



The impact of AI on the legal industry

Deloitte Legal 2025 Survey

January 2026

Executive summary

The impact of AI on the legal industry.

Mapping the landscape

AI is moving from experimentation to day-to-day legal work. However, the public conversation is still dominated by Legal AI vendor claims, isolated successes and high-level predictions. We created this survey to move passed speculation and get a validated view of what the leading Dutch law firms are doing today. We surveyed the top 100 law firms in the Netherlands to provide an assessment of AI adoption. The primary objective was to map the current operational reality of legal technology. We assessed whether firms have an AI strategy, how widely tools are deployed, who governs use, the adequacy of training, the drivers behind investment and the client behavior that accelerate change.

Key findings

Our central finding is a market moving at two distinct speeds. While roughly half of respondents report advanced, multi-departmental use, the remainder are still in an experimental phase, revealing a critical gap between individual enthusiasm and organizational backbone. Many firms are purchasing technology and running proof-of-concepts, but too few have matched those investments with a coherent strategy, scaled training, and robust governance. That shortfall matters because commercial incentives are shifting. Survey respondents cite operational efficiency, freeing lawyers for higher-value work, and defending competitive position as the primary drivers for investment. Simultaneously, urgency is accelerated by client behaviors, notably the insourcing of routine tasks, demands for faster delivery, and growing pressure to reconsider time-based pricing. In short, the upside (measurable efficiency and redeployed lawyer capacity) is real, but the downside (client loss, margin pressure, inconsistent controls) is a material commercial risk if not addressed.

Future outlook

We are optimistic about the developments in 2026. The firms best placed to succeed will be those that combine technology with a clear executive narrative, centralized governance, and targeted people programs. The adage holds true: AI will not replace lawyers, but AI-enabled lawyers will replace those who fail to adapt. Success lies in empowering talent to automate routine tasks and focus on high-value strategic work. By turning these efficiency gains into differentiated client propositions, decisive firms will secure sustainable market leadership. Those who delay, however, risk being left behind in a market that is rapidly reorganizing around speed, transparency, and scale.



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Communication is key: law firms should focus on communicating AI vision and strategy

The survey shows a significant communicational and capability gap.

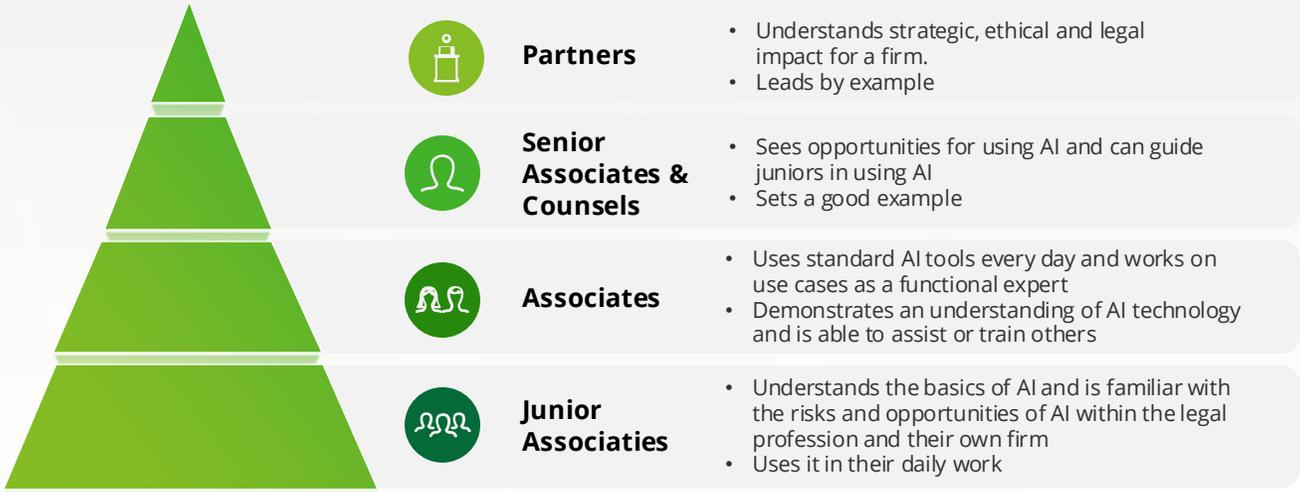
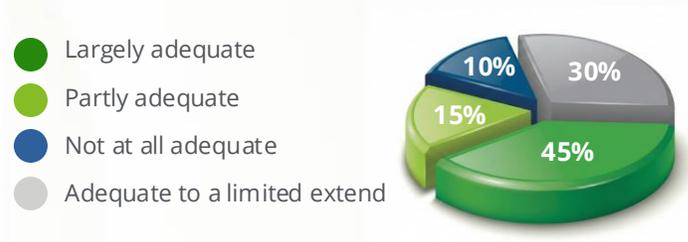
The survey found that **45% of respondents report no clear communication strategy** on AI's impact on legal work and services, while only 15% of staff consider internal AI training and resources largely adequate – highlighting a need to define and communicate practice-level AI propositions and to scale targeted training and enablement to close the capability gap.

The question is **no longer if organizations should adopt AI, but how** they can deploy it strategically to maximize value.

Figure 1: Perceived clarity of executive vision regarding AI's impact on work and services



Figure 2: Perceived sufficiency of internal AI training resources



Ensure you have a compelling narrative

- A compelling narrative is engaging and explains the 'why' and 'how' of a change.
- It determines what information reaches which target group and when, informing, inspiring and encouraging concrete action.

Use the optimal channel

- Some channels are suitable for reaching a large number of people with a general message (newsletter).
- Other channels are more suitable for specific messages aimed at a particular target group (hackathon).

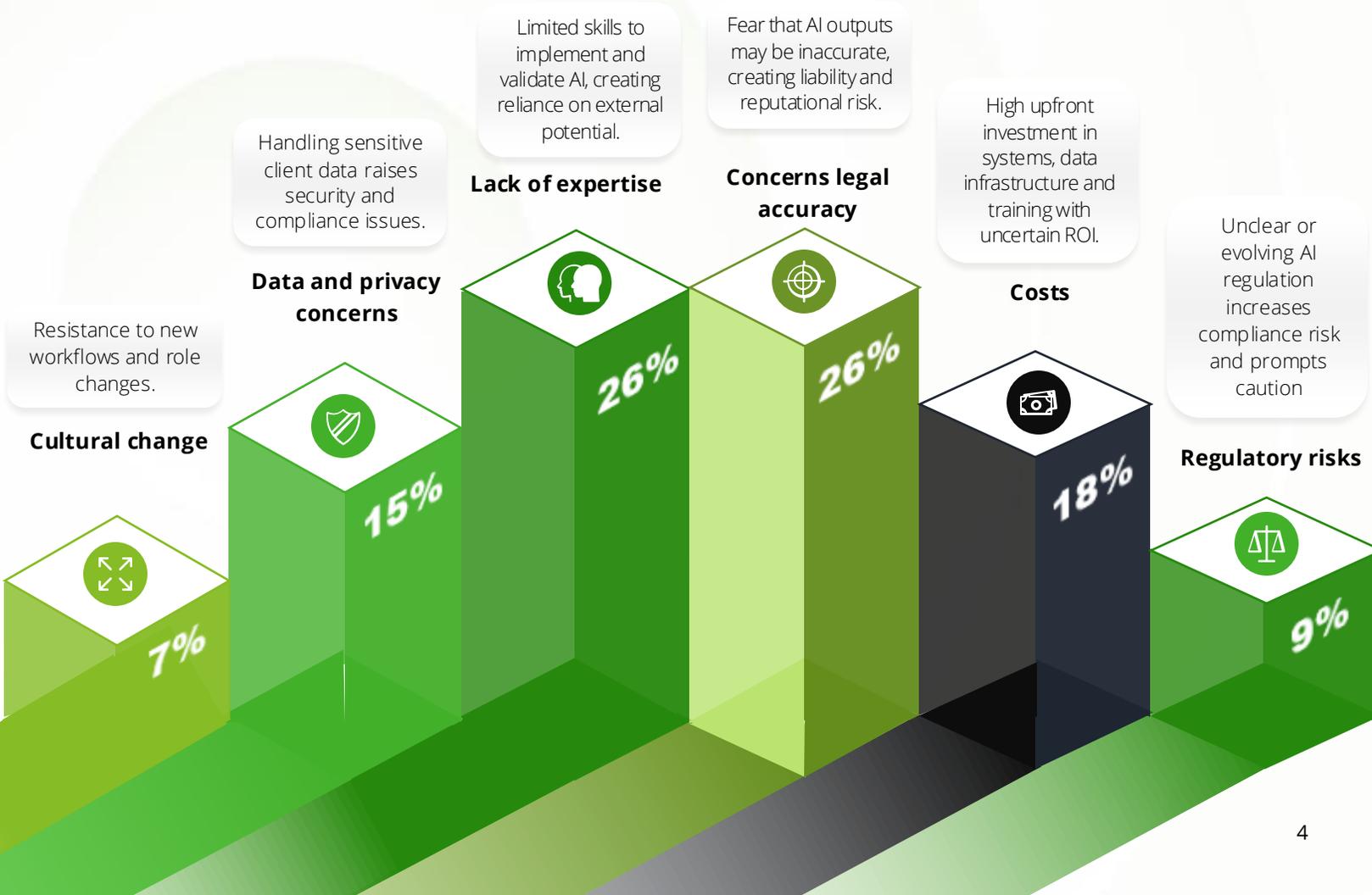
Each audience segment has a distinct desired end state; communications and information should be aligned to deliver it.

Lack of AI expertise and inaccurate AI responses hinder adoption

Six barriers delaying AI adoption in the office.

Figure 3: What are the main barriers slowing down the adoption of AI in your office?

The survey found that **26%** of respondents cited a **lack of expertise** and concerns over **legal accuracy** as the principal barriers to AI adoption. Lawyers lack understanding of how AI functions and its practical potential, while others fear they cannot rely on AI outputs for precise legal work. Addressing these issues requires clear guidance, validation and training to enable responsible scaling.



Reasons to invest in AI

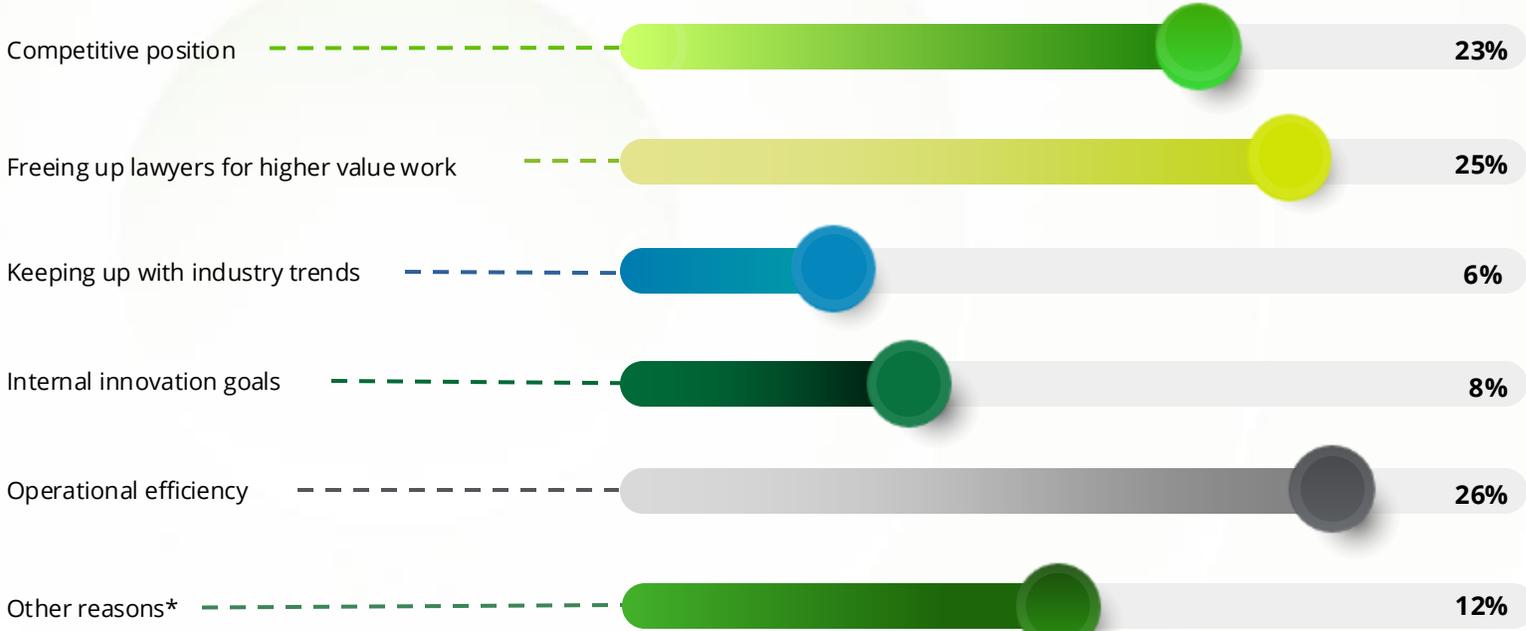
The three main reasons to invest in AI are operational efficiency, defending competitive position and freeing lawyers for higher-value work.

When asked why law firms should invest in AI, lawyers pointed to pragmatic, outcome-driven motives rather than prestige. While factors like 'internal innovation goals' or 'perceptions of tech leadership' remain minor motivators, the market is overwhelmingly focused on **ROI and Value**.

95%

of lawyers report at least some **confidence** in the AI tools currently in use; only 5% report no confidence.

Figure 4: What are your firm's main drivers for investing in AI? [Select up to three options]



**Vision on leadership, avoiding staff burnout, client demand and pressure*

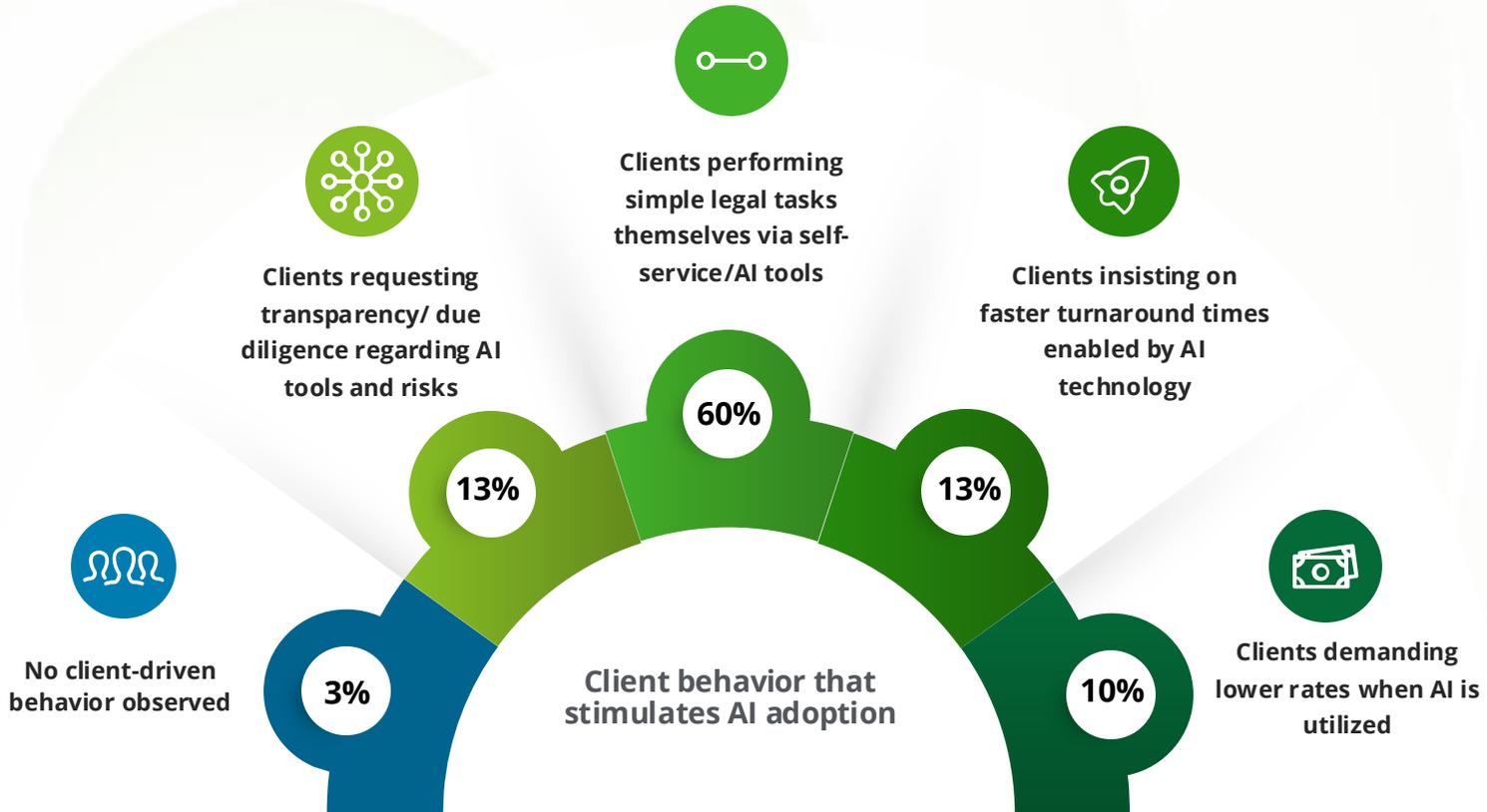
Client insights: external pressures for technological innovation

Clients are moving work in-house and are requesting AI transparency and speed.

The figure highlights client-driven pressures, **driven primarily by the insourcing of routine work**. Sixty percent of firms report that clients are now performing simple legal tasks themselves using user-friendly AI tools. Beyond this move toward self-service, clients are increasingly demanding **faster AI-enabled turnaround times, greater transparency regarding risks, and reduced fees**. Only a negligible 3% of respondents observed no change in client expectations.

Clients are under pressure to reduce costs and get faster legal answers — this is changing how they procure legal services.

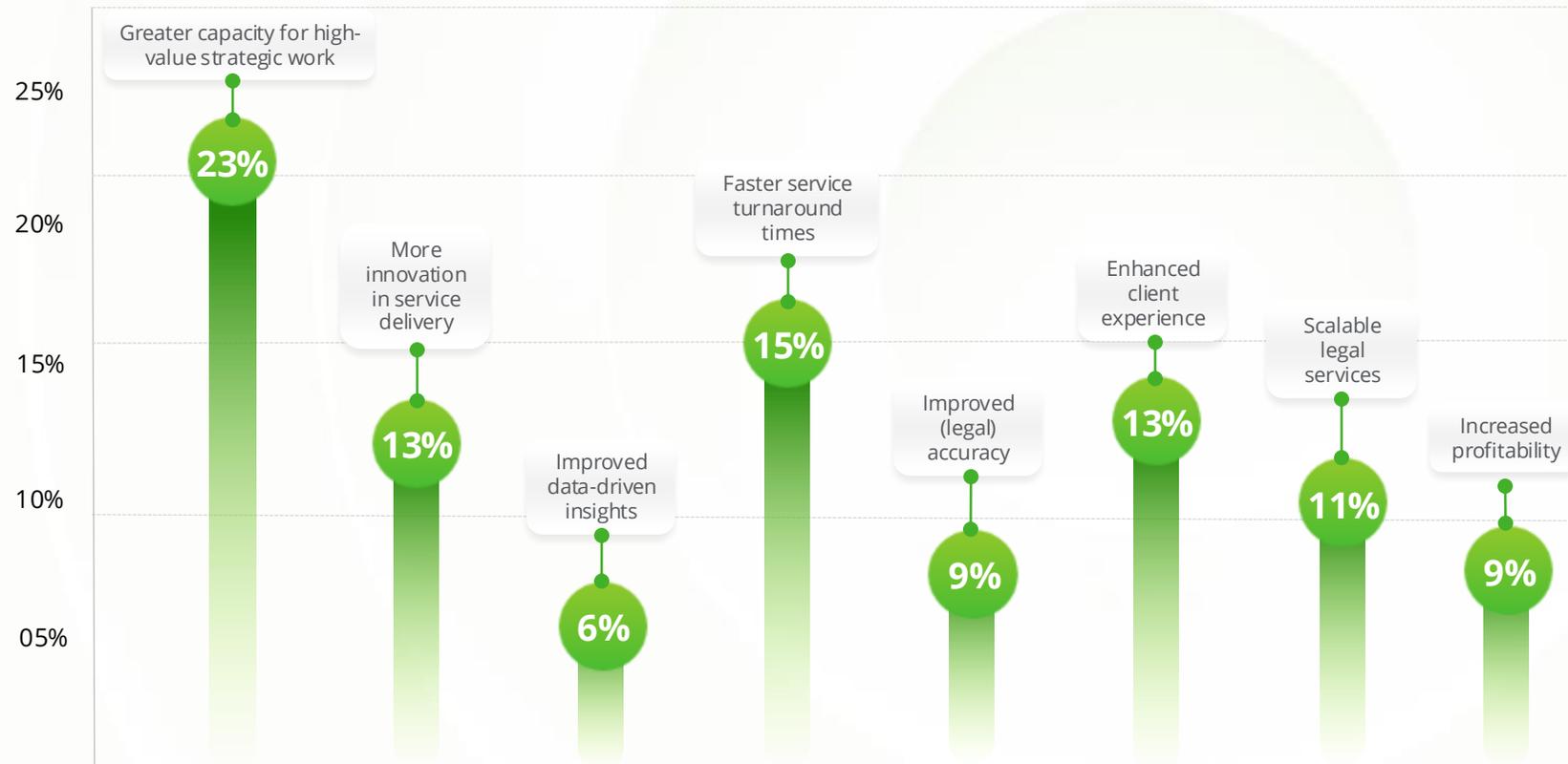
Figure 5: What client behavior have law firms observed that encourages the adoption of AI?



AI shifts work to high-value services and accelerates delivery

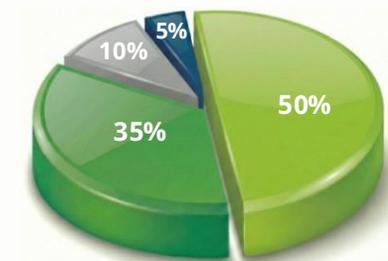
Business insights: firms need lawyers to shift to strategic work, speed up delivery and innovate service models.

Figure 6: From a strategic perspective, what results or capabilities do you consider most desirable for lawyers?



Prioritizing strategic work and AI-enabled services introduces new forms of client benefit that can be challenging to measure through time-based fees alone. In this context, the fact that **55% of respondents favor a pricing review** in response to pressure from clients due to AI capabilities suggests a growing recognition that fee structures may need to evolve alongside capabilities. Furthermore (see Figure 7), only 5% of respondents do not believe AI will have a significant impact the business model.

Figure 7: Proposition - Will AI have a significant impact on your firm's business model?



● Completely agree ● Neither agree nor disagree
● Agree ● Disagree

Three possible scenario's: from incremental adoption to market disruption

It is expected that the adoption and utilization of AI will continue to accelerate in the future.

Three possible AI scenarios for law firms



1. Gradual adoption

Law firms **adopt GenAI cautiously**. With tools like Legora and Harvey available firmwide, practice groups are **gradually integrating GenAI** into their workflows. Productivity improves at the margin, and the impact on business models remains slow. GenAI gives incremental efficiency gains, but competitive positions remain unchanged.



2. Winners & Losers

GenAI materially **reshapes delivery**. Clients are increasingly handling work in-house by utilizing AI and their own data, which effectively **reduces the expertise advantage** traditionally held by law firms. However, firms that **strategically deploy** and invest in GenAI can differentiate themselves and gain substantial market share in every practice area. High-volume work is increasingly commoditized, while complex matters attract higher fees.



3. Market disruption

GenAI **rewires the legal market**. End-to-end workflows are automated by AI agents. ALSPs and AI-native law firms (NewMods) are scaling. Clients keep moving work in-house. Regulation matures and **new business models** emerge around products, platforms and outcomes. Laggards consolidate or exit. Firms that **reinvent their operating model** and monetize proprietary data and AI solutions keep growing.

Strategic imperative

- 1. Push for adoption.** To avoid stagnation where GenAI offers only marginal gains, firms must elevate AI to the top of the tech agenda. While adoption requires urgency, organizational adjustments—such as evolving HR models and role redesigns—can be integrated gradually through annual planning cycles, ensuring a sustainable transition without immediate disruption.
- 2. Convert adoption into measurable value.** As clients increasingly bring work in-house using their own data and tools, firms must refine their value proposition by productizing routine matters and preserving bespoke advisory for complex work. To counter the erosion of the billable hour, firms should pilot outcome-based pricing models where AI demonstrably creates value, rather than resorting to reflexive fee cuts.
- 3. Prepare for disruption.** To remain competitive in a rewired market, future growth lies in monetizing proprietary data to build unique AI solutions that clients cannot replicate. This requires investing in business services—recruiting specialized operations and innovation roles—to support practice groups with deep insights into client data, tool usage, and training tracks that bridge the skills gap.

Figure 8: Current state of AI adoption within law firms

- Advanced:** AI is utilized across multiple departments with active support and training.
- Early stage:** experiments and pilot tools are being applied, but a coherent strategy, governance enterprise and scaling plan are not in place.



Looking forward to 2026: our predictions for this year

Law firms face a pivotal year.

These trends are not just technical shifts – they are strategic imperatives.

Firms that act now will be better positioned to:

- Align digital strategy with organizational goals
- Scale AI securely and responsibly
- Lead transformation with confidence



Private-equity investments and consolidations

- Private-equity and other investors are increasingly interested in law firms, particularly smaller and mid-sized offices that need capital to scale technology and professionalize operations.
- Where permitted by regulators, external capital can accelerate M&A, technology investment and platform builds. However, it raises governance, independence and cultural questions.



From AI adoption to process re-engineering

- AI necessitates a deconstruction and rebuilding core legal workflows so that automation, human judgement and data are integrated end-to-end.
- Legal Operations must evolve from a support function into a strategic center that designs, governs and scales these redesigned processes.



AI-native ALSP's

- ALSPs are building integrated, product-led platforms that deliver faster time-to-market, tighter workflow integration and proprietary data advantages, enabling lower costs, greater speed and automation that can undercut traditional firms.



Value based pricing

- Clients increasingly demand predictability and value rather than time-based billing
- AI creates predictable, measurable efficiencies (time displacement, throughput, error rates) that make outcome-based pricing feasible and attractive.

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Hans Albers, Director Legal Management Consulting is responsible for expanding Deloitte Legal's offerings in this area by developing new capabilities and building on Deloitte Legal's existing technology, change and operations teams.

Hans was previously Chief of Staff and Head of Worldwide Legal Operations at US Technology company Juniper Networks. Before that he was EMEA regional General Counsel for Juniper as well as Cisco. As General Counsel, he led these departments to implementing state-of-the-art legal tech innovations. In addition to this, he frequently speaks on the topic of the next generation (O-shaped) lawyer, who will have to rely on legal technology on a daily basis.

He also served five years on the European Board of ACC (Association of Corporate Counsel), of which the last 2 years as President.

Hans brings with him almost 30 years of experience as senior in-house counsel and a deep understanding of the challenges and opportunities that exist in today's transforming legal market.



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Hans van Dam is Manager in the Legal Management Consulting (LMC) team within Deloitte Legal. Hans has a combined background in law and physics, with a master's degree in Corporate Law and Applied Physics.

Within the Legal Management Consulting practice, Hans is an experienced advisor for legal departments on transforming their operating model and how to optimize and automate their processes. In these transformations, often technology is applied – which enables Hans to leverage his combined tech & legal background for clients. Hans has a deep understanding of the latest technology - with a focus on Generative AI – which enables him to connect the legal challenges with the tech opportunity, while his business sense helps him deliver a pragmatic and executable solution for his clients.



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