



Generative AI in law firms:

Trends, tensions, and transformation



Executive summary



This research provides a comprehensive snapshot of how law firms are navigating the adoption of generative AI in 2025.

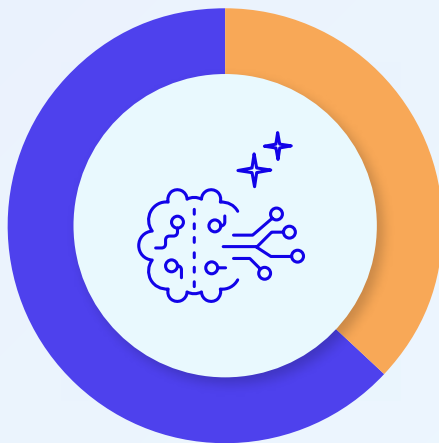
The findings reveal a mix of enthusiasm, caution, and strategic experimentation. With more than 60 percent of firms actively using AI tools and many more piloting or planning deployments, the legal industry is at a pivotal stage of technological transformation.

While law firms are investing heavily in tools like Copilot, Harvey, and CoCounsel, formal firmwide deployment is limited. Billing practices for AI-supported work are gradually evolving to meet the moment, with firms exploring alternative fee models, overhead treatment, and client disclosures. Promises of efficiency and innovation notwithstanding, fears remain a constant, running the gamut from ethical concerns and job displacement to skill erosion and competitive disadvantage.

Meanwhile, client expectations of increased transparency, real-time communication, and measurable outcomes are creating added pressure to accelerate change. AI is not yet fully reshaping legal workflows, but its influence is undeniable, and the risk of inaction is clear: firms that fail to adapt may lose clients, talent, and relevance. Adding fuel to the fire, in-house legal teams are moving ahead of law firms in AI adoption, reshaping engagement dynamics between them and turning up the heat on firms to modernize.

Let's take a look at the results.

Is your
law firm using
generative AI?



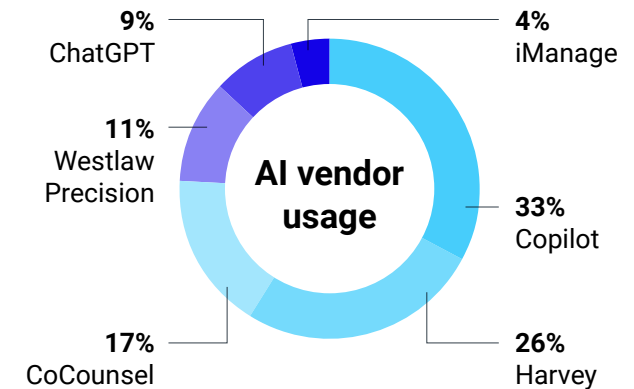
YES 63% **NO** 37%

1

AI adoption landscape

Individuals and practice groups are actively testing and using a variety of AI tools that are generally not deployed formally across the firm. Exceptions include one test group for Copilot that started with 10 lawyers and grew to 35, and one scheduled firmwide deployment of CoCounsel.

About a third of firms (33%) are actively piloting and expanding their use of Copilot, which is often embedded in Microsoft 365 and may have customized agents. Meanwhile, slightly more than a quarter (26%) of firms are testing Harvey, with plans to deploy, often in collaboration with Thomson Reuters CoCounsel. While ChatGPT use is often discouraged, it is still used informally by many.



Current usage appears primarily guided by personal responsibility and ethical obligations, but most, if not all, are drafting a formal AI policy. A committee to evaluate AI tools and draft the associated policies may be in place. Restrictions on using generative AI with client data are common, with some firms prohibiting the use of AI in legal work product entirely.

Anecdotally, a tech-forward firm with a young, energetic legal team says they are willing to invest heavily up front to stay competitive. Another believes customization of AI tools is key to maintaining a competitive edge. A third recognizes that — once tools become widely available — the ability to differentiate will depend on how they're used.

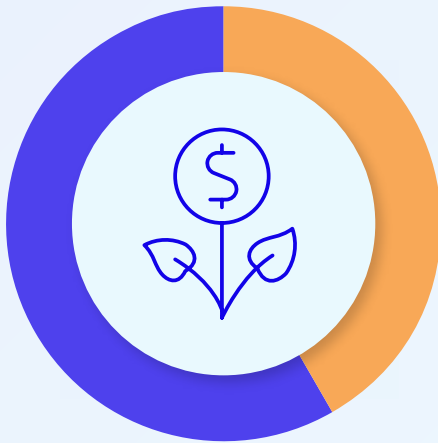
Challenges include the usual struggles with new tool adoption and engagement. Some firms indicate that cost and a steep learning curve are barriers to successful implementation. Generative AI tools like ChatGPT appear to be in common usage while, paradoxically, this practice is widely discouraged.

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[Although it's] a big expense — several hundred thousand dollars — we are willing to invest in the technology on the front end [to keep from] falling behind. **We understand the power of AI, and [we often] face lawyers in large law firms as adversaries, so we want to be ahead of the curve.** [Other] midsize firms might take a more conservative approach, but we have young lawyers at the firm [who are] energetic and tech-forward.

Survey respondent

Can you bill for
work powered by
generative AI?



YES 58% **NO** 42%

2

Billing for AI-powered legal work

Work supported by generative AI poses a challenge for law firms in a complex and evolving billing landscape. While no approach is universal, several consistent topics emerge across responses.

Key billing themes:

- **Alternative fee models continue to be floated** — [arguably] decades in the making.
- **AI as overhead** — law firms begin to accept it as the price of doing business.
- **Disclosure and client approval** — still front and center for AI, regardless of billing arrangements.
- **Ethical caution and client pushback** — clients demand AI for efficiency while incongruently remaining AI skeptics.

Nearly half of firms surveyed are billing clients for AI-powered work. Clients — aware of AI's impact on efficiency — expect cost savings to be passed on. As a result, firms are experimenting with new billing models and disclosures to align with ethical and client expectations. While no standard billing practice has emerged, transparency and client collaboration are key. Billing practices reflect that AI is viewed as a support tool, not a replacement for human judgment.

AI is also increasingly viewed as a cost of doing business that cannot be passed on to clients. Corporate legal departments believe AI will enable them to keep more work in house, anticipating lower costs despite the overhead, because AI can be scaled. This means law firms might have no choice but to leverage AI to improve efficiency, and — when doing routine high-volume work — pass those savings on to clients.

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Clients are sophisticated; they may see that you are not properly leveraging tools and decide you are not the appropriate firm. **We collaborate with them to partner more effectively and provide the best representation.**

Survey respondent

“”

[We] cannot use ChatGPT to produce work product. We bill for reviewing drafts created by generative AI tools, but we do not charge for the work the tool performs. **We use the time that is not accretive to a client to provide more value-added services.**

Survey respondent

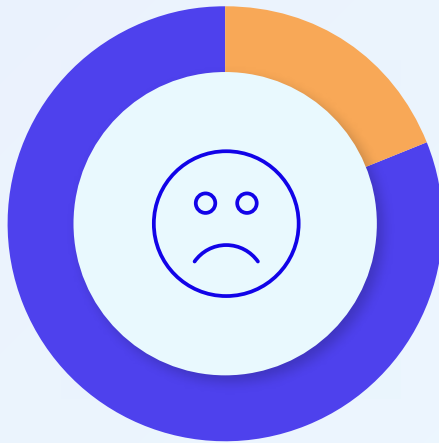
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Since it starts with a human and ends with a human, we will eventually bill for it.

Using generative AI is similar to using a first-year [associate] on a project.

Survey respondent

Is there a fear
of generative AI
at your firm?



YES 81% **NO** 19%

3

Overcoming fear and resistance

That there are fears around — and resistance to — generative AI in law firms is, in itself, not surprising. We were admittedly taken aback, however, by the sheer breadth and depth of those concerns. Just to name the most prevalent ...

Common AI fears:

- Change management
- Ethical violations and malpractice
- Job loss and skill erosion
- Confidentiality breaches
- Reduced billable hours
- Insufficient training

Law firms experience a range of fears and anxieties around generative AI adoption, reflecting both practical concerns and cultural resistance. AI fears are not reliably generational — while some senior lawyers are AI skeptics, others are AI advocates. The most pervasive issue is change management as professionals grapple with the evolution of traditional legal processes and shifting workflows.

Ethical concerns include the fear of misuse, hallucinated outputs, and confidentiality breaches that expose firms to malpractice risks. Job loss is less universally feared than we might guess. Many seasoned senior-level practitioners with highly developed

critical thinking skills and experience can use AI with confidence. The greater worry is that junior associates who have access to these tools and rely on them heavily are not developing the analytical and writing skills they would have gained over time without AI doing the work for them.

Some leaders are anxious about revenue loss due to reduced billable hours, while others are more concerned they'll be at a competitive disadvantage if their firm falls behind in adoption. Widespread unfamiliarity and uncertainty, especially among junior staff and support teams, can lead to discomfort with new technology.

When organizations provide inadequate guidance for using AI tools, people facing a blank prompt box may experience the paralysis of uncertainty. They may wonder what prompts to use, whether their prompts are visible to others, how to interrogate AI results further, and how to distinguish good outputs from bad ones.

Those who lack either the experience or the training they need to use AI confidently in their work may not know how to drill down to get the best results, how to identify “hallucinations,” or how to confirm AI results. [Studies](#) show a significant gap between what leaders expect and what they have prepared employees to achieve.

“While almost two-thirds of leaders expect employees to update their skills for AI, only one-third of companies are providing a clear policy on how employees should be using the technology.” [Fortune](#)

Overall, fears are nuanced, often being tied to education gaps, billing uncertainties, and the broader metamorphosis of the legal profession. Law firms are actively working to allay these concerns through training, ethical policies, and transparent communication.

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The concern is that **associates may lose their analytical skills by relying on generative AI**. Learning to be a litigator, for example, is changing because the technology is so good at providing summaries, there is less need to fully review and analyze the record.

Survey respondent

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Concern about the **impact of generative AI on the billable hour is real**, as greater agility is needed to provide value-added services that compensate for lost hours.

Survey respondent

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There is **fear around the quality and ethics of using AI**, but not about job loss, [so far].

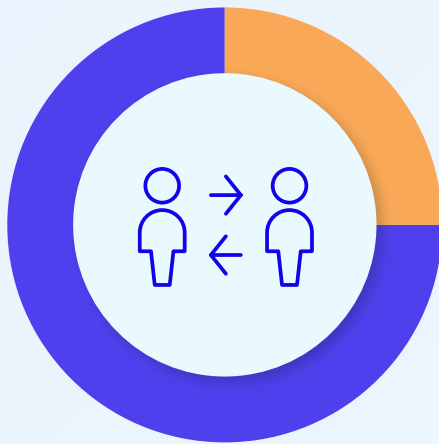
Survey respondent

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The fear tends to be strongest at the top and tapers down to the lower levels, where professionals are generally excited. Generative AI itself is less feared than how using it will change the firm.

Survey respondent

Has the relationship between law firms and in-house legal teams evolved over the past few years?



YES 75% **NO** 25%

4

The emerging client relationship

Clients are encouraging law firms to use more technology, particularly generative AI, and this may center on an expectation of savings. There is increasing interest in partnering with the firm to innovate new ways of reducing the time to produce work product.

Core relationship drivers:

- Adoption of technologies like generative AI
- Faster, more efficient work
- Pushback on rates, traditional billing
- Real-time communication and transparency

- Stricter data governance and security protocols
- Performance metrics, not just outcomes
- Personalized service advantage

Enterprises are generally more technologically advanced than law firms, and their use of AI is following that pattern. There is a general sense that AI will allow corporate legal departments to do more of the routine work in-house and reserve outside counsel for more complex jobs. They are also pressuring law firms to invest in technology that enables the in-house teams to stay more informed about their outside lawyers' activities in real time, rather than relying on periodic reports. This challenges law firms to be

more innovative and to provide more data about their performance, preferably with an element of self-service. This could mean real-time feedback provided via a dashboard that offers full transparency of the status of their matters.

Since the pandemic, client expectations around remote work, risk-sharing, and hybrid billing models have accelerated. Firms are adapting to a more flexible, tech-enabled environment that includes:

- Clients driving AI adoption via RFPs
- Increased billing scrutiny and cost pressure
- Demand for transparency, dashboards, and real-time updates
- In-house teams leading tech innovation

Clients are asking for a less transactional relationship, motivating law firms to focus more closely on the business elements of the engagement. Some clients are narrowing their outside counsel lists — giving smaller and midsize law firms that are particularly attentive to client relationships an advantage. Firms that provide value, know the clients especially well, and are proactive can reap the benefits of this shift.

“ ”

In-house legal teams at larger companies may have gotten the jump on midsize law firms in terms of using gen AI, creating an expectation that we can be as efficient as they are.

Survey respondent

“ ”

As communication has become more instantaneous, **clients are texting lawyers at all times of the day and night.**

Survey respondent

“ ”

AI will force a critical evolution.

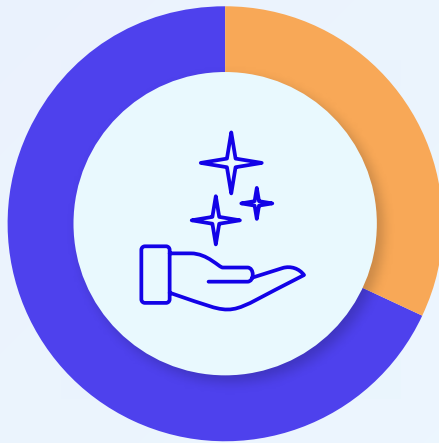
Survey respondent

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Every RFP we receive includes a question about **whether the firm is using generative AI.**

Survey respondent

Is AI reshaping
the way legal work is
completed in law firms?



YES 68% **NO** 32%

5

AI's impact on legal workflows

More than two-thirds (68%) of respondents say AI is starting to reshape legal work, and it's doing that through drafting, summarizing, researching, and analyzing. Time, the pace of technology, and compliance concerns are cited as barriers. Even those who do not yet see a fundamental shift expect the transformation to occur incrementally over the next couple of years.

Views on how AI is impacting work:

- Most effects junior-level and front-end tasks
- Saves time, improves efficiency
- Incremental, not revolutionary
- Some barriers to broader adoption
- Soon to become standard practice

“”

The change is happening right before our eyes. When it comes in small bites, you don't always see [it building up to] the drastic jumps.

Survey respondent

“”

AI is saving time and **serving as an additional resource for legal professionals.** It could become a more direct collaboration tool.

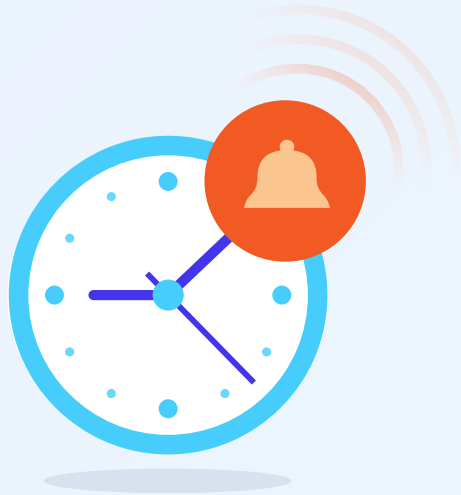
Survey respondent

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More quickly and seamlessly than ever before, attorneys can gather all communications, summarize them, then apply a new rule or regulation to **provide either value-added guidance or specific responses** to a client query.

Survey respondent

What are the risks of waiting?



6

Inaction is not an option

Hesitating firms lose out on efficiency gains, innovation, and new revenue streams as competitors capture the advantage. Failing to adapt erodes confidence and drives away sophisticated clients who demand faster, tech-enabled services. They'll seek firms they don't view as outdated or antiquated. And law firm leaders know they need to get ahead of this eventuality, *now*.

Outpaced by competitors who adopt AI, firms risk slower growth, losing clients, and a diminished market position. Inaction also harms recruitment and retention, as professionals who want to work at

forward-looking, innovative firms look elsewhere.

Moreover, lack of vision or resistance to change risks disengagement among employees and clients, weakening buy-in and long-term loyalty. In short, doing nothing could lead to obsolescence, irrelevance, and even going out of business.

Likely outcomes of doing nothing:

- Competitive disadvantage
- Loss of clients and talent
- Missed opportunities
- Cultural disengagement

Executive takeaway: Doing nothing is not an option — failure to act on AI adoption threatens competitiveness, client trust, talent retention, and even firm survival.

“”

Clients are highly sophisticated and expect us to be tech-savvy. **They want real-time client portals** and are no longer happy with a phone call or periodic updates.

Survey respondent

“”

People worry about being left behind. Lost competitiveness and slowing growth.

Survey respondent

“”

Clients who lose confidence in a firm's ability to manage business costs effectively are **more likely to work with a competitor.**

Survey respondent

“”

The primary risk is becoming irrelevant. Years ago, the question was whether to invest in technology. Now, that investment is the cost of doing business, and **the risk is of other firms figuring it out faster.**

Survey respondent

“”

Doing nothing will result in the **loss of people and business.** Losing clients and failing to retain talent is horrible, especially since **hiring is already brutal.**

Survey respondent

What can legal leaders
in law firms do?



7

Navigating from tension to transformation

Enable AI-driven transformation

As law firms navigate the complexities of generative AI adoption, secure document and email management emerges as a strategic enabler, helping firms overcome barriers while unlocking new opportunities for efficiency, compliance, and innovation.

Address key challenges

- **Fear of confidentiality breaches**

Choose a system built on a [trusted cloud platform](#) to protect sensitive client data. Look for advanced security features like ethical walls, audit trails, and data loss prevention to help mitigate risks associated with generative AI usage.

- **Governance & ethical concerns**

Support and enforce AI usage policies with built-in governance tools. Metadata management and version control features ensure transparency and accountability in AI-assisted workflows.

- **Knowledge lifecycle protection**

Centralize work product and enable detailed activity tracking to help manage its entire lifecycle. These are table stakes for a [knowledge work platform](#) like iManage that supports both transparency and control.

Unlock strategic opportunities

- **Efficiency & workflow optimization**

Automate routine tasks like document classification, which improves search and retrieval. AI-powered knowledge management tools like [iManage Insight+](#) preserve institutional knowledge and enhance productivity across practice groups.

- **Collaboration & real-time communication**

Integrated collaboration features allow teams to co-author, comment, and share documents securely, meeting client expectations for immediacy and responsiveness.

- **Support the AI ecosystem**

Choose an extensible platform that allows firms to tailor workflows and integrate emerging AI tools such as Copilot or CoCounsel into their [document ecosystem](#), supporting differentiated service delivery. Also consider tools like Ask iManage, that are built into the DMS for the greatest convenience and security.

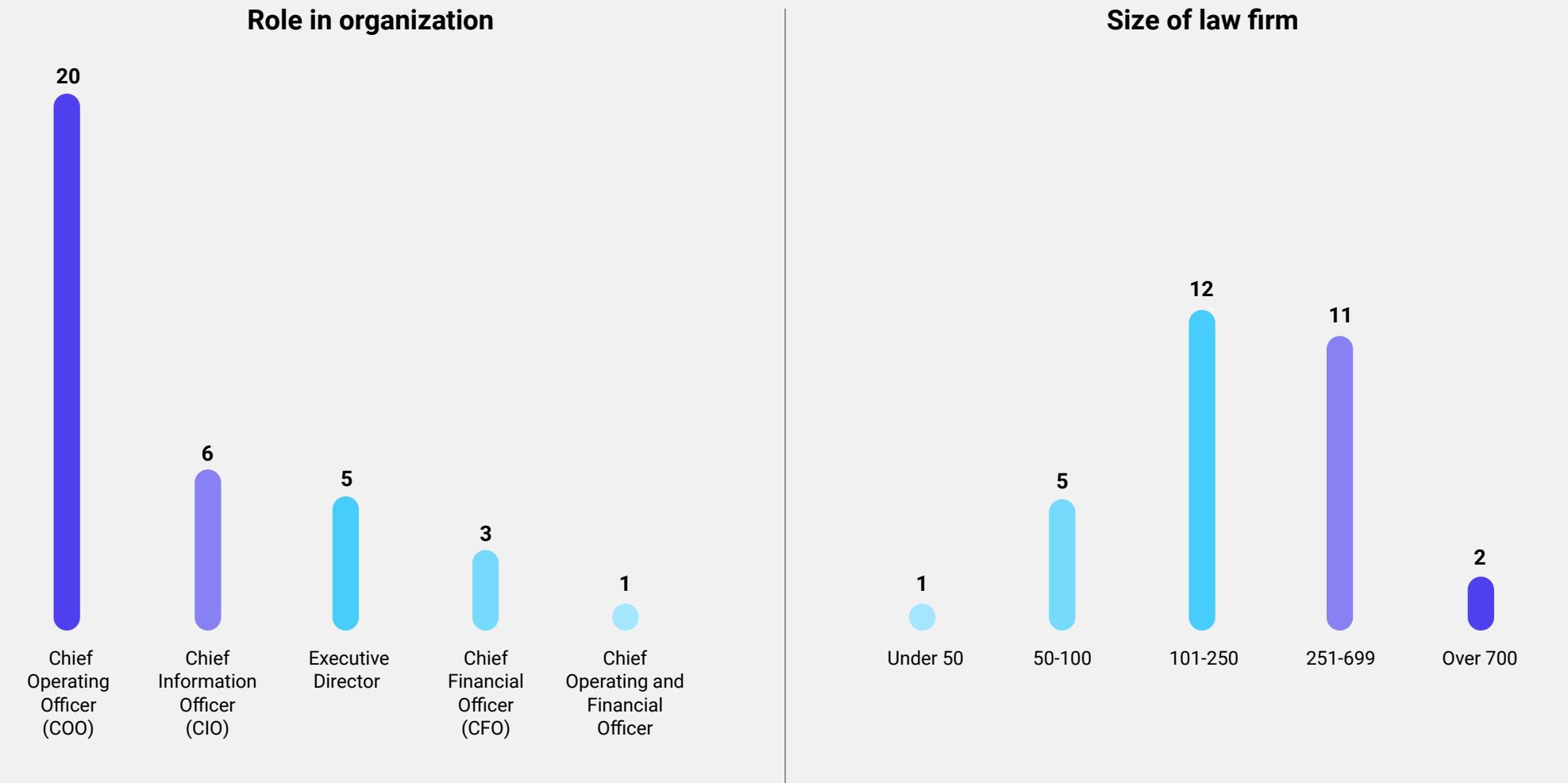
- **Risk mitigation & compliance**

Robust [audit capabilities and compliance](#) tracking helps firms meet increasingly stringent client and regulatory requirements. These will continue to challenge the industry, especially due to the continually evolving presence of AI-generated content.

Legal leaders can take their firms from AI tensions to AI transformation with the platform trusted by law firms across the globe. iManage is focused – not just on building AI – but building AI Confidence™

[Reach out today to learn more.](#)

Respondent demographics



Not all survey questions were answered by all respondents.

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