

HURON LEGAL 2014 IMPACT[®] BENCHMARKING REPORT HIGHLIGHTS

Maturing Cost Management Programs and Renewed Focus on Value

The 2014 IMPACT[®] Benchmarking Report includes key benchmarks regarding the following areas of law department management:

- Legal spend
- Law department organization and workload
- Outside counsel and vendor engagement
- Spend management
- Leadership priorities
- Client service delivery
- Technology

The Report summarizes the results of Huron Legal's fifth annual survey of law departments, conducted in alliance with The General Counsel Forum. The 2014 IMPACT Benchmarking Report encompasses survey data collected from 75 companies of varying size and industry. This year's survey results offered indications of maturing cost management programs and continued focus on improving client service.

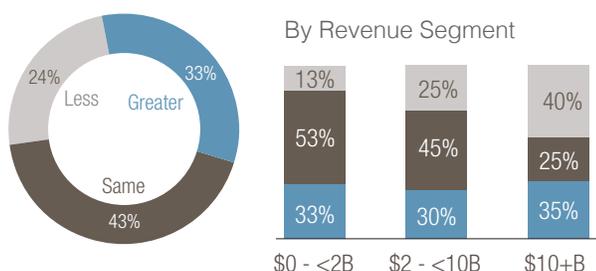
Indications of maturing cost management programs

For several years, cost management has been an underlying theme for law departments. That focus now seems to be paying off, as demonstrated by some of this year's survey results.

Anticipated spend

Law departments' responses regarding their anticipated legal spend for the coming year indicate a maturing of cost management programs, particularly in the largest organizations. Most respondents (43%) indicated that legal spend is expected to be the same as last year and, of entities with over \$10 billion in revenue, 40% indicated that they expect their legal spend to decrease. Although this anticipated maintenance or decrease in legal spend levels may be partly attributable to external drivers, it also may be attributable to the success of cost management programs.

Anticipated Change in Legal Spend

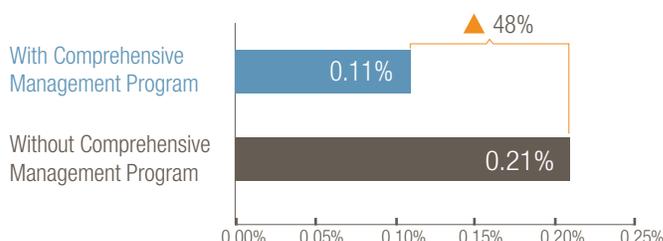


Comprehensive management programs

As leading law departments continue to refine their cost management efforts, they are seeking to make those savings sustainable by integrating comprehensive management programs throughout the law department's operations. Surveyed departments that employ the best practices listed below related to financial and outside counsel management realized **48% lower external legal spend as a percent of company revenue** than those without similar comprehensive programs:

- Defined panels/pre-approved lists for sourcing
- Matter management and e-billing technology
- Detailed matter level budgets
- Alternative fee arrangements
- Evaluation of outside counsel adherence to billing guidelines

Median External Legal Spend as a Percent of Revenue

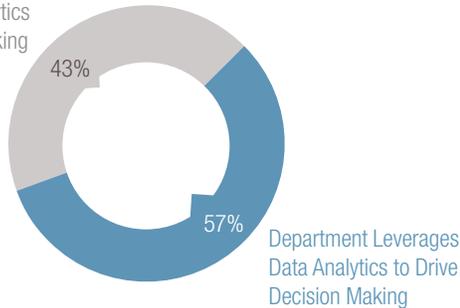


More sophisticated decision making

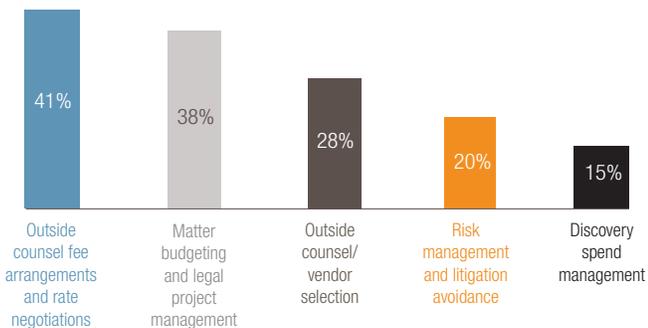
Another indication of law departments' maturing programs is their use of more sophisticated analysis tools. Following the trend in other areas of the organization, law departments are using "big data" and analytics to make decisions: 57% reported using big data and analytics to drive some form of decision making, most commonly to inform decisions about outside counsel fee arrangements and rate negotiations (41%).

Use of "Big Data" and Analytics

Department Rarely Leverages Data Analytics to Drive Decision Making



Decisions Driven by "Big Data" and Analytics



Providing value to internal clients

Responses to several questions reflect a renewed focus on providing value to internal clients and improving service delivery, as cost management has transitioned to maintenance mode.

Strategic partnership with business clients

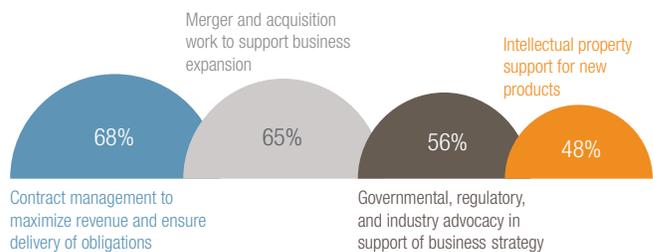
Law departments work closely with their clients to learn business priorities, with executive meetings between legal and business leadership being the most commonly reported channel (86%), followed by *ad hoc* discussions with internal clients (63%). Only 38% reported receiving word of business priorities by way of executive mandate, perhaps indicating a degree of increased partnership with the business.

For the second year in a row, survey respondents ranked internal client satisfaction the highest of their management priorities. 51% of respondents reported using client satisfaction surveys.

Support of organizational growth

One business priority identified in the survey responses is strategic growth, and law departments are performing services to aid in the accomplishment of that organizational goal. Perhaps not surprisingly, respondents identified merger and acquisition work as a top area of law department contribution (65%). More interestingly, over 68% of respondents cited their law departments' efforts in contract management as a key contribution to the strategic growth of their businesses.

Avenues to Promote Strategic Growth of the Business



This year's survey results confirm what Huron Legal is seeing in the market — law departments continue to evolve in efficiency and value delivery. The evidence of some departments' successful comprehensive cost management programs offers inspiration to those whose programs are still maturing. More importantly, the operational efficiencies that underlie these successful programs are enabling law departments to better engage with their business clients and advance their strategic goals. General counsel can use the benchmark data to gauge how their departments' performance compares to peers and to support the investment of time and resources into their own operational efficiency and cost savings programs.

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