Is Your Law Firm's Data *Clean* and *Trusted* Enough for AI?

Why Information Governance Is the Missing Link

As artificial intelligence (AI) continues its rapid march through the legal industry, law firms are facing a new kind of strategic imperative. No longer is the question whether to use AI—but rather how to do so responsibly, effectively, and competitively.

From automated document summarization to generative brief writing, AI holds undeniable promise for increasing efficiency and improving outcomes. Yet, many firms may be overlooking a foundational requirement for that promise to be realized: robust Information Governance (IG). Without clean, secure, and well-managed data, the deployment of AI technologies risks becoming more liability than asset.

AI Adoption in Law Firms: Enthusiasm Meets Hesitation

According to the American Bar Association's 2024 Artificial Intelligence TechReport, 30.2% of attorneys reported using AI-based tools in their practice. Among large firms—those with 500 or more lawyers—that number climbs to 47.8%. These tools are being used for everything from research and due diligence to time tracking and e-discovery.

Efficiency is a leading driver of adoption: more than half of survey respondents in the ABA's Artificial Intelligence TechReport (54.4%) cited time savings as their primary motivator. But alongside this enthusiasm lies substantial hesitation. Nearly 75% of lawyers expressed concern about the accuracy of AI tools.

Just under half (47.2%) flagged data privacy as a serious issue. And 44% questioned whether they or their firm had sufficient knowledge to evaluate these technologies in the first place. In short: law firms are eager to adopt AI—but unsure whether they're truly ready for it.

AI Is Only as Good as the Data You Feed It

It's a cliché in tech circles for good reason: garbage in, garbage out. AI is a data-hungry technology. Its effectiveness hinges on the quality, consistency, and accessibility of the data it ingests. For law firms, that poses a serious challenge.

Most firms are sitting on decades of legacy data, scattered across systems, formats, and even office locations. Documents may be duplicated, misfiled, or stored without metadata. Access rights may be inconsistent. In some cases, the firm may not even know which systems house critical client records.

This is not just an IT issue—it's a governance issue.

Information Governance ensures that a firm's data is accurate, classified, retrievable, and secure. It establishes the framework for organizing information throughout its lifecycle—from creation and use to storage and deletion. And in the context of AI, IG determines whether a firm can harness AI with confidence or risk ethical and operational blowback.

What Clients Now Expect

The shift toward AI is not happening in a vacuum. Corporate clients are more sophisticated—and more cautious—than ever before when it comes to data handling.

STRATEGIC BUSINESS OPERATIONS

In Mattern Associates' 2024 Information Governance Survey, 65% of clients reported including IG requirements in their outside counsel guidelines (OCGs)2. These include expectations for document retention, file ownership, digital security, and access protocols.

The same study revealed a startling reality: only 4% of law firms report full compliance with their own IG policies.

That delta is not just a regulatory risk—it's a business risk. Firms that fail to meet client expectations around data governance and responsible AI use may find themselves excluded from panels, RFPs, or repeat engagements. In a market where differentiation is difficult, IG maturity can be a key client trust signal.

Ethical and Legal Consequences of Poor Governance

Beyond client scrutiny, there are real legal and reputational risks associated with poor governance. Law firms are increasingly targeted in cyberattacks because of the sensitive, high-value data they manage. The ABA's 2025 Legal Technology Survey Report noted that the average cost of a data breach in a law firm had reached $5.08 million, factoring in regulatory fines, recovery costs, and reputational harm.

Meanwhile, the rise of generative AI in legal work has already produced public missteps. Several high-profile cases have seen attorneys sanctioned for submitting AI-generated briefs that included hallucinated case citations. These incidents have prompted formal guidance from the ABA urging firms to consider their ethical obligations when deploying AI tools—including duties of competence, confidentiality, and supervision.

Poor data governance not only increases the likelihood of these errors—it also undermines the firm's ability to respond swiftly and defensibly when things go wrong.

IG Is a Strategic Enabler—Not a Back Office Function

When well-executed, Information Governance delivers more than just risk reduction. It enables agility, responsiveness, and insight.

It allows firms to:
- Respond to client data audits without scrambling
- Confidently train AI tools on clean, permissioned datasets
- Comply with retention schedules and reduce storage costs
- Empower legal professionals with accurate, organized information at their fingertips

In an AI-driven future, IG is no longer just a compliance necessity—it's a strategic differentiator.

What Law Firms Should Be Doing Now

To future-proof their operations and maximize the value of AI, law firms should:

1. **Audit Existing IG Policies and Systems**
   a. Identify where data lives, how it is categorized, who owns it, and whether existing policies are being followed. Most firms have IG policies on paper; far fewer have meaningful compliance in practice.
2. **Establish a Cross-Functional IG Task Force**
   a. IG cannot live solely in IT or Records. It must be owned collaboratively across legal, compliance, operations, and technology leadership.
3. **Educate Staff on AI and IG Intersections**
   a. The frontline risk of poor AI usage lies not with developers, but with everyday users. Training should focus on ethical AI use, data hygiene, and system accountability.
4. **Align with Client Expectations**
   a. Proactively demonstrate how your firm meets OCG requirements related to IG, especially in matters involving client data and use of technology tools.

5. **Choose AI Vendors that Prioritize Governance**

   a. Any vendor supplying AI to your firm should be able to explain their data protocols, model training inputs, auditability, and compliance standards. If they can't—you shouldn't engage.

Conclusion: Clean Data Is the Foundation for Responsible AI

There's no question that AI will transform the legal profession. But transformation doesn't happen in a vacuum—it requires infrastructure, culture, and trust.

Firms that jump headfirst into AI adoption without first investing in Information Governance are likely to encounter inconsistent outputs, ethical pitfalls, and reputational risks. Those that build from the ground up—with governed, reliable data as the foundation—will be best positioned to lead.

In the race to modernize, it's not the firm with the most AI tools that wins. It's the firm with the cleanest, most trusted data.

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