Pulling Back the Curtain on AI Adoption:
3 Questions Law Firms Should be Able to Answer

By CJ Saretto
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Recently, prominent law firms have made splashy announcements about new AI-licensing agreements. But consider what those announcements are not telling you. The legal industry is traditionally resistant to technology. They've been late to each new wave, from the cloud to significant investments like CRMs. This reflects a culture that is uncomfortable with anything that might impede the human element in a profession where knowledge, experience, and relationships are differentiating factors.

Is enthusiasm performative or genuine? Whose financial interest is it in? The client's or the firm's?

If you want to assess whether their AI proclamations represent a real strategy, consider the following three questions:

What Are They Going to Use AI For?

AI is particularly good at processing and analyzing massive amounts of data quickly, recognizing patterns to generate insights and guide decisions, and generating, understanding, and translating language.

CJ Saretto of Axiom

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Three common use cases for legal AI include single contract redlining, bulk contract review, and ad-hoc tasks such as first drafts and legal research.

Single Contract Redlining

With redlining, AI solutions serve as an assistant that consistently reviews documents against expected standards. Recent pilot studies have shown impressive results, including an eight-week pilot with 18 attorneys that found time savings of 40-60% across routine contract review tasks. Even more notable was the self-reported improvement in work product quality, with 89% of attorneys noting enhanced consistency and accuracy.

Bulk Contract Review

Reviewing hundreds or thousands of documents to extract consistent terms is tedious work that's time-consuming, expensive, and has high potential for errors. This work is often vital during due diligence and post-close phases of mergers and acquisitions. The truth is, legal departments wish they could afford these types of analysis projects outside the M&A setting, but cost has always been a barrier.

Modern legal AI solutions cut the cost and time required by an order of magnitude. Real-world legal projects involving AI demonstrate this potential. A recently scoped project that involved the review of 200,000 complex agreements was revised from six months to six weeks, with a projected cost reduction of over 50%. Another project, which involved backfilling metadata for 1,000 contracts for a CMS upgrade, was completed in a week.

Ad-Hoc Tasks

With the introduction of ChatGPT in November 2022, many firms rushed to give their legal teams chat bots for various tasks like drafting demand letters, comparing documents, and legal research. Many expected the ad-hoc chat interface to become the primary use case for Legal AI. Media was rife with speculation that these chatbots would take over rote legal work and replace junior associates.

However, any AI solution must significantly exceed existing standards of reliability, or clients will lose confidence. In the case of legal chatbots, available solutions are not quite ready for prime time, though market-leading tools in this class continue to improve. Legal departments should wait for solutions that can show demonstrable savings in time and improvement in work product quality, as seen with the use cases referenced above.

There is a lot of pressure to adopt AI without considering specific solutions through a use-case framework. AI vendors certainly imply their products will solve all problems. Don't be dazzled or intimidated. Be clear about your challenges and pain points today to ensure you're selecting tools that directly address your needs. Ask not what you can do for AI, ask what AI can do for you.

How Did They Decide Which Solution to Adopt?

Technology decisions should always be made rigorously, AI even more so. None of the announcements I've seen explain how the decisions to adopt those specific solutions were made.

The most effective approach involved looking at the whole marketplace of solutions without jumping to conclusions.

To that end, when evaluating potential legal AI tools, legal departments should:

- Conduct demos with attorneys engaged in related work
- Pilot finalist tools on real world legal projects
- Gather independent assessments from users
- Focus on measurable impact rather than vendor hype

Few in-house legal teams have the capacity or resources to do extensive testing. So, relying on a trusted reviewer who is transparent about their decision process will be critical.

How Will the AI Solution Affect Workflow, Work Product and Cost?

What's the tangible impact and benefit of an AI solution? Will it improve work output? Will it reduce billing hours?

There's no incentive for a law firm to answer those questions transparently. Privately, some top law firms report that their solutions marginally speed up processes and reduce associate hours. Others complain that the work output is not reliable.

Vague promises without concrete data suggest the wrong tool is being used for the wrong reasons. But even if their solutions were off-the-chart effective, what's the likelihood that a firm will share savings with clients? No firm wants to downplay the value of their expertise or reduce their revenue voluntarily.

Until real disruption occurs and alternative competitors offer cheaper, better mousetraps, established firms will resist changes to their business models. Nevertheless, clients can ask pointed questions about how AI is being used, how work processes are changing, and where those cost savings are going.

Welcome to a Brave New World?

AI will have a substantial impact on areas where technology solutions are already being used. The most effective and battle-ready solutions are significantly faster, more flexible, and more intelligent than legacy technology. They can be effective on day one, if not hour one.

AI solutions are also strikingly powerful in handling language-based tasks. For example, in a bulk review of contracts in various languages, you can ask questions in English and get answers in English regardless of the document's language. Language capabilities like transcribing, summarizing, and organizing are rapidly improving.

How disruptive will AI ultimately be? Some argue that AI is a mid-impact technology, offering iterative rather than transformative disruption. But if AI capably assists human lawyers and enhances their productivity significantly, will anyone be disappointed?

Ultimately, the hype and fear of AI will subside as the technology becomes normalized. In the meantime, in-house legal teams must decide whether the pressure on resources, budgets, speed, and expertise is sufficient to motivate changes in how they source their legal needs.

Legal teams should look for low-risk, low-commitment ways to vet and learn how to use AI solutions effectively. When it comes to AI adoption, we all need less hype, more transparency, and emphasis on specific use cases where AI is effective in getting legal work done.

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