Turnarounds & Workouts

Restructuring.ai

By Robert Klamser and Randall Reese

Artificial intelligence is beginning to reshape the economics and operational structure of corporate restructuring practice. Tasks that once required days of manual precedent review, document synthesis, or stakeholder communication can now be completed with materially greater speed through machine-assisted analysis. What was historically constrained by human bandwidth, including comparative review of multiple DIP facilities, extraction of structured data from executory contracts, and multilingual communication with creditors, has become increasingly scalable.

As AI capabilities expand rapidly across the legal sector, restructuring professionals face both opportunity and differentiation in how to most effectively adopt them. A meaningful divide is emerging between practitioners who integrate AI into substantive workflows and those who regard it as peripheral

Continue on page 8 →

AI, from page 1

experimentation. Experience deploying AI systems in bankruptcy-specific contexts suggests that the technology's primary value lies not in replacing professional judgment, but in augmenting it, particularly in environments defined by compressed timelines and significant information asymmetry. The relevant inquiry is therefore not whether AI has utility in restructuring practice, but where its application produces the greatest marginal benefit.

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Where AI Delivers the Greatest Value

AI applications in restructuring practice can be understood as operating within two functional domains. The first encompasses high-volume, rule-governed tasks that lend themselves to structured automation. The second involves information-intensive analytical work that informs strategic decision-making. Distinguishing between these domains clarifies where technological deployment yields measurable professional advantage. The first domain includes tasks characterized by repetition and pattern recognition. Bankruptcy practice generates substantial volumes of contracts, schedules, claims data, and financing documents that require identification and extraction of defined data points. For example, populating a Schedule G, identifying change-of-control provisions, or summarizing economic terms across executory agreements has historically required manual review of each underlying document.

AI systems trained to recognize contractual structure and semantic variation can now perform much of this data extraction at scale. Human oversight remains essential to ensure accuracy and contextual understanding, but the marginal cost associated with reviewing large document sets is significantly reduced. The practical consequence is a reallocation of professional time toward negotiation strategy, risk assessment, and client counseling rather than mechanical review.

The second domain concerns the acceleration of research and synthesis that supports higher-order advocacy. Restructuring proceedings frequently unfold under compressed timelines, particularly in connection with first-day motions, DIP financing approvals, and plan-related objections. In these circumstances, the ability to quickly identify comparable cases, extract relevant provisions, and evaluate deviations from market norms directly affects a party's capacity to fulfill its fiduciary and advocacy obligations.

AI systems materially reduce the time required to process and organize large bodies of precedent. Identifying DIP provisions across jurisdictions, industries, or case typologies, including distinctions between pre-negotiated and free-fall filings, can now be accomplished in a fraction of the time previously required. This acceleration does not supplant professional judgment. Rather, it enhances the practitioner's ability to exercise that judgment based on a broader and more systematically analyzed evidentiary foundation.

Across both domains, the central contribution of AI lies in compressing the time required to transform raw case data into actionable insight. By reducing the friction inherent in data aggregation and synthesis, AI enables restructuring professionals to devote greater attention to interpretation, strategy, and client-facing advisory work.

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Choosing the Right Tool for the Task

The importance of selecting the right AI tools cannot be underestimated. At the 2025 TLTF (The Legal Tech Fund) Summit, a panel of investors discussed the characteristics that distinguish successful service providers in the legal technology sector. Two factors were identified as particularly determinative: access to unique or highly specialized data and the integration of technology into deeply embedded, domain-specific workflows. These criteria provide a useful framework for practitioners evaluating AI solutions. When assessing a product, users should

AI, from page 8

consider whether it has access to the data necessary to produce reliable outputs and whether it is designed to operate within the specific contours of the relevant legal workflow.

General-purpose AI platforms such as ChatGPT are capable of performing a wide range of tasks, but they are not necessarily optimized for specialized legal processes. As a result, purpose-built AI solutions may provide more consistent and accurate results in defined practice areas. For example, a bankruptcy-focused system trained on restructuring data and documents is more likely to recognize industry terminology, procedural nuances, and document structure than a general platform trained on broad public data.

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AI-powered summaries designed specifically for bankruptcy pleadings illustrate this distinction. Tools that can extract procedural timelines, recreate voting class tables, identify recovery estimates from disclosure statements, and provide page-level citations offer efficiencies that extend beyond basic summarization. By structuring outputs around the informational needs of restructuring professionals, these systems reduce the time required to navigate lengthy court filings while preserving transparency and traceability. Similarly, deep research capabilities tailored to bankruptcy practice can compress days of precedent analysis into a more manageable timeframe. Enabling practitioners to identify relevant cases based on jurisdiction, industry, company size, or filing typology, and to generate comparative analysis across document collections, enhances both speed and analytical rigor. The value of such tools lies not merely in faster search results, but in their ability to align technological capabilities with the substantive demands of restructuring practice.

The distinction between general-purpose and purpose-built systems is therefore not a matter of brand preference, but of functional alignment. The more closely a tool's underlying data sources and workflow design reflect the realities of bankruptcy practice, the more likely it is to produce reliable and professionally useful output.

Purpose-Built Bankruptcy Solutions Can Address Key Challenges

To address the specific communication demands that arise in complex chapter 11 cases, Stretto introduced an AI-powered chatbot designed to assist creditors seeking information regarding case status, deadlines, and procedural developments. In large cases involving geographically dispersed stakeholders, the volume and variability of creditor inquiries can be substantial. In one recent matter involving Brazilian creditors, the chatbot communicated with stakeholders in Portuguese, delivering consistent responses on a continuous basis and significantly reducing the operational costs associated with traditional call center staffing.

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Deploying an AI interface in a restructuring context, however, requires more than language capability and document access. Complex chapter 11 cases may generate thousands of pleadings over their lifecycle. An effective system must therefore address threshold information-governance questions: how to identify authoritative documents, how to account for amendments and superseding filings, and how to distinguish between proposed orders, interim orders, entered final orders, and exhibits attached to prior motions.

These distinctions are not merely semantic. A creditor inquiry regarding the status of a bar date, for example,

AI, from page 9

requires confirmation that the referenced deadline reflects the operative order entered by the court, rather than language contained in a proposed form or an earlier interim version. Simple keyword searching is insufficient to resolve these issues reliably. Instead, the system must be capable of analyzing document structure, procedural posture, and temporal sequence to ensure that responses are grounded in the most current and authoritative filings.

This example illustrates a broader principle. The most effective AI applications in restructuring practice are often those that incorporate bankruptcy-specific data structures and procedural logic into their architecture. Rather than functioning as generic text-generation tools, purpose-built solutions embed domain knowledge directly into their design, aligning technological capability with the practical and legal complexities of chapter 11 administration.

Getting the Most from AI: Context is Everything

To maximize value from any AI tool, practitioners must provide sufficient contextual information to guide its analysis. Output quality is directly correlated with the specificity and clarity of the inputs provided. Systems that are instructed to request clarification when material facts are missing tend to produce more reliable and professionally useful responses. The practitioner who treats AI as a collaborative tool requiring direction and refinement will consistently achieve better results than one who assumes that a single, generalized prompt will produce authoritative analysis.

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Concerns are sometimes raised that reliance on AI may introduce risk where similarly named parties or related matters create ambiguity. Yet such ambiguity is not unique to machine systems. A junior associate or paralegal unfamiliar with the distinctions between two matters involving clients with similar names would face comparable challenges absent proper instruction. The issue is therefore not whether AI can err, but whether it is provided with the context necessary to distinguish among relevant factual and procedural variables. When approached in the same manner as a colleague who requires background information to perform effectively, AI systems tend to produce materially improved output.

Effective deployment also requires practitioners to invest time in understanding the capabilities and limitations of the tools they adopt. Even among widely used general-purpose platforms, meaningful differences exist in reasoning modes, document-handling capacity, citation support, and integration with external data sources. As feature sets continue to expand, technological competence increasingly includes understanding which system is appropriate for a given task and how to structure queries to elicit reliable results.

In this respect, AI adoption does not diminish professional responsibility. Rather, it reinforces the need for informed oversight, contextual framing, and critical evaluation. The quality of the output remains contingent on the expertise of the practitioner directing the process.

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The Future Belongs to Skilled Professionals

Contrary to what many industry professionals may fear, AI can amplify the importance of professional expertise rather than replacing it. Evidence from other professional service sectors suggests that AI integration reallocates labor across functions instead of reducing the need for client-facing expertise. At a recent Consumer Electronics Show panel, a global managing partner from McKinsey & Company noted that the firm expects to increase client-facing headcount while reducing certain back-office functions as a direct consequence of AI deployment. This

AI, from page 10

implies that automation of routine analytical tasks can expand demand for higher-value advisory services.

This pattern is likely to emerge within restructuring and distressed investing practices as well. When routine cognitive processes, including document review, data aggregation, and preliminary research, are partially automated, professionals can devote greater attention to strategic judgment, negotiation dynamics, and stakeholder management. These are functions that require experience, credibility, and contextual understanding that extend beyond pattern recognition.

Corporate restructuring, in particular, requires the ability to navigate uncertainty, reconcile incomplete or evolving information, and exercise judgment under compressed timelines. AI systems can enhance these capabilities by accelerating access to relevant data and precedent, but they do not substitute for the interpretive and strategic role of counsel. To the extent that AI reduces the time devoted to mechanical processes, it may increase the relative importance of the human skills that clients value most: discernment, advocacy, and trusted advice.

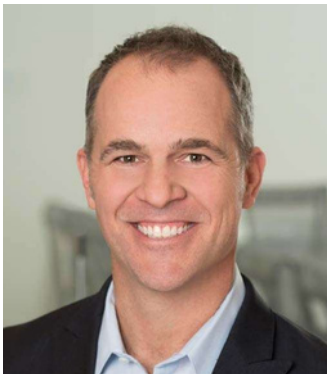
The professionals most likely to benefit from this shift will be those who understand how to integrate technological tools into their workflows while maintaining rigorous oversight. In that sense, AI adoption does not diminish the role of the restructuring advisor; it elevates the premium placed on expertise, judgment, and client engagement.

Conclusion

The integration of artificial intelligence into corporate restructuring practice is no longer theoretical. It is already influencing how information is processed, analyzed, and communicated in complex cases. For restructuring professionals, the central question is not whether AI will affect their practice, but how it can be incorporated in a manner that enhances analytical rigor, supports fiduciary and advocacy obligations, and strengthens client service. When deployed thoughtfully, AI can reduce the time devoted to repetitive or mechanically intensive tasks, enabling practitioners to respond more effectively to compressed timelines and significant information asymmetries.

The integration of artificial intelligence into corporate restructuring practice is no longer theoretical.

As with prior technological shifts in the legal profession, the practitioners who derive the greatest benefit will be those who treat AI as a complement to, rather than a substitute for, professional judgment. The quality of any output remains dependent on informed oversight, contextual precision, and strategic interpretation. By aligning technological tools with the substantive and procedural demands of bankruptcy practice, restructuring professionals can improve efficiency while reinforcing the expertise, discernment, and client engagement that define their field.



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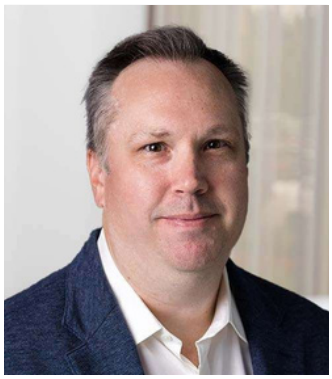

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