

## How Legal Departments Should Formulate Their LegalTech Strategy

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**LegalTech** is hot. And when things get hot, you can easily burn yourself. When providers and consultants shout 'You have to move now, before it's too late', it's actually time to keep a cool head and think carefully. When it comes to LegalTech<sup>1</sup> investments, there is a substantial risk that rushing would lead legal departments toward the wrong decisions.

The broadening role of the in-house lawyer will require LegalTech investments

The role of legal departments and in-house lawyers is evolving, and they will not be able to fulfill it without relying more on technology.

The degree of extension of the role of legal varies from one company to another, but the overall trends<sup>2</sup> are clear:

- The scope of legal is broadening into new roles such as compliance, risk, CSR, privacy and public affairs.
- The strategic impact of legal is growing. A growing number of general counsel are members of executive committees and are involved in strategic decision-making.
- The mission of the legal department becomes more proactive. Legal is expected not only to solve legal problems, it but anticipate them.
- However, the resources (FTEs and budgets) of legal departments have not evolved accordingly. In-house lawyers have to do more with the same resources (or slightly more). This forces them to rethink priorities and where to allocate their limited resources. We call this strategic legal sourcing. It is one of the most important challenges for general counsel today.

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<sup>1</sup> We use LegalTech as the combined terminology for all technology-related investments in the legal market. These can either be technology-driven legal services or software tools to improve or facilitate the functioning of legal services providers.

<sup>2</sup> FrahanBlondé, *General Counsel Barometer*, IBJ/IJE, 2016.