



**Report**

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# **Barriers to the (Digital) Transformation of Law Departments**



By Global Law Integrated Solutions (GLIS)

## **REPORT**

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## Executive Summary

The Cercle Montesquieu project on “Barriers to the Transformation of Law Departments” has yielded valuable insights into the challenges and opportunities facing law departments in their digital transformation journeys. Key findings include:

1. **Strategic Perspective:** Many law departments lack a long-term, big-picture strategic approach to transformation.
2. **Self-Awareness:** Leaders must be comfortable acknowledging areas for improvement within their functions.
3. **Capabilities Gap:** There is often a lack of drive, strategic experience, or dedicated personnel to lead transformation efforts.
4. **Curiosity:** A culture of inquiry and openness to new ideas is crucial for successful transformation.
5. **Siloed Approach:** Legal operations and legal tech are often treated as separate entities, hindering holistic transformation.
6. **Organizational Context:** The structure of the organization (centralized, decentralized, or “glocal”) significantly impacts transformation efforts.
7. **Data-Driven Decision Making:** There is a need for more granular, structured legal data to drive effective transformation and leverage AI technologies.
8. **Lawyer Engagement:** Providing space and time for lawyers to participate in transformation is essential for overcoming resistance.
9. **Resource Constraints:** Limited resources and unclear ROI are significant barriers to transformation initiatives.
10. **Value Demonstration:** Law departments need to better articulate their value as drivers of business success rather than cost centers.

To overcome these barriers, law departments should focus on developing comprehensive strategic plans aligned with business objectives, fostering a culture of innovation, investing in data infrastructure, and actively engaging both leadership and team members in the transformation process.

## Thank you

We would like to express our sincere gratitude to Martial Houlle (President of Cercle Montesquieu), for enabling this project.

We would also like to extend our thanks to Olivier Belondrade (Vice Presidents of the Factory) and the participants for their invaluable contribution to the “Barriers to the Transformation of Law Departments” study. Their insights, experiences, and candid feedback have been instrumental in shedding light on the complex challenges facing law departments in their digital transformation journeys.

The diversity of perspectives represented by the participants – spanning various industries, roles, and levels of experience – has enriched our understanding of the multifaceted nature of law department transformation. Your willingness to share both successes and obstacles has provided a realistic and nuanced view of the current state of legal operations and the path forward.

We are particularly grateful for the time you dedicated to completing surveys, participating in interviews, and engaging in thoughtful discussions. Your commitment to advancing the legal profession and embracing innovation is evident and commendable.

The findings from this project will undoubtedly serve as a valuable resource for law departments across industries as they navigate their own transformation journeys. We hope that the insights gained will spark further dialogue and collaboration within the Cercle Montesquieu community and beyond.

Thank you once again for your participation and support. We look forward to continuing this important conversation and working together to shape the future of legal operations.

Alan Ragueneau

Amélie de Braux

Zurich, 20 November 2024

Paris, 20 November 2024

## 1. Purpose of the project

### Why

This project seeks to understand why legal departments struggle with digital change. We aim to provide honest insights and practical tips to help members of the Cercle Montesquieu and beyond progress.

### Genesis

The genesis of this project is a series of discussions between Amelie de Braux and Alan Ragueneau. They both realized that they shared similar experiences and common observations. Despite the upheaval of legal technology and legal operations for the past ten - twenty years<sup>1</sup>, many law departments are still struggling to genuinely and successfully embrace (digital) transformation. Many law departments acknowledge the need to evolve but are not making fundamental changes to the way they operate.

For example, they are still paying law firms on an hourly rate basis and have no granular data regarding how the legal function is spending their time on. They are still cornered as a cost center and many of them do not have a seat on the board. The main driver they use to cope with this pressure is the in-sourcing strategy that has grown after the 2008 financial crisis. They spent less externally and insource more and more capabilities internally.

Some law departments started looking at technology and proclaimed that this evidences that they have engaged in a transformation process. The reality shows that most of the legal tech are applied to traditional ways of working (e.g., contract redlining). Providing lawyers with tools to continue their centuries-old practices does not constitute real change. At best it marginally drives incremental efficiency and effectiveness improvements. In many situations, technology is not an enabler but a distractor. It makes things worst.

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<sup>1</sup> Some markets are more mature than others. Typically, the USA would be at the forefront of the transformation, followed by the UK, and some countries in Europe, like France, the Netherlands. Naturally, there can always have exceptions in each jurisdiction.