AXIOM’S 2023 DEPUTY GENERAL COUNSEL SURVEY REPORT

SPOTLIGHT ON

Technology Industry DGCs
INTRODUCTION

The Importance of the DGC Role:

The role of the DGC is a universally important one. At many enterprises, DGCs operate with considerable latitude in consulting, advising, and representing the company on a variety of highly complex legal, transactional, regulatory, and corporate governance-related matters. In addition to providing strategic advice to management and the board, the DGC will also help set the strategy for the legal function in general while leading a team of legal professionals and overseeing a vast network of outside providers. In some companies, DGCs also liaise with the CFO and assume budgetary autonomy. And, in almost all environments, the DGC will be closer to the resourcing nuances of the legal department and its day-to-day operational challenges than the GC. Finally, the role is made even more important by the fact that its current occupants represent the next generation of in-house legal leadership.

SPOTLIGHT ON TECH DGCS:

Of course, the specific function of the role and its pain points vary by industry. This companion spotlight to our broader report on DGCs (Axiom’s 2023 Deputy General Counsel Survey) highlights benchmarking data on technology-sector DGCs specifically. Our spotlight examines the tech-based DGC perspective on legal department resourcing, budgetary constraints, anticipated headcount cuts, and how best to leverage external support networks. It also examines the career satisfaction of technology DGCs currently in-seat and reveals the obstacles that prevent them from climbing the last rung of the in-house legal ladder.

THE THREE HEADLINE TECH TAKEAWAYS:

1. Much like their peer DGCs from other sectors, technology DGCs are struggling to navigate budget cuts and hiring freezes, which they believe will ultimately affect the efficacy of their already under-resourced department. Per a recent law.com article, we’ve witnessed “historic belt-tightening in the tech industry which has already translated into layoffs of attorneys at tech companies, and the numbers of lawyer cuts is sure to grow as more companies notify affected workers.”

2. But tech DGCs, more so than DGCs in other sectors, do not believe that law firms or internal hires can effectively address their resourcing challenges:
   - With respect to law firms, cost is a paramount concern. (As well it should be, with Corporate Counsel recently reporting 2023 law firm rate increases of between 5% to 15%, with some “hikes are topping 30%.”) Perhaps more surprising but of equal concern to tech DGCs is the administrative burden of managing a vast network of providers, something tech DGCs feel more acutely than their non-sector peers.
   - As for hiring new lawyers internally, few tech DGCs feel this is an effective resourcing solution due to headcount reductions and budgetary concerns. But there’s a broader talent problem with hiring lawyers: tech DGCs have trouble finding the right type of lawyer to meet their needs.

3. In terms of career satisfaction and development, tech DGCs are more likely to see themselves on an accelerated path to a GC role: 3-5 years on average, as compared to 6+ years for their non-industry peers. And while all DGCs share similar pain points about their ability to access the skillsets required to advance to a GC position, tech DGCs are far more likely to proactively ask for resume-enhancing experiences than are their peers outside the sector.
Key Findings

**ECONOMIC PRESSURES:**

- 96% of tech-sector DGCs have seen budget cuts as the result of economic uncertainty
- 96% predict a potential hiring freeze is likely due to economic circumstances
- 56% say some or a great deal was cut
- 37% report it’s very likely or already happening

**RESOURCING ISSUES:**

- 96% report increasing volume and complexity of legal matters
- 93% say the legal department is under-resourced relative to those legal matters (the department doesn’t have the right aggregate resources to do its job effectively)
- 76% say they don’t have the right expertise or bandwidth on staff
  - For tech-based DGCs, the most notable deficiencies are lawyers well-versed in banking/finance, data/cybersecurity, and commercial/contract law
- 44% cite concerns about having the proper technology/systems in place to help manage legal work and legal hiring (higher than non-tech industry DGCs)

**OTHER:**

- 100% of tech-sector DGCs say it is very difficult to hire the right attorneys to meet their needs
- 44% report it very or extremely difficult (the latter stat is notably higher than in other industries)

As per a tech-based lawyer, the market for experienced lawyers is like the “market for fighter pilots. It takes an awful long time to train them. When you have them and they’re doing the job, you want to keep them because it’s hard to replace them.”
SOLUTIONS TO RESOURCING CHALLENGES:

- **Internal Hires**

  96% of tech DGCs **don’t believe** that investing in full-time permanent hires is a very effective solution to address resourcing challenges.

  **WHY INTERNAL HIRES DON’T WORK:***
  - 48% cite difficulty finding the right talent to meet their needs.
  - 44% say they only require part-time help.
  - 41% note the length of onboarding a new hire.
  - 41% are concerned about hiring freezes on the horizon.

- **Law Firms**

  Tech DGCs are less likely than non-industry peers to want to increase support from law firms.

  100% of tech DGCs feel **there are limitations** to how effective law firms can be in addressing departmental resourcing needs.

  **WHY LAW FIRMS DON’T WORK:***
  - 74% note the burden of managing law firms (higher than the average of 66% among all DGCs).
  - 44% cite the lengthy onboarding process for law firms.
  - 41% call law firms “too expensive” a solution.
  - 41% cite law firms’ lack of institutional knowledge and commercial acumen.

- **Flexible Legal Talent Providers**

  67% of tech DGCs believe that flexible talent providers make for a **more effective resourcing solution**.

  **WHY FLEXIBLE TALENT DOES WORK:***
  - 52% cite greater efficiency in using flexible talent as opposed to making an in-house hire.
  - 47% believe flexible legal providers offer more value for every budgeted dollar relative to other resourcing solutions.
  - 41% cite the practical advice offered by flexible providers.
  - 41% believe leveraging flexible providers eases their management burden.
CAREER PROGRESSION:

A third of tech-sector DGCs are not satisfied in their current position (higher than the 27% of DGCs in aggregate).

- 100% of tech DGCs surveyed report feeling stressed or burned out in their current role.
- 78% are open to new positions outside their current employer/role.
- 63% point to limited professional development opportunities.
- 44% cite poor work-life balance as a cause for their dissatisfaction.
- 70% say they will need to change employers to advance their career.
- 48% would consider joining flexible talent providers, virtual law firms, or alternative legal service providers.
- 44% are interested in finding a GC position (this is notably different than DGCs in other industries who are, by and large, looking for another DGC position).

Notably, DGCs in tech feel more ready than peers in other sectors to climb the last rung of the in-house legal ladder. How did they amass the skills required to do so? Tech DGCs proactively request resume building experiences/projects in numbers much greater than peer DGCs.
CONCLUSION

The Bottom Line:

Being a tech DGC is hard. The work is relentless and complex. The work-life balance is unideal. Almost every sub-sector of the industry is fast-paced, requiring in-house lawyers to accelerate the pace of work to get products or services to market quicker. Not only must tech DGCs address novel areas of legal work frequently, but their budget to do so has significantly shrunk. In fact, the tech industry was among the first sectors to meet the recession with belt-tightening moves, including hiring freezes. According to a tech-based legal recruiter, tech DGCs “know the bloodbath has begun.”

As a result, the internal resourcing required to achieve best-in-class legal outcomes is insufficient. Hiring to gain additional support is hard, and now almost impossible due to headcount reductions. Budgets are not only impacting the ability to hire, but spend cuts are also upending the use of law firms [given their hefty price tags, which are only getting heftier].

WHAT’S A TECH DGC TO DO?

One answer is to turn to flexible talent. It’s an idea embraced by the current crop of sector DGCs, who represent the next generation of in-house legal leaders. Two-thirds of tech DGCs see flexible talent providers as a very effective solution to their resourcing challenges. Most progressive tech DGCs know these challenges are about far more than “overflow work.” Leveraging flexible lawyers empowers them to better navigate economic volatility by employing a leaner in-house team supported by an always-on bench of flexible talent.

This model improves risk mitigation by matching legal matters to the right legal talent on an as-needed basis. It also addresses the two major tech-DGC pain points as it relates to use of law firms:

- **Cost:** It decreases cost by minimizing law firm spend, providing better value for every budgeted dollar.

- **Management Burden:** It reduces the burden on in-house counsel who manage multiple law firms.

When will tech DGCs be empowered to employ such a model? Those with budget autonomy are already engaging flexible talent in advance of expected hiring freezes. Others can demonstrate fiscal leadership by proposing flexible lawyer piloting projects to their GCs.

If your legal department is facing staffing challenges, bandwidth issues, or headcount freezes, now is the time to engage an experienced Axiom lawyer. Thanks to our Access Legal Talent platform, you can receive and review instant talent matches and view Axiom lawyer bios filtered by technology industry experience, practice area, location and more. **Browse our legal talent to get started.**