



# Legal Tech & Services Insights: Artificial Intelligence

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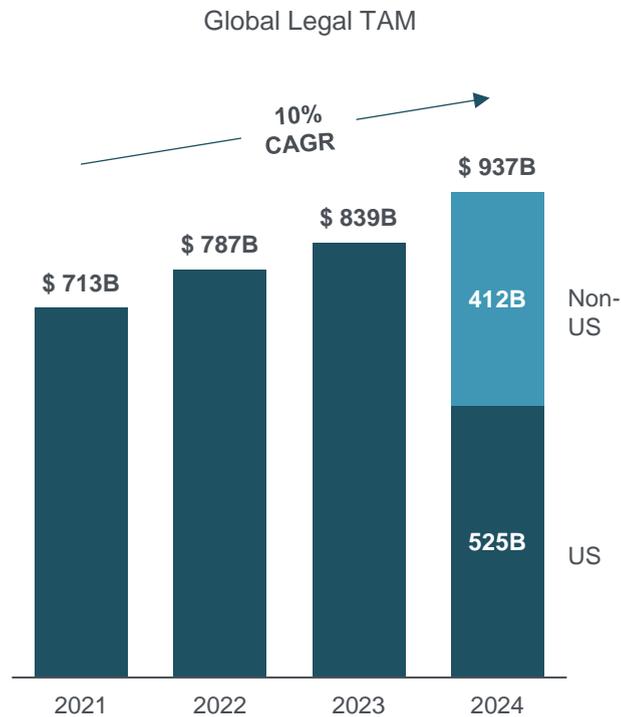
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# Introduction

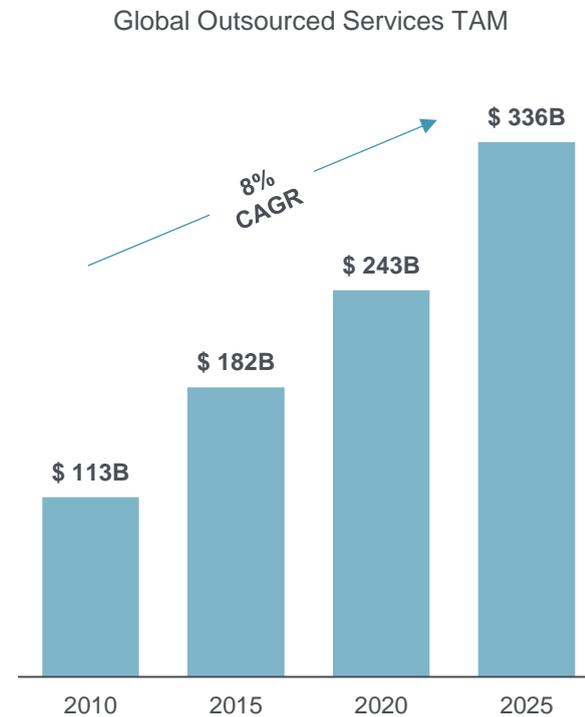


# Key Themes Driving Investment into the Category

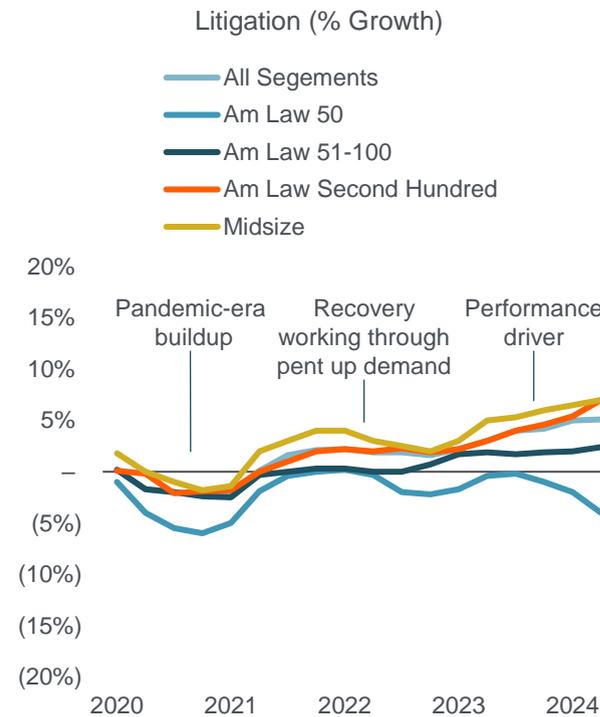
## Massive & Growing TAM



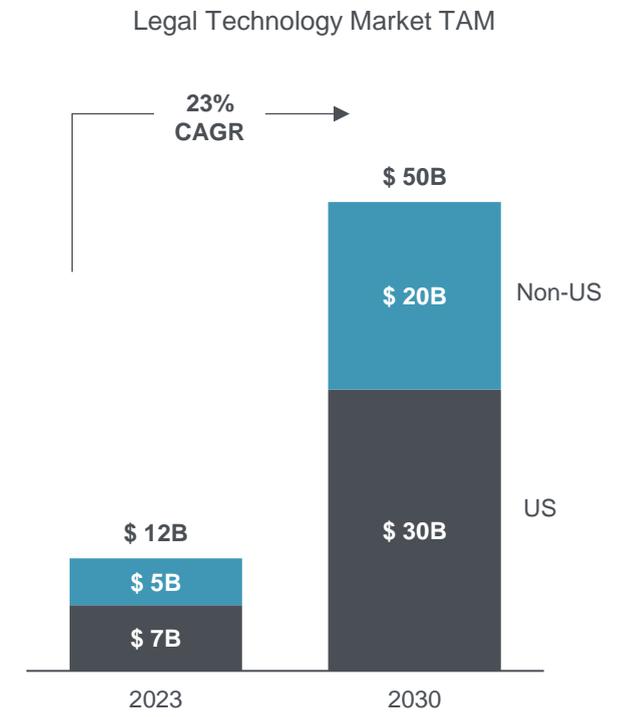
## Outsourcing of Legal & Compliance Functions



## 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 LEGAL SOLUTIONS

**GenAI Opportunity**

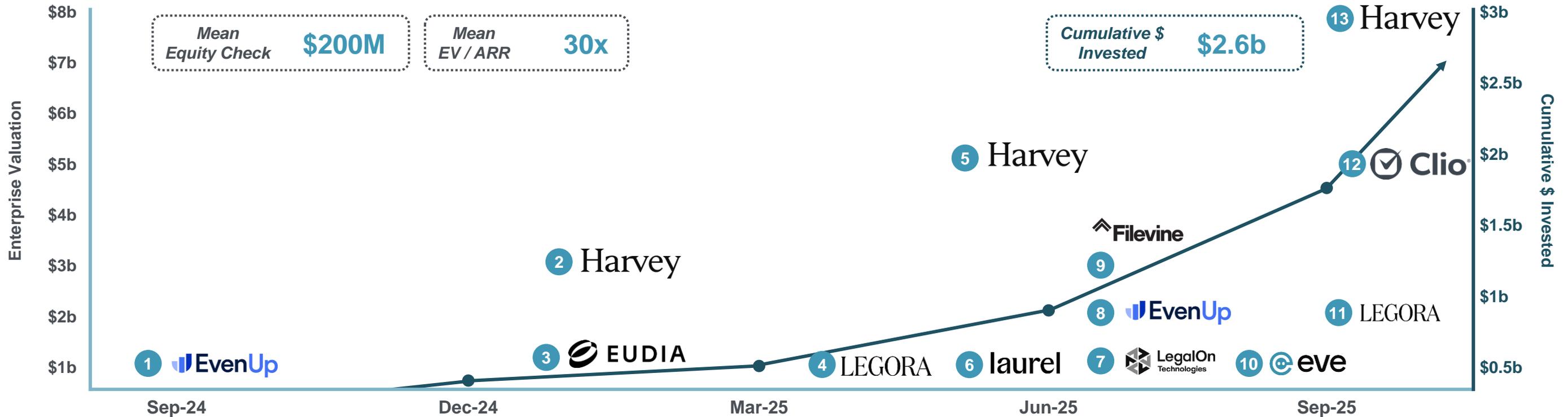
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# Accelerating Investment in Legal AI

# 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
<b>Investor(s)</b>	BainCapital	SEQUOIA	GENERAL CATALYST	ICONIO GENERAL CATALYST	KLEINER PERKINS COATUE	G/ ivp	Goldman Sachs	RE V Bessemer Venture Partners	Accel HXCO	SPARK CAPITAL	Bessemer Venture Partners	NEA	andreesen horowitz EQT
<b>Equity Check</b>	\$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
<b>EV / ARR<sup>1</sup></b>	12x	>30x	NA	>80x	50x	>15x	>15x	>15x	>15x	10x	~45x	13x	59x
<b>Date</b>	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
 Established in 2023	<ul style="list-style-type: none"> <li>Knowledge Management</li> <li>Contract Drafting</li> <li>Compliance Reviews</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Lawyers</li> <li>ALSPs</li> </ul>	<p><b>Corporate Legal Departments</b></p> <p>Rapidly growing Fortune 500 customer base</p>	<p><b>ANTHROPIC</b></p> <ul style="list-style-type: none"> <li>Microsoft Azure</li> <li>Gemini</li> <li>OpenAI</li> </ul>	N/A	<ul style="list-style-type: none"> <li>Johnson Hana.</li> <li>EUDIA (OUT-HOUSE ATTORNEYS)</li> </ul>	N/A	<ul style="list-style-type: none"> <li>80% faster contracting</li> <li>30%+ faster compliance review</li> </ul>
 Established in 2022	<ul style="list-style-type: none"> <li>Document Review</li> <li>Contract Drafting</li> <li>Document Summaries</li> </ul>	<ul style="list-style-type: none"> <li>Law Firm Associates</li> <li>Paralegal</li> <li>Corporate Lawyers</li> </ul>	<p><b>Law Firms &amp; Corporates</b></p> <p>45 of AM Law 100</p> <p>33% of revenue is from corporates and continues to grow as of November 2025</p>	<ul style="list-style-type: none"> <li>OpenAI</li> </ul>	N/A	<ul style="list-style-type: none"> <li>iManage</li> <li>LexisNexis</li> <li>Wolters Kluwer</li> </ul>	~\$150M	<ul style="list-style-type: none"> <li>98% gross dollar retention</li> <li>167% net dollar retention</li> <li>60% YoY growth in queries per user per month</li> </ul>
 Established in 2021	<ul style="list-style-type: none"> <li>Case Analysis</li> <li>Document Review</li> </ul>	<ul style="list-style-type: none"> <li>Law Firm Associates</li> <li>Corporate Lawyers</li> <li>Bankers</li> </ul>	<p><b>Law Firms &amp; Corporate</b></p> <p>250 law firms served, with legal teams in 20 markets</p> <p>Grown from 250 customers to over 400 clients across 40 markets as of November 2025</p>	<ul style="list-style-type: none"> <li>Microsoft Azure</li> <li>OpenAI</li> </ul>	N/A	<ul style="list-style-type: none"> <li>axiom</li> <li>DENTONS</li> <li>dwf</li> </ul>	>\$20M	<ul style="list-style-type: none"> <li>\$40M 2025 ARR goal</li> <li>90% reduction in document review time vs. manual review</li> </ul>
 Established in 2019	<ul style="list-style-type: none"> <li>Practice Management</li> </ul>	<ul style="list-style-type: none"> <li>Paralegal</li> <li>Civil Attorneys</li> </ul>	<p><b>Plaintiff Law Firms</b></p> <p>20 of the top 100 injury law firms served and an additional 2K customers</p>	<ul style="list-style-type: none"> <li>Piai</li> </ul>	Medical records, personal injury cases and the Piai AI model	<ul style="list-style-type: none"> <li>LexisNexis</li> <li>LITIFY</li> </ul>	~\$150M	<ul style="list-style-type: none"> <li>100% YoY ARR growth</li> <li>10K+ cases per week</li> <li>\$10B secured in damages for injury victims</li> </ul>

Sources: CapIQ, Pitchbook and Company websites.

# ...and Chasing Established Market Leaders

	Core Value Prop	Roles Augmented	Customer Focus	LLM Partners	Proprietary Data	Notable Partnerships	Approximate Revenue	KPIs
 Established in 2014	 Case Management	 Case Manager  Paralegal  Civil Attorneys	<b>Law Firms, Corporates &amp; Government</b> <i>6K customers and 100K legal professionals served across boutique firms, government agencies &amp; Fortune 500</i>	 OpenAI	N/A	 GEMINI  MOXO  Proof	>\$100M	<ul style="list-style-type: none"> <li>20M pages uploaded daily</li> <li>96% gross dollar retention</li> <li>120% net dollar retention</li> <li>130% YoY AI revenue growth</li> </ul>
 Established in 2008	 Practice Management	 Law Firm Associates  Paralegal  IT Staff	<b>Law Firms &amp; Corporate</b> <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"> <li>400K+ users</li> <li>100K+ legal document drafts per week</li> <li>Up to 80% time saved drafting legal documents</li> </ul>
 Established in 2008	 Case Management	 Law Firm Associates  Paralegal  Court Admin	<b>Law Firms and Judicial Systems</b> <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"> <li>120% net dollar retention</li> <li>97% gross dollar retention</li> <li>88 of top AmLaw 100</li> </ul>

Sources: CapIQ, Pitchbook and Company websites.

03

# 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

- ? 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?

- ? 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”?

- ? 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



### Investor Gen AI Meter



### Investor Gen AI Meter



### Piper Sandler Observations

- 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

- 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

- 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

#### Successes (6)



#### Cancelations (2)



#### Successes (3)



#### Cancelations (3)



#### Successes (1)



#### Cancelations (5)

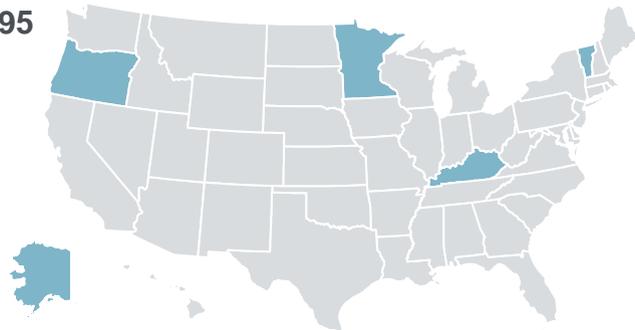


# Evaluating the Impact: Litigation Support and Court Reporting

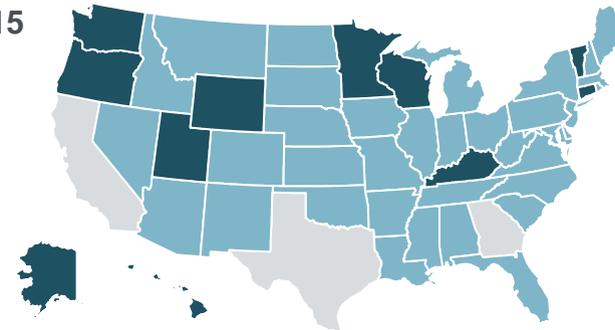
## Shift to Digital

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

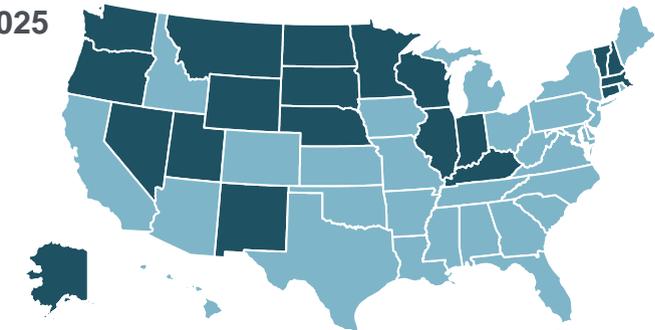
1995



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



### Select AI Partnerships

### Focus on Value-Add Services

### Buyer Personas Often Tell the Story



Harvey | LEGORA



Everlaw | LEGALMATION



elevate ELM  
Proprietary Agentic AI Platform



servicenow



LITERA | onit



ContractPodAi | the contract network

Advisory vs re-seller models

Strategic services and insights

Strength of Fortune 500 / AMLaw 200 relationships



Office of the GC / CLO

=  
strategic partners



CIO

=  
tech-enablers



Procurement

=  
resellers

“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



sale to  
**BROAD SKY PARTNERS**  
December 2024

### Core Services



Outsourced IT



Revenue Cycle Management

### Customer Mix

- >90% Law firms with focus on large and mid-market
- <10% other professional services (CPA, etc.)

### TAM

~\$450M

### Key Takeaways

- Positioned as strategic enabler of generative AI solutions for law firms
- ServiceNow partnership model is an accelerant as clients take on more AI solutions



has acquired  
**HARB(+)R**  
June 2025

### Core Services



Legal Tech Consulting



IT Implementation



Vendor Governance

### Customer Mix

- 80% law firms with focus on large law
- 20% corporate legal departments

### TAM

~\$5B

### Key Takeaways

- Highly durable, strategic consulting services will see increased demand as technology efficiencies increase
- Significant opportunity to do more in corporate legal departments



a portfolio company of  
**GENERAL CATALYST**  
has acquired  
**Johnson Hana.**  
July 2025

### Core Services



Secondment



Legal Consulting

### Customer Mix

- Primarily Fortune 500 corporate legal departments

### TAM

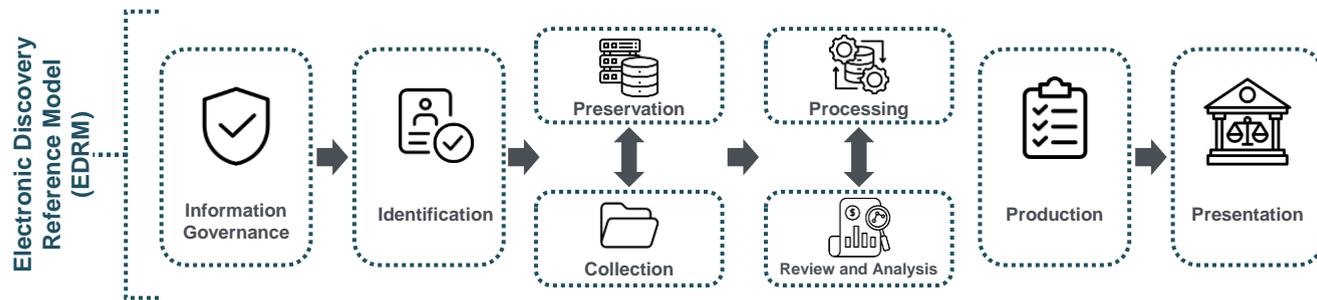
~\$20B

### Key Takeaways

- Seminal transaction demonstrates criticality of service provider relationships to unlock AI opportunities over near to medium term
- Historically service driven models are increasingly seeing the need to transform their solutions with AI

# Evaluating the Impact: eDiscovery

## Moving Left in the EDRM



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.” – aiqlabs

“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.

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