

INSIGHTS

2025 SURVEY FINDINGS: HOW IN-HOUSE TEAMS ARE MANAGING OUTSIDE COUNSEL SPEND

An inside look at how legal departments are enforcing billing guidelines, reviewing invoices, and responding to rising outside counsel costs.

in partnership with
**In-house
CONNECT**

In 2025, legal departments face increasing complexity. Outside counsel rates continue to rise, internal teams are managing heavier workloads with fewer resources, and cost containment remains a top strategic priority. Yet despite this heightened focus, many organizations still lack the processes and visibility required to manage legal spend effectively.

Earlier this year, we explored the sharp increase in outside counsel billing rates—including projections of senior partner fees nearing \$3,000 per hour—and made the case that detailed, human-led bill review would become a critical tool for in-house teams navigating these pressures. This latest research builds on that analysis.

LegalBillReview.com partnered with In-House Connect to survey legal executives on how their departments are managing outside counsel, enforcing billing guidelines,

ABOUT

LegalBillReview.com

Results-Based Legal Spend Analysis
by US Licensed Attorneys

Detailed Bill Review

Save time by outsourcing detailed manual legal bill review to our US-based licensed attorneys.

Outside Counsel Guidelines

As part of our onboarding, we provide our Outside Counsel Guidelines that can be tailored to your specific organization. We then use these guidelines as a basis for our reviews.

Invoice Negotiation

Our Law Firm Relations team expertly handles invoice discussions with law firms, ensuring positive, collaborative outcomes and seamless agreement on final bills.

Real-Time Analytics

We provide a real-time dashboard with savings reports to help you analyze your legal spend.

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and conducting invoice reviews. The findings reveal a function under strain: high expectations, limited infrastructure, and growing openness to external solutions that can offer efficiency, oversight, and measurable results.

Respondents represented a wide range of roles, including General Counsel, Chief Legal Officers, Legal Ops Directors, Chiefs of Staff, VPs of Compliance, and C-suite executives. Companies ranged in outside counsel spend from around \$2 million to over \$50 million annually, with 28% reporting between \$2–\$10 million in annual spend.

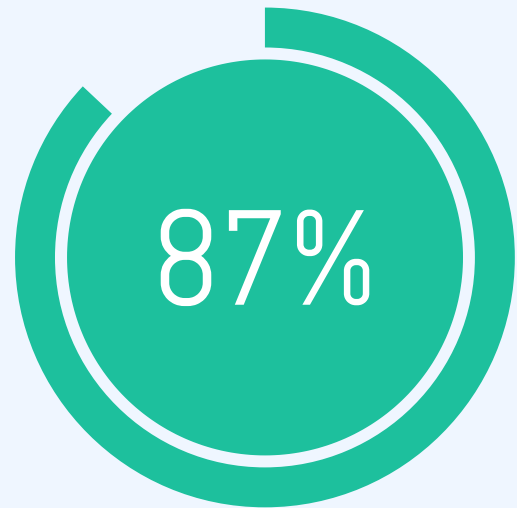
Here's what the survey uncovered.

MANY STILL OPERATE WITHOUT FORMAL OUTSIDE COUNSEL BILLING GUIDELINES

Nearly **60% of in-house teams** reported that they do not currently have outside counsel guidelines (OCGs) in place.

Among those with guidelines, **87% stated that enforcement is light, limiting pushback to only the most egregious violations.**

Similarly, the 2023 Blickstein Group Law Department Operations Survey, found that departments with OCGs did not strictly enforce them, and many are still working to formalize or update these policies¹.



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Drafting OCGs is often not the hard part—it's the alignment and enforcement that require sustained effort. In our experience, success hinges on (1) executive support, (2) a phased rollout including law firm communication, and (3) regular updates informed by real-world billing behavior. Guidelines must evolve alongside legal department goals and law firm engagement strategies.

OVERBILLING CONCERNS, BUT LIMITED REVIEW CAPACITY

While **50% of respondents** believe they are being overbilled, an overwhelming **87% said their team spends only four hours or less per month reviewing bills.**

Top barriers to effective review included:

- **31%:** Lack of expertise to spot overbilling
- **30%:** Lack of time or resources
- Several cited internal misalignment or limited oversight among other reasons

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These challenges echo broader industry data. The 2024 Thomson Reuters *State of the Corporate Law Department* report lists controlling outside counsel costs as the top priority for law departments². Similarly, the 2025 CLOC *State of the Industry Report* notes that **63% of legal departments cite bandwidth and workload as their top operational challenge**³.



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Even legal teams with robust legal operations often miss billing irregularities due to a lack of comparative data and subject matter expertise. Ambiguous entries, block billing, and other charges routinely slip through internal reviews—especially when review windows are tight or delegated to time-strapped team members.

INTERNAL BILL REVIEW REMAINS COMMON—BUT RESOURCE-HEAVY AND INCONSISTENT

Despite growing investment in legal operations technology, 55% of survey respondents said their team still handles bill review entirely in-house without third-party services or tools. Another 25% rely on a third-party service or tool. Some teams even noted that their organizations manage bill reviews manually via Excel spreadsheets or static workflows, limiting scalability and insight.

The 2025 Gartner *Market Guide* underscores this reality, noting that mid-market legal departments often default to fragmented, labor-intensive processes that leave room for oversight gaps and compliance risk.

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The problem isn't that bill review is manual—it's that it's internal. In-house attorneys and legal ops teams simply don't have the time, comparative data, or billing-specific expertise to consistently catch errors, enforce guidelines, and resolve disputes. And while ELM systems offer valuable tools, their effectiveness depends on dedicated ownership and training—something many legal departments aren't resourced to sustain.

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That's why outsourced bill review is becoming a strategic complement to in-house efforts and/or bill review software. Our attorneys don't just identify noncompliant charges—they engage directly with law firms to resolve them. It's not just about flagging issues; it's about closing the loop, saving time, and preserving internal capacity for higher-value legal work.

COST PRESSURE IS REAL, BUT TRACKING LAGS

79% of legal departments report pressure to reduce outside counsel spend—yet 57% acknowledge they do not track or quantify the data or any savings they may achieve.

79%

This reflects similar findings in the 2023 Thomson Reuters *Legal Department Operations Index*, which reported that **less than half of law departments track reductions post-review**⁴.

Despite the concern over legal costs, more than half of respondents **believe less than 10% of their invoices contain overcharges**—a perception that likely underestimates real issues.

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Our review of bills from mid-market to Fortune 500 companies shows that **approximately 56% of outside counsel bills contain some form of error or non-compliance**, including duplicate billing, vague time entries, or other guideline violations.

WHAT WOULD MAKE A THIRD-PARTY REVIEW MORE APPEALING?

77% of respondents said they would be more likely to pursue a bill review partner if there were no upfront costs and guaranteed ROI.



Additional incentives included:

- Dispute resolution support
- Template billing guidelines
- Seamless integration with existing systems
- Evidence of performance through case studies

These preferences align with recent industry analysis. Corporate Counsel reports that **third-party legal bill review services can reduce legal spend by 8–15%** and are especially attractive when offered with **guaranteed ROI and full-service support**⁵.



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If you're evaluating potential bill review partners, it's critical to ask the right questions to ensure you're choosing a solution that delivers both results and relief—not just surface-level insights.

Here's what to consider:

- **Are the reviewers licensed U.S.-based attorneys with relevant legal experience?**
Many providers rely on offshore or non-attorney reviewers who may lack the context to assess complex billing narratives, leading to missed issues or strained firm interactions.
- **Is there a performance guarantee?**
Will the provider ensure that their fee, combined with the adjusted invoice total, never exceeds the original billed amount?
- **Do they handle resolution with law firms—or simply flag errors for your team to follow up on?**
An effective partner manages the process end-to-end, lifting the burden entirely from in-house counsel.
- **What level of reporting is included?**
Robust services should offer real-time dashboards, audit trails, and quarterly savings summaries to support transparency and track ROI.
- **Do they have proven experience with Am Law 200 firms?**
Ask which firms they've reviewed and how long they've been operating. Experience across top-tier firms indicates fluency in billing norms, firm-specific behavior, and how to manage corrections without damaging relationships.

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WHAT IF THE LAW FIRM PUSHES BACK?

When asked how they'd respond to a law firm opposing having its bills reviewed:

- **45%:** "We have every right to review their bills as the client. They are the vendors, and we're running a business. We respect and value their legal work, but it's standard practice to review all vendor bills for accuracy before approving payment."
- **45%:** "I wouldn't feel good about it. If we find billing errors, law firms should adjust the bill. A relationship is mutual, built on transparency and respect. Mistakes happen, but they should be addressed and corrected cooperatively."

Only **10%** stated that while they may question what they were hiding or why there may be resistance they would potentially fear rocking the boat with law firm relationships.

This sentiment reflects findings from the 2023 Law.com *In-House Counsel Report*, which suggests that resistance to billing transparency is a red flag⁶. The 2024 *Buying Legal Council Survey* echoes this trend, showing clients expect law firms to act like any other vendor when it comes to billing scrutiny⁷.

FINAL TAKEAWAYS

The data in this survey aligns closely with the warning signs we outlined in our earlier article on 2025 billing rate increases. Law firm rates are rising—substantially. Partner and associate billing thresholds are reaching record highs, and the trend shows no sign of slowing.

That reality, coupled with widespread billing discrepancies, creates a significant risk for in-house teams operating without structured review processes.

At the same time, legal departments are navigating this environment with limited internal capacity. Most don't have the time or comparative insight to identify inconsistencies or challenge vague entries. Even high-functioning legal ops teams find it difficult to track savings, enforce guidelines uniformly, or maintain consistency as team members change roles.

In that context, third-party bill review isn't a luxury—it's a lever.

It enables legal departments to respond to rate increases with precision, not pressure. It augments internal efforts with subject matter expertise, protects relationships through respectful law firm engagement, and delivers measurable results that internal stakeholders—and CFOs—can track.

The rates will continue to rise. The question is whether your systems and processes will rise with them. Now is the time to strengthen the infrastructure of legal spend management—not just to contain costs, but to elevate the legal department's strategic value across the business.

Get started today. Start a conversation with our legal bill review experts.

Many thanks to our partners at In-House Connect for their support with this survey.

¹ 2023 Law Department Operations Survey, Blickstein Grp., <https://blicksteingroup.com>.

² 2024 State of the Corporate Law Department Report, Thomson Reuters, <https://legal.thomsonreuters.com>.

³ 2025 State of the Industry Report, Corp. Legal Operations Consortium, <https://cloc.org>.

⁴ 2023 Legal Department Operations Index, Thomson Reuters, <https://legal.thomsonreuters.com>.

⁵ Why Third-Party Bill Review Is Gaining Ground, Corp. Couns. (Aug. 2023), <https://www.law.com/corpcounsel/>.

⁶ 2023 In-House Counsel Report, Law.com, <https://www.law.com/in-house-counsel-report>.

⁷ 2024 Buying Legal Council Survey, Buying Legal Council, <https://buyinglegal.com>.