

**BEST LAW
FIRMS™**

RANKED BY *Best Lawyers®*

CANADA

LEGAL MARKET
REPORT
EDITION 3

Canada's legal market, measured.

Each year, Best Law Firms surveys firms of all sizes from around Canada and collects a trove of data about the state of the legal market across the nation.

The survey covers large national and regional players, midsize firms, boutiques, and solo practitioners. Again this year, we aggregated and analyzed the results into benchmarking data and insights.

The responses offer a window into the financial, billing, client, technology, marketing, and workforce trends shaping the legal business, including AI and alternative fees.

357

LAW FIRMS
SURVEYED

\$535K

AVERAGE REVENUE
PER LAWYER

+12%

RPL GROWTH
YEAR OVER YEAR

KEY FINDINGS & OBSERVATIONS

What this year's data reveals.

- 01
- Canadian law firms saw strong annual revenue gains, with average revenue per lawyer (RPL) growing 12% over our 2025 survey and median revenue per lawyer up 11%. On balance, it paid to be small last year: Consumer-oriented and boutique corporate firms with fewer than 20 lawyers occupied eight of the top 10 positions on the list of firms with highest revenue per lawyer. RPL at those firms exceeded \$1.75 million, or more than three times the national average of \$535,000.
- 02
- Spurred on by the potential efficiency gains they believe artificial intelligence will deliver, corporate clients have been ramping up pressure on law firms to increase the availability and variety of alternative fee arrangements (AFAs). Nonetheless, the share of firms offering AFAs dipped one percentage point to 74%, and six of the nine most commonly used AFAs were offered by fewer firms than last year. Even among those offering alternatives, few are experimenting with options that break their reliance on the billable hour.
- 03
- The share of law firms actively using artificial intelligence for legal work—either by testing or fully implementing AI tools—surged among large and midsize firms. Among 100+ lawyer firms, the percentage piloting AI tools in select practice areas grew from 57% to 80%. Large firms that have fully implemented AI across multiple practice areas more than doubled, from 7% to 15%. At midsize firms, full implementation grew even faster, from 7% to 26%.
- 04
- As generative AI tools spread, more law firms are making artificial intelligence a key element of their pitch to clients. The share telling clients about AI use as part of their value proposition grew 28% year over year. Conversely, fewer firms are keeping AI confidential. Last year, for instance, one in five large firms said they did not disclose AI usage to clients. This year, no large firms did so.
- 05
- In a similar vein, more than 40% of firms now say they are touting their technology capabilities and improved efficiency as one of the key strategies they use to stand out from competitors. The share of firms with 100+ lawyers emphasizing tech rose 10 percentage points to 73% and 18 points to 49% at firms with 20–99 lawyers.
- 06
- Less than half of firms have the systems and technology in place to adequately measure the return on investment from their marketing efforts. And 65% of firms with fewer than 100 lawyers are operating without a documented marketing and business development strategy.
- 07
- Pro bono work continues to lag, particularly at large and midsize law firms. Large firms averaged just seven hours of pro bono work per lawyer, our survey shows. Midsize firms hit 24 hours per lawyer. A lack of pro bono infrastructure and incentives appears to be hampering firms. More than 70% have no formal pro bono program in place nor do they have a committee to manage their pro bono work. And 61% of firms do not offer their lawyers billable hour credits for time spent on pro bono matters.

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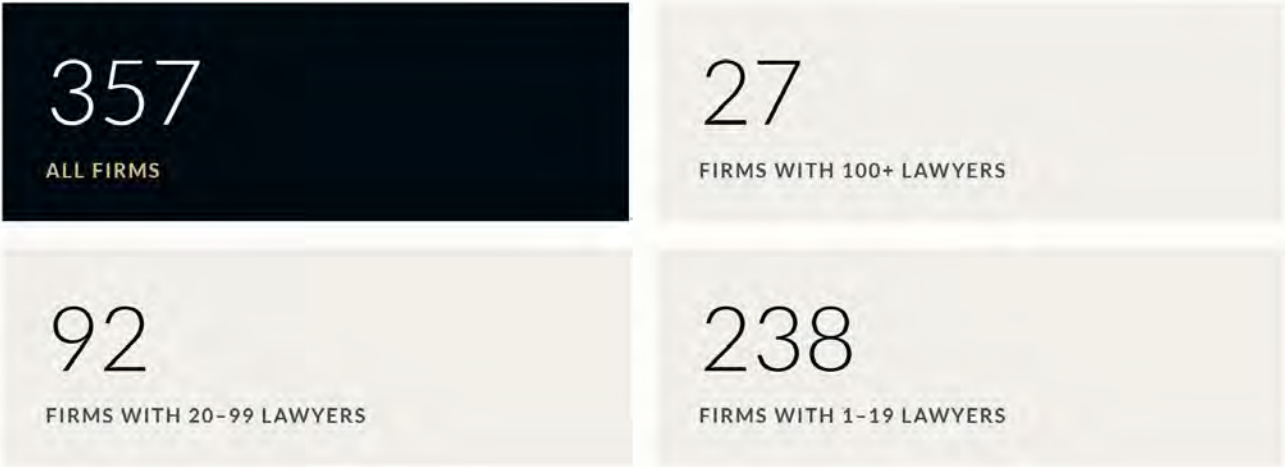
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Editor's Note: Percentages in charts may not total 100% due to rounding or because respondents were asked to select multiple answers to a survey question. Unless otherwise indicated, all financial figures are expressed in Canadian dollars.

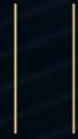
Who responded.

The survey covers a broad array of firms across the country, including large national and regional players, midsize firms, boutiques, and solo practitioners.

Respondents by firm size



MARKET SEGMENTS
Large firms have 100 or more lawyers. Midsize firms have 20-99 lawyers. Small firms and solos have 1-19 lawyers.



SECTION 02 • FINANCIAL PERFORMANCE

Revenues Rise.

+12%

GROWTH IN AVERAGE REVENUE PER LAWYER

Revenue at Canadian law firms climbed in our 2026 survey, with double-digit increases in both average and median revenue per lawyer.

\$535,000 per lawyer — and rising.

Revenue at Canadian law firms climbed in our 2026 survey, with firms scoring double-digit increases in two key financial performance metrics. Average revenue per lawyer (RPL) rose 12% over last year, and median revenue per lawyer jumped 11%.

Among firms providing Best Law Firms with revenue figures for the previous fiscal year, roughly half focused on corporate or business clients, a quarter have an equal mix of corporate and general consumer clients, and the other quarter are primarily serving general consumer clients.

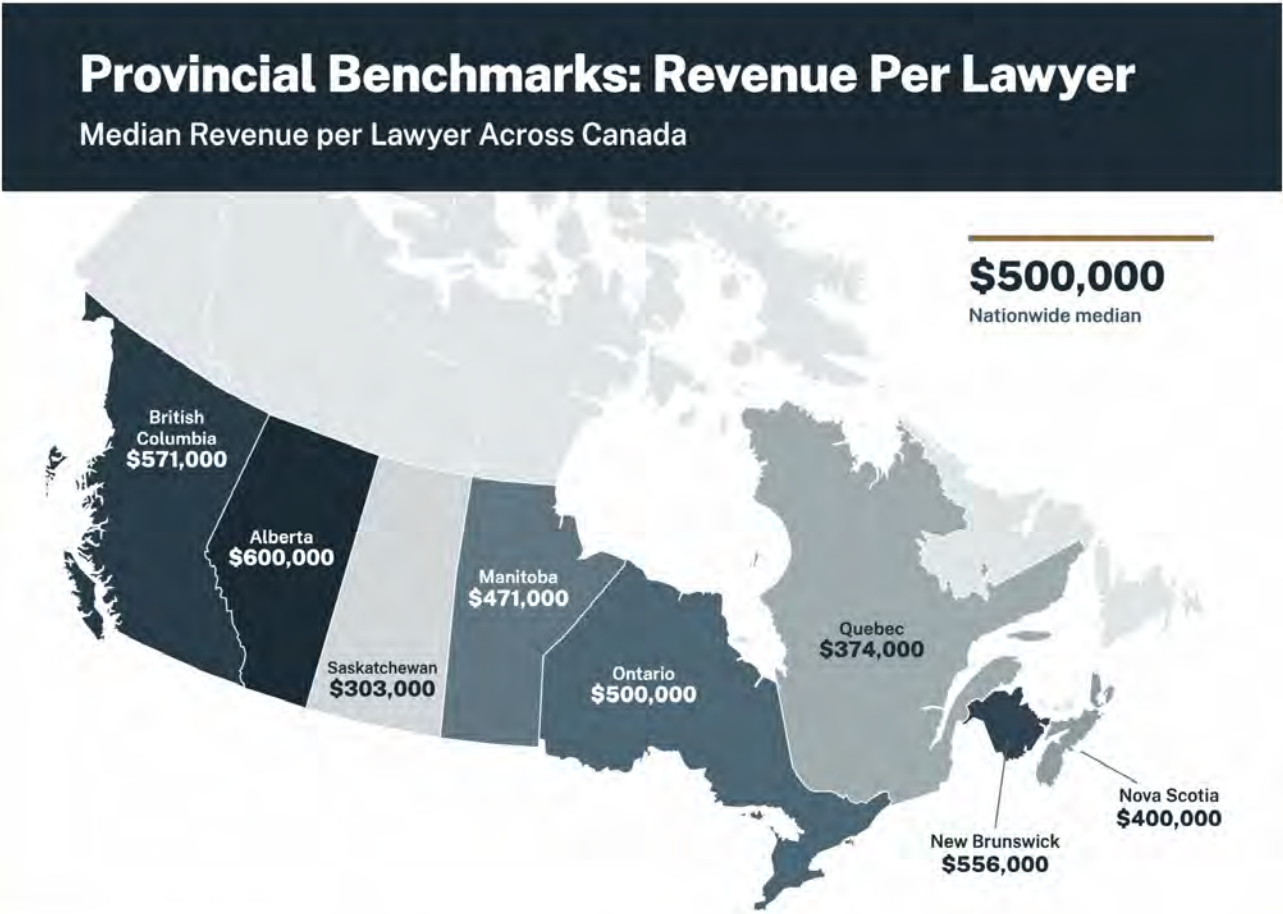
While consumer-oriented firms may represent a smaller segment of the overall responses, they claimed an outsized portion of firms with the highest revenue per lawyer. Six of the 10 firms with the highest RPL averages focused on consumers, including the top three firms on the list. Contingency fee wins in class actions and personal injury cases drove a revenue-per-lawyer range of \$2.5 million to \$3.32 million among general consumer firms in the top 10. The lawyers at those firms also did not need to share their profits with many colleagues: Only one of the consumer firms had more than 20 lawyers.

2026 Revenue All Canadian law firms	2026 Revenue Firms with 100+ Lawyers
\$32,315,000 Average Firm Revenue	\$310,560,000 Average Firm Revenue
\$535,000 Average Revenue Per Lawyer +12% year over year	\$575,000 Average Revenue Per Lawyer
\$500,000 Median Revenue per Lawyer +11% year over year	\$565,000 Median Revenue per Lawyer
2026 Revenue Firms with 20–99 Lawyers	2026 Revenue Firms with 1–19 Lawyers
\$24,375,000 Average Firm Revenue	\$3,775,000 Average Firm Revenue
\$565,000 Average Revenue Per Lawyer	\$620,000 Average Revenue Per Lawyer
\$500,000 Median Revenue per Lawyer	\$450,000 Median Revenue per Lawyer

Small was also mighty.

Small was also mighty among the firms with primarily corporate or business clients. The three corporate firms that made the top 10 for revenue per lawyer were all boutiques focused on specialized transactions or work for high-net-worth individuals. The boutiques posted average revenue per lawyer of \$1.75 million to \$2.67 million. None had more than three lawyers.

Eight of the top 10 firms by revenue per lawyer had fewer than 20 lawyers. RPL at those firms exceeded \$1.75 million, more than three times the national average of \$535,000.



Respondents from Newfoundland and Labrador declined to provide revenue figures. Firms from Prince Edward Island did not respond to the survey.

Revenue stays close to home.

Eighty-three percent of the firms responding to the survey also volunteered information about where they have been generating their revenue—whether from local, regional, provincial/territorial, or national clients.

Matters close to the firms’ headquarters accounted for the biggest share of the revenue pie. Firms said 42% of their income came from local clients, a 5% increase over the 2025 survey. Another 42% of work

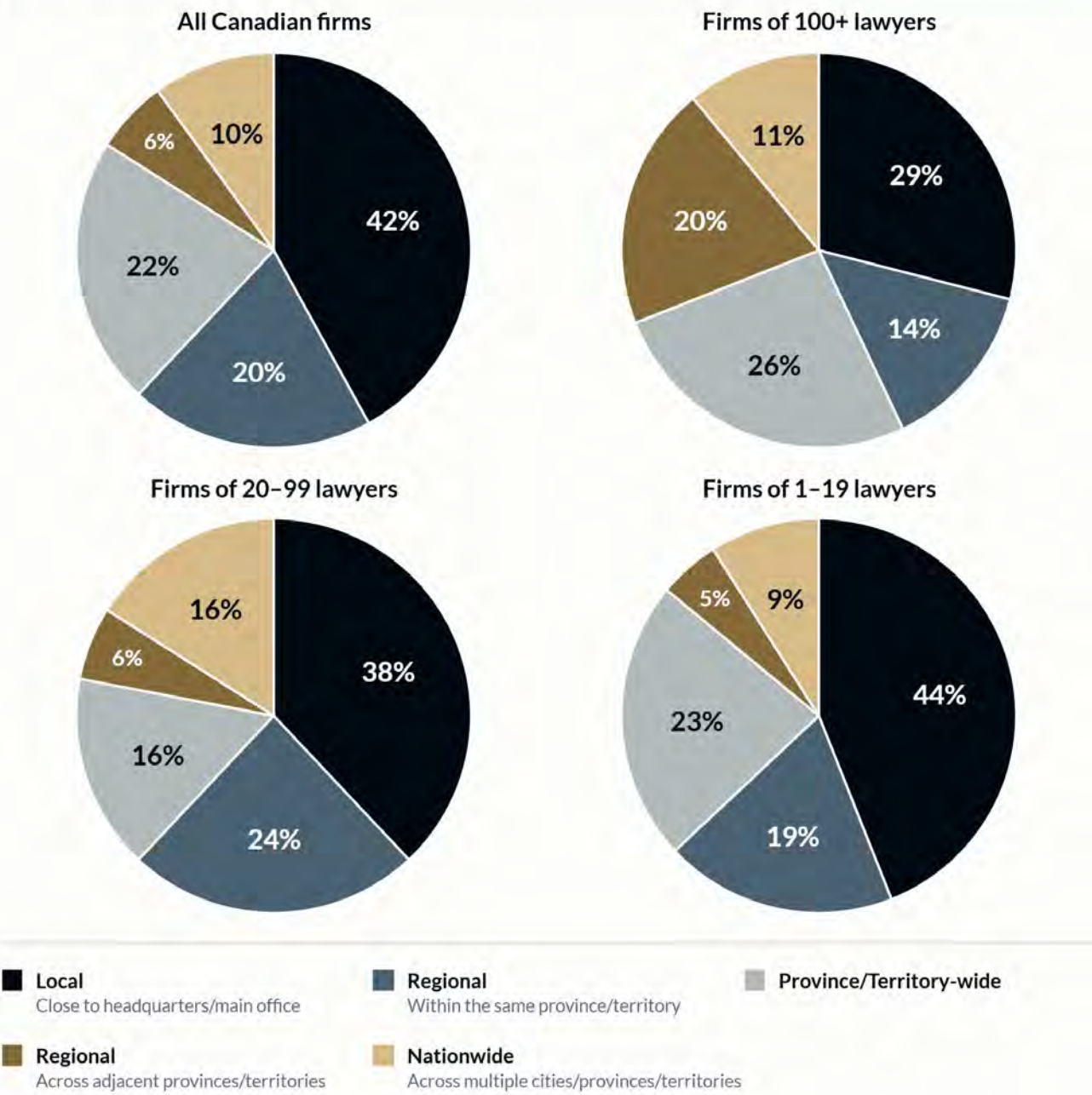
came from province- or territory-wide matters or regional work within the province or territory where firms are located. (That figure increased slightly, from 41% last year.)

Just 16% of matters come from outside firms’ local metropolitan areas, regions, or provinces. Six percent was for regional clients in adjacent provinces or territories, and 10% was for national clients.



Where Law Firms Generate Their Revenue

Percentage of average revenue collected in each location, by firm size





SECTION 03 • BILLING

Alternative Fees Plateau.

“The billable hour, for all the prophecies, refuses to die.”

THOMSON REUTERS

Nearly three-quarters of Canadian firms offer alternative fee arrangements — but almost all of them are still built around the billable hour.

Three in four firms offer alternatives.

Our survey shows that nearly three-quarters of the law firms in Canada are deploying alternative fee arrangements with clients. This includes nearly all firms with 100+ lawyers, eight out of 10 midsize firms (20-99 lawyers), and just under seven in 10 solos and small firms.

On average, Canadian firms are offering four types of alternative fee arrangement, though numbers vary depending on firm size. The largest firms give clients seven AFA options on average, while midsize

firms average five AFAs, and small firms and solos offer four.

Although corporate clients have been ramping up the pressure on law firms to increase AFA usage and break their reliance on the billable hour, the percentage of firms using alternative fee arrangements is essentially the same as last year, dipping one percentage point to 74%. The number of alternative fee arrangements offered by firms has not budged, either. In 2025, firms also offered four AFAs on average.



The menu Canadian firms offer.

- 1

Flat fees

The law firm charges a predetermined amount for certain services, often routine or standardized legal matters.
- 2

Retainers

Clients make an upfront payment. Firms draw upon this amount as they do their work.
- 3

Fixed fees

The firm agrees to the price of a specific matter prior to an engagement.
- 4

Discount for large number of billable hours

A firm reduces its rates if a client commits to a large volume of legal work.
- 5

Contingency fees

Fees that are paid only in the event of a successful judgment or settlement, usually a percentage of the amount awarded.
- 6

Capped fees

The law firm agrees its pricing will not exceed a maximum agreed upon with the client.
- 7

Blended hourly rates

The firm agrees to charge a single rate for all of the lawyers working on a matter.
- 8

Hybrid fees

In a hybrid arrangement, firms charge billable hours for a portion of their work and offer an alternative fee (capped, flat, contingency) for the rest.
- 9

Collared fees

A client agrees to pay hourly rates within a range. Rates decrease if billable hours exceed the upper end of the range.

Most Commonly Used Alternative Fee Arrangements					
Ranked by the share of firms offering each arrangement					
ARRANGEMENT	% OF FIRMS USING	% CHANGE FROM 2025	100+ LAWYERS	20-99 LAWYERS	1-19 LAWYERS
Flat Fees	69%	▲ +6%	94%	72%	64%
Retainers	61%	▼ -2%	83%	74%	53%
Fixed Fees	57%	▼ -5%	89%	72%	47%
Discount for Large Number of Billable Hours	50%	▼ -2%	83%	57%	43%
Contingency Fees	48%	▼ -6%	50%	69%	40%
Capped Fees	45%	▼ -10%	83%	48%	39%
Blended Hourly Rates	43%	▼ -4%	78%	54%	35%
Hybrid Fees	41%	▲ +8%	67%	49%	35%
Collared Fees	10%	▲ +11%	39%	10%	7%
In addition, 9% of firms said they use other types of arrangements, including deferred payments, payment flexibility, and value- or task-based pricing.					
% change from 2025 is a relative percent change, not a change in percentage points.					

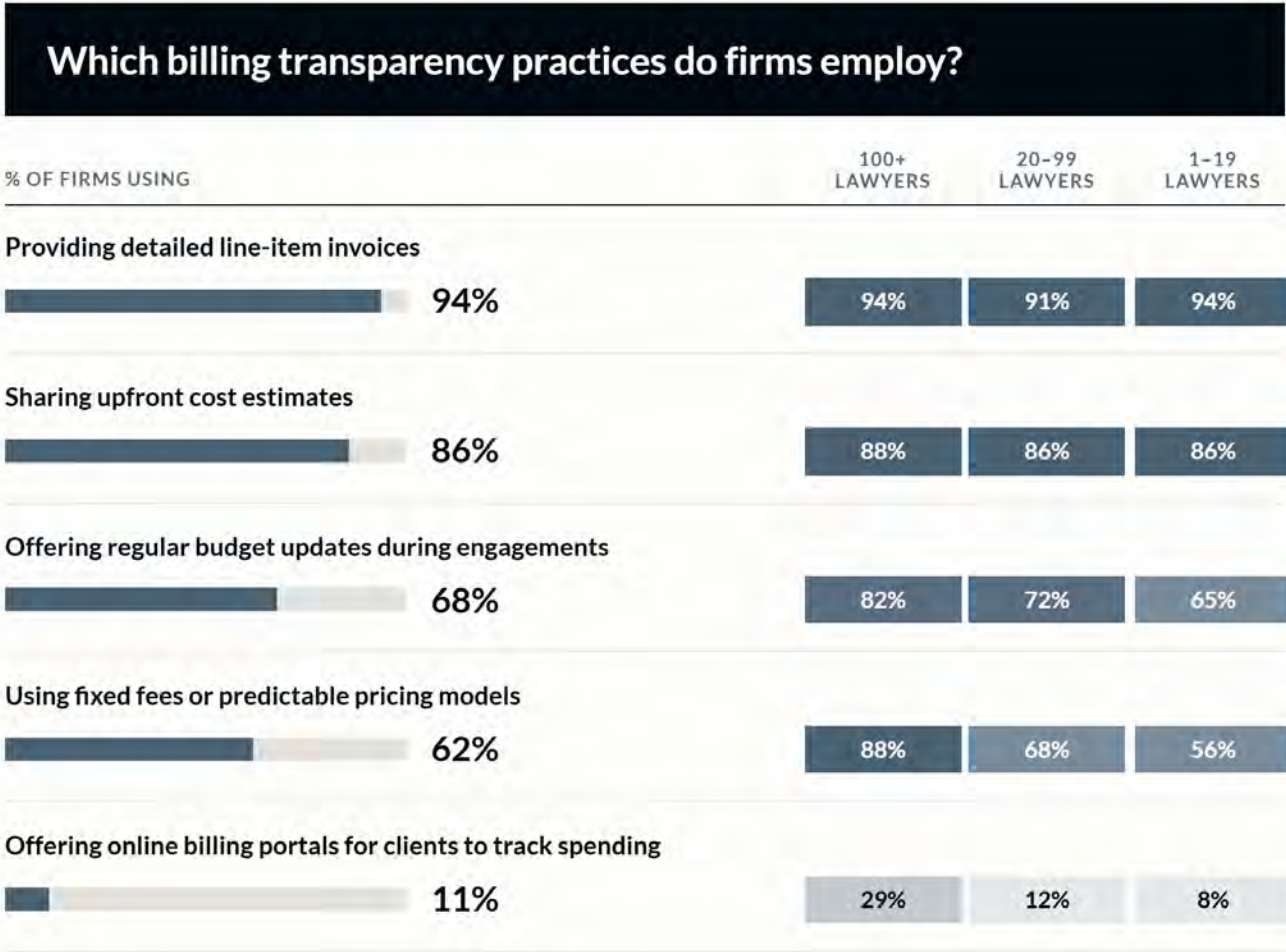
The game remains the same.

Even if firms said they offer AFAs, the data shows that eight of the nine most-used alternatives are billable-hour variants. Among them are fixed fees (used by 57% of firms), discounts for billable hours (50%), capped fees (45%), and hybrid fees (41%). The two most popular types of alternative fee arrangement—flat fees (deployed by 69% of firms) or retainers (61%)—allow firms to hold on to their billable-hour models while attempting to satisfy clients who want more predictable pricing from their outside counsel.

Contingency fees are not uncommon—48% of firms offer them as an AFA option—but other outcome-oriented arrangements are rare. Some in-house leaders envision a day in the near future when they will be able to use artificial intelligence to align the legal fees with successful outcomes. Such predictive modeling will be a “game changer,” one Canadian GC said in a December 2024 article.

But the game remains the same for the time being. In our survey, a single seven-lawyer boutique mentioned deploying success fees as an alternative fee option. Two other firms said they offered value-based fees—one 100+ lawyer firm and one firm with six lawyers. Given these numbers, it is hard to argue with Thomson Reuters’ recent assessment: “The billable hour, for all the prophecies, refuses to die.”

Client pressure may eventually push firms to make substantive changes in their business models. But at present, the financial incentives continue to encourage firms to preserve the status quo. Thomson Reuters recently estimated that 90% of legal spending still involves hourly billing arrangements, a figure that suggests most clients—in spite of their increasing distaste for hourly billing—are sticking with the devil they know.



IV

SECTION 04 • CLIENTS

Attracting and Keeping Clients.

92%

OF FIRMS STAND OUT THROUGH SPECIALIZATION

Specialization, client service, and a growing emphasis on technology define how Canadian firms win and keep their clients.

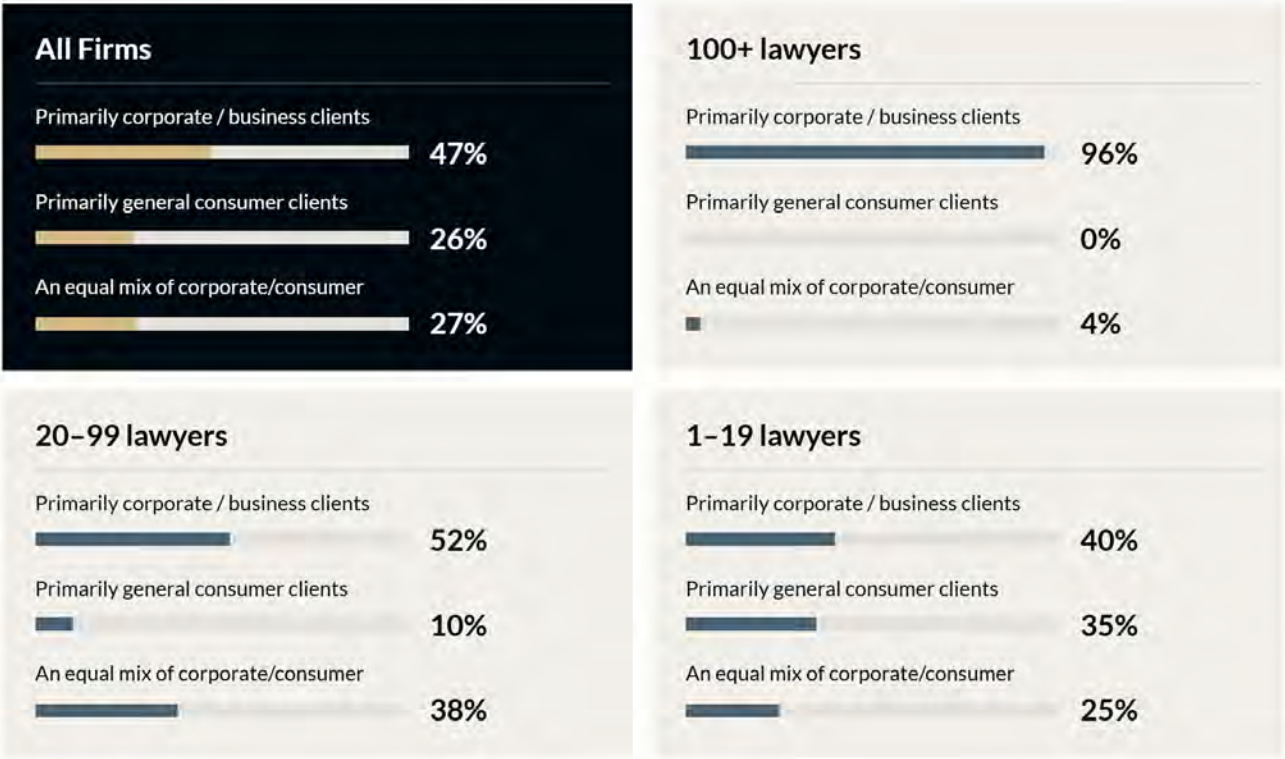
Who Canadian firms serve.

Nearly half of Canadian firms primarily target corporate or business clients. About a quarter focus on general consumers, and the rest serve an equal mix. Among firms with 100+ lawyers, 96% are focused on corporate clients.

Client rosters split almost evenly by company size: mid-market companies account for 36% of firms' clients, large enterprises 34%, and small businesses 30%.

Firms with 100+ lawyers serve an average of 6,100 clients; firms with 1-19 lawyers average 271.

The Clients Canadian Firms Are Targeting



Current Client Mix at Canadian Firms



Specialization sets firms apart.

The best way to stand out from competitors? For 92% of Canadian firms, the answer is to concentrate on key practice areas and specialization in particular industries. Eight in 10 also said they are focusing on maintaining a strong feedback loop with clients and improving service. And more than two-thirds cite their awards and rankings as a critical element in their differentiation strategy.

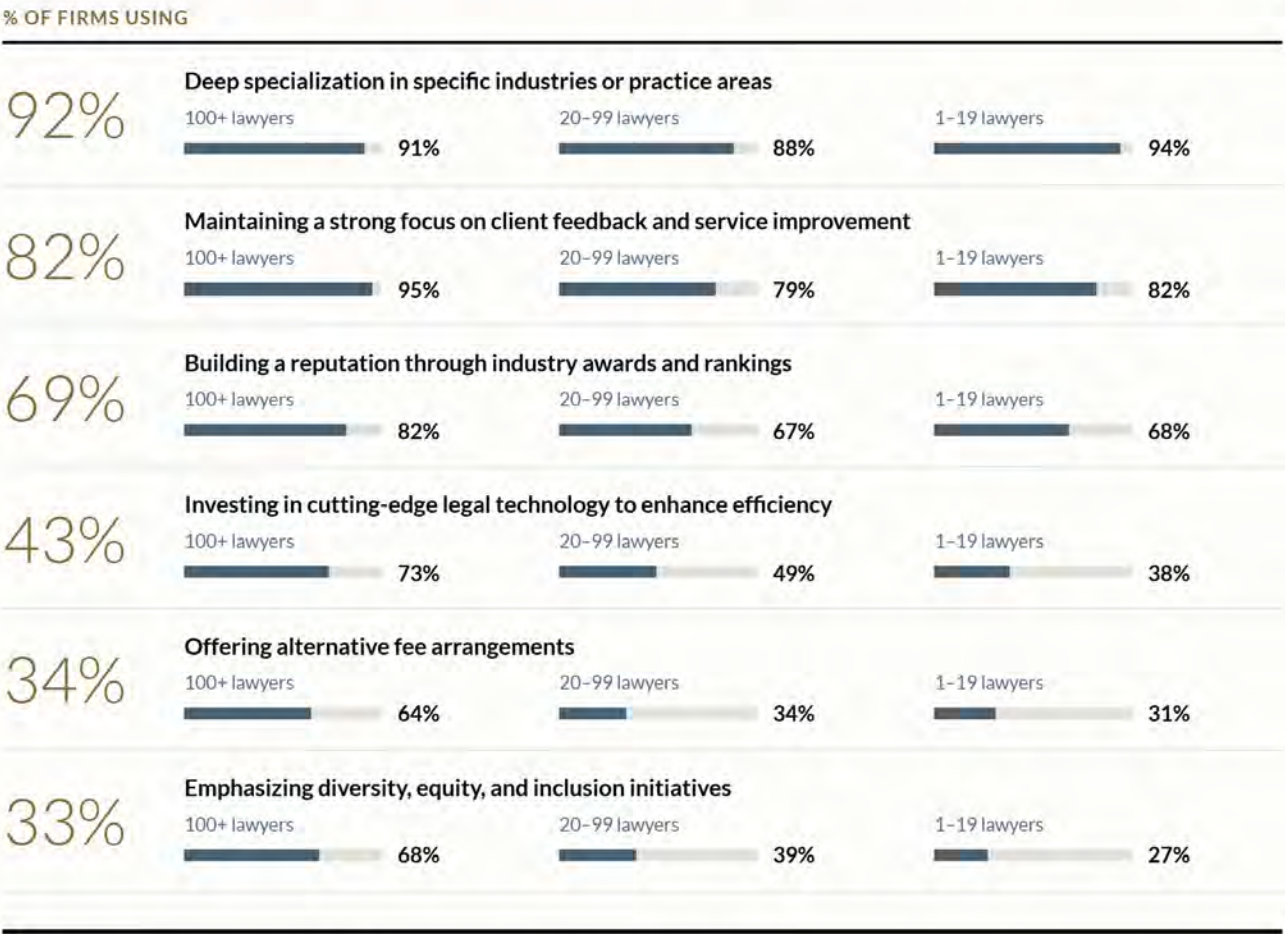
Artificial intelligence and a law firm’s technology prowess are also becoming a bigger part of the equation. Last year, 36% of firms said they were touting their investments in cutting-edge technology to enhance efficiency. This year, the percentage jumped to 43%.

The technology focus was particularly strong at large and midsize firms. The share of firms with 100+ lawyers emphasizing tech shot up 10 percentage points to 73%. The growth curve was even steeper at midsize firms, 31% to 49%. Small firms and solos held flat at 38%.

We also asked firms which strategies have been most effective in acquiring and retaining clients. Fifty-eight percent of law firms said superior client service practices were the most effective strategy. Thirty-six percent said industry specialization. The only other strategy ranked by firms was recognition through awards and rankings at 6%.

Strategies Firms Are Using to Stand Out from Competitors

What firms emphasize to attract clients, differentiate from other firms.



The rivals firms watch.

The Competitors

We asked respondents to list the five law firms they viewed as direct competitors. These were the firms mentioned most often.

Most mentioned firms overall

- 1 Fasken
- 2 Borden Ladner Gervais
- 3 McCarthy Tétrault

Most mentioned by 100+-lawyer firms

- 1 Borden Ladner Gervais
- 2 Fasken
- 3 Blake, Cassels & Graydon

Most mentioned by 20-99-lawyer firms

- 1 McCarthy Tétrault
- 2 Fasken
- 3 BCF

Most mentioned by 1-19-lawyer firms

- 1 Fasken
- 2 Borden Ladner Gervais
- 3 Thomson Rogers

Making the Pitch to Potential Clients

We asked firms how they describe themselves to clients. Here are the top five topics they emphasized.



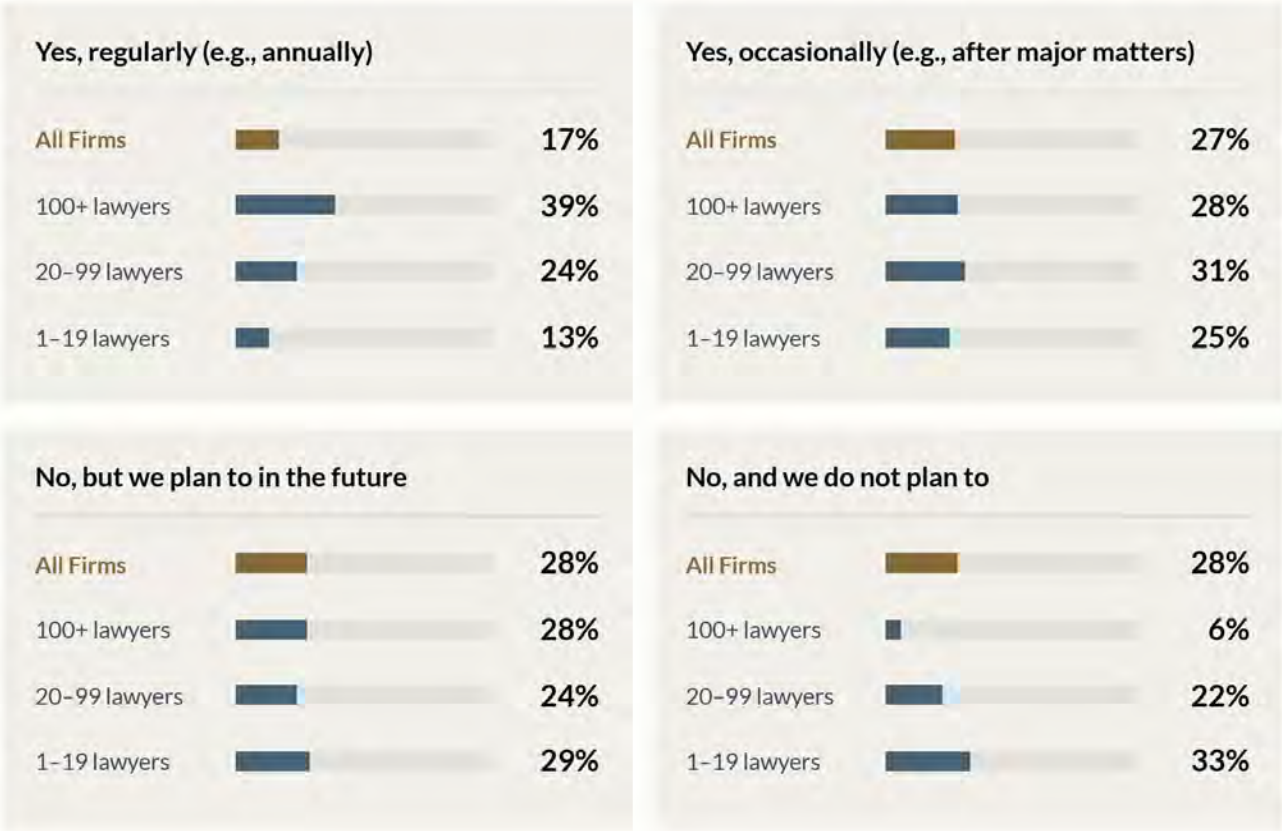
Loyal clients, little feedback.

For 57% of Canadian firms, more than half of last year's new work came from returning clients or client referrals. At firms with 100+ lawyers, every respondent said so.

Yet formal feedback is far from universal. Just 17% of firms survey clients regularly and 27% do so occasionally. Another 28% plan to start, while 28% have no plans.

A third of small firms and solos do not survey their clients and do not plan to.

Does your firm conduct formal client feedback or satisfaction surveys?



How much new work in the past year came from returning clients or client referrals?

	All Firms	100+ lawyers	20-99 lawyers	1-19 lawyers
More than 75%	29%	45%	25%	30%
50%-75%	28%	55%	30%	25%
25%-50%	32%	0%	33%	34%
Less than 25%	11%	0%	12%	11%



SECTION 05 • ARTIFICIAL INTELLIGENCE

Testing the Tech.

80%

OF 100+ LAWYER FIRMS NOW PILOT AI TOOLS

In 12 months, indecision has given way to action: Canada's large and midsize firms are now piloting and implementing generative AI.

Indecision gives way to action.

A year ago, 36% of Canada’s large firms (100+ lawyers) and 60% of midsize firms (20–99 lawyers) said they were pondering whether they should adopt generative AI tools or had no plans to adopt the technology in the near future.

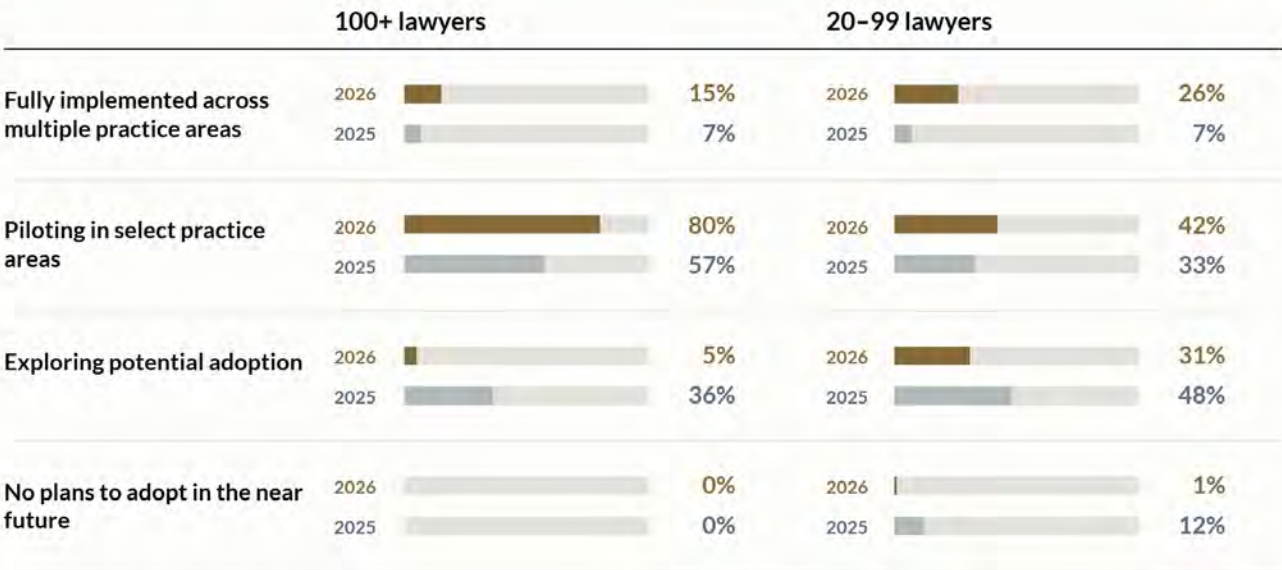
Just 12 months later, the indecision and resistance have essentially disappeared. In our 2026 survey, the share of firms simply exploring potential adoption has declined to 5% for large firms and 31% for midsize firms. Zero percent of large firms and only 1% of firms in the midsize tier now say they have no interest at present in adopting AI.

Conversely, the share of law firms testing or fully implementing artificial intelligence tools has surged. Large firms piloting AI tools in select practice areas shot up 23 percentage points to 80%. And the share of 100+ lawyer firms that have proceeded to full implementation across multiple practices has more than doubled, from 7% to 15%.

At midsize firms, pilot programs jumped from 33% to 42%, and the percentage fully implementing AI has skyrocketed from 7% to 26%.



What is the current level of Generative AI adoption at large and midsize firms?



Research leads the way.

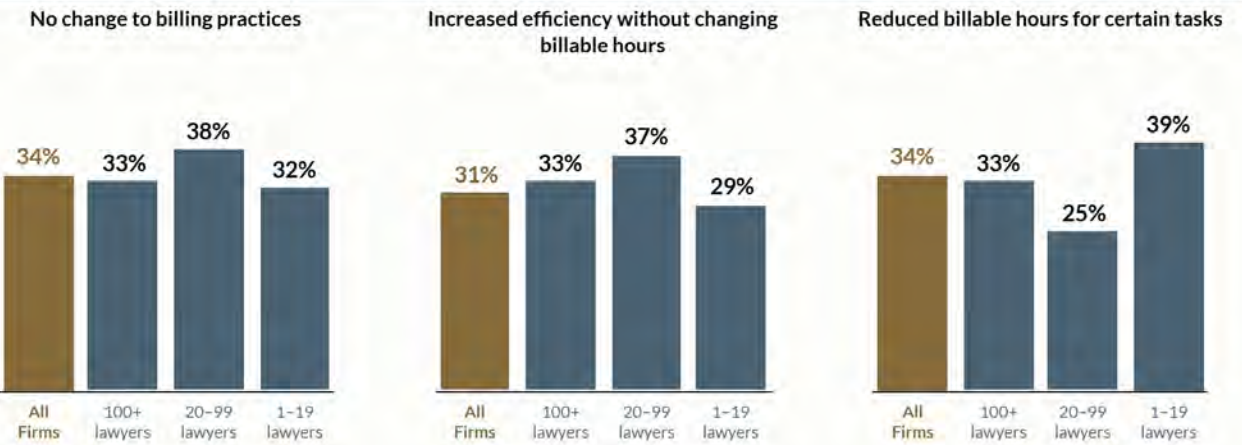
As more firms pilot and implement AI tools, the way they are using them has shifted year over year. In our last survey, 63% of firms were using artificial intelligence to conduct legal research. This year, 79% are doing so. The percentage of firms using AI to draft contracts and other legal documents has also increased, from 49% to 55%.

On the other hand, fewer firms said they are deploying AI to help develop marketing content, enhance knowledge management, or automate routine correspondence. This may reflect the fact that most Canadian firms using AI are doing so in a limited fashion, piloting tools in select practices rather than rolling them out firmwide.

How Firms Are Using Generative AI



What impact has generative AI had on your billing practices?



A third of firms say generative AI has reduced billable hours for certain tasks.

AI becomes part of the pitch.

Among firms that said they are deploying artificial intelligence, a greater share are not only telling clients about their AI use but making it a part of their pitch to clients.

- *AI as part of the client pitch.* The percentage of firms that are making AI a part of their value proposition surged to 37% overall, up 28% since last year. The increase was powered by double-digit gains at opposite ends of the size spectrum: Small firms were up 41% while large firms rose 14%. Firms in the middle held steady.

- *Non-disclosure declines.* Overall, 16% of firms said they do not inform clients about AI usage, a drop of 27% year over year. The biggest declines were at large and midsize firms. In 2025, about one in five large firms said they kept AI use confidential. This year, no large firms said they did. The share of midsize firms declining to disclose fell by one-third.
- *Only when clients ask.* The largest share of firms—47%—disclose AI use only when clients inquire. That percentage declined 2% in 2026, thanks to the increase in firms talking about AI as part of their value proposition.

Does your firm tell your clients about AI usage?

Yes, when clients inquire



Yes, as part of our value proposition



No, we do not disclose this information to clients



Firms move to manage the risks.

For the last three years, a global database maintained by French lawyer and data scientist Damien Charlotin has been tracking legal decisions in court cases where generative AI has produced hallucinated content, most often in the form of fake case citations.

During the first three quarters of 2026, Canadian judges issued 27 decisions identifying AI-generated fabrications or misrepresentations in court filings, the database shows. Lawyers in a number of those cases have been warned, sanctioned, or referred to their provincial law society because of the errors.

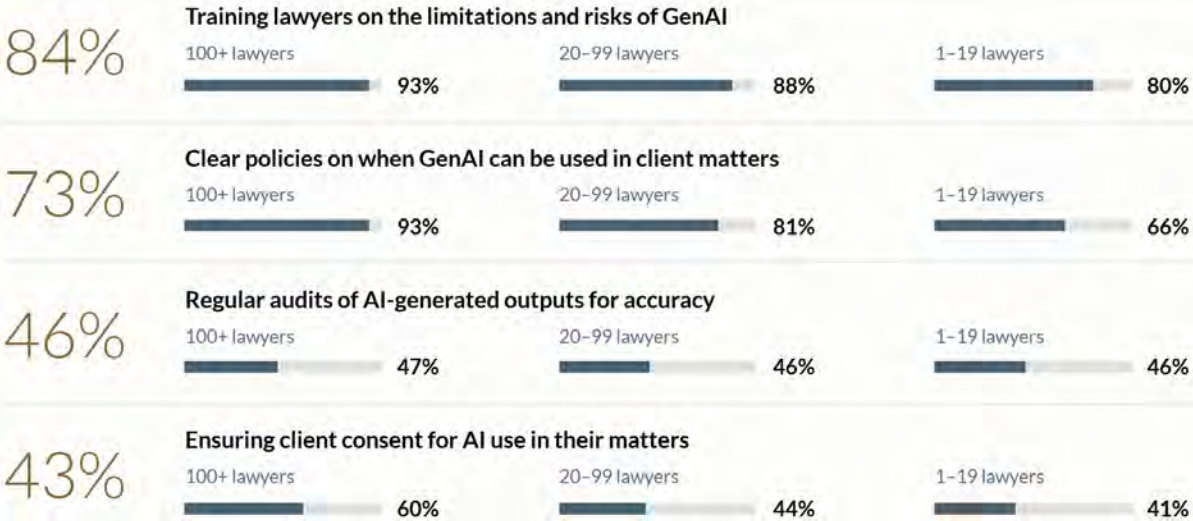
Law firms have noticed. Across the board, the share of firms taking measures to

ensure ethical AI use has grown by triple digits. For instance, the percentage of firms training their lawyers on the limitations and risks of artificial intelligence is up 250%, rising from 24% of firms to 84% and encompassing nine out of 10 firms with 20+ lawyers and eight in 10 firms with fewer than 20 lawyers.

Last year, just 23% of firms had a clear policy on when generative AI could be used in client matters. Now, 73% of firms have implemented a policy. Double the number of firms are now conducting regular audits of AI-generated content, and the share of firms ensuring they have client consent for AI use in their matters has climbed from 6% to 43%.

What measures does your firm take to ensure ethical use of Generative AI?

ALL FIRMS



Methods, Spending, and ROI.

46%

OF FIRMS CAN MEASURE MARKETING ROI

Word of mouth still rules, but fewer than half of Canadian firms have the tools to measure whether their marketing pays off.

Word of mouth rules.

Strong word of mouth is the best method for promoting their businesses, according to the law firms taking our survey. Ninety-seven percent of small firms and solos (1-19 lawyers), 95% of large firms (100+ lawyers), and 96% of midsize firms (20-99 lawyers) said they were relying on word-of-mouth marketing. Word of mouth also ranked first on the list of most-effective marketing methods, the survey found.

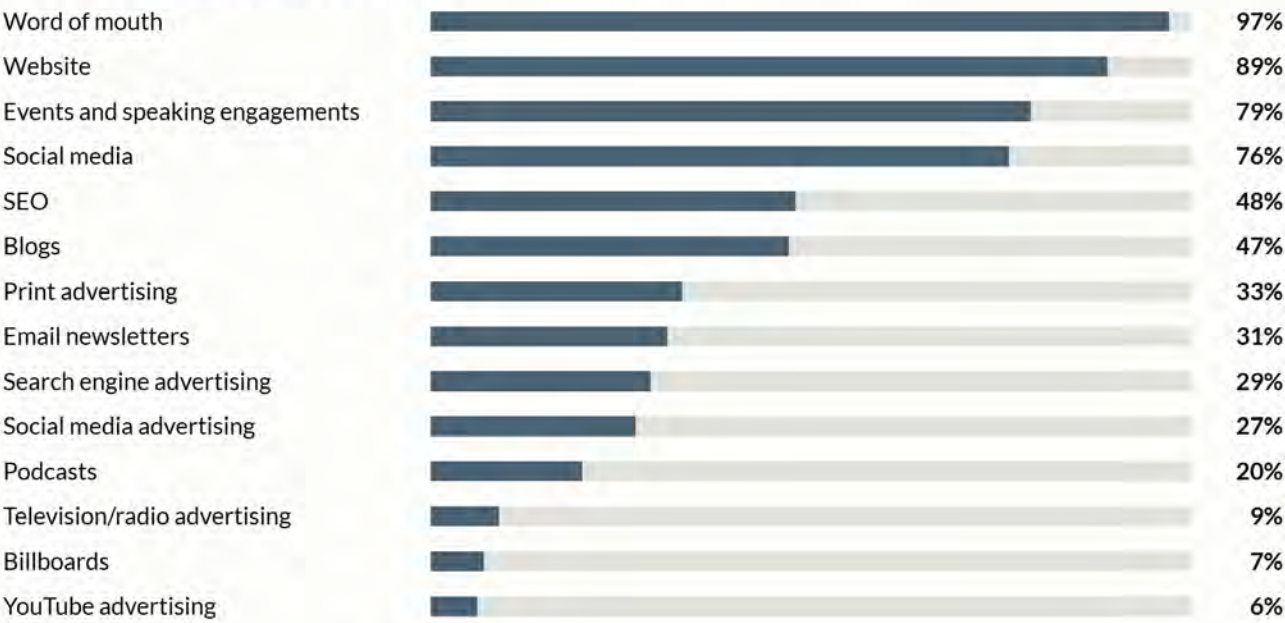
Despite its ubiquity, word-of-mouth marketing ranked slightly behind three other marketing channels: firm websites, events and speaking engagements, and

social media (particularly LinkedIn) at the largest law firms. In all three cases, 100% of large firms said they were relying on those three methods to reach current and prospective clients.

Websites, events and speaking engagements, and social media are also being used by more than 90% of firms in the 20-99-lawyer size tier. Events and speaking engagements and social media were cited by firms of all sizes as among the most effective ways they have of attracting new clients after word of mouth/referrals.

Most-Used Marketing Methods at Canadian Firms

% OF ALL FIRMS USING EACH METHOD



Top Five Marketing Methods by Firm Size



What works.



Marketing spend by client profile



Spending without measuring.

Whatever form it takes, marketing is a critical expense for law firms of all sizes. But many firms, especially small and midsize players, have not yet taken the steps they need to ensure their marketing efforts are providing an adequate return on investment (ROI).

Our survey finds that less than half of Canadian firms—46%—have the systems and technology in place to measure marketing ROI. While that figure rose modestly from 2025 (up from 41%), it still represents a potential squandering of resources across the Canadian law firm market and potentially places tens of millions of dollars of marketing spend at risk.

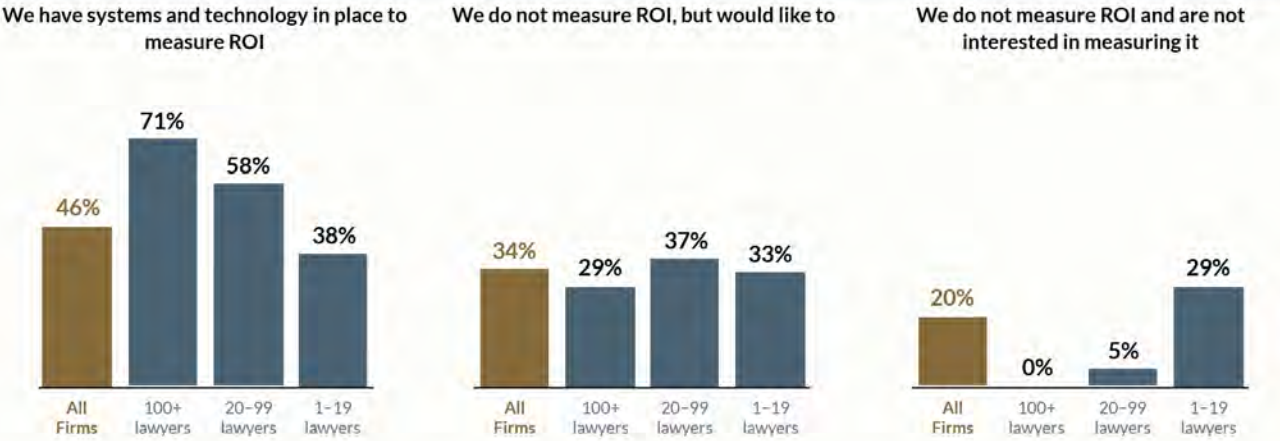
Large firms are the most likely to have the tools to measure ROI. And 71% said they

do so. The number drops to 58% for midsize firms and 38% for small and solo firms.

Smaller and midsize firms usually have less money to spend on marketing and must marshal their resources to ensure dollars are spent efficiently and effectively. However, 65% of firms with fewer than 100 lawyers do not have a documented marketing and business development strategy.

Some 35% of those firms said they are either working on a plan or recognize the need for one. But a full 30% of small and midsize firms said they did not have a business development or marketing plan and did not anticipate having one anytime soon.

How do you measure the ROI of your marketing efforts?



Do Small and Midsize Firms Have a Marketing Plan?

We asked firms with fewer than 100 lawyers if they had a documented marketing and business development strategy.



Short of the Goal.

7 hours

PRO BONO PER LAWYER AT 100+ LAWYER FIRMS

The Canadian Bar Association's Pro Bono Committee suggests 50 hours a year. Large and midsize firms are falling well short.

Large firms fall short.

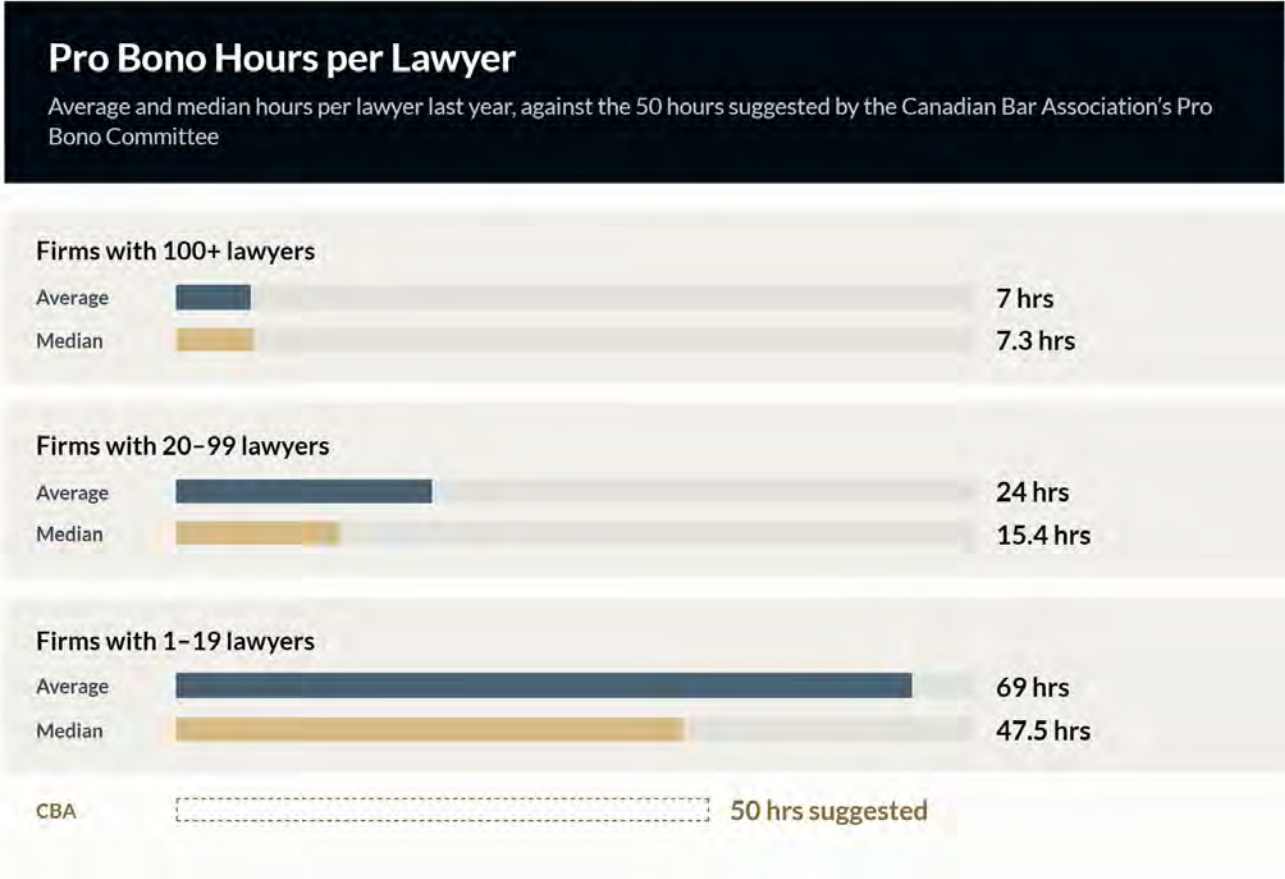
Regulators and professional associations encourage Canadian lawyers to voluntarily extend pro bono legal services to people who may not be able to afford a lawyer. The Canadian Bar Association's Pro Bono Committee suggests lawyers contribute 50 hours or 3% of their annual billings to pro bono work.

Large and midsize law firms are struggling to reach that goal, the survey found:

- Firms with 100+ lawyers averaged seven hours of pro bono work per lawyer last

year. The median large firm performed 7.3 hours per lawyer.

- Firms with 20–99 lawyers notched 24 hours per lawyer, thanks to strong performance by a clutch of firms with outsized pro bono efforts compared to their peers. The median was 15.4 hours, suggesting the typical midsize firm is devoting far less time to pro bono work.
- At 69 hours, firms with 1–19 lawyers were the only ones to exceed the CBA's recommendation. Their median was 47.5 hours.



Few formal programs.

One of the problems at large and midsize firms may be the lack of pro bono infrastructure. Some 71% of firms have no formal pro bono program. Only a quarter have a program run by a committee, and just 16% employ a pro bono coordinator. Incentives are also spotty. While the majority of firms allow partners to participate in pro bono work, only half of big firms and a little more than a third of midsize firms are able to pick their own pro bono matters. Sixty-one percent do not offer billable-hour credits for time spent on pro bono work.



NO CREDIT, LESS TIME
61% of firms do not offer billable-hour credits for time spent on pro bono work.

Domestic and Cross-Border Markets.

80%

OF FIRMS OPERATE EXCLUSIVELY IN CANADA

Most Canadian firms work exclusively at home, but the largest firms are far more likely to mix domestic and foreign work.

WHERE FIRMS OPERATE

Rooted at home, reaching abroad.

Eight in 10 Canadian firms operate exclusively in Canada, and another 11% work primarily at home. Only 9% mix domestic and foreign work, but among firms with 100+ lawyers, that share rises to 37%.

Among firms with international practices, nearly all (98%) work elsewhere in North America. Europe follows at 59%, then Asia-Pacific (37%), Latin America (27%), the Middle East (17%), and Africa (13%).

Office Locations in Canada

By firm size

100+ lawyers		20-99 lawyers		1-19 lawyers	
5	Average No. of Offices in Canada	2	Average No. of Offices in Canada	1	Average No. of Offices in Canada
SHARE OF FIRMS WITH...		SHARE OF FIRMS WITH...		SHARE OF FIRMS WITH...	
1 office	14%	1 office	55%	1 office	85%
2 offices	14%	2 offices	18%	2 offices	10%
3-4 offices	21%	3-4 offices	16%	3-4 offices	3%
5+ offices	50%	5+ offices	11%	5+ offices	2%

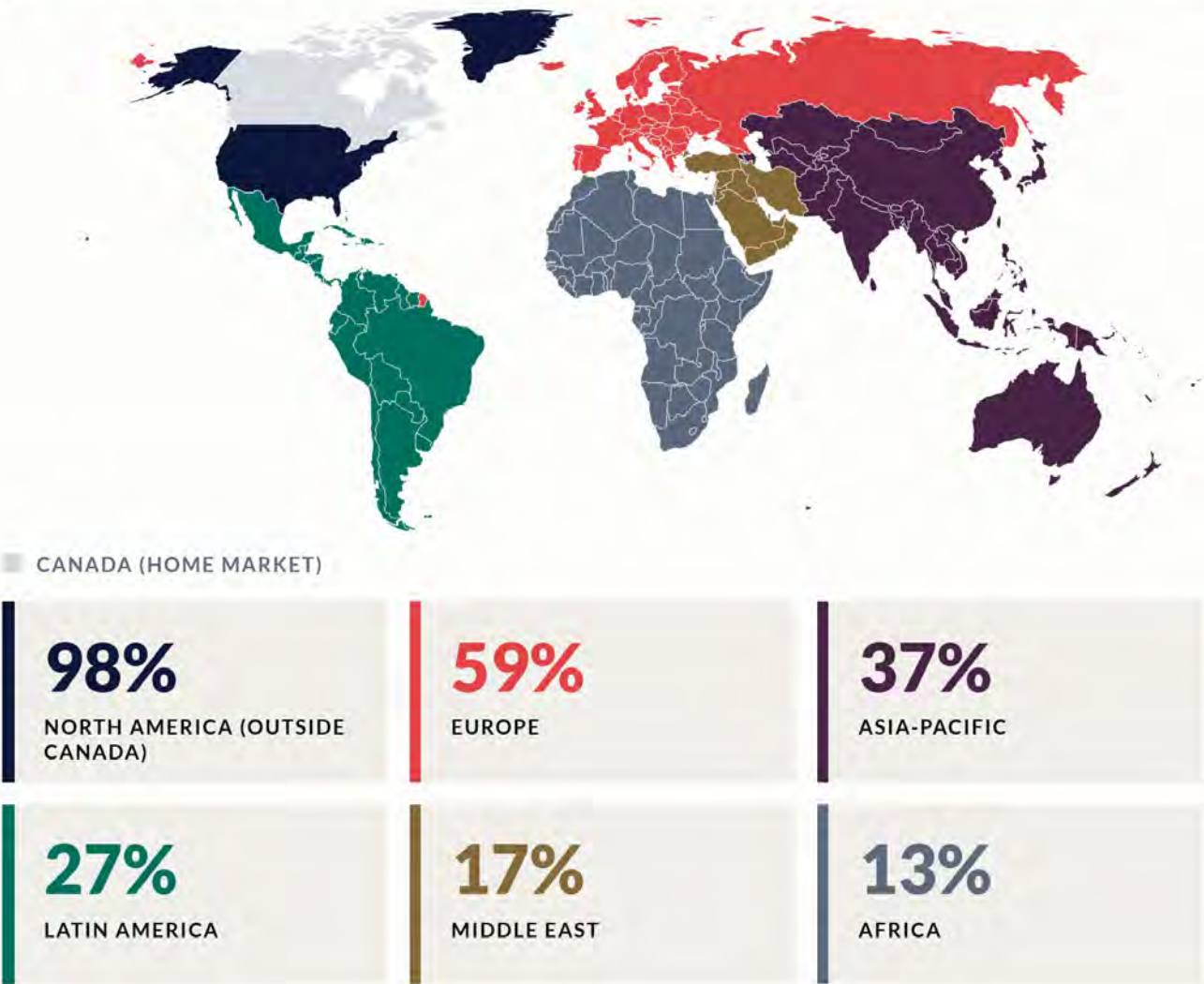
Where Do Firms Operate?

	All firms	100+ lawyers	20-99 lawyers	1-19 lawyers
Exclusively in Canada	80%	33%	74%	87%
Primarily in Canada	11%	30%	15%	8%
Mixture of domestic and foreign work	9%	37%	11%	5%

Respondents: 357 firms (27 with 100+ lawyers, 92 with 20-99, 238 with 1-19).

Cross-Border Players

The share of firms with international practices that operate in each global location





SECTION 09 • CONCLUSION

A Critical Year.

73%

OF FIRMS NOW HAVE A CLEAR GEN AI POLICY

AI has moved from debate to deployment at Canada's large and midsize firms. Billing models have yet to follow.

CONCLUSION

From testing to everyday practice.

In our survey last year, most Canadian law firms were merely pondering whether they should take steps to deploy generative artificial intelligence in their practices. This year's Best Law Firms survey shows that the bulk of large and midsize firms have made their choice: They are now testing and fully implementing AI tools.

What hasn't happened—at least not yet—is a substantial change in the financial arrangements between firms and clients. While most firms offer alternative fees, the options are almost all designed around the billable hour. And the kind of outcome-based

billing methods a number of in-house leaders have publicly advocated for are, at present, practically non-existent.

Still, a third of firms said AI is having an impact on their billable hours for certain tasks—though it's unclear from the survey results whether that has meant lowered client bills. And many firms are beginning to use their AI prowess as a selling tool. Another clue that firms have jumped on the AI train is their ethics policies. In the space of a year, the number of firms with a clear policy on when AI can be used in client matters has jumped 50 percentage points.

Revenue increased last year thanks, in part, to the rush of clients looking to weather the fallout from the Trump administration's trade policies. That should help firms searching for income to fund their transition to artificial intelligence. On the other hand, revenue per lawyer fell at the largest firms in the survey, suggesting that increasing income alone will not be enough to guarantee efficiency. Firms will need to show that their tech investments are translating into greater productivity, and, in turn, being converted into value that clients can see.

THE QUESTION AHEAD

The coming year will be a critical one. Canadian firms must navigate ongoing political and economic uncertainty while moving AI tools from the testing phase into everyday practice. Meanwhile, they will need to grapple with a critical question: If AI is changing the way firms work, how long before clients expect them to alter their billing models as well?



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