

SCG LEGAL AI STRATEGY EXCHANGE 2025 Session 1

Overview, Market Landscape, Strategic AI Application, ROI

Session 1 AGENDA

SCG Legal AI Program 2025

Market State-of-Play

2025 Legal GenAI Map

AI Vocabulary

Strategic Deployment Decisions

The ROI of GenAI Investments

The Education Mandate

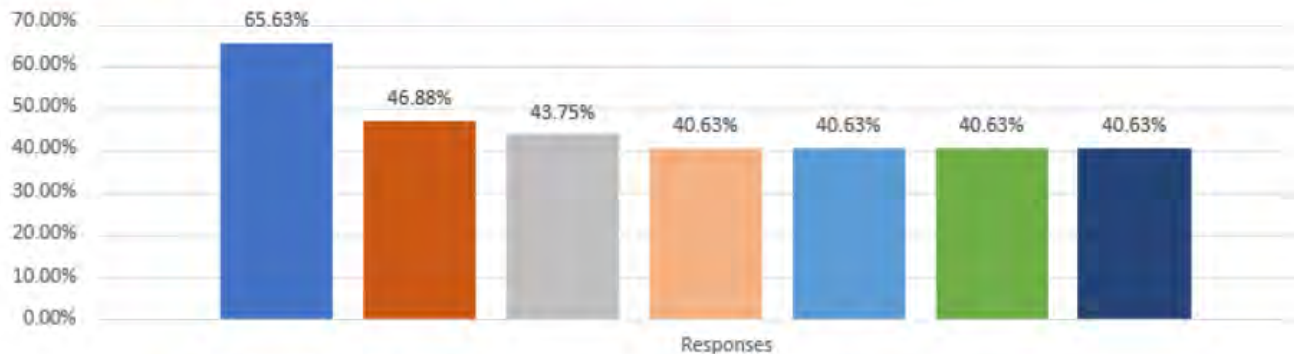
Q&A

SCG LEGAL AI STRATEGY EXCHANGE 2.0

An initiative brought to you by SCG Legal's AI Strategy Working Group in partnership with Legaltech Hub

SCG LEGAL AI STRATEGY EXCHANGE: Purpose

ADDRESS EXCHANGE 1.0 SELECTED MOST PRESSING 2024 AI STRATEGY NEEDS



- Formulating a comprehensive AI strategy
- Conducting AI pilot projects
- Utilizing AI and data to drive firm growth
- Staying ahead of regulatory changes in AI, ethics, and compliance issues
- Developing a robust data strategy, governance, and data quality
- Providing education and training for teams on AI and its implications
- Deploying 3rd-Party AI Applications

SCGLEGAL
A WORLDWIDE NETWORK OF LEADING LAW FIRMS



Programming Highlights

Session 1, January 23

Industry Insights, Lessons Learned

- Market overview and product landscape
- Strategic AI deployment
- Ensuring ROI of GenAI

Session 2, March 20

Evaluation and Selection

- Use case overview
- Use case identification
- Vendor questionnaires
- Legal AI efficacy

Session 3, May 7

The Profitability of Innovation

- Legal AI strategies
- Strategizing for profitability
- Business model changes
- Pricing of legal AI
- Metrics

Session 4, July 10

Applications and Use Cases

- Responsible deployment
- Governance
- Benefits of GenAI
- Broad versus narrow
- Getting Started

Session 5, September 10

Training Awareness Governance

- Developing curricula
- Associate programs
- Lawyer skills training
- Adoption and change
- AI tracking

Session 6, November 19

Prompting and Building

- To prompt or not to prompt
- Resources for prompting
- AI agents and workflows
- App development
- What success looks like



A Partnership Designed to Benefit You

SCG Legal AI Strategy Exchange



A proprietary program established with one goal:

➔ **To help network members gain strategic insights for advancing firm strategies and services by harnessing the power of artificial intelligence.**

Legaltech Hub



- Definitive resource on legal technology, providing a one-stop shop for high quality, objective data and market reports as well as tools and resources to help firms make the right legal tech investments.
- Team of advisors and experts supporting firms on AI strategy, legal tech selection, and digital transformation.

LTH Faculty



Nikki Shaver, CEO
Formerly Paul Hastings,
Stikeman Elliot



**Stephanie Wilkins,
Director of Content**
Formerly ALM, Above The Law



**Cheryl Wilson Griffin,
VP of Vendor Advisory**
Formerly Opus 2, King & Spalding



**Sarah Glassmeyer,
Director of Data Curation**
Formerly ABA, Reynen Court

Market State-of-Play

Overview

Law Firm Use

Fall 2024 usage:

- Law firms 34-51%,
- Corporate legal 23-41%

Adoption:

- 17.5-34% “actively using”
- UK - 11% in July to 41% in Sept 2024

AI Policies – Dec 2024:

- 10% of law firms, 21% corporate legal

Usage trends:

- Less building, more buying
- 1. Harvey, 2. Thomson Reuters (big law)
- 1. Microsoft (mid-law)
- Spellbook, vLex on the rise

Market Trends

Consolidation / M&A continues:

- Race to win 1st place AI Legal Assistant

Big Funding continues:


- Eve, Harvey, Abstract

Evolution continues apace:

- New startups every week
- Point solutions leveraging generative AI
- Back to problem-solving

AI Agents, Workflows, and Reasoning:

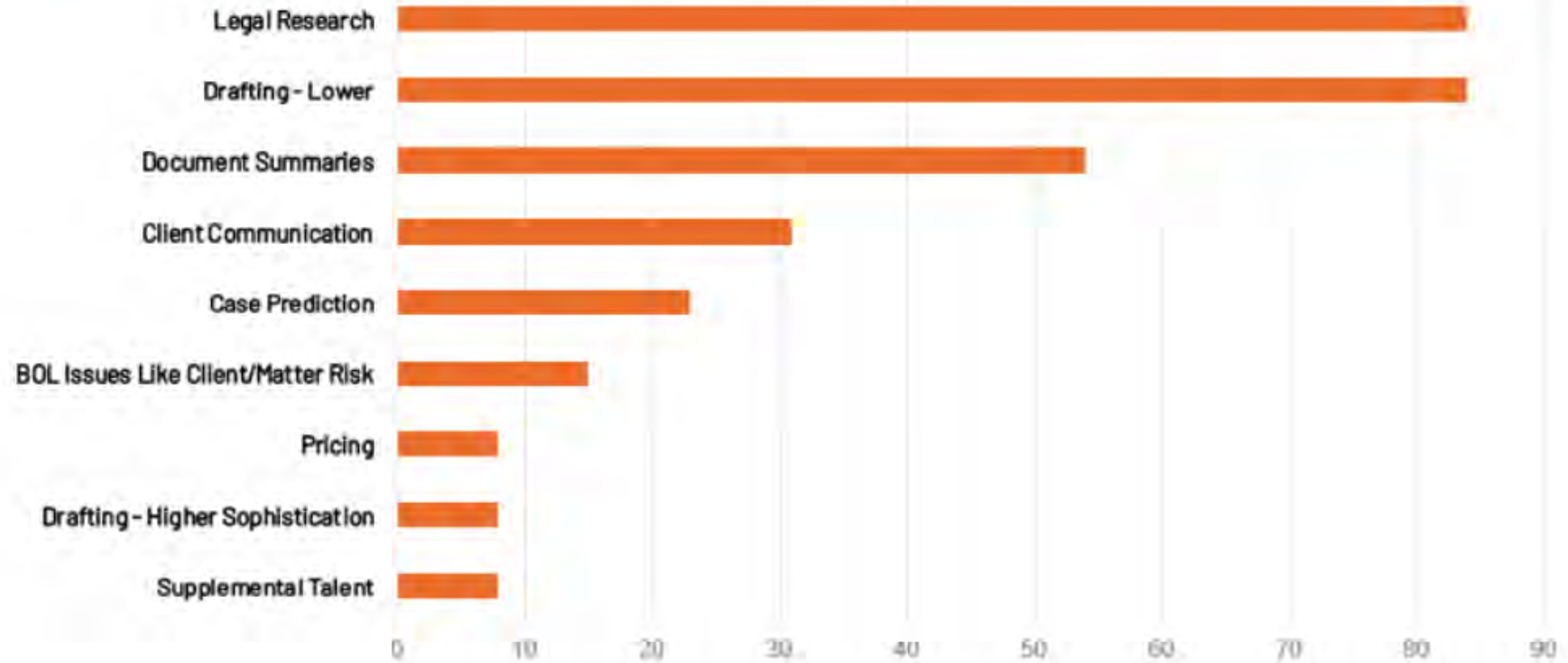
- Look out for agents, automated end-to-end workflows, and reasoning built into products
- AGI heralded by OpenAI

Hot Area to Watch: AI ADJACENCY 

2025 Legal GenAI Map

(Sneak Peek!)

AI APPLICATIONS FOR REVIEW



AI Vocabulary

AI / GenAI

Machine Learning

Large Language Models

Small Language Models

Open Source Models

AI Agents

Multi-Agent Systems

Tokens

Context Window

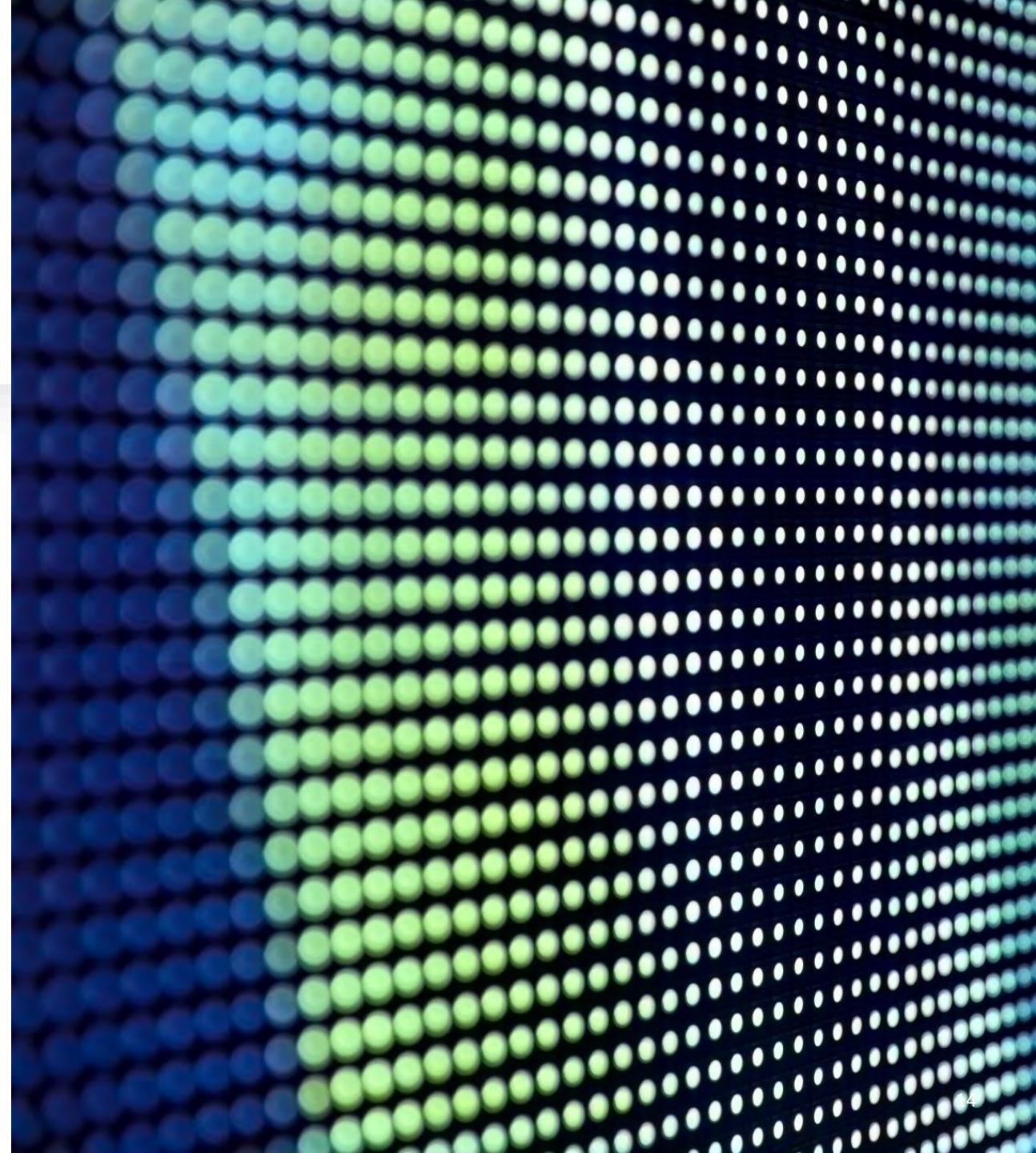
RAG (Retrieval Augmented Generation)

Grounding

Fine-Tuning

Vectorization

Source Attribution / Explainability





Prompt Engineering

Zero Shot Prompting

Few Shot Prompting

Prompt Chain

Chain of Thought Prompting

Chain of Density Prompting

Prompt Structure

Prompt Templates

Prompt Libraries

Output Parsers

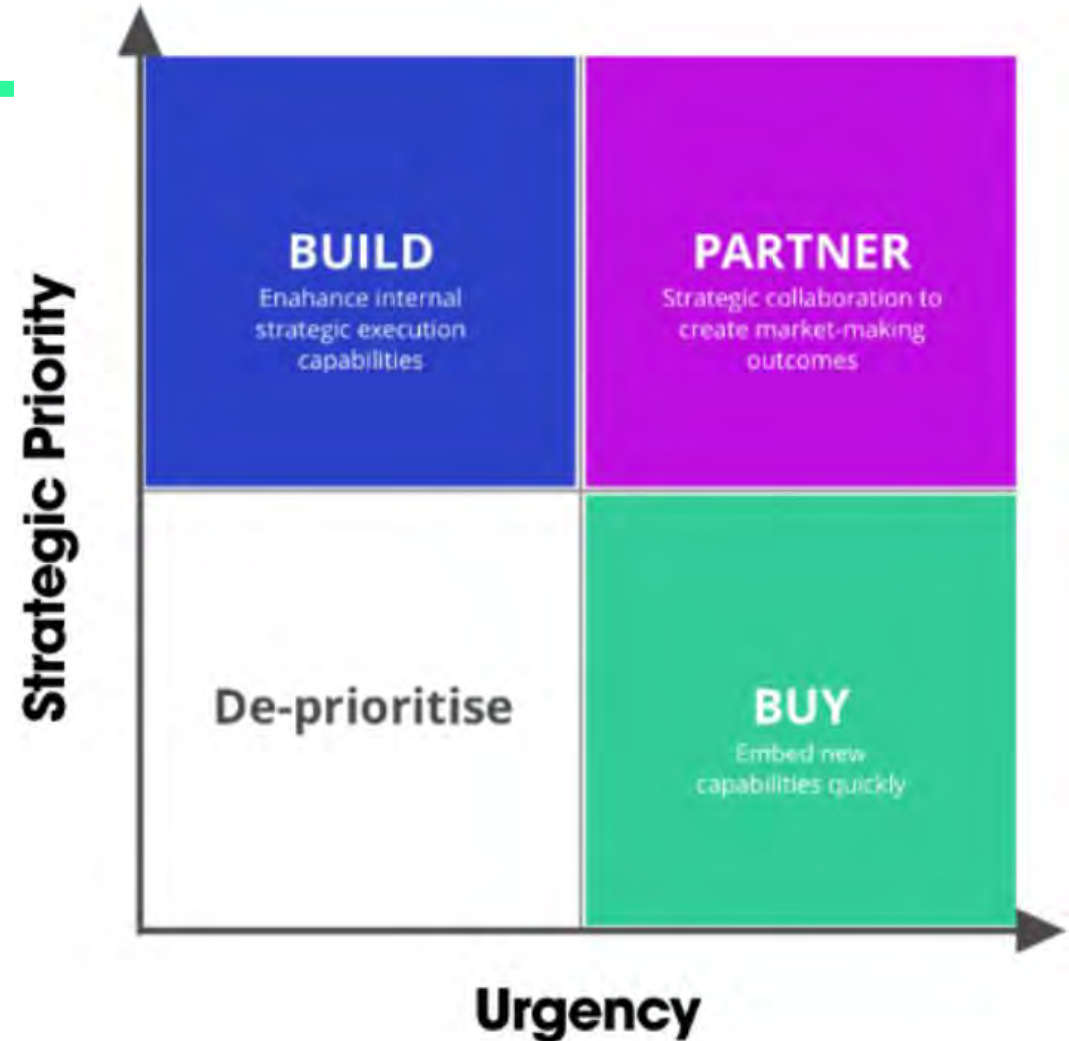
Key attributes of agentic AI vs. generative AI

Agentic AI		Generative AI
Autonomous action and decision-making	MAIN PURPOSE	Content creation based on training data in response to user prompts
High; acts independently to set and pursue goals	AUTONOMY	Low; reacts to user input and cannot set its own goals
Can adjust its behavior in response to changing conditions of real-world or virtual environments	ADAPTABILITY	Shows some adaptability, but cannot independently adapt to fully new or unstructured environments
Capable of setting its own goals	GOAL SETTING	No independent goal setting; operates within predefined constraints
Minimal; able to function with little to no human intervention	HUMAN OVERSIGHT	Necessary; operates based on user-provided prompts

Strategic Deployment Decisions

Build versus Buy

- Buy when:
 - Third party solution readily available
 - Meets user needs
 - Addresses key use cases
- Partner when:
 - Third party solution doesn't meet needs
 - Existing relationship with vendor
 - Capabilities to build per design
 - Win-win Opportunity
- Build ONLY when:
 - No third party solution that meets needs
 - Strategic imperative to do so



GenAI Adoption Cycles

Q1-Q2 2023: BUILD

Q3-Q4 2023: BUILD + PARTNER

Q1-Q2 2024: BUILD + PARTNER + BUY

Q3-Q4 2024: PARTNER + BUY

The LLM Conundrum: to Build or Not to Build?

Published on 2023-10-03 by [Nicola Shaver](#)

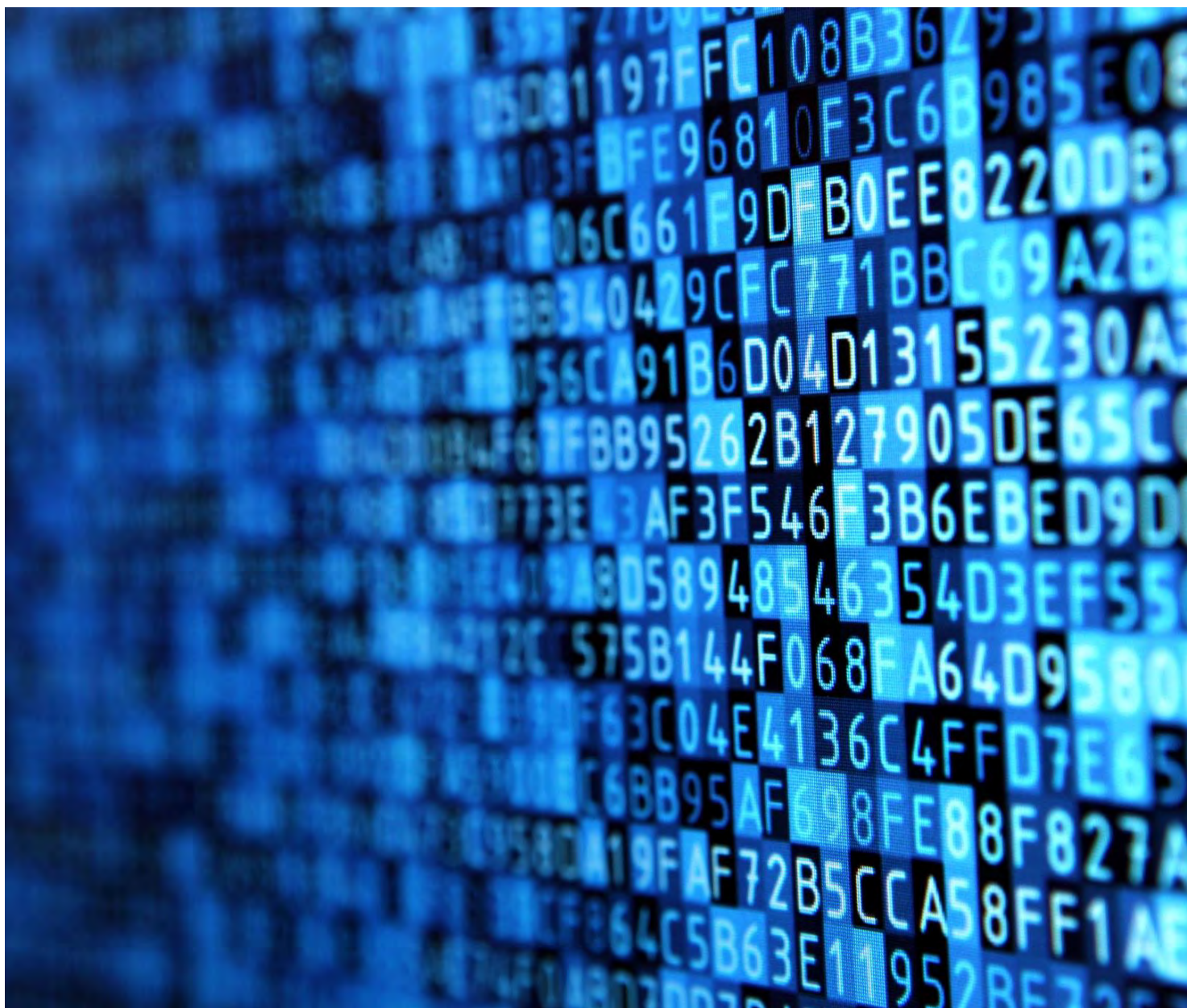
It's hard to believe, but it's now October, more than six months after the first announcement of a domain-specific large language model for law, and 10 months since the initial release of ChatGPT in late November 2022. Allen & Overy announced its partnership with Harvey in February 2023, Casetext released CoCounsel on March 1, and GPT-4 was released on March 14.

Since these events, the legal industry has been awash with press releases and we've seen activity from law firms different from what we've ever seen before. Although there are firms that have made no move in relation to generative AI or large language models, most large firms have at least communicated with their lawyers about ChatGPT (one way or another), and many have pulled together a committee, a taskforce, or some other group in order to plan for their approach to what many are calling an inflection point in legal technology.

And as of October 2023, we have already witnessed several cycles of adoption by law firms and legal departments.

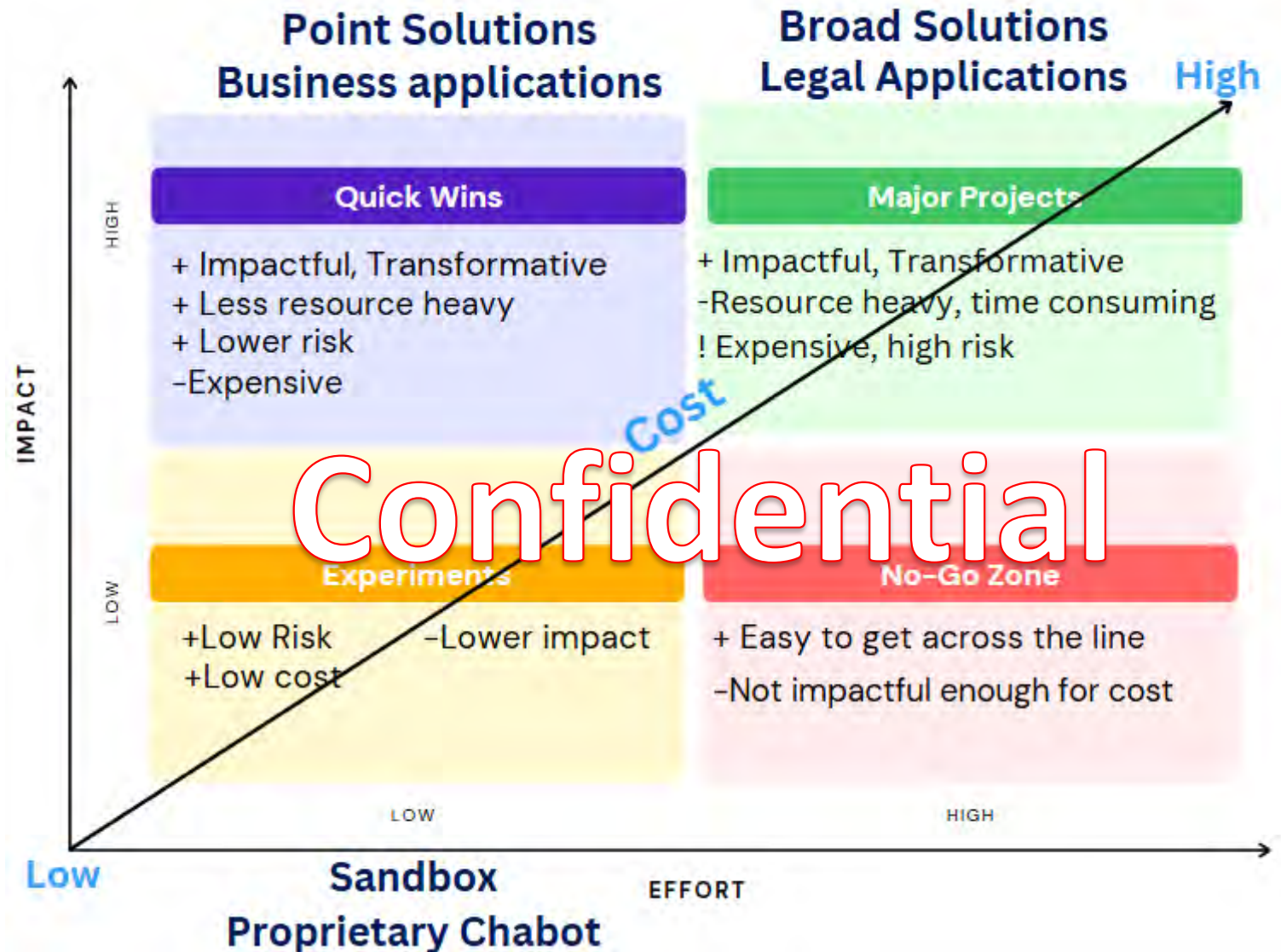


2025?



The ROI of GenAI Investments

Value-Effort Matrix as Applied to GenAI Projects



The Education Mandate



**“Technology is
moving faster than
we can adapt to it.”**

- Thomas Friedman

Continuous learning in VUCA times

VUCA: Volatile, Uncertain, Complex, Ambiguous

Educate

- Yourself
- Leadership
- Lawyers
- Business professionals

Q&A

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