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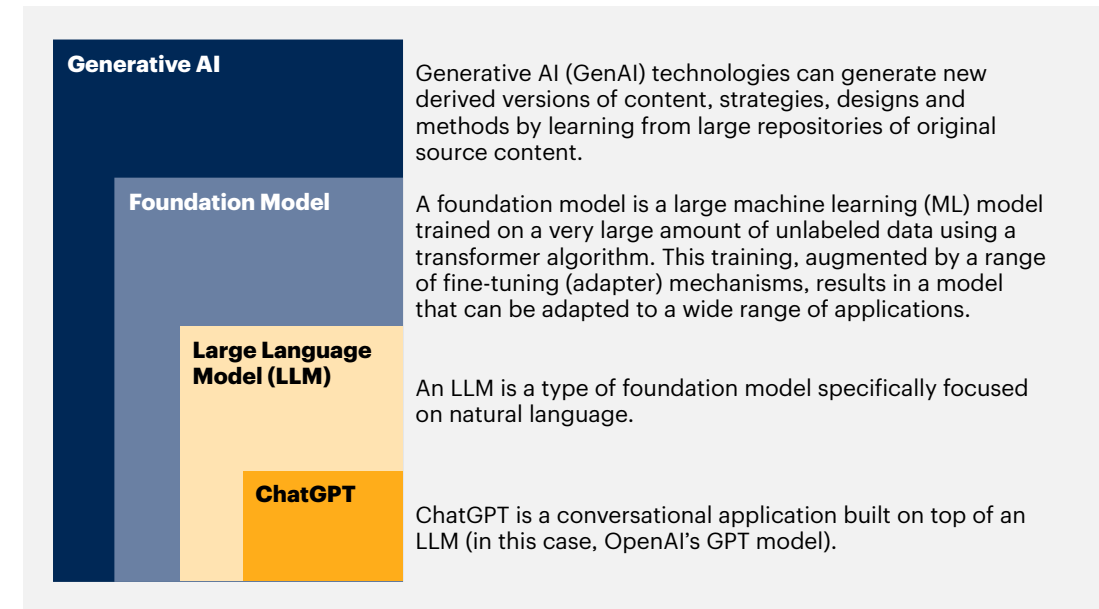
Gartner for Legal Risk & Compliance Leaders

Boost Legal Productivity With Generative AI

Since the release of ChatGPT in late 2022, the world has woken up to the potential benefits of Generative AI (GenAI). GenAI ingests large datasets to learn how to synthesize novel media and text in response to user prompts. This note focuses on LLMs, a subset of GenAI that generates text only.

Over the next two to five years, LLMs will boost legal department productivity by at least 10% to 20%, more than prior transformative technologies. The benefits of deploying LLMs for law practice far outweigh the risks. Legal departments must start working with LLMs now and not wait until the market matures.

Generative AI Encompasses Several Subtechnologies



Large Language Models Defined

Large language models (LLMs) are AI foundational models that have been trained on vast amounts of unlabeled textual data. Applications can use LLMs to accomplish a wide range of tasks, including question answering, content generation, content summarization, retrieval-augmented generation (RAG), code generation, language translation and conversational chat.

Many legal software providers announced LLM feature additions to their products in 2023. Because these features tap extensive legal content or incorporate tailored practice workflows, they promise better answers, more accurate citations and easier-to-use workflows than do general-purpose LLMs. For example, legal research providers such as LexisNexis and Thomson Reuters inform and control their LLM by reference to their vast databases of case law, statutes and other vetted content. Similarly, numerous contract management providers inform their LLM using their corpus of contracts, which can include hundreds or thousands of contracts. Organizations can deploy LLMs in several ways. The choice depends on factors such as cost, utility and security. The risks of each deployment type vary.

Three Approaches to Deploying LLM

	Publicly Accessible	Industry-Tailored	System-Integrated
What is it?	Publicly available, LLM products	Third-party vendor products that incorporate LLM products into a software or content product	Open-source or proprietary (licensable) LLM or foundation technology
Pros	• No or low financial costs • Anyone can access	• Potentially greater legal precision and access to nonpublic legal information • Stronger data protections • May include citations	• Ability to customize per individual company needs • Easy integration with internal company data and processes • Generally lower data loss risk than with public models
Cons	• Higher privacy and IP risk • Higher risk of “hallucinating” • More precise user input and training required • No citations • May not be current	• Higher cost • Limits on flexibility and ability to customize • Rapidly changing market; choosing can be difficult	• Requires strong internal technology capabilities and maintenance
Examples	OpenAI’s ChatGPT, Google’s Bard	Casetext CoCounsel or Harvey	Models included on Hugging Face, which require tech teams to integrate them into existing enterprise systems

Source: Gartner

Benefits and Uses of LLMs

GC must pay attention to LLMs, which will improve how lawyers practice — Prior new technologies streamlined some legal tasks but did not significantly change how lawyers practice:

- Email accelerated communication.
- The internet expanded and simplified access to legal and factual research.
- Mobile devices allowed working from anywhere, at any time.
- Social media built relationships and opened up new sources of information.

LLMs, in contrast, will change how lawyers practice. Early evidence suggests that LLMs improve outcomes and significantly accelerate core legal tasks, such as drafting and reviewing documents. Beyond boosting productivity, LLMs will also reduce the load on lawyers and staff in another way: legal departments will be able to deploy internal self-service systems to answer some requests and provide more intelligent request intake within the next three years.

An indicator of the power of LLMs is that GPT-4 (a brand of LLM) passed the bar exam at the 90th percentile. That suggests that LLMs can handle nuanced legal questions and draft complex answers, which supports the idea of significantly more productive law practice.

Multiple uses are possible in legal departments — The power to understand complex language and draft well-crafted language (though sometimes factually false) means that LLMs offer several key capabilities for lawyers:

- Generate text (e.g., write a legal memo from scratch)
- Summarize text (e.g., summarize long or multiple documents)
- Classify text (e.g., tag legal work by area law or with SALI's 13,000 open-source work descriptions)
- Extract text (e.g., find relevant contract provisions or sections of a policy)
- Compare and contrast text (e.g., redline)

These capabilities will accelerate a wide range of legal tasks, or “use cases.” Each legal department must identify workflows where these use cases can save sufficient time to warrant eventual testing.

Examples of Legal Tasks Where LLMs Will Improve Outputs and Efficiency (Legal Use Cases)

Legal Department Management	General Law Practice	Transactions	Litigation
• Intake • Spend analysis • Search within department work product and outside counsel outputs • Matter management • Training • Client communications drafting • Presentation creation • Classification of documents with standard legal work descriptors • Document translation (for informal use)	• Legal research • Document drafting • Comparison of documents (redlining) • Creation of client self-serve tools • Summarizations of complex statutes and regulations, and extraction of key information in a structured format	• Due diligence • Contract drafting • Contract review (e.g., extract clauses), drafting, clause selection and redlining • Comparisons of contracts against standards or playbooks • Contract migration • Contract summarization • Third-party paper review • Virtual assistance (e.g., for intake and searching)	• E-discovery search accessible to more lawyers • Deposition summaries and question generation • First drafts of interrogatories and demand letters • Extraction of key information from and routing to recipients of court documents • Timeline creation

Source: Gartner

Most promising use cases focus on document summaries and drafting —

The early evidence, based on what clients tell us and our conversations with professionals in large law firms who are testing LLMs, suggests that the most promising use cases are summarizing documents in litigation and drafting short documents (for example, email replies or legal project plans).

Many LLM-enhanced legal technology products are already available —

Many providers have released or announced LLM features in 2023. These providers have deep legal market experience and understand lawyer expectations. Consequently, their products likely offer greater protection for confidential information, more tailored answers for legal users, and less risk of hallucinations than do public or general purpose models.

Examples of Legal Technology Providers That Have Announced or Released LLM-powered Products

Product Category	Representative Legal Software Vendors With LLM Features
Legal Research and Drafting	Casetext, Harvey, LexisNexis, Thomson Reuters, Trellis, Macro, Paxton AI
Contract Management	ContractPodAI, Evisort, Icertis, Kira Systems, Ironclad, Luminance, Ontra, Pramata, Robin AI, Spellbook
Litigation	Clearbrief, CS Disco Cecilia, Docket Alarm, Everlaw, LegalMation, Logikcull (now a Reveal company), Relativity, ProSearch, Reveal, Docket Alarm
Document Management	iManage, NetDocuments
AI Governance	Lega, LLM Shield
Other	Deepjudge (search), Docket Alarm (docket document summaries), Eigen Technologies (extract data from documents), Gavel (document automation), Josef (ask questions of policies), IBM Open Pages (GRC), Lupl (matter management), Pursuit (RFP and reverse auctions), SALI (legal work tags with auto-classification LLM)

Source: Gartner

Legal departments likely will need to use multiple legal-specific LLM products — While LLMs can perform many tasks, a single LLM probably cannot fulfill all legal department use cases. First, out-of-the box, general purpose LLMs (for example, OpenAI, Bard, Anthropic) lack sufficient knowledge of legal workflows and source material to ensure the high degree of accuracy lawyers need. And second, legal-specific LLM products typically focus on a limited number of legal workflows. Consequently, legal departments will likely need to license multiple legal technology and content products with LLM capabilities across distinct workflows: legal spend management and analysis, legal research and drafting, and contract management. This will exacerbate the long-standing problem of a fragmented legal tech market.

Gaining the benefit of productivity boosts will, however, require time and investment — Achieving significant productivity gains will, however, take longer than many legal leaders think. Our clients express high interest in LLMs, but only a few are using them so far. Legal departments will need time to test LLM tools and incorporate them into existing workflows.

We recommend that legal leaders work with their outside counsel to accelerate their understanding and eventual adoption of LLMs. Law firms are further ahead of legal departments, with many having deployed LLM-based products, including Allen & Overy, Allens, Buchanan Ingersoll & Rooney, Davis Wright Tremaine, Dentons, Dykema, DLA Piper, Fisher Phillips, Gunderson Dettmer, Linklaters, Perkins Coie, PwC Legal, Travers Smith, and Troutman Pepper.

These and other law firms are actively testing use cases beyond what we see most legal departments doing. GC can ask outside counsel to share what they are learning to save the legal department time in testing and evaluating products.

Risks of LLMs

GenAI has numerous potential risks.

Generative AI Risks and Mitigation Steps

Risk	Description	Mitigation Steps
Unreliable Outputs	LLM outputs can be faulty based on the tools' inability to understand the content or inaccurate training material.	Assign a skilled lawyer or staff to carefully check the correctness and quality of outputs. Mitigate risk of general-purpose LLMs with legal-market-specific ones.
Data Privacy and Confidentiality	Information entered in some LLMs may become a part of their training set.	Ensure appropriate terms of service in vendor agreements. Deploy technical means to protect confidential and sensitive information. Use AI governance software if available.
Model and Output Bias	LLM tools may produce biased outputs.	Understand model inputs, and evaluate outputs for possible bias.
Intellectual Property (IP)	IP that is input may become a part of the training set, and outputs may violate copyright or IP protections.	Understand vendor terms of service and whether/how LLMs ingest and retain confidential information. Evaluate outputs carefully.*
Cybersecurity	Bad actors can misuse LLMs to access information at scale or generate malware attacks.	Provide training on avoiding phishing and malware— many organizations already do, but materials and intensity may need to be enhanced.
Third Party	Organizational data can be compromised by third parties' use of LLM tools.	Check third-party services and software terms of service, and perform typical cloud or other security audits.
Liability	Liability associated with LLM outputs remains unclear. In some cases, users are liable for the tool output.	Review the terms of service to understand the liability provisions.

*Determining whether output violates copyright may require legal counsel; Gartner does not provide legal advice.

Source: Gartner

We recommend the following steps to mitigate and manage risks:

- 1. Weigh relative risks** — Enterprises should compare LLM risks against other risks. LLM risks are probably lower than other relatively common risks such a supply chain disruption or a significant cyber incident. General counsel (GC) must avoid concluding that because models do not achieve 100% accuracy, LLMs are not useful. They should join with other C-suite members, who balance speed, cost and accuracy. Said simply, “perfection” is the wrong standard; use the enterprise “good enough” standard.
- 2. Ensure lawyers and staff check the LLM outputs** — Lawyers and staff must check outputs to catch hallucinations, spot bias or potential IP violations and avoid or correct other problems associated with LLMs.
- 3. Select products with the most favorable terms of service** — Terms of service vary by provider. GC should select products with the most favorable terms. For example, Adobe Firefly, Microsoft CoPilot and Generative AI by Getty Images offer indemnification for copyright violations, which may be appropriate for legal departments seeking to manage this risk.
- 4. Establish appropriate guidelines and governance** — Many organizations have issued AI policies or comparable guidance. Legal departments must follow these policies.
- 5. Update third-party contracts** — Suppliers that deploy GenAI can create risks when they use it. While there is an argument that well-drafted contracts already protect against some AI risks via data protection provisions, some clients with whom we speak have revisited these provisions or added AI disclosure provisions.
- 6. Monitor emerging government regulation** — Government regulations will likely soon take effect (albeit at different times in different jurisdictions), which may alter the risk landscape further.

Leaders must strike a balance between moving too fast to manage risks, and moving too slowly and lagging behind others who wield these tools effectively.

Adoption Rate

With the LLM market developing rapidly and many organizations still licensing products, measuring legal department LLM adoption is difficult. We take many calls from clients across sectors (private, government and not-for-profit), across industries, and from organizations relatively local and small to global and massive. Across the board, we see anecdotal evidence of early testing of and investing in GenAI. As of October 2023, we see more adoption in very large enterprises than we do in smaller ones. At least in the short term, larger enterprises have the advantage of more resources to resolve the technical challenges that currently exist.

We expect, however, that LLM providers will improve offerings and build them into widely used tools. For example, Google's Generative AI is already available to select users, and Microsoft will release Copilot to Microsoft 365 customers starting November 2023. As GenAI becomes more available in products used daily by millions, the barriers to wider-spread adoption will fall. This wider availability, however, does not obviate the need for careful testing and ensuring AI features integrate properly into existing workflows, or to completely revamp those workflows.

Recommendations

Legal leaders must

- Meet ever-accelerating demands of the business and match the speed of legal counterparties by evaluating LLM support for legal work and preparing to integrate LLM-based technology into legal department workflows. Do not wait: the benefits of learning early outweigh the risks starting now.
- Follow LLM market developments and scope potential use cases by working with parties already using LLMs, including other corporate functions, outside counsel and legal technology vendors.
- Identify legal workflows for which LLMs could boost task productivity by more than 10% by selecting one or more LLM-based technologies to test. Use products already licensed by the enterprise (with appropriate safeguards for often-sensitive legal content) or pilot a legal-market LLM product.
- Support LLM-enhanced workflows by creating a committee or advisory board of legal leaders and lawyers who monitor the LLM market and oversee department testing. They must establish prospective success metrics, oversee systematic testing to plan for broader deployment, and serve as a resource and change agent for improving legal workflows.

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