

Disrupting Law Firms Proven to be Difficult After \$75M Legal-Tech Startup Shuts Down

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The legal profession is known to be conservative in many aspects, including with the use of technology. Yet the industry has a proven need for innovation. Entrepreneurs have acted to challenge this conservative approach by providing business-to-business (B2B) services to legal professionals. Providing Software as a Service (SaaS) to law firms has turned out to be a successful business model; however, it is not the same when innovation aims to disrupt the legal industry.

Atrium was a legal-tech startup co-founded by [Justin Kan](#), who is also the co-founder of Justin.tv. That company later rebranded as Twitch and [sold to Amazon for \\$970 million](#). Atrium aimed to provide software for startups that navigates operational and legal matters, including providing an in-house legal team to companies in need of advice. Atrium raised the interest of startup companies as Kan, the CEO, was a proven entrepreneur. The [goal](#) of Atrium was to reduce costs by helping its attorneys spend more of their time doing substantive work, and to translate this into savings for clients.

However, this technology [proved not to be cost-efficient](#). The company was first hit by the decision of some of its lawyers to leave, forming their own law firm and taking Atrium's clients. Then, the CEO announced Atrium had terminated its software business and would continue operations as a small law firm. According to the CEO, [Atrium failed](#) to figure out how to deliver better service than a traditional law firm. Furthermore, customer feedback pointed out that Atrium's services felt chaotic, rendering customers unsure of their legal representation.

The Atrium case demonstrates that disrupting the legal industry will take time, even if it seems inevitable. There is a mismatch between the increasing cost of hiring a lawyer and the emergence of a large number of startups, seemingly every day. Innovation is most likely to enter the legal industry [slowly, as needs are proven and borne out](#).

