

## Breaking Boundaries in Legal Tech: The Game-Changing Potential of Generative AI

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Despite an outpouring of media coverage for generative artificial intelligence (AI), some may still wonder whether reality will actually measure up to all the hype. Sure, this is a clear technological advancement, but haven't we been here before?

Many wary legal professionals remember how the initial excitement around previous AI introductions led to disillusionment—especially in the Contract Lifecycle Management space. Promises of productivity from the technology were limited to simple, easily templated, and logic-based tasks, such as document review or markup. Legal professionals at companies with a variety of agreements, risk portfolios, or limited leverage to use their own templates were left wondering how this early form of AI was going to vastly improve their lives, as promised.

The early versions of AI often struggled with complex tasks such as bespoke markups of nondisclosure agreements (NDAs) or nuanced reviews of master services agreements (MSAs). Instead, the AI captured data sets through the use of metadata, applied pre-configured playbooks, and required complex product implementations - which often required legal professionals to learn an entirely new "language" related to software implementations.

These challenges caused lingering skepticism among legal professionals—and rightly so. But new generative AI models are poised to address the cases that were previously unattainable. These models are less software dependent and more intuitive, allowing legal professionals to use their research skills instead of learning about metadata and data mapping. This innovation has the potential to let legal professionals spend their time advising on a company's risk appetite with informed data, allowing them to be strategic advisors.

To understand the full potential impact of generative AI, it's important to know what it is and why it stands apart from previous AI offerings. Generative AI refers to large language model systems that are trained on massive data sets—essentially giving them access to collective human wisdom. This information allows generative AI models to create new data from scratch, based on observations from their training data sets.

One key advantage of generative AI is its ability to make human-like decisions. Unlike some earlier AI advancements that required specific metadata mapping, generative AI can both create new data and derive insights on its own.

For example, imagine you've received a second round markup of a master services agreement (MSA) and have had strategic conversations with your business partners about key terms. You could "ask" your AI assistant to "prepare a conservative markup of this MSA to reflect a 5% increase in pricing over a period of time and adjust limitations of liability thresholds, accordingly, using limited redlining."

Creating a markup with limited redlining isn't easy—it's an art - but the AI assistant would be able to cull through its accessible data set, including your company's transactional history, to understand what a "conservative" markup entails. The AI assistant would also flag places in the agreement where redlining is needed and apply the art of limited redlining.

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While you would still review the markup, you'd be spared from time-consuming wordsmithing, allowing you to focus on strategizing with your business partners and working on other projects. This flexibility demonstrates the potential for generative AI to be applied to a wide range of tasks and scenarios in the legal tech field.

The legal tech landscape appears to be shifting rapidly in terms of the current use of generative AI technology. Some vendors with early access to GPT4 (the most powerful large language model available to the public) are already able to offer general AI legal assistants with expansive capabilities. These assistants can review contracts for policy compliance, extract contract data, and summarize documents.

Meanwhile, other vendors have taken a targeted approach, adding generative AI functionality to a portion of their offerings to capture basic use cases. These companies often have plans to expand capabilities over time.

As this trend towards broadening functionality continues, the legal tech landscape will start to see the realization of the highly sought after—but ever elusive—enterprise legal management (ELM) tool with best-of-breed capabilities. AI legal assistants could be leveraged to manage multiple systems all at once, blurring traditional product categories and creating new opportunities for efficiency and productivity.

As generative AI develops, it could lead to the deployment of "universal tools" or ELM that could have vast implications for the legal tech field. These tools are created by allowing AI agents to interface with one another, with a managing AI agent directing the activities of subordinate agents. This technology enables the managing agent to drive multiple software programs, streamlining the process for legal professionals and providing broader functionality through just a single interface.

One intriguing near-term possibility for generative AI in legal tech is the potential use as "independent agents," which are AI programs that can act and collaborate in human-like ways with minimal instruction. Recent research, including a [2023 Stanford study](#), suggests that generative AI can extrapolate from its current data set to act in ways that don't necessarily mimic history, but use it to inform future actions. This capacity could allow the AI assistant to play a larger role in problem solving and addressing challenges.

The implications of using generative AI as independent agents are especially promising for contracting within legal departments who face resource constraints. CEOs are increasingly asking their general counsels and legal departments to perform at a strategic level, but legal departments are often burdened with routine tasks that limit innovation and strategy. By viewing AI as a "capable resource," legal departments can leverage AI agents to negotiate and finalize ordinary course contracts autonomously. This frees up legal professionals to work on strategic tasks, sometimes aided by potential novel solutions suggested by the AI assistant.

It's important to note that this doesn't mean legal professionals will be replaced entirely: Clients are still human, with unique needs and risk profiles that may be irrational or dependent on unique circumstances that remain unpredictable either by another human or AI. Human legal professionals are needed for strategy, but generative AI has the potential to revolutionize the field by allowing legal professionals to work more efficiently and elevate the human legal professionals' practice of law. Some legal tech vendors are already working to achieve this vision, and as generative AI matures, its transformative potential will continue to push boundaries.

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