

AI for In-House Legal 2025 Predictions

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Executive summary

Introduction



2024 marked a significant year for AI in the legal sector. A recent survey revealed that 93% of Chief Legal Officers (CLOs) now believe Generative AI (GenAI) can deliver rapid value to their organizations ⁽¹⁾, driving a surge in the prioritization of AI for the transformation of legal departments. This recognition translated into action, with many corporate legal departments investing in and experimenting with AI and GenAI, using enterprise tools or specialized AI-enabled legal solutions. However, the widespread, scalable implementation of AI in corporate legal departments and the broader legal industry remains on the horizon.

Many legal departments are yet to move beyond promising but limited pilot programs, finding it difficult to achieve department-wide AI adoption and tangible benefits. Similarly, many legal departments have not enjoyed substantial benefits from their legal providers' AI implementations ⁽²⁾.

As we enter 2025, over two-thirds of organizations plan to increase their GenAI investments, providing legal teams with significant executive leadership support and financial resources to further develop this capability⁽³⁾. This presents a substantial opportunity for legal departments, particularly as GenAI technology continues to advance at an impressive pace.



of organizations plan to increase investments in GenAI



of CLOs believe GenAI could bring value to their organization in the next year

2025 predictions



We make five predictions for AI engagement and adoption in the legal market over the coming year and beyond which we explore further in this paper:

1. Moving from AI experimentation to AI value

2. Achieving adoption at scale

3. Delivering real AI benefits will become a key differentiator for a small number of legal providers

4. Continuing record evolution of the legal technology market

5. Changing role and skillsets of Legal

Our predictions are drawn from our experience in advising both in-house legal departments and law firms on AI adoption, as well as our own use of AI in delivering Deloitte's legal services⁽⁴⁾. This paper takes into account both near-term implications for in-house legal departments and how longer-term change will transform the legal ecosystem to support organizations in achieving improved, AI-enabled legal and business outcomes at scale. For clarity, we use the term "AI" to encompass all forms of artificial intelligence, including Generative AI.

What GCs can be doing now



Our practical advice for GCs and legal departments wanting to accelerate the value that can be delivered through AI includes:

- Move from pilots to investing in use cases that can deliver benefits at scale and value cases beyond just cost and productivity.
- Increase focus on driving sustained user adoption and upskilling across the function.
- Collaborate with the ecosystem of law firms and legal providers to receive benefits from their innovations quicker.
- Be AI ready - Review core technology platform choices to determine if these are strategically enabling AI capabilities over the longer term and get data foundations right.

We will host a series of client webinars, roundtables and events to further discuss and debate these themes – we would welcome your views and feedback on this exciting period of change for the industry.

(1)The 2024 Chief Legal Officer (CLO) Strategy Survey – Transformation, challenges, communication, and collaboration – [The 2024 CLO Strategy Survey](#)
(2)The future of Legal work? The use of Generative AI by legal departments – [The future of legal work? | Deloitte](#)
(3)Deloitte's State of Generative AI in the Enterprise Quarter three report – [us-state-of-gen-ai-q3.pdf](#)
(4)Legal services are provided by certain member firms of Deloitte Touche Tohmatsu Limited. The Deloitte US firms do not practice law or provide legal advice.

1. Moving from AI experimentation to AI value

Whilst 2024 was the year of AI experimentation, 2025 will be the year where organizations will expect to see measurable return on investment. Legal departments will need to carefully consider how they develop business cases and measure benefits to demonstrate value.

Return on investment (ROI) expectations will increase, leading to more robust value measurement.



Executive leadership teams and AI program sponsors will increasingly demand robust business cases demonstrating strong ROI. Organizations implementing enterprise-wide AI transformation programs, in particular, will likely require these cases to meet various financial and non-financial requirements before considering AI initiatives. Historically, many legal departments have struggled to define and measure "value." Therefore, they must carefully craft compelling business cases that balance ambition with realistic expectations.

This emphasis on ROI will lead to a sharper focus on measuring and tracking the value achieved, potentially driving the legal industry toward a more standardised measurement framework as concrete learnings and best practices are shared.

We expect to see the most significant investment and strongest ROI in areas such as contracting, regulatory change and compliance, litigation including eDiscovery and document review, M&A and legal spend management.

Measuring AI value beyond cost and productivity.



While cost savings and productivity benefits from AI will remain prominent due to the focus on financial ROI, more mature legal departments will likely seek to demonstrate value beyond efficiency. They will explore creative ways to leverage GenAI for revenue growth, such as analyzing contract portfolios to identify and recover potential value leakage.

We also anticipate greater emphasis on AI benefits beyond financial metrics. This includes improved legal and business outcomes through enhanced data insights (e.g., using historical document and transaction portfolio analysis to improve M&A negotiations), more proactive prevention of risks (e.g., AI monitoring of customer complaints to identify emerging legal issues earlier and take action sooner) and an enhanced customer experience (e.g., using chatbot interfaces to resolve simple legal questions for the business more quickly).

This broader perspective on AI value offers a more positive and compelling outlook for in-house legal teams. It allows legal professionals to focus on more strategic, complex, and engaging work while enabling legal teams to deliver better legal advice and solutions to business colleagues.

In-sourcing, enabled by AI, will accelerate.



Most in-house legal teams face increasing business demands and complexity, often with flat or shrinking budgets. Simultaneously, very few legal providers have passed on tangible benefits from AI to clients in the form of improved price, speed or quality. Consequently, in-sourcing more work through in-house AI capabilities will likely become increasingly attractive.

This approach allows legal departments to manage cost pressures while retaining internal talent, and it will become more feasible as in-house AI capabilities mature and become more embedded. Examples we have already seen successfully in-sourced driving significant cost savings (50%+) include legal translation, contract drafting and patent drafting.

2. Achieving adoption at scale

The single biggest barrier to realizing measurable value through AI will be user adoption. Legal departments will feel this challenge acutely through 2025, requiring greater investment than before to get foundations right and drive sustained user adoption.

Tripling down on user adoption.

As with previous legal technology iterations, lack of adoption is a significant barrier to realizing the anticipated benefits of AI. Many early adopter organizations (both in-house departments and law firms) are now directing more investment and focus toward user adoption and change management.

Unlike earlier technologies, new Generative AI capabilities are quick to implement and easy to start using but difficult to master. We expect to see more comprehensive and sustained user adoption programs, including tailored prompt engineering training for legal work that reflects different legal personas and practice area needs.

We also anticipate more legal-focused training for enterprise AI platforms like Microsoft Co-Pilot, Google Gemini, and internal chat platforms, as these are often how legal teams first access AI capabilities at scale. User adoption will likely require as much, if not more, attention and focus as the underlying technology. A range of approaches to user adoption will become more commonplace – We provide some examples in our Deloitte approach to AI adoption in **Figure 1**.

Integration and orchestration of AI capabilities into user workflow.

Focus will shift from implementing standalone AI point solutions to integrating AI into existing business and legal workflows. This approach will seamlessly incorporate new AI capabilities into legal professionals' daily routines, ultimately improving user adoption by making AI accessible within their familiar working environment and reducing the number of separate technology platforms they need to access. We will see a renewed emphasis on evaluating existing and future technology systems holistically, identifying areas for AI augmentation and determining the core platforms for integrating and orchestrating AI capabilities.

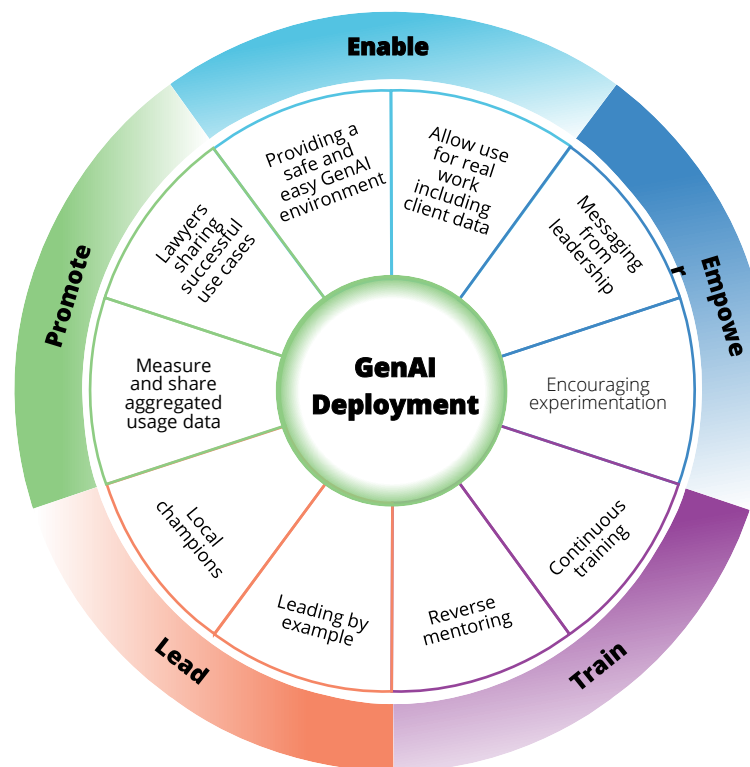


Figure 1 – Deloitte's change management framework for AI

One example is an integrated platform for managing business requests to the legal department, providing AI-enabled self-service for routine queries, and facilitating subsequent matter creation and management with embedded AI-powered document search and legal AI assistant support.

Increased focus on data and knowledge foundations to realize AI benefits.

Data and knowledge availability remain crucial for many (though not all) legal AI use cases. However, the focus is shifting towards unstructured data, now unlocked by large language models (LLMs) and GenAI. Traditionally, legal knowledge management has been neglected or, at best, required dedicated teams to perform time-consuming manual tasks to structure, tag, and store vast volumes of long-form documents, emails, case notes, and more. With LLM-based AI models capable of parsing and interpreting extensive datasets and materials, legal teams are prioritizing data and knowledge clean-up exercises and implementing more robust, forward-looking data strategies. These initiatives aim to address gaps, errors, and duplication while establishing sustainable data governance practices to avoid repeating such exercises in the future. Key examples include centralised document storage, classification, and retention policies. We also expect to see more investment in ways to better organise data, such as data taxonomies, with a renewed focus on defining legal key performance indicators (KPIs) and data-driven insights/decision-making that AI and associated data points can enable.

Data clean-up exercises will primarily target areas where AI benefits are achievable, while also considering where data needs to be structured and where it can remain unstructured. Data remediation exercises requiring data extraction and transformation are themselves good use cases for GenAI. Therefore, we anticipate this will be a key area where GenAI is deployed to accelerate and reduce the cost and effort associated with a historically challenging task.



3. Delivering real AI benefits will become a key differentiator for a small number of legal providers



We saw significant noise in the market in 2024 from law firms and legal service providers about their use of GenAI, but little reported benefit flowing to in-house legal departments. 2025 will see in-house legal teams demand more, leveraging their partners to access greater AI benefits.

Increased demand for AI use by legal providers and changing buying decisions from in-house teams.



While many law firms and legal providers are eager to showcase their AI use cases and experiences to in-house legal teams, very few in-house teams have seen demonstrable AI-driven benefits passed on to them. There is a sense that external providers are not leveraging AI to differentiate how they can help clients – whether on price, speed, or quality.

We expect in-house legal teams, particularly larger teams with greater buying power, to demand more from their external providers. This could manifest through more structured requirements for legal providers to demonstrate how they use AI to deliver benefits to the end client. Examples include through panel selection criteria and matter tendering selection criteria, through to a wider portfolio of tech-enabled professional providers being appointed onto legal panels traditionally dominated by law firms. Buying decisions will increasingly be influenced by legal providers' use of AI, particularly in areas ripe for AI disruption, such as contracting, regulatory change, IP, and M&A.

Winners and losers will begin to emerge.



Legal providers, both elite law firms and those offering alternative models, face threats and significant opportunities to differentiate themselves through AI. This differentiation could involve greater efficiency plays or using AI for enhanced data-driven insights and risk management. As legal providers adapt and embed change into their operational and commercial models, we expect to see some significant shifts in this market. Legal departments should stay close to the market, maintaining open dialogues with their external providers to distinguish between genuine innovation and hype.

Digital legal solutions.



Legal providers will increasingly focus on creating client-facing digital solutions incorporating legal knowledge to recapture some of the value chain at risk of being lost to increasingly capable technology. To date, the legal industry has predominantly used technology to enable and enhance a primarily labor-based service model. This model is now under threat from two directions: the potential erosion of billable hours and the growing trend toward in-sourcing legal work. We are likely to see legal providers creating subscription-based solutions, harnessing their data and knowledge, and licensing for use with multiple clients. A few legal service providers have successfully leveraged this model, and we expect this trend to grow.

4. Continuing record evolution of the legal technology market



Keeping abreast of technology market developments will be critical for any team investing in AI capabilities to drive technology choices that are as future-proofed as possible in a rapidly evolving market.

Market consolidation.



We have witnessed the rapid emergence of several new AI start-ups in the legal market, often specializing in point solutions for specific use cases, moving faster than established technology providers. We have already seen a series of AI acquisitions by established legal technology providers, and we expect this trend to continue in 2025. However, as technology vendors integrate these acquisitions, there will likely be a lag before more mature AI platforms are fully integrated into broader tool suites and ecosystems.

Fundamental shift in core platform choices.



New AI capabilities and technology market developments will lead to fundamental shifts in core platform choices in areas such as contract lifecycle management, document management, and outside counsel management. The ability to achieve more rapid time to value (i.e., quicker implementations at a lower cost, delivering benefits sooner) with the latest AI-enabled capabilities offered by new providers, existing legal technology or enterprise technology providers releasing new AI features, will see more in-house legal teams review and revisit their long-term core platform needs. We may see more in-house legal teams move away from current established market leaders to a new generation of AI-enabled platforms.

AGI/ASI Debate.



By 2025, discussions about AI's true cognitive reach – particularly AGI (Artificial General Intelligence) and ASI (Artificial Superintelligence) – will intensify. Some predict AI will soon match or surpass human legal reasoning, while others emphasize the enduring importance of human insight and ethical judgment. Even if full AGI remains distant, ongoing advances will see AI tackling increasingly complex tasks once reserved for lawyers. Legal professionals will need to consider how AI transforms the training and development of lawyers at all levels and how they best articulate the continued value of human-centered decision-making, critical thinking, and strategic advice.

Growth of Enterprise technology platforms for Legal driven by AI.

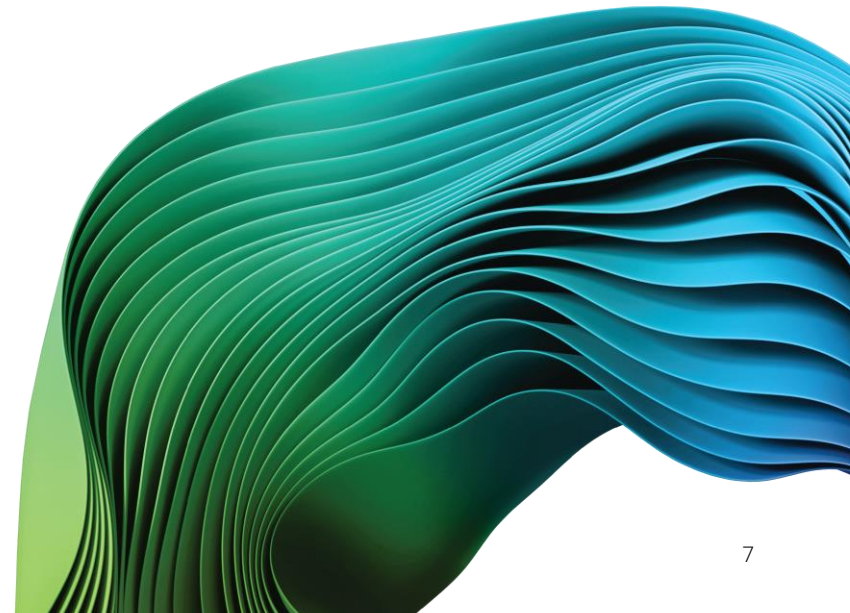


Many legal teams have taken their first steps in using AI through enterprise platforms like Microsoft Co-Pilot, Google Gemini, and internal chat platforms. These platforms will continue to seek opportunities to integrate and expand into broader use cases, such as integrating with document repositories to move beyond basic productivity tasks into more legal-specific tasks like document search, drafting, and review.

Rise of agentic AI.



Agentic AI is a key theme for 2025, extending beyond the legal sector. Unlike current AI tools, which typically automate well-defined, static processes, agentic AI can make decisions autonomously within certain parameters, proactively identifying risks and suggesting solutions. In the legal field, a prime example is contract review, where agentic AI could highlight problematic clauses and then recommend alternative wording or additional provisions. It could also escalate specific issues to subject matter experts or propose next steps to the counterparty. Although such capabilities are still emerging, they offer clear potential to automate a larger scope of in-house work. Robust governance will remain crucial to safeguard ethical standards and accountability. As these technologies mature, they offer significant potential, but their evolution will likely be gradual and carefully overseen.



5. Changing role and skillsets of Legal

As value expectations and adoption rises across the organization, the GC and in-house legal departments will play an increasingly important role in supporting the organization to safely adopt AI. Legal operations professionals will increasingly work hand in hand with lawyers to deliver AI-augmented legal services.

Closer collaboration between legal operations professionals and lawyers.



Driving the adoption of new AI use cases and integrating them into legal workflows will call for increased collaboration between legal operations professionals and lawyers. Lawyers will need to adapt to new ways of working as AI-augmented legal work becomes more prevalent, with this transition and upskilling enabled and supported by a new breed of legal operations professional. Technology skills that were previously 'nice-to-have' will become table stakes with emphasis on process design, technology, AI, data and change management skillsets.

Continued prominence of the GC's role in managing AI risks as adoption scales across organizations



As gatekeepers of legal and ethical standards, GCs and CLOs are uniquely positioned to steer AI initiatives across their enterprises to ensure AI systems are used ethically and transparently. We expect the Legal specialists who are advising and enabling the organization on AI risks - such as privacy, IP and commercial lawyers - to increasingly become early adopters and champions of new AI technology within Legal departments. By adopting the technology, they will improve their practical understanding to better advise business colleagues whilst also establishing confidence and trust in new AI capabilities for the wider Legal department. The role of these Legal specialists in helping the wider organization adopt AI safely and ethically will be increasingly important and will include establishing and embedding AI governance structures effectively and efficiently, managing AI related risks (such as potential liabilities, biases in algorithmic decision making and IP ownership), and facilitating cross-functional collaboration. 2025 will see the introduction of the EU AI Act bringing a transformative era for AI governance in Europe for which Legal teams will be central, alongside staying abreast of differing regulatory approaches in the UK, the US, and global organizations such as the OECD and UNESCO.

In conclusion, these five predictions for 2025 shed light on a rapidly evolving landscape. As with any technological revolution, there will be trends emerging that are as yet undetectable. Legal departments will play a dual role both in being accountable for the safe and lawful use of AI in their businesses, whilst simultaneously seeking to achieve value through their own AI adoption in delivering legal services. Legal providers will need to accelerate their own AI transformation, if they are to provide the support needed to meet these new and complex demands.

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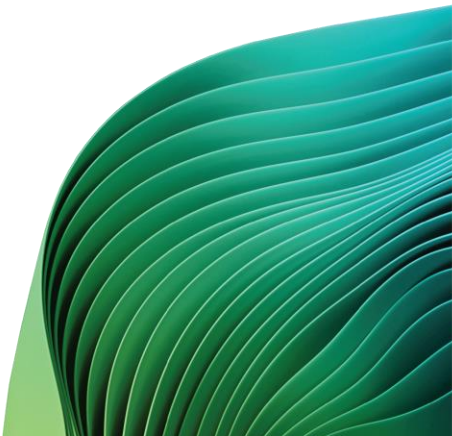


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