

# Pioneers and Pathfinders: Daniel Lewis Returns

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## **Steve Poor**

Hi, this is Steve Poor, and you're listening to Pioneers and Pathfinders.

Today we're catching up with Daniel Lewis, CEO of LegalOn Technologies. LegalOn is transforming the way legal professionals review and negotiate contracts through advanced contract AI, helping thousands of lawyers work faster and with greater accuracy. Since Daniel last joined us, LegalOn has had some major accomplishments: its first acquisition, the close of Series E funding, the launch of its Matter Management solution, and an announced collaboration with OpenAI.

In our conversation, Daniel shares insights on these recent accomplishments and dives into the challenges of AI adoption in legal tech as the technology continues to evolve. We also explore the implications of generative AI for junior lawyers and what it means for career development in the legal profession.

Daniel, it's been a couple of years. Thank you for making a return visit to the podcast. I appreciate it.

## **Daniel Lewis**

It's great to see you again.

## **Steve Poor**

It's good to see you as well. I'd ask what's been going on over the last couple of years since we've seen each other, but that would take us too long. Let's just talk about the last few months. You did your first acquisition, Fides, you closed a series E funding, you launched matter management, and you announced collaboration with OpenAI. I may have missed something, but those are, those are the highlights that just seems like an enormous amount of accomplishment in a short period of time. Congratulations. How does that work?

## **Daniel Lewis**

Well, thank you. It's been very busy. One of the things that I've kept in mind I've actually been putting together recently as I give some talks about this is that at the macro level, if you look at the last six years, the performance of AI LLMs has doubled every seven months. And so if that trend goes on another five years, AI is going to be, I think it's 380 times better than it is today five years from now. So we're dealing we're, I think we're operating in an era right now of just staggering change and development and within LegalOn, we're trying to keep pace with that, which is, how can we build the very best technology for in house teams that makes them more productive? And so our goal is to serve the diverse needs of in house teams, but obviously, have some deep expertise in places where in house teams specialize like contract review and dedicated systems for managing intake from their business stakeholders, and our acquisition of Fides is around board management and entity management. So it's fantastic next generation AI software to help organizations manage their boards and entities, which most often rolls up to the GC's office, along with contract review and things like that. So that's how it's all fitting together for us, which is, how can we take advantage of this amazing technology? Ground it in trustworthy content, build easy to use, but powerful software that legal teams can adopt and then take that to market. So that's that's what we're trying to do.

**Steve Poor**

Let's talk about Fides for a moment. It's your first acquisition, and that's a big moment for a company to do your first acquisition, because you all have been very successful building organically and growing organically. What was it about Fides that led you to make the jump into the acquisition space?

**Daniel Lewis**

Yeah, our company is now about 600 employees. We're serving over 7000 organizations around the world. We've got great investors and backers, and we see a lot of growth just in the areas that we've been focused on, like contract review. At the same time, we've been laying out our roadmap for what's the kind of company that we want to be five years from now, 10 years from now. What sort of leadership position do we want to have in this industry, and how do we want to be serving customers? And so that vision that we have is, how can we be a productivity system for in house teams, and how can we serve the different things that in house teams are grappling with on a daily basis. My belief is that if legal teams are not using AI today multiple times a day, they certainly will be in the next couple of years. That's how powerful and how pervasive I think its effects will be. And so within our organization, organically, we feel like we've got great expertise in depth in areas like contract review, matter management, contract management, but there are other parts of in house work where, you know, then we have a decision of like, if we want to serve that problem and help folks with it, do we build it? Do we buy it? Do we partner with somebody? And so Fides or Fides is an organization that came onto our radar earlier this year as a really innovative team that was solving a tough problem that's been around for a couple of decades, but doing it in a really new, AI centered way that was easy to use, and customers were just raving about how happy they were with that platform. And so we got opportunistic. It turned out that Fides was looking at an acquisition offer from another company in the space, and when we learned about it, we had already sort of developed a conviction that we were excited about the space that they were operating in. And we got involved, met the founding team, spent some time with them in Munich, where they're based, spent time talking with our existing customers to confirm that there was going to be a good fit, and then, yeah, jumped in and won the process and closed the deal at the end of September. So it's a relatively small but mighty team, and they've got a great set of customers. And so for us, it felt like the right size acquisition and the right time to start building that muscle where we could bring in another team, power them through our broader resources and effort, and take it to market.

**Steve Poor**

That's great. I'm sure it's going to be a great opportunity for you. You made a point about how it fit into the strategy of legal and how you see the market evolving and the use of AI. Talk through that a little bit. If we had. Have this sort of, I don't know if it's a version of Murphy's Law, if it's Lewis's law, in terms of the increasing power of AI, it's every seven months. It's hard to wrap your mind around what that means for lawyers for the legal industry. Share your thoughts on that topic, if you would.

**Daniel Lewis**

Yeah, I wouldn't be so bold as to say it's, it's Lewis law, but Moore's law, right? Is the law that folks are familiar with around in computers. And, you know, we're both old enough to remember, like when you were buying a computer in the 1990s and early 2000s you actually cared a lot about what chip it was, and you cared that Intel was inside, and you were following what it felt like, because after a year or two, the computer felt so slow and outdated that you'd be buying another one. And then, you know, 20 years later, it had reached this sort of saturation point where the performance gains were a bit less noticeable. But I think we're still in those early stages of what it feels like with LLMs right now, so this dramatic improvement that they're going through is pretty jagged. It's very noticeable in some areas, and it's less noticeable in others within LegalOn what we've built is a set of evaluation tools to figure out exactly how these llms are performing on legal specific tasks and on contract specific tasks. So we've

developed an extensive benchmark that we call the contract review benchmark, that covers things like, how well do these foundational models spot issues in contracts? How well can they make red lines? How well do they answer contract related questions? And that provides a foundation understanding of, how does Google's model perform, or anthropic or Open AI. And then, of course, we find that we can improve those models quite a lot by building on layered content and layered specialized knowledge, so we can get better performance than the foundational models themselves have. But when GPT 5 launches, we can compare it to GPT 4 or 4.1 and see, okay, how has this model gotten better? And in what dimensions has it gotten better? For legal specific tasks. It might be a lot better for coding tools, but that's not what we're focused on. We're focused on legal. So is it better in spotting issues? Is it better in making red lines? Is it better in one area, but 10 times slower in getting to that result? And then we can make some trade offs. So that is that a product experience that we want to build? So what I think we're generally finding is, even with the model's performance today, there's a lot that can be built that would be very valuable that still hasn't been built. So that's kind of a fun capabilities overhang that exists even if model development stopped today. I think there's a lot of exciting product work that would carry on for the next several years. And my general sense is that legal teams, both at firms and in house, are still in the very early stages of adopting this technology and thinking about, how does it transform their operations more broadly? So the technology is moving fast. Legal is moving relatively fast compared to itself, compared to how it's moved in years past.

**Steve Poor**

Compared to what lawyers actually usually do...

**Daniel Lewis**

Yeah, but I think the people are still kind of the people in the processes are still catching up to some of what the products can do today.

**Steve Poor**

Is that gap widening as the technology continues to advance and people are moving more slowly than the technology is moving? And is that a problem for you in the sales arena?

**Daniel Lewis**

I don't know exactly. My sense is that the image that came to my mind was a bit of a rubber band. I think there's a little bit of a bouncing here where, for six to 12 months, maybe the technology gets ahead and people are trying to catch up, and then the technology provides a way to make catch up even easier. So two examples come to mind, right? One is, in the first 12 months of ChatGPT launching, there was a lot of conversation about, are people going to need to become prompt engineers?

**Steve Poor**

Oh, god. Yes.

**Daniel Lewis**

Are you going to need to figure out how to do this expertly. And I think the reality was, No, you don't need to become a prompt engineer. What's actually happening is you can start to type into these assistant tools a pretty quick shorthand question, query, prompt, whatever it is, and the system will take that and enrich it and come back to you for clarification and make it better, and it'll give you good results. There are still some tips and tricks to prompting, but I think in general, folks do not need to become prompting experts and study this for 10,000 hours to make it a profession. Another example is something around playbooks. For this is something we think about a lot with contract review. And playbooks can be a Word document. It can be a spreadsheet where a team goes through and says,

Hey, here's how we want to document positions that we take in certain kinds of contracts, issues that we look for, language that we find acceptable, positions that we maybe need to escalate. And as I described that you may be thinking, Well, that sounds like work, that sounds like effort to put these things together, and it is. And so most teams have playbook gaps, and they've had gaps for a long time where they just haven't had the time and energy to build these playbooks and keep them updated. And in some ways, AI accentuates that problem where if you start to review contracts without a playbook, you're going to get different results every single time. AI will come back having spotted different issues if you ask it to review the same contract twice, and if you ask it to come up with revisions twice, it's going to come up with two different kinds of revisions, and so that's maybe fine on a one off contract, but if you're trying to do this consistently at scale and do hundreds of contracts a year without a playbook, you might end up with more variety rather than less, and you might know less about what's in your contracts than you did before. But the good news is AI can also make creating a playbook easier. So at legal on for example, we've launched this fall, a playbook agent that can help you figure out the positions that you've taken in the past and then turn them into AI ready playbooks that you can run in the system. So it's, I think this sort of rubber banding is like the capabilities get ahead people like realize some gaps that they have in thinking about how to adapt, but then the technology can play a role in catching up and say, playbooks are important. They've been hard to create, but now the technology is also making them easier to create, and so you have, hopefully a little bit of a virtuous cycle there.

### **Steve Poor**

Yeah, you know, as you were talking about that, I was thinking about sort of the mind shift changes that have been occurring over the last couple of years in response to AI. Like you, I recall the whole, oh my god, do I have to be a prompt engineer? And now that that mindset has changed to where you're using it as an assistant, as almost as, almost as if you're talking to a human being. No, I don't want that you didn't hear me correctly, and the machine responds appropriately to me, that's a huge mind shift that's really made this adoption not easy, but maybe easier. Do you see the same thing? Do you see something different?

### **Daniel Lewis**

Definitely. I think adoption is getting easier for folks, and that said, I think there's still a lot of people who are learning it for the first time, and that's okay as well. If you look at one of these classic business charts of like adoption cycles. It's a chart that goes like this, right? And there's 20% of people who are going to be early adopters and pick up the technology day one, and there's maybe 20% of folks who are going to be the last in line and are not tech forward. And there's a big chunk of folks who are in the middle, I think we're still kind of in the early stages of that middle group. And there's a lot of folks who are trying to learn about AI and catch up on it and figure out what it means for them, and that's going to be a precursor to them thinking about, Oh, now that I understand this, and now that I've gotten comfortable with it, how do I start to reimagine my work, not just using it to do the same things that I've always done, but to think about, how do I use it in a way that it will start to do things I no longer have to do, and that lets me focus on some other areas.

### **Steve Poor**

Is that scary for people? My experience in terms of introducing technology into the workplace has been, you no longer have to do X task, which you hated, which on one level, people think, well, that's great. Then the question is, what do I do? What is my job? Do you find the same dynamic still playing out?

### **Daniel Lewis**

I think so. There's definitely folks who, I think, have questions in the back of their mind of, is this AI designed to replace me? Is my management trying to replace me? My general sense is that the more

experience folks have with the technology, though, the more in some ways, it becomes apparent that it is an enabler rather than a full on replacement. And I do think at a company and team level, it is, it is accurate actually, to say that there will be some job displacement by AI.

**Steve Poor**

You have to say that. I mean, it's too obvious.

**Daniel Lewis**

Rather than hire a new person, can we buy software or use AI that will make the existing team that we have more productive? That's a natural question that I think a lot of businesses are asking themselves now. But that doesn't mean that you wind down the team that you have and AI is suddenly doing everything for you, particularly in an area like legal where there's a lot of judgment and a lot of decision making that needs to be made that AI is not the right replacement for. And I talk with GCs who will describe their role, you know, yes, it's as chief legal officer or as general counsel, but it's also as chief reputational officer for the company. And so when you're dealing in areas where judgment is required, where ethical decision making is required, where thinking ahead and forecasting, how is this going to play out, is required? Yeah, AI might actually serve as a useful brainstorming partner for you, but ultimately, people want people to be accountable for those decisions, and that's not going to go away anytime soon, I don't think.

**Steve Poor**

One of the things I think tech companies often underestimate is amount of change management necessary to get their systems fully adopted within their client base. Do you all have tips and tricks you give to your clients about how to prepare their workforce, how to prepare their people to maximize their use of the powerful work tools you give them?

**Daniel Lewis**

It's a great point, and I agree with you entirely, particularly as the technology becomes more powerful, I think it's one thing to say, hey, here's an AI tool for you know, just to ground this in legal ons experience when the only thing that we offer is contract review that can be relatively straightforward for a small team to implement and start to use. It says, Hey, there's a word add in. Even all you have to do is open up Word you have AI now assisting you in spotting issues and helping you make changes. You can use legal on playbooks off the shelf so you don't even need to have your own. You're going to start getting value day one. But as you layer on to bigger teams, and you layer on other tools in their workflow, the change management can start to become a bit bigger to unlock significant value. If you start to say, Hey, how are you going to roll this out to not just two people, but 10 people, or 20 people or 100 people, well, then you need to grapple with the realities of well, how do you train 100 people to do this? And how do you win over the hearts and minds of the 20% who are not that excited about it in the first place? And then you need some intentionality around training and showing use cases and helping people do this in chunks and setting aside some time where they're empowered to learn something new and try it out. And then you get into the systems thinking of, okay, well, if we can do more of this work with AI, how do we maybe redesign a workflow so that contract review as a front line is happening outside of legal business, can make a request and AI can help review that request, and maybe there's certain things that we're comfortable with AI providing answers to and maybe other areas we want AI to escalate it to the legal team. How might we deflect work from legal in the first place? So then you're starting to think about a systems question of, how might you design your overall team and support structure to help the business move faster deflect work from legal is that they can focus on other areas, and so that requires intentionality and change management too from a system perspective.

**Steve Poor**

Do you find companies taking a leap into this type of technology for the first time? Are they inhibited by that challenge of change management that you just described? Is that a barrier for them and leaping in, or do they just not recognize the significance, particularly in a larger scale deployment?

**Daniel Lewis**

Companies are at all different stages, as you can imagine, right? There's no one size fits all answer. I think the organizations that have the most success right now, though, probably approach this with a few common traits. One is a set of like, balanced expectations, which is, AI is going to be helpful, but it's not going to fully replace us, and it's not going to 100% do this job. And so if you come in with realistic expectations about what AI can do, I think you're you're better set up for success, and you understand what you're asking humans to continue doing, and the role that they're expected to play. I think the second thing that successful organizations do is they set aside proper time and training to help people onboard to these new tools and to give them space, to try them out and grace to change the way that they're working so that they get the most impact from it. And like the counterpoint to that is, if you don't provide that time and training and grace, you're left with people kind of expecting to be able to accomplish things that they don't actually have the training and the tools and the time to learn how to do in the first place, and so you're going to quickly find, I think, a path of frustration and sort of disappointment if you don't align your expectations and also provide folks with time and training to do that.

**Steve Poor**

Great point. Great point. The other topic I'd like to just chat about briefly, we mentioned it in the litany of things you've accomplished just in the last few months. One of the things you announced was a collaboration with OpenAI. Tell me what that what does that mean? What benefit does that have for your for your clients, your customers?

**Daniel Lewis**

We've been working with open AI since several years to houses the early days of the LLM revolution, and we've consistently found their models to be best in class in a variety of tasks within our product. We're constantly benchmarking against other foundational models too. So there are other technologies that we use, not just open AI, but in forging a collaboration with them, it was an opportunity for us to work more closely with their engineering teams, to get early access to models, provide them with feedback about how those models were performing, get side by side development to build out legal use cases that we think are powerful for our customer base. So that's what it's all about, it's about making sure that we have the closest possible relationship with one of the leading model providers, so that our customers get the sort of best in class technology that that exists out there.

**Steve Poor**

That's great. That's that's going to be a real benefit to your your customers. You've been involved in technology and data management for your whole career. As you look at companies, what type of data infrastructure do you think would you like to see them have to prepare for where you're seeing AI going?

**Daniel Lewis**

There's two interesting things I've seen over the last few years relevant to LLMs. One is the classic problem, which is a lot of organizations don't have their data in one place. So when it comes to something like contracts, maybe one of the first challenges is simply aggregating those contracts and knowing where they live and bringing them together from people's individual computers and disparate folder systems. And maybe, if a company's made a bunch of acquisitions, it's bringing those contracts together across a variety of different companies that have been acquired over time. And that's true of

not just contracts, but it could be any sorts of policy documents and other legal materials. So there's kind of that classic challenge that I don't think LLMs have solved in any particular way, of how do you aggregate your knowledge? The second thing is, well, why do you bother doing that in the first place. What value do you get by trying to aggregate that knowledge or or bring it into a tool? And that's where I think LLMs are offering some interesting potential value. Obviously, being able to ground llms In trustworthy sources of knowledge can greatly reduce the risk of hallucinations and can make the insights and the language that they come up with more tailored to your use cases. So that's a pretty clear value that I think appeals to a lot of businesses, which is, how do I do this work, not in a general way, but in a way that's really tailored to my risks and preferences and past practices? So you've started to see within LLMs the notion of connectors, right of like plugging into SharePoint, Google Drive, Box, Dropbox, other sources where companies or firms may contain their knowledge. It feels to me like those are still relatively early days. Everybody's figuring it out, but that feels like a pretty promising pathway that might help. I'm not sure if we'll discover some technical limitations of access controls and exactly how successful grounding via those methods is, but I feel like it's a pretty promising pathway right now, as we look at it and within the in house space, we can definitely picture a lot of value that you gain, and I think our customers are starting to experience it by having a contract repository that is alongside your review process and your matter management process. So for example, in matter management, if a request comes in from the business to answer a question based on a policy document or a contract, if AI has access to that knowledge, there's a much greater chance that the AI could generate a good answer right off the bat and deflect that work from legal in the first place. So having that source of knowledge available to AI opens up lots of interesting possibilities. But like I said, I think we're in some ways, still in the early stages of like, bringing those things together, because LLMs haven't fully solved the problem of getting that data in easily organized places in the first place.

### **Steve Poor**

In the last couple of minutes, here, I just want to focus on some broader views of yours. As you look at the impact of technology, you look at how it affects your customers, how it's going to affect your customers, how is it changing the early career experience of junior lawyers, of people coming into the legal space, whether it's a training or a expectation standpoint. How do you see it changing those early years of someone's career as a practicing lawyer?

### **Daniel Lewis**

There's a few things I've started to notice. One is, in some ways, right expectations are higher for what people can do. So you might take a junior person and say, Hey, if you are capable and competent at using AI, expectations about your productivity are actually even higher, and your ability to take on more complex tasks is higher because you have AI assistance alongside you in an area like contractor review that would say, hey, you know, you may never have reviewed a complex office lease agreement before, but with AI assisting you, I think you can actually do that. Maybe you can't do it quite as quickly as somebody who's reviewed 100 of them, but I believe that like that, AI is going to be assistive enough that it can help you do that work. I also think, like with any technology change, oftentimes folks who are younger have just a more fluid sense of jumping in and trying it out, and that can be very valuable within organizations to have people who are championing new technology showing how it works. Showing off use cases, teaching people around them, and so that's, I think, a value that younger, Junior folks can bring to any organization, which is saying, Hey, I've come at this with some fresh eyes and an understanding of technology that is a different perspective than folks who are 10 or 15 years in have let me share those ideas and combine that with experience. And sometimes really cool things can come from that. The last point, though, is I am seeing some organizations talk about reducing their junior hiring and say, hey, you know, with AI, while it can maybe give some superpowers to our juniors, it also gives some superpowers to our more experienced people, and it means that maybe some of that more routine work, that more junior level work we're now we're now able to do with more AI. And so instead of hiring more junior people within the organization, we're going to hire more experienced

people, and we're going to be counting on AI to take on that more junior work, and we're going to be leaning into the experience folks to take on even more experienced stuff, and maybe for an in house team. That means we're going to hire more experience and do more in house and send less outside counsel. So I don't have the crystal ball about what this means for teams and hiring practices. I think it's still fairly early stages, but I do think most organizations, or many organizations, are at least asking questions now about, do we hire more people, or do we expand our use of software and AI in a way that they weren't asking five years ago?

**Steve Poor**

Yeah, these are interesting issues to grapple with, aren't they, because you could say, Okay, we believe that the AI is going to scrape off the entry level work, and then what clients are going to want, what businesses are going to want, or the experience, the wisdom, the judgment that's enabled by technology, okay? How do we create that base of people with that kind of wisdom and judgment and experience? Historically, it's been sort of an apprentice system, right? You come in, you review your documents, you watch people take depositions, whatever it may be. If that's gone away, the short term answer may be, we're going to hire more experienced people, but there's a long term question here is, how do you develop someone more rapidly to have wisdom and judgment that usually takes years to develop? I'm not offering an answer to that, but it's a fascinating set of issues the profession is going to have to grapple with.

**Daniel Lewis**

Yeah, I agree, and it's those touch points that you had around wisdom and judgment that are difficult. I definitely would not defend a system where people have to come up and do the same things that people did 20 years ago, like I would never defend, Hey, you don't learn how to do legal research unless you learn how to navigate the stacks in a library. I just can't defend that as a way of working or learning that doesn't make sense to me, knowledge and the profession is a scaffold, and we're always building on top of what's come before, not trying to repeat everything from scratch. And so while I think it's it's obviously disorienting to figure out what that is going to look like five years from now, when we look back on this period and say, Okay, what does it mean for learning about how to do legal writing, and what did it mean for learning how to do legal research, and what did it mean for learning how to do diligence projects and M&A, I'm certain that people will be doing these things in a different way than they were five years ago, 10 years ago. I'm not confident that that's going to reduce headcount. I'm not confident that that's going to reduce the role of people right out of law school. But I do think the expectations are changing, and I do think the design of work is going to change in terms of like, where humans are spending time and where the AI is doing things that you know it's well suited to do.

**Steve Poor**

No, I think that's right. I wouldn't defend a system where people are think they're being taught how to do a deal by looking through boxes after boxes of documents and due diligence that never made sense to me, even when I was sitting in the room looking through box after box of due diligence. But there is a value to time and grade by being involved in acquisitions, hopefully at a higher level, where you see the and maybe you're going to tell me I'm wrong, that the AI is going to get there, but there seems to me some value of experience to having done 50 deals that you you learn where those little moments are that matter. And to me, that's the value that people bring in an AI world that people are prepared to pay for. To your point, they still want solutions presented by people. And how you get there, we have to get there more directly than using these tasks that can be done by technology as a proxy for learning and developing and growing?

**Daniel Lewis**

Yeah, I completely agree with you that there is hard won knowledge and experience gained from time and seat and seeing different scenarios, seeing different edge cases, simply having to do things the hard way, not meaning, you know, go to the books to do research, like having to actually do the thing repeatedly. Builds that firsthand knowledge and that judgment and experience that I think folks value when it comes to legal judgment and decision making. And like you, I'm not sure exactly what the path to. Getting there is, I know folks are thinking about, you know, AI, simulation spaces and things like that. So I don't know it is. It's a little bit of a wild west. I think in some ways that's exciting, right? There's like a bit of a reinvention taking place. But my sense is that, you know, most of that invention lies ahead of us. I don't, I don't think law school curriculums have dramatically overhauled in the last three years. I'm not sure law firm associate programs have dramatically overhauled in the last few years. Maybe more is taking place and I'm aware of but yeah, I think probably more invention lies ahead than behind us.

**Steve Poor**

I think that's right. I know we're out of time, but I'm looking forward to you guys introducing your legal flight simulator to train people. Daniel, thank you so much. Congratulations all the wonderful things that's been happening at LegalOn, and we know they're going to continue down a great path. Thanks for making the time for us.

**Daniel Lewis**

Thanks, Steven, it's been a pleasure.

**Steve Poor**

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