

PRESS RELEASE

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Subject	Technology Transformation: Managing Risks in a Changing Landscape

AI is a key area of growth for corporates but will bring an increased risk of disputes

- *The types of disputes expected over the next three years are different to the past three and reflect developments in technology and the legal world.*
- *More than half (56%) of corporate counsel and risk managers expect to see an increase in AI-related disputes.*
- *As well as likely creating a demand for new forms of dispute resolution, AI may also help enhance and streamline existing dispute resolution processes.*

London – Almost seven in ten (69%) corporate counsel and risk managers say that their organisation will make greater use of new technologies such as artificial intelligence (AI) over the coming years. This is one of the key findings of a survey of over 500 corporate counsel and risk managers from multiple industries around the world that has been published in *Technology Transformation: Managing Risks in a Changing Landscape*, a new technology report from international law firm CMS.

However, the use of new technologies also carries risks. More than half (56%) of respondents expect to see an increase in AI-related disputes, while half (50%) believe that the use of AI technologies will give rise to risks and disputes that cannot currently be foreseen.

Dóra Petranyi, Co-Head of the CMS TMC Group, said: “*Companies pressing ahead with investment in technology can lose focus on the respective risk management concerns. Legal teams need to prepare for a future in which swift but considered responses to growing technology risks are the norm.*”

The next three years will see new types of disputes

The sources of disputes expected over the next three years are different to the past three and reflect developments in technology and the legal world.

Respondents point to compliance and regulatory issues (65%); performance or service levels of IT suppliers and outsourcing partners (61%); and intellectual property (IP) and trade secrets (52%) as key sources of disputes over the past three years.

However, over the next three years, respondents expect disputes to be driven by issues arising from IP and trade secrets (62%); issues arising from the use of AI (56%), smart contracts (55%) and cryptocurrencies (52%); and cloud services (51%).

Lee Gluyas, Partner, CMS, said: *“Organisations are likely to see new types of risks and disputes emerge from the use of new technologies such as AI and cryptocurrencies. Many businesses are playing catch-up in understanding the risks associated with these new technologies. Whilst no business can eliminate risks completely, those that think ahead, plan early and actively manage risk will give themselves a substantial advantage.”*

New forms of dispute resolution are needed

Over half (57%) of respondents agree that new forms of dispute resolution should be used to resolve disputes arising from new technologies, whilst only a third (34%) expect that disputes arising from AI technologies would follow the same principles as non-AI disputes. This highlights a potential dissatisfaction with current methods of dispute resolution and a question of whether they are ‘fit for purpose’ for future tech disputes, where multi-vendor, cloud and platform transactions are likely to become more common, where an ‘on-platform’ method of dispute resolution, possibly powered by AI, might be preferred.

Alexander von Bossel, Partner, CMS, said: *“As well as driving the requirement for new forms of dispute resolution, AI is an enabler for the development of dispute resolution processes. The increasing use of data analytics to predict the range of outcomes of a dispute will translate into increased acceptance that algorithms have a role to play in the management of routine stages of a dispute and, in some cases, in the resolution of the dispute.”*

View the complete report here: <https://cms.law/techtransformation>

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About the survey:

Field work for this study was undertaken between February and March 2022, surveying 510 risk managers and in-house counsel from multiple industries around the world. Respondents were screened via telephone and then completed the questionnaire via a web form.

Notes to editors:

Founded in 1999, CMS is an integrated, multi-jurisdictional organisation of law firms that offers full-service legal and tax advice. With more than 75 offices in over 40 countries across the world and more than 5,000 lawyers, CMS has long-standing expertise both in advising in its local jurisdictions and across borders. From major multinationals and mid-caps to enterprising start-ups, CMS provides the technical rigour, strategic excellence and long-term partnership to keep each client ahead in its chosen markets.

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