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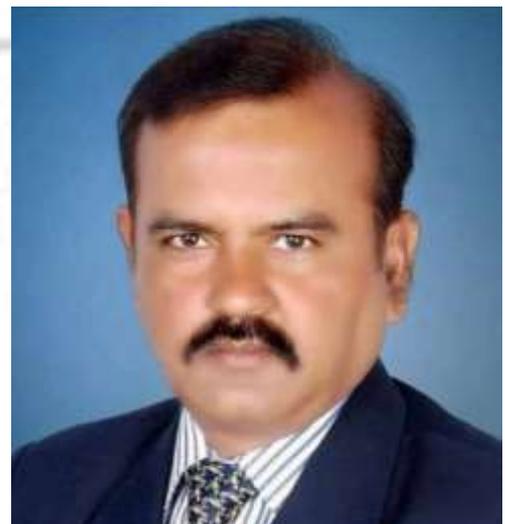
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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

AI: THE NEW POWER PLAYER IN M&A DEAL-MAKING

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ABSTRACT

With the rise of artificial intelligence, M&A will take a new turn and set a landmark shift that is rather not dissimilar to that which struck people when they feared the internet would steal all their jobs. Similarly, AI empowered professionals to work in new ways and find untapped opportunities. It is remodeling but not replacing the M&A landscape. The paper explores just how AI automates the laborious work of due diligence, financial modeling, and even review of documents. These can bring processes under control, making them more efficient, but all the crucial skills of lawyer which require strategic thinking, negotiation, and human judgment—will remain irreproachable by machines. If it sidelines legal professionals, AI's role is better understood as complementary in order to augment productivity and let lawyers and dealmakers focus on the high-value creative and relationship-driven aspects of transactions. History has repeatedly shown that technological revolutions do not kill professions but just redefine them. It will not replace the legal mind but work as a powerful tool for any relevant entity; only then will both human insight and machine intelligence collaborate to touch greater heights in M&As.

INTRODUCTION

Mergers and Acquisitions have long been a cornerstone of corporate law that deals with companies purchasing and/or merging with other companies; it enables companies to expand their presence in the market. However, at the same time merger and acquisitions transactions have always presented to be challenging to organizations as there are high stakes involved and are complex in nature. In recent years, the integration of Artificial Intelligence into the process of mergers and acquisitions has emerged as a paradigm shift in how tasks are performed, and

decisions are made. By leveraging machine learning, natural language processing and predictive analysis, law firms can now process and analyze numerous legal documents more quickly and accurately than ever before.[1]

In essence, artificial intelligence is transforming the legal landscape of M&A transactions as the most important aspect is due diligence, a process where lawyers are required to go through thousands of documents to identify potential issues that could negatively impact a deal. Nowadays, organizations are no longer questioning the use of artificial intelligence in due diligence but rather how to use it effectively. Artificial intelligence helps the lawyers do more work, by automating repetitive tasks and lets them spend more time on higher value work. This explains why the use of artificial intelligence is increasing rapidly in the legal profession. Corporate clients are also aware of the benefits of artificial intelligence as they are using it in other areas including management of documents, extraction of information, etc. Therefore, they expect law firms to use AI to render more effective services in a reduced period and are willing to pay less fees for low value-added services.[2]

The legal landscape surrounding artificial intelligence is complex and continuously evolving. Ensuring that artificial intelligence complies with regulations which are crucial for avoiding penalties and legal liabilities. Also, artificial intelligence helps in safeguarding the companies from legal pitfalls, while at the same time, it makes sure that technology integrates with existing processes and delivers optimal results. Many Law firms in India have changed their transactions management processes with AI in the picture. These developments in the field of technology aids the legal professional to react quicker, be more efficient in managing diligence and closing, and better coordinate with clients to target key risk areas in the deal process and reduces client costs and risk exposure.[3]

WHAT IS MERGERS AND ACQUISITIONS

A **merger** is like combining two or more companies into a single, larger entity. Imagine two friends deciding to join forces to open a bigger and better restaurant. Both their original

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[1] André Ripla, 'AI in Mergers & Acquisitions' (LinkedIn, 11 January 2023) https://www.linkedin.com/pulse/ai-mergers-acquisitions-andre-ripla-pgcert-d0qre/ accessed 20 October 2024.
[2] 'Artificial Intelligence and M&A: What the Future Holds' (Lexology, 27 April 2023) https://www.lexology.com/library/detail.aspx?g=3f60bff3-05bd-47d3-a7b4-c0ba07fdcb62 accessed 20 October 2024.
[3] André Ripla, 'AI in Mergers & Acquisitions' (LinkedIn, 11 January 2023) https://www.linkedin.com/pulse/ai-mergers-acquisitions-andre-ripla-pgcert-d0qre/ accessed 20 October 2024.

restaurants would close, and they would operate as a new, combined business. Mergers often happen when companies think they can achieve more together than they could alone, such as increasing the value of their shares for investors.[4]

An **acquisition** is more like one company buying another. Think of it as one friend buying the other's restaurant. The restaurant being bought would close, and the buyer would now own and operate both businesses. Acquisitions can be friendly, where both companies agree to the deal, or hostile, where one company tries to take over another against its will.

MEANING OF AI?

According to Oxford English Dictionary, AI is the theory and development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision making and translation between languages. In simple words, artificial intelligence refers to the technology which enables machines to perform tasks that would normally require human element. Further, AI is divided into two types, namely narrow AI and general AI. Narrow AI refers to the Ai which is designed to execute tasks by applying cognitive functions whereas general AI is more advanced in comparison as it is capable of functioning in unfamiliar situations by exhibiting traits like creativity, innovation and improvisation.[5]

AI IN THE M&A LIFECYCLE

Target Sourcing and Screening: A Match Made in Heaven

Finding your next acquisition target is akin to finding your soulmate- requires a good eyesight, intuition, and loads of patience. It has taken quite a while in the past and has even required manual research and analysis. But all that's about to change with AI, because AI will be playing Cupid for you.

With hundreds of thousands of data points scanned in an instant, AI algorithms can even identify possible targets that fit within the business goals of your company and have a chance

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[4] How AI Is Transforming the Due Diligence Process' (iPleaders, 3 March 2023) https://blog.ipleaders.in/how- ai-is-transforming-the-due-diligence-process/#Case_study_How_does_Kira_help_i n_M_A_transactions accessed 20 October 2024.

[5] 'Artificial Intelligence and Mergers and Acquisitions Due Diligence' (New York State Bar Association, 2017) https://nysba.org/NYSBA/Sections/International/Events/2017/Corporate%20Wedding%20Bells%20Cross-Border%20Mergers%20and%20Acquisitions/Coursebook/Panel%202/Artificial%20Intelligence%20and%20Mergers%20and%20Acquisitions%20Due%20Diligence.pdfaccessed 20 October 2024.

at thriving together as one. That's like having a matchmaker for your company.

Due Diligence: A Deep Dive into the Target

Once you have found a potential match, it is time to get acquainted with the better. This is the field of due diligence. Traditionally, due diligence is quite time consuming because the checking of thousands of documents is mostly done manually.

AI is changing the game of due diligence. Most of the work that constitutes due diligence can now be automated, leaving it like having a detective on your team: uncovering hidden risks and opportunities that may otherwise go unnoticed.

A Calculated Risk: Valuation and Financial Modeling

Valuing an acquisition is pretty much like gambling, but with a lot more facts. In place of such most traditional approaches, which rely on human instinct and experience, AI brings in a high level of accuracy.

Algorithms, with their ability to analyze massive amounts of financial data, thus enable much more precise forecasting and valuation. Think of having a financial advisor that makes financial projections eerily accurate.

Integration: Seamless Transition

The process of mergers and acquisitions is somewhat like combining two families. It is very sensitive and needs attentive communication and a lot of patience. The process could be significantly simplified by artificial intelligence, which detects possible cultural conflicts and suggests strategies for countering such conflicts.

An observant watchdog, artificial intelligence tracks the performance of the merged entity to ensure everything runs smoothly.

Legal and Ethical Implications: Balance Needed

This is the time when AI is being incorporated into the M&A process. It becomes a rote memorization to consider the associated legal and ethical implications, as one needs to balance the benefits of using AI on one side against the polemical misuse of it.

TRENDS AND PREDICTIONS

Global Trends

AI is poised to revolutionize the M&A landscape on a global scale. The increasing availability of data, advancements in AI technology, and the need for more efficient M&A processes are driving this trend. AI is likely to become an indispensable tool in M&A, with its applications expanding beyond traditional tasks like target screening and due diligence to include strategic planning, integration management, and post-merger performance tracking.

AI-driven predictive analytics will become increasingly sophisticated, enabling companies to anticipate market shifts and make proactive M&A decisions. Additionally, AI's ability to process and analyze unstructured data, such as social media posts and news articles, will provide deeper insights into target companies and market conditions.

Indian Market Outlook

In India, the adoption of AI in M&A is expected to accelerate as more companies recognize its potential to enhance efficiency and decision-making. The Indian government's focus on digital transformation and AI development, as well as the growing availability of AI tools tailored to the Indian market, will contribute to this growth.

However, the pace of AI adoption in India may be influenced by factors such as data availability, regulatory developments, and the ability of Indian companies to attract and retain AI talent. As the Indian market matures, AI-driven M&A practices are likely to become more common, particularly among large corporations and tech-savvy SMEs.

STRATEGIC RECOMMENDATIONS

For Corporates:

- Invest in AI Capabilities: Companies should invest in AI technologies and build internal capabilities to leverage AI in M&A. This includes training employees, developing AI governance frameworks, and partnering with AI vendors.

- Prioritize Data Quality: High-quality data is essential for effective AI-driven M&A. Companies should focus on data management practices to ensure that data used in AI systems is accurate, up-to-date, and relevant.

- Embrace a Holistic Approach: AI should be integrated into all stages of the M&A

process, from target identification to post-merger integration. A holistic approach will maximize the benefits of AI and lead to more successful outcomes.

For Regulators:

- Develop AI Specific Regulations: Regulators should consider developing guidelines and regulations specific to the use of AI in M&A. These regulations should address data privacy, algorithmic transparency, and accountability.

- Encourage Ethical AI Practices: Regulatory bodies should promote ethical AI practices by setting standards for bias prevention, transparency, and fairness in AI systems used in M&A.

- Support Innovation: While regulating AI, it is important to strike a balance that allows for innovation. Regulators should create an environment that encourages the development and adoption of AI technologies in the M&A space.

THE FUTURE OF AI IN M&A

In M&A, the contribution of AI technologies is likely to deepen with AI advancement, particularly focusing on the generative AI. Bain & Company pointed out in their report for 2024 that generative AI is increasingly used to further enhance several stages of M&A, including deal sourcing, valuation, and integration planning. Generative AI models have already been used to simulate different deal outcomes, analyze market conditions, and identify synergies in real time.

Importantly, the emphasis of Bain's report lies in how AI is designed not only to make the operations more efficient but to help the companies better understand how the deals can fare by cross-referencing enormous datasets and deep insights into target companies. This is a trend that will only continue; the more the companies take an AI-driven approach, the greater the competitive advantage the current landscape of M&A seems to be getting. It's also going to create highly advanced scenario planning for postmerger integration-cutting the failure rates of mergers and providing a more accurate way of managing complex integrations for companies.

Generative AI in M&A will leapfrog over the course of the next two or three years. Today, only 16% of M&A practitioners report actively using generative AI in their processes, although this is likely to jump to 80% within three years. Early adopters are already applying AI for such

tasks as finding acquisition targets and doing document reviews in due diligence. These companies benefited and said that 85% of them met and exceeded expectations for the applications of generative AI.

The generative AI model is also proving extremely valuable in scanning for those potential targets that may not be visible using traditional tools alone. For instance, this technology helps dealmakers parse enormous datasets-that include material contracts and financial documents-for quick identification of deviation or risk points, which could otherwise slip through the cracks. This has come with measurable improvements in process efficiency with companies reporting faster timelines, decreased manual effort, and proper focus during the critical phases such as due diligence.

However, the success stories aside, there are also problems in the present system. Data inaccuracy and cybersecurity are some of the issues that are identified, according to practitioners, and are core in risk. The use of incorrect public data for AI analysis, combined with restricted access to proprietary internal data, can make valuing firms that much more complicated and going about the deals even more challenging. On the one hand, the generative tools expedite the workflows; on the other hand, still significant human oversight is apparently necessary while reviewing the AI-insights generated by these systems. Companies must have adequate strategies for overcoming these challenges as the technology continues to advance and integrate AI in efforts to improve M&A capabilities.

HOW IS AI TRANSFORMING THE DUE DILIGENCE PROCESS IN MERGERS AND ACQUISITIONS DEALS?

In the recent times, where AI-driven automation plays a crucial role on the mergers and/or acquisitions deals of corporate. There are various areas of M&A work where AI is revolutionizing how businesses conduct legal compliance and due diligence using the advanced algorithms and machine learning. The most important part and at the same time the most prominent issue of any M&A deal is due diligence, a process where lawyers are required to go through thousands of documents, making it a time-consuming process. In simple words, any legal work which requires experienced staff to do tasks that are repetitive and laborious in nature will become the dominion of AI. No human lawyer stands a chance against the processing speed of a software when it involves going through voluminous data. By using AI

to conduct due diligence, acquirors can save significant time and money while also getting a more comprehensive understanding of the target. AI can also assist corporate entities with various other factors such as identifying acquisition targets as normally the companies rely on human analysts to identify entities based on industry and financial performance. However, with the current development of AI companies can now target based on more meaningful criteria which can lead to opportunities that may be overlooked by human analysts. Additionally, AI is has become a critical tool to assess the valuation of companies in M&A as it can not only assess based on the financial data but can also be used to assess the non-financial data, such as customer behavior and social media activity, which leads to more accurate valuation of the targeted company. Further, AI also helps in citing potential issues which could be a hindrance.[6]

WHAT IS AI DUE DILIGENCE?

A due diligence is a process of investigation which involves collecting and assessing all the legal documents and information regarding the targeted company by the lawyers of the acquiring company with the aim to identify any liabilities, risks or opportunities with AI in the picture now the process of due diligence is automated and can be completed in a matter of time.[7] Therefore, the process of using AI to enhance the due diligence process by assessing risks, benefits, compliance, ethical implications, data privacy concerns, algorithmic biases, and overall impact on stakeholders and while also providing a comprehensive evaluation report will be very efficient and effective in nature.[8]

Positive side of using AI in M&A due diligence:

AI is a double-edged sword, like any other advancement, has its own set of benefits and cons. On the plus side, Al can assist lawyers in completing tasks with greater efficiency and effectiveness while also saving money and time. Before the integration of AI, M&A lawyers were always in a dire need of a tool that could help them to produce foolproof due diligence reports and meet the strict deadlines. For, instance in a law firm, researchers conducting due

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[6] 'AI in M&A: Artificial Intelligence in the Merger and Acquisition Process' (Lexology, 18 July 2023) https://www.lexology.com/library/detail.aspx?g=9af8eb0a-06a9-4d3d-80d6-614597a5a83e accessed 20 October 2024.

[7] 'Scrutinizing Issues Arising from the Usage of AI in M&A Due Diligence' (iPleaders, 9 January 2023) https://blog.ipleaders.in/scrutinize-issues-arising-usage-ai-ma-due-diligence/#What_is_due_diligence accessed 20 October 2024.

[8] 'Automation of Due Diligence in Mergers & Acquisitions: Is It Possible?' (Metalegal, 27 September 2023) https://www.metalegal.in/post/automation-of-due-diligence-in-mergers-acquisitions-is-it-possible accessed 20 October 2024.

diligence must scrutinize every legal document of the targeted company. Here the AI comes into play, AI has the potential to revolutionize the step of due diligence in the realm of M&A. As due diligence involves voluminous amount of data and the need for great diligence make it a very time-consuming and costly affair for the acquiring company, also missing any document in the process may defeat the whole purpose of this exercise, making automation of due diligence a crucial requirement. The automation of due diligence will enable lawyers to complete the report of due diligence which would normally take several hours of a person now with the help of AI it can be completed in a matter of time.

AI also helps in steps other than due diligence in M&A, it also plays a crucial rule in selection of the company, which is to be acquired and track potential targets, helps the acquirers with real-time data on how these targets react to different business and economic conditions. Also, AI supports the M&A in the step of valuation of the targeted company as it not only takes the finance aspect of the company but also other factors which lawyers cannot consider.

The most important benefits of AI in M&A are improved predictive power. AI tools, particularly those that use machine learning algorithms, can scan historical data to predict the future financial performance and market trends of a company and anticipate risks that may arise from a deal. Companies are thus able to make better decisions and optimize outcomes in their transactions with the help of such predictive power. With the scenario modeling of the post-merger synergies and financial outcomes through AI, the dealmakers can approach negotiations and integration plans with more accuracy.

Indeed, AI-based savings and efficiency come in the form of contracting extensive labor-intensive processes, which include contract analysis, compliance checks, and financial audits. Such efficiencies significantly reduced the dependency on large teams of analysts and lawyers, with this reducing transaction costs. Moreover, due diligence yields increased accuracy with AI, thereby lowering the risks of human errors and the possibility of any violation of applicable legal or regulatory requirements. The benefit of the streamlined process is that companies complete their transactions faster, and when it's a competitive market, time is always a factor.

Therefore, with current level of sophistication in AI the automation of due diligence and other legal factors in M&A, it can benefit the client by saving time as there are several documents and promotes uniformity by employing standard procedures and algorithms, every aspect of the

evaluation can be treated equally. Consequently, automation leads to consistency and precision without any chance of human errors. Also, it maintains a trail of actions to check if there is any errors which could negatively impact a deal.[9]

Negative side of using AI in M&A due diligence:

AI can be a big tool in M&A, however it is not at all a magic pill. Amongst the biggest challenges is using accurate and unbiased data for the training of AI algorithms. For example, an algorithm that has been trained based on historical data may not produce correct predictions if such historical data do not reflect the current market trends.

In addition, AI algorithms may at times inherit biases prevalent in the dataset they are trained on. For instance, an AI algorithm trained on a dataset sourced from a male-dominated industry will readily come up with suggestions for male leadership organizations to acquire, even though there would be the same competency organizations led by women. Ethical Issues with AI in M&A: There are also various ethical concerns when using AI in M&A. Handling confidential data brings along security risks and even privacy ones. For example, some personal financial information might be needed in processes like an algorithm used by AI.

This generally means a threat of a data breach. The other risk is job loss since AI automates work. AI can boost efficiency and productivity; however, this usually comes at the expense of jobs in a specific area.

Another important issue in the use of AI in M&A transactions is algorithmic bias. Many AI algorithms, especially those trained on historical datasets, may exhibit biases that were innate in the original data and could thus be repeated in the results. This will lead to biased decision-making, including misrepresentation of value for target companies and misunderstandings of suitability, which will compromise the deal. Companies should audit and refine their AI models so that negative discriminatory results are prevented, especially in those processes significantly dependent on automated predictions Over-reliance on AI also has risks: it might lead to a dilution of essential human oversight in M&A. Dealmakers are so dependent on what algorithms are informing them to think that they lose their way in qualitative factors; examples

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[9] 'Automation of Due Diligence in Mergers & Acquisitions: Is It Possible?' (Metalegal, 27 September 2023) https://www.metalegal.in/post/automation-of-due-diligence-in-mergers-acquisitions-is-it-possible accessed 20 October 2024.

would include cultural fit or reputational risks, things that algorithms are hard-wired to miss. Legal uncertainties will also arise due to the fact that regulations around AI are developing in a manner that varies between jurisdictions. Firms will be required not just to abide by data privacy laws as they stand currently but also to be ready for the new frameworks that demand more significant accountability measures in AI- enabled decisions.

But at the end, an important note must be made that AI is just a tool. The beauty of AI is in how it can identify patterns, and it can deliver rich insights from those patterns; however, it is not a replacement for human judgment. Overreliance on AI can lead to suboptimal decisions-for instance, an AI algorithm may recommend an acquisition based upon financial metrics, but a human expert may pick up on risks or synergies the AI failed to note.

WILL AI TAKE OVER JOBS IN M&A?

A general feeling exists that technology develops at the cost of unemployment, yet the fact is that technology as a subject is also a field that requires workers and professionals. This could perhaps be one reason to increase the employment rate. Currently, the fear that AI will take over lawyers' jobs is something farfetched. That day has not yet come when the works of AI would be so genuine without human interference. Lawyers are always alarmed with the emerging technology, probably because they are unable to understand it or may be because they fear that the technology might one day outsource their work. But the more a man understands the new technology, the more likely it is to get over with the fear. The general feeling mirrors the change in the legal environment back when the internet was born.

Prima facie, AI gives an impression of something like robots with human deception conquering the jobs of legal professionals and having the ability to develop dominion over the human race. We remain in the oblivion of the fact that these technologies have been developed by humans in the first place. Further, AI does not only relate to robots; it is the science of computers being capable of doing certain things with human intelligence. AI and other technological developments have well transformed the law practice by making research and other tasks convenient and easily accessible.

The human intelligence deployed in reviewing documents, proofreading, due diligence, etc. cannot be replaced, though mere assistance of AI can be used. As it has been relevantly seen,

AI would create jobs in the sector of technology and then amplify the degrees of employment thereafter. AI cannot interact with clients by understanding issues or arguing in a court of law. The credibility of an individual is more than AI as AI is the creation of humans ultimately. But the lawyers of the next generation should have some technical skills as well.[10]

HOW ARE LAW FIRMS RESPONDING TO AI?

Law firms have already started to adapt to artificial intelligence as it results in enhancing efficiency. However, many lawyers also see it contrary to their goal of maximizing billable hours. The armies of first years which are hired by most law firms are doomed by the advent of AI. This isn't bad news for the junior associates who already have jobs as many hated doing contract review in the first place. Firms that fail to take advantage of AI may lag the competition from those who are already enforcing it. Thus, lawyers who are already understand technology may be of increasing value to their firms.[11]

The use of AI in the Indian legal landscape was noticed for the first time in 2017, when Cyril Amarchand Mangaldas deployed Kira, hence enhancing efficiency and accuracy. Kira operates on four key factors which are processing, analyzing, reviewing of legal document and generating a comprehensive report, making it a suitable tool for law firms. Kira also lets the firm realize new revenue stream and at the same it minimizes the risks which could later result to exposure. In a press release, the well-known managing partner of the firm, Cyril Shroff had stated "Our clients expect us to be at the cutting edge of the practice of law, and of the business of law. We recognize that the business challenges of our clients come first, and that we need a suite of different tools and advanced skills to address these. This partnership with Kira Systems is one of many interconnected initiatives that the firm has been working on since the last year, and we are excited to be bringing our clients these technologies in a proactive manner". Thus, leading to stronger and more valuable relationship with clients.

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[10] Artificial Intelligence: Applications and Legal Implications' (SCC Online, 13 March 2021) https://www.scconline.com/blog/post/2021/03/13/artificial-intelligence/ accessed 20 October 2024.

[11] A Primer on Using Artificial Intelligence in the Legal Profession' (Harvard Journal of Law & Technology, 19 August 2021) https://jolt.law.harvard.edu/digest/a-primer-on-using-artificial-intelligence-in-the-legal-profession accessed 20 October 2024.

[12][13]HOW IN-HOUSE LEGAL COUNSELORS ARE USING AI?

Corporate Counsels have no reason to deny the use of AI, unlike lawyers in law firms as they have no incentive to gain from maximizing their working hours. Lawyers choose In-House Legal Counseling to maintain their work-life balance, which includes working for only reasonable hours. Also, lawyers are subject to strict budget which leads them to how to get more work done with limited resources. Hence, AI helps in-house lawyers get their work done without increasing their departmental budgets.[14]

REGULATORY CHALLENGES:

Data Privacy and Security: A Balancing Act

When using AI for M&A, one of the most significant legal concerns is data privacy. AI-driven analysis requires access to vast amounts of data, including sensitive financial and personal information. Ensuring compliance with data protection regulations, such as the General Data Protection Regulation (GDPR) in Europe and the Personal Data Protection Bill in India, is essential.[15]

The challenge lies in balancing the need for comprehensive data analysis with the obligation to protect individual privacy rights. Companies must ensure that their AI tools are designed with privacy-by-design principles and that data handling processes are transparent and secure. This includes obtaining necessary consents, anonymizing data where possible, and implementing robust cybersecurity measures to prevent data breaches.

Algorithm Transparency: A Clear View

Another regulatory challenge is ensuring transparency in AI algorithms used in M&A. AI models, particularly those based on machine learning, can be complex and opaque, often referred to as "black boxes." This opacity can make it difficult to understand how decisions are

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[12] 'Is AI the Death or Future of Lawyers? Cyril Amarchand First to Sign Up for Machine Learning Contracts Software' (Legally India, 31 January 2017)

[13] 'Is AI the Death or Future of Lawyers? Cyril Amarchand First to Sign Up for Machine Learning Contracts Software' (Legally India, 31 January 2017) https://www.legallyindia.com/law-firms/cyril-amarchand-first-to-sign-up-for-machine-learning-contracts-softwa re-but-is-ai-the-death-or-future-of-lawyers-20170131-8267 accessed 20 October 2024.

[14] A Primer on Using Artificial Intelligence in the Legal Profession' (Harvard Journal of Law & Technology, 19 August .2021) https://jolt.law.harvard.edu/digest/a-primer-on-using-artificial-intelligence-in-the-legal-profession accessed 20 October 2024

[15] 'GDPR Considerations for AI-Driven M&A Deals' (iPleaders, 22 February 2023) https://blog.ipleaders.in/gdpr-considerations-ai-driven-ma-deals/#Benefits_of_using_AI_in_M_A_transactions accessed 20 October 2024.

made, which is critical in the context of M&A, where decisions can have significant financial and legal implications.

Regulators may require companies to demonstrate how their AI systems arrive at specific decisions, particularly in areas like target selection, risk assessment, and financial modeling. Ensuring algorithmic transparency can involve documenting the decision-making processes, conducting regular audits of AI systems, and providing stakeholders with explanations of AI-generated outcomes.

Intellectual Property Concerns: A Minefield

The integration of AI in M&A also raises intellectual property (IP) issues. Companies must navigate the complexities of IP ownership related to AI technologies, particularly in cross-border transactions. For instance, if AI tools developed by one company are used to process or analyze data from another company during an acquisition, questions may arise about who owns the output, or insights generated by the AI.

Additionally, there may be concerns about the protection of proprietary algorithms and data used in AI-driven M&A processes. Companies need to establish clear agreements regarding the ownership, licensing, and use of AI technologies and the data they process.

CONCLUSION

Reminiscent of the old times on the internet, fears about its rising stature in the M&A, or mergers and acquisitions game. The internet revolutionized businesses. Similarly, with AI, a revolution awaits M&A deals, but the very fear that AI could be used to replace human roles finds answers in history, as it shows that instead of deleting already existing opportunities, technology often creates new ones. The internet did not replace people; it only changed the way they work. Similarly, AI is not a threat to the very existence of lawyers or dealmakers but is instead a tool that can automate tasks such as doing due diligence and contract review. Still, AI cannot replace the complex problem-solving in practice, nuanced interpretation, negotiation skills, and emotional intelligence that human lawyers contribute to a deal. Legal work will involve tasks that call for deep contextual understanding, strategic foresight, and human judgment qualities far beyond what AI has mastered, in the foreseeable future, at least. Instead of fearing that they are being overtaken by technological obsolescence, lawyers can

welcome AI as a platform to make them more efficient and allow them to focus on higher-value work. The winners will be those who adapt, for they will gain new skills, like AI governance and oversight of strategy, just as they did when the internet revolutionized all. Technology is something that with time keeps evolving and does not go away; human insight is what will be indispensable. This AI is not an end to the legal profession; it's a resource that may even make lawyers and dealmakers shine brighter and higher.