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# **AWARE BUT WARY: IN-HOUSE COUNSEL ON THE POWER OF GENERATIVE ARTIFICIAL INTELLIGENCE**

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**IN-HOUSE COUNSELS' VIEWS ON THE POWER  
OF GENERATIVE ARTIFICIAL INTELLIGENCE**



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# A NOTE FROM THE AUTHORS

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In 2023, it seemed that all anyone was talking about in the legal and wider business communities was ChatGPT and other generative artificial intelligence (AI) tools. And there appeared to be little consensus. Even within our own organizations, which have always embraced technological innovation, we observed a wide range of disparate reactions to the use of AI, from concern to excitement.

We also realized there existed little objective data to provide a quantitative picture of how leaders in law perceive this technology and its impact on the profession.

Therefore, we decided to survey our peers and colleagues across the field of legal services to gauge attitudes towards AI and assess how it is being used, either in their legal departments or their business operations.

The results are illuminating. A significant percentage of general counsel say they are aware of generative AI, and many express concerns about confidentiality, accuracy, and liability. On the other hand, the number of respondents

who report having established policies, practices, and training about AI, either in their legal practices or their business operations, is comparatively low – although many do say they plan to institute such processes in the near future.

AI is here to stay. Professionals who understand it and can manage its applications with efficiency and care may be better positioned to reap its benefits and navigate its risks.



# INTRODUCTION

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## WHAT DO IN-HOUSE COUNSEL REALLY THINK ABOUT AI?

**Generative artificial intelligence (AI) has gained widespread attention for its potential to disrupt entire job functions and industries, including legal departments.** A subset of artificial intelligence, generative AI focuses on creating data or content rather than simply interpreting or analyzing it. The public launch of new chatbots last year illustrated the technology's power. Built with large language models, a form of generative AI, these chatbots can create streams of human-sounding text on practically any subject in seconds.

But the adoption and integration of generative AI tools raise important questions about their benefits and risks, especially in the regulated legal world. This report analyzes the results of a survey conducted among in-house counsel, aiming to assess their perceptions, awareness, and utilization of generative AI tools.



# REPORT METHODOLOGY

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From July 11 through August 31, 2023, 165 legal professionals completed an online survey. Their titles included General Counsel (26 percent), VP – Legal (13 percent), Senior Corporate Counsel (12 percent), and Associate Counsel (15 percent).

Respondents work at companies in a wide range of industries, including finance and insurance (18 percent), professional, scientific and technical services (15 percent), manufacturing (11 percent), and healthcare and social assistance (13 percent).

Concerning company size, 42 percent of respondents came from organizations with more than 1,000 employees. Another 20 percent came from companies with 201-500 employees and 14 percent from companies with 501-1,000 employees.

# HIGH AWARENESS, LOW ADOPTION...SO FAR



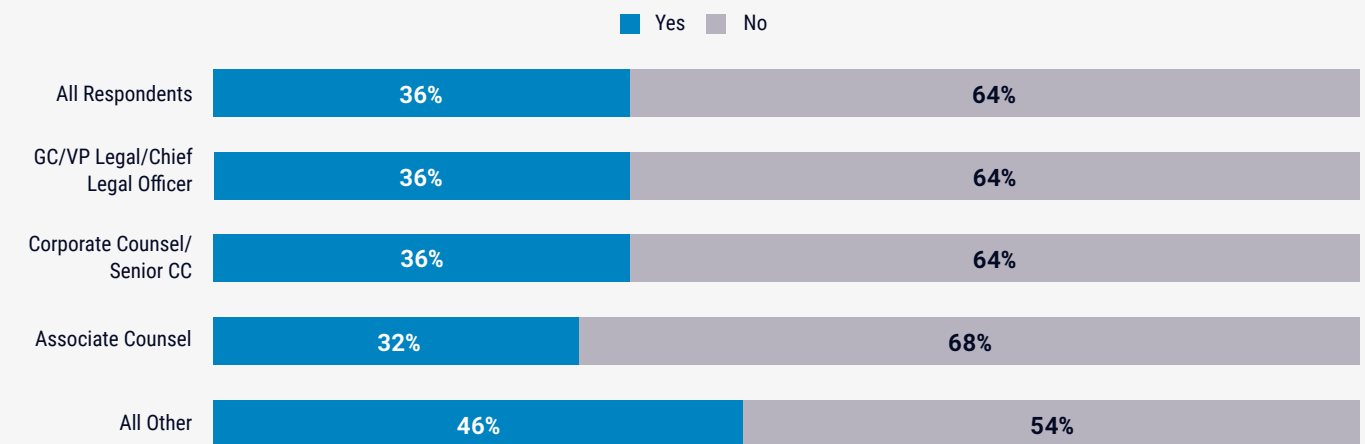
A significant majority of survey respondents (78 percent) reported moderate to high awareness of generative AI tools. These results are a testament to the speed at which the technology is disseminating across the legal community and the hunger among lawyers to stay informed about its power and consequences.

To be sure, a notable minority of respondents (12 percent) indicated limited or no awareness of generative AI tools. This percentage suggests more education is still needed within the legal community. As the technology develops and becomes increasingly adopted in companies

and law firms, it will become even more important for the legal community to become trained and educated in this area.

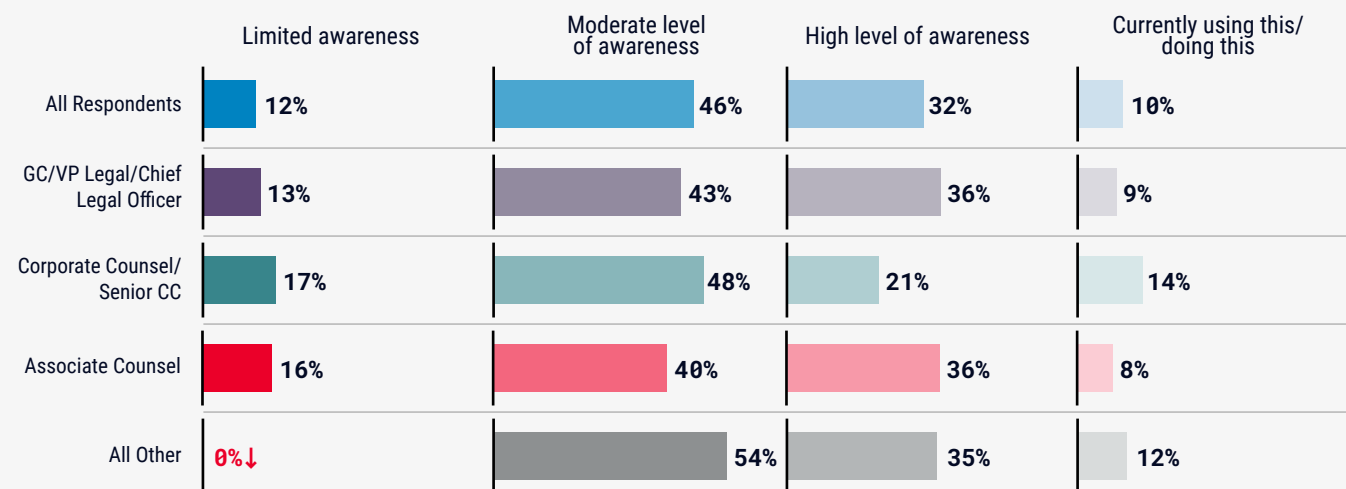
Despite high awareness among in-house counsel of generative AI tools, most respondents (64 percent) said they have yet to use them for legal tasks. Almost half (46 percent) said they were unaware of any instance of anyone using generative AI in their legal departments.

## UTILIZATION OF GENERATIVE AI TOOLS FOR LEGAL TASKS



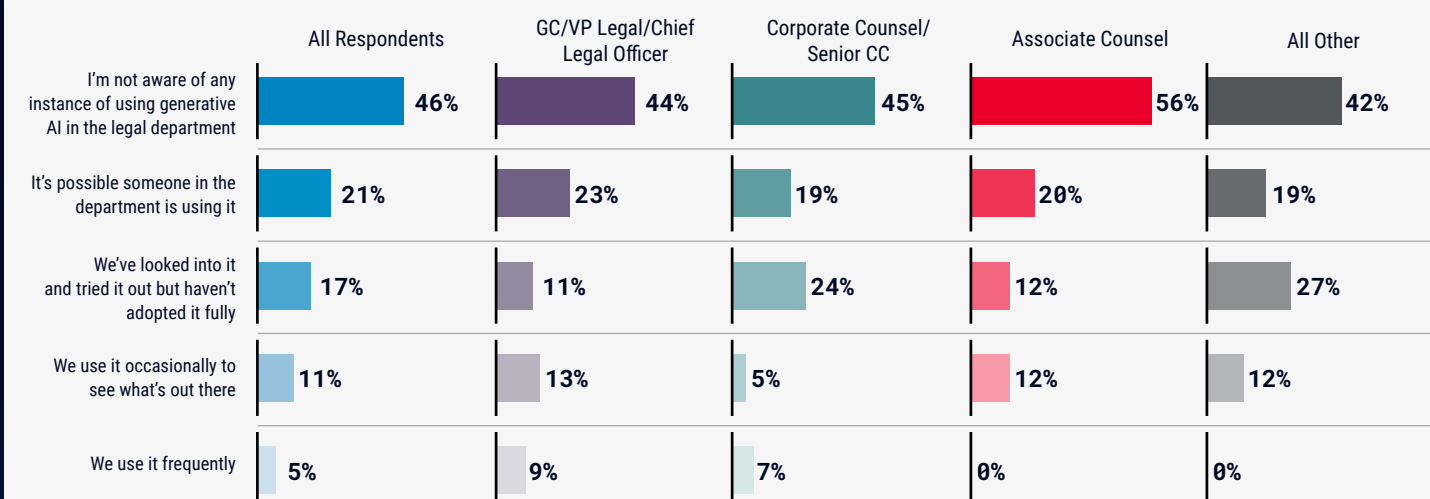
Q2: Have you or your legal team utilized any generative AI tools for legal research, document generation, or other legal tasks?  
Base: N=165; GC/VP/Chief=70; Corp. Counsel/Senior CC=42; Assoc. Counsel=25; All Other=26; New Jersey=49

## AWARENESS LEVEL OF THE USE OF AI IN LEGAL SOFTWARE APPLICATIONS



S4: What is your level of awareness of the use of AI in legal software applications?  
Base: N=165; GC/VP/Chief=70; Corp. Counsel/Senior CC=42; Assoc. Counsel=25; All Other=26; New Jersey=49

## UTILIZING GENERATIVE AI TOOLS IN LEGAL RESEARCH AND DOCUMENT GENERATION



Q5: Which of the following statements best characterizes how you or your legal team utilize ChatGPT or similar generative AI tools for legal research or document generation at your company?  
Base: N=165; GC/VP/Chief=70; Corp. Counsel/Senior CC=42; Assoc. Counsel=25; All Other=26; New Jersey=49

# AWARENESS OF USE OF AI IN FIRM BUSINESS



Further, half of the respondents were unaware of any generative AI usage in other departments within their companies. Respondents who were aware of its use said it was in departments such as marketing, R&D, IT, sales, and operations.

Not surprisingly, in-house legal professionals are starting to receive questions about generative AI. Survey respondents cited **IT/security (16 percent), R&D (16 percent), and executives/board members (13 percent)** as the most frequent sources of queries. The questions most frequently involved legal risks, ethical concerns, restrictions on use, and company policies, according to respondents.

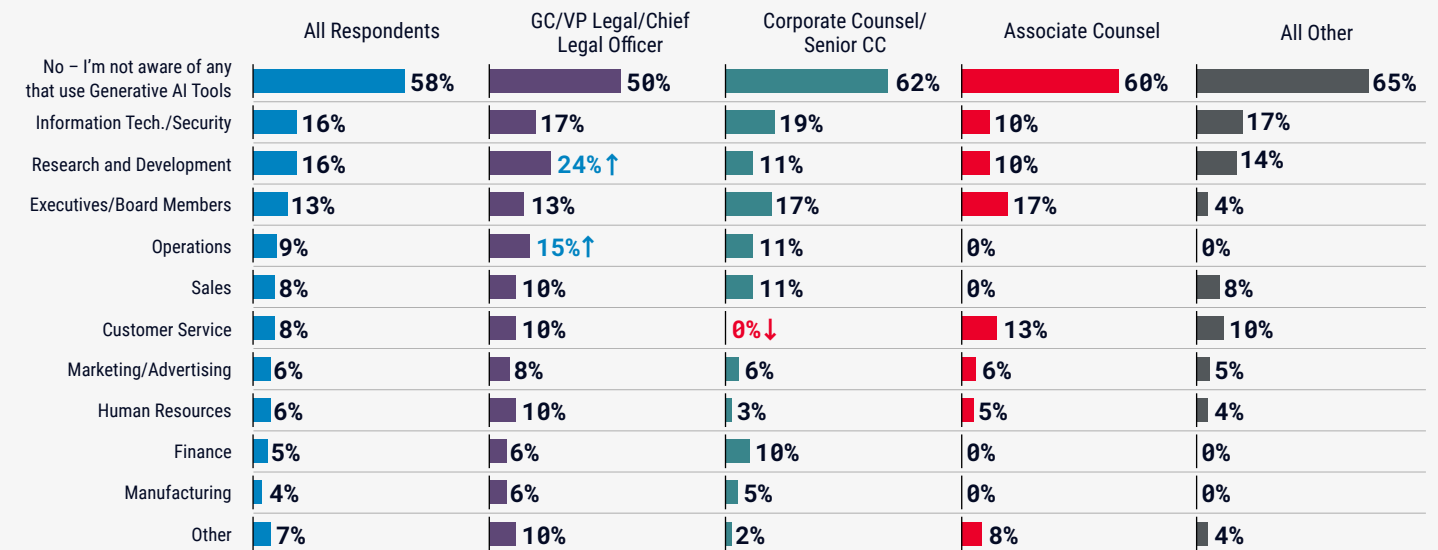
## DEPARTMENTS OUTSIDE OF LEGAL WHERE GENERATIVE AI TOOLS ARE USED

	All Respondents	GC/VP Legal/Chief Legal Officer	Corporate Counsel/Senior CC	Associate Counsel	All Other
No – I'm not aware of any that use generative AI tools	52%	40%↓	62%	52%	62%
Marketing/Advertising	22%	26%	14%	28%	19%
Research and Development	20%	29%↑	10%↓	20%	15%
Information Technology/Security	19%	26%	12%	20%	12%
Sales	14%	16%	10%	28%↑	4%
Operations	14%	16%	10%	16%	15%
Customer Service	14%	14%	14%	8%	19%
Human Resources	10%	10%	7%	12%	12%
Executives/Board Members	6%	11%↑	2%	4%	0%
Finance	5%	4%	7%	8%	4%
Manufacturing	5%	9%	5%	4%	0%
Other	4%	4%	7%	4%	0%
Sample Size	165	70	42	25	26

Q15: Are you aware of any other departments or business units within your organization that use generative AI tools?  
Base: N=165; GC/VP/Chief=70; Corp. Counsel/Senior CC=42; Assoc. Counsel=25; All Other=26; New Jersey=49

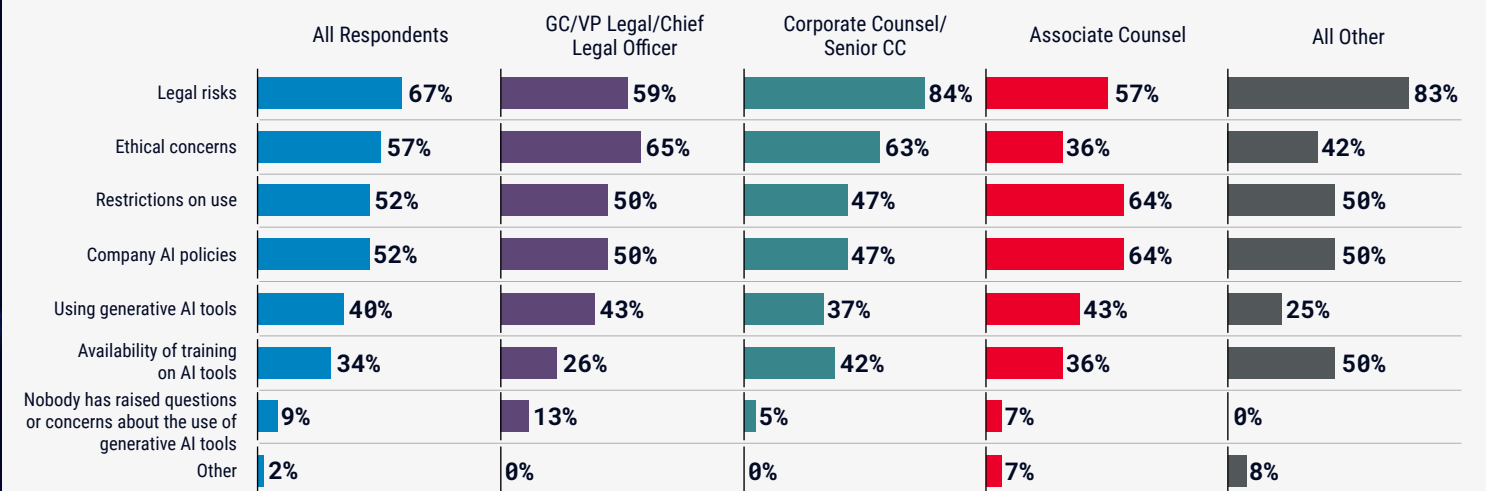
Half of the respondents are unaware of any current use in any other departments within their companies, while the other half note at least some use in Marketing, R&D, IT, Sales, and Operations – essentially every part of the enterprise.

## APPROACHED BY OTHER DEPARTMENTS REGARDING GENERATIVE AI



Q16: Have any of these departments or business units approached you or your legal team about generative AI tools?  
Base: N=90; GC/VP/Chief=30; Corp. Counsel/Senior CC=28; Assoc. Counsel=14; All Other=16; New Jersey=31

## QUESTIONS/CONCERNS RAISED BY OTHER DEPARTMENTS REGARDING GENERATIVE AI TOOLS



Q17: What questions or concerns have employees in other departments raised regarding generative AI tools?  
Base: N=91; GC/VP/Chief=46; Corp. Counsel/Senior CC=19; Assoc. Counsel=14; All Other=12; New Jersey=24

# ONLY MODERATE CONFIDENCE AND LOW LEVELS OF EDUCATION AND TRAINING IN AI



Survey respondents showed varying confidence levels in understanding the principles and mechanisms underlying generative AI models. While most respondents (57 percent) said they were moderately, very, or extremely confident about their understanding, about half (43 percent) expressed either no confidence or only slight confidence.

Given the intricate and multifaceted architecture that supports generative AI, this gap in understanding is perhaps not surprising. But this underscores the need for comprehensive and

accessible educational initiatives that address the underlying principles of generative AI and clarify any misconceptions.

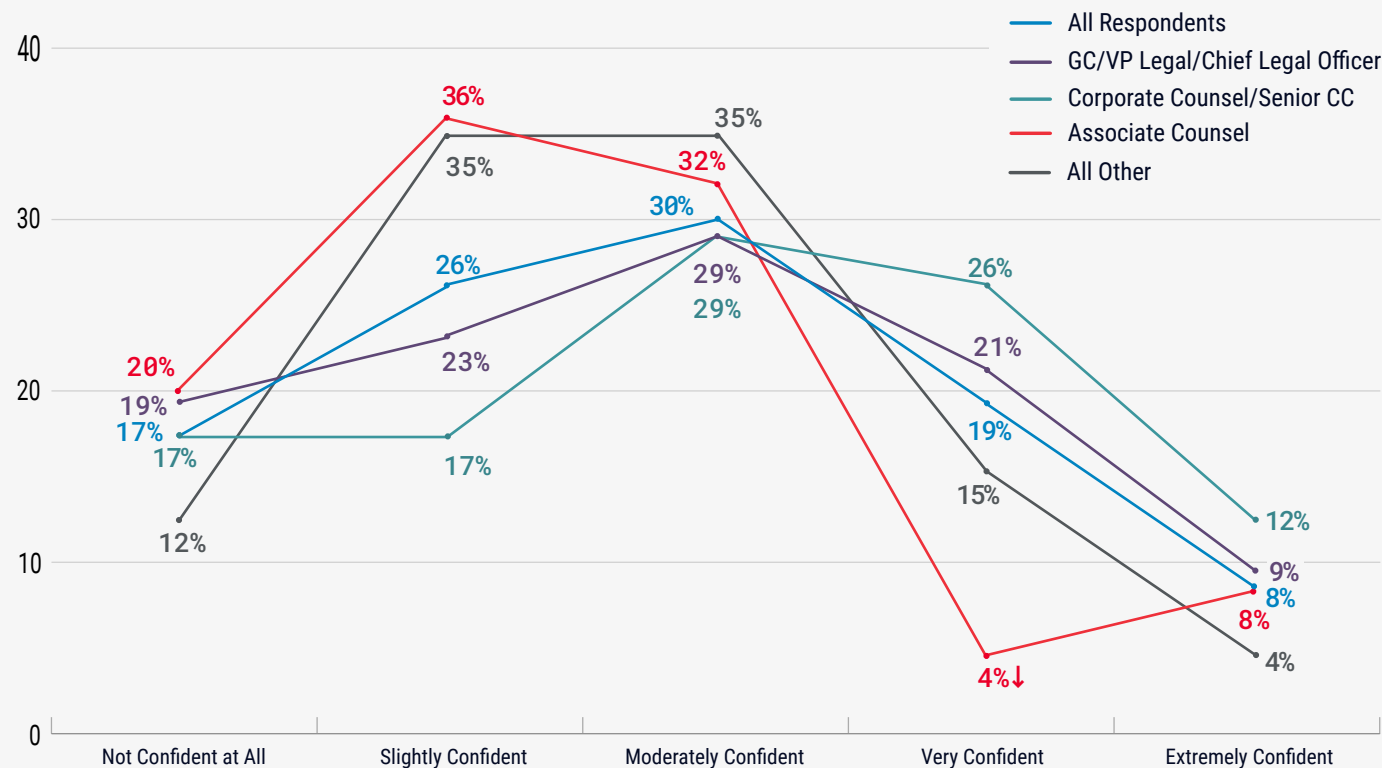
As generative AI advances, the legal sector must foster a robust dialogue around the technology's foundational principles. By developing appropriate guidelines and providing comprehensive training, the legal community can empower its members to make informed decisions about integrating generative AI into their work.

Less than 25 percent of respondents said they've received formal training or education on generative AI, highlighting the need for more support in that area. The rapid pace of technological advancement will only make it more urgent to address this deficit in the future.

Surprisingly, however, nearly half of the respondents said they do not have any plans to participate in formal training or education on generative AI. It's unclear whether that is due to time constraints, resource availability,

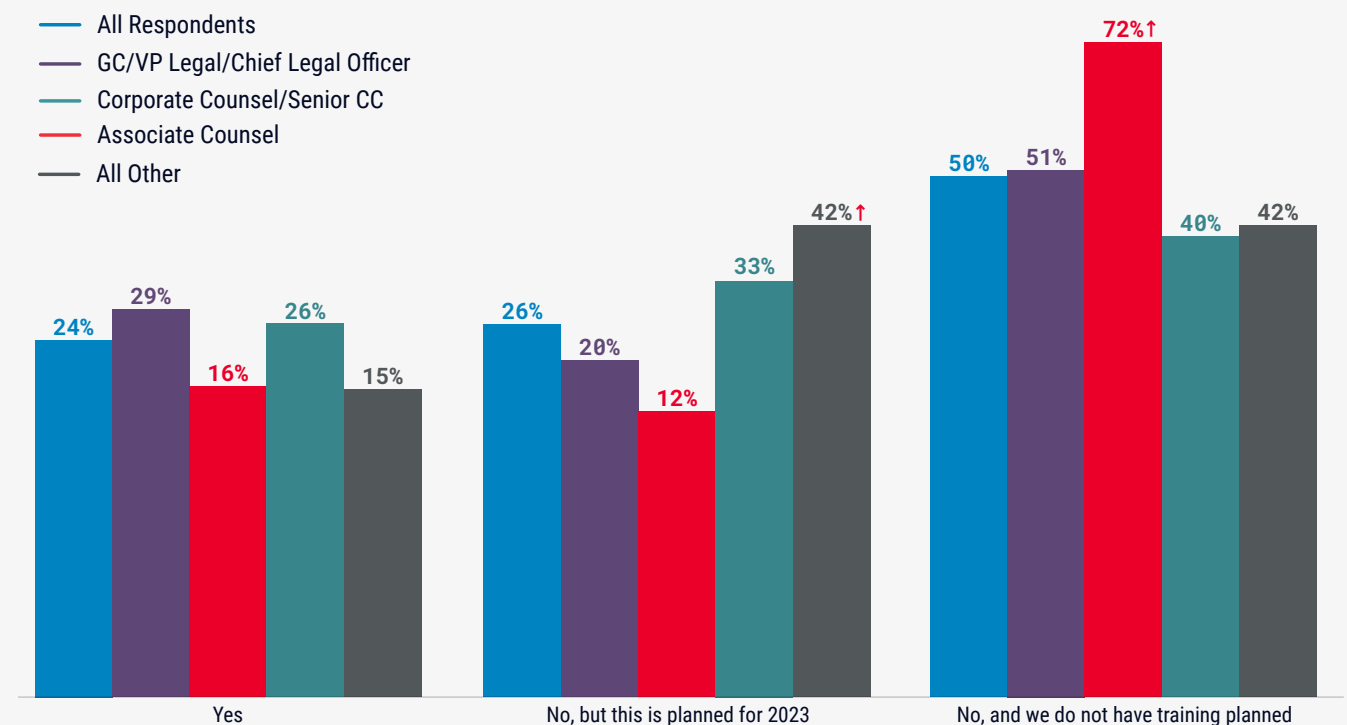
or a perception that generative AI might not be immediately relevant to their specific legal roles. But given the rapid advances in this field and the expected adoption of generative AI within companies and the legal community, the importance of counsel taking part in comprehensive generative AI education cannot be overstated.

CONFIDENCE LEVEL: COMPREHENDING AI PRINCIPLES AND MECHANISMS



Q2C: How confident are you in your understanding of the underlying principles and mechanisms behind generative AI models? Base: N=165; GC/VP/Chief=70; Corp. Counsel/Senior CC=42; Assoc. Counsel=25; All Other=26; New Jersey=49

EXPLORING GENERATIVE AI TOOLS: RECEIVING FORMAL TRAINING/EDUCATION



Q3: Have you or your legal team received any formal training or education on generative AI tools and their potential impact on the legal profession? Base: N=165; GC/VP/Chief=70; Corp. Counsel/Senior CC=42; Assoc. Counsel=25; All Other=26; New Jersey=49



# EARLY ADOPTERS REPORT INCREASED PRODUCTIVITY



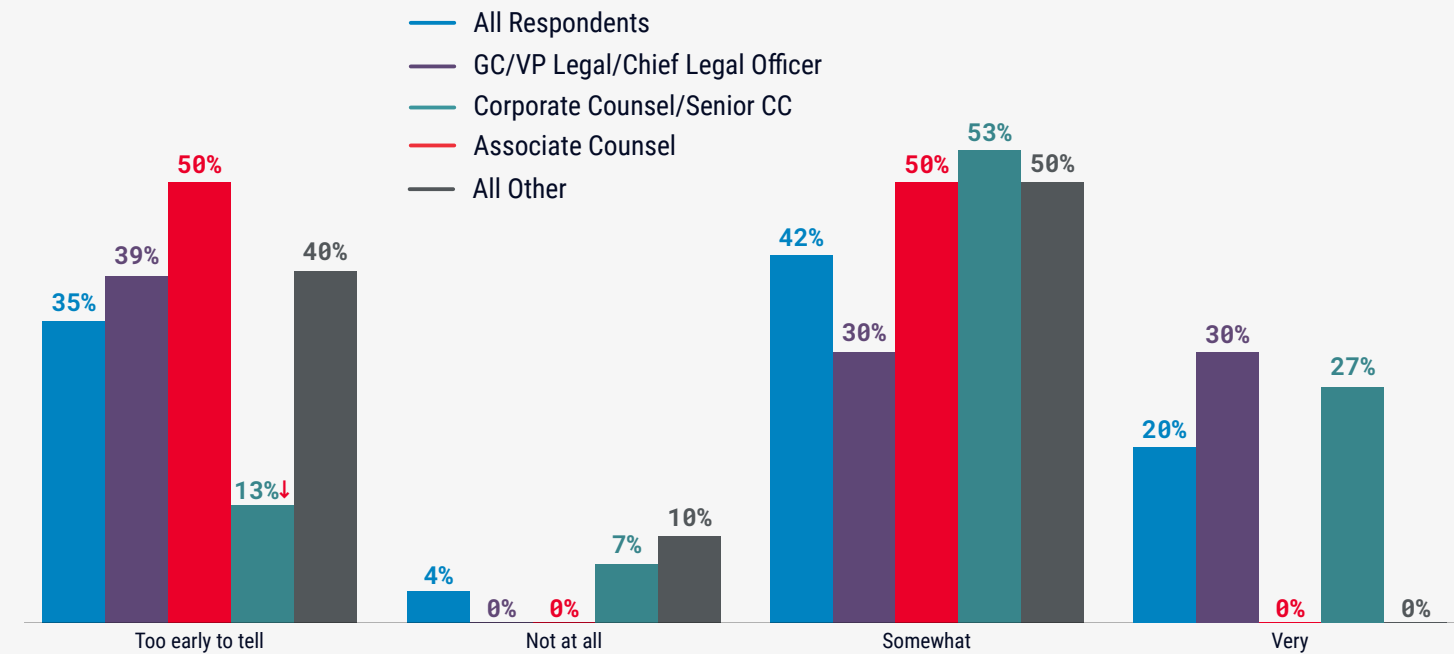
Respondents who have integrated generative AI into their workflows identified general research (33 percent), document generation (32 percent), and summarization tasks (11 percent) as the most common areas.

These results underscore the technology's strengths in automating routine tasks that allow legal professionals to focus on more complex and strategic matters.

For instance, generative AI tools can sift through vast volumes of legal documents, extracting relevant case law, statutes, and regulations.

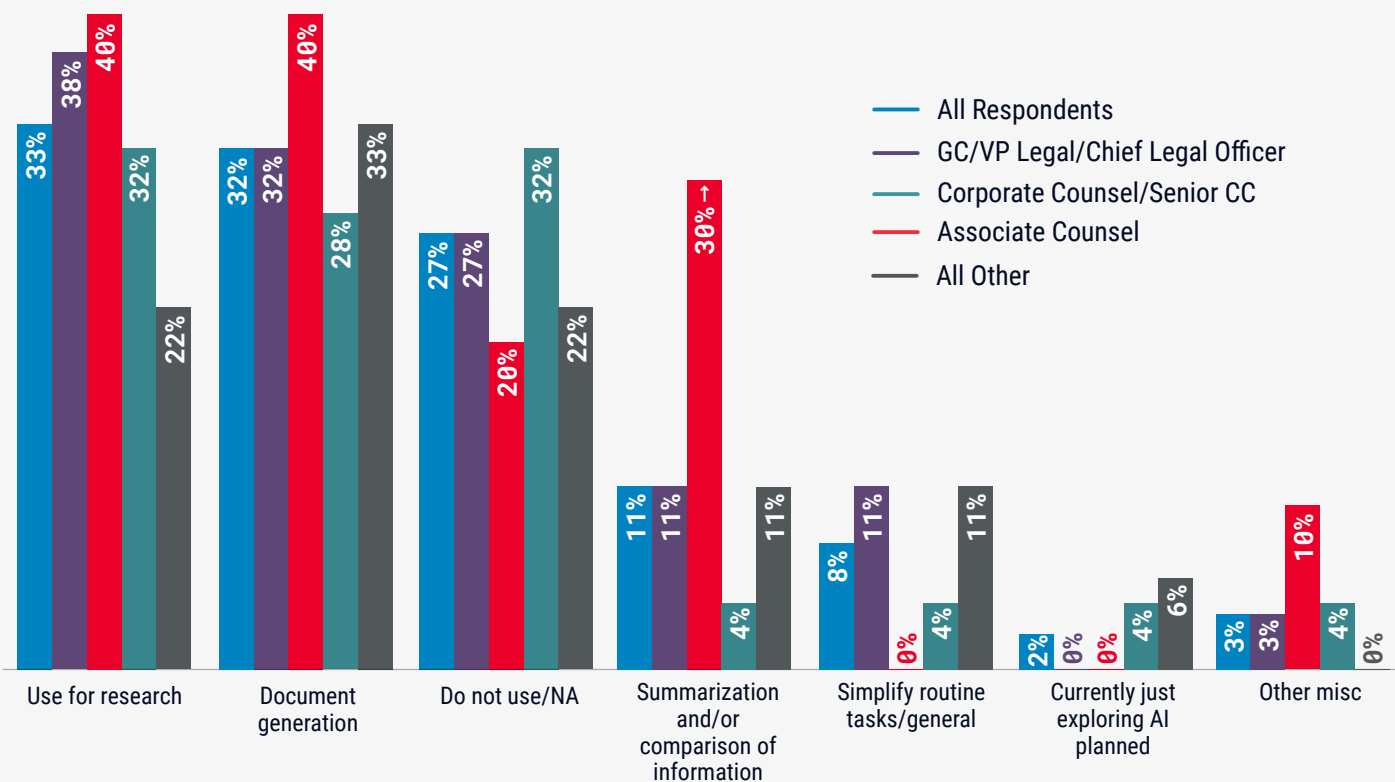
Leveraging the technology can expedite the process of identifying pertinent information and generating relevant content, saving valuable time and resources. Similarly, generative AI can draft routine contracts, agreements, and correspondence, which can free up legal professionals to focus on negotiation and more strategic legal matters. A significant majority of respondents (62 percent) using generative AI tools said they had helped increase their legal teams' productivity and efficiency.

LEVEL OF IMPROVED EFFICIENCY AND PRODUCTIVITY WITH GENERATIVE AI TOOLS



Q9: To what extent do you believe ChatGPT or other Generative AI Tools have improved the efficiency and productivity of your legal team?  
 Base: N=55; GC/VP/Chief=23; Corp. Counsel/Senior CC=15; Assoc. Counsel=6; All Other=10; New Jersey=6

USING GENERATIVE AI TOOLS IN LEGAL WORK



Q2B: Please describe how you or your legal team uses generative AI tools in its work.  
 Base: N=90; GC/VP/Chief=37; Corp. Counsel/Senior CC=25; Assoc. Counsel=10; All Other=18; New Jersey=22

A majority (62 percent) of respondents perceive the potential for increased productivity within their legal departments through the use of generative AI tools. Nevertheless, 35 percent stated that it is too early to determine the extent of benefits.

# BENEFITS TO LEGAL WORKFLOW, AND PERCEIVED RISKS



Indeed, among all respondents, regardless of whether they've used generative AI, **increased productivity was the most popular cited benefit (43 percent) of leveraging AI in legal workflows.** Among other popular **benefits cited were completing work faster (39 percent), generating content and ideas (23 percent), handling repetitive tasks (12 percent), and reducing labor costs (6 percent).**

Despite the potential benefits, respondents also expressed some concerns about using generative AI. **Among the most frequently cited were potential for inaccuracy (44 percent), privacy, confidentiality, data breach concerns (32 percent), and lack of human understanding and context (10 percent).** Those concerns have prompted respondents to cite the importance of the quality and integrity of any output. **The most cited mitigation measure they took was "human review."**

**Respondents identified faster and more efficient productivity as the greatest benefits of using generative AI. Notably, reduced labor costs were also recognized by 13 percent of General Counsels/Chief Legal Officers. However, concerns regarding potential inaccuracies (44 percent) and privacy/confidentiality issues were the primary risks identified.**

## AI IN LEGAL WORKFLOWS: BENEFITS

	All Respondents	GC/VP Legal/Chief Legal Officer	Corporate Counsel/Senior CC	Associate Counsel	All Other
Increases efficiency/productivity	41%	34%	40%	48%	52%
Complete work faster/saves time	39%	47%	40%	24%	28%
Helps generate content, ideas	23%	20%	29%	32%	8%
Handles repetitive, mundane tasks	12%	13%	12%	8%	16%
Saves money/lowers cost	9%	9%	7%	8%	12%
Reduces labor cost	7%	13% ↑	5%	4%	0%
Improve accuracy, reduce error, more consistent	6%	7%	2%	0%	16% ↑
Quickly handles large volumes of work	3%	1%	10% ↑	0%	0%
Generally helpful	2%	6% ↑	0%	0%	0%
Convenient	1%	3%	0%	0%	0%
Sample Size	164	70	42	25	25

## AI IN LEGAL WORKFLOWS: RISKS

	All Respondents	GC/VP Legal/Chief Legal Officer	Corporate Counsel/Senior CC	Associate Counsel	All Other
Potential for inaccuracy	44%	37%	45%	56%	42%
Privacy, confidentiality, data breach concerns	32%	31%	31%	36%	31%
Need for comprehensive review/potential for miss	11%	13%	19%	4%	0%
Lack of human understanding & context	10%	16% ↑	5%	4%	8%
Potential for overreliance on AI	10%	11%	7%	8%	12%
Issues around accountability/liability	8%	10%	5%	16%	0%
Lack of reliability	7%	10%	7%	4%	0%
Quality concerns	5%	6%	5%	4%	4%
Potential for misuse (general)	5%	4%	7%	4%	4%
Loss of jobs	5%	0% ↓	5%	8%	15% ↑
Potential for bias	4%	7%	5%	0%	0%
Hallucination/fake results	4%	4%	5%	0%	8%
Potential for copyright/trademark/IP violation	4%	6%	2%	0%	4%
Potential for plagiarism	1%	0%	2%	0%	4%
Sample Size	165	70	42	25	26

Q14: In your opinion, what are the most significant (A) benefits and (B) risks associated with incorporating ChatGPT or similar technologies into legal workflows, and how do they impact your role?  
 Base: N=164; GC/VP/Chief=70; Corp. Counsel/Senior CC=42; Assoc. Counsel=25; All Other=25; New Jersey=49

# ARE COUNSEL IMPLEMENTING AI POLICIES TO ENSURE QUALITY AND INTEGRITY?

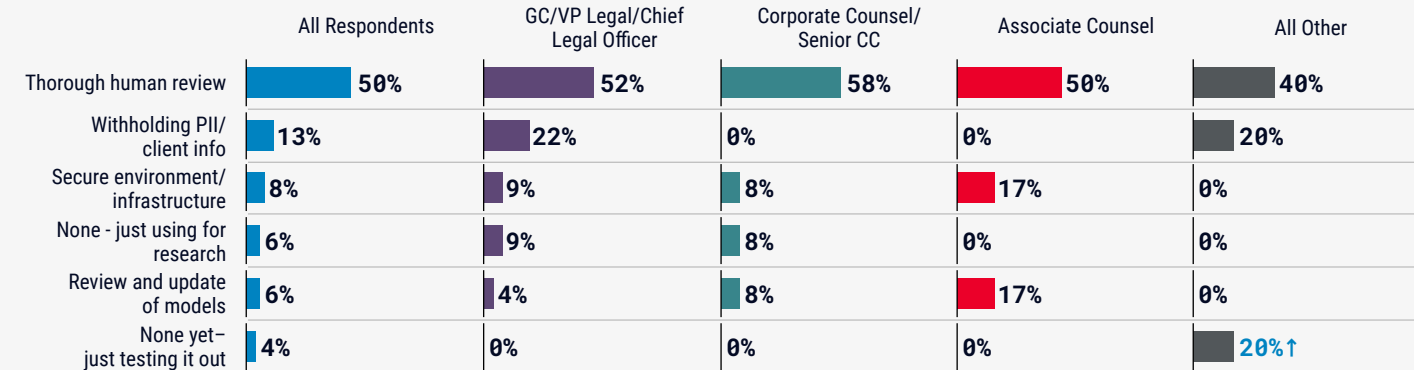


Many respondents have not yet settled on how they plan to ensure legal or regulatory compliance with the usage of generative AI tools, with **21 percent saying their companies or firms have no existing policy** and **15 percent saying they're currently developing rules and processes**. **Just 8 percent said they have already established policies and guidelines.**

The benefits and concerns in-house lawyers express around integrating generative AI into legal workflows require an intricate balancing act. While the potential for increased productivity and reduced costs is attractive, addressing accuracy, security, compliance, and ethics is critical for building trust in the technology. The legal community's receptiveness to **generative AI hinges on the industry's ability to develop robust solutions that address these concerns.**

Despite recognizing the potential productivity benefits, approximately half of the respondents emphasized the necessity of thorough human review to ensure output quality and integrity. Additionally, around 30 percent lacked formal policies governing the use or parameters of generative AI, while 25 percent believed existing corporate policies covered such tools.

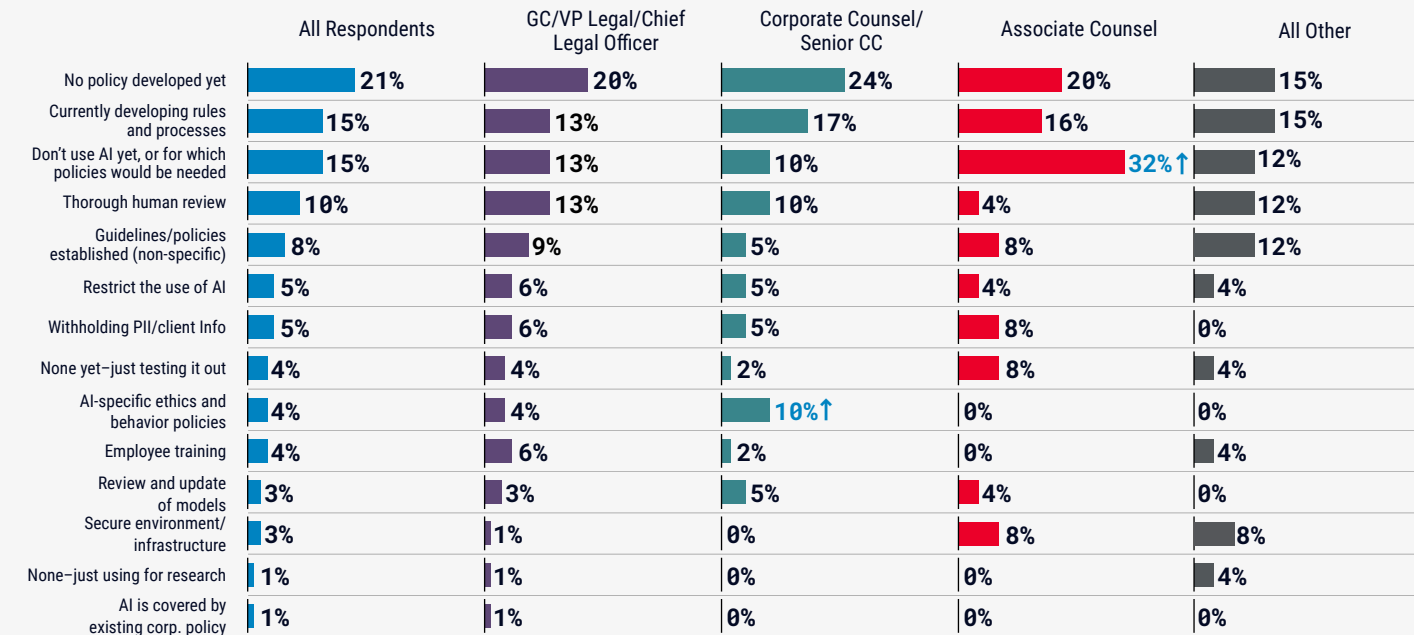
## ENSURING QUALITY AND INTEGRITY OF AI-GENERATED LEGAL DOCUMENTS



Q12: What measures, if any, have you taken to ensure the quality and integrity of the information generated by ChatGPT or other generative AI tools in legal documents?

Base: N=52; GC/VP/Chief=23; Corp. Counsel/Senior CC=12; Assoc. Counsel=6; All Other=10; New Jersey=6

## ENSURING COMPLIANCE WITH GENERATIVE AI: LEGAL DEPARTMENT'S STEPS



Q13: What steps if any has your legal department taken to ensure legal or regulatory compliance with the use of generative AI language models like ChatGPT?

Base: N=165; GC/VP/Chief=70; Corp. Counsel/Senior CC=42; Assoc. Counsel=25; All Other=26; New Jersey=49



# CONCLUSION

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The survey findings indicate a substantial awareness of generative AI tools among in-house professionals but with limited current usage. While perceptions of potential benefits are positive, concerns about accuracy, security, and confidentiality persist. Respondents expressed the need for human oversight and formal policies to guide the use of generative AI. **The integration of generative AI in various departments further underscores its growing significance in enterprise-level decision-making processes.** Ultimately, while generative AI presents numerous opportunities, legal professionals require more education and guidelines to fully harness its potential.



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