



General Counsel Report from FTI Consulting and Relativity Reveals Declining Risk Preparedness Across Global Corporate Legal Departments

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In-Depth Survey Shows Increased Scope and Scale of Risk Driving Change Across Legal Department Strategy, Technology and Operations

WASHINGTON, Dec. 06, 2023 (GLOBE NEWSWIRE) -- FTI Consulting, Inc. (NYSE: FCN) and global legal technology company [Relativity](#) today announced findings from [The General Counsel Report](#). The study uncovered substantial changes in how global legal departments are strategizing around and preparing for their biggest risks.

The report, which is based on a detailed survey and one-on-one interviews between Ari Kaplan and chief legal officers at large corporations in every major region around the world, revealed contrasting priorities throughout nearly every area of the corporate legal function, including equal enthusiasm and caution regarding technology transformation and investments in hiring amid budget constraints. Notably, 87% of participants expect risk to increase in the coming year and regulatory and global compliance challenges emerged as the number one issue for the first time in the five-year history of the report. In parallel, increases in the scope and scale of corporate risk combined with continually growing demand on legal departments contributed to declining preparedness in every risk category studied.

"Across discussions with corporate legal department leaders, there was a resounding sentiment that the past two years have been the most difficult on record, yet nearly all general counsel are bracing for additional challenges on the horizon," said [Sophie Ross](#), Global Chief Executive Officer of FTI Technology. "They feel underprepared in every major area of exposure, but they're also taking significant and decisive action. Legal department leaders are setting new priorities, strategies and functions that allow them to simultaneously brace for the impact of increased regulatory and legal risk, while remaining open to growth, technology advancement and broader company leadership."

In a series of four installments, the report will cover escalating digital risk and regulatory compliance challenges, key privacy and environmental, social and governance ("ESG") challenges, legal department technology adoption and legal operations trends.

Key findings covered in Part One include:

- Regulatory issues dominated all other risk areas, with 30% of respondents noting this is their top risk for the coming year, compared to 23% who selected this category in the previous year report.
- While regulatory compliance rated number one among 30% of respondents, nearly all (92%) ranked it among their top five exposures. Data privacy and data protection followed, ranked in the top five by 80%, and other leading issues included implications of advanced technology (55%), ESG (53%), increased number of disputes and investigations (50%) and rising legal spend (43%).
- Forty percent of all respondents said their company is following activity around renewed U.S. regulatory enforcement under "dormant" laws (e.g., Clayton Act, Robinson-Patman Act).
- Artificial intelligence was mentioned in the context of risk management by 20% of participants, whereas it wasn't mentioned at all in previous years. One general counsel in Australia said, "I am concerned because we are not clear on its outputs and we have created a generative AI policy to create guardrails. We cannot prohibit its use because people love it, but I want to make sure there are guidelines that will not run afoul of regulations or our compliance obligations."
- Challenges surrounding emerging data from cloud tools, collaboration platforms and chat applications jumped substantially, with 62% of participants stating they had experienced new challenges across disputes, investigations, data protection, governance and compliance, up nearly 20% from the prior year.
- The number of general counsel with some level of concern relating to emerging data sources rose to 93% from 57% in the prior year.

"Managing risk is the raison d'être for any general counsel, and the data from [The General Counsel Report](#) are valuable for gaining insight on where chief legal officers see the leading risks facing corporations today," said [David Horrigan](#), Discovery Counsel and Legal Education Director at Relativity. "In the U.S., we usually see anticipation for regulatory risk to increase after a new presidential administration takes office. Regulatory risk jumping to the top concern in this off-year — leapfrogging data privacy and data protection in the process — shows the significant impact regulations are having on business today."

Part One of [The General Counsel Report 2024](#) is available for download [here](#). Subsequent parts of the report will be released in early 2024.

Demographics and Methodology

In July and August 2023, Ari Kaplan personally interviewed 60 leaders serving as the general counsel or chief legal officer of their organizations. Participants were from across North America, Latin America, Europe, the Middle East and Australia, and roughly half work in organizations with more than \$500 million in annual revenue.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 8,000 employees located in 31 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. The Company generated \$3.03 billion in revenues during fiscal year 2022. In certain jurisdictions, FTI Consulting's services are provided through distinct

legal entities that are separately capitalized and independently managed. For more information, visit www.fticonsulting.com and connect with us on Twitter (@FTIConsulting), Facebook and LinkedIn.

About Relativity

Relativity makes software to help users organize data, discover the truth and act on it. Its SaaS product, RelativityOne, manages large volumes of data and quickly identifies key issues during litigation and internal investigations. Relativity has more than 300,000 users in approximately 40 countries serving thousands of organizations globally primarily in legal, financial services and government sectors, including the U.S. Department of Justice and 198 of the Am Law 200. Please contact Relativity at sales@relativity.com or visit www.relativity.com for more information.

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