Legal Tech Monitor 2025

The Market for Digitalization of Legal Services in Germany

Dirk Hartung and Lauritz Gerlach

LEGAL TECH
DEUTSCHLAND

January 2025

The current Legal Tech Monitor and additional materials can be found at **legaltechmonitor.de**.

C.H.BECK | beck-online DIE DATENBANK

LTC LEGAL TECH COLAB

BUCERIUS LAW SCHOOL
CENTER ON THE LEGAL PROFESSION

Dr. Marco Buschmann

(Former) Federal Minister of Justice

Pitcure: Julia Deptala

Legal Tech is neither a niche nor uncharted territory. It is a reality in many places. And the market is growing. The Legal Tech Monitor shows that more than half of the law firms, legal departments and legal tech companies surveyed have worked on an AI project in the last twelve months. AI was mainly used to generate or evaluate documents.

There is no doubt that the economy will need AI. According to some forecasts, by 2030 no workplace will be able to manage without AI. Digital technologies are a key to greater efficiency, more time for creative work, and also a remedy for the shortage of skilled workers. That is why we are working towards a clear goal: to make Legal Tech a reality in the entire legal system – including in the judiciary.

AI is playing an increasingly important role in German courts. Not to replace the thinking judge, that would violate the German constitution. But AI can pre-structure large amounts of data and automate uniform, standardized work steps. This is particularly important in mass proceedings such as diesel or air passenger rights lawsuits. Because one thing is clear: the ability of the courts to work will also depend on whether AI is available in the judiciary. AI and digitalization are prerequisites for a strong and capable state.

From the Legal Tech Monitor survey, I see that there is optimism in the face of a growing market and at the same time uncertainty with regard to financing, recruiting young talent and regulation.

German companies should be able to play a leading role in innovation and development. That is why it is important that they are not thrown out of the race by overregulation. I am fighting to ensure that companies in this country are given the freedom and power they need for their innovations. After all, AI will be crucial in determining how prosperity and power are distributed in the world in the future. AI is a growth engine for Europe.

In Germany alone, generative AI can unlock a value creation potential of 330 billion euros, according to a study by IW Consult. This shows that we must be pioneers of AI – not only in regulation, but first and foremost in innovation.

Georg Eisenreich

Bavarian Minister of Justice

Picture: Bayerisches Staatsministerium der Justiz

The path of a start-up from the initial idea to a marketable product is often long and risky. There is often a lack of money, commercial experience or a professional environment. In September 2022, the Bavarian State Ministry of Justice, on my initiative, therefore founded the Legal Tech Colab together with UnternehmerTUM in Munich, which co-publishes this Legal Tech Monitor.

The Legal Tech Colab is an incubator and accelerator that supports innovative start-ups in the field of legal tech at all stages of company formation – from the initial idea to the founding, financing and scaling of the company.

The Legal Tech Colab is now well established in the market and supports numerous successful start-ups. It is also well-connected with national and international companies and law firms in the digital business and legal tech environment, which is also reflected in its participation in this study.

The first Legal Tech Monitor systematically analyzes the German legal tech market. Well-founded data and facts and empirical findings make the legal market more transparent: Which technologies are used? What best practices are there? The answers to these and other important questions enable all stakeholders to better understand the opportunities and challenges of digitalization in the legal system and to react appropriately.

I wish you a stimulating read and many valuable insights.

PARTNERS' PREFACES

Legal Tech Verband e.V.
(German Legal Tech Association)

Dear Readers,

It is with great pleasure that we present the first edition of the Legal Tech Monitor.

As an association, we have made it our mission to drive technological progress in the legal industry in order to actively shape a path to the digital future. Our association now has about 200 member companies, including Legal Tech companies, law firms, legal protection insurance companies, legal departments and publishers.

In many discussions with our members, we have received feedback that market players, but also investors, scientists and political actors, lack meaningful data. There is a lack of facts and figures to, for example, draw investors' attention or convince doubters of the potential of digitalization. With the first edition of the Legal Tech Monitor, we are now providing a systematic inventory of the existing solutions, technologies and trends in the Legal Tech market in Germany – well-founded information for decision-makers and market players that has been missing so far. We as an association believe in the enormous potential of Legal Tech, and with our new monitor we are making it visible. We will continue to survey the German Legal Tech market at regular intervals and provide stakeholders in the legal market with well-founded data and facts.

The results of the study underscore the dynamism and diversity of the German Legal Tech market. More than 300 companies, focusing on different submarkets, from law firm software to consumer legal services, are shaping this growing market.

Particularly noteworthy is the role of artificial intelligence, which has established itself as a central topic since 2023. More than half of the companies surveyed have successfully implemented AI projects, particularly in the areas of document analysis and generation. These technologies, led by language models such as ChatGPT, demonstrate how profoundly AI will transform the way the legal industry works.

With our Legal Tech Monitor, we want to create the attention the German Legal Tech market deserves. The sector will continue to develop at a tremendous pace in the coming years. We invite everyone to take part in this transformation.

Best regards,

Valerie Keilhau
Managing Director, Legal Tech
Verband Deutschland e.V.

Dr. Philipp Plog
Managing Partner, Fieldfisher (Germany)
Board member, Legal Tech Verband
Deutschland e.V.

Verlag C.H.Beck

Legal Tech has established itself as an indispensable part of the modern legal industry. The Legal Tech Monitor, which is now available for the first time, offers an in-depth analysis of the market and highlights its many facets. In doing so, it focuses in particular on the current developments, opportunities and risks that are shaping the legal tech industry.

This makes the Legal Tech Monitor an indispensable tool for law firms, companies, investors and policymakers. It enables informed decisions to be made about investments, product developments or funding measures. The monitor creates a common basis for discussion for all parties involved, in order to tackle the challenges facing the industry together. It is particularly noteworthy that the monitor shows that and how central artificial intelligence (AI) has become for most companies. The rapid adaptation and integration of AI in Legal Tech products is a clear trend.

The Legal Tech industry is of immense importance not only economically, but also in terms of the rule of law and thus for society. Through innovation, it contributes to strengthening a functioning rule of law in the future. This is particularly important in view of the possible upheavals that could arise from artificial intelligence.

We are only at the beginning of an exciting development. It is important to fully exploit the opportunities offered by Legal Tech and AI and to understand the possibilities for legal work. That is why the C.H.Beck publishing house wants to support the development of the Legal

Tech market and help shape it with innovative products. We are convinced that AI has the potential to significantly change legal work and the legal industry. That is why we are taking the first steps towards integrating Legal Tech and AI into our products and developing new AI products. The collaboration of lawyers and technology experts is needed to create real added value here. It is important for us and all stakeholders to promote talent at the interface between law and technology. This is all the more true given that the Legal Tech Monitor shows that there is a shortage of skilled workers in this interface area in particular. We need to address this shortage.

The increasing interconnection of products and providers highlighted by the study also requires standards for the integration of Legal Tech products. These need to be designed. To this end, we want to support exchange and networking within the industry as well as the development of partnerships in order to exploit the full potential of Legal Tech and AI.

That's why we encourage you to contact us – whether you have ideas, questions or suggestions for improvement.

Dr. Dr. Oliver Hofmann
Head of Legal Technology

Legal Tech Colab

How can the 2,500-year-old legal industry be transformed for the benefit of all market participants?

The Legal Tech Monitor clearly shows that high-tech start-ups such as OpenAI, Anthropic or Mistral, with their large language models, have become an integral part of the legal industry's current software landscape. Now that these LLMs are on the threshold of logical thinking, it is time to completely rethink the way legal services will be provided in the future and thus enable the transformation of the industry.

In my opinion, two essential building blocks are needed to leverage the enormous potential of this novel basic technology for the legal industry and to create easy-to-use and, above all, reliable applications for lawyers from LLMs: on the one hand, start-ups as the nucleus of innovation, and on the other hand, the established players in the legal industry as sparring partners and future users. Only when innovators sit down with the future users of their solutions and understand their problems can software be created that can deliver real (disruptive) added value.

As a non-profit initiative, the Legal Tech Colab has set itself the task of creating a platform for precisely this exchange between young start-ups and the established legal industry. The Legal Tech Monitor is an excellent example of how this collaboration can succeed, and at the same time impressively demonstrates how far Legal Tech in Germany has already come.

Whether you are a start-up or an expert, join our tech hub for the legal industry in Europe's leading start-up ecosystem, which has been promoting entrepreneurship for two decades. Some of Europe's most technologically ambitious and successful start-ups, such as Celonis, Flixbus, Isar Aerospace and Proxima Fusion, have emerged from this dynamic environment.

Dr. Stefan Blenk
Managing Director

REPORT

Contents

Executive Summary

The Legal Tech Monitor provides a concise overview of the current state of the legal tech market in Germany. Over 90% of respondents consider the digitalization of the legal market inevitable. However, perspectives vary: providers and investors are predominantly optimistic, while representatives of the judiciary, for example, tend to be more skeptical.

Germany boasts a diverse and experimental legal tech scene, comprising approximately 300 companies employing between 6,200 and 10,000 individuals, with a combined balance sheet total of at least €800 million. The market is divided between established companies with stable growth and younger startups that are often highly specialized, exhibiting dynamic but fluctuating development. Early-stage financing remains a bottleneck, partly due to the increasing investment required for AI integration.

Artificial intelligence stands as a central technological driver, with all surveyed groups attributing significant strategic importance to AI. More than half of the respondents have initiated pilot projects, primarily focusing on document analysis and generation. The outcomes are overwhelmingly positive, though challenges persist in technological integration, IT security, and managing realistic expectations. The heightened focus on AI has also fostered openness to other, non-AI-based software solutions.

Despite these advancements, the market faces challenges such as prolonged sales cycles, high customization costs, and complex tendering procedures, particularly in dealings with enterprise clients. In the B2C segment, growth is hindered by a lack of repeat business and elevated customer acquisition costs.

The regulatory framework is perceived as insufficiently supportive of innovation. Both European and national regulations are viewed as complex, and public procurement processes are criticized for their bureaucratic nature, impeding efficient adoption of new technologies in public institutions. Additionally, a limited pool of qualified personnel hampers the formation of interdisciplinary teams. Educational programs that blend legal and technical expertise are not yet widely established. While some universities are introducing Legal Tech modules, certificates, and degrees, others adhere to traditional curricula. Student-led initiatives are bridging this gap, providing essential and increasingly professional pioneering efforts.

In summary, Legal Tech in Germany is experiencing growth, propelled by the rising prominence of AI. However, fluctuating market conditions, intricate regulations, and challenges in recruiting suitable specialists necessitate strategic adjustments. Enhancing financing options, modernizing IT infrastructure, developing tailored educational programs, and establishing a clearer, more open legal framework are pivotal steps to support the market's long-term development.

A FOCUS ON PEOPLE

The Mindset Behind Legal Tech in Germany

> 90%

of respondents believe the digitalization of the legal market is inevitable and the right thing to do.

To understand the state of Legal Tech in Germany, you need to start with the people. They play a decisive role in shaping the industry – both on the supply and demand side – as experts and users of technology in the legal market. Their mental models and perspectives are essential to interpreting the following insights and dynamics within their broader social context. For this reason, the Legal Tech Monitor, which also serves as a self-assessment of the German Legal Tech scene, begins by examining the mindsets of key players.

More than 90% of those surveyed consider the digitalization of the legal market both inevitable and the right thing to do. However, the degree of agreement varies among diffe-

rent groups: while Legal Tech providers and investors are nearly unanimous in their support, respondents from the judiciary are notably more skeptical. Law firm and in-house lawyers fall somewhere in between but tend to be optimistic overall.

On more specific questions – such as the impact on legal jobs or the potential replacement of human work – opinions become more nuanced. A large majority believes that Legal Tech will at least partially replace legal review and research in the future. At the same time, around half of respondents express concerns about job losses, with apprehensions being most pronounced among those in the judiciary and legal departments.

Figure 1: Mindset 1

Question: Do you agree with the following statements?	All respondents n = 211	Law Firms n = 59	Legal Departments n = 47	Courts/ Administration n = 18	Legal Tech Providers n = 50
I believe the digitalization of legal services is **inevitable**.	76 %	78 %	68 %	44 %	82 %
I believe the digitalization of legal services is **the right thing to do**.	70 %	73 %	60 %	33 %	80 %

Legend: do not agree at all · do not agree · neutral · agree · agree wholeheartedly

Figure 2: Mindset 2

	All respondents n = 211	Law Firms n = 59	Legal Departments n = 47	Courts/ Administration n = 18	Legal Tech Providers n = 50
I believe that the use of artificial intelligence (AI) in the legal market is **inevitable**.	60 %	63 %	53 %	39 %	73 %
I believe that the use of artificial intelligence (AI) in the legal market is **the right thing to do**.	32 % / 50 %	36 % / 51 %	34 % / 38 %	33 % / 28 %	69 %
I have concerns that jobs could be lost as a result of the use of AI in the legal market.	34 %	34 %	30 %	35 %	30 %
I believe that Legal Tech will (partially) replace legal research and legal review by humans in the future.	34 % / 43 %	38 % / 43 %	34 % / 36 %	44 % / 33 %	50 %

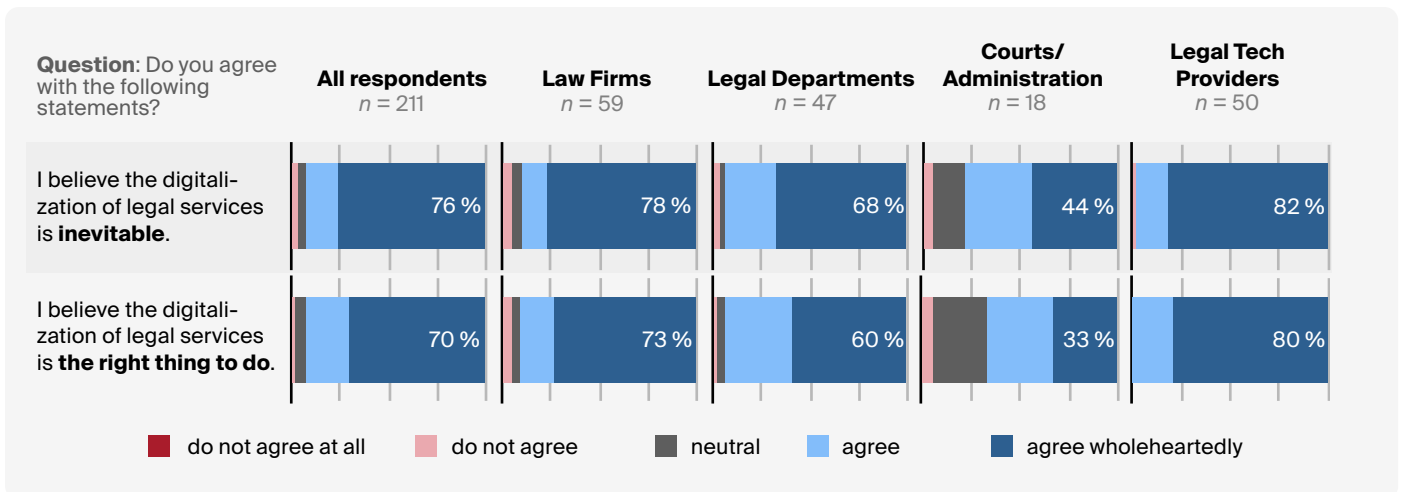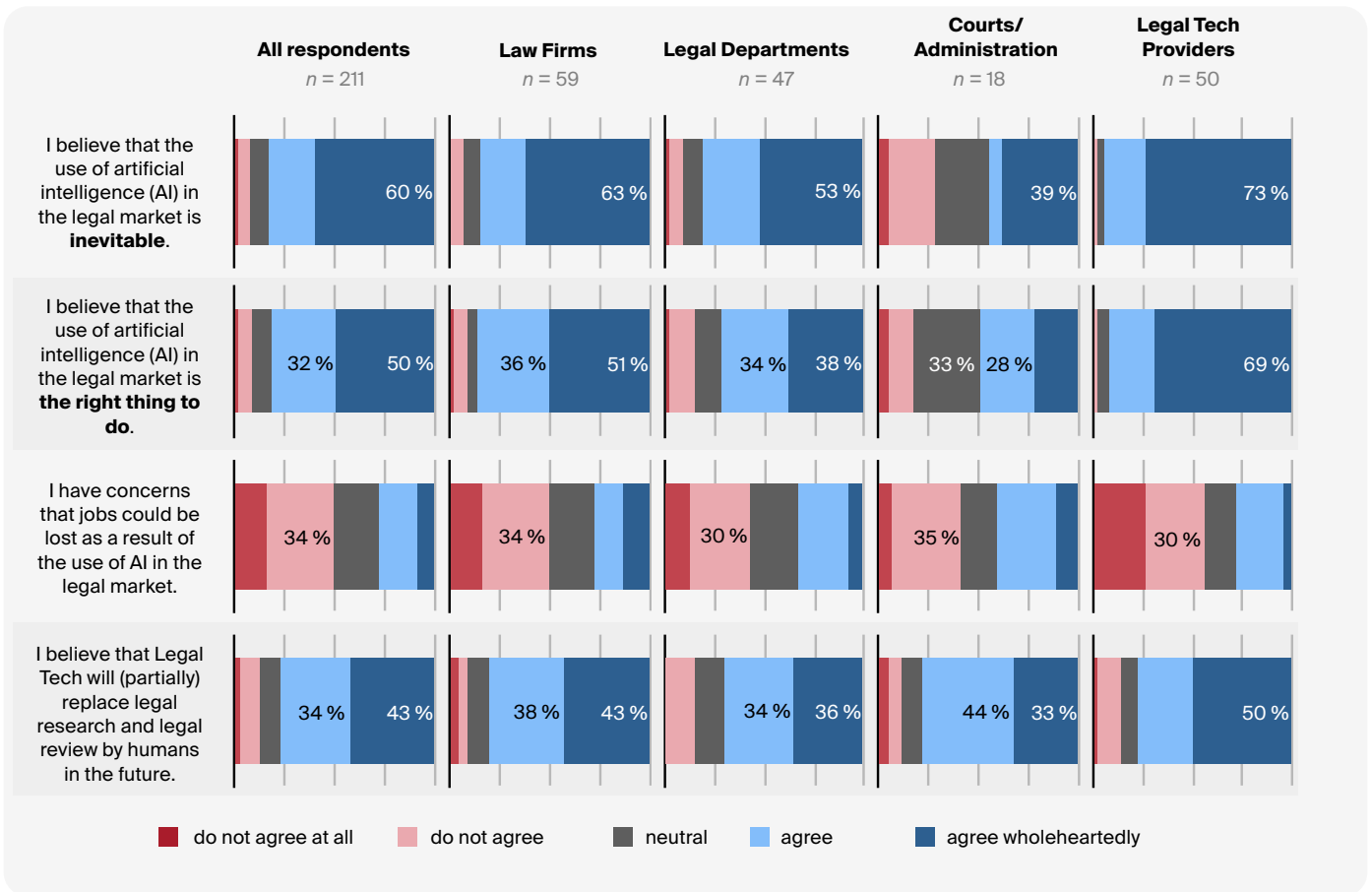■ do not agree at all ■ do not agree ■ neutral ■ agree ■ agree wholeheartedly

These concerns are echoed in expert interviews. Interviewees from the judiciary and legal departments generally express more skepticism, whereas law firm lawyers and Legal Tech providers are more optimistic about the future. Interestingly, even among the more critical groups, those who have personally worked on Legal Tech or AI projects in the past 12 months tend to be more optimistic than average. Finally, this general confidence is also reflected in the market outlook: over 90% of Legal Tech providers rate their business prospects for the next 12 months as good or very good.

Optimism and Caution in a Dynamic Industry

In large parts of the Legal Tech scene, there is a fundamental spirit of optimism fueled by artificial intelligence. However, many participants who have been active in the market for some time also express caution regarding potential hype. At the same time, numerous discussion partners highlight the opportunities presented by new technological developments and remain cautiously optimistic that both commercial and regulatory challenges can be addressed in the coming year.

Market Overview

€800M

combined balance sheet totals of legal tech companies in Germany

[1] The number of employees can be found in the balance sheets of large companies. For all other providers, an average of five employees per company is assumed for the lower limit of the estimate. The number of actual employees varies greatly between individual companies.

[2] In statistics, the median is a location parameter that divides a set of data into two equal parts such that the values in one half are no greater than the median and the values in the other half are no less than the median.

[3] Extrapolated from companies with legal tech investments, a flat-rate estimated share of 20% is assumed, although this value can vary significantly in individual cases.

The Legal Tech market in Germany is large, heterogeneous and growing dynamically. Currently, almost 300 companies of various sizes are active in Germany. These employ – depending on the estimate – a total of between 6,200 and 10,000 people[1] and have a combined balance sheet total of over €800 million. The equity ratio varies greatly, but on average it is between 30% and 40%. This indicates an overall capital-intensive industry with high stability, risk-bearing capacity and creditworthiness.

It is noteworthy that the median[2] total capital is around €500,000, and thus significantly lower than the average balance sheet total of around 3 million euros. This makes it clear that a large proportion of providers are significantly smaller and financially less capable.

Special Features of the Market Analysis

When considering the market, two key features must be taken into account:

1. Differences in Company Age and Size

The market is highly diversified, particularly in terms of company age and size. A few large providers significantly skew the averages upward. To address this distortion, the Legal Tech Monitor divides the market into two segments: companies founded before 2017 and those founded after. The relevant key figures are presented separately for each group.

2. Diverse Range of Services

Many larger providers are not exclusively active in the Legal Tech market but also operate in related fields such as publishing, finance, and accounting. These activities are often not reported separately. To prevent distortion, companies like C.H.Beck or Rudolf Haufe, as well as law firms that offer both Legal Tech products and traditional legal services, are only partially considered.[3]

Established Companies

The data available for companies founded before 2017 is comparatively robust due to publication requirements. This group includes broad-based providers such as publishers and manufacturers of established law firm software. Additionally, some of the most well-known companies from the first wave of German Legal Tech start-ups belong to this category (→ p. 15).

The number of jobs created in this segment is estimated at a minimum of 4,750. The total balance sheet exceeds €600 million, with an equity ratio of approximately 30% and a median capital of around €1.1 million. Business development has remained largely stable in recent years. Many of these providers are mid-tier companies with an established customer base. While investments are often financed from internal resources, external capital is increasingly being sought, particularly in the field of artificial intelligence.

Start-ups and New Companies

This group consists of all younger companies, representing about one-third of the examined market. It includes many providers specializing in AI services, as well as start-ups from the second wave of German Legal Tech innovation since 2017, particularly those focused on mass proceedings. Due to a lack of publication requirements, data for this group is less reliable and relies more heavily on extrapolations.

about 50%
of legal tech leadership hold a law degree

The number of jobs created in this segment is estimated at a minimum of 1,450. The total balance sheet exceeds €200 million, with an equity ratio of approximately 60% and a median capital of around €150,000.

Business development in this group is highly dynamic, with significant fluctuations from year to year. External investments often represent a substantial share of total assets. While new start-ups are regularly founded, many also go bankrupt. A notable characteristic of this segment is that many providers operate with only a few employees and limited financial resources. Expert interviews emphasize that investment needs within this group are particularly high.

Since founders play a central role in this segment, this year's market monitor examines the key requirements for successful start-ups. Respondents consider both legal and technical expertise crucial, with technical expertise weighted slightly higher. Many current founders hold dual qualifications, often in law and business administration, and some even have triple qualifications, including computer science. Overall, lawyers and business/economics graduates outnumber computer scientists in this sector.

Company formation is concentrated in three major cities: Berlin, Hamburg, and Munich. Berlin, in particular, plays a disproportionately large role, a trend consistent with broader start-up activity.

Demographic Insights

The findings on the demographic composition of founders largely align with the general management profiles of both large and small Legal Tech providers. Around half of the managers have a legal background, a quarter hold a degree in business administration, and nearly another quarter are computer scientists. Additionally, almost 20% have earned a doctorate. However, the proportion of women and migrants remains significantly below the population average.

Market Segments In The Legal Tech Market

The heterogeneous Legal Tech market can be segmented in various ways, though no single approach can claim to be fully comprehensive.

Segmentation by Target Group

If the market is segmented by primary target group, the following distributions emerge, based on the number of providers and their total assets (balance sheet total):

- **Consumers (B2C)**: approx. 30% of providers (approx. 20% by balance sheet total)

- **Enterprise Users (B2B)**: approx. 67% of providers (approx. 67% by balance sheet total)

- **Public Sector (B2G)**: approx. 3% of providers (approx. 13% by balance sheet total)

Segmentation by Type of Offering

A minimum of five segments can be distinguished based on the type of solutions offered:

1. Product Services Bundles

These providers combine technical products directly with legal services, for example in the area of passenger rights or in the management of investors.

2. Support Process Solutions

Providers in this segment – such as law firm software or contract management solutions – support legal service providers in handling legal tasks, but without offering legal services themselves.

3. Research and Drafting Tools

These include legal databases designed specifically for evaluating and creating legal work products, as well as contract generators.

4. Tools for a Digital Justice System

Providers in this category offer solutions that directly address the digitalization of legal processes, such as document management or process automation and management.

5. Tax and Accounting Software

These providers are aimed at users in the tax and accounting sector, often offering more comprehensive solutions that focus on legal issues such as depreciation periods or company valuations.

The segments differ significantly in terms of the technologies used, available budgets, and the expectations of both providers and users (→ p. 10). Considering these differences is essential in discussions and reform processes. At the same time, the dynamic nature of the Legal Tech industry leads to frequent overlaps, as both providers and users often operate across multiple segments.

How Providers Classify Their Products
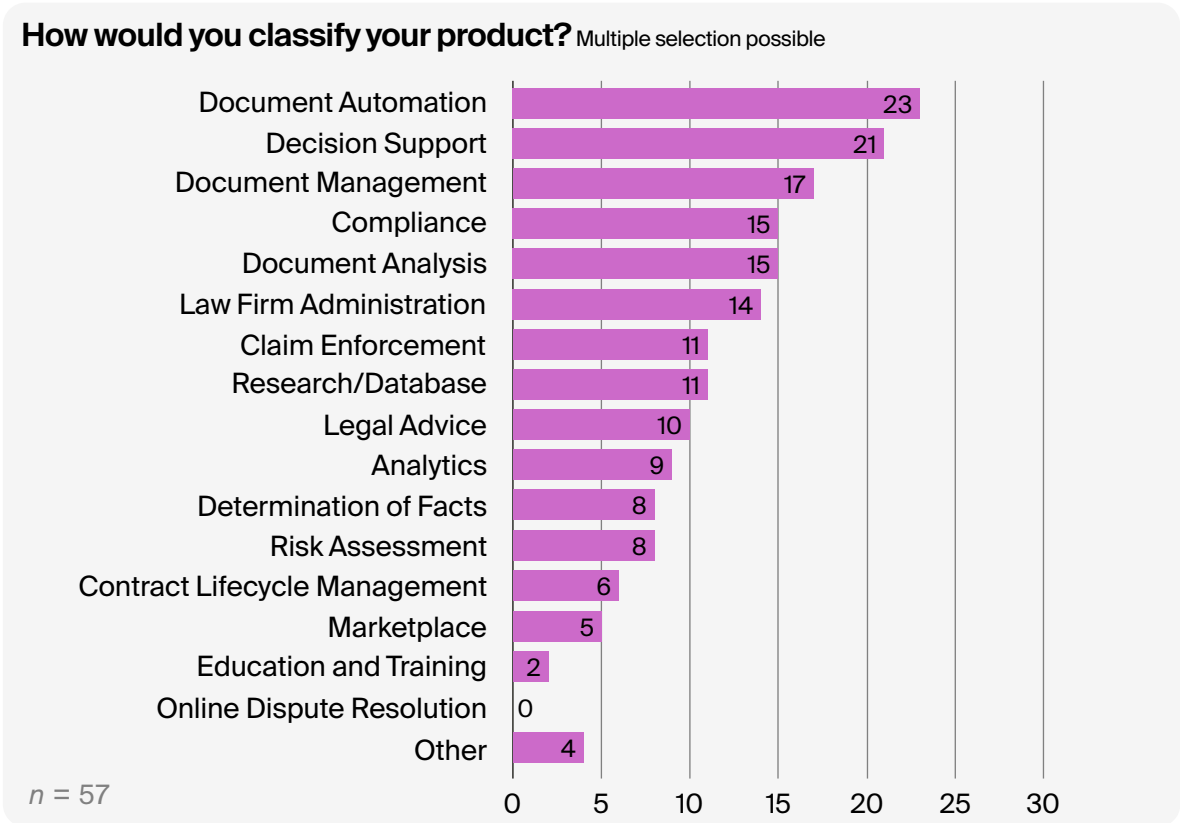
When asked about the functional classification of their products, providers indicate that solutions for handling legal documents currently dominate. These include the creation, processing and utilization of legal documents, particularly for information extraction and checking for compliance with legal requirements and compliance best practices.

Figure 3: Market Segmentation

14

Figure 4: (Self-)classification by product segment

How would you classify your product? Multiple selection possible

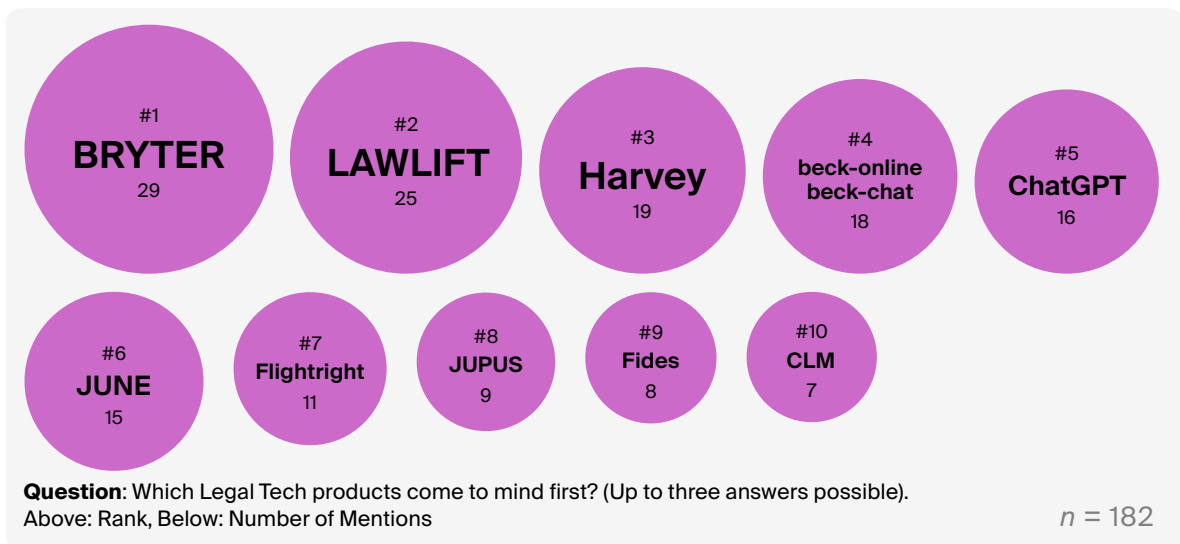| Category	Value
Document Automation	23
Decision Support	21
Document Management	17
Compliance	15
Document Analysis	15
Law Firm Administration	14
Claim Enforcement	11
Research/Database	11
Legal Advice	10
Analytics	9
Determination of Facts	8
Risk Assessment	8
Contract Lifecycle Management	6
Marketplace	5
Education and Training	2
Online Dispute Resolution	0
Other	4

n = 57

Market Maturity And Sales Challenges in The Legal Tech Market

Overall, the Legal Tech market is a mix of mature and emerging elements. In segments such as law firm and in-house software, numerous established providers compete intensely, making differentiation challenging. At the same time, survey results indicate that some products enjoy significantly higher recognition than others. Established providers like **Bryter**, **Lawlift**, and **C.H.Beck** are among the most well-known names.

Among newer offerings, **Harvey** and **ChatGPT** stand out, likely benefiting from their global brand recognition. Notably, **Flightright** is the only B2C product to make it into the top 10 most spontaneously mentioned brands, while many other companies or products are mentioned only once or twice. This suggests a market with many new entrants, low market share concentration, and intense competition for visibility, highlighting the immaturity of certain segments. Expert interviews support this assessment, further illustrating the pronounced heterogeneity of the Legal Tech market.

Figure 5: Most Frequently Named Legal Tech Providers

#1 **BRYTER** 29

#2 **LAWLIFT** 25

#3 **Harvey** 19

#4 **beck-online beck-chat** 18

#5 **ChatGPT** 16

#6 **JUNE** 15

#7 **Flightright** 11

#8 **JUPUS** 9

#9 **Fides** 8

#10 **CLM** 7

Question: Which Legal Tech products come to mind first? (Up to three answers possible).
Above: Rank, Below: Number of Mentions

n = 182

Challenges in Sales and Customer Acquisition

Acquiring new customers remains a key challenge for Legal Tech providers. In the B2B sector, many companies report long sales cycles, extensive change management requirements, and complex bureaucratic processes for tenders and implementations. Additionally, adapting software to users' specific needs often requires significant effort, which is frequently not separately remunerated. These difficulties are typical of complex technical sales processes. At the same time, many providers struggle to find qualified sales staff with sufficient legal and technical expertise.

In the B2C market, the challenges are different. Providers primarily point to the lack of repeat business, high customer acquisition costs, and the limited scalability of their products. These factors are characteristic of a maturing market. As a result, the segment has seen an increasing number of market exits and initial consolidations, which have accounted for a significant share of the transaction volume in recent years.

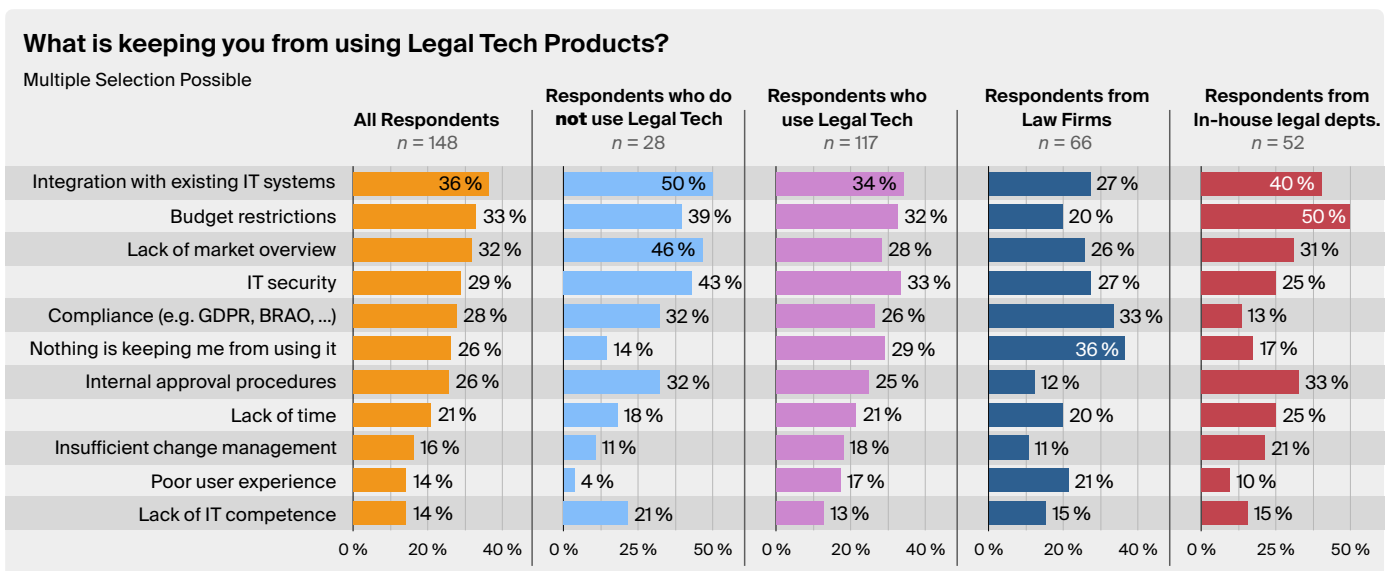## User Challenges: Integration, Overview and Resources

Users also encounter significant challenges when adopting Legal Tech solutions. Implementing and integrating new products into existing IT infrastructures often requires substantial time and resources. This is partly due to the inadequate digitalization of many institutions and partly to a lack of product-market fit. Even identifying suitable solutions can be difficult given the growing complexity of the market.

Users primarily rely on internet research, personal networks, and colleague recommendations to navigate the market. Specialized events and trade fairs are considered important by just under a third of respondents, while professional advisors are rarely consulted, if at all.

Another major issue is the shortage of qualified personnel, particularly in legal operations. This lack of expertise complicates collaboration between legal and technical teams within companies, leading to inefficiencies and time-consuming processes. Financial constraints also play a role: budgets for Legal Tech and Legal Operations vary widely depending on company size, ranging from €10,000 to €10 million. Particularly concerning, however, is that about a third of surveyed users report having no budget at all for these areas.

Figure 6: Factors for Implementation Decisions

What is keeping you from using Legal Tech Products?

Multiple Selection Possible

	All Respondents n = 148	Respondents who **not** use Legal Tech n = 28	Respondents who use Legal Tech n = 117	Respondents from Law Firms n = 66	Respondents from In-house legal depts. n = 52
Integration with existing IT systems	36 %	50 %	34 %	27 %	40 %
Budget restrictions	33 %	39 %	32 %	20 %	50 %
Lack of market overview	32 %	46 %	28 %	26 %	31 %
IT security	29 %	43 %	33 %	27 %	25 %
Compliance (e.g. GDPR, BRAO, ...)	28 %	32 %	26 %	33 %	13 %
Nothing is keeping me from using it	26 %	14 %	29 %	36 %	17 %
Internal approval procedures	26 %	32 %	25 %	12 %	33 %
Lack of time	21 %	18 %	21 %	20 %	25 %
Insufficient change management	16 %	11 %	18 %	11 %	21 %
Poor user experience	14 %	4 %	17 %	21 %	10 %
Lack of IT competence	14 %	21 %	13 %	15 %	15 %

Funding

The Legal Tech Monitor focuses on analyzing the demand for and availability of capital, the parameters guiding investment decisions, and the key success factors for financial investments in digital legal service providers. However, the quality of data in the German market differs significantly from that of international markets, particularly the U.S. Platforms such as Crunchbase, AngelList, and the CodeX Tech Index offer extensive information on companies, investment volumes, and timing – transparency that is largely absent in Germany.

38%

of legal tech providers report requiring more than €500K in the coming 12 months.

Investors emphasize the importance of such deal databases in guiding their decisions. The Legal Tech Monitor aims to contribute by improving transparency and promoting the systematic collection and publication of investment data. The results presented should be seen as an interim assessment and interpreted with caution, given the current limitations in data availability.

Capital Requirements and Potential Financing Gaps

Despite the overall solid financing of many Legal Tech providers, there are significant short- and medium-term capital requirements. More than half of the providers and nearly 80% of law firms anticipate needing external capital in the next 12 months, parti-
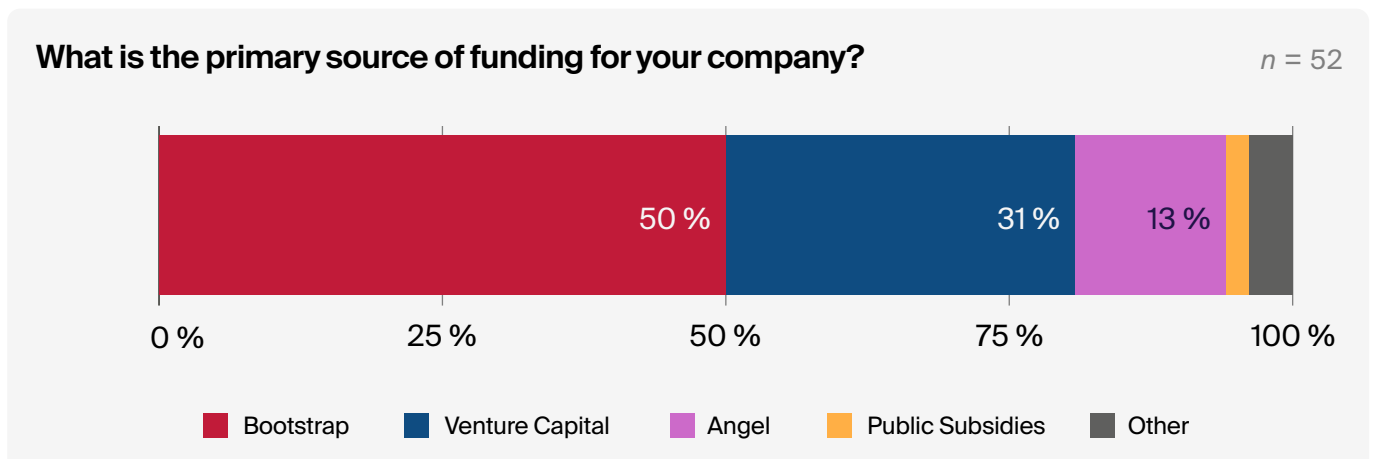
cularly for investments in AI. More than a third of providers report requiring over €500,000, while a fifth even consider financing of more than €1 million necessary. However, only 13% of respondents were able to secure such sums in the past year.

This potential financing gap can be explained, at least in part, by the fact that about half of the providers have so far relied on bootstrapping—funding their investments exclusively from their own revenues. However, with the increasing importance of generative AI, the resulting shift in cost structures will become much more apparent in the coming year. For investors, particularly in the venture capital sector, this creates attractive opportunities. The combination of rising capital needs and favorable conditions presents a promising starting point for investments.

Early-Stage Financing as an Opportunity

While successful financing rounds – such as those involving strategic investors – demonstrate a willingness to invest in the double-digit millions, early-stage funding remains a challenge. Many investors are hesitant to back unproven business models, largely due to regulatory uncertainties and the strong market position of traditional legal service providers. To address this gap, public funding

Figure 7: Funding

What is the primary source of funding for your company?   *n = 52*

Bootstrap	Venture Capital	Angel	Public Subsidies	Other
50 %	31 %	13 %		

programs and incubators such as the Legal Tech Colab in Munich provide crucial support. Insights from our interviews indicate that initial successes or traction with key customer groups significantly increase investor confidence. Notably, more than half of the investors surveyed are willing to commit over €500,000 to early-stage financing within the next 12 months, with some even considering investments in the millions.

Government Influence and Dynamics on the Venture Capital Market

3.3

school grade given to economic circumstances by legal tech providers

The current economic conditions are not ideal and are rated by Legal Tech providers with the school grade 3.3. A consistent facilitation of company formation, simpler tax regulations, and higher subsidies could significantly strengthen the market. It is difficult to assess whether deregulation – such as lifting the ban on third-party ownership – would have a similar or even more far-reaching effect, as there is no precedent for such models in continental Europe.
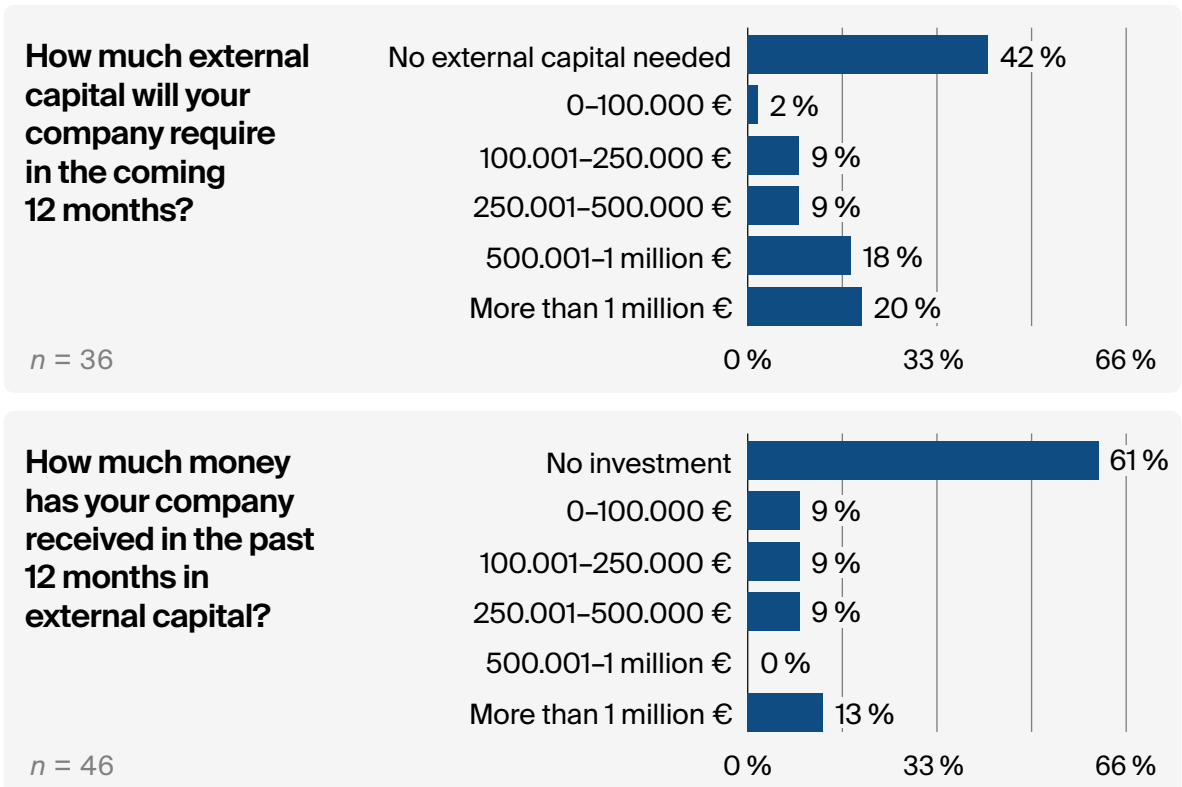
The venture capital market remains highly dependent on external factors. Even small changes – such as adjustments in key interest rates – can significantly impact the number and size of investments. Success stories like the financing rounds of **Rightmart** (€27.5 million, Series B, 2023, Germany), **Bryter** (€66 million, Series B, 2021, Germany) as well as **Fynk** (€3,1 million, Seed, 2024, Austria) und **Legora** (€25 million, Series A, 2024, Sweden) illustrate that, under the right circumstances, large investments in Legal Tech are entirely possible.

The Legal Tech Monitor shows that, even in uncertain times, investments in Legal Tech in Germany remain both possible and profitable. With targeted government funding and a more open market, the sector's potential could be leveraged even more effectively in the coming years.

Figure 8: Capital Requirements

How much external capital will your company require in the coming 12 months?

No external capital needed	42 %
0–100.000 €	2 %
100.001–250.000 €	9 %
250.001–500.000 €	9 %
500.001–1 million €	18 %
More than 1 million €	20 %

n = 36

How much money has your company received in the past 12 months in external capital?

No investment	61 %
0–100.000 €	9 %
100.001–250.000 €	9 %
250.001–500.000 €	9 %
500.001–1 million €	0 %
More than 1 million €	13 %

n = 46

FOCUS
Artificial Intelligence

In our focus on "Artificial Intelligence", the Legal Tech Monitor explores last year's most discussed technology trend. It examines the impact on both the supply and demand sides to understand how the Legal Tech industry is adopting AI and how it is reshaping the market.

Strategic Importance and Practical Experiences with AI Products in the Legal Market

Since the release of ChatGPT at the end of 2022, artificial intelligence has gained significant importance, driven by increased public attention. All surveyed groups consider AI to be of great strategic relevance, and not a single company in the expert interviews reported ignoring the topic. Many companies and institutions are integrating AI strategically at the management level while simultaneously gaining hands-on experience through pilot projects at the operational level. Overall, the market penetration of AI technology extends well beyond previous applications of Legal Tech. (→ p. 20).

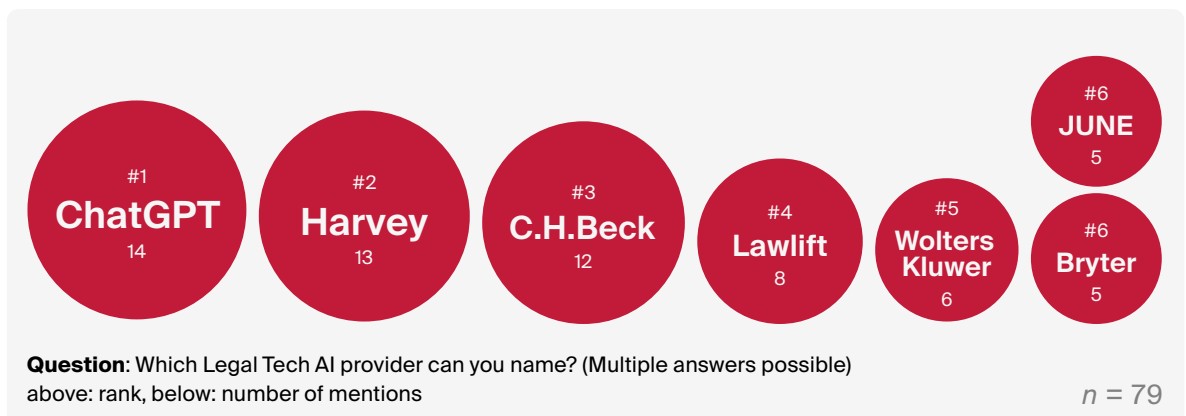Users are also deeply engaged with AI, primarily gathering information from the internet and discussions with colleagues. More than a third attend conferences, subscribe to specialized newsletters, and read trade journals covering AI topics. While further training opportunities are available, no clear market leader has emerged so far. In total, respondents mentioned over 60 different AI solutions and providers. On one side, large, established companies such as **OpenAI**, **Harvey**, **C.H.Beck**, or **Wolters Kluwer** were frequently cited, while on the other, German Legal Tech providers like **Lawlift**, **Bryter**, and **June** also received notable mentions.

More than half of the respondents have gained practical experience with AI by carrying out at least one AI project in the past 12 months. Law firms show the highest willingness to experiment, with two-thirds of respondents involved in such projects, whereas only one-third of legal representatives have engaged with AI, making them a smaller group. In three out of four cases, project budgets remain under €100,000, with one-third even below €10,000, indicating that many initiatives are pilot projects or prototypes. Despite this, nearly 75% of the projects were rated as successful or very successful. In half of the cases, AI implementation has already resulted in noticeable cost reductions.

55%

of respondents on the demand side have undertaken an AI project in the past 12 months

Figure 9: Most Frequently Named Providers of AI in the Legal Tech Sector

Question: Which Legal Tech AI provider can you name? (Multiple answers possible)
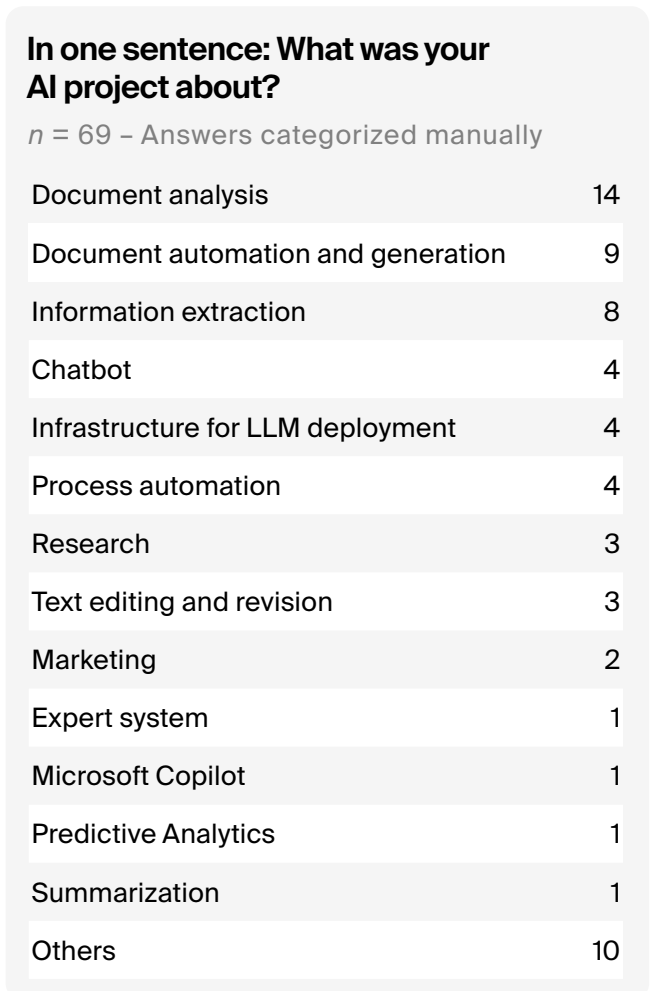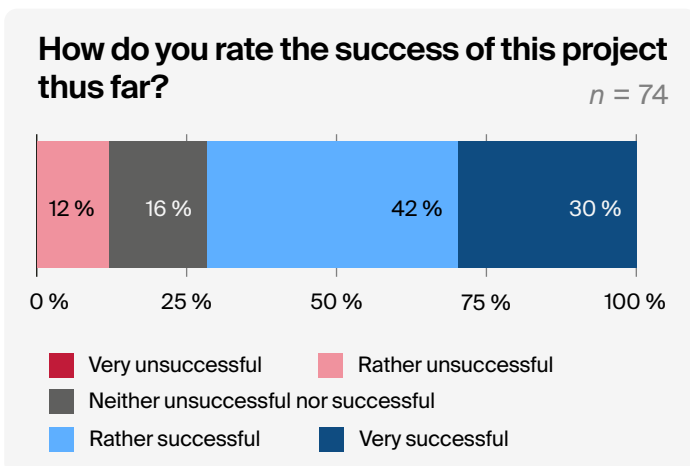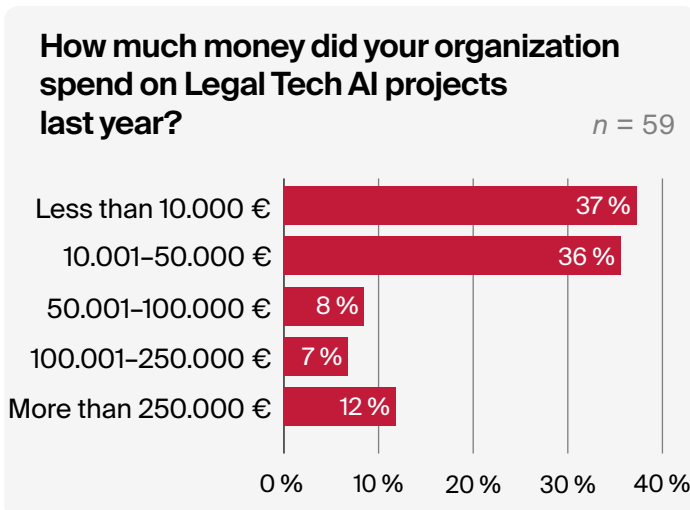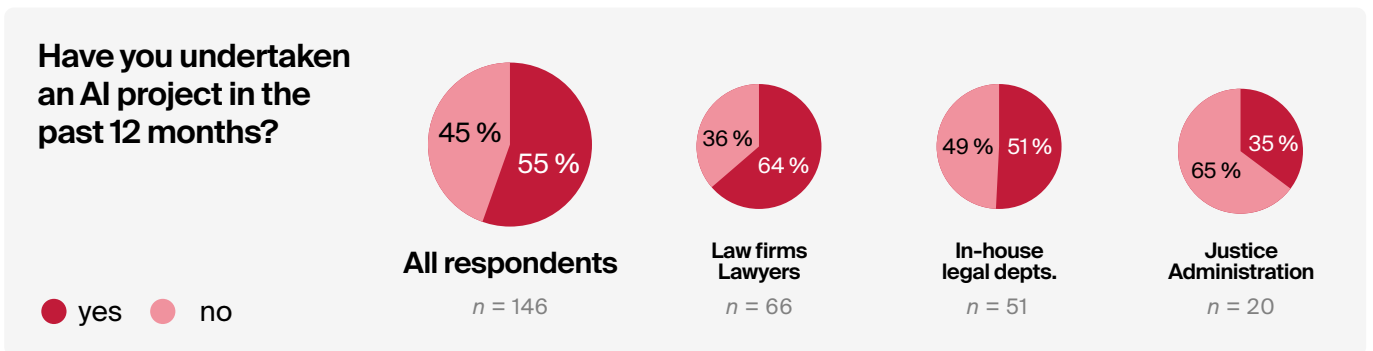above: rank, below: number of mentions

n = 79

Thematically, these projects primarily focus on document analysis and generation, with AI tools often integrated as modules within broader IT solutions. AI is mainly applied in core areas of legal work, such as fact-finding, legal research, and evaluation. In contrast, stand-alone solutions—particularly chatbots—are more commonly used in communication, marketing, and business development contexts.
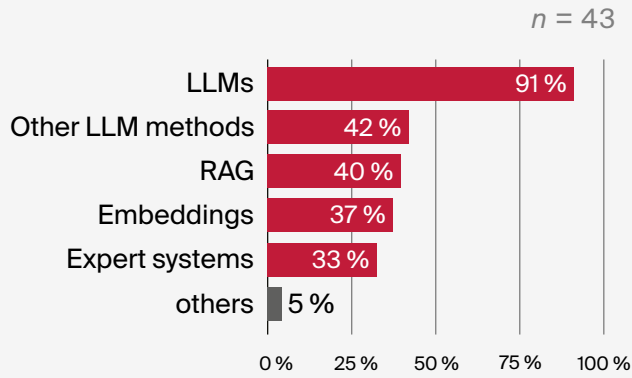
Challenges in Implementing AI

The integration of AI into existing IT infrastructures remains one of the biggest challenges. High IT security requirements, along with lengthy and costly adaptation processes, make implementation complex. As a result, many market participants rely on large providers such as Microsoft, whose products are often pre-approved through framework agreements and can be supplemented with AI tools. In
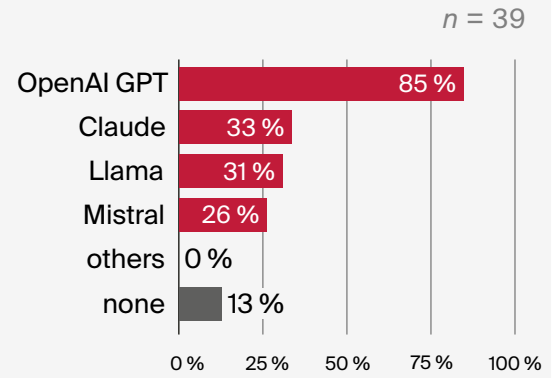
Figure 10: AI Projects on the Demand Side

Have you undertaken an AI project in the past 12 months?

All respondents
n = 146

Law firms Lawyers
n = 66

In-house legal depts.
n = 51

Justice Administration
n = 20

● yes ● no

How much money did your organization spend on Legal Tech AI projects last year? *n = 59*

Less than 10.000 €	37 %
10.001–50.000 €	36 %
50.001–100.000 €	8 %
100.001–250.000 €	7 %
More than 250.000 €	12 %

In one sentence: What was your AI project about?

n = 69 – Answers categorized manually

Document analysis	14
Document automation and generation	9
Information extraction	8
Chatbot	4
Infrastructure for LLM deployment	4
Process automation	4
Research	3
Text editing and revision	3
Marketing	2
Expert system	1
Microsoft Copilot	1
Predictive Analytics	1
Summarization	1
Others	10

How do you rate the success of this project thus far? *n = 74*

12 %	16 %	42 %	30 %

- ■ Very unsuccessful
- ■ Rather unsuccessful
- ■ Neither unsuccessful nor successful
- ■ Rather successful
- ■ Very successful

Figures 11: KI on the Supply Side

What kind of technology does your company use as „artificial intelligence"?

n = 43

Technology	%
LLMs	91 %
Other LLM methods	42 %
RAG	40 %
Embeddings	37 %
Expert systems	33 %
others	5 %

Which large language models (LLMs) does your company use?

n = 39

LLM	%
OpenAI GPT	85 %
Claude	33 %
Llama	31 %
Mistral	26 %
others	0 %
none	13 %

Since when has AI played an important role in your business model?

n = 44

Year	%
before 2015	7 %
2015	2 %
2016	0 %
2017	5 %
2018	5 %
2019	2 %
2020	7 %
2021	5 %
2022	34 %
2023	20 %
2024	14 %
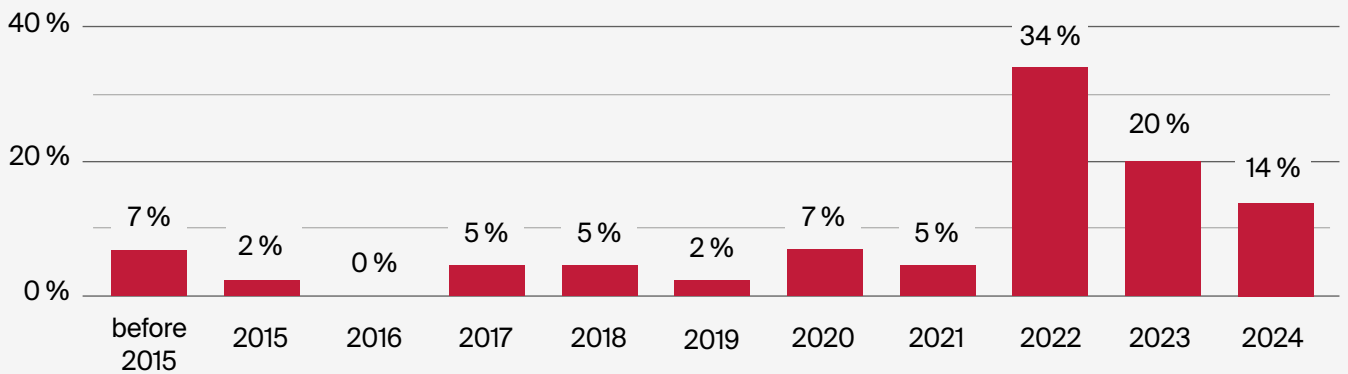
contrast, smaller providers and start-ups face a competitive disadvantage, reflected in long sales cycles and high sales costs.

This disadvantage compared to established providers is further reinforced by the perception—expressed by some buyers of Legal Tech products in our interviews—that younger companies, in particular, often create exaggerated expectations about their products' capabilities, only to fall short in actual pilot projects. As a result, despite positive counterexamples and widespread optimism about the technology, some market participants remain skeptical of artificial intelligence providers. Overall, however, most users are satisfied with the progress of their AI projects so far.

These positive experiences and successful projects are primarily found in the private sector. In contrast, public sector initiatives – especially large projects such as the Justiz-cloud or the judiciary's large language model – are still in the design phase. Despite at least 40 technological pilot projects, most of which aim to support judges, the judiciary has yet to see successful AI implementations and the corresponding positive experiences. Our interviewees point to several challenges, including difficulties in recruiting suitable personnel (→ p. 23) and securing financial resources. However, the most significant obstacle is the strict regulatory framework, particularly the requirements of the AI Act and the DS-GVO, which make the judiciary a less attractive market for AI providers (→ p. 26).

AI as a New Key Technology For Legal Tech Providers

More than 80% of the Legal Tech providers surveyed state that AI plays an important role in their business model. Many integrate functions of large language models into their products. More than 85% rely on OpenAI, while other providers such as Anthropic, Meta, or Mistral AI are used by about a third. German providers of large language models have so far played only a minor role.

>85%

of legal tech companies using AI rely on OpenAI products

In addition to generative AI, providers also rely on other language technologies such as embeddings or older generation models, including BERT or BLOOM. In contrast, rule-based approaches – such as expert systems, which were still widely used a few years ago – have largely fallen out of use. Interestingly, the majority of providers have only begun to assign central importance to AI since 2022 (→ p. 21).

Where generative AI is used, it is often combined with retrieval-augmented generation (RAG) to integrate legal databases and reduce errors. However, human review remains the most common method for verifying AI-generated outputs. While prompt engineering initially played a significant role, its importance is gradually declining. Some providers still consider it a necessary approach, while others view it primarily as an integrated system component with no direct user interaction. These providers focus on achieving consistent, high-quality results in the long term without relying on elaborate, user-designed prompts.

AI as a Catalyst For Legal Tech

The public success of large language models has drawn more user attention to Legal Tech, regardless of the specific technology. Many providers report that this increased openness to technology has also benefited products that are not primarily AI-based but stand out by precisely mapping existing workflows or specific legal scenarios.

Recruitment and Talent

In the "Recruitment and Young Talent" section, the Legal Tech Monitor examines the short- and medium-term future of the industry. The goal is to assess the sustainability of current market developments, the availability of sufficient personnel to meet future demands, and the extent to which the training of lawyers, computer scientists, and business economists aligns with the needs of the Legal Tech industry.

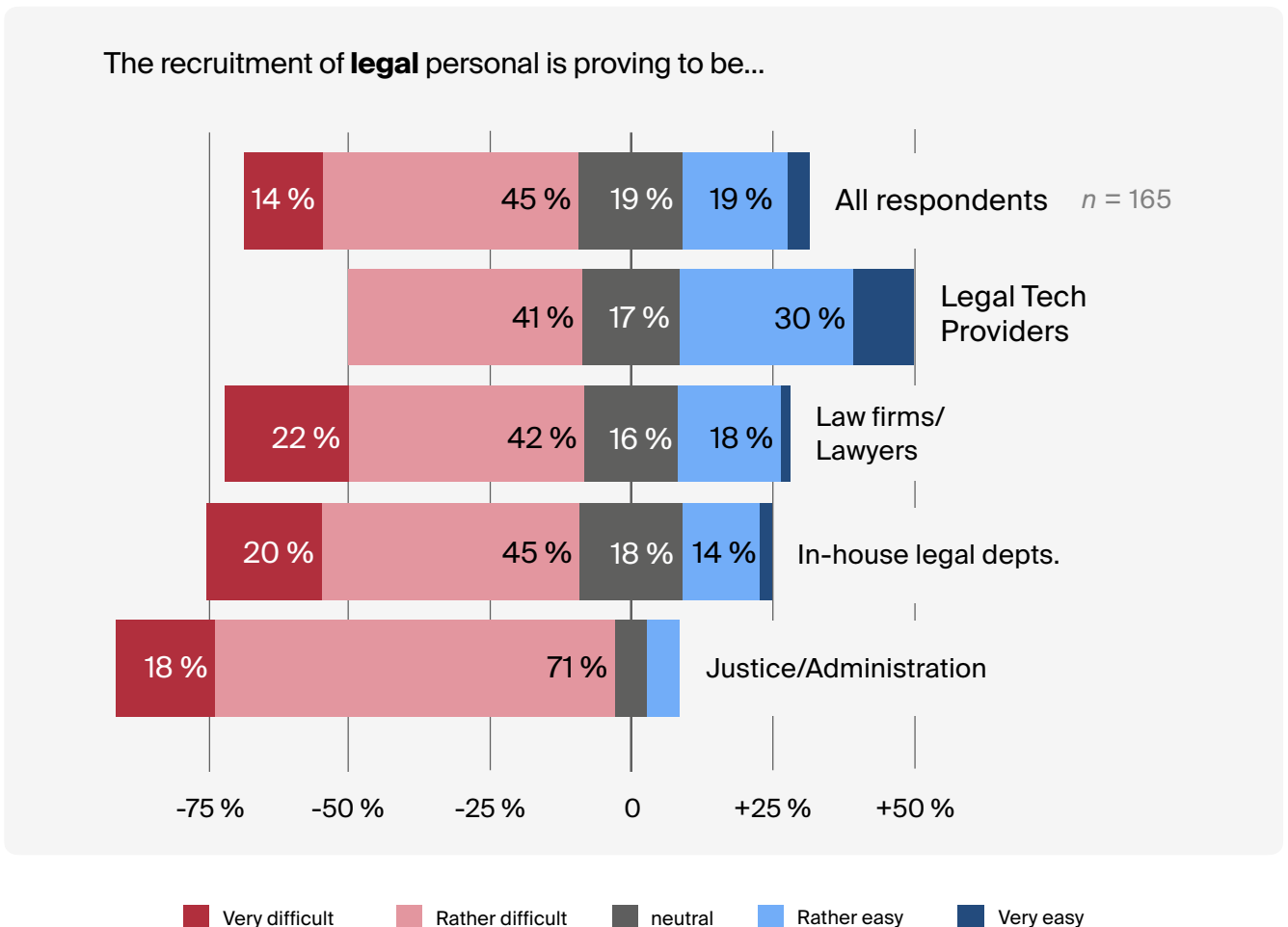## Digital Affinity and Recruitment Issues

The Legal Tech market faces a dual challenge in recruiting personnel and young talent: specialists with legal, technical, and business

management expertise are in high demand. Demographic trends, including waves of retirements and budget constraints, are further intensifying the situation. At the same time, rising salaries in some segments help to offset these challenges.
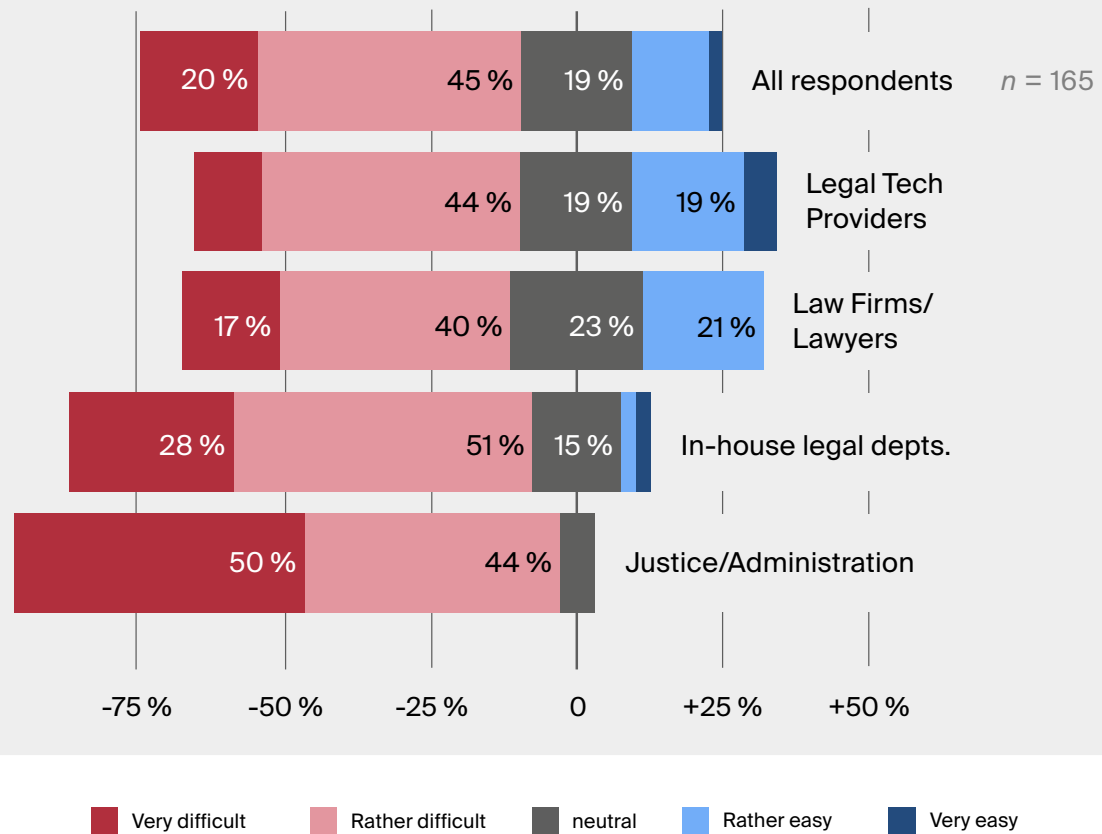
Our survey highlights clear difficulties in recruiting junior staff. While law firms are generally more successful in attracting legal professionals than technical specialists, more than half of respondents consider both areas to be very difficult to somewhat difficult. However, these challenges are not evenly distributed:

In law firms and legal departments, the situation aligns with general market trends.

Figure 12: Recruitment by Respondent Group

The recruitment of **legal** personal is proving to be...

All respondents	14 %	45 %	19 %	19 %	n = 165
Legal Tech Providers		41 %	17 %	30 %	
Law firms/Lawyers	22 %	42 %	16 %	18 %	
In-house legal depts.	20 %	45 %	18 %	14 %	
Justice/Administration	18 %	71 %			

-75 %   -50 %   -25 %   0   +25 %   +50 %

■ Very difficult   ■ Rather difficult   ■ neutral   ■ Rather easy   ■ Very easy

The recruitment of **technical** personnel is proving to be...

	Very difficult	Rather difficult	neutral	Rather easy	Very easy
All respondents (n = 165)	20 %	45 %	19 %		
Legal Tech Providers		44 %	19 %	19 %	
Law Firms/Lawyers	17 %	40 %	23 %	21 %	
In-house legal depts.	28 %	51 %	15 %		
Justice/Administration	50 %	44 %			

Scale: -75 % | -50 % | -25 % | 0 | +25 % | +50 %

Legend: Very difficult | Rather difficult | neutral | Rather easy | Very easy

However, about one-third of respondents – likely due to attractive and steadily increasing starting salaries – report notable success in recruiting legal professionals. By contrast, nearly 90% of respondents in the judiciary report difficulties, while Legal Tech providers face almost no issues in this area.

When it comes to technical staff, Legal Tech providers and law firms are in a better position, while legal departments struggle more. The judiciary is particularly affected, with 94% of respondents reporting difficulties in recruiting qualified technical personnel.

Relationship Between Mindset and Recruiting Success

An interesting correlation emerges when recruitment challenges are compared with the mindset of different groups (→ p. 10).

Groups with a high affinity for technology and an optimistic view of Legal Tech face fewer recruitment difficulties. They attract well-trained employees at lower costs and, in some cases, even have overcapacity – both for lawyers and computer scientists. More successful groups, such as Legal Tech providers and innovative legal departments, also embrace modern approaches from the field of New Work, including flatter hierarchies, flexible career paths, and a strong emphasis on work-life balance.

Legal Tech providers are also often seen by young professionals as a stepping stone to further qualifications. This model is similar to the approach of large law firms, which serve as a springboard for in-house careers. In addition to their strong brand and attractive compensation, large law firms leverage this dynamic as a key recruiting mechanism.

Fears for the Future and Structural Challenges

Groups such as the judiciary, smaller law firms, and some legal departments are under increasing pressure. A low level of digitalization and uncompetitive compensation structures make them less attractive to professionals with interdisciplinary training. These challenges create reinforcing feedback loops: outdated technology and traditional work structures deter applicants and increase workloads, further reducing the overall appeal of these employers and, consequently, their capability to improve their technological stance.

While Legal Tech strategies can enhance an employer's attractiveness, they are not sufficient to counteract the broader shortage of qualified young professionals. A larger supply of appropriately trained talent is needed. For this reason, the Legal Tech Monitor also examines training opportunities in the field of Legal Tech.

Divergences and Dynamics in the Training Market

Our examination focuses primarily on academic training in law and, to a lesser extent, in computer science, as these fields face the greatest challenges in recruiting young talent. While the demand for business economists is largely met, digital training is becoming increasingly important in non-academic professions, such as assistant roles or positions in the middle service. These groups were not analyzed in detail this year but warrant separate consideration in future editions.

In computer science, interest in law as a socially relevant domain is growing. This trend is evident in the increasing number of legal application scenarios in internships, the establishment of new chairs for Legal Tech, and the rising number of publications at conferences such as **ICAIL** or the NLLP workshop of renowned conferences like **NAACL**, **KDD**, and **EMNLP**.

Within the legal university landscape, a divergence is emerging between institutions that embrace innovative Legal Tech approaches and those that continue to prioritize traditional educational models. Initial technological experiments have increased confidence in digitalization at some universities, leading to the development of extensive course offerings, certificate programs, and specialized institutes.

However, many universities are simultaneously facing declining student numbers and tight budgets. The digitalization of the state examination and necessary methodological adjustments in teaching often consume available resources. As a result, universities without existing Legal Tech offerings often choose not to engage with the topic at all. This development further contributes to the fact that many graduates lack knowledge in the field of Legal Tech.

Self-Organized Initiatives and Regional Differences

Nearly a dozen student initiatives are advancing Legal Tech independently of formal education structures. Through meet-ups, conferences, and digital offerings, they play a significant role in shaping the future of legal education. In contrast, Legal Tech remains largely absent from legal clerkships, with only a few formal programs in place. One example is the „**Information Technology and Legal Tech**" *Berufsfeld* (professional focus) in the educational program in preparation for the Bavarian 2. State Exam, which highlights gaps that exist elsewhere.

Overall, the developments presented give reason for optimism, as Legal Tech content already plays a significant role in many training programs. At the same time, there remains considerable potential at many universities to introduce or expand Legal Tech offerings, especially as demand from both students and future employers is expected to align.

Regulatory Environment

Finally, the Legal Tech Monitor examines market participants' assessments of key regulatory instruments for digital legal services in the "Regulatory Environment" section. The objective is to establish a fact-based foundation that can guide future reform discussions in areas such as market and procedural law, as well as professional and technology law.

Innovation-Stifling Regulation with Room for Improvement

The current regulatory framework does not sufficiently promote innovation in the legal market, according to the unanimous opinion of all surveyed groups. While the specific causes are assessed differently depending on the group, there is broad agreement that significant improvements are needed. Challenges such as excessive bureaucracy, long decision-making times for reforms, and a lack of legislative agility impact the legal market but are also seen as symptoms of broader industrial policy shortcomings.

Assessments of individual regulations range from neutral to moderately critical. European regulations in the digital sector, particularly the 5 Acts (DSA, DMA, AI Act, Data Act, and GDPR), pose significant challenges. Additionally, specific national laws are viewed as particularly problematic by different groups: lawyers criticize the RVG (Act on the Remuneration of Lawyers), Legal Tech providers point to the RDG (Act on Out-of-Court Legal Services) and the BRAO (Federal Code for Lawyers), while the judiciary sees the GDPR and the AI Act as particularly restrictive. In contrast, procedural rules are generally perceived as neutral to slightly positive.

In light of the divergent interests, future reforms should be designed to link measures from different areas. For example, facilitating market access for commercial legal service providers could be combined with adjustments to attorney fees to ensure broader acceptance. However, without changes at the European level, the German legislature has only limited ability to address the actual challenges of the Legal Tech market.

Barriers to Market Entry: Opportunities and Obstacles

The interviews indicate that many Legal Tech providers have adapted to regulatory frameworks, even when these are perceived as adversarial, and have found ways to navigate regulatory obstacles within their business models. Established providers even benefit from market entry barriers, as these increase costs for potential competitors and limit new entrants.

In contrast, younger Legal Tech providers frequently report challenges arising from regulatory uncertainties, particularly concerning legal services licenses and restrictions on equity investments, such as for tax law products. These uncertainties are a recurring topic in discussions with potential investors and are often cited as reasons for declining investment.

Market participants offer differing views on the involvement of non-lawyer investors in legal service providers. While strategic investors express interest in lifting the third-party ownership ban, other investment barriers – such as the low scalability of legal business models, high price expectations, and territorial restrictions – continue to deter them.

Public Procurement Procedures: Barrier to Innovation

Public clients and contractors alike criticize the existing procurement procedures. High administrative hurdles, long decision-making cycles, and high costs deter many Legal Tech providers from participating. These issues not only hinder the innovative capacity of bidders but also prevent the public sector from fully benefiting from private providers.
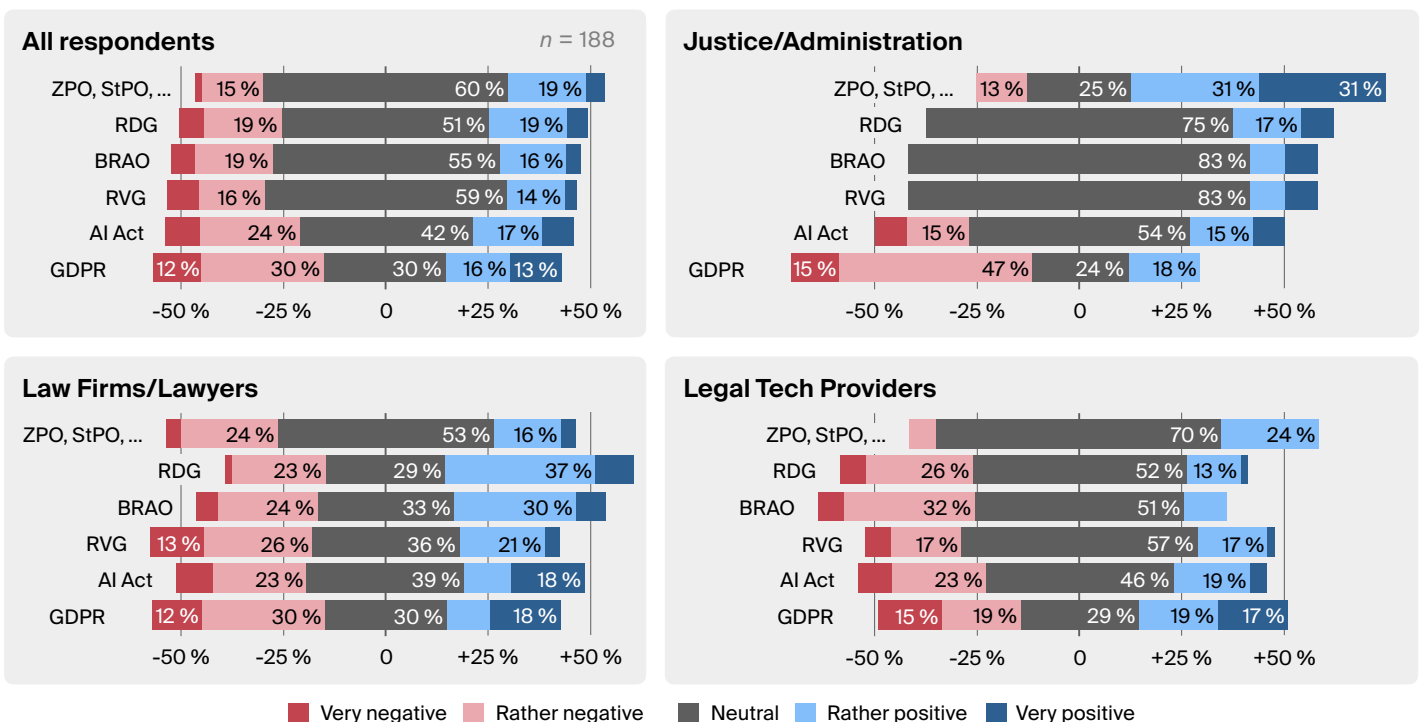
This lack of innovation in the public sector is particularly problematic, as a significant proportion of Legal Tech providers focus on B2G products. Alongside large international corporations, many medium-sized companies are also active in this field. The systematic obstacles create the overall impression that the public sector is falling behind in technical innovation, which could have long-term consequences for the market's competitiveness and innovative strength.

Need for Reform at Both National and European Level

The Legal Tech Monitor shows that, while regulation does present challenges – such as bureaucratic requirements and complex European specifications – it does not play a dominant role in the overall picture. According to the survey and interviews, market participants are currently far more concerned with economic, demographic, and technological developments.

Nevertheless, targeted reforms that intelligently balance different interests could enhance the market's innovative strength and competitiveness. Ideally, such measures should be coordinated at both the national and European levels. There is still much for lawmakers to address after the 2025 election.

Figure 13: Effects of Regulation by Group

All respondents
n = 188

	Very negative	Rather negative	Neutral	Rather positive	Very positive
ZPO, StPO, …		15 %	60 %	19 %	
RDG		19 %	51 %	19 %	
BRAO		19 %	55 %	16 %	
RVG		16 %	59 %	14 %	
AI Act		24 %	42 %	17 %	
GDPR	12 %	30 %	30 %	16 %	13 %

Scale: -50 % -25 % 0 +25 % +50 %

Justice/Administration

	Very negative	Rather negative	Neutral	Rather positive	Very positive
ZPO, StPO, …		13 %	25 %	31 %	31 %
RDG			75 %	17 %	
BRAO			83 %		
RVG			83 %		
AI Act	15 %		54 %	15 %	
GDPR	15 %	47 %	24 %	18 %	

Scale: -50 % -25 % 0 +25 % +50 %

Law Firms/Lawyers

	Very negative	Rather negative	Neutral	Rather positive	Very positive
ZPO, StPO, …		24 %	53 %	16 %	
RDG		23 %	29 %	37 %	
BRAO		24 %	33 %	30 %	
RVG	13 %	26 %	36 %	21 %	
AI Act		23 %	39 %	18 %	
GDPR	12 %	30 %	30 %	18 %	

Scale: -50 % -25 % 0 +25 % +50 %

Legal Tech Providers

	Very negative	Rather negative	Neutral	Rather positive	Very positive
ZPO, StPO, …			70 %	24 %	
RDG		26 %	52 %	13 %	
BRAO		32 %	51 %		
RVG	17 %		57 %	17 %	
AI Act		23 %	46 %	19 %	
GDPR	15 %	19 %	29 %	19 %	17 %

Scale: -50 % -25 % 0 +25 % +50 %

Legend: ■ Very negative ■ Rather negative ■ Neutral ■ Rather positive ■ Very positive

RECOMMENDATIONS

Outlook

While the Legal Tech Monitor primarily serves to provide an overview of the current landscape, this in-depth analysis has led to several suggestions for the industry, along with some ideas for the future direction of the study itself.

Strengthen openness to Legal Tech and AI through practical experience:

To reduce reservations about digital technologies in the legal market, law firms, legal departments, and the judiciary should increasingly implement specific pilot projects with Legal Tech and AI solutions. Positive experiences build trust, enhance knowledge, and foster a long-term willingness to modernize existing processes.

Modernize IT infrastructure and update security concepts:

A future-proof, scalable IT landscape is essential for the success of digital solutions. This requires not only modernizing outdated infrastructure, but also critically reassessing obsolete security approaches. The goal is to balance data protection, compliance, and innovation to fully leverage the benefits of technological progress.

Improve access to capital and strengthen early-stage financing:

Young and innovative Legal Tech companies, in particular, need easier access to capital. Beyond government funding programs and incubators, private investors should also be incentivized to support promising business models at an early stage. This would help close financing gaps and enable new technologies to reach their full potential more quickly and effectively.

Interdisciplinary training for young lawyers should be promoted:

Legal training should place greater emphasis on interdisciplinary skills to meet the growing demands of the Legal Tech sector. Contrary to claims by some stakeholders, such as the **JuMiKo** (bi-yearly conference of State Ministers of Justice), there is a clear need for action in this area. Universities and legal clerkships should expand their curricula to include technological content. This is the only way to address long-term challenges in recruiting young talent for the digital legal market.

Continuously adapt regulatory framework and reform procurement procedures:

The legal framework must be continuously reviewed and adapted to keep pace with dynamic market developments. This requires an ongoing dialogue between legislators, providers, and users. In particular, reforming procurement procedures is urgently needed to reduce bureaucratic hurdles, foster innovation, and better integrate the public sector into technological progress. Additionally, remuneration for technical and legal experts should be adjusted to align more closely with conditions in the private sector.

Intensive exchange and cooperation within the legal tech community:

A productive and open exchange between market participants is essential to leverage synergies and collaboratively develop solutions. Networking, cooperation initiatives, and standardized approaches to data collection and analysis can help unlock the full potential of Legal Tech. A continuously improved Legal Tech Monitor that enhances transparency can serve as a key shared reference tool in this effort.

The Future of the Legal Tech Monitor

The Legal Tech Monitor is designed as an ongoing study that systematically collects data on the German Legal Tech market for the first time. This approach highlights many obstacles that have not been documented in this form before. As outlined both in the relevant sections of the text and within the methodology, the monitor sometimes relies on estimates due to the current lack of comprehensive, reliable data.

This should change in the future. All participants in the Legal Tech industry – from companies to investors, users, regulators, and academics – have a shared interest in a stable data foundation for discussions, investments, purchasing decisions, reforms, and scientific studies. To support this need, the collected data is published transparently and comprehensively at the following link: **legaltechmonitor.de**. Here, you can also contribute your own company data or register as a prospective respondent for future expert interviews.

The Legal Tech market is evolving at an impressive pace. New technologies, business models, and companies are constantly reshaping the landscape, making a static, one-time study inadequate. That is why the Legal Tech Monitor is designed as a living study, with data that is not only evaluated and analyzed in regularly scheduled publications but also on an ongoing basis.

After all, any study or evaluation is necessarily limited in scope. Many interesting topics, such as Insurance Tech, Tax Tech, or Justice Tech, could be explored in greater depth based on the findings of this study. However, for now, these areas must remain subjects for future research. The Legal Tech Monitor aims to provide an impetus for addressing such in-depth topics and sharing the insights gained with the community. In this way, it is intended not only as a source of information but also as a catalyst for the further development of the industry as a whole.

ABOUT THE LEGAL TECH MONITOR 2024

Method

The Legal Tech Monitor employs a multi-pronged research approach, combining desk research, surveys, and expert interviews while linking and contextualizing the findings from all three methods. The text of the Legal Tech Monitor has been carefully written, revised with the assistance of generative AI, and proofread by human reviewers.

Desk Research

The study aims to serve as an accurate and comprehensive source of information for all participants in the digitalization of the legal market, without prioritizing any single perspective. Its primary focus is the systematic collection of Legal Tech products and services offered in Germany. Through an extensive research process, nearly 400 companies active in this market were identified, approximately 300 of which are based in Germany.

Key economic figures and product offerings were recorded for these companies, where publicly available. While these data provide a reliable and objective snapshot of the market, they are sometimes incomplete or outdated due to the specifics of German accounting and company registry law. For example, smaller companies are often only required to disclose limited information, such as their number of employees. When relevant data was missing, a conservative estimate was made based on comparable companies.

Since annual financial statements are typically published with a delay of up to 12 months, the underlying data – to ensure better comparability – is mostly from 2022. Additionally, the categorization of companies and the distinction between sectors, such as FinTech and Legal Tech, require subjective judgment. The systematic classification follows an inclusive approach, assigning a broad range of companies with varying product offerings to the Legal Tech market.

All these factors make the first edition of the Legal Tech Monitor a starting point that should be refined and, where necessary, corrected in close collaboration with industry stakeholders.

Survey

The Legal Tech Monitor aims to capture not only the providers of digital legal services but the entire market. This includes users of Legal Tech products, innovation drivers in law firms, legal departments, and the judiciary, as well as researchers working on Legal Tech in Germany and training the next generation. To systematically assess their perspectives and understanding of the digital legal market, a comprehensive anonymous survey was conducted.

The survey sought to measure the Legal Tech industry as a whole. Participants were recruited through the channels of participating institutions, primarily reaching industry insiders. The survey, which included up to 64 questions depending on individual response paths, was completed by nearly 300 participants in August 2024.

Demographic and Professional Profile of Participants

The demographic and professional profile of the participants is based on their self-assessments. More than a quarter work in a law firm or as an attorney, while almost a quarter are employed in a legal department. Among the remaining 50%, the largest group, at just over 20%, consists of employees of Legal Tech providers, while just under 10% are members of the judiciary. Smaller proportions include investors, students, consumers, members of legal expenses insurance companies, and notaries.

Around two-thirds of the respondents provided information about their geographical origin. Bavaria, Berlin, and North Rhine-Westphalia lead the list and are disproportionately represented relative to their population sizes.

The participants are predominantly male (70%) and between 25 and 54 years old (81%). Almost 90% hold a university degree, more than half have passed both State Exams, and nearly 20% have a doctorate. At 13%, the proportion of respondents with a migration background is lower than in the general population (24.3%).

Political Preferences in Comparison

To ensure comparability with other surveys, such as the German Start-up Monitor (DSM), political preferences were assessed using the standard "Sunday question." The CDU/CSU leads with over 30%, followed closely by Bündnis 90/Die Grünen (28%) and the FDP (23.7%). The SPD received 9.2%, while no other party surpassed the 5% threshold.

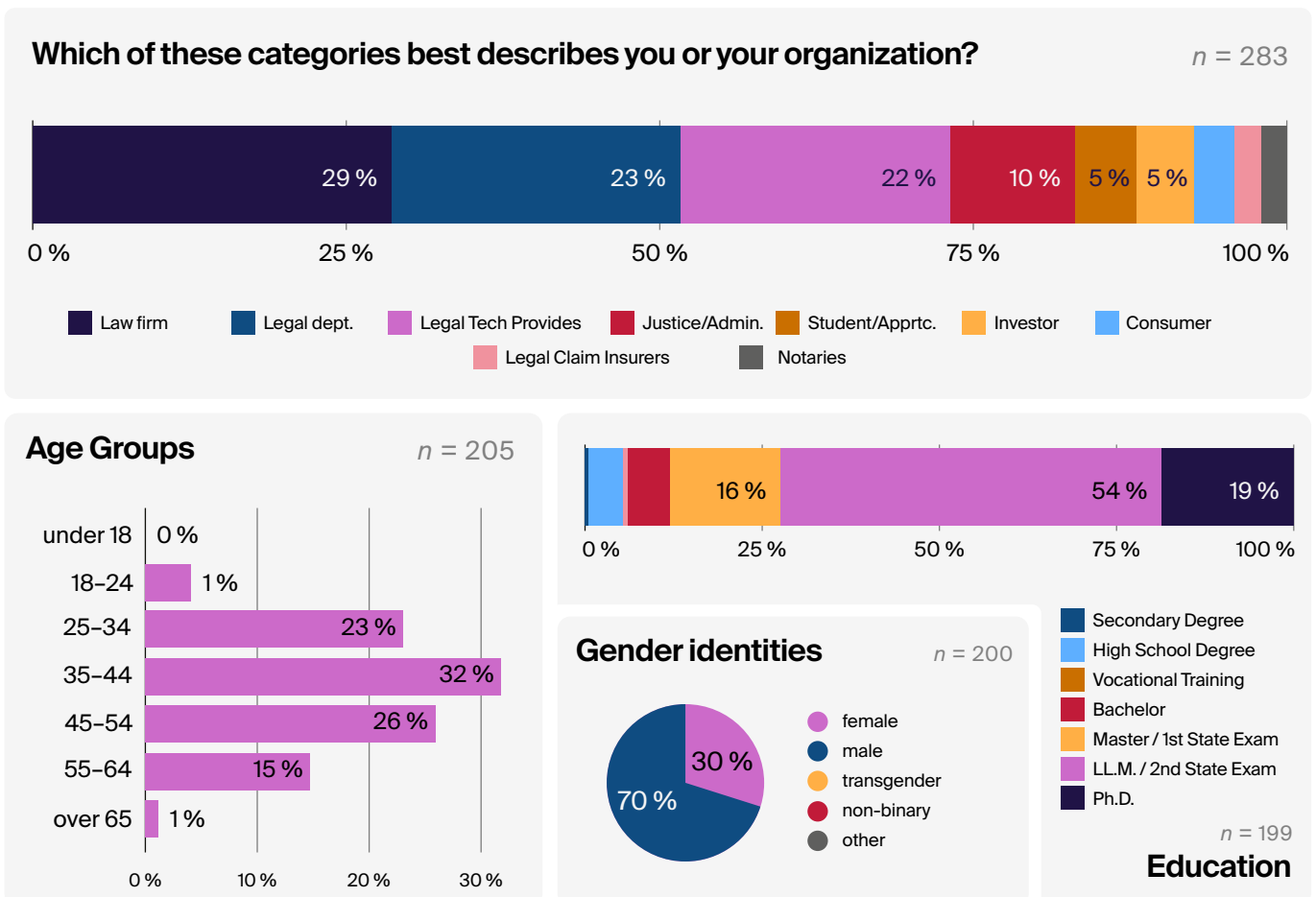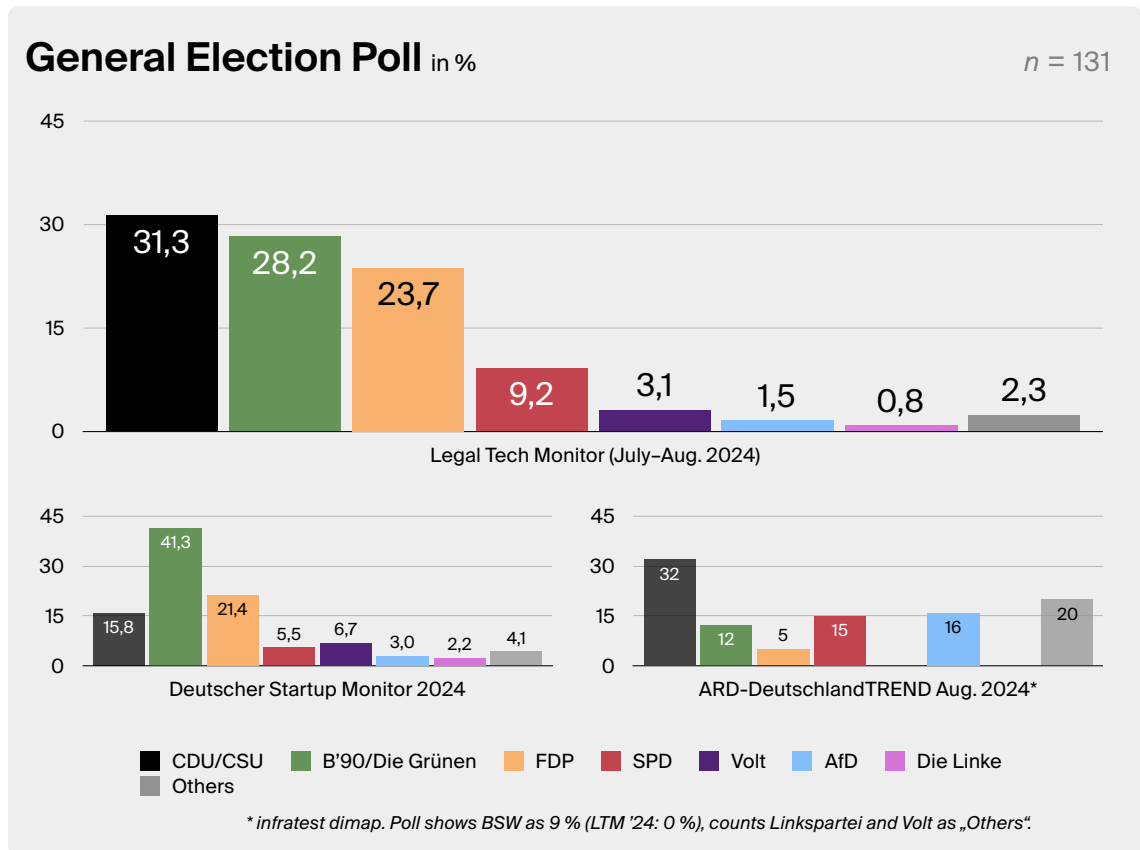**Figures 14**: Demographic Information on the Survey Participants

Which of these categories best describes you or your organization? *n* = 283

Age Groups *n* = 205

Gender identities *n* = 200

Education *n* = 199

Figure 15: General Election Poll

General Election Poll in %   *n* = 131

Legal Tech Monitor (July–Aug. 2024)
- CDU/CSU: 31,3
- B'90/Die Grünen: 28,2
- FDP: 23,7
- SPD: 9,2
- Volt: 3,1
- AfD: 1,5
- Die Linke: 0,8
- Others: 2,3

Deutscher Startup Monitor 2024
- CDU/CSU: 15,8
- B'90/Die Grünen: 41,3
- FDP: 21,4
- SPD: 5,5
- Volt: 6,7
- AfD: 3,0
- Die Linke: 2,2
- Others: 4,1

ARD-DeutschlandTREND Aug. 2024*
- CDU/CSU: 32
- B'90/Die Grünen: 12
- FDP: 5
- SPD: 15
- AfD: 16
- Others: 20

Legend: CDU/CSU · B'90/Die Grünen · FDP · SPD · Volt · AfD · Die Linke · Others

infratest dimap. Poll shows BSW as 9 % (LTM '24: 0 %), counts Linkspartei and Volt as „Others".

Compared to the ARD-DeutschlandTREND from fall 2024 (before the end of the previous government), the CDU/CSU performed at a similar level, while Bündnis 90/Die Grünen and the FDP achieved significantly better results, and the SPD and AfD performed worse. In comparison to the DSM results, the CDU performed notably better in the Legal Tech Monitor, while Alliance 90/The Greens, the SPD, and Volt scored lower. The FDP and AfD, on the other hand, achieved comparable results in both surveys.

Expert Interviews

The aggregated survey results, combined with the analysis of company data, provide a solid and quantitatively sound picture of the Legal Tech market. However, future outlooks, the specific challenges of individual projects, and the collective narratives of the market are closely tied to the people shaping them. Such aspects are difficult to capture purely through numerical data or anonymous surveys.

For this reason, the quantitative analysis was supplemented by 40 semi-structured interviews with industry experts. These discussions not only helped to identify key trends but also validated the findings of the quantitative study with practical industry insights. The interviewees represent a broad spectrum of the Legal Tech ecosystem, including law firms, legal departments, Legal Tech providers, the judiciary, insurance companies, politics, media, and academia. All are actively engaged in the Legal Tech industry and well connected within their fields. To ensure confidentiality, the interviews were conducted as off-the-record discussions.

Authors

Dirk Hartung

Dirk Hartung is Assistant Professor of Law at the Yong Pung How School of Law at Singapore Management University. You can reach him at **dirkhartung@smu.edu.sg**. He is scientifically responsible for the content and corresponding author of the Legal Tech Monitor.

Lauritz Gerlach

Lauritz Gerlach is an analyst at the Bucerius Center on the Legal Profession. You can reach him at **mail@lauritzgerlach.com**. He is scientifically responsible for the content and layout and the point of contact for questions regarding the content of the Legal Tech Monitor.

The Legal Tech Monitor also owes its existence to the following members of the Steering Committee:

Dr. Stefan Blenk, Managing Director, Legal Tech Colab

Dr. Dr. Oliver Hofmann, Head of Legal Tech, Verlag C.H.Beck

Valerie Keilhau, Managing Director, Legal Tech Verband Deutschland e.V.

Moritz Krüsselmann, Head of Strategic Projects & Start-Ups, Legal Tech Colab

Alexander Laprell, Operational Director, Legal Tech Colab

Dr. Philipp Plog, Managing Partner Germany, Fieldfisher

Dr. Maximilian Schenk, Director, Verlag C.H.Beck

Tim Wolters, Head of Business Development & Strategy (B2B), rightmart

Partners

The Legal Tech Verband Deutschland is the driving force behind the Legal Tech Marktmonitor. Representing around 200 companies, the association stands for innovation and the modernization of the German legal market.

C.H.Beck is the leading legal publisher in Germany. C.H.Beck maintains all conceivable forms of media and publication, including the extensive legal database "beck-online" (www.beck-online.de). With applications such as beck-chat, the recently launched chat book FRAG DEN GRÜNEBERG (Ask Grüneberg) or BeckOK zur Einführung der HV (for convening the AGM), C.H.Beck offers the latest AI- and legal tech-supported solutions for lawyers.

The Legal Tech Colab (LTC) was initiated in 2022 as a joint project of the Bavarian State Ministry of Justice, UnternehmerTUM, and TUM Venture Labs. The non-profit initiative supports early-stage startups in the legal field, aiming to make legal solutions simpler, better, faster, and accessible to all. The goal is to build Europe's leading hub for internationally scalable Legal Tech startups.

The Bucerius Center on the Legal Profession operates under the umbrella of Bucerius Law School, focusing on the intersections of law and economics, management and leadership, innovation and digitalization, and personal development. It anticipates and supports the legal market through analyses, publications, and surveys to identify and address trends and developments at an early stage.