



# The future of legal operations

## Unlock efficiency and growth with legal managed services

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Survey insights on unlocking the power  
of legal managed services

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# Foreword

**As regulatory complexity intensifies and business operations accelerate, legal departments face mounting pressure to deliver more—with greater speed, precision, and strategic insight—while managing costs and demonstrating value. Yet many remain constrained by traditional service models that struggle to scale with these evolving demands.**

This gap has created perfect conditions for innovation. Legal managed services represent a fundamental shift from episodic, project-based work to comprehensive, technology-enabled solutions that treat legal operations as an integrated business function.

At KPMG, we recognized this transformation early and responded to what our clients needed. As the first Big Four firm to establish a licensed US law practice through KPMG Law US, we combine deep legal resources with the operational excellence, technological capabilities, and global reach that define our approach across all professional services.

Legal managed services aren't simply about outsourcing routine tasks—they represent a new paradigm for how legal work gets done. By leveraging artificial intelligence (AI), process optimization, and alternative pricing models, managed services providers handle complex operations with precision while freeing in-house teams to focus on strategic counsel and business advisory functions that create the greatest value.

This report examines how forward-thinking legal departments are embracing managed services to transform their operations, revealing both the challenges driving this shift and the tangible benefits sophisticated buyers are achieving. From contract lifecycle management to regulatory compliance, managed services enable legal departments to evolve into strategic business partners that drive measurable value across the organization.

We invite you to explore these findings and consider how legal managed services can help your organization unlock efficiency, enhance risk management, and deliver strategic value in an increasingly complex business environment.



**Rema Serafi**  
Vice Chair-Tax  
KPMG LLP

# Executive summary

The KPMG US Legal Services survey examines challenges facing today's legal operations and the potential of managed services to unlock efficiency and growth. The research reveals how managed services can be a transformative approach to legal needs, helping boost productivity, cut costs, unleash scalable, data-driven processes, and shift focus from routine to strategic efforts.

## Key insights include:

### Challenges

***Commercial contracts are often unmanageable in terms of volume and costs.***

Commercial contracts work occupies an inordinate amount of legal team time and resources. Regulatory challenges (86%) and complex governance structures (60%) are the top contract management pain points for organizations.

### Risks

***Improving contract management is a significant strategic opportunity.***

Inadequate contract management can lead to significant financial losses, legal and regulatory risks, damage to relationships, and operational inefficiencies.

### Approaches

***Managed services can transform contract management and unlock strategic value.***

There is room for improvement in how legal teams manage contract inventories, leverage data and technology, and support enterprise business goals. Legal managed services present an opportunity, delivering scalable resourcing and tech-enabled processes to unleash efficiency and insight.



# Section 1 | How can your legal department transform from cost-center to business enabler?

**Legal teams are taking on more responsibility than ever—driving innovation, managing risk, and enabling growth. How can they do more while staying focused on what matters most?**

Today, many in-house legal teams are stretched beyond capacity. They're navigating lightning-speed advancements in AI-powered tech and data analytics, evolving privacy concerns, and increasingly complex regulations—all amid demands from the C-suite to innovate while managing tedious, high-volume daily work such as commercial contracts.

That's why Forbes Insights and KPMG LLP collaborated on a survey inspired by this overarching question: Are legal executives and their C-suite colleagues effectively leveraging transformative solutions with legal managed services?

Legal managed services are comprehensive, consultative offerings that enable corporate legal and contracting functions to become more predictive, data driven, and commercially aligned—by combining process, technology, people, and legal expertise.

Delegating high-volume, process-oriented legal tasks to a trusted partner provides breathing room for legal teams to boost efficiency, cut costs, keep up with compliance guidelines, and spend time and brain power on required strategic, growth-focused initiatives.

But figuring out exactly where and how legal managed services fit into the operational puzzle of an organization can present its own challenges.

Which pain points, for example, are best addressed by embracing partnered services? Are the benefits measurable or intangible? Are there risks to consider?

To understand more, Forbes Insights surveyed 150 C-suite executives from global corporations representing highly regulated and contract-dense industries, including 50 from US corporations. Of US respondents, more than half hold chief legal officer titles, 46 percent work for organizations posting over \$10 billion in annual revenue and 82 percent represent public companies.

**This report examines the future of legal operations through the lens of US C-suite executives. By analyzing how businesses are approaching their legal support needs within the fast-changing landscape of contract management, rising regulatory pressures, and tech transformation, we uncover key challenges, identify potential solutions, and chart a roadmap for seizing the transformative business efficiencies and cost savings possible with legal managed services.**

## Section 2 | How are in-house legal teams navigating surging demand?

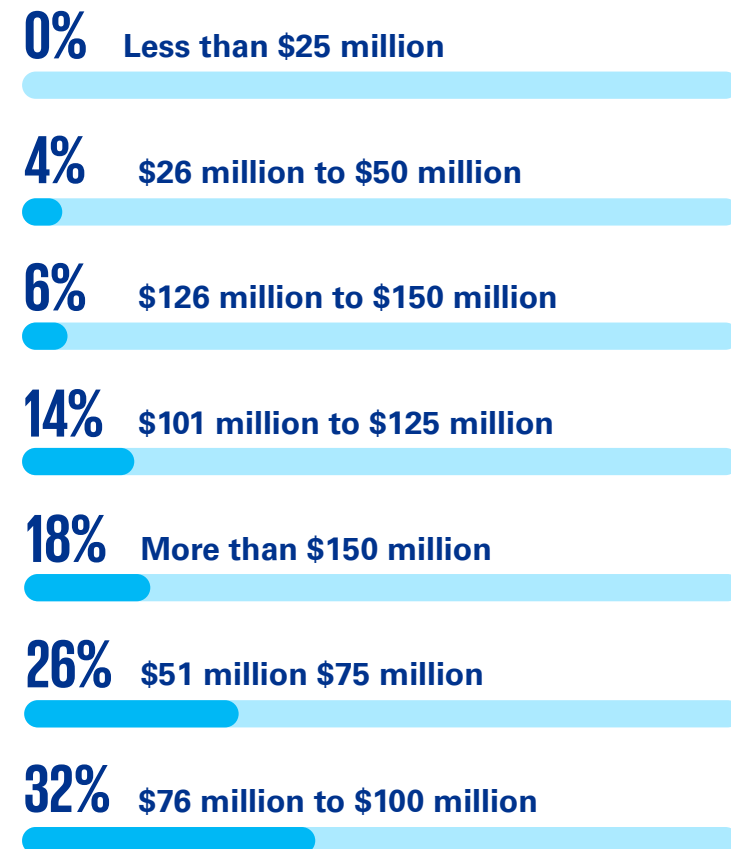
Whether they're based at a fledgling start-up or an established multinational corporation, legal executives often find that commercial contracts work occupies an inordinate amount of time and resources.

As an organization grows, these demands accelerate—often becoming unmanageable in volume and cost. Our research shows the vast majority (96 percent) of US executives already budget at least \$51 million to fund contracts managed services support.

Why such a massive spend? Executives experience myriad challenges in managing contracts at

their organizations, led by regulatory challenges (86 percent), complex governance structure (60 percent), strategic misalignment (34 percent), lack of coordination across departments (20 percent), and perception that contracts are less important than other legal work (20 percent). Addressing this complex and multifaceted set of pain points may partially explain why most US companies are already relying on third parties to help manage their commercial contracts: 58 percent of those surveyed spend at least half of their legal budget on external legal service providers related to contracting.

### What is your organization's budget for contracts managed services support?







**US legal teams are facing a perfect storm of rising contract volumes, increasing velocity, and limited internal bandwidth. Legal managed services providers offer scalable technology, added resources and capacity, and process excellence to help legal departments accelerate their operations both strategically and cost-effectively.”**

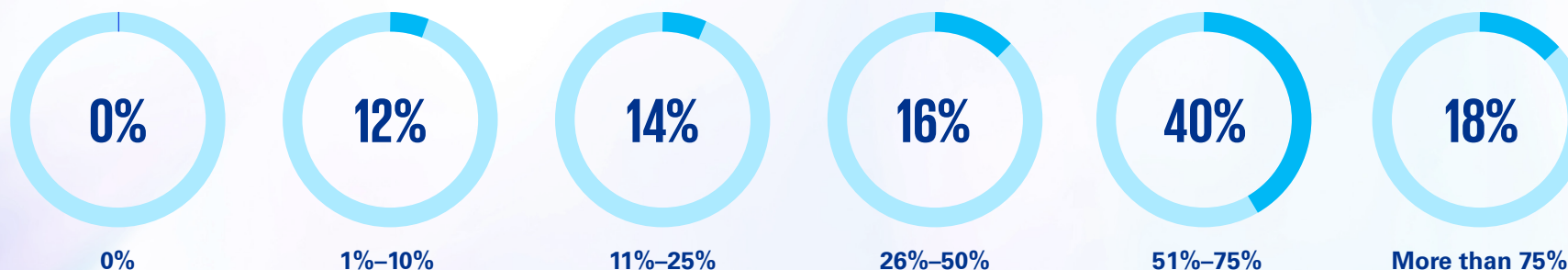
**Jeff Catanzaro**

Principal, Global Legal Business Services  
KPMG LLP

It is also notable that US companies are most concentrated in the midtier spend range. Given this market’s pragmatic, budget-conscious, and ROI-focused approach to contract managed services support, legal managed services can be an especially attractive operating model, delivering cost-efficiency, scalability, and measurable ROI.

Despite receiving third-party support, most US executives still face significant internal challenges. For example, less than half report their contract management process is “highly integrated” and “closely aligned with strategic goals.” Most (51 percent) report being “moderately integrated” across departments, but admit that “not all contracts are fully aligned with strategic goals.”

## What percentage of your legal budget goes to external legal services providers related to contracting?



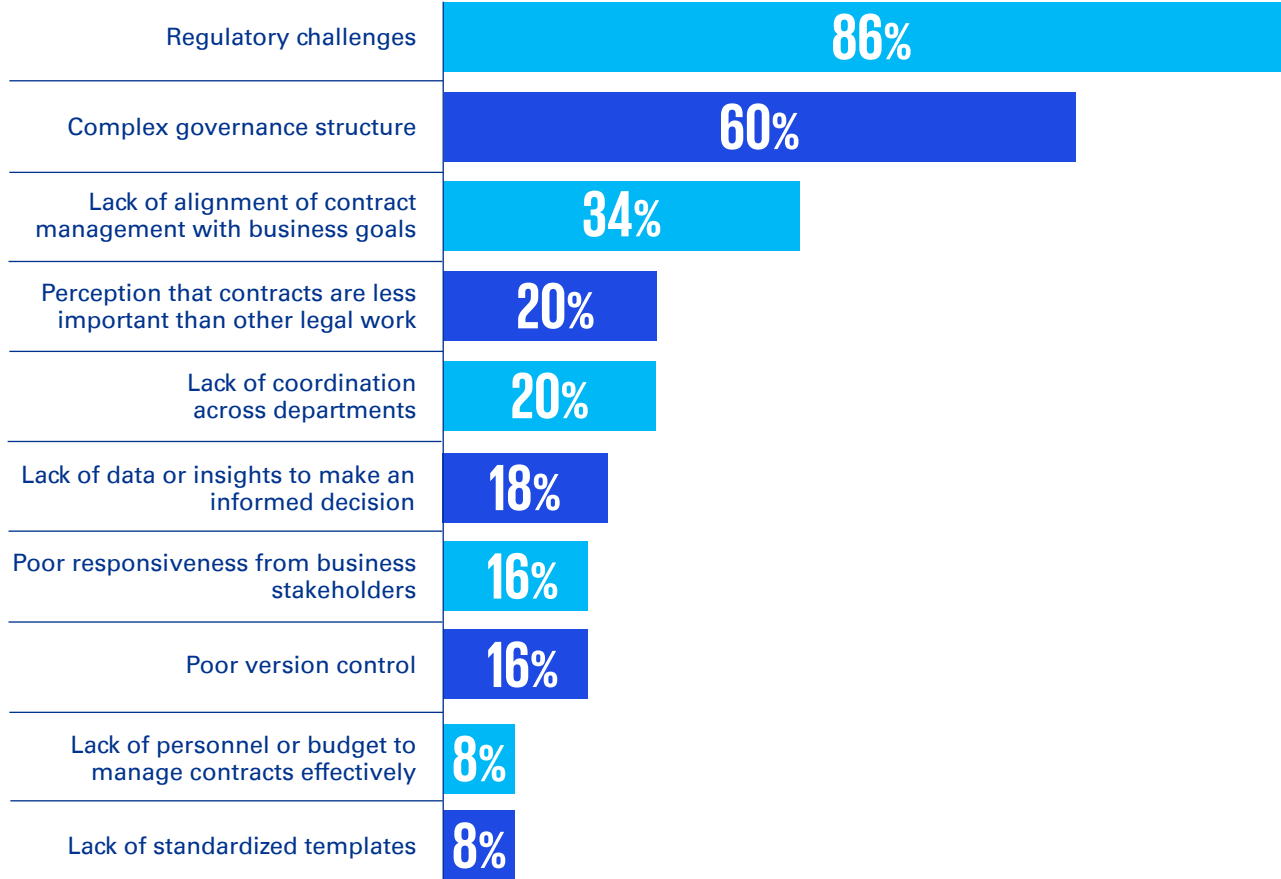
More than one-third of US executives also cite a lack of alignment between contract management and business goals (34 percent) as a top challenge in managing contracts, while 20 percent say they lack coordination across departments and 20 percent struggle with the perception that contracts are less important than other legal work. Eighteen percent say they lack data or insights to make informed decisions.

**Tech-enabled legal managed services operations can allow legal departments to create a dynamic network of agreements and interrogate their own data in an efficient way.**

**Tom Greenaway**  
Principal, KPMG Law US LLC

“While many US companies have invested in contract lifecycle management (CLM) tools, fragmented processes across systems and departments may limit their ability to use contract data to drive progress toward core business goals, such as managing risks and controlling costs of contracting, and accelerating overall speed-to-contract,” adds Catanzaro. “Legal managed services providers have the skill and bandwidth to aggregate and analyze the data the company already has and deliver actionable insights on how contracts are performing.”

# What are the top challenges experienced in managing contracts at your organization?





Our research also points to conflicting perceptions among legal and nonlegal executives when it comes to US legal teams' spend, function, and organizational impact.

According to surveyed executives, the C-suite understands, to a degree, the impact of contract-related costs on other departments at their organization. Half say contract-related costs improve efficiency by streamlining contract review and approval and nearly half (48 percent) believe they improve risk management by ensuring contract terms are standardized and legally sound.

Yet, respondents also note several negative effects of contract-related

costs. Fifty-four percent say complex contract management increases the administrative workload, 48 percent say delays in contract execution result in missed revenue opportunities, and 46 percent say slow negotiations and approvals delay project timelines.

Meanwhile, when asked how nonlegal executive leaders at their organizations view the role of legal in contract management, less than half (44 percent) of respondents say legal provides necessary oversight that protects the organization from risk. Fewer (30 percent) believe the legal team is viewed as a critical partner. And 18 percent see a need for greater collaboration between legal and business departments.

To explain how legal managed services can shift perceptions, Catanzaro offers this perspective:

**Legal departments have a tremendous opportunity to improve the velocity of commerce, driving greater strategic value. Managed services empower and enable this outcome with a scalable, data-driven operating model that accelerates the end-to-end contracting process while freeing up legal teams of focus on managing strategic risk.**

## What is the primary way nonlegal executive leaders at your organization view the role of legal in contract management?

**44%** Legal provides necessary oversight that protects the organization from risk

**30%** Legal is viewed as a critical partner

**18%** There is a need for better collaboration between legal and business departments

**6%** Legal often creates bottlenecks that slow down contract processes

**2%** Legal is seen as an obstacle to faster business outcomes

**0%** There is friction because the role of the legal department is not well understood by other departments

**Jeff Catanzaro**

Principal  
Global Legal Business Services  
KPMG LLP

# Section 3 | What's the business value of embracing legal managed services?

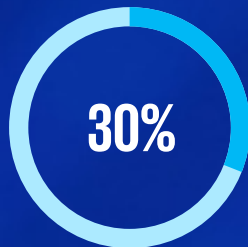
Before we explore the business opportunities made possible by enhancing your legal model with legal managed services support, it's helpful to outline the risks of inadequate contract management.

According to our research, the biggest risks associated with poor contract management are spread across four pitfalls:



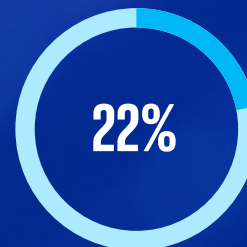
## Financial losses

(due to issues like missed deadlines or payment discrepancies)



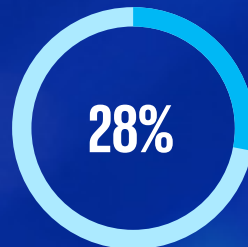
## Damage to relationships

(e.g., reputational harm, litigation, lost opportunities)



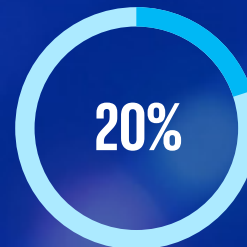
## Legal and regulatory risks

(due to noncompliance, contract ambiguity, etc.)



## Operational inefficiencies

(e.g., delayed execution, poor resource allocation)



This relatively even distribution also reveals four opportunities to improve legal processes—and ultimately enhance broader business operations.

Consider, for example, the question of how contract inventory is managed. While practices vary, legal and procurement leaders increasingly recognize that a single source of truth with established governance represents the gold standard. This approach helps ensure contracts are stored in one centralized location, governed by consistent metadata standards, access controls, and version tracking—creating a reliable foundation for compliance, reporting, and data-driven decision-making.



## Yet according to our survey, only

**22%** of organizations have achieved this level of maturity.

**By contrast,** maintain multiple contract inventories, even if governed, which increases the risk of duplication, misalignment, and inefficiencies.

**Another**  
**16%** operate a single inventory without governance, which may appear streamlined on the surface but often lacks the structure needed for reliable oversight or scalability.

By collaborating with a trusted partner to manage contracts, legal executives can consolidate their inventory management in a manner that best suits their team and organization's objectives.

When asked whether there's a universally preferred model for managing contract inventory, Catanzaro is clear:

**“A single source of truth—paired with established governance and smart workflows—is the gold standard. That's the backbone of a managed services approach to contracts, ensuring contract data is trustworthy, accessible and actionable.”**

**Jeff Catanzaro**

Principal, Global Legal Business Services  
KPMG LLP

Our data reveals the array of technologies utilized in legal processes and contract workflows is similarly disjointed and inconsistent. Knowledge management systems (48 percent) and document management systems (30 percent) are the technologies used most by executives on a daily basis. Executives say they use enterprise legal management systems (48 percent) and predictive analytics tools (42 percent) weekly.

The lack of standardization across contract and legal process management platforms often reflects a mix of organizational complexity, legacy systems, and evolving business needs. It also points to the struggle legal departments face with keeping up with evolving technology innovation. In fact, 76 percent of US respondents say technology advancement is a top external pressure impacting decision-making in contract management.

To help legal teams navigate this landscape, Catanzaro notes: “Partnering with a managed services provider can ease the burden of technology decision-making for in-house teams. We help design and embed standardized, fit-for-purpose workflows that integrate the right tools—so legal and contracting functions can focus on outcomes, not systems.”

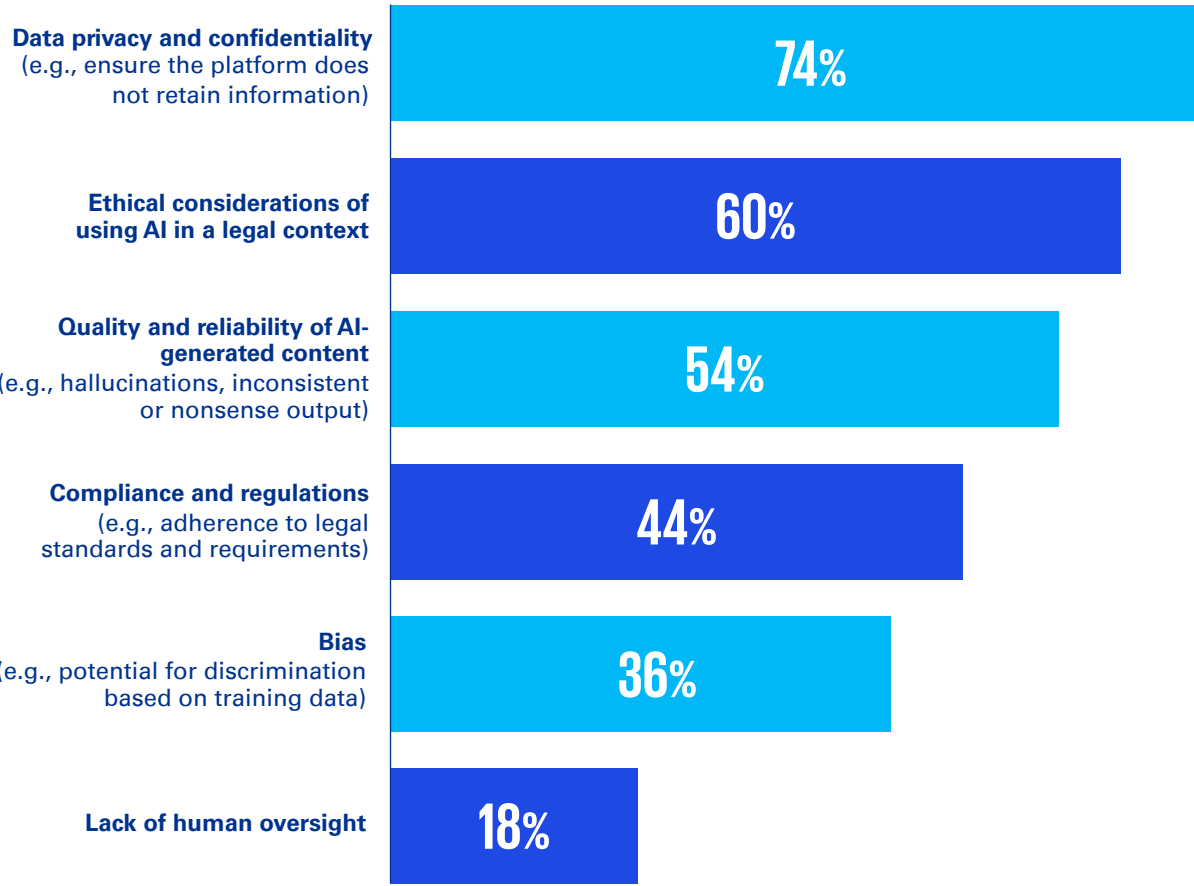
“Legal managed services providers can derisk buying decisions around technology to help companies get more value and ROI out of their technology investments,” says Greenaway. “For example, KPMG Law has built a leading technology ecosystem to host clients and data on the Digital Gateway platform, giving them access to many different third-party technology tools from our Alliance partners like Microsoft, Google, ServiceNow, and others.”

Managing technology risk is a benefit of managed services many legal departments are likely to seek

as generative AI (GenAI) gains traction in legal operations. When asked about the top benefits of using GenAI in contract management processes, 70 percent say it helps draft and review contracts more quickly, and 56 percent say it improves the efficiency of CLM. Yet among US respondents, 42 percent of US respondents leverage GenAI just monthly—a use gap that contrasts with their positive view of the tool’s contributions.

These findings illuminate a striking opportunity for US legal teams to better leverage GenAI to access and analyze contract data for major process optimizations. So why are executives concerned about using GenAI in contracting processes? For most, it’s data privacy and confidentiality (74 percent), ethical considerations (60 percent), quality and reliability of AI-generated content (54 percent), and compliance and regulations (44 percent).

# What are your top concerns about using GenAI in contracting processes?





As legal departments weigh the risks and rewards of GenAI, some remain hesitant to adopt it for contract analysis. Catanzaro explains how a managed services model can provide a path forward: “Working with a managed services provider allows legal departments to deploy GenAI more efficiently—embedding it in governed, use-case-specific workflows that help maximize efficiency while maintaining control, compliance and confidence.”

“At KPMG, we have developed a Trusted AI framework, which sets the standard for how we use AI to develop and deliver innovative and responsible legal services to clients in the US. A human-only legal services model creates unacceptable risks in our increasingly automated business world. The key is finding the right balance between legal professionals and technology—and that balance keeps changing.”

**Tom Greenaway**

Principal, KPMG Law US LLC

## What are the top challenges your organization has accessing, managing, and analyzing contract data, including structured and unstructured data?

**82%** Security and privacy concerns

**70%** Regulatory compliance

**38%** Poor data quality

**34%** Complexity of extracting data from unstructured sources

**14%** Barriers to collaboration between departments

**14%** Difficulty tracking and assessing contract outcomes

**10%** Difficulty managing unstructured data (e.g., PDFs, email, images, presentation materials, etc.)

**8%** Implementation costs

**6%** Time constraints

**4%** Lack of centralized data repository

**2%** Inconsistent data formats

**2%** Lack of software or resources for effective data management

**2%** Lack of skilled personnel

**0%** You do not experience any challenges accessing, managing and analyzing contract data

GenAI reluctance isn't the only factor impeding US executives from accessing, managing, and analyzing contract data (both structured and unstructured). A majority cited security and privacy concerns (82 percent) and regulatory compliance (70 percent)

as top challenges, and a significant minority worry about poor data quality (38 percent) and the complexity of extracting data from unstructured sources (34 percent). When asked specifically about the challenges faced due to unstructured contract

data, 80 percent of US respondents report data quality concerns.

Working with a legal managed services provider can help address these challenges by applying structured processes, technology, and human expertise to turn disorganized or incomplete contract data into a reliable, decision-ready asset.

By standardizing metadata, digitizing legacy agreements, and applying AI-powered tools to extract and validate key terms, a managed services partner can create a clean, centralized dataset that legal and business leaders can actually use. This unlocks opportunities to track risk exposure, measure vendor and customer performance, identify value leakage, and improve compliance monitoring—all of which can reduce costs and drive better outcomes.

# What challenges or limitations does your organization face due to unstructured contract data?





## Section 4 | How can businesses get started today?

For all the varied input and opinions of our surveyed executives, one key finding shines through:

**100%** of US respondents believe their organization is at least reasonably prepared to adapt its contract management process and existing contractual documents in response to evolving global regulatory requirements.

They showcase optimism and confidence in their organization's ability to navigate the future legal landscape, but at the same time, many perspectives above suggest there's more they can do to overcome barriers like slow tech adoption, lack of process standardization, weak alignment with broader business goals, and more.

**“Contracts are more than legal instruments—they’re operational assets that shape how organizations manage risk, revenue, and relationships,” says Greenaway. “For CFOs, COOs, procurement leaders, and legal teams, improving contract management is a strategic lever for driving revenue and growth. By aligning contract processes with enterprise goals, organizations can unlock insights, reduce friction, and accelerate growth.”**

**Tom Greenaway**

Principal, KPMG Law US LLC

## What steps can they take to get there?

For legal executives looking to improve contract management but unsure where to begin, Catanzaro offers this practical starting point: “Managed services offer a pragmatic path to transformation—starting with a focused pilot on high-impact contract types to deliver early wins and tangible value without requiring a full-scale overhaul. More importantly, it creates a scalable foundation for broader improvements—standardizing workflows, enhancing data visibility, and enabling smarter decisions across legal, finance, and procurement. It’s about starting smart, proving value fast, and scaling with confidence.”

# Methodology

Forbes Insights, in partnership with KPMG, surveyed 50 US C-suite executives in early 2025 as part of a global survey of 150 C-suite executives exploring contract management processes, challenges and opportunities, and the outlook for legal managed services for contract management. US respondents included chief legal officers (52%), chief financial officers (14%), chief operating officers (8%), chief procurement officers (6%) and chief technology officers (20%). Respondents represented organizations across automotive (10%), banking and finance (12%), building and construction (12%), energy and natural resources (12%), healthcare (14%), industrial manufacturing (8%), insurance (12%), life sciences (10%) and pharmaceuticals (10%). Respondents came from organizations with at least \$500 million in revenues in their most recent fiscal year, 82% of which were public and 18% were private organizations. All organizations budget \$26 million or more for contracts managed services support.



# How KPMG can help

**KPMG Law US**, the first law firm owned by a Big Four firm to serve the US market, delivers integrated, technology-enabled legal solutions that combine legal expertise with operational scale and digital innovation. Building on the firm's established Legal Business Services practice, the firm helps legal departments modernize through AI-powered tools, legal managed services, and legal operations consulting. As part of a global network of law firms operating in over 80 jurisdictions, KPMG Law US offers clients a unique blend of local insight and global reach to help US legal teams navigate complex regulatory environments, rising contract volumes, and digital transformation. Learn more at [KPMG Law US](#).

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