

Strategies for Business Innovation

John Hall, CEO Intapp



What is innovation?

- ◆ Doing something new
- ◆ Doing something old in a new way

Sometimes it's just fun to do. But generally, people try to justify it in terms of improvements.

At ILTA, we're generally concerned with innovations driven by or supported by technology changes. New technologies, or technology upgrades and refinements. That's your role. So let's talk about that.

Goals for your innovations

- ◆ Driving down costs?
- ◆ Increasing lawyer productivity?
- ◆ Making your lawyers more competitive?
- ◆ Making your lawyers more profitable?
- ◆ Increasing your lawyers' quality of life?
- ◆ Making your administrative departments more productive?
- ◆ Enabling them to cut costs from their own budget?



The challenge

Theories of Innovation

- ◆ I'd like to share with you the elements of this theory
- ◆ If you're familiar with it, I'd like to involve you in the discussion
- ◆ If you're not familiar with it, but you're interested in legal innovation, I honestly believe that you can find some strategies in here that should work.
- ◆ I say that because Intapp has consciously applied this strategy. We've tripled the size of our business in three years, and are growing even faster now with our new products.

How does Innovation happen?

Variation and Natural Selection

- *On the Origin of Species (1859)*
- Evolutionary theory – “Survival of the Fittest”
- Creatures are born with certain attributes and skills through mutation.
- Those are fixed for life.
- Depending on how well suited they are to certain new circumstances, they will thrive or die. “Fitness” for the circumstances
- Evolution happens because part of the population doesn’t survive, and different, better suited ones ones thrive and grow, creating a new order.



Charles Darwin
1809-1882

Innovation by Natural Selection

- ◆ In order for innovation to occur, someone has to die.
- ◆ New entrants who are impatient hope that circumstances change enough that the existing population starves to death, or is eaten alive, or something.
- ◆ While the old guard is still succeeding, nothing changes.



Laws of Imitation



Gabriel Tarde
1843-1904

- ◆ Entering the legal profession, a *juge d'instruction* in his native town of Saarlaut, becoming afterwards head of the statistical department of the ministry of justice.
- ◆ “Comparative Criminality” (1886)
- ◆ *Les Lois de l'imitation* (1890)
- ◆ *Logique sociale* (1895)
- ◆ Professor of modern philosophy at the Collège de France in Paris. Elected a member of the Académie des sciences morales et politiques in 1900.

Imitation of Deviance



Gabriel Tarde
1843-1904

- ◆ Nineteenth-century "epidemics of deviance"— the rise in mutilations of women, the practice of women disfiguring the faces of male lovers, and the rash of "Jack the Ripper"-type murders became evident.
- ◆ In Tarde's own words, "infectious epidemics spread with air or wind; epidemics of crime follow the telegraph."

Imitation and Innovation



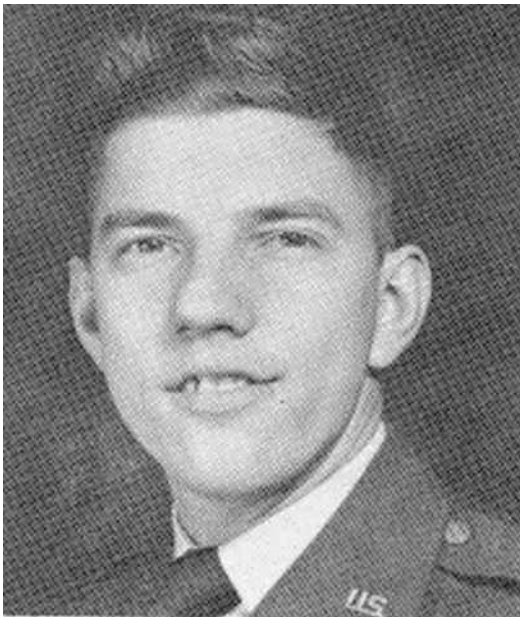
- ◆ *Invention* is the source of all progress.
- ◆ Tarde believed that perhaps 1 person in 100 is inventive.
- ◆ Innovations are *imitated*, but the imitations themselves differ in degree and kind.

Imitation by individuals



- ◆ Diffusion is what happens *after* key individuals invent.
- ◆ The scale of *adoption* of those changes is the measure of innovation success.

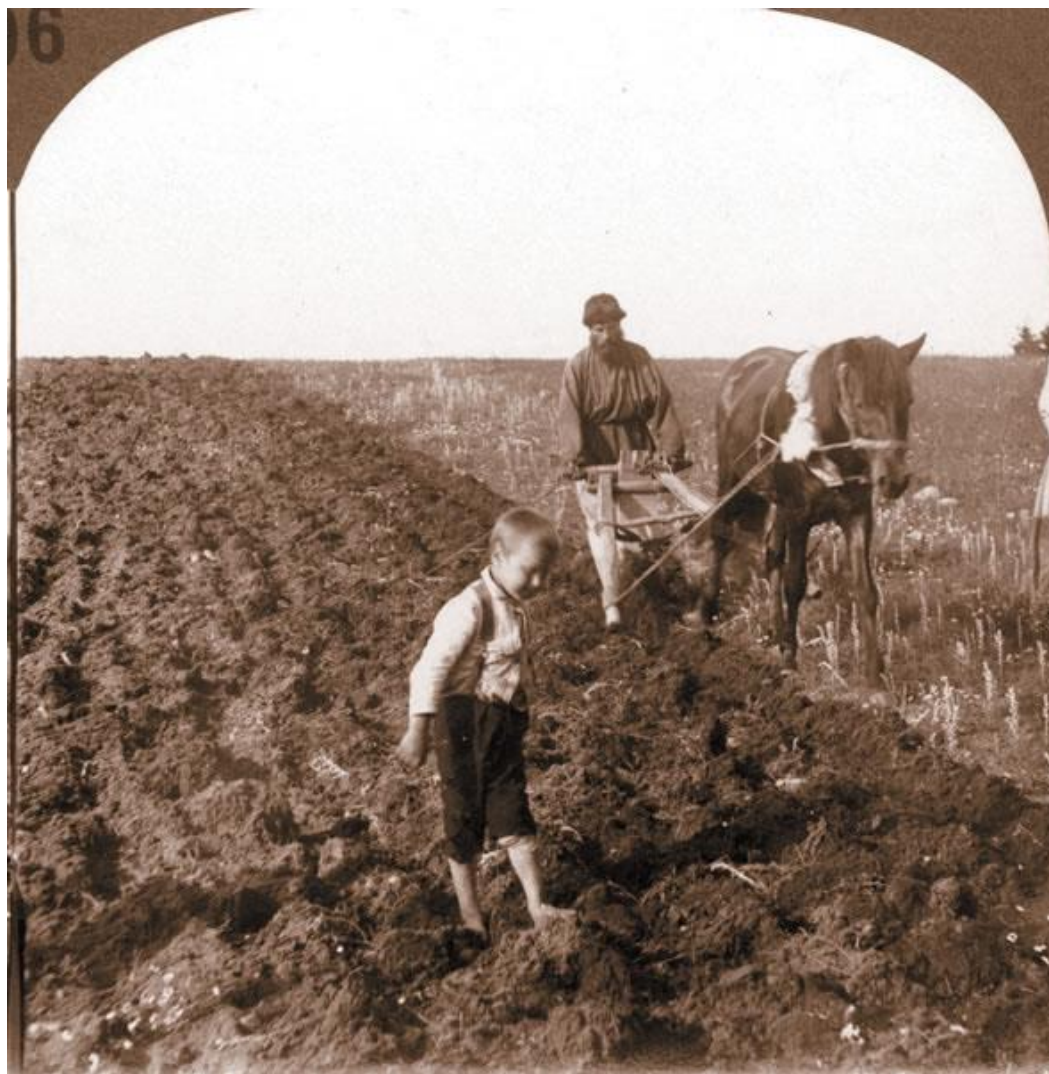
Diffusion of Innovations



Everett Rogers
1931-2004

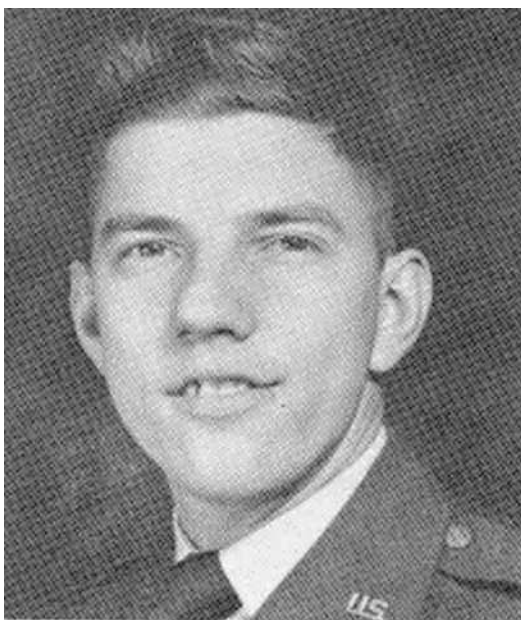
- ◆ Rogers was born into a corn farming family at Pinehurst Farm in Carroll, Iowa.

The story



- ◆ Everett's father loved electromechanical farm innovations, but was highly reluctant to utilize biological-chemical innovations.
- ◆ He resisted adopting some new hybrid seed corn, even though it yielded 25% more crop and was resistant to drought.
- ◆ During the Iowa drought of 1936, while the hybrid seed corn stood tall on the neighbor's farm, the crop on the Rogers' farm wilted. Rogers' father was finally convinced.

Diffusion of Innovations

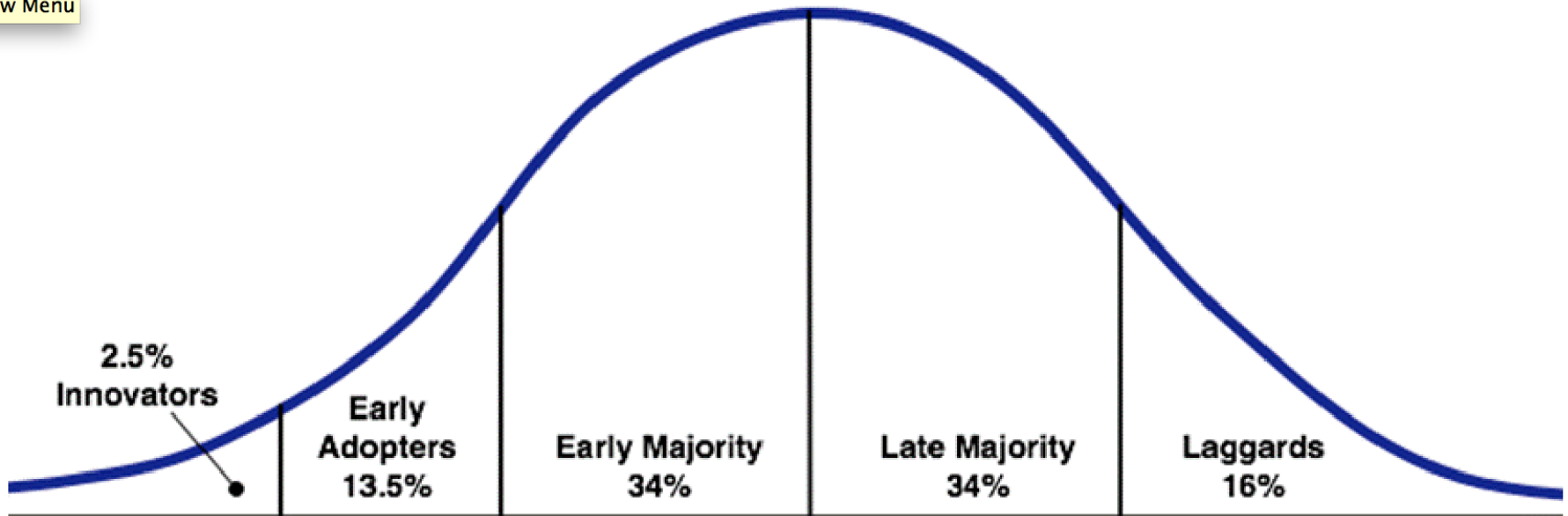


Everett Rogers
1931-2004

- ◆ Studied agriculture at Iowa State.
- ◆ Served in the Korean War.
- ◆ Assistant Professor of Rural Sociology at Ohio State.
Synthesized research from over 508 diffusion studies.
- ◆ *Diffusion of Innovations* (1962)
- ◆ Theory for the adoption of innovations among individuals and organizations.

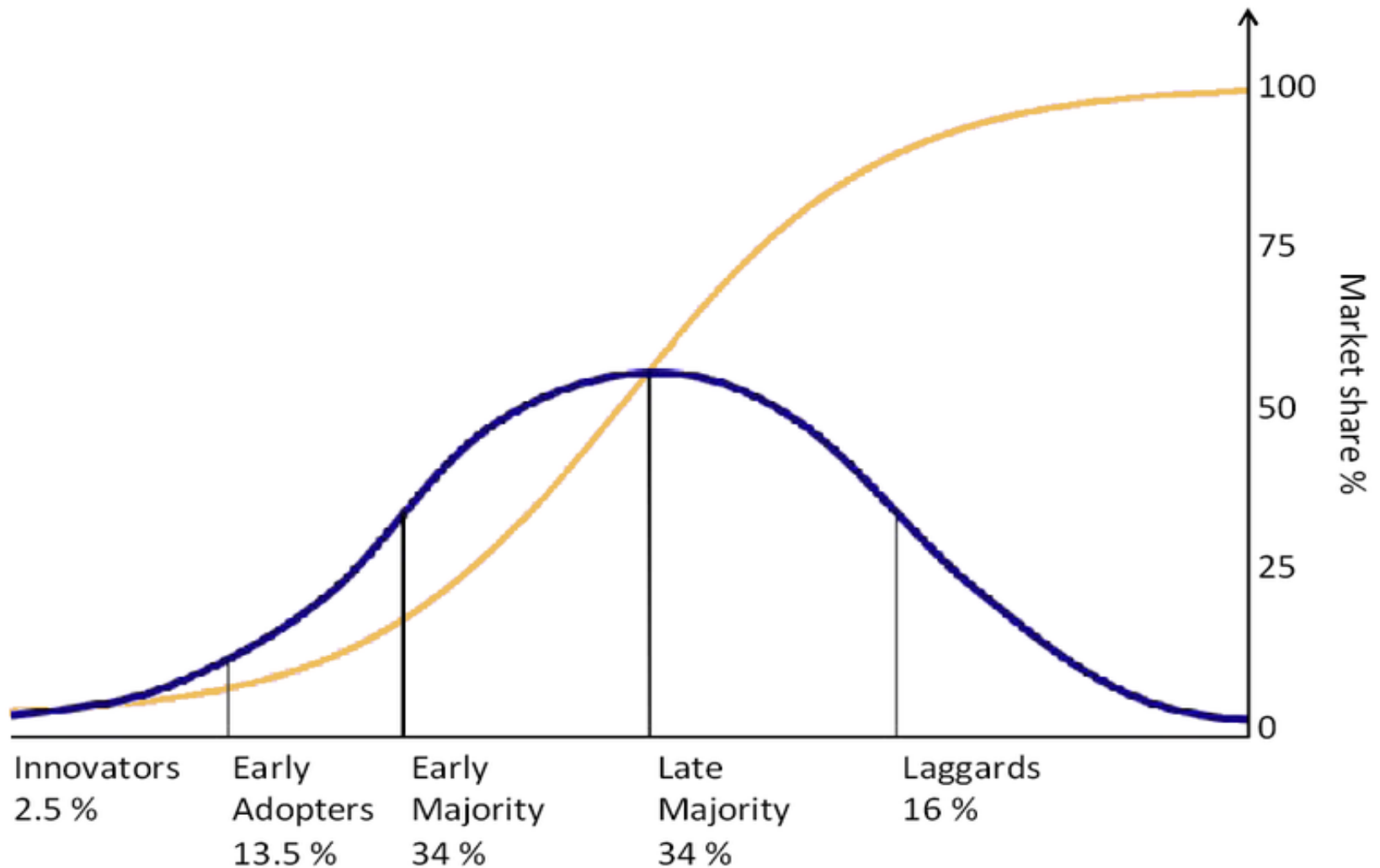
You can thank Everett.

View Menu



Source: Everett Rogers, Diffusion of Innovations model

Diffusion of Innovations



Adoption Strategy

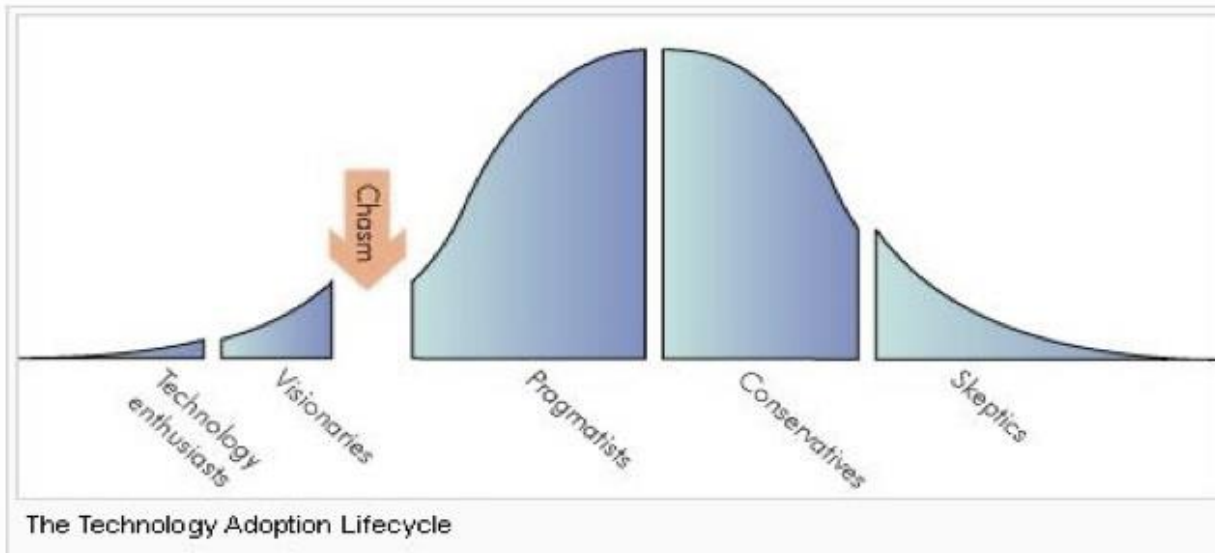


Geoffrey Moore
1946-

- ◆ Studied American Literature at Stanford University, English Literature at University of Washington
- ◆ Partner, Mohr Davidow Ventures
- ◆ The Chasm Group, Silicon Valley Consultant
- ◆ *Crossing the Chasm* (1991)
- ◆ My professional hero

First there is a mountain.
Then there is no mountain.
Then there is.

- Zen proverb



- ◆ The problem → psychological divide between early market dynamics and mainstream market dynamics
- ◆ Change is not linear -> breakthrough moments and tipping points
- ◆ Different playbooks for each phase

Adoption *Strategy*



- ◆ How do you do adoption strategy in your firm?

Innovation as Group Psychology

- ◆ Innovation is ultimately a change of people.
- ◆ It's more about psychology and sociology than it is about technology.
 - ◆ There have been inventions all through the years.
 - ◆ The ones that catch on and change how groups of people experience the world, that are “used”, that cause people to change how they do things and adopt something new, usually because it's a better way to do things – that's the innovation that we're looking for

Law Firms are tough
places to drive innovation



Why innovate?

- ◆ Increased market competition
- ◆ Disaggregation of legal services
- ◆ Alternative Business Structures
- ◆ Alternative Fee Arrangements
- ◆ Glut of supply of new lawyers
- ◆ Continued trend in lateral movement
- ◆ Increasingly complex compliance requirements

What would a Fortune 500 company do?

- ◆ Statistics on IT spend for large tech companies (contrast with the poll results)
- ◆ Short-term investment, long-term pay off
 - ◆ Increase IT spend to gain efficiency and decrease labor
 - ◆ Finance R&D sub-organization
- ◆ Company-wide Business Process overhall

Re-engineering Legal Business Process

- ◆ New Business Inception
- ◆ Customer Relationship Management
- ◆ **What are other good examples?**

Economic obstacles in law firms

- ◆ Partnership Business Model → no reserve capital for strategic investment
- ◆ Profit per Partner metrics → IT spend impacts firm performance
- ◆ IT spend understood as operational expense and not strategic investment

Sociological obstacles in law firms

- ◆ Law firm organizational structure tend towards committee, not rigid hierarchy
- ◆ Lawyers and staff by and large conservative and averse to technology and modifying habits
- ◆ Consistent risk of lateral departure means that firm must do its best to retain top talent

The Legal IT Dilemma

FOR INNOVATION

- ◆ Constant demand to do more with less
- ◆ Increasing market competition with LPO/ABS
- ◆ Client demand to use new collaboration tools and fee arrangements

AGAINST INNOVATION

- ◆ Lack capital required for investment
- ◆ Lack governance hierarchy required to enforce change
- ◆ Workforce conservative by nature

A modest proposal: Applying Market Theory to Foster Innovation

What is a market?

- A set of actual or potential customers
- for a given set of products or services
- who have a common set of needs or wants, and
- who reference each other when making a buying decision.



Law firms as market?

- ◆ Can you identify in your populations:
 - ◆ Enthusiasts
 - ◆ Visionaries
 - ◆ Pragmatists
 - ◆ Conservatives
 - ◆ Laggards

Examples today

- ◆ Time Capture technology
- ◆ Mobile time management technology
- ◆ Matter security and compliance
- ◆ Cloud storage and collaboration services
- ◆ Integrating Strategy and Risk in Business Acceptance
- ◆ Resource management
- ◆ Pricing, budgeting and Project management

A Strategy for Adoption Leverage

- ◆ We think that firms are trying to manage IT spending down have a tough game.
- ◆ But even in a budget constrained environment, you have an opportunity to identify the people that respond to technology innovation in a new way. You should encourage them.
- ◆ Find the enthusiasts and let them tinker. Don't make a big deal of the risk. Support them, and use their experimentation to learn.
- ◆ Then find the visionary who wants to set themselves apart. Something transformative that helps you build out the full solution. Help them do that.
- ◆ Then find the pragmatists who have a compelling reason to change. Help them see how they can be leaders and gain respect among their peers by demonstrating business success.
- ◆ Then find the conservatives that need it to be simple and easy and low cost, and even low change. Refine and refine and refine to have it really work for them. They'll eventually start using email and mobile phones.

Develop your internal market strategy



- ◆ Find a “beachhead” of early adopters and win them first
- ◆ Commit to the point of attack
- ◆ Use them to develop “whole product” - not only the software, but also processes
- ◆ Leverage them as references to win pragmatists
- ◆ Focus on breakthrough moments and tipping points

Your trial programs

- How do the various people in your firm respond to proposals of innovation?
- In what areas do they have a compelling reason to take innovative risk?
- How does your innovation strategy map to this?
- Within each group, who are the enthusiasts, visionaries, pragmatists, conservatives, laggards?



Lessons from Intapp Time Builder



Maker of *Wall Builder* and *Integration Builder*

CROSSING THE THAMES



"Time Builder is a step beyond Smartimers in the evolution of time tracking. We will all be using it in a few years."
- Caoimhe O'Neill
Charles Russell Fee Earning

Generating User Adoption for the Time Builder Solution

- ◆ Product value grows geometrically with user adoption
- ◆ Focus initial pilot on certain demographic
- ◆ Hone customer success training program to win late market majority

Self awareness

- ◆ Every IT person looks at decisions differently. Think of one of the product categories that you're learning about at ILTA. If you had to identify your top choice, which product would be most attractive to you?
 - ◆ Product 1 is a brand new, untested concept, but if it works it might increase my firm's competitive advantage.
 - ◆ Product 2 is the critical problem I need to solve?
 - ◆ What peer firms already use this product and what do they think?
 - ◆ Is this product mature, safe, easy to implement, and a good choice for keeping my budget and costs under control?

The right time for an innovation strategy

- ◆ What's really exciting about Legal is that the business model itself is under attack.
- ◆ The innovative pressure underway is not small.
- ◆ Firms like Clearspire and Riverview and Axiom are attempting to use model innovation to offer clients a completely different experience. Like the difference between a cell phone and a desk phone.
- ◆ This means we're entering an era where the BigLaw firms are suddenly going to have very compelling reasons to try new innovation.
- ◆ You are at the forefront of this. To the extent that you can champion the use of technology with an understanding of the way that people respond to it.
- ◆ This is the basis of our business strategy, by the way. We think that the role of IT leadership is only going to increase.

At ILTA and Beyond

- ◆ Think about how you're viewing new ideas. What group would you put yourself in?
- ◆ Think about your adoption strategy.
- ◆ In your next adoption project, try an approach that is informed by this strategy.
- ◆ Let me know if you're thinking about it and how it goes. I'd be very curious to learn about it and talk with you.

Thank you

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