

Top 5 trends influencing legal operations in 2025

What in-house legal teams can
do to gain first-mover advantage

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Legal operations is moving faster than ever. Once reliant on manual processes, the field is now riding a wave of innovation. In just a few years, what was a steady evolution has turned into a full-speed transformation.

The catalyst? The increasing complexity of legal work, stricter regulatory demands, and the rise of tools like artificial intelligence (AI) and automation. These forces are reshaping how legal teams work, communicate value, and align with business goals.

In this whitepaper, we explore five legal technology trends that will shape legal operations in 2025. Starting with legal tech advancements, bridging to AI-powered contract management, moving to enhanced data privacy strategies, examining compliance and risk strategies, and exploring integrated matter management, these insights will help you stay competitive and compliant.



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Legal technology advancing digital transformation

The shift from manual, paper-heavy workflows to digital-first systems has redefined how legal teams operate. Digital transformation is no longer just a buzzword. Defined as the leveraging of technology to fundamentally change how organizations operate and deliver value, it has become a post-pandemic necessity for legal teams navigating growing workloads and tighter budgets. Automation tools like matter management platforms and e-Billing systems are now must-have legal technology solutions to tackle admin work, enabling teams to focus on strategic priorities.

To date, **61% of law firms have** increased their technology budgets to support digital transformation initiatives, and the transformation isn't slowing down. In fact, legal tech spending in 2023 **exhibited the fastest expansion** since being tracked. AI, automation, and predictive analytics are stepping into the spotlight, streamlining everything from invoice reviews to compliance tracking.

While tighter budgets in uncertain economic times increased work volume and decreased bandwidth kickstarted legal digital transformations, legal teams continue to improve efficiency, align with corporate goals, and do more with lower budgets.

Takeaway

Legal digital transformation is changing the game, helping teams move from reactive to proactive with predictive analytics tools that save time, reduce costs, and drive smarter decisions.



The biggest part of our digital transformation is changing the way we think.

Simeon Preston, Bupa



60% of legal departments
have implemented data
analytics tools, up from
52% the previous year.

Apperio

The rise of AI-powered contract management

AI is changing the way legal teams approach contracts. From drafting to compliance and negotiation, AI-powered contract lifecycle management (CLM) tools are making processes faster, smarter, and more accurate. Instead of spending hours reviewing agreements manually, legal teams can now use an AI contract generator to draft customized agreements in minutes, flag risky clauses, check compliance, and suggest revisions. AI-powered contract management tools can reduce contract review times by up to 80%, allowing legal teams to focus on strategic tasks.

But it's not just about speed. Reviewing and processing a low-complexity agreement can **cost as much as \$6,900**. By harnessing the power of generative AI's ability to analyze data and provide intelligent recommendations, generative AI is helping legal teams cut costs and minimize errors, freeing them up to focus on big-picture priorities.

However, early adopters of these legal technology trends need to be cautious in their use of AI tools by prioritizing data security, staying compliant with privacy laws, and keeping a close eye on accuracy and reliability.

Takeaway

AI-powered CLM tools are becoming an essential part of legal operations, offering faster turnarounds, cost savings, and fewer risks.



AI is not just a technology. It's the catalyst for a revolution. AI streamlines and leverages every facet of the process, from contract creation to compliance.

Mikita Mikado, Co-founder of PandaDoc



58% of law departments
are considering using
GenAI in their contract
management for the
first time this year.

Blickstein Group

Data privacy and security: The double-edged sword of generative AI

Generative AI is a powerful legal tech trend—but it comes with strings attached. Legal teams using AI to analyze datasets or streamline workflows must **contend with risks** like data exposure, anonymization issues, and potential biases in AI models. Add to that the role of human error, which already accounts for 82% of data breaches, and **the stakes are even higher when AI is in play.**

AI has significantly changed the data privacy landscape, introducing risks like adversarial attacks on models and biased or inaccurate outputs. Since AI is only as good as the data it's trained on, flawed datasets can lead to costly mistakes. Recent corporate failures to protect data privacy underscore how damaging missteps can be, from regulatory fines to reputational fallout, and 36% percent of organizations cite concerns about regulatory compliance as a top barrier to adoption.

The solution? Legal teams need strong AI governance and data privacy strategies, including encryption, access controls, and closed AI systems using proprietary data. Combined with compliance efforts around GDPR and CCPA, these steps create a safer framework for leveraging AI while protecting client trust.

Takeaway

Generative AI for legal tech is a game-changer—but only for legal teams that prioritize data privacy, security, and compliance alongside innovation.



Given the rapid and continuous growth of AI, filling the immense accountability gap in how data is collected, stored, shared, and used is one of the most urgent human rights questions we face.

UN Human Rights Office





39% of legal tech leaders
prioritize strategizing for
new regulations.

Gartner

Compliance and risk management in the era of AI

Data privacy protects sensitive information, while compliance ensures adherence to regulations and manages broader risks like intellectual property concerns. When privacy measures fail—through breaches or flawed datasets—compliance issues often follow, leading to regulatory and reputational challenges. Legal teams must align privacy and compliance strategies to effectively manage AI risks and maintain trust.

As AI adoption grows, so does the scrutiny on its applications, especially in sensitive industries like legal compliance. Legal teams face increasing pressure to manage risks, from ensuring AI outputs are unbiased to navigating intellectual property concerns. Generative AI carries inherent risks, including data inaccuracies and potential regulatory violations, making a proactive approach to compliance more critical than ever. Indeed, 49% of organizations **manage AI risk** by monitoring regulatory requirements and ensuring compliance.

Generative AI can introduce potential regulatory violations when an AI model trained on public datasets inadvertently generates content containing proprietary or confidential information, violating intellectual property laws or data privacy regulations like GDPR or CCPA.

For instance, if an AI tool used in contract drafting reproduces a clause from a private agreement it was exposed to during training, it could breach confidentiality agreements and result in costly legal and regulatory repercussions.

While Generative AI introduces risks like biases and inaccuracies, it also offers powerful tools to address compliance and risk management challenges. Legal teams can leverage AI to turn potential pitfalls into opportunities for streamlined operations and stronger safeguards.

80%

of vendors will incorporate Generative AI platform capabilities into their governance, risk, and compliance technologies

Gartner



Fortunately, modern legal tech automation tools are stepping in to help. AI-powered platforms can monitor workflows in real time, flag risks, and ensure adherence to evolving regulations. These tools are becoming essential as the digital transformation of the legal industry accelerates. By 2027, **80% of vendors** will incorporate Generative AI platform capabilities into their governance, risk, and compliance technologies, and chief compliance and ethics officers are expected to **increase investments** in governance, risk, and compliance tools by 50%.

Tools alone aren't enough. Robust training programs and standardized best practices are crucial to help employees use AI effectively and confidently navigate emerging legal markets while minimizing risks. By pairing advanced tools with a well-trained workforce, legal teams can address AI's challenges and unlock its full potential, turning compliance risks into strategic opportunities.

Takeaway

Legal teams can tackle AI risks by aligning privacy and compliance strategies, pairing advanced tools with strong training programs to turn challenges into opportunities for smarter, more efficient operations.



Matter management systems evolving with integration capabilities

Matter management is the backbone of legal operations – and indeed, 55% of legal professionals list matter management as the most effective technology. It provides a centralized way to track, organize, and analyze all aspects of a legal team's workload.

From managing high caseloads to controlling budgets and timelines, matter management ensures that nothing slips through the cracks. It empowers legal departments to stay proactive rather than reactive, offering the visibility needed to identify trends, mitigate risks, and allocate resources effectively.

Matter management software is leveling up. What used to be standalone solutions now function as part of a broader legal management ecosystem, seamlessly integrating with tools like e-Billing platforms, contract management systems, and enterprise resource planning (ERP) software.

The result? A clearer, real-time view of caseloads, costs, and outcomes—all essential for making smarter decisions. This view is so essential that **31% percent of in-house legal departments** said they planned to purchase matter management technology.

With predictive analytics and AI-driven insights on the horizon, these systems will continue to evolve, helping legal teams allocate resources more effectively and deliver even greater strategic value.

Takeaway

Matter management systems are evolving into integration powerhouses, boosting legal department efficiency with tools to make data-driven decisions and drive efficiency.



When digital transformation is done right, it's like a caterpillar turning into a butterfly.

George Westerman, MIT Researcher



The legal tech management market was valued at \$2.9 billion in 2023, and is estimated to reach \$7.8 billion by 2032.

Allied Market Research

Conclusion

The future of legal operations is being shaped by rapid innovation, increasing complexity, and rising expectations.

The top five trends shaping legal operations in 2025 that will transform how legal teams streamline workflows, manage risks, and deliver strategic value:

Advanced legal tech

AI-driven contract management

Enhanced data privacy and security protocols

Proactive compliance and risk management strategies

Evolving matter management systems with integration capabilities

By adopting cutting-edge technologies, legal teams can stay competitive while delivering greater value to their organizations.

Ready to Get Started?



How SimpleLegal Can Help

SimpleLegal provides a modern legal operations management platform that streamlines the way corporate legal departments manage their matters, track and interpret spend, and collaborate with vendors and law firms. SimpleLegal combines e-Billing and spend management, matter management, vendor management, and reporting and analytics into one comprehensive application to optimize legal operations and the management of the entire legal department.

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