2024 Generative AI in Professional Services

Perceptions, Usage & Impact on the Future of Work

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Executive summary

Generative artificial intelligence (GenAI) is no longer the technology of the future. The process of integrating GenAI systems into daily work — and figuring out what that means for the future of professional work — has begun.

Professionals in service industries such as legal, tax & accounting, risk & fraud, and government have long adapted to new ways of working, particularly in recent years with the introduction of new technologies. Upon ChatGPT's initial public release in late-2022, however, GenAI and related technologies have promised a more disruptive potential. These technologies offer the opportunity to create entirely new content, in plain language or easy-to-understand images, in a way that mirrors the output a human could create in a fraction of the time. New generations of these technologies such as GPT-4 offer even more potential with greater accuracy and the ability to understand complex and nuanced tasks.

> The dominant sentiment surrounding GenAI remains *hesitance*, but that is quickly followed by optimism and excitement.

According to our research, leaders in these industries have begun to respond in kind. While GenAI usage is not widespread among professional services, about one-quarter of professionals say their organizations have already begun to update how they work by incorporating GenAI. This could be one-off usage of public platforms such as ChatGPT, but increasingly, this also includes tools built specifically for industry use cases — such as legal research or drafting tools, spotting accounting irregularities and tax return preparation, or risk assessment and reporting platforms. Many more organizations are still in the consideration phase, watching and waiting for the right time to enter the GenAI market.

That time could be coming soon. The dominant sentiment surrounding GenAI remains *hesitance*, but that is quickly followed by optimism and excitement, our research reveals. While there remains a lot of respondents who say they do not yet know about these tools, they continue to see enough to believe they *can* and *should* be used for work in their respective industries. Professionals have also begun parsing the differences between different GenAI platforms and how they can be applied to different use cases in their industry.

In this report, we delve into how these professionals perceive the use of GenAI in their workplace, and how and to what level they are using it and integrate it into their processes. We also examine what they see as the impact that GenAI will have on a wide range of work attributes, such as efficiency, billing, and job loss. Finally, we examine what they see as the future of work in an environment in which GenAI has made its presence felt.

As the technology continues to become more prominent in the public eye, it's evident that the age of GenAI is upon us, and many professional services firms have proved not only willing, but ready to advance alongside the technology.

Key findings:

- **Positive feelings with some hesitancy –** A large portion of respondents (44%) said they were *hopeful* or *excited* about GenAI's introduction into their industry, while more than one-third of respondents (35%) said they were hesitant, and 18% said they were *concerned* or *fearful*. Of the portion that said they were hesitant, 20% said they felt that way due to accuracy concerns, 18% said they were skeptical GenAI can deliver promised results, and 16% were concerned about over-reliance.

- **Majority see use cases –** A large majority (81%) said GenAI *can* be applied to their work, while fewer (54%) said they believe GenAI should be applied to their work. These figures are slightly higher than the responses to a similar question asked of for legal and tax professionals in a previous survey done in Spring 2023. The majority of the rest of respondents remained on the fence.

- **Most not using, but considering –** Almost one-quarter of respondents said they were already using GenAI (12%) or had active plans to use it (11%), with usage higher among all legal professionals and corporate risk & fraud professionals than for tax & accounting or government respondents. Almost one-third (32%) of all respondents said they were still considering whether or not to use GenAI at work, while 45% said they had no plans to use at this time.

- **Impacting some business models –** Among respondents from law firms and tax firms that have begun adopting GenAI, 58% of legal professionals said they do not believe GenAI will impact the rates they charge clients, although 39% said they believe it will lead to an increase in alternative fee arrangements. Among tax professionals whose firms have adopted GenAI, there is a split between those who believe GenAI will increase their rates (40%) as think their rates will stay the same (42%).

- **Corporates want firm use –** More than half of respondents from corporate legal (58%) and corporate tax (56%) departments, as well as nearly half of court systems (44%) and government legal departments (40%), said the outside firms they work with *should* be using GenAI.

- **Training not a priority –** Respondents from corporate risk departments (38%) and corporate legal departments (25%) reported the highest proportion of GenAI training for staff, while less than 20% of law firm and tax firm respondents said they had received GenAI training.

- **Inaccuracy, privacy worries persist –** More than half of respondents identified such worries as inaccurate responses (70%); data security (68%); privacy and confidentiality of data (62%); complying with laws and regulations (60%); and ethical and responsible usage (57%) as primary concerns for GenAI.

44%
were *hopeful* or *excited* about GenAI's introduction into their industry.

81%
said GenAI can be applied to their work.

23%
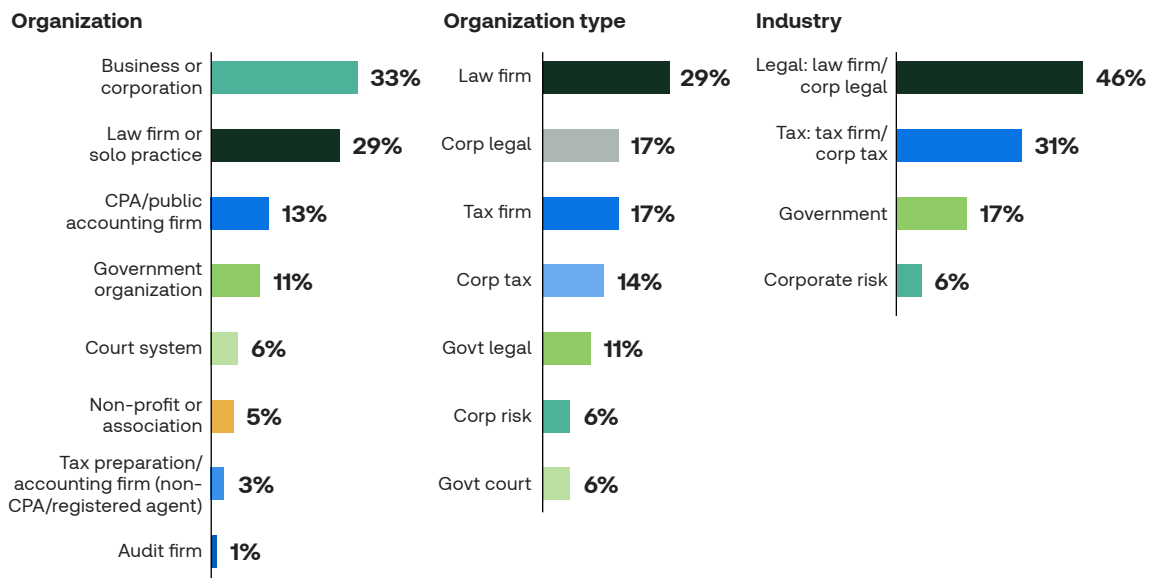of organizations were already using GenAI or had active plans to do so.

Methodology

The data for this report was gathered from professionals in the legal, tax & accounting, risk & fraud, and government professions about their attitudes towards GenAI and well as their thoughts about its usage at work and the impact it might have going forward.

The survey was done via an online survey with 1,128 respondents, conducted in January and February 2024. The sample was drawn from lists provided by Thomson Reuters, and participants were screened to ensure that they were familiar with GenAI technology. Participants were located in the United States (48% of all respondents), United Kingdom (19%), Canada (16%), Australia (14%), and New Zealand (4%).

Participants included both those within the legal, tax, and risk departments within corporations, as well as outside law firms and tax & accounting firms, and government legal departments and courts. Most respondents were partners, managers, or directors, general counsel or assistant general counsel, attorneys or judges.

Respondent Profile

Organization

Business or corporation	33%
Law firm or solo practice	29%
CPA/public accounting firm	13%
Government organization	11%
Court system	6%
Non-profit or association	5%
Tax preparation/ accounting firm (non-CPA/registered agent)	3%
Audit firm	1%

Organization type

Law firm	29%
Corp legal	17%
Tax firm	17%
Corp tax	14%
Govt legal	11%
Corp risk	6%
Govt court	6%

Industry

|	
Legal: law firm/ corp legal	46%
Tax: tax firm/ corp tax	31%
Government	17%
Corporate risk	6%

Source: Thomson Reuters 2024

Perceptions of GenAI

GenAI has become more pervasive across businesses and among professional services firms, but the fact remains that many professionals are just starting to develop their own opinions about its use and future. OpenAI released ChatGPT for public consumption just 18 months ago, meaning that most professionals have just come into contact with GenAI tools for the first time over the past year or so.

On the whole, positive emotions generally outweigh the negative ones. Nearly half (46%) of all respondents said they were *hopeful* or *excited*, while just 18% said they were concerned or *fearful*. This sentiment was particularly true for corporate respondents, in which 52% of respondents from legal departments, 49% from tax departments, and 49% from risk departments indicated positive sentiments towards the future of GenAI in their industries.

FIGURE 1:

Sentiment on the future of GenAI

Hesitant	35%
Hopeful	23%
Excited	21%
Concerned	16%
Fearful	2%
None of these	2%
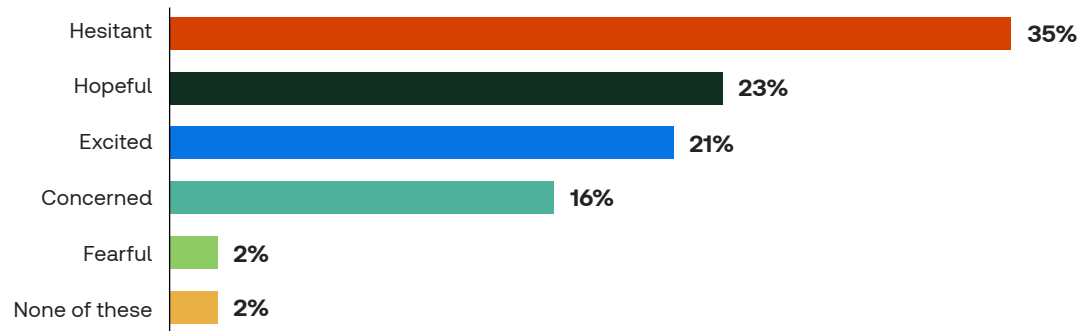
Source: Thomson Reuters 2024

Still, it may not be surprising that the most common emotion surrounding GenAI is one of caution and hesitance. Until GenAI tools become more pervasive, many professionals say they aren't quite sure what to make of them just yet.
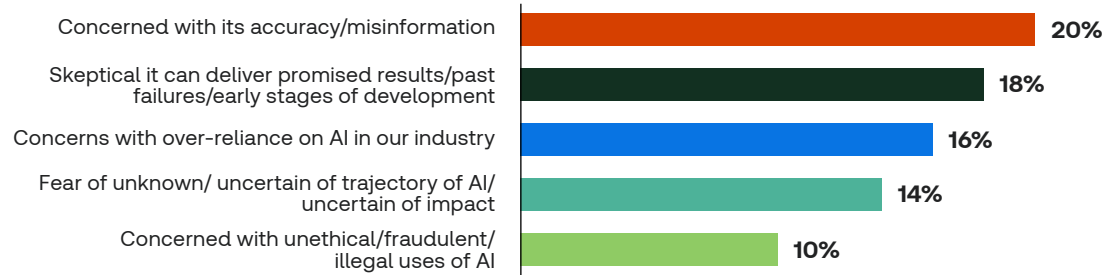
Comparing between industries, government legal departments and courts tended to take a more concerned approach towards these technologies — a trend that was reflected throughout the survey. Court respondents in particular were more likely to respond that they were more *concerned* (31%) than any other emotion, including *hesitant* (26%); and fewer court respondents indicated they were *excited* (15%) than any other job segment surveyed.

For those who reported being hesitant about GenAI, the primary reason given was due to the technology itself, with fears about potential inaccuracies in results and skepticism that it can deliver promised results. "I think we are still in the early stages of generative AI. I would not want to be too dependent on it," said one corporate tax director. "However, in the long-run, I think it will be a valuable tool."

Some respondents also demonstrated concern around over-reliance on GenAI tools, as well as general uncertainty of the unknown. "I think it has the capacity to increase the efficiency of some processes and thereby possibly enhance access to justice, but it has just as much potential to undermine the justice system if it is misused," explained one judge.

FIGURE 2:
Top 5 reasons to choose *Hesitant*

Reason	%
Concerned with its accuracy/misinformation	20%
Skeptical it can deliver promised results/past failures/early stages of development	18%
Concerns with over-reliance on AI in our industry	16%
Fear of unknown/ uncertain of trajectory of AI/ uncertain of impact	14%
Concerned with unethical/fraudulent/ illegal uses of AI	10%

Source: Thomson Reuters 2024

For respondents with positive views towards GenAI, increased efficiency and productivity was the primary reason cited for their optimism. Among those who said they were *hopeful* about GenAI, 31% cited efficiency gains; among those who said they were *excited*, that figure rose to 41%. This was especially true for legal industry respondents, who cited efficiency 40% and 38% of the time when *hopeful* and *excited*, respectively.
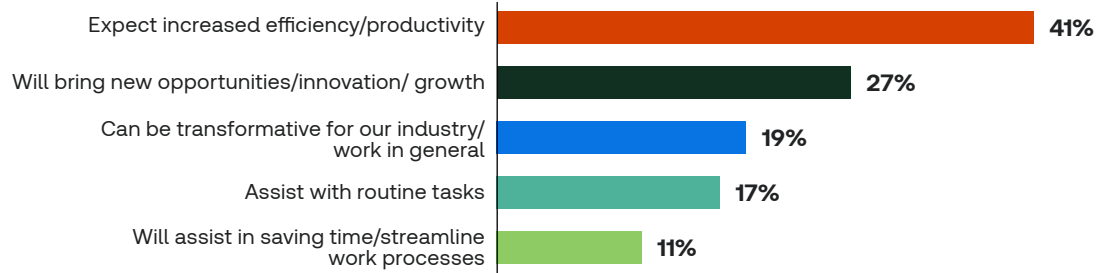
"This is an inevitable solution in my opinion, and resources that are not fit to be used will find themselves at the back of the line," said one government legal advisor. "[There is] great risk of loss of performance compared to the economy if we do not use it. It is complex to raise awareness among the entire population of the population of the importance of validation, but it is the same issues as when Google released its famous white search box. And, if you don't use a search engine, you're out."

> "This is an inevitable solution in my opinion, and resources that are not fit to be used will find themselves at the back of the line."

A corporate risk manager provided similar sentiments, saying, "My job primarily looks for characteristics of bad actors in the payments industry. I believe generative AI can we trained to weed these out much more efficiently than the current third-party software and manual processes utilized."
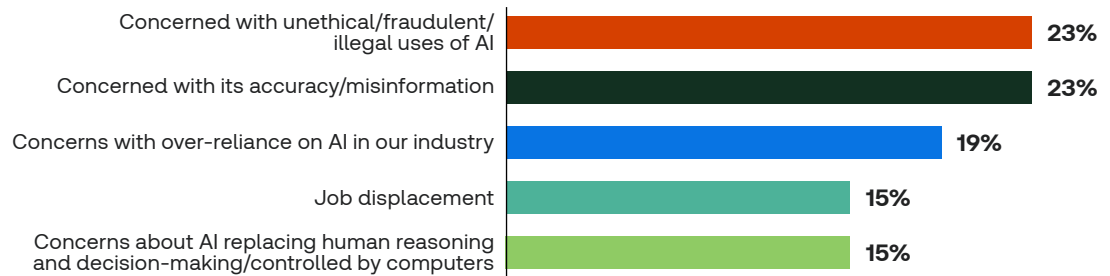
FIGURE 3:

Top 5 reasons to choose *Excited*

Reason	Percentage
Expect increased efficiency/productivity	41%
Will bring new opportunities/innovation/ growth	27%
Can be transformative for our industry/ work in general	19%
Assist with routine tasks	17%
Will assist in saving time/streamline work processes	11%

Source: Thomson Reuters 2024

Among those with negative emotions towards GenAI, there was some focus on the technology, with concern about perceived inaccuracies. But the greater focus was how GenAI would affect professionals themselves. Some — particularly in the legal industry and among those who said they were *fearful* — said they are concerned about unethical and fraudulent uses of the technology. "The example of Michael Cohen relying on AI to generate case cites resulted in fake legal citations being relied on by his counsel. AI cannot replace a lawyer's research and understanding of legal issues," explained one law firm partner.

Others, especially in government and tax, were focused on potential over-reliance on GenAI technology and concerns about technology replacing human reasoning and decision-making. "We are playing with fire. The global controls of Generative AI are totally inadequate. The significance of the problem, and the potential for loss of control of AI are not well understood, and are substantially underestimated," said a corporate risk manager.

FIGURE 4:

Top 5 reasons to choose *Concerned*

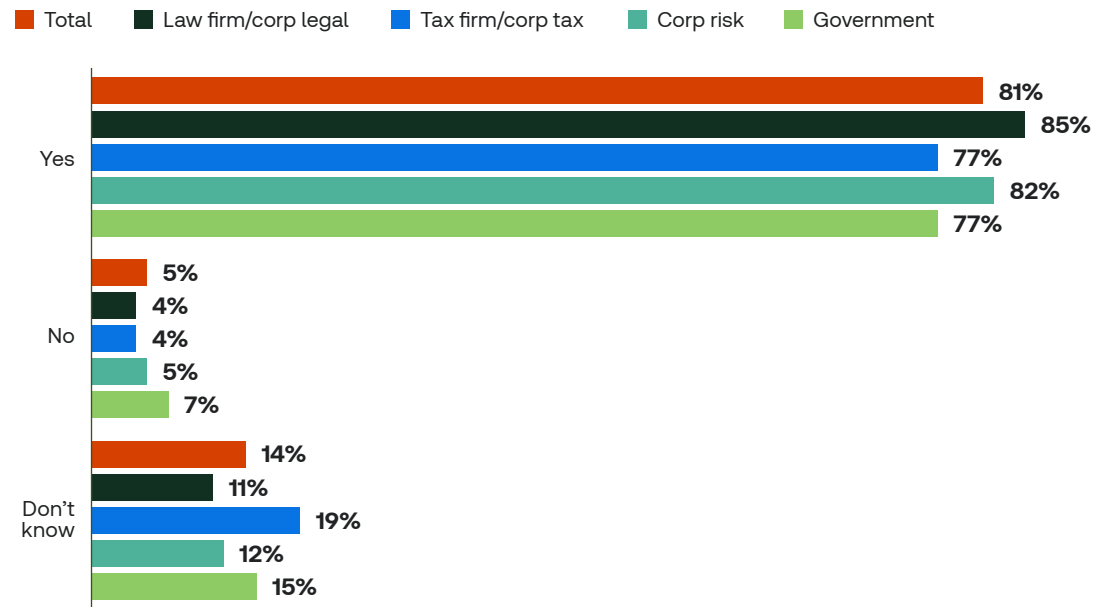| Reason	Percentage
Concerned with unethical/fraudulent/ illegal uses of AI	23%
Concerned with its accuracy/misinformation	23%
Concerns with over-reliance on AI in our industry	19%
Job displacement	15%
Concerns about AI replacing human reasoning and decision-making/controlled by computers	15%

Source: Thomson Reuters 2024

Still, regardless of what emotion today's professionals feel towards GenAI, they acknowledge that GenAI is here to stay. When asked two related, but different, opinions around GenAI usage in their professions — whether GenAI *can* be applied to their work, and then *should* it — it's clear that respondents saw a number of use cases for the technology, regardless of industry. Not surprisingly, a large majority of respondents — more than three-quarters of respondents in every single industry — said they believe GenAI *can* be applied to their work.

FIGURE 5:
Can GenAI be applied to industry work?

Legend: Total | Law firm/corp legal | Tax firm/corp tax | Corp risk | Government

Yes
- Total: 81%
- Law firm/corp legal: 85%
- Tax firm/corp tax: 77%
- Corp risk: 82%
- Government: 77%

No
- Total: 5%
- Law firm/corp legal: 4%
- Tax firm/corp tax: 4%
- Corp risk: 5%
- Government: 7%

Don't know
- Total: 14%
- Law firm/corp legal: 11%
- Tax firm/corp tax: 19%
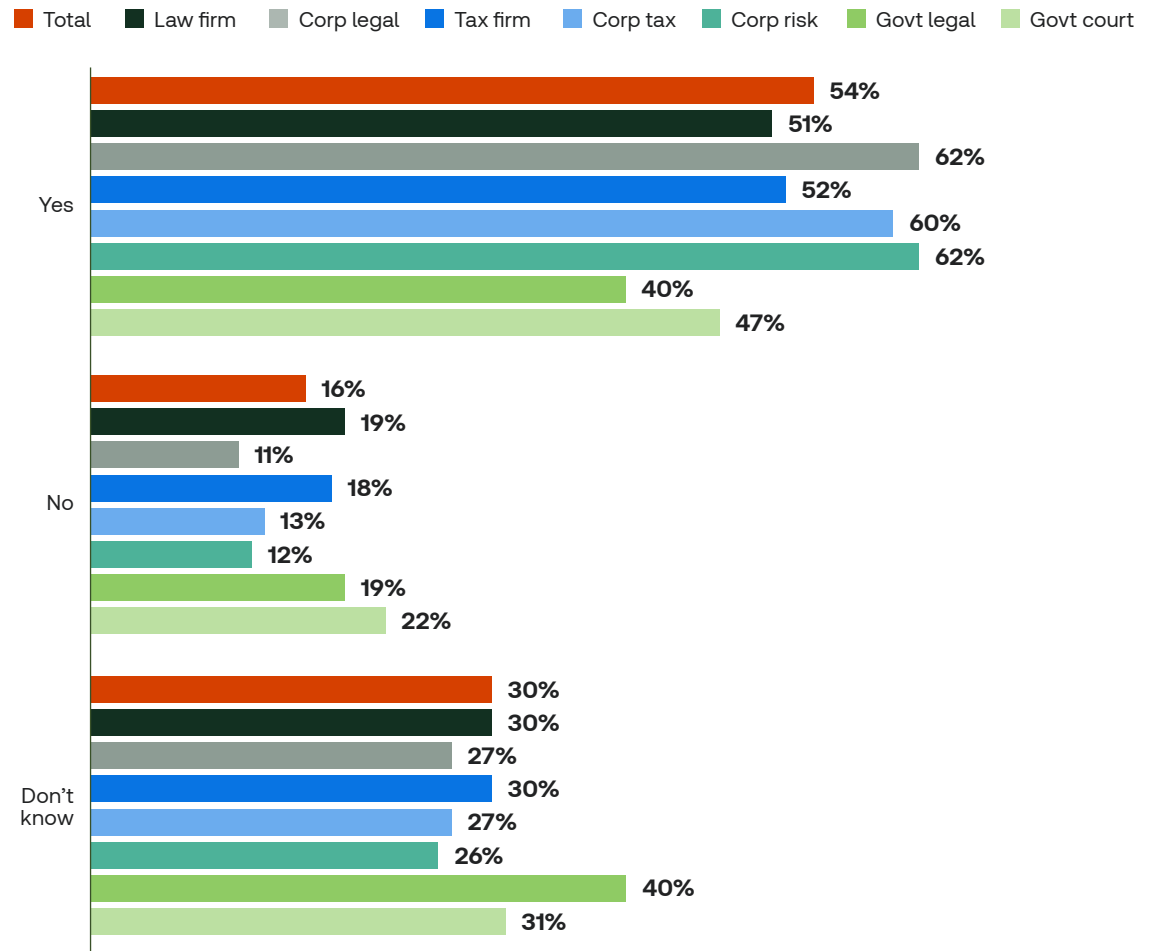- Corp risk: 12%
- Government: 15%

Source: Thomson Reuters 2024

Notably, respondents from corporate legal departments were the most likely to believe GenAI could be applied to their work — 88% answered yes, just 3% said no, and 9% did not know. On the opposite end, tax & accounting firms were the least likely to believe GenAI could apply to their work, but even then, 73% still said yes, while just 5% said no, and the remainder did not know.

However, when asked whether GenAI *should* be applied to an industry's work — meaning that use cases are not only evident but should be an active part of regular job functions — respondents were slightly more bearish but still overall positive. More than half (54%) of all respondents said they believe GenAI *should* be applied to their work, while just 16% said it should not.

FIGURE 6:
Should GenAI be applied to industry work?

Legend: ■ Total ■ Law firm ■ Corp legal ■ Tax firm ■ Corp tax ■ Corp risk ■ Govt legal ■ Govt court

Yes
- Total: 54%
- Law firm: 51%
- Corp legal: 62%
- Tax firm: 52%
- Corp tax: 60%
- Corp risk: 62%
- Govt legal: 40%
- Govt court: 47%

No
- Total: 16%
- Law firm: 19%
- Corp legal: 11%
- Tax firm: 18%
- Corp tax: 13%
- Corp risk: 12%
- Govt legal: 19%
- Govt court: 22%

Don't know
- Total: 30%
- Law firm: 30%
- Corp legal: 27%
- Tax firm: 30%
- Corp tax: 27%
- Corp risk: 26%
- Govt legal: 40%
- Govt court: 31%

Source: Thomson Reuters 2024

Similar to the previous question, corporate department respondents were more likely to believe GenAI *should* be applied to their work. Corporate legal departments, corporate risk departments, and corporate tax departments each topped 60% of respondents answering yes, while less than 14% said no in each case. Government law agencies and courts were much more skeptical — just 40% and 47%, respectively, answered affirmatively that GenAI *should* be applied to their work.

Overall, these perceptions towards GenAI have not changed over the past year. When legal and tax industries specifically were surveyed in Spring 2023, 78% of respondents answered that GenAI *can* be applied to their work, and 52% said GenAI *should* be applied to their legal work. This shows that, even with more time to consider and explore GenAI usage, professionals still feel just as strongly that GenAI has a place in their industries, with corporate legal and tax departments in particular shifting their GenAI beliefs.

FIGURE 7:

GenAI *should* be applied to industry work: Year-over-year

■ 2024   ■ 2023

Law firms	2024: 51% / 2023: 51%
Corporate legal	2024: 62% / 2023: 54%
Tax/accounting/audit firms	2024: 52% / 2023: 49%
Corp tax/accounting/audit	2024: 60% / 2023: 53%

Note: 2024 survey drew from a wider response base among given industries, including from Australia and New Zealand for the first time.

Source: Thomson Reuters 2024

Respondents who said they believe GenAI *should* be applied to their work had a number of different reasons as to why, but many focused particularly on the business impact of the technology. Legal industry respondents, for example, pointed to GenAI's potential for cost savings, its ability to allow professionals to spend more time on high-value tasks, and its potential to aid in quality control checks. "It will, if used correctly, make it possible to provide more efficient legal services and advice and at a higher quality and speed. Access to justice has been a growing problem since I started practice over 20 years ago and this could be a game changer," said one law firm partner.

Tax industry respondents, meanwhile, pointed to increasing efficiency and productivity, streamlining work processes, and improving quality and accuracy of work. Corporate risk & fraud professionals also pointed to GenAI's ability to provide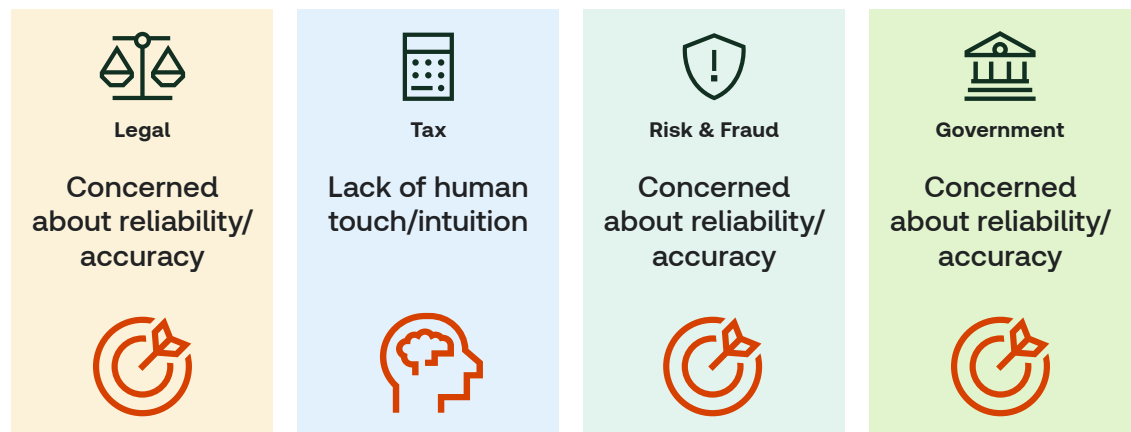 industry insights and to assist with decision-making. "I have already used ChatGPT for VAT compliance and have found it useful, particularly with international transactions where information and guidance from tax authorities based overseas can be difficult to find," said one corporate tax accountant.

> **"Access to justice has been a growing problem since I started practice over 20 years ago and this could be a game changer."**

Those who believe GenAI *should not* be applied to their work, meanwhile, largely fell into one of two camps. About one-third of respondents pointed to concerns about reliability and accuracy of GenAI solutions. "AI seems to provide general information that can be useful. However, it could also provide misguidance if the general information is applied to all clients and/or taxpayers if the professional does not rely on their own knowledge of the law, principles and facts," said one tax firm shareholder.

One-third of respondents also said they were concerned about a lack of human touch or intuition in the tools. "It has some applications, but I don't believe that it can replace counsel entirely," said one law firm partner. "Much of what we do is a function of *feel, circumstances, personality*, etc. which I believe is difficult to replicate with a computer."
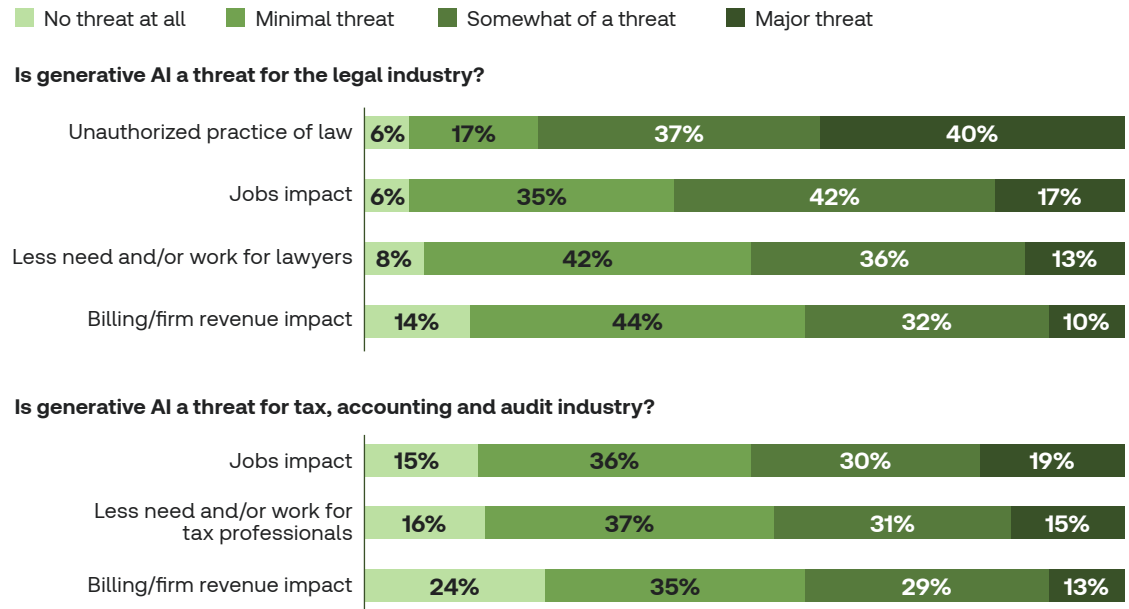
FIGURE 8:

Top reason why GenAI *should* be applied to *work*

Legal	Tax	Risk & Fraud	Government
Cost savings/ cost reduction	Increased effciency/ productivity	Provide valuable industry insights/ trends	Cost savings/ cost reduction

Top reason why GenAI *should not* be applied to *work*

Legal	Tax	Risk & Fraud	Government
Concerned about reliability/ accuracy	Lack of human touch/intuition	Concerned about reliability/ accuracy	Concerned about reliability/ accuracy

Source: Thomson Reuters 2024

Most respondents agreed that GenAI is in their profession's future, but many also believe that a host of change is coming with it. Across both the legal and tax industries, about half of respondents said they believe GenAI is either a major threat or somewhat of a threat to industry jobs. Similarly, just under half said they believe GenAI is a major threat or somewhat of a threat to the *need* for lawyers or tax professionals, and that billing and firm revenue will be impacted by the technology.

FIGURE 9:

GenAI's threat potential to industry

■ No threat at all   ■ Minimal threat   ■ Somewhat of a threat   ■ Major threat

Is generative AI a threat for the legal industry?

Unauthorized practice of law	6%	17%	37%	40%
Jobs impact	6%	35%	42%	17%
Less need and/or work for lawyers	8%	42%	36%	13%
Billing/firm revenue impact	14%	44%	32%	10%

Is generative AI a threat for tax, accounting and audit industry?

Jobs impact	15%	36%	30%	19%
Less need and/or work for tax professionals	16%	37%	31%	15%
Billing/firm revenue impact	24%	35%	29%	13%

Source: Thomson Reuters 2024

For legal industry respondents specifically, the biggest threat may be an issue unique to the industry: the unauthorized practice of law. In jurisdictions around the world, local bar associations and other regulatory bodies dictate those who are eligible to practice law, with the aim of providing high-quality legal advice. GenAI now has the potential to undertake some legal tasks and could perform even more in the future as the technology increases in complexity. As a result, it's not surprising that 77% of legal respondents see GenAI as a major threat or somewhat of a threat from the unauthorized practice of law.
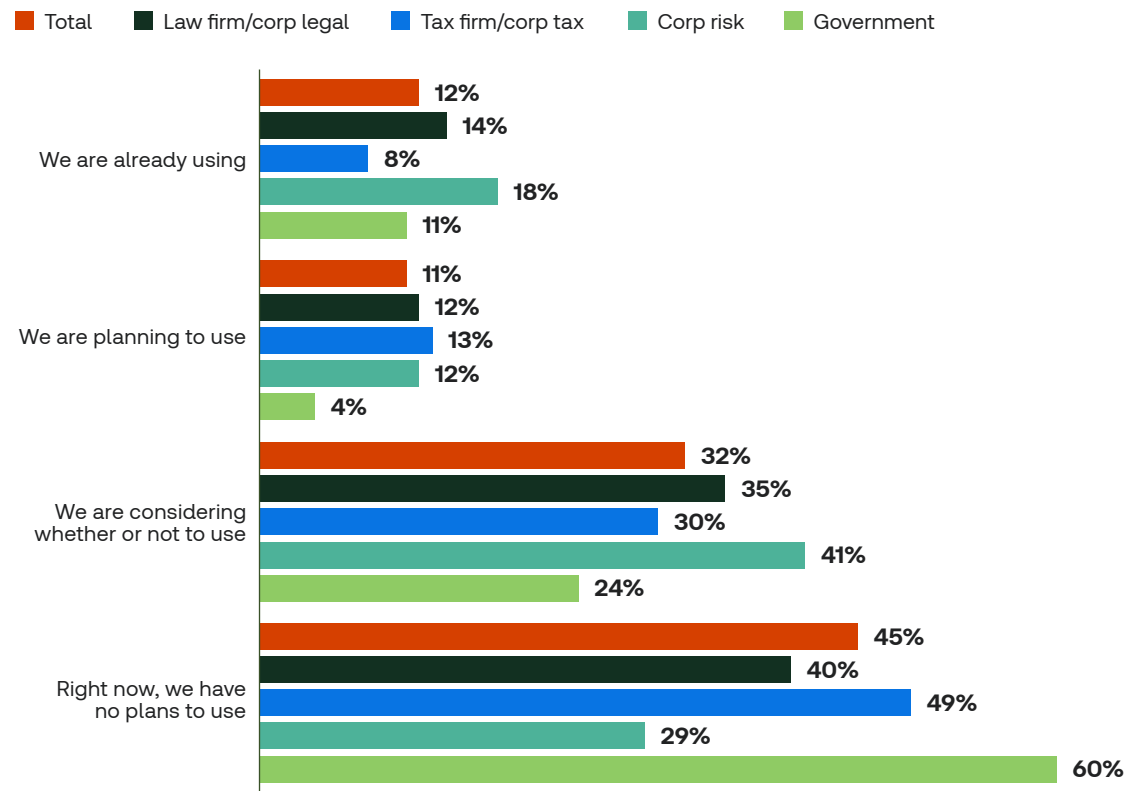
Usage and Integration

Compared with 2023, it's no surprise that GenAI usage is on the rise across all industries. The past year has allowed companies and firms of all sizes to explore potential use cases that fit their own needs and desired outcomes, particularly as the technology is baked into pre-existing technology tools.

However, widespread adoption of GenAI tools has not yet occurred. Survey results show that while usage has indeed risen over the past 12 months, many professionals still consider their workplaces to be in the *consideration phase* as to whether GenAI should be used across the organization.

FIGURE 10:
Organizational use of GenAI technology

Legend: ■ Total ■ Law firm/corp legal ■ Tax firm/corp tax ■ Corp risk ■ Government

We are already using
- Total: 12%
- Law firm/corp legal: 14%
- Tax firm/corp tax: 8%
- Corp risk: 18%
- Government: 11%

We are planning to use
- Total: 11%
- Law firm/corp legal: 12%
- Tax firm/corp tax: 13%
- Corp risk: 12%
- Government: 4%

We are considering whether or not to use
- Total: 32%
- Law firm/corp legal: 35%
- Tax firm/corp tax: 30%
- Corp risk: 41%
- Government: 24%

Right now, we have no plans to use
- Total: 45%
- Law firm/corp legal: 40%
- Tax firm/corp tax: 49%
- Corp risk: 29%
- Government: 60%

Source: Thomson Reuters 2024

Corporate risk & fraud departments have embraced GenAI usage more than any other sampled industry, with 30% of respondents there saying their organizations are either actively using or planning to use GenAI, while just 29% say their organizations have no plans to use the technology. On the opposite end, just 8% of court respondents said their court systems are already using or planning to use GenAI, and 60% say that they have no current plans to use it.

For the most part, however, many said their organizations are still in the consideration phase, with the number of respondents moving from *no plans to use to considering whether or not to use* in the past year. This is particularly true in the corporate space, where respondents who said their organizations have *no current plans to use* dropped more than 20 percentage points among respondents from both corporate legal and corporate tax departments.

FIGURE 11:
Organizational GenAI use: Year-over-year

	2023		2024	
	Considering whether to use	No current plans to use	Considering whether to use	No current plans to use
Law firms	34%	60%	32%	42%
Corporate legal	30%	60%	41%	36%
Tax/accounting/audit firms	29%	56%	27%	49%
Corporate tax/accounting/audit	21%	73%	34%	48%

Note: 2024 survey drew from a wider response base among given industries, including from Australia and New Zealand for the first time.

Source: Thomson Reuters 2024

Interestingly more people seem to be using GenAI *for their own work* compared to what they said their organization was doing. When asked whether they specifically used GenAI tools for their own work, almost half of all respondents (47%) said they already are using or plan to do so within the next three years public-facing GenAI tools such as ChatGPT. Among certain professionals, such as those in the tax and risk sectors, the personal usage was even higher, with 54% and 61%, respectively, citing their use of open-source GenAI tools for work within the next three years.

FIGURE 12:
Personal use: Open-source tools vs. Industry-specific tools

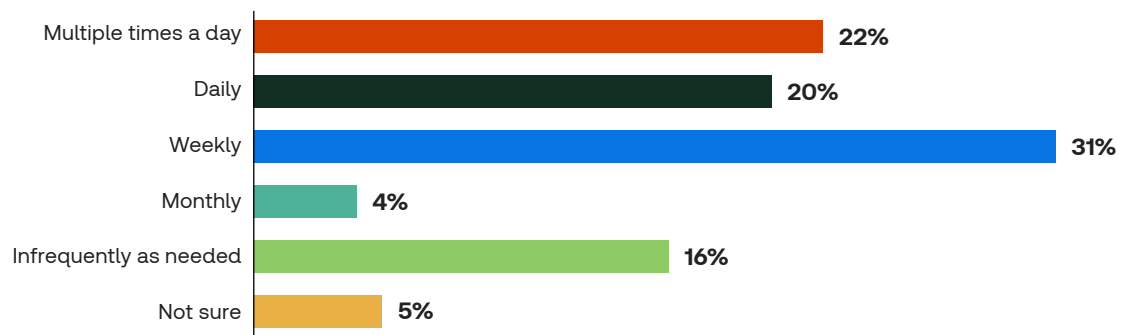|	Open-source GenAI Tools (i.e. ChatGPT)				Industry-Specific GenAI Tools			
	Already use	Plan within 3 years	No plans to use	Unsure	Already use	Plan within 3 years	No plans to use	Unsure
Law firm/corp legal	27%	20%	35%	18%	12%	43%	24%	22%
Tax firm/corp tax	27%	27%	31%	15%	8%	41%	30%	21%
Corp risk	32%	29%	22%	18%	8%	50%	25%	18%
Government	18%	8%	22%	52%	10%	12%	23%	54%

Source: Thomson Reuters 2024

While public-facing tools such as ChatGPT seem to be the primary GenAI technology used currently, that trend could soon shift as more industry-specific technology providers introduce their own GenAI solutions within the coming years.

While just 12% of legal industry respondents say they use *legal-specific* GenAI today, for example, an additional 43% said they plan to do so within the next three years. At the same time, 27% of legal industry respondents say they use *open-source* GenAI tools today, and another 20% said they plan to pick them up within the next three years. That means industry-specific GenAI tool use could equal or even surpass public-facing GenAI use for the legal industry by 2027.

Those who have already made the move to integrating GenAI technology into their workflows are also finding it has regular utility. Among respondents who are actively using or planning to use GenAI, 42% said they are using the technology at least daily, if not multiple times a day. An additional 31% said they are using it weekly.

FIGURE 13:
GenAI usage frequency

Multiple times a day — **22%**
Daily — **20%**
Weekly — **31%**
Monthly — **4%**
Infrequently as needed — **16%**
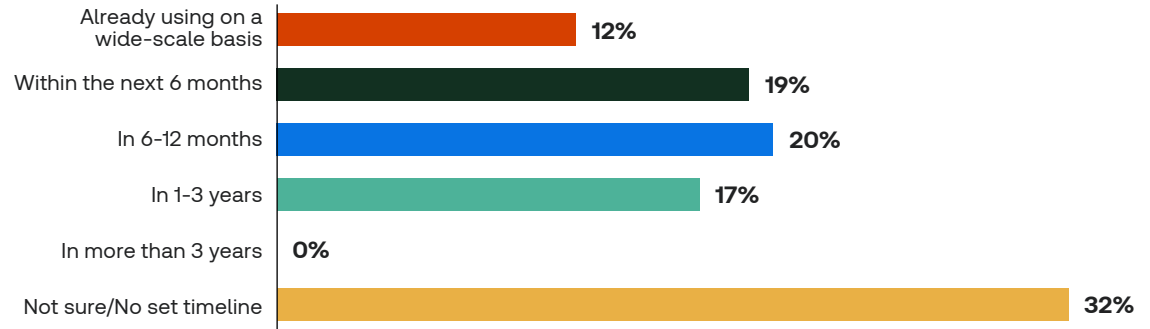Not sure — **5%**

Among those actively using or planning to use GenAI technology.   *Source: Thomson Reuters 2024*

First movers on GenAI technology are also rolling it out to their organizations at a fast rate. More than two-thirds of those who are using or planning to roll out GenAI hope to do so on a wide-scale basis within the next three years. While less than 1% of respondents (all in corporate tax) expected a timeline longer than three years, the remaining 32% had no set timeline for large-scale rollout.

FIGURE 14:
Time-frame for wide-scale GenAI roll out

Category	Value
Already using on a wide-scale basis	12%
Within the next 6 months	19%
In 6-12 months	20%
In 1-3 years	17%
In more than 3 years	0%
Not sure/No set timeline	32%

Among those actively using or planning to use GenAI technology.   Source: Thomson Reuters 2024

The different industries surveyed all had widespread ideas for how they wanted to use GenAI technology. Some use cases, such as research or document drafting, had widespread appeal among all industries. But in other instances, respondents had particular GenAI use cases they had eyed for their own industries. For example, 88% of corporate legal respondents identified contract drafting as a preferred GenAI use case, while 69% of those from tax firms specifically pointed to tax return preparation as a task for GenAI.

FIGURE 15:
Top 5 use cases for those using or planning to use GenAI

	Law firm	Corp legal	Tax firm	Corp tax	Corp risk	Gov't/courts
1	Legal research	Contract drafting	Accounting/ bookkeeping	Accounting/ bookkeeping	Risk assessment & reporting	Legal research
2	Document review	Document review	Tax research	Tax research	Document review	Document review
3	Brief or memo drafting	Legal research	Tax return preparation	Compliance	Document summarization	Document summarization
4	Document summarization	Document summarization	Tax advisory	Tax return preparation	Knowledge management	Brief or memo drafting
5	Correspondence drafting	Extracting contract data	Document review	Document review	Finance	Contract drafting

Source: Thomson Reuters 2024

While most of these use cases centered around repeatable tasks such as research and work product generation, many respondents saw a wide utility for GenAI tools. Nine different GenAI use cases were identified as possibilities by at least half of tax firm respondents, for example, while seven GenAI use cases were identified by at least half of law firm respondents.

Still, many respondents harbored potential risk concerns around GenAI usage. Those concerns largely have not changed since GenAI's public introduction, with concerns about tools' accuracy, security, and confidentiality the most commonly cited.

FIGURE 16:

Top 5 concerns or barriers to GenAI adoption

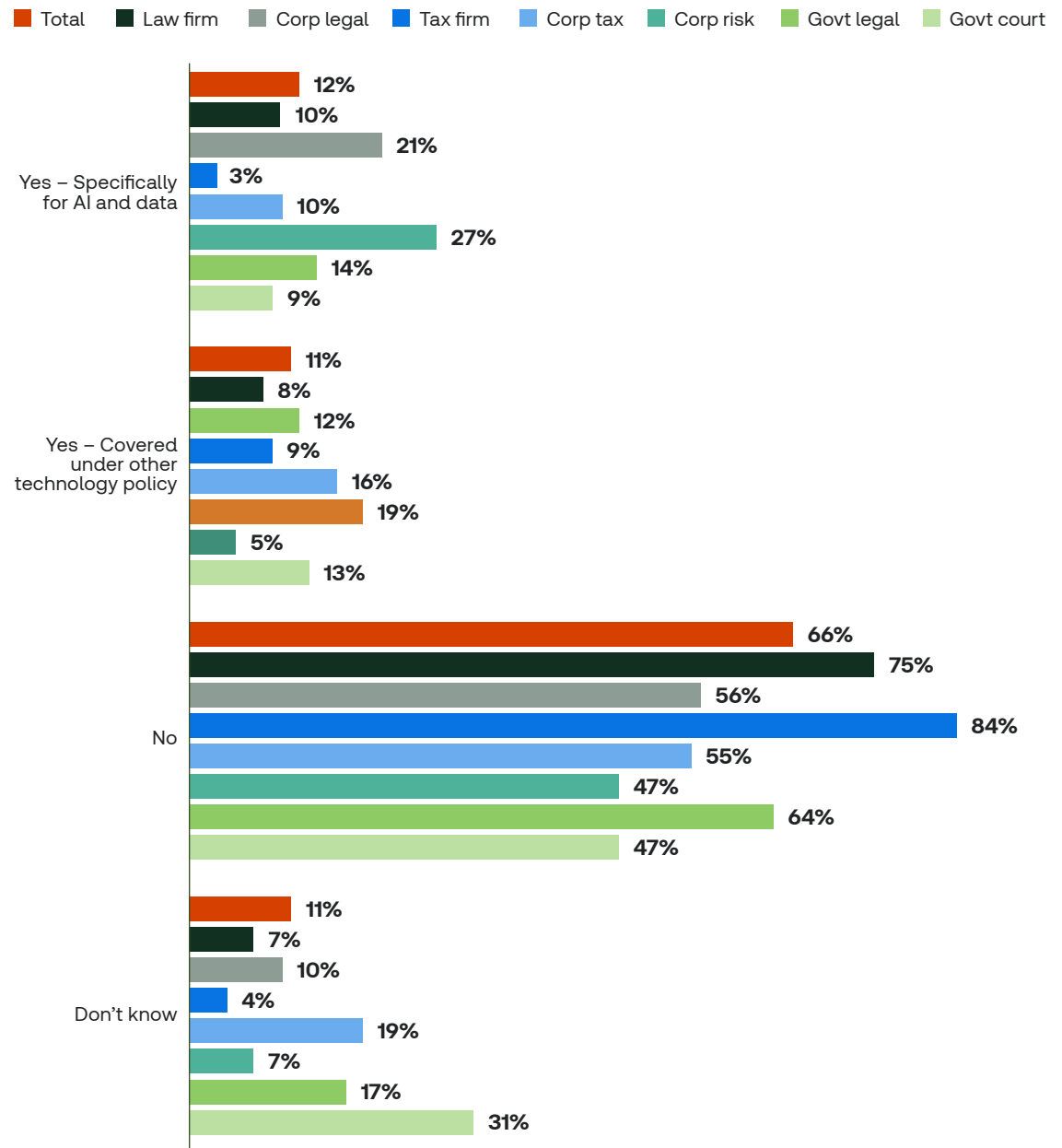|	
Potential for inaccurate responses	70%
Concerns about data security	68%
Privacy and confidentiality of information entered into GenAI tools	62%
Complying with relevant laws and regulations	60%
Ensuring that GenAI tools are used ethically and responsibly	57%

Source: Thomson Reuters 2024

In spite of these risks, however, many respondents said their organizations are not embracing policies governing GenAI use. Some respondents, particularly in corporations, have created policies specifically governing GenAI use, while others said their existing technology policies already cover GenAI usage. Still, more than half of all respondents — and particularly those within law firms and tax firms — report having no GenAI policy at all.

FIGURE 17:
Policy guiding the use of GenAI at work

Legend: ■ Total ■ Law firm ■ Corp legal ■ Tax firm ■ Corp tax ■ Corp risk ■ Govt legal ■ Govt court

Yes – Specifically for AI and data
- Total: 12%
- Law firm: 10%
- Corp legal: 21%
- Tax firm: 3%
- Corp tax: 10%
- Corp risk: 27%
- Govt legal: 14%
- Govt court: 9%

Yes – Covered under other technology policy
- Total: 11%
- Law firm: 8%
- Corp legal: 12%
- Tax firm: 9%
- Corp tax: 16%
- Corp risk: 19%
- Govt legal: 5%
- Govt court: 13%

No
- Total: 66%
- Law firm: 75%
- Corp legal: 56%
- Tax firm: 84%
- Corp tax: 55%
- Corp risk: 47%
- Govt legal: 64%
- Govt court: 47%

Don't know
- Total: 11%
- Law firm: 7%
- Corp legal: 10%
- Tax firm: 4%
- Corp tax: 19%
- Corp risk: 7%
- Govt legal: 17%
- Govt court: 31%

Source: Thomson Reuters 2024

In addition, some organizations are taking an additional step to outright ban *unauthorized* usage of GenAI at work. However, these organizations are not the majority, and many more have taken stances in the past year that they will *not* ban unauthorized GenAI usage at work. Respondents from corporate legal and risk departments said their organizations are more likely than law firm and tax firm respondents to ban unauthorized GenAI.

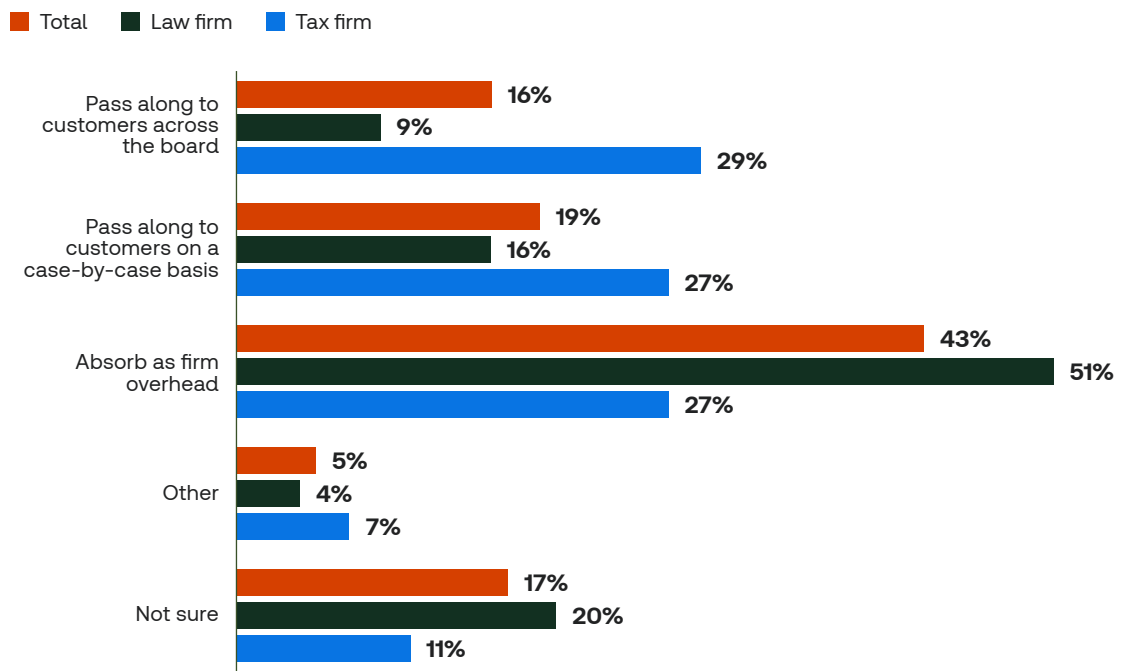# Impact on Business and Client Relationships

Given that GenAI technology is still developing, there remains a number of questions about how its increased presence will affect professional services industries. Some believe the growth of GenAI will kick off a revolution, punctuated by massively changing business models and perhaps disintermediation of professionals themselves. Others foresee more gradual change, with an evolution of work that largely does not disrupt the status quo.

As it stands in these early days, any long-term effects are purely speculative. Still, research shows that those in professional services are already starting to prepare for potential changes, believing that GenAI may have an impact.

One of the first questions that independent firms, in particular, need to answer about GenAI adoption is how they will pay for it. Interestingly, the answer may differ by industry. Among those respondents who said they are already using or planning to use GenAI, those at outside tax firms say they are more likely to pass the investment cost on to their clients, with 56% of tax firms saying they expect customers to cover at least some of the costs. Conversely, more than half of the respondent from outside law firms said their firm plans to absorb GenAI costs as overhead expenses.
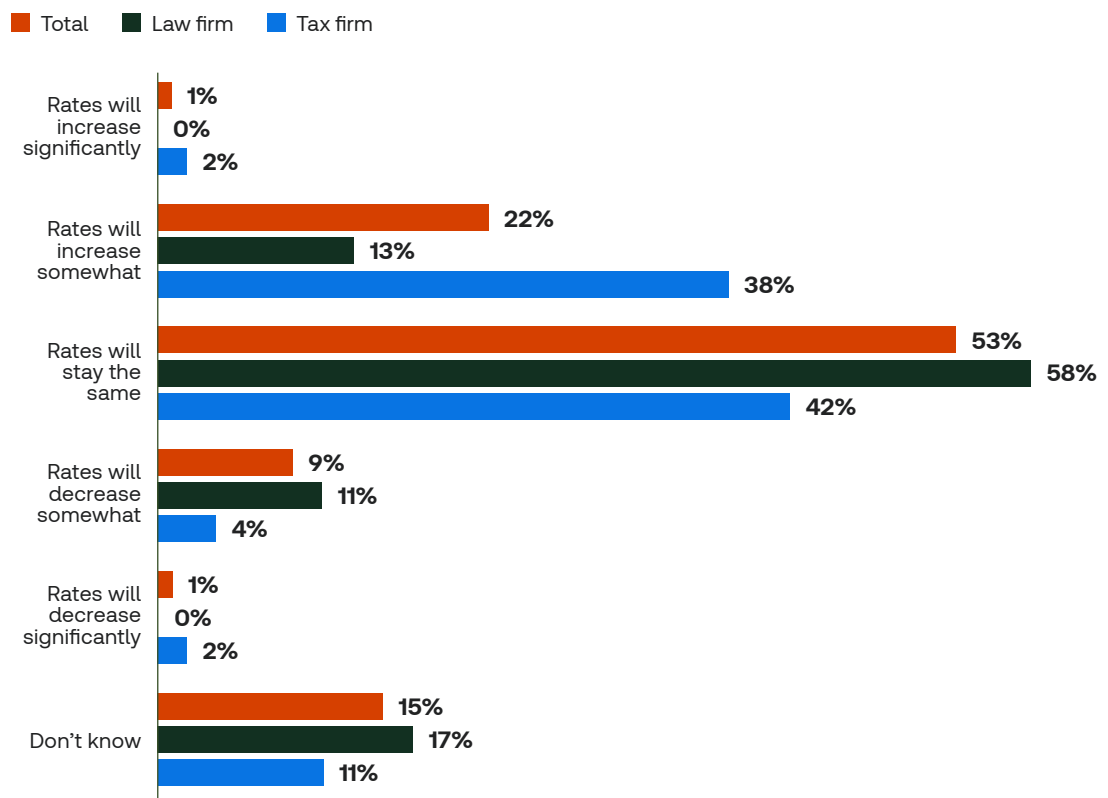
FIGURE 18:
Approach to GenAI investment cost

Legend: ■ Total   ■ Law firm   ■ Tax firm

Pass along to customers across the board
- Total: 16%
- Law firm: 9%
- Tax firm: 29%

Pass along to customers on a case-by-case basis
- Total: 19%
- Law firm: 16%
- Tax firm: 27%

Absorb as firm overhead
- Total: 43%
- Law firm: 51%
- Tax firm: 27%

Other
- Total: 5%
- Law firm: 4%
- Tax firm: 7%

Not sure
- Total: 17%
- Law firm: 20%
- Tax firm: 11%

Source: Thomson Reuters 2024

There may be many reasons for this difference in approach, not the least of which being how clients in those respective industries traditionally have viewed their obligation for the cost of technology. Another contributing factor may be how these firms expect to approach the rates that they charge clients. Law firms that are already using or plan to use GenAI, according to the survey, are more likely to believe that GenAI will not have an effect on rates. On the other hand, tax firms are more likely to believe that GenAI will affect their rates, with 40% of tax firm respondents expecting GenAI to increase their rates at least somewhat.
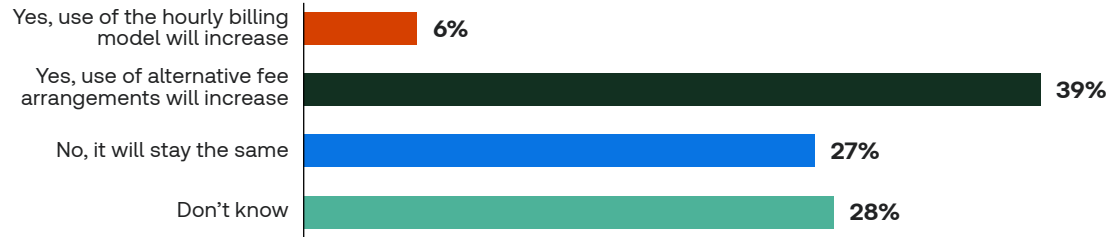
FIGURE 19:
GenAI effect on firms' rates

■ Total   ■ Law firm   ■ Tax firm

Rates will increase significantly
- Total: 1%
- Law firm: 0%
- Tax firm: 2%

Rates will increase somewhat
- Total: 22%
- Law firm: 13%
- Tax firm: 38%

Rates will stay the same
- Total: 53%
- Law firm: 58%
- Tax firm: 42%

Rates will decrease somewhat
- Total: 9%
- Law firm: 11%
- Tax firm: 4%

Rates will decrease significantly
- Total: 1%
- Law firm: 0%
- Tax firm: 2%

Don't know
- Total: 15%
- Law firm: 17%
- Tax firm: 11%

Source: Thomson Reuters 2024

Specifically for the legal industry, there is also the question of *how* GenAI's impact on rates will occur. Some prognosticators have noted that GenAI produces time savings on repeatable tasks like legal research and document generation, and that could make it more financially beneficial for law firms to adopt alternative fee arrangements (AFA) such as flat fees that incentivize work that's being done efficiently, rather than the historic billable hour model, which charges on time spent working and could be a big loser in a GenAI-driven future.
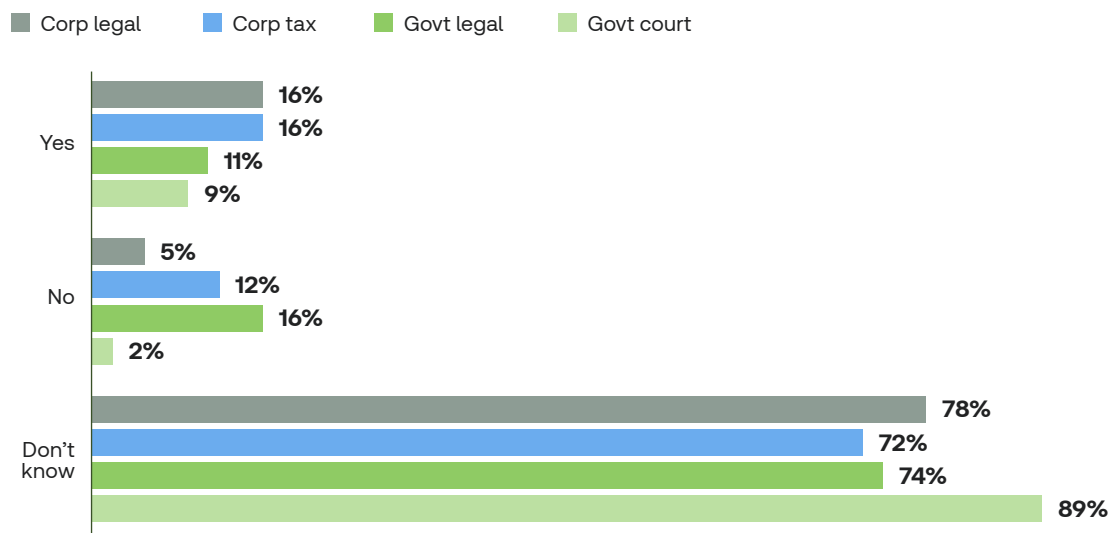
FIGURE 20:
GenAI impact on law firm billing model

Yes, use of the hourly billing model will increase	6%
Yes, use of alternative fee arrangements will increase	39%
No, it will stay the same	27%
Don't know	28%

Source: Thomson Reuters 2024

Some law firms agree, with a plurality of law firm respondents (39%) saying they believe that GenAI will have mean an increase in AFA usage. That viewpoint is not universal, however. Notably, 28% said they do not know how GenAI will impact law firm billing — a reasonable view, given that many law firms are still in the process of adopting and implementing the technology.

Still, the question remains: Will clients impose some of these changes on their outside firms? Perhaps, but firms' clients are still trying to get a handle on the technology themselves. In fact, many clients still do not know how their own outside firms are approaching GenAI, particularly within the legal sector.

FIGURE 21:
Corporate knowledge of whether their vendor firms use GenAI

Legend: Corp legal, Corp tax, Govt legal, Govt court

	Corp legal	Corp tax	Govt legal	Govt court
Yes	16%	16%	11%	9%
No	5%	12%	16%	2%
Don't know	78%	72%	74%	89%

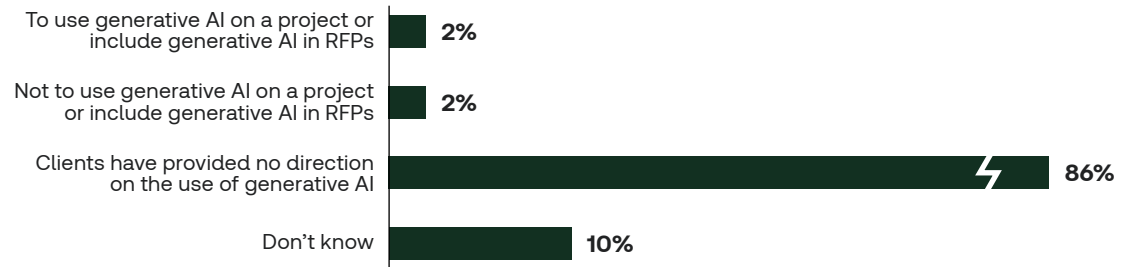*Source: Thomson Reuters 2024*

This largely may be due to the fact that clients are not yet dictating to their firms *how* to use GenAI, whether through requests for proposal (RFPs), contracts, guidelines, or some other method. In fact, the majority of legal and government respondents, for instance, indicated that they have provided no direction to their outside firms on whether or not to use GenAI in projects. Similarly, respondents from outside firms reported receiving very little direction from their clients to that end.

FIGURE 22:
Legal industry conversations around GenAI usage

■ Law firms

Have clients asked you..

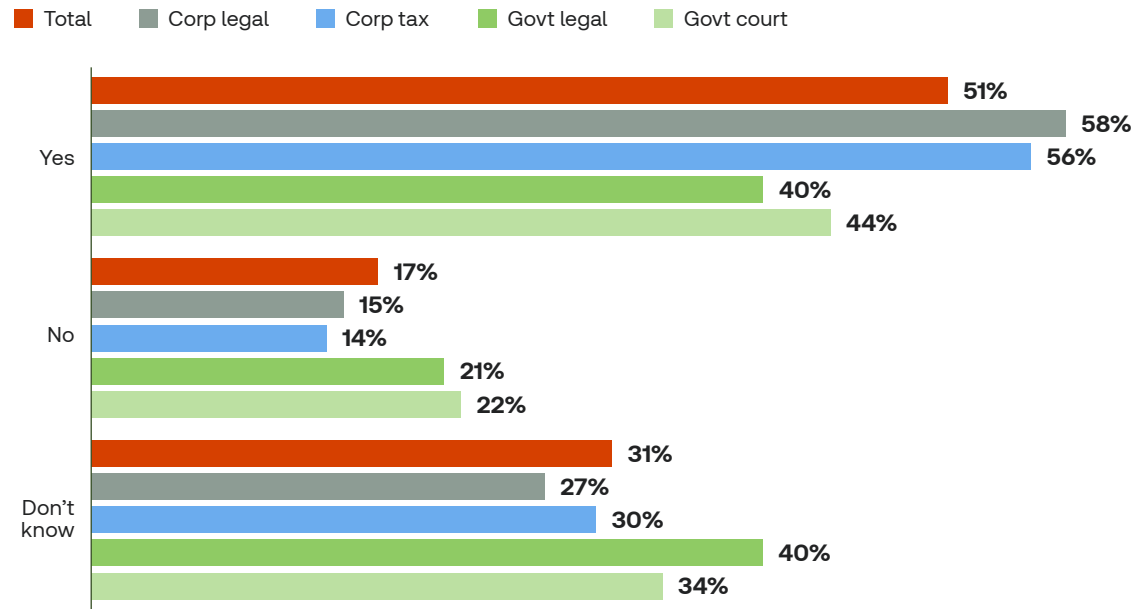|	
To use generative AI on a project or include generative AI in RFPs	2%
Not to use generative AI on a project or include generative AI in RFPs	2%
Clients have provided no direction on the use of generative AI	86%
Don't know	10%

Source: Thomson Reuters 2024

Still, that does not mean that clients do not *want* their firms to be using GenAI — on the contrary, in fact. More than half of corporate respondents surveyed — including more than half of respondents from corporate legal and tax departments — indicated that their outside firms *should* be applying GenAI to their work. And less than one-quarter of corporate respondents in each segment surveyed said their firms *should not* be applying GenAI to their work.

FIGURE 23:

Corporate/government opinions if GenAI *should* be applied at vendor firms

■ Total   ■ Corp legal   ■ Corp tax   ■ Govt legal   ■ Govt court

Yes
- Total: 51%
- Corp legal: 58%
- Corp tax: 56%
- Govt legal: 40%
- Govt court: 44%

No
- Total: 17%
- Corp legal: 15%
- Corp tax: 14%
- Govt legal: 21%
- Govt court: 22%

Don't know
- Total: 31%
- Corp legal: 27%
- Corp tax: 30%
- Govt legal: 40%
- Govt court: 34%

Source: Thomson Reuters 2024

The reasons why corporate respondents said they believe outside firms should or should not apply GenAI to their work is similar to the approach all organizations are taking to their own work. Those supporting GenAI for outside vendors are particularly focused on cost savings (particularly in legal), time savings, streamlining work processes (particularly in tax), and increased efficiency and productivity. Those corporate respondents who said they do not believe GenAI should apply to outside firms' work typically cite concerns over inaccurate information, loss of human interaction, and the potential for AI replacing skilled professionals.
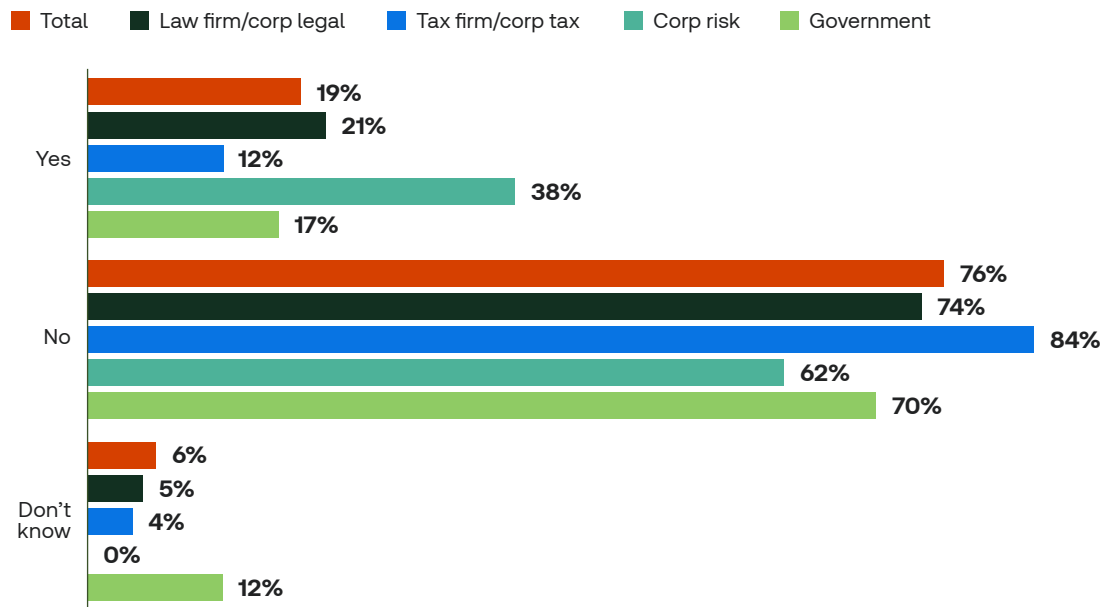
The Future of Work

With all of this change on the horizon, many organizations are already beginning to plan for structural changes to the way they approach personnel and business operations that will happen as a result. Ultimately, many organizations will begin to find new ways of working as a direct result of GenAI technology.

Already, some organizations have begun actively training their staff on proper GenAI usage. While this still remains the minority of survey respondents, the positive portion is beginning to near 40% within corporate risk & fraud departments.

FIGURE 24:
Employee education or training about GenAI

■ Total ■ Law firm/corp legal ■ Tax firm/corp tax ■ Corp risk ■ Government

Yes
- 19%
- 21%
- 12%
- 38%
- 17%

No
- 76%
- 74%
- 84%
- 62%
- 70%

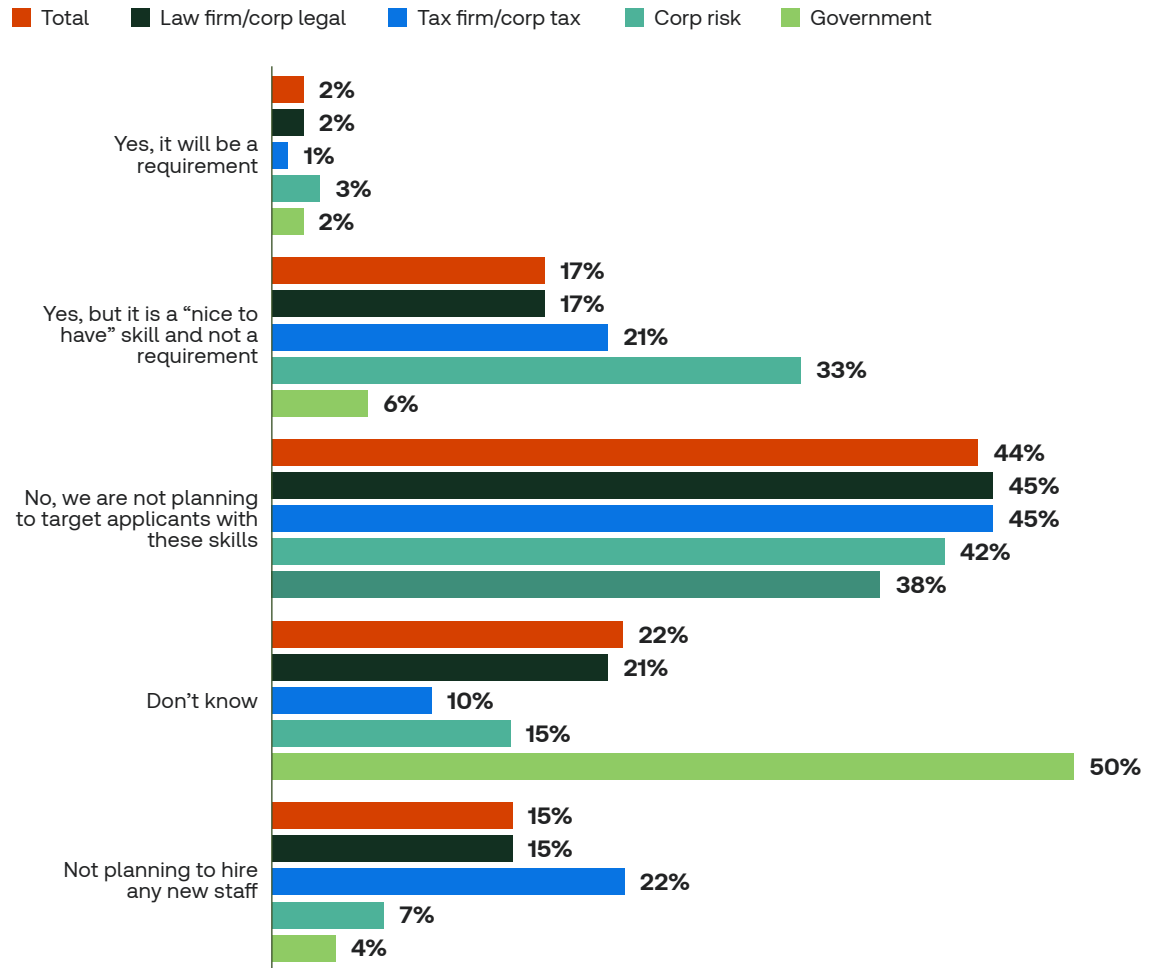**Don't know**
- 6%
- 5%
- 4%
- 0%
- 12%

Source: Thomson Reuters 2024

The tax industry remains behind on training, with just 12% of respondents saying that their organization has provided GenAI training. A small, but notable minority of all respondents also reported not knowing whether their organization provides GenAI training at all — and this was particularly true in court systems, where 25% of the 68 respondents said this.

Still, as GenAI usage increases at organizations of all types, hiring employees with GenAI familiarity and skills will become increasingly common. Currently, very few organizations say that artificial intelligence skills are a *requirement* to be hired, but an increasing number, particularly in risk & fraud but also in legal and tax, call GenAI skills a *nice to have* when hiring.

FIGURE 25:

Job applicants with AI or GenAI skills

■ Total   ■ Law firm/corp legal   ■ Tax firm/corp tax   ■ Corp risk   ■ Government

Yes, it will be a requirement
- Total: 2%
- Law firm/corp legal: 2%
- Tax firm/corp tax: 1%
- Corp risk: 3%
- Government: 2%

Yes, but it is a "nice to have" skill and not a requirement
- Total: 17%
- Law firm/corp legal: 17%
- Tax firm/corp tax: 21%
- Corp risk: 33%
- Government: 6%

No, we are not planning to target applicants with these skills
- Total: 44%
- Law firm/corp legal: 45%
- Tax firm/corp tax: 45%
- Corp risk: 42%
- Government: 38%

Don't know
- Total: 22%
- Law firm/corp legal: 21%
- Tax firm/corp tax: 10%
- Corp risk: 15%
- Government: 50%

Not planning to hire any new staff
- Total: 15%
- Law firm/corp legal: 15%
- Tax firm/corp tax: 22%
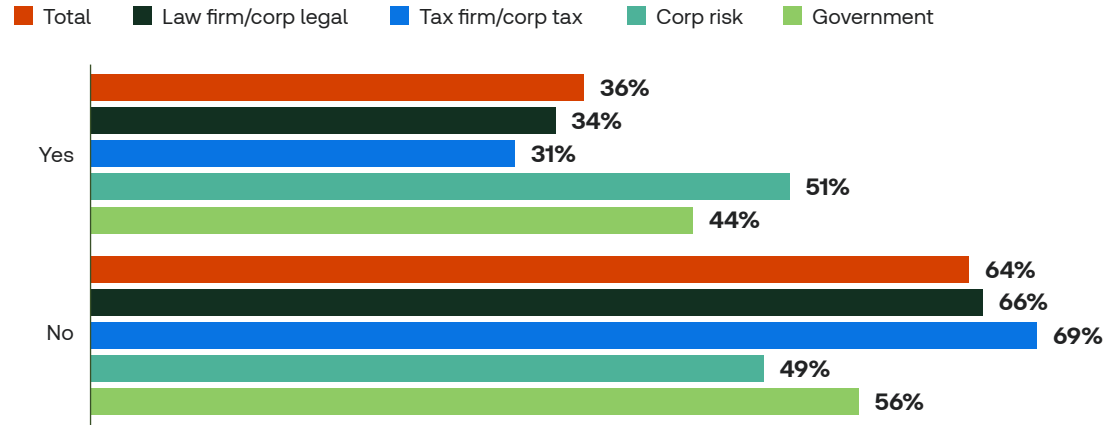- Corp risk: 7%
- Government: 4%

Source: Thomson Reuters 2024

In addition, many respondents said they expect entirely new job roles to arise within the next three to five years from increased GenAI usage. This includes more than half of both corporate risk & fraud respondents and court system respondents, while less than one-quarter of tax firm respondents expect the same. Many of these expected jobs are likely to be involved in the implementation and ongoing maintenance of AI and data projects, including AI specialists, data analysts, and AI implementation coordinators.

FIGURE 26:

New job role or title expectations due to GenAI

New job expectations as a result of technology within the next 3-5 years

■ Total   ■ Law firm/corp legal   ■ Tax firm/corp tax   ■ Corp risk   ■ Government

Yes
- 36%
- 34%
- 31%
- 51%
- 44%

No
- 64%
- 66%
- 69%
- 49%
- 56%

Source: Thomson Reuters 2024

FIGURE 27:

Top 5 expected new job titles due to AI

1. **AI Specialist**
2. **IT Support**
3. **Data Analyst/Expert**
4. **AI Implementation Coordinator/Director of AI**
5. **Technology Consultant/Specialist**

Source: Thomson Reuters 2024

Ultimately, while all organizations are likely to be affected by these changes, some will have more influence than others in how GenAI impacts the future of work. When asked which entities will be the primary influencers on the future of GenAI, two categories of organizations stood out: corporations and technology companies.

FIGURE 28:
Primary influencers on the future of GenAI

	By organization type							
	Total	Law firm	Corp legal	Tax firm	Corp tax	Corp risk	Govt legal	Govt court
Corporations	52%	49%	62%	46%	54%	49%	45%	62%
Firms	35%	41%	31%	31%	38%	16%	32%	40%
Government/ Regulators	32%	33%	28%	34%	28%	27%	36%	40%
Technology Companies	72%	69%	69%	83%	71%	77%	67%	68%
Associations or advocacy groups	15%	14%	16%	21%	10%	15%	13%	19%
Other	5%	4%	2%	3%	5%	8%	6%	12%
Don't know	6%	7%	6%	6%	5%	5%	6%	1%

Source: Thomson Reuters 2024

Indeed, technology companies were identified as the number one influencer of the future of GenAI by two-thirds or more of respondents from every type of organization, while corporations were identified as influencers by more than half of all total respondents. Some categories of respondents also rated their own influence as higher than others saw them. Law firm respondents, for example were the most likely to believe law firms would be GenAI influencers, while court system respondents were the most likely to see government regulators as Gen AI influencers.

Conclusion

Professional services industries are not typically known for moving quickly, but when it comes to the potential transformative effects of GenAI, they have reacted quite well. With a little over a year elapsing between ChatGPT's public introduction and the beginnings of this research, many different types of professional services organizations already have begun to explore potential GenAI use cases, evaluate and test various tools, and determine where those tools could fit into strategic plans.

There will also likely be even more momentum towards GenAI in coming years. A high number of professionals say their organizations are still considering GenAI use within the workplace and its impact — and while some may determine that GenAI is not

The most successful organizations and professionals will be the ones that use GenAI to augment, not fully replace, what professionals do.

for them, it's likely that an even higher percentage will become GenAI users. Many professionals will receive even more education around GenAI and its usage as well, especially among those organizations at which opinions are not yet fully formed.

This does not mean an upheaval of how professionals work will occur tomorrow, however. Ultimately, as powerful a tool as GenAI can be, it remains just that — a tool. The most successful organizations and professionals will be the ones that use GenAI to augment, not fully replace, what professionals do. The goal of many organizations is simply to provide higher-level insight, service, and critical thinking by using GenAI to remove or automate some of the more repeatable work tasks. Increasingly, corporations, law and tax firms, and government entities alike will be homing in on these efficiencies as a key reason to invest in GenAI in the first place. Yet, organization leaders and professionals should not underestimate GenAI's transformative nature; and indeed, would do well to remember that while operational risks can be high, so too are the business risks of not adjusting to new paradigms in a timely manner.

Although GenAI's true impact may seem a proposition for far in the future, planning for its impact needs to begin now. As the research shows, proactive organizations have already begun exploring how GenAI will change the future of work, and those without such inclination or planning could risk becoming quickly left behind.

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