

# EY: IN-HOUSE LEGAL DEPARTMENTS OUTSOURCE INCREASINGLY LESS TO LAW FIRMS

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**[72% of in-house legal](#) departments outsource to non-law firms, EY [survey finds](#). Analysing 1,058 legal departments in 25 countries, the firm tries also to understand why some are actively using legal managed services while others remain reluctant.**

It comes out that lack of prior experience leveraging alternative legal service providers (ALSPs) for different tasks prevents most legal departments from fully embracing them. At the same time, when it comes to contract management or guidance on employment law the majority outsource to external non-law firms providers.

Respondents were classified [into three categories](#): 37% of *pioneers* (who outsourced law services to non-law firm providers and are looking to expand their use of ALSPs), 35% of *explorers* (who are aware of new legal service models and they use those providers for discrete tasks) and 28% of *observers* (who are not considering managed services even though they are aware of the benefits).

According to the survey, the size of the organization matters, showing pioneers and explorers coming from larger companies whereas observers are in smaller ones. Furthermore, while many observers (41%) had no cost-cutting targets for legal managed services, 55% of pioneers had such targets.

Indeed, EY survey shows that law departments are under significant pressure to cut costs (a

situation that can further develop in the post-Covid scenario). As a results, leading law departments have embraced outsourcing as a strategy to cut costs and improve efficiency and focus their department on most important tasks.