Lawtech Open Innovation Lab (LOIL) Challenge

An analysis of the experience in the Open Innovation experiment in the Law Sector in the West Midlands, UK.

Authored by

Dr Francisco Trincado-Munoz, Benedetta Bisetto, Prof. Tim Vorley

Table of Contents

About the authors

Dr Francisco Trincado-Munoz – is an Associate Professor in Business Analytics at Oxford Brookes Business School. He is a co-investigator at the Technology in Professional Services (TiPS) accelerator and a principal investigator in other projects related to technology adoption in professional business services and manufacturing firms.

Ms Benedetta Bisetto – is a PhD candidate at Oxford Brookes University. She is investigating digital innovation adoption in professional business services from a multi-level perspective.

Professor Tim Vorley, OBE – is Pro Vice-Chancellor at the Faculty of Arts, Humanities and Social Sciences, Oxford Brookes University. He is a co-investigator at the Technology in Professional Services (TiPS) accelerator and Co-Director of the Innovation Research Caucus. He has broad expertise in technology adoption and business model innovation in small and mid-size firms.

Foreword
Oxford Brookes University

Professor Nick Wilton

Dean, Oxford Brookes Business School
Professor of Applied Human Resource Management, Oxford Brookes University

At Oxford Brookes Business School, we are committed to advancing knowledge and practice in sectors that are crucial to the UK economy. Legal services are a cornerstone of professional and business services. Yet, as our research shows, they face unprecedented challenges in adapting to technological change. The Lawtech Open Innovation Lab (LOIL) Challenge represents a positive step toward addressing these challenges, focusing collaboration and co-creation to support firms with technological adoption.

This report captures a unique experiment in open innovation, an approach that has been widely adopted in other industries but remains rare in legal services due to competitive tensions and market structure. By documenting the LOIL experience, the report aims to provide insights that inform industry, policy, and academia on how collaborative models can accelerate technology adoption and unlock new opportunities for growth.

We are proud to have partnered with SuperTech WM in this endeavour. Their leadership in convening stakeholders and fostering trust has been instrumental in making this initiative possible. The findings presented here highlight not only the potential of open innovation but also the importance of challenging traditional norms to build a more resilient and competitive legal sector.

Foreword
SuperTech WM

Hilary Smyth-Allen
Chief Executive
SuperTech West Midlands

SuperTech WM exists to drive innovation and growth in next-generation services across the West Midlands. The LOIL Challenge exemplifies our mission: bringing together law firms, technology innovators, and regulators to tackle shared challenges in a collaborative, non-competitive environment.

This mission is of shared importance regionally and nationally as identified in the UK's Modern Industrial Strategy and West Midlands Local Growth Plan. Legal services is a significant part of the priority sectors, with innovation - particularly technology-led innovation - and adoption as key levers for growth.

Client onboarding and compliance are critical pain points for law firms, yet they are areas where collective action can deliver transformative outcomes. Through LOIL, we have demonstrated that open innovation is not just a concept but a practical, powerful tool for accelerating technology adoption and shaping the future of legal services.

This report provides valuable insights for firms, innovators, and policymakers alike. It shows that when we create the right conditions, combining trust, openness, and reciprocity, collaboration can thrive, even in sectors traditionally resistant to change. We hope these learnings inspire others to embrace similar approaches and continue pushing the boundaries of what is possible. In this we are extremely grateful to Oxford Brookes Business School for joining and capturing the journey.

INTRODUCTION

The legal sector in the UK is one of the most important for the economy, employing over 316,000 professionals and contributing more than £28 billion annually [12]. Recognising the importance of professional and business services to the UK economy, the Government has prioritised the sector within the Modern Industrial Strategy [18], supported by a dedicated sector plan of investment to drive growth[1]. Within this plan, legal services is a major focus with significant opportunities for growth through revenue, employment, and trade.

A key lever the government seeks to influence is technology adoption or more accurately, the acceleration of technology adoption, recognising the "*pressing need for technology and AI*" to keep pace with advancements. The fact that legal services, particularly SMEs, struggle in this regard has been noted with concern, as it represents a barrier to growth.

Legal services are not starting from zero; transformation through the integration of disruptive technologies such as AI has been on the agenda for several years. However, the challenges and difficulties of successful technology integration have not been easy to overcome. As a research team, Oxford Brookes Business School has extensive knowledge of these barriers (including participating on the Next Generation PSF project[2], the Innovation Research Caucus[3], and the current Technology in

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[1] The UK's Modern Industrial Strategy (see https://www.gov.uk/government/publications/industrial-strategy)

[2] NextGenPSF Project (see https://www.nextgenpsf.co.uk/home)

[3] Innovation Research Caucus (see https://ircaucus.ac.uk/)

Professional Services (TiPS)[4] adoption accelerator), contributing to develop insights for industry, policy, and regulators. For this reason, the opportunity to engage with a new approach within legal services was an attractive proposition.

Step forward, the Legal Onboarding Innovation Lab (LOIL), a programme developed and delivered by SuperTech WM[5], a place-based cluster organisation for next generation services in the West Midlands, heads in that direction. LOIL stands out for one specific reason: it requires collaborative working on shared challenges with multiple law firms over a sustained period of time. The challenge-led Open Innovation approach is well established in some professional business services, financial services specifically, with multiple instances of collaborative efforts (e.g. Financial Regulation Innovation Lab[6]), across common pain points, or industry problem areas. This situation, however, is not common practice in legal services, where competitive tensions naturally restrict such collaboration.

While in other sectors, such as financial services and fintech, there is good evidence (although not yet research-backed) that such collaborative innovation endeavours positively impact the development of technology solutions that fit market needs and enhance adoption journeys, the legal sector lacks such stories and insights. This diminishes the opportunity to understand how to increase collaboration in a sector that is key to the economy, supporting growth among incumbents and innovators (new entrants). For this reason, Oxford Brookes University was invited to document, observe, and witness the unique experience facilitated by SuperTech WM.

This report, therefore, is evidence of that invitation, exploring with academic rigour the effectiveness of this collaborative approach in the context of technology adoption within legal services.

Objectives of the study

- Discuss the LOIL programme and Open Innovation experience so other legal services firms, industries, and stakeholders can be informed about this approach.

- Understand the factors that facilitate or hinder the LOIL programme experience to make Open Innovation successful.

- Evaluate the experience of participants to derive lessons that can be shared with relevant stakeholders, particularly those with a specific interest in technology adoption within professional services.

"The Review heard that the PBS [Professional and Business Services] sector stands at an inflection point, with AI and digital innovation enhancing customer interaction but disrupting established systems and processes."

Technology Adoption Review, UK Government

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[4] Technology in Professional Services (see https://tipsaccelerator.co.uk/)

[5] SuperTech WM (see https://www.supertechwm.com/)

[6] Financial Regulation Innovation Lab (https://www.fintechscotland.com/research-innovation/financial-regulation/)

METHODOLOGY

Research design

The research employed a mixed methods approach, based principally on ethnographic observation, documents revision, and a small number of qualitative, semi-structured interviews. This study was approved by Oxford Brookes University Ethics Committee (Ref. 201446).

Ethnographic observation: Through in-person and online participation, we participated in 15 contact points throughout the experience.

Documents (secondary data): We reviewed circa 45 documents part of the experience, including presentations, reports, and feedback forms.

Semi-structured Interviews: We contacted some of the participants to arrange interviews post-experience. We interviewed 5 participants online. Interviews lasted between 30 and 45 minutes, and were structured around the experience, motivations, and challenges.

For the analysis, we implemented a thematic analysis following Braun and Clarke (2006). The analysis involved two main stages, where themes emerged from the existing data and later discussed and contrasted with existing theories.

OPEN INNOVATION AS A SOLUTION TO INDUSTRY CHALLENGES: BREAKING DOWN SILOS

The Legal Onboarding Innovation Lab (LOIL) is built on the principles of Open Innovation, drawing on transferable experience from SuperTech's work in adjacent sectors. It is clear that Open Innovation presents significant opportunities for the legal sector; however, what does research say about the effectiveness of this approach both generally and specifically within legal services?
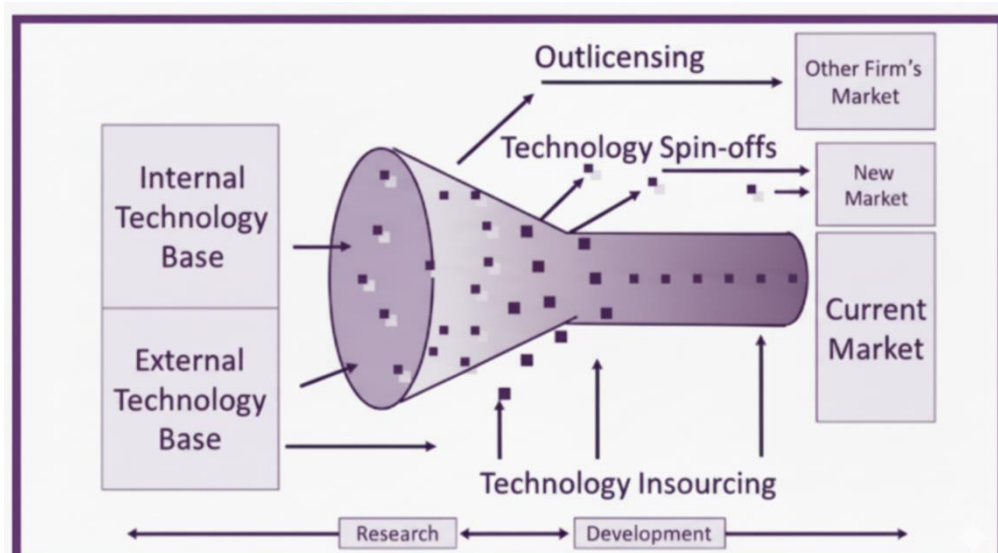
Academic literature confirms that the legal industry is currently facing unprecedented challenges driven by digital transformation [4]. Advances in AI and automation are reshaping how professional services are delivered, driving new business models and intensifying competition [1]. The availability of legal technologies is raising client expectations, with demands for greater efficiency and value for money. In this context, the traditional "siloed" approach, based on proprietary knowledge and internal expertise, is no longer sustainable. Professional service firms must move beyond insular practices and embrace new models of knowledge-sharing and co-creation. Open Innovation encourages law firms to take a proactive stance and rethink how they can continuously generate and implement new ideas to remain competitive.

Defining the solution: What is Open Innovation?

Given the pace of technological change and the growing complexity of client needs, Open Innovation has become increasingly relevant across sectors, including law. Originally associated with industries reliant on R&D and product-based innovation, the concept is now being adopted in more traditional, service-oriented fields that have historically been slow to change.

Chesbrough (2006) defines Open Innovation as "*the use of purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use of innovation*" [5 ,p.1]. This concept captures the shift from closed, internally focused innovation toward a model that actively seeks and incorporates ideas and knowledge beyond organisational boundaries. At its core, Open Innovation is based on collaboration with external partners such as technology providers and even competitors to co-create solutions that would otherwise be difficult or impossible to develop (see Figure 1).

Figure 1. Open Innovation paradigm. Adapted from [6]

Translating theory into practice: Open Innovation in action

Open Innovation is not entirely new to the legal industry. Common approaches include incubators and accelerators, which support legal tech startups by providing mentorship, resources, and early market access. Precisely, hackathons have become part of some legal education programmes, fostering innovative and collaborative competencies among future professionals in law [13]. The UK Government has sponsored initiatives to promote cross-border collaboration (e.g., AI Humanities Sandpits: Canada, UK, and US), while private initiatives such as UKLTA: The LegalTech Association for the UK have emerged to bring stakeholders together and drive innovation [8]. In this respect, what makes the LOIL experience unique, compared to others, is that it originated from law firms' realisation that acting alone would not change the market, whereas combining efforts could trigger meaningful change. LOIL pushes collaboration to a new level by placing communication and information-sharing at the centre of activities, aligning on shared use cases rather than working in silos under a programme umbrella, an approach that considers everyone's needs and fosters mutual benefit.

Despite this motivation, the legal sector is often cautious about experimentation [7]. Legal professionals are known for their reluctance to change [16,17], operating within a strict regulatory framework, institutional pressures, and business models centred on billable hours, which reinforce the status quo. The current market pressures and the need for growth, however, have increased firms' appetite for innovation, pushing them out of their comfort zones. Open Innovation offers opportunities not only to adopt new technologies but also to revisit operations, adapt business models, and explore new revenue streams through technological innovation.

Despite this potential, academic literature on Open Innovation in the legal sector remains scarce (with financial services being a notable exception [11]). There is still a need to understand how companies can effectively implement this type of innovation [10]. Analysing the LOIL experience provides valuable insights into the characteristics of actors in this sector, their relationships, and the limitations they face in engaging collaboratively. Today, success or even survival may depend on law firms' ability to collaborate, accelerating their growth and enhancing their competitiveness.

Open Innovation in the Context of Technology Adoption

Understanding if Open Innovation can solve industry challenges is part of the interest, but as an experiential intervention, there is potential to explore how such an approach might contribute towards technology adoption in professional services. This agenda is important because it is a key lever of growth within the current UK Modern Industrial Strategy, supported further by the Government led Technology Adoption Review [19].

> *"The Review heard that the PBS [Professional and Business Services] sector stands at an inflection point, with AI and digital innovation enhancing customer interaction but disrupting established systems and processes. However, industry have told the Review that digital adoption among PBS SMEs has declined, hampering productivity gains and potentially widening the gap between larger firms and the sector's majority." [19, p. 14]*

In related research conducted by Verian UK in partnership with academics from the Innovation and Research Caucus (IRC) with the support of the Department for Science, Innovation & Technology and the R&D Science and Analysis Programme at the Department for Culture, Media & Sport, the Barriers and Enablers to Advanced Technology Adoption for UK Business research provides a useful framework within which to consider the impact of the Open Innovation experience [20]. The research [20] identifies catalysts and constraints, within which there are 19 factors influencing adoption within 3 nested levels: technology, organisation, and wider external. Figure 2 illustrates these factors through a systems level lens. Open Innovation should also be seen under these factors, at different levels, trying to understand influences and affordances that can determine how collaboration is achieved.
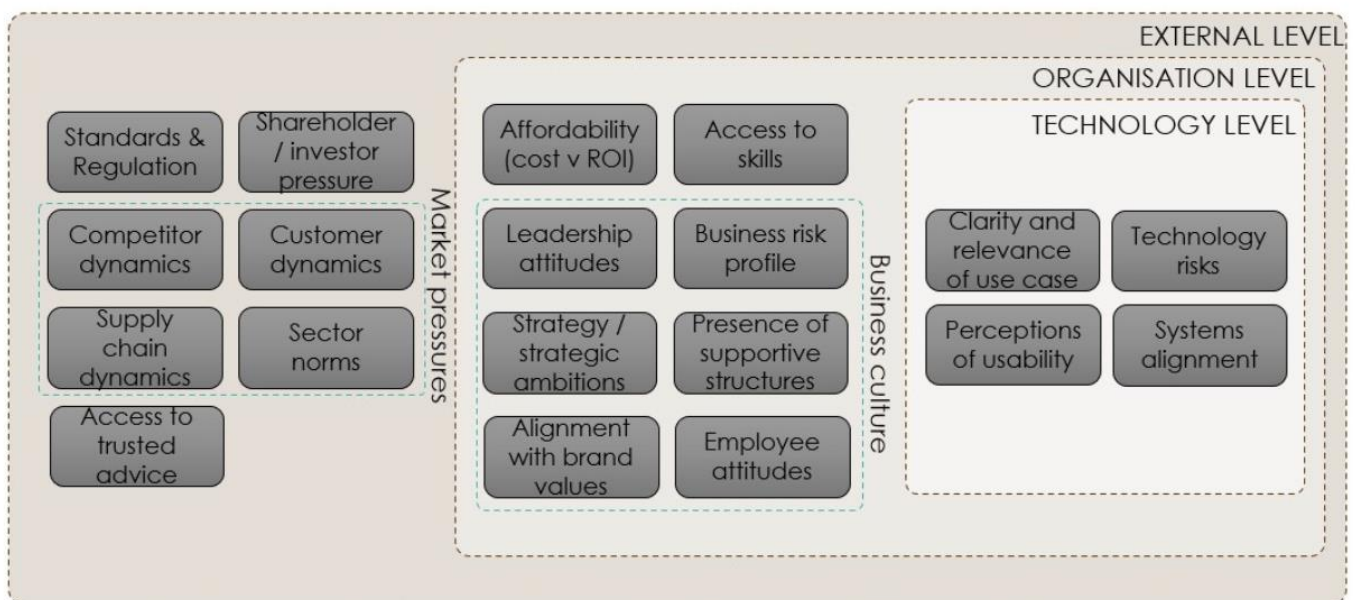

Figure 2. Factors influencing technology adoption at the technology, organisation, and external levels. (source: [20])

LEGAL ONBOARDING INNOVATION LAB (LOIL): ABOUT THE PROGRAMME

Intervention Design

The LOIL programme ran for approximately nine months, with six months dedicated to the main delivery phase and the first three months focused on building collaboration and identifying specific use cases within the thematic area of client onboarding. This thematic area was chosen through a co-design process within the WM LawTech Forum, a peer group of legal services innovation leaders in the West Midlands, managed by SuperTech WM. Forum members were then invited to participate in the LOIL programme. LOIL specifically targeted mid-tier firms within the Forum, as these were considered to have the most to gain from a collective experience: large enough for client onboarding to be a productivity priority, but too small to develop their own solution or command sufficient buying power individually to influence the market.

Figure 3 provides an overview of the delivery phase, from the point at which corporate law firms committed, through joint use case development, and onward to market engagement with innovators. The programme incorporated three primary touchpoints between corporate partners and programme participants, with varying levels of intensity. This structure allowed relationships to develop over time and provided opportunities for peer learning, alongside private sessions for more in-depth conversations about how problem statements manifest within individual firms. Striking the right balance between open collaboration and safe spaces was critical to the design, enabling candid discussions and generating usable market intelligence. The value of this approach lies in its efficiency, offering a broader market view than conversations with a single company, and working in both directions: corporate to SME and vice versa. Programme leads and facilitators played a key role in drawing out insights and peer learnings to help move the market forward.
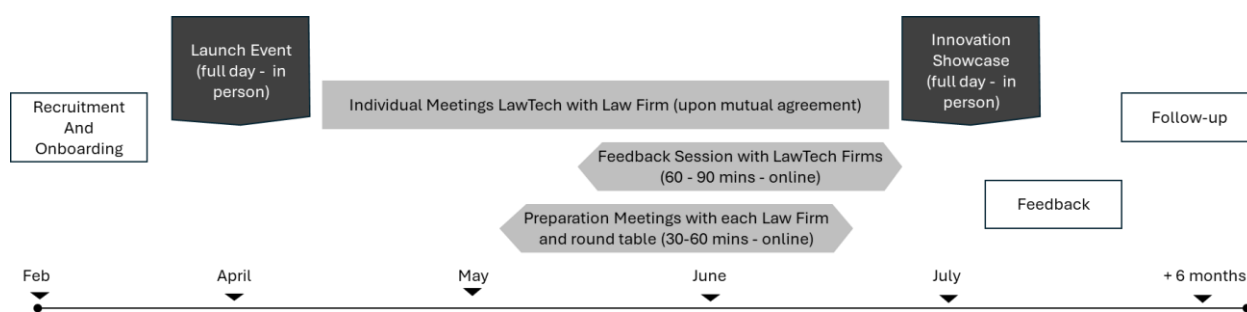
Figure 3. Delivery Phase LOIL programme

The Law Firms (corporate partners/ industry incumbents)

Four mid-to-large law firms joined the challenge: Mills & Reeve, Gateley, Fieldfisher, and Shoosmiths. All have offices and/or headquarters in Birmingham or the wider West Midlands. Each firm contributed two to four representatives, including Chief Innovation or Technology Officers, legal experts (including partners), and domain specialists in areas such as client onboarding, Know Your Client (KYC), and Anti-Money Laundering (AML).

LawTech Firms (Innovators/Programme participants)

Participants were recruited from the open market in response to published use case statements. In total, 21 applications were received from across the UK and Europe, including four from West Midlands-based LawTech companies. Nine companies were invited to join the programme (three from outside the UK), and eight completed the programme[7][10].

The selection process, managed by the SuperTech organising team, was based on key criteria:

- *Business maturity*: Applicants needed a product in or stage concepts).
- *Innovation opportunity*: The programme was not a participation required genuine innovation potential.
- *Application quality and engagement*: Including responsiveness during recruitment activities (e.g., webinars).
- *Expertise and relevance*: Ability to address the published use cases effectively.
- *Market* proximity: While prior sales into legal services were not required, there needed to be a clear link or applicability to the sector.

Representatives from participating firms included founders, subject matter experts, and business development professionals with legal market knowledge. Participants were drawn from various UK regions and Europe. The selected firms are listed in Table 1.

Table 1: List of SME innovator participant companies

Company
Legal AI
Legalian
Emmi
Meo
Encompass
Trakti
Reg-1
DX Compliance
Verify 365

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[7] One of the invitations was withdrawn due to lack of engagement

Solicitor Regulation Authority (SRA)

As the primary regulatory body for legal services, the SRA has been increasingly active in shaping its position on technology adoption, balancing innovation drivers with public interest protection and economic growth objectives. During programme development, the SRA's innovation services team was regularly consulted, including on use case design. Throughout the

programme, the SRA played a supportive role, sharing insights and encouraging participation. Regulatory involvement enhanced trust and confidence, de-risking participation and providing the SRA with valuable insights to inform future regulatory approaches.

The organising team

SuperTech WM served as the organisational lead for LOIL. As a place-based cluster management organisation focused on driving next-generation services in the West Midlands, its objectives were rooted in supporting technology-led growth and positioning the region as a centre for LawTech innovation. Business, professional, and financial services represent the largest sector in the West Midlands economy worth over £100 billion GVA making this initiative highly significant for UK PLC. The importance of next-generation services was reinforced in the West Midlands Local Growth Plan[8] (July 2025), which identified LawTech as one of five priority clusters.

Delivering LOIL required expertise in programme management, SME innovation support, and legal services knowledge. The latter was critical for securing buy-in and challenging corporate partners effectively. To strengthen delivery capability, SuperTech partnered with Future Law, the organisation behind Legal Tech Hub Europe[9], which has managed collaborative innovation programmes in German-speaking regions of Europe.

The organising team comprised:

- Innovation Lead (SuperTech) – responsible for programme design and delivery.
- LawTech Expert (Future Law) – provided technical expertise and acted as a bridge between participants.
- Communications Team (SuperTech) – managed outreach for recruitment and positioned the programme within regional ecosystem objectives, as well as dissemination of post programme impact.

Funding Model

Participation was entirely self-funded, with leveraged investment (time and resources) by participants corporate partners and innovators estimated at £76,000. SuperTech utilised UK Shared Prosperity Fund resources linked to cluster development, in partnership with the West Midlands Combined Authority. The public-to-private sector funding ratio was approximately 1:1.6.

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[8] https://growth.wmca.org.uk/

[9] Legal Tech Hub (https://www.lthe.eu/)

THE PROBLEM STATEMENT: CLIENT ONBOARDING AND ASSOCIATED REGULATORY COMPLIANCE

The UK legal sector operates under an increasingly stringent regulatory framework, particularly concerning Anti-Money Laundering (AML) and Know Your Customer (KYC) processes. Firms face escalating scrutiny and significant financial penalties for non-compliance, often due to persistent deficiencies in risk assessments, internal controls, training, and reliance on outdated manual processes. These challenges lead to substantial operational inefficiencies, financial strain, and reputational risk.

KYC and AML represent attractive areas for technological innovation. Firms need solutions that reduce risk, supplement manual processes, and improve accuracy in checks (e.g., reducing criminal activity). Technology can also lower compliance burdens, enhance productivity, reduce corporate risk, improve client onboarding experiences, and support employee well-being. For law firms, these processes are a necessary and unavoidable cost of doing business.

The Role of Technology

Artificial Intelligence (AI) and broader legal technology are emerging as indispensable tools, offering considerable benefits in improving efficiency, accuracy, and client experience within AML/KYC frameworks. LawTech firms are increasingly developing solutions to address these challenges. While numerous point-based solutions exist, participating firms expressed dissatisfaction with current market offerings, citing issues such as lack of integration, partial functionality, and limited confidence in performance.

Consequently, law firms face a strategic dilemma: wait for the market to respond or invest in uncertain, emergent solutions whether procured or developed internally without guaranteed success.

The motivation for collaboration

Client onboarding is a necessary cost for every law firm, and reducing compliance costs is an obvious driver for innovation. More importantly, onboarding is typically viewed as a non-competitive area, meaning firms are not seeking market advantage or differentiation. This creates shared pain points across the industry, making collaboration an attractive opportunity for knowledge exchange, option evaluation, and solution testing.

By working together, law firms can exert greater market influence than acting individually and accelerate the emergence of solutions that better meet their needs. Collaboration also enables firms to stay closer to the cutting edge of innovation, understand possibilities, and prepare for implementation.

"The motivation for this project is primarily internal efficiency. We just have this nagging feeling that we're not doing this as well as we could. And so we do want to understand what the art of the possible is and what best practice would be"

Law Firm Representative

Defining the use cases

Participating law firms engaged in a series of workshops to identify and refine the final four use cases taken to market within the LOIL programme. The process began with individual firm workshops to surface internal challenges and capture existing work. Firms were then brought together an early test of trust and openness to share insights and align priorities. Over 1–2 months, a long list of potential cases was narrowed down to four, following iterations and refinements led by the project team.

The Final Four Use Cases:

1. *Streamline Data Collection and Pre-Population of Client Data*
   Simplify the process of gathering client information during onboarding, freeing fee earners to focus on substantive legal work.

2. *Leverage AI to Identify, Prioritise, and Clear Potential Conflict Hits*
   As firms grow and client matters become more complex, conflict clearance becomes increasingly challenging. AI can automate clearance and reduce false positives, ensuring efforts focus on the right reviews.

3. *Real-Time, Automated Screening for PEP and Sanctions*
   Politically Exposed Persons (PEP) and sanctions lists change frequently. Real-time monitoring provides peace of mind and allows firms to concentrate on client work.

4. *Provide a Secure, Centralised Client Portal for Onboarding*
   A single, secure access point for clients to submit information ensures accuracy and reduces inefficient "back-and-forth" email exchanges.

These use cases, combined with industry partners, project management expertise, cluster resources from SuperTech WM, and stakeholder engagement, formed the foundation of the Open Innovation approach. The critical question remains:

Can this collaborative model deliver better outcomes than law firms independently seeking solutions?

STUDY FINDINGS

In line with the objectives of this study, the narrative and industry feedback provide valuable insights into the Open Innovation experience for the benefit of others within the legal sector. This section advances those insights to better understand the factors that underpin a positive Open Innovation experience and evaluates the programme to identify lessons for wider application.

Analysis

At its core, Open Innovation is about seeking strategic partnerships to enhance the potential for success. Most importantly, it is the exchange of ideas both internal and external combined with knowledge-sharing and collaboration that leads to the creation and adoption of something new that adds value for all participants. This principle aligns with the concept of co-creation [15], where different actors come together with stakeholders to create shared value.

Co-creation requires expanding knowledge through interaction with others who are willing to share their experience, expertise, and insights. The question is: *how can this collaboration be achieved in a sector that tends to maintain the status quo, fears openness, and operates under strict regulations and institutional pressures?*

Analysing the LOIL programme provides an opportunity to understand how co-creation emerges in the legal sector and other professional service sectors with similar characteristics. We had access to a unique dataset, enabling us to distil the characteristics of the actors involved, their relationships, and the limitations they face when attempting to collaborate and create value for their firms and the wider sector. Our intent is to unpack the dynamics that underpin this collaboration, focusing on the aspects most likely to make such endeavours successful.

We acknowledge that Open Innovation represents a professional "gamble" in this sector and may be difficult to replicate. However, our findings highlight the essential factors required to unlock technological collaboration in professional service firms.
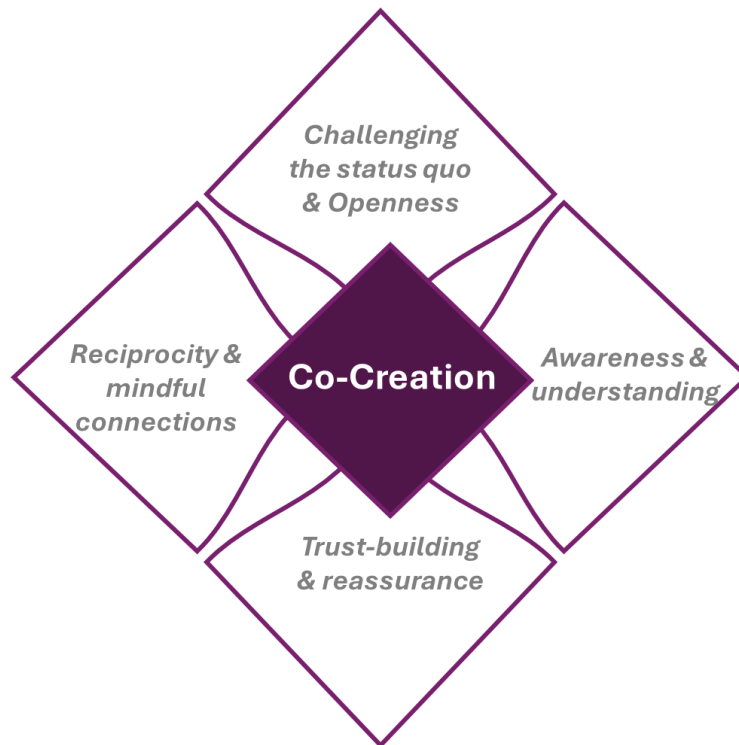
Figure 4. The Four Enablers of the Co-creation Journey

Key Insights

Our analysis shows that co-creation in the legal sector requires stepping outside the normal operating sphere, challenging assumptions, and moving beyond traditional values, practices, and business models. Through collaboration, participants shared a strong belief that acting together enables greater market influence than acting alone. They also recognised the value of accelerating the emergence of solutions that better meet their needs. Joining an Open Innovation initiative allowed firms to stay closer to the cutting edge of possible solutions, understand emerging opportunities, and prepare for implementation potentially being among the first to adopt new technologies.

"Innovation doesn't happen in comfort zones. It happens when we dare to look beyond our own walls, challenge our assumptions, and learn from each other. What we've done here isn't just about onboarding, it's about unlocking a culture of curiosity and courage. So, let's not retreat back to business as usual. Let's stay bold, stay collaborative, and keep pushing what's possible."
Innovation Expert.

The Four Enablers of the Co-Creation Journey

With the implicit goal of co-creating, the firms participating in the LOIL challenge embarked on a shared journey of learning to collaborate internally, externally, and with unfamiliar actors. Although each firm experienced the project differently due to factors such as organisational maturity, we identified four key enablers that positively shaped their co-creation journey (see Figure 4).

These enablers represent significant indicators of what constitutes an effective Open Innovation programme and offer lessons for other sectors with similar characteristics.

Enabler #1 - Challenging the status quo and openness to the experience

At the outset, all participating law firms and SMEs were introduced to the aims and expectations of the project. Initially, law firms displayed scepticism and distrust, as knowledge-sharing initiatives are uncommon in the professional services industry. In some cases, participants openly questioned whether other firms would be willing to share internal challenges and pain points.

This hesitation is understandable given the tendency of professional service firms to protect organisational boundaries, as internal knowledge and expertise represent their most valuable assets [9]. Similarly, some SMEs found it difficult to engage in a space where collaboration would not necessarily lead to a procurement outcome. Consequently, both law firms and SMEs struggled to envision how collaboration would work in practice and what benefits it might deliver.

"I thought this experiment was a huge opportunity to collaborate with other law firms, which is unprecedented; it doesn't happen. [...] I haven't done anything like this in 20 plus years!"

Law Firm Representative

One early insight was the lack of awareness of internal processes and pain points among participating firms. For LawTech companies, this made it challenging to support potential clients without a clearly defined objective or problem to solve from the outset.

As participant feedback later confirmed, creating an environment that fosters openness was a critical success factor for the journey.

Enabler #2 - Awareness and understanding of organisational needs and pain points

For law firms, one of the most crucial steps was identifying specific pain points and collaboration opportunities. This required a deep understanding of internal client onboarding processes and the challenges they presented. Facilitators played a central role in this phase, acting as intermediaries and providing a safe space for honest, open, and supportive discussions [8]. By demonstrating accountability throughout the project, facilitators encouraged firms to engage more openly.

Professionals within law firms rarely have opportunities to discuss internal processes across departments and hierarchical levels. In traditional firms, a strong preference for autonomy often makes such conversations difficult [17]. Even when addressing the same use cases, priorities and perceptions of urgency varied, sometimes leading to disagreements. The LOIL project created a space for dialogue that helped firms develop a clearer vision of organisational priorities, consider pain points from multiple perspectives, and expand their understanding of specific needs (e.g., preparing data before implementing projects).

"As a result of the conversation today, some aspects of the process have come into focus for me that weren't, really, a point of awareness or focus before"
Law Firm Representative

Unlike traditional procurement events where tech companies typically deliver sales pitches SMEs in LOIL were able to engage in individual conversations with law firms, fostering deeper connections and collaboration. These interactions allowed both sides to explore each other's perspectives, ideas, and needs.

Enabler #3 Trust-building and reassurance

To effectively define areas for collaboration, it was essential for firms to openly share practical examples of organisational challenges. By communicating pain points honestly and transparently, firms were able to build mutual trust. Effective knowledge transfer requires participants to embrace uncertainty and vulnerability, as open discussion inevitably involves an element of risk [2].

In the professional services sector characterised by intense competition and the opacity of service quality [16] there is a strong incentive for firms to withhold information and protect their reputation. These behaviours are reinforced by social norms and standards embedded in the highly institutionalised environment in which law firms operate [4].

Collaborating in a non-institutional setting with like-minded professionals helped foster trust, which in turn enhanced knowledge exchange and collaboration. While some participants knew each other from previous industry interactions, sharing insights and ideas opened a new type of relationship, redefining what they considered good practice among peers. It also provided reassurance that they were not alone in facing onboarding challenges. Law firms also shared challenges with SMEs, creating opportunities for individual consultations and network expansion beyond traditional procurement processes. SMEs connected not only with potential clients but also with each other, forming networks across the UK and Europe. Despite geographic differences, SMEs felt a sense of connection through shared challenges. The strongest relationships emerged among SMEs that fully engaged and contributed proactively, for example by participating in group feedback sessions. Collaborating beyond individual interests allowed SMEs to build trust and maximise the benefits of the experience.

"I mean, overall, it's always weirdly comforting to know that you're not the only firm that's got issues and that everyone's got the same ones [...] It's actually quite therapeutic to know that we're all in the same boat and we all have the same problems with our clients and sometimes our lawyers."

Law Firm Representative

20

Enabler #4 - Reciprocity and mindful connections

An essential element of Open Innovation is reciprocity, which means the value firms derive from the project depends on the extent of their contribution. This dynamic requires negotiation of expectations, flexibility, and recognition that the experience is designed to provide mutual benefits. Reciprocity proved to be a key driver of engagement, translating into relationships that extended beyond business interests including sharing personal experiences and offering additional advice.

The level of openness and engagement from law firms determined how effectively SMEs could provide customised solutions. Participants who lacked engagement or transparency were perceived as less attractive by suppliers. Conversely, SMEs were expected to share knowledge and solutions openly, influencing whether law firms considered them as potential partners for future collaboration.

SMEs that moved beyond a sales-driven approach and demonstrated genuine interest in understanding law firms' needs were most appreciated. Participants highlighted the importance of active listening and relationship-building, rather than simply pitching products.

"For me one of the best parts has been getting to know the SMEs on the level of why they are creating their product and where they are moving to, normally when you are looking for a solution it's very "sales-y", it's always the perfect version of that system, and it's not necessarily what you are going to purchase, whereas this has seemed more open"
Law Firm Representative

Further Insights

The analysis highlights the following key insights:

There are no shortcuts to effective innovation
The best solutions are not off-the-shelf products; they are built through co-creation. Innovation requires mutual understanding, negotiation of interests, and adapting or creating solutions to address shared challenges.

Co-creation requires openness and sincerity
Candidly sharing challenges and moving beyond sales-driven conversations lays the foundation for mutual trust.

A safe environment fosters authentic partnerships
The Open Innovation challenge creates a space where fear of mistakes or judgment is removed. This is not a procurement exercise but an opportunity for both sides demand and supply to learn and collaborate effectively.

Collaboration demands a shared professional language
Law firms and SMEs must bridge the gap between legal expertise and technical knowledge to communicate needs and expectations clearly.

Co-creation balances competence and empathy
Successful collaboration requires sharing technical and commercial expertise alongside interpersonal skills, enabling participants to understand pain points, unmet needs, and challenges on both sides.

INDUSTRY FEEDBACK AND IMPACT

Participants were surveyed at the end of the programme, followed by a post-programme debrief with the delivery team approximately one month after the showcase event. This process will be repeated at around six months post-completion to capture longer-term impacts.

Partners rated overall satisfaction at 4.4 out of 5, *while SMEs rated* 4.6 out of 5

Collaboration received perfect scores with an average rating of **5/5** from both partners and SMEs.

All SMEs would participate again; partners mostly responded affirmatively, showing strong future engagement.

Features appreciated the most:

Direct Access and Transparency
- Participants valued direct access to law firms and clear transparency around onboarding and KYC challenges.

Non-Sales Environment
- The absence of sales pressure enabled genuine problem-solving and trust-building among participants.

Cross-Firm Collaboration
- Collaborative efforts across firms fostered energy, shared purpose, and productive engagement.

Peer Learning and Relevance
- Law firms appreciated learning from peers and identifying common challenges, enhancing the programme impact.

Regulatory Importance Recognized

Both groups consider regulatory involvement important, with SMEs rating it more strongly than partners.

High Co-investment Ratio

Public Sector 1:1.6 Private Sector

At the end of the programme, both law firms and LawTech SMEs recognised the value and benefits of engaging in the challenge. While it is too early to confirm commercial outcomes, there are positive signals. More importantly, the co-creation journey proved invaluable for deepening understanding of internal processes, gaining awareness of market dynamics, learning about emerging technologies, and building meaningful connections within the professional services ecosystem.

On the law firm side, there was general agreement that greater internal engagement by involving more representatives and increased contact time between firms could have further enhanced the experience. This is normal feedback in a first-year programme such as this. Where the experience is built upon and there remains some consistency of participation, wider and deeper engagement from the corporate partners tends to flow because of the championing role that the experienced internal advocate can adopt, supported by the personal insight from previous programmes.

Benefits for Law Firms

Law firms highlighted the networking opportunities with peers and tech-driven firms as a major benefit, alongside the ability to safely share knowledge and pain points with other firms. How this manifests as impact can be understood through four primary categories:

a) *Horizon Scanning - Innovation Pipeline & Market Insight encompassing:*
- Ease of access to cutting-edge solutions that address current or emerging challenges.
- A structured way to de-risk experimentation, testing innovation without full-scale procurement.
- Efficiency of insight into market trends and disruptive technologies.

b) *Cultural & Talent Benefits*
- Internal culture shift: working with startups energises teams, encouraging agility and creativity and driving innovation mindsets more broadly across the business if engagement within programmes is correctly developed.
- Skills development: corporate teams learn startup methodologies, design thinking, lean experimentation and develop other skills such as presentation etc.
- Helps attract and retain talent who want to work in a forward-thinking environment.

c) *Commercial & Strategic Returns*
- Accelerates digital transformation goals through practical collaboration.
- Potential to license, invest in, or acquire promising startups for strategic advantage.
- Creates measurable business outcomes through new products, improved processes, or enhanced customer experiences.

d) *Reputation & Ecosystem Positioning*
- Strengthens the organisation's brand as an innovator and collaborator.
- Supports corporate social responsibility and ESG narratives, with programme focus on regional growth, or inclusive innovation.
- Builds influence within the regional or national innovation ecosystem.

Developing out this impact framework and evidence against these features is work that remains in progress at the time of writing, pending longitudinal post programme impact and analysis. However, the fact that these features are present can be mapped to a degree in terms of having an influence against the Willingness, Capability and Capacity Framework upfront.

Benefits for LawTech SMEs

For SMEs, the most significant gains came from feedback and insights provided by law firms. They valued the transparency and direct access to key contacts, as well as clarity on pain points. Several SMEs reported that, following the programme, they:

- Undertook a complete product rebrand.
- Reaffirmed their strategic direction and product value.
- Gained a better understanding of demand-side needs.
- Entered ongoing conversations with potential clients.

Role of Regulators

For all participants, the involvement of the Solicitors Regulation Authority (SRA) was a highlight. There was consensus that greater engagement from the Law Society and other regulators would further strengthen such initiatives. Participants emphasised the importance of avoiding a "vacuum" and ensuring visible support from relevant stakeholders to build confidence and trust.

CONCLUSION

The LOIL programme has proven to be a successful exercise in Open Innovation within the UK legal sector. SuperTech WM played a pivotal role in creating the conditions that enabled collaboration among actors who would not typically work together. The programme demonstrated that firms both on the demand and supply side must collaborate to solve challenges that cannot be addressed in isolation. Open Innovation and co-creation bring a fresh dynamic to an industry traditionally characterised by competition rather than cooperation. Joint efforts among stakeholders are essential to develop shared understanding and generate solutions to common problems.

Our analysis confirms that participants were willing to collaborate and innovate, but capability and capacity need to be built, negotiated, and strengthened [14]. Achieving co-creation requires four key enablers:

1. Challenging the status quo and embracing openness.
2. Reflecting on needs and pain points to create shared awareness.
3. Building trust and reassurance among participants.
4. Reciprocating relationships during negotiation, considering both professional and personal dimensions.

Use cases such as KYC/AML and client onboarding cannot be optimally solved unless demand and supply communicate effectively. Beyond bringing people together, success depends on setting the right challenge, creating the right conditions, and engaging participants so they can contribute fully.

SuperTech WM understood this challenge, leveraged its role as an innovation driver, and brought together diverse actors to make the experience possible. As a cluster organisation, it helped de-risk participation, convinced law firms to join, invested resources (e.g., hosting events), and facilitated engagement in a radically different way from traditional procurement processes. Acting as a broker between demand and supply was critical. More initiatives like LOIL should be replicated by other industry clusters to open new markets, help firms improve their offerings, and clarify their needs.

Significance for Industry
This experience underscores the need for the legal sector to shift from competition to cooperation, particularly to accelerate growth through technology adoption. Firms must learn new ways to operate and navigate an increasingly complex and competitive environment where technology differentiates successful players. The benefits of participating in such initiatives outweigh the risks, offering new knowledge, market insight, and tailored solutions for future needs.

Significance for Policy Makers
Co-creation initiatives can become a powerful tool for influencing industries like law. Policymakers should reconsider regulation and promote practices that level up SMEs, which often lack the ability to influence markets independently. This is particularly important as Tech SMEs tend to focus their attention on larger clients, ignoring quite often the needs and requirements of smaller law firms (also SMEs). This underlies the need to group these small firms, e.g., through co-creation initiatives, so they can find synergies and relate to others like them and influence the market as a collective. While funding is important, facilitating collaborative spaces and encouraging open communication are even more critical to achieving active engagement and growth in the sector. Ultimately, the challenge lies more with people than technology.

Significance for Academia
Our findings offer an opportunity to explore how institutional pressures in professions such as law can be mitigated through collaboration. Openness, awareness, trust, and reciprocity are emerging as defining attributes of the new legal professional equipped with collaborative skills and willing to engage with others inside and outside their organisations. Technology is transforming processes and also shaping the future identity of legal professionals.

In summary, there are no shortcuts to effective innovation. The best solutions are not off-the-shelf products but are built through co-creation. Innovation requires mutual understanding, negotiating interests, and adapting or creating solutions to address shared challenges. Open Innovation programmes succeed when they provide a safe environment, foster a shared professional language, and balance competence with empathy. Participants must bridge the gap between legal expertise and technical knowledge, combining technical and commercial insight with interpersonal skills to understand pain points, unmet needs, and challenges on both sides.

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ACKNOWLEDGEMENTS

**Connect with the
Oxford Brookes Researchers**

Francisco Trincado-Munoz
ftrincado-munoz@brookes.ac.uk

Benedetta Bisetto
b.bisetto@brookes.ac.uk

Prof Tim Vorley
tvorley@brookes.ac.uk

Oxford Brookes
Headington Hill Campus,
Headington Campus,
Headington Rd,
Headington,
Oxford,
OX3 0BP
brookes.ac.uk