



The state of LegalTech adoption

Redefining workflows, relationships
and service delivery.



Executive summary.

Legal technology (LegalTech) has reached a pivotal moment, driven by the rise of AI and Generative AI (GenAI) tools, which are reshaping how legal professionals approach their work. Our research explores how these technologies are being adopted, the barriers hindering progress and whether they are truly transforming the interface between in-house teams and external counsel.

While there's optimism about AI's potential to enhance efficiency and reduce costs, significant concerns remain. Data security, integration challenges and skepticism about the capabilities of current tools are central to the discussion. In-house teams often find themselves lagging behind their external counterparts in adoption, raising questions about the alignment of priorities and workflows.

This report sheds light on where the industry stands today - balancing opportunities with challenges - and looks ahead to how LegalTech can evolve to deliver on its promise of transforming legal services. It's clear that collaboration, trust and a focus on tangible value will define the next chapter in LegalTech adoption.

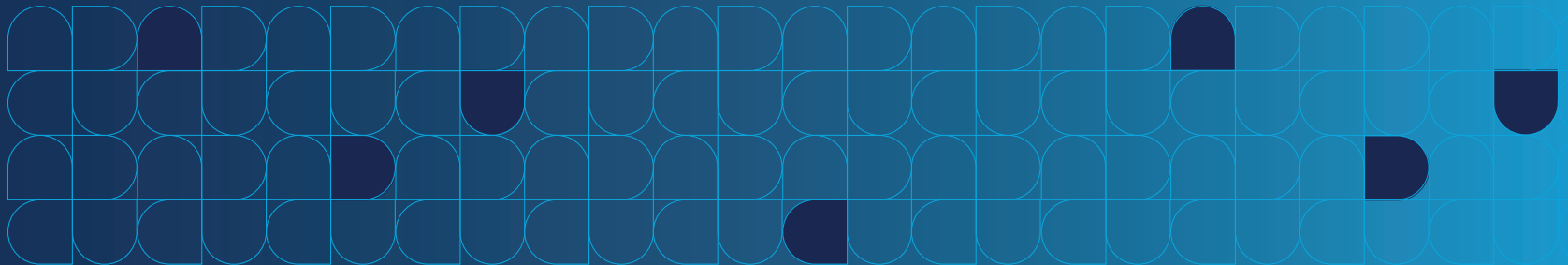
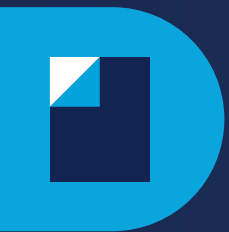
On behalf of the team at Definely, thank you for reading this report. We hope it provides you with a fresh perspective on where the legal industry is heading and encourages you to think critically about how technology can shape the future of your own practice.



Nnamdi Emelifeonwu
CEO & Co-Founder, Definely.

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Introduction.



The adoption of LegalTech has rapidly become a focal point of discussion within the legal industry, driven in no small part by the increasing prominence of GenAI solutions. Over the past year, the industry has gained a clearer understanding of these technologies' capabilities and limitations. This growing familiarity has prompted critical questions about the future of legal practice:

- Are the outputs reliable, and is the technology sufficiently mature for legal applications?
- Do the potential advantages of adoption outweigh the costs and risks?
- How seamlessly can these tools integrate with established workflows and systems?
- Should firms leveraging AI pass cost savings on to their clients?

Anecdotal evidence suggests that in-house counsel are already experimenting with tools like ChatGPT for drafting provisions or even entire contracts, often passing these drafts to external counsel for review with the expectation of only minimal adjustments. This development reflects a broader shift in how legal services are delivered, with technology increasingly shaping the dynamic between in-house teams and external counsel.

To explore the implications of these advancements, we conducted market research involving over 200 legal professionals. This report delves into the findings, uncovering key trends and assessing how LegalTech - and GenAI in particular - is transforming the delivery of legal services.

Purpose, scope and methodology

This report examines the current state of LegalTech adoption, with a focus on the role of AI, in reshaping legal workflows and the relationship between in-house counsel and private practice. It seeks to determine whether these technologies are truly changing how legal services are delivered or simply fulfilling basic needs.

Drawing on insights from over 200 legal professionals, the research explores adoption barriers, opportunities and the evolving dynamics between firms and their clients. It highlights how LegalTech is being used to improve outcomes and efficiency in the legal sector.

Respondents were recruited through YouGov's research panel, complemented by Definely's customer base and represent:

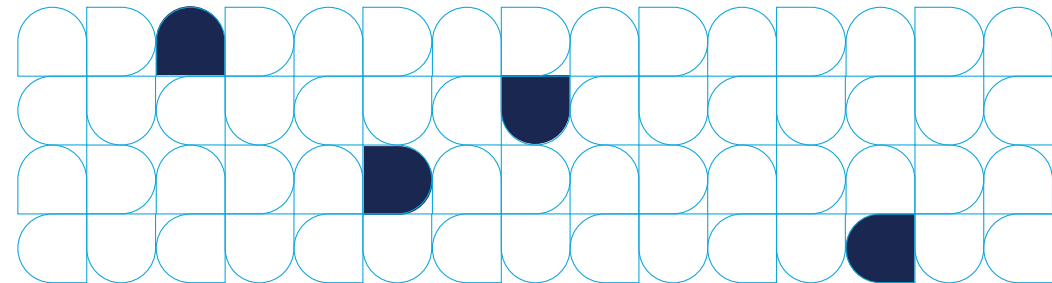
- **Roles:** Private practice lawyers and in-house counsel.
- **Geographies:** Predominantly from the UK (49%) and US (50%).
- **Organisation size:** Ranging from under 250 employees (1%) to over 1,000 employees (57%).
- **LegalTech usage:** A majority (71%) have used LegalTech for document or case management, while 6% have not adopted and do not plan to adopt such tools.

Only datasets with a response base of 30 or more were analysed, except in cases where aggregated insights added relevant context.

What do we mean by LegalTech?

The LegalTech **market is vast** so it's worth narrowing the definition for the purpose of research and this report.

LegalTech refers to technologies and tools designed to streamline, enhance, and automate legal processes. In the context of contract and transactional work, it focuses on document management and related tasks such as drafting, review, collaboration, and lifecycle management. These tools help legal professionals handle complex contracts and agreements with greater efficiency and accuracy. While LegalTech includes broader categories like compliance, this report emphasises its role in optimising transactional workflows.

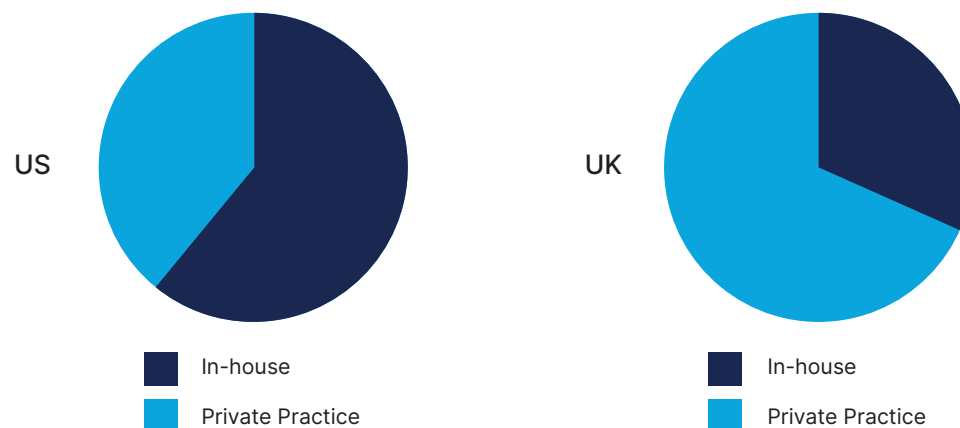


LegalTech adoption.

LegalTech adoption spans a variety of well-established categories, including contract management software, document automation tools, legal research tools and workflow automation. The data shows clear differences in adoption patterns between in-house teams and private practice, as well as between geographies.

In the UK, private practice appears to be leading in LegalTech adoption compared to in-house teams, particularly in categories like document automation tools (61% in private practice vs. 24% in-house) and workflow and task automation (56% in private practice vs. 27% in-house). By contrast, the US shows a reversed trend, with in-house counsel outpacing private practice in categories like contract management software (35% vs. 16%) and legal research tools (67% vs. 47%).

This disparity may reflect differences in the **evolving role of in-house counsel, particularly in the US**, where the in-house role is broadening more rapidly than in the UK. As US legal departments take on a wider scope of responsibilities, they are turning to technology to streamline operations and manage increasing complexity. Conversely, UK law firms may be driving adoption through efficiency-focused initiatives that integrate technology into their service delivery models, aligning with broader trends toward innovation and cost-effectiveness.



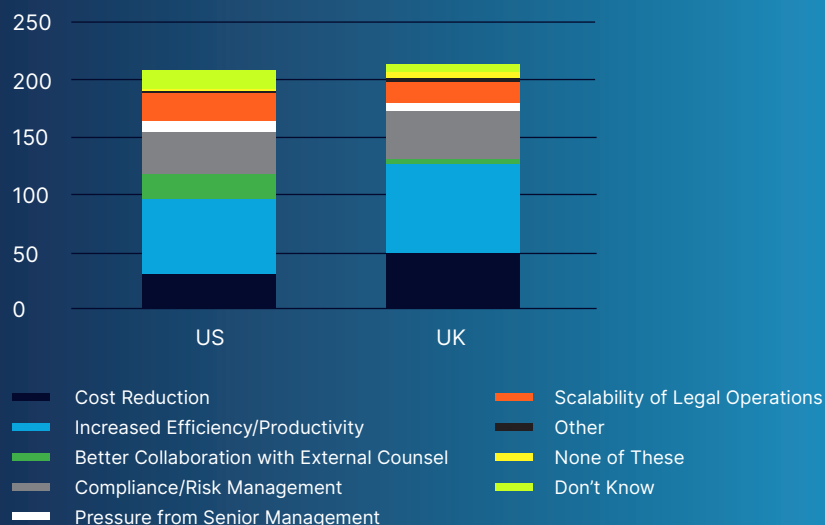
Drivers for adoption

Efficiency and productivity are the leading drivers for LegalTech adoption, with 77% of UK and 65% of US respondents identifying these as top priorities. Cost reduction, cited by 50% in the UK and 30% in the US, also remains a significant motivator.

Interestingly, US respondents emphasised scalability of legal operations more than their UK counterparts (25% vs. 18%), likely reflecting a faster evolution of in-house roles in the US. Compliance and risk management emerged as another critical driver, especially for in-house teams, where 41% of UK respondents and 36% in the US ranked this highly.

However, the relationship between firm and client is evolving. Firms promoting technology to clients often cite competitive pressures and client expectations as motivating factors, yet 43% of firms overall are not actively promoting LegalTech to their clients.

Organisational drivers for adopting LegalTech



Satisfaction with LegalTech to date

The survey highlights a significant disparity in satisfaction with LegalTech investments between the UK and US. While 51% of US respondents are satisfied with their LegalTech's return on investment (ROI), only 22% of UK respondents share this sentiment. This gap raises questions about the ability of current LegalTech solutions to meet the diverse needs of legal professionals.

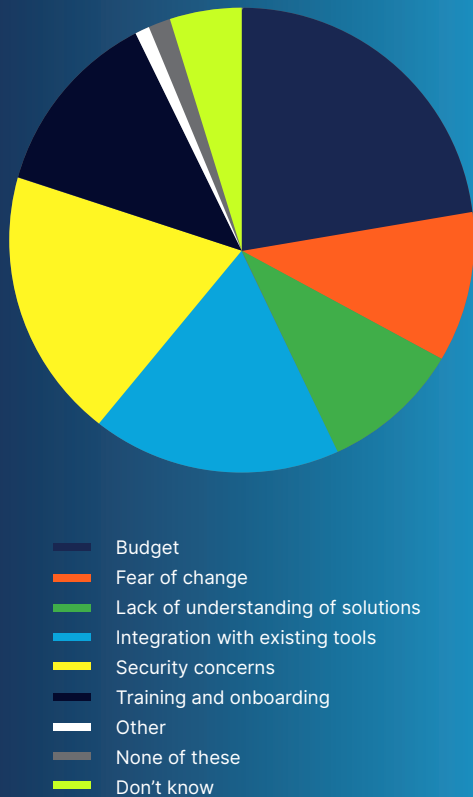
Apathy toward LegalTech, particularly among in-house lawyers, may stem from tools being designed for private practice use cases, leaving in-house teams feeling underserved. In-house lawyers often face distinct challenges, such as managing cross-departmental collaboration, handling a broad range of legal tasks and dealing with tight budgets, which may not be adequately addressed by existing solutions. While 70% of US private practice lawyers report satisfaction with their LegalTech investments, only 25% of their UK counterparts express the same, suggesting differences in tools' alignment with regional or role-specific expectations.

These findings raise important questions for LegalTech vendors and stakeholders:

- Are vendors adequately addressing the nuanced needs of in-house teams, or are solutions overly tailored to private practice?
- Do US legal teams receive more robust vendor support during onboarding and implementation compared to their UK counterparts?
- How can vendors better align their tools with the distinct workflows of in-house versus private practice lawyers?

Addressing these concerns requires vendors to deliver tailored, user-friendly solutions and invest in customer education and support. Tackling apathy toward LegalTech will be crucial for driving adoption and meeting the evolving needs of the legal industry.

Barriers for LegalTech adoption



Barriers to adoption

An interesting dynamic exists when we consider the barriers to LegalTech adoption alongside the drivers for adoption. On the one hand, organisations are motivated by the promise of increased efficiency, productivity improvements and cost savings. On the other hand, significant hurdles such as budget constraints, security concerns and integration challenges inhibit progress.

Budget constraints emerge as the top barrier, with half of respondents in both the UK (50%) and US (48%) identifying cost as their primary concern. This tension reflects the delicate balance between the perceived value of LegalTech and its financial burden. While increased efficiency and cost savings are clear adoption drivers, organisations hesitate to invest when ROI and productivity gains remain uncertain. For vendors, demonstrating the tangible benefits of their solutions is paramount. Providing clear metrics, case studies and measurable outcomes will help alleviate cost resistance and support adoption.

Security concerns remain a critical barrier, with 42% of UK respondents and 41% in the US citing this as a key issue. These concerns are particularly pronounced as AI becomes more integrated into legal workflows. Organisations are increasingly scrutinising:

- Data handling and compliance processes ensuring they meet legal and ethical standards.
- Vendor protocols for identifying and mitigating InfoSec risks, particularly around sensitive legal data.
- AI safety and reliability standards, where errors or ethical lapses could carry significant legal or reputational consequences.

This scrutiny aligns with adoption drivers such as risk management, where organisations see LegalTech as a means of reducing human error and enhancing compliance. To deliver on this promise, vendors must prioritise transparency, robust data security measures and adherence to ethical standards.

Integration challenges also reflect the tension between drivers and barriers. While LegalTech aims to streamline workflows, 41% of UK and 37% of US respondents report difficulty in integrating these tools with existing systems. Seamless interoperability is essential to achieving the promised efficiency gains and meeting user expectations. Vendors need to design adaptable, user-friendly tools that complement established workflows, particularly in high-pressure environments.

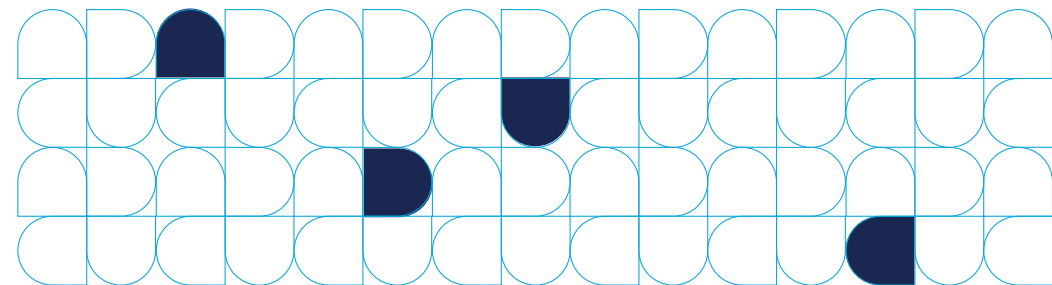
Additionally, **resistance to change** (35%) and a **lack of technical expertise** (43%) further complicate adoption. These barriers underscore the need for vendors to provide more comprehensive training and onboarding, while also fostering a culture of innovation among legal professionals.

Ultimately, the interplay between adoption drivers and barriers highlights a central challenge: LegalTech vendors must align their solutions more closely with organisational needs, addressing concerns around cost, security and usability, while continuing to deliver the efficiency benefits that drive adoption.

To overcome interoperability challenges, vendors should prioritise developing tools with robust integrations, allowing seamless adoption into existing tech stacks. Additionally, firms must foster a culture of innovation through targeted training programs, helping professionals adapt to AI-enabled workflows.

An IT perspective on deploying LegalTech

with Steve Dalglish,
Shepherd and Wedderburn

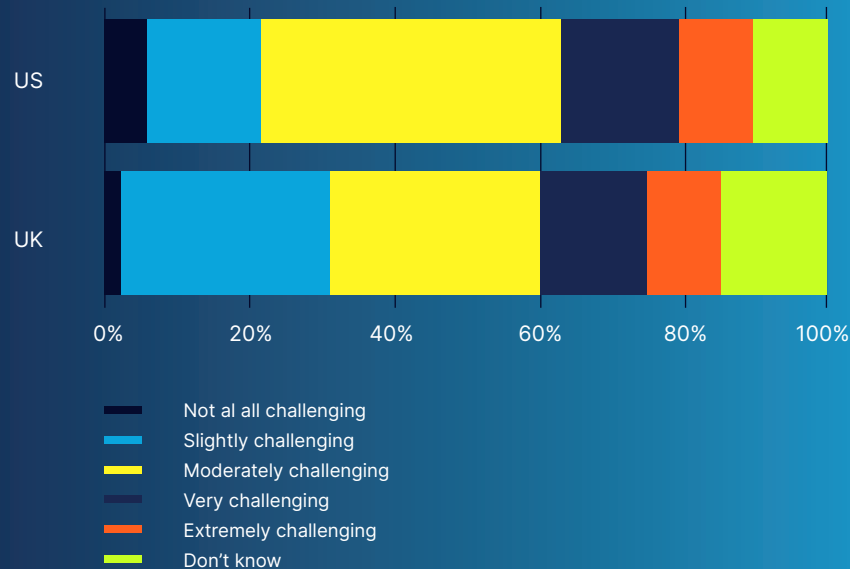


Integration challenges

As the tech stack within legal organisations grows, the need for seamless integration becomes paramount. Tools that disrupt well-established workflows or fail to interoperate with existing systems face significant resistance. Respondents cited “time to implement” and “pressure of time” as additional challenges, emphasising that new tools must meet lawyers where they already work to minimise disruption.

Integrating LegalTech into existing workflows is perceived as at least moderately challenging by the majority of respondents, with only 4% of all respondents indicating that integration is straightforward. This finding suggests significant barriers persist, regardless of the type of legal technology currently deployed or the size of the organisation.

Difficulty integrating legal technology



Possible Explanations:

1. **Training and onboarding as a contributing factor** - integration challenges may be linked to the earlier-identified barrier of insufficient training and onboarding. If users are not adequately educated on how to adopt and utilise tools within their specific workflows, the perceived complexity of integration is likely to increase.
2. **Vendors' lack of workflow understanding** - another plausible explanation is that vendors fail to fully understand the nuances of legal workflows. Legal professionals operate within highly specialised and often rigidly structured processes, and tools that do not align seamlessly with these workflows can cause frustration and inefficiency.

When we exclude neutral responses and focus on polarised opinions:

- In US firms, LegalTech integration appears equally challenging as it is straightforward.
- Among UK general counsels, a similar balance exists, suggesting no clear consensus on whether integration is perceived as a major issue or not.

These findings raise further questions about whether the challenges lie in the inherent complexity of legal workflows or in the adequacy of tools to address those complexities. Legal workflows are inherently complex, but they are also well-established. For LegalTech to deliver its promised efficiencies, there is a clear need for improvement in:

- Designing tools that align more intuitively with existing workflows.
- Delivering more robust training and change management support to reduce friction during integration.
- Ensuring ongoing collaboration between vendors and legal teams to refine tools based on real-world use cases.

This underscores the importance of a user-centered approach, where vendors invest in understanding and addressing the practical realities of legal work environments. There is significant room for improvement, but with the right strategies, the integration of LegalTech can become far less of a challenge for legal professionals.

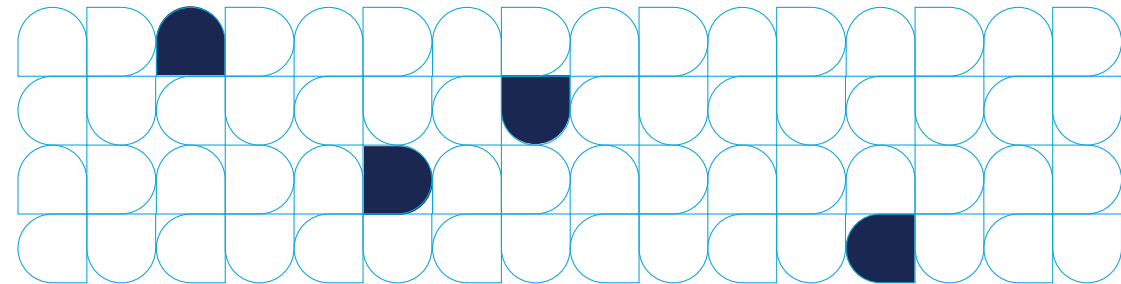
Training, onboarding and education

The importance of training and onboarding is particularly evident in the US (33%) but remains a key barrier globally. When combined with fear of change (21% UK, 25% US) and lack of understanding of solutions (27% UK, 18% US), it's clear that vendors need to focus on user education and change management strategies. This includes:

- Providing clear and accessible resources for early education.
- Reducing hype and addressing misconceptions.
- Delivering tailored training programs that address specific workflows and user needs.

Apathy and existing limitations

The qualitative responses reveal deeper frustrations, such as dissatisfaction with existing solutions and skepticism about whether LegalTech is fit for purpose. Comments like “not good enough” and “limitations of existing solutions” add nuance to the apathy highlighted in earlier findings. We see this playing out in many reports such as that from **Benedict Evans’ AI eats the world** which shows fewer than 20% of legal using AI. Vendors need to demonstrate that their tools are solving real problems, not just adding complexity to already pressured workflows.



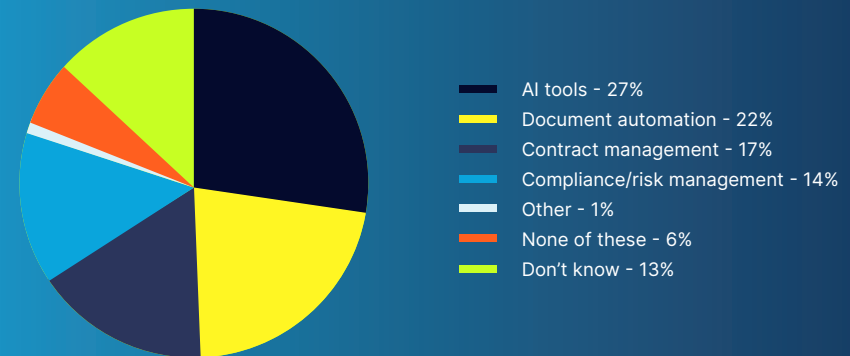
Future LegalTech investment

AI tools are expected to remain a key priority for LegalTech investment across geographies and organisational types, with 39% of respondents overall identifying them as a focus area. While this demonstrates growing interest in AI, it's notable that investment in document automation (32%), contract management (24%) and compliance/risk management (20%) remains significant. It's worth noting that these tools may also have elements of AI within them. These findings reflect the practical needs of legal teams, with tools aimed at improving efficiency, handling routine tasks and streamlining compliance processes taking precedence.

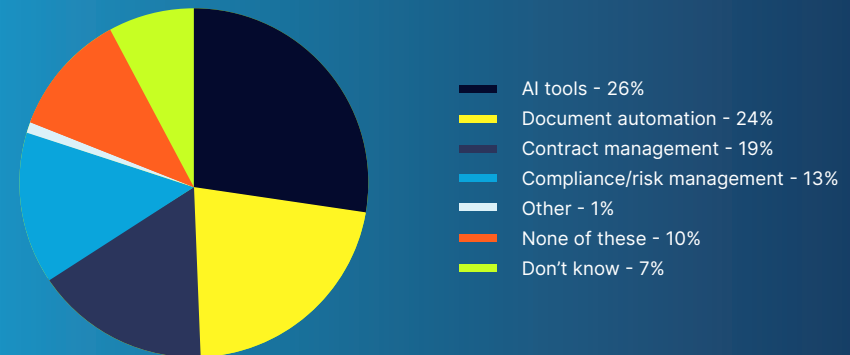
- **UK vs. US:** While 42% of UK respondents plan to prioritise AI, slightly fewer US respondents (36%) indicated the same. However, document automation gained more traction in the US (36%) compared to the UK (27%), potentially reflecting differing workflows or stages of adoption between the two regions.
- **In-house vs. private practice:** In-house teams in both the UK and US tend to focus more on contract management tools (UK: 35%, US: 22%) compared to their private practice counterparts. This aligns with the broader role of in-house teams in managing contract-heavy workflows.

"I believe AI is the 'next big thing' in technology and firms that fail to adopt it will fail or be left behind."

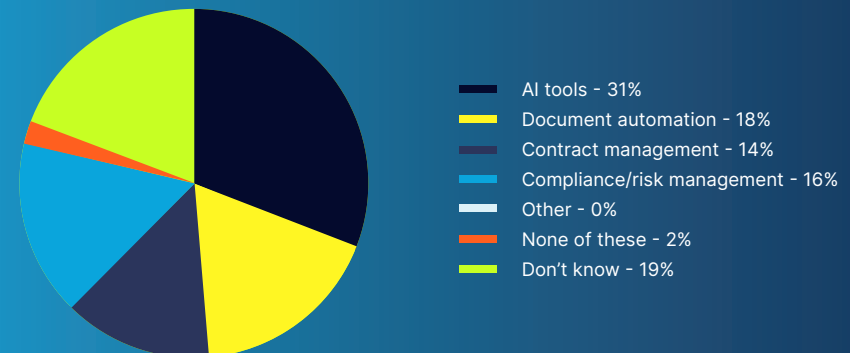
LegalTech investment in 2025



In-house LegalTech investment in 2025



Private practice LegalTech investment in 2025



Respondents highlighted several areas where AI investments are likely to be directed:

- **Efficiency and productivity gains:** Many cited the ability of AI tools to simplify administrative tasks and reduce time spent on routine activities as a primary driver of investment.
- **Research, drafting, and contract negotiation:** AI is expected to assist with analysing provisions across large volumes of contracts, streamlining negotiations and drafting documents.
- **Automation of data processing:** Tools that automate incoming data workflows and support self-service options for basic templates were frequently mentioned.
- **Pressure from management:** Interestingly, some respondents noted that management priorities are driving AI investment, suggesting that internal advocacy is playing a role in accelerating adoption. However, there could also be an element of being caught in the hype, leading to misaligned priorities or adopting technology for its own sake rather than a specific, well-defined need.

"The use of AI can improve the efficiency of work and enhance the accuracy of results, which is what most companies in the industry will focus on."

Why use cases should come first

The enthusiasm for AI-driven LegalTech, while promising, must be tempered with a focus on practicality and problem-solving. Leadership should be cautious not to conflate being "ahead of the curve" with adopting technology prematurely or without clear purpose. By starting with well-defined use cases and involving end users early in the process, management can ensure that the tools they invest in are not only adopted but deliver tangible value to the organisation:

- **Ensuring practicality and value** - lawyers are more likely to adopt tools that directly address their pain points, such as simplifying workflows, improving accuracy, or saving time. Without clearly identified use cases, tools risk being seen as disruptive rather than helpful, leading to low adoption rates and unrealised ROI.
- **Avoiding the "tech for tech's sake" trap** - hype often drives decision-making without a grounded understanding of how a tool will integrate into existing workflows or solve day-to-day problems. This can result in technology that is underutilised or outright rejected by end users.
- **Facilitating adoption through relevance** - if lawyers see clear benefits - such as automating repetitive tasks, enhancing collaboration or reducing time on administrative work - they are more likely to champion these tools themselves, reducing the need for top-down enforcement of adoption.

Overall, we can say that organisations are looking to leverage AI for strategic gains but remain grounded in their immediate needs to optimise daily operations. The nuanced drivers behind these investments, including management pressure and operational efficiency, highlight the evolving dynamics shaping the legal industry's technology landscape.

"I have no idea what these would be used for, that's part of the problem. We're all told that AI is going to be a game changer but as far as I can see there are not, at this time, any products that will reliably help in the work I do. Even the process driven stuff requires such a larger front-end input that any gains in automation are barely worth the effort. But we suspect this may change."

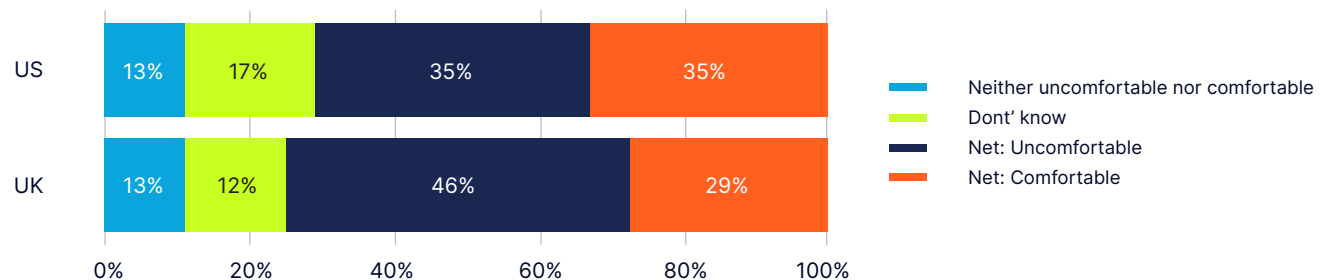
AI in legal workflows.



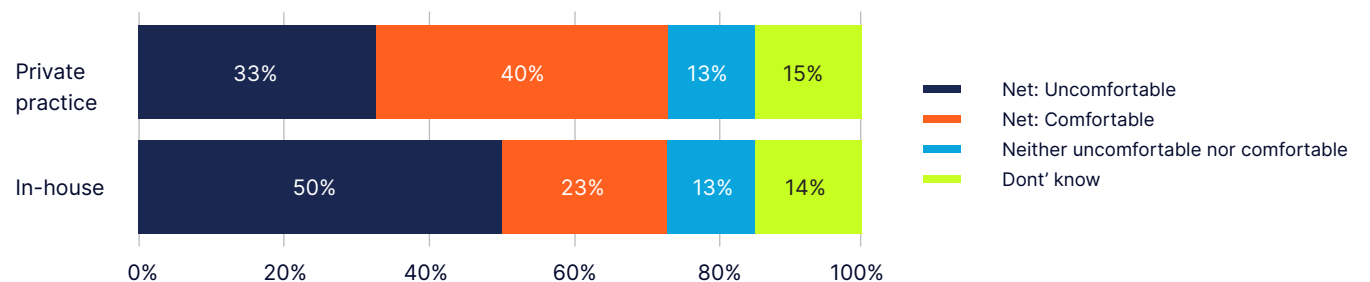
The legal industry's perception of AI, particularly GenAI, has evolved significantly over the past year. The initial enthusiasm sparked by GenAI has given way to a more measured understanding of its capabilities and limitations. According to a recent **Bain & Company survey**, legal remains among the sectors with the lowest AI adoption rates. However, among those who have adopted AI, many report that it has met or exceeded expectations - though the legal sector also has the highest proportion of respondents stating that AI fell far short of its promise.

Our survey highlights a clear divide in comfort levels with GenAI: while 50% of corporate counsel lawyers express discomfort, private practice lawyers show more openness, with 40% reporting comfort and 27% remaining ambivalent or uncertain. This variation underscores the skepticism and challenges unique to the legal profession, where high stakes and precision demand reliable and secure tools.

Comfort with AI - US, UK comparison



Comfort with AI - in-house, private practice comparison (all regions)



Why are legal professionals skeptical?

Several factors contribute to hesitancy around GenAI:

- **Data privacy and security:** Concerns about how data is handled and fears of breaches involving personal or commercially sensitive information remain top of mind.
- **Transparency and trust:** A lack of clarity around AI model training fuels doubts about output accuracy and biases.
- **Error propagation:** The risk of one incorrect answer triggering a chain of errors exacerbates concerns in a field where mistakes carry significant consequences.
- **Generalised models:** AI built on generalised models is seen as inadequate for the nuanced requirements of legal work, where precision and context are critical.

Regional and sector-specific differences

The data reveals distinct differences by geography and role:

- In the UK, discomfort with AI adoption is higher overall (46%), with in-house counsel expressing the most concern (57%) compared to private practice lawyers (40%).
- In the US, comfort and discomfort levels are evenly split at 35% each, with private practice lawyers (49%) showing greater comfort than their in-house counterparts (24%).
- Stricter data protection laws like GDPR may amplify concerns in the UK, while the US's more exploratory approach to innovation could explain its relatively higher comfort levels.

Opportunities amid skepticism

While challenges around AI adoption persist, the findings also highlight opportunities for vendors and legal professionals. Tailoring solutions to the unique workflows of in-house counsel and private practice lawyers, addressing data security and privacy concerns, and improving transparency and model accuracy are critical steps. For example:

- With heightened risks tied to confidentiality and operational complexity especially in the case of in-house teams, tools that prioritise secure data handling and cross-functional collaboration will be beneficial.
- Private practice lawyers, often more accustomed to innovation, may benefit from AI tools designed to enhance client-facing efficiencies and competitive differentiation.

As the legal industry navigates these challenges, the focus must shift toward practical, transparent and reliable applications of AI. Bridging the gap between skepticism and adoption will depend on tools that meet legal professionals where they are - offering tangible benefits without compromising trust, security or quality.

Corporate counsel do different work to those working in firms

Corporate counsel and private practice lawyers perform fundamentally different roles, which naturally shapes their adoption of and comfort with GenAI. In-house lawyers often handle a wide range of responsibilities beyond traditional legal tasks, including compliance, risk management and internal advisory work. These tasks require them to interact with various departments such as HR, finance and procurement, often in workflows that span the entire organisation. In contrast, private practice lawyers tend to focus on client-driven matters like litigation, contract drafting or transactional work, where the scope is more specialised and outcomes are more narrowly defined.

The nature of their work also differs in complexity and volume. In-house teams frequently deal with high-volume, routine tasks like contract reviews or compliance checks, making efficiency a top priority. On the other hand, private practice lawyers often tackle bespoke, high-complexity legal issues, where nuance and precision are paramount. These differences influence their evaluation of GenAI, with corporate counsel placing more emphasis on tools that can streamline internal processes, while private practice lawyers may prioritise tools that enhance high-value client services.

Another factor is resource constraints. In-house teams operate under tighter budgets and are expected to demonstrate cost savings and value to their organisation, which makes them scrutinise the ROI of GenAI tools more rigorously. Private practice firms, by contrast, may see GenAI as a competitive differentiator and are more likely to experiment with emerging tools to attract and retain clients.

Why are lawyers more comfortable with GenAI when they don't work in-house?

Lawyers in private practice appear more comfortable with GenAI than their in-house counterparts, and this can be attributed to several factors. First, law firms often foster a culture of innovation and early adoption, viewing new technologies as a way to gain a competitive edge. Many firms have dedicated innovation teams or technology specialists who assess and implement tools like GenAI, which helps to normalise their use. In-house legal departments, by contrast, may operate in more risk-averse environments, where new technology is subject to greater scrutiny due to concerns about compliance, security and integration with broader enterprise systems.

The use cases for GenAI are also clearer and more immediately beneficial in private practice. Tasks such as legal research, drafting, and contract analysis align closely with the functionality of GenAI tools, making them more directly applicable to the work performed in firms. In-house teams, however, often require tools that address broader, cross-departmental workflows, which GenAI tools have not yet been optimised to handle effectively.

Data privacy and security concerns also weigh more heavily on corporate counsel. In-house teams are particularly cautious about how sensitive company data is handled by external technologies, and uncertainty about how GenAI tools process and store this data exacerbates their hesitation. Private practice lawyers, while not immune to these concerns, may face fewer internal restrictions when testing or deploying new tools, particularly when using non-sensitive data.

Finally, private practice lawyers may perceive GenAI as a tool to augment their efficiency, allowing them to meet client demands more effectively. In-house lawyers, on the other hand, may see less immediate benefit if the tools do not address the full scope of their responsibilities or integrate seamlessly with existing systems. These differing perspectives highlight the importance of tailoring GenAI solutions to meet the distinct needs of both groups, ensuring that concerns are addressed while maximising the potential for adoption.

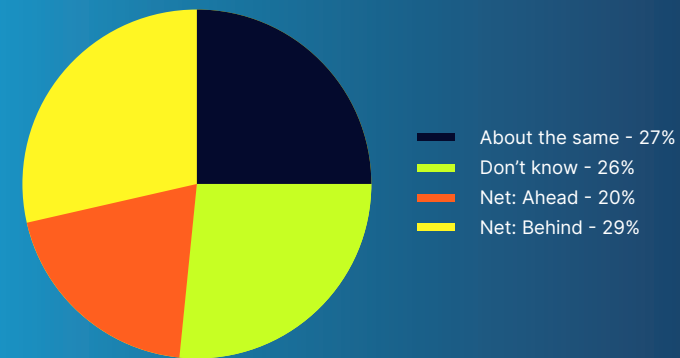
Are there perceived differences in AI adoption between firm and client?

When asked about their organisation's AI adoption rate compared to that of external counsel or clients, responses revealed notable disparities. While a quarter of respondents believe their adoption rates are comparable, 46% of UK in-house counsel feel they are lagging behind external firms, compared to 35% in the US. Conversely, 32% of US private practice lawyers feel ahead of their clients, compared to 17% in the UK.

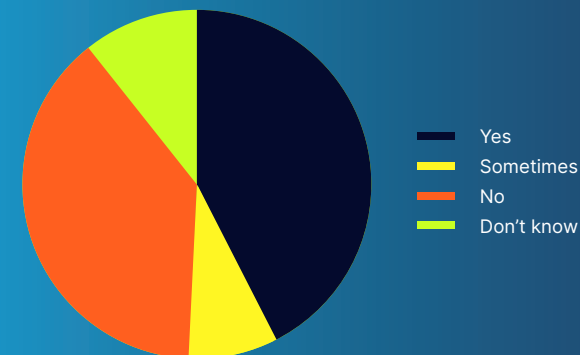
This divide may reflect differences in investment priorities, types of tools adopted, or the broader remits of in-house teams, which can slow adoption compared to the more specialised focus of law firms. A lack of transparency also contributes to the disconnect, with 26% of respondents stating they "don't know" how their AI adoption compares.

Improved communication between firms and clients about their use of AI could close this gap, fostering collaboration and alignment. Firms that actively promote AI capabilities are likely to strengthen client relationships, meeting growing expectations for innovation in legal services. These perceptions underscore the evolving dynamics of AI adoption and highlight the varying rates at which legal professionals are embracing this transformation.

How would you compare AI adoption rates to that of external counsel/clients?



Do you promote the use of technology to clients?

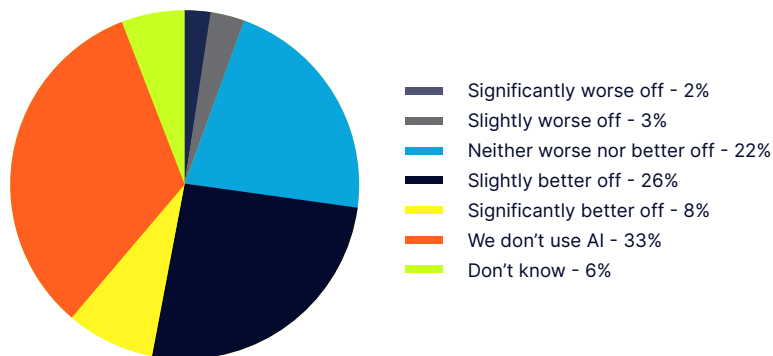


Does AI really make you more efficient in your daily work?

The data underscores a mixed reception to AI's effectiveness in making legal work more efficient. While 34% of respondents feel they are better off using AI, a significant portion - about one-third of lawyers - reported not using AI at all. This figure is even higher among in-house teams, where 40% indicate they are not leveraging AI in their workflows. Furthermore, 22% of respondents noted that AI has made no discernible difference to their work efficiency.

These numbers are particularly notable given that efficiency and productivity are often cited as the primary drivers for adopting LegalTech. The results suggest that while AI holds promise, there is a gap between expectations and actual experiences. This sentiment is echoed in feedback regarding the quality and readiness of current AI tools, with many respondents expressing that the technology has not yet reached the level of reliability and usability required for the legal industry's demanding standards.

Does AI make you more efficient?



These findings highlight the need for vendors to address these challenges and better align their offerings with the specific needs of legal professionals. Until AI tools consistently meet the high expectations set by the industry, their adoption and perceived value may remain limited. The results also suggest an opportunity for further education and tailored solutions to demonstrate how AI can truly enhance efficiency and productivity in legal workflows.

"In a field where a single word can change the entire meaning of a contract or verdict, 80% accuracy simply isn't good enough. The deeper question is whether the improvement in these models is sufficient to justify the cost, especially when considering the potential for error propagation in complex legal scenarios."

**Feargus MacDaeid, ex Lawyer,
Co-Founder and Chief Strategy Officer,
Definely.**



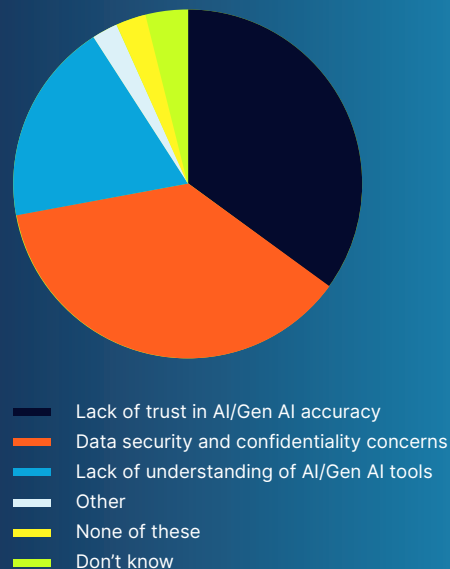
Why AI still can't
match a Lawyer's
Palate.



Challenges of AI adoption

The data highlights two primary challenges facing organisations when adopting AI in legal practice: trust in AI accuracy and data security concerns. These issues reflect widespread apprehension about both the capabilities and the risks of deploying such technology in legal workflows.

What are the most significant challenges your organisation faces in adopting AI solutions for legal practice?



Trust in AI accuracy: 55% of respondents overall cited a lack of trust in AI accuracy as a significant challenge, with nearly identical shares in the UK (56%) and the US (55%). This reflects a global concern about whether AI tools can consistently deliver reliable, error-free outputs, particularly in a field where precision is critical.

Data security and confidentiality: The top concern for respondents was data security and confidentiality, selected by 58% overall, with 58% in the UK and 59% in the US. The legal profession's focus on safeguarding sensitive client information makes this an unsurprising but critical barrier to adoption, particularly as AI systems often require access to vast amounts of potentially sensitive data.

Lack of understanding of AI tools: A lack of understanding of AI/Gen AI tools was cited by 30% overall, with slightly higher levels of concern in the US (32%) than in the UK (27%). This highlights the need for greater education and training to improve confidence and competence in using AI technology effectively.

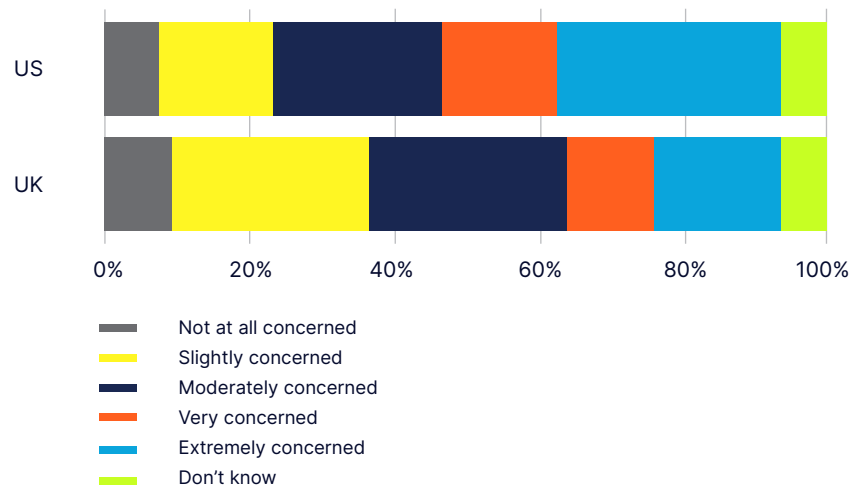
Other concerns: A small proportion (3% overall) selected "Other" as a significant challenge. Comments under this category included concerns about the loss of skillset development (particularly for junior lawyers), implementation costs, and outright skepticism of AI's utility (e.g., "AI is garbage"). Cost and lack of availability also featured in the "Other" category, reflecting logistical and resource challenges for some organisations.

Indifference or uncertainty: 5% of respondents indicated that none of the listed challenges applied to their organisation, and 6% said "Don't know," suggesting a small subset of respondents either did not perceive barriers or lacked sufficient insight into the topic.

Data security and confidentiality is a real concern when using AI for legal work

The survey responses reveal a clear tension between the promise of AI tools and the barriers preventing their adoption, particularly around data security and confidentiality and ethical concerns. These challenges are compounded by technical limitations, resistance to change, and the high cost of implementation. Together, these factors paint a complex picture of the legal sector's relationship with AI.

Data security and confidentiality concerns



Concerns about data security and confidentiality are pervasive across geographies. A striking 39% of respondents were very or extremely concerned about these issues, with US respondents showing heightened apprehension - 31% are extremely concerned compared to 18% in the UK.

A major source of concern is uncertainty around how AI tools handle sensitive data. Legal workflows often involve highly confidential and commercially sensitive information and any misstep - such as inadvertent exposure of client information - could result in serious legal and reputational repercussions. Adding to this anxiety is the opacity of many AI tools: lawyers frequently lack clarity about how models are trained, how outputs are generated and whether biases may creep into results.

"Data security and seamless integration are no longer optional - they're prerequisites. Vendors have a responsibility to not just build technology but to build trust by addressing these concerns head-on."

Bruce Elliot, Chief Product Officer, Definely.

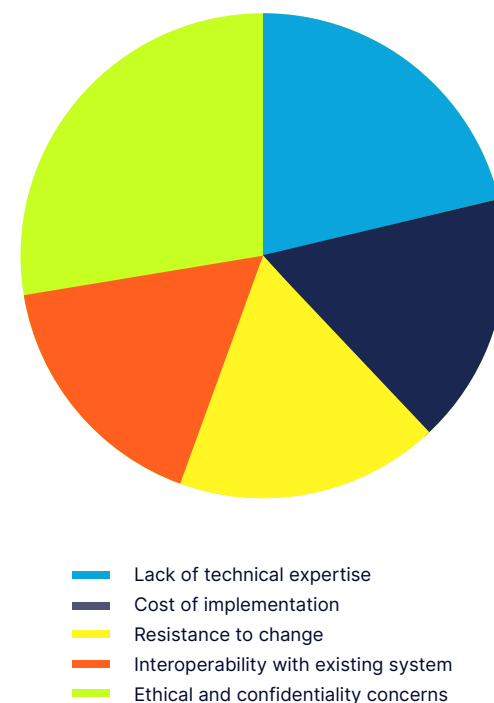


Barriers to adoption

The barriers to AI adoption in legal work, outlined in the survey, reveal a blend of practical, technical and cultural challenges. Chief among these are:

- **Ethical and confidentiality concerns** (56%) top the list, reflecting an industry-wide caution about AI's ability to meet stringent legal standards for confidentiality. This echoes findings in a [LexisNexis report](#), that flags continued concerns over the ethical implications of AI amongst lawyers.
- **Lack of technical expertise** (43%): Many legal professionals are not equipped to evaluate or implement AI solutions effectively. This aligns with [Deloitte's report on GenAI in legal work](#) which highlights the need for technology focussed roles within legal teams.
- **Resistance to change** (35%): Legal work is often steeped in tradition, and there's skepticism about AI's ability to handle complex or nuanced tasks. Some professionals fear that AI might undermine established workflows or displace junior roles.
- **Cost of implementation** (34%): Budget constraints remain a significant issue, especially for smaller firms. While larger organisations might have the resources to invest in AI, they still face challenges in achieving measurable ROI.
- **Interoperability with existing systems** (33%): The legal sector often relies on legacy tools, making it difficult to integrate new AI solutions seamlessly. Fragmented workflows and siloed data further exacerbate these challenges.

Barriers to AI integration



Despite the hurdles, there is room for optimism. A closer look at these barriers reveals opportunities for vendors and law firms to address concerns and drive adoption:

- **Transparency:** Many of the apprehensions around data security and ethical risks stem from a lack of understanding about how AI systems work. Vendors must prioritise transparency in their offerings, including clear explanations of how data is processed and secured.
- **Training and support:** A significant portion of the challenges - technical expertise, resistance to change and ethical concerns - can be mitigated through robust training and onboarding. Vendors should offer tailored programs to upskill legal professionals and build trust in AI solutions.
- **Tackling cost concerns:** Vendors need to demonstrate the ROI of AI tools more effectively. This means focusing on tangible outcomes, such as reducing the time spent on document review or improving the accuracy of legal research.
- **Integration, not disruption:** AI tools must fit seamlessly into existing workflows to gain traction. For example, APIs and integrations with existing systems can ease the transition and reduce disruption.

In addition to the recognised barriers to AI adoption, respondents from both the UK and US highlighted additional concerns that reflect frustrations with current AI tools and their application in legal work. Issues such as liability for negligence, accuracy and trust in AI-generated outputs were frequently mentioned, emphasising the high stakes and precision required in legal workflows. Specific feedback pointed to problems with AI hallucinations - the generation of incorrect or nonsensical outputs - and formulaic responses, which fall short of the nuanced understanding needed in legal practice.

Concerns also extended to loss of skill development, with some respondents worried that over-reliance on AI could erode essential capabilities among junior lawyers. Meanwhile, comments like “AI sucks” and “it doesn’t work” reflect a broader dissatisfaction with the current performance of AI tools, alongside calls for better training and understanding among senior attorneys.

This feedback highlights a critical need for vendors to focus on improving accuracy, usability and trustworthiness in their solutions while addressing organisational barriers like training and clear use cases.

Collaboration between client and firm when using technology

The relationship between in-house legal teams and external counsel appears to be evolving, driven in part by advancements in LegalTech. Technology is reshaping how work is delivered and billed, yet much remains uncertain. While 60% of respondents admit they don't know what to expect in the future, others anticipate shifts in both collaboration and competition.

Approximately 15% of respondents foresee greater collaboration, enabled by tools that streamline workflows and facilitate real-time communication. Integrated platforms that allow for shared editing and visibility are key enablers, reducing misunderstandings and improving the overall quality of legal services.

Conversely, 8% predict increased competition, spurred by cost pressures and AI's ability to handle routine tasks in-house. In-house counsel may rely less on external expertise for transactional work, opting to shop around for services or manage more tasks internally. This could lead to reduced outsourcing of specialist knowledge as AI takes over standardised and transactional tasks.

"In-house counsel will still value external counsel's input."

"Legal work will always require human input."

Changing nature of client and firm relationships



- More collaborative
- More competitive
- No significant change
- Don't know

"I think it will help efficiency in one's office but not the interaction between law offices."

"It'll be a change in how we work but external advice will still be a commodity."

Interestingly, LegalTech integration is also driving greater transparency into external counsel's work, prompting discussions about deliverables and increasing expectations for quality. This dual effect demands adaptation on both sides.

Looking back, 42% of respondents report no significant changes in how corporate teams use external counsel over the last two years. However, looking forward, trends are diverging geographically. 32% of UK in-house lawyers expect to decrease their external counsel budgets over the next three years, compared to just 11% of their US counterparts, indicating a more cost-sensitive outlook in the UK.

This dynamic presents an opportunity for technology to facilitate meaningful transformation. By solving cross-organisational challenges and enhancing efficiency, LegalTech can not only improve collaboration but also address growing cost pressures, creating a more balanced relationship between in-house and external counsel.

"On a relationship level I don't think much will change - it is still going to be people talking to people."

"We talk about whether generative AI will change the ways that law firms and in-house legal teams interact, and whether there is potential for real change."

**Caroline Hill, Editor-in-Chief,
Legal IT Insider.**

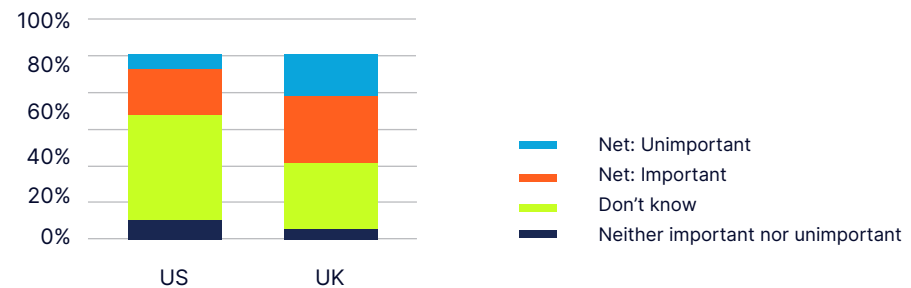


A perspective from in-house counsel.



Of those surveyed who are working as in-house counsel, 30% have said that it's important that the firms they rely on use technology for efficiency and/or collaboration, although almost half (48%) stated they don't know. There was a slight difference between geographies with 38% of UK general counsels suggesting this was important compared to 25% in the US.

How important is it that external counsel uses LegalTech for efficiency and/or collaboration?



Survey respondents highlighted a range of perspectives on the importance of external counsel using LegalTech for efficiency and collaboration. Many emphasised the value of technology in enabling faster turnaround times, improving efficiency and reducing costs, with some stating that firms failing to adopt such tools risk losing clients. Collaboration and interoperability were frequently cited, with respondents expressing frustration over inefficiencies caused by incompatible systems or duplicated work. Others underscored the role of technology in streamlining processes such as document sharing, data transfer and communication, which are critical for maintaining smooth workflows between in-house and external teams.

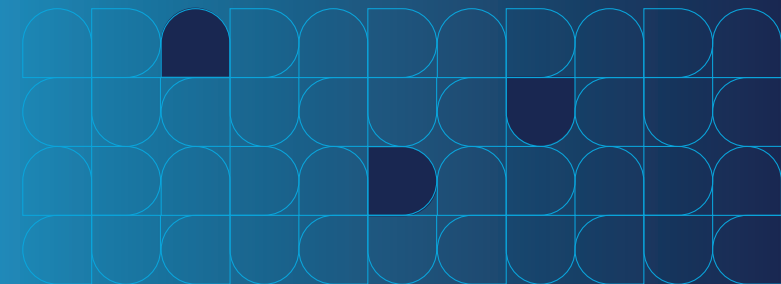
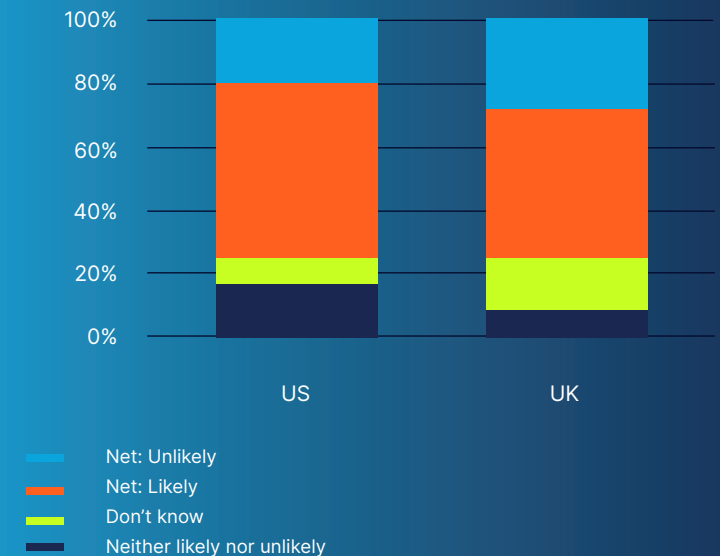
On the other hand, several respondents expressed indifference to the use of technology, prioritising the quality of advice and outcomes over the methods used to achieve them. Some were skeptical of unproven technologies or reluctant to trust AI for critical tasks. There was also a sentiment among a portion of respondents that traditional methods of working remain sufficient as long as external counsel delivers within agreed cost and time constraints. This would explain why 40% of corporate counsels surveyed don't expect to insource more of their legal work.

This mixed outlook suggests that while LegalTech adoption is increasingly valued for its potential to drive efficiency and collaboration, the importance placed on it varies depending on the specific needs, experiences and expectations of clients.

When asked if they expect their panel firms to use AI for legal work, the responses from both UK and US participants reflected a cautious outlook. In the UK, only 16% of respondents expect their panel firms to adopt AI, with a majority (54%) expressing skepticism and 30% uncertain. Similarly, in the US, just 20% expect AI adoption, with 31% saying no and nearly half (49%) unsure. These findings align with earlier responses, where many emphasised the importance of quality and outcomes over specific tools or methods. The significant proportion of “don't know” responses suggests a lack of clarity or awareness around the role of AI in legal workflows, indicating that clients may still be navigating the potential of these technologies and their impact on external counsel.

**“We just want quality advice.
How that is produced is not a
concern for us.”**

Do you expect law firms to use GenAI?



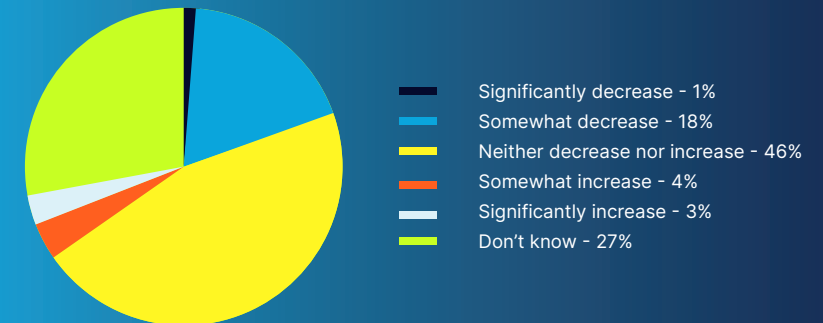
The AI effect

When asked how likely they are to expect external counsel to use Generative AI for tasks such as legal research, contract review or document creation in the next two years, 52% of all respondents indicated they are either “somewhat likely” or “very likely” to expect its use, with US respondents (55%) slightly more optimistic than their UK counterparts (49%). On the other hand, a notable minority (23% overall) remain “somewhat unlikely” or “very unlikely” to expect such adoption, reflecting some skepticism across regions. A small percentage of respondents (12%) were uncertain, indicating a degree of hesitation or lack of familiarity with the topic.

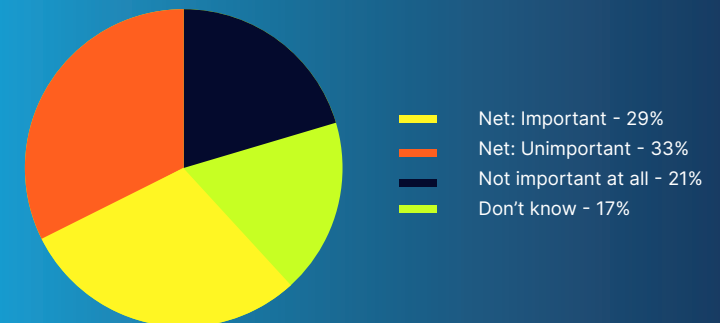
In a follow-up question on whether AI adoption will affect their spend on external counsel, the majority (46%) across both regions believe that it will neither increase nor decrease their expenditure, signaling a perception that AI adoption might not significantly alter cost dynamics. However, 20% expect spending to decrease, particularly in the UK (27%), suggesting that some believe AI could drive efficiency and reduce costs. Conversely, a smaller group (8% overall) anticipate increased spending, with more US respondents (11%) expecting this compared to just 3% in the UK.

When asked about the importance of external counsel integrating AI into their legal service delivery, responses were divided. While 29% of all respondents considered it important (“Very important” or “Slightly important”), a comparable share (33%) viewed it as unimportant (“Slightly unimportant” or “Very unimportant”). Interestingly, 17% were unsure, and 21% said it was “Not at all important,” suggesting that while AI is increasingly discussed, its perceived necessity varies significantly. UK respondents were slightly more polarised, with 35% deeming it unimportant, compared to 31% in the US. However, US respondents had a higher share of uncertainty, with 22% saying “Don’t know”, compared to 11% in the UK.

Do you expect external legal spend to change due to AI adoption?

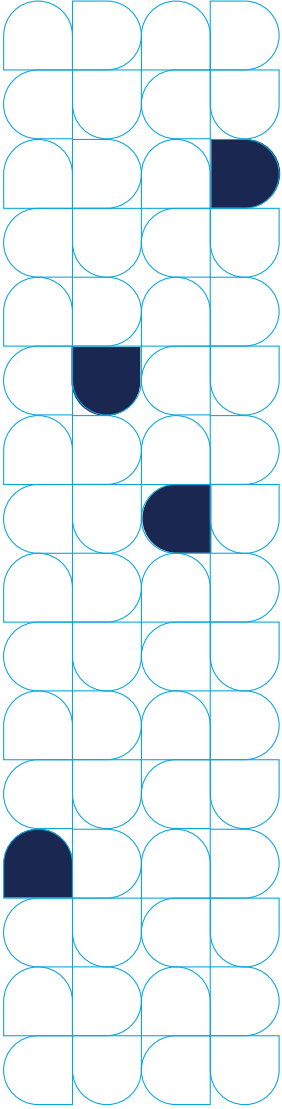
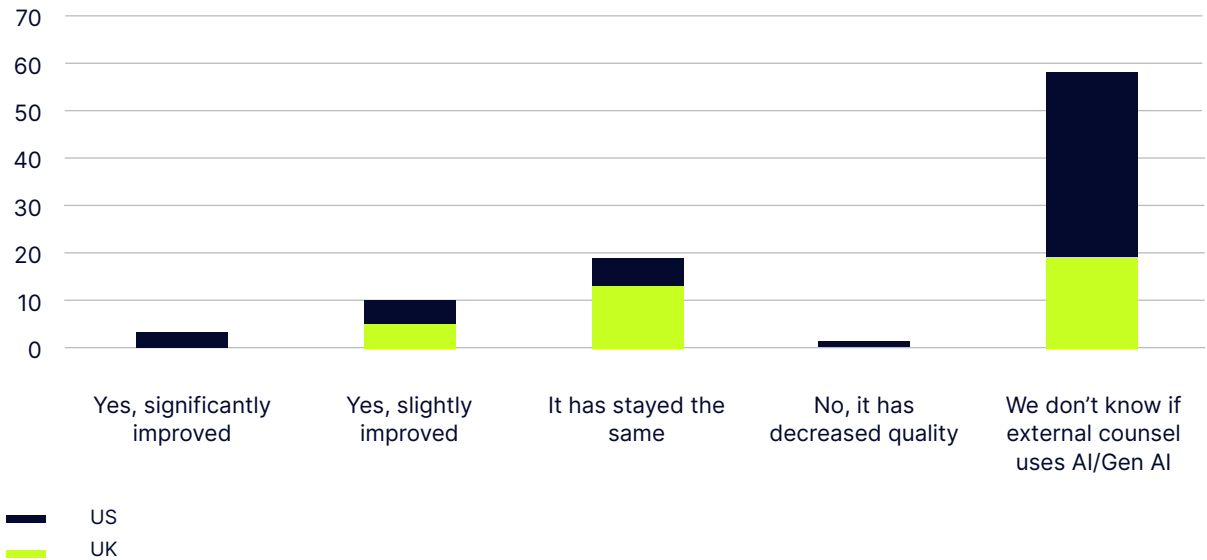


Importance of AI integration into service delivery



When asked whether AI usage by external counsel has improved the speed or quality of their work, most respondents (64%) were unsure about their counsel's AI usage, which ties in with earlier points around limited promotion of the use of AI although this might be changing. Among those who could assess its impact, only 3% said it had “significantly improved” performance, while 11% reported a slight improvement. The largest share of informed respondents (21%) indicated that AI adoption had made no noticeable difference, suggesting limited visible impact thus far.

Has the use of AI improved the speed or quality of their work?



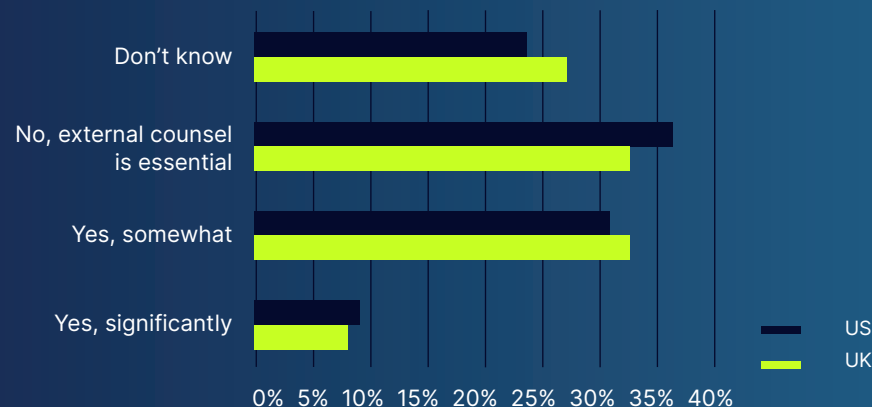
Changing reliance on external counsel

The survey results reveal a nuanced perspective on how AI/Gen AI tools might influence reliance on external counsel. While some respondents see potential for AI to shift routine legal tasks in-house, a significant number believe external counsel remains indispensable. When asked if they would consider reducing reliance on external counsel if AI tools could handle more of their legal work, 32% of respondents said they would “somewhat” consider it, while only 8% indicated they would “significantly” reduce reliance. Interestingly, 35% stated that external counsel is essential, emphasising the enduring need for their expertise, particularly for complex or high-value matters. Meanwhile, 25% were uncertain, suggesting either unfamiliarity with AI capabilities or hesitation to envision a significant reduction in reliance.

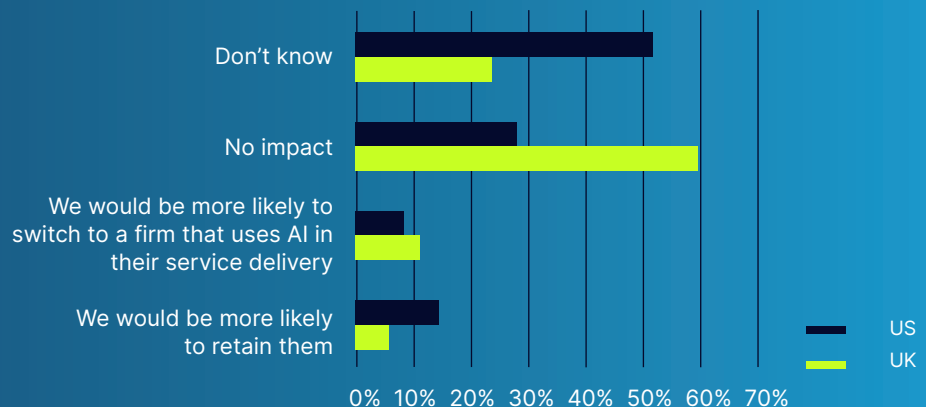
When exploring whether external counsel's use of AI would influence decisions to retain or switch firms, the responses highlight that AI adoption alone is not a decisive factor for most. Only 11% of respondents said they would be more likely to retain firms that use AI, with a slightly higher share in the US (15%) compared to the UK (5%). Similarly, just 9% overall indicated they would be more likely to switch to a firm that uses AI, while 40% said it would have no impact on their decision-making. Notably, 40% were unsure, reflecting widespread uncertainty about the role of AI in legal services and its potential to differentiate external counsel.

These findings suggest that while AI adoption may shift some aspects of corporate teams' reliance on external counsel, it is unlikely to replace their role entirely. External counsel remains critical for strategic guidance and high-complexity work, even as AI tools enhance efficiency and reduce costs for routine tasks. The data also underscores that firms adopting AI may gain a competitive edge, but their overall value proposition will still depend on delivering high-quality legal expertise and tailored solutions.

Would you reduce reliance on external counsel if AI tools could handle more of your team's work?



Does the use of AI influence your decision to retain or change firms?



A firm's perspective.



The data reveals a divide in perceptions of client-driven pressure to adopt legal technology, with significant regional differences. Overall, nearly half of all respondents (48%) indicated that clients have “never mentioned” the use of legal technology to them. This sentiment was consistent across regions, with 49% in the UK and 47% in the US reporting no client-driven pressure. These findings suggest that while legal technology is increasingly discussed within the industry, it may not yet be a widespread client expectation.

For firms that do experience pressure, motivations vary. In the UK, 21% said they feel pressure because clients expect legal technology to save time or reduce costs, compared to only 6% in the US. Conversely, a larger share of US respondents (26%) said they feel pressure to adopt legal technology specifically to improve collaboration with clients, compared to no firms in the UK selecting this response. This suggests that US clients may place a greater emphasis on technology as a means of enhancing communication and working relationships.

Additionally, 26% of respondents overall indicated that client pressure “depends on the matter,” highlighting that expectations around legal technology use may be context-dependent, varying by the complexity, urgency or nature of the legal task.

Is there pressure from clients to use technology in the delivery of legal services?



Key insights:

- US firms are more likely to feel pressure to use LegalTech for collaboration, while UK firms are more focused on cost and efficiency expectations.
- The fact that nearly half of respondents have not encountered client pressure suggests that LegalTech adoption is still primarily driven by internal firm strategies rather than external demands.
- The “depends on the matter” response indicates that client expectations for LegalTech use are not uniform and may be influenced by specific project requirements.

Do you encourage clients to adopt LegalTech?



The data highlights mixed approaches among firms regarding whether they encourage clients to adopt legal technology, with notable regional differences and varied attitudes about its relevance and future potential.

A significant proportion of respondents, particularly in the UK (54% compared to 38% in the US), said that client adoption of legal technology makes no difference to their work. This suggests that many firms, especially in the UK, may not yet perceive client-side legal technology as critical to their current operations, or they may view it as irrelevant for the types of services they provide.

Currently, 10% of UK respondents and 19% of US respondents actively encourage their clients to adopt legal technology to improve collaboration, while 19% in the UK and 34% in the US promote technology to make work with clients more efficient. These findings suggest that US firms are slightly more proactive in leveraging legal technology as a tool for efficiency and collaboration.

A notable share of respondents - 17% in the UK and 9% in the US - indicated that while they have not yet encouraged clients to adopt legal technology, they expect this to change within the next 12 months. This reflects an emerging recognition of the value legal technology could bring to client relationships, with firms anticipating a greater emphasis on its promotion in the near future.

It's worth noting that:

- Despite growing discussions around legal technology, over 47% of respondents overall report that client adoption of legal tech makes no difference to their work.
- US firms are more likely than UK firms to encourage legal technology adoption for both collaboration and efficiency, with 53% in the US promoting its use compared to 29% in the UK.
- A combined 14% of law firm respondents anticipate encouraging legal technology adoption in the next year, suggesting that its perceived value in client-firm relationships is likely to grow.

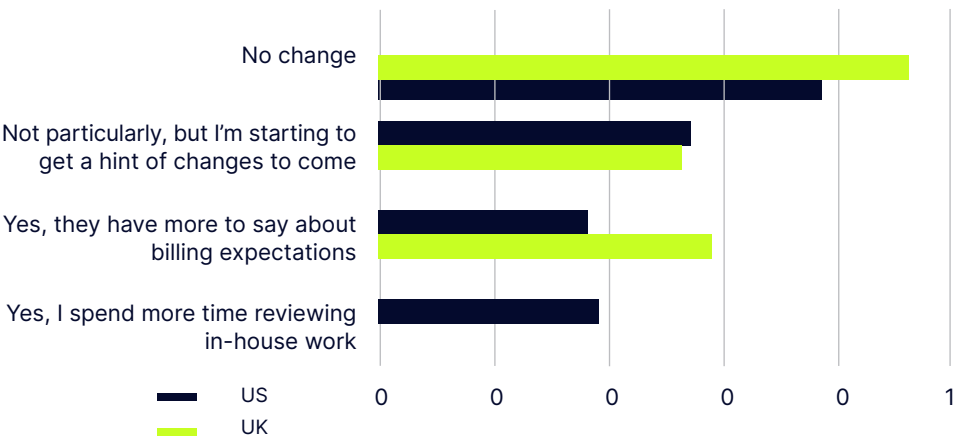
Have there been any noticeable changes in client requests over the last 2 years?

The data suggests that client demands for legal services have remained largely stable for many firms, with 43% of respondents overall reporting no change in the work clients are asking for over the past two years. This consistency is particularly evident in the UK, where 46% of respondents noted no significant shifts, compared to 38% in the US. However, a quarter of respondents (25% overall) indicated they are beginning to notice subtle signs of changing client expectations, suggesting that while stability remains the norm, firms may need to prepare for gradual adjustments in the near future. Notably, UK clients appear to be more vocal about billing expectations, with 29% of UK respondents highlighting this trend, compared to just 17% in the US, pointing to a stronger focus on cost management and transparency in the UK market. Meanwhile, in the US, 19% of respondents reported spending more time reviewing in-house work – an insight that reflects a potential shift toward clients handling more routine tasks internally and seeking external counsel for validation or specialised expertise.

No change in client requests: A significant portion of respondents, 43% overall, reported no change in the work clients are asking for. This sentiment was more pronounced in the UK, where nearly half (46%) indicated no noticeable shifts, compared to 38% in the US. This suggests that for many firms, client demands have remained relatively consistent.

Emerging changes: Around 25% of respondents overall stated that they are starting to notice hints of changes in client expectations, reflecting a potential shift in the type of work or services clients may require in the near future. This proportion was consistent across the UK (25%) and the US (26%), suggesting similar levels of anticipation in both regions.

Changes in client requests over the last 2 years



Increased focus on billing expectations: A notable 24% of respondents overall said clients have become more vocal about billing expectations. This trend was more evident in the UK (29%) than in the US (17%), suggesting that UK clients may be placing greater emphasis on cost transparency or value for money in legal services.

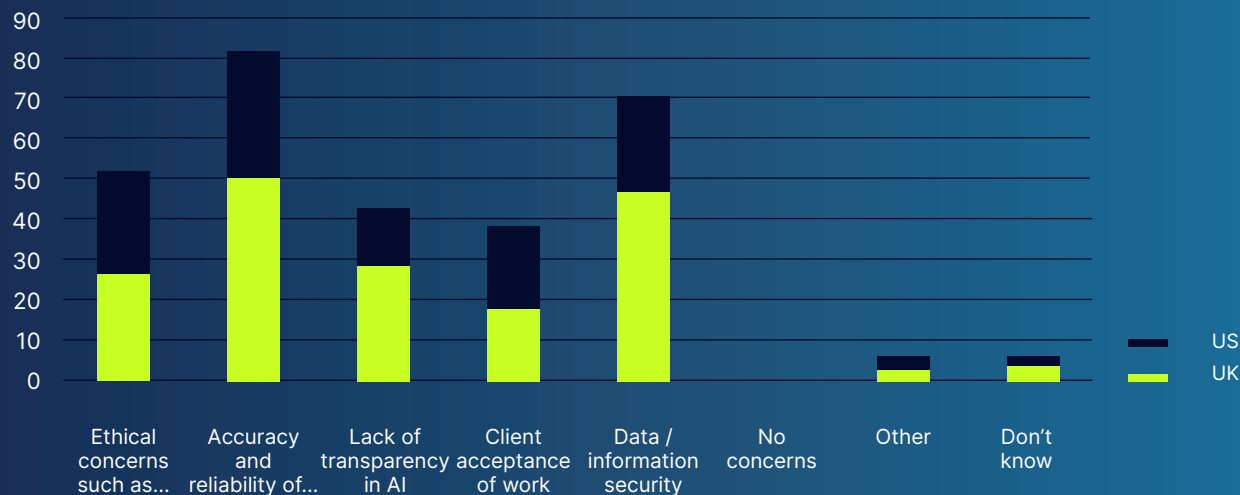
Growing review of in-house work in the US: Interestingly, 19% of US respondents noted that they are spending more time reviewing in-house work, compared to 0% in the UK. This could reflect a regional trend in which US clients are increasingly handling initial work in-house and seeking external counsel primarily for review or specialised input.

Concerns and preparedness for AI in legal work

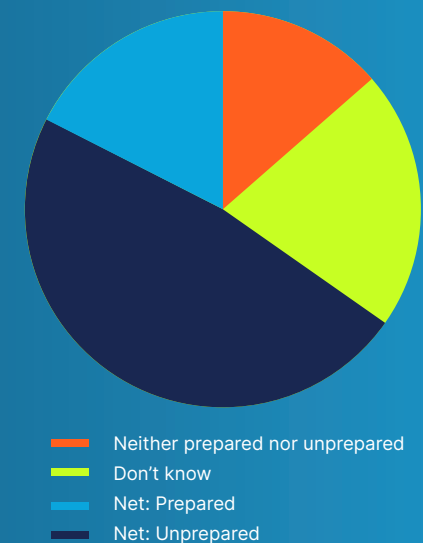
The survey highlights widespread concerns about AI adoption in legal work, with accuracy and reliability of outputs (75%) and data security and confidentiality (64%) emerging as the top issues. UK respondents expressed higher levels of apprehension compared to their US counterparts. Ethical concerns, such as bias in AI decisions (47%), were notably higher in the US (53%). Transparency of AI processes (38%) and client acceptance of AI-generated work (35%) were additional areas of concern. Notably, **no respondents reported having no concerns, underscoring the pervasive uncertainty surrounding AI adoption.**

Preparedness levels show a divide, with 48% of respondents overall feeling “very prepared” or “slightly prepared” to meet demands for AI integration. US firms (53%) expressed greater confidence than UK firms (44%), though 21% of respondents were unsure about their readiness, and 17% felt unprepared. These findings highlight the need for further investment in technology, internal education and efforts to address concerns.

Concerns about using AI for legal work



How prepared is your firm for AI into delivery of legal services?



AI: Threat or opportunity?



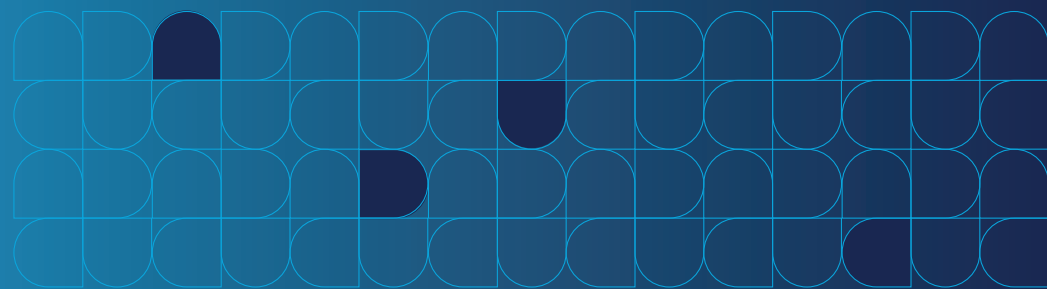
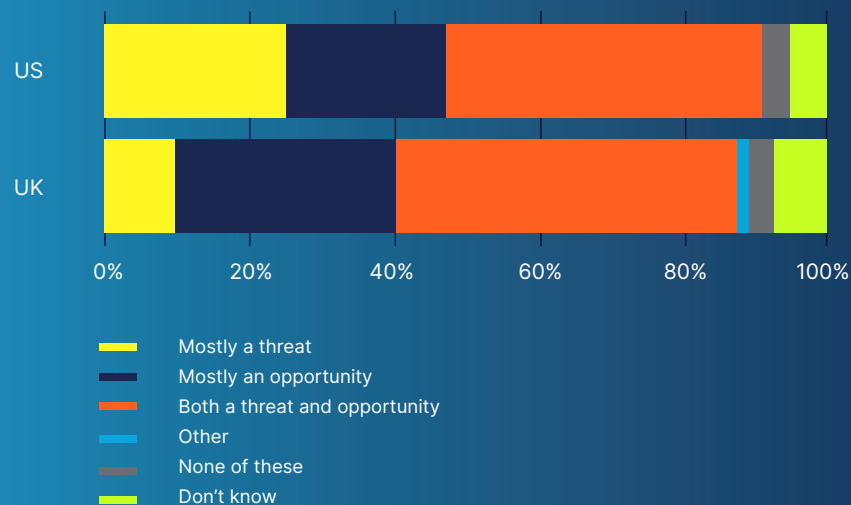
The data reflects a nuanced perspective on Generative AI, with nearly half of all respondents (45%) viewing it as both a threat and an opportunity. This balanced outlook highlights the tension between the transformative potential of AI and its associated risks, such as ethical challenges, accuracy issues and client impacts. UK respondents were slightly more inclined (47%) than their US counterparts (42%) to acknowledge both sides, reflecting a broadly similar level of caution and optimism across regions.

When focusing on AI as mostly an opportunity, 27% of respondents overall expressed optimism, with UK professionals (30%) more likely than those in the US (24%) to see its benefits. This positive sentiment was particularly notable among private practice respondents in the UK, where the potential for improved efficiency and innovation appears to be better recognised. Conversely, 17% of all respondents, including 24% in the US, see GenAI primarily as a threat. US respondents were more concerned about its potential to harm clients or fail to deliver reliable results, as reflected in comments such as “It needs to be less [problematic], basically.”

A smaller proportion of respondents expressed indifference or uncertainty, with 4% selecting “None of these” and 7% saying “Don’t know.” This suggests that while many legal professionals are forming clear opinions on GenAI, there remains a subset who either lack exposure to its applications or are unsure of its relevance to their work.

- Nearly half (45%) of respondents see GenAI as both a threat and an opportunity, reflecting the complexity of its role in legal services. Professionals acknowledge its potential while recognising risks such as ethical challenges, errors and client impact.
- UK respondents are more optimistic, with 30% seeing GenAI as mostly an opportunity compared to 24% in the US. Conversely, US respondents are more likely to view it as mostly a threat (24% vs. 10% in the UK), suggesting regional variations in confidence and risk tolerance.
- Responses such as “It needs to be less [problematic]” highlight dissatisfaction with current AI tools, signaling that adoption hinges on improving accuracy, reliability and ethical safeguards.

Do you view AI as a threat or opportunity?



Transforming legal practice with AI and LegalTech.



The adoption of LegalTech, particularly AI, is reshaping the legal industry, driving shifts in workflows and the relationships between in-house teams and external counsel. While security and data privacy remain key concerns, the potential for AI to improve efficiency, reduce costs and streamline processes is undeniable.

Our research highlights the diverse pace of adoption across geographies and organisational types, with private practice often leading the way in the UK and in-house counsel advancing faster in the US. However, skepticism persists, particularly among in-house teams, due to challenges like interoperability, technical expertise and unfulfilled promises from vendors.

To bridge these gaps, vendors must focus on building secure, intuitive and workflow-integrated solutions while fostering trust through transparency and support. As firms and clients navigate this evolving landscape, the interface between them will likely become more collaborative, driven by shared expectations for efficiency and innovation.

Ultimately, the future of LegalTech depends on thoughtful integration, addressing user concerns and delivering clear value to both lawyers and their clients. This is an exciting time for the profession, but success will hinge on balancing ambition with practicality.

“AI’s greatest potential isn’t in replacing lawyers but in augmenting their expertise. By automating routine tasks, we can free legal professionals to focus on the complex, high-value work that truly makes a difference.”

Feargus MacDaeid, Co-Founder and Chief Strategy Officer, Definely.





About Definely

At Definely, we're on a mission to simplify the way legal professionals access and understand complex information in legal documents. Trusted by a global community of customers, our LegalTech solutions integrate seamlessly into lawyers' daily workflows, making it easier to draft, review and navigate even the most complex contracts.

Our products provide instant access to essential information, enabling legal teams to review clauses and provisions in context, reduce risk and work more efficiently – all without disrupting their flow. At Definely, we're dedicated to solving real challenges faced by legal professionals.

Get in touch to find out how LegalTech can improve your legal workflows in contract drafting and review www.definely.com

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