September 2025

AI IN LAW:
Risks, Rewards, and Real Applications

The Beacon Collective.

KALISA

OPTIMIST PERFORMANCE

WELCOME

Facing the GenAI Challenge in Legal and Technology

The legal and technology industries are undeniably at a crossroads. Law firms, Big4, alternative legal service providers, in-house corporates, investors and tech vendors alike are grappling with how do we harness the potential of GenAI.

How do we collaborate across traditional boundaries? What will the future of legal tech and talent look like? What risks are inherent in adopting new technologies, and where are the growth opportunities?

These are some of the critical conversations we need to have, and they can't be put off.

Navigating Risks, Opportunities, and the Future of Legal Tech

Whilst these changes seem inevitable, what is less clear is how do we as individuals and organisations best respond, adapt and innovate in the face of such rapid and seismic shifts.

The Beacon Collective is proud to host our inaugural event in September with a true cross-section of the legal tech ecosystem.

There will be no vendor booths, screens or presentations; rather, the panels will involve lively, thought-provoking and deep discussion on areas that matter most.

Set in the serene and historic surroundings of Beaumanor Hall in Leicestershire, once home to critical WWII signals intelligence work that played a vital role in changing the course of history, the backdrop for the conversations will make these an unforgettable 2 days.

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FROM CODEBREAKING TO CHATGPT: THE JOURNEY OF AI

1940S - WARTIME SIGNALS INTELLIGENCE AT BEAUMANOR HALL

Beaumanor Hall in Leicestershire served as Britain's "top secret listening station" during WWII, where intercepted enemy communications were sent to Bletchley Park for codebreaking. This critical intelligence work not only helped to break the enigma code but it laid the foundations for advances in computing and cryptography, disciplines that would later underpin the development of AI.

1950 - THE SPARK OF AN IDEA

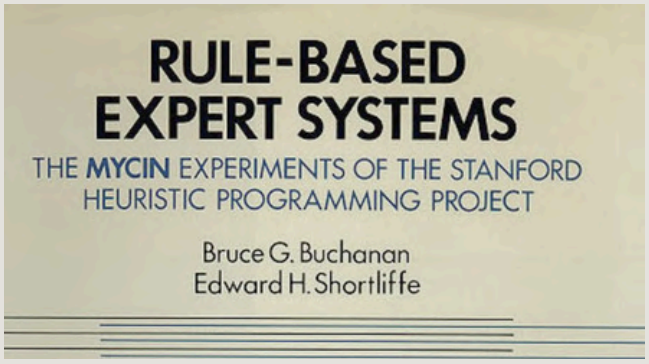
asked, "*Can machines think?*" in his seminal paper Computing Machinery and Intelligence. He proposed the now-famous Turing Test, an imitation game that challenged machines to mimic human conversation convincingly.

1956 – BIRTH OF A DISCIPLINE

At Dartmouth College, a group of visionaries – including John McCarthy, Marvin Minsky, Allen Newell and Herbert Simon - coined the term "Artificial Intelligence." They believed that human reasoning could be described so precisely that a machine could be made to simulate it.

1960s – THE FIRST WAVE

AI found its footing in laboratories. Programmes like ELIZA, an early chatbot created by Joseph Weizenbaum, captured the public's imagination. However, computing power was limited and progress slow.



1980S – EXPERT SYSTEMS AND COMMERCIAL PROMISE

The arrival of expert systems, such as MYCIN for medical diagnosis, marked AI's first big push into business. For a time, AI promised to revolutionise industries – until high costs and limited adaptability ushered in the first "AI Winter."

1997 – MAN VS. MACHINE

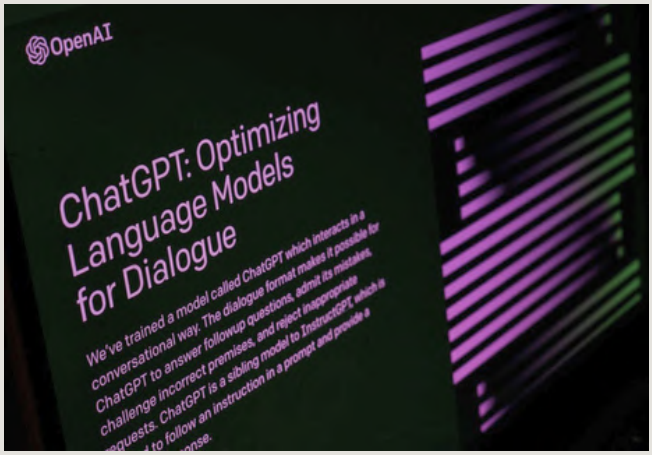
In a match watched by millions, IBM's Deep Blue defeated chess world champion Garry Kasparov. AI could now outthink humans – at least on the chequered board.

2010S – THE DEEP LEARNING REVOLUTION

With powerful processors and vast data, AI took a giant leap. Breakthroughs in deep neural networks propelled advances in speech recognition, computer vision and translation. In 2016, Google's AlphaGo stunned the world by beating Go master Lee Sedol, a feat once thought decades away.

2022 – THE GENERATIVE AI BOOM

OpenAI's ChatGPT brought conversational AI into homes, offices and classrooms worldwide. Suddenly, anyone could draft an essay, write code or create poetry with the help of a machine. Alongside ChatGPT, image generators such as DALL·E 2 and Stability AI's Stable Diffusion enabled anyone to create photorealistic or artistic images from text prompts. Google's Imagen showcased remarkable image synthesis, while Midjourney gained a devoted creative community for its distinctive style. Audio and transcription tools like OpenAI's Whisper broke barriers in speech-to-text accuracy, and early AI video tools began to hint at a future where moving images could be generated as easily as sentences.



2025 – THE PRESENT DAY

Today, AI writes news stories, diagnoses diseases, reviews contracts and even helps steer national policy. Ethical debates rage over bias, privacy and the role of machines in human decision-making. Yet the trajectory is clear: the thinking machine, once a theoretical curiosity, is now woven into the fabric of daily life.

LOOKING AHEAD

As we stand in 2025, one question echoes from Turing's time: not just can machines think, but how we, as innovators and custodians of the law, will harness their intelligence to build a fairer, more efficient future.

INTRODUCING DIFFERENT TYPES OF AI MODELS

From drafting contracts in minutes to producing courtroom-ready visuals and multilingual client updates, Generative AI offers law firms, in-house teams, and legal service providers unprecedented opportunities to work faster, smarter, and more effectively. The latest models are already transforming how legal professionals deliver value, manage risk, and innovate.

TEXT GENERATION MODELS

These advanced AI models can analyse large volumes of legal and general information to generate accurate, human-like text. In the legal sector, they are being used to draft first-pass versions of contracts, NDAs, and compliance policies based on precedent libraries; summarise complex case law into concise internal briefings; and create plain-language explanations of legal documents for clients, helping firms save time while maintaining accuracy.

VIDEO GENERATION MODELS

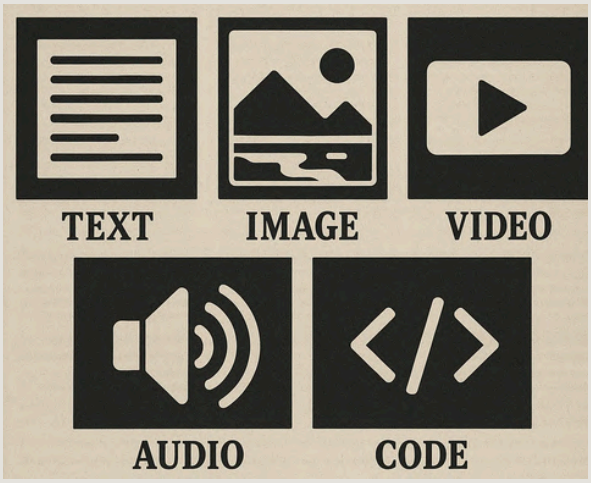
Video generation tools can produce professional, tailored content without the need for filming or editing teams. Law firms are using them to create client-facing explainer videos on regulatory changes, develop onboarding modules for new lawyers covering firm procedures, and prepare concise video summaries of court decisions for internal training and knowledge-sharing.

IMAGE GENERATION MODELS

These models can create high-quality, contextually accurate visuals from text prompts, enhancing both internal and external communications. In legal practice, they can be used to generate evidence presentation visuals for court bundles, design graphics for compliance training materials, and create illustrative flowcharts or diagrams to explain complex transaction structures or legal processes to clients.

MUSIC & AUDIO GENERATION MODELS

While best known for music composition, these models can also produce high-quality audio narration in various voices and styles. Legal teams are using them to create narrated versions of legal updates or policy briefings for busy clients, record accessible audio formats of key regulatory documents for visually impaired stakeholders, and produce clear voice-over tracks for compliance training materials.



MULTIMODAL AI MODELS

Multimodal models process and generate content across text, images, audio, and video, making them well-suited for complex legal workflows involving multiple evidence formats. They can analyse contracts, scanned PDFs, and audio transcripts together to detect inconsistencies, review visual evidence alongside written witness statements, and generate integrated case summaries from mixed-format discovery materials, streamlining tasks that once took hours into minutes.

2.1 CHOOSING THE BEST MODEL FOR YOUR USE CASE

Selecting the right AI model is critical to achieving reliable results in legal practice. A few key factors should guide your decision:

UNDERSTAND YOUR DATA

Assess the availability, quality, and format of the data you will be working with. AI models perform best when grounded in accurate, relevant, and well-structured information that aligns with your objectives.

PERFORMANCE AND CAPABILITIES

Match the model's strengths to your requirements. Consider factors such as natural language understanding, content generation quality, multilingual support, and collaboration features.

USER EXPERIENCE

Consider how the model will enhance interactions for end users. The right solution should simplify complex tasks, improve efficiency, and add measurable value to everyday workflows.

COMPLIANCE

Ensure the model supports your organisation's data privacy, security, and regulatory requirements. A secure foundation is essential for building trust and minimising risk.

COST AND AFFORDABILITY

Compare pricing structures against your budget and expected usage. Aim for a balance between capability and cost that delivers sustainable value.

PROPRIETARY OR OPEN-SOURCE

Decide whether to adopt a commercial model with vendor support and scalability, or an open-source solution that offers greater flexibility and control. The most suitable option will depend on your resources, priorities, and appetite for risk.

The table below provides a snapshot of how leading models compare across common tasks, helping you align your choice of AI with your use cases."

Task	GPT Models	Claude Models	Gemini Models	Perplexity	Grok	Llama Models	DeepSeek
Everyday Answers	✓	✓	✓	✓	✓	✓	✓
Writing	✓	✓	✓	✗	✓	✓	✗
Coding	✓	✓	✓	✗	✓	✓	✓
Math	✓	✓	✓	✓	✓	✓	✓
Reasoning	✓	✓	✓	✓	✓	✓	✓
Web Search	✓	✓	✓	✓	✓	✗	✗
Deep Research	✓	✗	✓	✓	✓	✗	✗
Image Generation	✓	✗	✓	✗	✗	✗	✗
Video Analysis	✗	✗	✓	✗	✗	✗	✗
API Available	✓	✓	✓	✓	✓	✓	✓

Source

2.2 PRACTICAL USE CASES OF AI IN LAW FIRMS

From enhancing the client experience to boosting team productivity and even unlocking new revenue streams, AI offers practical applications that can be adopted today. Below are some of the most relevant and feasible use cases for legal practice.

ROUND-THE-CLOCK CLIENT SUPPORT

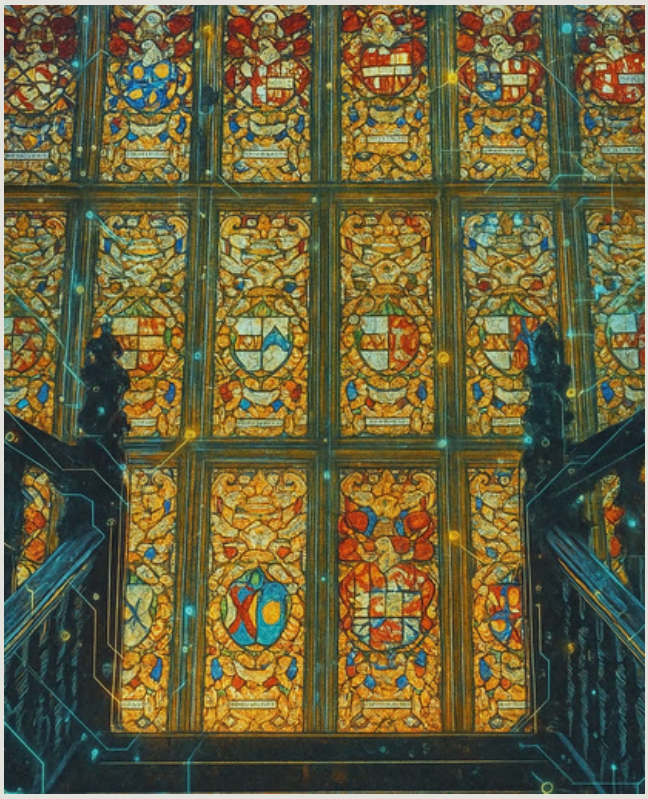
Provide clients with 24/7, high-quality support through secure AI-powered chat agents. These tools can handle routine queries, such as legal terms, requirements, billing questions, or standard document requests, ensuring clients always receive quick and consistent responses while lawyers focus on higher-value work.

PERSONALISED PROFESSIONAL DEVELOPMENT

Deliver personalised training and upskilling opportunities for lawyers and staff with AI-driven learning paths. Content can be adapted to individual needs, helping teams grasp new regulations, case management systems, or practice-specific tools more effectively, improving both retention and performance.

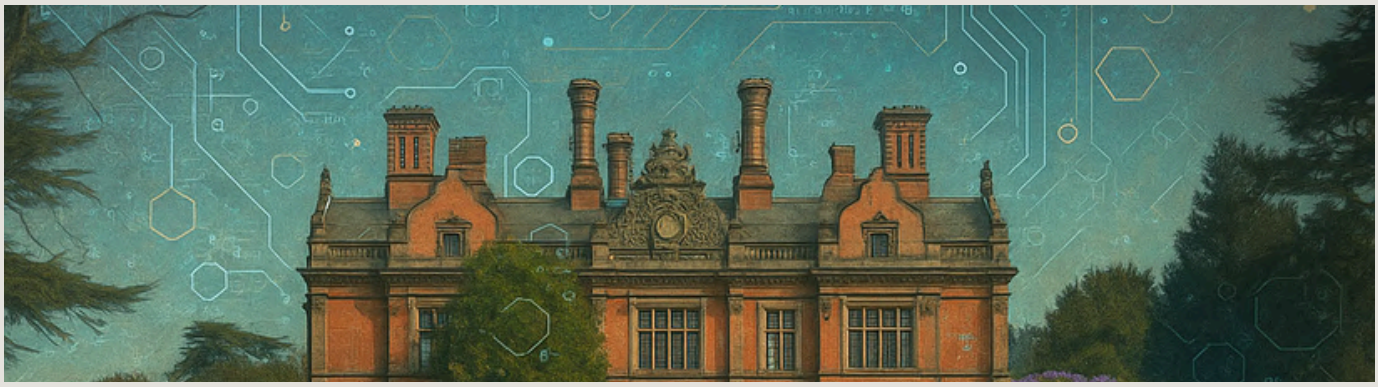
STAYING AHEAD OF REGULATION AND ENSURE COMPLIANCE

Stay ahead of regulatory changes by using AI to track updates in laws, case precedents, and industry standards. Automated compliance checks minimise risk and ensure firms remain up to date, all while safeguarding sensitive data through secure platforms like Kalisa.



FASTER, SMARTER DOCUMENT WORKFLOWS

Automate document-heavy workflows such as contract review, due diligence, and regulatory filings. AI can extract, classify, and cross-check key information, reducing bottlenecks, improving accuracy, and freeing lawyers from repetitive administrative tasks.



TURNING DATA INTO STRATEGY

Transform raw legal and business data into actionable insights. AI can analyse trends across cases, client interactions, or billing data, enabling firms to make more informed strategic decisions—whether to identify emerging risks, allocate resources, or refine client services.

MONETISE YOUR KNOWLEDGE AND EXPERTISE

Turn firm knowledge into revenue by creating self-service, AI-powered client portals. These can provide access to tailored legal FAQs, regulatory trackers, or interactive guidance, offered through subscription models or value-added services—allowing firms to scale expertise without adding headcount.

SCENARIO MODELLING FOR TRANSACTIONS

AI can run "what if" scenarios for mergers, financings, or restructurings by analysing contracts, compliance obligations, and financial data together. Firms can give clients dynamic, evidence-based forecasts of legal risks and deal outcomes.

OPTIMISE KNOWLEDGE MANAGEMENT

Instead of searching across multiple databases or shared drives, AI can instantly retrieve and summarise firm precedents, internal memos, or past case strategies. This reduces time wasted on knowledge-hunting and ensures teams reuse existing expertise more effectively.

ENHANCE MATTER BUDGETING AND FORECASTING

By analysing past cases and billing data, AI can predict the likely time, cost, and resources needed for new matters. This supports better pricing strategies, more accurate client budgeting, and improved profitability management.

BARRIERS TO AI ADOPTION IN THE LEGAL SECTOR

While AI promises efficiency, precision, and new capabilities for legal professionals, law firms, and in-house legal teams still face certain hurdles to adoption. Recent research highlights common obstacles, from concerns over data privacy to managing client perceptions. Understanding these challenges is the first step to building a realistic, future-proof AI strategy for your legal practice.

These barriers may include:

DATA PRIVACY

Law firms handle highly sensitive client data, so concerns about how AI systems store, process, and protect information are paramount. Any risk of breach or misuse could have serious legal and reputational consequences.

COSTS

Implementing AI involves significant investment in licences, infrastructure, and training

EDUCATION

Lawyers and staff often lack the knowledge to use AI tools effectively. Training is essential to understand both the capabilities and limitations of these systems.

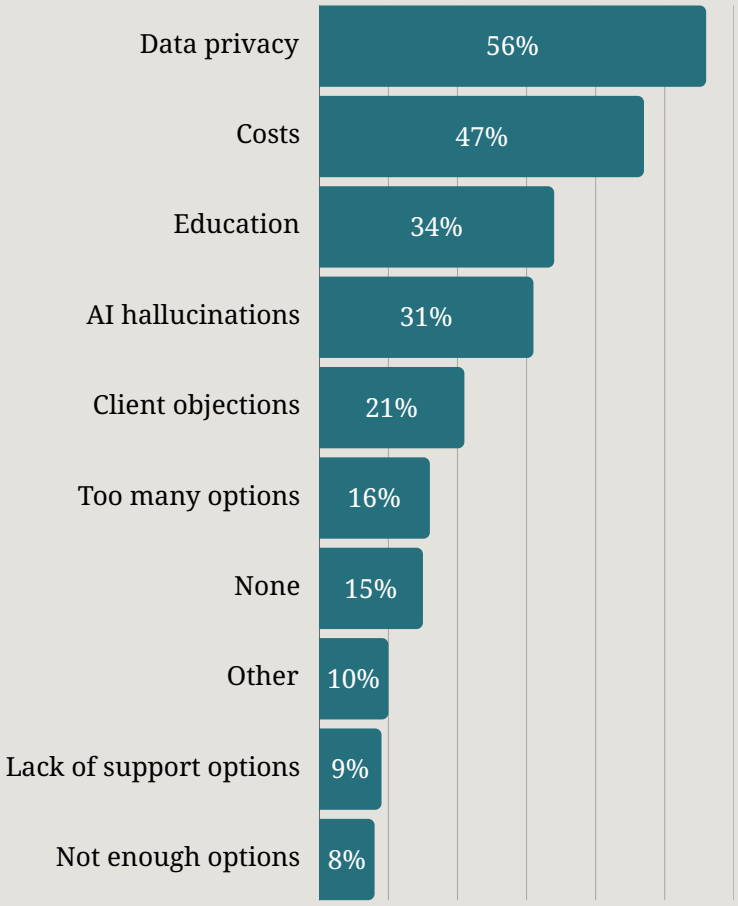
AI HALLUCINATIONS

Generative AI sometimes produces inaccurate or fabricated information. In a legal context, even small errors in citations, case law, or contracts can undermine trust and expose firms to risk.

CLIENT OBJECTIONS

Some clients are sceptical about AI being used in their matters, fearing reduced quality, confidentiality issues, or a lack of human oversight.

Have you encountered any of the following barriers to integrating more AI tech within your organisation?



Secretariat, 2025

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OVERCOMING COMMON AI CHALLENGES

4.1 DATA PRIVACY: PROTECTING CLIENT TRUST

For law firms, data privacy is not just a compliance requirement but the foundation of client trust. Any AI system you adopt must guarantee that sensitive legal documents, case files, and client communications remain secure, encrypted, and accessible only within your control. Start with a clear data governance policy that sets out exactly how information will be handled when using AI. This should include:

CLASSIFICATION OF DATA

Define categories such as confidential client information, internal knowledge assets, and publicly available resources. Sensitive data like contracts, case files, or privileged communications should never leave secure environments, while non-sensitive material may be safely used for internal knowledge enhancement.

ACCESS CONTROLS

Implement role-based access so that only authorised individuals can use or input specific categories of data into AI systems. For example, a junior associate might have access to standard precedents, while only partners can access highly confidential litigation documents.

AUDIT AND MONITORING

Establish regular audits of how data flows through AI applications. Track who accessed what data, when, and for what purpose. This helps firms demonstrate compliance with GDPR, professional conduct obligations, and client confidentiality standards.

CHOOSE THE RIGHT PLATFORM

Select AI systems that are private by default. This means they do not train on your data, do not share it externally, and provide clear transparency around storage and processing. Always avoid public AI tools where data is sent to external servers without guarantees of confidentiality.

KALISA

Kalisa has been designed with these priorities in mind. Unlike many public AI tools, Kalisa operates in **secure environments and guarantees a no-train policy on your data**. This means your firm's knowledge and expertise remain fully under your ownership and control. Kalisa GenAI platform enables firms to use AI with confidence, meeting both professional conduct standards and data protection regulations while safeguarding client confidentiality.

4.2 EDUCATION: BUILDING CONFIDENCE AND COMPETENCE IN AI

For many law firms, the real challenge with AI is not access to technology, but ensuring lawyers and staff know how to use it securely, ethically, and effectively. Education needs to be practical, role-based, and directly tied to legal outcomes.

1. START WITH CONTEXT AND RELEVANCE

AI training should begin by showing why it matters for legal work. **Link adoption to tangible outcomes** such as faster research, contract automation, improved client service, and risk management. **Use sector-specific examples** like case law summarisation, automated due diligence, litigation prediction, and regulatory tracking. **Address common misconceptions,** AI is not replacing lawyers, but acting as a co-pilot that enhances expertise.

2. BUILD LEGAL AND ETHICAL LITERACY AROUND AI

Lawyers must understand both the technical basics and the professional implications of AI. **Provide primers on key concepts**: generative AI, LLMs, prompt engineering, hallucinations, fine-tuning, and **illustrate risks with real-world misuse examples**. Integrate legal responsibilities into training: **client confidentiality, privilege, data protection laws (GDPR, UK Data Protection Act), and AI-related legislation such as the EU AI Act and the DCC Act.** Ethics training should also cover bias, explainability, and the duty of human oversight.

3. TEACH SECURE USE IN DAILY WORKFLOWS

Adoption only succeeds when lawyers know how to apply AI safely in practice. **Establish clear acceptable use policies**, for example, never inputting confidential client data into public tools like ChatGPT. Promote secure platforms that provide private, sandboxed environments where firm knowledge can be used safely. Offer **secure prompting templates for drafting, contract review, research, and firm policy Q&A**. Emphasise the need to fact-check outputs and always apply a lawyer's final review.

4. DELIVER TRAINING IN PRACTICAL, ROLE-BASED FORMATS

Education should be relevant to each practice area. Litigators benefit from transcript review and case strategy tools; commercial lawyers from contract negotiation assistants; and regulatory teams from legislative monitoring. **Training formats should be blended**: short interactive workshops, case-based learning, on-demand videos, drop-in clinics, and "AI champions" embedded within practice groups to support colleagues.

5. FOSTER A CULTURE OF INNOVATION AND RISK AWARENESS

Law firms should encourage safe experimentation with AI through **pilot programmes** and sandbox environments. **Create feedback channels** for reporting AI errors or limitations and use this to refine policies. Measure adoption, accuracy, time saved, and risks, while celebrating early wins to promote advocacy.

#1 AI KNOWLEDGE AND EXPERIENCE PLATFORM FOR REGULATED INDUSTRIES

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Turn knowledge and expertise into secure AI solutions, in minutes

Create secure GenAI solutions that enhance the client experience, increase team productivity and unlock new revenue streams.

Everything you need to deliver valuable GenAI experiences to your clients and team.

- **Chat agents** with subject-matter expertise
- **Workflows** to automate business processes
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4.3 AI HALLUCINATIONS: MANAGING THE RISK OF INACCURATE OUTPUTS

One of the most pressing challenges with AI in legal practice is hallucination: the generation of incorrect, fabricated, or misleading outputs that appear convincing. In law, even a small error can undermine trust and expose a firm to risk. Rather than avoiding AI altogether, firms should adopt clear safeguards to manage this risk.

1. ALWAYS APPLY HUMAN OVERSIGHT

AI outputs should never be treated as final. Make it standard practice that all AI-generated content is reviewed and verified by a qualified professional before use. Position AI as a first-draft assistant, not an autonomous decision-maker.

2. GROUND AI IN RELIABLE DATA

Hallucinations are more likely when AI is asked to answer beyond its knowledge base. Use platforms such as Kalisa, which ground outputs in your firm's own knowledge and expertise, reducing reliance on generic public data. This ensures outputs are tied to authoritative and trusted sources.

3. PRIORITISE QUALITY DATA

The reliability of AI is directly linked to the quality of the data it draws on. Ensure it is accurate, complete, and consistently formatted. Poor-quality or inconsistent data feeds increase the risk of hallucinations and misinterpretations.

4. DEFINE ACCEPTABLE USE CASES

Set clear boundaries for when AI can be used with low risk (e.g., summarising internal memos, automating routine document reviews) and when human expertise must take precedence (e.g., litigation strategy, legal advice to clients).

5. TRAIN LAWYERS ON SPOTTING HALLUCINATIONS

Educate staff to critically evaluate AI outputs. Teach them red flags, overly confident but vague answers, missing citations, or invented case references. Encourage a healthy scepticism and verification-first culture.

6. USE GUARDRAILS AND MONITORING

Adopt AI platforms that include built-in guardrails, source citation, and monitoring tools to minimise hallucinations.

7. DOCUMENT AND LEARN FROM ERRORS

When hallucinations occur, record and review them. Treat these as learning opportunities to improve prompts, refine training data, and adjust workflows.

4.4 THE DATA QUALITY CHECKLIST

- [ ] **Accuracy:** Does the data correctly represent the facts, wording, and outcomes it is supposed to capture without errors or misquotations?
- [ ] **Completeness:** Is all the necessary information present for the AI to understand the full context?
- [ ] **Consistency:** Is the data uniform and free from contradictions across all sources?
- [ ] **Reliability:** Is the data dependable and stable over time?
- [ ] **Relevance:** Is the data directly tied to the AI's legal task or objective?
- [ ] **Timeliness:** Is the data current and reflective of the latest legal developments?
- [ ] **Validity:** Does the data follow the required legal formats, structures, and standards?
- [ ] **Uniqueness:** Is the data free from unnecessary duplicates or redundant records?

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FROM GREAT TO WORLD-CLASS:
Leading with Optimism & Performance

05

THE ROAD AHEAD

As we stand at this pivotal moment, it is clear that generative AI is not simply a passing trend but a transformative force reshaping the way law firms deliver value, manage risk, and unlock opportunities. The challenges are real—data privacy, costs, education, and trust—but they are not insurmountable. With the right safeguards, clear governance, and a commitment to continuous learning, firms can embrace AI as a co-pilot rather than a competitor.

This is not about replacing human expertise, but about amplifying it. AI can take on the repetitive, the complex, and the time-consuming, leaving space for lawyers to focus on creativity, strategy, and the human judgment that technology cannot replicate. By approaching AI with curiosity, caution, and confidence, law firms have the chance to build stronger client relationships, empower their people, and pioneer new models of legal service.

The future of law and technology will be written by those who act with vision and purpose today. The tools are here. The opportunities are immense. It is now up to us to harness them—securely, responsibly, and boldly—to shape a legal sector that is more efficient, more inclusive, and more human than ever before.

AI IN LAW: RISKS, REWARDS, AND REAL APPLICATIONS

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