



How Will Law Be Priced? First, Legal and Outside Counsel Need to Have a Conversation

Law Department Management

Technology, Privacy, and eCommerce



Banner artwork by Envato ImageGen

A growing disconnect remains between law firms and in-house legal teams over how legal services should be priced, measured, and valued — especially with the growing use of generative AI within the legal profession and beyond. That tension was at the center of a recent panel I joined at the Financial Times Innovative Lawyers Global Summit in London, titled “How Will Law Be Priced?”

To answer this forward-looking question, we should first consider how legal services have traditionally been priced: the billable hour. This remains the most common model law firms use to charge clients, typically in six-minute increments. Although the services usually require some form of deliverable — a contract, memorandum, completed transaction, or a resolved dispute — the services are billed based on the time it takes to complete them. While the definition has not changed much, alternatives to the billable hour have been gaining popularity over the past several years, if not longer. In fact, ACC’s recent [Generative AI’s Growing Strategic Value for Corporate Law Departments Survey](#) found that 61 percent of respondents were likely to push for new billing models from their current law firms.

This shift reflects the need to reevaluate how law firms perform common services — and what technology they use — while weighing that work against the specialized expertise in-house counsel seek when hiring outside counsel. While the billable hour remains the most common way to purchase legal services, firms charging high rates for routine, non-complex tasks that do not require legal expertise are raising questions around value for services received.

Value. Efficiency. Expertise. In-house counsel want to hire experienced, talented legal specialists to assist in resolving issues that require a certain skillset that does not exist within their legal

departments. Gone are the days where exhaustive legal analysis of issues are commonplace. Legal departments are searching for lawyers, and not specifically firms, who can collaborate with their in-house teams and bring innovative solutions to the problems corporations face day-to-day.

In-house legal departments are increasingly finding those solutions in more efficient and cost-effective ways using GenAI, while firms are a bit slower to adapt. As a result, some may turn to outside counsel for fewer matters, as indicated by nearly two-thirds of respondents to our GenAI survey expecting to rely less on law firms and bring more work in-house. On the other hand, 59 percent of respondents are unaware of AI use by their outside counsel, which is part of the issue.

That said, although over 50 percent of legal departments we surveyed have adopted GenAI into their organizations, most have yet to see cost savings from law firms' use of the technology.

Pressure on in-house teams to do more with less, to not be seen as a cost center, and demonstrate efficiencies in most, if not all things, is nothing new. With the significant investment the C-suite is making in AI throughout most companies, the expectation to yield results, not just for the legal department but for the entire corporation, is even higher. As CLOs implement AI tools within their teams, CEOs and CFOs are expecting to realize efficiencies from these investments — which include lowered costs from law firms.

And with CEOs increasingly expecting returns on AI investments, they will look to CLOs for strategies that deliver measurable results. This makes open conversations between in-house and outside counsel about AI use in legal matters they support essential, especially because that use is connected to how those matters are billed.

A needed conversation

The London summit discussion underscored a persistent communication gap between law firms and in-house legal teams over how legal services should be priced. This “transparency gap” stems in part from uncertainty on both sides about how to value these services in the age of AI. Both sides are looking to the other for guidance, too often resulting in stalled or limited conversations. Legal departments and law firms need to prioritize open, detailed discussions about the work being performed, the value it delivers to the corporation, and how that value should be reflected in pricing. Strong relationships with outside counsel are also essential as sensitive topics like pricing are easier to address when trust already exists.

ACC can help facilitate the needed conversations around GenAI and its use between corporate legal departments and firms. Not only is there [research](#) to support implementing these tools into your departments, but there's also resources like the [ACC AI Center for Excellence for In-house Counsel](#) and online programming like our recent program on [how legal departments can use Claude to build workflows](#), to assist you in navigating the conversations both with you in-house teams and outside partners.

When in-house teams are transparent with outside partners about the AI tools they are using successfully, they can encourage greater openness and adoption among law firms. That transparency also gives in-house counsel a clearer view of how efficiently firms are managing their matters. While it may not show exactly how AI affects pricing, it can open the door to more substantive billing conversations.

Is hourly billing dead? No. But things are changing.

The billable hour is not dead; it remains a viable option for some companies — although the days of it being the predominant way companies purchase legal services may be numbered. Forty-three percent of our members expect to see an increase in value-based billing, and 40 percent anticipate a more diverse range of alternative fee arrangements to replace the traditional billable house model.

This indicates a shift in expectations and further illustrates the need for collaboration between corporate law departments and their outside counsel partners. In-house and outside counsel can work together to develop customized pricing models that balance client expectations with law firm profitability. Such arrangements not only create greater transparency and budget certainty, but also encourage efficiency, strengthen strategic partnerships, and shift the focus from hours worked to results achieved — making corporate leadership happy in the process.

But first, both sides must come to the table ready to have the conversation.

[Join ACC for more insights!](#)

Disclaimer: The information in any resource in this website should not be construed as legal advice or as a legal opinion on specific facts, and should not be considered representing the views of its authors, its authors' employers, its sponsors, and/or ACC. These resources are not intended as a definitive statement on the subject addressed. Rather, they are intended to serve as a tool providing practical guidance and references for the busy in-house practitioner and other readers.

[Jason L. Brown](#)



President & CEO

Association of Corporate Counsel

Jason L. Brown is the president and CEO of the Association of Corporate Counsel (ACC), leading the world's largest global organization for in-house counsel and advancing its mission to support, connect, and advocate for the profession worldwide.

Before joining ACC, Jason served as vice president, general counsel, and secretary for GE Appliances, where he led global legal strategy, compliance, governance, and government affairs. He

previously held senior legal leadership roles at Dyson, Inc. and MillerCoors and began his career in private practice in Minneapolis before moving into corporate law.

Jason has also served as executive director of NAMWOLF and held legal leadership positions at Pepsi Beverages Company. He currently serves on the board of directors for Legal Prep Charter Academy and the Howard University School of Law Board of Visitors.

A proud graduate of Howard University, Jason earned both his undergraduate and law degrees there and serves as president of the Howard University School of Law International Alumni Association.