



The Kodak Moment:  
Why Legal Billables are the New Film

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In 2012, the Eastman Kodak Company, a titan of American industry, filed for bankruptcy. The cause was a digital disruption it had itself invented but failed to capitalize on. Across the Pacific, Fujifilm, Kodak's fiercest rival, faced the same existential threat: digital cameras were annihilating the market for photographic film. Yet, Fujifilm not only survived but thrived. The difference lay in their perspective. While Kodak looked at the market and saw a dying business (film), Fujifilm looked at itself and saw a set of core competencies (chemistry, material science, and nanotechnology). They realized that the same particle science used to put emulsion on film could be repurposed to produce CMP slurry—a polishing compound essential for flattening layers in semiconductor chips. Today, nearly half the world's copper CMP slurry comes from Fujifilm. They invested billions, building plants next to TSMC's fabs, and are targeting \$3.3 billion in revenue from electronic materials by 2030. The lesson is stark: in times of technological upheaval, you must distinguish between what you do and what you are.

The legal industry is now facing its own “Kodak moment.” The “film” is the traditional model of legal service delivery: the billable hour, armies of junior associates performing document review, and the notion that expertise is primarily packaged in lengthy legal memoranda. The “digital camera” is Artificial Intelligence. AI can now review thousands of contracts in minutes, conduct legal research with superhuman speed, predict case outcomes, and draft first-pass documents. For a firm that defines itself by its methods, this looks like a disaster. But for a firm that understands its core essence, it is an opportunity for a Fujifilm-style reinvention.

# From Billable Hours to Legal “Chemistry”: The Fujifilm Approach for Law Firms

The legal profession’s core essence has never been about the number of hours billed or the volume of paper produced. Its true value lies in its “chemistry”: deep analytical reasoning, strategic judgment, nuanced understanding of human conflict, persuasive advocacy, and the ability to navigate complex regulatory landscapes. Just as Fujifilm looked past the film to see the underlying science, forward-thinking law firms are looking past the billable hour to see their underlying expertise. They are asking: “What is the fundamental value we provide, and how can AI help us deliver it better, faster, and differently?”

Here is how law firms can apply the Fujifilm model to transform their operations:

## **1. Repurpose Core Expertise: From Document Review to Data-Driven Strategy**

Just as Fujifilm repurposed its chemical expertise, law firms must repurpose their legal expertise. The grunt work that once required armies of junior lawyers—due diligence, document review, basic contract drafting—is being automated. A firm that clings to this model will see its revenue model collapse, much like Kodak’s film sales. A firm that embraces the Fujifilm model will see this as an opportunity to elevate its talent. By offloading the “emulsion” work to AI, lawyers can focus on the higher-value “CMP slurry” analyzing the data patterns that AI uncovers to provide strategic advice, identifying novel risks hidden in large document sets, and proactively shaping deals to avoid future litigation. The work becomes less about processing information and more about interpreting it.

## 2. Strategic Investment in New Capabilities (Building the “Kumamoto Plant”)

Fujifilm didn’t just dabble in new materials; they made a massive, strategic \$700 million acquisition and built a state-of-the-art plant right next to their key customer, TSMC. Law firms must adopt a similar mindset. This means:

- **Acquiring Tech Companies:** Instead of just buying software licenses, firms should consider acquiring legal tech startups that build AI tools for e-discovery, contract management, or practice management. This brings the expertise in-house.
- **Building “Plants” Next to Clients:** This means embedding AI-driven analytics teams directly within client organizations. Instead of just sending in teams of lawyers for an annual review, a firm could have a dedicated team that uses AI to continuously monitor a client’s contract portfolio, flagging risks and opportunities in real-time. The “plant” is the continuous service, powered by AI, located in the client’s strategic orbit.
- **Creating New Roles:** Just as Fujifilm hired material scientists, law firms must hire data scientists, prompt engineers, and legal process designers. The “lawyer” role evolves to become a hybrid professional who can command both legal strategy and technological tools.

### **3. Revenue Model Innovation: Beyond the Billable Hour**

Fujifilm's revenue target of \$3.3 billion from electronic materials is a completely new revenue stream, not just a better way to sell film. Similarly, AI enables law firms to create entirely new products and pricing models.

- **From Services to Products:** A firm could develop an AI-powered compliance tool that it licenses to clients, generating recurring revenue.
- **Value-Based Pricing:** By drastically reducing the time it takes to complete a project, the billable hour becomes an illogical metric. Firms can move to fixed fees for AI-assisted tasks or, better yet, charge based on the value of the outcome—for example, a percentage of the savings identified in a contract audit or a flat fee for a merger clearance that is guaranteed to be delivered in half the usual time.
- **Predictive Services:** Using AI to analyze litigation trends, a firm could offer clients a “legal risk forecast” as a paid subscription service, helping them avoid problems before they arise.

# Conclusion

The difference between Kodak and Fujifilm was not their intelligence, but their identity. Kodak believed it was in the film business. Fujifilm understood it was in the business of solving problems with its unique expertise.

For law firms, the rise of AI presents the same choice. A firm that believes it is in the business of billable hours and traditional legal tasks will face a slow decline, much like Kodak. But a firm that understands its true essence—strategic counsel, analytical rigor, and human judgment—will see AI not as a threat, but as the most powerful tool it has ever had to amplify that essence. It will repurpose its expertise, invest in new capabilities, and create new revenue streams. It will, in short, turn its “film” into the “CMP slurry” of the 21st-century legal world.

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