATE LEGAL SERVICES ECO SYSTEM

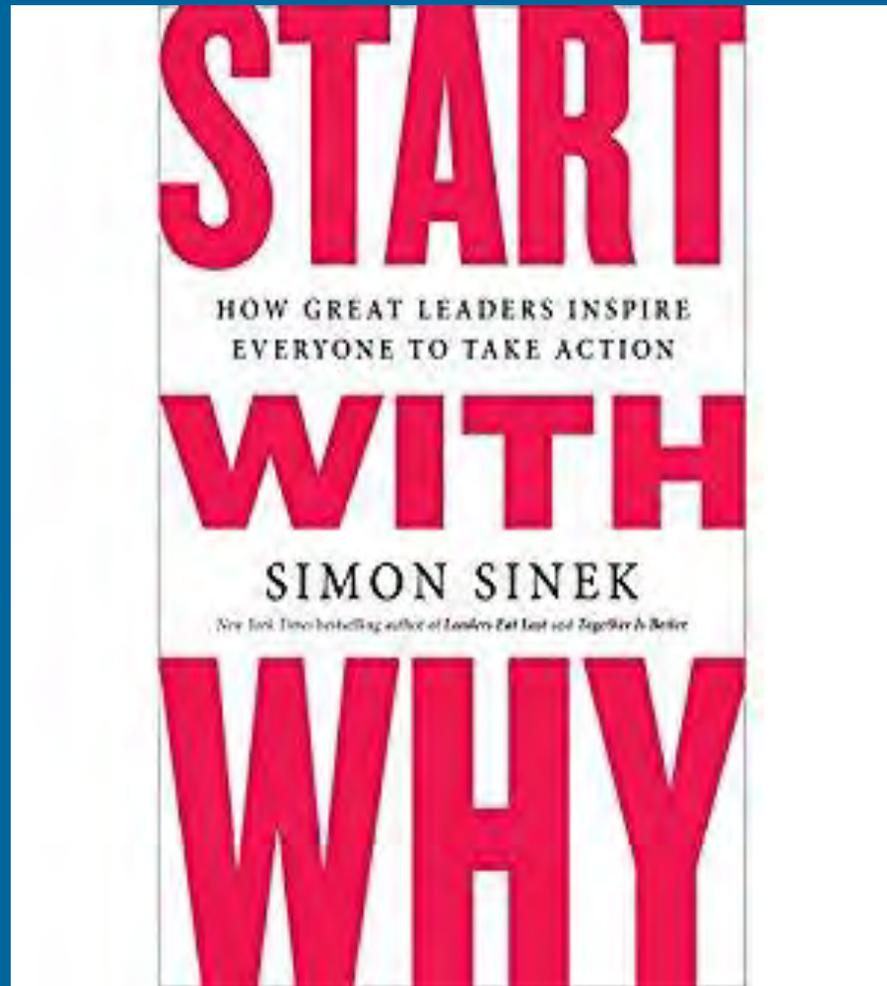


NETAPP
LEGAL OPS:
ALSP'S



Legal Department of the Future

CISCO
LEGAL OPS:
SERVICE DELIVERY



“The sole reason our department exists is to support Cisco’s efforts to design, build, and sell our products in a legally appropriate way.”

Gateway Not Gatekeeper







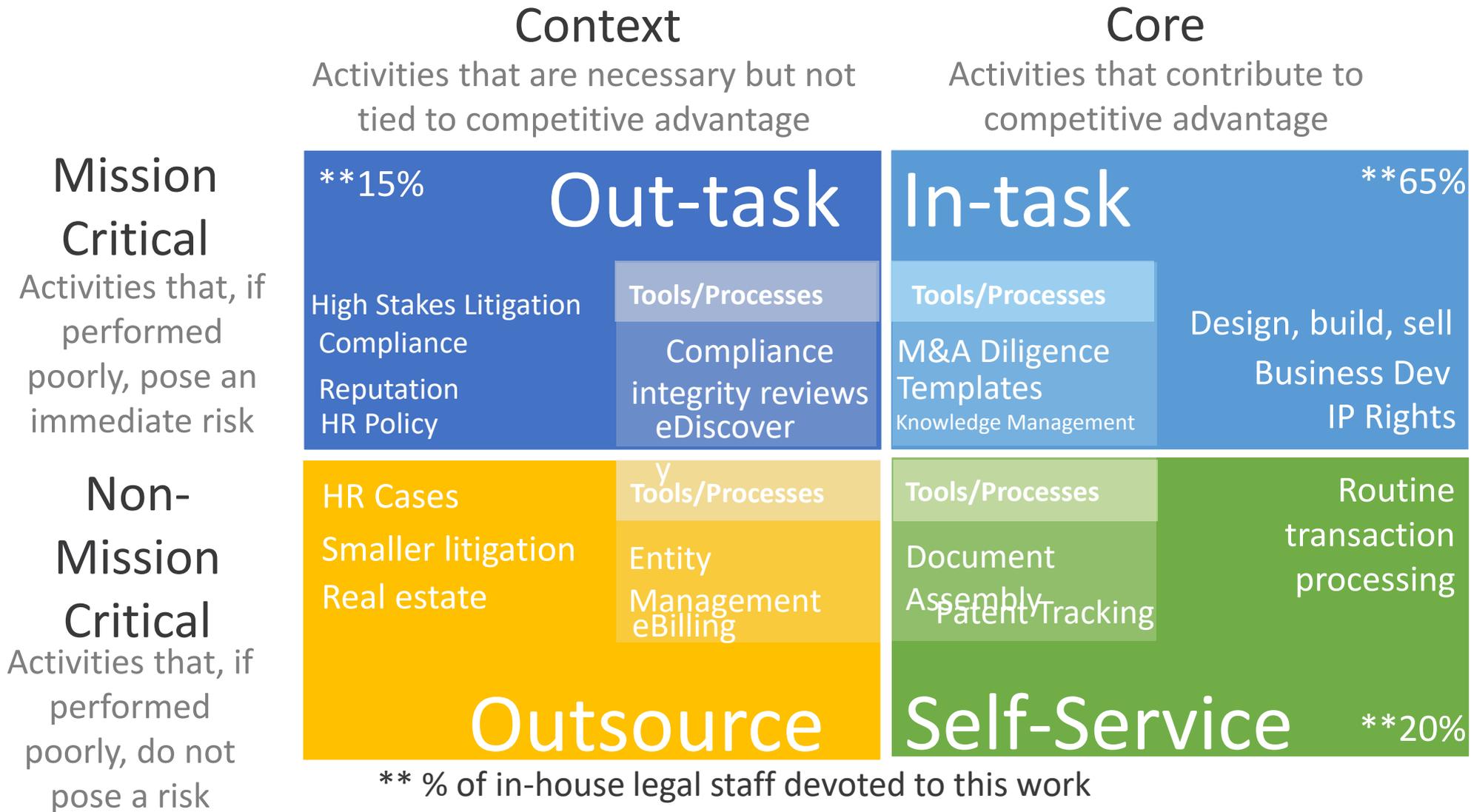
This is what
digital
transformation
looks like

Service delivered in a new way with
radically different view of what is “essential”



<http://motorchase.com/wp-content/uploads/2016/03/Tesla-skateboard.jpg>

Core vs Context Resource Allocation Model



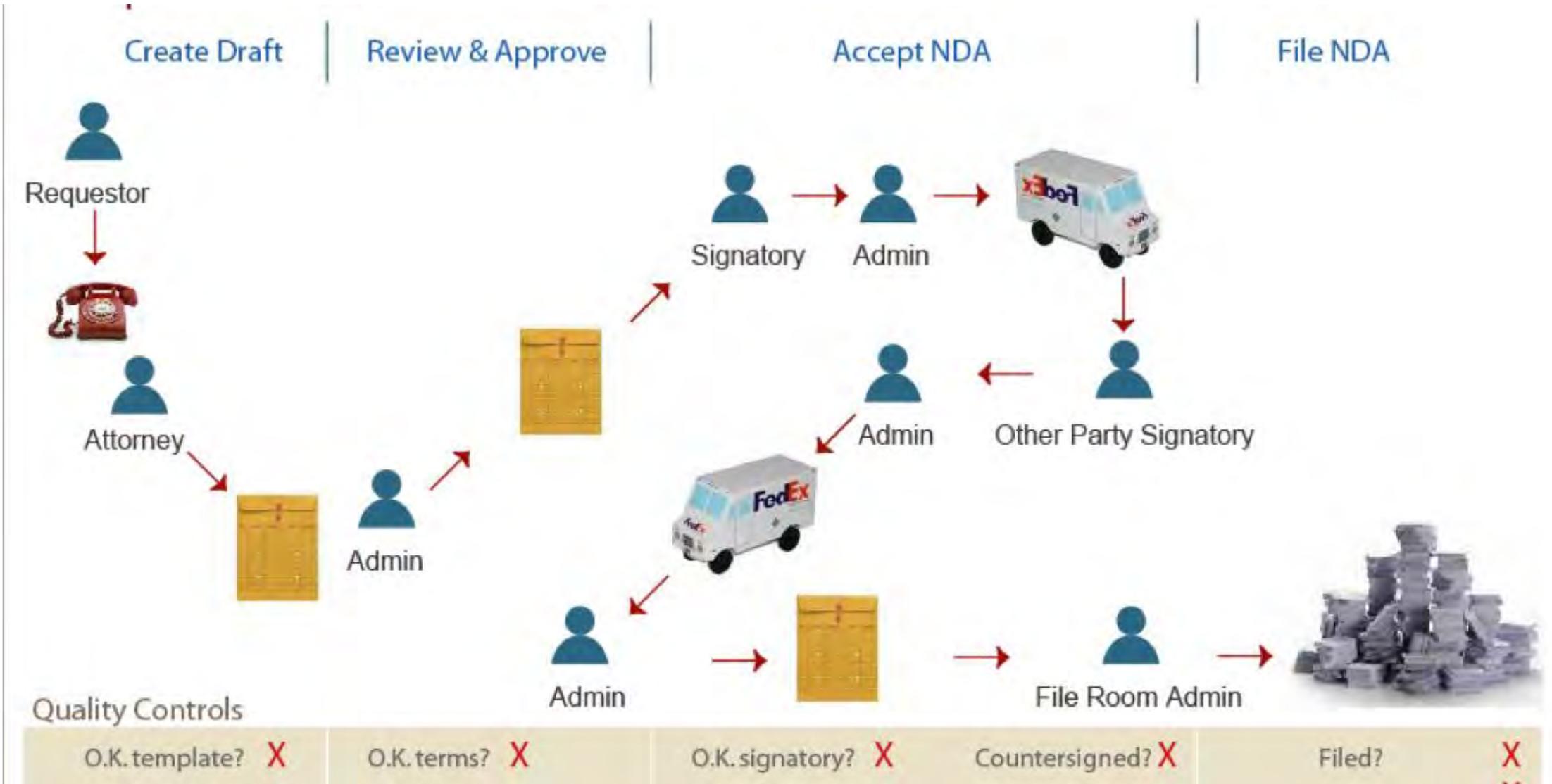
Legal Services Evolution

Wave One

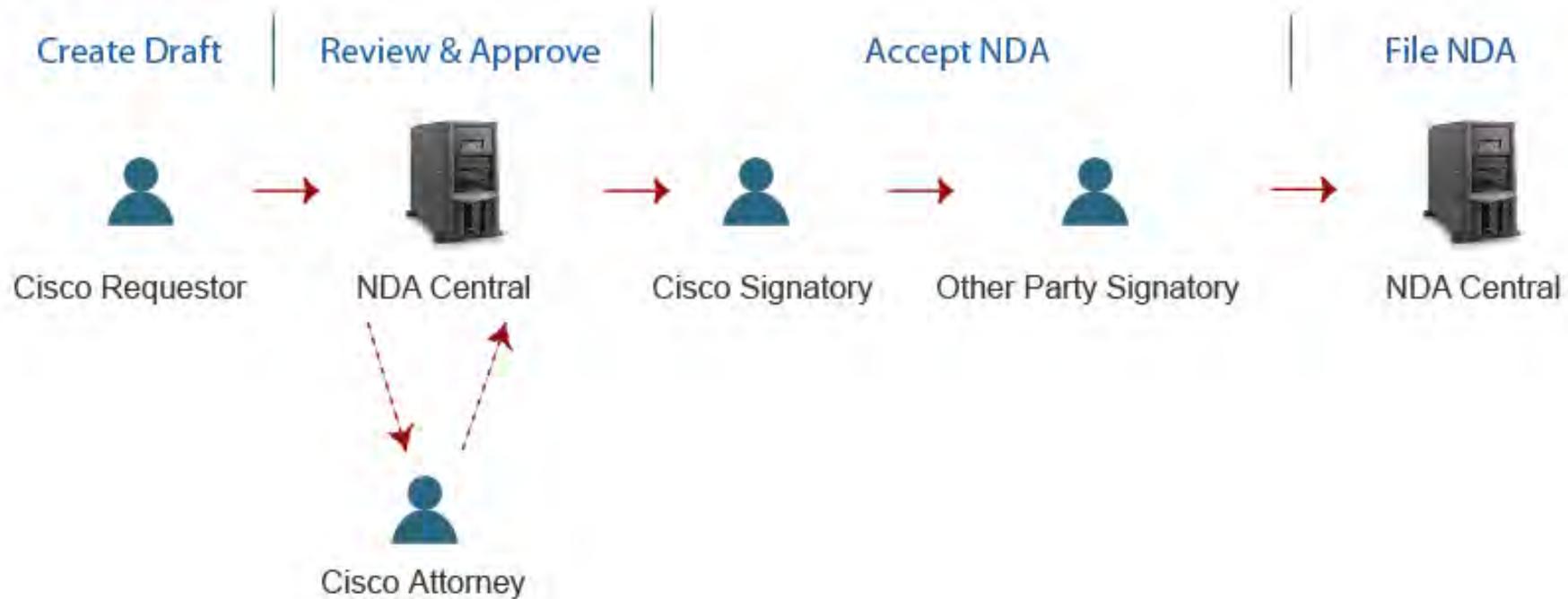
- Digital process - e-signature, document assembly, redlines, basic KM, NDA
- Metrics and manual dashboards (data ponds)
- Internal policy, process, tool, template, and playbook standardization and implementation

Wave Two

- Transparency
- Digitization via rulesets and without human intervention; Lower Friction Business Models
- Machine Learning and Artificial Intelligence (yes, it is real)



NDA Central



Quality Controls

O.K. template? ✓

O.K. terms? ✓

O.K. signatory? ✓

Countersigned? ✓

Filed? ✓

Retrievable? ✓

NDA Central

My Links

Navigation



Paperless non-disclosure agreements that save time and trees.

Use NDA Central to quickly create NDAs and submit them for e-signatures.

(If your customer or partner wants us to use their NDA or change ours, contact the NDA team at NDA@Cisco.com)

Other Links

- [More Options](#)
- [NDAs at Cisco](#)
- [How to Create an NDA](#)
- [Help](#)

Create

[Create an NDA](#)

Track

[Track & manage my NDA](#)

Search

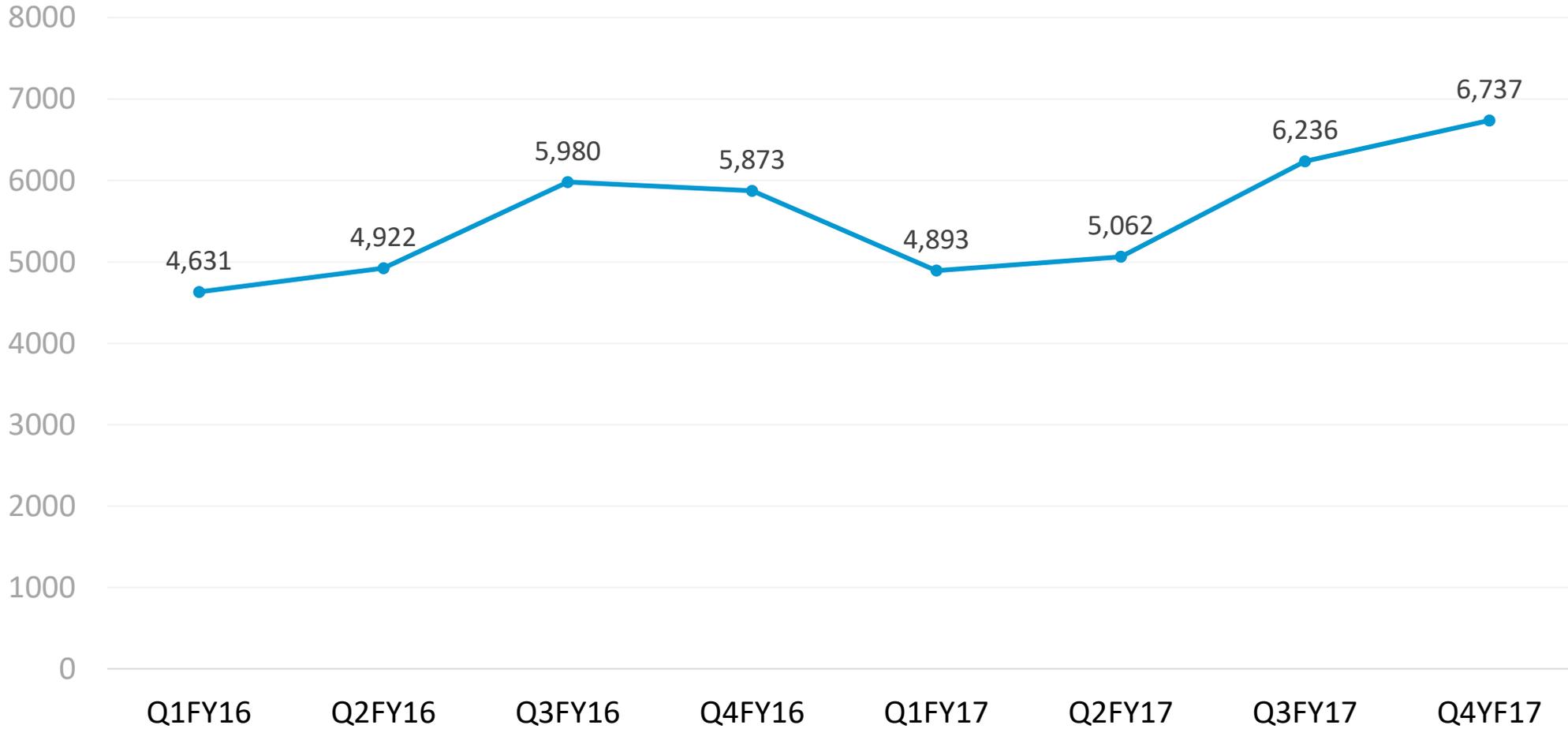
[Search for an NDA](#)

Electronic Signature

Value Proposition:
Productivity + Risk Mitigation

- Efficient and robust: configurable/extensible/scalable
- Enforceable: Meets legal requirements
- Productive: automates repetitive activity where no negotiation is required
- More contract coverage: less litigation
- Single searchable repository

GCOE Transaction Trend (Unique Matters)



CSAT 4.97
based on 298 survey responses

GCOE Cost Per Transaction



Ease of Doing Business

Time to Approval



CN

11 days

gCOE

5 days

Time to Signature



Ink signature

24 hours

e-signature

4 hours

Outcomes

6x Faster to Signature

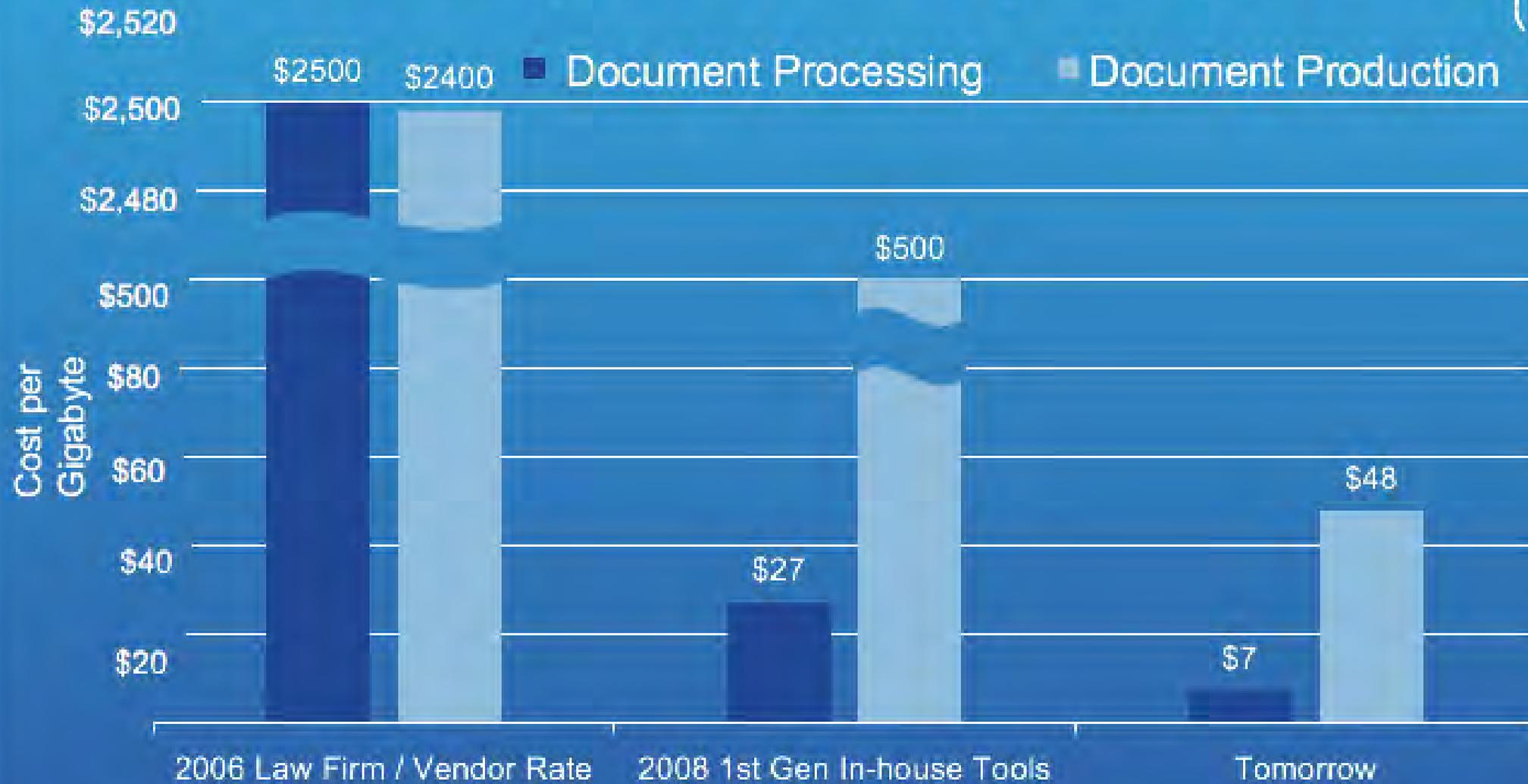
50% Staffing Savings

gCOE C-Sat 4.99

Business Predictability

eDiscovery Processing and Doc Production

(per gigabyte)



Impact of in-house ediscovery program on costs per gigabyte

Wave 2: Trends to Watch



#1 Transparency: It's Not Your Father's Law

Google (and others) are “organizing all the world’s information”

Challenge for law

Big Data analytics vs. taxonomy –
based systems

“reinventing the wheel” dead

Clients will demand access

Litigation and investigations:
everything will be known to everybody

#2 It won't be
harder than this

▪A Self-Driving Car is a Rules System

Challenge for law

Real-time systems more complex than
law?



“Is there a dog in this picture?”

Ben Evans at Andreessen Horowitz

<http://ben-evans.com/benedictevens/2016/12/8/mobile-is-eating-the-world>



The arrival of machine learning

Performance for decades-old challenges has been transformed

Image recognition

28% error rate → 7% →

Speech recognition

26% error rate → 4% →

Machine learning: data instead of rules

Fundamental shift in AI from trying to codify perception to massive data and applied maths

Old: rules

Build systems to look for ears, noses, legs, fur...

Hire linguists and write grammar rules.

Try to codify how human intelligence works (though we don't really know).

Machine learning: data

10k pictures labelled 'dog' and 10k labelled 'no dog', and let a neural network work it out.

Learning rather than rules.

Possible now because we have ~1m times more computing & data.



102

24

ANDREESSEN HOROWITZ

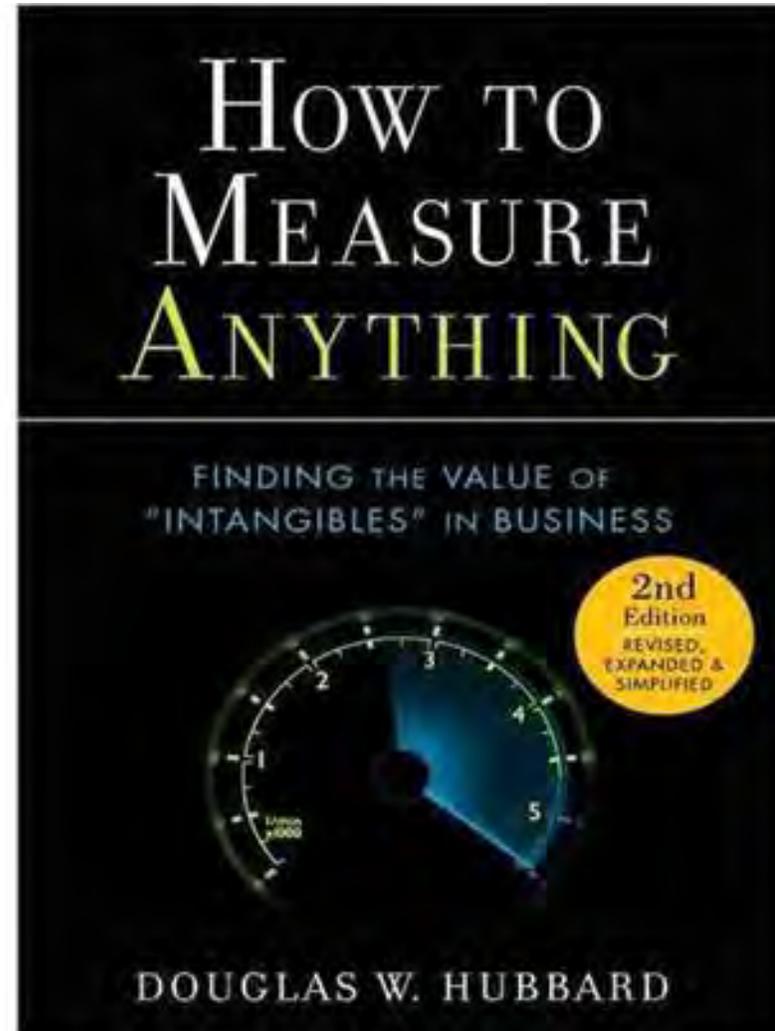


#3 Machine Learning, Artificial Intelligence, and Big Data

Machine learning doesn't have to be perfect... just better than this guy.



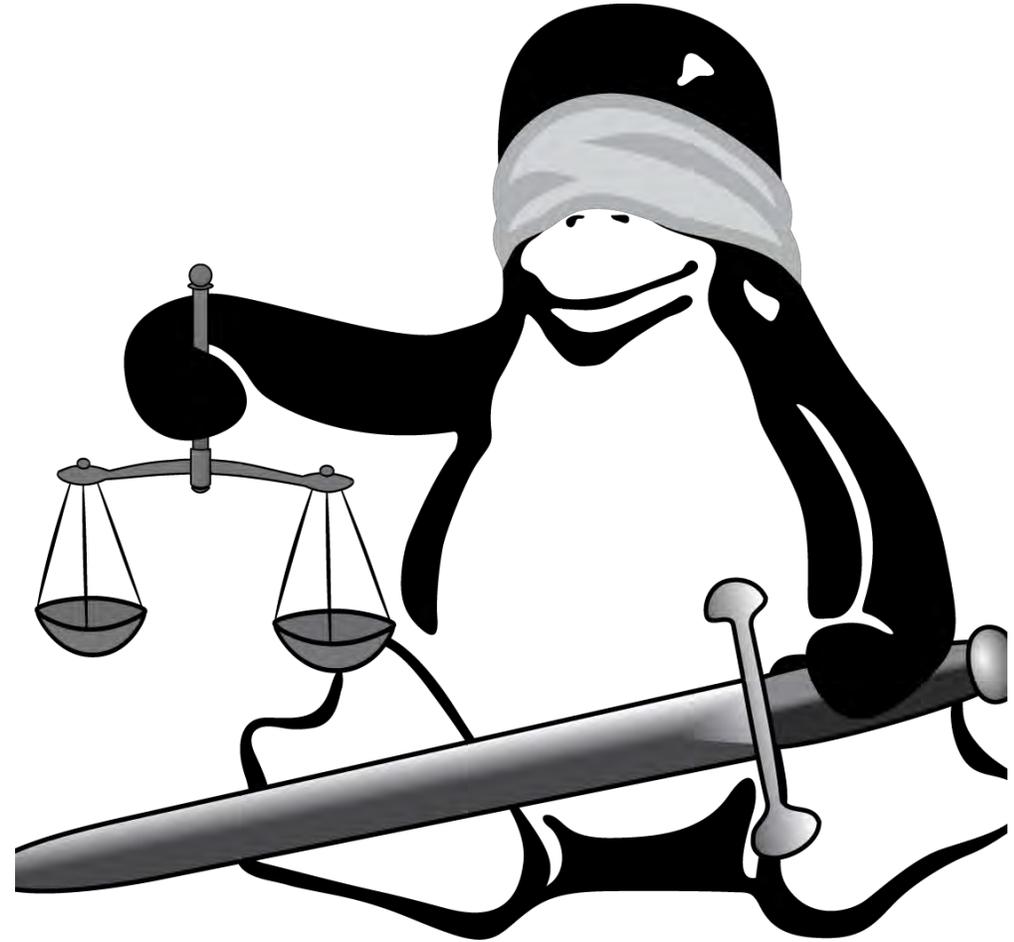
#4 Analytics and Metrics Everywhere



ACCOUNTABILITY IS COMING

#5 OpenSource
negotiation: fewer
idiosyncratic fights

“What do most companies agree to here?”



-- General Eric Shinseki, U.S. Army

If you dislike change,
you're going to dislike
irrelevance even
more.