2024 Investing in Legal Innovation Survey

The Rise of GenAI at Top Firms & Corporations
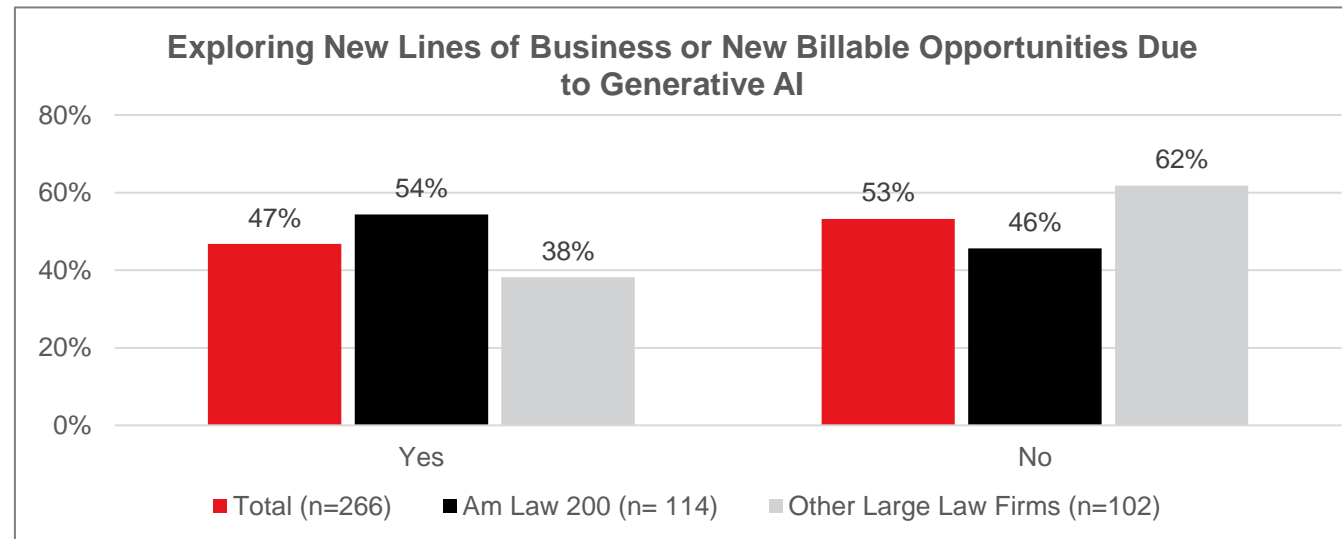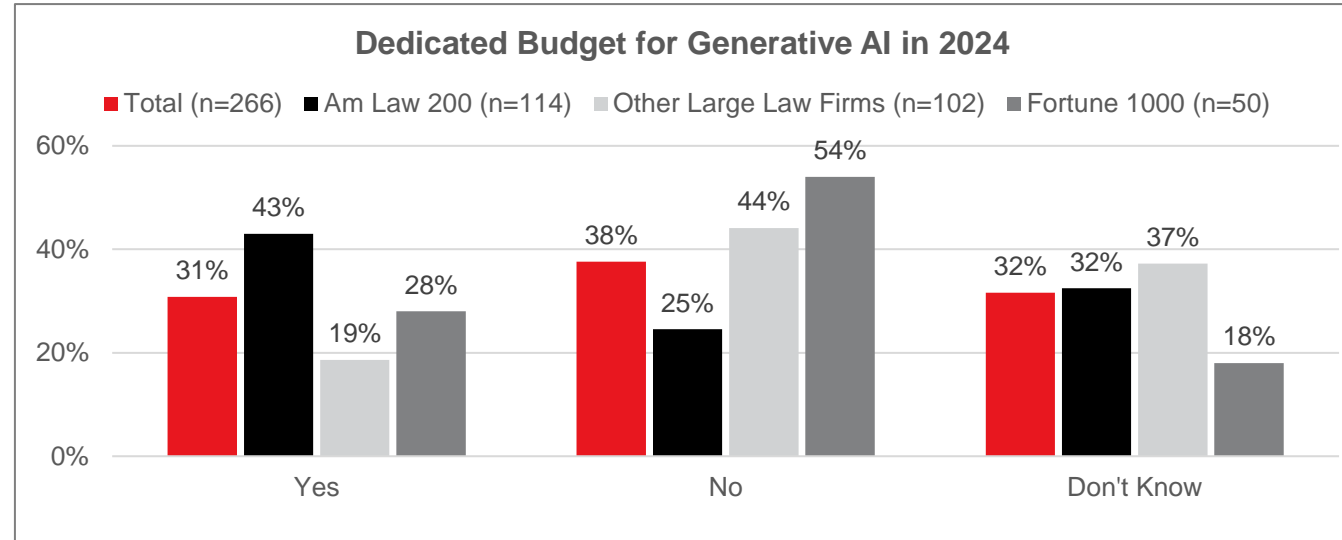
Full Survey Results

LexisNexis®

Executive Summary

Executive Summary

LexisNexis Legal & Professional®, a leading global provider of information and analytics, conducted a survey across 266 Managing Partners and C-suite leaders at Am Law 200 and other large law firms*, as well as legal professionals at Fortune 1000 companies between December 6, 2023 and January 9, 2024. Findings include results from 114 executives across 68 Am Law 200 firms, 102 executives across 79 other large law firms, and 50 executives across 44 Fortune 1000 companies. Surveys were conducted in English via the Forsta survey platform.
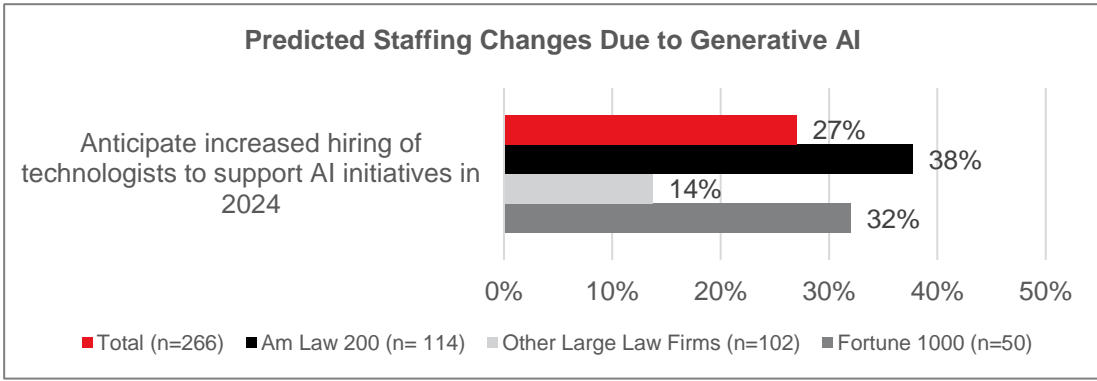
Nearly a third of the executives surveyed indicate their firm has a dedicated budget for generative AI in 2024 (31%), and most expect their investment in generative AI technologies to increase over the next 5 years (90%).

Firms recognize the potential return on their investment, with 47% believing generative AI technology will decrease costs and 30% believing it will increase revenue. Nearly half of executives are exploring new business opportunities made possible by the technology (47%).

*non-Am Law 200 firms with 50 or more attorneys.

Dedicated Budget for Generative AI in 2024

Legend: Total (n=266), Am Law 200 (n=114), Other Large Law Firms (n=102), Fortune 1000 (n=50)

- Yes: 31%, 43%, 19%, 28%
- No: 38%, 25%, 44%, 54%
- Don't Know: 32%, 32%, 37%, 18%

Exploring New Lines of Business or New Billable Opportunities Due to Generative AI

Legend: Total (n=266), Am Law 200 (n=114), Other Large Law Firms (n=102)

- Yes: 47%, 54%, 38%
- No: 53%, 46%, 62%

Executive Summary

Predicted Staffing Changes Due to Generative AI

Anticipate increased hiring of technologists to support AI initiatives in 2024
- 27%
- 38%
- 14%
- 32%

■ Total (n=266) ■ Am Law 200 (n= 114) ■ Other Large Law Firms (n=102) ■ Fortune 1000 (n=50)

Top Priorities for Using Generative AI
(% ranking as 1, 2 or 3)

Priority	%
Legal research	55%
Summarize documents	52%
Drafting documents	39%
Contract Analytics	31%
Conduct diligence	28%

Obstacles to Adoption of Generative AI

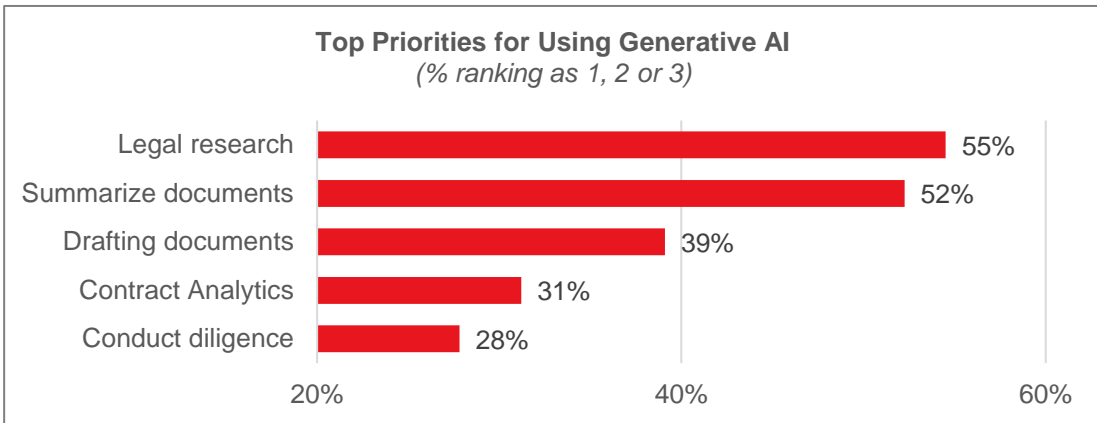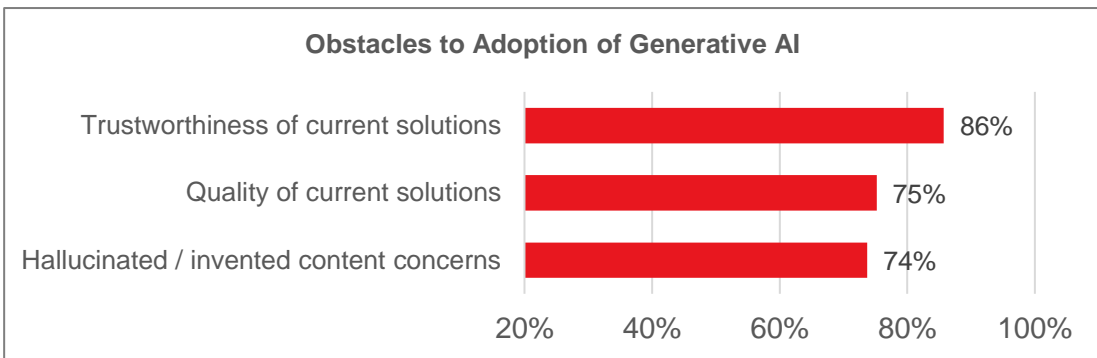| Obstacle	%
Trustworthiness of current solutions	86%
Quality of current solutions	75%
Hallucinated / invented content concerns	74%

Firms believe the technology will positively impact hiring, with 27% anticipating an increased need for technologists in 2024.

The top five ways these firms plan to use AI technology are:

- Legal research (55%)
- Summarize documents (52%)
- Drafting documents (39%)
- Contract analytics (31%)
- Conduct diligence (28%)

Firms indicated the biggest hurdles to adoption of generative AI-powered solutions are:

- Trustworthiness of current solutions (86%)
- Quality of current solutions (75%)
- Hallucinated / invented content concerns (74%)

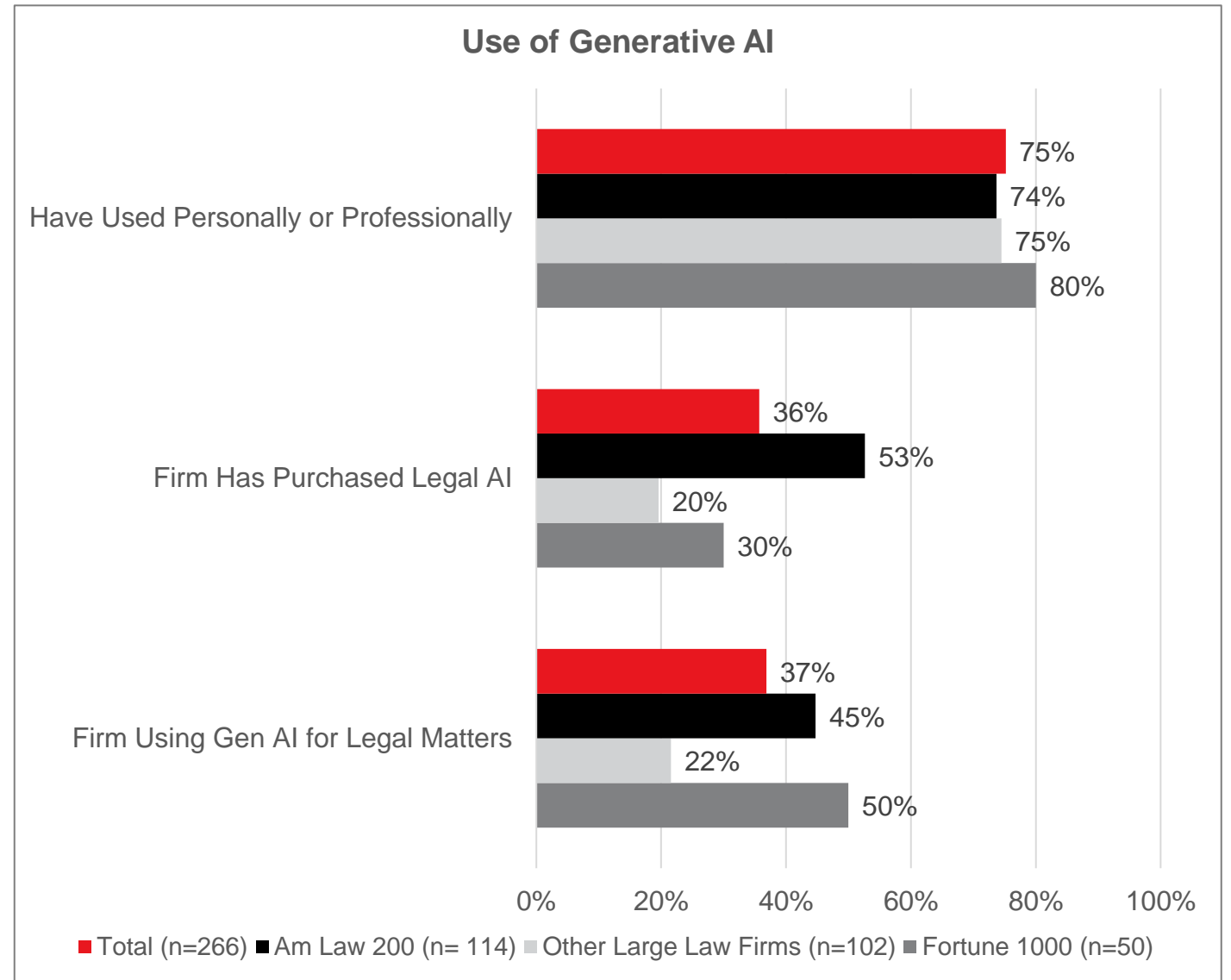# Findings

Use of Generative AI

Most executives have used generative AI tools, either personally or professionally (75%).

About a third of executives indicate their firms have purchased a Legal AI tool, and a similar number are using generative AI for legal matters.

However, more than half of Am Law 200 executives have purchased Legal AI tools, significantly more than other large law firms* or Fortune 1000 firms.

Am Law 200 and Fortune 1000 executives have also begun using generative AI for legal matters significantly more than other large law firm executives.

*non-Am Law 200 firms with 50 or more attorneys.

Use of Generative AI

Have Used Personally or Professionally
- 75%
- 74%
- 75%
- 80%

Firm Has Purchased Legal AI
- 36%
- 53%
- 20%
- 30%

Firm Using Gen AI for Legal Matters
- 37%
- 45%
- 22%
- 50%

Legend: ■ Total (n=266) ■ Am Law 200 (n= 114) ■ Other Large Law Firms (n=102) ■ Fortune 1000 (n=50)

Current Budget for Generative AI

Dedicated Budget for Generative AI in 2024

Legend: ■ Total (n=266) ■ Am Law 200 (n= 114) ■ Other Large Law Firms (n=102) ■ Fortune 1000 (n=50)

Yes
- Total: 31%
- Am Law 200: 43%
- Other Large Law Firms: 19%
- Fortune 1000: 28%

No
- Total: 38%
- Am Law 200: 25%
- Other Large Law Firms: 44%
- Fortune 1000: 54%

Don't Know
- Total: 32%
- Am Law 200: 32%
- Other Large Law Firms: 37%
- Fortune 1000: 18%

Budget Size as % of Revenue
(among those with dedicated 2024 budget)

Less than 0.5%
- Total: 41%
- Am Law 200: 39%
- Other Large Law Firms: 58%
- Fortune 1000: 29%

0.5% - 0.9%
- Total: 15%
- Am Law 200: 14%
- Other Large Law Firms: 11%
- Fortune 1000: 21%

1.0% - 1.9%
- Total: 13%
- Am Law 200: 12%
- Other Large Law Firms: 16%
- Fortune 1000: 14%

2.0% - 2.9%
- Total: 6%
- Am Law 200: 6%
- Other Large Law Firms: 0%
- Fortune 1000: 14%

Don't know
- Total: 24%
- Am Law 200: 29%
- Other Large Law Firms: 16%
- Fortune 1000: 21%

Legend: ■ Total (n=82) ■ Am Law 200 (n= 49) ■ Other Large Law Firms (n=19) ■ Fortune 1000 (n=14)

Nearly a third of all executives surveyed indicate their firm has a dedicated budget for generative AI in 2024. However, another third are unsure if their firm has a dedicated budget.

Significantly more Am Law 200 executives have dedicated budget for generative AI than other large law firm* or Fortune 1000 executives.

Of those who have a dedicated budget, most (56%) are spending less than 1% of revenue on generative AI in 2024.

*non-Am Law 200 firms with 50 or more attorneys.
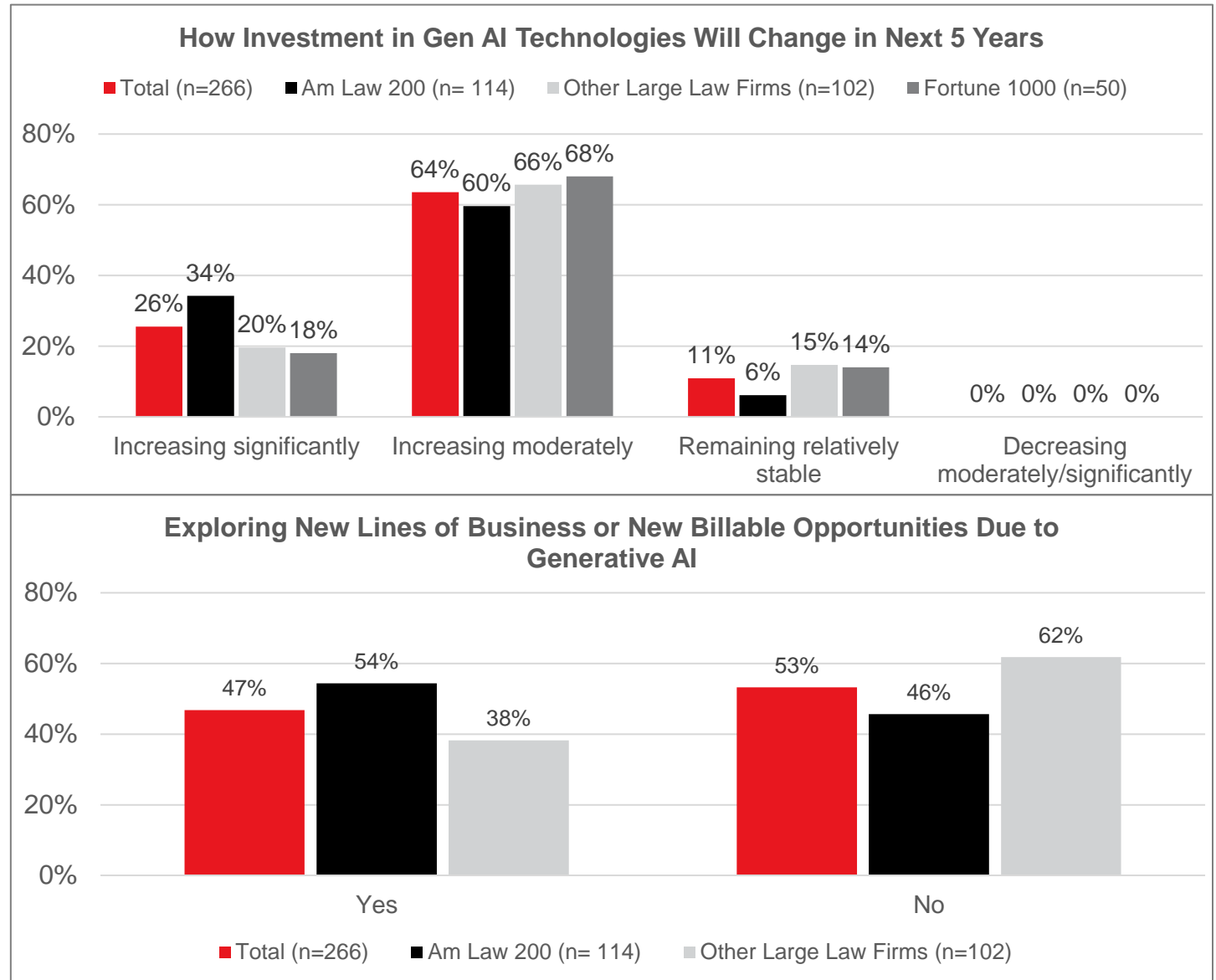
Future Investment & Opportunities

Nearly all executives expect investment in generative AI technologies to increase over the next 5 years.

A third of Am Law 200 executives foresee their firm's investment increasing significantly within 5 years.

Nearly half of legal executives are currently exploring new lines of business or billable opportunities made possible by generative AI technologies.

Am Law 200 executives are exploring the opportunities significantly more than their other large law firm* counterparts.

*non-Am Law 200 firms with 50 or more attorneys.

How Investment in Gen AI Technologies Will Change in Next 5 Years

Legend: ■ Total (n=266)   ■ Am Law 200 (n= 114)   ■ Other Large Law Firms (n=102)   ■ Fortune 1000 (n=50)

- Increasing significantly: 26%, 34%, 20%, 18%
- Increasing moderately: 64%, 60%, 66%, 68%
- Remaining relatively stable: 11%, 6%, 15%, 14%
- Decreasing moderately/significantly: 0%, 0%, 0%, 0%

Exploring New Lines of Business or New Billable Opportunities Due to Generative AI

- Yes: 47%, 54%, 38%
- No: 53%, 46%, 62%

Legend: ■ Total (n=266)   ■ Am Law 200 (n= 114)   ■ Other Large Law Firms (n=102)

Why Firms Are or Are Not Exploring Opportunities

Reasons for exploring new lines of business include:

- Evaluating new practice areas and client offerings focused on AI legal issues and implementation. Firms see opportunities in advising clients directly on AI strategies and compliance.

- There is interest in using AI to provide new services or products and pursue work that was previously seen as unprofitable, as well as exploring ways AI can complement human lawyers and enhance productivity. Finding ways to smoothly integrate AI to improve workflows vs. replace lawyers.

- Evaluating the impacts on billing models is a major focus. AI could reduce billable hours but also enable value-based pricing. Firms are considering flat fees, alternative arrangements, and contracting for outputs rather than time.

- Leveraging AI to take on routine legal work and high-volume matters more efficiently. AI is seen as a way to automate lower-level tasks, speed up document review and drafting, reduce billing errors and overhead, and become more efficient.

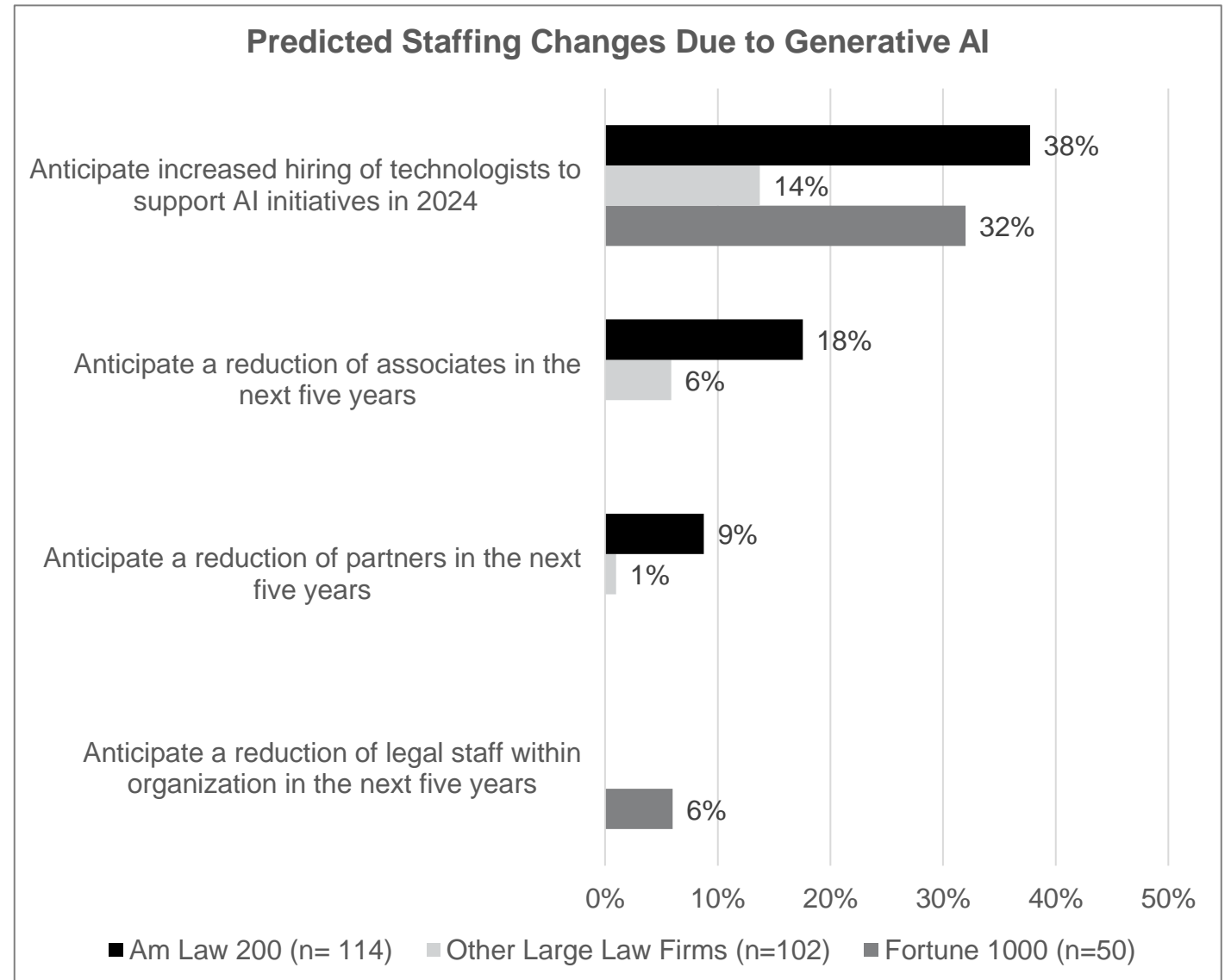Reasons for not exploring new lines of business include:

- Concerns about the accuracy, reliability and maturity of generative AI. Firms want more testing and vetting before fully embracing it.

- Unsure how generative AI can open up new business opportunities. The focus is still on using AI to increase efficiency and productivity for existing services, not necessarily to provide new services. More time is needed to understand the possibilities.

- Firms need more understanding of the technology's capabilities and limitations before determining how to leverage it.

- Concerns about client perceptions and regulatory restrictions. Some clients prohibit use of AI, and firms are cautious after sanctions in cases involving unvetted AI output.

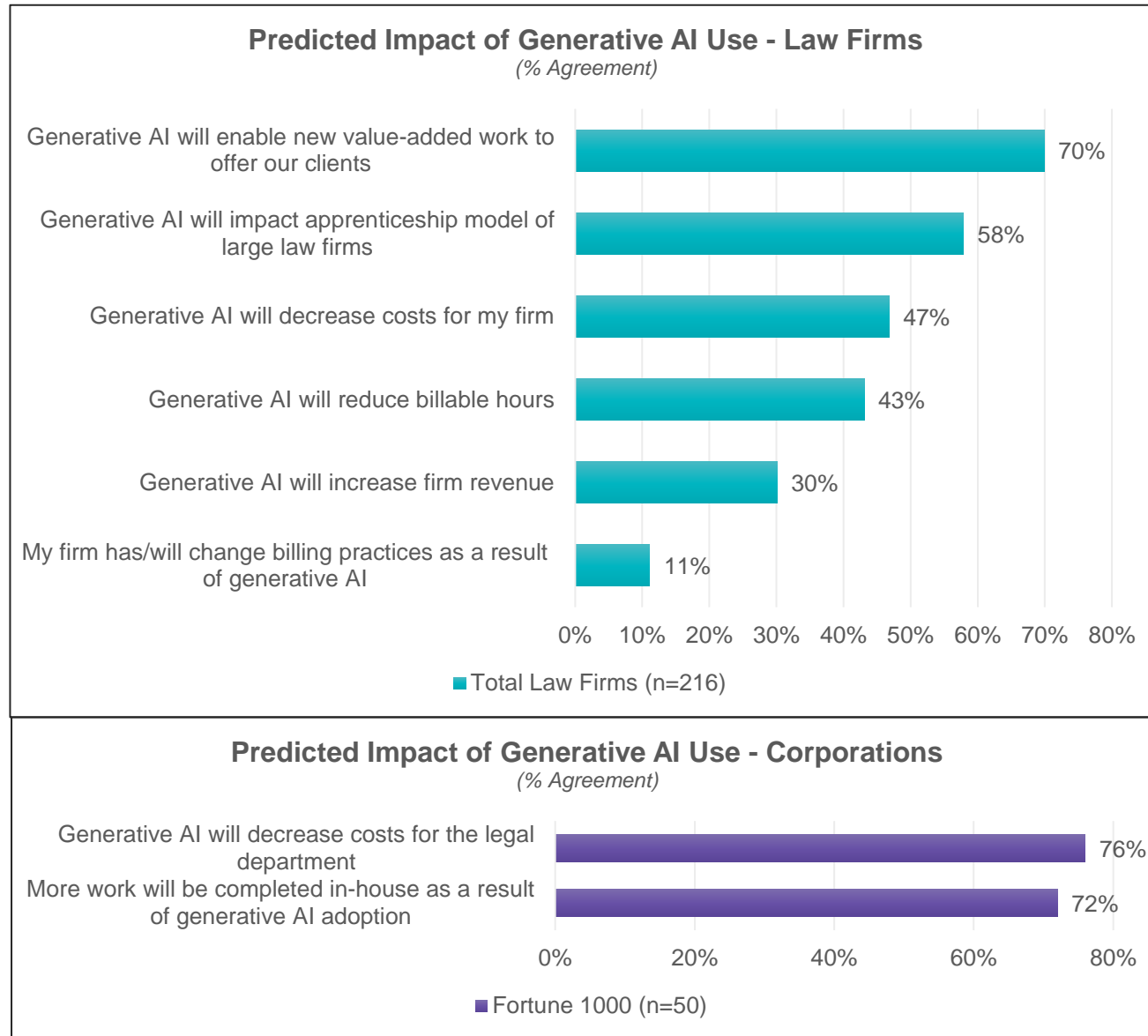# Predicted Staffing Changes Due to Generative AI

About a third of both Am Law 200 and Fortune 1000 executives expect to increase hiring of technologists, such as data scientists, to support generative AI initiatives at their firms this year. Significantly fewer other large law firm* executives (14%) anticipate hiring additional technologists in 2024.

Only a small number of executives expect a reduction in legal roles over the next five years, though 1 in 5 Am Law 200 executives predict a reduction in the need for associates.

*non-Am Law 200 firms with 50 or more attorneys.

Predicted Staffing Changes Due to Generative AI

Anticipate increased hiring of technologists to support AI initiatives in 2024
- 38%
- 14%
- 32%

Anticipate a reduction of associates in the next five years
- 18%
- 6%

Anticipate a reduction of partners in the next five years
- 9%
- 1%

Anticipate a reduction of legal staff within organization in the next five years
- 6%

0% 10% 20% 30% 40% 50%

■ Am Law 200 (n= 114)   ■ Other Large Law Firms (n=102)   ■ Fortune 1000 (n=50)

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Predicted Impact of Generative AI

Predicted Impact of Generative AI Use - Law Firms
(% Agreement)

Statement	Value
Generative AI will enable new value-added work to offer our clients	70%
Generative AI will impact apprenticeship model of large law firms	58%
Generative AI will decrease costs for my firm	47%
Generative AI will reduce billable hours	43%
Generative AI will increase firm revenue	30%
My firm has/will change billing practices as a result of generative AI	11%

0% 10% 20% 30% 40% 50% 60% 70% 80%

■ Total Law Firms (n=216)

Predicted Impact of Generative AI Use - Corporations
(% Agreement)

Statement	Value
Generative AI will decrease costs for the legal department	76%
More work will be completed in-house as a result of generative AI adoption	72%

0% 20% 40% 60% 80%

■ Fortune 1000 (n=50)

Overall, large law firm leaders expect to gain value from generative AI solutions. 70% believe these solutions will enable new value-added work product for clients, while nearly half expect to achieve a reduction in costs from use of generative AI solutions. About a third expect these solutions to result in a direct impact on firm revenue.

However, approximately 2 in 5 large law firm executives expect generative AI to reduce their firm's billable hours, though currently few firms are changing or planning to change their billing practices (11%).

More Fortune 1000 executives expect generative AI to produce value for their organizations, with around three-quarters expecting both cost savings for their legal departments and the ability to complete more work in-house.
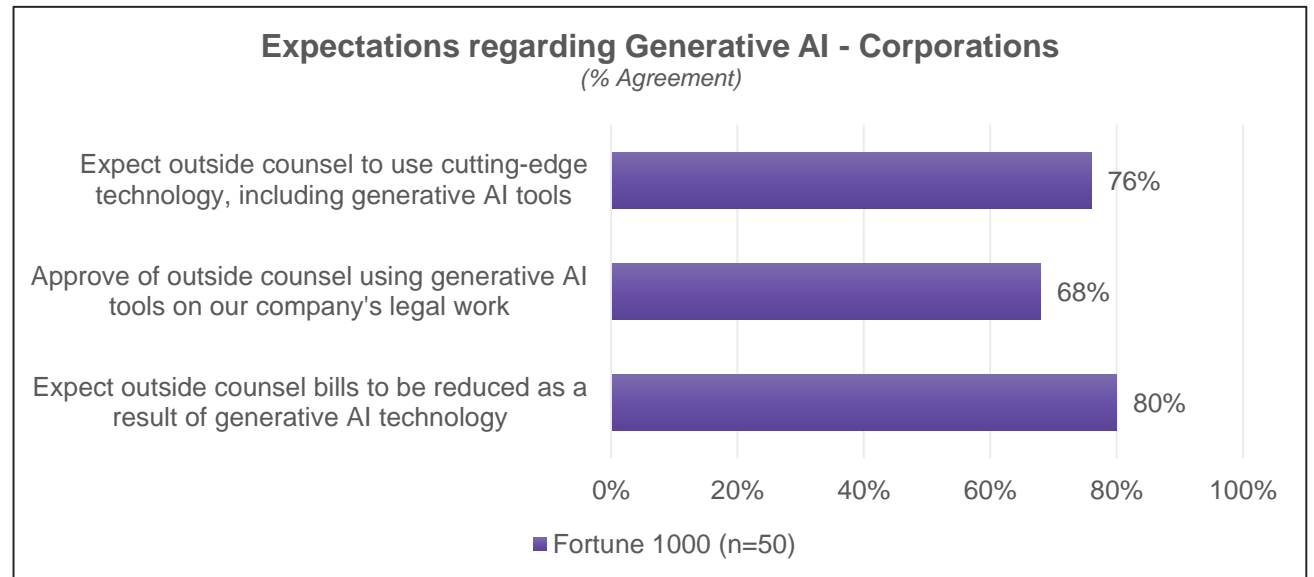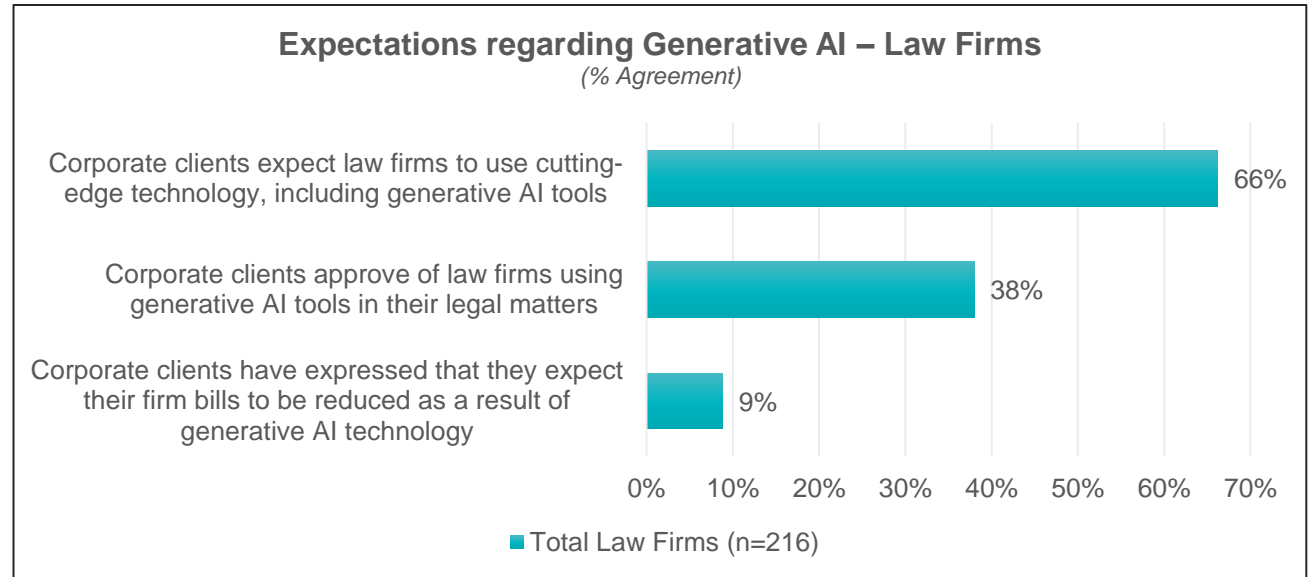
Expectations regarding Generative AI

Fortune 1000 in-house counsel have higher expectations regarding the use of generative AI in law firms than large law firm executives.

The biggest gap exists around expectations to changes in billing. Most Fortune 1000 executives (80%) expect to see a reduction in billing from outside counsel due to efficiencies created by generative AI. However, only 9% of large law firm executives report that their corporate clients have expressed this expectation.

While two-thirds of in-house counsel approve of law firms using generative AI in legal matters, only a third of large law firm executives believe their corporate clients approve of this use.

The smallest gap in expectations is seen regarding the use of generative AI and other cutting-edge technology at law firms, as a majority of both groups believe corporate clients expect this of their outside counsel.

Expectations regarding Generative AI – Law Firms
(% Agreement)

Statement	Value
Corporate clients expect law firms to use cutting-edge technology, including generative AI tools	66%
Corporate clients approve of law firms using generative AI tools in their legal matters	38%
Corporate clients have expressed that they expect their firm bills to be reduced as a result of generative AI technology	9%

■ Total Law Firms (n=216)

Expectations regarding Generative AI - Corporations
(% Agreement)

Statement	Value
Expect outside counsel to use cutting-edge technology, including generative AI tools	76%
Approve of outside counsel using generative AI tools on our company's legal work	68%
Expect outside counsel bills to be reduced as a result of generative AI technology	80%

■ Fortune 1000 (n=50)

Trust & Obstacles to Adoption of Generative AI

Only 25% of executives surveyed currently trust generative AI technology for legal work, though another 40% are neutral toward the technology.

Of those who agree they can trust generative AI for legal work, only 2% strongly agree – further indicating a need for trusted solutions in this space.
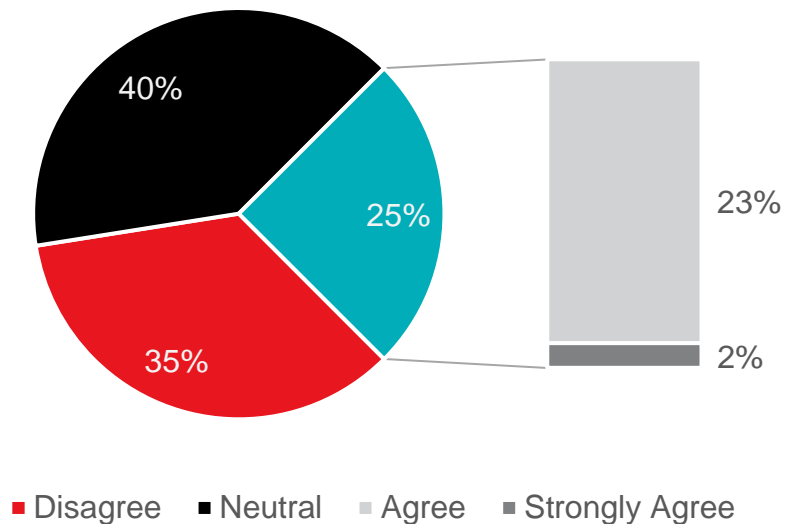
Fortune 1000 executives are more trusting of the technology than legal executives (36% agree/trust, 12% disagree/distrust).

Accordingly, trustworthiness was mentioned most often as an obstacle to adopting generative AI solutions (86%).
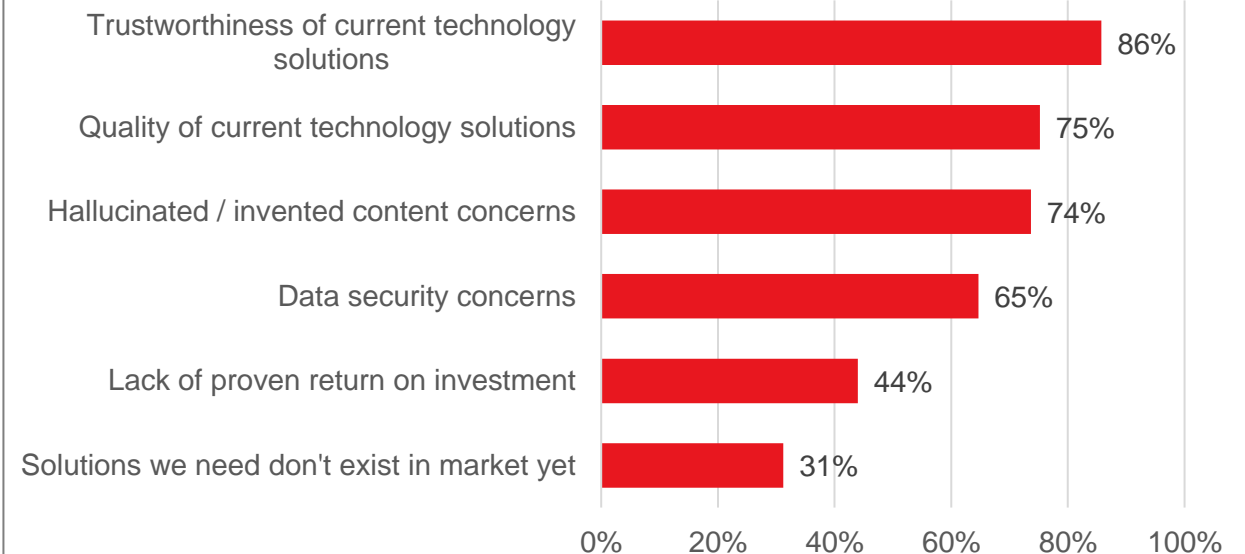
Most executives also mention the quality of current solutions and hallucinations/invented content as obstacles to adoption.

Fortune 1000 executives mention hallucinations as an obstacle significantly less than legal executives (54% vs 78%).

'I trust generative AI technology for legal work'

40%
25%
23%
35%
2%

■ Disagree ■ Neutral ■ Agree ■ Strongly Agree

Obstacles to Adoption of Generative AI

Obstacle	%
Trustworthiness of current technology solutions	86%
Quality of current technology solutions	75%
Hallucinated / invented content concerns	74%
Data security concerns	65%
Lack of proven return on investment	44%
Solutions we need don't exist in market yet	31%

0%   20%   40%   60%   80%   100%
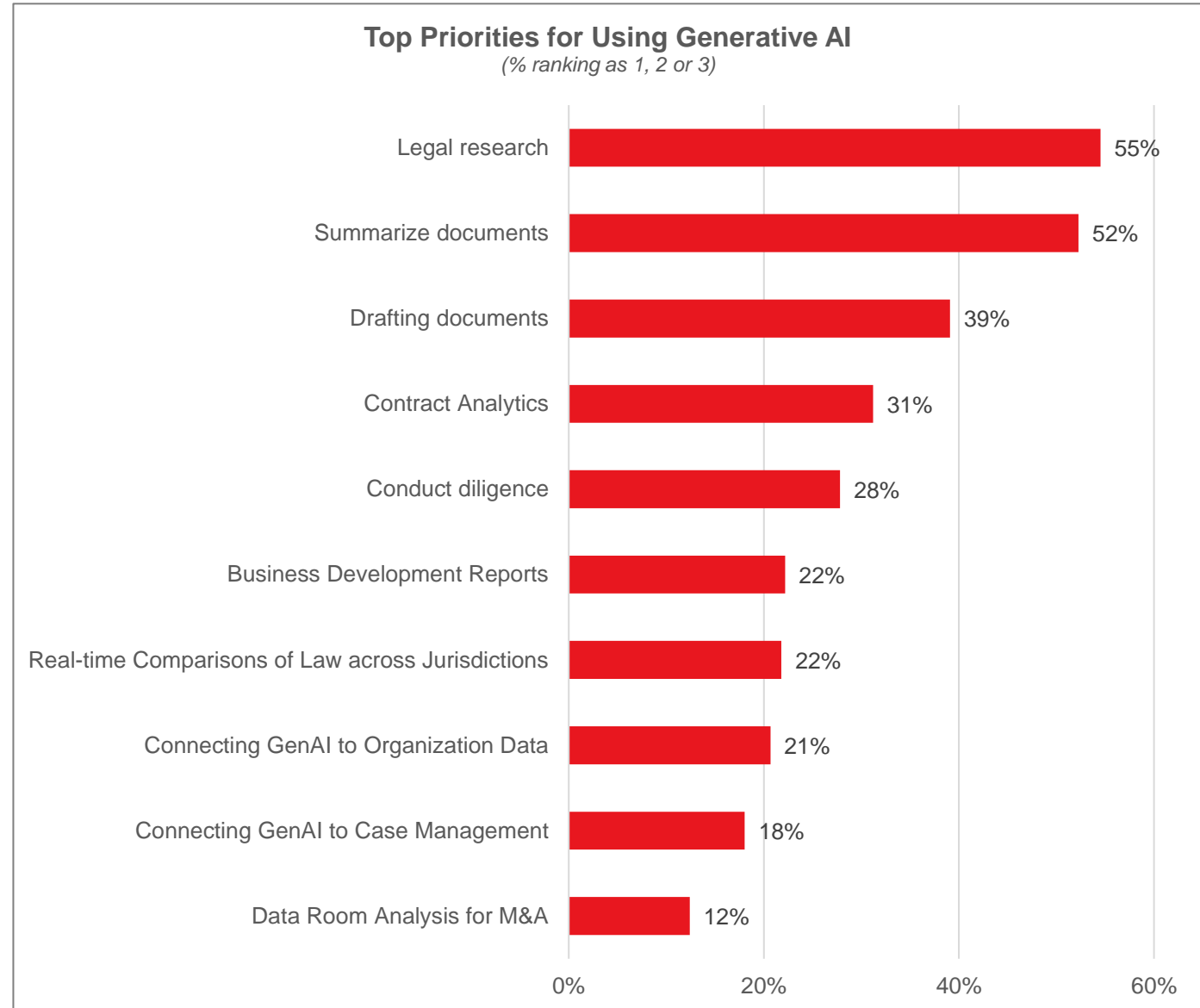
Priority Use Cases for Generative AI

Currently, legal executives are prioritizing the use of generative AI for legal research and to summarize documents.

About a third indicate that drafting documents and analyzing contracts are top priorities for their firms.
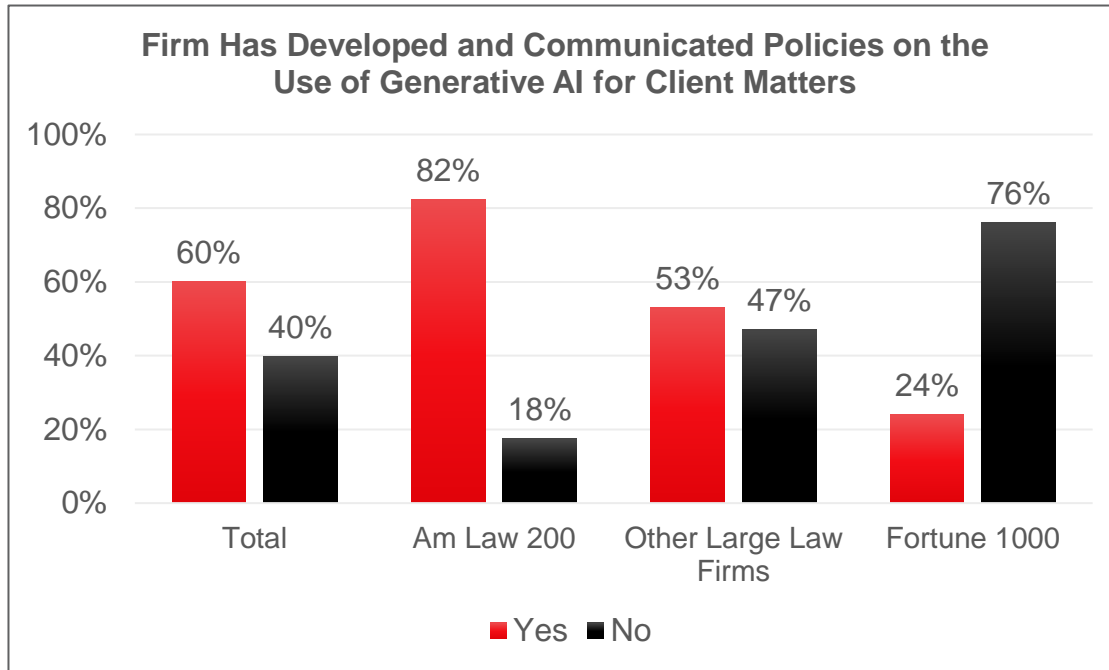
Findings are similar by segment, with no statistically significant differences noted. However, contract analytics emerges as the number 1 priority for Fortune 1000 executives (48% vs 29% Am Law 200 and 25% other large law firms*).

Data room analysis for M&A and connecting generative AI solutions to internal systems is currently of lowest priority.

*non-Am Law 200 firms with 50 or more attorneys.

Top Priorities for Using Generative AI
(% ranking as 1, 2 or 3)

Use Case	%
Legal research	55%
Summarize documents	52%
Drafting documents	39%
Contract Analytics	31%
Conduct diligence	28%
Business Development Reports	22%
Real-time Comparisons of Law across Jurisdictions	22%
Connecting GenAI to Organization Data	21%
Connecting GenAI to Case Management	18%
Data Room Analysis for M&A	12%

Policies & Pro Bono Work

Firm Has Developed and Communicated Policies on the Use of Generative AI for Client Matters

Category	Yes	No
Total	60%	40%
Am Law 200	82%	18%
Other Large Law Firms	53%	47%
Fortune 1000	24%	76%

■ Yes ■ No

Currently Using or Planning to Use Legal Generative AI Tools for Pro Bono Work

Category	Yes	No
Total	16%	84%
Am Law 200	20%	80%
Other Large Law Firms	18%	82%
Fortune 1000	4%	96%

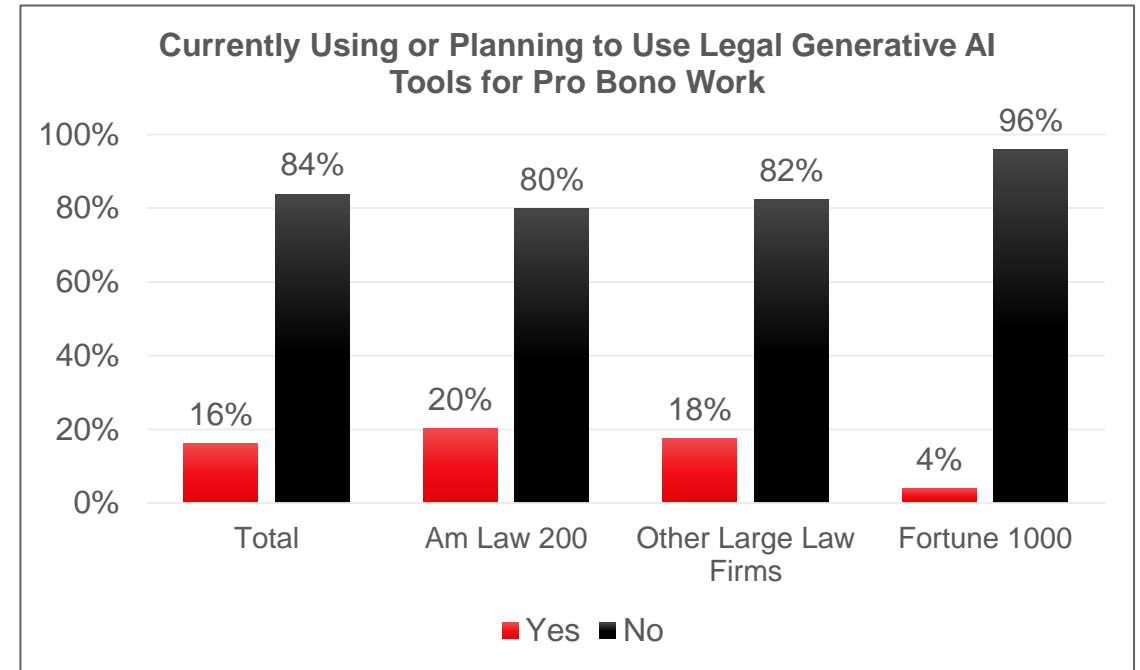■ Yes ■ No

Am Law 200 firms are ahead of the curve in developing and communicating policies about generative AI use in client matters, with significantly more Am Law 200 executives indicating such policies are in place than their counterparts (82% vs 53% other large law firms*, 24% Fortune 1000).

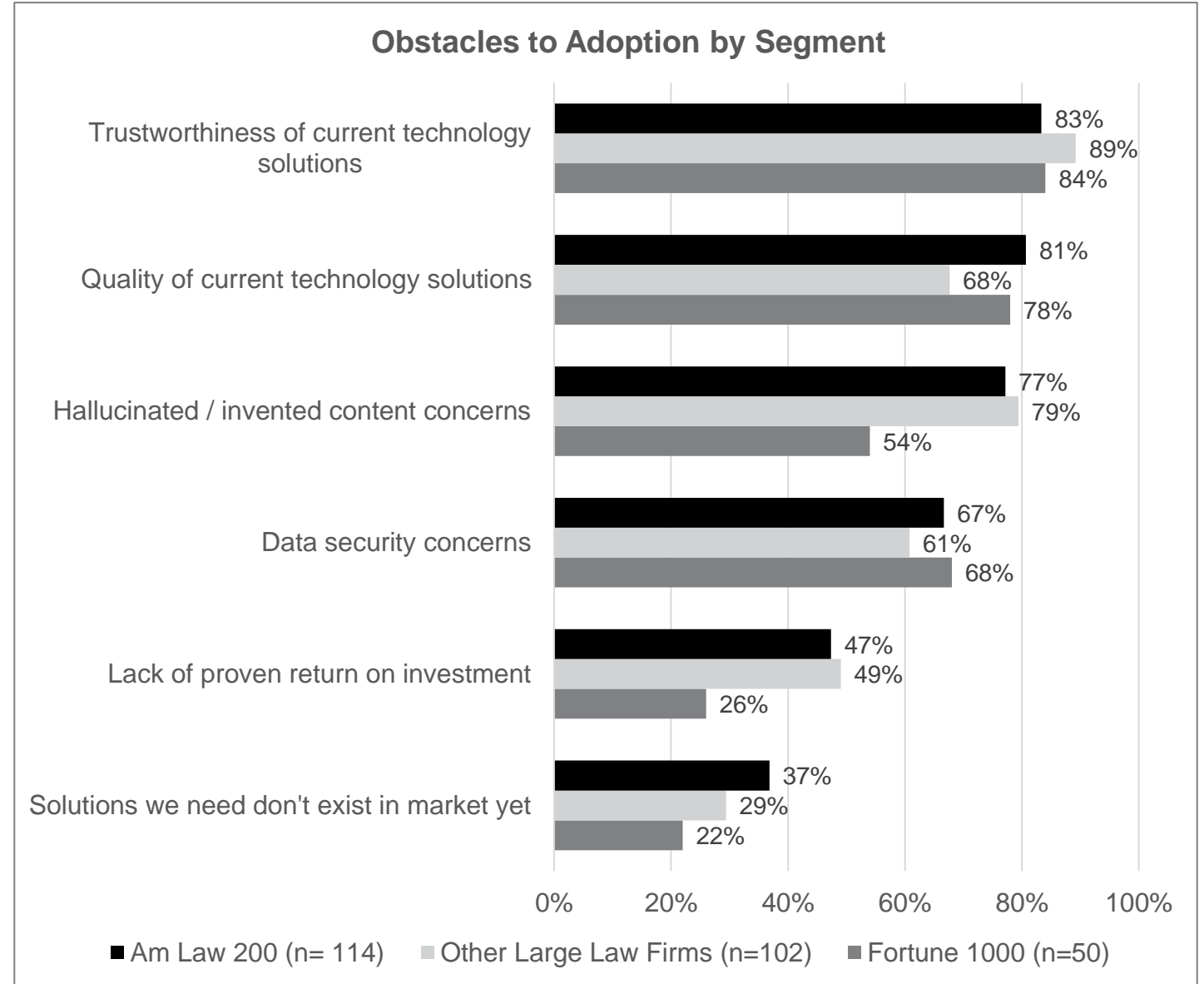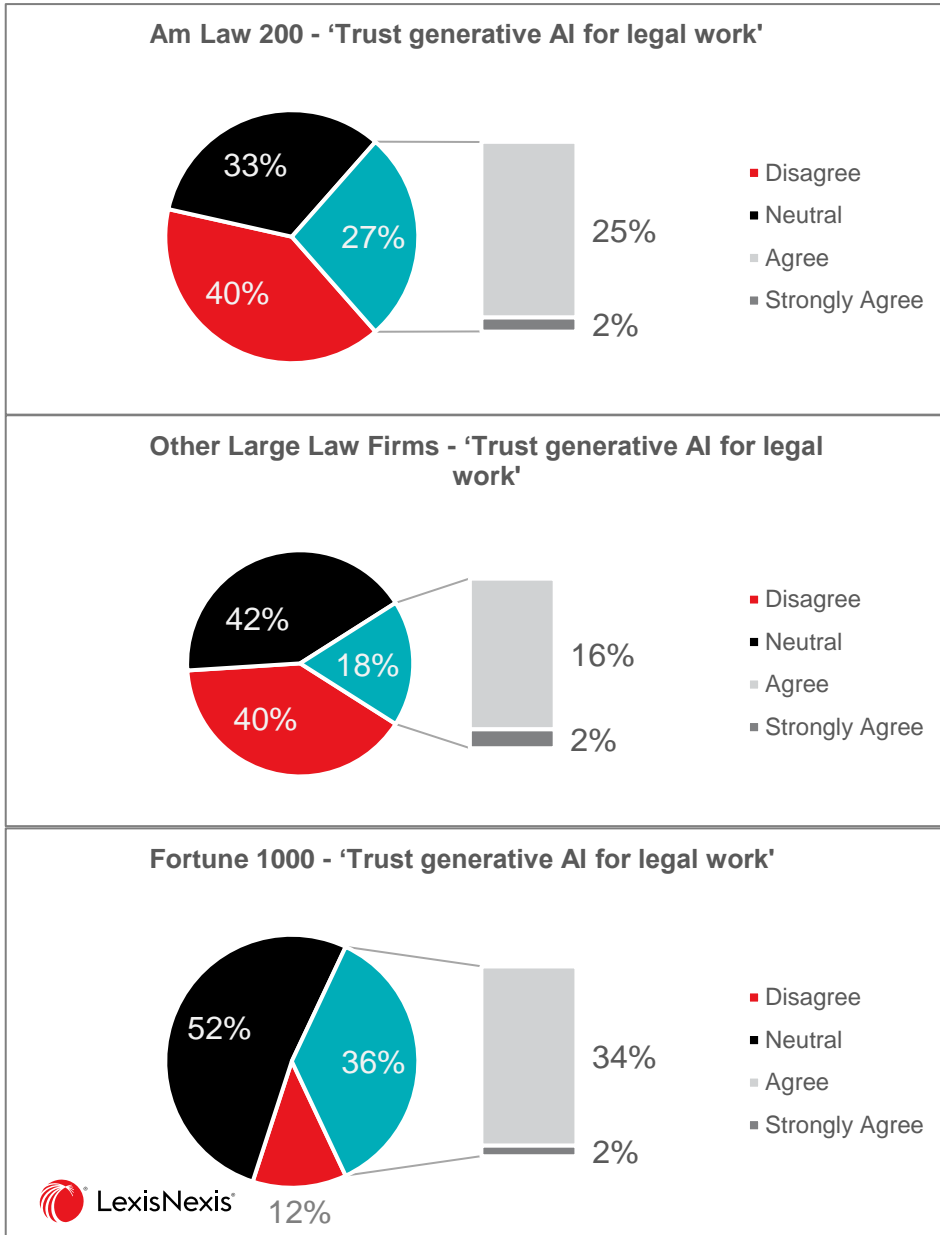***non-Am Law 200 firms with 50 or more attorneys.**

The majority of Fortune 1000 firms have not addressed generative AI policies at this time (76%).

Few firms are currently using or planning to use generative AI tool in their pro bono work.
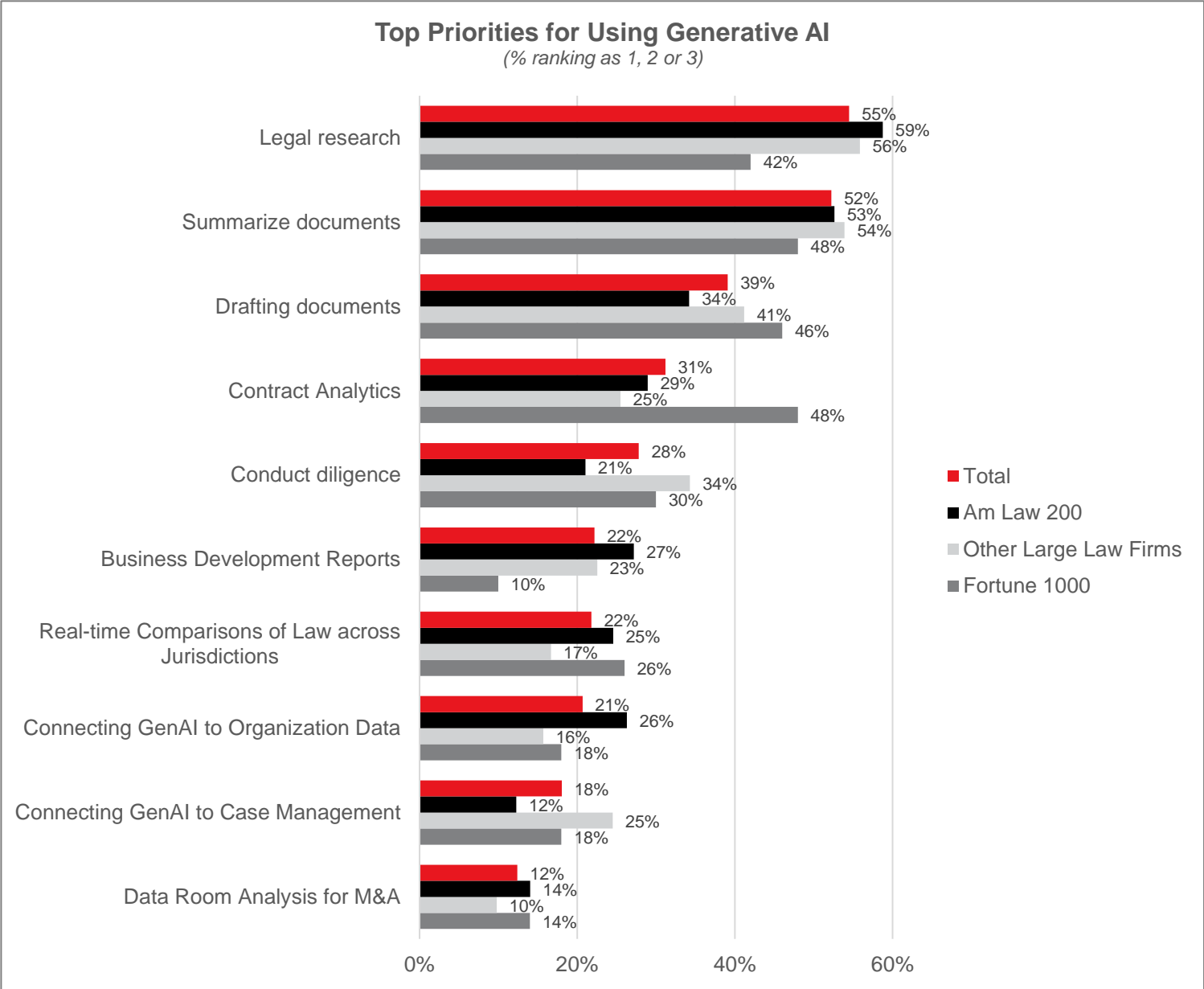
Appendix

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Trust & Obstacles to Adoption by Segment

Am Law 200 - 'Trust generative AI for legal work'

- 33% Neutral
- 40% Disagree
- 27% (teal)
- 25% Agree
- 2% Strongly Agree

Legend:
- Disagree
- Neutral
- Agree
- Strongly Agree

Other Large Law Firms - 'Trust generative AI for legal work'

- 42% Neutral
- 40% Disagree
- 18% (teal)
- 16% Agree
- 2% Strongly Agree

Legend:
- Disagree
- Neutral
- Agree
- Strongly Agree

Fortune 1000 - 'Trust generative AI for legal work'

- 52% Neutral
- 36% (teal)
- 12% Disagree
- 34% Agree
- 2% Strongly Agree

Legend:
- Disagree
- Neutral
- Agree
- Strongly Agree

Obstacles to Adoption by Segment

Obstacle	Am Law 200	Other Large Law Firms	Fortune 1000
Trustworthiness of current technology solutions	83%	89%	84%
Quality of current technology solutions	81%	68%	78%
Hallucinated / invented content concerns	77%	79%	54%
Data security concerns	67%	61%	68%
Lack of proven return on investment	47%	49%	26%
Solutions we need don't exist in market yet	37%	29%	22%

■ Am Law 200 (n= 114)   ▨ Other Large Law Firms (n=102)   ▨ Fortune 1000 (n=50)

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Priority Use Cases for Generative AI by Segment

Top Priorities for Using Generative AI
(% ranking as 1, 2 or 3)

Legend:
- Total (red)
- Am Law 200 (black)
- Other Large Law Firms (light gray)
- Fortune 1000 (dark gray)

Use Case	Total	Am Law 200	Other Large Law Firms	Fortune 1000
Legal research	55%	59%	56%	42%
Summarize documents	52%	53%	54%	48%
Drafting documents	39%	34%	41%	46%
Contract Analytics	31%	29%	25%	48%
Conduct diligence	28%	21%	34%	30%
Business Development Reports	22%	27%	23%	10%
Real-time Comparisons of Law across Jurisdictions	22%	25%	17%	26%
Connecting GenAI to Organization Data	21%	26%	16%	18%
Connecting GenAI to Case Management	18%	12%	25%	18%
Data Room Analysis for M&A	12%	14%	10%	14%

Predicted Impact of Generative AI by Segment

Predicted Impact of Generative AI Use in Law Firms
(% Agreement)

Generative AI will enable new value-added work to offer our clients
- 70%
- 76%
- 63%

Generative AI will impact apprenticeship model of large law firms
- 58%
- 65%
- 50%

Generative AI will decrease costs for my firm
- 47%
- 50%
- 43%

Generative AI will reduce billable hours
- 43%
- 46%
- 40%

Generative AI will increase firm revenue
- 30%
- 32%
- 28%

My firm has/will change billing practices as a result of generative AI
- 11%
- 14%
- 8%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

■ Total Legal (n=216) ■ Am Law 200 (n= 114) ■ Other Large Law Firms (n=102)

Predicted Impact of Generative AI Use in Corporations
(% Agreement)

Generative AI will decrease costs for the legal department — 76%

More work will be completed in-house as a result of generative AI adoption — 72%

0% 20% 40% 60% 80%

■ Fortune 1000 (n=50)

Expectations regarding Generative AI by Segment

Expectations regarding Generative AI – Law Firms
(% Agreement)

Statement	Total Legal (n=216)	Am Law 200 (n=114)	Other Large Law Firms (n=102)
Corporate clients expect law firms to use cutting-edge technology, including generative AI tools	66%	67%	66%
Corporate clients approve of law firms using generative AI tools in their legal matters	38%	39%	37%
Corporate clients have expressed that they expect their firm bills to be reduced as a result of generative AI technology	9%	9%	9%

■ Total Legal (n=216) ■ Am Law 200 (n= 114) ■ Other Large Law Firms (n=102)

Expectations regarding Generative AI – Corporations
(% Agreement)

Statement	Fortune 1000 (n=50)
Expect outside counsel bills to be reduced as a result of generative AI technology	80%
Expect outside counsel to use cutting-edge technology, including generative AI tools	76%
Approve of outside counsel using generative AI tools on our company's legal work	68%

■ Fortune 1000 (n=50)

Survey Question Wording

Ever Used AI
- Have you ever used generative AI tools (personally or professionally)?

Purchased AI
- Has your firm/company purchased any legal generative AI solutions?

Currently Using AI
- Is your firm/company currently using generative AI solutions in legal matters?

Legal AI Trust Barometer
- To what extent do you agree with the following statement?
    - I trust generative AI technology for legal work

Budget for AI
- Does your firm/company have a dedicated budget for generative AI tools in 2024?

Budget Amount in 2024
- Approximately what size is your firm's/legal department's 2024 generative AI technology budget (including headcount) as a percentage of revenue?

Impact (Law Firms only)
- To what extent do you agree with the following statements?
    - Generative AI will reduce billable hours
    - Generative AI will increase firm revenue
    - My firm has changed/has plans to change billing practices as a result of generative AI use in the firm
    - Generative AI technology will impact the apprenticeship model of large law firms
    - Generative AI will enable new value-added work to offer our clients
    - Generative AI technology will decrease costs for my firm

Impact (Corporations only)
- To what extent do you agree with the following statements?
    - Generative AI will reduce law firm bills
    - My company will complete more work in-house as a result of generative AI adoption
    - Generative AI technology will decrease costs for the legal department

Future Investment in AI
- How do you foresee your firm's/legal department's investment in generative AI technologies changing over the next five years?

Opportunities from Gen AI (Law Firms only)
- Are you exploring new lines of business or new billable opportunities made possible by generative AI? Please explain why or why not.

Expectations (Law Firms only)
- Thinking about your corporate clients, to what extent do you agree with the following statement?
    - I believe clients expect my firm to use cutting-edge technology, including generative AI tools
    - I believe clients approve of my firm using generative AI tools in their legal matters

Expectations (Corporations only)
- Thinking about your outside counsel, to what extent do you agree with the following statements?
    - I expect outside counsel to use cutting-edge technology, including generative AI tools
    - I approve of outside counsel using generative AI tools on our company's legal work
    - I expect outside counsel bills to be reduced as a result of generative AI technology

Survey Question Wording

AI Policies
- Has your firm/company developed and communicated policies on the use of generative AI for client/company matters?

Client Expectations Regarding Billing (Law Firms only)
- Have your corporate clients expressed that they expect their firm bills to be reduced as a result of generative AI technology?

Priority Uses for Generative AI
- Below are several ways generative AI-powered legal technology could be used in your firm/company. Please rank these statements from 1 to 10, where 1 represents the "top priority for my firm/company" and 10 represents the "lowest priority for my firm/company"
  - Summarize documents
  - Conduct diligence
  - Real time comparisons of law across jurisdictions
  - Connecting GenAI to firm/company data
  - Drafting documents (briefs, emails, letters, etc.)
  - Contract analytics
  - Business development reports
  - Legal research
  - Connecting GenAI to case management
  - Data room analysis for M&A

- Use of AI for Pro Bono Work
  - Are you currently using or planning to use legal generative AI tools for firm/company pro bono work?

Increased Hiring of Technologists This Year
- Do you anticipate increased hiring of technologists, e.g., data scientists or engineers, to support AI initiatives within your organization in 2024?

- Reduction of Associates in Next 5 Years (Law Firms only)
  - Do you anticipate a reduction of associates within your organization as a result of firm adoption of generative AI technologies in the next five years?

- Reduction of Partners in Next 5 Years (Law Firms only)
  - Do you anticipate a reduction of partners within your organization as a result of firm adoption of generative AI technologies in the next five years?

- Reduction of Legal Staff in Next 5 Years (Corporations only)
  - Do you anticipate a reduction of legal staff within your organization as a result of adopting generative AI technologies in the next five years?

- Obstacles to Adopting Gen AI
  - What are the biggest obstacles to adoption of generative AI powered solutions in your firm/company?
    - The solutions we need don't exist in the marketplace yet
    - Concerned about the quality of current technology solutions
    - Concerned about the trustworthiness of current technology solutions
    - Concerned about data security
    - Lack of proven return on investment
    - Concerned about hallucinated case law, other invented content