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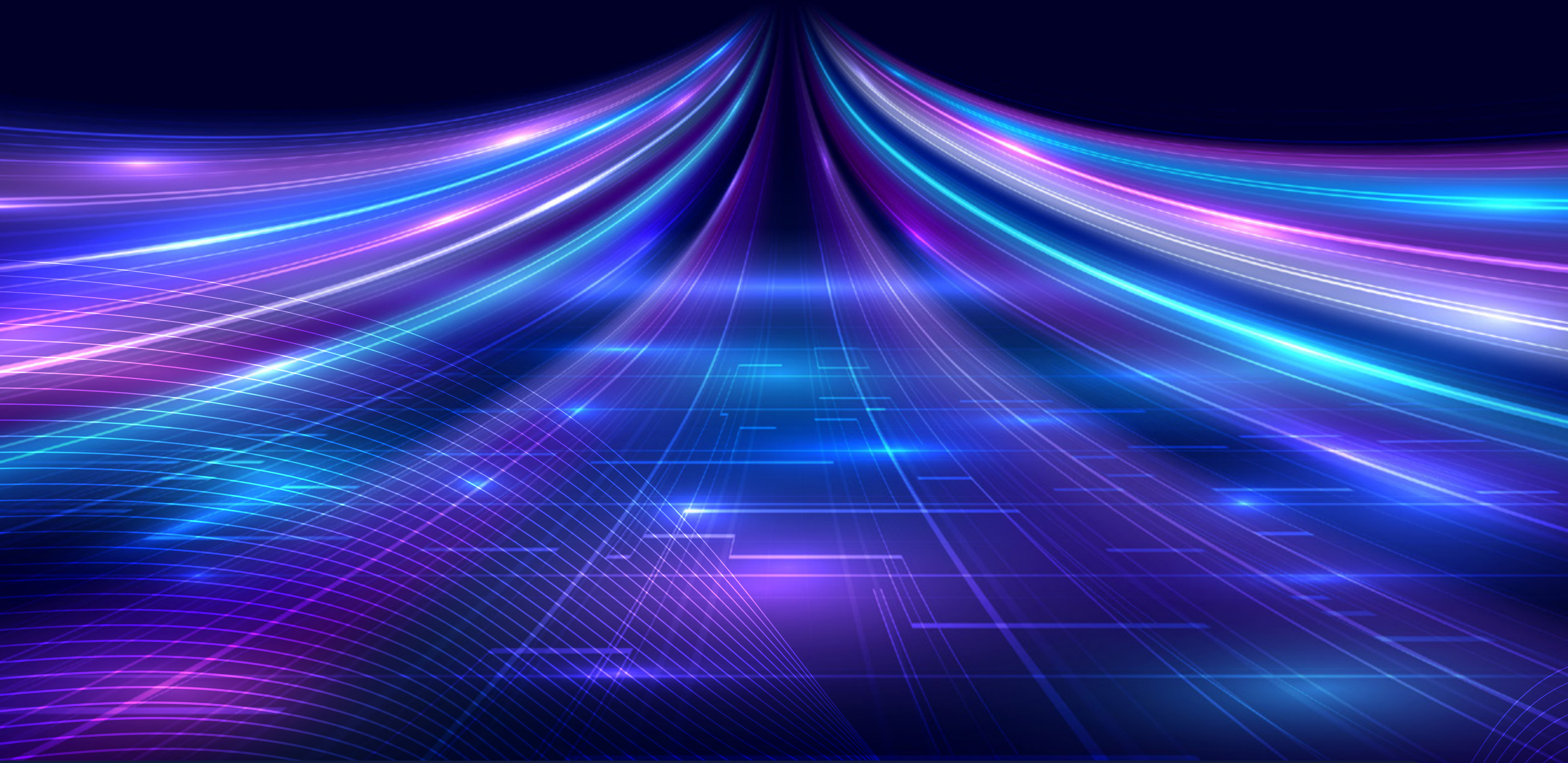


A Harbor report

Operationalizing AI: The leadership imperative for transforming AI investment into business & client value

As AI investment accelerates, the leadership challenge is turning it into measurable business and client value. Despite record technology spending, most law firms lack a framework to assess AI's impact. This report introduces Harbor's Enterprise AI Operating Model, outlining the leadership capabilities needed to align AI investment with strategy, operationalize AI at scale, and deliver lasting value.

Executive summary

Artificial intelligence is no longer simply a technology initiative. It has become an enterprise leadership challenge.

Across Harbor's executive communities, AI investment is accelerating across every business function. CIOs, CTOs, CKIOs, COOs, CFOs, and CMOs/CBDOs are all confronting the same question: how do firms transform AI investment into measurable business and client value?

The scale of investment is significant. Harbor's benchmarking shows that average annual law firm software spending rose by 41% between 2021 and 2025, equating to approximately 1.03% as a percentage of revenue. Overall technology spending has grown to roughly 5% to 6% of firm revenue, nearly double historical norms. Yet despite this unprecedented investment, no participating firm in Harbor's 2026 Legal Lab reported having a mature framework for measuring AI's business impact.

That gap formed the basis of Harbor's first combined Sounding Board of Chief Information Officers, Chief Technology Officers, and Chief Knowledge & Innovation Officers; participants explored four operational capabilities and every discussion converged on the same conclusion: The challenge facing law firms now is operationalizing AI for maximum impact.

Despite **unprecedented investment**, **no participating firm** in Harbor's 2026 Legal Lab reported having a **mature framework** for measuring AI's **business impact**.

The discussions also surfaced a broader leadership issue. Many firms are investing aggressively in AI without first defining the business and client outcomes those investments are intended to achieve. Without a strategic foundation, value cannot be measured consistently, investment decisions become reactive, effectiveness focuses on tools rather than outcomes, and guardrails become restrictive rather than enabling.

This Executive Perspective introduces Harbor's Enterprise AI Operating Model, a leadership framework that identifies five capabilities firms must intentionally develop to transform AI from disconnected technology initiatives into measurable business and client value:

Harbor's Enterprise AI Operating Model

AI Strategy

Define the business and client outcomes AI is expected to achieve.

Measure what matters

Connect AI investments to strategic, financial, practice, operational, talent, and client outcomes.

Invest with intention

Govern AI as a strategic portfolio of investments based on value, risk, and ownership.

Change behavior, not just technology

Build enablement capabilities that embed AI into everyday legal and business workflows.

Build trust at the speed of innovation

Operationalize practical guardrails that protect clients while enabling responsible AI adoption.

Together, these capabilities form the Enterprise AI Operating Model and define the leadership agenda for operationalizing AI at scale.

Introduction

AI has outgrown the traditional law firm operating model

Over the past two years, the legal industry has focused on one question: How do we adopt artificial intelligence?

Law firms have responded decisively. They have deployed generative AI platforms, launched pilots, established governance policies, formed AI committees, and invested heavily in talent, technology, data, and training.

Yet many firms continue to struggle with a more important question: How do we transform AI investment into measurable business and client value?

That challenge is unfolding during a period of significant structural pressure. Technology spending has reached historically high levels, while attorney headcount continues to grow and business professional staffing has declined by approximately 15% since 2022. Firms are increasingly relying on technology not merely to improve efficiency, but to create capacity.

Client expectations are also changing. Clients are no longer asking only whether firms are using AI. They want to understand how AI improves service delivery, protects confidential information, creates measurable value, and is governed responsibly. These are no longer technology questions. They are operating model questions.

AI is exposing weaknesses that already existed within traditional law firm structures. For decades, firms optimized for deliberation, consensus, quality, and risk mitigation. Those strengths remain essential, but the operating environment has changed. Competitors, including clients themselves, are introducing AI-enabled legal services. Decision cycles can no longer be measured in quarters or years, yet many governance processes have not changed to keep pace with the continuously changing environment.

This is not an argument against consensus. It is an argument for modernizing governance so firms can make informed decisions at the speed today's market requires.

Across Harbor's executive communities, the same tension is visible. Technology leaders are managing overwhelming demand. Innovation leaders are sorting through competing ideas. Finance leaders are seeking measurable returns from growing investment. Operations leaders are redesigning workflows and operating models. Marketing and business development leaders are promoting growing capabilities while responding to client expectations for demonstrable value.

These are not independent challenges. They are symptoms of the same underlying issue.

> The firms most likely to **realize meaningful AI** value will not necessarily be those that acquire the most technology. They will be those that build the **organizational capabilities** required to **operationalize AI** at scale.

AI strategy: The missing foundation

The Sounding Board's most important insight was not on the agenda. There was no breakout session dedicated to AI strategy. Yet strategy became the recurring conclusion. Every discussion eventually arrived at the same question: What business and client outcomes are we trying to achieve?

Firms are looking for strategic context for their AI objectives.

Without clearly articulated business objectives, value cannot be measured consistently, investment decisions become reactive, adoption focuses on tools instead of business transformation, governance evaluates individual projects instead of strategic investments, and guardrails become restrictive rather than enabling.

An enterprise AI strategy should answer four leadership questions:

- Why are we investing in AI?
- Where should AI create the greatest value?
- What organizational capabilities must we build?
- How will we measure success?

Answering these questions aligns the operating model. Value measurement becomes evidence of strategic progress. Investment governance allocates resources toward defined priorities. Enablement focuses on the behaviors that matter most for optimal client service. Guardrails provide confidence that innovation is occurring responsibly.

AI Strategy is not another workstream. It is the **foundation** that makes every other capability more **intentional**, **measurable**, and **accountable**.

Measure what matters - where we are today

If AI Strategy answers: “What are we trying to accomplish?”, value measurement answers the next leadership question: “How will we know we’re succeeding?” Many firms cannot answer that question consistently.

AI success means different things to different stakeholders and different things to different firms. Finance leaders focus on profitability, realization, margin, and return on investment. Technology leaders measure adoption, utilization, licenses, and usage. Practice leaders emphasize legal quality, client service, and competitive advantage. Clients increasingly expect firms to demonstrate measurable value on matters and across the broader relationship.

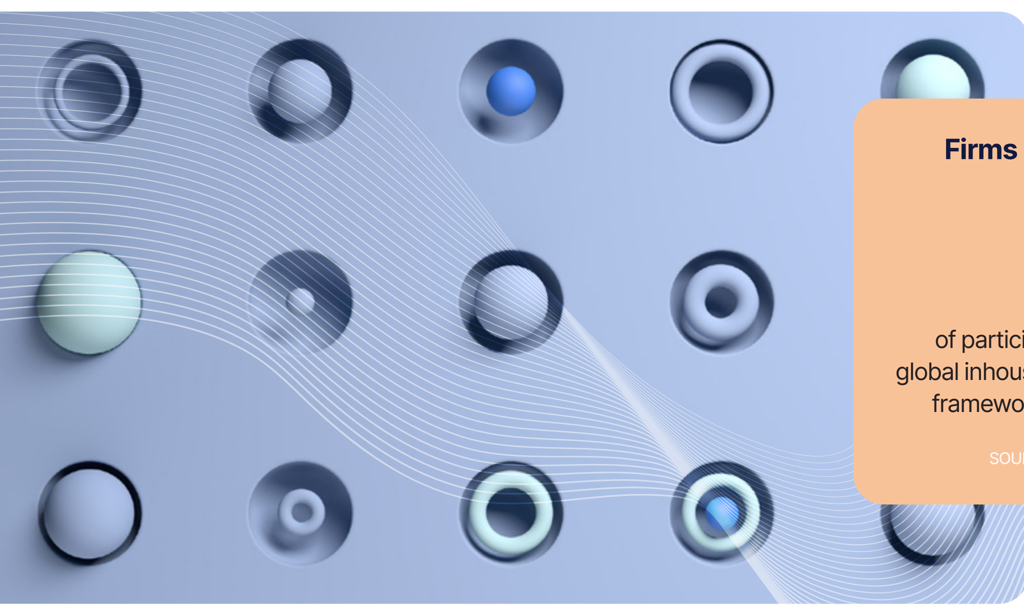
The result is predictable: firms are measuring AI activity more effectively than AI impact.

Training attendance, prompt volumes, licenses deployed, and active users indicate whether AI is being used. They do not demonstrate whether AI is advancing strategic priorities or creating measurable business and client value.

The 2026 Strategic Knowledge & Innovation Leaders Survey (SKILLS) reinforces this challenge. While firms continue to invest aggressively in AI, respondents reported limited measurable business impact across key outcomes. Similarly, polling conducted during Harbor’s 2026 Legal Lab found that no participating organization from top tier firms or global in-house departments reported having a mature framework for measuring AI business impact.

Most firms remain in investment, experimentation, and initial deployment phases, and executive teams are not yet demanding formal proof of return. That window is closing. As investment accelerates and clients expect demonstrable improvements in efficiency, quality, responsiveness, and value, the conversation is rapidly shifting from:

“How much should we continue to invest?” to “What value are we and our clients realizing?”



Firms measuring AI impact

0%

of participating top-tier law firms or global inhouse departments have a mature framework for measuring AI impact.

SOURCE: HARBOR 2026 LEGAL LAB

Where firms need to go

Firms need a broader definition of AI value.

Rather than relying on a single financial measure, leadership should evaluate AI across dimensions that reflect both enterprise performance and client outcomes:

- Economic value
- Operational productivity
- Client value
- Talent impact
- Strategic growth

They should also measure value at two levels.

The first is enterprise value: how AI contributes to profitability, efficiency, productivity, talent outcomes, and competitive differentiation.

The second is client value: how AI improves matter delivery, responsiveness, quality, cost, and outcomes.

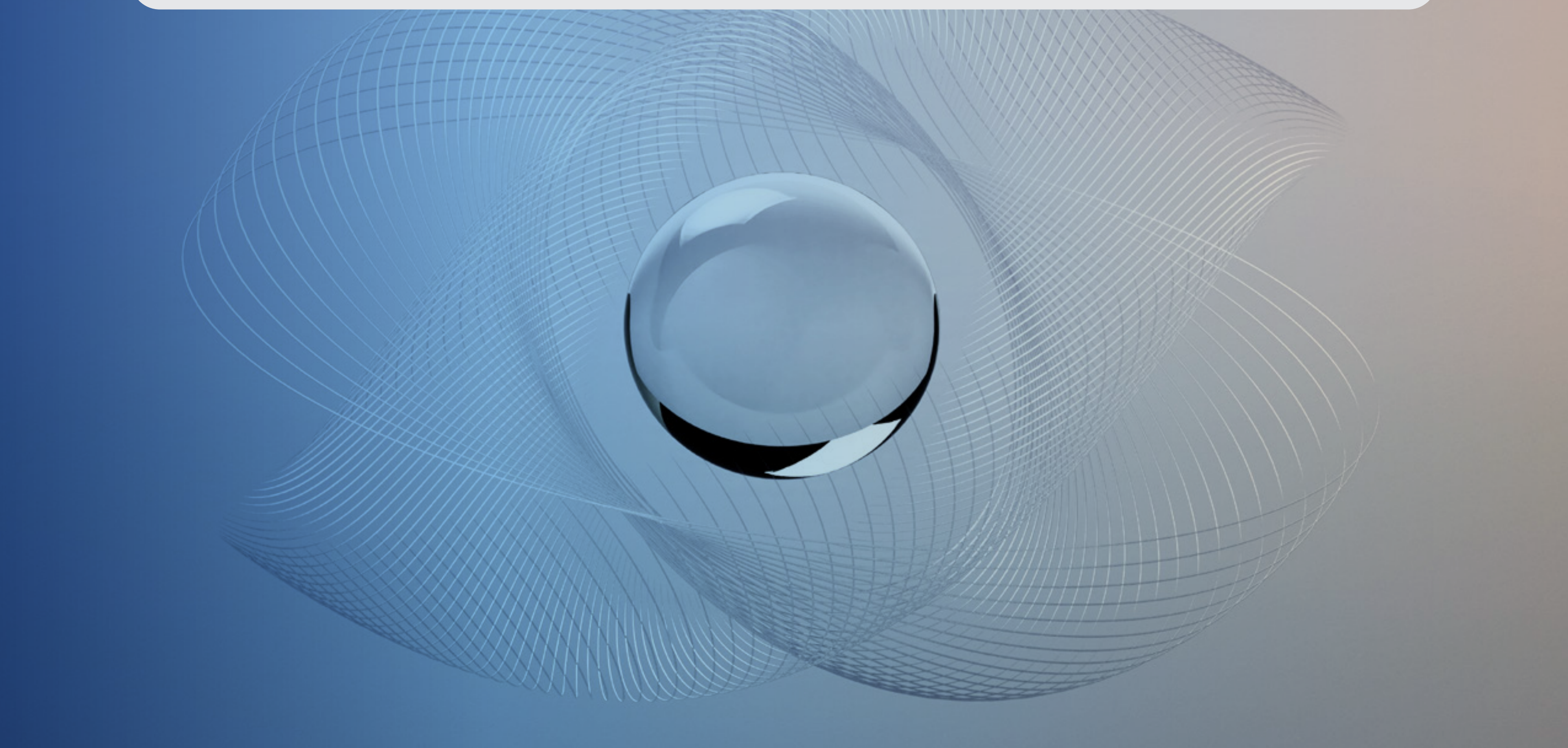
This distinction matters because clients care less about whether firms are using AI and more about whether and how AI is improving the service they receive. Increasingly, clients expect firms to explain how AI was used, quantify value delivered, and demonstrate that professional judgment and governance remained intact.

Leadership implications

Value measurement is no longer a reporting exercise. It is a strategic management capability.

The firms that operationalize AI most successfully will stop asking only whether AI is generating return on investment. They will ask how AI is advancing strategic priorities while creating measurable business and client value, and sharpening competitive advantage.

As the market moves from AI experimentation to AI accountability, firms that can measure value consistently will make better investment decisions, communicate value more effectively to clients, and continually refine their AI strategy based on measurable outcomes.



Invest with intention

If Measure What Matters answers: "How will we know we're succeeding?", investment governance answers the next leadership question: "Where should we invest to achieve those outcomes?"

AI has fundamentally changed the innovation landscape. Historically, firms struggled to generate enough ideas to fuel meaningful innovation. Today, the challenge is prioritizing innovation.

AI has dramatically increased the volume of opportunities emerging across practices, business functions, and administrative teams. Technology and innovation leaders are inundated with requests while similar ideas often emerge simultaneously across multiple parts of the firm.

The challenge is no longer generating ideas; it is determining which growth or high-impact opportunities deserve investment. Traditional governance models are struggling to keep pace.

Committee-based approval processes were designed for an environment where technology investments were relatively infrequent and implementation cycles were measured in years. Today, AI capabilities evolve continuously, client expectations are rising, and competitors are rapidly introducing AI-enabled legal services making long decision cycles a relic of the past.

Many firms find themselves reacting to the loudest requests rather than intentionally investing in the initiatives most likely to advance firm strategy.

Equally important, governance often ends once funding is approved. Accountability for implementation, adoption, enablement and realizing business value frequently becomes fragmented across Innovation, IT, Knowledge Management, and Practice Leadership.

Where firms need to go

Harbor's Sounding Board revealed a fundamental shift in how leadership should think about AI investments.

The question is no longer: "Should we approve this project?" It is: "Is this the right investment based on strategic value, risk, organizational capacity, and long-term ownership?"

That shift transforms governance from a project approval process into a portfolio management discipline.

Effective investment governance should evaluate every opportunity through three complementary lenses.

Value:
Will the initiative advance strategic priorities, improve client service, increase profitability, sharpen competitive advantage, or improve operational performance?

Risk:
Can the organization successfully deliver, govern, and sustain the solution while appropriately managing operational, regulatory, cybersecurity, ethical, and client risks?

Ownership:
Who is accountable for implementation, adoption, continuous improvement, and realizing business value after the investment has been approved?

Leadership must establish accountability across the entire investment lifecycle, from idea intake and prioritization through implementation, adoption, optimization, and value realization.

Encouragingly, firms are beginning to evolve their operating models. Transformation Offices, AI Steering Committees, structured business cases, and value-based prioritization frameworks are creating greater discipline around investment decisions while assigning clear business ownership alongside technical delivery.

Leadership implications

The firms that operationalize AI most successfully will stop managing ideas. They will manage portfolios of strategic investments.

Organizations that adopt this mindset will allocate resources more intentionally, reduce duplication, accelerate execution, and create clear accountability for delivering measurable business and client value.

Change behavior, not just technology

If investment governance answers: "Where should we invest?", adoption and enablement answer the next leadership question: "How do we ensure those investments fundamentally change the way people work?"

Most law firms have invested significantly in AI platforms and foundational training. Yet adoption remains inconsistent. The difference is rarely the technology itself. It is enablement.

Harbor's Technology Leaders Sounding Board confirms that firms have largely moved beyond debating whether enablement is necessary. Seventy percent now deliver foundational AI training internally, recognizing that contextual credibility and practice knowledge are essential to adoption, 63% continue refining or redesigning their adoption models, acknowledging that traditional training alone is insufficient to sustain behavioral change.

The distinction is important. Training teaches professionals how a tool works. Enablement helps professionals see where AI fits into their day-to-day work.

Lawyers and business professionals are no longer asking: "How do I use AI?" They are asking: "How do I use AI to perform my work differently?" Many firms have not yet developed the organizational capability required to answer that question consistently and at scale.

Responsibility for enablement remains fragmented across Innovation, Knowledge Management, Learning & Development, IT, and Practice Leadership, leaving few firms with a dedicated function accountable for sustained AI impact.

Initial AI Training

70%

of firms deliver foundational AI training only, internally

SOURCE: HARBOR TECH LEADERS SOUNDING BOARD

Ongoing AI Training

63%

of firms continue refining or redesigning their adoption model

SOURCE: HARBOR TECH LEADERS SOUNDING BOARD

Where firms need to go

Operationalizing AI requires a fundamentally different approach to enablement:

Training should remain a foundational capability.

Enablement should become an enterprise capability.

Participants consistently described the need for professionals who can work directly with lawyers and business teams to understand how work is currently performed, identify where AI creates meaningful value, recommend the appropriate tools, and redesign workflows around new ways of working.

This is not technology support. It is organizational transformation. The market is already moving in this direction.

Since 2023, Global 100 firms have hired 266 AI-focused professionals, with more than 93% of those hires occurring since 2023. Approximately 24% now serve in enablement-related roles, reflecting recognition that sustained adoption requires dedicated organizational capability rather than an extension of training or IT.

Even so, enterprise capacity remains limited. Outside the Global 50, only one Global 50 to 100 firm has more than two dedicated enablement professionals, leaving most firms without the scale required to support enterprise-wide adoption.

Harbor's Technology Leaders also described a broader evolution in adoption models. Traditional classroom instruction is giving way to workflow-centric enablement built around practice-specific coaching, attorney-led demonstrations, one-on-one guidance, and the principle of "just enough, just in time, just for me."

Ultimately, sustained adoption depends on confidence:

Confidence in the technology.

Confidence in the firm's guardrails.

Confidence that AI aligns with client expectations and professional responsibilities.

Since 2023, Global 100 firms have hired **266 AI-focused professionals**, with more than **93%** of those hires occurring **since 2023**. Approximately **24% now serve in enablement**-related roles.

Leadership implications

Technology creates opportunity. People create value.

The firms that operationalize AI most successfully will invest as intentionally in enablement as they do in technology. They will build dedicated capabilities that help lawyers and business professionals redesign how work is performed rather than simply teaching them how new tools function.

Ultimately, sustainable adoption is achieved when AI becomes a trusted, routine, and valuable part of how legal work is performed every day. That is the difference between deploying technology and operationalizing it.

Build trust at the speed of innovation

If Change Behavior, Not Just Technology answers "How do we ensure AI changes the way people work?", responsible AI guardrails answer the final leadership question: "How do we scale AI while preserving partner and client trust?"

Most law firms have established AI acceptable use policies. The challenge is no longer creating policies. It is operationalizing them.

Harbor's Sounding Board revealed that many firms have reached what could be considered Policy 1.0 by documenting acceptable use and broad governance principles. What remains largely missing are practical guardrails that help professionals confidently apply those policies in everyday work.

Meanwhile, AI adoption continues to accelerate. Lawyers are experimenting with new tools. Practice groups are developing AI-enabled workflows. Clients are introducing AI requirements into Outside Counsel Guidelines.

Regulators continue to evolve expectations around privacy, transparency, accountability, and professional responsibility. Governance is struggling to keep pace.

Ownership often remains fragmented across Innovation, IT, Risk, Cybersecurity, General Counsel, Knowledge Management, and Practice Leadership, slowing decision-making and creating uncertainty.

The biggest shift, however, is coming from clients. Across Harbor's executive communities, leaders consistently described a new generation of client questions.

Clients no longer ask simply whether firms are using AI. They increasingly ask how AI is governed, how confidential information is protected, how client requirements are enforced, and how AI is improving legal service delivery without compromising professional judgment.

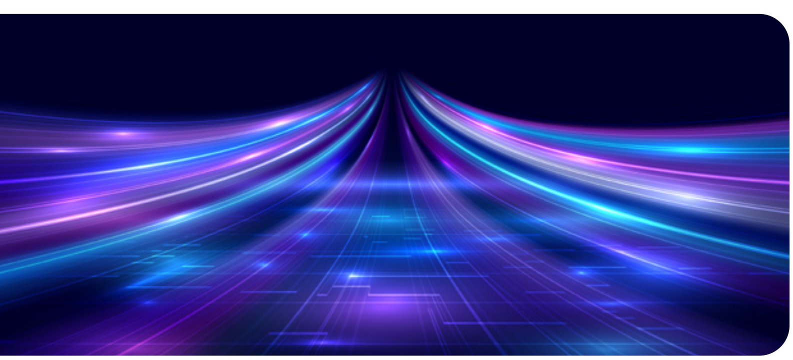
The conversation is moving from: **"Are you using AI?"** to **"Can we trust how you're using AI?"**

Where firms need to go

Responsible AI requires more than policies.

It requires operational guardrails embedded directly into the way professionals perform their work.

Harbor's Sounding Board identified six capabilities that distinguish practical guardrails from static governance documents:



Clear ownership for governance, oversight, and policy evolution.

Workflow-integrated guidance that embeds client requirements, regulatory obligations, and Outside Counsel Guidelines directly into everyday work.

Continuous compliance supported by education, attestation, monitoring, and reinforcement.

Transparency and monitoring of AI usage, data flows, and emerging risks.

Practical guidance that helps professionals understand the right tool for the right purpose and when legal judgment remains essential.

Continuous adaptation as technology, regulation, and client expectations evolve.

Collectively, these capabilities transform governance from a control function into an enabler of responsible innovation.

Rather than expecting professionals to remember policies or independently interpret client requirements, firms should embed practical compliance directly into workflows, making responsible decisions easier, faster, and more consistent.

Leadership implications

Responsible AI is no longer simply a governance discipline. It is becoming a competitive capability.

The firms that operationalize AI most successfully will build guardrails that give professionals the confidence to innovate responsibly while giving clients confidence that AI is governed consistently, transparently, and in alignment with their expectations.

Effective guardrails should not slow innovation. They should make responsible AI the easiest way to work. That is how firms build trust while continuing to innovate at the pace today's legal market demands.

The next competitive advantage

The legal industry has already crossed an important threshold. Law firms have invested in AI. They have launched pilots, deployed enterprise platforms, trained their professionals, and begun embedding AI into legal and business workflows. The question is no longer whether firms will adopt AI. It is whether they can operationalize AI in ways that clients recognize, trust, and value.

Clients increasingly expect more than evidence of AI investment. They want firms to demonstrate how AI improves quality, responsiveness, efficiency, and business outcomes while protecting confidentiality and maintaining professional judgment.

At the same time, many clients now have access to the same AI technologies as their outside counsel.

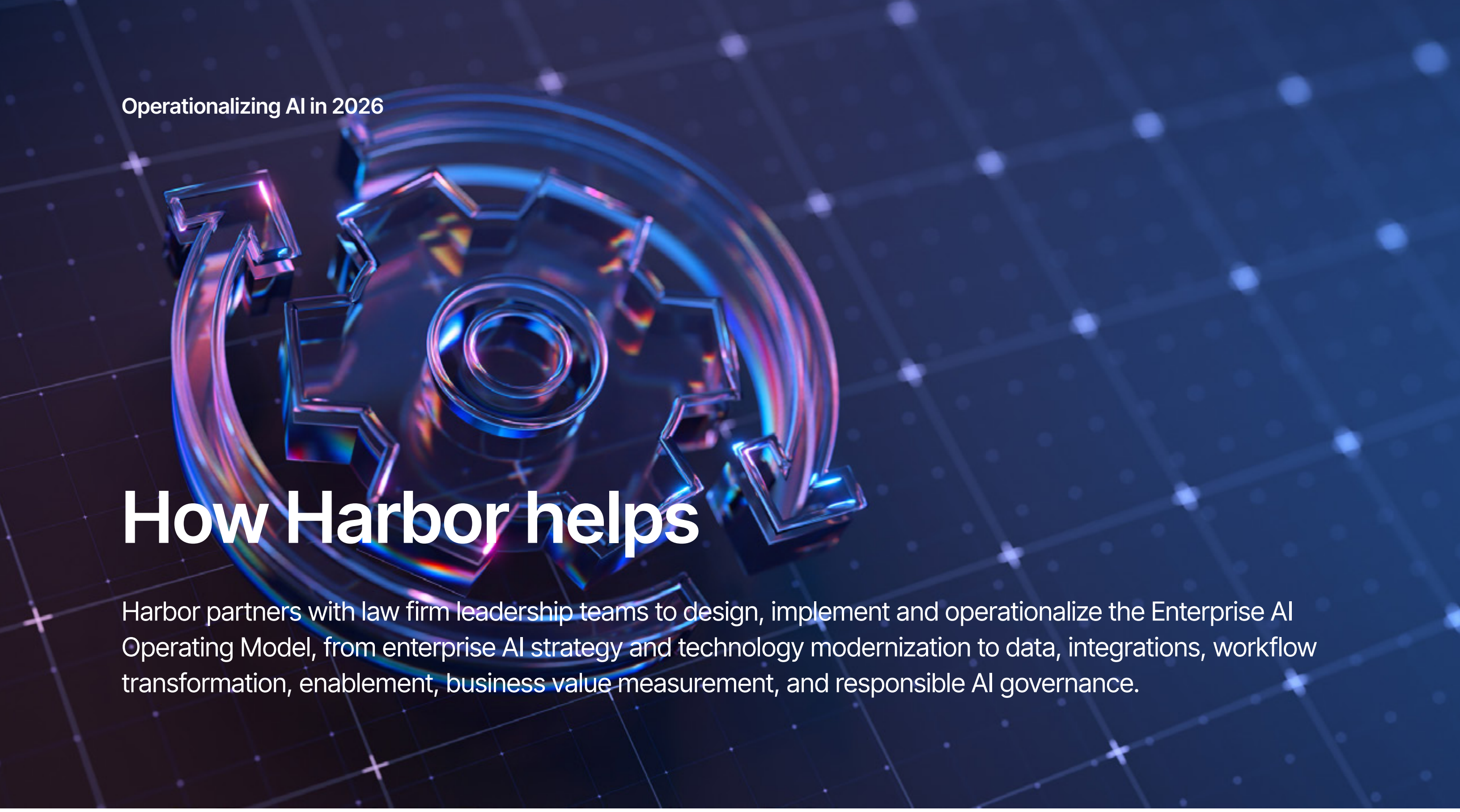
Technology alone is no longer a sustainable differentiator. Legal expertise alone is no longer sufficient. These are both table stakes.

The firms that lead the next decade of legal services will be those that combine legal expertise with an enterprise operating model capable of consistently delivering measurable client value and credibly communicating that value to clients.

Building that capability does not require slowing AI adoption. It requires building the enterprise foundation in parallel: trusted data, integrated systems, AI-ready applications, redesigned workflows, disciplined governance, practical enablement, and responsible AI practices.

That is the purpose of Harbor's Enterprise AI Operating Model. It aligns strategy, people, processes, data, technology, and governance around one objective:

Delivering **measurable business value** to the firm and **differentiated value** to clients.



How Harbor helps

Harbor partners with law firm leadership teams to design, implement and operationalize the Enterprise AI Operating Model, from enterprise AI strategy and technology modernization to data, integrations, workflow transformation, enablement, business value measurement, and responsible AI governance.

Harbor's Enterprise AI Operating Model

AI Strategy

Define the business and client outcomes AI is expected to achieve.

Measure what matters

Connect AI investments to strategic, financial, practice, operational, talent, and client outcomes.

Invest with intention

Govern AI as a strategic portfolio of investments based on value, risk, and ownership.

Change behavior, not just technology

Build enablement capabilities that embed AI into everyday legal and business workflows.

Build trust at the speed of innovation

Operationalize practical guardrails that protect clients while enabling responsible AI adoption.

Connect with a Harbor expert

If your firm is ready to move **beyond AI experimentation** and **operationalize AI** at enterprise scale, Harbor would welcome the opportunity to **continue the conversation**.

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