



Mastering the Make vs. Buy Equation for Optimal Legal Performance

Interviews and Profiles

Law Department Management



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Today's dynamic business environment demands that in-house legal departments proactively drive business value as strategic partners, moving beyond their traditional cost center role. While there is likely to be near universal agreement that mitigating legal risk is a crucial component of any high-performing business, law departments often struggle to demonstrate their value to the business in an objective and quantifiable way.

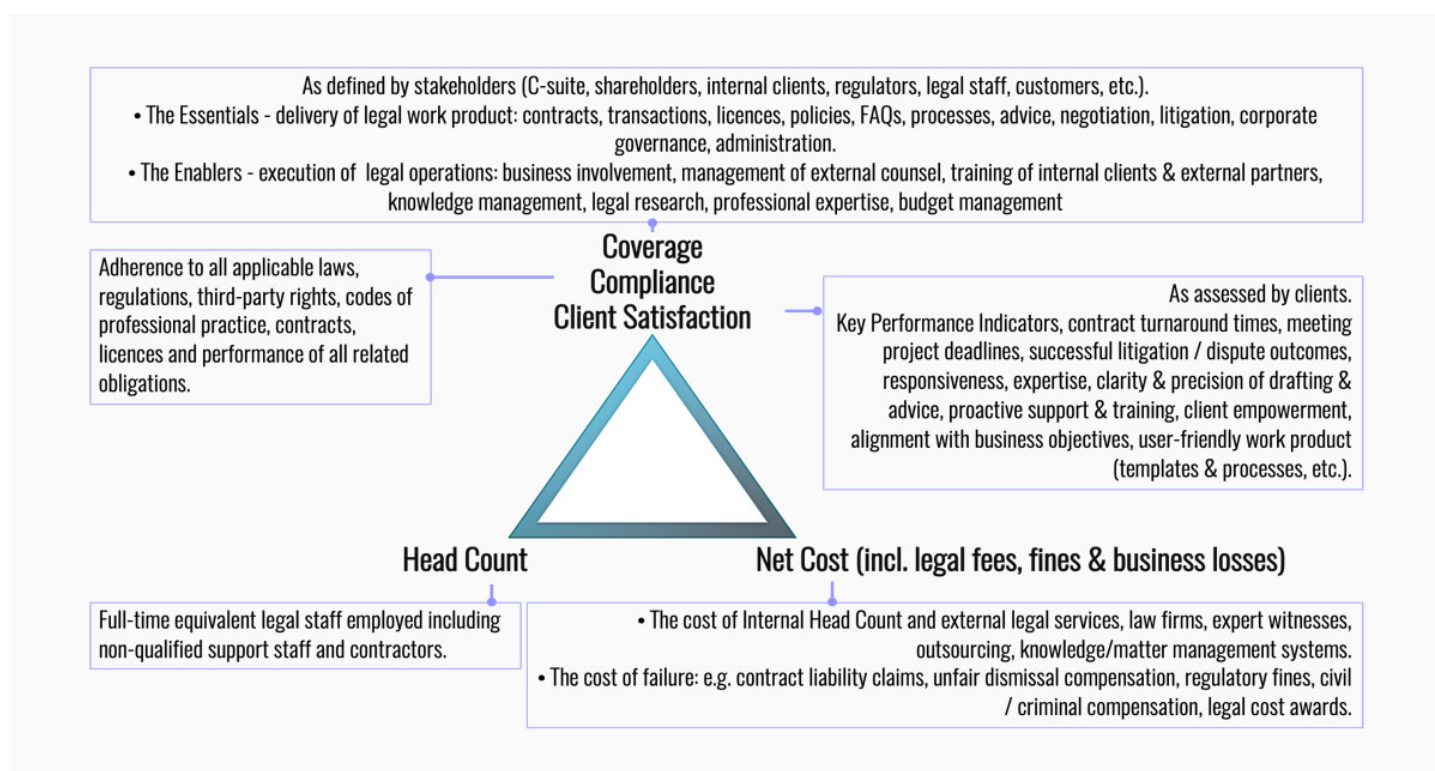
This is why ACC seeks to spotlight members, like Avaloq's Group General Counsel, Hubert Gmünder, who actively sought to not only define the internal challenges his department was facing but took decisive action through a strategic resource optimization process. While Gmünder's efforts clearly yielded significant efficiency gains visible within Avaloq, the objective analysis provided by the [ACC member-only advisory offerings](#) in partnership with [Smarter Law Solutions](#) delivered concrete evidence, **specifically revealing the impactful connection between Avaloq's "make vs. buy" balance and its internal client satisfaction.** This data-driven insight served to further validate the effectiveness of Gmünder's strategic initiatives and underscore the tangible business enablement achieved.

Avaloq is a model example of how proactive legal departments can elevate their strategic importance within an organization. This article demonstrates that by embracing data-driven analysis and a commitment to optimization, in-house legal teams can not only achieve significant efficiencies but also objectively prove their value to the wider organization. It underscores the critical role that insights, like those offered by ACC and Smarter Law Solutions, play in empowering legal leaders to make informed decisions that drive tangible business enablement and foster greater client satisfaction.

Context: What makes a legal department high-performing?

Think of a legal department's performance as an engine driven by its **inputs** and measured by its **outputs**. The inputs fueling this engine are the financial investment in legal expertise (both internal and external), the team's size and specialized skills, and any associated liability costs. The engine's outputs are the concrete results: the amount of legal work covered, the robustness of compliance efforts, and the overall satisfaction of internal clients with the legal support they receive.

In more specific terms, high-performing in-house legal departments drive strategic value within their business by increasing legal output (coverage), safeguarding the business (compliance), and elevating internal client satisfaction. This is accomplished by optimizing internal resources (headcount) and minimizing net cost, which includes internal and external lawyers but also the financial impact of non-compliance — liabilities, fines and penalties that a lack of coverage and compliance can generate. This framework can be viewed in detail through the following visual.



Source: Smarter Law Solutions

Avaloq's Gmünder has his own analogy for his legal department: Rather than an engine, think of a car's brakes. Why do brakes exist? Some may answer immediately that brakes exist to stop the car, which is partly true. But the reality, Gmünder shared, is that brakes exist to allow the car to go fast — because without high-performing brakes, even the fastest sports car could only drive at a minimal speed to avoid accidents. So, too, with a legal department, helping to guide and protect a business, allowing it to **go fast**.

Most legal departments operate in a “false economy”

In this context, a **“false economy”** refers to a situation where an apparent saving is made, but it leads to greater expense later. It’s an attempt to economize that proves to be more costly in the long run.

A standard scenario looks like the following: A department attempts to save money by understaffing its internal legal team and cutting budgets for essential legal training and software. This perceived immediate saving is based on an incorrect estimation of the actual legal service needs, leading to the internal team becoming overwhelmed and lacking specialized expertise. Consequently, the department experiences a high number of costly compliance incidents (e.g., regulatory fines, litigation from contractual errors) and is forced into an unanticipated, costly reliance on outside counsel to manage the resulting crises and fill internal knowledge gaps. The initial “savings” are dwarfed by the subsequent, higher expenses, revealing the cost-cutting measure to be a false economy. This is represented in the below visual.

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This “false economy” environment also exposes a significant flaw in how legal departments typically approach benchmarking. They often compare headcount and legal spend against peers as isolated metrics, failing to recognize their direct, interconnected relationship. Relying on a single metric for benchmarking yields an incomplete performance narrative. Meaningful insights require analyzing headcount and cost in combination, understanding them as direct inputs that drive crucial outcomes such as legal coverage, compliance effectiveness, and client satisfaction.

[ACC Members: Download the newly released
2025 Law Department Management Benchmarking Report](#)

How the Avaloq legal department optimized its “make vs. buy” balance (Inputs)

Avaloq is a Swiss-based, industry-leading provider of wealth management technology and services for financial institutions worldwide. A subsidiary of Japan’s NEC Corporation, Avaloq has 2,500 employees across its 11 locations worldwide. Today, over 170 banks and wealth managers use Avaloq software to manage CHF 4 trillion in assets. Avaloq’s legal department employs 15 legal specialists.

When Gmünder joined the organization about 10 years ago, he found that the primary challenge

faced by the legal department was a heavy over-reliance on external legal support, even for day-to-day, “commodity” legal work. This reliance led to several problems:

- **High external costs:** They were spending a lot on outside counsel for tasks that could be handled internally.
- **Slower turnaround times:** Having to constantly defer to outside counsel for answers made the legal process less efficient and slower.
- **Decentralized legal spend and potential for “opinion shopping”:** Legal budget was spread across departments, giving local management the option to seek alternative outside counsel if they disagreed with the in-house legal team’s advice. This created potential for inconsistency and could undermine the legal department’s authority.

To solve these challenges, the Avaloq legal team employed two key strategies. First, they implemented a **strategic insourcing initiative**, shifting away from extensive reliance on outside counsel for day-to-day legal work. They identified the specific areas of legal specialization that could be managed in-house and hired specialists to fulfil those needs internally. This also allowed the in-house team to develop deeper specialization in areas critical to Avaloq’s business, improving response times, enhancing the department’s internal reputation and confidence, and ultimately reducing outside legal spending. While outside counsel is still critical and utilized for other highly specialized areas, the focus remains on handling core business legal matters internally.

Second, the Avaloq legal team centralized control over **legal expenditure within the legal department’s budget**. This strategic move sought to prevent other departments or local management from independently engaging outside counsel, ensuring that all legal questions were funneled through the in-house legal team. This not only helped to maintain consistent legal advice but also prevented potential conflicts arising from differing external opinions, thus streamlining legal operations and controlling costs more effectively.

Although these efforts clearly yielded efficiency gains that were visible within Avaloq, Gmünder sought objective and quantifiable evidence for these perceived gains by utilizing the [ACC member-only advisory offerings](#) in partnership with [Smarter Law Solutions](#). After obtaining several key data points, we produced a brief benchmarking assessment for the Avaloq legal department, comparing its own metrics against a pool of relevant industry peers.

The benchmarking assessment revealed that Avaloq’s legal department demonstrates exceptional performance compared to its peers, striking an optimal “make vs. buy” balance. Despite an internal headcount that sits between the median and upper quartile, their internal spend remains at or near the median, indicating remarkable cost-effectiveness per person. Furthermore, their external legal spend is significantly below the lowest quartile of their peer group.

Benchmarking assessment results

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This strategic allocation of resources translates into several key advantages:

- **Superior cost efficiency:** They achieve lower costs per hour and fewer hours worked compared to their counterparts.
- **Enhanced responsiveness and client satisfaction:** The strong internal team should foster greater responsiveness and higher satisfaction among internal clients.
- **Sustainable and high-quality legal services:** This model should support high-quality output, robust compliance, and improved job satisfaction for the in-house team.

However, while the benchmarking assessment confirmed Avaloq's legal department has achieved an optimal "make vs. buy" balance, this quantitative analysis solely focuses on **inputs**, leaving key performance outcomes unaddressed. It doesn't evaluate the volume of legal work effectively managed, the level of compliance achieved, or the degree of client satisfaction with how legal services are delivered. Ultimately, true performance is a measure of both the resources utilized and the results generated (i.e., the inputs and **outputs**).

To provide a more comprehensive view of legal department performance, ACC's member offerings also include a complimentary internal client satisfaction survey. The Avaloq legal department utilized this service, achieving exceptionally strong results. Their overall perception score averaged an impressive **8.4 out of 10**. Notably, their **8.8 average rating as a strategic business partner** is the highest ever observed in Smarter Law's benchmarking exercises to date.

Internal client satisfaction survey results

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Elevating internal client satisfaction is not merely a beneficial byproduct of an efficient legal department, but a critical pillar supporting its high-performing status. When internal clients, such as other business units or executives, feel well-served, understood, and supported by their legal colleagues, it fosters greater collaboration and proactive engagement with legal issues. This satisfaction translates into more effective risk management as departments are more likely to seek legal input early and often, preventing costly reactive measures and mitigating potential liabilities before they escalate. Ultimately, a high degree of internal client satisfaction transforms the legal department from a perceived cost center into a trusted strategic partner, directly contributing to the overall success and resilience of the business.

We can clearly observe this is occurring for Avaloq's legal department based on the specific areas in which Avaloq was rated highly. The results show that its internal business partners view the legal department as highly accessible and responsive, proactively engaged, and business oriented.

The open-ended internal client feedback also consistently highlighted the legal department's exceptional service and strong business acumen. Clients praised the legal team for being highly collaborative, supportive, and readily available. They consistently receive timely, high-quality, and pragmatic advice that is business-focused and balances legal needs with commercial realities. Terms like "solid and seamless," "prompt reactions," "first-class service," and "highly proactive support"

frequently appeared in the commentary, underscoring a perception of professionalism, efficiency, and a willingness to “go the extra mile.”

Tying it all together

In contrast to the common “false economy” environment, the Avaloq legal department’s environment is represented through the visual below: above industry median headcount, below industry median net cost, and extremely high internal client satisfaction.

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Under Gmünder’s leadership, Avaloq’s legal department underwent a significant transformation, effectively resolving initial challenges stemming from over-reliance on external counsel and decentralized legal spending. By strategically insourcing key legal functions and centralizing budgetary control, the department achieved remarkable efficiency gains, reducing costs and enhancing internal credibility. This proactive approach not only optimized their “make vs. buy” balance — demonstrated by highly cost-effective internal resources and exceptionally low external spend compared to peers — but also fostered a more responsive and specialized in-house team.

Beyond quantitative efficiency, Avaloq’s legal department has achieved outstanding qualitative outcomes, as evidenced by their internal client satisfaction survey. Their impressive overall perception score of 8.4 out of 10, coupled with a record-high 8.8 rating as a strategic business partner, reinforces their success in becoming a highly valued and trusted partner within the organization. This strong client satisfaction, characterized by perceptions of accessibility, proactivity, and business-oriented, high-quality advice, is a direct result of their strategic restructuring and ultimately solidifies their position as a high-performing legal function.

Avaloq is a model example of the strategic utilization of ACC’s benchmarking data and Smarter Law Solutions framework to reveal their “make vs buy” balance and the resulting qualitative output. By embracing analytical insights and leveraging tailored guidance, the Avaloq legal department has not only optimized its internal efficiency but has also emerged as a benchmark for excellence, demonstrating how a proactive legal function can significantly contribute to organizational success.

From the results, Gmünder did notice a recurring theme: A desire for more accessible self-service “commodities.” Rather than pick up the phone or send an email to the legal department, internal stakeholders can access templated legal resources in an easy-to-use online portal. While this approach was already top of mind, the survey results made it extremely clear that improving this self-service function would have a great impact on the organization.

ACC's annual Law Department Management Benchmarking survey data

We are often asked, "What are the most important metrics for a legal department to track, and why?" The answer lies in common sense and aligns with a universally accepted improvement cycle: Define your goals, measure current performance against those goals, analyze the results to identify areas for improvement, and then act on those insights.

The ACC benchmarking data is the in-house legal profession's most comprehensive set of these vital measurements, serving as the essential "where are we?" in this continuous improvement cycle. The survey data covers critical financial and operational data for legal departments such as headcount, internal and external legal spending, how legal work is sourced, law firm and ALSP engagement, and business function reporting.

Learn more about the 2025 survey data: <https://www.acc.com/financial-and-operational-metrics>

ACC + Smarter Law Solutions partnership offering

ACC members have exclusive access to three key law department performance improvement benefits offered as part of ACC's advisory partnership with Smarter Law Solutions:

- **Consultation:** Members may book a complimentary consultation to discuss a wide range of performance topics including: strategy, leadership, individual/team performance, coaching, building relationships with the business, demonstrating value, organizational design & development, driving change, legal operations, managing external counsel, and technology.
- **Benchmarking assessment:** Members may obtain a complimentary benchmarking assessment comparing your own department's metrics against a broader industry pool, along with key observations and recommendations.
- **Client satisfaction survey:** Members may obtain a complimentary internal client satisfaction survey. Select up to 10 questions, send the anonymous survey link to your internal business clients, and receive the results along with key observations and recommendations. Try our **quick and user-friendly** [demo client satisfaction survey](#) right now – no subscription or personal data needed!

Learn more about the ACC + Smarter Law Solutions Advisory Partnership: www.acc.com/smarterlaw

[Join ACC for full access to benchmarking data and more!](#)

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Dr. Blake Garcia is the Senior Director of Research and Business Intelligence at the Association of Corporate Counsel (ACC), where he spearheads the growth and management of ACC's research

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Dr. Garcia has published several peer-reviewed articles in scientific journals applying statistical and experimental methodologies and has taught several college courses on quantitative research in the social sciences. He has a Ph.D. in political science from Texas A&M University and a B.A. in international politics from The Pennsylvania State University.

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