

# Legal Department Operations Index 2021: The risk of being left behind

The 2021 Legal Department Operations (LDO) Index includes responses by 100 companies to an in-depth survey conducted in June 2021 and real-world legal spend analytics from Thomson Reuters® Legal Tracker sourced from more than 1,500 corporate legal departments.

## SURVEY RESPONSES

In response to the June survey, we received replies from the following:

**22**  
**LARGE**  
COMPANIES

those with \$10B+ in annual revenue

**43**  
**MEDIUM**  
COMPANIES

\$2B - \$10B in annual revenue

**19**  
**MODERATE**  
COMPANIES

\$500M - \$2B in annual revenue

**16**  
**SMALL**  
COMPANIES

up to \$500M in annual revenue

## FINDINGS AT A GLANCE



## KEY INSIGHTS

In the sixth edition of the Thomson Reuters LDO Index, we noticed new or continuing developments in three crucial areas of legal department operations: **department management, spending, and technology**. This was reflected in how department leaders cited their top priorities:

### Top Legal Department Priorities

More than 50% of legal departments ranked these topics as "high priority"

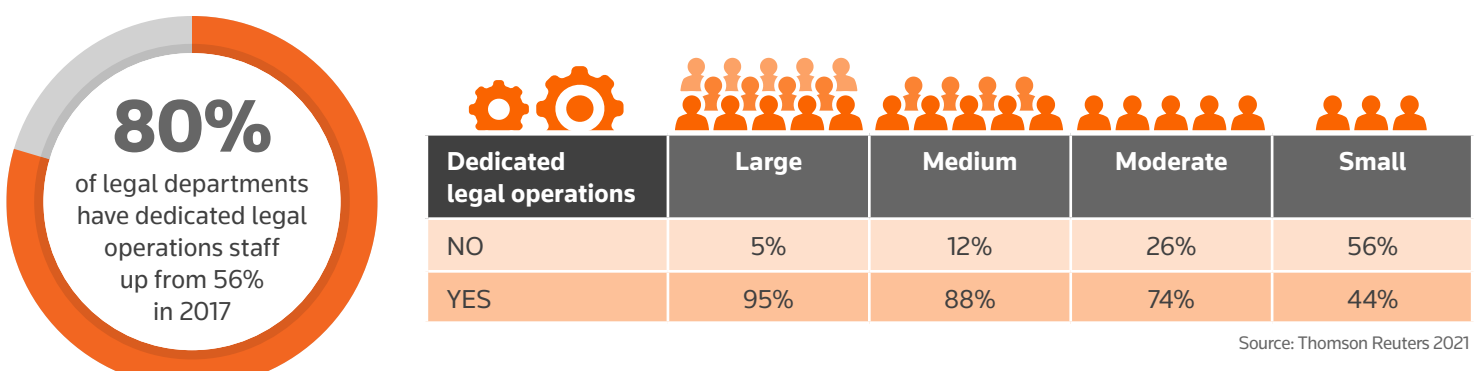
1. Controlling outside counsel costs	87%
2. Using technology to simplify workflow and manual processes	74%
3. Focus on internal data security	73%
4. Focus on legal operations	59%

Source: Thomson Reuters 2021

Here we take a deeper dive into the legal department management findings.

## DEPARTMENT MANAGEMENT

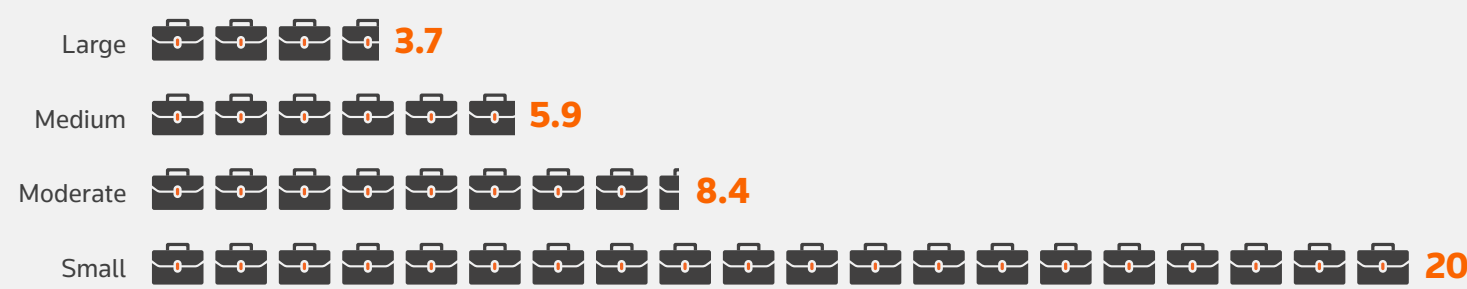
The LDO survey highlighted the continuing growth of dedicated legal operations staff:



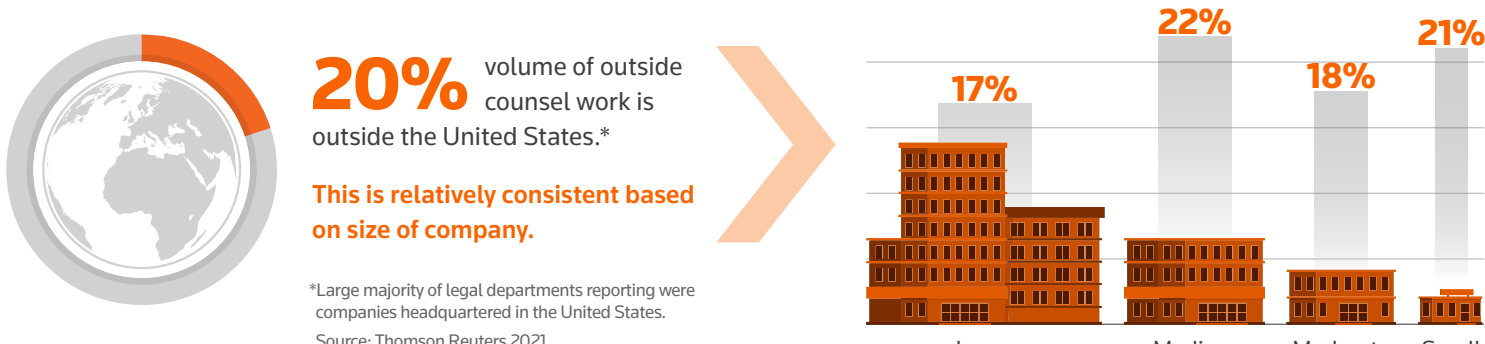
Staffing of legal operations functions continues to increase with the corporate legal departments in medium and moderate companies showing the largest percentage, respectively, of dedicated legal operations staff compared to overall legal staff. >>>

Company annual revenue	Average total legal dept. staff size	Legal Ops staff as a % of total staff
Large (\$10B+)	255	5%
Medium (\$2B - \$10B)	51	11%
Moderate (\$500M - \$2B)	26	16%
Small (Less than \$500M)	14	6%

### Average number of attorneys per billion in revenue



Corporate legal departments are employing outside counsel for legal work outside the United States approximately one-fifth of the time:



## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES ON THE RISE

A greater corporate focus on ESG is driving a step-change in diversity and inclusion initiatives in legal departments.

More and more legal departments require diversity information from law firms:

Does your legal department require diversity information from law firms?	2017	2021
YES	13%	43%
NO - Plan to launch in the coming year	10%	15%
NO	77%	42%

And, legal departments are increasingly using tools like Legal Tracker to report on law firm diversity as a metric as part of [wider diversity initiatives](#):



Finally, an increasing number of law departments are utilizing diversity data as a factor in law firm selection:

### Using diversity data as a factor in firm selection

2021:	34% High Priority	36% Low Priority	30% No Priority
2017:	4% High Priority	32% Low Priority	64% No Priority

For a deeper dive into the LDO Index key findings and developments around spending and technology, see our infographic.

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