



LEGAL TRENDS REPORT

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Legal Trends for Mid-Sized Law Firms

Market insights into
AI-driven growth

LEGAL TRENDS |

AI-DRIVEN GROWTH

LEGAL EXPERIENCES

The agility advantage in mid-sized law firms

Mid-sized law firms have several unique strategic capabilities that, if used well, can play significantly to their advantage. On the one hand, they operate with more maturity and sophistication than smaller law firms; they have the systems, processes, and support to take on higher volumes of work with more efficiency. Yet, they're still small enough to avoid many of the large firm bureaucracies that often hinder innovation in Big Law.

Strong budgets and processes, without multiple layers of bureaucracy, mean mid-sized firms can adopt, test, and commit to new technologies with greater ease and confidence. Today, AI technologies represent a substantial opportunity for mid-sized firms to punch above their weight in capturing a greater share of the market. AI allows mid-sized firms to dramatically scale up their operations without having to make sizable investments in growing headcount.

Embargo date and time set for March 9 @ 930am ET

The adoption of AI is about taking better advantage of the resources already at hand: their firm's people and data. This report looks at how mid-sized firms can do just that to increase the scope and scale of the matters they handle while earning a greater share of the client market.

Key points

Mid-sized law firms have adopted a greater range of AI solutions and encourage staff to use AI more than smaller firms do.

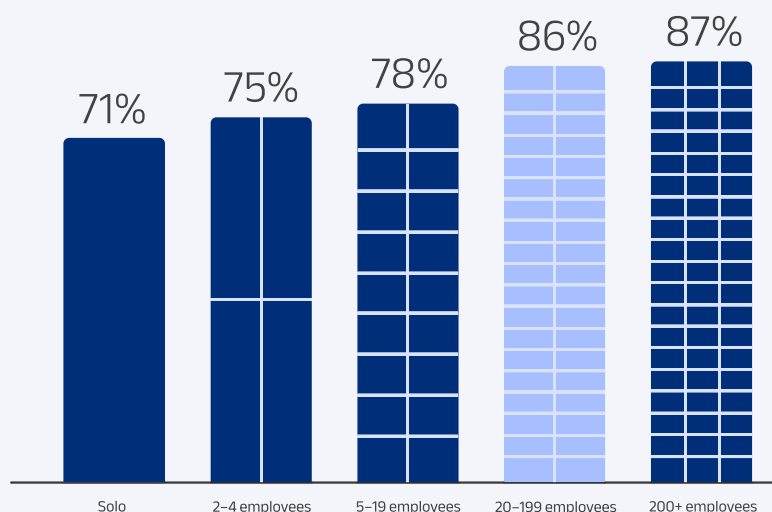
AI has improved revenue in 39% of mid-sized law firms and led to increases in productivity and staff retention.

Mid-sized law firms lag in cloud adoption, which means they lack the foundation to integrate AI into their operations.

AI adoption and maturity

86% of mid-sized firms (20–199 employees) have adopted AI, more than the 71% to 78% adoption rates seen in smaller practices. This AI adoption has unlocked several opportunities for mid-sized firms to improve the operations that drive revenue growth (discussed below). While ahead of smaller firms, however, enterprise firms (200+ employees) have seen just as much adoption as mid-sized firms.

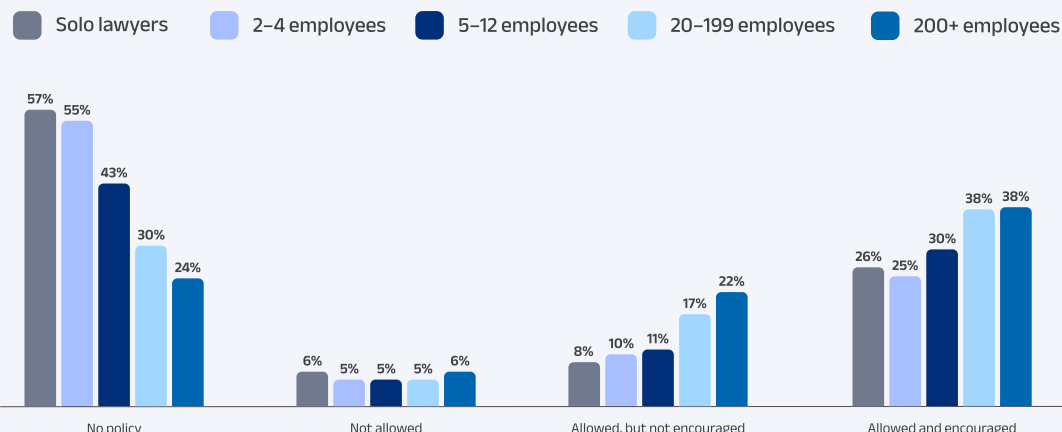
Adoption of AI



Both mid-sized and enterprise firms demonstrate more maturity in their AI adoption. They're much more likely to have formal policies on the use of AI and are more likely to encourage staff to use AI in their work:

- ♦ **AI policies:** 60% of mid-sized law firms have formal AI policies, compared to solo and small firms, where 43% to 57% still operate without any guidelines.
- ♦ **Encouraged use:** More enterprise and mid-sized law firms (38%) encourage their staff to use AI.

Larger firms manage and encourage AI

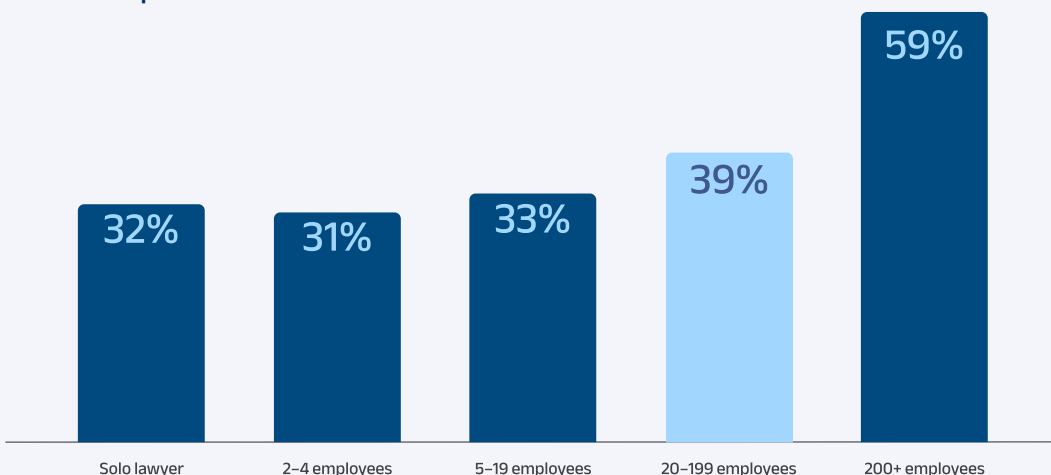


AI policies provide organization-specific guidance on how to use AI while ensuring the security and privacy of sensitive firm data. They also define the protections needed in these AI solutions to inform future procurement.

Advantages to AI adoption

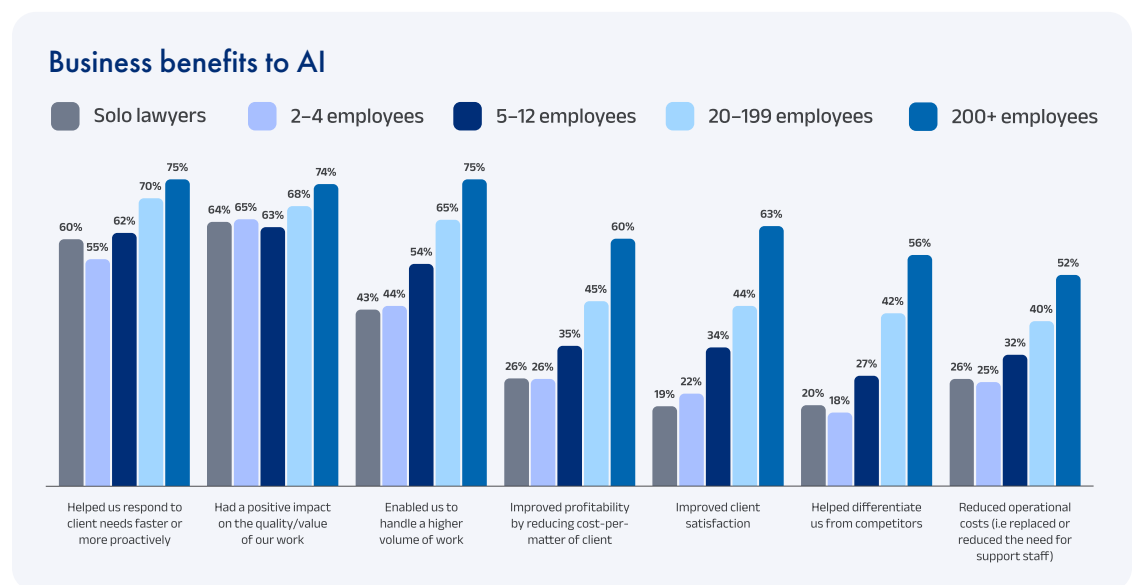
Many mid-sized law firms (39%) are seeing real financial gains from AI. This outpaces smaller firms (31–33%), but trails enterprise law firms (59%). The gap signals opportunity: Mid-sized firms that invest now have room to capture meaningful gains. As we see below, mid-sized firms should look to legal-specific AI solutions and cloud-based platforms to better integrate their capabilities.

Positive impact on revenue



Beyond revenue, AI allows mid-sized firms to handle Big Law–level workloads with greater agility. These firms are gaining a sizeable advantage over smaller firms, with the most obvious differences in three key areas:

- ♦ **Higher work volumes:** 65% of mid-sized firms report AI has enabled them to handle a higher volume of work, compared to just 43% of solo practices.
- ♦ **Client satisfaction:** 44% of mid-sized firms see improved client satisfaction based on feedback, a significant lead over the 19% reported by solo lawyers.
- ♦ **Market differentiation:** 42% of mid-sized firms say AI has helped differentiate them from competitors, double the rate of smaller practices (20%)



Enterprise firms may be seeing the biggest gains from AI today, but mid-sized firms are close behind, and better positioned to act. By using AI to deliver higher-quality work at lower cost, mid-sized firms can compete more effectively without scaling headcount.

The key advantage shows up in pricing. As AI compresses hours into minutes, firms that adopt AI more widely are rethinking traditional billing. Many are shifting toward flat fees that capture the value of expertise, not just time. The result: higher margins for firms and more predictable costs for clients.

AI technology as a resource for staff retention

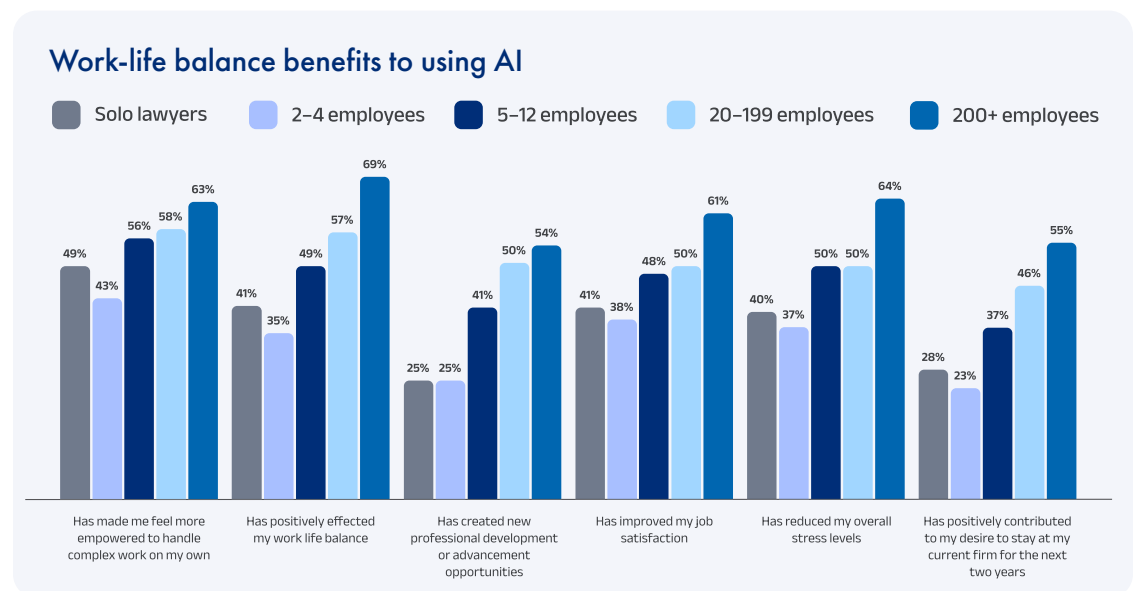
A law firm's greatest asset is its people, and it's always a struggle to hire and retain top talent. Mid-sized law firms have an advantage in avoiding the demanding pace of Big Law while offering better pay and access to more resources than smaller firms.

AI amplifies this advantage by creating workplaces where employees are happier.

When firms integrate AI into their operations, the benefits to the team's daily quality of life are clear:

- ◆ **More capable work:** 58% say AI has empowered them to take on more complex work.
- ◆ **Work-life balance:** 57% say AI has positively affected their work-life balance.
- ◆ **Reduced stress:** 50% of mid-sized legal professionals report that AI has reduced their overall stress levels.

Recent research also shows that the use of legal technology can reduce cognitive load in legal professionals by up to 25%. These advantages mean that lawyers and their staff can get more done with less mental burden.



Furthermore, 46% of these professionals say that AI makes them more likely to stay at their current firm for the next two years. For partners, this is a crucial insight. Staff turnover is incredibly costly in terms of lost productivity and the resources required to hire and train new employees.

Investing in the right systems doesn't just modernize operations. It improves how people work. Partners who reduce friction and manual effort create environments where employees can focus on higher-value work, stay engaged, and perform sustainably over the long term.

Diversified toolsets support firm operations

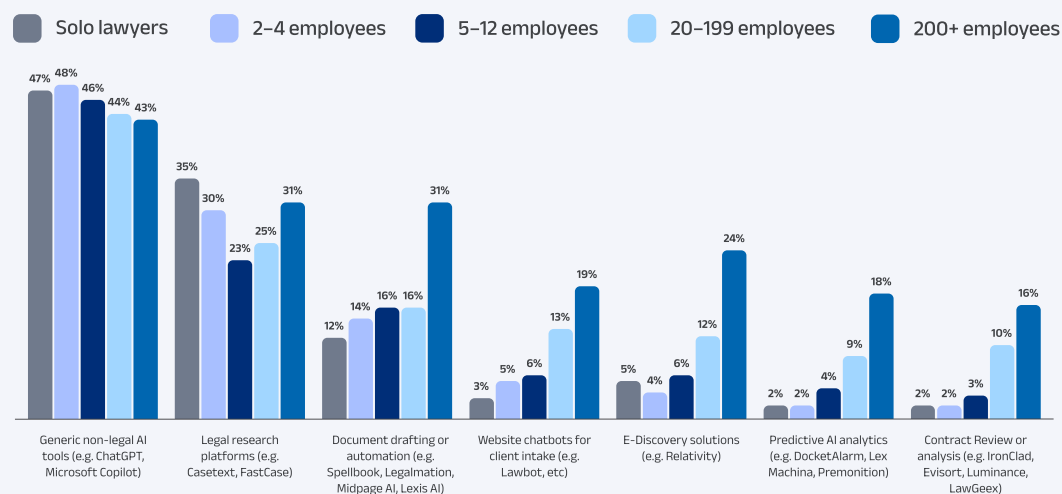
Mid-sized law firms are moving beyond experimentation toward a more sophisticated, diversified AI strategy. By integrating dedicated solutions for specific legal workflows, mid-sized firms are gaining a significant edge in operational maturity. This means that they use AI that's more embedded into their core workflows (not just ad hoc), have dedicated tools for specific tasks, and have a more deliberate approach to implementing systems that create consistent benefits that are scalable across their organizations.

These firms are less likely to use generic AI solutions like ChatGPT, Gemini, or Copilot, and are increasingly more likely to use legal-specific tools that improve speed, quality, and consistency in:

- ◆ **Contract review and analysis:** Automating the identification of unusual clauses and terms.
- ◆ **Predictive legal analytics:** Using data to guide case strategy and arguments.
- ◆ **E-discovery solutions:** Shifting from keyword searches to predictive coding for higher accuracy.
- ◆ **Website chatbots for client intake:** Streamlining the onboarding process for prospective clients.

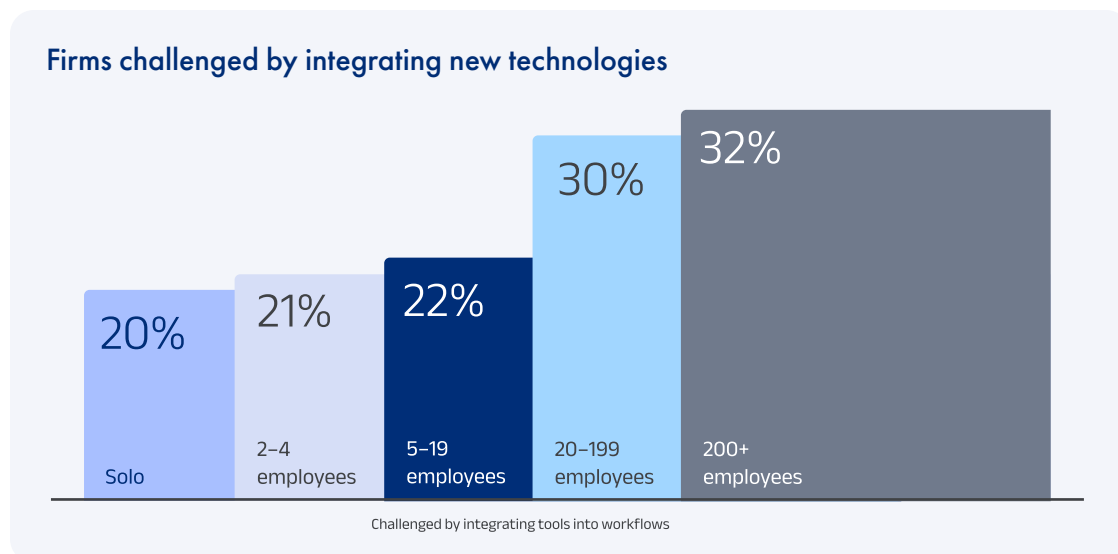
However, mid-sized law firms are behind when it comes to using legal research platforms. These solutions include rich databases for legal knowledge, but when AI is layered in, they also take on the work of reviewing files like contracts and depositions, recommending case strategy, and drafting documentation.

AI use by category



The integration hurdle for large teams

For mid-sized law firms, the primary barrier to successful implementation and adoption of technology is rarely a lack of interest. It's the challenge of incorporating new tools into existing workflows. 30% of mid-sized firms struggle with this integration gap, as do 32% of enterprise firms.

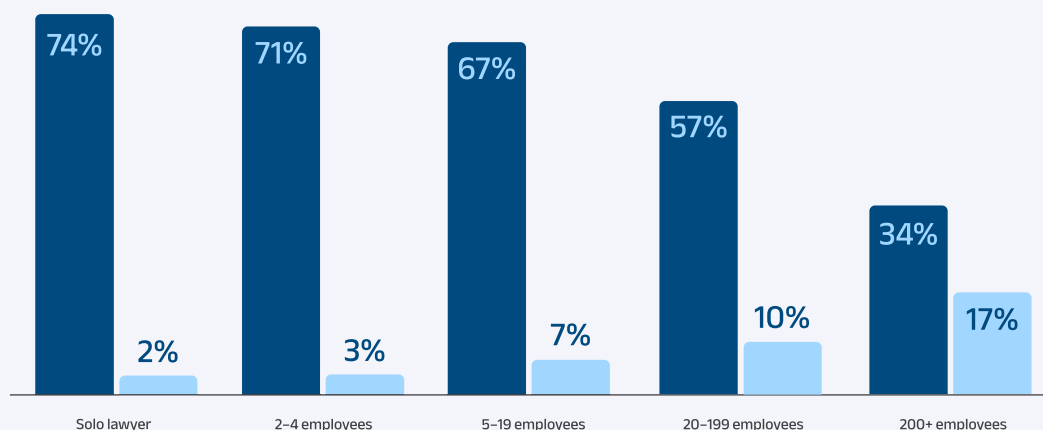


One key factor contributing to this gap is that mid-sized firms currently lag in adopting cloud-based practice management software. While 71% to 74% of small and solo practices have moved to cloud-based platforms to manage their firms, only 57% of mid-sized firms have done the same.

Without a cloud-native foundation—where data, workflows, and tools are connected by default—firms risk “tool sprawl,” forcing staff to navigate disconnected systems to manage a single matter.

Types of practice management software used

■ Uses cloud-based practice management software ■ Uses non-cloud-based practice management software



A cloud-native foundation makes a platform approach possible. Rather than adding more disconnected tools, mid-sized firms that operate on a unified, cloud-native platform can extend their capabilities within a single environment, layering in AI for contract review, automated client intake, or analytics without creating new silos.

This approach turns technology into an operating system. With shared data and integrated workflows, firms can move beyond isolated efficiency gains toward a system of action, where routine administrative work is automated and AI supports substantive legal work like document review and case strategy.

Cloud solutions also give firms the ability to integrate tools more seamlessly with the same data-sharing and automation advantages of working in-platform. This allows firms to build best-in-breed tech stacks that are tailored to the unique needs of individual teams.

This is the opportunity for mid-sized firms. By moving to the cloud, they can adopt and operationalize new capabilities faster than both smaller firms with limited scale and larger enterprise firms slowed by complex integrations. This agility allows leaders of mid-sized firms to scale operations and advance firm capabilities without adding headcount at the same pace.

Operationalizing intelligence for the path ahead

The data is clear: mid-sized firms are no longer just competing on legal expertise, but on operational maturity. While 86% of mid-sized firms have adopted AI, those that truly thrive will be the 57% who have moved their data and operations to the cloud. These firms have the systems that eliminate silos and enable AI to deliver the greatest efficiency gains.

For firm leadership, the path forward involves three critical shifts:

1. **Solidifying the foundation:** Move beyond legacy servers to a cloud-native platform like Clio that serves as a single source of truth for your entire practice.
2. **Formalizing policy:** Bridge the implementation gap by creating formal AI policies that protect your firm while empowering staff to experiment and innovate.
3. **Taking the agility advantage:** Use the efficiency gains from AI to create more flexible pricing models and develop capabilities to handle more complex, Big Law-sized matters, while fostering a happier, more confident team.

AI offers a once-in-a-generation opportunity for mid-sized firms to capture market share. By centralizing your practice with a cloud-based system built on a foundation of AI, you create a system of action that scales your expertise and secures your firm's future.

Methodology

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.

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.

Get access to even more data insights

For even more insights into the latest trends in the legal industry, read the *Legal Trends Report*, which features even more data on AI adoption, firm profitability, and a first-of-its-kind neurological study on how technology can ease cognitive load in legal professionals.

Read the report at clio.com/ltr



The *Legal Trends Report*, published by Clio, provides information on the most important issues faced within the legal profession.

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