

## The future of legaltech: AI, growth & global M&A trends

SPOT ON | TMT | JANUARY 2026

### WHAT IMPACT IS TECHNOLOGY HAVING ON THE LEGAL SECTOR?

The legal technology (legaltech) sector is undergoing a transformation across the world, driven by advances in AI, workflow automation and growing pressure for efficiency, compliance and cross-border collaboration. As investment and consolidation accelerate, understanding how these trends play out across regions is critical for innovators, acquirors and investors alike.

In mid-December, Oaklins hosted the latest in its series of TMT webinars, focusing on global legaltech and M&A trends. Moderated by Joanna Stone, partner at Oaklins DeSilva+Phillips and co-head of TMT for Oaklins globally, it featured a panel of industry experts.

This newsletter provides an overview of the event's highlights. To watch the recording of the webinar, click [here](#).

“The legal industry has seen incredible, head-spinning changes in recent years. Oaklins is going to be releasing a white paper with ALM about some of these trends we’re seeing in legaltech, and how they impact investment in M&A, which is growing at an exponential pace.”

– Joanna Stone

### MARKET TRENDS

#### An overview of M&A in legaltech

The last few years have seen rapid growth in deals within this sector, driven particularly by rising PE interest.

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### FACING THE FUTURE

#### Fresh outlooks

We explore the factors and experiences that could be making the difference in legaltech going forward.

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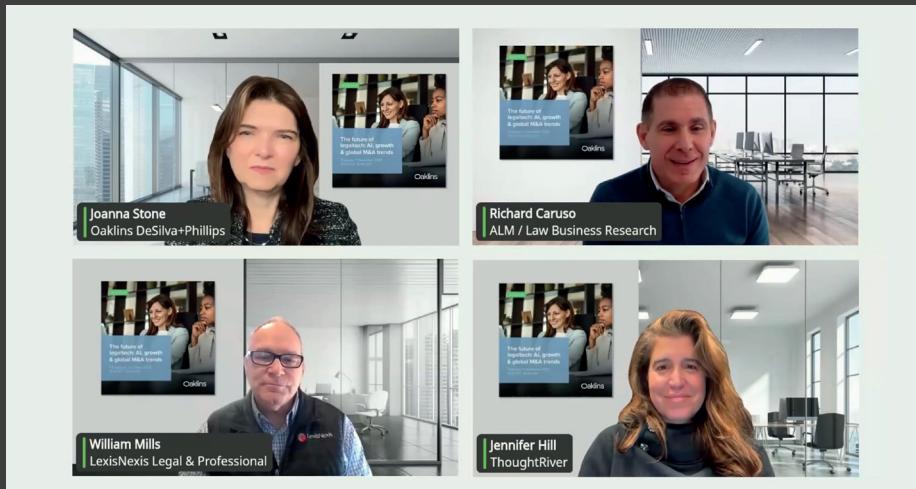
### DEAL EXPERIENCE

#### Our track record

See recent transactions closed by Oaklins across legaltech, one of our key areas of expertise.

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## Our Legaltech webinar panel



Clockwise from top left:

**Joanna Stone** (Partner, Oaklins DeSilva+Phillips), **Richard Caruso** (Chief Strategy Officer, ALM /Law Business Research), **Jennifer Hill** (CEO, ThoughtRiver) and **William (Bill) Mills** (Global Head of Corporate Development, LexisNexis Legal & Professional).

## PERSPECTIVES ON THE LEGALTECH M&A LANDSCAPE

### Growth over the last three years

- Legaltech M&A activity has been growing fast since 2023, through a mix of PE and strategics.
- This year has seen a rising number of PE deals compared to strategics, although the latter also remain strong.
- AI is driving a lot of deal growth, representing 60% of all 2025 YTD legaltech transactions while 68% of capital raises came from legal AI companies.
- VC legaltech capital raises grew 571% between 2023 and 2025 YTD to US\$3.2bn.

**“The most active acquirors in 2025 include tried-and-true players, and they’re collectively driving the ecosystem of start-ups and innovators to create this industry of the future that legaltech is quickly transforming into.”**

– **Joanna Stone**

**“It’s really interesting to see what will happen with mid-market firms and how that changes the industry — it will likely lead to additional merger trends on the law firm side of the fence.”**

– **Richard Caruso**

### Build, partner or buy — what do law firms think?

**Richard Caruso:** “Right now, it goes across the spectrum. There are firms that have actually produced homegrown solutions, and firms that are partnering with various providers to find the right solutions. There’s a couple that are creating tools that they’re designing to spin off or to commercialize to allow other firms to buy into. You’re seeing firms hiring talent, and some are bringing in that high-end talent with the notion of developing their own tools.

It’s a question of which is the best strategy. You could argue that if we want to differentiate ourselves, maybe that is the path of developing our own tools versus leveraging tools that a lot of other firms are using. We’re still at that point in time where we don’t know which strategy is going to win.

There’ll probably be a mix of different strategies, and we see firms testing out different approaches.”

**“This is kind of a nascent, smaller industry, but private equity firms are putting big money in and they’re our competitors. That does drive the price up for us. We still feel that we have a strategic value that they don’t, but we have a lot of competitors now.”**

– **Bill Mills**

### What is the biggest barrier in this area for law firms?

**Jennifer Hill:** “Time. Everyone recognizes that it’s something they need and they want. It’s really the change management and being able to say, ‘OK, I’m going to consciously make this decision to change my workflow for these clients.’ These workflows are service tools that review all your contracts, so the attorneys are getting everything that may really need their review, and allowing clients to be able to connect directly into a law firm’s hosted server. They’re getting legal answers faster and are able to have that engagement.

That's a big mindset shift. The technology is there, but there isn't enough excess staff to be able to do that.

Even though there are knowledge management teams, which are driving a lot of this change, they're still butting up against the entrenched business model within a law firm partnership. That's why these new mod firms have an advantage, because they're essentially starting at ground zero and thinking about exactly how they'd like the future of law to work. And they're starting that on day one, and are able to get their clients on board on day one."

### How are firms approaching innovation?

**Bill Mills:** "We are seeing law firms with dedicated resources to really understand the impact of generative AI. They need to at least have an ingrained understanding of how it works and how to evaluate tools. At LexisNexis, we have thousands of people dedicated to generative AI — a small example of what we're doing: we test every LLM model out there, and the performance varies by the type of request. The model that produces what we deem the best answer changes over time.

**Legalweek has expanded dramatically over the past decade. What changes stand out to you, and what do they say about where the industry is headed?**

**Richard Caruso:** "There's definitely been a shift in the last few years as AI has come into the market and really changed the dynamics. And it's changing so quickly that those platforms are becoming much more important for figuring out who the players are. It started with venture capital investing heavily in startups. Now private equity firms are putting big money into legaltech. We're well over the hundreds now in terms of that attendance level and we expect to see that continue to grow. In terms of deals, we expect to see fewer but ones that are larger in scale as consolidation continues."

### What will be the impact of AI on billable hours? Will they disappear and if so, when?

- The industry has debated the fate of the billable hour for years, but cultural resistance within firms has kept it firmly in place.
- AI is accelerating a shift toward **valuing outputs rather than hours**, reducing the need to pay for time over results.
- Adoption will likely follow a progression: **small firms first**, then **mid-market**, and eventually **specific practice areas** within large firms.
- Alternative billing models have existed for years, but AI may finally create the conditions for broader adoption and market momentum.

### LOOKING FORWARD

#### Give us one prediction for legaltech and AI that most people are not ready to say out loud.

**Jennifer Hill:** "There are two related points. One is that this is not the beginning of the end for the law firm models but the end of the beginning of the massive amount of change that we're going to see, and two, that generalist models cannot solve everything. If we think about this as being just at the beginning, there is still a long road ahead."

**Bill Mills:** "It was very insightful what happened to Robin AI, a contract analytics company backed by a private equity firm... PE firms are going to come in and want to see results. We'll see a bifurcation between those companies that accelerate and investors losing patience with those that don't."

**Richard Caruso:** "There will be a fundamental shift in the business of law driven by AI and by changes in ownership rules and investment. Historically, in most states you have to be a lawyer to be an owner in a law firm. That is changing. We are starting to see new structures and more investment

coming in. That will change the dynamics of how the industry evolves and modernizes. The investment trends we are seeing will continue and will reshape the industry over the next decade."

**Stay in touch for details of our next webinar in this series exploring key trends in TMT.**

### KEY TAKEAWAYS:

- AI is enabling a new breed of "new model" firms to deliver faster, lower-cost work by having generative AI produce the first pass and attorneys refine it — putting competitive pressure on traditional firms and accelerating broader adoption.
- Legaltech is shifting rapidly from experimentation and pilots to the actual implementation of AI-driven tools across firms and in-house teams.
- Enterprise-wide adoption of generative AI is accelerating, moving the market beyond testing into meaningful deployment.
- The hardest problems being tackled involve complex legal workflows — especially contract review, litigation preparation and document creation.
- Adoption requires not just technology, but a mindset shift for both legal practitioners and their business stakeholders.
- The biggest opportunity lies in translating attorney expertise into AI-driven processes that improve efficiency and service delivery.

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**"My favorite saying with lawyers is we don't have time to save ourselves time. The ones that can take a beat and actually find the time to think about how these tools can really benefit their workflow so that they're able to provide higher value service to their clients, they're the ones that are going to make a dent."**

**— Jennifer Hill**

# Our track record

Our clients rely on us to help them prepare for their next challenge, whatever it may be. With deep-rooted sector expertise in TMT, we are able to support you and provide the professional advice required to achieve a successful outcome.

Some of our recent deals completed in the legaltech sector include:

 ShareDo

has been acquired by

 Clio

M&A SELL-SIDE

TMT

 CaseLines

has been acquired by

 THOMSON REUTERS

M&A SELL-SIDE

TMT

 hanzo

has successfully raised debt financing

FUNDING, DEBT ADVISORY & ECM

TMT

 digitalsign<sup>✓</sup>

has sold a minority stake to

 logalty

M&A SELL-SIDE

Private Equity/TMT

 Dye & Durham

has completed an IPO onto TSX along with a primary and secondary placing

FUNDING, DEBT ADVISORY & ECM

TMT

 Mail Manager

has been acquired by

 Ideagen

M&A SELL-SIDE

TMT

 imendes  
INovação Tributária

has been acquired by

 ë-AUDITORIA

M&A SELL-SIDE

Private Equity/TMT

 BLOOM  
EQUITY PARTNERS

has acquired

 GRC International Group™  
One experience. One source of insight.

M&A BUY-SIDE

Financial Services/Private Equity/TMT

 matterhorn

has been acquired by

 LexisNexis™

M&A SELL-SIDE

TMT

# Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

## OAKLINS OFFERS A COMPREHENSIVE RANGE OF SERVICES

- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

TMT is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors in the TMT sector, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for TMT companies.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.



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Joanna co-leads Oaklins' TMT team and is a partner at Oaklins DeSilva+Phillips in New York. She has worked in the broader digital media and information industry for over 20 years and has served in executive roles at Reed Elsevier, Thomson Reuters, Dow Jones, Time Warner and Accenture's media & entertainment practice. More recently, she was co-founder and CEO of Librify, the exclusive e-book provider for Target, which was sold to Scribd. Joanna has worked on dozens of transactions on both the sell-side and buy-side. Recent notable transactions include representing Panjiva in its sale to S&P, representing Workman Publishing in its sale to Hachette, and supporting the acquisition of Netmaster Holdings Limited (CaseLines) by Thomson Reuters Corporation.

**United by a strong belief that we can achieve the extraordinary.** Oaklins is a global team of 850+ financial advisory professionals in 40 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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