

Legal Tech Trends 2025

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7 EXPERT OPINIONS FROM GLOBAL LEGAL PROFESSIONALS





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At breakneck pace, technology developments continued to create splashy headlines last year. In law firms and in-house legal departments, 2024 was the year of experiments and pilots. As we look ahead, 2025 is shaping up to be the year where legal tech - and especially generative AI - goes mainstream. This means moving past focus on proof of concept or joining the AI hype because others are doing so. Law firms and legal teams are shifting gears toward large-scale rollouts and real-world use as demonstrable value continues to be documented.

AI isn't just a shiny new tool anymore. It's a critical part of staying competitive. More law firms realize that the real value comes when they focus on specific use cases, and solve real problems for their clients and teams. If the use case isn't clear, the technology will not deliver.

One thing is certain: there is a newfound energy in the legal industry. AI may have stolen the spotlight in the past year, but it has also caused lawyers themselves to become more involved in legal technology. They are realizing that doing nothing is no longer an option if they want to stay ahead of the curve. That shift is leading to a broader interest in

tools that improve workflows, collaboration, and efficiency - even those activities that have nothing to do with AI. The urgency to innovate has never felt more real.

Last year, as a guest in this update, I speculated that firms who invested in infrastructure and real-world use cases would be the early beneficiaries of AI capabilities. Today, we see early signs that winning approaches are emerging. So, will 2025 be the year where we see thoughtful adoption instead of blind hype? Will firms build or buy their AI solutions? Are specific steps necessary to create value in an organization? Will promised 'legal AI agents' create real value to lawyer workflows? And how will the ideal legal tech stack look for different types of firms?

To help make sense of it all, we asked 7 legal experts in our network for their thoughts. We wanted to know what trends they see, what they believe legal tech should achieve, and where firms should focus their time and money.

Curious about their take? Let's dive in!

Best,

Jeff

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Technology in the Legal Market in 2025

Technological and market-driven business mutations are emerging below the surface of the legal industry's traditions and rigorous human effort. But like many changes, they will be unevenly distributed in their adoption and benefit.

I do not predict that 2025 will be disruptive, but rather that it will mark the beginning of a roughly five-year acceleration through which certain firms and departments will pull away from today's relatively modest norms to achieve outsized, sustainable rewards.

Path to AI ROI

It is table stakes that law firms and legal departments will continue experimenting with Gen AI. Workflows, mutual use of AI

across firms and their clients, automation through agents – these are all a given. These changes spotlight how work gets done, so 2025 will begin a serious focus on design work more common in consulting – methodologies, playbooks, processes, and the like. Tuning and standardizing workflows will enable firms to better optimize resources and matter pricing. These investments in reducing the “cost of goods sold” will spur deeper spending on technology and alternative staffing models as they yield higher profitability.

Law Firm Consolidation and Professional Business Leadership

Law firm consolidation will accelerate as firms merge (or steal top teams) to enhance resources and global reach. These larger, richer firms have the scale, complexity, and bustle to afford and need higher levels of professional business management. Anecdotally, higher turnover of C-suite roles in large firms is already underway. These

business leaders, increasingly either from outside legal or using other businesses as their model, will invest in technology to operationalize and optimize the business beyond the current norms of traditional models.

Data-Driven, Strategic Decision Making Beyond Financials

Firms have relied on lagging financial indicators to run and tune the business but will increasingly invest in a more complete set of data and leading, rather than lagging, business measures.

Examples include:

- Strategic planning – both the formulation of plans and auditing progress against them
- Pipeline management / CRM / demand management
- Client-centric metrics (e.g., value, cycle time, effectiveness, budget accuracy)
- Efficiency based on the impact of lawyers using AI
- Competitive intelligence
- Talent management, notably concerning lateral partners and work allocation
- Matter pricing, strategic as well as just-in-time
- Client health ratings and analysis
- Risk radars for legal departments

However, firms have been slow to adopt non-financial data analysis and data science. In 2025, I expect new leaders who recognize these business measures (e.g., managing partners, COO, CBDO, CINO, and data roles) with plans to achieve them, but not yet any disruptive results.

Legal Departments Embracing AI and Alternative Services

These departments will evolve from asking law firms if they are using AI to expecting them to (1) explain what value they are achieving with AI, (2) work alongside them in using AI, and (3) clarify how case staffing will evolve.

Corporate legal departments keep upping their arsenal – legal ops leaders, matter management, contract lifecycle management, reverse auction pricing, increased spending on alternative services, and now Gen AI capabilities. In 2025, Gen AI vendors will equally focus on selling and creating solutions for legal departments.

These departments will evolve from asking law firms if they are using AI to expecting them to (1) explain what value they are achieving with AI, (2) work alongside them in using AI, and (3) clarify how case staffing will evolve.

These pressures will speed up the adoption of AI and workflow systems in law firms and alternative service vendors faster than internal change efforts can achieve in isolation.

General Contractors and Industry AI Models

Several older academic white papers studied how architects failed to evolve their business acumen – risk-taking, multi-party project management, investments and financial leverage, fixed long-term pricing, etc. – leading to the emergence of the ‘general contractor’ role, which relegated architects to hourly workers with more minor roles. With so many frenemies at the gate – Big Four accounting, alternative providers with

\$28B+ in legal spending growing by 18%, litigation financiers, AI vendors with multi-billion valuations, elite firms consolidating power, and VCs focused on legal tech—the likelihood of bigger cross-firm and intermediary roles in the industry grows. And the creation of AI-enabled industry algorithms is eventually assured.

Conclusion: Not Disruption but Beginning a New Trajectory

Consolidation, professional leadership, data-driven strategies, thoughtful pipeline management, and the incorporation of AI will characterize the future of technology and growth in the legal market. **AI gets the most hype, but its value as an instigator of change is even more significant.** The firms that accelerate their mutation in 2025 will undoubtedly lead the future.



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Digital & Innovation



5 tech trends reshaping the legal practice in 2025

The most overlooked reality of legal technology in 2025 isn't about technology at all - it's about **Data Insights**.

The firms leading the technological transformation are those that have established robust Data Insights frameworks that enhance the practical utility of their AI implementations.

Curiosity-driven innovation is going to be the driver for us at Khaitan & Co. (**KCO**). For law firms, this means:

- Leveraging AI to explore deeper legal insights
- Encouraging innovative problem-solving approaches
- Transforming traditional research methodologies

After a year of widespread AI experimentation, one truth has become clear: raw technological capability means little without the organizational infrastructure to deploy it effectively. This points to a broader truth:

Successful legal tech adoption is 80% organizational and 20% technological.

The critical challenges aren't about choosing the right AI model or building the perfect interface - they're about reshaping how lawyers work, think, and collaborate.

Trends reshaping the legal practice:

1. Rise of the Hybrid Builder

Unlike the current trend of firms either buying or building tech solutions, 2025 will see the emergence of "hybrid builders" - firms that combine purchased foundational AI models with bespoke applications built around them. This isn't just about customization; it's about **creating unique intellectual property while mitigating the risks of relying solely on third-party solutions**. Think of it as the legal tech equivalent of cloud computing's hybrid architecture.

We at KCO are following a similar approach, by combining foundation AI models on Microsoft Azure with proprietary components like redaction models and global prompt library. Rather than just deploying off-the-shelf AI tools, we've created specialized modules (ask.KAI, KAI.Query, KAI.Translate, KAI.Sort, KAI.Search) that wrap AI capabilities in firm-specific workflows, allowing for one-click execution of complex legal tasks while preserving their institutional knowledge through pre-built, optimized prompts for common legal work.

2. Practice Area AI Divide

The uniform approach to legal tech adoption will fracture along practice area lines. **Different practice areas will develop distinct AI adoption patterns based on their unique workflows, client demands and risk profiles.** This specialization is creating new career paths. "Practice Area AI specialists" - lawyers who deeply understand both the technical capabilities and practical applications within their domain - will command premium salaries.

3. Client-Driven Transparency

The most profound shift in 2025 will emerge from clients demanding granular visibility into AI usage in their matters. This goes beyond simple disclosures - **clients want to understand how AI tools influence decision-making, ensure quality control, and impact their bottom line.** These transparency frameworks typically span three critical dimensions. First, they provide comprehensive decision documentation that tracks and explains which aspects of legal work leveraged AI assistance, including clear audit trails of human oversight and quality control measures. Second, they deliver real-time value metrics that quantify concrete benefits - from time saved on routine tasks to quality improvements in document review and cost implications across different matter types. Finally, they maintain detailed risk management logs that record data security measures, bias testing protocols, and accuracy verification steps for all AI-assisted work.

4. Data Insights Takes Centre-Stage

The most successful firms in 2025 won't be those with the most sophisticated AI tools, but those who've figured out how to capture, organize, and deploy their collective expertise at scale.

Firms are discovering that their internal data, when properly structured, become competitive moats in the AI era.

The firms that can effectively combine their institutional data & knowledge with AI capabilities are pulling ahead, while those that rushed to adopt AI without strong knowledge management foundations are struggling to show results.

5. The New SaaS model

With the developments in Agentic AI, we expect to see a move from SaaS (Software as a Service) to **SaaS (Service as a Software).** While the technology is ripe and ready to be explored, the foundational processes and human intervention areas are not yet well-defined. Our focus will be on refining these processes and gaining deeper insights to lay a strong foundation for this new model. This approach mirrors what we did when deploying our data lake solution—building the necessary groundwork to fully leverage AI advancements.

These changes reveal a fundamental truth about the future of legal practice: in a world where AI commoditizes basic legal tasks, the key competitive advantage isn't raw processing power or even specialized expertise - it's the ability to systematically capture, enhance, and deploy institutional knowledge at scale. The firms that thrive in 2025 won't be those that chase every new AI headline, but those that build the organizational infrastructure to turn their collective experience into repeatable insight.



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Beyond Efficiency: How Legal Tech is Evolving in 2025

In recent years, there has been significant investment in technology as firms strive to enhance efficiency and reduce the hours spent on manual, highly repetitive tasks. However, the integration of technology into standardised processes is often inconsistent. While firms focus on the efficiency gains that technology can deliver, there is a balance to be struck between applying technology across multiple practice groups and processes versus using niche tools that drive efficiency in specific areas. **Consequently, we are likely to see technology consolidation and rationalisation continue through 2025.**

Many firms manage a tech stack comprising a wide array of top tools in the market, some with generic applications and others that serve very specific needs. This can be overwhelming and lead to confusion and inconsistency in how technology is applied to legal work. As a result, many of the capabilities that technology offers are simply not being utilised. There is a lack of general understanding of what the tools can do and how to maximise their potential.

With more Generative AI-enabled tools entering the market, firms are reassessing

their needs, identifying the pain points that lawyers are experiencing, and looking to address inefficiencies in their end-to-end processes rather than focusing on isolated tasks. This is driving **an exciting wave of experimentation**. How does Generative AI-enabled technology compare against some of the more traditional tools in our stack? Where is there an opportunity to have one tool that performs multiple tasks, negating the need for three to four independent tools? The focus is not just on driving efficiency within a process but also on improving the user experience.

“Nobody wants to waste time jumping from one window to another, running multiple tools over the same document. If there is an opportunity to simplify, firms are likely to take it.”

This trend is leading to more comparative experimentation to assess the **benefits of versatile products that can be applied across multiple practice groups and processes**, rather than tools designed

for isolated tasks within a single practice area. This ongoing experimentation presents opportunities for more targeted collaboration with clients, whether through trials, co-designing and developing Proofs of Concept (PoCs), or knowledge sharing to identify the benefits and limitations of particular tools.

I anticipate heightened engagement in the discussions between law firms and clients, especially given the increasingly complex regulatory landscape.

To fully comprehend the capabilities and limitations of specific tools and assess their true commercial value, there will be a growing expectation for transparency from vendors regarding their **development roadmaps**. Understanding how these tools will continue to evolve to keep pace with market changes but also to address the needs of law firms will be crucial. Just as law firms engage in strategic discussions with their clients, large vendors should do the same with law firms to understand their evolving requirements and where there are

more opportunities to automate processes and widen the scope of their capabilities resulting in a better product fit.

I expect we will see further exploration of the benefits that **AI Agents** can offer. The low-code interface means that Agents can be whipped up quickly without the need to engage a large number of technical experts. Whilst this offers efficiency opportunities, it is pivotal that the right governance framework surrounding their use is in place.

So what does this mean going forward for 2025? **It means an exciting year ahead!** Streamlining tech stacks, deepening understanding of tool capabilities, fostering closer relationships with clients and vendors, and continuing to learn, learn, and learn!



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The Vanishing Legal Task

Legal work has two main components: doing tasks and giving advice. Clients want your advice but sometimes you have to do tasks to give good advice. Sometimes those tasks are complicated and sometimes they are routine. To advise a client on litigation strategy, you may need to review documents or research the law. To advise a client on an M&A transaction, you may need to conduct due diligence or review documents.

Tasks accompany advice.

No one went to law school to be good at routine tasks – but someone, or something, has to do them.

Historically, law firms have followed an apprentice model. You learn a task, you complete a task multiple times, you build expertise around tasks, and then you supervise others doing those tasks.

What if a human is no longer needed for a task, or at least not to undertake the laboring oar of a routine task?

It's a model built on the assumption that people are the best means of completing most tasks and that if two people with similar degrees of experience and ability do the same task, it will take them roughly the same amount of time. It's one of the reasons why the billable hour model has endured.

But what if a human is no longer needed for a task, or at least not to undertake the laboring oar of a routine task?

For years, legal technology solutions have been increasing the number of tasks that they are able to accomplish. But **technology has always faced an uphill battle:** many law firms are not institutionally set up to onboard great technology. Many legal departments are small, not tech-oriented, and do not have the wherewithal to test and onboard technology tools. The introduction of generative AI has made it even more difficult for law firms to distinguish between **high and low performing technology tools.**

Anyone in legal technology knows that the true cost of onboarding a vendor can be two to three times the annual license fee when factoring in training, security vetting, scouting, IT management, and other expenses. On top of that, license costs are proportionately high because vendors only have a limited target market to recoup their investments.

The new **AI Agents** being released by a number of technology vendors, which combine process automation with AI capabilities, however, are different. With an agent, you build what you need, understand the limitations, customize the tool, gain better insight into quality control, and have the technology forever – at **minimal cost**.

Agents put the power of generative AI at the fingertips of an ordinary attorney, helping that attorney more quickly and efficiently complete tasks, particularly routine tasks. Law firms no longer need to go through expensive vetting of a myriad of technology options and can just configure a tool for anyone who needs one.

If agents are even half as good as they appear, this raises a number of fundamental questions:

- **Legal Technology** – Why go through the pain and expense of onboarding legal technology vendors (the cost of which typically is not directly recouped) if an agent can do a sufficient job at virtually no additional cost? Agents have the potential to decrease third-party technology spend by reducing their overall number and the number of licensed users interacting with them.
- **Teachers** – Who is training the agent? Will legal departments permit their attorneys to train it or bring in IT teams? Understanding the skill set needed to properly educate an agent on how to perform will be critical.

- **Ownership** – Who owns the agents? Could a partner take an agent with them when they leave a firm, similar to how they might take a trusted associate? Who is responsible when the agent fails? Law firms consist of people – they are not factories that produce widgets. This is a big institutional change and, for many, a mindset change.

- **Ego** – In today's workforce, ego is often satisfied by the number of people being supervised. Will people receive the same satisfaction from managing a smaller team of people and Agents as they did from managing just people?

- **Credit** – Who gets credit when an agent performs well, and who gets blamed if it fails – the attorney who trained it or the IT department that built it? The answer to this question may drive whether agents are viewed as a threat.

Some firms will be able to pivot to judgment-based work, others will not. What's needed is a "hospital-type" mindset, one that focuses on processes.

Law firms unable to build the requisite processes to deploy agents will be looking for an entity that provides a clearinghouse of sorts to complete tasks. A clearinghouse that validates whether tasks accompanying judgment-based work were completed efficiently and effectively.

Law firms that embrace AI Agents early and realize the value for their clients will have a significant competitive advantage.



David Hobbie

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GOODWIN

Different Hills to Climb: Legal Technology Adoption in the Generative AI Age

The launch of ChatGPT 3.5 in November 2022 opened the floodgates to the most significant changes in the technology industry in decades, with OpenAI's launch of a functional generative artificial intelligence ("GenAI") application. For once, the legal industry has been targeted by mainstream technology, drawing callouts from the main stage in the Microsoft CEO's keynote, major investor interest, and the creation of hundreds of legal-industry-focused startups. And of course, there is good reason for that focus. Legal work is centered on leveraging language, we use it to argue, persuade, and negotiate. GenAI is quite good at emulating human speech, down to the level of tone, style, and form, so why shouldn't it also be good at helping lawyers?

Technological change, though, is hard for lawyers. Our profession's intellectual efforts are focused on precedent, what has

been decided before, meaning we look to decisions and statutes that may have been written ten or more years ago. We are trained from law school to be skeptical and risk-avoidant, and we are typically rewarded for persistent attention to detail rather than creativity and trying new things. "Fail early and fail often" may be a startup credo, but it is a lawyer's nightmare.

While these change management challenges have not changed, GenAI has several characteristics that make its adoption less of an uphill struggle than one might think; yet the way GenAI functionality has tended to be presented raises its own challenges.

Lawyer Language Skills & Prompting

For starters, most GenAI inputs relevant to our industry are written, language-based prompts. Previous change efforts around technologies such as data analytics, blockchain, and getting lawyers to code have struggled, in part because lawyers are notoriously math-averse. By contrast, GenAI prompting skills benefit from lawyers' sophisticated and precise language capacities.

Learning effective prompting is much more like learning how to craft a persuasive argument for a court filing or for an M&A negotiation than it is like Excel or logic puzzles. The prompting challenge for lawyers is less about learning the structure and nuances of an effective prompt, and more about understanding what GenAI is capable of, and what it is not, and identifying the appropriate moments in a legal workflow to take advantage of GenAI.

Dead Crows: GenAI Is A Different Intelligence

Encountering GenAI is a novel experience – for me, it was the first time I could have a seemingly meaningful conversation with a piece of technology about what it had done for me. Sometimes it even managed to fix what it had gotten wrong, in response to my follow-up prompts.

Yet while they are capable of interactive conversation, GenAI tools have huge variations in the types of tasks and activities they can accomplish, with clear patterns in what they are good at, and what they are not. These patterns are quite different from what we tend to see in people.

In the summer of 2023, I was sitting on the terrace of my father's house on Cape Cod with our former neighbor, a close family friend who had been an orthopedist, discussing what I was doing with GenAI and what it was. I told him it was really good at creating all kinds of things, like correspondence, poems, or opera scripts, and he asked me if

it could write a Shakespearean sonnet about dead crows. I pulled out my iPhone, opened the ChatGPT app, and yes, it was able to write an effective sonnet about dead crows, in absolutely the correct form, complete with the twist in the last two lines that often happens with the originals.

The level of brilliant intellect that would have been necessary for a human to replicate that feat is quite high. I can't think of too many people of my acquaintance that could pull off a sonnet like that, even given substantial time—my dearly departed mother and her friend the Donne professor at Rutgers perhaps could have. And yet, the same app cannot add or average numbers, invents fictitious case law in an apparent effort to deliver what the user is asking for, and doesn't itself accurately suggest what it can and can't do.

So what's a lawyer to do?

GenAI has the potential to assist in many different aspects of legal and corporate work and to ease some of the more tiresome tasks lawyers must perform. However, lawyers will need to leverage their existing capacities to develop the new skill of GenAI prompting, and to learn the contours of our new GenAI assistants' intelligences, so that they can understand when to apply it in their work. There's no beautiful view without a little sweat.

*No Generative AI was used to outline, draft, or rewrite this article!

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