Pricing & commercial models under AI pressure

What I've built for law firms deciding which work to reprice for AI, and how to defend the price of the rest

General briefing · Alt-V Law

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In short. 34% of firms have updated pricing for AI; the other 66% are discovering it through margin leakage. 90% of legal spend is still hourly; 84% of firms offer AFAs but only 23% of revenue is priced under one. The Toby Brown model (with Bruce MacEwen and Janet Stanton; Bloomberg Law, 16 May 2024): on the timesheets of ten large US firms, 5% fewer partner hours and 20% fewer non-partner hours produce a 13% fall in revenue and about a 7% cut in margin. I've built a four-category AI-impact matter segmentation, a ten-model commercial taxonomy, three live tools (Pricing Engine · Panel Bid Economics · Panel Bid Builder), a seven-dimension pricing-maturity assessment, and an 8–12 week engagement with 12 named templates.

The frame

Not every matter type bends the same way. The four-category AI-impact segmentation: **AI-high** (document review, due diligence, discovery - 30–60% hour reduction, move to fixed / capped / outcome-based) · **AI-medium** (contract review, drafting, research - 10–25% reduction, hybrid structures) · **AI-low** (complex litigation, M&A, regulatory - <10% reduction, hourly holds) · **AI-hostile** (bet-the-company, trial advocacy - value-based or premium hourly).

Underneath the matter-type pricing sits the firm's capability to run pricing at all. Seven-dimension pricing-maturity assessment: pricing capability · commercial models used · data & analytics · governance · partner behaviour · client dialogue · AI-and-pricing readiness. Nascent → Optimised. The directional rule: a firm cannot run model-driven pricing from a Nascent data posture.

The four-point client script

When a client asks "why aren't you passing on the AI savings?":

1. **Acknowledge the shift.** AI has moved specific matter types; the firm has measured it.
2. **Name which categories.** AI-high moved; AI-low has not and will not.
3. **Name what has been priced in.** Fixed fees, capped structures, efficiency-sharing clauses already in place.
4. **Name the trade-off.** Full pass-through transfers measurement cost, governance cost and pilot risk to the client. Shared-savings keeps the firm investing.

The script reframes the conversation from "give us a discount" to "how do we share the gains while keeping the capability investment going."

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The three tools

Pricing Engine. Per-matter-type diagnostic. Seven-dimension diagnostic; tiered price-band; recommended commercial model; four-point client script. **Panel Bid Economics.** 3-year P&L simulator on a panel renewal across three AI substitution scenarios; margin bridge; break-even. **Panel Bid Builder.** 7-dimension position-strength assessment against a specific panel brief; gap register; win-themes. **Fee Performance Analytics** is a separate product: it reads a firm's own time and billing history and shows what each fee arrangement has earned and what AI does to it. Two demonstrations on fictional firms are open on the Pricing page.

How the engagement runs

8–12 weeks, 6 phases, 12 templates. Scoping (weeks 1–2) · Diagnostic (2–4) · Workshops (4–7) · Business case (6–9) · Board (8–10) · Implementation (10–12+). Lighter shapes: 3–4 week Boutique Health Check; 4–6 week Single-practice-group review; 12–16 week Comprehensive Review.

Pairings and sample

Partner Pay: K-shape firms cannot fix pay without fixing pricing first (re-slicing a shrinking pool). **Operations / LOMM**: matter-level economics is Pricing's data layer; a firm at LOMM Level 2 cannot run model-driven pricing. **M&A**: rate-card harmonisation after a merger is a direct Pricing Engine use case.

Thorne Marsden LLP: invented UK mid-tier (180 FE, £35m, 2025 AI pilot complete, Q1 2027 panel renewal approaching, firm is challenger). Sample pack carries all three tool outputs plus a seven-dimension Pricing Maturity Assessment.

What is the next matter type at your firm that is quietly being discounted on an unexamined assumption about AI - and how would you know?

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