



Citi Global Wealth
at Work

College of Law Practice Management Law Firm Group

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FY'24 Legal Industry Performance (vs. FY'23)

<i>Metric</i>	<i>Industry</i>	<i>Am Law 1-50</i>	<i>Am Law 51-100</i>	<i>Am Law 2nd 100</i>	<i>Niche / Smaller¹</i>	<i>Top 15 PPEP²</i>
Total Demand ³	3.3%	3.6%	3.3%	2.1%	2.2%	7.1%
Lawyer Billing Rates	8.9%	9.8%	6.8%	6.4%	7.5%	9.8%
Realized Lawyer Billing Rates	8.4%	9.6%	5.0%	5.9%	5.8%	10.0%
Net Collection Cycle ⁴	-0.7%	-1.4%	1.9%	-1.8%	-0.3%	-3.6%
Total Lawyer FTE	1.4%	1.3%	2.0%	1.1%	1.0%	3.7%
Equity Partner FTE	0.1%	0.2%	0.7%	-1.1%	0.7%	2.3%
All Partner FTE	1.9%	2.2%	2.2%	1.3%	0.7%	3.9%
Lawyer Leverage ⁵	1.7%	1.4%	1.7%	3.1%	0.5%	1.6%
Hours per Lawyer	2.1%	2.7%	1.2%	1.0%	1.6%	3.8%
Revenue	12.3%	14.1%	7.9%	9.3%	8.7%	19.4%
Expense	9.0%	10.0%	7.1%	7.3%	6.6%	13.7%
Revenue per Lawyer	10.7%	12.6%	5.8%	8.1%	7.6%	15.1%
Contribution per Lawyer	14.9%	17.5%	7.1%	11.2%	10.6%	20.5%
Net Income	16.6%	19.1%	9.3%	12.4%	11.7%	24.9%
PPEP	16.5%	18.9%	8.5%	13.6%	11.0%	22.1%
PPAP	13.5%	15.7%	6.5%	10.5%	10.0%	19.2%
Total Inventory	11.5%	12.6%	10.0%	7.3%	8.4%	15.0%

Data Source: 161 firms from Citi's FY'24 Flash Survey (40 Am Law 1-50, 31 Am Law 51-100, 50 Am Law 2nd 100, 40 Niche / Smaller)

1. Includes only firms headquartered in the US
2. Top 15 PPEP firms were selected based on FY'24 Flash Survey results and are included in other segments; 15 firms included in results. All of the Top 15 Firms by PPEP are in the Am Law 1-50
3. All timekeeper hours
4. Net Collection Cycle = Total Inventory / (Revenue / 365)
5. Lawyer Leverage = Non-Equity Lawyers FTE / Equity Partner FTE

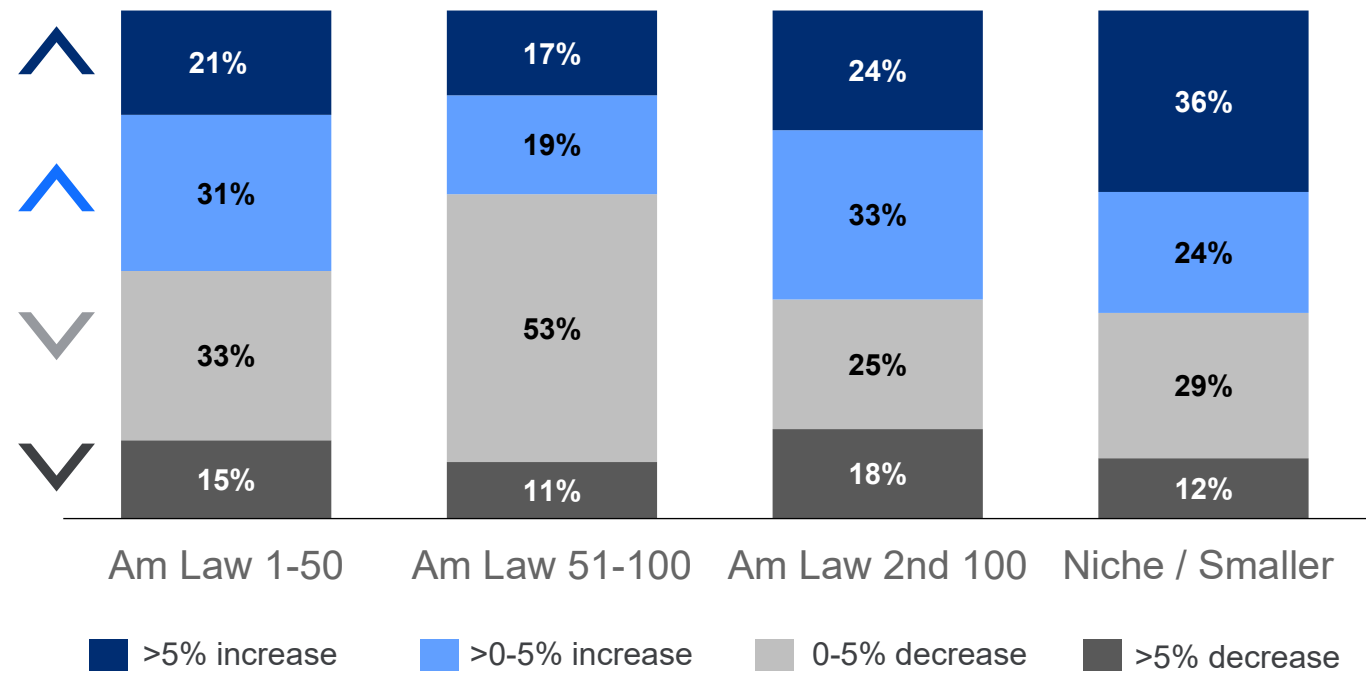
1H'25 Legal Industry Performance (vs. 1H'24)

<i>Metric</i>	<i>Industry</i>	<i>Am Law 1-50</i>	<i>Am Law 51-100</i>	<i>Am Law 2nd 100</i>	<i>Niche / Smaller¹</i>	<i>Top 15 PPEP²</i>
Total Demand ³	1.1%	1.0%	1.0%	1.1%	2.2%	3.0%
Lawyer Billing Rates	9.5%	10.5%	8.0%	6.8%	7.1%	10.7%
Net Collection Cycle ⁴	1.1%	2.7%	-2.7%	-1.5%	-3.5%	3.3%
Total Lawyer FTE	2.7%	3.1%	2.1%	2.3%	2.7%	5.8%
Equity Partner FTE	-0.3%	0.4%	-1.1%	-0.8%	-0.1%	1.1%
All Partner FTE	2.4%	3.2%	1.6%	1.4%	2.7%	6.0%
Lawyer Leverage ⁵	3.8%	3.2%	4.2%	4.4%	4.4%	5.4%
Hours per Lawyer	-1.3%	-1.7%	-1.0%	-1.0%	-0.2%	-2.2%
Revenue	10.9%	10.9%	11.7%	8.9%	10.5%	13.0%
Expense	8.5%	9.6%	6.7%	6.5%	6.5%	12.2%
Revenue per Lawyer	8.0%	7.6%	9.4%	6.4%	7.5%	6.9%
Total Inventory	12.1%	14.0%	8.7%	7.3%	6.5%	16.8%

Data Source: 168 firms from Citi's 1H'25 Flash Survey (39 Am Law 1-50, 36 Am Law 51-100, 51 Am Law 2nd 100, 42 Niche / Smaller)

1. Includes only firms headquartered in the US
2. Top 15 PPEP firms were selected based on FY'24 Flash Survey results and are included in other segments; 15 firms included in results. All of the Top 15 Firms by PPEP are in the Am Law 1-50
3. All timekeeper hours
4. Net Collection Cycle = Total Inventory / (Revenue / 180)
5. Lawyer Leverage = Non-Equity Lawyers FTE / Equity Partner FTE

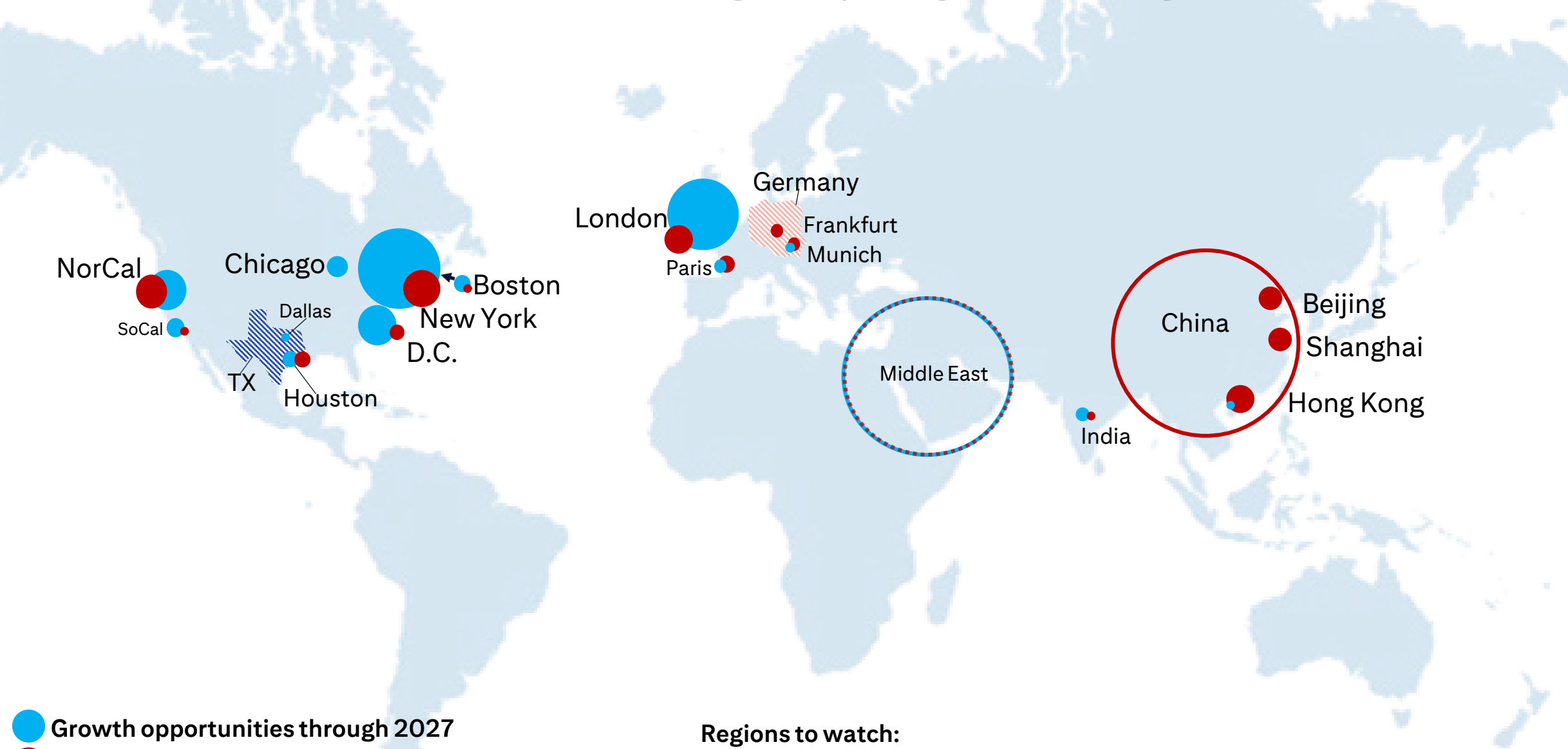
1H'25 Demand¹ Dispersion by Segment



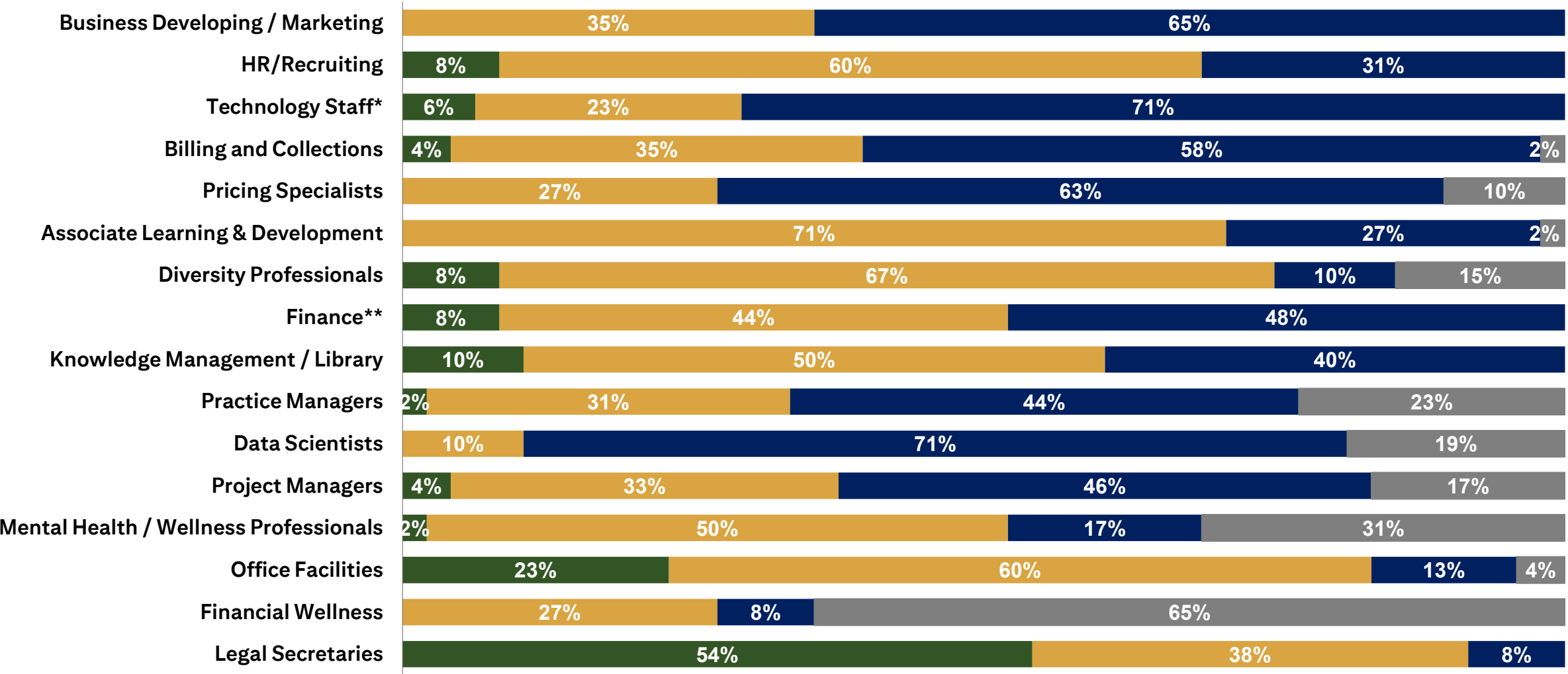
Data Source: 168 firms from Citi's 1H'25 Flash Survey, dispersion represents proportion of firms that reported a year-over-year increase or decrease

1. Demand = All timekeeper hours

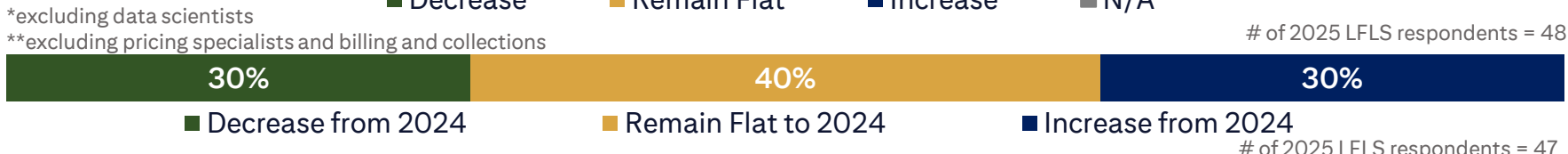
Growth Opportunities and Challenges by Region Through 2027



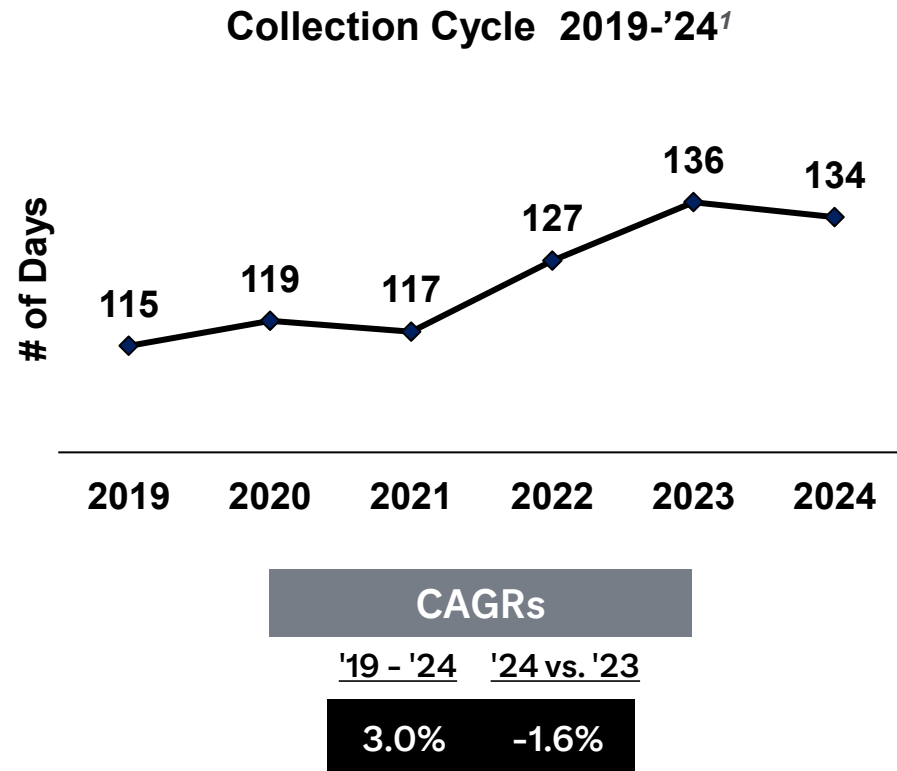
Projected Professional Staff Leverage Growth By Category: 2027 vs. 2024



What will happen to your firm's professional staff leverage by 2027?



Cash Collection Cycle



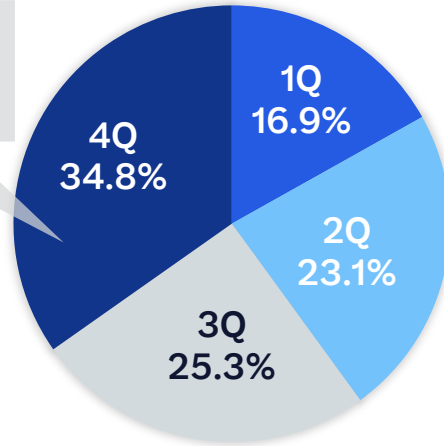
What were the most important factors driving a longer collection cycle?²

1. A shift in practice mix to more transactional work
2. Clients' e-billing systems
3. Partners not focused on collections
4. Greater dependence on markets outside of the US

Cash Collection Cycle

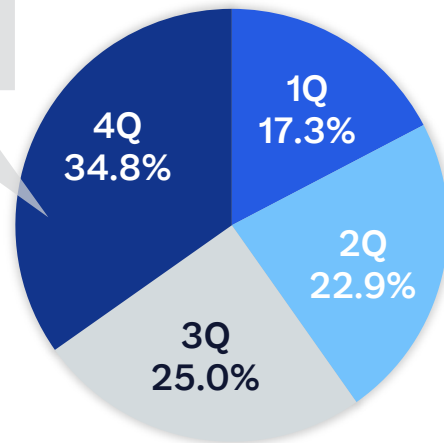
2019¹

Firms collected 17.1% in the last month of 2019



2024

Firms collected 17% in the last month of 2024

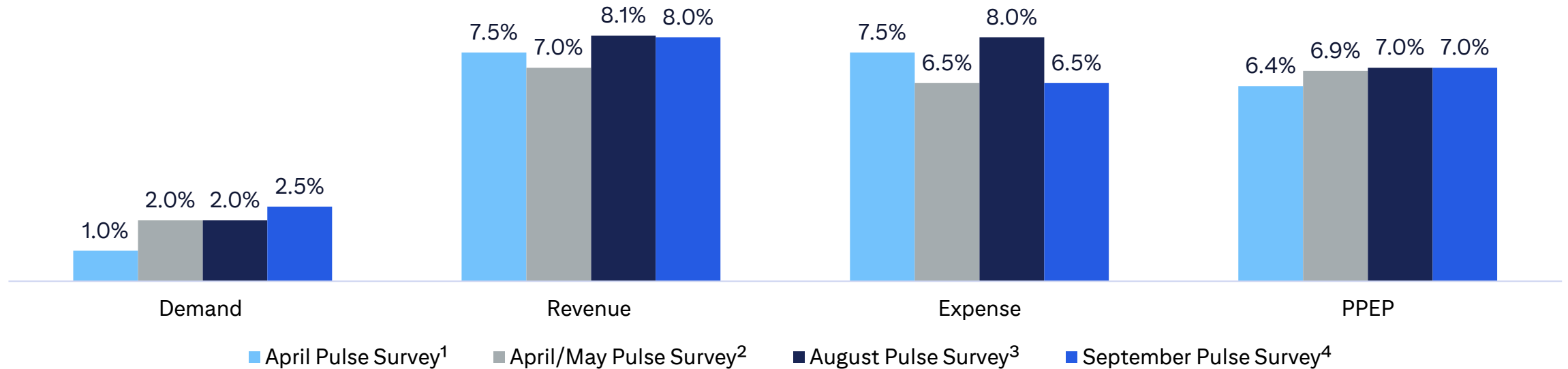


Best practices in shortening the collection cycle²

- A dedicated billing and collections team, who interact directly with clients on bill payment
- “First time billing accuracy”, ensuring outside counsel guideline compliance before bills are sent
- More frequent billing – monthly billing and interim billing on long-dated matters
- Sending bills in the first 10 days of the month then mid-month client follow up for payment by month-end
- Partner dashboards and regular partner follow up

Preliminary Pulse Survey Results – FY'25 vs FY'24 Firm Projections

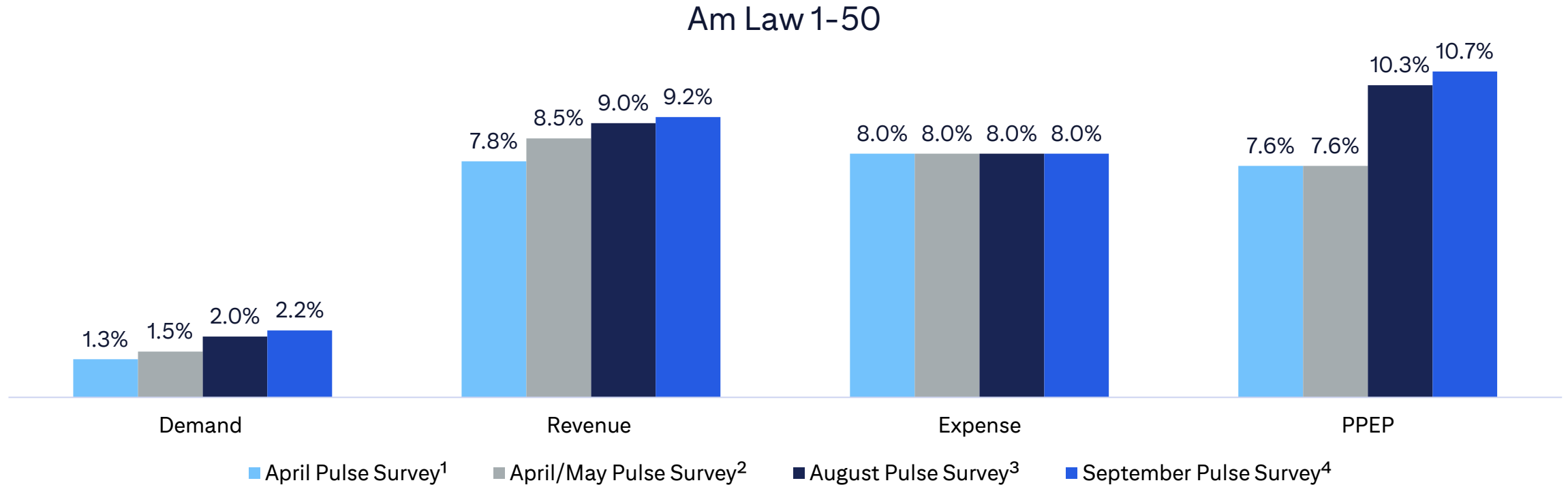
Industry



All results are reflecting median and not weighted average

1. 51 firms in sample
2. 83 firms in sample
3. 92 firms in sample
4. 88 firms in sample

Preliminary Pulse Survey Results – FY'25 vs FY'24 Firm Projections



All results are reflecting median and not weighted average

1. 27 firms in sample
2. 28 firms in sample
3. 35 firms in sample
4. 26 firms in sample



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