Actionstep

2025
UK Midsize Law Firm Priorities Report

Will a more turbulent, competitive legal market focus law firm leaders on the potential of innovation and drive investment in change management to ensure success?

Contents

Introduction

Midsize law firms play a crucial role in the UK legal market, yet they are often underserved when it comes to tailored research, strategic guidance, and benchmarking tools. This report is designed to bridge the gap, providing a clear snapshot of what law firm leaders at midsize firms are prioritising as they explore new technologies, refine processes, and drive transformation to secure a competitive edge.

The insights in our inaugural *UK Midsize Law Firm Priorities Report* are drawn from a survey conducted in partnership with LPM, a specialist UK legal market publication. We gathered perspectives from 60 law firm leaders including managing partners, chief executive officers, chief operating officers, practice directors and managers, and heads of other law firm support areas such as finance, risk, and people, all representing firms employing 20 to 500 people. Their collective expertise offers a valuable window into the trends, challenges, and investment priorities shaping midsize law firms today.

In this report, we explore critical questions that will define the success of midsize firms in 2025, including:

- What will midsize law firms' top challenges, investment priorities, and plans for improvement be in 2025?
- Where to improve client experience and service consistency in a significantly more competitive landscape?
- Are they taking advantage of internally focused and client-facing technology available to become more efficient, productive, and profitable organisations?
- What are the biggest challenges in terms of risk management and cybersecurity?

This report serves as more than just an industry snapshot, it's a benchmarking tool that enables law firm professionals to compare their approach to that of their peers. Whether it highlights areas for improvement or reinforces what your firm is already excelling at, these insights will empower you to make informed decisions with confidence.

One thing is for certain. The insights in this report will help you tackle your firm's most pressing challenges with clarity and purpose. If you'd like to jump straight to the key takeaways, you can find them on page 34.

Definitions

The survey focused exclusively on strategic leaders of midsize UK law firms. This includes **managing partners, chief executive officers, chief strategy** and **operating officers, finance directors, heads of IT**, and **practice directors/managers**, as well as heads of other core business management pillars such as risk and people.

Throughout the report we reference smaller midsize firms and larger midsize firms. **Smaller midsize firms** are defined as **under 100 employees**, while **larger midsize firms** are defined as **100 employees and more.**

Key Findings

1 — BUSINESS PRIORITIES

Amidst competing business priorities, leaders are most focused on employing top talent and driving new client growth.

- The top business priority for midsize law firm leaders is recruiting and retaining talent (78%), followed by winning new clients (60%) to drive revenue growth.

- Only a third (33%) of leaders are prioritising improving client satisfaction as a key growth strategy.

- Hiring and retention are the toughest challenges (69%), far outweighing concerns about client experience, which only 26% consider a significant hurdle.

2 — CLIENT SERVICES AND DIGITAL EXPERIENCES

Leaders recognise the urgent need to deliver client services with greater efficiency, consistency, and impact — driving investment in a more sophisticated digital experience.

- Leaders acknowledge time constraints (70%) and inconsistencies across the firm (59%) as their biggest barriers to delivering better client experiences.

- 35% agree they lack the right technology to fully support their clients, and 'digital experience' is the top area for improvement.

- Under two-fifths of firms offer client portals (38%), document collaboration (31%), automatic updates (19%), or digital appointment-setting (12%) – missing key opportunities to enhance efficiency, transparency, and communication with clients.

3 — PROCESS AUTOMATION AND GENAI IN LEGAL WORK

Most firms have invested in process automation to manage and streamline workloads, yet the adoption of generative artificial intelligence (GenAI) in legal work remains minimal.

- 74% of leaders say their firm actively seeks new technology to help them to operate more efficiently, yet 73% want more tools that introduce automation.

- Process automation is already in use at 54% of firms, though widespread adoption remains low (21%).

- Legal-specific GenAI remains in its infancy with only 26% either using it or experimenting with it for some business applications.

- Nearly half (46%) say cost is a major barrier to investing in the technology they need.

4 — COMPLIANCE AND CYBER RISKS

Leaders are highly confident in their ability to manage risk and compliance despite citing regulatory changes and training as challenges

- 96% of leaders are confident in their firm's ability to comply with evolving anti-money laundering (AML) regulations.

- Yet, staying up to date (54%), training staff (47%), and executing due diligence (41%) remain key compliance pain points.

- 85% feel prepared to manage cybersecurity threats, but 72% see human behaviour as the biggest risk to their firm's security.

Detailed Findings

1

Amidst competing business priorities, leaders are most focused on employing top talent and driving new client growth

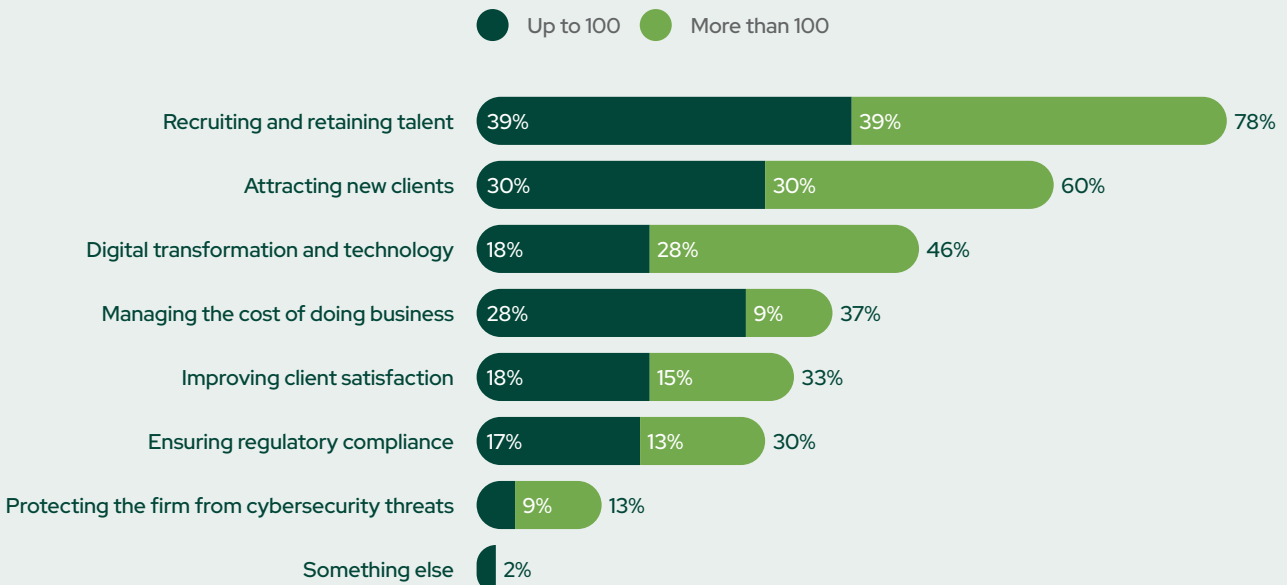## Law firm leaders are in a relentless pursuit of growth

For midsize law firms in the UK, the organisational challenges ahead are a balancing act between immediate operational demands and longer-term strategic ambitions. This research reveals that firm leaders' top priorities in terms of achieving growth goals centre on securing two unsurprising groups of people: the talent to thrive in the firm and develop future business (78%), and the clients that represent that future (60%), both critical for success.

Clearly, without these two groups, there is no firm growth. A firm's ability to recruit and retain top talent has long been a make-or-break factor for mid-market growth, with midsize firms often struggling with poor recruitment and retention. However, today, post-pandemic working patterns have given larger firms a competitive edge allowing them to outpace midsize firms by offering the perks, flexibility, and cultural investments that once set smaller firms apart. At the same time, clients are evolving too and expect their law firms to keep up. Clients want more flexibility in pricing and delivery of services as legal technology advances.

When it comes to strategy, larger midsize firms are pushing forward with transformation initiatives, while smaller midsize firms are more focused on managing costs. This reflects ongoing economic turbulence in the UK impacted by rising pressures from compliance, insurance, and salaries.

Talent, new clients and technology are the top three priorities for growth

Business priorities for driving and protecting revenue growth into 2025 (% of firms, by headcount)

● Up to 100   ● More than 100

Priority	Up to 100	More than 100	Total
Recruiting and retaining talent	39%	39%	78%
Attracting new clients	30%	30%	60%
Digital transformation and technology	18%	28%	46%
Managing the cost of doing business	28%	9%	37%
Improving client satisfaction	18%	15%	33%
Ensuring regulatory compliance	17%	13%	30%
Protecting the firm from cybersecurity threats	9%		13%
Something else			2%

Despite these financial considerations, leaders are significantly prioritising growth over risk management. Few identify cybersecurity resilience (13%), compliance risk (30%), or even cost control (37%) as their most pressing concerns. Yet, one striking finding stands out. Only 33% of leaders identify improving client satisfaction as a priority. Given that retaining and deepening relationships with existing clients is a proven path to profitability, this signals a potential blind spot in firms' long-term strategies.

On the other hand, almost half (46%) say they are actively focused on investing in digital transformation and technology, a figure that jumps significantly among multi-practice firms, where leaders are four times more likely to prioritise tech-driven improvements (37% vs 9%).

Technology and talent are increasingly interconnected. Three-quarters (74%) of leaders agree their firm actively seeks out the latest technology to operate more efficiently. Moreover, 83% also believe their firm proactively addresses the varying needs of legal and administrative support staff instead of taking a one-size-fits-all approach, demonstrating a proactive stance on workforce management.

Zoe Bailey, Chief Strategy and Operations Officer at leading IP law firm Withers & Rogers (201-300 headcount), sums it up: "There's no business without your people and clients of course — and most firms must keep up with the pace of change in technology to some extent or they risk being left behind – given, that is, the ability and internal appetite to embrace it."

As firms navigate 2025, the winners will be those that strike the right balance between investing in people, clients, and technology, while ensuring they don't overlook the importance of client retention and operational resilience.

Three-quarters of leaders say their firms seek out new solutions for operational efficiency, yet the same proportion wish for higher levels of automated work

How far do you agree or disagree with the following statements? (% of firms)

● Strongly agree ● Agree ● Neutral ● Disagree

I wish my firm would implement additional automation tools to get admin and legal work done more efficiently.

| 26% | 47% | 23% | |

My firm seeks out the latest technology to operate more efficiently.

| 21% | 53% | 19% | |

My firm addresses the varying needs of legal and administrative support staff instead of taking a one-size-fits-all approach.

| 26% | 57% | 15% | |

I am confident in my firm's ability to prevent and manage cybersecurity threats.

| 21% | 64% | 11% | |

My firm is prepared to be compliant with upcoming anti-money laundering requirements.

| 55% | 41% | |

Are firms complacent about their client relationships?

When asked about the most "challenging" obstacles to driving growth, 69% of leaders said securing sought-after talent, with 43% struggling to build momentum behind their business's digital and technology transformation plans. A similar proportion are concerned about their ability to handle costs (43%) and protect their firm from cybersecurity threats (39%). Interestingly, leaders at firms with multiple practice areas are significantly more likely to identify improving client satisfaction as a leading challenge compared to firms that specialise in one or two practice areas (22% vs 4%) — perhaps driven by stronger efforts to develop client relationships that span multiple practice areas and deepen relationships. However, despite the push to improve client service, about a quarter (26%) of all leaders view client satisfaction as a significant organisational challenge.

Tim Farnfield, Operations Director at Redkite Law (200-300 headcount), comments: "Recruitment is indeed hard in the current market. In several areas my firm is looking to reduce the volume of work that's coming in as we couldn't service more properly at present. Availability of talent affects a law firm's ability to grow at speed."
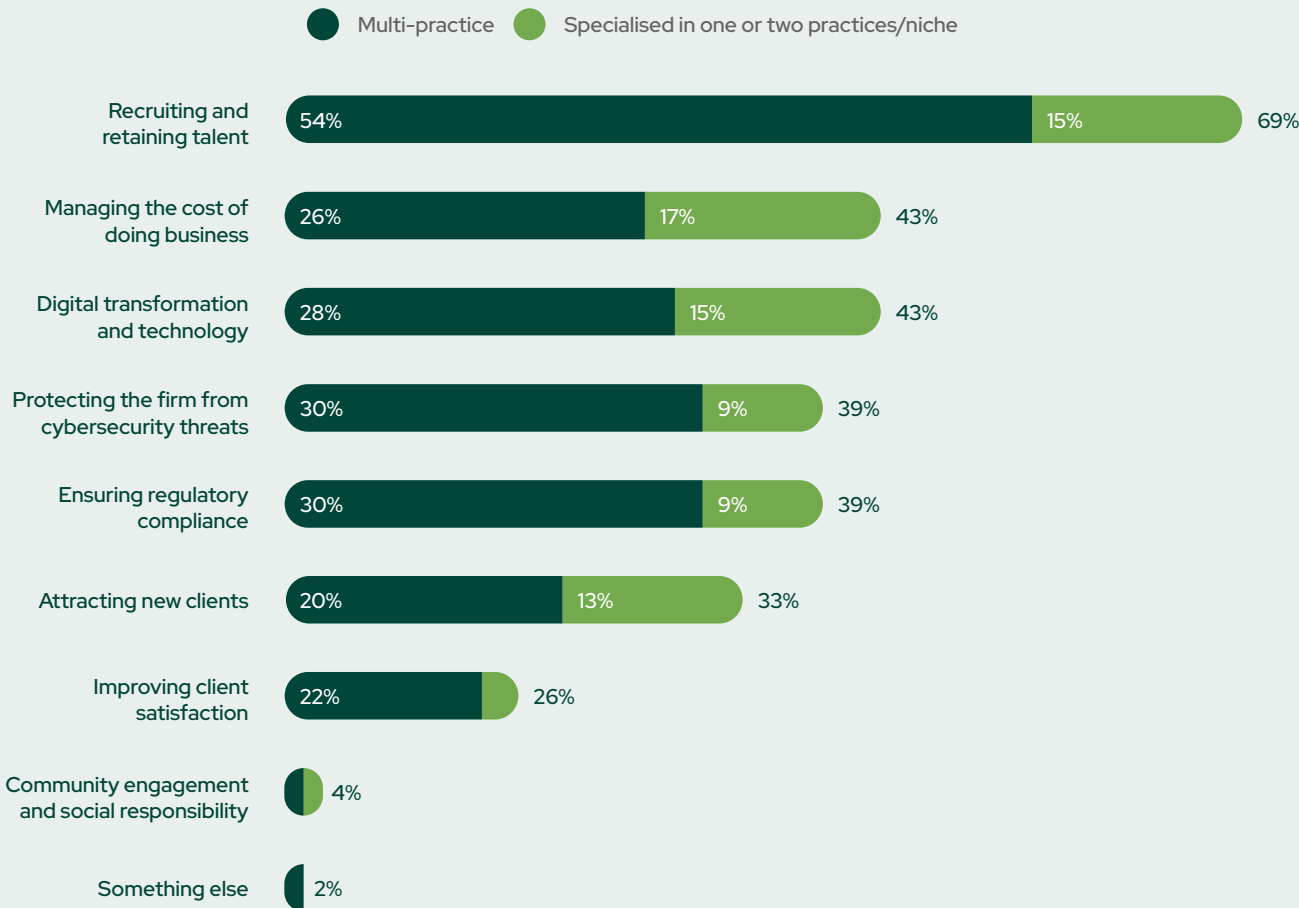
For Farnfield, more technology isn't necessarily the answer though, or at least not yet: "The solution that suits a firm of our size doesn't appear to be there. We're larger than a small operation, but without the size of an IT team needed to develop and nuance something to work perfectly. A lot of technology options are either too generic or too expensive. The impact of undertaking a three-year project to produce something that works isn't worth the risk — and that's on top of the time it can take to persuade people to adopt tools as they should."

In contrast, Peter Ambrose, CEO at The Partnership (51-100 headcount), argues that: "Technology is the answer – to service issues, to quality issues – the drumbeat is getting louder in terms of the effect on competition, and firms should not ignore or dismiss it. Plenty of lawyers really do want to change. Some are crying out for change. Humans can often be change-resistant, but many lawyers are rightly concerned about risk."

This contrast confirms a critical divide in how firms perceive client relationships and the role of technology in solving their challenges.

Most challenging business priorities to achieve or improve

(% of firms, by firm type)

● Multi-practice ● Specialised in one or two practices/niche

Priority	Multi-practice	Specialised	Total
Recruiting and retaining talent	54%	15%	69%
Managing the cost of doing business	26%	17%	43%
Digital transformation and technology	28%	15%	43%
Protecting the firm from cybersecurity threats	30%	9%	39%
Ensuring regulatory compliance	30%	9%	39%
Attracting new clients	20%	13%	33%
Improving client satisfaction	22%		26%
Community engagement and social responsibility			4%
Something else			2%

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2

Leaders recognise the urgent need to deliver client services with greater efficiency, consistency, and impact — driving investment in a more sophisticated digital experience
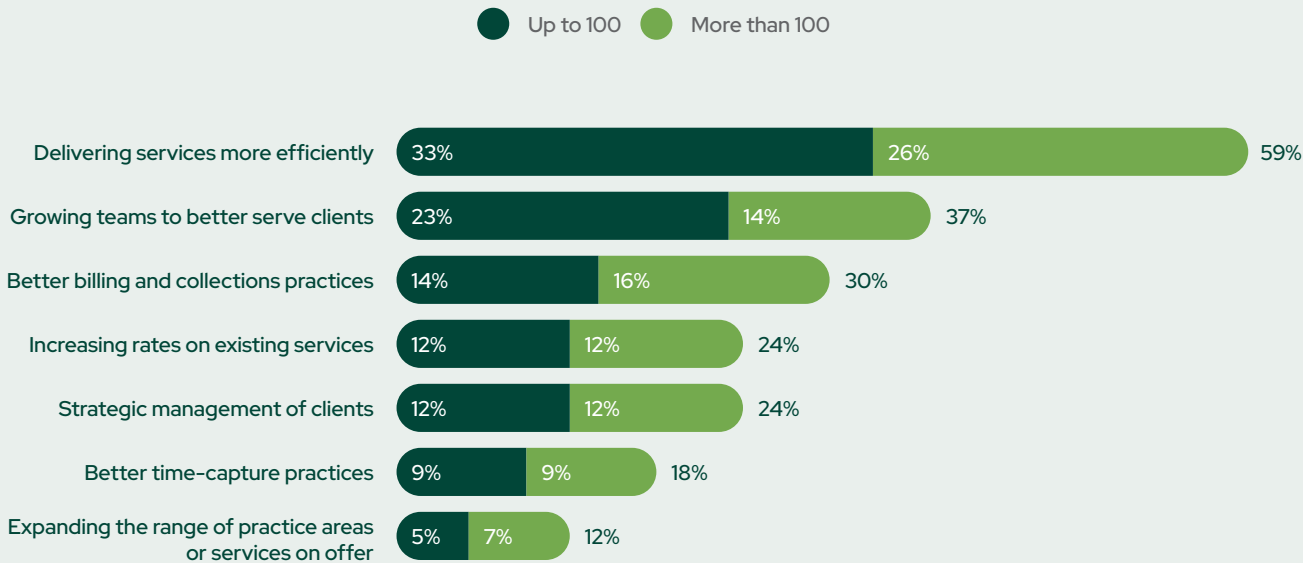
Firms need more consistent client management and experiences — but is technology part of the solution?

In spite of their clear challenge competing with other firms for talent, over a third (37%) of midsize law firm leaders are focused on growing and developing their teams specifically to better serve clients. Over half (59%) also recognise that they need to find ways to deliver their services more efficiently, a challenge that is particularly pressing for smaller midsize firms (with fewer than 100 people).

Perhaps connected, this focus on efficiency extends to billing and collection practices, with almost a third (30%) recognising the need for better systems to ensure smooth and timely payment for services. This is more likely to be a focus than increasing rates or other elements of strategic client management (24%).

Firms are most focused on finding efficiences and growing teams to improve service delivery to support revenue growth over the coming year

Focus for improvement or development of capability to increase over the next 12 months (% of firms, by headcount)

● Up to 100   ● More than 100

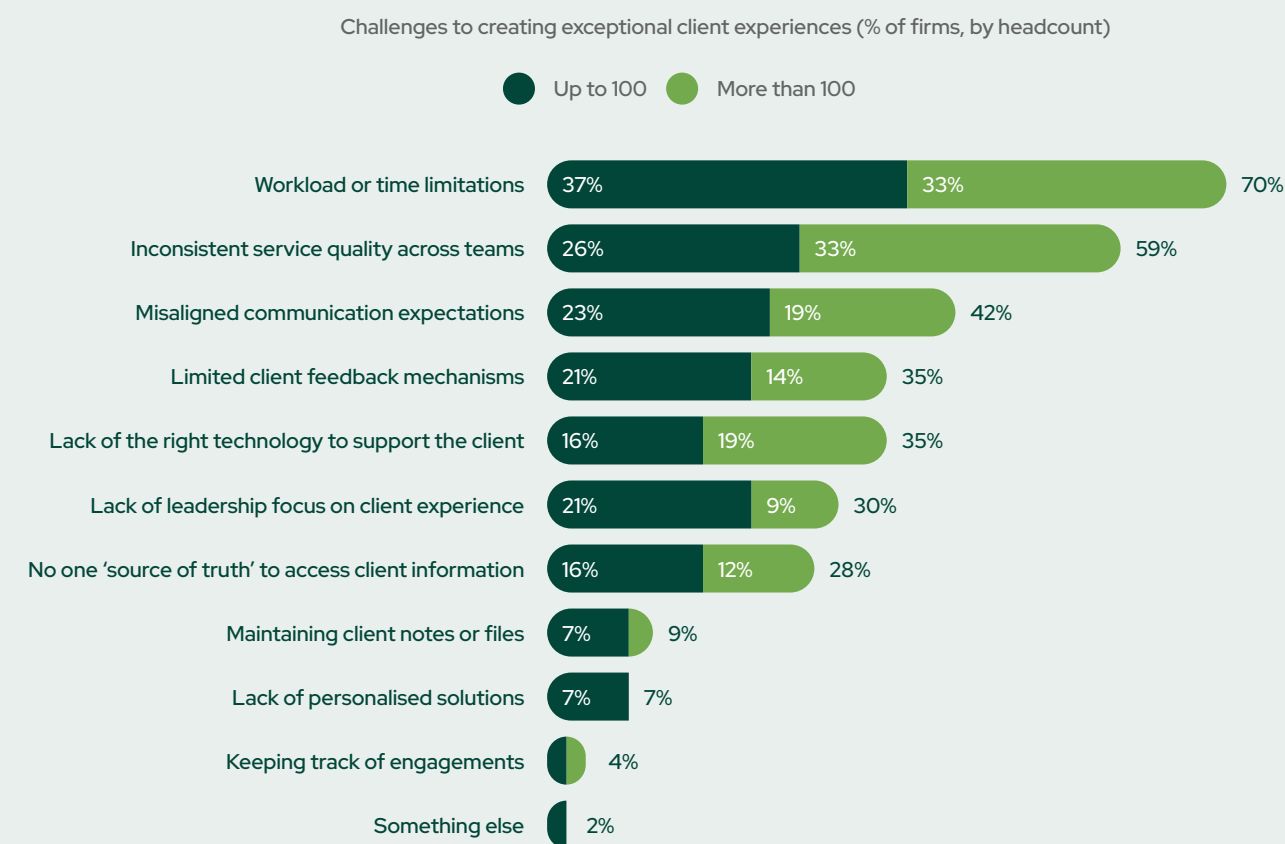|	Up to 100	More than 100	Total
Delivering services more efficiently	33%	26%	59%
Growing teams to better serve clients	23%	14%	37%
Better billing and collections practices	14%	16%	30%
Increasing rates on existing services	12%	12%	24%
Strategic management of clients	12%	12%	24%
Better time-capture practices	9%	9%	18%
Expanding the range of practice areas or services on offer	5%	7%	12%

More than half (59%) admit to grappling with inconsistent service quality across teams. Time limitations and excessive workloads (70%) as seen on page 15 are the primary barriers to preventing firms from providing exceptional client experiences, strengthening the point that there is the need for investment in process design, personalised and consistent client communication, and technology-driven solutions. However, 42% of leaders admit misalignment in client communication expectations, which can inadvertently lead to friction rather than satisfaction, suggesting a gap between how firms deliver service and how clients expect to receive it.

Perhaps most concerning, nearly a third (30%) also admit their firms lack a dedicated leadership focus on improving client experience – a problem that is more prevalent among smaller midsize firms. This could be a sign of broader resource constraints and a lack of strategic attention at a time when it is most needed.

Inconsistencies in service quality follows workload pressure as leading obstacles to positive client experience - and over a third note IT challenges

Challenges to creating exceptional client experiences (% of firms, by headcount)

● Up to 100 ● More than 100

Challenge	Up to 100	More than 100	Total
Workload or time limitations	37%	33%	70%
Inconsistent service quality across teams	26%	33%	59%
Misaligned communication expectations	23%	19%	42%
Limited client feedback mechanisms	21%	14%	35%
Lack of the right technology to support the client	16%	19%	35%
Lack of leadership focus on client experience	21%	9%	30%
No one 'source of truth' to access client information	16%	12%	28%
Maintaining client notes or files	7%		9%
Lack of personalised solutions	7%		7%
Keeping track of engagements			4%
Something else			2%

Sarah Charlton, CEO at Eaton-Evans & Morris in Wales (20-50 headcount), points out that it can be a challenge for smaller midsize firms to align the availability of the firm's leadership or management capacity for any transformation at the time when it's most needed. Strategic bandwidths are typically more stretched in leaner operations and people are required to juggle multiple areas of focus. It's also likely there will be less subject matter expertise on hand. "Smaller law firms regularly rely on people to come out of their main lanes and embrace versatility," she says.

Graham Sweeney, Managing Partner at Yorkshire-based Schofield Sweeney (101-200 headcount), believes that: "People need to put themselves in the clients' shoes. Clients aren't typically legally qualified, so simply sending emails back and forth with updates won't suffice." He compares the client service experience to a quietly disappointed customer after visiting a restaurant. "People rarely complain when they've received average service but still might not recommend the place to others." On the other hand, if a firm has delivered excellent service, it may have created a new "promoter" of the business,

he says. "Firms must aim for excellence across service lines, subject to the client's commercial objectives." However, over a third (35%) of leaders say their firm has limited client feedback mechanisms, presenting a big opportunity for firms to implement more robust client feedback loops that capture valuable insights.

Withers & Rogers prides itself on face-to-face contact with its clients, including internationally; an approach that Zoe Bailey, Chief Strategy and Operations Officer, explains serves to sharpen lawyers' business development and client relationship skills: "We're trying to get creative with optimising people's time for client meetings, enabling them to be more flexible around a client's own, often limited, availability. You need partners who are rounded individuals — who can do the technical work but also bring in new opportunities and really talk to their clients." This proactive approach highlights an opportunity for firms to invest in the tools and strategies needed to deliver consistent, high-quality service. While some firms are embracing technology and process improvements to drive this consistency, what's holding back others from joining in?
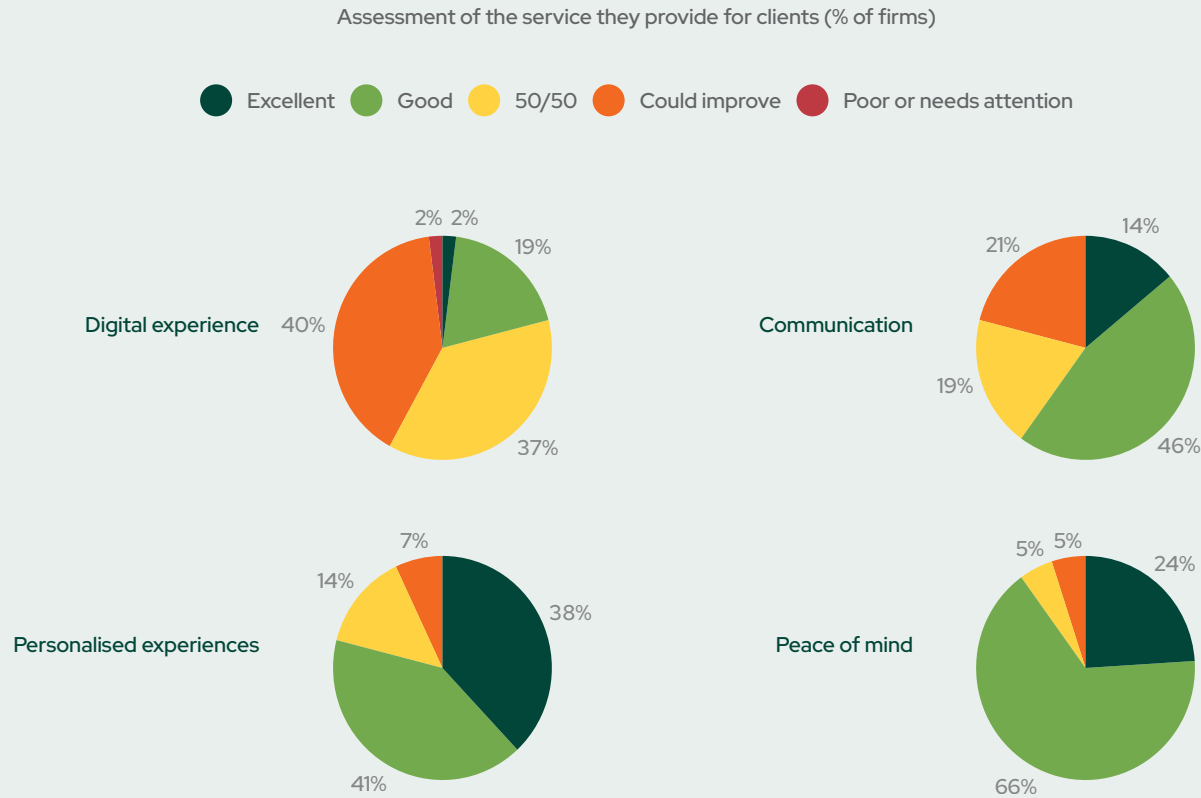
There are limited options for digital client engagement in today's firms

While many midsize law firms understand the importance of providing a seamless digital experience to clients, there is still a significant gap in how technology is being leveraged to meet this need. A staggering third (35%) of firm leaders believe they lack the right technology to support a positive client journey at their firm that leads to retained, repeat business. A similar percentage (28%) also report that their firm has no single 'source of truth' for understanding their clients. These figures suggest that, while firms are focused on improving client satisfaction (with a third listing it as their top priority) and securing new business (with twice as many citing it as a focus), they may still be overlooking critical elements that may be more problematic than they appear.

For example, 42% of midsize leaders recognise a need to improve their firm's overall digital experience. This includes using an array of digital tools to make clients' lives easier when working with their firm. These tools might include remote client onboarding, automated updates about ongoing matters, and an online client portal that allows transparency into work progress and offers the ability to upload and update documents at times convenient for the client.

They are significantly more likely to agree they need to improve digital experience for clients than that their firms currently need to improve capability to offer peace of mind (5%) or more personalised experiences (7%). However, 21% feel their firm's overall communication could improve, with an additional 19% indifferent.

Leaders identify digital client experience as the area most in need of improvement — with only one-fifth ranking the experience their firm provides as good or excellent

Assessment of the service they provide for clients (% of firms)

● Excellent ● Good ● 50/50 ● Could improve ● Poor or needs attention

Digital experience: 2%, 2%, 19%, 40%, 37%

Communication: 14%, 21%, 19%, 46%

Personalised experiences: 7%, 14%, 38%, 41%
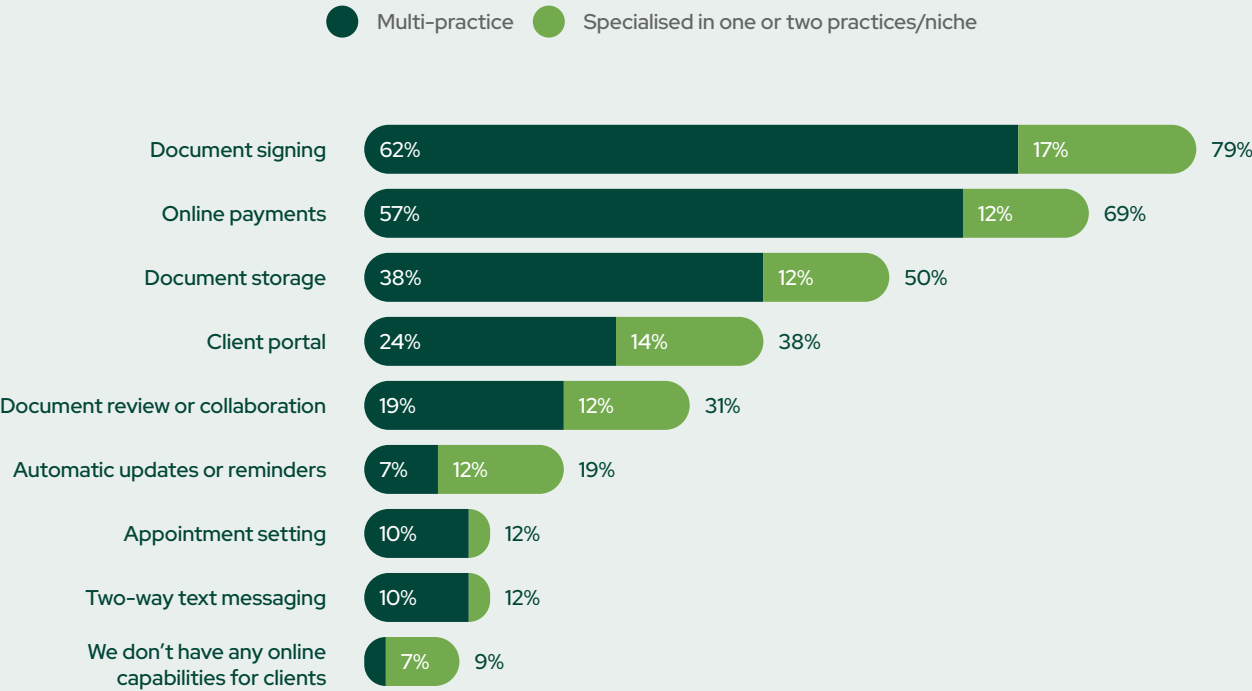
Peace of mind: 5%, 5%, 24%, 66%

This raises a question: are firms unaware of the broad range of online capabilities they could be offering their clients? Although over three-quarters (79%) say they offer electronic document signing, and two-thirds (69%) say their firms provide the bread-and-butter of online payment capabilities, fewer than a fifth (19%) offer automatic updates or reminders about work in progress for clients and only just over one in 10 (12%) allow clients to schedule appointments online. Half say their firm stores its clients' documents for timely consumption — presumably often accessed through some form of client portal (offered by 38%) — and one third (31%) enable elements of document review and collaboration.

Despite the gaps in online service offerings, only 9% identify their firms as having no online capabilities for clients at all, the majority of which are focused on one or two niche areas of law only.

Online capabilities provided for clients

(% of firms, by firm type)

● Multi-practice   ● Specialised in one or two practices/niche

Capability	Multi-practice	Specialised	Total
Document signing	62%	17%	79%
Online payments	57%	12%	69%
Document storage	38%	12%	50%
Client portal	24%	14%	38%
Document review or collaboration	19%	12%	31%
Automatic updates or reminders	7%	12%	19%
Appointment setting	10%		12%
Two-way text messaging	10%		12%
We don't have any online capabilities for clients		7%	9%

Sean Stuttaford, CEO at Thompson, Smith and Puxon (51-100 headcount), comments: "Client retention is certainly an important focus, and one of the biggest pain-points when managing its communications. That doesn't necessarily mean clients want an automated email or message though. They might simply want somebody to pick up the phone and have a conversation at the right time." This points to the continued importance of human connection in client relationships, especially when technology alone may not address all client expectations.

At Schofield Sweeney, the firm has set up transaction data rooms for its commercial clients. The area where Managing Partner Graham Sweeney believes it might invest more in digital experience is specifically to support the private client journey, such as "more targeted communications, with well-tailored updates based on historic dealings." But this is a matter of positioning the firm to be seen as one that values holistic relationship development over a purely transactional approach, he says. It's also one area of transformation where efficiency gained from using technology could unlock time for people to focus on effective human management.

For firms like Withers & Rogers, which operates across multiple offices in Western Europe, Zoe Bailey, Chief Strategy Operations Officer, adds:

"The real differentiator for our clients is the one-stop-shop experience. That's partly a question of seamless, consistent service with IT systems set up to deliver it, but it's also joined-up understanding that where there are any cultural differences they're managed such that clients either don't notice or don't mind. Workflows help to ensure full clarity about the hand-offs, parts different people play in process and who has ultimate control of client communications, for example."

Sarah Charlton, CEO at Eaton-Evans & Morris, further emphasises the importance of intuitive and consistent client experience: "Above all, clients want an experience that is intuitive to navigate and consistent. There is a risk that the positive experience drops after initial onboarding and choice of communication preferences, with some teams having more workflows than others, or fee earners who are better or worse at using them." Client communication patterns can then turn inconsistent.

While some firms remain cautious or resistant to adopting new technology solutions, others recognise that leveraging technology is increasingly non-negotiable to remain competitive in an evolving marketplace. The divide between firms embracing digital transformation and those lagging may ultimately determine who succeeds in the future of client relationships and business growth in the legal sector – and those who struggle to keep up.

> "
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Most firms have invested in process automation to manage and streamline workloads, yet the adoption of generative artificial intelligence (GenAI) in legal work remains minimal

Process automation is well adopted, but embracing AI still in infancy

Although 74% of midsize law firm leaders believe their firms are actively exploring efficiency-boosting technologies, nearly as many (73%) wish the firm would implement additional automation tools to get admin and legal work done more efficiently (see graph on page 10). In other words, there is a clear gap between automation technology law firm leaders desire and the investments their firms are currently making.

Sean Stuttaford, CEO at Thompson Smith & Puxon, highlights the complexity of tech adoption in law firms: "There isn't a one-size-fits all when it comes to law firms and technology — some areas might well be woefully lacking, but making the right decisions and investments depends on a combination of client expectation, the importance of personal touch, and work complexity."

He further notes that: "Midsize firms don't have the financial firepower to compete by automating everything — and if everyone uses the same tools the risk is that they all become the same, and then it's a race to the bottom for price. A firm's people and interaction with clients are the factors most likely to make it different."

Despite this, midsize law firms are significantly more likely to be benefiting from automation to improve process efficiency than GenAI tools to power personal or team-based productivity. While 38% of firm leaders support some level of experimentation with GenAI (along the lines of ChatGPT), only 13% report consistent use in specific areas of their firm (see graph on page 21). This drops even more when looking at legal-specific AI tools, such as Harvey or Robin AI, with 18% experimenting and only 8% using it in parts of their firm. Even more striking, just 2% see "significant use" of GenAI-powered legal tools across their firm, and only 7% report notable adoption of business GenAI applications like Microsoft Copilot. However, a full third (33%) report that their firms haven't even considered tools like Copilot, and half (49%) haven't explored the idea of a client-facing chatbot, despite their potential for handling inquiries on their website or client portal outside of core business hours.

According to Sarah Charlton, CEO at Eaton-Evans & Morris: "If well designed and reliable, a chatbot could be particularly helpful to give clients an experience outside core hours, whether that's providing a quote for service or answering other key questions."
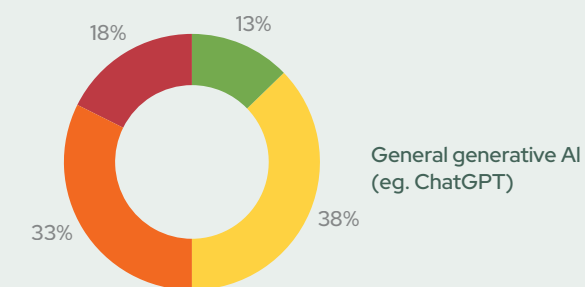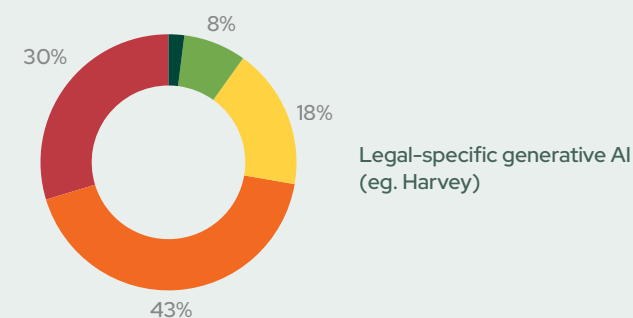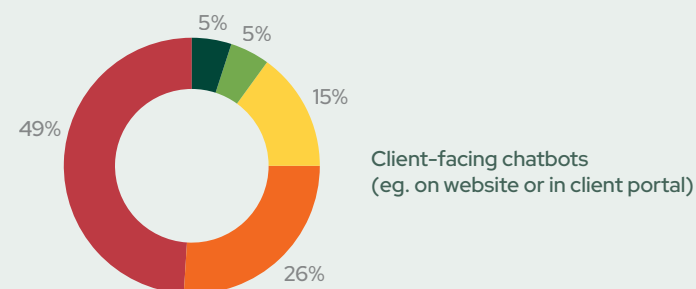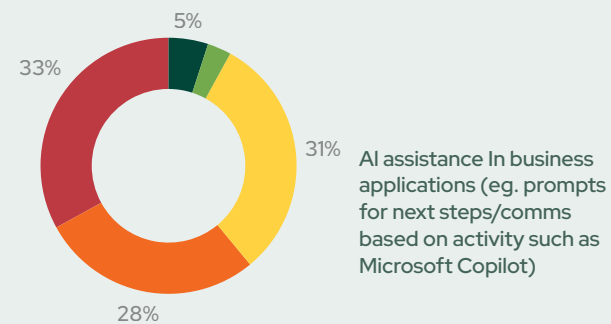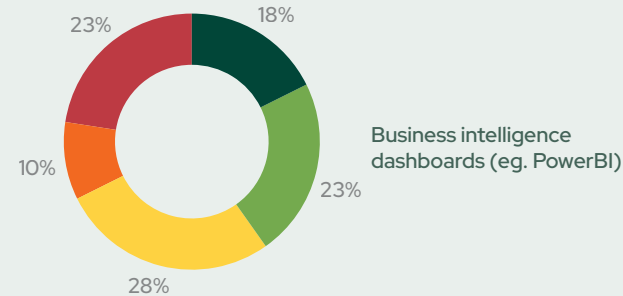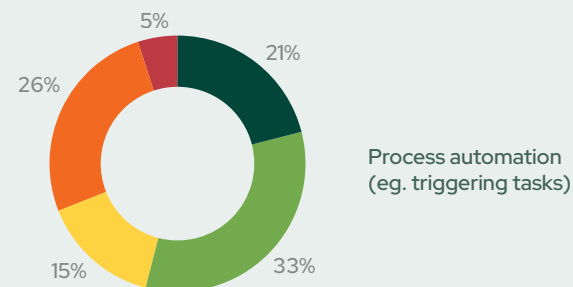
Some firms are dipping a toe into AI-enhanced operations. Withers & Rogers, for instance, has offered Microsoft Copilot to lawyers who would like it, within the firm's own tech ecosystem to protect client IP. Chief Strategy and Operations Officer, Zoe Bailey, says the use is typically for admin tasks and project management, as well as some limited aspects of document drafting. Only a few have embraced the opportunity fully, she says, "but it can save so much time, even just on finding the answer to a simple question about a past meeting."

The firm has also launched an "AI taskforce" with firm-wide representation to evaluate a range of tools promising these sort of productivity gains, balancing the offers against the risks: "We're not putting up barriers — we test small-scale in embryonic groups and will extend in time where something proves successful," Bailey says.

MFA, process automation, and BI dashboards in wide use, but a third of firms are yet to consider AI assistance in business workflows (and GenAI use remains low or experimental)

Level of IT adoption (% of firms)

- ● Significant use aross the firm
- ● Actively using in parts of the firm
- ● Experimenting
- ● Considering it
- ● We haven't considered it

Multlifactor authentication (MFA) for secure login access
- 73%
- 22%
- 5%

Process automation (eg. triggering tasks)
- 21%
- 33%
- 15%
- 26%
- 5%

Business intelligence dashboards (eg. PowerBI)
- 18%
- 23%
- 28%
- 10%
- 23%

AI assistance In business applications (eg. prompts for next steps/comms based on activity such as Microsoft Copilot)
- 5%
- 31%
- 28%
- 33%

Client-facing chatbots (eg. on website or in client portal)
- 5%
- 5%
- 15%
- 26%
- 49%

Legal-specific generative AI (eg. Harvey)
- 8%
- 18%
- 43%
- 30%

General generative AI (eg. ChatGPT)
- 13%
- 38%
- 33%
- 18%

Nearly a third (29%) of midsize firm leaders state their firms have no plans to use AI — primarily at smaller midsize firms — others are piloting practical applications. Where there is use, a fifth have some form integrated within at least some of their workflows. Larger midsize firms with headcounts over 100 are three times as likely to report this (15% vs. 5%).

Almost half (47%) of all leaders, however, are permitting some individual use outside of integrated firm workflows.

Schofield Sweeney is one of those firms exploring and testing using GenAI within research and document-review processes and is currently piloting the idea of an "internal business assistant" on its intranet. The AI-driven tool is fuelled by internal policy information like HR, as well as external sources, such as key regulatory guidance, to help employees find relevant answers quickly about how the firm operates. "This is a use case with potential to help the whole firm, rather than restricted to certain groups, and perhaps also to spark more ideas for future AI investigation," says Managing Partner Graham Sweeney.
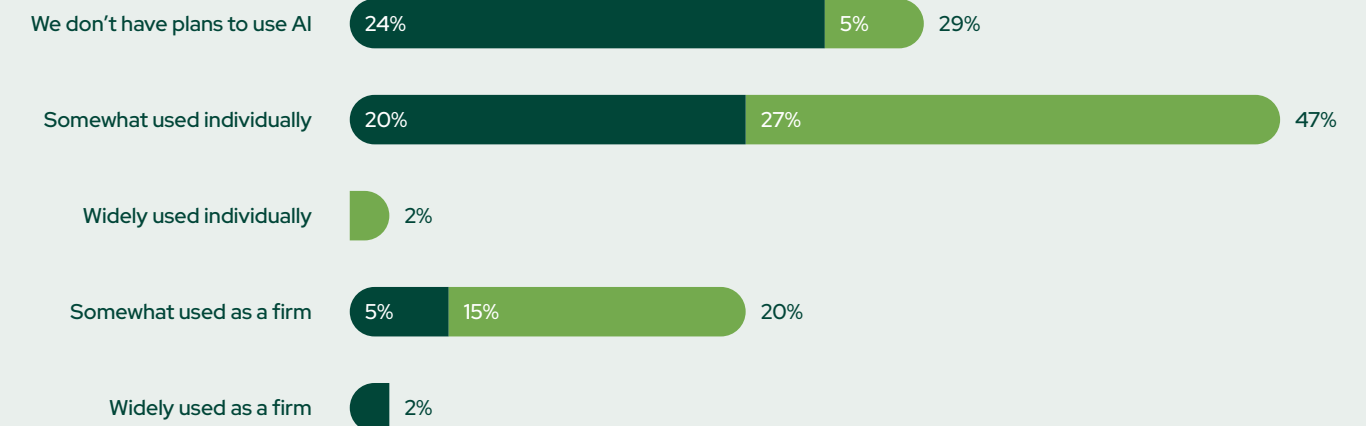
Despite the slow uptake of AI, process automation is well established, with 54% of firms actively using it. This is followed by business intelligence dashboards (41%) used for decision-making and prioritisation. The only technology with a higher adoption rate is multi-factor authentication (95%), underscoring prioritisation of security over innovation in AI.

Ultimately, while some firms remain hesitant to invest in AI, others recognise that leveraging technology is no longer optional.

Almost a third of law firms have no plans to implement AI, with only a fifth (mostly larger firms) adopting AI as a firm

AI adoption in workflows, processes, or systems (% of firms, by headcount)

- ● Up to 100
- ● More than 100

	Up to 100	More than 100	Total
We don't have plans to use AI	24%	5%	29%
Somewhat used individually	20%	27%	47%
Widely used individually		2%	
Somewhat used as a firm	5%	15%	20%
Widely used as a firm	2%		

Risk, cost, and adoption are leaders' top obstacles to investment in AI

AI is often hailed as the future of legal work, yet law firm leaders remain hesitant, grappling with concerns that could stall adoption. Over half of firm leaders identify data privacy (74%), regulatory compliance (61%), and reliability or consistency of AI-generated outputs (51%) as key worries, any of which could be enough to keep firms from experimenting more. By contrast, fewer leaders see technical challenges, cost, or cultural resistance to AI adoption.

When it comes to barriers to broader technology investments, two familiar obstacles dominate: cost (46%) and, particularly at larger firms, resistance to change (43%).

These concerns reinforce the need for firms to look beyond just acquiring new technology. Successful adoption requires a clear, quantifiable return on investment (ROI) to justify spending and gain firm-wide buy-in. Without this, even the most advanced solutions risk gathering dust.
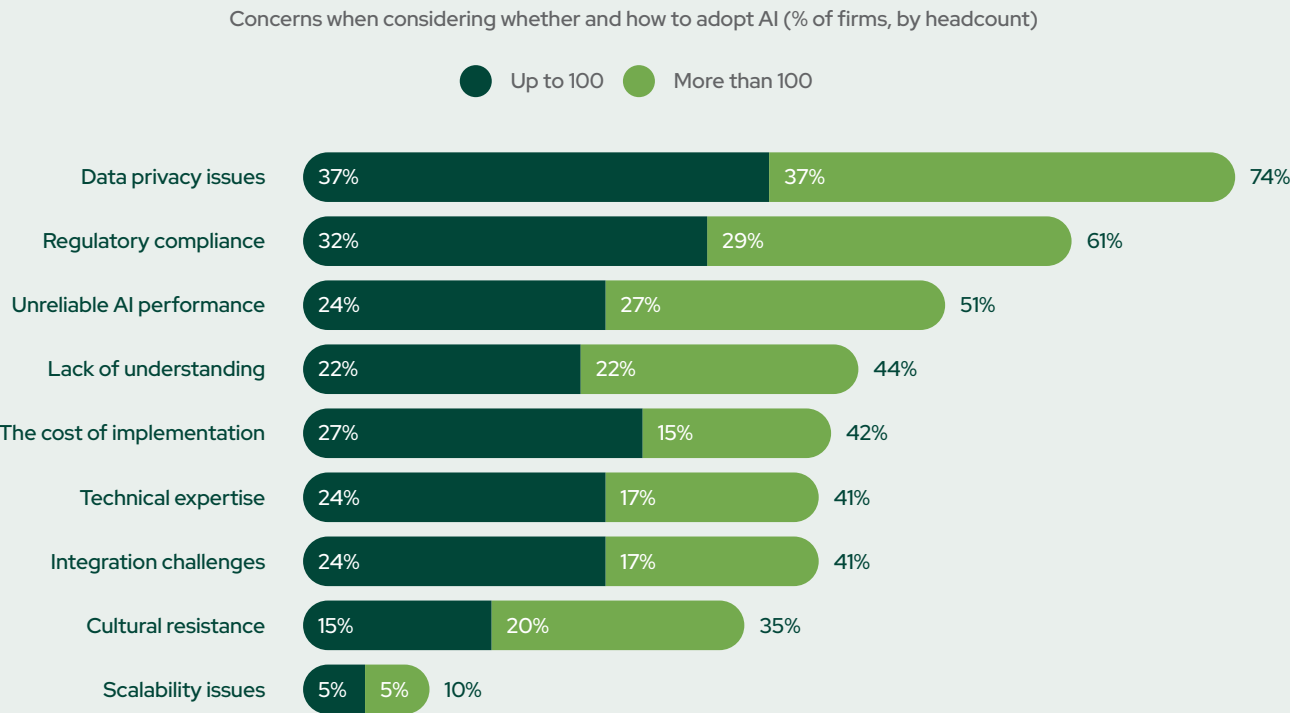
Sean Stuttaford, CEO at Thompson Smith and Puxon, notes a growing sense of "AI fatigue" creeping into industry conversations on the subject. He highlights a common blind spot of the lack of client consideration in AI decision-making, as well as — critically — reaching a realistic calculation of the likely benefit. "There's a risk of confusion on the question of the ROI," he explains. "Some might be driven by a desire to replace certain support roles, but you need to have the scale of work for that. How many matters will AI be working on? Roles at a firm may need to evolve for the future, but humans can work on a range of other tasks around their core focus – if AI isn't doing its job, it's simply wasting money."

Tim Farnfield at Redkite Law sees midsize firms taking a risk-averse approach rather than diving in headfirst. "Most midsize firms are likely to see more first-mover risk in introducing GenAI than first-mover advantage. They're waiting to see what others do first, which is quite understandable, and introduction takes time, effort, and energy, as well as money. In addition, most firm owners probably aren't the tech-savviest of individuals, and won't have a large IT team, so there may also be some fear tied to what they don't know or fully understand."
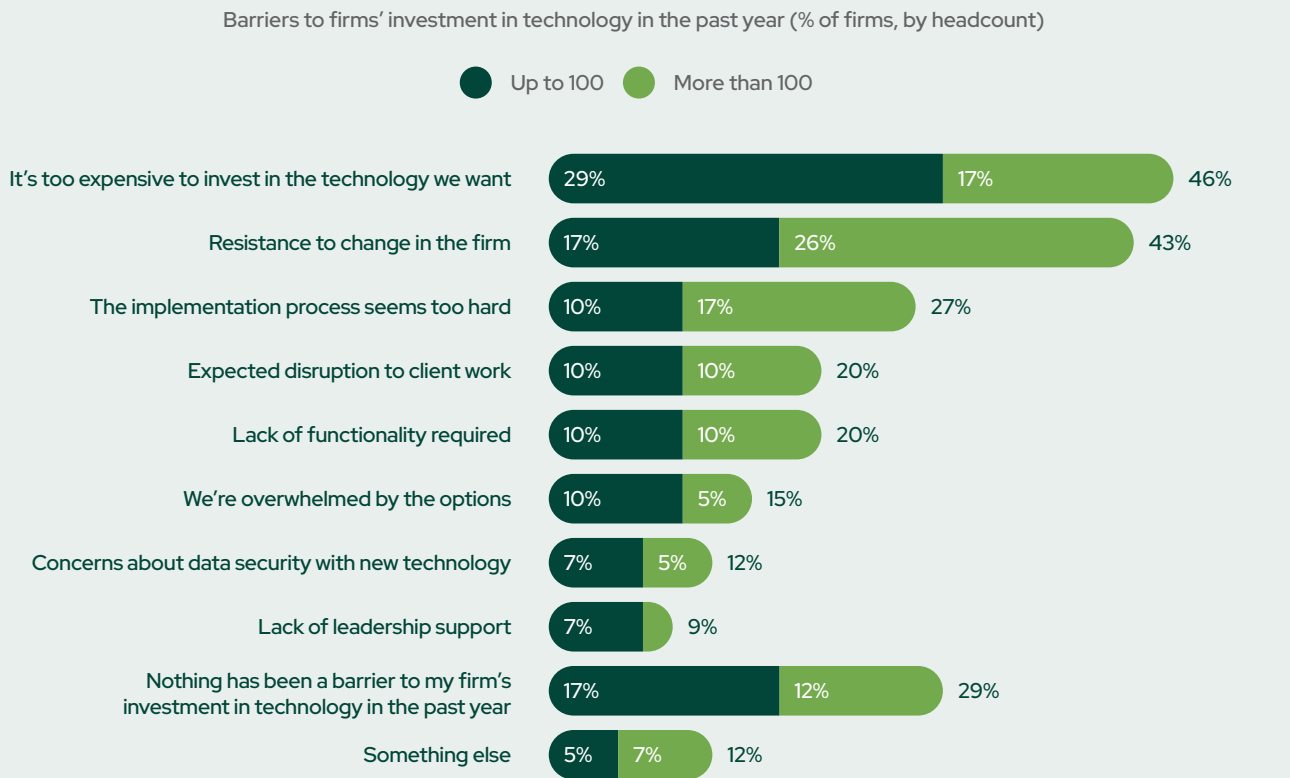
Sarah Charlton at Eaton-Evans & Morris adds that AI success depends on firm-wide participation. "Success is usually more likely with broad buy-in from across the business. We typically bring together a very diverse focus group to test, including the tech-savvy and less so, both fee earners and support roles."

Peter Ambrose, CEO at The Partnership, sees selective AI adoption as more viable, particularly in areas like simplifying legal concepts for clients. "GenAI might be used to summarise some complex information for clients — but not legal advice itself — using more consumer-friendly language, but in general GenAI is just still too risky. People aren't ready," he says.

Top concerns with AI centre on risk – to data, compliance, and quality

Concerns when considering whether and how to adopt AI (% of firms, by headcount)

● Up to 100   ● More than 100

Concern	Up to 100	More than 100	Total
Data privacy issues	37%	37%	74%
Regulatory compliance	32%	29%	61%
Unreliable AI performance	24%	27%	51%
Lack of understanding	22%	22%	44%
The cost of implementation	27%	15%	42%
Technical expertise	24%	17%	41%
Integration challenges	24%	17%	41%
Cultural resistance	15%	20%	35%
Scalability issues	5%	5%	10%

Cost is the biggest barrier for smaller firms — while resistance to change is the leading barrier among larger firms

Barriers to firms' investment in technology in the past year (% of firms, by headcount)

● Up to 100   ● More than 100

Barrier	Up to 100	More than 100	Total
It's too expensive to invest in the technology we want	29%	17%	46%
Resistance to change in the firm	17%	26%	43%
The implementation process seems too hard	10%	17%	27%
Expected disruption to client work	10%	10%	20%
Lack of functionality required	10%	10%	20%
We're overwhelmed by the options	10%	5%	15%
Concerns about data security with new technology	7%	5%	12%
Lack of leadership support	7%		9%
Nothing has been a barrier to my firm's investment in technology in the past year	17%	12%	29%
Something else	5%	7%	12%

There is an opportunity to support and engage law firm talent in challenging times

One often overlooked advantage of investing in the right technology, especially with smaller midsize firms, is its impact on improving the employee work-life experience. Beyond streamlining workflows, comprehensive and integrated technology can enhance job satisfaction, reduce frustration, and even contribute to employee wellbeing. Yet, it's clear that midsize law firm leaders are divided on the breadth of their current tech stacks: 41% feel their firm has the right number of tools while 38% would like to see more digital tools implemented.
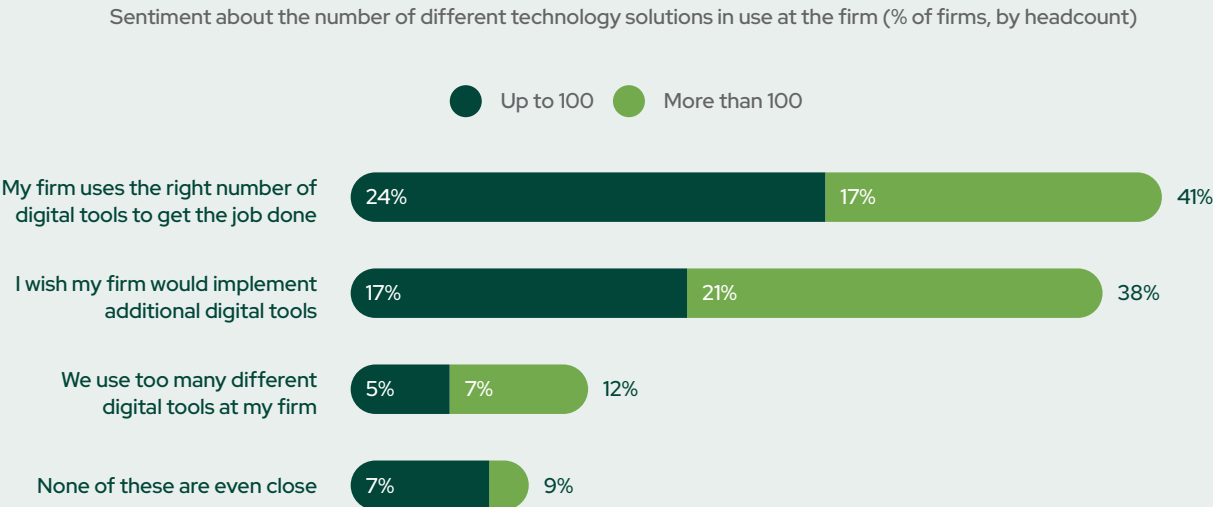
Technology's role in workplace wellbeing is gaining recognition. Almost a fifth (18%) of leaders see a place for introducing more 'intuitive' tools or IT solutions to support employees' mental health and wellbeing at work. At the same time, 12% believe there are too many tools to manage effectively and 9% suggest more specific issues relating to their firm's tech like a need for enhancements, too many tools that aren't quite right or do half the job, and lack of uniform processes across the practice. Interestingly, while leaders don't generally see employee burnout as a top concern, certainly compared to other business priorities, leaders do acknowledge that attracting and retaining the right talent mix is critical to achieving growth goals.

Peter Ambrose at The Partnership highlights the connection between technology, efficiency, and firm-wide wellbeing: "If firms can improve data quality, the digital experience, and in turn productivity, they could potentially hire fewer people with some skills, and more who bring other skills to the table that help drive growth. Work may also be more enjoyable, with less time spent on admin and fewer late nights."
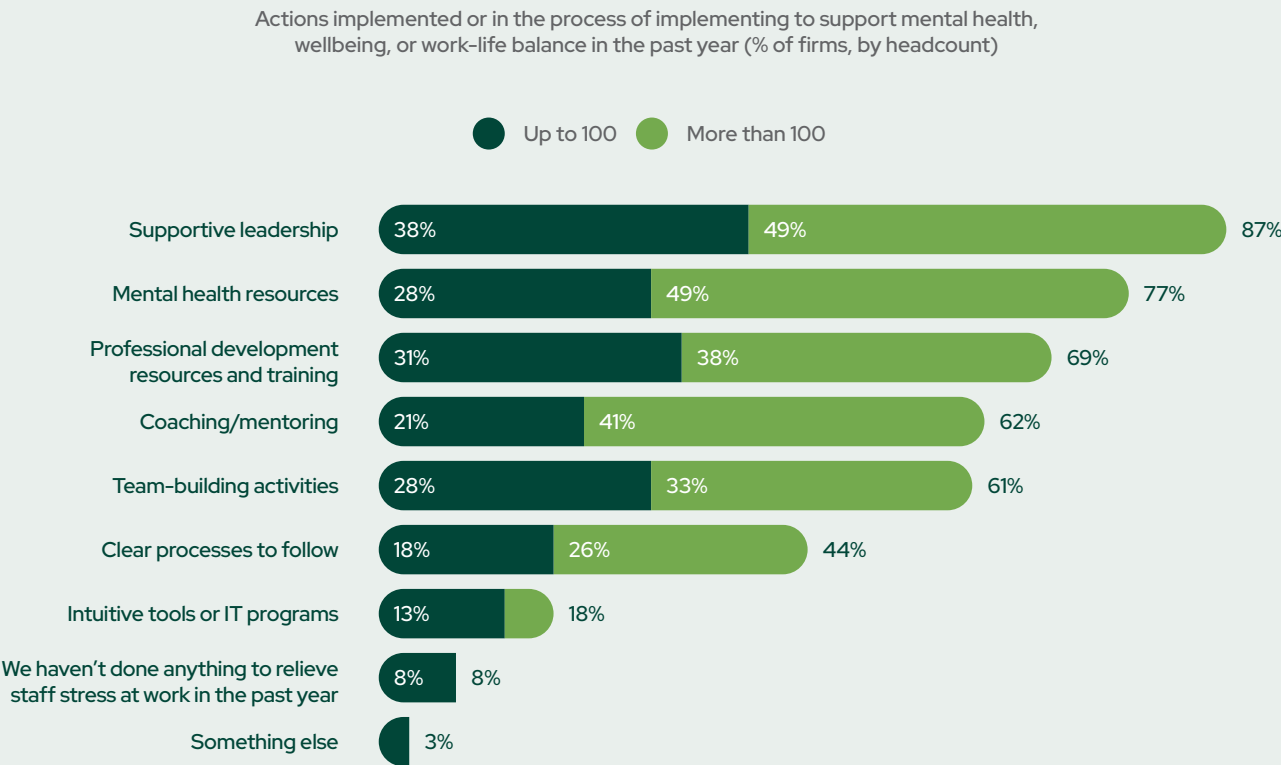
Technology also plays a hidden superpower in talent acquisition. "One of the most common interview questions we hear from applicants is about our case management system — recruits want to work somewhere modern and efficient, and firms ignore that at their peril." He also notes that data visibility can indirectly support healthier work habits. "We have an information timeline to track all cases so people can clearly see how long different stages have taken, which helps to handle any client complaints that arise. When a client calls and lawyers are less bogged down in finding information about work, and what's happened on a matter, they can feel more in control and perhaps less stressed about the situation."

Sarah Charlton at Eaton-Evans & Morris emphasises the importance of aligning tech investment with talent strategy: "If a firm wants to recruit and retain people, and with the option to upskill them in future, it can't then give those people blunt instruments to work on — nor sell a digital-transformation dream that it takes five years to deliver. All our people can work hybrid, and we carefully monitor work-life balance, supporting them to immerse themselves in systems and a setup for working productively."

About two-fifths of leaders believe their firm has adopted the right number of digital tools — roughly the same proportion feel they could do with more

Sentiment about the number of different technology solutions in use at the firm (% of firms, by headcount)

● Up to 100   ● More than 100

	Up to 100	More than 100	Total
My firm uses the right number of digital tools to get the job done	24%	17%	41%
I wish my firm would implement additional digital tools	17%	21%	38%
We use too many different digital tools at my firm	5%	7%	12%
None of these are even close	7%		9%

Human touchpoints and signposting are most popular for firms supporting mental health — but a fifth see some tie to their tech investments

Actions implemented or in the process of implementing to support mental health, wellbeing, or work-life balance in the past year (% of firms, by headcount)

● Up to 100   ● More than 100

	Up to 100	More than 100	Total
Supportive leadership	38%	49%	87%
Mental health resources	28%	49%	77%
Professional development resources and training	31%	38%	69%
Coaching/mentoring	21%	41%	62%
Team-building activities	28%	33%	61%
Clear processes to follow	18%	26%	44%
Intuitive tools or IT programs	13%		18%
We haven't done anything to relieve staff stress at work in the past year	8%		8%
Something else			3%

4

Leaders are highly confident in their ability to manage risk and compliance despite citing regulatory changes and training as challenges

Risk management is a balancing act in midsize law firms
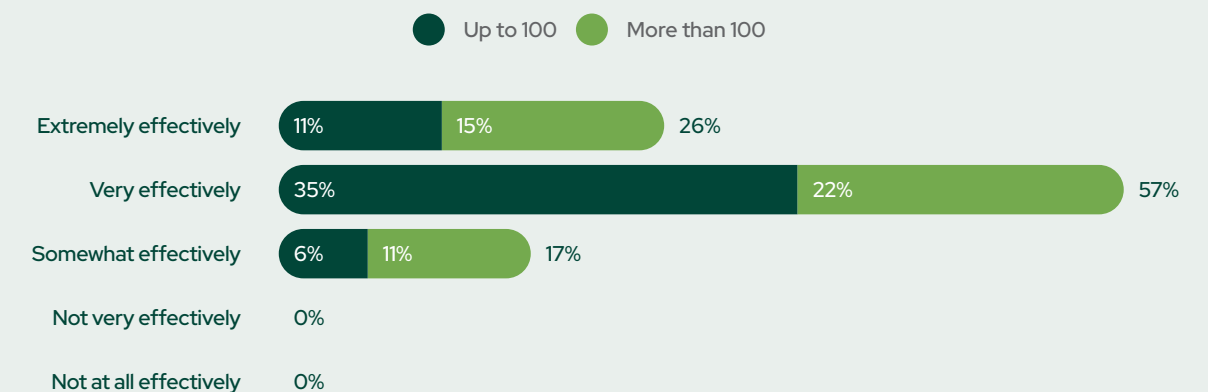
Midsize firms face competing priorities pulling focus in different directions, yet they cannot afford to take their eyes off compliance. Regulatory expectations surrounding due diligence, evidence-keeping, and risk assessment are continually evolving, and firms must keep pace to avoid exposure. However, despite this ever-shifting landscape, a staggering 96% of leaders expressed confidence in their firm's ability to comply with changing AML regulations, and 85% believe they can effectively prevent and manage cybersecurity threats (see graph on page 10). As cyber threats become more sophisticated and unpredictable, most acknowledge that absolute prevention of an attack is next to impossible.

Confidence in AML management is high with four-fifths (83%) of leaders believing they manage their AML requirements effectively — nearly a quarter (26%) saying, "extremely effectively." But this confidence is tempered by the reality of ongoing challenges: more than half (54%) admit simply keeping up to date with regulatory changes is difficult, while 47% highlight training staff on AML compliance as a major hurdle (see graph on page 29). Notable, larger midsize firms are more than twice as likely as the smaller midsize firms (29% vs. 12% to struggle with due diligence work itself), which presents an opportunity for greater investment in technology that could ease the burden. Meanwhile, implementing effective AML policies and processes remains a challenge for 22% of firm leaders, regardless of their headcount.

With compliance demands increasing in both complexity and scope, firms need to look toward solutions that not only keep them compliant but keep them ahead of threats. While leaders trust their firm's ability to manage threats, many acknowledge less risky paths to regulatory adherence can be achieved through automation.
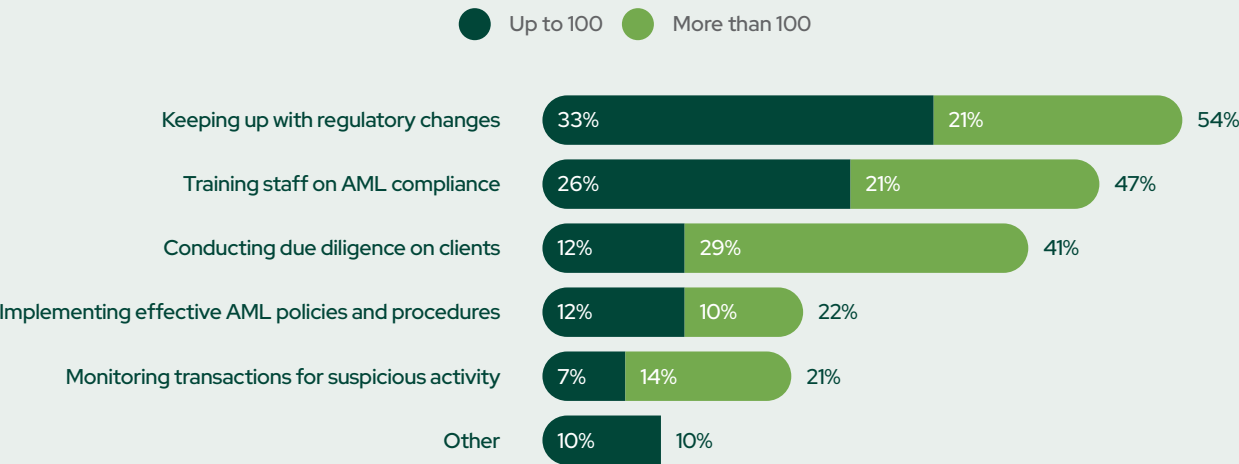
Though ensuring compliance is the third-highest ranking challenge legal businesses face, four out of every five leaders believe their firm manages AML requirements extremely or very effectively

Management of AML requirements (% of firms, by headcount)

● Up to 100   ● More than 100

Extremely effectively	11% 15%	26%
Very effectively	35% 22%	57%
Somewhat effectively	6% 11%	17%
Not very effectively	0%	
Not at all effectively	0%	

Keeping up with regulatory changes and training staff are the two highest-rated AML compliance challenges — but larger firms are most concerned with conducting client due diligence

Most challenging areas for managing AML compliance (% of firms, by headcount)

● Up to 100   ● More than 100

Area	Up to 100	More than 100	Total
Keeping up with regulatory changes	33%	21%	54%
Training staff on AML compliance	26%	21%	47%
Conducting due diligence on clients	12%	29%	41%
Implementing effective AML policies and procedures	12%	10%	22%
Monitoring transactions for suspicious activity	7%	14%	21%
Other	10%	10%	

Is digital onboarding and automation the less risky option?

Schofield Sweeney took a decisive step in 2024 by centralising its compliance function in response to such challenges and the fast-changing environment faced. "This doesn't absolve the individual of responsibility for diligence, but everything now passes through one team, which is more streamlined for tackling any inconsistencies and also viewed favourably by insurers," Managing Partner Graham Sweeney explains. The firm calculated the typical time spent on file opening and checks, introduced one new role, and reassigned some others. "There's now a clear digital process for fee earner risk assessments," he adds. However, he can also see a case for enabling clients to complete part of the process for themselves instead of sending details or documents. "It's a potential point of friction on the journey. Do they really understand why a lawyer is asking for something? It's also an opportunity for compliance and marketing teams to collaborate on the communication required."

Peter Ambrose, CEO at The Partnership, echoes the need for rethinking traditional approaches: "AML compliance grows more challenging for firms as it becomes more economically difficult, but we're trialling a system to handle source-of-funds checks after identifying it as one area for process improvement. The idea is to make it more attractive for clients to cooperate in the process."

However, he warns against over-automation: "You do need to be mindful of over-automation, effectively enabling people to assume less responsibility. The biggest case I see for automation and AI is as a second pair of eyes; it's the quality control — ensuring work done is done right. We don't necessarily want individuals to use AI to complete their work. We want the business to use it to check that the work people have done is correct."

Operations Director Tim Farnfield is surprised that more firms don't rank compliance as a higher strategic priority. At Redkite Law, they recently rolled out a new focus on ensuring that fee earners assemble the right levels of risk commentary and evidence in their matter risk assessment. "We're only complying with the regulator's requirements, which is increasing the number and intensity of its investigations, but new joiners often say that they haven't needed to do it before," he says. He also acknowledges the difficulties of scaling compliance training. "The certainty of pushing a programme of AML training out to 250 people is very much a challenge as well." Like others, he sees AML workload as a prime candidate for more investment in process automation — alongside other administrative burdens like post and scanning management to digitise materials and client communications.

Sarah Charlton at Eaton-Evans & Morris, agrees that compliance is one area where there's strong potential for automation to improve process, including extracting the relevant information when reviewing files for risk. For example, if an automated system flags risk levels with a 'traffic-light' indicator it could provide an instant, visual representation of file risk without the need for excessive manual review. Beyond compliance, automation can also streamline internal processes: "Workflows can also support the efficient and effective onboarding of employees, so they become profitable contributors to the business as quickly as possible."

Sean Stuttaford at Thompson Smith and Puxon sees compliance as an unavoidable, ever-growing burden on law firms, however, he argues that automation shouldn't be viewed purely as a tool for efficiency gains: "Compliance is an increasingly onerous overhead for firms, but for me the right automation would be a good investment as a guide and safety-net more than as a route to greater efficiency." He also raises the idea that it could play a key part in helping firms manage average stress levels, but this would need to be weighed against client appetite for process change and the perception of risk with their information.

Firms are looking ahead and the conversation around automation is shifting. It's no longer just about making things faster, it's about making things smarter, reducing human error, improving compliance outcomes, and ultimately mitigating risk. However, the biggest risk may not be technology itself, but how people interact with it.
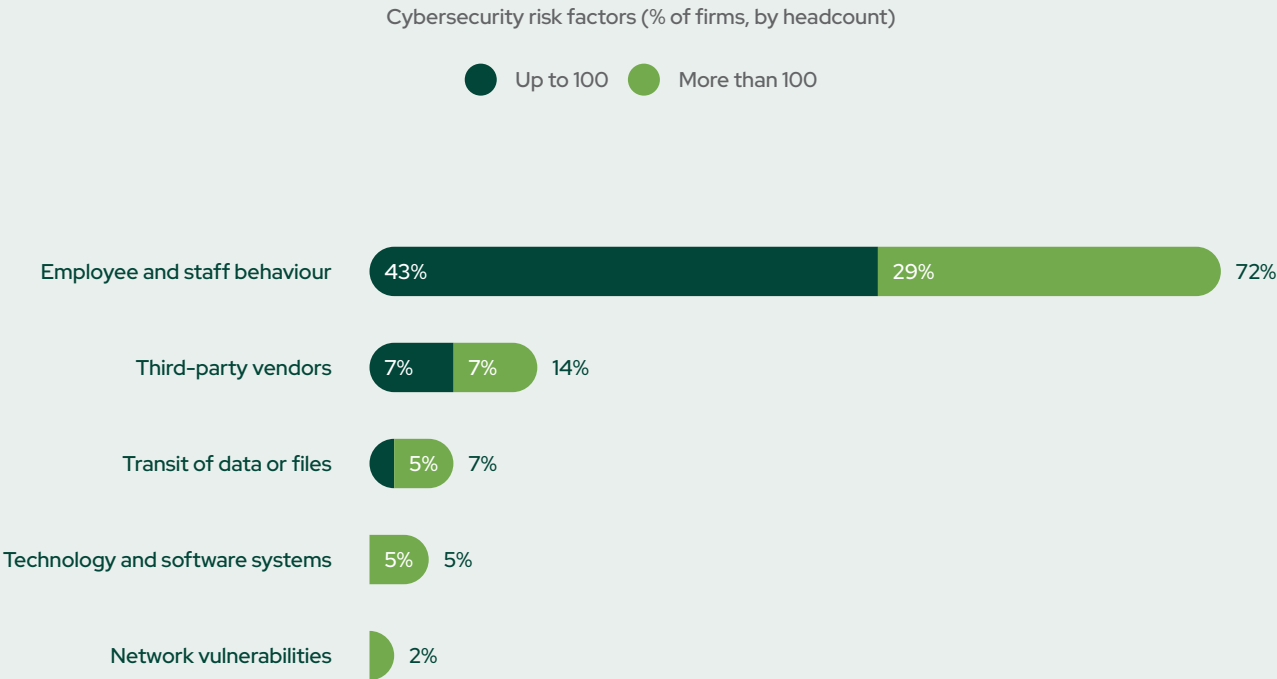
> "
> **The biggest case I see for automation and AI is as a second pair of eyes; it's the quality control — ensuring work done is done right.**
>
> Peter Ambrose, CEO
> at The Partnership (51-100 headcount)

Midsize law firm leaders believe their own people pose the greatest risk of cybersecurity breaches

Reinforcing the reality that cybersecurity is an ongoing battle that requires continuous investment in both defence strategies and employee engagement, nearly three-quarters (72%) of midsize law firm leaders identify employee and staff behaviour as the greatest risk to their security framework. From careless clicks on phishing emails to poor password hygiene and insecure remote logins, employees are seen as the most likely entry point for a major security breach. In second place, at just 14%, is third-party vendors (and the security decisions they make that may leave law firms exposed).

People — particularly at smaller firms — are the top-rated threat vector for cybersecurity risks

Cybersecurity risk factors (% of firms, by headcount)

● Up to 100   ● More than 100

Employee and staff behaviour	43% 29%	72%
Third-party vendors	7% 7%	14%
Transit of data or files	5%	7%
Technology and software systems	5%	5%
Network vulnerabilities		2%

Tim Farnfield expands on this: "Vendor security is generally robust and well thought out. The biggest risk lies with behaviours, such as failing to think before you click, logging in remotely and insecurely, or sending emails with attachments to the wrong recipients." His firm runs regular cybersecurity training sessions but acknowledges the relentless nature of the threats. "In a world where one member of staff might see 35 phishing attempts in a day, firms are really under siege."

Withers & Rogers took a proactive approach by achieving accreditation to the ISO 27001 standard for information security, in part response to a perceived hardening of the position in the insurance market, says Chief Strategy and Operations Officer Zoe Bailey. "It has also helped to increase our awareness and alertness in a world where the question is not if, but when, any firm will be attacked. Resourcing risk management is a challenge for smaller firms, but it must be handled strategically, proactively considering the future and factors that are changing or approaching."

Sean Stuttaford agrees that while law firms have implemented robust physical security measures, the weakest link remains human error. "There are plenty of physical security barriers. The weakness is people working on a busy Friday when the rogue email arrives, and any training or awareness technique must make the impact real for people." On the other hand, he warns against going too far in the opposite direction: "There is the risk that the most secure system of all is the one that nobody can use, so strike the right balance between sensible cybersecurity infrastructure and a workforce much more informed about the area."

Midsize law firms are investing in security infrastructure, but technology alone isn't enough. The greatest vulnerabilities stem from human behaviour, not system weaknesses. With cyber threats growing in sophistication and frequency, the firms that succeed in minimising risk will be those that combine robust security measures with ongoing education, engagement, and a culture where employees recognise and take responsibility for their role in protecting client data. The question isn't whether a breach will happen, but whether your team will be prepared when it does.

> "
> ## Vendor security is generally robust and well thought out. The biggest risk lies with behaviours, such as failing to think before you click.
>
> Tim Farnfield, Operations Director at Redkite Law (200-300 headcount)

Actionstep's
Top Takeaways

We've identified five key areas for midsize law firm management teams to address arising from our research. Let's review and consider some possible next steps for senior leadership.

1

Technology can support your team to work smarter and attract top talent – but leaders need to find the balance

Midsize law firm leaders are laser-focused on securing top legal talent, however the post-pandemic shifts in workplace dynamics mean midsize firms must compete with larger firms' perks and flexibility. Investment in technology can enhance efficiency and appeal to modern talent, but firms need to strike the right balance of leveraging tech to support, not replace, their unique human touch. Rather than replacing human expertise, technology should enhance it. From workflow automation to AI-driven risk analysis, the right tools can help lawyers focus on high-value tasks while reducing manual burdens. Automation directed at the biggest business process inefficiencies can cut out unnecessary duplication of effort and ease pressure on 'bottlenecks' – while workflows and signposting to the most appropriate tools and features makes for a more frictionless experience, improving flow and focus. Ready and reliable access to rich management information within your working environment when it's needed supports both effective reactions to customer queries and better decision-making in terms of prioritising tasks and delivering outcomes. Midsize firms must ensure the technology that powers their tech ecosystem empowers their teams, helping them work smarter, not just faster. A well-integrated tech strategy should reinforce firm culture, collaboration, and quality of service.

2

Invest in the client experience – consider all the touchpoints for transformation

Client expectations are evolving, and every interaction matters. Despite widespread recognition of the need to enhance client experiences (60%), fewer than half of firms offer robust digital tools like client portals, automated updates, or online appointment scheduling. Midsize firms must rethink how they engage clients with a range of digital touchpoints, from initial onboarding to ongoing case updates. Digital client-facing tools can enhance convenience, but they must be balanced with personalised service, including client listening or feedback mechanisms to understand how the experience is received in the round. Firms may need to recognise clients will have different priorities, and preferences for communications or involvement in their processes. The key is to transform the client journey holistically, ensuring every touchpoint strengthens trust and satisfaction with your law firm.

3

Automate with care – identify where it's appropriate in a process

When it comes to integrating AI, especially GenAI, firms are (rightly) proceeding with caution. Leaders are wary of the potential risks and costs, and they see AI more as an assistive tool than a transformative force. But when it comes to automation, they're aware of its potential to drive efficiency. It can also help to embed more firm-wide consistency across areas, reduce risk that human error creeps into a process through much manual repetition, and unlock time for people to contribute to the success of the business in more meaningful and valuable ways (and strike a good work-life balance).

Leaders also need to understand that not every process should be automated. Compliance, risk assessments, and administrative workflows are prime candidates for automation, yet over-automation risks reduced accountability and introduces new risks. Leaders at midsize law firms see both AI and automation as quality control mechanisms rather than replacements for human expertise. The goal is to streamline operations while maintaining the integrity and oversight that legal work demands.

4

Challenge your change assumptions

It is easy to say that the legal profession or typical lawyer is 'resistant to change', we recommend testing that before relying on it as a reason to resist transformation for your firm. The midsize legal market is fiercely competitive for both work and people (some firms can't even secure the people for all the work they could win), and there's an argument that firms need to keep pace to attract both as artificial intelligence ushers in a new era of technology-based working. Assumptions about what clients and staff want may not align with reality. The firms that challenge these biases, such as testing new approaches and gathering feedback, will be better positioned to implement meaningful, lasting improvements.

Technology can be a firm differentiator – particularly where firms invest the management time to ensure consistent and improved adoption over time, critical for demonstrating ROI. Win hearts and minds by accurately emphasising the benefits to the individual lawyer, such as personal efficiency, client satisfaction, reduced stress from rework, locating or processing information, and the potential for faster professional development and career progression. Transformation isn't just about adopting new tools, it's about rethinking how work gets done, and how to get your team on board.

5

### Is risk management as robust as you think?

Compliance remains a formidable challenge, with midsize firms grappling to keep pace with ever-evolving AML regulations and cybersecurity threats. The law firm leaders we've researched are overwhelmingly confident in their ability to comply with AML requirements and readiness to respond to a cybersecurity incident. Nevertheless, two-fifths also identify cybersecurity defence and ensuring regulatory compliance as leading challenges to manage. As well as having effective overarching policies and processes of course – which must be well communicated, with compliance monitored – this research also recommends reconsidering how compliance is structured as a function. There could be a business case for centralising workload, which might involve introducing new expertise, reallocating responsibilities among employees, and deploying technology to direct certain processes digitally. There's also the scope to explore opening more client involvement in, and education surrounding, the provision of detail for checks required to work for them. This may even be advantageous for the wider relationship.

To sustain the confidence around compliance, firms must continually refine their processes, leveraging technology to support efforts while maintaining rigorous human oversight. This is also the case for cybersecurity resilience. The biggest vulnerabilities often stem from employee behaviour, such as falling for phishing scams or mishandling client data. The most successful firms fighting these threats will be those that recognise the dual necessity of strong technological defences and a vigilant, educated workforce. The interplay between human judgment, training, and technological support will define the future of firm security and success.
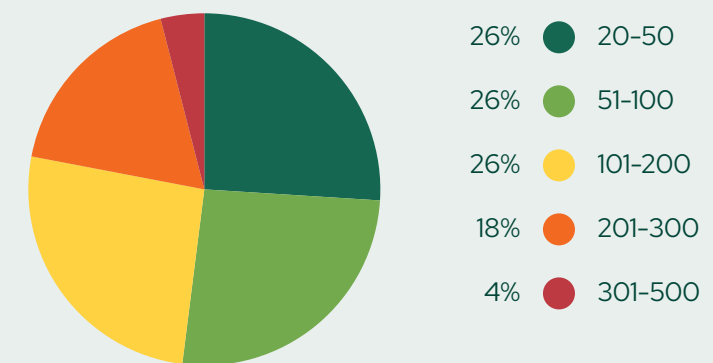
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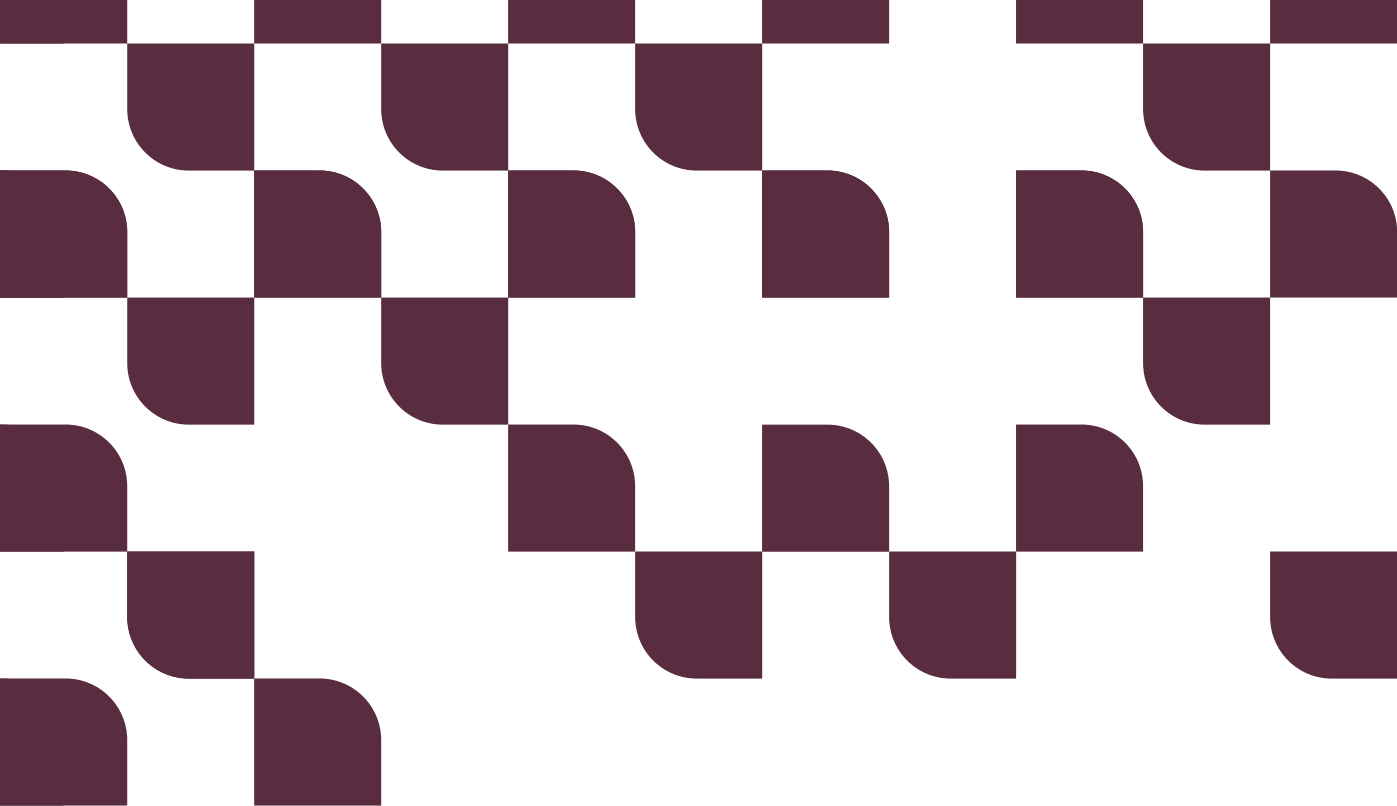
Report methodology

An online survey of SME law firm leaders in the UK was carried out in September and October 2024, which attracted 60 responses. Respondents from a cross-section of firms by total headcount were then interviewed about the aggregate results in November 2024. In addition, some graphs in this report display the proportion of responses received from leaders at firms with different headcounts or practice mixes. As it was not mandatory for respondents to provide detail of the firm's practice mix, there may be marginal differences between values labelled on some graphs.
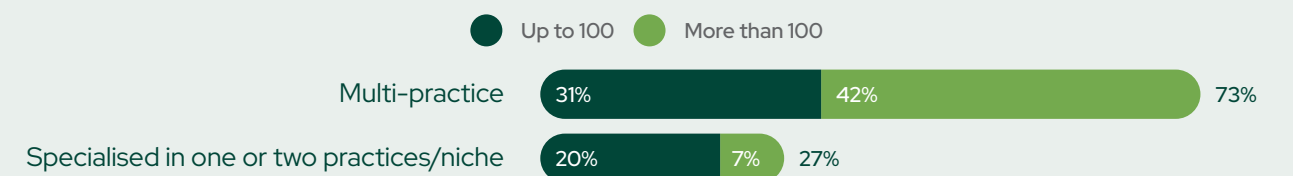
Law firms surveyed, by headcount

(% of firms, by headcount)

- 26% ● 20-50
- 26% ● 51-100
- 26% ● 101-200
- 18% ● 201-300
- 4% ● 301-500

Which of the following best describes your firm?

(% of firms, by headcount)

● Up to 100   ● More than 100

Multi-practice	31% / 42%	73%
Specialised in one or two practices/niche	20% / 7%	27%

Where is your main office or where the majority of your firm's people based?

(% of where firm's employees are based)

London	28%
South-east England	17%
North-west England	13%
East of England	13%
West Midlands	9%
Wales	6%
Yorkshire and the Humber	4%
North-east England	2%
Scotland	2%
Northern Ireland	2%
Other	4%

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