

Who Drives Legal Technology Innovation?

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That is the debate topic for the RelFest Chicago 2026 Legal Data Intelligence State of the Union session that I am honored to participate in. Since each panelist is limited to 4 minutes, this is a deeper dive with my perspective. There is no doubt that generative and other AI systems are transforming the legal technology and discovery markets. While the session leads will make the case for either law firms or corporate legal driving this innovation, I have my own perspective from living over bleeding edge of legal technology since the late 1980s.

Innovation vs. Adoption.

Innovation alone does not impact the market. I have founded or supported 8 ‘start-ups’ in my career. All were founded on innovative products, workflows or business models that I believed would ‘impact the market’ and generate lots of money. A mentor ([Nick Mehta](#)) once remarked that successful innovations are in synch with the market, not ahead of it. He was gently steering an inexperienced product manager to focus on features that customers understood instead of reinventing their whole process. The eDiscovery market is drowning in a sea of data. It is primed for solutions by two competing motivations; effectiveness vs. efficiency.

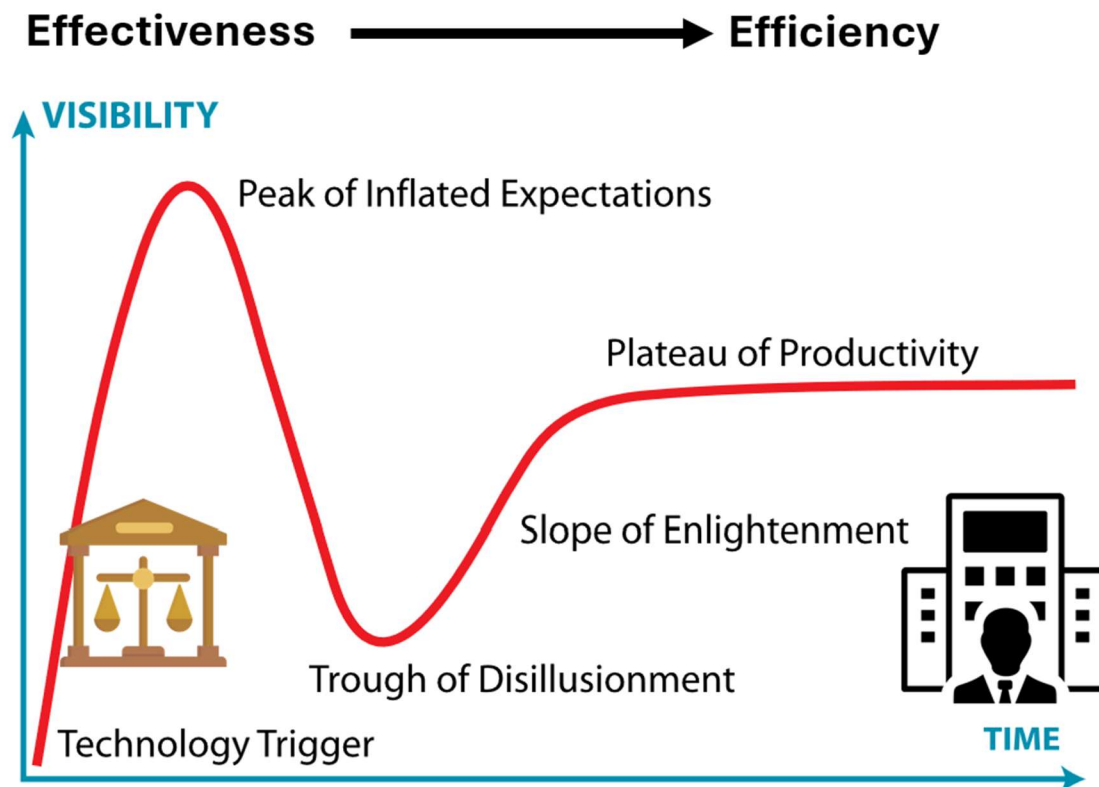
Courtrooms are the modern battlefield for resolving conflict. The AmLaw 100 are the modern equivalent of the European [free companies](#) of the Hundred Years’ War. They transformed warfare from a feudal hobby into an industrialized, professional business optimizing discipline, tactics and tools for **effectiveness**. Litigation counsel look for advantage in an adversarial world.

Corporate legal values **efficiency** over effectiveness in line with their mandate to control the legal risk and cost associated with business. Spending seven figures to win a \$50k contract dispute is a [Pyrrhic victory](#) in shareholder eyes. Corporate counsel are generally managing a docket rather than directly litigating matters.

eDiscovery Innovation Hype Cycle

Given the different drivers in the two roles, I posit that innovation breakthroughs and disruption are generally sparked by firms. The innovation has to leave the firm to be sold on the market via a start-up or service partner. Scaling that innovation and integrating it into

the data lifecycle will be done by the corporations. These roles fit nicely into my adaptation of the [Gartner Hype Cycle](#) model as seen below.



Firms will innovate on the actual practice of law; research, motions, dockets, discovery and more. But they are spending corporate money in a post-Pandemic world where every business process is being automated and augmented by AI. Investigations, holds, Early Case Assessments and collections are increasingly run internally as a business process rather than a legal fire drill.

Efficiency is the primary market driver for eDiscovery in the face of explosive data growth and breaking the relevance/review billable hour trap. Review still consumes 70-80% of discovery spend. However, efficiency must be balanced against the friction of effectiveness (accuracy/defensibility). Efficiency technology sells, effectiveness keeps it admissible. The TAR innovation cycle was all about efficiency. It did not disrupt the basic discovery lifecycle. AI relevancy systems like aiR for Review have the potential to disrupt the traditional process by surfacing facts from raw ESI collections and bypassing the manual large-scale human review.

Legal Technology Evolution

Historically legal technology has been first adopted by firms, delivered by service providers and finally converted into an embedded platform feature for corporate legal. Forgive me if I wander off the AI path given the opportunity to chart key legal technology innovations.

1988–1989 Summation and Concordance (document databases) - firm

These were the first desktop (MS-DOS) litigation support databases built for law firm lit support teams. My second start-up used Summation Blaze 2.0 to code paper docs and later scanned TIFFs into a searchable database. Concordance was the workhorse for large productions and I still see Concordance DAT files in productions. The driver was firm-side: controlling review costs and managing coding done by service bureaus. Concordance went to LexisNexis in 2006, and Summation went to CT/Wolters Kluwer and then AccessData.

1998 Applied Discovery (hosted eDiscovery platform) - firm

Early internet hosted (ASP) review and processing. It was the precursor to SaaS review and was acquired by LexisNexis in 2003. I believe that Introspect and a couple others surfaced in this same time period.

1998 Guidance Software EnCase (law enforcement forensic imaging) - government

Guidance brought defensible, bit-for-bit drive imaging with hash verification, packaged in a proprietary evidence file format (E01). That made chain of custody provable in court, and early judicial acceptance made EnCase the law enforcement standard. This was a game changer over the early forensic tools from my crime lab years.

1999 Summation eDocs and Email module (first native ESI review) - corporate

This marked the move from treating email as paper (print, scan, code) to loading and reviewing electronic files in their native form, with metadata extracted rather than keyed in by coders. It was an early admission that the "image and code" model would not survive email volumes. That set up the processing-versus-review split that defined the industry for the next decade. I am tagging this corporate because it was developed to meet my requirements during the Enron crisis.

2000 Enterprise Vault / Discovery Accelerator (first enterprise legal technology) - corporate

KVS built Enterprise Vault as an Exchange archiving product. Its original purpose was storage management: stub attachments, shrink mailboxes, kill PSTs. Compliance turned it into an eDiscovery platform. Broker-dealer retention rules (SEC 17a-4, NASD 3010) created the first regulated demand. The Enron collapse (late 2001) and Sarbanes-Oxley (2002) then made email retention and supervision a board-level concern. Discovery Accelerator added case-based search, legal hold, review, and export on top of the archive. This was the first

time the corporation, not outside counsel, owned the collection and early culling layer. Veritas bought KVS in 2004, and Symantec absorbed it through the 2005 Veritas merger.

2001 Attenex Patterns (concept clustering and visualization) – firm/corporate

The idea came from Preston Gates & Ellis partner [Marty Smith](#). In spring 2000 he saw SPIRE, a document visualization tool the Pacific Northwest National Laboratory had built for intelligence agencies, and connected it to Microsoft's exploding email discovery costs. [Skip Walter's history](#) describes a pilot on previously reviewed matters that roughly doubled or tripled reviewer productivity without missing documents found by linear review. The firm then funded Attenex directly, and it opened on April 1, 2001. Its first shipped component was a deduplication tool, not visualization. It grew out of a PST dedupe program that partner David McDonald wrote himself over a weekend. Attenex Patterns forced a pricing innovation. A 3–5x productivity gain wrecked hourly review billing, so the firm moved to per-megabyte pricing and split the savings with the client. That is arguably the origin of volume-based eDiscovery pricing. The driver was a single dominant client, Microsoft under GC Bill Neukom, insisting on cost control. FTI Consulting acquired Attenex in 2008.

2002 Guidance Encase Enterprise (first global search of live enterprise) - corporate

EnCase Enterprise (around 2002) extended this to remote collection over the corporate network. The on-premise architecture and platforms struggled to support enterprise search. That is how forensic tooling moved into corporate eDiscovery: internal investigations, HR matters, and targeted defensible collection without seizing hardware. OpenText acquired Guidance in 2017.

2004 Clearwell Systems (early case assessment appliance) - corporate

Clearwell coined and popularized ECA as a product category. It was a Silicon Valley appliance built for corporate legal departments rather than litigation support staff. It combined fast indexing, search, email threading, and analytics so in-house counsel could size a matter, test search terms, and cull before data went to outside counsel or a review vendor. This shifted cost control upstream and moved buying power to corporations. It also coincided with, and benefited from, the December 2006 FRCP amendments, which made early understanding of ESI a Rule 26(f) obligation. Symantec's roughly \$390M acquisition in 2011 (paired with Enterprise Vault) is good evidence that the corporate market had become Clearwell's primary customer base.

2005 Equivio (relevance prediction and stabilization curve) - corporate

Started with near-duplicate detection and email threading, later relevance scoring. Microsoft bought it in 2015 and it became the first analytics engine inside what became Purview eDiscovery (Premium).

2007 Nuix (massively parallel processing) - provider

First appliance to break 1TB/day that made in-house and regulator-scale processing practical.

2010–2012 TAR (predictive coding) - firm

Recommind and others bring the next wave of disruption to the linear review market with judicial approval in *Da Silva Moore* (2012). Again firms are the early adopters.

2015 Microsoft (in-place eDiscovery) - corporate

The Compliance Center enabled in-place search and holds on live (not archived) ESI. The Equivio review integration broadened the "corporate-owned upstream" trend full circle inside the productivity platform itself.

So, Who Drives eDiscovery Innovation?

Our walk through eDiscovery innovation history has clear examples of law firms, service providers and corporate legal have sparked innovations that shape our market. The bench and market are the key adoption gatekeepers who determine what new innovation can be used and whether it is worth the cost. From a purely financial perspective, all eDiscovery funding ultimately originates with the corporations and their insurance underwriters. Until recently, the vast majority of eDiscovery consumers/users were law firms and service providers driven by the need for accuracy, defensibility and confidence. They must negotiate and sign off on production completeness. Corporate legal purchasing is driven by ROI models demonstrating how AI cuts billable hours in review, witness/trial preparation and partner fact extraction from docs. They are aware of the ECA value for matter resolution, but until recently that AI lived behind the magic curtain and experts. My conclusion is that we are on the cusp of a massive wave of AI augmented innovation driven by every practitioner who has an idea for improving the Legal Data Intelligence lifecycle.