

Gartner Top 2021 Legal Tech Predictions

**Guide for General Counsel
and Legal Leaders**

Business Disruption in the Wake of COVID

Economic uncertainty

- Prolonged recession
- Uneven recovery
- Backlog of M&A activity

Regulatory instability

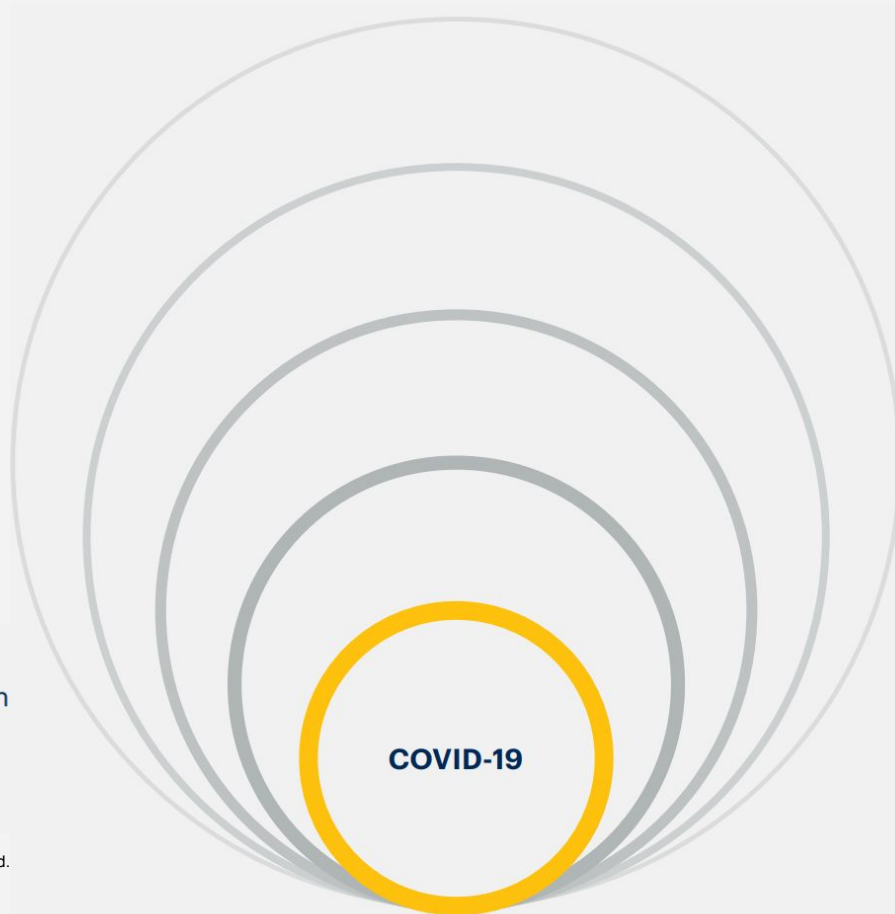
- Continued deglobalization
- Increased regulatory fragmentation

Operational churn

- Shift to agile approaches
- Increase in remote work
- Acceleration of digital business

Shifts in societal values

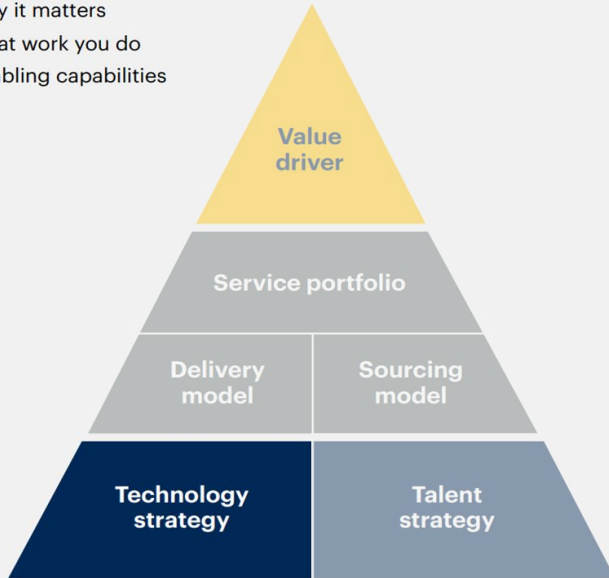
- Intensifying of climate change commitments
- Pressure for stakeholder capitalism



Revisiting Legal's Operating Model

Business disruptions are leading general counsel and their teams to revisit their operating models, especially long-neglected enabling capabilities like technology that can serve as a force multiplier for themselves and their functions.

- Why it matters
- What work you do
- Enabling capabilities



Source: Gartner

- **Value driver:** The unique contributions and outcomes that the department delivers to the business
- **Service portfolio:** The essential function and services (e.g., contract drafting and review) the department provides to the business
- **Delivery model:** How legal services are accessed and consumed by the business client
- **Sourcing model:** The desired role and actual use of outside counsel and alternative service providers to support production of legal work
- **Technology strategy:** The roadmap for development of technology capabilities
- **Talent strategy:** The critical capabilities, competencies and alignment (to the business) of both individual roles (GC, head of legal ops) and department

Start Moving Toward the Future, Today

In the course of researching technology innovations and vendor markets, as well as trends among corporate law departments, Gartner experts with over 100 years of combined experience have identified the following 5 predictions that general counsel and their teams must address as part of their technology strategies.

1 Fast-rising legal tech spend

2 Displacement of lawyers by nonlawyers

3 Rising levels of automation

4 Underperformance of CLM solutions

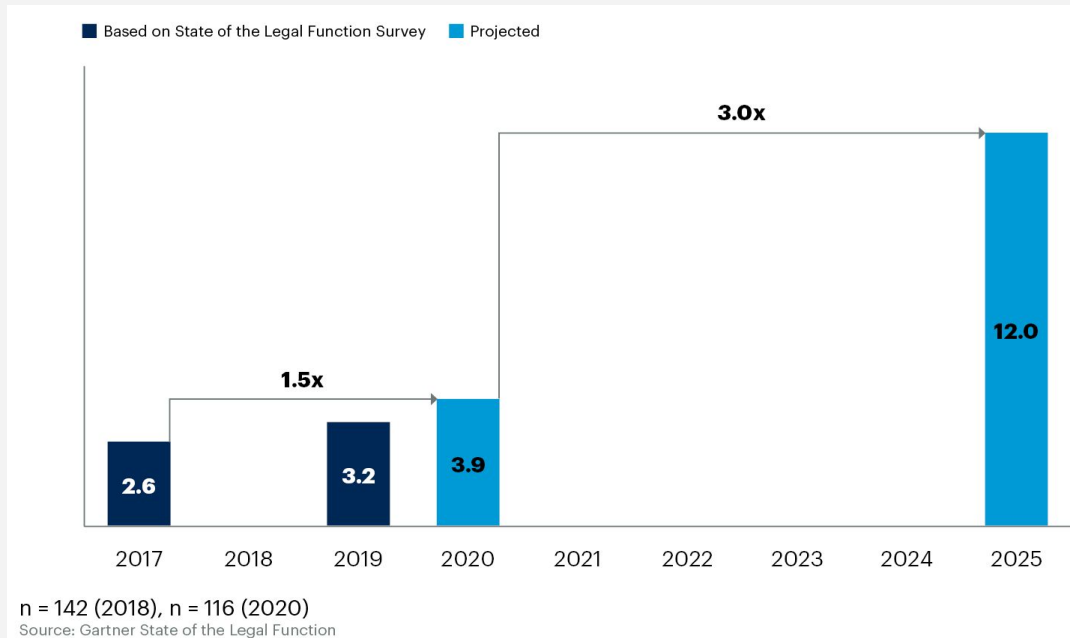
5 Growing use of commodity tools

1: Fast-rising legal tech spend

By 2025, legal departments will increase their spend on technology threefold.

Legal Tech Budgets Are Growing Amid Crisis

Percentage of Legal Department Budget Allocated to Technology



Legal tech spend is growing – and fast – as teams are catching up after years of neglecting new tools, combined with poor use of existing solutions.

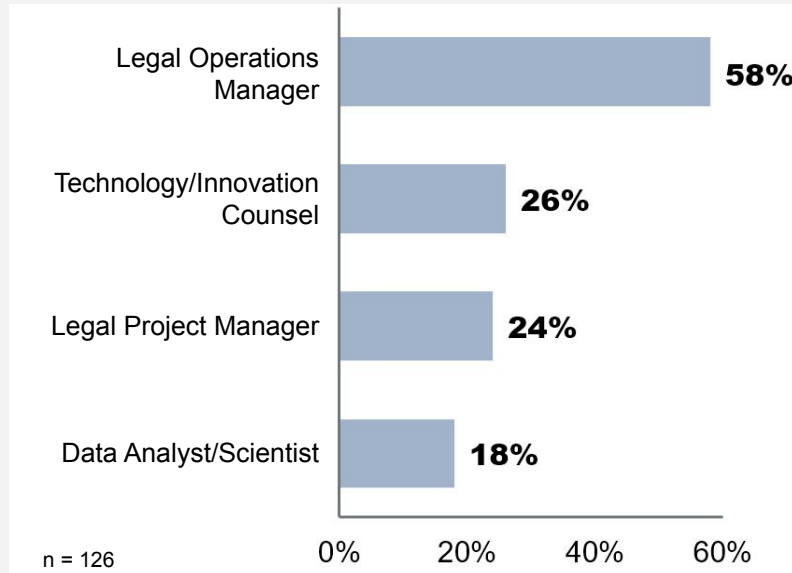
However, only 1 in 4 teams focus on opportunity identification, a key to managing these investments effectively and seeing faster returns on investment.

2: Displacement of lawyers by nonlawyers

By 2024, departments will replace 20% of generalist lawyers with nonlawyer staff.

New Legal Department Roles

Percentage of Departments



Source: Gartner 2020 Legal State of the Function

While in-house lawyer staffing has risen as teams seek to reduce costs by in-sourcing work, continued rationalization of legal workloads (including delegation to non-lawyers and business clients) will reduce the benefit of adding generalist lawyers.

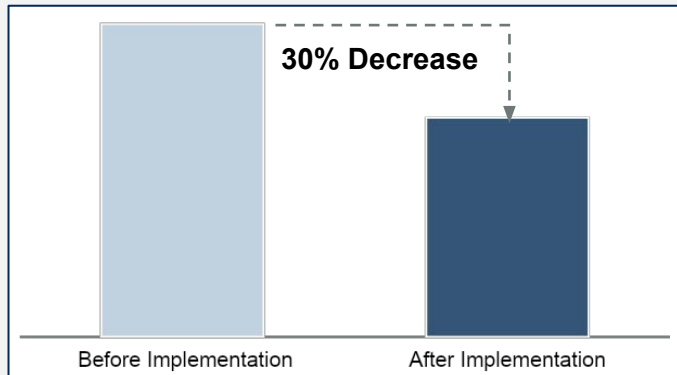
General counsel must rethink their talent strategy and pivot toward different-in-kind roles that will allow Legal to meet its changing demands.

3: Rising levels of automation

By 2024, legal departments will have automated 50% of legal work related to major corporate transactions.

Time to Execute M&A Deals Due to Automation

In Months



Source: Gartner, adapted from Siemens Canada

“We reduced the contracts that were manually reviewed during M&A due diligence from 500 to 300 and we saved a 1/3 to 1/2 of a lawyer headcount. In the future, we want to continue to apply our experiments to smaller scale processes, and find ways to experiment on live transactions to obtain an in-the-moment understanding of automation capabilities.”

Richard Brait, General Counsel, Siemens Canada

Automation opportunities have grown significantly as the underlying technologies (Natural Language Processing, Machine Learning) continue to advance.

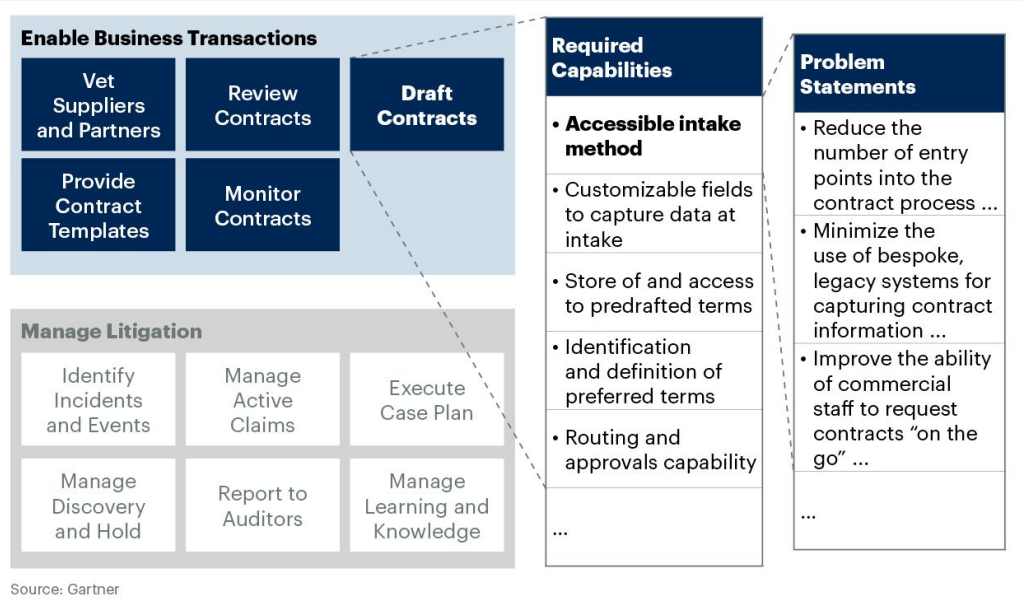
General counsel must pursue new methods for handling routine work (e.g., M&A due diligence document review) whether via in-house investment or partnership with law firms and/or alternative legal service providers.

4: Underperformance of CLM solutions

By 2025, corporate legal departments will capture only 30% of the potential benefit of their contract life cycle management investments.

Building Legal's Capability Map

Illustrative



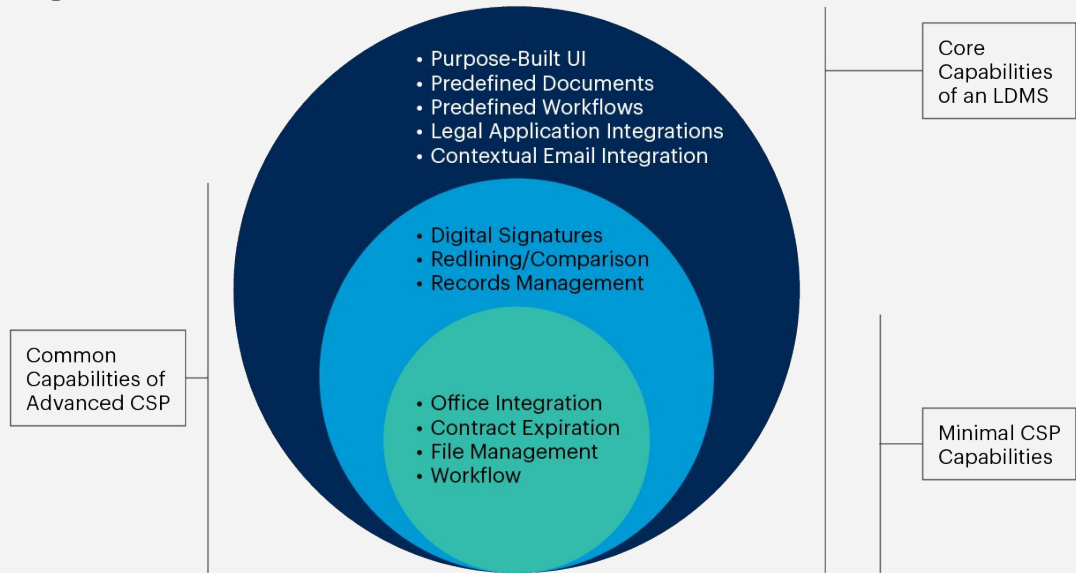
Most legal departments neglect the need to identify, document, and prioritize their own unique opportunities, falling victim to hype and failing to invest in solutions that address their own underlying problems.

General counsel must lead their teams in more thoughtful technology investments by considering the operational capabilities that technology would impact as well as the relevant problem statements to solve.

5: Growing use of commodity tools

By 2025, at least 25% of spending on corporate legal applications will go to nonspecialist technology providers.

Functional Capabilities of Technologies for Managing Legal Documents

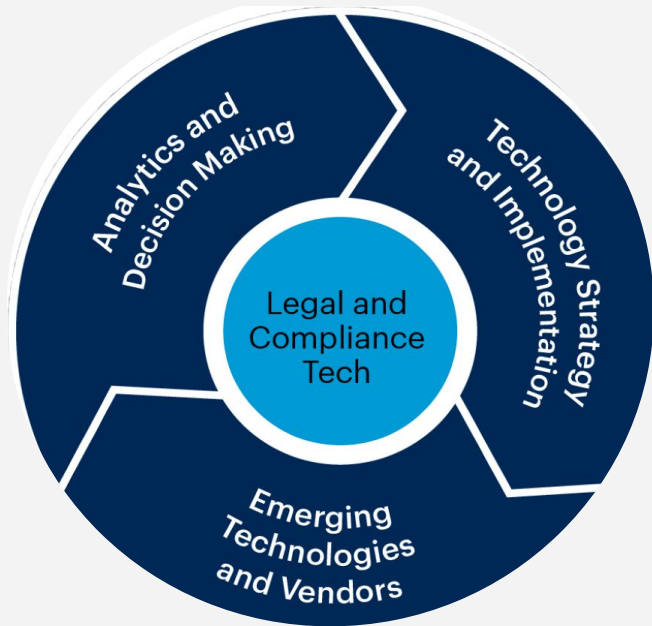


As general purpose enterprise applications advance in their capabilities, legal departments have more choices than ever for addressing key use-cases.

General counsel must avoid a narrow, check-the-box attitude toward technologies which leads to over-emphasis of traditional, often legacy tools (e.g., Legal Document Management Systems - LDMS) over more flexible solutions (e.g., Content Services Platforms - CPS), including Office 365.

Source: Gartner

Support for Legal and Compliance Tech Initiatives



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