

# IF YOU BUILD IT, WILL THEY COME?

*A Research Report on the Internal Adoption of Innovation by Law Firms*

PART ONE – SEPTEMBER 2021

BARETZ+BRUNELLE  
*NewLaw*

On the surface, “Field of Dreams” is about baseball. Some say it’s the best baseball movie ever made. Those who agree understand it’s really a movie that transcends the game; it’s about instinct, it’s about faith, it’s about ambition, and it’s about family. But perhaps most importantly, it’s about the wonderful and mystical things that can happen to those who relentlessly pursue their dreams.

“If you build it, he will come” is the mysterious, repeated whisper heard only by Ray Kinsella, a down-on-his-luck, sentimental family man played by Kevin Costner, which drives him to build a baseball field obsessively and inexplicably in the middle of a remote Iowa cornfield on blind faith alone. It is a phrase now deeply ingrained in our culture, synonymous with taking risk, being a contrarian, and executing a vision with extreme confidence.

That famous phrase – and the Field of Dreams – is alive in many of today’s leading law firms.

## IF YOU BUILD IT, WILL THEY COME?

For years, if not decades, law firms have observed the slow approach of two forces that threaten their traditional business model: the increasing demand for efficiency coming from corporate legal departments and alternative legal services providers' steady encroachment onto their territory. For a time, some had the luxury of ignoring these challenges – and did.

Most law firm leaders have now come to acknowledge the reality of the situation. Better yet, they have discovered an answer to it: some call it innovation, we call it “NewLaw.” By incorporating technology tools, alternative staffing models, improved processes and better use of data more deeply into their legal practice as well as other innovative changes to the way they deliver legal services, law firms can overcome the looming existential threats with their own increased efficiency.

That is the prevailing wisdom, and there's a whole lot riding on it for the future of the law firm, as demonstrated by the venture capitalists pouring money into legal technology startups among that group.

While any NewLaw initiative takes vision and a belief that the idea will succeed, these are not just passion projects or a Hollywood movie. But who wouldn't want Terence Mann, James Earl Jones' character, sitting in the next office, reminding us that “people will come...people will definitely come.”

The big question, then, is: If You Build It, Will They Come?

### *What is NewLaw?*

NewLaw is simply a term to describe any non-traditional method of pricing or providing legal services. Others use the term “innovation,” but we try to make the distinction between the building of new legal service delivery models as opposed to other innovative initiatives that can help a firm run better internally. NewLaw initiatives are innovative, but not all innovations are NewLaw.

NewLaw encompasses a broad group of entities and innovations: There are entire companies (e.g., ALSPs) and technology segments (e.g., AI-powered contract management tools) dedicated to NewLaw, and in this report we study NewLaw initiatives at law firms. Simply put, NewLaw is the building of new ways to deliver legal services, whether by technology vendors, outside providers, clients themselves, or, in this case, by law firms.

Our research shows that most Am Law 200 and Global 100 firms are introducing NewLaw tools with a deep faith in their potential, but far less success in their deployment.

We conceived this report after consistently hearing anecdotes from professionals at leading law firms who had developed what they believed to be great NewLaw initiatives but found them to be underused by their firms' own lawyers. To better understand the difference between fantasy and reality, Baretz+Brunelle conducted extensive research into practices at Am Law 200 and Global 100 law firms. This report – the first-ever research on the internal adoption of innovation by law firms – includes original data, never before reported, on the use of NewLaw initiatives by the world's largest law firms.

We gathered that data to answer three main questions:

- 1. What Has Been Built?** *An identification of NewLaw initiatives that leading law firms have put in place.*
- 2. Is This Heaven? No, It's Iowa.** *An analysis of the extent to which initiatives have been adopted and the attorney involvement and overall tenacity it takes to get them off the ground.*
- 3. Go The Distance.** *An exploration of what separates the firms with the most success getting attorneys to adopt their NewLaw initiatives from their less successful peers. (This question will be answered in part two of our report, to be released later in 2021.)*

Our findings are based on survey responses from 44 of the 223 law firms that appear in either the Am Law 200 or Global 100 (or both).

In this report – the first of two – we reveal the answers to the first two questions. Our analysis of the third question will appear in part two. We can say this much for now, however: for law firms, it's not enough to simply build NewLaw tools and hope that the lawyers come.

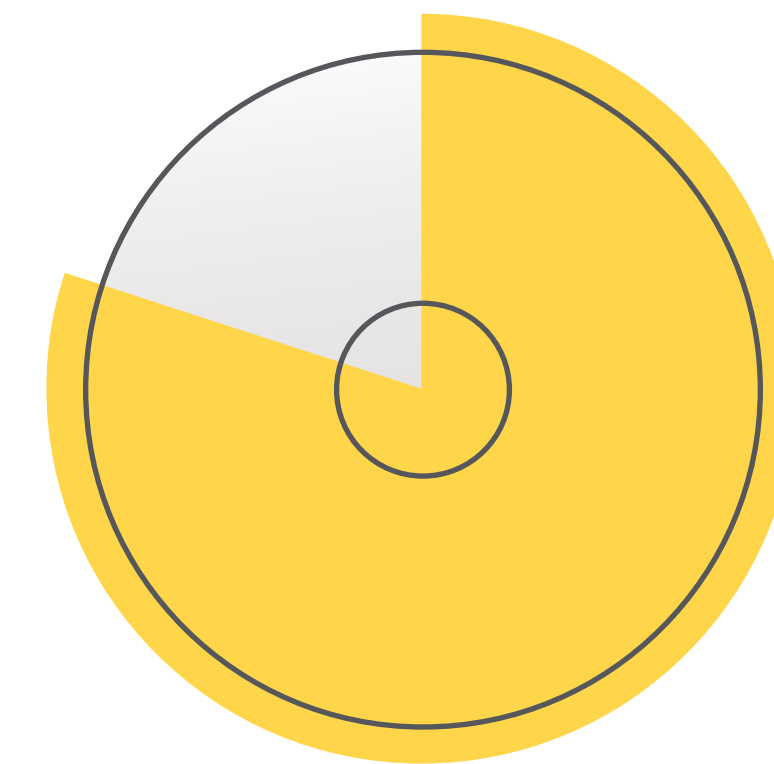
## WHAT HAVE YOU BUILT? DID THEY COME?

### *The NewLaw Tools Law Firms Are Putting in Place*

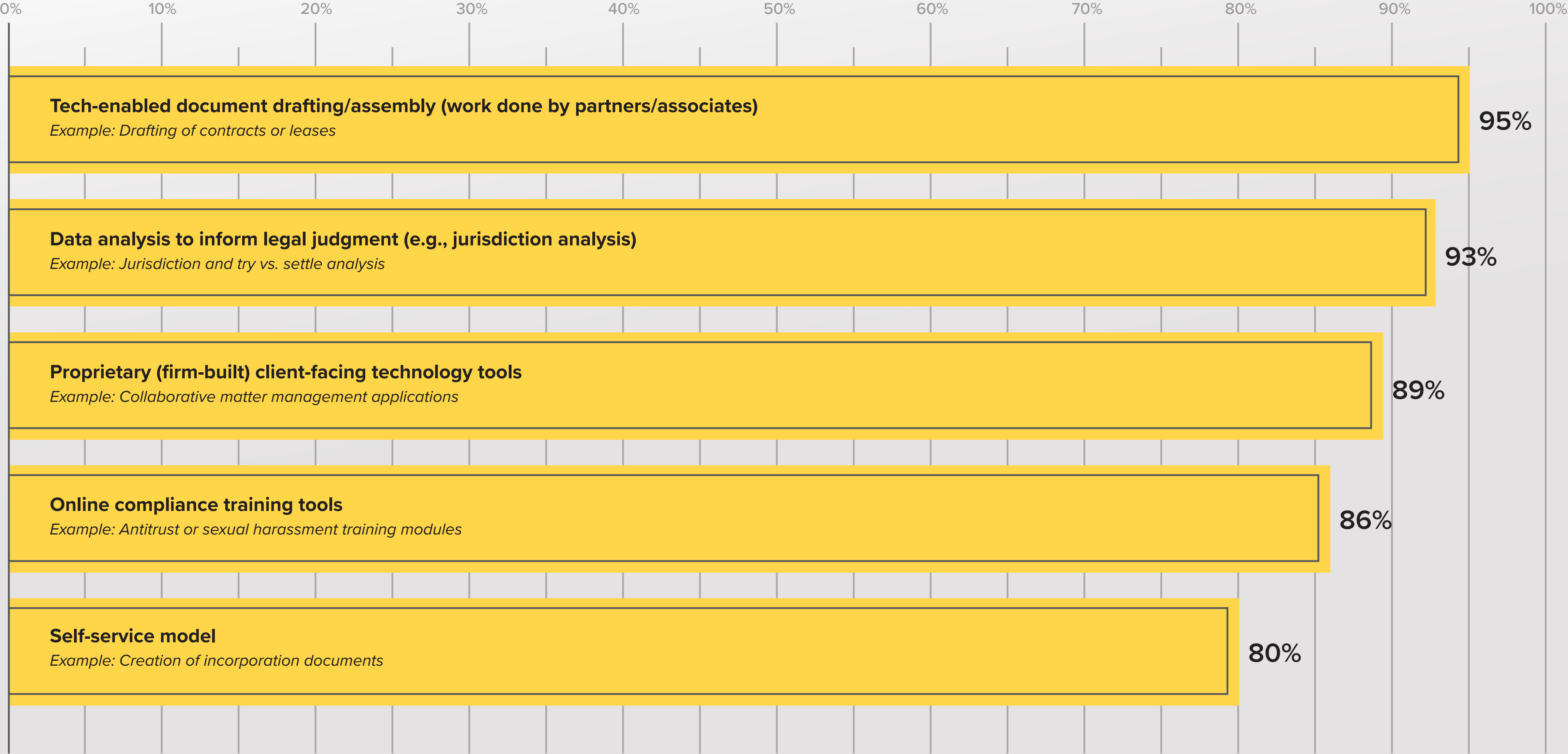
We asked survey participants about their experience with 10 different NewLaw initiatives, and one conclusion becomes apparent from their responses: Law firms understand that they need to change their behavior. More than half of the respondents have launched each of the 10 initiatives we asked about. More than 80% launched at least six of them.

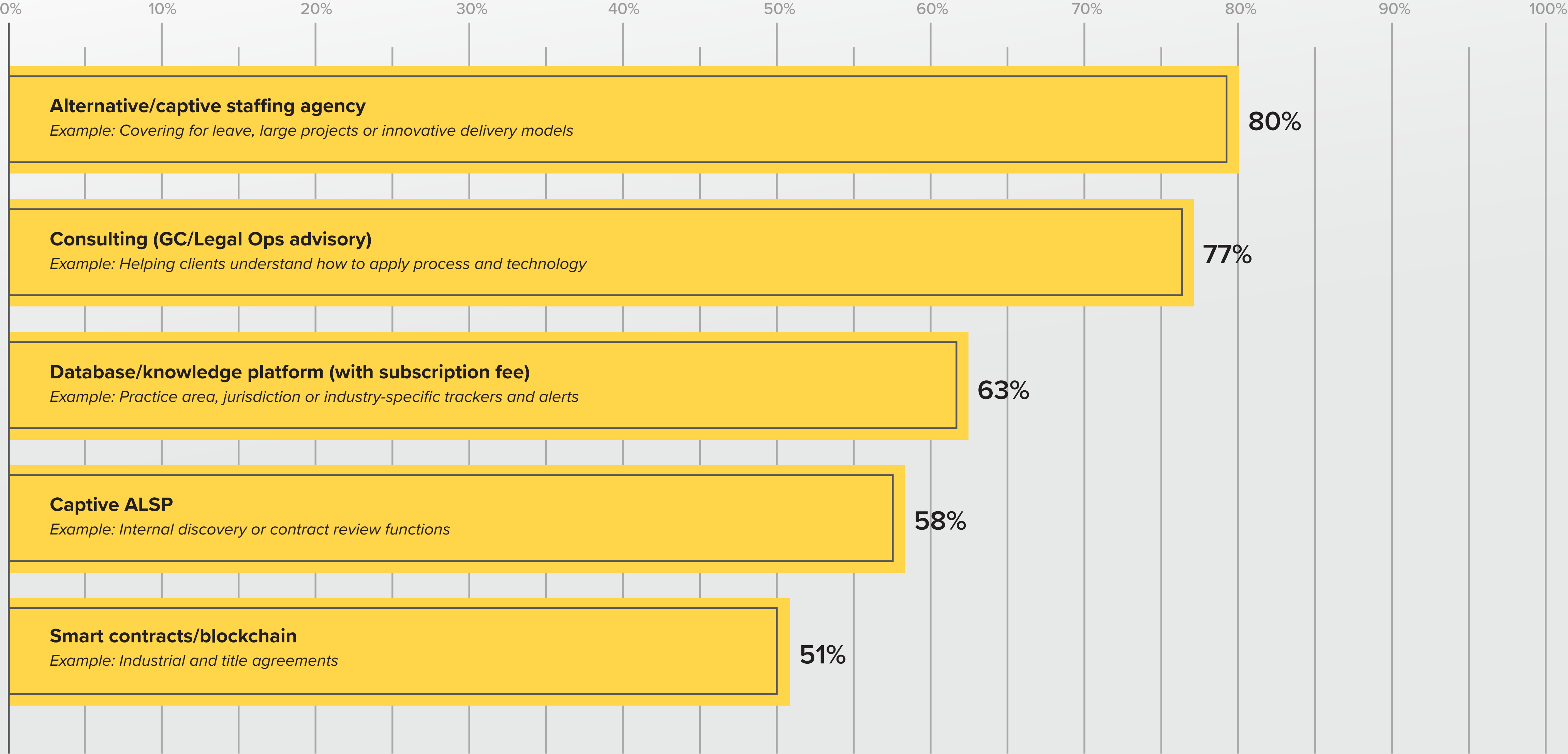
The pervasiveness of these NewLaw initiatives may surprise industry observers, just as our previous study on captive ALSPs – just one of the 10 initiatives we studied here – surprised some with the number of captive ALSPs it documented among large law firms. Our present study confirms our findings on captive ALSPs, and goes beyond that to show that large firms are taking an “all of the above” approach to improving their performance.

On the following pages are the 10 NewLaw initiatives we asked about, ranked by the percentage of survey respondents that have introduced them within their firms.



**MORE THAN 80%  
OF RESPONDENTS HAVE  
LAUNCHED AT LEAST SIX  
OF THE 10 INITIATIVES.**





## ADOPTION IN PRACTICE

BIG INNOVATION BUILT  
OUTSIDE OF BIG LAW*Porzio, Bromberg & Newman and Porzio Life Sciences*

While our research focused on Am Law 200 and Global 100 law firms, innovative legal service models can come from firms of any size. Porzio, Bromberg & Newman – a 100-lawyer firm headquartered in Morristown, New Jersey and a stone’s throw from many of the world’s largest pharmaceutical companies – is one such example. Its affiliate entity, Porzio Life Sciences, is laser-focused on one goal: helping companies operating in the life sciences industry manage compliance with the mountain of state and federal regulations placed on them. They do that via a host of self-service products, databases and knowledge platforms, proprietary client-facing technologies, a captive ALSP, and consulting offerings – all started when the firm found itself with a surplus of staff and paralegal talent. When Porzio Life Sciences was formed in 2003, the law firm represented six pharmaceutical companies in New York and New Jersey; today, it has worked with nearly 600 life sciences companies worldwide.

In 2003, Porzio, Bromberg & Newman found itself with the kind of problem law firms sometimes face: It had a surplus of staff and paralegals with specialized industry knowledge, in this case pharmaceutical regulations. With a strategic plan that called for diversification, rather than scaling back, the firm recognized an opportunity to redirect its personnel to perform legal-adjacent functions, specifically providing consulting services and tools around the complex landscape of compliance and transparency regulations set forth by state governments.

At the time, a new Porzio principal, John P. Oroho, saw that neither law firms nor consultancies were paying enough attention to all the state laws and regulations that impact life science companies. His idea was to use firm resources to create databases that track the shifts in state law and regulations that govern this trillion-dollar business. “Our clients and others needed to answer, ‘How do I distribute drug samples across the country? What type of licenses are needed? What type of record keeping? To which state or federal agency must you report? Who has prescriptive authority cross-country?’” Oroho said.

On this premise, Porzio founded the wholly owned subsidiary, Porzio Life Sciences LLC, and built the company’s first product, Porzio Compliance Digest, a subscription-based regulatory guidance database and consulting service that tracks compliance conditions. The company operates as an affiliate consulting entity. “The thought behind it was Porzio Life Sciences will analyze the laws, the regulations, and the pending legislation and basically show companies how to operationalize their businesses to comply with these laws and regulations. And we’d update it every day,” Oroho added.



According to Porzio Life Sciences President and CEO Vito A. Gagliardi, Jr., who also serves as the law firm's managing principal, the initial funding for PLS came solely from Porzio's principals. He compared the launch to starting a new practice group. "When you bring aboard a new practice, particularly with lateral hires, you're making an investment. You're paying them for at least several months before they're doing work, getting bills out and revenue is coming in. You're investing in a good idea and then being patient. This was not very different." The partnership bought into taking a similar calculated risk on homegrown talent.

It didn't take long to see a return. Porzio Life Sciences was able to deliver profits to the firm's principals in its third year. And Porzio's ability to cross-sell the law firm's services also became a key source of new business development. Porzio's offering evolved to show companies how to operationalize compliance with the law and embed regulatory process into their business.

As clients became reliant on Porzio Life Sciences' databases to stay on top of regulations and licensure requirements, not all wanted to do the filing work themselves. To meet this demand, Porzio built a captive ALSP to submit applications and manage renewals. The distribution and licensing team is now comprised of 17 dedicated professionals who leverage technology to execute more than 10,000 licenses annually. Porzio Life Sciences now also provides automated services for global spend transparency reporting, and in health care provider (HCP) transparency. Life sciences and pharmaceutical companies are required to report any financial relationships with health care providers to federal and state regulators. "This past year, we probably analyzed close to 20 million HCP spend transactions and transfers of value throughout the United States and 46 other countries to ascertain whether, when and where they had to get reported," said Oroho.

### **Buy-in and Commitment**

As the subsidiary continues to thrive, the law firm's partnership has embraced it, providing enormous value in a number of ways.

- Serving a new market. PLS largely serves not general counsel but chief compliance officers. "Many times, you see law firms making a mistake [when building new offerings] because they try to pull from the same legal budget. Whereas in this model, it is a separate piece of the pie. Actually, it's a different pie altogether," Oroho says. PLS' competition is typically Big 4 consultancies and major tech companies. "PLS and the law firm have a symbiotic relationship that enhances the revenue of both companies."
- Financial incentives for the partners. The subsidiary's multi-year engagements deliver recurring and predictable revenue to the law firm partnership, and PLS now accounts for approximately 30% of the firm's annual revenue. Work stemming from the life sciences industry accounts for approximately 40% of the revenue for the Porzio family of companies.
- Deep industry knowledge and access to the company's proprietary databases and solutions allows the firm to command premium rates for life sciences legal work as clients know that its attorneys are practicing at the top of their license and relying on technology wherever possible for real-time industry insights.
- Bringing new clients to the firm. PLS has generated new business for various Porzio law firm practice groups, including employment, bankruptcy and restructuring, investigations and cybersecurity, as well as compliance.
- Building more strategic client relationships. Providing such specialized compliance tools and services allows Porzio lawyers and professionals to focus on more strategic initiatives for their life science clients, forging deeper client relationships.
- Differentiation from other firms. PLS positions the firm as innovative and client-centric and facilitates new relationships in verticals that other law firms cannot access.

In 2003, one lawyer with specialized life sciences industry knowledge proposed an idea of how to utilize Porzio's talent to better serve the firm's client base. Firm leaders wisely got their partners to buy-in by analogizing the new offering to a practice group and clearly targeting the service to chief compliance officers, rather than diluting the firm's bread and butter.

## IS THIS HEAVEN? NO, IT'S IOWA

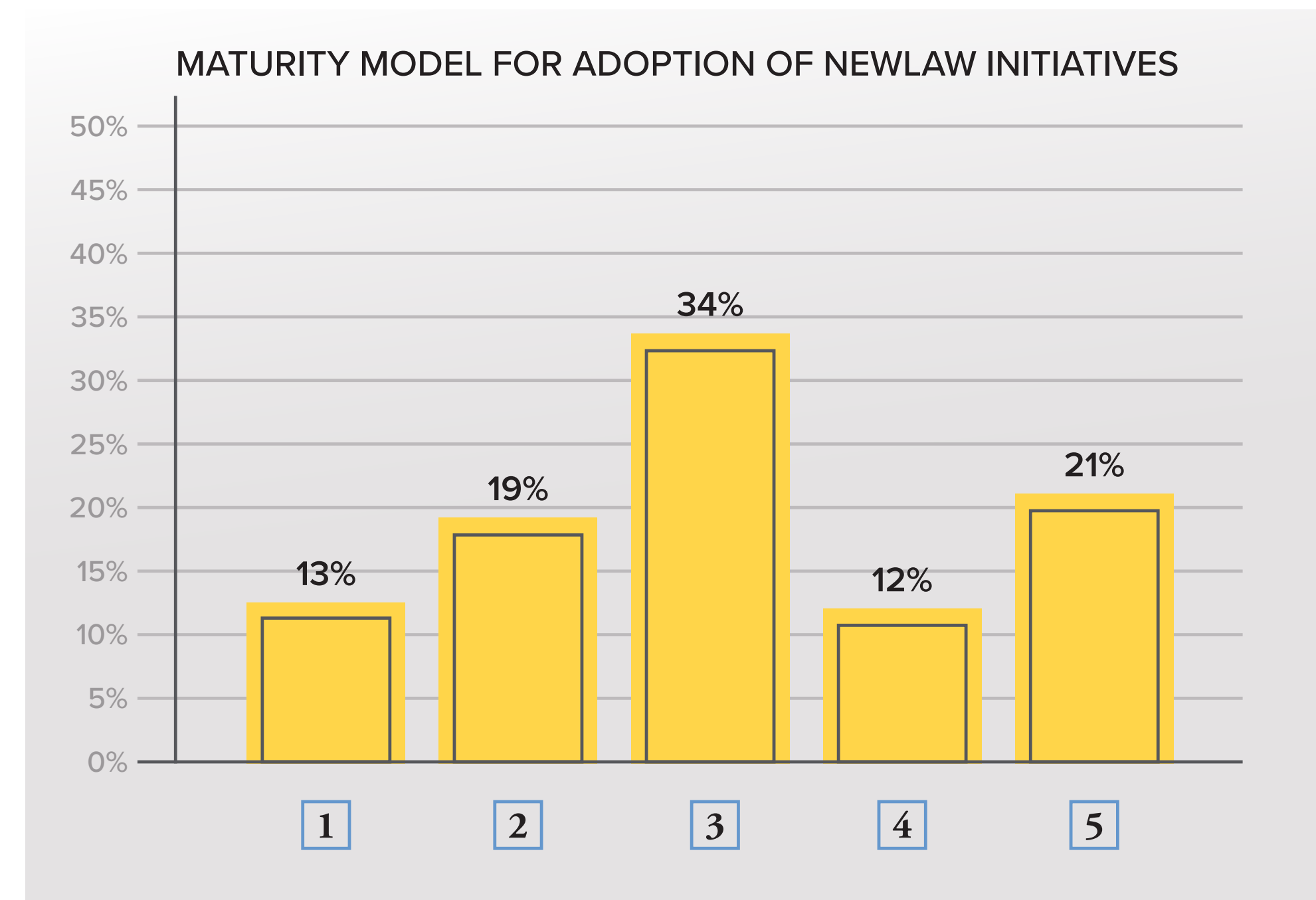
### *A Maturity Model for the Adoption of NewLaw Initiatives*

It's one thing to recognize a need for change. Or to begin work on a NewLaw initiative that could help your firm and its lawyers improve. But it's another thing entirely to get the lawyers in your firm to adopt the NewLaw tools that your firm develops for them. The fact is that attorneys have unreasonable expectations about their own time investment, yet success does not happen overnight; while they may expect heaven, they need to be on earth and do the hard work to receive the benefit.

Our research confirms our anecdotal reporting that overcoming the adoption hurdle is a challenging one for large law firms. In order to measure the rate of adoption, we developed a maturity model to assess how completely a given initiative has been adopted within a firm. Our model's five-point scale progresses as follows:

- 1** Our efforts have not made it past our innovation team or committee.
- 2** Individual lawyers deploy this initiative driven by specific clients or matters.
- 3** Some legal teams or practice groups deliver service using this new technology or model.
- 4** Most of our legal teams or practice groups deliver service using this new technology or model.
- 5** This initiative is pervasive at our firm.

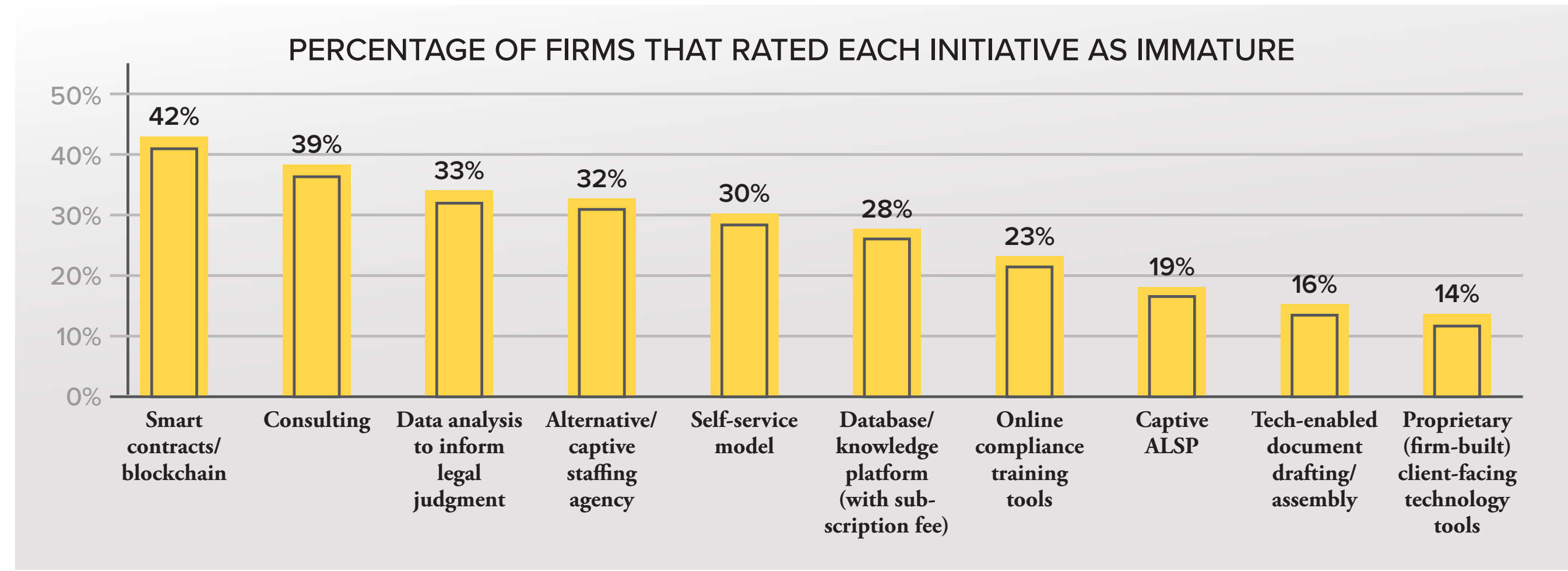
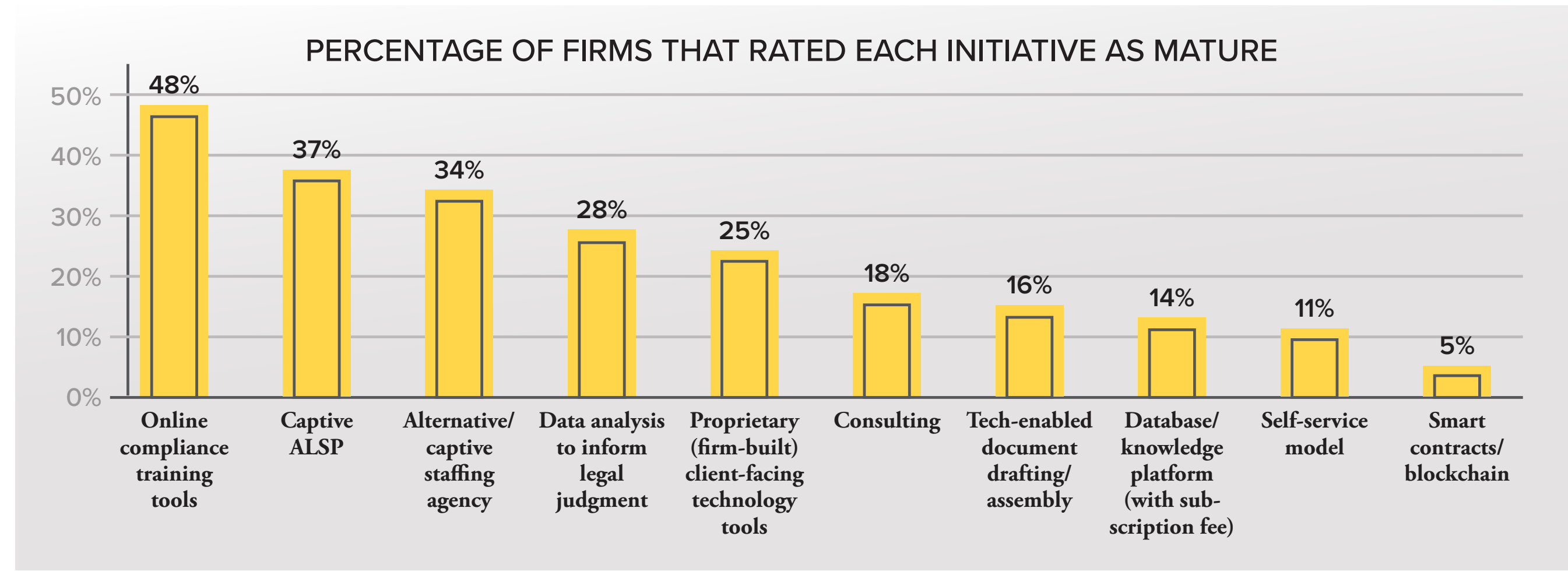
Our research reveals that NewLaw adoption has not fully matured within firms. Despite a handful of firms ranking certain initiatives highly, most initiatives are scored at 3 or below.



In fact, no initiative was scored a 4 or 5 by more than half of the respondents. And half of the initiatives were only scored as mature by fewer than 20% of the firms. Overall, not a single one of the initiatives tested could be fairly described as mature.

There is some good news, however, at least among the relatively sophisticated firms that took our survey. Most initiatives are at least moving along the path, with more firms scoring more initiatives a “3” than anything else. However, the low end does show that six of the 10 initiatives are ranked as particularly immature, with more than 30% scoring them at 1 or 2. And while that may be unsurprising for smart contract and blockchain initiatives, which sit on the cutting edge, this “immature” group also includes long-standing tools such as consulting, captive staffing agencies and even self-service models.

While our most important takeaway here focuses on the low level of adoption of these initiatives across the board, you can observe from the individual maturity models that certain initiatives enjoy better adoption rates than others. Likewise, we have learned from our research that some firms do better than others in driving adoption for any given initiative they attempt.



## ADOPTION IN PRACTICE

## STRAIGHT FROM THE LABS

*Seyfarth Shaw*

One law firm well known for successful innovation is Seyfarth Shaw LLP. The firm launched its service delivery model, SeyfarthLean, in 2005 and has been focused on continuous improvement ever since. The firm has long used technology and Lean techniques to support its Business Immigration Group, but in 2019 practice leaders were looking to provide a more seamless and secure experience to clients. Driven by evolving expectations around user experience and security, practice leaders partnered with Seyfarth Labs, the firm's internal technology innovation team, to undertake a holistic review of the practice's technology stack, which at the time already included automation. Built on Salesforce, Seyfarth's Caribou pairs technology and automation tools with business process and workflow mapping.

**Clients at the Forefront of Innovation**

Rather than apply new technology to old processes, practice leaders Jim King and Russell Swapp, with support from Seyfarth Labs, undertook a reevaluation of the practice's business processes from the ground up, then planned to choose a new technology platform to support it. After running through an extensive RFP process to find a flexible and secure platform, Seyfarth chose Salesforce as the backbone of the solution. Salesforce offered all the workflow building blocks required by the firm, with the flexibility to customize the user experience according to the many immigration paths of their clients, as well as the workflow needs of their many lawyers, paralegals, and case assistants.

In order to enhance the requirements of the solution to include the client perspective, the Business Immigration Group's Operations Team partnered with the design experts at Seyfarth Labs to conduct extensive journey mapping sessions with clients. "We had an evolving market with evolving needs," explained Seyfarth Chair Emeritus Stephen Poor, who runs Seyfarth Labs. "And we wanted to hear our clients' expectations directly from them."

Sheri Palomaki, who leads operations for the Business Immigration Group, facilitated groups of clients, attorneys and members of Labs through the journey mapping process. The firm spoke with 20 different clients and conducted four mapping sessions in total. The sessions mapped out each phase of the immigration process and what the journey looked like from the clients' perspective. The sessions played multiple roles in improving existing processes, enhancing the technology solution, and getting client buy-in of the solution. "Having the clients at the table during the development phase helps with adoption," Palomaki said.

Caribou launched in early 2021 with a number of key features designed to make the immigration process easier for all stakeholders:

- Integrating Seyfarth's existing document automation platform with its case management and case database.
- Providing a medium for document exchange.
- Adding stringent security protections in alignment with GDPR.
- Allowing 24/7 access to case systems.
- Delivering real-time access to status updates through automated notifications to new case developments.
- Tracking communication and engagement before a case begins.

The firm does not consider Caribou to be a client value add-on or an alternative to traditional service. Instead, Poor explained: "Caribou is an operating system for our people and how we produce cases and case work. It is not a standalone piece of technology that we sell. It's integrated into how we do our business and how we serve our clients' needs." With support from Labs, Caribou continues to evolve. "We're very in touch with the continual improvements and new functionalities and features. Labs keeps track of the new Salesforce releases that are coming out and what possibilities might open up for us. Caribou is a living, breathing thing," said Jim King, co-chair of Seyfarth's Immigration group. "We will continue to monitor for positive return on investment based on client satisfaction and business development."

### **Process is in the DNA**

Seyfarth has been successful because it doesn't simply deploy technology; it also looks at human and process factors. "Innovation is about getting people to think about legal service delivery through Lean, which really boils down to nothing more than understanding that no matter what you do in life, there's a process. There's a start to it, an end to it, and lots of steps in between," said Russell Swapp, partner and co-chair of the Immigration practice at Seyfarth.

A firmwide focus on process is essential. "In immigration we might be able to innovate on 75% of our process. In the real estate group, maybe it's only 30% of those steps. And in litigation, maybe it's only two," Swapp said. "But if we can demonstrate that there's an opportunity to improve just one piece of what people are doing across an organization of our size with thousands of clients, even an incremental change can represent a huge, huge step forward for the organization." The firm views change management as a journey, and practice groups are encouraged to put forth new ideas. In other groups at Seyfarth, such as real estate, automation capabilities and Lean workflows have helped to grow their client bases and allowed lawyers to practice at the top of their licenses which the team believes makes adoption a little easier.

While innovation may be in Seyfarth's DNA, internal marketing strategies play a critical role in adoption. Firm leadership delivers consistent messaging to inspire and encourage lawyers to think about their practices differently. Client feedback from successful – and even less successful – initiatives are put on full display through firmwide communications, and Seyfarth Labs is available with tools and resources to tackle recurring issues. The firm holds monthly partner calls to share success stories and offers regular Six Sigma training. Perhaps most importantly, practice groups have the resources and support to build initiatives to better serve their clients.

"Our practice groups are lucky to have our Labs team at our fingertips to help us through the process with our technology services group, data team and ops team. We have the people at the table to talk through the problem and outline a solution for what all those pieces have a part in building," said Palomaki. In building Caribou, for example, the immigration attorneys put forth a vision that was achieved through an arduous course of action that included many firm perspectives, rounds of testing, and bringing in the right stakeholders along the way. "It would be really boring if I was just doing the legal work the same way for 30 years. And I'm now engaging with clients, having completely different conversations using a completely different lexicon and it's exciting," Swapp added. "People in other departments see that and they see how relevant they can continue to be. It's really infectious."

## MATURITY MODELS FOR ADOPTION OF EACH NEWLAW INITIATIVE

In order to measure the rate of adoption, we developed a maturity model to assess how completely each initiative has been adopted within a firm. Our model's five-point scale progresses as follows.

- 1 Our efforts have not made it past our innovation team or committee.
- 2 Individual lawyers deploy this initiative driven by specific clients or matters.
- 3 Some legal teams or practice groups deliver service using this new technology or model.
- 4 Most of our legal teams or practice groups deliver service using this new technology or model.
- 5 This initiative is pervasive at our firm.

While most initiatives are not far along the maturity curve, a few, such as captive staffing agencies and online compliance training, can be viewed as pervasive in the firms where they are in play.

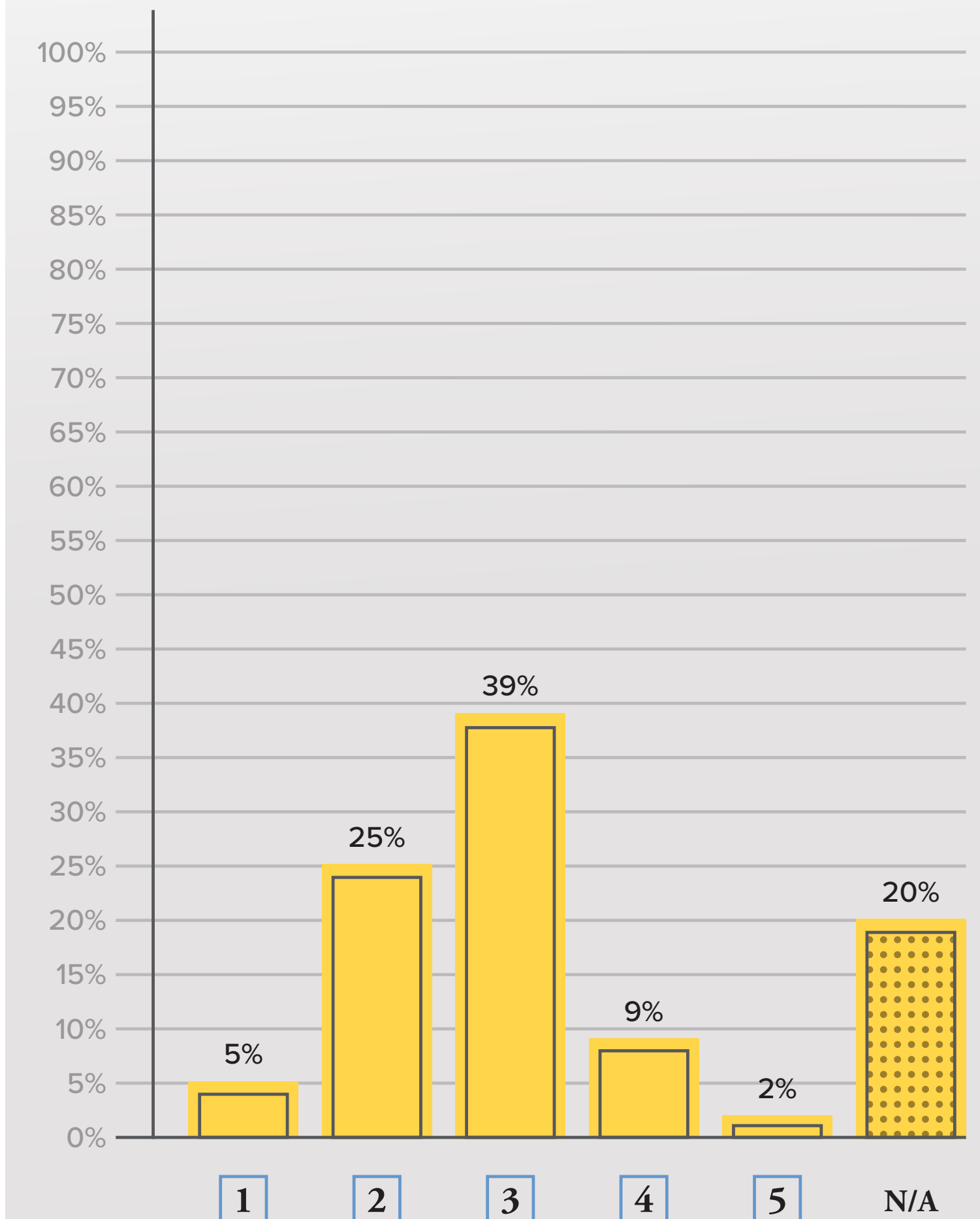
### *Methodology*

The framework of this report was developed from our team's experience implementing change within law firms and conversations with current innovations teams. Findings were gathered via online polling of a selective and targeted list of law firm professionals in c-level, innovation, e-discovery and communications roles at Am Law 200 and Global 100 firms. We had 44 qualifying firms submit responses.

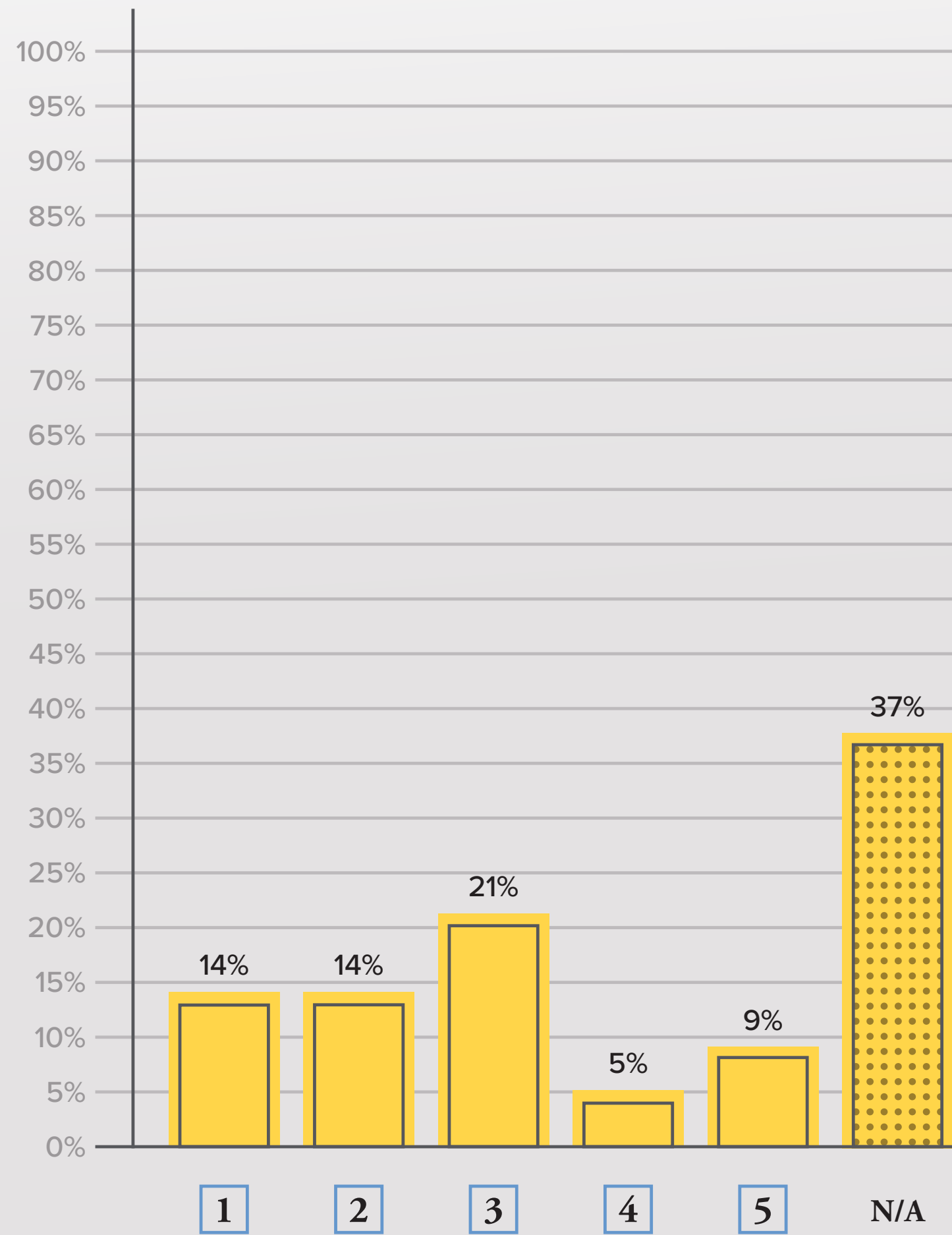
Data on which initiatives are being attempted and how much they are being adopted is reported by the respondents and the respondents alone.

Due to the wealth of information that came from this study we will release our findings in two parts: Part 1 of this report addresses which initiatives are in play and subsequent adoption. Part 2 will provide comparative analysis between the firms that drive adoption more successfully and those that do not.

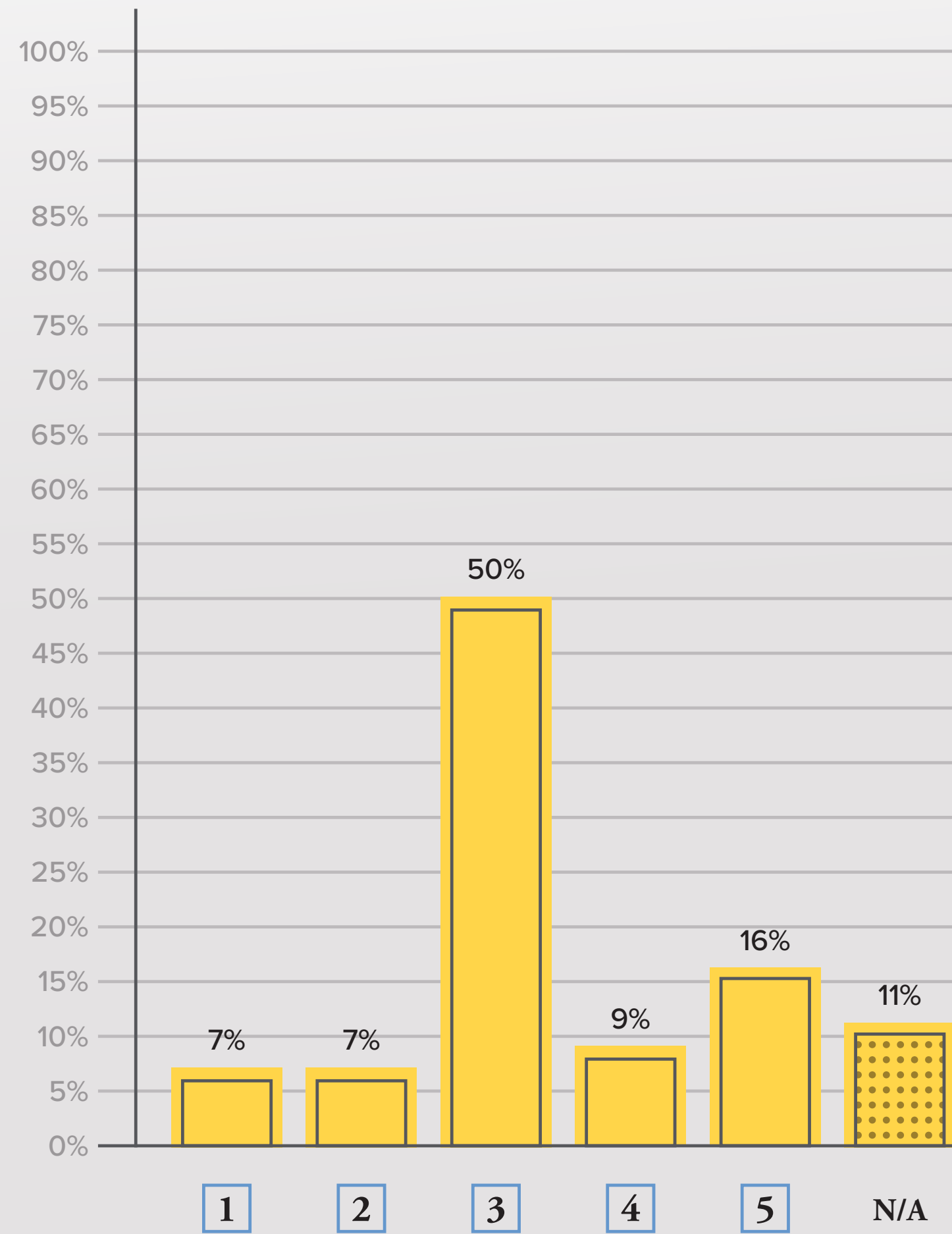
**SELF-SERVICE MODEL – CLIENT FACING**  
(e.g., document generator, contractor status checker)



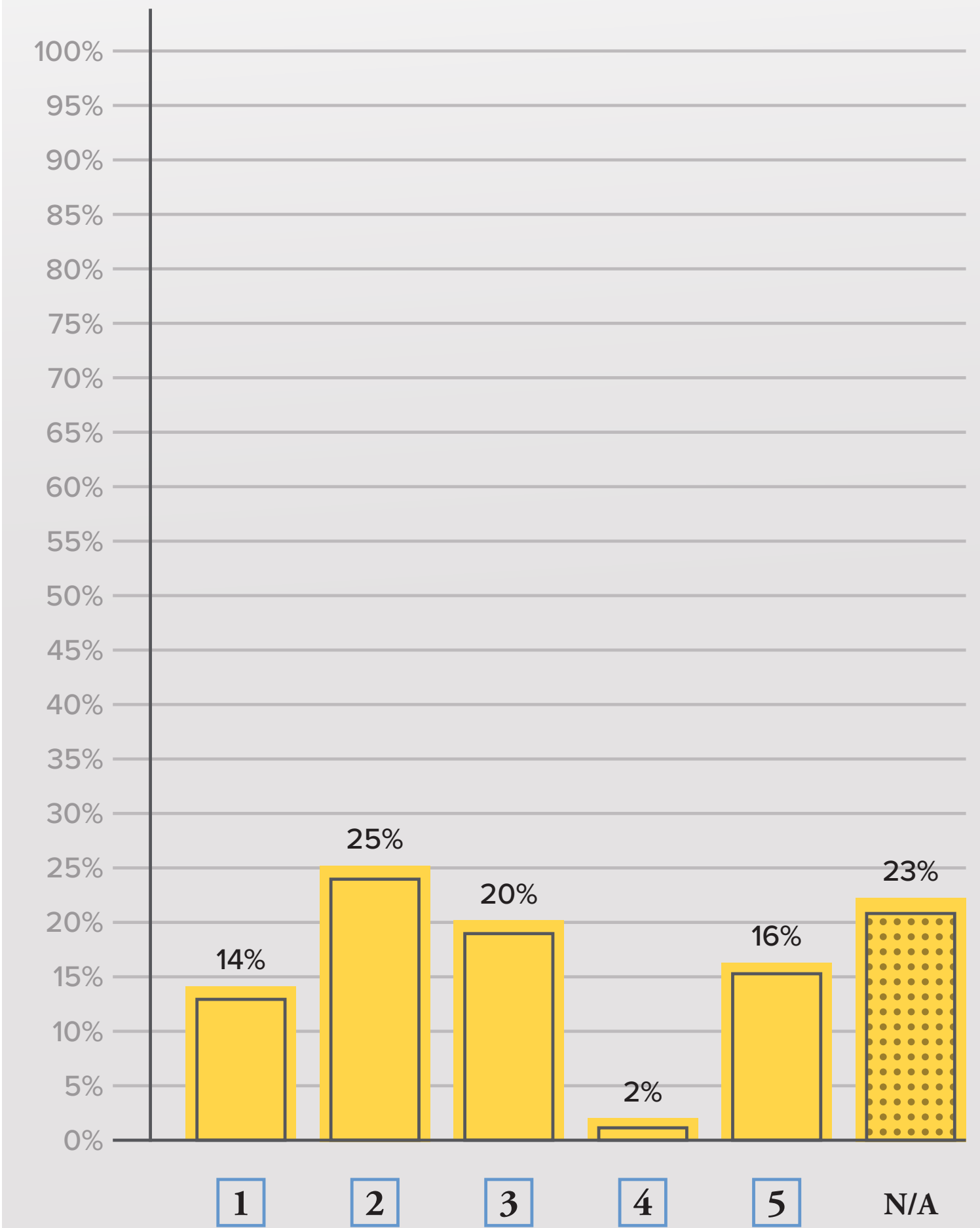
**DATABASE/KNOWLEDGE PLATFORM  
(WITH SUBSCRIPTION FEE)**



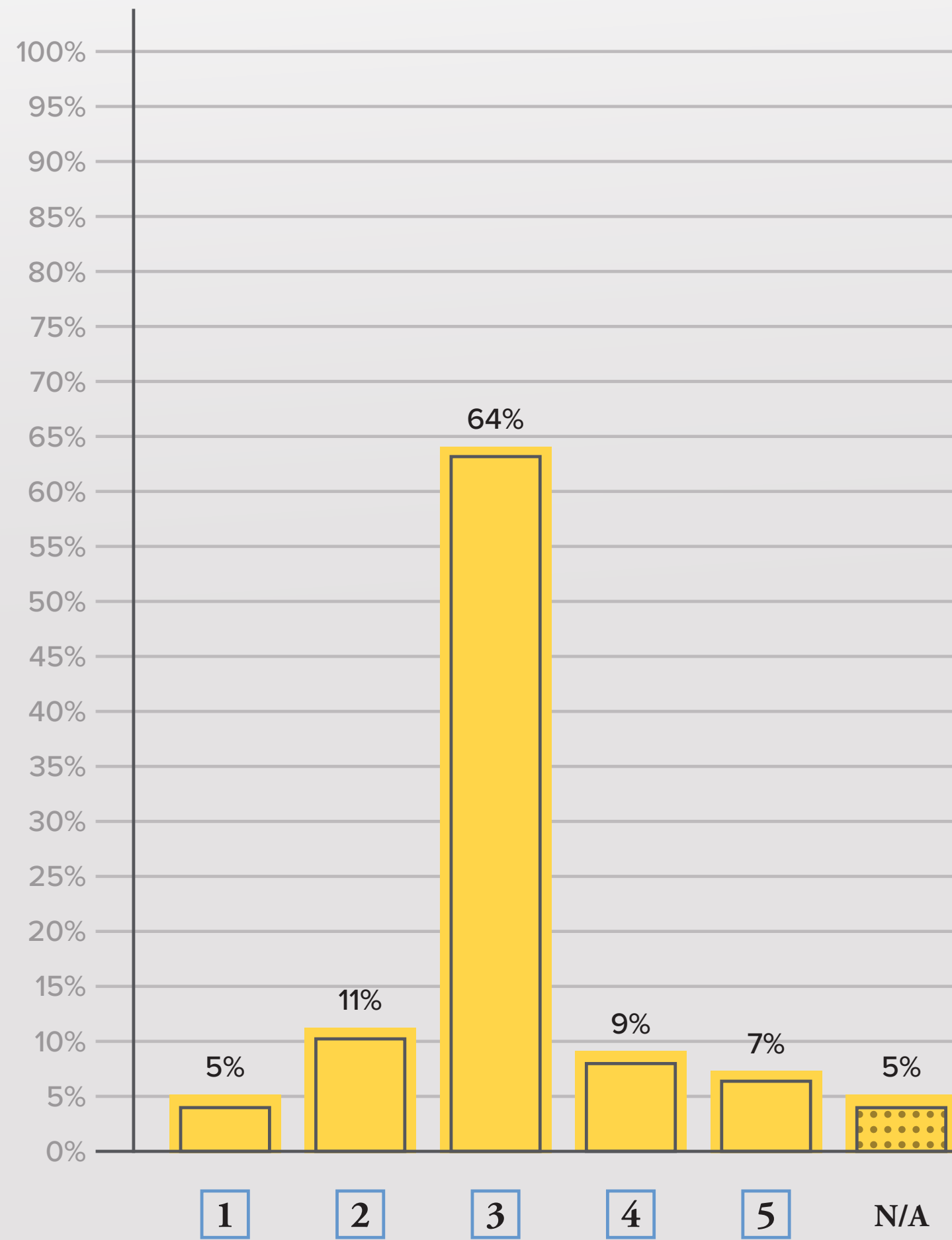
**PROPRIETARY (FIRM-BUILT) CLIENT-FACING  
TECHNOLOGY TOOLS**



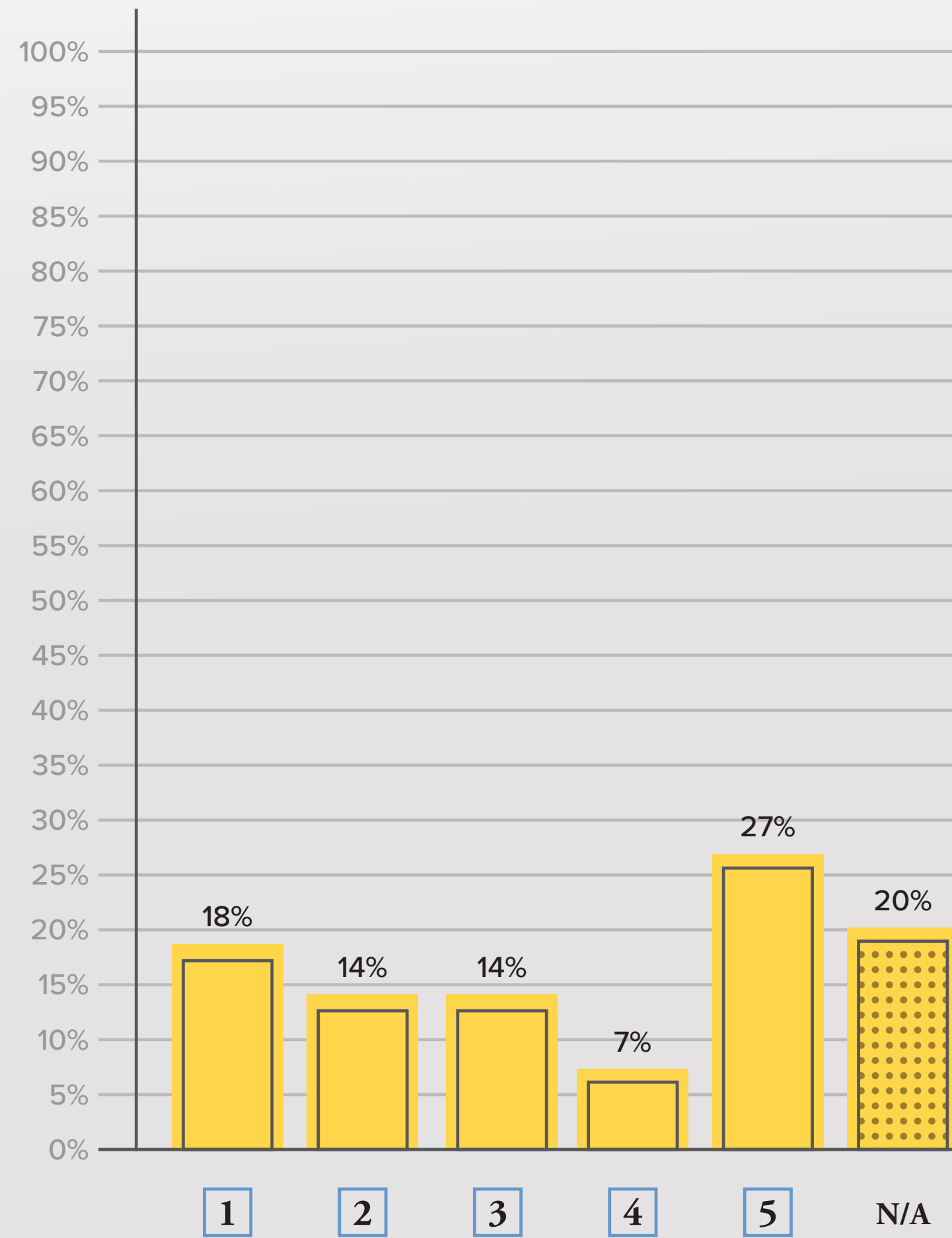
**CONSULTING  
*(e.g., GC/Legal ops advisory)***



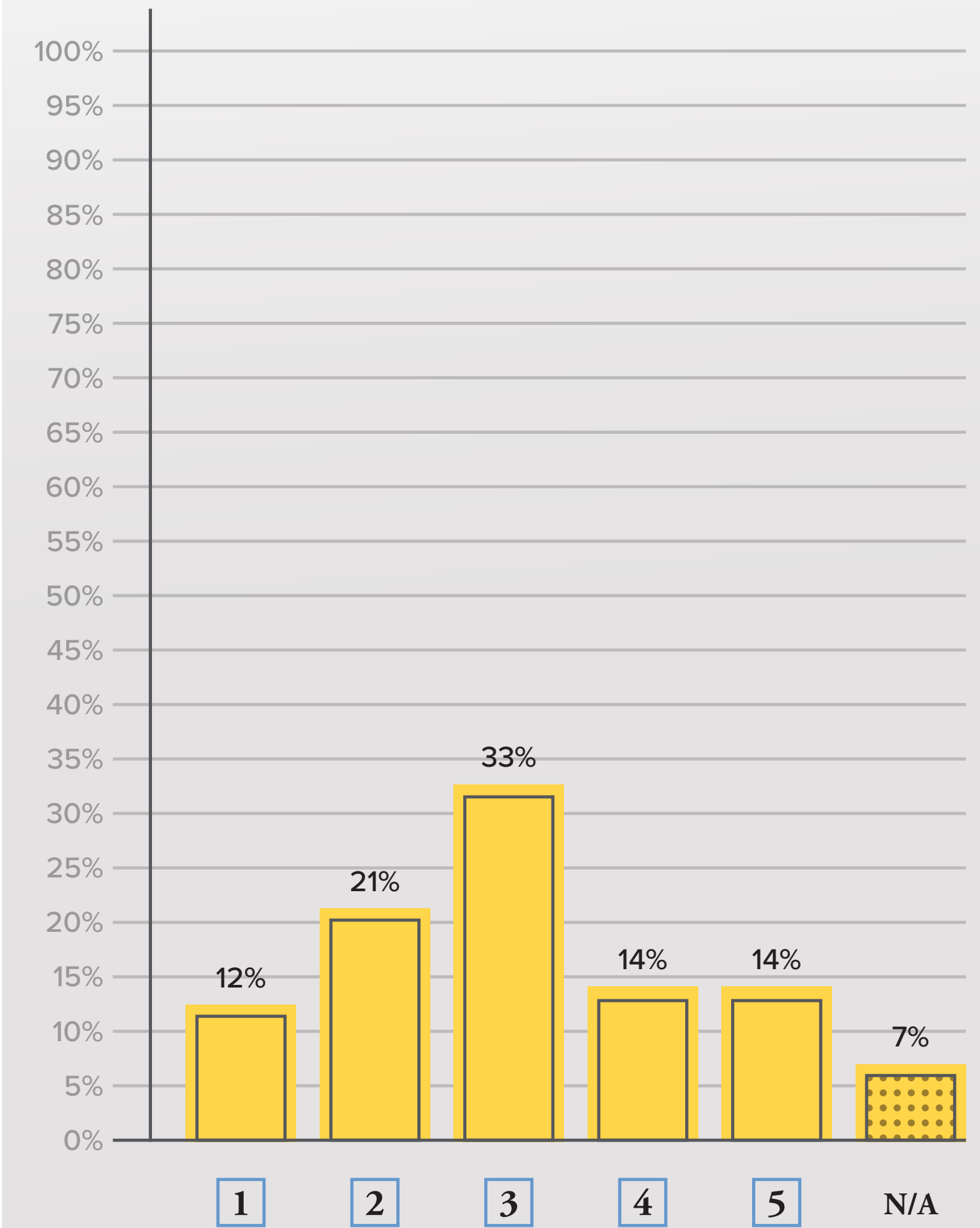
### TECH-ENABLED DOCUMENT DRAFTING/ASSEMBLY (WORK DONE BY PARTNERS/ASSOCIATES)



### ALTERNATIVE/CAPTIVE STAFFING AGENCY

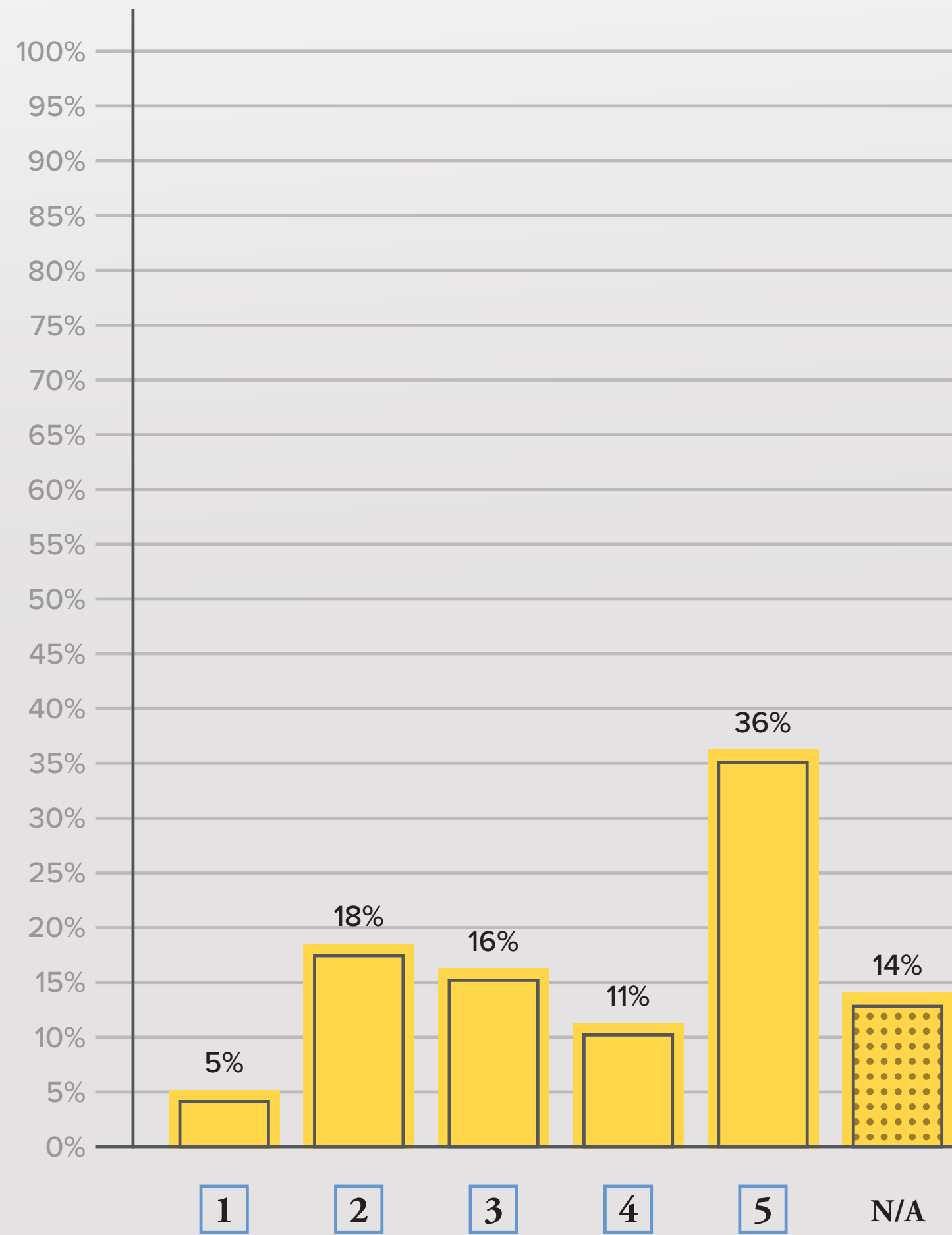


### DATA ANALYSIS TO INFORM LEGAL JUDGMENT *(e.g., jurisdiction analysis)*

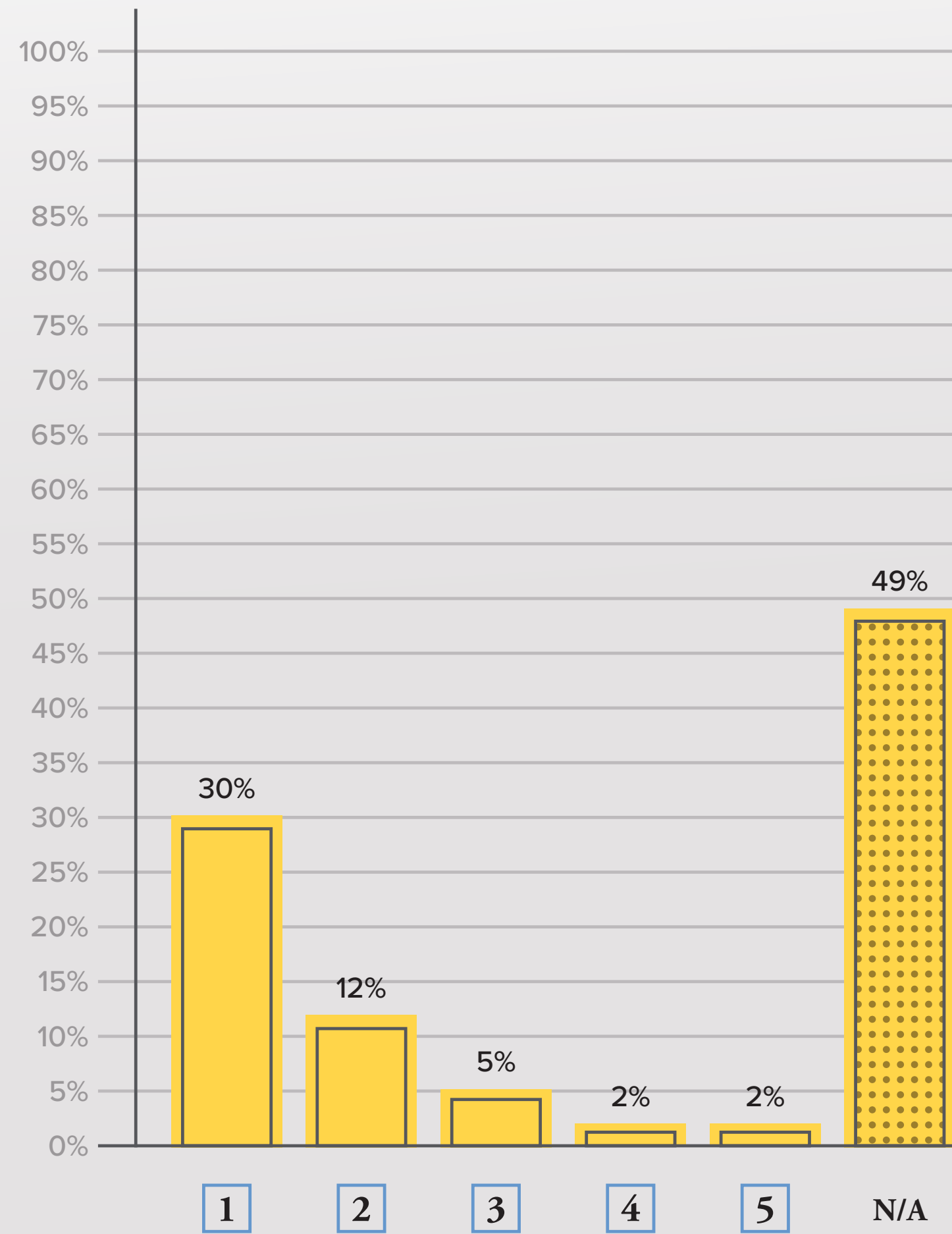




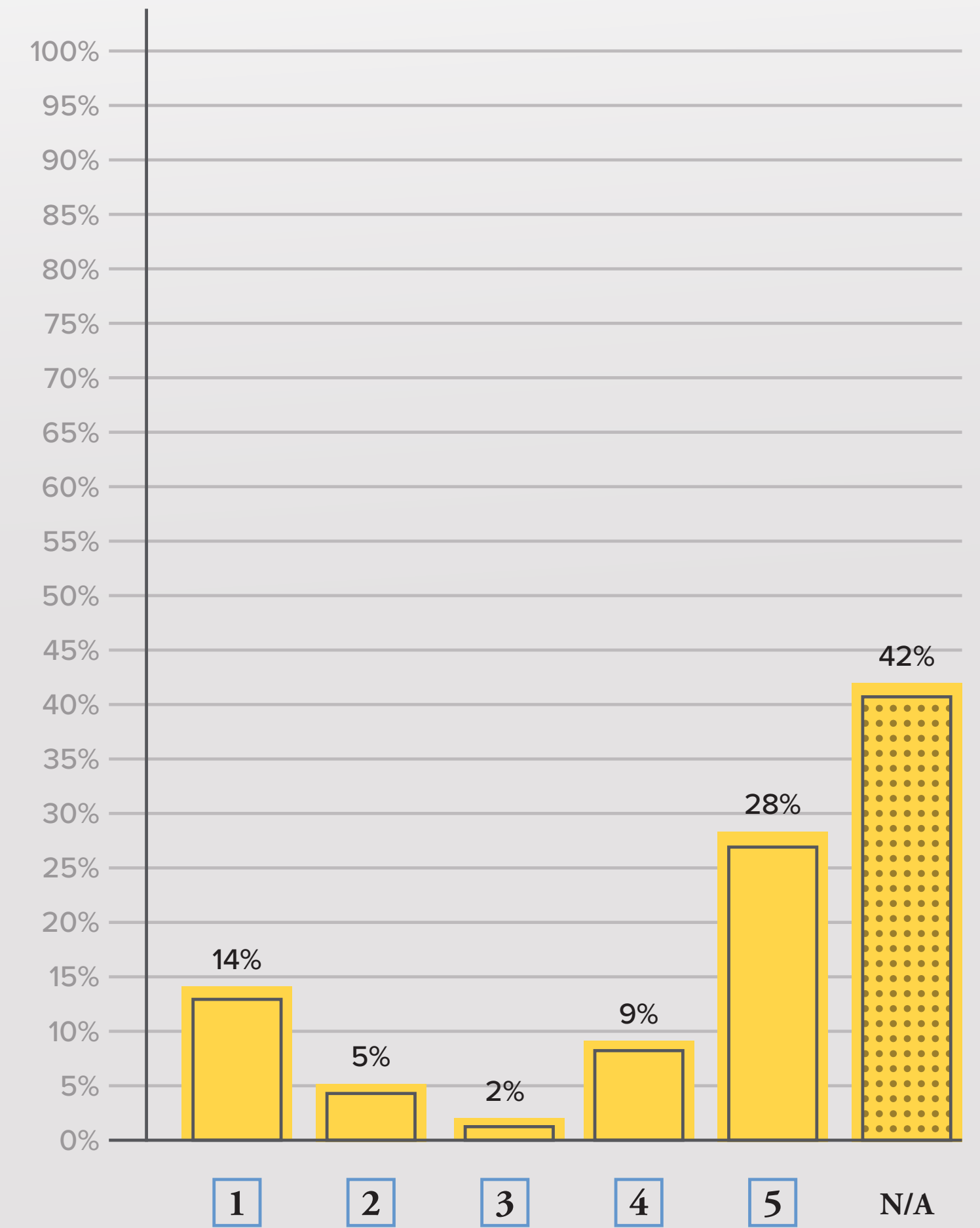
### ONLINE COMPLIANCE TRAINING TOOLS



### SMART CONTRACTS/BLOCKCHAIN (USING BLOCKCHAIN, NOT ADVISING ON IT)



### CAPTIVE ALSP



## GOING THE DISTANCE

There are two clear conclusions from this first part of our research.

We asked, “What have you built?” and learned that Am Law 200 and Global 100 firms have actually built a lot. Many firms are trying many different NewLaw initiatives.

We asked, “Did they come?” and got a mixed response. Some initiatives are gaining some adoption, but most are not terribly far along the maturity curve. We are a lot closer to Iowa than we are to heaven.

Simply put, we built it, but (for the most part) they did not come.

In part two of our report, we study what has drawn the attorneys that have come to play. What separates the firms that have had the most success gaining adoption of their NewLaw initiatives from their less successful peers? The answers to that question can serve as a roadmap for getting attorneys to “Go the distance.”

BARETZ+BRUNELLE  
*NewLaw*

For more information please contact:

**BRAD BLICKSTEIN**

*Partner and Co-Head, NewLaw Practice*

bblickstein@baretzbrunelle.com

847.256.5298

**BEATRICE SERAVELLO**

*Partner and Co-Head, NewLaw Practice*

bseravello@baretzbrunelle.com

917.650.2519

[baretzbrunelle.com/newlaw](http://baretzbrunelle.com/newlaw)