

## Clients See 'Innovation Gap' in Big Law, Report Finds

**A new survey from Thompson Hine found that 69% of respondents said their primary outside firms had made no progress in innovation over the past year.**

By Dan Packel  
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The legal industry often touts its innovation efforts: More technology available to firms and clients. A pivot to remote work, with little short-term impact on productivity.

But, according to a **new survey** from Thompson Hine, clients have not reaped the benefits of purported innovation efforts from their law firms in the last few years.

After first surveying in-house counsel and senior executives at nearly 200 companies **in 2017**, the Cleveland-based Am Law 200 firm checked back in with buyers of legal services at 107 businesses. It found that 72% of respondents believed their law firms had not done anything to alleviate the pressures faced by in-house legal departments in that three-year span.

“There seems to be a big gap between what the law firm sector says it’s doing and the value that clients say they’re receiving from law firm innovation,” said Thompson Hine managing partner Deborah Read. “I thought that gap would be closed but it hasn’t.”



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The survey also found that 69% of respondents reported their primary outside firms had made no progress in innovation over the past year. This slow pace of change has been a source of frustration in an environment where corporate legal departments are under pressure to do more at a lower cost to their wider organizations.

As a consequence, nearly two-thirds of respondents took measures to improve their internal project management capabilities over the last year, compared to 8% in the 2017 survey.

“In-house law departments are taking innovation into their own hands,” Read said. “They’re



Deborah Z. Read, managing partner with Thompson Hine.

heading down their own path.”

Other efforts pursued by these entities include restructuring processes or departments (41% in this year’s survey compared to 8% in the 2017 iteration)

and turning to alternative legal service providers (33% compared to 3% previously).

The survey also found that while in-house counsel are intrigued by the opportunities from mining Big Data, they’re not yet seeing the approach put to use. Only 6% of respondents said that their primary law firm analyzes data to predict outcomes, while one-third thought it would be helpful for law firms to use data to analyze legal strategy.

“I don’t think that means there’s a rejection of data analytics, what it means is that legal buyers need more information about the potential value of data analytics for legal strategy,” Read said.

And after respondents were presented with five specific use cases for data analytics projects—for example, identifying trends that might lead to legal claims or using deal characteristics

to determine “what’s market”—90% of them expressed interest.

More than 90% of respondents said “no” or “do not know” when asked if their law firms used artificial intelligence for specified purposes (the exception being e-discovery, which 20% knew their law firms used). Most were unaware whether a law firm’s use of AI had saved them money.

“The lack of information here leads to a lack of perceived value,” Read said. “When used appropriately, artificial intelligence can help make tasks more efficient, and help reduce costs.”

Read noted that her firm’s own clients manifest a range of interest in applying new mechanisms to legal service delivery. Some come in with high expectations, while others are open-minded even if they haven’t yet embraced them.

“It all goes back to the very principle we started with. Law departments are being asked to do more and more with either flat or reduced budgets,” she said. “With COVID, it’s even more relevant.”

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