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Digital Trends for Legal Teams

Improving efficiency and remote flexibility across contract workflows

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Executive summary

Organizations all over the globe rely on legal resources to manage a majority of contracting responsibilities. To keep up with the demand, in-house legal teams are looking for innovations that can improve today's contracting workflows with an eye toward interoperability and automation. As the speed of business and the need for functional remote work increased in 2020, it became even more important to solve modern agreement problems in a way that set the stage for sustained, scalable digital transformation.

To study the way modern, in-house legal teams operate, DocuSign conducted a survey of more than 800 global corporate legal professionals, focusing on their contracting responsibilities and the tools they use to manage their work. This report summarizes the research, highlighting key trends in the way legal teams prepare and manage contracts today. You'll also see predictions about the future of contract automation and details of the robust, interconnected contracting processes that legal professionals are central to building and implementing.

Here are some of the key findings:

1/ Contracting makes up a substantial amount of legal departments' work
Two-thirds of incoming legal requests are for contract work and over 80% of legal respondents are "often" or "always" involved in both the preparation and management of agreements. At every stage, legal teams are required to shoulder a heavy burden. While contracting teams are focused on a wide variety of key priorities, they all agree that manual processes and the lack of automation (from signatures to management) lead to needless complexity. These difficulties are amplified further because legal departments collaborate heavily with other teams for most of these tasks.

2/ Legal teams modernized to survive the turmoil of the pandemic
Amidst all the turmoil of the COVID-19 pandemic, legal teams give themselves high marks in successfully shifting to more remote, digital workflows. Legal respondents overwhelmingly feel like their leadership, tools and plans prepared them to handle that difficult adaptation via technology and policy updates. It's important to take the lessons learned during this period of forced, rapid change and apply them to continuing evolution of the future of work.

3/ Collaboration and integration help legal departments expand their influence
Today's legal teams report they are getting a lackluster return on their technology investments.
Almost half of our respondents attribute this to a lack of integration among tools. Historically, legal teams have prioritized point solutions that often don't integrate with each other or other key systems like a CRM. As legal teams operate as a nexus for companywide contracting, there's a clear opportunity for legal to lead the effort to build an interconnected and collaborative system of agreement across technologies, contract types and various lines of business.

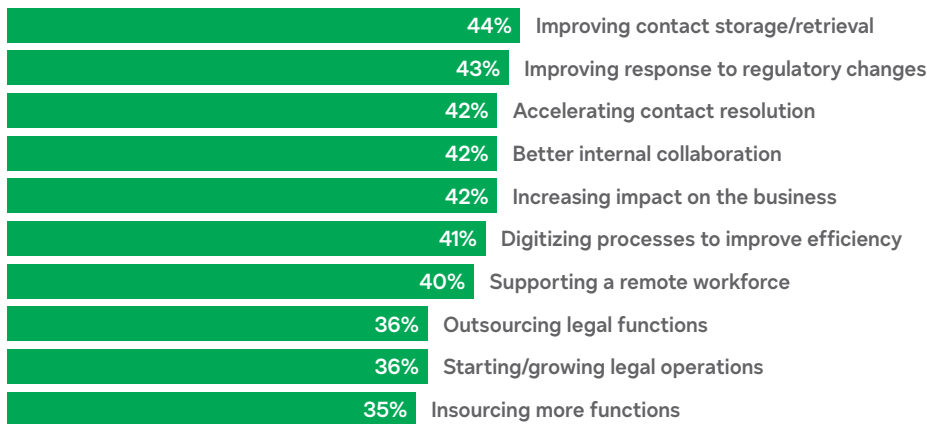# Today's legal teams have similar underlying challenges but disparate priorities

After some enormous workflow shifts, today's legal departments face a wide range of new challenges. As far as modern legal teams are concerned, there's a lot of work to do. When asked about current legal priorities, there was no clear common focus. Instead, survey respondents gave near equal priority to a wide variety of activities.

There's a clear picture here of legal teams juggling several critical obligations at once. With that much variance in responsibilities, it's clear that tailored point solutions aren't as valuable to legal professionals as a flexible central platform that can support a number of preferred initiatives. Automation of repetitive tasks can also help legal teams better manage their heavy workloads. Later in this report, we'll examine areas that legal teams identified as the most pressing automation priorities.

Current legal team priorities

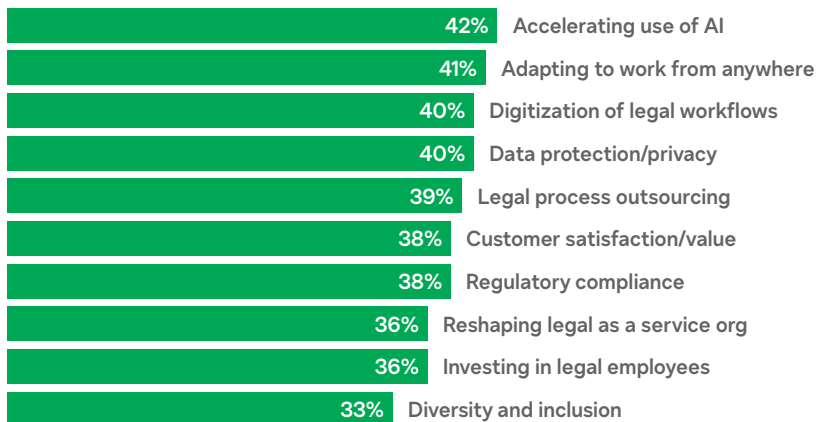|	
44%	Improving contact storage/retrieval
43%	Improving response to regulatory changes
42%	Accelerating contact resolution
42%	Better internal collaboration
42%	Increasing impact on the business
41%	Digitizing processes to improve efficiency
40%	Supporting a remote workforce
36%	Outsourcing legal functions
36%	Starting/growing legal operations
35%	Insourcing more functions

There's a similar pattern among respondents when it comes to identifying important external trends that impact legal work. A group of equally common trends emerges, but no single one stands out as a clear leader. Instead there's a series of noticeable trends related to improving technological capabilities to improve efficiency and flexibility of legal workflows.

Important legal trends

42%	Accelerating use of AI
41%	Adapting to work from anywhere
40%	Digitization of legal workflows
40%	Data protection/privacy
39%	Legal process outsourcing
38%	Customer satisfaction/value
38%	Regulatory compliance
36%	Reshaping legal as a service org
36%	Investing in legal employees
33%	Diversity and inclusion

What is your team's monthly contract volume?

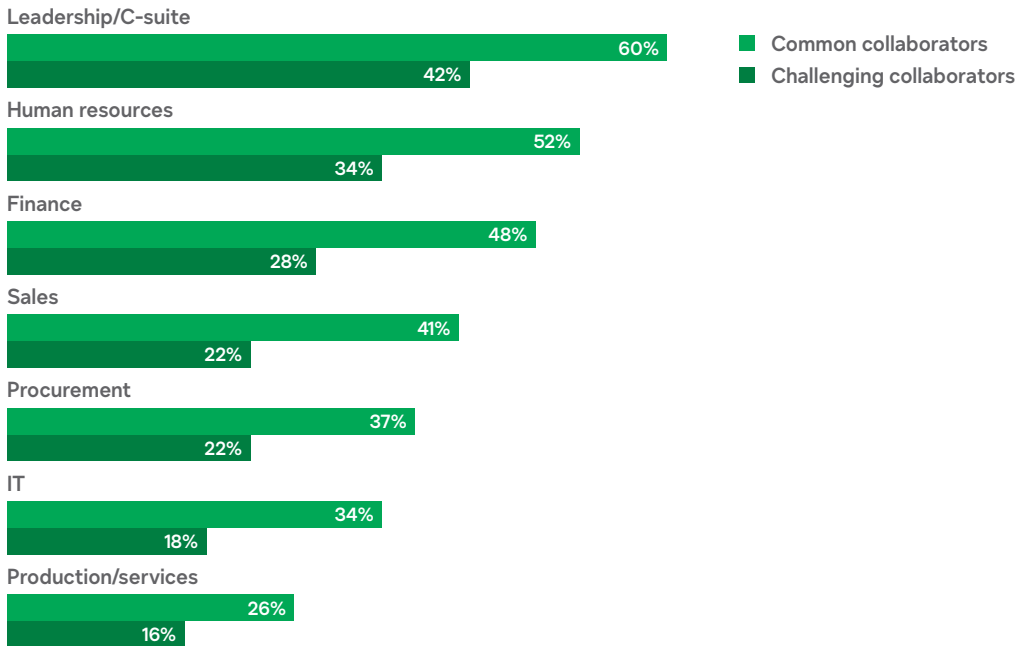|	
8%	<100
43%	101–500
32%	501–1,000
14%	1,001–10,000
2%	>10,000

Regardless of the specific priorities they need to juggle, contract work is central to the day-to-day responsibilities of internal legal teams. When it comes to agreement work, these teams carry a relatively heavy burden inside their organizations. Two-thirds of incoming legal requests are for contract work and a majority of that work (66%) requires contract generation. In general, most organizations do not complete contract work without involving legal—more than 85% of legal teams report being "often" or always" involved in contract work, both in the preparation and post-signature management phases. Those responsibilities require a significant amount of effort, especially if the tools are inefficient.

Legal involvement in contracting

Creation/approval

12%	49%	38%

Post-signature management

15%	47%	38%

- ■ Never (0%)
- ■ Sometimes
- ■ Often
- ■ Always
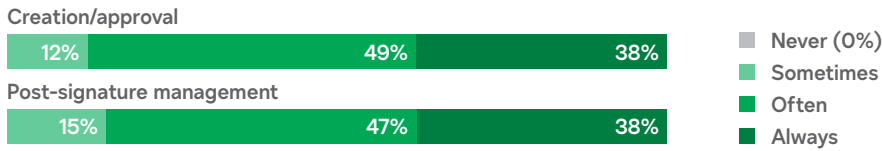
A large percentage of modern legal teams' contracting work is done in collaboration with other internal teams. Among survey respondents, a least one in two legal professionals are working with leadership, HR and finance teams. Unfortunately, while these teams are the most common collaboration partners, they're also recognized as the most challenging teams to work with.
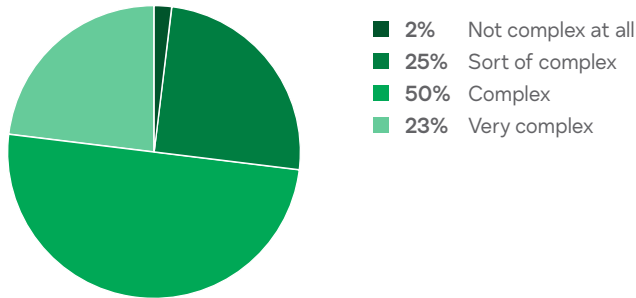
Team

Leadership/C-suite
60%
42%

Human resources
52%
34%

Finance
48%
28%

Sales
41%
22%

Procurement
37%
22%

IT
34%
18%

Production/services
26%
16%

- ■ Common collaborators
- ■ Challenging collaborators

In DocuSign's trends research with other lines of business (sales, HR and procurement), legal teams were frequently identified as a common contract collaborator. Unfortunately, other teams describe contract collaborations with legal as difficult, often resulting in blockages.

For example, a parallel trends survey of 750+ sales professionals found that 49% of respondents identified legal as a "challenging" collaborator. In another survey of 1000+ human resources professionals, a third of respondents identified legal review and risk/compliance review as processes that frequently slow down HR teams. As in-house legal leaders look to improve collaboration with key business partners, a common challenge surfaces—**contracting work is too complex**. Messy manual agreement processes create problems for legal professionals and those issues are amplified further when additional teams and handoffs are involved.

How complex are your contracting processes?

2%	Not complex at all
25%	Sort of complex
50%	Complex
23%	Very complex

Legal teams looking to improve collaboration can start by removing unnecessary complexity from contracting. A common starting point for modern organizations is electronic signatures. While an overwhelming majority of survey respondents have started to utilize e-signature tools for some work, broad adoption is slow. At least 75% of legal teams still use manual signatures for some portion of all document types, with a couple agreements (NDAs and commercial contracts) still completed mostly manually.

Another solution to reduce contract complexity is a central digital contracts platform, supported by robust analytics, that connects to different teams and important business systems. With the legal team overseeing a majority of contracting work, that central platform is an opportunity to identify common challenges and institute global solutions to strategically correct them.

Top 3 challenges preventing better collaboration between teams:

49%
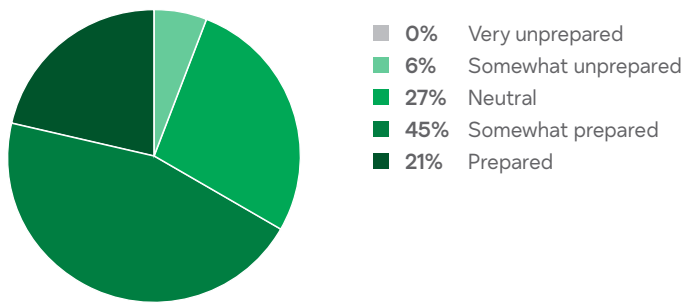Accessing stored contracts

49%
Manual processes

48%
Lack of visibility into review process

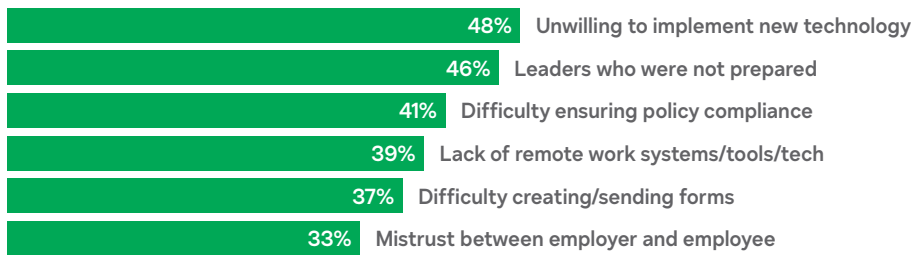# Adopting technology and workflows in response to COVID-19

In 2020, the COVID-19 pandemic took every team at every organization by surprise. Some teams handled the subsequent adaptations better than others. Often, large-scale operational changes like the ones undertaken in 2020 can be daunting, but in hindsight, those adaptations can be managed quite comfortably if forced by a triggering event. By a large margin, legal teams report that they were in fact prepared to adapt to the required organizational changes.

How prepared was your legal team for COVID-19?

- **0%** Very unprepared
- **6%** Somewhat unprepared
- **27%** Neutral
- **45%** Somewhat prepared
- **21%** Prepared

When asked about the reasons they felt prepared for pandemic-related changes, respondents report a series of four equally likely (~50%) factors: fast-moving organizational leadership, new tools that supported the shift to remote work, a robust suite of existing tools and an existing remote workforce plan. The reasons listed for being unprepared show more variance, led by poor leadership and inadequate technology. It's important to understand that **these structural issues in remote work processes were likely prevalent before COVID-19 disrupted workflows, they were just exacerbated by the pandemic.**

Why was the legal department unprepared for COVID-19 changes?

48%	Unwilling to implement new technology
46%	Leaders who were not prepared
41%	Difficulty ensuring policy compliance
39%	Lack of remote work systems/tools/tech
37%	Difficulty creating/sending forms
33%	Mistrust between employer and employee

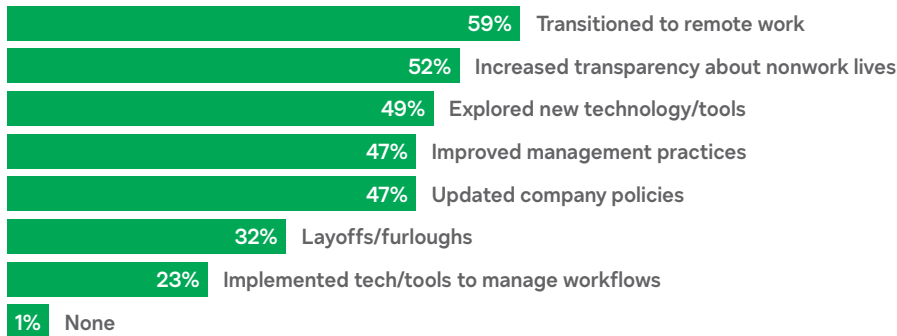**How did the pandemic impact contract volume?**
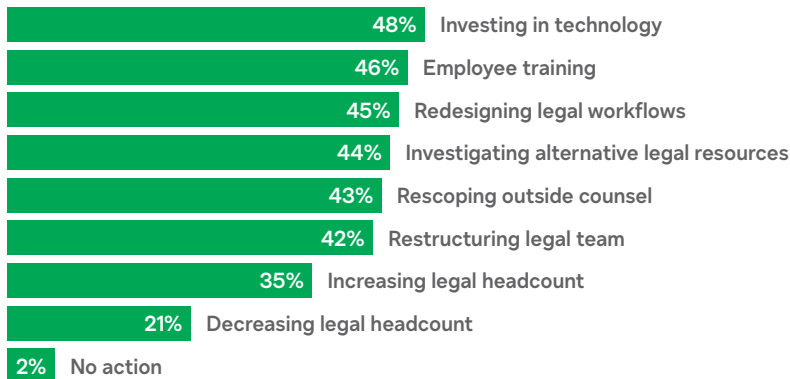
30%
Decreased

46%
Stayed the same

23%
Increased

Looking at the specific adjustments that legal teams had to make in the face of the pandemic, the most common was a transition to remote work. Around half of the organizations in the survey reported updating technology and company policy, while only one in three reported reductions in personnel. When asked about the most urgent priorities, respondents report the biggest increases in improving support for remote workers (72%) and digitizing internal processes (60%).

Which events occurred as a result of COVID-19?

59%	Transitioned to remote work
52%	Increased transparency about nonwork lives
49%	Explored new technology/tools
47%	Improved management practices
47%	Updated company policies
32%	Layoffs/furloughs
23%	Implemented tech/tools to manage workflows
1%	None

What action is your legal team taking in response to COVID-19?

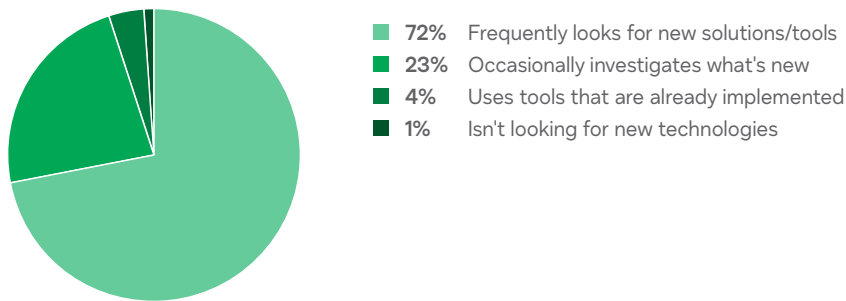|	
48%	Investing in technology
46%	Employee training
45%	Redesigning legal workflows
44%	Investigating alternative legal resources
43%	Rescoping outside counsel
42%	Restructuring legal team
35%	Increasing legal headcount
21%	Decreasing legal headcount
2%	No action

As legal teams take proactive steps in response to the pandemic, the most likely investments are in technology and employee training. Looking five years into the future, legal teams see supporting the remote workforce (71%) and digitizing processes (64%) as the most important priorities.

Looking back at the impact of COVID-19 on legal teams in 2020, it's important to recognize that legal teams overall managed the transition to remote work and continued to execute their work. While no team went into the year anticipating those challenges, they made the necessary adaptations successfully. Looking forward, legal teams shouldn't wait for external circumstances to force technology updates and digitization efforts. Instead, they can take confidence in the way they handled this difficult adaptation and be more ambitious about future technology initiatives.
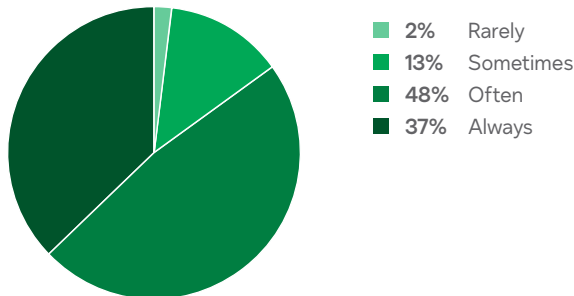
Building a technology toolkit that delivers more value

The complexity of manual agreement processes and the frequency of internal contract collaboration create complex problems for legal teams. To solve these problems, legal professionals are frequently looking for ways to address common agreement pain points, particularly with technology. Surprisingly, despite the "nontechnical" reputation law departments have with their colleagues, an overwhelming majority of legal survey respondents say they are "frequently" looking for new ways to innovate and 85% are "often" or "always" influential in tech decisions.

**How often does legal adopt new technologies?**

- **72%**   Frequently looks for new solutions/tools
- **23%**   Occasionally investigates what's new
- **4%**   Uses tools that are already implemented
- **1%**   Isn't looking for new technologies

How often does legal influence technology decisions?

- **2%**   Rarely
- **13%**   Sometimes
- **48%**   Often
- **37%**   Always

As legal teams strategize around a technology stack that will set them up for success in the future, it's critical to focus on the desired outcome of those tools. Today's legal professionals list reducing compliance risk (54%), improving collaboration (51%) and reducing errors (51%) as the most important priorities for technology to address.

To achieve those goals, legal teams are utilizing a series of different tools, each managing part of the agreement process. Among legal teams today, the most common solutions are customer relationship management (CRM) technology and e-signature software. When asked to predict which tools will be critical to success five years in the future, CRM tools are still the most important, but there's increasing demand for contract lifecycle management (CLM) solutions and AI tools.
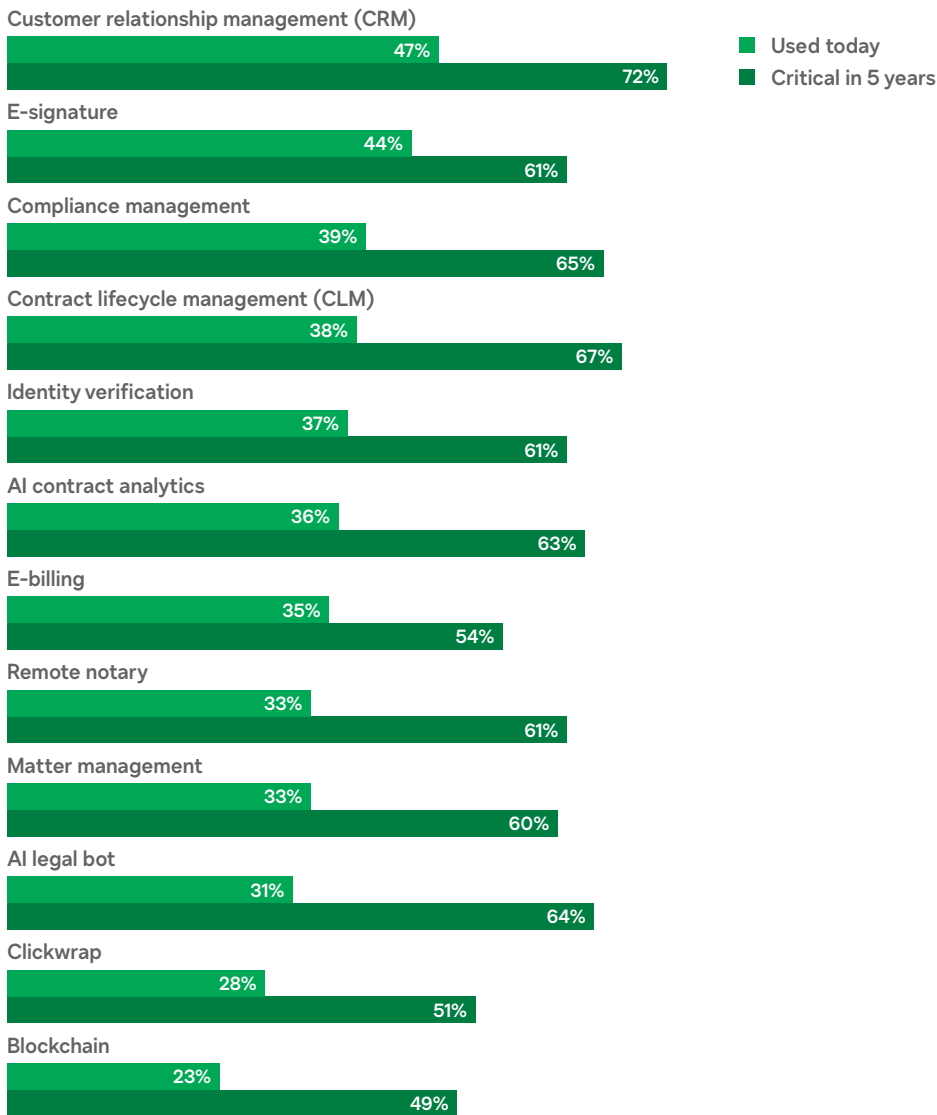
The most important priorities for technology to address:
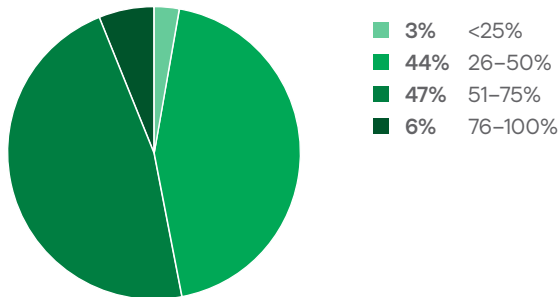
54%
Reducing compliance risk

51%
Improving collaboration

51%
Reducing errors

Technology

Customer relationship management (CRM)
47%
72%

■ Used today
■ Critical in 5 years

E-signature
44%
61%

Compliance management
39%
65%

Contract lifecycle management (CLM)
38%
67%

Identity verification
37%
61%

AI contract analytics
36%
63%

E-billing
35%
54%

Remote notary
33%
61%

Matter management
33%
60%

AI legal bot
31%
64%

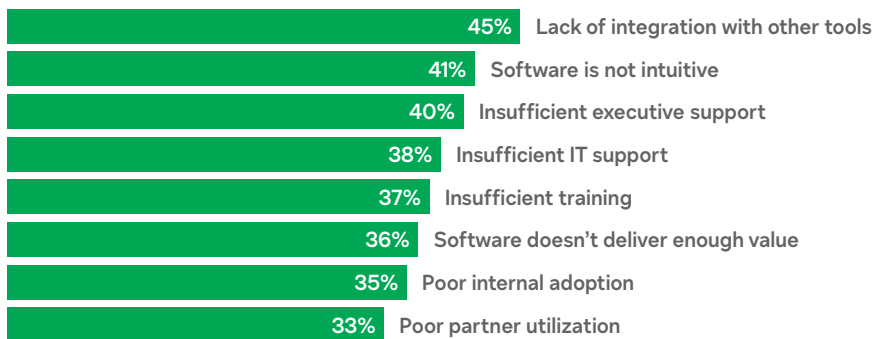**Clickwrap**
28%
51%

Blockchain
23%
49%

The good news is that today's legal teams already have access to the contracting technology predicted to be vital in five years. The bad news is that modern teams don't feel like they're using the tools they have to their full capacity. Most legal professionals estimate that they are getting a moderate amount of utility out of their contracting software, but only 6% think they're close to the maximum potential. **Around half of the respondents feel like they're getting less than 50% of the maximum value of their technology.**

The most common reasons given for failure to reach the full potential are issues with the tools themselves (poor integrations, not intuitive) rather than external factors (lack of executive support, training, adoption). By connecting this information to the learnings from the previous table, a clear picture emerges of an easy way to improve utilization of technology for the upcoming five year period. **The most effective toolkits will establish a successful integration among the most common tools: CRM, e-signature and CLM technology.**

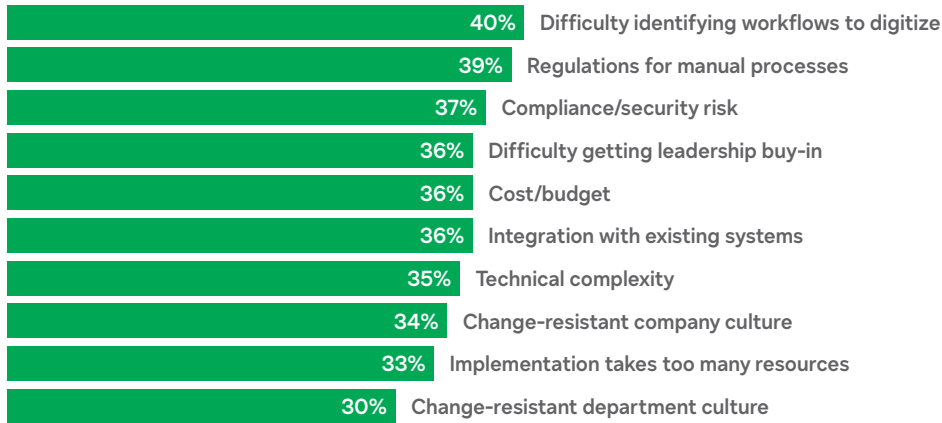**To what degree are you capitalizing on the capabilities of your technology?**

- **3%** <25%
- **44%** 26–50%
- **47%** 51–75%
- **6%** 76–100%

What prevents your legal team from utilizing software to its fullest extent?

- **45%** Lack of integration with other tools
- **41%** Software is not intuitive
- **40%** Insufficient executive support
- **38%** Insufficient IT support
- **37%** Insufficient training
- **36%** Software doesn't deliver enough value
- **35%** Poor internal adoption
- **33%** Poor partner utilization

Respondents have already indicated that contracting technology is complex and messy for a number of reasons. To add to that challenge, the tools that are intended to solve those problems are not delivering on their full value for legal teams. Since agreement work is at the core of the way legal teams interact with the rest of their organizations, fixing that process is an easy way for legal professionals to show leadership and move the entire business forward.

The best tactic for legal teams looking to take the next step in contract workflows is digitization. Removing manual steps from the workflow is an easy way to reduce errors and increase efficiency. Digital processes are also much simpler to integrate than disjointed, paper-based ones. However, today's teams face significant challenges in digitizing legal agreements. While the most significant hurdles are identifying processes that can be digitized and navigating regulatory requirements around manual processes, there are quite a few barriers that are nearly as common.

What barriers prevent you from digitizing legal processes?

%	Barrier
40%	Difficulty identifying workflows to digitize
39%	Regulations for manual processes
37%	Compliance/security risk
36%	Difficulty getting leadership buy-in
36%	Cost/budget
36%	Integration with existing systems
35%	Technical complexity
34%	Change-resistant company culture
33%	Implementation takes too many resources
30%	Change-resistant department culture

Despite these barriers, legal teams are prioritizing contract digitization at their organizations. When asked to classify a series of contract functions as either "high," "medium" or "low" priority for digitization at their organization, legal professionals overwhelmingly indicated that these processes were high priority actions. An overwhelming 16 out of 21 activities across the contract lifecycle (prepare, sign, act, manage) were identified as "high priority."

These automation priorities impact activities across the entire contract lifecycle. At least one function in each of the four lifecycle stages was indicated as a high priority by more than half of legal professionals.

Digitizing contract functions are high priority, particularly intake, routing, audit trails and categorization

Contract lifecycle

	Prepare/create	Execute	Act	Store/manage
Top priority	**59%** Intake of contract requests from business units	**58%** Routing contracts to relevant parties for signature	**53%** Creating audit trails	**52%** Categorizing/ tagging contracts
Second priority	**41%** Populating contracts with information from other sources	**50%** Identity verification	**47%** Uploading contracts into centralized contract repository	**44%** Contract renewals
Third priority	**40%** Internal approvals	**44%** Signing contracts	**45%** Linking contract negotiation to finalized agreement	**43%** Identifying relevant contracts needed in response to requests

Make legal more impactful with better contracting

Today's legal departments see themselves as drivers of change at their organizations. Having successfully navigated the shift to remote work, the next step for these leaders is to make themselves more effective collaboration partners by building infrastructure for the intelligent contract workflows of the future. Improving internal agreement processes is an easy way for legal teams to drive value across the organization by simplifying collaboration efforts with other lines of business.

The DocuSign Agreement Cloud for Legal Departments offers a range of tools to help legal contracting professionals complete their digital transformation. It's a cutting-edge agreement platform that offers solutions to streamline existing activities, automate workflows, standardize contract language, analyze contracts for risk and centrally store all documents. Here's a look at some of the featured products:

DocuSign eSignature
The world's #1 way to send and sign documents from practically anywhere at any time

DocuSign CLM+
Streamline the agreement lifecycle from end to end, using AI along the way to reduce errors and maximize opportunities

DocuSign Notary
Enable notaries to execute electronic notarial acts in conjunction with electronic signatures

DocuSign Identify
Securely verify signers' identities using a range of government-issued identification documents

DocuSign Click
Capture consent to standard agreement terms with a single click

Read more about the DocuSign Agreement Cloud for Legal to see how your team can benefit from modern contracting tools.

DocuSign customer results

50%
reduction of average contract completion time

80%
reduction of contract drafting time

83%
decrease in time required to analyze a sales contract

85%
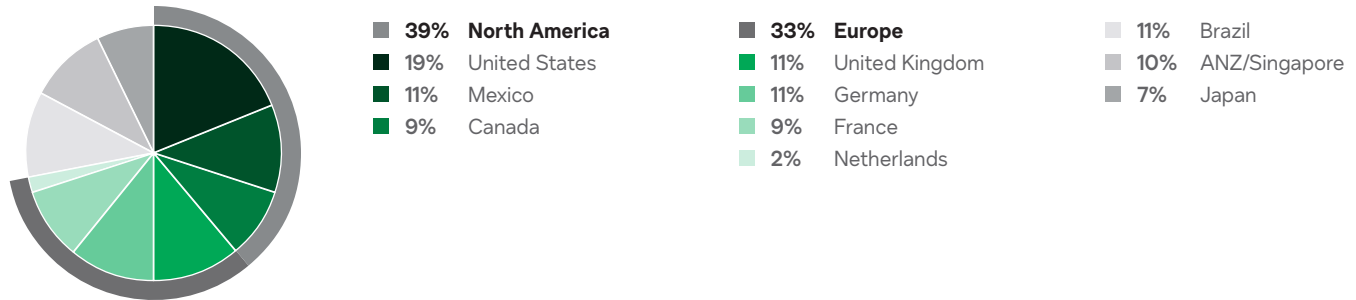reduction in time to review 40K contracts

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"With DocuSign CLM, customers were able to accelerate the contract process by 83%."

Forrester
The Total Economic Impact™ of DocuSign CLM

Methodology and participant demographics

Data for the 2021 Digital Trends for Legal Teams report came from a survey of 809 legal decision makers around the world, conducted in the fourth quarter of 2020. The survey contained around 30 questions related to the current state of legal contracting and future industry trends. Participants came from 10 countries and five continents, predominantly North America (39%) and Europe (33%).
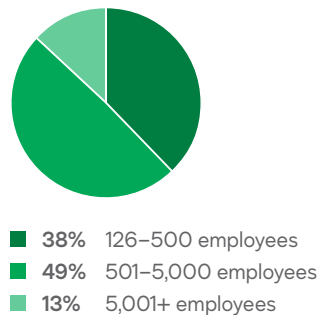
Global participation

39% North America	**33% Europe**	11% Brazil
19% United States	11% United Kingdom	10% ANZ/Singapore
11% Mexico	11% Germany	7% Japan
9% Canada	9% France	
	2% Netherlands	

The respondent sample contained a healthy mix of industries, led by retail and manufacturing. About half of the organizations represented had 501-5,000 employees, but there was also significant representation of companies both larger and smaller. Looking specifically at the legal teams represented in the survey, there was a healthy mixture of team size and internal function. A plurality (44%) of individual respondents were legal operations directors and managers, but there was also significant input from various levels of executives, general counsels, attorneys and more.
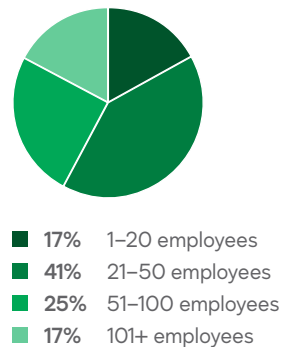
Industry	Company size	Size of legal team	Respondent role in legal dept.
20% Retail	**38%** 126–500 employees	**17%** 1–20 employees	**44%** Legal operations (Dir. or Mgr.)
16% Manufacturing	**49%** 501–5,000 employees	**41%** 21–50 employees	**15%** C-suite/exec leadership (GC or CLO)
10% Telecommunications	**13%** 5,001+ employees	**25%** 51–100 employees	**8%** Deputy or associate general counsel
8% Construction		**17%** 101+ employees	**8%** Legal administrator
8% Healthcare			**6%** Assistant general counsel
5% Utilities			**6%** Managing attorney/ senior counsel
5% Tech/software			**6%** Contracts manager
4% Transportation			**2%** Paralegal
4% Business services			
3% Insurance			
3% Hospitality			
3% Communications			
3% Real estate			
2% Finance			
2% Other			
1% Education			
1% Life sciences			