

Study: 71% of Financial Services Firms Value Legal Departments More as a Result of the Pandemic

London, UK – November 15, 2021 – Legal departments in financial services are emerging from the pandemic with greater recognition of the value they deliver to the business, according to a new report titled The Legal Spend Landscape for 2022. More specifically, the survey found seven in 10 respondents (71%) say the legal team is “more valued” (38%) or “much more valued” (33%) in the wake of the pandemic.

It wasn't just the lawyers saying as much either. Finance leaders, such as chief financial officers (CFOs), were even more generous – 40% said the law department was “much more valued” – compared with just 29% of respondents holding titles such as general counsel (GC) and chief legal officer (CLO).

“That the in-house team is more valued, not just by their own standards, but also by their peers in finance, speaks volumes to the legal department's role in helping financial services firms navigate risk in an uncertain landscape,” said Apperio Founder and CEO Nicholas d'Adhemar.

The survey, commissioned by Apperio and conducted by an independent research firm, polled 300 senior legal and finance leaders in financial services who are responsible for legal spend. This is because legal and finance teams tend to have a unique relationship in the financial services sector.

Overall, 59% of respondents said they were the decision-maker around legal spend, while 41% were part of a team of decision-makers. The survey polled financial services firms in the US (67%) and UK (33%). The average respondent worked at an

organization with 22 in-house lawyers and \$14.28 million in annual outside legal counsel spending.

Workload, headcount and legal costs grow too

Appreciation for the in-house legal team wasn't the only area that increased. Respondents reported the legal workload (70%), legal department headcount (66%) and overall legal costs (67%) have all grown over the last three years. One in four respondents say each area has "increased significantly" which was quantified as growth of greater than 20%.

When asked about legal spend priorities for the next year, controlling costs (60%) and better leveraging data to make decisions (55%) were at the top of the list. Interestingly, reducing internal legal costs (17%) and reducing outside legal costs (14%) ranked at the bottom.

"For the first time in many years, reducing spend is not the top priority for legal departments, but rather there is a strong desire to have better visibility and control of spend," noted d'Adhemar. "GCs and CFOs alike are willing to pay for good counsel, but they want to be in full command of that spend – that means they can't wait for an invoice to inform them how much work has been carried out or how costs have accrued."

Other key findings in the study included the following:

- Legal data collection improves but barriers remain. Seven in 10 (70%) percent of respondents said the legal department collects a detailed breakdown of legal spend over three common fiscal periods (last year, last quarter, current quarter). However, barriers and conflicting views remain including delayed invoices (54%), lack of data standards (50%), and poor transparency around work-in-progress (WIP) and accruals (48%). Respondents also said the legal department is overwhelmed (47%) and one-half (50%) of finance leaders, like CFOs, say legal lacks the right skills for obtaining a detailed

breakdown of legal spend.

- The most effective techniques for controlling legal costs. Alternative fee arrangement (AFAs) (74%), specialized software for managing legal costs (63%) and centralizing law firm spend through the legal department (49%) ranked among the most effective techniques in-house lawyers have for controlling costs. Interestingly, finance leaders (45%) favor sending more work to alternative legal service providers (ALSPs) at a higher rate than legal leaders (36%).

- Plans to invest more in legal tech. Eighty-one percent of respondents believe their organization has invested sufficiently in legal tech over the last three years. What's more, over the next 12 months, 72% of respondents said the level of investment in legal tech would increase. CFOs and other finance leaders are even more bullish on legal tech within their organization: 82% said spending on legal tech would grow in the next year compared with 67% of their peers in legal.

- How respondents measure the value of the legal department. Most respondents (67%) say the in-house team is measuring the value they contribute to the business. The top five measures legal departments in financial services are tracking are the "outcome of legal matters" (66%), the "hourly cost per lawyer" (60%), "spend forecast vs. actual spend" (46%), "risk exposure" (43%) and "overall spend by law firm, matter type or business unit" (40%).

"While it's clear there is an abundance of legal spend data available to legal and finance leaders, persistent issues remain that prevent this spend data from being used to inform strategic decision making," added d'Adhemar. "The solution to improving control lies in visibility – in understanding and interpreting legal spend data ahead of the invoice."

A complimentary copy of the report is available for download

here – or simply email marketing@apperio.com to request a copy.

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About Apperio

Apperio is a legal spend analytics and matter tracking platform which effectively transforms how corporate legal departments function, bringing clarity, control and confidence to their operations. The platform provides complete real-time certainty on legal spend, aggregating data from all connected law firms and providing consistent, up-to-date information on all work-in-progress (WIP) and billed legal matters. Apperio visually represents for legal teams, finance and other corporate departments exactly what has and will be spent on legal fees, demonstrating the performance and value of external law firms. Quick to install, cloud-based Apperio requires no on-site IT team. Currently, the platform is used daily by more than 50 in-house legal teams including Epiris, EQT, Network Rail, Royal London, Monzo and Cornerstone. Apperio is based in London, England. For more information, please visit Apperio.com or follow Apperio on LinkedIn or Twitter.

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