

AI Software in Legal Industry - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 142 pages | Mordor Intelligence

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Report description:

The AI Software Market in Legal Industry is expected to grow from USD 2.19 billion in 2024 to USD 3.64 billion by 2029, at a CAGR of 10.70% during the forecast period (2024-2029).

Artificial intelligence (AI) has always been at the forefront of utilizing new technical breakthroughs for productivity and efficiency improvements in the legal industry. Also, due to the advancements and the increase in processing power in NLP, neural networks, and chips, the legal sector is observing improved value in its application.

Key Highlights

- The legal industry has started implementing AI technologies more frequently to handle legal operations effectively. For instance, an internal legal department often spends 50% of its time examining contracts, even those as simple as non-disclosure agreements, slows down operations and causes unnecessary bottlenecks. By enabling lawyers to concentrate their review on the pertinent sections of each contract, AI can save countless hours.
- The market is expanding due to the growing demand for automation in fields including eDiscovery, contract review and management, case prediction, and compliance. In order to help businesses generate tangible value, automation in contract management improves a team's capacity to close agreements, strengthens connections with clients, and positively impacts many other areas of the organization. It costs more money to not comply with growing standards like HIPAA, PCI DSS, GDPR, and other financial regulations. According to Globalscape, it costs firms in the financial sector roughly USD 5.47 million to comply with IT rules for data protection, and when a company takes into account fines, lost productivity, and profits, the cost of non-compliance is close to USD 15 million.
- Legal AI continuously adapts in reaction to new information, unlike predictive legal software, which employs fixed models to analyze data sets. According to the 2021 EY Law Survey, 88% of General Counsels are eager to minimize the overall legal

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department costs within the next four years. The survey also suggested that continuously monitoring contract risks is a bit struggle for GCs. While 71% of respondents noted that they can't flag contracts "for deviations from standard terms," and 78% stated "they don't systematically track contractual obligations."

-The intersection of AI and law is anticipated to increase significantly throughout the forecast time period. Artificial intelligence (AI) can also be used for a variety of tasks, including due diligence (to review a contract, conduct legal research, or perform electronic discovery functions to do due diligence), prediction technology (to predict the likely outcome of cases being decided before a court of law), legal analytics (to provide data points from previous case laws and judgments and precedent law that lawyers can use in their present cases), automation of documentation, Intellectual property, a variety of other tasks, and several others.

-Due to the complexity involved in legal research, it can be time-consuming and tedious. The necessity for AI is further highlighted by the shorter deadlines that most law firms get to achieve efficient and precise legal research work. AI software can dramatically increase productivity and accuracy, helping judges make quick decisions. For instance, the ROSS Intelligence company uses automated technologies to examine contracts quickly. The program emphasizes pertinent documents. Legal research can be substantially enhanced and streamlined with the appropriate software.

-In addition to several domestic legislative frameworks, the Organization for Economic Co-operation and Development (OECD) listed 700 AI policy projects across 60 nations in 2021. High-risk AI systems will be clearly and thoroughly regulated in the European Union with the new Artificial Intelligence Act, which is anticipated to be finalized in 2022. Although many AI-related legislation suggestions have been put out, the United States has not embraced the European Commission's suggested all-encompassing approach to AI regulation.

-On the other hand, a wide range of corporate legal departments and law firms bought AI/machine learning solutions for their law libraries due to the outbreak of COVID-19. In law libraries, technology has a significant role. eDiscovery software and other artificially intelligent platforms have benefited in the fight against COVID-19. Such software, which has the potential to speed up medical researchers' investigations into how to cure COVID-19, is created to assist litigation attorneys in getting to the heart of a case more rapidly.

Legal AI Software Market Trends

Cloud is Expected to Hold Significant Share

- Cloud-based practise management software has been proven to have numerous advantages over on-premise systems, including consistent availability, efficiency, and simple scalability, all of which assist attorneys boost the productivity and profitability of their law business.

- Furthermore, AI solutions must protect sensitive data by synchronising with the secure user logins and permissions established by the law firm's Microsoft Active Directory or maybe configured for something like their Box cloud storage. To preserve secrecy, these AI systems are typically installed on-premise behind a law firm's firewall or in a private cloud.

- When it comes to quick adaption and flexibility, cloud solutions outperform on-premise alternatives. Cloud solutions have emerged as the ideal option for small law firms in need of a practise management system that will scale with them. Law firms can integrate the modules or features that are most relevant to them into their existing solution.

- Furthermore, cloud solutions enable safe communication and file sharing among colleagues, clients, and third parties by utilising a centralised information system. It mitigates the inherent hazards of depending entirely on email.

- Casepoint's technology provides full-spectrum legal discovery with quick, enterprise-class solutions. through evaluate its single platform, their clients can manage and monitor the whole discovery process from legal hold through production, avoiding the need to log in and out of different programmes or manually move information.

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North America is Expected to Hold a Major Share

- Rising usage of AI. Furthermore, there is a considerable presence in the region among firms that provide platforms and tools for artificial intelligence to the legal industry. Examples include OpenText Corporation, IBM Corporation, Ross Intelligence Inc., Veritone Inc., and Neota Logic Inc.
- In recent years, North America has seen some of the most important legal, technical startup investments. Onit, a US-based firm that provides corporate workflow solutions for legal and contract administration, has received a USD 200 million strategic investment. Clio, a cloud legal management startup located in Canada, has received a USD 250 million Series D fundraising round. This was one of the most significant investments in a legal and Canadian technology firms.
- The worldwide legal department has seen significant changes recently, and North American law firms are following suit. Due diligence, contract analysis, real estate analysis, intellectual property, and conflict resolution all benefit from artificial intelligence capabilities. Technology tools improve the company's efficiency and competitiveness.
- The availability of company incubators and innovation laboratories aids the region's development of AI-based legal software. To promote the emergence of legal technology, established law firms, ALSPs (such as Thomson Reuters), the Big Four, and financial corporations (such as Barclays) cooperated or founded their incubators. These incubators give access to the guidance, knowledge, and, in some cases, financing that innovative enterprises require to flourish in the market, as well as space to assist legal tech startups and scale-up growth.

Legal AI Software Industry Overview

The legal industry's AI software market has a low market penetration rate, creating tremendous potential for incumbent companies and outsiders looking to enter the sector. However, current market participants have a tremendous edge over any new entrants. Due to the outstanding prospects, rising investments, and supporting activities, competition among present market participants is expected to heat up.

- May 2023 - LexisNexis Group Inc has announced the launch of Nexis Hub, a new tool that supports and streamlines any research workflow to accelerate time to insight. The innovative new solution, created to meet the needs of busy professionals, integrates with Google Chrome and Microsoft Word to help users streamline the complicated and time-consuming process of collecting research and creating reports.
- May 2023 - Luminance Technologies Ltd has launched the latest cutting-edge application of its specialist legal large language model (LLM), the AI-powered 'Ask Lumi' chatbot. 'Ask Lumi' represents the first chatbot underpinned by this legal-grade AI. It allows users to open any contract in Microsoft Word, ask the AI questions about their agreement, and receive instant responses. In contrast, Luminance's Legal Pre-Trained Transformer (LPT) technology learns solely from legally verified documents. It is able to produce content and analyze and understand the content, even that created or edited by third parties. This powerful combination of both generative and analytical AI ensures the utmost legal rigor.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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