

# Generative AI creates an efficiency lift in the legal industry

## Trend overview

Startups in the legal industry are harnessing recent developments in generative artificial intelligence to offer SaaS solutions that improve the efficiency of critical legal processes such as case research, document analysis and operations automation.

## Current challenges



Data accuracy and relevance



Document research can take up to 33% of working hours

Generative AI technology can expedite case research and document analysis

## Legal AI startup spotlights



Nuclia uses retrieval-augmented-generation (RAG) for unstructured data search and offers **54% time savings**



Leya is a GenAI assistant which integrates with a firm's internal database to aid with **source-cited discovery**



Luminance built a proprietary large-language-model for **document analysis and data labeling for compliance**

## Growth drivers

**71%**

Percent of 2024 investments in legal technology for research & discovery

**4.8x**

Projected rate of growth for legal technology sector by 2030

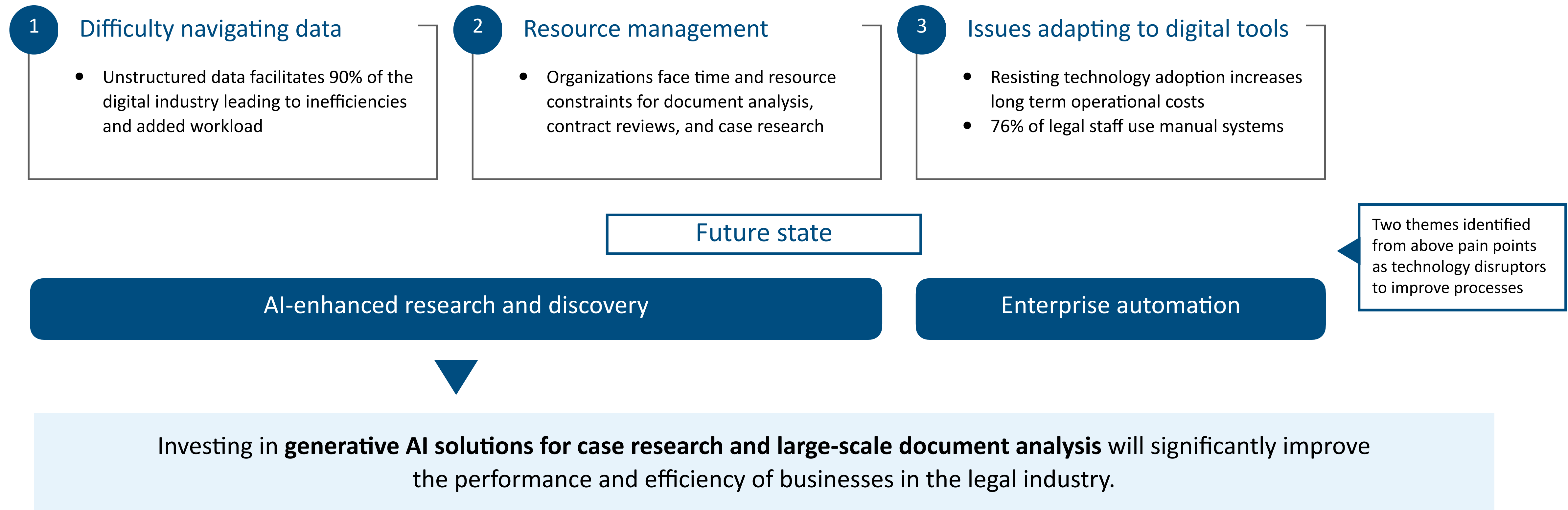
## Insights

1. Legal technology is set for **disruption with generative AI**
2. **Startups creating AI tools for case research** can help legal firms improve their businesses operations at scale

# Opportunities for technology disruption in the legal industry

## Current pain points

Workflows in the legal industry today involve processes related to case research, discovery, content preparation and enterprise management. High levels of attention, accuracy, and the volume of cases creates a number of bottlenecks as follows.



# Reasons to believe that legal technology is growing as a sector

## Market overview

**9.3%**

Calculated CAGR for legal technology from 2023 to 2033

**9.8bn**

Estimated value of the legal technology market in 2022

## Market projections

**3.0x**

Increase in budgets for legal technology by 2025

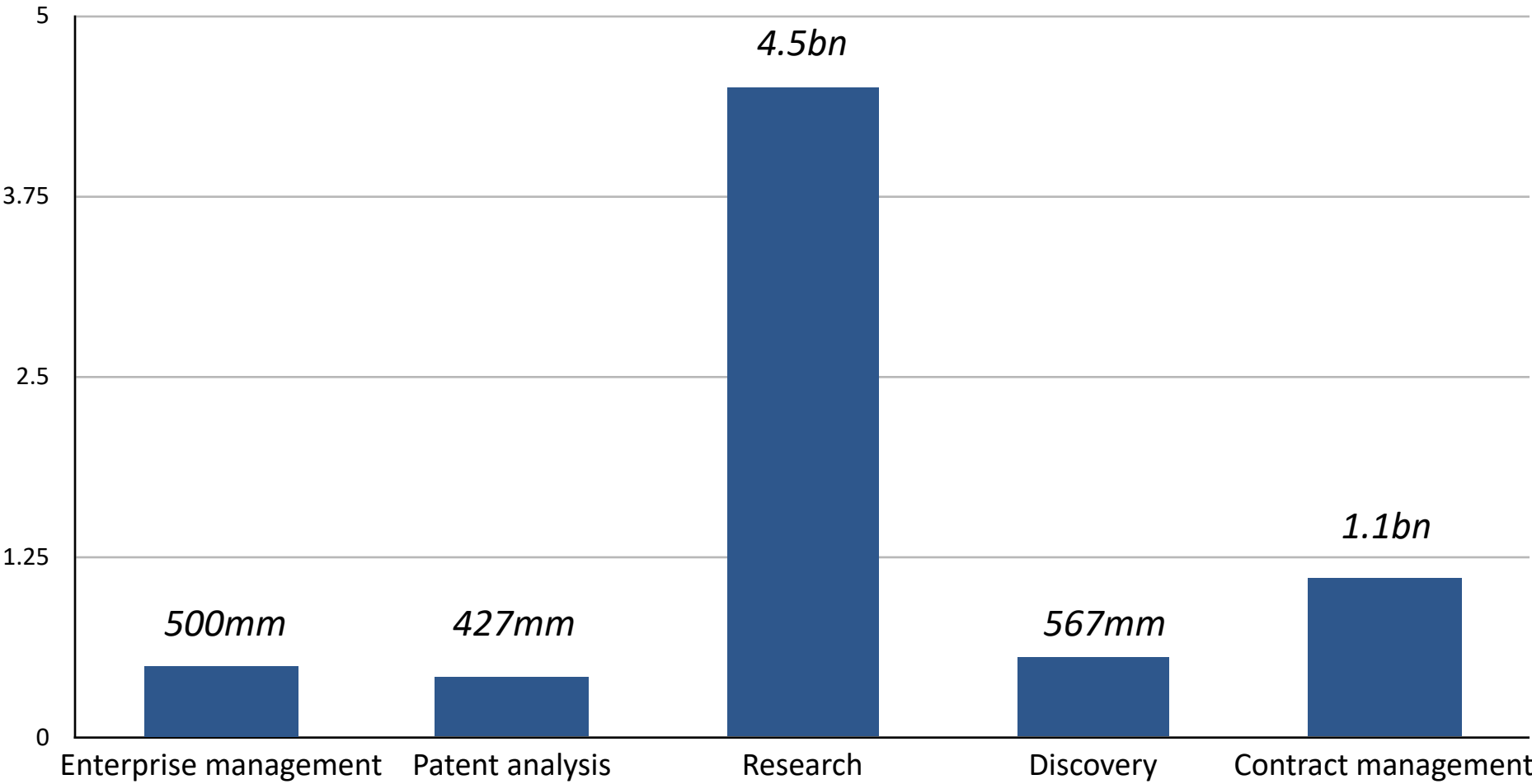
**47.7bn**

Projected value of legal technology market by 2030

**50%**

Operational processes set to be automated in 2024

## Investments by vertical



Data sourced from *Pitchbook Legal AI Market Map 2024*

## Key trends

### Digital adoption

- Startups are receiving funding to focus on digital products for the legal industry while firms are increasing their technology budgets for integration

### Automation

- Tools that enable automation will allow net productivity of legal practices to increase while reducing the required operating headcount for firms

### Investments in AI

- AI-based research and contract management investments outweigh that of other areas which signals an emerging trend in legal technology

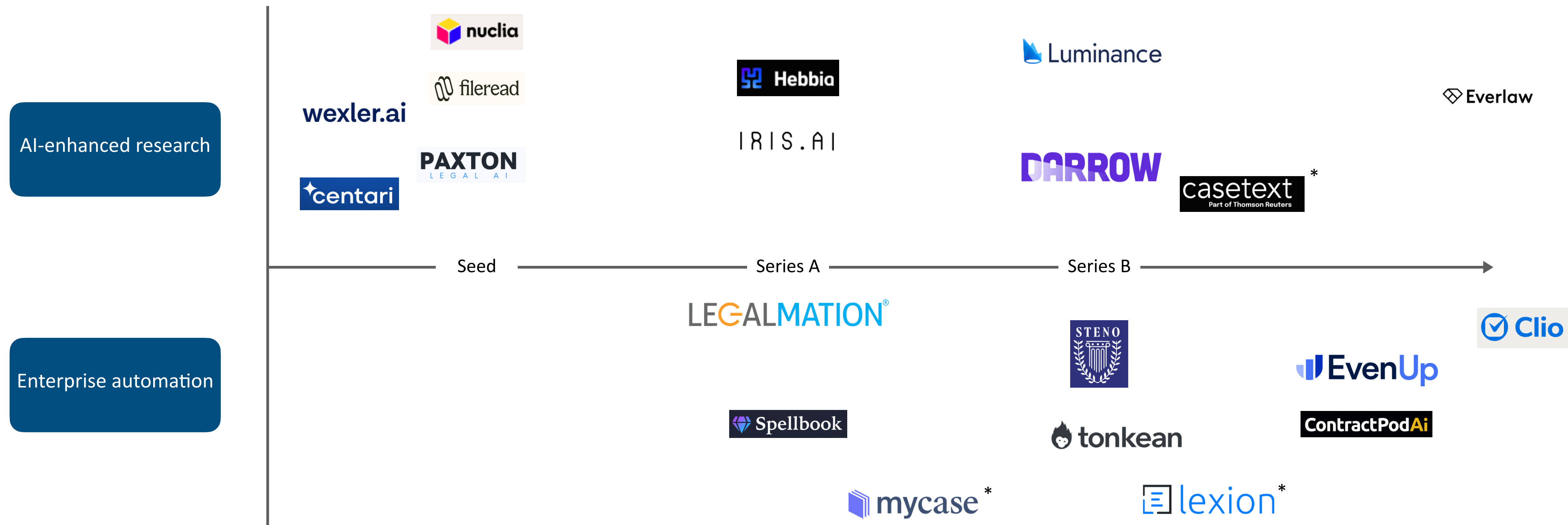
# Evaluating the main approaches in legal technology

	AI-powered case research	Enterprise customer management
Approach overview	Leveraging generative AI tools to expedite legal research	Using workflow tools to automate business processes including case management, financials and contract lifecycles
Relative demand	High	Medium; waning given the increasing number of available solutions
Market saturation	Low; many startups are entering the space with RAG and LLM fine-tuning technologies but are early stage and have low market share	High; enterprise tools are increasingly being integrated into legal operations with an estimated 65% of legal departments leveraging contract management software
Utility in legal industry	High; regardless of legal practice and firm size, there is high demand for an efficiency-boosting tool which can be easily integrated with operations	High; operational tools to manage case inventory and customer intakes are applicable to legal business regardless of practice or industry
Recommendation	Yes High demand for productivity-enhancing and research tools	No Pre-existing competitors and a saturated market

## Investigations to validate potential investments

- 1 Sourcing a list of potential customers for AI-powered legal research tools
- 2 Confirm existing pain points and time costs with customers as well as SMEs within the legal industry
- 3 Scheduling product demos and overviews with sourced startups to assess performance and potential for scale

# Market map for startups in legal technology by stage



## Investment recommendation

AI-powered tools allow businesses to greatly increase efficiency and output. Investments in generative AI startups with legal applications will help expedite the rollout and adoption of critical technology solutions.