

AI in Legal Departments

2025 Benchmarking Report

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Introduction

Executive Summary

Counselwell, in partnership with Spellbook, is pleased to present the inaugural **AI in Legal Departments: 2025 Benchmarking Report!**

In Q1 2025, Counselwell conducted a benchmarking survey to better understand how legal departments are adopting and engaging with artificial intelligence (AI). This report offers a data-driven snapshot of how in-house legal teams are using AI, the challenges they face, and where they see the technology heading.

Key findings from the 256 in-house legal professionals surveyed include:

- AI adoption is underway but still maturing. 38% of respondents report their legal departments are already using AI, with another 50% actively exploring or considering tools. Of those who use AI, 68% of them are using them daily or weekly, and 97% of them report that these tools are somewhat or highly effective.
- Contract work is currently the most popular use case of AI in legal departments. The most common applications today are contract drafting, review, and analysis (64%), followed by legal research (49%) and document translation (38%). Usage is expected to expand into workflow automation, AI agents and chatbots, and compliance over the next 1–2 years.
- ChatGPT dominates the AI landscape. Among specific tools, ChatGPT is used by 74% of respondents who use AI, with Microsoft Copilot (40%) and Spellbook (22%) also seeing strong adoption.
- Efficiency is the biggest payoff. 83% cited increased efficiency as a top benefit, with faster contract turnaround times and improved work quality also frequently mentioned.
- Barriers persist. Trust in AI output (60%) and data privacy concerns (57%) are the top implementation challenges. Lack of internal expertise (41%) also remains a significant hurdle.
- ROI is still being defined. While 38% say their AI tools are “definitely worth it,” only 7% report using formal KPIs to measure success. A large portion (40%) remain unsure of the return on investment.
- Ethical concerns are real but not overwhelming. 47% of respondents are somewhat concerned about the ethical implications of AI in legal, while 32% are not concerned.
- Most expect AI to augment lawyers, not replace them. 64% believe AI will automate some tasks without replacing legal professionals, and only 1% support full AI autonomy in decision-making.

This report offers a valuable early benchmark for in-house legal teams navigating the rapidly evolving legal AI ecosystem. It also surfaces opportunities for greater training, clearer ROI frameworks, and stronger organizational policies, all of which will be essential as AI tools continue to reshape legal work in the years ahead.

About Counselwell

Counselwell is a professional in-house community for lawyers who want to get more out of being in-house. We provide our members with a range of professional development resources, including in-person networking events throughout Canada and the US, live and on-demand virtual content, CPD credits, a peer to peer and mentorship group, member perks, a precedent bank, and more.

If you're not yet a member, we'd love to have you. [Join today!](#)

About Spellbook

Spellbook is an AI software that helps legal department professionals draft and review contracts 10x faster, just like magic. Spellbook works directly in Word, and uses advanced legal AI to streamline the drafting, redlining, and review of contracts.

To learn more about Spellbook or try it out for free, [click here!](#)

Survey Design & Data Methodology

Counselwell and Spellbook conducted an online survey for approximately 5 weeks in February and March of 2025.

In total, we received 256 submissions, 90% of which were written by in-house lawyers.

Our survey asked approximately 31 questions, collecting a variety of data points. We provided the option for respondents to enter their emails if they wanted to receive a copy on the date of publication of this report. All personal information collected by Counselwell and Spellbook is kept strictly confidential.

Please keep in mind that this report is based on a limited data set and results should be interpreted directionally due to potential response bias and limited statistical power in subgroup comparisons.



256 Submissions



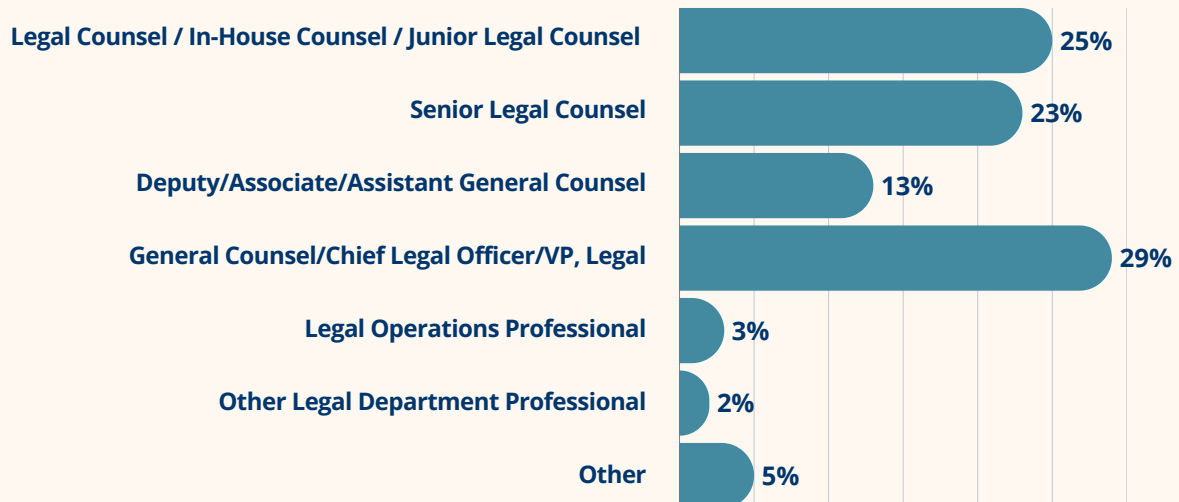
90% Respondents
In-House Lawyers



31 Questions

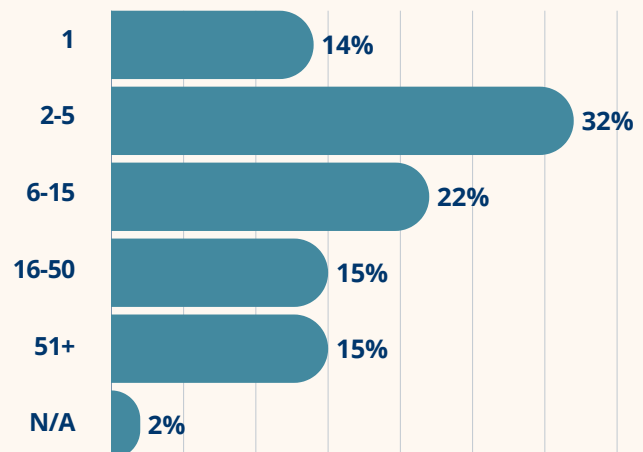
Demographics of Survey Respondents

Response by Position

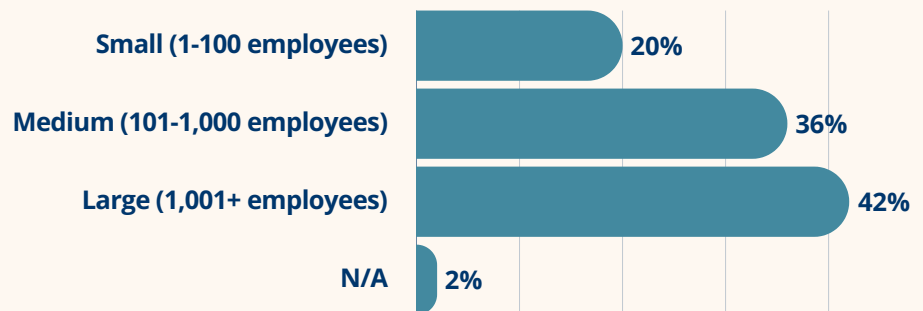


Response by Size of Legal Department

Note: Includes total number of people in the legal department (lawyers, legal ops, clerks, paralegals, students, etc.)

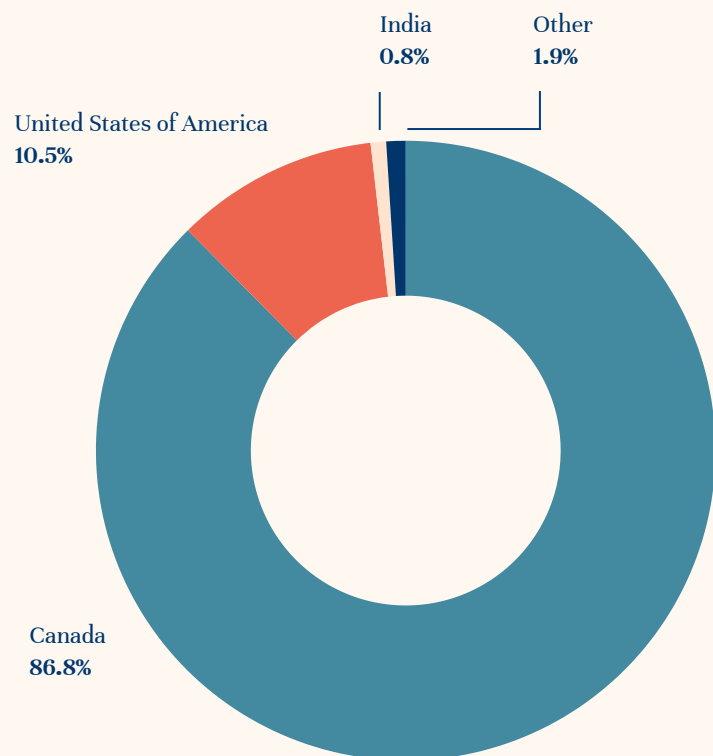


Response by Company Size



Response by Country

The majority of respondents are from Canada, followed by the U.S., with a small representation from other countries such as Spain, Italy, India, Germany, Kenya, and France.



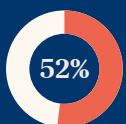
AI Adoption in Legal Departments

Familiarity and Understanding of AI for Legal

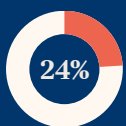
While many in-house legal professionals are becoming familiar with AI technologies, deep expertise remains limited.

When asked about their familiarity with AI tools in the legal field, 59% of respondents said they are somewhat familiar (they've explored tools but don't fully understand them), while 34% said they are very familiar and actively using AI. Only 7% reported having little to no exposure.

When it comes to understanding the fundamentals of AI and its implications for legal work, the responses show a similar pattern:



reported a general understanding



indicated just basic awareness



felt they had strong or expert-level knowledge

This suggests that while AI adoption is rising among legal departments, there remains a knowledge gap between using tools and deeply understanding their risks, capabilities, and impacts.

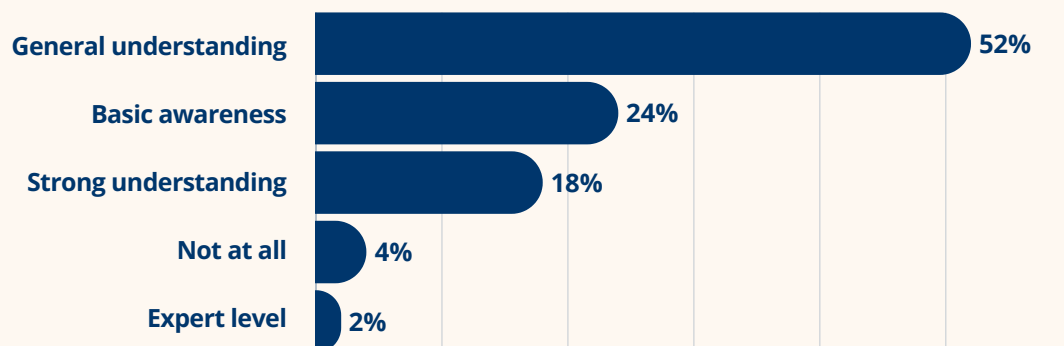
Survey Question:

How familiar are you with AI technologies in the legal field?



Survey Question:

How well do you understand the fundamentals of AI and its implications for legal work?



AI Adoption Rate

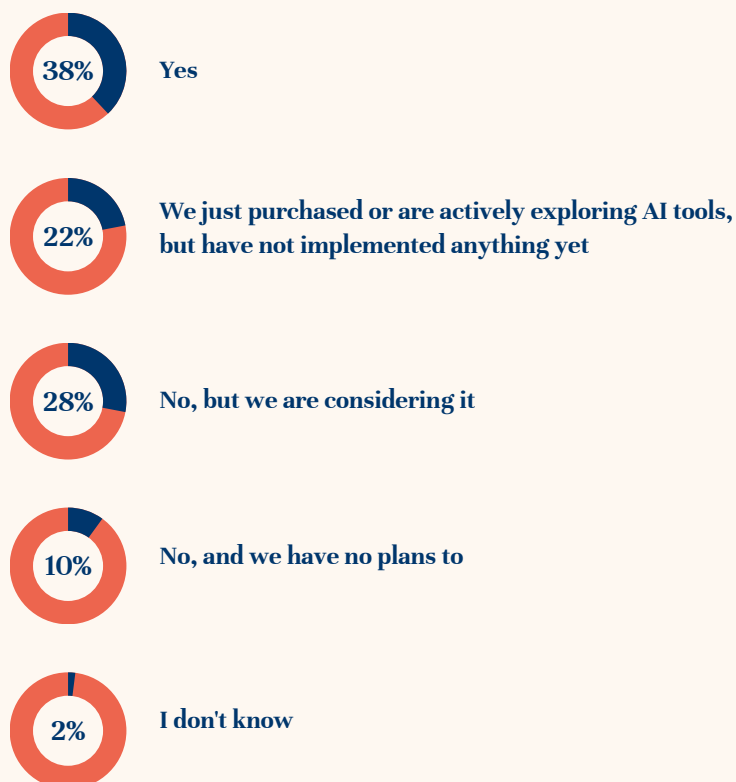
AI is starting to take hold in legal departments, and the momentum is clear. More than half of survey respondents said their departments are either already using AI (38%) or actively moving toward it (22%). Another 28% aren't using AI yet but are thinking about it. Only 10% said they have no plans to adopt AI tools, and just 2% weren't sure.

Most legal teams recognize that AI is no longer a future consideration, it's becoming a real part of how legal work gets done today.

Legal departments at technology companies are leading the adoption wave, with 36% of respondents who use AI hailing from tech (23% of all respondents work at technology companies).

Survey Question:

Is your legal department currently using AI tools?



AI Use Cases in Legal: Today vs Near Future

We asked in-house legal professionals about both current AI tool usage and plans for future adoption. The results show a clear trend: legal departments are starting with foundational AI applications like contract drafting and legal research, but are preparing to expand their AI usage into broader operational areas over the next 1-2 years.

Currently, contract drafting, review, and analysis is the most common use case, with 64% of AI-using respondents employing tools for this purpose. Legal research (49%), AI-assisted document translation (38%), and AI-powered chatbots (37%) also see meaningful adoption today. However, when looking ahead, significant growth is expected in areas like legal operations and workflow automation (32% plan to adopt) and document automation (28% plan to adopt).

Interestingly, while AI agents are currently only used by about 6% of respondents, 12% plan to adopt them, suggesting an early but growing interest in more autonomous AI capabilities. Another insight is the notable amount of uncertainty: 32% of respondents said they are “not sure yet” which applications they will adopt, highlighting the fast-moving and experimental nature of AI in legal departments.

Overall, while the first wave of AI adoption has focused on streamlining core legal tasks, the next wave points to a broader transformation of legal operations, compliance, and even governance processes.

Survey Question:

Which tasks do your AI tools currently help with today, and which are you planning to adopt in the next 1-2 years?

AI Application	% Using Today	% Planning to Adopt in Next 1–2 Years
Contract drafting, review, and analysis	64%	58%
Legal research	49%	36%
AI-assisted document translation	38%	16%
AI-powered chatbots & legal Q&A	37%	25%
Legal operations & workflow automation	18%	32%
Compliance and risk management	17%	22%
Document automation	17%	28%
AI-powered contract negotiation tools	13%	20%
Corporate governance and board management	7%	13%
AI agents	6%	12%
E-discovery	5%	7%
AI-driven legal billing or spend management	4%	10%
Predictive analytics for litigation	4%	4%
Other	11%	1%
None	N/A	1%
Not sure yet	N/A	32%

Specific AI Tools

We asked respondents to share which specific AI tools they are currently using. ChatGPT dominated the responses by a wide margin, appearing in roughly 74% of the open-text entries. Microsoft Copilot (40%) was the second most frequently mentioned tool, followed by Spellbook (22%) and Gemini (17%). Other tools like Claude, DeepL, and internally developed AI tools were also cited, but far less often. Overall, the responses show that while a wide range of tools are being implemented, ChatGPT (and its various enterprise/private versions) is clearly the foundational AI technology for legal departments today.

Survey Question:

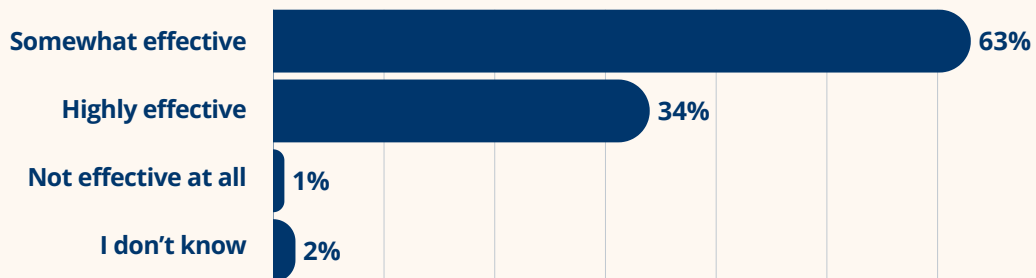
Which specific AI tools are you currently using? (list all)

AI Tool	% of Respondents (Approximate)
ChatGPT (all versions)	74%
Microsoft Copilot (all versions)	40%
Spellbook	22%
Gemini	17%
Claude	11%
DeepL	8%
Internal/Custom AI Tools	8%
GC AI	8%
Lexion	5%
Alexa AI	5%
Other individual tools (Ironclad, Luminance, Brightflag, etc.)	1-2% each

Impact of AI in Legal

Effectiveness of AI Tools in Legal

Of respondents who use AI tools, nearly 100% of them report that these tools are somewhat (63%) or highly (34%) effective.



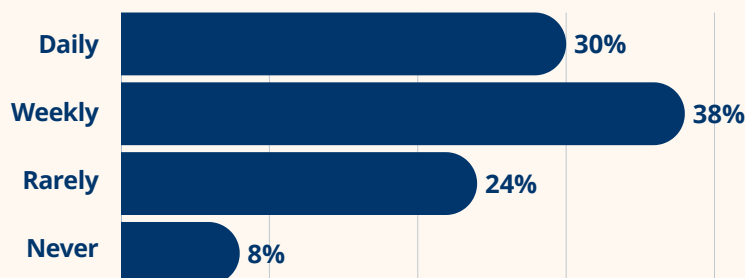
Frequency of AI Use for Legal Work

We asked respondents how often they're using AI tools in their daily legal work. The results show that AI is becoming a regular part of legal workflows, with 30% of respondents using AI tools daily and 38% using them weekly. However, 24% of respondents indicated they rarely use AI, and 8% said they never use AI tools at all. These findings suggest that while AI adoption is gaining traction, there is still a significant portion of the legal community that has not yet integrated AI into their regular work habits.

Of those respondents who said that their legal department uses AI tools, only 9% answered that they rarely use AI.

Survey Question:

How often do you use AI tools in your legal work?



Legal Department Spend on AI

Among those who know how much their legal department spends on AI tools, the majority reported relatively modest spending: 26% said their departments spend under USD \$100 per month, and 11% spend between USD \$100 - \$499 per month. Very few departments, only 9% combined, reported spending more than USD \$2,000 per month (and all but one of those big-spending departments are at medium and large companies). These findings suggest that while AI adoption is underway, investment levels remain relatively low for most legal teams, with high-end enterprise deployments and adoption of legal purpose-specific tools still uncommon.

As for getting approval to spend on AI, the data shows that for many legal departments, budget approval was not a major roadblock: 23% said getting approval was not difficult at all, while 26% said it was somewhat difficult. Only 8% reported that it was very difficult to secure funding. However, a large portion (43%) selected "Not applicable/Unsure," which could reflect departments that either haven't needed to seek separate approval yet, are using free or bundled tools, or are still early in their AI journey. Overall, while some friction exists, getting budget for AI appears manageable for most legal teams that have pursued it.

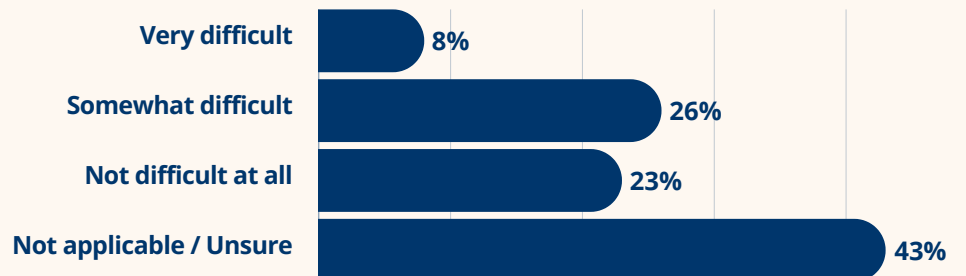
Survey Question:

How much is your legal department spending on AI tool/s on a monthly basis (total across the department)?

Monthly AI Spend (Total per Department)	% of Respondents
Under USD \$100	26%
USD \$100 – \$499	11%
USD \$500 – \$999	6%
USD \$1,000 – \$1,999	4%
USD \$2,000 – \$4,999	2%
USD \$5,000 – \$9,999	2%
USD \$10,000 – \$19,999	2%
USD \$20,000+	3%
I don't know	44%

Survey Question:

How difficult was it to get budget approval for AI tools?



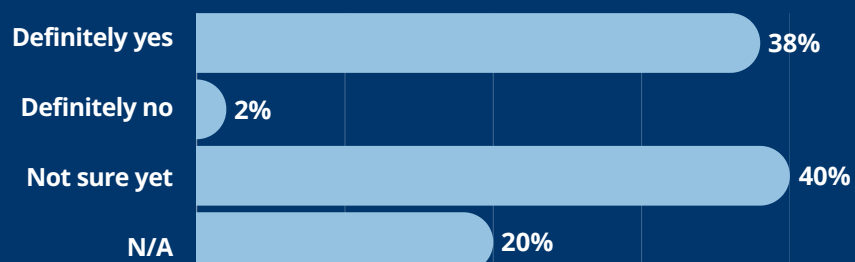
Evaluating the Value and ROI of Legal AI Tools

We found that while early satisfaction with legal AI tools is strong, most legal departments are still in the process of formalizing how they measure value. 38% of respondents said their AI tools are "definitely worth it," while only 2% said "definitely not." However, 40% of respondents are "not sure yet," underscoring that many teams are still evaluating their tools' return on investment (ROI).

When it comes to measuring ROI, only a small portion of teams have implemented formal metrics. Just 7% reported using specific KPIs like time saved or cost reduction, and 6% said they track qualitative impacts such as improved decision-making or accuracy. Meanwhile, 35% said they have not yet implemented any formal ROI metrics, and 31% simply don't know how their ROI is being measured. This highlights a clear opportunity for legal departments to build more structured measurement frameworks as AI adoption matures.

Survey Question:

Is your legal AI tool/s worth it?



Survey Question:

How does your legal department measure the return on investment (ROI) when using AI tools?

How Does Your Legal Department Measure ROI on AI Tools?	% of Respondents
We use specific KPIs such as time saved, cost reductions, or volume of work processed	7%
We track qualitative impacts like improved decision-making, accuracy, or team satisfaction	6%
We have not yet implemented formal ROI metrics	35%
We rely on general feedback from the legal team or stakeholders	13%
We track cost of implementation vs. expected long-term benefits	4%
I don't know	31%
Other	4%

Benefits of Using AI

The overwhelming majority of respondents (83%) cited increased efficiency as the most significant benefit they have experienced from using legal AI tools. Other top benefits included faster contract turnaround times (47%) and improved work quality (34%).

Fewer respondents reported benefits such as cost savings (25%), better decision-making (23%), or improved accuracy (21%). Meanwhile, enhanced compliance (12%) and providing more consistent legal advice across jurisdictions (7%) were less commonly experienced benefits, suggesting that the primary value of AI today is centered around internal productivity rather than external legal outcomes.

These findings reinforce the notion that most legal departments are still in an early phase of AI maturity, focusing on tools that drive immediate, operational wins rather than broader strategic or compliance-related goals.

Survey Question: What are the primary benefits you have experienced from using AI?

Primary Benefits Experienced	% of Respondents
Increased efficiency	83%
Faster contract turnaround times	47%
Improved work quality	34%
Cost savings	25%
Better decision-making	23%
Improved accuracy	21%
Enhanced compliance	12%
More consistent legal advice across jurisdictions	7%
Other	13%

Implementation Challenges

The top challenges faced when implementing AI tools were lack of trust or quality in AI outputs (60%) and data privacy concerns (57%). These concerns far outweighed more traditional barriers like high costs (33%) and integration challenges with existing systems (36%).

Interestingly, lack of expertise was also cited by a significant portion (41%), highlighting that internal capability gaps remain a major hurdle. Meanwhile, resistance to change, both from legal departments and broader organizations, was less common but still reported by 20% of respondents for each group.

Overall, the findings suggest that for legal teams, cultural and technical adoption barriers are real, but trust in AI outputs and concerns around data protection are the most urgent obstacles to broader deployment.

Survey Question:

What challenges have you faced in implementing AI?
(Select all that apply)

Challenges Faced	% of Respondents
Lack of trust/quality in AI outputs	60%
Data privacy concerns	57%
Lack of expertise	41%
Integration with existing systems	36%
High costs	33%
Resistance to change from the legal department	20%
Resistance to change from the company	20%
Other	6%

Integration of AI Tools with Existing Legal Technology and Processes

Only 14% said their AI tools integrated seamlessly with their existing systems and processes without major issues. A larger portion (19%) noted minor challenges that were easily resolved with IT support or external vendors.

However, 8% of respondents reported significant challenges, requiring notable adjustments to their systems or workflows. Notably, a substantial share (36%) indicated that they have not yet attempted or needed to integrate AI tools into their technology stack, reflecting that many legal departments may still be at an early stage of adoption, or that these tools are useful as standalone tools. Additionally, 21% selected "I don't know," suggesting a knowledge gap around integration efforts among users.

Overall, while early adopters are seeing some success with integration, a majority either haven't attempted integration yet or remain unsure of how well AI fits into their current infrastructure.

Survey Question:

How well do AI tools integrate with the existing technology and processes in your legal department?

Integration Experience	% of Respondents
We have not yet attempted or needed to integrate AI tools	36%
I don't know	21%
Minor challenges, easily resolved	19%
AI tools work well without major issues	14%
Significant challenges, requiring adjustments	8%
Other	2%

Predictions and Reflections about AI in Legal

Concerns about Using AI for Legal Work

Legal departments remain highly concerned about the risks and limitations of AI in their workflows. The top concern is AI-generated errors or hallucinations, cited by 78% of respondents, signaling deep unease about the reliability of outputs from generative tools. Close behind, 74% identified data security and confidentiality risks, a natural worry in a field where information sensitivity is paramount. A notable 45% are worried about loss of human oversight, pointing to concerns about automation displacing a human lawyer's judgment. Meanwhile, regulatory uncertainty (32%) and a small number of "Other" concerns (4%) round out the list. These insights suggest that adoption will continue to be cautious unless tools can prove trustworthy, accurate, and secure.

Survey Question:

What concerns you most about AI in legal work?
(Select all that apply)



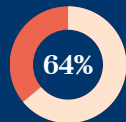
Impact of AI on the Role of the In-House Lawyer

Most in-house legal professionals expect moderate but meaningful changes in their roles due to AI over the next five years. A strong 64% believe AI will automate some legal tasks but won't replace lawyers, reinforcing the idea that AI is seen as an assistant, not a replacement. Meanwhile, 26% foresee a significant transformation, expecting AI to fundamentally change how in-house lawyers work, perhaps reshaping workflows, expectations, and even team structures. Only 10% anticipate a minimal impact, viewing AI as a helpful tool without broader implications.

These results suggest a cautious optimism: legal departments largely expect AI to enhance rather than disrupt their professional landscape.

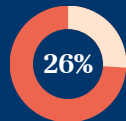
Survey Question:

How do you anticipate AI will change the role of in-house lawyers over the next 5 years?



64%

Moderate impact – AI will automate some tasks but won't replace lawyers



26%

Significant impact – AI will fundamentally change how in-house lawyers operate



10%

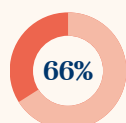
Minimal impact – AI will be a helpful tool but won't change legal roles significantly

AI as Decision-Maker

A strong majority of respondents (66%) believe that AI should play a supporting role in legal decision-making by suggesting options while keeping lawyers in control. An additional 15% think AI should be more involved, assisting in decisions but still deferring final judgment to humans. Only 1% feel AI should make most decisions without human involvement. Meanwhile, 18% of respondents are opposed to AI playing any decision-making role at all, preferring lawyers to retain full control. Overall, this reflects a cautious but open stance toward AI's involvement in legal judgment, with clear boundaries around human oversight.

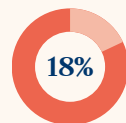
Survey Question:

To what degree should AI take over decision-making in legal tasks?



66%

Somewhat – AI can suggest decisions, but lawyers should be the primary decision-makers



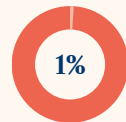
18%

Not at all – Lawyers should retain full control over all decision-making



15%

Mostly – AI should assist in decision-making, but lawyers should have the final say



1%

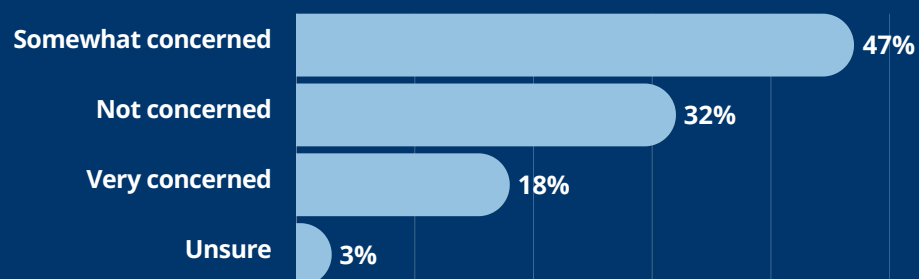
Completely – AI should make most legal decisions without human involvement

Ethical Implications of AI for Legal

Most respondents (47%) are somewhat concerned about the ethical implications of using AI in legal work, reflecting a cautious awareness of potential issues without outright alarm. Another 18% are very concerned, signaling a significant portion of legal professionals are grappling with deeper ethical unease. Meanwhile, 32% are not concerned at all, and only 3% are unsure. These results suggest that while most in-house legal teams are moving forward with AI, many are doing so with ethical considerations top of mind.

Survey Question:

How concerned are you about the ethical implications of using AI in your legal department?

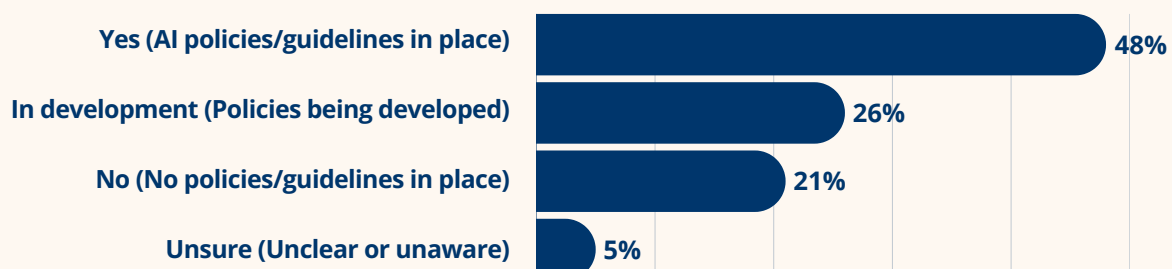


Organizational Policies on using AI

The data regarding organizations' policies or guidelines for the use of AI reveals a mixed landscape. While nearly half of the respondents (48%) have implemented policies or guidelines for AI use, a significant portion (26%) are still in the process of developing them. Around 21% of respondents indicate that their organizations currently lack such policies, which suggests an opportunity for growth in the establishment of AI governance frameworks. A smaller percentage (5%) are unsure of their organization's stance on AI policies, which could reflect a lack of awareness or clarity on the issue.

Survey Question:

Does your organization have policies or guidelines for the use of AI?

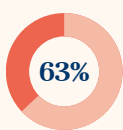


External Counsel and AI

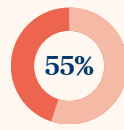
The data on how organizations feel about their external counsel using AI reveals a generally positive attitude toward the use of AI, particularly in improving efficiency and effectiveness. A significant portion of respondents (63%) expects that cost savings should be passed on if external counsel uses AI, which shows a strong demand for cost reduction where efficiencies are created. However, there is a smaller group (9%) that prefers their external counsel not use AI, indicating some resistance to the technology in specific contexts. Additionally, 18% of respondents have no strong opinion, suggesting that AI in legal services is still an emerging consideration for some.

Survey Question:

How do you feel about your external counsel using AI?
(Select all that apply)



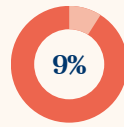
I expect external counsel to pass on cost savings if they use AI



I believe external counsel should use AI to improve efficiency and effectiveness



I have no strong opinion on external counsel using AI

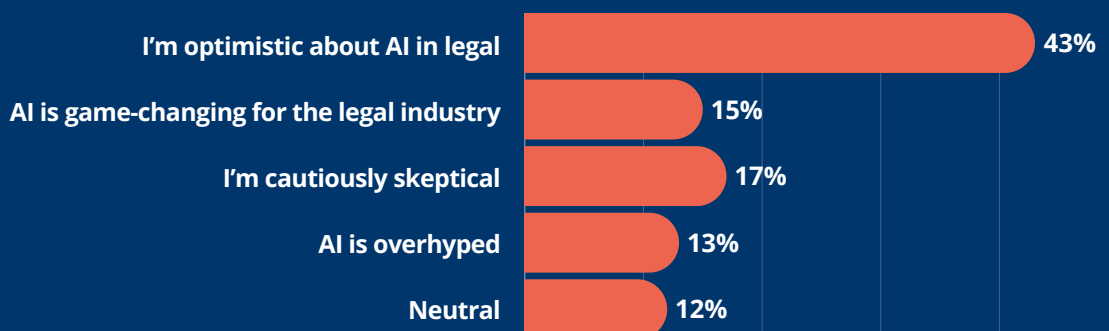


I prefer external counsel not to use AI

AI: Hype or Real?

The data on perceptions of AI hype in the legal industry reflects a balanced mix of skepticism, optimism, and neutrality. While 43% of respondents are optimistic about the role of AI in legal services, a smaller portion (15%) view it as game-changing, suggesting that many are cautiously hopeful but not yet fully convinced of its transformative potential. A significant number (17%) are cautiously skeptical, indicating that some remain wary of the current excitement around AI. Meanwhile, 13% of respondents feel that AI is overhyped, suggesting a critical view of its current role and impact in the industry. A small percentage (12%) remain neutral, possibly reflecting a wait-and-see attitude.

Interestingly, of the respondents who think AI is overhyped, 25% of them use AI daily, and another 25% of them use AI weekly. This suggests that skepticism and usage are not mutually exclusive; users may recognize value while remaining cautious about long-term impact or overpromising by vendors.



What's missing from the AI discussion?



The need for better training and skill development



Concern about AI accuracy and reliability



Lack of clear guidelines and regulation around AI in the legal field

In our final survey question we asked respondents, “What’s one thing you think is missing from the AI discussion in legal?” Several recurring themes emerged, but three stood out as particularly dominant and reflective of the key concerns in the industry.

The first and most prominent theme was the need for better training and skill development. Many respondents emphasized that AI tools can only be truly effective if legal professionals are properly trained to use them. As one respondent put it, “Lawyers need to be trained on AI prompting to get the full value from GenAI tools. If you don’t ask the right questions, you will never get the right answers.” There were numerous comments along these lines, highlighting how essential it is for legal teams to understand the nuances of AI tools, especially in terms of asking the right questions and understanding the technology behind them.

The second major theme that emerged was the concern about AI accuracy and reliability. Several respondents pointed out that AI, while promising, is still prone to errors and that its outputs may not always be dependable for high-stakes legal tasks. One response noted, “How inaccurate it is and the number of errors it makes,” while another highlighted the risks of relying on AI without proper checks: “Lack of accuracy and being able to detect material errors in research/findings.” These concerns suggest that while AI may be helpful for certain legal tasks, there is still a significant need for oversight and validation, particularly in tasks requiring high levels of precision.

The third theme that stood out was the lack of clear guidelines and regulation around AI in the legal field. Respondents expressed frustration with the absence of a cohesive framework that governs how AI tools should be used in legal practice. As one participant noted, “Regulation from government. They don’t understand it, so how can they regulate it properly?” This sentiment was echoed across multiple responses, with many calling for clearer rules and standards to ensure that AI is used ethically and responsibly in legal settings. These concerns about regulation are crucial, as AI’s potential for both positive and negative impact on legal practice depends on the development of clear and practical legal guidelines.

These insights suggest that, while AI is seen as a powerful tool, there is still much work to be done in ensuring that it is used effectively, responsibly, and with appropriate safeguards.