

Is Disruptive Innovation in Law Even Possible?

By [Joseph B. Altonji](#) on June 16, 2017

The debates about innovation at law firms can sometimes seem a cacophonous, and discordant, confusion of themes. On the one hand, virtually every day brings some new announcement about the latest “innovation” in the business and practice of law. From applications of technology to “revolutionize” the practice, to increasing use of alternative fee arrangements, to the growth of new job specialties within law firms (e.g. pricing specialists, practice management professionals, LPM coordinators and others) and many other changes, we see consistent change in the business and practice of law. Clearly the practice is becoming far more efficient and, with a constant focus on service, hopefully more effective for the client, notwithstanding the ever more sophisticated complications of the modern world. On the other hand, we constantly hear that “law firms are terrible at innovation” and that it’s hopeless to think that any truly fundamental change will ever come from law firms.

Both can’t be true... Can they? Well actually, yes, they can. In a very real sense, the two sides of this discussion are talking about very different things, and so they can both be right. What academics would call “sustaining innovation” is happening all the time in law firms, and it is fair to say that the legal world is getting better and better at it. Processes are becoming more efficient, work is being done “cheaper, better, faster” all the time. Firms are focusing on client service, and are improving. It is far less clear whether the other kind of innovation – *disruptive* innovation – is happening at all in law firms, and the critics may be right that this type of innovation will likely never come from the firms themselves. The more interesting question might be “Is successful disruptive innovation in law even possible, and if so, who will drive it?”

What is the difference? As described by Clay Christensen two decades ago in [The Innovator’s Dilemma](#), what all sustaining “technologies” have in common is that they “improve the performance of established products (or services), along the dimensions of performance that mainstream customers in major markets have historically valued.” This sounds a lot like what has been happening, and likely will continue, in the legal industry generally and in firms specifically. Disruptive technologies, in this formulation, tend to have lower (or different) performance characteristics, at least initially, and are generally not (initially) valued by established customers (aka “clients”). They bring a very different value proposition than that which had previously been available. In most industries, such disruptive innovations are first brought to market by different providers than the industry incumbents, and they tend to be initially sold to new customers who value different performance characteristics. They will almost *never* be sold by firms that are focused on satisfying their best customers and clients – because when you ask your clients what they want, it won’t lead you down this path. (See also prior posts: [“Client Satisfaction is Dead...”](#) and [“What Job is Your Client Hiring You to Do?”](#)) Disruptive innovation in law will most likely come from conscious effort to deliver a different form of service, in a different sort of way, and probably to different clients initially than the traditional clients of law firms. Most law firms at least would have to get out of their own way to make it happen.

So, is successful disruptive innovation in law even possible? There are many hurdles that will continue to slow it down. These include, most notably, the still massive fragmentation of the industry, and even more importantly the barriers to entry erected by the bar and various legal jurisdictions. But experiments at various, often lower, levels have suggested that disruptive innovation is possible. [Legal Zoom](#) and other online products such as [Wevorce](#), for example, have brought legal assistance into the realm of affordability for ordinary people. What would prevent [Practical Law](#), used by many law firms, from moving up market and taking out much of the service provided by those very same firms? Primarily bar foreclosure? What if it added an AI feature which made it possible for laypeople to use it without assistance? Or what

might happen if a new, well-capitalized organization developed an approach to taking on all small business legal needs on a subscription basis? In effect the new organization might not worry about individual matter realization because they would amortize the “losers” over many “winners”, just like medical insurance does, and could just focus on delivering client solutions. Companies like [Riverview Law](#) are introducing such services today.

One might also argue that disruptive innovation isn’t possible because companies and people will always need legal help, and that can only be provided by lawyers. Well, it is likely true that at least as long as capitalism endures, companies will need solutions to legal challenges and problems. However, there is little reason to believe that such solutions really need to be provided by law firms. The challenge is to imagine a different way of providing those solutions – and then finding a way to establish a market beachhead. Some have begun this process, and more will follow. The interesting questions will be: “How long will it take before disruptive innovation drives comprehensive structural change?”, and “Will traditional law firms be able to make the transition once it happens or, better, participate in driving it forward? Or will they be too late and lose out to the new solution providers?” Only time will tell.