



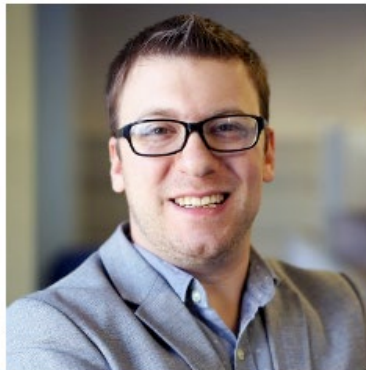
## Lex Machina's 2024 Survey Report

Read the transcript of Lex Machina's 2024 Survey Report webcast where Karl Harris, CEO of Lex Machina, and Steven Lerner, Senior Reporter at Law 360, discuss our latest Legal Analytics survey: The Impact of Legal Analytics. The study was conducted in January 2024 among U.S. litigators, librarians, and legal business professionals at law firms of varying sizes. We received responses from 358 individuals between January 8 and January 16, 2024.

### Speakers:



Karl Harris  
CEO  
Lex Machina



Steven Lerner  
Senior Reporter  
Law360

Karl Harris (00:00):

Welcome to our webcast covering Lex Machina's 2024 survey about the impact of Legal Analytics. My name is Karl Harris and I'm the CEO of Lex Machina.

For those of you who aren't familiar with us, I'd like to introduce Lex Machina quickly. I'll keep it really simple. Lex Machina is Legal Analytics and Legal Analytics helps you win. If you don't remember anything else about Lex Machina, I hope you remember this. Lex Machina helps you win more business and win more cases.

So specifically, we enable you to make data-driven decisions to answer questions like, how's a judge likely to behave in a certain scenario or what is the best winning strategy for my particular case? How has opposing counsel behaved in cases like mine? How do I convince my client that I'm the best law firm to represent her in this case and relevant to today's webcast? What litigation trends should I know about to best serve my clients and best manage my firm or in-house legal department? And we call these capabilities Legal Analytics.

For the last seven years, we've conducted a survey about the impact of Legal Analytics on the business and practice of law. In the next 30 minutes, we're going to take a look at some of the key results and insights from this year's survey. So, I'm very excited today to be joined by Steven Lerner, who's a senior reporter at Law360. So welcome Steven. Can you take a quick minute to introduce yourself to our audience?

Steven Lerner (01:21):

Hi Karl. Hi everybody. Thank you so much for having me on the webinar today. My name is Steven Lerner. I'm a senior reporter with Law360 Pulse, which is Law360's business of law platform, and I write for the legal tech section covering trends and legal technology. I also produce a monthly column on legal tech called Technically Speaking. So legal tech is what I cover and I'm definitely excited about today talking about this annual survey about Legal Analytics and its overall impact within the legal industry and legal technology and the current state of things right now.

Karl Harris (02:03):

Awesome, Steve, I'm very glad to have you here. So, let's do this. Let me tell everybody a quick little bit about our survey methodology and then we'll dive right into the results. So, what we do is in January we sent an email to us litigators, librarians and legal business professionals at law firms of varying sizes. So that's really important. We sent this survey to large law firms, small law firms, medium size law firms, and we got 358 responses between January 8th and January 16th. And then we anonymously aggregated everything into the results that we're about to talk about. So, I want to dig in here with the first slide. And just as a quick reminder, I mentioned that we've been doing this survey for seven years and the conclusion that I've reached at this point is that Legal Analytics is table stakes for litigation. And to tell you how I reached that conclusion, let me just break down these charts here.

So, the one on the left is, you can see is from 2018, 2019 and 2020, that's when we originally did this survey. We only surveyed large law firms. That's what we were focusing on understanding, and you can see that the results from that survey, which is do you use Legal Analytics? And your legal practice jumped very quickly in 2018, 2019 to 70% in 2020. So as of 2020 70% of lawyers at large law firms said they were using Legal Analytics and their legal practices. Then moving over to the right chart in 2021 and through today, we modified the survey methodology, and we surveyed lawyers at law firms of different sizes. So again, big law firms, small law firms, medium sized law firms, and those results have also increased. And today in 2024, 68% of legal professionals, so nearly seven out of 10 at large, medium and

small law firms say that they're using Legal Analytics in their practice. And so that's kind of what these results show. And I'm curious, Steven, when you see these results in these trends over the time, what are you thinking and how does that match your conversations when you're talking to folks at law firms?

Steven Lerner (04:10):

Yeah, I think this sort of matches a lot of those conversations. For me, when I look at these results, the first thing that jumps in my mind is the growing support for cloud computing among legal professionals, particularly in law firms. Big law for example, which we know historically were the ones who took this survey, most of them tend to embrace technology before we get to mid law and smaller firms. And as a result, big law firms tend to have an edge when it comes to innovation, but smaller law firms are also increasingly adopting the cloud. And unlike big law firms, smaller firms are not weighed down by on-premise infrastructure debt. So, because they're cloud first, in many cases, some of these smaller firms are starting to use cloud-based platforms and that includes Legal Analytics tools, which are largely so that's what jumps out to me when I see these results in the survey.

Karl Harris (05:09):

Yeah, that's super interesting. And I'm curious, obviously on my mind is Legal Analytics, but on a lot of folks' mind is analytics and also generative AI, the way you were kind of describing the position of the smaller to medium sized law firms. Do you feel like they're likely to be more nimble to adopt technology moving forward, or is that still going to be the domain of larger law firms?

Steven Lerner (05:34):

I think we're going to see more smaller firms adopt technology, including as you brought up, generating artificial intelligence. I don't think that even though smaller firms, mid law and small firms, might adopt AI or GenAI in terms of reaping the most benefits through my conversation, it still appears that larger law firms have an edge in that.

Karl Harris (05:58):

That's fascinating. And that's kind of exactly the trend we saw here where the chart on the left jumped up to 70% quickly for large law firms and then small and medium-sized law firms are catching up here on the right. Well, that's great. Thank you for those insights. Let's hop on to the next result here about Legal Analytics. And one of the things that was really fun for me to observe from the survey results is that for people that use Legal Analytics, a hundred percent say that it's valuable and also 80% say that it's required or somewhat expected by clients, and both of those numbers are up 1% from the previous year. And I'm just curious, Steven, what your reaction is. We always want to make sure that folks find the service valuable, but in terms of those are already people that have adopted it, but in terms of future adoption or sticky adoption, the fact that 80% of users say Legal Analytics is expected by clients, that seems like a pretty big adoption driver. What do you think about those results?

Steven Lerner (06:56):

Yes, with the 80% statistic, to me that speaks to some of the other data points we're finding in other surveys in the past year as rates for outside counsel have increased. We also have seen in other surveys that in-house counsel and other in-house legal professionals are worried about those rate increases and worried about budget constraints that they're facing. On the same side when it comes to technology, we've also seen that more general counsels and chief legal officers plan to adopt artificial intelligence as a way to lower costs. And recently another survey of last month found that a majority of chief legal

officers anticipate the adoption of generative AI and the adoption to grow in the years ahead. That tells me that more and more clients have an expectation that technology will be used at some point to potentially lower costs. So, I think that's where that sort of plays into it.

Karl Harris (07:55):

That's really fascinating to me about using technology to deliver better services, but also to deliver them more cost effectively. One of the things that I think is interesting is if you look at big picture macroeconomic trends, we're in a situation where a lot of economic indicators are strong, the stock market's doing well, employment is at a very high level, but folks seem to generally be worried with interest rates high and things like that. Looking forward, there's a lot of uncertainty. Are you hearing that mirrored in some of your discussions with in-house clients and do they view technology as a way to provide more certainty around getting legal services at better cost in the future?

Steven Lerner (08:39):

Yes, Karl, you're absolutely right. I've heard those same comments in-house counsel and in-house legal teams are turning to tech both internally to try to improve processes to maybe lower some costs, but more importantly, there's certainly more pressure for outside counsel to use this technology to lower costs. We'll see if that actually happens in the future.

Karl Harris (09:00):

Makes sense. Those are great insights. Let's hop onto the next slide here. So here again, we're hearing that people that do use Legal Analytics say it's valuable and clients are expecting it, but why are people using Legal Analytics? One of the reasons that people would say it's valuable, there has to be actual reason for that. And two results here are users saying that successful litigation outcome drove their usage. So, 70% of people say they're trying to get successful litigation outcomes from the use of Legal Analytics, and 69% of users say improved efficiency drove their usage. So those are big numbers, successful litigation outcomes and improved efficiency. That's why folks are finding it valuable in adopting it. But one thing that was interesting, which I think is responsive to the comment you just made, Steven, is that this year the successful litigation outcomes was down 3% and improved efficiency was up 3%, which I think is mirroring what you were saying you're hearing from in-house departments. What do you think about these numbers?

Steven Lerner (10:04):

Yes, I mean this plays right into that as well. In-house teams are looking to cut costs, they're looking to be efficient. If that means technology will definitely do it, and if that means using an alternative legal service provider instead of an outside counsel, that means some of them are starting to go that way as well. So, efficiency is the name of the game in 2024.

Karl Harris (10:27):

Yes, absolutely. And when you talk about managing costs, do you think that there's going to be a reduction in demand for legal services or do in-house counsel, are they going to rely on outside counsel less or is it more like the services that they're actually getting? They want it to be more efficient and they perhaps might consume more of those services as a result?

Steven Lerner (10:51):

I haven't heard anything about demands increasing. If anything, what we have seen from other surveys is that in-house teams are starting to bring more work, so that way it might save them money in the long run.

Karl Harris (11:03):

Yes, that's really interesting. And one of the things that you mentioned when we were kind of chatting before this conversation is I liked your quote, which is that litigation's not getting any easier. What do you make of that and how as litigation continues to get more and more complex, how do you then drive efficiency and bring costs down in a world that's ever increasing in complexity?

Steven Lerner (11:27):

No, you're right. Litigation is incredibly difficult based on conversations I've heard, and it's going to increasingly get difficult as especially more investigations and litigation deals with new types of communication tools in organizations, tools like Slack and Teams as more and more data from those platforms as well as text messages enter the fray in terms of litigation and investigations. Well, you're going to need technology to go through all that data to go through all those documents. And for some organizations that might mean a tool like it might mean Legal Analytics, it might mean GenAI, it might be other types of document review technologies that are out there. Technology is going to have to play a role for many teams who are dealing with all of the complex data that comes with litigation today.

Karl Harris (12:17):

Got it. Makes sense. And yes, with the explosion and data there will be commensurate explosion and complexity. I agree. So, this is a little bit about why people are using Legal Analytics. Let's talk a little bit about the 32% of people that said they weren't using Legal Analytics at this time. And one thing that's interesting to me is the trend in this data. So, of people that don't use Legal Analytics, 40% say they don't understand what it is, but that's down 7% from last year, and then 49% say they're unfamiliar with available products and that's up 11% from last year. And then 19% say they don't understand the benefits, which is down from last year as well, which tells me that the word is getting out more about the value of Legal Analytics where you have fewer people saying they don't know what it is or they don't understand the benefits, but then that kind of shifts to saying that they're unfamiliar with available products. What do you think about that? Do you think that people are understanding that you need to make data-driven decisions and you need to have tools to do it and now there are kind moving over the fence a little bit and just trying to figure out which tools to use and what to invest in?

Steven Lerner (13:32):

You're exactly right. More and more legal professionals realize you need tools to go through all that data and to get the work done. I think that with respect to Legal Analytics, some of that is just getting lost in the noise. Legal professionals are inundated with so many different categories of solutions so that it's very difficult to keep up with all of the different tools that are entering the market. So, I think that might be the big culprit behind these numbers.

Karl Harris (14:01):

Yeah, fascinating. I mean there's so many choices. I mean, if you ask any attorney, do you need technology to do your job? I think that the answer is a hundred percent yes. And then the question is which technologies are you going to prioritize Legal Analytics at the top of the list was 70% of people

saying that they do use it. But I agree with you, there's just so much pressure to use so many different tools and figuring out where to invest, which is that middle bucket, I think is the challenge that some folks are facing today.

So, let's hop to the next slide here, which is again, back to people that do use Legal Analytics. How are they using Legal Analytics? And I always like to break this down into two categories here. On the left is the business of law, which is really about winning business and clients and getting new clients. And then the right side is about the practice of law, which is really about winning cases. So, once you have that business, how do you actually win? And there's a lot of numbers here, but always at the top of the list for business of law is pitching or demonstrating expertise to clients. That's 67% or competitive intelligence, which is 57%. But there's some interesting new categories here that we surveyed this year, which is using Legal Analytics for litigation finance and also for local counsel selection. And then lateral hiring is 16%. That's a trend that's moving up since the last year. When you look at these numbers for the business of law, what jumps out at you?

Steven Lerner (15:33):

Yeah, so what jumps out at me is sort of going back to my previous point, that there's so many new tools on the market that legal professionals might be a bit overwhelmed, especially when it comes to the business of law. We've seen new tools for time keeping, for billing, for practice management, for legal marketing tools that law firms can use to reach out to clients and keep track of leads. All of those tools mean that there's more tools in the toolbox beyond just Legal Analytics. So, I think what's happening is law firms, legal professionals have more tools at their disposal than they did years ago. That's why you might be seeing the decrease in the use cases on the business of law side.

Karl Harris (16:11):

Interesting. Yeah, that's a very interesting point. And then moving over to the practice of law, at the top of the list are case assessment, so timing, damages and outcomes. That's up 5% from last year. And then always a big driver of usage is gaining competitive insights on judges, parties and opposing counsel. One thing that was interesting to me about this is two things. One is at the top, so case assessment, timing, damages and outcomes, that kind of gets at efficiency and setting expectations and things like that. But also, at the bottom drafting. So, drafting better motions, briefs or arguments is up 6%. So over half of people that are using it for the practice of law say that they use it to draft better motions. What'd you think about this side of the chart?

Steven Lerner (17:00):

I think that legal professionals, they need an edge. They want an edge, especially as the competition. Other law firms are using these types of technologies. You are seeing more law firms turn to technology. Some of that includes Legal Analytics or generative AI or e-discovery tools, document tools that give them some type of an edge so that way they can win these very complex cases. I think that's why you're seeing an increase in some areas for the practice of law.

Karl Harris (17:32):

That makes total sense. And one of my favorite phrases that I've heard is when things get more and more competitive, which they are, people bring out sharp knives and, in this case, the sharp knives are technology. And so, I think that we're seeing that with, like you said, with Legal Analytics usage continuing to increase for all these different ways. And then of course new technology solutions like generative AI and all the other stuff that you mentioned. But with increase in competition comes, the

sharp knives come out. So, I always remember that quote. And so, let's move on again to the next slide. This is about integration. And so, one of the things that you mentioned earlier in the discussion, Steven, is just how much data is out there? There's data about your clients, there's data in your law firm, there's Legal Analytics data, there's billing data, there's all kinds of data.

And so, one of the things that we like to ask is, would you like to integrate Legal Analytics with other available data in the organization? And 65% of folks who use Legal Analytics say yes. They want their data integrated. An interesting statistic, while this number's high as it was down 2% from last year, when you're talking to people about, like you mentioned the explosion of data, there's data everywhere. Everything we do produces data. We want to be making data-driven decisions. You would think people would want to bring that together and that is reflected here. Does that match your conversations you're having with firms and companies?

Steven Lerner ([19:02](#)):

So, law firms cannot fully realize the benefits of advanced technology without first ensuring that they have clean and accessible data. So that is a key point there. A lot of firms, especially bigger ones, understand that and have taken steps to address those issues. However, some firms, particularly smaller firms, still may not have cleaned data before buying those off the shelf products. That might be a reason why this number decreased from the previous year.

Karl Harris ([19:33](#)):

Super interesting. And one thing that we were chatting about is we spend the legal tech folks like ourselves, we talk about analytics, we talk about AI and whatnot, but some law firms, many law firms are still in the process of migrating from on-premise solutions to the cloud. And sometimes, as you mentioned, getting to the cloud is kind of a hurdle that folks need to overcome before they can start leveraging all their data in a more effective way. When you're talking to firms, are they still in the process of moving to the cloud or is that something that's done, and people are looking forward from that?

Steven Lerner ([20:14](#)):

So, cloud computing is now the norm for law firms, but there are still many law firms including bigger law firms, legacy firms that have data and applications that are on-prem. So, the migration is still continuing as of today.

Karl Harris ([20:29](#)):

Yeah, super interesting. So, when we're here talking about plugging and playing data from one place to another is music to many people's zeroes, but not everybody yet as they're still in the process of getting their data in a place to be ready to be used in those ways. That's super interesting. Alright, next slide is some quotes. So, when folks who use Legal Analytics were asked, what are the benefits you get from Legal Analytics to respond to that with a text-based answer, these are some of the quotes that I pulled out that I liked. Steven, when you look through these, do you have a favorite one or something that jumps out to you?

Steven Lerner ([21:10](#)):

Yeah, getting the edge on judges and opposing counsel. That's what I keep hearing about. We've talked about on this call about the importance of having that edge and understanding how the judges might

rule how opposing counsel might present their cases. I think that certainly speaks to what I'm hearing in the field.

Karl Harris ([21:30](#)):

Yeah, absolutely. And one of my favorite ones from here is down in the center a little bit, it says, helps me identify which cases are most likely to yield positive outcomes and which ones are not. Like I mentioned at the beginning, all of these results are anonymized, but I bet that comes from somebody who spends a lot of time figuring out where to invest in particular cases and which resources to put on certain cases. And when you want to be efficient, you want to make sure you're spending your dollars on the cases that are going to yield the positive outcomes. So, I thought that one was pretty interesting. And then also the pricing use upper right here, use Legal Analytics as a pricing professional to advise attorneys as a firm make pitches for litigation. So again, being efficient, how should we price this business so we could be competitive but also make it profitable when we actually bring it in?

So, a lot of good verbatims and quotes from this year. So, let's move to the last kind of slide here. And this next one is really about looking forward. So, one of the things that we definitely wanted to talk about is technology adoption generally. So Legal Analytics is further along the technology adoption curve than some other technologies, but what can we learn from the adoption of Legal Analytics? And specifically in the context of generative ai, which unless you live under a rock, you're hearing a lot about generative ai, especially in the legal space. And I thought these answers were fascinating. So let me walk you through what they are. So, the top row of numbers is for people who selected at the very beginning. Yes, I use Legal Analytics in my legal practice. Of those people, 65% are very excited or somewhat excited about generative AI.

73% of them are concerned or somewhat concerned about generative AI and 57% of them feel prepared or somewhat prepared to roll out generative AI in their organizations. In contrast, folks who said they were not Legal Analytics users at the beginning of the survey, 31% of them say they're excited or somewhat excited, 59% are concerned and 24% feel they're prepared. So, I thought this was super interesting in particular that the Legal Analytics users were both more excited but also much more concerned than folks who weren't Legal Analytics users. What were your thoughts when you saw these results?

Steven Lerner ([24:00](#)):

Yeah, it appears that those legal professionals using Legal Analytics may have a head start when it comes to generative AI. In my conversations with law firms, I find that educating staff members about generative AI can ease fears about the technology and set expectations properly. So, it goes and speaks to this issue. If you are comfortable in already using advanced technology such as Legal Analytics, you will also probably be more comfortable using generative ai. Not to mention you might have a better grasp of the benefits and a better grasp on the potential risks associated with the technology.

Karl Harris ([24:42](#)):

And I agree with that. And I'm curious, so the fact that 73% of the legal UX users are concerned about generative AI, do you view that as perhaps a burden to future generative AI adoption or do you think it's actually the opposite, which is folks have eyes wide open and they're going to jump in but have a better understanding of the risks, makes them actually more likely to proceed with the adoption of generative ai?



Steven Lerner (25:09):

Well, it goes back to education. You need to know the proper risks associated with GenAI. There's a certain amount of responsibility that goes into using gen ai, especially in the legal field. And it seems that these users of Legal Analytics appear to have a better grasp of those risks, whether they're data privacy or security or the output of the GenAI tools. These are the risks we keep hearing about, but it appears that users of Legal Analytics may have a better understanding of what the reality of those risks are.

Karl Harris (25:41):

That makes total sense to me. And I really like these survey results. I mean I think it's somewhat intuitive, but the fact of how stark these differences were, the 65% and the 31% is something that really jumped out to me. Alright, so we're going to leave some time here for q and a, but before we move into the formal Q and A here, Steven, I wanted to ask you a question upfront. So, what surprised you most about the survey results from this year?

Steven Lerner (26:10):

So, I found to be the most intriguing was actually on that last slide, the GenAI link with Legal Analytics. But also what I think surprised me the most going back was the data integrations. I suspected more use of integrations and API as it relates to data. So that surprised me a little bit. But this generative AI data certainly was what I found to be the most compelling data from the survey.

Karl Harris (26:32):

Yeah, I agree with you. And the thing that was the most surprise for me was kind of this top middle point about the concern I kind of would've expected. Folks that were not excited about it, they would not be excited about it because they were more concerned. But it's actually the opposite, which is people that are excited about it are investing, have training, are learning about it, and that raises concern. But like we said before, kind of produces a path forward. And I guess I would say my other biggest surprise is also around the data integration point. If you talk to law firm folks on the information technology side or the knowledge management side, the number one thing that they're grappling with is how to make sense of all of the data that they now have available to them, whether it be from internal tools, external tools from Legal Analytics, and in preparation for generative AI use cases. That's one of the main things that they're thinking of. And I actually expect that that data point next year will be higher than the 65% that it was this year.

Steven Lerner (27:38):

Good point.

Karl Harris (27:39):

We do have a question. It is, how do you expect an expert testifying witness to rely upon generative AI in a statistically based manner? That's a good one.

Steven Lerner (27:54):

It's a good one bit different. I don't really have an answer for it. It's a great question. I know that there's definitely debate right now about, especially the use of generative AI in litigation. There's no universal

way that you can prompt a tool that's been agreed upon by all parties. And so, I'm curious myself, I don't have an answer, I'm sorry, but it's a great question.

Karl Harris ([28:17](#)):

Yeah, it is a great question. And let me just take a crack at it. Again, the question is how do you expect an expert testify and witness to rely on generative AI in a statistically based matter? The answer is you don't. Legal analytics is all about statistics and figuring out what's the likelihood of a particular outcome or what exactly happened in previous cases. But generative AI is not about that and I don't expect that. The short answer is I don't think that somebody using generative AI will be able to cite a statistically based manner for using it. And I think that will be something that folks will have to wrap their heads around moving forward. One other question from the audience and then we'll probably bring to a close says, is your product used by lawyers in private practice and in-house counsel or do courts use it as well?

I'll take that one. And so the answer is this, courts do use Lex Machina as Legal Analytics. So, it's used by lawyers in private practice, it's used by in-house counsel and it is used by courts as well. And some of the most fun conversations I've had when talking to people that use Lex Machina is with judges who are using Lex Machina to take a look at how they actually behaved in previous cases. Whenever you show Lex Machina to a judge, the first thing they want to say is, look me up, look at this particular case. Let me see what it says about what happened there. So, the answer is it is used by courts as well. And then bringing it to a close, one last question for you Steven. So, I already asked you what surprised you the most about this year's survey results? Do you have any predictions for, we will of course do the survey again next year. What predictions do you have about Legal Analytics usage at this time next year?

Steven Lerner ([30:07](#)):

I think we'll still see that same divide regarding GenAI among users of Legal Analytics. I think it's going to be interesting to see what happens among the use cases. We might continue to see an increase in the practice of law, especially as generative AI tools face some resistance in the courts. I could see law firms turning to other tools like Legal Analytics to help them with litigation. But at the same time, business of law, with more and more tools entering the market, there could be a decrease of usage next year with Legal Analytics. We'll see.

Karl Harris ([30:39](#)):

Fascinating. Well, I look forward to having a discussion with you around this time next year. Alright, so we're going to bring it to a close, a couple just quick announcements. One is after you leave the zoom call, there will be a survey asking you what you liked about the survey. So please take a quick second to tell us what you thought then. Every attendee and registrant will receive an email where you get the webcast recording the transcript and a link to the survey kit, which you can get the full survey results and also an infographic that breaks this stuff down. I wanted to first of all, thank you Steven for being here. I really enjoyed this discussion and also wanted to thank everybody who joined. Thanks for being here. It was a great time and we'll be signing off now. Thanks everyone.

Steven Lerner ([31:23](#)):

Thank you.