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**Legal's Digital Turning Point:
From Cost Center to Competitive Advantage**

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In order to change an existing paradigm you do not struggle to try and change the problematic model. You create a new model and make the old one obsolete.

— Buckminster R. Fuller



About Fulcrum GT

Fulcrum GT provides an innovative end-to-end digital business platform for the Legal and Professional Services markets. Our true cloud SaaS solutions incorporate over 20,000 industry-specific features built on best practices, are ready to use from day one and are deployed in the quickest time-to-value in the industry. We connect the professional services ecosystem through a legal marketplace and business platform that commercializes and digitizes processes and the exchange of data, from source to pay.

Legal's Digital Turning Point: From Cost Center to Competitive Advantage

Twenty-five years ago, IT was where Legal Ops is today: viewed as a cost center, constantly defending budgets, and struggling for strategic relevance. Today, IT sits at the center of competitive advantage in nearly every industry.



Introduction

The single biggest global transformation that triggered IT's meteoric rise was the commercialization and mass adoption of the internet in the mid-to-late 1990s, followed by the digital business revolution of the early 2000s.

This wasn't just "going online," it was a fundamental change in the operating models of entire industries:

- Shift from physical to digital channels: Banking moved to online banking, retail to e-commerce, media to streaming, healthcare to telemedicine. Suddenly, IT wasn't a back-office function; it was the front door to the business.

- Customer expectations reset globally: People expected 24/7 access, real-time transactions, and seamless digital experiences.
- Global competition accelerated: Companies could serve customers anywhere, meaning local players now faced global competitors.
- Data became a strategic asset: Digital interactions created vast amounts of data, turning analytics into a competitive weapon.
- Enterprise integration became essential: ERP systems, CRM, and supply chain software connected the enterprise end-to-end.

When we look back, the pivotal moments and/or initiatives that helped IT shift from the back office to the boardroom included:

- IT portfolio management
- Back-office modernization
- Rise of digital channels
- Establishing governance and KPIs that resonated with the business

However, for all those decades, Legal has been the outlier in enterprise digital transformation because its work products were primarily intellectual, critical thinking-based, and unstructured by nature, and as a result resistant to automation while, other functions (e.g, finance, supply chain, sales) were transformed because structured data could be captured, analyzed, and acted on.

AI, especially generative AI, changes that reality. For the first time, unstructured legal work can be processed natively, making legal fully eligible for the same transformation that reshaped other industries over the last 20+ years.

If we're drawing the parallel to IT's internet moment, then for Legal Ops right now the equivalent global inflection point isn't mere digitization, it's the commercialization and mass adoption of AI. Here's how that maps:

IT's Inflection Point (~late 1990s – early 2000s):

In the late 1990s and early 2000s, IT reached its defining inflection point. The commercial internet became mainstream, and entire industries reoriented themselves around digital channels. IT suddenly found itself in the driver's seat for delivering products, services, and customer experiences that were increasingly online first.



The enabler of this transformation was the internet's ability, paired with enterprise systems, to store, process, and connect vast amounts of structured data such as transactions, inventory levels, and customer records. Structured data became the foundation for ERP, CRM, and e-commerce platforms, which in turn enabled automation, advanced analytics, and entirely new business models. As a result, IT was no longer a back-office utility, it became a strategic enabler and, in many cases, the business model itself, as seen in e-commerce, online banking, and digital media.

However, this wave of transformation had a clear limitation when it came to legal. Legal's core work, including contracts, filings, briefs, and negotiations, was fundamentally unstructured, locked away in text, audio, and human reasoning. The structured data revolution that propelled finance, supply chain, and manufacturing forward did not fully translate to the legal function, leaving it largely outside the scope of that first digital revolution.

LegalOps' Inflection Point (Present – Onward):

Today, Legal Operations has reached its own inflection point. Artificial intelligence, particularly large language models, machine learning, and automation have moved from niche experiments to commercially viable, widely adopted tools. The scope of legal work that can now be accelerated, augmented, or entirely reimaged by AI is unprecedented, spanning contract review, compliance monitoring, risk assessment, matter triage, knowledge retrieval, and even aspects of legal strategy

This transformation gives Legal Ops the opportunity to become the orchestrator of AI-driven legal service delivery, embedding intelligence into every stage of the legal value chain. The enabler is the ability of large language models and other advanced AI systems to consume, understand, and generate unstructured data at scale with fluency that approaches, and in some cases surpasses, human capability.

As a result, legal's once opaque work product is now machine-readable, searchable, analyzable, and automatable, without requiring conversion into structured formats first. This marks the beginning of a truly native digital transformation for legal, not a bolt-on or partial adaptation. For the first time, legal work can be digitized in its natural form, unlocking real-time portfolio analysis of matters, risks, and obligations, seamless integration with enterprise decision-making, and scalable automation of tasks that once required costly human review.

<https://www.salesforce.com/resources/articles/how-ai-is-transforming-the-legal-industry/>

<https://juro.com/learn/legal-operations-trends>

” Today, Legal Operations has reached its own inflection point.

This is not a discussion about AI tools in isolation, it's about the full digital transformation that becomes possible and the ripple effects that follow:

1. New Operating Models

- How work is allocated between in-house teams, external providers, and technology.
- Outcome-based pricing and subscription models that mirror shifts in IT and other services industries.

2. New Customer (Client) Experiences

- Self-service legal portals with real-time matter tracking.
- Embedded legal guidance inside business systems and workflows.

3. Efficiencies and Productivity Gains

- Dramatic cycle-time reductions in contract execution, compliance reporting, and dispute resolution.
- More accurate forecasting of workload and spend.

4. Innovation Enablement

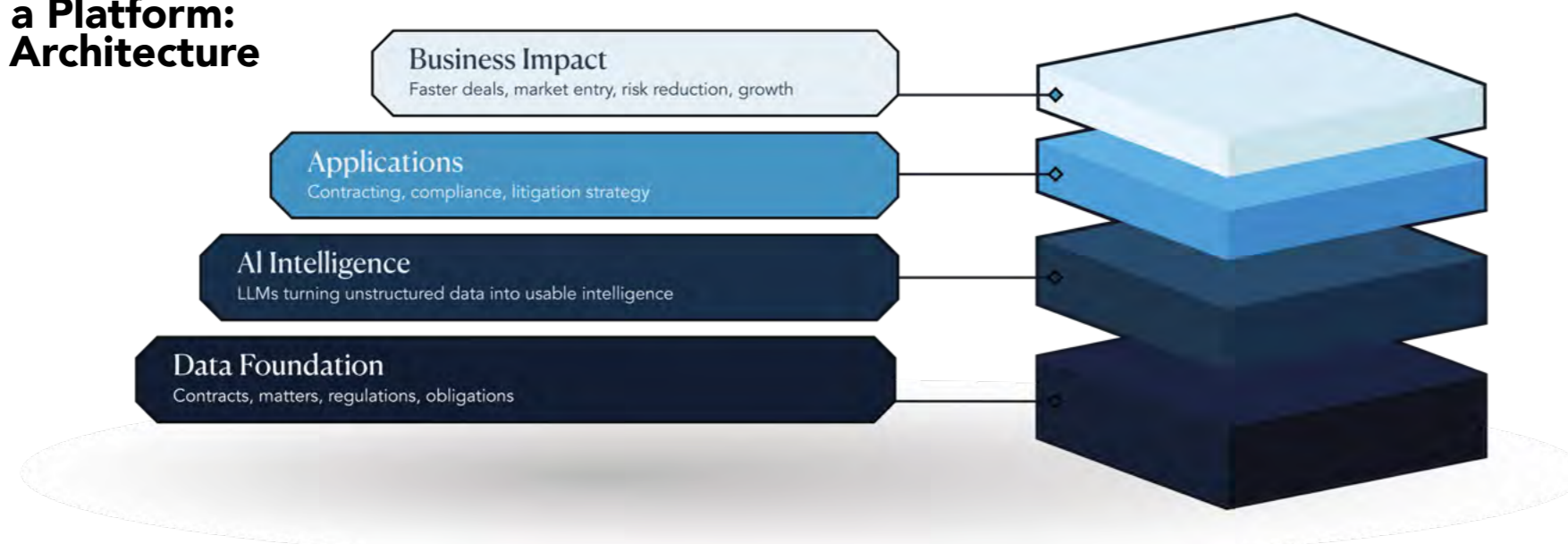
- Proactive risk spotting and mitigation through continuous portfolio analysis.
- New legal service offerings that were impractical before AI-enabled unstructured data processing.

5. Price/Performance Improvements

- Lower cost per matter or transaction without compromising quality.
- Reinvestment of savings into higher-value legal initiatives that support business growth.

<https://arxiv.org/abs/2504.02881>

Legal as a Platform: Layered Architecture



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Tie to IT Lessons and Best Practices

The internet didn't just make IT more efficient; it made IT the platform for new business models. AI won't just make Legal Ops faster, it can redefine what legal work is, who performs it, and how it integrates with the rest of the enterprise. Those who embrace it early can shift Legal Ops from cost center to competitive differentiator, just as early digital adopters dominated their markets in the 2000s.

LegalOps can draw on IT's transformation arc (from reactive tech deployment to strategic enabler) to help inform how to navigate their journey:

- Building governance and portfolio discipline early.
- Aligning transformation with enterprise priorities from the start.
- Avoiding early missteps with vendor relationships.

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Those who embrace it early can shift Legal Ops from cost center to competitive differentiator



IT vs. Legal Ops Transformations (Today – 20 Years Apart)

STAGE / ELEMENT	IT ~2000s	Legal Ops Today	Parallel / Lesson
Initial Perception	Seen as a cost center: "keeping the lights on" for email, networks, and basic systems.	Seen as a cost center: managing vendors, processing invoices, ensuring compliance.	Both functions started with transactional focus; transformation begins by reframing as strategic partners.
Core Assets	Individual applications, servers, and support contracts, all managed in silos.	Individual matters, law firms, and vendor engagements, all tracked separately (if at all).	Without a portfolio view, resources are allocated reactively, not strategically.
Data State	Fragmented data in departmental systems and spreadsheets.	Fragmented data in eBilling, matter systems, and spreadsheets.	Integration and standardization are prerequisites for strategic insight.
Catalyst for Change	Technology was no longer just a support tool, it was the foundation for new products, customer experiences, and market differentiation (e.g., online banking, e-commerce). Falling behind meant losing customers and relevance.	Legal is no longer just a risk shield. It is a business accelerator enabling faster deal cycles, proactive compliance, and innovative customer engagement. Slow, opaque legal processes put the business at a competitive disadvantage.	The shift happens when leadership sees the function as a driver of speed to market, trust, and client experience, not just an operational necessity. Competitive pressure forces investment and modernization.
First Awkward Steps	A scramble to meet sudden market demands from the internet boom.	Reactive scrambles of pilots, point solutions, and client-driven experiments.	Early rush, setting the stage for either strategic integration... or fragmented dead ends.
Struggle to Mature	IT faced a period of disjointed systems, overlapping tools, and ad-hoc projects, forcing CIOs to shift from reactive build-outs to disciplined governance, integration, and strategy.	Legal Ops will grapple with fragmented workflows, inconsistent governance, and siloed vendor relationships, creating pressure to consolidate, integrate, and establish a coherent AI operating model.	Early transformation often produces chaos before capability; the winners are those who move quickly from experimentation to disciplined, business-aligned maturity.
Back-Office Modernization	ERP and shared service centers to consolidate finance, HR, procurement.	Modern legal ops platforms integrated with finance, procurement, HR, and business systems.	Centralization reduces redundancy and creates a single source of truth.
Digital Channel Explosion	Online banking, telemedicine, mobile commerce, customer self-service portals.	Client-facing legal portals, real-time matter tracking, self-service NDAs, automated compliance tools.	Digital engagement shifts the role from gatekeeper to enabler.
Governance & KPIs	CIOs implemented KPIs tied to revenue enablement, customer experience, and operational efficiency.	CLOs/Legal Ops can track KPIs like cycle time, spend predictability, risk mitigation, and business enablement.	Metrics must speak the language of the business, not just legal.
Cultural Shift	IT staff retrained as business partners, not just tech troubleshooters.	Legal Ops teams evolving into strategic advisors, not just administrators.	People capability building is as critical as systems modernization.
Outcome	IT became central to competitive advantage in finance, healthcare, manufacturing, etc.	Legal Ops to be a strategic enabler of business growth and risk management.	The playbook exists, adoption speed will determine competitive position.

What will future legal services look like?

The future of legal services after full digital transformation will be defined by seamless integration, real-time intelligence, and business models that look nothing like today's reactive, document-bound practice. With AI making legal work natively digital, the function will operate as a continuous, embedded capability that accelerates decisions, reshapes client experiences, and becomes a visible driver of enterprise growth and market advantage. Some possible examples include:

1. Dynamic, Data-Driven Legal Marketplaces

"An enterprise has an intelligent legal routing platform that works like AWS for legal services. A complex IP matter in Asia is instantly matched with the top-performing law firm in the region, while a standard employment contract in Canada is routed to a cost-effective ALSP. Every assignment is priced, tracked, and performance-rated in real time, with work allocation adjusting automatically as vendor performance changes."

IT Analogue: SaaS marketplace / Cloud computing with dynamic resource allocation, where workloads are routed to the optimal compute resource in real time.

2. Instant Business Enablement

"A fintech identifies an opportunity to launch a new payments product in South America. Within 48 hours, the legal function's AI platform assembles all regulatory requirements, updates product terms, generates required filings, and secures pre-approval from local regulators via automated submission portals. The product team moves directly from concept to market launch without legal delays."

IT Analogue: Rapid application deployment and SaaS adoption that allowed companies to launch digital services or channels in days instead of months.

3. Embedded Legal in Digital Products and Customer Journeys

"A B2B SaaS provider's online checkout includes an embedded AI negotiator for contract terms. A customer selecting a multi-year license can adjust liability caps or payment schedules on the spot, with the AI ensuring compliance with corporate policy and applicable laws. The legal "negotiation" happens in seconds as part of the buying experience, reducing sales friction and improving close rates."

IT Analogue: Embedded payments, authentication, and personalization inside digital products and e-commerce platforms.

4. Enterprise-Level Foresight and Governance

"A multinational retailer's board receives a quarterly "regulatory horizon" dashboard from Legal Ops. It forecasts upcoming global privacy regulations, models their impact on new digital initiatives, and recommends market prioritization based on compliance readiness. When a new AI-related law is proposed, the system simulates operational impact across all regions and surfaces strategic options before the law passes."

IT Analogue: Enterprise analytics, cybersecurity threat intelligence, and governance dashboards used to guide board-level strategy and compliance.

What will bring about this Transformation?

If we project forward and imagine looking back at legal's transformation in the AI-enabled era, the pivotal moments and initiatives might include:

1. The First Wave of AI-Enabled Legal Service

Delivery: when AI moves from isolated pilots to being embedded in core legal workflows such as contract lifecycle management, compliance monitoring, litigation strategy, and matter triage..

2. The Adoption of Legal Portfolio Management:

the shift from tracking individual matters and vendors to managing an integrated portfolio of all legal work, spend, and risk, enabling resource allocation based on strategic business priorities.

3. Integration of Legal into Enterprise Systems:

when legal data and processes are fully connected to ERP, procurement, HR, and risk systems, creating seamless information flow and decision-making across the enterprise.

4. Implementation of Legal AI Governance

Frameworks: establishing formal policies, guardrails, and ethical standards that allow AI enabled transformations to scale safely and confidently without stalling innovation.

5. Rise of Client-Facing Digital Legal Channels:

delivering real-time visibility into matters, self-service tools, and AI-assisted legal guidance directly to business stakeholders and clients.

6. Shift to Business-Aligned KPIs:

moving away from "hours billed" or "matters closed" toward metrics like cycle time reduction, deal velocity, risk mitigation, and revenue enablement, which tie legal performance directly to competitive advantage.

7. Consolidation and Modernization of the Legal Tech Stack:

streamlining fragmented tools into unified platforms with shared data, analytics, and AI capabilities, reducing operational friction and duplication.

8. Cultural Repositioning of Legal Ops:

the moment legal operations is no longer viewed as an administrative cost center but as a strategic enabler of growth, trust, and market differentiation.

Vendor Management: IT vs. Legal Ops

In both IT and Legal Ops, large vendors promise expertise and scale. Both industries have a long history of vast ecosystems of service providers (IT Consulting and tech vendors for IT, Law firms and ALSPs for legal). But as legalOps starts its journey to becoming a strategic business enabler, we can learn from some of the lessons IT faced as it scaled.

IT's history shows that without strong management these relationships can lead to over-reliance and costly failures; learning from IT's evolution can help Legal Ops build panels that balance strategic partnership with competitive discipline.



1. The Parallel

- **IT Vendors:** Large consulting firms, systems integrators, and outsourcing providers deliver enterprise-scale technology solutions and services.
- **Large Law Firms:** Global firms deliver enterprise-scale legal services, often on long-term retainer or panel agreements.
- **Common Role:** Both are professional services providers hired for specialized expertise, scale, and ability to execute high-stakes projects.
- **Common Pitfalls:** High cost, complex scope, dependency risk, and mixed track records on delivering promised outcomes.

2. The Big Blunders from IT

- **Over-Reliance on a Few Vendors:** Many organizations became dependent on a single "strategic" provider, reducing competition and leverage. (e.g., The Big 6)
- **Mega-Projects with Bloated Scope:** Massive, multi-year transformations were overpromised and underdelivered, often failing to meet business needs.
- **Weak Project Governance:** Without disciplined oversight, vendors overran budgets and timelines, sometimes with little-to-no accountability.
- **Misaligned Incentives:** Vendors were often paid for time and materials rather than business outcomes, encouraging project sprawl.
- **Underestimating Change Management:** Technology was delivered, but adoption lagged because the human side of change wasn't addressed.
- **High Failure Rates:** Industry studies routinely showed 50–70% of large IT projects failed to meet their objectives.

3. Lessons for Legal Panels

- **Diversify but Manageable Scale:** Avoid over-consolidation into a single "go-to" firm that controls all work but also avoid bloated panels

where no one develops deep integration with the client.

- **Right-Sizing Engagements:** Break large matters into phases with clear deliverables, rather than one monolithic engagement.
- **Outcome-Based Incentives:** Tie compensation to agreed business outcomes (e.g., time-to-close, compliance metrics, risk reduction) instead of pure hours billed.
- **Governance & Transparency:** Apply structured performance reviews, KPI tracking, and matter-level reporting just as IT uses vendor scorecards.
- **Capability Mix:** Maintain a balanced mix of global "strategic" providers and niche specialists for unique needs.
- **Change Management in Legal:** Treat internal adoption of law firm recommendations as seriously as deploying new technology.

4. The Evolution of the Legal Panel

Past:

- Static rosters, often based on relationships and historical use.
- Loose oversight of spend and performance.
- Present:
- Increasing use of RFPs, preferred provider programs, and competitive bidding for work.
- Panels still largely measured on cost and basic satisfaction.

Future (Learning from IT):

- Panels managed like IT vendor ecosystems with formal governance, performance metrics, continuous evaluation, and strategic alignment.
- More agile allocation of work, with real-time performance data guiding decisions.
- Stronger focus on joint innovation with firms, not just execution of tasks.

Conclusion

We have tried to examine the opportunities for profound transformation of Legal Ops and draws lessons from IT's journey from reactive technology adoption during the internet era to its current role as a strategic driver of competitive advantage. We have looked not only at IT's early missteps, such as vendor over-reliance, poor governance, and high failure rates, but also at its major successes, including the adoption of disciplined portfolio management, the creation of integrated vendor ecosystems, and the development of high-impact digital channels that redefined customer experiences. These experiences offer a blueprint for Legal Ops to design high-performing legal panels, embed business-aligned KPIs, and orchestrate AI-enabled service delivery. The transformation ahead is not just about technology but about repositioning legal as a core enabler of enterprise growth, innovation, and market differentiation.

Further Reading:

In-House Legal Advisers Flex to Cope with New Risks

<https://www.ft.com/content/ef4a10c9-30ba-41ec-b6bc-b957ec7e50c7>

Meet the Specialists Digitizing Companies' Legal Teams

<https://www.ft.com/content/6deada48-5b30-41b2-86a5-3ed7c567119c>

In-House Legal Teams Start to See AI Gains

<https://www.ft.com/content/285f1c78-6deb-47ac-b5d3-1b59b78e15c1>

Inside the AI Boom that's Changing How Big Law Attorneys Work

<https://www.businessinsider.com/big-law-top-10-firms-ai-overhaul-use-cases-2025-7>

A Patent Practice Leader's Guide to the AI Revolution

<https://www.reuters.com/legal/legalindustry/patent-practice-leaders-guide-ai-revolution-2025-05-20/>

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Dino is an experienced leader and innovator in industry and high-end professional IT consulting with deep specialization in user experience, AI / ML, data/ analytics and highly complex business applications. He has depth in many industries including Financial Services, Retail / CPG, Telecommunications, Travel and Entertainment, Healthcare, Pharmaceuticals, Hi-Tech Manufacturing and Energy.

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Dino combines his depth and breadth of experience and expertise with his highly collaborative and results-oriented management style to deliver outstanding outcomes for his clients, his employers and his teams.



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