

A game-changing shift: **What AI means for** **modern lawyers today**



Today, we're on the cusp of a paradigm shift in how legal technology is deployed; one that has the potential to transform lawyers' ways of working and their means of service delivery to clients.

In recent years, more and more legal professionals have been using artificial intelligence (AI)-powered technologies in their practice of the law to help them automate routine tasks, collaborate more effectively, and manage their workflows more efficiently. Many firms are embracing tools that deploy AI algorithms to identify patterns and make predictions to assist in research, contract analysis, document review, data analytics, and more.

Now, the rise of generative AI is opening an even greater universe of possibilities. In essence, this next-generation AI can create new, sophisticated content, including complex text such as discursive and informative essays and articles, as well as images, audio, and video. Generative AI exploded into mainstream public consciousness after OpenAI launched its ChatGPT generative AI tool at the end of 2022, which was so popular that within months, **it had over 100 million users.**

Lawyers have been quick to see the potential application of generative AI to legal use cases and there are signs that it is capturing their imaginations to a degree that no other technological innovation ever has before. There is broad consensus that this technology is poised to have a significant impact on the legal sector.

However, as they weigh up the opportunities it presents, law firms are also keenly aware that it must be carefully managed to ensure the benefits are reaped in a way that does not damage professional development, undermine the trust of clients, or act to the detriment of society at large. The law is an intrinsically ethical profession and there's a strong sense that ethical principles must govern its use of generative AI from the outset.

It's a balancing act that law firms of all sizes must likely master in the years ahead. Those that can find ways to harness the power of generative AI in a controlled-yet-creative way — building on the AI-enabled technologies they are already using — could achieve a strong competitive position going forward.

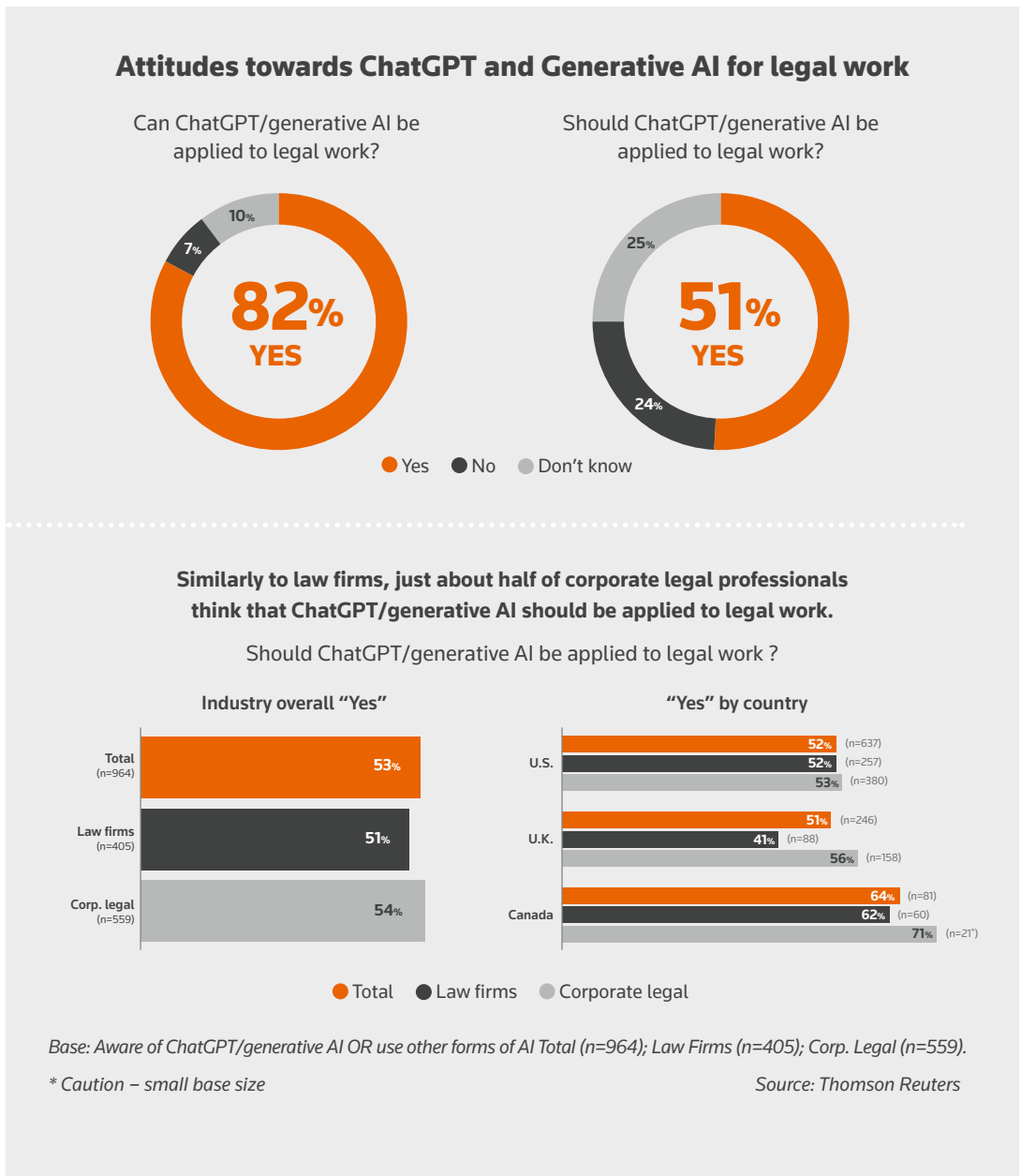


Where are we now?

Law firms have long been highly focused on how to maximise their effectiveness and efficiency in order to deliver more value for clients while enhancing firm profitability at the same time. Automation and analytical AI are already powerful tools that support these goals. Putting generative AI into play theoretically allows them to take this to another level.

However, it's still relatively early in the evolution of generative AI, and there are many unknowns and questions to be answered in the minds of law firm decision-makers and lawyers who would potentially be using it.

Tellingly, recent research by the Thomson Reuters Institute into attitudes around **generative AI within law firms** found that more than eight-in-ten respondents (82%) said that generative AI can be applied to legal work. However, only around half (51%) agreed that it should. When the same question was asked of **in-house legal teams**, the results were similar.



Highlighting that law firms are only at the very start of this journey, researchers found that only one-in-twenty law firm respondents (5%) are already using generative AI or are actively planning to use it. In-house legal teams are slightly further ahead on this front, with one-in-nine (11%) saying the same. And where clients lead, law firms are bound to follow.

Doing more to deliver value

Indeed, there's a sense from clients that law firms can and should be doing more than they currently are to leverage technology to deliver value. The latest findings from the Thomson Reuters Institute **2023 State of the UK Legal Market** report indicate that more than three-quarters of UK legal buyers (78%) currently don't see law firms using technology to build value into their client relationships.

Whether or not firms (and their clients) are yet comfortable with the idea of employing generative AI in their work, it's clear there is plenty of scope to do more to impress clients with technological innovation. They may need to do more to shout about how they are using automation and analytical AI to add value, or re-think whether they could leverage such technologies to greater effect — or, indeed, all the above. With the State of the UK Legal Market report also indicating that many clients are prepared to adjust which firms are on their panels and bring more work in-house, this could be a key differentiating factor.

Technological innovation is already shaking up traditional business and pricing models. For law firms to retain work and remain competitive — with other law firms and legal service providers as well as in-house teams — they must turn to technology that can save time, reduce errors, and free up lawyers to perform more strategically important work that delivers greater value.

With legal budgets still under strain, steps like adopting automation and AI enables firms to pass on cost savings more quickly to existing clients and price more keenly for new work with prospective clients. It could also enable smaller firms to scale their services cost-effectively to perform more work at volume (for example, in specific legal domains like wills or patents), potentially allowing them to compete with larger rivals.

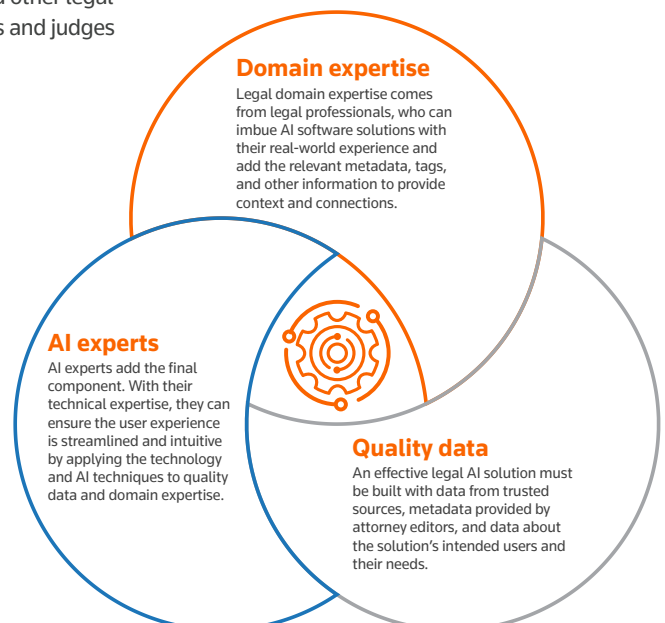
Employing AI in the legal sector

AI and related technologies are ubiquitous and are already built into our everyday lives. AI underlies smartphones, web searches, online shopping ads, voice-to-text translation, facial recognition, and social media. Artificial intelligence improvements are routinely bringing advances to a range of industries, from manufacturing and retail to transportation, banking, life sciences, healthcare, and, of course, legal services.

AI uses fast, iterative processing and algorithms to analyse and see patterns and features in vast amounts of data. Important AI subfields include machine learning, through which computer systems learn and adapt based on the data they are exposed to; natural language processing, which enables computers to understand, translate, and respond to human language; and, now, generative AI, which emulates creative processes.

In the legal field AI-powered solutions are built upon three crucial, interlinked ingredients: data or content, subject matter expertise, and technology:

- **Data** is key because it is often the input and the output of the process. Data is necessary to train machine-learning algorithms. So, for any legal technology solution to be worthwhile, it requires large quantities of content that is current, accurate, comprehensive, and enhanced. Our common law system is driven by data — a collection of statutes, regulations, caselaw, and other legal and administrative opinions that collectively represent the data that lawyers and judges must research, analyse, interpret, and reason over.
- **Subject matter** expertise is crucial as it ensures AI tools are solving the right problems and capturing the nuances of the domain in a way lawyers can understand and analyse. Experts inform the creation of AI training data, validate the performance of machine-learning algorithms, and play a critical role in error analysis. They help computer scientists and engineers understand the domain as well as the data attributes responsible for errors so they can be corrected.
- **Technology** drives AI solution design and development, which typically requires robust, complex solution architectures that can work at scale. This is how AI scientists combine expertise in AI tools and technologies, analytical and problem-solving skills, and a solid understanding of the target domains.



AI functionality is powerful, but even generative AI cannot replace the intellect of lawyers. Strategic and tactical legal advice will still be necessary; AI technologies should simply facilitate more of that, enabling lawyers to do a better job for their clients and organisations.

The real value lawyers offer their clients is the **human interpretation and analysis** that turns legal language into valuable business insight. If machine learning can take on more of the foundational work, it frees lawyers up to focus their brainpower on the valuable work clients care about. This might mean faster reviews or higher possible volume of outputs, but it will certainly mean happier clients.

Putting AI to work

AI can efficiently and expertly perform legal and non-legal work in ways that are sophisticated, such as analysing contracts, drafting memos, letters and documents, and performing chatbot functions, as well as commonplace, such as teaching matter management software to fill in standard forms. Here, we explore a few examples:

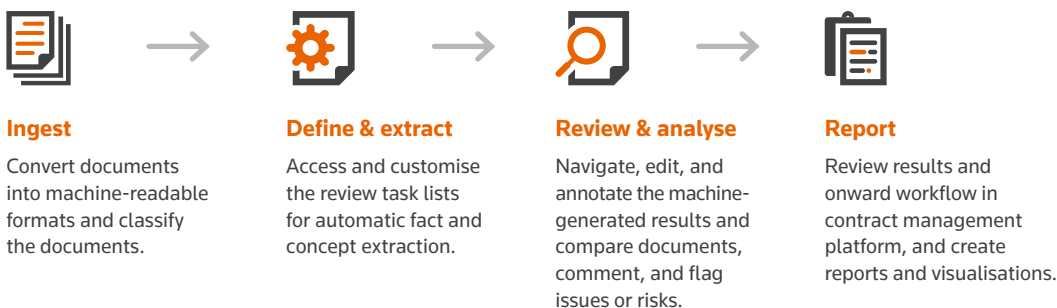
Contract management and analysis

AI is increasingly expanding lawyers' ability to organise, monitor, manage, and negotiate large volumes of contracts. Having a **modern contract management system** enables lawyers to identify key risks and opportunities, obligations, and rights in contracts. Crucially, it also simplifies the contract review and analysis process.

Reviewing and analysing legal documents and contracts is tedious, time-consuming, and critically important. The stakes are high and mistakes can be costly. Legal expertise and interpretive ability are essential. Lawyers (or software) must separate boilerplate content from the key facts and clauses, find variations in documents from negotiating parties, analyse single, stand-alone agreements, and assess numerous contracts that are part of large, complex transactions, mergers, and settlements. Sometimes passages that are written differently mean the same thing; in other cases, the addition or deletion of a single word dramatically alters the meaning.

Automating this type of due diligence and compliance review through AI and machine learning-powered solutions **can save time, reduce costs, and avoid errors.**

AI-driven contract analysis can be built around specific legal domains — real estate, intellectual property, or employment, for example. Such solutions can be 'pre-trained' with expert information and equipped to learn from the contracts and documents it is subsequently exposed to. It ingests documents, classifies them, and identifies key information such as parties, dates, deal value, language, jurisdiction, and governing law. It can then automatically retrieve defined terms and definitions within the contract and answer review queries and specific questions such as "What are the landlord's maintenance obligations?" Some tools create data visualisations for a large set of contracts, display clauses side-by-side for easy comparison, compare contracts to company or industry standard documents, and efficiently identify non-standard terms, deviations, and risks.



By reviewing and extracting information from large volumes of contracts and tracking similar information across documents, AI-driven tools relieve lawyers of unrelenting administrative work. They are free to spend more time assessing and mitigating risk, identifying opportunities, and delivering essential insights to their companies and clients. Increasingly, law firms and in-house teams will train their AI systems with content from their own repositories of contracts and legal documents to create more precise, bespoke outcomes.

Document drafting

Automating processes like drafting documents including contracts, wills, leases, and other agreements with the help of AI is already fairly common among law firms who use it to increase productivity on standard 'bread and butter' work. Some law firms are testing this concept further by experimenting with generative AI to assist with tasks like creating first drafts of memos, letters, and statements, which individuals can then adjust to suit.

Billing and timekeeping

AI technology can simplify billing and timekeeping by identifying line items in clerical and administrative tasks, such as time entry, invoice submission, and review. It can also review entries and verify them for accuracy, as well as highlight duplicate entries. This technology is also powerful enough to analyse billing data and answer questions such as, "What is the likelihood a corporate client will pay for a particular piece of work?" or "What type of expenses are routinely paid, and which are commonly rejected?" This can be a valuable operational, planning, and budgeting tool.

Maximising know-how

By applying AI-powered graphical navigation technology to legal knowledge resources, lawyers can unlock the information and insight they need more quickly, with more confidence, delivered in a more transparent way. Not only can AI help them find reliable answers to questions and easily access know-how such as practice notes and articles relevant to topics of interest, but AI tools can also present content in new and dynamic visual formats, such as at-a-glance content comparisons or market trend analytics. This knowledge can then be applied to matter management, with AI generating a clear overview of the work to be done. AI tools can even be used to help lawyers identify AI-related legal issues.

Admin and client service

Other ideas that could be explored include augmenting the customer service helpdesks by using AI chatbots to answer basic client questions. AI-powered chatbots could help answer lawyers' questions too, plugging into firm or third-party knowledge management systems to do so. Generative AI could also be used for non-customer-facing or back-office requirements such as financial analysis and reporting.

Generative AI: controls and confidence

With many firms using AI-based tools in various ways already, artificial intelligence is a concept which the legal profession has started to embrace in recent years. The advent of generative AI is receiving a cautious welcome: firms can see its potential but have real and legitimate concerns over its application, especially around issues such as accuracy, privacy, confidentiality, and security, all of which will need to be addressed before it can be fully embraced.

It's likely that some firms will feel more comfortable — initially at least — using generative AI for non-legal tasks. And, at first, they may be more inclined to use AI models that are trained on publicly available data, rather than proprietary firm and client data.

Firms will also need to make sure that lawyers and other users are on board, training them how to use it effectively and safely to ensure they understand how AI-powered tools can help them do their jobs better and assist in their professional development.

Trust and ethics need to be at the heart of any AI-related technological deployment. With 30 years of experience innovating with AI and language models, and \$100 million of investment in AI per year, this ethical ethos is at the heart of all the solutions in the Thomson Reuters product range.

From employing some of the best AI-focused engineers, research and data scientists, and designers in the world who work with rich, comprehensive datasets to build the next generation of AI-enabled legal solutions in Thomson Reuters Labs, to our development of 'Data and AI Trust Principles,' Thomson Reuters takes a human-centric approach to AI.

One of the areas of deep interest and effort for us is how to build trust into AI systems. Building the technology is in many ways the easy part. Creating it in a way that humans can trust and adopt: that's the harder work.

- Kriti Sharma, Chief Product Officer, Thomson Reuters

Conclusion

In a wide range of applications, AI-powered tools are leveraging data, sophisticated analytics, and subject matter expertise to transform the practice of law. Modern, forward-thinking law firms and in-house legal departments are using this technology to improve their results and unearth insights —all with greater speed, accuracy, and efficiency. AI technology is enabling lawyers to work faster and smarter on the projects that their clients truly care about. By automating tasks, lawyers are liberated from time-intensive work to focus on tasks that deliver much more value to their organisations and their clients.

As generative AI enters the equation, there is even more scope to harness AI in still more powerful ways, with the right guardrails around it to ensure that it is used responsibly and securely for the benefit of both legal professionals and their clients.

Within the next six months everybody at the firm will be using it, and there's absolutely no way you're going to stop that, because people will get more in tune with what's happening and how quickly this technology is developing.

- Charlotte Woolven-Brown, Head of Employment, Partner, Sternberg Reed

Explore the latest data on how generative AI [can transform the way you practice law](#), enhance your client service, and prepare you for the future of legal work.

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