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These Am Law Firms Lead the Way on AFAs. Here's How AI and Data Collection Are Pushing More to Explore

By Andrew Maloney
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Big Law's use of alternative fee pricing for clients has remained steady for years, but there's been a resurgence of interest in the fee arrangements lately, amid expanding AI tools and data collection efforts by firms, according to interviews with firm leaders and consultants.

In recent years, use of alternative fee arrangements has remained pretty steady through the Am Law 200. These firms, as a whole, have averaged between 16% to 17% of their revenue coming from alternative fee arrangements during the 2020s, according to Law.com survey data. The median number has mostly stayed between 14% and 15% of revenue among Am Law 200 firms.

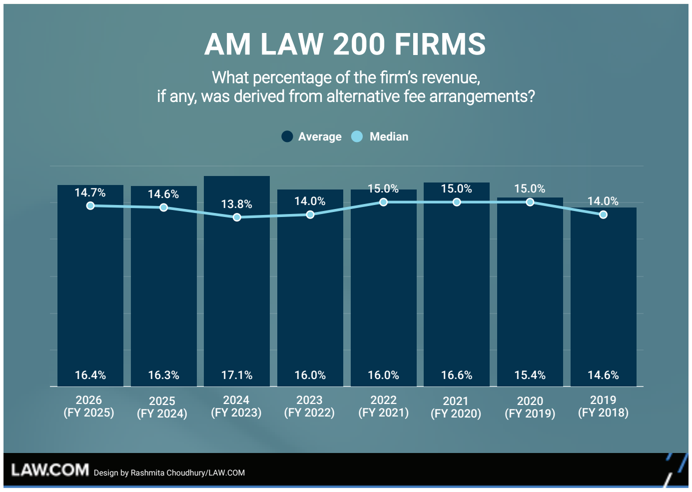
Several big firms are significantly above. For instance, firms in the Am Law 100 that had the highest percentage of their revenue from AFAs in 2025 include DLA Piper (40.9%); Kilpatrick

Adobe Stock

Townsend & Stockton (40%); and Shook, Hardy & Bacon (38%).

Among Second Hundred firms, Chapman & Cutler (55%); Kutak Rock (43.5%) and Manatt, Phelps & Phillips (36.10%) led the way.

While law firms in all segments have "dabbled" in alternative fees for a long time, said Blane Prescott, managing principal at constancy MesaFive, he's "definitely seen a shift" toward arrangements such as fixed pricing over the couple of years, and "more and more" firms



experimenting with that kind of setup, or some kind of contingency fee or bonus.

Often firms used to come up with fixed fees based on gut feeling, or clients would say they're interested in an alternative, he said, then ultimately stick with a comfortable, familiar hourly price. But firms are getting more accurate pictures of pricing, based on data of past matters.

"Law firms have succumbed to client interest and realized they can do these, in-part because accounting systems are getting better at regurgitating performance data on past similar matters, allowing law firms to have better data, and say, 'Yeah, I can actually come up with an accurate estimate here'," Prescott said.

He noted that his consultancy just helped a firm convert its litigation practice from a "mishmash" of every kind of pricing mechanism to a system where they have a fixed price per month, with three to four different levels of pricing depending on the matter. It hasn't quite been a year yet, "but already in the first, I think, nine months, it's produced much better cash flow, dramatically better profits, and interestingly, much happier clients," he said.

Prescott also predicts AI to further steer firms to explore other fee arrangements.

"We're still in very early days. But, no question whatsoever, [AI] will have a major impact on pricing in firms," he said.

The largest firm by revenue in the world, Kirkland & Ellis, has increasingly embraced alternative fees in its litigation work.

Litigation partner and executive committee member Andrew Kassof said Kirkland has gone from a "modest" amount of fixed- and alternative-fee setups about five years ago to getting about 30% of its litigation revenue through those structures, amounting to more than $1 billion last year. He said the approach promotes budget efficiency and predictability, and that it's enriched client relationships.

"For our firm, it's been incredibly successful, both in terms of growing existing clients and deepening existing client relationships, as well as bringing new clients into the building," he told Law.com earlier this month.

Kassof also noted that improving efficiency through AI tools will lend itself to alternative fee structures.

Indeed, "a forcing mechanism" at the moment across all businesses, from law firms to corporations, said Mark Masson, managing partner at consultancy Lotis Blue, is the use of tech-enabled and AI tools that should make the work more efficient.

That favors value-based arrangements and getting paid based on the outcome, not by the hour.

A recent survey from LawVision found that, of 75 law firm respondents, only 11 reported meaningfully changing their pricing due to AI. However, it also found 26 more firms planned to adopt AI in their pricing process in 2027.

Masson said firms are used to getting a certain amount of value from certain matters. But if they start using AI to help with large chunks of those matters, clients are going to wonder who and why they're still paying based on hours. "I think it will push people to try" AFAs, Masson said.

Chapman & Cutler chief executive partner Greg Klamrzynski and chief operating partner Kelley Bender, in a joint statement to Law.com, said like many firms, they're evaluating how AI is going to affect legal service delivery and how those services are priced.

"That may accelerate a shift away from pricing that is purely hourly toward more value-based arrangements and other AFAs," they added. "At the same time, we recognize that some clients have historically been hesitant to move to alternative structures, so this is an ongoing process on both sides as expectations, comfort levels, and best practices continue to develop."

The Chapman & Cutler leaders said they use a "broad range" of AFA strategies, including fixed fees, value-based billing, fee caps, volume-based pricing, success-based components and other "bespoke structures" that are designed to align cost with outcomes and provide more predictability.

"Several of our practices naturally lend themselves to AFAs because we handle a high volume of similar transactions where scope and process can be well-defined, or because alternative pricing has become a market expectation in certain business lines," Klamrzynski and Bender said.

For their part, Kilpatrick Townsend chief pricing and analytics officer Daniel Ronesi said for a while now, "even before the advent of the AI era," the firm has partnered with clients on value-based pricing options.

"We are well positioned to continue to be at the forefront of alternative fee arrangements in the ever-evolving legal industry," he said in a statement.