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A pivotal moment

Artificial intelligence has sparked the most rapid technological transformation in the history of the legal profession. It's a shift being driven by the pivotal innovations that have emerged in AI technologies within just a few short years. Yet, even with the pervasive uptake of AI among law firms, there is a vast amount of untapped potential still to be realized.

For many law firms, gains in productivity and efficiency will create opportunities for growth. Others, however, are seeing their traditional business models quickly become obsolete. After all, how can a lawyer charge clients for several hours when the same work can be done by Al in minutes?

These are the types of questions forward-thinking law firms are wrestling with. The ramifications will shape the nature of legal practice in the years to come, and in turn, they'll redefine how businesses succeed and fail.

Examining growth and success at scale

This year's report includes an **analysis of what sets the highest-performing** law firms apart from their lower-performing peers.

The most successful firms in our analysis are meeting the challenges that all firms struggle with, and they're the ones overcoming them to reap the rewards. As a result, they are leaps and bounds ahead of the competition, with revenues more than doubling since 2020.

For these firms, breakthroughs are key to unlocking further gains.

These innovations ultimately compound to create growth that becomes exponential over time.





We look in depth at how legal technology has a positive influence on everyday brain functioning.

A new look at technology-enabled performance

While there are countless examples of law firms that maintain high standards and have seen great success, the human cost has been a trade-off for many working in the legal profession, which has a reputation for long hours, high stress, and poor work-life balance.

According to a study by Bloomberg Law, attorneys reported feeling burned out in their job 42% of the time. The top challenges faced included the inability to disconnect from work (49%) and trouble focusing on work tasks (44%). Another study by ALM Intelligence and Law.com Compass found that about 73% of attorneys and staff said they felt their work environment contributed to mental health issues.²

In a first-of-its-kind neurological study of legal professionals, we look in depth at how legal technology has a positive influence on everyday brain functioning. With this lens, we see how working with the right tools can greatly support individuals' mental bandwidth while improving both the quality and efficiency of their work.

The cognitive abilities of legal professionals are a finite resource for law firms, and managing them effectively can create better working conditions for individuals. The knock-on benefits include both the improved mental health of individuals and better contributions to the success of their law firms.

Law firms must navigate a burgeoning market for Al solutions

The ubiquity of AI poses many opportunities for law firms, and the sheer range of options makes it difficult to know which are suitable for legal practice.

First-to-market AI solutions like ChatGPT are the most widely available, but they lack the foundational training and grounding in legal data needed to be proficient in law. In addition to potential privacy issues, these solutions can "hallucinate," or fabricate, precedent examples that don't exist.

But law firms also have access to **legal-specific AI solutions** that are *knowledgeable* about the law and trained specifically based on vast amounts of proprietary legal databases. These solutions give legal professionals greater certainty in their accuracy and an edge over other practitioners that haven't yet adopted these resources.

As firms adopt Al more widely in their *practices*, it's also shaping the nature of their *businesses*.



Al is shifting client perspectives

Consumers have access to their own Al solutions, and these technologies are shaping how potential clients experience and understand their legal problems. Today's clients are both more knowledgeable and able to take more initiative in solving their own issues.

Ultimately, a lawyer's reputation is based on their ability to both solve problems for their clients and create trust with them. Law firms will need to stay abreast of these shifting market dynamics, as they'll influence what potential clients look for in a lawyer. As AI becomes more ingrained into consumer-facing platforms online, this will in turn influence how consumers find their next lawyer.

There is still a vast untapped market for legal problems that lawyers and their firms have yet to take advantage of. Knowing what today's clients are looking for, and delivering on those expectations effectively, will increasingly be what defines future success.

How people and technology enable growth

Legal professionals today have access to technologies that weren't even dreamed of a generation ago. With these innovations, firms have the ability to redefine legal practice as we know it.

In our look at the **workloads of responsible lawyers**, we provide an insider's perspective into how firms of all sizes approach business growth and how they staff for change.

The patterns we've uncovered throughout this report point to a profession that will be more productive and sustainable for lawyers, their firms, and their clients alike. In turn, leaders in the industry will be solving some of the greatest challenges faced within the profession.





Our most in-depth study yet

The Legal Trends Report uses a range of methodological approaches and data sources to deliver the most relevant insights into the state of legal practice and strategies for future growth.

Clio data

We analyzed aggregated and anonymized data from tens of thousands of legal professionals in the U.S. This data provides important insights into how technology is being used by legal professionals, as well as its impact on firm performance.

Survey of legal professionals

We surveyed 1,702 U.S. legal professionals from a market panel (500 respondents) and a cohort of current Clio customers (1,202 respondents). The legal professionals we surveyed included lawyers as well as support staff, such as paralegals and administrators, who are engaged in the management side of their practice.

Survey of consumers

We surveyed 1,000 adults in the U.S. general population from a market panel. This survey was designed to gauge attitudes, opinions, preferences, and behaviors regarding the legal profession among individuals who have hired lawyers in the past or who may become potential legal clients in the future. This sample is representative of the U.S. population by age, gender, region, income, and race/ethnicity based on the most recent U.S. census statistics.

Interviews and diary study of legal professionals

We conducted 24 virtual interviews with legal professionals using Clio, each lasting 45-60 minutes. Our diary studies involved 24 participants (representing seven growing firms, 10 stable firms, and nine shrinking firms, all of which were Clio customers), each committing to 30 minutes per day for five days. Quotations from interviews have been referenced with pseudonyms throughout this report.

Neurological scanning

We worked with Neuro-Insight to conduct a neurological study of 63 legal professionals using patented Steady State Topography (SST™) methodology. Researchers used SST to analyze electrical brain activity to assess cognitive load across a variety of tasks using Clio versus a control. Participants all worked in private practices and had used legal practice management solutions in the past; some of them had used Clio.

Cohort analyses

To determine characteristics that distinguish successful law firms from others, we've looked at different categories of law firms based on how much their revenue has grown or shrunk over the past four years:

- Growing: Firms that have increased revenues by more than 20%
- ◆ Stable: Firms that have maintained revenues within +/- 20% growth
- Shrinking: Firms that have seen revenues decrease by at least 20%

These segments are based on aggregated and anonymized data from thousands of law firms using Clio. By analyzing these segments, we're able to identify key trends that help define success.

Growing firms are those that stand out from the rest. These firms should be seen as role models to others based on their sustained growth and success. As we identify key characteristics within this group in terms of their knowledge, mindset, and approach to their businesses, we can form a blueprint for actions that other firms can adopt.





Growing law firms achieved startling gains

The revenue growth of growing firms is striking: on average, they doubled their revenues over four years.

In a traditional business model, these firms would have to double their casework and headcounts to achieve these gains. But these firms achieved this growth with only a 50% increase in clients and matters. In other words, while these firms worked more cases overall, they also found ways to earn more from each case and client.

The gains far exceed the increases in hourly rates (jump to hourly rates) over this timeframe, which means these firms are either taking on more work, more high-value work, or both.

While hiring new staff adds cost, it's an investment that pays off for growing firms. These firms increased lawyer headcounts by 25%, while revenues increased four times as much.

This means the revenue contributions on a per-lawyer basis increased substantially. Growing firms aren't just taking on more, higher value work; they're doing it with minimal additional investment in staff.

For comparison, shrinking firms show the opposite. Revenues and casework fell by more than half and headcounts shrank by 21%, leaving each lawyer at the firm with a smaller workload and fewer business contributions over time.

The takeaway? The most successful firms don't simply add people to grow. Instead, they invest in other means to support their teams at every level of operations. In this report, we look at what capabilities these firms have adopted and how they can benefit both their business and the people taking on the work.



Revenues grew 4x faster than headcounts in growing firms



Part — 01

Measuring the impact of Al

Legal work is evolving

In 2023, Harvard Business School published a study conducted by the Boston Consulting Group in partnership with several experts in the field of AI learning and adaptation. The landmark study found that AI greatly improved the work performance of consultants taking on complex tasks.

Those using Al in the experiment completed 12% more tasks and finished them 25% faster than those not using Al. They also produced 40% higher quality work. Across the board, consultants at all levels of experience saw increases in their performance, demonstrating that Al benefits all types of workers regardless of their skill or prior training.³

In our own research, we've seen similar gains in law firms using AI, with the highest adoption seen among growing law firms. Those using AI are the ones most likely to see the benefits in their work, their firm's success, and their own personal well-being.

Growing firms are the quickest to adopt AI

In our cohort analysis, growing law firms are those that have grown revenues by **more than 20%** over the past four years. These law firms take on substantially more casework with only minimal increases in their staff, therefore achieving substantial gains in per-employee productivity. Compared to others, these firms have adopted more technology and, in particular, Al.

Our analysis shows that growing firms use AI in Clio twice as much as stable and shrinking firms.

Growing a business is no easy task. Throughout this report, we look at multiple perspectives that help explain the success of growing law firms through the use of technology, and specifically AI. Our analyses show how AI helps legal professionals achieve substantial improvements in their work quality, efficiency, and overall engagement with their work.

These improvements are precisely what enable individuals to help their firms succeed and grow. They create work environments that can handle a higher volume of inputs, while at the same time eliminating friction.

Unnecessary processes, systems that create confusion or missteps in workflows, or redundant touchpoints may seem inconsequential on their own, but, when added up, amount to significant losses in productivity over time. These are the types of challenges that technology and AI solve.



Time-saving automations are integral to growing law firms

Automation through technology is another category of innovation that includes multiple areas of time-saving operations. Growing firms use time-saving automations twice as much as stable firms, and nearly three times more than shrinking firms.

These efficiencies are what save staff from the burdens of repetitive administrative tasks that take a mental toll on individuals. In turn, **eliminating menial tasks from daily work** frees up more capacity to focus on more impactful work that contributes to business growth.

In our analysis, the most frequently used time-saving automations include:

- Automated consultation bookings in Clio Grow: Potential clients book consultations from a firm's website or Google Business Profile and receive automated email confirmations, follow-ups, and reminders.
- ◆ Document drafting with Clio Draft: Firms draft legal documents by populating client information, which is collected from a questionnaire form, into smart templates that adjust language for grammatical elements like gender and verb agreement.
- Al in Clio: Individuals use Al to securely summarize documents and matter details, prioritize tasks, draft client communications, and automate administrative work like managing tasks, calendar entries, and time tracking.

Each of these technologies creates substantial gains in efficiency by reducing the time and energy invested in menial tasks and instead shifting resources to more client-facing work. Automation also helps eliminate the risk of errors by ensuring processes are clearly defined with a high degree of precision and reliability.

For more on what differentiates growing law firms from others, see Part 4.



GROWTH IS CREATED THROUGH EFFICIENCY

Al improves productivity: "If I double my productivity with Al, that means I don't have to hire anybody else, ever. I think Al has the potential to improve productivity by 50–60% over the next 10 years. And if it does, I'm all in." — Pierce, lawyer at a small business and real estate law firm, Missouri

Automations open up time to work with more clients: "Look at the numbers in terms of our matter count. We're definitely interacting with more clients. Part of that is we opened a second location, but part of that is more capability because of the automation and the Al tools that we have in the practice." — Ezra, partner at a general practice, Indiana

Al will help lawyers reach underserved markets: "What we're going to do as an industry is be able to handle a lot more matters. And when we do, it means we can handle more of the matters that are now going unrepresented. Access to justice is going to be easier to provide when you have Al."

— Casey, partner at a mid-sized civil litigation firm, California

IN THEIR WORDS

AIIS CHANGING THE NATURE **OF EVERYDAY BUSINESS SOLUTIONS**

Embedded AI assistants are a type of AI that is becoming standard in everyday business software. Microsoft Office has Copilot, Google Workspace apps have Gemini, and QuickBooks has Intuit Assist, to name a few. Users can search, summarize, and even complete work by securely referencing data already stored in those platforms (without these models actually seeing or using that data for themselves).

In legal practice, the same concept is even more powerful when applied to legal-specific platforms. By working inside the systems lawyers use every day, legal-specific AI can instantly surface case details, interpret legal documents, and guide next steps, all with the right context.

Clio's AI has the ability to surface results specific to a law firm's data. It can work with and analyze data while ensuring full data privacy for law firms. Clio's AI helps law firms work smarter and faster by leveraging firm data to:

- Summarize client information and case history
- Review documents in detail to get staff up to speed quickly
- Prioritize tasks and keep deadlines on track
- Answer specific questions about a client or matter
- Draft timely, accurate client communications

Law firms benefit from AI, but not at the expense of jobs

While the uptake of AI in many industries has coincided with losses in entry-level jobs, a recent report from the National Association for Law Placement shows that employment rates for law graduates in 2025 is at an all-time high of 93%, marking a four-year trend in strong employment for new grads overall.

While previous years attributed high employment rates to smaller classes, the latest graduating class sizes were the largest in nearly a decade.

New graduates are also being hired for better, more lucrative entry-level positions than in previous years. More are being hired into "attorney positions" that require bar admission, and more are being hired in full-time, long-term roles. Eighty-three percent of grads landed full-time, long-term attorney positions compared to just 57% in 2011.4

In contrast, research from Stanford University shows that early-career workers (ages 22-25) in occupations that are more exposed to Al have seen a 13% decline in employment. These drops are attributed to occupations where AI is more likely to automate, rather than augment, work.⁵

At a time when law firms are seeing significant growth and success, Al is fueling that growth while keeping legal professionals integral. At has the ability to greatly support and enhance the abilities of those working in a law firm, but individual legal professionals are still the ones to oversee the work while building and maintaining relationships and trust with clients.

ANikia L. Gray and Danielle A. Taylor, "Employment for the Class of 2024: Selected Findings," National Association for Law Placement 2025

⁵ Erik Brynjolfsson, Bharat Chandar, and Ruyu Chen, "Canaries in the Coal Mine? Six Facts about the Recent Employment Effects of Artificial Intelligence," Stanford Digital Economy Lab Working Paper (August 26, 2025).

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Legal professionals see the value in Al

In our surveys of legal professionals, most of those using Al are seeing improvements in the quality of their work, responsiveness to clients, and work capacity.

Looking forward, many still see untapped opportunities, especially in time savings and efficiency. Many firms still see potential to adopt AI further in their operations, and AI technologies themselves will see further advancements in the years to come. For example, agentic Als, which can take on complex tasks independently, are already being developed for niche applications, including core law firm processes.

IN THEIR WORDS

LAWYERS EXPLAIN HOW AI BENEFITS THEIR **LAW FIRMS**

The advantages of using AI are both wide and diverse. Lawyers use AI to improve the quality of their practices in different ways.

Quality and efficiency: "If I run across something that I don't know anything about, I now have confidence that AI will get me on the right path, and that's huge." — Pierce, lawyer at a small business and real estate law firm, Missouri

Client understanding: "Al helps explain difficult legal concepts in ways that clients understand. I can ask it to rewrite something I've used a million times and see what's missing for the client." — Ezra, partner at a general practice, Indiana

Cost savings: "Last year, I paid a consultant thousands of dollars to help us understand our staff needs as we continue to grow in 2025 and 2026. Now, I can plug those numbers into an AI and get that same advice instantaneously, and at a cost that's included in my Al subscription." — Casey, partner at a mid-sized civil litigation firm, California

Observed benefits to using AI

65%

Improved work quality

Improved client responsiveness

54%

Increased work capacity

36%

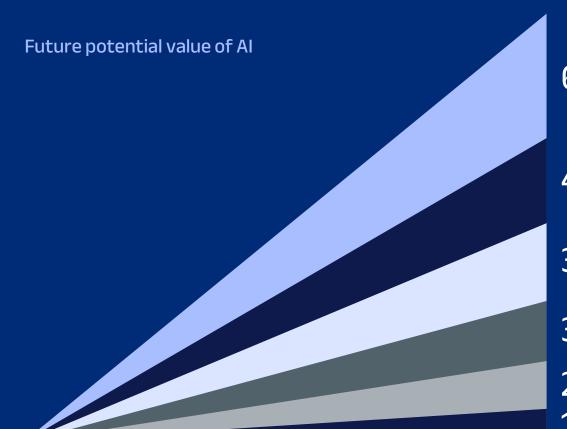
Increased profitability 33%

Reduced operational costs

34%

Improved client satisfaction

Increased competitiveness



62% Time savings and increased efficiency

44% Improved quality of work

38% More-productive case management

31% Financial savings

22% Increased revenue

18% Business growth

27



Wide adopters of AI see more revenue gains

Thirty-six percent of legal professionals say that AI has had a positive influence on revenues. Among wide adopters, the number jumps to 69%.

In other words, firms that better integrate AI into their systems and workflows are more likely to see the financial benefits. This is another advantage of legal-specific Als, which can be used more widely within law firms and can help realize financial gains quicker.

By far, administrative operations were the largest category of improvement. They include document creation, automating administrative work, reviewing documents, and more. Few legal professionals attributed accuracy as a benefit to improving revenue, suggesting that they're confident in their ability to avoid errors in their work.

Revenue increases among Al adopters 69%

Those using Al "widely" at their firms

36%

Those using Al

w Al improves reven	ue 	% of law firms
Improved operations	Includes automations related to document generation, administrative tasks and processes; improvements to firm organization, work quality, strategy, and workload; time savings in billing processes, document review, drafting, research, and communication; and improved creativity, productivity, and error reduction.	77%
Boosted sales/marketing	Includes improved pricing, marketing strategies, expansion into new revenue channels, and expanded client base.	26%
Benefited client experience	Includes improvements to client experiences, intake, customer service and communication, and client trust.	10%
Better accuracy	Includes better accuracy in document creation and review, and fewer errors.	5%

Impact on competition and hourly billing

As AI improves efficiency in law firms, it raises important considerations:

- 1. Administrative efficiencies: Al will greatly reduce the time that law firms spend on non-billable administrative tasks, allowing them to focus more on their clients and their revenue-generating work.
- 2. Competition: Lawyers using legal AI will deliver higher quality results in less time, which translates to better value for clients. Firms delivering quality experiences will be quicker to earn more clients in the future, which will only reinforce their competitive advantage.
- 3. Business and pricing: For law firms that rely on hourly billing, substantial gains in efficiency will result in less time spent on individual clients and less revenue per matter, leaving much to be made up for in case volume. This will require many lawyers to reevaluate their reliance on the billable hour.

The bottom line for any business is to ensure value for the customer. The firms that do this the best will be the ones that figure out how to adapt and thrive with these new capabilities.

We look more deeply into these issues of quality, competition, and billing models in Part 3.

Al benefits firm culture and well-being

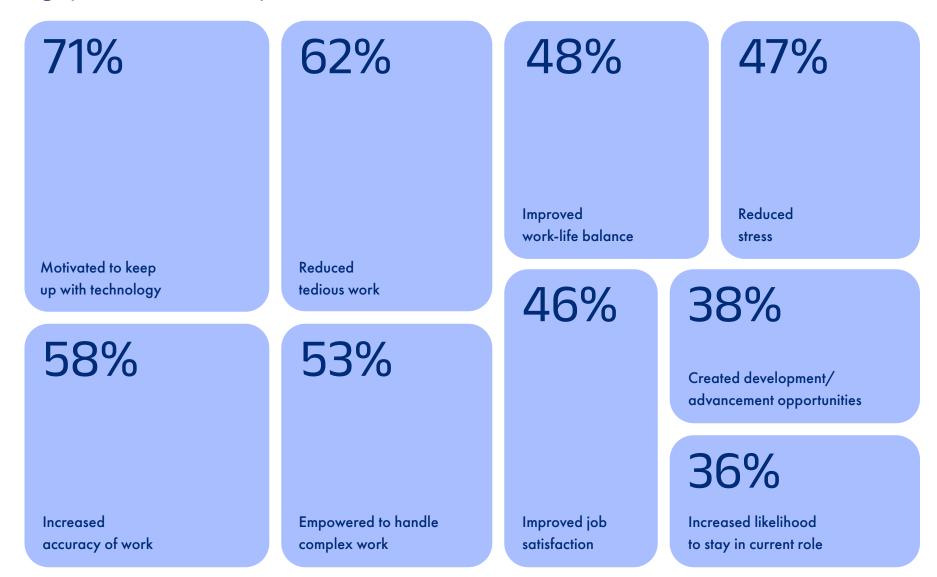
Al isn't just making legal work faster; it's changing how legal professionals feel about their jobs. Our surveys show Al has boosted **curiosity** and **motivation** to explore new legal technologies, showing that Al is opening the door to **new ways of working**.

In an industry where many struggle, Al improves quality of life

In an industry that struggles with overwork, burnout, and mental health challenges, nearly half of legal professionals say that AI has reduced work stress, improved work-life balance, and increased job satisfaction. More than half feel empowered to tackle more complex work overall.

These are major benefits for legal professionals and their families. They are also good for law firms. In a recent study, 24% of female and 17% of male lawyers were considering leaving the legal profession due to poor mental health, burnout, or stress.⁶ Reducing these problems will help avoid turnover, saving managers the time and effort of having to find, hire, and train new staff.

Legal professionals see many benefits to AI use



I THEIR WORDS

LAWYERS EXPLAIN HOW AI BENEFITS THEIR WELL-BEING

Increased flexibility: "Having that flexibility from the technology, it takes away a lot of the stress. It enables staff to spend time with their family and to travel, and it enables me as well." — Sebastian, owner of a small law firm working in real estate, construction disputes, and transactions, California

Better confidence: "The more we bring in technology and get more efficient, the less stressed I am. It's because I know nothing will fall through the cracks. I know everybody is getting great service." — Leah, managing partner at a small law firm dealing in trusts, California

Job satisfaction: "My job satisfaction significantly improved with technology." — Jules, founder of a mid-sized family law firm, Saskatchewan

Key takeaways

01

Al and automation support growth:

Growing law firms are the quickest to adopt Al and other time-saving automations in Clio. These capabilities help remove friction in firm operations and support further growth.

02

Al benefits legal professionals:

Those using AI are benefiting in terms of the quality of their work, responsiveness to clients, and work capacity. Many also see even more potential in time savings and further efficiency. 03

Those using Al more widely see bigger revenue gains:

Thirty-six percent of legal professionals have seen a positive influence on revenues. Among wide adopters, the number jumps to 69%.

04

Al improves firm culture and quality of life:

Al has boosted curiosity and motivation in exploring new technologies, and has reduced work stress, improved work-life balance, and improved job satisfaction.



Part — 02

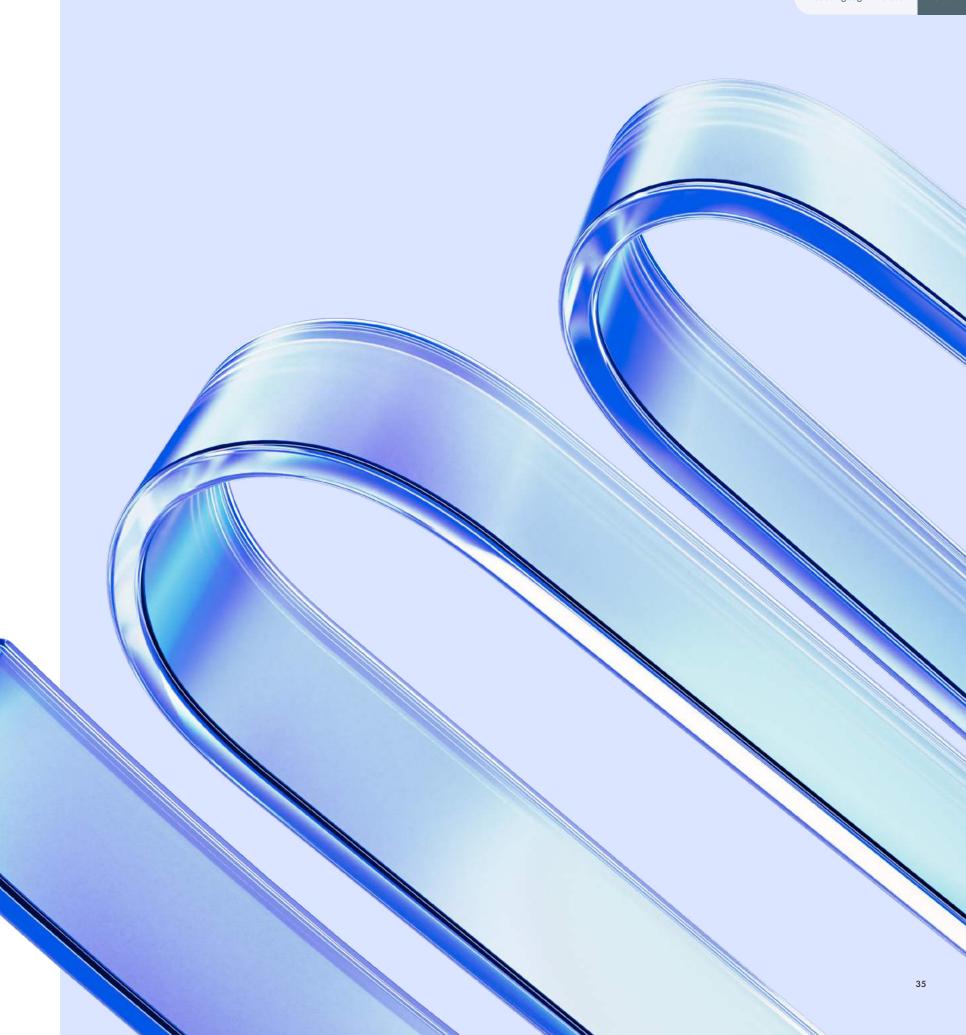
Reducing cognitive load

A first-of-its-kind study

The cognitive demand put on legal professionals is incredibly high, both in terms of the sheer volume of work they take on and the intense mental effort required. This, in addition to the high stakes that virtually every law firm must deal with in terms of the potential impacts on the lives of their clients, can take a significant toll on individual workers.

To better understand how law firms can ease the mental load on their staff, we worked with Neuro-Insight, one of the leading neuroanalytics research companies in the world, to conduct a first-of-its-kind study of the neurological activity in legal professionals as they performed everyday legal tasks.

In our research, we looked at several aspects of cognitive load, including emotional strain, memory demand, active focus, and visual effort. When aggregating findings across each of these measures, we determined that the use of legal technology can reduce cognitive load by up to 25%, which in turn offers benefits to both productivity and personal well-being.





Mental fatigue hurts performance and personal well-being in legal professionals

Many in the legal industry suffer from burnout and serious mental health issues. Bloomberg Law's recent study found that lawyers reported feeling burned out in their work 42% of the time. Two key problems were that 49% were unable to disconnect from their work and 44% had trouble focusing while performing work tasks. Another study from ALM Intelligence and Law.com Compass shows that 73% of lawyers and their staff say they felt their work environment contributed to mental health issues.8

Mental fatigue has been shown to be a key contributor to these types of issues. Research shows that mental fatigue decreases productivity and overall cognitive performance—both key areas that affect knowledge workers, and specifically legal professionals.

When suffering from mental fatigue, workers are less able to concentrate and process information, which can lead to a higher risk of errors. Mental fatigue can also be exacerbated by stress, especially when performing tasks requiring higher cognition and attention, as well as during long working hours and job strain, all of which are typical of the law firm environment.9

Over time, individuals who are put under sustained mental loads often feel mentally fatigued, stressed, and anxious about their work. These symptoms lead to burnout, emotional exhaustion, and depression.^{10,11}





Bloomberg Law, "Attorney Workload and Hours."

Kaveena Kunasegaran et al., "Understanding Mental Fatigue and Its Detection: A Comparative

Analysis of Assessments and Tools," PeerJ 11 (August 2023): e15744.

^oLéon G Faber, Natasha M Maurits, and Monicque M Lorist, "Mental Fatigue Affects Visual Selective

Attention," PLoS One 7 no. 10 (October 2012): e48073.

¹ Razia AG Khammissa et al., "Burnout Phenomenon: Neurophysiological Factors, Clinical Features, and Aspects of Management," J Int Med Res. 50, no. 9 (September 2022): 03000605221106428.



Repetition and context switching contribute to mental fatigue

The problem isn't just the difficulty of the work. It's also the repetition and fragmentation of menial tasks that contribute an unnecessary expense on cognitive load. Simple tasks (like checking email, managing time tracking, or reviewing client bills) may seem like basic, rote work, but dealing with them in a high enough volume creates a significant drain on the brain's executive functioning.

Context switching can be taxing in and of itself; simply switching between software applications creates stress hormones that have a negative impact on the ability to focus.

A recent study found that it takes an average of 9.5 minutes to reorient after switching between different work contexts. In another study, researchers found that the average worker spends four hours per week reorienting between apps. Over the course of a year, that amounts to five weeks, or 9%, of annual work time. 12

The average worker spends four hours per week reorienting between apps, amounting to five weeks, or 9%, of annual work time.

WHAT MOTIVATES (AND DEMOTIVATES) LAWYERS

In our diary study of legal professionals, many lawyers struggled to balance the responsibilities of managing the business side of their law firms with practicing law.

The biggest drivers of stress were difficult clients, emotional strain from contentious cases, and the burden of running a practice (especially among solo lawyers). Administrative work like timekeeping and scheduling adds to the mental load, and isolation amplifies it for those without staff support.

On the other hand, lawyers found that stress eased when they immersed themselves in more purpose-driven work, saw the positive impact of their work, and had more autonomy in their work. Overall, lawyers feel more balanced when they control their schedule, have better systems and technology to support their work, and have more positive relationships with clients.

Demotivators

- Administrative and billing tasks
- Client-related frustrations
- Work overload
- Fatique
- Poor work-life balance

- Positive relationships and impact with clients
- Intellectual challenges and the ability to problem-solve
- Autonomy and control
- Building and running their own business
- Professional growth and achievement

Measuring cognitive load in everyday legal work

We worked with Neuro-Insight to conduct a neurological study of legal professionals to better understand subconscious brain activity while performing certain tasks typical of any given law firm. Neuro-Insight is one of the world's leading neuroanalytics companies. They measure people's brain reactions using a proprietary technology called Steady State Topography (SST).

Neuro-Insight's research is based on Cognitive Load Theory, an area of study that assumes an individual's memory is limited. Exceeding or pushing that limit can hinder our ability to process information and stay focused. Cognitive load itself is the measure of mental effort used in intellectual tasks. When cognitive load is high, it's an indication that the brain is working harder to complete a given task. And when cognitive load remains high for extended periods of time, it can result in mental fatigue and affect overall mental performance.

The work from Neuro-Insight gives us an important look into how environmental factors within a law firm, namely the tools and operations used, can have a profound impact on the cognitive load put on legal professionals.

Methodology

The researchers used SST to measure the speed of electrical activity in key brain regions within 63 legal professionals as they performed a set of timed work tasks.

Each participant was fitted with an SST cap, used to hold electrodes to measure electrical activity in the brain. While wearing the SST device, participants then performed a series of tasks, each of which was performed twice: once with a method used as a control and the other modified with the use of Clio. The control tasks and the task with Clio were performed in randomized order.

During the experiment, the researchers collected neurological data across four measures of brain activity, each contributing to an individual's cognitive load:

- 1. **Emotional strain:** The mental and emotional cost on an individual that occurs while performing a task.
- 2. Active mental focus: The conscious, deliberate effort spent on directing one's attention to a task while ignoring distractions.
- 3. Memory demand: The mental effort required to remember information to complete tasks.
- 4. Visual effort: The cognitive energy used to direct visual attention during a task.

The data from the experiment was then averaged among participants and compared between the control tasks and the modified tasks with Clio to determine the net change in each measure of brain activity. The changes in each measure were then averaged to determine the total change in cognitive load.

Subconscious measurement in key brain regions



Active mental focus: How much do I actively need to focus to complete this task?

Memory demand: Do I need to remember a lot of information to be able to complete this task?

Emotional strain: Should I be feeling emotion right now?

Visual effort: How visually intuitive is this screen?

Study participants

The study was conducted with 63 participants, each of whom:

- Works in privately owned law firms
- Has used legal practice management software in the past

Participants by role

% using Clio

- ◆ 48% Lawyer
- 23% Clio users
- 30% Paralegal
- ◆ 77% Other
- 13% Managerial/ administrative

Work tasks performed

The study compared the cognitive load, measured in brain activity, in participants as they completed a series of tasks using general office tools (like Microsoft Excel, PDF documents, and other pen-and-paper workflows) as controls to using Clio. Each participant in the study performed the control task and the task with Clio in a randomized order.

Each task had its own time limit, ranging from 2.5 to 5 minutes depending on the complexity of the task. Time limits were kept the same between Clio tasks and their controls and were designed to reflect the time it might realistically take a legal professional to complete them in the real world.

TASK-01 TASK-02

Client intake

Participants were asked to review an email from a prospective client regarding a property damage lawsuit.

Task: Participants logged details of the issue and assigned it to the appropriate practice area, status, and assignee.

- Control: Participants logged the information into a spreadsheet and ensured the appropriate folder was created in the firm's database.
- With Clio: Participants completed the task using Clio Grow's quick intake workflow.

Matter creation

Participants were asked to review information for a slip-and-fall case that a client wants to move forward with.

Task: Participants set up the matter and associated folders for the lawyer to follow up on. They then logged six minutes for "Time Spent Intaking Client."

- Control: Participants completed the task in a spreadsheet and logged their time in a separate "Time tracker" spreadsheet at a rate of \$350 per hour.
- With Clio: Participants completed the task in Clio Manage and logged their time against a preset rate in Clio.

Work-in-progress report

TASK-03

Participants were asked to create a work-in-progress report to inform a firm manager of their billables for a divorce case.

Task: Participants reviewed a list of activities and time entries for a divorce case and calculated a total that included expenses but excluded any non-billable time.

- Control: Participants reviewed a list of activities logged in a spreadsheet and calculated their billables.
- With Clio: Participants used Clio
 Manage to review a list of activities
 and to calculate their billables.

TASK-04

Document summarization

Participants were asked to review a six-page will being contested and to inform the beneficiary of what this would mean for their case.

Task: Participants reviewed a will and summarized how a third-party's contestation would impact the bequeathments and duties of the beneficiary.

- Control: Participants reviewed a PDF of the will and recorded their summary in a booklet provided.
- With Clio: Participants used Clio's
 Al to find and analyze the will
 given the parameters of the task.

 They then recorded their summary
 in a booklet provided.

EMAIL FROM A CLIENT (USED IN TASK 1)

Below is the email copy that participants reviewed to complete Task 1 in our evaluation:

Subject: Interested in pursuing a lawsuit

Dear Sir/Madam,

I hope this email finds you well. My name is James Smith and I'm writing to you today to request your firm's assistance in a lawsuit. I was referred to your services by my friend John Tacos, who spoke highly of your expertise.

My neighbor, Peter Young, was trimming their tree and a large branch fell on the roof of my house and has caused severe damage.

I live in Philadelphia, and I'm looking to move forward with this process as soon as possible. Please let me know what information you require from me to begin

My phone number is 555-123-4567 if you need to contact me by phone.

My email address is James.Smith@notarealemail.com

Thank you for your time and consideration. I look forward to hearing from you soon.

Sincerely,

James Smith



Clio reduces emotional strain in data-entry tasks

When legal professionals experience emotional strain, their minds are preoccupied with processing and managing their feelings. This is valuable mental effort that could be harnessed for high-demand, billable tasks.

Since the majority of participants in the study were first-time Clio users, our researchers expected to see higher levels of emotional strain due to participants having to learn a new tool compared to the control.

However, Clio reduced emotional strain by 16% for participants during their client intake tasks when compared to the control task, and by 9% when creating a matter in Clio.

The emotional experience of using new technologies

There was a slight uptick in emotional intensity when legal professionals used Clio's AI tool to analyze a will. This could, in part, be due to the novelty of the technology, since Al in law firms is still very new. Importantly, the increase was under 10%, meaning the emotional strain was minimal in comparison.

While Clio created an overall less emotional experience, we were also able to determine whether the dominant feelings were positive or negative—since either could directly affect the wellbeing of legal professionals.

We found that 93% of all emotions felt while using the Clio platform were positive. Within that, excitement (47%) and happiness (47%) dominated. In contrast, during the client intake task specifically, the control task triggered negative emotions like anger. Whereas with Clio, the client intake experience was 100% positive.

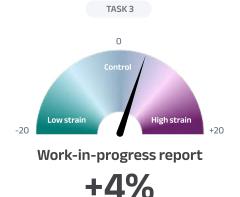
Emotional strain:

The intensity of emotions individuals experience during a task.

Change in emotional strain | Use of Clio versus control









+9%



Clio reduces the active mental focus required in data entry and timeentry calculations

Putting effort into focusing on a task expends mental energy. In contrast, allowing the brain to function more passively, or to coast, while doing a task helps conserve mental energy for more demanding work.

Clio reduced the amount of active focus required for calculating billable hours by 72% and for creating a new matter by 25% compared to the control tasks.

These tasks represent the work that doesn't get billed to clients, and therefore, doesn't generate revenue for law firms. Reducing mental load in these areas means that staff expend less energy, and could even get these tasks done quicker, freeing them up to focus on more important work.

When analyzing a will with Clio's AI, there was a small uptick in active mental focus compared to the control task. This is likely because engaging with the Al tool requires individuals to actively type, input, and interact, demanding more sustained attention; traditional methods, in contrast, often lean more on passive reading.

And while using Clio's AI for document review required more active focus, the benefits were instead seen in reductions in memory demand (see p. 48) as well as in the overall quality and completion of the task.

Change in active focus | Use of Clio versus control TASK 1 TASK 2 TASK 3 TASK 4 Work-in-progress report Client intake Matter creation **Document summarization** +4% +15% -25% **-72%**



Active focus:

How much the brain needs to commit its mental approach to a task.



Clio reduces memory demand in document review

When a task requires a lot of information to be remembered, it places a heavy demand on a brain's memory center, increasing the intrinsic cognitive load of the task.

Al in Clio reduced the memory demand of reviewing and summarizing a will by 11% compared to the control task. By far, this was the most "memory-intensive" task in our evaluations, as participants needed to keep track of key details from the will and apply them to the context in which they were being contested.

The tasks of creating a new matter and calculating billable hours also saw small reductions in memory demand when using Clio compared to the control tasks, which again is a positive sign that legal professionals using Clio need to spend less mental energy remembering information.

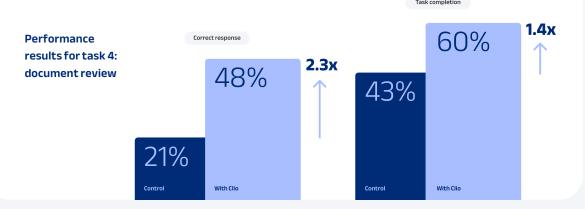
CLIO'S AI IMPROVED QUALITY AND COMPLETION RATES

Outside of the researcher's neurological data, one of the most impressive findings in our research was that the use of Clio's AI dramatically improved the work results in our participants:

Improved work quality: While completing the will review with AI in Clio, participants were more than twice as likely to answer a question correctly about the will they reviewed.

Better completion rates: Those using AI to review the will were 40% more likely to complete the assignment, while more than half of those reviewing the PDF without AI weren't able to finish.

Arguably, these are the two most important measures for performance in a legal professional: Being able to provide the correct interpretation of the law to clients, and being able to deliver the work on time. The fact that AI was critical for so many to meet this bar only illustrates how advantageous this technology is to legal professionals.



Memory demand:

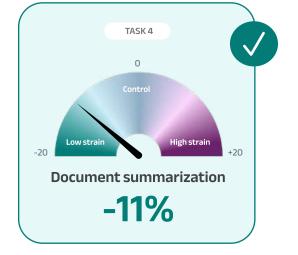
The level of executive functioning and memory used to complete a task.













Clio doesn't introduce added visual effort for new users

Workers expend more of their mental energy when they need to actively search and scan for what they need. Conversely, being able to find what they're looking for quickly and more intuitively creates less of a drain on mental energy.

Visual strain assessments inherently disadvantage new platform users, as participants are less familiar with their visual design. When assessing visual strain, most of the participants (77%) had never used the Clio platform before, so the benchmarks for positive results were to see minimal differences in visual effort.

Neuro-Insight's research didn't see any significant impact on visual effort when comparing the use of Clio to control tasks. As most participants were using Clio for the first time, this indicates a positive result for the intuitive user design of the Clio platform, especially since findings were consistent across all four tasks.

As users become more familiar with new platforms, researchers typically see reductions in visual strain, which is what they expect to be the case for Clio as well. Among the small sample of Clio users in the study, they were nearly twice as likely to say that the platform was intuitive compared to those who hadn't used it before.





Visual effort:

How much cognitive energy the brain uses to direct visual attention during a task.

Composite findings: Clio reduces cognitive load by up to 25%

When looking at the biggest advantages across all measures of cognitive load, Clio on average reduces cognitive load by up to 25%.

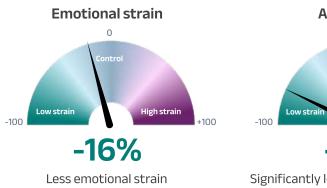
This means that across the work that legal professionals perform throughout their workday, using a solution like Clio can free up the mental capacity of workers across multiple categories. These resources can be reinvested in other key focus areas:

• Improving the quality of work performed: As legal professionals reduce the cognitive load while they work, they're able to focus more attention on the substance of their work and the details that matter, ensuring a better work product for their clients.

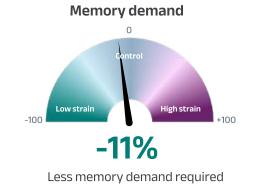
- Increasing work capacity to take on more work overall: With the right tools, legal professionals can get tasks done quicker, allowing them to take on more work than they would without these technologies.
- Taking on more billable work: With an increased work capacity, legal professionals can put more time into revenue-generating work for clients and contribute more overall to their firms.
- Reducing stress and improving well-being: In an industry where many legal professionals struggle to keep up with their work, leading to issues of burnout and poor mental health, being able to get work done more competently and with less mental stress opens new opportunities for better, healthier work environments, and happier, healthier employees.

Clio reduces cognitive load in administrative tasks by up to

Clio's impact on cognitive load | Use of Clio versus control







THEIR WORDS



÷4=

COGNITIVE LOAD MANAGEMENT

Research suggests that "cognitive load management" should be a responsibility among managers in optimizing for human performance and operational efficiency.¹³

Working in a law firm is intrinsically difficult and requires a lot of knowledge management and task switching. Poor systems, disjointed tools, and administrative work add unnecessary burdens to firms, increasing cognitive fatigue and risk of error.

To support workers in their capacity to keep their minds on the tasks at hand, firms should:

- Give workers the tools and resources to better navigate complex information
- Automate routine busywork to minimize or eliminate distractions where possible

13Sebahattin Kilinç, Mehmet Alper Akdemir, and Murat Sağbaş, "Managing Cognitive Load in the Workplace: A New Role for Managers?" paper presented at the 14th International Başkent Congress on Social, Humanities, Administrative, and Educational Sciences, Ankara, December 2024

WHAT LAWYERS SAY ABOUT EASING MENTAL LOAD WITH TECHNOLOGY

"I used to use two programs which did not interface with each other in order to keep track of work being done and billing. Clio has allowed me to do both functions using one program."

- Gregory, lawyer at a small tax law firm, California

"Using tech at my law firm dramatically reduces my stress because it significantly reduces the time that I have to spend in my practice, especially on the administrative side."

- Matthew, solo tax lawyer, California

Key takeaways

01

The cognitive abilities of individuals are a precious resource:

Mental fatigue can have serious consequences for law firms in terms of productivity and the mental health of its workers. Cognitive load management should be a responsibility for firm managers.

02

Al greatly improves work results:

Clio's AI improved the quality and completion rates of the document review looked at in our study. In total, Clio's AI improved correct responses by 129% and task completion by 40%.

03

Clio offers several cognitive benefits to workers:

Clio significantly reduced emotional strain, active mental focus, and memory demand in the tasks we evaluated. These improvements help support cognitive performance, reduce mental fatigue, and allow individuals to focus more on strategy and client outcomes.

04

Reducing cognitive load frees up workers to focus on more important work:

Overall, Clio reduces cognitive load by up to 25% in everyday tasks that legal professionals perform at any given law firm.



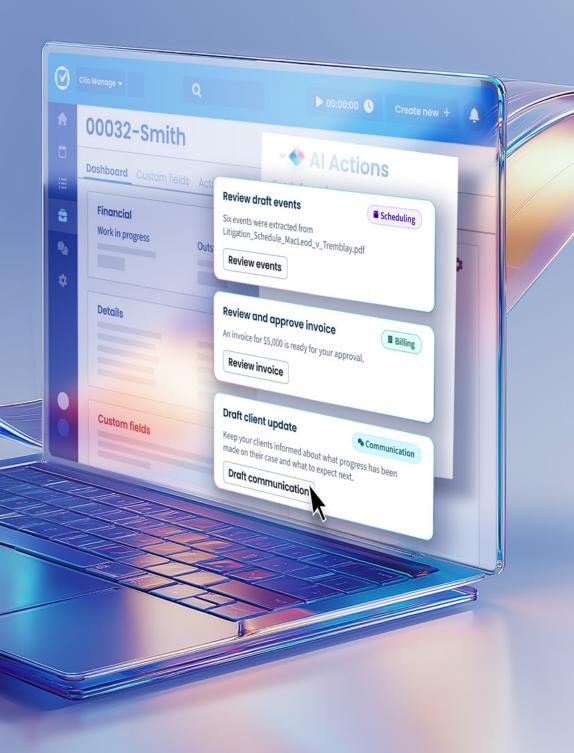


Artificial intelligence in law

In just a few years, artificial intelligence has reached a critical mass of adoption among legal professionals. It's a trend driven by the rapid advancements made in AI, and also by the dramatic results these tools have had in improving the quality and speed of work done in law firms, especially among firms that use them more widely.

But we've only just seen the beginning of what's possible with AI in legal, since the most popular tools among legal professionals are first-to-market consumer-based solutions like ChatGPT.

Legal professionals now have access to AI tools created specifically for legal practice. These solutions provide outsized advantages, both in their security and in their proficiency in working with the law. As we see more law firms adopt AI solutions trained on the law, we'll also see much deeper integration within law firm operations.

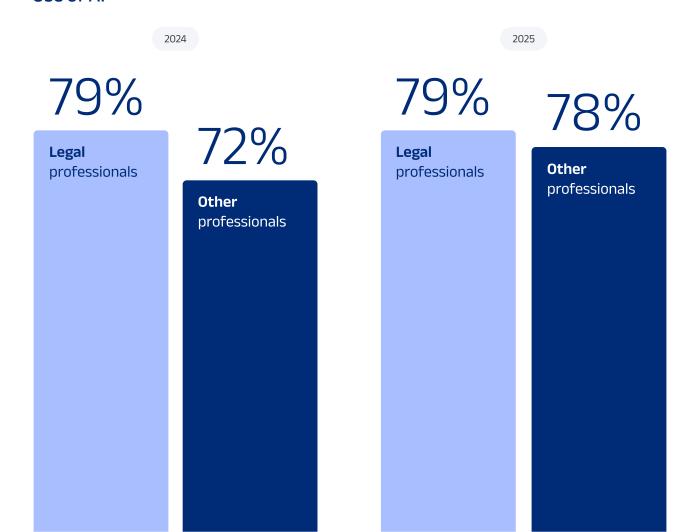


Al adoption remains high among legal professionals

This year's data shows that AI adoption among legal professionals remains high: 79% use artificial intelligence in their firms. While legal professionals may have been much quicker to adopt AI solutions early on, professionals in other industries are catching up.

As we discuss below, the types of AI that law firms invest in make a difference in terms of their use and impact. Law firms using consumer-oriented AIs, like ChatGPT, instead of solutions designed for legal practice may struggle to fully integrate them into their core workflows. As legal-specific AI solutions become more prominent, we expect to see greater adoption in firms.

Use of Al



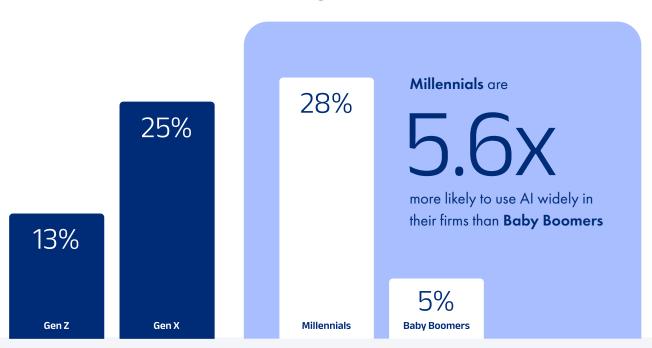
Younger generations are quicker to adopt AI

More than five times as many Millennials and Gen Xers have adopted Al widely in their firms compared to Baby Boomers. Baby Boomers are most likely to not be using Al at all.

These generational patterns are typical: younger generations embrace new technologies quickly, while older demographics stick to more familiar methods, at least until the benefits are clear.

The lack of AI adoption among Gen Z may seem like an anomaly, but this generation is more representative of junior lawyers and paralegals that have much less autonomy in their roles. They typically perform work that is more prescribed and highly supervised, giving them less freedom to experiment with new tools.

Wide and universal adopters of AI by generation



HOW YOUNGER GENERATIONS INFLUENCE TECHNOLOGY ADOPTION

According to research from the ABA, AI is quickly becoming a key focus in law school curriculums. Over half (55%) of law schools surveyed offer classes dedicated to AI, and 83% offer clinics and other resources to help students learn to use AI effectively in their careers.¹⁴

As leaders in technology adoption, **younger team members** can be sources for new ideas and inspiration. As Pierce, a lawyer at a small business and real estate law firm in Missouri, says, "Younger staff members don't need any encouragement to use new technologies. They bring new ideas to me, and we adapt them to our practice."

Part 3



Larger firms see more Al adoption

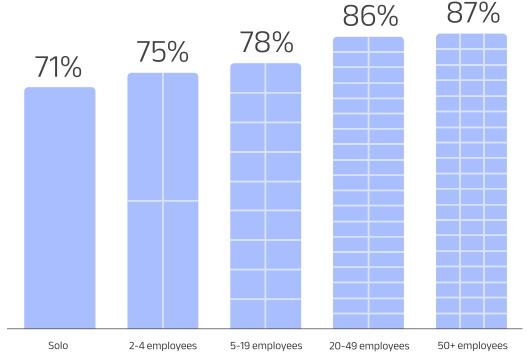
When comparing by firm size, those working in larger and enterprise-level law firms have adopted Al more than smaller firms.

Firms of this size have more resources to invest in new technologies, and even dedicated people to implement new procurements and training. On the other hand, adoption cycles with larger firms can be slower due to more robust purchasing and approval processes, which can lead to longer timelines for getting new solutions approved.

Larger firms also have a steady influx of younger talent who are more keen to use AI (and who may be using it, whether approved by the firm or not). Solo and small law firms, on the other hand, typically have more seasoned and experienced lawyers who may be less interested in new technologies.

Solo





Age demographics 45% 45% by firm size 43% 42% 35% 35% 18-34 35-54 22% 55+ 21% 15% 13%

5-19 employees

48%

2-4 employees

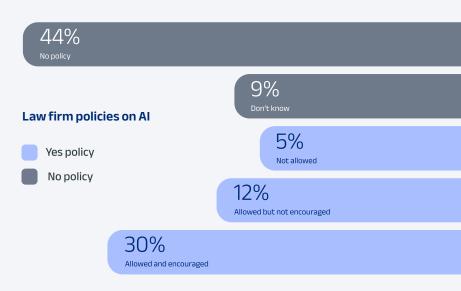
LAW FIRMS ARE SHORT ON AI POLICY

More than half of legal professionals say their firm either has no Al policy or they are unaware of one. Since most already use Al in their work, many are likely adopting their own AI solutions without any guidance from their firm.

Without clear guidelines or criteria on what AI solutions can be safely used or how to use them, staff may turn to free or low-cost options that could carry significant risks for law firms:

- Data security: Freeware versions often allow providers to use uploaded data to train their AI models.
- Loss of confidentiality: Once data is in a training set, it can appear in responses to other users.
- Human review: In some cases, data used for training is also reviewed manually by the provider.

For more on Al policies, read "Law Firm Al Policy Template, Tips & Examples" on the Clio blog.



More than half of legal professionals say their firm has no Al policy or they are unaware of one.

62 63

50+ employees

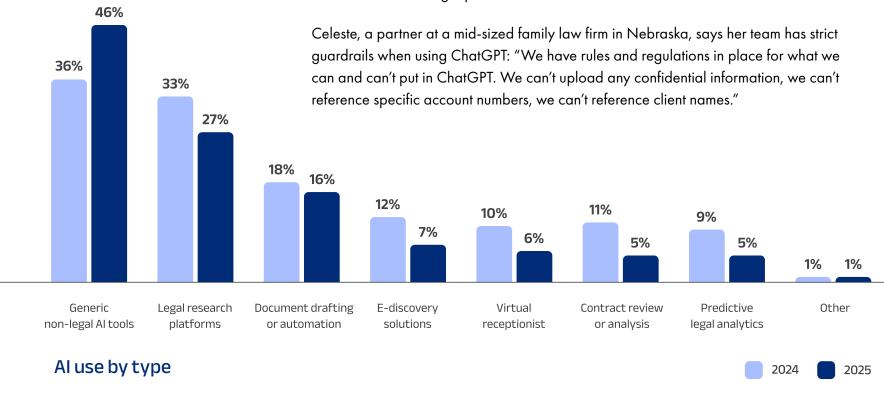
20-49 employees

Non-legal AI poses risks to law firms

By a significant margin, generic, non-legal technologies are the most prevalent in law firms. Nearly half of legal professionals are using a generic AI solution like ChatGPT, Gemini, Claude, or Perplexity in their work, up from about a third last year. These solutions are increasingly popular among consumers, and their free tiers make them easy to adopt, which likely explains why they are so widely used among legal professionals as well.

Generic AI tools can be used for a broad range of tasks, including research, drafting, and review, but they come with serious limitations for legal work:

- Data privacy: Free tiers often lack confidentiality guarantees, which means that firms should be careful in what information they share, especially with sensitive client information.
- Hallucinations: Generic Als lack training in legal data, leaving them open to fabricating false statements or citations that don't exist, creating a critical risk for licensed legal professionals.

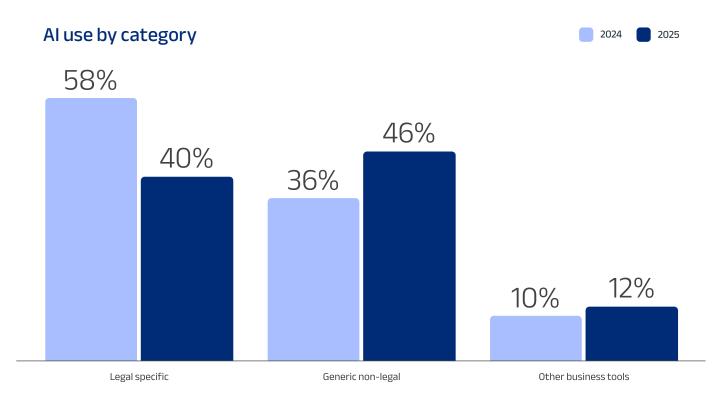


Generic non-legal AI tools may include ChatGPT, Gemini, Claude, Perplexity, Microsoft Copilot, etc; legal research platforms include Casetext, FastCase, etc; document drafting or automation include Spellbook LegalMation, Midpage.ai, Lexis+ Al; e-discovery solutions include Relativity, etc; virtual receptionist include Smith.ai, Fireflies.ai, etc; contract review or analysis include IronClad, Evisort, Luminance, LawGeex, etc; predictive egal analytics include DocketAlarm, Lex Machina, Premonition, etc

"We have rules and regulations in place for what we can and can't put in ChatGPT."

Legal-specific AI solutions are designed for legal work, offering a much more comprehensive knowledge of case law and how to apply it within the context of legal practice. Because these solutions are trained in the law, they offer more assurances based on the needs of legal practitioners:

- Data privacy: They offer guarantees for data privacy, ensuring user data isn't stored or used for training in any way, so that firms aren't putting their clients' data at risk.
- Quality results: They offer a more comprehensive review of all relevant and preceding cases, and more accuracy than other generic, consumer-facing AI models.



ADVANTAGES TO LEGAL RESEARCH WITH AI

Legal research Als cut research time dramatically, remove guesswork, and allow lawyers to focus on analysis and client service.

From hours to minutes: "Before AI, I had to guess what keywords would trigger the right cases. Even then I wasn't always confident that we were getting it all. I would spend an hour or two searching, trying to find relevant cases, going down rabbit holes. Now it takes literally five minutes and my first two hours of research are done." — Pierce, lawyer at a small business and real estate law firm, Missouri

Like delegating to an associate: "I can query the AI as I would an associate lawyer. I get the response back very quickly, which I can then pass along to our client." - Ezra, general practice partner, Indiana Part 3



Some firms see early revenue gains, while others continue to adapt

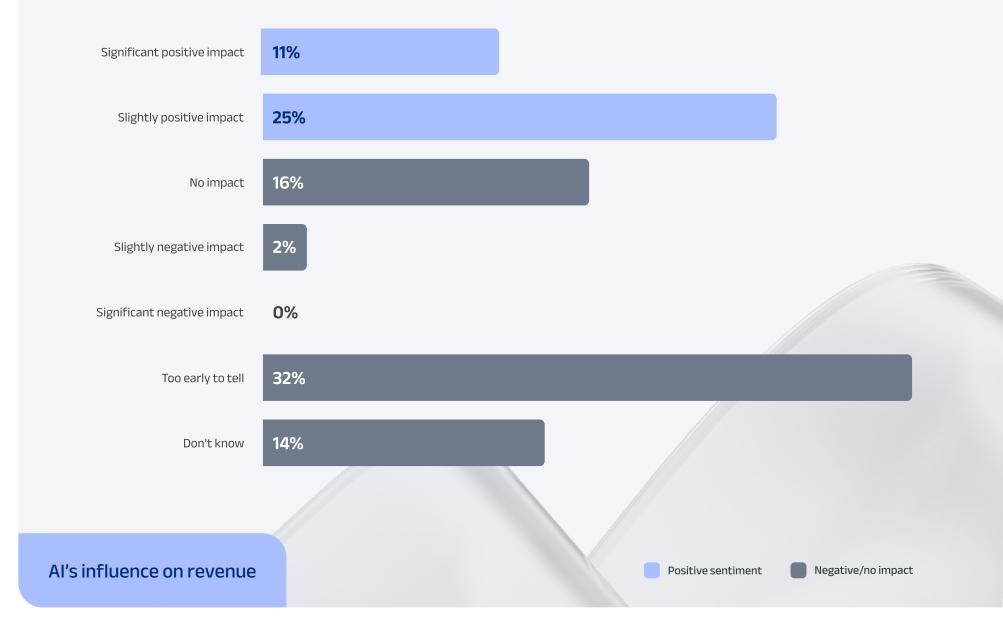
As discussed in Part 1, 36% of firms using AI have seen a positive impact on revenues. For wide-adopters of AI, that number jumps to 69%. We also see that growing law firms are twice as likely to be using AI in Clio.

For such a new technology, the potential revenue impact will only increase as these technologies continue to evolve, and as law firms incorporate them more into their operations.

Nearly two-thirds of legal professionals have yet to see the benefits, however. While 16% haven't seen an impact on income, many just aren't sure. The largest category (32%) say that it's too early to tell, suggesting that they are still learning to adapt to new ways of working with Al.

Two potential factors that could be affecting revenue gains:

- Firms may struggle to increase the volume of clients they work with to offset gains in efficiency.
- Many firms haven't adapted their billing models to account for the use of AI. As discussed below, hourly billing isn't compatible with gains in efficiency resulting from Al. Despite the vast majority of firms billing by the hour, most haven't made any adjustments to their pricing to account for the use of Al.



THE CLIENT VOLUME GAP

With increased efficiencies, firms don't always have the client work to fill their time. According to Alana, a solo family law lawyer in Minnesota, "My actual time spent on cases has decreased significantly, which is great. If I could find the clients, I could do 10 times more work. But I don't have the volume of clients, so I just have less to do."

This poses a potential problem for law firms that struggle to market themselves. Studies estimate that 77% of legal problems don't receive support from a legal professional,15 indicating a vast and untapped market for firms. This is also where marketing and intake solutions can support, which we look into more in the next section.

15 World Justice Project, "Global Insights on Access to Justice: Findings from the World Justice Project General Population Poll in 45 Countries," 2018.

2023



Why the billable hour is (even more) outdated with AI

Though it's been the primary method for billing clients, hourly billing creates a conflict of interest; it rewards lawyers for taking more time on client work and disincentivizes innovation and efficiency. When billing based on time, lawyers who take advantage of AI to increase the efficiency and quality of their work ultimately make less than they would without Al.

For most firms, spending substantially less time on client matters would lead to a drop in revenue if they can't make up the difference in volume. As firms come to rely more on AI for their work, many may be approaching an existential reckoning; it's estimated that as much as 74% of billable work could be automated with Al. 16

For clients, hourly billing creates uncertainty in cost. And at the end of the day, when hiring a lawyer, clients are buying expertise and outcomes; getting a lawyer's "time" isn't enough. As legal-specific AI solutions become more widely used in dayto-day legal practice, law firms will see increased pressure to revisit their pricing models.

BALANCING TIME-SAVINGS WITH PRICING

While time savings benefit clients billed by the hour, firms should seek a middle ground in improving profitability while also passing savings to clients. At the same time, reductions in pricing could also lead to increases in client demand, especially when positioning firms more competitively in their respective markets.

This is the approach taken by Sebastian, a partner at a small real estate firm in California: "I can generate more content and then go back and review how much time it would have taken without the AI. I split the savings between the client and myself so that everybody benefits."

It is a fine line to balance financial benefit with ensuring fees are reasonable. As Ezra, a partner at a general practice in Indiana describes, "If you can do the same function in a quarter of the time with AI, you can't ethically pass that on to your client."

More law firms are adopting flat fees

While the vast majority of law firms still bill on an hourly basis, a growing number also offer flat fee services. In all of 2024, more than half of firms (54%) billed both hourly and flat fees, and only 41% billed exclusively by the hour. In total, 59% of firms billed flat fees exclusively or in addition to offering an hourly rate in 2024.

While this is a trend that started in 2020, it's one that's likely being accelerated by AI, since law firms using AI more widely are more likely to see an impact on their revenues, and more have made adjustments to their pricing.

2016

Firms charging hourly and flat fees

2020

¹⁶Clio, "Legal Trends Report," 2024. 71

Greater Al adoption has a stronger influence on firm pricing

Most legal professionals either haven't had any issue meeting their billable targets due to their use of AI or don't have an opinion yet on the potential impact.

However, among those using AI more widely, one in five say AI is posing a challenge to meeting their billable targets, and nearly half (45%) have made adjustments to their pricing because of it.

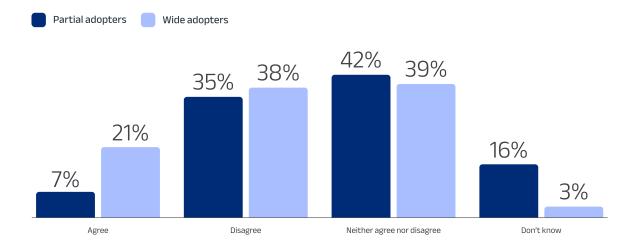
Of the wide-adopters who have changed their pricing:

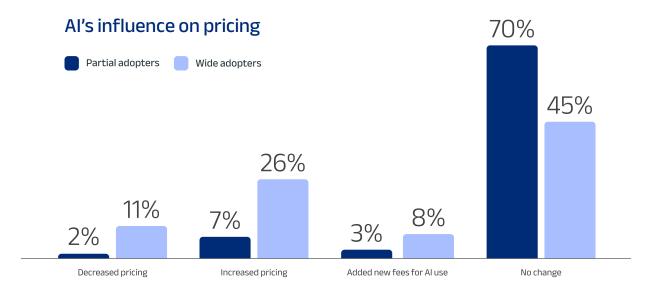
- Most (26%) have increased what they charge.
- Some (11%) have reduced pricing, likely passing cost savings to clients and increasing their competitiveness in their markets.
- Some (8%) have introduced new types of fees to account for Al-specific services specifically.

In contrast, firms that are using Al less are much less likely to have made changes to their pricing; 70% of partial-adopters haven't made any changes at all.

While those using AI more widely are more likely to see challenges in meeting their billable targets, they're also more likely to make changes. As we see more firms adopt AI more fully into their operations, we're likely to see similar trends in firms facing challenges in meeting their billable targets, and needing to adjust their pricing accordingly.

Al has made it difficult to meet billable hour targets (agree/disagree)





HOW LAW FIRMS ARE DEALING WITH THE IMPACT OF AI ON REVENUE

Raising prices across the board

Sarah, a senior paralegal at a mid-sized entertainment and employment law firm, says her law firm raised their rates "across the board" and without any complaints from clients. They've done so based on a few factors:

- They bill mainly based on a monthly subscription, and with AI they do much more for clients each

 month
- 2. They adopted an AI software (CaseMark AI) to take on translation work; per-use charges get passed through as expenses to clients.
- Al has freed the owner of the firm to spend more time with clients, which makes them feel more valued and attended to.

Contributions get undervalued

Benjamin, an operations manager at a mid-sized employment defense firm, says that with the use of AI, legal professionals aren't being recognized for the billable *impact* of their work, only the number of hours they put in.

For example, a staff member does 10 hours of work in 10 minutes for a client; the value of the work is the same, but the employee is way down on meeting their targets. "There's this conversation that is not happening. You shouldn't have to get all of your billable hours if you're meeting your billable impact. There's a gap right now," says Benjamin.

Time savings pay off in work-life balance

Some are willing to eat the cost of better efficiency as a tradeoff. Henry, owner of a small business law firm, says, "Instead of spending three hours on a file, I'll spend two. I still keep the same hourly rate. Maybe I make a little less, but I am also not working absolutely crazy hours."

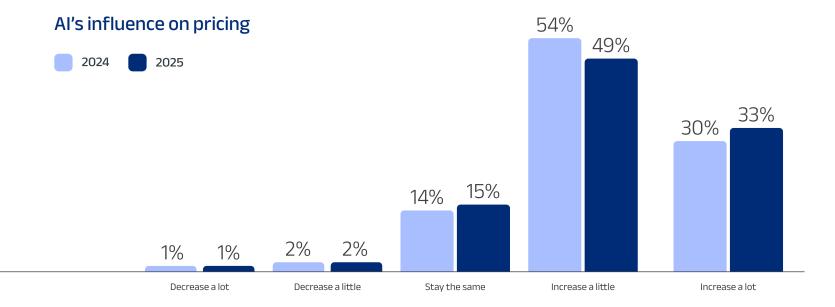




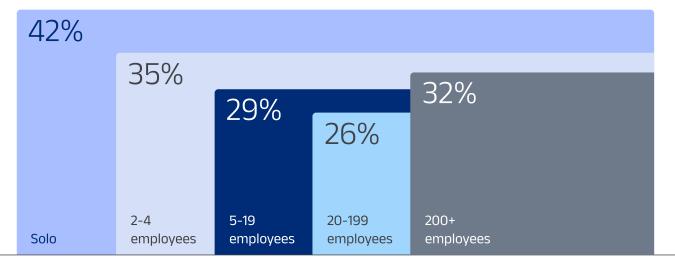
Legal professionals still anticipate more AI adoption

With AI advancing rapidly, and especially in models trained on case law, its potential will only continue to grow. Most legal professionals recognize the opportunity.

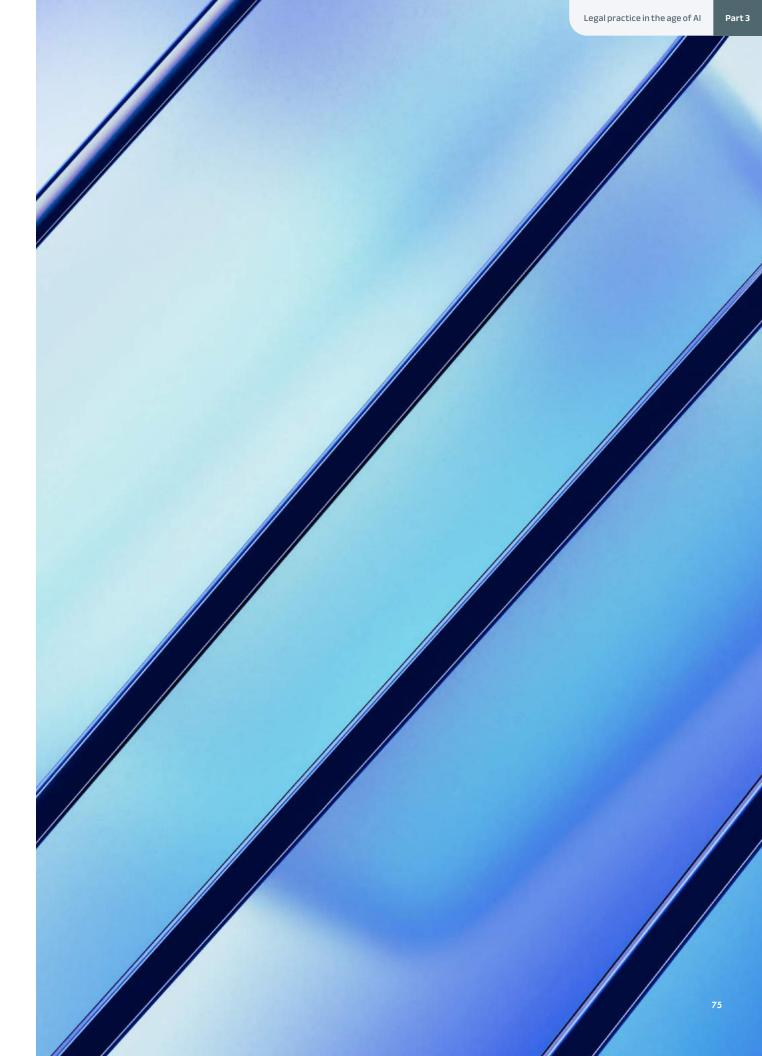
Eighty-two percent expect to be using AI more in the next 12 months. This is similar to last year, which shows sustained anticipation for further innovation. While solos have been the slowest adopters of AI, they show the highest anticipation for future use.



Plans for future Al use by firm size



Increase a lot



Key takeaways

01

Al use is widespread:

The vast majority of legal professionals use Al in their work. General Al solutions like ChatGPT, Gemini, Claude, or Perplexity are the most used by legal professionals. 02

A need for dedicated legal AI:

There is a major opportunity for law firms to adopt legal-specific Als, which are trained on legal libraries and offer much more robust capabilities in working with the law, as well as greater reassurance to both firms and their clients.

03

Many firms are still adapting their business to AI:

Many firms haven't increased their volume in clients to offset gains in efficiency, and many haven't adapted their billing models. More wide-adopters of AI have made adjustments to their pricing.

04

Firms continue to bill predominantly by the hour, though more are adopting flat fees:

Hourly billing creates an issue for law firms where gains in efficiency threaten revenue. As AI becomes more prominent in legal, firms will need to reconsider their use of the billable hour.



Part — 04

Transforming the legal experience



A wider perspective on Al

Law firms aren't the only ones with access to artificial intelligence. Consumer-facing solutions are just as accessible to potential clients. In fact, these Als are seeing widespread use among consumers in answering legal questions.

In other words, Al isn't just changing how law firms work; it's shaping the legal experience for clients. Law firms need to consider what this means for their business, and how it affects the decision to hire a lawyer.

Many Als offer a very simple, seamless user experience, accessible from a mobile phone. If these services start to compete in the market for legal services, law firms should focus heavily on ensuring the same convenience and accessibility in their own services. As we'll see, firms that incorporate technology more deeply into their workflows are the most likely to see success.

Consumers using AI to answer legal questions

Have used



Have not used, but would



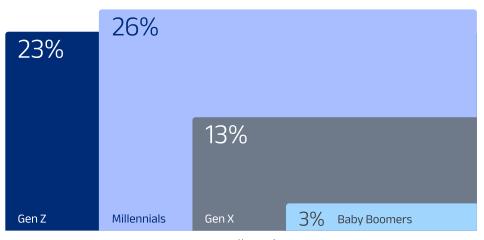
Have **not used**



Consumers are consulting Als with legal questions

More than half of consumers have or would consider using AI to answer their legal questions. For those who have, just over half said that AI sufficiently answered it (see below). Not surprisingly, younger generations are more likely to use AI in this way, indicating that this is likely to become a growing trend in the future.

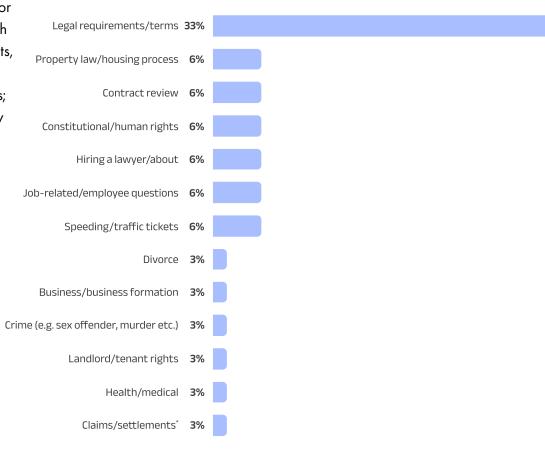
Generations using AI to answer legal questions



Have used

Most consumers asked general legal questions about certain requirements or terms. But many queries had to do with problems related to constitutional rights, housing, employment, and contract review. These are just the top searches; the list goes on to cover virtually every aspect of the law.

Legal problems pursued with Al

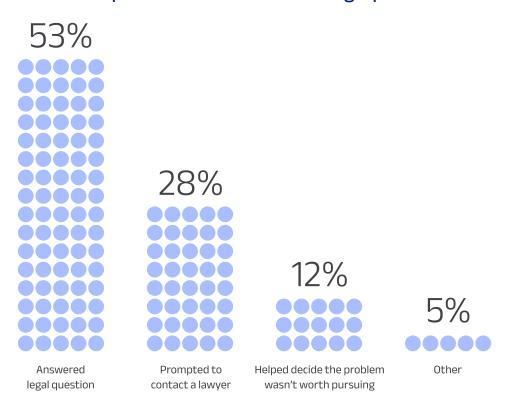


*Additional practice areas saw 1% to 2% consumers asking questions

Consumers using Al may also be **more informed** about their issue. For example, they may have a better sense of their options and the proceedings required. These potential clients may be less likely to be sold on actual legal recommendations and more on factors like **price**, **quality of service**, and **convenience**.

In 12% of cases, consumers were convinced by an AI that their legal problems weren't worth pursuing. If accurate, these services could save firms from putting valuable time and resources into consultations with very little business potential.

How Als helped consumers with their legal problems



In 12% of cases, consumers were convinced by an AI that their legal problems weren't worth pursuing.

WHAT LAWYERS SAY ABOUT THEIR CLIENTS USING AI

"I'm already seeing clients use ChatGPT and taking its word. I had a potential client use ChatGPT to explain the law to her and draft documents, and they were actually pretty on point. Since many lawyers charge by the hour, clients don't want to pay for them to draft something. They'd rather have ChatGPT do it and have a lawyer review it." — Samantha, owner at a solo firm practicing in community association law, Washington

"Lots of clients ask generative AI to answer legal questions or draft legal documents. AIs are usually 80% right but always have errors. Drafting legal documents with general-purpose AI tools, it ends up being a word salad of well-written sentences that are not purposeful. I have to read them with extra care." — Ken, lawyer at a small corporate and transactional firm, California

"The fact is that lawyers charge clients for a lot of tasks that can be better and more efficiently handled through automation and Al. As clients realize this, they will refuse to pay lawyers thousands of dollars per hour to perform tasks that a computer could easily handle for almost nothing." — Jerry, owner at a solo business litigation firm, California

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Transforming the legal experience



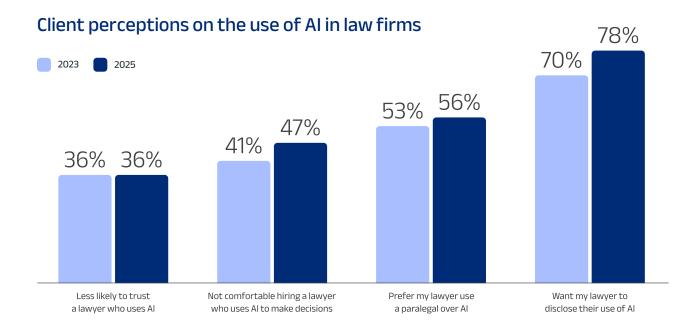
Consumers hold law firms to a higher standard

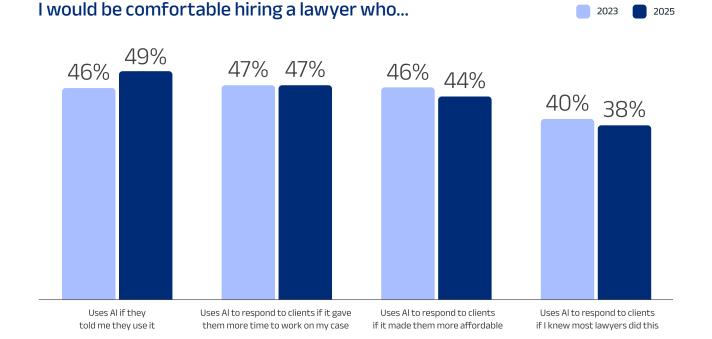
As more consumers turn to their Als for their legal questions, more than half take issue with the use of AI by legal professionals. Nearly half aren't comfortable hiring a lawyer who uses AI to make decisions about their legal issue, and over a third are less likely to trust a lawyer who uses Al.

In other words, more consumers will use AI for themselves but believe the professionals should instead rely on their own personal knowledge and experience. The majority would also rather their lawyer turn to a paralegal for support instead.

While disclosure leads many to be more open to lawyers using AI, most remain concerned, even when using AI would make legal services more affordable. These findings are similar to those from 2023, though consumers are slightly more uncomfortable with lawyers using AI, and more keen on getting disclosure of its use.

In fact, disclosure could reinforce client trust when firms demonstrate that they use more sophisticated, legal-specific Als rather than the same generalpurpose solutions that most consumers already have access to. Knowing that a lawyer is getting the benefit of Al-assisted work, with the added layer of expertise provided by a dedicated legal solution, would make clients feel like they're also benefiting.





LAW FIRMS NEED TO DISTINGUISH THEMSELVES FROM CHATGPT

Consumers are most likely using general AI solutions like ChatGPT, which aren't designed to advise on legal problems. They haven't been trained on the law, and without the support of a lawyer, there is no oversight or accountability to ensure users are getting sound legal advice, which is even more problematic with complex legal problems.

This poses an opportunity for law firms to distinguish themselves. When investing in AI solutions that have been trained in dealing with the law, firms can communicate more assurance in both the accuracy, quality, and speed of work they provide their clients.

Firms are unsure whether to disclose their use of Al

Most clients want to know whether their lawyer is using AI, which puts law firms in a difficult position. Disclosure could reinforce trust with those clients who are supportive, but it risks losing those who are not.

As it is, just over a third of law firms disclose the use of AI on an at least somewhat of a regular basis. Another third either never or rarely disclose its use with clients.

Do law firms disclose their use of AI to clients?

Always	,	18%
Sometimes		20%
)
Rarely	15%	
Rarely Never	15%	20%

Don't know

27%

CONFIDENTIALITY CAN INFLUENCE GUIDANCE

According to Florida Bar Ethics Opinion 24-1 (January 19, 2024): "If the use of a generative AI program does not involve the disclosure of confidential information to a third-party, a lawyer is not required to obtain a client's informed consent pursuant to Rule 4-1.6."

Lawyers say clients care more about the quality of work

Ivan, a partner at a small criminal defense law firm in California, says his clients aren't interested in how he gets the work done: "Clients are interested in the results: the finished document, the outcome, the summary. As far as how you get there, whether sitting through hours of video and reading thousands of pages of police reports, or whether a machine does it for me, they don't seem to care or appreciate it."

Sebastian, owner of a small law firm working in real estate, construction disputes, and transactions in California, shares a similar experience: "I don't specifically tell clients, 'This was generated by AI.' But I have seen that clients are happy with the quality of the work, product, and clarity."

HOW (AND WHY) TO COMMUNICATE TO CLIENTS ABOUT AI

Consumer-facing solutions like ChatGPT have given AI a bad reputation when it comes to solving legal problems. The media has been rife with reports of lawyers submitting briefs containing Al-hallucinated citations for legal precedents that don't exist.

But the problem isn't Al—it's that lawyers aren't reviewing the content of their work after

Lawyers have a strict duty and accountability to the work they deliver to clients. When disclosing the use of AI to clients, firms can and should reassure clients in the quality of work in the following ways:

- Ensure they are using solutions designed specifically for the use in legal practice
- Explain the proficiency these solutions offer and the benefit to overall quality of results
- Caution that not using Al could give an opposing counsel an unnecessary advantage
- Reinforce a commitment to the quality, service, human oversight, and accountability of the work they deliver

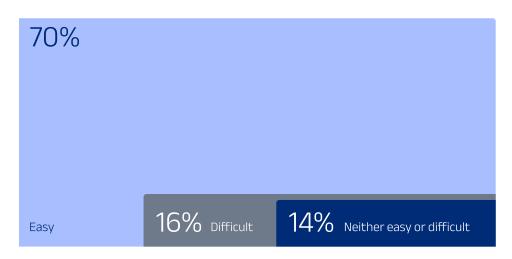


Most clients don't have problems finding a lawyer

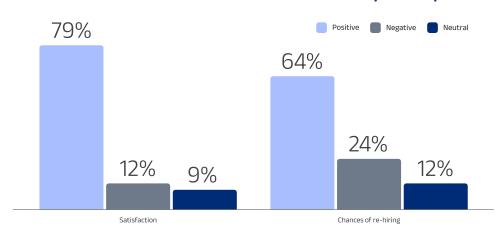
Of those who have hired a lawyer recently, 70% say they had an easy time finding and hiring one, largely thanks to referrals and online searches (discussed below).

Overall, clients are more likely to be satisfied with their lawyer than are to hire them again. Twenty-four percent said they would be unlikely to rehire the lawyer they last worked with, which could make client retention difficult for firms. Even if clients are happy, many still look for other options the next time they need a lawyer.

How difficult was it for clients to find a lawyer?



How clients felt about the most recent lawyer they hired

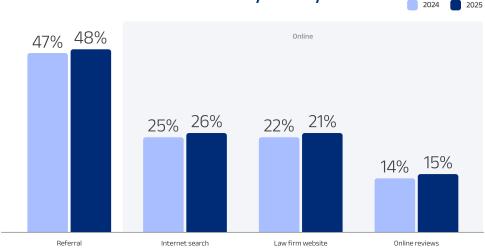


Clients rely on referrals, but are turning more to the internet

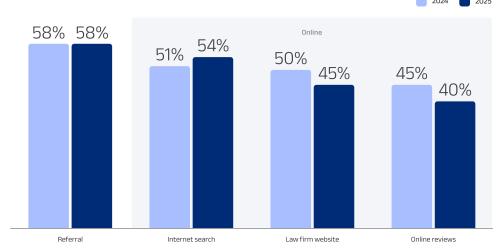
Of those who hired a lawyer recently, most sought a referral, while some searched the internet and used a firm's website.

For future legal problems, more say they would turn to **online resources**. While most would still look for a referral, more than half would also turn to the internet, with firm websites and online reviews playing strong roles. In other words, in addition to asking clients for referrals, firms should ask for online reviews, which could be key drivers for future business.

How clients found the last lawyer they hired



How clients would find their next lawyer



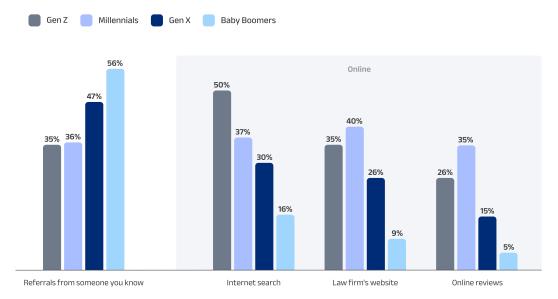


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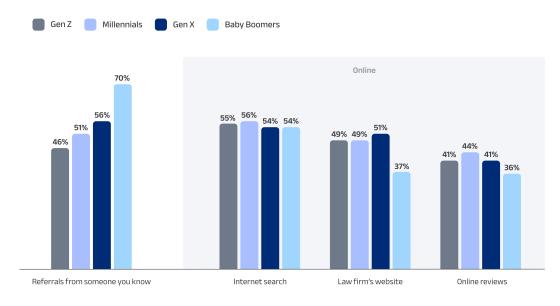
Online resources are a bigger focus for consumers hiring their next lawyer

Millennials and Gen Zers were even more likely to use digital channels to find a lawyer, and those of all generations (including older generations) are likely to turn to the internet to find their next lawyer.

How each generation hired their last lawyer



How each generation would find their next lawyer





WHAT DO AIS RECOMMEND IN A LAWYER?

When consulting Als, many consumers asked for advice on how to find "the best" lawyer. If potential clients continue to seek shopping advice from Als, law firms should take a moment to learn what Als recommend in discerning the good lawyers from the bad.

For example, if Als typically recommend a list of key questions to ask, law firms should prepare to be forthcoming with strong answers.

Prompt: Can you give me tips for finding the best lawyer?

Response: Absolutely—finding the right lawyer can make a huge difference. Here are some practical tips:

1. Identify your legal need. Different lawyers specialize in different areas (criminal defense, family law, bankruptcy, personal injury, corporate, etc.). Knowing your exact need will

narrow the field.

trust for referrals.

2. Look for relevant experience. Check whether the lawyer has handled cases like yours before. Experience in your specific area of law is often more

valuable than just years of practice.

3. Check reputation and reviews. Look up online reviews, testimonials, or ratings on sites like Avvo, Martindale-Hubbell, or Google. Ask people you

4. Verify credentials. Confirm the lawyer is licensed and in good standing with your state or provincial bar association. Many bar association websites let you search by name.

5. Assess communication style. During an initial consultation, pay attention to whether the lawyer explains things clearly, listens to your concerns, and makes you feel comfortable.

6. Discuss fees upfront.

Different lawyers charge hourly, flat fees, or contingency (no fee unless you win). Ask about billing practices, retainers, and expected costs before you commit.

7. Consider availability and workload. A great lawyer who doesn't have time for your case isn't the right fit. Make sure they can give your matter the attention it needs.

8. Evaluate fit and trust.

You'll be sharing sensitive information. Choose someone you feel you can trust, not just the most impressive résumé.

9. Compare a few options.

Don't settle on the first lawyer you speak with. Meet at least two or three before making a decision.

10. Trust your instincts.

If something feels off—whether about their approach, personality, or fees it's okay to keep looking.

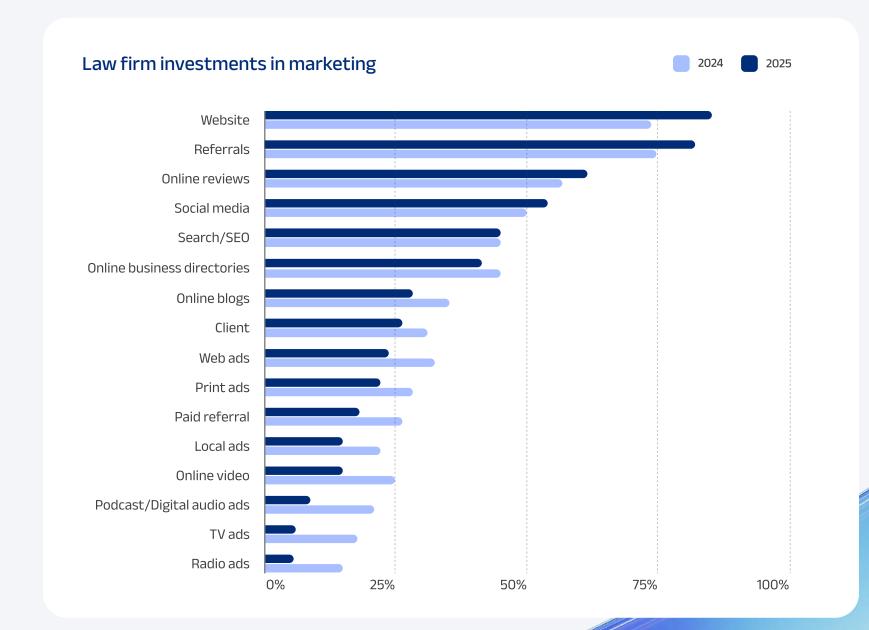
Source: Response provided by ChatGPT (GPT-5)

Part 4

Law firms are marketing in the right places

When marketing their firms, lawyers are investing more in the channels that matter to consumers. The vast majority boast having a website and relying on referrals, both of which have seen increased prominence since last year.

Online reviews also make up a significant focus for nearly two-thirds of firms compared to last year. Aside from social media and search engine optimization, all other forms of marketing have seen declines, with podcasts and television ads seeing the sharpest drops.



THE NEW REALITY FOR **ONLINE MARKETING:**

word-of-mouth to earn new business, the reality is that more clients are looking online to find their next lawyer, and in many cases they could be asking Als

their online marketing to appeal to the large language models that are the basis for AI training.





Clients still care about experience and reputation

Aside from reaching clients, it's crucial that firms create positive experiences for those who reach out. Experience and reputation remain two of the top considerations that clients look for in a lawyer, which means firms should look to build trust with current and future clients more than anything.

Also ranked highly are client reviews, free consultations, and clear and concise information, indicating that potential clients will put in the effort to find a firm that they feel confident about. These considerations now outweigh responsiveness, which was an even greater priority for clients previously.

In all these cases, an intake and CRM can help firms excel in these early experiences, which we explore in more detail below.

Office tools are central to firm tech stacks

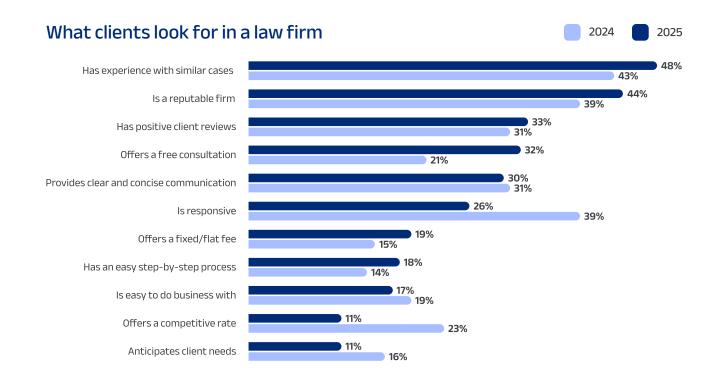
The client experience can greatly influence the sense of value that people get from working with a lawyer. These experiences are created by the knowledge and expertise demonstrated by lawyers and their staff, and are also based on how easy and efficient the firm is to work with.

Law firms can optimize their client experiences by investing in the right technologies, which can both create ease for clients and free up staff to be more available to clients.

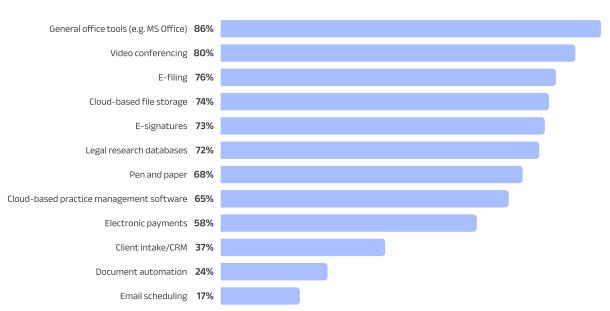
PLATFORM SOLUTIONS OFFER MULTIPLE CAPABILITIES IN ONE SYSTEM

In addition to standard business software like Microsoft Office, many firms use solutions for specific tasks like e-filing, cloud storage, e-signatures, and payments. While nearly two-thirds use a practice management solution, those using a platform like Clio gain access to all of these capabilities within a single platform.

Minimizing the number of solutions a firm has to rely on reduces the difficulties in managing data across multiple pieces of software. As we'll see below, firms that invest in a wide range of capabilities within one system, and also invest in getting the most out of them, see the most success.



Technologies most used by law firms





Growing firm advantages

In our cohort analysis, we see where growing law firms are more likely to invest compared to shrinking law firms. Some key areas where these firms invest more include:

Client intake and email automation greatly simplify processes for prospective clients. Staff can manage client lead information and follow-ups in one system, which also gives them the ability to send intake forms and collect initial payments. These solutions also automate confirmations and reminders for consultation bookings, saving staff from having to manage and track follow-ups.

Document automation offers the ability to quickly draft documents from pre-designed templates. Once a client's information has been collected and inputted into a database, staff can use that information to quickly draft documentation from pre-designed templates. The software uses conditional logic to account for grammatical variables in gender and plural agreement, and questionnaire forms give staff an easy way to collect client information.

Online payments allow firms to quickly collect money from clients. Clients can pay online from a bill, email, text message or by visiting the firm's website, or they can also pay in person with tap to pay. When using a solution like Clio, firms also get features like split billing and the ability to pay via a clientfacing mobile app. These capabilities save substantial administrative work in preparing and managing payment workflows, while also giving clients more options.

Use of technology 70% 63% Growing firms 60% Stable firms 48% Shrinking firms 33% 28% 28% 23% 18% 13% 11% **Email scheduling** Client intake/CRM Document automation Electronic payments

Document automation offers many benefits to law firms

Generating documents from custom fields:

"We use Clio a lot for document automation. We use Clio's custom fields to its maximum. When we open a file, we have a certain set of custom fields for each case type that we fill in, so when we auto-generate most of our documents, all of that information gets filled in." - Celeste, partner at a mid-sized family law firm, Nebraska

Key to being competitive:

"I think document automation is going to be essential for law firms. For lawyers that aren't using it for drafting, it'll just make it that much harder for them to compete." — Sebastian, owner of a small law firm working in real estate, construction disputes, and transactions, California

Benefits of client questionnaire forms:

"I can now have my clients literally populate their own divorce forms. What used to take me two or three hours, I have them doing as part of my intake process." — Samuel, solo lawyer practicing family law, New York

38%

Part 4

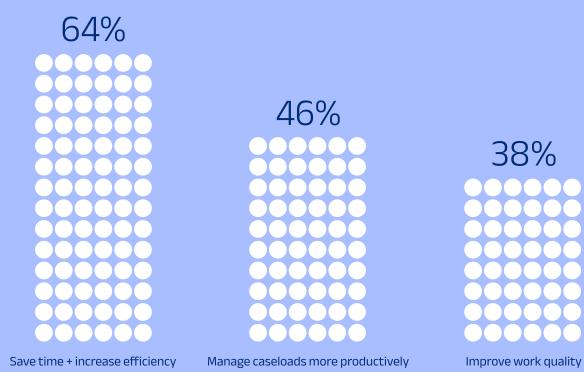


Most law firms want to save time, growing firms focus more on client experience

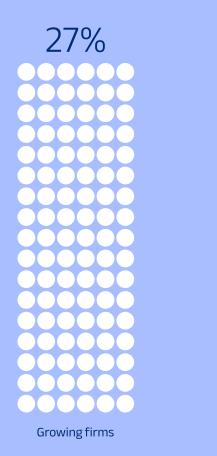
When adopting new technologies, most firms want to save time, manage caseloads, and ensure quality. In our cohort analysis, however, growing firms were much more likely than stable and shrinking firms to focus on improving client satisfaction.

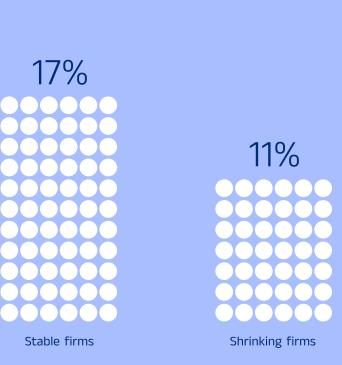
In addition to improving processes and efficiencies, building a client base requires diligent attention to their needs. This means ensuring positive outcomes, but it also means eliminating as much friction for them as possible. It's these types of experiences that will ensure more positive word-of-mouth referrals and the future rewards that come with them.

Top 3 considerations when adopting new technologies



% considering client experience when purchasing new technology









How firms realize returns on their investments

When measuring the impact of their technology, firms are most likely to assess the benefits based on the time savings, but many are also focused on revenue generation, cost savings, and improved employee satisfaction.

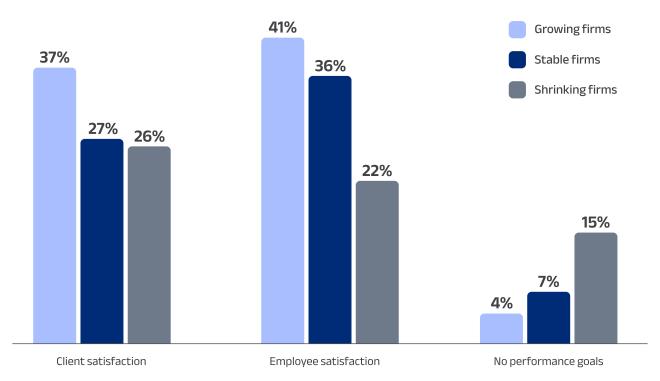
Shrinking firms were the most likely to not have any performance goals for the technology, and growing firms were much more likely to measure client satisfaction and even more likely to assess employee satisfaction.

Top measures for assessing impact of new technologies

62% Time savings



How firms measure the impact of new technologies





IN THEIR WORDS

FIRMS LOOK FOR TECH COMPETENCY IN NEW HIRES

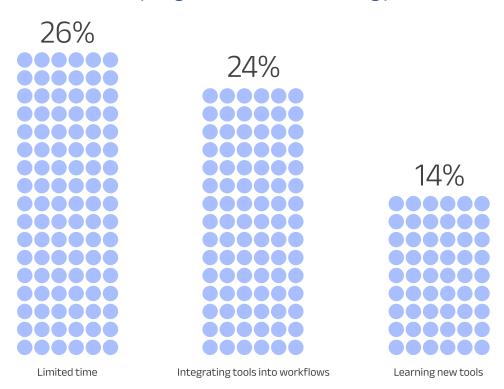
Al experience required: "Legal professionals need to understand technology. If you're going to be in the legal workspace in 2025, you better understand what AI can and cannot do. That's super important." - Pierce, lawyer at a small business and real estate law firm, Missouri

Tech competency at all levels: "We include questions about technology in all of our interviews, not just with our junior team, but any person we interview." — Fiona, founder at a mid-sized general practice law firm, UK

All firms face barriers to adopting new technologies, but successful firms overcome them

Across all of the cohorts we looked at, the largest barriers to adopting new technologies were the same: time, integration, and learning. But, as we see below, the firms that overcome these obstacles are the ones that see the most success.

Barriers to adopting features in a technology



HOW LAWYERS OVERCOME BARRIERS TO TECHNOLOGY ADOPTION

Teamwide support and training: "We have a tech committee. If someone has a cool, unique tool that they want to explore, we talk about it. We pilot it. We keep the conversation open. We also have quarterly technology training, so if anybody wants more training on a specific tool, they can always suggest that for the next session. Or if they want to use a new tool, we always say, yep, go explore it." - Celeste, partner at a mid-sized family law firm, Nebraska

Prioritizing innovation: "I put a Post-it note on everybody's computer saying, 'How can AI help me do this?' I want my staff to always think about how they can make their jobs easier through technology.

It's important to start the conversation and encourage experimentation within the team." - Jules, founder of a mid-sized family law firm, Saskatchewan

Supporting the work and focusing on clients: "It's worth putting the effort in to build your systems in a way that they are truly supportive of your work. The hardest part is actually making sure the technology fits what I do for my clients." - Sebastian, owner of a small law firm working in real estate, construction disputes, and transactions, California

Advantages among firms using Clio

Clio offers a range of products designed to improve firm organization, efficiency, and client experience. Growing firms used 12% more products in the Clio ecosystem than stable firms, and 15% more than shrinking firms.

In addition to using more products, growing firms are also more likely to use more of the features and capabilities across Clio, which includes workflows to improve client communications, calendaring, time tracking and billing, bookkeeping, document management and drafting, e-filing, and much more.



THEIR

Z



Growing firms get more out of the technology they use

It's not just the number of products a firm has that's important. Fully integrating them into workflows will ensure that firms get the most from them and unlock the most value, which is a key differentiator for success.

In our cohort analyses, we looked at adoption rates within some of our products to determine how much of these solutions firms were using. Within Clio Manage, growing firms used 13% more of the software than stable firms, and 46% more than shrinking firms.

With greater adoption, growing firms are able to manage more of the case and client information in Clio, giving them the ability to better manage client communications, documents, billing and payments workflows, and much more. One of the most widely adopted features is Clio Payments, which growing firms use 13% more than stable firms, and 33% more than shrinking firms.

Growing firms get more from their client intake solution

Of firms using Clio Grow, an intake and CRM solution in Clio, growing firms have much higher adoption scores. They use 15% more of the software than stable firms, and 44% more than shrinking firms.

This means these firms are taking more advantage of being able to market their services and manage their potential clients through the intake process. In turn, they are able to drive more business to support the growth we've seen in this cohort.





Key takeaways

01

Consumers are asking Als their legal questions:

Most consumers have or would consider using AI to answer their legal questions. For those using AI, half got their legal questions answered, while just over a quarter were directed to contact a lawyer.

02

Consumers don't have access to legal Al solutions:

Many consumers are uncomfortable with the idea of lawyers using AI for casework, but most are likely only familiar with general-purpose Als that are more subject to hallucinations and aren't designed for legal work.

03

More consumers plan to look for support online:

More consumers say they would look for their next lawyer online, which increases the likelihood that Als will influence future decisions on hiring a law firm.

04

Technology adoption influences growth:

Growing law firms are more likely to invest in a range of solutions within one platform, and they get more out of each software as well.



Part — 05

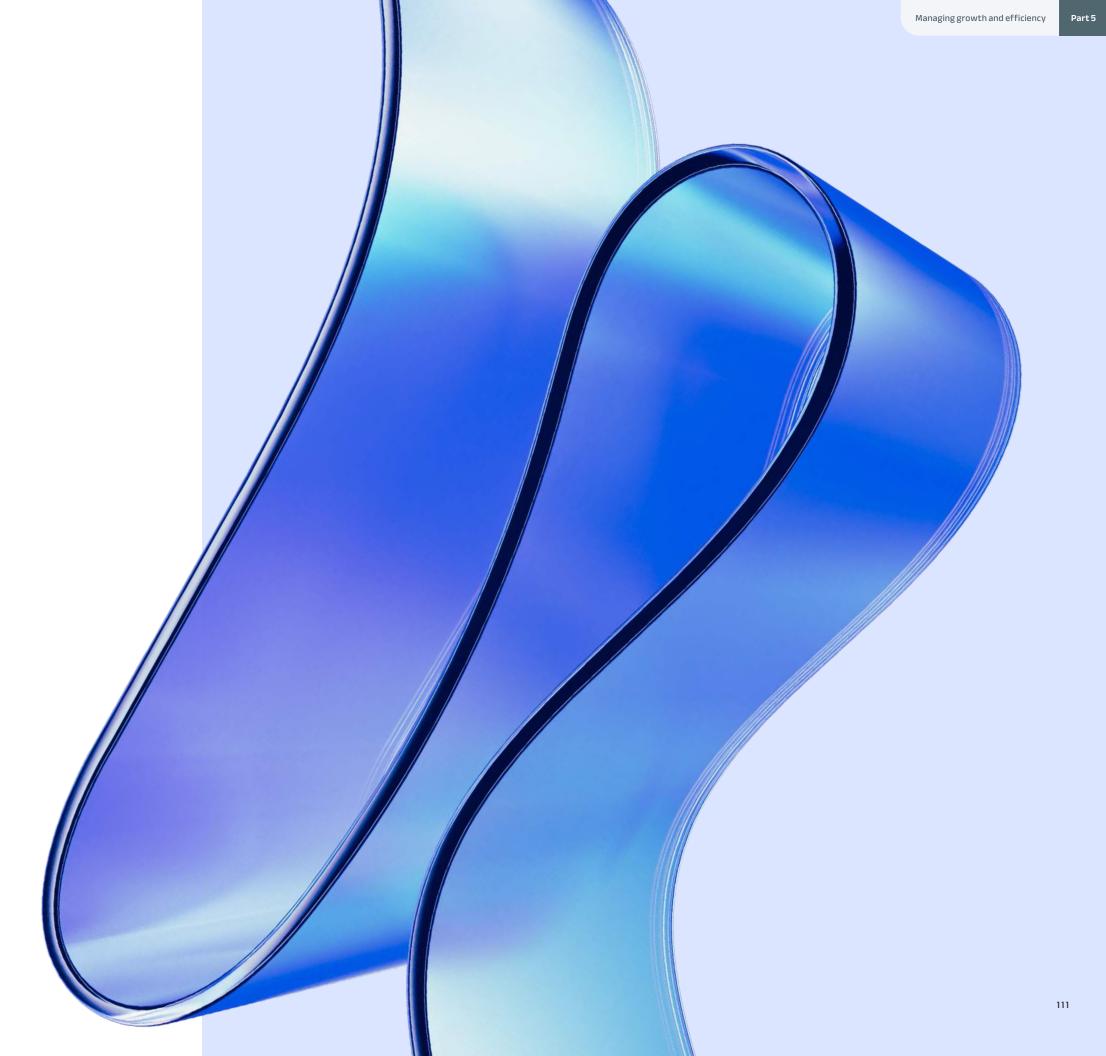


Responsible lawyers are those assigned to oversee a matter. In addition to overseeing team members who may include more junior lawyers and paralegals, they are ultimately responsible for the actions a firm takes on a matter, including any documents filed with courts or other administrative agencies.

Typically, only one responsible lawyer is assigned to a matter.

This means that looking at the casework of responsible lawyers gives a unique perspective into firm performance and growth.

The revenue contribution of responsible lawyers is a key metric for understanding the financial health and growth strategies of law firms. A lawyer's capacity for generating revenue influences a firm's growth and, ultimately, determines whether it's growing, stable, or shrinking. The path to growth varies significantly based on firm size, highlighting distinct approaches to scaling a business.

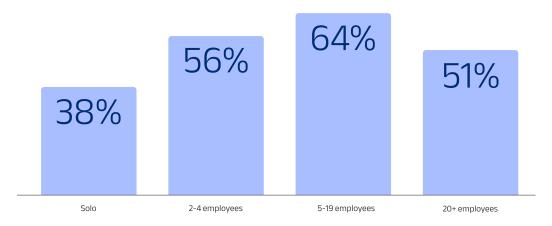




Comparing caseloads based on firm size

Responsible lawyers in solo law firms take on the fewest cases on average, whereas firms with more than one employee (which could include additional lawyers or non-lawyer support staff) take on more cases.

Average new matters per responsible lawyer

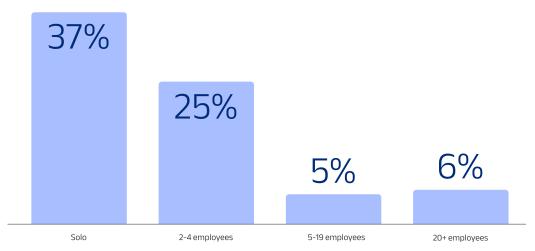


Responsible lawyers in growing law firms take on more cases than the wider industry.

Those in solo firms take on 37% more cases than other solos, and those in small firms (2-4 employees) take on 25% more. For larger firms, despite being in our growing cohort, responsible lawyers in these law firms only took on 5-6% more cases compared to industry averages for firms of these sizes.

Difference in new matters per responsible lawyer: Growing law firms versus all law firms

Responsible lawyers in growing law firms take on more cases

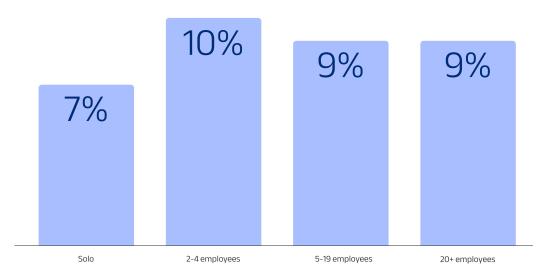


Revenue contributions of responsible lawyers

Revenue attributed to responsible lawyers includes everything earned against all of their matters, including fees from other timekeepers. This review includes not just hourly fees, but also flat fees and contingency fees, making it the most complete analysis of law firm revenue yet published by the Legal Trends Report.

When looking at industry averages, responsible lawyers take on more work and earn between 7% and 10% more revenue for their firms.

Growth in revenue (industry average): 2020–2023



Among our cohorts of growing, stable, and shrinking firms, we see that responsible lawyers contribute differently to firm growth.

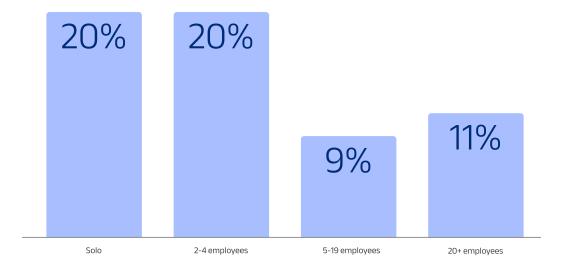
Part 5



Growing law firms

In growing firms, responsible lawyers in larger firms (5–19 and 20+ employees) increased revenue contributions by a similar amount to industry averages (9%, above). Responsible lawyers in solo and small firms (2–4 employees), however, saw twice the growth compared to industry averages. This indicates that responsible lawyers in smaller firms are taking on increasingly greater earnings for their firms.

Growth in revenue (growing firms): 2020-2023



114

Stable law firms

In stable firms, responsible lawyers are taking on less revenue overall, with the largest drop in solos. This does not necessarily mean these stable firms are in trouble. These law firms may be reducing overhead expenses and shortening collection lockup, which can help balance out profitability. However, shrinking revenue per responsible lawyer must be addressed for these firms to be sustainable into the future.

Growth in revenue (stable firms): 2020-2023



Shrinking law firms

In shrinking law firms, the most significant reductions in firm revenue are reflected in the contributions of responsible lawyers within smaller law firms (solos and 2-4 employees), and are less pronounced in larger firms (5–19 and 20+ employees).

Growth in revenue (shrinking firms): 2020-2023





Different paths to growth in larger versus smaller law firms

Responsible lawyers in larger law firms see less change in their casework and revenue contributions across all of our growing, stable, and shrinking cohorts. This gives us two different perspectives on growth and contraction in firms of these sizes:

- In growing law firms, larger firms are more likely to hire additional lawyers to take on their share of the firm's increasing revenue growth.
- In shrinking law firms, layoffs are more likely when casework declines, which helps ensure that their responsible lawyers maintain a higher volume of casework.

For smaller firms, responsible lawyers are able to increase their capacity to take on a greater share of revenue growth. Equipping their lawyers with better technology to handle higher volumes

of casework, for example, allows firms to greatly increase their overall revenues without increasing headcount, a defining characteristic of growing law firms in our cohort analysis.

This has been achieved by firms better managing their time and, in particular, their non-billable administrative work. With advancements in AI, these benefits are likely to increase further, enabling individual lawyers to take on even more casework and contribute even more revenue to their firms.

Additionally, improving firm operations with technology instead of adding headcount is also a cost-effective way to increase firm capacity without incurring the high cost of hiring and training new lawyers. This means that these firms are better positioned to weather slow periods in casework without having to lay off staff.

Defining opportunities for strategic growth

When it comes to growth, firms can add more people, but they can also focus on making their people more impactful. Hiring more staff increases a firm's capacity, but it also increases complexity and overhead. The alternative is to amplify the contributions of those already in the firm.

The revenue contributions of responsible lawyers show that firms of different sizes typically employ different strategies for growth.

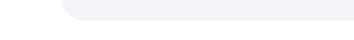
Smaller firms generally achieve growth through a vertical model, increasing the caseload and efficiency of existing lawyers, often by leveraging technology to boost productivity. This approach allows them to expand capacity without incurring the high costs of adding new staff. Larger firms, by contrast, typically pursue a horizontal growth model, expanding by hiring more lawyers rather than expecting their staff to take on a higher volume of work.

The distinction highlights the strategic trade-offs firms make: prioritizing efficiency and capacity-building versus focusing on expanding human capital to scale operations.

VERTICAL VERSUS HORIZONTAL GROWTH

Vertical growth occurs when firms increase their capacity to work by gaining efficiency and having each existing member take on a higher volume of work. This type of growth focuses on increasing productivity without increasing headcount.

Horizontal growth occurs when firms expand their business by adding more employees. Instead of existing lawyers and staff taking on significantly more work, the firm grows by increasing its overall staffing





Key takeaways

01

Firms of different sizes have different growth strategies:

As firms grow, smaller firms are more likely to increase the caseloads of responsible lawyers, while larger firms expand by adding more responsible lawyers.

02

Firms have multiple paths to growth:

Increasing the productivity and efficiency of individual lawyers and their teams allows law firms to grow without a heavy investment in growing headcount.



Appendix — A

Hourly rates and KPI data





Business metrics for law firms

Each Legal Trends Report includes data on average hourly rates and key performance indicators (KPIs) to help analyze lawyer and law firm productivity, efficiency, and revenue generation.

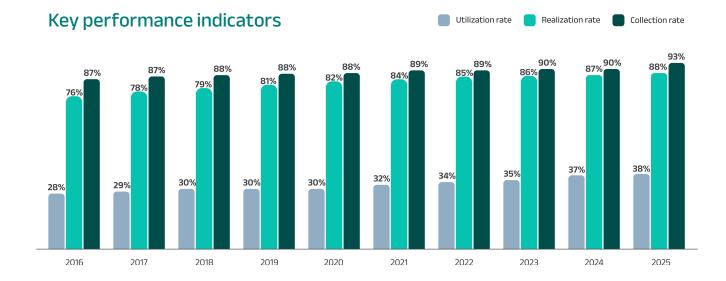
Key performance indicators

Clio's law firm KPIs provide benchmark insights into how law practices are performing over time, giving firms insight into how to measure and improve their performance. They include:

- Utilization rate: the percentage of an eight-hour day that gets put towards billable work.
- Realization rate: the percentage of billable work that gets invoiced to clients.
- Collection rate: the percentage of invoiced work that gets paid.

Since 2016, firms have seen steady improvements across all KPIs, meaning that firms are becoming more productive and efficient in generating revenue over time.

Compared to 2016, firms are billing 36% more hours per day, invoicing 16% more of their billable work to clients, and collecting 7% more of what they bill.



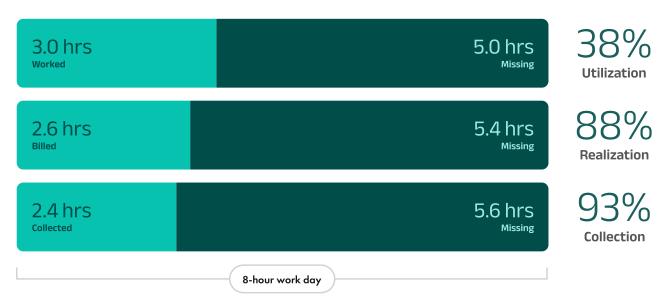
When looked at in the context of the lawyer's funnel, we can see how shortfalls in each KPI reduce the overall efficiency in collecting revenue on a full eight-hour day.

For example, a utilization rate of 38% means that five hours of a lawyer's day goes unbilled. A realization rate of 88% means that only 2.6 hours of billable work actually gets captured in client bills. And a 93% collection rate means that firms are collecting on only 2.4 hours of billable work each day.

Yet, when factoring each KPI in this way and comparing it to historical firm performance, the average law firm is collecting on nearly twice as many billable hours compared to 2016.¹⁷

The lawyer's funnel

Average hours worked, billed, and collected





Utilization, realization, and collection rates by state

Chaha	Utilizat	ion rate	Realization rate	Collection rate	State	Utilizat	ion rate	Realization rate	Collection rate
State	Lawyer	Non-lawyer	Firm	Firm	State	Lawyer	Non-lawyer	Firm	Firm
AK	38%	28%	92%	95%	MT	39%	22%	92%	96%
AL	41%	24%	85%	93%	NC	33%	23%	89%	92%
AR	29%	20%	85%	87%	ND	33%	20%	93%	91%
AZ	37%	30%	87%	92%	NE	46%	33%	83%	93%
CA	37%	34%	78%	93%	NH	32%	19%	87%	94%
со	37%	28%	91%	94%	ИЛ	38%	30%	77%	90%
СТ	31%	25%	78%	93%	NM	40%	28%	92%	95%
DC	29%	24%	80%	96%	NV	45%	30%	89%	94%
DE	34%	26%	87%	97%	NY	35%	23%	81%	92%
FL	38%	29%	81%	89%	ОН	35%	24%	83%	90%
GA	35%	28%	81%	91%	ОК	38%	21%	85%	92%
н	35%	24%	89%	96%	OR	35%	23%	87%	94%
IA	39%	21%	76%	94%	PA	39%	23%	88%	94%
ID	39%	20%	95%	94%	RI	44%	20%	85%	96%
IL	40%	23%	83%	94%	SC	37%	26%	89%	92%
IN	36%	18%	80%	89%	SD	45%	20%	83%	95%
KS	36%	18%	87%	94%	TN	32%	22%	81%	89%
КҮ	38%	20%	84%	94%	тх	37%	30%	87%	92%
LA	39%	23%	88%	93%	UT	41%	26%	94%	96%
MA	34%	27%	80%	92%	VA	31%	18%	85%	94%
MD	34%	23%	87%	92%	VT	32%	20%	92%	95%
ME	40%	20%	89%	96%	WA	36%	29%	91%	92%
МІ	36%	26%	85%	91%	WI	40%	22%	85%	89%
MN	33%	24%	87%	94%	wv	38%	23%	74%	92%
МО	36%	22%	86%	93%	WY	32%	18%	92%	96%
MS	37%	22%	82%	87%					



Lockup

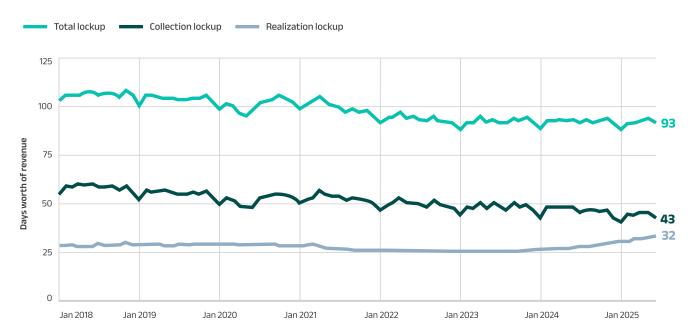
Lockup consists of three measures within the billing process and is measured in days:

- Realization lockup: This is the amount of revenue that is unbilled at any given time (also known as "work-in-progress lockup").
- Collection lockup: This is the amount of revenue that is uncollected at any given time (also known as "debtor lockup").
- Total lockup: This is a combination of revenue held in both realization and collection lockup.

Realization lockup has been trending down, meaning that firms are carrying less unbilled time and instead billing that work quicker to clients. Collection lockup, however, has been creeping up, which means that while firms are quicker to get bills out, clients have been slower to clients have been slower to pay—resulting in firms having to deal with more unpaid bills.

Overall, total lockup has remained fairly flat for the last two years, meaning that the average law firm is carrying about 93 days worth of work that is either unbilled or unpaid at any given time.

Lockup days (12 month rolling average)

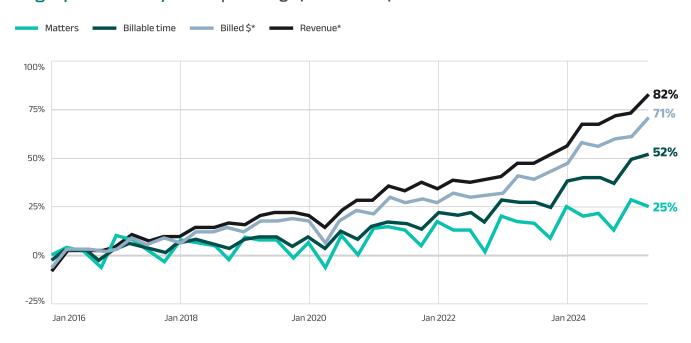


Legal productivity index

The average timekeeper has seen substantial gains in terms of their casework and the revenue they bring into their firms. Since 2016, timekeepers have been working 25% more cases and earning over 75% more revenue (adjusted for changes in hourly rates).

In addition to being able to find more clients, the steady increases in firm KPIs, and the resulting improvements to the Lawyer's Funnel, help explain these gains. As individual timekeepers put more of their time towards billable work, ensure that work gets billed to clients, and eventually collect upon that work, all of these factors contribute to the substantial increase in performance for individual timekeepers.

Legal productivity index | % change per timekeeper



*Adjusted for changes in hourly rates 127



Responsible lawyer revenue (year over year)

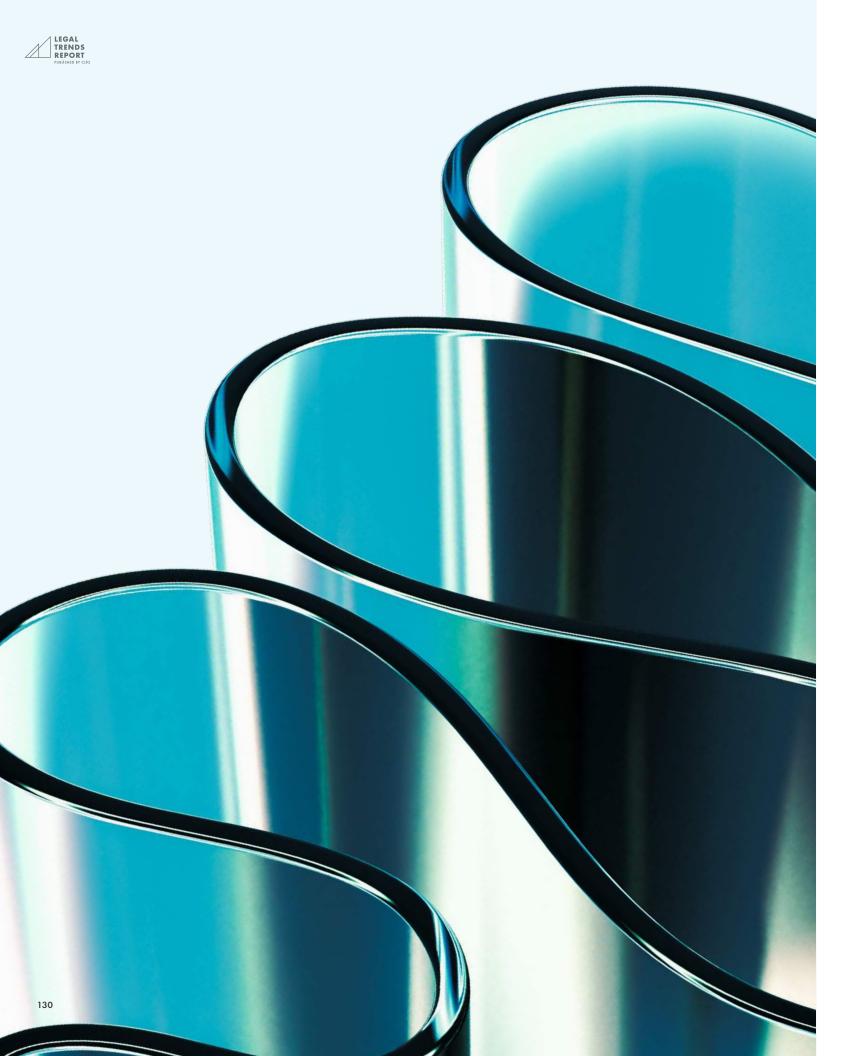
Responsible lawyers in larger firms typically oversee much more in billables compared to smaller law firms, as much as three and a half times more than solo firms, and about two times more than those with 2-4 employees.

Median earnings per responsible lawyer

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Solo	\$ <i>77</i> ,630	\$80,535	\$81,595	\$86,499	\$75,333	\$79,847	\$82,382	\$84,135	\$83,219
2-4 employees	\$13 <i>7</i> ,648	\$141,720	\$146,037	\$159,298	\$150,922	\$160 <i>,7</i> 16	\$166,715	\$167,999	\$156,963
5–19 employees	\$201,089	\$203,161	\$215,374	\$236,455	\$228,675	\$245,409	\$261,665	\$269,250	\$249,758
20+ employees	\$183,063	\$193,994	\$222,645	\$213,131	\$218,326	\$255,174	\$275,213	\$293,341	\$294,609

Mean earnings per responsible lawyer

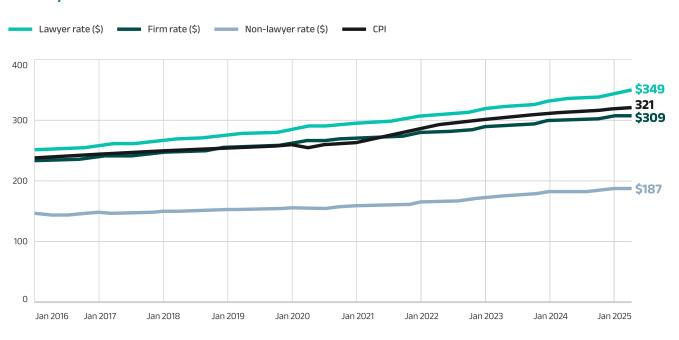
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Solo	\$136,543	\$137,410	\$146,624	\$147,924	\$136,662	\$145,705	\$146,914	\$145,921	\$137,948
2-4 employees	\$205,721	\$217,095	\$222,365	\$236,857	\$225,269	\$244,400	\$248,785	\$247,388	\$225,236
5–19 employees	\$321, <i>75</i> 2	\$340,055	\$357,844	\$380,722	\$371,099	\$397,350	\$403,355	\$405,192	\$365,309
20+ employees	\$401,211	\$436,630	\$461,144	\$495,779	\$490,388	\$522,113	\$531,650	\$534,035	\$491,946



Hourly rates in legal

Overall, hourly rates for lawyers have largely kept pace with inflation. Non-lawyer rates, however, have remained relatively flat. This resulted in average firm rates falling behind increases in the Consumer Price Index in 2021, and they haven't caught up.

Hourly rates



Hourly rates by state

State	Lawyer	Non-lawyer	Law firm	State	Lawyer	Non-lawyer	Law firm
AK	\$329	\$191	\$290	MT	\$258	\$141	\$238
AL	\$250	\$141	\$230	NC	\$315	\$162	\$275
AR	\$269	\$141	\$247	ND	\$324	\$211	\$301
AZ	\$325	\$177	\$279	NE	\$261	\$156	\$235
CA	\$420	\$213	\$358	NH	\$289	\$197	\$269
со	\$319	\$176	\$284	ИЛ	\$363	\$194	\$328
СТ	\$404	\$223	\$356	NM	\$280	\$143	\$241
DC	\$490	\$222	\$454	NV	\$325	\$172	\$284
DE	\$472	\$222	\$417	NY	\$420	\$224	\$387
FL	\$351	\$182	\$303	O3 OH \$276		\$144	\$250
GA	\$363	\$205	\$321	ок \$278		\$142	\$253
ні	\$33 <i>7</i>	\$169	\$301	OR	\$324	\$168	\$283
IA	\$250	\$153	\$232	PA	\$311	\$193	\$291
ID	\$304	\$151	\$269	RI	\$368	\$203	\$347
IL	\$349	\$206	\$324	SC	\$297	\$144	\$252
IN	\$290	\$169	\$266	SD	\$251	\$154	\$240
KS	\$311	\$157	\$285	TN	\$298	\$155	\$269
КҮ	\$244	\$132	\$225	ТХ	\$367	\$183	\$313
LA	\$265	\$118	\$241	UT	\$335	\$171	\$300
MA	\$331	\$232	\$307	VA	\$378	\$200	\$342
MD	\$361	\$199	\$327	VT	\$279	\$131	\$251
ME	\$254	\$166	\$237	WA	\$344	\$187	\$299
MI	\$296	\$164	\$270	WI	\$278	\$193	\$263
MN	\$325	\$174	\$291	wv	\$196	\$115	\$185
МО	\$300	\$148	\$268	WY	\$309	\$140	\$281
MS	\$248	\$138	\$223				

Adjusted rates by state*

 ${}^\star\! Adjusted$ rates reflect cost of living for each state.

State	Lawyer	Non-lawyer	Law firm	State	Lawyer	Non-lawyer	Law firm
AK	\$323	\$188	\$285	MT	\$286	\$157	\$264
AL	\$278	\$157	\$255 NC \$335 \$		\$172	\$293	
AR	\$311	\$163	\$286	ND	\$366	\$239	\$340
AZ	\$322	\$175	\$276	NE	\$289	\$172	\$260
CA	\$373	\$189	\$318	NH	\$275	\$187	\$256
СО	\$315	\$173	\$280	ИЛ	\$333	\$179	\$301
СТ	\$390	\$216	\$343	NM	\$310	\$158	\$266
DC	\$442	\$200	\$409	NV	\$335	\$177	\$293
DE	\$475	\$224	\$421	NY	\$390	\$208	\$359
FL	\$340	\$176	\$293	ОН	\$301	\$157	\$272
GA	\$376	\$212	\$332	ок	\$315	\$161	\$287
н	\$310	\$155	\$278	OR	\$310	\$160	\$270
IA	\$282	\$172	\$261	PA	\$319	\$198	\$299
ID	\$332	\$165	\$294	RI	\$363	\$200	\$342
IL	\$353	\$208	\$328	SC	\$319	\$154	\$270
IN	\$314	\$183	\$289	SD	\$285	\$174	\$273
KS	\$345	\$175	\$317	TN	\$322	\$168	\$291
кү	\$269	\$146	\$248	тх	\$378	\$189	\$323
LA	\$300	\$134	\$273	UT	\$353	\$180	\$316
MA	\$306	\$214	\$284	VA	\$375	\$198	\$340
MD	\$347	\$191	\$315	VT	\$289	\$136	\$260
ME	\$261	\$171	\$244	WA	\$31 <i>7</i>	\$172	\$276
MI	\$315	\$174	\$287	WI	\$298	\$207	\$283
MN	\$330	\$177	\$296	WV	\$218	\$129	\$206
МО	\$327	\$161	\$292	WY	\$340	\$154	\$310
MS	\$284	\$158	\$256				



Hourly rates by practice area

Practice area	Lawyer	Non-lawyer	Law firm	Practice area	Lawyer	Non-lawyer	Law firm
Administrative law	\$329	\$146	\$274	Government	\$248	\$167	\$240
Appellate	\$325	\$173	\$305	Immigration	\$361	\$317	\$342
Bankruptcy	\$456	\$205	\$386	Insurance	\$218	\$115	\$203
Business formation / compliance	\$377	\$189	\$352	Intellectual property	\$450	\$242	\$406
Civil litigation	\$351	\$171	\$318	Juvenile	\$133	\$138	\$133
Civil rights / constitutional law	\$380	\$171	\$332	Mediation / arbitration	\$366	\$214	\$342
Collections / debt	\$320	\$174	\$279	Medical malpractice	\$247	\$131	\$220
Commercial / sale of goods	\$411	\$194	\$390	Personal injury	\$335	\$163	\$284
Construction	\$314	\$153	\$284	Real estate	\$374	\$198	\$345
Contracts	\$369	\$190	\$352	Small claims	\$260	\$269	\$262
Corporate litigation	\$460	\$221	\$429	Тах	\$440	\$233	\$392
Criminal	\$217	\$188	\$212	Traffic offenses	\$326	\$245	\$297
Elder law	\$293	\$178	\$257	Trusts	\$394	\$203	\$331
Employment / labor	\$385	\$183	\$352	Wills & estates	\$370	\$193	\$314
Family	\$343	\$181	\$294	Workers' compensation	\$180	\$132	\$170





App data collection

The Legal Trends Report uses aggregated and anonymized data collected from the Clio platform. By synthesizing actual usage data, we're able to identify trends that would be otherwise invisible to most firms.

The Legal Trends Report has been prepared using data aggregated and anonymized from tens of thousands of legal professionals. These customers were included in our dataset using the following criteria:

- They were paid subscribers to Clio. Customers who were evaluating the product via a free trial or were using Clio as part of our Academic Access Program were not included.
- They were located in the United States.
- Any data from customers who opted out of aggregate reporting was excluded.
- Outlier detection measures were implemented to systematically remove statistical anomalies.

Data usage and privacy

The security and privacy of customer data is our top priority at Clio. In preparing the Legal Trends Report, Clio's data operations team observed the highest standard of data collection and reporting.

Data collection

- All data insights were obtained in strict accordance with Clio's Terms of Service (section 2.12).
- All extracted data was aggregated and anonymized.
- No personally identifiable information was used.
- No data belonging to any law firm's clients was used.

Reporting

Aggregate data has been generalized to avoid instances where individual firm data could be identified. For example, to avoid reporting data on a small town with only one law firm, which would implicate all of this town's data to this firm, we only report at country and state levels.

Additionally, raw datasets will never be shared externally. Clio is effectively a tally counter for user interactions—much like stadiums use turnstiles to count visitors without collecting any personally identifiable information from their customers. Similarly, as users interact with the Clio platform they trigger usage signals we can count and aggregate into datasets. We can identify trends without collecting information that reveals anything specific about individual customers.



The Legal Trends Report, published by Clio, provides information on the most important issues faced within the legal profession. By analyzing aggregated and anonymized data from tens of thousands of legal professionals in the U.S., supported by extensive survey research, this report offers unique insights into law firm efficiencies, hourly rates, and other key metrics for success.

Clio is the world's leading provider of cloud-based legal technology, providing lawyers with low-barrier, affordable solutions to manage and grow their firms more effectively, more profitably, and with better client experiences. Clio redefines how lawyers manage their firms by helping them run their practices securely from any device, anywhere.

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