

Legal services

Kirkland & Ellis to spend \$500mn building its own AI technology

World's highest-grossing law firm plans to put the 'collective intelligence' of its lawyers into a tech platform

SUZI RING IN LONDON AND KAYE WIGGINS IN NEW YORK

Kirkland & Ellis has set aside \$500mn to create its own AI platform, as the world's highest-grossing law firm seeks to develop proprietary technology rather than rely only on tools available to its competitors.

The US-based firm expects to spend more than \$100mn this year and hundreds of millions more in the next three to four years developing custom AI services, its chair Jon Ballis told the FT. That is in addition to the money it will continue to spend on licences to use third parties' AI tools.

"The idea is that we're going to take the collective intelligence of our institution and be able to deploy that throughout our firm," Ballis said.

While the use of widely available AI tools was "raising the floor for everyone" in the legal industry, he said, Kirkland had to do more than use those because "we don't get hired for the floor".

Law firms have been racing to make greater use of AI, even as several have been reprimanded for misuse.

Elite firm Sullivan & Cromwell told a US federal bankruptcy court last month that a major filing it had made in a high-profile

case contained multiple AI "hallucinations". Meanwhile, Pinsent Masons was reprimanded by a London court last week for making false submissions based on AI.

Law firms around the world have been announcing deals with the two main legal AI providers – Harvey and Legora – every week, while some have also tried to build their own in-house tools.

Freshfields announced a deal with Anthropic in April where the UK "magic circle" firm will help the tech giant build specialist AI tools that could be later sold to rival law firms. The alliance gives Freshfields early access to future Anthropic models and tools.

Outside companies were building the Kirkland technology alongside Kirkland's own engineers and data scientists, Ballis said, but they would not be able to sell it to others and the law firm would "own, or have the right to own, all of it". He said 180 tech professionals were working on it in total.

The AI platform was being designed using information from a group of 250 Kirkland lawyers, including 100 partners, about how they did their jobs, he said.

Kirkland will pay for the investment out of its revenues, eating into the profits available to be shared among equity partners at least in the short term. The firm reported a record \$10.6bn in revenue last year.

The AI platform will be used for the firm's mandates in their entirety, using the knowledge that partners have fed into it, instead of lawyers calling on individual programs for specific tasks, he said. The name of the platform and the technology companies involved are set to be disclosed in the coming weeks.

Across the legal industry, AI technology could overturn the billable hours model by automating many of the routine tasks for which firms have previously charged clients. Instead, fees could be charged based on the outcome of a firm's work under a model called value-based pricing.

"People talk about the evolution of the billable hour," Ballis said. "We already do a number of matters on value-based pricing, and that trend will only continue and it will accelerate . . . and we're going to lean into it," he said. "We're looking forward to leaning into it."