



ADVISORS

## AI Won't Kill "BigLaw" But It Will Reshape It

*Rapid advances in generative AI are challenging the core principles that built the modern mega-law firm. Clients should prepare now for an era in which scale, leverage, and global footprint no longer carry prevailing strategic weight.*

For more than a century, the global “mega-firm” has defined elite legal practice: sprawling organizations with thousands of lawyers, dozens of offices, and a model built on scale, leverage, and international reputation. With the rapid rise of generative artificial intelligence (AI), however, that model faces a fundamental, and possibly transformational, test.

The issue is not merely whether AI improves efficiency (it already has), but whether it will erode the foundations of the large firm model. Although predictions of BigLaw’s collapse might be premature, those firms likely will experience gradual, irreversible structural change.

### **The Logic of Scale and Its Limits**

Traditionally, there have been three justifications for the mega-law firm model: global reach, leverage, and brand. AI targets each. Tools can now draft, summarize, translate, and cross-check documents across jurisdictions and disciplines in seconds. They detect patterns, surface precedents, and produce first drafts faster than any human team. As marginal cost falls and quality rises, the rationale for large teams spread across multiple offices diminishes.

### **Beyond Efficiency: AI as Structural Disruptor**

Current discussions of AI in legal practice tend to focus on efficiency. These advancements matter, but they are incremental. The deeper effects might well be structural. Work that historically has supported the leverage model, document review, research, and drafting, is increasingly automated. So, too, now are more experienced-based aspects, such as deposition and trial preparation. When a senior lawyer supported by AI can perform rapidly tasks handled by multiple associates, the pyramid begins to flatten. The likely eventual result: smaller headcounts, shifts in workforce structures, and reduced office footprints. Global networks that once justified premium billing across disciplines might no longer be necessary, or justifiable.

**What clients should do:**

- Reassess how firms' staffing models, technology strategy, and physical footprints contribute to resilience and client value.
- Stress-test continuity plans as firms adjust workforce composition and workflows.

**The Emergence of AI-Native Firms: Norm AI's Example**

Nearly every major law firm is experimenting with AI tools, proprietary platforms, and AI-enhanced workflows. Among the most consequential recent developments is the emergence of AI-native legal service providers, entities built from the ground up around automated legal analysis rather than traditional leverage models.

Norm AI exemplifies this trend. In addition to developing advanced regulatory-analysis models, it has launched Norm Law LLP, a firm built around automated legal synthesis, mapping, and document generation. Instead of integrating AI into traditional workflows, these firms design workflows around automation, with lawyers providing expert review, customization, and oversight.

This model not only demonstrates how AI fosters scaling expertise without spiraling headcount; it also empowers alternative service providers, particularly in document-heavy and routine matters. The ability to use AI as the fulcrum on which law firms can operate intensifies the structural pressures facing traditional law firms.

**What clients should do:**

- Align governance expectations to ensure AI-driven firms meet accuracy, confidentiality, and human-review standards.
- Compare incumbent firms' tools to AI-native alternatives.
- Evaluate whether AI-native firms offer advantages in high-volume or fast-turnaround work.

**Rethinking what “Global” means**

AI dissolves barriers that historically required distributed global offices. Automated translation, multi-jurisdictional search, instantaneous drafting, and advanced communication tools allow work once centered in dispersed offices to occur locally, or even virtually. The future “global firm” might be more compact, comprised of smaller regional hubs or even federated firms sharing platforms and data rather than physical space.

**What clients should do:**

- Distinguish between firms and offices that deliver strategic value and those that reflect legacy footprint.
- Consider hybrid sourcing that pairs global counsel for strategic matters with AI-enabled boutiques for execution.

## **Pricing and Value: Ensuring Efficiency Flows to Clients**

AI replaces hours of human work with minutes of machine computation. Whether clients realize those savings depends on pricing models and the transparency that firms provide.

### **What clients should do:**

- Require disclosure of AI usage, efficiencies generated, and billable-hour replacement percentages.
- Shift from hourly billing towards performance-based arrangements.
- Benchmark AI-related performance and savings across firms and matters.

## **The Rise of AI-Enabled Competitors**

AI narrows the competitive gap between large and small firms. Boutiques with strong tools can produce work comparable to that of the largest firms, often at lower cost. Clients gain more choice and bargaining power, but also face a more fragmented market.

### **What clients should do:**

- Diversify provider panels to include qualified AI-competent boutiques.
- Require detailed disclosures on AI governance, data handling, and quality-control processes.

## **Governance, Trust, and Risk**

AI-generated outputs can contain errors or “hallucinations.” Courts have sanctioned lawyers for submitting AI-generated briefs citing non-existent cases.<sup>1</sup> Clients that fail to require robust verification risk sanctions, reputational harm, and adverse rulings.

### **What clients should do:**

- Include detailed, clear AI requirements in outside counsel guidelines.
- Mandate human review, approved tools, and audit rights.
- Require firm-wide AI governance policies.

## **The Human Factor Still Matters**

As AI accelerates routine work and promotes a culture of instant answers, the premium on expert judgment increases. Experienced lawyers remain indispensable for risk calibration, negotiation strategy, interpreting the subtleties of litigation and transactional dynamics, and practical experience.

### **What clients should do:**

- Assess how firms train and develop AI-fluent professionals.
- Prioritize firms that integrate interdisciplinary skill sets combining legal acumen, data literacy, and business insight over those that simply adopt tools.

## **Data Ownership: The New Strategic Asset**

Firms are increasingly training proprietary models using decades of client work product. Without clear boundaries, client data may be absorbed improperly into firm systems, blurring ownership and confidentiality lines.

### **What clients should do:**

- Negotiate explicit data-use and model-training terms.
- Require certifications of compliance with confidentiality requirements.
- Monitor data access, storage, and usage within AI systems.

## **Building an AI-Ready In-House Function**

Internal legal departments should not rely solely on law firms' AI capabilities. They should develop parallel capacities to evaluate risks, validate outputs, and coordinate a technologically diverse provider ecosystem.

### **What clients should do:**

- Develop AI literacy within legal, compliance, and procurement teams.
- Pilot internal AI tools for contract review, compliance, and monitoring of firm performance.
- Implement internal guidance frameworks for verification and escalation.

## **The Paradox of Growth: Why Big Firms Keep Expanding**

Are these predictions of reduced leverage and smaller footprints consistent with recent trends, such as large firm mergers, office openings, aggressive lateral hiring, platform expansions, and the rise of non-equity partnership tiers? If AI will reduce scale, why are the largest firms still growing at seemingly record pace?

It is premature to declare inevitable the end of the mega-law firm. Although AI is transformative, it is still bound by human oversight, ethics, and regulations. Many qualities that made global firms resilient, such as brand, client trust, and interdisciplinary reach, will remain crucial.

History shows that efficiency innovations rarely lead to the collapse of major players. The adoption of e-discovery and automated diligence, for example, led to similar predictions that did not materialize, as firms adapted to new technologies.

Adaptation, however, is not permanence. The mega firm might endure in name, but its structure likely will be profoundly altered, featuring smaller workforces, flatter hierarchies, and scale measured by technological depth rather than human headcount. The current growth spurt reflects short-term factors and does not negate long-term structural changes.

**Drivers of current expansion include:**

- Revenue pressure to fund AI investment
- Defensive consolidation, as mergers and lateral hires help maintain brand and profitability
- Client capture advantages in multi-jurisdictional matters
- Recruitment benefits
- Competitive signaling as firms expand to keep pace

**Why this does not negate structural shifts:**

- AI adoption is uneven and in early stages, and leverage pressures will grow as tools mature.
- Disruptive use cases and their efficiency benefits are still emerging
- Clients will press increasingly for staffing and cost alignment
- Structural pressures eventually will reshape staffing and leverage models

In the current transitional phase, firms are expanding to finance change and hedge risk, but a shift to smaller, leaner, and more technologically integrated firms appears inevitable.

**The Evolving Future: Smaller, Leaner, More Technological**

In the near term, AI will make large firms more efficient. In the long term, it likely will make them smaller, leaner, and operationally distinct from the firms that dominate today's market. The mega-firm will survive, but its defining characteristics (scale, leverage, global footprint) will no longer be decisive advantages.

Clients that plan now for this transition will benefit from lower costs, improved service, sharper insight, greater flexibility, and enhanced control. Those that do not might remain tethered to legacy cost structures and service models that no longer match the world AI is rapidly creating.

AI is not only changing how law firms work. It is changing what it means to engage them.

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**Endnotes**

1. See, e.g., *Mata v. Avianca, Inc.*, 678 F.Supp.3d 443 (S.D.N.Y. 2023) (sanctioning counsel for submitting AI-generated brief citing fictitious cases).