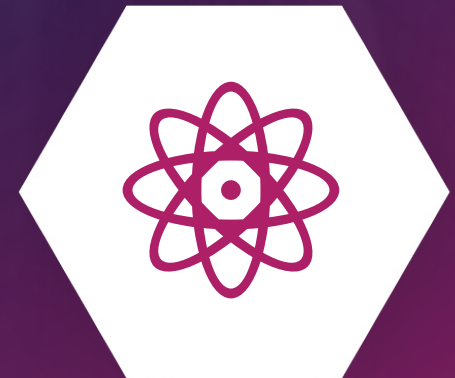# MITRATECH

Artificial Intelligence in Legal: Where AI is Heading and How to Leverage It

Outlining the Impact of Artificial Intelligence and Machine Learning on Legal Technology.

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Background: AI in Legal

From supply chain challenges and shifting regulations to internal budget constraints, today's business strategists must reevaluate their current approach to resilient operations and risk mitigation. And at a time when every dollar and every deal counts towards meeting quarterly and annual targets, strategic investment has never been more critical.

That's why it may come as no surprise that today's legal leaders are seeking out the right technology to help streamline time-consuming, repetitive tasks. The amount of time saved — that can be reallocated to strategic, high-value initiatives — is a crucial competitive advantage. To that end, legal technology spending is predicted to increase threefold to constitute roughly 12% of in-house spending by 2025, according to Gartner, Inc.[1] Meanwhile, the legal industry's artificial intelligence (AI) software market is projected to grow by 29.17% over the next five years to hit a staggering 2,587.04 million USD by 2027.[2]

What does this all mean for legal departments? The potential benefits of mitigating risk and increasing legal professional productivity with AI and machine learning (ML) are profound. Given the urgency with which today's legal leaders are looking to optimize their teams, AI and ML offer an opportunity to upgrade not just products or processes, but the way teams work. For legal operations teams, artificial intelligence suggests a world in which frustrating tasks are taken up automatically and managed through machine learning. Humans remain at the wheel, but they are optimized with AI-driven tools that make their work, processes, and results more efficient, profitable, and compliant. Welcome to the new age of artificial intelligence.

[1] Meulen, Rob Van Der. (10, February, 2021). Gartner Predicts Legal Technology Budgets Will Increase Threefold by 2025. https://www.gartner.com/en/newsroom/press-releases/2020-02-10-gartner-predicts-legal-technology-budgets-will-increase-threefold-by-2025.

About Artificial Intelligence and Machine Learning

Just as squares are a kind of rectangle, but rectangles are not a type of square, machine learning is a kind of artificial intelligence, whereas artificial intelligence is the larger category under which ML falls. In other words, machine learning and artificial intelligence are not exactly the same: machine learning is a type of artificial intelligence.

Artificial Intelligence

Artificial intelligence and products that incorporate artificial intelligence are tech-enabled systems capable of mimicking human behavior. A recent MIT article defines AI as a solution that is able to emulate "intelligent behaviors," such as recognizing visuals, comprehending text, making decisions, or even performing physical actions.[2] For example, Siri responds in a manner similar to a human when one asks it a question, but Siri "knows" — or remembers — much more than the average person about random facts and figures.

Some examples of artificial intelligence that you might use in your daily life include:

- Virtual assistants, like Siri and Alexa

- Self-driving cars

- Sales bots

- Robots (like Roomba!)

[2] Brown, Sarah. (21, April 2021). "Machine Learning, Explained." https://mitsloan.mit.edu/ideas-made-to-matter/machine-learning-explained.

Machine Learning

The ability for artificial intelligence to continuously improve and "remember" more information is driven by machine learning, which we also encounter in day-to-day life. First defined in the 1950s by AI pioneer Arthur Samuel, machine learning takes the human programming element out of the equation and allows artificial intelligence to learn independently using data.[3]

The algorithms behind your Netflix recommendations and predictive text, for example, leverage machine learning. In essence, the technology is able to recognize patterns in data sets, and from those patterns, "predict" what else might be relevant. In a recent brief about the future of work, MIT experts explain that machine learning has three main functions: to describe, predict, or prescribe. Descriptive machine learning uses data to describe or provide analysis of a given situation, predictive machine learning uses data to anticipate what will happen, and prescriptive machine learning analyzes data to inform decisions.[4]

Some examples of machine learning that you use in your daily life include:

- Google search content
- Speech and image recognition
- Email spam filtering
- Suggesting relevant content

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[3] Brown, Sarah. (21, April 2021). "Machine Learning, Explained." https://mitsloan.mit.edu/ideas-made-to-matter/machine-learning-explained.

[4] Malone, Thomas W. (17, December 2020). "Artificial Intelligence and the Future of Work." https://workofthefuture.mit.edu/wp-content/uploads/2020/12/2020-Research-Brief-Malone-Rus-Laubacher2.pdf

How Can AI Enhance Your Legal Department?

Artificial Intelligence is already leveraged by many departments across enterprises and the world. A recent Forbes article explains that businesses have expanded their use of AI by 270% in the last four years, and that this number will only continue to grow.[5]

1. Saving Time & Driving Efficiency

Leveraging artificial intelligence is both a popular and impactful way to clear up tedious, manual processes and empower legal professionals to reinvest their time in higher-value work.

Let's take **contract lifecycle management**, for example. Manual processes slow down the rate by which contracts close, provide opportunities for error, and bury lawyers in low-value work. A recent Artificial Lawyer article found that legal's biggest challenge surrounding contracts was managing the manual processes that support them. What's more, 67% of in-house lawyers felt inundated by mundane, less-strategic tasks.[6]

AI, on the other hand, drives efficiency for drafting and editing contracts — and nearly all processes, for that matter. In a recent piece for TechRound, Mitratech Senior VP of Product, Justin Silverman, explains that AI drives smarter contract templates, which leads to contracts closing more quickly than they would without AI intervention.[7] Additionally, machine learning on the back end of your contract management system should track and recognize which clauses are most useful or cause the most delays, and also suggest templates that optimize for risk, cutting down on the amount of back-and-forth between your legal team and your third party.

Accelerate business decisions and time-to-agreement with guided collaboration, AI-driven analytics, and centralized visibility into contract status.

Explore EraCLM

[5] Stahl, Abby. (March 10 2021). "How AI Will Impact The Future Of Work And Life." https://www.forbes.com/sites/ashleystahl/2021/03/10/how-ai-will-impact-the-future-of-work-and-life/?sh=27b70a1879a3

[6] Artificial Lawyer (28, July 2020). "67% of Inhouse Lawyers 'Feel Buried in Low-Value Work.'" https://www.artificiallawyer.com/2020/07/28/67-of-inhouse-lawyers-feel-buried-in-low-value-work/

[7] SKoffman, Ilana. (May 18, 2022). "5 Things to Know About How Automation and AI Fit Together." https://techround.co.uk/news/mitratech-justin-silverman-automation-ai-working-together/

We also see artificial intelligence saving time with data validation. Every mistake in documents, spreadsheets, and contracts, from either your legal team or the third party, leads to spending more time going through the paperwork. For example, mistakes in uploading the wrong kind of form or picture can lead to surprisingly long delays.

AI solves for these mistakes through optical character recognition software. Optical character recognition is a type of AI that identifies what kind of content you are looking at. Like facial recognition software that can see differences between one person and the next, OCR can be used to validate uploads in legal processes, whether someone is submitting a contract, approval, identification, pdf, etc. Instead of simply making sure that the correct file type is being used, OCR ensures that the item itself is the right kind. For example, it can identify whether a document is one kind of contract or another, or whether a required ID upload has a picture of a person, rather than a mistaken upload. Using OCR to make sure the correct documents are uploaded saves time and ultimately drives down the number of hours spent on manual processes, driving efficiency.

In addition to accelerating contract management and validating data, AI and ML can be leveraged to drive efficiency in the legal department by:

- Quantifying and managing workload

- Eliminating process bottlenecks

- Accelerating legal hold management, saving time on data tracking for commercial bank matters, & so much more!

2. Increasing Profitability

Keeping with the example of contract analysis, another way AI tools can be leveraged is by giving your contracts a set of super-human eyes. Legal departments now use artificial intelligence to eliminate contracts errors — as well as the costs associated with them.

A 2018 survey found that 74% of businesses found human error to negatively affect their contract process either often or very often.[8] Many of these errors are what are called "scrivener errors," which can be small (like misplaced punctuation) or larger, such as agreeing to deal with disputes in the German court system when the company is North American.

Even small errors can have large consequences. Just think about the tremendous loss that Mizuho Securities suffered when they meant to sell each share for 610,000 yen and instead listed the low price of one yen for 610,000 shares. The loss cost over 225 million dollars, and it was all due to human error.[9]

Not all errors are this expensive, but they do usually cost money and, in doing so, lower the value of the contract. And while some of these errors are easy to fix, others must be solved through extended time battling other legal departments, or even in the courts, which is extremely costly. Artificial intelligence solves both the small, grammatical errors as well as the larger, more significant ones, ultimately driving down costs and the amount of risk inherent in the process.

[8] Accusoft. (17 February, 2021). "Reducing Human Error in the Workplace with Automated Document Assembly." https://www.accusoft.com/resources/blog/reducing-human-error-in-the-workplace-with-automated-document-assembly/#:~:text=Human%20Error%20in%20Contract%20Management,process%20often%20or%20very%20often.

[9] CBS News. (9, December 2005). "Stock Trade Typo Costs Firm $225M." https://www.cbsnews.com/news/stock-trade-typo-costs-firm-225m/

Another great example of AI's cost-cutting capabilities comes in the form of **accelerated invoice review**. 100% of time spent reviewing invoices is time that lawyers should spend on higher-value work, which means that when your lawyers are spending their time on invoice review, your company is losing money. Luckily, machine learning can be leveraged to "learn" your parameters and rules, and then flag when issues on your invoices arise.

Without machine learning, your lawyers spend their time hunched over spreadsheets, calculating whether the terms are appropriate and subtracting days in order to see when a budget ceiling is in sight. Machine learning can do all of this on its own – and quickly – meaning that invoice review is happening in the background constantly to:

- Quantifying and managing workfload

- Eliminating process bottlenecks

- Accelerating legal hold management, saving time on data tracking for commercial bank matters, & so much more!

Machine learning is 97% effective in handling all invoice reviews, and with the right partner, you can offload the additional 3% so that your legal team members have 100% of their time back for higher-level work.

Are you ready to capture the full picture of your legal spend — including nuanced, non-compliant invoice line items — using human expertise backed by deep AI / ML analytics?

Request a Demo

3. Ensuring Compliance

With AI, compliance can be offloaded to bots that don't make mistakes, but do catch yours. Justin Silverman explains in his article that AI can detect anomalies in contracts, and that when coupled with workflow automation, these anomalies trigger escalations where the anomalies get reviewed by experts and eliminated before they cause trouble.

AI can check for anomalies or errors not just in contracts, but in any large data set, essentially ensuring heightened compliance for any process that creates large data sets, such as:

- Invoices

- Timekeeper sheets

- Matter management

- Approvals

Leveraging artificial intelligence has enormous potential to reduce the risk that they would otherwise face while going about their daily tasks. Especially when you consider that mistakes in legal teams tend to be more costly than in other departments: errors in contracts can lead to

The Outlook for AI in Legal

A recent Gartner report found that more and more legal spending is now directed to non-specialist technology providers. By 2025, they expect that this will account for at least 25% of legal spend.[10] These non-specialist technology providers will often leverage AI to aid lawyers in getting their work done faster — and with higher rates of compliance — to drive increased profitability.

Chances are, your legal professionals are already employing artificial intelligence on the job, whether through the use of Google Assistant or with machine learning that flags potential errors in your contracts. So, the real question is not how AI will change the legal space, but rather how can we best leverage AI to improve our current processes, systems, and platforms?
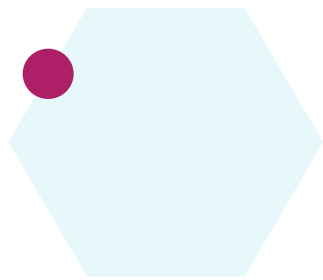
Mitratech's Justin Silverman suggests that legal teams focus on the following questions when thinking through the next phase of AI:

- What elements of the software are working for your team?

- Where can processes be further streamlined?

- Is there a way to achieve broader implementation?

Accelerating legal hold management, saving time on data tracking for commercial bank matters, & so much more! Often, AI can be leveraged for precise and time-saving capabilities for legal teams. But notice that Silverman does not start with techno-fixes to the questions of consciousness, and instead focuses on an attitude of curiosity and optimism towards the everyday projects we are already immersed in. AI, like most tools, works best when we apply it to the problems we are already trying to solve. And for legal teams in 2022, we have abundant challenges, creative teams, and the tools that can make a difference.

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[10] Van der Muelen, Rob. (24, February 2022). "5 Legal Technology Trends Changing In-House Legal Departments." https://www.gartner.com/smarterwithgartner/5-legal-technology-trends-changing-in-house-legal-departments

About **Mitratech**

Mitratech is a proven global technology partner for corporate legal, risk & compliance, and HR professionals seeking to maximize productivity, control expense, and mitigate risk by deepening operational alignment, increasing visibility, and spurring collaboration across their organization.

With Mitratech's proven portfolio of end-to-end solutions, organizations worldwide are able to implement best practices and standardize processes across all lines of business to manage risk and ensure business continuity.

Mitratech serves over 1,800 organizations worldwide, including 30% of the Fortune 500 and over 500,000 users in 160 countries.

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