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9-10 April 2025
Hilton, Sydney



LEGAL INNOVATION REPORT 2025

PART 2 | PEOPLE & PROCESS

The human element: Unpacking the interplay
between People, Process, and Technology

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Introduction

Innovation in the legal industry has never moved at such a rapid pace, and in this report, we delve into the transformative impact of new technologies, most significantly Generative AI, on the legal industry.

Through our research and discussion groups we connected with professionals navigating the increasingly digital legal industry to understand the challenges and opportunities that they are facing.

This report will unpack the impact on legal and allied legal professionals and examine how prepared the Australian legal industry is as it enters a new era of possibilities.

The Research Process

We've conducted research groups in Sydney, Melbourne and Brisbane and had conversations with leading legal professionals Australia wide to gain pure and accurate information on the challenges, opportunities and emerging trends in the industry.

The themes and ideas that have emerged throughout this report will be taken and used to inform the agenda for the 2025 Legal Innovation and Tech Fest.

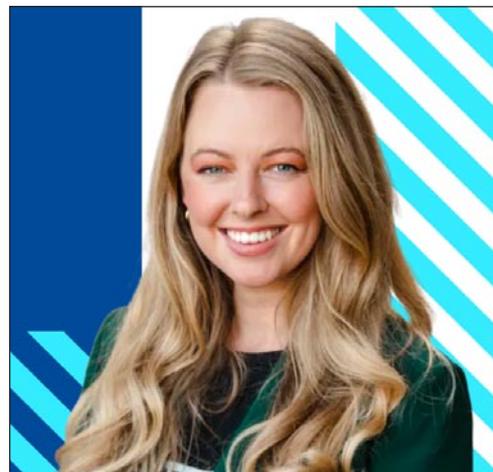
The Event

Legal Innovation and Tech Fest, 9- 10 of April 2024 will be held at the Hilton Sydney. We are bringing together more participants, speakers and exhibitors than ever before to discuss the issues that matter to the industry.

This event is a not-to-be missed networking opportunity and will also provide a forum to hear from a large contingent of technology providers in ANZ.

Across two days attendees will be able to hear from keynote speakers a real-world case studies and interact with panel discussions and product demos.

We hope this report informs and inspires you to embrace innovation and drive change in your organisation.



Anna Turner

**Program and Content Director,
Legal Innovation and Tech Fest**



2024 Research Collaborators

A huge note of thanks to the following organisations who participated in the research process:

Allens Lawyers	Hicksons Lawyers	Pinsent Masons
Arnold Bloch Leibler	Hive Legal	Slater & Gordon Lawyers
Ashurst Lawyers	IFM Investors	Stanmore Resources
Centre for Legal Innovation at the College of Law	K&L Gates	Sydney Fish Market Pty Ltd
Checklist Legal	Lander & Rogers Lawyers	Telstra Ltd
Clayton Utz	Law Path	The Royal Australian College of General Practitioners (RACGP)
Clyde & Co	Law Squared	The University of New South Wales (UNSW)
Colin Biggers & Paisley	McCabes Lawyers	The University of Queensland
Department of Communities and Justice NSW	McCullough Robertson Lawyers	Trilby Misso Lawyers
FRV Australia	McInnes Wilson Lawyers	University of Sydney
Hall & Wilcox Lawyers	McLay Legal	Westpac Banking Corporation
Health Care Complaints Commission	MinterEllison Lawyers	
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The Future of the Legal Industry



Part I of the Research Report, focused on technology, unpacked the challenges and opportunities presented by Generative AI in law firms and in-house legal teams. In Part 2 of the report, we will explore the impact that it is having on people and processes, and begin to understand the impending changes on the horizon.

During the research groups, participants discussed how the advent of gen AI is closing the knowledge gap that lawyers have traditionally relied upon to differentiate themselves. Clients are increasingly taking back work that was once outsourced to law firms, handling them in-house.

While law firms will still carry the risk and need to ensure the quality of work, they stand to be challenged by these changes.

The priority in resourcing has shifted - from viewing other law firm competitors as the main concern to now focusing on clients.

Law firms may not just provide traditional legal services anymore, as non-direct competitors, including their own clients with substantial digital budgets, start to encroach upon their territory. Likewise, it is becoming possible that law firms will face competition from new sources, such as legal technology providers.

Strategic decisions, particularly around investment, are paramount. The legal industry must also confront the digital divide; if action isn't taken today, it could become an insurmountable chasm. This evolving landscape demands law firms to adapt quickly and strategically to remain relevant and competitive. ■



Skills for Legal Professionals in a Digital Era

Some of the skills identified by the groups as important for next generation lawyers included:

- ◆ Comprehensive digital literacy
- ◆ Prompt engineering
- ◆ Curiosity
- ◆ Adaptability, flexibility and resilience
- ◆ Critical thinking
- ◆ Being able to communicate their own value

During the research groups there was much discussion around the skills that lawyers will need now and in the future, and how they are expanding beyond traditional legal expertise.

Participants agreed that with the rapid advancements in technology, consistency in the implementation of these skills is vital, and that when it comes to training and upskilling, a skills gap analysis can help determine the varying levels of knowledge within a firm or legal team.

However ultimately everyone, from entry-level associates to senior partners will need to embrace learning and development opportunities to thrive in high-tech organisations.



“We are witnessing the reinvention of the legal industry right now. AI is the catalyst and the enabler. Its impact is reverberating through the industry and well beyond the mesmerising, shiny new tools.

We’ve started to define, measure and divide everything - our work, efficiency, effectiveness, productivity, business and governance structures, competitors, capabilities, risk, value, pricing - into pre and post ChatGPT eras.

We have big choices to make. We have a huge role to play in making sure what comes next is right, fair and sustainable. As the saying goes, that means we have to get our own house in order first, or at least at the same time as our clients!”

Terri Mottershead

Executive Director, Centre for Legal Innovation at the College of Law

Of the above list, the skill that has become more critical with the dramatic increase in the application of gen AI is digital literacy, with many arguing that to succeed in the industry, lawyers need a solid understanding of technology and its applications.

Law firms in particular must ask whether their staff can continue performing without training in gen AI technology. A crucial starting point for education is prompt engineering, as well as being able to understand where gen AI can and should add value.

Making this training mandatory is a topic of debate and when it comes to improving uptake, participants discussed a variety of ways to encourage this, with many feeling that it is crucial for managing partners to be seen learning and using these tools, as this sets an example for the rest of the team. Others preferred to tap into the competitive nature of legal professionals and incentivise the initiative to upskill.

Some other creative suggestions to enhance skills development that came up during research included reverse mentoring and a modern twist on secondment that would send burgeoning lawyers to other organisations such as tech companies to gain insights.

Many noted that legal teams will also continue to expand and evolve to include not only legal specialists but also other technical specialists, such as data analysts, along with the rapidly growing role of legal operations.

Overall, the legal profession is changing, different skills will be required to deliver various services and value. The delivery of training, whether on-demand or in-person, must cater to diverse needs, and addressing the digital skills gap and improving literacy are critical. ■

“Finding and retaining top talent in law hinges on fostering an environment that encourages continuous learning and embracing technology. This is especially crucial with the advent of generative AI.

Law firms must provide the time and resources for lawyers to explore, test, fail, learn and try again. Lawyers need to apply a curious and questioning mind to emerging technologies.

Given that a recent study showed that the more a person uses AI, the less critical thinking they exhibit, we need to have strategies in place to educate. While AI can handle repetitive tasks, strategic thinking and creative problem-solving remain uniquely human skills.

Lawyers must use these skills to develop innovative legal strategies. As a result, you will have more time focusing parts of your skills that are more human-centric, like creativity, problem solving, empathy, and leadership. This can only be a positive!”

Leona Blanco

Knowledge and Information Manager, APAC, Clyde & Co



“Curiosity and a willingness to embrace new ways of working are critical for legal professionals. Modern tools, including generative AI, are far more user-friendly than the complex systems of the past.

But it’s up to you to work out the best way to use these technologies to support your work – this isn’t something software vendors or your firm’s IT team can uncover for you. Don’t wait to be spoon-fed the answers.

No matter where you work, legal professionals who take ownership of their own upskilling and experiment with new tools will have the power to shape their own futures, rather than letting others shape it for them.”

Fiona McLay

Principal Consultant, McLay Legal Consulting



Managing Change

Across the three research groups, participants unanimously agreed that change management in law firms and in-house legal teams remains a significant challenge.

We asked research group participants, what does change management mean to you?

It is about the **people**, people should be first

Change is not set and forget, it's an ongoing process of adapting to what is coming at us

It's a reactive process that we have to constantly undertake

Often, change is poorly managed due to a lack of forethought for the human aspect, the impact it has on **people**. Similarly, a lack of clarity around who is responsible for managing the change is an obstacle, with attendees discussing how, despite the best attempts of organisations to form committees to oversee change, there is often a lack the authority granted to make meaningful decisions.

This leads to a scenario where multiple individuals can veto change, but few can approve it.

"There is likely to be a shift in the role of legal professionals, as AI changes the way we work and legal technology continues to evolve quickly. Education around digital literacy (including what AI can be used for and prompting) needs to be embraced as lawyers learn to adopt these tools.

Developing critical thinking skills, commerciality, curiosity and an open mindset to change will be important too. By cultivating these skills, legal professionals will not only maximise the benefits of using this technology but deliver better value to their clients."

Lisa Ziegert
Director - Client Solutions,
Hall & Wilcox



How can we better manage change?

- Taking away the fear factor
- Bringing in tech as a change that needs to be managed, rather than as introducing a tool
- Reducing all the noise
- Cutting through the digital fatigue
- Creating focus groups - actually talking to learn and creating really safe spaces to have these conversations

The mindset towards change, especially with the advent of gen AI, varies widely. Some individuals remain resistant and concerned, while others struggle to understand the influx of information surrounding it.

There's a crucial need to communicate upcoming changes effectively, equip teams with the necessary tools, and foster a mindset open to adaptation. However, the sheer volume of change and the pace at which it occurs can be overwhelming and traditional organisational structures may not support long-term, systemic change. Attendees also asked the question of whether a change in mindset can only be achieved through visionary leadership.

Participants shared that in their experiences, people often resisted change due to past negative experiences, and due to the absence of adequate support from strategic and project perspectives, which lead to fatigue.

Ambiguity is also a significant barrier; and for lawyers, who are traditionally excellent at managing risk and ensuring compliance, being open to new risks requires a different approach. Aligning the mindset shift with technological advancements is essential.

Consistency in messaging and creating a safe environment for lawyers is imperative, with everyone at different stages of accepting change, it is important to recognise and address individual needs.

Navigating these changes requires a consensus among senior decision-makers, who often have conflicting views. The shift in change management needs to be systemic and requires a collective effort to foster an environment where change is not only accepted but embraced. ■



“Change management in the legal industry is uniquely challenging, as it often involves reshaping deeply rooted traditions whilst maintaining a high level of service both to Partners & staff but also clients.

Effective [and ultimately successful] change requires a people-first approach, where stakeholders are engaged early, and their feedback is integrated into the process.

From my experience, the most successful change initiatives are those that break the process into manageable stages - combining quick wins with long-term transformation goals.

For instance, in one recent project, we introduced a replacement document management system and provided everyone in the business with early access workshops, live demos, 1:1 feedback sessions, hands-on training and addressed resistance through clear communication about the benefits for the user, the team, the firm and the client.

Change management is not just about technology; it's about fostering a culture of adaptability and collaboration to thrive in an evolving legal landscape, remain competitive for our clients and unlock new opportunities for the business.”

Michael Barrett
Head of Technology
and Innovation,
Hicksons Lawyers



“We can never forget that at the end of the day, we are forecasting fundamental disruption to the way lawyers have worked for since the beginning.

Disruption can feel chaotic, endless, and frightening. It requires facing into the unknown and having tough conversations. It feels unsafe.

So the job of anyone shepherding the legal industry into this new era is to remember this and focus very hard on creating a sense of safety and comfort.

Empathy is going to be the big ticket here - we must always remember why lawyers are lawyers and what these changes might take away from them.”

Mollie Tregillis

Founder, Mollusc



“With generative AI driving so much technological change, supporting our people through this transition and adapting our processes has never been more important.

At K&L Gates, we are conscious of the people, process, and technology paradigm. We have focused on giving our people the right generative AI skills and tools, creating a culture where they can creatively imagine how a process or opportunity can be improved, and giving them permission to experiment.

We continue to support them in their generative AI journey by running peer-based clinics where they can collaborate, workshop ideas and share insights.”

Anja van der Weerd

Manager, Practice Innovation and Knowledge, Australia, K&L Gates



“With the growing adoption of AI, it is crucial to prioritise your people.

Equipping your team with the right skills, providing clarity about the path forward (where you're able to) and being transparent about the things you don't yet know will ensure your team remains engaged and aligned.”

Alexandra Vost

Senior Manager - Legal Optimisation, MinterEllison



Planning for Process Success

Mastering the processes around technology, from purchase to implementation, remains a top priority for both law firms and legal teams.



Participants agreed that establishing a robust process is paramount when considering the implementation of new technologies and came up with the below critical points for success.

- It begins with clearly identifying the problem and determining whether the solution involves tech.
- A structured process then needs to be in place to evaluate whether to buy or build, ensuring that a use case is identified before any decisions are made.
- Securing resources and making a compelling business case for evolving technology - although challenging, especially with the rapid pace of new developments - is the next step.
- This process must be comprehensive, involving budget considerations and resource allocation, and not confined to a single department to avoid overburdening a small group of innovators.
- It is then crucial to test and experiment quickly, adopting a "fail fast" mentality to adapt efficiently.

Decisions to purchase technology should be based on strategic needs rather than competitive pressure, with some attendees reporting that unfortunately, some businesses were still making purchases simply because competitors have adopted certain technologies.

Discussions at senior levels often emphasise the importance of embracing new tools like gen AI, but without a deep understanding of the technology, decisions around resourcing can be reactionary and ill-informed.

Therefore, it's vital for law firms to have a clear, consistent process to manage technological integration effectively. ■

"By cultivating an environment where change is seen as a positive force, and imperfection is embraced, you'll help staff adapt more easily and reduce resistance to change."

Introduction of new legal process, especially those driven by technology, might face resistance because of a lack of understanding making them hesitant to support change until they feel more confident about its implications and purpose."

Natalie Del Mastro

National Preliminary Investigations Manager, Slater + Gordon Lawyers





Evolving Client Relationships

As with most other areas, gen AI is impacting the relationship between law firms and their clients. The research groups brought together participants from both law firms and in-house legal teams, and the ensuing discussion was frank and showed an appreciation for the challenges faced on both sides.

Clients are more often expecting law firms to use gen AI, but they often have specific conditions around its use, such as restrictions on having their data integrated into internal gen AI systems, making it crucial to ask for their consent before using these tools.

In many cases, clients came from organisations with significantly larger IT budgets, and had expectations that law firms match their processes. Consequently, attendees from law firms reported there being pressure to keep up with other industries.

The upside to this, it was agreed, is that it encourages change, with the most effective way to persuade lawyers to adopt new practices

being through client approval as it drives lawyer acceptance. However, all use cases and ideas need sanity testing to ensure they are relevant and practical.

In-house counsels are sometimes ahead in technology adoption, which adds to clients' expectations. The value proposition of legal work must meet or exceed client expectations, and clients seek some form of standardisation.

Clients also should not assume lawyers will bear all the risk. This ongoing evolution underscores the importance of clear communication and strategic thinking in maintaining strong lawyer-client relationships. ■



"There can be no doubt that legal technology has radically transformed the way that lawyers undertake their day-to-day work, including by streamlining their own internal processes and improving productivity.

While technology can unlock impressive cost savings, opportunities may exist for achieving further benefits if technology innovations can also be used to empower clients of law firms to minimise the need to seek out the help of lawyers in the first place, for example by helping clients solve problems themselves.

This may seem counter-intuitive, but lawyers at every level must continually evolve and adapt their value proposition to stay relevant. If they don't, they may find that technology solutions may increasingly disrupt traditional forms of legal work and encroach into domains in which they historically operated exclusively."

Michael Guilday

General Counsel & Head of Property, Sydney Fish Market



Mira Renko
Special Counsel,
Practice Innovation and
Knowledge, K&L Gates

“The use of AI in the delivery of legal services may potentially transform pricing strategies for law firms, as automated legal processes and tasks can lead to reduced costs for those aspects of the services that can be more efficiently performed with a technology solution.

This evolution (and some say revolution) poses a challenge to the traditional billable hour model, prompting firms to consider alternative pricing structures such as flat fees or value-based billing to maintain competitiveness.

As clients increasingly seek transparency and efficiency, law firms that clearly communicate with their clients how they are using AI in their delivery of services will come out ahead in client satisfaction and retention while optimising their operational processes.”



Melissa Lyon
Executive Director &
Experience Designer,
Hive Legal

“It’s time for those who continue to operate with a traditional law firm model to question if that will continue to work for them as we see Gen AI challenge the way we work, what we do, how we deliver services and how we price those services. Nothing better than a disruptive influence to get us thinking differently and looking for opportunities to design and build better business models that work for us, our teams, and our clients.

The use of Gen AI means law firms need to be rethinking the billable hour ... not in the future but now. This will mean working with your clients to truly understand the value of the outcomes you help them achieve. In our experience, pricing based on value, rather than time, incentivises us to be effective, builds trust, aligns expectations, provides certainty, and creates great relationships.”

“The integration of AI in legal services has created a complex dynamic where both clients and lawyers share a mixture of enthusiasm and caution, particularly regarding how AI interfaces with client deliverables.

While law firms are increasingly leveraging AI for backend operations and research, we’re seeing some clients explicitly mandate that AI not be used in creating their legal work, while others express concerns about their commissioned work being used to train AI models without additional compensation.

These specific client directives, combined with varying practice directions that often treat AI as a monolithic technology rather than a nuanced toolkit, have created barriers to client-facing AI applications.

This has led to an intriguing paradox in the client-lawyer relationship: while both lawyers and clients seek AI-enabled efficiencies and fixed-fee arrangements, clients simultaneously express reservations about how law firms employ AI in their work, creating a delicate balance between innovation and control that the industry is still working to navigate.”

Robyna May
Chief Information Officer,
McInnes Wilson Lawyers



The Great Pricing Debate

The discussion around pricing in the legal industry has been sparked at the research groups over the last couple of years, however going into 2025, we found that, primarily due to the impact of gen AI, the debate was more robust than ever.

When it comes to the billable hour, and the alternative model of value-based billing, there was no true consensus amongst the groups on which will reign supreme in the future.

Some participants argued that whilst there's an assumption that clients are ready for a new pricing model, many still prefer the familiarity of hourly rates.

The transition to value-based pricing involves significant learning and adaptation, especially when considering the impact of AI (see Part I of the report for further discussion on how clients are being billed for work produced by gen AI).

One key question is whether pricing directly equates to value, and attendees felt that lawyers often contemplate pricing because it reflects their perceived value. With law-adjacent industries, like accounting, offering similar services, there's increased pressure to reconsider pricing strategies.

Another consideration is whether individuals need to be compensated based on their individual value to feel comfortable with value-based pricing.

Additionally, the initial client contact method – whether through a website, where standardised

“With the rapid rise and adoption of new Gen AI technologies across the legal industry, the question on everyone’s lips is how will this impact our traditional billing models? Will AI kill the billable hour? It might.

The time-based billing model is ill suited to new technologies that are aimed at optimising efficiency and reducing time and cost.

My hope is that the impact of these new technologies will catalyse us to reflect deeply on whether our old systems and structures are aligned to the future way of working.

Our experience at Moores is that value pricing is better aligned with the adoption of new technologies as well as empowering our people and our clients to be more adaptable, sustainable and future-fit.”



Tessa van Duyn

CEO and Practice Leader, Moores

pricing is expected, or a phone call, where billable hours are more acceptable – can influence pricing expectations.

With more boutique firms taking a value-based approach to pricing, only time will tell if the billable hour will ever be redundant. ■

CONCLUSION

There is an extensive amount of evolution happening in the legal industry, and I hope that you have found Part 2 of the 2025 Legal Innovation Research report informative and illuminating.

[Click here to download Part 1:](#)



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