FACTOR

GenAI in Legal Benchmarking Report 2025

Contents

Executive Summary

We find ourselves at a pivotal moment for artificial intelligence in the legal profession. As GenAI demonstrates remarkable facility with nuanced language, legal departments are uniquely positioned to transform their operations through AI-enabled workflows.

In conversations with legal leaders, one persistent question emerges: "What are other departments actually doing now with AI?"

This report provides key statistics to benchmark your organization against peers on AI access, confidence levels, IT collaboration patterns, and investment approaches.

Our research reveals a gap: while most legal teams have AI tools in place, they remain stuck in limited pilots rather than achieving full-scale deployment. Only a small group of leaders embedded AI deeply into their workflows or built function-specific tooling. The teams making the most progress are investing in training, strengthening IT collaboration, and finding ways to scale AI adoption effectively.

For perhaps the first time, legal is at the front of the line for IT assistance—with close to a quarter of respondents (24.5%) rating IT 10/10 for eagerness to help with legal AI tools. However, taking full advantage requires legal teams to become "user-builders" who can articulate needs, prioritize use cases, drive adoption, and even sometimes spin up prototypes themselves through creative prompting. This means thinking like product owners rather than passive technology consumers.

IT Collaboration on Legal AI Implementation

Top rating 24.5%	High collaboration 42.2%	Minimal/none 33.3%

0%   25%   50%   75%   100%
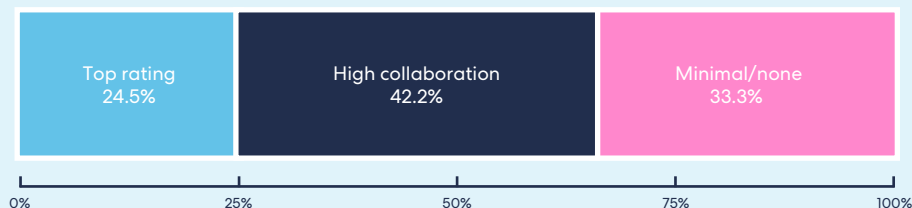
Key Insight:
For perhaps the first time, legal is at the front of the line for IT assistance -with close to a quarter of respondents rating IT 10/10 for eagerness to help with legal AI tools.

Source: GenAI in Legal Benchmarking Report 2025

Legal departments are often forced to make high-stakes technology selections like Venture Capitalists, betting millions on platforms that may become obsolete within months or even just pivot away from the initial use case. More than a quarter (25.3%) have already spent between $100,000-$500,000 on 'domain-specific' legal AI tools and close to half (43.4%) have upgraded existing legal tech licenses to access particular AI features. Perhaps more concerning is that a fifth (21.2%) were not sure if their existing tech stack had been upgraded to include AI features – suggesting a disconnect between investment and impact.

Our upcoming special reports will dive deeper into emerging trends: from the revival of collaborative "out-tasking" models enhanced by AI to addressing hidden implementation costs, developing strategic competencies beyond basic tool training, and embracing the new "user-builder" paradigm.

We hope this report will serve as a valuable reference point for measuring progress and identifying winning approaches to legal AI adoption.

David Mainiero,

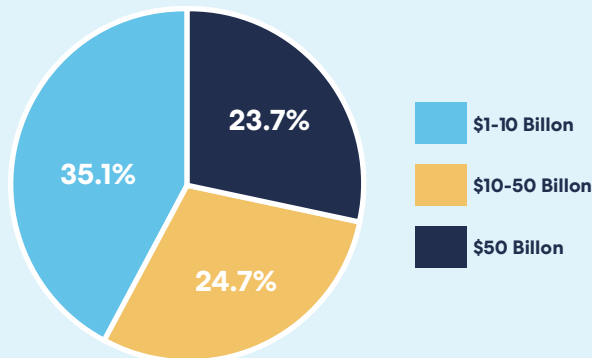**VP, AI Enablement & Legal Transformation, Factor**

> *"Legal departments are often forced to make high-stakes technology selections like Venture Capitalists, betting millions on platforms that may become obsolete within months or even just pivot away from the initial use case."*
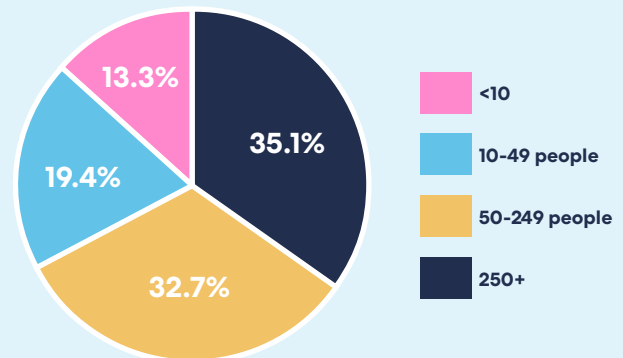
Methodology

These insights are drawn from a survey of more than 120 in-house counsel and legal leaders between December 2024 and February 2025 and are informed by several dozen conversations with in-house legal teams. Respondents included general counsel, CLOs, legal operations managers, in-house legal leaders and professionals in other in-house legal roles across a range of industries, from financial services to healthcare and technology.

Survey Demographics

Organization Revenue

23.7%
35.1%
24.7%

- $1-10 Billon
- $10-50 Billon
- $50 Billon

Legal Department Size

13.3%
35.1%
19.4%
32.7%

- <10
- 10-49 people
- 50-249 people
- 250+

Source: GenAI in Legal Benchmarking Report 2025

While discussions about AI transformation abound, this report provides a benchmark on what legal departments are actually doing with AI today—how they're structuring access, building capabilities, and measuring success. It cuts through the hype to offer legal teams a realistic benchmark against peer practices and investments.

We've also incorporated insights from other industry reports to place these findings in the broader context of legal technology adoption trends.

Notable Findings for Legal Teams in 2025

Access vs. Utilization Gap: While 61.2% of legal departments provide AI access to most or all team members (26.5% with "Everyone" and 34.7% with "Many/most team members"), 33.7% of legal professionals report they are not confident using enterprise AI tools and need more support. This shows that tool deployment alone isn't driving value.

The Access vs. Utilization Gap in Legal AI

61.2%
Have AI access for most or all team members

VS.

33.7%
Not confident using enterprise AI tools

Supporting Survey Data:
- Only 18.9% feel very confident using enterprise AI tools.
- 47.9% "can just about get by" with current AI tools.

Source: GenAI in Legal Benchmarking Report 2025

Pilot Purgatory: 29.6% of legal departments restrict AI access to small pilot groups rather than deploying it widely. This limited access approach significantly constrains the potential impact of AI investments and delays enterprise-wide benefits. Worse yet, these pilots are often initiated without an accompanying hypothesis as to impact on unlocking work. This may be a result of pressure from the business to "do something" on Legal AI with legal departments often looked to as "Client Zero".

Pilot Purgatory in Legal AI Adoption

Key Insight:
29.6% of legal departments restrict AI access to small pilot groups, significantly constraining the potential impact of AI investments and delaying enterprise-wide benefits.

Access to AI Tools - 61.2%

Limited Pilot Groups - 29.6%

Confidence using AI - 18.9%
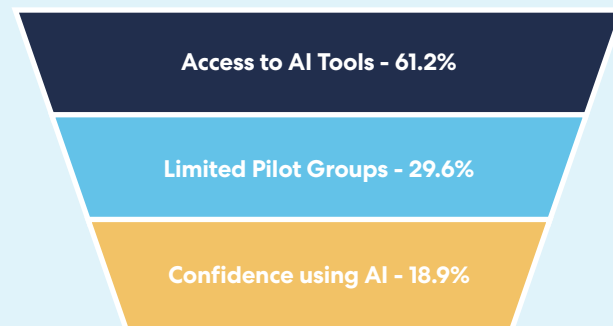
Source: GenAI in Legal Benchmarking Report 2025

Leaders Are a Minority: Only 12.1% of legal teams report "leading the way" in GenAI adoption, with another 26.3% feeling "a little ahead." The majority find themselves at average (35.4%) or behind the curve (26.3% combined "a little behind" or "far behind").

How Legal Teams Rate Their GenAI Adoption

Key Insight:
Only 38.4% of organizations have invested in AI literacy efforts for EU AI Act compliance

10.1%
12.1%
16.2%
26.3%
34.4%

- Far behind
- Little behind
- Average
- Little ahead
- Leading
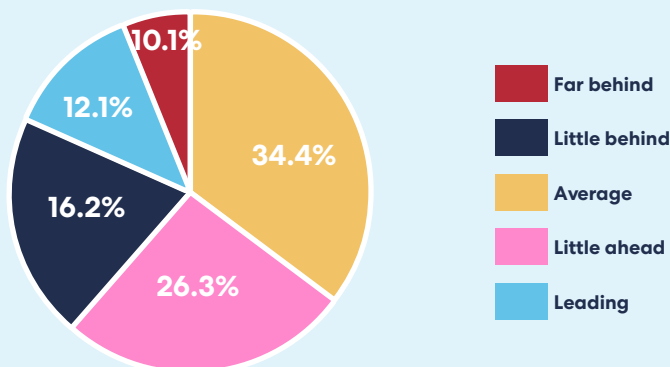
Source: GenAI in Legal Benchmarking Report 2025

Significant Internal Investments: 47.5% of legal teams have built an internal AI interface/chatbot, showing substantial organizational commitment to custom AI solutions.
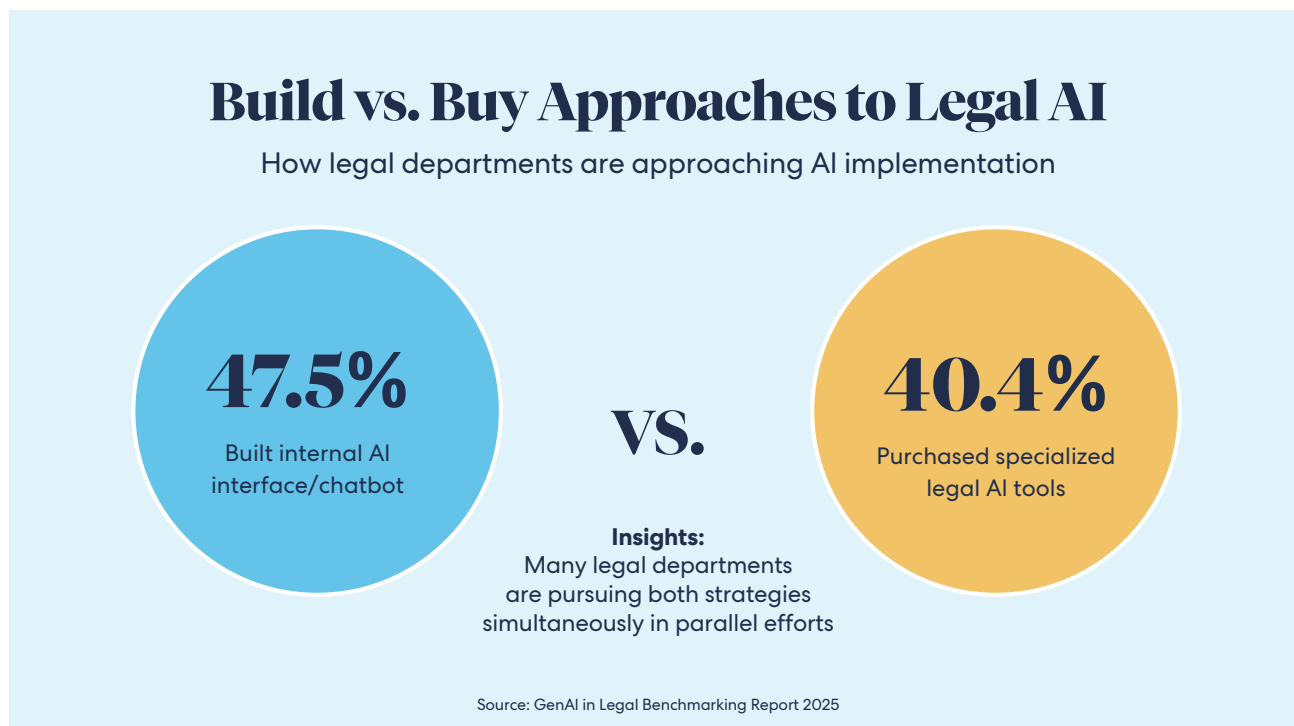
Specialized Legal AI Tools: 40.4% of legal teams have purchased specialized legal-focused AI tools like Harvey or CoCounsel. Among these adopters, over 50% have invested a "few hundred thousand dollars", yet the data suggests that many struggle to realize returns due to implementation and training gaps.

Build vs. Buy Approaches to Legal AI

How legal departments are approaching AI implementation

47.5%
Built internal AI interface/chatbot

VS.

40.4%
Purchased specialized legal AI tools

Insights:
Many legal departments are pursuing both strategies simultaneously in parallel efforts

Source: GenAI in Legal Benchmarking Report 2025

Training Deficit: Only 18.9% of teams feel very confident using enterprise AI tools, while almost half (47.9%) admit they "can just about get by" and 21.3% state they "really need help." This training gap severely limits the ROI on substantial AI investments.

Legal Tech Upgrades: 43.4% of departments have upgraded their legal tech licenses to include AI features, showing significant investment in enhancing existing tools with AI capabilities.

IT Collaboration Opportunity: Despite a demonstrable willingness from IT to collaborate, 33.3% of respondents report minimal or non-existent collaboration with IT on AI implementation.

Regulatory Readiness Gap: Only 38.4% of organizations have invested in AI literacy efforts for EU AI Act compliance, with 44.4% reporting they have "not yet" addressed these requirements. This suggests potential compliance risks as AI regulation intensifies globally.

AI Adoption: Progress and Challenges

Current State and Trends

The legal industry is at a crossroads in its AI journey. There is a clear impetus to shift from experimentation to implementation across the sector, but our survey shows that most legal departments struggle to scale beyond pilot phases or small groups.

For buyers, the legal AI market remains confusing and it is difficult to assess which solutions best suit specific needs. The risk for legal departments is betting six or seven figures on AI tooling and license upgrades with diminishing returns and implementation headaches. Knowing where to place your low-stakes, high-return investment is the difference between an AI money pit and transformative results.

Our survey suggests many legal teams struggle to extract real value from their AI investments, while Everlaw research indicates that legal professionals view GenAI as beneficial but unproven, with uncertainty about its best use cases.

Despite this, industry-wide tech investments are on the rise: 2025 ACC Chief Legal Officers Survey found that 44% of CLOs plan to adopt new legal technology in 2025, focusing on contract management (62%), document management (32%), and workflow automation (26%). According to Legal Dive, AI-powered virtual legal assistants (35%) and contract management platforms (30%) are top investment areas. This shift comes as legal departments face increasing complexity, with 42% of CLOs reporting an increase in litigation volume and 60% facing rising litigation costs.

Strategic Necessity

Today's legal teams face unprecedented pressure: tighter budgets, expanding workloads, and compressed timelines demand capabilities beyond traditional methods. GenAI has evolved from promising technology to strategic necessity. As regulatory complexities increase and M&A activity accelerates, AI's sophisticated ability to contextualize legal nuances, parse document hierarchies, and integrate information across multiple agreements transforms it from an efficiency tool into a competitive advantage.

The need for effective AI adoption is underscored by the ACC finding that 35% of CLOs identified operational efficiency as their department's top priority, with 41% facing cost-cutting mandates. Everlaw reports that 25% of legal teams using GenAI have reported operational cost reductions, proving its potential.

*"GenAI has evolved from promising technology to strategic necessity."*

Key Challenges

Awareness and Access Gap: While 47.5% of legal teams have built internal AI interfaces or chatbots, many legal professionals remain unsure whether their organization has developed such tools or how to access them. This awareness gap represents a significant barrier to utilization and highlights communication challenges between IT and legal departments.

Training and Confidence Deficit: With only 12.1% of legal teams leading the way in GenAI adoption and only 18.9% feeling very confident in their AI capabilities despite widespread access to tools, training approaches aren't keeping pace with technology deployment.

The Gap Between Access, Confidence, and Leadership

Key Insight:
While 61.2% of legal departments provide AI access broadly, only 18.9% feel very confident using these tools, and just 12.1% report "leading the way" in adoption.

61.2%
-42.3%
18.9%
-6.8%
12.1%

Leadership
Confidence
Access
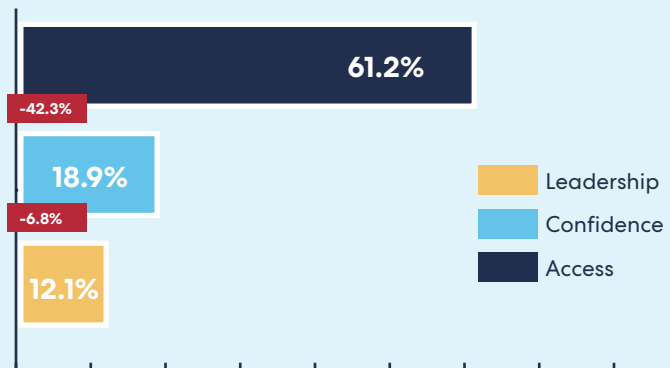
Source: GenAI in Legal Benchmarking Report 2025

Hidden Implementation Costs: Beyond direct technology investments, the true cost of AI adoption includes significant hidden expenses in training, change management, and workflow integration. Organizations frequently underestimate these costs, leading to budget overruns or inadequate support for adoption efforts.

Integration with Legacy Systems: Many legal departments report challenges connecting AI capabilities with existing legal tech investments, creating potential silos of information and workflow disruptions.

Regulatory Compliance: Less than 40% of organizations have addressed AI literacy requirements such as those mandated by the EU AI Act, suggesting potential compliance risks as AI regulation intensifies globally.

Industry Benchmarking: Where Legal Stands on AI

The legal profession's AI adoption trajectory reveals both progress and persistent gaps compared to other professional services sectors:

Adoption Acceleration:

Legal departments have significantly accelerated their AI adoption compared to previous technology cycles, with implementation timelines shorter than typical legal technology deployments. However, legal still lags some other business functions in AI adoption.

Investment Patterns:

Legal departments typically allocate smaller direct budgets to AI initiatives compared to other professional functions. However, specialized legal AI tools command premium pricing, with investments often exceeding $100,000 for department-wide implementations. Many respondents report succeeding by thinking beyond pure 'legal tech' or 'AI training' budgets as levers of transformation; this often requires making a strong ROI case and documenting a hypothesis and expected results.

Utilization Gap:

While access to AI tools has become increasingly common, actual utilization lags significantly behind access, indicating that legal departments must prioritize training and change management to realize returns on their technology investments.

IT Collaboration Transformation:

Perhaps the most dramatic shift is in IT departments' interest in supporting legal AI initiatives. Historically deprioritized as cost centers, legal functions now report unprecedented levels of IT eagerness to collaborate, with 25% of respondents rating this at the highest possible level—a stark contrast to pre-AI engagement patterns.

Benchmarking Insights: The Sense Collective Members Lead

Our GenAI in Legal benchmarking survey reveals a clear pattern: The Sense Collective members are outpacing the broader legal market in GenAI adoption and implementation.

Strategic AI Adoption Leadership

The Sense Collective Leadership Advantage

Key Insight:
TSC members show significant advantages across all key AI adoption metrics.

Metric	Built internal AI tools/chatbots	Provide broad AI access	Adopted specialized legal AI tools	Rate team's AI confidence as high	Report strong IT collaboration	"Really Need Help" with AI
Difference	+46.0%	+53.8%	+22.4%	+2.8%	+23.8%	-23.8%

■ TSC Members ■ Market Average
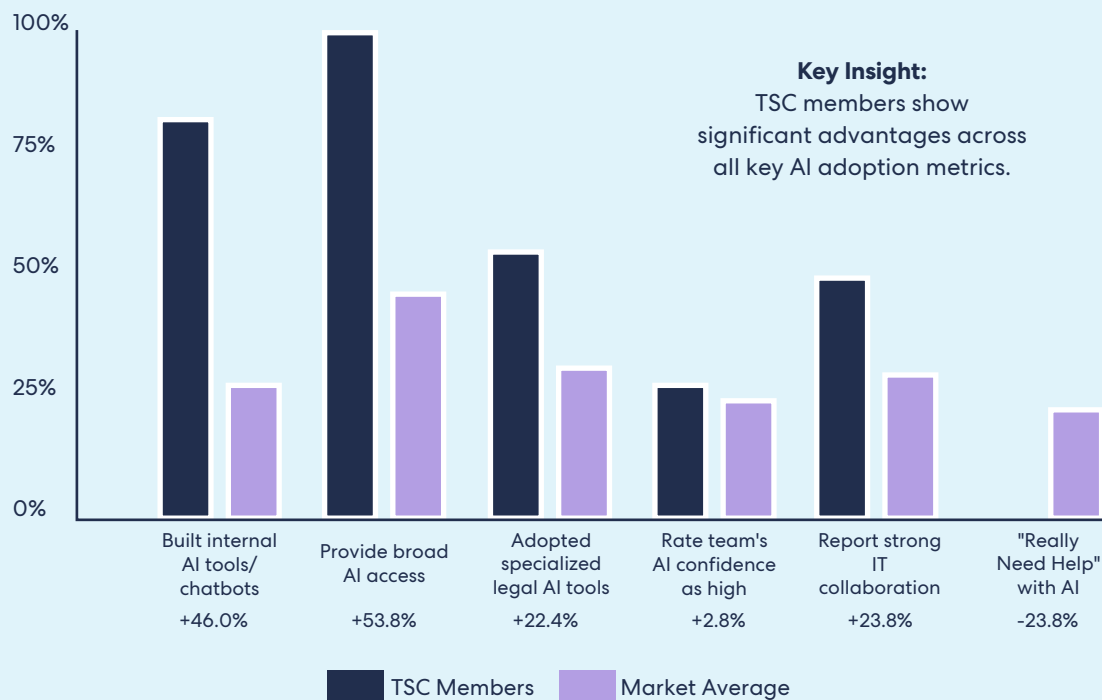
Source: GenAI in Legal Benchmarking Report 2025

Explaining the Acceleration Gap: Three Critical Success Factors

The data points to three interconnected factors that influence successful AI adoption in legal departments and align with The Sense Collective's program structure.

Three Critical Success Factors

Knowledge
+22.4%
Higher adoption of specialized AI tools

Skills
+46.0%
Higher rate of building internal AI tools

Collaboration
+23.8%
Stronger cross-functional IT collaboration

Insights:
These three interconnected factors create a substantial advantage for Sense Collective members, leading to accelerated AI adoption.

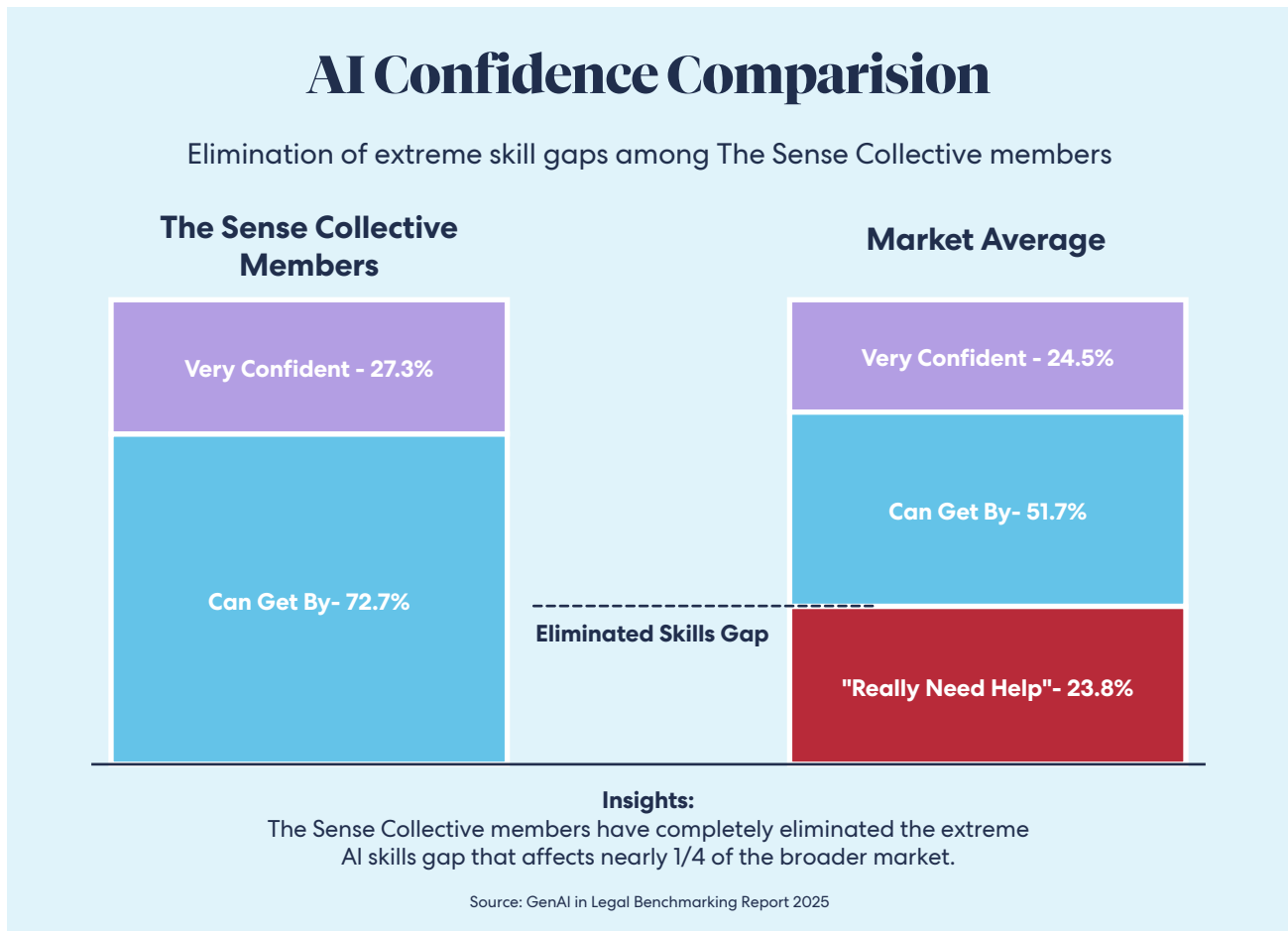Source: GenAI in Legal Benchmarking Report 2025

Knowledge

The Sense Collective members have a substantial advantage in strategic tool selection and deployment with access to market intelligence comprising market scanning, demo days and 'pass the hat' collective experience compendium. The 22.4% higher adoption rate of specialized legal AI tools suggests that The Sense Collective members benefit from reduced evaluation cycles and more informed technology selection decisions.

Skills

The most striking differential is in the 46% higher rate of building internal AI tools. This correlates with The Sense Collective's emphasis on co-development to empower teams to create AI solutions against real use cases and speaks to The Collective's ability to connect power users across organizations in 'geek out' streams.

While many teams (69.2%) in the broader market report lacking full confidence in their AI capabilities, The Sense Collective members have eliminated an extreme skill gap, with none of those surveyed saying they "really need help" with AI training.

AI Confidence Comparision

Elimination of extreme skill gaps among The Sense Collective members

The Sense Collective Members

Very Confident - 27.3%

Can Get By- 72.7%

Market Average

Very Confident - 24.5%

Can Get By- 51.7%

Eliminated Skills Gap

"Really Need Help"- 23.8%

Insights:
The Sense Collective members have completely eliminated the extreme
AI skills gap that affects nearly 1/4 of the broader market.

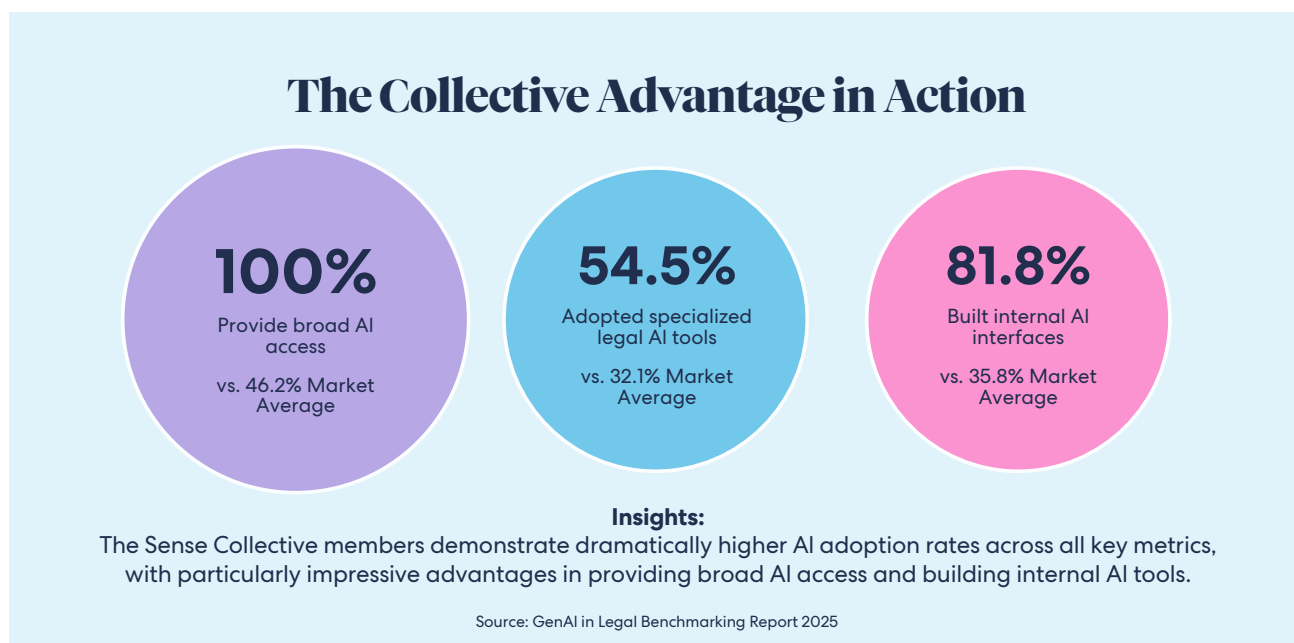Source: GenAI in Legal Benchmarking Report 2025

Collaboration

The Sense Collective members report stronger cross-functional collaboration, particularly with IT departments (54.5%)—a critical success factor identified in our research. One of The Sense Collective's key outputs is empowering legal teams with a business case to deploy precision AI to bottlenecks in the legal workflow, creating natural alignment with IT priorities and resources.

The Collective Advantage in Action

- 100% of The Sense Collective members surveyed provide broad AI access across their legal teams (vs. 46.2% market average)

- 54.5% have adopted specialized legal AI tools (vs. 32.1% market average)

- 81.8% have built internal AI interfaces/chatbots (vs. 35.8% market average)

The Collective Advantage in Action

100%
Provide broad AI access

vs. 46.2% Market Average

54.5%
Adopted specialized legal AI tools

vs. 32.1% Market Average

81.8%
Built internal AI interfaces

vs. 35.8% Market Average

Insights:
The Sense Collective members demonstrate dramatically higher AI adoption rates across all key metrics, with particularly impressive advantages in providing broad AI access and building internal AI tools.

Source: GenAI in Legal Benchmarking Report 2025

Looking Forward

As regulatory complexity increases and AI capabilities evolve, the gap between leaders and laggards will likely widen. The data suggests that collaborative approaches like The Sense Collective create sustainable advantages through:

Accelerated Learning Cycles: Sharing insights across organizations creates exponential rather than linear progress.

Risk Reduction: Collective intelligence mitigates the uncertainty of individual experimentation.

Implementation Confidence: Practical experience builds the confidence needed for organization-wide adoption.

The data validates a simple truth: in the rapidly evolving GenAI landscape, those who learn and build together progress faster than those who go it alone.

Recommended Best Practices

> *"Viewing GenAI merely as a tool to replace current processes is like thinking of electricity as just a better candle, rather than recognizing its potential to revolutionize industry and society."*

The integration of GenAI into legal functions represents not merely a technological shift but a fundamental transformation in how legal services are delivered and experienced. Our research clearly indicates that technological capability is no longer the limiting factor—rather, the primary determinants of success are leadership approach, organizational readiness, and implementation methodology. Those experiencing more success with GenAI thus far are avoiding automation bias— they're not simply using AI to automate existing tasks, but rather reimagining what's possible. Viewing GenAI merely as a tool to replace current processes is like thinking of electricity as just a better candle, rather than recognizing its potential to revolutionize industry and society. Forward-thinking legal departments are using GenAI to enable work that was previously impossible, prohibitively expensive, or constrained by traditional resource limitations.

Leadership-Led, Not Technology-Led Transformation:

Successful implementations begin with clear executive sponsorship and visible leadership engagement. When legal leadership actively uses and promotes AI tools, adoption rates increase significantly compared to departments where leadership remains detached from implementation.

Focus on Value Rather Than Novelty:

Organizations achieving the highest ROI consistently prioritize high-impact use cases addressing specific pain points rather than implementing AI for its own sake. This approach ensures that AI initiatives directly contribute to departmental objectives and build credibility for further investment.

Invest in Human Elements:

Beyond technology acquisition, high-performing organizations allocate substantial resources to training, change management, and user support. These investments often equal or exceed direct technology costs but deliver significantly higher returns through improved adoption and utilization.

Leverage Enhanced IT Collaboration:

Leading organizations are capitalizing on unprecedented IT interest by establishing dedicated cross-functional teams and formal collaboration mechanisms to translate legal needs into technical solutions.

Develop "User-Builder" Capabilities:

Forward-thinking legal departments are cultivating "user-builder" capabilities within their teams—enabling lawyers to create customized AI solutions conversationally without extensive technical expertise.

Balance Immediate Results with Long-Term Capability Building:

Most successful organizations pursue dual-track strategies that deliver quick wins through targeted AI implementations while simultaneously building broader organizational capabilities through comprehensive training and change management initiatives.

Key Success Factors

Based on our analysis of high-performing organizations, we've identified several critical factors that differentiate successful AI implementations:

Leadership Commitment: Organizations with the highest adoption rates consistently demonstrate strong leadership engagement, with legal executives actively modeling AI usage and establishing clear expectations for the organization.

Dedicated Resources: Successful departments allocate dedicated resources to AI implementation, including both budget for technology acquisition and staff time for planning, training, and change management.

Skills Development: Beyond basic tool training, leading organizations invest in developing deeper AI capabilities, including prompt engineering, workflow integration, and critical evaluation of AI outputs.

Clear Use Case Prioritization: Rather than pursuing AI for its own sake, successful organizations rigorously prioritize use cases based on business impact, implementation feasibility, and alignment with strategic objectives.

Cross-Functional Collaboration: The most effective implementations forge strong partnerships between legal, IT, and business stakeholders, ensuring that AI solutions address genuine business needs while meeting technical and compliance requirements.

"Organizations with the highest adoption rates consistently demonstrate strong leadership engagement"

Future Insights

Look out for our upcoming series of blogs deep diving on key trends from this report

The New Out-Tasking: Why AI is Bringing Back an Old Model—With a Twist

The traditional model of end-to-end outsourcing is giving way to a new paradigm: AI-enabled out-tasking that offers real-time, technology-enabled collaboration between legal teams and service providers.

Hidden Costs of DIY Legal AI

The true cost of AI ownership far exceeds initial investments. Organizations must account for implementation costs, specialized training, change management, and ongoing maintenance. Today's cutting-edge AI tools risk rapid obsolescence, while implementation failures and evolving security requirements create additional risks. When these hidden expenses and risks are properly factored into ROI calculations, many legal departments find that hybrid approaches—combining targeted in-house development with specialized external partnerships—offer more sustainable paths to value than all-or-nothing strategies.
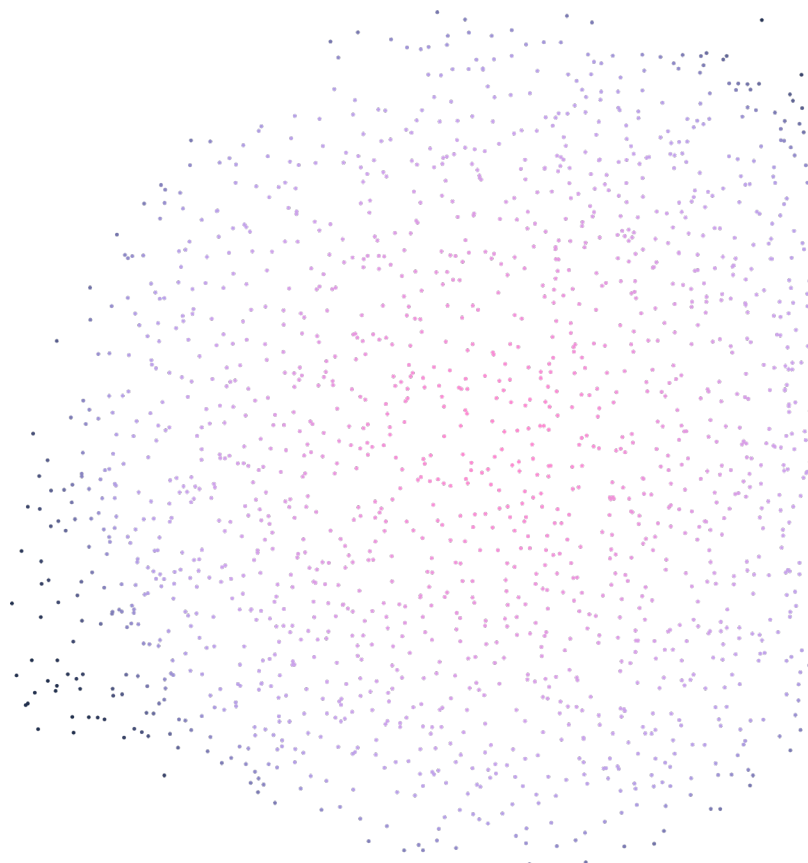
Beyond Tool Training: The Real AI Skills Gap

Success requires more than basic tool training. Teams need to develop strategic competencies in workflow integration, change management, and value measurement to move beyond basic experimentation to true transformation.

Owner-Builders: GenAI's New Model for Legal Tech Innovation

With broad AI access to most or all team members and unprecedented IT support, we're seeing the emergence of a new paradigm where lawyers become "user-builder" who create customized solutions conversationally. This represents a fundamental shift from the old build-versus-buy decision framework to an era of user-driven development.

Visit the Factor website to access additional insights.