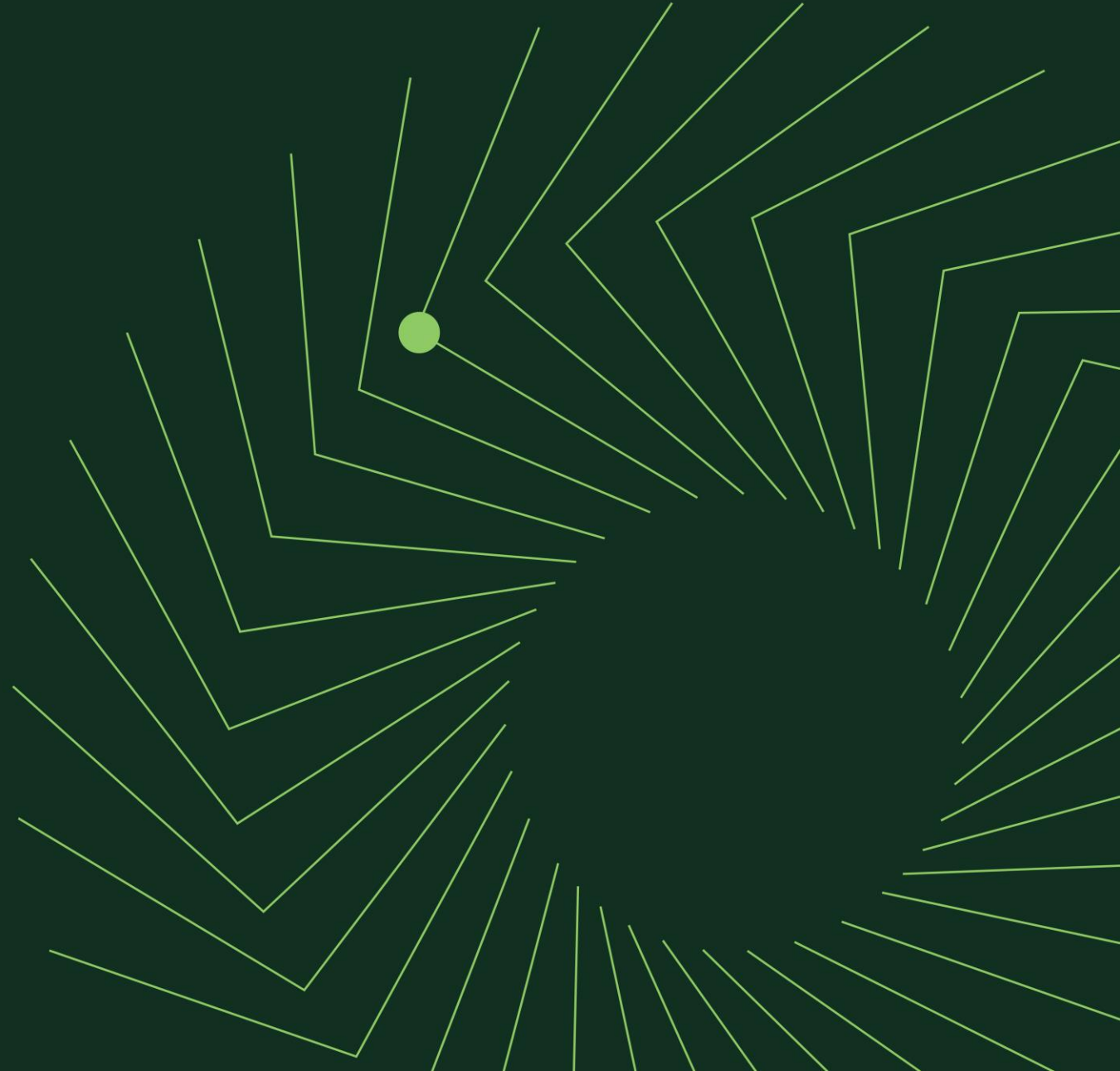# Investor Day 2024

Raghu Ramanathan

President
Legal Professionals

Legal Professionals

Key Messages

1. **The legal industry is primed for rising technology adoption, boosted by Generative AI**

2. **We are well positioned to support this transformation given industry leadership and robust Gen AI products and roadmap**

3. **We target 7% - 8% organic revenue growth by 2026, with significant TAM upside potential as the industry transforms with AI**

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Key Highlights

Attractive End Market		Leadership Position		AI Driving New Opportunity

Attractive End Market

✓ Estimated $10B global vended market with $23B TAM[1]

✓ 6% – 8% forward-looking market growth

✓ Historically stable and recession-resistant

+

Leadership Position

✓ #1 position in global legal market

✓ 95% recurring revenues

✓ 91% retention, including 95%+ for large law firm customers

✓ ~90,000 customers
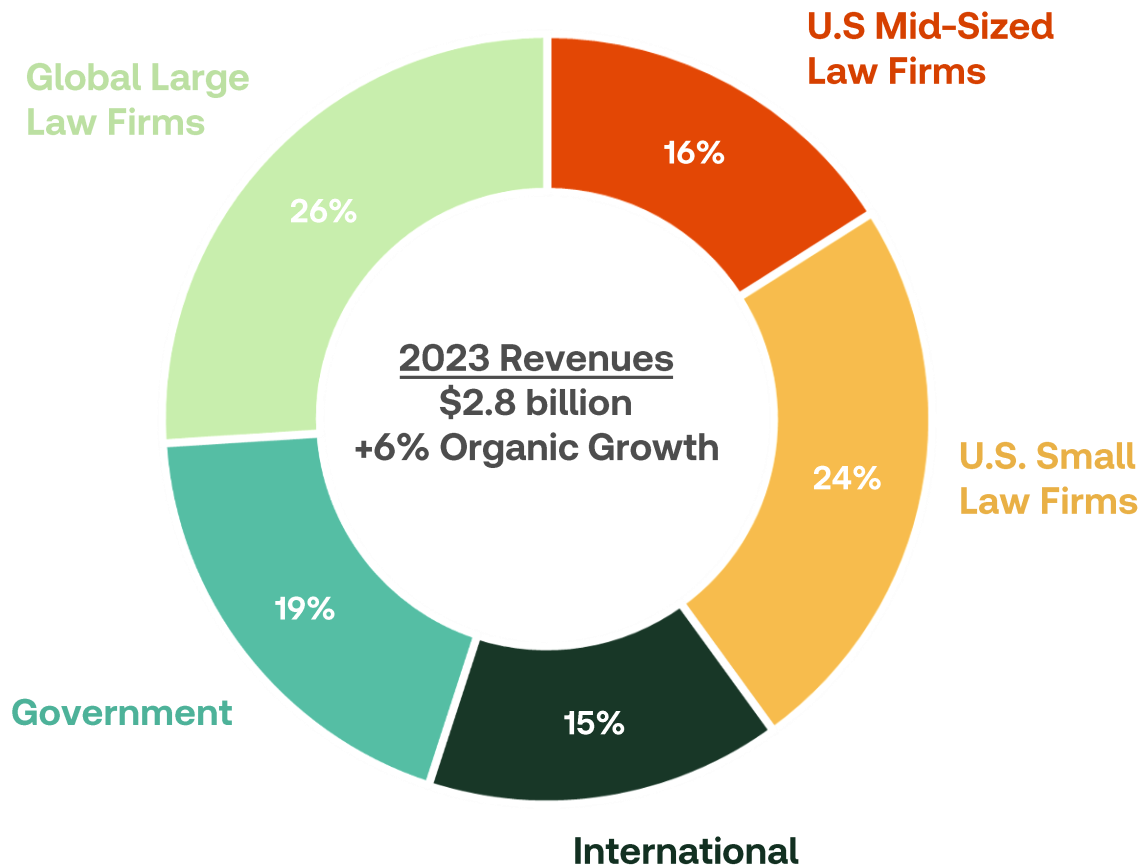
✓ All of the Am Law 100 and Global 100 firms are customers

+

AI Driving New Opportunity

✓ Generative AI: tailor-made for legal work

✓ Labor-intensive industry with high potential for tech transformation

✓ Vision of AI Legal Assistant supports lawyers across workflow

✓ Unprecedented customer appetite for AI capabilities

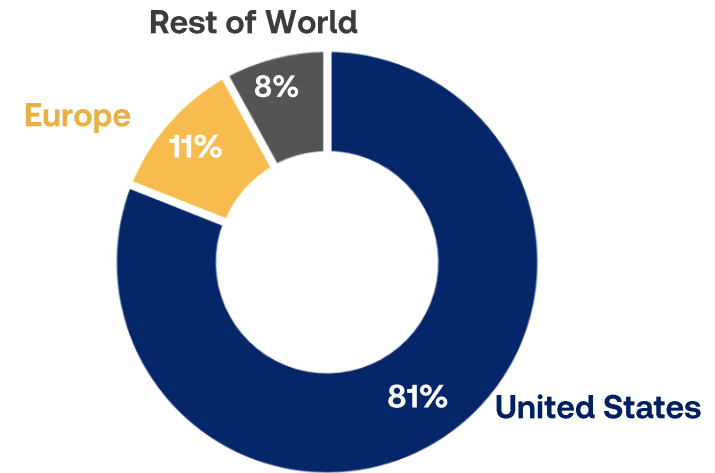✓ Early lead with products launched in market (5,000+ customers have access to new AI capabilities)

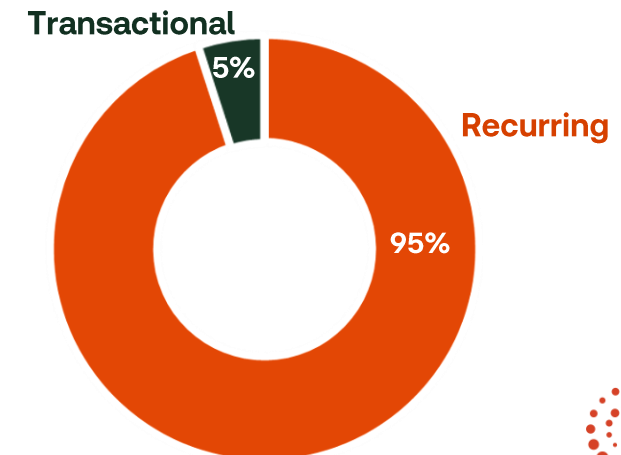(1) Market segment size and growth rates based on TRI internal estimates

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Revenue Composition

Customer Segments

Global Large Law Firms — 26%
U.S Mid-Sized Law Firms — 16%
U.S. Small Law Firms — 24%
International — 15%
Government — 19%

2023 Revenues
$2.8 billion
+6% Organic Growth

Geographic Mix

Rest of World — 8%
Europe — 11%
United States — 81%

Revenue Type

Transactional — 5%
Recurring — 95%

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Tailwinds Driving Technology Adoption in Legal and Accelerating Our Growth

Demand has been increasing for TR's legal technology solutions, even before the advent of Generative AI

Growing Regulatory Complexity

- Ever-increasing volume of laws and regulations
- Growing amount of corporate data
- Increasing government fraud and security risks

Client and Competitor Pressure

- Greater demands from GCs for value
- Push to reduce costs and drive productivity
- Competition from lower-cost legal providers

Labor Market Shifts

- Hybrid working environment
- Increasing salaries and costs of employees
- New lawyers demanding use of technologies

...Step-up in Organic Growth for Legal Professionals

2020	2023	Q4 2023
3%	6%	7%
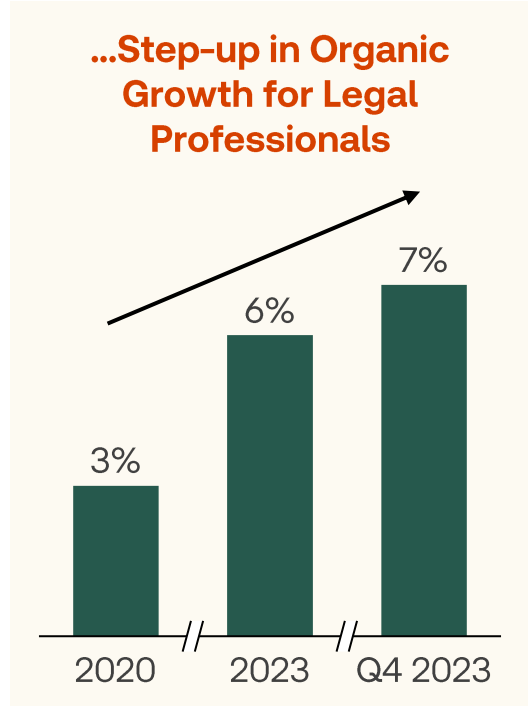
Labor-intensive Industry Primed for Accelerated Technology Transformation

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Future of the Legal Profession – Generative AI to Transform the Industry

Generative AI: Tailor Made for Legal Work

➢ Gen AI built to read, process and generate complex language - core to legal work

➢ Legal identified as one of the sectors with highest AI potential

➢ Unprecedented customer appetite for AI, with 82%[1] believing Generative AI can be used in legal

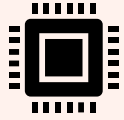## New AI Assistants: Supporting Lawyers Across Their Workflow

➢ We believe every lawyer will have a multi-skilled Legal AI Assistant

➢ Work starts with AI, then refined by humans

➢ Clients will expect their law firms to use the latest AI – or move business elsewhere

Benefits of AI: Lawyer Efficiency and Higher Quality Work

➢ Step-change in lawyer productivity and higher quality work output resulting from use of AI Assistants

➢ Frees lawyers from repetitive tasks to focus on client advice

➢ Transformation of industry: shift from labor to tech spend; new firm operating models
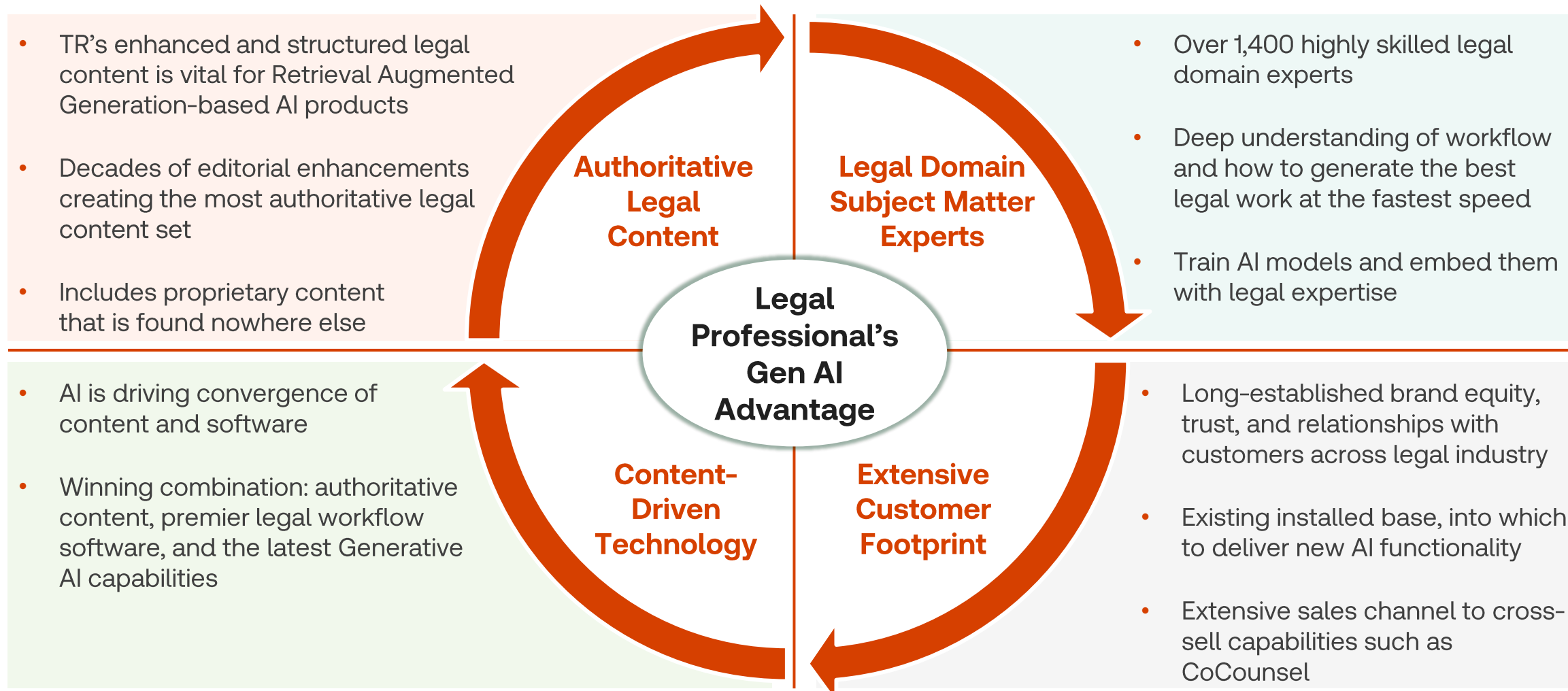
Legal Solutions: Convergence of Content and Software

➢ Game-changing capabilities of AI to understand and interpret complex content, and then help lawyers create work product

➢ Winning combination of Authoritative Content, Workflow Software, and Gen AI: **True Content-Driven Technology**

Generative AI – Well Positioned to Differentiate in the Next Wave of Legal Transformation

Authoritative Legal Content

Legal Domain Subject Matter Experts

Content-Driven Technology

Extensive Customer Footprint

Legal Professional's Gen AI Advantage

- TR's enhanced and structured legal content is vital for Retrieval Augmented Generation-based AI products

- Decades of editorial enhancements creating the most authoritative legal content set

- Includes proprietary content that is found nowhere else

- Over 1,400 highly skilled legal domain experts

- Deep understanding of workflow and how to generate the best legal work at the fastest speed

- Train AI models and embed them with legal expertise

- AI is driving convergence of content and software

- Winning combination: authoritative content, premier legal workflow software, and the latest Generative AI capabilities

- Long-established brand equity, trust, and relationships with customers across legal industry

- Existing installed base, into which to deliver new AI functionality

- Extensive sales channel to cross-sell capabilities such as CoCounsel

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Momentum in AI – Over 5,000 Customers Already Using our Generative AI Capabilities

Three generative AI products now in market

Over 5,000 law firms now have access to Generative AI tools by TR

~70 of Am Law 200 firms have already adopted TR Generative AI products

Launching TR Generative AI in **International markets**

Strong Customer Feedback on TR Generative AI Capabilities

Westlaw AI-Assisted Research

"AI-Assisted Research is the way of the future. It will be a game-changer for legal practice"

"It's the best tool for legal research I have used to date"

"This is like magic"

"I can't imagine doing work without it anymore. Anyone who's not using it now is being inefficient"

"It has completely changed the way I do research. It found cases I missed, and I think I'm a pretty good researcher"

Ask Practical Law AI

"I was able to get much more targeted results than I could with a regular search feature"

"It is helpful to ask a plain language question and aggregate the sources you need into one answer rather than having to search through those sources"
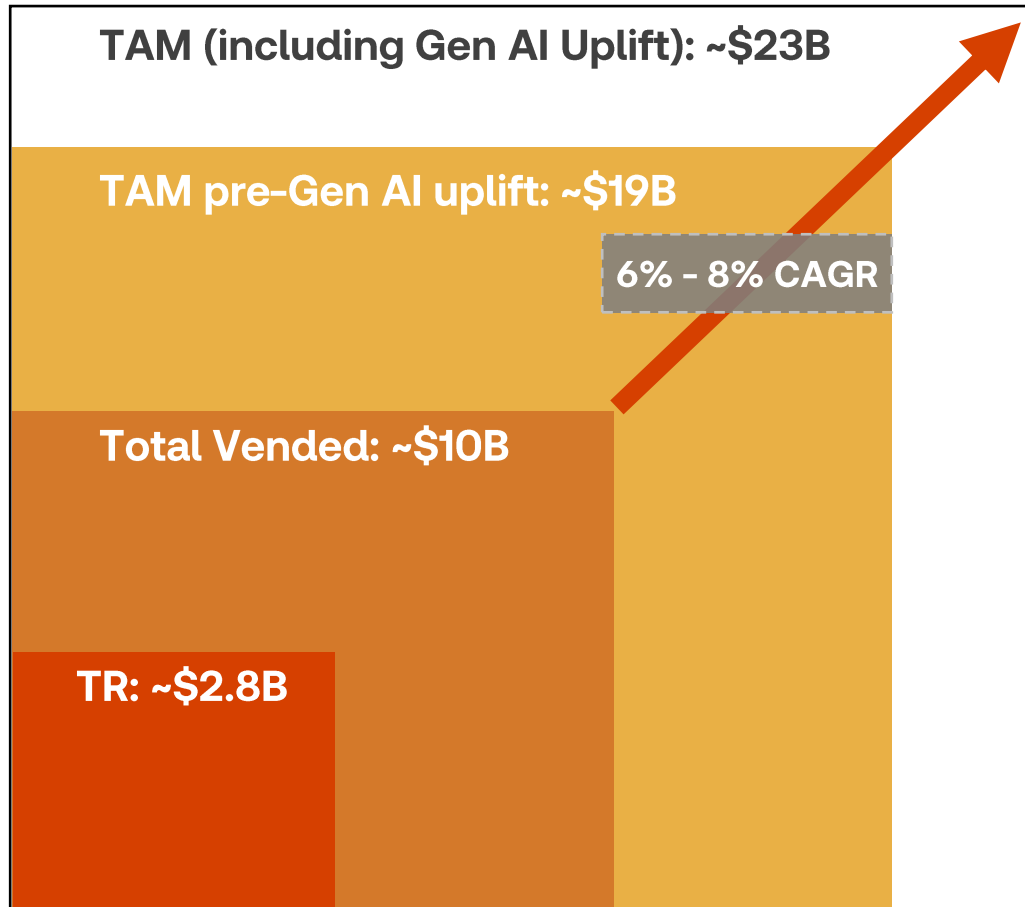
CoCounsel

"One of the best investments I've made! Now with Westlaw AI-Assisted Research and CoCounsel, I have the best of both worlds"

"CoCounsel does the work that is the grind. It frees me to do the work I went to law school to do"

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Large and Growing Market Opportunity

Total Addressable Market (TAM)[(1)]

TAM (including Gen AI Uplift): ~$23B

TAM pre-Gen AI uplift: ~$19B

6% - 8% CAGR

Total Vended: ~$10B

TR: ~$2.8B

Market Growth Drivers

- **Underlying market growth** due to continued adoption of legal technology to drive efficiencies

- **Accelerated market growth due to Gen AI**:
  - Accelerated adoption of top-tier solutions (such as Westlaw Precision) in order to access Gen AI capabilities
  - Adoption of Premium Gen AI capability add-ons (i.e. Westlaw AI Assisted Research and CoCounsel)

Expanding TAM with significant upside potential

- **Expanded TAM opportunity of $4B from Gen AI:** i.e. new CoCounsel AI Assistant product / premium AI product add-ons

- **Further TAM upside as AI capabilities improve,** causing acceleration of labor substitution by technology
  - ~$110B[(3)] of labor spend in U.S. law firms alone

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Strategic Priorities

New AI-Enabled Products

Launch **additional Generative AI offerings** and **embed existing products with Generative AI,** across global markets

Generative AI Adoption

Drive **adoption and usage of AI tools** for legal professionals so that they can experience the power of our new products

Go-to-Market Evolution

Evolve from selling content and workflow point solutions to selling an **AI-Enabled Productivity Platform** with a new **AI Assistant** experience

Alliances & Partnerships

Develop new **alliances and partnerships** to expand our value proposition and influence in the legal industry

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Key Growth Drivers

Market Tailwinds

Long run trend of the legal industry adopting new technology tools, **now accelerated by AI**

New AI Capabilities

Introduction of new **AI-enabled products commanding higher premiums or add-ons,** with growing penetration

New Product Category

AI Assistant with increasing breadth of skills to add new revenue stream

Legal Professionals Growth Evolution from Historical 3% → 6% → 7%+...

Targeting 2026 Organic Revenue Growth of 7% - 8%

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