Featured White Paper

2023 State of the Corporate Legal Department

by

Thomson Reuters Institute

powered by

TheRemsenGroup.com

Thomson Reuters Institute

2023 State of the Corporate Law Department

A year defined by managing risk, mitigating litigation, and controlling costs

THOMSON REUTERS®

Executive summary

"Do more with less" has become a near eye-roll-inducing cliché among corporate law departments. Yet it also remains a daily reality for many corporate general counsel, and a frequent topic of conversation among in-house legal professionals.

And it is, indeed, a very apropos conversation. Research from the Thomson Reuters Institute has found that 65% of corporate law departments are experiencing increasing matter volumes, while 59% are dealing with flat if not decreasing budgets.[1] This increase in levels of matter volume is being driven by growing global regulatory complexity, along with fallout appurtenant to the global economic slowdown.

As a result, even at a time when pressure to control outside counsel costs remains high, corporate law departments, by and large, anticipate increasing legal spend across practices, global regions, and industry sectors.

Key Findings

- Compliance with changing global regulatory developments has become the top priority for many law departments
- Managing and mitigating their companies' overall risk and cost is a key component to departments' broader cost-control strategies
- Overall, far more law departments anticipate an increase in their legal spend in the coming year than anticipate their spend to decrease
- Increased legal spend is a common trend across nearly every global region, key practice area, and industry sector
- There is growing evidence of corporate law departments shifting work among outside law firms as a way of managing costs and optimizing the value and cost effectiveness they are receiving
- The increasing complexity of global regulations is a main driver of law department strategy across global regions and industry sectors, and it may remain that way for at least the next several years
- While exact best practices remain a work in progress, most corporate law departments globally have settled on some form of hybrid work arrangements for their staff

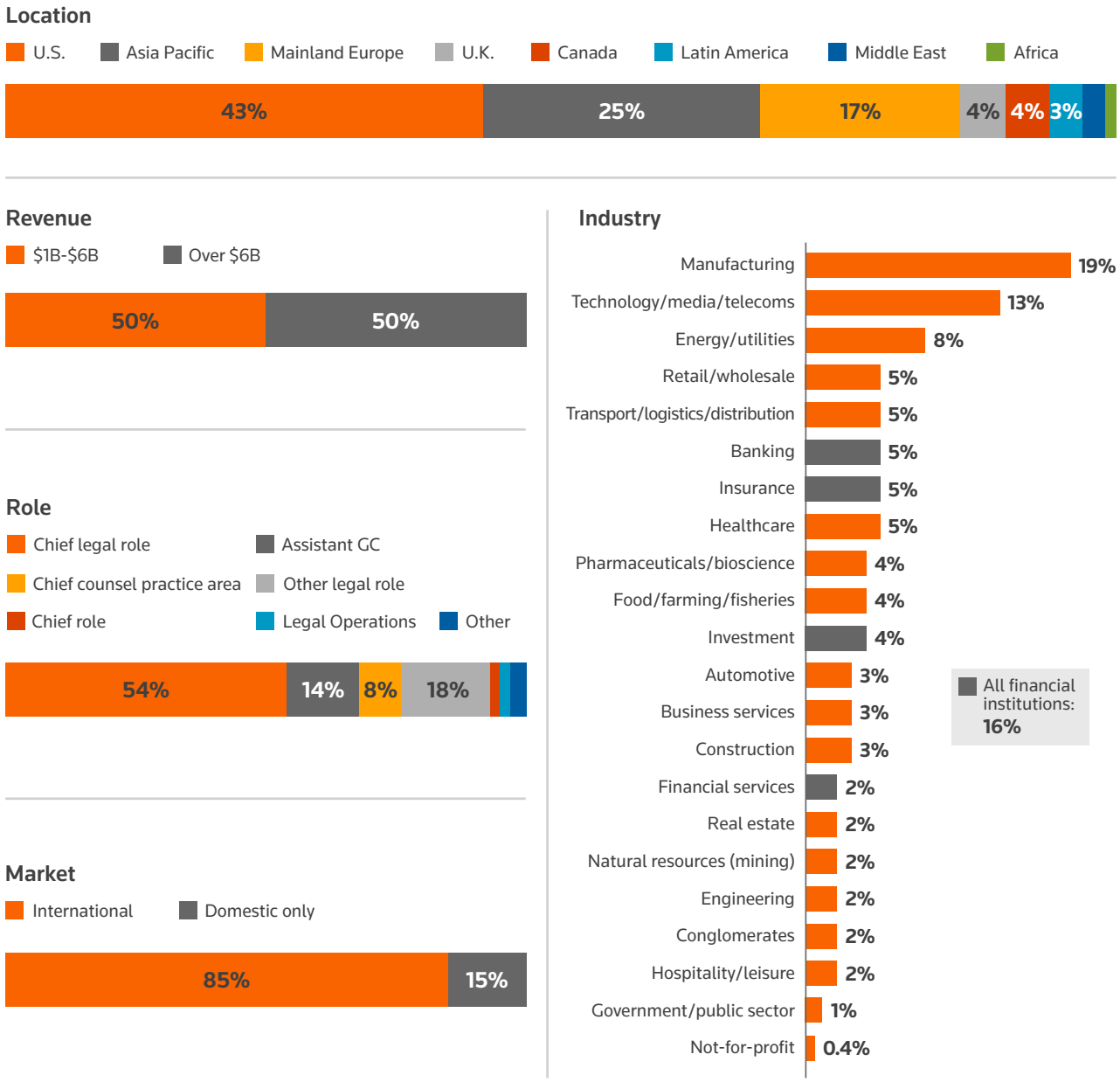
1 See 2022 Legal Department Operations Index (LDO Index) at 5; available at https://legal.thomsonreuters.com/en/insights/reports/legal-department-operations-index-seventh-edition-2022/form.

© Thomson Reuters 2023

Methodology

The findings in this report are the results of 1,569 interviews conducted with professionals from corporate law departments of companies with more than $1 billion in global revenue. Interviews were conducted throughout 2022.

Figure 1: **Research demographics**



Number of responses: 1569

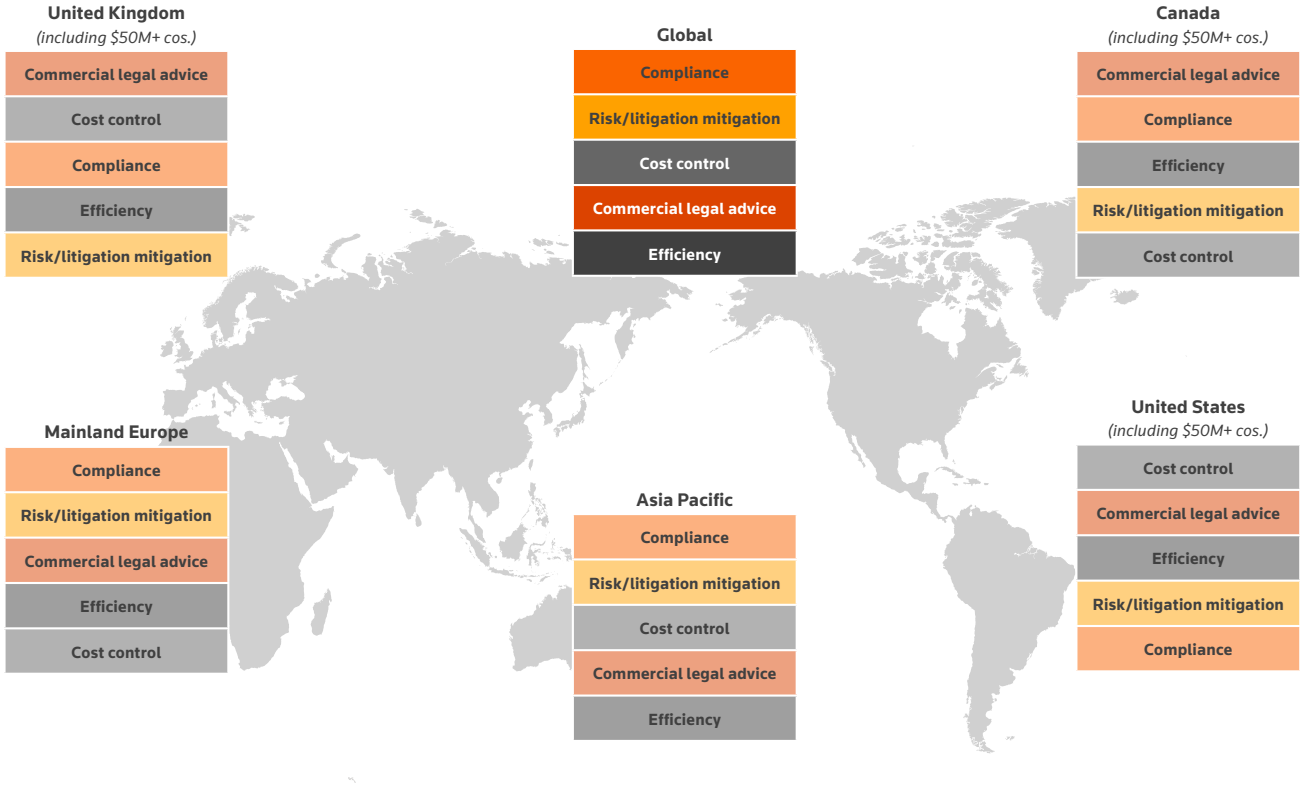
Source: Thomson Reuters 2023

© Thomson Reuters 2023

Ranking law department priorities

The top priorities for corporate law departments globally fall into generally familiar categories. A shifting regulatory landscape has caused compliance to rise to the top of the priority list for many companies. This rise is the result of not only new and changing regulations in many jurisdictions around hot-button topics such as environmental, social, and governance (ESG) issues, but also the potential for conflict among multiple jurisdictions over how these topics are addressed. The Thomson Reuters Institute recently explored some of the top global compliance concerns, examining not only issues pertaining to ESG regulation, but also issues such as changing securities regulations, geopolitical tensions, anti-money laundering efforts, cybersecurity, digital economies, data governance, and more.[2]

Figure 2: **Global law department priorities**



Number of responses: Global average (339); Asia Pacific (63); Mainland Europe (64); Full U.K. (41); Full U.S. (248); Full Canada (60)

Source: Thomson Reuters 2023

2 See 10 Global Compliance Concerns for 2023; https://www.thomsonreuters.com/en-us/posts/investigation-fraud-and-risk/10-global-compliance-concerns-2023.

© Thomson Reuters 2023

Figure 3: How corporate law departments' strategic focus has shifted

2019		vs.	2022	
Day-to-day advice	17%		Compliance/ regulatory requirements	22%
Proactive risk management/ litigation prevention	17%		Proactive risk management/ litigation prevention	21%
Cost control	17%		Cost control	19%
Improve efficiency/ streamline processes	16%		Provide more commercially impactful advice	18%
Compliance/ regulatory requirements	15%		Improve efficiency/ streamline processes	12%

Number of responses: 2019 (986); 2022 (339)

Source: Thomson Reuters

Risk and litigation mitigation was second on the global list of law department priorities, once again tying into the influence that the changing regulatory environment has on today's corporation. This also highlights the continued importance placed by law departments on litigation avoidance. The cost of litigation has risen substantially due to factors such as the increased complexity and cost of litigation necessities such as e-discovery and the quickly escalated rates charged by outside counsel. According to the 2023 Report on the State of the Legal Market,[3] published by the Thomson Reuters Institute and the Georgetown Center on Ethics and the Legal Profession, law firms grew their worked rates by an average of 4.8% in 2022, with some firms and practice areas growing by substantially more. Given the historic price premium placed on litigation work, it is not surprising that law departments would place emphasis on mitigating the possibility of litigation.

This ties closely into the third-highest priority cited by corporate law departments — cost control. While a perennial priority for corporate in-house legal teams, the past few years have seen a catalyzation of focus around cost control on the part of corporate lawyers. In fact, in the 2022 Legal Department Operations Index[4] published last fall, 85% of corporate law department operations professionals identified controlling outside counsel costs as a high priority. In fact, cost control remains the highest identified priority among companies in the United States, and second on the priority list for companies in the United Kingdom.

3 2023 Report on the State of the Legal Market at 7-8; available at https://www.thomsonreuters.com/en-us/posts/legal/state-of-the-legal-market-2023.
4 LDO Index at 5.

© Thomson Reuters 2023

Although lower on the priority list, commercially attuned legal advice and operating with efficiency should not be thought of as less important priorities for corporate law departments. Indeed, looking at the findings from the various regions, the commerciality of legal advice is the top priority for several regions. And while efficiency may not top the list, that may well be a function of bandwidth more than anything. Operating efficiently is a vital component to other top priorities, such as controlling costs, so it may not rank as highly because it is, in a sense, being subsumed within other stated priorities. In another sense, efficiency may be crowded out in the competition for top-of-mind awareness when compared to more pressing priorities such as managing risk due to shifting regulations.

© Thomson Reuters 2023

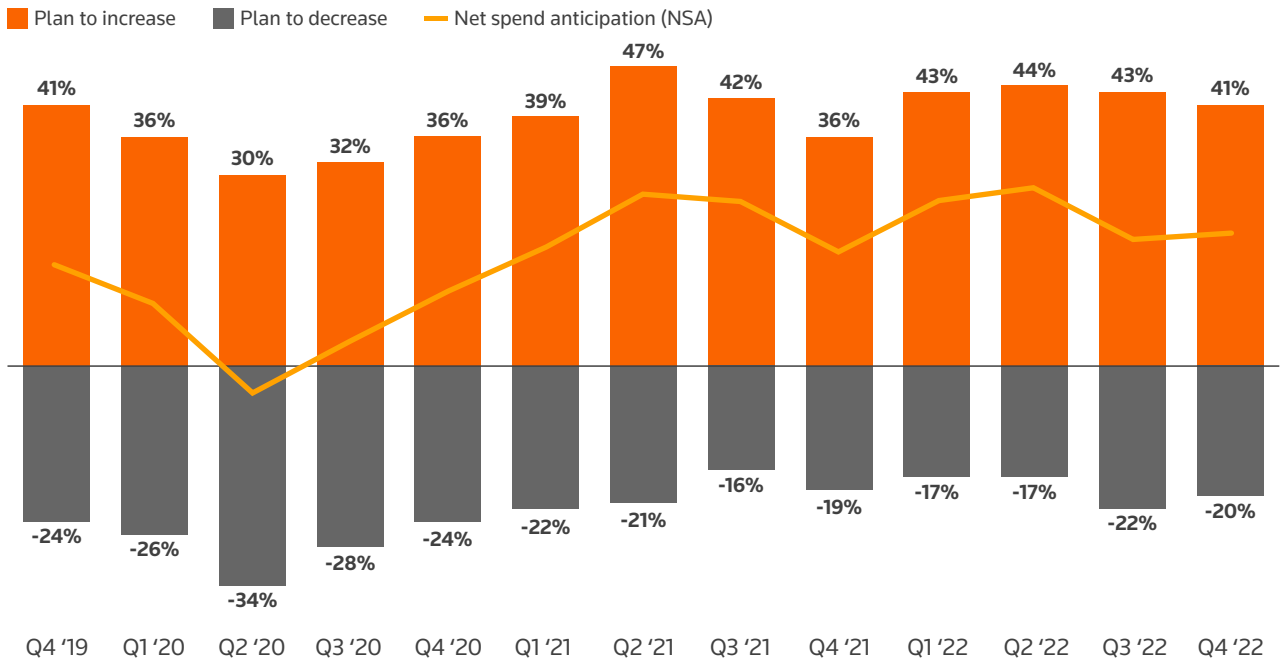
Trends impacting law department spend

Even as law departments strive to control costs, that does not necessarily mean massive reductions in overall spend. Rather, it likely means a search for cost-effective quality and value.

Figure 4: **Net spend anticipation (NSA)**

Total legal spend forecast: quarter-by-quarter view ($1B+ companies)

Percent of corporate law departments planning to increase legal spend versus those planning to decrease



Number of responses: Q4'19 (381); Q1'20 (412); Q2'20 (348); Q3'20 (384); Q4'20 (417); Q1'21 (433); Q2'21 (433); Q3'21 (449); Q4'21 (213); Q1'22 (423); Q2'22 (408); Q3'22 (352); Q4'22 (386)

Source: Thomson Reuters 2023

In general, overall net spend anticipation (NSA)[5] has remained strong since the early part of 2021. In fact, Q4 2022's NSA of 21 points exceeded three of the prior seven quarters.

There are a few factors influencing this figure. First, the percentage of companies anticipating a higher legal spend in the coming 12 months, while decreasing slightly throughout 2022, has remained strong. In fact, in Q4 2022 the same percentage of law departments expected an increase in legal spend (41%) as did in Q4 2019, well before the economic uncertainty defining today's legal market. Second, fewer companies reported an expected decrease in legal spend.

5 Net spend anticipation (NSA) is calculated as the difference between the percentage of law departments anticipating a decrease in legal spend over the next 12 months subtracted from the percentage of law departments anticipating an increase in legal spend during that time. NSA for Q4 2022 was 21 points, as 41% of respondents said they expect spending to increase while only 20% said they expect spending to decrease. Note, these figures do not represent the anticipated scale of change in budget (e.g., it is not an expected increase in spend of 41%), but rather the percentage of respondents who say they *expect* their spend to trend a certain direction.

© Thomson Reuters 2023

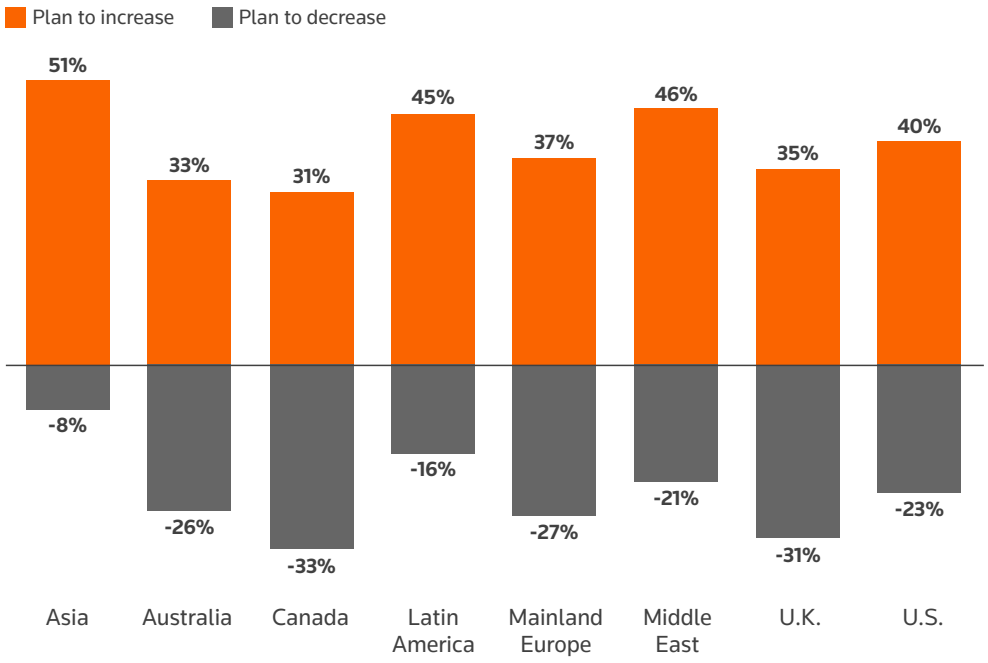
We should also note that NSA trends tend to be cyclical, with declines generally occurring toward the end of the calendar year. It was, therefore, a slight anomaly to see NSA improve from Q3 to Q4 2022. This movement likely demonstrates a preventative attitude on the part of law departments due to news of an impending global recession, which gained quite a bit of traction in Q3. The evidence of even a slight reversal in Q4 suggests that, despite ongoing economic uncertainty, law departments are expecting risks to their businesses to remain high along with demands for their services. This is likely leading to an impetus to keep budgets and organizations intact to the greatest extent possible.

Law departments are expecting risks to their businesses to remain high along with demands for their services

Figure 5: **Regional spend projections**

Legal spend forecast in H2 by region – $1B+ companies

Percent of corporate law departments planning to increase legal spend versus those planning to decrease



Number of responses: Asia (108); Australia (27); Mainland Europe (159); Canada (48); Latin America (30); Middle East (24); U.K. (55); U.S. (270)

Source: Thomson Reuters 2023

Across the globe, generally one-third or more of corporate law departments expect to see an increase in their legal spend, with Asia (51% expecting an increase) and Canada (31% expecting an increase) setting the bookends.

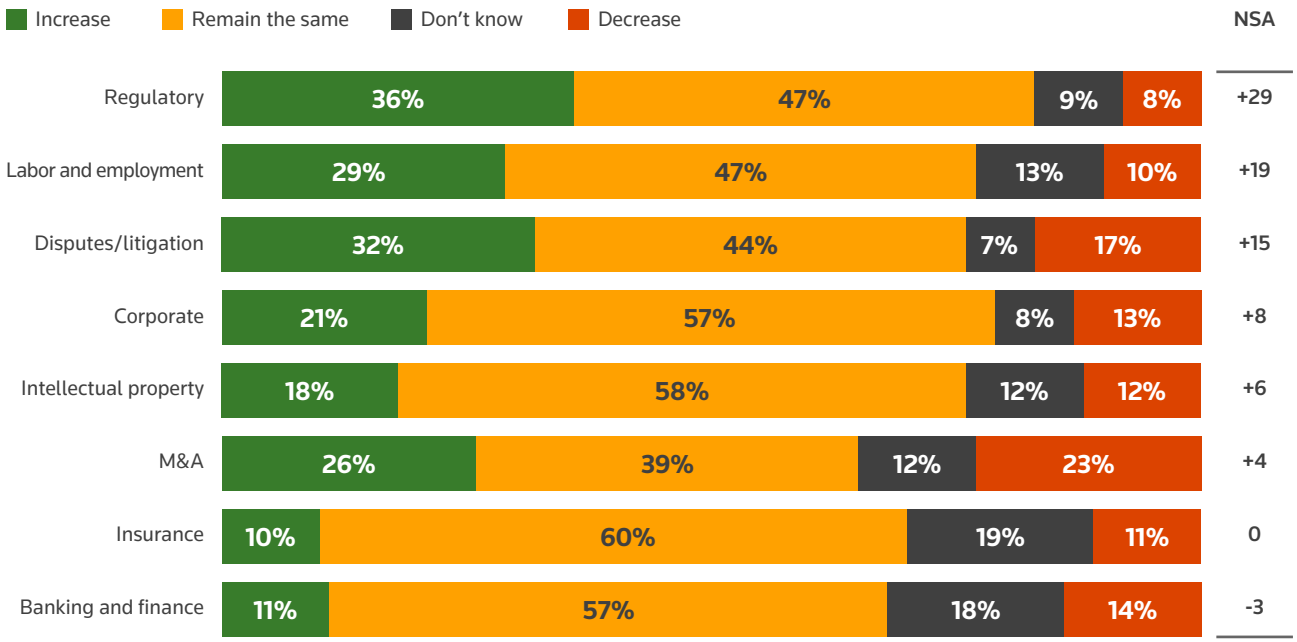
Far more variability is evident among companies expecting a decrease in spend. In Asia, only 8% expect a decrease in legal spend, resulting in a regional NSA of 43 points. In contrast, Canada shows an NSA of -2, as slightly more companies expect a decrease than an increase.

© Thomson Reuters 2023

Australia, Mainland Europe, and the U.K. also show relatively modest NSA scores due to larger percentages of companies expecting a decrease in spend, likely a reflection of broader economic trends present in those regions to a greater extent than in other areas of the globe.

Figure 6: Projected change in legal spend by practice

Legal spend forecast Q3&Q4 2022 by work type



Number of responses: (721)

Source: Thomson Reuters 2023

Corporate law department priorities are also reflected in the anticipated trends in spending by practice area.

Unsurprisingly, the practice area with both the highest percentage of respondents expecting to increase spend and the lowest percentage expecting to decrease spend was regulatory work. Interestingly, this may not necessarily translate into a greater amount of money spent with outside law firms; rather, this may represent a potential windfall for alternative legal services providers (ALSPs). Regulatory risk and compliance services fell among the top use cases for corporate law departments to leverage ALSPs in every region of the globe, according to the 2023 Alternative Legal Services Providers Report.[6] Even among law departments that do not anticipate a change in their total legal spend on regulatory services in the coming year, many may still look to realign service providers in order to maximize value. In fact, that may well prove to be the case across numerous practice areas.

6 See Alternative Legal Service Providers 2023 at 11. Available at: https://www.thomsonreuters.com/en-us/posts/legal/alsp-report-2023.

© Thomson Reuters 2023

Disputes/litigation is another area seen as potentially ripe for increased legal spend, for reasons previously discussed. However, here again we will likely see law departments looking to tier their work into more cost-effective options. As noted in the 2023 Report on the State of the Legal Market,[7] there is already ample evidence that law departments are beginning to shift work from one law firm to another in effort to control cost and optimize value. In fact, there is a clear trend among companies in the Fortune 50 to hire smaller law firms rather than large ones to handle litigation matters.

Figure 7: **Mobile demand in action**

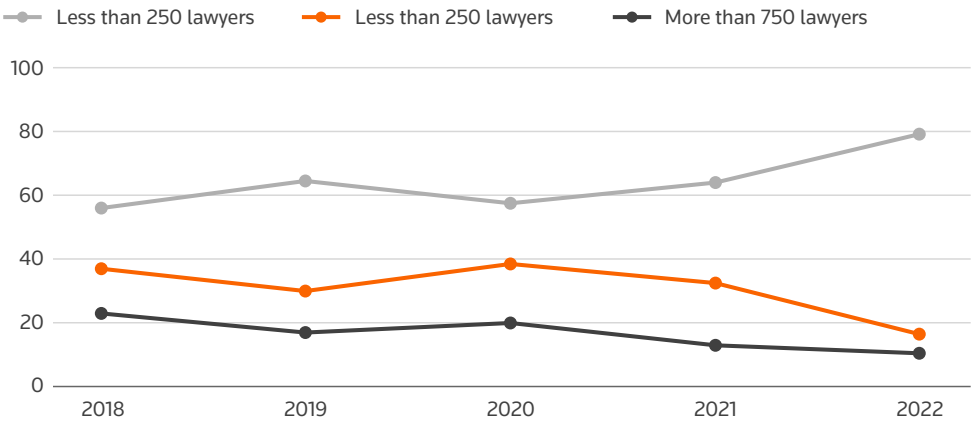
The shift in litigation matters from the Fortune 50

Smaller law firms picking up an increasing share of Fortune 50 litigation work over the past 5 years.

Big law share peaked in 2020.

	2018	2020	2022
Fewer than 250 lawyers	56.0%	56.0%	79.0%
More than 500 lawyers	37.0%	38.5%	17.0%

Litigation matter trends



Source: Thomson Reuters

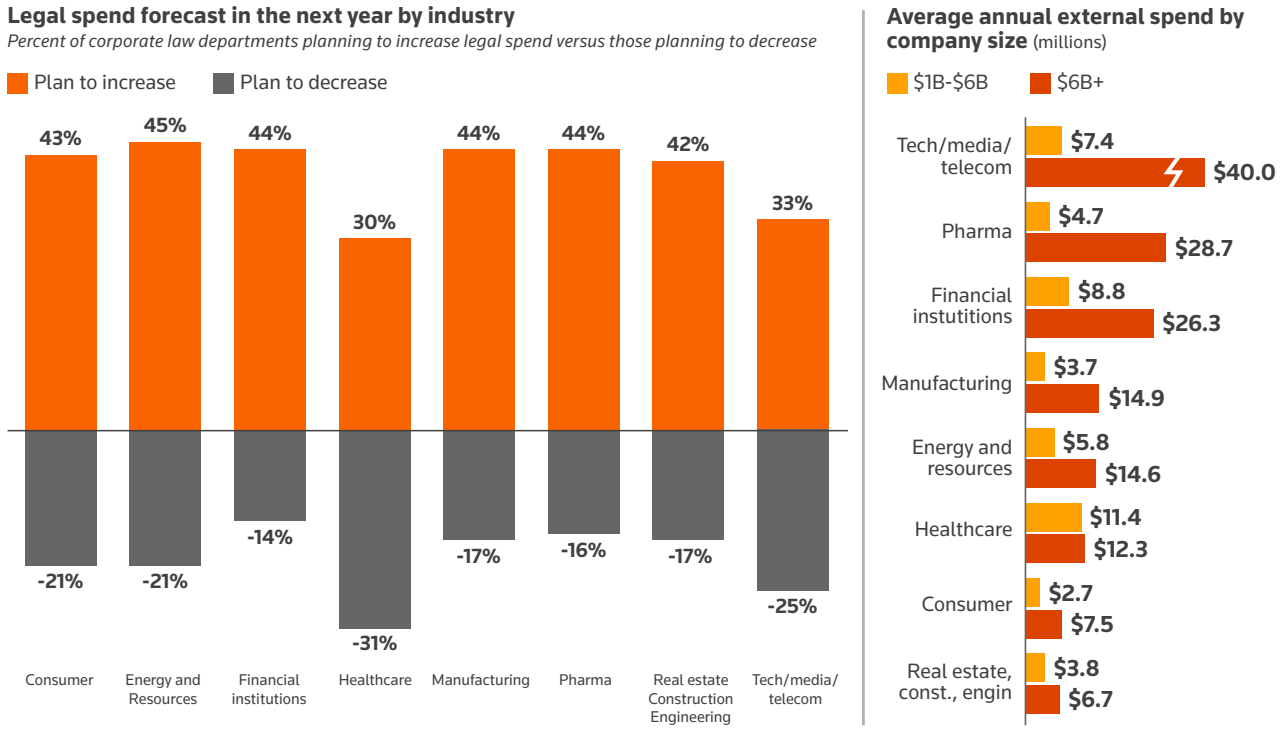
Additionally, perhaps as a reflection of ongoing tension in the global labor market, labor and employment practices may be primed as well for an increasing share of corporate legal spend. Economic uncertainty is often accompanied by upheaval in the workforce, and the past several years have borne witness to plenty of both.

7 2023 Report on the State of the Legal Market at 24-26

© Thomson Reuters 2023

On the other side of the coin, mergers and acquisitions (M&A), insurance, and banking and finance practices all demonstrate much more subdued outlooks. M&A is of particular note here, as transactional practices were the key driver of so much of the strong financial performance enjoyed by many law firms in 2021. In fact, the downturn of law firm financial fortunes in 2022 was closely tied to a slowdown in transactional practices, lucrative M&A work key among them. Continued contraction in this area, while wise for companies looking to minimize risk and postpone strategic combinations for times of greater economic certainty, could have broader ramifications on the outside law firms that are serving these corporate clients.

Figure 8: **Projected change in legal spend by sector**



Number of responses: Financial institutions (270); Energy and Res. (173); Consumer (172); Pharma (71); Health (62); Tech/media/telecom (205); Manufacturing (270); Real Estate, Cons. & Engin. (110)

Source: Thomson Reuters 2023

With the notable exception of healthcare, NSA scores among the various business sectors are all in solidly positive territory. In fact, with the additional exception of tech/media/telecom (TMT) companies, every sector reports greater than 40% of respondents expecting their legal spend to grow in the coming year.

Healthcare companies are the notable outlier in terms of their anticipated legal spend; however, this requires some additional context. Healthcare companies have seen outsized legal expenditures over the past several years, in some cases at unsustainable levels. Some scaling back of expenditure was almost inevitable. The extent of spending reduction is certainly an open question, but observers of the market should not be surprised to see at least some reductions from peak spending levels.

© Thomson Reuters 2023

Strategies guiding companies in 2023 and beyond

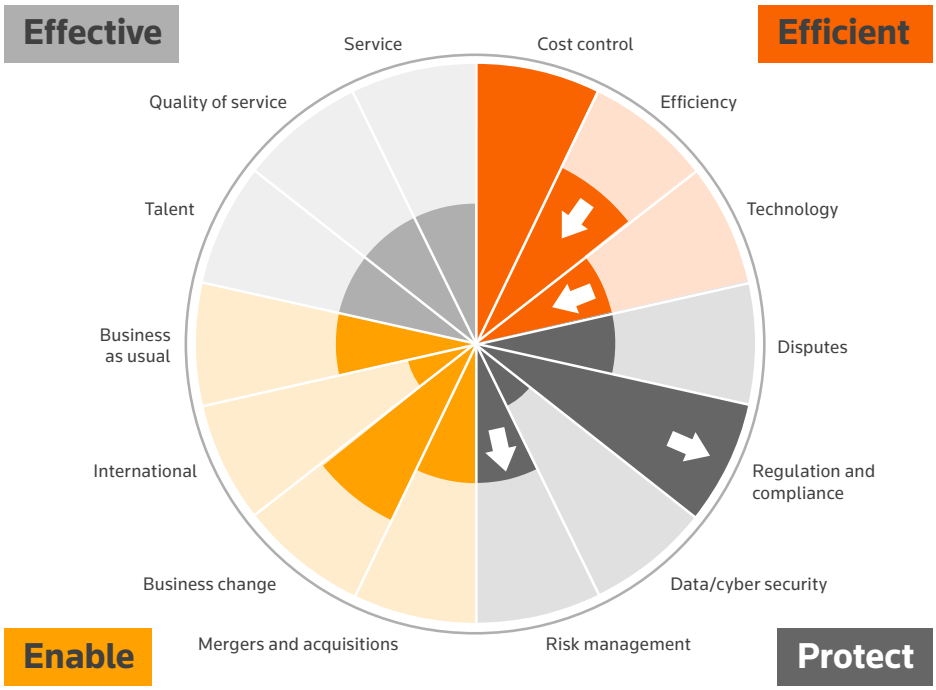
Broadly speaking, strategic priorities for corporate law departments fall into four main categories:

- ***Protective*** — safeguarding the enterprise from risk
- ***Enabling*** — driving the overall success of the business
- ***Effective*** — delivering sound legal advice
- ***Efficient*** — making the best use of limited resources

These four themes are consistently evident within the stated priorities of law departments, although with some variation over time as to the weight given to respective categories and shifts among the driving factors underlying the broader categories. Typically, the category receiving the most attention is the category undergoing the most change or the one with the greatest risk exposure.

As we move through 2023 and even begin to look beyond, many companies are experiencing a shift from a focus on efficiency to a focus on protecting the business.

Figure 9: **Corporate law department strategies for 2023**



Source: Thomson Reuters

© Thomson Reuters 2023

The shift to a guardian model

Legal industry pundits will sometimes refer to those corporate law departments that are focused primarily on protecting the broader enterprise from risk as *guardians*. We already have seen evidence of an increasing focus from corporate law departments on the shifting nature of the global regulatory framework. As a consequence, we are also seeing a shift in law department mindset toward that of a guardian. This shift is manifest in the growing emphasis law departments are placing on regulatory and compliance work, as well as on risk management.

Regulatory changes in the marketplace abound; new regulations are pending or were recently enacted in varying jurisdictions addressing such wide-ranging topics as data privacy, cybersecurity, ESG, diversity, and cryptocurrency and digital economies.[8] These shifts have massively increased the potential regulatory consequences and compliance burdens for businesses operating in a global marketplace, particularly since there is wide disparity in the adoption, application, scope, and enforcement of these regulations.

Something has to give

With such an understandably sharp increase in attention to regulatory matters, it stands to reason that something has to give in order to make room for that renewed focus. It appears that, at least for now, some of that shift is occurring via a softening focus on improving operational practices. In particular, corporate law departments are reporting a smaller amount of their attention is being devoted to subjects such as improving their work processes and standardizing and automating their workflows.

That is not to suggest that these are not still key priorities for law departments. Rather, the softening of focus may be the result of several factors. First, improvement of process and workflow efficiency has been a key area of focus for law departments for the last several years — a natural result of a "do more with less" mindset. Consequently, many improvements have already been made, so some softening of focus is likely inevitable. For those law departments still in the midst of change, or those that may have fallen behind the trends, focus on improving operations likely will remain strong.

Moreover, it is quite understandable that attention would shift to areas that appear to be more existential to the enterprise. For the past several years, law departments that could not improve how they operated risked being a substantial drag on the broader business. Today, however, a much greater threat is potentially posed by regulatory changes. As a result, even if the priority on improving efficiency remains the same, it can be perceived as relatively receding in comparison to the growing focus on regulatory matters.

8 See 10 Global Compliance Concerns for 2023 (Thomson Reuters Institute & Thomson Reuters Regulatory Intelligence); https://www.thomsonreuters.com/en-us/posts/investigation-fraud-and-risk/10-global-compliance-concerns-2023.

© Thomson Reuters 2023

It is also important to note which strategies remain key areas of focus. These include:

- **Cost control** — Many departments continue to improve in this area by reducing external legal spend, bringing more work in-house, and prioritizing which types of matters are pursued.
- **Quality of advice** — Failure to provide quality, practical, commercially relevant advice, whether from in-house or outside lawyers, obviates the central mission of the corporate legal function. Simply put, providing quality legal advice is table stakes for the law department.
- **Talent management, including recruitment, retention and training** — Though not facing the same daunting headwinds as they saw in 2021, law departments today still struggle in an environment in which many law firms are paying lawyers, particularly associates, top-money salaries, increasing the potential talent draw away from in-house legal teams.
- **Business change** — Today's law departments are tasked with helping to guide growth, enable new initiatives, and assist transformation, all while minimizing the risk to the business.

Of course, strategic priorities, like legal spend strategies, are subject to the needs of various companies and the industry sectors in which they operate.

Figure 10: Top 5 strategic priorities by sector

	Financial institutions	Manufacturing	Energy and resources	Consumer	Real estate/ construction/ engineering	Health and life sciences	Technology/ media/telecom
1	Proactive risk management/ litigation prevention 34%	Proactive risk management/ litigation prevention 26%	Commercial/ supporting business 23%	Compliance/ regulatory requirements 25%	Cost control 28%	Cost control 19%	Commercial/ supporting business 23%
2	Compliance/ regulatory requirements 25%	Compliance/ regulatory requirements 25%	Compliance/ regulatory requirements 22%	Proactive risk management/ litigation prevention 25%	Compliance/ regulatory requirements 21%	Commercial/ supporting business 17%	Compliance/ regulatory requirements 18%
3	Cost control 22%	Cost control 19%	Proactive risk management/ litigation prevention 21%	Commercial/ supporting business 23%	Improve efficiency/ processes 20%	Compliance/ regulatory requirements 16%	Improve efficiency/ processes 16%
4	Improve efficiency/ processes 15%	Commercial/ supporting business 13%	Mergers and acquisitions 20%	Mergers and acquisitions 16%	Commercial/ supporting business 14%	Improve efficiency/ processes 15%	Cost control 14%
5	Commercial/ supporting business 13%	Strategic business partner/special advisor to leadership 11%	Cost control 19%	Cost control 14%	Innovation 8%	Technology/ automation 10%	Proactive risk management/ litigation prevention 12%

Number of responses: Financial institutions (56); Manufacturing (57); Energy and resources (37); Consumer (36); Real Estate/construction/engineering (30); Health and Life Sciences (32); Tech/media/telecom (45)

Source: Thomson Reuters

© Thomson Reuters 2023

In nearly every category, we once again see the emphasis placed on the importance of regulatory compliance, with that particular priority almost never falling outside of the top two strategic priorities. Only healthcare reported regulatory compliance as the third-highest priority, likely due to a rising prominence of cost control after several years of record-setting spending and possibly a more perfunctory approach in an industry that has been heavily regulated for a long time.

A few additional notes on sector-specific strategic priorities:

- Every sector ranked *cost control* among their top five priorities
- *Supporting the broader business* was also a universal top-five priority for law departments
- Both the energy and consumer sectors listed *M&A* among their top priorities, signaling a potential upward departure for the otherwise lackluster practice
- Manufacturing stood alone as the only sector to mention *service to leadership as a strategic business partner or special advisor* among their top priorities
- Real estate was the only sector to mention *innovation* among its top priorities
- Similarly, healthcare was the only segment to mention *technology/automation* within its top five
- Financial institutions and manufacturing may see a looming threat from litigation as they both ranked proactive *risk management/litigation* prevention as a higher priority than *regulatory compliance*

© Thomson Reuters 2023

In their own words: What law departments see as their mission

"Always keep focusing on longevity and consolidating objectives, avoiding high risks, for any business sector or activity. So, the highest strategic contribution is to see the opportunities, limit risks, and diversify the scope of action."

– Energy company from Mainland Europe

"To provide practical legal and commercial support to a growing business."

– Transportation company from the U.K.

"To promote the growth in the business, which involves implementing technological solutions to some of the challenges around labor and others, and so dealing with those, supporting the clients in that manner is one of our main priorities."

– Hospitality company from the U.S.

"Like many legal departments, we are under cost pressure and have to think about how we can make things more efficient. We are also in the process of considering digitalization, to what extent we can use digital tools, digitalize processes, things like that."

– Energy buyer company Mainland Europe

"Streamlining simple processes, providing more specialist advice, and increasing oversight within the business."

– Real Estate company from the U.K.

"Continuous work on legal sanctions, international trade, and investment compliance."

– Investment company from the Middle East

"Regulatory compliance is always a big one because we are a heavily regulated financial services firm, getting efficiency is a big one, and trying to find ways to reduce our spend, those are probably the big ones, besides avoiding liabilities which is the biggest overall, the overall requirement is that we do not have to pay out of pocket for anything."

– Financial Services company from the U.S.

© Thomson Reuters 2023

Risks on the horizon

Figure 11: **Corporate law department anticipated future risks**

Current priorities	Risks on the horizon
Compliance/regulatory requirements 22%	**Frequency and complexity of regulatory changes** 21%
Proactive risk/litigation management 21%	**Data privacy** 19%
Cost control 19%	**ESG/DEI** 18%
Commercially ready advice for business 18%	**Cybersecurity** 14%
Efficiency/process improvement 12%	**Currency/economic instability** 11%
Technology/automation 8%	**Exportation risks/restrictions to trade** 6%

Number of responses: (342-346)

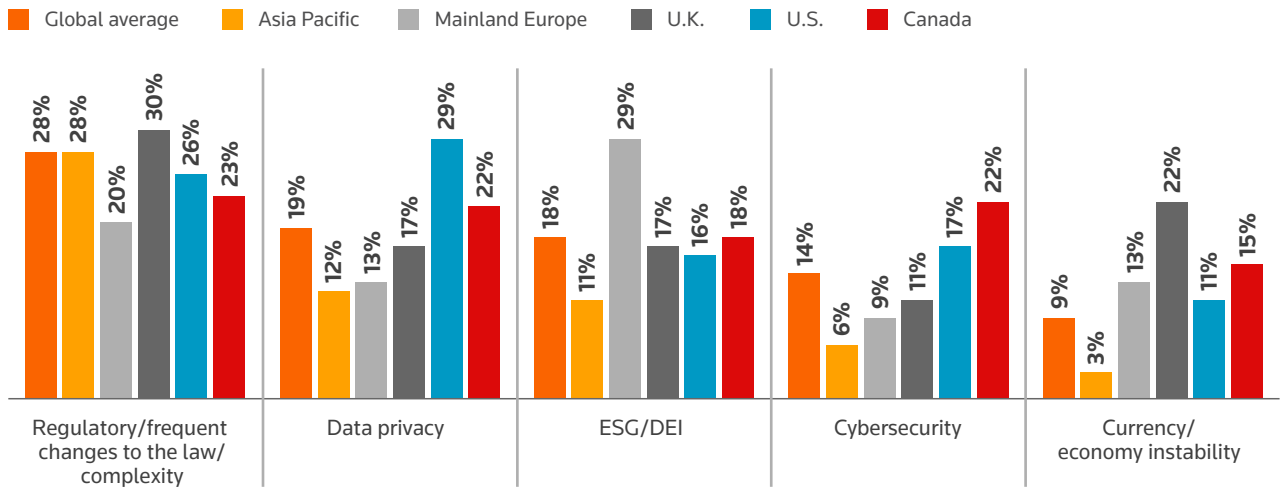
Source: Thomson Reuters

In both the near- and long-term, regulatory changes factor heavily into what corporate law departments see as their biggest anticipated risks to the business. In fact, among risks on the horizon for corporate law departments, most center around some form of regulatory action.

Chief among future risks is the frequency and complexity of regulatory changes, with more than a quarter of law departments sharing that concern. One-in-five law departments sees the potential for future risk in the area of data privacy, with a nearly identical share anticipating risk from ESG issues. In fact, both of these areas are seen as likely to be greater risks in the future than they are even today.

© Thomson Reuters 2023

Figure 12: **Upcoming risks in the next 3-5 years by global region**



Number of responses: Global average (343); Asia Pacific (67); Mainland Europe (63); Full U.K. (46); Full U.S. (246); Full Canada (60)

Source: Thomson Reuters 2023

Exploring some of the regional differences in assessing potential future risks, regulatory change is seen as a key area essentially worldwide. Data privacy and cybersecurity stand out more in the United States and Canada, with both regions seeing anticipated levels of future risk that exceed the global average. Potential future risk from ESG changes is of particular concern to law departments in Mainland Europe. And given the lingering uncertainty around the long-term impacts of Brexit, it is perhaps unsurprising that U.K. departments report a higher-than-average level of concern about risks due to economic uncertainty. Departments in Mainland Europe and Canada similarly report high levels of concern around economic uncertainty, although likely for different reasons than the U.K.

© Thomson Reuters 2023

In their own words: Perception of risks

"I think the legal risks are always connected to the overall economic and social situation, so there will definitely be new challenges and new risks coming from the energy crisis which influences our field of business."

– Automotive company from Czech Republic

"ESG definitely, sustainability risks — that is the hot topic now. I hope the economic climate will get better, but it will definitely be up and down. In a nutshell, lots of current affairs have affected us since 2020. Being aware of what's happening in the world. It is the case now with law, there are so many larger scale issues that you have to know about, for example ESG and sustainability."

– Energy company from Canada

"What could be challenging is environmental law things because it's becoming stricter. I think also, what's quite a big risk is cybersecurity. So, there's a risk in relation to environmental laws, to anticipate all new legislation. I think for everybody, for all companies, it can be quite hard maybe to meet all the requirements because it's changing, and changing all the time, and it's becoming stricter."

– Retail company from Netherlands

"I think economic crisis and tightness of the financial markets, therefore, access to credit; very complex litigation matters and ever-changing regulatory environment. It's better to mention the geopolitical conflict: war, economic international sanctions, all this impacts us as international players."

– Food/Farming company from Latin America

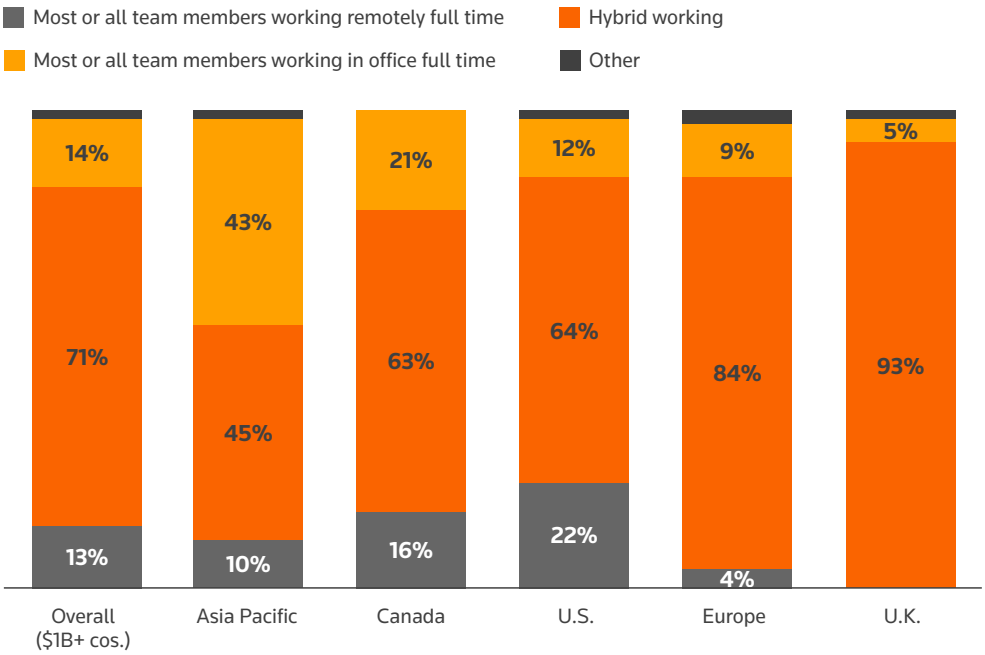
© Thomson Reuters 2023

Changes in the ways of working

Corporate law departments remain concerned not only about the economy and regulatory environment in which they will be operating, but in *how* they will be performing that work. Even today, there remain more questions about how to operate in an evolving hybrid/remote working environment than there are answers.

Figure 13: **Remote/hybrid/in-office working**

Q. Which of the following best describes current working patterns in your team?



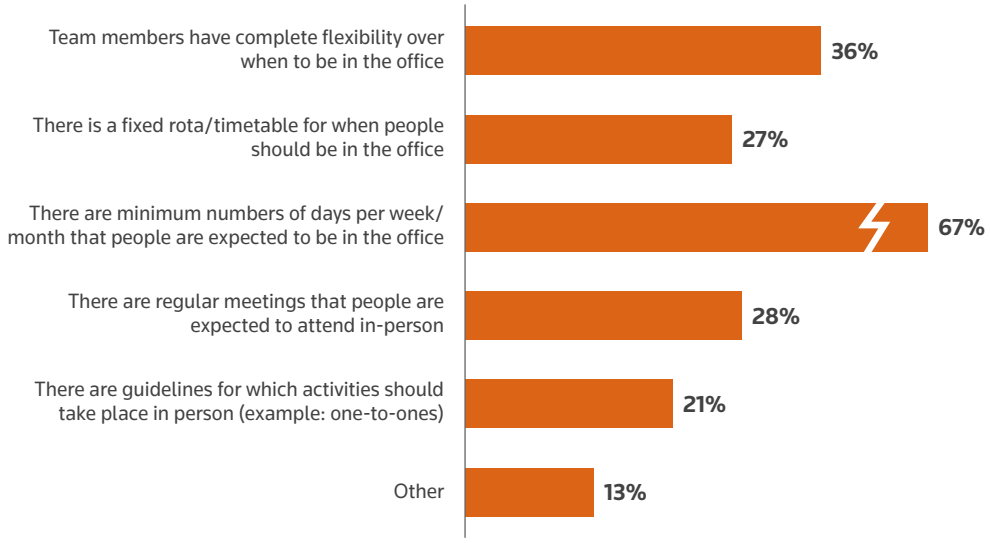
Number of responses: Overall ($1B+ cos.) (338); Asia Pacific (48); Canada (62); U.S. (246); Europe (85); U.K. (43) *Source: Thomson Reuters 2023*

In every region, full-time, in-office work remains the minority position, however, that balance is much closer in some regions than in others. In the Asia-Pacific region, for example, there is near parity between hybrid working and full-time, in-office working. But that region is a far outlier as the only region where hybrid working veers below 50% of the workforce. In every other region, hybrid working is the practice for nearly two-thirds or more of law departments, ranging from 63% of law departments in Canada to 93% of law departments in the U.K.

Interestingly, full-time remote working remains uncommon, trailing even full-time, in-office work in every region except the U.S.

© Thomson Reuters 2023

Figure 14: **Most common hybrid work approaches**



Number of responses [Overall ($1B+ cos.)]: Hybrid (253)

Source: Thomson Reuters 2023

Some two-thirds of law departments report that their hybrid working model specifies a minimum number of days per week or month in which staff are expected to be in the office. This number can vary by business, but most commonly, businesses appear to be stating an expectation of two or three days per week. Enforcement of this expectation can be another question, and one with which businesses still appear to be grappling. Many complain that even when a certain number of days is mandated, the purposes of being in the office, such as camaraderie, collegiality, and collaboration, can be frustrated if the other team members key to these interactions don't happen to be in the office at the same time.

With this in mind, it is perhaps surprising that more respondents report team members having complete flexibility over when to be in the office than report having specific guidelines regarding specific meetings or activities which should take place in the office. This is perhaps reflective of a workforce that still places a high degree of value on the autonomy and flexibility in managing their work life that they came to enjoy during the pandemic.

Striking a balance between the need for the benefits of in-person collaboration with the flexibility of remote working is why many have settled on hybrid working as a "best of both worlds" solution, and that seems likely to remain the default position.

© Thomson Reuters 2023

Figure 15: **Hybrid is the 'best of both worlds'**

Benefits of different working patterns (factors mentioned by 10% or more of respondents in each group)

Number of responses [Overall ($1B+ cos.)]: Hybrid (253)

Source: Thomson Reuters 2023

Respondents report that their experience over several years of hybrid work has demonstrated high degrees of flexibility, work-life balance, efficiency, employee satisfaction, and productivity, while still enabling face-to-face interactions.

Even as the environment for corporate law departments continues to evolve, it seems likely that hybrid working, while likely to continue to be refined, will be a fact in how modern law departments operate going forward.

© Thomson Reuters 2023

Conclusion

The rapid and sometimes incongruent shape of today's shifting regulatory environment will continue to disquiet corporate law departments, likely for foreseeable future. Coupled with the challenges that usually accompany economic uncertainty — labor and employment challenges, litigation, and in some cases, even potential insolvency — many law departments will likely have little trouble continuing the current trend of increasing matter volumes. The mantra of "do more with less" seems destined to become an even more well-trafficked trope as law departments look to bring more work in-house in order to manage outside counsel costs.

Even in the face of these challenges, however, many law departments have found at least some stability. Investments over the past several years in technological and process improvement should pay dividends for years to come, even as workloads change. Best practices around ways of working can continue to evolve with a better understanding of how employees want to work, balanced with what has thus far proven to maintain productivity and collaboration.

On the whole, while law departments will face no shortage of challenges, they appear well equipped, both internally and through their external partners, to confront what the future may hold.

© Thomson Reuters 2023

Thomson Reuters

Thomson Reuters is a leading provider of business information services. Our products include highly specialized information-enabled software and tools for legal, tax, accounting and compliance professionals combined with the world's most global news service – Reuters.

For more information on Thomson Reuters, visit **tr.com** and for the latest world news, **reuters.com**.

Thomson Reuters Institute

The Thomson Reuters Institute brings together people from across the legal, corporate, tax and accounting and government communities to ignite conversation and debate, make sense of the latest events and trends and provide essential guidance on the opportunities and challenges facing their world today. As the dedicated thought leadership arm of Thomson Reuters, our content spans blog commentaries, industry-leading data sets, informed analyses, interviews with industry leaders, videos, podcasts and world-class events that deliver keen insight into a dynamic business landscape.

Visit **thomsonreuters.com/institute** for more details.

THOMSON REUTERS®

© Thomson Reuters 2023