



AI and Dispute Resolution—The Perfect Match for Progress

May 20, 2026



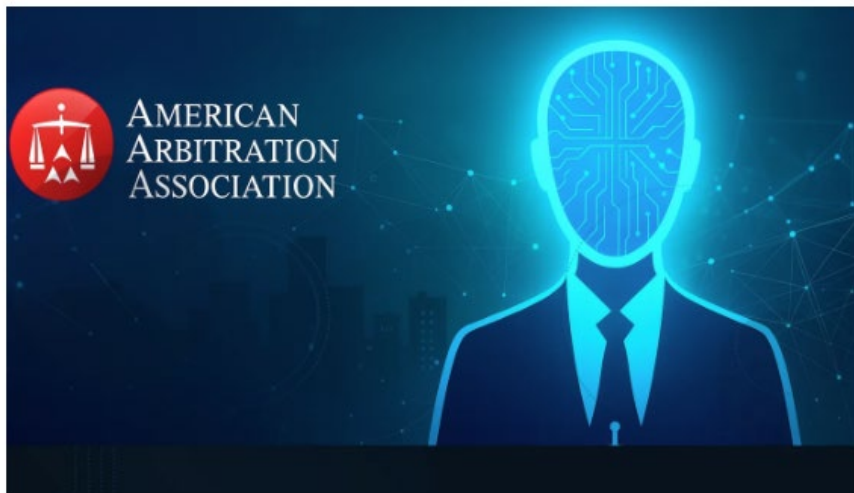
AMERICAN
ARBITRATION
ASSOCIATION®

ICDR
INTERNATIONAL CENTRE
FOR DISPUTE RESOLUTION®



The AAA First To Launch Binding AI Dispute Resolution

AAA Readies November Launch of AI-Powered Arbitrator for Construction Disputes



By **Bob Ambrogi** on September 22, 2025

LawSites

- **Significant Investment**

The AAA has invested heavily in AI development as a core business initiative, establishing itself as the first institution to launch an AI arbitrator.

- **Focused Rollout**

The pilot begins with a narrow focus in construction arbitration, designed to prove value before expanding to other practice areas.

- **Strategic Expansion**

AAA plans to build on early success in construction to expand into additional areas, laying the groundwork for broader AI integration across arbitration.





Strategic Components in the AI Age

Data



Mission



Action Leads
to Information



New Rules





Agenda

Data on the AI and Legal

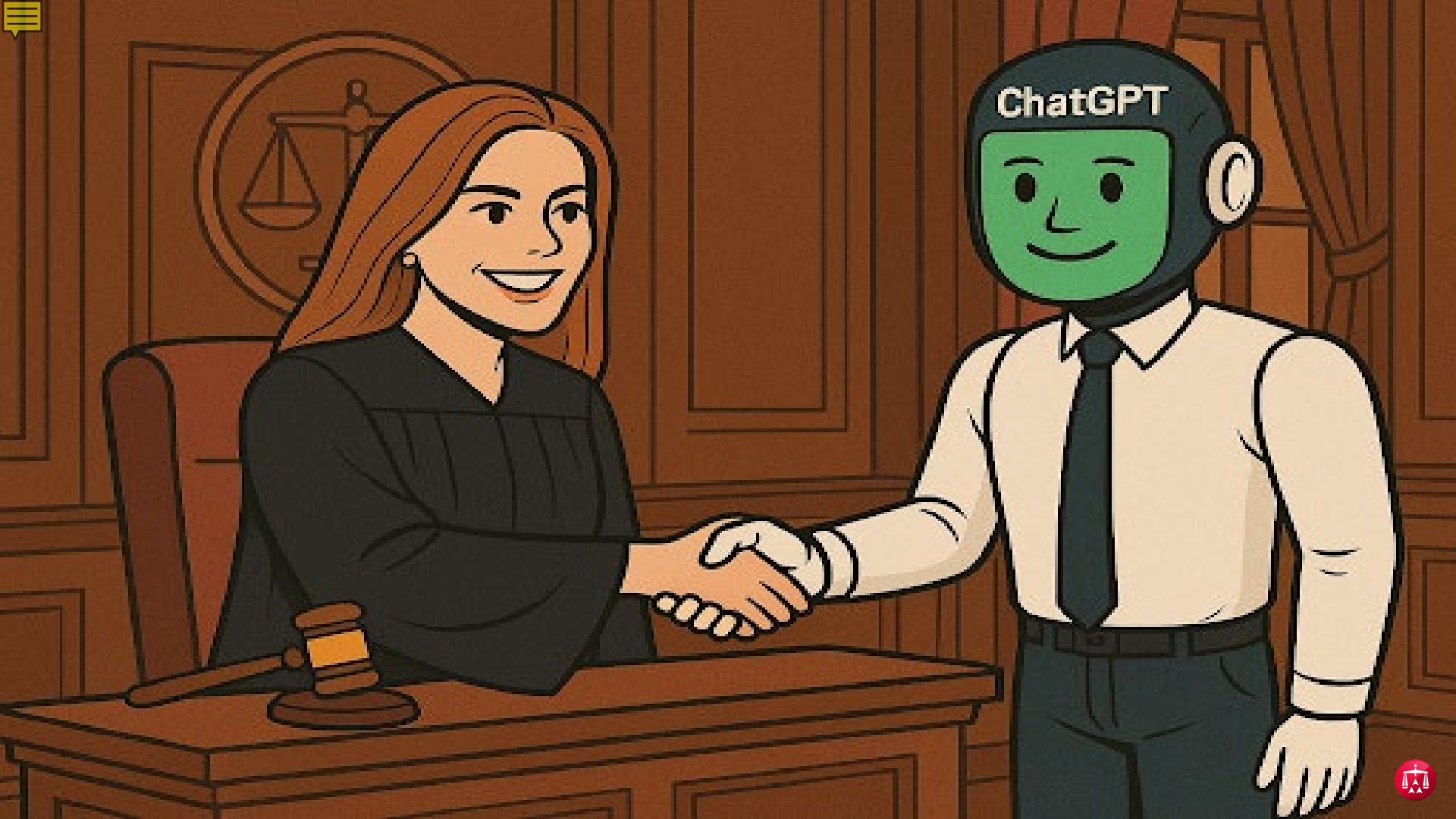
Action Leads to Information

Grounding AI in Mission

The New Rules

Q&A





“ ...the most surprising thing, if I had to pick one, is the fact that when I speak to the models I feel understood.”

Ilya Sutskever,

Co-Founder and Chief Scientist at Safe Superintelligence Inc

No Priors Podcast Ep. 39





Data on the *AI* and Legal



In 2023, ChatGPT Got Our **Attention**

Time it took to reach:

	1M Users	100M Users
	3.5 years	10 years
	10 months	4.5 years
	5 months	4 years
	2.5 months	7 months
	5 days	2 months

“ **OpenAI annualized revenue tops \$1.6 billion.**”

Jose Joseph • December 30, 2023



“ **ChatGPT sets record for fastest-growing user base in history, report says.**”

Benj Edwards • February 2, 2023



“ **ChatGPT’s user experience and implementation ‘should have Google scared’.**”

Christine Hall • December 3, 2022





By summer of 2024,
76% of professionals had
used AI tools for work while
only 33% of companies had
purchased AI tools.





Companies are Spending More on AI and Cutting Costs Elsewhere

500%

Increase to Enterprise GenAI Spend from 2023 to 2024

40%

Percentage of AI Spend That is Part of Operational Budget

58%

Percentage of Operational AI Spend was Reallocated From Other Budgets

Source: [Menlo Ventures: The State of Generative AI in the Enterprise \(Nov 2024\)](#)





2025: AI Moves From Pilots to the Center of IT Budgets

4.6%

IT budget growth
(3.5% in 2024)

+48%

Increase in AI/GenAI
top growth area

58%

Already deploying
AI agents (35% piloting)

Budgets are rising, shifting from legacy IT to AI, cloud, and security
2024 was the surge **2025** is about integration and accountability
AI decisions now involve the full C-suite, not just tech leaders.

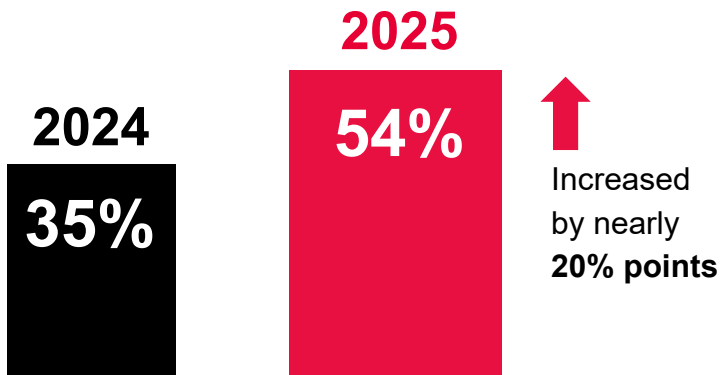
Source: [BCG IT Spending Pulse: AI Agents and GenAI Reshape Priorities \(Apr 2025\)](#)





Lawyers Using Generative AI

Lawyers currently using
Gen AI for **at least one purpose**



Over the past year more
attorneys have adopted the
use of AI in their practices





Lawyer AI Adoption is **Surging**

61%

Of legal professionals are now using AI tools
Up from 50% in 2024

24hrs

Professionals expect AI to save them in 2025
Up 40 hours from 2024

53%

Say their firm has already experienced
one type of benefit from AI Adoption

Source: [Thomson Reuters, "Future of Professionals Report 2025," June 2025](#)

Confidential, not for distribution

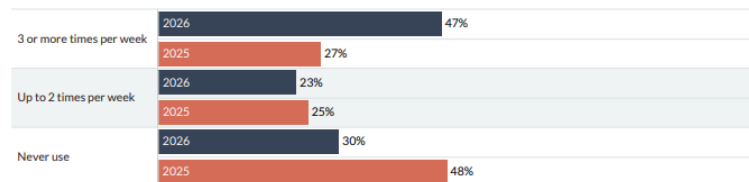


AI Adoption Continued to Increase in 2026

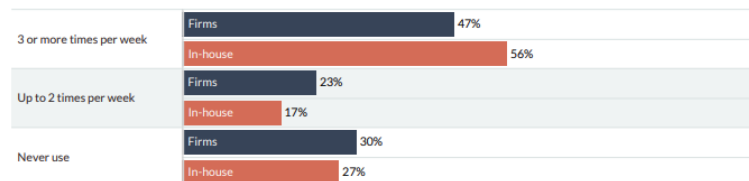
Multiple reports confirm in-house legal teams continue to outpace their outside counsel counterparts on AI adoption.

In a typical week, how often do you use generative AI in your job?

Firms and In-House, by Year

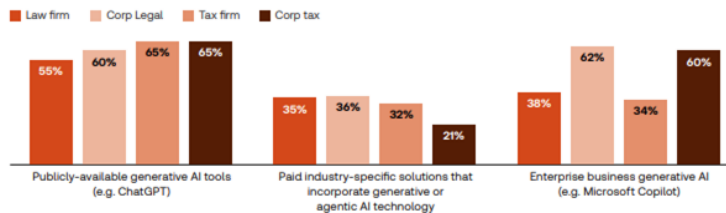


Firms vs. In-House



2026 AI Survey, Law360 Pulse

Current individual GenAI usage, by organization type



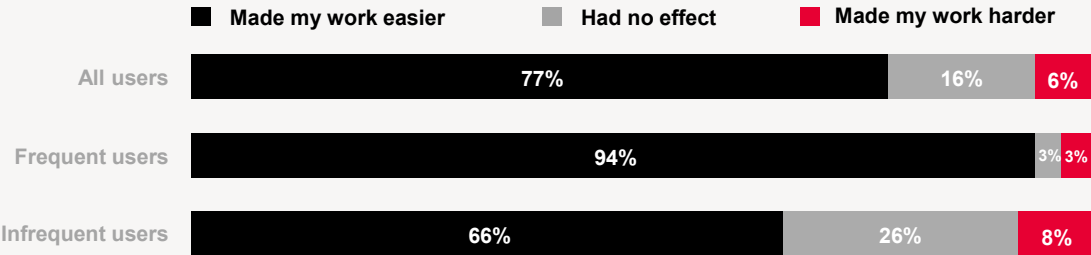
2026 AI in Professional Services Report, Thomson Reuters



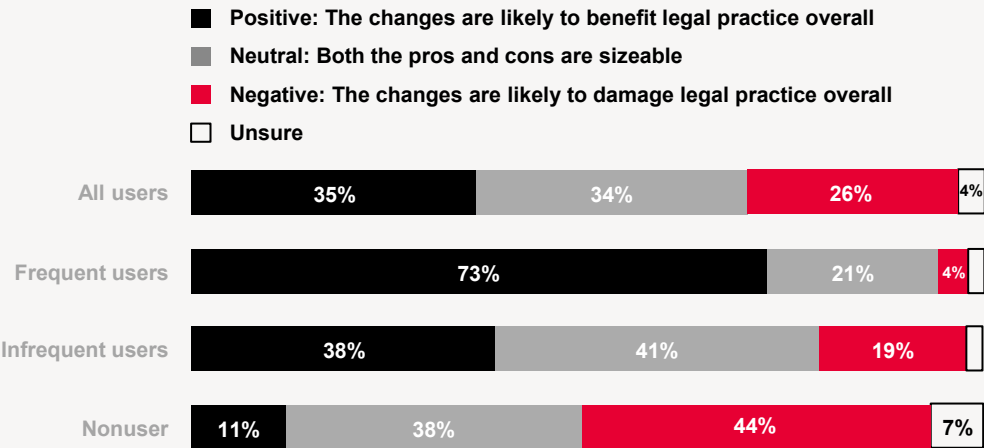


The More Lawyers Use AI, The More They Love It

Has your own use of generative AI for any purpose made your work easier, harder or had no effect?



Which of the following best captures your sentiment towards AI adoption in the legal industry?



Source: Law360 Pulse AI Survey, March 2025

Confidential, not for distribution





New Expectations of Outside Counsel From In-House Legal Leaders

Steven Croley
Chief Policy Officer
and General Counsel
(313) 490-8803

Ford Motor Company
One American Road
Dearborn, MI 48126

June 16, 2023

Dear Law Firm:

As general counsel, I am always looking for ways to improve the efficiency of our legal services.

One of the ways we are doing this is through the delivery of legal services using AI. While this technology will bring significant benefits to our business, it also has the potential to disrupt the legal services market.

Among the benefits of AI are faster analysis, fewer errors, and lower costs. We will all benefit from this technology. We will all help us make the most of this technology. AI is a powerful tool that we have noticed. AI is a powerful tool that we have noticed. AI is a powerful tool that we have noticed.

As our business evolves, we will need to streamline our legal services. We will need to streamline our legal services. We will need to streamline our legal services. We will need to streamline our legal services. We will need to streamline our legal services.

In that context, we are looking for ways to streamline our legal services. We are looking for ways to streamline our legal services. We are looking for ways to streamline our legal services. We are looking for ways to streamline our legal services. We are looking for ways to streamline our legal services.

and reduce the cost of legal service delivery. Specifically, I am eager to hear what specific AI tools your firm is using, how they are helping you streamline your processes, and how they are impacting your fees. I would also like to know how you are using AI to improve the accuracy and consistency of your work. To help facilitate your response, we've prepared a survey ([linked here](#))¹ for your firm to complete.

I appreciate your work and partnership for Ford and look forward to hearing from you.

Sincerely,

Steven Croley
Chief Policy Officer and General Counsel

I'm not only your firm's client. I'm your firm's competitor. I think every day about how I can disrupt your work and bring it in-house.

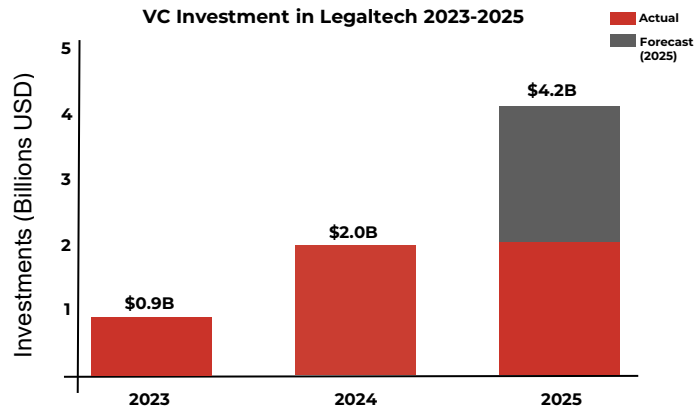
— Darth Vaughn, Ford Motor Co.





VC Investment in LegalTech: The Acceleration of AI Funding

Legal Tech Funding Soars as AI Upstarts Take Over



Steven Lerner · 1st
Senior Reporter at Law360
2h · 🌐



A look at [#legaltech](#) funding by month.

February 2022: \$73.3 million

February 2023: \$67.2 million

February 2024: \$47.9 million

February 2025: \$983.2 million

One of these things is not like the other.



Valerie Chan and 12 others

1 comment

[LinkedIn](#)





AI Speeds Up Timelines Exponentially

SaaS

10 years
\$3B ARR



13 years
\$5B ARR



3 years
\$100M ARR
42% of Am Law 100

AI

~1.5 years
\$3B ARR

**“ Legal AI startup Harvey hits \$100 million
in annual recurring revenue”**

Ashley Capoot • August 04, 2025





AI Is Unlocking New Legal Buyers as Startups Go Direct to Practicing Lawyers



Criminal Defense



Personal Injury



Small and Solo



LAW SITES · MAY 12, 2026 · ROBERT AMBROGI

Anthropic Goes All-In on Legal

More than 20 MCP connectors and 12 practice-area plugins for Claude — the foundation model moving directly into the legal application layer.

20+

MCP connectors
to legal software

12

verticalized
practice-area plugins

4

Microsoft apps
with shared context

THE MOVE

Connectors across the legal stack: Thomson Reuters CoCounsel, Harvey, iManage, NetDocuments, Ironclad, DocuSign, Relativity, Everlaw, Midpage, Trellis, Box, Datasite.

Verticalized plugins: Commercial, Corporate, Employment, Privacy, Product, Regulatory, AI Governance, IP, Litigation — each with a setup interview for playbooks and house style.

Cross-app context in M365 and an access-to-justice arm: Free Law Project, Justice Tech Association, Courtroom5, BoardWise.

THE PATTERN

Foundation model is both underwriting and competing with the app layer. CoCounsel rebuilt on Claude; Claude can now call CoCounsel as a tool.

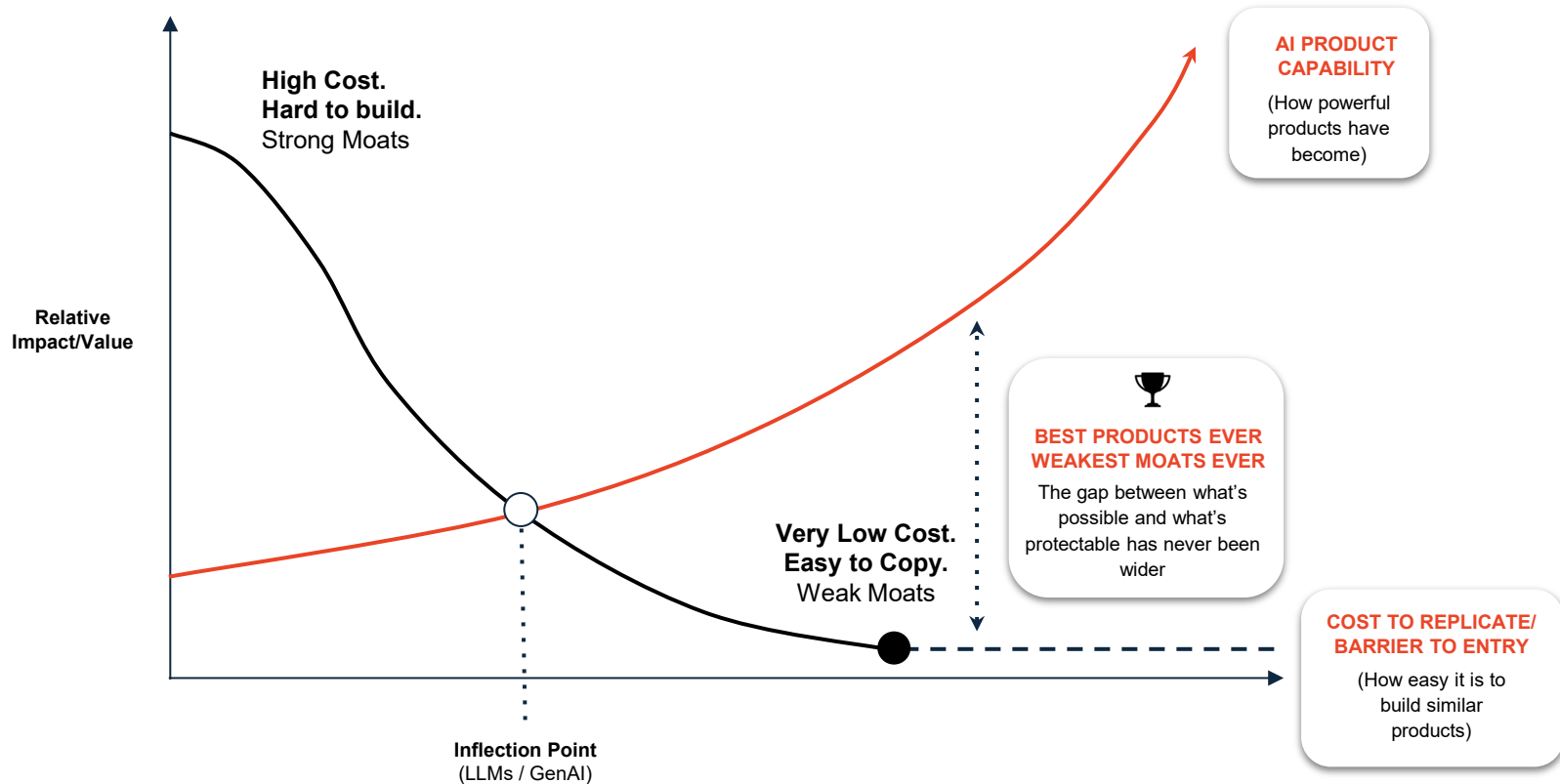
Vendors are integrating, not fleeing. Harvey, Relativity, Everlaw, Thomson Reuters are betting inside the ecosystem beats outside.

Verticalization is the wedge. February's generic plugin was the salvo; today names practice areas as targets — paired with a public-interest framing.



Better Products. Weaker Moats.

AI is making legal tech exponentially better - and exponentially easier to copy.





Cracks in the Wall: The Entry of Capital into Law

“ ***The Rule Change That Could Blow Open U.S. Law***”

APRIL 10, 2025



“ ***KPMG approved to launch US law firm in first for Big Four***”

February 27, 2025



“ ***Medicare patients getting emergency surgery in private-equity hospitals are 42% more likely to die in the next 30 days. What's going on?***”

May 17, 2025



NEWS RELEASE

Arizona Supreme Court
Administrative Office of the Courts



Contact: Alberto Rodriguez
Phone: 602-452-3656
Mobile: 602-448-8412
Email: arodriguez@courts.az.gov

Feb. 27, 2025

Arizona Leads the Way in Expanding Access to Justice with KPMG Law US, LLC Approval

PHOENIX – The Arizona Supreme Court has approved KPMG Law US, LLC as an Alternative Business Structure (ABS), reinforcing the Court’s commitment to making legal services more accessible to Arizona residents.

The Court’s Committee on Alternative Business Structures carefully reviewed KPMG Law US, LLC’s application and, without objection, recommended approval, with conditions. As with all ABSes, KPMG Law US, LLC must conduct audits twice a year to ensure it follows the Court’s requirements. After each audit, the firm must keep a written report of its findings.

Also, to further ensure client confidentiality, the Court has set specific conditions for KPMG Law US, LLC. Notably, KPMG Law US, LLC is not allowed to provide legal services to clients for whom KPMG LLP or other KPMG network firms perform financial audits or attestations.

This approval places Arizona’s ABS program in the national and global spotlight as a groundbreaking approach to providing legal services. Arizona’s courts continue to lead the nation in innovative solutions to improve access to justice. The ABS program, along with initiatives like Legal Paraprofessionals, Legal Advocates, Community Justice Workers, and the Arizona Lawyer Apprentice Program, demonstrates the state’s dedication to bridging the justice gap.

The Arizona Supreme Court approved KPMG Law US, LLC’s licensure on Feb. 27, 2025. View Administrative Order 2025-43 [here](https://www.azcourts.gov/cld/Alternative-Business-Structure). To learn more about the ABS program, please visit [azcourts.gov/cld/Alternative-Business-Structure](https://www.azcourts.gov/cld/Alternative-Business-Structure).

Learn more about Arizona’s judicial branch by visiting [azcourts.gov](https://www.azcourts.gov). Follow us on X, formerly Twitter: @AZCourts and on Facebook: @ArizonaSupremeCourt.





IN THE SUPREME COURT OF TENNESSEE
AT NASHVILLE

FILED

09/16/2025

Clerk of the
Appellate Courts

**IN RE: PUBLIC COMMENTS ON POTENTIAL REGULATORY
REFORMS TO INCREASE ACCESS TO QUALITY LEGAL
REPRESENTATION**

The Court is interested in reassessing its approach to regulation of the legal profession to ensure that all Tennesseans have access to affordable quality legal services.

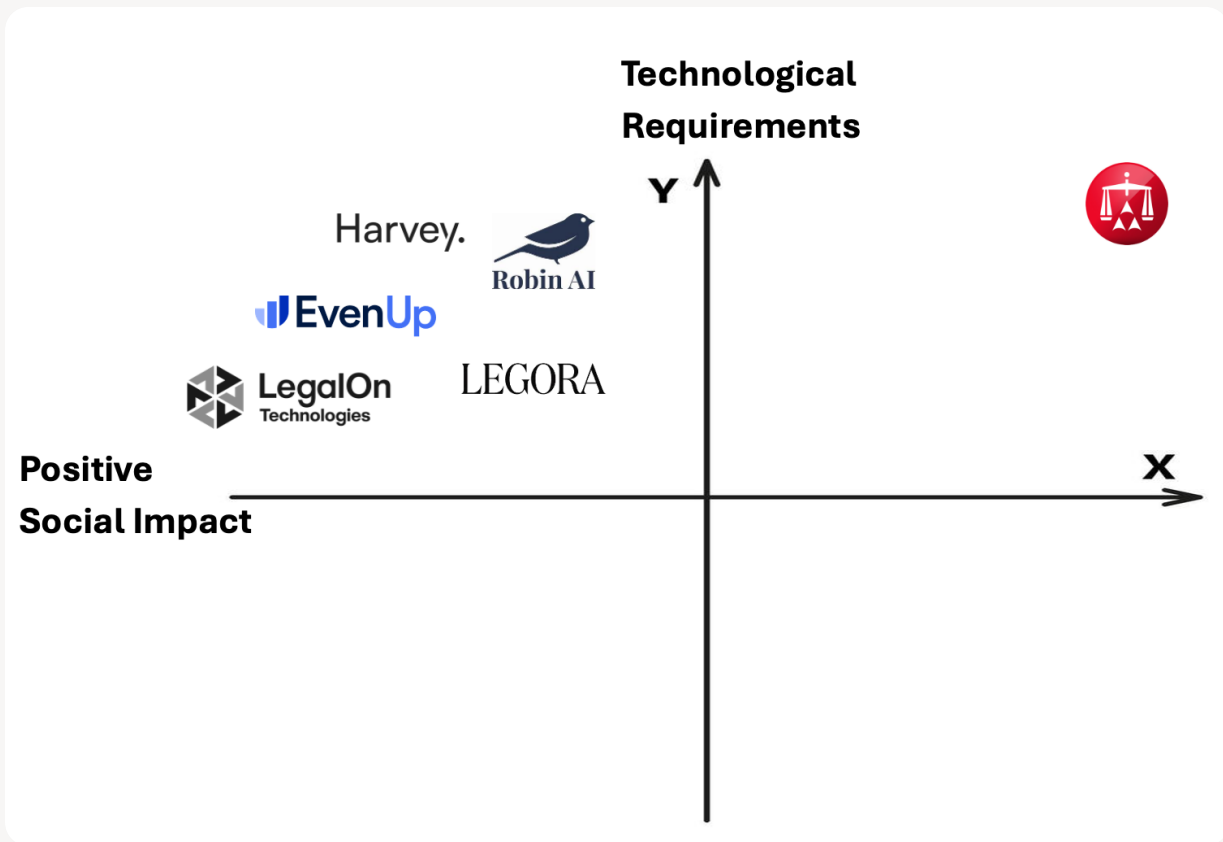
The Court therefore hereby solicits written comments from the Tennessee Board of Law Examiners, the Tennessee Access to Justice Commission, law schools and other educational institutions, the academic community, professional organizations, members of the Bar, and the public concerning the following issues:

**"Whether the Court
should modify, reduce,
or eliminate regulations
prohibiting non-lawyer
ownership of law firms
or fee sharing with
nonlawyers."**





AI is the perfect match for
dispute resolution.





Action Leads to Information



Driving Investigation & Experimentation

- 300+ ChatGPT Enterprise licenses
- vLex Vincent used by Intake and Consumer Teams
- 3 pilots with panelists last 18 mos. (CoCounsel, vLex, Clearbrief)
- Clearbrief partnership
- GenAI courses and monthly town halls for staff
- Close to 100 AI ideas from staff



AI-Enabled Point Solutions

BUILT IN-HOUSE



ClauseBuilder.AI

Automated clause drafting and contract intelligence



AAAI Panelist Search

Internal & External panelist discovery and matching



AI Chatbots

HR Assistant · Case Filing Assistant · AAA Rules



WebFile & eCenter AI

Document Summary, Q&A, and AI-powered case support



Scheduling Order

Automated scheduling with lessons-learned feedback loop

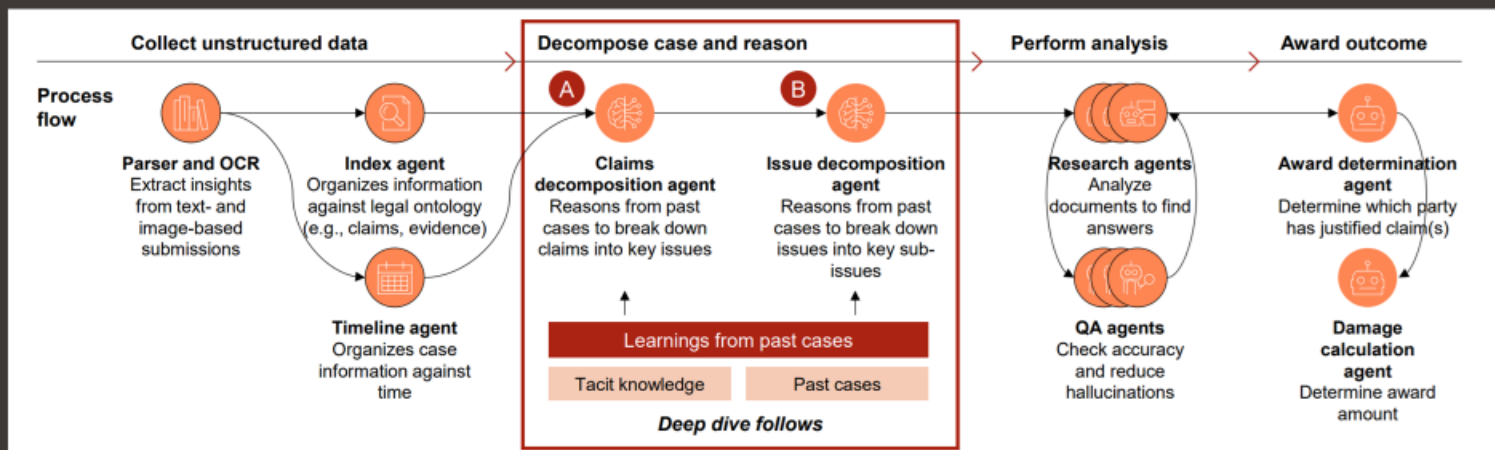


Information Leads to Action





How the AI Arbitrator Thinks — Agentic AI in Action



Performance and accuracy benchmarked against human-awarded cases; consistently falls within human parity range

1. Parses claims & evidence from party submissions
2. Synthesis facts & analyzes claims
3. Identifies issues in dispute
4. References proprietary 'handbooks' for reasoning guidance (paths to examine the evidence)
5. Evaluates evidence
6. Makes claims determinations and determines award amounts



Roadmap

Phase 1: AI Arbitrator Initial Launch
Construction only (Fall 2025).

Phase 2: Expanded AI Arbitrator Capability
Resolution Simulator (Mid-2026).

Phase 3: AI Mediation Tools/AI Mediator (YE 2026).

Phase 4: AI-native Case Management
With Party-driven AI optionality (YE 2027).



Hallucinations Are a Feature, Not a Glitch

- Built into how LLMs work
- Eliminating it entirely degrades performance
- Over-constraint reduces creativity and generalization

Calibrated Language Models Must Hallucinate

Adam Tauman Kalai*
OpenAI

Santosh S. Vempala†
Georgia Tech

March 21, 2024

Abstract

Recent language models generate false but plausible-sounding text with surprising frequency. Such “hallucinations” are an obstacle to the usability of language-based AI systems and can harm people who rely upon their outputs. This work shows that there is an inherent statistical lower-bound on the rate that pretrained language models hallucinate certain types of facts, having nothing to do with the transformer LM architecture or data quality. For “arbitrary” facts whose veracity cannot be determined from the training data, we show that hallucinations must occur at a certain rate for language models that satisfy a statistical calibration condition appropriate for generative language models. Specifically, if the maximum probability of any fact is bounded, we show that the probability of generating a hallucination is close to the fraction of facts that occur exactly once in the training data (a “Good-Turing” estimate), even assuming ideal training data without errors.

One conclusion is that models pretrained to be sufficiently good *predictors* (i.e., calibrated) may require post-training to mitigate hallucinations on the type of arbitrary facts that tend to appear once in the training set. However, our analysis also suggests that there is no statistical reason that pretraining will lead to hallucination on facts that tend to appear more than once in the training data (like references to publications such as articles and books, whose hallucinations have been particularly notable and problematic) or on systematic facts (like arithmetic calculations). Therefore, different architectures and learning algorithms may mitigate these latter types of hallucinations.

1 Introduction

The surprisingly high rate at which Language Models (LMs) generate false information, such as references to non-existent article titles, has recently emerged as a critical issue. The popular term *hallucination* is defined in the Merriam-Webster (2023) dictionary as “a plausible but false or misleading response generated by an artificial intelligence algorithm.” In one case, lawyers were fined \$5,000 for submitting legal research containing hallucinated legal cases that they believed were correct (Shin, 2023). In healthcare, hallucinations could be life threatening to patients and physicians are concerned about malpractice cases (Mello and Guha, 2023). Furthermore, hallucinations have been widely reported on by the media (Weise and Metz, 2023), and the U.S. President recently put out an Executive Order calling for, among other things, safeguards against misleading outputs from generative AI systems (Biden, 2023). This paper presents statistical lower-bounds on the rate of

*This work was done while the author was at Microsoft Research. Email: adam@ka1.ai

†Supported in part by NSF award CCF-2134105 and a Simons Investigator award. Email: vempala@gatech.edu













From Prompt → Context → Harness

2023-2024

**AI PROMPT
ENGINEERING**

2025

**CONTEXT
ENGINEERING**

2026

**HARNESS
ENGINEERING**

**We're no longer prompting models,
we're orchestrating systems**







Grounding AI in Mission





Frances Kellor, the AAA's First Executive VP, was a Pioneering Powerhouse

"I always favored women's suffrage but only tepidly until my association with women like Jane Addams and Frances Kellor."

- **President Theodore Roosevelt**

- Graduated Cornell Law in 1897
- Active in multiple presidential campaigns
- Influential advocate in women's suffrage & physical education
- Immigration reform
- Unseated scientific racism





The American Arbitration Association Was Founded to Prevent War and Violence

“High hopes were held that this Court might prove an instrumentality for the *prevention of future wars*. But one fundamental omission was made. No provision was made for *cultivating the spirit of arbitration* or for educating either governments or their people in the knowledge and use of arbitration.”

Frances A. Kellor
American Arbitration





Better Dispute Resolution for all

“In 1926 the Association faced the challenge: arbitration was to continue either within the narrow confines of arbitration law and trade groups or it was to be free to **serve mankind whenever and wherever it was needed**. It was either to be made accessible to all the people or to remain the privilege of the few.”

Frances A. Kellor,
American Arbitration





“There should be an institution that brings tranquility and happiness out of the chaos which disputes make in the lives of men and of nations.”

Frances Kellor,
American Arbitration





The American Civil Justice System is a massive market failure.

75%

of civil dispute involves at least one party without a lawyer

92%

Of parties in civil disputes cannot afford legal representation

*Source : 2022 Justice Gap Study, Legal Services Corporation, Executive Summary,
2022 Justice Gap Study by the Legal Services Corporation (LSC)*

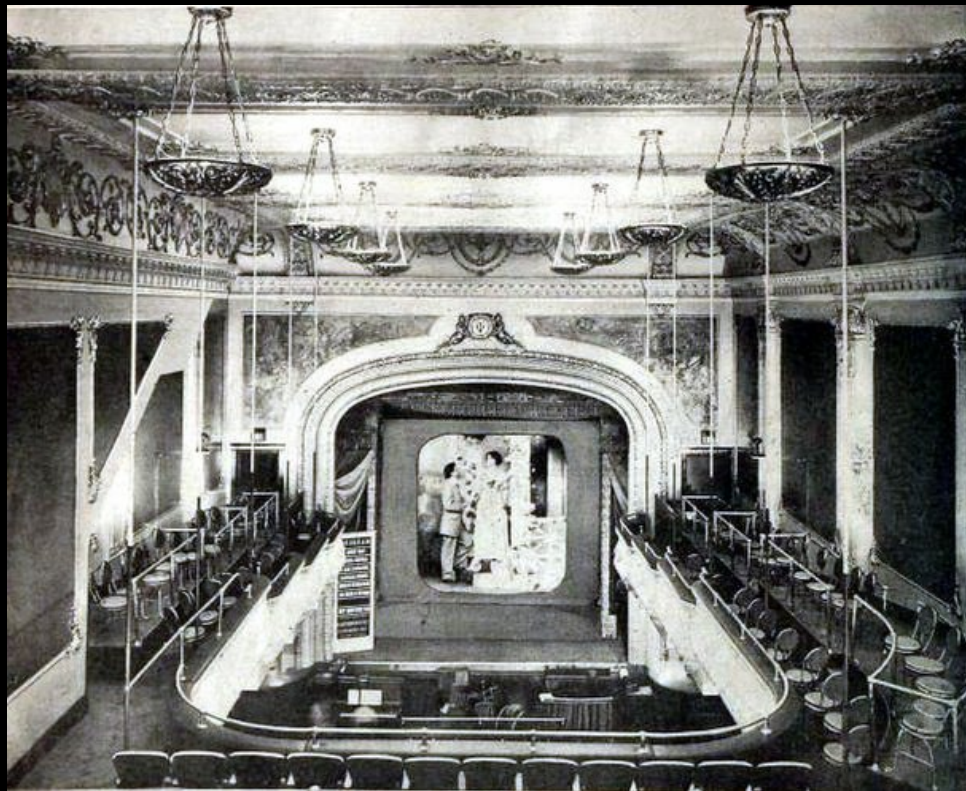
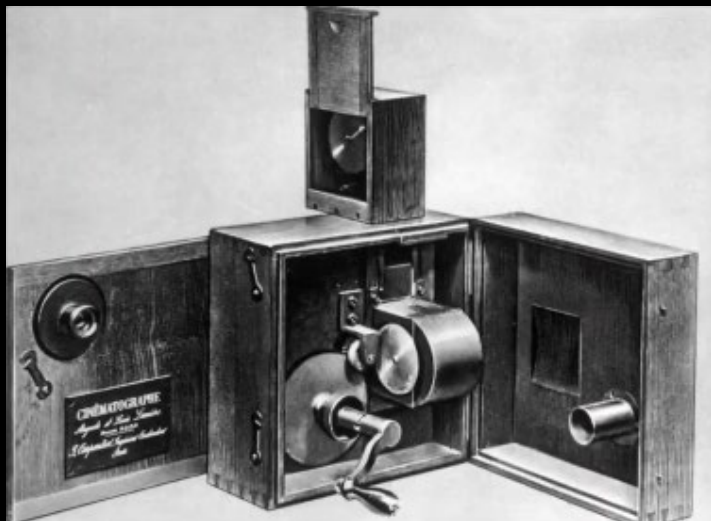




The New Rules Of AI



the
LUMIÈRE
BROTHERS'
FIRST FILMS



Lumiere Cinematographe

“The electric light did not come from the continuous improvement of candles.”

(Oren Harari)





“There should be an institution that brings tranquility and happiness out of the chaos which disputes make in the lives of men and of nations.”

Frances Kellor,
American Arbitration



Thank you.

