



# External Resource Management

February 2024



# Agenda

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**ERM Chapter Introductions + Legal.io**



**External Resource Management Maturity Model**



**State of ALSP Industry for Legal Operations**

**Legal.io**

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We empower **ambitious in-house legal teams** with top-tier talent using technology and community.

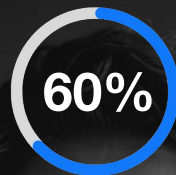
**verily**



**zoom**

**BLOCK**

 **OpenAI**



FAANG  
Companies use  
Legal.io

# Hire For Any Legal Role

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Legal.io's online platform connects a rapidly growing **community of over 33,000 legal and legal operations professionals**, allowing us to serve the needs of our clients holistically across a wide range of legal & compliance needs.



## Attorneys

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Experienced lawyers ready to help you meet your business goals faster.



## Legal Operations

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Maximize the capabilities of your legal team by streamlining legal operations.



## Contract Management

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Unlock the value in your contracts and decrease turnaround time.



## Trust & Safety

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Protect your customers and create fair and safe places to interact.



## Paralegals

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Hire experienced paralegals for your legal department or our law firm.

# Any Work Arrangement

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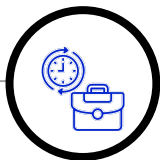
Legal.io is a **holistic solution** for the legal hiring needs of the modern enterprise. Legal departments rely on our high-quality network of verified legal professionals to hire top legal talent quickly and efficiently, for both temporary and permanent roles.



## 01 | **Secondments**

40+ hours / week

Hire top talent dedicated to the success of your in-house legal team on an interim basis



## 02 | **Flex Counsel**

10+ hours / week

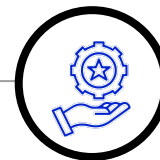
Add expertise with the flexibility to ramp up and down as business needs require



## 03 | **Permanent Role**

FTE Recruitment

Leverage our talent team to find the best fit for any permanent legal role



## 04 | **BYO**

Bring Your Own Talent  
Quickly onboard legal professionals in your network, without increasing headcount

POLL

# What do you hope to learn today?

- I want to learn explore strategies for achieving cost efficiency
- I want to learn how teams are leveraging adaptive external resources and Alternative Legal Service Providers (ALSPs)
- I want to learn about the types of legal technology being adopted by in-house teams to reduce expenses
- I'm here for the snacks

# ACC External Resource Management

acc.com/maturity/external-resources-management

## External Resources Management

Thought of vendors and law firms from selection through performance management and payments.

ACC offers this **Legal Operations Maturity Model** as a reference tool. Use it to benchmark maturity in any given area(s), bearing in mind that practice and departmental goals will vary based on department size, staffing and budgets. We have partnered with leading legal service providers to produce the **Foundational Toolkit** to advance each of the 14 functions. Members can link to the tools and on-demand webcasts below.

### Maturity Model Stages

EARLY	INTERMEDIATE	ADVANCED
<ul style="list-style-type: none"> <li>Majority of outsourced work directed to law firms</li> <li>Law firms at arms length from in-house legal department; relationships may be somewhat arm's length</li> <li>Law firms selected and managed for headline cost</li> <li>Ad hoc engagement and billing terms; billing generally on hourly rates; limited invoice review and analysis</li> </ul>	<ul style="list-style-type: none"> <li>Some consideration or use of legal process outsourcing vendors or alternative legal service providers (ALSP)</li> <li>Coordinated effort to improve collaboration with law firms and ALSP (e.g., through feedback, conferences, joint process improvement efforts)</li> <li>Vendor consolidation underway; some use of preferred providers to gain leverage and improve operational efficiency               <ul style="list-style-type: none"> <li>Resources dedicated to managing supplier relationships (often under Legal Operations)</li> </ul> </li> <li>Billing guidelines incorporated into a billing/matter management systems and enforced through invoice review</li> <li>Some limited use of alternative fee arrangements (AFA), learning what types of work and how to implement them successfully</li> <li>Defining key performance indicators and developing dashboard to track metrics, including cost effectiveness of external resources</li> <li>Some informal or ad hoc law firm/supplier evaluation               <ul style="list-style-type: none"> <li>Legal recognizes the business case for diversity and inclusion (DI&amp;I) and begins to measure and implement programs to improve law firm DI&amp;I</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Right sourcing an ongoing consideration and ALSPs/ALPs often integrated into legal service delivery model; well-established preferred counsel model</li> <li>Supplier considered value-producing business partner; systematic use of value adds (e.g., training, assessments) and value-enabling capabilities such as project management and technology</li> <li>Outside counsel and vendor management centralized, dedicated function(s) with involvement in RFPs, engagements, pricing and performance reviews to drive continuous process improvement and innovation; governance includes disciplined policy, exceptions, conflicts, and data security management</li> <li>AFA well understood and utilized according to established principles; systems smoothly incorporate AFA in billing and metrics/mathematical provisions used to assess value and reconcile pricing to cost/scope variations</li> <li>Data based decision-making in counsel selection/reallocation/pricing (e.g., customer is considered in law firm selection)</li> <li>Legal, Procurement, and Finance fully aligned and well-integrated with respect to supplier selection/management and spend management processes</li> <li>Standardized supplier quality/performance metrics; regular, structured, and mutual feedback</li> <li>Diverse suppliers proactively identified and metrics used to encourage DI&amp;I in staffing matters</li> </ul>

## Early

Work is mostly outsourced to law firms, which are managed by frontline counsel through ad hoc engagements. The relationship is characterized by limited trust and minimal invoice review and analytics. Billing is typically done on hourly rates.

## Intermediate

In-house teams enhance collaboration and efficiency with preferred vendors, diversify through legal process outsourcing and alternative providers, and introduce structured billing and alternative fee arrangements, all while monitoring supplier performance and advancing diversity initiatives.

## Advanced

ALSPs seamlessly integrated across all practice areas, enhancing innovation and efficiency, with a commitment to data-driven counsel selection and pricing. Harmonized processes across multiple cross-functional business departments proactively focused on diversity & inclusion initiatives and continuous feedback.

# External Resource Management Framework

## Maturity Model Overview

The ACC External Resource Management Maturity Model serves as framework to implement strategies for efficient resource management, enhancing operational efficiency and achieving cost savings for your legal department.

## Elements for Success

Legal teams prioritize resource management to optimize expenditures, allocate resources effectively, cultivate vendor relationships, and leverage technology.

## Assessing Maturity

This powerful model enables legal teams to comprehensively evaluate and analyze their existing external resource management capabilities, empowering them to identify specific areas for improvement.

## Driving Value Creation

Organizations strategically optimize their legal spend by implementing this comprehensive framework. It promotes cost-efficiency, resource allocation, and agility to adapt to changing market dynamics. Leveraging data-driven insights drives value creation and success.

## Achieving Resilience

Building resilience and managing resources involves leveraging expertise, collaborating with specialized providers, and optimizing allocation. By staying ahead and embracing innovative solutions, legal operations teams can achieve long-term success in a changing world.



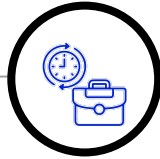
# External Resource Management Benefits

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## 01 | Cost Control

Reduces financial overhead by managing headcount and utilizing variable staffing, offering legal operations professionals a means to align expenses with actual demand.



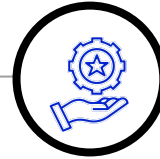
## 02 | Efficiency

Streamlines legal workflows and policies, enabling in-house teams to optimize their operations and focus on strategic tasks, thus improving overall legal service delivery.



## 03 | Tech Integration

Provides access to advanced technologies, facilitating process enhancements and allowing legal departments to stay at the forefront of innovation and efficiency.



## 04 | Knowledge

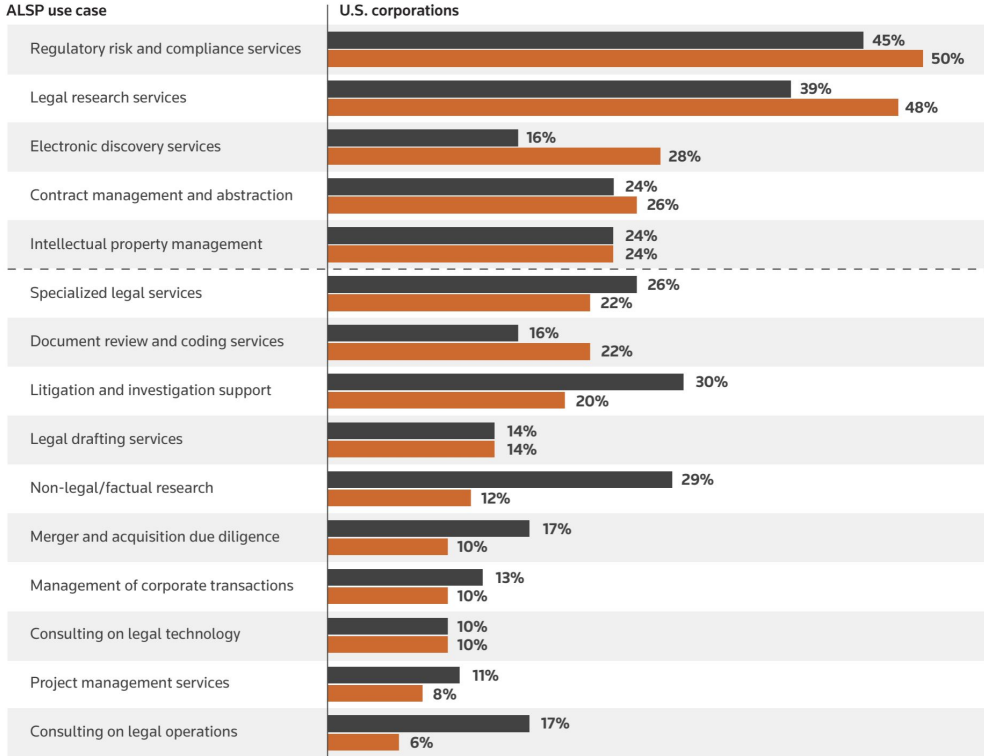
Ensures consistent quality of legal work with SLAs and enhances skillsets through targeted training, which is crucial for maintaining high standards in legal outputs.

# Which one of these cost savings techniques is your in-house team using?

- Alternative Legal Service Providers & Consulting Services
- Alternative Fee Arrangements & Request for Proposals (RFPs)
- Panels for Outside Counsel & On-Demand Talent
- Billing Guidelines & Outside Counsel Summits
- Legal Project Management Tools & Platforms

# Trends in ERM/ALSP Use

■ 2020 ■ 2022



Dotted line: Represents a divider between the top 5 use cases in 2022 and all other use cases.  
U.S. corporations 2020 (n=87), 2022 (n=50).

Source: Thomson Reuters 2023

2020

1. Regulatory risk and compliance services
2. Legal research services
3. Litigation and investigation support
4. Non-legal/factual research
5. Specialized legal services

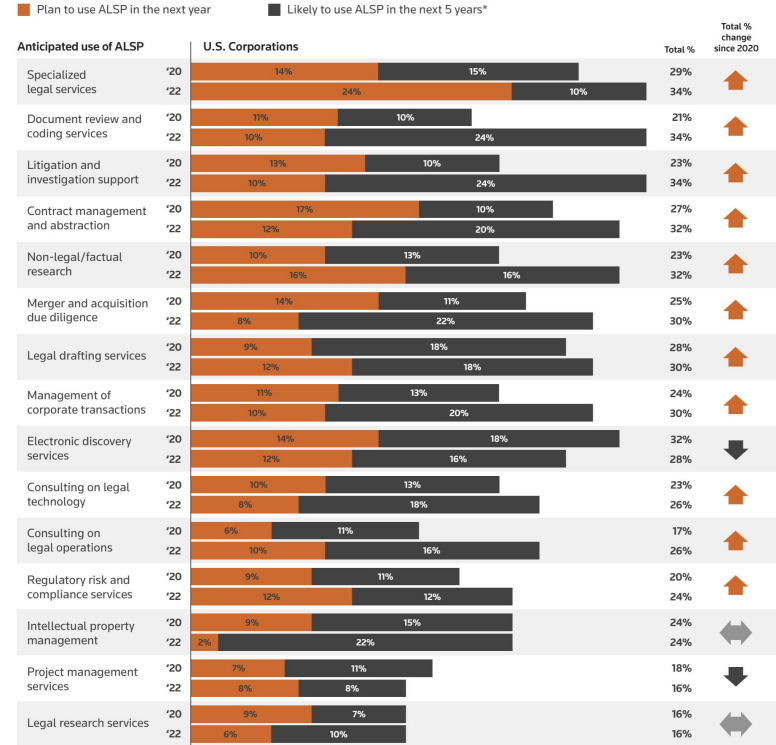


2022

1. Regulatory risk and compliance services
2. Legal research services
3. Electronic discovery services
4. Contract management and abstraction
5. Intellectual property management



Figure 12: U.S. corporations: trends in anticipated use of ALSPs



Respondents: Corporations that do not currently use ALSPs.

\*Likely to use in next 5 years = rated somewhat likely, very likely, or definitely will use ALSP in next 5 years.

Source: Thomson Reuters 2023

# In-House Trends since COVID-19

How has the pandemic affected the handling of external resources and ALSP usage?

2020: Pandemic drives tech adoption, 18% staff cuts.

2021: Demand rebounds + 20%+ law firm turnover.

2022: Demand drops, productivity at 20-year low.

2023: Emphasis on cost, ALSPs fill gaps.

# ALSP Trends & Resource Marketplaces

Increase in ALSP Use

# 21%

Legal departments shifted more work to ALSPs

Growth Rate

# 34%

Don't already use ALSP plan to in 2024

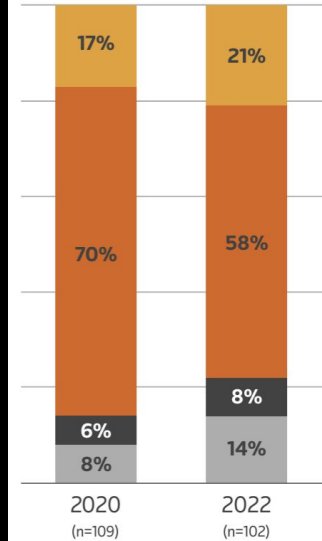
ALSP Market

# \$21 BILLION

Estimated up 45% since 2021

Figure 13:  
**U.S. corporations:  
anticipated spending  
on ALSPs**

- Increase
- Stay about the same
- Decrease
- Don't know



Net spend increase

11%

13%