



Alternative Legal Services Providers 2025

Strong growth amid signs of a bifurcating market

Executive summary

Within the rapidly growing and evolving ecosystem of alternative legal services providers (ALSPs), this emergent segment of service vendors finds itself in both partnership and competition with traditional law firms. Already, well more than half (57%) of corporate law departments rely on ALSPs for a range of services, from flexible resourcing to eDiscovery and litigation support. Additionally, ALSPs have become integral players in the work done by traditional law firms — whether or not the client is aware of their contribution, and whether or not the law firm has its own affiliate ALSP (also referred to as a *captive*).¹

Indeed, law firms with their own affiliates seem to understand the value proposition of ALSPs exceedingly well: 62% of firms with their own affiliate ALSPs use independent ALSPs as well, compared to just 23% of firms without such an affiliate.

This most recent iteration of the Thomson Reuters Institute's biennial *Alternative Legal Service Providers Report* also finds a division within the market. On one side are law departments and law firms that are actively using ALSPs to find the best way to complete their work. Those that are using ALSPs are building a deep bank of experience with these providers and — based on their anticipated future spending levels — an elevated comfort level in working with them. Among law departments that have panels and use ALSPs, 45% include at least one law firm-affiliated ALSP on their panel, and 25% include an independent ALSP.

ALSPs have become integral players in the work done by traditional law firms.

The other side of the market has yet to experiment with alternative delivery models and shows little inclination to do so. The split between these two attitudes suggests an emerging bifurcation in the market, as more forward-looking firms and law departments continue to expand their use of ALSPs while others remain committed to a more traditional way of doing business. There are warning signs for these traditionalist law firms, as forward-looking corporate law departments predict that their spending with these firms will diminish.

For corporate law departments, ALSPs mostly serve as an efficient and cost-effective avenue for high-volume work. In that regard, they may be considered a substitute solution for work that has previously been the purview of traditional law firms. Corporate law departments are also tapping ALSPs for expertise that most traditional law firms have never offered, such as consulting on legal operations and tech-enabled delivery.

As in so many industries, the emergence of generative AI (GenAI) adds an element of unpredictability to an already complicated ecosystem. In the short term, 35% of law firm and 40% of corporate law department respondents surveyed for this report said they believe that ALSPs that are leaders in GenAI are more attractive, allowing those providers to better streamline processes, cut costs, and create competitive advantage. The longer-term picture is less clear, with one-quarter of law firm respondents and one-fifth of corporate law departments expecting that their own expertise with GenAI will reduce their need for ALSPs.

¹ Where we have traditionally used the term *captive* to refer to a law firm subsidiary ALSP, in this report we instead use the term *affiliate* to recognize the diverse structures and spectrum of integration with a traditional law firm that such an ALSP may have.

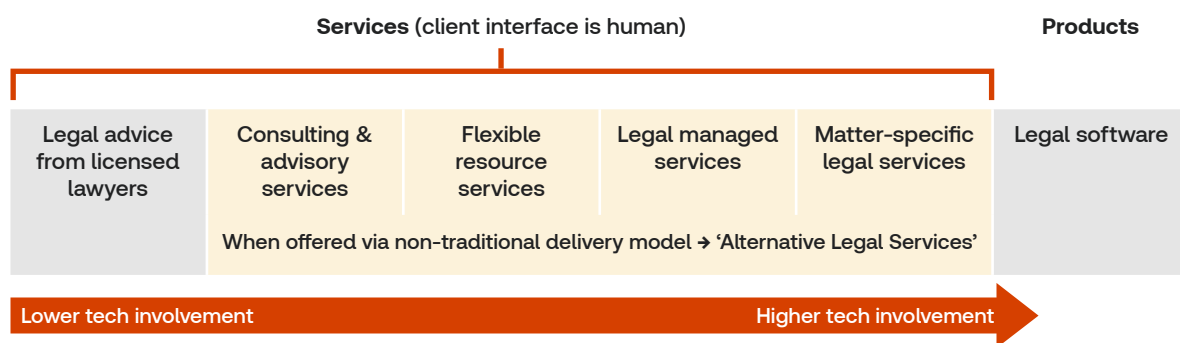
This year's survey indicates continued robust growth in the market for ALSPs. Among the key findings:

- The ALSP industry is thriving, with an estimated market size of \$28.5 billion in 2023 and an impressive 18% compound annual growth rate from 2021 to 2023.
- Both law firms and corporate law departments are increasingly recognizing the value of ALSPs for their specialized expertise, cost-efficiency, and ability to manage high-volume tasks.
- A bifurcation is emerging in how law firms are using ALSPs. While some firms are expanding their use of ALSPs to enhance their service offerings, others remain committed to traditional models.
- Corporate law departments are poised to increase spending on ALSPs, particularly in areas such as legal managed services and software, as they become more comfortable with alternative delivery models.
- GenAI is expected to significantly enhance ALSP offerings by streamlining processes and reducing costs. This technology could provide ALSPs with a substantial competitive advantage in the near future.

A new legal services framework

Since the Thomson Reuters Institute first launched this report, the ALSP market has grown significantly and has become increasingly complex as providers offer a broader and more diverse range of services. For this reason, we have bundled discrete services into categories of service for this report, in order to achieve coverage of the wide range of services in this market. Given the evolution of the ALSP market, and the fact that some aspects of alternative legal services have become decidedly mainstream, we suggest a framework that positions different types of legal advice and services along a spectrum.

FIGURE 1:
The legal services spectrum



Source: Thomson Reuters 2025

On the far left of the spectrum is legal advice offered by traditional licensed lawyers. On the far right are software solutions for the legal market. These may be knowledge solutions or process and management tools such as those used in eDiscovery and document automation. In between (in the shaded box) are a range of legal and legal support services that may be offered via a non-traditional delivery model and, in those cases, may be considered alternative legal services.

While our definition of an ALSP continues to exclude pure technology companies, we have included reference to software products in this research in recognition of the fact that many ALSPs — and even some law firms — now sell software solutions directly to clients as part of their holistic offerings.

Offerings further to the left of the shaded box are regularly delivered in high-touch ways. This may include consulting, advisory, and training services, as well as flexible resourcing for both licensed lawyers and non-legal professionals.

Those services closer to the software end of the spectrum rely much more heavily on technology as a core component of the delivery model. In this case, a provider may support the outsourcing of a specific function on an ongoing basis, such as regulatory compliance and filings. Or it may perform services that are tied to a particular matter, such as eDiscovery and due diligence.

From the interviews

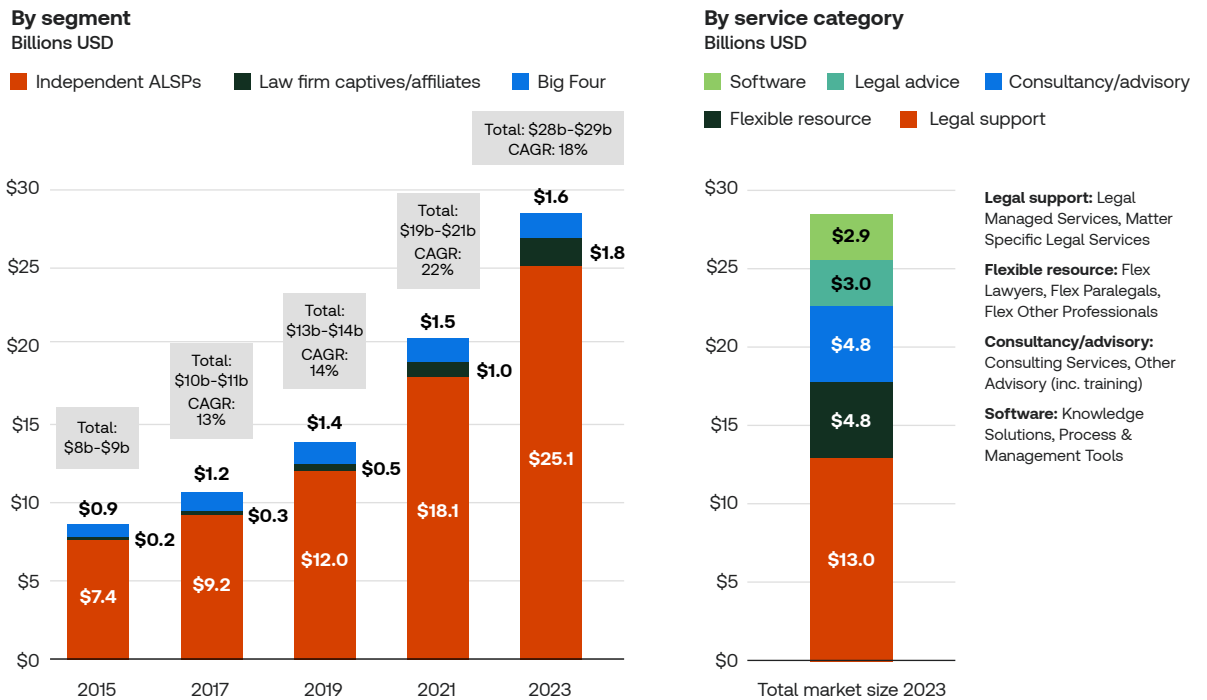
In a series of interviews, leaders of ALSPs made it clear that they do not see the market as a dichotomy, with law firms on one side and ALSPs on the other. Instead, they position themselves along a continuum of legal services.

ALSP growth outpaces traditional law firms

This report has traditionally provided an estimate of the size and growth of the alternative legal services market. This year, as the market continues to become more complex, our estimate, based on the latest available data, represents a composite of multiple estimation techniques. The result: we estimate a market size of \$28.5 billion in 2023² and an 18% compound annual growth rate over the preceding two years.

While this growth is slower than that seen in our last report published in January 2023, it nonetheless shows that the ALSP market is growing much more quickly than the market for traditional legal services.

FIGURE 2:
Estimated ALSP market size: 2015 - 2023



Source: Thomson Reuters 2025

2 The Thomson Reuters Institute ALSP 2025 Report is based on research conducted throughout 2024. The market size estimates presented in this report reflect data from the year 2023. This approach ensures the inclusion of the most accurate and comprehensive revenue figures available at the time of the research.

What corporations plan to buy: Market opportunities for law firms and ALSPs

Currently, corporate law departments are most commonly using ALSPs for matter-specific legal services and for consulting and legal managed services. Matter-specific legal services have been the leading use case for ALSPs since at least 2020, while advisory services have continued to move up the use-case ladder — a trend we observed in the previous report. Legal managed services have also moved up the corporate priority list, likely as a result of increasing regulatory compliance needs.

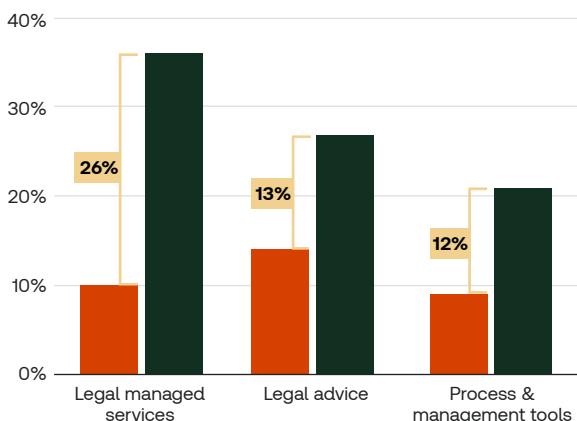
FIGURE 3:

Market opportunity & trends: the corporate view

Top three services with the greatest anticipated net increase in spending from existing buyers

Percent of respondents

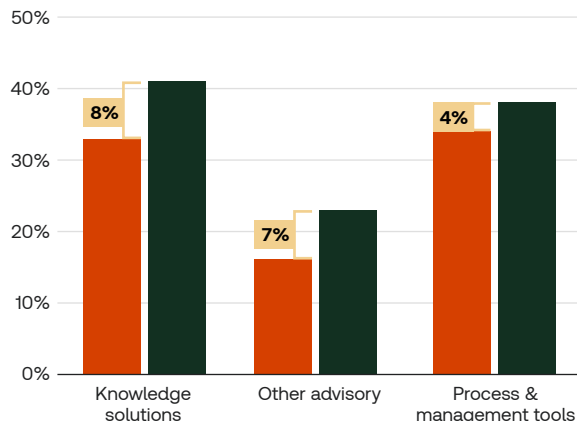
Anticipate spending less Anticipate spending more



Top three services with the greatest anticipated expansion of buyers

Percent of respondents

Purchased in previous year Planning to purchase next year



Source: Thomson Reuters 2025

When we look specifically at those corporate law departments that have purchased these services in the past year, they're most likely to be planning to increase their spending in the categories of legal advice, legal managed services (where 36% of corporate legal buyers say they are planning to spend more), and process & management tools.

Respondents from corporate law departments that have purchased consulting and advisory services in the past year said they are looking to spend less in the coming year. That could be because these services are often one-off engagements. However, there are expected to be a greater volume of legal buyers of these services.

The TR Institute's View:

Looking forward 12 months, among corporate law departments, we expect to see modest growth in the purchase of most categories of services offered by ALSPs. The services with somewhat higher growth — and more potential to bring in new clients — seem to be advisory services (outside of pure consulting) and knowledge solutions. While respondents were not asked for more detail about these categories, we expect that these are linked to technology — both software purchases and training. The biggest short-term opportunity in the market likely lies in software-related services, where more respondents said they plan to make purchases and where existing clients are planning to spend more.

This analysis likely understates the potential for growth of ALSPs. When asked to consider their use of ALSPs, corporate law departments will naturally be considering ALSPs in their current form and the services they now offer. In interviews with ALSP leaders, however, many told us they were developing new services, a view that was supported in interviews with lawyers in firms that have affiliate ALSPs.

Indeed, ALSPs themselves have historically been successful in introducing new services, and continued successful innovation could spur more spending on the part of corporate law departments.

The most straightforward growth opportunity for both law firm affiliate and independent ALSPs will therefore be with those clients who are existing converts to non-traditional delivery models. Indeed several ALSP leaders we interviewed described having a successful “land and expand” strategy.

In-house or outsource?

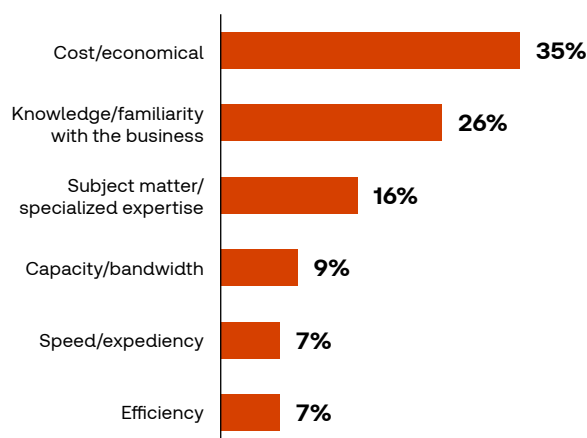
Corporate sourcing strategies

As the legal ecosystem evolves, corporate law departments weigh a variety of factors in deciding whether to keep work in-house or to outsource — either to a law firm, an ALSP, or a combination.

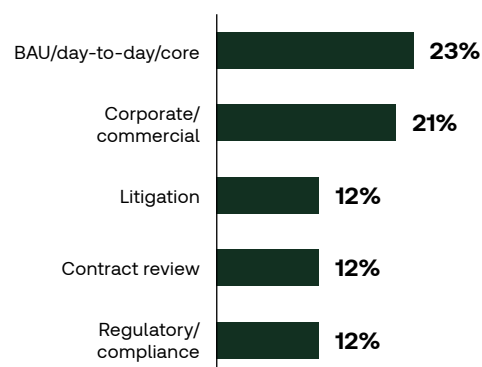
FIGURE 4:

Core work is kept in-house for cost, business understanding & expertise benefits

Reasons for using in-house team



Top types of work: in-house



Source: Thomson Reuters 2025

Typically, the decision to keep work in-house or to outsource is based on the corporate law team's expertise and capacity at a given time. Some teams prefer to keep business-as-usual, corporate, and commercial work in-house, while other types of work, such as litigation, might commonly go to an outside partner.

For about one-fifth of corporate law departments, the default is to keep work in-house, with outsourcing only being considered if the in-house team lacks requisite expertise or bandwidth. Corporate law department respondents said they prefer to keep work in-house primarily because of cost and efficiency, and the fact that the in-house team has a deeper understanding of the overall business and its strategic goals, as compared to an outside party. Corporate legal teams may also keep work in-house if it requires an especially fast turnaround, and other factors, such as the need for confidentiality, may also play a role.

When corporate law departments do decide to outsource work, the complexity of that decision varies greatly. It may be based on the type of work (business as usual, core vs. non-core, work related to emergent issues or one-off occurrences). Other factors include the complexity of the work, whether the in-house team has experience in the specific jurisdiction, or if it has a need for specialist expertise.

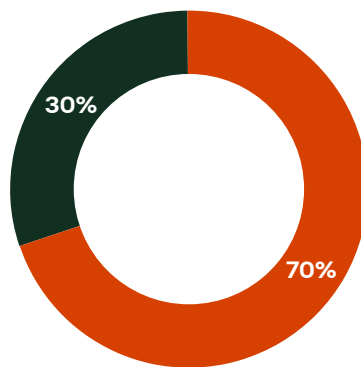
Two-thirds of respondents from corporate law departments that partner with ALSPs said they prefer to select the best provider for each need, rather than implement a holistic solution for their outsourced work. Half of corporate law departments use formal panels to select ALSP and law firm partners.

FIGURE 5:

Legal departments tend to prefer selecting the best provider for each need, but fewer than half have formal panels

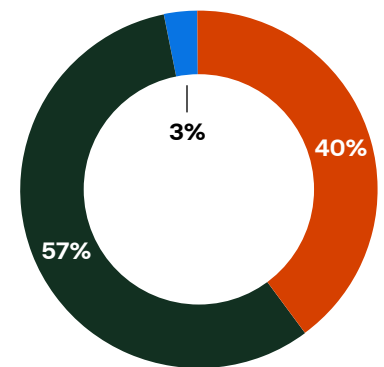
Which of the following most closely matches your view?

- Prefer to select a single provider for each specific need
- Prefer holistic, integrated provision from a single firm or other provider



Does your department have formal panel(s) of law firms and/or other providers?

- Yes
- No
- Unsure

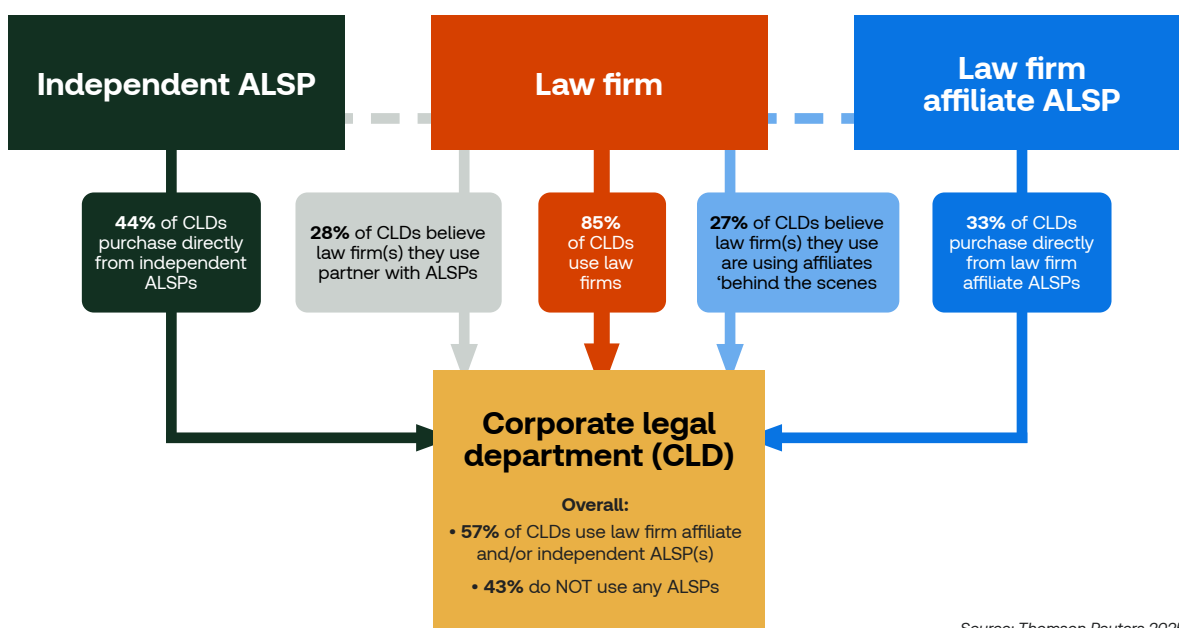


Source: Thomson Reuters 2025

Law firms and ALSPs: Embracing coopetition

Legal services providers of all varieties form an increasingly complex ecosystem in which providers may find themselves competing for work even as they serve as close collaborators — or in a vendor role — on another project or matter. A single independent ALSP may provide services not just to corporate law departments but also to law firms.

FIGURE 6:
The legal services ecosystem



Some 85% of corporate law department respondents said they use traditional law firms. While that would seem to be a straightforward relationship, such is not always the case. Even as the client contracts with the law firm, the law firm in turn may be using its own in-house ALSP or even an independent ALSP as a sort of subcontractor in order to fulfill the client’s request.

In some instances, law firms will inform clients when work is being sent to an ALSP; in others, the firm is effectively white labeling the ALSP’s services. Clients do sometimes suspect that an ALSP is involved, even when firms don’t provide this information. In fact, some 27% of clients we surveyed said they believe their law firms are using an affiliate ALSP (whether or not the law firm has explicitly said so); and 28% said they believe their law firms are partnering with an independent ALSP (again, even in the absence of any specific information from the law firm).

More than half of corporate law departments (57%) contract directly with ALSPs, according to respondents. And there are other players at the edge of this ecosystem, such as consultants and technology companies that count law firms and ALSPs among their clients.

From the interviews

While law firms and independent ALSPs act as both partners and competitors, in interviews, leaders from both law firm affiliates and independent ALSPs highlighted the nuanced dynamics of their interactions with law firms. Both affiliate and independent ALSP leaders are quick to refute a law firm/ALSP dichotomy, noting that while some ALSPs focus on disrupting the industry, there are also numerous examples of collaboration and partnerships.

Further, law firm leaders are certainly aware that ALSPs are doing work that used to be done by law firms, but usually conclude that this work is not strategic or economically attractive.

Law firms with their own affiliates are actually more likely to also use independent ALSPs, showing that they understand the value that can be derived from the use of advanced technology and processes.

Law firms are split on the impact of ALSPs on the traditional business model. More than one-fifth (21%) of law firm respondents said they agree that ALSPs are challenging it, while 45% disagree. At least some of those who said they believe the model is being challenged noted that their firms have responded by setting up their own affiliate ALSPs. And they also said they understand that even when ALSPs are not doing exactly the work that a law firm would ideally be doing, ALSPs and law firms compete for a share of finite client budgets.

That said, law firms are still much more likely to be used for matter-specific legal services, legal managed services, and flexible lawyer assignments. And ALSPs have an extremely limited market share in legal advice — the most valuable and profitable service.

Our survey results also show law firms' appreciation for the value of an independent ALSP. Some 35% of law firm respondents said their firms use independent ALSPs to deliver work to clients, and 40% of those said they expect to increase that use in the next year (compared to only 1% of those who predict a decrease in use). These respondents also said that ALSPs provide access to specialized expertise, and that it can be more profitable to outsource some types of work.

On the other hand, respondents from those firms that aren't using ALSPs said they prefer to keep the work in-house, clients aren't requesting ALSPs, and the firm is not convinced the quality would be up to their standards. Only 5% of respondents from these firms said they plan to start using ALSPs in the next year.

Choosing the most effective legal services provider

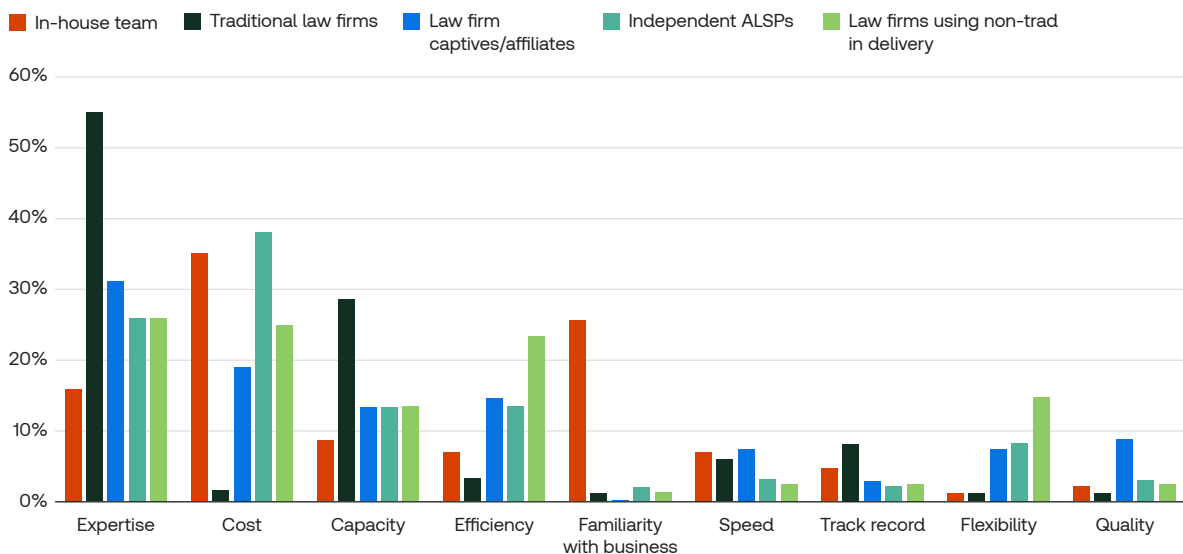
Both corporate law departments and law firms take advantage of a variety of legal services providers available in the market. More options are likely coming, in the form of consultants and technology providers that either serve the legal market or are looking to expand into it.

When lacking the necessary capacity or expertise in-house, corporate law departments generally turn to law firms first. These firms are still very much prized for their expertise, the depth of their relationships, and the trust that comes with a long track record. Law firm affiliate ALSPs and independent ALSPs are both seen as good options for efficiency, flexibility, and technology. However, independents have the edge when it comes to cost, and affiliates appear to have a small advantage in speed and the perceived quality of the work.

Interestingly, less than 10% of respondents said that *quality* was a driving reason for using any specific type of provider, in spite of the fact that quality remains a significant barrier to ALSP usage. This might suggest that there is an expected minimum level of quality, but past a certain level it no longer significantly impacts corporate resourcing decisions.

FIGURE 7:

Reasons for using different types of resource

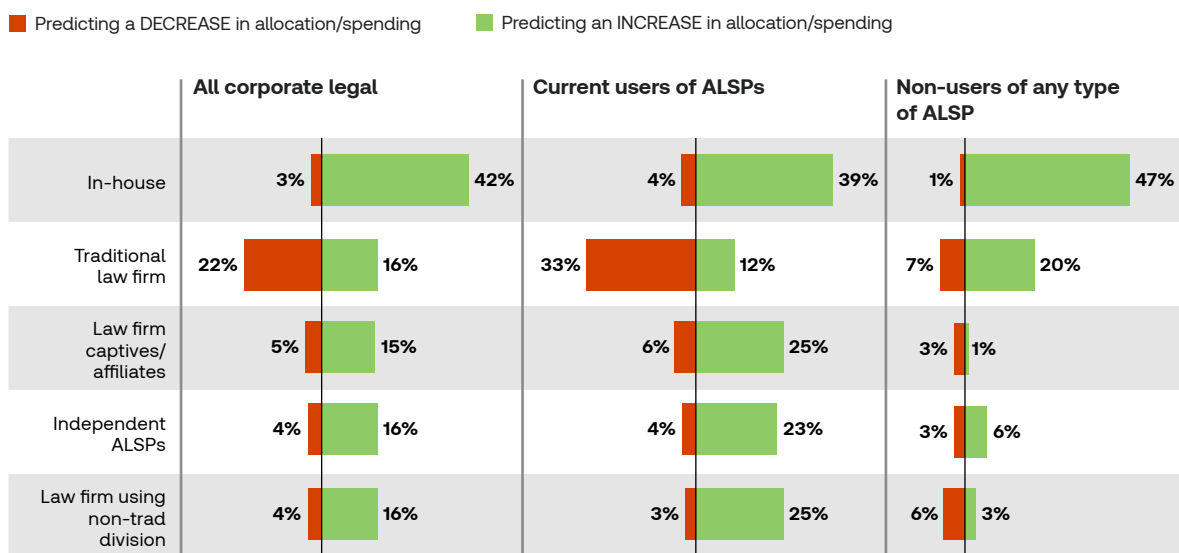


Source: Thomson Reuters 2025

Overall, corporate law department respondents said they expect to keep more work in-house, but those who say their department is already using ALSPs are also more likely to say that they'll be decreasing the amount of business they do with traditional law firms.

FIGURE 8:

More work is being brought in-house – ALSP users and non-users are continuing to diverge in their outsourcing strategies



Source: Thomson Reuters 2025

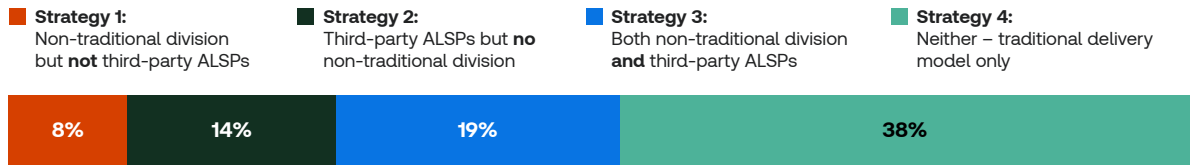
The only law department group that expects to spend more with traditional law firms are those who are not using ALSPs — which was less than half of the corporate respondents we surveyed.

On the other side of the table, law firms themselves also have a wide range of choices for delivering client work. About 38% of law firm respondents said they are sticking to the traditional delivery model, while slightly more (41%) said they will use some combination of third-party ALSPs and their own affiliate ALSPs to deliver services.

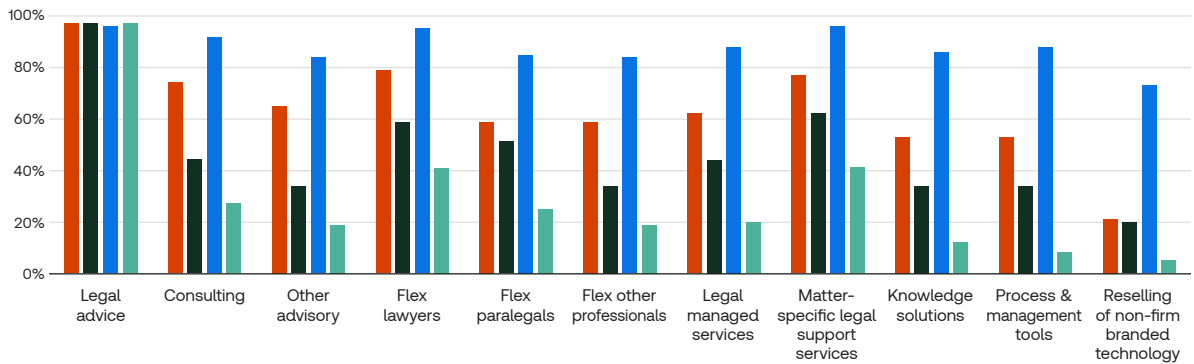
As corporate law departments enjoy this larger range of choices, law firms have to increase their efforts to find the best way to meet client demands.

FIGURE 9:

Law firm delivery model strategies



Products & services offered by each type of firm, through ANY delivery



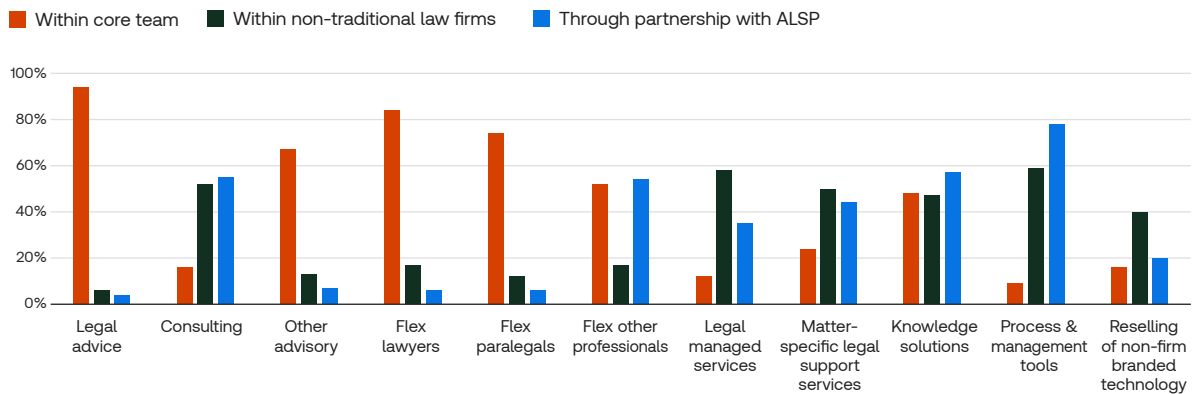
Note: percentages do not add to 100%, as some respondents were unsure whether others in the firm use third party ALSPs, and a few were unsure whether there was a non-traditional division.

Source: Thomson Reuters 2025

Firms that rely on the traditional delivery model seem to be focused on legal advice, with just under half also offering secondments and matter-specific support services. Those that use multiple modes of delivery tend to be much more diversified, offering a wider spectrum of products and services.

FIGURE 10:

Products & services offered by law firms that have a non-traditional division and also partner with third party ALSPs



Source: Thomson Reuters 2025

Firms that use multiple modes of delivery will commonly use their non-traditional delivery models — either through their own ALSP affiliate or through a partnership with an independent ALSP — to offer consulting, legal managed services, and process/management technologies. Offerings of advisory services, flexible lawyers, and paralegals is much more likely to be provided by the core firm.

Examining types of legal services providers in detail

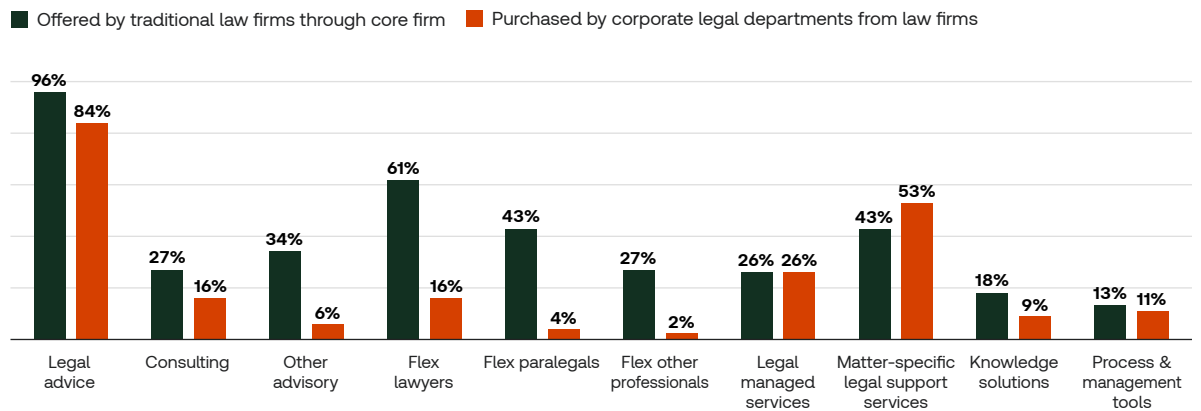
1. Traditional law firms

Traditional law firm capabilities, and the time-tested delivery model that accompanies them, remain an important segment of the market. These law firms do not have ALSP affiliates, nor do they work with independent ALSPs.

FIGURE 11:

Law firms are diversifying, but legal advice and matter-specific legal services are still the core offering

Core law firm products & services



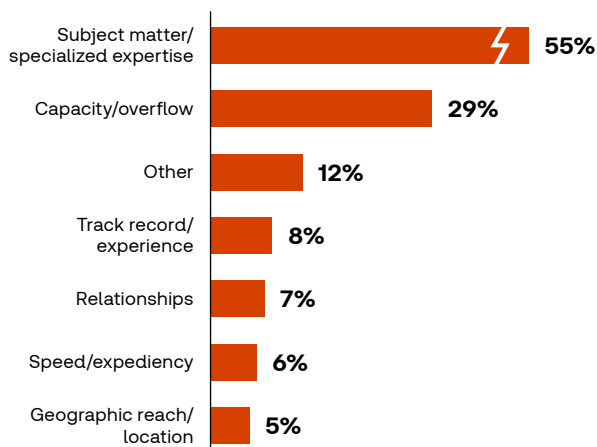
Source: Thomson Reuters 2025

These firms are diversifying their range of services, however, with a solid number of them offering knowledge solutions and flexible non-lawyer professionals. However, their delivery model remains unchanged.

FIGURE 12:

Law firms are used when expertise and/or capacity are not available in-house

Reasons for using traditional law firms



Top types of work: law firms



Source: Thomson Reuters 2025

For these firms, the survey data warns of a slowdown in corporate spending on traditional law firms, albeit not a dramatic one. Among corporate law department respondents that said their department uses traditional law firms, 16% said they are planning to increase their spending with these law firms, and 22% said they are planning to decrease it. However, this may be a transitory result rather than a structural one.

The TR Institute's View:

While the traditional law firm model is comfortable and familiar for those who work in and with such firms, there is also an inescapable reality that the market is shifting around them. As has often been stated in other contexts, there's no such things as status quo when nothing is static — such is the case for the evolution of the delivery of legal services.

That is not to suggest that there is no place for a *traditional* model of legal service delivery; however, exclusive reliance on traditional service delivery introduces the risk of falling behind those firms that are seeking to innovate in order to meet clients' holistic needs, not just with respect to ALSPs but more broadly.

2. Law firm affiliate ALSPs

Another option for corporate law departments is to use an ALSP that is wholly owned by or affiliated with a law firm. This type of ALSP is generally managed separately and offers legal services that may include the use of lower-cost resources or staff members who are not attorneys. Many of these affiliates are developing new offerings, which are often tech-enabled or feature consulting services.

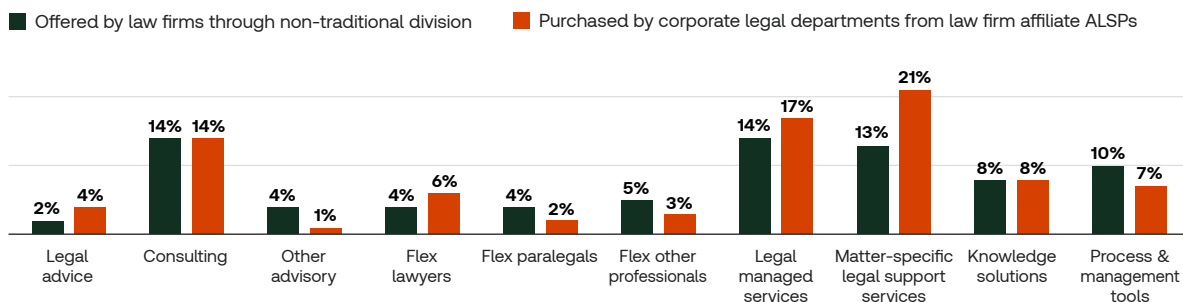
About one-third of law firm respondents said that their firm has such an affiliate. These are more likely to be large law firms (54% of large firms say they have an affiliate, compared to 12% of small firms), which is unsurprising given that larger firms are more likely to have the scale, resources, and wide range of matters to support an entirely different type of legal services offering.

About one-third of respondents from corporate law departments said they have purchased services directly from a law firm affiliate ALSP within the past year, choosing them for work such as eDiscovery and compliance, as well as for the value, expertise, lower price, and efficiency they offer. Flexibility is another important factor in affiliate ALSP use, as is the ability to take on high-volume work.

FIGURE 13:

Matter-specific legal services, legal managed services and consulting are the most common categories of service for law firm affiliates

Law firm affiliate ALSP products & services



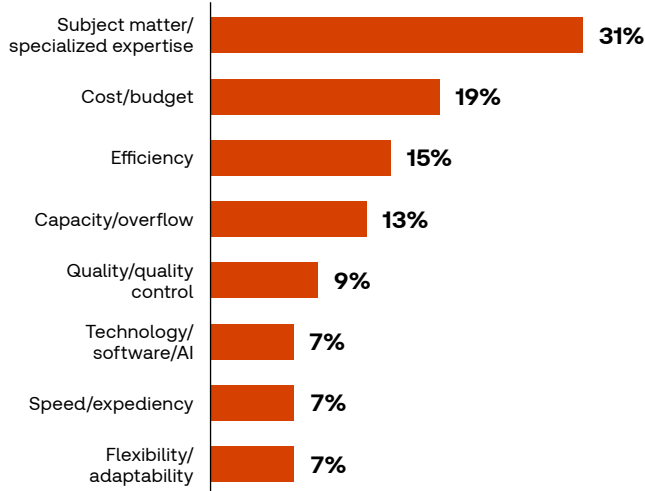
Source: Thomson Reuters 2025

While the portion of clients using affiliate ALSPs is not predicted to increase significantly in the next year, 41% of respondents from corporate law departments that currently are using affiliate ALSPs say they plan to increase spending with them, while just 7% predict a decrease.

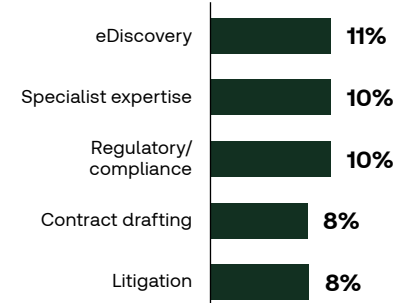
FIGURE 14:

Law firm affiliates are used for expertise, price & efficiency

Reasons for using law firm affiliates



Top types of work: law firm affiliates



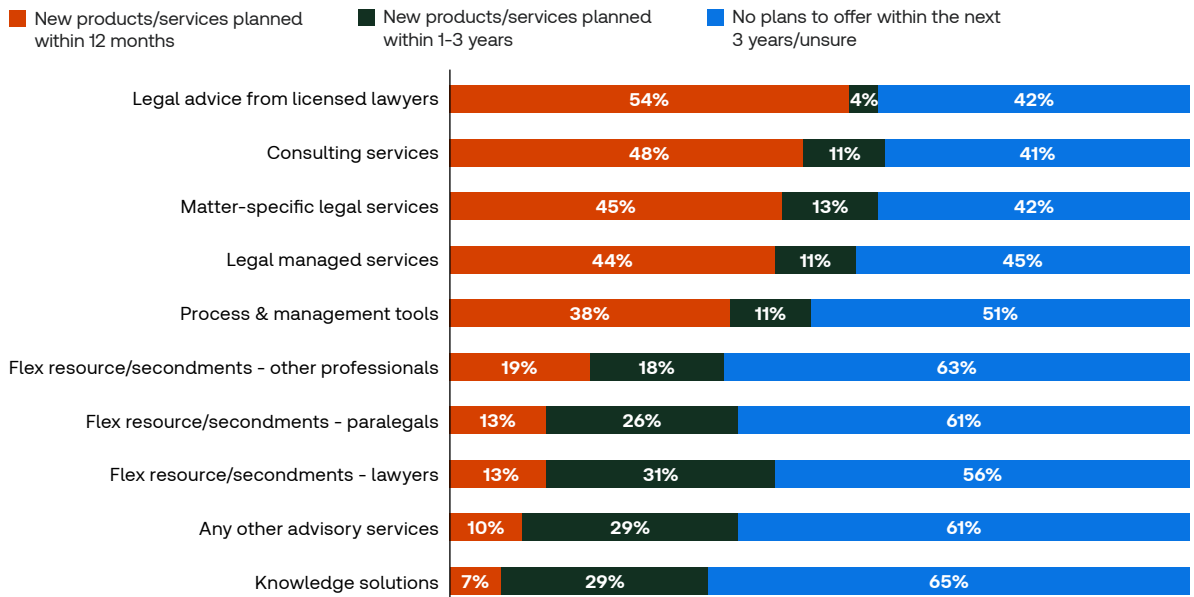
Source: Thomson Reuters 2025

Law firm affiliates seem eager to satisfy that anticipated increase in spending, with plans to roll out a wide variety of services they don't currently offer. Chief among these is legal advice from licensed lawyers, perhaps showing that affiliates aim to continue to differentiate themselves on quality, rather than on just speed and price. Other opportunity areas for expansion include consulting services, matter-specific legal services, and legal managed services.

FIGURE 15:

Law firm affiliates: expansion plans

Law firm affiliate new products & services planned*



*Respondents at firms which have, or plan to create, a non-traditional division

Source: Thomson Reuters 2025

At the same time, about half of law firms do not have an affiliate ALSP, and don't plan to establish one, wanting to keep all legal service offerings within the core firm. Only 4% of respondents from law firms without an affiliate said their clients are pressuring them to create one, but 21% of respondents from corporate law departments said they are encouraging their law firms without an affiliate to begin offering alternative legal services.

The TR Institute's View:

Those law firms that have created affiliate ALSPs appear satisfied with the prospects for those businesses, as demonstrated by fairly wide-ranging plans for growth. Prior iterations of this report demonstrate that law firms with their own affiliated ALSP have always been in the minority, albeit a minority that continues to grow..

What has been consistent — even back to the first version of this report — is the fact that many clients desire to work with law firm affiliate ALSPs. Thus, there is business to be won by law firms that seek to meet client desires by creating alternative delivery options — about 1-in-5 clients said they are actively encouraging it.

However, law firms would be ill-advised to assume their clients will proactively inform them of their desire for new ways of working — the risk being that clients will simply vote with their feet when more attractive and innovative options are available from other firms. The challenge for law firms is to identify the right solutions for the clients' needs. Lacking the perfect answer, however, should not be seen as a reason to avoid more fully exploring the question.

Using affiliate ALSPs as part of firms' holistic service

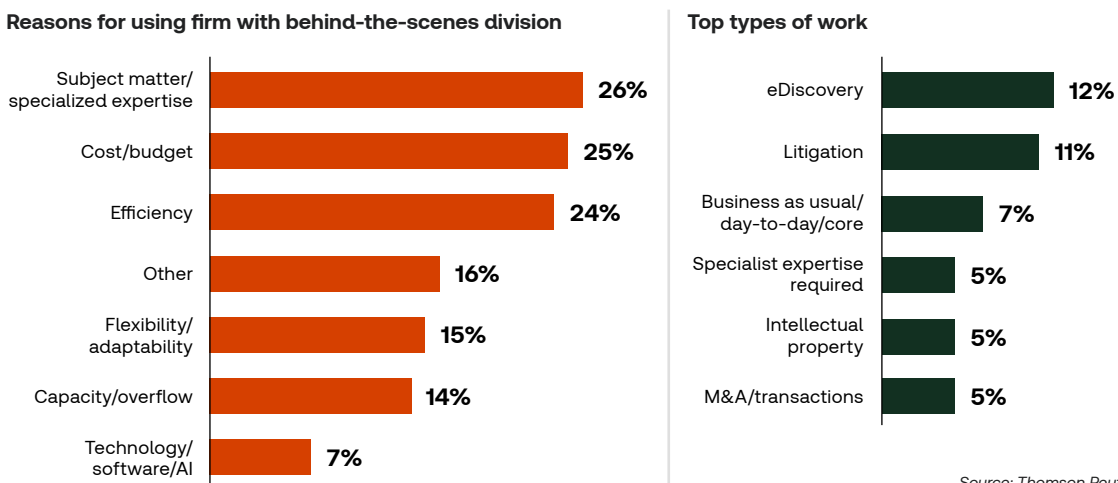
In some instances, corporate law departments are working with a law firm that has an affiliate ALSP; however, the clients are not engaging with that ALSP directly. Instead, the ALSP is simply part of the law firm's holistic delivery model.

In fact, 27% of corporate law department respondents said their department works with at least one law firm that uses its affiliate ALSP as part of its holistic delivery. The actual figure is likely higher, because 20% of corporate law department respondents said they're *unsure* if any of their law firms are using affiliate ALSPs without informing them.

In addition, more than half of law firm respondents whose firms have affiliate ALSPs (52%) said that clients do not work directly with that division. And 11% said that clients are not proactively made aware when the firm sends work to its affiliate.

FIGURE 16:

Law firms with a non-traditional division are used for expertise, price & efficiency – for volume, tech-powered work



Source: Thomson Reuters 2025

Interestingly, 16% of those corporate law department respondents who said they believe their law firms are using an affiliate say they plan to increase their spending with those firms, compared to just 4% who say they plan to decrease spending. That suggests that corporate law departments are getting the benefit of affiliate ALSPs, even if they are not working with them directly.

The TR Institute’s View:

There are clear and sensible advantages for law firms that have the capability to leverage affiliated ALSPs in serving their clients, even if that utilization largely happens without clients’ knowledge as part of a holistic delivery of legal services. The very premise of the ALSP is to create alternative options to optimize efficiency and value. The client can experience those benefits even if the use of the affiliate ALSP is not made readily apparent — a benefit does not need to be directly visible to be real.

That said, however, firms that are leveraging affiliate ALSPs as part of their overall service delivery may be missing an opportunity to demonstrate a value-driver to their clients. Use of such affiliated ALSPs can be highlighted to the client as a means of demonstrating the law firm’s willingness and ability to innovate and seek greater benefit on the client’s behalf. Clients clearly appreciate it — they express a fairly solid desire to increase spending with those law firms they suspect are employing affiliate ALSPs on their behalf. Imagine how much more likely they would be if the benefits they were receiving were made more obvious.

3. Independent ALSPs

Independent ALSPs — those that are not affiliated directly with a law firm — have the ability to work both with law firms and corporate law departments directly, offering a wide range of legal services and expertise around critical areas, such as technology usage and project management.

How corporate law departments use independent ALSPs

A sizable portion (44%) of corporate law department respondents said they have purchased legal services directly from independent ALSPs in the past 12 months. These department leaders tend to turn to ALSPs for matter-specific legal services (such as compliance and eDiscovery), consulting services, and process and management tools. As these ALSPs look to continue their rapid growth, it may come predominantly from existing clients, but also potentially from new ones interested in matter-specific legal services and consulting. And when it comes to expertise, independent ALSPs increasingly are providing more senior practitioners who can support non-core legal work.

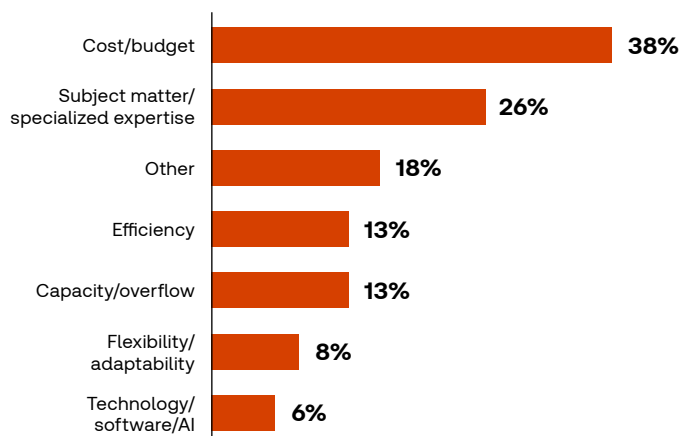
Cost is the primary reason that law departments turn to independent ALSPs, although access to specialized expertise is also important. In interviews, ALSP leaders said they are well aware of the cost frustration that often characterizes relationships between corporate law departments and outside law firms, and they see this as a pain point that ALSPs can help resolve.

ALSP leaders also said that when they are going after advisory work, it's usually work of lower value and lower complexity — although they said they see a fit with high-stakes work, but not the most complex parts of it. For example, the eDiscovery element of a high-stakes case would be a fit for an independent ALSP.

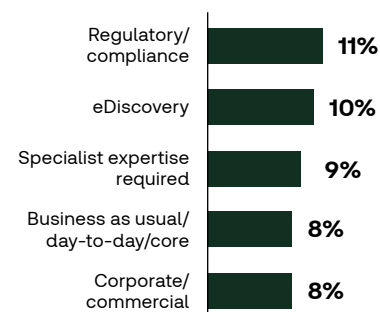
FIGURE 17:

Independent ALSPs are cost effective for volume work and have the necessary expertise

Reasons for using independent ALSPs



Top types of work: independent ALSPs



Source: Thomson Reuters 2025

As in prior years, confidentiality and quality concerns remain barriers to fuller independent ALSP use. Some 44% of corporate law departments say they are concerned about confidentiality, which is up from just 26% two years ago. And about half of corporate law departments cite quality as a barrier — a number that hasn’t changed significantly over the past six years.

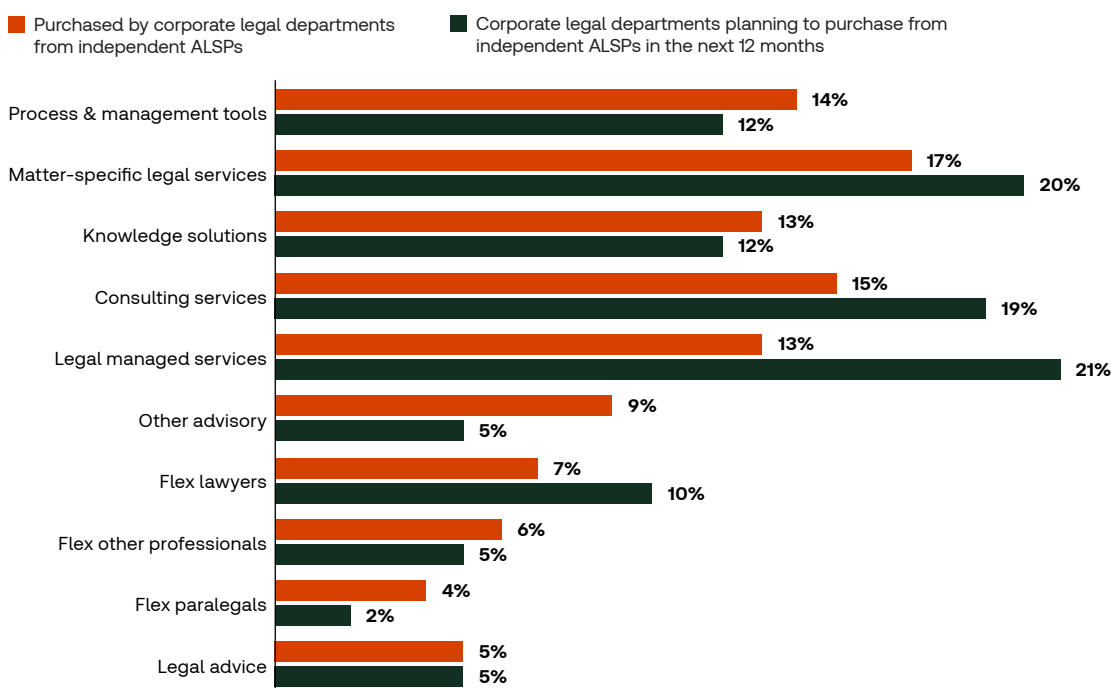
Despite these reservations, 16% of corporate law department respondents said they expect their departments to increase their spending with independent ALSPs, while just 3% predict a decrease. Again, we see that corporate law departments that already use ALSPs seem inclined to continue to trust them and do business with them.

Increases in spending are likely to come in the purchase of matter-specific and legal services, while with the number of clients purchasing process and management software and advisory services from independent ALSPs also is expected to decrease. As stated earlier in the report, the overall number of purchasers of the latter two categories of services is set to increase, yet this spend is planned in the near term to be awarded to *other types of providers* (most likely software companies), according to our survey.

FIGURE 18:

Independent ALSPs: how corporate clients view the future

Independent ALSPs products & services



Source: Thomson Reuters 2025

When ALSPs appear on law department panels

One indicator of the increasing acceptance and adoption of ALSPs by corporate law departments is the fact that some of these departments are putting ALSPs on their legal panels.

Our research finds that about 40% of corporate law departments make use of panels, and 57% use ALSPs, either in the form of law firm affiliates or independent ALSPs. Of those law departments that use both panels and ALSPs, 45% include law firm affiliate ALSPs on their panel and 25% include independent ALSPs.

Those law departments that do not include ALSPs on their panels indicate that they omit them either because they have already chosen the best provider or providers for their needs, or because they don't make enough use of ALSPs to include them on a panel.

Corporate law departments that include ALSPs on a panel are about evenly split on the effectiveness of doing so — between *highly* and *somewhat* effective. One law department leader says that including ALSPs on a panel “has worked well to give us broader coverage in particular niche tasks. Quality has been very good.” Others were a bit more skeptical. “I think ALSPs are a secondary thought, and if they perform well, then they will get included in other matters,” said one. Another mentioned price elasticity, saying that “overall, these conversations are easier with deeper relationships.”

The TR Institute's View:

Corporate law departments' attitudes towards ALSPs have shifted since the inception of this report. At first, in-house legal teams largely relied on their outside counsel to act as general counsel in a sense, managing ALSP relationships on their behalf and instructing outside counsel where they would like to see ALSPs incorporated into matters.

Over time, however, corporate law departments have become increasingly comfortable taking more discrete control over disaggregated matters and engaging ALSPs directly as part of matter workflows or even for entirely different lines of work. Those corporate law departments that have been hesitant to begin using ALSPs should take comfort from the positive experience their peers have had and consider whether aspects of their own work could be more effectively resourced in new ways.

Those in-house legal teams that leverage ALSPs appear quite satisfied as there are very few that are planning to reduce their direct reliance on independent ALSPs. There also is an increasing variety of use cases for which these independent ALSPs are being called upon. Many pundits expect that recent advances in technology will dramatically increase the speed of the business cycle and the volume of matters being handled by in-house legal teams.

Indeed, independent ALSPs appear poised to be a key outlet to help in-house law departments confront these challenges, expanding further on their already growing relationships.

How law firms use independent ALSPs

While ALSPs are commonly hired by corporate law departments, they also often are called in by law firms. Some 35% of law firm respondents said that their firms use independent ALSPs to deliver products or services to clients.

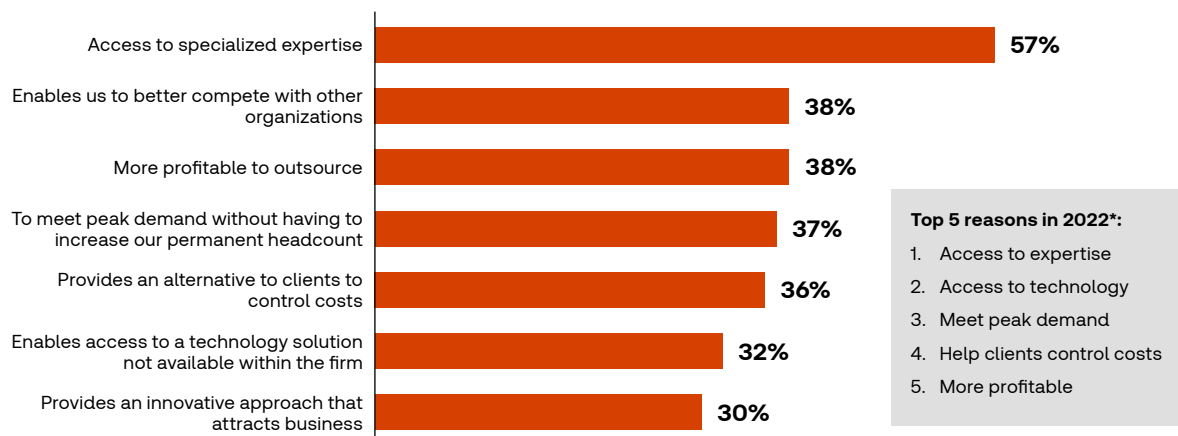
Perhaps surprisingly, this way of working is not mutually exclusive with the firm having its own affiliate ALSP. In fact, firms with their own affiliate ALSP are *more likely* to use independent ALSPs than firms that do not have affiliates. Among respondents from firms with affiliate ALSPs, 62% report that their firms also use independent ALSPs. That compares to 23% of those at firms without an affiliate.

Among those law firm respondents who said their firms do use independent ALSPs, more than half (53%) said their firm has a formal partnership with one or more ALSPs. These firms also seem satisfied with the experience, with 40% anticipating increased spending and just 1% predicting a decrease — and among those firms that don't use an ALSP, only 5% said they plan to start.

The reasons for using ALSPs are mostly consistent with those from past years, with one significant exception: In 2022, the second most-cited reason for using an ALSP was that it enabled access to a technology solution not available within the firm itself. In 2023, access to technology sank to sixth place, supporting the conjecture that some of that spending may have moved to software companies.

FIGURE 19:

Top reasons firms are using third party ALSPs



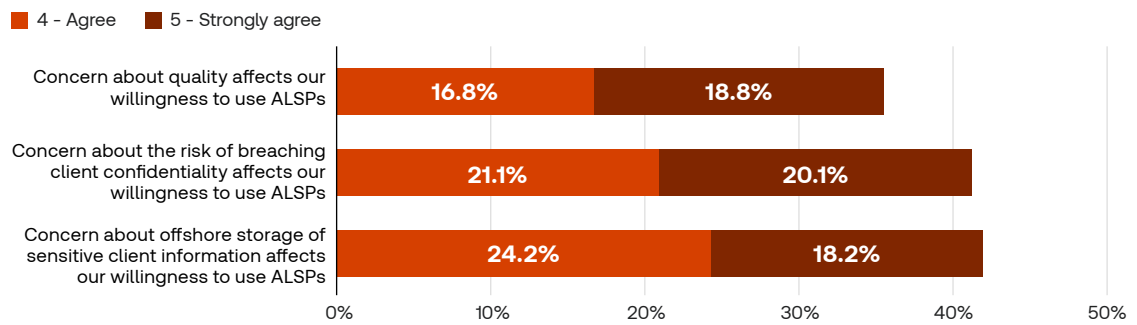
*Respondents were asked to give reasons for using ALSPs for specific work types in 2022.

Source: Thomson Reuters 2025

Overall, law firms seem to have gained a bit of comfort with independent ALSPs. When asked about their concerns, answers were consistent with earlier research: quality, client confidentiality, and offshore storage of sensitive client information ranked highly; however, the percentage of respondents who cited these as barriers has mostly declined.

FIGURE 20:

Barriers to firms partnering with ALSPs



Source: Thomson Reuters 2025

The TR Institute's View:

Just as on the corporate side, our research suggests that independent ALSPs are likely to find greatest appetite for partnering among law firms that already have their own affiliates and therefore have an existing level of comfort with alternative service delivery models.

To the broader question of which delivery model is best suited to a particular circumstance, corporate law department leaders should consider what goals they are looking to achieve — both at a matter level and more holistically — and which delivery models are likely to be most effective in which circumstances.

Similarly, law firms would do well to initiate strategic conversations with clients to better understand their goals and how firms can support clients to best achieve those goals through appropriate delivery models.

The next innovation: Generative AI

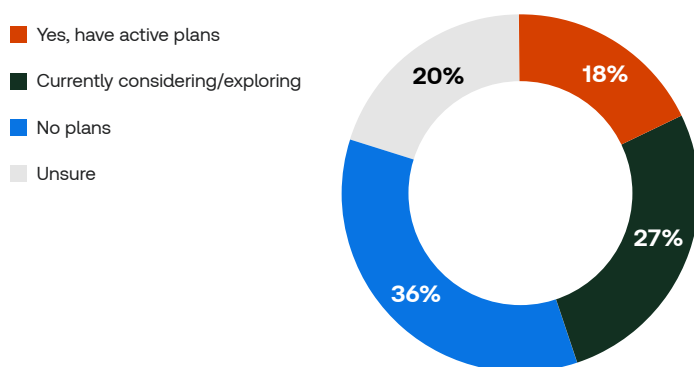
A significant number of law firms are making plans to incorporate the use of GenAI in their offerings, even though the technology is relatively new and has only been publicly available for about two years.

Respondents from one in six law firms said their firms have active plans to offer services powered by GenAI. That number is heavily weighted toward firms that already have affiliate ALSPs. Among respondents from firms that have an affiliate, 40% said their firms are planning to develop services enabled by GenAI, compared to just 7% of respondents from traditional law firms who said that.

FIGURE 21:

One in six law firms has active plans for new GenAI-enabled services

Does your firm have plans to start offering any new products or services which utilize GenAI in the next 3 years?



Source: Thomson Reuters 2025

Given that the legal industry is typically cautious when adopting new technology, it's notable that 45% of law firms are at least open to creating brand new GenAI-powered services to serve their clients. In fact, law firm respondents said they anticipate that GenAI will help them develop more streamlined processes and become a resource for completing repetitive tasks. They also think the use of GenAI will help them gain a competitive advantage.

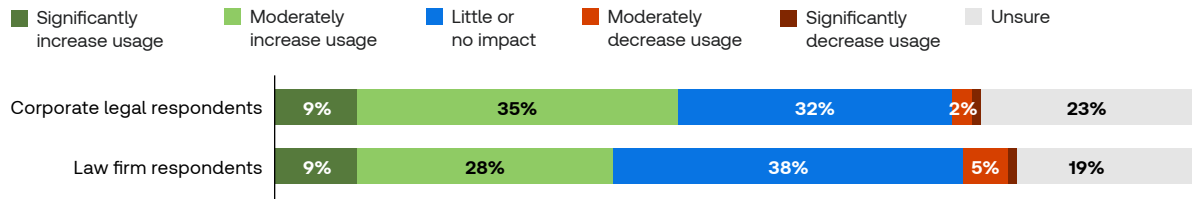
Other firms are even more cautious, with respondents saying they don't adopt new technology until it's fully established. And those who are unsure or predict a decline in their ALSP use said they expect their own internal use of GenAI will outpace that of ALSPs.

Both law firms and corporate law departments agree that within the next three years, GenAI is likely to prove an advantage for ALSPs. They also agree that ALSPs using GenAI are more attractive to clients, although some caution remains. Corporate law departments are somewhat more likely than law firms to say that the use of GenAI makes an ALSP more appealing.

FIGURE 22:

Firms and corporates agree: GenAI will provide a boost to ALSPs

Predicted impact of rise of GenAI on usage of ALSPs in coming 3 years



Source: Thomson Reuters 2025

One-quarter of law firm respondents and one-fifth of corporate legal department respondents said that at some point in the future, they expect to have less need for ALSPs mainly because GenAI will allow them to do work more efficiently themselves. However, very few said they expect this to happen in the near term. In the next three years, many expect their use of ALSPs to increase as GenAI enables ALSPs to expand their service offerings.

Corporate law departments that expect to make more use of ALSPs think the technology will eventually enable ALSPs to streamline processes, handle repetitive tasks, and help provide cost savings.

Conclusion

The ALSP market continues to be one of rapid change. Nowhere is this more evident than in its approach to GenAI — a very new technology that is nonetheless being embraced relatively quickly by a traditionally conservative industry.

Of course, not every market participant is eager to use new delivery models. We still see a significant share of both law firms and corporate law departments that have yet to use ALSPs, and do not have plans to do so. In the markets included in this research, around half of corporate law departments and law firms have yet to use ALSPs. There are signs, however, that law firms ignore innovation at their peril — corporate law departments that use alternative delivery models have indicated they expect to spend less with law firms that don't offer these innovations, suggesting that their more tech-enabled partners are providing a better overall client experience.

For the more innovative part of the market, growth looks to continue. Those firms and departments that are well past the early adopter stage have become accustomed to using ALSPs and are willing to bring them into new parts of their business. While it may be harder to convince continued ALSP skeptics of the advantages that alternative delivery models can provide, there are, nevertheless, strong suggestions that this dynamic industry will continue to grow by offering more innovative, expanded services to an increasingly enthusiastic client base.

**There are signs
that law firms
ignore innovation
at their peril.**

Methodology

The 2025 Thomson Reuters Institute's Alternative Legal Services Report presents the survey findings gathered from 424 law firm respondents and 213 corporate law department respondents, conducted from mid-September to mid-October 2024.

Law firm size categories

	USA	UK/Europe	Canada/Australia
SMALL	1-29 lawyers	20-30 lawyers	5-10 lawyers
MID-SIZED	30-174 lawyers	31-100 lawyers	11-49 lawyers
LARGE	175 or more lawyers	101 or more lawyers	50 or more lawyers

The report also includes findings from in-depth interviews with 15 ALSP leaders and three decision-makers within corporate law departments.

We'd like to thank the following law firm affiliate and independent ALSPs for agreeing to be interviewed as part of this research:

- A&O Shearman AD&S
- Adaptive (Simmons & Simmons)
- Ashurst Advance
- Axiom
- Cognia Law
- Condor (Fieldfisher)
- DWF
- Elevate
- Epiq
- Flex (Mishcon de Reya)
- HSF Digital Legal Delivery
- LoD.
- PwC
- Re:link (Linklaters)
- Vario (Pinsent Masons)

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The Center on Ethics and the Legal Profession law.georgetown.edu/legal-profession.



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