KPMG Law

From data to wisdom

How AI is transforming in-house legal departments

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Foreword

Legal functions are at an inflection point. As businesses become more data-driven, in-house legal teams should move beyond traditional ways of working — using AI not just for efficiency, but for strategic transformation.

The differentiator in AI adoption isn't simply deploying new tools; it's about integrating data, technology, people and processes to create a smarter, more proactive legal function that delivers greater business value.

At the heart of every organization lies contracts. The foundation of commercial relationships, regulatory compliance, and risk management, contracts define how businesses operate and scale. AI-enabled legal ecosystems can now offer a powerful intelligence layer across contract lifecycles — streamlining drafting, negotiation, execution, compliance and renewal. By embedding adaptive learning, AI can not only accelerate legal workflows but also continuously refine them, transforming how legal work is priced, delivered and valued.

But AI's true potential goes beyond automation. The real opportunity lies in its ability to extract wisdom from data — surfacing insights that improve decision-making, reduce risk and enhance strategic influence. Yet for many legal teams the focus remains on process automation rather than AI-driven strategic operations. The question is no longer whether AI should be adopted, but rather: How can AI unlock more value from existing legal technology investments? And what steps should in-house legal teams take to maximize its impact?

As organizations move forward, the challenge will not be whether to adopt AI, but rather how to integrate it strategically to drive efficiency, compliance and business value. The future of legal work is AI-enabled, insights-driven and more strategic than ever before.

This report explores the evolving role of AI in contract management, legal operations and decision intelligence, offering a roadmap for legal leaders to move from reactive, manual processes to a proactive, data-driven function. AI in legal is not just about working faster — it's about working smarter. The future of in-house legal services starts here.

Stuart Bedford
Global Head of Legal Services
KPMG International

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Introduction

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A new era of intelligence

Artificial Intelligence (AI) is not new to the legal industry. For years, automation tools have helped streamline legal research, contract management and compliance monitoring. However, these applications either offered limited functionality or relied on structured data — predefined inputs yielding predictable outputs.

The true transformation is only now beginning, as AI evolves to allow lawyers with limited input or prompting to extract meaning from unstructured data, such as contracts, case law, emails and regulatory filings. This capability can redefine how legal functions operate, turning reactive, often manual processes into proactive, data-driven decision-making engines.

In-house legal teams are at the early stages of this AI journey. While some organizations have adopted AI-powered tools for contract review and eDiscovery, enterprise-wide AI integration remains rare. The legal industry is inherently cautious, bound by stringent compliance requirements, complex risk landscapes, and the need for absolute accuracy. Yet the pressure to do more with less is mounting. Corporate legal departments are expected to enhance efficiency, manage risk and support business strategy — all with constrained budgets and resources. AI offers a path forward, but only if implemented with clear governance, trust and alignment with business priorities.

The case for AI in in-house legal functions

Legal teams operate in an environment of growing regulatory complexity, rising workloads and increasing cost pressures. AI can bridge the gap between legal risk management and strategic business enablement, enhancing both efficiency and insight. With AI's ability to analyze vast amounts of legal data, in-house teams can move beyond manual contract reviews and compliance checks to predictive risk assessments, automated negotiation support, and intelligent workflow optimization.

For general counsel (GCs) and chief legal officers (CLOs), AI may no longer be just a tool — it can be a strategic imperative. They should navigate the fine balance between innovation and compliance, ensuring that AI enhances legal operations without compromising governance, ethics or regulatory requirements. AI is not about replacing legal professionals — it is about augmenting their capabilities, allowing them to focus on high-value, strategic work rather than repetitive manual tasks.

A roadmap for success

The journey toward AI-driven legal services requires a structured, well-defined roadmap. This report offers guidance on how in-house legal teams can adopt AI responsibly and effectively. The transformation will not likely happen overnight, but for legal leaders willing to embrace this shift, AI presents an opportunity to help future-proof their legal functions and redefine the role of legal services in business strategy.

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Current state

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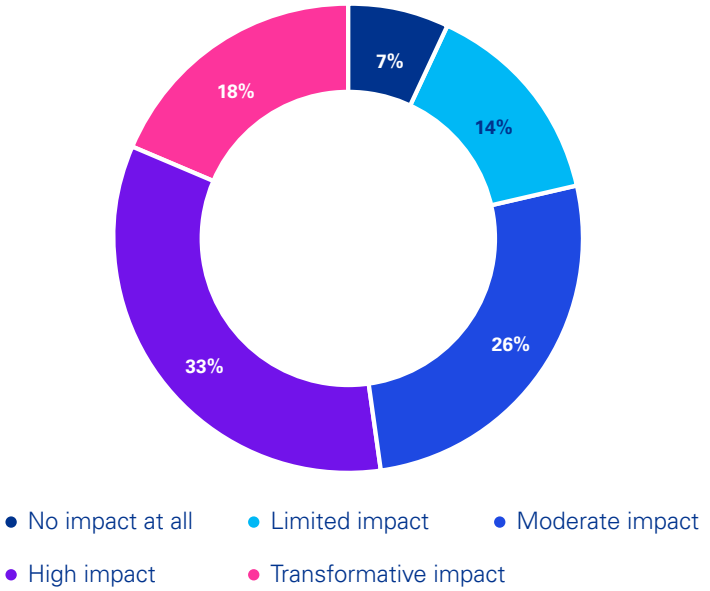
The impact of AI

As part of a landmark global research project on AI, we asked AI executives: "To what extent (if at all) has AI had an impact on each of the following functions?" Our goal was to gain insight on AI adoption across departments.

Respondents in our survey are seeing mixed adoption. More than half (51 percent) say their organization's legal function has experienced a significant (transformative or high) impact from AI. On the other hand, more than one-fifth (21 percent) report either a limited impact or none at all.

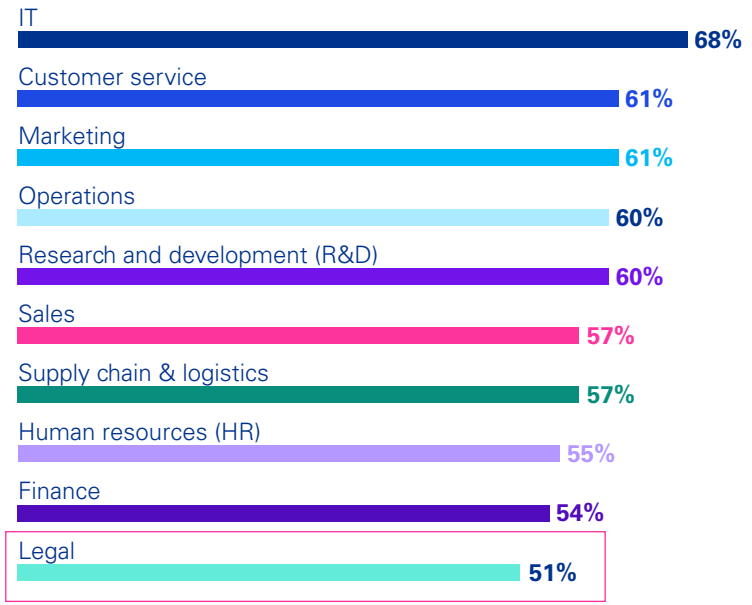
While more than half of respondents reported significant AI adoption in their legal departments, that figure ranks comparatively low across functions — behind finance (54 percent), operations (60 percent) and the pace-setting IT (68 percent). These numbers signal considerable opportunity for AI growth in legal departments.

Extent of AI impact in legal function



Source: KPMG International quantitative survey of 1,390 decision-makers across 8 industries and 8 jurisdictions conducted from 21 November 2024 to 30 January 2025.

AI impact by function



Source: KPMG International quantitative survey of 1,390 decision-makers across 8 industries and 8 jurisdictions conducted from 21 November 2024 to 30 January 2025.

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The value of AI for legal

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Revolutionizing the delivery of legal work

Historically, legal services have relied on document-heavy, process-intensive workflows, where accuracy and compliance are paramount. While automation has provided some relief, AI takes this further by introducing advanced analytics, predictive modeling and real-time insights — empowering legal teams to work smarter, faster, and with greater confidence.

AI use cases in legal services

AI is already transforming core areas of legal service delivery, enabling legal teams to manage complexity with greater speed and precision.

In contract lifecycle management (CLM), AI-powered tools are streamlining the drafting, review and negotiation of contracts. These tools automatically identify risks, inconsistencies and missing clauses — reducing turnaround times while enhancing contract accuracy and compliance.

In eDiscovery and litigation support, AI can significantly reduce the time and cost of document review by accelerating due diligence and surfacing relevant case materials more efficiently. Compliance management is also evolving, with AI automating monitoring and reporting processes, flagging potential risks, and ensuring organizations remain aligned with constantly shifting regulatory requirements.

Legal research is becoming more targeted and efficient through AI-driven platforms that rapidly analyze case law, precedents and statutory changes. This allows legal professionals to spend less time on manual information retrieval and more time refining arguments, strategies and interpretations.

Enhancing efficiency and decision-making

AI is eliminating repetitive, low-value tasks and enabling legal professionals to focus on strategic priorities. This includes advising senior leadership, shaping policy, and concentrating on high-value or high-impact contracts and matters. One of the key areas of improvement is legal analytics, where AI can analyze patterns in case law to predict legal risks and likely outcomes, supporting data-driven decision-making.

Real-time AI-powered dashboards offer immediate visibility into contract status, litigation exposure and regulatory updates, helping legal teams remain proactive rather than reactive. At the same time, smarter risk assessments are now possible, with AI surfacing potential compliance violations or contractual vulnerabilities before they escalate into costly legal issues.

The value of better data

Legal departments rely heavily on contracts, precedents and regulatory filings — yet much of this information remains trapped in unstructured formats. Even where CLM systems are in place, inconsistent usage and fragmented implementation can limit the quality and accessibility of data. AI is now unlocking the value of these legal data assets by extracting structured, actionable insights.

This shift results in shorter contracting cycles, as AI accelerates negotiation and execution timelines, improving overall business agility. Legal strategies are now underpinned by richer, data-informed analysis, leading to more accurate and confident decision-making. At scale, AI can enhance regulatory compliance by automating checks and alerts, helping organizations anticipate and navigate changes in the regulatory landscape while minimizing risk and exposure.

> **"What's truly exciting about AI for the legal function is the tremendous potential for all teams — no matter their stage of adoption. And the ROI will likely only increase as AI-driven legal technology continues to mature, allowing legal leaders to expand their use of AI even further to fit their organization's needs."**
>
> **James Thomas**
> Global Head of Legal Technology, KPMG International
> CTO, KPMG Law UK

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Unlocking value from existing legal technology investments with AI

Over the past decade, legal services teams have made significant investments in technology to improve efficiency, streamline processes and enhance compliance. AI doesn't necessarily require organizations to start from scratch — it can build on what is already in place, amplifying the value of existing legal technology investments and positioning in-house legal functions for the future.

Many organizations have implemented contract lifecycle management (CLM) systems, eDiscovery platforms, compliance and risk management software, and enterprise legal management (ELM) solutions. These tools have provided foundational automation, helping legal teams manage documents, track obligations and integrate regulatory compliance. However, the next phase of transformation lies in leveraging AI to unlock deeper value from these existing investments.

CLM software

One of the most widely adopted technologies in legal functions is CLM software, which enables organizations to manage the end-to-end lifecycle of contracts. While these systems help store, organize and track contracts, they often lack intelligent automation and analytics, and the utility remains subject to the practices of the users within the relevant business. AI can enhance CLM solutions by providing real-time contract analysis, clause extraction and predictive insights, allowing legal teams to assess risk exposure, negotiation leverage and compliance gaps at scale. AI-powered contract review tools can reduce manual workload — identifying missing clauses, inconsistent terms and potential legal risks faster and more accurately than human review alone.

eDiscovery platforms

Similarly, many legal teams have invested in eDiscovery platforms to manage litigation and compliance investigations. While traditional eDiscovery tools rely on keyword searches and manual filtering, AI-driven natural language processing (NLP) and machine learning models can rapidly analyze vast amounts of legal data, uncovering patterns, key evidence and potential liabilities that would be difficult to detect manually. AI enhances eDiscovery by prioritizing relevant documents, predicting case outcomes and automating document review — significantly reducing the time and cost of litigation preparation.

Risk and compliance management

Risk and compliance management software is another area where legal teams have made strategic investments. AI can supercharge these platforms by automating compliance monitoring, detecting regulatory changes in real time and assessing corporate policies against evolving legal requirements. Instead of relying on manual updates, AI-enabled compliance tools can continuously scan global regulatory databases, flag potential non-compliance risks, and recommend proactive legal adjustments — helping businesses stay ahead of regulatory changes.

ELM systems

Many legal teams have also integrated ELM systems to track legal spending, manage outside counsel relationships and oversee matter management. AI-driven analytics can provide predictive insights into legal costs, identify inefficiencies in legal operations and optimize resource allocation. By analyzing past spending patterns and case outcomes, AI can help GCs and legal operations teams make data-driven decisions about legal strategy, budget planning and external counsel engagements.

Even where investments have been made across these various areas, many legal teams still operate with imperfect datasets, limiting their ability to extract meaningful insights across the contractual, regulatory and compliance portfolio. AI can act as a unifying intelligence layer, connecting CLM, eDiscovery, compliance and ELM systems to other systems within the broader business to provide a holistic view of legal risks, opportunities and strategic priorities. Through AI-powered dashboards and legal analytics, organizations can gain real-time visibility into contract performance, litigation risks and regulatory exposure — enabling faster, more informed decision-making.

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Preparing for the next generation of autonomous AI agents

Agentic AI will be arriving soon. It has the potential to redefine how legal teams operate, shifting from human-driven processes with AI support to AI-driven processes with human oversight. As technology advances, legal departments should prepare for a future where AI is not just a tool — but an active participant in legal strategy and decision-making.

Agentic autonomous AI represents the next leap in AI evolution — systems that can not only analyze legal data but also act independently within defined parameters. Unlike traditional AI, which primarily assists with document review, contract analysis and compliance monitoring, agentic AI can initiate actions, optimize workflows and even make preliminary legal recommendations without continuous human input.

> **"It's no exaggeration to say that AI is revolutionizing corporate governance and compliance — by facilitating real-time risk assessment, automating due diligence and enhancing policy management."**

Konstantin von Busekist
EMA Leader, KPMG Law
KPMG in Germany

Potential impact on legal services

- **Automating complex legal workflows**
  Today, AI helps lawyers review documents, extract clauses and flag risks. Agentic AI can go further by proactively managing contract negotiations, updating regulatory compliance frameworks and optimizing litigation strategies — all in real time. AI legal agents could autonomously draft, review and redline contracts, escalating only critical issues to human legal teams.
- **Decision-making and risk assessment**
  AI today predicts litigation outcomes based on past case law. Agentic AI could run multiple legal strategies, simulate scenarios and recommend optimal approaches based on business objectives and risk tolerance. AI-powered legal agents could monitor regulatory changes globally, auto-update compliance policies and suggest proactive measures before legal issues arise.
- **Self-executing legal agreements**
  Smart contracts already enable automated enforcement of agreements. Agentic AI could autonomously trigger contract renewals, manage disputes and renegotiate terms based on predefined business rules and real-time data.
- **Integration with business ecosystems**
  Agentic AI wouldn't operate in isolation — it would integrate with finance, HR, procurement and compliance systems, ensuring legal risks are proactively managed across the enterprise. AI-driven legal assistants could provide real-time insights to C-suite executives, advising on risk exposure, contractual obligations and regulatory strategy.

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Implementing AI

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Rethinking legal operations for AI

AI is not just about automating routine tasks. It is reconfiguring how in-house legal teams operate internally, engage with external counsel and optimize legal spending.

For general counsel (GCs) and legal operations (Legal Ops) teams, this shift presents both challenges and opportunities. AI can enhance efficiency, reduce costs and improve collaboration, but to fully realize these benefits, legal teams should rethink their operating models, vendor relationships and approach to legal spending.

Transforming internal legal operations

As AI adoption accelerates, Legal Ops teams are emerging as key drivers of transformation — shaping how legal functions embrace technology and modernize their processes. These teams are taking the lead in embedding AI into core legal workflows, particularly in areas such as contract management, intellectual property (IP) tracking and risk mitigation. By automating complex tasks, Legal Ops teams can not only improve operational efficiency but also enhance accuracy and consistency across legal outputs.

AI can also enable greater cross-functional collaboration. Legal Ops teams are using AI to facilitate stronger connections between legal, finance, HR and compliance functions. This integration breaks down traditional silos and supports more cohesive, data-driven decision-making across the business.

In the area of risk management, AI is empowering legal functions to take a more proactive stance. Legal teams can now monitor compliance risks in real time, detect anomalies in contracts and automate regulatory reporting. These capabilities help reduce exposure to legal disputes and help ensure that organizations stay ahead of regulatory obligations.

Together, these AI-driven improvements are transforming internal legal operations — freeing in-house counsel from administrative tasks and enabling them to focus on higher-value strategic work that directly supports the organization's broader business goals.

Evolving external legal engagements

AI is also transforming how in-house legal teams interact with law firms. Traditional billable hour models are being challenged by more agile, technology-driven approaches. Law firms using AI are able to deliver faster, more accurate legal services, prompting a shift from time-based billing to fixed-fee or outcome-based pricing structures. AI-powered collaboration platforms are enhancing connectivity between in-house legal departments and external counsel, enabling seamless workflow integration and real-time sharing of insights.

In addition, law firms are using AI to support alternative contracting models, such as contract managed services solutions. These allow clients to benefit from improved contract quality, faster turnaround times, greater cost effectiveness and more predictable pricing — all while maintaining flexibility to handle volume fluctuations. Collectively, these changes can enhance cost transparency, improve service efficiency and foster more dynamic, collaborative partnerships between in-house teams and external legal providers.

New charging models and cost structures

The financial impact of AI on legal operations extends beyond efficiency gains — it is driving a fundamental shift in how legal services are priced and managed. Legal departments are transitioning from reactive legal spend management to proactive cost control, using AI to forecast legal costs, identify inefficiencies and allocate budgets more effectively.

The definition of value is also evolving. The true measure of legal services is no longer time spent but business impact, with legal teams prioritizing outcomes, expertise and efficiency over traditional billable hours. At the same time, AI can enable more precise vendor selection, smarter contract negotiation and improved service benchmarking, helping legal departments receive maximum value from their external providers.

As AI-driven legal services become more widespread, cost predictability and performance-based pricing will likely become the new standard.

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Driving AI transformation from the top

Where successful, the shift to AI enablement is being led from the top, with general counsel (GCs) and chief legal officers (CLOs) playing a pivotal role in guiding their organizations through the complexities of AI integration.

Legal leaders are not only responsible for ensuring compliance and risk mitigation — they must also act as AI champions, driving innovation while balancing governance, ethics and business impact. Their leadership will likely determine whether AI becomes an enabler of smarter, data-driven decision-making or remains an underutilized technology with untapped potential.

AI as a strategic imperative for legal leaders

AI adoption in legal functions is accelerating, with many teams already leveraging AI-powered tools for contract review, compliance and document automation. As legal departments face mounting pressure to do more with less, AI is increasingly seen as a key enabler of efficiency, cost reduction and strategic decision-making. Organizations integrating AI into legal workflows are reporting faster contract negotiations, improved risk assessment and closer alignment with broader business objectives.

For GCs and CLOs, AI is not merely a tool for operational efficiency — it represents a broader business transformation opportunity. When aligned with corporate goals, AI can enhance legal risk management through predictive analytics and real-time compliance monitoring, support M&A transactions, regulatory reporting and litigation strategy through AI-driven insights, and enable smarter contract lifecycle management by reducing bottlenecks and improving negotiation outcomes.

GCs and CLOs as AI champions

The role of the GC is evolving beyond traditional risk mitigation to one that also includes innovation leadership and strategic guidance on AI. Today's legal leaders are expected to shape AI strategies that align with enterprise priorities while ensuring sound governance. This involves ensuring the ethical and compliant use of AI by establishing governance frameworks that address data privacy, bias and accountability, and ensuring transparency and fairness in AI operations.

Legal leaders must also embed AI into the legal function's culture, encouraging teams to view AI as a strategic asset that augments rather than replaces legal expertise. Building trust across the business is equally important. This requires close collaboration with IT, compliance and operational units to ensure that AI tools are adopted responsibly and drive meaningful outcomes.

Challenges and responsibilities in AI deployment

Despite its promise, the deployment of AI in legal functions comes with significant responsibilities and challenges. One key concern is data privacy and bias. AI systems require access to large datasets, raising issues around confidentiality, legal privilege and the fairness of automated decisions. Legal leaders should implement robust data governance practices to mitigate these risks.

Another major challenge lies in managing change and expectations across a range of stakeholders. AI adoption requires support not only from legal professionals but also from IT teams, executives and other departments such as procurement, HR and finance. Successful implementation depends on effective change management strategies that promote buy-in and ensure smooth integration.

Finally, legal teams must be upskilled for AI fluency. As AI reshapes legal workflows, lawyers and legal operations professionals must develop new capabilities. Investing in AI literacy, data skills and continuous learning will be critical to equipping legal teams for the future.

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Building a strong data foundation for AI success

AI is only as effective as the data it relies on. Poor data quality, governance gaps and legal uncertainties can lead to unreliable AI outputs, compliance risks and ethical challenges. To fully realize AI's value in legal services, organizations must establish a strong data foundation, navigate regulatory and ethical risks, and implement responsible AI frameworks that ensure transparency, accountability and trust.

Legal teams should recognize that AI adoption is not just about technology implementation — it is about structuring, securing and governing data in ways that align with legal, ethical and business imperatives.

The critical role of data quality

For AI to deliver accurate and reliable insights in legal contexts, data quality is essential. AI models require structured, clean and consistent data to function effectively, and legal teams must take deliberate steps to ensure their data meets these high standards. Many legal departments work with unstructured or fragmented data scattered across multiple platforms, making data cleansing and accuracy a top priority. AI tools trained on disorganized or low-integrity datasets can lead to errors in contract analysis, litigation support and compliance monitoring.

Robust legal data governance is equally critical. AI systems must adhere to strict data governance policies to ensure legality, transparency and auditability. Establishing clear rules around data privacy, retention and access control is vital. Legal teams should define data ownership and ensure that only authorized personnel can access sensitive legal information, reducing the risk of misuse or data breaches. By prioritizing data integrity and governance, legal departments can reduce AI-related risks and build trust in AI-powered processes.

Navigating legal and ethical risks

AI adoption in legal services introduces complex challenges related to data privacy, security and regulatory compliance. Without careful management, AI tools can inadvertently expose organizations to legal, reputational and financial risks. One of the most pressing concerns is the unauthorized use of sensitive data. Legal teams often handle confidential contracts, privileged communications and proprietary documents — all of which must be protected from being inappropriately used in AI training models.

Another risk lies in overreliance on AI without adequate human oversight. While AI can accelerate legal decision-making, it cannot replace human judgment. Organizations must maintain a balance between automation and expert review to ensure legal accuracy and uphold ethical standards. Furthermore, AI-powered legal tools must comply with evolving global data protection laws, industry-specific regulations and ethical frameworks. Legal teams need a deep understanding of how AI systems generate conclusions, especially where transparency and explicability are required by law. As regulations continue to develop, staying ahead of compliance requirements will be essential for legal functions operating across multiple jurisdictions.

> **"As AI reshapes the digital economy, legal frameworks for privacy, governance, and data ethics must evolve in parallel. By embedding AI into privacy and regulatory strategies, organizations can do their part to maintain trust and protect consumer rights."**

Noemí Brito
Partner, Commercial Law
Head of Intellectual Property and New Technologies
KPMG Abogados

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Without these legal and ethical safeguards in place, AI could amplify biases, misinterpret legal language and compromise client confidentiality — potentially exposing organizations to significant risk.

Intellectual property and data rights

AI's ability to process and generate legal content at scale has brought intellectual property (IP) and data rights into sharp focus. Legal teams must proactively address issues of ownership, licensing and compliance as they embed AI into their workflows. One concern is the use of third-party data. AI systems require substantial training datasets, but unauthorized use of external case law, proprietary contracts or legal publications could lead to IP disputes or copyright infringement.

There are also questions about the ownership of AI-generated legal outputs. Legal teams must determine whether contracts, compliance documents and legal assessments produced by AI are enforceable and who holds the IP rights. As AI begins to play a larger role in legal drafting and advisory work, organizations also need to evaluate how patents and licensing agreements apply, and whether AI-generated content qualifies for legal protection under copyright or patent laws. Addressing these issues early can help organizations avoid legal disputes, regulatory investigations and operational disruptions.

Developing responsible AI frameworks

To ensure AI is a sustainable and trusted tool in legal services, organizations must build responsible AI frameworks that align with ethical principles, legal requirements and business objectives. These frameworks should be grounded in core ethical principles — explainability, accountability and fairness — so that AI decisions are transparent, auditable and free from bias.

Legal teams should also stay ahead of emerging regulations, including the EU AI Act and US policy frameworks, which will introduce new compliance standards. Aligning AI strategies with these evolving rules will be critical to managing risk. To reinforce oversight, legal departments should establish internal AI governance structures — such as multidisciplinary governance committees — to monitor and refine AI tools over time. These measures can help ensure that AI systems continue to meet ethical and legal standards as they scale across the legal function.

By proactively developing responsible AI frameworks, legal teams can maximize AI's benefits while mitigating risks, helping to ensure that AI remains an enabler of legal innovation rather than a liability.

"With growing regulatory scrutiny around AdTech, marketing, and cross-border data transfers, AI-powered privacy solutions enable businesses to strengthen compliance while maintaining agility."

Emma Ritchie
Director, Head of Data, Digital and Technology
KPMG in Ireland

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Empowering legal teams for AI-driven workflows

While AI can automate routine legal tasks, its real power lies in augmenting human expertise, enabling legal teams to work smarter, make better decisions and drive greater business value.

To achieve this, legal professionals should develop AI literacy, cross-functional skills and robust knowledge management practices. At the same time, organizations should ensure proper governance and oversight to prevent overreliance on AI, manage risk and uphold regulatory compliance.

AI is an enabler, not a replacement for legal expertise. By upskilling legal teams, creating AI-powered knowledge frameworks, and implementing effective monitoring systems, organizations can maximize AI's potential while maintaining trust, transparency and accountability.

Upskilling legal professionals

The legal function of the future will likely require professionals who not only use AI tools but understand their strategic potential, risks and practical applications. Legal teams must become enablers of AI-powered legal services, equipped to harness technology effectively while maintaining the standards of legal judgment and integrity.

Building AI literacy across legal teams is a foundational step. Legal professionals should understand how AI works, where it adds value and where human expertise remains indispensable.

Organizations should invest in specialized AI training programs tailored to legal professionals. These programs should focus on practical skills such as prompt engineering and the use of AI agents to assist in legal tasks like contract review, due diligence and legal advisory work.

Training programs must also cover the limitations of AI, along with its ethical implications. They must address issues such as bias, data privacy and governance frameworks, so that teams can use AI responsibly and compliantly.

In addition to technical skills, the future legal professional will need to develop cross-functional expertise. This means combining legal acumen with data literacy and technology fluency. Fostering collaboration between legal, IT and data science teams will be key to enhancing AI-enabled decision-making and delivering value at the intersection of law and technology.

By equipping legal teams with the knowledge and capabilities to work effectively alongside AI, organizations can build a more agile, resilient and future-ready legal function.

> **"The future of legal services is not just about automation but about intelligent augmentation — where AI empowers legal professionals to focus on higher-value strategic work."**
>
> **Stuart Bedford**
> Global Head of Legal Services
> KPMG International

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Creating a knowledge-driven legal function

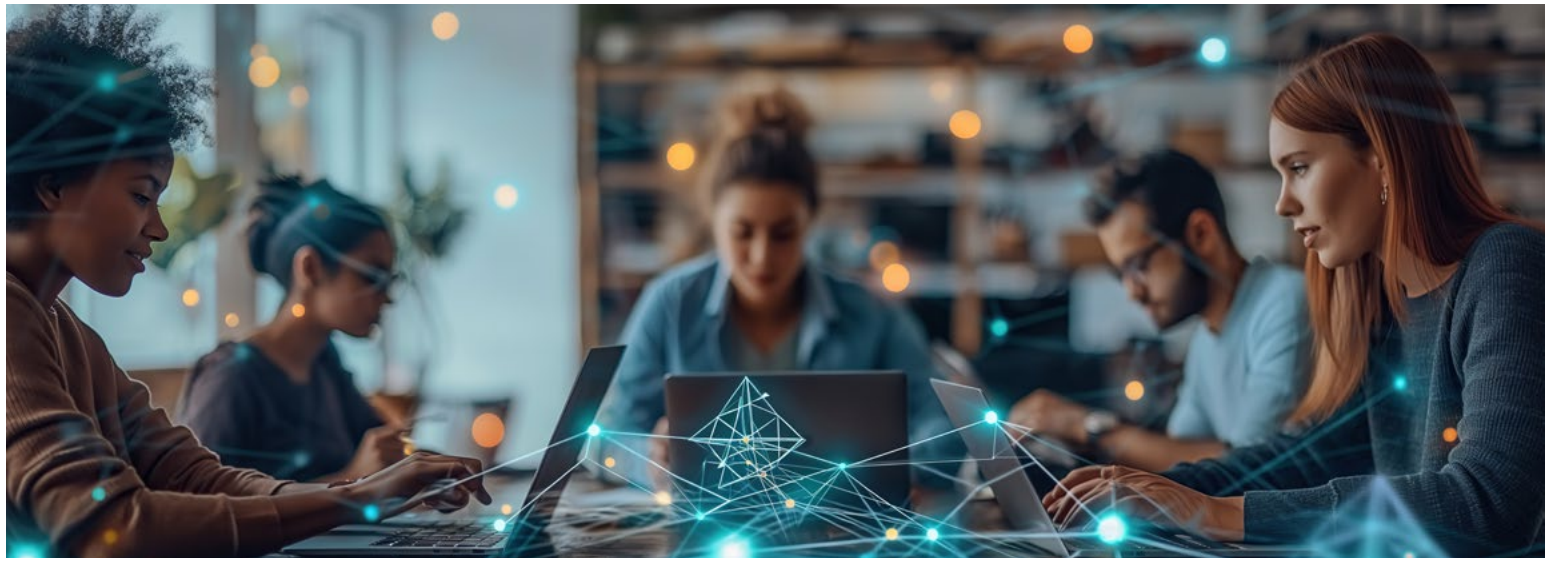
AI is redefining how legal teams manage knowledge — enabling faster access to critical insights and driving more intelligent, data-informed legal strategies. From document retrieval to contract analysis and legal research, AI can dramatically accelerate the way legal knowledge is captured, organized and applied.

AI-driven tools can extract, categorize and retrieve key legal information from vast datasets, reducing the time spent searching for precedents, case law or regulatory updates. By leveraging these tools, legal teams can improve their responsiveness and focus on higher-value strategic work.

More broadly, AI can help legal departments build dynamic, smart knowledge repositories that continuously evolve. Rather than relying on static document libraries, legal teams can access real-time, curated insights that reflect the most current legal and regulatory landscape.

However, accuracy remains paramount. Legal teams must validate AI-generated insights and implement rigorous quality control mechanisms to ensure knowledge systems remain up-to-date, reliable and free from bias. This means establishing best practices for oversight and integrating human review into knowledge workflows.

By shifting to AI-driven knowledge ecosystems, legal teams can enhance decision-making, reduce research time and drive smarter legal outcomes at scale.



"AI-driven contract intelligence transforms the entire contracting lifecycle, unlocking unprecedented value at each stage — from drafting and negotiation to execution, management and renewal. By automatically identifying regulatory requirements and contractual obligations, legal teams can elevate legal and compliance from a cost center to a strategic value driver."

Jeffrey Catanzaro
Principal
Global Legal Business Services
KPMG in the US

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Key takeaways

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Roadmap to AI-readiness

Successful AI adoption in legal departments often depends on mapping out the project from beginning to end — and beyond. Before implementing AI in the legal function, consider these actionable steps.

Getting started

Before deploying AI, develop a roadmap for effective implementation.

- **Conduct an AI-readiness assessment:** Evaluate existing legal processes, data infrastructure and technological capabilities to determine where AI can add the most value.
- **Prioritize high-impact AI use cases:** Focus on quick-win applications such as contract automation, compliance monitoring and legal research, while setting the stage for long-term transformation.
- **Establish cross-functional AI teams:** AI adoption requires collaboration across legal, IT, compliance and business units. Creating interdisciplinary AI task forces ensures that AI initiatives are aligned with business needs and risk considerations.

Making it work

As AI becomes embedded in legal functions, it must be aligned with corporate goals and managed through structured governance frameworks.

- **Align AI with business strategy:** AI in legal functions should not operate in isolation — it must support broader corporate objectives such as cost reduction, regulatory compliance and operational efficiency.
- **Manage risks with AI governance:** Legal teams must implement robust AI governance structures, ensuring accountability, data security and regulatory compliance at every stage of AI deployment.
- **Ensure transparency and ethical compliance:** AI-driven decisions must be explainable, auditable and free from bias. GCs and CLOs must develop clear AI usage policies, ensuring AI operates within ethical and legal boundaries.

Thinking long-term

Legal leaders must prepare their teams for long-term success by fostering a culture of innovation, investing in AI literacy and staying agile in an evolving landscape.

- **Foster a culture of innovation:** Legal teams must shift from reactive, process-driven mindsets to an innovation-first approach, embracing AI as a strategic enabler rather than just an automation tool.
- **Invest in data quality and AI literacy:** AI's effectiveness is greatly enhanced by the development of well-managed legal data. Legal professionals must also develop AI fluency, ensuring they can interpret AI-driven insights and make informed decisions.
- **Stay agile in a changing legal and tech landscape:** AI regulations, technologies and best practices are constantly evolving. Legal teams should adopt an agile mindset, continuously refining their AI strategies, compliance frameworks and risk assessments.

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How KPMG Law can help

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The KPMG Law advantage: Enabling the future of AI-driven legal services

KPMG Law member firms are uniquely positioned to support general counsel, chief legal officers and legal operations leaders in navigating the AI revolution in legal services.

KPMG Law's AI-powered legal solutions are designed to help legal functions operate with greater efficiency, intelligence and strategic foresight. By combining deep legal industry expertise, cutting-edge AI technology and a risk-managed approach, we help legal teams unlock AI-driven efficiencies throughout their operations, implement robust AI governance frameworks, increase their AI literacy and transform their department into a strategic, data-driven business function.

With lawyers spread across member firms in more than 80 countries, KPMG Law member firms are here to guide legal leaders through every step of this transformation — from strategy and implementation to governance and optimization.

Advisory and commercial support

Our lawyers support clients in ensuring the lawful and responsible adoption of AI. We work with clients around the complex overlap between AI and data protection, including conducting risk assessments, advising on transparency, and providing advice on the lawful use of data to train AI. We also have commercial lawyers working with clients to ensure appropriate contractual agreements are put in place between clients and third-party providers to mitigate risk and limit liability.

Compliance

With lawyers covering all key regulatory areas, our member firms help clients with a wide range of regulatory horizon-scanning and compliance reviews. We have developed AI-powered tools and a global delivery model that enables our legal teams to extract, assemble and summarize the core regulation to facilitate review and analysis and the mapping of the regulations to your business, thereby allowing for rapid integration into your systems and controls.

Legal managed services

KPMG Law member firms assist clients with high-volume work for both their contracting needs and claims management. Our tech- enabled and scalable delivery model enables clients to access skilled legal resources without the cost burden of full-time in-house counsel.

AI-powered personas and agents

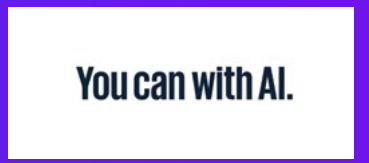
As AI moves beyond automation into agentic and autonomous systems, legal teams must be prepared to integrate AI-powered legal assistants and personas into their workflows. KPMG Law supports developing AI-powered legal agents that assist in contract negotiations, compliance monitoring and risk analysis, as well as creating virtual AI legal personas trained to interpret policies, regulations and case law, augmenting legal decision-making. These AI-powered legal assistants enhance productivity, improve legal accuracy and provide real-time insights, making AI a true strategic partner in legal functions.

Learn more

Digital Gateway for Law
It's all about integration for Digital Gateway — which brings together expertise, technologies and information to help you work better and faster.
kpmg.com/digitalgatewayforlaw

Legal services
KPMG Law professionals are strategic, multidisciplinary advisors helping in-house counsel embrace the legal department of the future.
kpmglaw.com

Mass matters
Get the support your team needs to manage complex legal work, at scale.
kpmg.com/massmatters



You can with AI
You can discover endless opportunities with AI. Let KPMG show you how.
kpmg.ai

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KPMG Trusted AI Framework

KPMG Trusted AI is a strategic approach to designing, building, deploying and using AI in a responsible and ethical manner.

At KPMG, our approach to trusted AI rests on the ethical pillars across the AI lifecycle:

Fairness

AI solutions should be designed to reduce or eliminate bias against individuals, communities and groups.

Transparency

AI solutions should include responsible disclosure to provide stakeholders with a clear understanding of what is happening in each solution across the AI lifecycle.

Explainability

AI solutions should be developed and delivered in a way that answers the questions of how and why a conclusion was drawn from the solution.

Accountability

Human oversight and responsibility should be embedded across the AI lifecycle to manage risk and comply with applicable laws and regulations.

Data integrity

Data used in AI solutions should be acquired in compliance with applicable laws and regulations and assessed for accuracy, completeness, appropriateness and quality to drive trusted decisions.

Reliability

AI solutions should consistently operate in accordance with their intended purpose and scope and at the desired level of precision.

Security

Robust and resilient practices should be implemented to safeguard AI solutions against bad actors, misinformation or adverse events.

Safety

AI solutions should be designed and implemented to safeguard against harm to people, business and property.

Privacy

AI solutions should be designed to comply with applicable privacy and data protection laws and regulations.

Sustainability

AI solutions should be designed to be energy efficient, reduce carbon emissions and support a cleaner environment.

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Stuart is the Global Head of Legal Services for KPMG International and Head of Legal Services for KPMG in the UK.

Prior to joining KPMG, Stuart spent over 25 years in a leading international private practice law firm, as well as gaining experience through a number of senior roles in industry.

He has extensive experience supporting clients, including cross-border public and private mergers and acquisitions (M&A), complex international business reorganizations, initial public offerings, venture and growth capital, private equity and joint ventures. He works with large corporates, private enterprises, and financial and private equity institutions across a range of sectors, including natural resources, financial services and technology.

He is also passionate about transforming the way in which the legal sector operates and helping clients meet the challenges of managing legal risk in an increasingly burdensome and litigious regulatory environment.

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