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Driving Innovation in Legal Ops: AI adoption at a Global Tech Industrial Leader

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Abstract

This case study analyses the strategic implementation of Artificial Intelligence (AI) by Connected Fly's in-house legal team to address operational inefficiencies and improve decision-making. Led by Chief Legal Officer, the project faced challenges related to compliance, ethics, and internal resistance. The AI integration also significantly reduced costs and improved accuracy in legal operations. The case highlights the balance between technological innovation and regulatory compliance, offering insights into AI's transformative impact on traditional corporate functions.

Keywords

AI Implementation, Legal Operations, Compliance, AI Ethics and Regulatory Requirements, Strategic Transformation, Law Innovation

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PART A: Case Study

From Challenges to Success: Connected Fly's Legal Team Embraces AI Innovation

Executive Summary

Jane Sullivan, Chief Legal Officer (CLO) of Connected Fly¹, a publicly listed global industrial tech company, stared out of her office window on a crisp autumn morning in 2023. The bustling cityscape below mirrored the whirlwind of activity within her department over the past year. As she reflected on the journey of integrating Artificial Intelligence (AI) into Connected Fly's legal operations, a mix of pride and apprehension filled her thoughts.



Figure 1 – Jane, thinking about the Legal Department's AI journey.

¹ To ensure confidentiality and prevent identification, the company's name has been anonymized and certain data has been modified.

Jane Sullivan frowned at her computer screen as the AI system flagged another potential bias in Connected Fly's contract analysis algorithm. As Chief Legal Officer of a \$12 billion tech industrial giant, she had championed artificial intelligence to transform their legal operations – and largely succeeded. The past year had seen a 60% reduction in contract review times and a 30% drop in operational costs.

"The board expects us to accelerate AI adoption across all legal operations", she muttered, reviewing her presentation slides. "But these bias alerts..." Her thoughts were interrupted by a phone call from the CEO, Mark Taylor: "Board meeting in an hour. They want an update on the AI project and our plans moving forward." As she gathered her thoughts for the presentation, Jane knew she faced a critical juncture.

Connected Fly: A Tech Industrial Global Leader

Connected Fly, a Fortune 500 company, led the industrial technology sector with innovative connectivity and sensor solutions. With a workforce of over 89,000 employees, including 8,000 engineers, the company operated in approximately 140 countries. Connected Fly's product range included connectors, sensors, relays, and application tooling, serving industries from automotive and aerospace to medical technology and renewable energy.



Figure 2 – Connected Fly's trademark

Connected Fly operates in a highly competitive industry, with rivals such as TechConnect and InnovateCorp also exploring AI solutions for their operations. However, Connected Fly's early move into AI integration in legal operations positioned it as a potential industry leader for the segment. The company's revenue had grown from \$5 billion in 2015 to \$12 billion in 2022, with a compound annual growth rate of 15.7%, outpacing industry average of 10.2² (see **Exhibit 1**).

Mark Taylor, who had been with the company since its early days, became CEO in 2015. Under his leadership, Connected Fly had doubled down on its commitment to innovation, investing heavily in research and development. "Our goal," Mark often said, "is not just to keep up with technological changes, but to drive them."

As the company expanded, so the challenges its legal department is facing. The team grappled with an ever-increasing volume of legal matters, including compliance issues, intellectual property concerns, litigation, and complex contract management. The pressure to innovate while maintaining rigorous legal standards had never been higher.

Jane Sullivan, who joined Connected Fly as CLO in 2018, brought with her a wealth of experience in both law and technology. As a former partner at a prestigious law firm specializing in tech law, Jane had been brought on board specifically to help modernize Connected Fly's legal operations. "The legal department was running on outdated systems while the rest of Connected Fly was pushing technological boundaries." Jane reflected. "We were the weak link in the company's innovation chain, and that had to change." "When I joined," Jane recalled, "I was impressed by Connected Fly's innovative spirit. But I also saw that the legal department was struggling to keep update with the rapid change."

² Company annual report of 2022.

The Challenge: struggle between Legal Operations and the Promise of AI

In early 2022, Jane Sullivan found herself at a crossroads. The legal team's traditional methods were struggling to keep pace with Connected Fly's rapid growth and the evolving legal landscape. Manual contract reviews, time-consuming compliance checks, and labor-intensive litigation support were creating bottlenecks that threatened to impede the company's agility.

A pivotal moment came during Connected Fly's acquisition of a small European competitor in 2022. The legal team, overwhelmed by the extensive review of compliance documentation, took weeks to assess contractual obligations and intellectual property rights. This delay nearly derailed the deal, highlighting the urgent need for a more efficient approach.

"We were drowning in paperwork," Jane recalled. "It became clear that our traditional methods weren't sustainable in a high-growth, global organization." The team had to review over 10,000 documents in just three weeks, a task that would typically take months. Despite working around the clock, they struggled to meet the deadline. The delay not only frustrated the business team but also gave the competitor's shareholders time to reconsider the deal, almost resulting in its collapse.

"I remember the night before the final review deadline," said Tom Johnson, a senior legal counsel at Connected Fly. "We were all in the office at 2 AM, surrounded by stacks of papers, desperately trying to ensure we hadn't missed anything crucial. It was a wake-up call that something had to change."

The implementation of GDPR in Europe further exacerbated the team's workload. Struggling to stay compliant while managing ongoing litigation and intellectual property matters, Jane realized that a paradigm shift was necessary. "Our biggest challenge wasn't the technology itself," recalled Tom Johnson, Senior Legal Counsel. "It was convincing our

experienced attorneys that AI would enhance their expertise rather than replace it. I remember one senior partner saying, 'I didn't spend 30 years mastering law to become an AI babysitter.'"

The team found themselves juggling multiple urgent priorities. On one hand, they needed to ensure Connected Fly's compliance with GDPR across its European operations, which involved reviewing and updating countless policies and procedures. On the other hand, they were dealing with a patent infringement lawsuit in the United States and negotiating complex licensing agreements in Asia.

"It felt like we were constantly putting out fires," said Sarah Chen, Connected Fly's head of compliance. "We were reactive rather than proactive, always one step behind where we needed to be."

The Promise and Perils of AI

Artificial Intelligence (AI) appeared to present a viable solution to several challenges faced by the legal team. The potential advantages were substantial: the automation of routine tasks, improved accuracy in legal research, and the application of predictive analytics to forecast case outcomes. However, the process of adopting AI was accompanied by considerable challenges.

Jane was acutely aware of the cautionary tales in the industry. She recalled the case of Happy Green Turtle Corporation, which faced a class-action lawsuit in 2020 after their AI-powered hiring tool was found to perpetuate racial bias. The tool, intended to simplify the hiring process, had been trained on historical hiring data that reflected past discriminatory practices. As a result, it systematically downgraded applications from candidates who had attended historically black colleges or participated in women's organizations.

Similarly, Tiger Enterprises had to retract their AI-driven credit assessment system due to disadvantaging minority applicants. The system, which used machine learning algorithms

to evaluate loan applications, was found to be denying loans to qualified minority applicants at a much higher rate than to equally qualified white applicants. The company faced significant regulatory fines and a severe blow to its reputation.

"We can't afford to make those kinds of mistakes," Jane thought. "The reputational damage alone could be catastrophic."

The AI Act: Navigating a New Regulatory Landscape

The European Union's Artificial Intelligence Act (AI Act) is a mark in AI regulation, establishing Europe as a global leader in this domain (European Commission, 2024). This innovative legal framework establishes a "risk-based approach, classifying AI systems into four categories: unacceptable, high, limited, and minimal risk," with each category subject to specific regulatory obligations.

For global corporations like Connected Fly, the AI Act's extraterritorial scope necessitates compliance even for operations outside Europe. Jane immediately recognized the complexity this added to their AI implementation.

"The challenge," Jane explained to her team, "is that many of the AI applications we're considering for legal operations could potentially fall into the 'high risk' category. We need to be prepared for rigorous oversight and transparency requirements."

The Act's provisions on transparency, human oversight, and data governance are particularly relevant to legal AI implementation. It mandates human oversight capabilities for high-risk AI systems (European Commission, 2024) and establishes specific requirements for data governance and management.

As Connected Fly navigates its AI implementation journey, the evolving regulatory landscape represented by the AI Act becomes an integral part of its strategy.

The company should lead with technical and organizational challenges and also anticipate and prepare for the next level of compliance with these comprehensive regulations, influencing decisions on system design, data management, and operational processes.

The Decision to Innovate

Despite the challenges, Jane recognized that inaction was not an option. In a meeting with CEO Mark Taylor, she laid out her concerns and the potential benefits of AI integration.

"We're at a critical juncture, Mark," Jane explained. "If we don't innovate now, we risk falling behind. But we need to do this right."

She presented a detailed analysis of the current situation, including:

1. Efficiency metrics: The legal team was working an average of 60 hours per week on routine document review tasks that could potentially be automated.
2. Error rates: Manual review processes were resulting in an error rate of approximately 7%, which, while low, still posed significant risks in high-stakes legal matters.
3. Cost analysis: The department was spending nearly \$2 million annually on outside counsel for tasks that could potentially be handled in-house with AI assistance.
4. Competitive analysis: Several of Connected Fly's main competitors had already begun implementing AI in their legal operations, potentially giving them a strategic advantage.

Mark nodded, understanding the gravity of the situation. "What do you propose, Jane?"

Jane outlined a three-phase plan (see **Exhibit 2**):

1. Assessment and Planning (3 months): Conduct a systematic analysis of current processes, recognize key areas for the implementation of AI, and define a detailed implementation plan.

2. Pilot Implementation (6 months): Implement AI solutions in specific areas, closely check results, and make the necessary adjustments.
3. Full-Scale Implementation and Continuous Improvement (12-18 months): Roll out the solutions of AI thru the entire legal department, with ongoing monitoring and refinement.

Mark agreed with the plan, adding, "We need to move quickly, but carefully. Let's make sure we're setting the standard for responsible AI use in legal operations."

Lessons from the Crucible: Reflections on the AI Integration Journey

As the dust settled on Connected Fly's AI integration project, the results exceeded even the most optimistic projections (see **Exhibit 3**):

- Contract review efficiency increased by 60%, with the average time for standard contract review dropping from 3 hours to just over 1 hour.
- Legal research time reduced by 70%, allowing attorneys to focus more on analysis and strategy rather than information gathering.
- Operational costs shrunk by 30% within the first year, primarily due to reduced reliance on outside counsel for routine matters.
- Due diligence processes identified potential risks with 40% greater accuracy, significantly reducing the company's exposure to unforeseen legal issues in business transactions.
- Compliance monitoring flagged 15% more potential issues compared to manual processes, helping the company stay ahead of regulatory challenges.
- Litigation outcomes improved by 20%, as AI-assisted analysis enabled the team to take more informed decisions on whether to go for litigation or settle cases.

Beyond the numbers, the human impact was equally compelling. In a survey conducted six months post-implementation, 85% of team members reported higher job satisfaction. As one team member put it, "I feel liberated from mundane tasks and empowered to be focused on more challenging and rewarding aspects of my work."

The success of the AI implementation also had ripple effects throughout Connected Fly. Other departments, seeing the legal team's transformation, began exploring AI solutions for their own operations. The company's reputation in the industry also got a boost, with Connected Fly being recognized as a leader in legal innovation at several industry conferences.

However, the journey was not without its ongoing challenges. The team had to constantly refine their AI systems to ensure they remained accurate and unbiased. They also faced the continuous task of keeping up with evolving regulations and ethical standards in AI use.

Gazing into the Crystal Ball: Connected Fly's AI Future

As Jane prepared for the board meeting, she contemplated the future of AI in Connected Fly's legal operations. The team was exploring several exciting avenues:

1. Advanced predictive models for anticipating legal risks across various business operations. These models would analyze industry trends, historical data, and regulatory changes to predict potential legal issues before they arise.
2. Natural Language Processing technologies for multi-language contract analysis and real-time legal advice. This would be particularly valuable for Connected Fly's international operations, allowing for faster and more accurate analysis of contracts in different languages.

3. AI-driven legal strategy formulation. By analyzing large volumes of case law, regulatory decisions, and Connected Fly's own legal history, AI could help develop more effective legal strategies for complex cases.
4. AI-assisted talent management and professional development. By analyzing performance data and skill sets, AI could help identify areas where team members request further training or support, and even suggest optimal team compositions for complex legal projects.

Nonetheless, challenges persisted. The ethical considerations regarding the use of AI in legal practice, the necessity for ongoing learning and adaptation, and the equilibrium between technological progress and human judgment remained areas of concern.

The AI Dilemma at Connected Fly: Balancing Innovation and Risk

Jane took a deep breath as she gathered her materials for the board meeting. She knew that Connected Fly's AI journey was far from over yet. The decisions made today would shape not only the company's future but potentially the future of legal practice itself.

This crystallized her challenge and dilemma: *How could Connected Fly maintain its aggressive AI innovation pace while ensuring ethical compliance and risk management? The company's position as an industry leader was at stake.*

As she headed to the boardroom, Jane pondered the questions she needed to address this dilemma:

1. How should Connected Fly balance the drive for innovation with the necessary caution in AI adoption?

2. What steps should the company take next in its AI journey?
3. How can the legal team remain at the forefront of technological advancement while upholding the highest ethical standards?
4. What new skills and roles will be essential for legal professionals in an AI-augmented world?
5. What steps can Connected Fly take to establish itself as a leader in the responsible application of AI within legal operations?

The answers to these questions would determine not just Connected Fly's success, but its role in modeling the future of AI in legal practice.

Appendixes

Exhibit 1.

Table 1:
Comparative Table of AI Adoption in Legal Operations

Company	AI Integration Timeline	Revenue Growth (2015-2022)	CAGR (2015-2022)
Connectify	Early Mover	5Bto12B	15.7%
TechConnect	Exploring	Not provided	10.2% (Industry Avg)
InnovateCorp	Exploring	Not provided	10.2% (Industry Avg)

Exhibit 2.

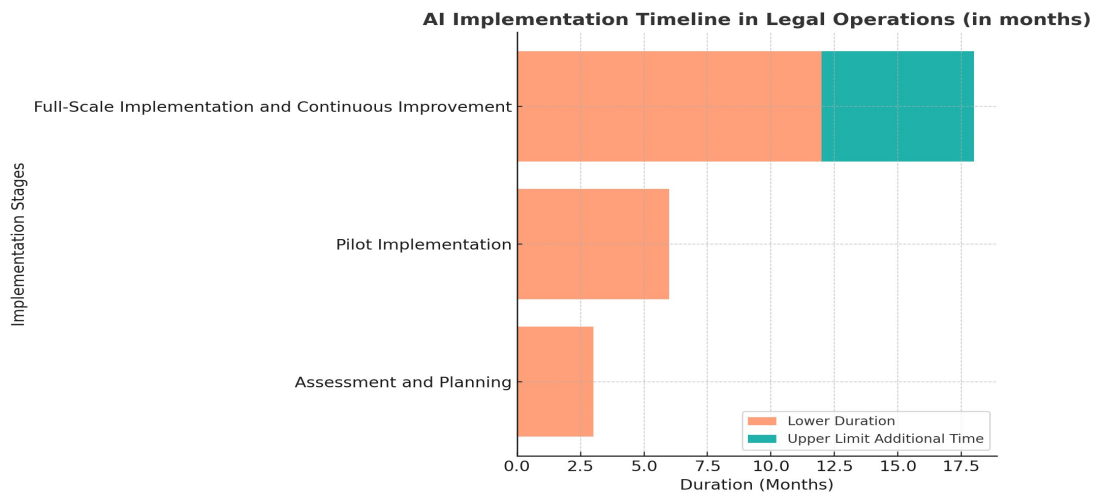


Figure 3 – The 3 Phases Plan

Exhibit 3.

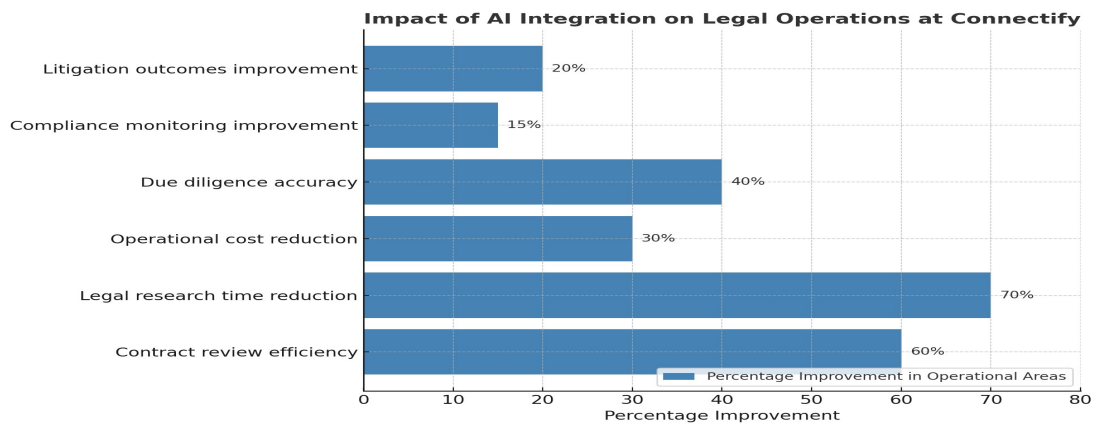


Figure 4 - Impact of AI Integration

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PART B: Teaching Notes

Case Synopsis

This case explores Connected Fly's³ journey in AI adoption within its legal department, where Chief Legal Officer Jane Sullivan faces a pivotal strategic decision in 2023. At Connected Fly, a \$12 billion global industrial tech company, Sullivan's leadership has already yielded impressive results in integrating AI across key legal functions – achieving 60% faster contract reviews and 30% cost reduction through AI-powered contract management, legal research, and compliance monitoring. However, as she prepares for a crucial board meeting, Sullivan must navigate the complex challenge of scaling AI adoption across all legal operations while addressing emerging ethical and regulatory concerns and potential algorithmic biases. With CEO Mark Taylor's support, Sullivan must determine how to balance aggressive technological innovation with responsible AI implementation, respond to growing regulatory pressures from the EU AI Act, and evolve her team's capabilities for an AI-augmented future – all while maintaining Connected Fly's position as an industry leader in legal operations transformation.

The case offers a rich opportunity to explore the critical intersection of technology, strategy, and organizational change in today's digital era. Through Connected Fly's experience, students encounter a real-world scenario that exemplifies key management theories and practical challenges in digital transformation. The case particularly illuminates the tensions between technological innovation and organizational adaptation, demonstrating how traditional corporate functions can be revolutionized through strategic AI implementation while managing associated risks and stakeholder concerns.

³ To ensure confidentiality and prevent identification, the company's name has been anonymized and certain data has been modified.

Connected Fly's journey touches on several critical areas of management study:

1. Strategic Decision-Making	Jane Sullivan's choice to champion AI integration represents a pivotal strategic decision, balancing innovation with risk management.
2. Change Management	The process of implementing AI across the legal department illustrates the complexities of managing organizational change, particularly in traditionally conservative functions like legal operations.
3. Technology Adoption	The case provides insight into the challenges and opportunities of adopting cutting-edge technologies in established corporate environments.
4. Ethical Considerations	Connected Fly's approach to AI implementation raises important questions about ethics, bias, and accountability in AI-assisted decision-making.
5. Measuring Impact	The case demonstrates the importance of defining and tracking appropriate metrics to assess the success of technological innovations.

Learning Objectives and Target Audience

The discussion questions, key concepts, and teaching strategies outlined in these notes are designed to encourage critical thinking and foster engaging classroom discussions. They will help students not only understand the specifics of Connected Fly's case but also develop broader skills in strategic analysis, change management, and ethical reasoning that are crucial for future business leaders navigating the AI revolution.

The case opens the door to a discussion in-class regarding digital strategy, and organizational transformation into the illustration of legal operations. Upon completing this case, students will:

1.	Understand the strategic role of AI in legal practice and how it may contribute to broader business objectives.
2.	Evaluate the implementation process of AI in a corporate setting, including planning, stakeholder engagement, and technology selection.
3.	Identify and analyze challenges in AI adoption, including resistance to change, data privacy concerns, and ethical implications.
4.	Learn to evaluate the impact of AI inside the legal operations and business performance using appropriate metrics.
5.	Understand the long-term strategic implications of AI adoption on a company's competitive position.

The case is appropriate for courses linked with corporate strategy and change management; business ethics and corporate social responsibility; digital transformation and innovation.

Class Structure and Teaching Strategies

To effectively cover the case study material and achieve the learning objectives, the class could be structured into 4 sessions of a total of 5 hours as follows:

Session 1 Introduction and Strategic Importance (1 hour)	Session 2 Implementation Process and Stakeholder Engagement (1.5 hours)	Session 3 Challenges, Solutions, and Impact Assessment (1.5 hours)	Session 4 Wrap-Up and Reflection (1 hour)
Case Introduction (10 minutes)	Group Analysis Presentations (45 minutes)	Problem-Solving Exercise (45 minutes)	Summary (20 minutes)
Provide an overview of Connected Fly, its legal operations, and the motivation behind implementing AI. Highlight the company's strategic goals and how AI is intended to support these objectives.	Have each group present their analysis of the assigned aspect of the case. After each presentation, enable a short Q&A session to allow other students to ask questions and provide feedback.	Facilitate a problem-solving session where students discuss the challenges faced by the company during AI implementation. Encourage them to brainstorm potential solutions and consider the implications of each solution in terms of cost, time, and effectiveness.	Recap the key points discussed during the previous sessions, emphasizing the strategic integration of AI, the importance of stakeholder involvement, and the major role of impact measurement in assessing the success of AI initiatives.
Strategic Discussion (20 minutes)	Role-Play Exercise (45 minutes)	Impact Assessment (45 minutes)	Student Feedback and Reflection Exercise (20 minutes)
Involve students in a discussion regarding the strategic importance of AI in legal operations. Encourage them to consider how AI can create value beyond mere cost savings, such as by leveraging the company's competitive position and innovation capabilities.	Conduct a role-play exercise where students assume the roles of various stakeholders involved in the AI implementation process (e.g., CEO, CLO, IT department, other legal team members). This exercise will allow students understanding the dynamics of stakeholder involvement and the importance of clear communication and collaboration during AI adoption.	Guide students in evaluating the impact of AI on the company's legal department using the metrics provided. Focus on quantifiable outcomes, such as cost savings, time reductions, and improvements in the quality of legal work. Encourage students to critically assess whether the AI implementation met the company's initial goals and expectations.	Gather feedback from students on their learning experience. Ask them to reflect on how AI can transform legal operations in different contexts, considering various industries and business environments (for example industrial, health, insurance, etc).

Group Analysis Preparation (30 minutes)			Assignments Overview (20 minutes)
<p>Split the students into small groups and assign to each group a given aspect of the case to analyze.</p> <p>These aspects may include the strategic analysis, implementation process and challenges faced.</p>			<p>Explain further assignments, such as a research paper on the future of AI in legal operations or a group project to design an AI implementation plan for a hypothetical company.</p> <p>Provide guidance on how to approach these assignments and clarify the assessment criteria.</p>

Analysis and Key Concepts

Connected Fly's AI implementation can be analyzed through several theoretical lenses:

1. **Disruptive Innovation Theory** (Christensen, Raynor, and McDonald 2015): Connected Fly's adoption of AI in legal operations represents a potentially disruptive innovation. By integrating AI into core legal functions, the company is challenging traditional approaches to legal work and potentially creating new value propositions. This theory highlights how AI is not just an efficiency tool, but a potential game-changer in how legal services are delivered and valued within the organization.
2. **Dynamic Capabilities** (Teece 2018): The case illustrates how Legal Operations of Connected Fly are building new dynamic capabilities, enhancing their ability to adapt to the rapidly changing technological landscape. The case illustrates how developing dynamic capabilities in AI can enhance a company's adaptability and competitiveness.
3. **Change Management** (Kotter 2009): Connected Fly's approach aligns with Kotter's 8-step model for leading organizational change, including establishing urgency, forming a guiding coalition, creating and communicating vision, empowering action, creating short-term wins, consolidating gains, and institutionalizing new approaches. This structured approach was key to overcoming resistance to change in the traditionally conservative legal function. However, Hughes (2011) challenges the commonly cited high failure rate of change

initiatives, suggesting a more nuanced view of change management success that Connected Fly should consider. Denning (2017) discusses the 'age of agile' and how companies are transforming the way work gets done, which could offer additional insights into Connected Fly's change management approach. In the Connected Fly case, AI helped alleviate change resistance by demonstrating practical improvements in efficiency and job satisfaction, encouraging team buy-in for technological adoption.

4. **Technology Adoption and AI in Legal Practice** (Alarie, Niblett, and Yoon 2018):

Connected Fly's case demonstrates how AI can enhance efficiency in legal operations, moving beyond task automation to strategic decision-making. Wagner (2023) and Davis and Johnson (2022) discuss how AI is augmenting legal research and shaping the future of legal practice, providing insights that Connected Fly might consider as they evolve their AI implementation, where AI-driven decision-making tools enhance process alignment, making strategic objectives more achievable. In Connected Fly's case, these insights are particularly relevant to aligning contract management and compliance processes with broader organizational goals. The case aligns with industry predictions that AI will not only enhance operational efficiency but also transform the strategic role of legal professionals (Remus & Levy, 2017). As AI technology advances, Connected Fly may explore further applications in legal strategy formulation, such as predictive analytics for litigation outcomes or identifying emerging legal risks. Henderson (2018) examines innovation diffusion in the legal industry, providing context for Connected Fly's position as an early adopter of AI in legal operations.

5. **Organizational Ambidexterity** (O'Reilly & Tushman 2013): Connected Fly's situation demonstrates the need to balance existing, efficient operations with innovation and adaptation in its legal department. The successful AI implementation shows how organizations can pursue innovation without neglecting their core operations. Connected

Fly should continue to cultivate ambidexterity, balancing ongoing AI innovation with maintaining efficient day-to-day legal operations.

6. **Ethical AI** (Mittelstadt et al. 2016): Connected Fly's approach to AI implementation raises important ethical considerations, particularly around transparency, fairness, and accountability in AI-assisted legal decision-making. The case highlights the critical role of ethical considerations in AI adoption. It demonstrates that successful AI implementation goes beyond technical integration to include robust ethical guidelines. Connected Fly will need to continuously update its ethical framework, for example in developing more sophisticated methods for detecting and mitigating bias in AI systems, enhancing the explainability of AI-assisted decisions, and ensuring compliance with evolving AI regulations. Smuha et al. (2021) provide insights on achieving legally trustworthy AI in response to the EU's proposed AI Act, offering guidance for companies like Connected Fly navigating the evolving regulatory landscape. Connected Fly's approach to addressing these ethical challenges reflects a growing awareness of AI's societal impact and the need for strong governance frameworks (Floridi et al., 2018). Chesterman (2021) explores the limits of AI's legal personality, raising important questions about accountability and responsibility in AI-assisted legal decision-making. Surden (2020) provides a comprehensive overview of AI's impact on law, offering a framework for understanding the broader implications of Connected Fly's AI adoption. By applying these principles, Connected Fly's legal team prioritizes transparent and ethically sound AI solutions, reinforcing the role of responsible innovation within their operations. The critical role of transparency and trust is highlighted. Applying this, Connected Fly's legal team focused on implementing data governance practices and bias detection in their AI framework to uphold ethical standards. This mirrors the need for responsible AI use in corporate legal operations, ensuring compliance while fostering user trust.

In summary:

Theoretical Lens	Key Insight	Connected Fly's Implementation
Disruptive Innovation Theory	Challenges traditional approaches in legal work and creates new value propositions.	Adoption of AI creates new efficiencies in contract management, research, and compliance. AI-powered legal research platforms improve the speed and accuracy of legal tasks, which Connected Fly leveraged to handle contract management and compliance more effectively.
Dynamic Capabilities	Demonstrates company's ability to sense, seize, and transform opportunities.	Integration of AI shows agility and adaptability in a rapidly changing environment.
Change Management	Aligns with Kotter's 8-Step Process for Leading Change.	Followed structured change process including coalition building and short-term wins.
AI in Legal Practice	Highlights AI's role in automating routine tasks and influencing legal strategies.	AI tools streamlined legal tasks and began shaping broader legal strategies.
Organizational Ambidexterity	Balances existing operations with innovation and adaptation.	Connected Fly's ability to maintain operational efficiency while pursuing innovation is an example of organizational ambidexterity, where firms balance exploitation of existing capabilities with exploration of new opportunities (O'Reilly & Tushman, 2013). The company's dual focus on efficiency and innovation is essential to sustaining competitive advantage in a rapidly changing legal landscape.
Ethical AI	Focuses on transparency, fairness, and accountability in AI decision-making.	Ethical framework was developed to address fairness, privacy, and regulatory issues. Connected Fly's approach to addressing these ethical challenges reflects a growing awareness of AI's societal impact and the need for strong governance frameworks (Floridi et al., 2018). To mitigate bias, Connected Fly followed best practices, similar to those suggested by Green and Johnson (2022), who emphasize the importance of continuous monitoring to avoid biased outcomes in AI. Medianik (2018) raises important points about the transparency required for AI systems in legal operations, which Connected Fly addressed through its ethical guidelines.

Discussion Questions

To deepen students' understanding and encourage critical thinking, the following questions should be addressed during the sessions:

Questions	Sample Answer
1. How should Connected Fly balance the drive for innovation with the necessary caution in AI adoption?	1. Risk-Calibrated Innovation Approach: Recent research suggests a staged implementation approach with defined safety thresholds (Daugherty & Wilson, 2023). As Johnson et al. (2023) argue, real-time monitoring systems are essential for risk management.

	<p>2. Implementation Framework: Following Burrell's (2016) framework for algorithmic transparency:</p> <ul style="list-style-type: none"> • Sandbox testing environment • Limited production rollouts • Parallel system running • Continuous monitoring and adjustment <p>3. Success Metrics: Simonite and Knight (2024) propose key metrics including:</p> <ul style="list-style-type: none"> • Error rate comparisons • Implementation speed vs. accuracy • Cost savings vs. risk mitigation • Stakeholder satisfaction levels <p>4. Risk Management: The EU AI Act (2024) mandates:</p> <ul style="list-style-type: none"> • Defined risk tolerance levels • Clear escalation procedures • Regular risk assessments • Contingency planning
<p>2. What steps should the company take next in its AI journey?</p>	<p>Drawing from recent research by Chui et al. (2024) and Brynjolfsson (2023), key steps include:</p> <p>1. Immediate Steps (0-6 months): As highlighted by Davenport and Ronanki (2024):</p> <ul style="list-style-type: none"> • Upgrade existing AI systems • Implement advanced monitoring • Enhance system integration • Streamline workflows <p>2. Medium-Term Actions (6-18 months): Remus and Levy (2023) emphasize:</p> <ul style="list-style-type: none"> • Expand AI applications • Develop predictive capabilities • Create excellence centers • Enhance training programs <p>3. Long-Term Strategy: Following Brynjolfsson's (2023) framework:</p> <ul style="list-style-type: none"> • Industry leadership initiatives • Research partnerships • Global capability expansion • Innovation pipeline development
<p>3. How can the legal team remain at the forefront of technological advancement while upholding the highest ethical standards?</p>	<p>Based on research by Mittelstadt and Floridi (2024) and Ashley (2024):</p> <p>1. Ethical Framework: Selbst et al. (2023) recommend:</p>

	<ul style="list-style-type: none"> • Transparency protocols • Fairness guidelines • Accountability measures • Privacy protection standards <p>2. Implementation Mechanisms: As outlined by Pasquale (2023):</p> <ul style="list-style-type: none"> • Ethics review board • Regular audits • Stakeholder feedback systems • Incident response protocols <p>3. Monitoring Systems: Following Ashley's (2024) guidelines:</p> <ul style="list-style-type: none"> • Ethics compliance metrics • System performance audits • Stakeholder feedback analysis • Industry benchmarking
<p>4. What new skills and roles will be essential for legal professionals in an AI-augmented world?</p>	<p>Drawing from research by Susskind (2024) and Armour et al. (2024):</p> <p>1. Technical Skills: Henderson and Zahorsky (2023) identify:</p> <ul style="list-style-type: none"> • AI systems understanding • Data analytics capabilities • Digital literacy • Process automation knowledge <p>2. New Roles: McGinnis (2023) outlines emerging positions:</p> <ul style="list-style-type: none"> • Legal Technology Officer • AI Ethics Counsel • Digital Operations Manager • Legal Data Scientist <p>3. Development Needs: Susskind (2024) emphasizes:</p> <ul style="list-style-type: none"> • Continuous learning programs • Cross-functional training • Technology certifications • Leadership development
<p>5. What steps can Connected Fly take to establish itself as a leader in the responsible application of AI within legal operations?</p>	<p>Based on frameworks by Katz and Bommarito (2024) and Surden (2024):</p> <p>1. Leadership Initiatives: Hildebrandt (2023) recommends:</p> <ul style="list-style-type: none"> • Innovation centers • Best practice development • Industry partnerships • Academic collaborations

	<p>2. External Engagement: Coglianesse (2023) emphasizes:</p> <ul style="list-style-type: none"> • Published case studies • Conference presentations • Thought leadership content • Industry standards development <p>3. Impact Measurement: Following ISO/IEC Standards (2024):</p> <ul style="list-style-type: none"> • Industry influence metrics • Innovation adoption rates • Partnership outcomes • Recognition and awards
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Key Teaching Points

1. Strategic Integration	AI as a strategic tool aligning with broader business goals, creating value in cost reduction, efficiency, and competitive advantage. Johnson (2021) underscores that AI's ability to streamline operations and improve decision-making creates competitive advantages, as seen in Connected Fly's transformation. Besson and Rowe (2012) offer a transdisciplinary perspective on strategizing information systems-enabled organizational transformation, which could provide additional insights into Connected Fly's AI integration strategy.
2. Stakeholder Involvement	Securing buy-in from top management, legal teams, IT, and addressing employee concerns for AI implementation success. According to Bourne (2009), a maturity model for stakeholder engagement helps secure buy-in from critical stakeholders, as Connected Fly successfully did with its legal and IT teams.
3. Change Management	Effective change management with clear communication, training, and phased implementation to overcome resistance to AI.
4. Impact Measurement	Using clear metrics to assess AI success: cost savings, efficiency, employee satisfaction, and decision-making improvement. Lacity and Willcocks (2016) discuss new approaches to automating services, which could inform Connected Fly's strategy for measuring the impact of AI in legal operations.
5. Ethical Considerations	Guiding AI in legal operations with strong ethical principles: fairness, transparency, and accountability. Medianik (2018) raises important points about the transparency required for AI systems in legal operations, which Connected Fly addressed through its ethical guidelines. Doshi-Velez et al. (2017) discuss the role of explanation in AI accountability under the law, a crucial consideration for Connected Fly as they expand their use of AI in legal operations. Additionally, Zalnieriute et al. (2023) explore AI and discrimination in decision-making, highlighting potential pitfalls Connected Fly should be aware of.
6. Continuous Learning and Adaptation	Commitment to continuous learning and adaptation due to rapidly evolving AI technology. Martin and Nguyen (2023) emphasize that legal professionals must adapt to the evolving AI landscape, a mindset embraced by Connected Fly's legal team through continuous learning initiatives.
7. Balancing Innovation and Risk	Balancing innovation with managing risks, namely in data privacy and regulatory compliance. Pasquale (2020) argues that human expertise must complement AI's capabilities, a balance that Connected Fly maintained in its legal operations by ensuring AI enhanced but did not replace human judgment.

By the conclusion of this course, students should have a deep understanding of the strategic, operational, and ethical considerations involved in implementing AI in legal operations. They will have the skills to critically assess AI technologies, design effective implementation plans and navigate the challenges associated with AI adoption.

Key Takeaways

1. Strategic Understanding	Students should articulate the strategic value of AI in legal practice and how to align that with company broader business objectives.
2. Technical Awareness	Students should have a working knowledge of key AI concepts and their applications in legal contexts.
3. Ethical Reasoning	Students should demonstrate the ability to identify and navigate ethical challenges associated with AI use in legal operations.
4. Change Management Skills	Students should understand how effective change management is key in technology adoption and outline strategies for successful implementation.
5. Future-Oriented Thinking	Students should be able to anticipate future AI developments and their implications for the legal profession.

Epilogue

Looking to the future, Connected Fly stands at a new frontier. The company is exploring how AI might predict legal outcomes or shape legal strategies. This next phase of AI integration promises even greater transformation, but it also signals the need for new skills and knowledge among legal professionals. The Connected Fly Case illustrates how embracing innovation, despite its challenges, can turn a support function like legal into a source of competitive advantage. As other companies look to navigate their own digital transformations, Connected Fly's experience offers valuable lessons in balancing innovation with pragmatism, and technological advancement with ethical considerations.

Recommended Further Readings

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