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WHAT WE KNOW AND NEED TO KNOW ABOUT DISRUPTIVE INNOVATION

Raymond H. Brescia*

Over the last twenty-five years, technological advances have transformed the practice of law. Where before this period, lawyers might spend hours researching what we now understand to be a simple question—like whether a particular case has been cited, overturned, or distinguished—they can now get an answer with a click of a mouse. Searching terms in digital files can take minutes, replacing weeks in a warehouse poring through boxes containing reams and reams of paper. And while just fifty years ago lawyers faced significant barriers to advertising, today web and mobile applications connect lawyers with clients in real time, even on the side of the road, as those clients and prospective clients might face a breathalyzer test or the suspicious gaze of a state trooper.

Technology is thus changing the practice of law, at times dramatically. It is safe to say that the legal profession is at the cusp of a disruption: a transformative shift that will likely change the practice of law in the United States for the foreseeable future, if not forever. This shift has profound impacts on not just the legal profession, but also on clients as well as the broader society. This Paper explores the nature of this transformative shift and its implications for the legal community and the clients that are presently served by it, as well as those who might be served in the future. It argues that what this transformative shift may do, more than anything else, is improve access to justice in communities not traditionally served by lawyers and the law. In addition, as the following discussion shows, the central disruption that appears to be taking place in the legal profession is not technology itself, but what technology provides: namely, a means for those providing legal services to streamline the delivery of those services in a fashion that is far less expensive than the manner in which such services have been provided to date. Thus, what I identify here is where innovation appears to be occurring in the delivery of legal services: that is, innovations in the “supply chain” of legal services, and these are the innovations that may embody the coming disruption.

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I. The Innovator’s Dilemma and the Provision of Legal Services

In his landmark work *The Innovator’s Dilemma: When New Technologies Cause Great Firms to Fail*, Harvard Business School professor Clayton Christensen identifies a phenomenon in the business cycle that appears to repeat itself across many different industries. Incumbents invest in new products tailored toward existing customers. Those investments lead to products that might exceed the actual needs of those existing customers and go well beyond those of potential customers. Investments in research and development of such products force incumbents to charge a high price for the product, but it is a product that offers more features and components than many customers—present and prospective—might actually need. New entrants into a market offer a product that is less expensive to produce because it has fewer features, permitting the new entrant to charge less. At first, lower-end consumers adopt the product, but these lower-end consumers are not the target customers of the incumbents in the industry.

For Christensen, it is at this lower end of the market where what he calls disruptive innovation—innovation that upends a market—takes place. Such innovation is often “technologically straightforward, consisting of off-the-shelf components put together in a product architecture that [is] often simpler than prior approaches.” Such products offer “less of what customers in established markets want[],” and, to Christensen, they can “rarely be initially employed there.” At least initially, they offer “a different package of attributes valued only in emerging markets remote from, and unimportant to, the mainstream.”

Over time, the new entrants figure out how to satisfy the needs of a broader segment of the market by incorporating features that are more attractive to higher end users. This ability to do so in a less expensive fashion than incumbents allows them to charge less for their product. At some point in the evolution of

1. See generally CLAYTON M. CHRISTENSEN, THE INNOVATOR’S DILEMMA: WHEN NEW TECHNOLOGIES CAUSE GREAT FIRMS TO FAIL xv (1997) (explaining how good companies often fail to maintain their status in their particular industry when confronted with technological changes known as destructive technologies).
2. See id. at xii.
3. See id. at xvi.
4. See id.
5. See id. at xvi–xvii.
6. See id. at xvii.
7. See id. at xv.
8. See id. at xxii.
9. Id. at 15.
10. Id.
11. Id.
12. Id.
13. See id. at 24 (explaining that new entrants to an industry that adopted disruptive technologies often exceeded the performance of incumbents in the industry).
the product they generate, new entrants disrupt the market by capturing a large segment of the consumer base as they cross the point where their product is more in line with the needs of a wide segment of that base.14

Christensen uses examples from many industries to help illustrate the functioning of the Innovator’s Dilemma.15 One such industry, the steel industry, has gone through a profound transformation over the last fifty years.16 According to Christensen, fifty years ago, building and operating a traditional steel mill was expensive, and making high quality steel was complicated and costly.17 A new kind of mill entered onto the scene, a so-called “minimill,”18 which was far less costly to create and operate than the traditional mill.19 The quality of the steel was not as good as that produced at a traditional mill, so initially these mills only generated low-end products, like reinforcing bar (or rebar as it is more commonly known).20 The incumbent mill operators tended to ignore their loss of this less lucrative market as the minimills entered the field.21 Slowly, as minimill operators were able to improve the quality of the steel they were producing, they started to expand their overall market share, breaking into new market segments.22 They eventually displaced many of the incumbent companies that operated traditional mills because the minimills were able to make a strong product that met their customers’ needs, at a fraction of the cost of the traditional mills.23 Ultimately, the biggest players in the steel industry—the incumbents—shuttered most of their traditional mills, leaving much of the production of steel in the United States to the new entrants, those operating minimills.24

Could one apply the arc of disruptive innovation to the legal profession? The environment does seem ripe for disruption. There is an established incumbency, one which may charge more for its services than at least some—if not many or even most—segments of the market can afford.25 For example, if a

14. See id. at 14–24 (using the history of the disk drive industry and the trend of devices getting smaller as examples of disruptive technology).
15. See id. at ix (including electronics technology, chemical and medical technology, and manufacturing and service industries).
16. See id. at 87.
17. See id. at 88.
18. Id. at 87.
19. See id. at 88.
20. See id. at 89.
21. See id.
22. See id. at 89–90.
23. See id. at 88, 90–91.
24. See id. at 87–93.
client hired a top-flight lawyer who charged $1,000 an hour to handle a simple small claims matter, and she litigated the case as she would a large oil spill or an employment discrimination matter for a Fortune 500 company, it is safe to presume the client would receive a product she did not want (unless, of course, the matter involved some deep-seated grudge and the client wanted to spare no expense in litigating it). For many prospective clients, the costs of this lawyer, even to provide a brief consult, would be prohibitively expensive, regardless of what was at stake in the case.

It is also safe to presume that the cost of the typical upper-tier lawyer is beyond the reach of a consumer who is not wealthy. Moreover, we know that the overwhelming majority of low-income individuals and families, and roughly half of those of moderate income, face their legal problems without a lawyer. This is what Richard Susskind calls the “latent legal market”: a large segment of the population that, at present, cannot afford the typical cost of an attorney to handle legal matters. These matters may be large or small, and range from consumer debt litigation to preparation of testamentary documents or those that lay out a consumer’s medical directives should he or she become incapacitated.

Thus, there appears to be an incumbent collection of lawyers who are providing a range of services that likely go beyond the services that a large segment of the population wants, and which that segment certainly cannot afford. Perhaps most consumers would want a high-priced lawyer, from one of the most prestigious firms, with impeccable training and pedigree, to represent them. Except for the fortunate few who are able to secure pro bono assistance, such service is simply beyond the financial reach of most Americans.

If that is the case—i.e., that there is a high-priced incumbency, and a latent market that those incumbents typically will not serve—there is ample opportunity for new entrants, if they can figure out how to serve the lower tiers of the market, to find plenty of business, and help close the justice gap. If the state of the market is one that is ripe for disruption, what are the tools at the disposal of new entrants to carry out such a market disruption? Today one can look to the technological innovations that new entrants are introducing to determine whether such innovations will lead to the type of disruption of the

26. Id.
29. For up-to-date research on this topic, see generally Rebecca L. Sandefur, What We Know and Need to Know Legal Needs of the Public, 67 S.C. L. REV. 443 (2016) (discussing the legal needs of society).
30. See, e.g., Christensen, supra note 1.
legal market that Christensen describes.\textsuperscript{31} A review of some of these innovations, and the entities that are deploying them, follows, and will help to set the groundwork for the conversation that I will undertake throughout the remainder of this piece.

II. THE SHAPE OF DISRUPTION

The most significant technological changes that are impacting the legal profession are digitalization of information, machine learning, and the Internet.\textsuperscript{32} Companies are using these tools to make document production, document assembly, discovery, and marketing to bring the legal profession into the 21st century.\textsuperscript{33}

Two companies that are making the provision of legal services less expensive are Shake and LegalZoom, which take their products right to consumers.\textsuperscript{34} Where eBrevia,\textsuperscript{35} described below, uses machine learning to reduce attorney work time, Shake and LegalZoom are marketing themselves directly to consumers and offering services at a greatly reduced rate when compared to the cost a traditional lawyer might charge for the services these companies provide.\textsuperscript{36} Shake helps small businesses, independent contractors, and sole proprietors by offering standard form contracts that individuals and businesses can use and tailor, to a degree, to their personal needs.\textsuperscript{37} LegalZoom provides a range of services, from assisting with corporate formation, preserving certain forms of intellectual property, and preparing documents in trusts and estates matters, all at a fraction of the cost that a lawyer would typically charge for such assistance.\textsuperscript{38}

\begin{itemize}
  \item \textsuperscript{31} See id. at xiii, xv (defining technology as “the process by which an organization transforms labor, capital, materials, and information into products and services of greater value,” and explaining how disruptive technologies can lead to a firm’s failure).
  \item \textsuperscript{32} See generally David Fenster, Facing the Digital Future, 40 VT. B. J. 5 (2014).
  \item \textsuperscript{33} See Joe Dysart, 20 Apps to Help Provide Easier Access to Legal Help, A.B.A. J. (Apr. 1, 2015), http://www.abajournal.com/magazine/article/20_apps_providing_easier_access_to_legal_help (providing examples of companies that have developed apps giving legal advice, assisting with discovery, etc.).
  \item \textsuperscript{36} See, e.g., Legal DIY Websites Are No Match for a Pro, CONSUMER REPORTS MAGAZINE (Sept. 2012), http://www.consumerreports.org/cro/magazine/2012/09/legal-diy-websites-are-no-match-for-a-pro/index.htm.
  \item \textsuperscript{37} See SHAKE, supra note 34.
  \item \textsuperscript{38} See LEGALZOOM, supra note 34.
\end{itemize}
Unlike Shake and LegalZoom, which are taking their services directly to clients, eBrevia, a recent addition to the legal landscape, is serving lawyers, not clients, yet it holds out the possibility of impacting the provision of legal services no less dramatically than Shake and LegalZoom.\textsuperscript{39} eBrevia is a platform that uses machine learning technologies to help automate contract review, drafting, and preparation.\textsuperscript{40} According to its website, eBrevia assists with “due diligence, contract management, lease abstraction, and document drafting.”\textsuperscript{41} The idea behind it is that lawyers can use the software to search key terms within a body of documents, identify key provisions and terms, and focus in on just what the lawyer needs, when she needs it.\textsuperscript{42} One customer of eBrevia, Chris Edwards, of Reitler, Kailas & Rosenblatt, a law firm in the New York City region, described his experience with eBrevia in an interview with the Connecticut Law Tribune as follows: “I used the eBrevia Diligence Accelerator on extensive due diligence documentation, and it turned what was to be a full weekend at the office into just a few hours of work.”\textsuperscript{43} A self-described “overly cautious lawyer,” Edwards states that he “double-checked the reports that the program produced against the original diligence documents, and it accurately captured the relevant provisions of the documents.”\textsuperscript{44} Started by two Harvard Law School graduates and a computer science graduate of Columbia University, the founders believe that eBrevia can reduce the costs of document review by 50%.\textsuperscript{45}

Intrepid entrepreneurs are also using mobile technology to offer a range of legal services to consumers.\textsuperscript{46} One such offering is the Oh Crap App, which offers several services to individuals who are having interactions with law enforcement.\textsuperscript{47} While offering know-your-rights information tailored to different situations, and fine-tuned for each state, the app also has an option to record an interaction with law enforcement officials and stores it for later use, as necessary, as evidence.\textsuperscript{48} It also offers a blood alcohol content calculator.\textsuperscript{49} For situations where an attorney’s assistance and advice is needed immediately, it

\begin{enumerate}
\item[40.] See Kepes, supra note 35.
\item[42.] See Kepes, supra note 35 (discussing how eBrevia works).
\item[43.] Amy Goodusky, Technology Startup Focuses on Contract Review, 41 CONN. L. TRIB. 2, 8 (2015).
\item[44.] Id.
\item[45.] Id.
\item[46.] See Kepes, supra note 35.
\item[47.] See Dysart, supra note 33.
\item[48.] Id.
\item[49.] Id.
has an on-demand feature that allows a consumer to contact a nearby attorney affiliated with the app who can assist the individual in an emergency.\textsuperscript{51} Non-profits are also getting into the act, creating digital “know-your-rights” guides that consumers can access through the Internet and view on their mobile devices, free of charge.\textsuperscript{52} One example of this is a legal guide for pro se homeowners at risk of or facing mortgage foreclosure.\textsuperscript{53} This guide was created by this author, together with the Empire Justice Center (a New York-based legal services provider and backup center), students and faculty from the State University of New York at Albany, homeowners, and law students.\textsuperscript{54} This guide is Internet based, but can also be viewed on a mobile device, so homeowners can not only learn about their legal rights in the comfort of their home, but also access information on their smartphones while in the halls of the courthouse.\textsuperscript{55} The guide had a previous life as a pro se manual that ran over 100 pages long.\textsuperscript{56} The foreclosure guide is an easy-to-follow and intuitive interface that gives homeowners just the information they need at the appropriate stage in their foreclosure.\textsuperscript{57} While this is certainly helpful for the many homeowners in New York State who must face their foreclosure without a lawyer, we are finding that it is not just homeowners who are using the guide, but also housing counselors and even lawyers, who appear to be consulting the virtual guide, and referring their clients to it so that those clients can have additional information at their disposal, and at their fingertips, to understand the process, what to expect, and how to prepare themselves for court.\textsuperscript{58}

Whereas eBrevia is marketing itself to lawyers in higher-end firms, what Shake,\textsuperscript{59} LegalZoom, and non-profits are doing is targeting that latent legal market, where people generally cannot afford an attorney or are looking for less expensive alternatives to the high price charged by many lawyers.\textsuperscript{60} If we believe Christensen’s theories about where disruptive innovation happens, then

\begin{itemize}
\item \textsuperscript{51} Dysart, supra note 33. The Oh Crap App is downloadable on smartphones operating on both iOS and Android systems. See OH CRAP APP, http://www.oh-crap-app.com (last visited Mar. 22, 2016).
\item \textsuperscript{52} Other non-profits, like Pro Bono Net and the LawHelp network have been linking clients to free legal services since the advent of the Internet. For a description of these organizations, see Raymond H. Brescia et al., Embracing Disruption: How Technological Change in the Delivery of Legal Services Can Improve Access to Justice, 78 ALB. L. REV. 553, 597, 598 (2015) (citing About, LAWHELP.ORG, http://lawhelp.org/about-us (last visited Mar. 22, 2016); PROBONO.NET, http://www.probono.net (last visited Mar. 22, 2016)).
\item \textsuperscript{53} See Brescia et al., supra note 52, at 601.
\item \textsuperscript{54} Id. at 601 & n.408.
\item \textsuperscript{55} See id. at 601–02.
\item \textsuperscript{56} See id. at 601.
\item \textsuperscript{57} See id. at 602.
\item \textsuperscript{58} See id. at 603.
\item \textsuperscript{59} See Kepes, supra note 35.
\item \textsuperscript{60} See Brescia et al., supra note 52; Casserly, supra note 34; SHAKE, supra note 34. See also LEGALZOOM, supra note 34.
\end{itemize}
the market these entities are targeting is precisely where we need to look to find true disruption. While document assembly and machine learning services might reduce the cost of high-end legal representation, could such technology really mean lawyers—or services that look like those provided by lawyers—will now be more available to a larger segment of the population, or will the nation’s largest firms simply compete with each other for the same clients? This type of strategy—focusing on a competition for the same pool of clients everyone in the market is already serving—generally does not lead to true disruption, however. Rather, it is in the latent legal market where disruption in the legal industry will likely take place. But what is the nature of that disruption, and how is technology going to aid it, if at all?

III. THE NATURE OF DISRUPTION

To understand the nature of disruption in the legal profession, let us take a closer look at the way that some companies are offering their services at a fraction of the cost of what a typical lawyer might charge for the same or similar services. LegalZoom is a perfect example. It offers a range of services at the fraction of what a traditional lawyer might charge. Does a client want a will? LegalZoom advertises that the cost of such a service starts at $69.

There are several ways that such companies can afford to provide such services and still turn a profit. First, they can reduce the cost of the inputs required to provide the service. This can be accomplished by having nonlawyers provide some services, by building one-size-fits-all products that can be used over and over again, and by specializing in certain areas of law where the services are relatively straightforward. Second, they can make up smaller profit margins with volume. Third, they can attempt to argue that they are not providing legal services and not creating an attorney-client relationship with any particular customer, which, they would argue, both frees them from the concerns associated with the provision of legal services (like the duty to provide

61. See, e.g., CHRISTENSEN, supra note 1, at xv.
62. Id.
63. See Legal DIY Websites Are No Match for a Pro, supra note 36.
65. See Legal DIY Websites Are No Match for a Pro, supra note 36.
67. See id.
competent services), and the costs associated with such services (like paying lawyers to provide them). For my purposes here, I will address just one aspect of the provision of these services: how these entities are often creating unspecialized, one-size-fits-all services.

What LegalZoom and Shake seem to be doing is using automated document production through the Internet to reduce the cost associated with having an attorney or paraprofessional complete a range of legal forms and documents. Can automated document preparation help reduce the cost of providing such services? These online providers of services are banking on the presumption that it can.

Of course, such a process begs the question: can such a service, where the human element is removed (at least the human element of document preparation), ensure that the documents are prepared accurately? By reducing the cost associated with document preparation so much so that there is no oversight of the information input by the customer, does that call into question the viability of the document as a legal document? What sorts of protections are there for the consumer?

The answer to these questions requires an understanding of what is happening when entities deploy these technological innovations to deliver legal services, or services that look a lot like legal services. It is not the technology per se that might cause disruption to the legal profession, but the process that is taking place with respect to the services being provided, whether we call them legal services or not. What is happening is that services are being commoditized. And this commoditization is the true disruption in the system, an issue to which I turn next.

IV. COMMODITIZATION: THE SOURCE OF DISRUPTIVE INNOVATION

Commoditization is the process by which a product or service becomes so commonplace that it can be obtained from a variety of suppliers with virtually no easily determined difference between those suppliers’ product, as with the case of milk, sugar, or gasoline. Richard Susskind describes the commoditization of legal services as follows:

68. See id.

69. There are many potential problems and pitfalls associated with each of these approaches, but to address all of them—e.g., the unauthorized practice of law, the duty of competence, the reasonableness of limited-scope representation, etc.—is beyond the scope of this Paper. For a discussion of these issues, see Brescia et al., supra note 52, at 580.

70. The Merriam-Webster dictionary defines the term “commoditize” as “to render (a good or service) widely available and interchangeable with one provided by another company.” Commoditize, MERRIAM-WEBSTER ONLINE, http://www.merriam-webster.com/dictionary/commoditize (last visited Mar. 22, 2016).
[A] commoditized legal service is an IT-based offering that is undifferentiated in the marketplace (undifferentiated in the minds of the recipients and not the providers of the service). For any given commodity, there may be very similar competitor products, or the product is so commonplace that it is distributed at low or no cost.\footnote{Richard Susskind, \textit{The End of Lawyers? Rethinking the Nature of Legal Services} 32 (2008).}

Paul Kirgis lays out how this commoditization of legal services will come about:

Transformative change in the legal profession will come with widespread commoditization of actual legal guidance, as opposed to static information or rote processing. It will come when and if an individual or firm needing an answer to a legal problem can log into a service, input a set of facts, and press a button to get an opinion on how to proceed, and then press another button to create the necessary documentation. It is theoretically possible that a computer program could offer sophisticated and nuanced legal advice on situation-specific matters, and that an online service could provide that advice at a price much lower than individual lawyers could.\footnote{Paul F. Kirgis, \textit{The Knowledge Guild: The Legal Profession in an Age of Technological Change}, 11 NEV. L.J. 184, 190 (2010).}

This commoditization is what is clearly happening already with services like LegalZoom and WTP.\footnote{Services such as LegalZoom and WTP allow consumers to enter their desired information into simple, fill-in-the-blank questionnaires or databases, and then the company will quickly generate the requested legal documents for them. See infra text accompanying notes 109–21.} The implications of such commoditization are profound. While technology is the means of this commoditization—like Wal-Mart’s supply chain innovations that helped transform the retail consumer goods industry,\footnote{See Edna Bonacich & Jake B. Wilson, \textit{Global Production and Distribution: Wal-Mart’s Global Logistics Empire (with Special Reference to the China/Southern California Connection), in The Wal-Mart World: The World’s Biggest Corporation in the Global Economy} 227, 229 (Stanley D. Brunn ed., 2006) (describing the role of supply chain innovation in Walmart’s economic success).} and Apple’s innovation in digital music sales with iTunes,\footnote{See Christopher Sprigman, \textit{The 99¢ Question}, 5 J. TELECOMM. & HIGH TECH. L. 87, 111 (2006) (describing Apple’s iTunes system and its dominance of digital music sales).} both of which were made possible by technological innovation—true disruption in the legal industry seems to center around the efficient, technology-enabled delivery of legal services at a fraction of the cost of traditional legal services.\footnote{See Susskind, \textit{supra} note 71, at 27–38 (arguing that the commoditization and widespread uptake of information technology has flipped the legal services field on its head).} This commoditization presents both opportunity and crisis for the legal profession and...
those interested in expanding access to justice. First, I will turn to the opportunity.

I will refer to commoditization that is occurring specifically in the legal services industry as the reduction of a particular client’s legal need to a commodity, something that can be addressed through a one-size-fits-all response to that client’s needs. A digital interface can pose questions to the client and generate guidance to him or her on how to proceed. In certain contexts, a straightforward series of questions can provide this guidance to a large number of individuals who fit within a particular service need “box.” Take a straightforward application for the Earned Income Tax Credit (EITC). A low-income wage earner who has no children and does not pay mortgage interest on a loan for a home would have a fairly straightforward tax return. It is fair to say that there are likely millions of Americans who fit this profile. If someone fitting this profile were to answer a few simple questions about his or her personal economic situation, such a process could identify that individual as qualifying for commoditized services. In fact, individuals receiving services through the Internal Revenue Service’s Volunteer Income Tax Assistance Program go through just such a screening to determine their eligibility not just for the EITC, but for the services of the VITA program itself. An individual who presents at such a clinic who has a complicated financial profile often does not qualify for such services.

Thus, there are situations where one-size-fits-all services can satisfy the needs of a large number of consumers. One can think of a range of similar contexts where a simple screening could take place to determine the extent to which a prospective client’s case was so straightforward that a pre-packaged set of services could assist that individual. Simple documents like Living Wills and Powers of Attorney can be prepared through the inputting of data gathered from responses to simple questionnaires. There are also situations where advance guidance can help prepare someone for a situation in which he or she might inadvertently jeopardize rights, like information on how to conduct oneself during an interaction with the police at a traffic stop.

77. See id. at 267–84 (suggesting that the future for lawyers depends upon their response to the shifting and rapidly evolving legal marketplace and their willingness to adapt to its new demands).


80. See Brescia et al., supra note 52, at n.431 (giving an example of one VITA program that screens applicants and automatically excludes some as ineligible based upon certain sources of income) (citing Volunteer Income Tax Assistance (VITA), UNITED WAY OF ST. JOSEPH’S COUNTY, http://www.uwsjc.org/our-impact/other-impact-initiatives/vita.html (last visited Apr. 4, 2016)).

81. See Brescia et al., supra note 52, at 609–10 (describing limits on VITA clinic eligibility).
As a legal services attorney for fifteen years, much of my work involved representing groups of individuals, often tenant associations, block associations and organizations of low-wage workers. For many of these individuals, a standard set of defenses and claims could be interposed to defend and further their rights. In fact, for most tenants in a particular tenement building, I would often prepare pleadings in a number of cases simply by changing the names of the tenant-respondents in those eviction actions. Tenants would often interpose warranty of habitability defenses due to a range of conditions. I could say something along the lines of “Respondent seeks an abatement of rent in an amount to be determined by the court.” I could plead the existence of common, building-wide conditions in the answers of all of the tenants. For apartment-specific conditions, tenants would each fill out a questionnaire identifying the housing problems existing in his or her specific apartment and I would take the responses to that questionnaire to prepare an appendix for each tenant’s answer that set forth the conditions in his or her apartment that, we claimed, would justify an abatement. For most tenants, a common set of claims and defenses would present themselves and taking this one-size-fits-all approach, with some additions for apartment-specific conditions, worked well, and was particularly efficient for me, given my overall case load of as many as 500 clients at a time.

Commoditization can help close the justice gap by making legal guidance available to those individuals who fit easy-to-serve profiles and whose legal situation is such that straightforward guidance and assistance can satisfy their legal needs.82 It is no accident that it is in these contexts that entities like LegalZoom have entered the market.

V. COMMODITIZATION: THE RISKS

Of course, commoditization will not serve everyone; perhaps it will not even serve most consumers. And that is just one aspect of commoditization that should give pause to everyone concerned about consumer protection. The promise of commoditization also has its pitfalls. The delivery of commoditized legal services relies, in part, on economies of scale.83 By investing in the creation of systems that can screen and serve clients in a commoditized way, one hopes to deliver low-cost services with low profit margins, and make up such

82. See Brescia et al., supra note 52, at 609–10 (explaining that some cases, in a time of vast commoditization of the legal field, fit well with the one-size-fits-many approach).

83. The Merriam-Webster dictionary defines “economy of scale” as “a reduction in the cost of producing something (as a car or a unit of electricity) brought about especially by increased size of production facilities—usually used in plural.” Economy of Scale, MERRIAM-WEBSTER ONLINE, http://www.merriam-webster.com/dictionary/economy%20of%20scale (last visited Apr. 4, 2016).
margins through volume and scale.\textsuperscript{84} There are a range of troubling aspects to this approach.

First, not everyone will fit into the one-size-fits-all box.\textsuperscript{85} Second, and related, cost cutting can lead to corner cutting, meaning important legal protections can be ignored, leaving a client worse off than he or she started.\textsuperscript{86} I will address each of these in turn.

Returning to my example of my work with tenant associations, which was often highly commoditized, the failure to interpose certain claims and defenses for particular tenants might constitute a waiver of such claims. For example, while many standard lease forms contain a waiver of the right to a trial by jury,\textsuperscript{87} for tenants without written leases, they might be able to assert a right to a trial by jury to adjudicate their claims. Asserting such a right might not have any real impact on one’s claim—a jury trial might not have a more beneficial outcome for a particular tenant—but the value to a tenant in such a setting as a landlord-tenant dispute is that a request for trial by jury could slow down a case considerably as it might take weeks or months to get on a jury trial schedule.\textsuperscript{88} The desire to avoid such a delay might be enough to apply pressure on a landlord to offer a larger settlement to the tenant to resolve the matter sooner. The failure to interpose a demand for a trial by jury where appropriate might result in the waiver of an important right, a right that could translate into a more favorable settlement for a client.

Of course, this is just one example where the one-size-fits-all approach would result in a loss of important rights for a client. There are thousands more. In the criminal defense context, a plea deal that reduced the charges and sentence of a defendant considerably might be seen as a victory, until one learns that the defendant is an immigrant whose status, coupled with the plea, could result in his or her deportation.\textsuperscript{89} The failure to identify the potential immigration consequences of a plea deal can constitute the ineffective assistance of counsel.\textsuperscript{90} Lawyers handling workers compensation claims can face charges of malpractice if they fail to counsel their clients about the possibility of third-party personal

\textsuperscript{84} See generally SUSKIND, supra note 71 (discussing the disruptions in the legal marketplace that have introduced a commoditized approach to the delivery of legal services).

\textsuperscript{85} See infra text accompanying notes 89–108.

\textsuperscript{86} See infra text accompanying notes 92–102.

\textsuperscript{87} See Chesterfield Exch., LLC v. Sportsman’s Warehouse, Inc., 528 F. Supp. 2d 710, 715 (E.D. Mich. 2007) (holding that a waiver of the right to a trial by jury in a lease provision is upheld despite lesser fraud).

\textsuperscript{88} See POSNER, ECONOMIC ANALYSIS OF LAW (8th ed. 2011) (claiming that “[c]ourt queues are longest for parties seeking civil jury trials.”).

\textsuperscript{89} See Padilla v. Kentucky, 559 U.S. 356 (2010) (offering an example of how an attorney obtaining a plea deal for his client ultimately led to the immigrant-client’s possibility to be deported).

\textsuperscript{90} See id. (holding that failure to advise immigrant criminal defendant of collateral consequences of plea deal is ineffective assistance of counsel).
injury actions.\textsuperscript{91} Thus, an approach that provides one-size-fits-all services without an appropriate screening process to identify potential complicating factors runs the risk of surrendering important rights. Such a surrender would often constitute malpractice, and result in significant harm to the client.

Furthermore, the cost cutting that is likely necessary in utilizing a one-size-fits-all approach can also lead a service provider to institute procedures that result in practices that fail to satisfy minimum standards of competence. One need look no further than the very recent past to see a perfect example of corner cutting, both to deal with high volume and to keep costs down.\textsuperscript{92} When the foreclosure crisis hit in the late 2000s, mortgage servicers and their attorneys struggled to keep up with the massive volume of cases they would file across the country.\textsuperscript{93} A direct by-product of that volume was a set of practices that came to be known as the “Robo-Sign Scandal,” in which bank officials signed thousands of court documents a day in order to keep up with the influx of foreclosure filings the mortgage servicers were processing.\textsuperscript{94} As evidence came to light about the shoddy manner in which those filings were prepared, it became obvious that the bank officials were cutting corners in order to keep up with the workload.\textsuperscript{95} Such officials signed these documents without reading them, despite the fact that the contents of those documents often contained attestations to the fact that the affiants had read bank records and could verify the accuracy of their contents.\textsuperscript{96} Both statements were untrue; because the affiant had neglected to review bank records, he or she could not attest to the truth of their contents.\textsuperscript{97} In addition, many documents were forged, as the names of bank officials were often affixed to such documents by others.\textsuperscript{98} Notaries signed such documents verifying the signatures of the affiants, even though the persons actually signing the documents had forged the signature of the bank official whose name appeared on such documents.\textsuperscript{99} And all of this happened under the not-so-watchful eyes of the attorneys who were ultimately filing these documents with the courts.\textsuperscript{100}

\textsuperscript{91} See Nichols v. Keller, 15 Cal. App. 4th 1672, 1688 (5th Dist. 1993) (holding attorney handling workers compensation action had duty of care to advise client of potential third-party personal injury action).


\textsuperscript{93} Id.

\textsuperscript{94} Id.

\textsuperscript{95} Id.

\textsuperscript{96} Id.

\textsuperscript{97} Id.

\textsuperscript{98} Id.

\textsuperscript{99} Id.

\textsuperscript{100} See, e.g., Attorney Grievance Comm’n of Md. v. McDowell, 93 A.3d 711 (Md. 2014) (describing failure of law firm to prevent robo-signing in the foreclosure context).
It is easy to see that the victims of these actions were, quite obviously, the homeowners who had to defend themselves against forged and fraudulent documents. But beneath this layer of victims stood the mortgage servicers themselves, five of the largest American financial institutions.\textsuperscript{101} These entities ended up entering into a series of settlement agreements with the U.S. Department of Justice and forty-nine state attorneys general through which they paid out over $25 billion in fines and payments, some of which went to relief for homeowners.\textsuperscript{102} Thus, the staff of the financial institutions and their lawyers—i.e., those who cut costs and corners—ended up causing great harm to the institutions for which they worked.

Debt-collection practices related to consumers suffer from the same problems associated with high-volume practices.\textsuperscript{103} In many instances, consumer debt—like that related to a credit card or cell phone bill—is purchased by a debt buyer for pennies on the dollar.\textsuperscript{104} The debt buyer then hopes to make up its profit margins by a high volume of cases filed against many debtors.\textsuperscript{105} This can lead to shortcuts and pleading defects. In 2007, the organization for which I then worked, the Urban Justice Center in New York City, conducted a study of consumer debt cases filed in New York City’s civil court, which has a $25,000 amount-in-controversy ceiling.\textsuperscript{106} The study found that 80% of cases were granted judgments on default because the defendant failed to appear and yet, in 99% of the cases in which default judgments were granted, the plaintiffs had failed to establish the evidence necessary to justify judgment on default.\textsuperscript{107} In hundreds of cases, the plaintiffs failed to establish that the defendant even owed the alleged debt, yet the courts routinely granted default judgments regardless of the failure of proof.\textsuperscript{108}


\textsuperscript{102} Id.

\textsuperscript{103} See Jeremy M. Simon, How Credit Card Debts Are Bought and Sold, CREDITCARDS.COM BLOG (Aug. 31, 2006), http://www.creditcards.com/credit-card-news/credit-card-debts-bought-sold-1265.php (explaining that, because of the lack of information transferred, the mass purchase of credit card debt by debt collectors causes issues for the parties involved such as consumers receiving no notice that they have been sued or the wrong individual being targeted by debt collectors).

\textsuperscript{104} See id. (stating that debt collectors pay just pennies on the dollar for the right to compel credit card holders to satisfy the entirety of the purchased debt).

\textsuperscript{105} See id.


\textsuperscript{107} Id. at 9, 11.

\textsuperscript{108} Id.
Thus, when we discuss the commoditization of legal services, or services that look a lot like what lawyers do, we have to consider potential harm to the consumer. We can easily see how homeowners in foreclosure and consumer debtors have been harmed by commoditized services; and the banks, too, have been harmed by the work of their own lawyers and bank personnel that occurred in the Robo-Sign Scandal. Although some providers of commoditized legal services have faced legal challenges based on consumer protection law—such as We the People (WTP), an early entrant into the commoditized legal services market—to date, companies like LegalZoom have not faced such litigation. Indeed, an analysis by Consumer Reports found that several such groups seemed to provide credible services.  

Nevertheless, the desire to drive down costs can lead to tainted practices, like those carried out in the Robo-Sign Scandal. Thus, organizations seeking to disrupt the legal services model will have to have quality assurance protections in place to avoid harm coming to consumers who use them.

But will such quality assurance protections end up interrupting the supply chain to such an extent that any cost savings achieved through commoditization will disappear? Indeed, the approach that organizations such as Shake and LegalZoom are offering does not always work. WTP offers a cautionary tale. WTP is a national organization with franchises across the country. According to the website of a WTP branch in California, that franchise is a “state licensed legal document preparation service for people who need legal documents without having to pay an attorney.”

WTP provides automated documentation services in a range of areas, including many of the areas covered by LegalZoom, such as incorporation and wills and trusts. According to one of WTP’s websites, it will provide the consumer “with a simple, fill in the blank, questionnaire designed to get the information we need to complete the legal document.” The consumer completes the questionnaire and then WTP prepares the documents. “[A]ll you need to do,” the website explains to the consumer, “is come back to our office to sign your completed document.”

109. See Legal DIY Websites Are No Match for Pro, supra note 36 (explaining that although legal “do-it-yourself” websites do provide credible legal products, consumers who wish to obtain legal advice beyond the basic level should consult a lawyer).

110. See generally Richard Acello, We the Pauper, A.B.A. J. (May 1, 2010), http://www.abajournal.com/magazine/article/we_the_pauper.

111. Id.


116. Id.
although WTP can send documents back to the customer by mail or email as well.\textsuperscript{117} WTP explains further that it will “usually prepare your documents in 2–3 days and in some cases we can even have them available the same day while you wait.”\textsuperscript{118}

WTP was so large at one point that it had one thousand offices throughout thirty states.\textsuperscript{119} Although it still is in operation, a range of factors—including poor management and consumer class action lawsuits—led the company to file for Chapter 11 Bankruptcy in 2010.\textsuperscript{120} Today, according to its national website, it has just thirty-three offices in seven states, although two more branches are planned, with one of them in a new state, Oregon, which would bring the total number to thirty-five franchises in eight states.\textsuperscript{121}

According to one of its critics, Richard Granat, the CEO of MyLawyer.com, a similar service to LegalZoom and WTP, the demise of WTP can be traced to the fact that “there was so much friction” in WTP’s system for generating documents that the cost of generating such documents was high.\textsuperscript{122} As Granat explains, WTP customers “would complete a paper questionnaire and submit it to the store owner with full or partial payment.”\textsuperscript{123} The representative at the store would then “fax the questionnaire to a central processing center where a paralegal or nonlawyer would input the data from the questionnaire into a desktop document assembly program, which would create the document ready for return to the customer.”\textsuperscript{124}

The jury is still out on whether LegalZoom and entities like it can survive claims around consumer protection and unauthorized practice of law, and whether their cost-saving approaches will work, while still delivering a viable product that meet consumer needs. So far, unlike WTP, they have not faced charges that they are violating consumer protection laws. Some have faced challenges that they are engaged in the unauthorized practice of law, however.\textsuperscript{125} In most cases, courts have ordered them to use disclaimers when they market their services that they are not engaged in the practice of law.\textsuperscript{126} If that trend continues, and they are forced to remove reference to legal services in the marketing materials, do they face the threat that their strongest argument—that they offer, in effect, the services of a lawyer at the fraction of a cost—will weaken, and they will lose their market? That remains to be seen.

\textsuperscript{117} Id.
\textsuperscript{118} Id.
\textsuperscript{119} Acello, supra note 110.
\textsuperscript{120} Id.
\textsuperscript{121} Store Location Directory, supra note 112.
\textsuperscript{122} Acello, supra note 110.
\textsuperscript{123} Id.
\textsuperscript{124} Id.
\textsuperscript{125} See Brescia et al., supra note 52, at 583–84 (providing overview of cases addressing charges of Unauthorized Practice of Law “UPL” against LegalZoom).
\textsuperscript{126} See id. at 583.
VI. READY FOR DISRUPTION

This supply chain innovation—the commoditization of legal services—holds out the possibility that the delivery of certain types of legal services, to certain types of clients, is possible and cost-effective. This is thanks, in large part, to technology. In order to realize the benefits of commoditized services, however, certain things must happen. First, providers will have to build robust screening systems to identify cases appropriate for one-size-fits-all services, in addition to systems that will actually serve clients appropriate for such services. This occurs at present in the VITA clinics described above, where screening identifies complicated cases that are not appropriate for services through the clinics.\(^{127}\) Second, laws and legal processes need to be made simpler, thereby creating a system where commoditized services are appropriate.

We are starting to see examples of this second phenomenon in a range of fields. In the residential mortgage market, for example, federal bank regulators recently introduced regulations that make it easier for financial institutions to securitize mortgages that have certain features that likely make them less risky, by having preset down payment requirements and standard terms.\(^{128}\) This new regulatory regime invites financial institutions to have standardized products that are more consumer-friendly in many respects; in return, those institutions are exempt from a range of requirements affecting non-qualifying mortgages.\(^{129}\) This sort of approach—where regulated entities and consumers can adopt a standard, streamlined product—holds out the promise that regulatory oversight can be made simpler and more straightforward.\(^{130}\) Simpler processes can make oversight and consumer protection more transparent and accessible, giving clear guidance to both the regulated and the beneficiaries of that regulation. Should regulators adopt such approaches in more contexts, it could invite commoditization in those areas.\(^{131}\)

More importantly, though, effective commoditization will require workable systems that are able to categorize customers according to whether they are appropriate for one-size-fits-all services, or their legal needs can be addressed through low-cost customization. To return to the Innovator’s Dilemma frame,

\(^{127}\) See id. at 610 n.431.


\(^{129}\) Id.

\(^{130}\) See John Braithwaite, RESTORATIVE JUSTICE & RESPONSIVE REGULATION 29–31 (2002) (identifying “responsive regulation” as regulatory oversight built around the likelihood of compliance and the tools necessary to obtain that compliance, with the understanding that regulators would take a less aggressive stance towards those who are more likely to comply or have established a record of compliance).

\(^{131}\) Cass Sunstein, SIMPLER: THE FUTURE OF GOVERNMENT 11–12 (2013) (stating the Obama Administration made efforts to promote less complex regulatory approaches in a range of fields resulting in reduced costs and promotion of freedom).
once legal services providers can build technology-enabled systems that can do this effectively in such a way that reduces the costs considerably to meet the needs of the latent legal market, the legal services industry will be in the midst of the true disruption that many fear, and some welcome. While organizations like LegalZoom and those like it continue to struggle against unauthorized practice of law claims and must dilute their strongest selling point—that they offer legal services at a reduced rate—it is at least arguable that we are not yet in the full throes of the disruption.

VII. THE ROLE OF LAWYERS AND LAW SCHOOLS IN A DISRUPTED WORLD

If we are or are not on the cusp of disruption, or already in its throes, it is easy to see that we will be soon. If that is the case, what is the role of the lawyer in the post-disruption world and how can law schools train that lawyer? I see at least three potential roles for the lawyer even as technology facilitates greater and greater commoditization. First, the services of many clients, if not most, will not be easily commoditized. This means that some will continue to go without lawyers, because the providers of commoditized legal services will not run the risk of claims of malpractice. While many of those individuals will not seek the assistance of counsel because they cannot afford the price of such services, others will continue to pay a premium for what Richard Susskind calls “bespoke” legal services: handcrafted, customized legal services tailored to the needs of the individual client. 132 Moreover, some clients will hesitate to rely on commoditized services—even when appropriate—when their company, livelihood, or intellectual property faces an existential threat. Law schools, it would seem, have long focused on this segment of the market and can continue to do so.

Second, someone needs to create the systems that deliver the commoditized services, and this will be a mix of individuals with technical expertise and those with legal expertise. In building the foreclosure guide described above, we relied on information systems experts, legal experts, and consumers, to create a user-friendly interface that was effective, transparent, and efficient. Even as commoditization takes hold, lawyers and individuals with legal training will need to provide the content behind such services, and will have to assist the computer experts in designing accurate and comprehensive screening mechanisms, information delivery systems, document management protocols, and the suite of services these providers will deliver. Just as lawyers will need to understand how to function in an interdisciplinary context, so, too, will law schools need to prepare their students for such contexts, expanding opportunities for interdisciplinary work for their students before they leave the law school fold.

132. SUSSKIND, supra note 71, at 29.
Finally, there will be a role for lawyer and nonlawyer “coaches”: those who assist individuals in navigating the true disruptive aspect of technological innovation: the new legal supply chain. As with the rollout of the Affordable Care Act, navigators were put in place to assist individuals with enrolling and accessing health insurance through that new system.\(^\text{133}\) Lawyers and those with some legal training likely still have a role to play to assist individuals in navigating new legal information exchanges and systems by which legal services are rendered. For law schools, it is possible that they will seek to expand their non-JD degree offerings, preparing nonlawyers for this navigational role, to the extent ethics rules permit nonlawyers to engage in such work.

The question then remains: even if commoditized legal services take hold effectively and ethically, will there be enough work for the lawyers currently in the legal profession and those entering law schools today? Is the latent legal market vast enough to sustain work for these lawyers and soon-to-be lawyers in the provision of services in several different forms? Might an even deeper bench of potential clients emerge who might not have otherwise considered seeking legal services due to the prohibitively high cost of such services? Might lowered costs associated with legal services generate more economic development—more individuals willing to start businesses, seeking to protect their intellectual property, entering into commercial relationships—such that a now-dormant market rises?

As legal disruption emerges more robustly, we will start to see the answers to these questions emerge as well. The promise of technological innovation in legal services does not, itself, mean disruption. It is what lawyers do with technology and the supply chain innovations that emerge through innovation that will determine the contours of legal services disruption, and changes in the profession itself, in the coming decades.