The Power of AI: Navigating the Paradigm Shift in Dispute Resolution Services

EXPERTS WITH IMPACT™

FTI CONSULTING™

Generative artificial intelligence, also known as generative AI, is transforming the way we think about performing tasks and is posing poignant questions about how we integrate technology into our practices. Companies all over the world are exploring ways to leverage generative AI to streamline operational processes and the legal practice is no exception. The potential applications of AI in dispute resolution services are extensive, but so are the challenges for legal professionals if emerging concerns remain unaddressed.
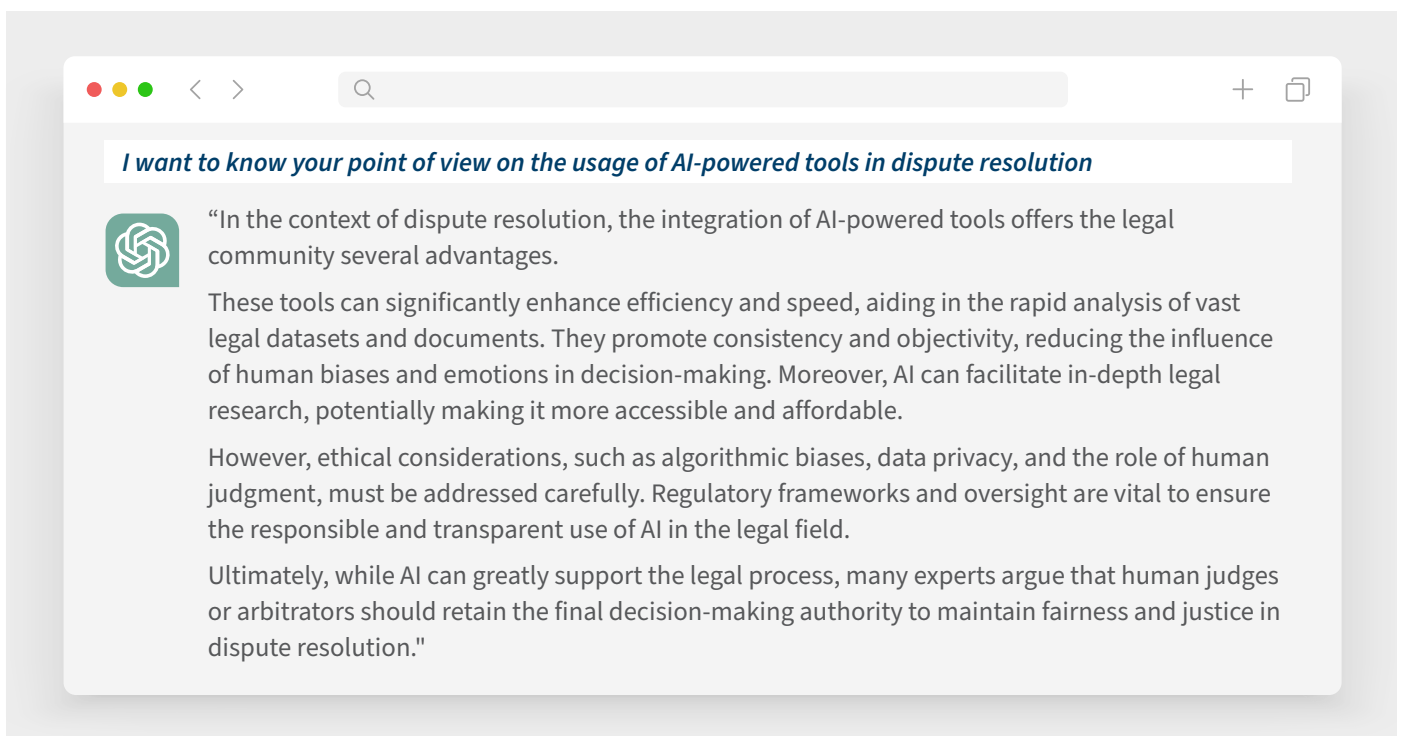
The rapid adoption of AI in dispute resolution services comes with its own set of challenges – but what do legal practitioners think about the impact of AI? FTI Consulting surveyed more than 100 lawyers, arbitrators, mediators and other legal practitioners worldwide to better understand what they think about the challenges, uncertainties and opportunities emerging as AI advances.

How Will AI Impact Dispute Resolution?

We asked ChatGPT about the subject (below), yielding an interesting perspective on how it, or other AI models, might support the legal disputes practice.

Interestingly, our survey reveals that the legal community, as represented here, shares some of the views expressed by ChatGPT, like AI's perceived positive impact on legal research. However, it differs on some other points, including around AI's accuracy and thoroughness.

Join us as we explore in this report how legal practitioners throughout the world view AI-powered tools and how law firms are navigating the transition in dispute resolution services caused by this quickly emerging technology.

I want to know your point of view on the usage of AI-powered tools in dispute resolution

"In the context of dispute resolution, the integration of AI-powered tools offers the legal community several advantages.

These tools can significantly enhance efficiency and speed, aiding in the rapid analysis of vast legal datasets and documents. They promote consistency and objectivity, reducing the influence of human biases and emotions in decision-making. Moreover, AI can facilitate in-depth legal research, potentially making it more accessible and affordable.

However, ethical considerations, such as algorithmic biases, data privacy, and the role of human judgment, must be addressed carefully. Regulatory frameworks and oversight are vital to ensure the responsible and transparent use of AI in the legal field.

Ultimately, while AI can greatly support the legal process, many experts argue that human judges or arbitrators should retain the final decision-making authority to maintain fairness and justice in dispute resolution."

Executive Summary

Key Insights

AI holds significant promise for revolutionizing dispute resolution, with many legal practitioners expressing optimism about its potential to reshape the legal practice.

To fully harness AI's capabilities, it is crucial to first address prevailing concerns and uncertainties.

If concerns are left unaddressed, AI's use may be relegated to basic tasks and legal practitioners may miss opportunities for more meaningful applications that can significantly enhance their practice.

1   **AI could improve access to justice and transform the delivery of legal and expert services in the future.**

2   **However, to date, lawyers are generally unfamiliar with AI tools. Adoption has been slow and concentrated on less sophisticated tasks, with few lawyers expecting AI to contribute to more complex applications.**

3   **Amid limited familiarity with AI tools, concerns exist around the accuracy and consistency of outcomes and an overreliance on the technology.**

4   **Although legal practitioners expect to increase their use of AI over the next three years, few firms are planning substantial investments in the technology.**

5   **To capture the full potential of AI, legal practitioners will need to bridge the educational gap and law firms will need to set clear guidelines on the use of the technology.**
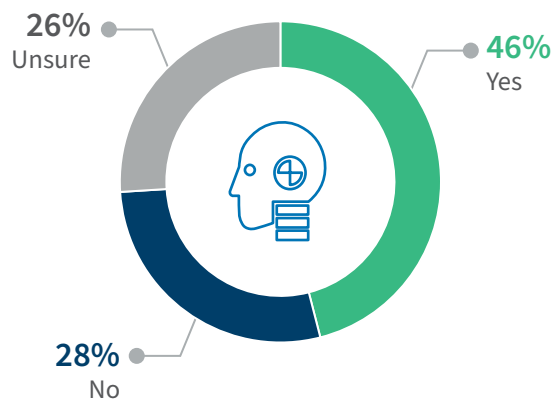
Opportunity Abound, but Uncertainty Remains

The implementation of AI in legal services presents a significant opportunity for practitioners, but the adoption of AI-powered tools in dispute resolution services is slow and not without its challenges.

Our survey findings reveal that AI-powered tools are not widely prevalent in dispute resolution, and the potential applications for AI are still limited.

E-discovery and document review and drafting are the two most popular AI applications in dispute resolution, yet only a few practitioners say their firms explored the use of AI in other more complex use cases, such as predictive case outcomes, legal research or drafting deposition questions.

Prior Use of AI (in Any Form) in Dispute Resolution

26%
Unsure

46%
Yes

28%
No

Ways Firms Currently Leverage AI in Dispute Resolution

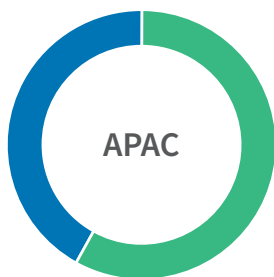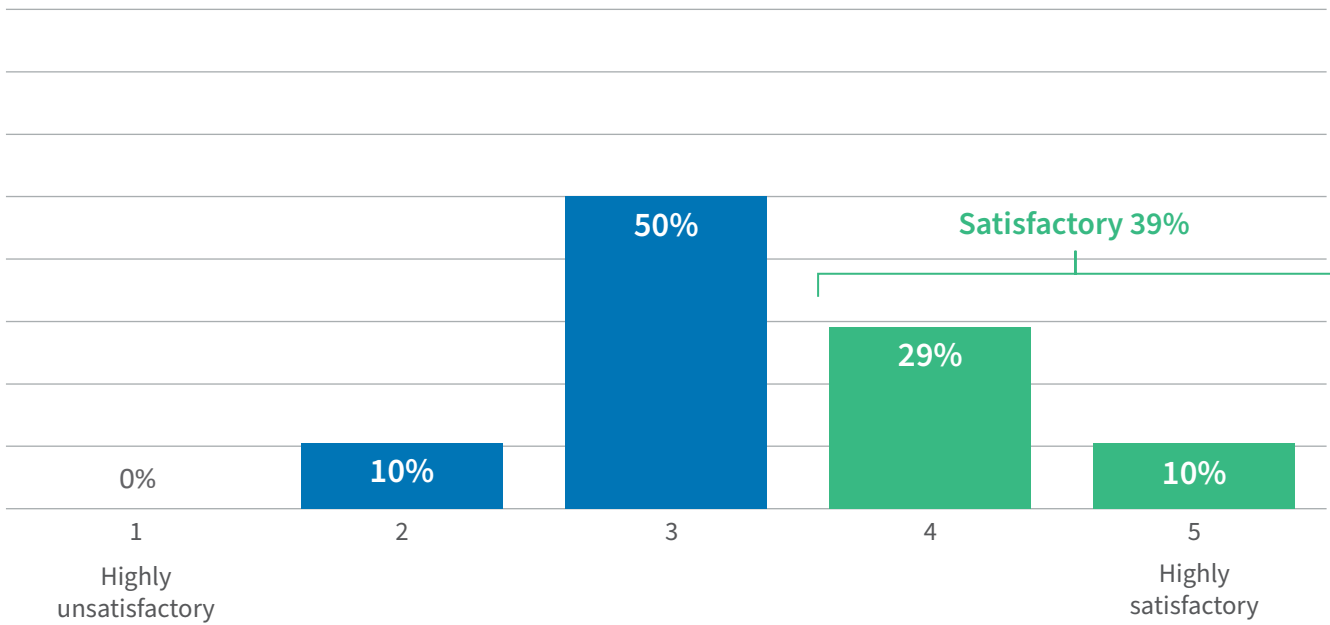| 73%	58%	20%	15%
E-Discovery	Document review and drafting	Predictive outcome of the case	Other *(legal research, draft questions, etc.)*
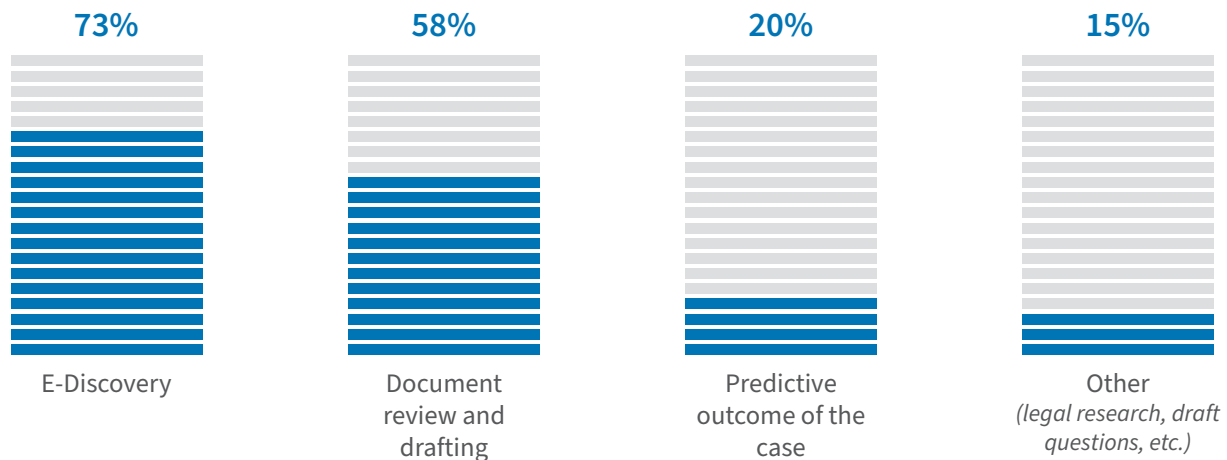
Law Firms Are Struggling to Utilize AI Effectively, Which Can Hinder AI Adoption

"The road to effective AI adoption in law firms is often complex. It's paramount that legal practitioners liaise with data science experts to navigate this terrain. Their expertise not only simplifies the journey but unlocks AI's full potential, paving the way for enhanced dispute resolution and a competitive edge in the legal landscape."
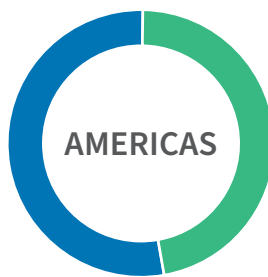
Claudio Calvino
Senior Managing Director

Only two-in-five surveyed practitioners whose firms have used AI in dispute resolution considered their firm's experience to be satisfactory. Law firms and legal practitioners need to implement more guidance and support to successfully adopt AI in their operations and experience the full benefits of this technology, or risk deterring the exploration of future AI applications – especially in EMEA where satisfaction rates have been the lowest.
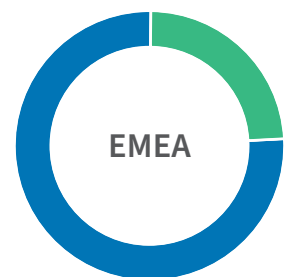
Firms' Experience of Using AI in Dispute Resolution[*]

Satisfactory 39%

0%		
10%	50%	29%	10%

1	2	3	4	5
Highly unsatisfactory				Highly satisfactory

APAC
58%
Satisfactory

AMERICAS
47%
Satisfactory

EMEA
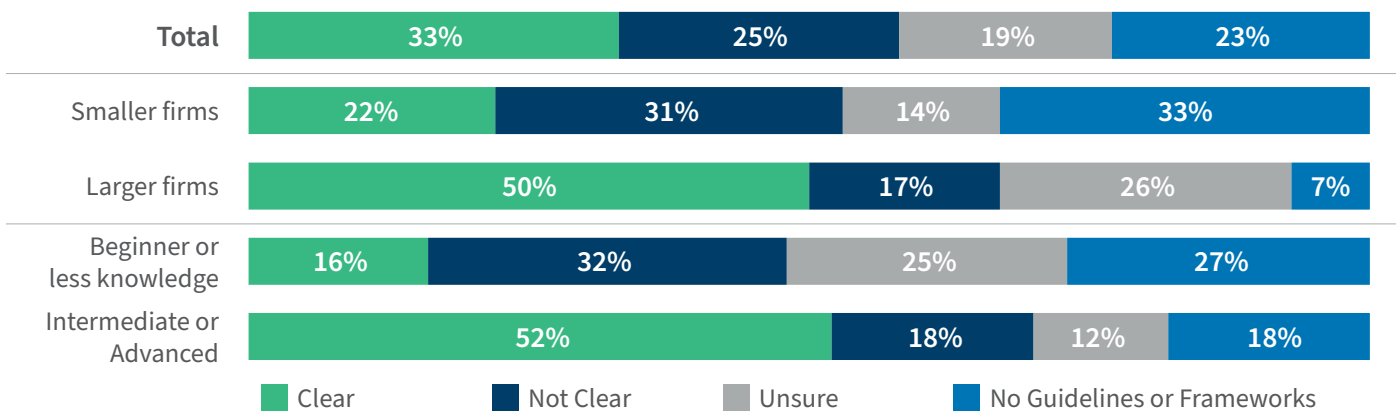**24%**
Satisfactory

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[*] Totals may not add up to 100% due to rounding

Establishing an AI Framework Will Be Crucial to Asserting Trust

Legal practitioners need clear guidelines and frameworks to ensure the responsible use of AI-powered tools in dispute resolution services.

Only one-third of surveyed legal practitioners say their firms have clear guidance for the use of AI in disputes, with larger firms[1] leading the way in establishing clear guidelines and frameworks. Additionally, 23% claim they do not have any guidelines or frameworks when it comes to the use of AI in their dispute practice, and another 25% say the existing guidelines and frameworks are not clear. Practitioners who have more advanced or at least intermediate knowledge of AI are significantly more likely to consider their firm's current guidelines to be clear, suggesting that education and training should not be overlooked in these efforts.

Clarity of Firm Guidelines and Frameworks for Responsibility and Liability for the Use of AI in Dispute Practice

	Clear	Not Clear	Unsure	No Guidelines or Frameworks
Total	33%	25%	19%	23%
Smaller firms	22%	31%	14%	33%
Larger firms	50%	17%	26%	7%
Beginner or less knowledge	16%	32%	25%	27%
Intermediate or Advanced	52%	18%	12%	18%

When it comes to generative AI platforms, such as ChatGPT, legal practitioners reported varying degrees of oversight, with a substantial percentage of firms unsure or yet to consider restrictions or guidance, especially among smaller firms[2] (23%). Nevertheless, a plurality of surveyed practitioners say their firm has taken steps to monitor the use of generative AI platforms by allowing access with guidance.

Steps Firms Have Taken to Monitor, Regulate or Limit the Use of Generative AI Platforms Like ChatGPT

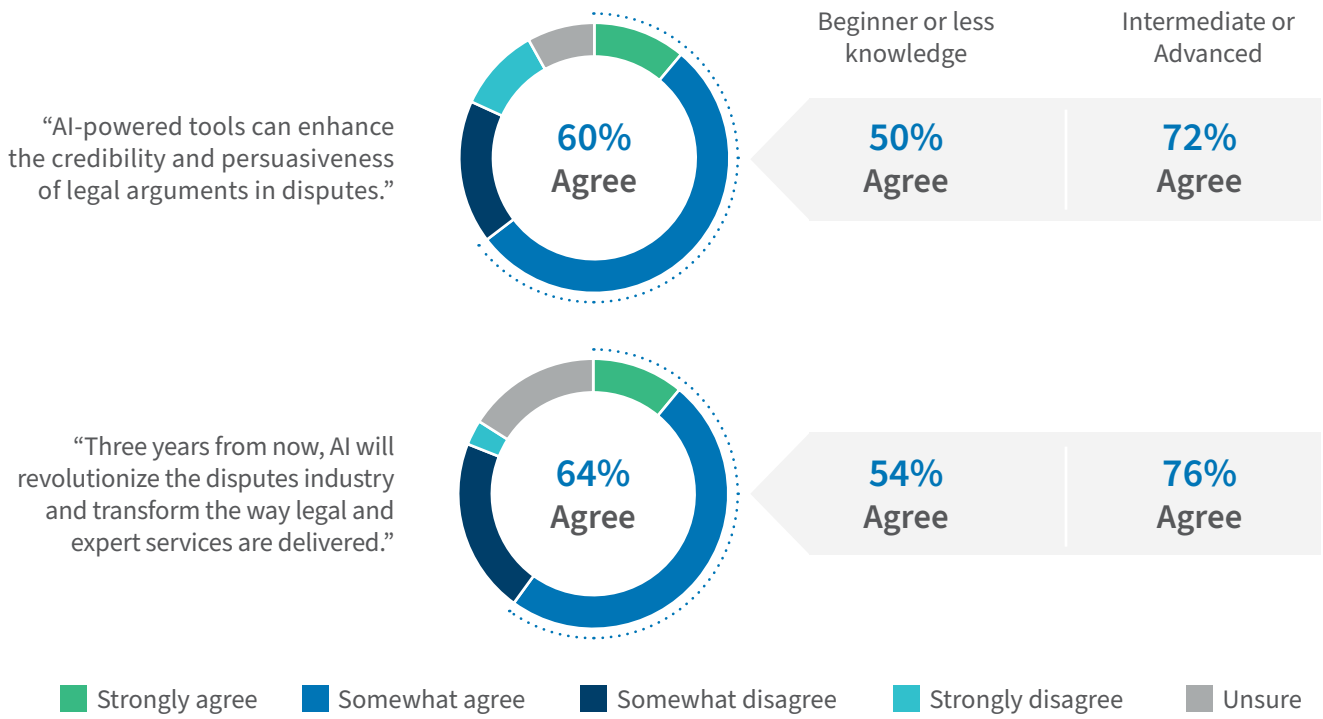|	
No consideration	17%
Open access	10%
Access with guidance	30%
Restrictions in place	18%
Unsure	25%
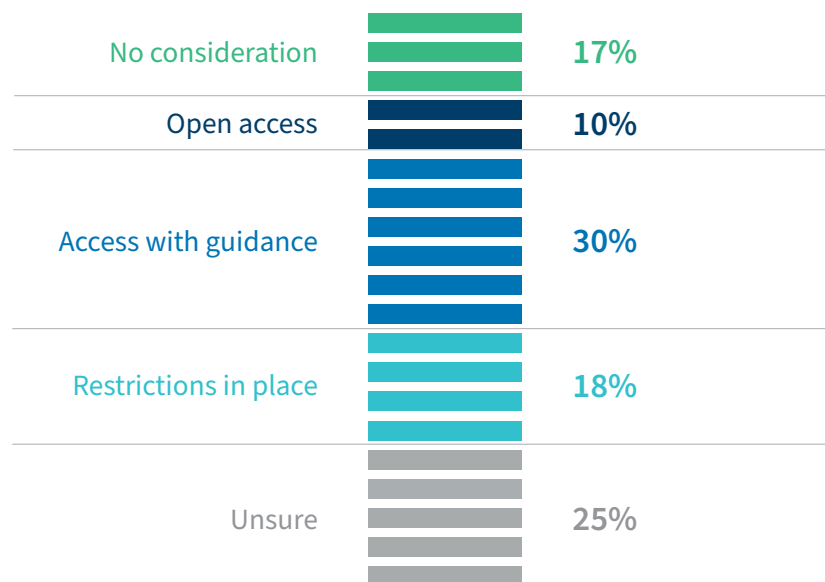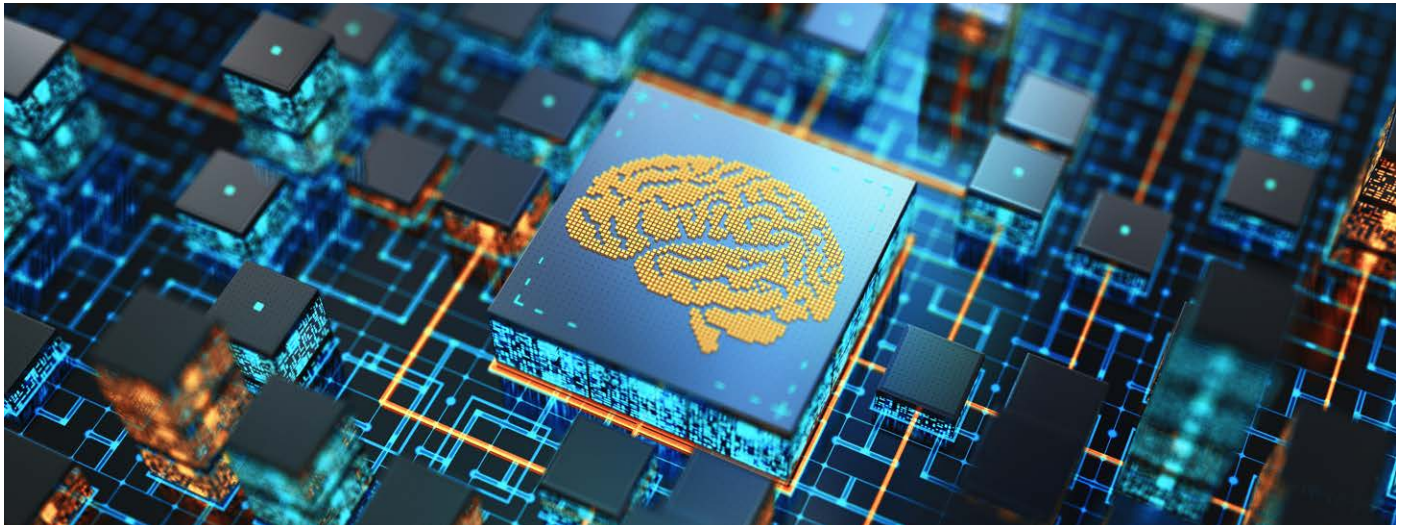
Those with Advanced AI Knowledge Are More Confident in AI's Game-Changing Potential in the Disputes Industry

Legal practitioners tend to agree that AI-powered tools can enhance the credibility and persuasiveness of legal arguments in disputes, a sentiment widely shared among those with more advanced or intermediate knowledge of AI technology.

This optimism in AI is also echoed in future applications of the technology, with 64% of legal practitioners saying they believe that three years from now AI will revolutionize the disputes industry and transform the way legal and expert services are delivered. Similarly, those who are more knowledgeable about AI are more likely to agree with the statement, as well as feel more strongly about it.

Outlook of Legal Professionals on the Use of AI

		Beginner or less knowledge	Intermediate or Advanced
"AI-powered tools can enhance the credibility and persuasiveness of legal arguments in disputes."	60% Agree	50% Agree	72% Agree
"Three years from now, AI will revolutionize the disputes industry and transform the way legal and expert services are delivered."	64% Agree	54% Agree	76% Agree

■ Strongly agree   ■ Somewhat agree   ■ Somewhat disagree   ■ Strongly disagree   ■ Unsure

Bridging the Educational Gap Will Be Key

Legal practitioners have a limited understanding of AI-powered tools used in disputes, impacting their confidence and perceptions of the technology.
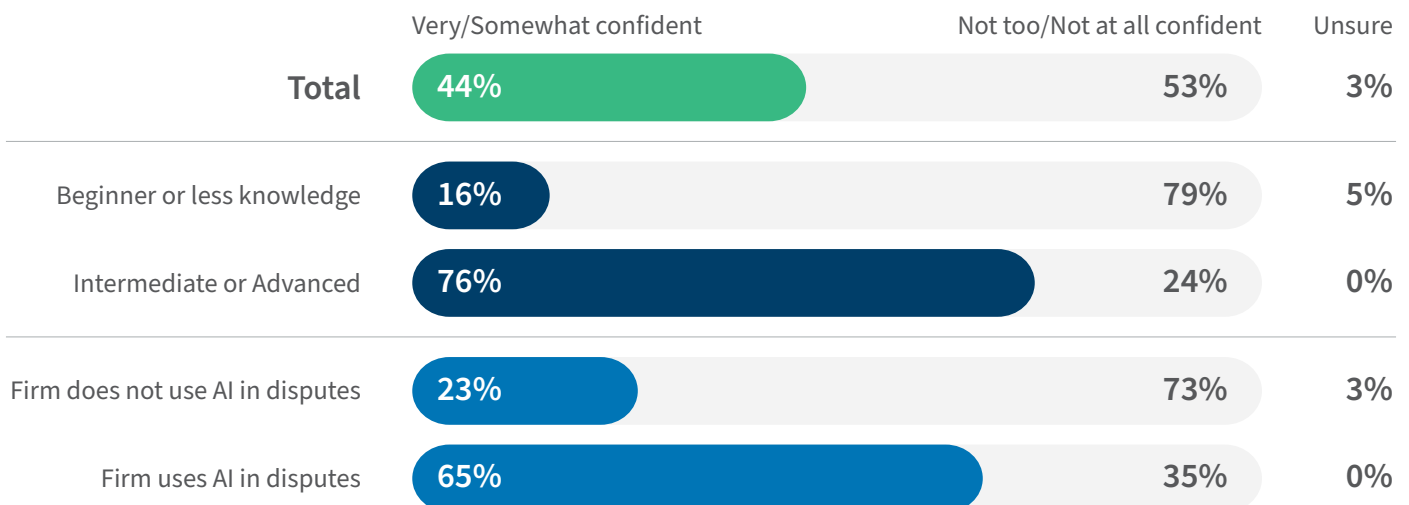
Legal practitioners exhibit a knowledge gap in understanding how AI technologies can be used in disputes, with most professionals stating they are beginners and have not practically used AI in any case. Fewer than 10% of surveyed practitioners say they follow AI developments closely and have used some form of AI in more than five cases.

Level of Knowledge and Understanding of AI Technologies Used in Disputes

No knowledge	Beginner	Intermediate	Advanced
4%	49%	38%	9%
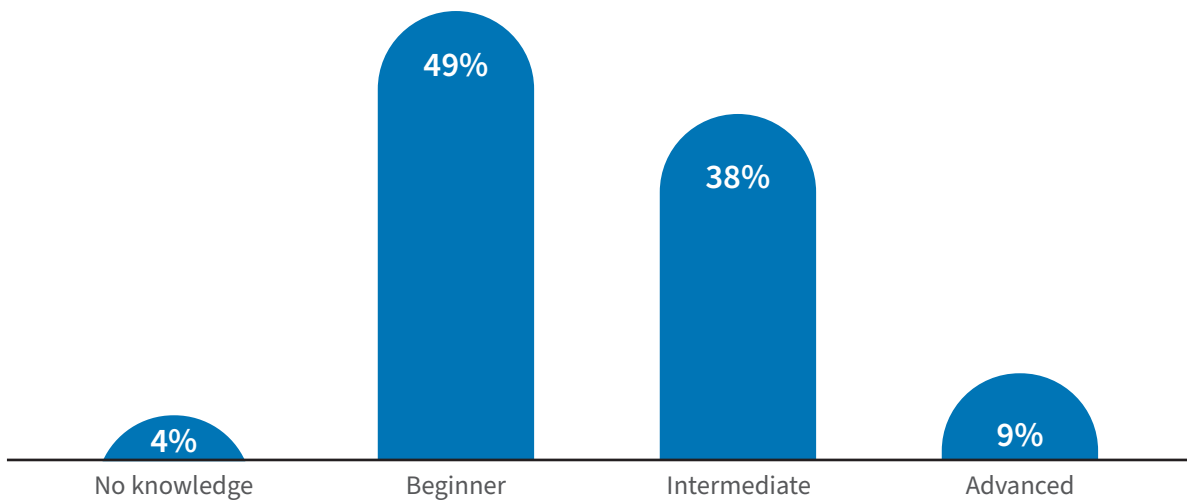
Confidence levels are closely tied to knowledge and practical experience, emphasizing the need for bridging the knowledge gap in the legal profession. Legal practitioners who self-identify as advanced/intermediate and those whose firms have used AI in disputes in the past rate their confidence levels significantly higher than their counterparts with less experience. Greater knowledge and exposure to AI technologies can help boost practitioner confidence levels and help integrate AI solutions more successfully.

Confidence in Ability to Explain AI-Driven Analyses to Clients or Other Parties[*]

	Very/Somewhat confident	Not too/Not at all confident	Unsure
Total	44%	53%	3%
Beginner or less knowledge	16%	79%	5%
Intermediate or Advanced	76%	24%	0%
Firm does not use AI in disputes	23%	73%	3%
Firm uses AI in disputes	65%	35%	0%

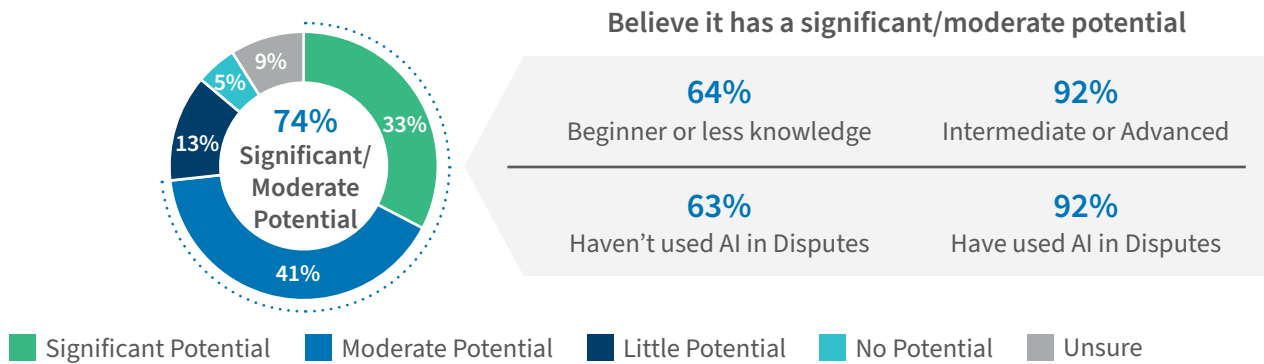[*] Totals may not add up to 100% due to rounding

Law Firms Are Best Positioned to Reap the Rewards of AI's Potential

Most practitioners believe that AI has a high potential to improve access to justice through more efficient and cost-effective dispute resolution, and law firms stand to benefit the most from this.

One-third of legal practitioners believe AI has significant potential to improve access to justice. Those with more knowledge and exposure to AI through their firms have a significantly higher perception of AI's potential, suggesting that a more advanced understanding and exposure to technology correlates with heightened optimism around AI's transformative impact on access to justice.

AI's Potential to Improve Access to Justice Through More Efficient and Cost-Effective Dispute Resolution

74% Significant/Moderate Potential

9%

5%

13%

33%

41%

Believe it has a significant/moderate potential

64%	**92%**
Beginner or less knowledge	Intermediate or Advanced
63%	**92%**
Haven't used AI in Disputes	Have used AI in Disputes

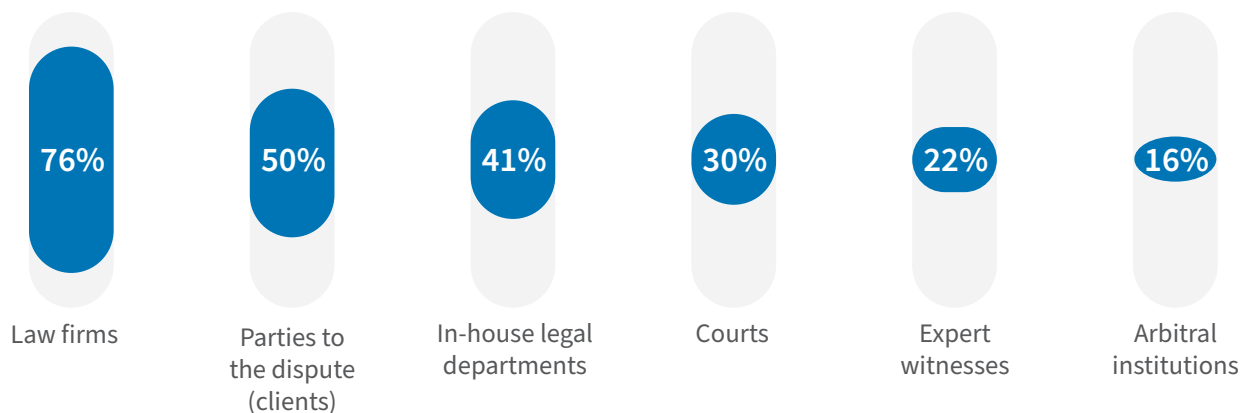Significant Potential   Moderate Potential   Little Potential   No Potential   Unsure

"The profession needs to keep up with the technology if it wants to remain competitive in connecting the dots faster and generating unique insights."

Samuel Aguirre
Senior Managing Director

Surveyed practitioners believe law firms stand to benefit the most from the use of AI in dispute resolution, followed by parties to the dispute and in-house legal departments.

Practitioners with advanced/intermediate knowledge (90% vs. 66%) and those whose firms have experience using AI in disputes (90% vs. 70%) are significantly more likely to recognize AI benefits to their firms compared to their less experienced counterparts.

Stakeholders Set to Benefit the Most From AI-Powered Tools in Disputes

| 76% | 50% | 41% | 30% | 22% | 16% |
| Law firms | Parties to the dispute (clients) | In-house legal departments | Courts | Expert witnesses | Arbitral institutions |

AI in Dispute Resolution Shows Promise, but Caution Is Necessary

Law firms are embracing AI's promise, yet concerns remain around navigating the risks.

Legal practitioners recognize the benefits of using AI in dispute resolution, with the ability to handle large quantities of information and savings in time and cost perceived as the biggest benefits. Practitioners whose companies have used AI in disputes in the past are more likely to recognize its multiple benefits, especially in handling large quantities of information (85% vs. 57%) and automation of manual processes (54% vs. 20%).

Despite AI's many benefits, legal professionals are also weary of the technology's limitations. In addition to low familiarity with AI tools, they have concerns about the accuracy and consistency of outcomes and an over-reliance on AI, which is also a primary concern in EMEA (65%).

Decisions made in the legal industry can have broader implications for other individuals and society. It is important for the legal practice to fully understand and address the risks associated with AI adoption to realize its full potential.
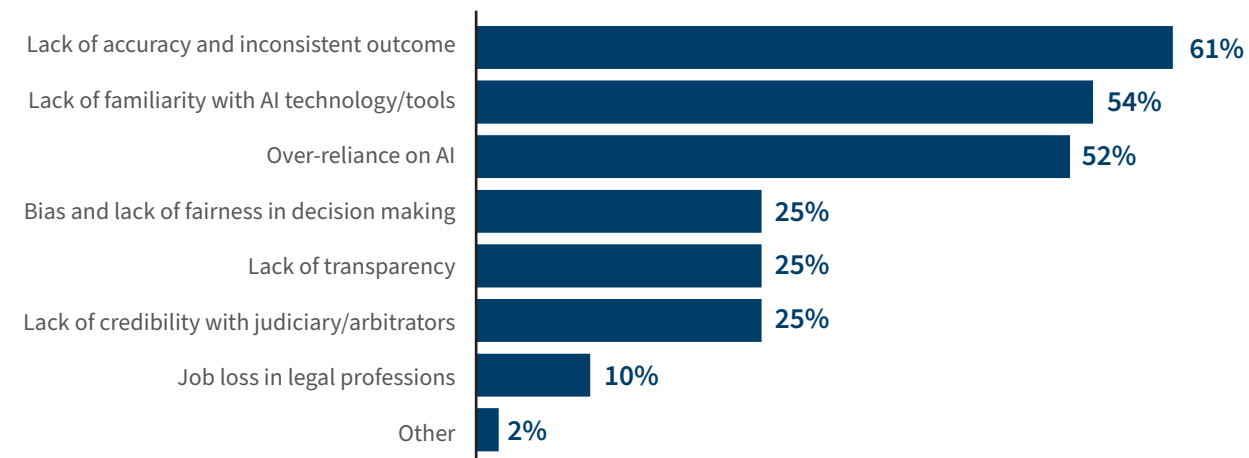
"The influence of AI on dispute resolution industry will be transformative as it promises faster and more data-driven solutions, but it also raises complex questions such as the preservation of human expertise and judgment and the potential for biased algorithms."

Karthik Balisagar
Senior Managing Director

Benefits of Using AI in Dispute Resolution

Category	Percentage
Handling of large quantities of information	75%
Time and cost savings	67%
Automated manual processes	42%
Improved legal research process	35%
Uncovered unknown information or patterns	24%
Helped with drafting briefs/summaries	10%
Provided richer insights	10%
No benefits to using AI in dispute resolution	3%
Other	1%

Risks of Using AI in Dispute Resolution

Category	Percentage
Lack of accuracy and inconsistent outcome	61%
Lack of familiarity with AI technology/tools	54%
Over-reliance on AI	52%
Bias and lack of fairness in decision making	25%
Lack of transparency	25%
Lack of credibility with judiciary/arbitrators	25%
Job loss in legal professions	10%
Other	2%

The Legal Industry Views AI as Vital Support, Not as a Decision-Maker

Accuracy and consistency concerns are driving legal professionals to exercise more scrutiny and limit AI's use to basic tasks.
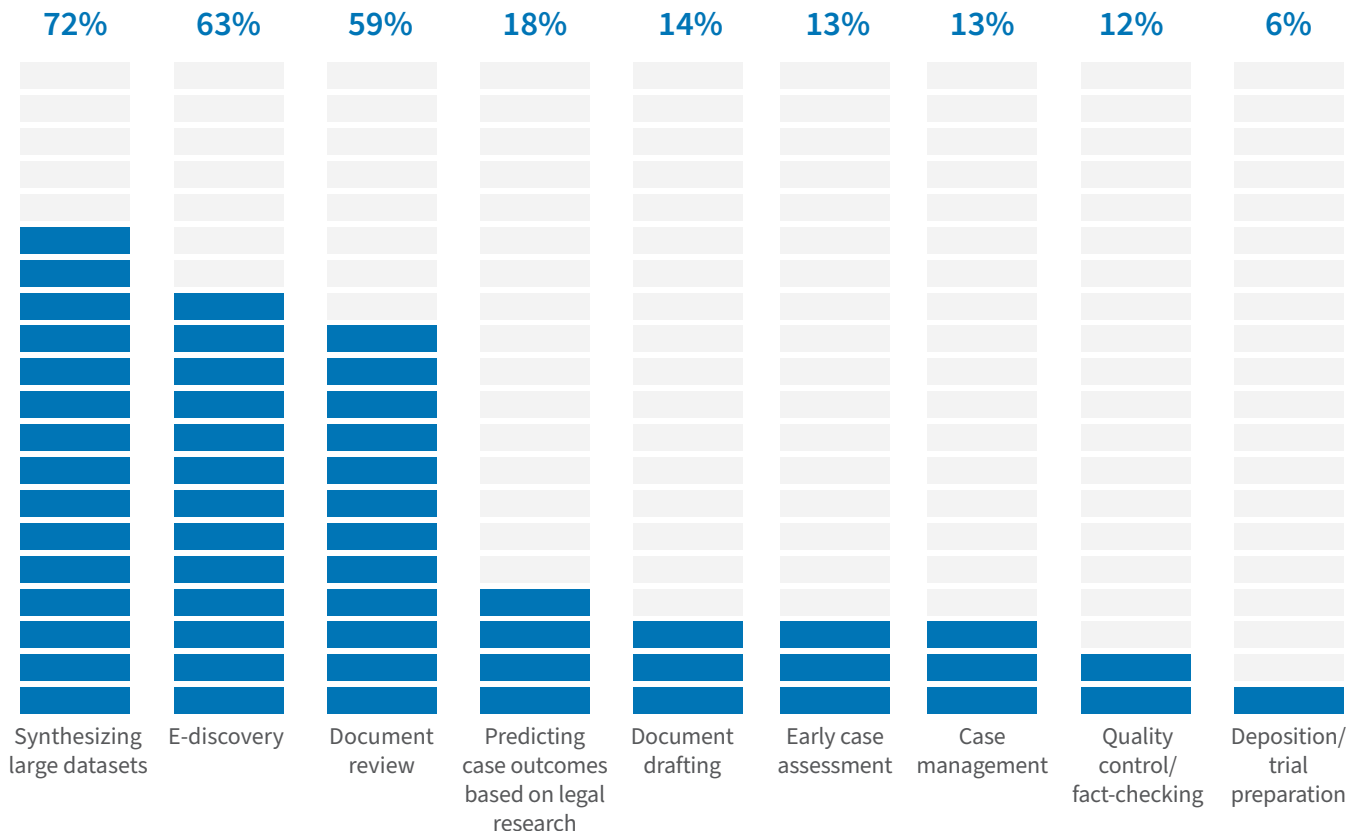
Legal professionals anticipate AI contributing the most to areas of dispute resolution services where it is already being utilized, including simple tasks such as synthesizing large data sets, e-discovery and document review. This not only frees up legal practitioners to focus on more complex client work, but also underscores the value of AI in streamlining routine processes.

In contrast, legal experts appear to be skeptical of the use of AI in more sophisticated tasks involving decision-making or prediction and generally think of it as a supportive tool: only a few see AI contributing to predicting case outcomes, case management or early case assessment.

"Certain practice areas within the legal function — such as early case assessment, time-sensitive investigations, e-discovery and document review — have benefitted from advanced, predictive analytics for many years. Over more than a decade, there's been an ongoing evolution of technological solutions that can support rapid insight and fact finding across large, diverse datasets, and the latest developments in artificial intelligence represent further progression of this space. That said, even as technology becomes more sophisticated, human expertise and decision-making will not be replaceable. Legal professionals should practice openness to using analytics and AI to accelerate manual processes, while maintaining diligent oversight to uphold accuracy, quality control and defensibility of the outputs."

Sophie Ross
Senior Managing Director

Areas of Dispute-Related Legal Services AI Can Contribute the Most to:

72%	63%	59%	18%	14%	13%	13%	12%	6%
Synthesizing large datasets	E-discovery	Document review	Predicting case outcomes based on legal research	Document drafting	Early case assessment	Case management	Quality control/ fact-checking	Deposition/ trial preparation

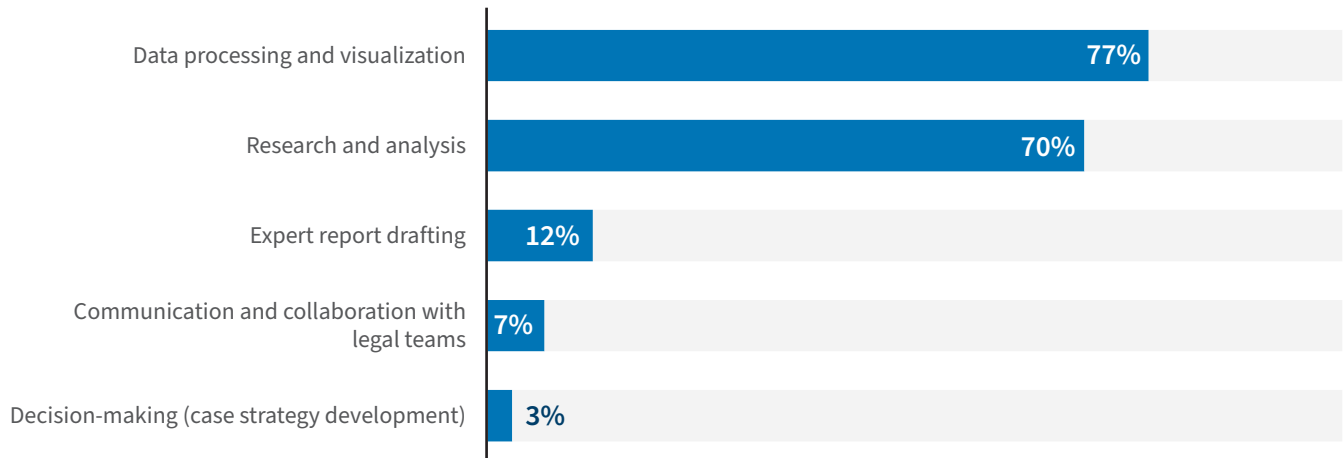## Enhancing Expert Witness Testimonies with AI

AI is seen as a valuable tool for handling data and conducting research, with the former being particularly beneficial to those working in larger firms (93% vs. 67%). While these applications can help streamline the expert witness work significantly, more complex tasks like report drafting and decision-making are not seen as areas where AI could be broadly utilized.

Furthermore, AI's role in supporting expert witnesses during cross-examination and deposition preparation is acknowledged, revealing the potential for AI to reshape this aspect of legal practice. Majorities believe that AI is best positioned to support expert witnesses in analyzing opposing expert reports for inconsistencies and inaccuracies, especially those working in larger firms (74% vs. 44%).

"Having testified as an expert witness on many occasions, I see potential for the integration of AI in consulting and expert witness assignments. In my opinion, this should be limited to automating verifiable tasks, reserving professional judgment and expert opinion for qualified practitioners."

Ken Rugeti
Senior Managing Director

Aspects of Expert Witness Benefitting the Most From AI-Powered Tools

Aspect	Percentage
Data processing and visualization	77%
Research and analysis	70%
Expert report drafting	12%
Communication and collaboration with legal teams	7%
Decision-making (case strategy development)	3%

Roles AI Can Play in Supporting Expert Witnesses During Cross-Examination and Deposition Preparation

Role	Percentage
Analyzing opposing expert reports for inconsistencies and inaccuracies	56%
Simulating potential lines of questioning based on historical data	37%
Providing real-time access to relevant case materials	31%
Identifying potential weaknesses in expert reports and testimony	24%
Unsure	19%
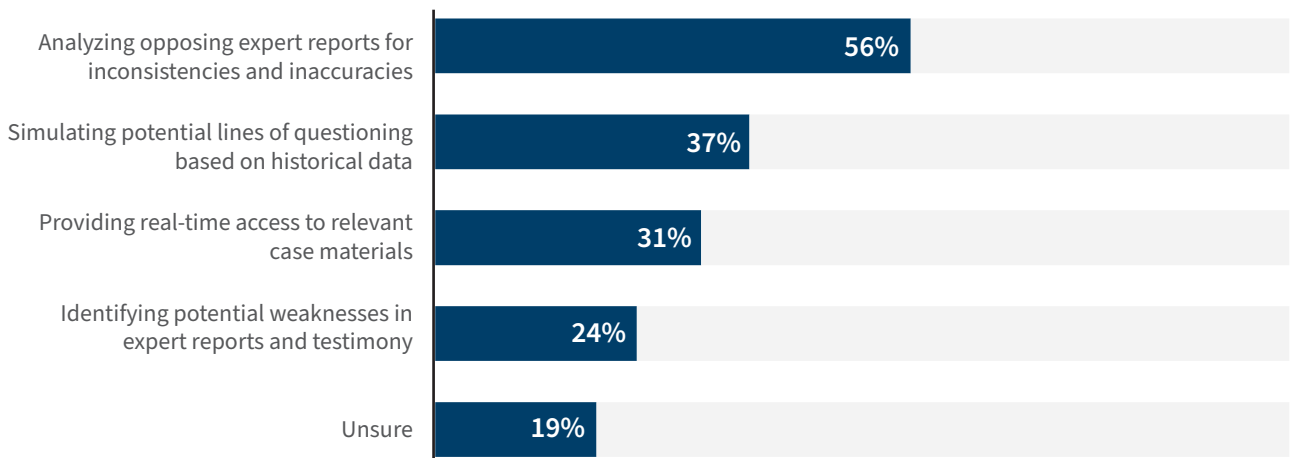
Legal Practitioners Predict AI Surge, But Are Not Planning Their Investments Accordingly

Legal practitioners expect to increase their use of AI over the next three years, yet few are planning substantial investments in the technology.

The adoption of AI has been slow, with most surveyed practitioners (58%) stating they have only leveraged AI in 10% or less of their current litigation work. Smaller companies in particular are significantly more likely to use AI for 10% or less of their current work (70% vs. 38%).

Although the demand for AI-powered tools is expected to increase in the next three years, few legal practitioners (6%) expect AI to perform most of their work. The outstanding concerns over AI's performance and the lack of familiarity with the technology will likely limit its applications in decision-making and more complex tasks.

"Increasing the use of AI will be key for the disputes community to remain competitive in the future, but getting there will likely require significant investment of time and money, as well as an understanding of the risks and benefits of AI."

Leonardo Florencio
Senior Managing Director

Current vs. Expected Litigation Work Conducted by Firms in Disputes Performed by AI*
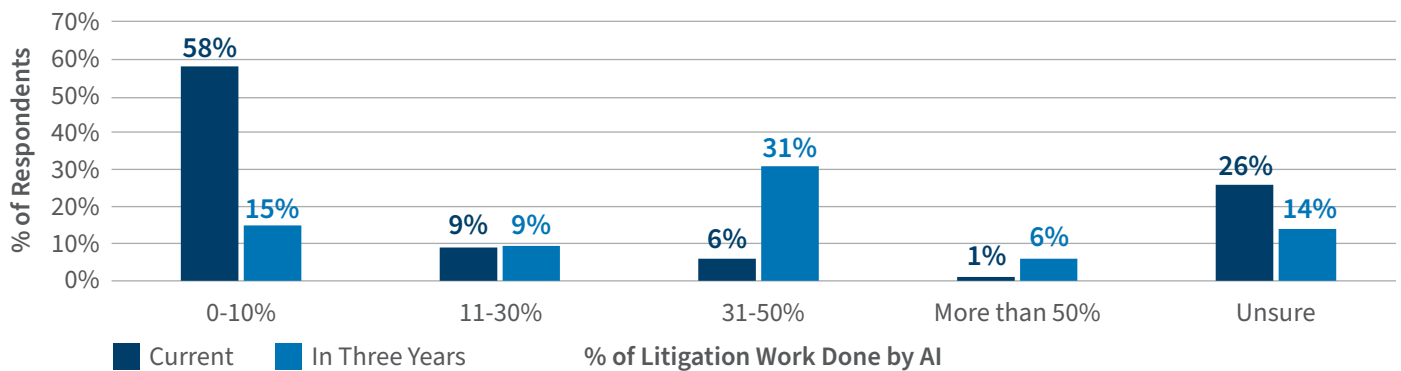
In contrast to high expectations for increased AI usage, less than one-in-ten legal practitioners are planning substantial investments in AI, likely because they expect to use it in less than half of their work. Only practitioners with intermediate to advanced AI knowledge (14%), as well as organizations that have already employed AI in disputes (16%), have a stronger propensity to invest significantly.

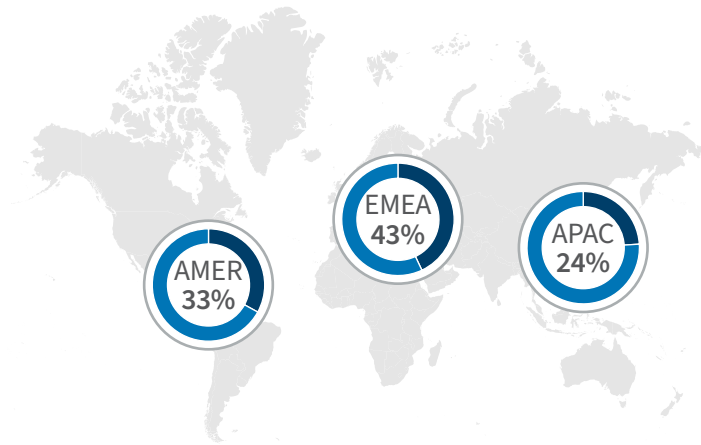### Level of Investment Firms Are Planning to Make in AI
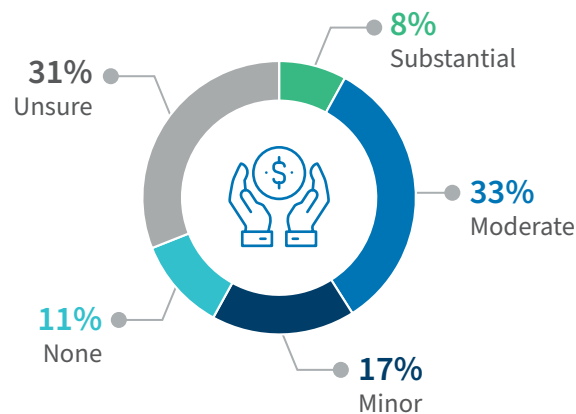
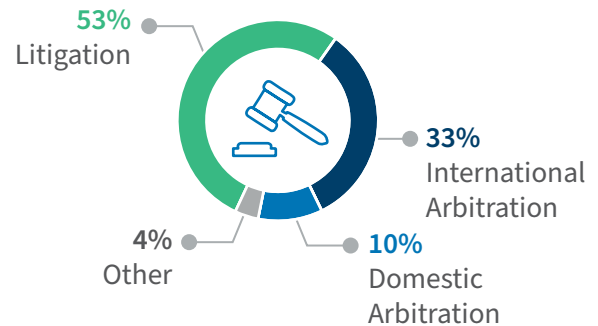* Totals may not add up to 100% due to rounding

Research Methodology

FTI Consulting's Digital & Insights team conducted an online survey from July 13 to September 27, 2023, among n=106 legal practitioners, including lawyers, arbitrators, mediators, paralegals and others. For more details on the methodology, please contact james.condon@fticonsulting.com.

Region Predominately Practiced

AMER 33%
EMEA 43%
APAC 24%

Dispute Resolution Method Predominantly Practiced

53% Litigation
33% International Arbitration
10% Domestic Arbitration
4% Other

Years of Experience in Dispute Resolution

12% Less than 10 years
33% 10-20 years
55% More than 20 years
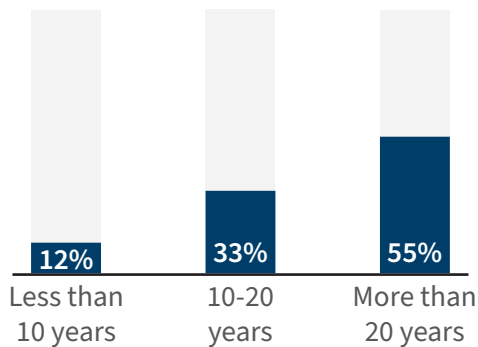
Geographic Focus of The Firm

19% Local
18% Regional
63% Global

Size of the Firm

Solo practitioner 5%
Small (2-50 attorneys) 20%
Medium (51-500 attorneys) 36%
Large (500+ attorneys) 40%
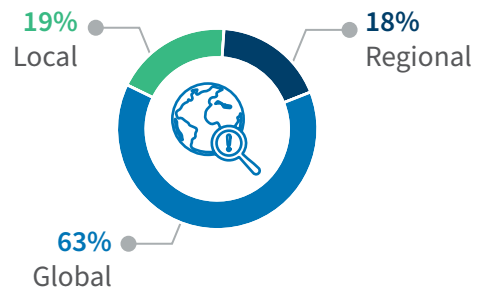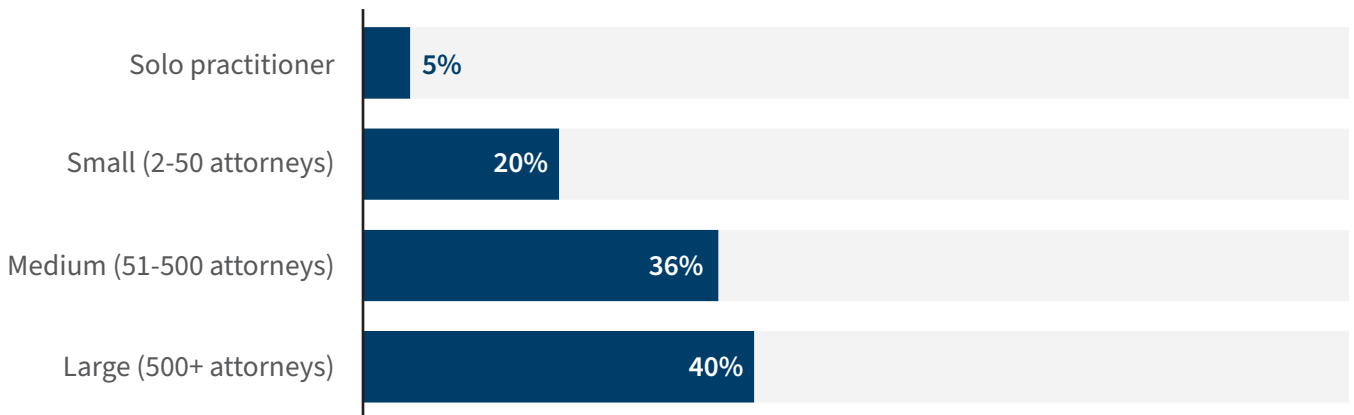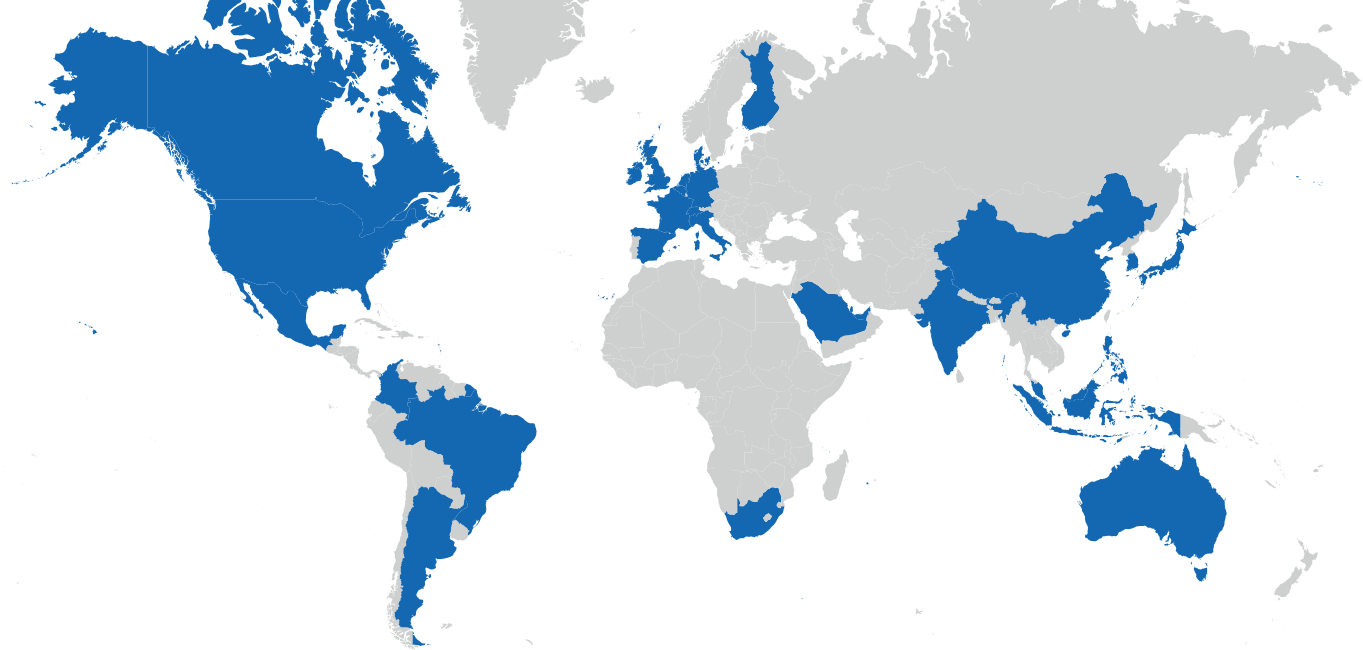
About FTI Digital & Insights

The Digital & Insights practice sits at the center of FTI Consulting's multifaceted offering. Bringing together experts across data science and primary research, as well as digital and creative strategy and execution, we work alongside our subject matter colleagues to deliver a comprehensive, audience-first approach. These insights become the foundation on which integrated communications campaigns are built.

1   Larger firms are defined as those with more than 500 attorneys

2   Smaller firms as those with 500 or fewer attorneys

1982

Year Founded and
$7.7B Equity Market Cap*

Top 50

Advisor to the
world's top 50 bank
holding companies

8,000+

Employees Worldwide

NYSE:FCN

Publicly traded

*Number of total shares outstanding as of October 19, 2023,
by the closing price per share on October 26, 2023.*

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