Thrive Or Die - UK Legal Services

UK Legal Services Edition — Why Big Law Is Automating Its Own Billable Hour Before Anyone Else Can

A Charterhouse Consultants white paper by Bridget Convey, April 2026

Executive Summary

This paper makes one claim, applied to UK legal services specifically. More than 75 percent of a law firm's hourly billable tasks are estimated to be exposed to automation by AI, and information-heavy tasks, which account for two thirds of average billable work, are the most exposed of all. Rather than protecting the billable hour the way Kodak protected film, the leading UK firm in this space, A&O Shearman, is doing the opposite: automating it deliberately, at scale, and now selling the resulting technology to other firms. That makes this paper closer to the professional services and audit edition than to the incumbent papers, and it raises the same question this whole series keeps returning to. Capability is moving fast. The question is whether governance is moving with it.

The Premise: The Gap Is The Danger, Not The AI

In October 2023, a group including Turing Award winners Yoshua Bengio and Geoffrey Hinton, alongside Stuart Russell, Daniel Kahneman and more than twenty other senior AI researchers, published a consensus paper in the journal Science on the risks of advanced AI. Their argument was precise. AI capability and autonomy are increasing rapidly. Companies and institutions are shifting toward systems that can act and pursue goals with reduced human oversight. Governance is not keeping pace with that shift. The danger they describe does not come from AI itself. It comes from the widening gap between what a system can now do on its own and how closely anyone is still watching it.

That paper is about safety and governance at a societal scale. It does not comment on corporate or institutional strategy, and I want to be precise about that rather than overstate its relevance. What it gives this paper is not an endorsement, it gives us the mechanism. Capability grows. Autonomy grows. Oversight does not grow at the same rate. In UK legal services specifically, the gap is visible in the distance between what agentic legal AI can now do unsupervised, multi-step reasoning across antitrust filings, fund formation documents and loan reviews, and how mature the profession's own standards are for auditing that reasoning before a client relies on it.

This is the basis for the claim in the title. Thrive or die is not a slogan layered on top of the argument. It is the plain consequence of the mechanism. An organisation that builds governance at the same pace it builds AI capability closes the gap and survives it. One that lets capability outrun governance does not get a soft landing.

Thrive Or Die: The Pattern In Organisations That Did Not Close The Gap

Kodak invented the first digital camera in 1975 and its own internal research predicted by 1981 that digital would eventually replace film. What it did not close was the governance gap between that capability and a business model still built entirely around film margins. The company filed for bankruptcy in 2012, thirty seven years later. Blockbuster was offered the chance to buy Netflix outright for fifty million dollars in 2000, declined, and filed for bankruptcy in 2010, having eliminated close to eighty four thousand jobs in the collapse. Both prove the same point. The danger was never a lack of capability. It was a governance gap left open until it was unmanageable.

Legal services is not protecting an old model, it is dismantling one from the inside, which puts it closer to the professional services and audit paper in this series than to Kodak. A&O Shearman became the first BigLaw firm to deploy Harvey AI at enterprise level in December 2022, and by 2026 was co-launching agentic, multi-step reasoning AI agents for antitrust filing analysis, cybersecurity, fund formation and loan review, agents that are rolled out internally and sold to clients and other law firms. That last detail matters. A&O Shearman is not just automating its own billable hour, it is licensing the technology behind that automation to competitors, the Aladdin pattern from the asset management edition of this series, arriving in law. The firm pairs this with what it calls an accountability framework, every AI output audited by humans, which is precisely the governance discipline this paper argues has to move at the same speed as the capability, not behind it.

The Evidence In UK Legal Services: Capability Moving Faster Than The Profession's Norms

Two data points show the scale of what is being automated, and how fast the commercial model behind it is moving.

Three Quarters Of Billable Work Is Exposed

Independent analysis estimates that roughly 75 percent of a law firm's hourly billable tasks are potentially exposed to automation by AI, and that information-heavy tasks, the kind most exposed, account for 66 percent of average billable hours. This is not a marginal efficiency gain. It is a direct threat to the revenue model that has funded law firm training, partner progression and firm profitability for decades, in the same way Klarna's AI assistant threatened the customer service headcount model in fintech. The difference in legal services is that the largest UK firms are choosing to lead the automation themselves rather than waiting to be disrupted by a legal tech start-up.

Harvey And A&O Shearman: From Enterprise Pilot To Licensed Product In Four Years

Harvey, the legal AI company A&O Shearman partnered with, grew from zero to an estimated 200 million dollars in annual recurring revenue in roughly 36 months. A&O Shearman's own deployment moved from a single enterprise pilot in December 2022 to agentic agents handling antitrust, cybersecurity, fund formation and loan review work by February 2026, agents the firm now sells onward to other law firms. Paul Weiss, an elite AmLaw 50 firm, has taken a similar path, building custom Harvey-powered workflows around its own proprietary methodologies. The pattern across both firms is consistent: AI agents handle volume work, human lawyers handle judgement calls, and the firms that built this distinction deliberately are the ones now selling the infrastructure to firms that did not.

UK Legal Services In Three Horizons: The Gap Closes Or It Does Not?

If the gap between capability and governance is the real variable, then each horizon below has two outcomes, not one. These are deliberately stated as firm positions, not hedged possibilities, because a board conversation needs something to agree or disagree with.

Two Years: 2026 To 2028

What happens everywhere: agentic AI moves from pilot to standard practice across high-value, information-heavy legal work at the largest UK firms.

- Thrive path. Firms build explicit, auditable accountability frameworks around every AI-assisted output, following A&O Shearman's human-in-the-loop model, before scaling agent deployment further.
- Die path. Firms deploy agentic AI to cut cost without matching investment in audit and accountability, and the first serious error in an agent-drafted filing or contract becomes a professional negligence and trust event simultaneously.

Five Years: 2028 To 2031

What happens everywhere: the billable hour, as the primary unit of legal pricing, becomes increasingly unworkable for information-heavy work now largely automated.

- Thrive path. Firms that built genuinely licensable AI infrastructure, in the A&O Shearman and Harvey pattern, generate a second revenue line selling that infrastructure to smaller firms and in-house legal teams, while repricing their own work around judgement and outcomes rather than hours.
- Die path. Firms that automated delivery without repricing their commercial model face margin collapse, since clients increasingly know which tasks no longer require the hours being billed for them.

Ten Years: 2031 To 2036

What happens everywhere: the distinction between a law firm and a legal AI infrastructure provider narrows for the firms that closed the gap early.

- Thrive path. A small number of firms become the licensed backbone of legal AI infrastructure across the profession, the legal equivalent of BlackRock's Aladdin, with legal advisory work as one product built on top of that infrastructure.
- Die path. Firms that never built a proprietary, governed AI core become dependent on the infrastructure built by rivals, competing on price and brand alone in a profession where both are eroding.

What I Am Recommending To UK Legal Services Boards And Partners

- Build an explicit, auditable human-in-the-loop framework for every category of AI-assisted legal output before scaling deployment further, following the A&O Shearman model rather than assuming existing supervision practices will scale automatically.
- Begin repricing information-heavy legal work around outcomes and judgement now, rather than waiting for client pressure to force the issue once automation makes current hourly rates visibly unjustifiable.
- Assess whether your firm's AI investment is building genuinely licensable infrastructure, or only internal efficiency, since only the former protects against becoming dependent on a rival's technology within the next five years.

Conclusion

UK legal services is proving something unusual in this paper series: an industry automating its own core revenue model deliberately, before disruption forces the issue. That is closer to thriving than dying, on the evidence so far. But the same mechanism applies here as everywhere else in this series. Speed without governance is not an advantage, it is a Klarna-shaped risk waiting to surface in a filing, a contract, or a client relationship built on trust. The firms treating human-in-the-loop accountability as core infrastructure, not an afterthought, are the ones actually closing the gap, not just moving fast across it.

Sources: Harvey.ai customer materials, Contrary Research, Spellbook, A&O Shearman press releases, AIVortex, Startup Riders. All figures current as of mid-2026, verified at time of writing. This is a first draft prepared for internal discussion.