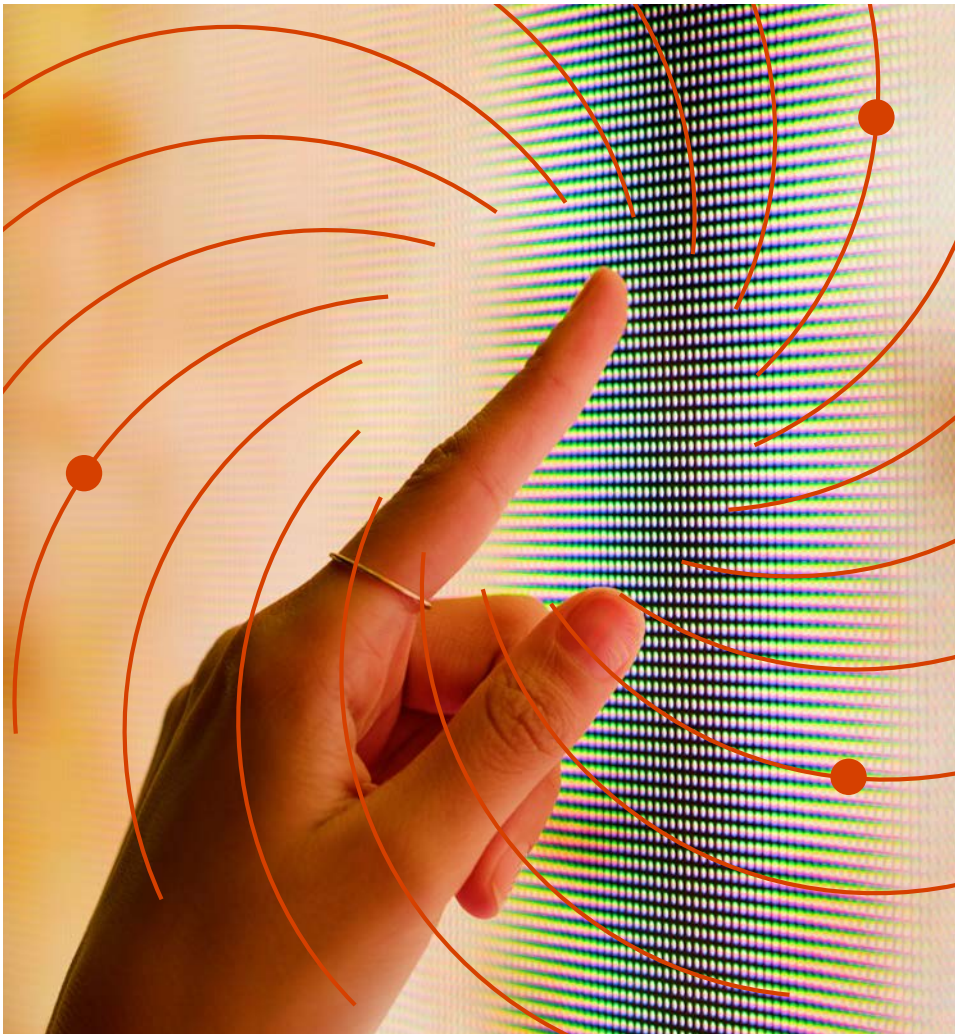


Tech, AI and the Law 2024

Australian Edition

Survey charting the evolution of LegalTech for lawyers and legal counsel



thomsonreuters.com.au

Foreword



Carl Olson

Interim Managing Director
Asia and Emerging Markets
Thomson Reuters

It is my great pleasure to introduce the annual *Tech, AI and the Law* report by Thomson Reuters for the Australian market. GenAI technology continues to disrupt traditional norms and redirect the course of the industry, and we know there is a significant appetite for insight into how legal professionals have harnessed transformative technologies over the past year. The survey unpacks perceptions and priorities that drive how technology has optimised and impacted the Australian legal sector.

AI's unwavering popularity stands out as a key insight from the report. For example, we learn that nearly one in three private practice professionals (31%) are using unofficial AI to support them at work. Unauthorised usage of AI can increase the risk of data breaches and lead to unintended consequences. These technologies are not going to disappear. Legal leaders will need to ensure they provide their teams, firms and organisations with appropriate access to trusted and ethical AI.

As discourse continues about how longstanding billing practices will be affected by new ways of working, a GenAI powered legal industry can potentially reshape legal roles. GenAI is making way for opportunities that enable lawyers across all practice areas and years of experience to engage in more strategic work.

Thomson Reuters aims to provide professionals with trusted content and workflow automation to navigate what's next. We extend our thanks to all the legal professionals who have participated in this survey. Your insights will undoubtedly add value to the many conversations the legal community continues to have on these important topics.

Introduction

Thomson Reuters' *Tech, AI and the Law* 2024 report explores the priorities driving the future of legal innovation.

In this year's edition, we surveyed 869 legal professionals in Australia. The data reveals the trends transforming work practices within the legal sector, including how talent and technology converge. It also investigates AI's almost limitless potential to continually disrupt the legal profession. There are three parts to the special report:

Part one - Private practice: Legal tech adoption in private practice is steady, with investments increasing year-on-year. Keeping up with clients' shifting expectations and talent attraction are cited as ongoing challenges for law firms. Law firms are ensuring that the AI they choose to adopt protects client data to remain compliant with their legal obligations.

Part two - AI's disruption of the billable hour: As GenAI continues to make inroads into the legal profession, it challenges traditional ways of working. Legal technology functions as a supporting role in the workplace, and speeds up specialised legal work. Many private practice professionals firmly believe GenAI won't replace lawyers but an examination of how legal services are structured and priced is an ongoing consideration.

Part three - Corporate counsel: Legal departments have myriad challenges and priorities. Standardising operations and workflows are enabling legal teams to streamline processes and liberate resources. Legal technology continues to revolutionise Australian legal teams. Among in-house counsel whose team's do not have them, the most coveted legal technologies are document drafting solutions, document automation solutions, and GenAI legal assistants.

Overall, legal professionals want LegalTech to help them drive efficiency and unlock time for more interesting work. The report sheds light on how Australian lawyers are turning their work-related aspirations into reality.



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Part one ●

Private practice



Priorities and challenges

Law firms compete for the best legal talent

Law firms are seeking the best talent in the market to maintain competitiveness. Last year, three in five private practice professionals (60%) reported talent retention and attraction as a major challenge. The situation for firms on the talent battleground is the same year on year, with 60% citing talent as a top challenge.

Keeping up with clients' shifting expectations also continues to impact law firms. Almost three in five private practice professionals (57%) selected it as a key issue, which is a 2% increase on our survey conducted last year.

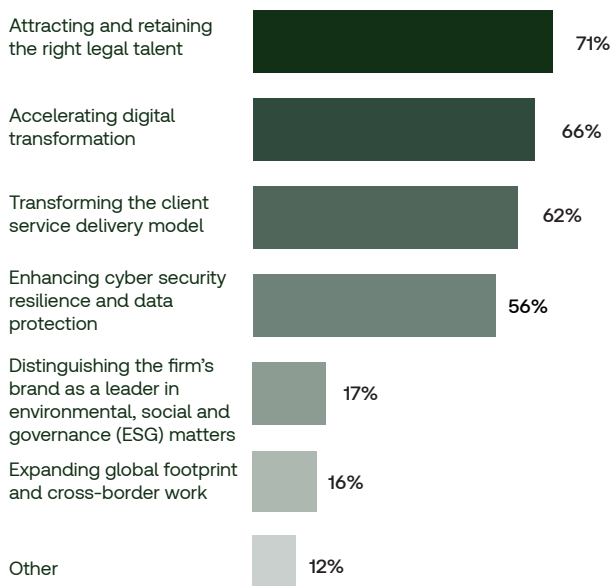
Alternate legal service providers (ALSPs) now comprise a \$20.6 billion segment of the global legal market*. ALSPs' growth rate is increasing as it becomes a highly dynamic part of the overall legal ecosystem. It is therefore unsurprising that over two in five private practice professionals (41%) said competition from these competitors is a challenge.

* <https://www.thomsonreuters.com/en-us/posts/legal/alsp-report-2023/>

FIG 1

What are your firm's top priorities for the next 12 months?

Sample: 606 (private practice professionals in Australia)

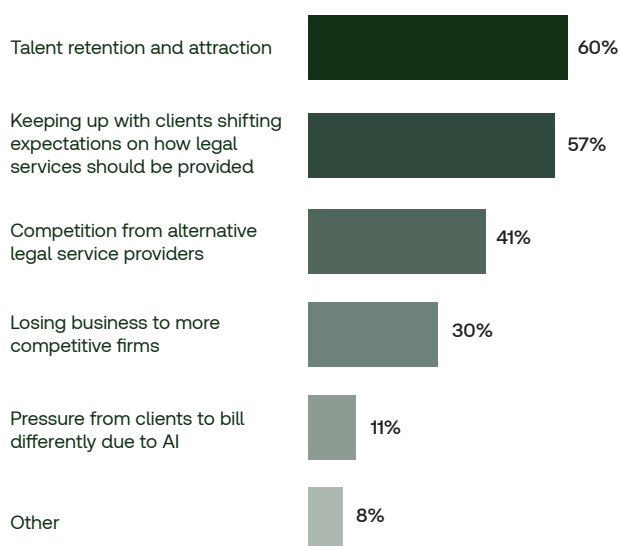


Source: Thomson Reuters

FIG 2

Which of the following business challenges are you currently experiencing?

Sample: 606 (private practice professionals in Australia)



Source: Thomson Reuters

GenAI adoption

Law firms open to GenAI adoption but some caution remains

Following the release of ChatGPT in November 2022, organisations have been experimenting with large language models (LLMs) to optimise work processes. With increasing demands from clients, it has become clear that GenAI can be leveraged to accelerate productivity.

As GenAI carves a place within the professional landscape, the overall attitude of the legal profession towards the value it can bring has been optimistic. For lawyers, GenAI can expedite processes by automatically reviewing large volumes of documents, identifying critical information and flagging potential risks, but the benefits have been met with a dose of caution.

Two in five private practice professionals (40%) said firms are experimenting with GenAI but proceeding with caution, which reflects last year's *Tech and the Law* report by Thomson Reuters. Roughly the same number of private practice professionals (39%) reported that their firm has no concrete plans to adopt GenAI.

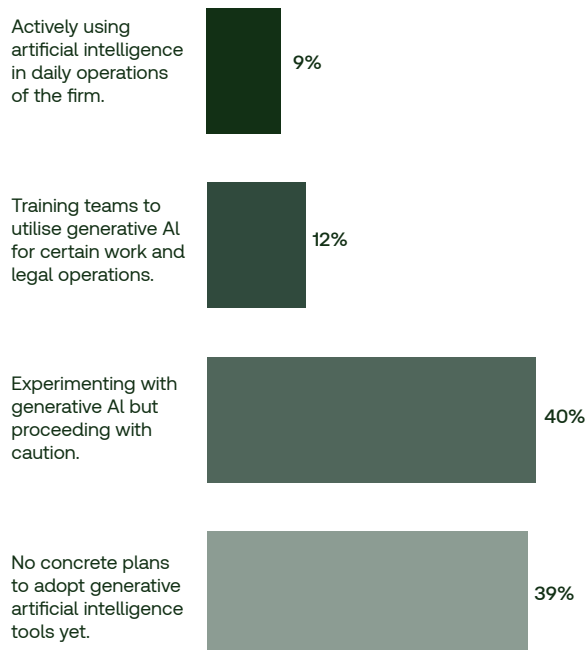
According to the *2024 Australia: State of the Legal Market Report*^{*}, cautious rollouts could be due to organisations being unsure how exactly to consider GenAI when conducting long-term strategic planning. Similarly, there is a belief that GenAI may have a long-term impact on legal staffing, but at this early stage of adoption, those opinions have not been validated yet. The steady shift towards GenAI adoption has also contributed to ongoing governance and cybersecurity discourse.

^{*}<https://insight.thomsonreuters.com.au/legal/resources/resource/2024-australia-state-of-the-legal-market-report>

FIG 3

Select the phrase that best describes your firm's approach to GenAI

Sample: 606 (private practice professionals in Australia)



Source: Thomson Reuters

What skill sets and attributes will the legal adviser of the future have?

“

Adaptability to use new technology and respond to changing client demands. Judgement to decide when it is appropriate to employ technology and when it isn't. Finally, thoroughness and ability to test results from using technology.

– Partner (Millennial), mid-sized law firm

LegalTech investments continue to climb

Forecast for next 12 months: 45% of firms set to increase spend on legal-related tech by 20% or more

Nearly three in five private practice professionals (59%) forecast that their firms' legal-related technology spend will increase to some extent in the next 12 months. In fact, these investments are likely to be considerable. More than two in five private practice professionals (45%) anticipate their law firm's investment on legal-related tech will rise by 20% or more.

The survey results show a significant proportion of private practice professionals see their law firms investing more into legal technologies over time.

What will be the likely focus of these investments? The following challenges observed by survey participants provide some clues. Our survey asked law firm practitioners to identify the three most significant tech-related challenges faced by their firms. They were:

46%

lack of integration
between technologies

39%

upskilling the internal
workforce on novel
technologies

37%

insufficient funds to
drive innovation

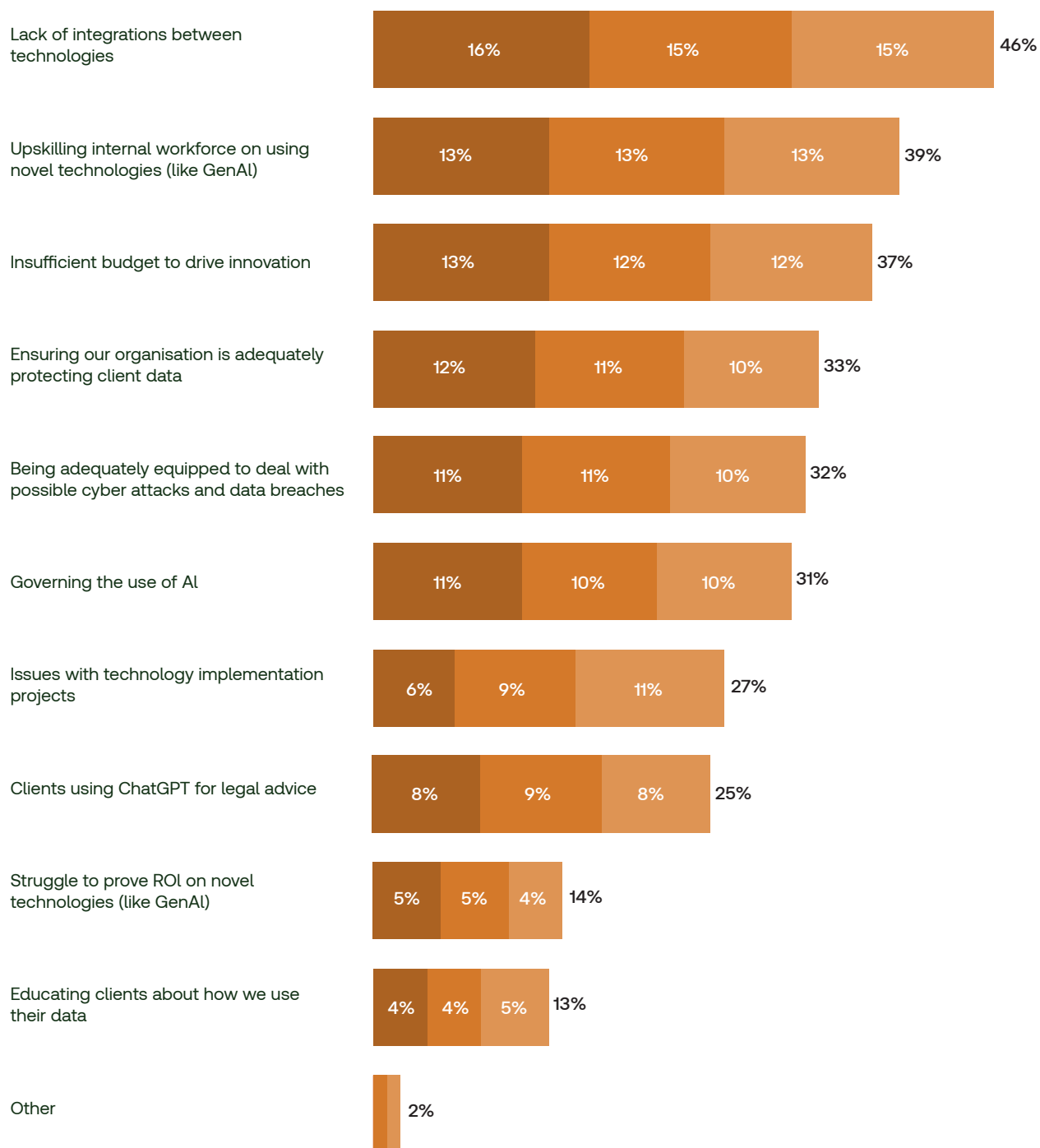
The lack of integration of solutions is partly a product of where we are in the LegalTech development cycle, with a wide choice of point solutions available on the market. Solutions that can offer to deal with particular problems as part of a wider ecosystem of connected applications are likely to be more successful over time.

Leaders should also consider ease of use and training and support available for new solutions to ensure full value is extracted from them.

FIG 4

What are the three most significant tech-related challenges facing your firm?

Sample: 606 (private practice professionals in Australia)



Top three challenges in order of priority (1 being the most challenging)

■ 1 ■ 2 ■ 3

Source: Thomson Reuters

Accelerating legal research with GenAI

GenAI in legal research tipped to make a positive difference

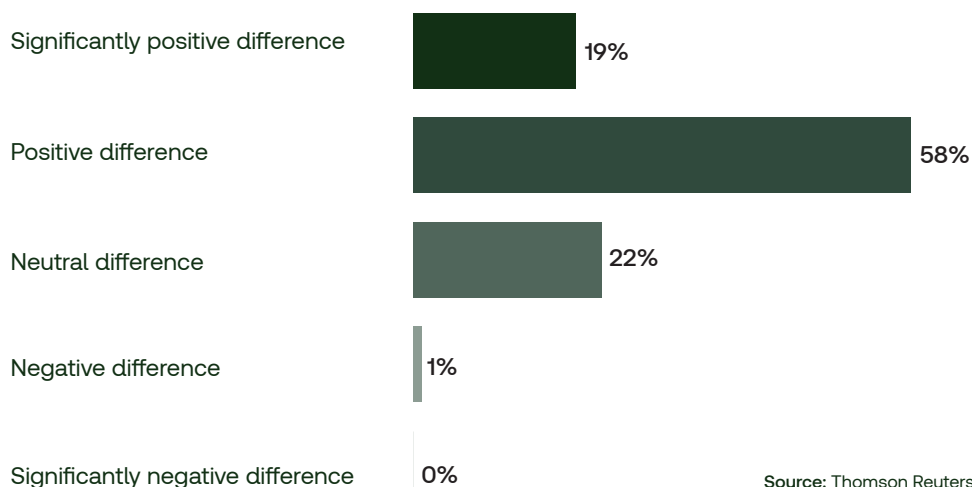
GenAI is a significant disruptor in the legal industry and has almost unlimited potential to augment and accelerate legal work. Many Australian legal professionals recognise its expanding potential.

A vast majority of law firm professionals (77%) believe that having GenAI included in the legal research tool at their firm would make a positive difference. About one in five private practice professionals (19%) believe having access to GenAI in their firm's legal research capabilities would make a *significantly* positive difference.

FIG 5

If you had GenAI included in the legal research tool at your firm, what difference would it make?

Sample: 561 (those who are conducting legal research)



Source: Thomson Reuters

If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“

I would use this time to do things that would develop my legal skills. This could include attending CPD sessions on topics of interest, completing online education modules, or even reading. I could also use this time to take a proper lunch break!

– Lawyer, (Generation Z), boutique firm

“

I would spend more time mentoring and teaching others the soft skills that could potentially be left behind as tech continues to advance.

– Senior Associate (Millennial), large law firm

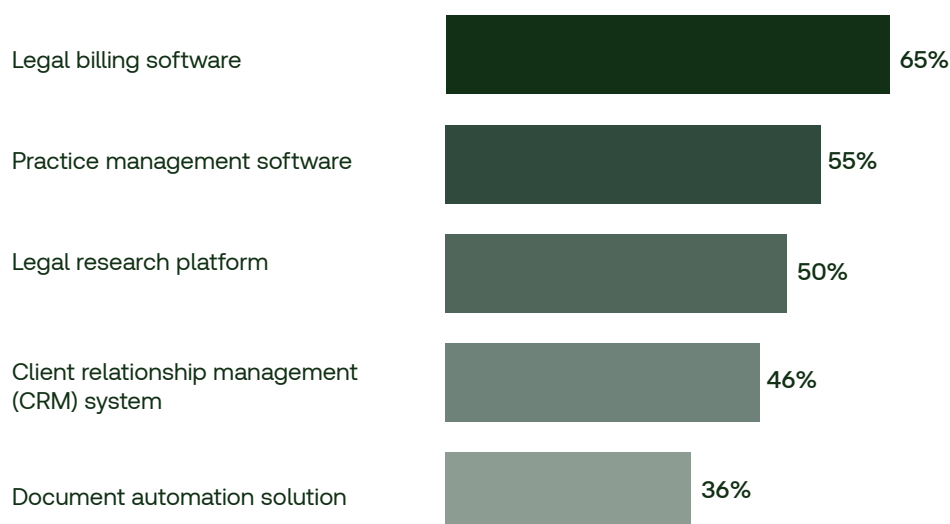
Current LegalTech stack

More than three in five private practice legal professionals (65%) said their firm has legal billing software in place. Meanwhile, over half in the same sample (55%) indicated that practice management software has been implemented closely followed by legal research platforms. Half of law firm professionals (50%) confirmed their firm uses a legal research platform. Almost the same number of private practice professionals' firms (46%) have a Client Relationship Management System (CMS).

FIG 6

Which of the following legal technologies does your firm currently use?

Sample: 606 (private practice professionals in Australia)



Source: Thomson Reuters

What skill sets and attributes will the legal adviser of the future have?

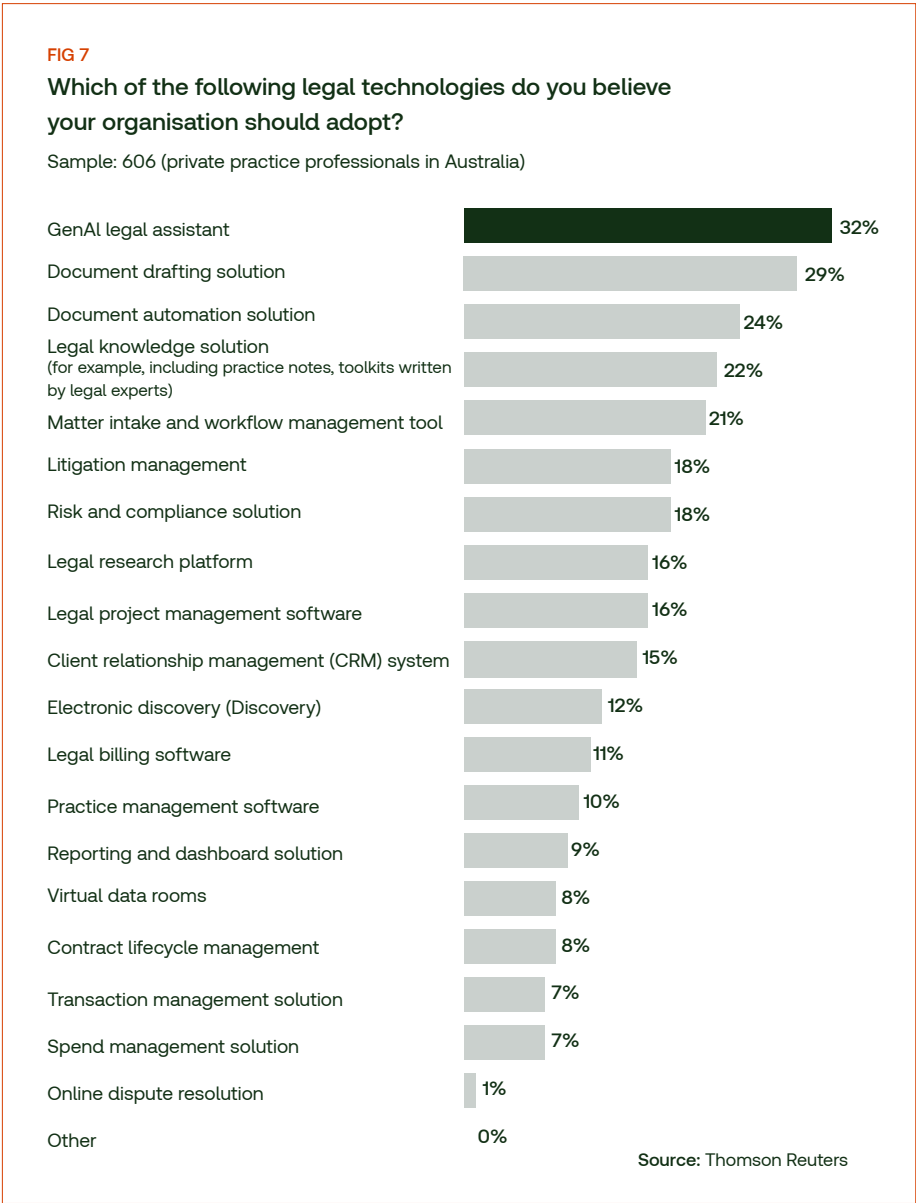
“

Skilled at using GenAI to do preliminary work and sense check, with value driven by the advisor's own knowledge development and network.

– Managing Partner (Millennial), boutique law firm

GenAI high on the wish list for law firm professionals

Private practice professionals would like to see their firms adopt legal technology that would help them to complete their work more efficiently. Almost one in three private practice professionals (32%) would like to see their law firm adopt a GenAI legal assistant. Document drafting and automation solutions are also high on the wish list for law firm professionals.



If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“ I would spend more time training juniors to pass on my expertise and assist their training and development. I would also have the opportunity to use some of my annual leave.

– Partner (Millennial), boutique law firm

By leveraging GenAI legal tools to support administrative work and other preliminary tasks, law firm professionals can reinvest the time saved to generate value for the organisation through more impactful strategic work, or by developing, and updating their legal skill set.

The factors that have impacted the speed and confidence with which law firms have been prepared to adopt tools with AI include concerns about information security, investment, and the cost of compliance checks.

FIG 8

What factors have negatively impacted your firm's speed, ability or confidence to adopt tools powered or augmented by Artificial Intelligence?

Sample: 549 (those who are not actively using AI)



Source: Thomson Reuters

If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“ Bill the additional time on new client matters and increase economic efficiency.

– Senior Associate (Millennial), boutique law firm

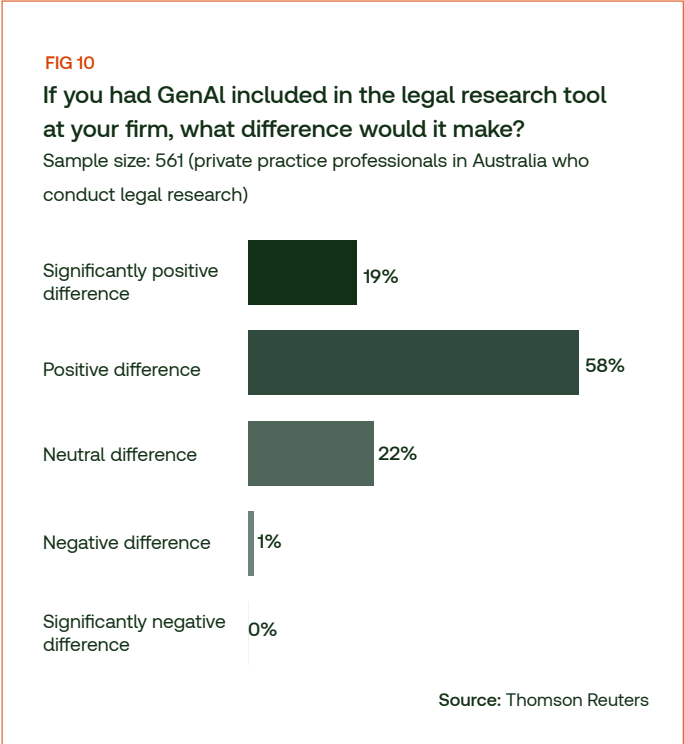
Legal research skills: Working with GenAI vs without

GenAI powered legal research tools tipped to be impactful for firms

There is growing demand for the integration of GenAI in legal research tools. A majority of private practice professionals (77%) who use legal research tools believe GenAI powered legal research would make a positive difference..

To capitalise on time savings, increased GenAI adoption seems to be on the horizon. According to the *2024 Future of Professionals report*,* half of law firm survey respondents considered ‘exploring the potential for and implementing GenAI’ as a top priority.

* <https://insight.thomsonreuters.com.au/legal/resources/resource/generative-ai-estimated-to-save-professionals-200-hours-per-year>



Research and summaries are top AI use cases

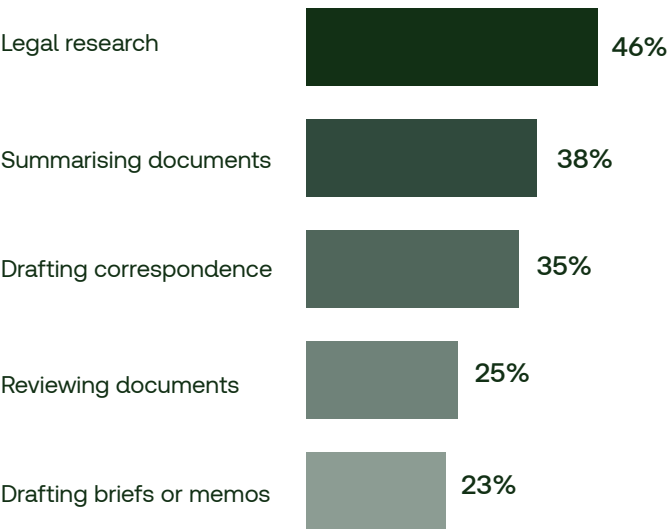
Private practice professionals are open to using fit-for-purpose AI for work. Legal research, document summary and drafting correspondence are the most common use cases for AI enhancement.

- Close to half of private practice respondents surveyed (46%) say a common use case of AI in their firm is legal research.
- Almost two in five (38%) selected the summarisation of documents.
- More than one in three law firm professionals (35%) said their firm utilises AI to enhance drafting correspondence.

FIG 11

What use cases of Artificial Intelligence are most common in your firm?

Sample: 606 (private practice professionals in Australia)



Source: Thomson Reuters

“

If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

Focus less on transactional, straightforward cases, and prioritise time for more complex legal matters. I'd take on my government relations submission work to help shape legislation and policy in my area of law.

– Special Counsel and Practice Leader (Millennial), boutique law firm

Perceived benefits of legal tech and preferences

Lawyers perceive GenAI as beneficial to routine legal work

Private practice professionals are open to and interested in using professional-grade GenAI legal tools. Professionals worldwide across law firms, corporate legal teams, government agencies, and the judiciary largely agree that GenAI can and should be a part of legal work, according to the *Generative AI in Professional Services** report.

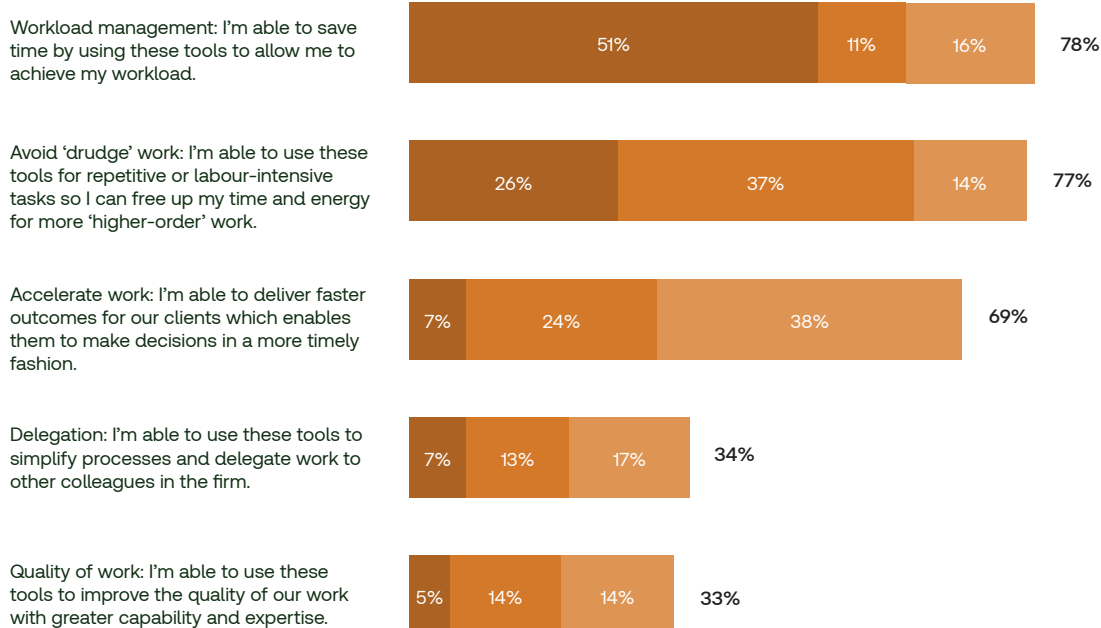
The *Tech, AI and the Law 2024* survey found that a majority of law firm professionals (78%) view a primary advantage of AI is to enhance workload management. Another advantage is to steer clear of undesirable tasks. Most law firm professionals (77%), believe one of AI's core benefits is that it helps to avoid 'drudge' work.

* <https://www.thomsonreuters.com/en/reports/2024-generative-ai-in-professional-services.html>

FIG 12

What do you perceive as the core benefits of using tools that are powered or augmented by Artificial Intelligence?

Sample: 606 (private practice professionals in Australia)



Benefits in order of impact (1 being the most beneficial)

1 2 3

Source: Thomson Reuters

As mentioned earlier in the report, law firms are being ‘cautious’ about adopting and deploying GenAI. Two in five private practice professionals (40%) indicate firms are experimenting with GenAI but proceeding with caution.

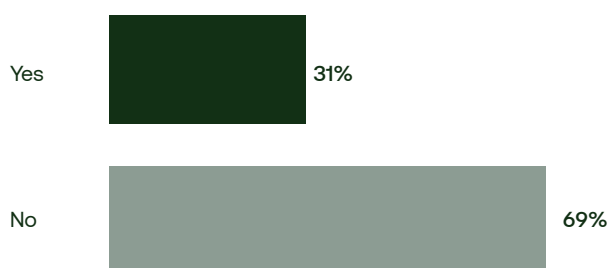
When it comes to the adoption of legally focused GenAI technologies, law firms are at a nascent stage. A majority of private practice firm professionals (72%) do not have access to a GenAI legal assistant at their firm. However, most of the law firm respondents without access to a GenAI legal assistant would likely use it if they had access to one.

Private practice professionals are making use of AI to assist them at work, even unofficially. Nearly one in three private practice professionals (31%) are using unofficial AI to support them at work. Such a practice might come back to bite lawyers using unauthorised AI, in light of evolving internal AI usage policies, many of which prohibit the practice.

FIG 13

Do you use an Artificial Intelligence tool/s at work that is/are not officially deployed by your organisation?

Sample: 606 (private practice professionals in Australia)



Source: Thomson Reuters

What skill sets and attributes will the in-house counsel of the future have?

“

Good interpersonal skills; the ability to use technology effectively to assess the quality of data to ensure it is being used appropriately.

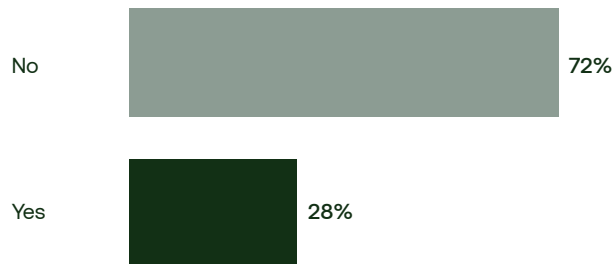
– Solicitor, (Gen X), large law firm



FIG 14

Do you have access to a GenAI legal assistant at your firm?

Sample: 606 (private practice professionals in Australia)

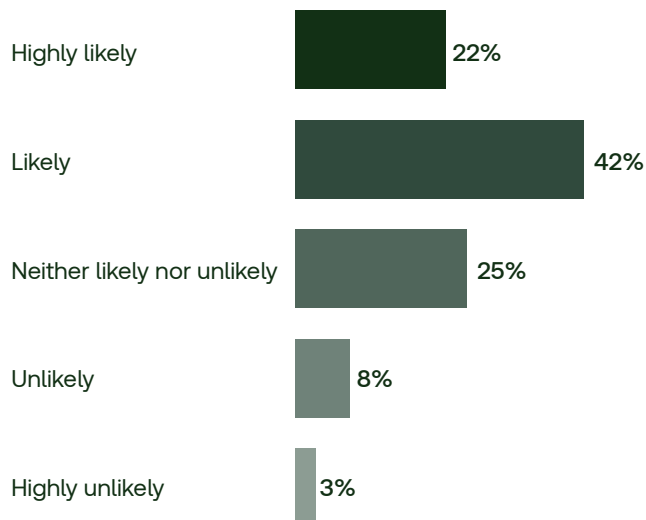


Source: Thomson Reuters

FIG 15

If you had access to a GenAI legal assistant, what is the likelihood that you would use it?

Sample size: 434 (Those without a GenAI legal assistant)



Source: Thomson Reuters

Part two ●

AI's disruption of the billable hour





This financial year has seen a significant increase in the demand for legal services, according to the *2024 Australia: State of the Legal Market** report. Demand for legal services across the practice spectrum rose to a 7.5% average pace. Historically high demand for legal services may drive a significant increase of GenAI and legal technology adoption.

As GenAI-enhanced work continues to become embedded in work product creation, and work becomes more efficient, traditional billing models may need to evolve. Both private practice and in-house legal professionals surveyed expect the fast pace of technological evolution will make GenAI-related legal tech essential.

New opportunities to enhance client service will arise, which could trigger a shift from traditional billing to value-based pricing models that are focused on the importance of nuanced legal work that is enhanced with GenAI. Redefining the legal sector's value proposition could have a transformative impact on legal roles and processes.

*<https://insight.thomsonreuters.com.au/legal/resources/resource/2024-australia-state-of-the-legal-market-report>

Perceived stigma of GenAI in legal

GenAI: Not a threat to the legal profession and can help accelerate work.

The launch of ChatGPT has seen the rise of a GenAI market and an expedited influx of general-use technologies. If these technologies are used outside of their intended purpose, issues may arise. Instances of improper usage of GenAI for legal work have made headlines worldwide. There have been reports of lawyers citing fictitious cases derived from GenAI without having fact checked the results. Among other factors such as general uncertainty, negative and unintended consequences have contributed to perceptions of stigma towards using GenAI in the workplace.

Over two in five legal professionals surveyed (42%) feel there is a stigma associated with using generative AI for legal work, whereas roughly the same proportion (43%) feel there is, but only slightly.

The rise of specialised GenAI-powered legal technology designed to mitigate inaccuracies and associated risks may help to offset this stigma. It's also important to consider that humans should be in the driver's seat to check and review AI-generated materials.

Private practice professionals using GenAI in the workplace are aware of the need to fulfill their professional obligations by ensuring legal work has been fact checked and is correct.

Furthermore, many private practice professionals firmly believe GenAI won't replace lawyers. Legal technology fits into a supporting role and can make an impact by speeding up manual work. The overwhelming majority of law firm professionals (95%) believe "AI is no substitute for thorough legal work, but it helps to accelerate it."



If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“

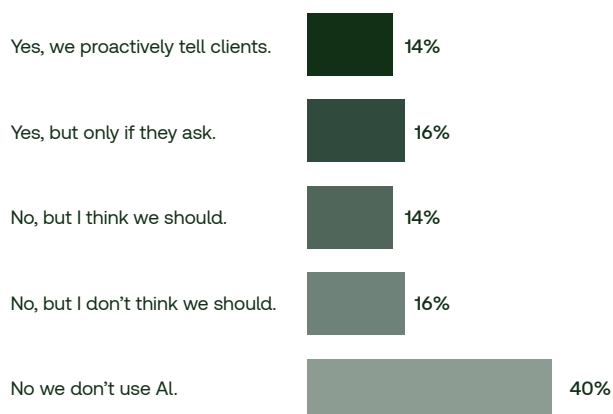
I'd review submitted work by individuals and GenAI legal technologies to verify accuracy while expanding my own knowledge.

– In-house Counsel (Baby Boomer)

FIG 16

Do you inform your clients that you use Artificial Intelligence as part of their engagement?

Sample: 606 (private practice professionals in Australia)

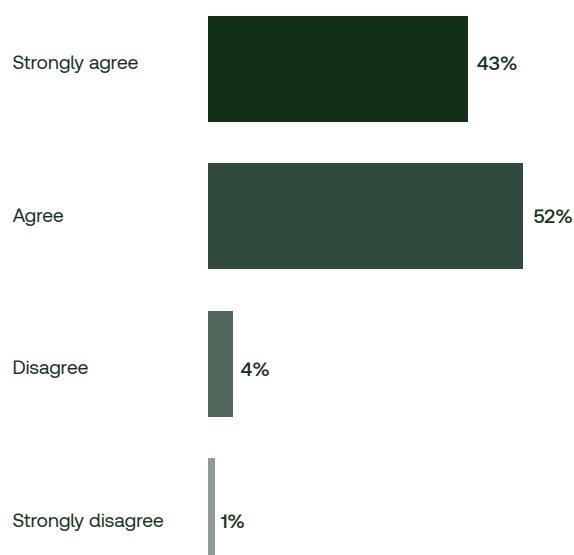


Source: Thomson Reuters

FIG 17

How strongly do you agree or disagree with this statement: "AI is no substitute for thorough legal work, but it helps to accelerate it."

Sample: 606 (private practice professionals in Australia)

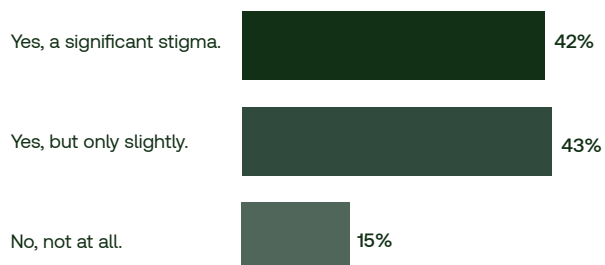


Source: Thomson Reuters

FIG 18

Do you feel that there is a stigma associated with using Generative AI for legal work?

Sample: 606 (private practice professionals in Australia)



Source: Thomson Reuters

Redefining value

Law firm perspectives: Unlocking value beyond the billable hour

According to the *2024 Future of Professionals report*, “true value” will evolve, with skills like negotiation and strategic thinking becoming more valued over routine tasks like drafting. The shift moves away from traditional hourly rates to pricing structures that capture the efficiency, expertise and innovation GenAI enables.

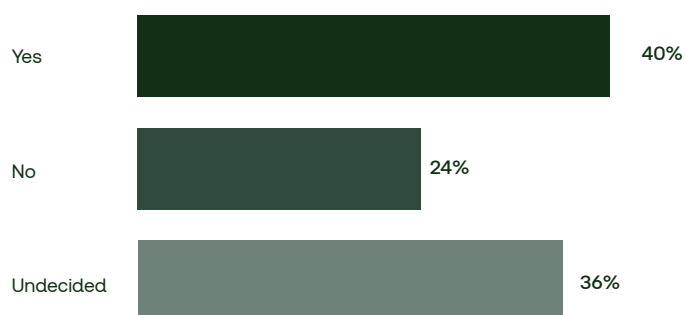
Two in five law firm professionals (40%) surveyed believe the billable hour business model hampers GenAI innovation and adoption. This indicates the conversation with clients could be directed towards additional value that could be delivered using GenAI beyond efficiency.

Anecdotally, some firms apply alternative billing methodologies, such as ‘value-based pricing’. This can potentially reimagine the focus of billing structures to how GenAI supported legal work will add value to deliverables, where time is reinvested, and resources are allocated.

FIG 19

Do you believe the billable hour business model hampers Artificial Intelligence innovation and/or adoption?

Sample: 606 (private practice professionals in Australia)



Source: Thomson Reuters

GenAI's impact on billing considerations

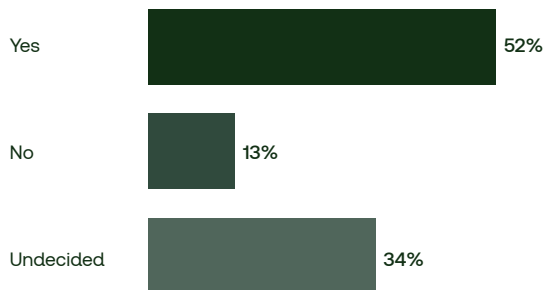
In-house perspectives: Will GenAI reimagine outside counsel service?

Are traditional billing models compatible with AI innovation? On the client side, a higher proportion are wary about it. Over half of in-house professionals (52%) believe that the billable hour business model hampers AI innovation and/or adoption.

FIG 20

Do you believe the billable hour business model hampers Artificial Intelligence innovation and/or adoption?

Sample: 263 (In-house legal professionals in Australia)



Source: Thomson Reuters

AI may challenge firms to pivot from the way they have traditionally serviced and charged in-house counsel for legal work. Due to fierce market competition, it may be inevitable that law firms will consider leveraging the value and efficiency benefits that AI can bring to their client service delivery model.

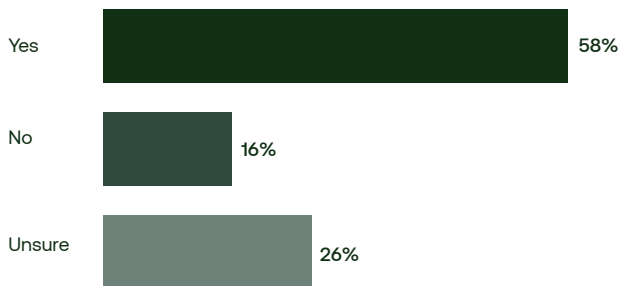
GenAI adoption and changes to the traditional legal services leverage model could see the rise in value-based pricing models. Nearly three in five in-house legal professionals (58%) surveyed believe AI should be factored into law firm pricing.



FIG 21

Should AI be factored into law firm pricing?

Sample: 263 (in-house legal professionals in Australia)



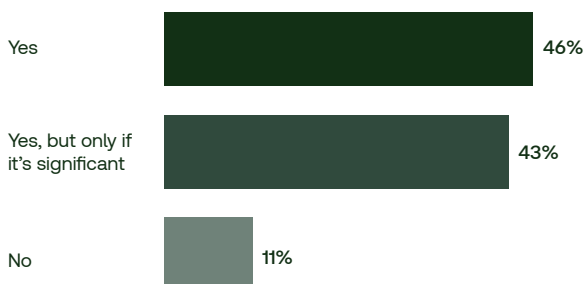
Source: Thomson Reuters

Moving towards a value-based pricing model has initiated discourse around transparency regarding disclosure on GenAI use in legal work. Close to half of private practice professionals surveyed (46%) revealed their law firm advisers should inform clients they are using GenAI as part of providing advice in their engagement. Almost the same number of corporate legal professionals (43%) agree, but only when the GenAI contribution is significant.

FIG 22

Do you expect law firm advisers to inform you if they are using Artificial Intelligence as part of providing advice in their engagement?

Sample: 263 (In-house legal professionals in Australia)

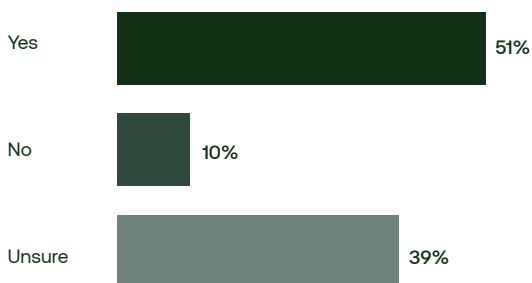


Source: Thomson Reuters

FIG 23

Will you do business with a law firm that does not use AI to offer a more innovative or effective service?

Sample: 263 (In-house legal professionals in Australia)



Source: Thomson Reuters

In-house legal departments will still engage law firms who are resistant to adopting GenAI legal tools. Over half of in-house legal professionals (51%) believe ultimately it is the outcome that drives this rationale. If a law firm can demonstrate consistency in positive outcomes, whether their work is supported by GenAI isn't a dealbreaker. It is more about the quality, consistency and overall value a law firm can deliver for in-house legal departments.

If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“

Generate more fees, more time investment in business development and upskilling, blue sky dreaming.

– Senior Associate (Millennial), boutique law firm

How will legal roles change?

What the future holds for legal careers

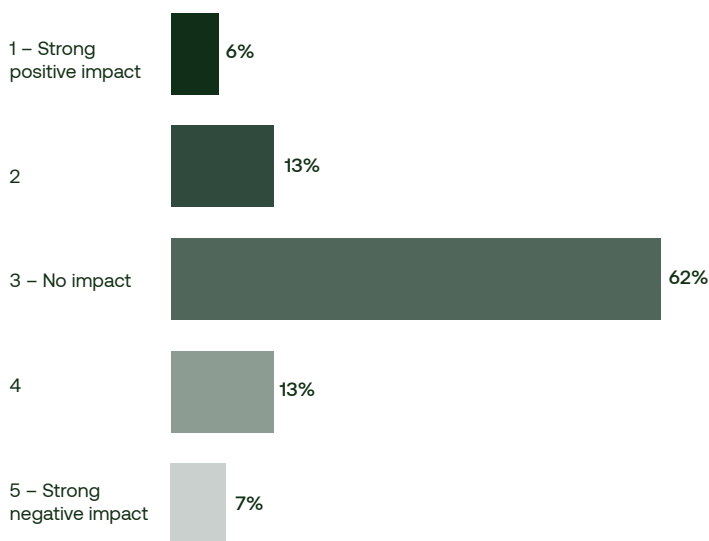
Specialised GenAI legal tools can help lawyers progress through legal tasks faster. This presents an opportunity for junior lawyers to experience their early career years differently than their predecessors in the profession.

The perceived impact of AI on junior lawyers is generally neutral, with 62% of survey respondents taking neither a negative nor positive stance on the subject.

FIG 24

How do you feel the progression of junior lawyers in your firm are being affected by the adoption of Artificial Intelligence?

Sample: 606 (private practice professionals in Australia)



Source: Thomson Reuters

What skill sets and attributes will the in-house counsel of the future have?

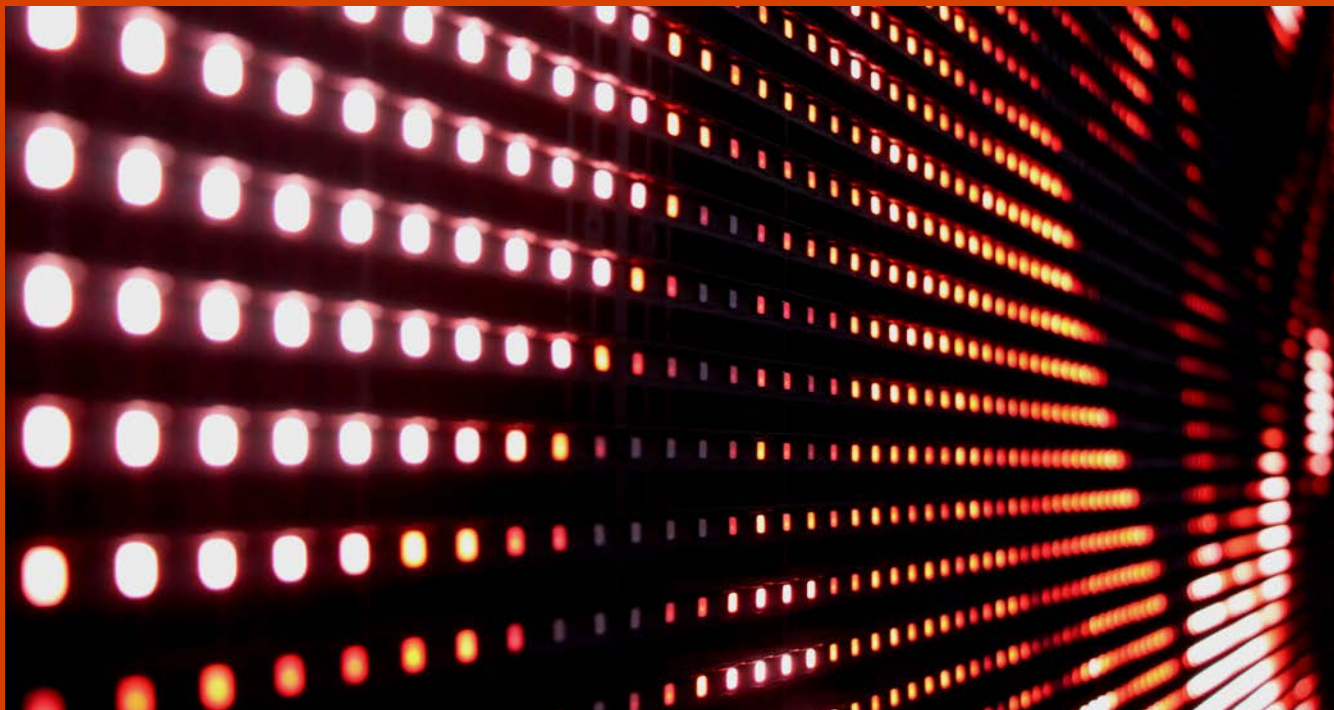
“

Working with legal GenAI is not vastly different to working with junior lawyers or briefing out to external legal. You still need to be careful about giving instructions clearly and intentionally if you want quality and cost-effective advice.

– General Counsel (Generation X)

Part three

Corporate counsel



Priorities and risks

Staying across regulations a top priority

Keeping abreast of regulations and legislative changes is high on the priority list for over three in five in-house lawyers (62%). A slightly lesser proportion of in-house professionals (51%) have noted that standardising legal workflows with technology is a top priority for their teams.

Mitigating data compliance risks continues to be business critical for legal departments. More than three in five in-house counsel (65%) said that data and cybersecurity pose a big risk for their legal department.

FIG 25

What are your legal department's top priorities for the next 12 months?

Sample: 263 (In-house legal professionals in Australia)

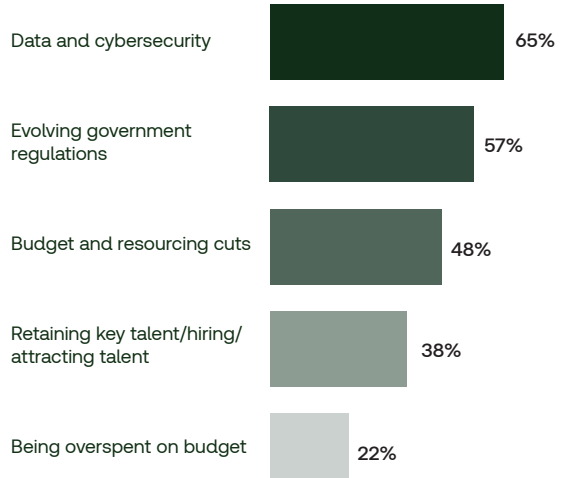


Source: Thomson Reuters

FIG 26

What are the three biggest risks facing your legal department?

Sample: 263 (In-house legal professionals in Australia)



Source: Thomson Reuters

In-house counsels place a high value on working for an innovative department. Close to two in five corporate legal professionals (38%) revealed they would be prepared to leave their current department for one they deemed more innovative.

FIG 27

Would you be prepared to leave your current organisation for another because it had a more innovative legal team?

Sample: 263 (In-house legal professionals in Australia)



Source: Thomson Reuters

What skill sets and attributes will the in-house counsel of the future have?

“

Commercial acumen. A deep understanding of the business to be able to discern between risks on paper and risks on the ground, the capability to multitask and the ability to stay positive.

– Chief Legal Officer (Generation X)

If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“

Focus on additional innovation and further work that can be undertaken in-house.

– Legal Director (Millennial), government

Data and cybersecurity

Risks of data breaches and cyberattacks

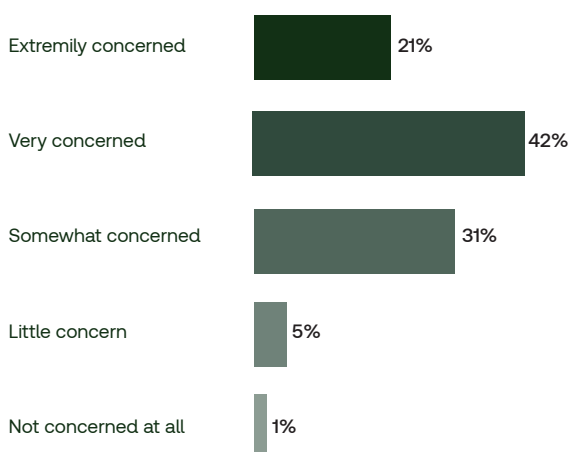
The frequency of high-profile cyberattacks and data breaches impacting organisations in a variety of industries over the past two years has put legal departments on high alert. Most of the in-house counsel (63%) surveyed are concerned or extremely concerned about these issues. When asked the equivalent question in last year's report, 74% were concerned, which is an 11% drop year on year.

In-house legal departments are on high alert for possible data breaches. Organisations now need to navigate data governance and cybersecurity in this digital age with precision. Doing so effectively means making informed decisions on major investments and upgrading systems to strengthen existing security protocols in liaison with the department of the legal office.

FIG 28

How concerned is your legal department about the risk of data breaches and cyberattacks?

Sample: 263 (All respondents)



Source: Thomson Reuters

What skill sets and attributes will the in-house counsel of the future have?

“

The ability to successfully navigate, integrate AI into the legal function and more broadly advise businesses on key risks related to GenAI.

– Legal Director (Millennial)

Barriers to GenAI adoption

46% of legal departments are experimenting with GenAI

The value and benefits that GenAI-powered technologies can potentially bring to legal operations cannot be ignored. Legal tools with AI can provide tremendous productivity benefits and generate greater value for organisations.

Sometimes, there are barriers to adoption. Just more than half of the in-house legal professionals (52%) believe one of the reasons for this caution is concern about the cost and time commitment required to implement professional grade GenAI solutions. About two in five in-house legal professionals (38%) believe a perceived inability to prove ROI is a significant barrier within their organisation to experiment with or adopt GenAI.

Protecting confidential information is a primary concern for in-house legal departments. Close to two in five in-house counsel (37%) pinpointed privacy and data security as a barrier to GenAI experimentation, and subsequent adoption.

The sentiment surrounding GenAI remains cautious. In-house legal departments increasingly look for ways to effectively mitigate and manage risk by adopting guardrails and robust protocols for the responsible use of GenAI.

FIG 29

Select the phrase that best describes your legal team's approach to genAI.

Sample: 263 (In-house legal professionals in Australia)

Actively using artificial intelligence in daily operations of the firm.



Training teams to utilise generative AI for certain work and legal operations.



Experimenting with generative AI but proceeding with caution.



No concrete plans to adopt generative artificial intelligence tools yet.

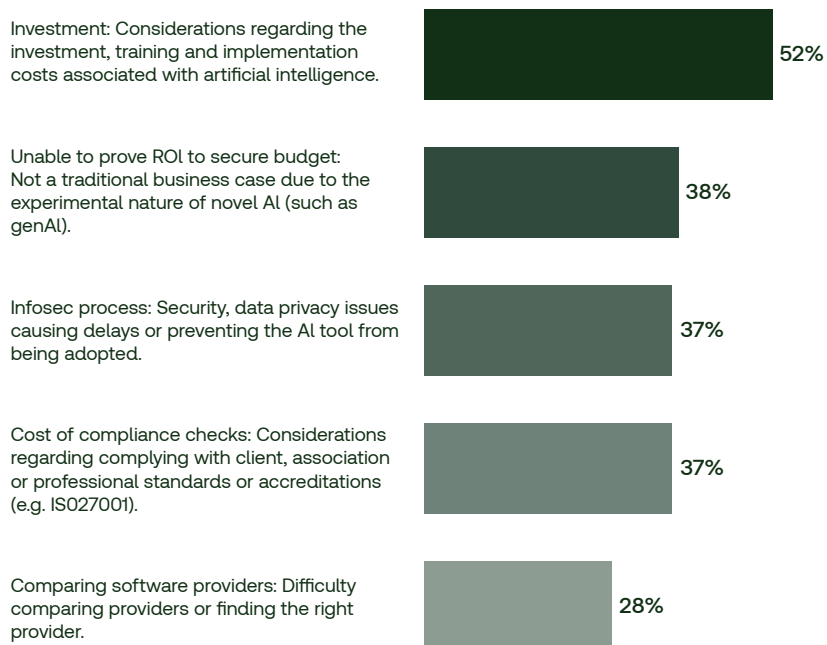


Source: Thomson Reuters

FIG 30

What factors have negatively impacted your legal team's speed, ability or confidence to adopt tools powered or augmented by artificial intelligence?

Sample: 263 (In-house legal professionals in Australia)



Source: Thomson Reuters

What skill sets and attributes will the in-house counsel of the future have?

“

The ability to harness technology in providing legal services delivery. A deep understanding of technology risks and enterprise technology transformation including change management in respect of legal operations technology stack.

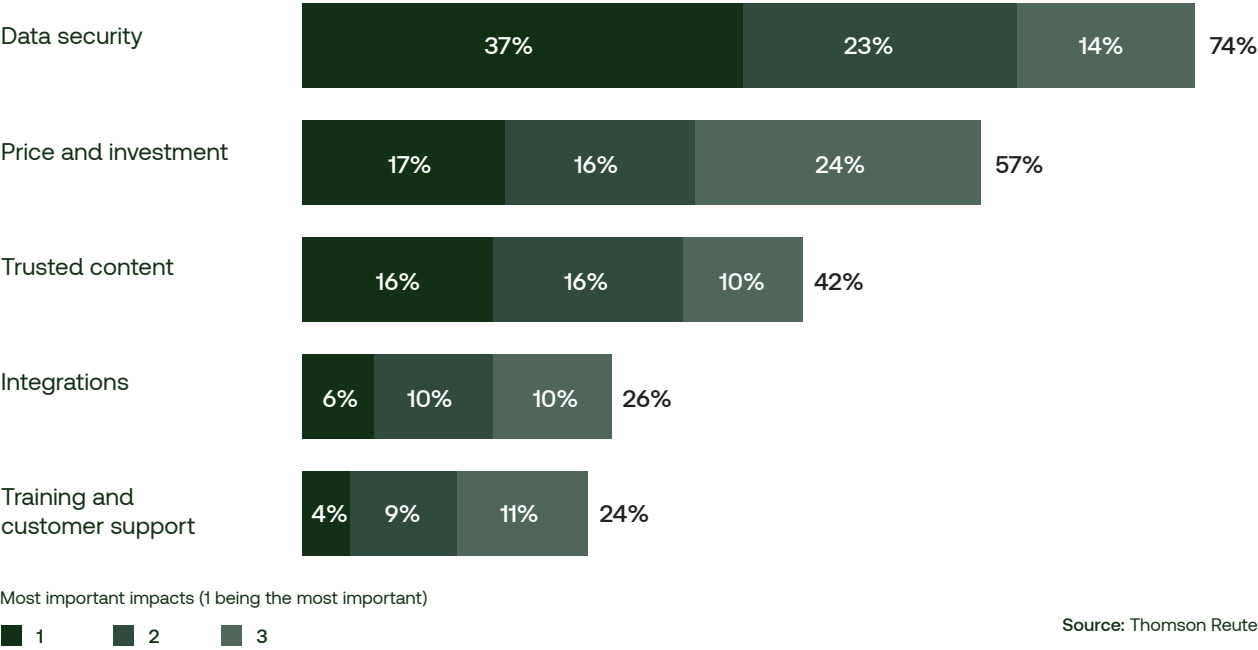
– Head of Legal (Millennial)

Legal departments are data conscious. The spate of high-profile data leaks in the past few years has put a spotlight on cybersecurity measures.

Data security is also an essential component of responsible GenAI use. Minimising and managing organisational risk warrants attention as this new era of automation and technology progresses.

Selecting a trusted legal technology provider is key for in-house legal teams. A majority of in-house legal professionals (74%) believe data security is an important factor for their organisation in the process of adopting AI-powered solutions.

FIG 31
What are your legal department’s top three factors when considering a legal technology provider for AI-powered or augmented legal solutions?
Sample: 263 (In-house legal professionals in Australia)



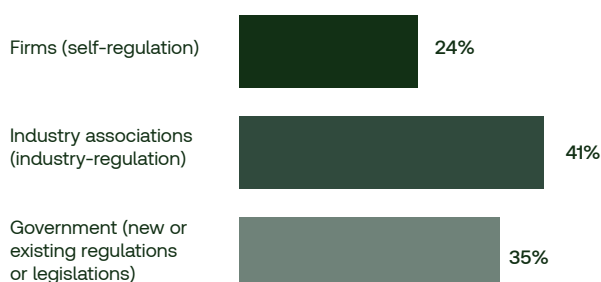
Who should regulate AI?

Over two in five in-house legal professionals surveyed (41%) believe industry associations are best placed with necessary capabilities and expertise to regulate the use of AI in the industry. On the flipside, over one in three (35%) of legal professionals surveyed believe the government is best placed to regulate the use of AI in the industry.

FIG 32

Who do you think is best placed with necessary capabilities and expertise to regulate the use of Artificial Intelligence in the legal industry?

Sample: 263 (In-house legal professionals in Australia)



Source: Thomson Reuters

If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“

I'd do more high-level strategic planning and set aside more time with stakeholders to understand their issues even better.

– Chief Legal Officer (Generation X)

A case for LegalTech

In-house counsels aim to avoid ‘drudge’ work with AI

AI-enabled tools can help in-house counsel avoid drudge work, according to 82% of corporate counsel surveyed. Supporting workload management is also a primary advantage of AI’s value proposition. A vast majority of legal counsel surveyed (82%) cited workload management support as a core benefit to gain from AI.

FIG 33

What do you perceive as the core benefits of using tools that are powered or augmented by Artificial Intelligence?

Sample: 263 (In-house legal professionals in Australia)

Avoid ‘drudge work’: I’m able to use these tools for repetitive or labour-intensive tasks so I can free up my time and energy for more ‘higher-order’ work.



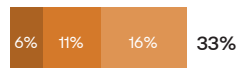
Workload management: I’m able to save time by using these tools to allow me to achieve my workload.



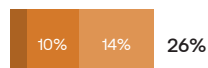
Accelerate work: I’m able to deliver faster outcomes for our clients which enables them to make decisions in a more timely fashion.



Quality of work: I’m able to use these tools to improve the quality of work with greater capability and expertise.



Delegation: I’m able to use these tools to simplify processes and delegate work to other colleagues in the firm.



Benefits in order of impact (1 being the most beneficial)

■ 1 ■ 2 ■ 3

Source: Thomson Reuters

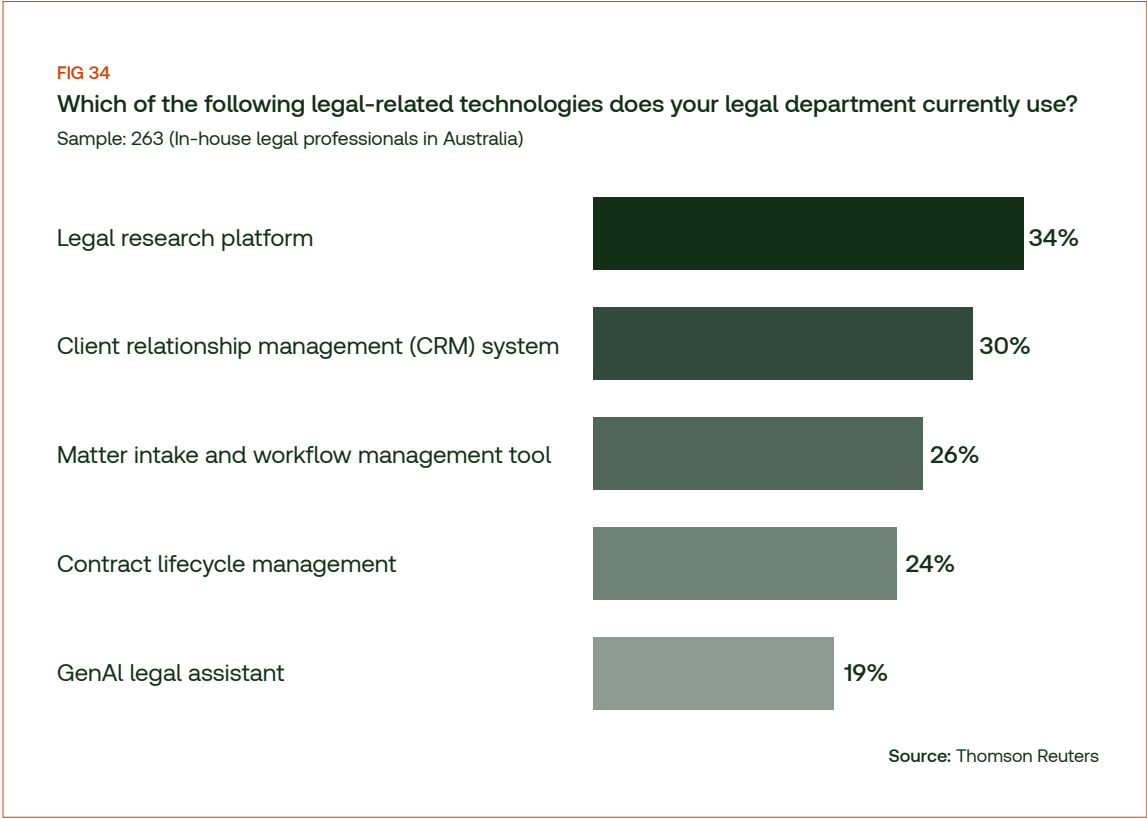
If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“

I would work my way through the long, long list of to-dos. I’d specifically enhance some of the risk management and compliance programs, review and enhance template documents. However, the smarter approach is to build self-service offerings for the business and automate as many tasks as possible.

– General Counsel (Millennial)

The advent of GenAI has disrupted traditional legal practices, prompting legal teams to consider investing in technology. The most popular LegalTech utilised in legal teams are:



Some technologies are more desirable than others in legal teams. For instance, the most wanted legal-related technologies among in-house counsel are:

35%

Document drafting solutions

31%

Document automation solutions

27%

GenAI legal assistants

What skill sets and attributes will the in-house counsel of the future have?

“

The ability to lead and influence self and stakeholders as an individual contributor with skills like defining, describing, and identifying key legal aspects. Strong technology understanding and what role it plays for an in-house role. The capability to manage changing regulatory landscape in an agile manner. Finally, becoming more integrated with the business operations, requiring a clear alignment into strategic business units.

– General Counsel (Millennial)

If GenAI unlocked 200 working hours of time in 2025, what would you do with the extra time?

“

I'd do more high-level strategic planning and set aside more time with stakeholders to understand their issues even better.

– Chief Legal Officer (Generation X)

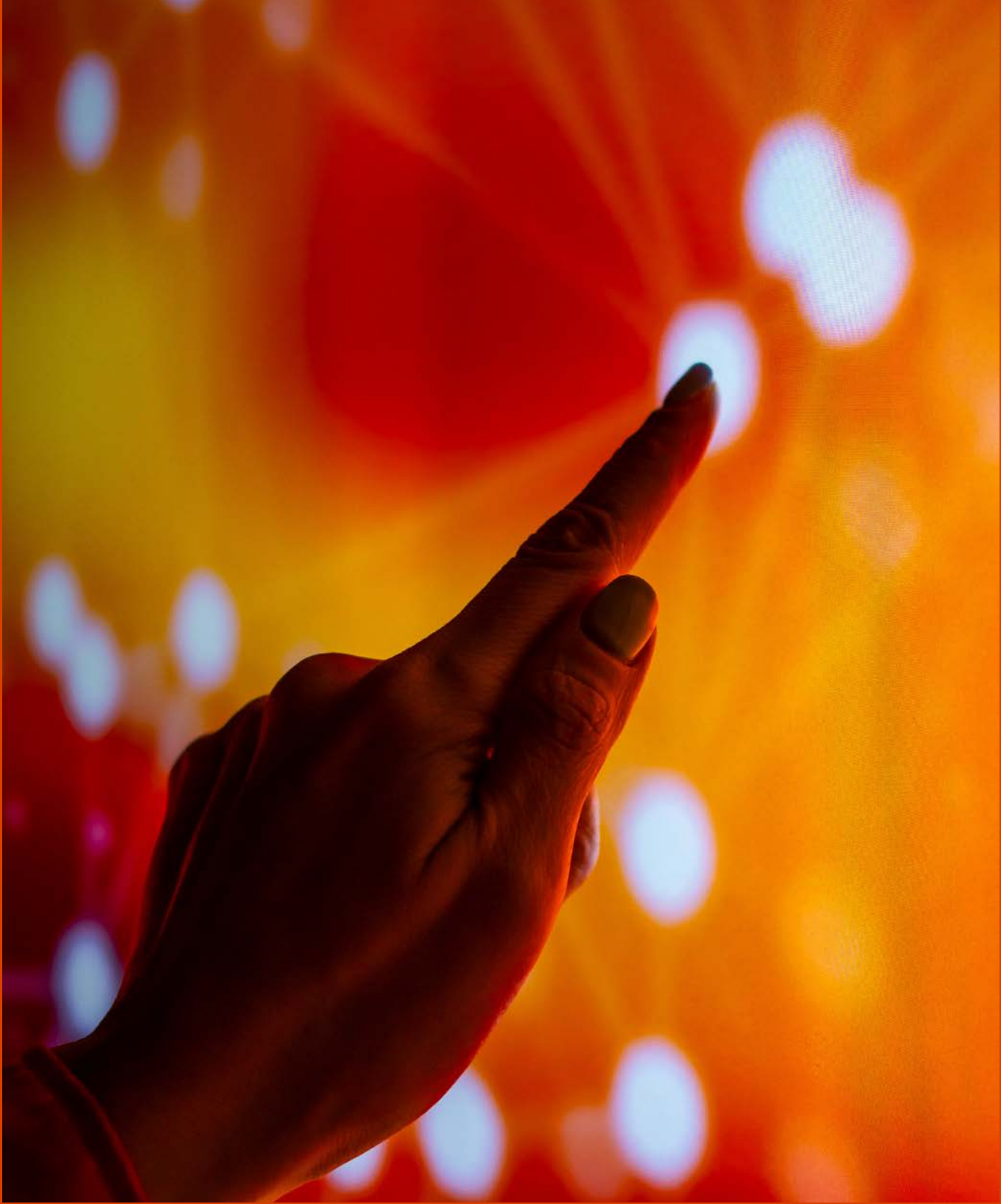
FIG 35

Which of the following legal-related technologies do you believe your legal department should adopt?

Sample: 263 (All respondents)



Source: Thomson Reuters



Conclusion

Against the backdrop of an uncertain economy, efficiency has never been more important. Both private practice professionals and in-house counsel are compelled to adapt to evolving client expectations and to devote more time to higher value work.

With the productivity benefits of GenAI powered legal tools becoming even more apparent, the most common use cases are performing legal research, summarising information and drafting documents, all of which accelerate efficiency. The time-saving benefits of incorporating GenAI powered technology into work processes are a major factor driving GenAI adoption.

A surprising response from our survey respondents revealed that nearly one in three law firm professionals (31%) are using unofficial AI tools to support them at work, even though almost all private practice professionals (72%) indicated their firm does not offer a GenAI legal assistant.

Task automation can lead to redirecting resources towards strategic initiatives that foster growth and competitiveness. With GenAI taking over basic administrative tasks and low-level processing work, the time saved can be reinvested into professional development, wellness and mental health.

As GenAI adoption becomes more widespread, promising greater efficiency, law firms are being 'cautious,' about adopting and deploying GenAI. Two in five private practice professionals (40%) indicated their firms are experimenting with GenAI legal technology but have yet to integrate it to support their workforce.

Other than cybersecurity and privacy, concern about the accuracy of GenAI output has contributed to the nascent pace of adoption, however responsible GenAI implementation starts with 'human-in-the-loop' oversight. GenAI is a tool that is intended to enable humans to elevate their work, it is not designed to remove us from the process. In fact, human expertise is essential to deliver solid value and results with GenAI technology in a supporting role.

The integration of legal technology is on track to becoming indispensable in today's legal landscape. As the advent of GenAI and automation continue to redefine how lawyers work, to elevate the quality and efficiency of client service, nearly three in five in-house professionals (58%) surveyed believe AI should be factored into law firm pricing. This could mean moving towards a value-based pricing model that has initiated discourse around transparency.

Thomson Reuters' *Tech, AI and the Law 2024* report underscores innovation as the defining factor for success. Shaping an innovative future for the legal sector is a collaborative effort. GenAI-empowered legal professionals and organisations are set to outpace competitors with a more modest appetite for change.

Methodology

The Thomson Reuters *Tech, AI and the Law* survey invited legal professionals to share their attitudes and perceptions towards legal technology.

The survey was conducted on behalf of Thomson Reuters by Agile Market Intelligence and received a total usable sample of 869 responses across Australia between 1 July and 30 August 2024. This includes 606 private practice respondents and 263 in-house counsel respondents.

Therefore, the margin of error for the enclosed results ranges between +/- 3.98% for private practice respondents and +/- 6.04% for in-house professional respondents. This is an excellent level of accuracy for a study of this nature and provides a robust, rich source of data.

We have rounded each of our visualisations to the nearest decimal place to make it easier to read. Due to this, you may notice slight rounding errors that will result in the sum of answers equal to 99% or 101% on graphs throughout this report.





Thomson Reuters

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