8 AI Implementation Challenges for Law Firms (and How to Solve Them)

Written by Natalie Berestovsky

AI is transforming the legal industry, providing limitless opportunities for legal practices seeking an edge. Already 79% of lawyers have adopted AI in some capacity. And there is still room for growth—we estimate that 74% of a law firm's hourly billable tasks have the potential for AI automation.

However, integrating AI into your practice is not always easy. Here are the top eight challenges law firms face with AI implementation and how to solve them.

Want to brush up on your AI skills before diving into a firm-wide implementation? Sign up for our free legal AI fundamentals certification.

Challenge #1: Resistance to change

Compared to many other fast-moving industries, the legal profession tends to be resistant to change, AI-powered tools included. Legal professionals tend to be meticulous Type A individuals, and the apparent unpredictability and novelty of AI-powered tools can be difficult to accept. On top of this, many in the legal industry are not sure where to start with AI implementation and fail to see the value for their work.

Solution: Sell the benefits and provide training

The primary way of overcoming resistance to adopting AI is to show the benefits of AI tools for law firms and offer foundational training that lets them see the benefits for themselves. Many attorneys already use AI-powered technology, such as with caselaw searches on legal research software or with eDiscovery software. The future increased use of AI will enhance attorneys' efficiency and accuracy while freeing them from high-volume monotonous work, such as document review.

Challenge #2: Ethical and regulatory concerns

Attorneys have to deal with numerous ethical and regulatory considerations, giving rise to some legitimate concerns over adopting AI:

- Generative AI tools can mix in inaccurate content in their output, known as "hallucinations," which have even included fabricated case law in legal briefs and judicial opinions.
- Confidential client information could potentially be stored in the database of a third-party AI tool.
- If proper exceptions are not filed by the AI vendors, client information may end up in the training dataset for the future AI models
- AI tools can promote bias in the legal industry, since they are trained on data that could reflect past discriminatory practices.

Solution: Maintain oversight and don't overshare

It's crucial to maintain oversight and accountability for all output, whether or not an AI-powered tool was used. Review any generative AI suggestions with a fine-tooth comb, since it's the attorney's ultimate responsibility that court submissions are accurate and well-reasoned. This is also the best way to guard against AI bias.

To avoid breaching client confidentiality, make sure there's a firm policy against "over-sharing" with third-party AI tools. Never share sensitive client information with a third-party generative AI software, to prevent this data from being used for training the AI tool.

Challenge #3: Data privacy and security

Law offices hold a great deal of sensitive client information which needs to be safeguarded. With all AI tools used by law firms, the security of client data is critical. While client data should not be shared with third-party AI tools, there's no avoiding the use of this data for AI solutions in general. Accordingly, data privacy and security are paramount concerns in the legal world and could act as a barrier to AI implementation.

Always review the terms and conditions of your chosen AI vendor to understand how any information you input will be handled.

Solution: Encryption, audits, updates, and training

When implementing AI tools at your legal practice, make data security a top priority. Ensure that your AI tools use encryption to maintain security, and that your entire staff is well-trained on cybersecurity. For long-term privacy and security, perform regular software updates, which often include various security patches. Regular security audits can also uncover vulnerabilities and point the firm toward further precautions.

Challenge #4: Lack of internal expertise

Few would expect attorneys or legal operations personnel to possess any expertise in AI tools for lawyers. This lack of internal expertise could dissuade many firms from trying to incorporate AI any further into their workflows.

Solution: Select AI tools with easy setup

Fortunately, there are many AI-powered tools available for the legal profession where the software company will provide the onboarding expertise. The key is to select AI tools that are user-friendly and easy to implement. Make liberal use of the free demos and trial periods offered by legal AI software companies, so you can make your choices intelligently.

Challenge #5: Integration with existing tools

Once a legal practice has trusted software in place, legal professionals may be hesitant to introduce AI tools that don't integrate with that software. This reaction is understandable. Once you have reliable software for practice management, billing, or other law firm functions, you'll naturally seek AI tools that co-function with that software.

Solution: Many AI integrations available

The good news is that a great deal of legal software integrates well with other AI tools. In fact, many legal software companies regularly roll out their own AI enhancements. For example, our practice management software integrates with a large number of software tools with AI capabilities.

Challenge #6: Unclear ROI or use cases

One of the most basic hurdles to your attorneys and legal staff buying in on AI implementation may be one simple question: Why? What exactly will we be using this AI for? What good will it do? Without any clear upside to implementing new technology, many legal professionals will think it's not worth the bother.

Solution: Observe the demonstrated AI use cases

When firm members are unsure of the potential use cases, or return on investment (ROI) for AI, this uncertainty can be eliminated quickly. The following are some of the AI use cases already being demonstrated in the legal industry:

- Legal research
- Document review
- Contract review
- Legal writing (with attorney oversight)
- Predictive analytics (e.g., predicting case outcomes by reviewing past judgments and actions by the current judge on a case, in order to predict future judicial decisions)
- Electronic discovery

Challenge #7: Fear of replacing human work

The threat of AI replacing human work is all over the news, and the legal industry is not immune to these concerns. By using new AI tools, many legal professionals might feel that they are simply helping the firm to train their AI replacements.

Solution: Legal AI will elevate human work, not replace it

While there may be some fear of legal AI replacing the human work of legal professionals, this fear is largely unfounded. Instead, certain tasks will be automated and made more efficient, while the ability to effectively use AI tools will be critical. Moreover, AI cannot replace the judgment, critical thinking, and reasoning ability of flesh-and-blood attorneys, nor can it replace the human touch so necessary with clients, judges, juries, and opposing counsel.

Challenge #8: Choosing between on-site vs. cloud AI solutions

The big debate for many businesses relating to AI is a basic one—cloud or on-site? Cloud AI incorporates AI capabilities into cloud computing platforms. On-site AI is managed within the business, including the housing of the data centers.

Solution: Cloud AI is better if internal support is lacking

For law firms, it's highly unlikely they will have the infrastructure or technical capabilities to deploy on-site AI. The companies that implement on-premises AI systems are generally very large organizations, such as Bank of America and IBM. Cloud AI for legal practices has the advantage of being practical, affordable, and flexible, as is the case with the legal AI software of Manage AI.

Strategies for successful AI implementation

So what strategies can law firms employ to circumvent these AI challenges? Here are some guidelines for successful AI implementation.

Setting clear objectives for AI projects

Instead of simply making a determination your firm needs AI, think first about where AI can help. If a legal practice spends a great deal of time or administrative resources on one particular facet of law—contract review, medical records review, routine legal filings, as some examples—then it should consider AI tools that tackle these functions. Then your AI projects can include clear parameters for measuring success.

Engaging stakeholders and staff for buy-in

Your firm's attorneys and staff will need to understand the value of any new AI tools. The firm's ownership will also need to know these technological investments will have a clear ROI. Explain to all interested parties how the new AI tools will help them and the firm, and how they will receive the training and guidance they need.

Pilot programs and phased rollouts

Give any new AI tools a "try-out" phase, where the firm experiments to see how well the tools function. Also try to avoid using AI to tackle all the firm's problems at once. Instead, do phased rollouts by addressing one or a few legal functions at a time, or by introducing a practice management system with AI capabilities.

The future of AI in law firms

The future of AI for law firms will likely include many more AI-related roles. Just as there are now many electronic discovery specialists in the legal field, there may be AI specialists in the future. Professionals such as data analysts and process designers may become more commonplace in legal settings.

The attorneys who can best leverage AI tools will likely reap the greatest rewards. Tools such as generative AI require user skill in prompting the tools, reviewing the output, and understanding the limitations of the technology. Those who can master these skills hold the keys to the legal AI future.

Resources and AI support for law firms

Seek out AI tools and software applications that take care of initial implementation and provide ongoing guidance and support. Many bar associations also provide resources for education and training regarding AI-related tools. Make use of all these resources, such as the ones listed below, to ensure you are implementing AI in the best way for your firm.

- American Bar Assocation 2024 Artificial Intelligence TechReport
- State Bar of California Ethics & Technology Resources
- State Bar of California Practical Guidance for the Use of Generative AI
- State Bar of Michigan Report on Artificial Intelligence in the Legal Profession

Conclusion: Overcoming AI implementation challenges

While law firms face many AI implementation challenges, most of these are surmountable with the right approach and strategies. This allows firms to focus on the opportunities presented by this transformative technology.

If you seek AI capabilities in a comprehensive practice management solution, you should explore Manage AI. The AI-powered functions of Manage AI are embedded in the Clio Manage practice management platform, providing your firm with the efficiencies of AI along with security, privacy, and meeting compliance standards.

Demo Manage AI

Frequently asked questions

What is the biggest challenge in implementing AI in the legal system?

While there are many challenges in implementing AI in the legal profession, resistance to change is likely to be the biggest impediment, with many legal professionals not trusting AI tools to perform tasks that demand precision.

What are the risks of using AI in law firms?

The risks of using AI in law firms include (1) over-reliance on output from generative AI, which can create inaccurate “hallucinations” in legal briefs, (2) failure to keep client information confidential when sharing it with third-party AI tools, and (3) the possibility of AI tools promoting bias by using data based on past discriminatory practices.

What are four of the top challenges faced in the implementation of AI systems?

Four of the top challenges law firms face in implementing AI systems are (1) ethical and regulatory concerns with the use of AI, (2) the firm’s internal resistance to change, (3) determining the firm’s best use cases for AI, and (4) lack of internal AI expertise.

About Clio

Clio is the global leader in legal AI, powering legal work across the profession, from law firms of every size to corporate legal teams, government agencies, and courts. Its Intelligent Legal Work Platform unites the business and practice of law, connecting the people, information, and processes behind legal work. Clio’s AI brings the context together with legal sources drawn from Clio Library, a growing collection of more than one billion legal documents. Over 400,000 legal professionals in more than 130 countries rely on Clio to run their legal world. Learn more at www.clio.com.