



# The business case for **AI at your law firm**

ChatGPT ushers in the age of generative AI —  
even for law firms

White paper

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## The business case for AI at your law firm

### ChatGPT ushers in the age of generative AI – even for law firms

Artificial intelligence (AI) has moved beyond answering questions and finding information into creating solid drafts of communication and creating usable images. Many professionals are anticipating major changes to the way they work.

The practice of law, too, is experiencing the [arrival of the generative AI](#) “future.”

AI technologies have been designed to mimic human cognitive functions like communicating, reasoning, and learning. Human programmers have developed software and algorithms that continually collect data and can adjust their coding based on this new information. The more data these technologies bring in, the more accurate their insights and predictions.

What AI promises – and delivers – isn’t sci-fi, but practical applications. To use an appropriately down-to-earth comparison, think of it as a new industrial revolution: a paradigm shift that enables skilled professionals to quickly achieve things that were previously inefficient, if not altogether impossible, to accomplish. For instance, job seekers are using ChatGPT to customise their CVs and covering letters for every potential opportunity. And software developers are using Google’s Gemini to debug their lines of code. These professionals are streamlining previously inefficient tasks – giving them more time to prep for interviews or write elegant code.

For law firms, AI promises numerous business benefits. Leading legal software and solutions providers have been incorporating machine learning into their offerings for decades. These applications have evolved as AI capabilities have grown. The data, insights, and ideas that AI-based legal tools can generate help legal practitioners develop a deeper understanding of case strategy and trends in transactional practice. They help lawyers develop insight for their current and potential clients. In addition, these tools can boost practices’ business efficiency by managing tasks such as analysing documents, providing draft language, and checking citations. The speed and precision gains are dramatic and promise to be even more so in the very near future as generative AI finds a foothold in the law.

**40%** of large law firm professionals are considering generative AI for their practice.

According to the 2023 Thomson Reuters Institute report [ChatGPT and Generative AI within Law Firms](#)

Perhaps your firm has tasked you with the job of [exploring the introduction of AI](#) into its operations. Perhaps you already are convinced of its value and want to move forward with it. If you’re building the case for acquiring and incorporating AI-based tools into your firm’s processes, consider using the following model:

- Explain generative AI
- The problem
- The solution
- The risks
- The ROI
- The time frame and implementation

Needless to say, you will be detailing AI’s advantages. You’ll also be addressing your colleagues’ tough questions and strong objections. By following this model, you will be helping yourself to make the strongest case for [AI-based legal tools](#).

## Explaining generative AI

Generative AI is a type of artificial intelligence that creates content from scratch. This could be text, music, images, or video. People use generative AI to automate both mundane and complex tasks, provide valuable insights into complex issues, and create custom versions of products based on customer needs.

Much of the recent discussion of generative AI centres on large language models, which process vast amounts of text and generate new text based on the patterns it identifies. Professionals use these to create news articles, help improve natural-language processing systems, and even generate scientific papers. ChatGPT is one of the most well-known large language models, but there has been a proliferation of other similar tools from the likes of [Amazon, Microsoft, and Google](#). Generative AI aids in the drafting and creation process, but it can’t stand alone. Early adopters of these programmes note that, while they are a useful tool, they don’t stand in for human expertise. And as to whether you can trust the answers and language they provide you – well that depends on the source.

## The AI landscape

In March 2023, [Thomson Reuters® surveyed 443 law firm professionals](#) in the UK, US, and Canada regarding their perceptions and use of generative AI tools. We will refer to this survey to illustrate the acceptance and applications of generative AI in the legal profession — and the risks and concerns many firms believe they must address as they consider incorporating these tools into their practices. The survey can provide useful data points in your presentation to show that generative AI is an option many firms are considering.

## Outline the problem

Perhaps the most powerful fact to be gleaned from the survey is that generative AI is on the radar of a lot of legal professionals. While this profession is sometimes slower to adopt or explore new technology, nearly all survey respondents had heard of ChatGPT and generative AI. What's more, more than 80% said there are ways the new technology could be applied to legal work.

But should it be? The field is divided on that, with only 51% believing that legal professionals should use generative AI in their practice. Partners generally felt more positive than other types of lawyers.

Arsen Shirokov, National Director, Information Technology at Canadian law firm McMillan, suggested a reason for the higher interest from partners. “[Lawyers] are not typically excited about changing their ways or disrupting the industry that way, but I think lawyers ultimately do see this as an opportunity to actually positively change their business, especially partnership,” Shirokov noted. “Partners understand the business model a little bit more.”

What problem are these partners trying to solve? Their clients expect them to deliver excellent work product and representation — efficiently. What's more, as new associates join firms, they come in expecting automation for repetitive tasks. They aren't interested in manually sifting through cases or searching old work product for model language. They know that's inefficient, and they know that process can lead to mistakes.

“Within the next six months everybody at the firm will be using it [AI],” said Charlotte Woolven-Brown, Head of Employment and a Partner at UK law firm Sternberg Reed in the [ChatGPT and Generative AI within Law Firms](#) report. “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.”

**The problem is this: law firms are facing competition for clients and competition for talent. Law firm partners want to maximise profits per partner, and they want to see client growth. Generative AI can be part of the solution.**

## Offer a solution: The benefits and advantages of generative AI

As generative AI finds its place in the way legal professionals work, law firms will have to calculate the values and risks of integrating certain platforms and setting guardrails for how they work. Generative AI can provide value to law firms from two vantage points: legal practice and business management.

## The practice side

At the start of this decade, 64% of law firms were already using AI-based technologies for legal research, according to a Thomson Reuters survey on AI. In addition, 77% of those firms cited “increasing efficiency” and “saving time” as top benefits. These firms believed that AI helps them get answers more quickly.

Fast-forward to today, and new generative AI capabilities can offer those same efficiencies when it comes to creating legal work product. This is especially true if the tool is grounded in a trusted data set and the output is easily verifiable.

Thomson Reuters CEO Steve Hasker takes this challenge of dependability seriously: “Before they can be fully trusted to do important work, [generative AI models] need to be trained using comprehensive, authoritative data sets,” Hasker wrote for Reuters. “Perhaps even more importantly, that process needs to be intermediated by human subject matter experts who understand the nuances and the context and have the power to override inaccuracies. And, even after those steps are taken, any output from the model must also include a clear audit trail of where the results came from, with traceable links back to source materials.”

**“Put simply, humans + AI is the only way we will be successful.”**

## The business side

Law is a practice, a profession, and a discipline. A law firm is also a business. And one of its chief business goals is client acquisition and retention. The 2020 Thomson Reuters AI survey mentioned above found that potential clients increasingly expected their legal representation to demonstrate they have the latest and most powerful technologies in their toolboxes.

In fact, 92% of survey respondents agreed that “lawyers will need to be more tech savvy in the future” while 19% stated clients were asking for proof of efficiency or adoption of technology.

Even now, according to the Future of Professionals report, [15% of legal professionals surveyed](#) noted a lack of technology skills as the main barrier to change.

AI-based legal tools can be a selling point to clients in several ways. For instance, AI-driven litigation analysis can be used to help set and manage client expectations by illustrating judicial behaviours or litigation strategies that may inform the process or duration of active litigation.

AI-based analytics also can be trained on a firm’s own experiences, revealing insights into their strengths, weaknesses, and competencies. This information can help “win” the business of customers with an objective message regarding your experience. Perhaps just as valuable, individual performance data — aligned with intelligence regarding specific types of legal matters — can help determine whether your firm needs to deploy its star lawyers on a particular case, if the case is safely within the capabilities of other staff, or even if the case is worth taking on.

AI technology can also help diagnose symptoms of client attrition. Over time, a data-driven approach to client management has the potential to identify patterns within your firm involving time, costs, types of legal matters, outcomes, or client profiles. AI-powered analysis could help your firm assess the health of client relationships and reveal opportunities to act before a client takes its business elsewhere.

Then there are the firm’s back-office functions, which are intertwined with client management and retention. Here, too, AI tools can provide measurable benefits.

For instance, your firm may be finding that clients are pushing back on hours billed. AI’s efficiencies in areas such as research can allow you to bill fewer hours. Yes, that kind of efficiency might result in less revenue in the short term. But remember that corporate clients identify legal fees as among the highest expenses. They are looking for ways to manage their budgets, and charging status-quo billable hours can put a firm in a risky position. Highlighting your firm’s efficiency through its use of AI tools may be necessary to maintain the long-term health of your firm’s client relationships. Conversely, you might be seeing alternative fee arrangements shifting the cost burden back to your firm, thus challenging its ability to maintain profitability. AI-powered insights into your firm’s billing data can help rebalance that burden. When you have a clearer view of the costs — and your firm’s own processes and timelines — it’s easier to establish price structures that are fair to both client and firm. Similarly, a view into past litigation data can help you more accurately define litigation budgets.

AI-based tools also can help your firm make smarter business development decisions. The data points and analyses these technologies gather and generate can reveal useful, actionable insights into issues such as the following:

- Where are your staff members strongest? Where are they weakest? These insights can reveal what types of additional training certain staffers need, for instance.
- Which case types are you seeing more often? Your answer may represent a growth opportunity or a chance to build capacity.

With a clearer, objective sense of your firm’s strengths and weaknesses, you can better determine where to take the business in the future and what areas you would be better off avoiding. These are the types of strategic business decisions that AI-driven insights can help you make.

One of the strengths of AI tools is that they are evidence-based and continuously gather more and more of that evidence. This is a characteristic any lawyer should appreciate.





## Social proof: Law firm adoption of generative AI

How many law firms are using generative AI? Less than six months after the release of ChatGPT, roughly 5% of survey respondents were already using or planning for some form of generative AI. Another third were in the exploratory phase, considering whether and how generative AI could support firm operations. Some firms have warned employees against the unauthorised use of generative AI and 6% have banned it outright. The bottom line is, generative AI is finding a place in legal practice.

Firm size affected usage rates. Large law firms were more likely to be considering generative AI than their mid-sized counterparts, with 40% of large law firm respondents saying they were considering the technology compared to 31% at mid-sized law firms. Large law firms were also slightly more likely to be using the technology already, with 5% of large law respondents saying such tools were already in use compared to 2% at mid size firms.

## Generative AI can make a “good assistant”

Early adopters of generative AI in the legal space recognise that the capability is in an experimental phase. Jason Adaska, director of the Innovation Lab at US law firm Holland & Hart, is actively planning use cases for generative AI in legal operations. He said in the [recent Thomson Reuters report](#), “My guess is the first cut of this is going to be, in the same way that a senior attorney may have an associate provide an initial draft and they do some analysis on it: ‘Okay, is that good?’ There’s probably going to be a similar step that’s being done, but now some of those inputs come from a generative model.”

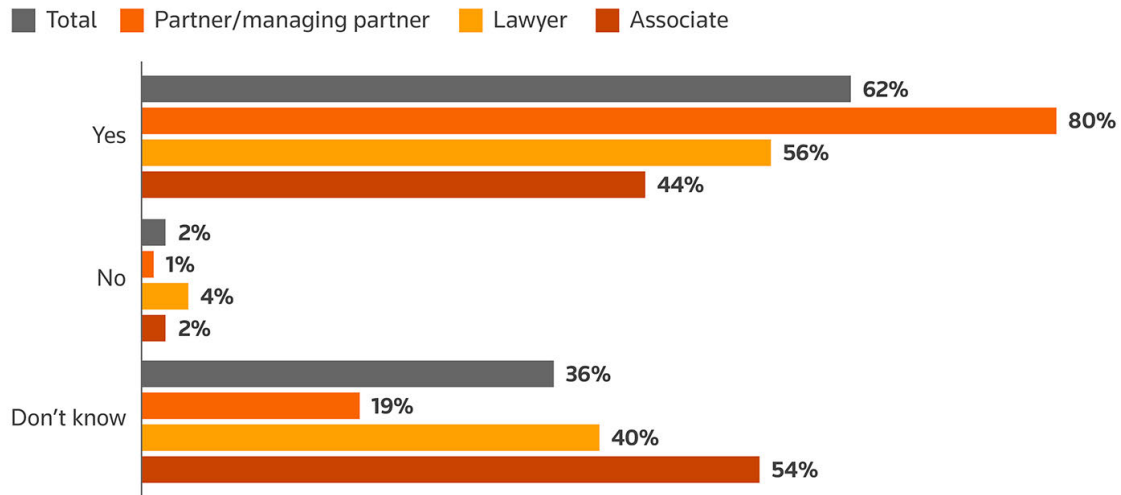
Similarly, Jessica Lipson, a partner and co-chair in US law firm Morrison Cohen’s Technology, Data, and IP Department, is considering the question-and-answer capabilities of the tool. “I think it would be a good assistant, if you will,” she said. “Somebody to give you a little bit of guidance, a little bit of initial context.”

Some lawyers are adopting it in their own work already. Steenberg Reed’s Woolven-Brown is exploring publicly available options such as ChatGPT. Now, she said, “I’ve been using it more for letters, statements, all sorts of things. I’m using it more than Google.”

The legal profession is still figuring out all the ways generative AI can increase speed and efficiency. Most legal practitioners are maintaining a healthy degree of scrutiny on what the AI is drawing from to deliver answers and suggestions. They recognise that they are ultimately responsible for their strategy and work product and are keen to find tools they can trust.

## Figure 5: Does use of ChatGPT and Generative AI at work present risk concerns?

### Risk concerns by Job Title



Partner/managing partner n=139, Lawyer n=104, Associate n=123.

Source: Thomson Reuters 2023

## The risks associated with generative AI

One of the biggest objections you will likely be called upon to address will relate to privacy and accuracy. Indeed, these are risks that are squarely on law firm leaders' radar. In the Thomson Reuters study of attitudes toward generative AI, 62% said their firms were concerned with the risks. Only 2% said their firm was not concerned about the risks of generative AI. The rest didn't know their firm's position. Their concerns centred around accuracy, handling of confidential data, and particularly in the case of public tools such as ChatGPT, the ownership of private data, and the security of the tool.

These concerns are well founded, and your case for AI must address them. Consider privacy: some widely available generative AI platforms own your query. This means you wouldn't want to include any specific client information in prompts on those platforms. Instead, choose a platform that doesn't collect or claim ownership of your queries. Accuracy is another risk area you'll need to consider. Be sure that the generative AI model is drawing from a trusted source when you use it for legal research or drafting. You will also want to be able to demonstrate how you can easily verify the answers the tool gives you.

## Return on investment: What's the payoff?

Quantifying a return on investment (ROI) for the cost of generative AI tools can be tricky, especially in these early days. Right now, early adopters are working with technology providers to identify use cases and fine tune solutions. This will lead to a lot of valuable learning through trial and error. It will also lead to a lot of self-reported data around time saved and insights gained.

The first question to consider when calculating ROI is whether and how your firm currently measures the success of technology projects. Most law firm IT departments actively track success metrics. And when they do, they most often look at efficiency, usage, and contribution to revenue or profit. This is according to the 2023 Thomson Reuters [Digital Strategy Report](#). It showed that many firms are also still determining what factors to use, and others are relying on quantitative feedback.

**If your firm aligns with these trends, there are several ways you could quantify ROI.**

Consider the following:

- Calculate time saved on non-billable hours that can now be converted to billable hours
- Convert usage statistics into a percentage of billable hours
- Correlate time saved on routine tasks and first drafts to increased job satisfaction and therefore employee retention
- Show increased client satisfaction and likelihood of retaining clients who can see your commitment to efficiency and accuracy.

Each firm will have its own threshold for persuasive ROI calculations. These measures can help you make the case for investment in generative AI, depending on what baseline data is available and how the firm prioritises each of these dimensions of success.

## Time frame and implementation: How can we make implementation successful?

Successful on boarding — training staff how to use the tools correctly — is among the largest risks law firms face when implementing new technology. To see a return on their investment, firms must ensure that tools become part of the employee workflow. That requires a mix of internal promotion, process change, and individual buy-in. Firms must ascertain that the partners, associates, and support staff who could use these tools understand how they work and the insights they can generate. Clients and prospects need to be assured that your firm not only has the latest tools, but it is also using them productively — for their benefit as well as your own.

As your firm deliberates on how and whether to incorporate AI-based tools into its business considerations will include the practical need, ROI, human resources required, timeline, and budget. However, there are also the post-installation factors to consider, notably, implementation and on boarding. For law firms to derive ROI from AI-based tools, the technologies must be both understood and used. When proposing the introduction of AI technology into your firm's practice, make it clear that training and tutorials will be part of the implementation process.

Another issue you might be called upon to address in the implementation and training process, particularly in regard to your junior associates or support staff, is an emotional one: will AI put me out of a job? Your answer should be a firm no. What generative AI can and will do is make completing tasks more efficient and less tedious. For instance, AI technology can go through and mark up hundreds of pages of documents much faster than doing it by hand. This can free up both lawyers and support staff for more interesting and profitable work, such as building caseloads. It can also allow less-experienced lawyers to begin delivering more value more quickly.

Turning to the client-facing uses of AI, another measure of trust and transparency will be required. Again, simply claiming that your firm uses the latest technology is not enough to retain discerning clients. Clients need to know that your firm presents trustworthy data and that the insights you draw from that data are correct and well-informed.



## Preparing to deliver the business case

Even with all of these potential uses and advantages, your colleagues will ask some tough questions. When you deliver the business case, be sure to prepare for the questions you'll face. Some of these will involve the scope of what might be termed your firm's AI "project." What are our goals? How long will it take to achieve them? What actions are required to meet these objectives? Your responses to these concerns will depend upon your firm's business objectives. The scope and time to implement will be unique to your firm's current setup and future plans. Currently, the most widespread use of AI-based tools is in legal research and know-how.

This can be a very simple application to introduce, manage, and maintain. For many UK law firms, all that is required is the latest version of Westlaw® Edge UK or Practical Law, which are continually being updated.

Other applications of AI-based tools include drafting tools and performance dashboards that can track tasks, measure financial performance, and report on case activity both internally and with clients. Tech-savvy law firms might opt to incorporate these AI-assisted data tools into their client portals in order to create greater transparency with clients. In fact, clients may demand this kind of information access.

## Bringing it all together

As you summarise the case for incorporating generative AI-based tools into your firm's processes, you can concisely address each of the following in turn, answering potential concerns, risks, and objections:

- The problem
- The solution
- The risks
- The ROI
- The time frame and implementation

The future is here — and still evolving. AI-based tools designed for the legal profession will only continue to get better and better. That implies more and more law firms will be using them, and that weaving them into your firm's processes can create a competitive advantage.

Indeed, the recent Thomson Reuters survey of law firms

and AI suggests that the legal industry is keeping a very open mind about what generative AI can do for the practice and business of law. Once generative AI tools reach broad adoption, firms that don't use them will struggle to offer efficiency to their clients and create profitability for themselves. Early adopters will wow their clients with new efficiencies. The middle of the pack will help set the standard market expectations. Late adopters will be left to answer for time spent on tasks others are automating.

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**"It is an enormously exciting time at the intersection of technology and professional information. We are on the verge of a revolution in creating new efficiencies by getting professionals the right answers faster."**

– Steve Hasker  
CEO, Thomson Reuters

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