2025

Legal Trends for Mid-Sized Law Firms

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Mid-sized law firms are flipping the script when it comes to artificial intelligence (AI) adoption. Once seen as the laggards in legaltech, these firms are now leading the charge, embracing AI faster than their smaller counterparts. This shift is not just about staying relevant; it's a bold response to market pressures and changing client expectations. Mid-sized firms are seizing the opportunity to revolutionize their operations—and the legal landscape is taking notice.

However, alongside the surge in AI adoption in mid-sized firms come challenges—namely, the need to reevaluate traditional billing models. In response, mid-sized firms are increasingly turning to alternative billing structures—such as flat fees and subscription models—in an effort to meet client demand for transparent, predictable pricing. This shift is not only about adapting to client preferences but also positioning mid-sized firms as leaders in the future of legal service delivery.

At the same time, hourly billing remains a critical component of pricing for legal servicing, and mid-sized firms demonstrate a unique approach in this area. Nearly all mid-sized firms implement multiple hourly billing rates based on the role and experience levels of their employees. These firms tend to charge a higher number of different hourly rates than smaller firms, perhaps reflecting a greater degree of specialization and differentiation within their workforce. This complexity underscores the importance of regularly reviewing and benchmarking billing practices to remain competitive in the market for legal services.

As the legal industry continues to evolve, mid-sized firms must not only provide exceptional legal services but also take proactive measures to attract and retain clients effectively. Understanding where prospective clients are searching for lawyers and what they value most when choosing a lawyer has become crucial to success. Here, we see that assessing return on investment and evaluating how the integration of technology can improve client conversion rates and speed up hiring times can make a tremendous difference.

While navigating these changes, mid-sized firms also need to consider how they are allocating resources. Here, investing in the right areas—and the right tools—will help position firms for long-term success. Notably, mid-sized firms may have much to gain by increasing their adoption of cloud-based legal practice management software—an area in which they are lagging behind smaller firms.

Comparing mid-sized firms' performance

This report defines mid-sized firms as those with 20 or more employees. We compare this cohort to "smaller firms," or those with fewer than 20 employees. Where applicable, we also make distinctions between mid-sized firms with different headcounts to get a better sense of how size and scale can influence trends among mid-sized firms Here, we compare mid-sized firms with 20–49 full-time employees, 50–149 full-time employees, and 150 or more full-time employees.

Data Sources

The *Legal Trends for Mid-Sized Law Firms* report uses a range of methodological approaches and data sources to deliver the best insights about the state of legal practice and strategies for future growth.

Clio data

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

Survey of legal professionals

We surveyed 1,028 U.S. legal professionals from June 5 to June 23, 2024. 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. Additionally, we surveyed 1,437 Clio customers from April 15 to 25, 2024.

Survey of the general population

We surveyed 1,003 adults in the U.S. general population from June 28 to July 2, 2024. 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.

Hourly Billing Rates in Mid-Sized Law Firms

Historically, the *Legal Trends Report* has published average hourly rates by state and practice area. However, these figures often do not reflect the complexity of rates within larger firms.

Why? Many firms assign multiple hourly billing rates based on the roles and experience levels of their employees. For example, firms may assign different rates to attorneys at different skill or experience levels (from junior associates to senior partners) and non-attorneys (like paralegals, administrative staff, or other employees). Multiple rates are more often employed by mid-sized firms, which generally have a larger number of staff performing different roles that—consequently—bill for their time at different rates.

For the first time, we're exploring hourly rates by firm size and how they differ within firms—offering more insight into the nuances of size in relation to industry averages.

How hourly rates differ in mid-sized law firms

*99% of **mid-sized law firms** have multiple billing rates set for their lawyers.*

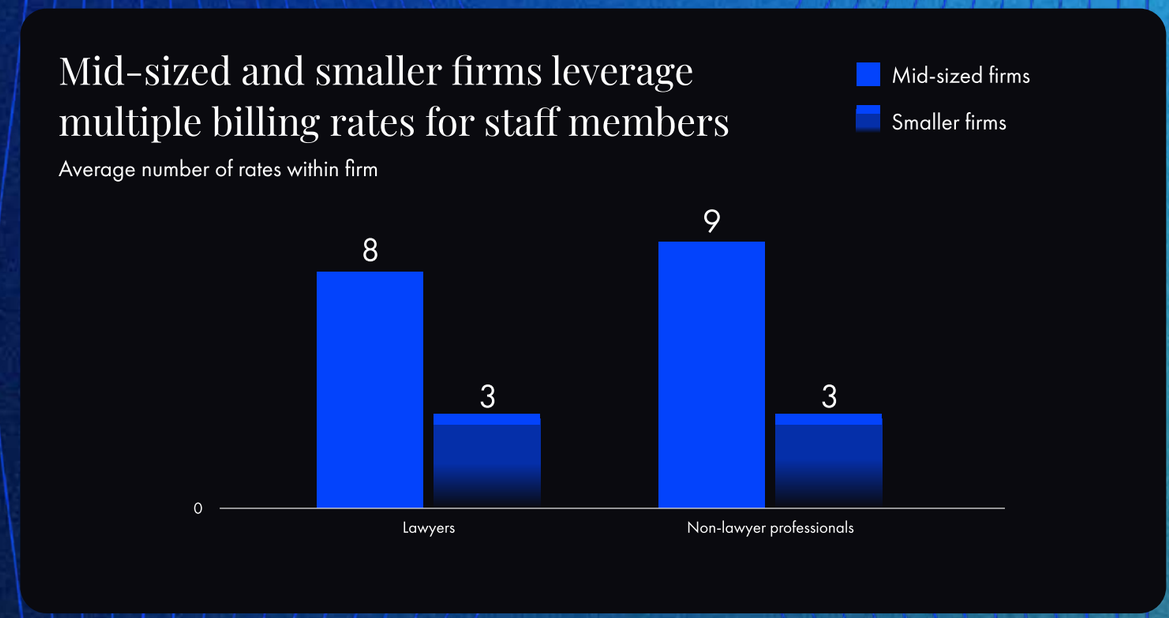
As it turns out, leveraging multiple billing rates is overwhelmingly the norm in law firms. Ninety-nine percent of mid-sized law firms have multiple billing rates set for their lawyers (compared to 85% of smaller firms).

Not only that, but mid-sized firms generally charge a higher number of different hourly rates for their lawyers: the average mid-sized firm charges eight, while smaller firms only charge three.

Similarly, when it comes to non-lawyer professionals, nearly all mid-sized firms use different hourly rates (99%). Here, smaller firms are more likely to use different hourly rates for non-lawyer professionals than lawyers (95% of smaller firms use multiple rates for non-lawyer professionals).

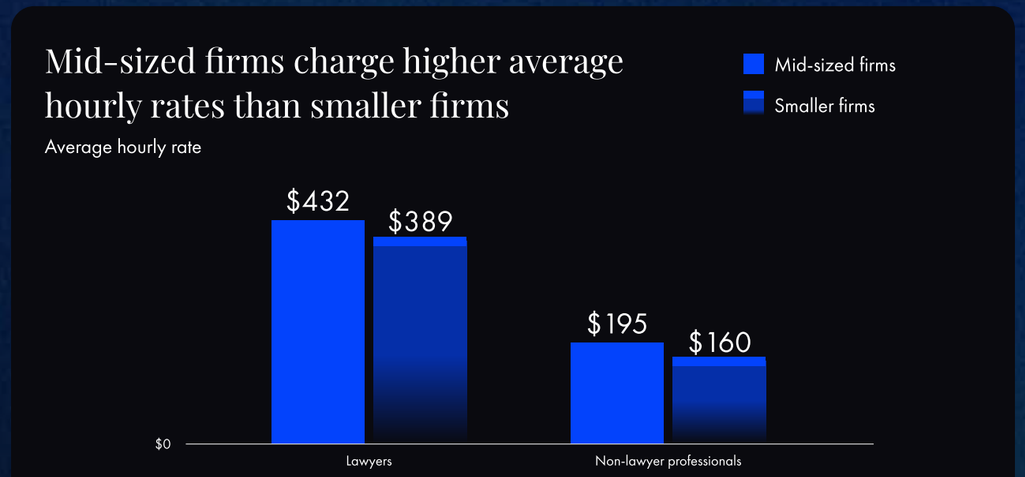
Like lawyers, both mid-sized and smaller firms tend to charge a variety of hourly rates across their non-lawyer professionals: the average mid-sized firm charges nine, while smaller firms only charge three.

These results are not necessarily surprising: as a firm's size grows, so does the likelihood of needing additional hourly rates to account for roles, experience, or specialization when choosing how much an employee will charge for their services.

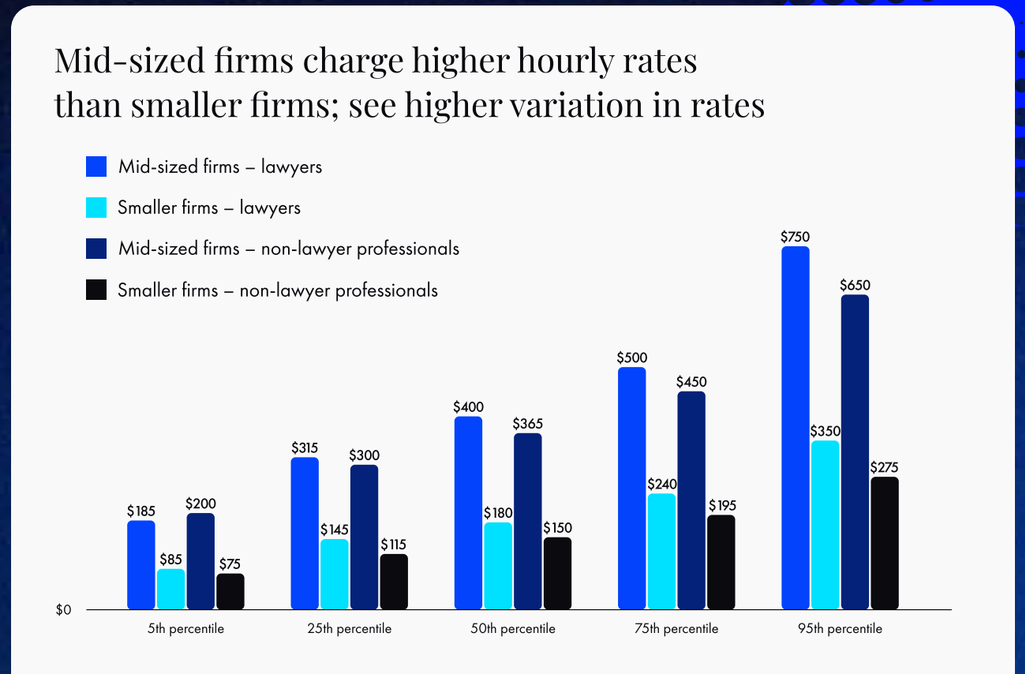


Mid-sized firms charge higher hourly rates than smaller firms

In addition to charging multiple rates, hourly rates also vary between mid-sized and smaller law firms.



On average, mid-sized law firms charge higher average hourly rates than smaller firms for both their lawyers and non-lawyer professionals. Additionally, mid-sized firms see greater variation in the rates charged between different timekeepers than smaller firms.



When looking at the percentile distribution of hourly rates, 48% of mid-sized firms' hourly rates fell between the 25th and 75th percentiles, with rates ranging from $315 to $500 per hour. Notably, nearly half (47%) of lawyers in mid-sized firms had hourly rates in the highest 5th percentile (starting at $750 per hour). There is a clear trend in mid-sized law firms to set hourly rates exceeding $750 per hour.

Because of these large jumps in rates between each percentile, the average difference in mid-sized law firm hourly rates is $400 between their top and bottom lawyers.

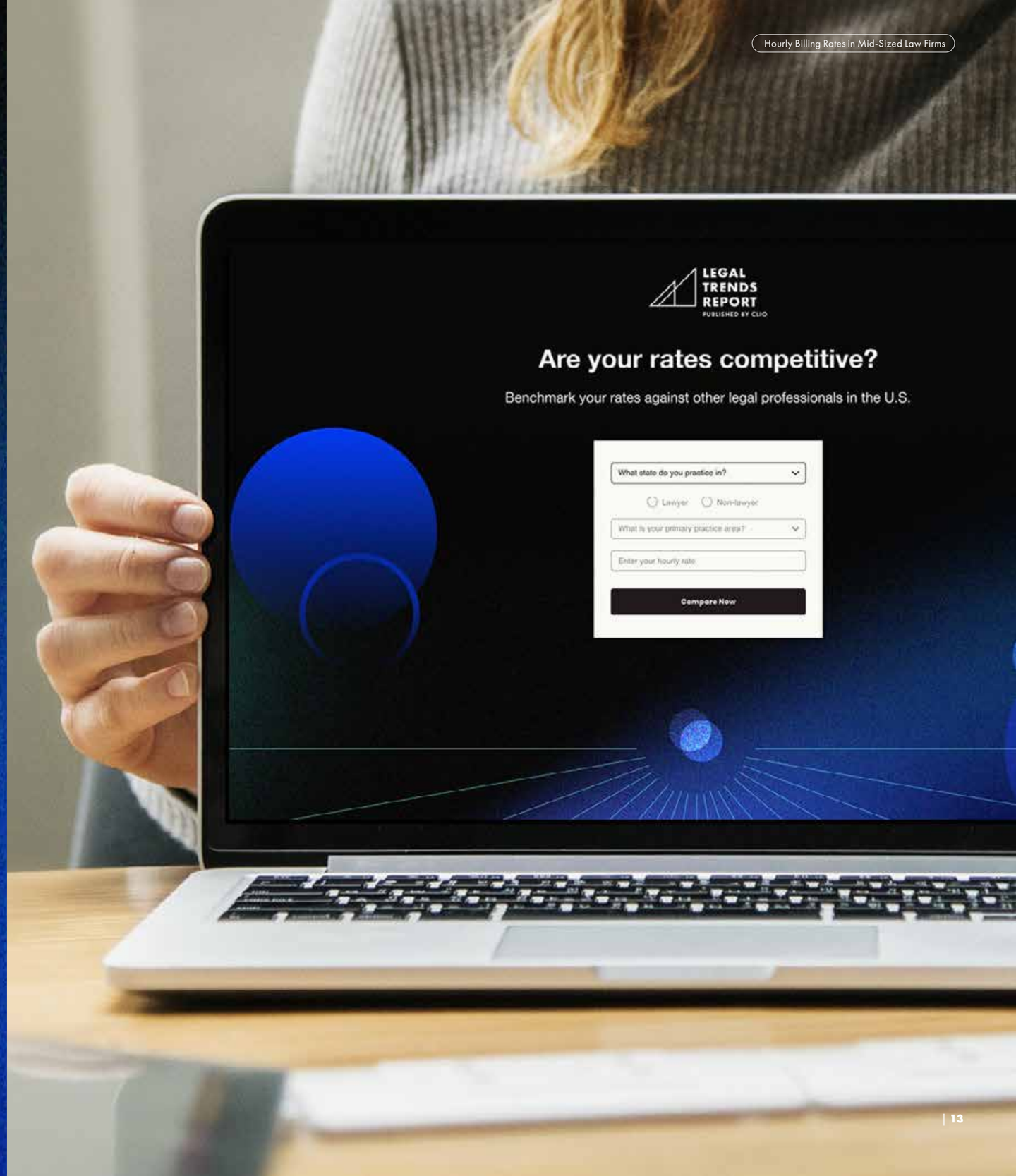
Smaller firms, on the other hand, not only tend to charge a lower hourly fee—they also see a smaller difference between their highest and lowest hourly rates. Sixty-three percent of attorney rates for smaller firms ranged between the 25th and 75th percentiles, with the largest group of lawyer rates (35%) falling between the 50th and 75th percentiles. That's between $365 and $450 dollars per hour being set as those lawyers default rates in that largest percentile. The overall average difference between high and low hourly rates in all smaller firms was around $250.

The variation in hourly rates between mid-sized firms and smaller firms could be due to a number of factors. For one, smaller firms often pride themselves on running leaner businesses and providing more affordable legal services, resulting in lower hourly rates. Mid-sized firms, on the other hand, may charge higher rates to keep up with increased overhead, specialization among their staff (which often calls for a higher rate), or even for the "prestige" associated with the firm.

How much should your mid-sized firm be charging for services?

Nearly all mid-sized law firms use multiple hourly rates to charge for their services based on the employee performing the work in question. Additionally, mid-sized firms tend to charge higher hourly rates and see greater variation in their rates than smaller firms.

Thus, mid-sized firms would be well-served by regularly reviewing their individual hourly rates to determine whether changes need to be made. The information above can serve as a helpful guide. Additionally, Clio's Legal Rates Calculator allows legal professionals to benchmark their rates against other law firms in the U.S., with the option to filter by state and practice area.



AI Has Disrupted Mid-Sized Law Firms

AI has not only disrupted mid-sized law firms—it's quickly become an integral part of their operations.

In recent years, the legal profession has truly embraced AI—and with it, the promise of rapid transformation in the practice of law. Surprisingly, this transformation is perhaps most apparent among mid-sized firms.

In the past, mid-sized firms have been less likely to adopt certain technologies compared to smaller law firms. For perhaps the first time ever, however, mid-sized firms are leading the charge on AI adoption in the legal profession. Most lawyers in mid-sized law firms are familiar with at least one AI tool, while nearly all mid-sized firms have adopted AI in some capacity.

Furthermore, the vast majority of legal professionals in mid-sized firms believe that AI use will only continue to increase in the legal profession.

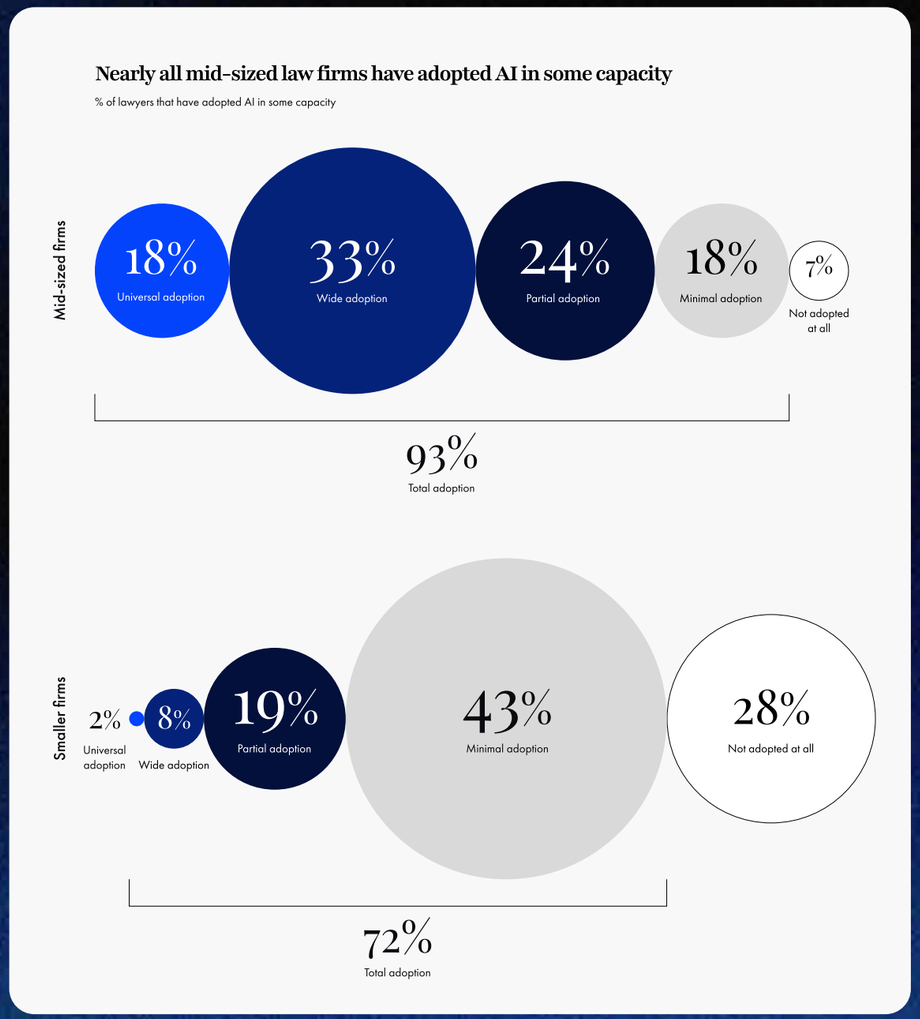
In other words, AI has not only disrupted mid-sized law firms—it's quickly become an integral part of their operations.

The vast majority of mid-sized law firms have adopted AI in some capacity

A whopping 93% of surveyed legal professionals in mid-sized law firms are now using AI in some capacity in their practice, while over half (51%) have adopted AI widely or universally.

Our previous research has indicated that mid-sized firms often lag behind smaller firms when it comes to technology adoption. For example, in the *2024 Legal Trends for Mid-Sized Law Firms* report, we found that smaller firms were much more likely to use cloud-based legal practice management and online payments software than mid-sized firms. At the time, 19% of mid-sized and smaller law firms were using AI in their practice.

Over the last year, that number has skyrocketed: a whopping 93% of surveyed legal professionals in mid-sized law firms are now using AI in some capacity in their practice, while over half (51%) have adopted AI widely or universally.



Mid-sized firms are significantly more likely to have adopted AI than smaller firms: 72% of smaller firms are using AI in some capacity in their practice, while only 10% have adopted AI widely or universally.

So why are mid-sized firms—who have historically lagged behind smaller firms in tech adoption—leading the charge when it comes to AI? It may be that the surge in AI adoption among mid-sized firms reflects a shift driven by increasing market pressure. Many mid-sized firms may be leveraging AI to remain competitive while streamlining operations and meeting changing client expectations, and they have the resources to execute these changes reasonably quickly.

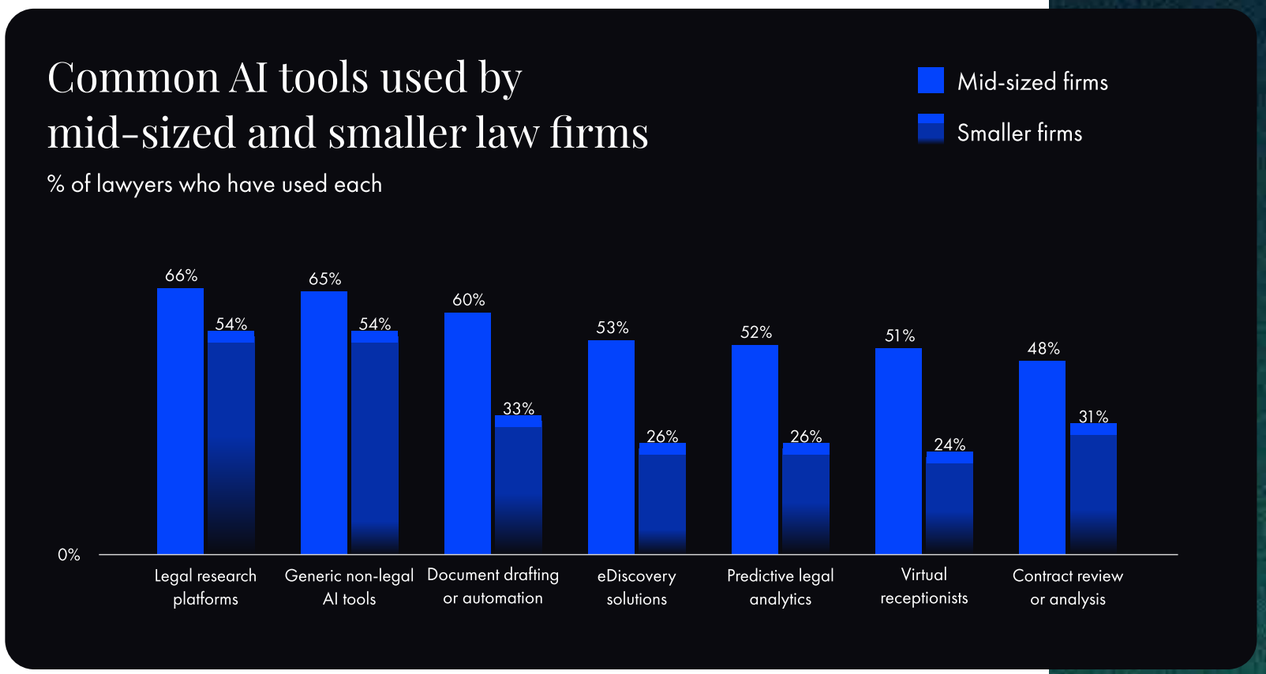
Namely, when compared with smaller firms, mid-sized firms typically have not only the financial means but also the team resources (like specialized IT departments) that make AI adoption more feasible. While smaller firms are also adopting AI, their comparatively limited resources—along with budget constraints—may limit their ability to adopt AI to a similar degree.

Regardless, when it comes to AI adoption, we're seeing a remarkable industry first in which mid-sized firms are taking the lead in embracing technological advancements.

What types of AI tools are mid-sized law firms using?

Among mid-sized firms currently using AI, AI-powered legal research platforms (66%), generic non-legal AI tools (65%), and document drafting or automation tools (60%) enjoy the most widespread usage. eDiscovery solutions (53%) and predictive legal analytics (52%) are also popular.

What's more, mid-sized law firms are more likely than smaller firms to use each of the solutions mentioned above, showcasing their willingness to leverage a wide variety of AI-powered solutions.



Larger mid-sized firms are more likely to use predictive legal analytics

Among mid-sized law firms, those with 150 or more full-time employees are more likely to use predictive legal analytics tools than mid-sized firms of other sizes. These results may correlate with larger mid-sized firms having higher budgets for technology.

It could also be that larger mid-sized firms are more likely to benefit from predictive legal analytics, given that they would typically handle a higher volume of cases (thus giving them access to more internal data). Combining this data with external datasets would make predictive analytics even more valuable to these firms for decision-making.

Legal professionals in mid-sized and smaller firms expect AI usage to continue to increase

Over four in five legal professionals in mid-sized and smaller firms believe that the usage of AI will increase in the next 12 months.

With most lawyers in mid-sized law firms already using AI in some capacity, these results aren't necessarily surprising. Most legal professionals have likely recognized the benefits AI provides in improving efficiency, accuracy, and their ability to scale operations.

Time savings and efficiency are motivators for AI in mid-sized firms

*For mid-sized firms, **AI may present an opportunity to streamline workflows and improve efficiency** while delivering higher-quality work and handling a greater number of clients.*

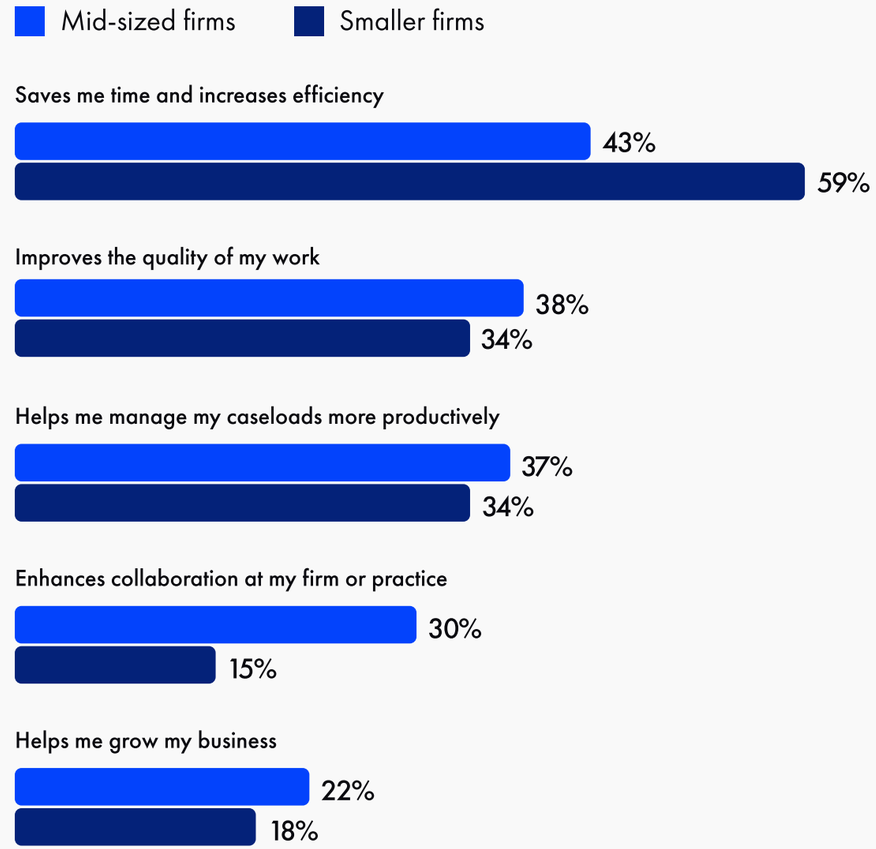
AI use in the legal industry has increased over time—and the vast majority of legal professionals at mid-sized and smaller firms anticipate that it will continue to do so. But why are so many law firms adopting AI at such a rapid pace? The perceived benefits are likely a key motivating factor.

Legal professionals in mid-sized law firms believe that AI will save them time and money while increasing their quality of work and productivity. However, legal professionals in smaller firms are even more likely to believe this.

On the other hand, legal professionals in mid-sized firms are more likely to believe that using AI increases client engagement and allows them to take on more clients than smaller firms.

Top benefits of AI among mid-sized and smaller law firms

% of lawyers who believe each to be a benefit of AI



The differences in perceived benefits between mid-sized and small law firms reflect the distinct priorities and challenges each cohort faces, while illustrating how AI adoption can be tailored to meet the unique operational needs of different law firms.

Larger mid-sized firms are more likely to believe that AI tools can help them grow their business

Among mid-sized law firms, those with 150 or more full-time employees are more likely to believe that AI tools can help them grow their businesses than mid-sized firms in other size cohorts.

Why might this be the case?

Perhaps the larger the firm, the more likely it is to have the resources—whether financial, institutional, or otherwise—to not only explore but also to adopt AI tools across a wide variety of business functions. For larger firms, the sky is truly the limit with AI—while smaller firms may only have the resources to implement AI in a limited capacity (for example, to adopt a generalized tool that can help with multiple types of work).

For mid-sized firms, AI may present an opportunity to streamline workflows and improve efficiency while delivering higher-quality work and handling a greater number of clients. The emphasis on client engagement and the ability to take on more clients likely reflects the pressure many mid-sized firms face to expand their client base while maintaining strong relationships with existing clients.

Smaller firms, on the other hand, are more likely to view AI as a means of saving time and money while boosting productivity. These results are understandable, given that smaller firms typically operate with leaner resources and tighter budgets. Here, efficiency can have an outsized impact by optimizing limited resources, helping smaller firms stay competitive.

AI is transforming legal practice: How will your mid-sized firm adapt?

The widespread adoption of AI is reshaping the legal industry, offering opportunities for firms to increase efficiency, enhance client engagement, and scale operations. But with these advancements come challenges—and adopting AI strategically will be crucial for mid-sized firms that intend to thrive in this rapidly evolving landscape.

Among mid-sized firms in particular, AI has become the norm. If your mid-sized law firm has not yet adopted AI, you may already be finding yourself outpaced by AI-enabled legal service providers. In other words, there's never been a more crucial time for mid-sized firms to adopt AI.

Whether your mid-sized firm is new to AI or an early adopter, remember: AI is no longer a differentiator in the competitive landscape of mid-sized law firms. Thus, it's not enough to simply adopt AI tools. Think critically about how you are leveraging AI, and make the most of your tech stack to ensure the tools you have adopted are helping your firm move toward its goals.

Flat Fees and the Future of Law Firm Billing Models

The proliferation of AI in law firms has made the disconnect between the time and expertise required for legal work and the client-perceived value of the outcome more apparent than ever. Namely, with a significant portion of law firm tasks being exposed to automation from AI, this automation potential is poised to bring about a wholesale shift in how legal professionals provide services to their clients and receive payment for their work.

The legal industry could face significant risk here. If firms leverage AI for tasks billed by the hour, they will likely see revenue per case decline (as fewer hours are billed), requiring an increase in client volume—or a reconsideration of their billing frameworks.

However, among mid-sized law firms—who appear, in many ways, to be leading the charge on AI use in the legal profession—adopting alternative payment models may be more critical than ever. With a variety of practice areas and clients to cater to (some of which may be better suited for different payment models), mid-sized firms will need to address these issues now to avoid falling behind.

What is flat fee billing?

Flat fee billing refers to pricing strategies where a law firm charges a specified fee for a specific job or project. This flat fee remains consistent regardless of how long it takes to complete the project or the resources involved.

Charging $5,000 to help a client obtain a permanent resident card, inclusive of all tasks relating to the final work product, is an example of flat fee billing.

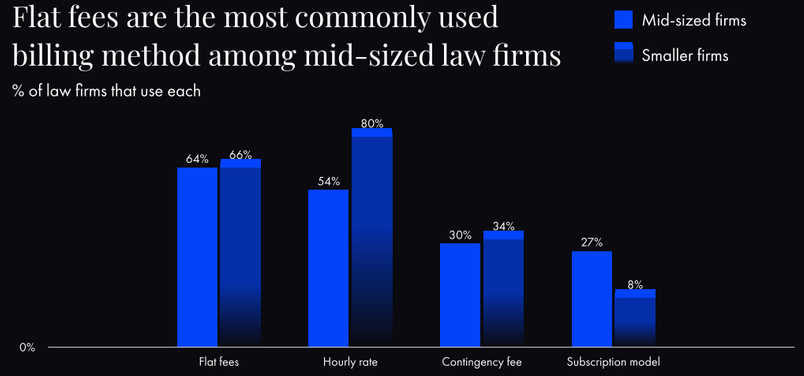
Are mid-sized firms leading the way on modern service delivery models?

*There is a **growing recognition among mid-sized firms** that predictable, transparent, and client-friendly pricing is key to remaining competitive.*

As it turns out, many mid-sized firms are already aware of the benefits of offering flat fees. Flat fees are the most commonly reported billing method among mid-sized law firms, followed by hourly rates, contingency fee agreements, and subscription models.

Flat fees are the most commonly used billing method among mid-sized law firms

% of law firms that use each



While more smaller firms report using flat fees than mid-sized firms, hourly billing is the top billing method among smaller firms. These results suggest that smaller firms are more likely to offer a range of billing options depending on the case and client.

Compared to smaller firms, mid-sized law firms are much less likely to offer hourly rates but much more likely to offer subscription models. This shift highlights a growing recognition among mid-sized firms that predictable, transparent, and client-friendly pricing is key to remaining competitive.

The real threat to mid-sized firms isn't automation in and of itself—it's other mid-sized firms that adapt faster by not only leveraging AI but also adopting modern, accessible, and flexible pricing structures. Just as lawyers using AI will replace those who don't, mid-sized firms embracing new service delivery models will outpace those that cling to traditional billing methods.

Why are mid-sized firms eschewing the billable hour?

One explanation for these results may lie in the types of clients that smaller firms and mid-sized firms serve. Previous research, outlined in the *2023 Legal Trends for Mid-Sized Law Firms* report, suggests that, as firm size increases, lawyers are more likely to identify their primary clients as businesses rather than individuals.

Thus, mid-sized firms may opt for alternative billing models rather than hourly rates due to the nature of their work for clients. Perhaps, for example, they are providing ongoing legal guidance and counsel to a number of business clients (wherein a subscription-based billing model may be more appropriate) or assisting with specific, repetitive tasks (wherein a flat fee billing model may be beneficial).

What do clients want?

Mid-sized firms may be particularly well-positioned to provide their clients with the payment experiences they are looking for.

As it turns out, clients also want to pay a flat fee. When we look at client preferences, paying for legal services via a flat fee is the most preferred way to pay for legal services. Further, over half of potential clients would prefer to pay their lawyers using modern service delivery models, like flat fees or subscriptions.

For mid-sized firms, meeting client expectations can be particularly complex due to the diverse range of clients they serve. These firms often work with individuals, businesses, non-profits, and, in some cases, larger corporations seeking specialized legal expertise without the high costs of larger firms.

Individuals tend to prioritize personalized, empathetic legal support, clear communication, and transparency—particularly in areas like family law, estate planning, and personal injury. Businesses and startups, on the other hand, often want practical and cost-effective legal solutions tailored to their needs. Non-profits need affordable legal guidance that aligns with their mission, particularly when it comes to governance and tax compliance. In contrast, larger corporations turn to mid-sized firms for specialized services with a more agile, personalized approach.

What do they have in common? A growing demand for efficiency, predictable pricing models like flat fees, and technology-driven conveniences such as client portals and digital communication tools. Thus, mid-sized firms may be particularly well-positioned to provide their clients with the payment experiences they seek. When we look at law firms generally, only 31% claim to offer modern service delivery models.

Mid-sized firms versus clients: What matters most when hiring a lawyer?

Do mid-sized firms understand what clients are looking for when hiring a lawyer? Compared to smaller firms, mid-sized firms are more likely to emphasize offering flat fees—and a similar percentage of clients rank whether a firm offers flat fees as a key consideration, suggesting that mid-sized firms and clients are generally aligned on this point.

Mid-sized firms and clients are generally aligned on the importance of flat fees in hiring decisions

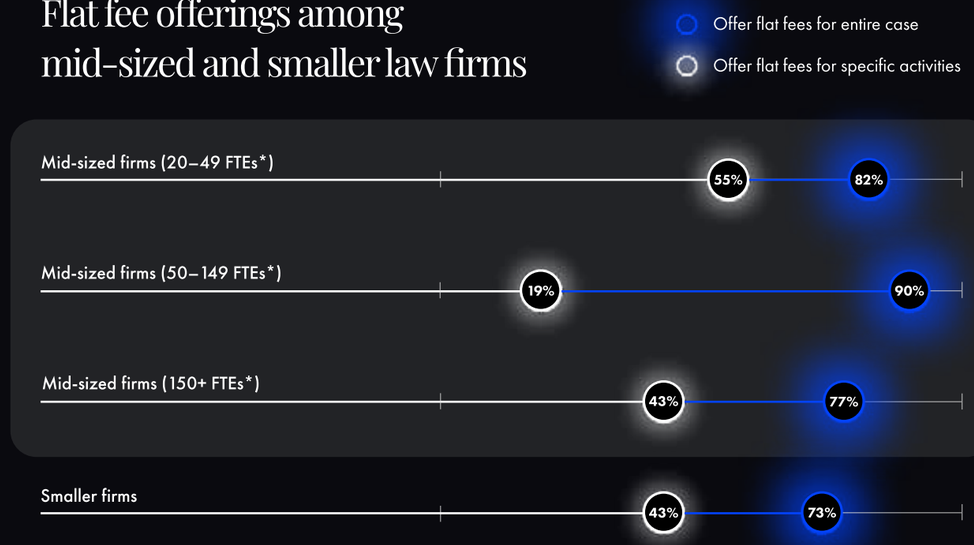
% of each who believe whether a firm offers flat fees is an important consideration when hiring

How are mid-sized law firms using flat fee billing models?

Among all mid-sized law firms offering flat fees as a payment option, 82% used flat fees for the entire matter, while 41% used flat fees for specific activities within a matter.

Mid-sized firms are more likely to use flat fees for an entire matter than smaller firms. We also see that mid-sized firms with 20–49 full-time employees are more likely to use flat fees for specific activities than larger mid-sized firms, suggesting a correlation between firm size and the likelihood of leveraging flat fees for specific activities on a file.

Flat fee offerings among mid-sized and smaller law firms



*Full-time employees

Are we witnessing the death of the billable hour?

The evolution of billing practices in the legal industry is reshaping how law firms engage with clients, and the rise of generative AI is accelerating this transformation. While hourly billing remains viable for complex, unpredictable matters, flat fees are emerging as a more client-centric, sustainable alternative. This shift reflects the disconnect between the time spent on legal work and the value clients perceive in the outcomes.

Mid-sized firms are already embracing modern billing models, with flat fees being the most common method—suggesting they may already be ahead of the curve compared to other firm cohorts.

We also see that clients overwhelmingly prefer flat fees, and a larger portion want to work with law firms that offer modern billing options. Mid-sized firms are well-positioned to meet these demands—and, with only 31% of law firms currently offering modern service delivery models, mid-sized firms that adopt or continue to embrace alternative billing models like flat fees have a major opportunity to stand out in an otherwise competitive legal landscape.

How Mid-Sized Law Firms Are Attracting New Clients

To get clients, law firms need to be keenly aware of where prospective clients are searching for lawyers, what they're looking for, and how to work with them. Answering these questions requires firms to examine the channels driving leads (in other words, new clients) to their firm and the factors potential clients prioritize when hiring a lawyer.

Mid-sized firms are utilizing a broad range of marketing channels to stand out amongst the competition (including, but not limited to, their websites, referrals, online reviews, social media, and search engine optimization consultants). However, we see some variation in the return on investment provided by these marketing channels, suggesting that mid-sized firms would be well-advised to consider the real impact of investing in these channels.

Beyond investing in specific marketing channels, our research suggests that leveraging AI may help mid-sized firms improve their client intake processes. Investing in client intake technology also correlates with better performance for mid-sized firms, including revenue, conversion, and hiring time, underscoring the critical role of technology in supporting modern law firm performance.

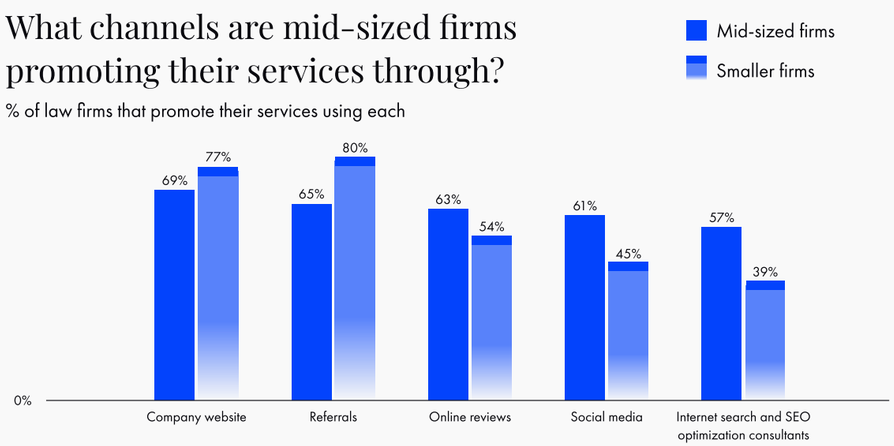
How are mid-sized law firms promoting themselves to prospective clients?

Larger firms typically focus on a range of marketing channels.

The top channels used to market services among mid-sized law firms include company websites, referrals, online reviews, social media, and internet search or SEO optimization consultants.

What channels are mid-sized firms promoting their services through?

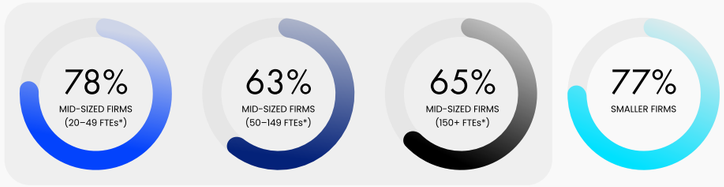
% of law firms that promote their services using each



Compared with smaller firms, we see that mid-sized law firms are less likely to rely on referrals to promote or market their services to potential clients. Mid-sized firms are also more likely to use online reviews, social media, and internet search and SEO optimization than smaller firms.

Smaller firms are more likely to promote their services using their company website

% of law firms that promote their services using their company website



*Full-time employees

Interestingly, the smaller the firm, the more likely it is to rely on its company website to promote or market their services. And, when we compare different mid-sized law firms, we see that firms in the 20–49 full-time employee cohort are more likely to use the company website to promote or market their services than firms in the 50–149 full-time employee and 150 or more full-time employee cohorts.

There could be several reasons why smaller firms are more reliant on their website to promote or market their services. For example, smaller firms are more likely to have limited marketing budgets or lack the resources necessary to manage marketing efforts across multiple channels, thus placing a heavier reliance on fewer channels, like their company website. Larger firms, on the other hand, typically have more resources, allowing them to focus on a wider range of marketing channels.

TIP: Clio Grow offers endless opportunities for marketing your practice across numerous channels.

For example, with Clio Grow's website builder, you can set up a professional website for your law firm without having to learn how to design or code. You can also leverage internet searches with Google's Local Services Ads for Clio, an effective and straightforward tool to advertise your firm on Google. Finally, Clio Grow's client intake software makes it easy for prospective clients to find and book an appointment with you online.

Learn more about Clio Grow.

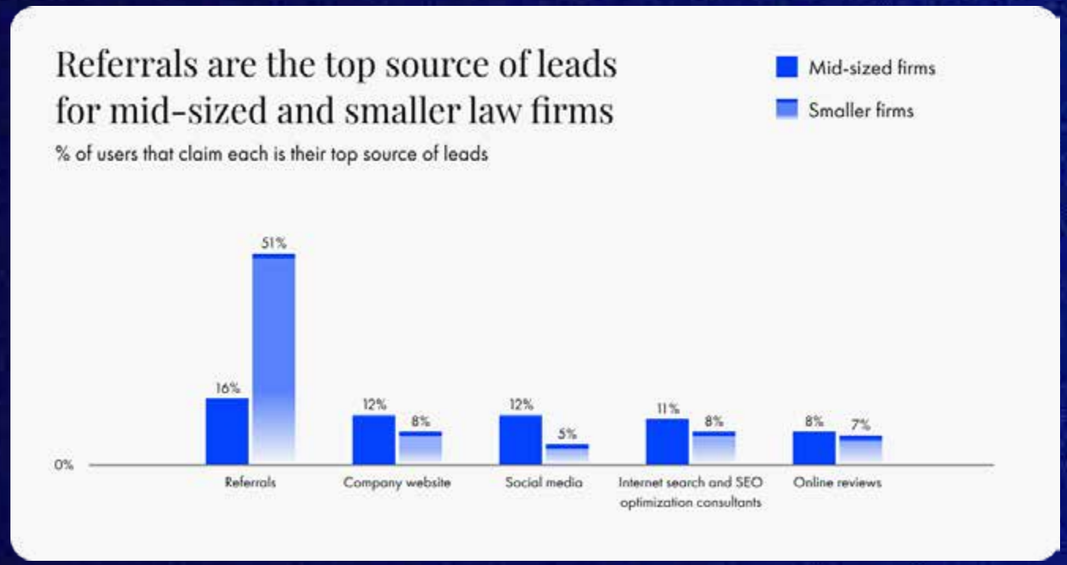
Which marketing channels have the biggest payoffs for mid-sized firms?

Mid-sized firms are not only investing across a wide variety of marketing channels but also finding success with those investments.

It's one thing to know which marketing channels mid-sized firms are using—but which marketing channels are actually translating to leads (in other words, potential clients) for mid-sized law firms?

The top channels bringing in the most leads for mid-sized firms include referrals, company websites, social media, internet search and SEO optimization consultants, and online reviews.

Referrals are also the top source of leads for smaller firms—and, in fact, a much larger proportion of smaller firms report referrals as their top source of leads than mid-sized firms. This discrepancy could be due to smaller firms' traditional reliance on personalized relationships and localized networks to generate business. Mid-sized firms, on the other hand, typically have more resources to invest in marketing strategies across a wider range of channels.



Consequently, these channels are associated with providing a great return on investment. Here, we do not see significant differences in the perceived value of each channel among mid-sized firms, suggesting that mid-sized firms are not only investing across a wide variety of marketing channels but also finding success with those investments.

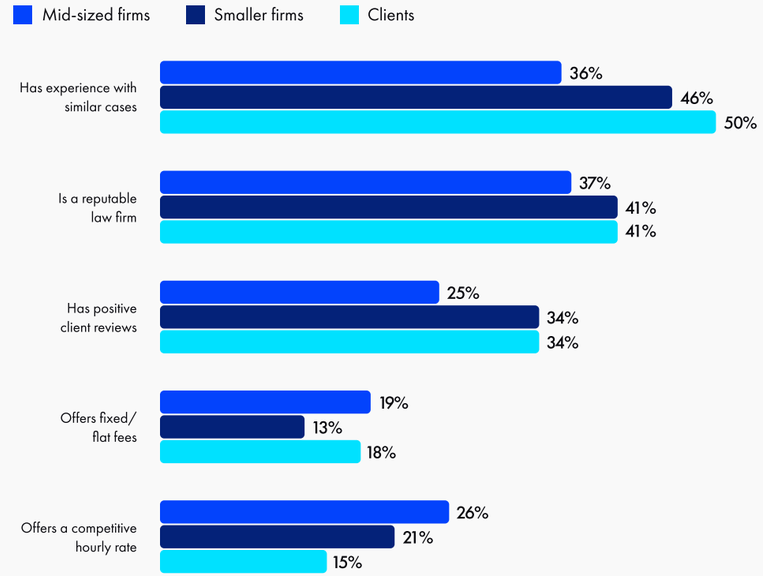
Prospective clients want to work with law firms that have experience with cases similar to theirs

Understanding what prospective clients are looking for from lawyers is an equally important consideration when assessing your firm's marketing and intake processes. Here, we see some disconnect between what lawyers think clients are looking for and what they actually want.

According to prospective clients, a lawyer's experience with similar cases is one of the top three factors that matter most when choosing who to hire.

What's important to clients when choosing a lawyer?

% who consider each a top 3 priority for clients hiring a lawyer



However, only 36% of legal professionals in mid-sized law firms believe that experience with similar cases is a key factor clients consider when deciding which law firm to choose.

Smaller firms are more likely to understand the importance of experience, with 46% believing it is a key factor for clients.

Can AI help mid-sized firms attract clients?

***Only** 16% of legal professionals in mid-sized law firms believe clients prefer to communicate with law firms via chatbot.*

In recent years, chatbots—AI-powered tools designed to answer basic questions and mimic human conversations through text—have become an increasingly popular method of connecting with new and existing clients and should not be overlooked as yet another marketing channel for law firms.

Why? Notably, clients see the value of chatbots. Fifty-one percent of prospective clients agreed that chatbots can be a useful starting point for exploring legal options, and over half were comfortable using a chatbot to get answers to simple legal questions.

Despite client enthusiasm for chatbots, only 16% of legal professionals in mid-sized law firms believe clients prefer to communicate with law firms via chatbot. Smaller firms are even less likely to believe that clients would use chatbots, with 3% believing that clients prefer to communicate with law firms via chatbot. Here, we may be seeing a missed opportunity for law firms to engage with prospective clients using minimal resources.

Can intake solutions help improve client experiences for mid-sized law firms?

To further support mid-sized law firms in providing better client services, we looked at several technologies designed to enhance a firm's ability to respond to clients when they reach out—and how these capabilities can improve key areas of business performance.

Business levers for improving client intake

We looked at features in Clio Grow that are associated with improved client intake:

- **E-signatures:** This feature helps law firms automate document signing and sending with easy, fast e-signatures on legal documents and agreements.
- **Online search ads:** This feature allows law firms to create and manage online search advertisements from Clio Grow.
- **Online scheduler:** This feature is an online appointment booking tool for prospective clients.
- **Online intake forms**: This feature allows law firms to collect client and case information electronically, automatically capturing it within Clio Grow.

Mid-sized firms that use technology to improve client experiences see higher revenues

We looked at Clio Grow users in mid-sized firms who use the software to enhance the experience of reaching out to a law firm. We found that firms using these client-facing capabilities had 20% higher revenues than those that did not, suggesting that streamlining client intake and communication not only improves the client experience but also drives tangible financial benefits for law firms.

"My intake and collections process is much quicker than before … I can send a client an agreement with a payment link and get paid that day, which means I get started right away instead of waiting for a check in the mail."

- Anna Valiente Gomez, Attorney at Law

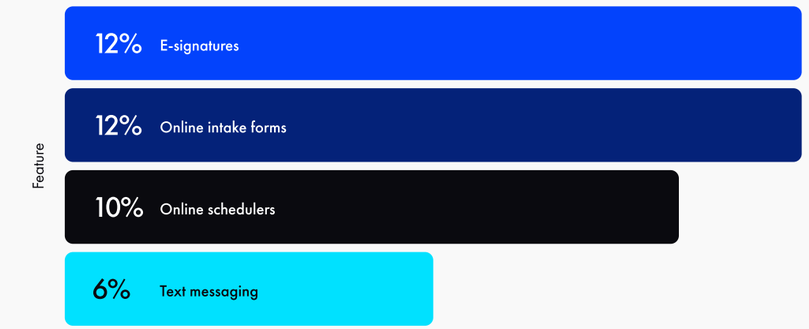
Key features associated with better conversion rates

Firms with higher conversion rates see a higher proportion of their potential clients "convert" to actual clients. On the other hand, firms with lower conversion rates end up with more lost opportunities—and more wasted time speaking with those who don't end up actually hiring the firm.

Several features—including e-signatures, online schedulers, and online intake forms—had correlations with higher conversion rates among mid-sized law firms, suggesting that these features can support firms in their efforts to get hired by clients.

Difference in conversion rate

% increase in conversion rate among mid-sized firms using each feature



Turning prospects into clients

Mid-sized firms are using a range of marketing channels to attract new clients, many of which are associated with providing a good return on investment. Thus, mid-sized firms may be well-served by stretching their marketing efforts across a number of channels to expand their potential client reach.

Additionally, there is a strong correlation between technology use and increased client intake performance. By leveraging tools like e-signatures, intake forms, scheduling, and more, law firms can streamline the client onboarding process and further improve client satisfaction while also boosting performance in other key areas, like monthly revenue, conversion, and hiring times.

Key technology associated with quicker hiring times

The time it takes to get hired by a potential client who reaches out to the firm is an important metric because the longer it takes, the greater the chance the potential client will abandon their legal problem or find another law firm.

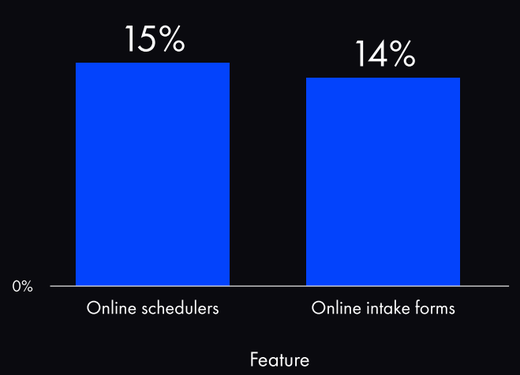
*"**Clio has streamlined the entire process of getting clients** in the door, looking for conflicts of interest, and then getting the meetings with these clients so that we can almost instantly, within days, get these clients actually served by our professionals. We now have a growing, world-class roster of clients, and in part, it's based on Clio software."*

- Kevin Buckley, Torrey Pines Law Group

For mid-sized law firms, online schedulers and intake forms are standout features, suggesting that simplifying the client intake process will naturally lead to a faster onboarding process for prospective clients.

Difference in time to hire

% decrease in time to hiring among mid-sized firms using each feature



How Mid-Sized Law Firms Spend for Growth

How mid-sized firms invest in themselves ultimately shapes their future growth and success. Spending decisions, whether about what to invest in or how much to invest, can set the foundation for sustained growth and competitive advantage—or hold firms back from reaching their full potential.

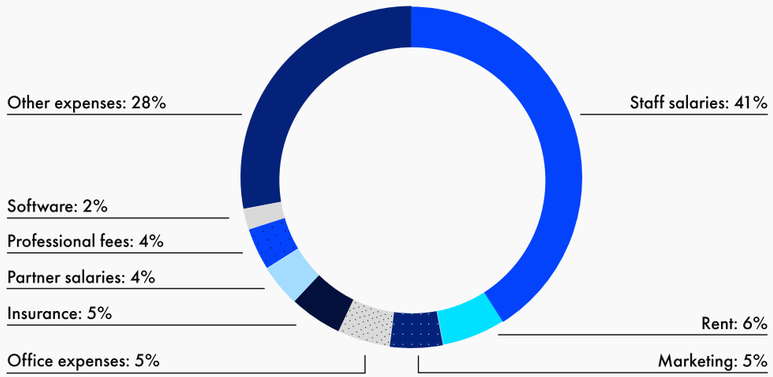
Understanding law firm spending habits is important for more than budget management—it can also help firms determine whether investments are leading to improved efficiency and client satisfaction so they can allocate resources accordingly.

By determining where money is being spent and whether law firm investments are translating to improved performance, law firms can make informed decisions that support their growth and long-term success.

Where are mid-sized law firms spending their money?

For the average mid-sized law firm, staff salaries are the largest expense, making up 41% of total costs. In other words, mid-sized firms are paying a little less than half of their expenses to their people.

Otherwise, rent, marketing, and office expenses—the next three largest expenses—typically make up a combined 16% of spending.

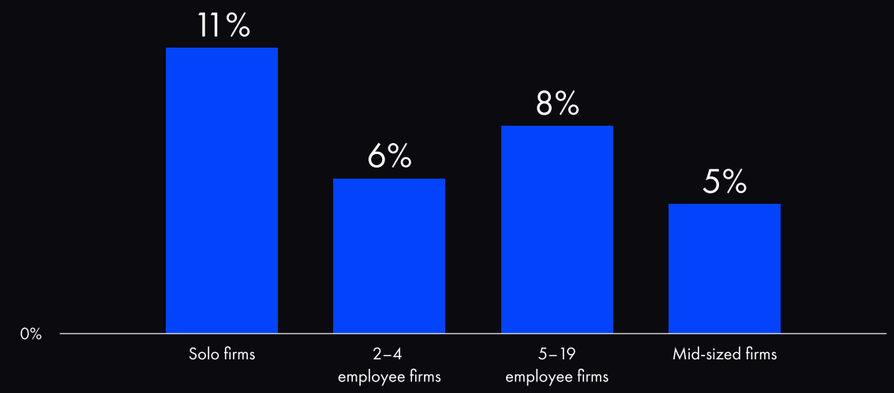


Mid-sized firms are spending comparatively less on office expenses—but how?

Of the cohorts reviewed, mid-sized firms spent the lowest percentage of their budget on office expenses (5%), while solo law firms spent the highest percentage of their budget on office expenses (11%).

Mid-sized firms spend less on office expenses than smaller firms

% of total expenses spent on office expenses



It may be particularly surprising to find that, among the cohorts we analyzed, mid-sized law firms have the lowest percentage of their budget going toward office expenses. Indeed, you'd likely expect that larger firms would allocate more of their budget to office expenses, given the need for more office space, high-end infrastructure, and a larger administrative staff to support office operations.

On the other hand, solo practitioners—who typically operate with leaner teams and less office space—would likely expect to spend less on office expenses.

Some possibilities for why mid-sized firms are spending less of their budget on office expenses include the following:

- **Economies of scale:** Mid-sized firms may be leveraging economies of scale relative to solo lawyers, as their purchasing power allows them to buy office items in bulk and lower their cost per unit. This option may not be available to solo lawyers, thereby driving up the cost of their office expenses.
- **Flexible working arrangements:** It may be that more mid-sized firms are adopting flexible work policies that allow lawyers and staff to work remotely, reducing the need for extensive office space. By contrast, solos may place more value on having a physical office space (to maintain client relationships, competitiveness, or otherwise), thus requiring more investment in maintaining that space and the associated office expenses.

Growth trends in law firm spending

High growth rates for software and professional fees *could indicate that law firm spending trends will continue to shift as time goes on, with a higher percentage of overall resources allocated to these expenses.*

As noted in the most recent *Legal Trends Report*, law firm spending has been increasing across the board since 2012—and outpacing the average inflation rate of 2.6% over the same period.

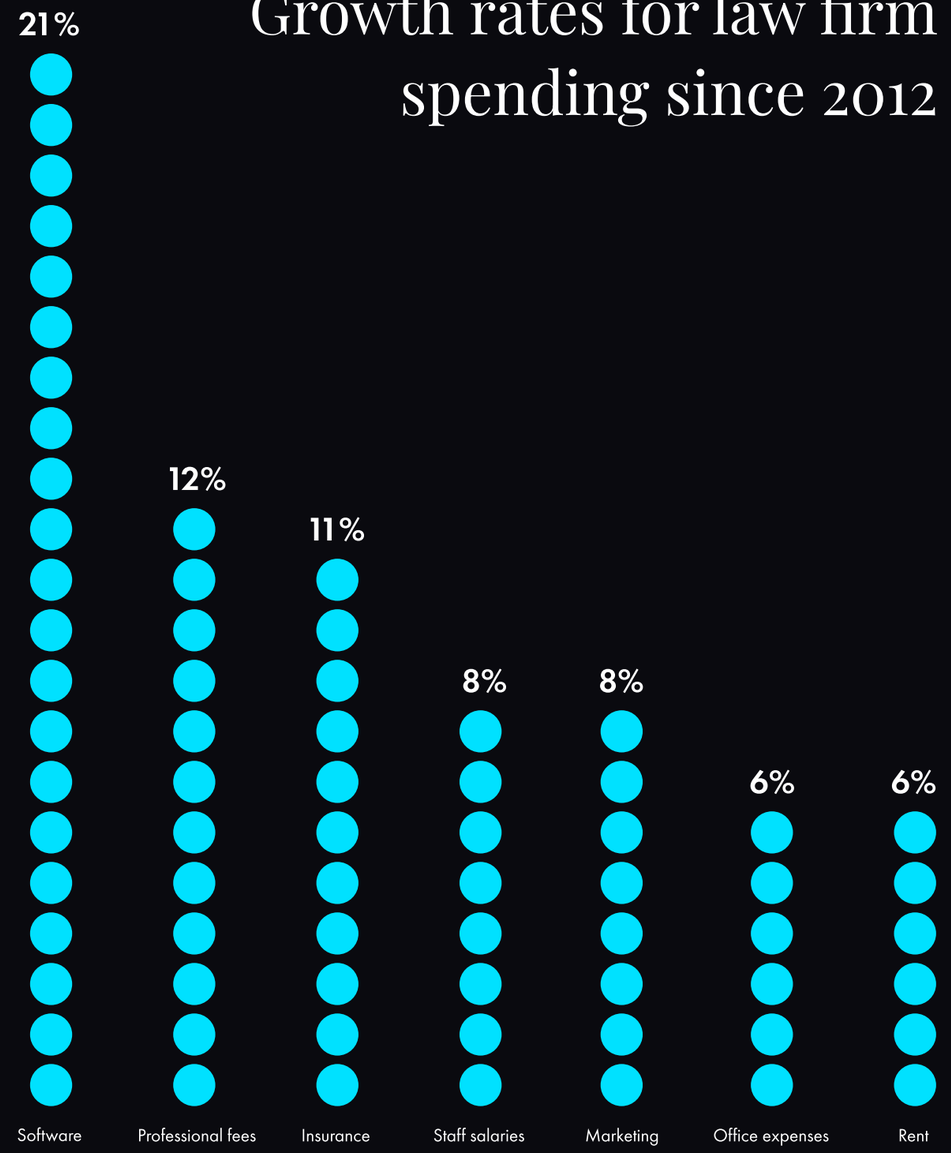
Investments in software and professional fees are areas with the highest law firm spending growth. Their comparatively high growth rates suggest that firms are focusing their attention on these areas.

There could be a number of reasons—both internal and external—for this growth. For example, professional fees could be growing due to external factors (for example, bar associations raising the cost of professional fees) or firms prioritizing professional development.

In any event, high growth rates for software and professional fees could indicate that law firm spending trends will continue to shift as time goes on, with a higher percentage of overall resources allocated to these expenses.

Perhaps unsurprisingly, rent and office expenses are comparatively lower growth areas, possibly due to the ongoing focus on remote and hybrid working arrangements following the COVID-19 pandemic.

Growth rates for law firm spending since 2012



Compound annual growth rate (CAGR) per expense

Mid-sized law firms are investing in software

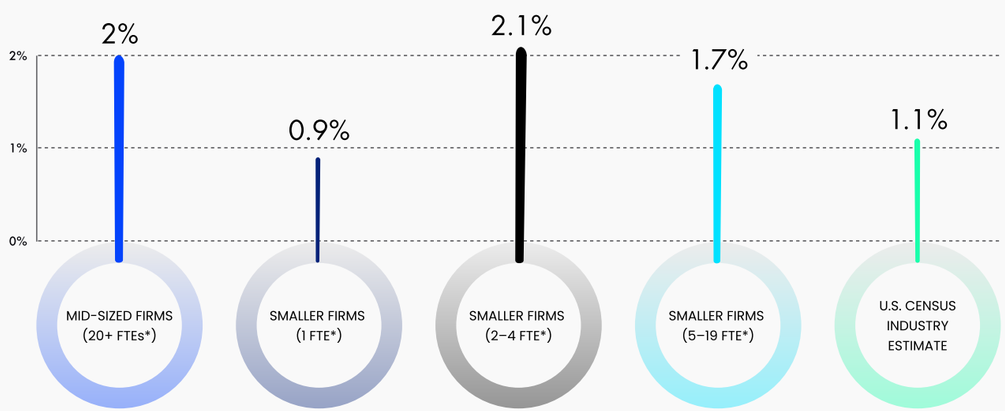
Many mid-sized firms are shifting their resources toward technology to enhance efficiency and scalability.

While all law firm expenses have increased over time, two areas in particular are experiencing notable growth: software and marketing spend.

The average mid-sized law firm spends 2% of its expenses on software—nearly twice the U.S. Census industry estimate. And, with the exception of firms with 2–4 employees, mid-sized firms spend a higher proportion of their expenses on software than smaller firms. Coupled with the growth rates for law firm software spending, it appears that many mid-sized firms are shifting their resources toward technology to enhance efficiency and scalability.

Spending on software is outpacing the U.S. Census industry estimate

% of law firm expenses spent on software



*Full-time employees

What technologies are mid-sized firms investing in?

Outside of heightened interest in and spending on AI, legal professionals report using a variety of software tools in their day-to-day work, ranging from client intake tools to billing software—and everything in between. So, what tools are mid-sized law firms investing in?

For mid-sized law firms, cloud-based data storage, video conferencing, e-signatures, online and electronic payments, accounting software, and cloud-based practice management software are among the most popular technologies.

The most popular technology among mid-sized law firms

% of mid-sized law firms that use each

- 50% Cloud-based storage tools
- 45% Video conferencing platforms
- 45% E-signature tools
- 41% Online or electronic payments tool
- 39% Accounting software
- 38% Cloud-based practice management software

Mid-sized firms are less likely to use cloud-based software

Cloud-based tools offer significant advantages, including greater flexibility, improved collaboration, and real-time access to matter data—all of which can help mid-sized firms enhance productivity and client satisfaction.

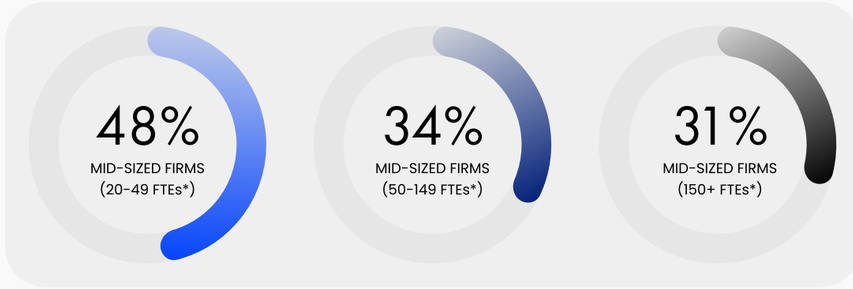
The larger the firm, the less likely it is to be working in the cloud: mid-sized law firms are twice as likely to say they don't use cloud-based tools as smaller firms.

And, when we compare different cohorts of mid-sized law firms, we see that mid-sized firms with 20–49 full-time employees are more likely to use cloud-based tools than mid-sized firms with 50–149 full-time employees and those with 150 or more full-time employees.

Mid-sized firms are lagging behind on cloud-based legal practice management (LPM) software adoption

Smaller mid-sized firms are more likely to use cloud-based tools

% who use cloud-based tools



*Full-time employees

As many larger mid-sized firms work on more complex legacy systems and workflows, it may be that the transition to cloud-based tools feels daunting. Furthermore, decision-making in larger firms can be more bureaucratic, which can slow down the adoption of new technologies.

However, mid-sized firms that avoid cloud-based tools may risk falling behind in today's competitive legal landscape. Cloud-based tools offer significant advantages, including greater flexibility, improved collaboration, and real-time access to matter data—all of which can help mid-sized firms enhance productivity and client satisfaction.

TIP: Visit *https://www.clio.com/mid-sized-law-firms/* to learn how mid-sized and large law firms leverage Clio's cloud-based legal practice management software.

Where should your mid-sized law firm's money go?

New advancements in technology—and AI in particular—stand to have a dramatic influence on efficiency and success in mid-sized law firms. Understanding where and how to allocate resources will become increasingly important. While traditional expenses like salaries and rent still take up the bulk of law firm expenses, mid-sized firms are spending more on software, which can play a critical role in driving firm growth.

However, while mid-sized firms appear to be heavily invested in AI, we see less investment in core technologies like cloud-based practice management software compared to their smaller counterparts. Mid-sized firms foregoing this technology could find themselves at a competitive disadvantage, particularly when it comes to working and collaborating remotely.

Strategic spending can be a differentiator for mid-sized firms in an increasingly competitive legal market. For example, investments in cloud-based tools, AI, and other efficiency-enhancing software—coupled with traditional expenditures—can help firms remain agile, scalable, and profitable in the long term while maintaining a competitive advantage over other cohorts.

Clio's Investment in Mid-Sized Law Firms

The *2025 Legal Trends for Mid-Sized Law Firms* report highlights a significant trend: mid-sized firms are leading the pack when it comes to AI adoption. However, many still overlook other critical components of their technology stack. For example, only 38% of mid-sized law firms use cloud-based legal practice management software, compared to 71% of smaller firms. To stay competitive, mid-sized firms must modernize their technology stack and move past the limitations of outdated and fragmented tools not only for immediate efficiency gains but also to best leverage the full spectrum of AI-driven innovations that are reshaping the legal profession.

At Clio, we're committed to supporting your firm's growth and success by developing tailored products and resources specifically designed for mid-sized law firms.

Reliable, trusted, and secure solutions

You need a solution that works for your firm. That's why Clio offers a financially-backed 99.9% uptime guarantee, along with data security protocols that exceed industry standards for professional compliance.

With Clio, you'll never have to worry about disconnected workflows. Our platform serves as a central hub, integrating with over 250 popular legal industry apps, including Microsoft 365 and NetDocuments, providing the connected ecosystem your firm needs.

Work and collaborate anytime, anywhere

Clio offers secure, remote access from anywhere at any time, empowering you to work efficiently from the office, home, or on the go. And, by integrating a core solution that standardizes processes and centralizes key information, mid-sized firms can automate manual tasks, capture accurate time entries, access court calendars, and collaborate seamlessly on tasks no matter where your team is located.

Ready to learn more?

Join over 1,000 successful mid-sized firms already using Clio to enhance their practices. Learn more at clio.com/mid-sized-law-firms.

App data collection

The *Legal Trends for Mid-Sized Law Firms* 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 for Mid-Sized Law Firms* 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 contiguous United States. This includes the District of Columbia but excludes Hawaii and Alaska. No customers in other countries were included.
- 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 for Mid-Sized Law Firms* 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 where necessary 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, state, and metropolitan 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.

Learn more at clio.com.