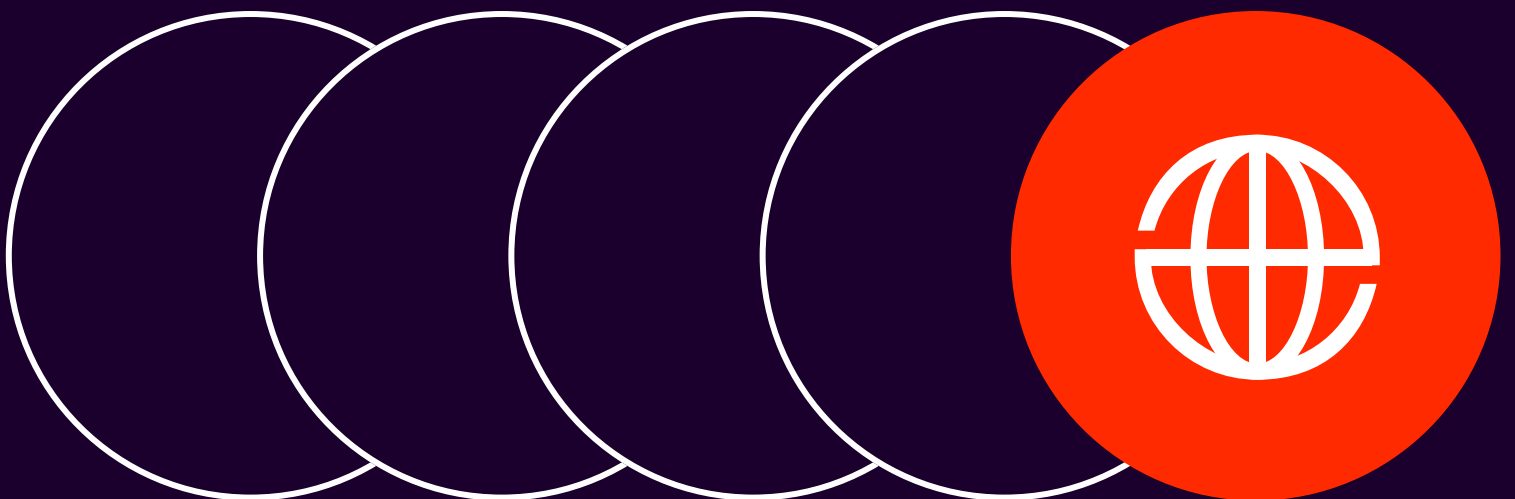


LEGAL●N

# The Roadmap to AI Adoption

**For In-House Legal Teams**

AI is becoming essential. Is your team ready to bring it in-house?



# Introduction

The imperative to adopt AI is clear—nine in ten (89%) CEOs believe that AI is the most critical technology for ensuring the competitiveness of their companies (WSJ Intelligence, 2025).

The widespread belief that AI will boost productivity, enhance resources, and offer more efficient ways of working is fueling the rapid adoption of AI across all industries—and legal is no exception. Though technology in the legal industry has historically been a tale of gradual adoption, the AI and automation boom of the past decade puts legal professionals in a prime position to reap the benefits.

Nowhere is this shift more evident than within in-house legal departments, which are undergoing a profound transformation driven by rising law firm billing rates and breakthroughs in practical AI applications. In the United States, billing rates for the top 100 law firms jumped 10% in the last year—more than double the previous year's increase.

In the UK, the average hourly rate charged by the top 10 firms has soared 40% since 2019. At the same time, AI has reached a critical threshold of usefulness, delivering measurable results in areas like document summarization, drafting support, and contract review.

However, increasing rates aren't just straining budgets—they're redefining how legal teams operate. With billing rates predicted to continue climbing, companies are finding a significant structural incentive to reevaluate their legal spending and bring legal work in-house.

## What's **Holding** Legal Back?

AI's potential in legal is widely recognized—80% of legal professionals believe it will have a high or transformative impact on their work within five years. Yet adoption still lags behind other functions: only 30% of lawyers and 38% of corporate legal departments currently use AI, compared with 75% of organizations overall.

The legal industry is rooted in precision, privacy, and risk mitigation, naturally making legal professionals more cautious about adopting rapidly evolving technologies and creating adoption barriers that others don't face. For instance, by the time the legal team has vetted a tool, the technology may have already changed. Additionally, human adoption is a critical success factor for AI, and lawyers, who are trained to anticipate risk, often need more AI governance to be convinced to move forward. Lawyers must see AI as a tool that enhances their judgment, without replacing it.

This whitepaper details the roadmap for in-house legal departments to adopt AI that transforms how they work, bringing more efficiency, better accuracy, and a higher level of productivity than ever before. We explore the numerous benefits of AI, outline a practical roadmap for adoption, and share a list of questions to ask vendors when evaluating AI tools for their department.

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**80% of legal professionals believe AI will have a high or transformative impact on their work, but only 30% are using AI in their daily work.**

# Shifting the Narrative: From “Department of No” to Strategic Partner

In-house legal departments have long battled the perception of being slow-moving, risk-averse, and overly cautious—earning the nickname the “Department of No” by internal clients who admit to bypassing legal to get contracts and deals done faster.

But that narrative is changing. By automating time-consuming tasks, reducing reliance on outside counsel, and freeing up legal talent for higher-impact work, AI empowers legal departments to become faster, leaner, and more strategic than ever before.



## Save Time

In an environment where time is highly valued (unlike law firms, where billable hours conflict with efficiency), AI can give hours back. For example, legal teams spend an average of 3.2 hours reviewing a single contract, but AI-powered contract review tools take that down to just a few minutes. Accelerated turnaround times can be the difference between closing a critical deal and missing the window entirely.

## Reduce Costs

The relentless rise of external legal fees is motivating companies to reevaluate their legal spending by moving work in-house. By leveraging contract playbooks (off-the-shelf or customized), legal teams can standardize contract creation and review processes internally, avoiding the cost and delays of outside counsel.

## Maximize Legal Resources

The time and budget saved with AI aren't just efficiencies. With routine legal work automated, legal teams can finally tackle high-priority projects that previously sat on the back burner. Ultimately, AI gives lawyers back the bandwidth to focus on the strategic work only they can do.

AI allows in-house legal departments to rewrite their role—from perceived roadblock to trusted strategic partner. By automating routine tasks, legal teams find increased capacity to drive faster, more accurate results and contribute to larger strategic outcomes.



# Recognizing the **Challenges** of Legal AI

While AI offers tremendous potential, legal departments must approach adoption with an acute awareness of its challenges.



## AI Hallucinations

Hallucinations, one of the most pressing and publicized issues with AI, happen when models generate outputs that appear authoritative but are factually incorrect or legally inaccurate because of AI's inability to fully comprehend the nuances and complexities of legal language and reasoning. A Stanford study found that models like GPT deviated from established legal facts or principles 69% to 88% of the time, calling these hallucinations "pervasive and disturbing." The consequences of AI hallucinations in legal include inefficiencies and delays, missed critical risks, negotiation missteps, difficulties in verification, and malpractice risk.

To combat hallucinations, AI outputs must always be reviewed and verified—and not just by anyone. Qualified lawyers who understand AI's limitations should validate all legal content generated by tools. Remember, AI is a tool, not a replacement for experienced legal professionals.



## Data and Privacy Concerns

AI adoption also introduces concerns around data and privacy. According to Gartner, more than 40% of AI-related data breaches will be caused by the improper use of generative AI by 2027. Another study revealed that 15% of employees regularly paste company data into ChatGPT, with over a quarter of that data classified as sensitive. Risks related to data and privacy include collecting sensitive data, obtaining data without consent, using data without permission, unchecked surveillance and bias, and data leakage.

To ensure data and privacy, only partner with AI vendors that are SOC 2 Type II certified, GDPR and CCPA compliant, and that implement industry-leading encryption and infrastructure controls.



## Paradox of Choice

A surge in legal tech software has created a crowded marketplace, leading to a "paradox of choice." Too many options lead to decision paralysis, and with so many options available, it can be difficult for buyers to identify the right solutions for their specific needs. Additionally, a new wave of companies making overly ambitious claims has further complicated the landscape, encouraging the skepticism bred among buyers by the unmet expectations of Contract Lifecycle Management (CLM).

To navigate a crowded marketplace, buyers must clearly understand their current pain points and what relief would look like on the other end.

# The Roadmap to **AI Adoption** for In-House Legal Teams

Successfully adopting AI in an in-house legal department isn't just about picking the right tool—it's about aligning the technology with real business value. With a crowded vendor landscape and bold claims from nearly every solution on the market, evaluating legal AI can feel overwhelming.

Here's a four-stage roadmap to help navigate your AI adoption journey with confidence and clarity.

## STAGE

### 1

## Pinpoint the problems AI can solve.

Before looking into solutions, legal teams must first identify their highest priority problems and value opportunities. This allows them to narrow the search for tools based on their fit to those needs. Don't waste time or money chasing flashy features or overinflated capabilities. Know your workflows, map your inefficiencies, and match tools to real needs—not the other way around.



### Questions to Ask

- What are our most time-consuming or repetitive tasks?
- Where is the legal team stretched too thin?
- Are we spending too much time on low-value work?
- What recurring obstacles are slowing us down?
- Do we have the tools and bandwidth to support our current priorities?
- Where could automation free up time for more strategic work?

## STAGE

### 2

## Gather buy-in from all stakeholders.

Adoption only succeeds when it meets the needs of both the business and the people using the tool. Bring together stakeholders from across your legal org. Understand how they work, where they struggle, and what would make their lives easier. It's about creating internal champions and selecting tools that feel essential to the team, not just "nice to have." If the tool doesn't ease their workload or fit into their workflow, it won't get used, no matter how advanced it is.



### Questions to Ask

- How will this tool support broader business goals?
- How will it improve collaboration with internal teams and partners?
- Will this make our legal team faster, more efficient, or more empowered?
- Is this a must-have solution, or just a nice-to-have?
- What's the total cost of ownership—and what value will we get in return?

STAGE  
3

## Research, then test the waters.

With so many tools on the market, choosing the right one can feel overwhelming. When evaluating potential vendors, consider both short- and long-term factors like the company's track record, mid-term viability, and commitment to innovation. Dig into how they address the real challenges of Generative AI, such as hallucinations, privacy, and security. Determine if they can be a long-term partner that grows with you as your business and technology stack evolves.

Then ask to trial the technology. Test the tools against matters you're familiar with so you can make an accurate assessment of their value to your organization. Don't rely on generic demos—the real value will show when the tool meets your specific demands.



### Questions to Ask

- What is the tool's underlying technology and architecture?
- How is the AI trained, and on what types of data?
- How is customer data stored, used, and protected?
- What safeguards are in place to prevent inaccuracies or hallucinations?
- Can we trial the tool using our real use cases?
- How customizable is the solution for our workflows?
- Is the vendor SOC 2 Type II certified? GDPR and CCPA compliant?
- Will this vendor grow with us over time?

STAGE  
4

## Prove the ROI.

Before rollout, establish baseline metrics: time spent on contract review, volume of outside counsel spend, number of deals delayed, etc. These will become the benchmarks to prove your success. Legal tech is often the first thing cut when budgets shrink so track the impact early—tools that clearly improve speed, cost-efficiency, or legal outcomes are much easier to defend. And as your department evolves, keep reassessing the tool's ability to grow with new goals and gaps.



### Questions to Ask

- Is this tool clearly solving the problems we identified?
- What metrics can we track to measure progress?
- Has it improved our speed, cost-efficiency, or workload balance?
- Can we quantify the return—in time, dollars, or risk reduction?
- Could we imagine going back to how we worked before?
- Does this partner feel built to last over the next 3–5 years?

CASE STUDY: AI IN CONTRACT REVIEW

# Tekscend Photomask Accelerates Global Contract Review with LegalOn

Tekscend Photomask, a global leader in semiconductor photomask manufacturing that services clients worldwide, sought to expedite contract reviews without compromising accuracy. As their business expanded, so did the volume of NDAs and purchase agreements, placing growing pressure on the legal team to manage contract reviews quickly and accurately.



## The Challenge

Before adopting LegalOn, Tekscend's legal team was slowed by:

- A high volume of NDAs and purchase agreements manually reviewed by in-house counsel
- Significant time spent aligning on preferred language and legal positions
- Increasing workloads without a scalable, streamlined contract process

## The Solution

Tekscend implemented LegalOn and found immediate results.

- Immediate implementation upon purchase enabled the team to review contracts on the platform from day one
- Built-in expert guidance provided detailed explanations and notes on contract clauses, facilitating efficient and standardized reviews
- Clearly flagged client modifications to documents saved the team from painstakingly analyzing documents line-by-line
- Instantly validated key terms across every agreement, granting confidence in the process while accelerating cycle times.=

## The Results

### Efficiency

NDA reviews that took two hours now take 30 minutes with LegalOn. This expanded the team's capacity by nearly 75%.

### Cost savings

LegalOn reduced time spent on US contract reviews, minimizing reliance on costly legal consultants.

### Standardization

LegalOn's guidance helped align and streamline Tekscend's global contract reviews.

### Training

The software serves as a continual learning resource for new legal hires, allowing the GC to reduce the time spent training by more than 50%.

With LegalOn, NDA reviews that used to take two hours now take 30 minutes. The software helps my team save time and enables me to immediately train new members.

**JERROLD HUANG**  
GENERAL COUNSEL

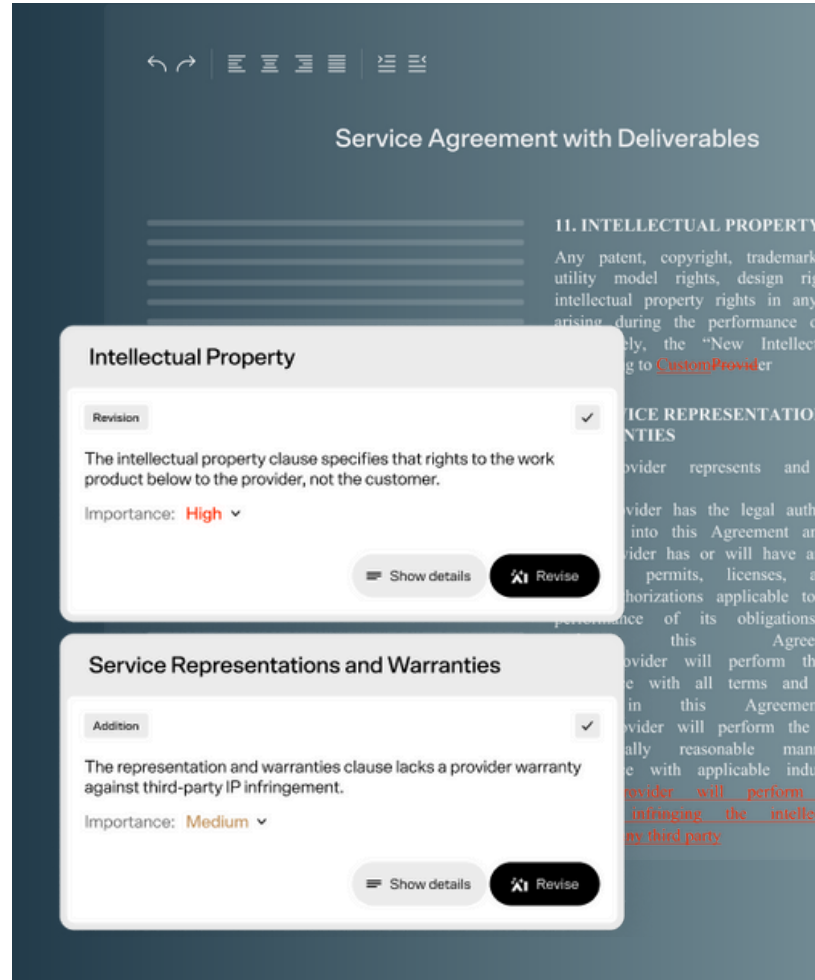
# Conclusion

To sum up, the in-house legal landscape is in the midst of a significant transformation.

The combination of rising law firm rates and the advancement of AI technology is driving a fundamental shift in how legal work is performed. Yes, challenges exist. However, so do the opportunities for innovation and increased productivity.

AI is no longer optional. By taking a thoughtful, strategic approach to AI adoption, in-house legal teams can unlock new levels of efficiency, precision, and influence. Those who embrace change by adopting the right tools, aligning stakeholders, and focusing on high-impact work will redefine how legal delivers value.

**The future of legal work is faster, smarter, and more strategic—and the path there starts now.**



## LegalOn for AI Contract Review

With so many options on the market, selecting the right legal AI tool can be overwhelming. But it doesn't need to be. The right technology partner is one that aligns with your unique requirements and challenges today and is committed to growing with you in the future.

LegalOn combines AI with legal expertise, ensuring that the tool understands the nuances and implications of contract clauses. By prioritizing responsible AI practices, such as employing proprietary AI models and safeguarding against inaccuracies and hallucinations, LegalOn helps teams unlock newfound efficiency, accuracy, and strategic value in the era of legal AI.

### ✓ Responsible AI Innovation

We understand the importance of combining cutting-edge technology with deep legal expertise to deliver reliable and trustworthy results. Our approach includes:

- Proprietary AI models trained and validated by experienced attorneys
- Continuous improvement and refinement of our AI to reduce hallucinations
- Close partnerships with leading AI providers to leverage best-in-class technology
- Transparent and explainable AI insights for informed decision-making

LegalOn for AI Contract Review, continued

### ✓ Purpose-Built for Contract Review

We are meticulously designed from the ground up to cater to the specific needs of pre-signature contract review. Our platform offers a suite of features that encapsulate the essence of efficient and effective pre-signature review, including:

- One-click redlining that accelerates legal review with context-aware precise redlining
- Seamless integration with Microsoft Word for a familiar workflow
- Support for multiple document types (DOC, DOCX, PDF)
- AI-powered contract analysis that surfaces potential risk automatically
- Context-aware redlining that matches the contract's defined terms and style

### ✓ AI-Ready Playbooks and Ready-to-Use Templates

We pair AI with structured, enforceable playbooks—off-the-shelf and customizable—to standardize and streamline your contract review process:

- 50+ complete, off-the-shelf playbooks crafted by experienced attorneys that enable immediate review on Day 1
- AI review that adapts to your risk preferences and legal standards
- 100+ attorney-drafted, ready-made templates for various contract types
- Ability to easily turn your internal playbooks and standards into AI playbooks for consistent review
- Bespoke AI playbook development for bigger legal teams

### ✓ AI-Powered Contract Assistant

Our LegalOn Assistant answers any contract question, drafts new language, and summarizes your contracts. With LegalOn Assistant, you can:

- Get instant answers to your contract-related questions
- Clarify legal terminology and specific clauses in seconds
- Draft new clauses that align with your contract's language and terms
- Generate concise summaries of contracts or clauses in plain language

### ✓ Uncompromising Data Privacy and Security

We prioritize the privacy and security of your sensitive contract data. Our platform is built with:

- SOC 2 compliance and adherence to GDPR and CCPA regulations
- Strict no-sharing policy for your data — it is never used to train models
- Secure data storage, granular access controls, and robust encryption
- Rigorous measures to protect the confidentiality and integrity of your data

## Experience LegalOn

We invite legal professionals to explore LegalOn's capabilities and experience firsthand how our AI-powered solution can revolutionize their contract review processes. By embracing AI responsibly and leveraging the right tools, the legal industry can unlock newfound efficiency, accuracy, and strategic value in the era of legal AI.

→ [Request a demo](#)



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# LEGALON

LegalOn is the global leader in legal AI for contracting, trusted by over 7,000 organizations worldwide.

For the first time, AI, trusted legal content, and the full force of your team's legal knowledge come together to deliver faster, more reliable contracting. LegalOn's AI flags contract risks, recommends precise redlines, and organizes your contract data, eliminating hours of manual work that delay deals and increase risk—so you can move business forward.

LegalOn is backed by \$130 million from the world's top investors, including SoftBank and Goldman Sachs, with headquarters in San Francisco, CA and Tokyo, Japan.

San Francisco, CA | Tokyo, JP

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