The 2020 CLOC State of the Industry survey included respondents from more than 140 companies of varying sizes, representing more than 30 industries across 17 countries. According to the survey, corporate legal departments experienced growth in demand for legal services and continued to focus on various means to control costs. Many grew their legal operations teams and continued to invest in technology.

**Participant Companies by Industry**

- Technology: 22%
- Other: 18%
- Financial Services: 16%
- Consumer Goods/Manufacturing: 11%
- Health Care: 7%
- Retail: 7%
- Insurance: 6%
- Biotech/Pharma/Life: 5%
- Energy/Oil & Gas/Utility: 4%
- Entertainment/Media: 3%
- Education: 2%

Other Industries represented: Non-profit, Government, Agriculture, Automotive Connected Technology, Diverse Services, e-Commerce, EdTech, Food and Beverage, Information Technology, Manufacturing, Medical Devices, Telecommunication, Tobacco

**Company Size**

- Small (<$1B): 22%
- Medium ($1B – $10B): 38%
- Large (>=$10B): 40%

**Quick Statistics**

- 146 Companies Responded
- 27 Fortune 500 Companies
- 17 Countries
- 33 States
- 32+ Industries
INTERNAL & EXTERNAL EXPENDITURES
The sum of all external expenditure submitted by respondents totaled over $3.6B for the 140+ companies who participated in CLOC’s survey. The median external expenditure was $7.9 million.

### External Expenditure by Respondent

<table>
<thead>
<tr>
<th>Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$1M</td>
<td>11%</td>
</tr>
<tr>
<td>$1M–$4.9M</td>
<td>23%</td>
</tr>
<tr>
<td>$5M–$9.9M</td>
<td>23%</td>
</tr>
<tr>
<td>$10M–$24.9M</td>
<td>16%</td>
</tr>
<tr>
<td>$25M–$49.9M</td>
<td>9%</td>
</tr>
<tr>
<td>$50M–$99.9M</td>
<td>7%</td>
</tr>
<tr>
<td>$100M–$249M</td>
<td>11%</td>
</tr>
<tr>
<td>$250M–$499M</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Median Internal Expenditure per Legal Department FTE*

- **$200K**

### Median External Legal Expenditure per In-House Attorney

- **$404K**

*Legal department FTEs include attorneys, paralegals, Legal Operations professionals, administrators, and all other members of the legal department.
Legal Expenditure Metrics

Overall, 52% of companies kept ratio of work between in-house and external firms the same, but this differed by size. 67% of large companies reported their ratio remained the same, while only 49% of medium and 30% of small companies. 41% of small companies reported moving more work in-house and 30% reported outsourcing more legal work. 31% of medium companies moved more work in-house and 20% outsourced more legal work. 61 cents of every dollar spent on legal costs was spent on external legal costs, a 15 cent increase from 2018.
Expenditure Breakdown by Industry

The average total legal spend as a percentage of revenues is 1.12%. Companies reported using a number of techniques to control their overall costs including leveraging alternative fee arrangements (AFAs), preferred provider panels, alternative legal service providers, and moving more work in house.
## Expenditure Breakdown by Company Size

Participants in the 2020 Report represented companies of all sizes fairly evenly.

<table>
<thead>
<tr>
<th></th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg revenue</td>
<td>$349.8M</td>
<td>$3.7B</td>
<td>$40B</td>
<td>$17.5B</td>
</tr>
<tr>
<td>Avg External Spend</td>
<td>$2.1 M</td>
<td>$11.4 M</td>
<td>$61.4 M</td>
<td>$29.8M</td>
</tr>
<tr>
<td>Avg Internal Spend</td>
<td>$3.3M</td>
<td>$7.7M</td>
<td>$38.3M</td>
<td>$19.2M</td>
</tr>
<tr>
<td>Avg ALSP Spend</td>
<td>$80.4K</td>
<td>$428K</td>
<td>$1.9M</td>
<td>$944K</td>
</tr>
<tr>
<td>Avg Tech Spend</td>
<td>$124.5K</td>
<td>$317.7K</td>
<td>$600K+</td>
<td>$528.2K</td>
</tr>
<tr>
<td>Avg Total Legal Spend</td>
<td>$4.5M</td>
<td>$16.5M</td>
<td>$89.7M</td>
<td>$41.4M</td>
</tr>
<tr>
<td>Avg External Spend as % Total Legal Spend</td>
<td>39%</td>
<td>60%</td>
<td>62%</td>
<td>61%</td>
</tr>
<tr>
<td>Avg Legal Exp as % Revenue</td>
<td>3.49%</td>
<td>0.58%</td>
<td>0.33%</td>
<td>1.12%</td>
</tr>
<tr>
<td>Avg. External Spend for Every $1 In-House</td>
<td>$0.64</td>
<td>$1.48</td>
<td>$1.60</td>
<td>$1.55</td>
</tr>
</tbody>
</table>
Alternative Legal Service Providers

77% of respondents reported workload for Alternative Legal Service Providers (ALSPs) remained the same as 2018. 20% reported moving more work to ALSPs and 3% moved more work to law firms.

*How did the balance between in house legal work and outsourced legal work (law firm and alternative legal service providers) change in 2019 compared to 2018?*

- Remained the same as 2018: 52%
- We moved more legal work in house: 28%
- We outsourced more legal work: 20%

*Did the number of alternative legal service providers decrease, stay the same, or increase in 2019 compared to 2018?*

- Stay the same: 68%
- Increase: 27%
- Decrease: 5%

*How did the balance of work change between law firms (external) and alternative legal service providers in 2019 compared to 2018?*

- Remained the same as 2018: 78%
- We shifted more work to alternative legal service providers: 19%
- We shifted more work to law firms: 3%
Legal department headcount ranged from 2 to 1252, with an average of 38 employees for small companies, 40 for medium companies and 180 for large companies.

**Overall Legal Department Headcount**

- **$10B+** legal department headcount: 180
- **<$1B** legal department headcount: 38
- **$1B–$9.9B** legal department headcount: 40

*Legal department FTEs include attorneys, paralegals, Legal Operations professionals, administrators, and all other members of the legal department.*
Headcount Breakdown by Company Size

Of the companies that participated, 41% reported an increase in dedicated legal operations FTEs.

<table>
<thead>
<tr>
<th></th>
<th>Small Companies</th>
<th>Medium Companies</th>
<th>Large Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg # Attorneys</td>
<td>26</td>
<td>26</td>
<td>120</td>
</tr>
<tr>
<td>Avg # Legal Ops FTEs</td>
<td>4</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Avg Revenue per Attorney</td>
<td>$37.4M</td>
<td>$237.9M</td>
<td>$641.5M</td>
</tr>
<tr>
<td>Avg Internal Spend per Legal FTE*</td>
<td>$148.9K</td>
<td>$190.0K</td>
<td>$163.4K</td>
</tr>
</tbody>
</table>

*Legal department FTEs include attorneys, paralegals, Legal Operations professionals, administrators, and all other members of the legal department
Legal Operations Titles & Org Structure

The role of Legal Operations continues to grow in prevalence, scope and stature with the majority of Legal Operations Leaders reporting directly to the General Counsel and with titles of increasing seniority.

**Titles of Legal Operations Leader***

- Legal Ops Director & Sr. Director: 29%
- Legal Ops Manager & Sr. Manager: 27%
- Other: 12%
- Vice President & Sr. Vice President: 9%
- Analyst/Individual Contributor: 8%
- Head of Legal Ops: 6%
- Deputy or Assistant General Counsel: 5%
- General Counsel: 3%
- CXO, Legal: 2%

*Other legal operations leader titles included: Director, Legal Operations Programs & Analytics, Head of Strategic Operations & Global Business Enablement, Legal Information Technology Counsel

**Legal Operations Reports to**

- General Counsel: 68%
- Other: 11%
- Deputy or Assistant General Counsel: 10%
- Vice President: 4%
- Senior Counsel: 3%
- Legal Director: 2%
- Chief Operations Officer (COO): 1%
Legal Operations Headcount

The size of Legal Operations functions has continued to increase through a combination of full-time employees (FTEs) and contractors as teams demonstrate more impact.

Biotech/pharma/life sciences companies have an average of 26 Legal Operations FTEs.

Large size companies have an average of 14 Legal Operations FTEs & 2 Legal Operations Contractors.

Small and mid-size companies have an average of 2 Legal Operations FTEs & 0 Legal Operations Contractors.

Average Legal Operations & Legal Operations Contractor by Industry

- Biotech/Pharma/Life
- Financial Services
- Education
- Other (please specify)
- Technology
- Health Care
- Insurance
- Retail
- Consumer Goods/Manufacturing
- Entertainment/Media
- Energy/Oil & Gas/Utility

# Legal Ops # Legal Ops Contractors
Legal Operations Support

As legal departments optimize operations, they’re realizing greater ROI from increasing headcount and technology resources. These investments have reduced the number of staff each legal operations FTE is supporting by 7 compared to 2019, enabling those teams to provide more granular support to all practice areas.

### Average Attorneys per Legal Operations FTE by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Attorneys</th>
<th>Financial Services</th>
<th>Technology</th>
<th>Other</th>
<th>Biotech/Pharma/Life</th>
<th>Consumer Goods/Manufacturing</th>
<th>Health Care</th>
<th>Insurance</th>
<th>Retail</th>
<th>Education</th>
<th>Energy/Oil &amp; Gas/Utility</th>
<th>Entertainment/Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotech/Pharma/Life</td>
<td>123</td>
<td>123</td>
<td>86</td>
<td>62</td>
<td>67</td>
<td>43</td>
<td>42</td>
<td>42</td>
<td>34</td>
<td>14</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>101</td>
<td>101</td>
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<tr>
<td>Financial Services</td>
<td>86</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Biotech/Pharma/Life</td>
<td>43</td>
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<tr>
<td>Consumer Goods/Manufacturing</td>
<td>42</td>
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<tr>
<td>Health Care</td>
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<td>Retail</td>
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<td>Energy/Oil &amp; Gas/Utility</td>
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<td>Entertainment/Media</td>
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</tbody>
</table>

### Average Legal Team Members per Legal Operations FTE by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Legal Team Members</th>
<th>Financial Services</th>
<th>Technology</th>
<th>Other</th>
<th>Biotech/Pharma/Life</th>
<th>Consumer Goods/Manufacturing</th>
<th>Health Care</th>
<th>Insurance</th>
<th>Retail</th>
<th>Education</th>
<th>Energy/Oil &amp; Gas/Utility</th>
<th>Entertainment/Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotech/Pharma/Life</td>
<td>138</td>
<td>138</td>
<td>86</td>
<td>62</td>
<td>67</td>
<td>43</td>
<td>42</td>
<td>42</td>
<td>34</td>
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<tr>
<td>Technology</td>
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<tr>
<td>Financial Services</td>
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<tr>
<td>Insurance</td>
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<td>Other</td>
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<tr>
<td>Biotech/Pharma/Life</td>
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<tr>
<td>Consumer Goods/Manufacturing</td>
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<tr>
<td>Health Care</td>
<td>32</td>
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<td>Retail</td>
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<td>Education</td>
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<td>Energy/Oil &amp; Gas/Utility</td>
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<tr>
<td>Entertainment/Media</td>
<td>9</td>
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</tbody>
</table>

**Average**:
- **11-to-1**: Average large company ($10B+) attorney to legal operations ratio
- **13-to-1**: Average mid-size company ($1B-$9.9B) attorney to legal operations ratio
- **6.5-to-1**: Average small company ($<$1B) attorney to legal operations ratio
Use of Technology Solutions Roadmap

eBilling systems remain the most commonly implemented technology in legal departments holding steady at 76% of respondents vs 78% last year. The use of e-Signature increased by 27% and Document Management increased by 12% this year.

% Respondents with Implemented Systems & Tools

eBilling System and Matter Management: 76%
eSignature: 69%
Document Management: 60%
Contract Management Solution: 56%
Legal Analytics, Metrics, and Dashboards: 51%
Web Portal/Internal Site: 49%
Board Management Solution: 49%
Corporate Governance and Entity Management: 47%
Legal Holds and Litigation Support: 46%
eDiscovery and Records Management: 42%
IP Management: 36%
Process/Workflow Management: 31%
Learning/Knowledge Management: 25%
Conflicts and Investigation Compliance Solution: 24%
Data Science (Including any A.I. technology): 17%
Vendor Onboarding and Compliance: 14%
Other: 9%
Real Estate: 7%

Commonly Used Technology

Board Management
- BoardVantage
- Diligent

Document Management
- iManage

eBilling
- Legal Tracker
- Simple Legal

Legal Analytics
- Tableau
LAW FIRM EVALUATIONS
Law Firm Review and Performance

Law Firm Review

66% of legal operations departments report they do not formally review law firms, but 88% of respondents answered with criteria used to choose which firms to review.

Criteria for Firm Review

- Only preferred firms: 15%
- Practice area: 18%
- Amount of spend (top spending firms): 23%
- Ad hoc (no formal process to determine which firms are reviewed): 22%
- Volume of matters: 11%
- Other: 11%
- Quality of work product: 28%
- Adherence to billing guidelines: 23%
- Diversity & Inclusion: 15%
- Responsiveness to e-Billing/legal ops team: 15%
- Culture fit: 12%
- Other: 7%

Topic of Firm Review
Legal Operations Organization Support

Looking at services provided by legal operations departments, 84% offered more than 5 services and 73% of these companies that rated their legal department as integrated into all business functions. 73% of legal operations departments with more than 5 services also rated themselves strategic partners with their company’s legal department.

- Process Development & Project Management: 99%
- Data Analytics: 93%
- Vendor Management: 92%
- Technical & Process Support: 86%
- Financial Management: 86%
- Strategic Planning: 80%
- Knowledge Management: 78%
- Organizational Design, Support, Management: 70%
- Learning & Development: 64%
- Information Governance & Record Retention: 55%
- Service Delivery & Support Models: 48%
- Litigation & IP Management: 36%
- Recruiting & Retentional Support: 34%
- Other: 12%
What is the perception of your legal department within your organization?

- Integrated into the organization’s strategy and business objectives including all business functions and leadership: 69%
- Provides legal advice and coordinates with executive leadership: 26%
- Provides strictly legal advice: 5%

What is the perception of your legal operations team within your legal department?

- Advises on projects, technology implementation, and legal department objectives (i.e. strategic partner): 67%
- Helps when needed and performs administrative tasks: 13%
- Provides independent fundamental support (eBilling, contract management, etc.): 20%

What are the legal operations partnerships with other business functions?

<table>
<thead>
<tr>
<th>Partnerships</th>
<th>Finance</th>
<th>IT</th>
<th>HR</th>
<th>Procurement</th>
<th>Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequent communication and viewed as trusted advisor</td>
<td>35%</td>
<td>28%</td>
<td>29%</td>
<td>33%</td>
<td>26%</td>
</tr>
<tr>
<td>Formal collaboration to address organizational objectives</td>
<td>32%</td>
<td>25%</td>
<td>26%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Regular check ins and general exchange of information</td>
<td>21%</td>
<td>29%</td>
<td>18%</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>Occasional conversations, but no strategic partnership</td>
<td>10%</td>
<td>15%</td>
<td>22%</td>
<td>24%</td>
<td>26%</td>
</tr>
<tr>
<td>No relationship</td>
<td>1%</td>
<td>2%</td>
<td>5%</td>
<td>8%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Competencies and Perceptions

Of 137 respondents, these are the self-perceptions of the Legal Department’s competencies. This year, CLOC asked respondents to rate their maturity level in specific functional areas where many organizations continue to evolve their practices. CLOC anticipates that these functional areas will mature as more resources become available and the industry continues to share best practices for optimizing efficiency.

<table>
<thead>
<tr>
<th>Area</th>
<th>1 – Emerging</th>
<th>2</th>
<th>3 – Developing</th>
<th>4</th>
<th>5 – Leading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>6%</td>
<td>10%</td>
<td>28%</td>
<td>34%</td>
<td>17%</td>
</tr>
<tr>
<td>Service Delivery Models</td>
<td>15%</td>
<td>25%</td>
<td>38%</td>
<td>18%</td>
<td>4%</td>
</tr>
<tr>
<td>Organizational Optimization &amp; Health</td>
<td>9%</td>
<td>25%</td>
<td>39%</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>23%</td>
<td>45%</td>
<td>21%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>Business Intelligence</td>
<td>26%</td>
<td>35%</td>
<td>28%</td>
<td>8%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Priorities for 2020

Respondents were asked to rank 7 objectives as “High Priority”, “Medium Priority”, or “Low Priority”. Automating legal processes and implementing new technology solutions were both considered high priority responses by 71% of companies represented.

- Implement new technology solution: 71% High, 23% Medium, 6% Low
- Automate legal processes: 71% High, 22% Medium, 6% Low
- Rightsource legal work: 42% High, 40% Medium, 18% Low
- Review/revise information and data governance: 30% High, 41% Medium, 29% Low
- Implement Diversity and Inclusion program: 27% High, 33% Medium, 41% Low
- Increase Legal Ops headcount: 10% High, 25% Medium, 66% Low
- Implement Intern program: 4% High, 14% Medium, 82% Low
CLOC is a 501(c)6 non-profit professional association. CLOC’s mission is to help legal operations professionals and other core corporate legal industry players (e.g. tech providers, law firms, LPO’s, law schools, etc.) to optimize the legal service delivery models needed to support the needs of small, medium and large legal departments.

**Our Five Pillars**

- Education
- Improve the Delivery of Legal Services
- Industry Change
- Connecting the Ecosystem
- Networking

**Early Formation**

CLOC evolved from a small group of focused legal operations professionals who frequently met to exchange their opinions, information, and best practices. These early professionals were eager to share what they had learned, and practiced, to better understand the role of legal operations, as well as the impact and value demonstrated by this new function/role to the organization.

In 2016, they recognized the growing demand and need for legal operations education, development, and outreach across many other corporations and throughout the legal ecosphere. This founding group of professionals responded by forming the Corporate Legal Operations Consortium (CLOC) and organized the first CLOC Institute to meet the demand. Organized in under three months, the event drew over 500 attendees to San Francisco, California. It was clear that a movement had been born.

**CLOC Today**

CLOC continues with its same founding principles. Legal operations best practices only evolve from sharing, collaborating and crowd-sourcing throughout the industry. New practitioners don’t have to start from scratch or reinvent the wheel. CLOC members innovate, take risks and tilt the status quo in order to come up with new ideas, streamline operations, reduce costs and improve departmental ROI. In 2019, CLOC expanded its focus to collaborate more with law firms. Law firm legal operation professionals can now collaborate and share ideas with in-house legal operations professionals.

CLOC has guided and supported the legal operations profession globally through its 2,000+ members, 300+ law firm participants, board of directors and staff, creating change and advancing the legal operations role across the entire legal ecosystem.