

# **The New Focus on Strategic Legal Processes**

A Guide for General Counsel  
and Legal Ops Professionals

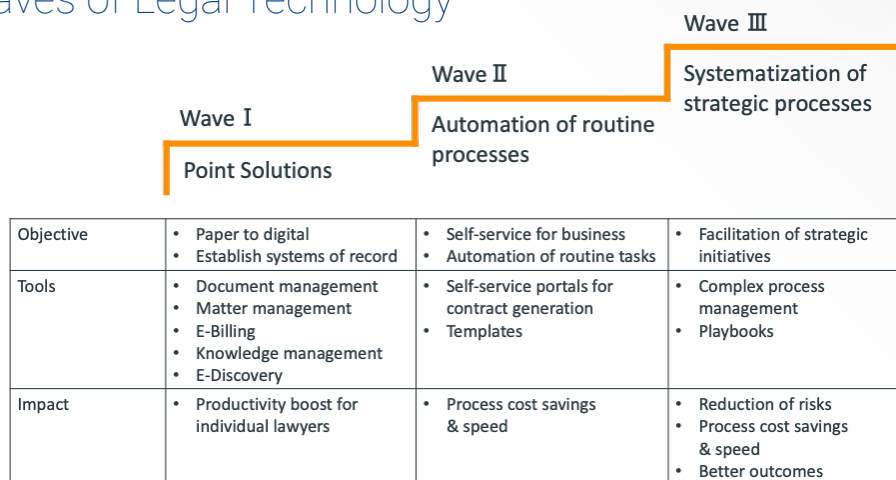
# Shifting Focus to Strategic Legal Processes

Corporate legal departments are undergoing a major transformation. Legal departments are expected to handle matters of ever-increasing complexity and provide faster turnaround times while reducing costs. These conflicting demands have required a fundamental shift in how corporate legal departments are run.

Legal departments used to be armies of lawyers, each handling assigned cases as they saw fit, but they are now transforming into efficient operations following standardized processes, harnessing automation, and using resources more strategically.

The legal operations movement emerged, seeking to increase productivity in legal work to new heights by harnessing operations management principles similar to those that improved productivity in traditional manufacturing. The basic idea is that instead of relying on highly skilled individuals to craft solutions using generic tools and relying on improvisation supported by past experience, the adoption of well-defined processes and specialized tools will enable much legal work to be automated or executed by less skilled individuals.

## Waves of Legal Technology



Legal operations and technology adoption have gone through three waves: the adoption of point solutions, automation of routine processes, and systematization of strategic processes. The following chapters will examine these waves of evolution and discuss how the focus of legal departments has shifted from using tools that improve the productivity of individual lawyers to elevating the productivity of both routine and complex legal processes.

## **First Wave:**

### **Generic Legal Tools**

The first wave in legal operations was the implementation of IT systems to track the work done within legal departments, store documents, collaborate, and employ databases for various factors and purposes such as contracts, patents, trademarks, legal holds, and best practices. The adoption of these systems started as part of the general digitalization of enterprises, well before legal operations principles inspired by operations management were widely adopted.

#### **Common generic tools implemented include the following:**

- Matter management: Tracking and routing work and costs
- Documents/contract management: Storing and tracking of legal documents
- Knowledge management: A place to store best practices and templates
- Collaboration tools: Secure ways to collaborate
- IP management: Database for trademarks, patents, designs, etc.
- Legal hold systems: Systems to preserve evidence for litigation
- E-billing: Replacing paper invoices with digital invoicing

## **Second Wave:**

### **Automation of Routine Legal Processes**

Most legal contracts are based on standard templates and shouldn't really need a highly skilled and highly paid lawyer to create them. The use of templates and self-service portals to generate routine NDAs, customer contracts, employment agreements, and vendor contracts has led to a huge productivity improvement for legal departments in recent years.

#### **Common automated routine processes include the following:**

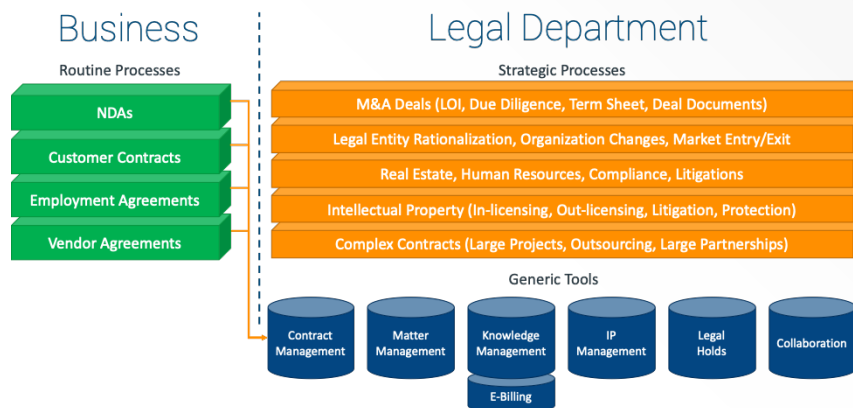
- Nondisclosure agreements (NDAs)
- Customer contracts and vendor contracts
- Employment agreements

## The Third Wave: Systematization of Strategic Legal Processes

With most routine contract work being moved out of legal departments, these departments are increasingly focusing on strategic legal processes that help companies develop their business and become more competitive. The level of expectations for legal departments has increased from handling mainly routine work to providing value for business development.

### Strategic legal processes include the following:

- Mergers & acquisitions
- Divestments and outsourcing
- Major partnerships and joint ventures
- Legal entity rationalization
- IP licensing, protection, and disputes
- Real estate transactions
- Corporate finance contracts
- Complex contracts for major projects
- Compliance (GDPR, antibribery, anticorruption, and antitrust)
- Litigation, disputes, and internal investigations



### The New Legal Operations Landscape

In the emerging landscape of legal operations, routine legal processes are carried out by the business using self-service portals and templates, the legal department has good foundational tools in place, and key strategic processes are systematized for maximal efficiency and value creation.

- Shifting the focus of world-class legal departments involves the following:
- Moving from preparation of routine contracts to facilitation of strategic transactions
- Advancing from automating simple workflows to systematizing complex processes
- Progressing from improvements in operational efficiency to driving better outcomes

# Legal Departments Are Becoming a Source of Competitive Advantage

The shift of focus to strategic legal processes introduces the opportunity and expectation for legal departments to become a source of competitive advantage and value creation for the business. In routine transactions, the smaller the role of the legal department in the deal-making process, the better. However, legal departments can provide significant added value by accelerating outcomes, reducing risks, saving costs, and improving results in strategic transactions.

For example, if a company can systematically perform due diligence on M&A acquisition targets, risks can be identified well in advance and be mitigated or prevented altogether. If a company can quickly execute synergy-generating actions, such as post-acquisition legal entity rationalization, it will improve outcomes. Also, if process knowledge is captured in best practice playbooks, much of the work can be executed in-house instead of relying on expensive consultants.

## Acceleration of Processes

Most strategic business initiatives materialize through custom legal contracts. These transactions cannot be automated because they require sophisticated analysis of different scenarios and bespoke solutions that best fit the needs of each transaction. However, the ability to accelerate the processes through systematization accelerates the outcome and has a direct bottom-line impact.

## Reduction of Risks

Many strategic legal processes deal with initiatives that have various inherent risks. The ability to proactively identify, mitigate, and protect against risks is critical for the success and predictability of these endeavors.

## Saving Costs

With routine contracts, the cost of the required legal work is often marginal. With strategic transactions, the legal costs can be significant for each transaction, creating a huge opportunity for cost savings. Currently, a great deal of corporate legal spend goes to senior external counsel whose expertise is needed in the absence of well-defined processes and best practices.

## Better Outcomes

As companies climb the maturity curve, their focus changes from efficiency to better outcomes. The ability to proactively create structures that set the business up for success and drive value-creating initiatives transforms the role of the legal department from solely facilitation to active value creation for the business. Prime examples include well-structured M&A deals, divestments, and partnerships with proactive value creation through legal entity rationalization, IP licensing, real estate rationalization, and tax planning.

# Emergence of Complex Process Management

Because strategic legal processes are significantly more complex than routine legal processes, systematizing them requires completely different solutions.

Routine legal processes are typically systematized using workflow tools where each step of the process is modeled by a flowchart-like decision tree. Though this works for simple processes such as NDA approval, it is not suitable for complex processes such as litigation or mergers and acquisitions. These are simply too complex to be fully modeled by a flowchart and automated.

“

...corporate development processes have the highest stakes and complexity and thus have the greatest need for systematization.

”

Project management tools for legal use were once a hot category. However, these tools never really took off, mainly because they require a great deal of work to build a project plan for each case and to update the plan on an ongoing basis while providing little value in return. Many users who piloted such solutions complained that the project management tools added to their reporting burden because the actual work was done elsewhere.

Therefore, complex strategic legal processes require dedicated tools that provide the advantages of process standardization, the flexibility of project management tools, and integrated functionality to execute the work collaboratively.

Since the early 2010s, corporate development, including mergers and acquisitions (M&A) and divestments, has been a pioneering domain for strategic legal process management and the use of specialized tools for complex processes. This is because corporate development processes have the highest stakes and complexity and thus have the greatest need for systematization. Other strategic legal processes are still trailing M&A in systematization but starting to catch up.

## Systematizing a Complex Process

One inhibitor for the systematizing of strategic legal processes is the perception that it is overwhelmingly difficult or impossible to systematize a complex process. Isn't it too complex to model? Isn't every case too unique to follow a process? A gradual approach to modeling complex processes works best, and it is possible to efficiently standardize the core of a process while leaving enough room to maneuver.

The first step of a gradual approach is to define the phases that every case must go through and the criteria to exit each phase and enter the next one. For example, in a litigation process, the first stage might be to record a new complaint and its key content. The second stage might be an initial assessment of the merits of the case, an estimation of liability, and the odds of the possible outcomes. This provides some structure and enables us to place cases into distinct phases.

“

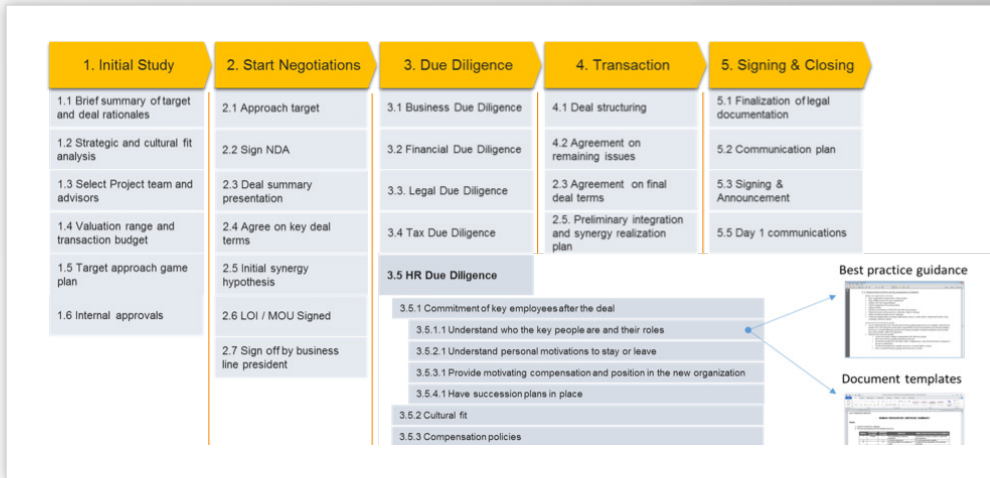
The first step of a gradual approach is to define the phases that every case must go through...

”

The next step is to define the key considerations and deliverables for each stage. At a high level, what needs to be done and how? This provides further structure, guidance, and repeatability.

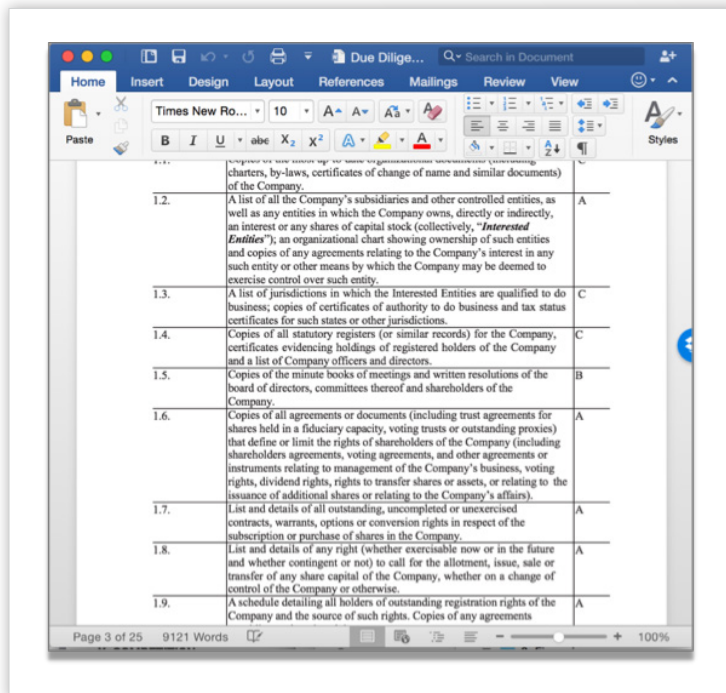
As cases are executed, the logical next step is to further break down the deliverable into smaller tasks and provide more detailed guidance, templates, and sample legal language for each step.

## An M&A process definition can look like this:



It is critical to make the process visual and enjoyable to users. Legal process definition initiatives have often been unsuccessful because they produced only long, boring documents that no one reads. Also, if the process results only in a document and the work is done elsewhere using generic tools such as email or a collaboration platform, it's impossible to track individual cases, where they are in the process, and which steps have been completed and which have not

## Process Definition initiatives fail when the format is boring





# Building Blocks of Process Excellence

Process excellence is typically achieved through four steps: process definition, technology implementation, better resource use, and tapping into the broader ecosystem.

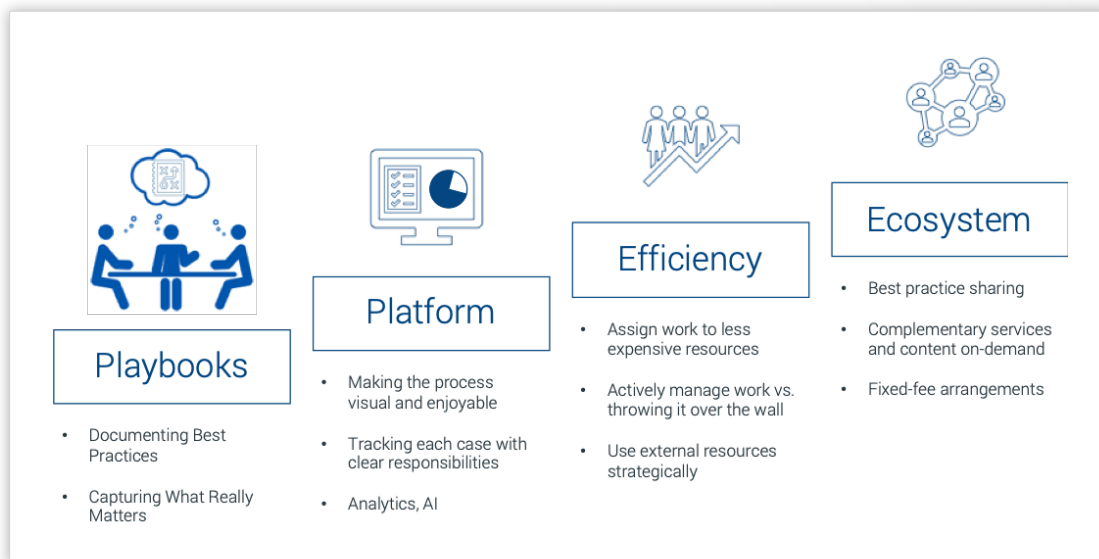
The first step is to bring your best experts together and define the best practice process for handling litigation, running an M&A deal, or whatever the target process is.

The second step is to implement technology that makes the process enjoyable to the end users, enables them to execute the process collaboratively, and provides data to drive further process improvements.

The third step is to start using resources more strategically. When the organization has a process playbook and platform in place, much of the work can be assigned to less senior resources such as in-house paralegals instead of expensive external counsel. The playbook guides your team to focus on the most important tasks in validating and realizing the desired outcomes of the deal, avoiding the need to improvise the ideal course of action in each case.

The fourth step is to engage with the legal ecosystem in a new way. Instead of hiring legal counsel at an hourly rate, you can use the playbooks to clearly communicate the scope of work you need to execute for your cases. This enables you to get fixed fee quotes from multiple vendors, each understanding the content of the work in the same way. You can also leverage best practice playbooks created by service providers and shared by other customers.

**The four steps to process excellence are as follows:**



# Emergence of Artificial Intelligence

Artificial intelligence and its applications in legal work will become major a source for legal department productivity. Some visions view AI as a tool that augments the work of human lawyers, and some even envision AI lawyers capable of performing all aspects of legal work.

Currently, the most prominent AI applications are contract analyzers, compliance assistants, outcome prediction, and spend analytics. Let's look at these topics as well as the AI lawyer vision and discuss how they map to the three waves of legal technology adoption.

## Contract Analyzers

One of the most interesting categories is tools that read legal documents to extract and analyze key information. A use case is contract analysis, where a set of contracts is fed into a contract analyzer that identifies the meaning of content such as the definitions of the contract parties, limitations of liability, applicable law, place of arbitration, and other key topics. This saves law yers an immense amount of time because they don't have to search for the information themselves but can get a list of contracts containing the desired information. Currently, the focus is mainly on identifying and extracting relevant content from contracts. Over time, the intent is to increase analysis of the content and provide automated recommendations based on the analysis.

These products are increasingly used in reviews of custom contracts, e-discovery and due diligence processes. As they are currently used, these contract scanners can be seen as Wave 1 tools that boost the productivity of the work of individual lawyers. Over time, it is likely that Wave 2 self-service tools will emerge that enable the business to review contracts and flag those that require further review by the legal department. As contract scanners become better at analyzing content extracted from reviewed contracts, it is easy to envision them becoming tightly integrated in the process flow of Wave 3 strategic legal processes.

## Compliance Assistants

As compliance requirements become increasingly complex, a growing need to automate various compliance processes is emerging. For example, certain US export regulations require all products sold to be listed in a product classification category, and picking the right category for potentially hundreds or thousands of SKUs can be challenging. Instead of having humans search for the right classification for each product, AI can execute the task much faster. AI is increasingly used to automate many similar compliance tasks. These tools are currently used as Wave 1 productivity tools for lawyers but will ultimately be integrated into Wave 2 self-service portals used by businesses.

## Prediction of Legal Outcomes

Because computers are good at analyzing big data, one interesting application for AI is the prediction of legal outcomes. The idea is that AI looks at all the material available for a legal case and compares it to the content of other legal cases and legislation. The systems then predict the outcome of the particular legal case and can even suggest defense or prosecution strategies based on the analysis.

These tools are typically used as Wave 1 productivity enhancement tools for individual lawyers, although some very interesting Wave 2-like self-service tools have been developed. Maybe the most interesting example of what is possible is the consumer-facing divorce-as-a-service product Wevorce (<https://www.wevorce.com/>), collects information from a divorcing couple, predicts what the arbitration result would be, and recommends a resolution. It is easy to see how such tools could be used proactively in contract review processes to predict whether certain contract clauses are likely to cause disputes and the likely outcomes of such disputes should they go to court.

## Spend Analytics

Optimization of legal spend is always a focus area for corporate legal departments, so analytics tools that automatically identify anomalies and cost-saving opportunities can have a quick ROI. Examples of this include finding comparable legal work among all legal spend data and showing which vendors are most cost-effective to produce the desired results. This class of AI naturally extends Wave 1 matter management tools.

## AI Taking Over Complex Processes

There's also speculation about how AI might take over the jobs of lawyers and render humans redundant even in complex processes. Though these speculations provoke interesting conversations, it is hardly realistic to have AI take over complex legal work anytime soon.

What everyone seems to be forgetting is that the evolution of manufacturing required process systematization to revolutionize productivity and ultimately enable robots to take over some tasks from humans. It's easy to imagine a robot on a production line but harder to imagine a carpenter robot that can build anything to order. How could a lawyer robot exist without process standardization?

More on this can be found here:

<https://www.linkedin.com/pulse/next-industrial-revolution-transitioning-play-books-ai-kalle-kilpi/>

# Case Study: Strategic Legal Process Management at Hewlett Packard Enterprise

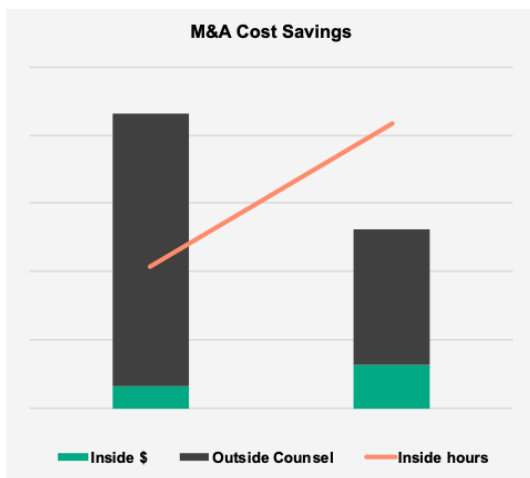
Hewlett Packard (HP) and Hewlett Packard Enterprise (HPE) have emerged as pioneers in systematizing various strategic legal processes. This includes mergers and acquisitions, divestments, corporate splits, lawyer training, legal entity rationalization, outsourcing, and real estate.

In 2014, HP needed to reinvent how it would handle M&A going forward. The company's board decided to abandon the strategy of mega deals and to develop the ability to create a large number of carefully evaluated and systematically implemented smaller deals. The global M&A process was the first strategic legal process to be systematized. Key objectives included reduction of risks, speed of execution, and cost savings.

HP selected Midaxo as their core platform to build the process on. After a rigorous internal process-definition initiative, the new process was rolled out in 2015. The new system was put into a litmus test with a string of acquisitions. In the next four years, 243 M&A deals were reviewed and 77 closed on Midaxo.

The same foundation was used to orchestrate the split of HP into two companies, HP and HPE, the biggest corporate split in history. The split included numerous subprocesses ranging from legal entity changes to transferring assets and intellectual property. Over time, Midaxo became the platform of choice for an increasing number of strategic legal processes, and HPE won General Counsel magazine's award for the most innovative legal departments for these efforts.

## Hewlett Packard Enterprise



With the combination of well-defined process playbooks and technology to facilitate collaborative execution, HPE has gained significant productivity benefits.

### The benefits observed by HPE include the following:

- Reduction of risks
- Improvement of outcomes
- Process lead time acceleration
- Reduction of external spend
- Ability to do more in-house
- Reduction in total costs

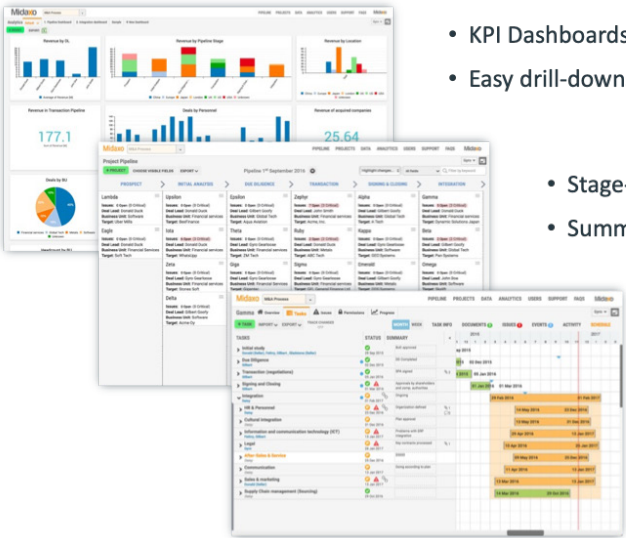
# Midaxo End-to-End Platform for Strategic Legal Processes

Many of the most innovative legal departments use Midaxo as the foundation for their most strategic legal processes, such as M&A, divestments, corporate venture capital, and real estate and legal entity rationalization.

Prepackaged best practice playbooks, dashboards, and configurations are available for various legal processes. It's also possible to configure the platform to accommodate virtually any legal process.

The platform includes process dashboards, a pipeline view, and case execution capabilities: Midaxo includes robust functionality for collaborative execution of strategic legal

processes, including document management, issue management, collaboration, email integration, project management, and reporting. This functionality can be used alongside your existing systems for contract management, e-billing, case tracking, or IP management.



The image displays a screenshot of the Midaxo platform interface. It features several components: a top navigation bar with the Midaxo logo and user information; a main dashboard area with multiple widgets including bar charts, pie charts, and data tables; a central pipeline view showing a sequence of stages for a case; and a detailed case summary view at the bottom. The interface is clean and professional, with a focus on data visualization and workflow management.

- KPI Dashboards
- Easy drill-downs
- Stage-gated case pipelines
- Summary of each case
- Process playbooks
- Collaboration tools
- Task management
- Automation

Secure collaboration across organizational boundaries is a key capability. Stakeholders such as customers, vendors, investors, and M&A acquisition targets can be invited to join the platform as users. Administrators have granular permission controls that make it possible to control what different stakeholders can see and do in the platform. Virtual data room (VDR) capabilities are built in to facilitate disclosure of confidential documents.

The platform security is ISO27001-certified and designed to meet the highest information security classifications to match the requirements of high-confidentiality use cases such as M&A and information subject to insider trading legislation.

## Process Pipelines

Each process has a pipeline view where it is easy to see what cases are in each phase of the process. The process stages can be easily customized and linked to your organization's process governance model.

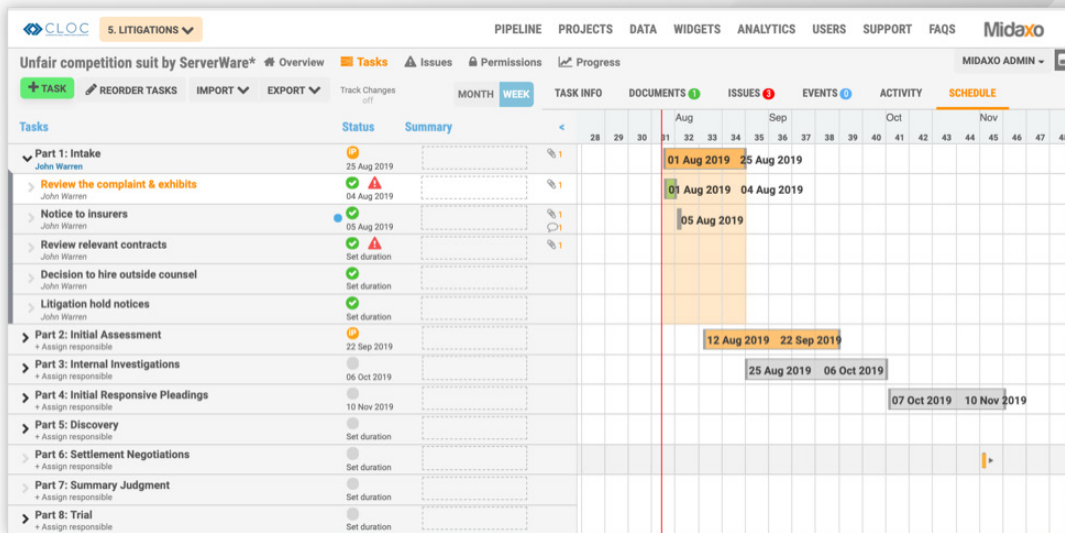
The screenshot displays the 'Project Pipeline' view in Midaxo. At the top, there's a navigation bar with 'PIPELINE', 'PROJECTS', 'DATA', 'WIDGETS', 'ANALYTICS', 'USERS', 'SUPPORT', and 'FAQS'. Below this, a 'Project Pipeline' header includes a '+ PROJECT' button, 'CHOOSE VISIBLE FIELDS', 'EXPORT', and a date filter 'Pipeline 31<sup>st</sup> July 2019'. The main area is a grid of case cards, each representing a different litigation. Each card shows the case title, counterparty, a brief summary of claims, and the status of issues (e.g., '0 Open (0 Critical)'). The stages are labeled as INTAKE, INITIAL ASSESSMENT, INTERNAL INVESTIGATION, INITIAL RESP/PLEADINGS, DISCOVERY, and SETTLEMENT NEGOTIATION.

## Case Workspaces

Each case has its own workspace with comprehensive functionality for collaborative execution. The work is guided by your process playbooks, and all information, such as documents, issues, and communications, is tied to the process.

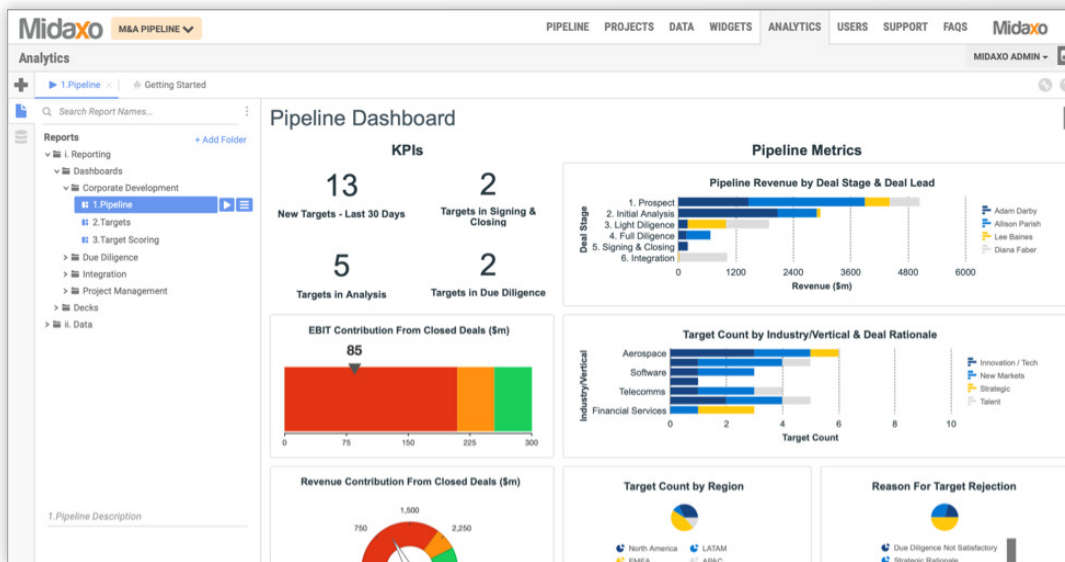
The screenshot shows the 'Case Workspace' for 'Unfair competition suit by ServerWare\*'. The top navigation includes 'PIPELINE', 'PROJECTS', 'DATA', 'WIDGETS', 'ANALYTICS', 'USERS', 'SUPPORT', and 'FAQS'. The workspace is divided into several sections: 'Tasks' (listing various steps like 'Review the complaint & exhibits', 'Notice to insurers', etc.), 'Dependencies' (with a link to learn more), and a 'Guide' section. The 'Guide' provides instructions on how to read and analyze the complaint, listing key questions to ask, such as 'Who are the plaintiffs?' and 'What claims have been made against the company?'. The interface also shows 'Issues', 'Documents', 'Events', 'Activity', and 'Schedule' tabs.

The product has robust functionality for assigning responsibilities and managing tasks.



## Analytics and Dashboards

Data stored in the platform can be visualized using the integrated analytics capabilities. This is ideal for establishing KPIs for performance, allocating resources, and analyzing process improvement opportunities.



# Midaxo Legal Entity Rationalization Solution

Software + Playbooks + Expertise = Better Execution

[www.midaxo.com/solutions/legal-entity-rationalization](http://www.midaxo.com/solutions/legal-entity-rationalization)



See all entities  
in one view

Increase visibility with  
real-time analytics

Execute in confidence with  
best practice playbooks