



A PRAMATA ARTICLE

Generative AI for Legal Teams: The Guide

Generative AI is a powerful tool for legal teams that shouldn't be ignored. Learn the ins and outs of generative AI for contract management and more in this guide.

What's in this article:

What is gen AI for legal?

AI benefits for your team

Key risks and complications

5 ways AI improves efficiency

4 best practices for gen AI



Within the present realm of legal tech, it often feels as if we're in an episode of "The Jetsons." Terms like "the cloud" and "automation" are now commonplace. However, one innovation might just change the way you complete your daily work – from how you draft contracts to how you ensure compliance.

Generative AI is a form of artificial intelligence that's taking the world by storm. And almost every vendor, including those who offer contract lifecycle management (CLM) platforms, are starting to add it to their capabilities.

But should *you* be using generative AI? Yes.

All forward-thinking legal teams, whether legal ops or general counsel, should quickly get to know generative AI and how to use it. Otherwise, you risk getting left behind.

In this guide, we discuss everything you need to know about generative AI in contract management use cases. We'll define **generative AI**, as well as its benefits, security risks, and how to use it to boost the efficiency of your legal team.



What is generative AI for legal teams?

Generative AI is a subset of artificial intelligence that describes the use of algorithms to develop new content. According to professional services giant [Deloitte](#), generative AI is:

“...a subdivision of artificial intelligence that empowers machines to create novel content, encompassing text, code, voice, images, videos, processes, and even the 3D structure of proteins.”

For legal teams, it can be used to generate new content in the form of contracts, memos, or summaries, just to name a few examples.

How does generative AI work?

Generative AI works by using machine learning—specifically neural networks—to find patterns in data. Generative AI algorithms then use those patterns to “learn” and develop new content.



ChatGPT is considered an “open” AI tool. You can also access generative AI using platforms that offer automation features. For example, Pramata offers a proprietary GenAI Assistant, built right into our platform.

Potential benefits of using generative AI within your legal team

Due to its ability to generate new outputs, generative AI offers many potential benefits for legal teams, from boosted efficiency to simpler compliance.

1. Increased efficiency

Recent [data](#) shows that one out of every five in-house counsel hours is spent on repetitive tasks. This may include everything from manually reviewing contracts or drafting amendments to simply retrieving documents.

Unfortunately, the time spent on these manual tasks is time you could be spending on more meaningful legal work. Automating these tasks is where generative AI truly shines.

In the future, we truly believe generative AI could automate up to 90% of daily legal tasks. Yes, 90%. Automating manual tasks boosts your efficiency, enabling you to spend more time on high-value work, such as obtaining successful outcomes for your clients or organization.



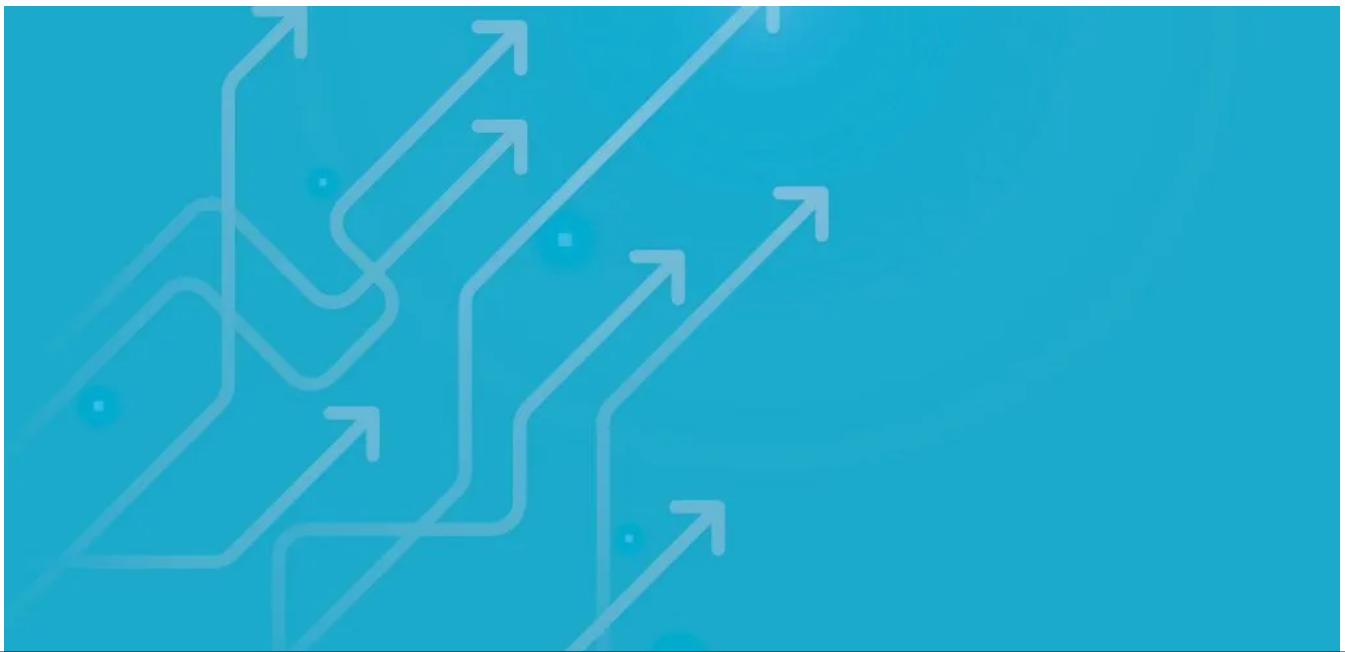
support of generative AI can reduce the time spent on these tasks.

For example, AI tools made specifically for legal teams can generate new contracts in seconds. You can also use these tools to streamline tasks such as contract review by allowing AI to scan contracts for specific legal terms or quickly summarize your plain-language playbooks.

3. Lower risk

AI tools can also be used to perform risk analysis. When trained against your playbooks, AI can spot issues such as unfavorable terms or potential areas of non-compliance to help you mitigate contract risks quickly.

And with a simple prompt, AI can help you quickly draft an amendment with more favorable terms, saving you hours of contract review.





Risks and challenges

Although generative AI offers many benefits for legal teams, it isn't without challenges. "Open" AI tools, such as ChatGPT, are especially prone to risks, such as content inaccuracies.

Legal teams must move forward carefully to ensure they're able to protect their sensitive data and avoid ethical concerns. Let's go over some of the risks:

Data privacy

Whether you're general counsel or in-house, it's your responsibility to protect your client data. Data privacy is one of the top concerns facing the adoption of generative AI.

If you're using popular applications, such as OpenAI's ChatGPT or Microsoft's Azure, you need to ensure that none of the information that you put into the system can be used to train their system. Depending on which generative AI platform you're using, there are very straightforward tactics you can implement to protect confidential information or vulnerable data.

OpenAI's ChatGPT solution now allows you to disable their chat history so that any information used to generate a response will not appear in the user's history nor will it be used to train OpenAI's models.

The bottom line: *The risk of inadvertently sharing sensitive business or client data is high with an open AI tool. So use caution and make sure policies and guidelines are in place.*



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Inaccuracies and hallucinations

Even though generative AI tools are improving daily, they're still prone to inaccuracies.

Some models, such as GPT-3.5, have knowledge cutoffs. For example, GPT-3.5 was trained using data from before September 2021. This means these models don't have any knowledge of information after that time, such as new laws and regulations.



Because of these challenges, the content these tools produce may be inaccurate. Without careful review and revision, using the content they generate may lead to non-compliance and enhanced risk.

5 specific ways generative AI can improve legal efficiency

When used appropriately, generative AI tools can help you boost your legal team's productivity by drastically reducing time spent on repetitive tasks. While there are many use cases for AI in legal matters, some of the most beneficial revolve around [contract management](#).

1. Contract review & summarization



stakeholders simpler.

Writing contract summaries and reviewing contracts is often an arduous process, especially when dealing with lengthy contracts. However, generative AI can instantly extract key terms, obligations, dates, names, and other data from contracts, generating a summary in seconds.

2. Contract renewals

When creating renewal drafts and planning renewal strategies, legal teams often have to start from scratch because it's time-consuming and difficult to track down and review previous contracts executed with customers.



Generative AI can not only provide guidance on how to optimize contract terms during a renewal by referring to your plain-language negotiation playbooks, trends with similar customers, and pricing. Generative AI can also automatically notify the right stakeholders across the business, so they can review this renewal insight, well in advance.

3. Contract drafting

Contract drafting can take anywhere from a few hours to a few months to complete. Even the simplest of contracts take your time and attention away from more important legal tasks. This is especially true if you're starting from scratch each time.

Generative AI can automate the contract drafting process. For example, by analyzing your previous contracts and playbooks, AI tools



you go, minimizing the number of review stages you must complete.

4. Playbook review

The contract management playbook is one of the most critical tools in your contracting toolbelt. After all, it streamlines every stage of the contracting process. For example, playbooks outline your key legal terms and discuss the necessary rules to follow when drafting, reviewing, and negotiating contracts.

With these playbooks developed for specific contract types, generative AI tools can scan, compare, and follow them when drafting and reviewing contracts. As a result, you can get a massive head start on drafting high-quality contracts that meet all of the necessary requirements, much faster.



5. Risk and compliance analysis

After a contract is signed, compliance events can often be overlooked, and follow-up is usually ad-hoc, relying on someone's memory to set up tasks or reminders. Typically, there's no way to automatically track non-compliance items in negotiated contracts.

As a result, businesses may find themselves in non-compliance with regulations or missed deadlines, leading to potential financial penalties or disadvantages.

With generative AI, legal teams can prioritize the highest risks by quickly analyzing contracts to flag risky terms and conditions based on compliance requirements, business policies and playbooks, and past issues.



If you're ready to start using generative AI to streamline your contract management and legal processes, there are some best practices to follow, including:

- ✓ Establishing clear AI policies
- ✓ Keeping clean data
- ✓ Utilizing a secure contract management system
- ✓ Prioritizing expert oversight

1. Establishing clear AI policies

To best protect your critical data and ensure that generative AI is being used ethically and with care, you must develop [clear AI policies](#) for your legal team.

These policies should cover what generative AI tools are approved for use, the do's and don'ts of using them, and your plan for protecting business and client data. You should also include the specific use cases for generative AI within your team, the potential risks, and what you'll do to mitigate those risks.

As you develop your policies, ensure that they align with current data privacy regulations. You should also plan to update your policies regularly since AI technology is constantly evolving.

2. Keeping clean data

The output of an AI tool is only as good as the input. Pramata CEO Praful Saklani [said it best](#):



It's critical to ensure generative AI is fed high-quality data by leveraging clean, organized contract sets. This means keeping your contract repository free of unsigned contracts, non-contract documents, duplicates, and other content that may skew the AI's output.

The simplest way to keep clean data is by utilizing a contract lifecycle management platform. But not all are created equal, make sure and choose a system that does the heavy lifting of ensuring your contract data is always up-to-date, accurate, and complete.

3. Utilizing a secure CLM platform

As we discussed earlier, “open” generative AI tools are prone to serious risks, including data privacy concerns. The best way forward is to use tools that are



that you're operating in your own sandbox. This keeps your data separate from the large language model underpinning the technology.

For example, Pramata offers a proprietary, privately secured cloud application of generative AI technology. Plus, it's backed by [enterprise-grade contract security](#) across our contract management platform.

We secure client data by providing a dedicated virtual infrastructure for each client, ensuring that only authorized individuals can access it. We also follow security best practices and possess industry certifications, including ISAE 3402 SOC 1 Type II and SOC 2 Type II.

These measures ensure data protection and security while using our built-in AI tools.

4. Prioritizing human oversight

Generative AI should be seen as a “legal assistant,” not a replacement. Contract management and the legal industry as a whole are complex, and there's no substitution for intelligent legal professionals.

As you implement AI tools within your processes, make sure to prioritize human oversight. Your legal team should work with the AI tools to ensure quality, consistency, and compliance.



It's a simple recipe that you must follow to truly harness the power of AI within your legal team. And Pramata can help get you there.

As an AI-powered contract management system for the past 15+ years, we're leading the charge on generative AI for contracting. Our GenAI assistant offers three distinct capabilities to help you transform your contract management processes:

Contract Summary

At Pramata we do the heavy lifting for you, ensuring you have a complete and powerful contract repository of clean, organized contracts.

Building on that, with a click of a button, our Contract Summary prompt quickly provides critical contract insights and summaries about the entire history of your business relationships. Pramata's GenAI Assistant saves you hours of contract review and summarization time.

Playbook Comparison



With the built-in Playbook Comparison prompt, Pramata's GenAI Assistant identifies compliance risks and required approvals to spot discrepancies and help you align draft agreements to company standards and practices.

Draft Contract

Highly skilled attorneys don't need to spend their time drafting repetitive contract language. With the help of Pramata's GenAI Assistant, reduce manual efforts and focus on customizing contract drafts instantly created from previous agreements and playbooks. This accelerates deal cycles and keeps new contract drafts in compliance with company policies and risk tolerance.

With Pramata's built-in, intelligent, and secure AI capabilities, you can save hours of manual work, skip the months of AI training, protect your critical data, and prevent the frustration of an overwhelming contract repository.



Don't get left behind: Harness the power of gen AI with Pramata

Legal teams that want to streamline contract management, boost their efficiency, and remain competitive must implement AI within their processes. Don't get left behind—download our [generative AI checklist](#) to get started today!

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