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Midsize Law Firms Are Testing Different AI Approaches to Compete With Big Law

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As the profile of generative artificial intelligence continues to rise, many firms are being careful how they deploy the technology and even how they talk about it publicly. But as some midsize firms see potential in AI helping them compete against Big Law, they are approaching it head on.

With most firms continuing to treat the technology with caution, some are increasingly open about sharing their own approach. And while many are still testing different products, others are building their own products from scratch using their own data.

Gunster, a 250-lawyer midsize firm based entirely in Florida, is experimenting with products from LexisNexis and Westlaw, according to managing partner William Perry.

Although he did not specify how much the products are costing the firm, he predicted that tech investments will only continue to swell. Perry says that tech budgets may even surpass what firms spend on rent to become one of the top budget items in the coming years.

And Gunster is not alone in how it approaches AI. Hinshaw & Culbertson, an Am Law Second Hundred firm with close to 450 lawyers, is also taking a similar approach, testing several products and paying plenty for them, according to partner and general counsel Steven Puiszis, who is based in Chicago.

“CIOs and COOs at law firms are trying to evaluate right now, ‘Do we use one of the platforms that has been developed for law firms or do we develop our own?’” Puiszis said.

Miami-based boutique Meland Budwick opted for the latter, according to managing partner Eric Ostroff.

“The problem with Chat GPT, from a lawyer’s perspective, is you have no idea what it’s relying on. It’s a total black box,” he said. “We’ve been working with an AI company to develop our own in-house proprietary that gets trained solely on our data. We’ve been paperless here for 15 plus years; we’re sitting on a ton of legal work done by our lawyers, which is a reliable source.”

While Ostroff predicts that some of the larger firms are probably doing something similar, he argues it’s rare to see a firm of Meland Budwick’s size, with just 25 lawyers, creating its own program.

And while the current version of the program is mostly just being used for first draft motions, Ostroff expects it to evolve to eventually handle things like drafting contractual provisions, among other things.

Because the firm signed a non-disclosure agreement, according to Ostroff, it can’t divulge which vendor it’s working with or how much it’s paying the vendor.

Meland Budwick, Gunster and Hinshaw all represent the range of approaches being deployed across the midsize-firm ecosystem. And Meland Budwick’s aggressive approach may hint at how some of the smaller firms may be looking to scratch their way to the top of the race to get AI right.

Many Am Law 100 firms have been very quiet on how exactly they are approaching AI, with only 41 firms responding to questions about what they are doing with AI. But that quiet is seemingly having an impact on some of the smaller firms, which are looking to get ahead while they can.

Because AI allows those firms to scale productivity, it can help smaller firms take on a higher volume of cases, Sean Shecter, Lewis Brisbois Bisgaard & Smith partner and AI committee member, said in a January interview with The American Lawyer.

“It will affect top 10 firms’ profits by taking leverage model away,” Shecter said in January. “Firms like mine might make up for that by taking in more cases.”

Read more here.