

Private AI for Law Firms

Market Research Report 2025

Prepared by SJT Digital

London, United Kingdom

Executive Summary

Generative AI has transitioned from experimentation to active deployment across the legal sector during 2024 and 2025. Industry surveys demonstrate that legal professionals strongly believe AI will fundamentally transform legal work, with firms adopting AI technologies positioned to achieve significant cost and efficiency advantages. However, partners maintain appropriate caution regarding GDPR compliance, client confidentiality, and legal privilege considerations.

This comprehensive report examines current adoption trends, practical use cases, risk management frameworks, and presents a pragmatic implementation pathway for deploying private, self-hosted AI solutions that maintain complete data sovereignty within your firm's environment.

Key Finding

You do not need to compromise between innovation and client confidentiality. A secure implementation path exists that enables AI adoption on your terms, without transmitting sensitive data to external AI services.

Adoption and Sentiment in the Legal Market

Multiple studies in 2024 and 2025 show rapid growth in AI interest and use among

lawyers, particularly in the UK. Selected indicators are summarised below.

Indicator	Finding	Source
UK legal professionals using AI for work	41% as of late 2024, up from 11% in mid 2023	Legaltechnology.com summary of LexisNexis survey (Sept 2024)
Legal professionals' view of AI impact	77% expect high or transformational impact within five years	Thomson Reuters blog summary of 2025 report
Dedicated budgets for gen AI in large firms	31% reported a dedicated budget in 2024, with 90% expecting investments to grow over five years	LexisNexis 2024 Investing in Legal Innovation Survey
UK market outlook	Corporate legal teams optimistic about AI and shifting work toward firms that deliver cost-effective outcomes	Thomson Reuters UK Legal Market 2025 report

Where Firms Are Using AI Today

Adoption patterns vary by practice, but several use cases recur across firms of different sizes:

Document Review and Redlining

- First pass issue spotting against a firm playbook
- Suggested clauses and risk summaries
- Automated compliance checking

Knowledge Search and Drafting Support

- Faster access to authorities, precedents, and internal know-how
- Citator links and case law research
- Template generation and customisation

Client Communications and Reporting

- Drafting client update letters and matter summaries
- Automated status reports that lawyers then edit and approve
- Standardised communication templates

Due Diligence and eDiscovery Support

- Document triage, classification, and summarisation
- Accelerated human review processes
- Risk identification and flagging

Internal Productivity

- Meeting notes and transcript summaries
- Task extraction and workflow automation
- Standard form generation

Market signals: Large firms are expanding AI-assisted drafting and review. Vendors report rapid revenue growth and wider rollouts, and leading firms are publishing their own AI initiatives.

Risk, Governance, and UK Guidance

Law firm adoption must align with professional obligations, GDPR, and client confidentiality. Recent guidance from the Law Society of England and Wales highlights both the opportunities and the risks associated with AI. The Solicitors Regulation Authority has also published research on risks and best practices.

Key Governance Points

Data Minimisation and Purpose Limitation

- Restrict data processed by AI to what is necessary for a defined task

- Implement clear data retention and deletion policies
- Regular audits of data usage and storage

Confidentiality and Privilege

- Ensure no client data is sent to services outside your control without explicit safeguards
- Client approvals required where necessary
- Maintain attorney-client privilege protections

Accuracy and Supervision

- Lawyers remain accountable for outputs
- Establish clear review workflows and quality checks
- Human-in-the-loop validation processes

Auditability

- Keep logs of prompts, sources, versions, and human approvals
- Support audits and client comfort requirements
- Maintain comprehensive documentation trails

Access Control

- Integration with identity providers
- Role-based access for matters and datasets
- Regular access reviews and updates

Practical implication: A private, self-hosted deployment can reduce third-party data transfer risk and simplify GDPR compliance, provided you still implement strong access controls, logging, and human-in-the-loop review.

Market Landscape and Examples

The vendor ecosystem is evolving quickly. Law firm strategies often combine third-party

platforms with internal customisation.

Research and Drafting Platforms

- **Lexis+ AI:** Expanded capabilities and jurisdictions
- **Westlaw Precision AI:** Enhanced legal research and analysis
- **vLex Vincent AI:** Multimodal capabilities and litigation workflows

Contract Analysis

- **Luminance:** Playbook-based review and suggested redlines to accelerate negotiations
- **NTT DATA adoption:** Europe-wide implementation for contract review efficiency

Firm-Built Initiatives

Leading firms are piloting and launching bespoke tools trained on their own precedents and workflows, often with vendor partnerships for technical implementation.

ROI, Productivity Signals, and Competitive Pressure

Partners are looking for measurable benefits. Reported outcomes include:

- **Faster turnaround times** on standard legal work
- **More consistent drafting** across teams and matters
- **Better leverage of junior time** through AI assistance
- **Improved client satisfaction** through faster response times

Corporate clients are increasingly budget-conscious and are steering work to firms that can deliver cost-effective outcomes. Firms that operationalise AI in targeted workflows are positioned to defend margins and win work.

How SJT Digital Helps: A Private AI Deployment You Control

We install and configure a private AI assistant inside your environment. It can run on-premises or in a private cloud with no dependencies on public AI APIs. You retain full control over data, identity, and audit logs. Our approach is pragmatic and incremental so you see value quickly.

Our Process

Discovery Workshop

- Identify 2-3 high-value workflows and data sources
- Establish clear compliance guardrails
- Define success metrics and KPIs

Pilot Build

- Deploy a secure, self-hosted stack
- Deliver working demos on your content
- Validate technical and business requirements

Guardrails and Audit

- Implement identity integration and retention policies
- Establish comprehensive logging and approval flows
- Create compliance documentation

Rollout and Enablement

- Training for fee earners and support teams
- Playbooks for safe use and client communication
- Ongoing support and optimisation

Outcome: Hours saved per matter, faster client updates, stronger knowledge reuse, and a documented compliance posture.

Next Steps

If you would like to see a short demo or discuss a pilot focused on your firm, please get in touch.


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This report is prepared for informational purposes and does not constitute legal advice. Firms should consult with their compliance and IT teams before implementing AI solutions.