

# BTR: AI Integration in Legal Tech - Mid-Market Law Firms Shift from Tools to Platforms

DC, UNITED STATES, September 26, 2025 /EINPresswire.com/ -- Artificial intelligence is beginning to redraw the competitive landscape in the legal sector, particularly among mid-market law firms that have historically lagged in technology adoption. Once reliant on spreadsheets, word processors and stitched-together case management tools, these firms are now facing pressure to standardize workflows, increase caseload throughput, and manage rising client expectations for speed and efficiency.

The shift is less about experimenting with flashy new applications and more about embedding AI directly into core legal operations. Industry observers say firms that integrate AI as part of a broader platform strategy — rather

than as a series of point solutions — are gaining measurable capacity without adding headcount. That dynamic is accelerating a transition from fragmented tools to platform-based systems of record, where data governance, workflow automation, and natural language access converge.

That trend was underscored in a recent BizTechReports vidcast conversation with Daniel Farrar, chief executive officer of Assembly Software, and Jim Garrett, the company's chief technology officer. Both executives argue that AI is becoming foundational infrastructure for mid-market law practices — enabling them to handle more cases, make faster strategic decisions, and strengthen data security, all while maintaining tight cost controls.

## A Sector Moving From Tools to Platforms

Legal technology has long been fragmented. At the lower end of the mid-market, many practices



Daniel Farrar, Assembly Software

still run on productivity suites and homegrown databases. As firms professionalize, however, they layer in case-management suites and adjacent point solutions. The result is uneven digitization and inconsistent returns.

External research suggests this fragmentation is giving way to broader platform adoption. The American Bar Association's 2024 Legal Technology Survey found that AI adoption across law firms of all sizes nearly tripled in a year, rising from 11 percent in 2023 to 30 percent in 2024. In mid-sized firms — those with 10 to 49 attorneys — adoption also climbed to 30 percent. Importantly, 13 percent of respondents said AI is already mainstream in legal practice, while another 45 percent expect it to reach that status within three years.



Jim Garrett, Assembly Software

Garrett observed that the gap between firms is widening as technology adoption becomes a differentiator. Those that integrate digital tools more deeply into their operations are seeing measurable returns, outpacing those stuck with manual processes. The real value of AI, he added, comes when it is applied to repetitive, low-variance tasks that consume time but add little strategic value. In plaintiff-side contingency practices, that efficiency translates directly into revenue because firms can process more cases without expanding staff.

Farrar framed the shift as a move from “features on a screen” to configurable platforms. To illustrate, he explained how Assembly's cloud product, Neos, was built around microservices, open integrations, analytics, payments, and embedded AI. The architecture is less about a monolithic application and more about a system of record that adapts to how individual firms run intake, discovery, and resolution.

#### Adoption Drivers: Embedded AI, Not Sidecar Apps

Early AI pilots in the legal sector have revealed both promise and pitfalls. High-profile incidents of “hallucinated” case citations underscored the risks of relying on large, public models disconnected from firm systems. That experience has shifted the market toward embedded approaches, where AI operates inside a firm's platform and is constrained to data sources the firm controls.

Analysts at Gartner note that this shift reflects a broader pattern across industries: organizations are moving away from one-size-fits-all generative models toward domain-specific, constrained systems that can deliver productivity and decision-making gains without compromising accuracy or governance (Gartner). For many providers in the legal sector, making this transition has required rethinking model design itself.

Instead of leaning on broad, general-purpose engines, Assembly has emphasized smaller, distilled models tuned specifically to a firm's own corpus of documents. That design allows the system to return "I don't know" when no relevant data exists, a response that avoids the overconfidence that has plagued generic AI deployments.

In practice, these measures have translated into higher uptake. During a nine-month beta with 62 firms, approximately 60 percent adopted embedded AI features such as document summarization, data extraction, and natural-language "chat with your case." The gains were tangible: participating firms reported efficiency improvements equivalent to 2.5 full-time employees, which in many cases enabled them to take on more cases with no increase in headcount.

### Data Governance Becomes the Gating Factor

If adoption hinges on trust, governance is the price of admission. Farrar said his Neos offering segments firm data in Azure-hosted microservices and firm-specific data lakes; Assembly does not allow customer data to train public models. When external content is needed — such as case law — firms connect via API to bring material in, rather than pushing matter data out to public endpoints.

Garrett's practical test for model scope is straightforward: when the system lacks relevant data, it should return "I don't know," noting that over-inclusive models are more likely to hallucinate and leak context. Constraining models to firm-authorized repositories — and to defined document types like medical records or invoices — keeps outputs within provable bounds.

Both executives emphasized that ultimate responsibility remains with the firm. Fact-checking, citation verification, and role-based permissions sit on the client side of the line. The directional trend, they said, is that firms will pair their matter history with vetted external feeds to improve accuracy without diluting confidentiality.

### Maturity Curve: Early Days, Clear Path

On maturity, Garrett placed the sector at a "late early" stage, with hype now giving way to practical, always-on use cases that fade into the background — "more like spell-check than a separate app."

The distinction, he added, lies in how AI is delivered. Dedicated applications function as standalone tools — external systems that lawyers or paralegals must log into, feed data to, and then re-integrate into their practice. Embedded AI, by contrast, is built into the firm's existing platform. It surfaces inside the workflows staff already know, drawing on the same data stores and preserving a single source of truth. In practice, that difference determines whether AI feels like an extra task or simply becomes part of everyday legal work.

Farrar's guidance to firms still running legacy stacks is blunt: "Get to the cloud, then start your AI journey." He expects AI to touch every step of the legal workflow — intake triage, chronology building, motion practice support, and settlement planning — with the next phase focused on repeatability, predictability, and probability. Using a firm's historical data, embedded analytics can score new matters for expected duration, settlement ranges, and fit with firm strengths, turning intake into a portfolio-management exercise.

Industry research aligns with this trajectory. Gartner projects the legal tech market will reach \$50 billion by 2027, with generative AI serving as the primary growth engine. Analysts caution, however, that technology alone is insufficient. True productivity gains will depend on firms' digital readiness — aligning people, processes, and data to fully absorb AI-driven capabilities.

### Economics: Capacity First, then Pricing Innovation

The near-term economic outcome is increased capacity with flat overhead. In plaintiff practices, where inventory turns drive revenue, that capacity can be redeployed immediately into caseload expansion. Over time, Farrar expects pricing models to evolve from packaged tiers toward consumption-based AI services. Smaller firms may buy discrete capabilities — such as document summaries or field extraction — without paying for a full suite, while larger firms assemble broader bundles across jurisdictions and practice areas.

Conversational interfaces are emerging as a pragmatic bridge between legal expertise and data retrieval. In Neos, attorneys and paralegals can query a matter directly — for example, asking why a judge ruled a certain way — and receive extracted passages from filings. That shift reallocates paralegal hours from navigation and compilation to analysis and case strategy, Garrett said.

### Market Outlook

The mid-market's strategic choice is no longer whether to use AI, but how. Firms that embed constrained models into a governed system of record — and align operating processes accordingly — are reporting measurable throughput gains. Those that continue to rely on sidecar tools and copy-paste workflows face rising risk and diminishing returns.

The research community reinforces this conclusion. The ABA survey shows adoption rates rising sharply across firm sizes, with nearly half of attorneys expecting AI to be mainstream within

three years. Gartner forecasts underscore the scale of investment at stake, with generative AI projected to double the market by the end of the decade. Together, these findings suggest that mid-market firms cannot afford to sit still.

As AI normalizes across the legal stack, the competitive edge will accrue to firms that treat technology as operating infrastructure — not as a series of apps — and manage intake, matter work, and outcomes with the same rigor they apply to legal arguments.

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