


UnitedLex

BEST OF 2020/21



The **best** articles
on transforming
your *law*
department.



These **Best of 2020-2021** Legal Insights are the most requested UnitedLex reports covering digital transformation, contracting, and intellectual property.

As one author writes, ***“To put it bluntly, when it comes to legal transformation, you have to go big or go home.”*** These stories inform how to go big—how to move the needle on your digital legal transformation.



**Optimize Legal.
Accelerate Business.**

Thank you,
UnitedLex



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The Digital Law Department

Fast Track to Profit



COVID-19 has served as an accelerant, underscoring the imperative of digital. As businesses have had to adapt to new ways of empowering their workforce, meeting customers, and fulfilling demand, digital has become the critical means of enablement across the enterprise.

Companies cannot afford to invest in workflow that can't be scaled or optimized—including the law

department. When a law department becomes digital—embraces automated workflows, uses data and insights to drive more informed decision-making, adopts agile delivery models, and more—productivity increases 20 percent while operating costs fall by 25 to 45 percent. Delivery times accelerate by 63 percent and digital contracting generates revenue 35 percent faster.

“Digital Transformation is no longer an option for law departments. It’s not if, it’s now.”

David Edelheit, Chief Digital and Transformation Officer, UnitedLex

The question is no longer if your law department will become digital, but when. For those who lead and digitize the law department now, there is significant upside in performance and economic gains.

For those that delay, the opposite is true—a static legal department will struggle with the speed of digital business. The cost of time-consuming manual processes, lack of transparency across the full spectrum of legal work, and inefficient use of resources are far too great.

What if you could challenge the law department to take on its moment of reimagination? What if you could take concrete steps to optimize the law department and realize significant business value in the short- and medium-term?

In this paper, we'll look at how a digital legal department adds significant value to the business and how companies can enact change to realize this value, with speed.

A recent Gartner study found that eight out of 10 corporate legal departments are unprepared to support their organization’s digital initiatives.¹

1. <https://www.gartner.com/en/newsroom/press-releases/2018-12-12-gartner-says-81-percent-of-legal-departments-are-unprepared-for-digitalization>

The Four Lenses of Value

A digital future will create a hyper experience that fundamentally changes a law department's culture and the impact it has on its clients.

A digital law department generates revenue,

reduces operating costs, increases performance gains, and mitigates risk. We call these the four lenses of value that equip leaders with distinct and measurable benefits and illustrate what is possible with Digital Transformation of the legal function.

Revenue generation

An optimization of the law department leads to accelerated time to market, faster detection of risks,

improved asset monetization, and ultimately greater financial return [see case studies on page six].

\$100M+

financial return from the patent portfolio

increased value of commercial contract portfolio by

10%

Cost reduction

Digital enhances process efficiency, maximizes team productivity, and speeds time-to-deal-close. While implementing a variable cost model, legal scales to demand fluctuations from across the organization.

Law departments that have transformed see improved efficiency in risk and compliance, and overall cost reductions in third-party contract reviews.

Time and cost to review third-party contracts:

-25%

eDiscovery guaranteed data cull rate:

90%

Risk and compliance efficiencies through cross-trained/reimagined centers of excellence:

35%+

Run-rate costs over three years:

-40%+

Performance gains

Enabling legal teams through digital technology, processes, and workflows allows companies to make the best use of valuable attorney time while reducing

human error and increasing speed-to-market. A streamlined internal customer experience makes for easier and faster transactions.

Digitally converted processes:

50%+

Capacity increase through consolidation and automation:

30%+

Faster contract negotiation time:

60%+

Reduce risk

Implementation of delivery excellence programs lowers operational risk by instilling rigor and discipline to equip legal professionals with modern methods and tools that optimize delivery. With proactive, enterprise-wide risk identification, mitigation, and dispute resolution, digital legal teams are given a holistic view of every inbound and outbound activity.

Legal leaders can easily identify trends and hot spots for prioritization.

These four levers of value outline the clear business benefits of digital. Getting started on the journey takes less time than one would assume.

Only 12 percent of legal departments are currently using artificial intelligence as part of their tools and processes.

Source: CLOC 2019 State of the Industry

How Digital Transformation Happens, Now

A successful digital transformation should start delivering tangible results in a matter of weeks—not months or years—and set companies on an upward trajectory of value realization for years to come.

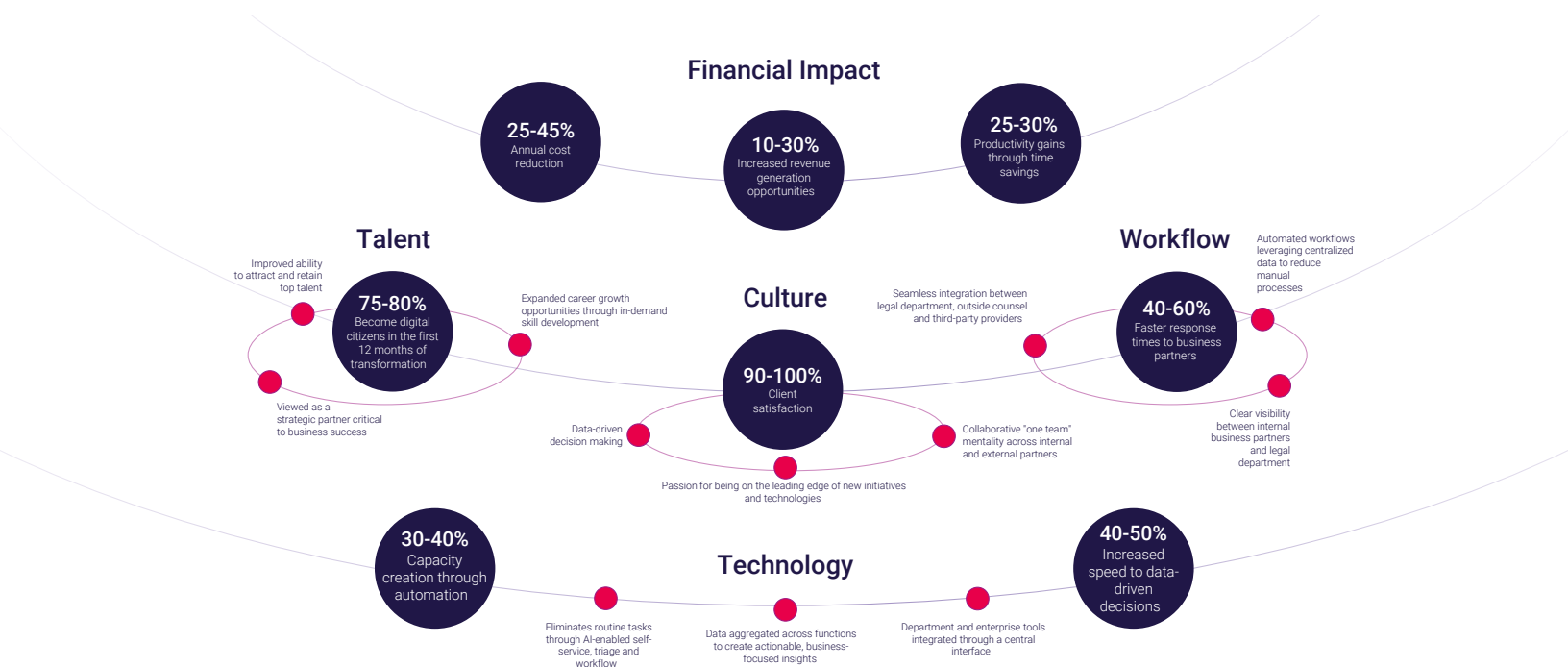
Organizations that undertake digital transformation of any division, not least the law department, face important questions: Can you get the buy-in across the organization? Can you quickly get people using the new technology? Can you get talent to really change the way they work (i.e. to become digital citizens)?

An important first step is holding a session with your key stakeholders and leaders to agree on the art of the possible. This is the time to designate the ultimate, optimized state for the law department.

Progressive leaders who commit to answering these important questions can begin the digital journey sooner than previously thought, for example:

- What does the optimized state for the law department look and feel like? What does “great” look like?
- What initiatives will be critical to achieve and arrive at the optimized state?
- What quick wins can be identified?

When consensus on objectives is achieved across the C-suite, it becomes mission critical to get out of the gate in the strongest position centered around change management and customer experience.



Leaders who commit to the Digital Transformation of the law department contribute up to a 30 percent increase in revenue generating opportunities.

The New Standard for Corporate Law

Legal departments embarking on the digital journey will see results quickly. Ample weight should be given to measuring success along the way with analytics and key performance indicators (KPIs) developed from day one.

Success may look different from client to client, yet there should be no question about why Digital Transformation is needed in your legal department. Here are some examples of how significant the shifts can be across industries:

- At a large Fortune 200 IT firm, the need for Digital Transformation was clear. UnitedLex undertook a multi-faceted plan that minimized any disruption in their ongoing work. For example, every component of the contracting process was included in the operation, including streamlined templates, situational-guidance playbooks, a customer-focused negotiation approach, and interactive training for the sales function. And while UnitedLex also tackled compliance and other facets of their legal business, the changes to the transactional support model alone led to budget savings of \$100M over three years.
- One Global 150 manufacturer was experiencing the classic issue of seeing its legal department misaligned from its other now digitally native teams. UnitedLex transformed the end-to-end commercial delivery model to increase team responsiveness and speed-to-market while also setting the stage to reduce global spend. By implementing a client intake portal, their team was able to improve response times and reduce contract negotiation duration, resulting in improved monthly client satisfaction ratings.
- A legal department can also be transformed from a cost center into a profit center like the Fortune 50 manufacturer that engaged UnitedLex to transform how it handled efficiencies around its intellectual property. Implementation included transfer of the existing IP team into a dedicated entity, resource expansion with new skills and technical expertise, redesigned processes built together with outside counsel, and training to instill innovative approaches. This shift in mindset resulted in a \$50M recurring annual revenue gain.

Transform Your Legal Department

By **DAVID EDELHEIT**



General Counsel are used to hearing the familiar mandates from the C-Suite — be more of a business advisor, generate revenue, do more with less, deliver faster. In a recent survey, 70 percent of chief executives said GCs should be a strategic business partner and key member of the leadership team. Only 55 percent of CEOs, however, said their GCs fill those roles. Clearly, CEOs and GCs have the same goal, so why aren't GCs able to be consistently viewed as a strategic partner?

GCs juggle many responsibilities. Straddling the roles of cost

center manager, risk manager and revenue generator is a tall order. Mired in manual processes and budget limitations, GCs have been handcuffed, unable to think strategically about the business as often as they would like. Nor have they wielded the innovative technology necessary to use data-driven insights and streamlined workflows to deliver demonstrable, dramatic business results that wow the C-Suite.

END-TO-END TRANSFORMATION

Until now, GCs have not been pressured to engage in a full-blown legal transformation.

According to a Gartner study, eight out of 10 law departments are unprepared to support their organization's digital initiatives.

But as business complexity mounts and cost pressure intensifies amid a pandemic, GCs are feeling more heat to do what was unimaginable — create enhanced value and increase productivity while reducing costs and risk.

Not only is transforming the legal department essential, it is feasible. Thanks to increased cloud capacity and advances in artificial intelligence, GCs are freed up for more strategic business pursuits.

To deliver strategic value, GCs must be all in on transformation efforts and have buy-in from CEOs. That means understanding that this transition will cause short-term disruption but long-term gains. It is not just about implementing technology here and there. Digital transformation is workflows and processes. It's a mindset and commitment to a new way of doing business.

To put it bluntly, when it comes to legal transformation, you have to go big or go home. But what you put in will pay dividends. Companies that invest in transformation are discovering that an optimized law department increases productivity 20 percent, reduces operating costs by up to 45 percent, accelerates delivery 63 percent and speeds revenue generation by 35 percent. This ROI occurs because of

direct law department measured gains and business unit value capture — thanks to downstream and cross-stream synergy.

The results of end-to-end transformation radiate across the legal department and beyond to build the business.

1 Reduce costs: Use AI to hunt contracts for value.

Commercial contracting is the lifeblood of many legal departments. Some Fortune 500 companies spend upwards of 75 percent of legal department resources on contracting, and it can be wasteful. According to research by McKinsey and World Commerce & Contracting (formerly IACCM), companies lose anywhere from 8 percent to 20 percent of their contract portfolio's value due to revenue leakage. For the Fortune 1000, this equates to \$2.5 trillion of value leakage per year (according to World Commerce & Contracting research) due to poor contracting processes.

Forward-thinking law departments are tapping into the power of AI to surface hidden revenue potential in contracts down to the line-item level. Their efforts are yielding 10 percent improvements in contract performance. Not only are they increasing their profitability, they are improving their workflow processes. They are improving contract turnaround times and collecting revenue sooner, which decreases contract management costs.

2 Improve performance: Streamlined intellectual property practices.

COVID-19 has accelerated digital deployment across the enterprise, and that includes the law department. When a law department becomes digital — embraces

automated workflows, uses data and insights to drive more informed decision-making, and adopts agile delivery models — productivity soars. For example, the law department of a Fortune 500 manufacturer recently undertook a process to transform how it handled efficiencies around its intellectual property. By transforming the IP team into a dedicated entity, expanding their resources with new skills and technical expertise, redesigning processes built together with outside counsel, and training the team on innovation, they saw a \$50 million recurring annual revenue gain.

3 Reduce risk: AI pattern recognition reveals risks hiding in plain sight.

To manage risk, you need clear lines of sight. End-to-end legal transformation empowers teams with a bird's-eye view of every inbound and outbound risk-related activity across the enterprise. With an expanded vantage point, legal can identify risks they didn't even know existed, pinpoint areas to prioritize and anticipate trends.

Take, for example, a \$25 billion company that was still relying on Excel to manage ethics and compliance data. With myriad manual processes at play, responding to the business was taking twice as long as necessary. Legal knew they required a bigger budget; but without having a handle on their data, they couldn't make a compelling case to the C-Suite for more resources.

Integration and automation were the heart of that transformation strategy for the department. They modified roles and responsibilities, instituted advanced technology, and supercharged the legal team's response time to uncover unseen risks.

What is the moral of the story? Legal got a bigger budget.

SHOOT FOR FAST RESULTS

Legal departments are experiencing real and robust results by embracing digital, but the enormous potential of transformation has yet to be fully realized.

A successful digital transformation should start delivering tangible results in a matter of weeks, not months or years, and set companies on an upward trajectory of value realization for years to come. Law departments face important questions: Can you get buy-in across the organization? Can you quickly get people using the new technology? Can you get talent to profoundly change the way they work, i.e., to become digital citizens?

Getting started on digital transformation begins with a vision. All the key stakeholders and leaders need to agree on the art of the possible. Have a meeting and outline your optimized law department. When you have consensus, get out of the gate with strong change management and customer experience strategies. Once you have buy-in, go all in.



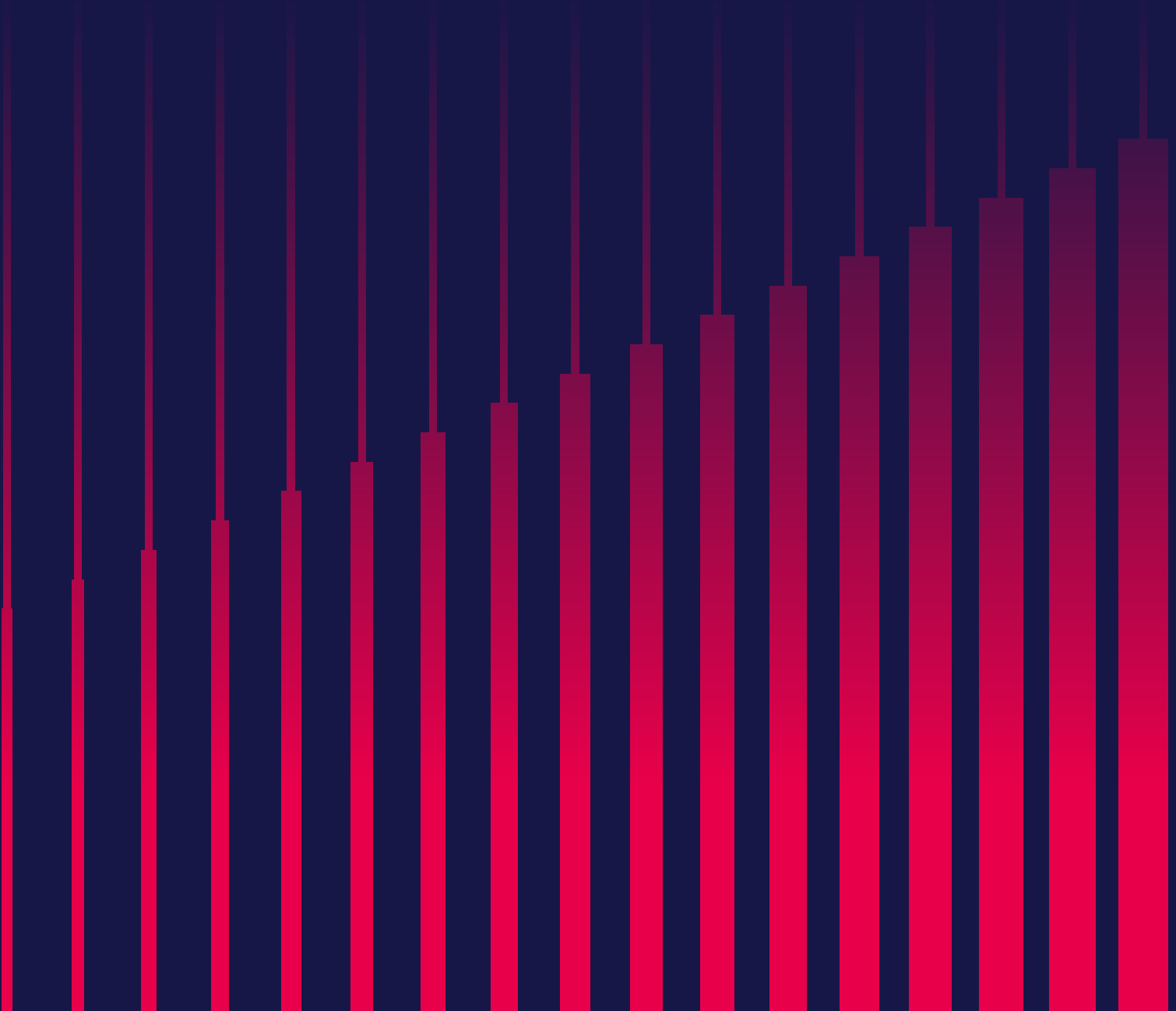
Dave Edelheit serves as Chief Digital and Transformation Officer for UnitedLex. He has digital transformation experience in multi-country, multi-cultural eco-

systems within complex geopolitical landscapes. He is currently enrolled in a global executive leadership program at Yale University.



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Data-driven Commercial Contracting



New standards for pre-signature excellence

Today's high-performing commercial law departments understand the value of leveraging data to optimize the pre-signature contracting function. A data-driven digital framework can accelerate contract cycle times between 10% and 40% and increase departmental workload capacity by up to 35%. By freeing time and resources, legal leaders can redeploy lawyers to higher value work and open up opportunities for in-house counsel to absorb work previously performed externally, delivering measurable business benefits and contributing to the bottom line. Digitizing the contracting function is not only essential for efficient operations, but also to establish efficiency benchmarks in the first place.

Increasing the performance and efficiency of the contracting function has a direct impact on sales productivity and revenue generation. As business leaders seek operational improvements across all departments, Legal can deliver tangible business value by optimizing commercial and transactional functions. The General Counsel (GC) is right to consider technological means to achieve higher levels of performance, however digital contracting means more than investing in technology. A critical dependency of commercial transaction optimization lies in the gathering, processing, and enlightened use of information. By bringing together the correct technology applications, operational resources, and process engineering skills, legal leaders can use data to calibrate performance, continuously improve the operational outputs of the contracting function, and deliver superior levels of service to business partners.

In this white paper, we will examine a use case based on our work in market that illustrates the key components of a data-enabled contract management ecosystem. It reveals how this system collects data and generates the intelligence required to deliver exponential service value.

Use Case: Data-Driven Contract Management in Practice

Data-driven contracting framework allowed Legal to reduce average contract negotiation time by 50% across a portfolio of complex service offerings, generating total contract values in excess of \$1B over an 18-month period.

The General Counsel of a multinational conglomerate took pride in having high levels of client satisfaction over a multi-year span. The legal team was highly responsive, working hard to meet peaks in client demand and to maintain an intimate understanding of the company's business and commercial drivers. The department was routinely identified as one of the highest performing business partners across all corporate functions.

When the business challenged Legal to make significant cost savings in contract management, the GC realized that the department lacked the data tools to calibrate its performance features meaningfully. Legal did not have intelligence—based on reliable information—to ensure that team members were being allocated to the highest value work for their skill level and following the most effective and productive workflows available. The department required a data-driven contracting ecosystem, leveraging information to enable and inform people, processes, and technology to achieve the greatest operational efficiency and transactional performance.

Turning analytics into action

The company established a data analytics platform supported by two primary pillars: workflow management and resource utilization tracking. The operations team was tasked with bringing together the data feeds from the workflow and tracking systems, extracting strategic and tactical intelligence and reporting these through daily, weekly and monthly cycles. Armed with these insights, the GC could engage with the service delivery leadership team to adjust the deployment and training of the department's resources and to build out new tools, processes, and working methods that would turn the process insights into actionable business benefits. The analytics platform delivered the additional benefit of automation—speeding up processes that had previously been manual and inconsistent, while delivering real-time status data to drive measurable functional improvements.

A dynamic data platform—supported by strong operational service delivery—can fundamentally change how the commercial function operates and delivers value to clients.

Go-to-market support

As part of a heavily sales-driven organization, the legal department had committed substantial resources to the support of go-to-market processes. By taking a data-driven approach, the legal team overhauled template contract terms and negotiation playbooks. The objective was to align corporate contracting standards more closely with the average positions the company was willing to adopt following engagement with counterparties. The guiding principle was for the business to be able to offer its customers fair contracts that could be agreed quickly. The department used actual transactions data and profiling to obtain the required governance approvals.

Alongside streamlined standard terms and pre-approved compromise positions, the client also developed a negotiation methodology built upon core legal principles, producing a competitive contracting framework structured around simplicity and scalability.

With visibility into the contracting workflow, the Legal team was also able to have direct impact on accelerating the sales timeline. Leveraging real-time data collected through the pre-signature process, the GC and other business leaders had visibility into time-sensitive negotiations and deals requiring immediate attention. The ability to “see what matters” and take quick action reduced deal processing time and improved the customer experience.

Utilization tracking

One of the more sensitive transformational data applications introduced by the client was a time-tracking system. These are increasingly being used by in-house counsel as an essential tool to support continuous improvement. To ensure quick adoption and adherence, a thoughtful communications strategy must be in place to educate team members on the personal benefits of the utilization tracking system. Legal advisors not only have a vested interest doing the right kind of work for their level of experience and skillsets, but working in the most effective and productive way possible to avoid excessive hours.

In less than a year since implementation, the client made significant use of the data produced by the time-tracking system, to the benefit of the legal workforce:

- Identifying where staff utilization was highest, and working to a target of 85% (based on an eight-hour working day), the client developed solutions to smooth out excessive peaks of utilization, which led to high turnover and poor service quality over time. The ability of the General Counsel to pay for additional hires was justified by the data.
- Analysis showed that some 25% to 30% of associate time was focused on “general admin and operations” tasks, including such activities as attending meetings not directly related to core work. Backed by ongoing root-cause investigation conducted by the operations team and resource managers, these insights drove further operational efficiencies.
- The data supported new business cases for change and further investment, and also allowed the General Counsel to validate the return on investment for service improvement initiatives.

Data-Driven Contract Management

A dynamic data platform—supported by strong operational service delivery—can fundamentally change how the contracting function operates and delivers value to the business. Reviewing core processes, talent landscape and activity data has allowed the client to introduce a raft of service improvement measurements:

- Following a data-driven realignment of regional legal resources, an efficiency gain of more than 21% in response times—down to 15 hours from over 18—has been achieved
- The team demonstrated a 46% improvement in contract turnaround time for selected transaction categories, reduced from 57 days end-to-end to an average of 31 days
- A project targeting incoming transactions reduced the backlog from around 70% to 20% in the last 12 months
- In the contract management domain, labor costs have been reduced by 28%
- Low cost service hubs have been established to support the review of NDAs and statements of work, disaggregating non-core work from the main legal teams and driving more self-service for the business clients
- First-pass review of third-party contracts is semi-automated with the use of AI technology by the junior advisors, freeing up time for the senior transactions leads
- Spend on outside counsel to support transactional work has fallen by 15%

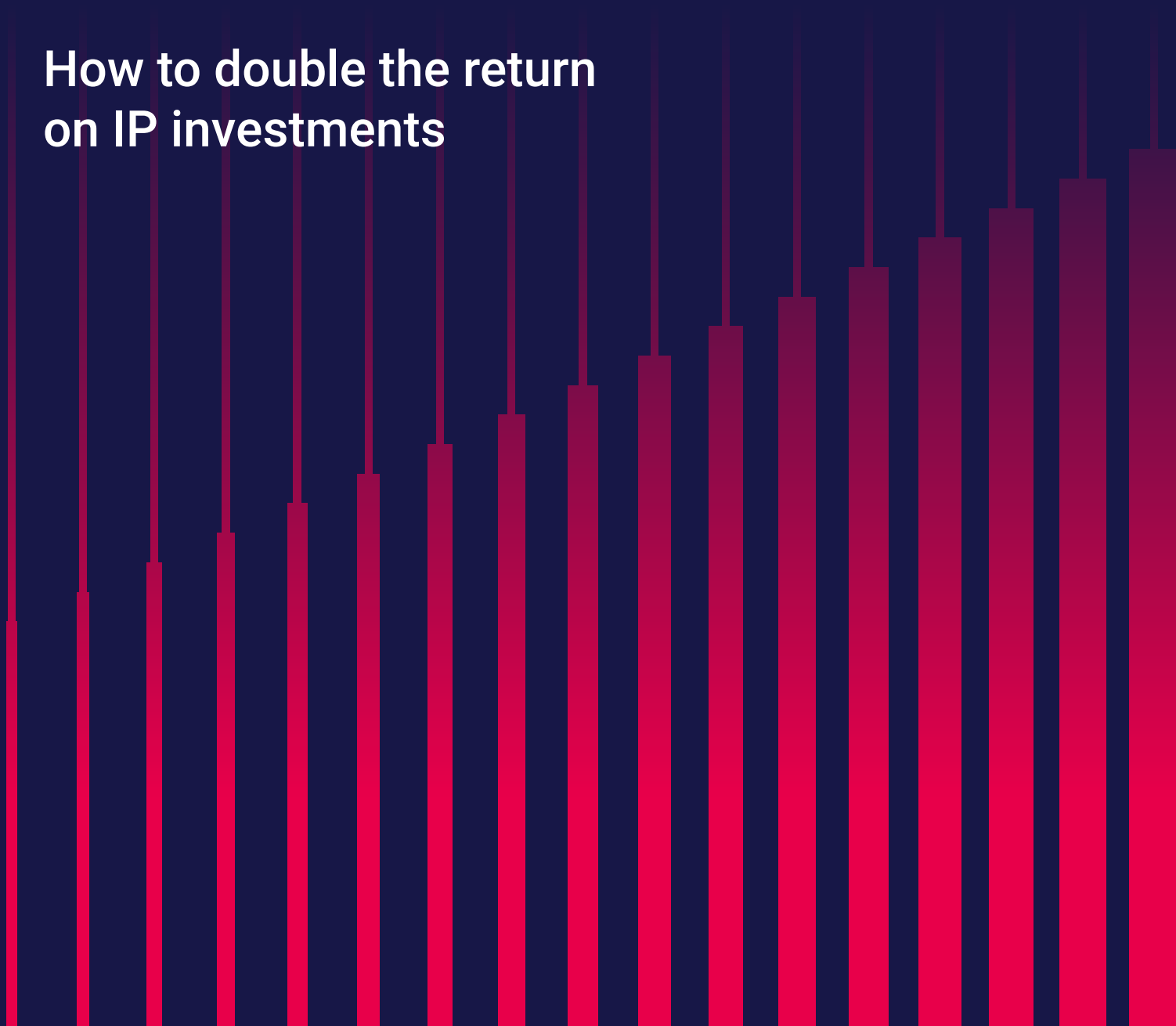
The Digital Transformation Dividend

Establishing a digital legal platform requires a holistic approach—there is no single technology application that delivers the range of functionalities required, across workflow analytics, resource utilization, transaction statistics and the rest. The greatest value comes from the ability to create a thoughtful data platform—designing and successfully implementing the tools, process redesign, and training programs needed to leverage data to optimize the contracting function.



Intellectual Property Monetization in the Digital Age

How to double the return
on IP investments



Many enterprise companies make significant upfront investments in patent development—few have realized the true commercial and revenue generation potential of their intellectual property (IP) portfolio. To fully capitalize on the current and future value of assets, companies must critically evaluate a patent's worth in relation to business goals and market potential. Patent holders should adopt a rigorous system of continuous evaluation, management, and monetization of IP to ensure the portfolio reaps net-new commercial value. Companies that embrace patent monetization in the digital age double their return on intellectual property investments, year-over-year.



From Liability to Royalty

Like most legal and compliance departments, intellectual property management is often seen as “corporate defenders” or in IP’s case, protectors of a company’s ideas. Patent holders in virtually every enterprise often take a defensive strategy to safeguard patent innovations. Most companies earn revenue from overtly detectable patent usage which may or may not offset hefty maintenance renewal fees. While patent holders understand there is inherent value in the portfolio, most assets remain undervalued or a drain to the company’s bottom line as companies lack insight and processes to quantify and mine true revenue potential.

To convert IP from liabilities to royalties, leaders must fundamentally shift how patents are viewed and develop a strategic approach aligned with business goals and the market. Obtaining insight into the entire portfolio allows companies to differentiate seminal patents from less valuable assets, ascertain which patents hold untapped revenue opportunities, and investigate profitable licensing and divestiture opportunities.

Formulating a Patent Monetization Strategy

A strong patent monetization program requires a comprehensive strategy to determine how to manage current assets and how to assess future IP opportunities. A comprehensive assessment is required to evaluate current patent worth and identify high-value patents that need renewal at the next maintenance cycle, as well as patent assets which can be divested, without affecting core business of the company or monetary value of the patent portfolio. This study can target patents with untapped revenue potential, identify new monetization opportunities such as licensure or litigation, and create evidence of use charts indispensable to bolstering patent litigation. By developing a systematic process companies can continuously monitor its patents and develop an IP portfolio responsive to the needs and changes of the business.

A Strategic Approach to Portfolio Monetization

A patent monetization strategy is rooted in understanding the depth and breadth of the portfolio, beginning with a rigorous classification of collections of patents that can number from the hundreds to the tens of thousands. Patents must first be classified in various technology and application area categories to assess the value of the patents. This initial categorization quickly identifies the patents core to the business, with high intrinsic value and non-core assets. We will explore this concept in relation to patent ranking, later in this white paper.

Patent ranking

While in-house IP teams have the tendency to look at the patents based on only technical merit, a monetization strategy requires determination on the quality of patents, ranked by multiple subjective and objective parameters such as: market and technical relevance, ease of enforcing IP protection, and application to future technologies.

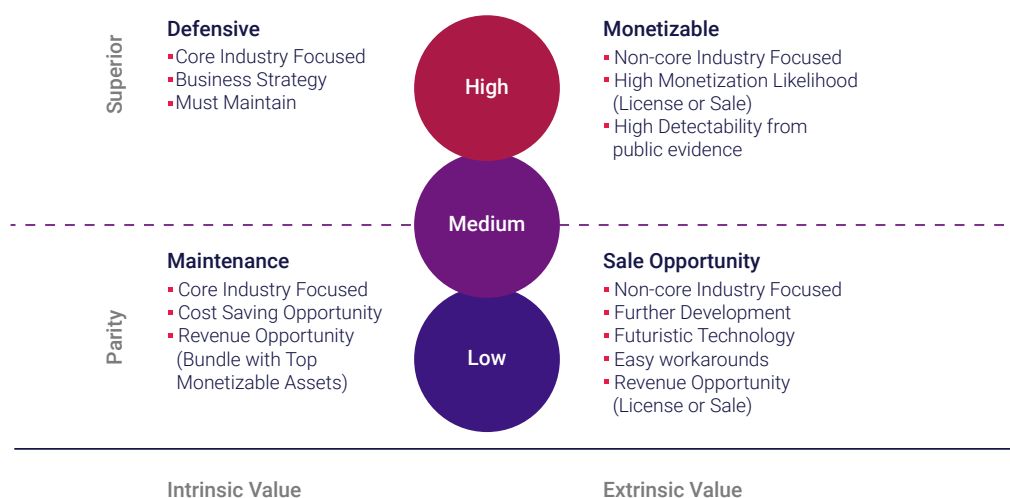
For example, a patent that is ground-breaking from a technology perspective can't be classified as seminal to the business if the relevance of the technology to the market—current and future—is low. Similarly, a patent which may only be adding incremental value to a process can be highly valuable if the technology is widely commercialized.

At the same time, patents must be significant innovations, able to stand the scrutiny from opposing parties, should the patent holder be involved in litigation or licensing discussions. Internal and external subject matter experts can provide valuable inputs during the patent review process.

Successful patent ranking algorithms should take into consideration the subjective inputs of subject matter experts as well as objective parameters such as patent strength, technology density, and high-value technology clusters. The key is converting these inputs into a common scale and the relative weightages given to the parameters.

Once placed on a scale, patents should be ranked into three tiers based on their relative patent score. Typically, the top 10 to 20 percent patents are bucketed as high-value patents, the bottom 10 to 20 percent patents are classified as low-value while medium value patents make up the difference.

The graph below shows the ranking of patents and characteristics relative to where assets fall on the scale.



High-value patents should be maintained for two reasons: to develop a healthy defensive patent portfolio, and to look for licensing or litigation opportunities if the patents are being practiced for commercially available products.

Medium-value patents would include those which may hold value in the future, and so could be ideal candidates for inclusion in a set for monetization via patent sale.

The key to how these high and medium assets are to be treated depends on their intrinsic (core) or extrinsic (non-core) value to the business.

- Core patents - Companies should take a conservative approach to high and medium patents in core industries in order to protect these assets from competitive scrutiny and to protect market share. Therefore, these patents should be reserved from a monetization strategy, unless the organization sees strong business value in licensing its' core patent assets.
- Non-core patents – These assets are best suited for monetization
 - Licensing packs for each industry should be prepared including several high-value patents and a long tail of medium-value patents, selected to be attractive to potential licensees
 - Patent holders should identify prospective licensing candidates (NOTE: it is imperative to perform detailed due diligence on the selected companies and conclusively identify evidence of use to prove infringement and to maximize the chances of successfully licensing the patent assets
 - Patent sale or divesture is an option for companies seeking immediate return or not interested in running licensing programs

Low-value patents due for renewal in the coming year should be regarded as “cost savers,” and must be segregated according to the payment interval terms. All patents in this class should be assessed against the remaining patent life and portfolio members in other geographies. Patent lapse analysis will also help to determine the likelihood of the adoption of patented technology by the industry. In cases where prospects of this are small, the patent should be retired.

This approach to patent monetization must be vigorously maintained against changing business and market priorities and used to guide future patent investments. By adopting and exercising a patent monetization strategy, companies can increase the profitability of their patent portfolios, year-over-year.

UnitedLex Patent Monetization Capabilities

- Over two million patents analyzed for monetization
- More than 200 patent monetization programs
- Over 50,000 infringement claim charts
- Over 200 IP consultants and technical experts globally

About UnitedLex

With more than 3,000 legal, engineering, and technology professionals globally, UnitedLex enables legal organizations to *thrive in the Digital Age*.

To start your transformation journey, visit unitedlex.com.



**Optimize Legal.
Accelerate Business.**

