

Cutting Outside Counsel Spend, Without Cutting Corners

3 Data-Backed Strategies with Legal Ops

Growing Reliance on Outside Counsel

The case for cost optimisation is clear

45% of IHL to increase outside counsel spend, despite moving work in-house (Legal Dive '25)

Outside counsel own ½ legal work for 33% of firms, ¾ for 28% (Reuters '24)

30% of legal departments faced a surge in work, amidst a spending cut (Reuters '21)

84% manage outside counsel spend as a high priority (Reuters '24)

Disproportionate Outside Counsel Spend; 1 IHL Staff to \$411k outside counsel spend (Reuters '20)

Rising Rates; Partners up 6.2%, Associates up 8.3% (Reuters '20)

3 Opportunities for Legal Spend Optimisation

Without committed spend optimisation, IHL leave gains on the table

AFAs are seeing adoption but are not yet convention

19% require a practice to offer AFAs, 41% consider this a factor, while 40% are indifferent (Reuters '24)

Savings potential with better matter-value matching

50% IHL default to usual outside counsel for 70% of matters, potentially misclassifying matters as hi-value (Gartner '21)

Sophisticated spend management not yet a mainstay

Only 24% have a high sophistication of spend management, while 50% are proactive – billing guidelines, invoice audits. (Reuters '24)

A. Rate Benchmarking

Know the market – compare peers for a rate advantage

Rate differentials range between 17-61% for mid to top tier law

Right-sourcing offers cost advantages

Start with evaluating top-tier firms

Top-tiers amount to 50% of legal spend, compared to 17% for mid-tiers
(CounselLink '24)

Legal Tech; LegalView

B. Fixed Fees

Move beyond hourly – value with volume

Microsoft aims to shift 90% of legal work to AFAs

Lathan & Watkins, Simon Thacher & Bartlett and others
are agreeable (Bold Business, '17)

Start with repeatable work

NDAs, employment claims, standard clause contracting

Negotiate discounts with volume; 10+ matters annually

C. AI-Assisted Audits

AI finds the leaks – recover overcharged fees

**Platforms like Legal Tracker enable net savings of
\$3m and 372% ROI
(Legal Tracker, Reuters '23)**

Catch over-billing errors – rate increases drop from 12%
to 5%

Billing guideline enforcement – flag and rectify non-
compliant invoices

Analytics for optimisation – identify opportunities for
improvement

Sources

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Legal Ops + In-House Legal



HSF Legal Ops Service Line

In House Legal

Legal Ops

The Core Legal Practice

The Contextual Work & Tools

Counsel, Litigate, Mandate

Implement, Manage, Operate

Introducing the Team

Platform, People, Process
Innovation – Enterprise
Transformation

Partner

Strategy, Ops, Tech Transformation – Our Legal Ops Expertise

Director

Leadership

▶ Strategy

Tactics



Expertise

*world-class transformation
– for the new law legal team*

Legal Ops Mandate



Op Model Transformation

Optimisation + Design



Capability Development

Legal Tech Agenda



Technology Initiatives

*high performing tech in motion –
for the next gen legal team*