



ALTNORDIC

# MANAGING THE UNCERTAIN

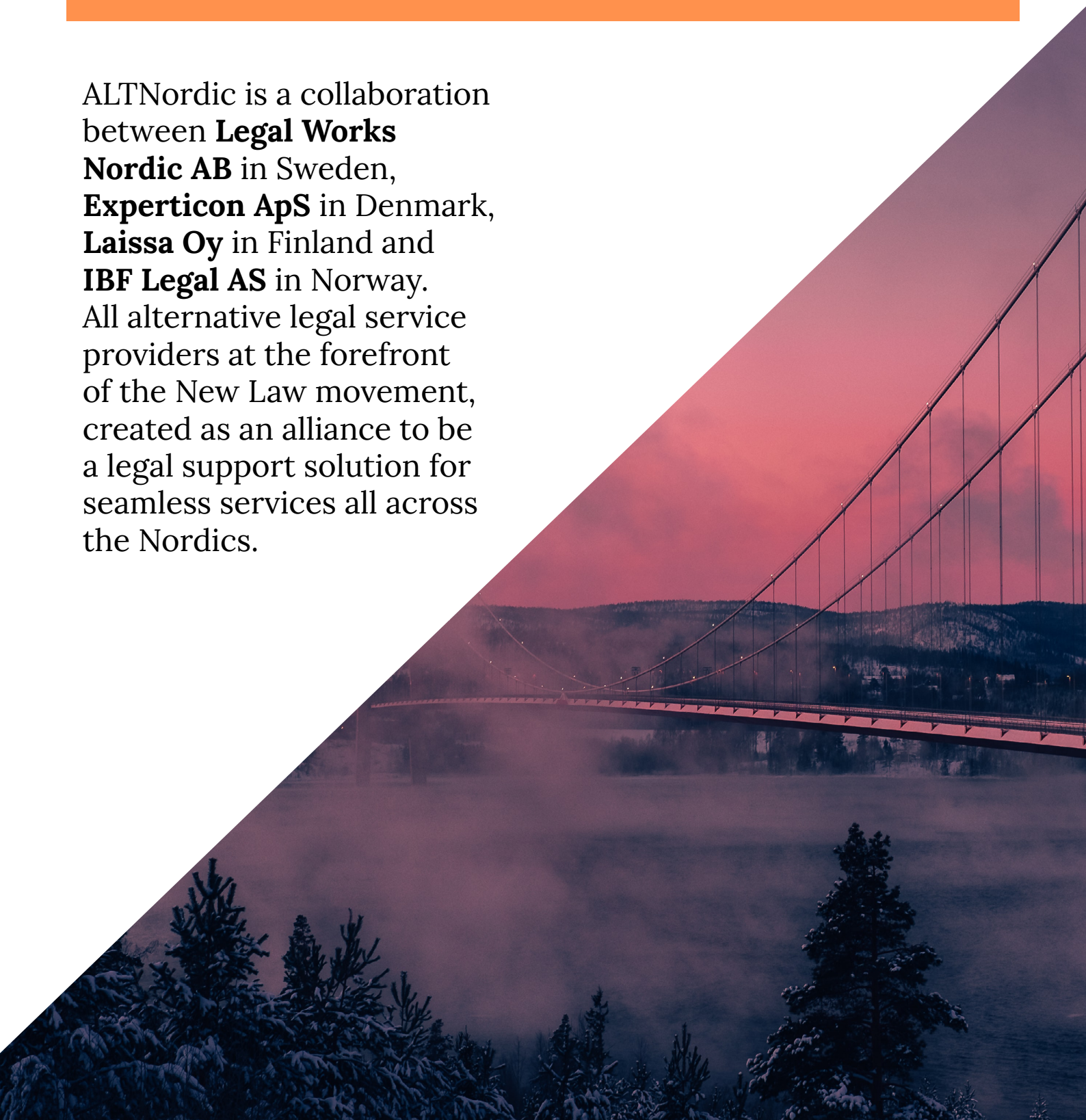
## NORDIC GENERAL COUNSEL REPORT

2020

# ABOUT ALTNORDIC

The Alliance of Law & Technology in the Nordics

ALTNordic is a collaboration between **Legal Works Nordic AB** in Sweden, **Experticon ApS** in Denmark, **Laissa Oy** in Finland and **IBF Legal AS** in Norway. All alternative legal service providers at the forefront of the New Law movement, created as an alliance to be a legal support solution for seamless services all across the Nordics.



# INTRODUCTION

## The story behind the report and its survey

This is the fourth issue of the Nordic General Counsel report – a report created to pinpoint the General Counsel (GC) role in the Nordic countries; with statistics, data and free text answers directly from the GCs themselves. The results throughout the years have showed how the in-house legal market has been coping with current challenges, learned to handle new legal tools and systems, and taken on the opportunities that digitalization and technology has provided.

Comparing the reports from 2017 to today, we see small but important shifts in the Nordic GCs way of thinking, as well as how trends are developing in the legal market. When the absolute main focus in previous years has been the hype around digitalization, technology and AI, we now see a small shift in focus to a more business-way-of-thinking. Compliance issues, GDPR and

other regulations and new business models have influenced how the GC is planning the legal work and predicting the outcomes.

That said, almost all GCs (94%) agree that automatization of the legal processes is essential in order for the workflow to be more efficient and cost-effective. Creating a balance between the digitalization journey and a full understanding of business is a key factor for a successful GC and legal team.

The Nordic General Counsel Report 2020 is based on a survey taken by General Counsels in Sweden, Denmark, Norway and Finland. The survey was followed by more qualitative research in form of in-depth interviews with some of the respondents. We have concluded the key findings of the survey and analyzed them in this report.



# 94%

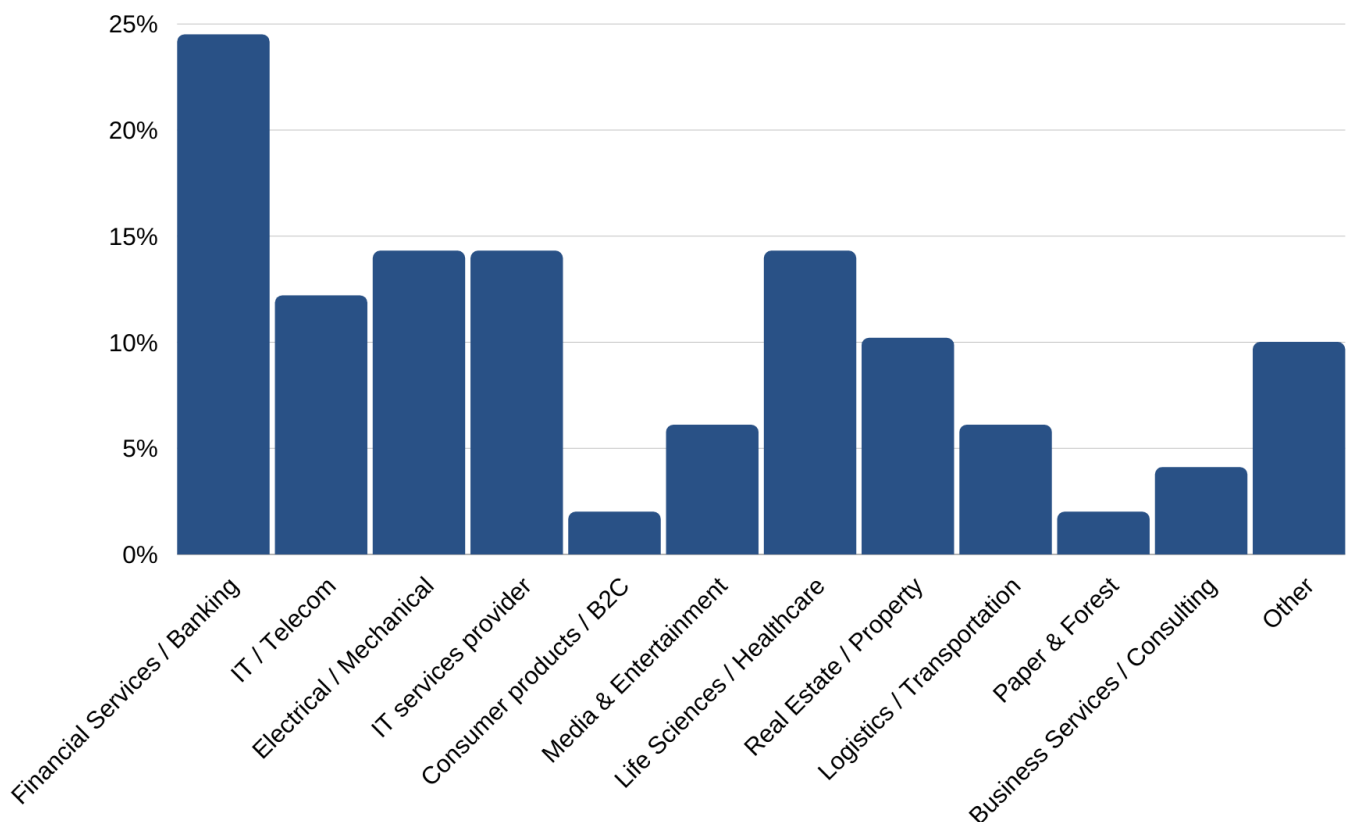
*of the Nordic General Counsels agree that it is essential for legal departments to automate legal processes, in order to be efficient and cost-effective.*

## RESPONDENTS

# RESPONDENTS

Data from the responding General Counsels

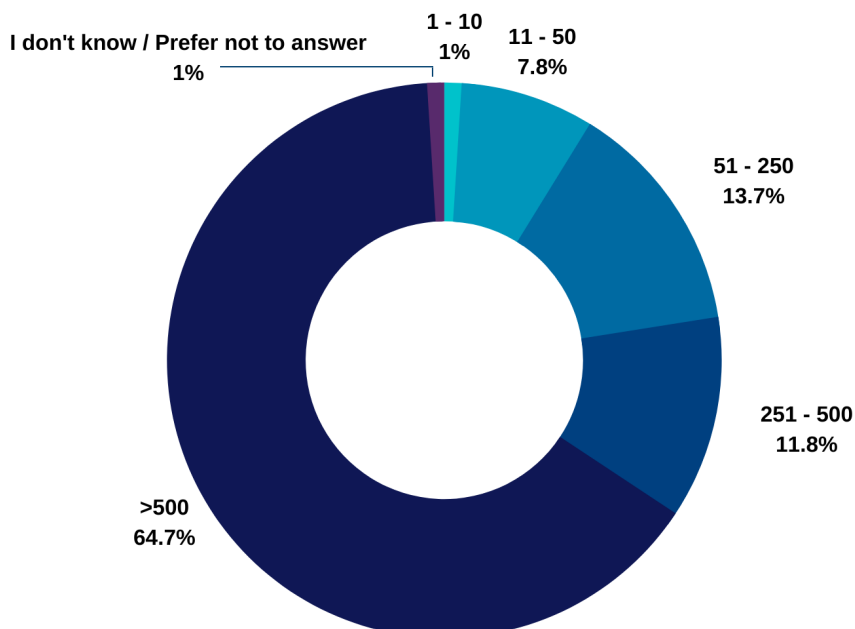
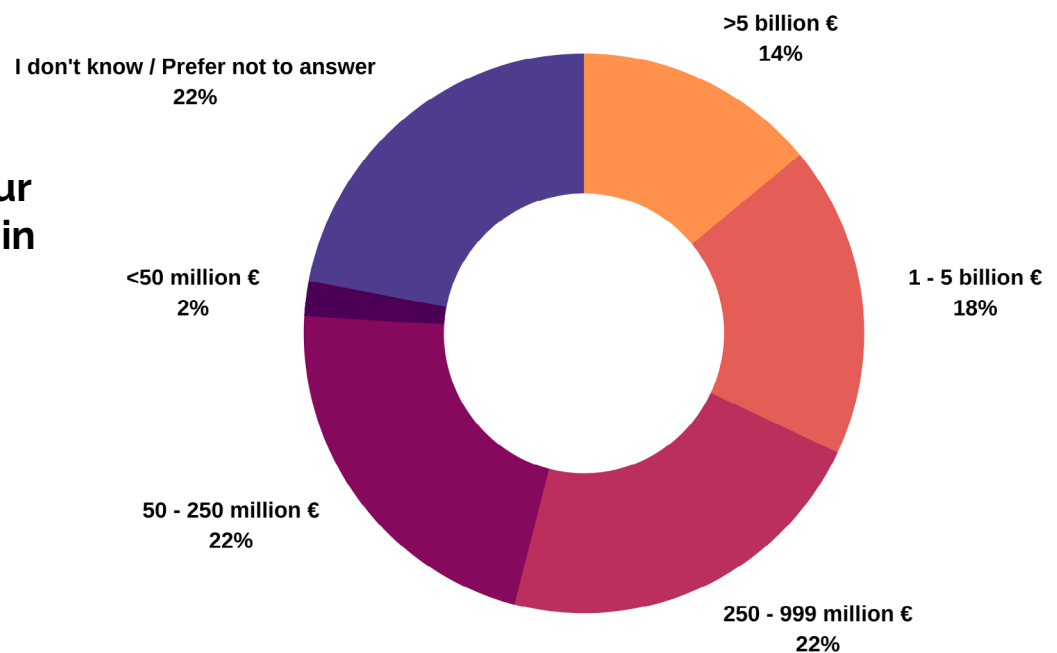
The Nordic General Counsel Report 2020 has respondents from Finland, Sweden, Denmark and Norway, all General Counsels within different fields. The main industries represented this year are Financial/Banking, IT and Life Sciences/Healthcare. The division between industries can be seen in the below graph.



## RESPONDENTS

The general trend of the respondents both this year and previous years, is that most of them come from organizations with more than €250 million turnover per year (14% with a turnover of more than €5 billion), and a vast majority with more than 500 employees. In other words, rather large organizations. However, when asking about the numbers of lawyers on in the legal team, we find that the majority of the respondents (52%) have a legal team of only 1-5 people. This highlights the importance of effectiveness for legal teams. Small teams support big businesses.

### How much was your company revenue in 2019?

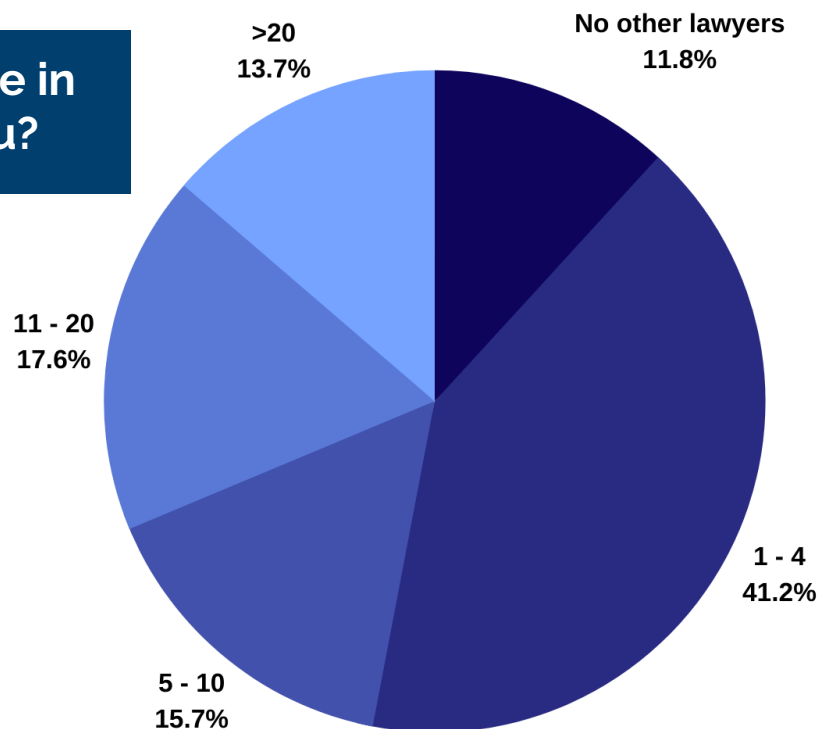


### How many people does your company employ?

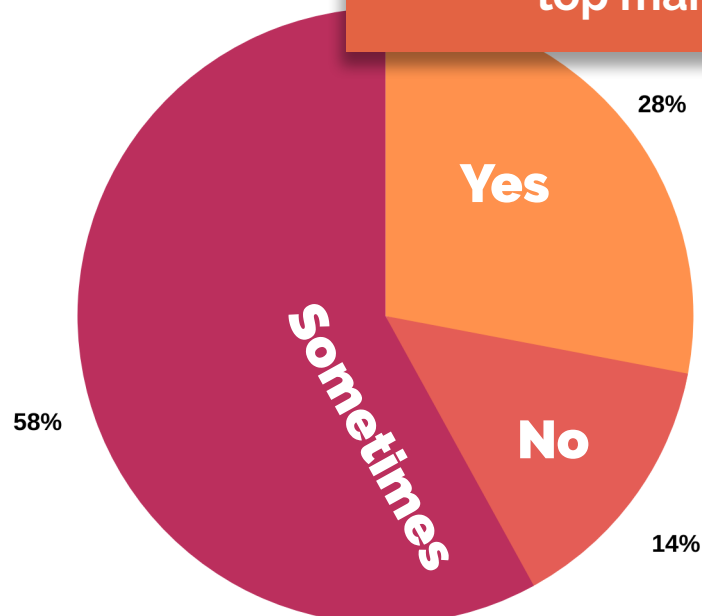
## RESPONDENTS

### How many lawyers are there in your team in addition to you?

We see an increase of legal expertise on the boards of directors. In 2019, 41% of the GCs or other legal experts on the team were part of the board of directors. In 2020, this number was 56%. When it comes to top management of the companies, there is no change since last year's survey, with around 60% of the GCs saying that they are part of the top management of the organization.



### Is the GC on your company's top management team?



“Legal expertise is on an uprise when it comes to the board of directors”



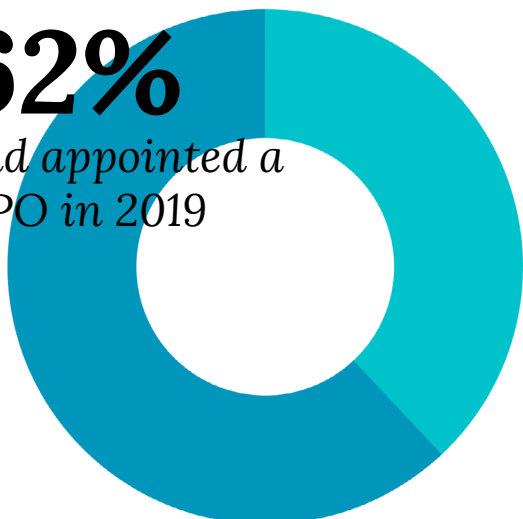
**74%**

*have an appointed DPO  
in the organization*

We see a clear trend when it comes to data privacy and data protection. Several GCs suggest that much more resources have been put into data privacy projects in 2020 compared to 2019. Besides this, we see an increase of appointed Data Protection Officers (DPO), both in-house and external consultants. In 2019 the total number (both internal and external) of DPO's were 62%. In 2020, 62% of the respondents have appointed an in-house DPO, and 12% have an external consultant for this, making it a total of 74% with an appointed DPO in the organization.

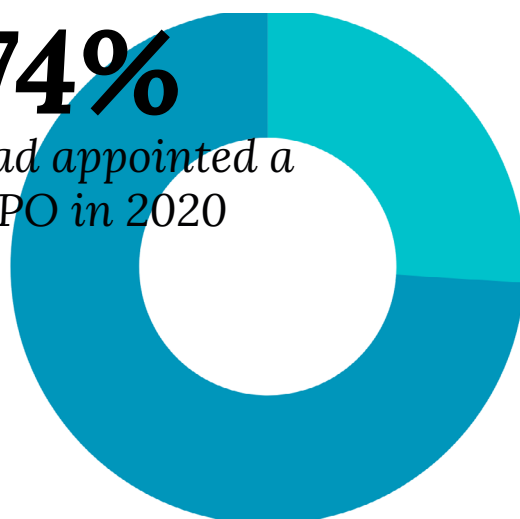
**62%**

*had appointed a  
DPO in 2019*



**74%**

*had appointed a  
DPO in 2020*

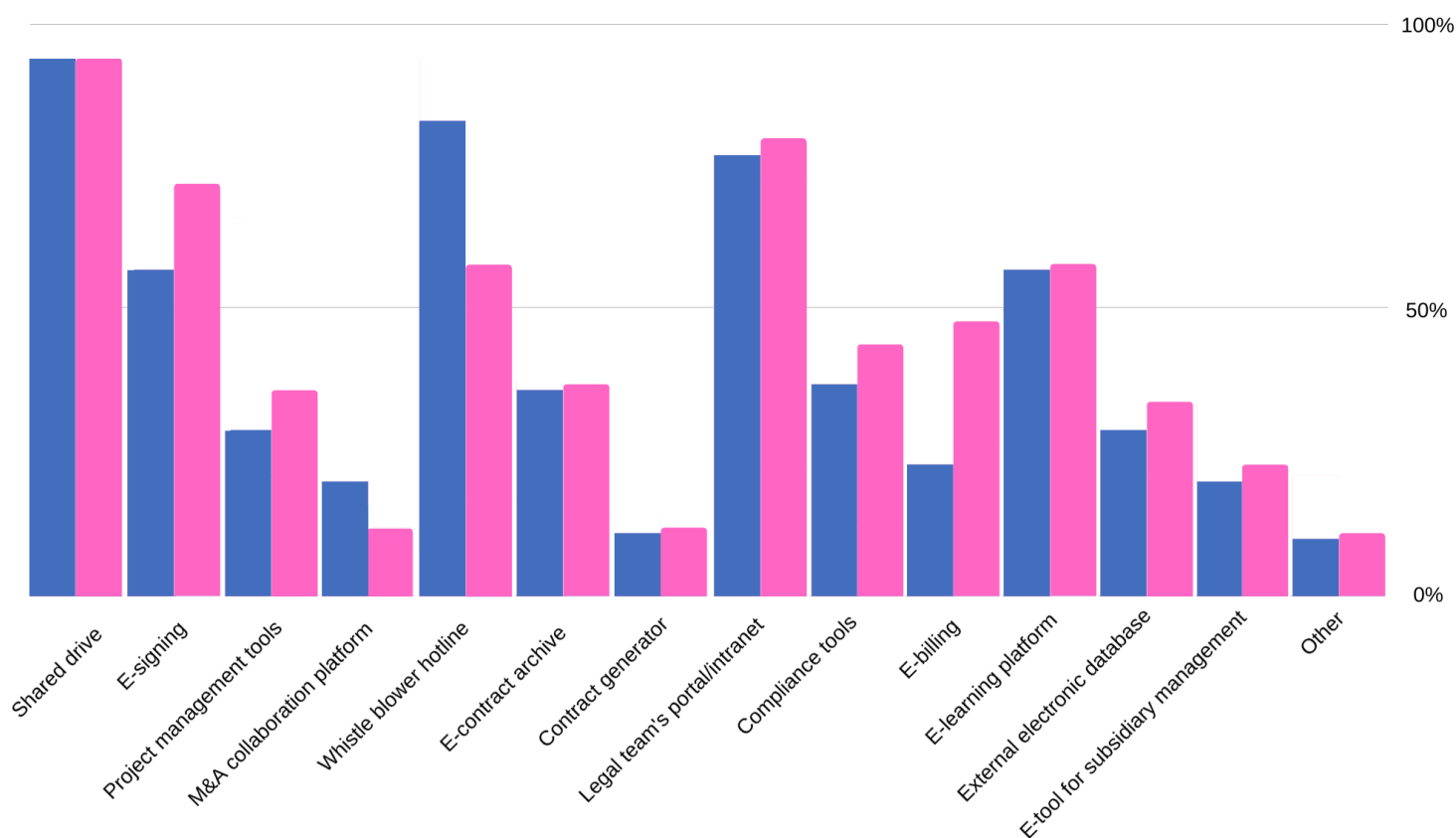


# LEGAL TECH TOOLS

## The development of tech tools in legal departments

The below graph shows the development of various tech tools used in legal departments, in the years 2019 (blue staple) and 2020 (pink staple). From this, we can draw the conclusion that most tools remain used at a fairly constant level in the in-house legal profession. However, there are some interesting dissimilarities happening. E-signing has been a rising trend every year since the first report in 2017. It is now up from 57% (2019) to 72% (2020).

Looking at tools with a descending trend, the most noticeable one is a whistleblower hotline, which had been implemented in 83% of the legal departments in 2019, but only in 58% of the ones in 2020. However, other compliance tools are up from 37% to 44%, which could lead to the assumption that compliance issues in the legal industry are still a problem, but the legal departments are slowly finding ways to tackle these.



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## LEGAL TECH TOOLS

The top three tech tools used in legal departments in 2020 are a shared drive to store and share contracts, templates and other information; the legal team's portal/intranet/tool to share information; and e-signing. **This is the first year that e-signing has made it into the top three most used tools in legal departments.**

Shared drive 94%

Legal team's portal 79%

E-signing 74%

”

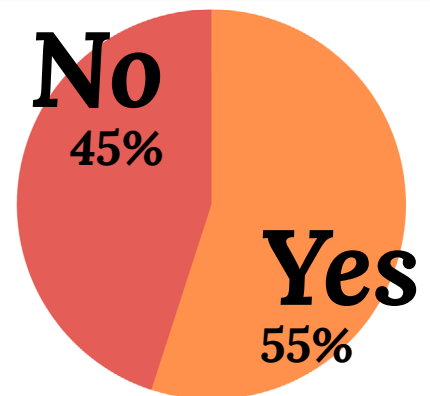
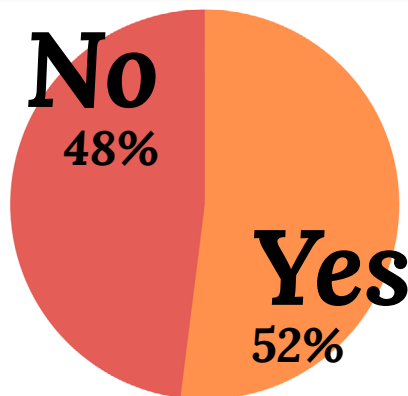
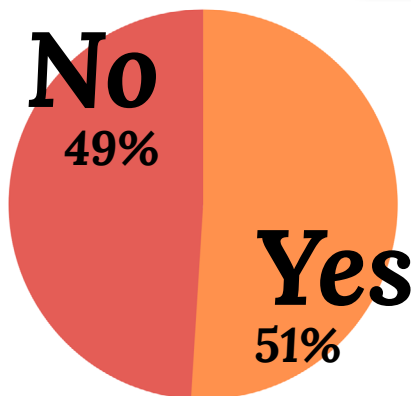
*This is the first year that e-signing has made it into the top three most used tools in legal departments”*

# LEGAL SPEND

## Legal spend, automation and outsourcing


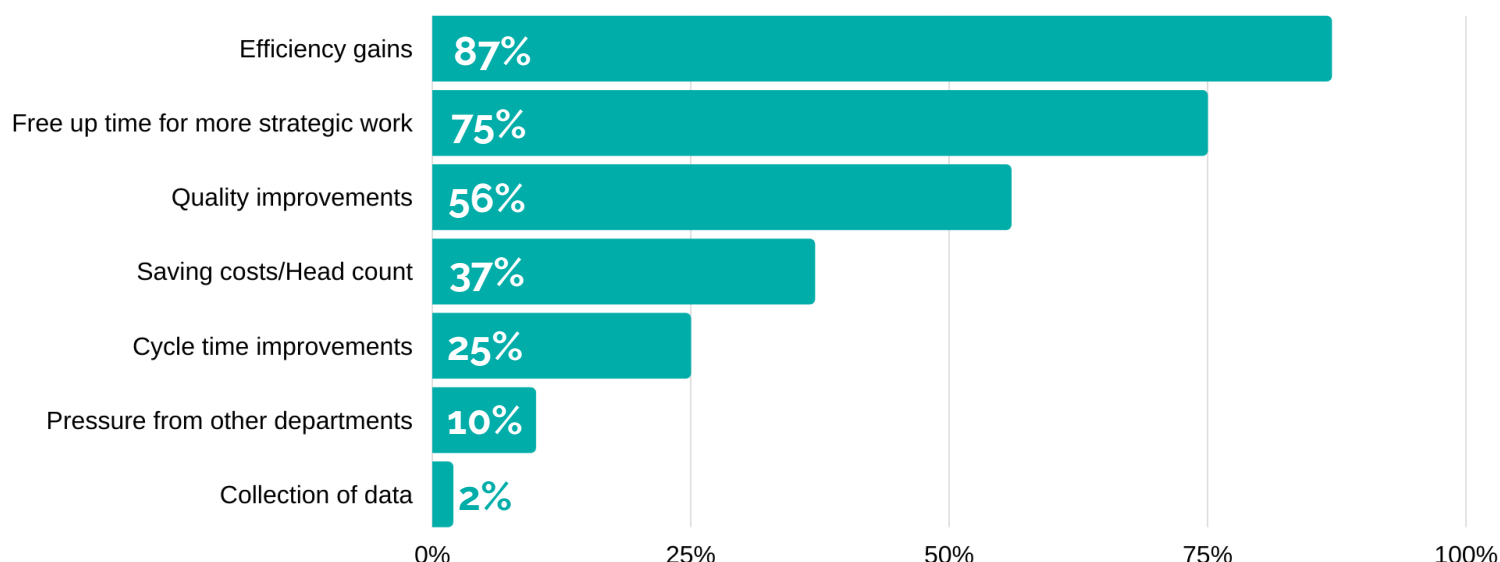
**55% of the GCs have automated some of the legal work** in 2020. Compared to 2018, when this number was 52%, and 2017, when it was 51%, we can conclude that the automatization in legal departments is happening in a slow but optimistic pace.

### Have you automated any of the legal work?



The main drivers for automation and digitalization in the legal team stay the same as previous years. The top three drivers are Efficiency Gains (86,5%), Free Up Time for More Strategic Work (75%) and Quality Improvements (56%).

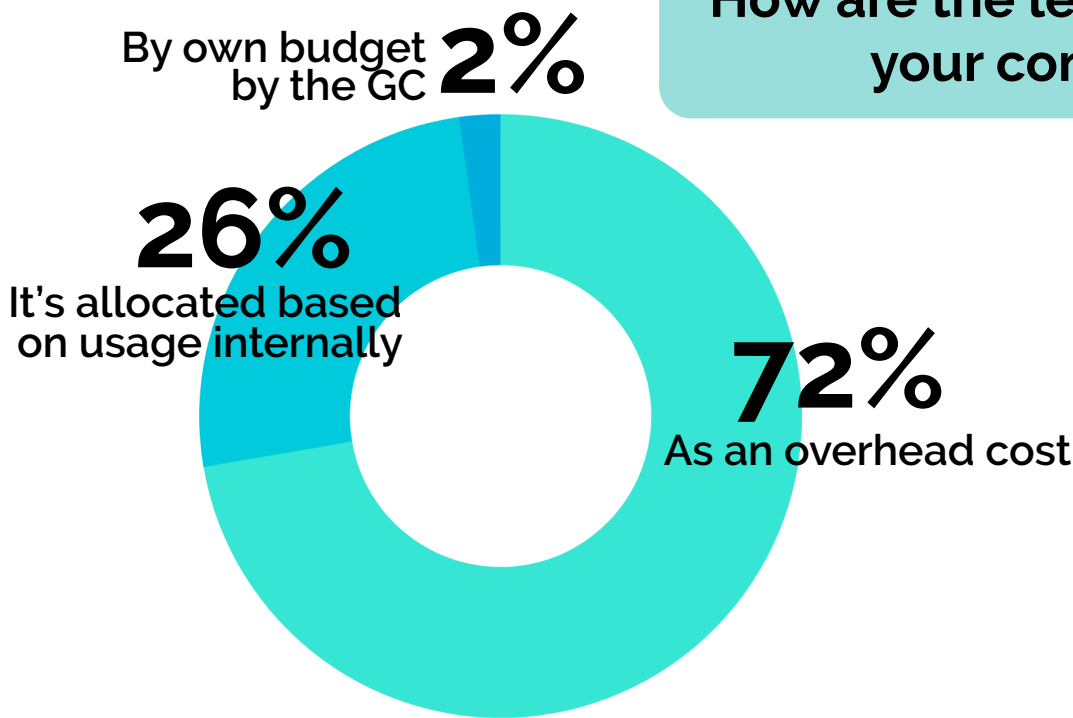
### What are the main drivers for automation and digitalization in your team?



**When asked how the legal team costs are managed,** we see a small shift in administration from previous years. The legal team costs in 2020 are more distributed on those who use the services, as opposed to 2019 and 2018. In 2018 and 2019, only 11% of the legal costs were allocated based on usage internally, compared to 2020 when this number has increased to 25,5%.

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## LEGAL SPEND



When it comes to outsourcing the legal work, the use of Alternative Legal Services Providers has gone down a bit since last year, making room for multifunctional organizations such as EY, where there is the possibility to outsource other departments as well (such as accounting). However, the total number of outsourced legal work has increased. In 2019, 46% reported to have outsourced legal work of some sort, and in 2020 this number was 60%.

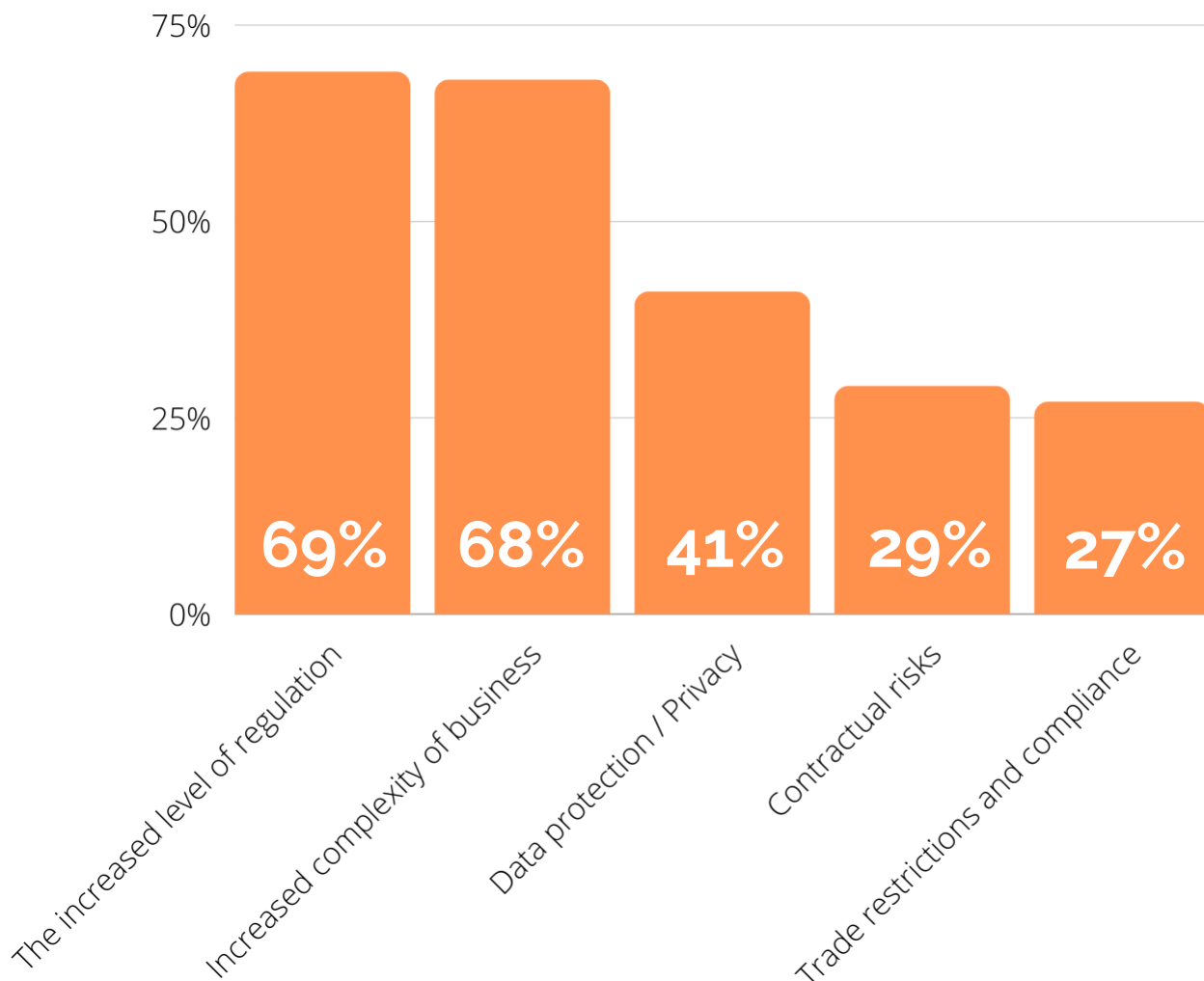
The legal work reported to be outsourced the most are litigations and GDPR/data privacy projects.

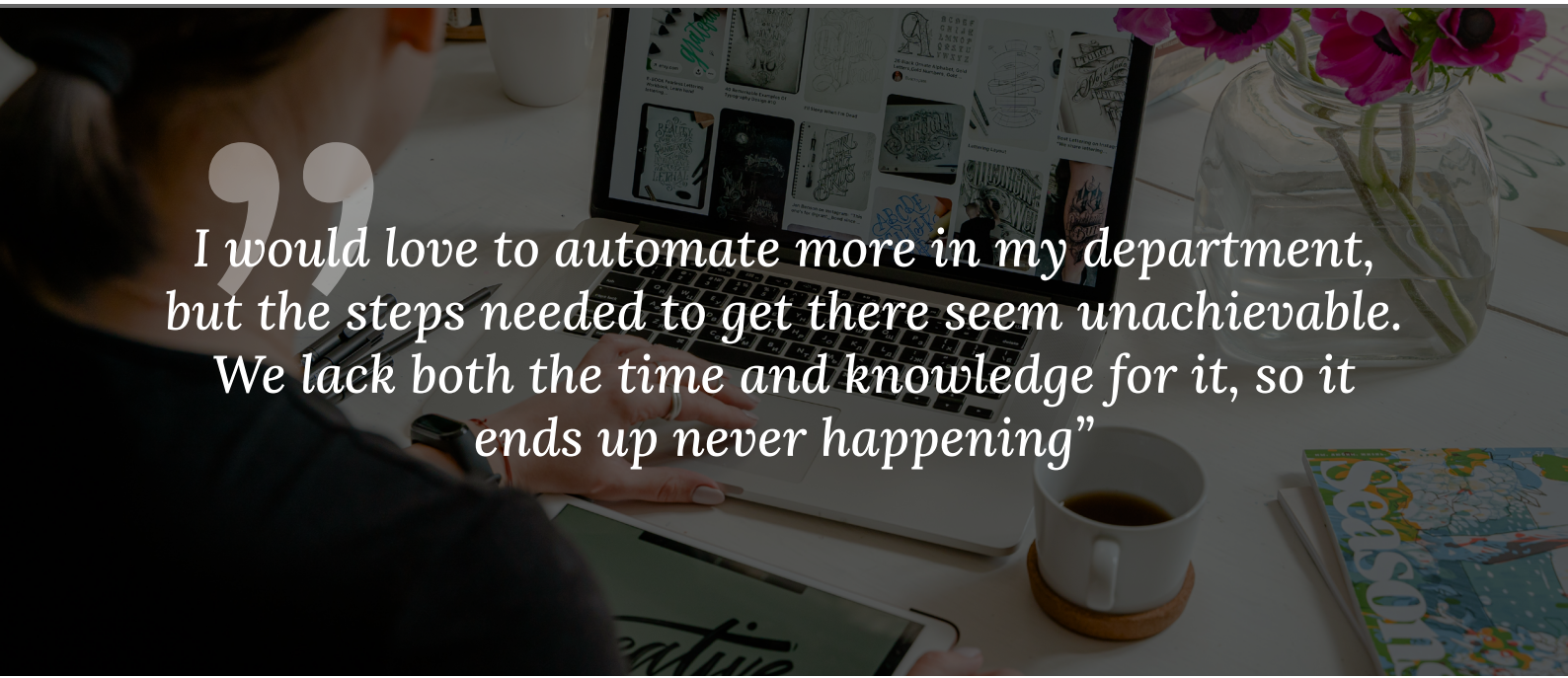
The legal spending remains unchanged comparing 2019 and 2020. The percentage of the legal spending (the legal team's cost and external spending together) in relation to the company's yearly turnover varies from 0% - 1.9%, numbers similar to previous years. **Other KPI's than this are still not used in a larger sense when measuring the legal spend.**

# 2020 CHALLENGES

## The challenges and opportunities during 2020

The number one challenge that GCs have experienced during 2020 is the increased level of regulation, closely followed by increased business complexity as well as data privacy/GDPR. These challenges have stayed the same since 2017, showing that digitalization and regulations are still difficult concepts for Nordic GCs to handle on a leadership basis. Digitalization is meant to facilitate the workflow, but in many cases it's perceived as a challenge rather than helping the legal department.





“I would love to automate more in my department, but the steps needed to get there seem unachievable. We lack both the time and knowledge for it, so it ends up never happening”

One interesting perception of this year's survey is that the need for compliance competence has decreased. In 2019, 29% of the GCs reported that they sought more compliance competence in the team, and this year this number was only 20%. This indicates that compliance has been a focus area since last year and many legal departments have built up compliance competence internally within the organization.

The top organizational challenges GCs are experiencing in 2020 are just like previous years the workload, and digitalization. Attract and retain talent is another challenge that GCs struggle with, with 16% reporting it to be one of the biggest problems in 2020. This shows that people are still recruiting, despite the current pandemic. When asked about how covid-19 has had an impact on the legal team, 2% of the respondents state that it has led to staff increases, and 4,1% say that it has led to consultant increases.

However, a larger number of respondents say that it has resulted in staff decreases (8,2%) and consultant decreases (24,5%), which is an expected outcome of the pandemic consequences.

Covid-19 comes with opportunities as well, with 57% of the respondents reporting that they use more digital communication tools in 2020 than previous years, and 12% say they use more legal tech tools because of this. Respondents report that leadership challenges include managing the team from remote, as well as the quick implementation of remote tools and remote-working-mentality for the team.

When asking about geographical coverage of staff, the need for this has decreased since last year. It has become more clear to GCs and other people in leadership positions that physical borders are of less importance, as products and services have proved able to be sold anywhere.

# CONCLUSION

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## Final words and key takeaways

**While GCs still struggle to handle digitalization and the increased level of regulation**, they are handling the covid-19 situation with limited impact on the legal workflow in their departments. Lawyers are used to handle regulatory changes and complex business situations, and the responding GCs in the survey this year are reporting that the most effect seen from covid-19 in their departments are consultant reductions and the increased use of communication and legal tech tools.

**GDPR is making a comeback**, going from a macrotrend in 2018, to a very modest topic in 2019, and now up again. The interest in data privacy issues and GDPR is once again rising, with an increased need for data privacy officers and other data privacy consultants for GDPR implementations and projects.

**Almost all GCs agree that automation is the key**, and want more automation processes in their daily work life, but lack the funding, time and/or knowledge to make this happen. Legal departments are still not a prioritized area in large organizations, as the numbers of lawyers in most cases only make up a fraction of the total number of employees. This together with increased regulation and business complexity leads to the fact that GCs are experiencing a heavier workload, but still a constant amount of resources.

**The large trends in leadership and organizational challenges are starting to shift.** Digitalization and AI have been number one on the agenda for several years, but now GCs are starting to develop an even deeper business-way-of-thinking. New business models, increased regulation, process thinking and a deeper compliance understanding have influenced the leadership of legal departments in 2020.

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