



The technology-led legal department of the future



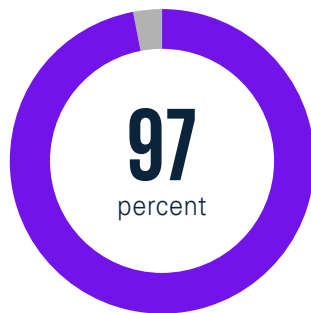
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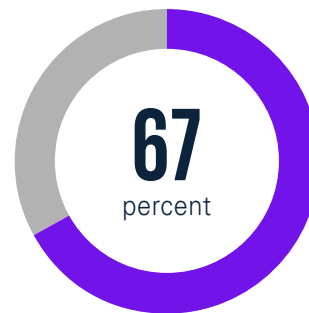


The role of in-house legal departments used to be clear: to render legal advice to the business on its transactions, with the law itself being the primary interest. But today's businesses expect more from their in-house teams. With C-level executives focused on economic volatility, geopolitical concerns, environmental, social and governance agendas, and digital transformation, they are looking to their legal departments to broaden their vision, think about the bigger picture and deliver more value.

According to surveys conducted by the Digital Legal Exchange:¹



of business respondents said they want the legal departments' success metrics to be aligned with business goals



two-thirds of legal respondents (67 percent) named integration with the business as their biggest concern

While many members of the legal profession resist change, the status quo is no longer an option. In-house legal departments need to focus beyond advice and transactions, becoming more solutions oriented as they apply their knowledge of the law to their understanding of the business and its opportunities and challenges.

Resistance to change seems especially hard to overcome where new technology is concerned. In these cases, it's helpful to think about how deeply technological change has become part of our personal lives and how enthusiastically we've embraced it. Smart phones, streaming video services, apps for ride sharing, accommodation and food delivery — over the past decade, these innovations have become commonplace in many parts of the world.

Similar advances are making things easier and more efficient in the workplace. But despite how well legal professionals have mastered the tech in their cars and homes, many of them still tend to cling to Word templates, Excel spreadsheets and other familiar (and manual) ways of doing things at work.

¹ *Benchmarking Digital Ability*, The Digital Legal Exchange, 2022; *The Digital Disconnect*, The Digital Legal Exchange, 2021, cited at: <https://www.dlex.org>



Transparency, flexibility and choice

E-commerce has transformed our personal lives. The virtual marketplace has entirely changed the way we consume goods and services.

This includes not only where and how we buy things but also how much data we can find about things before we buy them, including subjective information gleaned from social media. Many of us no longer need to physically kick a car's tires or feel the fabric of a shirt before making a purchase. Transparency, flexibility and choice are features that we have, as consumers, grown to expect.

This shift in mindset has spread to users of legal services as well, changing what businesses expect their legal departments to do and how legal departments are expected to interact with other functions. Many businesses are demanding the same customer-centric service levels, the same transparency, the effective use of technology and the same wealth of data from their legal services providers. In the Digital Legal Exchange's survey, almost three-quarters of business respondents (74 percent) said they want legal departments to use digital tools to enhance the service experience.²

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² *Benchmarking Digital Ability*, The Digital Legal Exchange, 2022; *The Digital Disconnect*, The Digital Legal Exchange, 2021, cited at: <https://www.dlex.org>



Wide-ranging, integrated and data-backed solutions

Traditional legal departments will likely find it increasingly hard to effectively and efficiently service their customers in the digital age. Businesses are increasingly looking for broad, integrated, technology, AI and data-backed solutions to challenges and opportunities. They want their legal services to be proactive, integrated, and connected with the business and its objectives.

To these ends, forward-looking legal departments are adopting the smart use of technology, AI and data to enhance and augment professional judgment. In addition to driving efficiency, the pools of data that legal departments manage can be a profound source of institutional knowledge. Working within integrated teams, legal's data can be enormously useful to other functions, including finance, procurement, sales, regulatory and compliance, and marketing.

How does technology support more integrated, collaborative and proactive legal departments that anticipate challenges and play a part in generating revenue and opportunities for the business?

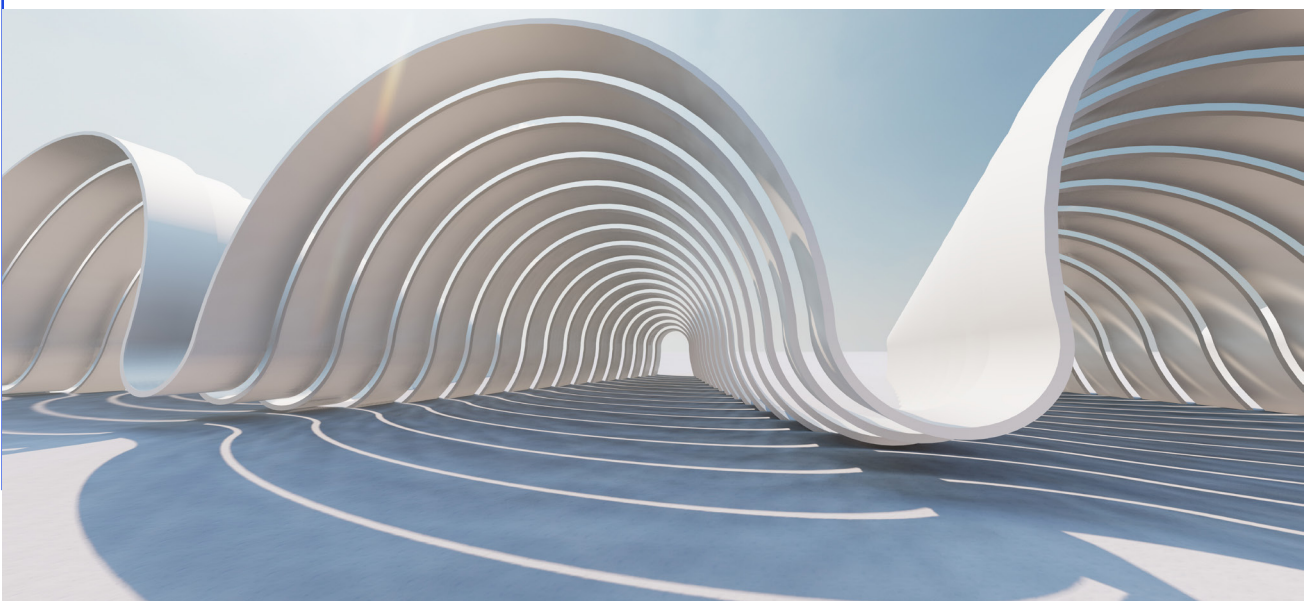
On one hand, digitalization and standardization are crucial for handling high volumes of routine tasks so legal professionals have the time and the headspace to focus on more strategic work. On the other hand, once all possible work has been simplified and automated, legal departments can then work with it to derive business insights and value. For example, after all of a business's contracts have been inputted into a contract lifecycle management system, the contract data can then be used to identify ways to help reduce

costs and/or help improve the performance of the business's contracts going forward.

Consider non-disclosure agreements (NDA). In the past, most legal departments used templates as the basis for NDAs, resulting in a lot of redlining and variation of terms. When legal departments switch to online contract systems, additional approval requirements or other friction can be introduced to the system that cause users to think twice about whether the deviation is really worth the extra effort. In these cases, the volume of non-standard terms in NDAs tends to drop significantly.

Standardization is also expected to be critical to complying with forthcoming ESG reporting requirements. Non-financial measures will need particular attention. Standardization makes this reporting easier and more useful to the reports' readers. The accuracy and completeness of this reporting is important not only for regulatory compliance but also for the business's reputation in the eyes of analysts, investors and other external stakeholders.

AI solutions are likely to further transform the market for legal services. The potential of these solutions to augment the work of legal departments, and the legal profession, is profound. Let's be clear: while technology and AI will likely augment rather than replace legal professionals, it may also replace those who do not use technology and AI in the delivery of legal services.





Transforming the legal operating model

While technology provides the foundation for transformed legal departments, it's important to define in advance what capabilities those technologies should enable. Before making any investment decisions, businesses and their legal departments should consider:

- aligning the strategy of the legal department to the strategy of the business
- what specific processes, roles, skills and services comprise the legal department's target operating model
- how the business can champion and sustain solution-oriented mindsets among legal professionals and their colleagues in other functions
- what types of employee experience they want to offer their legal talent and other employees.

Once these parameters are decided, the business should be ready to determine the best use of existing, adapted or new technologies to enable the new operating model. Once in place, the transformed function can empower the organization's legal professionals to integrate with other functions, drive ideas and strategies, and proactively contribute to the enterprise's success in the future.

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Key takeaways

With C-level executives focused on economic viability, geopolitical concerns, environmental, social and governance agendas, and digital transformation, they are looking to their legal teams to broaden their priorities, think about the bigger picture and deliver more value.

To meet these new demands, in-house legal departments should focus beyond the execution of transactions, becoming more solutions oriented as they apply their knowledge of the law to their understanding of the business and its opportunities and challenges.



Key takeaways

While technology provides the foundation for transformed legal departments, it's important to define in advance what capabilities those technologies should enable. Once these parameters are decided, the business should be ready to determine the best use of existing, adapted or new technologies to enable the new operating model.

As e-commerce has transformed how and where we buy things, many businesses are demanding the same customer-centric service levels, the same transparency and the same wealth of data from their legal services providers.

Digitalization and standardization are crucial for handling high volumes of routine tasks so legal professionals have the time and the headspace to focus on more strategic work. Once all possible work has been delegated to a technology, legal teams can then work with it to derive business insights and value.

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