Don't let the GenAI hype slow down modernization plans. AI and machine learning are already delivering core value to legal operations.

GenAI Is Coming, But AI Is Already Helping Legal Departments Transform Now

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Introduction

Technology is moving at breakneck speed. Generative AI (GenAI) will shape the future, but its use is still very much a vision. Conversely, traditional AI and machine learning that are not generative are already reshaping the corporate legal landscape. The benefits of these tools are not experimental but tangible. In fact, according to IDC's 2022 *eDiscovery End-User Survey,* 77.6% of respondents indicated they were already using some form of AI in their ediscovery processes. AI provides real benefits across ebilling, matter management, law firm paneling, contract management, and more. Organizations that embrace AI now will pull ahead of the laggards in the near future.

Benefits of AI in Legal

AI's proliferation as a marketing term has caused it to mean different things to different people. This state of affairs becomes even more of an issue when selecting an AI solution based on desired outcomes. Figure 1 describes the different types of AI and the functions for which they are best suited.

AT A GLANCE

KEY STATS

» 77.6% of respondents to IDC's 2022 *eDiscovery End-User Survey* indicated they were already using AI.

» Over 85% of respondents to IDC's June 2023 *Corporate Legal Survey* are experimenting or deploying AI across ebilling and matter management.
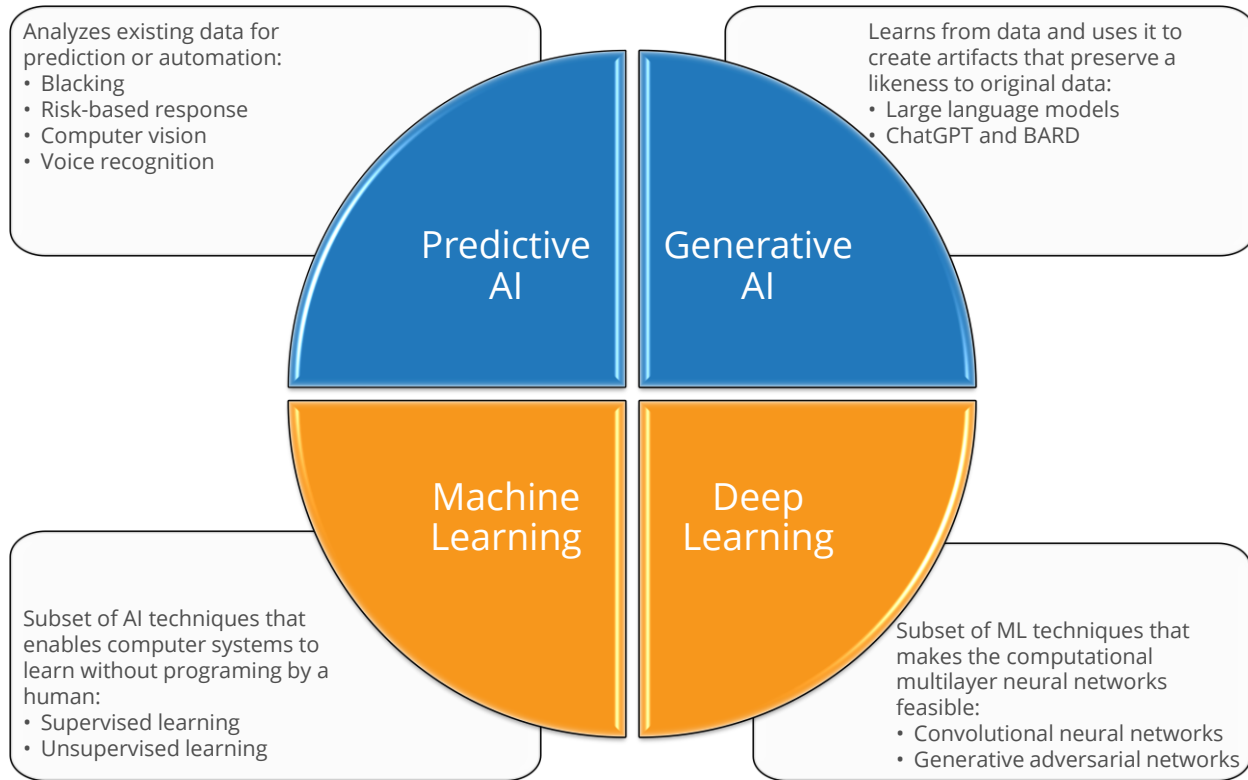
KEY TAKEAWAYS

» AI is ready for legal departments to use today. There is no need to wait.

» Deploying AI can revolutionize ebilling compliance and spend management resulting in cost savings.

» Investment in expertise and technology is needed to get the most out of AI.

FIGURE 1: *Understanding AI*

Artificial Intelligence in Security

Systems of machine-based technologies that perceive and synthesize data to infer information and insight to create systems that learn, reason, adapt, and self-correct

Analyzes existing data for prediction or automation:
• Blacking
• Risk-based response
• Computer vision
• Voice recognition

Learns from data and uses it to create artifacts that preserve a likeness to original data:
• Large language models
• ChatGPT and BARD

Predictive AI

Generative AI

Machine Learning

Deep Learning

Subset of AI techniques that enables computer systems to learn without programing by a human:
• Supervised learning
• Unsupervised learning

Subset of ML techniques that makes the computational multilayer neural networks feasible:
• Convolutional neural networks
• Generative adversarial networks

Source: IDC, 2024

GenAI is the technology currently capturing all the headlines. The term *GenAI* refers to a branch of computer science that involves unsupervised and semi-supervised algorithms that enable computers to create new content using previously created content, such as text, audio, videos, images, and code, in response to short prompts. GenAI holds a lot of promise within the legal world for generating contracts and other documents. However, widespread deployment of and trust in GenAI by the legal profession remains far in the future, along with fully automated legal departments and one-click contracts. That being said, there are significant improvements and benefits that can be achieved with AI right now. Organizations of any size can easily deploy non-generative types of AI to do a myriad of things within the legal department.

Both machine learning and predictive AI are ready to be leveraged by legal departments today. Each leverages algorithms that enable computer systems to learn with or without programming by a human. In fact, many organizations and

individuals use these two types of AI every day. Examples include asking a virtual assistant for the weather report, using traffic prediction apps, or spam filtering of email.

While AI's potential for good seems almost limitless, there are plenty of risks and unknowns to consider on the flip side of this technology. Many fear that robots will eventually replace lawyers. However, that is extremely unlikely. In the new work experience, human workers operate side by side with "digital coworkers," enabling human workers to focus on higher-value activities. The future of work is about the rise of humanism as the new driver of value — with skills such as imagination, creativity, and empathy gaining prominence.

Today, legal departments are often bogged down by administrative tasks instead of being able to pursue substantive legal work. So it is no surprise that the top 2 outcomes desired from AI were, in order, chat assistance to the organization and automation of low-level tasks, according to IDC's June 2023 *Corporate Legal Survey*. AI will finally allow lawyers to focus fully on the practice law.

It is undeniable that AI in all its forms is becoming integrated into the workplace. AI will make life easier, tasks faster, and mitigate risk. However, there will be a learning curve. Investing and getting comfortable with the technologies will be immensely valuable when GenAI is ready for prime time. Most organizations are already deploying or exploring AI within their legal department, but this varies by task (see Figure 2).

FIGURE 2: *AI Deployment by Task*

AI starting to be deployed but varies by task within the legal department

Q *Please indicate the status of AI within each of the following tasks within your legal department.*
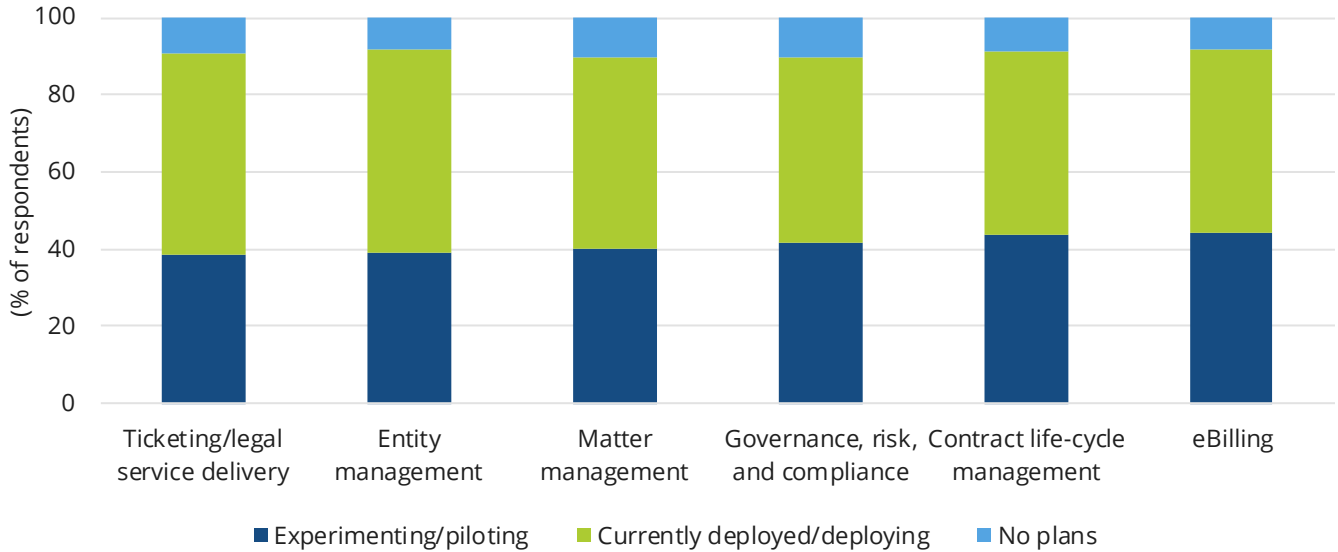
n = 300

Base = all respondents

Notes:

Data is managed by IDC's Global Primary Research Group.

Data is not weighted.

Use caution when interpreting small sample size.

Source: IDC's Corporate Legal Survey, June 2023

One of the major benefits of AI is its ability to quickly process mountains of data and derive insights from it that a human never could. This makes AI perfect for ebilling and invoice review, which stand to see the most immediate efficiency increases and positive impacts to the bottom line.

Corporations get hundreds of thousands of bills from outside counsel every year. Those bills contain lots of information that, at scale, can be quite meaningful. eBilling software can ingest that information, synthesize it, and deliver actionable intelligence that helps businesses better manage their legal spend. For example, corporate legal departments can see if they are paying more than their peers for the same service, among other things. AI-driven invoice review also reduces billing errors and can create millions of dollars in savings, which can be significant for many corporate legal departments.

AI's ability to match patterns and employ natural language processing (NLP) are also ideal for enforcing billing guidelines. Corporations spend large amounts of money with outside law firms. They also spend a significant amount of time negotiating the billing guidelines that they will use with each partner — and even more time enforcing those guidelines.

However, manual review of bills to ensure compliance is extremely time-consuming and tedious. Machine learning can quickly check bills and flag those that are out of compliance.

This process can be automated or augmented with a combination of NLP, machine learning, and human intervention. AI and machine learning algorithms with NLP allow the technology to interpret outside counsel guidelines and apply that information to the firm's invoices. Bills that are suspected to be outside compliance guidelines can be flagged for human review or rejected automatically by the software.

Cost savings will be realized because the enterprise is no longer paying for noncompliant bills. Corporate lawyers who would otherwise be scanning invoices will have their days opened up to do more value-added work or even take vacations. Further, law firms can be analyzed and paneled better based on their compliance metrics.

AI and machine learning benefits are not just limited to billing and billing compliance. Contract life-cycle management (CLM) and internal optimization are improved, too. Contracts can be analyzed for unseen risks, missed deadlines, and other common issues. Once contracts are executed and stored within the enterprise, AI can monitor for renewals and performance obligations. Organizations can analyze their internal metrics with AI and look for ways to improve their work.

These are just a few of the benefits that are available right now. As AI continues to evolve, so will its possibilities as an effective and transformational technology for the legal industry.

Choosing the Right Partner

Corporate legal departments can prepare for that transformation right now by investing in the right tools, talent, and vendor partners.

Evaluating the organization's technology stack and in-house talent is key. Roles for the legal department will need to shift and data scientists will be necessary to manage AI technology and ensure its insights are accurate and fruitful. Some businesses may need to upgrade parts of their legacy technology infrastructure. Organizations will need to rely heavily on their vendor partners to help them optimize their legal technology stacks for their particular needs. In addition, outsourcing some AI applications (i.e., bill review) reduces the need for AI expertise in-house. This is a good way to take advantage of the benefits of AI without the need for in-house technical expertise. Expertise is often expensive. Partnering with the right vendor will allow some shifting of the short-term cost and will expedite access to the technology.

When choosing a vendor partner, organizations must consider how the vendor curates and maintains the data sets used to inform its AI software. Data powers AI and the insights it uncovers, and all AI efforts are truly "garbage in, garbage out." If the data used to train an AI model is not high quality, high volume, and mapped closely to the problem of interest, the model will be close to useless for aiding the business. High-quality data is error free and trustworthy. Skewed data, or data that leans heavily in a direction that is not reflective of a normal or normalized population, will hold little insight or value and can waste time and misdirect effort.

The breadth and scope of a partner's data set is also important. More data means more information — and more accurate insights. Software providers that manage billions of dollars across all their clients and anonymize and protect that information to create real-time benchmarking data are ideal choices. These are the types of vendors that organizations should look to.

Considerations

Investment in AI expertise will be necessary for the effective deployment of AI. In particular, education about the risks and fact-checking of myths surrounding AI will be needed up and down the market. If considering an outsourced option, then governance and vetting of providers will need increased scrutiny/time commitment. Investment will need to happen in technology as well. Organizations will need to carefully weed out obsolete technology from their stack and limit the mishmash of vendors that they currently rely on. Finally, data sets must be clean and well managed to bring insight. Improper management can lead to numerous privacy and bias risks. Vigilance will be needed to ensure everything functions properly. These challenges are not insurmountable but will need to be monitored over time.

Conclusion

The legal market, overall, tends to be more risk averse and lag behind the rest of its corporate counterparts. But corporations should not wait to invest in AI legal technology.

Indeed, the time is now to join the AI revolution. The practical applications of non-generative AI technologies are expansive and are well proven to save an organization lots of time and money and lay the expertise and groundwork for advancements, like GenAI, that are to come. Investment should be prioritized as soon as possible for immediate benefits and as a foundation for the future.

About the Analyst

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Ryan O'Leary is a research director in IDC's Security and Trust research program covering Privacy and Legal Technology. In this role, Mr. O'Leary leverages his legal experience to provide perspective on changes in laws, shifting regulation, and other market forces that affect technology decision-making today for both law firms and corporations. He also provides thought leadership that technology suppliers and technology buyers may use to develop effective strategy for the future. Mr. O'Leary's core research coverage includes the evolution of ediscovery and legal technology. As well as the evolution of privacy compliance technology and impacts of new and emerging data privacy regulation.

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