



# The Imperative for Digital Transformation

Digital Transformation, often described as the “Fourth Industrial Revolution,” is a powerful and ongoing evolutionary force for creating economic value, agility, and competitive advantage. Companies that embrace Digital Transformation are achieving superior business growth, greater customer satisfaction, and stronger market position.

Digital Transformation is the catalyst for creating expansive value within the legal function and across the wider enterprise and is the new standard for General Counsel.



The results confirm the stakes for companies that “become digital”—as well as for those that do not.

C-suite executives and boards have already centered entire corporate strategies around Digital Transformation. New technologies and operating models are being applied in virtually every part of the enterprise, from core business operations to shared services, with stunning impact. The results confirm the stakes for companies that “become digital”—as well as for those that do not.

- A 2020 survey of leading trends in Digital Transformation cited a *Harvard Business Review* study reporting, “Firms that embrace digital tech transformation...saw an **average 55 percent growth** in gross margins over a three-year period (growth that will echo down through earnings, net income and profits).”<sup>1</sup>
- A study of companies in various industries that pursued multi-year Digital Transformation programs shows that their stock prices climbed at an **average annual rate of 30 percent** while the change effort was underway.<sup>2</sup> B2B digital leaders drive **five times more revenue growth** than their peers and generate **8 percent on average** higher shareholder returns.<sup>3</sup>
- Other research shows that the best-performing digitized incumbents earn **as much as 80 percent** of the digital revenues in their industries.<sup>4</sup> The accumulating global value of digital-capital investments exceeds **US \$6 trillion**, about 8.5 percent of nominal world GDP.<sup>5</sup>

Forward-looking estimates for the future impact of Digital Transformation are equally dramatic (see Figure 1).

Digital technologies have already reengineered enterprise-wide business processes from Finance and Supply Chain Management to Marketing. Digital is at the forefront of thinking in the world’s best-run companies. This well-established record of effective process change establishes a powerful precedent for the legal function.

Digital Transformation will continue creating value for businesses and nations annually in the order of trillions of dollars, according to leading forecasts.<sup>6</sup>

Figure 1: Digital Transformation Will Create Trillions in Future Value

| Increase in Global Business and Social Value |  | Timeframe |
|----------------------------------------------|--|-----------|
| \$100 trillion                               |  | 2016-2030 |
| Increase in Annual Global GDP                |  |           |
| \$15.7 trillion                              |  | By 2030   |
| \$13.0 trillion                              |  | By 2030   |
| \$11.1 trillion                              |  | By 2025   |
| \$3.9 trillion                               |  | By 2022   |

## What About Transforming the Legal Function?

**Digital Transformation:**  
**You do not add digital.**  
**You become digital.**

These real results and projections prompt the inescapable question: “What about legal?” What has prevented the corporate legal function from following enterprise peers and clients in embracing Digital Transformation?

General Counsel and leaders of the legal department often respond that competing or entirely unique priorities shape their agenda compared to that of their organizational peers. In-house lawyers must prioritize risk management, resource and cost management, and other mandated initiatives, leaving little time or budget to focus on next-generation service delivery methodologies. The lack of holistic technologies geared toward legal as compared to what is available to the business and other key shared services functions compounds their sense of limited opportunity.

Legal leaders also face c-suite expectations to not only maintain the role of enterprise defender, but to be strategic partners to the business. This is both a challenge and an opportunity. The challenge is how does the legal function take on even greater responsibility? The opportunity is to embrace Digital Transformation and to reimagine—as the enterprise has in many other areas—legal service delivery for the digital age.

Today’s corporate legal leaders need to ask:

- How do we manage for better results by redesigning established operating models while still minimizing enterprise risk and cost?
- How can we achieve meaningful transformation of the legal function in line with digital expectations?

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Many corporate legal departments today control costs by focusing on human-driven efforts, such as outsourcing and labor arbitrage, work disaggregations, law firm consolidation, and alternative fee arrangements. Some have already implemented point solutions to automate specific legal tasks in a more efficient way.

These measures, while having impact, cannot be expected to achieve the types of transformative results associated with digital strategies. What is required for transformational change is an entirely new way of thinking that reimagines how services are structured and delivered, aiming to reevaluate every aspect of the law department and its impact on the success of the business. **You do not add digital. You become digital.**

## Five Essential Elements:

This “digital first” mindset yields a higher Digital Quotient, the measure of readiness around five essential elements necessary to fully embrace Digital Transformation and derive the resulting business value:

- 1. Instill a Hyper-Client-Centric Outlook**  
Deconstruct and rebuild legal processes with a progressive, 360-degree program that ensures highly attuned sensitivity to the complete lifecycle needs of the business and shared services teams as well as external customers.
- 2. Access the Power of Data**  
Aggregate all forms of data from disparate legal and business sources as the basis for advanced analytics and Artificial Intelligence (AI), yielding data-driven insights and actionable content that deliver measurable Return on Investment (ROI) and c-suite and board-level impact.
- 3. Employ Business Management Technology**  
Integrate a productivity framework that creates new modes of service delivery through empowering user interfaces, highly interactive portals, automated workflows, practice-specific tool integration, and successful self-service.
- 4. Spark a Culture of Innovation**  
Arm the legal team with digital training that complements legal expertise to stimulate innovation, by drawing inspiration from other industries and disciplines for expansive learning and professional development. Accelerate team and individual contributions via greater rewards-based compensation and career progression opportunities.
- 5. Deepen Operational Excellence**  
Adopt a zero-based design approach to accelerate gains in service delivery from process reconstruction, integrated automation, highly flexible and scalable resourcing, innovative dashboards, and applied intelligence.

When all five elements are working in concert, the law department progresses through each successive stage of the Digital Transformation journey to realize the greatest value for the department and the enterprise.

Corporate law departments considering such a transformational journey are understandably cautious. The change process is complex and must be managed in a seamless fashion without disrupting the business. Applying a well-defined set of transformation practices makes it five times more likely that a company will exceed profit expectations.

These practices include:

### 1. Business-Grade Technology

In the age of Digital, a robust technology platform is table stakes. To fulfill the promise of Digital Transformation, General Counsel need access to a personalized platform that provides transparency across the spectrum of legal work performed by internal and external resources, and combines legal data with business data as a foundation for the application of Artificial Intelligence. Technology that provides 24/7/365-day access to legal, real-time enterprise-value dashboards, and a curated application library, is no longer a ‘nice to have,’ but a must have.

## Prerequisites of Success in Digital Transformation

Ultimately, business-grade technology will enrich and simplify legal processes to augment service delivery and enable faster and better-informed decisions, all at scale. Technology—coupled with a mandate for change and adoption—will enable the legal function to move at the speed of Digital.

## 2. Capital Resources

Digital Transformation is an investment that requires direct capital resources, yet law department budgets are often constrained. Effective transformation requires c-suite support as well as a transformation partner prepared to make the upfront commitments that ensure clients achieve the expected results at affordable budget levels. Ideally, this commitment includes an upfront infusion of value to accelerate client savings, adapted to meet the short- and long-term goals of the transformation effort, as well as co-investments in implementation, technology, training, and up-skilling.

## 3. Transformation Experience

The change agent that partners with the law department must be deeply experienced and agile. Digital Transformation is not a pre-ordained one-size-fits-all solution. Corporate legal leadership needs to work with a partner able to identify processes that can transform the legal team's delivery to the enterprise across the value spectrum.

An effective approach to Digital Transformation will change the way corporate leadership and colleagues across the business perceive the impact and value of the legal department. Legal colleagues in a digitized function become more than a cost of doing business. They become value creators, increasing revenues and performance while still managing risk and cost.

**Digital Transformation will change the way corporate leadership and colleagues across the business perceive the impact and value of the legal department.**

### ■ Revenue gains

Digital Transformations assessment process enhances revenue gains by accelerating processes, including speed to contract, detection of and response to competitor countermoves, product development and business growth, and monetization of intellectual assets.

### ■ Performance gains

The Digital Transformation methodology makes current business processes more streamlined, enabled by digital workflows. This allows for quicker business decisions with data-driven insights via proven analytics and AI.

### ■ Risk reductions

The Digital Transformation process expands the focus on risk management and enterprise protection, providing proactive enterprise-wide risk identification, mitigation, and dispute resolution, while articulating potential commercial and regulatory- risks clearly and concisely.

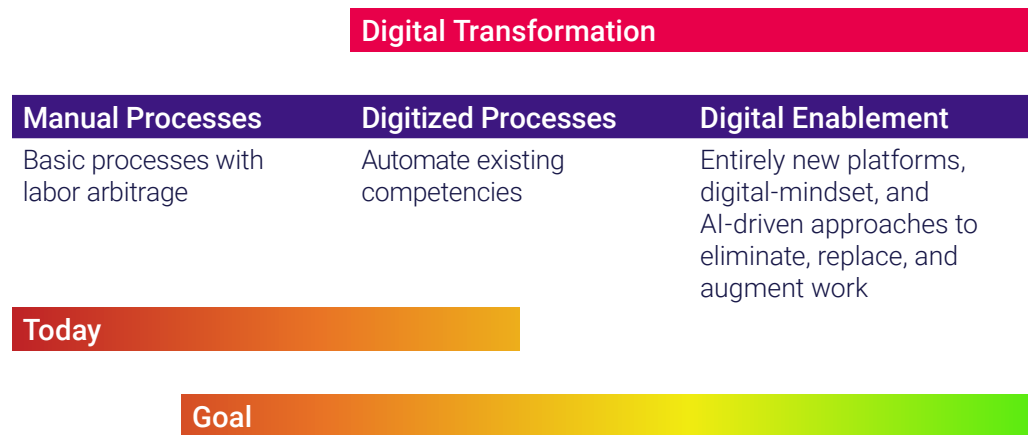
### ■ Cost reductions

Moving beyond cost control, Digital Transformation aims to optimize the functions overall delivery, spend, and performance, balancing efficiency and effectiveness. This is done through reduction of overall legal budget and employment of a variable cost model to address legal demand fluctuations.

**Figure 2:  
The Digital  
Transformation  
Journey**

## Digital Transformation: How It's Different

Shift work from manual and automated processes to AI-driven approaches that generate maximum enterprise value.



| Value Creation Techniques                                                                                                                                                       |                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Outsourcing/labor arbitrage</li> <li>Work disaggregation</li> <li>Law firm consolidation</li> <li>Alternative fee arrangement</li> </ul> | <ul style="list-style-type: none"> <li>Spend analytics</li> <li>Structured intake and triage of legal requests</li> <li>Workflow automation</li> <li>Document assembly</li> <li>Document/knowledge repositories</li> <li>Collaboration portals</li> <li>Volume and spend dashboards</li> </ul> | <ul style="list-style-type: none"> <li>Cross-platform, aggregated legal, and business data analysis</li> <li>Smart data repositories with auto-tagging and analysis</li> <li>Portfolio risk analysis/quantification as early warning systems</li> <li>Guided analysis via expert systems</li> <li>Self-service portal for no-touch/low-touch</li> <li>Real-time insight to resource productivity</li> <li>AI-driven work disaggregation</li> </ul> |
| Results                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>Siloed, single-step cost savings</li> <li>Manual efforts to maintain benefits</li> </ul>                                                 | <ul style="list-style-type: none"> <li>Next-step cost savings</li> <li>Greater consistency</li> <li>Increased speed of legal response</li> </ul>                                                                                                                                               | <ul style="list-style-type: none"> <li>Year-on-year value contribution with continual expansion for material, measurable impact on the business</li> </ul>                                                                                                                                                                                                                                                                                         |

## Thriving in Today's Digital Age

Digital Transformation has taken global business by storm, realizing huge productivity and value creation gains for many enterprise business functions. The imperative is clear. The time has come for the legal function to thrive in the Digital Age, to embrace Digital Transformation, and to become a stronger, better partner for the entire enterprise.

### **Fortune 150 IT Company**

Embarked on a Digital Transformation journey to handle existing deal volumes while also accounting for growth in volume and complexity without an equivalent increase in resources. Leveraged an integrated, multifaceted technology platform and transitioned resources to a variable cost vehicle while minimizing disruption in delivering commercial legal support. All components of the contracting process were encompassed, including streamlined templates, situational guidance playbooks, a customer-focused negotiation approach, and interactive training for the sales function. Delivery of litigation, ethics and compliance, and immigration services were also transitioned as part of the comprehensive solution and value proposition. Continuous analysis of operational metrics and contract content inform proactive risk and customer account management. Total savings from transactional support model alone accounted for budget savings of nearly US \$100 million.

### **Global Aircraft Manufacturer**

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. Established consistent ways of working across geographies, products, and divisions through workshops and cross-team interaction. Previously independent business units now leverage centralized capabilities and operate cohesively. Implemented a client intake portal in response to demand for faster service, and reduced contract negotiation duration, resulting in improved monthly client satisfaction ratings.

### **Global Pharmaceutical**

Transformed the law department from a regional focus into a global structure in response to a new company strategy, with centers of excellence in strategic areas. Combined structured data from surveys to measure internal client needs and expectations, and internal resource work allocation. Redesigned the Commercial, Employment, Patent, Trademark, Litigation and Regulatory practice areas to emphasize work in high-value areas, provide resource flexibility, and deliver greater service to the business. Transformation was enabled by implementation of global productivity systems to create attorney efficiency and provide transparency to the business on legal processes and costs.

### **Fortune 50 Auto Manufacturer**

Established a comprehensive smart patent portfolio development strategy and patent monetization program to align with the company's business and technology development strategy. Detailed analysis of the portfolio demonstrated the potential to generate significant revenue at a lower cost, and thus, transform the Intellectual Property (IP) function from a cost center to a profit center. 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 and mindset.

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

#### References

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