

A view into the latest legal pricing and matter budgeting trends

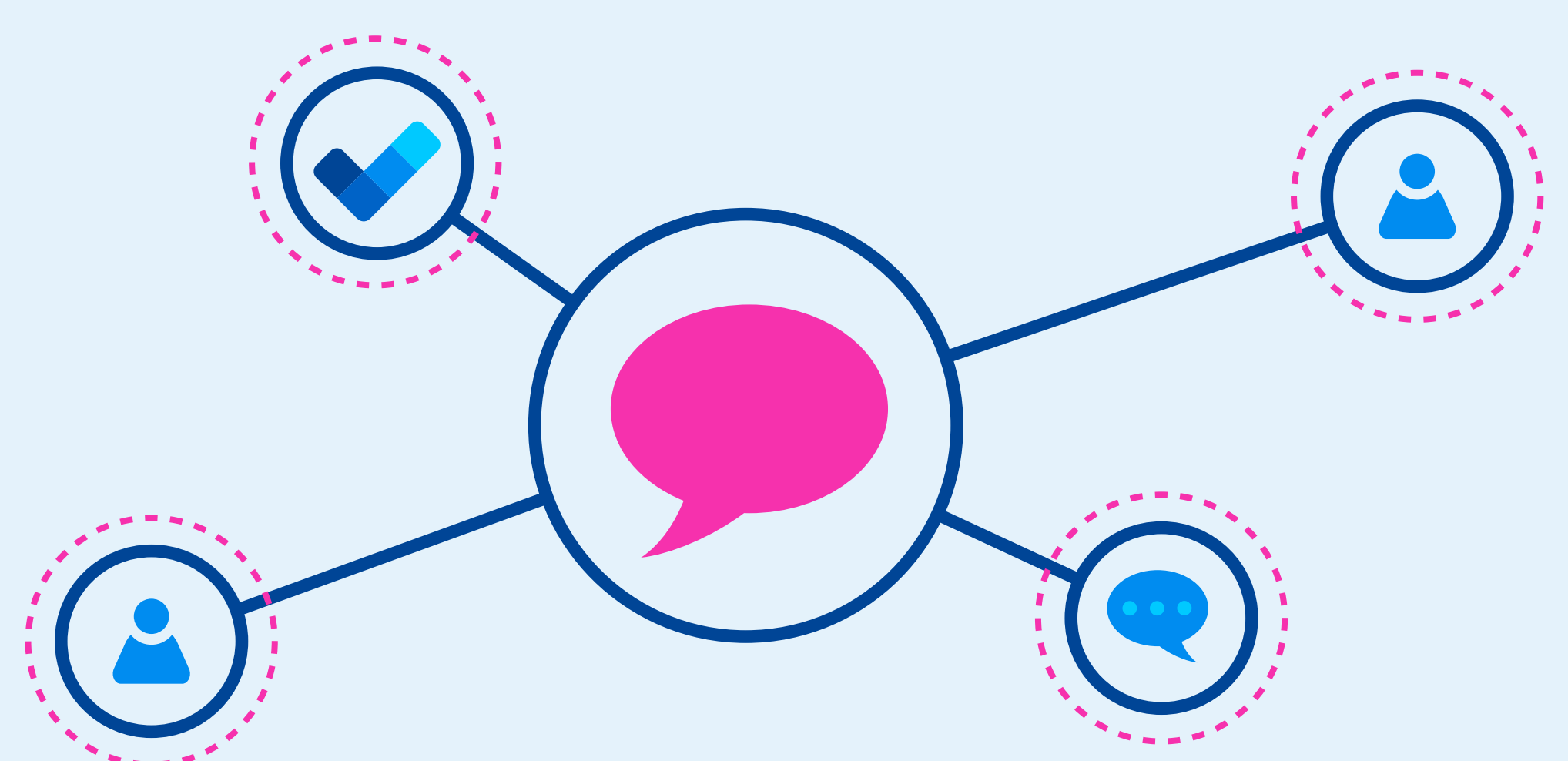
BigHand's latest industry report into law firm pricing and matter budgeting, reveals the rising client pressure for pricing visibility and AFAs, and law firms' lack of data and processes to meet it.

The Legal Pricing and Budgeting Report shares data from 800+ legal management professionals, uncovering increasing client demands for pricing transparency and flexibility, the impact of the pandemic on budgets, payments and profitability, and the pressing need for more timely and highly accurate financial data.

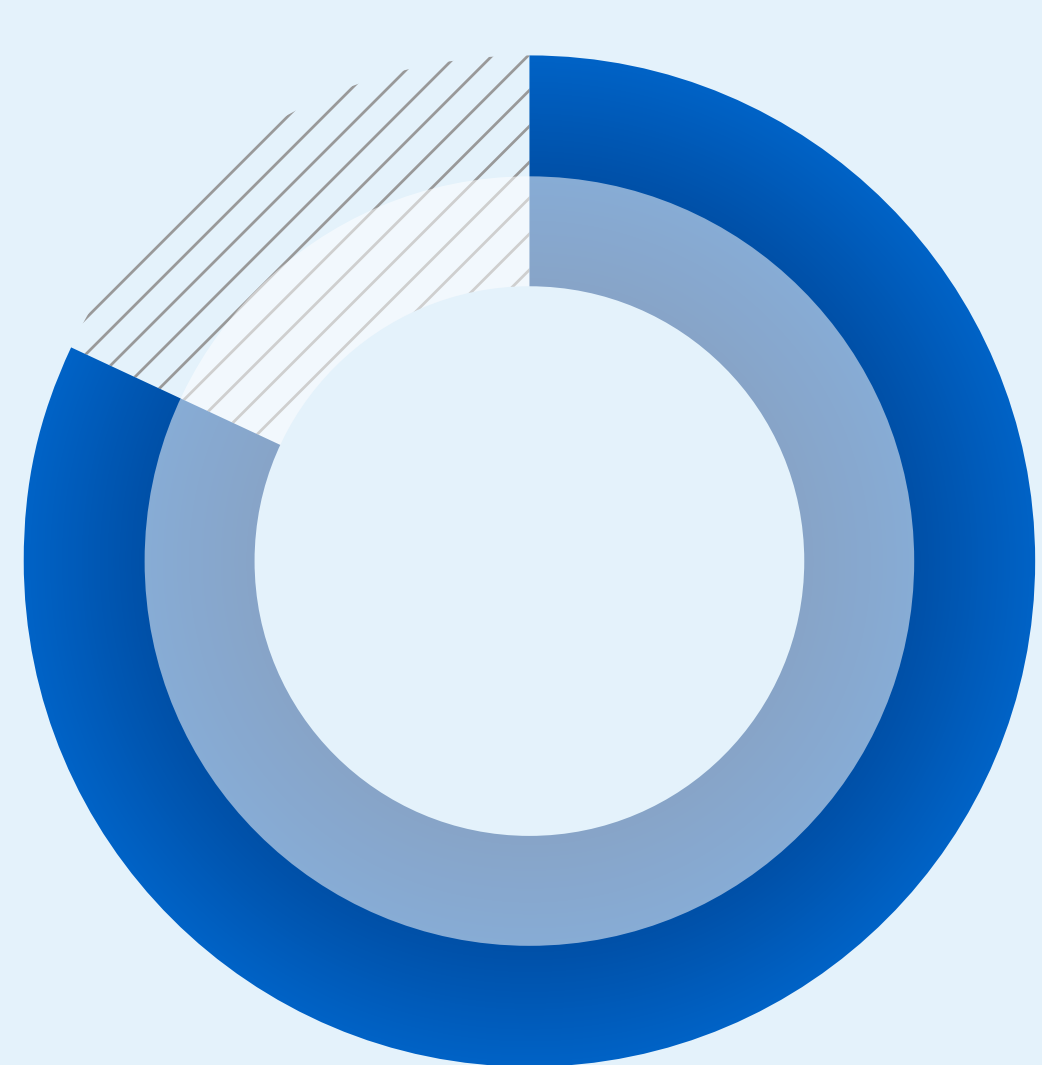
The results are in...

Communication and Trust

A lack of clarity and pricing transparency to support timely conversations has long been a cause for concern, with unexpected and uncommunicated project overruns damaging client relationships and often leading to write-offs. However, with access to accurate budgets and real-time updates, lawyers can have informed conversations, build trust, and protect revenue.



Challenge



82%

82% say clients are demanding more financial transparency



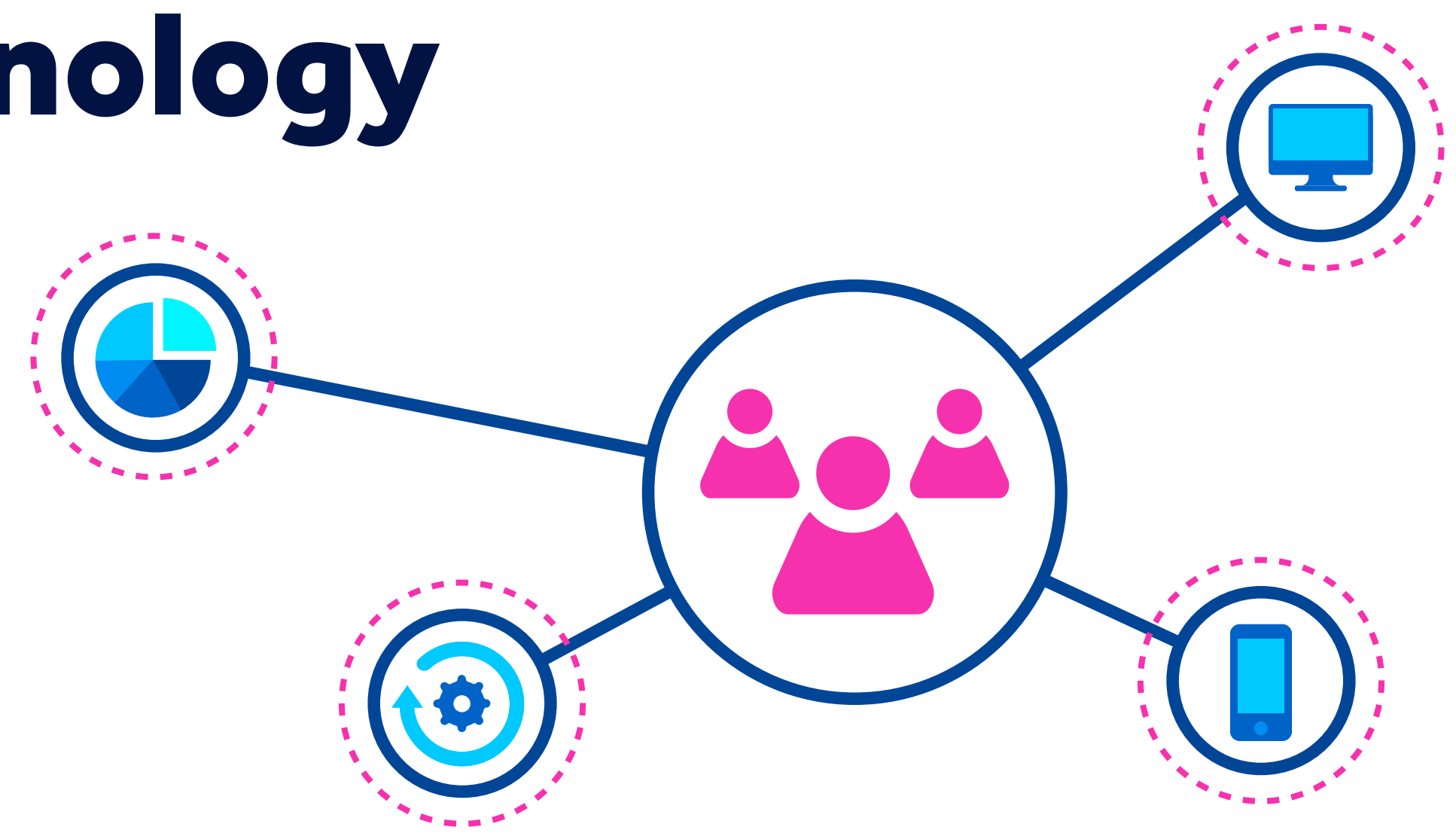
46%

46% now provide greater visibility of the pricing breakdown at the start of the matter

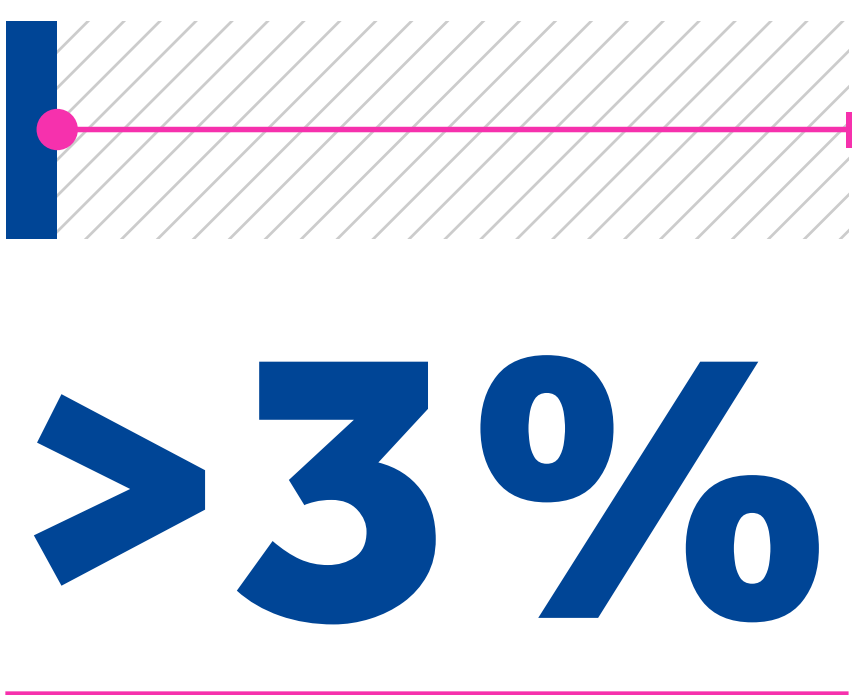
Solution

People, Processes, and Technology

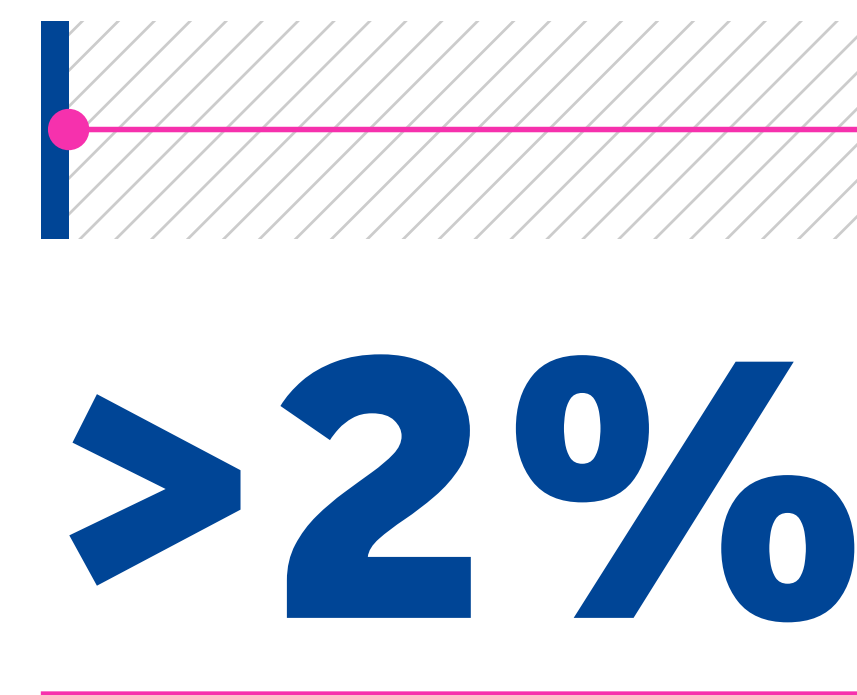
Despite being held accountable for the profitability, Partners and Associates rarely have access to accurate data at the start or throughout a matter's lifecycle making it impossible to update clients or use data to support strategic planning. To meet profitability goals, firms must focus on their people, process, and technology strategies, making investments in each area to secure their future.



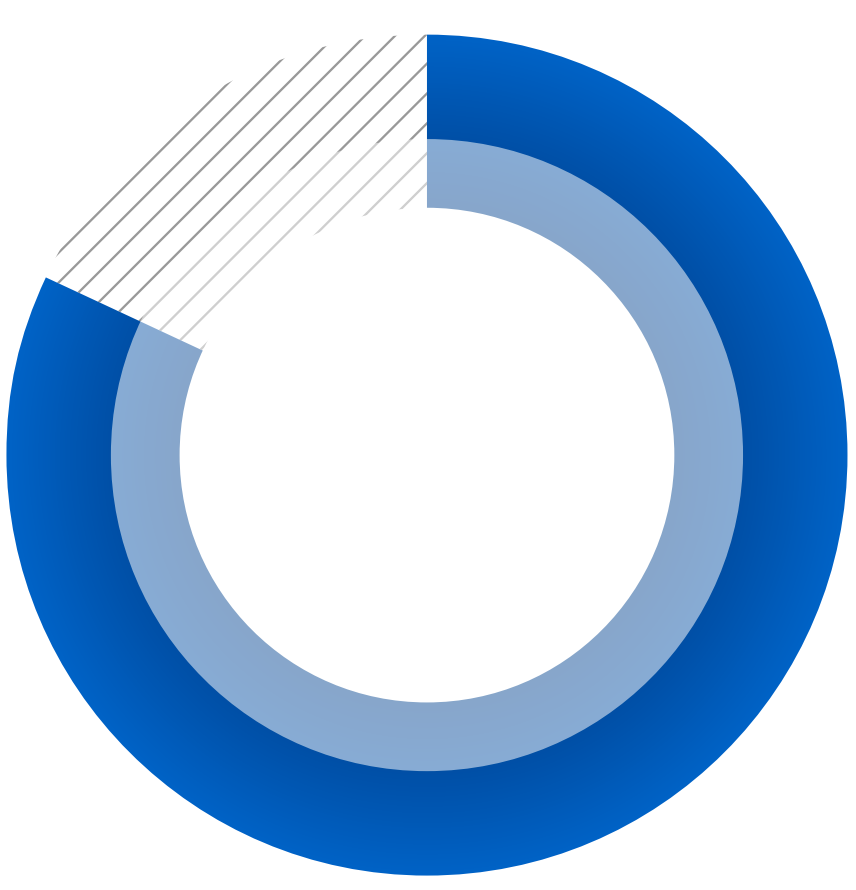
Challenge



Less than **3%** of firms mandate the use of set budgets for all matters

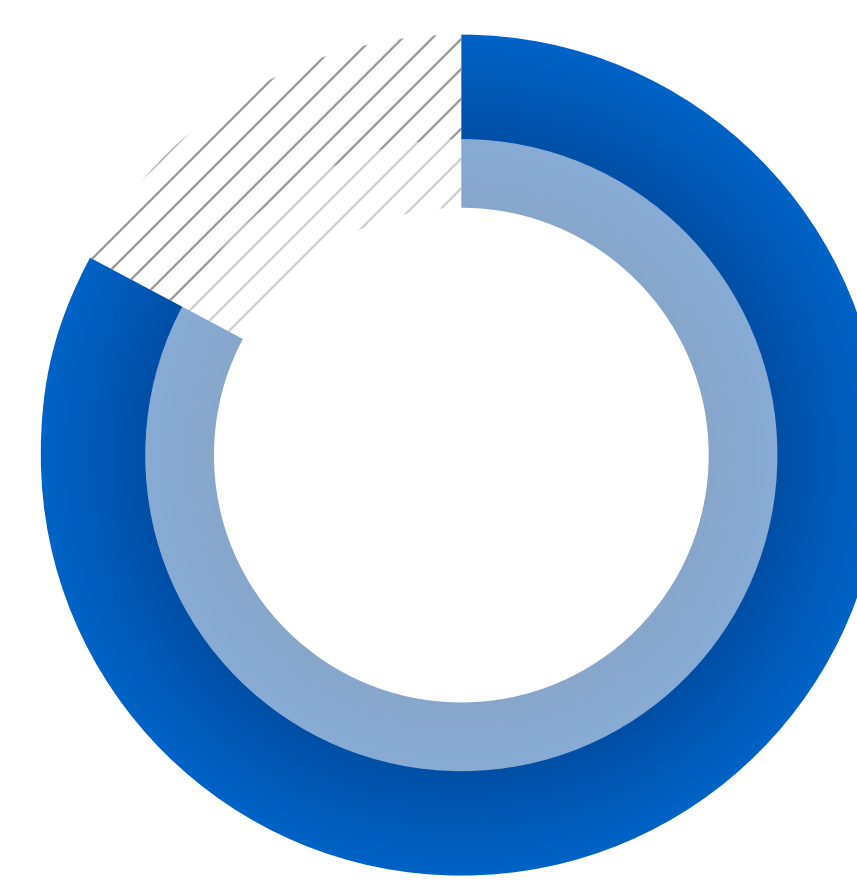


Less than **2%** of firms provide updates on budget throughout the lifecycle of all matters



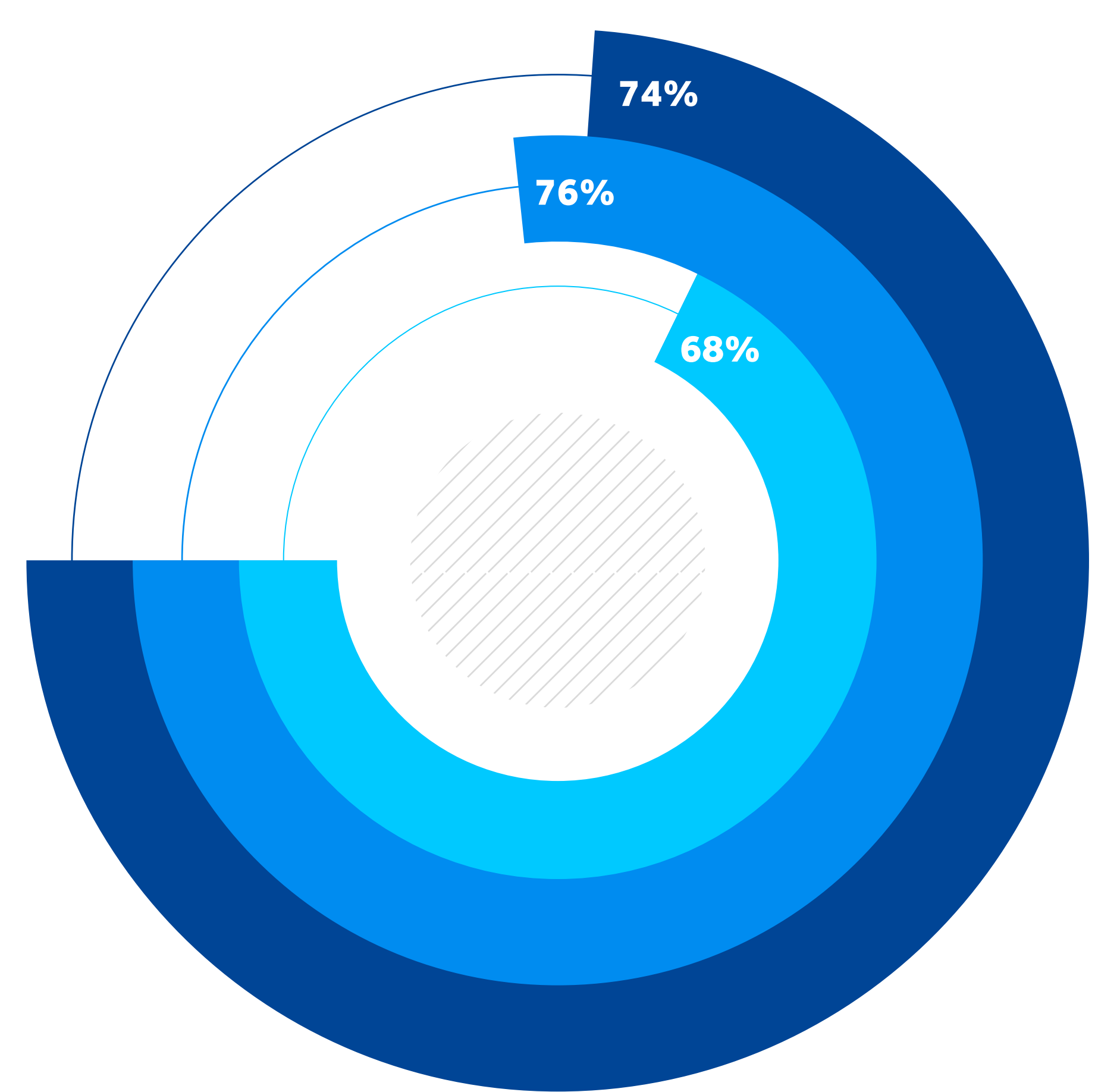
82%

82% hold Partners responsible for profitability, but only 23% have access to profitability data



83%

83% say that inadequate matter budgeting, underpricing of work, or billing write-offs are contributing to profit leakage

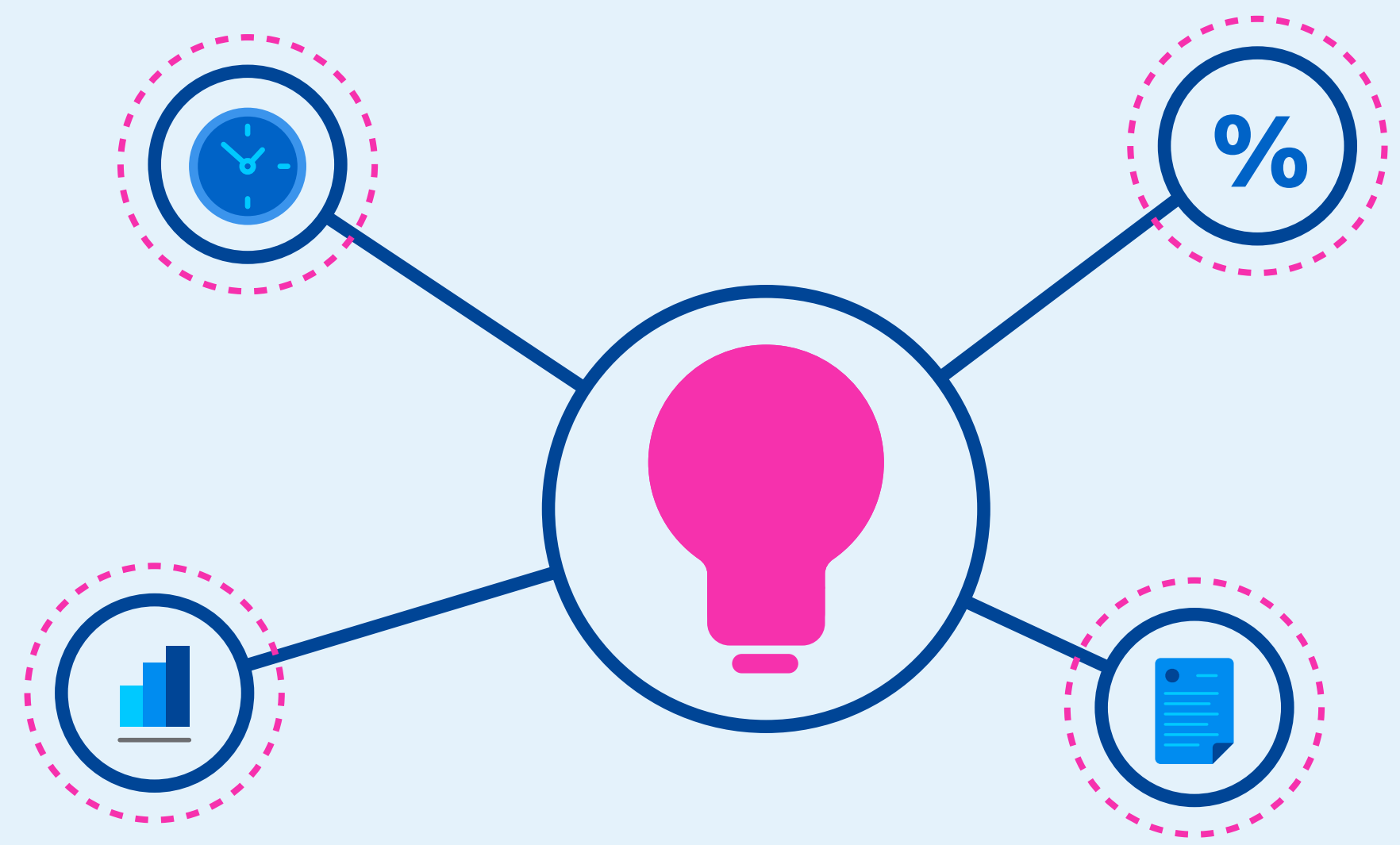


- 74%** ▶ 74% have introduced more mandated matter budgeting
- 76%** ▶ 76% will be investing in dedicated pricing solutions in the next 2 years
- 68%** ▶ 68% have employed pricing experts over the past 1.5 years, and 25% plan to recruit a pricing specialist in the next 2 years.

Solution

Adapting and Innovating

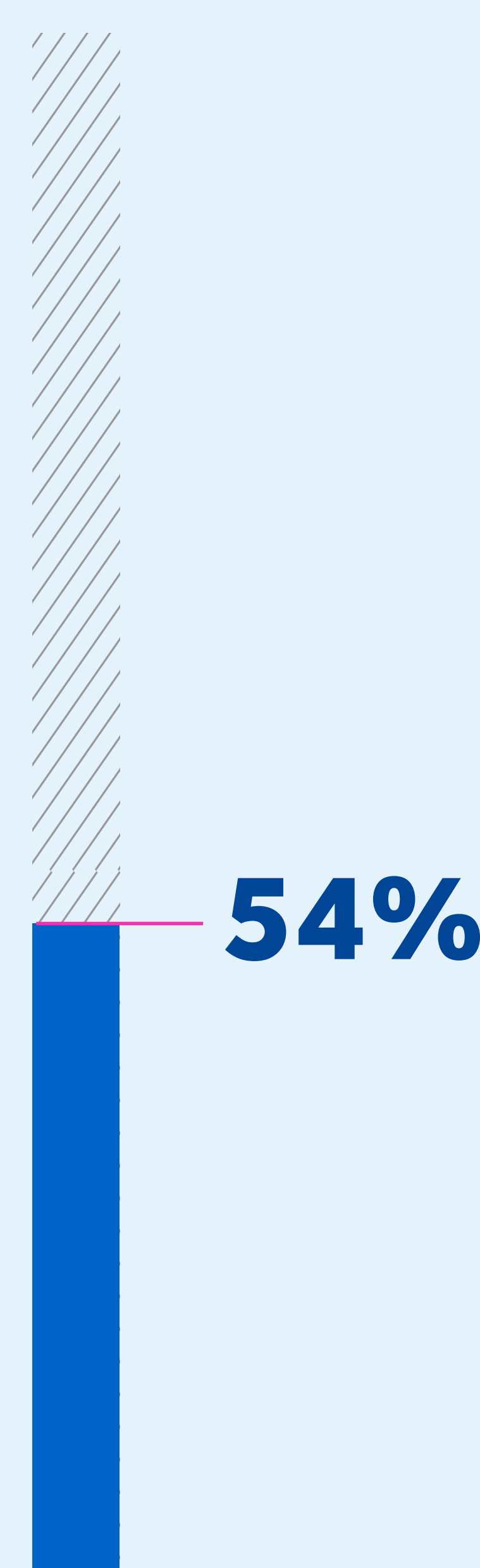
Payment problems are on the rise, from escalating write-offs to payment delays. Not only are many clients experiencing financial difficulties but they are far less tolerant of project overruns and high bills. To keep profitability up and continue attracting new clients, firms must be innovative with their pricing options and continuously adapt to meet evolving market demands.



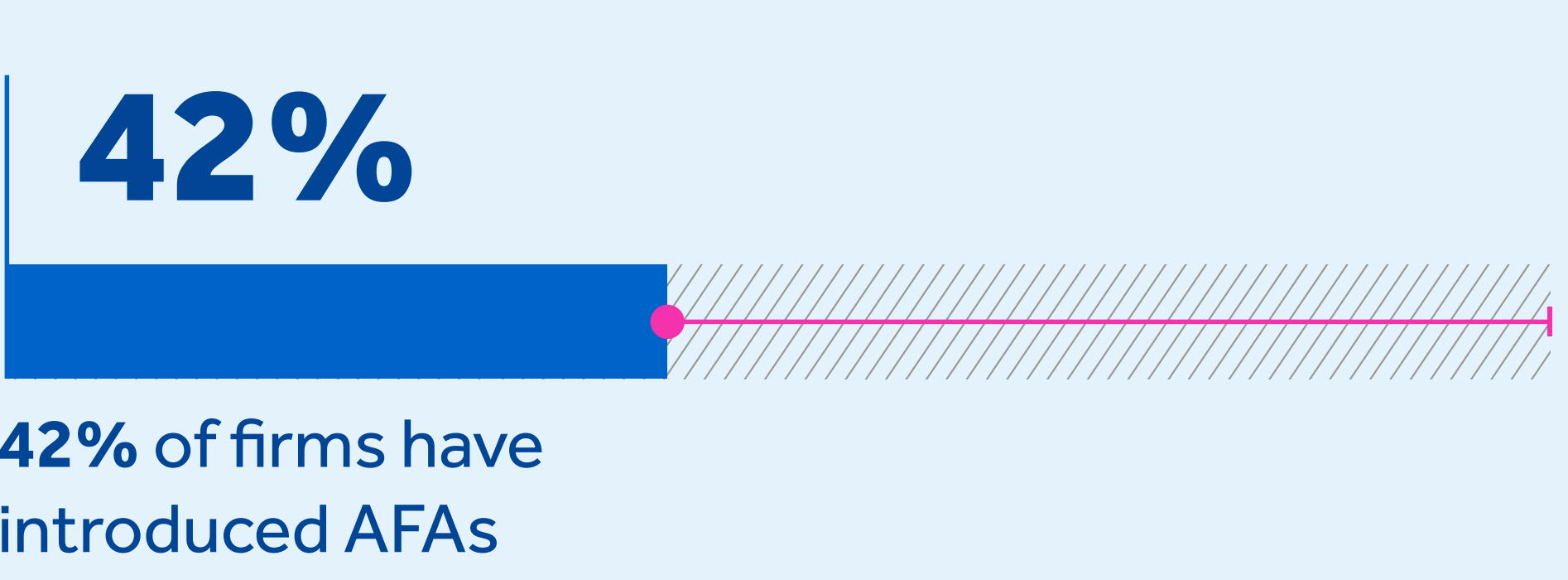
Challenge



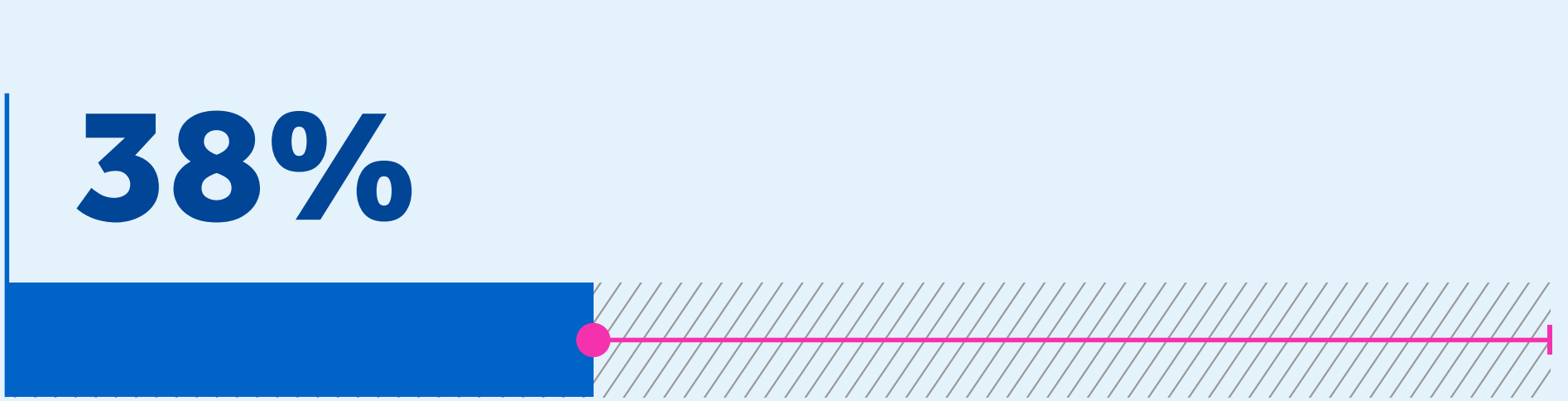
94% have experienced a delay in settling bills since the pandemic began



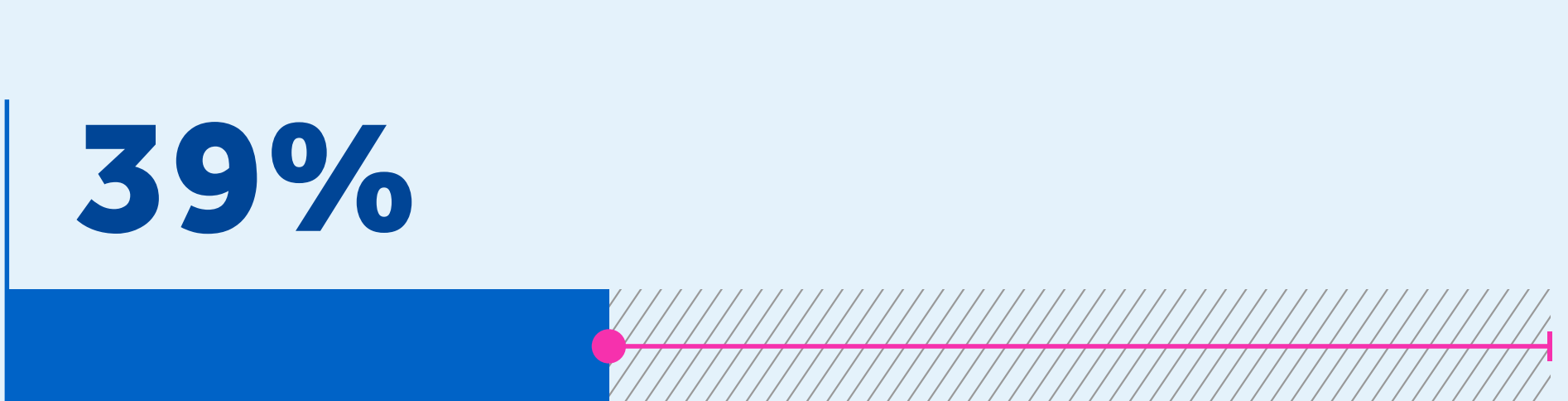
54% say that write-offs have increased by up to 60%



42% of firms have introduced AFAs



38% have introduced upfront billing or billing on milestones



39% have introduced extended payment terms



40% now offer discounted standard rates, flat discounts, or early payment discounts

Solution

Conclusion

Client expectations have changed, and law firms must evolve in order to remain profitable. The Legal Pricing and Budgeting Report finds that firms are actively looking to support lawyers in achieving better financial outcomes with dedicated pricing professionals and pricing tools that provide data-driven budgets and costs, better resource plans, lower write-offs, and clear client reporting. [Read the full report here.](#)

To learn more about BigHand Pricing and Profitability, a specialist matter pricing and tracking tool designed for law firms, visit www.bighand.com.