



GC Legal Tech Pulse 2024

INSIGHT REPORT



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Contents

3

Making the case for CLM

12

The innovation wishlist

17

AI: opportunities and risks

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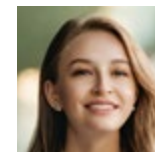
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Making the case for CLM – choosing the right system to transform your team

Selecting a contract lifecycle management solution can be a daunting task for a busy in-house legal department – so what are the key considerations before purchase? Legal Business and Thomson Reuters surveyed senior in-house lawyers to find out.

The legal tech landscape is both established and rapidly evolving – a situation which presents both opportunities and challenges for in-house lawyers. While the majority have an awareness of the options available to them, the pace of innovation, combined with recent groundbreaking advances in AI, has ushered in a brave new world of possibility for how previously unwieldy contract management processes are tackled.

With many competing demands already filling their inboxes, in-house lawyers could be forgiven for feeling a little daunted by the prospect of keeping up to date with the latest tech, and new research has found that despite budget being available, many just do not know where to start when looking to invest in software solutions.

This is just one of the key findings from a wide-ranging research project carried out by Legal Business and Thomson Reuters, which canvassed senior in-house lawyers on their needs, wants and attitudes to legal tech, in particular with regards to contract lifecycle management (CLM), which enables legal teams to bring disparate and disconnected contract processes under one tech-enabled roof.

This integrated approach offered by CLM solutions allows for increased efficiency, less time spent on routine tasks, and much-improved visibility over a team's entire contract portfolio, highlighting potential areas of liability, operational risks and opportunities for cost-savings.

While the research underlines that this is an area of growing priority for in-house teams, it is crucial to make informed choices when investing in technology, and as such, the findings of this survey offer data-led insight into the key considerations for in-house lawyers looking to pick the right tech CLM solution for their team.

Methodology

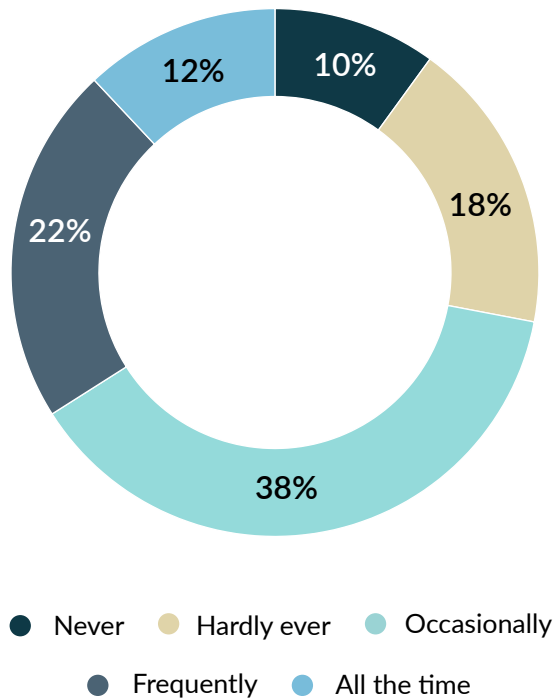
The data for this research was gathered by an email survey of Legal Business's in-house readership, including GCs, heads of legal and legal operations leads, who were asked a range of questions covering budget, metrics, AI and implementation challenges. Further research was then conducted via a series of follow-up interviews with respondents.

The survey gathered information on how in-house legal teams view recent developments in legal software and technology, including the problems they want tech to address and how they believe it can do so. In addition to the responses to the multiple-choice questions, the survey also received more than 1,300 words of verbatim responses, much of which is included below.

Making the use case

'Integrating technology into the work of my legal team is not only an option: it is a necessity,' according to one respondent

On a day-to-day basis, how often does your team use legal tech solutions?



‘I’m concentrating on Gen AI for contract management, to take work off the shoulders of lawyers so they can concentrate on better things.’

Kevin Athrow, general counsel, BSH Home Appliances

to the survey. ‘The increasing workload, the demand from my internal clients to improve response times and the need to have more and better controls in my legal and compliance work make me look for technological solutions as allies for my work and for my company.’

Of those surveyed, almost 75% use legal tech at least occasionally on a day-to-day basis, with more than one third saying that they use it ‘frequently’ or ‘all the time’.

Kevin Athrow, general counsel at BSH Home Appliances is firmly in the camp of ‘frequent’ tech users. ‘We have already invested a lot in legal tech,’ he says, ‘so we’re a bit ahead of the curve. I introduced contract lifecycle management as software as a service back in 2016-17, so we’ve been using it internally for about six or seven years. The thing I’m concentrating on now is generative AI for contract management and contract analysis; basically just to take the work off the shoulders of the lawyers, because it makes it easier and they can concentrate on better things.’

'We're at the beginning of our journey – we've just signed a contract with a vendor for a new contract management system,' says Natasha Marchbank-Peterson, legal operations lead at UK fintech company Volt. 'My vision is that this purchase will impact all the business operations; be that sales, increasing partnerships, or expansion, it's going to empower people in the business to negotiate for themselves. This way, the legal department will be able to focus on strategic work and give legal support to the things that really matter within the business. And I believe that that will have a knock-on effect throughout and allow us to build the business even more as we scale.'

'My vision is that this purchase will impact all of the business – it's going to empower people to negotiate for themselves.'

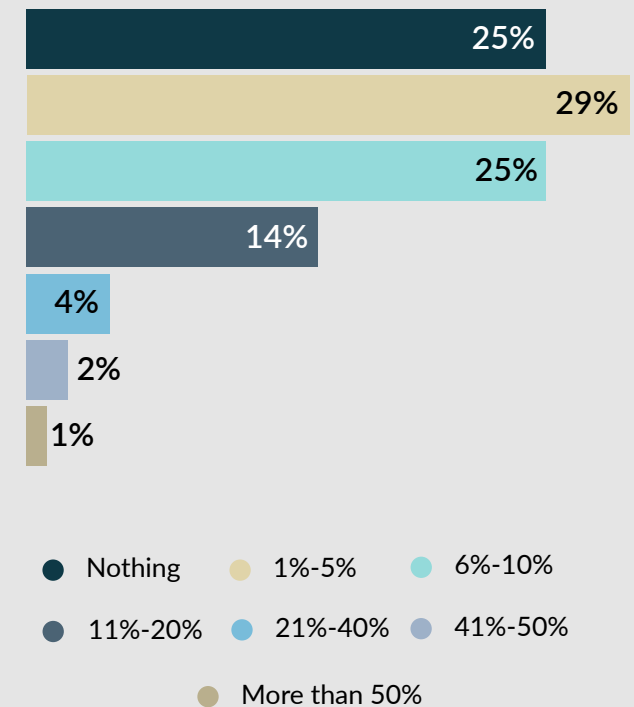
Natasha Marchbank-Peterson, legal operations lead, Volt

In for a penny

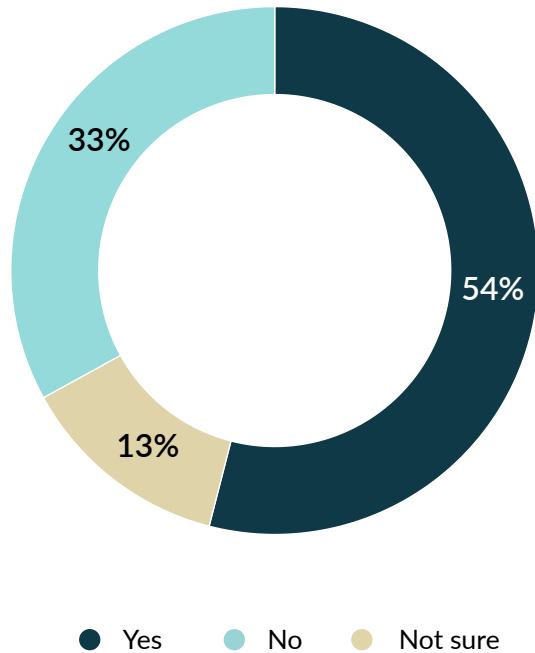
Janet Kidd, former healthcare and biotech general counsel, believes that a successfully implemented legal tech solution is 'a fantastic asset'. 'It is absolutely essential', she says. 'In my experience it was easy to get the spend allocated, because people could see the value.'

Indeed, 75% of survey respondents said they intend to spend at least part of their team's budget on legal tech in the next year. More than 50% of respondents plan to spend 1%-10% of their budget, while 21% said they intended to spend more than 10%, including 7% who have set aside more than 20% of budget. These are

How much of your team's budget (%) do you intend to invest in legal tech in the next year?



Does your legal team have approved budget for legal tech investments over the next 12 months?



‘Many lawyers are stuck in the dark ages, working primarily from Word documents. It’s critical that you escape that.’

Malcolm Peebles, legal director, BSI

not insignificant amounts, especially for mid-size to larger companies, pointing towards concrete interest and a clear willingness to invest.

Marchbank-Peterson says that securing the allocated budget was ‘a seamless process’. She adds: ‘We are fortunate that we had an allocated budget approved ahead of our search. Our CEO, chief legal officer and our finance team have a great relationship – they share an understanding of the importance of the legal team and the value of legal operations.’

Just over half of respondents (54%) said that their team has an approved budget for legal

tech over the next 12 months, while one third of respondents said that they did not.

Nevertheless, not everyone found the process of getting a budget allocated easy. ‘Budget is very hard to find,’ according to one interviewee who requested to remain anonymous. ‘Our budget is set three months before the fiscal year – if the business is growing, it needs more legal support, and if it’s shrinking, there’s a whole raft of legal issues. If I suddenly find halfway through the year that I need £15,000 for legal advice, I am going to take it out of the legal tech budget.’

'Many lawyers are stuck in the dark ages, working primarily from Word documents. It's critical that you escape that – that you have people who see that legal functions need to change, and who are able to showcase their team's value through the use of legal tech,' notes Malcolm Peebles, legal director for EMEA, India and Global Audit at the British Standards Institution (BSI).

Winning hearts and minds

In terms of how easy it is to get buy-in from the wider company for legal tech investments, a mixed picture emerges. While 19% of respondents said that getting buy-in was 'very easy' or 'quite easy'. 27% said that getting buy-in was not very easy, including 6% who said it is 'almost impossible'.

Those interviewed for the research expanded on the challenges involved. 'Getting buy-in is quite difficult – we're all in a transformation or change journey where there are competing priorities, and adding to the list is not always desired,' says Peebles. 'Despite some improvements being relatively straightforward

to implement, there's a perception about the duration and costs of implementation.'

The case for implementing legal software must be 'really compelling', according to a GC at an energy company. 'I am sure that technology will fundamentally improve our legal operations, but I need a clear business case to justify expenditure for new software as opposed to better utilisation of existing tools,' they said. 'The rather uncertain commercial benefits against the cost and time it takes to implement these solutions means we just aren't there yet.'

Inter-departmental cooperation is cited in many quarters as a key factor to increase the chances of securing stakeholder support. 'We had really good buy-in, supported by the budget allocation, making the process remarkably smooth – but I know this is not common,' says Marchbank-Peterson. 'I have heard many stories of people who encounter challenges in garnering support from internal stakeholders and CEOs. Having those strong relationships between the heads of legal, finance, and senior leadership helps significantly.'

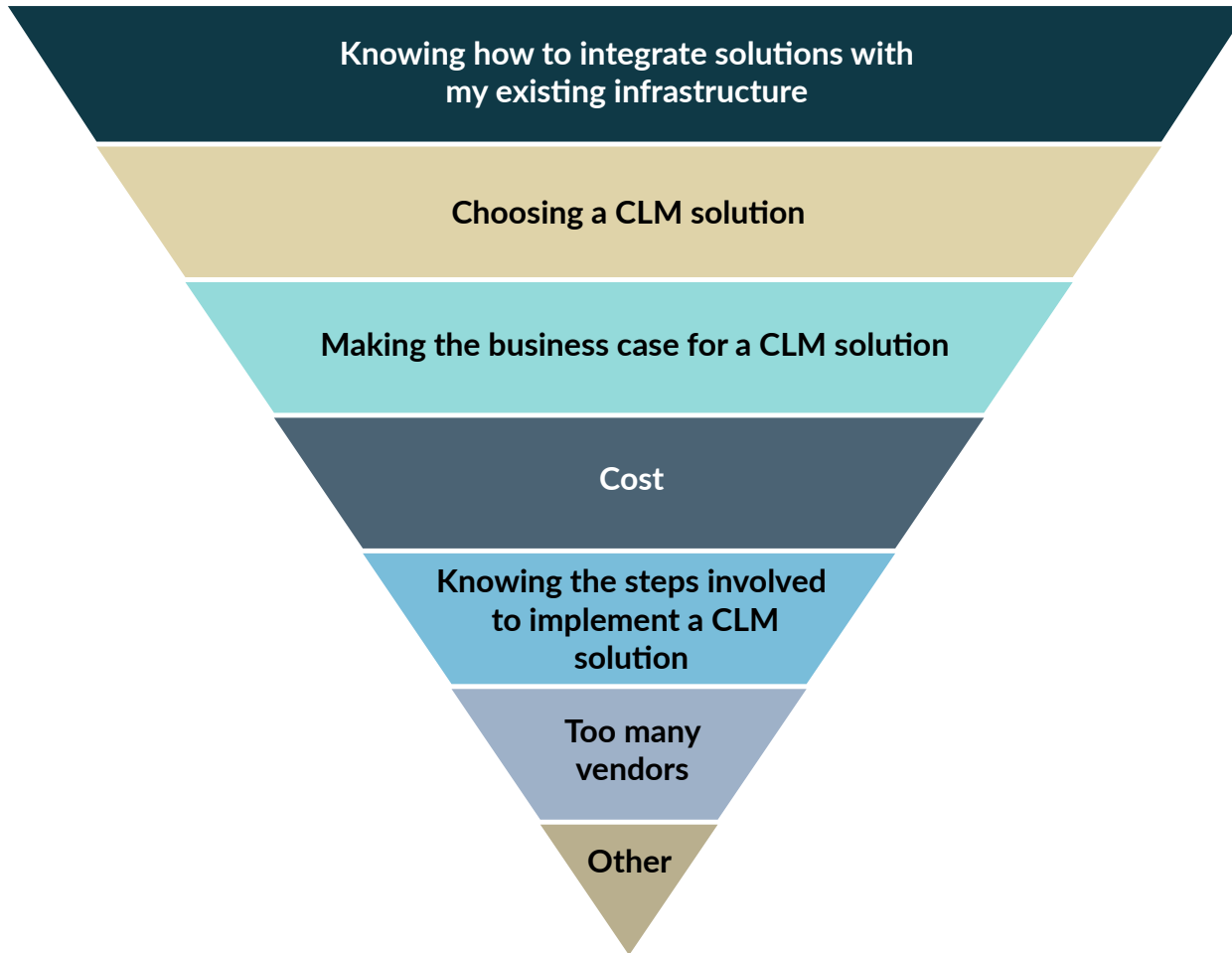
Time is money

The overwhelming impression from the survey findings is that the enthusiasm for legal tech is certainly there for most, even if some note difficulties in acquiring the necessary funds. And while the price of legal tech solutions is always a key consideration, indirect costs were cited by a number of survey respondents, such as the cost associated with resources and staff time associated with the procurement and implementation of new tech.

Indeed, it is notable that when asking survey respondents to identify the top three challenges involved in acquiring a contract lifecycle management solution, costs came out as less of a concern than other factors – choosing a CLM solution was cited as the number one priority for most, while integrating solutions with existing infrastructure came out top when combining the top three priorities.

In the interviews for this research, one point repeatedly raised was the investment in time required to choose which product to go for. Several responders flagged that researching potential solutions was a time-consuming

What is your top challenge when it comes to CLM solutions?



process, with many relying on word of mouth from their networks for recommendations. 'It can take a lot of time to see the wood for the trees in legal tech,' according to one senior lawyer at a FTSE 100 company. 'There's no publication or newsletter; there's no one saying "look, these are the leading kinds of technology solutions that you could use, and this is what you could use them for". That's the challenge.'

Charlotte Leigh, head of legal at Mace Consult says the process of choosing a vendor lasted for an entire year. 'Every organisation wants their own particular set of solutions for their own particular problems. Going through the exercise of understanding the landscape of what solutions are offered and which of those things help my use case - that's a really long journey. It takes a time investment. You have to do the legwork to understand the market at the moment.'

Making it work

Another related concern is implementation. While just over a quarter of respondents characterised the implementation of new tech as 'easy' or 'very easy', almost 30% described

the introduction of new tech as either 'difficult' or 'very difficult.' As Kidd acknowledges: 'A hesitancy in bringing in new systems is that we are already very busy. How are we ever going to find time to get a new system on board and implemented?'

A GC at a healthcare company strikes a similar note of caution, saying: 'Legal tech does make life easier; however there is a tipping point at which this occurs and to reach it requires adequate planning, resource, and training.'

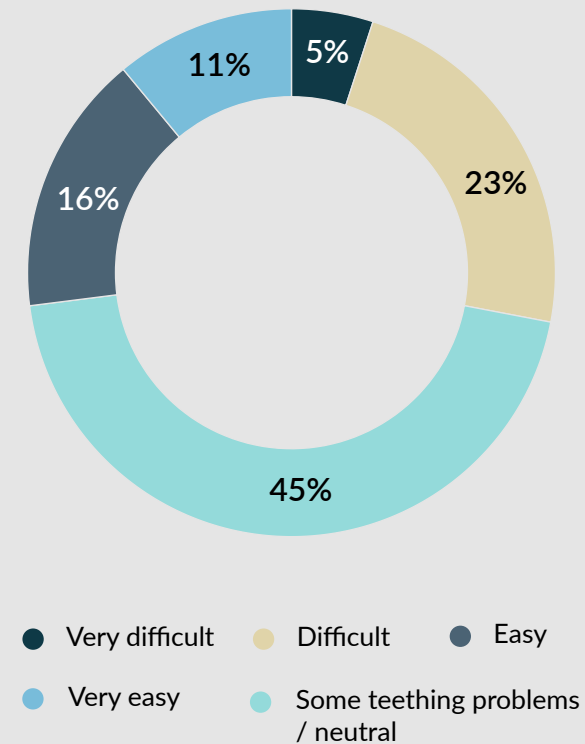
Drawing on her own experience of implementing legal tech solutions, Thomson Reuters associate general counsel Alex Graydon advises going into things with a clear plan. 'The most important thing is to dedicate people's time to do this - to run it as a proper project, not as a side gig, because it is time-consuming,' she explains. 'If you have a legal operations team, they are almost definitely the best to project-manage the implementation. You want to involve your lawyers in the design of the process, because you want them to be engaged. You want them to plan the battle, as opposed to battle the plan.'


Several survey responders and interviewees noted that implementation itself was a key hindrance factor for them, both in terms of realising the full potential of products as well as in getting the buy-in and having spend allocated. On the first point, some flagged that in certain cases, the usefulness and applicability of promising legal tech was hampered by poor or lacking implementation.

The benefits of such an approach are borne out by the experiences of a number of other respondents to the survey. 'When I've successfully used a tool that's been implemented well, it's a fantastic asset,' says Kidd. 'But legal tech is all about how well it is implemented, how much people understand its function and that it is being used properly.'

'I have seen lots of implementation projects not realise the opportunities that people thought they would bring - but this was because hadn't been properly scoped out, and because not enough thought went into the front end and all the "boring" work at the start,' recalls one FTSE 100 lawyer.

How easy do you find it to introduce new legal tech software or solutions to your team?





‘Involve your lawyers in the design of the process – you want them to plan the battle, as opposed to battle the plan.’

Alex Graydon, associate GC, Thomson Reuters

In-house lawyers interviewed for this research cite the crucial importance of securing significant internal resources, such as staffing and resourcing, to ensure a proper project-managed approach to the implementation of legal tech. As with choosing a solution, the potentially time-consuming process of implementation was repeatedly brought up as a key concern. ‘Time can be tricky, because you need time to implement these things,’ says Athow.

The perceived cost of implementation was noted as a significant barrier to getting budget allocated and finding the necessary buy-in in the wider teams – though not an insurmountable one. ‘The biggest barrier to the use of software, from my perspective, is implementation,’ notes Peebles. ‘Successful and timely implementation can have assumptions, dependencies and high cost, which can then breed uncertainty and stagnation. Enabling free trials for an extended period of time to showcase a solution’s functionality at low cost and overcome this barrier can be extremely beneficial.’

Some chose to outsource implementation altogether. ‘We’re using an external independent

company that partners with our provider,’ says Marchbank-Peterson. ‘This will take quite a lot of work out of our hands, and this was the reason we decided to use them. They provide training guides, meaning we do not have to spend time creating them or training those in the business. That’s going to be great for us, as the ultimate goal is efficiency.’

Opportunity knocks

It is of course easy to assume that all in-house teams are well on their way in terms of tech adoption, but as the research reveals, the

majority are still in the early stages. Almost 40% of respondents said that they are ‘only beginning to become aware of what problems can be solved by new legal tech solutions’, while another 29% said they are currently in the process of exploring different providers. Just 19% of respondents characterised themselves as being at an ‘advanced’ stage, and even many of those are still looking to bring more capabilities in. As such, this is a moment of opportunity for legal teams and vendors/providers alike.

‘I’ve been really excited by some of the possibilities that get sketched out,’ says Leigh.

'As users we're becoming more aware of where tech can take us and how it can help. All of that just needs to come together now in a happy union between the users and the vendors. Lots of people are successfully using these tools already – it's clearly delivering change for the industry.'

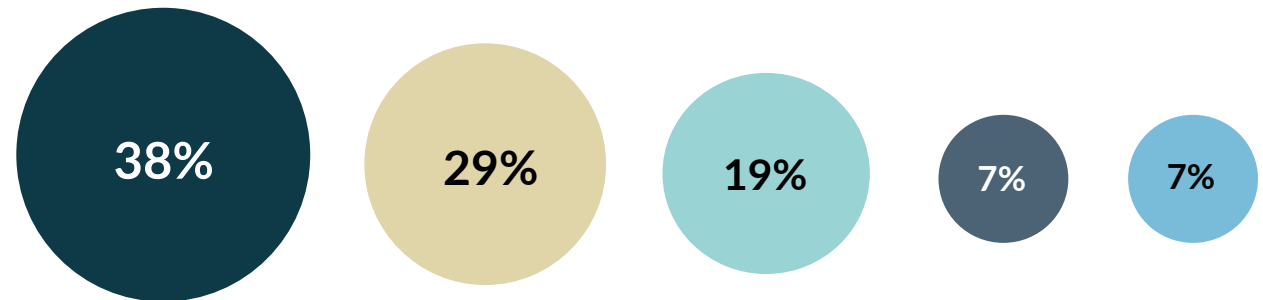
The overriding impression from the research is one of enthusiasm and optimism about the potential benefits of legal tech, married with a keen awareness of the critical importance of making the right choices and approaching implementation with your eyes fully open to the task at hand.

'It's a journey, and I recommend everyone get started if they haven't already' advises Graydon. 'Iterate, be prepared to change direction, and over time you'll work out what's important and what's not. The more you use legal tech and see the benefits from it, the more interested people become, and it becomes symbiotic. As a legal team, you will become much more confident in your story, because you'll have evidenced-based anecdotes to support your position, and you can take that data to go forward and make positive change.'

'Lots of people are successfully using these tools already – it's clearly delivering change for the industry.'

Charlotte Leigh, head of legal, Mace Consult

Where are you in your in-house legal team's tech/innovation journey?



- We're only beginning to become aware of what problems can be solved by new solutions
- We're exploring different providers at the moment
- We're advanced on the journey and are now looking to bring more capabilities in
- We've selected a vendor and are beginning to implement a solution
- We're selecting a provider

The innovation wishlist – what in-house lawyers want

While in-house lawyers might not always be fully au fait with the latest tech on offer, one thing that they are clear on is how their jobs could be made easier – this article looks at the top priorities for in-house teams rethinking the way they work.

The findings detailed in the previous article clearly demonstrate an enthusiasm for legal tech among in-house legal teams and a widespread appetite to invest. Drawing on the survey findings, as well as a series of in-depth follow-up interviews, Legal Business and Thomson Reuters have catalogued the desired outcomes and improvements that legal tech can bring to in-house legal teams, and what forms of legal tech lawyers believe will bring those about. Overall, the responses illustrate a shared desire for increased efficiency, cost reductions, and a streamlining of the heavy workloads that the modern perma-busy in-house lawyer faces.

Top priorities

'I would just like it to make my life a bit easier,' says one general counsel, when

describing what they want from legal tech and artificial intelligence. This is unsurprisingly a common sentiment; indeed, survey responders overwhelmingly listed workload management and managing requests from the business as their principal desired improvement in the coming years. Half of all survey respondents marked this as their number one priority, while another quarter marked this down as their second most important area of focus.

When asked what types of tech innovation they believed to be the most useful, respondents highlighted document automation, AI-enabled contract lifecycle management (CLM) and process automation as their top priorities.

The value of new systems that can be smoothly integrated into existing IT infrastructure cannot be underestimated. 'Solutions that link to our existing processes and can adapt to how we do things in our business are more likely to deliver value,' says one head of legal. 'You want something that integrates into your wider technology portfolio,' agrees legal consultant Mark Turner.

'Our team really wanted something that could work with Salesforce,' says Natasha Marchbank-Peterson, legal operations lead at Volt. 'That was our crucial reason as to why we chose the provider we ended up using. That seamless integration is really what the stakeholders in the business were looking for.'

Of course, legal departments do not operate in a vacuum, and numerous respondents to the survey highlighted the potential value-add of interdepartmental cooperation. 'It's important not to overlook how automation tools and AI can help in other parts of the business, like the HR department, for example. As we share our use cases, as part of our enterprise-wide AI initiative, other departments see how they could also use our technology in a similar way. And if you're implementing the solutions as an enterprise-wide solution or technology, you're far more likely to get support and buy-in,' notes Thomson Reuters associate GC Alex Graydon.

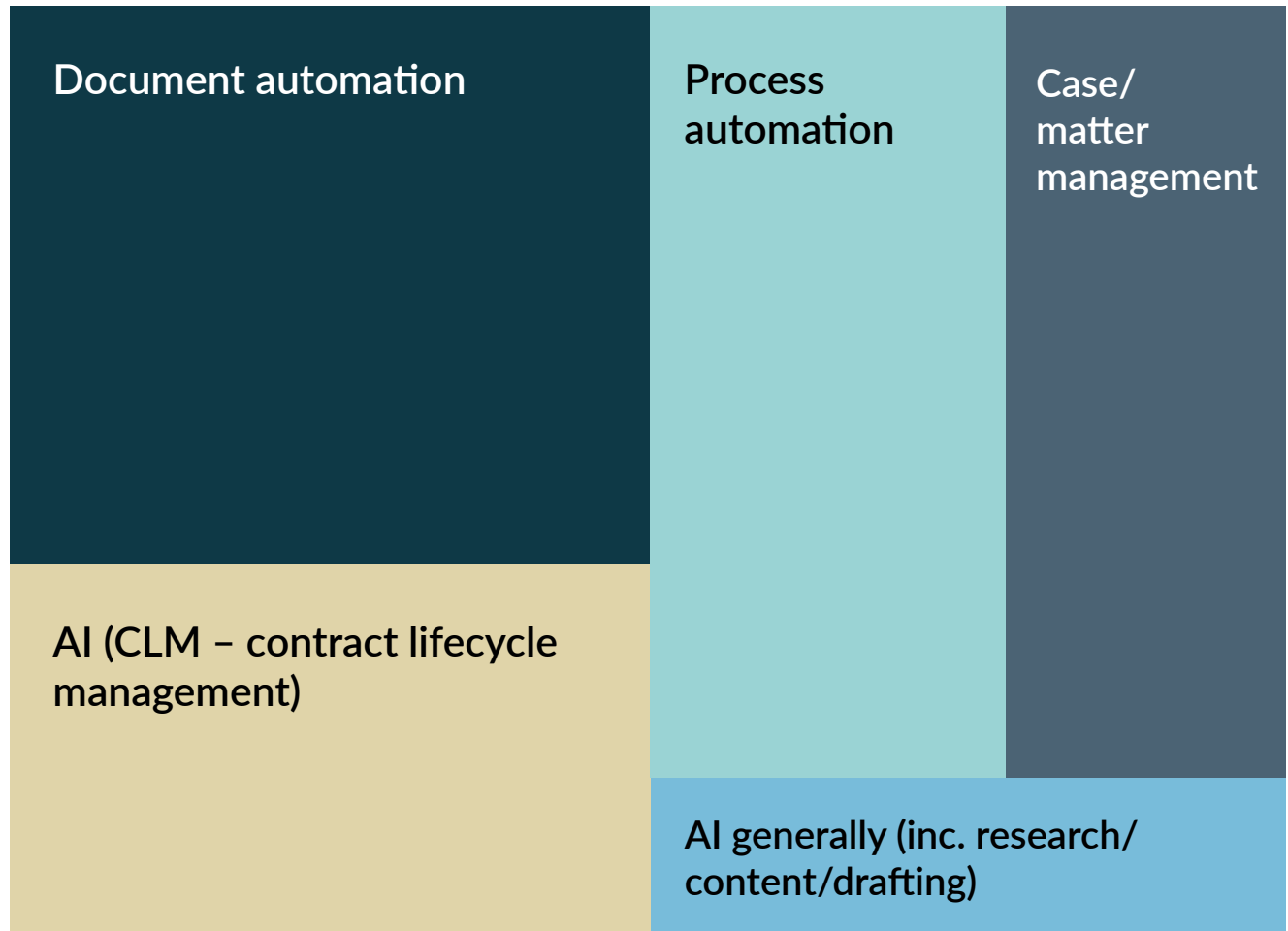
Multi-purpose tech solutions are especially appealing, as one general counsel explains: 'For me, there are three types of legal technology that are important. The billing and case

management side, as well as accounting legal tech, and contract and matter management. I'm looking for something that has a lot of different elements and that can put it all in one bucket.'

Everything under one roof

One such multi-purpose solution is contract lifecycle management (CLM) software, such as Thomson Reuters' HighQ platform, which covers the entirety of the contracts process, combining integrated document automation, process management and AI-powered contract review, increasing efficiency at all stages of the process. Such systems – particularly those that can effectively harness new AI capabilities – were cited by survey respondents as a major draw for in-house teams. 'I'm a big advocate for CLM – for me, it's at the heart of legal operations, says one FTSE 100 general counsel. 'I think there are lots of companies that don't manage their contracts particularly well – CLM is very useful as a tool; it's a way to have all your legal stuff within one universe, including the front door process.' Almost 50% of survey respondents cited AI-assisted CLM as their first or second priority in terms of tech

What is the most useful area of legal tech innovation?



innovation, placing it firmly among the most popular responses.

'CLM is essential,' argues Janet Kidd, former general counsel at healthcare and biotech companies such as NHS Blood and Transplant and Oxford Immunotec. Given the constant demands placed on in-house lawyers, an effective CLM system can dramatically improve workloads and the way requests from the business are managed, ensuring that opportunities for renegotiation of contracts, for example, are not passed up.

Automation for the people

One way to improve efficiency is of course automation, and more than 40% of respondents to the survey identified either document automation or process automation as their top priority for tech innovation.

A sophisticated CLM solution offers the potential for in-house teams to automate an array of tasks and workflows associated with their documents and contracts, reducing time-consuming but straightforward work into

'I'm a big advocate for CLM – for me, it's at the heart of legal operations.'

FTSE 100 general counsel

something that can be handled in a fraction of the time, at a fraction of the cost. Marchbank-Peterson describes automation as a 'game-changer'. 'Increased automation and being able to streamline routine tasks allow a legal team, especially in-house, to focus on strategic and complex issues. And I think that's going to be a game changer, because it obviously removes what I like to call the low-hanging fruit from the legal team workload. So, as a lawyer, you get to focus on other interesting work.'

Integrating document automation as part of a larger system is thus something high on the list of priorities for those surveyed, with interviewees noting the positive impact of such tools for their organisations. 'I have implemented

CLM systems, and automation and AI are helping the efficiency and accuracy of our contracting. The advances that are being made are hugely impressive and have worked well,' says Turner.

Artificial intelligence, real benefits

Another area which is unquestionably of huge interest to forward thinking in-house counsel is AI-assisted document review and analysis, described as 'both thrilling and transformative,' by one senior lawyer at a software development company. 'The ability to swiftly draw insights from intricate legal documents promises to significantly elevate efficiency and accuracy in our day-to-day operations. This, in turn,

will empower legal professionals to focus on strategic and value-added activities.'

'I may now be able to upload 50,000 documents into a data room and get a view on their similarities and risk areas within hours. That is something that may have taken five lawyers a month to do previously, at four times the cost, with less nuanced output. You've got to see the potential benefits and then consider the steps you can take to improve your team's operations and value creation,' agrees Malcolm Peebles, Legal Director, EMEA, India & Global Audit at BSI.

The potential for software solutions to cater for both standard contracts such as non-disclosure agreements as well as third-party or non-standard contracts is particularly attractive to responders. 'Support with review of contracts will really create efficiency in our team,' says Charlotte Leigh, head of legal at Mace Consult. 'We often work with third-party documents that our clients send us. A program that's able to process those, and to report back on what are the top issues in more complex or specific use-cases – those are the things we care about.'

'One key focus for us is using TR's Document Intelligence Playbook tool for contract negotiations,' says Graydon. 'To start with, you upload your playbook, and then each time you need a contract review, you upload that contract to Document Intelligence and it reviews the contract, against our playbook, and it will flag up the things that are inconsistent, and help you negotiate that contract more quickly. That is a clear winner in productivity. It is a massive step forward in making the information more readily available and accessible to lawyers.'

'One area we're exploring at the moment,' adds Graydon, 'is an AI chatbot. We are often asked the same questions, which can be self-served. There's a wealth of information that we've published to help, but when time is poor, many don't necessarily have the time to read it. So if we can make that information accessible through an effective chatbot, where the business can ask their questions in natural language and get a natural language response, rather than just being directed to look at a document, that's going to be a really powerful tool for our business colleagues. And doing that will alleviate a lot of the day-to-day pressure coming through the system.'

Metric system

Interviewees also repeatedly highlight the importance of being able to use data metrics and analysis in identifying pain points and increase efficiency and output. 'Data analytics and predictive modelling are going to play a crucial part in the way we operate. That's very, very important at the moment and that's our focus,' says Marchbank-Peterson. 'Being able to identify pain points to see, for example, when a contract review is taking longer than it should, we can then use the data to see what the bottleneck is within that process and harmonise. That will enable us to be more efficient and, as a result, help the business to make more money.' This was reflected in the survey responses; the ability for individual lawyers to review efficiency metrics was frequently listed as a high priority area in terms of innovation, and an opportunity to 'take the pain out of organising legal workflows'.

The survey responses suggest there is some way to go for lawyers to build up their confidence in using metrics to assess their workflow, with less than 30% describing themselves as 'moderately confident' or 'very confident' in making the most

of such data, and almost 50% either 'not very confident' or 'not at all confident.'

However, adopting an effective CLM platform can help unlock such understanding for many – Graydon cites her own experience as an example. 'For us, we've looked at over 10,000 items of requests in the last year. Some of those are big contract negotiations, while some of them are much smaller one-off advisory matters. That's an awful lot of work. So, we measure the volume of work coming through, we break that down to which business segment is requesting it, which product line is requesting it, and by what type of request has come in,' she explains. 'You can derive lots of insights, and particularly where there are lots

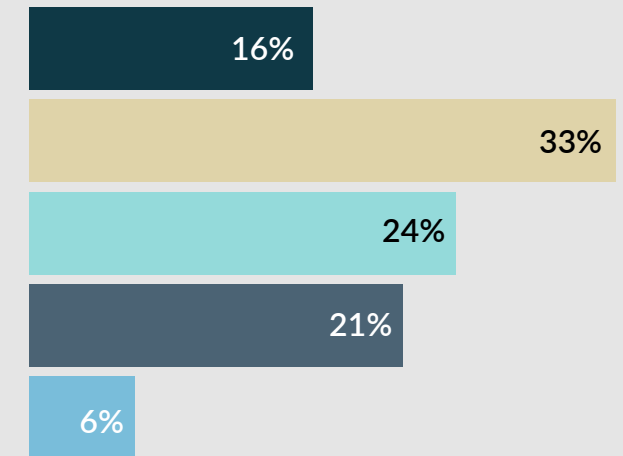
of repeat requests. This is such rich data that shows opportunities for enhancement to our training, processes, standard terms etc, as well as helping with resourcing discussions – it tells you an awful lot about what's coming in and what you can do about it.'

The mantra of doing more with less is one that in-house lawyers will be well familiar with, and while it can be a challenge to cut through the noise around innovation and artificial intelligence, there are solutions out there to streamline workloads and maximise efficiency, as Graydon spells out: 'It frees us up to focus on quality work – the value-add, the horizon scanning, rather than just trudging through thousands of matters.'

'I may now be able to upload 50,000 documents into a data room and get a view on their similarities and risk areas within hours.'

Malcolm Peebles, legal director, BSI

How confident would you say you are when it comes to devising metrics to measure your innovation journey?



- Neutral
- Not at all confident
- Not very confident
- Moderately confident
- Very confident

Opportunities and risks – the in-house view on the rise of AI

With recent advances in AI prompting much discussion of its transformative potential, a major new survey by Legal Business and Thomson Reuters has found in-house counsel braced for change and enthused by the possibilities, but also looking for reassurance about the inevitable risks.

While the opportunities presented by AI are undeniably huge, many in-house lawyers are apprehensive about deploying AI-powered tech solutions within their teams. This article looks at some of the issues at play and the key concerns for legal teams to be aware of.

Investing in the future

The survey, which gauged the feelings of in-house lawyers on AI, innovation and contract lifecycle management solutions, asked respondents for their view on the statement: 'AI has moved out of the teething stage and is now a reliable resource to introduce within the legal team.'

A bold statement perhaps, and while the survey results indicate inevitable caution in some

quarters, more than one in five (21%) agree with this assessment, either in part (12%) or completely (9%).

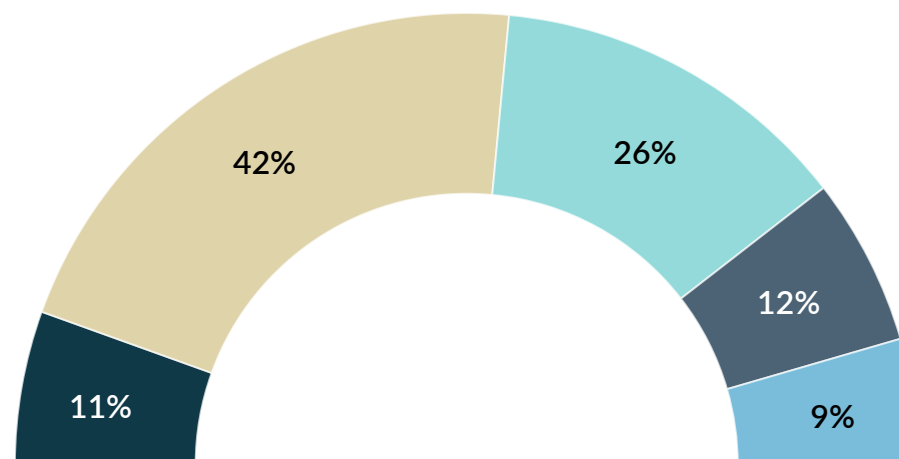
Adding weight to the case for AI's growing adoption, almost 80% of respondents to the survey plan to either maintain or increase their spend on AI-based legal tech in the next 12 months. In-house lawyers may not yet feel

completely comfortable with rolling out such tech in all lines of work, but it is clear they recognise its potential and that it will be an unavoidable part of the legal industry's future.

The scope for value creation from AI products is unquestionably a significant potential benefit for in-house teams. 'In-house teams need to showcase their value, which can be difficult

How much do you agree with the following statement: 'AI has moved out of the teething stage and is now a reliable resource to introduce within the legal team.'

- Absolutely not
- Not really
- Neutral
- A lot
- Completely



for any cost centre or enabling function in a business,' argues Malcom Peebles, legal director at BSI. 'Understanding how legal tech can be used to demonstrate this value is critical in a team's evolution, as decisions are increasingly more data-led, and machine learning and AI are now commonplace subjects discussed in respect of generating efficiencies,' he adds.

One clear advantage is AI's ability to free up the schedules of time-poor in-house teams, with AI boosting efficiency through the automation of routine but labour-intensive tasks. A likely knock-on effect of this will be a positive impact on workplace culture, with lawyers able to take a more proactive approach to pursuing fulfilling or intellectually stimulating avenues of work.

The hope is that this will lead to increased engagement and commitment among in-house teams, at a time when companies across the board are struggling with retention.

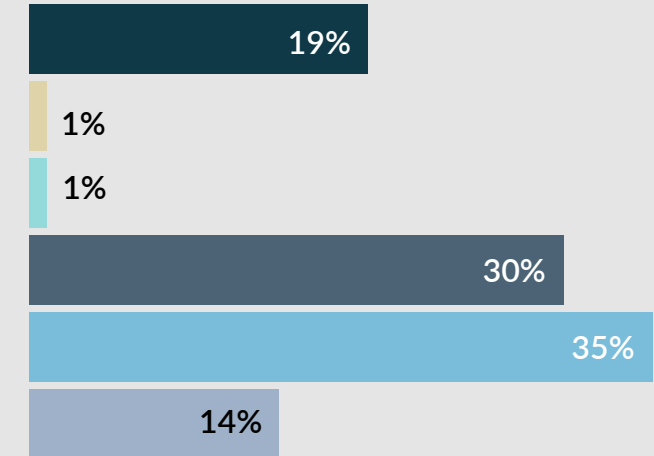
Legal consultant Mark Turner says: 'I'm really looking forward to some of the new developments that provide assistance to our lawyers to enable them to do higher value or more interesting work. The cultural change when you have a motivated team that is doing great work is gold dust.'

'That positive spiral of supporting the business can be hugely valuable and help to create a positive work environment. Lawyers who feel supported are less likely to leave. It will

'Lawyers who work at businesses who don't use these types of tools will start to question why they are doing really routine work.'

Mark Turner, legal consultant

Will you be increasing or decreasing spend on AI-based legal tech in the next 12 months?



- Don't spend anything and don't intend to
- Large decrease
- Slight decrease
- About the same as last year
- Slight increase
- Increasing significantly

become a new standard. Lawyers who work at businesses who don't use these types of tools will start to question why they are still doing routine work,' he argues.

Marchbank-Peterson, legal operations lead at Volt, agrees on the potential benefits for workplace culture: 'It will help with professional development because you'll be able focus on more interesting things - there will be more time for networking and conferences, for example.'

The responses to the survey offer further insight into how in-house legal teams are ramping up their spend on AI-based legal tech. Over the next 12 months, 14% of respondents said they plan to increase their spend significantly, while 35% expect to see a slight increase in their spend, with a further 30% expecting to maintain the previous year's expenditure. Anyone who has negotiated a budget with a CFO will know that this will not be a commitment undertaken lightly.

Teething troubles

As well as all of the potential opportunities presented by AI, there are of course concerns for

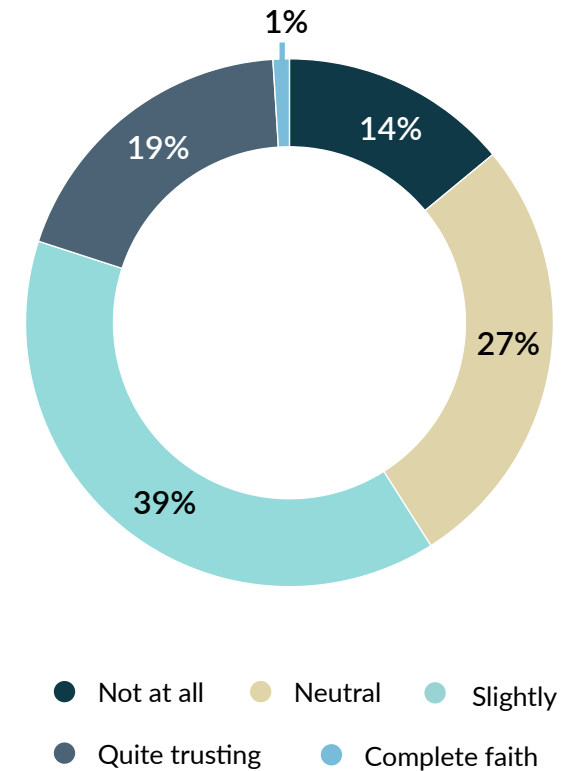
risk-averse in-house lawyers, such as possible data breaches, or discrimination stemming from biases inherent in early-stage AI models.

'There are ethical and data privacy issues. You've got to have the right guardrails in place,' explains one GC. 'At a lot of companies there's no standardisation around frameworks. That's something a lot of companies are grappling with at the moment: how do they manage the risk of AI in their businesses?'

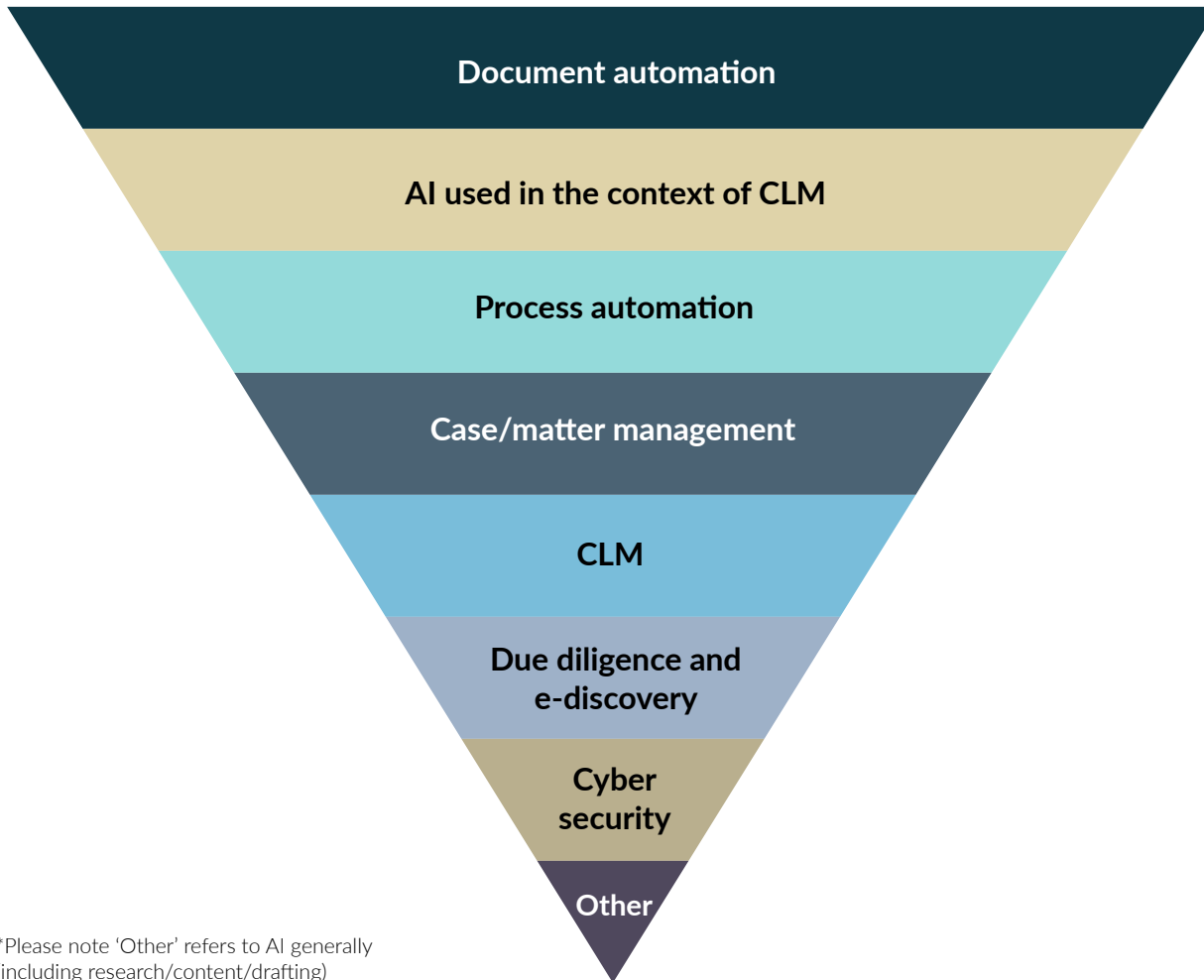
Finding solutions to monitor and protect against discrimination will be a top priority for GCs. 'We've seen systems that discriminate, and we need to be hugely conscious that there is none of this. There is also the issue of hallucinations - we need to check outputs to ensure there is no bias,' Turner explains.

Given these concerns, it is crucial that legal departments looking to utilise AI as part of their day-to-day work should adopt tools that draw on information from reliable, legal-specific resources, rather than other more widely used models such as ChatGPT, that deliver results of which the provenance is unknown.

How much do you trust AI to help with your CLM work?



What is your top priority when considering the most useful areas of legal tech innovation?



*Please note 'Other' refers to AI generally (including research/content/drafting)

Another area where GCs are trading carefully is in the use of AI in the context of contract lifecycle management (CLM). While almost 60% of survey respondents do have a degree of trust in the use of AI in relation to CLM, a further 27% are neutral on the subject, with 14% remaining sceptical.

Despite this, respondents did rank AI-enabled CLM one of their top choices when asked about what they thought the most useful areas of legal tech innovation are, securing 19% of the votes. This discrepancy highlights the inevitable tensions at play as GCs grapple to weigh the upsides and downsides of AI-powered tech solutions.

One survey respondent argues that this caution is just part of a wider reluctance to utilise new tech opportunities among more traditional legal professionals. 'There is a huge amount of hype about using AI in legal processes, but for many in-house legal teams, they are still using old systems based on email and matter folders stored on shared drives, rather than any of the matter management, document management and CLM tools that are available – so there is a long way to go.'

Another respondent notes: 'AI is a very useful tool for lawyers. It can assist in research and drafting, prompt new ideas, and summarise documents very efficiently. However, good legal judgement is still required in its application.'

There are also concerns about the wider implications of AI use in terms of intellectual property and trade marks, a topic which has attracted much attention in recent months as first-of-their-kind cases make their way through the courts. Janet Kidd, former general

counsel at NHS Blood and Transplant, explains: 'It's not just about using AI as a tool and looking after the information, but also who owns the output? Who has the rights? It's a whole new area to understand.'

At Thomson Reuters, the products which leverage AI capabilities are drawing on reliable, specialised legal data from its Practical Law database, which allows users to feel much more confident about the outputs being presented to them.

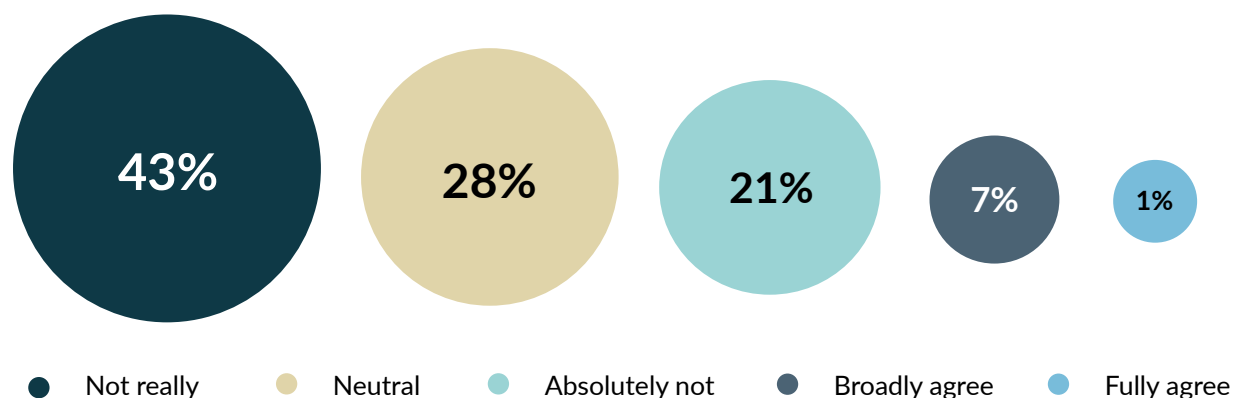
The legislative landscape

All of this does need to be considered in the context of a developing legislative landscape, with all eyes on the EU's proposed AI Act, as well as the recently released UK guidance on the use of AI. When asked if they agreed with the statement: 'The UK has adequate legislation to keep pace with innovation within AI,' survey respondents were unconvinced. One in five (21%) responded 'absolutely not' and 43% said 'not really'. Only 8% agreed with the statement.

The difficulty for legislators in keeping up with rapidly advancing technology was raised as a recurrent concern. 'The European framework helps in that it gives some guidance, but the UK could up its game. However, it's a continually evolving beast, and it's very difficult to legislate,' says Turner.

The survey results highlight a desire among in-house lawyers for quicker development of the 'antiquated' legislative framework around AI, to enable companies to stay ahead of the curve and leverage AI's benefits as the tech is more widely adopted. 'Legislation is

How much do you agree with the following statement: 'The UK has adequate legislation to keep pace with innovation within AI'?



not moving fast enough. There isn't enough at the moment, and given how slow-moving governments are, I don't know how it could be brought in quickly enough,' says one respondent.

So how to legislate for a problem which is not yet fully understood? 'Generative AI is still in its infancy; legislation is based on past tech and some of it isn't based on any tech whatsoever. So, using existing laws to police or manage generative AI is going to be tricky,' explains Kevin Athow, general counsel at BSH Home Appliances.

Another concern among lawyers is the prospect of conflicting legislative regimes across different countries. 'One issue is they are not going to drop one international standard, and if they try there is going to be a huge debate,' explains one group GC.

The complications for GCs attempting to navigate multiple regimes could be onerous. 'Everyone's worst-case scenario is that you end up with different legal regimes in every country. We're already getting that with

'Legislation is needed – legislation that enables the tech to move down the right paths but that also protects organisations.'

Manoj Paul, head of legal, Chegg

GDPR. The UK's GDPR was a really safe space to work in, because you knew it was global best practice. If you followed GDPR, you were probably compliant wherever in the world you were operating. Now that's changing, because a lot of different countries are implementing their own data protection laws, which are inconsistent with each other,' Leigh says.

'If you're a global business, it's becoming really complicated. The worst-case scenario is that all the regulators start producing

conflicting regulations around generative AI,' she adds.

However, not all are pessimistic. As Manoj Paul, head of legal at education tech company Chegg, says: 'It's a problem, but there is still time. AI is in a fledgling stage at the moment. It has had a lot of great press in the past few months, but its future is still being written as we speak. Legislation is needed, and now is the time to put the right legislation in place – legislation that enables the tech to move down the right paths but that also protects organisations.' ■

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