Kluwer Arbitration Blog

Arbitration Tech Toolbox: Key Considerations for Arbitration Practices Navigating the Legal Tech Landscape

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The rapid evolution of legal technology ("legal tech") presents both opportunities and challenges for arbitration practitioners. With the emergence of artificial intelligence ("AI") tools and specialized software solutions, arbitration practices are increasingly seeking ways to streamline workflows, enhance efficiency, and maintain competitive advantages. However, selecting the right legal tech solution requires a nuanced approach that balances technological capabilities with practical needs.

Understanding the Current Legal Tech Market

The legal tech market has matured significantly in recent years, with tools now covering areas such as document drafting, digital signatures, client communication, and AI-driven knowledge management. The market remains fragmented and dynamic, with many providers offering overlapping functionalities. It is challenging to gain a comprehensive overview of the market and its providers, which makes it difficult to determine whether a particular legal tech solution aligns well with a practice's needs. Evaluating tools is time-consuming, requiring attendance at demos to assess functionalities and verify whether the tools deliver on their promises.

Additionally, economic considerations play a significant role: due to the current market dynamics, it remains uncertain which providers will remain viable in the long term. Some may be acquired and integrated into other solutions, while others might face financial difficulties. The recent peak in hype surrounding generative AI further adds to the uncertainty when choosing the right tool as rapid advancements, and a constant influx of new market entrants make it increasingly difficult to discern which solutions are truly reliable and sustainable in the long term. Arbitration practitioners must therefore approach legal tech investments with a clear understanding of both current capabilities and future trends.

While the past two years were focused on lawyers learning how to prompt effectively with AI tools, the trend is now shifting towards workflow automation. Tools have already demonstrated AI's potential in legal contexts such as semantic search and automated drafting, so the market is transitioning from inflated expectations to a more pragmatic phase of adoption.

Key Questions for Selecting Legal Tech Solutions

When assessing a potential legal tech solution, arbitration professionals should consider the following critical questions:

- **Is your provider here to stay?** Assess the reputation and financial stability of the company behind the tool. Established providers often offer greater reliability, ongoing support, and long-term product development, while startups may bring innovation but carry higher risks of discontinuity.
- **Where is the "legal" in your legal tech?** Does the provider have a deep understanding of legal workflows and requirements? Providers with a strong legal background are better positioned to address the specific needs of arbitration practices.
- **Is your legal tech adapting to your workflow?** A good solution should integrate seamlessly into existing workflows rather than forcing users to adapt to new or overly rigid processes.
- **Does your legal tech play well with others?** Seamless integration with your existing software ecosystem such as document management systems, communication platforms, or case management tools reduces friction and boosts efficiency. Prioritize solutions that can connect with the tools you already rely on.
- **Are you buying a commodity or a "magic" solution?** Some functionalities, such as document management or citation tools, have become baseline commodities. The real value lies in specialized features tailored to arbitration needs, which I call the "magic" in a solution.
- **Is there an implementation roadmap?** A phased implementation plan minimizes disruption and ensures smooth adoption across teams. Not many legal tech solutions offer implementation support. It is, however, crucial to consider a practical approach to user adoption prior to purchasing a tool.
- **Is there a free trial?** Free trials allow practitioners to test tools on real cases and data, ensuring they meet practical requirements beyond polished sales demos.

Potential Use Cases in Arbitration Practices

Before shopping for a legal tech solution, the definition of use cases by each practice group of a law firm is crucial. If the use case is well defined, a matching legal tech solution can significantly enhance various aspects of arbitration work, including:

- **Knowledge Management:** Tools with semantic search capabilities can help locate documents quickly and enable users to interact with case files through chat interfaces.
- **Output Creation:** AI-driven drafting tools can produce initial drafts of submissions, procedural aspects of awards, or correspondence, saving time on repetitive tasks.
- **Workflow Automation:** Automating mundane tasks like translation or directory submissions allows practitioners to focus on high-value activities.

However, it must be borne in mind that there is no solution on the market that will cover all use cases. It is, however, possible to connect some legal tech tools with, for example, practice management tool to ensure a smoother user experience.

Quality Assurance and Change Management

As legal tech adoption grows, quality assurance becomes paramount. Independent institutions such as the various chambers of commerce can play a key role in defining standards for AI tools used in arbitration. For example, the Stockholm Chamber of Commerce Arbitration Institute ("SCC") has adopted a guide to the use of AI in cases administered under the SCC rules. Guidelines have also been released by the Silicon Valley Arbitration and Mediation Center and the Chartered Institute of Arbitrators. In the future, guidelines and best practices will play a pivotal role in validating AI tools in arbitration contexts. It will be equally essential for arbitration practices to continuously monitor regulatory developments relevant to their jurisdiction and proceedings, ensuring that their use of AI and other technologies aligns with evolving legal requirements, such as those in the European Union.

Equally important is change management within firms. Legal tech solutions often impact daily workflows. Early stakeholder involvement is crucial to ensure user adoption and avoid resistance. Another important aspect is expectation management. A solution can never replace an employee, as is often the sales pitch from legal tech providers. Three points are important to shape employee expectations:

- **Garbage in, garbage out**: The output is only as good as the input. Data has to be prepared and curated in order to ensure a good result.
- **Proper Instruction**: The output is only as good as the instruction to the legal tech solution. As long as lawyers still have to know how to prompt, the accuracy of their prompt is key to receiving good results. This means that clear, precise instructions directly determine the quality and relevance of the technology's response.
- **Output control**: The "human in the loop" is still responsible for the output generated by a legal tech solution. This means users still have to oversee and validate the technology's work to ensure accuracy, reliability, and compliance with legal standards.

Conclusion

The legal tech landscape is evolving rapidly, offering arbitration practitioners opportunities to enhance efficiency and competitiveness while presenting challenges in selecting the right tools. As AI and specialized software solutions become more prevalent, the focus has shifted from mere adoption to workflow automation. Despite its maturity, the market remains fragmented, with overlapping functionalities among providers and uncertainties about their long-term viability. Economic factors, such as market consolidation or financial instability, further complicate decision-making. Additionally, the hype surrounding generative AI has peaked, and the market is transitioning into a more pragmatic phase of adoption.

To navigate these complexities, arbitration professionals must adopt a strategic approach that aligns technological capabilities with practical needs. Evaluating legal tech solutions requires time and effort, including attending demos and assessing promises against actual performance. The key questions outlined above can help identify suitable tools. Ultimately, a clear understanding of current capabilities and future trends is essential for making informed investments in legal tech.

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