



Legal Tech & Services Insights: Artificial Intelligence

Winter 2025/2026

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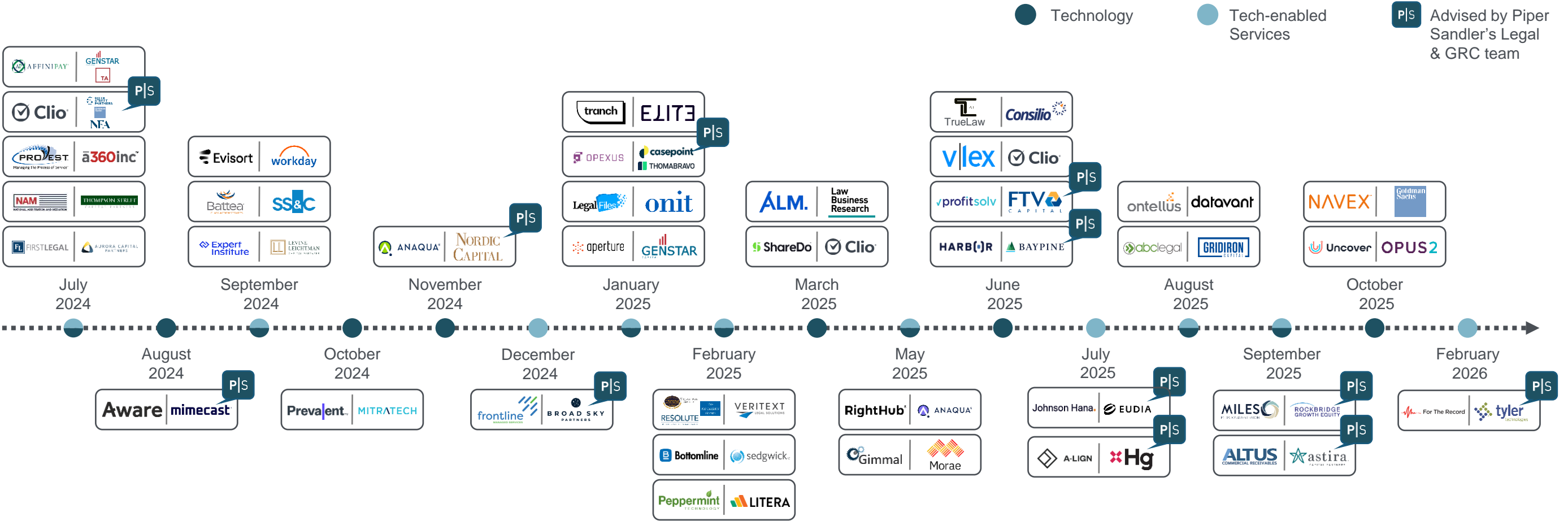
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01

Introduction



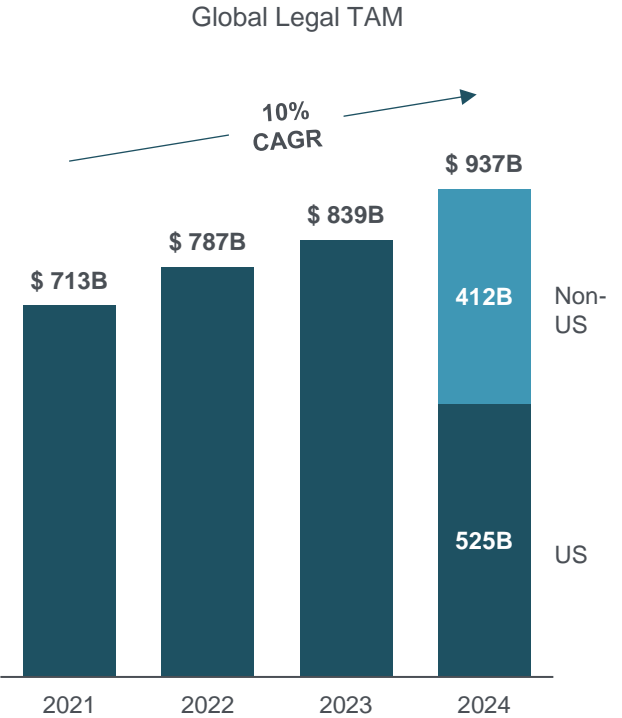
Transaction Activity Remains Strong Across the Legal & Compliance Markets



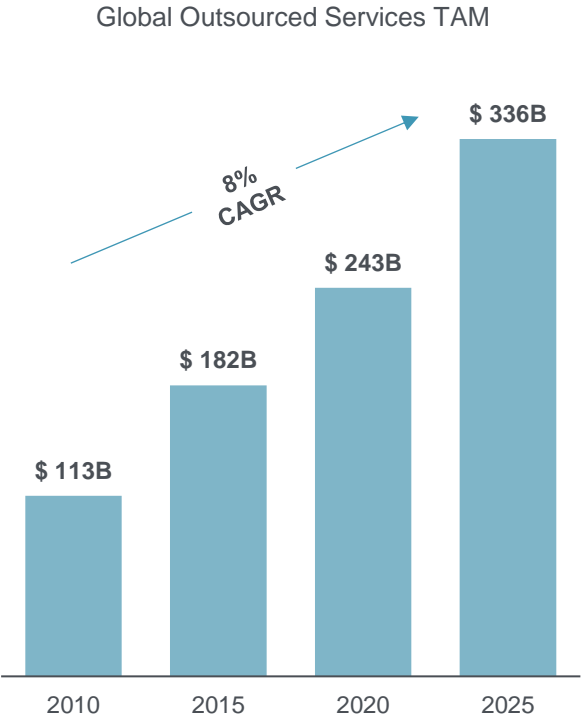
Note: Includes transactions completed by Piper's Legal & GRC team while at prior firms.

Key Themes Driving Investment into the Category

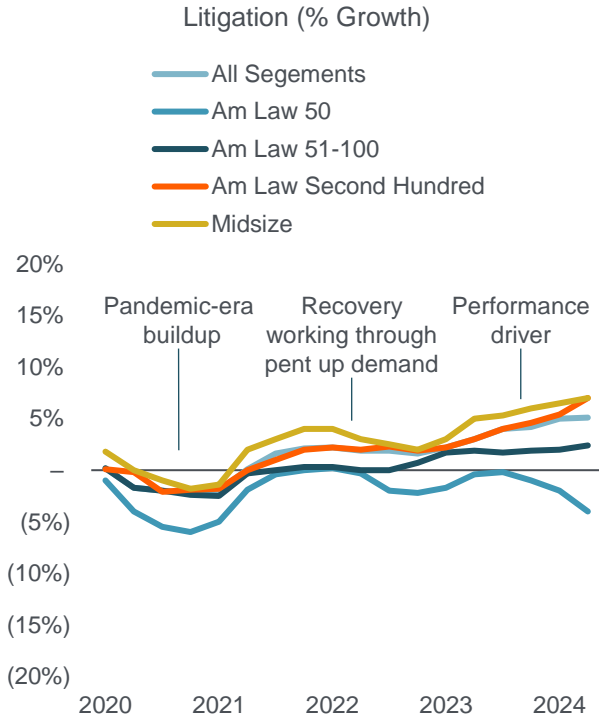
Massive & Growing TAM



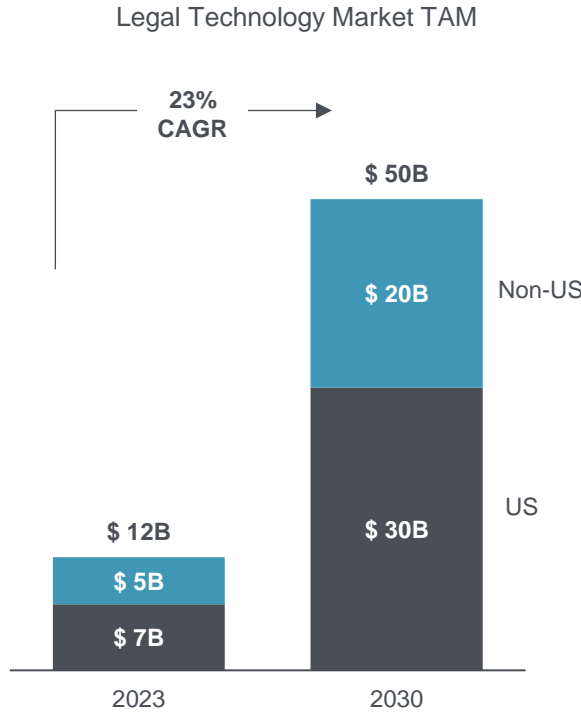
Outsourcing of Legal & Compliance Functions



Acyclical Nature of Litigation



Adoption of Software Solutions to Solve Legal Needs



Notable Catalysts


Organic Growth

AIA Contract Documents MILES


M&A / Consolidation Opportunity

HARB(R) Proceed vprofitsolv VERITEXT


GenAI Opportunity

Clio EUDIA Harvey. onna

Source: Thomas Reuters Institute 2024 State of the US Legal Market Report.

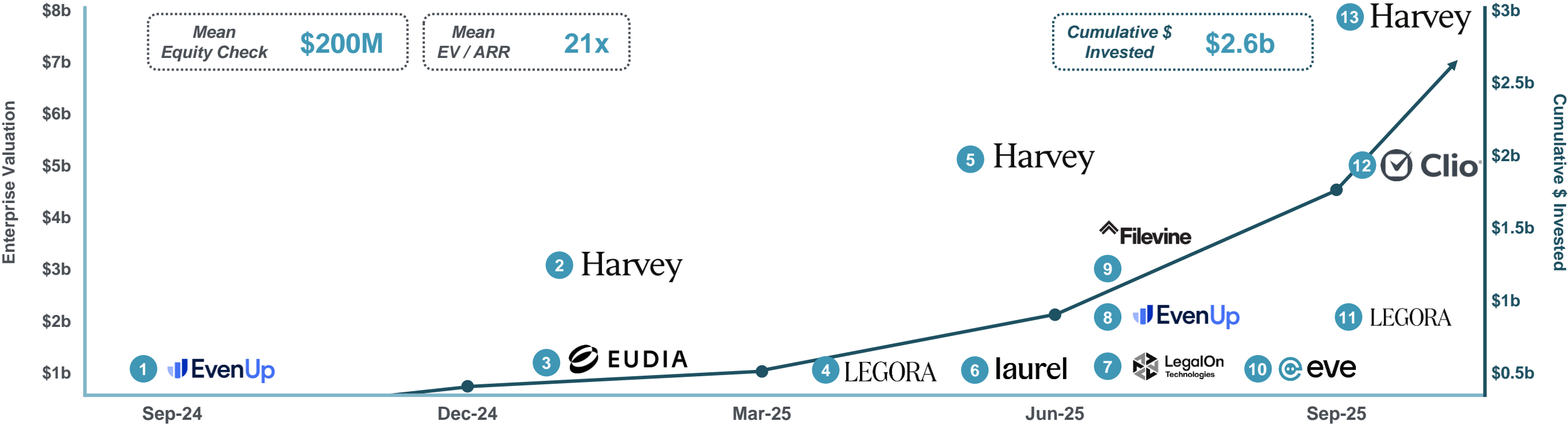
02

The background is a dark blue gradient with a network of glowing white lines. Various icons are scattered throughout, including a pair of scales, a classical building, a magnifying glass, a group of people, a person silhouette, a handprint, and a document. A hand is visible in the center, interacting with a keyboard.

Accelerating Investment in Legal AI

Venture and Growth Equity Have Entered the Chat...








































Capital has been entering the category with unprecedented velocity over the last 18 months




























	1	2	3	4	5	6	7	8	9	10	11	12	13
Investor(s)	BainCapital	SEQUOIA	GENERAL CATALYST	ICONIO GENERAL CATALYST	KLEINER PERKINS COATUE	G/ ivp	Goldman Sachs	REVP Bessemer Venture Partners	Accel HXCO	SPARK CAPITAL	Bessemer Venture Partners	NEA	andreesen horowitz IEGT
Equity Check	\$135M @ \$1B EV	\$300M @ \$3B EV	\$105M	\$80M @ \$675M EV	\$300M @ \$5B EV	\$100M @ \$510M EV	\$49M @ \$700M EV	\$150M @ \$2B EV	\$400M @ \$3B EV	\$103M @ \$1B EV	\$150M @ \$1.8B EV	\$500M @ \$5B EV	\$185M @ \$8B EV
EV / ARR ¹	12x	>30x	NA	7x	50x	>15x	>15x	>15x	>15x	10x	8x	13x	59x
Date	October 2024	February 2025	February 2025	May 2025	June 2025	June 2025	July 2025	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025

Sources: CapIQ, Pitchbook and Company websites
1. Multiples are approximate.

...Funding Investments in New Platforms

	Core Value Prop	Roles Augmented	Customer Focus	LLM Partners	Proprietary Data	Notable Partnerships	Approximate Revenue	KPIs
 EUDIA <i>Established in 2023</i>	 Knowledge Management  Contract Drafting  Compliance Reviews	 Corporate Lawyers  ALSPs	Corporate Legal Departments <i>Rapidly growing Fortune 500 customer base</i>	ANTHROPIC   	N/A	Johnson Hana. 	N/A	<ul style="list-style-type: none"> 80% faster contracting 30%+ faster compliance review
 Harvey <i>Established in 2022</i>	 Document Review  Contract Drafting  Document Summaries	 Law Firm Associates  Paralegal  Corporate Lawyers	Law Firms & Corporates <i>45 of AM Law 100</i> <i>33% of revenue is from corporates and continues to grow as of November 2025</i>		N/A	  	~\$150M	<ul style="list-style-type: none"> 98% gross dollar retention 167% net dollar retention 60% YoY growth in queries per user per month
 LEGORA <i>Established in 2021</i>	 Case Analysis  Document Review	 Law Firm Associates  Corporate Lawyers  Bankers	Law Firms & Corporate <i>250 law firms served, with legal teams in 20 markets</i> <i>Grown from 250 customers to over 400 clients across 40 markets as of November 2025</i>	 	N/A	  	>\$20M	<ul style="list-style-type: none"> \$40M 2025 ARR goal 90% reduction in document review time vs. manual review
 EvenUp <i>Established in 2019</i>	 Practice Management	 Paralegal  Civil Attorneys	Plaintiff Law Firms <i>20 of the top 100 injury law firms served and an additional 2K customers</i>		Medical records, personal injury cases and the Piai AI model	 	~\$150M	<ul style="list-style-type: none"> 100% YoY ARR growth 10K+ cases per week \$10B secured in damages for injury victims





















...and Chasing Established Market Leaders

	Core Value Prop	Roles Augmented	Customer Focus	LLM Partners	Proprietary Data	Notable Partnerships	Approximate Revenue	KPIs
 Filevine <i>Established in 2014</i>	 Case Management	 Case Manager  Paralegal  Civil Attorneys	Law Firms, Corporates & Government <i>6K customers and 100K legal professionals served across boutique firms, government agencies & Fortune 500</i>	 OpenAI	N/A	 GEMINI  MOXO  Proof	>\$100M	<ul style="list-style-type: none"> 20M pages uploaded daily 96% gross dollar retention 120% net dollar retention 130% YoY AI revenue growth
 Clio <i>Established in 2008</i>	 Practice Management	 Law Firm Associates  Paralegal  IT Staff	Law Firms & Corporate <i>1K+ small and mid-sized law firms served across 130+ countries</i>	ANTHROPIC  OpenAI	1 billion searchable documents through vLex	 collbox  Proof  xero	~\$350M	<ul style="list-style-type: none"> 400K+ users 100K+ legal document drafts per week Up to 80% time saved drafting legal documents
 OPUS2 <i>Established in 2008</i>	 Case Management	 Law Firm Associates  Paralegal  Court Admin	Law Firms and Judicial Systems <i>88 of AMLaw 100 law firms; 10K+ barristers across large UK and USA law firms and court systems</i>	 Uncover	Petabytes of data in highly secure, law firm environments	Gateley / Linklaters  SeeUnity <small>An Anaque Company</small>	>\$75M	<ul style="list-style-type: none"> 120% net dollar retention 97% gross dollar retention 88 of top AmLaw 100

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Assessing the Impact of AI on Legal Service Providers

The Advancement of Generative AI has Led to Varied Investor Sentiment by Legal Services Category

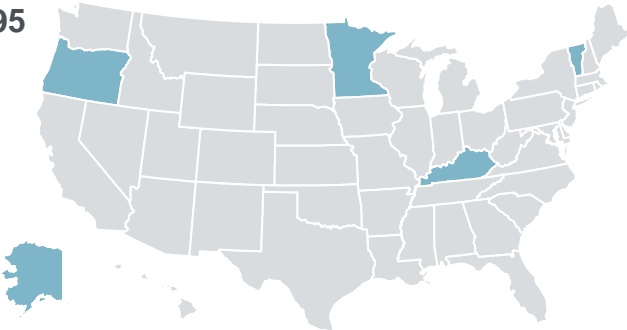
Litigation Support	ALSPs	eDiscovery
Key Investment Committee Questions		
<ul style="list-style-type: none">? What is the durability of labor-first services like court reporting, service of process and record retrieval in the face of Gen-AI enabled speech-to-text, document analysis and summary solutions?? In a future state, who owns the technology – disruptors or incumbents?	<ul style="list-style-type: none">? Which services will endure and which are at risk of being disintermediated?? Who are the advisors and consultants, and who are the technology re-sellers?? Who will be the “winners” and “losers”?	<ul style="list-style-type: none">? What is the durability of service providers in an industry predicated on the laborious nature of sifting through documents?? Are eDiscovery services just re-seller models, or do they have strong customer relationships and custom-built technology?
Investor Gen AI Meter		
<div><div></div></div> <div>CautiousNeutralOpportunistic</div>	<div><div></div></div> <div>CautiousNeutralOpportunistic</div>	<div><div></div></div> <div>CautiousNeutralOpportunistic</div>
Piper Sandler Observations		
<ul style="list-style-type: none">▪ Scaled court reporting agencies are both growing and expanding their margin profiles▪ Market leaders have begun to realize Gen AI revenue streams, primarily by running real-time analytics on depositions▪ Record retrieval has become a race to tech-driven, network solutions, with opportunity for AI-led calling	<ul style="list-style-type: none">▪ High-skill and partner-first consultants are benefiting as law firms and corporate legal departments seek their counsel on solutions▪ Low-skill labor like managed document review, NDAs and drafting summaries and briefs have been called into question and face the most significant headwinds	<ul style="list-style-type: none">▪ Private equity investment has come to a halt as investors seek more proof of performance in the AI era▪ Lending markets remain strong as cash flow profiles are more lucrative than ever▪ Managed document review revenues continue to increase as unit pricing on AI solutions remains prohibitive for complex matters
Notable M&A Transactions since Chat-GPT Unveiled		
<div>Successes (6)</div> <div></div> <div>Cancelations (2)</div> <div></div>	<div>Successes (3)</div> <div></div> <div>Cancelations (3)</div> <div></div>	<div>Successes (1)</div> <div></div> <div>Cancelations (5)</div> <div></div>

Evaluating the Impact: Litigation Support and Court Reporting

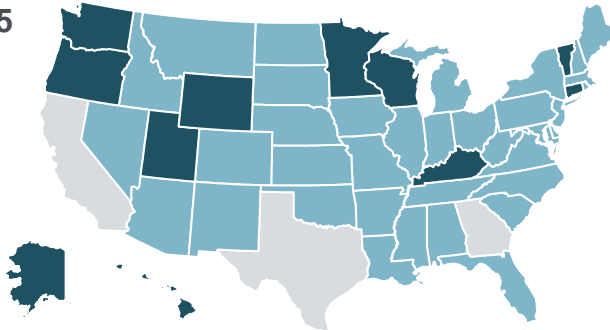
Shift to Digital

Restrictive (Steno Only) Permitted / Mixed (Digital/Steno) Digital Standard / Default

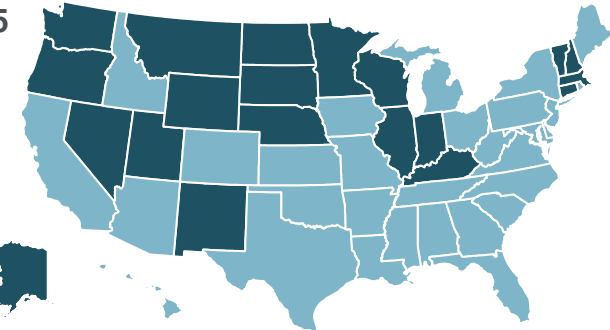
1995



2015



2025



Data Orientation



Significant focus on where new pockets of high-quality data can add depth to broader, legacy case law research tools

New and Adjacent Services



Alternative dispute resolution



Service of process solutions



Litigation consulting



Trial graphics and exhibits



Medical record retrieval

Advent of New Solutions



Digital translation solutions for enterprise



New data subscriptions for attorneys



New case management tools for judges

Current Software Players



Scaled Market Leaders

Commentary

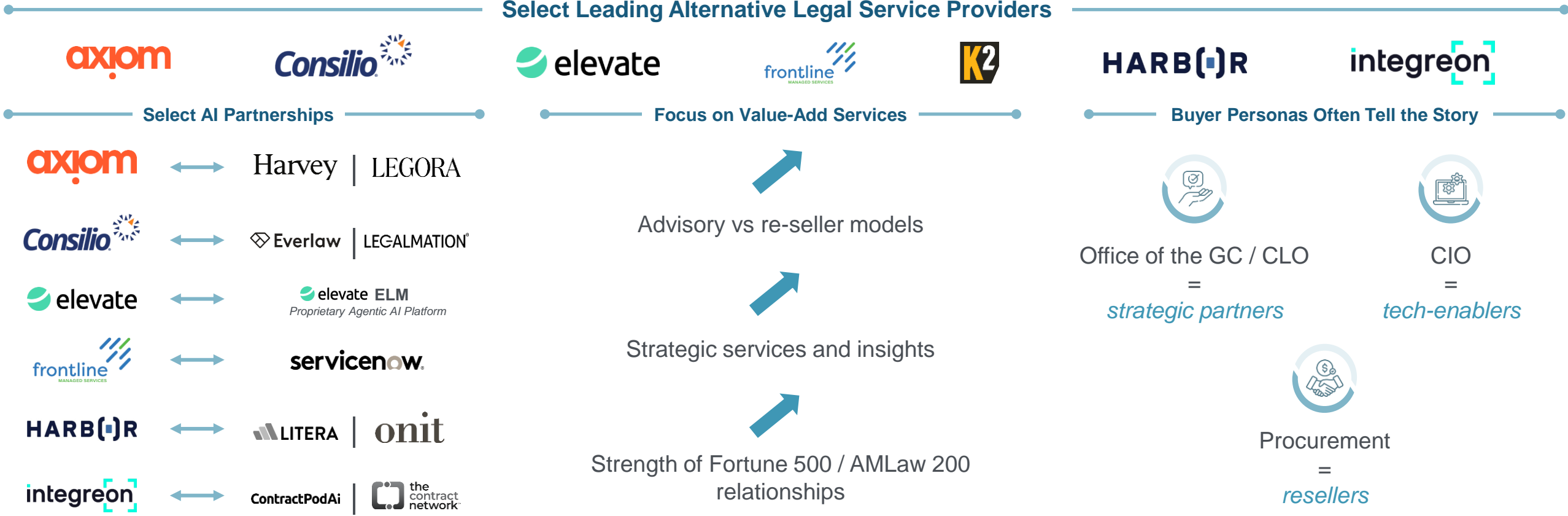
“With Generative AI, technology finally speaks the language of the legal industry: text. This technology is enabling a rethinking of the court reporting industry both to capture spoken word as well as to analyze it both in real-time and post-deposition for admissions and contradictions that help build stronger arguments.” – Nishat Mehta, Lexitas

“At Magna, technology is reshaping our economics and strengthening our competitive edge. Our AI, analytics, and automation initiatives are expanding margins and unlocking new revenue opportunities. The proprietary second-party data created from every deposition and record request will fuel the building of advanced models that drive real-time deposition intelligence and automated document workflows. With scale, our ecosystem becomes smarter, positioning Magna for durable, tech-enabled growth.” – Mark Williams, Magna

“As Digital Reporting penetration and AI capabilities converge, these offerings should drive incremental and durable high-margin revenue. Taken together, this represents a step-change for the industry. AI is not simply a tailwind for court reporting – it meaningfully expands the TAM.” – Barry Dark, Esquire

Evaluating the Impact: ALSPs

Select Leading Alternative Legal Service Providers



“Customers buy ALSP services to deliver outcomes. ALSPs already bill by outcome rather than by the hour. They have deep process expertise and customer context. Innovative ALSPs use their own GenAI and agentic software to capture the value of the efficiency dividend.”

– Liam Brown, CEO, Elevate

“Our view is that the AI opportunity in legal places outsized responsibility on those who steward large sets of proprietary data, along with a corresponding opportunity to shape its application. At Consilio, the trust enterprise clients place in us to manage petabytes of sensitive legal data carries an obligation to build technology platforms that enable responsible access and innovation across the legal ecosystem. The growing interest from AI companies seeking to partner with us reflects the evolving role of ALSPs as foundational infrastructure for how AI is deployed and scaled in legal.”

– Raj Chandrasekar, Chief Innovation & Technology Officer, Consilio

“GenAI is expected to significantly enhance ALSP offerings by streamlining processes and reducing costs. This technology could provide ALSPs with a substantial competitive advantage in the near future.”

– Thomson Reuters

“As generative AI reshapes the legal landscape, ALSPs will become the industry’s accelerators, using flexible structures and outcome-aligned models to reward innovation and improve efficiency.”

– Bill Carter, Interim CEO, Integreon

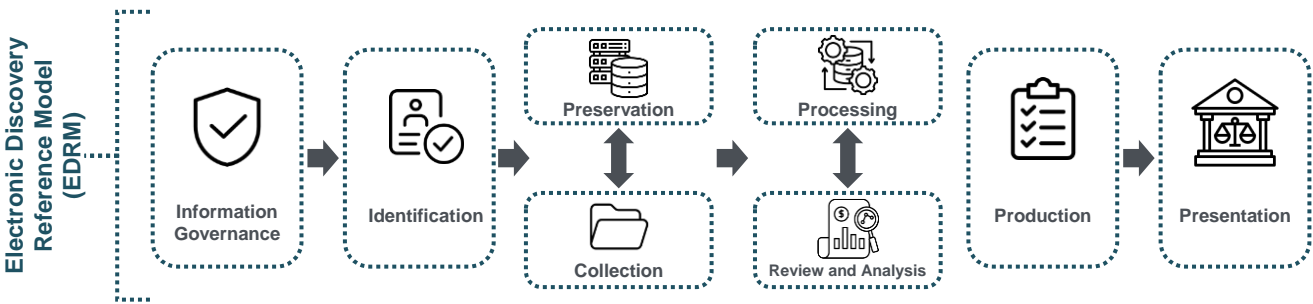
Taking a Closer Look at the Most Recent ALSP Transactions

Piper Sandler’s Legal & GRC team has advised on each of the 3 most recent ALSP transactions



Evaluating the Impact: eDiscovery

Moving Left in the EDMR

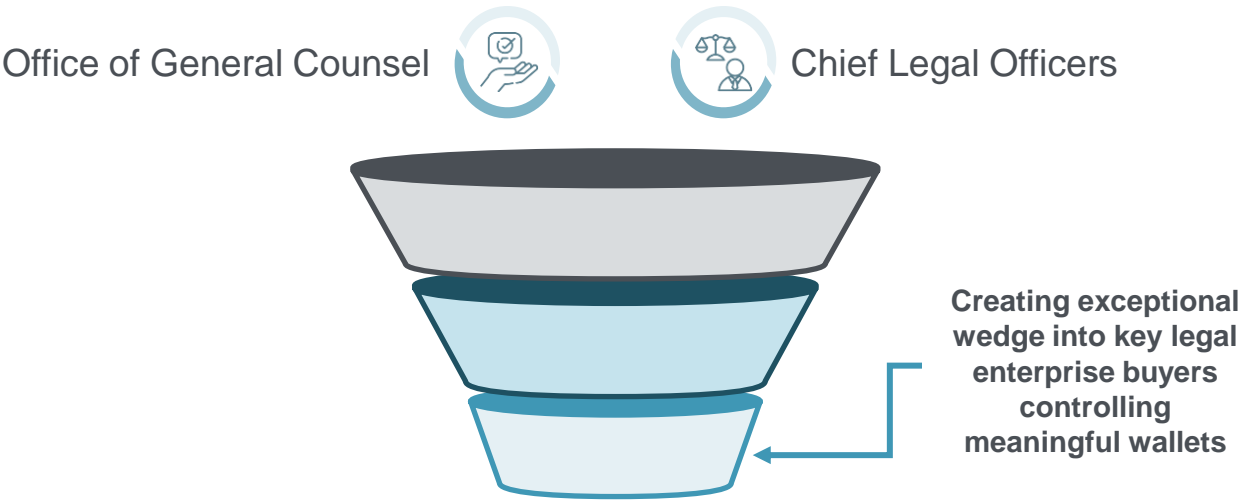


While managed document review has become a “check the box” for scaled matters, ability to more efficiently cull data at the outset, with the use of AI tools or otherwise, is a competitive advantage that service providers are capturing

Commentary and Examples

- “AI is cutting eDiscovery review time by up to 75% while reducing costs by 60–80%... Defensible AI systems transform legal workflows with real-time insights and zero hallucinations.” – aqlabs
- “Generative AI and agentic capabilities enable users to ask questions of their data in natural language, delivering powerful insights and outputs that were previously unattainable through traditional search or review methods.” – Tiana Van Dyk, Managing Director, Epiq
- “AI tools in eDiscovery can act as a super-smart....It can spot patterns, prioritize key documents, understand context and tone, and even uncover hidden connections between emails and files that humans might miss.” – Bluesource

eDiscovery is a Mission Critical Solution



Expansion into Adjacent Service Lines



A Brief History of AI in eDiscovery



Regulatory Developments

2006: FRCP amendments solidified email as part of the record, dramatically increasing electronic data volumes

2012: Da Silva Moore vs Publicis Groupe case endorsed legitimizing AI for legal document review for massive volumes of data

No case law yet exists providing definitive guidance on GenAI usage, and defendant use of TAR 1.0 and 2.0 remains highly contested

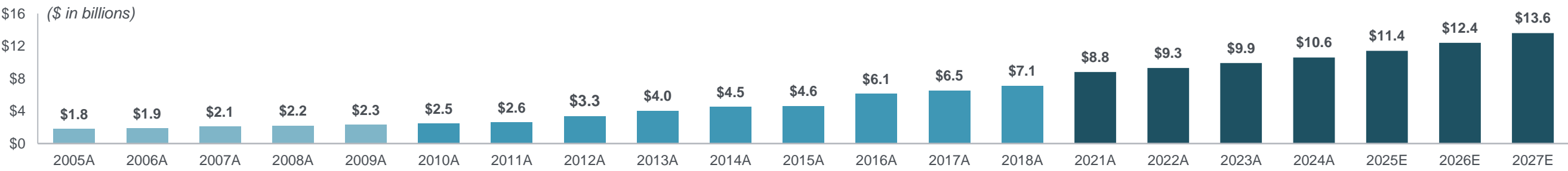
Technology Developments and Use Cases

- **Release of TAR 1.0**
- *Machine Learning*
- Advent of using predictive models to train predictive models on distinguishing between relevant and non-relevant documents based on one classifier

- **Release of TAR 2.0**
- *Artificial Intelligence*
- Training of the classifier and review process converge, with training and classification of documents occurring concurrently and on an ongoing basis throughout the review process

- **Post ChatGPT-3 Era**
- *Generative AI*
- Utilization of LLMs to tackle complex situations, including analysis of new data types and multi-lingual information. Costs currently remain higher than human labor, but should fall over the next few years

eDiscovery Services Market Size



Source: L.E.K. interviews, research and analysis.

A photograph of four professionals (three men and one woman) in business attire standing around a round table. They are looking at a tablet held by one of the men. The background is a modern office with large windows. The image has a blue tint.

04

Piper Sandler's Leading Legal Technology Team

Piper Sandler’s Leading Legal & GRC Technology Team



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>\$11B of Aggregate M&A Transaction Value Since 2024

20+ M&A Deals since 2024

 a portfolio company of BISON CAPITAL has agreed to be acquired by tyler Pending	 Investment from BainCapital October 2025*	 a portfolio company of TRUE WIND has received a strategic investment from WCAS July 2025	 a portfolio company of GENERAL CATHYST has acquired Johnson Hana. July 2025	 has been acquired by Hg July 2025*	 has acquired vprofitsolv June 2025*	 has acquired HARB(R) June 2025*	 Initial Public Offering February 2025	 a portfolio company of GEMSPRING in connection with its combination with casepoint and recapitalization by THOMABRAVO January 2025*	 has received a majority investment from RECOGNIZE December 2024	 sale to BROAD SKY PARTNERS December 2024
 has been acquired by NORDIC CAPITAL November 2024*	 sale to mimecast August 2024*	 in connection with its restructuring August 2024*	 sale to ESQUIRE a portfolio company of GRIDIRON July 2024*	 strategic investment in Clio a portfolio company of TCV JMI July 2024*	 acquired by reveal. a portfolio company of REVEAL May 2024*	 has been acquired by CARLYLE INSIGHT PARTNERS February 2024*	 recapitalization by LEEDS Equity Partners February 2024*	 has acquired Mineral™ December 2023*	 sale to Conseco October 2023*	 sale to reveal. August 2023*
 has acquired coupa December 2022	 sale to GRIDIRON December 2022	 has acquired Barracuda a portfolio company of THOMABRAVO August 2022*	 has merged with FORESIDE May 2022*	 a subsidiary of DELL Technologies sale to TPG FP October 2021*	 Initial Public Offering June 2021	 has been acquired by STONE POINT CAPITAL April 2021*	 has invested in Relativity March 2021*	 sale to Dude Solutions a portfolio company of REVEAL October 2020*	 sale to Hg September 2020*	 has acquired COMPEX February 2020

* Includes transactions completed by Piper’s Legal & GRC team while at prior firms.

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