

# 1 INNOVATION



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Bill Gates once said, “People often overestimate what will happen in the next two years and underestimate what will happen in ten.”<sup>1</sup> That adage likely applies to law.

The following Innovation chapter catalogues a wide array of changes occurring in the market for legal services. The biggest change is that the traditional law firm model is no longer following its predictable pattern of growth. The fundamental tension is that law is an indispensable input to a highly interconnected, digitized, globalized, and regulated world. Yet, we are now at a point where each unit of economic growth probably produces two or three units of legal complexity. This is putting tremendous strain on the traditional law firm model to become more like the rest of the economy. Specifically, over any period of time, cost goes down while quality and speed of delivery go up. This is the productivity imperative—and it now applies to law.

What we are witnessing now is a period of experimentation where both traditional providers and legal entrepreneurs are searching for creative, sustainable ways to do more for less. Some of these innovations are clever, yet there may be no way to prevent competitors from copying and even improving upon these new models. Other innovations may not be sustainable over the long haul because their current cost and quality advantages will slowly dissipate over time (e.g., cheaper labor or real estate costs, or better technology). Yet, through a process of trial and error, it will be these very risk takers who produce truly ingenious and sustainable models that will drive the legal industry in the decades to come. Several of them are mentioned in the pages below, albeit their most important innovations may be yet to come.