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

Connie Brenton
Jeffrey H. Franke
Steve Harmon

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TODAY’S PRESENTERS

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

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

STEVE HARMON
Board Member, CLOC
VP Legal Ops, Cisco
INDUSTRY DRIVERS
INDUSTRY DRIVERS

Evolution of Role of the GC

Demand For & Delivery of Corporate Legal Services

ALSP’s

In-House Legal Operations

CLOC

Technology

Law Schools & Regulators
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
GC AS BUSINESS PARTNER

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
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.
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.
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

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Legal operations management is the oversight of an organization’s delivery of legal services focusing on twelve core competencies.

Legal Operations Functions Follow a Typical Maturity Cycle
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CLOC MATURITY MODEL SURVEY RESULTS 2016 & 2017

<table>
<thead>
<tr>
<th>Competency</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Cross-Functional Alignment</td>
<td>2.41</td>
<td>2.49</td>
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<tr>
<td>OC/Vendor Mgmt</td>
<td>1.97</td>
<td>2.45</td>
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<tr>
<td>Financial Mgmt</td>
<td>2.23</td>
<td>2.39</td>
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<td>Litigation Support</td>
<td>2.24</td>
<td>2.35</td>
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<tr>
<td>Communications</td>
<td>2.27</td>
<td>2.43</td>
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<tr>
<td>Strategic Planning</td>
<td>2.28</td>
<td>2.20</td>
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<tr>
<td>Prof Dev/Team Building</td>
<td>2.22</td>
<td>2.24</td>
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<tr>
<td>Info Governance/Records</td>
<td>2.16</td>
<td>2.10</td>
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<tr>
<td>Tech Support</td>
<td>1.83</td>
<td>1.92</td>
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<tr>
<td>Coverage Model</td>
<td>1.79</td>
<td>1.79</td>
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<td>Data Analytics</td>
<td>1.74</td>
<td>1.63</td>
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</table>
Legal operations management is the oversight of an organization's delivery of legal services focusing on twelve core competencies.

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

- GC
- Admin

- GC
- Admin
- Attorney

- GC
- Attorney
- E-billing Specialist
Legal Ops Advanced Org Structures

Advanced Tactical Structure

GC
Legal Ops Manager
E-billing Specialist

Advanced Tactical Structure and Support

GC
Legal Ops Director/VP
E-billing Specialist

Includes Advanced Strategic Oversight with Chief of Staff Role

GC
Legal Ops Director/VP and Chief of Staff
E-billing Specialist
Legal Ops Manager
Legal Ops Mature Org Structures

- GC
  - Legal Ops Director/VP and Chief of Staff
    - E-billing Specialist
    - Legal Ops Manager (Vendor Mgmt)
    - Legal Ops Manager (IT)
  - Legal Ops Manager (IT)
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
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

<table>
<thead>
<tr>
<th>Membership</th>
<th>Content</th>
<th>Member Networking</th>
<th>Connecting The Ecosystem</th>
<th>Industry Change</th>
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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

Circa 1995 -2000
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

Future State
NETAPP LEGAL OPS: A LSP'S
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"

Core vs Context Resource Allocation Model

![Core vs Context Resource Allocation Model](image)

### Mission Critical
- Activities that, if performed poorly, pose an immediate risk

### Non-Mission Critical
- Activities that, if performed poorly, do not pose a risk

#### Context
- Activities that are necessary but not tied to competitive advantage

**Out-task**
- [High Stakes Litigation](#)
- [Compliance](#)
- [Reputation](#)
- [HR Policy](#)

**Miss Out**
- [HR Cases](#)
- [Smaller litigation](#)
- [Real estate](#)

#### Core
- Activities that contribute to competitive advantage

**In-task**
- [Design, build, sell Business Dev IP Rights](#)

**In**-task
- [M&A Diligence](#)
- [Templates](#)
- [Knowledge Management](#)

**Tools/Processes**
- [Compliance integrity reviews](#)
- [eDiscover](#)

**Outsource**
- [**20%** % of in-house legal staff devoted to this work](#)

**Self-Service**
- [**65%**](#)
- [**15%**](#)
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)
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)
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

<table>
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<tr>
<th></th>
<th>Time to Approval</th>
<th>Time to Signature</th>
<th>Outcomes</th>
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<tr>
<td>CN</td>
<td>11 days</td>
<td>Ink signature</td>
<td>6x Faster to Signature</td>
</tr>
<tr>
<td>gCOE</td>
<td>5 days</td>
<td>e-signature</td>
<td>50% Staffing Savings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24 hours</td>
<td>gCOE C-Sat 4.99</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 hours</td>
<td>Business Predictability</td>
</tr>
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eDiscovery Processing and Doc Production
(per gigabyte)

Year | Document Processing | Document Production
--- | --- | ---
2006 Law Firm / Vendor Rate | $2500 | $2400
2008 1st Gen In-house Tools | $27 | $500
Tomorrow | $7 | $48

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

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.

ANDREESSEN HOROWITZ
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?”
If you dislike change, you're going to dislike irrelevance even more.

-- General Eric Shinseki, U.S. Army