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How Technology Can Drive Cost Efficiencies and Billing Innovations

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How Technology Can Drive Cost Efficiencies and Billing Innovations

Advances in legal technology—particularly the rapid integration of artificial intelligence into law firm operations—are reshaping how attorneys across the United States deliver legal services and bill for their work. From case management and document drafting to time capture and invoice generation, technology now plays a critical role in determining efficiency, cost predictability, and client expectations. At the same time, these innovations raise important ethical and practical considerations, especially with respect to fee reasonableness, attorney supervision, transparency, and professional judgment. This course examines the intersection of technology, artificial intelligence, and legal billing practices, with a particular emphasis on how AI-enabled tools affect timekeeping, alternative fee arrangements, and compliance with professional conduct rules applicable across jurisdictions. By grounding emerging technologies in established ethical principles, this program is intended to equip attorneys with the knowledge necessary to adopt AI-driven efficiencies responsibly while maintaining their core duties to clients and the profession.

Technology and Workflow Efficiency

Technology has become a central driver of efficiency in both law firm operations and claims management, fundamentally changing how legal work is performed, supervised, and delivered. Case and matter management systems now serve as the backbone of many firms' workflows, allowing attorneys to track deadlines, pleadings, discovery, budgets, and communications in a centralized environment. These systems reduce administrative overhead, minimize missed deadlines, and promote consistency across cases and jurisdictions. For firms handling high-volume litigation, such as insurance defense or municipal matters, standardized workflows supported by technology can significantly reduce time spent on routine tasks while improving quality control. Studies and professional guidance consistently recognize that such efficiencies align with an attorney's duty to provide competent and diligent representation.ⁱ

Artificial intelligence has further expanded these efficiencies. AI-assisted legal research, drafting, and document review tools enhance workflow efficiency by rapidly analyzing large volumes of legal authority and factual materials. These tools can identify relevant case law, summarize documents, and assist in drafting pleadings, motions, and correspondence. While AI may reduce the number of hours required for certain tasks, it allows attorneys to redirect time toward strategic analysis, client counseling, and case management. Ethical rules across jurisdictions make clear that attorneys remain responsible for the accuracy, completeness, and legal sufficiency of all work product, regardless of whether technology was used in its preparation. Accordingly, AI is best understood as an augmentative tool that supports—rather than replaces—professional judgment.ⁱⁱ

More recently, artificial intelligence has been deployed not only to perform substantive legal work, but also to create, generate, and analyze time entries for billing purposes. Traditionally, attorneys relied on manual timekeeping, often reconstructed at the end of the day or week, which introduced inefficiencies, inaccuracies, and billing disputes. AI-enabled time capture tools now operate passively in the background of an attorney's daily workflow, monitoring activity across email, document drafting, research platforms, and case management systems. These tools generate suggested time entries based on actual work performed, allowing attorneys to review, edit, and approve entries rather than create them from scratch. This approach improves accuracy, reduces administrative burden, and provides clients with more defensible and transparent invoices.ⁱⁱⁱ Importantly, ethical rules governing billing do not prohibit the use of AI to generate time entries, but they do require that all billed time be reasonable, accurate, and subject to attorney review and supervision.^{iv}

Several widely used legal billing and practice management platforms now incorporate AI or machine-learning functionality to assist with time capture and invoice generation. Platforms such as **Clio**, **Smokeball**, and **TimeSolv**

How Technology Can Drive Efficiencies and Billing Innovations

utilize AI-assisted activity recognition to suggest time entries based on user behavior, documents accessed, and communications sent. Enterprise-level legal operations platforms, including **Brightflag**, **SimpleLegal**, **Legal Tracker (Mitratach)**, and **Onit**, use AI to analyze billing data at scale, flag anomalies, enforce billing guidelines, and generate structured invoices that align with client requirements. These systems are particularly prevalent among insurers, large corporations, and public entities, where consistency and guideline compliance are critical.^v

From a cost-efficiency perspective, AI-assisted time capture benefits both attorneys and clients. Attorneys spend less nonbillable time on administrative tasks, while clients receive invoices that more accurately reflect work performed and are less likely to contain vague or block-billed entries. Additionally, AI billing analytics can identify patterns such as excessive staffing, redundant motion practice, or disproportionate time spent on low-value tasks. Over time, this data allows firms to refine staffing models, adjust workflows, and improve cost predictability.^{vi}

Billing Innovations and Data Transparency

Technological advancements have reshaped legal billing practices by increasing transparency, accountability, and flexibility in fee structures. Billing technology has enabled broader adoption of alternative fee arrangements, including flat fees, capped fees, phased billing, and hybrid models combining hourly and value-based components. Data derived from prior matters allows firms and clients to model costs more accurately and assess whether alternative pricing arrangements are fair, reasonable, and sustainable. Outcome-based or milestone-based billing, while still evolving, is increasingly supported by technology that tracks performance metrics such as resolution timelines, motion outcomes, and total cost per file. Ethical rules governing fees require that all billing arrangements remain reasonable and clearly communicated to the client, and technology can support compliance by providing objective data and documentation.^{vii}

One of the most significant implications of AI-enabled billing technology is its ability to support flat-fee, capped-fee, and other value-based pricing models. Historically, attorneys resisted flat fees in complex litigation due to uncertainty regarding scope, staffing, and duration. AI-driven billing platforms now allow firms to analyze historical data across hundreds or thousands of similar matters, broken down by jurisdiction, litigation phase, task code, and outcome. This granular insight enables firms to more accurately estimate the true cost of handling a matter and to price services accordingly.^{viii}

For example, a firm handling routine insurance defense matters may use AI analytics to determine the average time spent on pleadings, discovery, motion practice, and resolution for a particular case type in a specific jurisdiction. Armed with this data, the firm can confidently propose a flat fee for defined phases of litigation or for the matter as a whole. Clients benefit from cost predictability, while firms benefit from operational discipline and reduced billing disputes. Importantly, AI does not eliminate risk in flat-fee arrangements, but it allows that risk to be measured, managed, and priced rather than guessed.^{ix}

AI-enabled billing platforms also allow for continuous monitoring of flat-fee matters to ensure profitability and ethical compliance. Dashboards can track actual time spent against projected time, allowing firms to intervene early if a matter begins to exceed expectations. This feedback loop encourages better scoping, clearer engagement letters, and more disciplined litigation strategies. Professional conduct rules require that flat fees remain reasonable and that unearned fees be handled in accordance with trust-accounting requirements, but they do not prohibit innovative pricing models supported by technology.^x

Data transparency further strengthens trust between firms and clients by enabling informed discussions about performance and expectations. Dashboards and analytics tools allow clients to compare costs across firms and jurisdictions, while firms can use the same data to identify inefficiencies and improve internal practices. When used collaboratively, billing data becomes a tool for continuous improvement rather than a source of conflict. Legal

industry research consistently emphasizes that transparency and predictability in legal spend are among the most important factors clients consider when evaluating outside counsel relationships.^{xi}

Ethical and Practical Considerations

The use of AI to capture time and generate bills raises important ethical considerations directly relevant to CLE requirements. Attorneys must maintain meaningful oversight of all AI-generated time entries. Ethical guidance across jurisdictions makes clear that lawyers may not delegate professional responsibility to technology. AI-suggested entries must be reviewed for accuracy, reasonableness, and compliance with client billing guidelines before submission. Blind reliance on automated billing tools may expose attorneys to fee disputes or disciplinary risk.^{xii}

Attorneys must also avoid billing practices that improperly capitalize on efficiency gains created by AI. While lawyers are entitled to be compensated fairly for their expertise and judgment, they may not bill clients as if work took longer than it actually did simply because technology made it faster. Ethics opinions emphasize that billing must reflect the reasonable value of services rendered, not the inefficiencies of outdated methods. Transparency is particularly important where AI materially reduces the time required to complete tasks.^{xiii}

Disclosure and client communication play a critical role in ethical AI-assisted billing. While most ethics authorities do not require attorneys to disclose every instance of AI use, they do require honesty in billing and compliance with client billing guidelines. Many institutional clients now expressly address AI usage in outside counsel guidelines, including whether AI-assisted time capture is permitted and how it should be reflected on invoices. Attorneys practicing across jurisdictions must remain attentive to evolving standards and client expectations.^{xiv}

As AI-enabled billing technology becomes more prevalent, it is likely to accelerate the profession's shift away from pure hourly billing toward hybrid and flat-fee models. Attorneys who understand how to leverage AI-generated billing data will be better positioned to negotiate alternative fee arrangements, demonstrate value, and maintain long-term client relationships. When implemented thoughtfully, AI-assisted billing does not undermine the attorney–client relationship; rather, it can strengthen trust by aligning fees more closely with outcomes and expectations. The challenge for attorneys is not whether to adopt these technologies, but how to do so in a manner consistent with professional responsibility, client needs, and the evolving economics of legal practice.

ⁱ ABA Model Rules of Professional Conduct rr. 1.1, 1.3; ABA Comm'n on the Future of Legal Services, *Report on the Future of Legal Services in the United States* (2016).

ⁱⁱ ABA Model Rules of Professional Conduct r. 1.1 cmt. 8; NYSBA Comm. on Prof'l Ethics, Op. 1240 (2023).

ⁱⁱⁱ Thomson Reuters Institute, *State of the U.S. Legal Market; ACC, Legal Operations and Technology*.

^{iv} ABA Model Rules of Professional Conduct rr. 1.5, 5.3; ABA Formal Op. 93-379 (1993).

^v Georgetown Law Ctr. for the Study of the Legal Profession, *Legal Operations and the Modern Law Department*.

^{vi} McKinsey & Company, *AI-Powered Transformation in Insurance*.

^{vii} ABA Model Rules of Professional Conduct r. 1.5; ABA Formal Op. 512 (2024).

^{viii} Georgetown Law Ctr. for the Study of the Legal Profession, *Pricing, Data, and the Future of Legal Services*.

^{ix} Ass'n of Corp. Counsel, *Value-Based Legal Services*.

^x ABA Model Rules of Professional Conduct r. 1.15; ABA Formal Op. 505 (2022).

^{xi} Thomson Reuters Institute, *Legal Department Operations Index*.

^{xii} ABA Model Rules of Professional Conduct rr. 5.1, 5.3.

^{xiii} ABA Formal Op. 512 (2024); ABA Model Rules of Professional Conduct r. 1.5(a).

^{xiv} ABA Model Rules of Professional Conduct rr. 1.4, 8.4; ACC, *Outside Counsel Guidelines and AI Use*.