

AI Counsel: Challenges, Strategies, and the Road Ahead

Career Development

Technology, Privacy, and eCommerce



The legal profession is at a crossroads, with artificial intelligence (AI) reshaping the in-house counsel landscape at an unprecedented pace. According to a recent ACC survey of 475 in-house legal professionals, 23 percent of respondents are already using generative AI (GenAI) in their work, and an additional 15 percent are actively exploring its potential. This rapid adoption underscores AI's transformative promise but also highlights the challenges, strategies, and emerging trends that corporate legal teams must navigate to thrive in this new era.

Practical challenges for legal teams

While AI offers immense opportunities for efficiency and cost savings, its integration into legal workflows presents several hurdles.

Data privacy, security, and regulatory complexity

Legal departments must navigate global regulations as they adopt AI tools that process sensitive data. Challenges include data governance, cross-border transfers, and risks tied to training AI on confidential documents. With frameworks like the EU's AI Act and US state laws on data transparency, in-house counsel must ensure compliance across jurisdictions.

Bias and accountability

AI systems reflect the biases of their training data. Legal teams must address these biases to ensure fairness and tackle accountability issues when AI outputs lead to errors or disputes.

New! The ACC AI Center of Excellence for In-house Counsel is a brand new resource, designed

specifically for in-house counsel, to help legal departments navigate AI with clarity and confidence. The AI Center of Excellence will offer:

- Curated tools and insights
- Peer learning from real-world use cases
- Ethics, risk and governance frameworks, and guidance tailored for Legal
- Leadership strategies for the AI era

The perfection paradox

AI is often held to unrealistic standards of perfection, unlike human systems, despite humans causing over 90 percent of traffic accidents due to error. While not flawless, AI is more consistent and less error-prone than humans. The focus should be on whether AI outperforms the flawed systems it replaces, not on achieving perfection.

Adoption gaps

Many legal departments lack formal governance and training for AI adoption. While employees often use AI tools with leadership's support, the absence of official policies highlights a significant oversight gap — one that many organizations are still working to address.

5 proactive strategies for counsel

To harness AI's potential while mitigating its risks, in-house teams can adopt forward-thinking strategies:

1. Prioritize ethical considerations

Transparency in AI use builds trust, especially in tech-heavy teams. Legal teams must review outputs for accuracy and fairness while addressing algorithmic biases to meet ethical obligations and maintain stakeholder confidence.

2. Develop robust AI governance frameworks

Clear policies for AI use are essential, including defining acceptable applications, approving new tools, and updating guidelines to reflect regulatory changes. Training employees on these policies ensures consistent compliance.

3. Invest in training and education

AI competence is a core ethical duty for lawyers. Training programs should equip legal teams with skills to use AI responsibly, understand its capabilities and limitations, and provide informed guidance to AI development teams.

4. Leverage purpose-built legal tech

Industry-specific AI tools, such as intelligent contract management platforms, can streamline workflows and reduce costs by up to 60 percent. Choosing tools that integrate with existing systems ensures efficiency and minimizes disruption.

5. Foster collaboration across departments

Legal teams should act as strategic partners by using AI to align with business goals. Predictive analytics, for example, can assess litigation risks or compliance gaps, shifting legal counsel from reactive problem-solvers to proactive advisors.

ACC Members: Download the **Artificial Intelligence Toolkit for In-house Lawyers**

Looking ahead: emerging trends and implications

The next frontier for AI in legal departments promises even more transformative changes. AI in legal departments is evolving from basic document tasks to sophisticated applications like legal reasoning, compliance monitoring, and litigation prediction. This progress will require new frameworks for validation and risk management.

AI as a strategic partner

Beyond automation, AI is evolving into a decision-making ally. Predictive analytics powered by machine learning can assess litigation risks, identify compliance gaps, and inform strategic planning. This shift positions legal departments as integral contributors to organizational success.

Streamlining processes

Expect GenAI to streamline standard processes such as document review and management. This efficiency gain will enable legal teams to handle growing workloads without increasing headcount — a critical advantage as demand for legal services continues to rise.

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Integration with business operations

The lines between legal and business functions are blurring as AI enables greater collaboration across departments. For instance, GenAI can analyze sales targets or optimize procurement strategies, demonstrating the strategic value of legal expertise beyond traditional boundaries.

Reduced reliance on outside counsel

According to the ACC survey, 58 percent of participants anticipate a reduced reliance on external providers for routine tasks due to GenAI adoption — a significant increase from previous years. Legal industry technology providers, like LexisNexis, support this prediction. However, complex and high-risk matters will likely remain outsourced. Expect this shift to redefine “value,” particularly in law firms still devoted to the billable hour.

The rise of AI agents

AI agentic systems are autonomous systems capable of performing complex tasks. It is easy to see how they will redefine legal workflows. These tools can draft contracts, conduct negotiations, and manage compliance autonomously, freeing lawyers to focus on high-value activities. However, their deployment will require careful consideration of liability and risk allocation.

Focus on talent development

While AI's impact on legal staffing remains uncertain, the outlook is promising — 59 percent of in-house lawyers view generative AI as career-enhancing, with only six percent fearing job displacement.

From a mindfulness perspective, this optimism is not about blind hope but rather strategic optimism. Success will come from having a credible plan of action — one that includes continuous learning, skill development, realistic expectations, and clear strategies for navigating human-AI collaboration effectively.

Beware Jevons Paradox

AI automation in legal work promises reduced burnout through streamlined workflows. Though, Jevons Paradox — where technological efficiency improvements paradoxically increase resource consumption rather than reduce it — offers a cautionary tale. Just as the internet's promise of time savings instead created an always-on culture, AI efficiency gains risk being absorbed by increased workloads through AI management, ethics considerations, and more complex cases. To truly improve

work-life balance, legal departments must intentionally preserve efficiency gains rather than defaulting to higher workloads, though this proves challenging when operating at client pace.

Conclusion

The AI revolution challenges in-house counsel to balance innovation with legal excellence. Success requires proactive AI strategies, robust governance, and continuous learning. Through this AI column, we look forward to exploring these themes in greater depth, sharing best practices from leading legal departments, and helping in-house counsel navigate the exciting but complex world of AI in legal practice.

Join ACC for peer-to-peer AI guidance and more!

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