

The future of legal work?

The use of Generative AI by legal departments

Our perspectives and the results from our Generative
AI survey for corporate legal departments

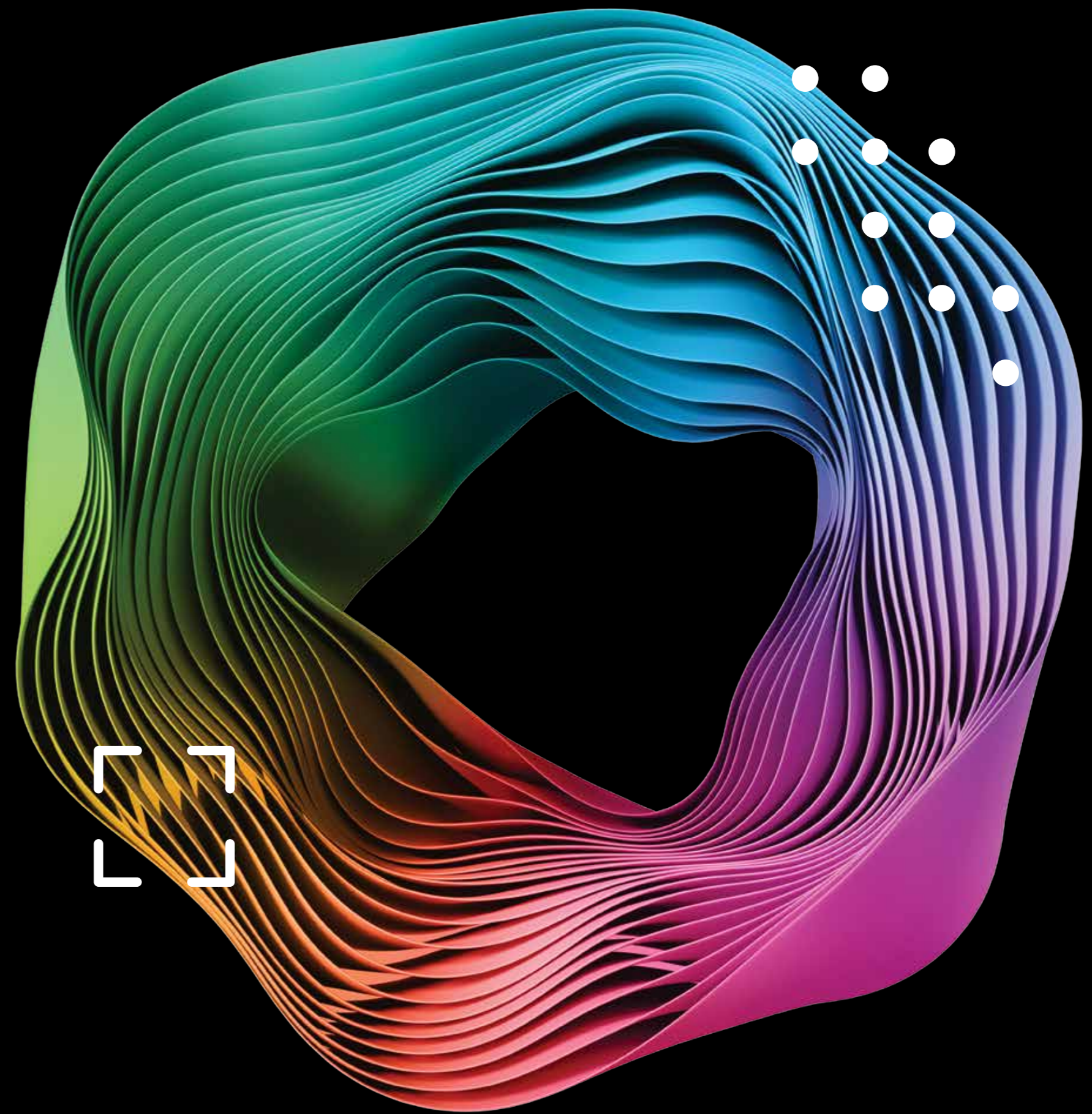
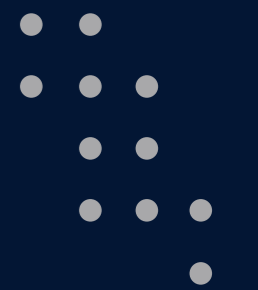


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Foreword



Generative AI has dominated the headlines since ChatGPT became the fastest growing consumer application in history. This transformative technology, with its unique ability to generate human-like content, has inspired individuals and businesses to experiment, to learn and to create new sources of value. It has also engendered a noisy and somewhat febrile atmosphere, with widespread speculation about Generative AI's impact on our personal and professional lives.

At Deloitte Legal, we want to bring clarity. We are confident in Generative AI's potential to accelerate innovation by combining the capabilities of humans and machines. This confidence is informed by our work with clients: we are helping organizations across industries use Generative AI to re-imagine business models, build corporate and social value, and inform a vision of the future—safely, securely and responsibly.

We are pleased to present in this report the findings of a recent Deloitte Legal survey—"The future of legal work? The use of Generative AI by legal departments". This work focuses exclusively on corporate legal departments, and we received responses from senior legal leaders across all major industries. Their responses deliver a consistent and urgent message: Generative AI has the potential rapidly to transform the legal sector, unlocking huge stores of value for the legal department. Our clients are ambitious about this technology. They predict high levels of adoption over a short timeframe, far exceeding historic technology trends in the legal sector. Our clients are also pragmatic, anticipating potential threats to the workforce and recognizing the need to invest in reskilling their people.

These insights support our view at Deloitte Legal: Generative AI's impact on corporate legal departments will be far reaching and transformational. The technology's unique capabilities are both well suited to legal work, with its focus on text-heavy, unstructured data—and highly versatile, with broad application across a range of legal activities. This means that the potential upside is significant. However, if legal teams are to unlock benefits in their anticipated timeframes, we suggest that they need to act decisively. Our report offers a framework that every legal department can use to capitalize on the opportunities that Generative AI presents.

We sincerely thank our participants for their time and thoughtful contributions, and we hope you find the report helpful and inspiring.



Richard Punt
Deloitte Legal Global Leader

Executive summary



Generative AI is increasingly a top organizational priority for business leaders across industry sectors. A recent Deloitte survey of CEOs found that a majority (79%) expect Generative AI to transform their organizations within three years.¹ Business expectations are that corporate legal departments are part of this transformation—both through adopting Generative AI technology in the delivery of legal services and enabling the business to adopt this new technology at pace, safely and ethically.

However, despite the transformative promise of ‘legal tech’ over recent years, the work of the legal function has remained largely unchanged. Legal technology solutions have delivered only incremental improvement. At Deloitte Legal, we are convinced that Generative AI is a technology of much greater consequence than we have seen so

far. We believe it has the potential to drive genuine, sustainable change in the way legal services are received and delivered.

We wanted to test this hypothesis with our clients—to understand their perspective on Generative AI, the benefits it can deliver, the barriers to adoption, and their predictions as to how the technology will change the legal ecosystem. This was the context for our Deloitte Legal survey: “The future of legal work? The use of Generative AI by legal departments”. We took the views of senior legal leadership at 43 of our closest and largest clients. We summarize the key findings in this executive summary. The full survey report that follows presents our clients’ views alongside our own market insights on the future of legal work combined with our practical experience of using this technology internally and with our clients.

“The impact on legal will be seismic. This is a once in a generation opportunity.”

—Richard Punt, Deloitte Legal Global Leader

¹ [State of Generative AI in the Enterprise 2024 | Deloitte US](#)

Our report explores five areas:

1 The impact

A once in a generation step change in productivity

Our clients are bullish about the technology's impact for corporate legal departments. **79% of our respondents believe that Generative AI will have a moderate to significant long-term impact on how legal work is performed.** This percentage is particularly striking given the immaturity of this technology, which has been available commercially for less than 2 years.

Almost half of our clients go further, predicting that **Generative AI will render some legal tasks entirely obsolete.** Our survey highlights the most impacted legal practice areas are contracts, legal operations (including knowledge management, spend management, document review and eDiscovery), M&A and regulatory compliance.

2 The benefits

More than just efficiency, GenAI will enhance the legal experience and unlock altogether new capabilities

Generative AI benefits for corporate legal departments sit across three core areas:

- **Efficiency**—Respondents overwhelmingly scored efficiency and productivity gains as the biggest anticipated benefit from this technology. This supports our own experience at Deloitte where we have seen efficiencies of 25–50% across a broad range of legal use cases.
- **Experience**—Two thirds of our survey respondents anticipate an improved experience for Legal team's business customers through Generative AI. A similar proportion expect an improved employee experience for in-house legal

professionals. We see this as a positive impact of productivity gains where in-house lawyers will have more time to focus on more strategic, interesting and impactful work.

- **Capability**—Generative AI provides opportunities to improve legal service delivery, either by elevating the quality of legal work or by enabling the legal department to offer entirely new services and insights to the business. Better access to, and insight from, legal and business data will enable more data led decision making and more proactive risk management by Legal teams. Anticipated benefits from survey respondents were slightly lower for this category, reflecting the renewed focus now needed on good data management and the longer timeframe expected before we see these benefits scale more broadly.

Whilst this technology is still in its infancy, benefits can be realized today. In our report, we have included Deloitte case studies that illustrate these benefits across a range of Generative AI use cases including contract review for regulatory compliance, eDiscovery, M&A due diligence, IP value leakage prevention, service schedule generation and contracts simplification.

3 The legal ecosystem

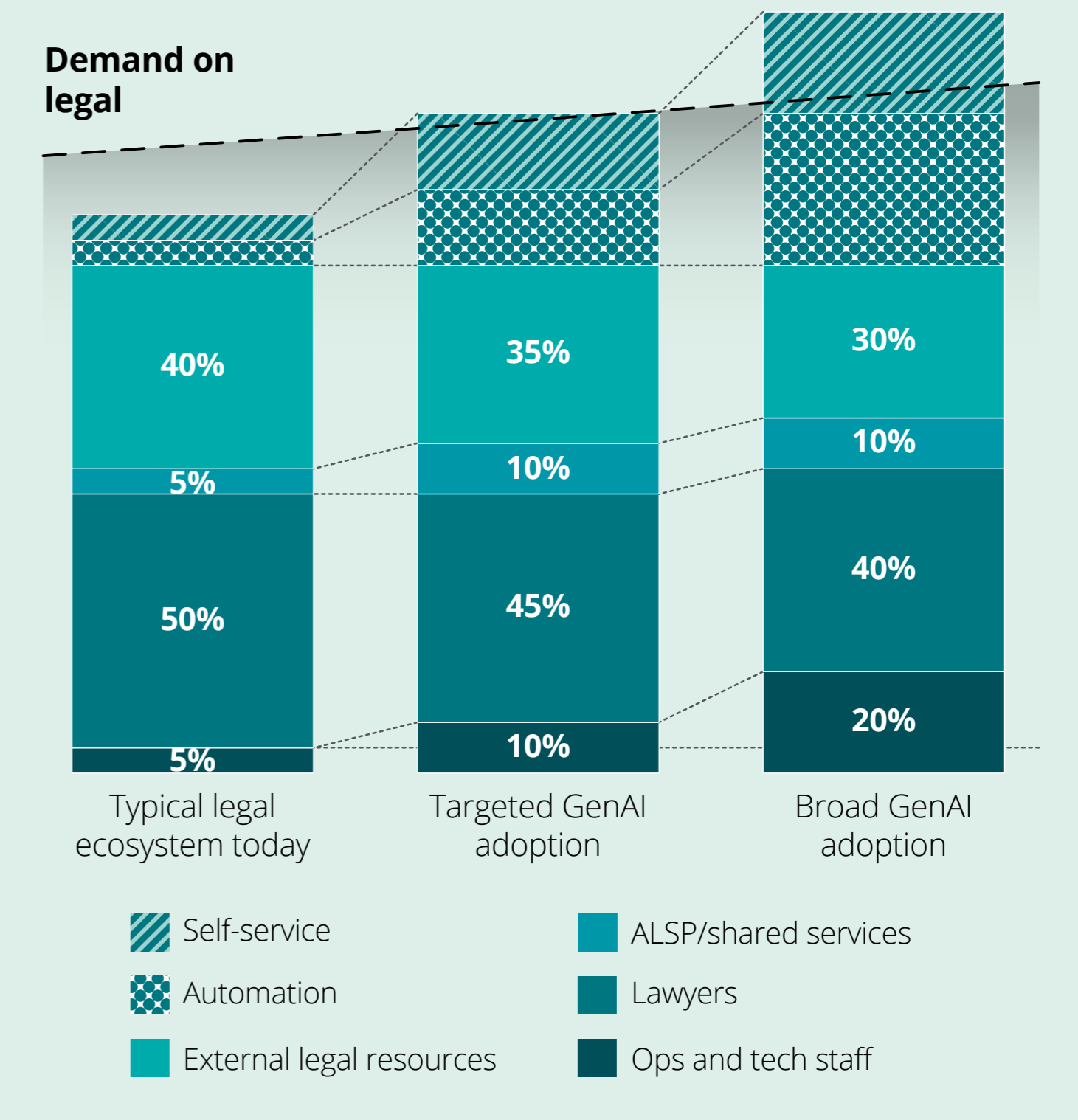
GenAI will drive a fundamental shift in the legal workforce and the in-house/external mix

Whilst there has been a lot of focus in the industry on Generative AI use cases, we believe more focus is needed on the longer term impact on the future shape of corporate legal departments. 46% of survey respondents expect the Legal department will stay the same size, but with meaningful changes in composition, seniority and skillsets. We expect a number of key changes in how legal work is delivered that support this view:

- **Increased business self-service and automation**, freeing up in-house team time and capacity to **meet increases in future business demand without increasing headcount.**

- **More strategic deployment of in-house lawyers driving reduced reliance on external counsel** (and associated reductions in cost).
- **Short to medium term increase in the use of shared service capabilities/alternative legal service providers (ALSPs)** where those providers are early adopters of Generative AI and pass on these benefits to in-house legal teams.

Changing composition of the workforce and in house/external mix presents a cost efficiency opportunity of 20–30%



- **An increase in operational, technology and change skillsets and capabilities** to implement these changes. Lawyers will need to develop new skills to work with this technology on a daily basis, and new specialist capabilities will be required in Legal Operations such as data scientists, prompt engineering and AI solution architects. An increased investment in change management and driving adoption will also be critical.

We see these shifts providing a positive and exciting future for corporate legal teams. In-house lawyers will finally be empowered to focus on more strategic and interesting work, to provide greater data-driven insight, and drive business growth through accelerated and more agile support. Together, we see these changes bringing about a cost efficiency opportunity in the region of 20-30%. We explore what this theme means for General Counsel and CXO leaders in our deep dive: the CXO choice.

4 The adoption journey

Despite some hurdles to overcome, Legal should be a priority area for Generative AI investment

The most significant barriers to adoption of Generative AI identified in our survey are investment related: financial and resource limitations, and challenges with developing a compelling business case. The role of corporate legal teams in advising the business on how to adopt Generative AI safely and

ethically is a critical enabler and accelerator for organizational adoption at scale.

Combined with the legal department being a high impact, high opportunity area for use of Generative AI, this provides a real opportunity for corporate legal teams to be higher up the priority list for investment than has historically been the case for GCs. Our survey respondents see Generative AI funding coming from two different sources—both Legal functional budgets and enterprise wide AI investments—highlighting the importance of influencing internally to access these budgets.

5 The impact on external providers and law firms

New competitive advantage is set to shake up the landscape, for the better

Law firm and client relationships are set to be redrawn as Generative AI becomes more widely adopted. Our survey shows that corporate legal departments are not currently getting value from their external law firms' use of Generative AI: only **6% of respondents report direct benefits, such as cost savings, from law firm use of the technology**. Law firms should take note: clients have high expectations of increased value if Generative AI is adopted. **73% of respondents expect to see a reduction in cost from law firm use of Generative AI, and 70% expect faster turnaround time.**

Although expectations are raised, clients' confidence in their external lawyers' ability to use the technology to enhance the client service experience are low: **enhanced service from law firms ranks lowest in the list of benefits that GCs expect from Generative AI**. This is an opportunity for a robust conversation between law firm and client. Corporate legal departments should not just ask their external law firms how they are using Generative AI, but specifically what benefits they can expect to receive. The winning law firms will likely be those that move beyond 'innovation theatre' to demonstrating and delivering measurable pass-through benefits in the form of reduced time and cost, or increased value, quality and insight.

ALSPs are particularly ripe for Generative AI automation given the typical nature of scaled, repeatable, standardized work. ALSPs will need to adopt this technology quickly to remain competitive, with the potential for new technology-focused entrants to quickly gain ground on established players.

Clients anticipate that external partners will play a critical role in Generative AI adoption: **almost 7 in 10 are expecting to partner with external firms in the next 6 months** to run GenAI proofs of concept. First movers who partner to pass on the value Generative AI brings will benefit from real competitive advantage.

What are the practical next steps for legal departments?

76% of our respondents report no current adoption of the technology, but 86% expect targeted or broad adoption within 2–3 years. To achieve this level of adoption in this timeframe, legal leaders need to take swift positive action.

We see five key steps that every proactive legal department should take now:

+ Put governance in place for the use of AI

The General Counsel has a unique dual role in relation to Generative AI; as the guardian of its safe introduction into the business, and in using the technology to improve legal service delivery. The legal department can play a leading role, working closely with risk, IT, data, HR and other corporate functions, to establish governance and risk frameworks for Generative AI's safe and ethical use. This is an opportunity for the legal department to both enable board-level strategic priorities for the business and accelerate business growth, whilst also building confidence in adoption within the legal department.

+ Demystify Generative AI and drive buy-in by putting it into lawyers' hands

It is only through using the technology that lawyers can identify how it can best be applied to meet the needs of their legal team and wider business. Legal teams should be given access to Generative AI tools to experiment and learn through targeted proofs of concept. Ongoing focus is needed on training, feedback, best practice sharing and adoption to move the department forward collectively. Legal leadership teams

should not be exempt from this and must visibly lead from the front. Whilst they don't need to be experts, they should have a foundational understanding of the technology and its impact, proactively sharing learnings. This enables leadership to set a positive vision for the future and more effectively support their teams to navigate through inevitable change.

+ Evaluate and prioritize use cases, and then develop/refresh your digital roadmap

Legal teams should start to identify and evaluate use cases with light touch governance. As priority use cases emerge, legal departments should dispassionately re-appraise (or develop) their digital roadmaps, assessing the extent to which current technologies have the capabilities to meet their needs. To do this effectively, legal departments must understand both the organizational technology landscape and what enterprise tooling may be available, as well as the legal technology market to understand the art of the possible. Regular market scans have never been more important given the step-change in capability that Generative AI provides and the pace of development. Lean on external partners to support these endeavors: they bring vital external perspectives and methodologies that will be increasingly important as corporate functions compete for investment.

+ Focus on data hygiene and clean up

Identify the data that is critical for solving your business problems. This could be data in your document repositories, from the wider business, external market data or data from external law firms. Test Generative AI's ability to extract insight from this data and identify what data improvements are needed to leverage Generative AI in the future and begin actioning them e.g., storing of key documents in

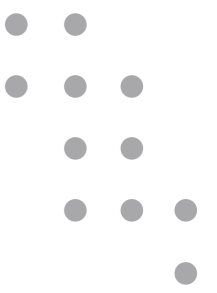
strategic repositories, changing processes so that key data and documents are captured and stored in the right place every time, and data clean up to make data useable. Use Generative AI to make data clean up exercises easier and more cost effective.

+ Plan for the longer-term

With Generative AI evolving at such a rapid pace, long-term planning can feel very challenging. However, **it is important for leaders to consider the strategic implications of the technology on the wider business, the internal workings of your legal department, and on your external partners.** We suggest focusing, initially, on:

- **The business:** actively seek out and engage with CXOs and other executive leadership to shape the strategic direction of the business in the age of Generative AI, enabling commercial benefits to be realized safely. General Counsels should use this understanding to inform their long-term departmental planning.
- **Your legal team:** map the skills you have now, the skills you may need in the future and your plan to train or recruit to close the gap. Make sensible assumptions about the impact of Generative AI on resource mix and numbers, guided by the wider business strategy.
- **Your external providers:** Engage with law firms and ALSPs on how they plan to use Generative AI and pass on these benefits. Build this into commercial decision making and preferred panel requirements. Consider how your in source/external mix will change over time and how you can adjust your mix of external providers to realize GenAI benefits earlier.

Section 1: The rise of Generative AI and its impact on the legal department



The launch of ChatGPT in November 2022 fundamentally changed our relationship with Artificial Intelligence. The application went viral, becoming the fastest growing consumer application in history² and introducing us to Generative AI, a technology with the ability to generate new content that is indistinguishable from—even superior to—human output. Since that date, Generative AI has developed at a dizzying pace, extending beyond text to generation of detailed images, production of entire video sequences and creation of new musical compositions. Many people now routinely use the technology to enhance their daily lives, for tasks that range from the administrative (arranging a holiday schedule) to the deeply personal (coaching through a difficult personal challenge).

The impact of this transformative technology is also being felt in our professional lives. A recent Deloitte survey of CEOs found that a great majority (79%) expect Generative AI to transform their

organizations within three years.³ Business leaders across industries recognize that the technology will have a profound strategic impact, and leading organizations are already responding. C-Suite priorities reflect this, with AI and Cloud Computing ranked as the two technologies that will most likely drive growth over the next year.⁴

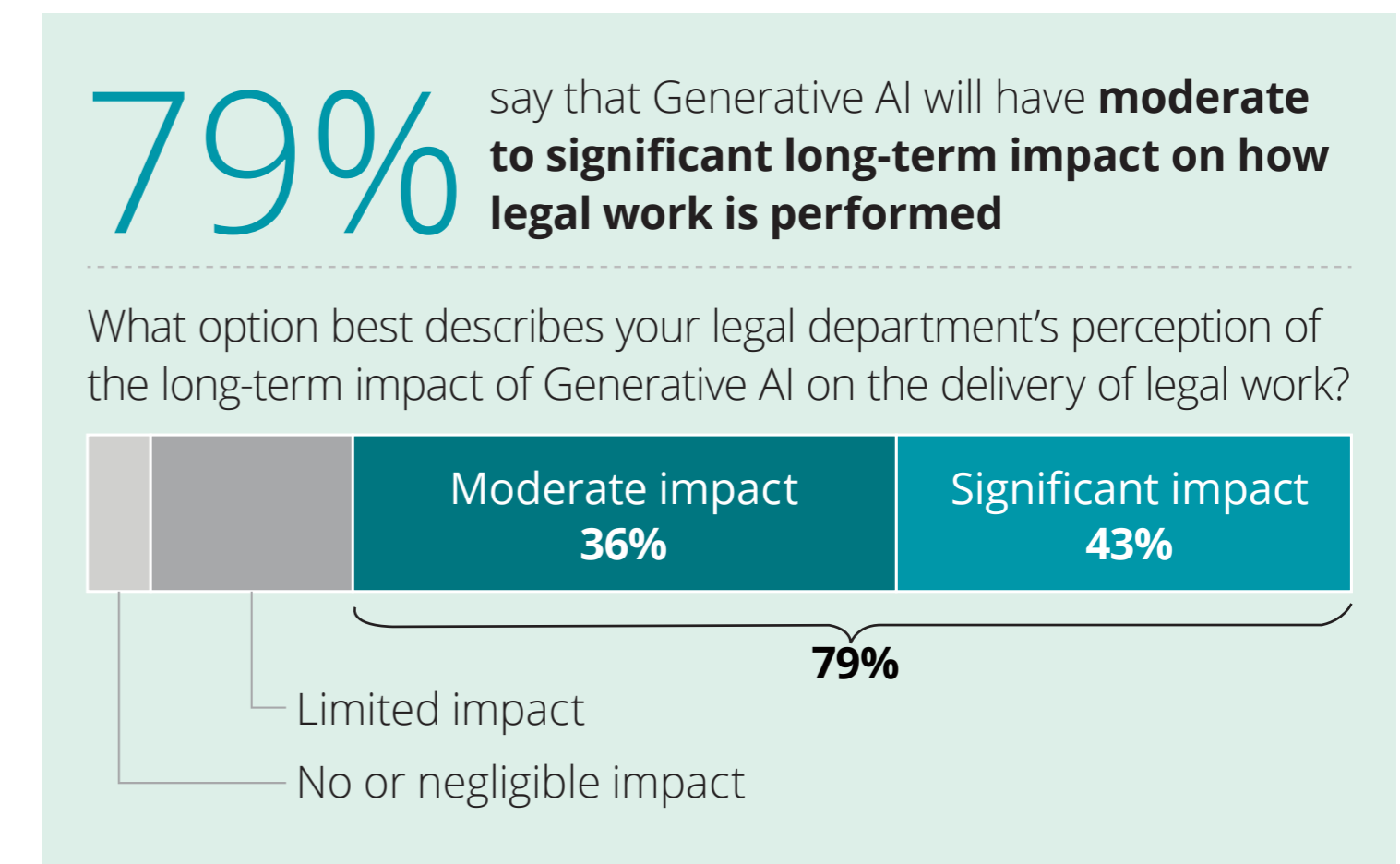
What does this mean for legal work? Despite the transformative promise of 'legal tech' over recent years, the work of the legal function has remained largely unchanged. Legal technologies like document management, eBilling and IP management have typically had narrow application, driving only incremental efficiency gains. We believe that Generative AI is different, and that this technology will drive genuine, sustainable change in the way legal services are delivered. We also believe that the impact on legal teams will be far reaching, for four key reasons.

First, the legal function often lags other enabling functions in digital maturity, which means that Generative AI can deliver significant and measurable improvement. Second, Generative AI surpasses the capabilities of traditional technologies, including AI technologies, in analyzing documents and unstructured data. This makes the technology well adapted to legal work, with its focus on text-heavy, unstructured data. Third, Generative AI's

versatility means that it has application across a range of legal activities, unlocking potential across all areas of legal work. Fourth, beyond the use of AI by lawyers, the legal department has a critical role in introducing Generative AI into the business and ensuring that it is used safely, ethically and responsibly.

This view is supported emphatically by our survey findings. 79% of our respondents believe that Generative AI is not just hype, and will have a moderate to significant long-term impact on how legal work is performed. Further, 49% expect more than just transformation, with some tasks rendered entirely obsolete by Generative AI.

Figure 1: Overall long-term impact of Generative AI on how legal work is performed



² [ChatGPT sets record for fastest-growing user base—analyst note | Reuters](#)

³ [State of Generative AI in the Enterprise 2024 | Deloitte US](#)

⁴ [Generative AI adoption | Deloitte Insights](#)

Of course, Generative AI's impact will not be felt equally across the legal department. Some functional areas will be impacted more than others. Generative AI's core capabilities (intelligent search/analysis, summarization, and content generation) are very effective when applied to large volumes of text-heavy documents:

- Generative AI can help contract and commercial teams to review and summarize contracts, assess contract risks, compare contracts to playbooks, and suggest how to amend contracts to bring them into compliance with the playbook.

- M&A teams can use dynamic, natural language querying to search huge swathes of documents in multiple languages to identify potential risks and upsides.
- Legal and regulatory compliance teams can rapidly compare content with emerging or existing rules and regulations, identifying areas of potential non-compliance with tailored suggestions for remediation.

Our survey results reflect the opportunity we see in these areas. We asked participants for their view on the likely impact of

Generative AI on both legal functional areas (see Figure 2) and a range of legal tasks (see Figure 3).

According to our survey respondents, the 'contracts and commercial' functional area is expected by some margin to be most transformed, followed by 'legal operations', 'corporate transactions & M&A', and 'regulatory & compliance'. Our work with clients supports this; in contracting and M&A, in particular, we are seeing some truly impressive results (see Case study 2).

Figure 2: Impact of Generative AI on practice or functional area of the legal department.

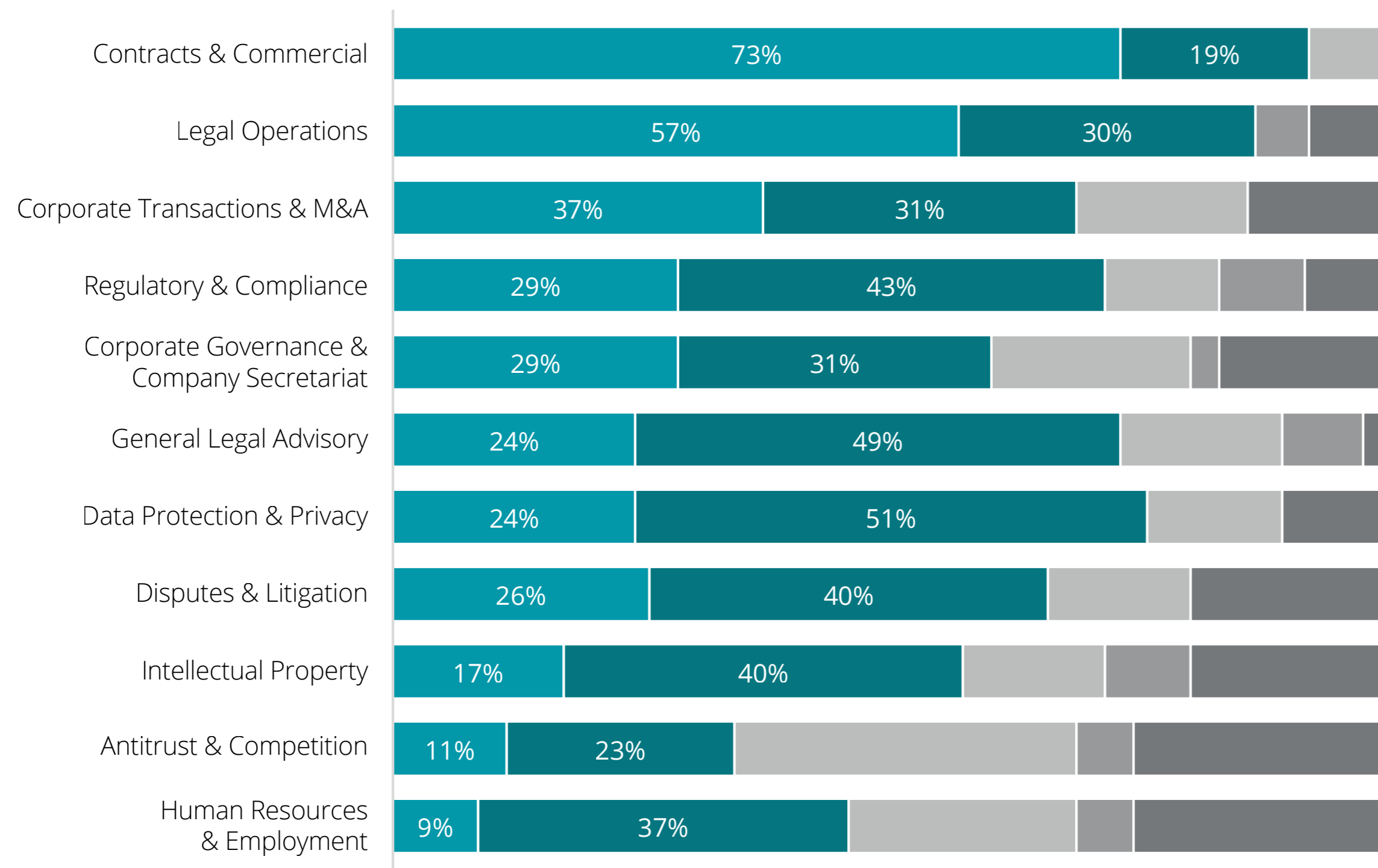
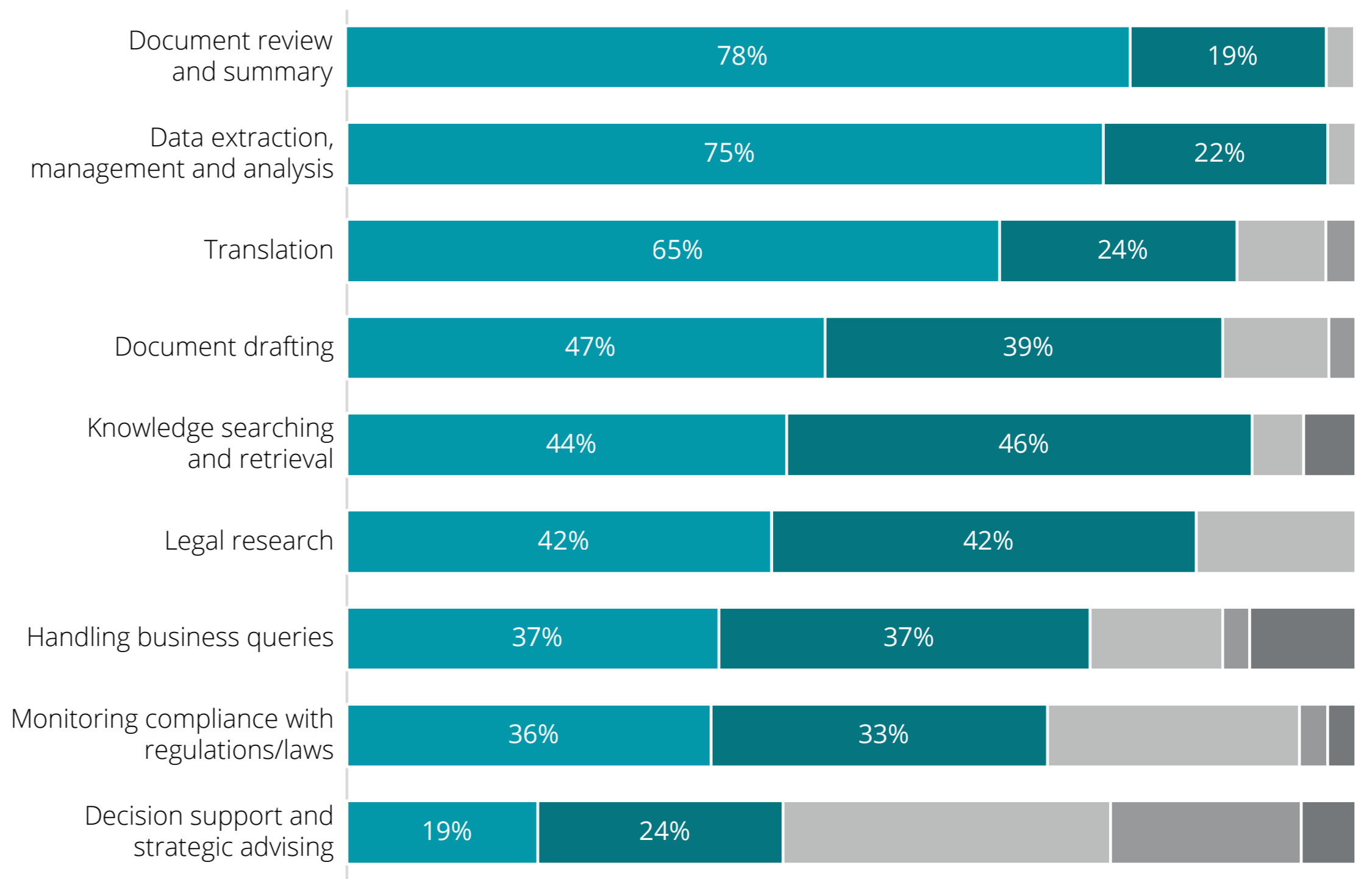


Figure 3: Impact of Generative AI on specific legal department tasks or activities



■ Significant impact ■ Moderate impact ■ Limited impact ■ No or negligible impact ■ Don't know

The task-based view is consistent with the view by functional area. For example, many activities that underpin the 'contracts and commercial' functional area also score highly in our task-based view: 'document review and summary', 'data extraction, management and analysis', 'translation', and 'document drafting', to give some examples. This trend extends to other areas. In legal operations, tasks like 'data extraction, management and analysis' score highly, which we see as particularly powerful in enabling more effective knowledge management. The same is true for document review and data extraction in the context of M&A.

An example of a high impact capability that intersects multiple tasks is translation, which, when combined with other Generative AI capabilities (such as comparing contracts in several languages against a regulatory standard, or searching and analyzing precedents across a multi-language knowledge repository), goes beyond incremental gains and delivers a step change in efficiency and quality. Effective translation is a powerful asset for global organizations, allowing for better collaboration and efficiency across linguistic and cultural boundaries. By using the translation capabilities of Generative AI, organizations will not be tied to recruiting in particular jurisdictions for access to language capabilities, resulting in a workforce that is more flexible and agile.

It is interesting to note that our respondents generally assess the impact of Generative AI on individual tasks (such as document review) to be higher than the impact on functional areas (such as corporate transactions and M&A). This may be explained by Generative AI's relative immaturity, and suggests that most corporate legal departments are currently experimenting at the individual task level. This is a sensible starting point; the best way to learn about Generative AI is to apply it to individual everyday tasks, building familiarity and confidence with the technology. However, there is a bigger prize to be won for legal departments that take a more strategic approach. By applying Generative AI to an entire legal or

Case study 1: Generation of service schedules within contracts

- We ran a pilot with a telecommunications multinational, leveraging their own instance of Generative AI to apply its capabilities in the creation of contract service schedules.
- Our own lawyers and contract management experts worked in close collaboration with the client to develop and fine-tune a set of prompts to generate first drafts of the service schedules, replacing what had been a manual, labor-intensive process.
- Our findings show that by leveraging Generative AI to support with the service schedule generation, we were able to **reduce the cost of production per contract by up to 60% as compared to a traditional, manual approach.**

Case study 2: M&A due diligence

- We have compared Generative AI enabled legal due diligence to both traditional AI-enabled due diligence (which uses machine learning assisted contract review solutions) and manual review.
- We have found an additional **25% efficiency saving by using Generative AI compared to traditional AI enabled due diligence, and a 75% efficiency saving compared to manual review.**
- Generative AI has brought additional benefits—both qualitative and quantitative. For example:
 - Generative AI's language translation abilities has improved the speed and quality of reviewing multi-language document sets.
 - Summarization capabilities go beyond traditional extraction of clauses, enabling more succinct summaries of content across documents (including complex contractual provisions involving mathematical formulae).
 - Contextual understanding and 'comprehension' of documents has enabled nuanced, risk-based scoring, saving lawyers' review time.



business process, using it to improve each individual step in the chain, the benefits of the technology can be compounded. Imagine a 'string of pearls', with each step in the process an individual pearl, linked together to create a chain of value.

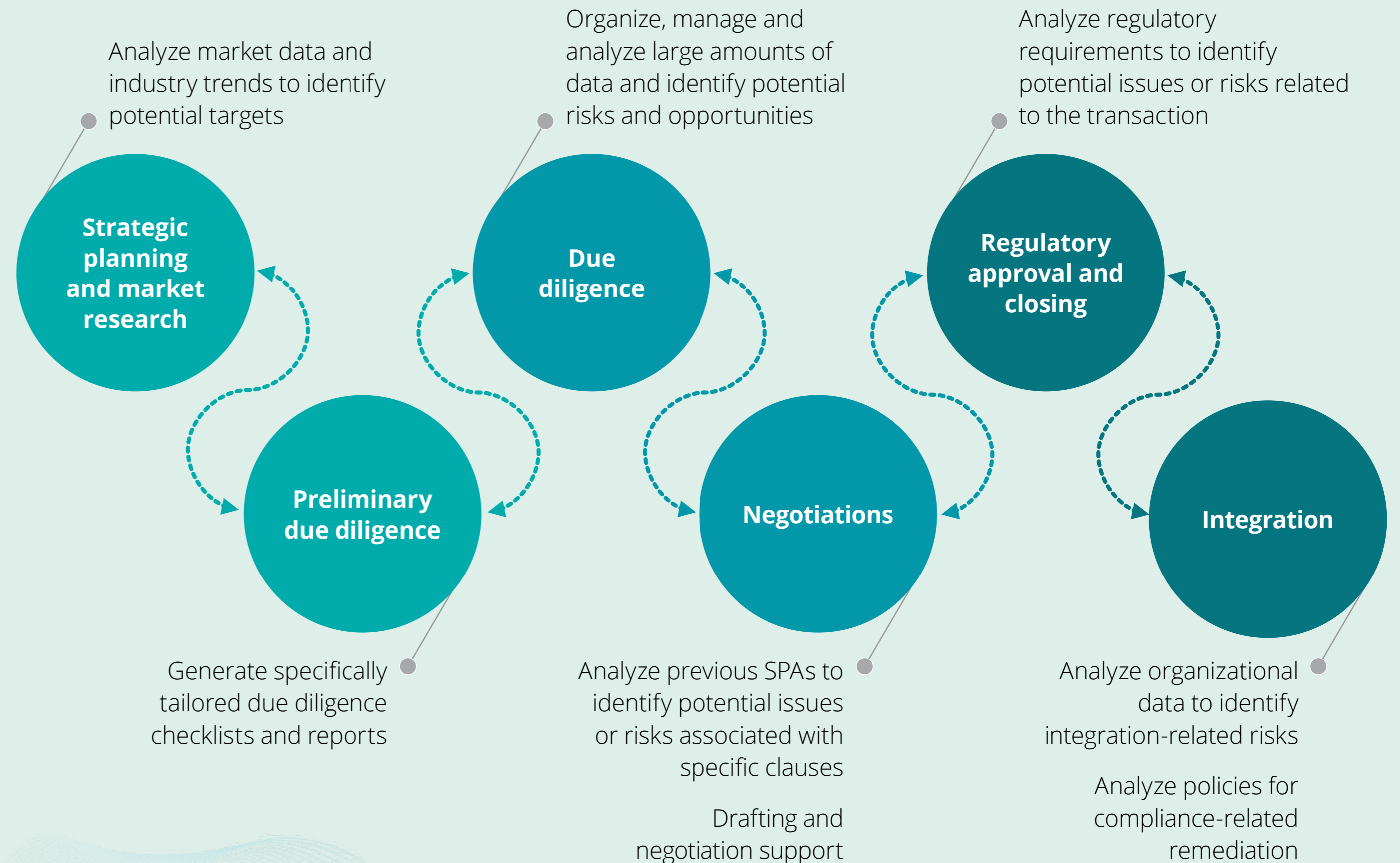
Legal teams should look to identify 'strings of pearls' for their own organizations, with areas like contracting, M&A, litigation and regulatory compliance holding particular promise.

For General Counsel, the impact of Generative AI extends beyond using the technology to improve legal and business processes. Legal must play a critical role in introducing the technology safely into the business, with legal teams leading the way in establishing the right guardrails and governance for Generative AI alongside the CIO, CTO and others. By establishing the right safeguards, GCs can actually accelerate time to value by encouraging safe and responsible experimentation and usage of GenAI.

In playing this role, GCs are faced with the dual challenge of recruitment (do the lawyers in the legal department have the required specialist legal expertise?) and mindset (is the department equipped to navigate the tension between accelerating and protecting the business?).

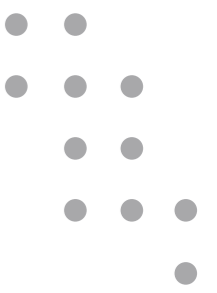
To address this, legal teams will likely require new technical legal skills with data privacy, intellectual property, regulatory and technology contracting skills particularly important. It will also require a new, enabling mindset across the legal department, as the teams will be under pressure to move quickly to support Generative AI use. Upskilling and training in these areas will be critical, as will partnering with external legal providers with deep expertise and practical experience of applying technical legal skills in practice.

Interconnecting multiple use cases can combine in a 'string of pearls' to collectively enhance end-to-end business processes



**Value is compounded as outputs from one use case act as inputs into the next.
When one stage improves, the next stage benefits.**

Section 2: The benefits of Generative AI for legal departments



We believe that Generative AI can create significant and sustained value for corporate legal departments, and that those who embrace change head on will more rapidly reap greater rewards.

We see three core ways in which Generative AI will bring value to the corporate legal function: through enhancing **efficiency, experience** and **capability**. We outline these in Figure 4, along with our respondents' assessment of their likely impact.

+ Efficiency

'Efficiency' relates to Generative AI's ability to accelerate outputs with reduced effort. Various studies show that workers who leverage Generative AI perform their roles more efficiently than those that do not.⁵ Small efficiency gains can add up to significant wins: over the next decade productivity gains resulting from Generative AI are expected to increase global GDP by \$7 trillion.⁶

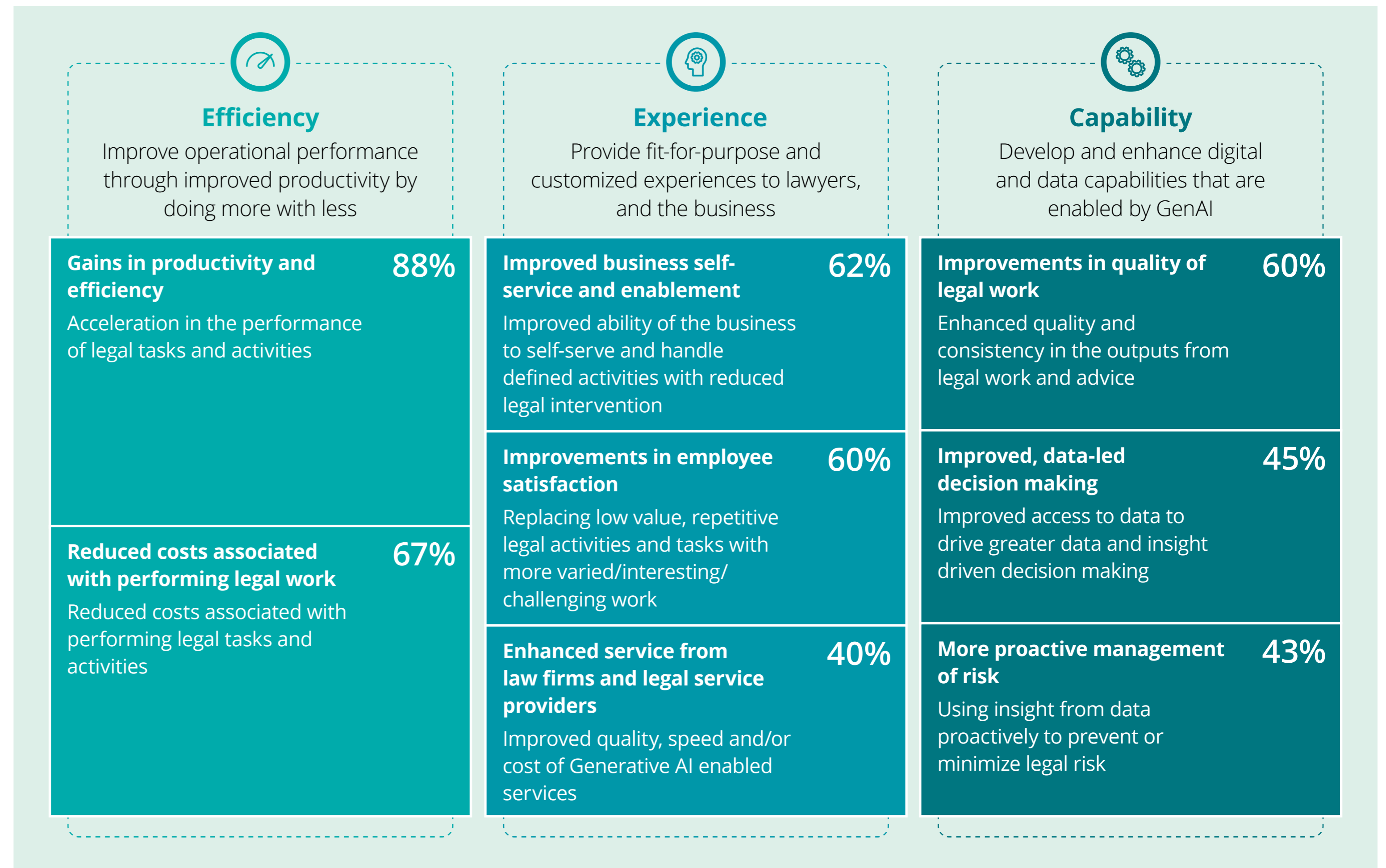
Legal work will similarly enjoy efficiency gains. Internal Deloitte studies anticipate that Generative AI can help lawyers become 25% more efficient on average.⁷ Depending on the nature of the task, this percentage can increase significantly. For high volume

⁵ [Navigating the Jagged Technological Frontier: Field Experimental Evidence of the Effects of AI on Knowledge Worker Productivity and Quality](#)

⁶ [Generative AI | Deloitte UK](#)

⁷ Internal Deloitte study on Generative AI's impact on legal work

Figure 4: what benefits do you expect Generative AI to deliver?



and labor-intensive activities we can expect to see efficiency gains of up to five times; even more in some cases. Our survey respondents overwhelmingly agree that efficiency is likely to be the key short-term benefit associated with Generative AI. Our work with clients also supports this view (see Case study 3).

As adoption increases, we expect to see more of these examples. Broader deployment of Generative AI will drive efficiency gains across a wide range of legal activities: document summarization and review, document drafting, legal research, advice memos, project management, and due diligence, amongst others. Any calculation of efficiency gains must, of course, factor in the time required for human validation of outputs (at this early stage in the development of the technology, human review remains a critical step in the process). Even taking this into account, we anticipate that greater efficiency will unlock significant levels of capacity across the legal team, presenting General Counsel and the G-Suite with strategic choices. See separate section—Deep dive: the CXO choice, p.16.

+ Experience

‘Experience’ relates to Generative AI’s ability to deliver qualitative benefits: typically, an improved or more tailored experience for both lawyers and their business counterparts.

Perhaps the most far-reaching qualitative benefit will be felt by the lawyers themselves. As we described above, Generative AI has the potential to relieve lawyers from the more repetitive elements of their role and allow them to focus on more fulfilling, strategic work. In turn, this should improve legal team morale and engagement scores. Our survey corroborates this view, with 60% of respondents expecting improvements in employee satisfaction and engagement.

Case study 3: Efficiency—eDiscovery and investigations

- We have worked with multiple clients across industries using our proprietary software, ‘NavigAite’, a Generative AI solution built on Relativity, one of the leading eDiscovery and legal search software platforms.
- With extensive backend engineering to create guardrails to minimize ‘hallucination’ risk (i.e., the risk that the model simply makes up an answer to a question, without any factual basis) and promote transparency (showing the reasoning behind the output generated), NavigAite uses Generative AI to accelerate outputs across a range of legal activities including but not limited to document review and summaries, first pass reviews, privilege reviews, translation and personal information identifier reviews with automated redaction.
- By leveraging NavigAite, we have achieved some truly impressive results that have improved quality (in turn reducing the need for manual review), and slashed both time and resource demands to complete historically highly manual, labor-intensive tasks.
- The table below outlines indicative review metrics, staff, and timing across methods:

Please note, the different review approaches require different numbers of documents to be manually reviewed. Adding Generative AI and using appropriate industry—standard statistical sampling techniques increases the speed of getting to the key information, and reduces the need to look at false-positive documents.

| Approach | Documents | Metrics | Staff | Timing |
|------------------------------|-----------|--|-------|----------|
| Linear | 5M | 1M reviewed, 1M “Eyes on” | 106 | 4 months |
| Technology assisted review | | 100k reviewed, 100k “Eyes on” | 25 | 2 months |
| Generative AI enabled review | | 5M reviewed, 5k “Eyes on” quality control only | 5 | 1 month |

Further, we expect Generative AI to streamline and improve the legal department’s interactions with the business. Whilst lawyers may instinctively feel uncomfortable using Generative AI as a first contact point for business queries, the reality is that it represents an improvement on the position today. Through Generative AI enabled chat bots and legal front doors, business users can ask plain language questions and receive quick, tailored, and contextualized responses. Only the most relevant knowledge is surfaced, with suggested outreach to legal teams if more detail

is required. In addition, human-like conversation will improve the customer experience and encourage users to engage—rather than circumvent—the legal department. We expect this to improve overall risk management.

The ability to personalize responses to the business and streamline the customer experience elevates Generative AI to an effective first point of contact, fielding routine queries and further freeing up lawyer time. Our survey respondents agree, with 60% expecting improved benefits from self-service.

+ Capability

The last of the three ways in which Generative AI can deliver value is by enhancing capability. This refers to Generative AI's ability to improve legal service delivery, either by elevating the quality of legal work or by enabling the legal department to offer entirely new services and insights to the business.

Whilst efficiency and improved lawyer experience can be quick wins, augmenting the capabilities of the legal department with Generative AI requires more strategic thought. The key to enhancing capability lies in capturing and benefiting from the data that flows through the legal department. Much of that data is unstructured, housed in legal documents and contracts, and difficult to query and analyze using more traditional approaches. Consequently, legal departments have tended to be less data-driven than other enabling functions, with decisions based on institutional knowledge and professional experience—or simply on gut instinct. In our work with clients, we have found that Generative AI can support more data-driven decision making across legal teams. The technology makes combining and analyzing data from disparate sources easier to do, so that data from legal operations, from the wider business, external market data or data from external law firms can be brought together to surface new insights. This, in turn, can help legal departments to identify the root cause of legal and business issues, and work proactively to prevent issues from occurring—or, at the very least, to minimize their impact.

To share some examples, we have seen Generative AI being used to analyze litigation and investigation outcomes, surfacing patterns and allowing for root cause analysis of the reasons that gave rise to the claim or investigation. We have also seen the technology used to prevent unnecessary contract spend (a common problem with very large portfolios of contracts): Generative AI is used to extract data from documents in the contract repository and combine it with invoice and spend data to make sure that

Case study 4: Efficiency—Regulatory compliance review

- Our proof of concept used Generative AI to compare a technology company's customer Terms & Conditions (T&Cs) with a new piece of regulation to identify any changes required to bring the T&Cs into compliance.
- The analysis produced a table outlining the regulatory requirement, compliance status of the T&Cs, explanation for the assessment including source reference points and recommended changes to bring the T&Cs into full compliance.
- Our approach required 3 iterations of prompting between our Deloitte Legal regulatory lawyers and Generative AI engineers to get to a good first draft of the analysis (rated 4 out of 5 by our lawyers for accuracy and completeness).
- **We saw a 50% reduction in both the trainee and experienced lawyer time required to complete this analysis.**

Case study 5: Customer experience—Contractual simplification and alignment

- Our client had a significant number of different versions of customer facing Terms & Conditions (T&Cs), creating complexity in their customer relationships and exposing the organization to risk.
- In what would have historically been a labor-intensive manual process, our client used Generative AI to compare the T&Cs and identify key differences.
- The client then used Generative AI to extract the best examples of compliant provisions from each version of the T&Cs to create a master, 'best practice' version.
- The client reported that using a traditional manual approach, the exercise would have taken several weeks. Using Generative AI, the task was reduced to less than 4 days (2 days of prompt engineering and refinement, and 2 further days of human analysis and review). **The client estimated that this represented a five-fold acceleration.**
- This project resulted in a simpler, more accessible set of T&Cs for the end customer, and also improved the experience for the legal team on this project by focusing them on more strategic review and decision-making activities.

erroneous payments are not made. Generative AI can also combine internal institutional knowledge (about a customer, a market, or a competitor) with external data sources, helping legal departments to gain a richer understanding of a particular issue and shape a strategic response.

This is not to suggest that this technology is the silver bullet to resolve all data challenges. To extract the most value using Generative AI, it should be applied to data that is centralized, cleansed and appropriately structured. Many of our clients tell us that data management is an issue for the legal department—many do not know where their data is located, how it is being stored or

who has access to it. Now is a good time for legal department to start to address these issues.

60% of our survey respondents agree that Generative AI should improve the quality of legal work, whilst 45% and 43% expect improved data-led decision making and more proactive management of risk, respectively. These percentages represent a slightly lower level of confidence than in other survey areas. This supports our view that enhancement of capability is a benefit that will take longer to emerge, requiring the technology to develop and legal functions' approach to mature before the benefits can be fully realized.

Case study 6: Capability—IP value leakage prevention

- In a large-scale carve out transaction, the data separation and transfer process required our client to review the data for transferring employees whose laptops had not been wiped or refreshed when the transfer was made.
- This exercise required us to identify data requiring segregation, in order to mitigate the risk of Intellectual Property (IP) leakage and misuse of information, which could result in reputational damage or breach of separation agreements.
- **Using Generative AI augmented document review, we were able to review 1.2m documents in 3 weeks, across a variety of document types and languages.** This would not have been feasible in the client's timescales without using the technology.
- This approach increased speed, reduced error and mitigated the risk of IP leakage by rapidly and accurately identifying documents containing critical data.

Deep dive: the CXO choice

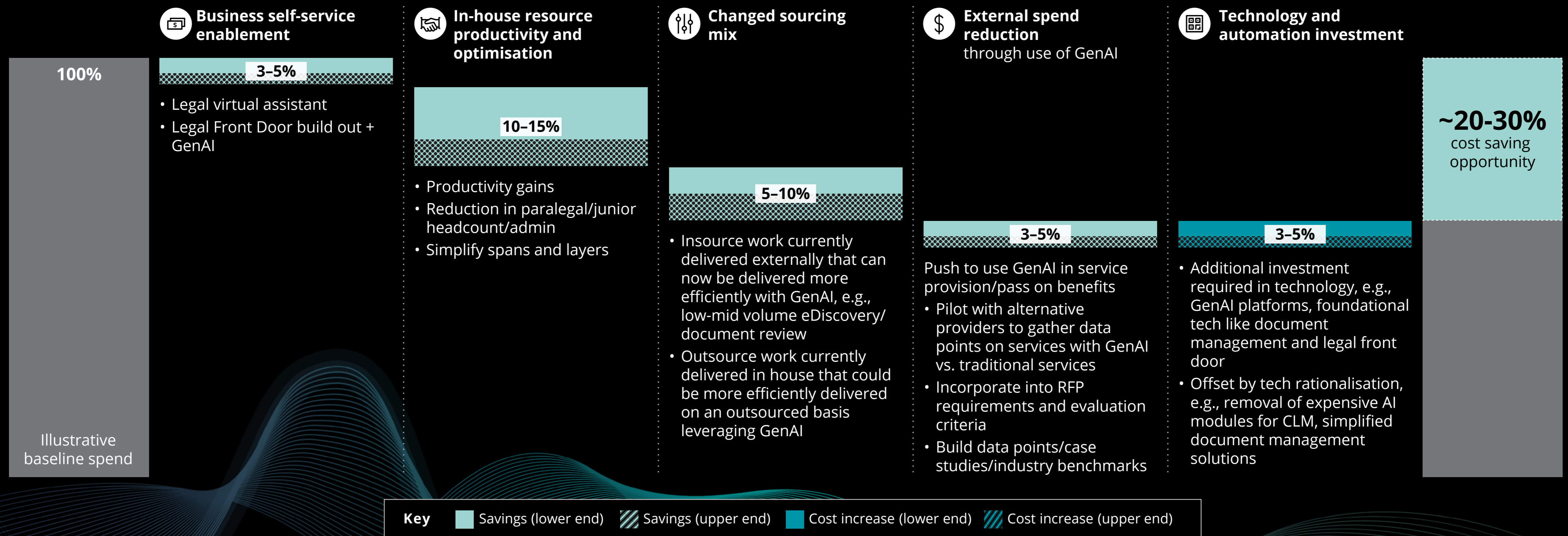
As teams deliver more with less, CXOs face a strategic choice as to how to reinvest a legal team's unlocked capacity.

On the one hand, time saved in performing legal work can be reinvested into more strategic activities. Many legal teams describe themselves as capacity constrained. They tell us that they have limited time for strategic activities because they are constantly 'fire-fighting'. This can create a reactive culture which contributes to the perception of the legal function as a cost centre. However, those organizations that choose to invest a legal team's unlocked capacity back into

strategic activities will find themselves reaping dividends. Legal teams will be able to provide closer business partnering, supporting activities that drive top-line growth (IP strategy, new product and service launches, strategic alliances) as well as those that avoid cost (improved regulatory compliance, improved contract portfolio management, and others).

On the other hand, increased productivity can enable cost reduction. This is a view shared by two thirds of our survey respondents, who expect the cost of performing legal work to reduce as a consequence of Generative AI adoption. From the work we have done with our clients, we expect Generative AI to enable a reduction in the overall cost base of a legal team of up to 30%. We provide an illustrative view of the cost savings and associated levers in Figure 5.

Figure 5: Potential cost savings across legal departments using Generative AI



Deep dive: the CXO choice (cont.)

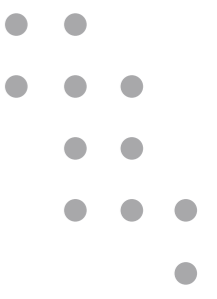
We explore the cost savings levers in more detail:

- + **Improved business self-service** through sophisticated and hyper-personalized human-like chatbots. A conservative estimate suggests that up to 5% of a legal team's effort can be saved by generating FAQs, and surfacing legal knowledge from knowledge bases at the point of need, for the business to self-serve in an intuitive and highly personalized way.
- + **Increased productivity and better use of in-house resources** (already discussed in this section at length, and highlighted through our case studies).
- + **Changes to the sourcing mix (i.e., who performs what work) both internally and externally.** Generative AI should give corporate legal departments more flexibility in their resourcing models. Work that had previously been outsourced to law firms or alternative legal service providers (because of capability or capacity constraints) can be brought back in-house as Generative AI frees up capacity and enhances capability. The inverse may also be true; the technology should enable legal departments to outsource more activities to alternative legal service providers and managed service providers, who will become more cost competitive and deliver greater service innovation by using Generative AI. The choice that the legal department makes will depend on its organizational and economic model; either way, using Generative AI offers more flexibility.
- + **Reduction in spend on external law firms**, as a result of law firms' ability to deliver legal services more efficiently. See Section 5: External law firms and legal service providers, p.23.

The most likely outcome is that legal departments will combine these two approaches, with legal teams using Generative AI as an enabler to meet future growth in business demand whilst maintaining a similarly sized legal team and cost base. Regardless of how efficiency gains are realised, the good news for legal departments that embrace Generative AI is that it will enable them to do more with less—and deliver greater value to the business.



Section 3: The adoption journey



Generative AI's full potential will only be realized if it is successfully integrated into legal workflows and adopted across the legal department.

If our respondents' predictions about the speed and scale of impact are correct, we can expect to see rapid adoption of Generative AI over the next 12 months. Our survey supports this. The vast majority (87%) of respondents expect some adoption within 2-3 years, with just under 4 in 10 anticipating that the technology will be broadly adopted in the same time frame (see Figure 6). This is ambitious: adoption at this scale would represent a significant increase in uptake when compared to existing technologies used within the legal department.

Figure 6: Current and planned adoption levels of Generative AI

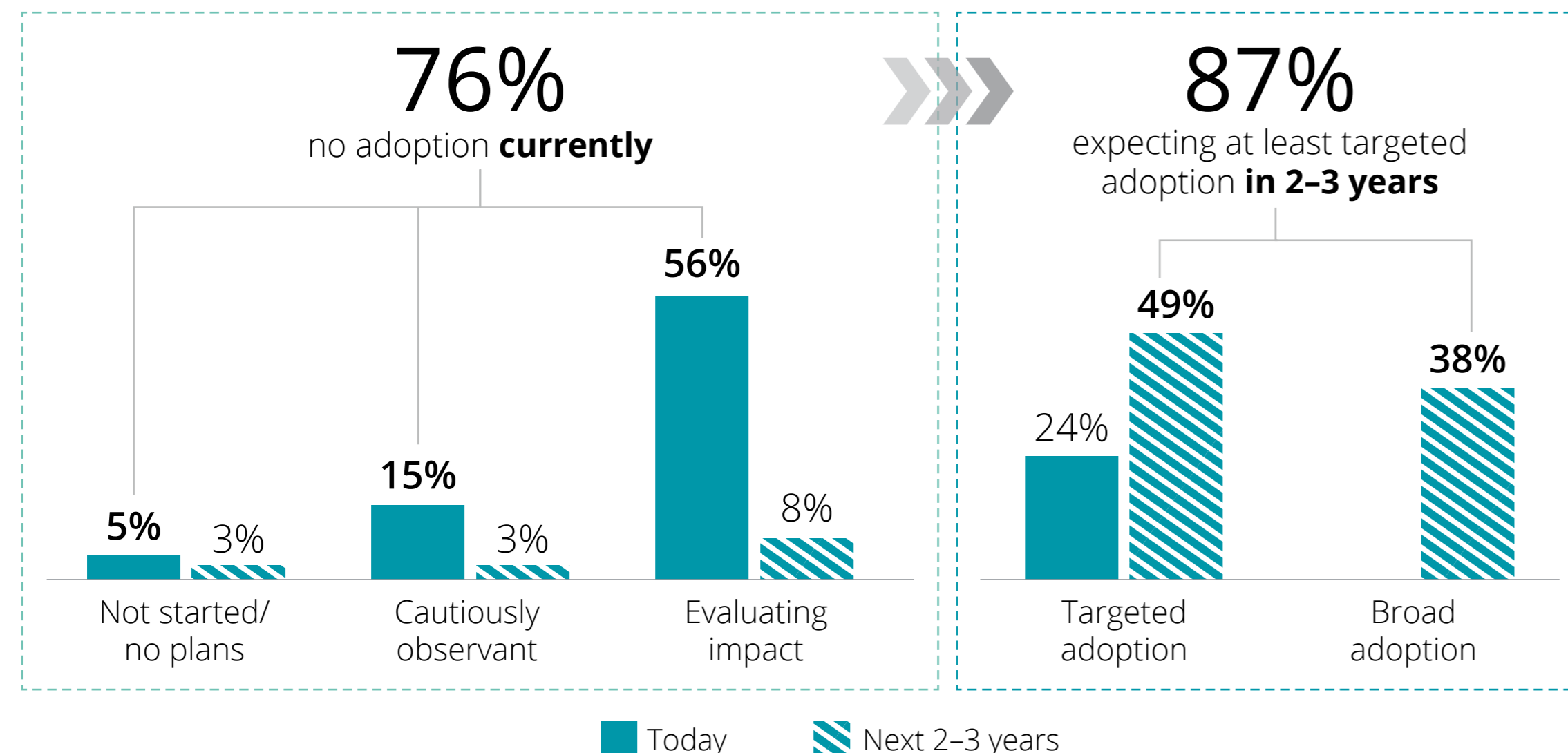
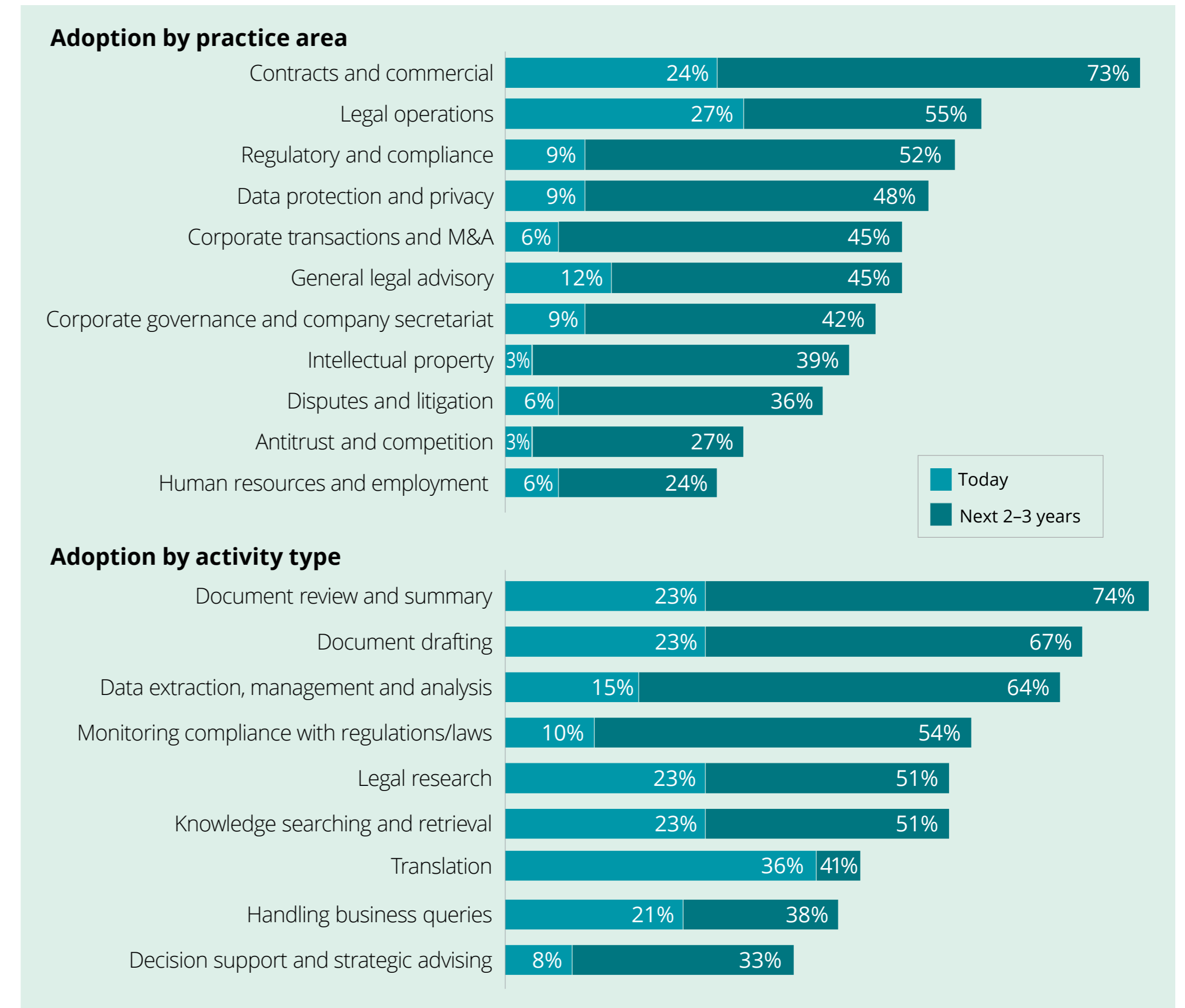


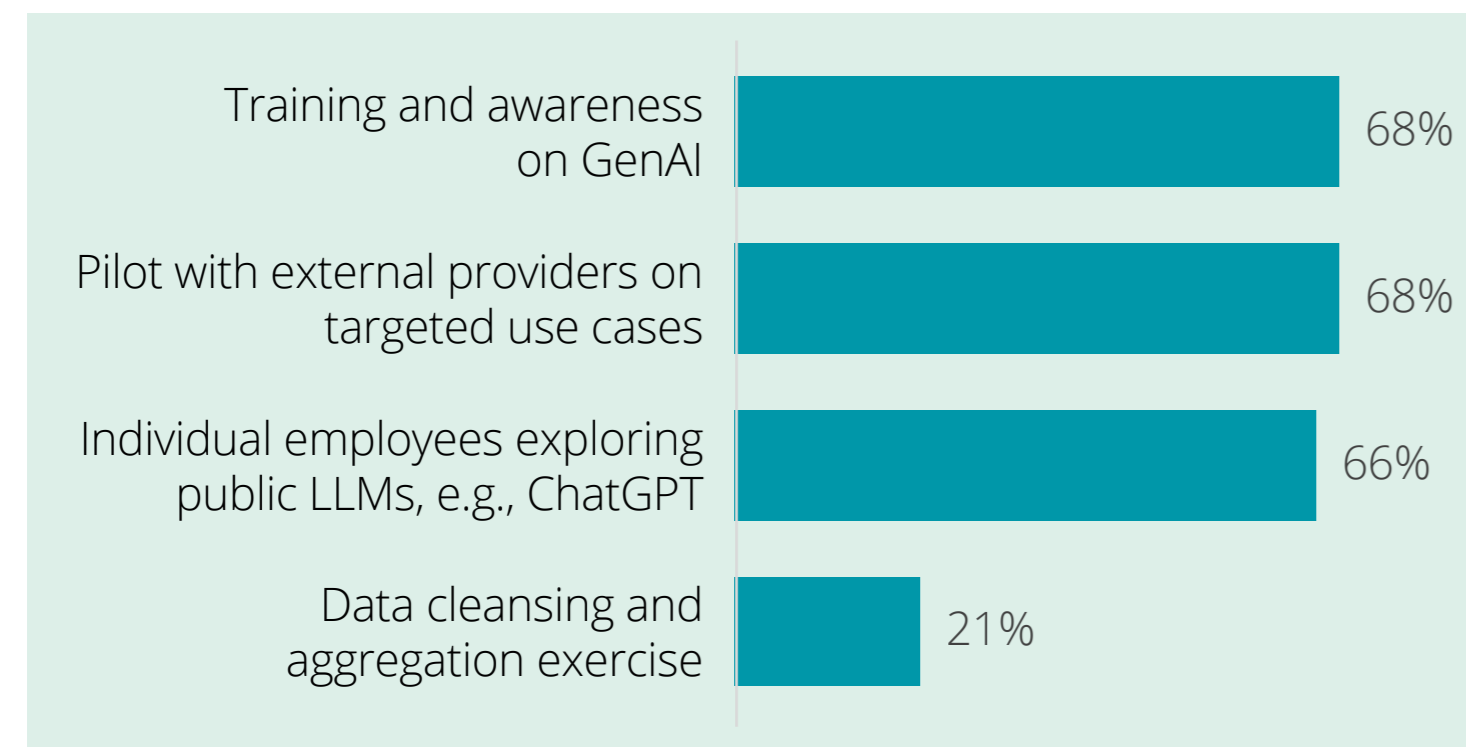
Figure 7: Current Generative AI adoption levels by practice area and activity type



Legal teams have a significant gap to close if they are to meet these adoption ambitions. Currently, 76% of respondents report no adoption of Generative AI, indicating that they are at the “wait and see” or early impact evaluation stages. Positively, however, the majority of our respondents are either currently undertaking or planning to undertake in the next 6 months readiness activities. This includes over two thirds undertaking internal initiatives around training and awareness, as well as external initiatives to partner with providers on targeted use cases. 66% plan to additionally give legal teams access to an LLM, in support of both (see Figure 8).

Consistent with our use of functional and task-based views to assess the impact of Generative AI, we asked our survey respondents in what practice areas/functions and on what tasks they were using Generative AI. From a functional perspective, ‘legal operations’ leads with 27% adoption (perhaps unsurprising, given that it is often the team tasked with exploring new technologies). Second is ‘Contracts and commercial’ with 24%, again in line with expectations given this area’s high potential for automation, which makes opportunities for practical everyday

Figure 8: GenAI readiness activities currently being undertaken/planned for the next 6 months



use relatively easy to identify. Scores for all other functional areas are low, with only one other area exceeding 10%. The task-based view aligns with this—activities associated with contracts work score highly. Translation, not strictly a ‘legal’ task—scores highest, perhaps indicative of a reticence to use Generative AI for legal tasks, and a bias towards starting with ‘safer’, non-legal work. Legal teams can address this head on through foundational education programs that give confidence to lawyers on how best to use Generative AI’s capabilities.

Both the functional and task-based views also demonstrate the significant gap that legal teams will need to close. Even in areas of higher adoption, levels are expected to double (in the case of legal operations) or treble (in the case of contracts and commercial). In areas with low adoption, our respondents are expecting five, sometimes six-fold adoption increases in 2–3 years. This presents a significant and pressing challenge, and legal teams will need to overcome a number of barriers for Generative AI to buck the historic trend of slow technology adoption within legal departments.

Investment-related barriers ranked highest for our respondents (see Figure 9). These include financial and resource limitations, and challenges with developing business cases. A slim majority of our respondents report no budget having yet been made available for Generative AI initiatives, restricting the ability of legal teams to meet their objectives and timelines. Whilst there is confidence that budgets will soon begin to materialize, those legal teams that are able to make a compelling business case that clearly outlines the investment ask, projected benefits (both quantitative and qualitative), and the anticipated return on investment will be most successful in securing investment. This is not an easy task, particularly as the technology is still untested. Legal departments should consider partnering with external providers, who have experience of working with clients in their industry, to provide context and benchmarks to help with business case development.

Beyond financial challenges, our respondents also highlight a significant ‘people’ hurdle to developing the right skills and capabilities, as well as lack of data readiness, and legal and regulatory concerns. We share more in the following sections on how legal teams can overcome these challenges.

Figure 9: Barriers to Generative AI adoption

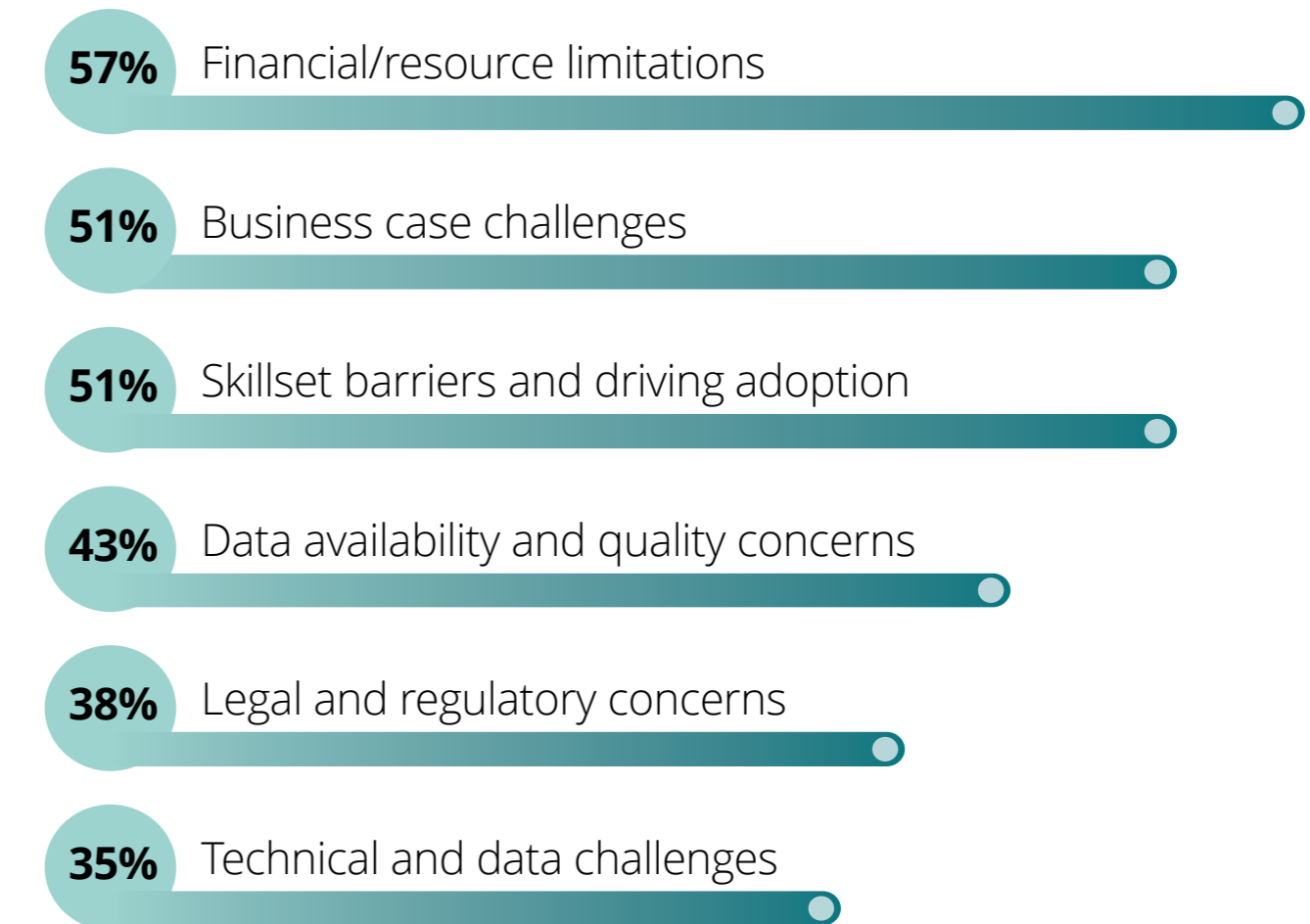
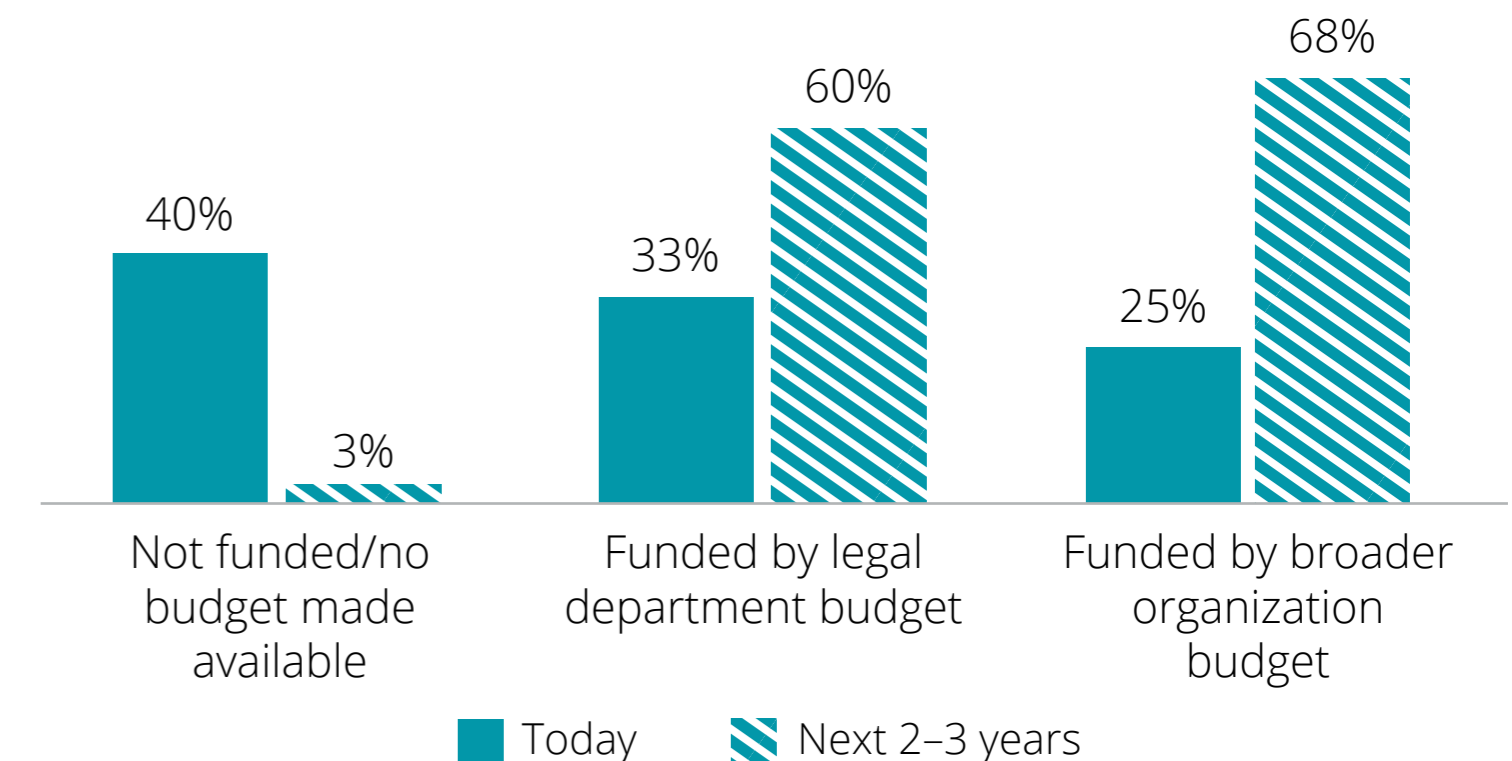
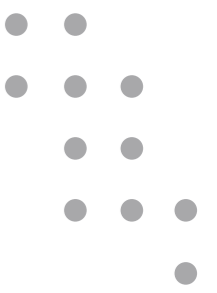


Figure 10: The source of budget for Generative AI initiatives



Section 4: The legal department's workforce



We have already touched on the impact of Generative AI on the overall size of the legal function. Generative AI will also impact who delivers the legal department's work, and the range of skills required to support that delivery. Currently, legal work is delivered by a combination of the legal department itself (lawyers and allied professionals), external law firms, alternative legal service providers, the business (through self-service) and automation. Figure 11 presents our view of how work is delivered today, and how we expect this to evolve over time as Generative AI adoption increases.

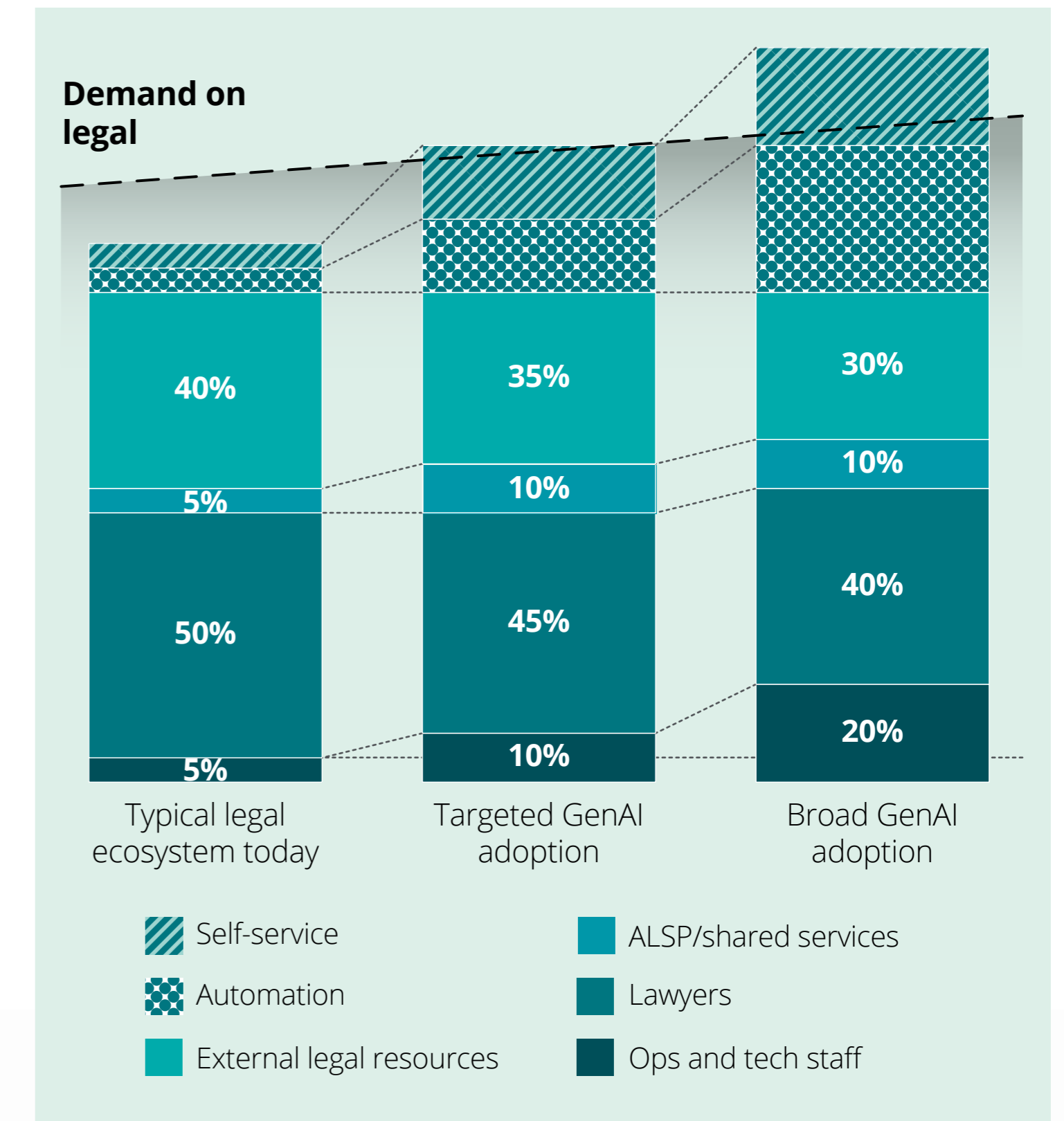
Who delivers legal services: compositional changes

Figure 11 shows that as business demand increases, so will self-service and automation, enabling legal teams meet increased demand without increasing lawyer headcount. We also expect the roles and skills in the legal department to change, with more operational and technology-focused staff.

Underpinning our predicted legal ecosystem changes are four key trends:

- 1. Increased self-service and automation.**
 As we set out in Section 2, we expect Generative AI to deliver significant productivity benefits and to improve the lawyer and customer experience. This will lead to an increase in self-service and automation. As adoption increases, we expect legal teams to be able to meet increasing business demand without an increase in headcount.
- 2. More strategic deployment of in-house lawyers driving reduced reliance on external counsel.**
 Greater automation and business self-service should unlock lawyer capacity, meaning that work currently sent to external counsel because of capacity constraints can be serviced in-house. In addition, Generative AI should augment the capabilities of in-house lawyers, enabling them to do more strategic and challenging work within the department, rather than sending it to specialist law firms. Of course, reduced reliance on external counsel means a reduction in overall legal spend.
- 3. Short to medium term increase in the use of shared service capabilities/ALSPs.**
 Currently we believe that 'alternative' legal delivery models are under-utilized by legal departments. In this report, we defined 'alternative' legal delivery models to include shared service centers or captive centers of excellence that are internal to the business, as well as external providers providing managed legal services. These models are designed to drive efficiency, innovation and quality in delivery, using process re-engineering

Figure 11: Expected changes to the legal ecosystem over time



and technology to deliver year on year improvements. As they are already technology enabled, 'alternative' delivery models can incorporate Generative AI more readily into delivery, and providers are often incentivized to do so. As Generative AI matures, we expect more work to be delivered through these types of models. For external legal services providers, this should lead to increased competition, with clear winners and losers emerging. The key determinant for success will be Generative AI adoption, displacing historic success factors such as labor arbitrage.

4. **An increase in operational and technology-focused staff.** Perhaps most obviously, leveraging Generative AI broadly across a legal department will require specialist support. Whilst all legal staff should have a base level of Generative AI fluency, lawyers will not be expected entirely to re-skill. Instead, lawyers will need to collaborate closely with data scientists, machine learning engineers, AI solution architects, product managers, UX designers, and other technical and operational support specialists in the development and use of Generative AI enabled workflows. In larger legal teams we see these roles as part of ringfenced headcount—either directly within the legal department or as part of legal business or technology partnering. We also expect continued rising demand for hybrid roles and skillsets that combine legal, technological, operational and data elements.

Most of our survey respondents predict that Generative AI will result both in an increased focus on strategic work for the lawyers, and in a requirement for new and different skillsets (see Figure 12). We also expect adoption of Generative AI to result in a decrease in external legal spend as a proportion of total legal spend.

Together, these trends will have profound implications on how legal work is delivered, and on who delivers it. Legal teams should get ahead of these changes, performing early workforce impact assessments to inform workforce planning and projections. This

is particularly true for technology and operational staff, who have a unique and highly prized skillset; in this area we predict an ongoing war for talent. Legal departments that prioritize workforce planning now will be best positioned to attract and retain the best talent to capitalize on investments in Generative AI.

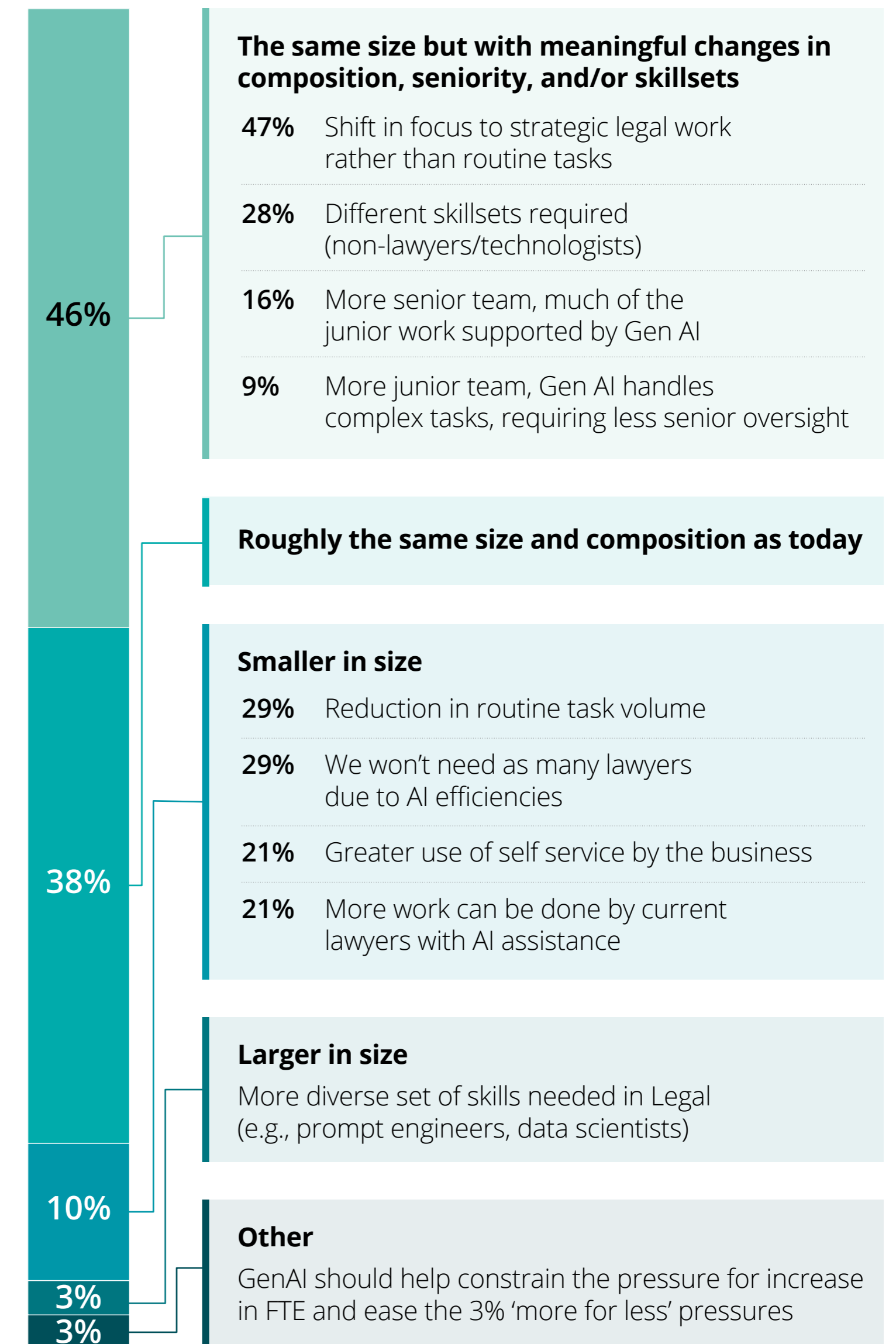
Talent and skills development

Talent and skills development is a key area of focus for legal departments. Upskilling current staff should be a priority, so that they can develop the skills they need to work with Generative AI. When it comes to external hiring, HR professionals should revisit and refresh the selection criteria for new hires. Just over half of our respondents highlight skills as a barrier to adoption of Generative AI (see Figure 9), a figure we would expect to be higher.

Skills development programs will vary by functional area. However, our strong recommendation is that legal leadership teams should establish a comprehensive training program for the entire legal department that delivers a foundational understanding of the technology. This should include what Generative AI is, its capabilities and application to the work of the legal department, how to work with the technology (e.g., effective prompting), examples of practical everyday uses and benefits, guardrails and safe usage policies, and legal and other risk considerations (e.g., where a human in the loop is required).

AI is expected to be embedded in 90% of software by 2025. Microsoft Office 365 is embedding Generative AI into Outlook, Word, and its wider suite of productivity tools, as are its competitors (e.g., Google). Over time, Generative AI will be embedded seamlessly into the products that corporate workers use every day. In the meantime, a baseline understanding of the technology is important to develop and reassure the workforce and to drive adoption. An effective way to promote general fluency is to grant access to a Generative AI platform—with the right guardrails in place.

Figure 12: Expected changes to team size and composition



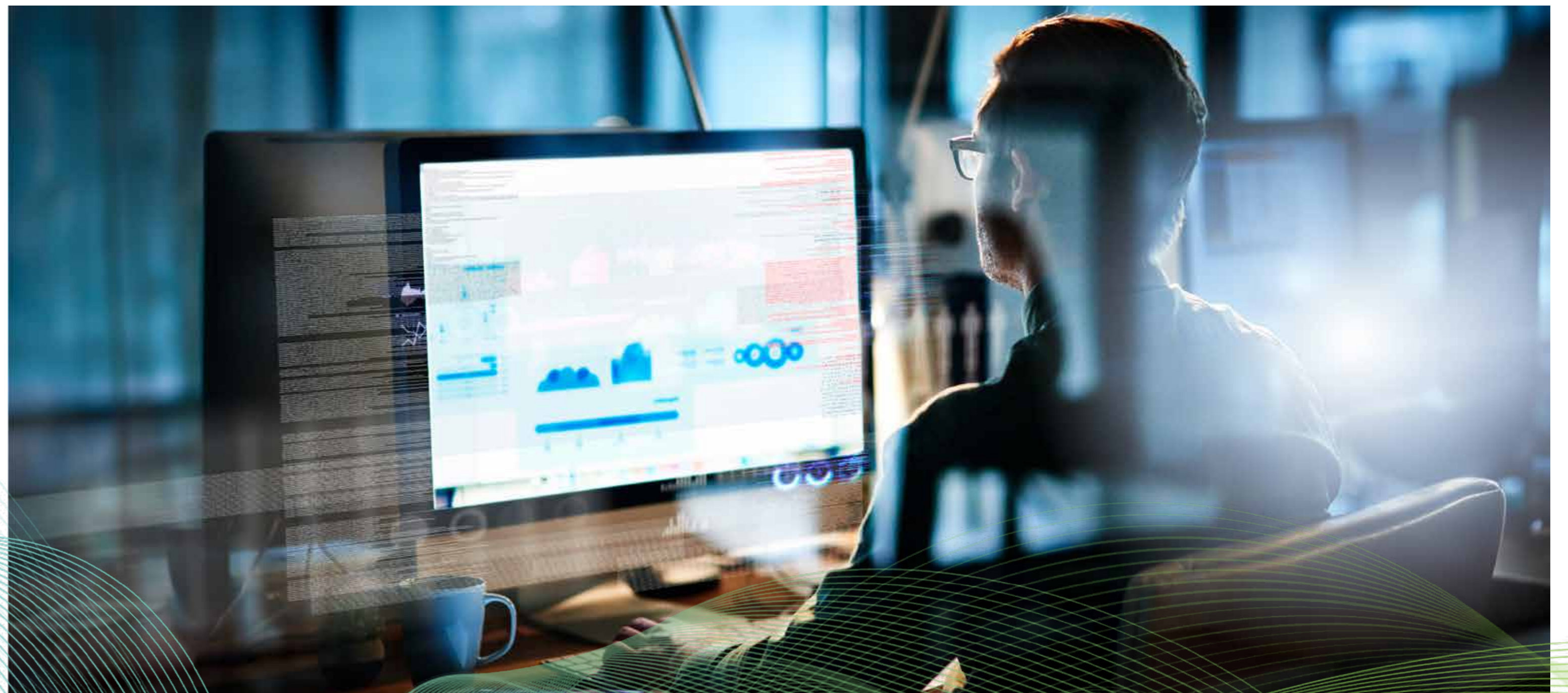
At Deloitte, we have followed the approach taken by many of our forward-thinking clients, in rolling out access to an LLM with a chat interface to all employees, to encourage experimentation, build trust and excitement, and drive adoption (see Case study 7). Legal departments that are unable to do this (for example, for regulatory reasons) could try alternative approaches, including asking their external partners for support in demonstrations and training.

Finally, GCs and their HR partners need to consider talent development and career progression pathways in the light of Generative AI. Junior lawyers and allied legal professionals, in particular, are likely to be unsettled by Generative AI. Legal leaders should position the technology as a workforce accelerator, which can be used to speed up the development of junior team members and allow them to undertake more satisfying work. HR professionals should create career frameworks that support this, as this will be critical to nurture a healthy pipeline of talent.

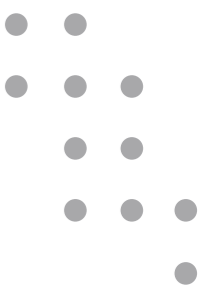
As an example, at Deloitte Legal, our trainees have enjoyed being able to test and use Generative AI technology in the delivery of their work, providing a more interesting and varied element to their role than was expected at this early stage of their career.

Case study 7: Deloitte's roll out of our own Generative AI tool, PairD

- PairD is a secure platform developed by the UK Deloitte AI Institute for Deloitte UK colleagues.
- Launched in 2023 to over 20,000 Deloitte staff across all our service lines including Deloitte Legal, PairD provides easy access to generative AI tools through its virtual helper integrated frontend.
- Its use is governed by our robust internal governance and risk framework based on trustworthy and ethical use of Generative AI, PairD supports our Deloitte practitioners with a range of tasks including research, writing assistance, language translation, task automation, data analysis, meeting preparation, and more.
- We have found significant uptake of PairD with it acting as a safe and effective way to introduce our colleagues to Generative AI and build their confidence.
- Feedback from colleagues has been positive. Many report that PairD can significantly simplify and accelerate the completion of routine tasks that typically absorb significant time—such as preparing emails and reports.



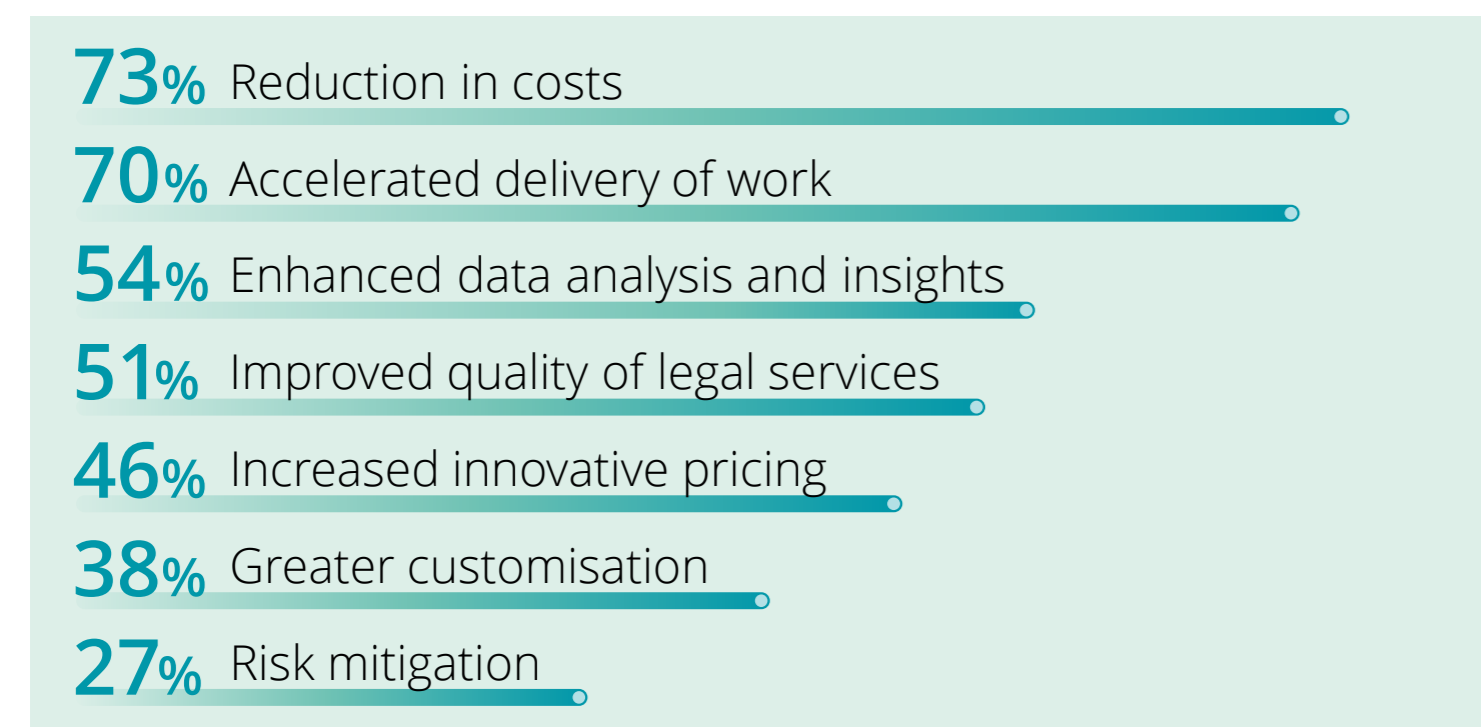
Section 5: External law firms and legal service providers



Law firms and other legal service providers should have a critical role to play in supporting legal departments to use Generative AI. Forward-thinking legal service providers ought to be amongst the earliest adopters of the technology in order drive strategic and competitive advantage—both for their own organizations and for their clients.

Those that do not are likely to fall behind, causing a significant shake up in the external market. As an example, legal managed services providers that continue to rely only on labor arbitrage are likely to be displaced by providers that use Generative AI to deliver greater efficiency. Similarly, ‘traditional’ law firms that fail to adopt Generative AI in their delivery—or fail to pass the benefits on to their clients—will struggle in an increasingly competitive market.

Figure 13: Expected benefits from the use of Generative AI by outside counsel



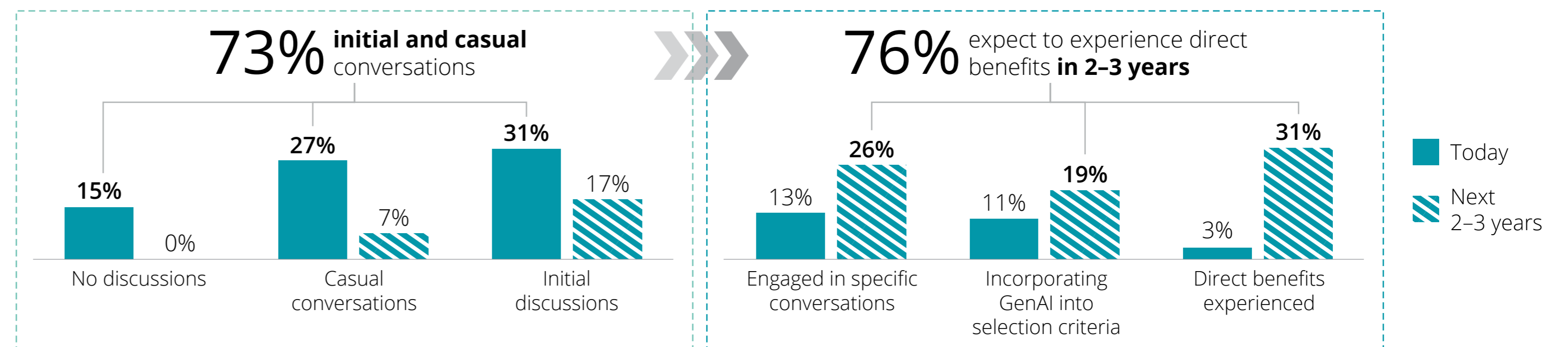
Legal departments should be confident in their ability to leverage their external providers’ experience and knowledge of the technology, and lean on them as partners in Generative AI initiatives. However, our survey reveals that legal departments do not currently have this level of confidence. When asked to anticipate the benefits Generative AI will bring, ‘enhanced service from law firms and legal service providers’ scored lowest (see Figure 4). This suggests that legal departments, perhaps scarred from previous examples of ‘innovation theatre’, are skeptical that law firms will commit to the technology and pass efficiency benefits back to their clients.

That is not to say our respondents do not expect benefits. A strong majority of respondents expect law firms to experience both quantitative benefits and qualitative benefits from Generative AI. Expected quantitative benefits include reduced costs (73%) and accelerated delivery of work (70%). Both are linked to increased efficiency, which ought, under the hourly billing model, to result in lower bills for the client. Qualitative benefits

are expected to include ‘enhanced data analysis and insights’ (54%) and ‘improved quality of legal services’ (51%). Law firms that genuinely commit to scaled adoption and use of Generative AI ought to be able to deliver a greatly enhanced client experience, informed by data and insight, at a lower price. Legal departments should challenge their external legal providers to demonstrate these benefits.

Legal departments can do this by formally incorporating Generative AI-related criteria into buying decisions and law firm selection criteria. To ensure thoughtful, substantive responses this must go beyond a ‘performative’ gesture, asking not just how law firms are using Generative AI (as has been the case with previous ‘innovation’ criteria), but instead focusing on tangible benefits and cost reduction for clients. Some organizations are already doing this—but not many: only 3% of our respondents report having received benefits from their external legal service providers’ use of Generative AI.

Figure 14: Current stage of engagement with external law firms



Five steps every legal department should be taking now



For the reasons outlined in this report our view at Deloitte Legal is that by 2030 the lives of legal professionals will have changed greatly, and possibly beyond recognition. Almost all evidence points to steady if not rapid and accelerating technological advancement. Academic and expert debate has moved beyond ‘if’ we will see a step change in Generative AI’s capabilities, to ‘when?’.

What we can say with absolute confidence is that this shifting landscape will bring change for legal departments: new responsibilities will emerge, as will new opportunities. It is against this challenging and ever shifting backdrop that General Counsels and legal leadership teams must help their departments to navigate through this change, sensibly incorporating these new responsibilities and capitalizing on opportunities.

Whilst we cannot know precisely how the future will look, we believe there are some initiatives every legal department can and should be taking today to ready themselves for operating effectively in the age of Generative AI. Many of our respondents, and our wider client-base to whom we regularly speak, are either currently taking a combination of these steps or plan to imminently.

It is worth adding that these are not necessarily sequential; of greater importance is that legal teams have considered, and are making meaningful progress across each of these areas:

+ **Put governance in place for the use of AI**

The General Counsel has a unique dual role in relation to Generative AI; as the guardian to Generative AI’s safe introduction into the business, as well as using it to improve legal service delivery.

For the former, the legal department should play a leading role, working closely with risk, IT, data, HR and other corporate functions, to establish governance and risk frameworks for Generative AI’s safe and ethical use. Whilst this may ostensibly slow enterprise progress the opposite is true: it is only by putting in place right-sized guardrails that the business can be truly empowered to experiment, learn, and safely adopt the technology. By owning this narrative General Counsels and legal teams can re-position themselves as genuine enablers of board-level priorities that accelerate business growth whilst ensuring the long-term health of the organization.

For the latter, putting in place organizational governance can also build confidence in adoption within the legal department. Lawyers are often simultaneously the most interested and skeptical users of new technologies. Effective organizational governance provides greater comfort to the lawyers to use the technology, which in turn improves their understanding of it. In a virtuous cycle, the lawyers are then better positioned to enhance future governance and risk management.

+ **Demystify Generative AI and drive buy-in by putting it into lawyers’ hands**

It is only through using Generative AI that lawyers can identify how it can best be applied to meet the needs of their legal team and wider business. Legal teams should therefore be given access to tools to experiment and learn through targeted proofs of concept.

We are seeing many legal teams providing technology ‘evangelists’ with early access to GenAI. Whilst a good place to start, unless legal departments put in place light touch governance to universalize learnings they risk bifurcating their legal teams’ attitudes and capabilities. Therefore, legal teams should ensure an ongoing focus on training, feedback, best practice sharing and adoption. In particular, all-legal forums are a great opportunity to share success stories (and failures!). In doing so, legal teams can drive buy-in by showcasing where Generative AI can add real value, whilst at the same time acknowledging current shortcomings.

Legal leadership teams should not be exempt from this. Whilst they don’t need to be experts, they should be encouraged to experiment to develop a foundational understanding of the technology. Specific legal leaders should be tasked with engaging more substantively with the topic and feeding back learnings to the broader legal leadership team. This will enable leadership to visibly lead from the front, setting a positive vision for the future and more effectively support their teams to navigate through inevitable change.

+ **Evaluate and prioritize use cases, and then develop/refresh your digital roadmap**

Legal teams should start to identify their use cases, putting in place some accompanying governance to prioritize, test, and document outcomes. External providers can bring vital experience and support with these endeavors by supporting use case identification, testing through proofs of concept, and robust documentation of outcomes. Quantifying outcomes and benefits in this way is particularly important as they will quickly become critical business case inputs when legal departments start to seek investment for transitioning use cases into scaled production.

As priority use cases emerge, it has never been more important to stay informed about the technology market. Understand what Generative AI capabilities are available organization wide from IT and influence to gain access early. Ask your technology providers how they are planning to use Generative AI in their products, and when. Its emergence (and your emerging use cases) will almost certainly signal a shift in how technology and data can be best used to meet your objectives. Legal departments with an existing digital roadmap should therefore re-appraise it. For those without, it has never been more important to have one.

Look for opportunities for law firms or ALSPs to provide access to benefits of this technology through a project or service as a quick win. Consider building internally where your needs cannot be met in the short-medium term (if this option is available). Stay agile in your decisions whilst this technology evolves at a rapid pace.

+ **Focus on data hygiene and clean up**

Identify the data that is critical to you – either for solving business problems or for reporting. This could be data in your document repositories, from the wider business, external market data or data from external law firms.

Generative AI provides a step change in data extraction capability. Whereas historic systems largely rely on tabular data, Generative AI unlocks insight from large, ‘unstructured’ text-heavy data sets like document repositories. Use it to make data clean up exercises easier and more cost effective: not only can it extract data, it can re-classify and re-format data into prescribed, consistent formats. Use Generative AI to make data clean up exercises easier and more cost effective.

Further, identify what data improvements are needed to leverage Generative AI in the future and begin actioning them e.g., storing of key documents in centralized, strategic repositories, changing processes so that key data and documents are captured and stored in the right place every time, and data clean up to make data useable.

+ **Plan for the longer-term**

With Generative AI evolving at such a rapid pace, long-term planning can feel very challenging. However, **it is important for leaders to consider the strategic implications of the technology on the wider business, the internal workings of your legal department, and on your external partners.** We suggest focusing, initially, on:

- **The business:** actively seek out and engage with CXOs and other executive leadership to shape the strategic direction of the business in the age of Generative AI, enabling commercial benefits to be realized safely. General Counsels should use this understanding to inform their long-term departmental planning.
- **Your legal team:** map the skills you have now, the skills you may need in the future and your plan to train or recruit to close the gap. Make sensible assumptions about the impact of Generative AI on resource mix and numbers, guided by the wider business strategy.
- **Your external providers:** Engage with law firms and ALSPs on how they plan to use Generative AI and pass on these benefits. Build this into commercial decision making and preferred panel requirements. Consider how your in source/external mix will change over time and how you can adjust your mix of external providers to realize GenAI benefits earlier.

We believe these initiatives represent the key ‘no-regrets’ initiatives that every legal department—regardless of size, shape or industry—should be taking. Whilst each will require an investment of time and possibly cost, we believe each will deliver a meaningful longer-term return on investment. This, regardless of whether you expect GenAI to plateau at current capabilities or, as we do, continue to rapidly improve and chart a new course for corporate legal departments.

Postscript: What comes next?

Our clients find great value in learning how their peers across different industries are using Generative AI. Our Deloitte Legal Generative AI client forum provides a regular opportunity to do this, bringing clients together in a confidential space to exchange challenges and success stories about their experiences of using Generative AI. Our survey formalizes some of these insights, giving us a window into where our clients are now with Generative AI, and how they expect to use it in the future. However, surveys are only a snapshot: the technology is evolving month by month, and what is true today will not be true tomorrow. Corporate legal departments must keep one eye on their peers, and the other on the future.

We will continue to share our insights about Generative AI for the Legal Function. We would also be happy to hear from corporate legal departments that would like to know more about our Generative AI client forum.

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Methodology note

Deloitte Legal surveyed 43 individuals between February and March 2024, via an online questionnaire with a structured set of questions covering the impact of Generative AI on corporate legal departments. Respondents were senior legal leaders in their organization and included General Counsels, Heads of Legal, Legal Operations Directors and Managing Legal Counsels.

The survey sample included responses across industries including Financial Services, Consumer, TMT, ER&I and Life Sciences & Healthcare. The survey sample also covered the spectrum of law department sizes, including responses from law departments with below 25 FTE to over 200 FTE, with representation from the US, Europe and the UK.





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