

Legal Tech: The Crucial Role of Legal Stewardship During the AI Revolution

Law Department Management

Technology, Privacy, and eCommerce



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Embracing the AI paradigm

In the swirling vortex of modern conversations around technology, the metaphor of the “red pill or blue pill” from *The Matrix* has surged to the forefront, symbolizing the choice between embracing the harsh truths of reality or retreating to the comfort of blissful ignorance. Unlike the characters in the film, leaders in today’s legal and corporate realms don't have the luxury of choosing one reality over the other. Instead, they must navigate the complex interplay between leveraging artificial intelligence (AI) for strategic advantage and safeguarding against its potential pitfalls. The office of general counsel stands at the helm of this crucial balancing act, tasked with harnessing AI’s transformative power while ensuring the pillars of accuracy, transparency, and ethical integrity are uncompromised.

The dual nature of AI: Opportunities and risks unveiled

The scope of AI’s influence is colossal and ever-expanding, presenting a dual landscape of unprecedented opportunities and formidable risks. In-house counsel is now navigating a world where AI’s adoption is not just an option but a necessity, with its applications spanning from operational efficiencies to strategic innovations. This rapid integration of AI into every facet of business operations — from enhancing customer interactions with chatbots to driving product development

through market insights — underscores the critical role of legal leaders in steering their organizations through the evolving digital terrain. They must adeptly mitigate the vulnerabilities AI introduces, such as intellectual property breaches and biases in automated decision-making, while championing its potential to revolutionize industries. The office of general counsel is thus poised as the guiding light, ensuring that the organization survives and thrives in the age of AI.

The exponential growth of AI: A glimpse into the future

Venturing into the vast expanse of AI, we find a landscape that is not only immense but also expanding exponentially. This dynamic realm presents numerous considerations for in-house counsel, who stand at the frontier of navigating both its promising horizons and its lurking challenges. As we delve deeper into this field, we must arm ourselves with a nuanced understanding of the myriad ways AI can shape, shift, and sometimes shake the very foundations of our legal and organizational frameworks. The insights gathered here are a glimpse into the vast array of factors that legal professionals must weigh as they guide their entities through AI's thrilling yet intricate world.

AI adoption and its impact across industries

The trajectory of AI adoption is set to soar even higher as we approach 2025, with its influence permeating both the corporate and personal domains at an accelerated pace. Consider these compelling statistics:

- According to Semrush, a striking 73 percent of US businesses are already harnessing AI in various capacities, a figure that's likely underreported due to the prevalence of "shadow AI," where employees integrate personal AI tools into their workflows unbeknownst to their employers.

- Nearly half (44 percent) of these businesses leverage generative AI to craft content, indicating a significant shift in content creation methodologies.

- The introduction of ChatGPT in November 2022 marked a pivotal moment, amassing a million users in merely five days and, astonishingly, reaching 100 million users within two months. A year into its release, over half (54 percent) of companies had adopted generative AI for various applications.

- By August 2023, the adoption of ChatGPT had surged, with over 80 percent of Fortune 500 companies integrating it into their operations.

This rapid expansion of AI across industries signals a transformative shift in how businesses operate, impacting every facet of their activities and the experiences of their customers:

- Customer service departments are increasingly deploying chatbots and other AI-driven tools to enhance efficiency and improve service delivery.

- Marketing teams are utilizing AI for a broad range of functions, from segmenting customers to

generating diverse forms of content, including emails, image captions, and images, showcasing AI's versatility in content creation.

- In the realm of logistics and supply chains, AI is revolutionizing delivery systems by enabling real-time routing adjustments based on evolving weather and traffic conditions.

- IT departments are tapping into AI's potential to streamline code writing, debug programs, and bolster security measures against vulnerabilities.

- The product development sector is leveraging AI to mine social media for consumer insights, accelerating the journey from concept to market while optimizing costs and enhancing efficiency.

- Human resources departments embrace AI to refine hiring processes and tailor career development programs, guiding employees through their professional growth with unprecedented precision.

As AI continues to evolve, its integration into various organizational departments is not just becoming common practice but a strategic necessity, fundamentally redefining the landscape of business operations and customer engagement.

Navigating the AI landscape: Challenges and threats

While AI offers a plethora of advantages to businesses, it also introduces a range of significant vulnerabilities:

- Employees using tools like ChatGPT can inadvertently place the organization at risk. Inputs fed into these tools can become part of their permanent dataset, potentially including sensitive information related to intellectual property or product safety, thus exposing the company to substantial financial and reputational damage.

- When employees leverage AI tools with a comprehensive understanding of their mechanisms, they avoid inadvertently disclosing confidential information, such as details of upcoming product launches, strategic market expansions, or sensitive financial data that fall under regulatory scrutiny.

- If based on biased data, the reliance on AI for recruiting and hiring processes poses a risk of institutionalizing discriminatory practices, leaving the company vulnerable to legal and ethical repercussions.

Moreover, the landscape of external threats is expanding:

- Cybercriminals increasingly utilize AI to enhance their hacking strategies, from cracking passwords to stealthily infiltrating and exploiting network vulnerabilities. This necessitates

continually evolving an organization’s cybersecurity measures to stay one step ahead.

- The sophistication of phishing attacks is also on the rise, with AI-generated emails mimicking legitimate communications more convincingly than ever, making it difficult for customers to discern their authenticity.

- Fraudulent transactions are becoming harder to detect, with AI enhancing the ability of bad actors to create counterfeit websites that mimic legitimate business platforms, tricking customers into revealing sensitive information.

- Creating deepfakes and malicious social media content through generative AI technologies poses a new threat to organizational reputation, necessitating vigilant monitoring and swift response strategies to mitigate potential damage.

These examples underscore the dual-edged nature of AI in the business context, offering transformative potential while demanding heightened vigilance and adaptive security measures to protect against emerging risks.

The AI steward: A new dawn for legal governance

The imperative to navigate the complex landscape of AI necessitates a unique blend of vigilance and strategic foresight, qualities that are inherently aligned with the office of general counsel’s mission. Integrating AI across diverse operational realms presents an intricate tapestry of potential and peril. In this context, the emergence of the AI steward role within the office of general counsel becomes relevant and essential.

An AI steward is the custodian of AI’s ethical and strategic deployment within an organization. Unlike traditional roles that may claim ownership of specific tools or processes, the AI steward operates across the entire organizational spectrum. The executive team entrusts them with the critical task of balancing AI’s vast capabilities against its risks. This involves a deep dive into the practicalities of AI’s current application, its future potential, its ethical implications, and the policies governing its use. The steward’s role extends to uncovering hidden or “ghost” AI applications that may accelerate work but also introduce risks, and ensuring that intellectual property and sensitive data are shielded from the vulnerabilities inherent in AI technologies, including external cyber threats.

Positioning this stewardship within the office of general counsel underscores a strategic alignment with the office’s overarching responsibility to safeguard the organization’s integrity and future. The general counsel’s office — with its comprehensive overview of the organization’s ethical, legal, and operational frameworks — is uniquely positioned to assess and address AI’s multifaceted challenges and opportunities impartially. This cross-functional vantage point enables the AI steward to act without bias, focusing solely on the best interests of the organization at large, thereby ensuring that the deployment of AI technologies is both responsible and aligned with the organization’s core values and strategic objectives.

Charting the course: The role of the AI steward explained

Moving forward, the journey begins with a pivotal announcement from the CEO, designating the office of general counsel as the guardian of AI ethics and governance within the organization. This declaration clarifies the role of all functional area leaders and sets the stage for a transformative shift towards a comprehensive, technology-informed approach to legal oversight.

Key responsibilities and strategies for AI governance

Embarking on this path involves a series of strategic and operational tasks to embed ethical, precise, and transparent AI usage into the organizational fabric. These tasks span from defining the core principles that will guide AI's ethical deployment to identifying and mitigating high-risk threats that may compromise the organization's integrity. The role also entails drafting AI policies that serve as both a framework for responsible AI use and a set of dynamic guidelines that evolve in response to technological advancements and regulatory changes.

Key responsibilities include:

- Collaborating with functional area leaders to pinpoint vulnerabilities and devise robust countermeasures.
- Crafting AI governance policies that empower employees to innovate within a structured ethical framework.
- Fostering a culture of continuous learning and adaptation, ensuring that all personnel, including those within the office of general counsel, remain abreast of AI's evolving landscape and its legal implications.
- Proactively engaging with new AI technologies, assessing their fit within the organization's strategic vision, and spearheading the integration of compliant, beneficial AI applications.
- Maintaining rigorous compliance oversight and educational initiatives to elucidate AI's role and limitations within the organization.
- Leveraging industry conferences and educational resources to stay informed of both technological trends and legislative developments impacting AI.
- Instituting a regular reporting mechanism to the C-suite, highlighting key AI governance activities and insights without inundating them with data.
- Implementing a systematic review process to refine AI strategies based on feedback from across the organization.

The future of AI stewardship

The mantle of AI stewardship is significant, placing the office of general counsel at the heart of the organization's technological evolution. With a foundation rooted in legal expertise and a commitment to ethical stewardship, the office is uniquely positioned to navigate AI's multifaceted challenges and

opportunities. This role transcends traditional legal advisement, demanding a proactive, informed, and balanced approach to ensure that AI drives innovation and integrity within the organization.

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Kevin Keller is an attorney positioned at the nexus of law, business, and technology. His leadership and strategic ability have been sharpened by more than 25 years of experience on the front lines of innovation, including co-founding a technology incubator and holding leadership positions at top tech companies such as Microsoft, Amazon, Meta, and Instacart. Of his experience, Kevin has spent over 15 years advising on AI — including for products like Amazon's Silk Browser, Amazon's Just Walk Out Shopping Technology, Amazon's Astro Robot, Meta's algorithms, and Instacart's shopper routing and advertising/suggestions algorithms. As Legal at Adept AI Labs, Kevin continues to advise on issues related to creation and deployment of multimodal models and creation of useful general intelligence in the form of AI Agents.

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