

LEGAL INDUSTRY EMBRACES GENERATIVE AI

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The legal industry is boldly embracing seismic innovations, such as generative Artificial Intelligence (AI), while continuing efforts to deploy specialized legal technology solutions that can improve their day-to-day work. This is all while law firms and corporate legal departments contend with the changes required to service crucial Environmental, Social and Governance (ESG) needs and attract and retain the talents of a future-ready workforce. These are the key findings of the global *Future Ready Lawyer Survey 2023* released by Wolters Kluwer.

“Even in a world increasingly impacted by ChatGPT and other forms of AI, the legal profession continues to derive its strength from human relationships,” said **Martin O’Malley**, CEO, Wolters Kluwer Legal & Regulatory. “Still, the 2023 *Future Ready Lawyer Survey* suggests that lawyers are acknowledging the pivotal role of technology in creating more value for their organizations and for society as a whole. This is an essential development for the legal industry. With legal professionals facing the challenge of an ever-growing volume and complexity of legal and regulatory requirements, technology is playing an increasingly important role in their daily work. Whether it’s improving collaboration, cementing relationships, or improving workflows, technology is at the heart of driving the entire industry into the future.”

Approaching generative AI with confidence

Attorneys have only just begun embracing generative AI (GenAI). A sizable 73% of the lawyers polled in this year's *Future Ready Lawyer Survey* expect to integrate GenAI in their legal work within the next year. Many respondents appear poised to greet this latest technological development with confidence – 68% indicated that they feel prepared for GenAI's impact while 73% said that they understand how it can be applied to their work. Despite this, there seems to be no consensus among lawyers about whether they see GenAI as an opportunity or a threat. Almost half of the surveyed lawyers (43%) see GenAI as an opportunity, one in four (25%) see it as a threat and 26% see it as both an opportunity and a threat.

ESG preparedness not yet at required level

While the majority of law firms (68%) have established dedicated ESG practices within the last three years, both law firms and corporate legal departments still have plenty of work ahead of them to meet the heightened demand for ESG-related legal expertise and guidance that has continued to rise steadily over the last two years. According to the survey, 69% of law firms and 61% of corporate legal departments say they are not yet very prepared to fully deliver against expectations in the area of ESG. Nevertheless, ESG remains an important strategic growth area, with half of the attorneys surveyed (50%) expecting demand [from clients for ESG legal services] to increase, and 45% expecting demand to stay the same (up from 36% in 2022).

Lawyers pressured to expand technology use

Technology has become firmly established as part of the legal profession, with almost all attorneys (87%) saying that technology has improved their day-to-day work. Still, less than half of them (46%), believe they are fully leveraging technology, 50% are transitioning and 4% feel they are not leveraging tech as much as they should. Meanwhile, lawyers continue to face pressure to expand their investment in and use of technology in the face of client demands. Almost half of law firms (46%) rank the need to use technology to improve productivity and efficiency as a top need to meet client demands, as well as improve collaboration and work processes. Lawyers from both law firms (85%) and corporate legal departments (84%) also expect to make greater use of technology that improves productivity.

Finding and serving a future-ready workforce

The difficulty of attracting the right people for the right role seems likely to become a major obstacle to tackling heavy workloads and productivity demands. A vast majority (81%) of lawyers from both law firms and corporate legal departments see their ability to recruit and retain talent as a key area of focus moving forward. Still, most (80%) say they're ready to navigate recruitment demands. Among the most pressing demands from talent – 89% of lawyers say it's important to have technology that supports their ability to work remotely. Technology aside, the nature of the work itself appears to be changing as well, with most lawyers (78%) from both law firms and legal departments expecting an increased demand for specialization and a decline in generalist work. The stakes are high: Law firm respondents cited specialization as one of the factors clients will use to

evaluate their outside counsel in the next three years. Fortunately, a majority of firms and corporations (75%) say they are prepared to offer greater specialization to clients.

Formal DEIB plans still a work-in-progress

Diversity, Equity, Inclusion and Belonging (DEIB) rates low on the list of workplace satisfaction indicators. Nevertheless, the survey finds that most legal professionals (88%) are satisfied with their employer's efforts to create a diverse workforce and culture. Additionally, a high percentage of lawyers (82%) work for organizations that claim to have successfully created a diverse and inclusive environment. However, those sentiments don't necessarily reflect a more formalized approach to promoting DEIB. Only 55% of law firms and corporate legal departments surveyed currently have formal Diversity, Equity Inclusion and Belonging (DEIB) policies in place. Timing varies among firms and legal departments who are still firmly in the planning stage of their DEIB policy implementations, with 22% saying they plan to implement a formal policy in the next 12 months, and 15% targeting "the next few years."

International perspectives

Generative AI and ChatGPT may be global phenomena, but the survey indicates that views continue to vary from country to country. More lawyers in the Netherlands (65%) appear to be convinced about the benefits of GenAI than legal professionals in the U.S. (46%), Belgium (38%) and France (20%). Additionally, professionals from the Netherlands are most likely to see GenAI as an opportunity (65%) while also seeming to have the greatest understanding of how this technology applies to their work (89%) – a sentiment that is also shared by 80% of U.S. legal professionals. Both countries also indicate a rise in demand for ESG guidance in the past year, and the majority have DEIB policies in place. Meanwhile, Belgium, France and Hungary each score below 40% when it comes to having DEIB policies in place.