

The impact of AI on the legal profession: traditional versus AI-native law firms

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Contents

1. Introduction	1
2. What is actually happening	2
3. The AI-native law firm as a category	4
4. Seven cases	5
5. Traditional and AI-native compared	9
6. A third way: the full-stack AI-native boutique	10
7. Conclusion	11

1. Introduction

Let me start with three facts from the last three weeks.

- Last week, commuters in the New York subway saw an obituary. It read: *"In memoriam. The billable hour, 1913 to 2026."* It was paid for by a law firm, Crosby, backed by Sequoia.⁽¹⁾
- On 2 October, Wim Dejonghe, the man who ran Allen & Overy and took it into the merger with Shearman, became investor and non-executive co-founder of a Belgian AI-native law firm called Falcon. His words: *"The traditional legal sector is due its neo-bank moment."*⁽²⁾
- And on 26 September, the New York Times put the clients' question in a headline: *"As AI makes law firms more efficient, clients ask: where's my discount?"*⁽³⁾

What I want to share is what I have learned so far, in three claims.

First: AI adoption is no longer the dividing line. Everyone has it.

Second: the real divide is the business model, and who engineers the service. That is what the AI-native firms in the United States and the United Kingdom have changed, mostly with venture capital and a separate corps of so-called legal engineers.

⁽¹⁾ G. Penny, "Off Topic: AI is the next threat to the future of law", *Washington Square News*, 8 October 2026, <https://nyunews.com/opinion/off-topic/2026/10/08/crosby-law-artificial-intelligence-agents/> (on Crosby's "In Memoriam: The Billable Hour, 1913–2026" advertisement on New York City subway cars). On Sequoia's backing of Crosby: Sequoia Capital, "Partnering with Crosby: A Law Firm at the Speed of AI", 17 June 2025, <https://sequoiacap.com/article/partnering-with-crosby-a-law-firm-at-the-speed-of-ai/>.

⁽²⁾ Artificial Lawyer, "Wim Dejonghe, Ex-A&O Boss, Backs Falcon + AL Interview", 2 October 2026, <https://www.artificiallawyer.com/2026/10/02/wim-dejonghe-ex-ao-boss-backs-falcon-al-interview/>; Falcon, "Falcon AI raises EUR 1.5 million to bury the billable hour and power Europe's first AI-native law firm", press release, Ghent, 1 October 2026, <https://www.falcon.law/news/falcon-raises-1-5m-pre-seed.html>.

⁽³⁾ *The New York Times*, DealBook, "As A.I. Makes Law Firms More Efficient, Clients Ask: Where's My Discount?", 26 September 2026, <https://www.nytimes.com/2026/09/26/business/dealbook/ai-law-discount-billable-hour.html>.



Third: there is a third way, and it fits this room. Not an AI-native firm with a corps of engineers, but what I would call a **full-stack boutique**: the lawyer is the whole stack, they are the legal engineers of themselves.

2. What is actually happening

First, what is actually happening, in a few numbers, each with its date; this market moves by the week.

Adoption is complete. Thomson Reuters, in June: 74% of professionals use AI several times a week.⁽⁴⁾ LexisNexis, in the UK, in September: 94% of legal professionals use AI for legal work.⁽⁵⁾ Harvey raised \$550 million last month at a valuation of \$15.5 billion and says it serves 80% of the Am Law 100, the hundred largest American firms.⁽⁶⁾ Its European rival, Legora, founded in Stockholm in 2023, raised \$600 million this spring at a valuation of \$5.6 billion, and Bloomberg reported last month that it is already in talks to raise again at \$8.5 billion.⁽⁷⁾ The business model has not moved. Some 90% of US legal spend is still billed by the hour. Hourly rates rose 7.3% last year.⁽⁸⁾ Almost two-thirds of law-firm professionals say their pricing is unchanged, whatever clients are asking.⁽⁹⁾

And clients have noticed. Am Law 200 revenue grew 12.4% in the first half of this year, and Wells Fargo reports that clients are scrutinising bills more closely and paying more slowly.⁽¹⁰⁾ Morgan Stanley, Citi and Goldman Sachs are pressing their firms for AI-related fee cuts. Citi

⁽⁴⁾ Thomson Reuters Institute, *2026 Future of Professionals Report*, 22 June 2026, <https://www.thomsonreuters.com/en/institute/reports/future-of-professionals-2026> (survey of 1,816 professionals in 62 countries, March–April 2026: 74% use AI several times a week).

⁽⁵⁾ LexisNexis, "Lawyer preference for AI grounded in legal sources rises to 81%", press release, London, 2 September 2026, <https://www.lexisnexis.com/community/pressroom/b/news/posts/lawyer-preference-for-ai-grounded-in-legal-sources-rises-to-81> (survey of 543 legal professionals: 94% use AI for legal work, 74% at least once a week).

⁽⁶⁾ Harvey, "Harvey Raises \$550M at a \$15.5B Valuation to Help Legal Teams Own Their Intelligence", 9 September 2026, <https://www.harvey.ai/blog/harvey-raises-dollar550m-at-a-dollar155b-valuation-to-help-legal-teams-own-their-intelligence> (the Am Law 100 figure is Harvey's own claim).

⁽⁷⁾ C. Lawrence, "Legora extends Series D to \$600M with backing from Atlassian and N Ventures, reaching \$5.6B valuation", *Tech.eu*, 30 April 2026, <https://tech.eu/2026/04/30/legora-extends-series-d-to-600m-with-backing-from-atlassian-and-nventures-reaching-56b-valuation/>; Bloomberg, "Legora in Talks to Raise Funds at a Roughly \$8.5 Billion Value", 22 September 2026, <https://www.bloomberg.com/news/articles/2026-09-22/legora-in-talks-to-raise-funds-at-a-roughly-8-5-billion-value> (at least \$300 million sought at a pre-money valuation of about \$8.5 billion).

⁽⁸⁾ Thomson Reuters Institute and Georgetown Law Center on Ethics and the Legal Profession, *2026 Report on the State of the US Legal Market: Peak prosperity and the fault lines below*, 7 January 2026, <https://www.thomsonreuters.com/en/institute/reports/state-of-the-us-legal-market-2026> ("90% of legal dollars still flow through hourly billing arrangements"; "worked rates shattered records with 7.3% growth").

⁽⁹⁾ Thomson Reuters Institute, *Future of Professionals Report 2026: Actionable insights for law firm leaders*, 21 July 2026, <https://www.thomsonreuters.com/en/institute/reports/future-of-professionals-law-firms-paper-2026> ("almost two-thirds say their firm's pricing structure remains unchanged" despite client demand for pricing that reflects AI-driven efficiencies).

⁽¹⁰⁾ A. Robert, "BigLaw firms perform well across the board but see challenges with collections, new Wells Fargo data shows", *ABA Journal*, 25 August 2026, <https://www.abajournal.com/news/article/biglaw-firms-perform-well-across-the-board-but-see-challenges-with-collections-wells-fargo-data-shows> (Wells Fargo Legal Specialty Group survey of more than 140 Am Law 200 firms).

rewrote its bidding process to ask firms how much AI saves them.⁽¹¹⁾ The general counsel of Morgan Stanley was quoted in September: *"Their compensation model is now extraordinarily unstable."*⁽¹²⁾

Meanwhile the pyramid is cracking from below.

First-year hiring at the largest US firms fell 7.5% in 2025, the first decline since 2011.⁽¹³⁾ And in the first half of this year, 46 Am Law 200 lawyers left for AI companies; 15 of them now carry the title *"legal engineer"*.⁽¹⁴⁾

So what has Big Law done?

It has bought AI and bolted it on. Harvey firm-wide at A&O Shearman, 4,000 lawyers, and at Latham.⁽¹⁵⁾ Legora firm-wide at Linklaters, nearly 3,000 lawyers.⁽¹⁶⁾ Freshfields chose neither: in April it signed a multi-year deal with Anthropic to put Claude in front of 5,700 people across 33 offices and to co-build its own agentic workflows with the model maker directly.⁽¹⁷⁾ Kirkland

⁽¹¹⁾ R. Strom, "Big Law AI Cost Savings Remain a Mystery as Billable Hours Jump", *Bloomberg Law*, 3 September 2026, <https://news.bloomberglaw.com/business-and-practice/big-law-ai-cost-savings-remain-a-mystery-as-billable-hours-jump>; D. Austin, "Wall Street Banks Challenge the Billable Hour Model: Artificial Intelligence Trends", *eDiscovery Today*, 9 September 2026, <https://ediscoverytoday.com/2026/09/09/wall-street-banks-challenge-the-billable-hour-model-artificial-intelligence-trends/> (relaying the report by C. Newton and A. Dumont, *Project Counsel Media*, on Citi's amended bidding process and on the requests of Morgan Stanley and Goldman Sachs).

⁽¹²⁾ E. Grossman, General Counsel of Morgan Stanley, quoted in D. Austin, "Wall Street Banks Challenge the Billable Hour Model", cit.

⁽¹³⁾ R. Strom, "Big Law First-Year Hiring Set to Plunge as History, AI Collide", *Bloomberg Law*, 10 September 2026, <https://news.bloomberglaw.com/business-and-practice/big-law-first-year-hiring-set-to-plunge-as-history-ai-collide> (NALP data: firms with more than 500 lawyers hired 6,588 new graduates in 2025, 7.5% fewer than in 2024).

⁽¹⁴⁾ B. Thomson, "Harvey Comes Calling As BigLaw Associates Trade the Billable Hour for 'Legal Engineer'", *LawFuel*, 3 October 2026, <https://www.lawfuel.com/ai-companies-poach-biglaw-talent-h1-2026-lateral-report/>, reporting Firm Prospects, *H1 2026 Lateral Market Report*, 24 September 2026 (46 Am Law 200 lawyers moved to AI companies in the first half of 2026, 22 of them to Harvey; 15 took "legal engineer" roles).

⁽¹⁵⁾ Allen & Overy, "A&O announces exclusive launch partnership with Harvey", 15 February 2023, <https://www.aoshearman.com/en/news/ao-announces-exclusive-launch-partnership-with-harvey> (more than 3,500 lawyers across 43 offices at launch; the combined A&O Shearman, formed in May 2024, has about 4,000 lawyers); Artificial Lawyer, "Latham & Watkins Picks Harvey For Firmwide Deployment", 11 August 2025, <https://www.artificiallawyer.com/2025/08/11/latham-watkins-picks-harvey-for-firmwide-deployment/>.

⁽¹⁶⁾ Linklaters, "Linklaters announces firmwide roll-out of Legora's Generative AI platform", 22 September 2025, <https://www.linklaters.com/en/about-us/news-and-deals/news/2025/september/linklaters-announces-firmwide-roll-out-of-legora>; Artificial Lawyer, "Linklaters Rolls Out Legora In Key Customer Win", 22 September 2025, <https://www.artificiallawyer.com/2025/09/22/linklaters-rolls-out-legora-in-key-customer-win/> (just under 3,000 lawyers across 30 offices).

⁽¹⁷⁾ Freshfields, "Freshfields and Anthropic Team Up to Co-Build AI Legal Workflows, Deploying Claude Across the Firm Globally", press release, 23 April 2026; C. Hill, "Freshfields and Anthropic enter multi-year collaboration agreement", *Legal IT Insider*, 23 April 2026, <https://legaltechnology.com/freshfields-and-anthropic-enter-multi-year-collaboration-agreement/> (multi-year agreement; Claude made available to 5,700 people across 33 offices; co-development programme for agentic workflows).

committed \$500 million to AI.⁽¹⁸⁾ A&O Shearman now resells its Harvey-built agents to clients by subscription.⁽¹⁹⁾ All of it on top of the hour.

Jordan Furlong said it two years ago: "*Law firms don't make money by being efficient.*"⁽²⁰⁾ Traditional firms have added AI to the hour. The hour is the problem.

3. The AI-native law firm as a category

So what is an AI-native law firm?

The best definition I know comes from Jen Berrent of Covenant: "*We started on the basis that AI exists. And if that's the case, how would you build a law firm today?*"⁽²¹⁾

It is a category now.

The AI Firm Index listed 23 such firms when it launched in March. Forty in April. Seventy as of last week: 38 in the US, 11 in the UK, three in Australia, and the first in Germany, Belgium, the Netherlands and Italy. Most of them have one thing in common: a price list published on their website.⁽²²⁾

Looking at them together, a few common traits seem to emerge, which I set out below.

- a) They sell a price, not time. A fee per document, a monthly plan, micro-fees of a few pounds, or a fee tied to the outcome. The price list is public, and the clock becomes the firm's problem, not the client's.
- b) They usually do one thing. Debt recovery, sales contracts, fund documents, commercial contracts for small companies. Each firm picks one narrow, repeatable kind of work, builds the engine for that, and only then widens. None of them launched as a full-service firm, save for a single exception to which I will come.
- c) Two entities, one firm. Because non-lawyer ownership is barred almost everywhere, you get a technology company next to a regulated law firm, bound by a services agreement: the technology company builds the engine and raises the capital; the law firm signs the advice

⁽¹⁸⁾ E. Killelea and R. Strom, "Kirkland & Ellis Investing \$500 Million to Build AI Platform", *Bloomberg Law*, 28 May 2026, <https://news.bloomberglaw.com/bloomberg-government-news/kirkland-ellis-investing-500-million-to-build-ai-platform>; Id., "Kirkland's \$500 Million AI Gambit Requires a Cast of Hundreds", *Bloomberg Law*, 15 June 2026, <https://news.bloomberglaw.com/legal-ethics/kirklands-500-million-ai-gambit-requires-a-cast-of-hundreds>.

⁽¹⁹⁾ A&O Shearman, "A&O Shearman and Harvey to roll out agentic AI agents targeting complex legal workflows", 6 April 2025, <https://www.aoshearman.com/en/news/ao-shearman-and-harvey-to-roll-out-agentic-ai-agents-targeting-complex-legal-workflows>; Nonbillable, "A&O unveils AI agents for hire", 7 April 2025, <https://www.nonbillable.co.uk/news/a-o-shearman-ai-agents-harvey> (agents sold to clients and to other law firms on a subscription or usage basis, with a revenue share for the firm).

⁽²⁰⁾ J. Furlong, "Metamorphosis", *Substack*, 1 February 2024, <https://jordanfurlong.substack.com/p/metamorphosis-ai-and-the-law-firm>.

⁽²¹⁾ J. Berrent, co-founder and CEO of Covenant, quoted in Artificial Lawyer, "Why NewMod, Not AI-First?", 8 September 2026, <https://www.artificiallawyer.com/2026/09/08/why-newmod-not-ai-first/>.

⁽²²⁾ The AI Firm Index, <https://aifirmindex.com/>, consulted 10 October 2026 (70 firms: 38 in the United States, 11 in the United Kingdom, 3 in Australia, 2 in Germany, 2 in Belgium, 1 in the Netherlands, 1 in Italy); C. Hill, "AI-native law firm index hits 40 listings", *Legal IT Insider*, 24 April 2026, <https://legaltechnology.com/ai-native-law-firm-index-hits-40-listings/> (Matt Pollins, founder of the index: "When I launched it, it had 23 firms and it's up to 40 now"; "Most have a price list published online"); Artificial Lawyer, "AI-Native Law Firm Directory Launches", 30 March 2026, <https://www.artificiallawyer.com/2026/03/30/ai-native-law-firm-directory-launches/>.

and carries the liability. In England, the alternative business structure licence does the same job inside a single entity.⁽²³⁾

- d) Leverage is technology, not associates. The pyramid is gone: a handful of lawyers, or partners only, and beside them a second profession, the legal engineers, who build and maintain the workflows. The first draft comes from the machine; the lawyer reviews it and signs.
- e) Speed is the product, and it is promised. Fifty-eight minutes, 24 hours, two business days: the turnaround is published as a service level, and the work arrives through Slack or Teams rather than an engagement letter.⁽²⁴⁾ The service level replaces the rankings.
- f) Venture capital, with exceptions. Most of them are funded by investors who expect software margins: tens or hundreds of millions of dollars for the larger ones. The exceptions matter: one firm took angel money only, and one is owned by its partners with no outside capital at all.⁽²⁵⁾

4. Seven cases

Let me give you seven faces of this.

Garfield: the regulated robot. London. In May 2025 it was authorised in England as the first purely AI-based law firm.⁽²⁶⁾ Its founders are a former London litigator and a physicist. It does one thing: small-claims debt recovery up to £10,000. £2 for a reminder letter. £7.50 for a pre-action letter. £50 for a claim form. Fifteen people. Angel investors only.⁽²⁷⁾ In May this year it won its first trial: £7,000 recovered in a London county court. The AI did the pre-trial work; a human barrister argued the hearing.⁽²⁸⁾ The regulator's conditions are instructive: no case law proposed by the AI,

⁽²³⁾ Legal Services Act 2007, Part 5 (sections 71–111), on licensed bodies, commonly called alternative business structures; Garfield is authorised under this regime by the Solicitors Regulation Authority (note 27 below). On the two-entity structures of Norm Law, Crosby and Falcon, see the case notes below.

⁽²⁴⁾ Crosby: median turnaround of 58 minutes, intake through Slack (note 36 below); Covenant: two business days (note 40 below); Falcon: lawyer sign-off within 24 hours, through Slack or Teams (note 46 below).

⁽²⁵⁾ Norm Ai has raised more than \$260 million: R. Ambrogi, "Norm Ai Hits Unicorn Status with \$120M Series C at \$1.2 Billion Valuation", *LawSites*, 7 July 2026, <https://www.lawnext.com/2026/07/norm-ai-hits-unicorn-status-with-120m-series-c-at-1-2-billion-valuation.html>; Crosby about \$85.8 million over three rounds: Crosby, "Series B and Planting Our Flag", 31 March 2026, <https://crosby.ai/blog/series-b-planting-our-flag>; LegalTech.ca, "AI Law Firm Crosby Raises \$60M Series B", 1 April 2026, <https://legaltech.ca/2026/04/01/ai-law-firm-crosby-raises-60m-series-b/>. The two exceptions are Garfield (angel investors only) and Pierson Ferdinand (owned by its partners): notes 28 and 42 below.

⁽²⁶⁾ Solicitors Regulation Authority, "SRA approves first AI-driven law firm", 6 May 2025, <https://www.sra.org.uk/garfield-ai> (Garfield.Law Ltd authorised as "the first purely AI-based firm" to provide regulated legal services in England and Wales).

⁽²⁷⁾ Garfield.law, <https://www.garfield.law/>, consulted 10 October 2026 (claims up to £10,000; £2 for a chaser letter, £7.50 for a letter before action); N. Rose, "Exclusive: SRA authorises first AI-only law firm", *Legal Futures*, 6 May 2025, <https://www.legalfutures.co.uk/latest-news/exclusive-sra-authorises-first-ai-only-law-firm> (founders Philip Young, a commercial litigator who co-founded the City disputes boutique Cooke, Young & Keidan, and Daniel Long, a quantum physicist; £2 and £7.50 fees); LawFuel, "SRA Approves UK's First AI-Only Law Firm", 6 May 2025, <https://www.lawfuel.com/sra-approves-uks-first-ai-only-law-firm/> (£50 to file a claim in the small claims court); Nonbillable, "Inside Garfield AI: the City lawyer behind the first AI law firm", 20 May 2025, <https://www.nonbillable.co.uk/posts/philip-young-interview> (about 15 people in total; venture capital deliberately avoided); Legal Tech Collective, "Building a Regulated AI Law Firm: The Garfield Story", 30 June 2026, <https://www.legaltechcollective.com/post/building-a-regulated-ai-law-firm-the-garfield-story> (funded by angel investors; no venture capital sought).

⁽²⁸⁾ Legal Cheek, "AI law firm wins court case in UK first", 22 June 2026, <https://www.legalcheek.com/2026/06/ai-law-firm-wins-court-case-in-uk-first/> (trial in May 2026 at

client approval at each step, named solicitors accountable.⁽²⁹⁾ Access to justice at the price of a coffee, inside the rules.

Norm Law: Big Law rebuilt with a second profession. New York. Launched last November with \$50 million from Blackstone; its technology partner, Norm Ai, is now valued at \$1.2 billion.⁽³⁰⁾ The law firm is owned by its lawyers and operates under a services agreement with the technology company. Its chairman comes from Sidley; its partners from Kirkland, Latham and Cooley. Outcome-based and fixed fees only.⁽³¹⁾ And look at its people page as of 10 October: 23 partners, three counsel, 22 associates, and 41 legal engineers.⁽³²⁾ Almost as many engineers as lawyers. The process: the AI does the first pass, the lawyer supervises, the system learns.⁽³³⁾

Crosby: the contract desk with a stopwatch. New York. Founded in 2024 by Ryan Daniels, a former Cooley lawyer, and John Sarihan, an engineer who came from Ramp. It came out of stealth in June 2025 with a \$5.8 million seed round led by Sequoia, and raised a \$60 million Series B this March, led by Lux and Index, for more than \$85 million in total. Even Cooley, the firm Daniels left, put money in.⁽³⁴⁾ It does one kind of work: sales contracts, NDAs, MSAs and data processing agreements for fast-growing technology companies such as Ramp, Cursor and Cognition. The client submits in Slack; the firm's promise is "*redlines before lunch*". Median turnaround: 58

Wandsworth County Court; £7,000 recovered; the barrister Dominic Li of One Essex Court instructed for the hearing).

⁽²⁹⁾ Solicitors Regulation Authority, "SRA approves first AI-driven law firm", cit. (the system cannot propose case law, acts only once the client has approved each step, and the regulated solicitors remain accountable for all outputs).

⁽³⁰⁾ R. Ambrogio, "Norm Ai Raises \$50 Million from Blackstone, Launches AI-Native Law Firm", *LawSites*, 26 November 2025, <https://www.lawnext.com/2025/11/norm-ai-raises-50-million-from-blackstone-launches-ai-native-law-firm.html>; R. Ambrogio, "Norm Ai Hits Unicorn Status...", *LawSites*, 7 July 2026, cit.

⁽³¹⁾ Norm Law, <https://www.normlaw.com/> (home, People and Disclaimers pages), consulted 10 October 2026 (Norm Law LLP is owned by its lawyers and "operates in coordination with" Nomos AI, Inc. under a services agreement; the partners' previous firms are given on the People page); E. Ochsner, "Former Sidley Leader Embraces 'Future,' Joining AI Law Firm", *Bloomberg Law*, 22 January 2026, <https://news.bloomberglaw.com/litigation/former-sidley-leader-embraces-future-joining-ai-law-firm> (Mike Schmidtberger, chair of Sidley Austin's executive committee from 2018 to 2025, joins as chairman; pricing based on outcomes and value); R. Strom and E. Killelea, "Norm Ai Builds Backing From Clients Big Law Can't Afford to Lose", *Bloomberg Law*, 24 August 2026, <https://news.bloomberglaw.com/esg/norm-ai-builds-backing-from-clients-big-law-cant-afford-to-lose> (Schmidtberger: the firm charges only on a fixed-fee basis).

⁽³²⁾ Norm Law, People, <https://www.normlaw.com/people/>, consulted 10 October 2026 and again on 16 October 2026 (23 partners, 3 counsel, 22 associates, 41 legal engineers).

⁽³³⁾ Norm Law, home page, cit. (AI agents complete the first-pass work; attorneys supervise, refine, advise and negotiate; AI "built into its foundation, rather than as a co-pilot afterthought").

⁽³⁴⁾ J. Bort, "Sequoia-backed Crosby launches a new kind of AI-powered law firm", *TechCrunch*, 17 June 2025, <https://techcrunch.com/2025/06/17/sequoia-backed-crosby-launches-a-new-kind-of-ai-powered-law-firm> (\$5.8 million seed round led by Sequoia; Daniels began his career at Cooley, Sarihan was an early Ramp employee); A. Konrad, "Crosby, 'AI Law Firm' Working With Startups Like Cursor, Raises \$20 Million", *Upstarts Media*, 8 October 2025, <https://www.upstartsmidia.com/p/crosby-ai-law-firm-raises-20-million> (Series A co-led by Index Ventures and Bain Capital Ventures, with the participation of Cooley); Crosby, "Series B and Planting Our Flag", cit.; Lux Capital, "We're Backing Crosby to End the Billable Hour for Lawyers", 31 March 2026, <https://www.luxcapital.com/news/were-backing-crosby-to-end-the-billable-hour-for-lawyers>; R. Shrivastava, "Why This AI Law Firm Is Ditching The Billable Hour", *Forbes*, 31 March 2026, <https://www.forbes.com/sites/rashishrivastava/2026/03/31/why-this-ai-law-firm-is-ditching-the-billable-hour/> (Series B of \$60 million co-led by Index and Lux; the company was founded in September 2024).

minutes.⁽³⁵⁾ A fixed price per document, professional indemnity insurance like any registered law firm, and the firm, not the client, carries the liability for the output. Thirteen thousand contracts reviewed and revenue up fourfold since October last year. Engineers sit next to about 30 lawyers.⁽³⁶⁾

Covenant: the six-lawyer firm for institutional investors. New York. Founded by Jen Berrent, formerly a partner at WilmerHale and then chief legal officer and chief operating officer of WeWork, and Richard Perris, former general counsel of CVC. \$4 million of seed money from Flybridge in the summer of 2025: the smallest cheque of the lot.⁽³⁷⁾ Six lawyers. One client base: endowments, foundations, funds of funds and sovereign wealth funds, around 45 of them, with more than \$200 billion under management.⁽³⁸⁾ One product first: the review of a limited partnership agreement, \$900 a document, back within two business days, roughly 90% below the traditional price. The document goes out to several models at once; a lawyer verifies the result before it leaves. Then NDA mark-ups, manager due diligence, and a portfolio database that compares terms across funds. Berrent's own words: "*The technology is our leverage.*"⁽³⁹⁾

Pierson Ferdinand: Big Law without the pyramid. New York, and nowhere: fully remote, no offices. Launched in January 2024 with more than 130 partners, most of them from FisherBroyles: the largest law-firm launch in American history.⁽⁴⁰⁾ Three hundred partners as of the end of

⁽³⁵⁾ A. Konrad, *Upstarts Media*, cit. (customers submit their contracts through Slack; median review time of 58 minutes); on the clients, R. Shrivastava, *Forbes*, cit. (Cursor and Cognition) and Lux Capital, cit. (Ramp). The firm's own promise is a review "in under an hour": Crosby, <https://crosby.ai/>, consulted 10 October 2026.

⁽³⁶⁾ R. Shrivastava, *Forbes*, cit. (fixed price of \$250 to \$1,000 per contract; 13,000 contracts reviewed; revenue up about 400% since October 2025; about 30 lawyers; as a registered law firm, Crosby is liable for each contract); Crosby, <https://crosby.ai/>, cit. ("Fixed rates by the document"; the firm "carries full malpractice insurance").

⁽³⁷⁾ Artificial Lawyer, "Covenant: The Hybrid AI Law Firm", 11 September 2025, <https://www.artificiallawyer.com/2025/09/11/covenant-the-hybrid-ai-law-firm/>; Covenant, "Covenant Raises \$4M Seed to Accelerate AI Legal Innovation for Private Markets", PR Newswire, July 2025, <https://www.prnewswire.com/news-releases/covenant-raises-4m-seed-to-accelerate-ai-legal-innovation-for-private-markets-302505113.html>; on the founders, AlleyWatch, "Covenant Raises \$4M Build First AI Law Firm for Private Market Investors", interview with Jen Berrent, July 2025, <https://www.alleywatch.com/2025/07/covenant-ai-powered-legal-services-law-firm-private-market-legal-tech-jen-berrent/>.

⁽³⁸⁾ AlleyWatch, cit. (endowments, foundations, sovereign wealth funds and funds of funds, collectively managing over \$200 billion in assets); J. Middleton, "The WeWork Lawyer Who's Coming for Big Law", 28 July 2025, <https://www.jessemiddleton.com/p/the-wework-lawyer-who-s-coming-for-big-law> (48 signed clients as of 30 June 2025, including endowments, foundations, pension plans and sovereign wealth funds).

⁽³⁹⁾ Artificial Lawyer, "Covenant: The Hybrid AI Law Firm", cit. (six lawyers; \$900 fixed fee for a basic LPA review, about 90% below traditional pricing; documents sent to multiple models, with the lawyers verifying the output; "The technology is our leverage"); AlleyWatch, cit. (LPA review returned within two business days); Covenant, "Covenant, the AI Law Firm for Private Markets, Launches Product to Transform How Venture Deals are Executed", PR Newswire, 16 December 2025, <https://www.prnewswire.com/news-releases/covenant-the-ai-law-firm-for-private-markets-launches-product-to-transform-how-venture-deals-are-executed-302643594.html> (portfolio database and comparison of terms across funds).

⁽⁴⁰⁾ Pierson Ferdinand, "Pierson Ferdinand LLP Debuts With One of the Largest Law Firm Launches in US History", *Business Wire*, 2 January 2024, <https://www.businesswire.com/news/home/20240102972314/en/Pierson-Ferdinand-LLP-Debuts-With-One-of-the-Largest-Law-Firm-Launches-in-US-History> (over 130 partners; distributed model); V. Basham, "Former FisherBroyles practice leaders take 130 lawyers for new spin-off firm", *Global Legal Post*,

September, across more than 90 practice areas, in the United States and London. No venture capital, and nine-figure revenue.⁽⁴¹⁾ No associates in the United States, and I quote: "*no junior training, by design*".⁽⁴²⁾ In place of juniors, Harvey and other tools produce the first draft; the partner does the rest. Partners keep a far larger share of what they bill, under a formula they can check in an internal app, and the founders say most of them earn two or three times what they earned before. Nearly half the firm's revenue comes from partners working on each other's matters.⁽⁴³⁾ Why it matters for this room: it is the one AI-native firm made entirely of senior lawyers, each responsible for their own work. It is the closest model to yours. But the engine is still someone else's.

Falcon: Big Law's own defector. Brussels, with London, Paris and Amsterdam. Launched two weeks ago, on 1 October, with €1.5 million of pre-seed money. Founded by three technology entrepreneurs and a former Freshfields lawyer, with Wim Dejonghe as investor and non-executive co-founder.⁽⁴⁴⁾ Commercial contracts for small and medium-sized companies, through Slack or Teams, with a lawyer signing off within 24 hours. €1,000 a month for six tasks; €3,000 for 20; €5,000 for 40.⁽⁴⁵⁾ Their manifesto says: "*The billable hour pays for slow.*" And: "*Banks didn't build Revolut. Law firms won't build Falcon.*"⁽⁴⁶⁾ Dejonghe's own words are the ones to remember. The tension between efficiency and revenue, he said, "*is very difficult to solve from inside a billable-hour model*". And: "*That's why I had to be involved.*"⁽⁴⁷⁾ Think about it: that firm was Harvey's first Big Law client in 2023,⁽⁴⁸⁾ and its former leader now says the fix cannot come from inside.

2 January 2024, <https://www.globallegalpost.com/news/fisherbroyles-practice-leaders-take-130-lawyers-for-new-spin-off-firm-1640428387>.

⁽⁴¹⁾ Artificial Lawyer, "'Zero Associates' Firm Pierson Ferdinand Hits 300 Partners", 30 September 2026, <https://www.artificiallawyer.com/2026/09/30/zero-associates-firm-pierson-ferdinand-hits-300-partners/>; Pierson Ferdinand, <https://pierferd.com/>, consulted 10 October 2026 ("Pierson Ferdinand Surpasses 300 Partners"; "90+" practice areas; "25+" global markets); O. Attinger, "Meet the US firm expanding in London with partner pay Big Law can't match", *Nonbillable*, 9 December 2025, <https://www.nonbillable.co.uk/news/us-firm-expanding-london-partner-pay-big-law-cant-match> (fully remote, no offices; nine-figure revenue within the first 18 months; no outside capital).

⁽⁴²⁾ Harvey, "Pierson Ferdinand", customer story, <https://www.harvey.ai/customers/pierson-ferdinand>, consulted 10 October 2026 ("a partner-only firm, with no associates and no junior training, by design"; Harvey described as the firm's "associate bench").

⁽⁴³⁾ O. Attinger, *Nonbillable*, cit. (formula-based compensation, visible to every partner in an internal app updated every two hours; the founders' claim that partners joining from other large firms earn two to three times their previous pay; nearly half of revenue from internal work-sharing).

⁽⁴⁴⁾ Falcon, "Falcon AI raises EUR 1.5 million...", press release, cit. (pre-seed round led by Syndicate One; founders Quinten Vandermeulen, David Nguyen and Amaury Gérard, who previously built Mbrella, and Rémy Bonnaffé, a former Freshfields lawyer and sole partner of Falcon Law BV; Falcon AI BV develops the platform); Artificial Lawyer, "Wim Dejonghe, Ex-A&O Boss, Backs Falcon + AL Interview", cit. (Dejonghe as investor and non-executive co-founder).

⁽⁴⁵⁾ Falcon, home page and Pricing, <https://www.falcon.law/> and <https://www.falcon.law/pricing.html>, consulted 10 October 2026 (intake through Slack or Teams; lawyer sign-off within 24 hours; monthly plans of €1,000, €3,000 and €5,000); N. Huber, "Ex-A&O senior partner Wim Dejonghe launches AI-native law firm", *Global Legal Post*, 2 October 2026, <https://www.globallegalpost.com/news/ex-ao-senior-partner-wim-dejonghe-launches-ai-native-law-firm-1497006706>.

⁽⁴⁶⁾ Falcon, Manifesto, <https://www.falcon.law/manifesto.html>, consulted 10 October 2026.

⁽⁴⁷⁾ W. Dejonghe, quoted in Artificial Lawyer, "Wim Dejonghe, Ex-A&O Boss, Backs Falcon + AL Interview", cit.

⁽⁴⁸⁾ Allen & Overy, "A&O announces exclusive launch partnership with Harvey", 15 February 2023, cit. (Dejonghe, then Senior Partner: "We are proud to be the first law firm to partner with Harvey AI").

And Dejonghe is not alone. Artificial Lawyer reported that Leon Johnson, a partner at Goodwin in San Francisco, formerly of Kirkland, has left to become managing partner of the US arm of **Omnilex**, an AI-native firm born in Zurich as a software company that turned itself into a law firm, because, in its own words, *"selling software only gets you so far"*. A hundred legal teams as clients, Bayer and Swatch among them, on fixed fees. Johnson's words: *"The client doesn't really want billable hours. The client wants to buy outcomes."*⁽⁴⁹⁾

Moritz: the overflow desk for in-house teams. San Francisco, backed by Y Combinator, \$9 million in May. Its pitch: *"Our AI does 80% of the work, so you pay our elite attorneys for the final 20%."* \$750 per commercial contract. No retainer, no hourly. It claims over 200 in-house legal teams as clients.⁽⁵⁰⁾

5. Traditional and AI-native compared

Put the two models side by side and three things stand out.

First, the dividing line is the hour. A traditional firm that becomes efficient earns less. An AI-native firm that becomes efficient earns more. Same tools; opposite economics.

Second, the pyramid becomes an engine. Big Law is cutting its first-year classes while keeping the hour. The AI-native firms never built a pyramid. And I should be honest: neither model has solved where the next generation of partners will come from. Pierson Ferdinand says it has *"no junior training, by design"*.⁽⁵¹⁾

Third, supervision is the real battleground. Norm keeps a qualified lawyer on every output. Crosby wants insured autonomy.⁽⁵²⁾ The tools are the same. What differs is who is responsible for the output, and how that person can know it is right.

And underneath all three sits the real point.

The competitive edge of the AI-native firms is not the language model they use: it is the same one you can license tomorrow. The edge is that they built the whole firm as one integrated system, in which AI is not a layer laid on top of the practice but the connective tissue running through it: intake, pricing, drafting, checking, delivery. A traditional firm adds a tool to a process designed for the hour. An AI-native firm designs the process around the tool. Same model; different organism.

One aside, and I will go no further than this. None of the structures behind those firms travels to continental Europe. Across most of Europe, outside capital in a law firm is either barred outright or tightly capped: ownership and control must stay with the lawyers, and in the few jurisdictions that let non-lawyers in at all, they are confined to a minority stake with no say over professional

⁽⁴⁹⁾ Artificial Lawyer, "Goodwin Partner Launches US AI-Native Law Firm Arm", 14 October 2026, <https://www.artificiallawyer.com/?p=42269>, with the Artificial Lawyer TV interview of Leon Johnson by Richard Tromans (Omnilex, founded in Zurich as a legal technology platform; about 100 legal teams as clients, including Bayer, Randstad, Deloitte, Swatch and BDO; the quotations are taken from the interview transcript published with the article).

⁽⁵⁰⁾ Moritz, <https://www.moritzlegal.com/> (home, About and Pricing pages), consulted 10 October 2026 ("Our AI does 80% of the work, so you pay our elite attorneys for the final 20%"; commercial contracts from \$750; "No retainer. No hourly billing"; "Trusted by 200+ in-house legal and operations teams"); Global Legal Post, "AI-native law firm start-up Moritz secures \$9m in seed funding round", 8 May 2026, <https://www.globallegalpost.com/news/ai-native-law-firm-start-up-moritz-secures-9m-in-seed-funding-round-533457054>.

⁽⁵¹⁾ Harvey, "Pierson Ferdinand", customer story, cit.

⁽⁵²⁾ Norm Law, home page, cit.; E. Ochsner, "AI Agent Insurance Points to Future of Law Without Lawyers", *Bloomberg Law*, 3 August 2026, <https://news.bloomberglaw.com/legal-ops-and-tech/ai-agent-insurance-points-to-future-of-law-without-lawyers> (Crosby plans to buy professional liability cover for its AI agents so that they can perform "autonomous legal work").

decisions. England and Wales, with its alternative business structures, is the exception, not the rule. So the venture-funded, two-entity model is, for most of us in this room, simply not available.⁽⁵³⁾

6. A third way: the full-stack AI-native boutique

Look again at the firms I described.

Every one of them split the work into two professions: lawyers and legal engineers. Norm Law has 41 engineers alongside 48 lawyers. Crosby seats engineers next to its 30 lawyers. Moritz's engine is a separate company; so is Falcon's.⁽⁵⁴⁾ In every case the lawyer supervises an engine that someone else designed.

My thesis is that a different model could remove the split. In a full-stack AI-native boutique, each lawyer designs, runs and audits the agents of their own practice. No second profession on the payroll. No translation layer between the person who understands the law and the person who builds the workflow.

Three reasons why this could work.

- a) Supervision by design. You can only truly supervise what you designed: the playbook, the fallback positions, the tests, the check that stops a fabricated citation. The duty to inform the client stops being a burden and becomes a selling point: *"the first draft came from a workflow I built, and here is how I checked it."*
- b) Economics without venture capital. The cost of an AI-native boutique is senior time plus tokens. As Crosby's founder says, *"everything else collapses to the cost of a token."*⁽⁵⁵⁾ No engineering corps to pay, no investor to repay. And many of the old overheads simply disappear: a boutique no longer buys paper, toner or stationery, because everything is a PDF. And a basic AI literacy, together with what is now called vibe coding, gives every single lawyer a kind of superpower: the ancillary tasks that a firm once had to outsource can now be handled in-house, by describing in plain language what is needed and letting the model do the rest. Take the firm's own website: a lawyer can build it, and keep it up to date. Ownership stays with the lawyers, as our rules require.⁽⁵⁶⁾ And fixed fees – or, better still, a blend of time and the value of the result delivered to the client – become sustainable, because the boutique keeps the efficiency it creates instead of giving it away by the hour.
- c) Craft and the next generation. The apprenticeship moves from drafting to designing, and from copying to curating. A junior who assembles the context for a complex matter, and then builds and audits the workflow that uses it, learns the law faster than one who drafts the same clause a hundred times. And let me be clear: in this model the young lawyers are not optional,

⁽⁵³⁾ England and Wales: Legal Services Act 2007, Part 5, cit. Continental Europe: Court of Justice of the European Union, Grand Chamber, 19 December 2024, C-295/23, *Halmer Rechtsanwaltsgesellschaft*, upholding the German prohibition on purely financial investors in law firms (§ 59i BRAO) as justified by the independence of the lawyer. Italy: art. 4-bis of Law no. 247 of 31 December 2012 (lawyers must hold at least two-thirds of the capital and voting rights and form the majority of the management body), confirmed by Law no. 137 of 28 July 2026 delegating the reform of the legal profession and left standing by the Constitutional Court, judgment no. 138 of 21 July 2026.

⁽⁵⁴⁾ Norm Law, People, cit. (41 legal engineers beside 23 partners, 3 counsel and 22 associates); R. Shrivastava, *Forbes*, cit. (about 30 lawyers at Crosby); Moritz operates as a hybrid law firm under the management services organisation Parlai: Global Legal Post, "AI-native law firm start-up Moritz...", cit.; Falcon Law BV and Falcon AI BV: Falcon, "Falcon AI raises EUR 1.5 million...", press release, cit.

⁽⁵⁵⁾ R. Daniels, co-founder and CEO of Crosby, quoted in L. Hoffman, "AI is the business-model shock law firms need", *Semafor*, 14 July 2026, <https://www.semafor.com/article/07/14/2026/ai-is-the-business-model-shock-law-firms-need>.

⁽⁵⁶⁾ On the ownership rules for law firms in Italy and in continental Europe, see note 54 above.

they are essential. Moreover, the reliability of everything the model produces depends on what it is fed. An output is only as trustworthy as the documents behind it: the file of the single matter, the case law, the scholarship, the legislation, selected, verified and packaged so that the model works from them and from nothing else. That is how you get answers that are grounded and free of hallucinations: not by trusting the model, but by giving it no room to invent. Building and maintaining that documentary base, matter by matter, is the juniors' work, under the direction of the firm's lawyers. It is the foundation of the engine, and it is where the next generation learns the law from the inside.

Why now?

Because the tooling has arrived on the lawyer's desk: no-code agent builders, workflow tools inside the main legal platforms, connectors to your own documents. Richard Susskind predicted the "*legal knowledge engineer*" as a new job.⁽⁵⁷⁾ The boutique's answer is different: not a new job, but the lawyer's new form.

What does it look like?

Size, first of all, is irrelevant: the model works for a sole practitioner as well as for a firm of any size.

What matters is that each lawyer builds what they sign. Each partner has their own know-how, their own domain expertise and their own agents: intake, playbook, first draft, checks. And each is the legal engineer of their own practice: they design the pipeline, they run it, they audit it, and they sign what comes out of it. Around them, a corps of young lawyers whose job is not to draft the same clause a hundred times, but to feed the engine: to assemble, matter by matter, the context the model needs, the documents, the precedents, the facts, the client's positions, and to check what comes back. And no paper, anywhere: every file, every exhibit, every signature is digital, and the firm's memory lives in a shared, auditable library of workflows and context, which is its real asset.

And what does it work on? Not only the serial, repeatable file that the firms I described built their engines for. The boutique takes the high-profile matter: the acquisition, the restructuring, the regulatory investigation, the shareholder dispute. Here is the point the AI-native category has largely missed: these systems do not only work on volume. Fed with the right context, they work remarkably well on complex questions, the long document, the unusual structure, the argument that has to hold. What they need is a lawyer who knows which context to give them and how to test the answer. That is exactly what a senior specialist, with a team that prepares the ground, can provide.

Strip away the vocabulary, and the full-stack AI-native boutique is simply the traditional firm you already run, rebuilt on AI: the same lawyers, the same responsibility, the same name at the bottom of the page. What changes is the engine underneath, and who builds it.

So the right comparison is not between this model and Big Law. It is between the independent firm with the engine and the one without. The model takes nothing away from you. It adds what you never had: efficiency, and a model that lets you keep it instead of giving it away by the hour.

7. Conclusion

Everyone in this room already uses AI.

Big Law bolted AI onto the hour, and its clients are asking where the discount is.⁽⁵⁸⁾ Venture capital built firms around AI and hired a second profession to run them.

⁽⁵⁷⁾ R. Susskind, *The End of Lawyers? Rethinking the Nature of Legal Services*, Oxford University Press, 2008, and *Tomorrow's Lawyers: An Introduction to Your Future*, Oxford University Press, 2013 (3rd ed. 2023), where the "legal knowledge engineer" is listed among the new jobs for lawyers.

⁽⁵⁸⁾ See note 3 above.

Independent lawyers have a third option: become the legal engineers of yourselves. Let me be precise about what that does not mean. It does not mean building the machine. Nobody in this room is going to train a model or write a neural network, and nobody needs to: the models already exist, the best of them can be licensed tomorrow, and the tools to direct them are on the market and within reach of any practice.

What it means is more modest and more demanding at once: knowing those systems well enough to make them work for you. Configuring the agents. Building the workflow. Writing the playbook the machine follows, and designing the checks that catch it when it is wrong. The engine is bought off the shelf. What cannot be bought is the lawyer who knows how to assemble it around their own practice, and who is prepared to sign what comes out.

For all these reasons, the technological education of the lawyer in matters of AI is no longer optional: it is fundamental. It becomes an inseparable part of our continuing professional development, and of our new professional path.

We will be asked whether we still need lawyers. My answer is: the client needs a lawyer who understands the machine that wrote the first draft – not because they built the model, but because they built the workflow around it, and they know where it fails.

Thank you ■