

Reflecting on Legal Innovation and Innovative Lawyers

Insights

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TORONTO — Sometimes the label “legal technology” (or “legaltech”) seems like a misnomer. As others have [observed](#), when people in the legal industry throw around the term legaltech, they often really seem to be talking about much more than legal technology, *per se*. Technology is only one piece of a bigger puzzle when it comes to bringing the legal industry into the 21st century. This trend was on full display at this year’s Thomson Reuters *Legal Executive Institute Emerging Legal Technology Forum*, held in Toronto last month.

It was a day filled with many excellent panel discussions, but I was particularly keen on attending the second panel, entitled, *The Pace of Progress: Assessing Innovative Design, Technology & Process in Law Firms & Corporate Legal Departments*. I have recently been busy conducting research for a chapter I’m writing in a forthcoming book on legal innovation, so I was eager to hear from the all-star group assembled for this panel. Moderated by **Carlos Gamez**, Thomson Reuters’ Senior Director of Innovation (Legal), the panel featured **Rochael Andranly**, General Counsel and Legal Design Lead at IDEO; **William T. Caraher**, Chief Information Officer at von Briesen & Roper; **Kenneth Heaps**, Chief Information Officer at Latham & Watkins; and **Meredith L. Williams**, Chief Knowledge Management Officer at Baker Donelson.

As I alluded to earlier, legaltech is a term often used to refer more generally to any type of innovation within the legal industry. Some of these innovations are in the realm of technology, or are enhanced by technology, but other types include

innovations in business and service delivery models, internal processes, training and education. Gamez set the stage for the discussion by introducing the audience to the 10 Types of Innovation framework developed by the Doblin group at Deloitte Consulting.

The Doblin framework lists 10 different types of business innovations, which are grouped into three larger categories: *Configuration*, *Offering* and *Experience*. Configuration largely focuses on the “back-end” of the company, such as the network by which the business connects with others to create value (*i.e.*, supply chain), the structure by which it organizes its people and other resources, and the internal processes the business employs to do what it does. The Offering category is focused on product innovations, including improvements to the features and functionality of individual products and how those products fit into a larger product mix. The final category, Experience, covers the “front-end” relationship with a company’s customers, including innovations in areas like customer service and engagement, brand management and the channels by which the business sells its products. In the legal industry, Gamez envisions innovation as occurring within a Venn diagram centered at the intersection of law, business, design and technology.

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Under this framework, the conversation turned to the work that Andranly has been doing at IDEO, the leading global design firm. She was hired to be the firm’s general counsel and immediately began using IDEO’s people-centered design-thinking principles to build out the legal function. She and IDEO soon realized that the design methods they used to build their own legal department could help other legal departments function better, as well.

Now, Andranly wears two hats: GC of IDEO and head of its Legal Design practice group. For her, design thinking isn’t necessarily about technology at all; it’s about solving a problem in whatever way makes the most sense for the customer and the business. The process always starts with people and determining what is most

desirable for them. However, desirability is not sufficient for an innovative solution to be implemented — it also has to be both viable from a business perspective and technologically feasible.

Andranly has applied this type of thinking to her in-house work at IDEO and for her law firm and legal department customers. Based on these experiences, she expressed concerns that the leaders in the legal industry are far too focused on maximizing current profits to the detriment of cultivating the future health and growth of the industry. This lack of balance between focusing on today and on tomorrow is significantly hampering innovation in the legal sector.

The two CIOs on the panel — Heaps representing the mega-firms and Caraher representing mid-market shops — discussed some of the challenges for law firms trying to implement innovative solutions, be it new technology or otherwise. Regardless of the size of the firm, it appears that adoption is the strongest headwind, the panelists described. Many lawyers resist change or are not willing to invest the time to learn about their firm's new initiatives. Perhaps even more lawyers, though, are simply not aware the new initiatives exist. As a result, they are not taking advantage of these innovative offerings in large enough numbers to have a meaningful impact on the firm's business. A potential antidote to this problem, according to the panelists, is when a firm's leadership demonstrated strong, highly visible support around adoption of new technologies and processes (perhaps, even including mandates from the top).

The last panelist, Baker Donelson's Williams, provided some examples of what may be possible when there is significant buy-in from a firm's leadership for promoting innovation in their practice. Her firm has launched an internal "venture fund" of sorts. Each year the firm sets aside \$2 million to pay its lawyers for developing and pursuing innovative ideas, several of which the firm has spun off into separate subsidiaries or developed as stand-alone products to be sold to the firm's clients and other customers.

The fact that Baker Donelson is putting its money where its mouth is, Williams said, is a major reason for the positive results the firm has seen. In addition to the firm's internal venture fund, the firm gives associates 100% billable credit for hours spent on internal innovation projects and 75% billable credit (plus commissions for helping with sales) for developing products that can be monetized externally. The most innovative firm shareholder also gets a bonus each year.

Overall, the panel made clear that although most law firms are still facing considerable obstacles to innovation, there are players both inside and outside the law firm world that are finding ways to overcome these obstacles. Some in the

industry (and on the panel) have pinned their hopes for increasing the rate of legal innovation on the maturation of a new generation of lawyers who may be more entrepreneurial and innovative in their practices. Naturally, it then follows that fostering the development of these innovative young lawyers can help accelerate the pace of progress in the legal industry and should, therefore, be a priority for industry leaders.

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