


LEGAL●N

The State of Contracting in the Age of AI

Insights from 286 Legal Professionals surveyed by LegalOn Technologies and In-House Connect



Introduction

How much time does your legal team spend reviewing contracts?
For most organizations, the answer is “too much.”

To understand the true scope of this challenge and how legal teams are adapting to address it, LegalOn Technologies partnered with In-House Connect to survey 286 legal professionals. The results paint a striking picture of an industry struggling with overwhelming contract workloads.

Our survey reveals that over half of organizations spend more than two hours reviewing a single contract, with 28% spending 2-4 hours and another 15% spending 4-6 hours per review. When combined with high volumes—52% of organizations handle between 101-1,000 contracts annually—this creates a staggering workload. For a legal team reviewing 500 contracts annually at an average of three hours per review, this translates to 1,500 hours, or roughly 188 working days, spent solely on contract review.

This time investment comes at a critical moment for legal departments. With increasing pressure to accelerate business deals while managing complex risks and compliance requirements, the traditional approach to contract review has become unsustainable. Legal teams need solutions, and are increasingly looking to AI-powered tools that can help them meaningfully improve their contract review processes.

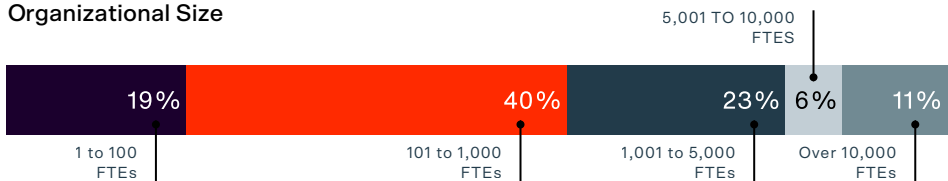
Our findings reveal an industry at a turning point—where AI adoption is accelerating but significant gaps in organizational readiness remain. This report examines the current state of contract review, the growing adoption of AI, and how organizations are preparing for this transformation.

Survey Demographics

Professional Role



Organizational Size



Key Takeaways



AI Adoption Surges 75% Year-Over-Year

Legal teams are rapidly embracing AI for contract review, with adoption jumping from 8.1% to 14% in the past year. With another 64% either evaluating or learning about AI solutions, this trend shows no signs of slowing.



Contract Review Burden Drives Change

Legal teams face a staggering workload: 51% handle between 101-1,000 contracts annually, with most spending 2-4 hours per contract. For a typical team reviewing 500 contracts, this translates to 188 working days spent solely on contract review.



Different Paths to AI Implementation

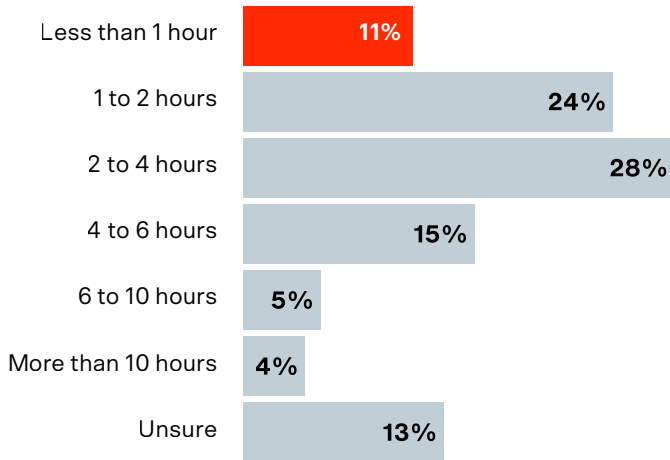
Legal teams of all sizes are positioned to benefit from AI-powered contract review. While large organizations can leverage existing playbooks and processes, smaller teams can accelerate implementation through easy-to-build and ready-to-use solutions. With AI's ability to standardize and accelerate review processes, teams of all sizes can improve efficiency without lengthy implementation periods.

Contract Review Remains **Time-Intensive**

For many organizations, contract review continues to demand significant time and resources.

28%
SPEND
2-4 hours
ON CONTRACT
REVIEW

FIGURE 1: AVERAGE TIME SPENT ON CONTRACT REVIEW



When paired with contract volume—51% of organizations handle 101–1,000 contracts annually—this represents a substantial time investment. For example, a mid-sized legal team managing 500 contracts per year spends between 1,000 and 2,000 hours on review, equivalent to one full-time employee’s workload.

This challenge is even more pronounced for the 28% of organizations handling more than 1,000 contracts annually. The sheer scale highlights an urgent need for more efficient processes that can reduce this burden and free up resources for higher-value work.

Clear **Value** Proposition Driving AI Interest

Organizations see multiple compelling benefits from AI adoption, with faster reviews and quicker turnarounds.

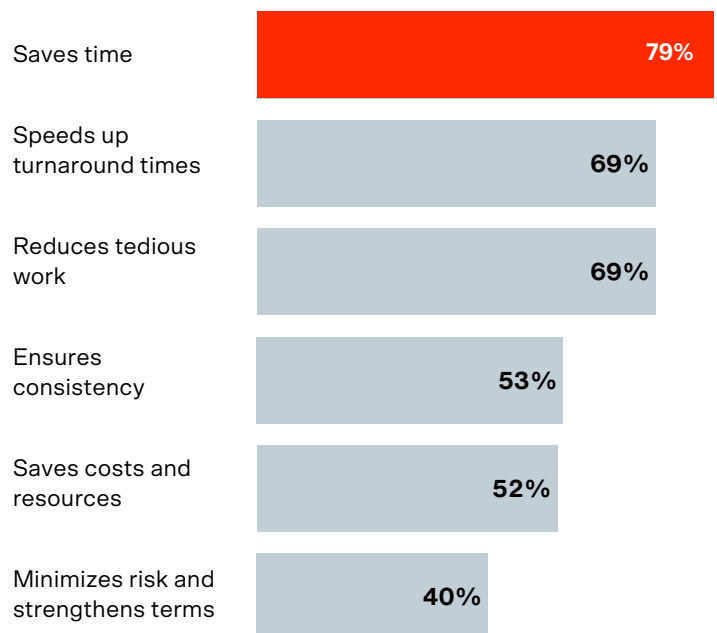
79%
save time
WITH AI

Legal teams grappling with these time-intensive workloads are increasingly turning to AI for solutions. The primary driver? Time savings. Organizations recognize AI’s potential not only to streamline routine reviews but also to fundamentally reshape how legal work is performed.

AI offers a dual advantage. In the short term, it alleviates the strain of high contract volumes by enabling faster, more efficient reviews. Over time, it empowers legal teams to shift their focus to strategic, high-value work without compromising quality.

In an industry facing growing workloads and constrained resources, AI’s ability to deliver both practical and transformative benefits explains its accelerating adoption.

FIGURE 2: BENEFITS OF AI CONTRACT REVIEW



The AI Adoption Curve Accelerates

Faced with the substantial time investment required for contract review, legal departments are embracing AI at a transformative rate. The inefficiencies highlighted in our survey—paired with the clear value AI delivers—have propelled adoption to new heights.

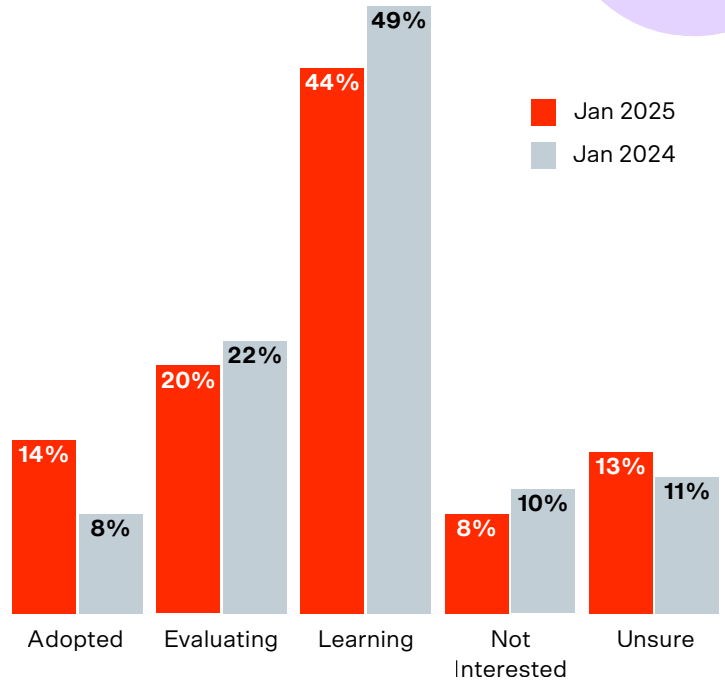
In just one year, **AI adoption for contract review has grown by 75%**, with 14% of organizations now actively using AI tools. Momentum continues to build, as shown in our survey data.

This rapid growth is particularly striking in the legal profession, which has traditionally been cautious about adopting new technologies. The shift from skepticism to active interest signals a growing recognition of AI’s ability to address pressing challenges in contract review. By reducing time spent on routine tasks and enabling a focus on strategic work, AI is no longer seen as a futuristic concept but as an essential tool for modern legal teams.

As legal departments scale their adoption of AI, the need for foundational tools to support these systems becomes increasingly clear. One critical piece of this puzzle is contract playbooks, which provide the guidance AI needs to deliver consistent, reliable results.

75% increase
IN AI ADOPTION

FIGURE 3:
LEGAL DEPARTMENT ADOPTION OF AI CONTRACT REVIEW



Playbooks: The Foundation for AI Implementation

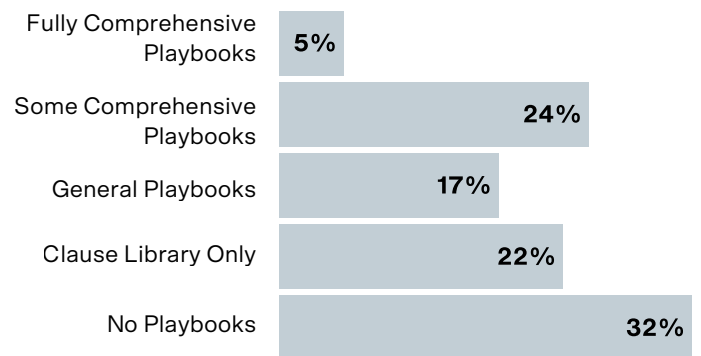
Contract playbooks enhance AI-driven contract review by providing structured guidance. They serve as structured guides that help align AI tools with an organization's preferred positions, fallback clauses, and negotiation strategies, enabling AI tools to accurately:

- Identify risks and deviations from standard language.
- Scale legal expertise across higher volumes of contracts.

Contract playbooks can vary widely, ranging from basic guidelines covering a few key legal or business terms to detailed, comprehensive resources with preferred and fallback positions for all potential contract issues.

Organizations therefore have multiple paths to effective AI implementation. Teams with existing playbooks can build on their foundation to scale review processes, while those without extensive playbooks can leverage ready-to-use solutions that offer immediate value, while integrating their own standards wherever necessary.

FIGURE 4:
LEGAL DEPARTMENT ADOPTION OF CONTRACT PLAYBOOKS



Both approaches enable teams to align AI tools with their legal standards and preferences while maintaining consistency and quality.

This flexibility in implementation approaches means organizations can choose the path that best fits their needs and resources. Whether starting with industry-standard playbooks or building on existing internal processes, legal teams can begin capturing AI's benefits while evolving their practices over time.

Infrastructure Divide Shapes AI Adoption

Our data highlights how organizations of various sizes are navigating AI adoption, showcasing how both large and small legal teams are identifying and implementing solutions tailored to their unique needs, goals, and resources.

LARGE ORGANIZATIONS (>1000 FTES)

Large organizations tend to be further along in AI adoption, thanks to their established infrastructure and resources:

- 17% are already using AI for contract review.
- 41% have comprehensive or detailed playbooks.
- 22% lack both playbooks and clause libraries, ensuring most teams some foundational tools in place.

This robust foundation allows large organizations to focus on scaling adoption and refining AI use cases, leveraging existing processes to accelerate their transition.

SMALL ORGANIZATIONS (<1000 FTES)

Smaller organizations are strategically positioned to benefit from AI tools, which offer them the ability to leapfrog the lengthy playbook development processes and resources associated with traditional contract review:

- 12% currently use AI for contract review.
- 20% are actively evaluating solutions, while 44% are in the learning phase.
- However, 39% lack playbooks entirely, and 25% rely on basic clause libraries, starting from a weaker foundation.

FIGURE 5: AI CONTRACT REVIEW ADOPTION BY COMPANY SIZE

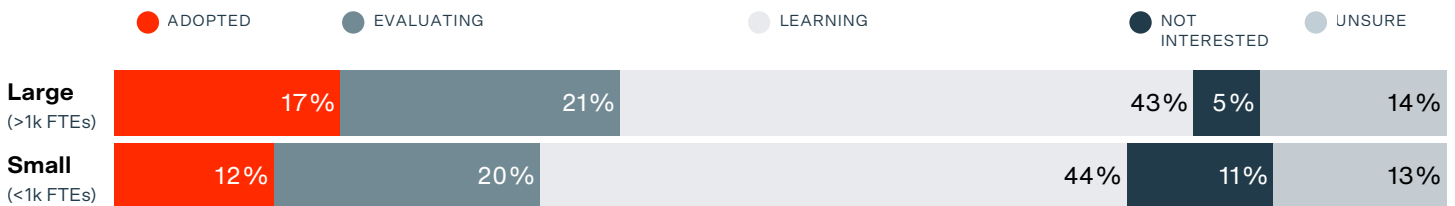
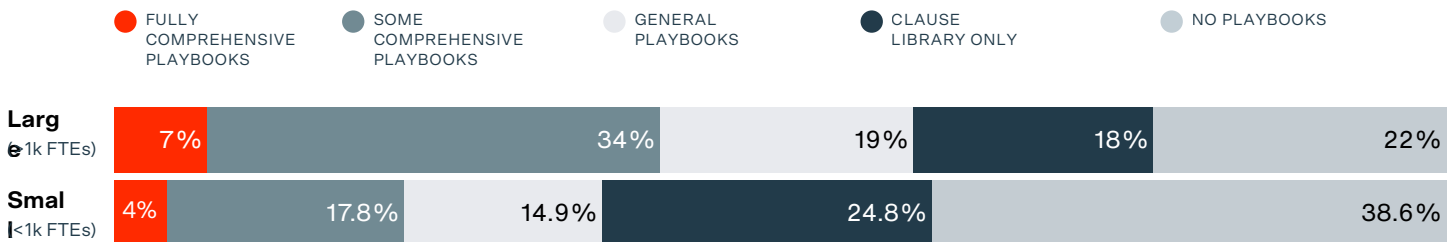


FIGURE 6: CONTRACT PLAYBOOK ADOPTION BY COMPANY SIZE



This diversity in approaches highlights the flexibility of AI solutions in meeting different organizational needs. While some teams prefer to build on existing playbooks and processes, others can benefit from ready-to-use solutions that provide immediate value.

Solutions like [LegalOn's pre-built playbooks](#) can provide immediate value while reducing the resource burden of playbook development. These ready-to-use playbooks offer industry-standard positions that can be

implemented immediately and then customized over time, allowing organizations to benefit from AI-enabled contract review even before developing comprehensive internal playbooks.

Organizations that leverage these ready-to-use tools while building their internal capabilities will be best positioned to benefit from AI without getting caught in lengthy preparation cycles of building, deploying, and cascading contract playbooks.

Choosing the **Right** AI Tools for Contract Review

To harness the benefits of AI while mitigating risks such as AI hallucinations, it's crucial to select tools that are specifically designed for legal use and incorporate safeguards:

✓ Lawyer-Trained and Tested AI Models

An effective AI contract review solution should be anchored in attorney-written content and rigorously tested by lawyers. AI review and redlining should use accurate up to date legal knowledge from experienced attorneys, ensuring quality results.

✓ Built for Contract Review

Your solution should handle both first-party and third-party contracts, adapting to your specific risk preferences and legal standards. The platform should enable one-click redlining, work within familiar document editing environments, such as Microsoft Word, and support multiple file formats.

✓ Customizable Playbooks

Playbooks are the foundation for consistent and high-quality contract reviews, and set the guardrails for contract review across the team. Effective solutions offer both pre-built playbooks to enable immediate review and customization options to adjust to your internal standards.

✓ Integrated Legal Knowledge

A comprehensive contract review solution should offer a readily accessible repository of legal knowledge, seamlessly integrated into the platform. This enables you to leverage your organization's clauses, templates, and legal resources all in one location

✓ Data Privacy & Security

Contract data often contains sensitive and confidential information, making data privacy, security, and compliance paramount concerns for legal teams. Compliance with relevant standards, such as SOC 2, GDPR, and CCPA, and the absence of third-party data sharing for model training, are essential.


By focusing on these well-suited tasks and selecting appropriate tools, legal teams can leverage AI to enhance efficiency and accuracy in contract review without compromising on quality or ethical standards.


As the technology continues to evolve, AI is poised not to replace lawyers, but to amplify legal expertise, allowing attorneys to work more efficiently and focus on high-value, strategic aspects of their roles.


Considering LegalOn


It can feel overwhelming to identify software that's truly aligned with your unique requirements and challenges in contract review.


However, there are differentiators that set certain platforms apart—and LegalOn has key distinctive features:


-  **Responsible AI Innovation**

At LegalOn, we believe that AI for legal professionals should be anchored in attorney-written content and rigorously tested by lawyers. LegalOn reviews and redlines using accurate and up-to-date legal knowledge created by our experienced attorneys. Our responsible AI approach includes:
-  **Purpose Built for Pre-Signature Review**

LegalOn is specifically designed for pre-signature contract review, ensuring thorough and intelligent review and redlining. Its features include AI-powered contract analysis to surface contract risks, one-click redlining, and advanced contract comparison. It seamlessly integrates within Microsoft Word or your existing workflows and supports multiple document types.
-  **Pre-Built & Custom Playbooks**

LegalOn offers comprehensive off-the-shelf and customizable playbook solutions to standardize and streamline your contract review process. Our expert attorneys have pre-built over 50 playbooks covering everything from standard NDAs to complex MSAs. Adjust these playbooks to fit your needs, or you can partner with LegalOn to develop your own custom playbook.
-  **Integrated Legal Knowledge**

LegalOn isn't just another tech tool; it combines AI innovation with genuine legal expertise. Our platform integrates your organization's clauses, templates, and legal resources alongside LegalOn's legal content created by experienced attorneys. This fusion bridges technology with practical resources, making it easy to find relevant clauses, compare contracts, and access the practical resources you need as you review and negotiate.
-  **Commitment to Security**

At LegalOn, we prioritize the privacy and security of your sensitive contract data. We are SOC 2 Type II, GDPR, and CCPA compliant and have professional-grade protections to ensure your agreements stay secure and your data stays private, including a strict policy ensuring your data is never used, stored, or sold to train third party models.
-  **An Experienced Team and Track Record**

Founded by corporate attorneys in 2017, LegalOn has grown to serve over 6,500 customers worldwide. Our team, driven by a mission to apply cutting-edge AI responsibly, brings rich legal expertise to every aspect of our platform. This experienced foundation underscores our commitment to delivering reliable and effective contract review solutions.

Experience LegalOn

→ [Request a demo](#)

There's a reason why LegalOn stands apart. But don't just take our word for it. Book a demo with us and experience firsthand how AI combined with expert legal guidance can help you elevate your contract review process.



LEGALON

LegalOn Technologies is a global leader in AI contract review, trusted by over 7,000 companies and firms worldwide.

Our software helps legal teams find and fix contract risks before signature with industry leading AI and practical guidance content by experienced attorneys. Start Day 1 with our off-the-shelf playbooks and tailor them to your standards and templates. LegalOn helps save time on contract review, improve accuracy, and scale your team.

LegalOn is built by and for lawyers, founded in Japan by two corporate lawyers to make contract reviews faster and more accurate. LegalOn now operates globally with businesses in Japan and the United States.

San Francisco, CA | Tokyo, JP

LegalOnTech.com | info@legalontech.com