AI in contracting:
an untapped revolution

Insights from the global contracting community

July 2023

World Commerce
& Contracting

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Abstract

We are standing at a crossroad in the way we form and manage contracts. Artificial Intelligence (AI) will intervene at every stage of the contracting lifecycle. For some, the disruption has begun. For most, the pace of adoption is slow, and resistance remains widespread. For AI to unleash its transformative powers, these barriers must be confronted head-on. It's time for a new era of AI-powered contracting.

Here's what you need to know and, crucially, the steps you need to take to grasp the future.

Sally Guyer
Global CEO
WorldCC

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Introduction

As the world becomes increasingly digitized and interconnected, AI has emerged as a pivotal technology poised to transform many aspects of life, business, and governance.

Through this recent survey we sought to uncover the current status of AI adoption in contracting, to reveal the benefits realized for those who have already implemented the technology, to expose the barriers to adoption and unveil the true nature of attitudes from around our global community towards this 'disruptive technological innovation'.

Contracting is an essential, but too often complex and time-consuming process. Disruptive market forces continue to reveal the critical 'glue' that contracts should be offering – but are not. AI has the power to rapidly address these shortfalls, to revolutionize the process, optimizing efficiency through the automation of routine tasks, driving innovation through its ability to analyze huge amounts of data in very short time frames, and providing business critical insights almost instantaneously. But only a minority are grasping these opportunities. Once again, we see the divide between the strategic thinkers and the operationally overwhelmed.
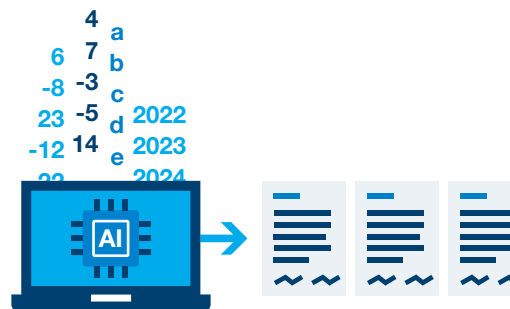
So why do so many seem to be at best skeptical and at worst fearful of this revolution? The fear is typically driven by negative headlines predicting the downfall of whole sectors. Indeed, according to a research paper[1] published this year by Princeton University, the University of Pennsylvania and New York University, Legal services is now the sector most at risk from the latest wave of AI.

However, what these headlines and studies miss, is the way that this technology can not only drive efficiency in the way that we currently work, producing in minutes what it typically takes hours for a human to produce, but also enable us to perform new tasks that would be humanly impossible. No human would be capable of analysing a portfolio of 7,000 agreements to identify patterns, yet AI can do this in minutes and in so doing, provide business critical intelligence that has hitherto remained invisible.

For all of us, operating in the world of commerce and contracting, AI has the potential to disrupt every part of the contracting lifecycle.[2]

AI can analyze huge amounts of data in a short time, thus simplifying the process of contracting.

"Generative AI will be the most disruptive technological innovation since the advent of the personal computer and the inception of the internet with the potential to create tens of millions of new jobs, permanently alter the way we work, fuel the creator economy, and displace or augment 100s of millions of workers."

Matt White, generative AI researcher, educator, strategist, author, consultant and founder of Berkeley Synthetic, UC Berkeley, Open Metaverse Foundation

1. *How will Language Modelers like ChatGPT Affect Occupations and Industries?*

2. www.worldcc.com/Resources/Blogs-and-Journals/Contracting-Excellence-Journal/View/ArticleId/11552/The-Practicalities-of-AI-and-Contract-Management

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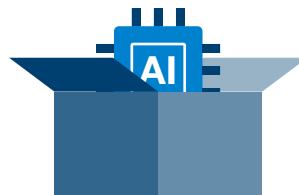
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So, what's new in the world of AI?

AI is not new, but Generative AI, which really took off in the latter half of 2022, was suddenly placed in the hands of consumers – it became a desktop application, an application on our mobile phones, and suddenly the world became empowered in a fundamentally new and different way.

This has led to tremendous public speculation about the impact of Generative AI on knowledge workers, not least those operating in the legal and contracting community. Questions have been coming into us from around the world:

- How are others using AI in contracting?
- Does new technology threaten the need for attorneys?
- What does a lawyer / contract manager of the future look like in five and ten years' time?
- How do we overcome the concern that the use of technology may result in errors and particular circumstances and risks not being accounted for?
- How does the contracting sector balance the benefits of new technology with things like cybersecurity, diversity, equity, and inclusion (DE&I) and climate change?
- Will AI ever match applying human reasoning and evaluation of facts and risk?
- How do we keep up with the pace of AI development and maintain the integrity and accuracy of our documents? How do we ensure a level of oversight?

It was this, and the undeniable revolution that Generative AI is imposing on us all, that led us to conduct this initial study.

*"I believe that most of the short-term claims being made about the impact of ChatGPT and generative AI hugely **overstate** its likely impact. More significantly, I think that most of the long-term claims hugely **understate** its impact."*

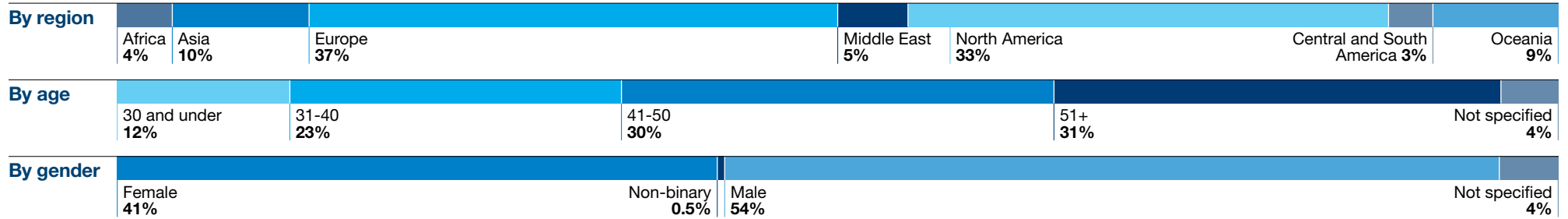**Richard Susskind, President, Society for Computers and Law**
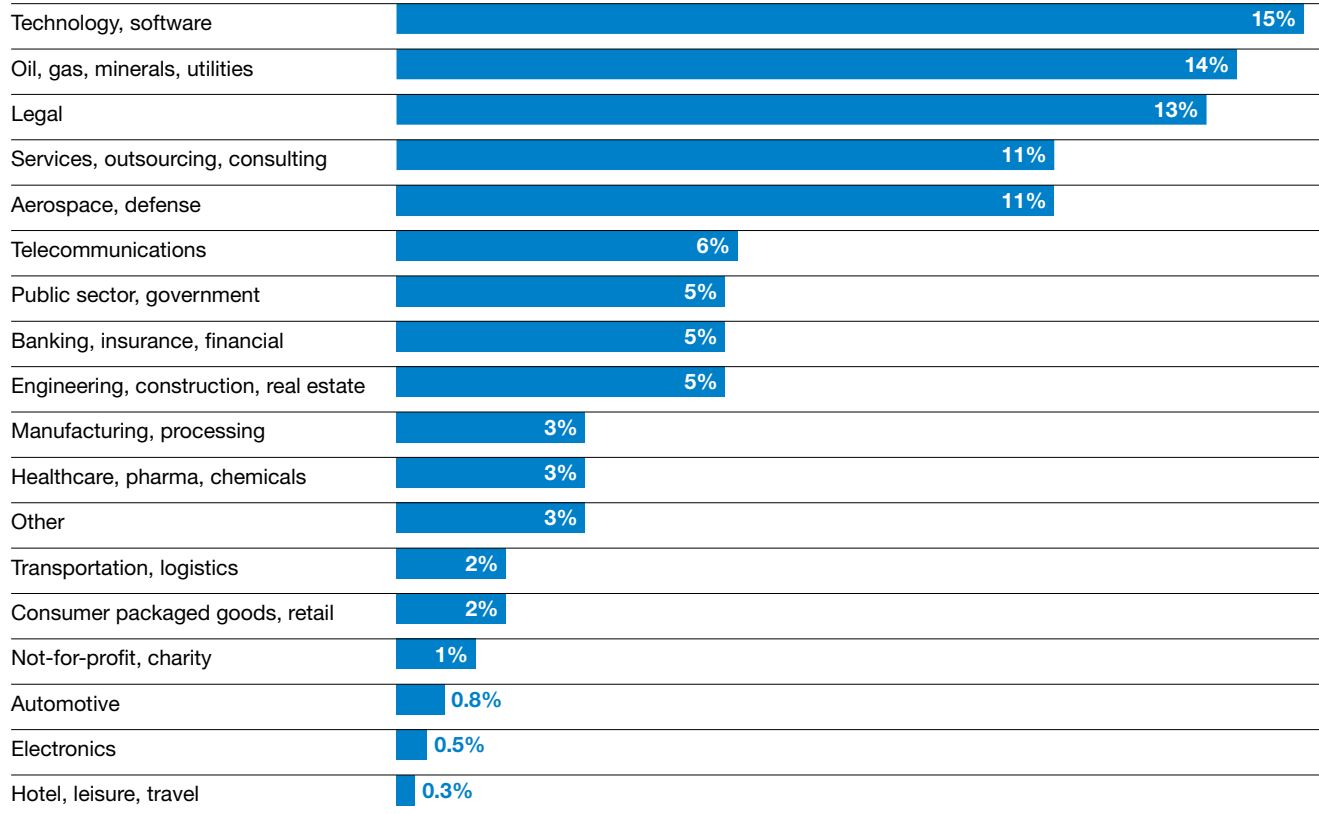

What's inside the new Generative AI?

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Demographics

By region

| Africa 4% | Asia 10% | Europe 37% | Middle East 5% | North America 33% | Central and South America 3% | Oceania 9% |

By age

| 30 and under 12% | 31-40 23% | 41-50 30% | 51+ 31% | Not specified 4% |

By gender

| Female 41% | Non-binary 0.5% | Male 54% | Not specified 4% |

By sector

Sector	Percentage
Technology, software	15%
Oil, gas, minerals, utilities	14%
Legal	13%
Services, outsourcing, consulting	11%
Aerospace, defense	11%
Telecommunications	6%
Public sector, government	5%
Banking, insurance, financial	5%
Engineering, construction, real estate	5%
Manufacturing, processing	3%
Healthcare, pharma, chemicals	3%
Other	3%
Transportation, logistics	2%
Consumer packaged goods, retail	2%
Not-for-profit, charity	1%
Automotive	0.8%
Electronics	0.5%
Hotel, leisure, travel	0.3%

Buy-side versus sell-side

Sell
Buy

38%
30%
32%

- Sell-side
- Buy-side
- Sell-side and buy-side
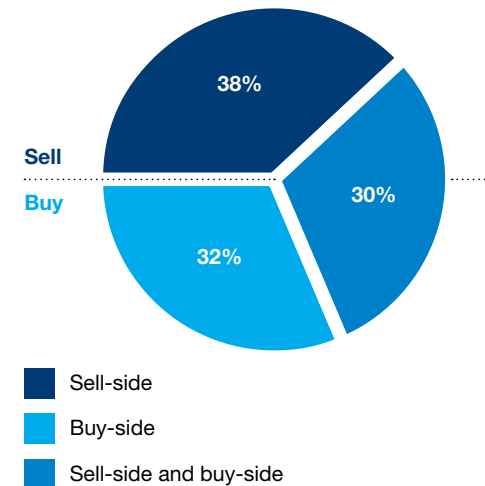
Data for this report came from 448 organizations

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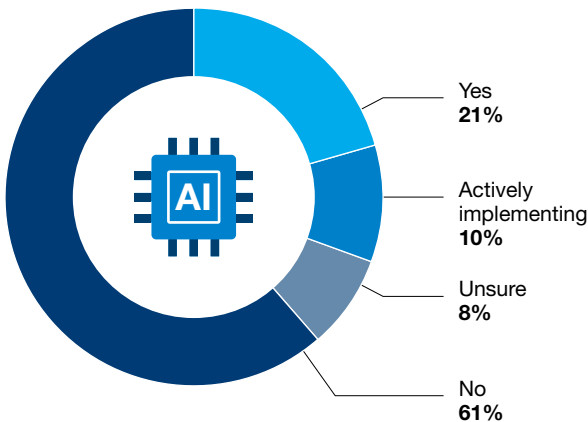# How is the contracting community currently responding?

While AI continues to revolutionize various sectors, the contracting community appears to be lagging.

With only 21% of respondents having fully integrated AI into their processes and a further 10% actively in the implementation phase, it's evident that AI's footprint in contracting is still in its infancy. This leaves 61% who state that they have not yet adopted AI in their contracting process (or might it be that they are unaware of its use?)
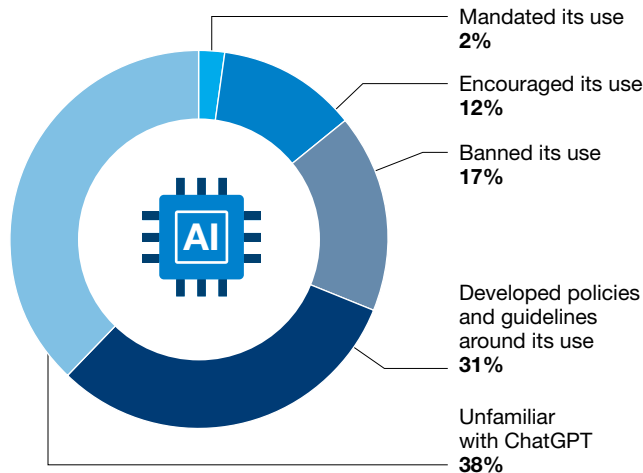
Based on the experience of those who have implemented, it is clear that AI brings great potential for positive change. While there is significant reluctance – and in some cases ignorance – on the part of many, competitive pressures seem likely to drive rapid adoption. To be fair, the use of AI in a business context is dependent on corporate attitudes and policies. In most cases, these currently represent an inhibitor and are discouraging experimentation.

While there is awareness and use of Generative AI models like ChatGPT, there's still a large segment (38%) of the community that are either unfamiliar with it or have chosen to ban it altogether (17%). Equally a significant number of respondents (43%) are actively encouraging use of AI technologies and developing policies and guidelines, suggesting a proactive approach to formalizing its use. The leaders, those encouraging experimentation, recognize the need to move fast, they are empowering their teams, but within a framework of appropriate controls.

Has your organization implemented AI in any part of the contracting process?

- AI
- Yes **21%**
- Actively implementing **10%**
- Unsure **8%**
- No **61%**

What approach is your organization taking with Generative AI tools like ChatGPT?

- AI
- Mandated its use **2%**
- Encouraged its use **12%**
- Banned its use **17%**
- Developed policies and guidelines around its use **31%**
- Unfamiliar with ChatGPT **38%**

The leaders, those encouraging experimentation, recognize the need to move fast, they are empowering their teams, but within a framework of appropriate controls.

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What are the barriers to AI adoption?

According to our survey, organizations perceive multiple concerns, resulting in a hesitation to fully embrace AI in their contracting processes.

The primary obstacle is security and privacy, cited by 25% of respondents, reflecting the growing concern about data protection in an increasingly digital world. Closely following is the issue of low prioritization, indicated by 18% of respondents, revealing a critical disconnect between the potential of AI and its perception within organizations. Awaiting policy development (14%) also stands out as a significant road block. 'Other' appears high on the list of barriers, and on analysis of the input from the respondents, lack of knowledge and lack of awareness appear multiple times, followed by lack of leadership. Overall the comments indicate a relative confusion and in some instances, fear, about the what this new technology revolution really means.

These concerns shed light on the challenges organizations need to overcome to usher in a new age of AI-powered contracting. Understanding and addressing these issues will pave the way for increased adoption and the realization of AI's full potential in this field.

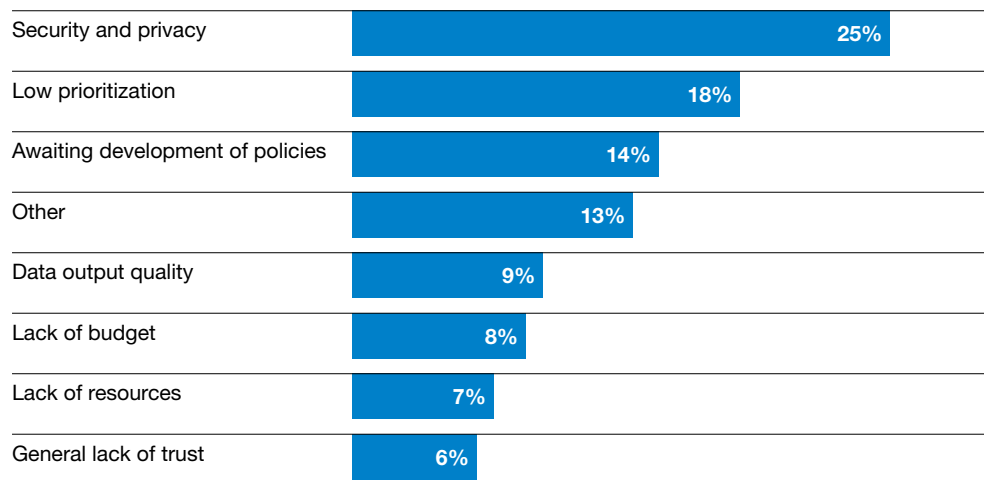*"If you haven't adopted a digital culture, AI won't help you."*

General Counsel, banking sector

As we consider the impact of Generative AI on our work, we would do well to remember the words of Daniel Susskind in a recent article from the Financial Times: [3]

"To claim clients want expert, trusted advisers is to confuse process and outcome. Patients do not want doctors, they want good health. Clients do not want litigators, they want to avoid pitfalls in the first place."

Daniel Susskind, Research Professor in Economics, King's College London, Senior Research Associate, Institute for Ethics in AI, Oxford University

What are the barriers to implementation and adoption of AI in the contracting process, if you are not already using it?

Barrier	Percentage
Security and privacy	25%
Low prioritization	18%
Awaiting development of policies	14%
Other	13%
Data output quality	9%
Lack of budget	8%
Lack of resources	7%
General lack of trust	6%

Concern about data protection is the main barrier to AI implementation.

3. www.ft.com/content/96a1877f-0bbb-48c7-be8f-4fed437810e8?accessToken=zwAF_mRYR6-YkdOWoYd_C7tIx9O-j0_tQ3gQ6A.MEQCIELVeuT1USAktchHVGCEvXzg_7fO1KuwUg6xnzGr6iWAAiAUyO4KERQsSUI13RPMcFv86MxTlzfSlJT4elpO_mYGCw&sharetype=gift&token=e91fff15-d799-4ace-a830-8d3d8ab09059
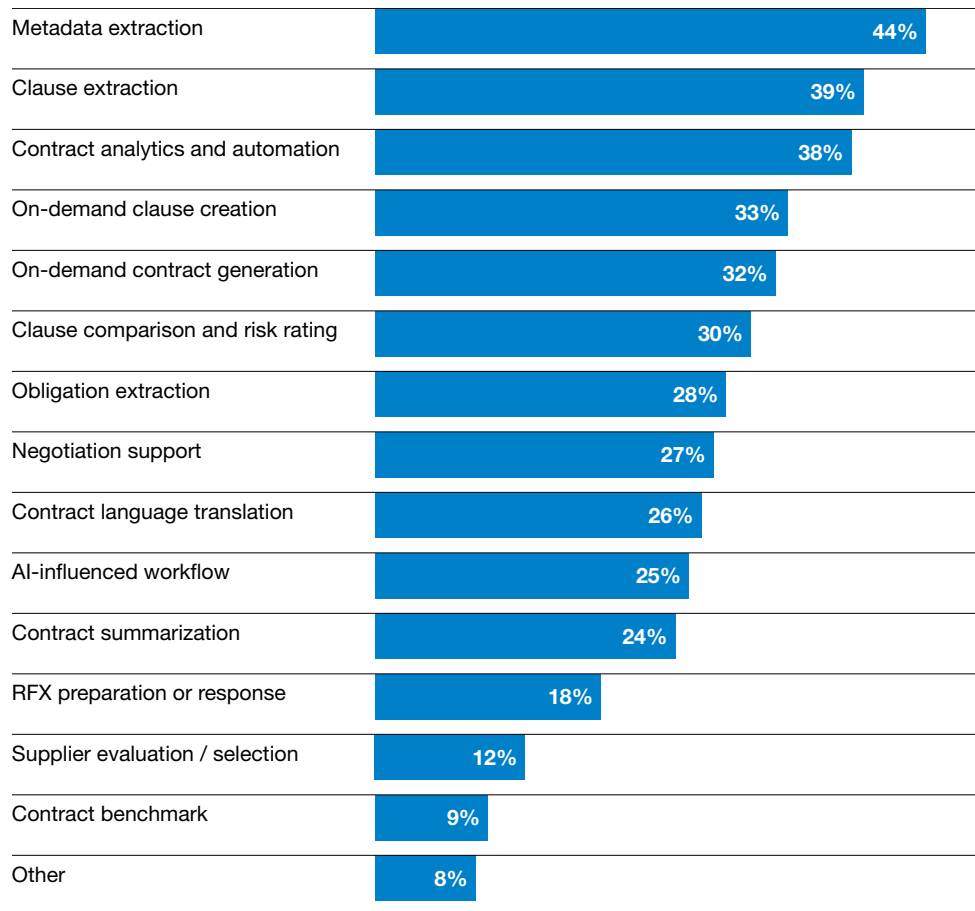
Where has AI been implemented?

For those organizations that have taken the leap of faith and deployed AI technology within their contracting process the data highlights a broad landscape deployment.

Metadata extraction leads the pack with a 44% implementation rate underscoring the value that can come from streamlining data collection. Clause extraction follows closely at 39%, indicating a focus on leveraging AI for more efficient contract review and understanding. Contract analytics and automation, adopted by 38% of respondents, shows the burgeoning interest in capitalizing on AI's predictive and automation capabilities. Other areas gaining traction include on-demand clause creation (33%), on-demand contract generation (32%), and clause comparison and risk rating (30%), highlighting the use of AI in creating, generating, and assessing contracts. A recent report[4] from Thomson Reuters indicated that among the top uses for ChatGPT and Generative AI in corporate law departments is contract drafting and review.

It's clear that the possibilities of AI deployment are broad, offering significant potential for reshaping the contracting landscape. However, it's also notable that some areas are still in the early stages of adoption, like contract benchmarking (9%), highlighting areas where the community can further evolve.

Where has AI been (or is being) implemented?

Category	Percentage
Metadata extraction	44%
Clause extraction	39%
Contract analytics and automation	38%
On-demand clause creation	33%
On-demand contract generation	32%
Clause comparison and risk rating	30%
Obligation extraction	28%
Negotiation support	27%
Contract language translation	26%
AI-influenced workflow	25%
Contract summarization	24%
RFX preparation or response	18%
Supplier evaluation / selection	12%
Contract benchmark	9%
Other	8%

4. www.thomsonreuters.com/en-us/posts/wp-content/uploads/sites/20/2023/05/ ChatGPT-Generative-AI-in-Corporate-Law-Departments-2023.pdf

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What are the benefits to date of AI implementation?

Two-thirds of respondents reported reduction in the time taken in the contracting lifecycle as the major benefit of AI implementation.

In a business world where speed is critical, there is a lot to be said for AI's capacity to streamline contract creation, review, and management. By accelerating these time-consuming processes, organizations can focus more on strategic tasks, enhancing overall productivity and effectiveness.

AI is equally proving to be a strong source of innovation with nearly half of respondents citing this benefit. As a technology capable of learning and evolving, AI offers organizations a dynamic tool that can continually improve and adapt to their contracting needs. This capacity for continual innovation not only enhances current processes but also opens up new avenues for efficiency and effectiveness previously unimagined.
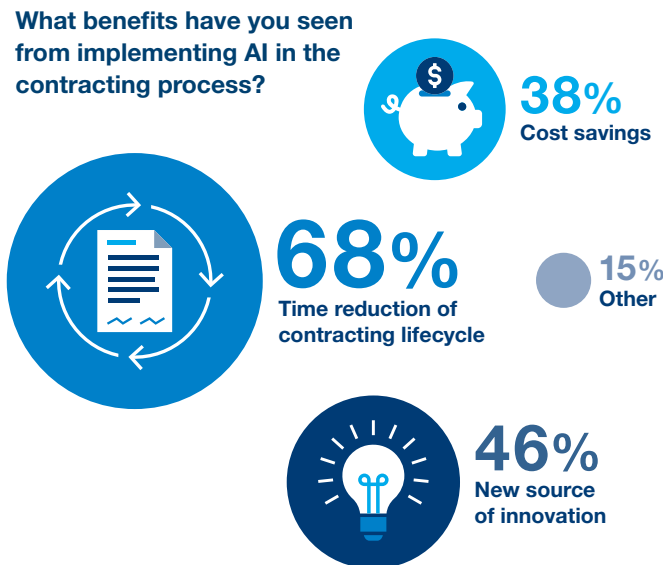
Cost savings, trailed behind the other two, with just under 40% of participants, citing this as a benefit. While this might seem surprising at first glance, it perhaps makes sense when considering the complex nature of contracting.

Contracting processes are typically extensive, requiring considerable time and effort and involving multidisciplinary teams. Time is generally easier to calculate and by using AI to automate and streamline elements processes, organizations can quantify with relative ease the reduction in time taken in the contracting lifecycle.

On the other hand, it can be difficult to quantify immediate cost reductions when implementing AI in contracting. AI adoption often requires a significant upfront investment in technology and potentially training. The cost savings will only become more apparent over time as efficiencies are gained, errors are reduced, and resource allocation is optimized.

Enhanced capabilities, such as improved data analysis, increased accuracy, and risk mitigation, are valuable benefits. So, cost savings should not be the primary driver for AI adoption.

"We have had a cross-functional AI Council operating for more than two years, evaluating the ethics and approving use cases. This means we have already done all the basic stuff to reduce workload and improve analytics in the Legal and Contracting activities. So the things we are focused on now are changes to business capability, customer offerings. We limit use of Generative AI from a business perspective, but encourage all employees to use it, learn from it and bring forward new ideas."

WorldCC member, Associate General Counsel, global information technology company

What benefits have you seen from implementing AI in the contracting process?

38%
Cost savings

68%
Time reduction of contracting lifecycle

15%
Other

46%
New source of innovation

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What about AI's potential to enhance collaboration?

AI technologies have the power to support and enhance collaboration in several ways.

By automating administrative tasks such as data extraction, clause identification, and contract generation, AI can free up stakeholders to focus on high-value activities that directly strengthen relationships – focusing discussions on critical contractual terms, improved negotiation strategy planning, and conflict resolution.

AI can also improve communication efficiency. For example, AI-driven contract analytics can swiftly identify potential points of contention within a contract, facilitating early

discussions and preventing future disagreements. This transparency not only ensures all parties are on the same page but also builds trust, which is fundamental to any successful relationship.

The use of AI can lead to more equitable contracts. With its ability to analyze vast amounts of data, AI can help identify bias or unfair terms in contract drafting. This creates an environment where all parties can feel confident that their interests are equally represented, fostering stronger and more durable relationships.

What remains abundantly clear is that the use of AI in contracting does not diminish the importance of human intervention and human relationships. On the contrary,

AI can serve as a powerful ally in enhancing collaboration and strengthening relationships in the contracting process – while removing the repetitive and time-consuming tasks from the never-ending 'to do' list.

AI can serve as a powerful ally in enhancing collaboration.

How do we feel about this emerging revolution?

The survey indicates a wave of optimism towards AI implementation, with a mean score of 3.68 on a scale of 1 to 5.

3.68

| 1 | 2 | 3 | 4 | 5 |
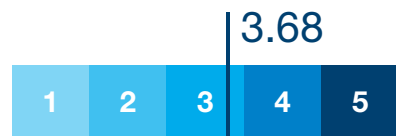
Scale of optimism towards AI implementation.

This positive inclination suggests that employees are not just open, but likely eager to embrace the transformative powers of AI in their contracting process. This enthusiasm could play a vital role in mitigating any resistance to this tech-enabled change, smoothing the path to innovation.

It is perhaps not surprising to note that those under 30-years-old record a mean score of 4.1. While 50% see new opportunities, 35% believe it will be accompanied by a reduction in headcount for the commercial and contract management function.

Employees' readiness to adapt to an AI-enabled future points towards a future where work efficiency and productivity in contract management are significantly improved.

"AI offers an opportunity to contribute in ways that reduce high volume work and allow key resources to focus on more challenging and rewarding work."

WorldCC member and Leader of the Future

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Which regions and sectors stand out?

Regions

From a regional perspective, Asia had the highest number of people responding positively to the fact that they have implemented AI in their organization to support the contracting process – 36% against a global average of 21%, with just 40% responding that they have not yet implemented AI in their contracting process. The data suggests that the only thing really holding them back is the development of policies – other barriers like security, output quality and lack of trust feature much lower on their list.

Conversely, Oceania is the region most lagging with 82% saying that they have not yet implemented any form of AI and just 9% responding that they have. Security and privacy and low prioritization are cited as the most significant concerns in this part of the world, and for 25% of respondents their organizations have banned Generative AI solutions like ChatGPT completely, with 55% responding that they have no clearly defined future plans for the use of AI in contracting.
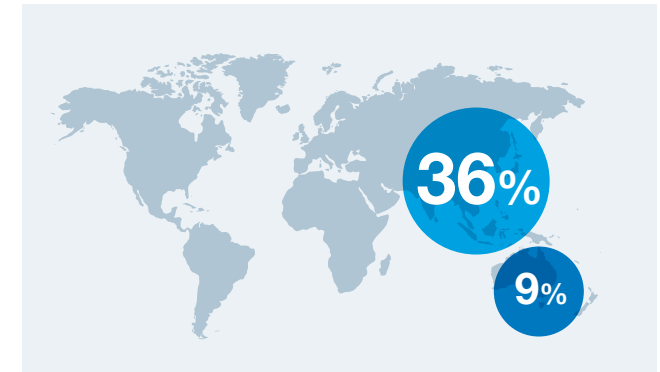
Asia cites the highest percentage of AI implementation, and Oceania the lowest.

Sectors

Oil and Gas and Aerospace and Defence are furthest behind on the journey to AI adoption, with three-quarters of respondents saying that they have not implemented AI in any part of the contracting process, and in Aerospace and Defence specifically security and privacy is by far the leading barrier to implementation. The Legal sector stands out as the leader in the pack with 50% saying that

they have either implemented or are actively implementing the technology. They are far more likely to be enquiring whether customers or suppliers are using AI in their contracting process, and far less likely to be influenced by a counterparty's approach to the use of AI. Overall, the greatest levels of enthusiasm come from Technology and Software, Services, Outsourcing and Consulting and Legal.

Behind | **Enthusiastic** | **Leading**

Oil and Gas | Technology and Software | Legal

Aerospace and Defense | Business Services and Consulting

The Legal sector cites the highest percentage of AI implementation.

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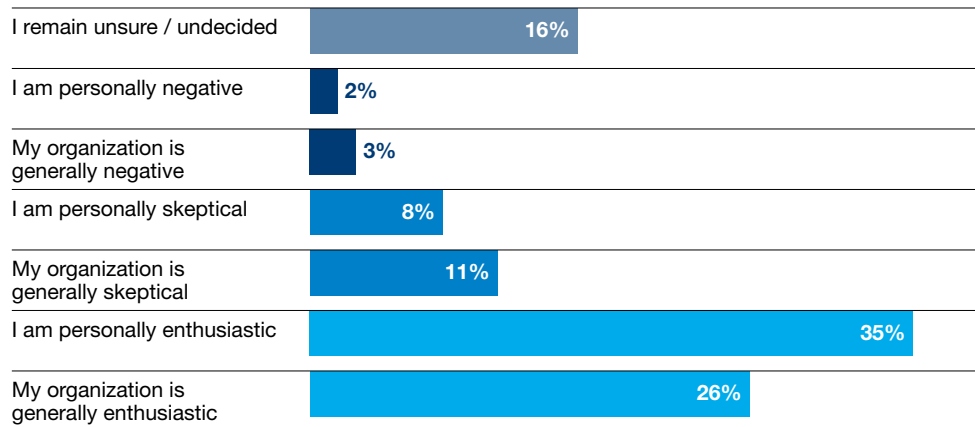
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What next?

Exploring the future of AI in contracting reveals a landscape of enthusiasm mixed with uncertainty.

Thirty five percent of respondents display personal excitement towards AI's role in contracting, a sentiment that extends to their organizations as well, with 26% reporting a general level of enthusiasm. Nevertheless, 16% remain on the fence, expressing feelings of uncertainty or indecisiveness. This dichotomy points to the importance of expanding knowledge around AI's benefits and addressing reservations. In doing so, we can harness optimism and cultivate broader acceptance, making the path to AI adoption smoother for the undecided participants in the contracting field.

Right now we seem to be more focused on how AI alters what we do and how it might displace us. Yet we should be thinking not only about how it impacts how we do things but also what we do. Service providers will offer brand new capabilities to their customers. Commercial and Contract Management, Procurement and Legal are all service providers within their organizations and AI has the potential to revolutionize capabilities in terms of the questions that we can answer and the services and business intelligence that we can provide.

"Generative AI alone will not revolutionize contracting. It will be a combination of AI and tech-savvy professionals that can really unleash the maximum impact these technologies can bring."

How do you perceive the future of AI in contracting?

I remain unsure / undecided	16%
I am personally negative	2%
My organization is generally negative	3%
I am personally skeptical	8%
My organization is generally skeptical	11%
I am personally enthusiastic	35%
My organization is generally enthusiastic	26%

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Future planning

Organizations are in the early phases of defining their future plans for the use of AI in contracting. Only 13% of respondents have clearly defined future plans, suggesting a need for more strategic thinking and planning around AI.

So where does this leave us and what should we be doing? Here are five recommended steps:

1. Education and awareness: 61% of respondents indicated that they have not implemented AI in the contracting process, and just 21% say that they have. Interestingly many survey respondents added to the list of barriers lack of awareness, lack of understanding and lack of knowledge. Education and increased awareness about the benefits and potential applications of AI in contracting will be critical.

2. Addressing concerns: The data reveals key concerns or barriers to AI adoption, including issues related to security and privacy, data output quality, and a general lack of trust. There is work to be done around guidance and best practices related to data security, privacy and quality assurance.
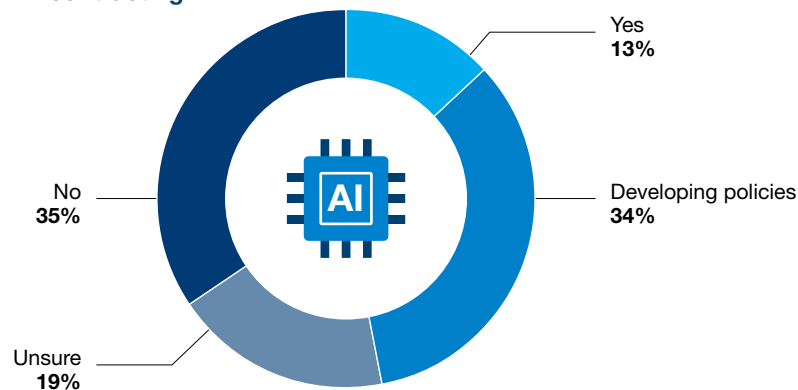
3. AI partners: Many of the contract lifecycle management (CLM) providers have already embedded AI into their platforms, many are also embedding ChatGPT as a further component. Equally there are plenty of new entrants providing a more standalone capability. Yet we know from both this study and previous research that whilst AI tends to feature heavily as a requirement in customer Request for Quotations (RFQs), the capability is rarely enabled. Aligning with the right partner and working together to realise the benefits of the technology will give organizations a vital head-start.

4. Policy development: Creating a well-rounded policy is a critical step in responsible AI adoption and can help address concerns about security, privacy, and quality, which were identified as significant barriers. It is through a comprehensive policy that areas such as ethics can be addressed, stressing the importance of fairness, transparency, and accountability in the use of AI. The policy should outline measures for ensuring the quality and accuracy of AI outputs, such as routine checks, audits, and user feedback mechanisms. There should be provisions for adequate training and support, ensuring the all-important 'humans in the loop' are aware of its capabilities, limitations, and appropriate use cases.

Effective policy development could go a long way to building up greater trust in the technology.

5. Individual perception and buy-in: Finally, it's clear that personal sentiment plays a significant role in the adoption of AI in contracting. In spite of the current lack of adoption highlighted by this study, enthusiasm outweighs skepticism. A significant proportion remain undecided or unsure about the future that lies ahead. Effectively addressing continuing concerns, providing clear evidence of the benefits of AI and how it can augment rather than replace human skill will be crucial for successful adoption.

Do you have future plans for the use of AI in contracting?

Yes **13%**

Developing policies **34%**

Unsure **19%**

No **35%**

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AI myth busting

1. AI is algorithmic. While it could be trained by data, it can't replace analytical thinking that is required in the legal profession. Yes, it is algorithmic and trained by data (a bit like going to law school, in fact). But Generative AI like ChatGPT is indeed capable of analytical reasoning, primarily based on patterns, relationships, and structures in the data it has been trained on. It can make connections between different pieces of information, identify patterns, and generate responses based on that analysis, typically outperforming humans in these tasks – especially in its ability to digest and analyze massive volumes of data.

2. AI is only relevant in automating simple repetitive tasks. AI is increasingly being used to replace more complex tasks as well – including some that defy the typical human. For example, in medicine it is used to diagnose conditions such as diabetic retinopathy, a leading cause of blindness in people with diabetes. With the help of AI, picking up complex patterns that even the most gifted human mind would be unable to recognise, Doctors can now identify the condition in its early stages and provide life enhancing treatment. The same is true in contracting and the law, AI can assist with decision making and analysis – for example, in spotting fraud or money laundering. It is capable of analysing vast quantities of data in very short time frames, providing insights that would not be similarly visible to humans. In short AI, used correctly, can be a fabulously effective assistant in simple or complex environments.

3. Machine Learning and AI are the same thing. They are inter-related but not the same. Machine learning is a process whereby a machine learns to execute a specific task efficiently based on patterns in the information it has seen before. On the other hand, artificial intelligence involves all processes, including machine learning, that mimic human intelligence.

4. Machines Will Eliminate Human Inputs in the Workplace. One of the most prominent and controversial myths holds that machines will eventually eliminate human inputs in the workplace. While it is true that AI-influenced workplace disruption is a reality, and some skills and jobs are being impacted, AI's advent is also responsible for a significant number of emerging jobs and skills.

Conversations about AI often boil down to empathy versus efficiency. AI is not capable of emotional empathy the way that humans are. However, it will almost certainly be faster and better at analysing the content of 7000 agreements, identifying patterns, and providing business critical insights. There's a clear distinction – at least for now (we must accept that limits in our intelligence make the future impossible to predict).

There is no question that humans need to upskill and learn how to use AI to augment their existing roles. Skills like prompting are becoming ever more important. Overall, you have a lower risk of losing your job to AI if you upskill – and you have much to learn from its use.

5. AI will take over the world. When we heard Stephen Hawking telling us that AI could get out of human control in the future, we understandably took note. More recent calls from the likes of Elon Musk have raised the fear of an impending apocalypse. But it really depends on how far we go to create something we can't control.

Although efficiency and accuracy are AI's strengths, it's still clear that AI can never attain a person's level of intuition and emotion. So, the mystical coup isn't logical.

The concept of the singularity – a point in time when AI will surpass human intelligence and lead to rapid, unforeseeable changes – is highly speculative and controversial. While some argue it's a possibility, many experts believe that this event is either very far off or may never occur at all.

A more solid argument would be that artificial intelligence could fail us. Indeed, there's been evidence of the failure of artificial intelligence in medicine. An example being IBM's WATSON cancer treatment system which failed due to poor training. Human intelligence still holds the key.

6. AI means that all of us will become lazy and have AI do our work for us. That depends on the human! As Professor Daniel Kahneman (Nobel Prize winner for Economic Science in 2002) said, "Thinking is to humans as swimming is to cats; they can do it, but they'd prefer not to!"

AI tools like ChatGPT are not capable of replacing the thought and care needed to produce excellent writing. The language tends to be cliched and it's still quite easy to spot. Plus, we know it hallucinates. It tends to invent citations and references and is frequently inaccurate. It relies on statistical models of probability to tell us what sounds good to human ears, and that sometimes includes making stuff up (something that humans NEVER do!).

Knowing that AI has the ability to hallucinate is critical. Relying blindly on what it generates and not verifying output is not an intelligent way to use the technology. Those who make regular use of ChatGPT typically say that the output gets them around 60% of the way to a final product and then human intelligence needs to be applied. Lawyers who lazily submit court papers generated by ChatGPT without first checking the output must accept the consequences of their actions – just as they would if they used an intern or newly-qualified assistant.

As ChatGPT itself said, "Intelligence isn't about accepting information blindly; it's about understanding, questioning, and verifying that information".

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AI myth busting (cont.)

7. All legal writing should be generated by a human lawyer who has gone to school and passed the bar. ChatGPT passed the bar! Please refer to Myth 6 on the previous page.

8. Legal language used in contracts requires judgement and simply applying algorithms will not impute the same level of thought. Much of the problem with legal language is that it has been unintelligible to intelligent humans for years. This is why it's exciting to see the significant movement towards design and simplification and the use of plain language in legal writing and contracts. In addition to this, AI and Machine Learning has the ability to cut through the complexity of legalese and identify patterns and similarities in convoluted language. If the future is about greater diversity and inclusion, AI may be better positioned than the traditional lawyer!

9. AI possesses human like qualities. AI does not possess consciousness or true understanding. It does not experience thoughts or emotions. Emotional Intelligence remains a distinguishing factor that makes humans continually relevant in the workplace. While AI tries to mimic human intelligence, it can't outmatch the emotional intelligence humans put into work – no matter how hard it tries.
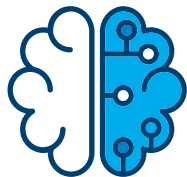
AI can't outmatch human intelligence.

10. AI is just hype and will die down soon. AI has been subject to hype cycles and some skepticism, even disillusionment is somewhat inevitable. However, the practical successes of AI in recent years and its emergence in our daily lives (often in places where we are not even aware of it) suggest that AI is more than just hype and will continue to impact on a huge number of fields. No organisation or individual can ignore the disruption caused by artificial intelligence. This is undoubtedly a revolution and is significantly changing the way that we work, redefining the rules of the game. The truth is, we don't know what the end result will be. It is crucial therefore that we all take a level of personal responsibility to understand AI, how it works, and we can use it in order to prepare for the new reality in front of us.

11. It's not secure. Legal work by its nature is confidential. If lawyers use ChatGPT to do their work, they will be most likely disclosing confidential information that could get in the hands of competitors or bad actors. It is true that using free tools, such as ChatGPT, means that your prompts can be used to train and refine the Large Language Model (LLM). However, it is improbable that others could retrieve such information intact. Deep Learning works by deconstructing text into tokens represented by words, subwords, and characters. Each token has a numerical vector, known as an embedding. These embeddings capture the semantic meaning of the tokens and their relationships with other tokens in the text. From these relationships, Deep Learning builds up patterns of relationships between tokens to make predictions on new, unseen text. In other words, the original text is converted into a set of statistical values and does not need to refer back to the original text.

Disclaimer *A number of the myths are on topics related to the legal profession. That is in part because the legal profession has been picked out as one that may be among those most impacted by AI – and lawyers have tended to be particularly vocal in their views!*

Conclusion

We are at the beginning of the Generative AI journey.

For some it is part of their daily lives, for many it's a novelty, and for more still it remains an enigma. But it is here, and it is finding its way into both our personal and professional lives – it is rapidly becoming a technological enabler for creating content and improving connectivity.

While the adoption of AI in the contracting community is not yet widespread, the potential benefits are clear, and there is a significant appetite for further exploration and implementation.

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Annex

ChatGPT's tips for contracting professionals

Here are a few tips for contracting professionals (or anyone) on how to work effectively with AI models like me, ChatGPT:

1. Understand the capabilities and limitations: Know what the AI can and can't do. For example, I can generate detailed responses based on my training data up until 2021, but I can't access real-time or post-training data, and I don't have the ability to 'understand' context in the same way humans do. I also can't provide legal advice.

2. Use as a support tool, not a replacement: I can provide valuable assistance in drafting, reviewing, and managing contracts, but I don't replace the expertise of a human professional. Always review AI-generated outputs and use your professional judgment.

3. Double-check facts and data: As an AI, I can sometimes generate inaccurate information or 'hallucinate'. Always verify facts and data, especially for crucial decisions.

4. Give detailed inputs: The more context and details you provide, the better I can generate relevant and helpful responses. Be as specific as you can in your queries or tasks.
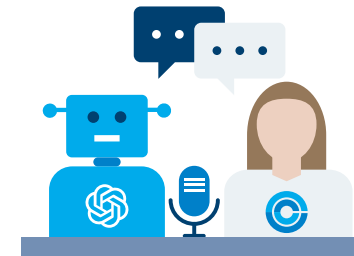
5. Iterate and experiment: AI models like me often perform better with iterative and interactive use. If the initial response isn't what you expected, try asking in a different way or providing more context.

6. Use AI for repetitive tasks: AI can be highly effective at automating repetitive tasks, freeing up time for you to focus on tasks requiring deeper expertise and human judgment.

7. Privacy and security: While I don't store personal conversations, it's crucial to avoid sharing sensitive information. Ensure you understand the privacy policies and data handling practices of any AI tool you're using.

Remember, AI is a tool to assist you in your work. It can greatly enhance your productivity and effectiveness if used appropriately and wisely.

Sally Guyer chats to Artificial Intelligence Tool, ChatGPT, about the use of AI in contracting, the recent ban on the use of the tool in some organizations, and the potential risks for those that fail to embrace artificial intelligence tools.

Sally Guyer chats to AI Tool ChatGPT.
Read the full interview >

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About WorldCC

World Commerce & Contracting is a not-for-profit association dedicated to helping its global members achieve high-performing and trusted trading relationships. With 75,000 members from over 20,000 across 180 countries worldwide, the association welcomes everyone with an interest in better contracting: business leaders, practitioners, experts and newcomers. It is independent, provocative and disciplined existing for its members, the contracting community and society at large.

Better Contracts

Our Purpose

Better Business

Better Society

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