Big Law Stays Mum on Clients' AI Efficiency Demands, But Tensions Are Already Seeping Through

Alexis Keenan *Published July 23, 2026*

Big Law isn't saying much about AI "efficiency" demands that clients are making on their work, yet client pressure for the technology to reimagine practice methods and billable hours is increasing.

CEB contacted nearly a dozen Am Law 100 and Am Law 200 firms with a presence in California, none of which agreed to talk on record about their clients' AI expectations.

"I am not a bit surprised," said University of Nevada Las Vegas legal ethics professor Nancy Rapoport. "They don't want to give their competitors any information."

Rapoport said, for now, firms are still testing AI capabilities and limitations, so there's an advantage to keeping conversations and negotiations close to the vest.

"If I were a value-maximizing law firm and I knew that my competitors were not giving in on certain things…and I could give my clients more and steal business, I would," Rapoport said.

Moreover, firms may not want to commit to particular AI tolerance levels so that they can set the tone with their own clients, and with industry at large. For now, though, experts like Rapoport are noticing that the shift is creating tension both between firms and clients, and between in-house and outside counsel – while also resurrecting the perennial prospect of the death of the billable hour.

'Lost in the woods'

Josh Kubicki, a researcher at Indiana University Bloomington's Maurer School of Law and a visiting lecturer there on AI's application in legal practice, said he's not surprised that firms don't want to talk publicly about AI demands – though he suspects a different reason for the firms staying quiet.

"The silence is because [they] don't have anything smart to say," Kubicki told CEB. "The efficiency conversation is a distraction right now for everybody, because no one knows how to measure it."

Kubicki advises law firm chairs, managing partners and executive committees on revenue strategy, operating models and technology use, and has authored chapters on AI's impact on firm profitability for the book "AI and the Legal Profession". His research suggests that firms are unclear about how their AI use translates to value for clients.

For now, he said, the value of AI adoption is more of a lagging indicator with scant data to gauge its impact on firm revenue models, despite client expectations to integrate the technology. The dynamic showed up in Association of Corporate Counsel's global in-house counsel survey, in which respondents reported they had not yet seen AI-based cost savings reflected in their outside counsel invoices.

"No one is showing their hand because there's no hand to show right now," he said. "Everyone's in the AI game, and everyone's lost in the woods with it."

"Is the efficiency conversation happening?" Kubicki continued. "100%. But it's not materializing in any business impact. It's not changing [firm] operating models or behaviors, as of yet."

That said, Kubicki added, there's a lot of evidence that less work is being funneled to law firms. "Law firms will tell you that point blank," he said. "But when you get to the heart of the matter, the invoices aren't changing much, and I think clients aren't upset over that – yet."

'Lawyer brain' not needed?

What is clear are the kinds of legal services that clients find suited to AI. Increasingly, they're insisting that the software, rather than lawyers or paralegals, complete tasks like redlining documents and drafting omnibus motions and standardized contracts.

"It does not take a lot of lawyer brain to do a pro hac motion," Rapoport said, as one example.

The UNLV law professor, who also testifies as an expert witness in legal billing disputes, said, "If you know your client's playbook and what clauses are automatically disallowed when you get a draft contract from opposing counsel, why are you reading the whole thing, manually, instead of first running it through AI?”

As a fee examiner, Rapoport said she questions when firms bill a lawyer’s hourly rate for those rote services. And with AI becoming more prevalent, she expects clients will too: “AI can create a first draft, and then a lawyer or paralegal can cross-check it.”

That’s already happening across corporate law departments that have resources to challenge firms on AI use. In-house counsel are more frequently asking outside counsel to identify AI-related cost savings, Kubicki said, even though they often don’t know what they mean when they ask firms to use AI. “They're saying AI because they want a cheap rate,” he said.

Rapoport has noticed a similar trend. “I haven't seen a lot of inside counsel becoming that granular, yet, about what their outside counsel should use AI for in terms of first drafts,” she said.

More time to think

However, when clients ask firms to explain AI cost savings, Rapoport said, “They’re getting the answer that AI is giving the outside counsel ‘more time to think.’”Another common claim, Kubicki said, is for firms to say AI frees up time for lawyers to focus on “strategic work.”

“Sounds great, but what is strategic work?” Kubicki asked. “Is that work just a way to recapture the time that AI just saved? Let's call it what it might be: filling hours doing reviews and research that you wouldn't have done.”

Kubicki said when he talks to clients, they have no idea on which matters the law firms are using AI and to what extent. When clients ask firms to explain who used AI on their matter and what enhanced quality it created, he said, “The answer is crickets.”

That’s not to diminish AI’s time-saving value, which also preserves lawyers’ cognitive energy and protects them from burnout, Kubicki added. But exactly who benefits from efficiencies needs more clarification. Some firms tell partners that saved time can be repurposed to find more clients.

“So, the question for clients is: Did you generate client value, or just protect your billing?” Kubicki said.

Wilson Sonsini is one firm that tried its hand at quantifying AI cost savings. In 2024, it announced a fixed-fee structure for legal work performed by its AI software “Neuron.”

Neuron can customize and negotiate commercial contracts, work that the firm described as “a major pain point” for its clients and that can consume more than half of their time. The firm said in a press release that the software helps clients enter agreements faster, more accurately and at predictable prices.

Meanwhile, LexisNexis has been studying the economic impacts of its AI tool, Lexis+ with Protégé, used for drafting, research and analysis. In 2025, the company published results from two studies conducted with Forrester Consulting roughly a year and a half ago, one that examined the product’s impact on large firms, and another that examined its impact on inside counsel.

Large firm participants in the study reported that Lexis+ saved time for senior and junior attorneys and contributed to a better work-life balance that made firm life more attractive. Saved time was then redistributed to take on more billable work and drive profit for the firm, the study found. Participants projected a return on investment of 344% over three years and a 4% profit, per lawyer, by year three.

In the in-house study, corporate counsel participants reported their key interest in AI was to reduce outside counsel fees. Lexis+, the participants said, helped their departments take on 13% more matters internally, particularly transactional matters and legal inquiries. Meanwhile, the participants said, they still preferred that outside counsel handle complex litigation. In-house participants projected the technology would produce on average a 284% return on investment and save up to 2% of legal department budgets.

Anuj Beveja, LexisNexis’ communications director, told CEB that AI has clients expecting the same high-quality support from firms as they always have, but with accelerated timelines. Lexis AI, he said, enables inside and outside counsel to spend less time on mechanical work and more time on “judgment, strategy, and the work that genuinely requires a human mind at its best.”

Death of the billable hour?

Those shifts have law firms seriously questioning the decades-old prediction that never quite comes to pass: that a new technology – like word processing and e-discovery in prior eras – will spell the demise of the billable hour.

A Financial Times report published last week said clients are becoming more aware of AI's exponential reduction in the time it takes to perform certain legal tasks, and are auditing timesheets, rejecting padded billable hours and demanding outcome-based pricing over hourly rates. Corporate counsel, it said, are refusing to pay premium hourly rates for tasks like document review, due diligence and contract drafting, which AI can do in seconds.

That pushback is shaking the traditional firm profit model, wrote Bryce Engelland, Thomson Reuters Institute's enterprise content leader on innovation and technology. In a report published in March, Engelland described AI as an attack on the traditional model that relies on billing high-volume associate hours for grunt work.

Certain associate-style tasks are so dramatically compressed by AI, Engelland wrote, that the billable hour, while perhaps not dead, faces an “existential reckoning.”

Rapoport agreed that the model is facing a major test. “The billable hour was never a good incentive, but it's less good now that firms are realizing they can’t bill unethically in terms of using AI,” Rapoport said.

Even litigators, whose skills are less eclipsed by AI’s advances, are not totally insulated from the technology’s efficiencies.

“Computers can't go to court, so you're never going to have a litigator say, ‘Oh, AI is going to eat my lunch in court,’” Rapoport said. “But there are AI programs that, as you're deposing somebody, they're recording the deposition and saying, ‘Ah, but in this record over here, they're saying this – ask them about this in real time.'"

Those wider AI use cases mean clients are mistakenly hyper-focused on AI as an application to handle only high-volume, low-risk work product, Kubicki said. For example, litigators can also use AI to better understand their client's business and business risks.

"There's an immense amount of opportunity for lawyers to use it for themselves to get smarter and deeper in their client's context so that the types of conversations and relationships they're having are more organic, more fluent, and more connected to their clients," he said. "And that inures to everyone's benefit."

AI's squeeze on the billable hour could tempt Big Law to coordinate, rather than compete.

"At some point, law firms will maybe circle the wagons and say we're going to draw a line in the sand here," Rapoport said, "and eventually [corporate counsel] is just going to have to give up on their wish list."

One 23-year-old case, *Visa U.S.A., Inc. v. First Data Corp.* (N.D.Cal. 2003) 241 F.Supp.2d 1100, may offer a cautionary tale. It addressed a Big Law trend that asked corporate clients for sweeping waivers of future conflicts of interest. Siding with Visa, the California federal court validated a waiver obtained by Visa's long-time counsel, Heller Ehrman. At the time of the request, the firm accurately predicted that the parties would someday become legal adversaries.

"I'm wondering if that same thing is going to happen with law firms and the [efficiency] pressure from outside clients," Rapoport said. In response to the *Visa* case, the Association of Corporate Counsel published guidance urging general counsel not to sign such blanket advance waivers.

Identifying legal work efficiencies is already considered a full-time job at Facebook's parent company Meta.

The social media giant is searching for the right candidate – a "Director of Commercial AI" –

to lead “implementation, integration, and adoption of AI agents” for processing commercial contracts. A recent job post from the tech giant says it intends to use AI for intake, drafting, compliance checks and playbook-driven negotiation.

That type of change underscores why Kubicki urges firms and lawyers to consider much wider applications for AI and the law.

“I think if law firms use this as an opportunity to think about how to capture the value they're actually providing to their clients in different ways, the entire profession is better off,” he said. “But as long as too many people keep thinking that rate times hours equals value, when it never ever has, we won't have really grappled with what AI can do for us.”