



Law Firm Procurement Annual Report

Procurement Priorities for 2025

How technological advancements are redefining procurement's strategic role
in managing risks, efficiency, equity and ESG.

Procurement Priorities in 2025

Over the past decade, law firm procurement teams have steadily shifted their emphasis from cost reduction to broader, more strategic objectives including risk management.

Our work with firms around the globe shows that priorities for procurement teams have generally remained consistent in principle in recent years: mitigating risk, centralizing and broadening the procurement function, and contributing to broader societal and organizational objectives. What has changed, however, are the external forces that firms must grapple with.

Technological advancements have added a significant layer of complexity, and none more so than the advent of AI and particularly generative AI. While these advanced tools offer potential efficiencies, they also introduce unique risks that procurement teams must address, from data privacy and security to compliance.

Another force shaping procurement is the increasing alignment between procurement functions and the office of the general counsel. We see an accelerating trend with more procurement functions reporting into the Office of the General Counsel rather than the chief operating officer, reflecting procurement's critical role in managing legal, regulatory, and reputational risks. This alignment underscores the growing recognition that procurement is

not merely a back-office function but a strategic partner in safeguarding the firm's interests.

Finally, the rising importance of environmental, social, and governance (ESG) initiatives has reshaped the expectations placed on procurement. Firms are now tasked with moving beyond performative actions to achieve tangible, measurable outcomes in emissions reduction and diversity and inclusion. These programs are increasingly viewed not just as ethical imperatives but as essential components of client trust and competitive positioning. Ensuring practical, impactful solutions—rather than initiatives designed for optics—has become a critical procurement challenge.

2024 Procurement Survey

The Harbor Law Firm Procurement Survey, conducted annually, offers a benchmark for comparing firms procurement practices with industry peers and provides insights into trends and priorities. 2024 demographic:

27 large law firms (nearly all in the Am Law 100)

81% are global law firms

67% have 20+ offices

65% have partial or fully outsourced Vendor Governance teams

Three key areas of focus for 2025

This year's procurement priorities reflect this balance between consistency and change. While the foundational goals remain steady, our global survey of law firm procurement leaders indicated that new developments are affecting their continued focus on three key areas:

1 **Enhancing vendor risk management in an evolving landscape involving shifting global compliance standards and rising AI usage.**

2 **Centralizing and professionalizing the procurement function to enhance its efficiency and strategic alignment.**

3 **Integrating ESG into procurement practices to meaningfully address sustainability and societal obligations.**



1 Enhancing vendor risk management

The importance of robust vendor risk management cannot be overstated as law firms become increasingly reliant on third-party vendors to support critical aspects of their operations. With complex vendor ecosystems encompassing an average of 2,000 vendors and a median spend hovering over \$150 million exclusive of real estate issues, the potential risks to a firm's data security, compliance, and service continuity remain significant.

Compliance, security and AI risk

Vendors that do not comply with applicable laws and regulations can expose the law firms they serve to significant risks. Noncompliance can result in regulatory scrutiny and legal consequences for firms, including penalties for failing to meet compliance and ethical standards.

Compliance is of particular concern where firms rely on third parties for essential services, from IT support to legal research databases. Vendors that frequently access and manage sensitive client data raise concerns about compliance with data privacy laws, such as the General Data Protection Regulation (GDPR) and California Consumer Protection Act (CCPA). A failure or disruption on a vendor's part can significantly impact law firm operations, disrupting client interactions and services

and causing revenue loss. For example, in 2023, several prominent law firms experienced high-profile vendor-related cyberattacks, with one third party exposing over 184,000 confidential files due to inadequate cloud security controls. Such incidents highlight the importance of stringent vendor data security practices.

Meanwhile, procurement teams must also consider emerging risks as firms continue adopting AI for research, document review, and risk analysis. These risks include data accuracy, model transparency, bias, and compliance with client and regulatory requirements. Managing these risks is imperative to safeguard sensitive information, maintain client trust, and avoid reputational harm.

How law firms can address these risks

Law firms need a comprehensive vendor risk management program that incorporates due diligence, structured risk mitigation, and continuous monitoring. Here are the critical steps to follow.

1. Quantify the risk landscape

The foundation of an effective risk management strategy is a thorough understanding of the firm’s vendor risk profile. Firms must identify all active vendor relationships and map each vendor’s access to sensitive data, systems, and networks. A centralized spend visibility system can simplify this process, offering a comprehensive view of vendor relationships and spending patterns across the firm.

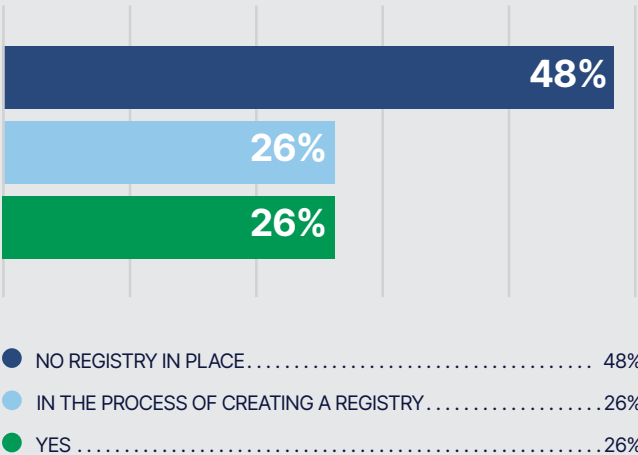
Using a quantitative scoring system (e.g., a scale of 1 to 100), procurement teams can categorize vendors based on risk and value. Key considerations include the vendor’s access to sensitive data, length of engagement with the firm, past performance, and reputation. To accurately

score each vendor in these areas, procurement should gather input from cross-functional stakeholders and assess each vendor’s potential impact on the firm’s risk landscape. Procurement should also assess each vendor’s criticality to firm operations. For example, vendors providing essential services like IT support or client-facing applications warrant more intensive monitoring.

By combining risk and criticality scores, procurement can prioritize vendors with the highest risk or strategic importance and build out a risk-value matrix.

2024 Harbor Procurement Survey*

Does the firm have a supplier risk registry?



2024

52% of firms already have a supplier risk registry or are in the process of creating one, indicating a growing awareness and proactive approach towards managing supplier-related risk.

At the majority of firms, procurement typically is responsible for managing the supplier risk registry; OGC or IT may also be responsible.

*See page 2 for the survey demographic

2. Implement a centralized risk mitigation program

After developing a clear understanding of vendor risk, law firms should build a centralized risk mitigation program and embed it in their contracting processes. The program should incorporate rigorous onboarding, standardized contract terms, and ongoing compliance checks to ensure vendors meet the firm's risk standards.

A structured onboarding process ensures that all vendors are vetted for risk factors such as conflicts, data security, regulatory compliance, and financial stability. Onboarding should include questionnaires, compliance checks, and background screening of key vendor personnel. Vendors should also be assigned risk ratings upon onboarding, guiding the level of ongoing oversight that they require.

Contracts should include terms that directly address identified risks, such as breach notification guidelines, minimum insurance requirements, and clauses that define vendors' obligations in the event of data breaches or service disruptions.

Key provisions to include in all vendor contracts include these:

Remediation timelines and methods: Establish timelines for remediating identified risks and outline acceptable methods for addressing security vulnerabilities.

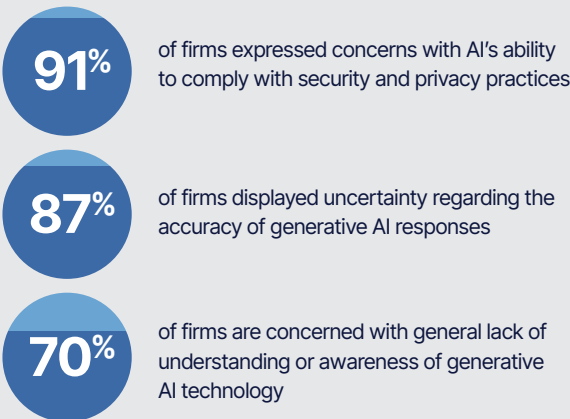
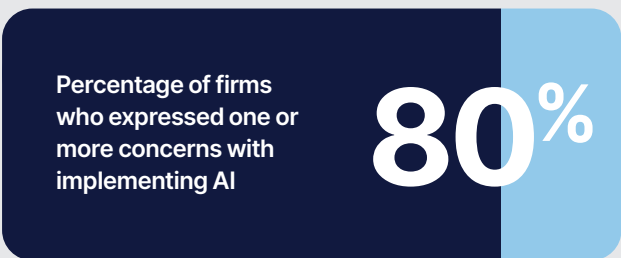
Breach notification requirements: Require vendors to notify the firm within a specified timeframe in the event of a security incident, with mandatory reporting obligations aligned with relevant regulations.

Data access and employee background check policies: Define policies for vendor employee access to sensitive data and require background checks for employees handling sensitive information.

Audit and compliance clauses: Grant the firm the right to audit vendor compliance with contract terms, providing transparency and an avenue for enforcement.

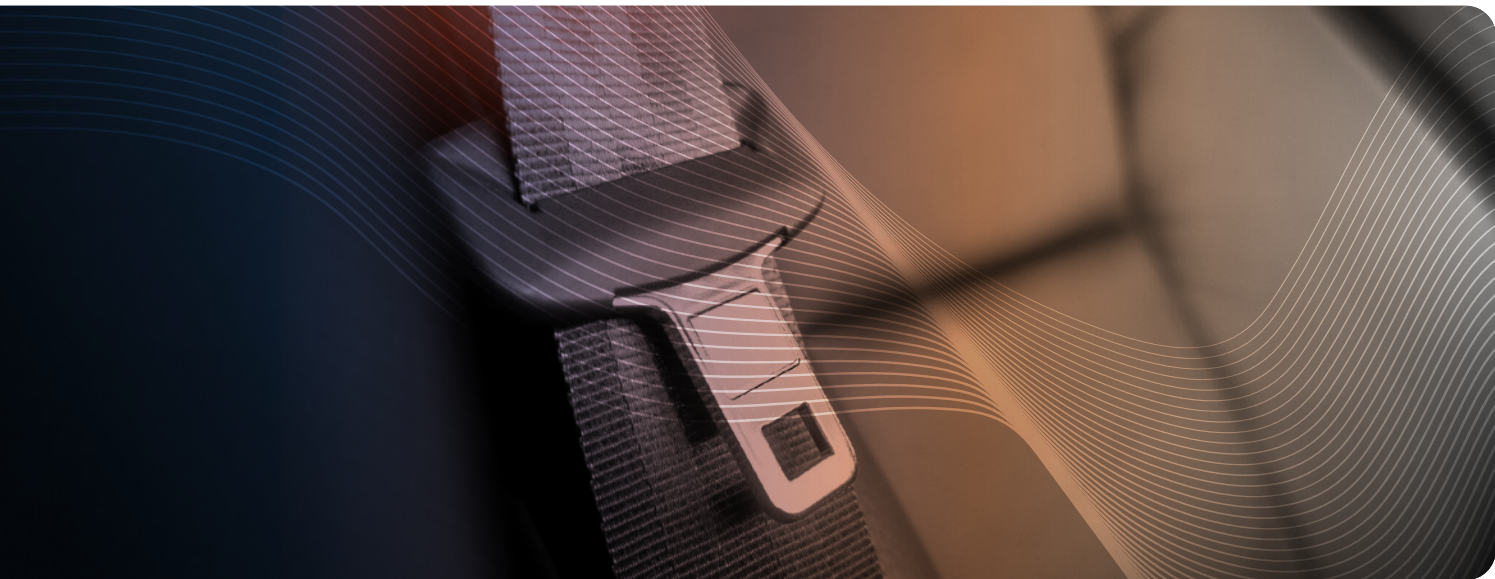
2024 Harbor Procurement Survey*

What are the main challenges or concerns you anticipate when implementing generative AI in source-to-pay activities?



*See page 2 for the survey demographic

With AI increasingly integrated into legal workflows, procurement teams should include contract provisions specific to AI, such as data handling standards, model transparency, and restrictions on certain high-risk AI applications. Firms should also consider limiting the use of certain AI models or requiring vendors to demonstrate responsible AI governance practices. At a minimum, contracts should require vendors to maintain transparency regarding model limitations, data sources, algorithmic updates, and compliance with any bias or fairness metrics the firm deems important.



3. Continuously monitor vendor risk and program effectiveness

An effective risk management program requires ongoing monitoring to detect emerging risks and ensure vendors comply with the firm’s standards. Continuous monitoring enables procurement teams to address performance issues, identify potential risks, and adapt to changing regulatory requirements.

Quarterly performance reviews allow procurement teams to evaluate vendor adherence to service-level agreements (SLAs) and KPIs. These reviews should include input from internal stakeholders who work directly with the vendor and a formal assessment of vendor compliance and risk management practices.

To assess the overall effectiveness of the vendor risk management program, procurement should track metrics such as these:

The number of vendors categorized as high-risk or critical

The number of vendors flagged for additional review due to compliance concerns

The number of vendors failing risk assessments

Cost savings or cost avoidance achieved through risk mitigation measures

By analyzing these metrics, procurement can identify areas for improvement, gauge program success, and demonstrate the value of vendor risk management to firm leadership. Consolidating these metrics in a dashboard can streamline the monitoring process. With a dashboard, firms can monitor vendor performance, risk scores, and compliance status while limiting the manual workload required to manage vendor risk. In turn, procurement teams will have more time to focus on strategic decision-making and proactive risk mitigation.

2 Professionalizing and centralizing the procurement function

A professionalized global procurement function transforms vendor governance from an administrative task into a strategic advantage. By implementing structured processes, standardized policies, and centralized oversight, law firms can enhance operational efficiency, reduce costs, and mitigate risk. Indeed, 39% of respondents to this year's survey noted that increasing the centralization of vendor management activities was the biggest opportunity for procurement to increase its value proposition.

The benefits of centralization and unification

A centralized procurement and vendor governance structure helps ensure consistency, efficiency, and accountability across all firm-vendor relationships. Unlike a decentralized approach, where partners and departments independently manage their vendor interactions, a centralized model consolidates procurement under a single leadership structure, offering firmwide oversight, which is critical for monitoring compliance with legal, operational, and risk-related standards. Centralization also helps align procurement with the firm's overarching business and client service

objectives—a critical step for managing complex, high-risk vendor relationships.

A unified procurement function also fosters consistency in how firms select, contract, and supervise vendors. Standardization improves efficiency, reduces risks, and aligns with firmwide policies and objectives. It also allows firms to negotiate better pricing, discounts, and terms with vendors by leveraging the firm's collective purchasing power. Coordinated sourcing strategies maximize value and minimize redundant spending.

How law firms can unify and professionalize procurement

Firms must invest in professionalization and centralization to fully recognize procurement's strategic benefits. Three critical steps to take are developing a vendor governance framework, embedding procurement in firm processes and policies, and measuring procurement's impact.

1. Defining authority and roles

The foundation of an effective procurement function is a strong leadership structure that supports centralized oversight and decision-making. Clear leadership affords procurement authority while holding the team accountable. Firms should designate a senior-level position, such as a chief procurement officer, to oversee the function. This leader should have authority over vendor management policies and accountability for aligning vendor relationships with the firm's strategic goals.

The firm should also assign specialized roles in the procurement team, such as vendor risk managers, category managers, and contract specialists. Each role should have clear responsibilities for managing vendor relationships, from risk assessment and compliance monitoring to contract negotiation and relationship management.

2. Standardizing vendor selection and onboarding processes

Formalizing vendor governance begins with standardized procedures for selecting and onboarding vendors. These procedures ensure that all vendors meet minimum standards for quality, security, and compliance before they begin working with the firm.

First, the firm should adopt a centralized system to track all vendors, contracts, performance metrics, and risk assessments. This database will serve as the firm's single source of truth for vendor information, allowing for better visibility and oversight across all vendor relationships.

Next, procurement and firm administrators should partner to define criteria that all vendors must meet, including financial stability, compliance with relevant regulations, data security capabilities, and alignment with the firm's values (e.g., diversity and sustainability commitments). By standardizing selection criteria, procurement can

ensure that all vendors contribute positively to the firm's objectives.

Firms should also establish a vendor code of conduct. A code of conduct sets expectations regarding ethical behavior, compliance, labor practices, and environmental impact. Procurement should require vendors to adhere to this code and include it in contracts to formalize these expectations and provide a basis for accountability.

Finally, during onboarding, vendors should be educated on the firm's policies, data security protocols, and contractual obligations. As noted in the section above, procurement should use onboarding questionnaires and background checks to identify any potential risks. Setting clear expectations during onboarding minimizes misunderstandings and helps vendors align with the firm's standards from the outset.

3. Implementing contract management and performance metrics

Contract management is essential to professionalizing procurement. A centralized approach ensures that all vendor agreements contain standardized terms, clear performance metrics, and enforceable compliance obligations.

The firm should establish a set of standard clauses for all vendor contracts, addressing issues such as confidentiality, data security, breach notifications, and indemnification. These standard terms create a baseline for all vendor agreements, reducing the likelihood of contractual ambiguities and ensuring that all contracts meet firmwide standards.

Each vendor contract should also outline key performance indicators (KPIs) related to quality, timeliness, compliance, and other critical metrics. SLAs should define minimum performance levels, response times, and protocols for handling service disruptions. By formalizing these

performance metrics, procurement can evaluate vendors consistently and hold them accountable to the firm's standards.

Firms should schedule quarterly or semi-annual reviews to assess each vendor's performance according to these KPIs and SLAs. These reviews should involve quantitative metrics and qualitative input from internal stakeholders who work closely with the vendor. A vendor scorecard compiles these metrics, offering a comprehensive view of each vendor's strengths and areas for improvement, enabling procurement to make informed decisions about renewals, renegotiations, and terminations.

Analytics tools can deliver deeper insights into spending patterns, vendor performance trends, and risk indicators. Data from these tools allow procurement teams to make data-driven decisions, identify cost savings opportunities, and address performance issues proactively.

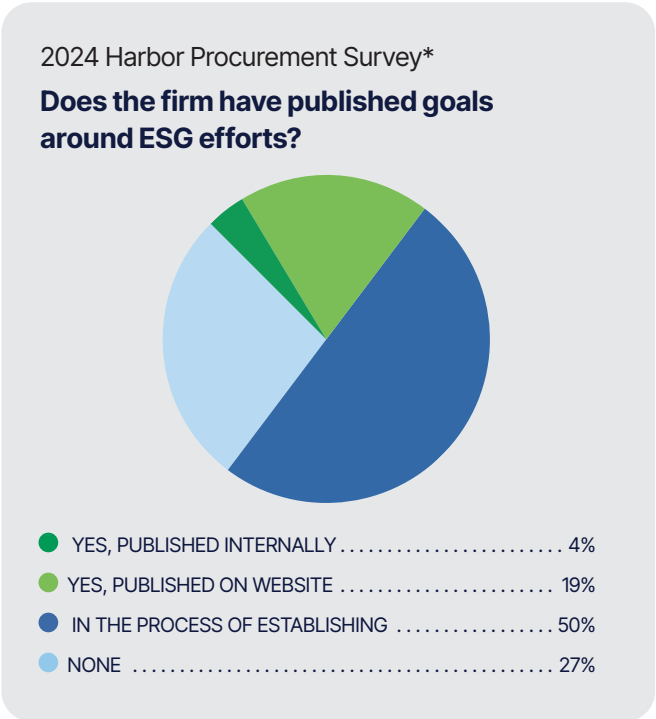


Strengthening sustainability and supplier diversity

Law firms are feeling pressure to demonstrate their commitment to sustainability, social responsibility, and ethical governance. Clients, investors, and regulatory bodies are increasingly holding firms to high standards in areas such as carbon footprint reduction, supplier diversity, and responsible governance practices. Indeed, 50% of firms in our survey reported being in the process of establishing goals around ESG efforts; another 25% had already published these goals, either on their website or internally.

Integrating ESG in vendor management

For law firms, prioritizing ESG in vendor management is important to meet client expectations and a strategic move that aligns with long-term sustainability and risk mitigation goals. Nearly three-quarters (73%) of procurement teams reported supporting ESG programs by identifying vendors or by setting the firm’s sustainability strategy and goals. These efforts to integrate ESG practices into vendor selection, contracting, and performance monitoring helps firms create a vendor network that reflects the firm’s commitment to positive environmental and social impact.



*See page 2 for the survey demographic

Key ESG focus areas for procurement

Law firms have unique challenges and opportunities in addressing ESG. Unlike other industries, firms typically have minimal direct environmental impact. Instead, nearly 90% of a firm's carbon footprint stems from its supply chain, primarily from the vendors and partners it engages. This vendor-based footprint creates a strong case for procurement teams to actively manage and reduce emissions through responsible vendor selection and ESG-oriented policies.

Firms should concentrate on several key areas to incorporate ESG into vendor governance: sustainability in the supply chain, supplier diversity, and transparent reporting. These focus areas align with client expectations, regulatory requirements, and the firm's commitments to ESG.

1. Prioritizing sustainability in the supply chain

Managing a law firm's environmental impact depends on its vendors' sustainability practices. Procurement teams can make meaningful reductions in a firm's carbon footprint by setting clear expectations around environmental standards.

The first step in building a sustainable supply chain is understanding the firm's current carbon footprint and where its most significant environmental impacts lie. Procurement teams should collaborate with operations and sustainability-focused vendors to calculate Scope 1, 2, and 3 emissions, focusing on Scope 3, which includes emissions from third-party vendors, purchased goods, business travel, and waste.

After calculating the firm's baseline emissions, procurement should establish measurable sustainability goals, such as reducing carbon emissions by a certain percentage over a set timeframe. Procurement can incentivize existing vendors to adopt more sustainable practices or gradually transition to vendors with stronger environmental credentials.

To ensure that vendors align with the firm's sustainability goals, procurement should incorporate environmental criteria into the selection process. This may include requiring vendors to meet sustainability certifications, such as ISO 14001 (Environmental Management), or demonstrating adherence to established standards, such as the Greenhouse Gas Protocol.

Procurement teams can also work with vendors to develop joint sustainability initiatives, such as reducing energy usage, minimizing waste, or sourcing eco-friendly materials. Collaborating with vendors creates a shared commitment to sustainability and enhances the likelihood of achieving long-term environmental goals. Procurement teams can explore carbon offset programs and renewable energy certificates for vendors or operations with unavoidable emissions to compensate for their environmental impact. This approach allows the firm to support projects that reduce carbon emissions while contributing to global sustainability efforts.

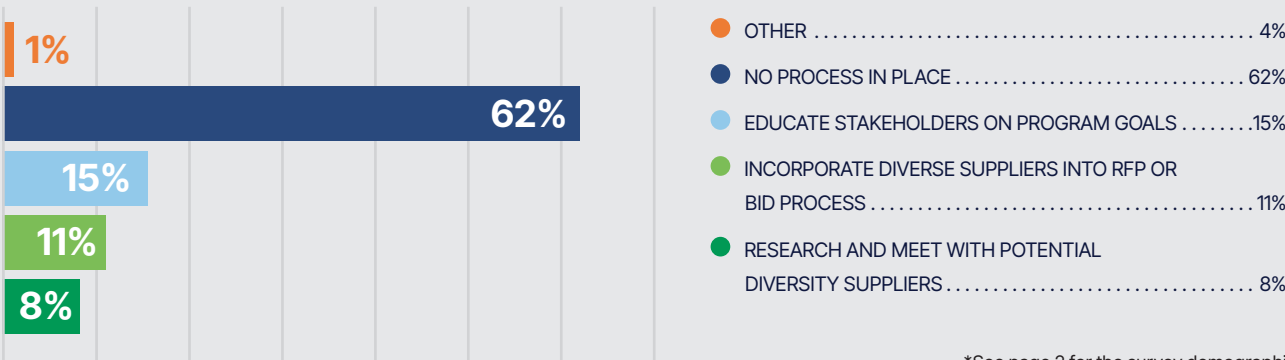
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2. Advancing supplier diversity

Supplier diversity reflects a firm’s commitment to inclusive and equitable business practices. Diverse suppliers bring unique perspectives, innovation, and agility, making them valuable partners in supporting a firm’s overall objectives. However, more than half (62%) of respondents indicated they have no process in place to actively increase their number of diverse suppliers. Those respondents with a process most often educated stakeholders on process goals (15%), incorporated diversity criteria into their bid process (11%), or researched and met with diverse suppliers (8%).

2024 Harbor Procurement Survey*

What steps are you actively taking to increase the use of diverse suppliers?



*See page 2 for the survey demographic

Creating a structured supplier diversity program with clear objectives, metrics, and accountability is essential to advancing equity and inclusion. Procurement should establish goals for spending with diverse suppliers, including businesses owned by women, minorities, veterans, LGBTQ+ individuals, and people with disabilities. Supplier diversity statistics increasingly matter to firms and their clients and partners: nearly half of respondents (46%) are asked to provide details at least twice a year.

Procurement should also ensure that diverse suppliers are represented in the request for proposal (RFP) process. By expanding their search beyond traditional networks, firms can actively identify and invite diverse suppliers to participate in bid processes, increasing their access to sourcing opportunities. Many diverse suppliers are newer

or smaller and may face challenges competing with larger vendors. Procurement teams can support diverse suppliers by offering guidance, training, and mentorship to help them navigate the bidding and compliance processes. Building these relationships strengthens the supplier base and fosters loyalty and long-term collaboration.

Finally, regularly measuring and reporting on supplier diversity metrics helps procurement track progress and demonstrates the firm’s commitment to inclusivity. Metrics may include the percentage of spend with diverse suppliers, the number of diverse suppliers engaged, and progress toward diversity goals. Transparency in reporting can strengthen the firm’s reputation as a socially responsible organization.

3. Embedding standards, benchmarking, and reporting in ESG

Many clients, particularly corporate and institutional clients, expect their law firms to demonstrate a commitment to ESG. By regularly sharing ESG progress and achievements with clients, the firm can reinforce its reputation as a responsible and sustainable partner.

The key is a robust reporting framework that tracks the firm's progress. To start, procurement should identify appropriate KPIs, such as reductions in carbon emissions, the percentage of spend with diverse suppliers, or the number of vendors meeting sustainability certifications. Metrics enable law firms to track progress over time and show their true ESG impact. The right metrics also enable firms to show that they are taking practical steps that influence outcomes rather than merely performative steps.

With metrics, firms can also benchmark themselves against their industry peers and established ESG frameworks (e.g., the UN Global Compact and Global Reporting Initiative) and assess how their practices compare to best practices. This external perspective enables firms to identify areas for improvement and align their ESG goals with evolving industry standards.

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2025

Conclusion: Optimizing procurement's strategic value

As law firms navigate the next stage of procurement maturity, they must recognize that the journey is incremental, with goals that evolve over time. Each advancement pushes the goalposts further, requiring firms to reassess priorities and adjust their strategies to reflect new challenges and opportunities. By going beyond managing costs and focusing on practical, impactful initiatives that professionalize and centralize the function and engaging in ESG initiatives, procurement teams can deliver value now and into the future.



Connect with a Harbor expert

Contact us today to discover how Harbor can help your firm meet its procurement goals in 2025 and beyond.



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