

ACC CHIEF LEGAL OFFICERS 2016 SURVEY

LEARN ABOUT ISSUES keeping CLOs up at night, business priorities, career satisfaction and trends.

FIND OUT WHAT the future holds for law department budgets and staffing, including how CLOs intend to source legal work in 2016.

DISCOVER INSIGHT from more than 1,300 CLOs in 41 countries.

 **ACC** Association of
Corporate Counsel
By in-house counsel, for in-house counsel

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The *Association of Corporate Counsel (ACC) Chief Legal Officers 2016 Survey* is the largest global study of the most pressing issues and challenges facing chief legal officers (CLOs) in corporate legal departments. ACC contacted CLOs and general counsel (GCs) around the world to gain further insight on the issues keeping them up at night, business priorities, career satisfaction and trends, organizational processes, desirable non-legal skills, outside counsel and vendor management, budgeting and staffing, and compensation.

As the lead organization serving the needs of more than 40,000 corporate lawyers at more than 10,000 organizations in 85 countries, the report aims to serve as a resource and benchmarking tool for in-house lawyers who are increasingly called on to serve as leaders of the law department, counselors to the CEO and board of directors, and strategic thinkers.

Considering the unprecedented wave of change and uncertainty in the corporate arena, this year's study examines emerging enterprise risks and trends such as data breaches, privacy obligations, and compliance. The study finds that CLOs are increasingly tasked with "seeing around corners" to help guide and protect their respective enterprises from unanticipated risk.

Incorporating the insight of more than 1,300 CLOs in 41 countries, the report also sheds light on the evolving role and priorities of the CLO by key segments such as departmental budget, industry, compensation, gender, and region.

As in previous years, CLOs continue to make ethics and compliance their top priority, followed closely by regulatory issues and challenges. This is to be expected: 31 percent of CLOs report their company has been targeted by a regulator or other government entity for an enforcement action. Governments are aggressively enforcing laws, and penalties for non-compliance can be severe. According to Gibson, Dunn & Crutcher's 2014 Year-End FCPA Update, the average total value of monetary resolutions in corporate Foreign Corrupt Practices Act (FCPA) enforcement actions was \$156,610,000. Although still a rare occurrence, jail time has also been levied against some executives. In May 2014, Nazir Karigar, an Ottawa-based businessman, was sentenced to three years in prison under Canada's Corruption of Foreign Public Officials Act for bribing Indian officials.

Cybersecurity ranks third as a key issue for CLOs. Many companies are still recovering from recent data breaches. One in five CLOs say their organization has experienced a data breach within the past two years. While it is nearly impossible to prevent a data breach, it is important to have a response plan because many countries now require mandatory notification in the event of an incident.

¹Wright, Kristen Collier, et al. "How-to Manual on Creating and Maintaining an Anti-corruption Compliance Program." *ACC Docket* 33.5: 40.

²Edgar, C. Ernest IV and Thaddeus McBride. "Tone at the Top, Culture of Compliance, and the Yates Memo." *ACC Docket* 34.1: 28.

31%

CLOs targeted by a regulator for a violation in the past two years

The CLO deals not only with the unexpected data breach or government enforcement action but also the changing dynamics of business markets. In this fast-paced environment, CLOs have to be flexible with how they manage their resources; some CLOs make the choice to delegate department operations. While CLOs maintain their trusted position as business advisers — a majority report spending their time advising executives — some are turning to chief operating officers (COOs) to run legal operations, and many seek to develop needed non-legal skills in their departments. To support this business advisory role, CLOs have a range of non-legal skills, including emotional intelligence and executive presence, which they also seek to develop in their staff.

Respondents to the survey indicate that serving as business partners is how they prefer to focus their time. Considering that most CLOs spend their time in this manner, it comes as no surprise that satisfaction with the position remains high. This year, 82 percent of CLOs are at least slightly satisfied with their current role.

This report is divided into three sections. The first includes an introduction and summary of key findings. This section is available at no cost. Key Findings and Overall Results sections are available for purchase and provide greater detail on more than 30 metrics such as department budget by industry and company revenue, staffing trends and plans, and industry findings. These can be accessed at www.acc.com/surveys.



EXECUTIVE SUMMARY

What keeps CLOs up at night?

Priorities for CLOs have remained similar to those cited in previous years. Ethics and compliance remains the most important issue to CLOs, followed by regulatory issues/challenges, and cybersecurity.

Regulatory activity affecting one in three

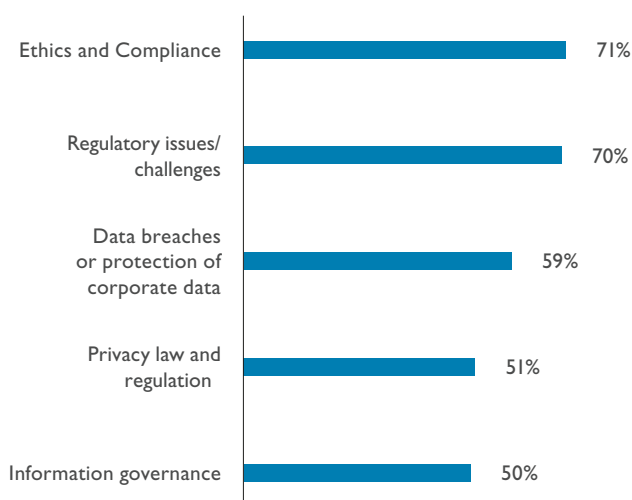
Regulatory issues are a chief concern for CLOs. Thirty-one percent of CLOs report their organization has been targeted by a regulator for enforcement or investigation with respect to an alleged violation. As companies expand across jurisdictions, managing legal affairs becomes complex, as does keeping abreast of the regulatory climate in each location. Hiring patterns reflect this trend, with CLOs making plans to boost staffing to help manage global compliance needs.

“My biggest concern is the company’s expansion overseas and our ability to comply with new regulatory requirements.”

One in five CLOs experienced a data breach in the past two years

Twenty-two percent of CLOs report experiencing a data breach in their organization within the last two years. One reason this is a major concern for CLOs is because companies are often obligated by law to respond to cyber threats or breaches of sensitive information in a timely manner.

TOP ISSUES KEEPING CLOS UP AT NIGHT PERCENTAGE WHO RATED ISSUE VERY OR EXTREMELY IMPORTANT OVER NEXT 12 MONTHS

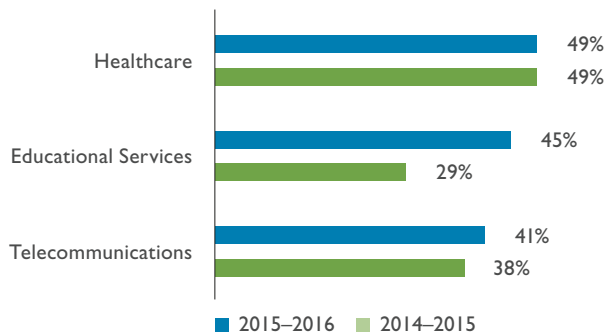


n=1,260

Note: Top five issues shown. Chart includes total percentage rating each item very important or extremely important.

The healthcare industry remains the industry most heavily affected by breaches — 49 percent of healthcare CLOs report experiencing a data breach in their organization within the last two years. Not far behind with 45 percent, the education industry witnessed a marked increase (up 16 percentage points from 2015) in the percentage of CLOs reporting a data breach. Breaches in the telecommunications industry also continue to rise, although at a slower rate than the education industry.

EXPERIENCED DATA BREACH IN PREVIOUS TWO YEARS, BY INDUSTRY (PERCENTAGE YES)



2015 *n*=1,027, 2016 *n*=1,137

Note: Data shown for top three industries

The salary gap is not closing

The gender gap remains in 2016. Thirty-one percent of female respondents make under \$200,000 compared with 21 percent of men, while 62 percent of female respondents report making greater than \$200,000 compared with 70 percent of men. Experience does not explain this difference. Though many executive leaders around the world have voiced a sincere commitment to equitable pay for men and women, the issue of pay disparities may require policies involving rigorous monitoring and transparency of pay distributions in order to spot anomalies to close the gender pay gap.

Positive staffing changes expected in 2016

Few CLOs made any cuts to their in-house lawyer staff last year. In fact, 37 percent added in-house staff and 14 percent made significant increases (greater than 10 percent) among in-house lawyer positions last year. CLOs in Europe, the Middle East, and Africa (EMEA), and the Latin American/Caribbean region outpaced other regions in adding in-house lawyers last year. Following compliance, law departments were focused on creating positions in the practice areas of contracts, general legal advice, and regulatory/government affairs.

Budget cuts can be a predictor for staffing trends. Forty-one percent of CLOs who expect their outside budget to decrease by more than 10 percent also anticipate the work outsourced to decrease. Eighteen percent who anticipate a reduction in outside sourcing to law firms or legal service providers intend to increase the number of in-house lawyers in their department.

Growth in legal operations

The presence of legal operations staff in the law department is growing. Nearly half of all respondents report legal operations staff positions in the department, a large jump from 2015, when just two in 10 reported legal staff in the department. Despite this growth, few delegate operational management of the law department. Ten percent say they delegate part time and 6 percent full time.



PROJECT OVERVIEW & INTERPRETING THE DATA

Project Overview

This survey opened on October 17, 2015 and closed November 24, 2015. A total of 1,403 lawyers participated with 1,302 responses included in this analysis; 86 percent (1,007) of respondents were from ACC members, and 14 percent (295) were from nonmembers. Among members, a total of 7,212 GC and CLO members were invited to complete the survey with a response rate of 14 percent. Additional invitations to participate were sent to 400 non-ACC GCs and CLOs via partner bar associations.

Interpreting the Data

An introduction, executive summary, key findings, overall results and demographic profile are included in the full report. Although most pertinent topics are covered in the key findings, other thought-provoking findings are exhibited in the overall survey results. Overall results touch upon all survey questions and responses from CLOs. These responses were stratified by a number of relevant breaks, such as region/country, industry, department size, gender, generation and revenue. By analyzing responses in this way, we are able to decrease the influence of overrepresentation across audience segments. Cross tabulations were conducted in order to assess the influence of these segments of the survey population and t-tests were used when appropriate to determine whether differences between groups or between time points were statistically significant at the .05 significance level.

Due to rounding, percentages may not sum to 100. Additionally, when adding percentages, the whole number is rounded evenly. Tables may not reflect 100 percentage points where “Don’t know/not sure” is not shown.

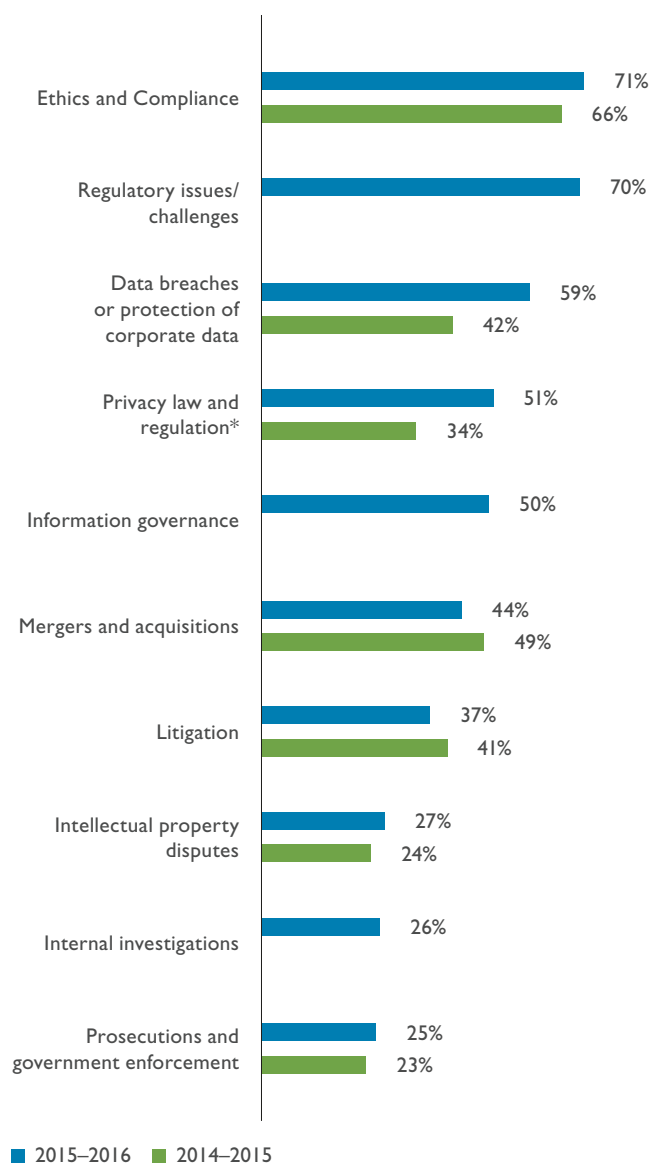
KEY FINDINGS

Most pressing issues for CLOs

Ethics and compliance continues to top the list of issues keeping CLOs up at night, followed by regulatory issues and data breaches. Similar to last year, nearly all respondents anticipate ethics and compliance will be important in the coming year (96 percent in 2015, 97 percent in 2016), however, the intensity of importance has grown. The percent who rate ethics and compliance very or extremely important increased from 66 percent in 2015 to 71 percent this year. CLOs express a greater expectation for privacy law and regulation to be of significant importance between 2016 and 2017 (51 percent) compared with last year (34 percent). Half of all respondents rate information governance of great importance in the coming year.

Data breaches and privacy law and regulation saw large increases in the level of importance each will hold in the next 12 months, with double digit percentage increases in the proportion of CLOs who rated these very or extremely important. Slightly fewer CLOs expect to focus on litigation and M&A activity between 2016 and 2017.

TOP ISSUES KEEPING CLOS UP AT NIGHT (RATED ISSUE VERY OR EXTREMELY IMPORTANT OVER NEXT 12 MONTHS)



*Transparency and privacy obligations in 2015

Ethics and compliance

A number of CLOs note the challenges in keeping abreast of and ensuring compliance with seemingly constant regulatory change. With increased oversight and a rapidly changing landscape highly dependent on industry and geographic location, CLOs express a focus on creating risk-mitigating plans while managing resources and budget, each challenging in itself. Innovative CLOs note creative solutions to the compliance conundrum; for example, “We established a Regulatory Impact Committee (RIC) to monitor and report on regulatory changes that impact the business. Where a significant regulatory impact is identified, a separate working group will usually be established to develop and implement an appropriate action plan.” Committees are popular among CLOs: “Compliance is our number one issue. I have formed a committee and am working to gain more centralization and support for our compliance efforts throughout the organization.” Others note plans to focus on education, centralization, audits, and hiring in key positions such as chief compliance officer.

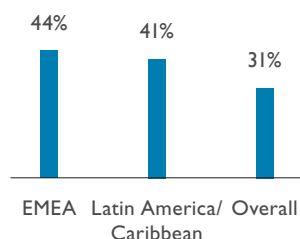
When examining ethics and compliance by industry, a significantly higher proportion of CLOs in finance and banking (42 percent), defense (42 percent), and aviation/aerospace (40 percent) rated the issue “extremely important” compared with the overall average of 24 percent.

Regulatory action

Hiring in-house lawyers with a specialization in regulatory/government affairs ranks fourth among all practice areas where CLOs created new positions; 6 percent of law departments created new positions in this area. Considering the climate of enforcement (31 percent of CLOs say their organization has been targeted by a regulator), regulatory/government affairs also ranks as the second issue keeping CLOs up at night. Respondents in larger departments are much more likely than those in smaller departments to report being targeted by a regulator, and compared with the average, CLOs in EMEA (44 percent) and Latin America/Caribbean (41 percent) are far more likely to have been targeted by a regulator.

“A big concern I have is being understaffed, which presents risk to the business. We are hiring an additional one, perhaps two staff to ensure we meet all regulatory obligations, and we will conduct a thorough regulation compliance audit.”

TARGETED BY A REGULATOR IN PAST TWO YEARS BY REGION



Data breaches

Data breaches and the protection of corporate data ranks third as a key concern for CLOs, with nearly all respondents finding it important. Numerous CLOs cite risks associated with data security as a top concern for them in between 2016 and 2017. This comes as little surprise as many companies are still reeling from recent data breaches. Twenty-two percent of CLOs say their organization has experienced a breach within the past two years. Findings from the ACC Foundation: The State of Cybersecurity Report reveal similar numbers: 31 percent of in-house counsel say that they have experienced a data breach either at a former employer or at their current company.

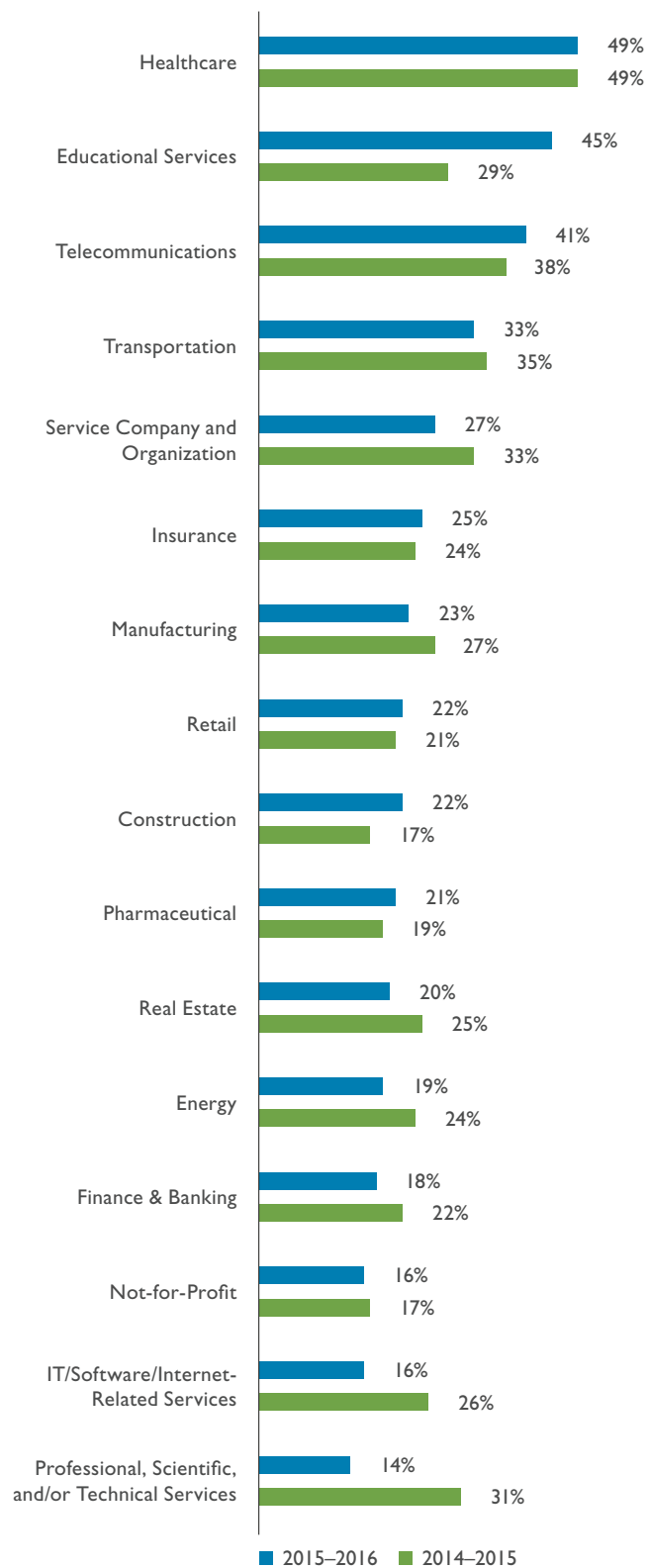
“My biggest concerns are managing growth as the company expands and compliance/risk management/data security issues. We are working with operational and information technology teams to address risk management.”

The healthcare industry remains the most heavily affected. Forty-nine percent of healthcare CLOs report experiencing a data breach in their organization within the past two years. Not far behind with 45 percent, the education industry witnessed a marked increase (up 16 percentage points from 2015) in the percentage of CLOs reporting a data breach. Conversely, respondents in the IT industry saw a 10 percentage point decrease from 2015, with 16 percent claiming their organization experienced a breach in the past two years.

As mentioned, prevention, regulation, and mandatory reporting of data breaches are top concerns for CLOs. This is particularly true in the healthcare industry with its strong emphasis on data security reinforced by Health Insurance Portability and Accountability Act (HIPAA) privacy laws, including implementation of electronic medical records. According to the State of Cybersecurity Report, there is a wide disparity in how companies approach prevention and preparedness regarding cybersecurity. Four in 10 CLOs report that their company audits their organization’s current cyber risk at least annually, but less than half retain outside counsel in the event of a breach. Additionally, most companies have data protection policies, yet few track mandatory training. Despite such disparities, most companies agree that the CLO plays an important role in the process. Fifty-nine percent of CLOs and other lawyers surveyed for the State of Cybersecurity Report expect their role in cybersecurity to increase in 2016.

There is recognition among CLOs that a multipronged response is needed to address cybersecurity risks that include employee and systems vulnerabilities, including internal and external solutions to raise awareness and preparedness. Solutions shared by CLOs in the ACC Chief Legal Officer 2016 Survey tend to center on managing risks associated with data protection. For example, one CLO notes that the solution to her biggest concern in the coming year is data protection and the solution centers on compliance and more effective training of employees. Other examples of solutions to data security concerns include “engaging security experts to monitor and assess threats” and “evaluating insurance coverage, reviewing the incident response plan, and increasing interaction with IT and Info. Sec.”

EXPERIENCED DATA BREACH IN PREVIOUS TWO YEARS, BY INDUSTRY





Insourcing versus outsourcing

Forty-seven percent of the average CLO's budget is spent on either outside counsel or legal service providers. CLOs chiefly report outsourcing complex litigation. This finding aligns with the 2015 ACC Global Census: A Profile of In-house Counsel, where 67 percent reported using outside counsel for litigation.

Considering that data breaches are a top priority for CLOs, it is interesting to note that of those who participated in the ACC Foundation's 2015 Cybersecurity Survey, less than half reported they have retained the outside services of a forensic company for support in case a breach occurs. CLOs in global entities are significantly more likely than those in domestic organizations to retain outside services such as a forensic company (27 to 20 percent) and outside counsel (36 to 29 percent) after a data breach.

Most CLOs (61 percent) predict that the amount of work sent to outside providers will remain the same in the coming year. Forty-five percent anticipate the amount of work sent to outside law firms will remain the same. Notably, nearly one in five who expect a reduction in outside sourcing intend to increase the number of in-house lawyers in their department.

Spend and budget

Budget remains a focal area for CLOs tasked with balancing complex workloads, resourcing, and budgets at a time when the economy and geopolitical events have a significant influence on business outcomes. CLOs shared concerns when it comes to managing spend and organizational issues. For example, one respondent notes that it is a challenge "Managing the workload of my department for a growing company that is focusing on keeping costs down while expanding at the same time." Another notes that "unstable economic and political scenarios" are of great concern to global business: "My biggest concern in 2016 is the economic crisis in my country [and how it] affects my company's financial survival in a highly competitive industry. As we are a publically-held company we depend totally on government budget. There is a chaotic political scenario going on and nothing seems to get better for the next year."

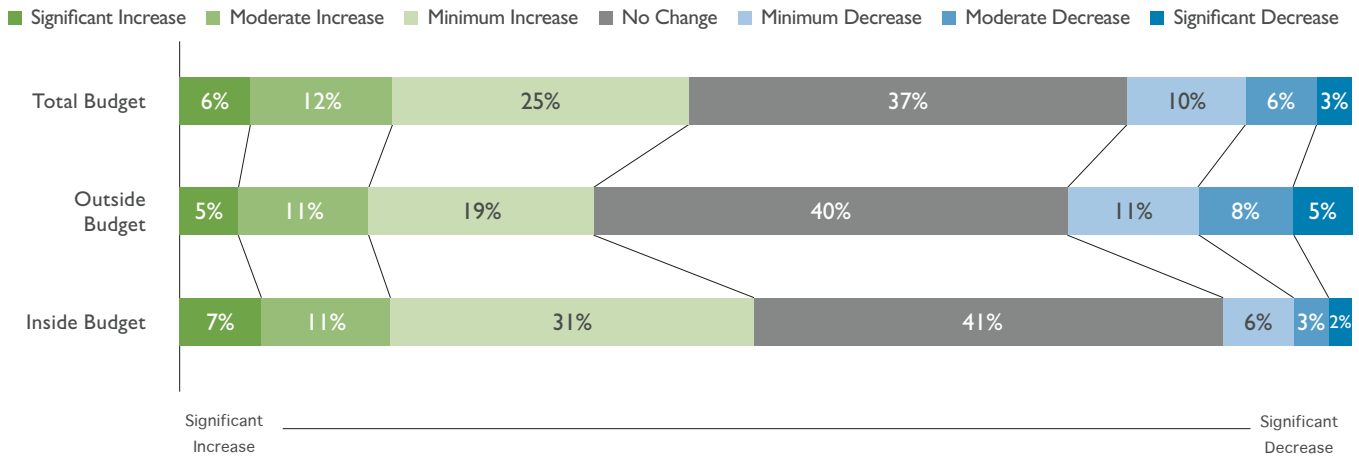
CLOs have always balanced aspects of the global economy with legal department budgets and their company's business needs and there is good news in 2016. Few CLOs anticipate reductions in budget, with the majority reporting expected increases or no change overall. Nearly half expect their inside budget to grow at least marginally in the coming year.

WHERE DO YOU PRIMARILY SOURCE THE FOLLOWING?

	Insource (in-house)	Outsource to law firm	Outsource to LPO/LSP (legal process outsourcer or other legal service provider)	Other	Not applicable
Administration/operations	98 %	0 %	0 %	0 %	2 %
Complex litigation	5 %	90 %	1 %	0 %	7 %
Content creation	83 %	7 %	1 %	2 %	11 %
Contract management	96 %	2 %	1 %	2 %	1 %
Document review	80 %	17 %	5 %	0 %	5 %
Document management	93 %	2 %	3 %	2 %	2 %
Due diligence	63 %	43 %	3 %	2 %	7 %
E-discovery	21 %	45 %	13 %	1 %	28 %
Legal research	69 %	45 %	1 %	1 %	2 %
Legal writing	78 %	29 %	0 %	0 %	6 %
Patent services	10 %	63 %	4 %	1 %	28 %
Records management	89 %	3 %	4 %	4 %	3 %

n=1,225

ESTIMATED CHANGES TO BUDGET IN THE NEXT 12 MONTHS, 2015-16



Law departments in companies with larger overall revenues tend to have larger department budgets. For example, two-thirds of CLOs in departments with 50 or more employees report a budget of greater than \$10 million, compared with 21 percent in departments with fewer than 50 employees.

The meticulous planning that budgets demand is not always a possibility. Sometimes the legal landscape is uncertain, and predictions for litigation, regulatory measures, and employment needs can be nebulous. Uncertainty can affect spending. Most CLOs say they made no changes in department spending last year. Forty-four percent of CLOs reported at least a minimal increase in total spend.

There are many ways that CLOs, particularly those in large law departments, control costs. Larger law department size was associated with higher likelihood of using alternative fee arrangements (AFAs), blended rates, or both. Seventy-one percent of CLOs in law departments with 200 or more employees use blended rates compared with under half of those in companies with law departments that have fewer than 25 employees. CLOs were open about sharing cost-saving measures. For example, one CLO notes a strict policy to minimize legal spend: “We use billing guidelines, won’t pay retainers, and we will not pay for time for 1st year associates or for internal conferences at law firms.” Other CLOs mentioned the challenges of managing spend when litigation costs surface: “[We are now focused] on keeping outside counsel spend down in the wake of newly filed IP litigation.”

WHICH OF THE FOLLOWING FEE ARRANGEMENTS DO YOU USE? (CHECK ALL THAT APPLY)

	2015-2016	2014-2015
Blended rates	42%	n/a
Flat fee for entire matter	41%	41%
Flat fee for some stages (phases) of a matter	40%	32%
Retainers (including periodic retainer fees for a portfolio of services)	32%	19%
Capped fees	22%	n/a
Flat fee for a portfolio of similar work	21%	20%
Incentives or success fees	19%	18%
Contingency fees (including reverse contingency fees)	13%	14%
Collars (fixed fees with collars)*	12%	10%
Performance-based holdbacks	4%	n/a

When it comes to AFAs, there are a variety to choose from, including performance-based holdbacks, a flat fee for a portfolio of similar work, and incentives or success fees. Certain AFAs have region-specific popularity. Capped fees were popular in Latin America/Caribbean, EMEA, and Asia Pacific. More than half of all respondents in the EMEA region (52 percent) report the use of flat fees for an entire matter, higher than any other region. Fifty-six percent in EMEA also use flat fees for some stages of a matter. Use of flat fees for an entire matter was the most often used fee structure reported by CLOs in Canada (47 percent).

Law department staffing

Striking the right balance between inside and outside talent to support the company's legal needs remains a focus area for CLOs. Many hope to achieve the right mix of in-house legal talent by acquiring more in-house legal staff; however, this can be a challenge. Findings from the 2015 ACC Global Census found that the global in-house community is highly mobile and most in-house counsel are open to opportunities elsewhere, making retention a major initiative for many companies looking to save money and maintain continuity of operations.

Our biggest concern in 2016 and plan to tackle it: "Acquiring, developing, and retaining talent for our company to compete. We're focusing on a comprehensive employee development and experience project."

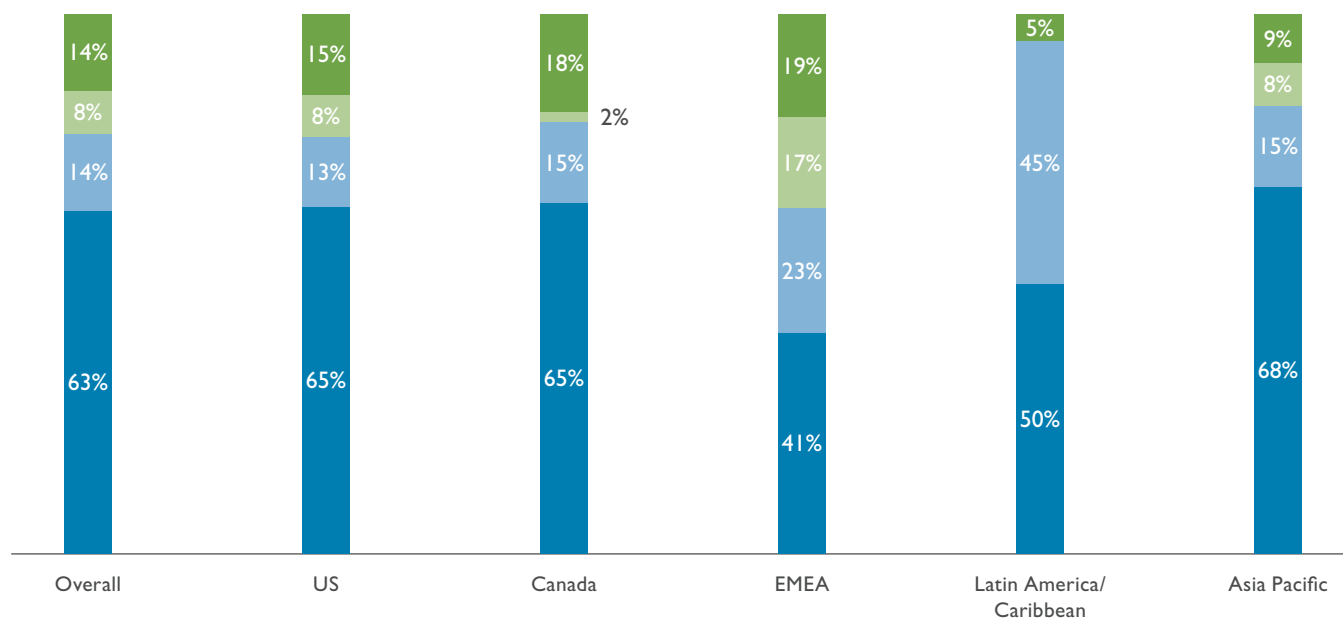
CLOs report increases in legal staff. Fourteen percent of CLOs significantly increased staffing levels among in-house-lawyer positions in the past 12 months. In addition, the proportion of CLOs reporting that their department employs operations staff grew by 28 percentage points.

CLOs in EMEA and the Latin America/Caribbean region out-paced other regions in adding in-house lawyers.

14% Significantly increased number of in-house lawyers in 2015

ADDED IN-HOUSE LAWYER POSITIONS IN PAST 12 MONTHS BY REGION

■ No Additions ■ Minimal Adds (1% – 5%) ■ Moderate Adds (6% – 10%) ■ Significant Adds (Over 10%)



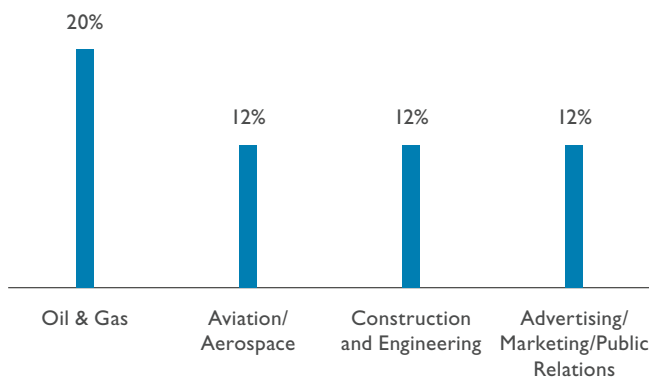
Following compliance, law departments were focused on creating positions in the practice areas of contracts, general legal advice, and regulatory/government affairs. Nearly one in five CLOs created new positions in compliance, making this not only the top issue keeping CLOs up at night but also the top focus for internal department growth.

CLOs in all regions across the globe reported compliance, contracts, and general legal advice as the top three areas in which they created new positions over the previous 12 months. The highest percentage of CLOs creating new positions in the areas of compliance and contracts were located in the Latin American/Caribbean and EMEA regions.

Fortunately, few CLOs made staffing cuts last year. Ten percent of all respondents say they made some cuts to in-house counsel positions last year, with 4 percent making significant cuts to in-house lawyers. Certain industries appear to be driving the deeper cuts. Twenty percent of CLOs in the oil and gas industry report significant cuts to in-house positions last year, likely due to global economic challenges in the industry. In the construction and engineering, aviation/aerospace, and advertising/marketing/public relations industries, 12 percent report making significant cuts.

CLOs in Canada report more stability than CLOs globally. Few in Canada made moderate or significant cuts to in-house lawyer positions, the lowest among all regions. In the Asia Pacific region, 12 percent of CLOs report they reduced staffing levels by more than 6 percent in 2015. In the United States, 5 percent report such reductions. Nine percent in EMEA and 10 percent in Latin America/Caribbean made moderate to significant reductions in in-house staff.

MADE SIGNIFICANT CUTS TO IN-HOUSE LAWYERS IN THE PAST 12 MONTHS



Legal operations

The presence of legal operations professionals in the law department has grown considerably since the ACC Chief Legal Officers 2015 Survey was published. Forty-eight percent of CLOs report operations staff positions in the department, a jump of 28 percentage points from 2015. CLOs overseeing departments with smaller budgets (less than \$1 million) are more likely to report they have no paralegal or legal operations support internally, far less than those with a departmental budget greater than \$1 million.

Despite this growth in staffing, most CLOs (84 percent) do not delegate operational management of the law department. CLOs of large law departments tend to delegate more. Forty percent of CLOs delegate part-time in departments with 300 or more staff. For those who choose to delegate, some rely on COOs to promote a culture of efficiency and innovation and implement strategic goals. COOs handle budgets, manage relationships with law firms and vendors, recruit and onboard new in-house talent, and leverage technology to control costs.

Most wanted: non-legal skills

Successful CLOs have trusted intuition, shrewd business acumen, and an emotional intelligence that allows them to read a room. They expect that their staff learn to cultivate these same skills, although there are some generational and regional discrepancies when it comes to judging the importance of certain skills. In general, non-legal skills, particularly business management skills, are more likely to be sought by CLOs in Generations X (1965-82) and Y (1983-94) than CLO baby boomers (1946-64). Sixty-three percent of Generation Y CLOs report a desire to develop business management skills in their law department, while 51 percent of baby boomers express this same desire. Baby boomers and members of Generation X are less interested in developing finance skills and more interested in fostering emotional intelligence and communication and listening skills.

A majority of CLOs in the United States (59 percent) and Canada (63 percent) seek to develop executive presence; this skill is less sought after in the Latin American/Caribbean region (32 percent). CLOs in the EMEA region are more interested in developing finance skills (53 percent) and project management skills (66 percent) among lawyers in their departments compared with those in other regions. Emotional intelligence is an area of interest for development among 55 percent of CLOs in the Latin American/Caribbean region, a slightly higher percentage than seen in other regions. Among CLOs in Asia Pacific, project management, executive presence, and communication and listening top the list of non-legal skills CLOs wish to cultivate, each garnering interest from over half of all respondents in the region. CLOs in Asia Pacific shared a greater interest in developing technical skills (40 percent), compared with the average across all regions (31 percent).

Career satisfaction

Most CLOs (82 percent) are at least minimally satisfied with their current job. Four in 10 report the highest level of job satisfaction, and 16 percent are dissatisfied. High satisfaction may be related to the fact that CLOs spend the majority of their time in the area of their preference — advising executives, participating in strategic corporate issues, and focusing on strategy development and execution. CLOs with a direct line to the CEO tend to spend more time on strategic issues compared with those who report elsewhere. There appears to be a strong correlation between where CLOs report — to the CEO or board of directors — and whether they spend time on the tasks of greatest importance to them. According to the 2015 ACC Global Census, CLOs are more likely to report that they are often asked to participate in business strategy discussions when they report directly to the CEO rather than to other executives (85 percent to 67 percent).

Although men (67 percent) and women (69 percent) prefer to focus on corporate strategy, there are some gender disparities in job satisfaction. Regardless of generation or minority status, male CLOs are slightly more likely than female CLOs to report being “very satisfied” with their current role (46 percent to 39 percent).

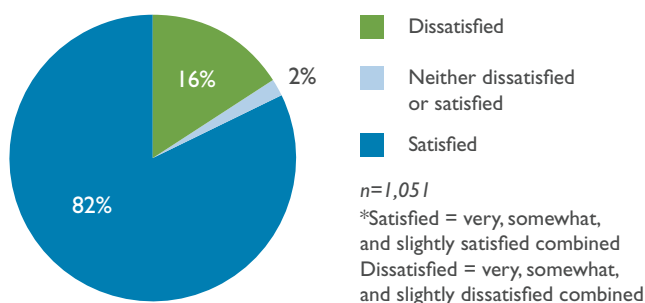
Compensation

The gender gap in total compensation remains: 31 percent of female respondents report making under \$200,000 compared with 21 percent of men, while 62 percent of female respondents report making greater than \$200,000 compared with 70 percent of men.

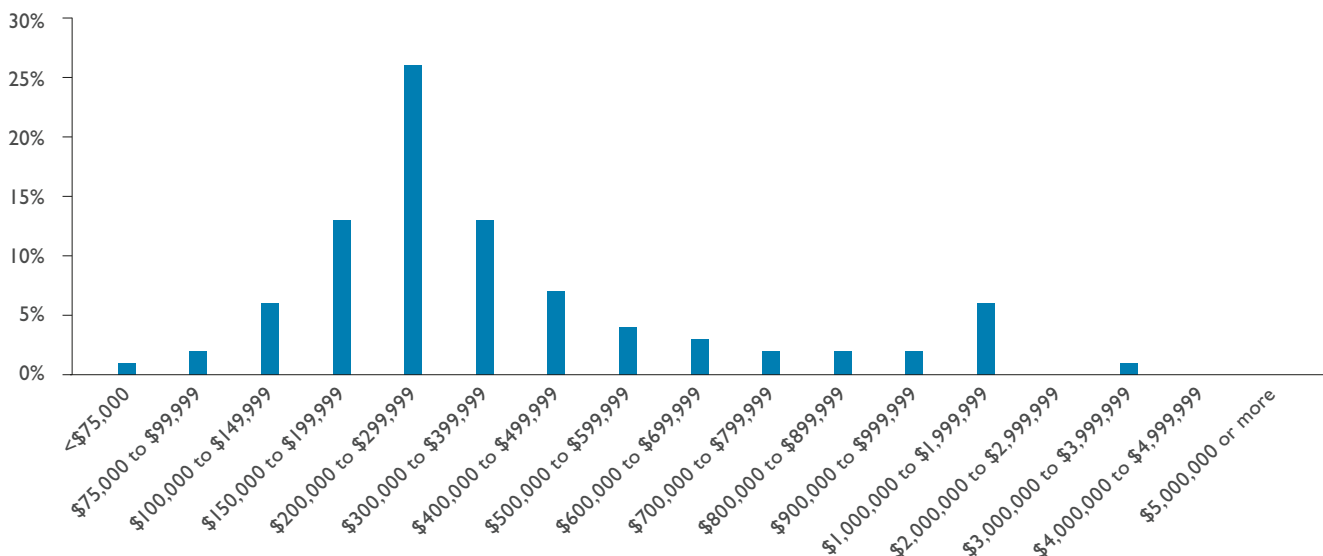
Examining compensation by years of experience does not seem to be a mitigating factor. For those who have four to five years of experience as a CLO/GC, only 24 percent of men report making less than \$200,000 compared with 33 percent of women. For those with 11 to 15 years of experience as a CLO/GC, only 33 percent of men report making less than \$300,000 compared with 49 percent of women.

The 2015 ACC Global Census examined weighted global base salary and compensation among over 5,000 in-house lawyers with various job titles in 73 countries and concluded that a gender-based salary gap exists even when considering location, age, and job title.

OVERALL JOB SATISFACTION*



TOTAL COMPENSATION 2015-16



Bar chart does not show percentages under 1%

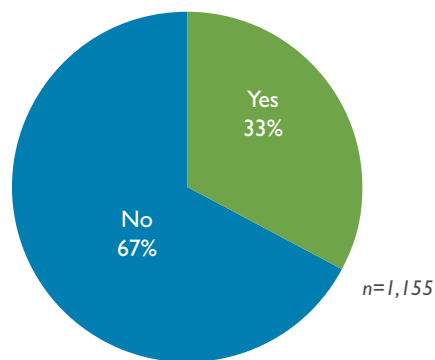


Pro bono

Thirty-three percent of respondents report that they actively encourage staff to engage in pro bono work. CLOs identifying with a minority or underrepresented group are more likely to report encouraging pro bono work in the community than nonminority CLOs (42 percent and 32 percent, respectively). No significant gender differences are found when examining the likelihood of CLOs reporting that they actively encourage staff to engage in pro bono work. The most common barriers keeping CLOs from encouraging their legal staff to engage in pro bono work include “department too small” (67 percent) and “legal staff stretched too thin” (57 percent).

Forty-one percent of CLOs in Latin America/Caribbean report that they actively encourage their legal staff to participate in pro bono work. This is more than approximately one-third in the United States (34 percent) and Asia Pacific (34 percent), and one-fourth in EMEA (27 percent).

CLO ACTIVELY ENCOURAGING PRO BONO WORK



Changing regulatory landscape is biggest concern. We are seeking constant education and advice to remain compliant and also weigh in with regulators, when possible, in proposed/pending legislation or regulations.

Biggest concerns are managing growth as company expands and compliance/risk management/data security issues. Working with operational and information technology teams to address risk management.

Closer collaboration with all phases of IT and external electronic communications to address cybersecurity risk.

As challenges to the business model and disruption and associated legal and business rise, the need for innovation and capacity of legal department to adapt and change [grows]. Addressed through more flexible workforce — e.g., contractors and ongoing education.

Cybersecurity — we are concentrating operational resources and re-examining our insurance with regarding to cyber and data security.

Delivering on the promise of a more mature, comprehensive, industry standard compliance program. Adding staff to the compliance department.

My biggest concern will be strengthening business ethics and compliance program awareness. We are rolling out online training and will be providing more face-to-face targeted training.

International intellectual property infringement. Working with its parent company IP counsel and foreign outside IP counsel to conduct freedom to operate searches and increase our international IP portfolio.

Economic downturn impacting the organization and impacts of restraint on employees. Continual dialogue with employees to recognize their efforts and accomplishments.

Risk management is my greatest concern. I will be educating employees on factors that contribute to increased risk within our organization.

Staffing up our internal lawyers (using recruiters) and implementing internal procedures for legal and executive review.

Managing legal costs through alternative providers, direct briefing, and flat/capped fees.

Regulation where practice is outstripping legislation, e.g., privacy/data protection and charitable fundraising. We keep in contact with our peers in other charities to ensure that we are aware of best practice and can implement where appropriate. We try to influence legislative change where possible.

Lowering outside counsel fees. I am taking steps to enhance in-house capabilities and skills to allow more matters to be handled internally.

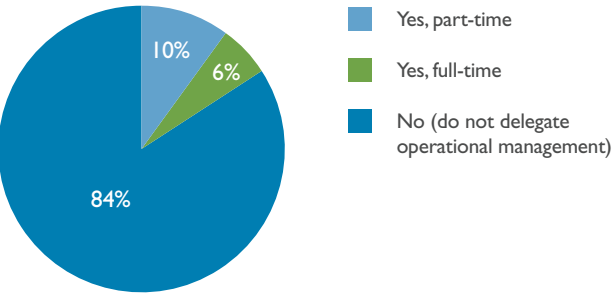
Managing growth in a legally compliant manner. We have retained external

OVERALL SURVEY RESULTS

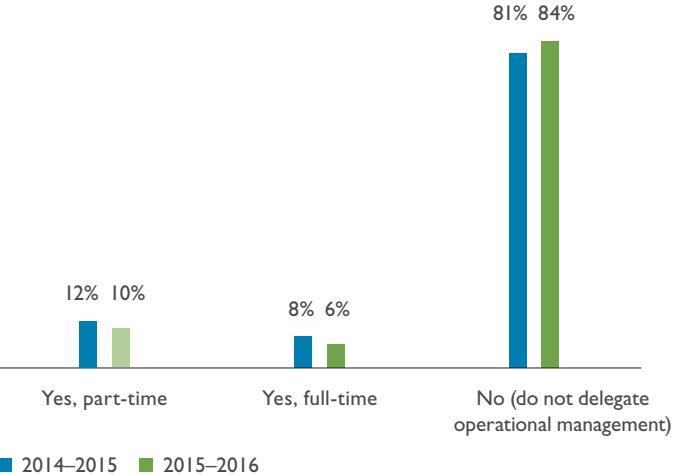
I. Do you delegate operational management of the law department, either full-time or part-time?

There is a slight decline in proportion of CLOs/GC who report they delegate operational management of their law department either full or part-time. One in 10 say they delegate part-time and 6 percent delegate full-time operational management. As seen in the 2015 report, most CLOs do not delegate operational management of the law department (84 percent), a slight increase from the 81 percent reported in 2015. When comparing delegation by company size, those at larger companies are more likely than those at smaller companies to delegate.

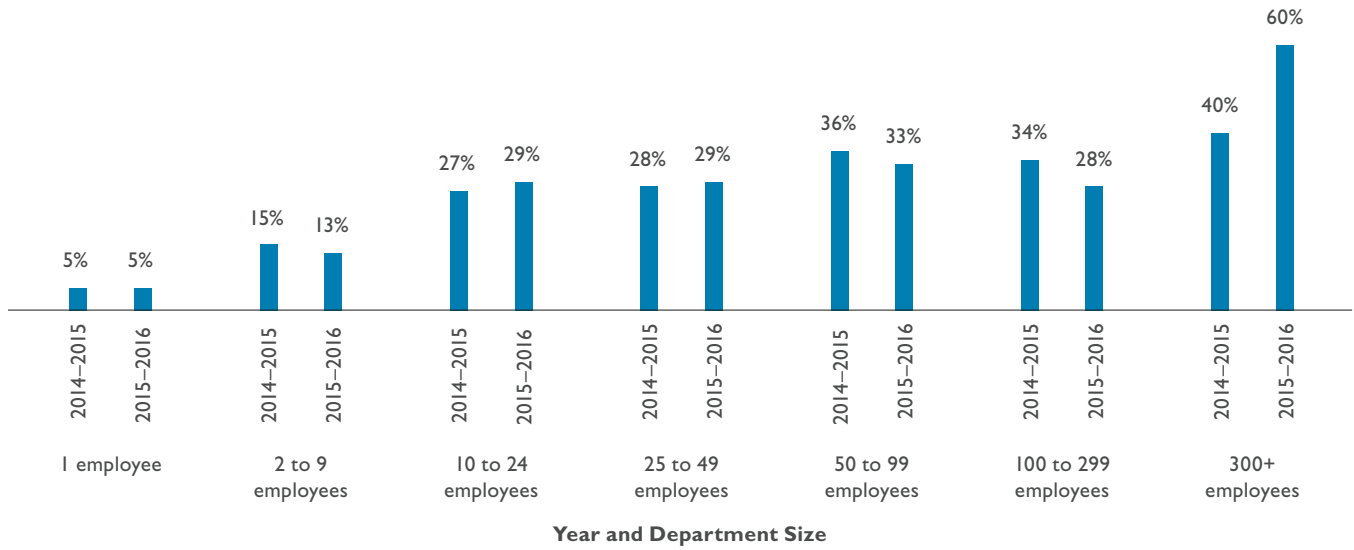
PERCENTAGE OF CLOs WHO REPORTED DELEGATING OPERATIONAL MANAGEMENT OF THE LAW DEPARTMENT LAST YEAR



PERCENTAGE OF CLOs WHO REPORTED DELEGATING OPERATIONAL MANAGEMENT OF THE LAW DEPARTMENT



**PERCENTAGE OF CLOs WHO REPORTED DELEGATING OPERATIONAL MANAGEMENT OF THE
LAW DEPARTMENT (FULL OR PART-TIME) BY DEPARTMENT SIZE AND YEAR**



Level of importance for key issues ...

The level of importance CLOs anticipate that each of the following issues will hold over the next 12 months (based on how much time or attention the department will spend on each area) tend to center around similar areas to those seen in previous years. Ethics and compliance continue to rate highly in importance, as do regulatory issues. Last year, 96 percent of respondents predicted ethics and compliance to be somewhat, very or extremely important in the next 12 months. This year, 97 percent report ethics and compliance will be somewhat to extremely important in the coming year. There is a large increase in the percent of CLOs who rate ethics and compliance highly important (very/extremely) in 2016, rising from 66 percent in 2015 to 71 percent this year. Some increases are seen in newly revised categories, so wording changes may have affected importance ratings. Nevertheless, CLOs are more focused on cybersecurity and data as well as governance issues in 2016.

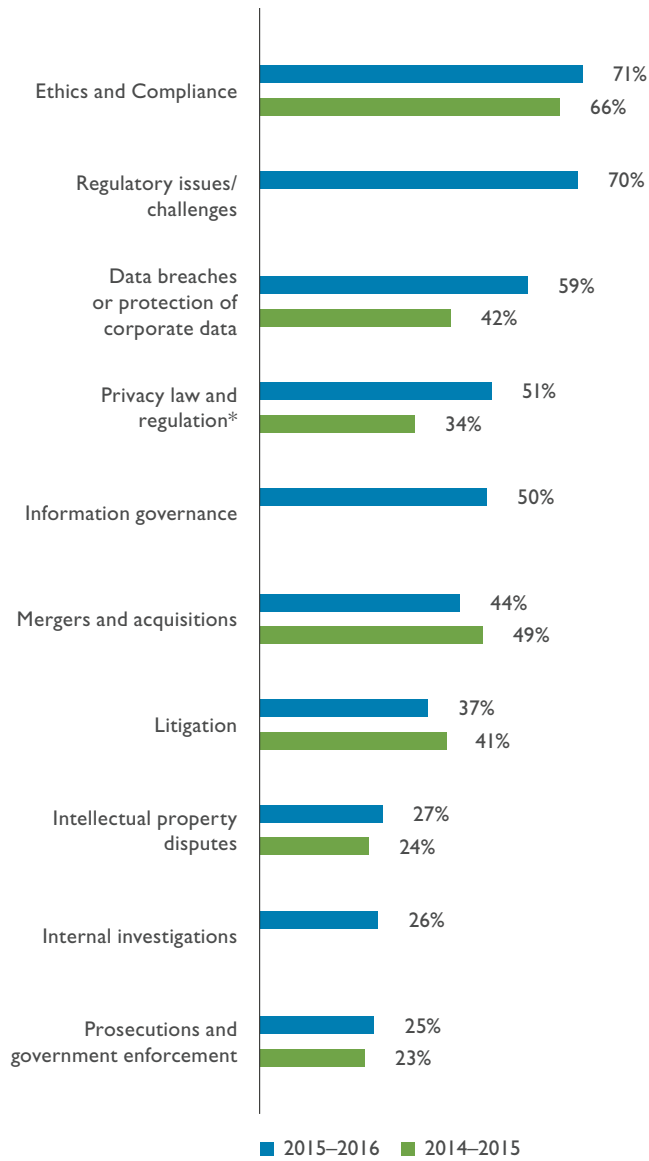
2015-2016: LEVEL OF IMPORTANCE YOU ANTICIPATE EACH OF THE FOLLOWING ISSUES WILL HOLD OVER THE NEXT 12 MONTHS:

	Not at All Important	Somewhat Important	Very Important	Extremely Important
Ethics and compliance	3%	26%	45%	26%
Data breaches or protection of corporate data	9%	32%	35%	24%
Transparency and privacy obligations	12%	38%	33%	18%
Mergers and acquisitions	25%	31%	26%	18%
Litigation or class actions	23%	40%	25%	12%
Prosecutions and governmental enforcement	36%	39%	16%	8%
Whistleblowers/internal investigations	20%	54%	22%	4%
Intellectual property disputes	32%	41%	18%	9%
Regulatory issues	7%	24%	41%	29%
Information governance	8%	41%	39%	11%

2014-2015: LEVEL OF IMPORTANCE YOU ANTICIPATE EACH OF THE FOLLOWING ISSUES WILL HOLD OVER THE NEXT 12 MONTHS:

	Not at All Important	Somewhat Important	Very Important	Extremely Important
Ethics and Compliance	4%	30%	42%	24%
Disputes over Ownership and Use of Information	40%	42%	15%	2%
Data Breaches or Protection of Corporate Data	18%	41%	27%	14%
Transparency and Privacy Obligations	22%	44%	25%	9%
Mergers and Acquisitions	23%	27%	28%	21%
Litigation or Class Actions	21%	38%	29%	12%
Prosecutions and Governmental Enforcement	41%	37%	16%	6%
Whistleblowers/Internal Investigations	38%	45%	14%	3%
Intellectual Property Disputes	38%	38%	17%	7%

TOP ISSUES KEEPING CLOs UP AT NIGHT (RATED ISSUE VERY OR EXTREMELY IMPORTANT OVER NEXT 12 MONTHS)



Note: Respondents were asked to rate the anticipated level of importance of each issue based on the following scale: not at all important, somewhat important, very important, and extremely important. Chart includes total percentage rating each item very important or extremely important.

*2015 wording: Transparency and privacy obligations

**Question not asked as written in 2015

In the past two years, has your organization ...

Just over one in five CLOs say their organization has experienced a data breach within the past two years. Law department size and company revenue play a large role in whether CLOs report both data breaches and being targeted for intellectual property litigation by nonpracticing entities (NPE), commonly called patent trolls. Looking regionally, a higher percentage of CLOs in Canada report data breaches than CLOs in the United States, who were more likely to report being targeted for litigation by a NPE.

In the past two years, has your organization ...	2014-2015	2015-2016
Experienced a data breach? For purposes of this question, a data breach could include events such as hacking or unauthorized disclosure of sensitive data.	27%	22%
Been targeted by a regulator or other government entity for an enforcement action or investigation with respect to an alleged violation of law?	N/A	31%
Been targeted for litigation by a nonpracticing entity (NPE) or patent troll?	24%	19%
n=	1,132	1,285

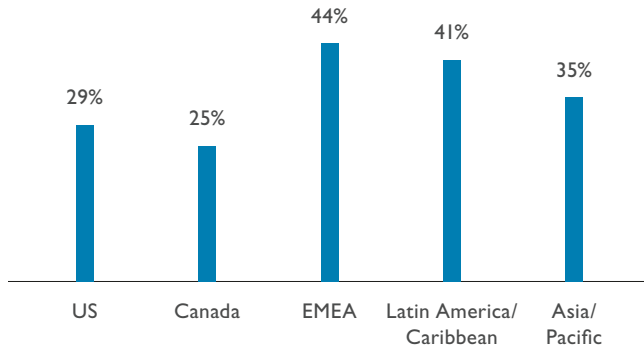
DEPARTMENT SIZE

- Law departments with fewer employees were less likely to experience a data breach within the past two years. Nearly 17 percent of CLOs at companies with fewer than 10 employees report experiencing a data breach, compared with 52 percent of CLOs in departments with more than 50 employees. Seventy percent of respondents in departments of 200 or more say they experienced a data breach in the past two years.
- Similarly, CLOs from organizations with more employees are more likely to report that a NPE or patent troll had targeted them for litigation. Fourteen percent of CLOs in departments with fewer than 10 employees report being targeted, compared with 43 percent in departments with more than 50 employees.
- Respondents in larger departments are much more likely to report being targeted by a regulator compared with smaller departments. Fifty-six percent of respondents in larger departments of 50 or more report being targeted by a regulator or other governmental entity for an enforcement action with respondent to an alleged violation of the law.

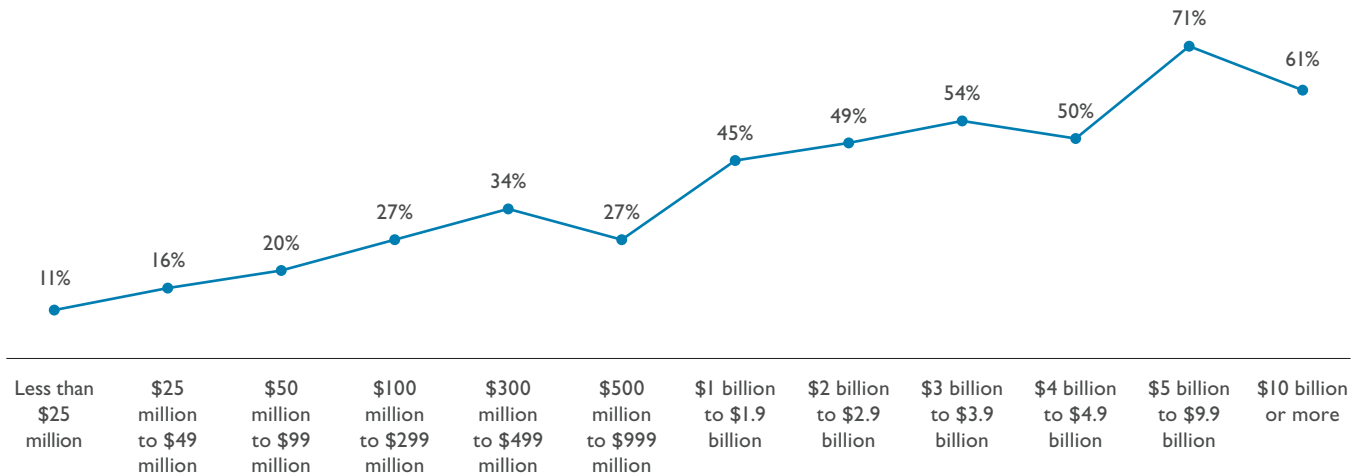
REGION

- This year, CLOs in the Asia Pacific region, excluding Australia, have the highest percentage reporting data breaches, rising to 33 percent from 14 percent in 2015. Last year, Canadian CLOs were most likely to report a data breach (41 percent); however, the percentage decreased to 31 percent in the 2016 survey.
- Companies in the United States (22 percent) and the EMEA region (25 percent) and Asia Pacific (26 percent) are more likely to report their company has been targeted by an NPE over the past two years compared with other regions where incidence was much lower. Fewer than 10 percent in Canada, Australia/New Zealand, and Latin America report being targeted for litigation by an NPE.
- Compared with the average (31 percent), CLOs in EMEA (44 percent) and Latin America/Caribbean (41 percent) are far more likely to say their organization has been targeted by a regulator or other governmental entity for an enforcement action or investigation with respect to an alleged violation of a law.

TARGETED BY A REGULATOR IN PAST TWO YEARS BY REGION (PERCENTAGE YES)



TARGETED BY A REGULATOR IN PAST TWO YEARS BY ANNUAL COMPANY REVENUE (PERCENTAGE YES)



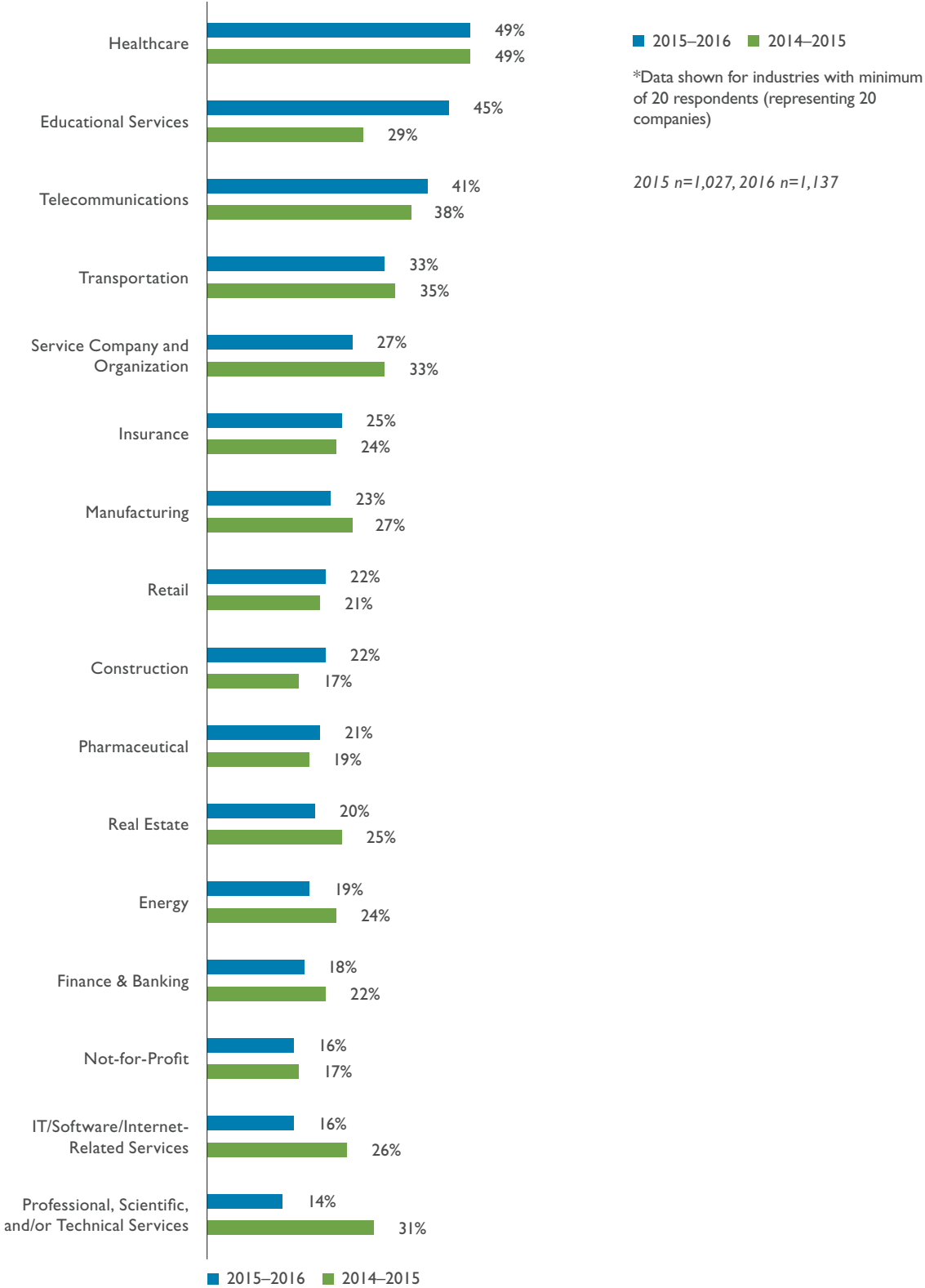
REVENUE

- CLOs at companies with higher annual revenue are significantly more likely to indicate their organization experienced a data breach in the past two years. Twelve percent of CLOs at companies with annual revenues below \$100 million report having a data breach within the previous two years, whereas 48 percent of CLOs in companies with \$10 billion or more in annual revenue report a recent data breach.
- Ten percent of CLOs in companies with under \$100 million in revenue have been targeted by an NPE in the past two years compared with 44 percent of companies with more than \$10 billion in revenue.

INDUSTRY

- The healthcare industry remains the industry with the highest percentage of CLOs reporting experience with a data breach in their organization within the last two years. Prevention, regulation, and mandatory reporting of data breaches is a top concern for CLOs in the heavily regulated healthcare industry due to the strong emphasis on healthcare data security reinforced by the HIPAA privacy laws, including implementation of electronic medical records.
- A very large increase in the percentage of CLOs in the education industry reporting data breach experience occurred in 2016 (45 percent), up 16 percentage points from 2015.
- Conversely, respondents in the IT industry saw a 10 percentage point decrease in the proportion of CLOs reporting a data breach in the 2016 survey, with 16 percent claiming their organization experienced a breach in the past two years.

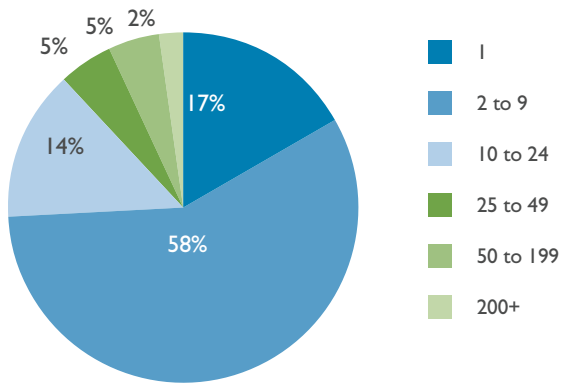
EXPERIENCED DATA BREACH IN PREVIOUS TWO YEARS, BY INDUSTRY



What best describes the size of your law department?

More than 50 percent of respondents work in smaller law departments of two to nine employees. The percentage of CLOs reporting that they are the only employee in the law department increased slightly this year. Globally, the average law department team has two to nine employees.

DEPARTMENT SIZE (NUMBER OF EMPLOYEES IN DEPARTMENT)



DEPARTMENT SIZE BY YEAR

	2012-2013 (n=1,061)	2013-2014 (n=1,218)	2014-2015 (n=1,136)	2015-2016 (n=1,254)
200+	7%	6%	2%	1%
150 to 199	1%	1%	<1%	<1%
100 to 149	2%	1%	1%	2%
75 to 99	2%	<1%	1%	1%
50 to 74	2%	1%	2%	2%
25 to 49	5%	5%	6%	5%
10 to 24	12%	12%	16%	14%
2 to 9	51%	53%	55%	58%
1 employee	19%	20%	16%	17%

REVENUE

- Sixty-seven percent of companies with over \$4 billion in revenue have 25 or more employees in the law department. Thirty-five percent have 50 to 199 employees and 12 percent have 200 or more employees.
- Twenty-two percent of CLOs in companies with under \$1 billion in annual company revenue work in a department with one employee and 68 percent work in departments of two to nine employees. Among those in companies with at least \$1 billion in annual revenue, 30 percent have between 10 and 24 employees and 33 percent have two to nine employees. For CLOs working in companies with lower annual revenue (under \$25 billion), nearly half work in a legal department of one.

COMPANY TYPE

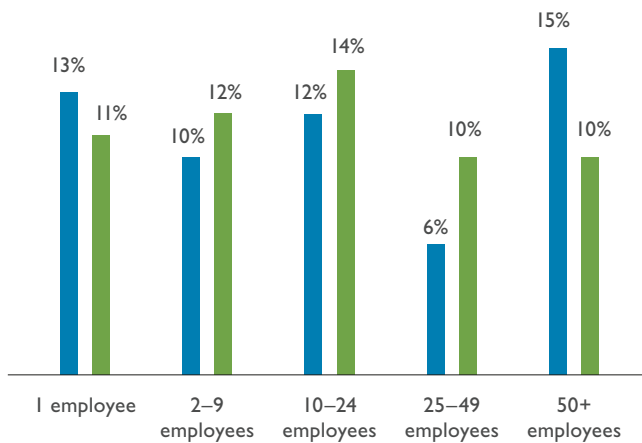
- About half of all CLOs in publicly owned companies (48 percent) work in departments with fewer than 10 employees.
- The majority of LLCs (82 percent) and privately owned com-

panies (86 percent) have fewer than 10 employees in the law department. CLOs in private companies are most likely to have a single person in the department (23 percent) compared with all other types of organizations.

LAW-DEPARTMENT DIVERSITY BY SIZE

- No statistically significant differences were found in the percentage of CLOs reporting membership in a minority or underrepresented group in their workplace when examined by law-department size; however, there is a sizable decline in the number who identify as a minority among those working in larger departments (5 percent total in departments with 50 or more employees).
- When examining the population of CLOs who identify as a minority or member of an underrepresented group, six in 10 work in departments of two to nine employees (59 percent), 16 percent work in departments of 10 to 24 employees, and 15 percent work in a department by themselves.

PERCENTAGE MINORITY/UNDERREPRESENTED GROUP BY DEPARTMENT SIZE*



■ 2014-2015 ■ 2015-2016

*Includes respondents who identified as an ethnic minority, racial minority, indigenous or tribal minority, and/or religious minority.

How many of the following staff positions work in your law department?

In 2016 there is no meaningful change in the number of in-house lawyers and paralegals employed in law departments. The percentage of CLOs reporting staff numbers in each category are displayed below. Eight in ten CLOs say between one and nine in-house lawyers work in the law department. The presence of legal operations staff appear to be growing in 2016, with a more than 20 percentage point increase in the percent of CLOs who report having legal operations staff in the department.

HOW MANY OF THE FOLLOWING STAFF POSITIONS WORK IN YOUR LAW DEPARTMENT?

		Number of Positions					
		0	1-9	10-24	25-49	50-99	100+
In-house lawyers (n=1,252)	2015-2016	3%	80%	10%	3%	1%	2%
In-house lawyers (n=1,121)	2014-2015	5%	80%	9%	4%	5%	2%
	2013-2014	11%	76%	9%	2%	1%	1%
	2012-2013	9%	76%	9%	3%	<1%	2%
Paralegals (n=1,225)	2015-2016	35%	61%	3%	1%	<1%	<1%
Paralegals (n=1,099)	2014-2015	39%	57%	3%	<1%	<1%	<1%
	2013-2014	37%	60%	2%	1%	<1%	0%
	2012-2013	39%	58%	2%	1%	1%	<1%
Legal operations* (n=1,202)	2015-2016	51%	43%	3%	1%	1%	<1%
Legal Operations (n=1,047)	2014-2015	79%	20%	1%	<1%	<1%	<1%

*Not asked before 2015

BUDGET

- As expected, departments with a budget of \$10 million or more were significantly more likely to have 25 or more in-house lawyers compared with those with a budget under \$10 million. Among those with the larger law department budgets, 52 percent have 25 or more in-house lawyers compared with just 3 percent who have a budget under \$10 million.
- CLOs overseeing departments with smaller budgets (less than \$1 million) were more likely to report they have no paralegal or legal operations support internally, far less than those with a departmental budget greater than \$1 million.

Number in department*		Current law department budget*						
		< \$500,000	\$500,000 to \$999,999	\$1,000,000 to \$2,999,999	\$3,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 to \$49,999,999	\$50,000,000 or more
In-house lawyers	n=	312	164	258	86	76	78	15
	0 - none	8%	4%	1%	-	-	-	-
	1 to 9	90%	93%	93%	76%	54%	17%	-
	10 to 24	<1%	2%	6%	22%	39%	40%	7%
	25 to 49	1%	-	-	2%	5%	27%	13%
	50 to 99	1%	-	-	-	1%	8%	27%
	100+	-	1%	-	-	-	9%	53%
Paralegals	0 - none	60%	37%	21%	15%	8%	3%	-
	1 to 9	40%	62%	78%	81%	86%	71%	27%
	10 to 24	-	-	<1%	2%	7%	19%	40%
	25 to 49	-	1%	-	-	-	5%	13%
	50 to 99	-	-	-	1%	-	-	-
	100 +	-	-	-	-	-	1%	20%
Legal Operations	0 - none	63%	52%	52%	37%	42%	30%	20%
	1 to 9	36%	45%	45%	55%	51%	43%	40%
	10 to 24	<1%	1%	2%	6%	4%	13%	13%
	25 to 49	-	1%	<1%	-	-	9%	7%
	50 to 99	-	1%	-	-	-	3%	13%
	100+	-	-	-	-	1%	1%	-

*Prefer not to answer and Don't know/Not sure are not shown in table. Total n=1,136



Where do you primarily direct the following functions/responsibilities?

The vast majority of CLOs report insourcing administration and department operations, contract management and document management (over 90 percent) as well as other internal functions, such as document management and records management, etc. Complex litigation is chiefly outsourced according to 90 percent of respondents. Sixty-three percent also report they outsource patent services. E-discovery is the most commonly reported function outsourced to a legal service provider (LSP) or legal process outsourcer (LPO). Notably, 28 percent of CLOs report that e-discovery is ‘not applicable’ in terms of where they direct this function.

WHERE DO YOU PRIMARILY DIRECT THE FOLLOWING FUNCTIONS/RESPONSIBILITIES?

	Insource (in-house)	Outsource to law firm	Outsource to LPO/LSP (legal process outsourcer or other legal service provider)	Other	Not applicable
Administration/Operations	97 %	<1 %	<1 %	<1 %	2 %
Complex litigation	5 %	90 %	1 %	<1 %	7 %
Content creation	82 %	7 %	1 %	2 %	11 %
Contract management	95 %	2 %	1 %	2 %	1 %
Document review	80 %	17 %	5 %	<1 %	5 %
Document management	92 %	2 %	3 %	2 %	2 %
Due diligence	62 %	42 %	3 %	2 %	7 %
E-discovery	21 %	45 %	13 %	1 %	28 %
Legal research	68 %	44 %	1 %	1 %	2 %
Legal writing	77 %	28 %	<1 %	<1 %	6 %
Patent services	10 %	63 %	4 %	1 %	27 %
Records management	88 %	3 %	4 %	4 %	3 %

n=1,225

INDUSTRY

- CLOs in the service, energy, chemicals, and prepared food stuff/beverages industries were more likely to insource complex litigation compared with other industries.

REGION

- Five percent of CLOs in Canada say they outsource complex litigation to an LPO or LSP.

- CLOs in Latin America were more likely to say they outsource contract management to an LPO or LSP compared with other regions where at most 1 percent do so. Those in the United States and EMEA are slightly more likely to insource contract management compared with other regions.

Do you anticipate the amount of work you send to outside providers and law firms will increase, stay the same, or decrease in the next 12 months?

Most CLOs (61 percent) predict that the amount of work sent to outside providers will remain the same in the coming year. A lower proportion (46 percent) expects the amount of work they send to outside law firms to remain the same next year.

Often CLOs in the same industry are nearly equally split in whether they plan to increase or decrease outsourcing next year, indicating additional factors, such as budget and staffing plans, may better predict changes in outside services.

As expected, CLOs who anticipate significant cuts to their outside budget next year also report drastic decreases expected in the amount of work they will send to outside providers and especially to outside law firms. Forty-one percent of CLOs who expect their outside budget to significantly decrease by more than 10 percent also anticipate the work outsourced to decrease. Seventy-four percent anticipate the amount of work sent to outside firms will decrease; therefore, budget cuts are a predictor of workflow. Nearly one in five who expect to reduce outside sourcing indicate they intend to increase the number of in-house lawyers in their department.

DO YOU ANTICIPATE THE AMOUNT OF WORK YOU SEND TO OUTSIDE PROVIDERS AND LAW FIRMS WILL INCREASE, STAY THE SAME, OR DECREASE IN THE NEXT 12 MONTHS?

	Decrease	Stay the same	Increase	Don't know/not sure
Law firms	24%	46%	28%	3%
Outside providers	13%	61%	15%	11%

DEPARTMENT SIZE

- CLOs in companies with 50 or more employees are significantly more likely to say they anticipate work sent to outside providers (23 percent) and work sent to outside firms (35 percent) will decrease compared with departments with fewer employees.
- A slightly greater percentage of CLOs in the smallest departments (one employee) say that they expect the amount of work sent to outside firms to increase (31 percent).

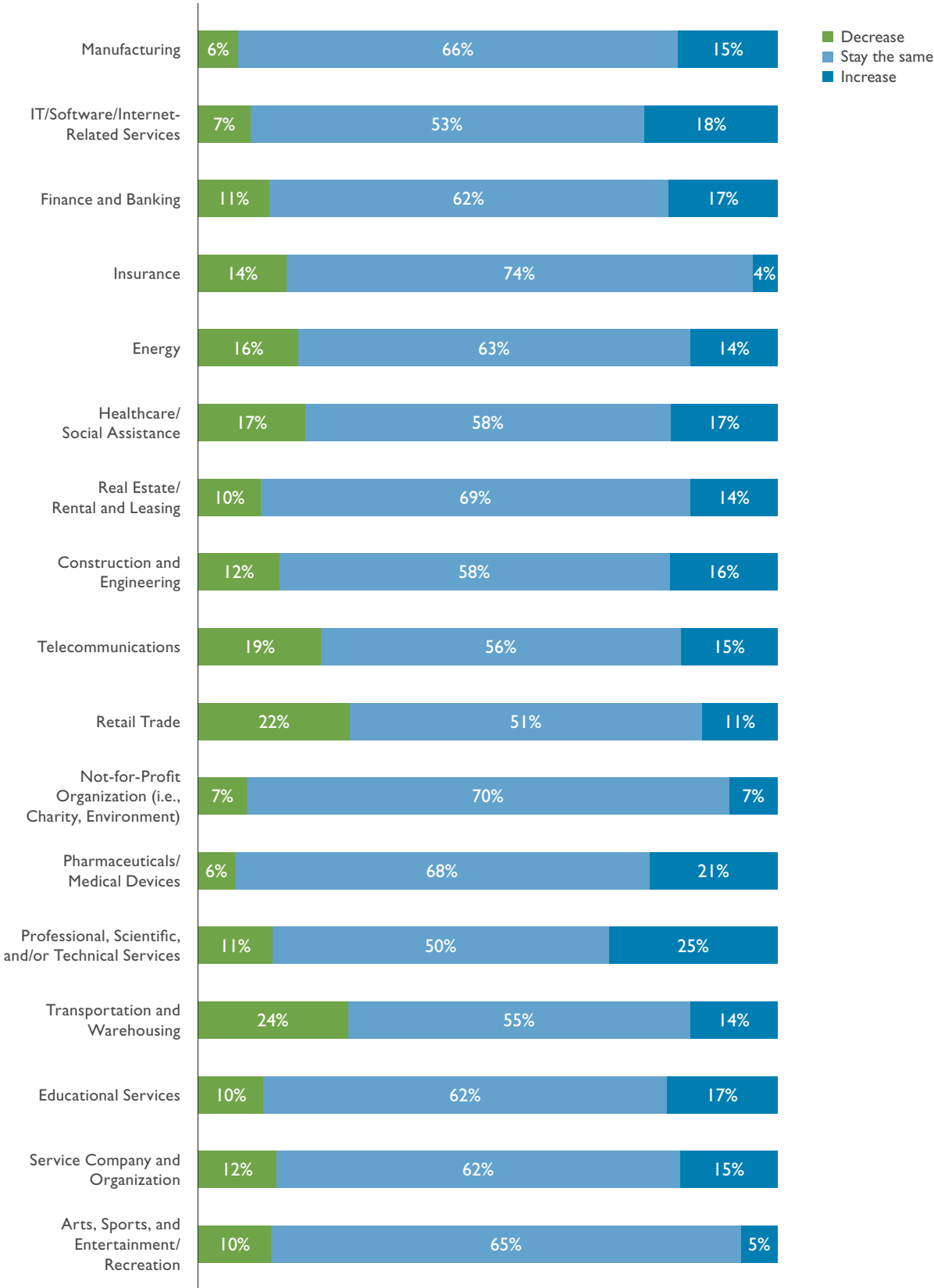
REGION

- Twenty-seven percent of CLOs in Latin America/Caribbean anticipate the amount of work they send to outside providers will increase next year. CLOs in Canada are least likely to report expected increases in work sent to outside providers (7 percent).
- CLOs working in the EMEA region are least likely to report anticipation of cuts to outside law firm work (14 percent) compared with other regions. Thirty-nine percent in EMEA anticipate the amount of work sent to outside firms will increase, second only to growth in law firm work reported by CLOs in Latin America/Caribbean.

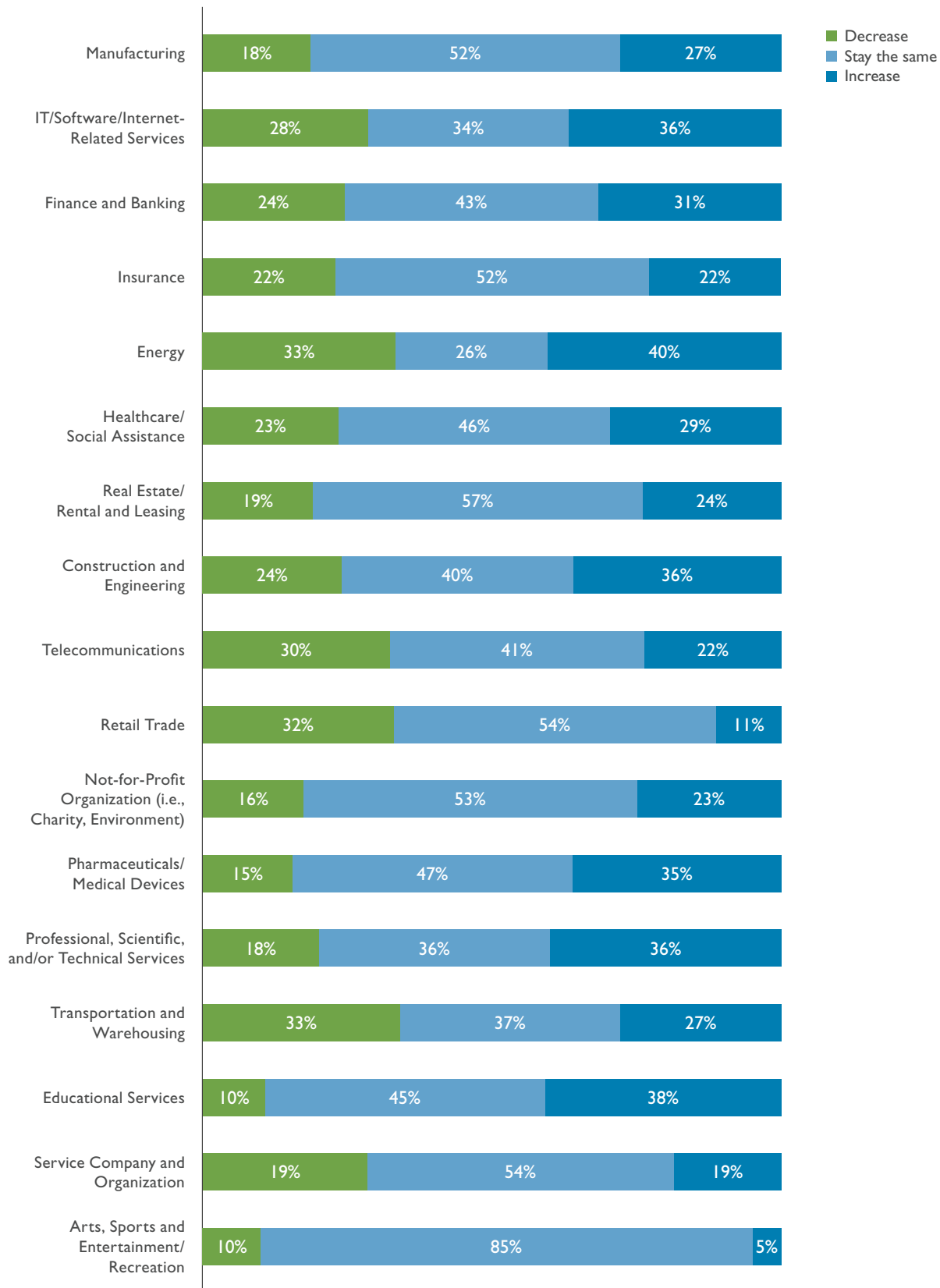
INDUSTRY

- More than one in five CLOs in transportation and warehousing and the retail industry anticipate a decrease in the amount of work outsourced to outside providers.
- A greater proportion of CLOs indicate cuts to outside law firm work in the coming year with one in three in the energy, transportation and warehousing, and retail industries anticipating cuts.
- Industries where CLOs anticipate growth in the amount of work outsourced to firms and providers include pharmaceutical/medical devices, energy, education, and IT, for example.

Do you anticipate the amount of work you send to outside providers will increase, stay the same, or decrease in the next 12 months?



Do you anticipate the amount of work you send to law firms will increase, stay the same, or decrease in the next 12 months?



If you have reduced staffing levels in the past 12 months, please estimate the percentage of cuts in each of the following positions.

Staffing levels changed little last year, with nine in 10 CLOs reporting no staffing cuts were made in the department. Ten percent of all respondents say they made some cuts to in-house counsel positions last year, with 4 percent making significant cuts to in-house lawyers.

Certain industries appear to be driving the deeper cuts among in-house counsel. Two in ten CLOs in the oil and gas industry report significant cuts to in-house positions last year followed by those in the construction and engineering, aviation, and advertising/marketing/public relations industries, where 12 percent report significant cuts last year. The oil and gas industry also saw a high percentage of CLOs reporting significant cuts to contract lawyers last year (10 percent).

Compared with the United States, a higher percentage of companies in Canada report minimal or moderate cuts to in-house lawyers. Companies located in Latin America/Caribbean experienced higher cuts to in-house lawyers and contract lawyers than in any other region.

IF YOU HAVE REDUCED STAFFING LEVELS IN THE PAST 12 MONTHS, PLEASE ESTIMATE THE PERCENTAGE OF CUTS IN EACH OF THE FOLLOWING POSITIONS

		Year	
		2014-2015	2015-2016
n=		1032	1136
Administrative Staff	No cuts	92%	90%
	Minimal cuts (1% - 5%)	4%	6%
	Moderate cuts (6% - 10%)	2%	1%
	Significant cuts (Over 10%)	3%	2%
Paralegals	No cuts	94%	94%
	Minimal cuts (1% - 5%)	3%	3%
	Moderate cuts (6% - 10%)	1%	1%
	Significant cuts (Over 10%)	2%	2%
Contract Lawyers	No cuts	95%	94%
	Minimal cuts (1% - 5%)	3%	3%
	Moderate cuts (6% - 10%)	1%	2%
	Significant cuts (Over 10%)	1%	1%
In-House Lawyers	No cuts	90%	90%
	Minimal cuts (1% - 5%)	4%	4%
	Moderate cuts (6% - 10%)	3%	2%
	Significant cuts (Over 10%)	3%	4%
Legal Operations Staff	No cuts	97%	96%
	Minimal cuts (1% - 5%)	2%	2%
	Moderate cuts (6% - 10%)	1%	1%
	Significant cuts (Over 10%)	<1%	1%

REVENUE

- This year, companies with larger revenues appear to have made few cuts to in-house staffing levels. Ninety-seven percent of CLOs in companies with under \$500 million in annual revenue experienced no cuts in in-house legal staff, compared with 83 percent of companies with annual revenues of \$4 billion or more. A higher percentage of CLOs in companies with \$4 billion or more in annual company revenue say they maintained staffing levels compared with the 2015 survey; 75 percent say no cuts were made to in-house lawyer positions.

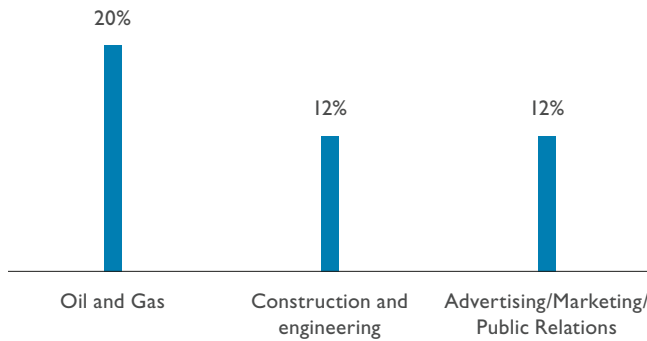
INDUSTRY

- CLOs in the not-for-profit, retail and prepared food stuff and beverages sectors report no cuts made to in-house lawyer positions last year.
- CLOs in the transportation industry have the second highest proportion of CLOs reporting significant in-house counsel cuts in the 2015 survey; however, this year 97 percent in this industry say they made no cuts to in-house staff in the past 12 months.

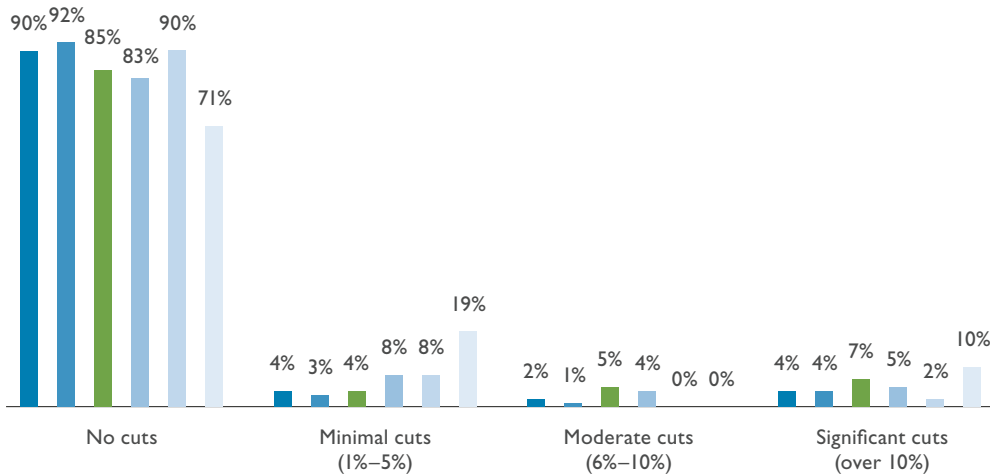
REGION

- Few CLOs in Canada reported moderate to significant cuts in in-house lawyer positions last year, the lowest among all regions. In the Asia Pacific region, 12 percent of CLOs report they reduced staffing levels by more than 6 percent in 2015. In the United States, 5 percent report such reductions. Nine percent in EMEA and 10 percent in Latin America made moderate to significant reductions in in-house staff.
- Last year, respondents in the Latin American/Caribbean region reported the highest percentage of lawyers reporting any level of reduction to in-house lawyer positions (35 percent). Though CLOs in the region continue to see the highest percentage of reductions compared with other regions, downsizing appears to be slowing as just 29 percent in Latin America report any cuts to in-house lawyer positions in 2015.

MADE SIGNIFICANT CUTS TO IN-HOUSE LAWYERS IN THE PAST 12 MONTHS



REDUCTION TO IN-HOUSE LAWYER POSITIONS IN PAST 12 MONTHS BY REGION



If you have reduced staffing levels in the past 12 months, please estimate the percentage of cuts to in-house lawyer positions

■ Overall ■ US ■ Asia Pacific ■ EMEA ■ Canada ■ Latin America/Caribbean

If you have increased staffing levels in past 12 months, please estimate the percentage in each of the following categories.

The pace of staffing increases changed little this year with steady increases in staffing seen across the board. Fourteen percent of CLOs increased staffing levels among in-house-lawyer positions last year; however, this is about half of the increase seen in 2013. CLOs in the EMEA and Latin America/Caribbean region outpaced other regions in adding in-house lawyers last year.

IF YOU HAVE INCREASED STAFFING LEVELS IN THE PAST 12 MONTHS, PLEASE ESTIMATE THE PERCENTAGE INCREASES IN EACH OF THE FOLLOWING POSITIONS

		Year	
		2014-2015	2015-2016
n=		984	1110
Administrative Staff	No additions	82%	84%
	Minimal adds (1% - 5%)	11%	11%
	Moderate adds (6% - 10%)	3%	3%
	Significant adds (Over 10%)	4%	3%
Paralegals	No additions	79%	80%
	Minimal adds (1% - 5%)	11%	11%
	Moderate adds (6% - 10%)	3%	3%
	Significant adds (Over 10%)	7%	5%
Contract Lawyers	No additions	87%	86%
	Minimal adds (1% - 5%)	7%	8%
	Moderate adds (6% - 10%)	3%	3%
	Significant adds (Over 10%)	3%	3%
In-House Lawyers	No additions	63%	63%
	Minimal adds (1% - 5%)	12%	15%
	Moderate adds (6% - 10%)	8%	9%
	Significant adds (Over 10%)	17%	14%
Legal Operations Staff	No additions	92%	90%
	Minimal adds (1% - 5%)	4%	5%
	Moderate adds (6% - 10%)	2%	3%
	Significant adds (Over 10%)	2%	2%

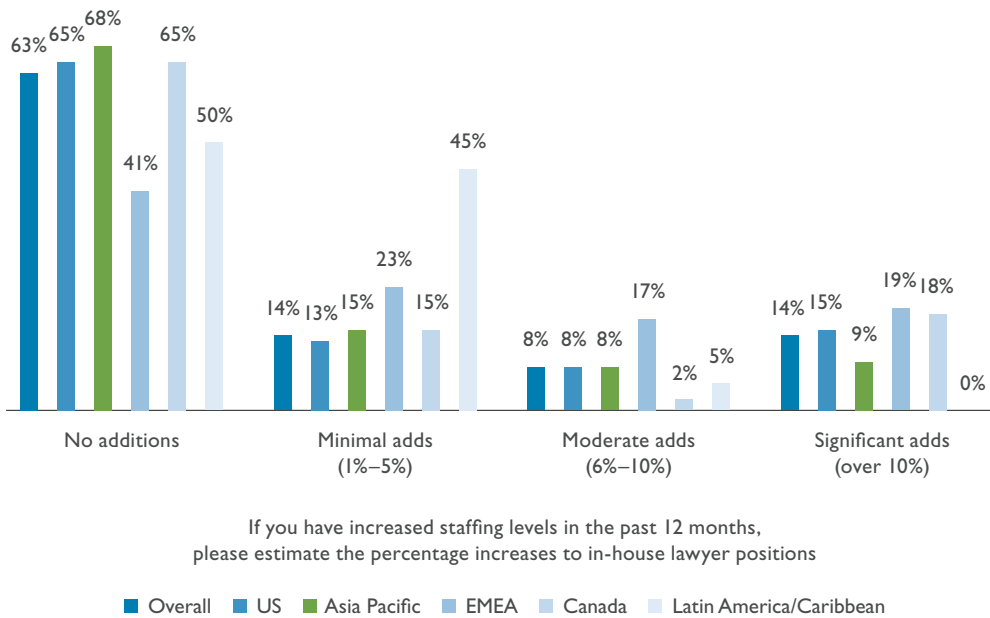
REGION

- CLOs in the EMEA and Latin America/Caribbean regions are most likely to say they increased the number of in-house lawyers on staff over the past year. Those in the Asia Pacific region are least likely to say they added in-house lawyer positions in the past 12 months. Nearly one in five CLOs in Canada and Latin America made significant additions to their in-house lawyer numbers in the past year.

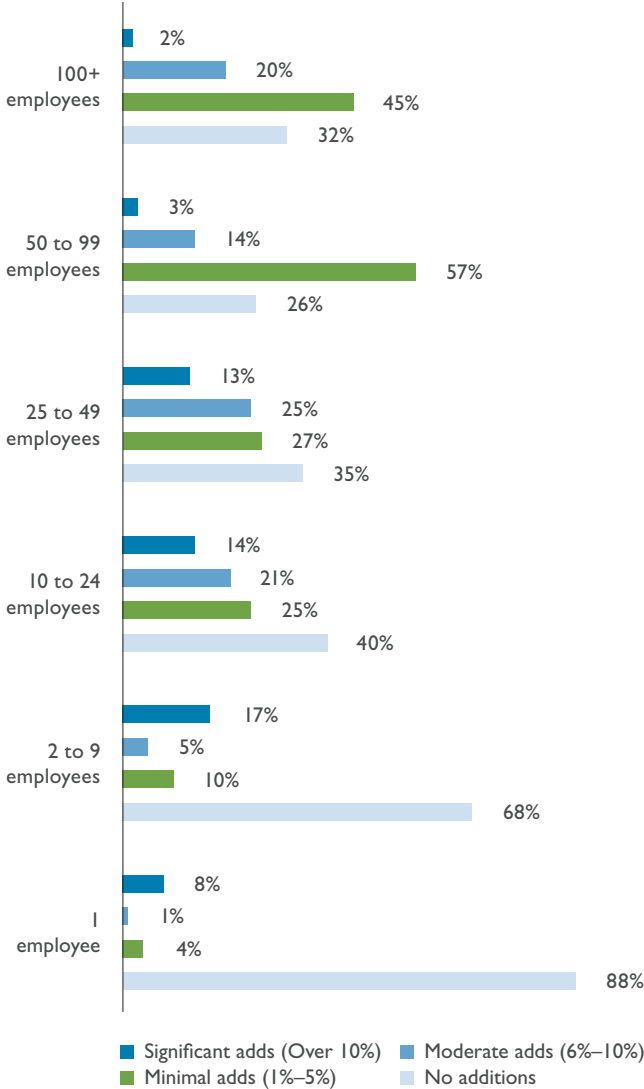
SIZE

- CLOs in law departments with fewer than 50 employees are more likely than those in larger departments to report significant additions of greater than 10 percent to in-house lawyer numbers in the previous 12 months.
- CLOs in the largest departments are, however, more likely make at least minimal additions to their in-house lawyer numbers in 2015.

INCREASE IN IN-HOUSE LAWYER POSITIONS IN PAST 12 MONTHS BY REGION



PERCENTAGE OF IN-HOUSE LAWYER POSITION INCREASES BY DEPARTMENT SIZE



(n = 1,150)

Over the past 12 months, has your law department created any new positions in the following practice areas?

Creation of new positions remained stable in the past year with trends mirroring those seen in the 2015 survey. Following compliance, law departments were focused on creating positions in the practice areas of contracts, general legal advice and regulatory/government affairs. Nearly one in five CLOs created new positions in compliance making this not only the top issue keeping CLOs up at night but also the top focus for growth in the department internally.

	2014–2015	2015–2016
Compliance	18%	18%
Contracts	15%	16%
General Legal Advice	11%	11%
Regulatory/Government Affairs	5%	6%
Intellectual Property	6%	5%
Corporate and Securities	5%	5%
Litigation	5%	5%
Employment and Labor	4%	5%
International/Cross-border	4%	2%
Mergers and Acquisitions	3%	2%
Real Estate	3%	2%
Financial Services	2%	2%
IT/E-commerce	2%	2%
Healthcare	1%	2%
Discovery and E-discovery	1%	1%
Energy	1%	1%
Environment and Sustainability	1%	1%
	(n=1,114)	(n=1,228)

Top three areas CLOs created new positions, by region

- CLOs in all regions report compliance, contracts, and general legal advice as the top three areas in which they created new positions over the previous 12 months. The highest percentage of CLOs creating new positions in the areas of compliance and contracts are located in the Latin America/Caribbean and EMEA regions.
- CLOs in EMEA report stronger than average growth in the number of new positions in all top areas and in many other practice areas, including intellectual property. Sixteen percent of EMEA CLOs created new positions in this area.
- In Latin America, a higher percentage of CLOs created new positions in regulatory and government affairs (23 percent).

	Compliance		Contracts		General legal advice	
	2014–2015	2015–2016	2014–2015	2015–2016	2014–2015	2015–2016
Latin America	33%	36%	22%	18%	11%	18%
Asia Pacific	30%	18%	15%	13%	15%	14%
EMEA	20%	28%	16%	25%	13%	20%
Canada	18%	17%	22%	15%	21%	14%
US	17%	16%	14%	16%	10%	9%

Do you plan to increase or decrease (change) your law department's staff over the next 12 months?

Legal departments anticipate similar change to staffing patterns in 2016 as seen in the past year. Double-digit increases are expected in all functional positions measured except for legal operations where 8 percent of CLOs expect to increase staffing in 2016. In line with last year, one in four CLOs say they intend to increase their in-house lawyers over the next 12 months and one in five plan to increase the number of paralegals during this time.

2016-2017 STAFFING PREDICTIONS

2016 Staffing Predictions								
		Significantly decrease -(over 10%)	Moderately decrease -(6% - 10%)	Minimally decrease -(1% - 5%)	No change	Minimally increase +(1% - 5%)	Moderately increase +(6% - 10%)	Significantly increase +(over 10%)
Administrative Staff	2015-2016	1%	1%	2%	83%	8%	3%	2%
	2014-2015	1%	1%	2%	82%	9%	3%	3%
Paralegals	2015-2016	1%	1%	1%	80%	11%	4%	4%
	2014-2015	1%	<1%	2%	78%	10%	4%	5%
Contract lawyers	2015-2016	1%	1%	1%	87%	7%	2%	1%
	2014-2015	2%	1%	1%	87%	6%	2%	1%
In-house lawyers	2015-2016	2%	1%	2%	69%	12%	6%	8%
	2014-2015	1%	2%	2%	66%	13%	7%	9%
Legal operations	2015-2016	1%	<1%	1%	90%	5%	2%	1%
	2014-2015	1%	<1%	<1%	92%	4%	1%	1%

INDUSTRY

- In-house positions are expected to increase through 2016, though there are some anomalies within industries. CLOs in the telecom industry were divided, with 12 percent expecting moderate to significant decreases in in-house counsel next year and 20 percent anticipating moderate to significant increases in these positions.
- CLOs in the healthcare industry plan to boost support staff in the administrative function and increase the number of in-house lawyers in the department.
- Few changes are expected to staffing levels for legal operations professionals and contract lawyers.

In-house lawyers				
	Number	Moderate to significant decrease (6%)	Minimal or no change (5% or less)	Moderate to significant increase (6%)
Manufacturing	117	3%	87%	9%
Finance and Banking	116	3%	81%	16%
IT/Software/Internet-Related Services	104	5%	76%	19%
Insurance	58	2%	84%	14%
Energy	55	7%	82%	11%
Healthcare/Social Assistance	47	2%	83%	15%
Not-for-Profit Organization (i.e. , Charity, Environment)	43	-	95%	5%
Construction and Engineering	43	2%	81%	16%
Real Estate/Rental and Leasing	41	2%	90%	7%
Retail Trade	36	-	94%	6%
Pharmaceutical/Medical Devices	32	-	81%	19%
Educational Services	29	3%	86%	10%
Transportation and Warehousing	29	-	90%	10%
Professional, Scientific, and/or Technical Services	28	-	86%	14%
Service Company and Organization	26	4%	85%	12%
Telecommunications	25	12%	68%	20%
Arts, Sports, and Entertainment/Recreation	20	5%	75%	20%

Contract lawyers				
	Number	Moderate to significant decrease (6%)	Minimal or no change (5% or less)	Moderate to significant increase (6%)
Finance and Banking	111	4%	91%	5%
Manufacturing	110	2%	95%	4%
IT/Software/Internet-Related Services	100	1%	96%	3%
Insurance	56	2%	96%	2%
Energy	54	4%	91%	6%
Healthcare/Social Assistance	46	-	98%	2%
Construction and Engineering	43	2%	91%	7%
Not-for-Profit Organization (i.e. , Charity, Environment)	41	-	100%	-
Real Estate/Rental and Leasing	39	-	92%	8%
Retail Trade	36	-	100%	-
Pharmaceutical/Medical Devices	30	3%	97%	-
Educational Services	29	-	100%	-
Transportation and Warehousing	29	-	100%	-
Service Company and Organization	26	4%	92%	4%
Professional, Scientific, and/or Technical Services	24	12%	83%	4%
Telecommunications	24	4%	92%	4%

OVERALL
SURVEY RESULTS

Legal operations				
	Number	Moderate to significant decrease (6%)	Minimal or no change (5% or less)	Moderate to significant increase (6%)
Manufacturing	111	-	100%	-
Finance and Banking	110	2%	89%	9%
IT/Software/Internet-Related Services	101	2%	94%	4%
Insurance	57	2%	95%	4%
Energy	53	4%	96%	-
Healthcare/Social Assistance	46	2%	98%	-
Construction and Engineering	40	-	100%	-
Not-for-Profit Organization (i.e. , Charity, Environment)	40	-	100%	-
Real Estate/Rental and Leasing	40	-	100%	-
Retail Trade	36	-	100%	-
Pharmaceutical/Medical Devices	31	-	94%	6%
Educational Services	29	3%	93%	3%
Transportation and Warehousing	29	-	97%	3%
Service Company and Organization	26	4%	92%	4%
Professional, Scientific, and/or Technical Services	25	4%	88%	8%
Telecommunications	23	4%	96%	-

Administrative staff				
	Number	Moderate to significant decrease (6%)	Minimal or no change (5% or less)	Moderate to significant increase (6%)
Finance and Banking	111	2%	94%	5%
Manufacturing	111	1%	96%	3%
IT/Software/Internet-Related Services	102	2%	90%	8%
Insurance	57	4%	91%	5%
Energy	55	4%	91%	5%
Healthcare/Social Assistance	47	2%	85%	13%
Construction & Engineering	45	4%	91%	4%
Not-for-Profit Organization (i.e. , Charity, Environment)	41	2%	95%	2%
Real Estate/Rental and Leasing	40	-	92%	8%
Retail Trade	36	-	100%	-
Pharmaceutical/Medical Devices	31	-	94%	6%
Transportation and Warehousing	30	-	93%	7%
Educational Services	29	3%	97%	-
Professional, Scientific, and/or Technical Services	26	8%	88%	4%
Service Company and Organization	26	-	92%	8%
Telecommunications	24	8%	88%	4%
Arts, Sports, and Entertainment/Recreation	20	5%	95%	-

Paralegals				
	Base	Moderate to significant decrease (6%)	Minimal or no change (5% or less)	Moderate to significant increase (6%)
Manufacturing	114	1%	92%	7%
Finance and Banking	111	1%	86%	13%
IT/Software/Internet-Related Services	102	1%	90%	9%
Insurance	56	-	96%	4%
Energy	54	7%	89%	4%
Healthcare/Social Assistance	46	-	93%	7%
Not-for-Profit Organization (i.e. , Charity, Environment)	42	-	100%	-
Construction and Engineering	42	5%	90%	5%
Real Estate/Rental and Leasing	41	-	90%	10%
Retail Trade	36	-	97%	3%
Pharmaceutical/Medical Devices	30	-	87%	13%
Transportation and Warehousing	30	-	93%	7%
Educational Services	29	-	100%	-
Service Company and Organization	26	-	96%	4%
Professional, Scientific, and/or Technical Services	25	8%	84%	8%
Telecommunications	23	9%	74%	17%

Which of the following (non-legal) skills are you seeking to develop in your law department? (Check all that apply)

The Top most desired nonlegal skills CLOs seek are:

- Executive presence
- Business management
- Project management
- Communication and listening

	2012–2013	2013–2014	2014–2015	2015–2016
Executive presence	N/A	N/A	52%	56%
Business management	63%	62%	50%	53%
Communication and listening skills	53%	49%	48%	51%
Project management	52%	54%	48%	52%
Finance skills	N/A	N/A	37%	40%
Presentation skills	N/A	N/A	36%	41%
Emotional intelligence	29%	32%	35%	42%
Technical skills	21%	29%	30%	31%
Other	4%	3%	4%	2%
None	8%	11%	8%	7%
	<i>n=1,010</i>	<i>n=1,103</i>	<i>n=1,102</i>	<i>n=1,224</i>

COMPANY TYPE

- Executive presence, communication and listening, and project management are the top non-legal skill CLOs in public companies wish to develop. Sixty-three percent of respondents in publicly owned companies report a desire to develop executive presence in their law departments, compared with 55 percent of respondents in LLCs and 55 percent of respondents in privately owned companies.
- Over half of CLOs leading legal departments at non-profit organizations seek to develop project management and communication and listening skills among lawyers in their departments.
- Business management, executive presence, and project management top the list of skills CLOs in private companies wish to develop in their departments.

REVENUE

- Companies with annual revenues of \$4 billion and greater are slightly less likely to report that they seek to develop no non-legal skills in their department (4 percent) than companies with less than \$100 million in annual revenue (8 percent).

SIZE

- Communication and listening skills continue to be a focus area for CLOs in departments with more than 25 employees. Seven in ten CLOs in these departments expressed a desire to cultivate greater skill in this area among lawyers in their departments.
- CLOs in the smallest departments (under 50 employees) are more likely to focus on business management as a non-legal skill for development compared with those in departments with over 50 employees.
- Departments with fewer than 9 employees (52 percent) are less interested in developing executive presence than CLOs in larger departments (62 percent). Seventy-two percent of CLOs in departments with more than 200 employees seek to develop executive presence among their lawyers.

REGION

- A majority of law departments in the United States (59 percent) and Canada (63 percent) seek to develop executive presence, whereas this skill is less sought after in Latin America (32 percent).
- CLOs in the EMEA region (53 percent) are more interested in developing finance skills among lawyers in their departments compared with those in other regions. For example, 39 percent in the United States and Asia Pacific, and 25 percent in Canada, express a desire to focus on finance skills. EMEA CLOs also express greater interest in cultivating project management skills and technical skills compared to those in other regions.
- Emotional intelligence is an area of interest for development among 55 percent of CLOs in Latin America, a slightly higher percentage than seen in other regions.
- Among CLOs in Asia Pacific, project management, executive presence, and communication and listening top the list of non-legal skills CLOs wish to cultivate, each garnering interest from over half of all respondents in the region.

GENERATION

- In general, nonlegal skills are more likely to be sought after by CLOs in Generations X and Y than CLO baby boomers, in particular business management skills. Sixty-three percent of Generation Y CLOs report a desire to develop business management skills in their law department, while 51 percent of baby boomers do.
- Fewer traditionalists are interested in cultivating presentation skills, business management, or emotional intelligence (29 percent) compared with those in younger generations; however, they share an interest with Generation X in developing finance skills in their department.
- Baby boomers and members of Generation X were expressed less interested in developing finance skills and more interest in fostering emotional intelligence and communication and listening skills among lawyers in their departments.

OTHER, PLEASE SPECIFY:

- Vision and strategic thinking
- Writing (non-legal)
- Data (data breach)
- Business acumen

Please estimate your company's revenue (in USD) from the past 12 months.

In this survey, 27 percent of CLOs report company revenue between \$100 million and \$500 million.

	2012–2013	2013–2014	2014–2015	2015–2016
<\$25 million	14%	13%	12%	13%
\$25-\$49 million	9%	11%	7%	7%
\$50-\$99 million	11%	11%	8%	8%
\$100-\$299 million	18%	19%	17%	18%
\$300-\$499 million	10%	10%	9%	9%
\$500-\$999 million	10%	12%	12%	12%
\$1 - \$1.9 billion	11%	8%	10%	9%
\$2-\$2.9 billion	4%	5%	5%	5%
\$3-\$3.9 billion	3%	2%	2%	2%
\$4 billion +	11%	9%	14%	10%
	<i>n=1,017</i>	<i>n=1,167</i>	<i>n=1,081</i>	<i>n=1,193</i>

COMPANY TYPE

- Twenty-two percent of public companies have \$4 billion or more in annual revenue.
- Sixty-seven percent of private companies have \$500 million or less in annual revenue.

SIZE

- Seventy-four percent of departments with 50 or more employees are in companies with annual revenue of at least \$4 billion.
- Of law departments with two to nine employees, 54 percent of respondents work in companies with annual revenue less than \$300 million.

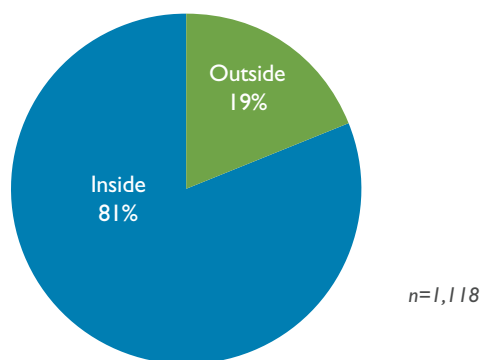
REGION

- Eight percent of respondents in the United States work for companies with annual revenue of \$4 billion or more, compared with 36 percent in the Latin America/Caribbean region.

About what percentage of your organization’s annual revenue is derived from outside the country in which your office is headquartered? If there is no such revenue, enter 0.

CLOs report that an average of 19 percent of their organization’s annual revenue is derived from outside the country in which their office is headquartered. Regionally, a higher percentage of revenue is derived from outside the companies headquartered in EMEA (63 percent) than those in other regions.

REVENUE DISTRIBUTION



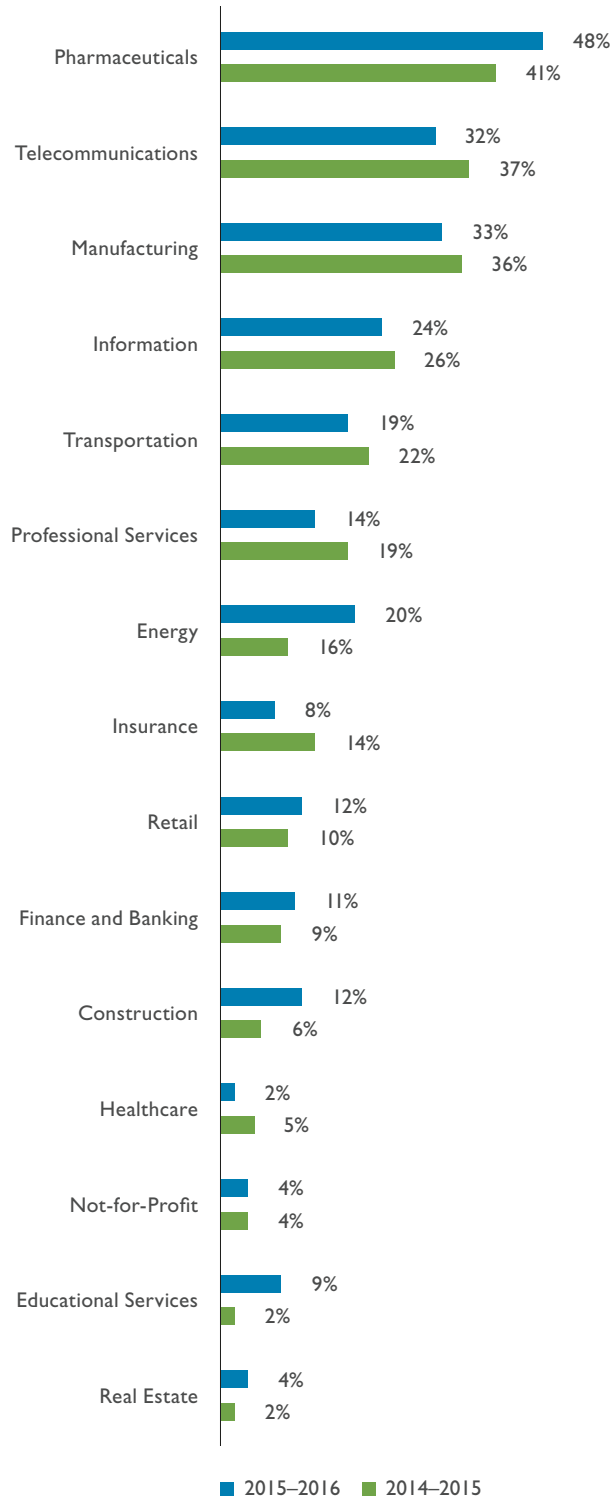
AVERAGE PERCENTAGE OF ANNUAL REVENUE DERIVED FROM OUTSIDE THE COUNTRY IN WHICH OFFICE IS HEADQUARTERED, BY REGION

Region	Percent revenue	Percent revenue
	2014–2015	2015–2016
United States	16%	14%
Canada	21%	29%
EMEA	54%	63%
Latin America	21%	20%
Asia Pacific	51%	21%

INDUSTRY

- CLOs in the pharmaceutical/medical devices, telecommunications, and manufacturing industries report greater annual revenues derived from outside the country in which their office is headquartered (32 percent to 48 percent).

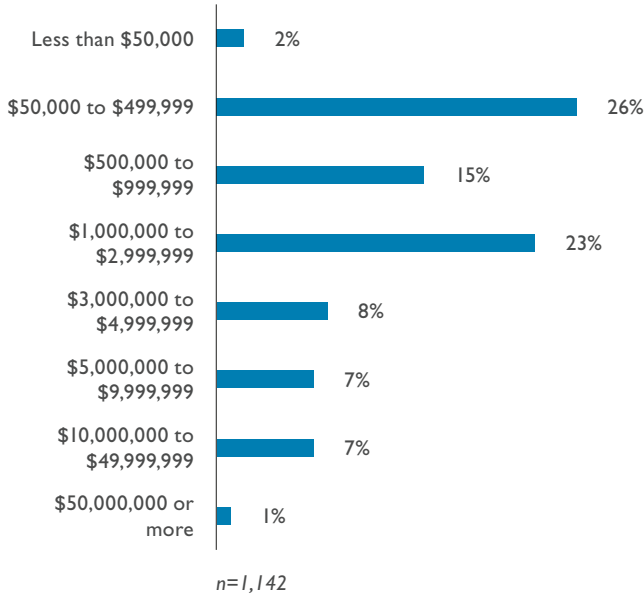
PERCENTAGE OF ANNUAL REVENUE DERIVED FROM OUTSIDE THE COUNTRY IN WHICH OFFICE IS HEADQUARTERED, BY INDUSTRY



What is your current law department budget?

Forty-three percent of respondents report that their current law department budget is less than \$1 million. Twenty-three percent report between \$1 million and \$3 million, and 23 percent report having a budget greater than \$3 million. Sixty-five percent of respondents in departments with 50 or more employees report a budget of greater than \$10 million, while only 21 percent of respondents in departments with fewer than 50 employees report a budget of \$10 million or greater. As expected, law departments in companies with larger overall revenues tend to have larger department budgets.

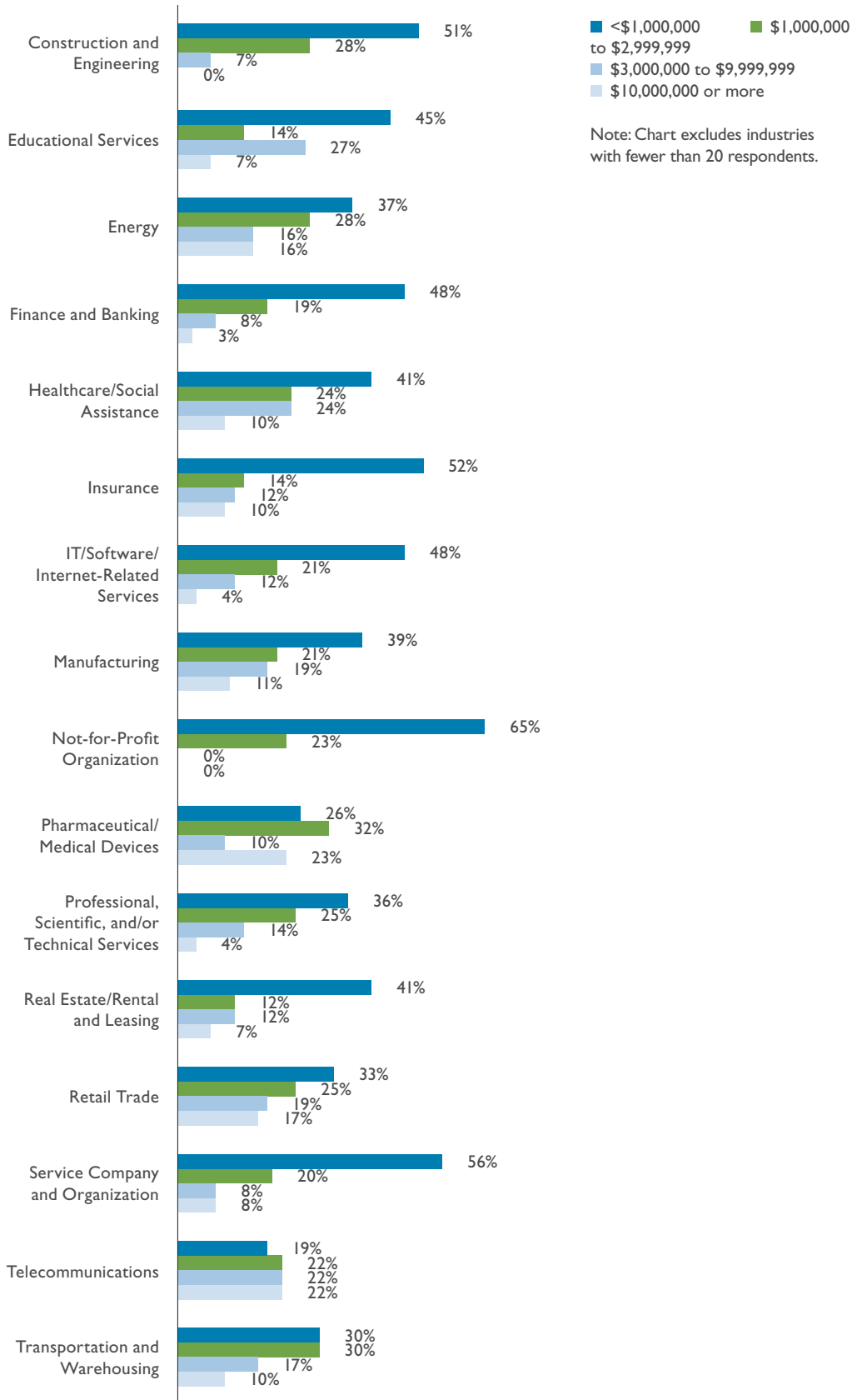
CURRENT LAW DEPARTMENT BUDGET



INDUSTRY

- Of the industries with greater than 20 respondents, pharmaceutical/medical devices and telecommunications have the highest percentage of respondents reporting law department budgets over \$10 million, with 23 percent and 22 percent, respectively. Not-for-profits and service companies have the highest percentage of respondents reporting budgets of less than \$1 million, with 65 percent and 56 percent, respectively.

CURRENT LAW DEPARTMENT BUDGET BY INDUSTRY



		Company revenue (in USD) from the past 12 months									
		n=	Less than \$25 million	\$25 million to \$49 million	\$50 million to \$99 million	\$100 million to \$299 million	\$300 million to \$499 million	\$500 million to \$999 million	\$1 billion to \$1.9 billion	\$2 billion to \$3.9 billion	\$4 billion or more
What is your current law department budget?	n=	1132	155	77	96	208	97	130	103	78	116
	Less than \$500,000	28%	62%	49%	47%	33%	24%	12%	8%	4%	6%
	\$500,000 to \$999,999	14%	12%	17%	14%	24%	24%	13%	11%	10%	3%
	\$1,000,000 to \$2,999,999	23%	12%	17%	19%	23%	37%	46%	26%	24%	8%
	\$3,000,000 to \$4,999,999	8%	1%	1%	2%	6%	6%	9%	23%	12%	12%
	\$5,000,000 to \$9,999,999	7%	1%	-	3%	2%	2%	8%	17%	23%	16%
	\$10,000,000 to \$49,999,999	7%	-	1%	1%	1%	-	5%	10%	17%	36%
	\$50,000,000 or more	1%	-	-	-	-	-	-	1%	-	11%

		What best describes the size of your law department (including all employees in all locations)?						
		n=	1 employee	2 to 9 employees	10 to 24 employees	25 to 49 employees	50 to 99 employees	100 or more employees
What is your current law department budget?	Base	1137	190	668	152	58	32	37
	Under \$500,000	28%	59%	29%	-	7%	9%	-
	\$500,000 to \$999,999	15%	11%	20%	6%	3%	3%	3%
	\$1,000,000 to \$2,999,999	23%	6%	29%	30%	3%	-	-
	\$3,000,000 to \$4,999,999	7%	1%	6%	25%	10%	3%	3%
	\$5,000,000 to \$9,999,999	7%	1%	3%	20%	22%	12%	8%
	\$10,000,000 to \$49,999,999	7%	-	1%	11%	43%	56%	35%
	\$50,000,000 or more	1%	-	-	1%	-	6%	32%

DEPARTMENT BUDGET BY INDUSTRY AND COMPANY REVENUE CATEGORY

Industry	Annual Revenue	What is your current law department budget?					
		n=	Less than \$500,000	\$500,000 to \$999,999	\$1,000,000 to \$2,999,999	\$3,000,000 to \$9,999,999	\$10,000,000 or more
Overall	Overall	1101	28%	14%	23%	14%	8%
	Less than \$500 million	622	43%	18%	21%	5%	1%
	\$500 million to \$999 million	127	13%	13%	45%	18%	5%
	\$1 billion to \$1.9 billion	100	8%	11%	26%	40%	10%
	\$2 billion to \$4.9 billion	92	4%	9%	22%	37%	21%
	\$5 billion or more	93	6%	3%	8%	25%	49%
Service Company and Organization	Industry Overall	24	46%	8%	21%	8%	8%
	Less than \$500 million	11	91%	-	-	-	-
	\$500 million to \$999 million	1	-	-	100%	-	-
	\$1 billion to \$1.9 billion	6	17%	33%	33%	17%	-
	\$2 billion to \$4.9 billion	3	-	-	67%	-	33%
	\$5 billion or more	2	-	-	-	50%	50%
Educational Services	Industry Overall	29	17%	28%	14%	28%	7%
	Less than \$500 million	18	17%	44%	17%	17%	-
	\$500 million to \$999 million	4	-	-	25%	50%	-
	\$1 billion to \$1.9 billion	4	-	-	-	75%	25%
	\$2 billion to \$4.9 billion	1	-	-	-	-	100%
	\$5 billion or more	-	-	-	-	-	-
Transportation and Warehousing	Industry Overall	30	23%	7%	30%	17%	10%
	Less than \$500 million	10	50%	10%	30%	10%	-
	\$500 million to \$999 million	3	33%	33%	33%	-	-
	\$1 billion to \$1.9 billion	5	-	-	40%	20%	20%
	\$2 billion to \$4.9 billion	2	-	-	50%	50%	-
	\$5 billion or more	5	20%	-	20%	20%	40%
Professional, Scientific, and/or Technical Services	Industry Overall	28	21%	14%	25%	14%	4%
	Less than \$500 million	17	35%	18%	12%	6%	-
	\$500 million to \$999 million	6	-	17%	67%	17%	-
	\$1 billion to \$1.9 billion	2	-	-	50%	50%	-
	\$2 billion to \$4.9 billion	1	-	-	-	100%	-
	\$5 billion or more	1	-	-	-	-	100%
Pharmaceutical/Medical Devices	Base	31	23%	3%	32%	10%	23%
	Less than \$500 million	16	38%	6%	38%	6%	-
	\$500 million to \$999 million	5	20%	-	60%	-	20%
	\$1 billion to \$1.9 billion	2	-	-	-	-	100%
	\$2 billion to \$4.9 billion	3	-	-	-	67%	33%
	\$5 billion or more	4	-	-	-	-	75%

(CONT'D)) DEPARTMENT BUDGET BY INDUSTRY AND COMPANY REVENUE CATEGORY

Industry	Annual Revenue	What is your current law department budget?					
		n=	Less than \$500,000	\$500,000 to \$999,999	\$1,000,000 to \$2,999,999	\$3,000,000 to \$9,999,999	\$10,000,000 or more
Not-for-Profit Organization (i.e., Charity, Environment)	Industry Overall	43	56%	9%	23%	-	-
	Less than \$500 million	34	65%	12%	12%	-	-
	\$500 million to \$999 million	5	-	-	100%	-	-
	\$1 billion to \$1.9 billion	-	-	-	-	-	-
	\$2 billion to \$4.9 billion	-	-	-	-	-	-
	\$5 billion or more	-	-	-	-	-	-
Retail Trade	Industry Overall	36	19%	14%	25%	19%	17%
	Less than \$500 million	11	55%	9%	27%	-	-
	\$500 million to \$999 million	6	-	17%	67%	17%	-
	\$1 billion to \$1.9 billion	7	14%	29%	14%	43%	-
	\$2 billion to \$4.9 billion	4	-	25%	25%	25%	25%
	\$5 billion or more	7	-	-	-	29%	71%
Telecommunications	Industry Overall	27	15%	4%	22%	22%	22%
	Less than \$500 million	15	27%	-	33%	13%	7%
	\$500 million to \$999 million	2	-	50%	-	50%	-
	\$1 billion to \$1.9 billion	3	-	-	33%	67%	-
	\$2 billion to \$4.9 billion	2	-	-	-	-	100%
	\$5 billion or more	4	-	-	-	25%	50%
Construction and Engineering	Industry Overall	43	28%	23%	28%	7%	-
	Less than \$500 million	24	38%	29%	17%	-	-
	\$500 million to \$999 million	11	27%	27%	36%	9%	-
	\$1 billion to \$1.9 billion	2	-	-	100%	-	-
	\$2 billion to \$4.9 billion	2	-	-	50%	50%	-
	\$5 billion or more	2	-	-	50%	-	-
Real Estate/Rental and Leasing	Industry Overall	40	30%	12%	12%	12%	8%
	Less than \$500 million	28	39%	14%	14%	11%	-
	\$500 million to \$999 million	4	-	-	-	25%	75%
	\$1 billion to \$1.9 billion	1	-	-	-	-	-
	\$2 billion to \$4.9 billion	2	-	-	-	50%	-
	\$5 billion or more	1	100%	-	-	-	-
Healthcare/Social Assistance	Industry Overall	47	30%	11%	26%	23%	11%
	Less than \$500 million	22	55%	18%	18%	9%	-
	\$500 million to \$999 million	9	11%	11%	67%	11%	-
	\$1 billion to \$1.9 billion	5	-	-	20%	60%	20%
	\$2 billion to \$4.9 billion	5	20%	-	20%	60%	-
	\$5 billion or more	5	-	-	-	20%	80%

(CONT'D)) DEPARTMENT BUDGET BY INDUSTRY AND COMPANY REVENUE CATEGORY

Industry	Annual Revenue	What is your current law department budget?					
		n=	Less than \$500,000	\$500,000 to \$999,999	\$1,000,000 to \$2,999,999	\$3,000,000 to \$9,999,999	\$10,000,000 or more
Energy	Industry Overall	57	21%	16%	28%	16%	16%
	Less than \$500 million	29	38%	24%	24%	10%	3%
	\$500 million to \$999 million	5	-	-	100%	-	-
	\$1 billion to \$1.9 billion	7	14%	14%	29%	29%	14%
	\$2 billion to \$4.9 billion	5	-	-	20%	60%	20%
	\$5 billion or more	7	-	-	-	14%	86%
Insurance	Industry Overall	57	35%	18%	12%	12%	11%
	Less than \$500 million	29	52%	28%	7%	-	-
	\$500 million to \$999 million	6	17%	17%	33%	33%	-
	\$1 billion to \$1.9 billion	6	33%	-	33%	33%	-
	\$2 billion to \$4.9 billion	4	-	25%	25%	-	50%
	\$5 billion or more	8	12%	-	-	38%	50%
Finance and Banking	Industry Overall	113	27%	20%	19%	8%	3%
	Less than \$500 million	82	35%	20%	21%	5%	-
	\$500 million to \$999 million	8	12%	25%	25%	38%	-
	\$1 billion to \$1.9 billion	8	-	38%	12%	12%	25%
	\$2 billion to \$4.9 billion	2	-	50%	-	-	-
	\$5 billion or more	3	33%	-	-	33%	33%
IT/Software/ Internet-Related Services	Industry Overall	103	35%	13%	21%	12%	4%
	Less than \$500 million	75	47%	17%	20%	5%	1%
	\$500 million to \$999 million	11	-	-	36%	18%	9%
	\$1 billion to \$1.9 billion	3	33%	-	-	67%	-
	\$2 billion to \$4.9 billion	2	-	-	50%	50%	-
	\$5 billion or more	6	-	-	-	50%	17%
Manufacturing	Industry Overall	119	24%	16%	21%	19%	11%
	Less than \$500 million	46	48%	26%	17%	2%	-
	\$500 million to \$999 million	11	27%	9%	45%	18%	-
	\$1 billion to \$1.9 billion	17	6%	12%	29%	35%	6%
	\$2 billion to \$4.9 billion	21	5%	10%	19%	48%	19%
	\$5 billion or more	16	6%	12%	12%	25%	44%

CURRENT LAW DEPARTMENT BUDGET BY REGION

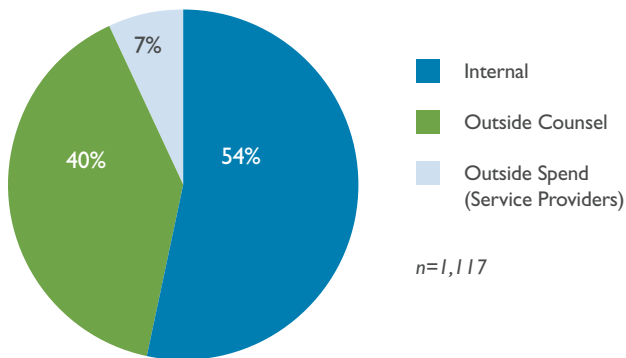
	US	Asia Pacific	EMEA	Canada	Latin America/Caribbean
Less than \$50,000	2%	4%	0%	2%	0%
\$50,000 to \$499,999	27%	25%	22%	22%	32%
\$500,000 to \$999,999	14%	16%	9%	16%	14%
\$1,000,000 to \$2,999,999	24%	17%	23%	26%	14%
\$3,000,000 to \$4,999,999	7%	8%	10%	9%	9%
\$5,000,000 to \$9,999,999	7%	4%	11%	9%	9%
\$10,000,000 to \$49,999,999	7%	4%	10%	5%	14%
\$50,000,000 or more	1%	2%	3%	2%	0%

REGION

- Forty-six percent of respondents from Latin America report law department budgets under \$1 million compared to 31 percent of respondents from the EMEA region. Fourteen percent of respondents from Latin America/Caribbean report budgets over \$10 million compared with only 6 percent of respondents from the Asia Pacific region.

Thinking about how your department’s budget is distributed, estimate the percentage of your total legal department budget for each of the following:

Fifty-four percent of the average CLO’s budget comprises internal legal spending. Some significant regional differences exist in the internal legal spending averages of the United States, Canada, EMEA, Latin America/Caribbean, and Asia Pacific.



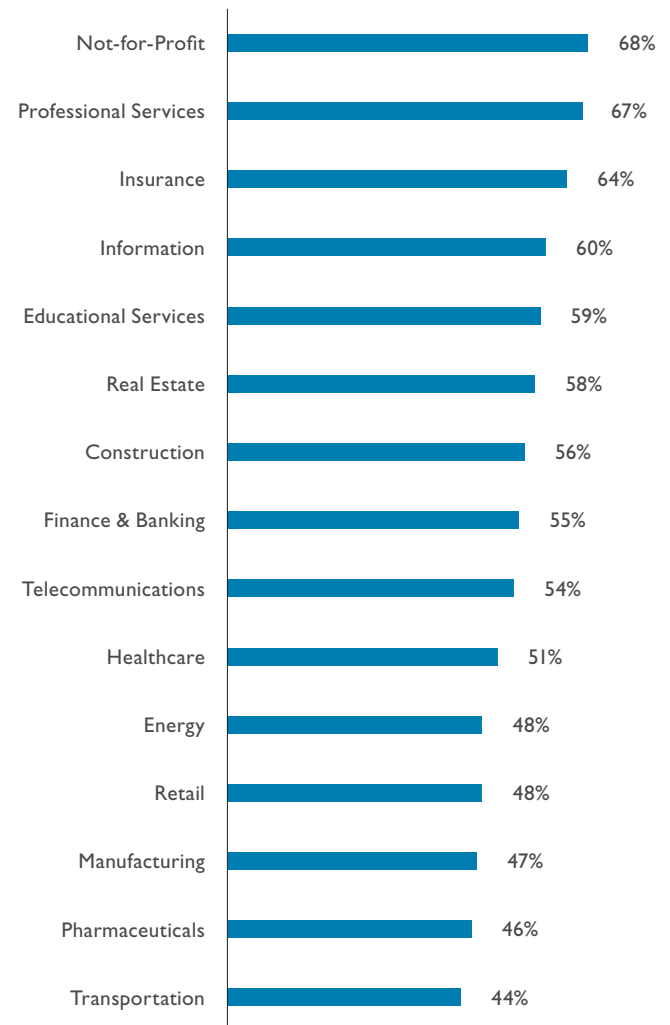
INTERNAL LEGAL SPEND AS A PERCENTAGE OF LAW DEPARTMENT BUDGET, BY REGION

Region	Pct. of budget/inside spend
Asia Pacific (n=161)	60%
Canada (n=55)	54%
United States (n=788)	53%
EMEA (n=74)	51%
Latin America (n=20)	41%

INDUSTRY

- This year, CLOs in the not-for-profit, professional services, and insurance industries report average internal spending to be as high as two-thirds of their budgets.

AVERAGE PERCENTAGE OF BUDGET COMPOSED OF INSIDE SPEND BY INDUSTRY





TYPE OF LEGAL SPEND AS A PERCENTAGE OF LAW DEPARTMENT BUDGET

Current law department budget	Inside spend	Outside spend on outside counsel	Outside spend on service providers or other services
Less than \$50,000	56.9%	38.5%	5.2%
\$50,000 to \$499,999	64.2%	30.0%	6.8%
\$500,000 to \$999,999	56.7%	37.7%	7.9%
\$1,000,000 to \$2,999,999	49.2%	44.4%	7.7%
\$3,000,000 to \$4,999,999	44.6%	49.1%	8.0%
\$5,000,000 to \$9,999,999	46.3%	47.4%	7.3%
\$10,000,000 to \$49,999,999	40.8%	51.2%	7.4%
\$50,000,000 or more	47.7%	47.2%	5.5%
<i>Total</i>	53.7%	40.1%	7.4%

Please select the option that best describes how your department's spending changed, if at all, in the past 12 months.

Similar to the last survey's findings, the highest percentage of CLOs report no changes in department spending in the previous 12 months. Forty-four percent of CLOs report at least a minimal increase in total spend, while 22 percent report at least a minimal decrease in total spend. Twenty-six percent of CLOs in companies with two to nine employees report a moderate or significant increase in total spend compared with 15 percent of CLOs in companies with 50 or more employees.

Estimated Changes to Spending over Past 12 Months, 2015-2016			
	Inside Spend	Outside Spend	Total Spend
Significant decrease	4%	8%	5%
Moderate decrease	4%	9%	6%
Minimum decrease	8%	10%	11%
No change	39%	35%	33%
Minimum increase	24%	14%	19%
Moderate increase	11%	12%	13%
Significant increase	10%	12%	12%

n=1,159

Estimated Changes to Spending over Past 12 Months, 2014-2015			
	Inside Spend	Outside Spend	Total Spend
Significant decrease	3%	9%	5%
Moderate decrease	4%	10%	7%
Minimum decrease	7%	9%	10%
No change	37%	29%	27%
Minimum increase	23%	15%	21%
Moderate increase	14%	15%	18%
Significant increase	11%	14%	13%

n=1,076

Do you expect your department's budget to change, if at all, over the next 12 months?

Most CLOs expect no change to their department's budget over the next 12 months. Thirty-one percent anticipate a minimal increase in inside budget compared to 19 percent in outside budget. Eighteen percent of CLOs in companies with two to nine employees anticipate a moderate or significant increase in total budget compared to 9 percent of CLOs in companies with 50 or more employees.

Estimated changes to budget in the next 12 months, 2015-2016			
	Inside Budget	Outside Budget	Total Budget
Significant decrease	2%	5%	3%
Moderate decrease	3%	8%	6%
Minimum decrease	6%	11%	10%
No change	41%	40%	37%
Minimum increase	31%	19%	25%
Moderate increase	11%	11%	12%
Significant increase	7%	5%	6%

n=1,152

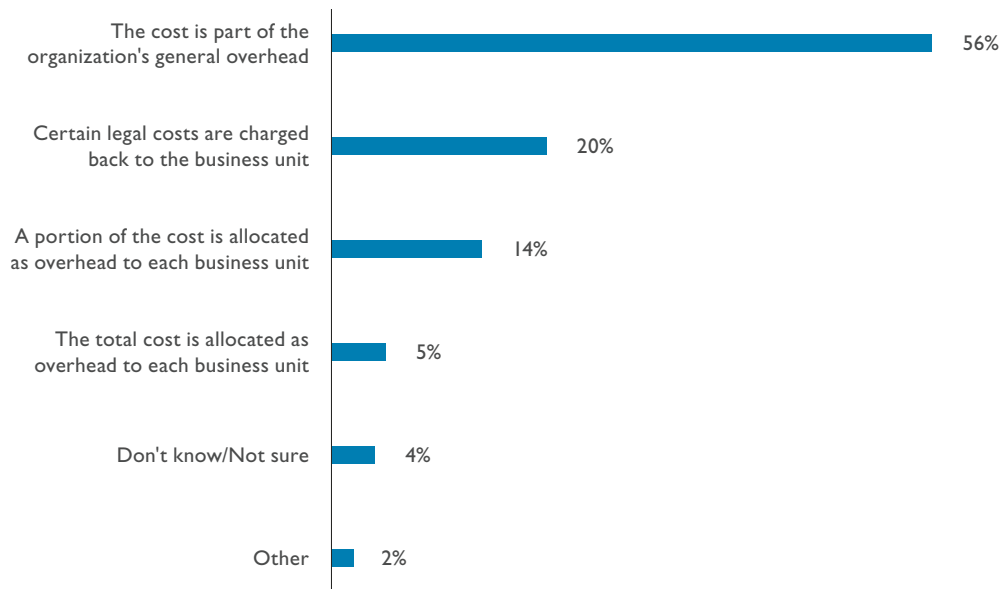
Estimated Changes to budget in the next 12 months, 2014-2015			
	Inside Budget	Outside Budget	Total Budget
Significant decrease	2%	7%	5%
Moderate decrease	4%	9%	6%
Minimum decrease	6%	11%	12%
No change	37%	33%	29%
Minimum increase	27%	18%	24%
Moderate increase	16%	15%	17%
Significant increase	9%	7%	7%

n=1,070

How is the cost of your law department allocated for (cost) accounting purposes?

Fifty-six percent of respondents report that that cost of the law department is part of the organization's general overhead, while only 5 percent say that the total cost is allocated as overhead to each business unit.

LAW DEPARTMENT COST ALLOCATION



DEPARTMENT SIZE

- In organizations with two to nine employees, 58 percent of respondents report that the cost of the law department is part of the organization's general overhead, while only 25 percent of respondents report this in organizations with 50 or more employees.

REGION

- Fifty-seven percent of respondents from the United States report that the cost of the law department is part of the organization's general overhead, while 48 percent report this in the Asia Pacific. Sixteen percent of respondents in Canada say that certain legal costs are charged back to the business unit compared with 32 percent of respondents in Latin America.

What fee arrangements have you used? (Check all that apply)

The use of fees in addition to hourly billing rates remains relatively stable in 2015-2016 with some growth in the use of flat fees for stages of a matter. With the addition of blended fees to the potential response options, the percentage of CLOs who report using no alternative fee structures fell 15 percentage points to 13 percent in 2016.

	2015-2016	2014-2015	2013-2014
Blended rates	42%	19%	16%
Flat fee for entire matter	41%	41%	48%
Flat fee for some stages (phases) of a matter	40%	32%	33%
Retainers (including periodic retainer fees for a portfolio of services)	32%	19%	16%
Capped fees	22%	n/a	n/a
Flat fee for a portfolio of similar work	21%	20%	12%
Incentives or success fees	19%	18%	17%
Contingency fees (including reverse contingency fees)	13%	14%	15%
Collars (fixed fees with collars)	12%	10%	9%
Performance-based holdbacks	4%	n/a	n/a
None*	13%	n/a	n/a
Other	6%	6%	6%

REVENUE

- CLOs in companies with greater annual revenue were more likely to report using alternative fee structures or blended rates compared with those in organizations with less annual revenue, perhaps because of the greater volume of work outsourced. For example, 80 percent leading departments in companies with \$50 billion or more in annual revenue use retainers compared with 27 percent of CLOs in companies with under \$1 million in revenue.

COMPANY TYPE

- Thirty-eight percent of privately owned companies used flat fees for entire matters, compared with 49 percent of publicly owned companies.

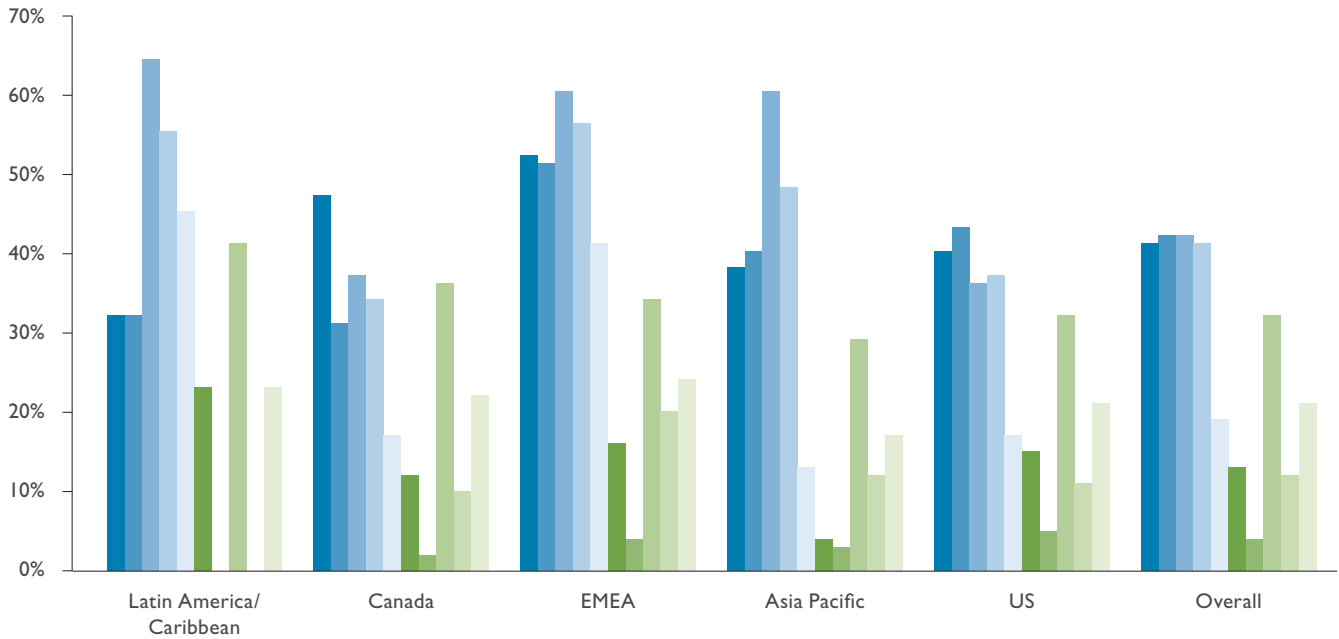
SIZE

- Larger law-department size was associated with higher likelihood of using alternative fee structures and/or blended rates. Seventy-one percent of CLOs in law departments with 200 or more employees use blended rates compared with under half of those in companies with law departments that have less than 25 employees.

REGION

- More than half of all respondents in the EMEA region (52 percent) report the use of flat fees for an entire matter, higher than any other region. Fifty-six percent in EMEA also use flat fees for some stages or phases of a matter. Use of flat fees for an entire matter is the most often used fee structure reported by CLOs in Canada (47 percent).
- Use of flat fees for some stages or phases of a matter is also common in the Latin America/Caribbean and Asia Pacific regions, where roughly half report use of such arrangements.
- Four in 10 CLOs in US use flat fees and blended rates.
- Contingency fees were far more common in Latin America/Caribbean compared with other regions with one in four CLOs from this region reporting their use.
- Capped fees were less common in the United States (36 percent) and Canada (37 percent) compared with EMEA (60 percent), Latin America/Caribbean (64 percent), and Asia Pacific (60 percent).

FEE STRUCTURE BY REGION



- Flat fee for entire matter
- Blended rates
- Capped fees
- Flat fee for some stages (phases) of a matter
- Incentives or success fees
- Contingency fees (including reverse contingency fees)
- Performance-based holdbacks
- Retainers (including periodic retainer fees for a portfolio of services)
- Collars (fixed fees with collars)*
- Flat fee for a portfolio of similar work

OTHER FEE ARRANGEMENTS USED:

- Discounted/reduced hourly rates
- Discounted fees
- Straight hourly rates

To whom do you report as the GC or CLO of your organization? (Check all that apply)

	2014-2015	2015-2016
Chief Executive Officer	78%	73%
Board of Directors	20%	22%
Chief Financial Officer	12%	12%
Chief Legal Officer of the holding company	7%	7%
Chief Administrative Officer	3%	4%
Other C-suite	8%	3%
Other Function	3%	1%
	n=1,079	n=1,175

REVENUE

- Seventeen percent of CLOs in companies with annual revenues of \$4 billion or more report to the board of directors, compared with 25 percent of CLOs in companies with less than \$100 million in annual revenue.
- CLOs in companies with annual revenues less than \$100 million are almost twice as likely to report to the chief financial officer as CLOs in companies with \$4 billion or more in annual revenue.

COMPANY TYPE

- Within limited liability partnerships, 92 percent of CLOs report to the chief executive officer, whereas 33 percent report to the board of directors.

REPORTING STRUCTURE BY REGION

Region	Reports to CEO
United States	78%
Canada	73%
EMEA	72%
Latin America	73%
Asia Pacific	53%

SIZE

- Seventy-two percent of CLOs in companies with 50 or more employees report to the chief executive officer, while eighteen percent report to the board of directors.
- Thirteen percent of CLOs in law departments with 10 to 24 employees report to the chief financial officer, compared with 5 percent of CLOs in law departments with 50 or more employees.

REGION

- Fifty-three percent of CLOs in the Asia Pacific region report to the chief executive officer, compared with 78 percent in the United States.
- In Canada, CLOs are less likely to report to the board of directors (17 percent) than those in any other region.

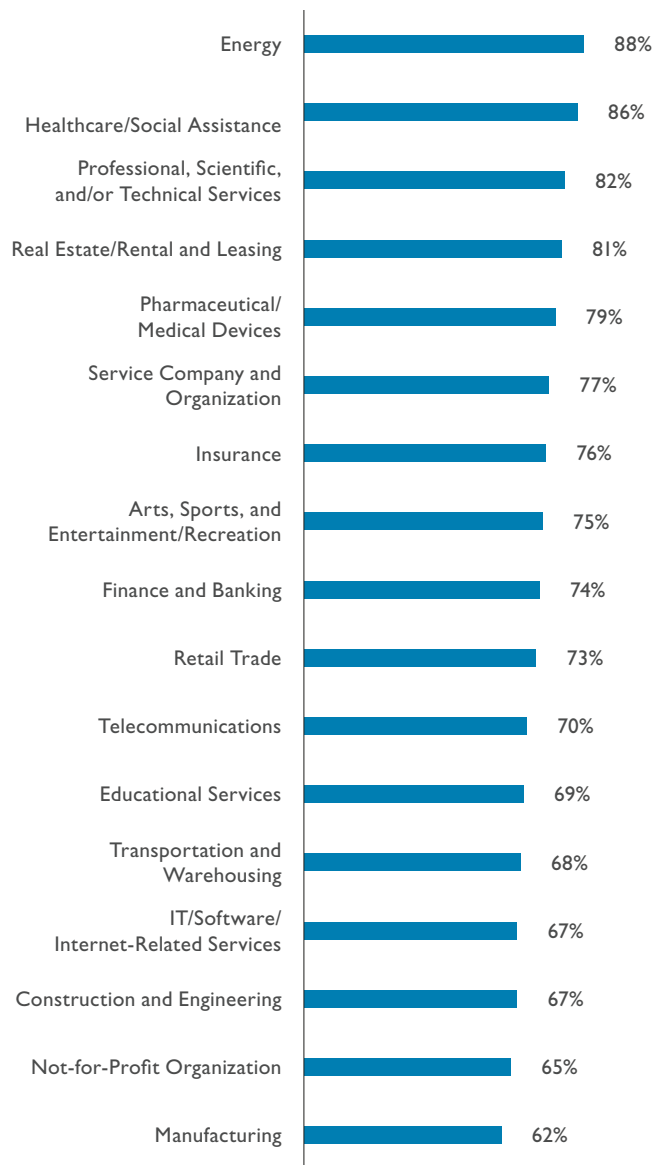
JOB TITLE

- Job titles of the company's lead in-house lawyer vary from company to company and regionally. For the most part, those with titles other than GC and CLO are less likely to report directly to a CEO, and CLOs are the most likely to report to the CEO. Thirty-four percent of CLOs report to the board of directors, compared with 23 percent of GCs.

INDUSTRY

- Over half of CLOs across all industries with greater than 20 respondents report to the CEO. The industries with the highest percentage of CLOs directly reporting to the CEO include energy (88 percent), healthcare/social assistance (86 percent), and professional, scientific, and/or technical services (82 percent).

PERCENTAGE REPORT TO THE CEO



On how many for-profit corporate boards of directors (excluding your own) do you currently serve as a member?

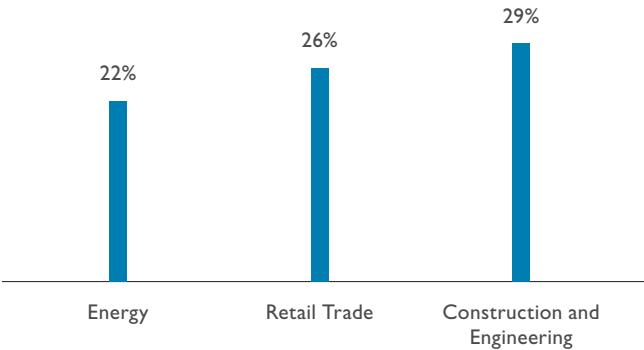
CLOs report limited involvement in for-profit corporate boards of directors outside of their own company. A slightly higher percentage of men are involved in for-profit corporate boards compared with women (20 percent of men are involved in at least one compared to 13 percent of women). Among industries with 25 or more respondents, construction and engineering report the highest percentage of CLOs involved in at least one for-profit corporate board of directors.

	2014-2015	2015-2016
0	83%	82%
1	10%	9%
2+	7%	9%
	n=1,072	n=1,110

SERVICE ON FOR-PROFIT CORPORATE BOARDS OF DIRECTORS BY GENDER

	Male	Female
0	80%	86%
1	10%	7%
2+	10%	6%
	n=712	n=387

TOP THREE INDUSTRIES IN WHICH CLOS WERE MEMBERS OF FOR-PROFIT CORPORATE BOARDS OF DIRECTORS



Note: Includes only industries with 25 or more respondents

Over the past 12 months, on what matters have you principally spent your time as a CLO? (Check up to three options)

Advising executives, managing domestic legal functions and board and governance issues continue to occupy the primary focus areas for CLOs around the world. In line with the past several years, advising executives and participating in strategic corporate issues remain the most commonly cited areas where CLOs principally spent time last year. Reporting structure influences how CLOs spend their time in a few areas. For example, CLOs with a direct line to the CEO spend more time advising executives and participating on strategy and on board and governance compared with those who report elsewhere.

CLOs in larger departments spend more time on internal issues such as development and retention whereas those in smaller departments report spending a significant amount of time on managing various components of the department and legal function. Managing the legal function internationally is a significant draw on the time of CLOs in EMEA. Generation Y CLOs focus less on board and governance than members of older generations.

Principal areas of focus for CLOs in past 12 months				
	2012-2013*	2013-2014*	2014-2015	2015-2016
Advising executives/participating in strategic corporate issues	78%	76%	50%	53%
Managing legal function domestically	62%	61%	33%	31%
Board and governance issues	62%	62%	27%	30%
Compliance	62%	64%	27%	27%
Risk management	N/A	N/A	23%	24%
Managing outside counsel	N/A	N/A	21%	23%
Strategy development and execution	56%	57%	24%	22%
Litigation and class action	47%	48%	21%	19%
Company/corporate secretarial matters	N/A	N/A	14%	16%
Managing legal function internationally	37%	37%	16%	15%
Regulatory investigation	24%	22%	4%	7%
Controlling legal cCosts	N/A	44%	7%	6%
Government affairs	22%	23%	7%	6%
Professional development of staff	26%	29%	6%	6%
Attracting and retaining good in-house counsel	17%	22%	5%	4%
Other	7%	4%	6%	4%
Mergers and Acquisitions	N/A	N/A	N/A	1%
Contracts	N/A	N/A	N/A	1%
	n=1,007	n=962	n=881	n=1,152

*In 2012-2013 and 2013-2014, respondents were able to select unlimited options, likely leading to higher percentages for each individual item. In 2014-2015, respondents were asked to select only their top three choices, reducing the total number of responses per item. Because of this, it is not possible to look at exact trends before 2014-2015. Data before 2014 is shown for ranking and information purposes only.

REVENUE

- CLOs in companies with larger annual revenue were more likely to include attracting and retaining good in-house counsel as one of the top three areas where they principally spent time in the past 12 months. Twelve percent of CLOs in companies with \$4 billion or more in annual revenue focused on this area, compared with 2 percent in companies with under \$1 billion in annual revenue.
- CLOs in higher revenue organizations (greater than \$4 billion) were also more likely report professional development as one of the three main areas where they spent time in the past 12 months. Ten percent also selected professional development, compared with just 4 percent of CLOs in organizations with less than \$1 billion in annual revenue.

SIZE

- While a majority of CLOs, regardless of their law department size, spent time advising executives and participating in strategic issues last year, CLOs in larger departments generally spend more of their time on board and governance issues, professional development of staff, and attracting and retaining good in-house counsel compared with those in smaller departments. In contrast, those in smaller departments spend more time on corporate secretarial matters, managing the legal function domestically, managing outside counsel and risk management.

Principal areas of focus for CLOs in past year				
	Department size			
	1 employee	2 to 9 employees	10 to 49 employees	50 or more employees
Advising executives/participating in strategic corporate issues	56%	52%	62%	60%
Controlling legal costs	6%	5%	3%	7%
Managing legal function domestically	31%	30%	28%	16%
Managing legal function internationally	11%	14%	17%	34%
Regulatory investigation/enforcement	6%	8%	12%	19%
Strategy development and execution	18%	19%	23%	32%
Professional development of staff	2%	5%	8%	11%
Risk management	31%	28%	15%	11%
Attracting and retaining good in-house counsel	-	2%	10%	10%
Managing outside counsel	33%	27%	11%	5%
Board and governance issues	22%	31%	39%	36%
Compliance	26%	28%	25%	21%
Company/corporate secretarial matters	21%	18%	12%	7%
Government affairs	3%	6%	6%	5%
Litigation and class action	20%	16%	19%	12%

REGION

- CLOs in EMEA are far more likely to say they principally spend their time managing the legal function internationally (40 percent) when compared to CLOs in other regions such as the United States (13 percent), Canada (15 percent), and Asia Pacific (14 percent). CLOs in the Asia Pacific region are also far more focused on managing the legal function domestically compared with CLOs in other regions (41 percent).

GENERATION

- Generation Y CLOs (27 percent) are more likely than traditionalists and baby boomers (both 19 percent) to report significant time spent on strategy and execution, compliance and risk management.
- Traditionalists (24 percent), baby boomers (26 percent) and Gen X CLOs (23 percent) are all significantly more likely to say they principally spend their time managing outside counsel last year compared with Generation Y CLOs (12 percent).

- Far fewer Generation Y CLOs report spending significant time on board and governance issues compared to other generational groups.
- In comparison to all other generational groups, a higher percentage in Generation X rate company/corporate secretarial matters as a top three area where they spent time last year.

REPORTING STRUCTURE

- A higher percentage of CLOs who report to the CEO say they principally spend their time advising executives (58 percent) and/or on board and governance issues (36 percent) compared with those who do not report directly to the CEO (48 percent and 19 percent, respectively). Those who do not report directly to the CEO saw a higher proportion managing the domestic legal function (37 percent) compared with those who report directly to the CEO (26 percent).

Given the choice, on what matters would you prefer to spend the majority of your time as a CLO? (Check up to three options)

CLOs prefer to spend the majority of their time advising executives/participating in strategic corporate issues and focusing on strategy development and execution. Both areas continue to be the top two selected by a strong majority though a smaller percentage report they actually spent time on these two issues last year. There was a small uptick in the percentage of CLOs who report a preference for focusing on professional development of staff and board and governance issues (3 percentage points).

CLO preferences for spending the majority of time				
	2012-2013	2013-2014	2014-2015	2015-2016
Advising executives/participating in strategic corporate issues	80%	81%	69%	68%
Strategy development and execution	76%	76%	60%	60%
Board and governance issues	56%	54%	27%	30%
Risk management	N/A	N/A	23%	23%
Professional development of staff	35%	39%	17%	20%
Managing legal function domestically	42%	43%	20%	19%
Compliance	31%	32%	14%	13%
Managing legal function internationally	27%	27%	14%	11%
Managing outside counsel	N/A	N/A	9%	10%
Attracting and retaining good in-house counsel	20%	19%	6%	8%
Government affairs	17%	17%	7%	6%
Company/corporate secretarial matters	N/A	N/A	4%	6%
Controlling legal costs	N/A	21%	3%	4%
Litigation and class action	13%	11%	5%	3%
Regulatory investigation	6%	5%	1%	2%
Other	4%	2%	3%	1%
	<i>n</i> =996	<i>n</i> =954	<i>n</i> =1,069	<i>n</i> =1,152

LAW DEPARTMENT BUDGET

- CLOs with a department budget of under \$1 million were significantly more likely to express a preference for spending the majority of time managing outside counsel compared with CLOs in other budget categories.
- Generally, smaller department budgets correlate with a desire to spend a majority of time on compliance and not on board and governance issues. For example, one in five CLOs in departments with a budget of under \$500,000 prefer to spend time on compliance issues compared with just 6 percent in departments with a budget of \$10 million or more. Roughly half of CLOs in departments with a budget of \$5 billion or more prefer to spend time on board and governance issues compared with one in four who have a budget of less than \$1 billion.

REGION

- A higher percentage of CLOs in Latin America/Caribbean prefer to spend most of their time on government affairs (32

percent) and strategy, development and execution (73 percent) compared with those in all other regions where fewer expressed a preference to spend time on government affairs (6 percent) and strategy (60 percent). CLOs in this region were far less likely to express a desire to spend their time managing the legal function (5 percent) domestically compared with the overall average (19 percent).

- Fifty seven percent of CLOs in the Asia Pacific region report they would prefer to spend the majority of their time advising executives/participating in strategic corporate issues, up from 48 percent in 2015. Though still a top area where CLOs wish to spend their time, those in the Asia Pacific region have a far lower percentage reporting an interest in spending the majority of their time advising executives/participating in strategic corporate issues when compared with other regions such as the United States (70 percent), Canada (71 percent), Latin America/Caribbean (73 percent), and EMEA (66 percent).

GENERATION

- A greater percentage of Generation Ys (27 percent) report wanting to spend the majority of their time managing the function domestically compared with traditionalists (19 percent), baby boomers (18 percent), and members of Generation X (20 percent).
- Traditionalists were least interested in spending their time on risk management compared with those in younger generations. On average, 11 percent expressed interest in managing the legal function internationally; however, traditionalists are two times more likely to express interest in this area (24 percent).

REPORTING STRUCTURE

- Seventy percent of CLOs reporting to the CEO of the company want to spend the majority of their time advising executives/participating in strategic corporate issues compared with 60 percent of those who do not report to the CEO. Those who report to the CEO were also more likely to prefer to spend time on board and governance issues (34 percent) compared with those who do not (20 percent).

GENDER

- There are few changes in CLO time preferences based on gender and few differences between men and women in how they prefer to spend the majority of their time. Most men (67 percent) and women (69 percent) want to spend the majority of their time advising executives and participating in corporate strategy. A higher percentage of female CLOs express a desire to spend the majority of their time on compliance issues (16 percent) compared with men (11 percent). Men are more likely than women to say they prefer spending time on professional development and litigation.

OTHER, PLEASE SPECIFY:

- Mergers and acquisitions
- Contracts

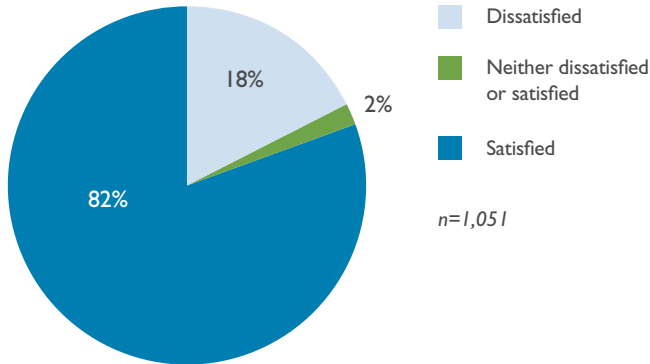
How satisfied are you with your current role within your company/organization?

Eight in 10 CLOs are at least slightly satisfied with their current job. More than four in 10 report the highest level of job satisfaction. Sixteen percent of CLOs express some level of dissatisfaction this year, a decrease of 2 percentage points when compared with 2014-2015.

	2012-2013*	2013-2014*	2014-2015	2015-2016
Very dissatisfied	2%	1%	5%	3%
Somewhat dissatisfied	3%	3%	6%	6%
Slightly dissatisfied	7%	7%	7%	7%
Neither dissatisfied or satisfied	5%	3%	4%	2%
Slightly satisfied	14%	20%	5%	7%
Somewhat satisfied	34%	41%	30%	31%
Very satisfied	35%	25%	44%	43%
	<i>n=910</i>	<i>n=954</i>	<i>n=1,051</i>	<i>n=1,160</i>

*Seven-point scale used to measure satisfaction in all years; however, value labels differ slightly for each year.

OVERALL JOB SATISFACTION*

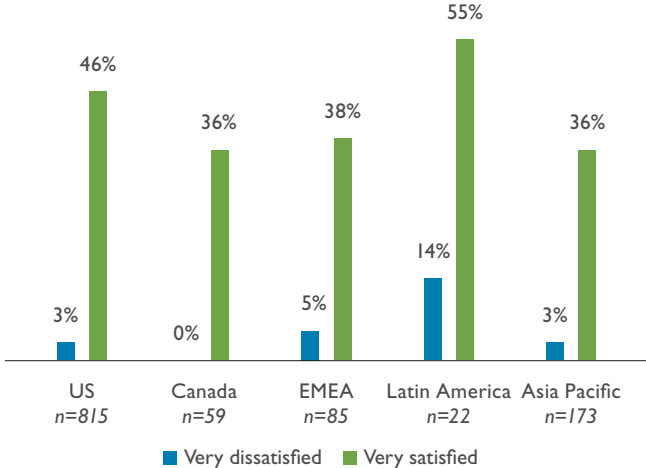


*Satisfied = very, somewhat, and slightly satisfied combined
Dissatisfied = very, somewhat, and slightly dissatisfied combined

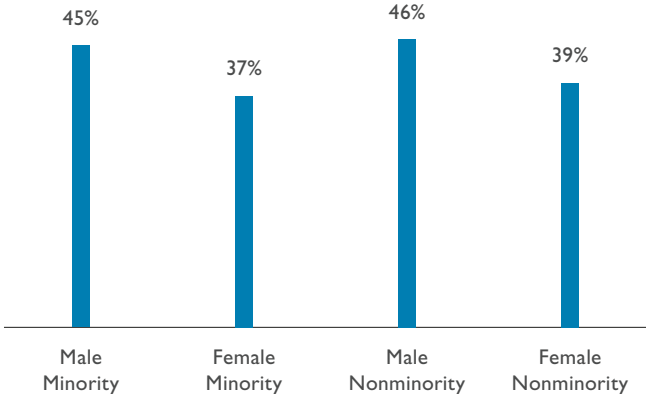
REGION

- CLOs in Latin America report the highest levels of job satisfaction, with 55 percent “very satisfied” in their current role, followed by 46 percent in the United States. Slight regional differences were found with 38 percent of CLOs in the EMEA region reporting that they were “very satisfied” in their current role compared with 36 percent in Canada and the Asia Pacific region.

JOB SATISFACTION BY REGION



PERCENTAGE "VERY SATISFIED" WITH CURRENT ROLE, BY MINORITY STATUS



GENDER

- Male CLOs are slightly more likely than females to report being “very satisfied” with their current role (46 percent versus 39 percent) and this finding is consistently reported regardless of how many years the respondents have worked as a CLO/GC as well as across baby boomer, Generation X, and Generation Y comparison groups.

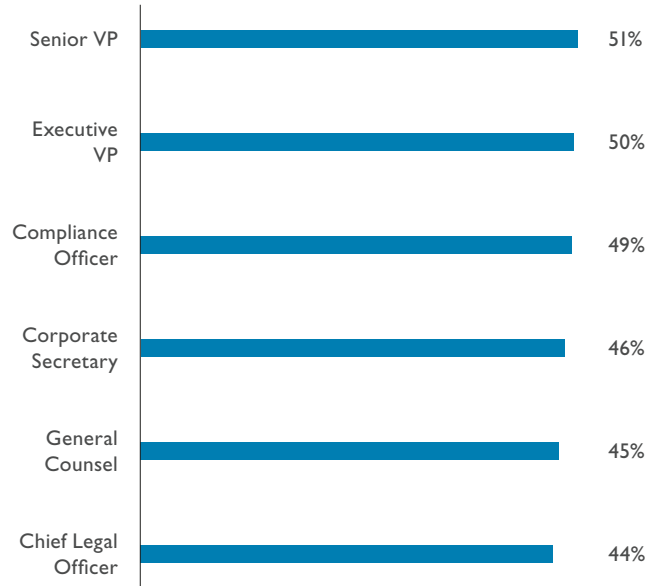
ROLE

- Senior VPs are most likely to report being very satisfied with their current role (51 percent), followed by executive VPs (50 percent), compliance officers (49 percent), and corporate secretaries (46 percent).

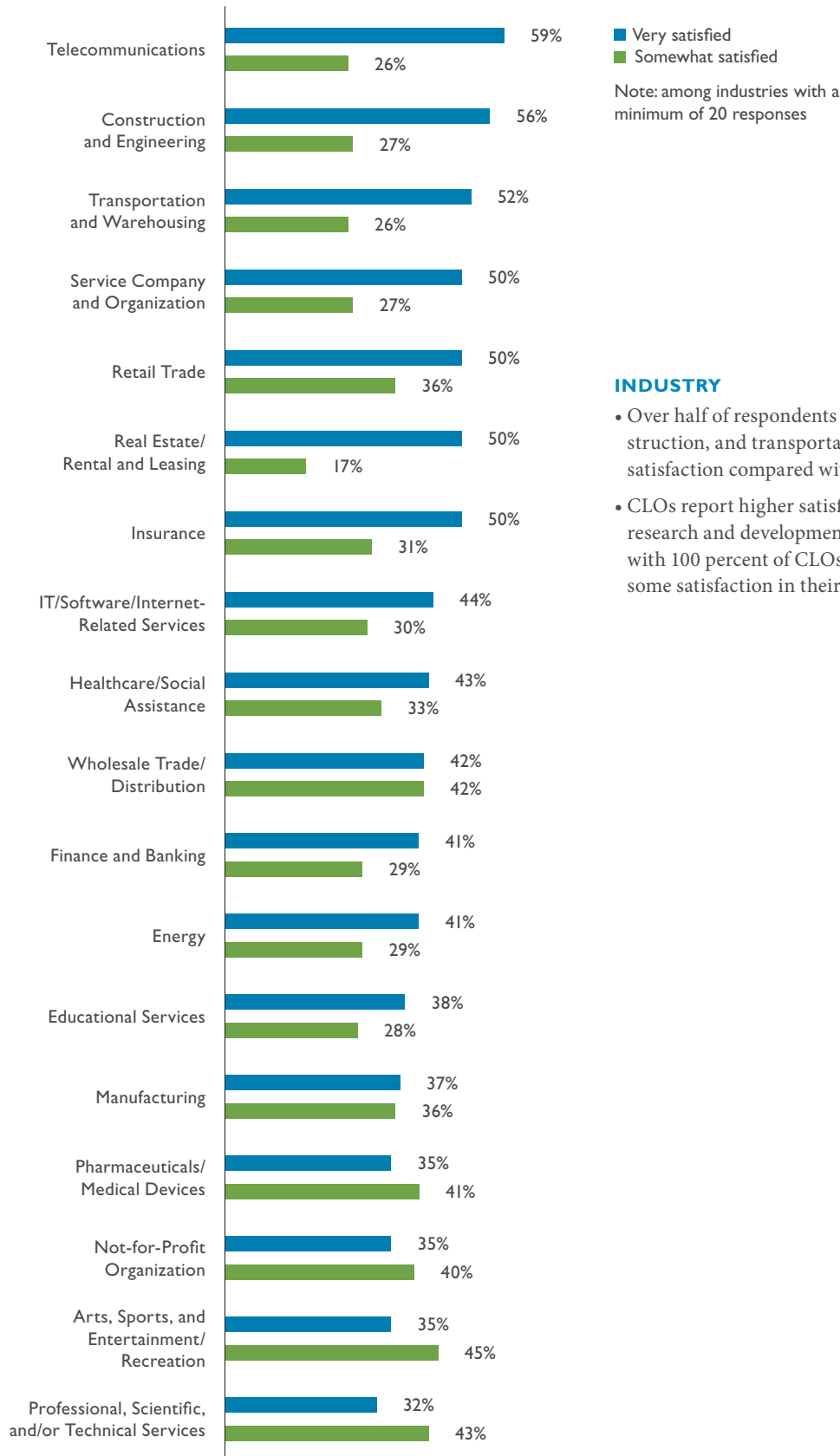
UNDERREPRESENTED GROUP IDENTIFICATION

- There are no statistically significant differences in the job satisfaction of CLOs who do and do not identify with underrepresented groups. Female CLOs are less likely than male CLOs to report being “very satisfied” with their current position.

PERCENTAGE OF RESPONDENTS REPORTING THEY ARE “VERY SATISFIED” WITH THEIR CURRENT ROLE, BY TITLE



SATISFACTION WITH CURRENT ROLE BY INDUSTRY

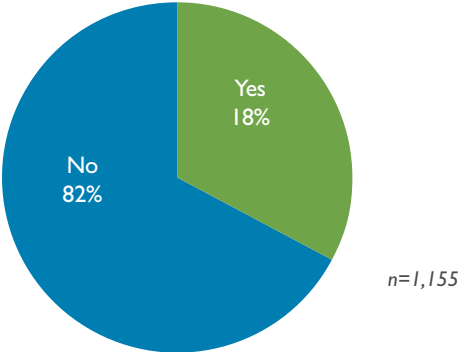


INDUSTRY

- Over half of respondents in the telecommunications, construction, and transportation industries report the highest job satisfaction compared with other industries.
- CLOs report higher satisfaction levels in the utilities, technical/research and development, and intellectual property industries, with 100 percent of CLOs in these industries reporting at least some satisfaction in their current role.

Do you actively encourage your staff to engage in pro bono work?

Thirty-three percent of respondents report that they actively encourage staff to engage in pro bono work. CLOs identifying with a minority or underrepresented group are more likely to report encouraging pro bono work in the community than nonminority CLOs (42 percent and 32 percent, respectively). No significant gender differences are found when examining the likelihood of CLOs reporting that they actively encourage staff to engage in pro bono work.



PERCENTAGE ACTIVELY ENCOURAGING LEGAL STAFF TO ENGAGE IN PRO BONO, BY REGION

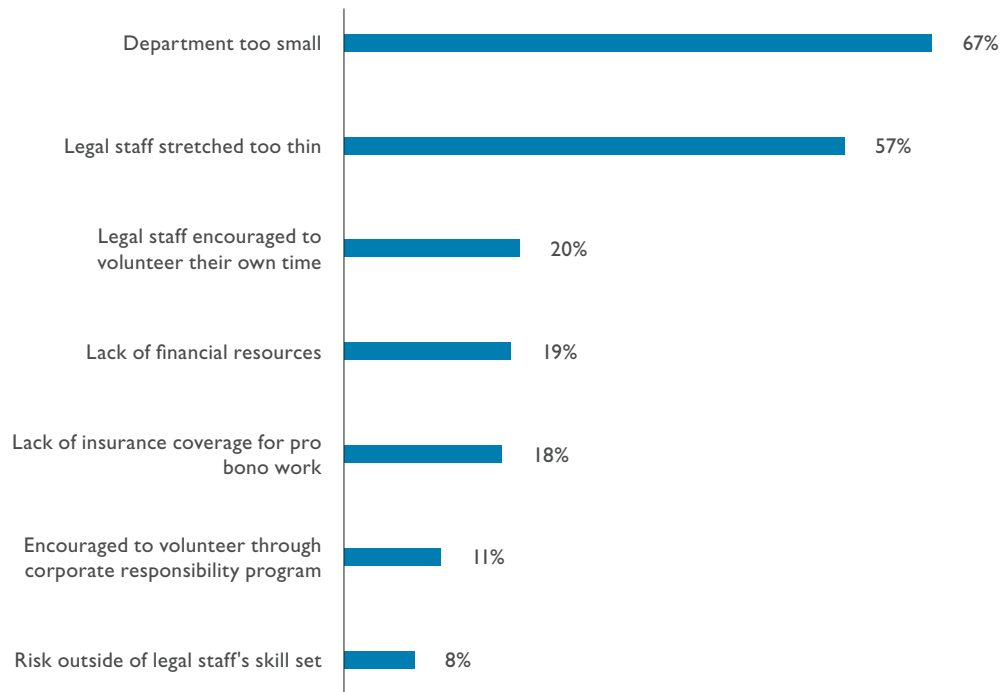
Region	% Encourage
United States	34%
Canada	26%
EMEA	27%
Latin America	41%
Asia Pacific	34%

- Forty-one percent of CLOs in Latin America report that they actively encouraged their legal staff to participate in pro bono work. This is more than in the United States (34 percent), Asia Pacific (34 percent), and EMEA (27 percent).

What barriers, if any, keep you from encouraging your legal staff to engage in pro bono work?

The most common barriers keeping CLOs from encouraging their legal staff to engage in pro bono work include a department that is too small (67 percent) and legal staff that is stretched too thin (57 percent).

REASONS FOR NOT ENCOURAGING PRO BONO WORK



OTHER BARRIERS TO ENCOURAGING PRO BONO WORK

- “I am the only employee in the legal department.”
- “Employer discourages this volunteer work.”
- “Lack of obvious opportunities.”

What is your current job title or function? (Check all that apply)

A majority of respondents hold the title of general counsel (GC) (82 percent), with 27 percent also serving as the corporate secretary and just under a quarter of respondents (24 percent) as CLO. Within smaller departments, approximately 80 percent of respondents report holding the title of GC, compared with less than one-quarter of respondents who have the title CLO. This difference is even more pronounced in departments with only one legal staff member. Also notable, data from the 2014-2015 CLO survey indicates that among those who selected GC as their title, 31 percent also selected corporate/company secretary, 20 percent selected vice president, and 15 percent were both GC and CLO. Among those who selected CLO as their current function/job title, roughly half reported also holding the title or function of GC and corporate secretary. A larger percentage of corporate counsel in the United States held the title of CLO than did non-US respondents.

	2012-2013	2013-2014	2014-2015	2015-2016
General Counsel	74%	82%	77%	82%
Corporate Secretary	<1%	19%	29%	27%
Chief Legal Officer	10%	22%	24%	24%
Head of Legal	1%	11%	11%	14%
Compliance Officer	<1%	10%	12%	14%
Vice President	2%	16%	17%	12%
Senior Vice President	3%	9%	14%	11%
Executive Vice President	2%	8%	9%	6%
Chief Counsel	1%	4%	4%	4%
VP Legal Affairs	2%	4%	4%	3%
Executive Board Member	<1%	3%	3%	3%
Counsel/Counselor	1%	2%	3%	2%
Legal Director	1%	2%	3%	2%
Solicitor/Barrister	<1%	<1%	1%	1%
Advocate	0%	1%	1%	1%
Other	4%	9%	3%	4%
	n=1,065	n=1,216	n=1,289	n=1,302

Note: Respondents were able to make multiple selections

GENDER

- As seen in past surveys, men account for a greater proportion of respondents holding the most senior job titles. Men account for 65 percent of respondents who hold the general counsel title and 70 percent with the CLO title. Seventy percent who also indicate they are an executive board member are men, and 66 percent hold a vice president title.
- When examining job title within gender categories, about the same proportion of men and women hold the title of general counsel. Women are statistically less likely to hold the CLO title (21 percent) compared with men (26 percent).

- A slightly higher percentage of men hold the title of executive vice president (7 percent) compared with women (3 percent).

REGION

- As in past years, the formal CLO title is most commonly held among general counsel in the United States; however, more report holding this title in EMEA, Asia Pacific, and Canada. In the United States, 28 percent of respondents hold the title of CLO. Respondents in the Asia Pacific region are much more likely to hold the general counsel and head of legal titles. In Latin America, 18 percent hold the title of compliance officer — the highest among all regions.

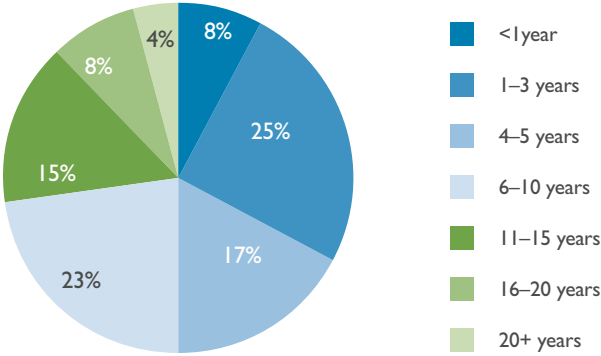
JOB TITLE BY REGION, 2015-2016

Job Title	US	Change from 2014-2015	Asia Pacific	Change from 2014-2015	EMEA	Change from 2014-2015	Canada	Change from 2014-2015	Latin America/Caribbean	Change from 2014-2015
<i>n=</i>	818		173		85		59		22	
General Counsel	87.8%	4.8%	69.4%	12.4%	71.8%	17.8%	88.1%	8.1%	59.1%	-7.9%
Chief Legal Officer	28.4%	3.4%	8.7%	-20.3%	18.8%	-0.2%	16.9%	1.9%	13.6%	-19.4%
Corporate/ Company Secretary	28.9%	-3.1%	26.0%	7.0%	22.4%	1.4%	27.1%	-11.9%	13.6%	-8.4%
Vice President	14.9%	-4.1%	1.7%	-8.3%	5.9%	-3.1%	16.9%	-6.1%	4.5%	-1.5%
Compliance Officer/ Chief Compliance Officer	14.8%	-1.2%	9.8%	-9.2%	11.8%	1.8%	6.8%	-6.2%	18.2%	18.2%
Senior Vice President	13.3%	4.3%	2.3%	-11.7%	5.9%	-21.1%	13.6%	9.6%	0.0%	-22.0%
Head of Legal	12.8%	-0.2%	19.7%	9.7%	14.1%	1.1%	8.5%	4.5%	0.0%	-11.0%
Executive Vice President	7.3%	-3.7%	0.0%	-5.0%	4.7%	3.7%	1.7%	-3.3%	4.5%	4.5%
Chief Counsel	4.3%	1.3%	2.9%	-7.1%	1.2%	-2.8%	6.8%	5.8%	0.0%	-6.0%
Executive Board Member	2.8%	0.8%	.6%	-9.4%	4.7%	-4.3%	3.4%	2.4%	0.0%	-22.0%
VP Legal Affairs	2.7%	0.7%	1.2%	1.2%	1.2%	-7.8%	8.5%	-1.5%	0.0%	-6.0%
Counsel/Counselor	2.1%	-0.9%	1.7%	-8.3%	2.4%	-1.6%	3.4%	2.4%	0.0%	0.0%
Legal Director	1.7%	-0.3%	1.7%	-8.3%	3.5%	-3.5%	1.7%	1.7%	27.3%	27.3%
Other, please specify	2.1%	<1%	9.2%	4.2%	5.9%	3.9%	3.4%	3.4%	13.6%	13.6%

Note: Multiple responses allowed

For how many years have you been a GC/CLO, including all positions you have held with this job title?

EXPERIENCE AS A GC/CLO



GENDER

- One in three GC/CLOs is fairly new to the position, with 33 percent reporting less than three years of experience as the head of the legal department. Women make up 36 percent of CLOs with three years or less of tenure in the position.

REGION

- Generally, tenure is similar across regions though a slightly higher percentage of CLOs in the United States report under a year of experience (9 percent) compared with other regions (5 percent).
- In Latin America/Caribbean, experience in the CLO position is more concentrated with four in 10 CLOs reporting between six and 10 years' experience.
- CLOs in Canada have the greatest number of years in the CLO position overall, with 34 percent in the job for more than 10 years and 9 percent reporting more than two decades in the job.

GENERATION

- One may expect those in the most senior generation to have the most years of experience as the CLO; however, it appears the trajectory to the position has either shortened or become more accessible. Traditionalists tend to have very similar years of experience in comparison to baby boomers and members of Generation X. For example, 35 percent of baby boomers have more than ten years of experience as CLO compared with 24 percent of traditionalists and 21 percent of Generation X CLOs.

DIVERSITY

- There is little difference in the years of experience as GC/CLO when looking at minority and nonminority respondents. Four in 10 CLOs who identified as a minority or member of an underrepresented group in the workplace have between four and 10 years tenure in the GC/CLO position.
- One in four have more than 10 years as GC/CLO and 35 percent are newer to the position, holding the position for three years or less.
- Representation of minority GC/CLOs across tenure categories is relatively similar with few differences in the proportion of minorities based on experience. Respondents who indicate they are minorities/members of an underrepresented group in their workplace account for 13 percent of new GC/CLOs holding the position for under a year and 14 percent of the most senior GC/CLOs who have been in the job for more than 20 years.



Which is the following best describes your company/organization?

	2012-2013	2013-2014	2014-2015	2015-2016
Private	38%	38%	41%	41%
Public	25%	22%	28%	26%
Limited Liability Company (LLC)	15%	20%	22%	24%
Not-for-Profit	11%	11%	10%	12%
Subsidiary of Foreign Public Corp.	7%	7%	7%	9%
Publicly Held Debt/Equity	2%	2%	3%	2%
Limited Liability Partnership (LLP)	1%	<1%	2%	1%
Partnership	1%	<1%	1%	2%
	n = 1,054	n = 1,215	n = 1,289	n = 1,302

What is your company/organization's primary industry?

The top three primary industries include manufacturing (10 percent), finance and banking (10 percent), and information technology/software/Internet technologies (9 percent).

	2012-2013	2013-2014	2014-2015	2015-2016
Manufacturing	12%	11%	12%	10%
IT/Software/Internet Tech	8%	9%	10%	9%
Finance and Banking	10%	9%	8%	10%
Healthcare/Social Assistance	7%	5%	5%	4%
Insurance	5%	5%	5%	5%
Energy	4%	4%	5%	5%
Telecommunications	3%	3%	4%	2%
Real Estate/Rental and Leasing	3%	4%	4%	4%
Construction and Engineering	3%	3%	3%	4%
Pharmaceutical/Medical Devices	3%	3%	3%	3%
Retail Trade	3%	3%	3%	3%
Service Company and Organization	2%	3%	2%	2%
Educational Services	2%	2%	2%	3%
Not-for-Profit Organization	2%	2%	2%	4%
Professional/Scientific/Technical Services	3%	2%	3%	2%
Transportation and Warehousing	2%	2%	2%	3%
Wholesale Trade/Distribution	2%	2%	1%	2%
Accommodation/Food Services	1%	1%	1%	2%
Administrative/Business/Support Services	1%	<1%	1%	1%
Advertising/Marketing/Public Relations	1%	1%	1%	1%
Agriculture/Forestry/Fishing/Hunting	1%	1%	1%	2%
Arts, Sports, and Entertainment/Recreation	2%	1%	1%	2%
Aviation/Aerospace	1%	1%	2%	1%
Biotechnology/Life Sciences	2%	1%	1%	1%
Broadcasting and Media	1%	1%	1%	1%
Chemicals and Plastics	1%	1%	1%	2%
Defense	-	-	2%	1%
E-commerce/Online Sales	1%	1%	1%	1%
Fast-moving Consumer Goods	1%	1%	1%	2%
Management of Companies and Enterprises (i.e., Holding Companies)	1%	1%	<1%	1%
Mining and Quarrying	1%	1%	1%	1%
Oil and Gas	1%	1%	2%	1%
Prepared Food Stuff and Beverages	1%	1%	1%	1%
Public Administration/Government Regulation/Support	<1%	<1%	0%	<1%
Technical/Research and Development	1%	1%	1%	1%
Trade Association	<1%	1%	1%	<1%
Utilities	<1%	1%	1%	1%
Waste Management, Remediation and Environmental Services	1%	<1%	<1%	<1%
Other	6%	10%	5%	1%
	n=1,037	n=1,208	n=1,032	n=1,144

OTHER, PLEASE SPECIFY:

- Semiconductors
- Consumer products
- Hospitality

What is your annual total compensation as of January 1, 2015 (including options, incentives, awards, bonuses)?

The annual total compensation of most CLOs ranges from \$150,000 to \$399,999 in 2015.

	2014-2015	2015-2016
<\$75,000	1%	1%
\$75,000 to \$99,999	2%	2%
\$100,000 to \$149,999	7%	8%
\$150,000 to \$199,999	12%	13%
\$200,000 to \$299,999	23%	26%
\$300,000 to \$399,999	16%	13%
\$400,000 to \$499,999	9%	7%
\$500,000 to \$599,999	6%	4%
\$600,000 to \$699,999	3%	3%
\$700,000 to \$799,999	3%	2%
\$800,000 to \$899,999	2%	2%
\$900,000 to \$999,999	2%	2%
\$1,000,000 to \$1,999,999	7%	6%
\$2,000,000 to \$2,999,999	1%	<1%
\$3,000,000 to \$3,999,999	1%	1%
\$4,000,000 to \$4,999,999	<1%	<1%
\$5,000,000 or more	<1%	<1%
Prefer not to answer	6%	8%
	<i>n=1,019</i>	<i>n=1,137</i>

GENDER

- Thirty-one percent of female respondents report making under \$200,000 compared to 21 percent of men, while 62 percent of female respondents report making greater than \$200,000 compared to 70 percent of men.
- For those who have four to five years of experience as a CLO/GC, only 24 percent of men report making less than \$200,000 compared with 33 percent of women. For those who 11 to 15 years of experienced as a CLO/GC, only 33 percent of men report making less than \$300,000 compared to 49 percent of women.

DEMOGRAPHIC PROFILE

DEMOGRAPHIC
PROFILE

Job Title or Function	2012-2013	2013-2014	2014-2015	2015-2016
General Counsel	74%	82%	77%	82%
Chief Legal Officer	10%	22%	24%	24%
Corporate Secretary	<1%	19%	29%	27%
Vice President	2%	16%	17%	12%
Compliance Officer	<1%	10%	12%	14%
Head of Legal	1%	11%	11%	14%

Company Type	2012-2013	2013-2014	2014-2015	2015-2016
Private	38%	38%	41%	40%
Public	25%	22%	28%	25%
Limited Liability Company (LLC)	15%	20%	22%	24%
Not-for-Profit	11%	11%	10%	12%
Subsidiary of Foreign Public Corporation	7%	7%	7%	9%
Publicly Held Debt, Privately Held Equity	2%	2%	3%	2%
Limited Liability Partnership (LLP)	1%	<1%	2%	1%
Partnership	1%	<1%	<1%	2%

Primary Industry (Top Five)	2012-2013	2013-2014	2014-2015	2015-2016
Manufacturing	12%	11%	12%	10%
Finance and Banking	10%	9%	8%	10%
IT/Software/Internet-related Services	8%	9%	10%	9%
Healthcare/Social Assistance	7%	5%	5%	4%
Insurance	5%	5%	5%	5%

Size of Law Department	2012-2013	2013-2014	2014-2015	2015-2016
1 Employee	19%	20%	16%	17%
2 to 9	51%	53%	55%	58%
10 to 24	12%	12%	16%	14%
25 to 49	5%	5%	6%	5%
50+	13%	10%	7%	7%

Annual Revenue	2012-2013	2013-2014	2014-2015	2015-2016
Less than \$25 million	14%	13%	12%	13%
\$25 million to \$49 million	9%	11%	7%	7%
\$50 million to \$99 million	11%	11%	8%	8%
\$100 million to \$299 million	18%	19%	17%	18%
\$300 million to \$499 million	10%	10%	9%	9%
\$500 million to \$999 million	10%	12%	12%	12%
\$1 billion to \$1.9 billion	11%	8%	10%	9%
\$2 billion to \$2.9 billion	4%	5%	5%	5%
\$3 billion to \$3.9 billion	3%	2%	2%	2%
\$4 billion or more	11%	9%	14%	10%

Gender	2012-2013	2013-2014	2014-2015	2015-2016
Male	68%	65%	64%	65%
Female	32%	35%	34%	35%

COMPANY TYPE

- Eighty-two percent of respondents in limited liability partnerships are male, and 49 percent of respondents in non-profits are female.

REGION

- The region with the highest percentage of male respondents is the Latin America/Caribbean region with 82 percent (18 percent female) and the region with the lowest percentage of male respondents is Canada with 51 percent (49 percent female).

Generation	2012-2013	2013-2014	2014-2015	2015-2016
Traditionalists (1929-1945)	2%	2%	1%	2%
Baby boomers (1946-1964)	54%	49%	50%	43%
Generation X (1965-1982)	43%	49%	48%	51%
Generation Y (1983-1994)	1%	1%	2%	4%

MINORITY STATUS

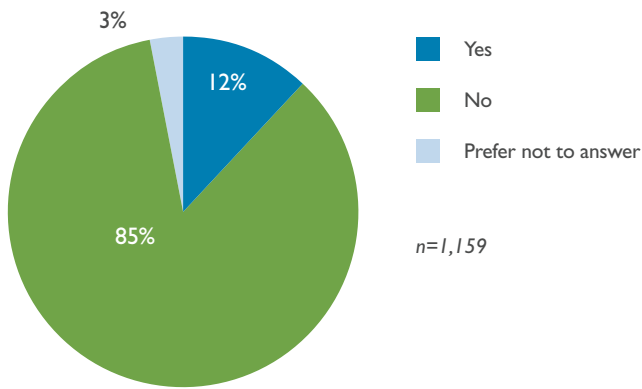
- Five percent of traditionalists identify a minority in their workplace compared with 17 percent of Generation Y respondents.

In which country is your office located?

Country	%	Country	%
Argentina	<1	Ireland	<1%
Australia	12%	Israel	<1%
Austria	<1	Italy	1%
Belgium	<1%	Luxembourg	<1%
Brazil	1%	Mexico	<1%
Bulgaria	<1%	Netherlands	<1%
Canada	5%	New Zealand	<1%
Cayman Islands	<1%	Nigeria	<1%
Central African Republic	<1%	Norway	<1%
Chad	<1%	Philippines	<1%
Chile	<1%	Poland	<1%
China	1%	Portugal	<1%
Denmark	<1%	Singapore	1%
Finland	<1%	South Africa	<1%
France	1%	Sweden	<1%
Germany	<1%	Switzerland	1%
Greece	<1%	Taiwan	<1%
Guatemala	<1%	Turkey	<1%
Hong Kong	<1%	United Arab Emirates	<1%
Iceland	<1%	United Kingdom	1%
India	<1%	United States	71%

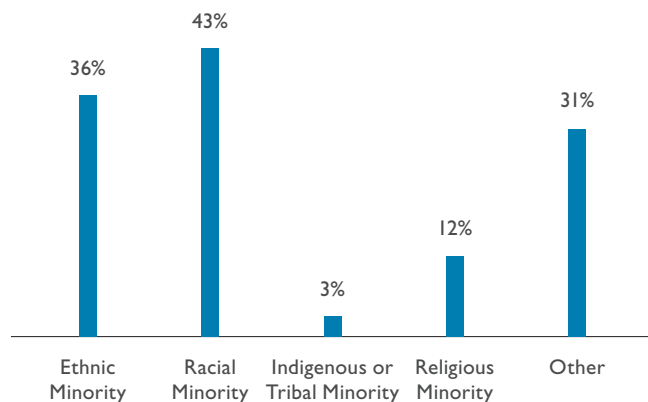
n=1,157

Are you a member of a minority or underrepresented group in your workplace?



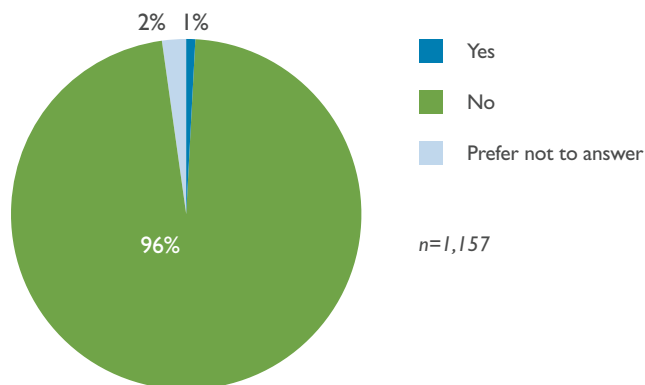
n=1,159

If “yes,” respondents were asked to select from the following list



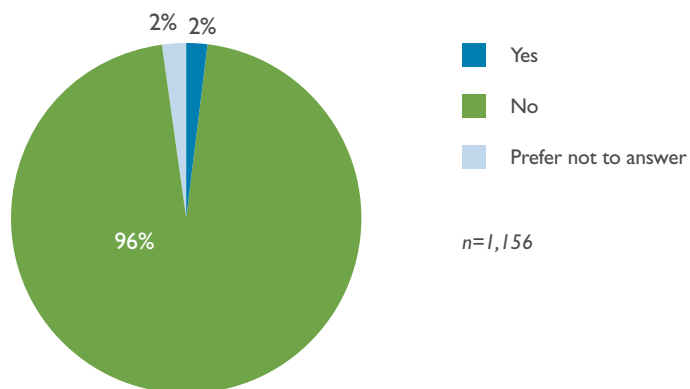
n=136

Do you consider yourself a person with a disability?



n=1,157

Do you identify as lesbian, gay, bisexual, or transgender?



n=1,156



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