

AI in the legal profession: Clients are driving the next wave of change

By **Marly Broudie**

Law360 Canada (August 27, 2025, 2:31 PM EDT) -- Artificial intelligence has long been framed as a tool that will reshape how lawyers work, from automating discovery to accelerating legal research. However, the real story emerging in 2025 is not simply about the technology itself but about what clients now demand from their lawyers.

Corporate legal departments and sophisticated consumers of legal services are recalibrating their expectations: they want faster turnaround, clearer pricing models, transparency about when and how AI is being used, and assurances that sensitive data is safeguarded. In other words, AI is not just transforming workflows within firms, it is redefining the very standards by which clients measure legal value.



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The new client baseline

Speed is no longer a luxury

Generative AI has collapsed the timeframes of core legal tasks. Research that once took associates hours can now be performed in minutes. Document review processes are increasingly supported by AI-driven platforms that highlight patterns and anomalies with efficiency that rivals, and sometimes exceeds, human teams.

For in-house counsel, this shift has recalibrated expectations. Surveys by Thomson Reuters and the Corporate Legal Operations Consortium in 2024 and 2025 found that a majority of corporate legal leaders now assume their external counsel are using AI tools to some degree. What was once an "innovation" is now considered table stakes.

The result is clear: responsiveness has become the baseline. Clients do not see rapid turnaround as an added perk, but as the natural byproduct of a modern practice. Firms unable to deliver with speed, and to show how they achieved it, increasingly appear out of step with the profession's evolution.

Transparency about process



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Another critical change is that clients want to know *how* their lawyers are doing the work. For decades, law firms operated as black boxes: clients received the final product but rarely insight into the mechanics of how it was produced.

AI has changed that dynamic.

Corporate clients, many of whom are experimenting with AI internally, now expect disclosure about whether and how their outside counsel use these tools. This demand is not only about ethics; it is also about risk management. Clients want assurance that outputs are lawyer-supervised, that confidential data is not exposed to public AI systems and that efficiencies are real rather than cosmetic.

Some courts have already formalized disclosure obligations. Several federal judges now require lawyers to certify whether filings were drafted with the assistance of AI. Meanwhile, bar associations across North America have issued guidance emphasizing duties of competence, confidentiality and communication when using AI. Clients are watching these developments closely and importing the same expectations into their outside counsel guidelines.

Pricing and the efficiency dividend

If AI reduces time, clients reasonably ask: why does my bill look the same?

The billable hour has always sat uneasily with technological innovation. Automation and process improvement reduce time, but the traditional model monetizes time. AI has sharpened this contradiction.

Corporate clients are now pressing firms to reconcile efficiency with value. Some are demanding alternative fee arrangements that reflect outcomes rather than hours. Others are asking for fixed or capped fees, or for blended models where time saved on routine tasks is reinvested into deeper analysis or strategic advice.

In recent surveys by the Association of Corporate Counsel, over half of respondents reported they expect outside counsel to pass along the benefits of AI adoption in pricing. Firms that resist risk losing credibility, and potentially work, as clients increasingly test the market for providers who align pricing with modern expectations.

Heightened scrutiny of security

The rise of AI has also pushed data security to the forefront. Law firms have long been viewed as attractive targets for cyberattacks because of the sensitive information they hold. Now, with AI tools handling or processing client data, the stakes are higher.

Corporate legal departments are extending their own vendor risk protocols to law firms. Outside counsel are being asked to meet enterprise-grade standards such as ISO 27001 or SOC 2 compliance, to evidence oversight of third-party AI vendors and to provide contractual assurances about data segregation and retention.

In other words, “We don’t paste your contracts into ChatGPT” is no longer a sufficient answer. Clients expect detailed accounts of how their information is handled, audited and protected throughout the AI lifecycle.

Where lawyers and clients are misaligned

The gap between adoption and expectation is widening.

On one hand, law firms are experimenting with AI at a rapid pace; reports suggest that nearly half of Am Law 200 firms have launched internal task forces or pilot programs. On the other hand, clients often struggle to see tangible benefits in the work product or in the bill.

The tension is threefold:

1. **Adoption vs. disclosure:** Firms may be using AI but are reluctant to reveal how, fearing it diminishes the value of their human work. Clients, however, want transparency and assurance of oversight.
2. **Efficiency vs. pricing:** AI compresses time, but the hourly model resists passing savings along. Clients expect at least some of the efficiency dividend to appear in pricing.
3. **Innovation vs. security:** Firms may deploy tools quickly, but clients require enterprise-grade assurances that many firms are not yet structured to deliver.

Building a client-centred AI framework

If clients are driving the change, firms must respond with deliberate frameworks that speak directly to expectations. At a minimum, that means:

- **Supervision:** Affirming that lawyers review, verify and take responsibility for all AI outputs.
- **Transparency:** Disclosing material use of AI in matters, particularly where it affects fees, filings or deliverables.
- **Security:** Meeting client-level standards for confidentiality, data handling and vendor oversight.
- **Pricing innovation:** Designing billing structures that recognize efficiencies rather than obscuring them.
- **Metrics:** Offering cycle-time and accuracy reporting so clients can see the benefits concretely.

Some firms have begun developing “AI use policies” that can be shared with clients as part of engagement letters or RFP responses. This type of proactive communication not only builds trust, it positions the firm as aligned with client priorities rather than lagging behind them.

The path forward

The AI revolution in law will continue to raise questions about bias, accuracy and regulation. But the more immediate shift is cultural: clients expect their lawyers to work differently. They are less interested in theoretical debates about what AI *might* do and more interested in whether their outside counsel is delivering service that is faster, more transparent and appropriately priced.

In this respect, AI is not merely transforming legal work. It is transforming the definition of legal service itself. Firms that acknowledge and embrace these evolving expectations will deepen client trust. Those that resist may find that their most significant competition is not other firms, but a client-led redefinition of what “value” means in law.

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