

## **The Growing Importance of Data Analytics for Corporate Legal Departments**

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This month, the Coalition of Technology Resources for Lawyers (“CTRL”) released the results of its survey regarding the use of analytics by corporate legal departments. Data analytics is the use of specialized data systems or software that uncovers patterns in data that can aid in a company’s decision-making and reduce costs. According to the survey, in-house counsel are increasingly using data analytics for a variety of tasks and nearly all surveyed agreed that data analytics will play a crucial role in the future in the services they provide to their companies. Ninety-nine percent of practitioners surveyed by CTRL agreed that data analytics “will be very important, will be considered indispensable, and use will be widespread.”

Although corporate legal departments use data analytics in a variety of areas, CTRL reports that it is most commonly used by in-house counsel in connection with e-discovery. Ninety-five percent of in-house counsel predict that spending on data analytics in e-discovery will grow or stay level in 2017. Further, three times as many organizations stated that they will start using data analytics for e-discovery in the next year than the last annual survey conducted by CTRL. With data analytics, companies can sort through large quantities of information and cull the documents that are most likely to be responsive to discovery requests to reduce and organize the documents for more efficient and cost-effective review.

Corporate legal departments also reported that they use data analytics to assess the effectiveness of various legal strategies, evaluate the potential outcomes of those strategies, and analyze overall exposure. This information can help in-house counsel advise their companies on how aggressively to pursue a claim, when to try a case, and when to settle.

The use of data analytics by in-house practitioners goes beyond the litigation arena. Big data is automating the analysis, review, and management of contracts to optimize business and negotiation strategies. For instance, in-house counsel report using data analytics to summarize contracts, compare clauses to various rules and regulations, identify key terms, and populate contracts with information. Based on the CTRL survey, the number of legal departments reporting that they will start using data analytics in their contract review has increased five-fold over last year’s number.

A large majority of those surveyed by CTRL responded that they are using data analytics in various areas of “information governance,” a broad, multidisciplinary subject area relating to the management of information throughout a company. This includes developing policies and processes designed to avoid retaining electronic information beyond a reasonable period or retaining information that is unlikely to be pertinent, a use commonly referred to as “defensible disposition.” Information governance also includes data migration of documents onto various servers and analytic platforms and automatic content categorization to better implement records management. Based on the CTRL survey, eighty-three percent of surveyed legal departments are using data analytics in defensible disposition, eighty-two percent for data migration, and seventy-two percent for automatic content categorization. These numbers represent an increase in all three areas over last year’s survey results.

Given the wide range of ever expanding settings in which corporate legal departments are using big data, from early case assessment to e-discovery, contract review and information governance, data analytics is set to become an increasingly used and important tool for in-house counsel to improve decision-making and reduce costs for their companies. These benefits extend beyond those matters that corporate legal departments handle internally. Many of the “outside” firms retained by companies are also using data analytics, so utilizing this tool synergistically across in-house-outside counsel partnership can help deliver better results.

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