

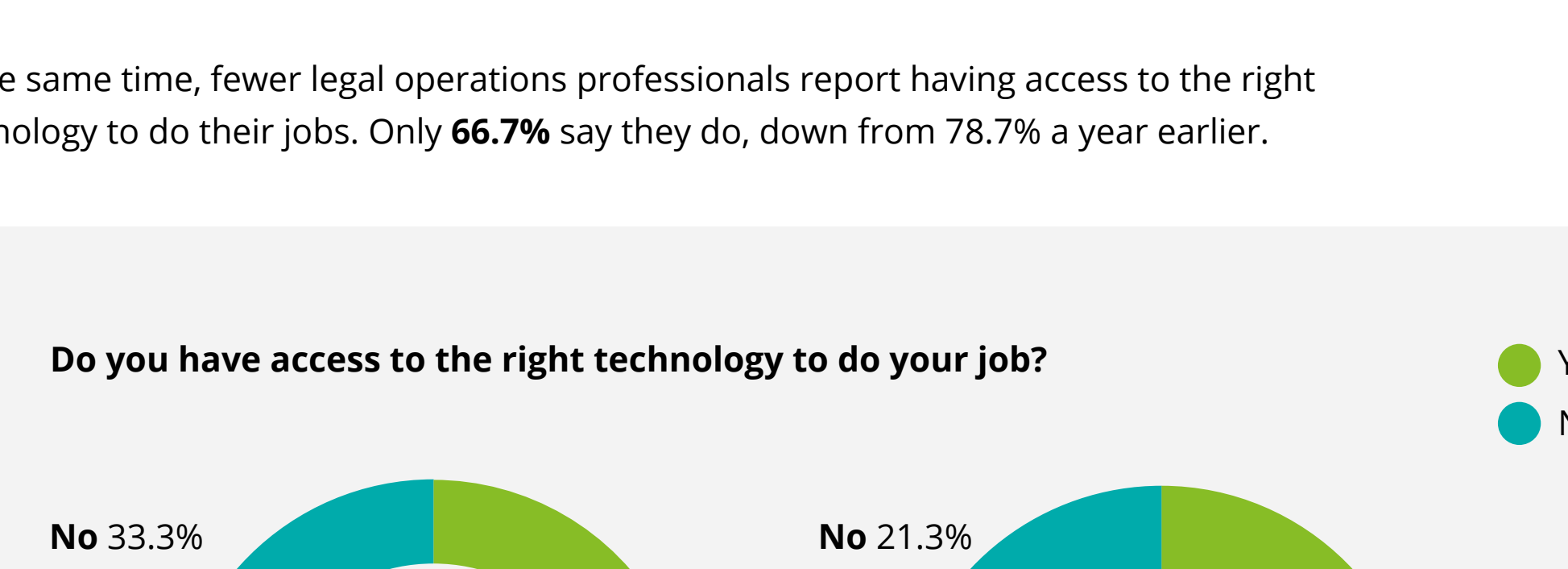
Turbocharging legal contract transformation in the age of generative AI

Is generative AI (GenAI) poised to transform the contracting process? Many legal operations professionals think so. Still, not all legal departments are prepared to take advantage of this breakthrough technology's capabilities. Here's what the 16th annual Law Department Operations Survey reveals about GenAI adoption in contract lifecycle management (CLM) and what legal operations can do to take it to the next level.¹



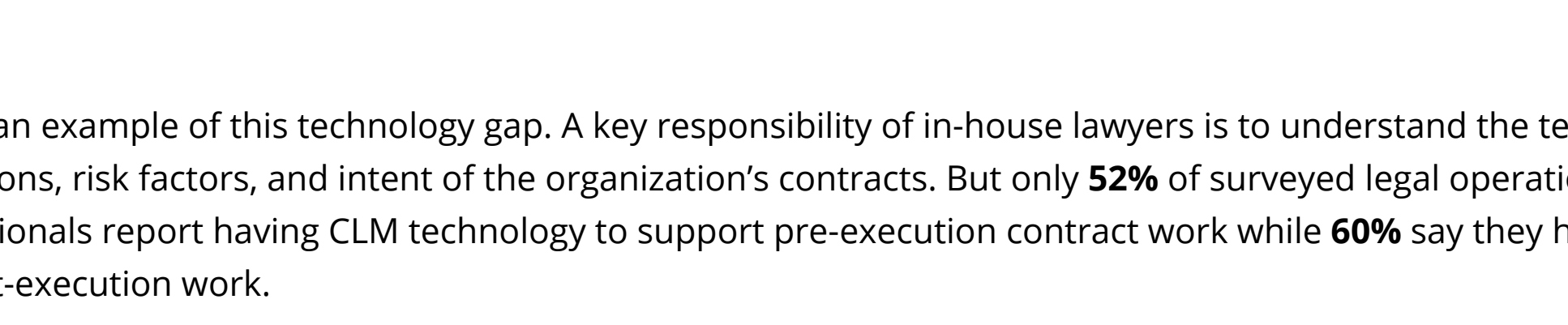
The technology gap

Today's legal departments face an ongoing set of challenges.



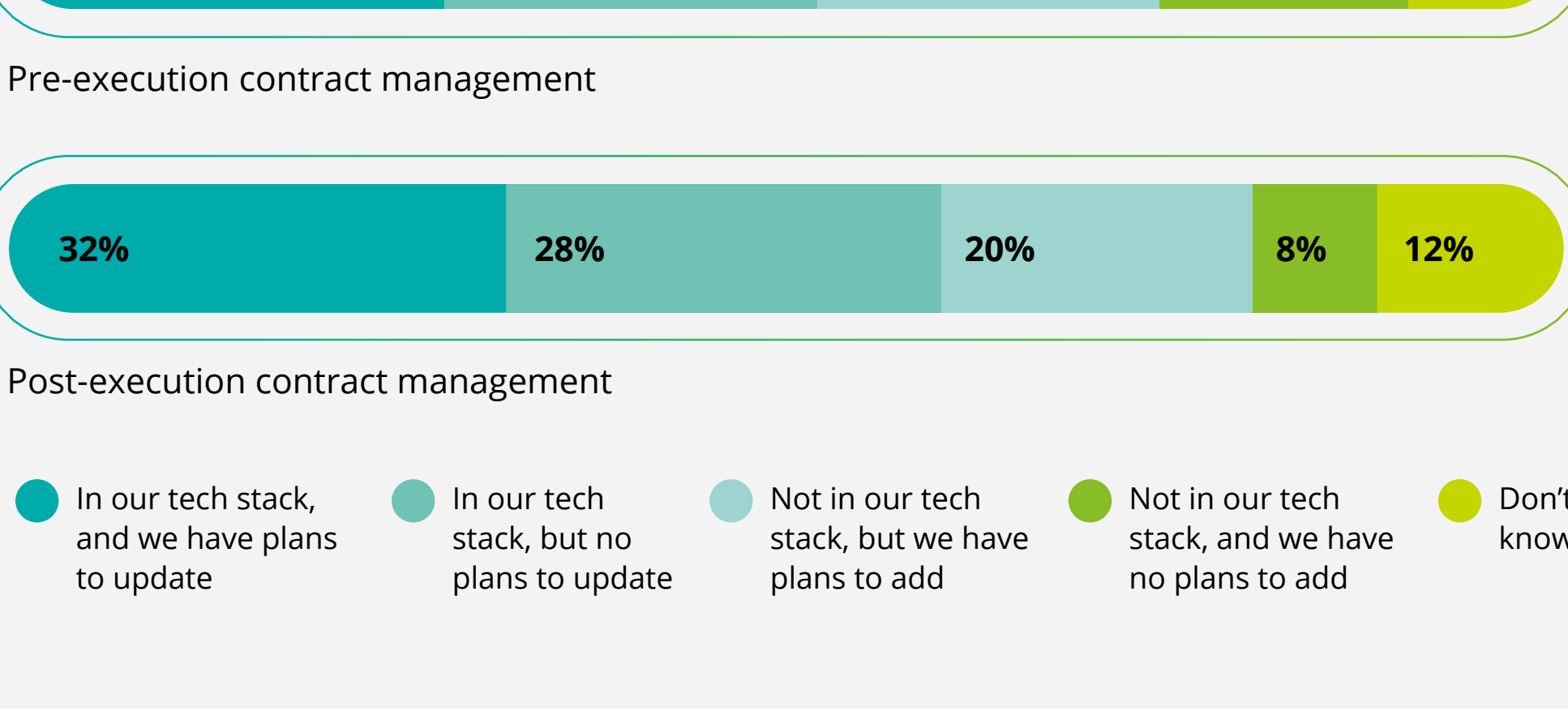
At the same time, fewer legal operations professionals report having access to the right technology to do their jobs. Only **66.7%** say they do, down from 78.7% a year earlier.

Do you have access to the right technology to do your job?



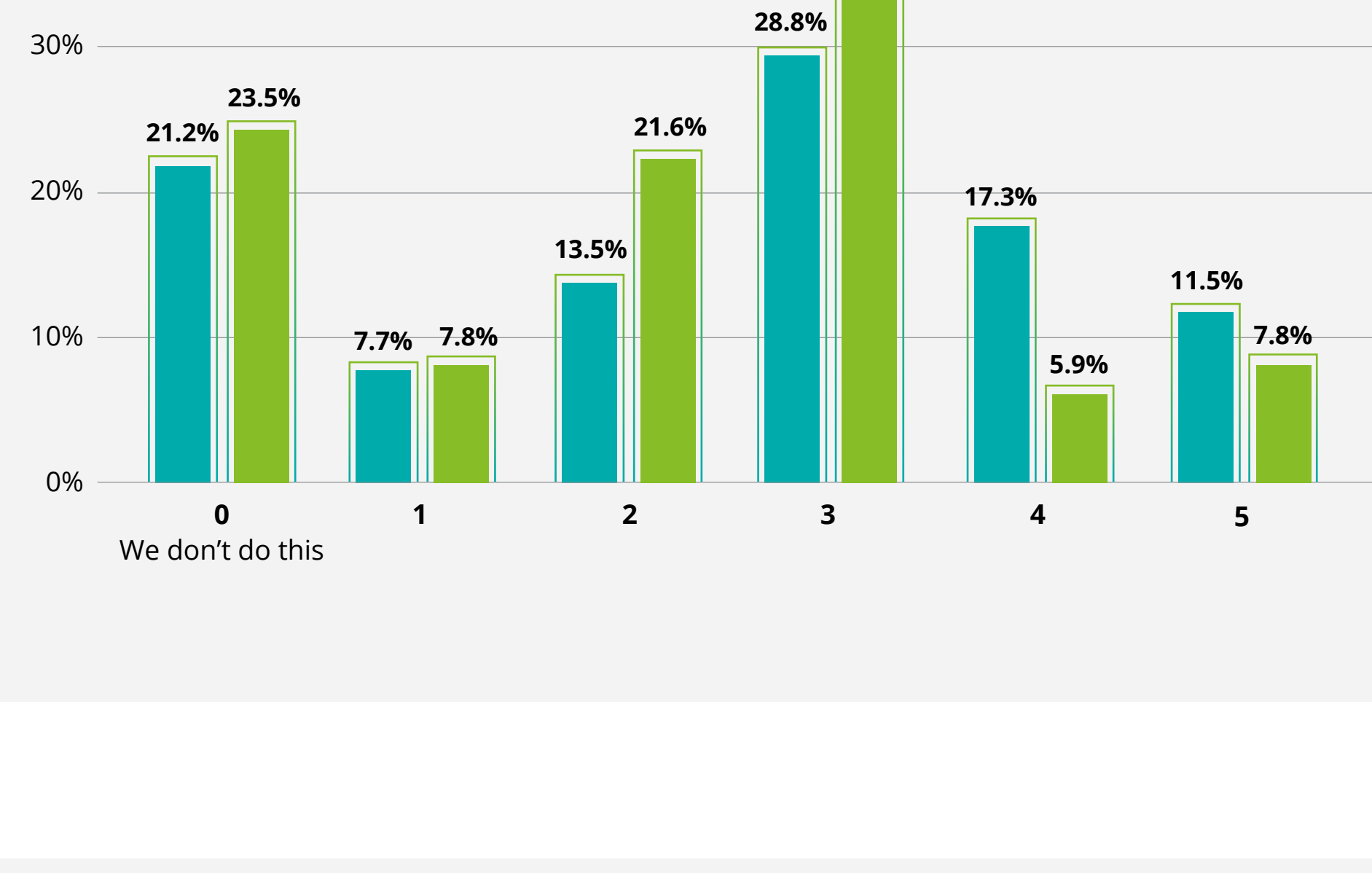
CLM is an example of this technology gap. A key responsibility of in-house lawyers is to understand the terms, obligations, risk factors, and intent of the organization's contracts. But only **52%** of surveyed legal operations professionals report having CLM technology to support pre-execution contract work while **60%** say they have it for post-execution work.

Adoption of CLM technology in the legal department



An even smaller share of respondents consider their contract operations mature. Just under **30%** rate their pre-execution maturity at four or five on a five-point scale, even though 52% say they have technology to enable pre-execution contract work. The contrast is even starker for post-execution contract operations. Only about **14%** rate their post-execution maturity at four or five, even though 60% say they have technology to support their work in this area.

Maturity of contract operations in the legal department

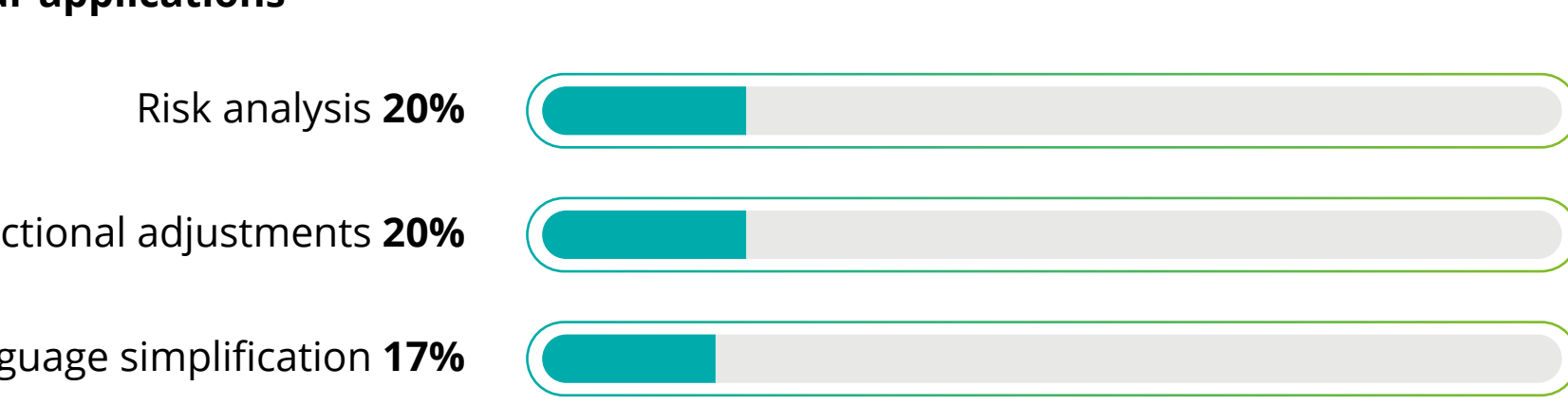


Accelerating CLM with GenAI

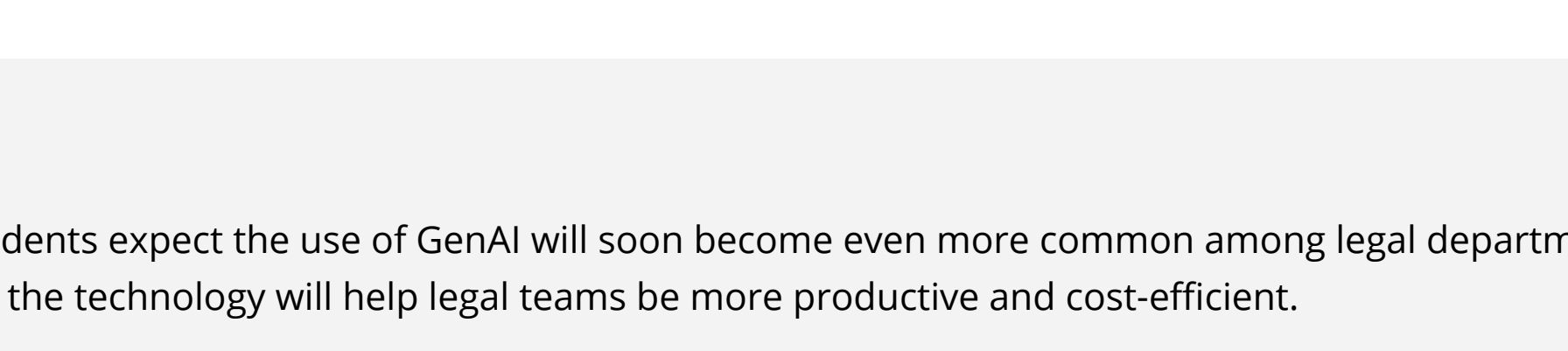
This raises the question of how legal operations could get more out of CLM technology than they currently do. Here's where GenAI comes in. Legal operations professionals say their departments are using, or considering using, GenAI to assist with CLM. The number one application is **drafting assistance**, followed by **contract review**. **Summarization** and **clause suggestions** are tied for third.

How legal operations are using or considering GenAI for CLM

Top four applications

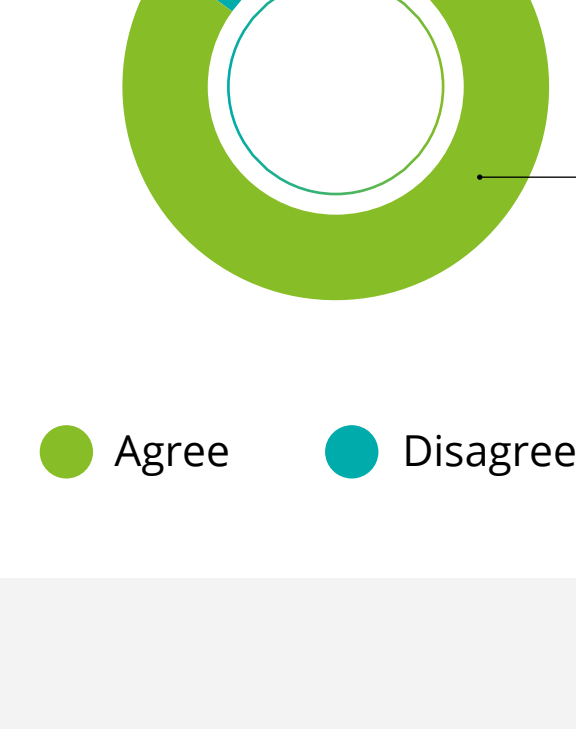


Bottom four applications

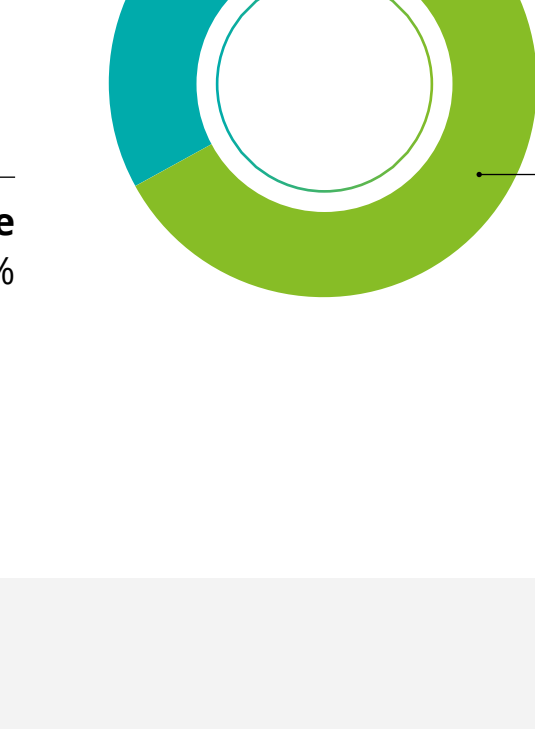


Most respondents expect the use of GenAI will soon become even more common among legal departments. They believe the technology will help legal teams be more productive and cost-efficient.

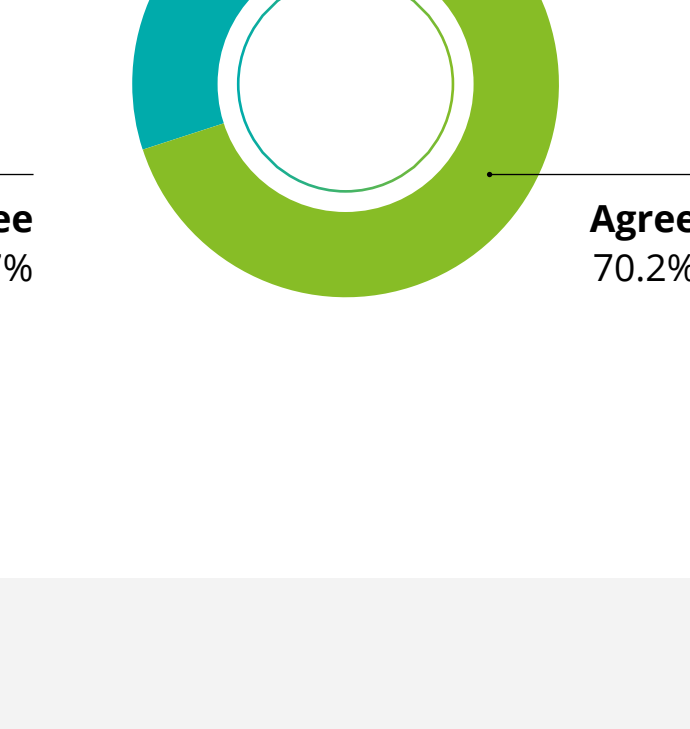
Most legal departments will be using GenAI substantially in the next three years



GenAI will enable our legal department to bring more work in-house

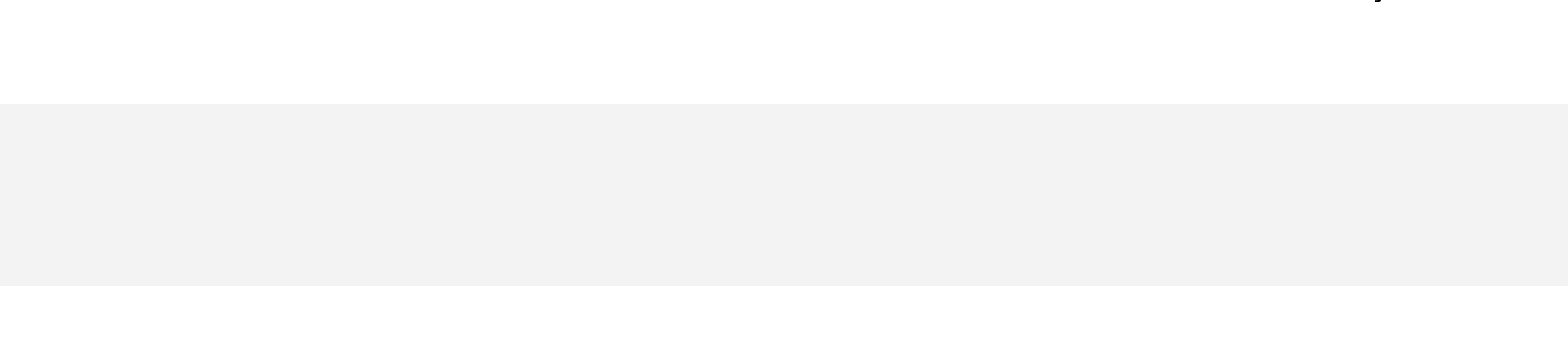


Wider adoption of GenAI will lower our law spend



Despite this optimism, only about **44%** of legal operations professionals are even moderately comfortable with GenAI today, and **37%** indicate being fairly or very uncomfortable.

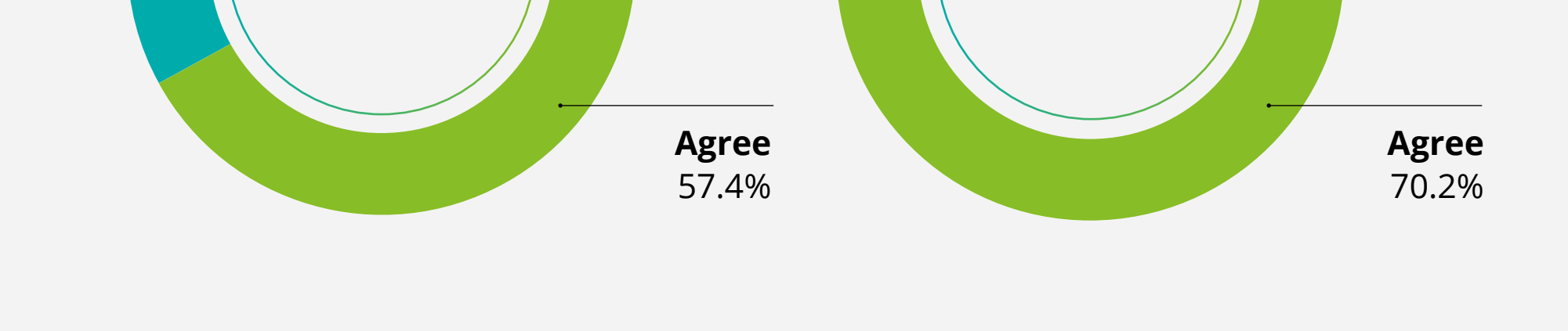
Legal operations professionals' comfort level with GenAI tools



Keys to successful transformation

The apparent paradox in these findings—many legal operations professionals believe in the utility of GenAI, are starting to use it with CLM, but are less than comfortable with it—underscores the long-held observation that even the latest and greatest technology can fail to deliver its full value without thoughtful change management. While **57%** of legal operations professionals consider change management their primary job, this is down compared to **70%** just one year earlier.

My job is primarily change management

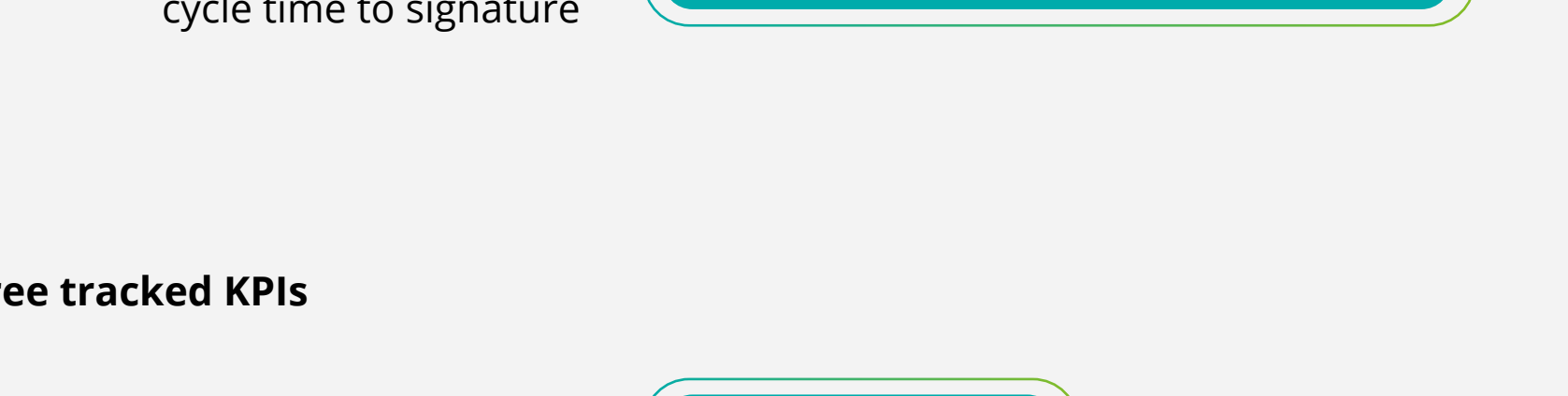


Reduced in-house capacity may be one reason why **55%** of respondents say they now use outside help to augment their team's expertise and accelerate change management.

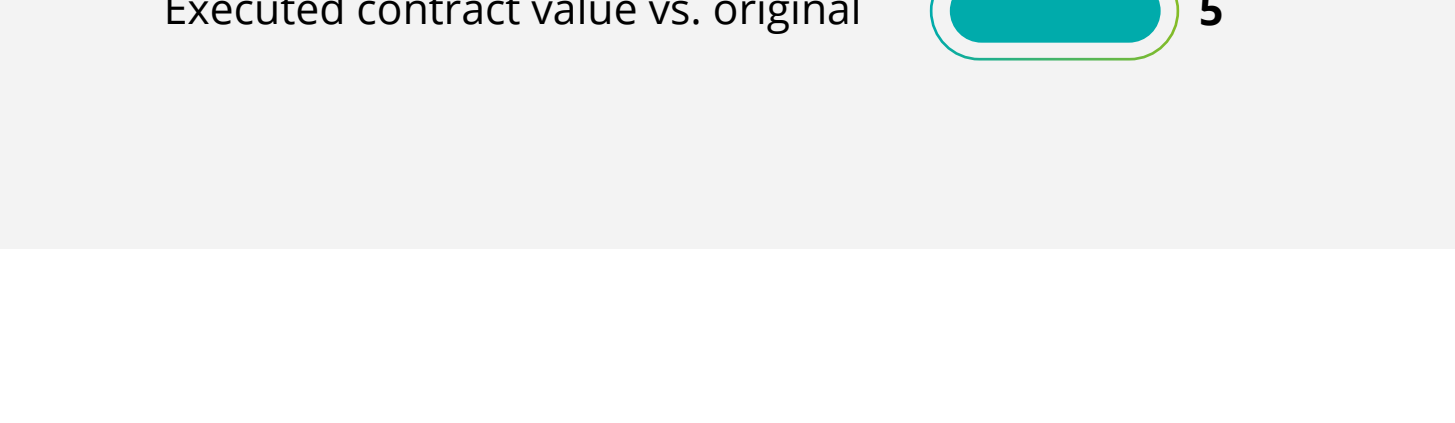
Change management goes hand in hand with key performance indicators (KPIs) to monitor and gauge progress. There's room to improve here, with roughly **47%** of legal operations professionals saying they track contract KPIs. The most common metrics are number of templates used, company vs. third-party paper, and contract turnaround time.

Contract KPIs currently tracked by legal operations

Top three tracked KPIs

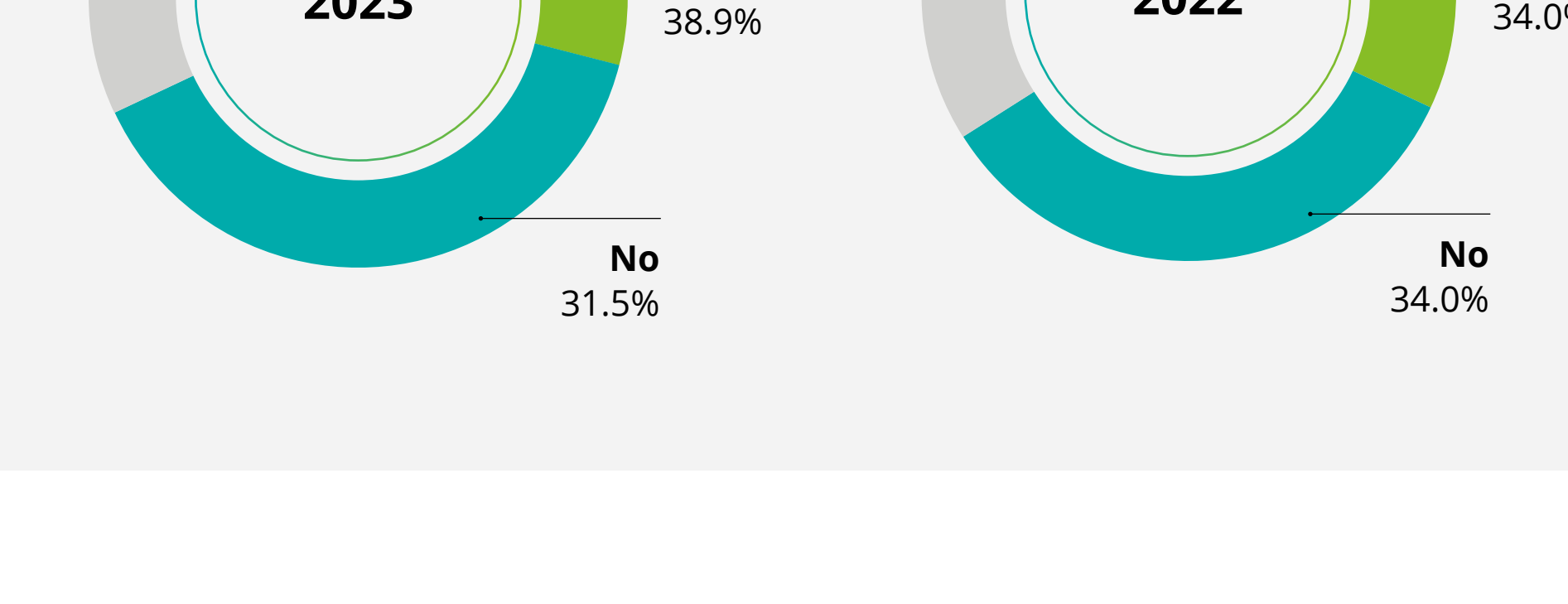


Bottom three tracked KPIs

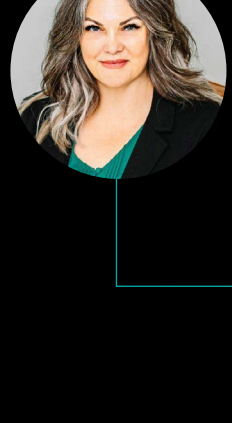


Another way legal operations can prepare to take advantage of GenAI is to create robust data pools for their CLM technology via integration with other enterprise systems (such as ERP, procurement, and sales). Here again, there's room for improvement, with **39%** of respondents reporting that they're doing so. Even so, that's up from 34% just one year earlier.

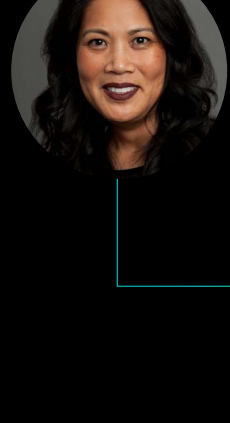
Is your CLM integrated with other enterprise systems?



These findings highlight the potential ways that GenAI can accelerate contract transformation, and Deloitte and Icertis can help you capture these opportunities. To learn more, please **watch the on-demand webinar** or contact the authors.



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