

AXIOM SIGNATURE RESEARCH

The Axiom 2027 In-House Legal Budget Report

Despite bigger budgets, in-house legal departments are being squeezed from every angle—by rising talent costs, ballooning law firm fees, and an AI bill nobody budgeted for—and a workload that's outrunning all of it.

Based on a survey of 510 in-house legal leaders and CFOs at companies with at least \$250 million in annual revenue, across six countries.



AXIOMLAW.COM



Why Bigger Legal Budgets Buy Less Relief Than Ever

Despite larger budgets, in-house legal departments are being squeezed from every angle—by rising talent costs, ballooning law firm fees, and an AI bill nobody budgeted for—and a workload that's outrunning all of it.



Sara Morgan

CHIEF LEGAL AI AND TALENT OFFICER, AXIOM

Budget season is the moment when data matters most. That's when GCs and CFOs sit across from each other and negotiate what legal gets to do next year. We conducted this study to give legal leaders the peer data to bring into that room and support their budget ask.

We commissioned InsightDynamo to conduct a global survey of in-house legal leaders and CFOs at large companies across six countries: **510 respondents in total, including 400 GCs and CLOs and 110 CFOs**, at companies with at least \$250 million in annual revenue. 64% of respondents hailed from companies with \$1B or more in revenue; 100% of the CFOs did. Data are tested for statistical significance. **Here's what we found.**

The Old Math Doesn't Add Up

For years, in-house legal budgets followed a simple formula: as workloads grew, budgets grew with them. Teams hired another lawyer or sent overflow work to law firms. This year's data shows that formula is breaking down.

The constant: legal budgets are growing. **83% of in-house legal leaders and CFOs expect their legal budget to increase in 2027**, and not one respondent anticipates a significant cut. The problem is what's happening to that budget before it's even signed off on.

Compensation costs are rising for 83% of in-house teams. Law firm fees are up and, surprisingly, not despite AI but because of it. **Nearly 60% of legal leaders say their firms have raised fees with AI marketed as a value-add.** Few saw any reductions passed their way.

And when the business asks legal to implement AI, **92% of the time no dedicated budget comes with the ask.** The cost gets absorbed by pulling from other line items. Legal leaders are robbing Peter to pay Paul. When AI doesn't yet deliver the productivity gains teams were counting on—and at this stage, it often doesn't—many teams still default to calling the law firm. That default adds cost, tightens the squeeze, and starts the cycle again.

The result: **more than half of respondents—55%—say workload will continue to outpace their budgets in 2027.** Only 6% believe their increase will be large enough to create real capacity. A bigger budget, spent the old fashioned way, no longer buys relief. Meanwhile, AI tool costs themselves are becoming a new and poorly

understood budget line. It's one that can run away fast once adoption takes hold across a department.

Reclaiming Ownership of the Work

Leading in-house teams are changing that equation. The old model, where run-the-company work often went to law firms, is ripe for reinvention. AI is giving in-house leaders a rare opportunity to rethink how they deploy their budget. They are pulling more work back under their own control, handling more of it in-house, and leveraging ALSPs, AI tools and smaller law firms as needed to provide them with the support they need to handle new demands.

The numbers in the study help explain this shift. Two thirds of respondents say **ALSPs cost 25% less than law firms for comparable work**. And yet cost isn't even the primary draw. Quality, specialized expertise, and seamless integration all rank higher as reasons in-house teams use ALSPs. The discount closes a decision that quality has already opened.

Indeed, in the past year, more than six in ten teams increased their ALSP use. That increase held across every category of work, with **69% of in-house teams reporting that they expect to increase ALSP spend over the next two years**.

The Shift Is Underway

This finding tracks with what we reported in our 2026 GC Report: **80% of in-house legal leaders plan to move significant law firm work in-house or to alternative**

providers within 24 months, and 63% of large teams are already moving a quarter to half or more of their former firm work.

This trend hasn't wavered.

This is the new budget math. Flex capacity is something you bake into your operating model vs. a stop-gap measure to be used on a reactive basis. The in-house leaders moving on this early are reclaiming agency and reaping the rewards.

Read what follows. It's among the most comprehensive datasets available on how legal departments are building and defending their budgets in 2027. Use it to benchmark your department, pressure-test your assumptions, and walk into budget season with current, third-party data behind every number you put on the table.

Budgets are rising. Relief isn't.

01 BUDGET OUTLOOK

83%

expect a **larger legal budget** in 2027; almost none foresee a major cut

Budgets grow, but relief doesn't. **55% say workload will outpace the budget** and 83% have seen compensation costs rise in the past year, so a bigger number funds the same squeeze.

02 AI MOVES THE NUMBERS

92%

say AI initiatives often have **no dedicated budget**

AI is funded by reshuffling—75% pay from the existing tech budget. **59% say law firm fees rose with AI sold as a value-add; few saw cuts.** 84% check whether AI can do the work before adding headcount.

03 LEGAL ECONOMICS

83%

of CFOs **suggest or actively encourage** moving law firm work to ALSPs

The shift is structural. 85% saw outside counsel rates rise, **57% report ALSP savings of 25–39% versus comparable law firm work**, and 69% expect to increase ALSP spend within two years.

04 GC AND CFO ALIGNMENT

99%

of CFOs and legal leaders **rate their relationships as good to excellent**

Strong partners, frequent friction. 47% collaborate equally on the budget, the most common setup for both sides, and **72% report tension**, usually over being left out of decisions.

05 INTERNATIONAL

87%

see budget impact from **jurisdiction-specific compliance**

Global exposure, local spend. **80% keep under 20% of budget outside their home countries.** 67% say HQ controls or coordinates global spend.

INDUSTRIALS

Top-5 industrials sector leader manufactures \$6M in savings

\$5.9M

estimated cost savings from the Axiom engagement*

\$250/hr

less than the client's law firm rates on average

1 → 27

Axiom lawyers, scaled from one trial in ~1.5 years

THE CHALLENGE

A top-five industrials company brought on a new head of legal operations and chief of staff with a clear remit: cut outside spend across the board. With a globalized workforce and legacy outside counsel ties across several practice areas, cutting costs without falling behind would be a major challenge.

THE APPROACH

New to Axiom, the client began with a trial run—a UK-based commercial lawyer reviewing procurement agreements. Thrilled with the support, the client converted her permanently. Roughly a year and a half later, Axiom had placed 26 additional lawyers (20 in the US, six in Europe) to support a blend of ongoing and project-based workstreams. The team provided much-needed lift for the client's bandwidth-constrained in-house team across procurement, commercial, privacy, employment, and regulatory compliance matters.

THE IMPACT

- 01 Ongoing access to Axiom lawyers during a major acquisition enabled the client to **integrate the acquiree without adding headcount.**
- 02 Axiom subject matter experts handled matters requiring local expertise **without drawing from limited in-house resources.**
- 03 At \$250 less per hour on average vs. the client's law firm rates, Axiom's flexible support yielded **nearly \$6M in savings.**

* Cost savings estimates based on actual Axiom rates compared to equivalent law firm rate averages as listed in Wolters Kluwer's Real Rate Report.

The 2027 budget outlook

Where the money is, where it is going, and why it will not feel like more.



Legal budgets climb with company revenue

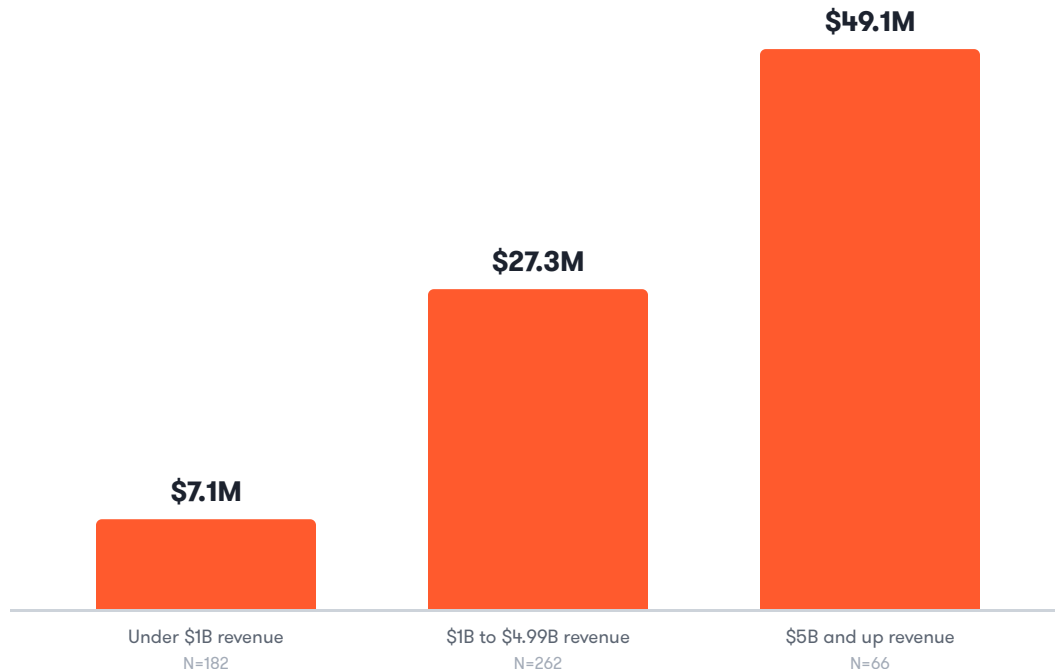
Legal department budgets rise alongside company revenue, and the largest companies report the biggest budgets by a wide margin.

Companies under \$1 billion in revenue average about \$7 million a year. Those between \$1 billion and \$5 billion average roughly \$27 million. Companies above \$5 billion average about \$49 million—more than seven times the smallest tier.

Across all 510 respondents, the average legal department budget is roughly \$22.4 million.

Average legal budget by company revenue

Total budgets range from \$1M to \$250M+ across all 510 respondents



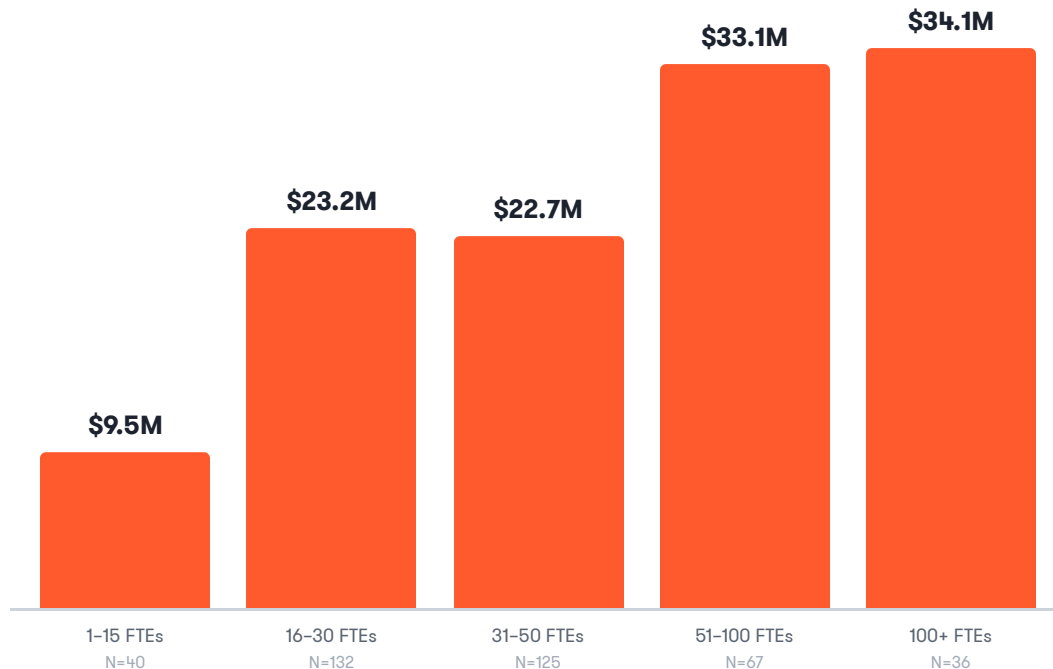
Legal budgets rise in tiers as teams grow

As legal teams grow, their budgets group into three broad tiers by department size. The smallest departments—15 lawyers or fewer—average about \$9.5 million a year. Teams of 16 to 50 cluster near \$23 million. Departments of 51 or more average roughly \$33 to \$34 million.

The middle tier is the flattest. Teams anywhere from 16 to 50 lawyers report nearly identical average budgets, even as headcount varies widely across the band.

Average legal budget by team size (FTEs)

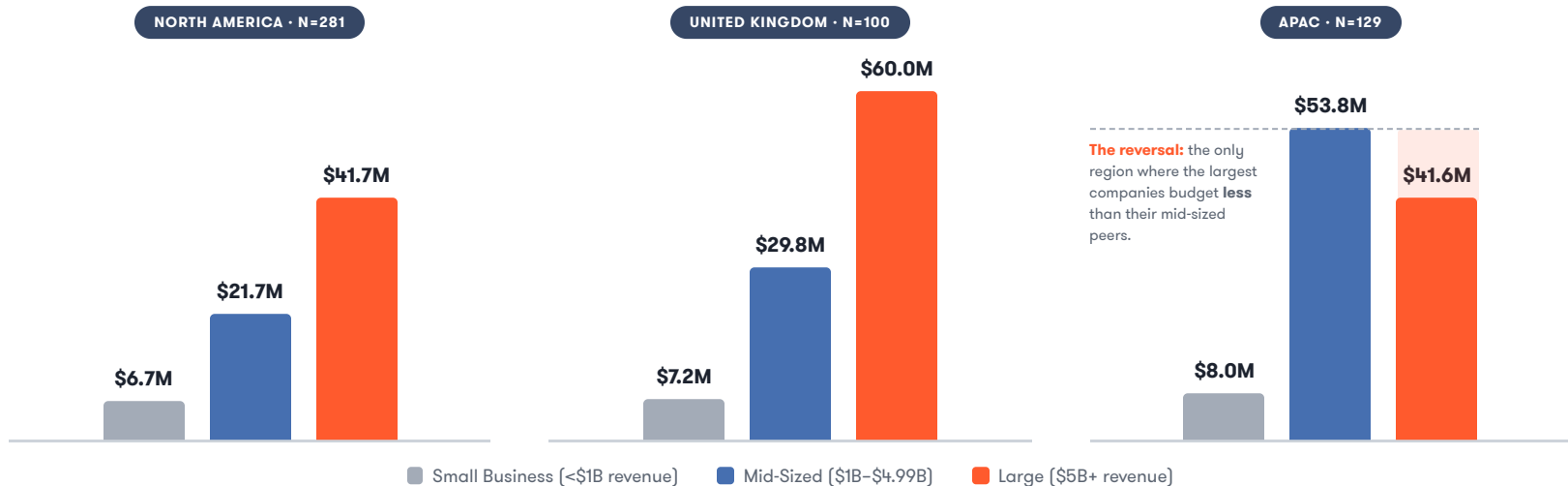
Total budgets range from \$1M to \$250M+ across all 510 respondents



APAC breaks the pattern at the top end

In North America and the United Kingdom, budgets rise with company revenue, as expected. In APAC, the largest companies report smaller average legal budgets than their mid-sized peers—the reverse of the pattern everywhere else.

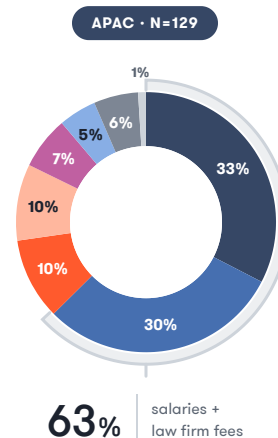
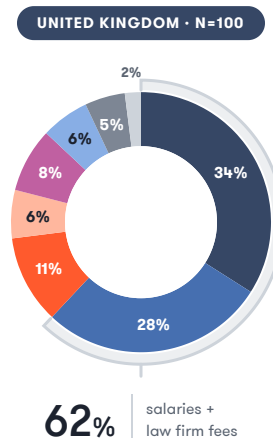
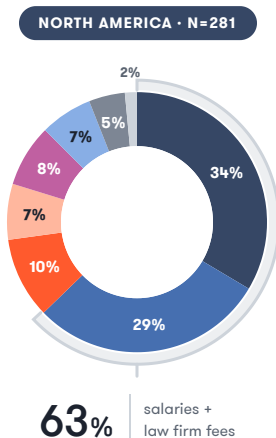
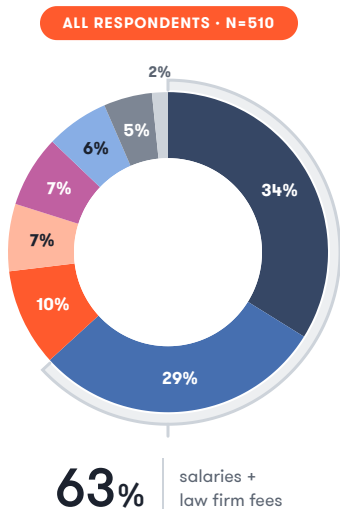
Average legal budget by revenue and region



Total budgets range from \$1M to \$250M+ · N=510

Two line items dominate the budget, in every region

Salaries and law firm fees together claim more than 60% of the average legal budget, everywhere. Everything else—ALSPs, flexible talent, technology, AI—splits the remainder, and the mix barely moves by geography. Where a legal team sits does not change how it divides its budget.

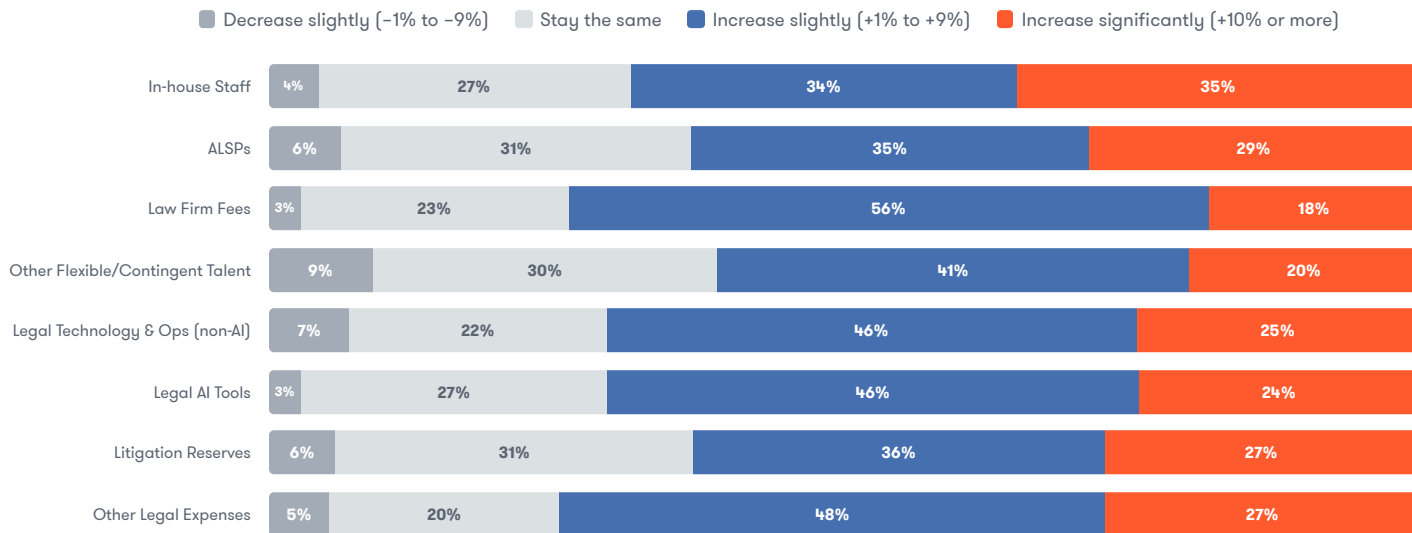


■ Salaries/Benefits
 ■ Law Firm Fees
 ■ ALSPs
 ■ Other Flex Talent
 ■ Legal Tech (non-AI)
 ■ Legal AI Tools
 ■ Litigation Reserves
 ■ Other Expenses

In-house teams expect spend to rise in every category

No category is set to shrink. Across all eight budget lines, most teams expect to spend more in 2027 than in 2026. The increases are mostly modest; sharp jumps concentrate in in-house staff and ALSPs, where about a third expect a significant rise.

Expected change in budget allocation, 2026 to 2027



No respondents expect a significant decrease (-10% or more) · N=400

Aligned on demand, apart on the outlook

Legal leaders and CFOs rate their departments' ability to meet demand identically. They diverge on everything forward-looking.

On funding, the economy, and especially the company's own performance, CFOs are the more optimistic of the two.

2027 outlook, legal leaders vs. CFOs

Share describing the outlook as positive



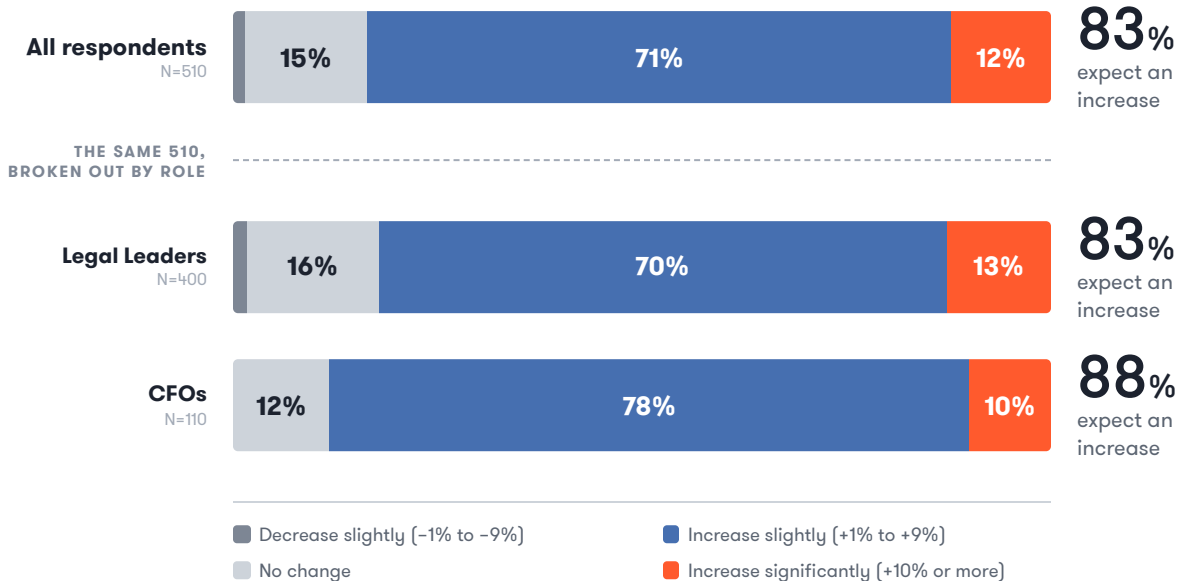
Almost no one expects a budget cut

Nearly every respondent expects a stable or larger legal budget in 2027, and most of the movement is modest growth rather than sharp increases. Not a single respondent predicts a significant cut of 10% or more.

Both cohorts are bullish, CFOs more so. They lean toward larger increases than legal leaders, and neither expects a significant cut.

Expected change in the 2027 legal budget

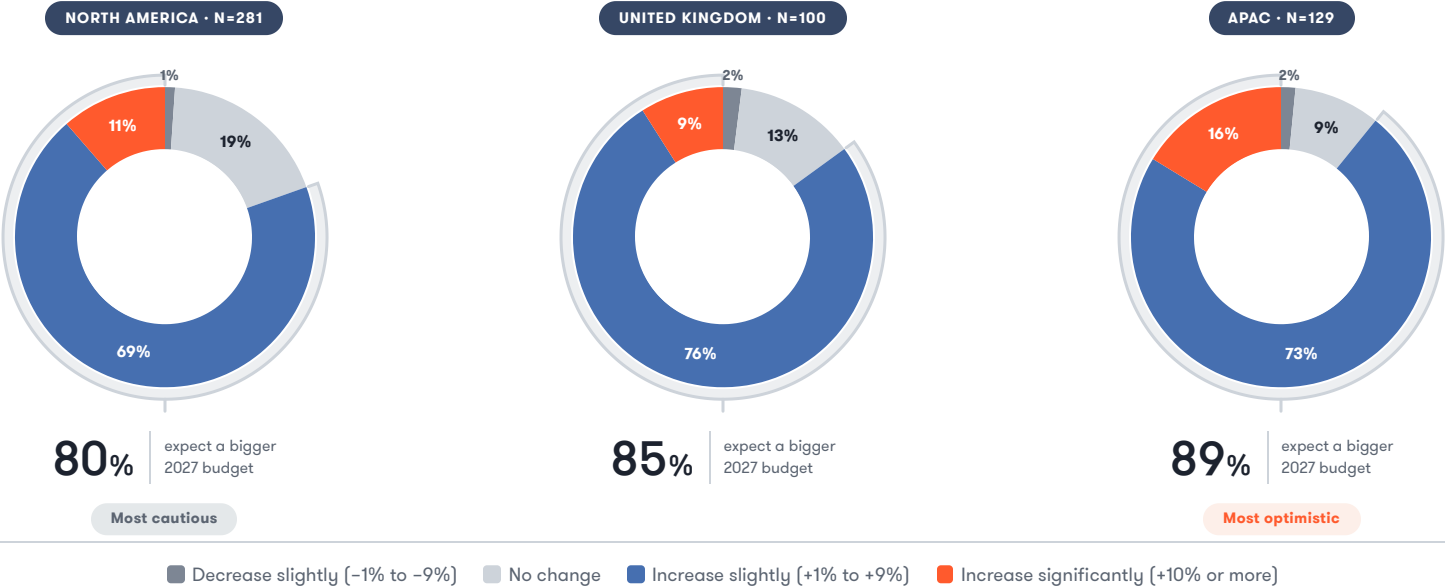
Segments under 3% unlabeled



Every region expects a bigger 2027 budget

4 in 5 respondents in **every region** expect their budgets to grow in 2027

2027 budget prediction by region



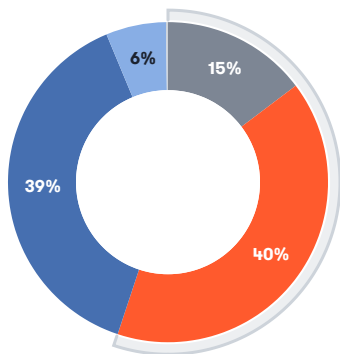
Bigger budgets, not more breathing room

More than half of respondents expect their workloads to outrun their budgets in 2027, and only a small minority expect the budget to grow fast enough to create real capacity. The squeeze looks the same in every region—and almost no one, anywhere, expects their workloads to shrink.

0% of respondents in **any region** expect workloads to decrease

2027 workload vs. budget pressure

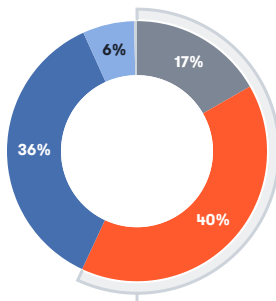
ALL RESPONDENTS · N=510



55%

workload exceeds budget

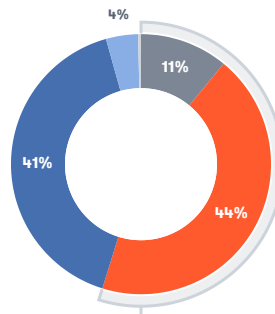
NORTH AMERICA · N=281



57%

workload exceeds budget

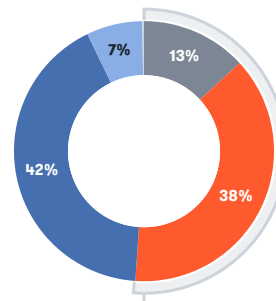
UNITED KINGDOM · N=100



55%

workload exceeds budget

APAC · N=129



51%

workload exceeds budget

■ Significantly more work with cuts/freezes
■ More work, flat or below-inflation budget
■ Workload and budget growing at the same pace
■ Budget growing faster than workload
■ Workload decreasing

Compensation costs are rising for most teams

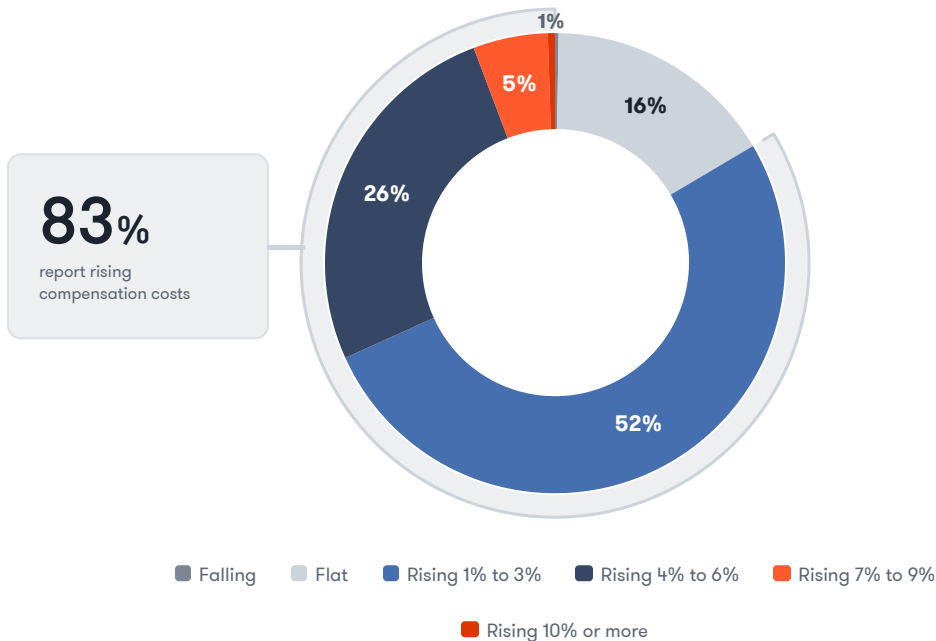
More than four in five in-house teams report higher fully-loaded compensation costs than a year ago. For most, the increase is in the low single digits.

A smaller group reports mid-single-digit growth, and almost none report compensation costs falling.

0% reported that compensation costs were **falling**

Year-over-year change in compensation costs

Salaries + benefits + overhead for the in-house legal team



N=400

Hiring and retention are getting easier

More than half of in-house teams say retaining lawyers has become easier over the past year, and a larger share say the same about recruiting.

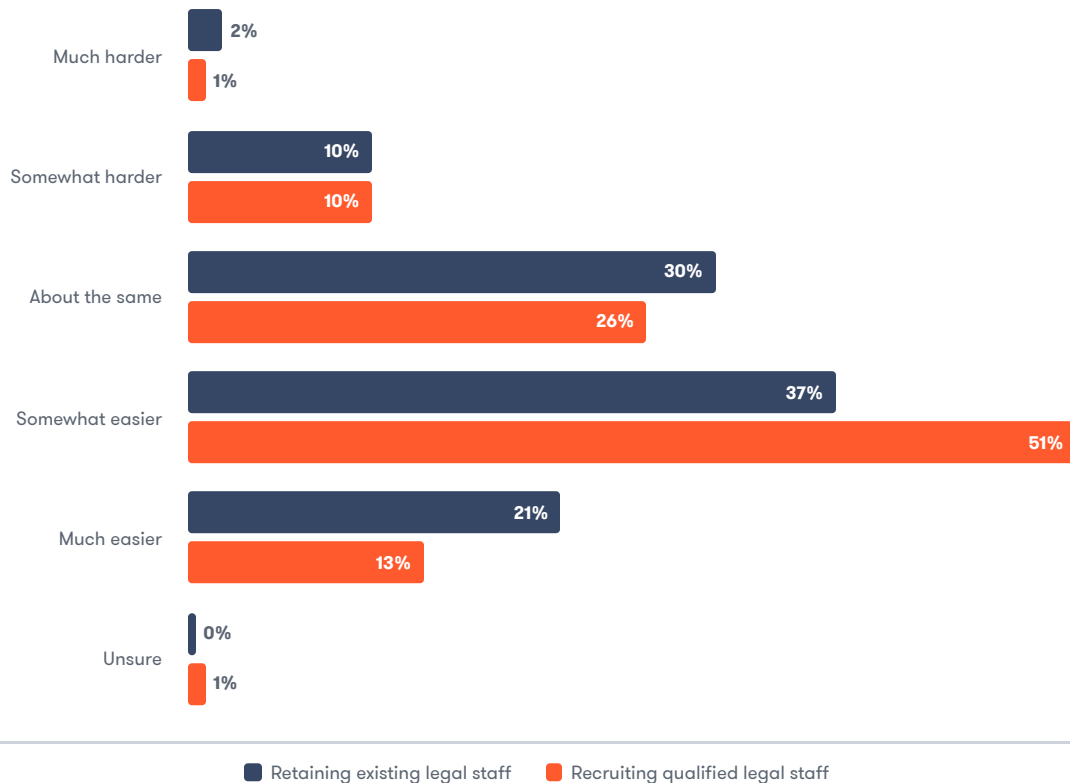
The shift holds even as compensation costs climb. The survey measures the change, not its cause.

58% say retaining staff is **now easier**

64% say recruiting is **now easier**

Change in ability to retain and recruit legal staff

Compared with the prior 12 months



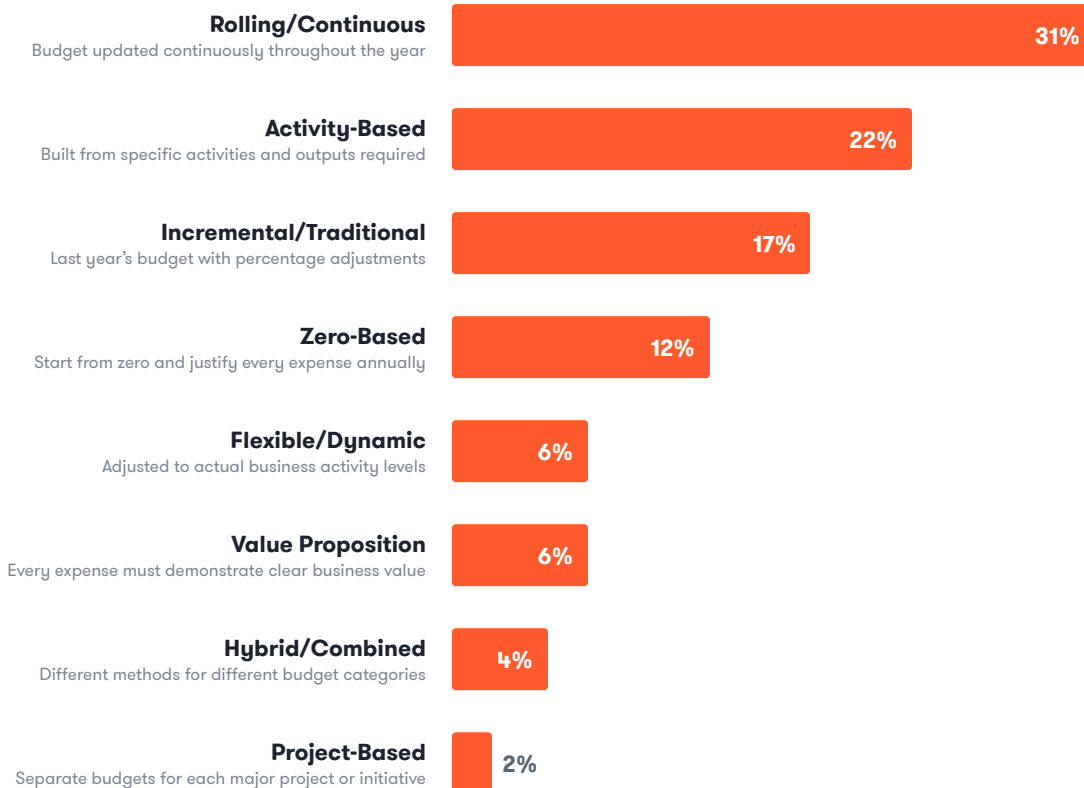
N=400

Few teams budget from zero

Rolling and activity-based models are the most common ways in-house teams build a budget. Traditional incremental budgeting still holds a meaningful share.

The more demanding methods, zero-based and value-justified budgeting, remain the exceptions.

Primary budgeting model used

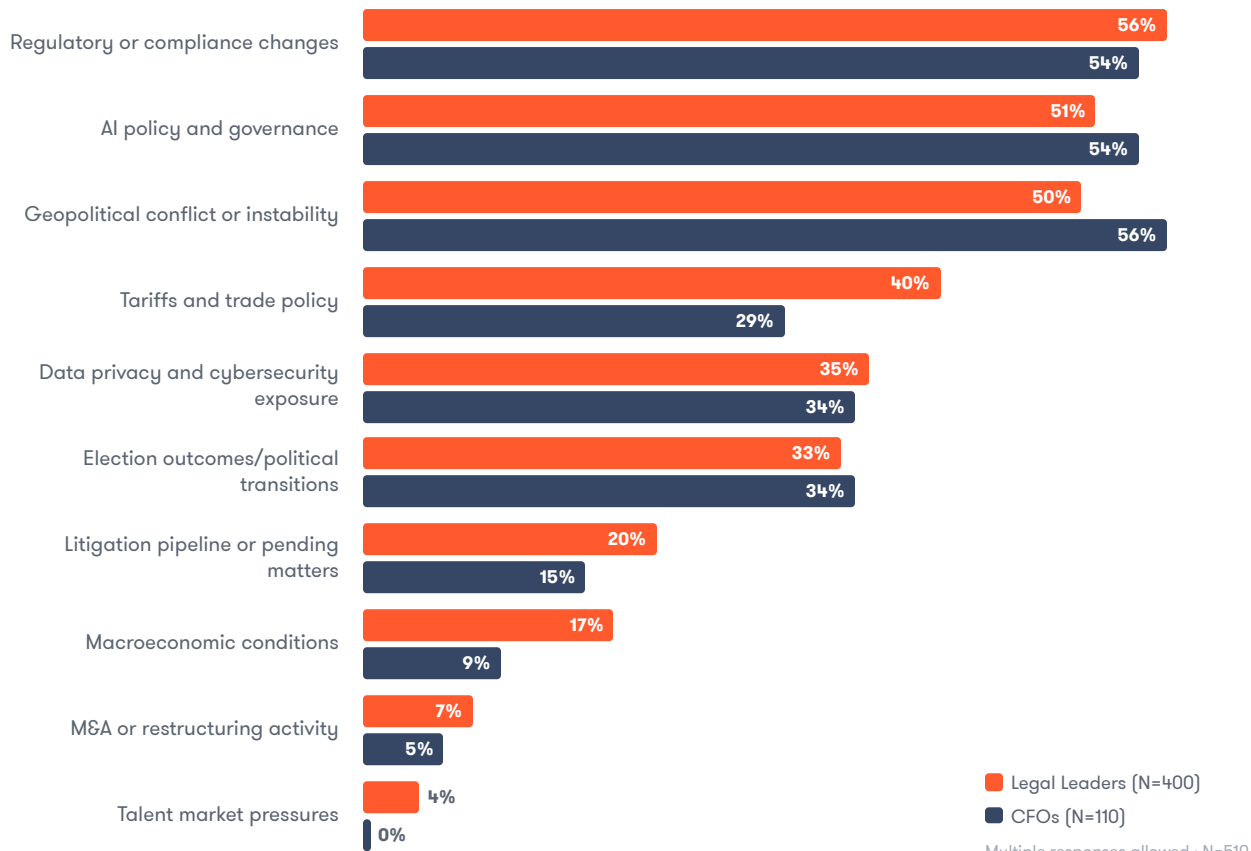


Regulation, AI, and geopolitics lead a crowded risk list

Regulation, AI governance, and geopolitics sit at the top of the concern list, clustered closely rather than led by any one issue.

The two cohorts weigh them differently. Legal leaders are markedly more worried about trade policy and macroeconomic conditions than CFOs are.

Issues creating uncertainty heading into 2027



Teams spread their bets on budget flexibility

For categories they cannot forecast, in-house teams lean on several protective tactics at once rather than a single approach.

The mix shifts by category. Frequent revisions and flexible talent feature most where the volume of matters is hardest to predict.

Strategies used to protect budget flexibility

Volume of legal matters



Technology investments



Hiring needs



■ Larger unallocated reserves
 ■ More flexible talent over permanent hires
 ■ Cross-functional budget pools

■ More frequent revision cycles
 ■ Mid-year adjustments with CFO

Segments under 3% unlabeled · N=400

“

The report highlights the continuing multifaceted pressure legal leaders face to deliver the legal function against rising demand, tighter turnaround times, and budgets that don't necessarily match requirements. How we utilise AI, and how we evolve our operating model to build flexible capacity—including through partners like Axiom—will play key roles in meeting the challenges of the moment.”



Richard Buckley

Head of International Legal & Compliance
and Assistant General Counsel

INTUIT

HIGHER EDUCATION PUBLISHING

Iconic university press tags 12,000 IP contracts via Axiom team

\$1.5M

saved vs. law firm alternative*

12,000

IP agreements standardized
in a modern CMS

6 → 19

lawyers scaled across four
project phases

THE CHALLENGE

A globally renowned university press faced a critical challenge: preparing a vast library of IP licensing agreements for a strategic overhaul of its contract management system. To maximize the value of its intellectual property portfolio, leadership needed precise legal coding of thousands of complex agreements to enable informed business decisions.

THE APPROACH

Frustrated with inaccurate AI outputs and sky-high law firm rates, the publisher engaged a flexible Axiom team to help with the CMS project. Axiom broke the work into four distinct phases, scaling the attorney team from six up to 19 lawyers at its peak. As non-standard and complex agreements surfaced, Axiom integrated attorneys with specialized subject matter knowledge to work with the client's in-house department to properly tag and categorize upwards of 12,000 agreements—helping to create a maximally effective and usable IP database for the business and legal teams alike.

THE IMPACT

- 01 Untangled 12,000 contracts** from disparate locations, uploading and standardizing inputs into a modern CMS.
- 02** Newly structured, searchable database empowered leadership to make **data-driven decisions about how to monetize their IP**.
- 03** Stayed under allocated budget and **avoided an estimated \$1M+ overrun** from the original outside provider.

* Cost savings estimates based on actual Axiom rates compared to equivalent law firm rate averages as listed in Wolters Kluwer's Real Rate Report.

How AI is moving the numbers

Unfunded mandates, rising fees, and a new hiring calculus.



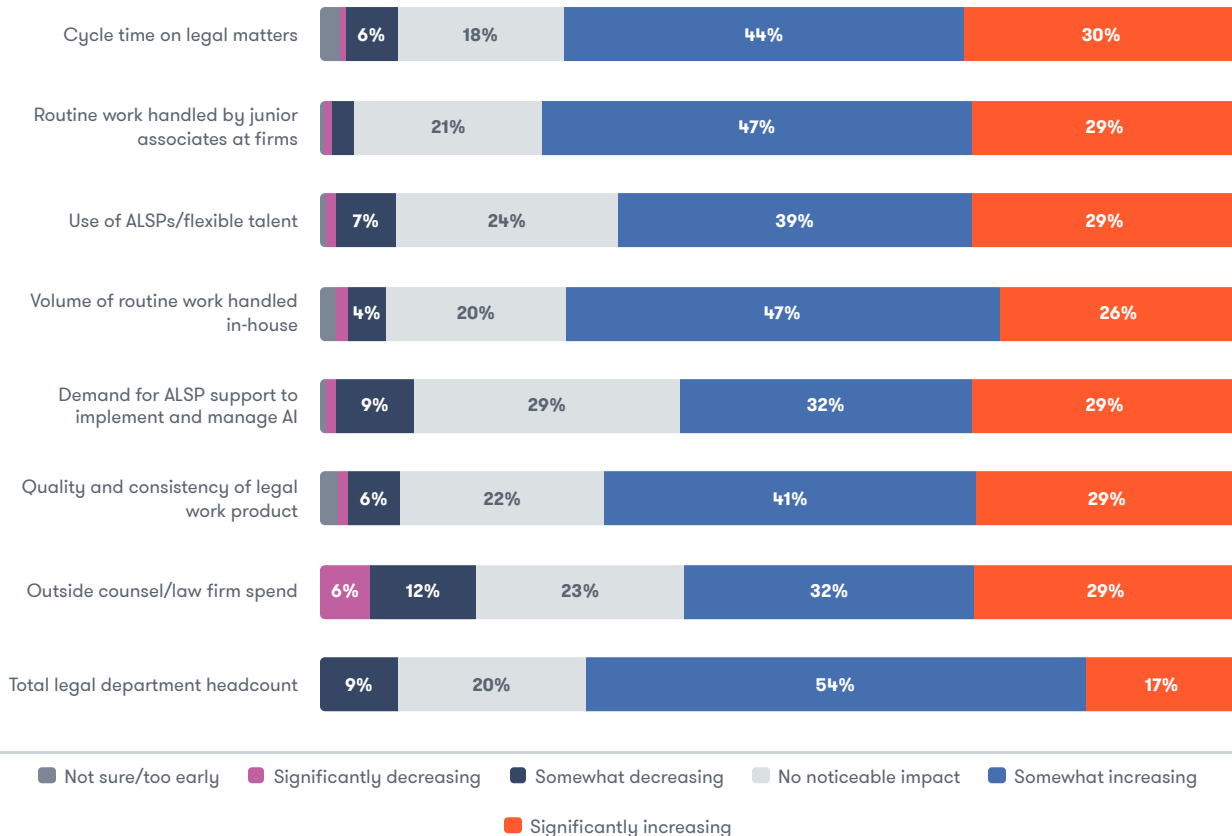
Teams report AI impact across every operation

In-house teams say AI is already changing how legal work gets done, and the effect is broad rather than confined to one task. It registers most on cycle times, routine work, and the use of ALSPs. More than three-quarters expect that impact to grow over the next year.

77%

of legal leaders expect AI's impact to **increase even more** in the next 12 months

Reported impact of AI on legal operations



Mid-sized companies expect the sharpest AI acceleration

Legal leaders at mid-sized companies are the most likely to expect AI's impact to accelerate in the coming year. The largest companies are the most likely to level off or pull back.

69%

SMALL BUSINESS
expect AI's impact to accelerate

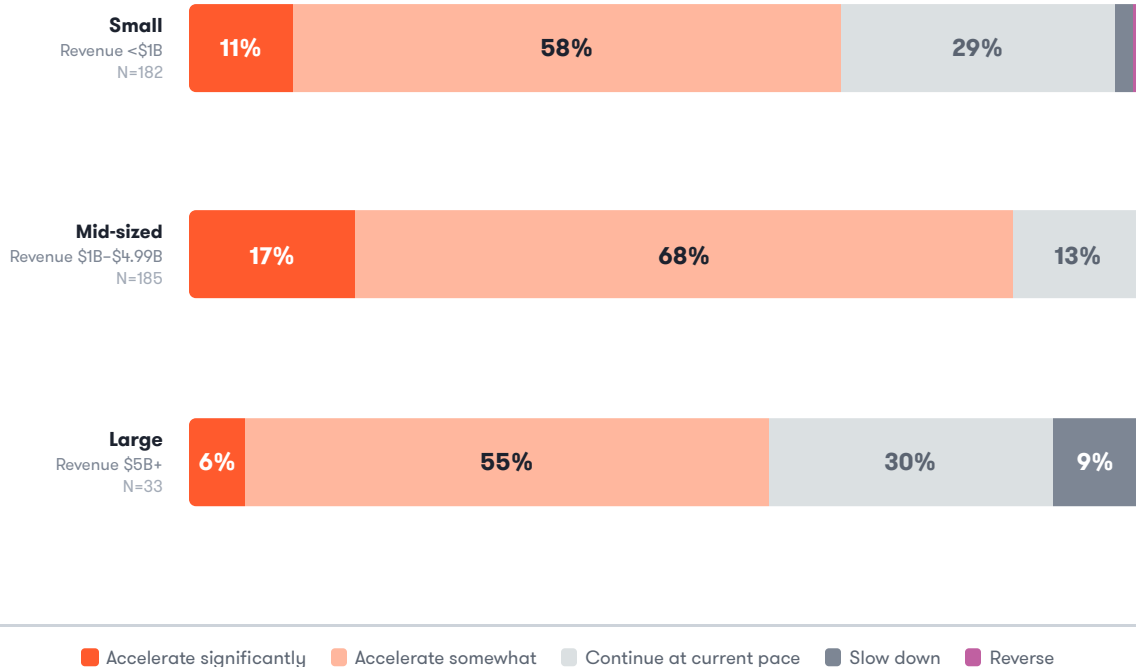
85%

MID-SIZED BUSINESS
expect AI's impact to accelerate

61%

LARGE BUSINESS
expect AI's impact to accelerate

Expected pace of AI's impact, by company revenue



Segments under 3% unlabeled · Small base for \$5B+ (N=33)

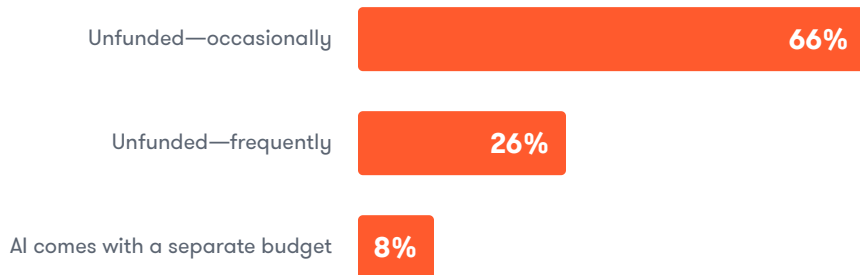
AI work arrives without a budget

AI work almost never comes with money attached. Only a small fraction of teams get a dedicated budget when the business hands them an AI initiative.

For everyone else, funding is improvised, pulled from other lines, occasional for most and routine for a quarter. The work gets done; the budget for it does not arrive.

92% of AI initiatives came **without a dedicated budget** in 2026

How often AI initiatives come without a budget



More AI work is arriving unfunded than a year ago

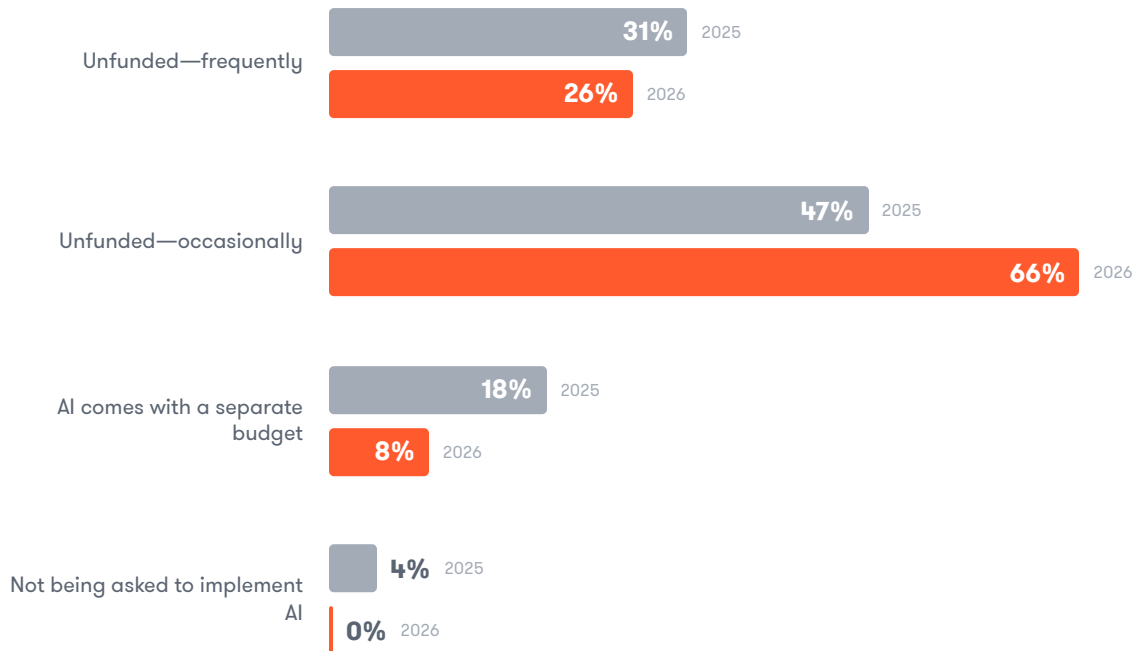
The share of teams whose AI initiatives come without a budget is higher in 2026 than in 2025.

What was occasional for many teams is turning routine. The funding model has not caught up to how fast the work is being pushed down.

92% of AI initiatives came **without a dedicated budget** in 2026

↑ up from **78%** in 2025

AI initiatives without a budget, 2025 vs. 2026



■ 2025 (N=354) ■ 2026 (N=400)

“

The finding that 92% of AI mandates arrive without dedicated budget is not surprising. Legal departments are being asked to govern AI, implement AI, and evaluate AI's impact on our outside providers, all from the same budget line that was already stretched. The departments that will navigate this well are the ones building flexible sourcing models now, before the next wave of mandates hits.”



Jimmy Yun

Director and Associate General Counsel

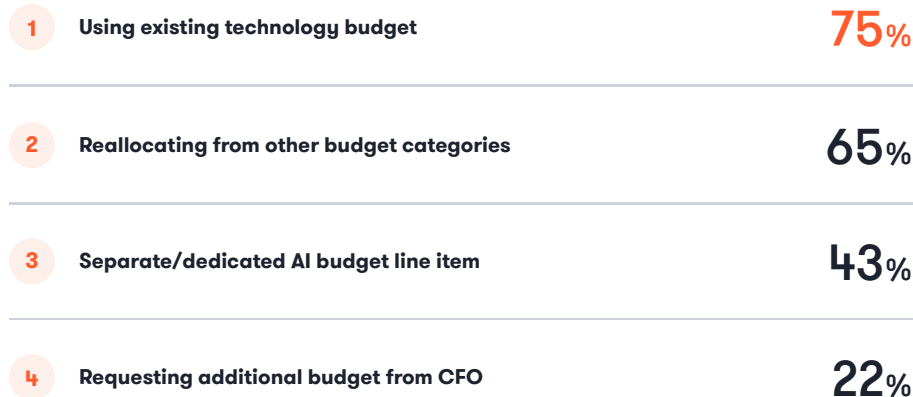
META

AI gets funded by reshuffling, not by new money—and teams turn to ALSPs to run AI

How teams fund AI implementation

Multiple responses • N=400

Most teams pay for AI out of the existing technology budget or by pulling from other lines. Incremental funding is rare; fewer than half have a dedicated AI budget line, and only about one in five secure additional funding from the CFO.

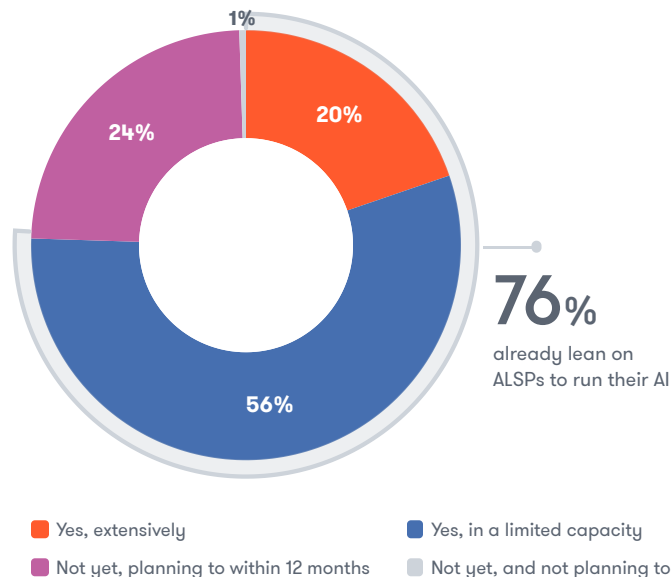


1% are not budgeting for AI implementation at all

Do teams use ALSPs to implement or manage AI tools?

N=400

More than three-quarters of in-house teams already use ALSPs to help implement or manage AI initiatives—and another quarter plan to start within the year.



AI is pushing law firm fees up, not down

When law firms use AI, the most common result for clients is a higher bill, with AI presented as a value-add. That share is up sharply from a year ago.

Few in-house teams see savings passed back to them.

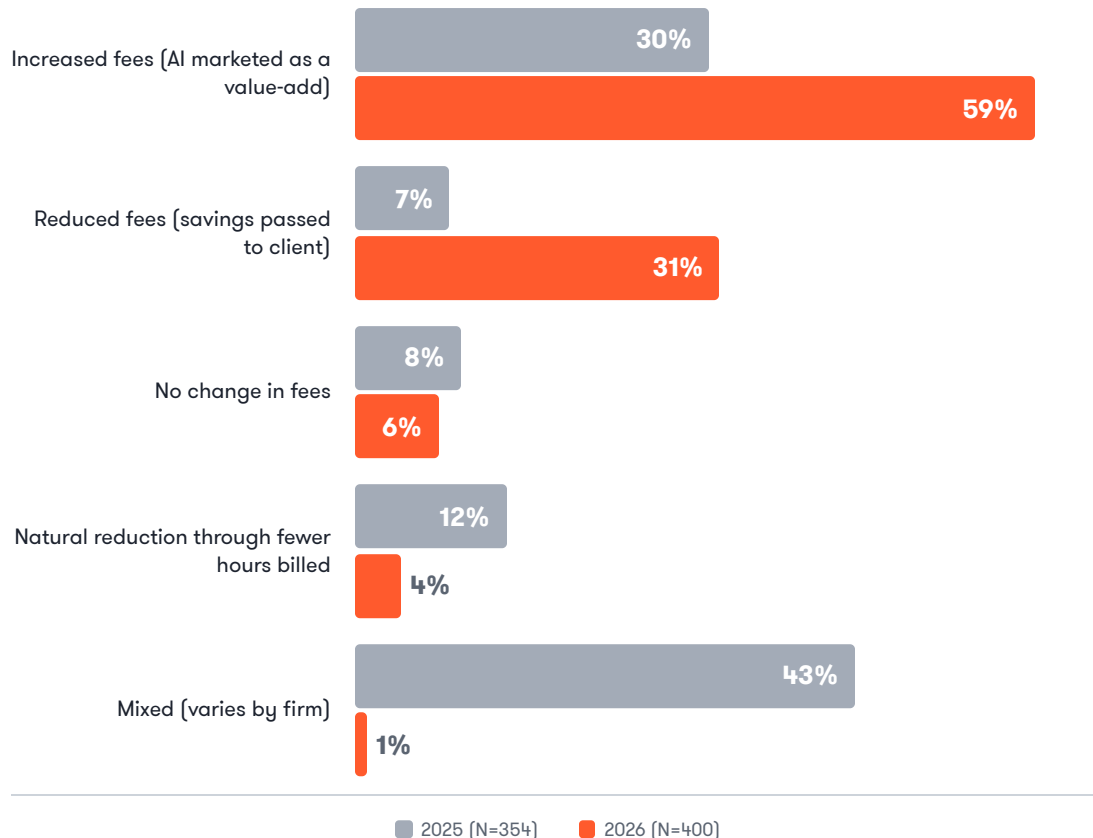
“We’re not yet seeing AI efficiencies flow through from law firm costs. That needs to change. The relentless annual increases in law firm hourly rates are unsustainable and point to a broken pricing/value model.”



Adrian Goss

VICE PRESIDENT, LEGAL & GOVERNANCE
BAUER MEDIA GROUP

Impact of AI on law firm billing, 2025 vs. 2026



Teams ask about AI use, few require disclosure —and most test AI against a role before filling it

Approach to Law Firm AI Disclosure

N=400

Most in-house teams want to know when their law firms use AI, but stop short of mandating it. Only one in five require disclosure in every case; for the rest, whether to ask depends on the matter.

We ask, but don't require disclosure

51%

It depends on the matter/work type

29%

We require disclosure in all cases

20%

Evaluating AI Before Creating New Roles

N=400

Before opening a new full-time role, most teams first ask whether AI can do the work. For most, that check is informal; a smaller group has made it a formal step. Almost no team hires without considering AI at all.

We consider AI informally for some roles

64%

We formally evaluate AI before new hires

20%

We don't consider AI, but plan to start

15%

We don't consider AI in hiring decisions

1%

84%

consider AI
capabilities before
creating new roles

E-COMMERCE

Employee investigations wrapped up for top e-commerce company

29%

of total budget saved versus previous provider*

100+

ER investigations run from intake to closure

14 days

average closing time with the claimant

THE CHALLENGE

A Fortune 50 tech and e-commerce company faced a backlog of employee investigations from its warehouses. With limited internal resources and a busy season approaching, the client needed a partner with the ability and know-how to review large volumes of complaints and collaborate with the in-house team on investigations from start to finish—including harassment, workplace violence, Title VII discrimination, and performance management matters.

THE APPROACH

Just two weeks after securing budget, the client engaged an initial wave of 10 Axiom employee relations specialists to work alongside its in-house team on the investigation process, from intake through case closure. At the client's direction, two weeks later, Axiom brought on a second wave of 10 to help reduce the backlog. Together, the joint team cleared the bulk of reviews one month ahead of schedule. The client then flexibly wound down support while retaining an ongoing team of five Axiom specialists to support new and ongoing matters.

THE IMPACT

- 01 Each Axiom resource managed **17-23 full-cycle investigations** at any given time.
- 02 Axiom team lead handled onboarding, training, and report review pre-closure, **minimizing the client's management burden**.
- 03 Axiom talent expected to clear **three to five complex ER investigations per week** with an average 14-day closing time.

* Cost savings estimates based on actual Axiom rates compared to equivalent law firm rate averages as listed in Walters Kluwer's Real Rate Report.

Legal services economics

Rates, day rates, and where the work goes when the gap gets wide enough.



In-house teams leaned into Big Law in 2026

More teams worked with AmLaw 200 firms in 2026 than in 2025, most often blended with regional or boutique firms.

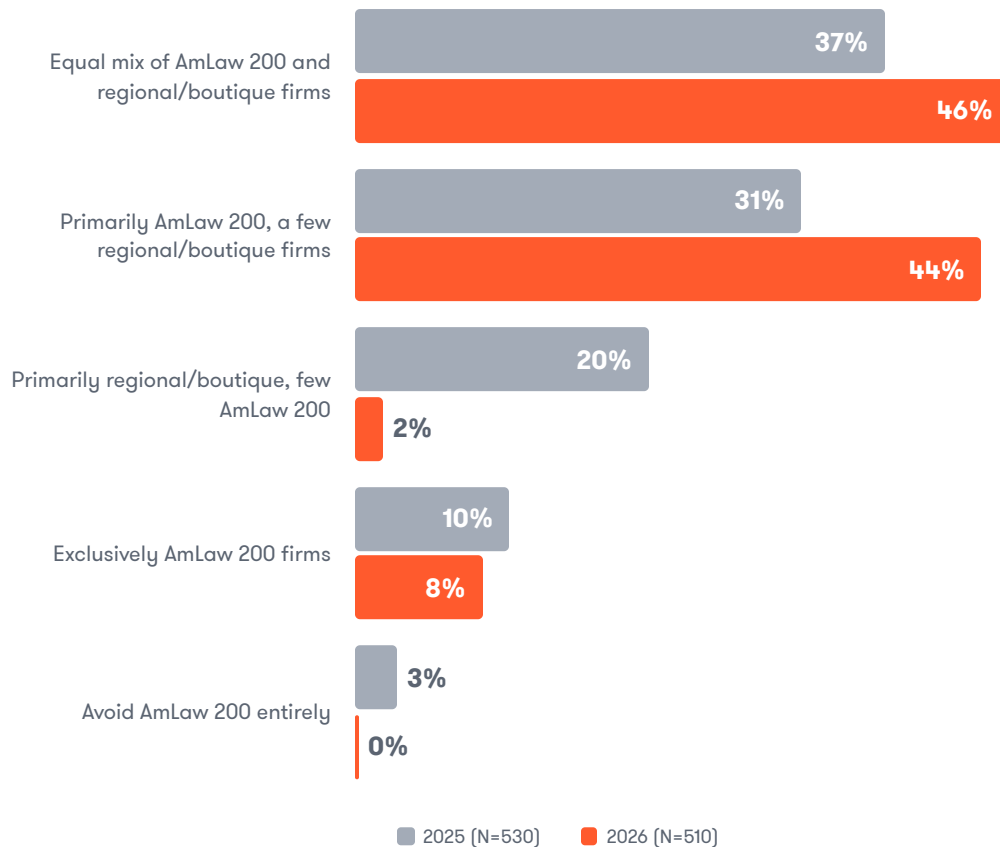
A year earlier, teams were likelier to work mainly with smaller firms. The mix is widening, not narrowing.

98%

of teams now rely on AmLaw 200 firms for **at least half** of their firm mix

↑ up from **78%** in 2025

How teams work with AmLaw 200 firms, 2025 vs. 2026



Outside counsel rates rose almost everywhere

For the large majority of in-house teams, outside counsel rates climbed over the past year. Flat rates were rare, and cuts rarer still. For a quarter of teams, the increase ran to 6% or more.

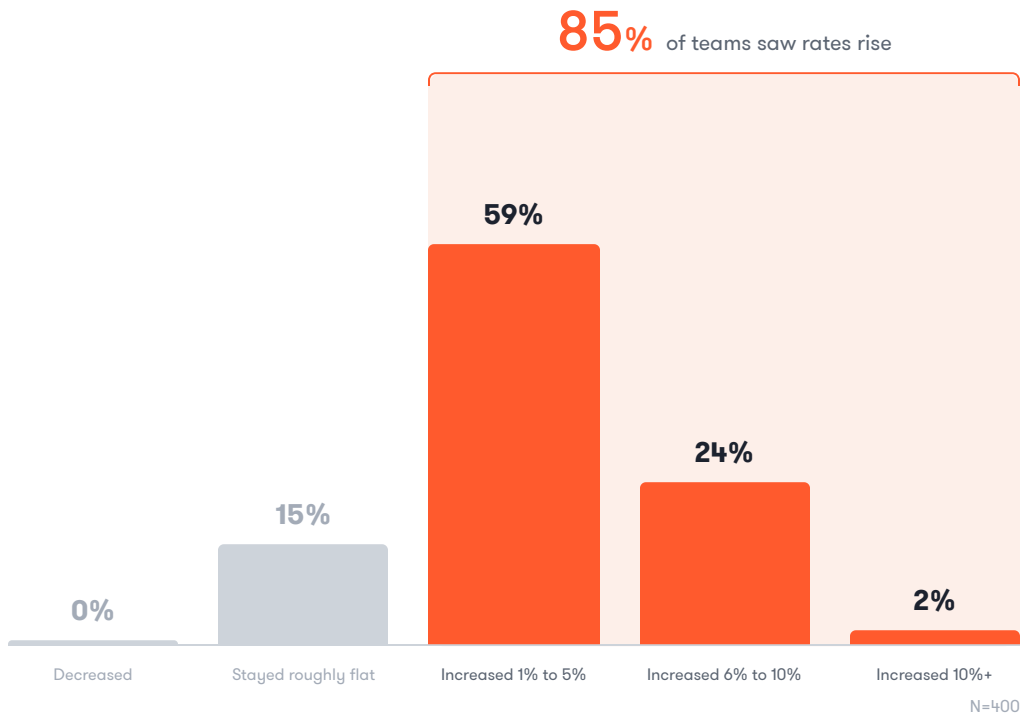
“Overall spend is often outside our direct control—we can’t fully predict the volume of matters we’ll face. But we can affect the relative cost, the cost per matter, by making wiser buying decisions. In this age of AI, we increasingly need to establish an understanding of what a matter should cost. ALSPs will certainly be an important factor in our ability to improve those relative costs for our department.”



Sean D'Souza

CHIEF OF STAFF, LEGAL OFFICE OF THE GENERAL COUNSEL
GOOGLE

Change in outside counsel rates, past 12 months

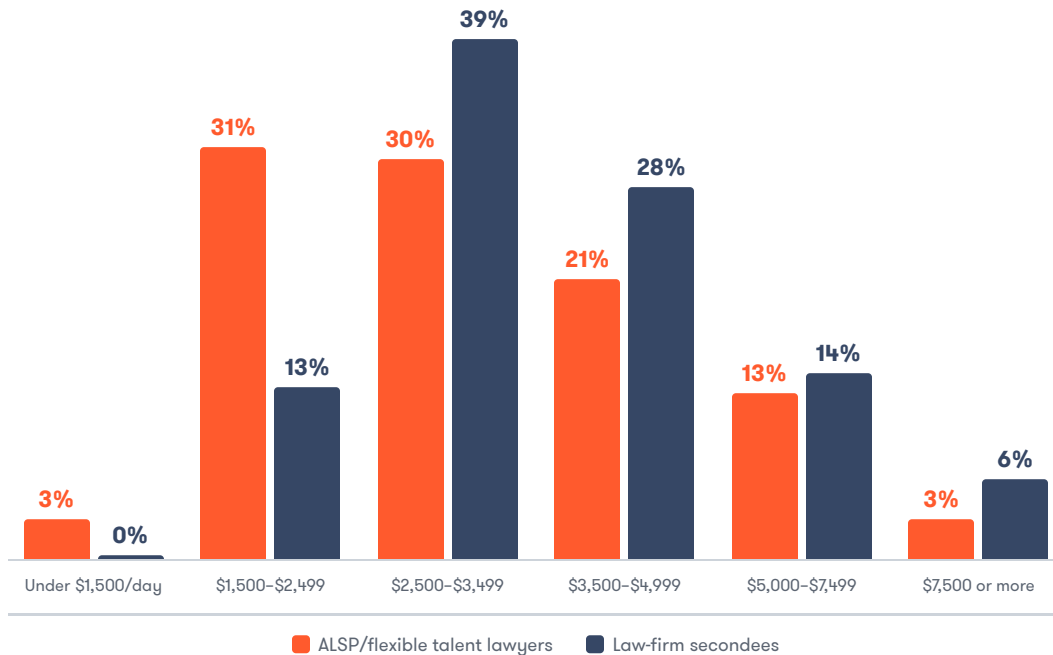


In-house teams report lower day rates for ALSPs

For the same lawyer-level talent, in-house teams report paying less per day for ALSPs than for law firms, and the gap holds across the market.

No team reported a law firm rate under \$1,500 a day; some pay ALSPs less than that. Nearly two thirds of ALSP rates come in under \$3,500 a day, whereas nearly 50% of law firm rates are greater than \$3,500.

Daily bill rate for legal talent, ALSPs vs. law firms



N=510

Rising first-year rates push work out of Big Law

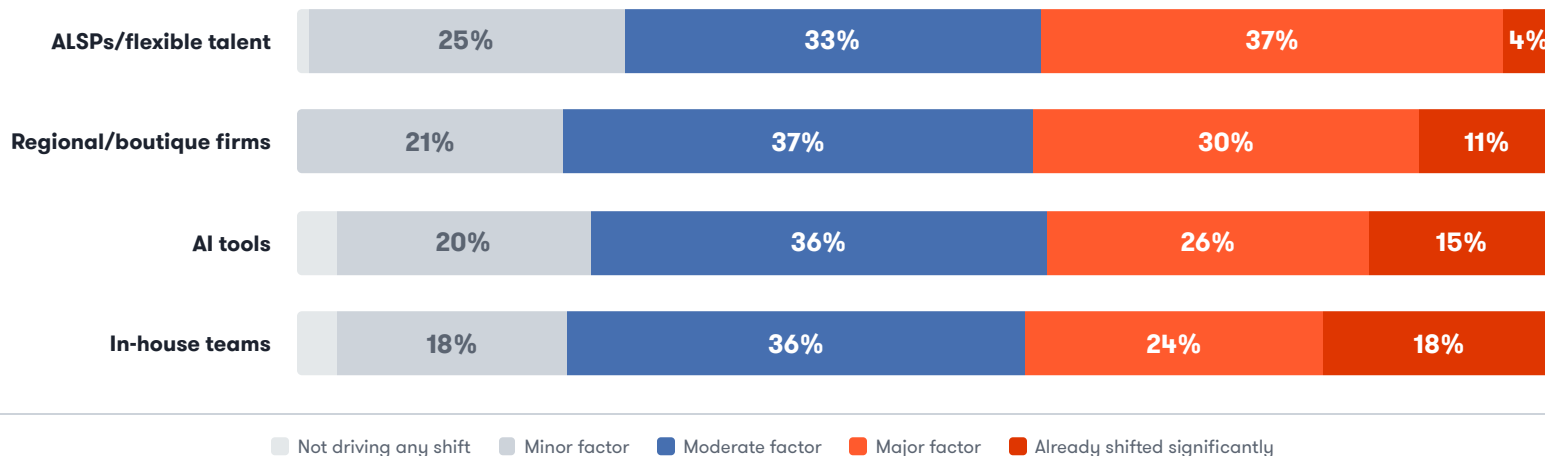
Most in-house teams say higher first-year associate rates are a factor in moving work elsewhere.

The work does not go to one destination. It splits across ALSPs, regional firms, AI tools, and in-house teams, with ALSPs being the most common landing spot.

56%

say first-year associate billing rates increased over the past 12 months

Where rate increases are shifting work away from large firms



Segments under 4% unlabeled • N=400

ALSP use rose across every work type

In the past year, more than six in ten teams increased their use of ALSPs, and the rise held across every category of work.

The steepest gains came in data privacy and cybersecurity, followed by M&A diligence and intellectual property. No category moved the other way.

Teams increasing ALSP use, by work type

Percentage of respondents reporting somewhat or significantly increased ALSP use in the past 12 months



71%

Data Privacy & Cybersecurity

33% significantly



65%

M&A Diligence & Integration

28% significantly



65%

Intellectual Property

25% significantly



65%

Litigation Support

15% significantly



63%

Regulatory & Compliance

16% significantly



57%

Labor & Employment

18% significantly



51%

Commercial Contracts

13% significantly

A 10% gap is enough to move work

For many teams, a difference of about 10% is enough to shift work to ALSPs.

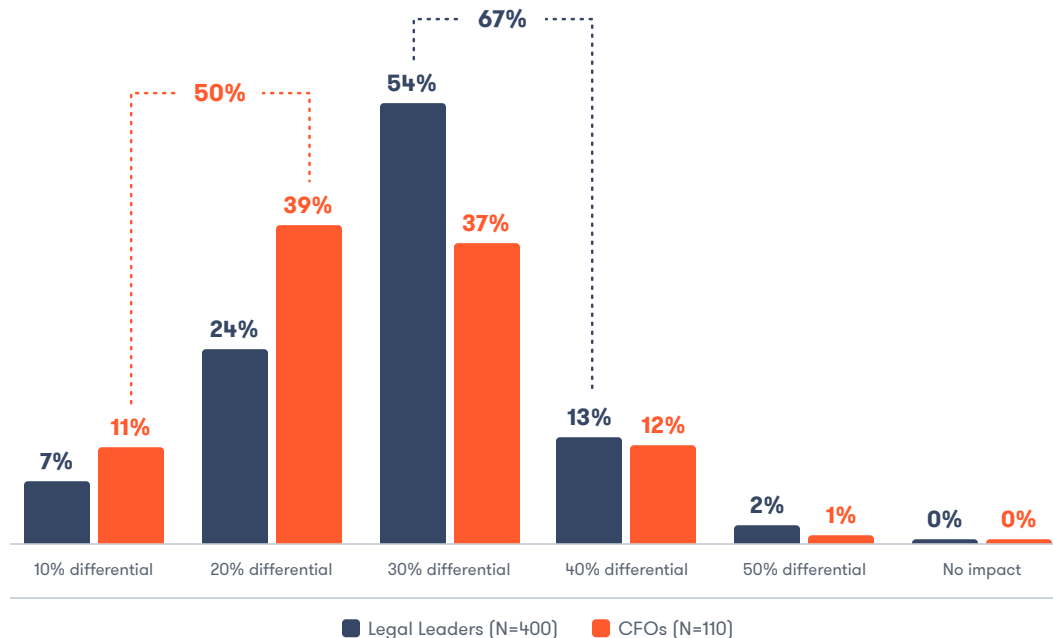
The trigger point differs by cohort. CFOs will move at a smaller gap, while legal leaders tend to want a wider one before they switch.

50% of CFOs would move work for a rate gap of **20% or less**

67% of legal leaders wait for a **30-40% gap** before they switch

*Axiom provides up to 50% savings

Cost differential needed to shift work to ALSPs*



In practice, ALSPs come in well below law firms

Nearly all legal leaders put the ALSP discount at 10% or more, and most say it reaches 25% or more, for comparable work.

CFOs report the same savings but judge them shallower.

Once work moves, the savings hold: most legal leaders and CFOs say they met or exceeded expectations.

WE ASKED

“Did ALSP cost savings meet or significantly exceed expectations?”

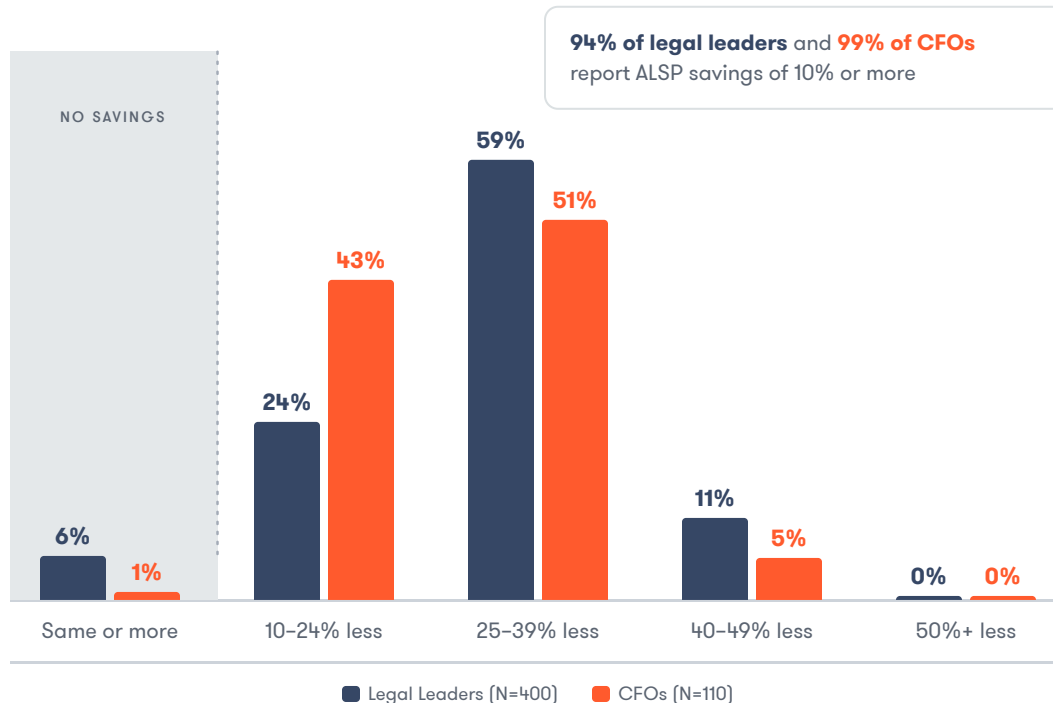
87%

of legal leaders
say “yes”

76%

of CFOs
say “yes”

Realized cost differential, ALSPs vs. law firms



Price is the last box teams check

Quality, service breadth, specialized expertise, integration, and scale all rank ahead of cost as reasons teams use ALSPs.

Price is not what puts them on the short list. The discount is real, but it closes a decision that quality already opened.

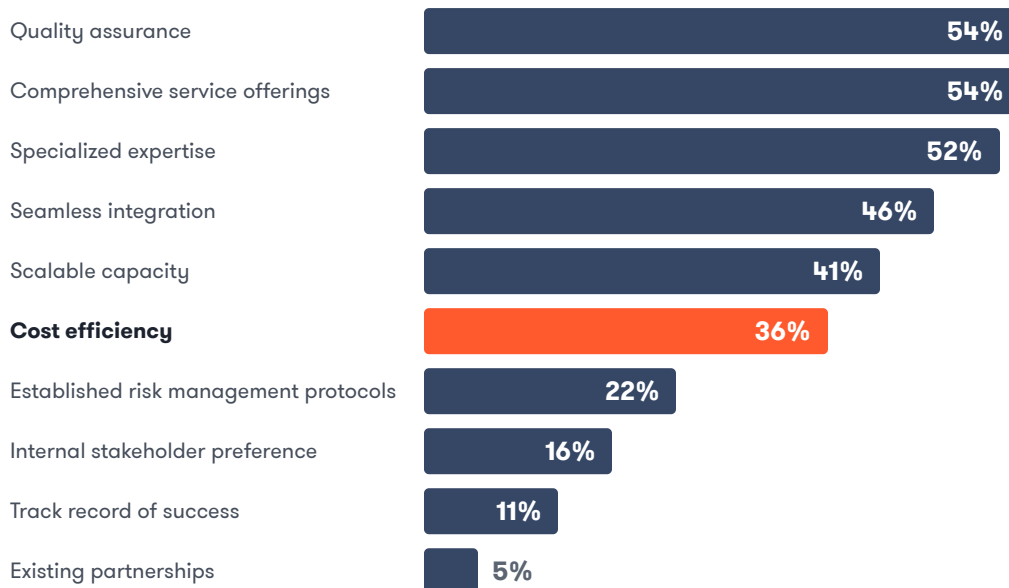
“In this era of cost control, legal departments need to do more with less. This can be achieved in a number of ways, including using AI tools, better cost control of outside counsel, or using ALSPs. The bottom line is that there are plenty of options to increase the efficiency of our legal spend.”



Andrew Stephens
CHIEF LEGAL OFFICER
MONGODB

Reasons legal leaders use ALSPs

Multiple responses allowed · N=400



Teams encourage ALSP use, few require them

Almost no in-house team leaves ALSP use to individual discretion, but the push is mostly encouragement, not obligation.

Informal guidelines are the single most common approach, yet about 60% go further, asking teams to justify skipping an ALSP or backing use with a written policy or incentive.

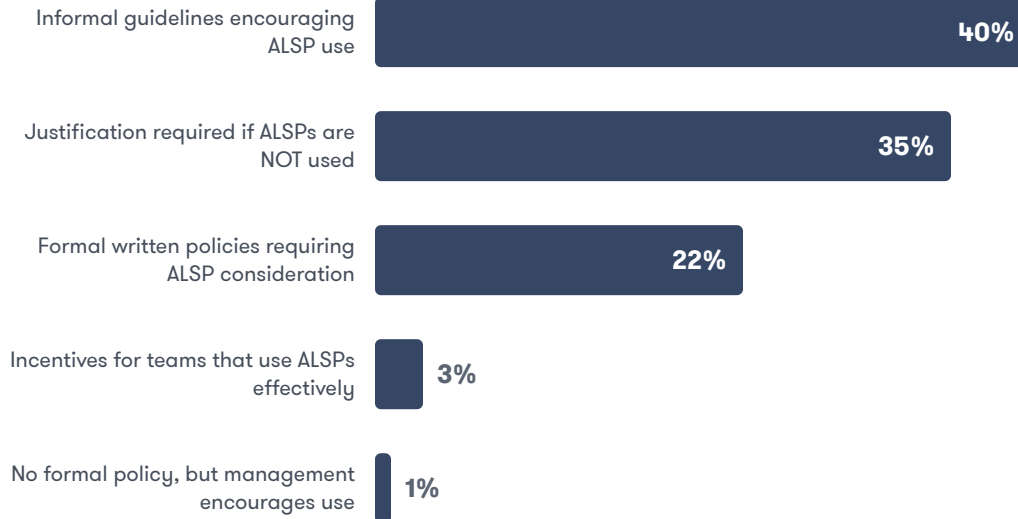
Even those written policies require considering ALSPs, not choosing them.

60%

back ALSP use with
**justification requirements,
written policy, or incentives**

How teams encourage ALSP use

N=400



Almost no CFO prefers the law firm status quo

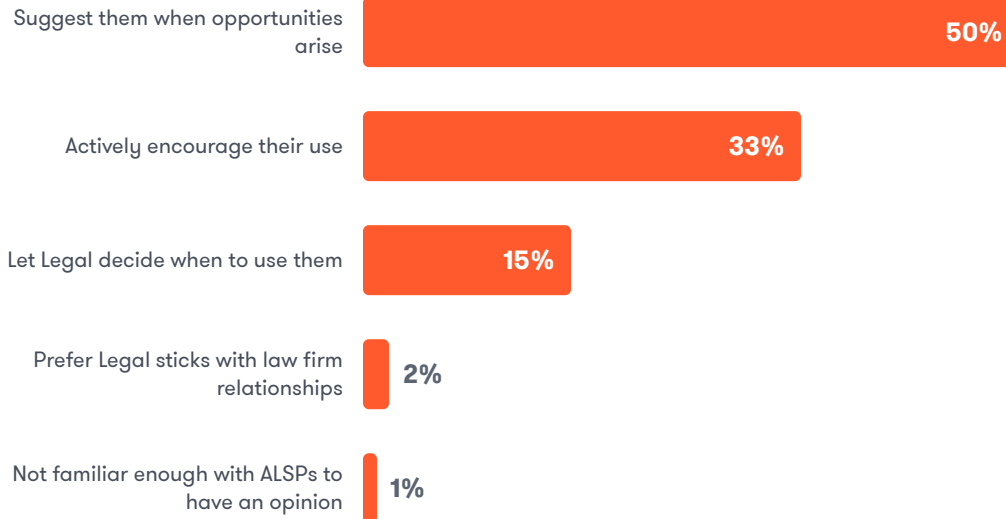
A third of CFOs actively encourage their legal teams to use ALSPs, and half suggest it when the opening arises.

Of the rest, most defer to Legal rather than object. Just 2% would rather Legal stay with its established law firms.

83% of CFOs **suggest or actively encourage** ALSP use

How CFOs approach ALSP use

N=110



More spend ahead for ALSPs and in-house lawyers

Over the next two years, in-house teams expect to spend more across the board, with the sharpest growth going to in-house lawyers and ALSPs.

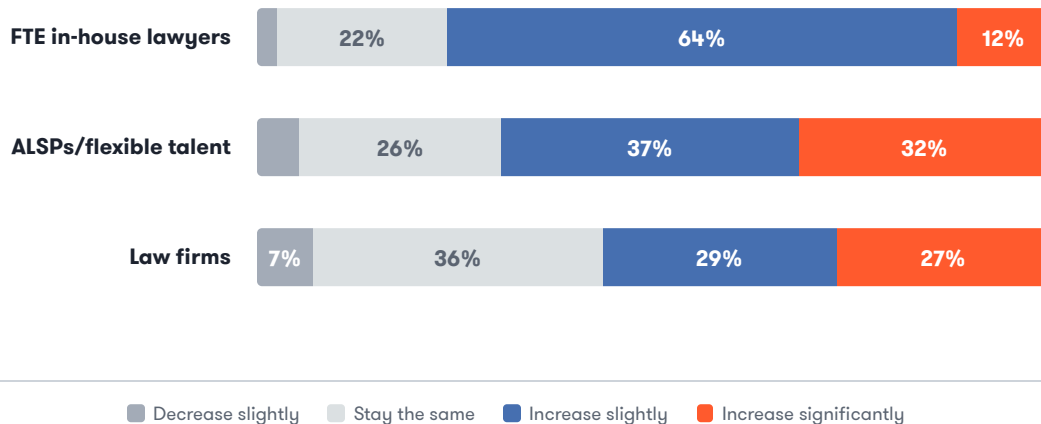
Law firm spend is set to rise too, but for fewer teams. No category is expected to fall.

76% expect to grow **in-house lawyer** spend

69% expect to grow **ALSP** spend

56% expect to grow **law firm** spend

Expected change in legal spend over the next two years



Segments under 6% unlabeled · N=400

“

Law firm invoices are up, the pressure to do more with less is higher than ever, and the demands to implement legal AI tools rarely come with the budget to do so. Flex capacity is essential to meeting these conflicting directives.”



Deputy GC

Fortune 500 Bank

PUBLIC SECTOR

Contracts offloaded to Axiom, saving time & money for city government

39%

saved per hour versus discounted law firm rates*

\$10K/mo.

off outside law firm spend

< 1 week

to identify, vet, and deploy two lawyers

THE CHALLENGE

A mid-sized city government's lean legal team is responsible for advising city officials, departments, and agencies on everything from zoning to litigation to labor relations and tax. Laser-focused on budget, the City Solicitor needed experienced guidance to handle both work overflow and practice areas where he didn't have full expertise.

THE APPROACH

Faced with an inflexible budget, the City Solicitor engaged two locally barred Axiom lawyers on an as-needed basis. It took Axiom less than one week to identify, vet, and deploy the two attorneys—a search the city had been running for months. One lawyer focused on land agreements and supported Parks & Rec with vendor and advertising contracts. The other provided labor and employment support, managing employee investigations and partnering closely with the city's Claims Manager and HR team.

THE IMPACT

- 01 Quick deployment **freed up the City Solicitor's time** while speeding departmental progress on key community programs.
- 02 **Filled niche experience gaps** that the City Solicitor had previously been forced to send to outside counsel.
- 03 Held strict budget requirements by **saving 39% per hour** compared to already-discounted law firm rates.

* Cost savings estimates based on actual Axiom rates compared to equivalent law firm rate averages as listed in Walters Kluwer's Real Rate Report.

GC versus CFO

A strong partnership, a shared budget, and friction over who gets a seat.



Budgeting is a shared decision for most

The most common arrangement, for CFOs and legal leaders alike, is equal collaboration on the budget.

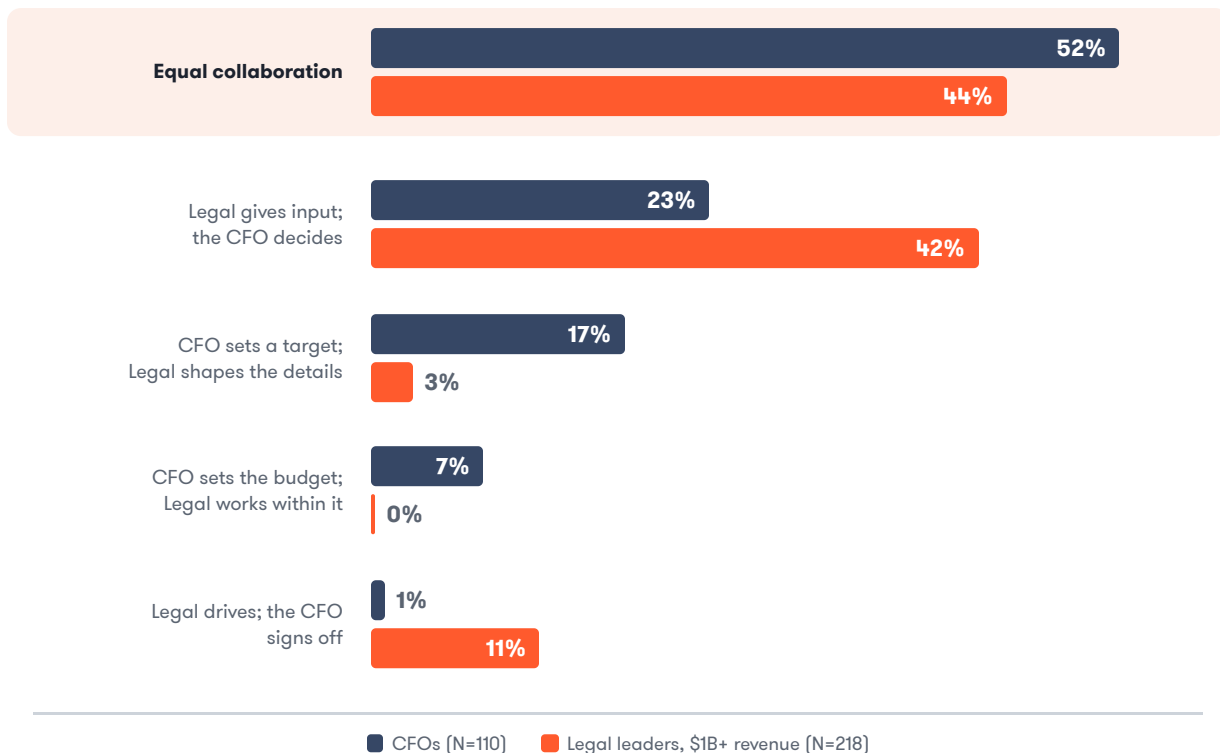
Few in either role describe controlling the process outright. Both cohorts see the same partnership from opposite seats.

THE TAKEAWAY

Equal collaboration is the top answer in both seats.

How each seat describes the budget process

Share selecting each arrangement; response options tailored by role and condensed for display.



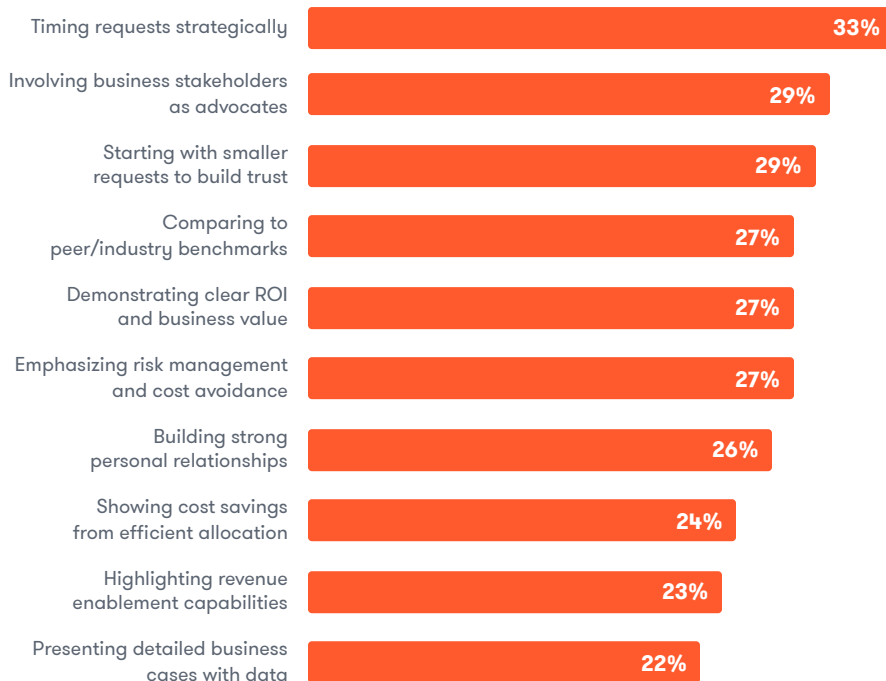
Timing and allies beat the detailed business case

The tactics legal leaders rate most effective for winning budget are about approach: timing requests well, recruiting business stakeholders, and starting small to build trust.

The formal case ranks near the bottom. Detailed, data-heavy business cases are among the least effective ways to secure a “yes”.

Most effective strategies for budget approval

Up to three selections



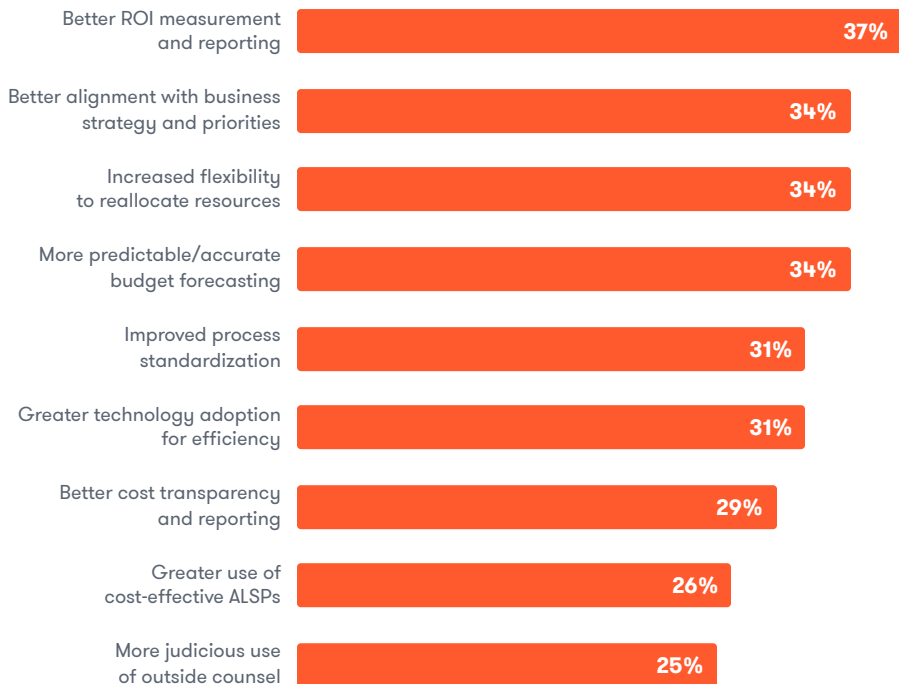
N=400

CFOs want better ROI measurement first

Asked what would make the legal budget more valuable, CFOs put better ROI measurement and reporting at the top, alongside tighter alignment to business strategy.

Managing outside spend ranks lowest. Cutting law firm or ALSP cost is not what CFOs are asking Legal to prove.

What would make the legal budget more valuable to CFOs



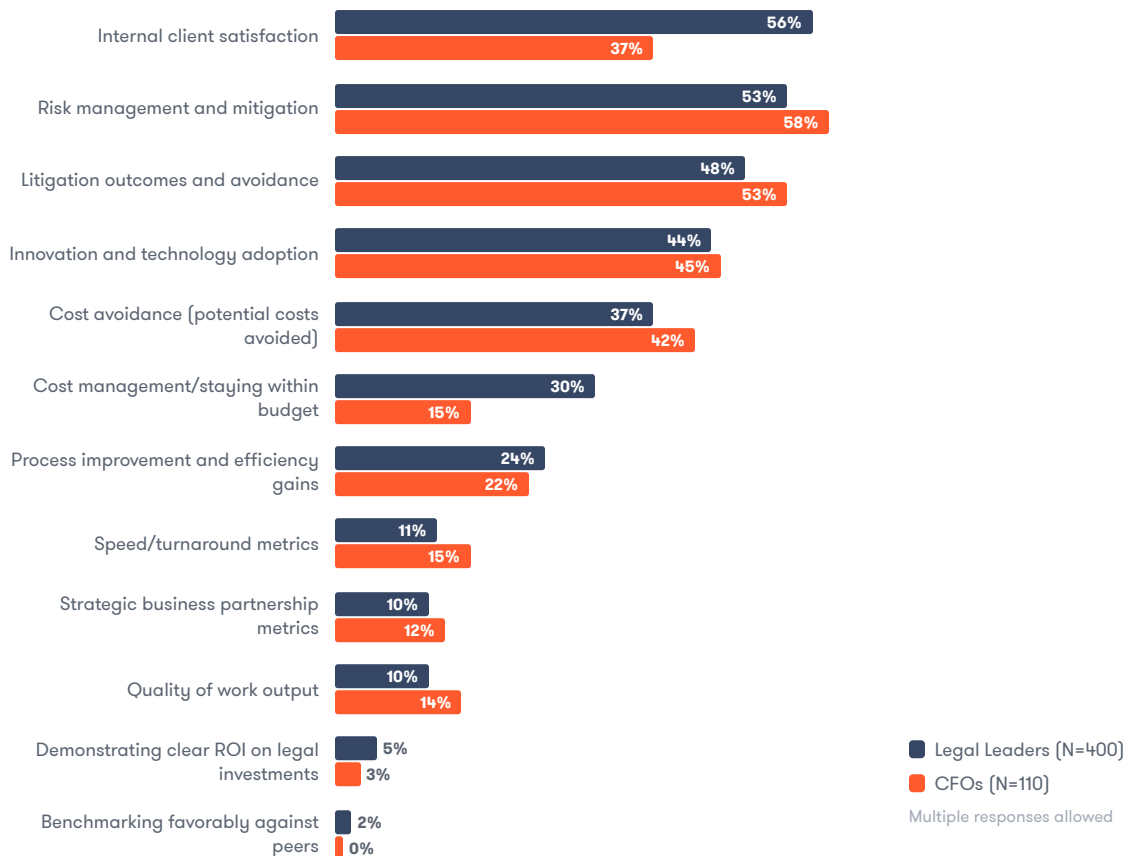
CFOs only · N=110

Both sides judge Legal on legal outcomes first

Client satisfaction, risk management, and litigation outcomes lead the year-end scorecard for CFOs and legal leaders alike.

Financial measures sit lower for both. Pure ROI and cost-management metrics rank near the bottom, even among CFOs.

How legal performance is measured at year-end

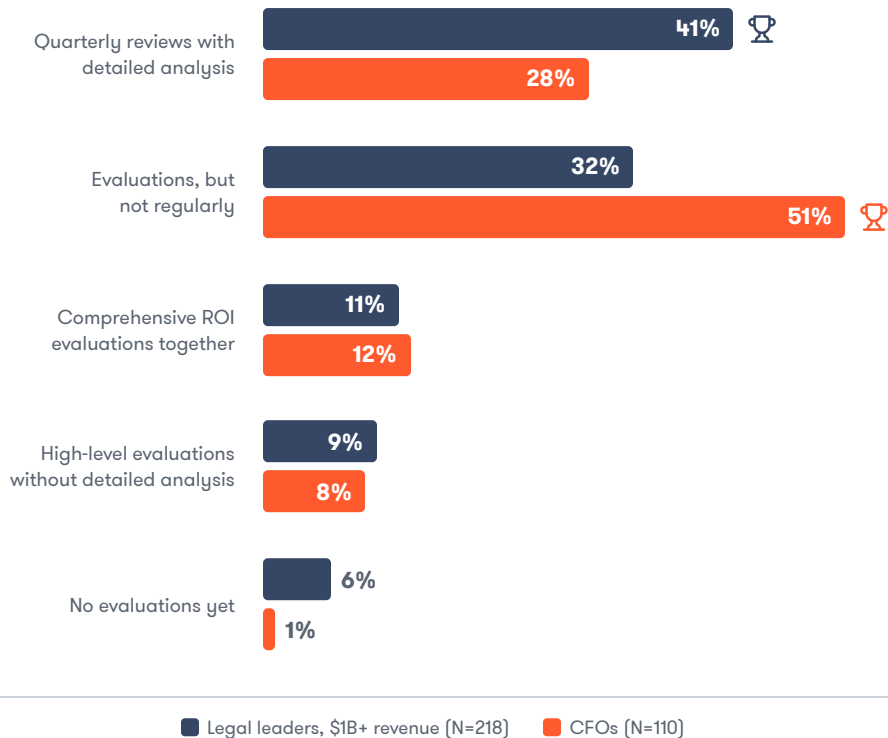


Legal and CFOs flip on how regularly they review ROI

Both sides evaluate legal ROI, but they lean opposite ways on how often. Legal splits evenly between regular quarterly reviews and occasional ones.

CFOs tilt the other way, more than half reviewing only occasionally rather than on a set schedule. Few on either side skip evaluation altogether.

How regularly each side evaluates legal ROI



Both sides rate the relationship well, Legal rates it warmer

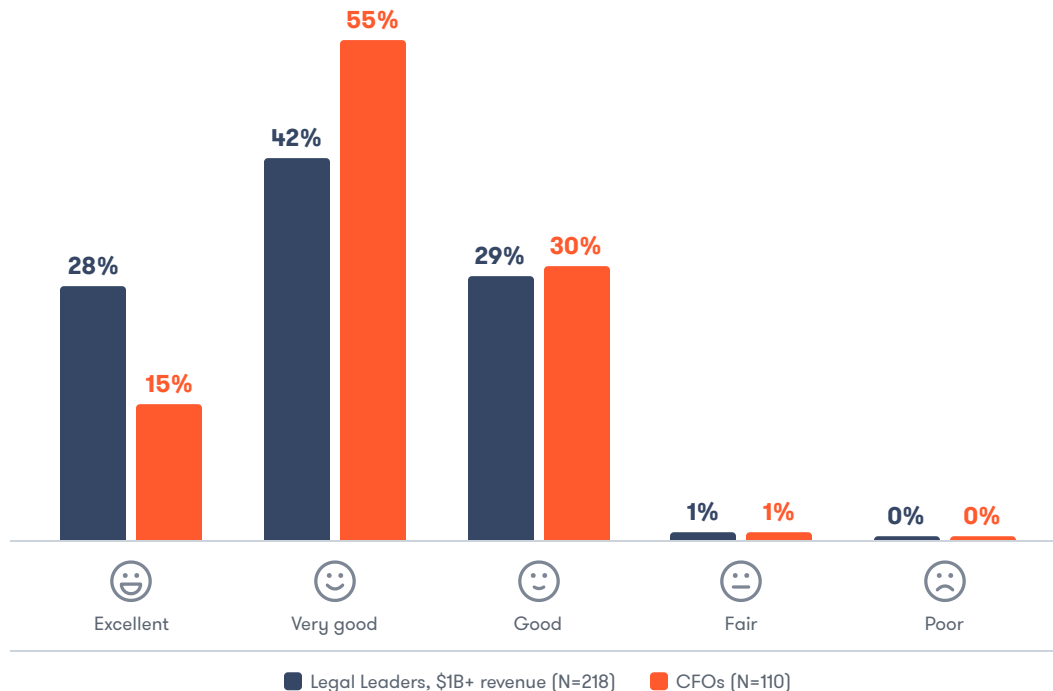
Almost no one on either side rates the CFO–Legal relationship below “good.”

The split is at the top. Legal leaders are nearly twice as likely as CFOs to call it “excellent,” while CFOs cluster at “very good.”

THE TAKEAWAY

Legal rates the CFO relationship “**excellent**” at **nearly 2×** the rate CFOs do.

How CFOs and legal leaders rate the relationship



Tension is common, and it is about being left out

Most CFOs and legal leaders have felt friction with the other side. The top source is the same for both, being cut out of the other's key decisions.

Disagreement over strategy or resources ranks well below exclusion.

Sources of CFO and legal tension

What CFOs say · N=110

Finance is left out of key legal decisions

35%

Personality differences or interpersonal conflicts

34%

Legal too focused on protecting budget

29%

Legal doesn't see Finance as a strategic partner

23%

Disagreement over resource allocation strategies

22%

Difficulty getting budget detail from Legal

22%

No tension experienced

22%

What legal leaders say · N=400

Legal is left out of key financial decisions

22%

Personality differences or interpersonal conflicts

17%

CFO too focused on cutting costs over managing risk

19%

CFO doesn't see Legal as a strategic partner

20%

Disagreement over resource allocation strategies

20%

Difficulty getting budget approval from CFO

21%

CFO doesn't understand Legal's unique needs and risks

19%

Difficulty demonstrating the value of Legal to CFO

18%

No tension experienced

30%

REAL ESTATE

2,000 leases digitized with Axiom Tech+Talent for real estate manager

\$589K

saved vs. non-AI solution*

2,000

legacy leases digitized and structured

5 → 1

lawyers, once Legora took over review

THE CHALLENGE

A real estate leaser purchased a portfolio of 93 commercial properties—within which sat 2,000 active leases. Many dated back decades, with the oldest from 1895. To manage the new portfolio and understand property rules and restrictions, the client first needed to review every lease and incorporate them all into their CMS.

THE APPROACH

Axiom initially placed a team of four junior associates and a real estate expert to work alongside the in-house legal team to review each lease and extract key data. The agreements turned out to be more complex and varied than anticipated, with each lease taking over an hour to process manually. To accelerate the timeline, the client—working with the Axiom team—deployed Legora to take over the remaining 1,400 leases. The AI software helped cut total review time per lease by more than half. Once Legora was running, the five-lawyer team scaled down to a single subject matter expert working with the client's in-house legal team to verify accuracy and update the business.

THE IMPACT

- 01 Details from 2,000 contracts digitized, extracted, and placed into a modern database **without detracting from internal legal capacity.**
- 02 AI **lowered legal staffing from five lawyers to one** while maintaining an unprecedented combination of speed and accuracy.
- 03 Structured contract data equipped the client to manage and facilitate property sales with **full lease visibility.**

* Cost savings estimates based on actual Axiom attorney and technology rates compared to equivalent rates with only attorneys staffed on project.

The international story

Global exposure, local spend, and the compliance bill that reaches every market.



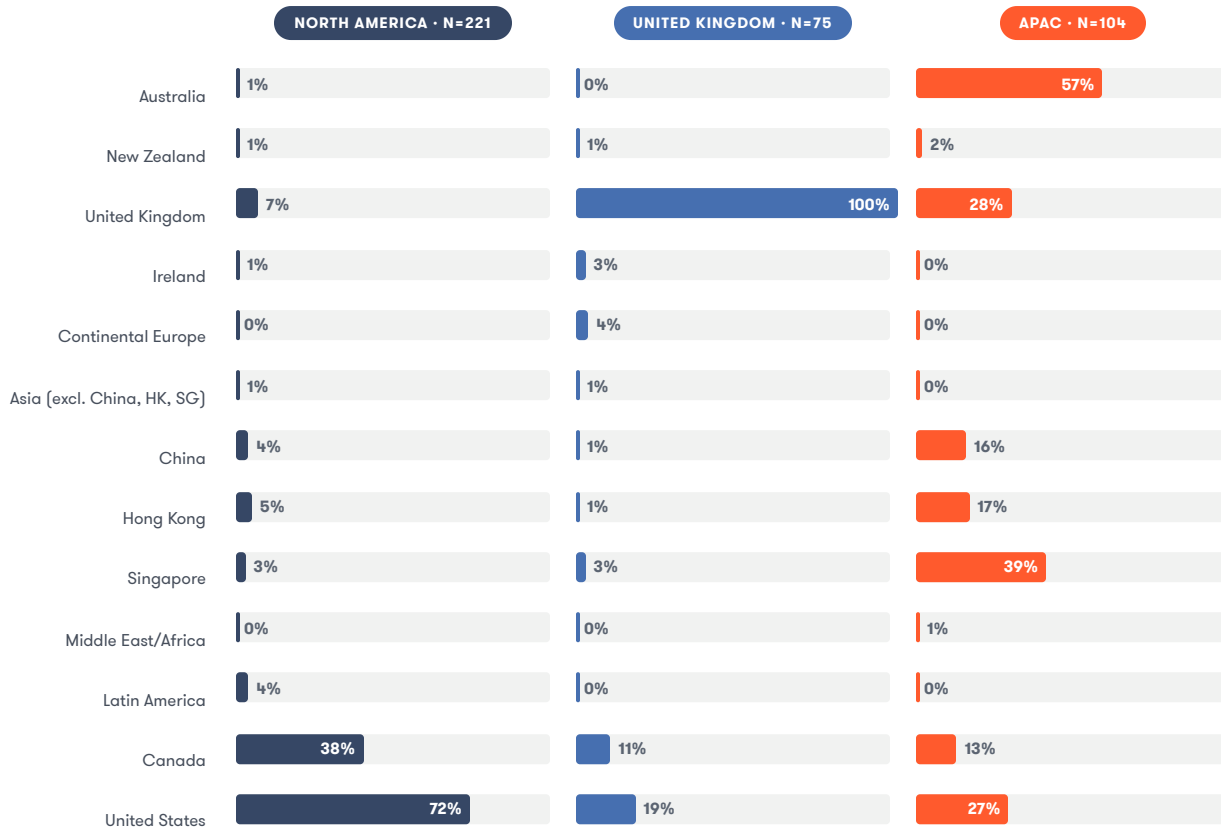
APAC teams carry the widest international footprint

APAC legal leaders report meaningful work or exposure across more countries than their North American or UK peers.

NA and UK teams concentrate close to home; APAC spreads across Australia, Singapore, Hong Kong, and beyond.

North American respondents came from the United States and Canada; UK respondents from the United Kingdom; and APAC respondents from Australia, Singapore, and Hong Kong. Shading shows the share of each group with legal work in that market.

Location of meaningful legal work or exposure

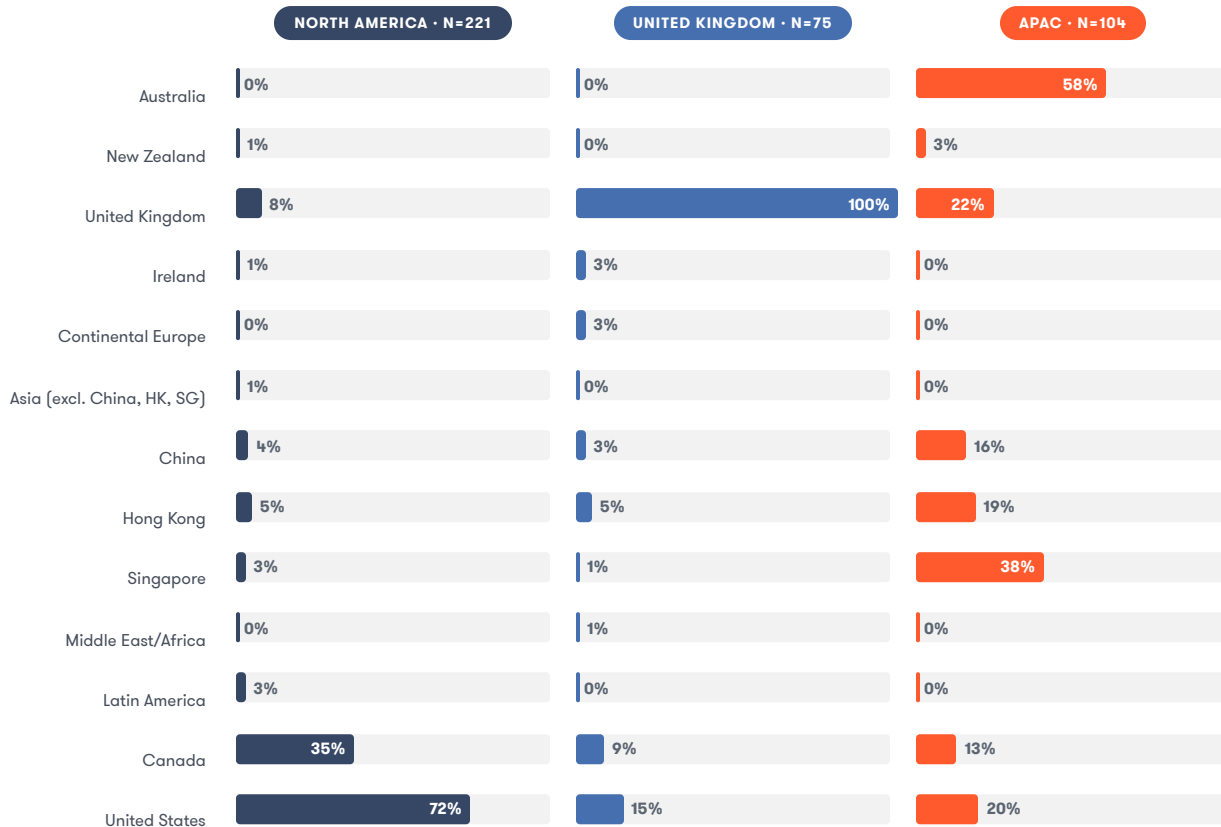


APAC teams also staff the widest footprint

The exposure pattern holds for people, not just matters. APAC teams place in-house lawyers across more countries than their peers.

North American respondents came from the United States and Canada; UK respondents from the United Kingdom; and APAC respondents from Australia, Singapore, and Hong Kong. Shading shows the share of each group with in-house lawyers in that market.

Location of in-house legal FTEs



Compliance is a budget driver in every region

For more than four in five in-house teams, jurisdiction-specific compliance moves the budget—a moderate driver for most and a major one for a sizable group. Almost no team calls it immaterial.

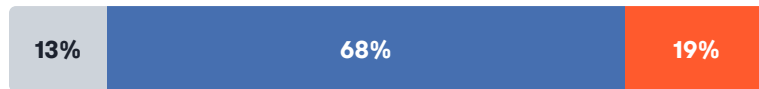
The regional gap is small. North America and the UK look nearly identical; APAC is a little more split, with slightly more teams calling it a major driver.

Budget impact of jurisdiction-specific compliance

GDPR/privacy, data localization, employment-law variation, anti-corruption regimes

All respondents

N=400



87%

feel it in the budget

BY REGION

North America

N=221



87%

feel it in the budget

United Kingdom

N=75

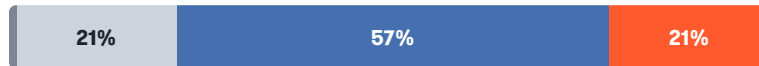


83%

feel it in the budget

APAC

N=104



78%

feel it in the budget

Segments under 2% unlabeled

■ Not a meaningful driver ■ Part of the work, not driving budget ■ Moderate driver ■ Major driver

Home-country work dominates the budgets

Four in five in-house teams spend less than a fifth of their budgets outside their home country. Cross-border spend is the exception, not the norm.

APAC teams are the most likely to send budget abroad, in line with their wider footprint.

Share of total legal spend outside the home country

Across in-house, outside counsel, flexible talent, and technology

North America

N=221



80%

spend under 20% abroad

United Kingdom

N=75



79%

spend under 20% abroad

APAC

N=104



81%

spend under 20% abroad

Less than 5% 5% to 9% 10% to 19% 20% to 29% 30% to 49%

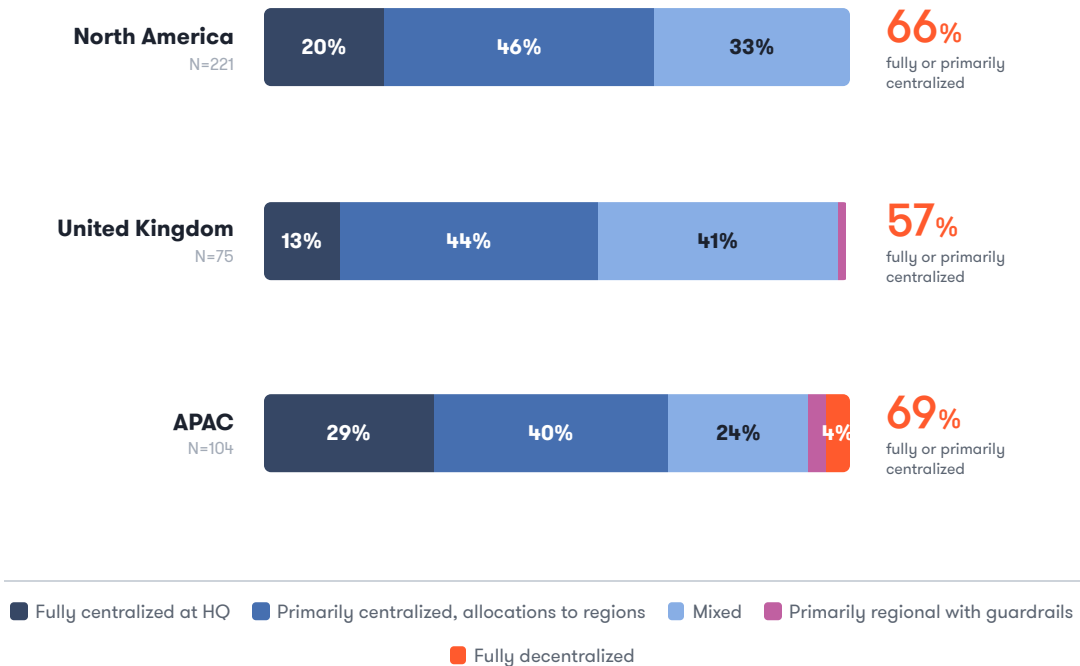
Segments under 3% unlabeled

Headquarters keeps hold of the global budget

Most in-house teams run their international budgets centrally or mostly centrally from headquarters. Full regional autonomy is uncommon.

UK teams are the most likely to split the difference with a mixed model.

How international legal budgets are managed



HEALTHCARE

Top-5 healthcare company builds flexible legal team, saves \$3.9M

\$3.9M

in cost savings over four years vs. law firm alternatives*

60+

Axiom lawyers engaged across the enterprise

10

practice areas from IP to R&D to Privacy

THE CHALLENGE

One of the world's largest healthcare companies needed a partner with multidisciplinary expertise to support its legal team across multiple practice areas and geographies. Comparable law firms were too expensive and lacked domain knowledge, while consultants lacked the legal subject matter experience to provide meaningful help.

THE APPROACH

Beginning with just a couple of lawyers, Axiom placed attorneys in budget-constrained practice areas such as IP. With a successful proof of concept, other groups—Regulatory, Privacy, R&D, and more—began leveraging their own Axiom lawyers to speed up contract cycles, plug gaps during attrition, and free up internal resources for mission-critical matters. Over four years, the healthcare company engaged more than 60 Axiom attorneys across ongoing and project-based workflows.

THE IMPACT

- 01 Delivered **\$3.9M in cost savings over four years** compared to competing law firm alternatives.
- 02 Ramped Axiom attorneys across **ten unique workstreams** from IP to R&D to Privacy, alleviating in-house bandwidth.
- 03 **Accelerated deal times** and freed the in-house team to focus on mission-critical, strategic matters.

* Cost savings estimates based on actual Axiom rates compared to equivalent law firm rate averages as listed in Walters Kluwer's Real Rate Report.

Methodology

Who we asked, how we asked, and how to read the numbers.



METHODOLOGY

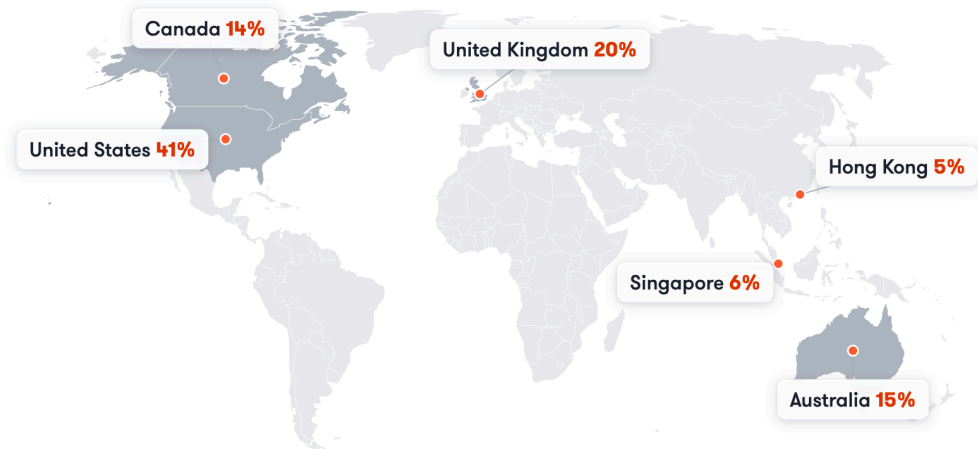
Research methodology and respondent profile

This research was conducted online by InsightDynamo on behalf of Axiom. It surveyed 510 in-house legal and finance leaders at companies with annual revenue of at least \$250 million, with 64% of respondents from companies with annual revenue of \$1 billion or more. All CFO respondents were from companies with at least \$1B in annual revenue.

Leaders across six countries were surveyed between June 9, 2026, and June 15, 2026. Data are tested for statistical significance at a 95% confidence interval. Percentages might not sum to 100% due to rounding or allowing multiple responses to a question.

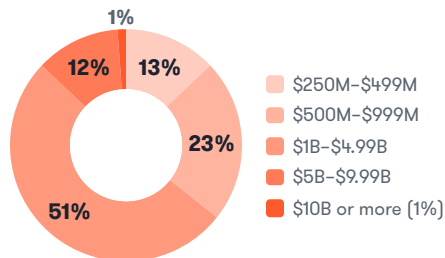
Geographic breakdown

6 countries surveyed, June 9-15, 2026



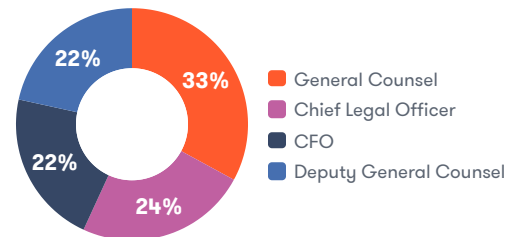
Corporate revenue

64% from \$1B+ companies



Respondent titles

510 respondents · 78% legal



Tech+Talent

Get better legal outcomes in less time with AI-enabled Axiom legal talent, built for speed and scale.

GET IN TOUCH

GET THE BRIEF

Faster legal work. Lower cost. Lawyers always in the loop.

Most legal AI tools require months of setup, training, and IT sign-off. Tech+Talent is different. Experienced Axiom attorneys arrive AI-ready, delivering value from the first day of engagement.

01 AI-Enabled Secondments

Scale your in-house team and reduce law firm spend.

- ✓ 40-60% faster contract review*
- ✓ 20-60% time savings* on daily tasks and projects
- ✓ Scale capacity without adding headcount

02 AI Project Solutions

Tackle high-volume work faster and cheaper.

- ✓ Large-scale review and diligence up to 4-10X faster at ~50% lower cost vs. traditional methods
- ✓ Hands-on AI training and enablement for in-house teams

03 AI-Powered Managed Service

End-to-end legal workflows, fully managed.

- ✓ Customized workflows, continuously optimized with AI
- ✓ Predictable pricing for high-volume work
- ✓ Led by elite Axiom legal talent

*As reported by Axiom talent

Resources

Thank you for downloading this report. We hope it offers useful guidance for your team.

Here are additional resources to help accelerate your team's success.

We are committed to addressing the topics that matter most to you. Do you have research ideas or feedback to share? Please contact us at the email addresses below.



RICHARD LEVIN

richard.levin@axiomlaw.com



GRANT EVANS

grant.evans@axiomlaw.com



Announcements

Stay informed with the latest news and updates from Axiom.

[VIEW ALL](#)



On-Demand Webinars

Recent legal webinars featuring leading legal minds from top companies.

[VIEW ALL](#)



On-Demand CLEs

Explore all our Continuing Legal Education (CLE) courses.

[VIEW ALL](#)



Articles

Inside Axiom: perspectives on transforming the business of law.

[VIEW ALL](#)



Reports and Guides

In-depth insights and legal industry trends backed by data and analysis.

[VIEW ALL](#)



Talent Spotlights

Just a few of Axiom's 14,000+ experienced legal professionals.

[VIEW ALL](#)



Case Studies

See how Axiom supports leading companies with flexible, high-impact legal solutions.

[VIEW ALL](#)



Podcasts

Watch our podcasts for the latest insights on transforming how legal work gets done.

[VIEW ALL](#)

Axiom's Perspective

Axiom puts the industry's highest quality, AI-enabled legal talent at your fingertips.

START WITH AXIOM

We are your one-stop shop for secondments, specialized advice, projects, Tech+Talent, and recruitment solutions.

We can help you scale your team's capacity while accelerating and de-risking your use of AI with world-class AI-enabled talent across more than 12 practice areas and 32 industries—including legal ops—all at **rates up to 50% less than national law firms**.

In fact, nine out of ten clients report Axiom's talent meets or surpasses their expectations, and 75% of the Fortune 100 now place their trust in Axiom, with 96% client satisfaction.

Since 2000, Axiom has been by your side, a shock absorber for your team on matters large and small, helping you succeed at the pace of change—including helping you quickly and safely tap into the power of legal AI.

Contact us to learn how we can support your team's agility, capacity, and long-term success.



The 2027 Axiom In-House Legal Budget Report

Entire contents copyright © 2026 Axiom Global Inc. All rights reserved worldwide. For reprint rights, please contact Grant.Evans@AxiomLaw.com or Richard.Levin@AxiomLaw.com

Research and Data Disclaimer

The findings, statistics, and conclusions presented in this report are based on independent survey research conducted online by InsightDynamo on behalf of Axiom between June 9, 2026, and June 15, 2026 and involving 510 in-house legal and finance leaders (Chief Legal Officer, General Counsel, Deputy General Counsel, and Chief Financial Officer) at companies with annual revenue of at least \$250 million across Australia, Canada, Hong Kong, Singapore, United Kingdom, and the United States. Data are tested for statistical significance at a 95% confidence interval. Unless otherwise indicated, all percentages, rankings, comparisons, and observations in this report reflect survey respondent answers, self-reported experiences, perceptions, expectations, or reported organizational practices at the time of the survey. References to "legal teams," "organizations," "clients," or similar groups refer only to surveyed respondents and should not be interpreted as representative of the entire legal industry or broader market. Survey findings are directional in nature and subject to limitations inherent in survey research, including sampling variability, respondent interpretation, and self-reporting bias. Percentages might not sum to 100% due to rounding or to questions allowing multiple responses. Certain statements in this report reflect Axiom's analysis, interpretation, or editorial perspective based on the survey findings and market observations. Any customer examples or case studies described herein are illustrative only. Individual client results may vary depending on facts, circumstances, implementation approach, and organizational context. Any third-party trademarks referenced in this report are the property of their respective owners and are used for identification purposes only. Reference to third-party products or providers does not imply endorsement, affiliation, or sponsorship.

Stop overpaying for law firm work. Start with Axiom.

As the leading alternative legal services provider globally, Axiom Law gives in-house legal teams on-demand access to top legal talent and lawyers—deployed when, where, and how clients need it—for up to 50% less than national law firms.

Axiom's network of 14,000+ legal professionals includes 4,000+ lawyers with Fortune 500 experience, delivering AI-enabled legal services across more than 12 practice areas: M&A, regulatory compliance, data privacy, labor and employment, technology and AI, and more. Engagements range from legal secondments and complex project support to fully embedded team solutions.

The results speak for themselves. Trusted by 75% of the Fortune 100 and thousands of mid-market leaders, Axiom ranks #1 among alternative legal service providers in eight of nine performance categories—including talent quality, breadth, productivity, and client experience—according to a top five global consulting firm.

Across more than 3,000 engagements annually in six regions and four continents, 93% of clients rate Axiom lawyers as good as or better than top law firm attorneys, with 96% client satisfaction and measurable cost savings that reduce outside counsel spend without sacrificing quality.