

ANALYSIS

Global 100 Overview: G100 defy gloom to pass \$150bn

While last year saw the Global 100 struggling against market headwinds, this year finds firms in much ruder health. But with transactional markets yet to make a full recovery, the legal sector

could not rely on big deals alone – *LB* reports on how the world's largest law firms beat the odds to hit new heights

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Global 100 2024 Financial results 2023/24

'It looked like we were in for a rough time – but the markets stood up well.' DLA Piper global co-chief executive Simon Levine's take on the financial year neatly sums up the overriding sentiment about the year gone by, which started with much-cited concerns over inflation and global instability, but ended with law firm leaders much happier than expected.

After total revenue across the world's 100 largest law firms inched up by just 1% last year, this year the group broke through the \$150bn mark for the first time, with combined income rising by more than 6% to \$158.7bn. The increase in average profit per equity partner (PEP) across the group was even more impressive – up over 11% to \$2.8m, bouncing back from a 3% decrease last year.

And this return to form came despite a slow year for M&A. According to LSEG's global M&A review, total deal values dropped 17% to a ten-year low of \$2.9trn, and the picture was especially bleak for private equity, with total global PE deal values falling 30% to \$566bn.

However, 88 of the Global 100 still managed to post rising revenues, with 63 posting growth of more than 5% and almost one quarter enjoying double-digit hikes.

'It's been a good year for the legal industry. Unlike sectors such as retail or real estate, law benefits from constant activity.' *Simon*

Levine, DLA Piper

‘It’s been a good year for the legal industry,’ says Levine. ‘Unlike sectors such as retail or real estate, law benefits from constant activity. Even when the transactional market faced challenges, there was still work in litigation, regulation, data, intellectual property, sanctions, and more. For a global firm with a broad, multijurisdictional, multi-service, and multi-sector approach, it was a busy and positive year, even when some areas are quieter than others.’

Eversheds Sutherland co-chief executive Lee Ranson echoes this sentiment: ‘We were busy transactionally, but it wasn’t uniform across all sectors and offices. There was more uncertainty due to elections, interest rates and inflation, which created a bit of unease in the transactional markets, but overall, the legal sector performed well.’

Record breakers

It was a particularly strong year for firms with a focus on US disputes. The two highest year-on-year revenue increases both went to disputes-only firms: Quinn Emanuel posted an impressive 28% increase to \$2.08bn, while Houston-headquartered trial firm Susman Godfrey entered the rankings this year with a near-100% hike to \$744.2m (see box, ‘New entrant: Susman Godfrey’).

Susman was one of two new entrants this year, alongside Philadelphia’s Blank Rome, replacing Crowell & Moring and China’s Zhong Lun, further consolidating the US dominance of the rankings. (The UK-headquartered firm closest to making the grade this year was Addleshaw Goddard, which was less than \$10m short of a new entry).

The year saw a spate of record results for US firms. Long-serving Akin chair Kim Koopersmith, now in her final months at the helm of the firm, is going out on a high after a year she described as ‘pretty amazing for us – record-breaking in basically every statistic’. The firm was one of 14 across the Global 100 to post double-digit growth for both revenue (11%) and PEP (22%).



‘Because we were early adopters of a focus on private capital, we’ve been truly able to act as a one-stop shop, advising clients on all aspects of the private capital life cycle.’

Kim Koopersmith, Akin

Other US firms enjoying record-breaking years included Sidley Austin, where revenues grew 6%, passing the \$3bn mark, and PEP grew 10% to \$4.59m. Firm chair Yvette Ostolaza described 2023 as the firm’s ‘most successful financial year to date’, while also noting that this growth is not slowing. ‘We’ve already surpassed, in terms of revenue

in the first half of this year, last year's first half performance, which is incredibly exciting.'

Ostolaza also cited the firm's London office as a strong performer, with 12.4% growth to \$210m, marking 11 consecutive years of growth for the City base.

McDermott Will & Emery also enjoyed what chair Ira Coleman described as 'an amazing year – our best year ever', with 6% revenue growth to \$1.92bn and 13% PEP growth to \$3.76m, citing a booming litigation practice and tax, private client, AI, data security and investigations as other key contributors to the firm's success, while Greenberg Traurig executive chair Richard Rosenbaum described the firm's recent performance as 'extraordinary'.

'This year, along with last year, we are seeing double-digit percentage increases across the firm. The first half of 2024 and the initial months of the second half have been extraordinary. The first half of this year has been the best we've ever had,' he said.

Doubling down

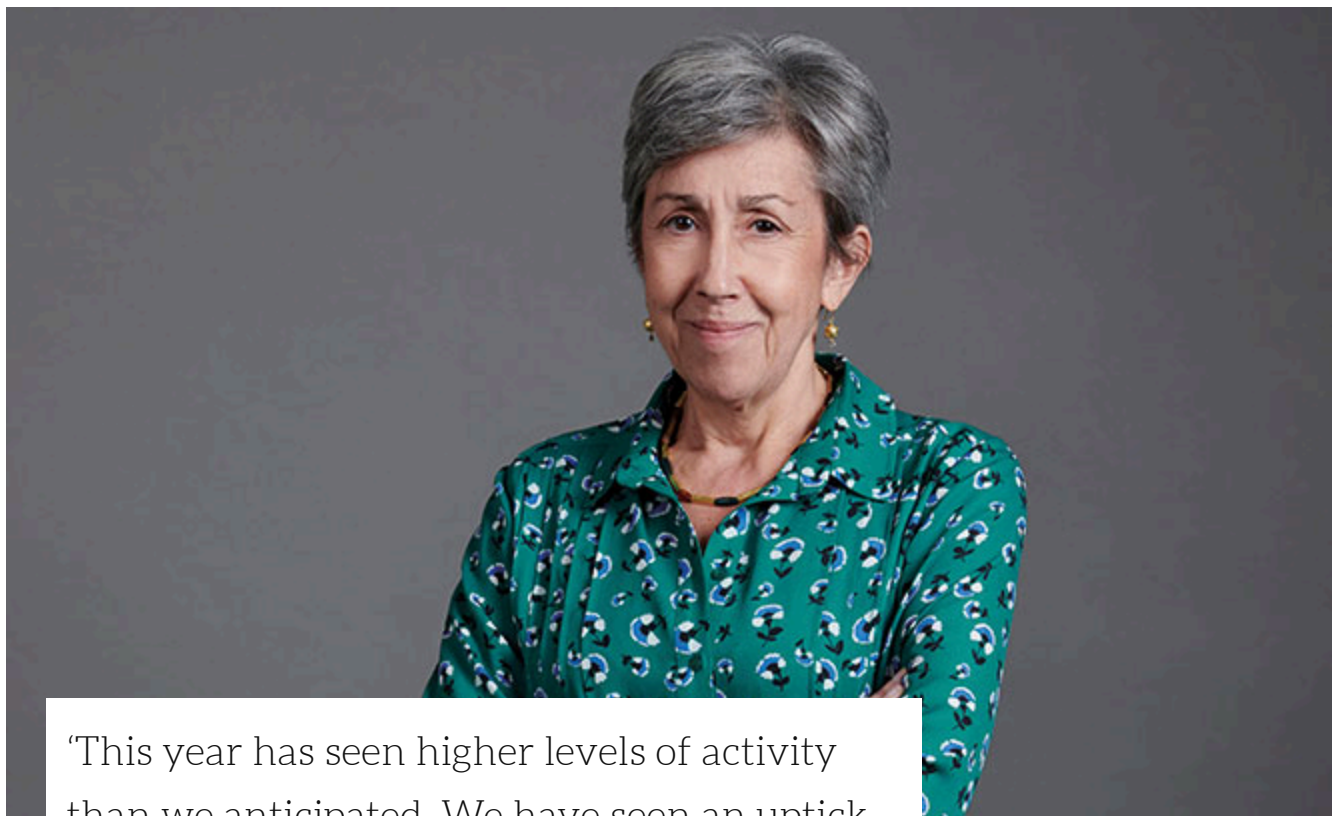
And these strong financial foundations are providing the confidence for firms to invest further. While Paul Weiss has attracted more headlines than any other firm for its rapid expansion in London – where it now has 170 lawyers, including 31 partners – as well as launches in Los Angeles and Brussels, it is by no means the only firm looking to kick on.

'With a growth mindset, we've been bold and taken advantage of the disruption in the market to benefit our expansion efforts,' says Sidley's Ostolaza. 'This year, we launched our San Diego office, following the opening of our Miami office two years ago. Our focus is on cross-

border work across APAC, Europe, and the Middle East. We are also eager to grow our client base in the Middle East and India.'

McDermott's Coleman is similarly boosterish, amid an expansion push that has seen the firm make significant investments in Europe:

'London is performing exceptionally well, and our German team is also great, despite some recent macroeconomic challenges. We're excited about the build-out in Brussels, with more developments on the horizon there. Our Paris office is outstanding, with strong private equity, controversy, and life sciences practices. We're one of the few firms that excels in cross-border life sciences deals, with many of these out of Paris and London. This aligns with our strategy to do more global healthcare deals.'



'This year has seen higher levels of activity than we anticipated. We have seen an uptick in M&A activity and have advised on some of the most significant transactions this year.'

Deborah Finkler, Slaughter and May

Akin's Koopersmith, meanwhile, cites two practice areas that are front of mind for most expansive global firms – energy and private credit.

‘We are in a fortunate position in that we’re not new to any of the areas that are highly competitive. We have strong energy roots, for obvious reasons, as a firm that started eighty-something years ago in Texas,’ she comments. ‘We recognise that traditional energy will continue to be important, but that energy transition will be a huge part of the future.’

‘And because we were early adopters of a focus on private capital, we’ve been truly able to act as a one-stop shop, advising clients on all aspects of the private capital life cycle.’

Hot markets

One of the most closely watched international markets is of course the Middle East, with leaders from a range of firms reporting strong performance in the region. While his firm has only ‘a small office’ in the region – a Dubai base, which opened in 2016 – Mayer Brown chair Jon Van Gorp notes ‘a lot of activity in the Middle East’; in 2022, the firm signed a co-operation agreement with Saudi firm Al Akeel & Partners.

Koopersmith makes a similar point: “Think about Dubai and where it was ten years ago, and compare that to now – we’ve had tremendous success in the Middle East.’ For her, the key takeaway is to respond to changing situations on the ground rather than to focus on targets set in advance. ‘It’s crucial to be able to say, “This is a region where we’re seeing enormous success, let’s continue to invest in it.” That makes more sense than saying, “This percentage of growth is required in this market”, or “We need to hire this number of people.”’

Interest in the Middle East is driven in large part by the region's prominence in the energy space. Even more so than last year, energy and energy transition work was widely cited as a strategic priority for firms interviewed for this feature – hand-in-hand with technology, given how the two interlink.

'You've got to be dynamic on pay and compensation. You can't just be stagnant and do what you've always done and expect that you're going to be competitive.'

John Van Gorp, Mayer Brown

Baker Botts London partner-in-charge Chris Caulfield describes this as a 'positive confluence'. 'Energy companies are increasingly becoming tech companies, and tech companies have such big energy demands that they're becoming increasingly energy focused,' he explains. 'Three quarters of our 2023 revenue came from the tech and energy sectors, and energy transition work increased 25% in 2023. We don't see that trend reversing – we see it accelerating. Our focus is on doubling down on that.'

Almost all of the firms interviewed for this feature cited their specific sector expertise as how they differentiate themselves from the competition. At Orrick, where the firm's four key pillars are tech, finance, energy and infrastructure, and life sciences, Europe partner-in-charge James Hargrove is particularly forthright: 'Lots of firms are trying to specialise in the same way that we have,' he says. 'Imitation is the sincerest form of flattery. We have first-mover advantage; our model is mature. The depth of our tech relationships and the way they interact with our other sectors gives us a truly different level of expertise.'

Location, location, location

But while some key markets are serving as the engine room of growth for well-positioned firms, firms faced with a constant pressure to raise profitability are taking a hard-headed approach to approach to markets which are seen as non-core.

The recent news of A&O Shearman's exit from South Africa, followed by the announcement from Hogan Lovells that it is pulling out of Warsaw, Sydney and Johannesburg, was preceded by a wave of Global 100 firms – in particular those headquartered in the US – scaling back in China last year.

The unravelling of the Dentons-Dacheng tie-up – the 2015 merger that created the world's largest law firm – is the most dramatic example of an international law firm retreating from China amid tightening security laws and rising East-West tensions, with global chief executive Elliott Portnoy attributing the breakup to China's regulatory framework, which, in his words, imposes on lawyers in China a set of obligations which mean they would be unable to maintain client confidentiality. While Dacheng was never the dominant partner in revenue terms (at the time of its merger with Dentons, it was contributing just under a quarter of combined turnover), the split has seen Dentons' global headcount fall by more than 50% from around 12,500 to just over 6,000.

The five-year picture

Over the past five years, average revenue growth across the Global 100 stands at 40%, with 40 firms boosting revenue by at least 40% during that period.

Troutman Pepper (106%) and Holland & Knight (102%) are the only firms to have seen triple-digit rises over five years; both as the result of mergers. Troutman Sanders and Pepper Hamilton merged in 2020, while Holland & Knight merged with Thompson & Knight in 2021 and Waller Lansden Dortch & Davis in 2023 (accounting for its 20% year-on-year revenue increase).

The third fastest-growing Global 100 firm over five years is also the result of a merger – Faegre Drinker Biddle & Reath, which has grown 93% on the back of the 2020 merger of Faegre Baker Daniels and Drinker Biddle in 2020.

Based on organic growth alone, the best performers are Kirkland & Ellis (92%) and Goodwin (87%).

Other US firms that have reevaluated their exposure to China in the last year include Latham & Watkins, Ropes & Gray, and Perkins Coie, all of which shut down their Shanghai operations in 2023, while Proskauer, Akin, and Weil all closed in Beijing. This trend continued into the new year, with Winston & Strawn, Orrick, Sidley, and Morrison Foerster all closing offices in China in the first half of 2024.

Mayer Brown, too, ended its partnership with Hong Kong's Johnson Stokes & Master in May 2024. 'Hong Kong is a complex market,' says Van Gorp. 'We're in the process of launching two new firms into the Hong Kong market, taking our office there and creating an international firm that will be tied to Mayer Brown, and relaunching back into the market a legacy local brand.'

Going global

The question of what constitutes a 'global' firm has provoked much discussion this year, with the decision by the recently rebranded Freshfields to stop publishing financial results in line with the other UK firms clearly pointing to its ambitions to reposition itself among the global elite.

The firm's bold US expansion contributed to a strong performance over the year, with a 17% revenue increase taking it to \$2.66bn – the highest increase among any of the international Magic Circle firms – and PEP up 15% to \$2.98m.

Clifford Chance remains the highest ranked Magic Circle firm in the Global 100, rising two spots this year to 12th place with a 13% revenue increase to \$2.88bn. In its last financial year before the Shearman & Sterling merger, legacy Allen & Overy grew turnover by 7% to \$2.76bn, alongside a hefty 23% PEP increase taking it to \$2.76m. While the jury is out on the Shearman merger, which went live on 1 May this year, it will of course substantially boost A&O's top line next year, with the combined firm set to jump into fourth place next year, based on the addition of Shearman's 2023 revenues of \$837m creating a combined total of more than \$3.5bn.

Slaughter and May, meanwhile, continues to reap the rewards from its resolute UK-first approach, with double-digit revenue and PEP growth. 'This year has seen higher levels of activity than we anticipated', says managing partner Deborah Finkler. 'We have seen an uptick in M&A activity and have advised on some of the most significant transactions this year, including deals for DS Smith, Nationwide and Vodafone.' Finkler also highlighted opportunities outside of the corporate, citing 'a huge wash of cases in class actions recently'.

'Our disputes and competition practices have grown in scale to meet demands from clients and are market-leading. This work is more

resistant to market fluctuations as part of the M&A cycle and is often very long-running and international in nature,' she explains.

Cost controls

While the outlook for most is broadly positive, the risks of bad investments remains high – and all the more so as costs continue to spiral upwards. Amid widespread headlines of \$20m-plus pay packages for star rainmakers, and top-of-the-market salaries for newly qualified associates rising to \$225,000, there is more pressure than ever in the war for talent.

The impact of this pressure can be seen in the total equity partner numbers across the Global 100 – while average PEP increased by 11%, total equity partners decreased again after falling 1% last year, down 2.4% to 27,458, as firms keep a tight rein on the partners divvying up their profit pools.

While the total number of lawyers stayed effectively flat, that figure is skewed by Dentons' split from Dacheng – across the other 99 firms, total lawyer headcount increased by almost 5%.

Firms also made more money from each of their lawyers last year, with revenue per lawyer up by more than 7% to \$1.18m and profit per lawyer up over 12% to \$516,000.

New entrant: Susman Godfrey

Susman Godfrey joins the Global 100 this year, shooting into the rankings in 84th place after a lightning-in-a-bottle year which saw revenue and profit per equity partner (PEP) both double.

The Houston-based litigation specialist has a relatively small footprint, with three other US offices in New York, Los Angeles and Houston, but took a huge step forward in 2023 on the back of some major trial wins.

The most high-profile of these was undeniably its representation of Dominion Voting Systems, for which it secured a \$787.5m settlement from Fox News over false claims that its machines were part of a conspiracy to steal the 2020 US presidential election. On the back of this, and other successes, revenue jumped 99% over the year to \$744.2m, while PEP grew by a massive 103.5% to \$6.99m.

Kalpana Srinivasan, who has been managing partner at the firm since 2020, described 2023 as 'true insanity', with many trials 'double and triple booked'.

She attributes the firm's success in part to its talent strategy, which sees them favour the development of lawyers who have grown up with the firm, as opposed to bringing in big-name laterals.

'We don't hire laterally or acquire other firms, but have had a lot of growth with associates who started at the firm and have grown with the firm.'

'As our partnership grows, the younger partners are out there generating business for us. It's not hierarchical in that way. We are able to take on massive litigation with a deep bench.'

'You've got to be dynamic on pay and compensation,' says Van Gorp. 'You can't just be stagnant and do what you've always done and expect that you're going to be competitive. I was at a law firm leaders conference recently, and the biggest opportunity everyone mentioned was recruiting talent – and the biggest challenge was retaining talent.'

And of course it is not just pay that increases costs. ‘The challenges we face are partly driven by costs, with constant inflationary pressures,’ says Levine, ‘but more so by technology and evolving ways of working.’

For Herbert Smith Freehills chief executive Justin D’Agostino, law firm rate increases do not risk souring relationships. ‘For all firms there has also been a focus on pricing,’ he says. ‘A lot of markets have had inflationary pressures and firms have had to respond to that, which clients accept.’

Intelligent design

One aspect of technology looms large over everything else this year – artificial intelligence. All law firm leaders are keen to play up the steps they are taking, but the question remains as to the scale of the impact it can have on the business of law. ‘Firms spend a lot of time looking at different AI products, trying to fit them into what they have now, and how the economics of that work,’ says Caulfield. ‘There aren’t many that have reached a concrete position on what the answer is.’

At Goodwin chair Anthony McCusker is single-minded about the importance of finding the answer. ‘We’re working to instil a mindset across the firm about the importance of embracing AI and its potential to transform our work,’ he explains. ‘To succeed, this mindset needs to be embedded throughout our organisation. We’re investing in piloting and training, and dedicating significant efforts to integrate AI into the practical aspects of our practice.’

Van Gorp offers an outline for how AI will likely change the work of lawyers: ‘When I meet with our senior associates, they ask me whether they’re going to be replaced by machines, and I tell them, “That’s up to you. If you focus on repetitive tasks, you could be,

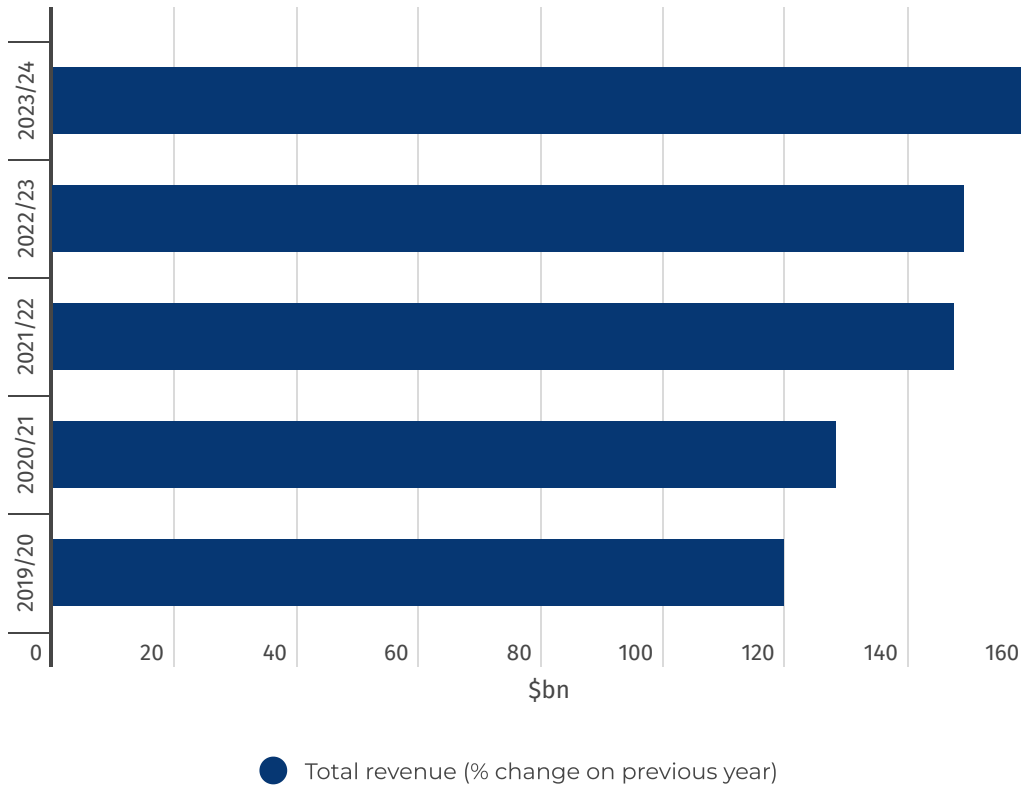
because AI can do repetitive tasks over and over again without getting tired. But if you focus on creative and strategic work, you won't be."

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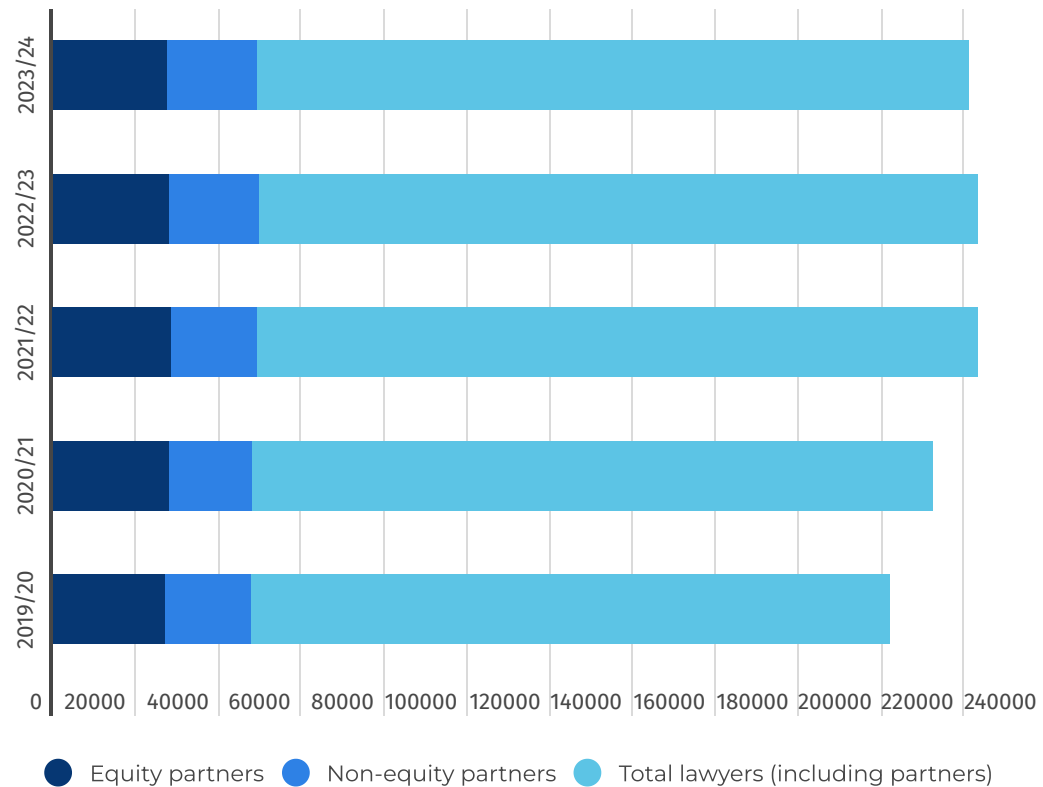
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Global 100 total gross revenues



Global 100 headcounts



The Ins and Outs

New entrants to the Global 100 in 2024, and those they are replacing.

IN		OUT
Rank 2024	Firm	Turnover 2024
84	Susman Godfrey	\$744.2m
100	Blank Rome	\$625.5m

*Revenue figures as reported in ALM 2024 Global 200

Global 100 averages



+6%

Total revenue \$158.7bn



0%

Total lawyers \$171,830



+11%

Average PEP \$2.82m

Type something



+7%

Average RPL \$1,178k



+12%

Average PPL \$460k

NB: Per lawyer and per partner averages exclude firms based in China, given their distorting size models.

Best and worst: Global 100 growth 2019-24



Revenue

Best		Worst	
Firm	2019	2024	% change
Troutman Pepper	\$521.5m	\$1,072m	+106%
Holland & Knight	\$915m	\$1,849m	+102%
Faegre Drinker	\$512.9m	\$991m	+93%
Kirkland & Ellis	\$3,757m	\$7,208m	+92%
Goodwin	\$1,199m	\$2,244m	+87%



Profit per equity partner

Best		Worst	
Firm	2019	2024	% change
Polsinelli	\$736k	\$1,907k	+159%
Fox Rothschild	\$425k	\$920.2k	+116%
McDermott Will & Emery	\$1,880k	\$3,736k	+100%
Hogan Lovells	\$1,381k	\$2,742k	+99%
Squire Patton Boggs	\$1,026k	\$2,035k	+98%

These tables shows the best-performing firms for revenue and PEP that featured in our 2019 and 2024 reports.



Top revenue increases 2023-24

Firm	Revenue 2024	% change	Rank 2024
Polsinelli	\$744.2m	+98.9%	84 (new)
Fox Rothschild	\$2,079m	+28%	24 (+8)
McDermott Will & Emery	\$1,849k	+20%	31 (+2)
Hogan Lovells	\$1,514k	+18%	36 (+10)
Squire Patton Boggs	\$2,662k	+17%	16 (+1)

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