

UNDER THE RADAR:

HOW LEGAL
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QUIETLY
TRANSFORMING

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Legal departments in Spain are undergoing significant change, though much of it remains invisible as the work takes place behind the scenes. Artificial intelligence is a major driver of this transformation. As legal departments push forward on their transformation journey, they are increasingly confronted by an uncomfortable question: Is the traditional legal service model still fit for purpose?

In this report, Mari Cruz Taboada explores how legal teams are rising to the challenge, drawing on insights from general counsels and board secretaries at leading organizations such as Aena, CaixaBank, Mapfre, Microsoft Spain and Telefónica S.A., and supported by survey data provided by 107 in-house lawyers across Spain, thus offering a detailed view of the subtle yet profound transformation that is taking place in the legal sector. Over the past decade, corporate legal departments have evolved significantly. Yet it is only in hindsight that the full impact on legal services has become clear, reflected in changing team structures, new approaches to procuring external services, and a shift toward more strategic, business-aligned legal roles.

This shift is being driven by both internal and external factors such as tighter regulation, globalization, rapid technological change, and ongoing cost-cutting demands. All of these factors are progressively reshaping the role of in-house lawyers, and redefining their expectations of external legal providers.

However, it comes as no surprise that one of the biggest drivers of this change is artificial intelligence (AI and GenAI). While AI can help legal teams work more efficiently and make better decisions, it also brings new risks. Accordingly, legal departments need to take the lead in making sure AI is used safely, by implementing the right rules, protections, and training.

Empowering internal legal teams

Keeping up with increasingly complex and specialized areas of law has become a major challenge for in-house legal teams. As a result, many companies are relying more heavily on external counsel.

Traditionally, legal departments have been viewed as cost centers rather than value creators, placing added pressure on in-house lawyers. In response, many heads of legal have shifted their focus toward what really matters to the business, i.e., moving away from reactive “troubleshooting” to a more strategic, forward-looking role.

Demands on corporate legal departments have increased steadily. Today’s legal teams are expected to do more with less. They have to optimize resources, deliver faster responses, and directly support the business’ objectives, all while operating in an increasingly complex, high-risk global environment.

Laura de Rivera, Chief Legal Officer at CaixaBank, stated that “Legal services have shifted from being reactive to proactive, becoming involved from the outset in shaping business initiatives and anticipating client needs. This means designing products and services that meet the needs of both internal and external clients.”

The results from the survey reveal that senior in-company legal professionals currently spend **40%** of their time on complex business matters, and **25%** on specialized legal work. However, **35%** of their time is still taken up with routine legal tasks and administrative work, which could often be delegated, automated, or streamlined. This data highlights a clear imbalance: despite their strategic responsibilities, in-house lawyers remain weighed down by lower-value tasks.

This pressure has created growing frustration amongst general counsels, increasing concern over how to streamline their work so they can

focus on what matters most. The survey reveals that some feel increasingly unable to focus on critical, high-value issues.

One of the key barriers that has been identified in this research is the frequent lack of accessible, centralized legal know-how within companies, leading to inefficiencies at a time when legal teams are expected to do more with fewer resources.

The survey results highlight this tension. While **70%** of legal tasks align with lawyers’ expertise, which is critical for both efficiency and job satisfaction, **30%** do not. This misallocation of resources reveals that legal teams are stretched thin, often performing tasks below their skill level, while outsourcing high-value matters which, in theory, they would prefer to handle internally.

Today’s legal teams have to optimize resources, deliver faster responses, and directly support the business’ objectives, all while operating in an increasingly complex, high-risk global environment.

As legal departments face greater legal risks, increasing regulatory complexity, and the need for greater alignment with business strategy, there is a growing desire to empower internal teams. When asked how they would allocate unlimited resources, **67%** of survey respondents said they would strengthen their internal teams, either by recruiting generalists or specialist lawyers, instead of relying excessively on external law firms.

This shift presents a valuable opportunity for law firms to elevate the quality and value of their services. Leading legal teams are increasingly seeking partnerships that go beyond transactional support and instead bring business-aligned,

strategic legal advice that delivers greater value to the organization.

The research showed that in-house legal teams are laying the groundwork to better prepare for the future, for example, by assessing the flow of legal and risk-related information, centralizing and organizing legal knowledge, and improving access to up-to-date legal resources and tools for certain business units.

The research conducted shows that a quiet revolution is already underway, driven by clear motivation and intent, though its full implementation will still require considerable commitment.

Laying the groundwork to improve efficiencies

Many legal departments have begun to focus on knowledge management as the first step towards transformation. They are laying the foundations for more efficient operations by centralizing, categorizing, and coordinating legal and regulatory documentation. The next step will be to adopt technological tools that automate repetitive tasks, freeing up time for more complex, high-value work.

The survey responses show that we are at a critical juncture. Legal technology and artificial intelligence offer a real alternative to alleviate the pressure mentioned above, enabling legal teams to refocus on higher-impact tasks. Automation, AI, and data analytics are helping legal departments improve efficiency. Mapfre, the global insurance company, already has an AI project underway, which will soon be fully operational. José Miguel Alcolea, the firm’s Secretary of the Board, noted that “Artificial intelligence is just another tool that we need to learn how to use, much like we had to learn how to use email at the beginning.”

Overcoming cultural barriers

Transforming legal departments does not come without challenges. However, as the survey

data reveals, **30%** of legal professionals feel so consumed by day-to-day legal matters that they struggle to step back and adopt a longer-term, more strategic perspective.

In addition, general counsels said securing a budget for legal tech is a barrier (often because the C-suite does not yet prioritize legal tech investment).

The survey revealed that **60%** of in-house lawyers reported using document management systems and **50%** data analysis tools. This means legal departments are tracking metrics (number of matters handled, time taken to deal with them, and spending) more rigorously. Nonetheless, challenges remain. Over half of the departments reported issues with disorganized data and disconnected systems. The novelty is that a considerable **40%** are already implementing task automation software as a tool for streamlining operations.



Antonio García-Mon, Deputy Secretary General at Telefónica S.A. pointed out the difficulty of standardizing information management methods within a large organization. “It is a demanding process because everyone has their own way of doing things,” he explained. This transformation takes time. When asked about timelines, legal departments often report that they are quick to implement new technology-driven processes initially, realizing fast benefits from low-hanging opportunities, though full transformation can take from two to five years. Asier Crespo, Legal Director at Microsoft Spain, added, “Those of us leading legal departments must be open to guidance and support during this transformation.” He continued, “We have to be open to rethinking things, not because they’re failing, but because they’re not equipping us for the future. That’s the mental barrier to change.”

Survey responses revealed a mix of challenges when integrating AI tools into in-house legal departments. Cultural barriers, such as resistance to change, lack of training, and unclear strategies, were mentioned more often than technical ones in several areas. For example, **61%** of respondents identified legal and regulatory risks as a cultural barrier to integrating AI tools, and **70%** said the main reason they had not yet managed to implement them was simply a lack of perceived need or resistance to change.

Conversely, technical limitations dominated concerns about implementation costs (**72%**), followed by company policy restrictions (**58%**). These findings show that while investment and infrastructure are important, the greatest hurdle may lie in how to shift mindsets and foster a culture that is open to innovation.

The trend in Spain is that legal teams in larger companies are pulling ahead in tech adoption, while some smaller departments are trying to catch up via more affordable cloud-based tools. Overall, the direction is clear: technology adoption in Spanish in-house legal teams has accelerated sharply in the last three years and is expected to

continue, especially in areas such as workflow automation, AI-assisted drafting, and analytics.

According to Laura de Rivera, “The most in-demand profiles in legal departments are those with technical knowledge, adaptability, technological fluency, and data analysis skills, as well as a willingness to work in teams and use new tools.” She also highlighted the importance of continuous learning. Lawyers no longer work in isolation, collaborating instead with external providers, including law firms and tech vendors, to learn from their experiences and tools, and thus enrich their own transformation processes.

When it comes to professional growth, **69%** of respondents reported that they are already using AI tools and are seeing benefits in terms of efficiency and creativity.

Larger teams are investing in structural transformation, while smaller ones remain at the outset of their adaptation journey.

In teams with more than 20 professionals, **82%** already have profiles that specialize in legal operations, innovation, or in leading digital transformation. Conversely, in smaller firms, only **31%** have taken steps in this direction. In fact, **65%** of teams with fewer than five professionals reported not using new resources and only providing training sporadically and reactively, compared to just **8%** in larger firms. This difference not only reflects available resources but also a cultural and strategic gap: larger teams are investing in structural transformation, while smaller ones remain at the outset of their adaptation journey.

This shift demands not only a change in mindset but also requires investment in training and adaptation. Legal departments must now be equipped to operate in a digital, cross-functional environment.

Are legal teams hiring profiles that specialize in legal operations, innovation, or in leading digital transformation?

82% of big legal teams already have those new profiles

31% in smaller teams, those functions are allocated to existing professionals

large teams = +20 professionals
small teams = 10 or less

The profile of in-house lawyers is also changing fast, although its core remains the same. According to José Miguel Alcolea, “The backbone of any legal department must be made up of lawyers who have a broad understanding of the company’s business,” and he added, “as well as a vision of international business law.” He also underscored the fact that “They must be professionals that can navigate today’s technological environment.”

The survey responses indicated that the most in-demand profiles, given unlimited resources to invest in strengthening the legal teams, are mostly lawyers, whether generalist (35%) or specialist (30%), and professionals trained in project management and legal operations (25%). These profiles are essential to tackle the current and future challenges of in-house legal departments.

The future of in-house legal advisory will be characterized by efficiency, technology, and integration with the business. However, Elena Roldán, General Counsel at Aena, emphasized the value of training in philosophy and ethics for the lawyers of the future. “We need to train differently, using a critical vision. Universities

need to change, but education should start in school. The added value from professionals in the future will come from their ability to think critically, i.e., the human factor, which is a key skill to coexist with artificial intelligence.”

This change generates concern, especially among young lawyers. “They feel threatened by the integration of technology, but there’s no need to worry,” said Antonio García-Mon. “We have a heavy workload and need the support of professionals, so we try to convey that they shouldn’t be concerned.”

“Transformation within legal teams is ongoing,” noted Laura de Rivera, who added that “even though staff turnover isn’t particularly high, training in legal knowledge, soft skills, and technology is essential both for retention and to keep pace with market demands.”

The legal function is morphing from being a standalone service to becoming embedded within business processes. This means working closely with other departments to anticipate and mitigate risks, develop more agile workflows, and implement preventative strategies.

Democratizing legal advice

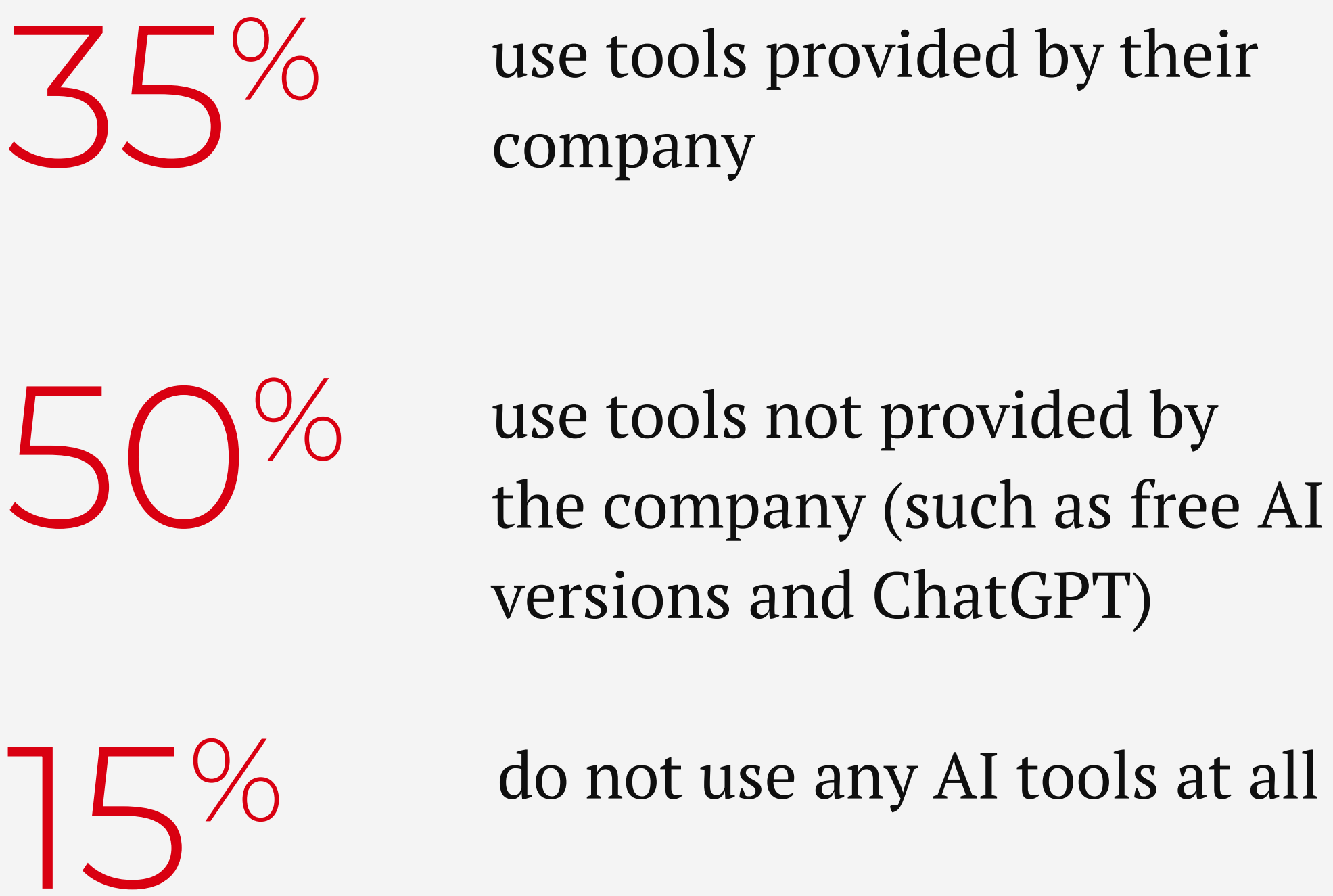
The adoption of AI tools has already begun to shape the professional profile of in-house legal teams. Based on our research, GenAI and AI tools are already being used, mostly to automate routine tasks (60%), improve data analysis (50%), and enhance operational efficiency (40%). Yet the real value of GenAI lies in its potential to democratize legal advice and make it more accessible to other areas of the business. As Asier Crespo noted, “Artificial intelligence enables us to leverage the knowledge and expertise accumulated in our legal departments, making it more accessible to internal clients through natural language interfaces.”

The new AI era is not only transforming how legal services are delivered but is also reshaping the profile of professionals and skills required in in-house legal teams. The research highlighted that an increasing number of legal departments are hiring professionals with expertise in legal operations, project management, technology and data analysis, skills that fall outside traditional legal training. In fact, **84%** of teams with more than 20 professionals now include specialized roles in legal operations, innovation, and digital transformation. By contrast, only **26%** of smaller teams have begun integrating these roles, and **15%** of teams with fewer than five professionals have yet to adopt new resources or provide training on the use of artificial intelligence.

According to the survey responses, lawyers working in organizations that have not formally integrated AI tools into their legal department often turn to free platforms such as ChatGPT to support their work. This informal use reflects both the demand for greater efficiency and the growing accessibility of AI technologies. However, delays in implementing secure, in-house AI solutions increase operational risk, as legal professionals may resort to external tools outside the company's environment, potentially exposing sensitive data or generating inaccurate information. This highlights the urgency for legal departments to provide approved, well-governed AI resources, ensuring both safety and effectiveness in their uptake.

The survey responses revealed that, in Spain, the frequency of AI tool usage varies across teams: **35%** use tools provided by their company, **50%** use tools not provided by the company (such as free AI versions and ChatGPT), and **15%** do not use any AI tools at all.

What is the frequency of AI tool usage across teams in Spain?



Interestingly, AI is not seen as a threat in larger teams (**0%**), although **5%** say this is in teams of under five people. This resistance is likely not due to individual reluctance, but rather to a lack of company investment in tools. Larger teams tend to use AI tools more frequently, especially those not provided by the company (**62%** vs. **39%** in smaller departments). This suggests they may have greater autonomy or take more initiative in adopting new technology.

As legal departments push forward on their transformation journey, they are increasingly confronted by an uncomfortable question: is the traditional legal service model still fit for purpose? The answer, for many, lies in the tension between urgent operational demands and the investment required to adapt.

Three different scenarios emerged from the interviews and survey data:

- | Departments that fully embrace change, fostering a mindset shift across the team and integrating transformation into their way of working.
- | Legal teams that take a first step by launching pilot projects, introducing small-scale changes

which, when successful, can become a stepping stone that encourages broader transformation.

| Departments that respond to change with resistance and concern, ultimately delaying or halting transformation.

The implementation of legal tech and a more strategic approach to knowledge management is ushering in a new way of delivering internal legal services, which calls for a broader, more diverse range of professional profiles.

A new approach to legal services

Legal departments are no longer looking exclusively for lawyers. They are increasingly seeking individuals with skills in business management, technology, and data analysis. Non-legal roles such as compliance experts, data scientists, and process automation specialists are now becoming embedded in legal teams.

Legal departments are increasingly seen as being an essential element of a broader business strategy. Business decisions today require legal input from the very beginning, and inter-departmental and cross-border collaboration is more essential than ever. As Alcolea pointed out, “It is vital to safeguard the three pillars of legal, compliance, and security, as they are essential, especially in a company handling sensitive information.”

Not all legal matters carry the same level of risk, and many routine or low-risk issues can be streamlined. By identifying and optimizing these lower-risk areas, such as standard contracts, policy clarifications, and compliance FAQs, legal departments can curate and structure the information in ways that make it more accessible and usable by non-legal teams. However, according to Asier Crespo, “Having good data architecture is critical to prevent undue access to confidential information and the oversharing of files that should be restricted.”

This shift not only empowers other business units to act with greater confidence and efficiency but also frees up legal professionals to focus on higher-risk, more strategic matters. Ultimately, making legal information more visible, digestible, and action-oriented across the organization supports faster decision-making and stronger alignment with business goals. The survey responses revealed that **75%** of in-house lawyers see this type of collaboration as crucial, while **67%** believe their legal department plays a strategic role in the overall business.

The legal function is evolving from a standalone service to becoming embedded within business processes, which involves anticipating and mitigating risks, developing more agile workflows, and implementing preventative strategies. As José Miguel Alcolea stated, “Regulation is essential in our line of work. It defines product features, the required guarantees, and how these are communicated to customers, all of which impact business performance.”

Ultimately, making legal information more visible, digestible, and action-oriented across the organization supports faster decision-making and stronger alignment with business goals.

Finally, Asier Crespo concluded: “AI will enable all the knowledge and expertise we’ve accumulated in legal departments to become more accessible to our internal clients in a way that uses natural language, without having to ask how a lawyer would phrase it. It will enable ‘cold’ advisory. AI will help democratize access to regulatory issues for other business areas. This will help to bring us closer together and build stronger relationships with each other.”

Rethinking the relationship with external counsel

The opportunity that artificial intelligence brings to in-house lawyers also extends to external lawyers, many of whom have joined forces with their clients to develop and implement legal tech or GenAI. However, as the internal department model evolves, it will inevitably have a direct impact on how legal services are contracted, both in terms of substance and structure.

Technology plays a fundamental role in this transformation. Automation tools and artificial intelligence enable improved efficiency and a focus on higher-value tasks.

How is the new AI era going to affect the relationship between legal teams and law firms?



(multiple response)

As in-house legal departments evolve, so too must their relationships with external counsel. Over the years, in-house lawyers have shared their expectations, and the current landscape presents an opportunity to reassess how they collaborate with external lawyers. Our research shows that **58%** are satisfied with their external advisors. However, looking ahead, respondents identified several areas for improvement when outsourcing legal services to law firms, including pricing (**47%**), better time management with external lawyers (**32%**), improving communication on how the business operates (**25%**), and making sure externals provide more business-oriented, practical advice (**20%**).

According to Elena Roldán, “We work with a pool of law firms and we have an excellent relationship. They bring an external perspective and they use AI. Those who don’t will fall behind.” She also added, “We hire excellence. We don’t outsource day-to-day work, we already handle that ourselves. However, the process to reach the final product in the near future needs to be more cost-effective.”

According to José Miguel Alcolea, “External lawyers will continue to be able to provide something fundamental that AI cannot offer: responsible judgment.” Antonio García-Mon agrees and noted that “External lawyers are hired because they have empirical knowledge that AI currently doesn’t have.” However, he predicts a change. “Certain legal departments within companies have a high volume of work, and as they are overwhelmed, they outsource more. But I believe that this process of modernization and the implementation of new technological tools will give in-house lawyers room to be more efficient and, therefore, use external services differently.”

Survey results show that AI is seen to be most valuable in specific practice areas such as intellectual property (**65%**), privacy and cybersecurity (**64%**), and compliance (**59%**). Areas such as labor law (**46%**), litigation (**42%**),

real estate/project finance (28%), and financial regulation (26%) scored lower, suggesting that AI's perceived impact is highest in tech-driven and innovation-heavy fields.

The new model, therefore, redefines the relationship with external law firms. Companies are seeking efficiency, transparency, added value through technology, and closer collaboration.

In Spain, Asier Crespo anticipated “that law firms will need to review their overreliance on their billable hours.” He added, “I am aware that it is how lawyers’ performance is measured and rewarded, but inevitably, with the implementation of AI and cost pressures, in-house lawyers’ expectations will change.”

Companies that manage to adapt their legal function to this new paradigm will not only reduce costs and increase their competitiveness but will also be able to dedicate more resources to high-value strategic activities.

Looking ahead

As we have seen, the evolution of legal departments in Spain is no longer a distant prospect, it is happening now. Legal teams are moving from traditional, reactive roles to becoming more strategic and closely integrated within the wider organization, driven by business demands and enabled by new technologies.

However, progress is not uniform. Larger companies are moving faster thanks to the availability of resources and clearer strategies. This requires a shift in mindset. Legal expertise remains essential, but it must now be combined with technology, data, and cross-functional collaboration to create real value.

Artificial intelligence is a major driver of change. However, it introduces risk and underlines the need for legal teams to lead AI adoption with proper governance, safeguards, and training. The type of

talent being hired in legal departments is changing too. Roles focused on project management, technology, data analysis, and innovation are becoming essential, not just add-ons.

Artificial intelligence is a major driver of change. With legal tech tools in place, in-house teams are now better equipped to handle complex matters directly.

This shift also affects how legal departments work with law firms. With legal tech tools in place, in-house teams are now better equipped to handle complex matters directly. The result will be a more efficient, value-driven legal service model that redefines the traditional relationship between companies and their external advisors.

In short, legal departments are at a critical crossroads. The legal team of the future is a core part of business strategy. Firms that modernize their tools and rethink how they work, both internally and externally, will be better positioned to support business growth, manage risk, and drive innovation.