

## The Impact of Legal Technologies on Corporative Law: Outcomes of Digital Transformation

Javokhir Eshonkulov

Lecturer of Cyber Law Department, Tashkent state university of law, Uzbekistan

[javokhireshonkulov0724@gmail.com](mailto:javokhireshonkulov0724@gmail.com)

Kodirova Shahnoza

2nd year student of Tashkent state university of law, The faculty of international law and comparative legislation

[shahnozakadirova06@gmail.com](mailto:shahnozakadirova06@gmail.com)

**Abstract:** This scientific article examines the impact of legal technologies and digital transformation on the corporate legal system. The paper analyzes the role and significance of modern technologies, particularly artificial intelligence (AI), blockchain, smart contracts, Big Data, and legal monitoring systems in legal practice. It explores how these technologies contribute to the modernization of corporate law, enabling the automation and optimization of legal processes. Additionally, the article provides a detailed discussion on the benefits of these technologies in contract drafting, legal analysis, dispute resolution, and the management of legal monitoring systems. Specifically, it highlights how blockchain and smart contracts can enhance the efficiency and transparency of legal processes, while AI and Big Data technologies improve the accuracy and speed of legal analyses.

By examining the role of legal technologies in contemporary legal practice, this study also outlines their potential future development. The research investigates effective methods for integrating technologies into corporate law and explores ways to enhance the quality of legal services through technological advancements.

**Keywords:** Artificial intelligence, legal technologies, digital transformation, corporate law, blockchain, smart contracts, data protection, LegalTech, RegTech, legal automation.



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### Introduction

Digital transformation is deeply integrating legal technologies (LegalTech) into corporate law practice, facilitating the automation, transparency, and efficiency of legal processes within companies. Traditional legal systems have long been reliant on human involvement, making processes such as documentation, contract drafting, legal compliance, and dispute resolution time-

consuming and complex. However, the advancement of legal technologies is now automating these processes, enabling their swift and efficient execution. Legal technologies encompass innovative approaches such as artificial intelligence (AI), blockchain, big data analysis, automated legal platforms, and smart contracts. These technologies enhance legal monitoring in corporate law, simplify contract processes, improve transparency in corporate governance, and enable the prediction of legal risks. Notably, legal technologies provide significant advantages for multinational corporations by ensuring compliance with international legal standards and automating regulatory oversight.

This article analyzes the impact of legal technologies on corporate law, highlighting the positive and negative changes brought about by digital transformation. It also examines new approaches to corporate governance, innovations in legal services, and the future prospects of modern legal technologies.

### **Methodology**

In this article, the following scientific-methodological approaches were used to analyze the impact of legal technologies and the results of digital transformation on corporate law:

1. Analytical analysis method was employed to examine the real impact of artificial intelligence, blockchain, smart contracts, Big Data, and legal monitoring systems on corporate law. The specific functions of each technology, their significance in business operations, their role in enhancing transparency, and the innovations they bring to corporate governance were analyzed in detail.
2. Practical-social approach was applied to study the real implementation of these technologies in the corporate environment, particularly how business entities utilize them in internal management. Through this approach, the role of artificial intelligence in decision-making, the reliability enhancement of contractual relations through blockchain, and the regulatory automation capabilities of smart contracts were highlighted.
3. Systematic analysis approach was used to examine the influence of digital transformation on corporate legal norms. This approach demonstrated how legal technologies are modernizing traditional corporate law institutions and how legal monitoring systems strengthen real-time control.
4. Scientific-theoretical approach was employed to analyze existing scientific perspectives, theoretical foundations of digital technologies in the legal field, and previous propositions regarding the modernization of corporate legal systems. This approach contributed to the theoretical substantiation of the topic and the determination of its scientific novelty.

### **Research Findings**

Today's business world demands fundamental changes. What was relevant and effective yesterday is becoming increasingly obsolete. The growing competition in the business environment and rising customer expectations are among the key reasons driving the need for digital transformation in the corporate sector. Implementing new technology is a step toward the future. Naturally, this raises the question: what exactly is digital transformation, and how does it affect corporate law?

First, if we define the term digital transformation, it refers to the process of integrating new technologies into a company's business operations, using digital solutions to improve and optimize business activities. As a result, the company's scope expands, making it more efficient and profitable. Legal sources show a strong connection between the results of digital transformation and legal technologies. Furthermore, legal technologies are one of the key outcomes of digital transformation in the legal field, serving as a driver of innovation in legal practice.

In recent years, the effective use of legal technologies has gained significant importance in corporate law. Below, we will discuss the main types of legal technologies that influence corporate legal practice.

To begin with, it is appropriate to discuss **artificial intelligence (AI)**. It is no secret that AI is gradually penetrating and developing across all industries. The term "artificial intelligence" was first introduced in 1956 by John McCarthy, a renowned American expert in computer science and a pioneer of functional programming in information technology. According to him, artificial intelligence is the ability of systems to reason logically and coherently, identify and justify interconnections, solve problems, perform new tasks, adapt to new situations, and independently analyze issues.

In recent years, AI-based legal analysis systems have been actively adopted by legal corporations, law firms, and financial institutions. These systems not only automate and accelerate processes such as legal document review, risk assessment, and legal consulting but also minimize human errors and enhance the accuracy of legal analysis.

Below, we will outline the specific applications of **artificial intelligence in corporate law**.

### *1. Contract Law and Automation*

Research findings confirm that AI-powered legal technologies are accelerating contract drafting and review processes. AI programs demonstrate an 85-90% accuracy rate in detecting contractual errors.

### *2. Automated Document Analysis*

AI can analyze thousands of pages of contracts and legal documents within seconds, extracting key clauses. This significantly reduces the time lawyers need to review documents, making contract comprehension more efficient while saving valuable time.

### *3. Legal Risk Assessment*

AI identifies ambiguous or risky contractual provisions and alerts the company. This functionality is particularly beneficial for large corporations, as AI can perform legal due diligence and detect risk factors in contracts.

### *4. Compliance Monitoring*

AI ensures companies adhere to legal regulations, preventing potential violations. This guarantees full legal compliance, which is essential for a company's long-term stability and growth.

### *5. Reducing Corruption and Risks*

International studies confirm that AI is increasingly effective in combating corruption. For example, in the banking and financial sectors, AI has been able to predict and identify suspicious transactions in 75% of cases.

In addition to AI, the role of blockchain and smart contracts in the business environment is growing daily.

## **Blockchain Technology**

Blockchain is a digital transaction database consisting of sequentially linked blocks. Each block stores information about the previous and next blocks, ensuring data integrity. This digital ledger is immutable due to its hash mechanism—any minor alteration in one block would require modifications in all subsequent blocks, making unauthorized changes nearly impossible. One of blockchain's key advantages is transparency—anyone can view the information stored in the blocks, but no one can modify or delete it.

## Smart Contracts

Legal literature often associates blockchain with smart contracts. The term "smart contract" is interpreted differently by various scholars.

For example, Y.A. Nusratullayevich defines a smart contract as:

"An intelligent agreement where at least one party is non-human, executed and enforced entirely through automation, evaluated by AI, and based on predefined algorithms. It generates both contractual rights and intellectual property rights for its creator."

Similarly, Y.Y. Shcherbovskiy describes smart contracts as:

"Agreements between parties in which the terms are executed through immutable computer code." Now that we understand the basic definitions of these technologies, we can analyze their impact on corporate law.

### *1. Automation of Contractual Relations*

Smart contracts operate more efficiently than traditional legal agreements. They execute automatically when predefined conditions are met, reducing human intervention and minimizing legal disputes. Automating transactions based on smart contracts accelerates business processes and reduces costs for corporations.

### *2. Promotion of Transparency and Immutability*

One of the main advantages of blockchain technology is its decentralized and immutable nature. This prevents document forgery in corporate legal processes. Companies can utilize blockchain for shareholder meetings, voting procedures, and financial transactions, ensuring legal transparency and strengthening stakeholder trust.

### *3. Simplification of International Business Transactions*

Smart contracts based on blockchain help reduce legal discrepancies in international business. For example, companies in different countries can enter into and execute contracts in real-time, streamlining cross-border agreements.

### *4. Efficiency in Financial Law and Audit Processes*

When corporate accounting and auditing are conducted via blockchain, transactions are recorded in a precise and tamper-proof manner. This plays a crucial role in tax compliance and preventing financial fraud.

When discussing the significant changes brought about by legal technologies in corporate law practice, the major changes resulting from Big Data and legal monitoring systems are outlined below.

**Big Data** refers to an extremely large volume of unstructured and rapidly incoming digital data that cannot be processed using conventional methods. In some contexts, the term "Big Data" also includes the processing of this data. The term emerged in 2008, and it was first used by Clifford Lynch, the editor of Nature magazine, in a special issue dedicated to the rapid growth of global data volumes. **Legal monitoring** refers to a system that tracks legislative changes, ensures compliance with legal requirements, and identifies potential legal risks. In corporate law, Big Data and legal monitoring systems play a major role in managing legal risks, ensuring compliance with contractual and regulatory requirements, and improving legal transparency through the following key aspects:

*1. Ensuring Corporate Legal compliance.* Large corporations operate in different countries, and their legal obligations may vary. Big Data-based monitoring systems ensure legal compliance in the following ways:

**Regulatory Monitoring:** AI-based systems track changes in the legislation of various countries and suggest adjustments to companies' operations in accordance with the new requirements. For example, banks and financial institutions use Big Data monitoring systems to comply with international AML (anti-money laundering) requirements.

**Internal Compliance Monitoring:** Companies use Big Data analysis to monitor the activities of their employees and business partners for illegal or suspicious actions. For instance, anti-corruption compliance programs use Big Data analysis to track employees' emails and document circulation, identifying suspicious behavior in advance.

2. *Analysis and Management of Corporate Contracts.* Large corporations enter into thousands of contracts, and monitoring their terms can be challenging. Big Data and AI-based legal monitoring systems assist with:

**Identifying Contractual Risks:** AI scans legal documents to identify potential risks, contentious clauses, or violations of regulatory requirements. For example, platforms like LegaLytics or Kira Systems allow companies to automatically analyze contracts.

**Monitoring the Fulfillment of Agreements:** The monitoring of contractual obligations is carried out, with AI systems tracking contract deadlines, payment terms, and other legal commitments, sending timely reminders to companies.

3. *Big Data Analysis in M&A (Mergers and Acquisitions) Transactions.* One of the key areas of corporate law is M&A (mergers and acquisitions). Big Data legal monitoring optimizes these processes:

**Automation of Due Diligence (Legal Expertise):** AI-based systems help analyze company documents to identify financial and legal issues. For example, AI systems identify potential litigation, regulatory issues, or licensing shortcomings in advance.

**Risk Analysis:** Big Data monitoring identifies the litigation history, legal disputes, and potential risks of the acquired company. Platforms such as eBrevia and Seal Software are used in M&A transactions to check contracts and ensure regulatory legal compliance.

4. *Internal Legal Audits and Employee Legal Monitoring In corporate law,* it is important to monitor employee adherence to internal rules and regulations. Big Data monitoring provides the following capabilities:

**Identifying Illegal Activities:** Internal communications and document circulation are analyzed using Big Data, helping to detect violations or financial fraud. For example, Deutsche Bank and Wells Fargo used AI systems to detect manipulation by employees through Big Data monitoring.

**Ensuring Compliance with Employee Activities:** Companies analyze financial transactions and electronic communications to prevent insider trading risks.

5. *Intellectual Property and Licensing Monitoring* Corporations use Big Data monitoring to protect their intellectual property rights:

**Brand and Patent Monitoring:** Companies use AI systems to track unauthorized use of their brands or patents. For instance, Google and Amazon use AI-based monitoring systems to identify illegal usage of their products and brand names.

**Licensing and Compliance:** AI systems help companies monitor their licenses, track their expiration dates, and ensure compliance with legal requirements.

6. *International Legal Monitoring and Sanctions Compliance* As large multinational corporations operate in various countries, international legal monitoring systems help them:



**Trade and Export Control:** Big Data legal monitoring systems perform automatic checks to ensure that companies do not engage with sanctioned countries or entities.

**Regulatory Compliance:** For example, international laws such as the GDPR (General Data Protection Regulation) are monitored for compliance.

Big Data and legal monitoring systems are fundamentally transforming corporate law. Companies can now quickly analyze their legal documents, ensure compliance with regulations, optimize M&A processes, and forecast legal risks. These technologies are becoming essential tools for protecting companies from legal issues and managing them effectively.

In addition to the legal technologies mentioned above, the **RegTech (Regulatory Technology)** platform is also a suite of technological solutions that helps companies ensure compliance with legal and regulatory requirements. This platform helps businesses avoid legal risks, meet regulatory requirements, and manage legal processes effectively through artificial intelligence, machine learning, blockchain, and automated processes. RegTech platforms are distinguished by the following features:

- 1. Compliance Monitoring** – Tracking and adapting to legislative requirements in real-time.
- 2. Risk Management** – Identifying, analyzing, and preventing legal and financial risks.
- 3. Automated Reporting** – Automatically preparing documents and reports for regulatory authorities.
- 4. Data Analysis** – Analyzing large volumes of legal and financial data to form compliance strategies.

The main aspects of how RegTech impacts corporate law are as follows:

- 1. Financial Compliance:** Banks and financial institutions use RegTech platforms to comply with KYC (Know Your Customer) and AML (Anti-Money Laundering) laws. For example, AI-based compliance systems automatically detect suspicious transactions and notify regulatory bodies.
- 2. International Trade Law:** Large corporations use RegTech applications to manage international trade contracts and comply with customs requirements. AI-based legal platforms check compliance with customs regulations in each country and provide real-time recommendations.
- 3. Data Protection:** Corporations use RegTech platforms to ensure compliance with GDPR and other data protection laws. These platforms check that personal data collected by the company adheres to regulatory standards and identify errors.
- 4. Internal Audits and Accountability:** Large companies automate internal audit processes using RegTech platforms. For example, AI scans financial documents to detect any legal violations or incorrect calculations.

The results of the research show that legal technologies are causing significant changes in business operations and the legal services sector. Now, companies have the opportunity to automate legal processes, prepare documents quickly and accurately, and draft contracts securely. This, of course, provides great convenience for businesses as legal matters are resolved quickly and human errors are minimized. However, this also brings about some challenges. For instance, many tasks previously performed by legal professionals are now carried out by artificial intelligence or specialized software. This could lead to a reduction in job opportunities in the legal field, particularly for inexperienced lawyers or legal assistants. However, legal technologies do not entirely replace humans; rather, complex legal matters will still need to be managed by humans. Another important issue is the legal status of smart contracts and blockchain technologies. Smart contracts, which are software codes that automatically execute contracts, are distinguished by their reliability and transparency. However, there are no clear regulations regarding how they

should be legally regulated. If a smart contract malfunctions or contains errors, it remains unclear how the rights of the parties should be protected. Moreover, large volumes of personal data are processed and stored through legal technologies, raising concerns about confidentiality and security. For example, if confidential documents or personal data of clients in LegalTech platforms fall into the hands of third parties, this could lead to serious issues. Therefore, clear regulations on data protection need to be developed. Another issue is the effectiveness of regulatory technologies. Companies are using automatic monitoring systems to ensure compliance with the law. However, these systems only function correctly when the laws are updated in real-time. If government bodies do not provide legislative changes in a timely and transparent manner, such technologies may not achieve the desired result. Thus, it is necessary to regulate legal technologies and create a legal framework for them. Otherwise, the quality of LegalTech platforms may remain unchecked, or cases of illegal use of certain technologies may arise. Specifically, AI-based legal advisory systems could make incorrect or unjust decisions, leading to violations of human rights.

### **Conclusion**

In today's rapidly changing digital world, corporate law is also acquiring new forms and content. Large companies and legal entities are no longer relying solely on traditional legal tools in their operations – they are increasingly automating and managing legal processes through modern technologies such as artificial intelligence, big data, blockchain, and smart contracts, making these processes more efficient. This is fundamentally changing the overall structure, operational mechanisms, and control systems of corporate law.

Based on the research presented in this article, it has been determined that legal technologies create significant ease in areas such as ensuring legal security for companies, drafting contracts quickly and accurately, and implementing legal monitoring in real-time. However, these technologies are also raising new legal issues. For example, who is responsible for the legal liability of a decision made by artificial intelligence? Or who is responsible for issues arising in an automated system? Such questions highlight the need for new approaches in corporate law theory.

In conclusion, legal technologies are no longer just auxiliary tools but are becoming central elements of corporate legal management. This requires us to reconsider corporate law not only from a legal perspective but also as a system closely intertwined with technology, adaptable, and future-oriented. In the new era, lawyers must evolve not only as specialists knowledgeable in the law but also as skilled managers who understand and effectively utilize technology. The boundaries between law and technology are gradually disappearing, and this shift is defining the main direction of corporate law development.

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