

Latest BigHand Research Reveals Financial Fragility and Profit Risk Among Major Law Firms

Despite strong reported revenue and planned rate increases, underlying financial metrics show mounting margin pressure and weakened cash flow predictability.

LONDON, UNITED KINGDOM, January 22, 2026 /EINPresswire.com/ --

[BigHand](#), a leading provider of legal software solutions, has published its 2026 market research on the financial health of top law firms in North America, the UK, and the Republic of Ireland. The company's sixth annual [Law Firm Finance Report](#), titled 'The Profitability Inflection Point,' details a market that has masked growing structural fragility with repeated rate increases over the last few years.



BigHand's 2026 Law Firm Finance Report

While strong demand markers and profit in 2025 have led 96% of firms to increase standard hourly rates, cash flow predictability has become a major concern. Write-offs, discounting, and WIP have all increased significantly, with 50% of firms reporting that aged WIP is now the primary driver of cash-flow pressure (up from 32% last year).

Revenue figures remain healthy, but there is a widening gap between projected profitability and true, banked margin. Nearly 90% of firms confirm increased write-offs, with 88% expecting further increases in 2026. Those figures have risen sharply in the last year, with only 49% expecting an increase in the 2025 report.

"Value is not realized when the work is done. It is realized when the client agrees it was worth the price and pays the bill," says Eric Wangler, BigHand's Global Legal President and Chief Revenue Officer. "With firm-wide AI integration becoming the rule, not the exception, clients are now pushing for efficiency gains to be passed down as cost savings. Instead, they're going to see

another round of rate increases and be forced to reconsider the value they're receiving."

The report is based on responses from more than 800 senior legal finance professionals at large and mid-sized law firms. It details how the latest round of price increases is part of an 'impossible equation' of raising rates faster than costs and trusting realization to follow.

Among the headline results:

- 90% of firms report that overall client discounts/write-downs have increased, with nearly one-third (29%) citing discounts of 11-20%
- 46% have introduced remuneration incentives or penalties to reduce write-downs, with another 41% planning to do so this year
- 90% of firms report that overall debtors have increased, with 87% expecting a further increase in 2026
- 64% of firms report a decrease in billable hours, but 99% have increased attorney targets and plan to increase them again

"I believe this year will be the last for firms to get away with rate increases as standard," says Bríana McCrory, BigHand's Chief Marketing & UK Revenue Officer. "You can see it in the data; write-off escalation has intensified by nearly 40%, and the leading firms are now linking partner compensation to lock-up performance. The only way to maintain (or grow) profit will be to price based on value and prove it with detailed budgeting tools."

BigHand hired an independent firm to survey senior legal finance professionals across North America, the UK, and the Republic of Ireland, giving an accurate representation of the global legal industry. The report's conclusions were developed by internal experts and are supported by third-party analysis from BigHand clients and global legal research and intelligence agency RSGI Limited.

Download [the full report](#) to learn more about the uncertain economic future of the legal industry and how top firms are fortifying their financial foundations.

About BigHand

BigHand is a leading global provider of technology solutions for busy legal professionals. Its product suite helps law firms improve lawyer and support staff management, document production, financial performance, and matter pricing.

The legal industry is changing faster than ever. BigHand's team of experts works with 3,300 global law firms, including 81% of the AmLaw200 and 82% of the UK Top 200, to give clients a better legal experience while strengthening firm profitability.

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