

GC Roles Evolve Faster as All Companies Become Data Businesses

Law Department Management

Technology, Privacy, and eCommerce



Although entrepreneurs and chief legal officers (CLOs) may find themselves on opposite sides of the risk spectrum, we have each served in both roles for technology companies during our respective careers. These experiences have given us unique views of how the current economy's top in-house lawyer position has evolved.

Long ago, chief legal officers started to expand from their initial duties of simply steering internal clients away from legal trouble. Modern CLOs and their deputies embed themselves into business units to help turn ideas into market realities. However, digital technology is accelerating this transformation because every company has become a part of the data economy. As a result, CLOs must lead their in-house clients through data protection, compliance, and risk mitigation efforts.

This combination of embedded legal counselor and data protection czar places them at the center of business decision-making, identifying opportunities where data can translate to revenue.

Regulatory ambiguity has increased CLO influence

The challenge is that privacy laws and regulations haven't kept up with technology, and this ambiguity has increased CLOs' influence. When laws are black and white, attorneys have a relatively easy task in pointing their clients in the right direction. But with a blurry perspective of future rules, product managers and engineers need their lawyers not only to navigate them through many gray areas of the law but also to anticipate and explain what to expect six months, a year, or even

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To fill this need, in-house lawyers must dive deep into the foundations of laws and regulations, understanding what historical and political influences drive policies and their directions. This knowledge positions in-house attorneys to guide their companies' service and product development toward potential regulatory outcomes. The goal must always be to be one step ahead. If necessary, a part of the CLO's role may also be to push a company into proactive lobbying or litigation to shape that future.

CLOs who develop an understanding of both the legal trends around data and the technical details behind data storage, transmission, protection, and use can help their in-house clients build platforms that delight customers while also providing the turnkey solution for their information systems with built-in privacy, security, and other compliance measures. After all, companies that manage, process, and store customer data are selling trust — assurance that information will be handled responsibly and, once the laws are written, within legal boundaries.

Succeeding in the trust-selling game may require investing in capabilities and credentials that aren't mandated by the government — yet — but are industry-standard best practices.

In Rich's case, a fast-growing startup where he served as GC invested the time and money to achieve SOC 2 Type II certification (a compliance review that evaluates an organization's internal controls for data security and privacy) while simultaneously building cutting-edge data science and AI technology to process customer data. As a result of the company making security and privacy a selling point for its platform and services, the market responded very favorably.

This example demonstrates how in-house lawyers can point developers toward data needs and solutions companies can sell to customers who need to know how their data — or their customers' data — is being used, where it's going, and how it's being stored. It also demonstrates that GCs have distinct positions in a company's ecosystem, supporting each part with knowledge and, ideally, insight into where the company can best serve its target audience.

The adage applies: Do more with less

This phase of the CLO evolution comes as in-house legal departments face decreasing budgets, even as litigation and regulatory risks increase. Put another way, GCs are being asked to do more with less.

But CLOs' positions in the data economy give them extraordinary opportunities to contribute to their companies' top and bottom lines that go far beyond preventing a lawsuit or a regulatory fine — both of which are, of course, very important. In-house lawyers who take the time to learn their companies' business, how they go to market and sell themselves, how the products and services are built, and take a truly holistic view will continue to grow their tremendous value.

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