

Trend Analysis

Legal Pricing and Budgeting





Client Demand

In the last 12 months:

have seen an increase in client demand for financial transparency

have seen an increase in client demand for matter budgets

have seen an increase in client demand for Alternative **Fee Arrangements**

have seen an increase in client 48% demand to demonstrate the value of their investment



To meet increasing client pressure, firms must adapt pricing strategies and enhance profit visibility with effective matter budgeting. These practices ensure better transparency, cost predictability, and support the firm's financial health.

Prema

last year	91%
next year	86%

91% increased pricing last year and 86% will increase it again in the next 12 months with a fifth of respondents expecting to raise prices between 41-60%



agree that there is an opportunity to introduce more value based pricing/billing in their firms.



agree there is an opportunity to introduce more AFA's to stay competitive.



Despite understanding the need for alternative pricing amid growing client scrutiny and transparency demands, most law firms plan to raise prices in the next 12 months. The success of sustaining these increases remains uncertain.

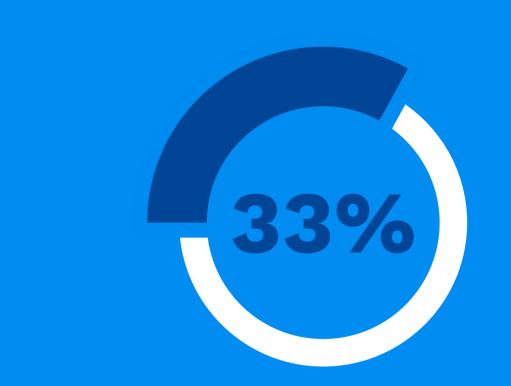
Budgeting

99%

of firms confirm they have introduced more mandated budgeting in the last 12 months.

clients with updates on budget throughout a matter lifecycle for approximately 11-20% of matters.

confirm they provide



confirm they include a breakdown of the cost of allocated resources when pricing matters for approximately 21%-40% of matters.





Firms recognize the importance of matter budgeting for identifying margins and benchmarks, improving financial planning, and client satisfaction. Proper processes and tools enhance profitability, but progress is needed in accurately costing resources at the outset of a matter.

People, Skills, & Technology

use a dedicated legal pricing and

programs to associates to educate them on key financial performance information.

only 33% provide dedicated training

45%

budgeting solution and a further 19% plan to introduce it in the next 12 months.

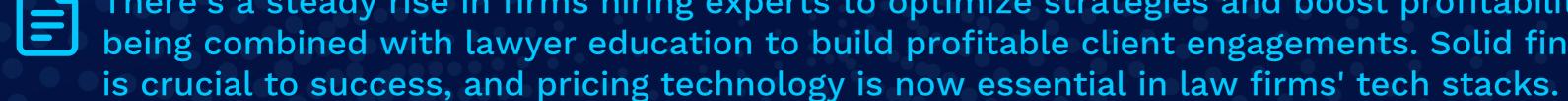




of firms have hired Finance Business Partners in the last 12 months.



of firms plan to train lawyers on commercial awareness in the next 12 months.



There's a steady rise in firms hiring experts to optimize strategies and boost profitability and they are being combined with lawyer education to build profitable client engagements. Solid financial information

