2026 State of the UK Legal Market

When expertise is not enough:
Managing the widening expectations gap

Thomson Reuters Institute

Executive summary

Demand in the United Kingdom's legal market remains resilient; however, the conditions that once lifted all law firms have receded. Buyer sentiment has stabilised to a more cautious baseline, giving way to a more uneven landscape. While growth opportunities remain, they are increasingly concentrated in specific practice areas and sectors of the industry.

At the same time, corporate legal departments are operating under increasing pressure. General counsel are expected to balance efficiency, risk management, business enablement, and overall effectiveness — often simultaneously — while articulating their value to the C-Suite. In response, in-house legal teams are turning to technology and automation not simply to expand internal capacity, but to transform how legal work is delivered.

Technical expertise remains fundamental, of course, but is no longer sufficient on its own.

These shifts are reshaping how clients evaluate their external legal advisors. Technical expertise remains fundamental, of course, but is no longer sufficient on its own. Clients increasingly favour advisors that combine legal excellence with commercial judgement, and who understand their business context, anticipate emerging risks, and translate legal analysis into practical guidance that informs decision-making at the highest levels.

AI is accelerating these changes. Corporate legal departments are embedding AI into their workflows and beginning to expect the same from their external advisors. Yet many law firms are struggling to demonstrate the impact of their AI investments. Only 18% of our law firm survey respondents said their firms measure the ROI of their AI tools, and a majority of UK legal buyers are unimpressed with their law firms' innovation capabilities. For many clients, the benefits of AI remain difficult to see or quantify.

Taken together, these dynamics point to a market defined by tighter constraints and rising expectations. Clients are moving faster on AI, strengthening internal capabilities and becoming more deliberate in how they allocate legal spend. In this environment, UK law firms will be judged by not only expertise, but by their ability to advance clients' strategic priorities, keep up with the pace of technological change, and deliver advice that connects directly to their clients' business outcomes.

Key takeaways:

- **Growth in the UK legal market is becoming more concentrated** — Net spend anticipation (NSA) stands at +5 percentage points, with the strongest demand in Regulatory and Labour & Employment, while Insurance, IP, and Disputes show the clearest signals of contraction.
- **Nearly half (44%) of UK buyers say they plan to increase international legal spend in the coming year** — Most UK buyers (82%) report cross-border legal needs spanning an average of 30 countries, and international matters account for 42% of external legal spend.
- **Efficiency remains the top priority for UK legal departments, as capacity remains constrained** — Almost seven in 10 (69%) corporate legal respondents say staffing and resource constraints are their primary barrier to delivering value.
- **Technology and automation are reshaping how efficiency is delivered** — Fully 43% of UK GCs mention technology and automation as a strategic priority (up from 25% who said that last year), reflecting a shift toward smarter, more scalable delivery.
- **Corporate legal teams are moving faster on AI than law firms** — More than half (53%) of respondents from UK corporate legal teams report organisation-wide AI usage compared with 35% of those from law firms — raising client expectations for technology-enabled service delivery and innovation.
- **Most UK legal departments and law firms are not measuring AI impact** — Only 18% of respondents from law firms and 12% of those from corporate legal departments say their organisations track the ROI of AI tools, limiting their ability to evaluate AI's effectiveness or demonstrate tangible value.
- **Only 21% of UK buyers say they are highly satisfied with their outside law firm's innovation compared with 33% globally** — While firms are increasingly focused on AI, those investments are not yet translating into outcomes that clients can clearly see or measure.
- **Expertise is table stakes; commercial judgement is the differentiator** — UK legal buyers increasingly value those firms that understand their business context, often citing business savviness (with 37% citing this) and commerciality (15%) as growing drivers of favourability.
- **Clients expect more proactive, business-oriented risk advice from external counsel** — Only 41% of corporate respondents say they consider external counsel briefings to be a valuable source of risk information. Clients are increasingly asking firms to anticipate risks rather than simply respond to them.

44%

of UK buyers say they plan to increase international legal spend in the coming year.

43%

UK GCs mention technology and automation as a strategic priority. Up from 25% in 2025.

35%

of respondents from UK law firms report organisation-wide AI usage compared with 53% of those from corporate legal teams.

18%

of respondents from law firms and 12% of those from corporate legal departments say their organizations track the ROI of AI tools.

Where the work is — and where growth remains

The UK legal market is settling into a new normal. The burst of demand and spending that followed the pandemic has not held. Today, UK legal buyers are more cautious than at any point in the last five years; and law firms that have built strategies around that past period of elevated demand need to reassess where the real opportunities lie today.

This caution, however, does not signal a market-wide contraction. The headline numbers mask meaningful variation across practice areas, buyer types and geographies. Firms that understand where demand is concentrated and where they have a distinctive competitive advantage will find meaningful opportunities for growth.

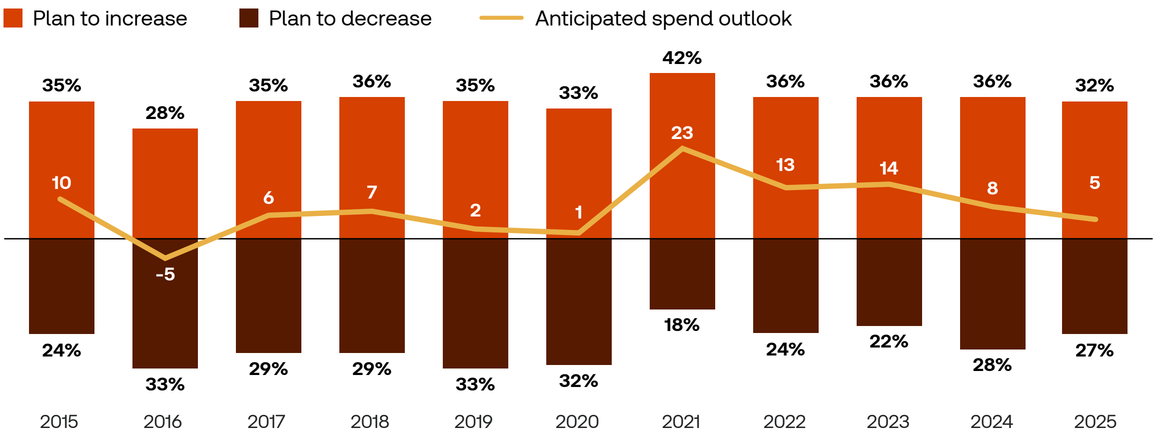
Domestic demand returns to pre-pandemic baseline

For more than a decade, the Thomson Reuters Institute has tracked buyer sentiment using net spend anticipation (NSA) — a single metric that captures the proportion of legal buyers[1] that say they're expecting to increase their external legal spend, minus those that say they're expecting to decrease it within the next 12 months. Since its 2021 peak, UK NSA has declined steadily to +5 percentage points in 2025, which represents a return to the relatively stable single-digit baseline that marked the years before the pandemic.

FIGURE 1:

UK legal demand is stabilising

Total legal spend anticipation: Global companies with $50m+ in annual revenue
(percentage of buyers planning to increase spend versus planning to decrease)



Source: Thomson Reuters 2026

Despite this downward trajectory, a positive NSA still indicates that more buyers are expecting their legal spend to increase than decrease in the next 12 months. However, as UK legal buyers exercise growing restraint, law firms need to be far more discerning about where they invest in business development and growth.

1 UK companies with $50 million or more in annual revenue.

Not surprisingly, not all practice areas or buyer segments are moving the same direction. Buyers express the highest confidence in Regulatory (with an NSA of +28 percentage points) and Labour & Employment (+14) practices, with figures well above the market NSA average. On the other side of the spectrum, Insurance (-8), IP (-5), and Disputes (-5) show the strongest signs of contraction.

The sector lens adds another layer of nuance. Financial services legal buyers tend to anticipate more spend growth than the overall market, but the advantage is concentrated within certain practice areas. Compared to all other segments, Finance sector clients report a much more positive outlook in Regulatory (+38 compared to +28 overall), Corporate Law (+16 vs +4), and Banking & Finance (+14 vs 0). For firms with strengths in these practice areas, finance sector clients represent a pocket of concentrated opportunity in an otherwise cautious market.

International work remains a growth engine

For UK law firms, international work offers another bright spot. The vast majority of UK buyers (82%) have cross-border legal needs spanning an average of 30 countries, and international work accounts for 42% of their total external legal spend, on average.

82%

Clients have needs in multiple country jurisdictions.

30

Different countries in which clients have legal needs, on average.

42%

Share of external spend that is dedicated to international work.

Source: Thomson Reuters 2026

The direction of travel is up. Nearly half (44%) of UK buyers say they plan to increase international spend in the next 12 months, outpacing both the US (40%) and the global average (38%).

In an environment of subdued domestic demand, international reach has nearly become a prerequisite for serving UK legal clients. A law firm that cannot credibly serve clients across a wide range of global jurisdictions — whether through its own network, strong referral relationships, or both — is not competing for the full scope of their clients' legal work.

The TR Institute's View:

As growth concentrates in specific practice areas, sectors and cross-border matters, waiting is no longer a viable strategy. Firms that engage early to anticipate and shape demand will capture the most valuable work; and those that wait for demand to become explicit will be left to compete on price and availability.

Firms should take three actions now to proactively influence demand:

1. **Build pre-mandate campaigns in priority areas** — Focus on practices in which demand is forecasted to grow, such as Regulatory and Labour & Employment, and engage clients early, before matters are formally scoped.

2. **Equip partners with forecasting tools to anticipate buyer needs** — Invest in tools and capabilities — such as scenario mapping, demand forecasting and market intelligence — that allow partners to help clarify what buyers will need.

3. **Use intake conversations to surface latent demand** — In client conversations, look beyond current matters to upcoming business triggers — such as strategic shifts, regulatory exposure or potential disputes — that will drive future legal needs.

When structuring client conversations around forward-looking business risk and opportunities, firms should ask the following questions:

- What upcoming business changes could trigger new legal needs?
- Where is legal demand hardest to forecast? Where would scenario planning help?
- Which moments in the next 6 to 12 months will require speed, certainty or regulatory alignment?
- Which potential disputes or deals would be most disruptive if they arose?
- Where could targeted legal support free up internal capacity across efficiency, risk or enablement priorities?

These conversations do more than uncover work, they position the law firm as a strategic partner in shaping business outcomes.

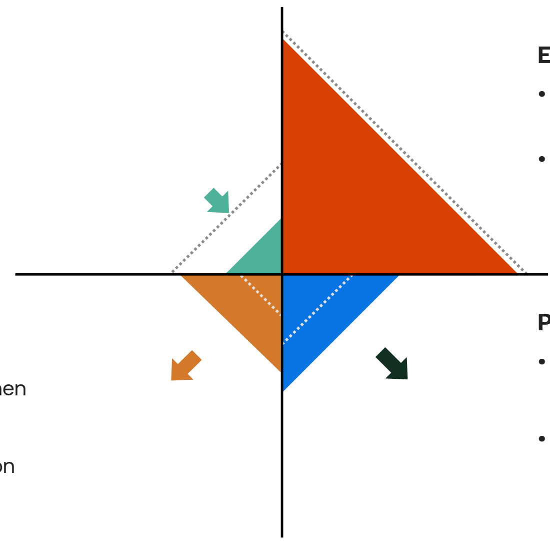
The shifting GC agenda

The role of the general counsel continues to broaden as legal leaders navigate competing demands from across the business. For law firms, this evolving mandate changes how clients evaluate external advisors. Legal departments increasingly need partners that can help them operate more efficiently, anticipate emerging risks and translate legal advice into practical guidance that supports the broader goals of the business.

Four priorities shaping the modern GC mandate

General counsel often describe their role as balancing multiple priorities at once. Legal leaders must protect the business from risk, improve efficiency, enable business growth and deliver high-quality and effective legal advice. The result is a mandate that often feels like keeping several plates spinning at the same time, which the Thomson Reuters Institute has previously broken down as the four spinning plates of the GC agenda.

FIGURE 2:
The four spinning plates of the GC agenda



Effective:
- Decrease in focus on law firm instruction

Efficient:
- Heightened focus on tech and automation
- Decreasing focus on cost control

Enable:
- Increased focus on being commercial and effective when supporting the business
- Moderate increase in focus on meeting business needs

Protect:
- Significant increase on proactive risk management
- Increase on regulatory and compliance

Source: Thomson Reuters 2026

Efficiency remains the dominant strategic priority, and it was cited as that by 62% of GCs (steady from 64% last year). While the mandate to improve efficiency has not changed, the path to get there has evolved. A year ago, *cost control* was the primary topic within efficiency; today, it has been decisively overtaken by *technology* and *automation*, which was cited by 43% of GCs (compared with 25% last year). And increasingly, AI has emerged as the dominant topic within this theme. For GCs, efficiency no longer means pure cost discipline and resource management; rather, it means transforming how legal work gets done by automating repeatable tasks, investing in new tools and using technology to free up professionals for work that only humans can do.

> *"Are we going to be able to do more with the same number of lawyers? The volume of work has gone up. If one individual is not able to manage 10 files, will they be able to manage 15 files because they are using the tech to help them?"*
>
> **— GC, energy & utilities**

The second-most common priority was **Protection**, which is defined as risk management and compliance and was mentioned by 32% of GCs (up from 19% last year). This reflects a broader mandate of the corporate legal department to move from responding to risks to anticipating them — and to keep the business ahead of a risk environment that is becoming more complex and less predictable, according to the Thomson Reuters Institute's *2026 State of the Corporate Law Department Report*.[2]

Enablement emerged as the third (and fastest-growing) priority, more than doubling its share of mentions to 27% of GCs surveyed (from 11% last year). Supporting business growth, acting as a strategic partner to the C-Suite, and connecting the work of the legal department directly to commercial outcomes is more important than ever. The report also sheds light on why this has become so urgent, noting that while 86% of global GCs say they believe their legal department is a significant contributor to organizational objectives, only 17% of C-Suite executives agree.[3] Under real pressure to demonstrate their strategic value upwards, GCs are looking for external advisors that can help them meet their commercial goals.

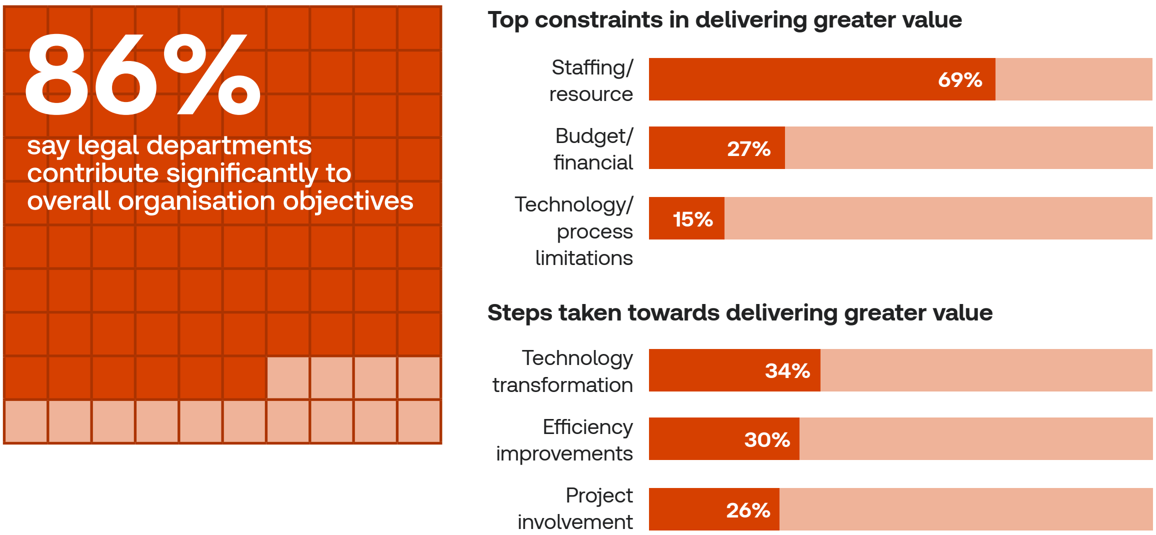
Lastly, only 15% of GCs mentioned priorities related to **Effectiveness**, down from 28% last year. This likely reflects a positive dynamic rather a negative one. Delivering high-quality legal advice has become table stakes, and GCs now are focused on growing capabilities beyond that and connecting that advice to strategic business outcomes.

How GCs are redefining value

Almost seven in 10 (69%) respondents from UK legal departments cite staffing and resource constraints as a primary barrier to delivering organisational value. In-house teams are under growing pressure to deliver more with same (or less) resources, and many are looking to technology and AI to bridge the gap. When asked to describe their department's most significant step forward in delivering greater value to the organisation, more than one-third pointed to *technology transformation*, with *efficiency improvements* also being cited.

FIGURE 3:

Corporate legal approaches to delivering business value



Source: Thomson Reuters 2026

2 *2026 State of Corporate Law Department Report*, Thomson Reuters Institute (March 2026); *available at*: https://legal.thomsonreuters.com/en/insights/reports/2026-state-of-corporate-law-department-report/

3 *Ibid.*

For law firms, this shift creates a structural tension. As AI reduces the volume of routine, entry-level work, it is also disrupting early-career training, which has traditionally relied on an apprenticeship model of learning by doing. At the same time, clients are increasingly expecting AI-enabled efficiency gains and are reducing their willingness to pay for the very work that has historically underpinned that training. Firms therefore face a dual imperative: Deliver more efficient services today; and at the same time, reconfigure the training and development model for the next generation of lawyers.

The challenge to law firms then is clear: As clients are raising their own operational bar, they expect their external legal advisors to operate at the same level of ambition. Those law firms that are best positioned to compete in this environment are those that can offer something beyond pure capacity or price advantages — demonstrating a genuine step change in how legal work gets done.

The TR Institute's View:

As GC priorities expand beyond efficiency and risk management to include the strategic enablement of business outcomes, in-house legal departments are under increasing pressure to demonstrate their contribution to the organisation's overall performance.

This shift is changing how law firms are evaluated. Clients are no longer assessing advisors solely on legal quality or efficiency, but rather on how effectively they can help deliver measurable business outcomes.

We see legal departments introducing metrics such as:

- contribution to revenue generation and commercial outcomes
- impact on client or customer satisfaction
- contract performance, including failure rates and downstream costs
- litigation exposure and the cost of anticipated risk
- time freed up for business teams, particularly in sales and deal execution

To remain competitive, law firms will need to connect their legal outputs to the clients' business decisions those outputs enable — whether improving contract performance, reducing exposure to risk or accelerating commercial activity. This also means grounding legal advice in the client's operating context and drawing on a clearer understanding of their industry, competitive landscape and strategic priorities.

Technology, particularly generative AI (GenAI), is accelerating this shift by expanding what firms can deliver — not just how efficiently they deliver it. Beyond traditional legal use cases, these tools make it possible to generate forward-looking, business-relevant insight at scale by analysing competitor activity, modelling potential risks and identifying scenarios that help leaders make informed strategic decisions.

Those law firms that can leverage GenAI to connect legal advice to commercial outcomes will be better positioned to support the broader mandate of their clients' legal function — and demonstrate their own value in terms clients increasingly care about.

A new mandate for law firms

As corporate legal departments take on broader mandates, clients increasingly expect their external advisors to operate at that level. Technical expertise remains fundamental, but it is no longer sufficient on its own. Those law firms that stand out combine deep legal knowledge with commercial instincts, proactive engagement and the ability to translate legal advice into practical outcomes.

Commercial judgement as the differentiator

When UK legal buyers describe *why* they favour certain law firms, expertise leads by a wide margin. Nearly seven in 10 buyers (69%) cite expertise, with an emphasis on quality of advice, expertise and knowledge (33%). However, expertise is the price of entry, not the differentiator. What distinguishes firms that GCs actively favour — the ones they recommend, return to and expand their relationship with — is how that expertise is delivered.

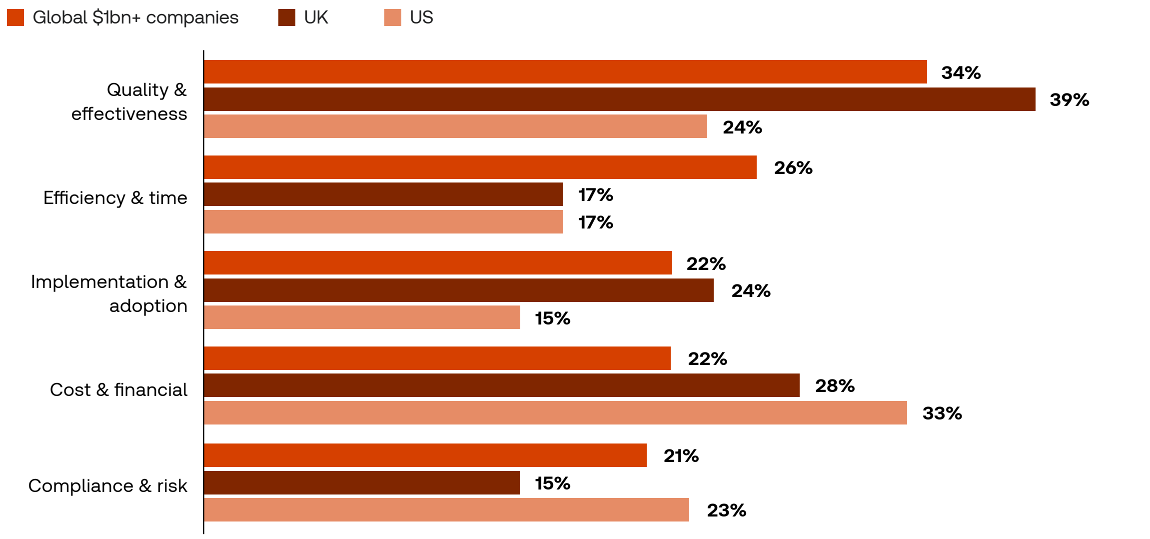
Increasingly, clients seek advisors that can apply their legal expertise in a way that reflects the commercial realities of their business. While commercial awareness has long been an important differentiator, the pressure on legal departments to demonstrate business value is making that expectation even more pronounced.

More than one-third of UK buyers (37%) now cite business savviness as a factor that drives favourability toward a law firm (up from 31% last year) and 15% cite commerciality (up from 10%). These shifts mirror what is happening inside corporate law departments themselves.

The same dynamic appears in how buyers evaluate their own success . UK respondents most often point to quality and effectiveness (39%) — far more than cost and financial measures (28%) and efficiency and time savings (17%). For law firms, what matters most to clients is not simply delivering advice quickly or at the lowest cost but rather helping clients reach the right outcome for their business.

FIGURE 4:

UK legal buyers prioritize quality and effectiveness when measuring own success



Source: Thomson Reuters 2026

The ability to understand a client's industry, strategic priorities and risk tolerance — and then to translate legal advice into practical guidance for decision-making — has become central to how today's legal buyers select outside counsel. In a world in which repeatable work remains cost-sensitive — and is increasingly at risk of being automated away — law firms will be judged by their ability to deliver on high-stakes, *bet-the-company* matters, in which superior outcomes will outweigh marginal cost savings.

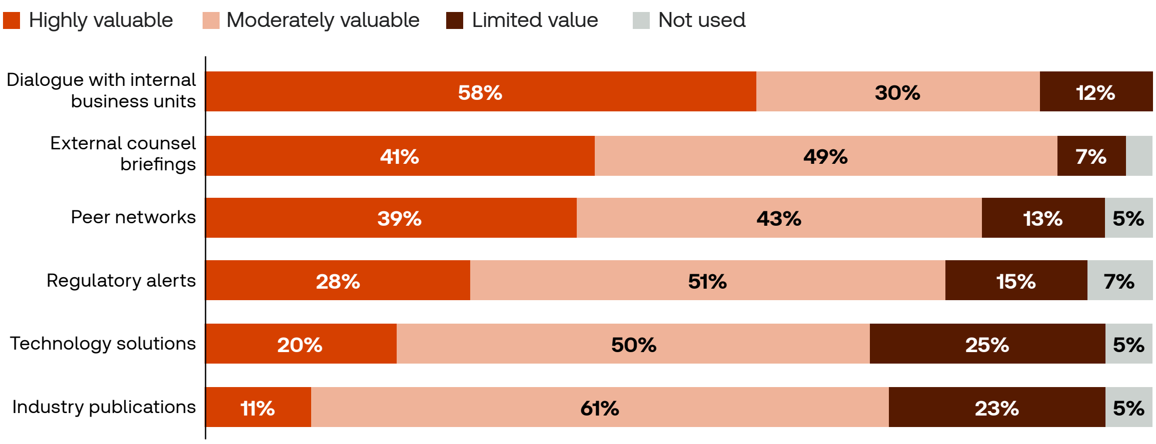
From information to tailored insight

For many corporate legal departments, staying ahead of emerging risks is becoming a core part of the function's mandate. In-house legal teams are increasingly expected to anticipate regulatory shifts, geopolitical developments and industry disruptions before they escalate into legal or operational issues.

In this environment, external advisors can play an important role in helping clients interpret developments as they unfold. Yet the current contribution of these advisors remains limited. While internal business unit dialogue is cited as one the most important source of insight for UK legal buyers (with 58% saying this), fewer than half (41%) consider external counsel briefings to be a valuable source of that information.

FIGURE 5:

Buyers say internal communication most effective to anticipate risk



Source: Thomson Reuters 2026

When it comes to staying ahead of risks, UK legal buyers say they most value proactive regulatory alerts, specialised expertise, and tailored advice from external counsel. That means there is still room for law firms to deepen and expand their role. When asked what law firms could do better, legal buyers say they want advice that is more personalised and tailored to their business with a stronger industry and sector-specific focus.

> *"Everyone's dumping you with general information. Law firms need to get smarter with tailoring their business to firms and their risk profile."*
>
> **— GC, government sector**

For law firms, the opportunity lies in moving beyond information-sharing to personalised guidance. Generic alerts and broad commentary may signal expertise, but they rarely shape client decision-making on their own. Advisors that can translate emerging developments into timely, business-specific guidance are far more likely to become trusted partners to clients navigating an increasingly complex risk landscape.

The TR Institute's View:

The bar for informing clients on emerging risks is rising; and unfortunately, current approaches are falling short. Fewer than half (41%) of UK buyers say they consider external counsel briefings a valuable source of risk information. In a market in which information is abundant and easily accessible, the differentiator is interpreting it in a manner that is timely, relevant and specific to the client's business.

This shift is being accelerated by both technology and internal capability. Legal teams are building their own risk intelligence functions, while tools such as GenAI make it easier than ever to access and interpret raw information. As a result, many law firms are facing growing competition — not just from other firms, but from clients themselves.

In this environment, value is created through context, speed and practical guidance. Firms must move beyond periodic briefings to offer more embedded, proactive engagement. In practice, this means:

- **Delivering same-day, context-rich updates** — Move beyond generic alerts to provide immediate guidance with clear industry- and client-specific implications.
- **Embedding clear "what to do next" guidance** — Every update should include a concise, actionable takeaway that helps clients make decisions in real time.
- **Building client-specific risk intelligence** — Develop tailored regulatory calendars, horizon scans and monitoring aligned to each client's priorities and exposure.
- **Creating direct, real-time access to expertise** — Offer *risk office hours* or rapid-response text channels to help clients triage issues as they arise.
- **Measuring and refining impact** — Track engagement, timeliness and relevance — and continuously adapt your delivery based on what clients actually use.

Firms that can deliver this level of responsiveness and relevance will move beyond being sources of information in clients' eyes and become embedded partners in how clients anticipate and manage risk. Those that do not risk losing the information war — as their briefings become too slow, too generic and too disconnected from client context to compete with internal capabilities and GenAI-powered sources of insight.

The AI divide

Beyond its impact on work processes, AI is rapidly reshaping expectations across the legal market. Corporate legal departments and law firms are moving quickly to embed AI into their workflows by automating routine work, expanding capacity and identifying new forms of insight.

Yet the data suggests that the two sides are moving at different speeds. Corporate legal teams are generally more optimistic about AI and further along in adopting it, while clients' perceptions of law firm innovation remain relatively muted.

For UK law firms, most of whom are already investing in AI, the challenge becomes how to translate that investment into value that clients can clearly see and measure.

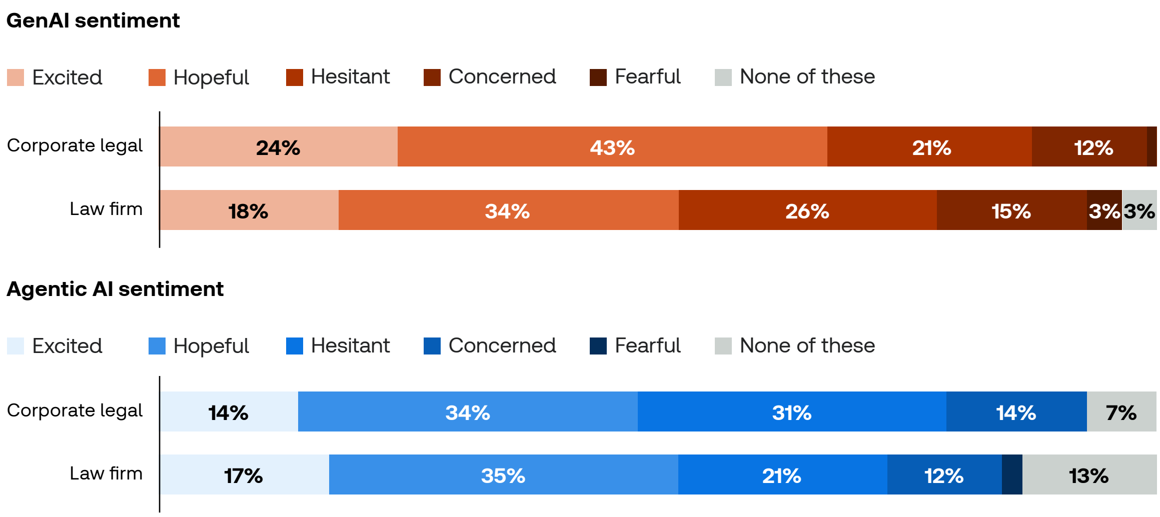
Clients are expecting more from firms

As corporate legal departments embed AI into their workflows, expectations are shifting from adoption to outcomes — particularly around speed, insight and decision support — and external legal advisors are being held to the same standards.

Much of this shift has been driven by GenAI, where a clear gap has already emerged between corporate legal teams and law firms. More than half (53%) of corporate legal respondents report organisation-wide use of GenAI tools, compared with only 35% of law firm respondents. Beyond adoption, this gap is mirrored in sentiment and trajectory. For example, two-thirds of corporate legal respondents (67%) say they are excited or hopeful about GenAI, compared with just more than half (52%) of law firm respondents.

FIGURE 6:

Clients are more hopeful about GenAI than law firms



Source: Thomson Reuters 2026

Corporate legal teams also appear more convinced that AI will reshape how legal work is delivered. More than three-quarters (78%) of corporate legal respondents say they believe AI should be applied to legal work within law firms, a noticeably higher proportion than among law firm respondents themselves (63%). Looking ahead, 69% of corporate legal teams say they expect GenAI to be central to their organisation's workflows within two years, compared with 62% of law firm respondents.

These findings suggest that many corporate legal departments already see AI as a core component of their future operating model — and they are increasingly expecting their external advisors to keep pace.

Sentiment around agentic AI is more balanced, with roughly half of both corporate legal respondents (48%) and law firm respondents (52%) saying they feel excited or hopeful about the technology. This convergence likely reflects the uncertainties that agentic AI introduces around autonomy, accountability, and the role of human judgement — concerns that are shared on both sides of the relationship.

Understanding AI in the legal context

Generative AI (GenAI): GenAI creates new content based on user prompts, via tools such as ChatGPT, and can be used to draft emails, summarise documents, generate legal analysis, and more.

Agentic AI: Agentic AI refers to systems that can autonomously complete multi-step tasks. For example, an agentic system might independently research regulations, draft a document, identify risks, and revise its output without step-by-step human guidance.

> *"We are very keen to understand how law firms are deploying AI to reduce the manual, repetitive tasks that trainees and junior lawyers do. I think the days of charging hundreds of pounds an hour for junior lawyers to do tasks that AI can do more quickly and effectively is coming to an end."*
>
> **— GC, large business services company**

Turning AI investment into client value

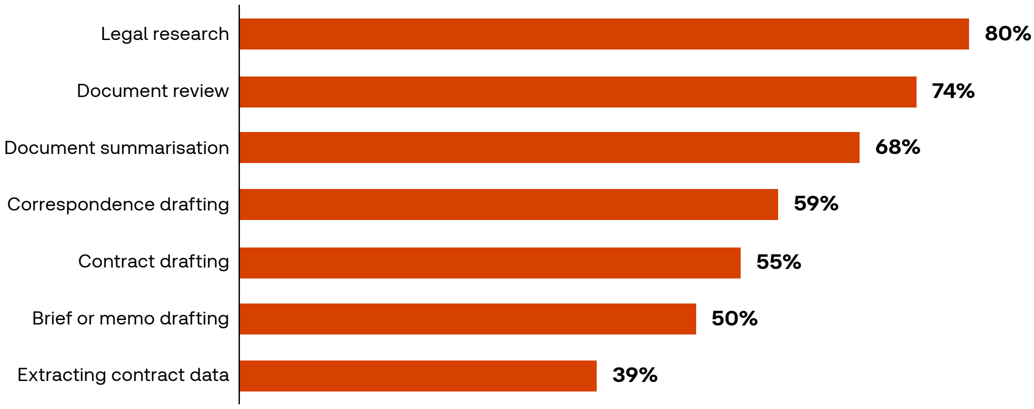
Despite growing investment in AI tools across the legal sector, many law firms have yet to demonstrate the tangible impact of those investments to clients.

One key challenge lies in measurement. Only 18% of respondents from UK law firms report measuring the return on investment (ROI) of their AI tools, meaning that most firms are investing in AI without clear accountability frameworks or evidence to demonstrate its value to clients.

Current use cases also focus on efficiency gains rather than broader service innovation. Among law firms already deploying AI, the most common applications include legal research (with 80% of law firm respondents saying they're most interested in this), document review (74%) and document summarisation (68%) — all areas in which automation can reduce time spent on high-volume, repeatable tasks.

FIGURE 7:
Law firm AI use cases

Which potential use cases interest your firm?



Source: Thomson Reuters 2026

While these improvements can generate significant internal efficiencies, they are less visible to clients. This may help explain why UK legal buyers are unimpressed with their law firms' level of innovation. Indeed, only 21% of UK legal buyers report being highly satisfied with their firm's innovative capabilities, compared with 33% globally.

For law firms, the challenge is ensuring that AI investments translate into clear, client-facing value. Until technology adoption begins to reshape how legal services are *experienced* — not just how they are produced — the perception gap between firms and their clients is likely to persist.

The TR Institute's View:

As client expectations shift from AI adoption to its impact, law firms are increasingly being judged on whether AI is visibly improving cost, speed, risk management and decision-making for their clients.

As a result, firms must move from positioning AI as a capability to demonstrating it as a source of value. This starts with changing how AI is communicated and applied:

Stop	Start
Saying "We use AI"	Demonstrating impact through clear, measurable outcomes, such as hours saved, tasks automated, cycle-time improvements, cost predictability gains and better risk detection.
Focusing on efficiency alone	Showing how AI improves decision-making by, for example, identifying risks earlier, enabling better scenario planning, and supporting faster, more confident business decisions.
Framing AI as a back-office tool	Using AI to enhance client-facing work and free up senior lawyer time for strategic advisory, allowing the firm to deliver deeper insights, more tailored guidance and more proactive and real-time support.

More fundamentally, law firms need to rethink how AI enables new ways of working, not just more efficient versions of existing ones. The opportunity is not simply to do the same work faster, but to deliver new forms of insight, collaboration and client support that were not previously possible.

Going forward into the AI future

For much of the past decade, the primary challenge for law firms was managing legal demand, usually done by scaling teams, expanding internationally and investing in new capabilities to capture a growing share of legal work. Today, the challenge is different. Clients are moving faster than their outside legal advisors, strengthening their internal capabilities and setting clearer (and higher) expectations.

Technical expertise remains essential, of course, but it no longer serves as a competitive advantage on its own. Clients are placing greater value on commercial judgement, proactive engagement and the ability to translate legal advice into practical, decision-ready guidance. Meanwhile, the nature of legal work is evolving quickly, as repeatable, process-driven tasks are becoming more cost-sensitive and increasingly automated, while high-stakes, business-critical matters are areas in which firms can differentiate themselves.

Those law firms that succeed will be those that turn expertise, commercial insight and technology into value that clients can clearly see.

Not surprisingly, technology is only accelerating this transition. As corporate legal teams integrate AI into their workflows, the gap between internal capability and external service delivery becomes more visible. For law firms, the challenge is to ensure the investments they're making in technology can help them reshape the client experience, through faster insight, better collaboration, and new approaches to delivering legal work.

To stay ahead in 2026, law firms must:

- **Influence demand** — In a more cautious market, the key is to engage clients early — even before demand is fully defined. Firms should use forecasting tools, market intelligence and client conversations to anticipate needs, identify latent demand and help shape the areas in which the most valuable work emerges.
- **Enable business outcomes** — As GCs are increasingly responsible for commercial impact, firms are being evaluated on the same basis. To win, firms will need to connect their legal advice to the decisions it enables by improving contract performance, reducing risk exposure and delivering on the bottom line.
- **Deliver insight instead of information** — Access to information is cheap; what clients value most is interpretation. Firms must move beyond periodic briefings to delivery timely, tailored guidance that contains actionable recommendations.
- **Prove the impact of AI** — Client are not simply looking for AI adoption; rather they're looking for outcomes. Firms need to show how their AI tools enable deeper insight, innovative support and new ways of delivering value to clients.

In this environment, those law firms that succeed will be those that turn expertise, commercial insight and technology into value that clients can clearly see — and that directly support how clients operate, make decisions, and create value for their business.

Methodology

Research for this report draws on primary data from UK-based respondents to two global studies conducted by the Thomson Reuters Institute in 2025. The majority of findings are based on 260 interviews with UK-based general counsel and legal decision-makers at organisations with annual revenues of $50 million or more.

Insights related to AI are drawn from the Thomson Reuters Institute's *2026 AI in Professional Services Report*,[4] which included online responses from 145 law firm professionals and 68 corporate legal professionals in the UK.

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4 *2026 AI in Professional Services Report*, Thomson Reuters Institute (February 2026); *available at*: https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report.

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