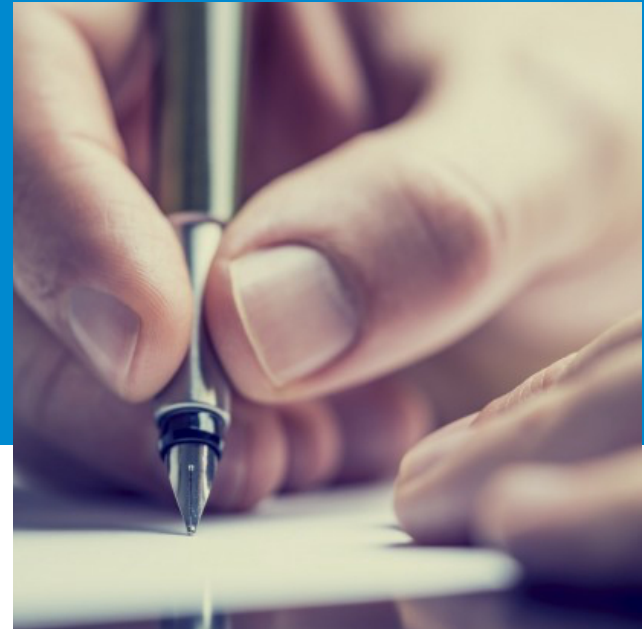


CHANGING APPROACHES TO CONTRACT MANAGEMENT FOR GENERAL COUNSEL



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Contracts are the heart of every business. They determine how much revenue a business's relationships will bring in, and what obligations the business needs to fulfill. Increasingly, the responsibility for managing these vital documents falls on the legal department. As a result, General Counsel and in-house attorneys find themselves waist-deep not just in legal strategy, but the strategy of the business itself.





WHY IT MATTERS

A company that doesn't know what is in its contracts literally doesn't know its own business. One that can't manage its contracts can never reach its full potential.

For General Counsel this is an evolving challenge, because contract management is not a static discipline. It is shaped by larger trends.

KEY TRENDS AFFECTING LEGAL CONTRACTS

1. GLOBALIZATION

With the rise of the Internet and wireless mobile devices, consumers have products and services around the world available at their fingertips at all times. Their preferences create a quickly shifting business landscape in which businesses must act quickly to take advantage of new opportunities. This competition creates pressure to sign contracts faster than ever. Businesses that can accelerate time to signature without sacrificing the quality of their contracts will be well positioned to grow their market share.

2. TECHNOLOGY INNOVATION

New technologies such as Blockchain or Artificial Intelligence have assisted companies with greater transparency into their business and added efficiencies. In order to keep up, businesses are faced with the choice of staying with the status quo, and fear of change, or adapting and taking a competitive advantage.

3. LAWS AND REGULATIONS

Governments have started implementing new laws and regulations tailored to this new digitally driven, global business environment. Many of these involve companies' obligations to protect the sensitive data they retrieve from customers, addressing data privacy, taxation, and governance. One such recent regulation is the General Data Protection Regulation, better known as GDPR, which gives individuals in the EU (European Union) and EEA (European Economic Area) full control over their personal data.

4. ACCOUNTABILITY

As the pace of business has picked up, the complexity of contracts has increased, entailing more detailed reviews from multiple stakeholders which slow execution. Legal teams reviewing contracts are caught between the demand for quick turnaround and their duty to protect the business from unnecessary risk.





OBSTACLES TO EFFECTIVE CONTRACT MANAGEMENT

Alongside these external pressures, General Counsel must grapple with internal factors that interfere with contract management.

1. SILOED BUSINESS PROCESSES AND TECHNOLOGY

When each business unit uses its own siloed technology, the lack of integration between ERP and CMS applications, for example, can easily lead to costly mistakes and delay. Manually copying data from one system to another inevitably leads to error, especially if rushed.

2. CONFLICT BETWEEN SPEED AND COMPLIANCE

As contract proposals come in, business teams generally want to act fast, and legal teams want to make sure every detail is just right, even if that means slowing things down. But when the legal team fills out and reviews contracts by hand, they're likely to make mistakes. The combination of high pressure on one side and a slow, error-prone process on the other is a recipe for bad results.

4.PROFUSION OF COMMUNICATION PLATFORMS

Before a contract is signed, reviewers need to ensure it uses the business's preferred language for particular clauses. Miscommunication, incomplete audit trails, and version-control problems can impede this process. In the worst cases, they can even put the negotiation at risk. Sending contracts through various channels, such as a shared CMS, email, or both, makes it easy for the most recent update to get lost. If new redlines are added to out-of-date versions of the contract, the entire workflow bogs down, and mistakes may slip by unnoticed. Without a system for optimizing and streamlining collaboration and communication, businesses have no effective way to ensure that the final language of a contract reflects their terms and conditions.

5.MANUAL TRACKING OF OBLIGATIONS

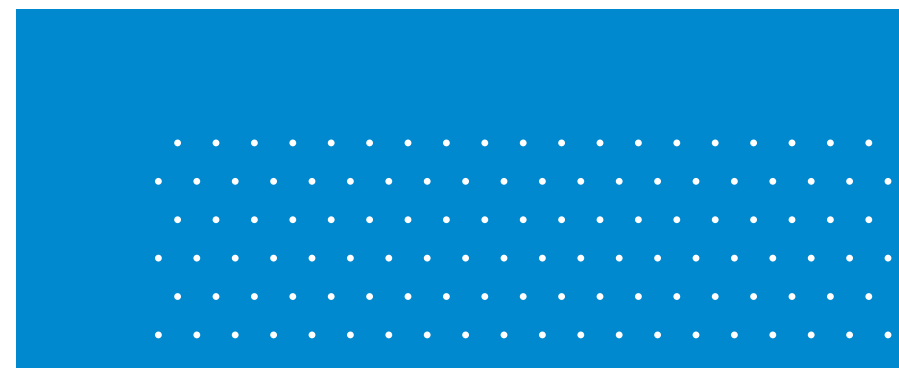
After a contract is signed and executed, tracking the obligations it requires can be difficult in itself. Even with traditional contract management systems, uploading obligations is often time-consuming and inefficient. It's even worse if the obligations are manually input into a spreadsheet and reviewed on an ad-hoc basis.

6.DIFFICULTY ADJUSTING TO REGULATORY CHANGES

As suppliers change and new regulations like GDPR emerge, businesses need to get to grips with their new obligations and take the necessary actions. This is all the more difficult if the entire process is done by hand, and the people involved can't easily locate contracts or figure out which ones need updating. Add in the long, inefficient process of reviewing each contract, and it's likely something will get missed. In a report by the Journal of Contract Management, 71 percent of companies have misplaced up to 10 percent of their contracts.

7. INEFFICIENT ASSESSMENT OF CONTRACT PERFORMANCE

Businesses evaluate the performance of their contracts at regular intervals. But once again, identifying the KPIs for each contract is often a slow, error-prone manual process, making it hard to determine which contracts are underperforming on their obligations.





WHAT TO LOOK FOR IN A CONTRACT LIFECYCLE MANAGEMENT SOLUTION (CLMS)

While contract management poses significant challenges, there are a host of tools for streamlining the process. These are some of the features a General Counsel should look out for in evaluating different solutions.

1. WORKFLOW BUILDER

To accelerate contract creation, a CLMS should also provide the ability to create legal-approved contract templates to encourage self-service contract creation while reducing the need for legal involvement.

2. COLLABORATION TOOLS AND ACCOUNTABILITY MEASURES

To speed review and approval cycles and add accountability and visibility, especially when multiple parties from different businesses and in different business units are involved, look for tools that streamline collaboration, manage version control and have a clear audit trail.



3.CONTRACT REPOSITORY

At minimum, a contract management solution should provide a central repository where the business can store all its contracts from different systems. This will help eliminate the problems of siloed data.

4.OCR AND AI FOR DATA EXTRACTION

In order to know what's in all your contracts fast, new technologies can tag, extract and categorize information to run fast queries and quick analysis. Look for platforms with advanced and proven OCR and Artificial Intelligence capabilities.

5.HOLISTIC SEARCH

A CLMS should also have the ability to read and search every inch of your contracts, from words to charts, even if they are scanned PDFs.

6.CUSTOM REPORTS AND AGREEMENT TRACKING

A CLMS should be able to produce a wide variety of custom reports and agreement tracking. At a glance you would want to see when contracts are set to expire and when auto-renewals will occur, giving you ample time for renegotiation or cancellation. Or quickly run audit reports to support your CFO.

AI TECHNOLOGY MAKING STRIDES

One of the most significant recent advances in contract management is the application of Artificial Intelligence. It may sound like science fiction, but the technology is well-established, and reasonably priced solutions use AI throughout the contract-management workflow, from pre-signature negotiations to post-execution obligation tracking. A good AI-based contract-management solution can boost productivity many times over traditional automation, not to mention manual workflows.

AI isn't as smart as a lawyer, but it never sleeps. It never gets tired. It never forgets. And it's good at making connections. For example, some AI-based solutions can "read" the language of preexisting contracts and suggest appropriate language for new ones, making the drafting process much faster and easier. The best solutions even work with third-party contracts that aren't written on a company's paper. No lawyer could possibly read every contract in the business, keep all their provisions straight, and bring them to light just as they're needed. But that's where AI excels.

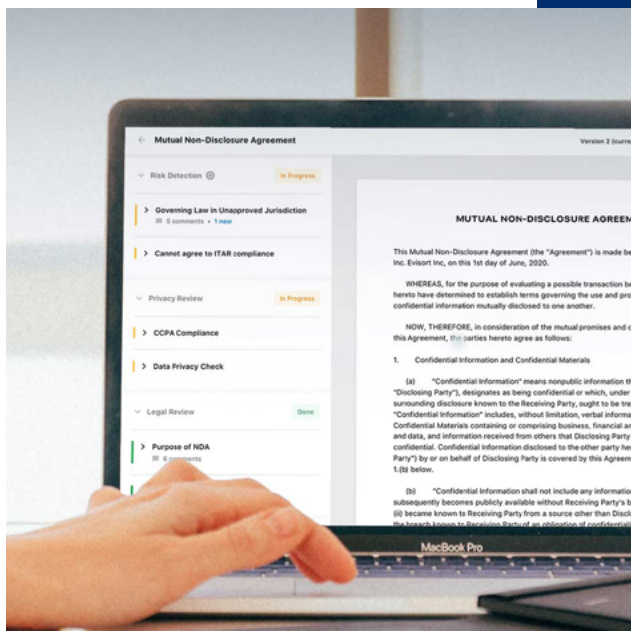


THE EVISORT SOLUTION

Evisort is a good example of a modern, AI-based contract-management solution. It streamlines the contract process end to end, making it easy for businesses and employees to quickly submit time-sensitive documents to legal, procurement, and sales teams while giving managers 100% visibility into the approval process. It provides one location for team collaboration, communication, and approval, so contracts close faster and more accurately than ever before. And it's informed by AI from the ground up, automatically categorizing and extracting clauses from existing contracts, labeling them, and putting them at the legal team's fingertips.

Evisort integrates with virtually any CMS or ERP solution and synchronizes data in both directions, so contracts remain in their original location. New contracts enter Evisort via sync, contract creation, email, or even drag-and-drop and are stored in the designated CMS or ERP.





EVISORT'S STANDOUT FEATURES INCLUDE:



OCR

Evisort's unique optical character recognition (OCR) technology can not only read any document, including third-party papers, tables, and blurry pages, but convert them into a searchable MS Word document.



READINESS OUT OF THE BOX

Training is the bane of many supposedly turnkey AI systems. Evisort comes pre-trained to work with over 230 different kinds of contracts, and to extract more than 50 common provisions and their metadata. Users can train the system to tag additional clauses and provisions and extract the metadata with just a small sample, but customers don't have to wait to get value from Evisort's AI.



ADVANCED DATA SEARCH

Evisort allows for a granular Boolean search; the ability to search multiple data points and combinations at once. Boolean search can help you find what's missing from clauses and documents.



TIME-SAVING EFFICIENCY

Evisort can review a 10-page document in under 60 seconds, saving 99% of the time of traditional manual review. That way lawyers can spend less time on rote work and more time working on matters that directly affect the business.



ALERTS

Evisort can track provisions in contracts and send alerts on certain triggering events, such as renewal and expiration, so contract managers are never caught flat-footed.



RAPID CONTRACT CREATION

Evisort has a workflow builder that creates legal-approved self-service templates based on a massive collection of real-world negotiated contracts, which businesses can use to quickly draft new contracts based on ones that have worked in the past.



ELEVATED COLLABORATION AND ACCOUNTABILITY

Evisort automatically sends the contract to the required approvers, tracks their input, and creates a clear, detailed audit trail detailing everyone who touched the document and what changes they made.



INTEGRATED SIGNING

Evisort integrates with DocuSign and Adobe E-Signature, so when the time comes users can sign documents within the application.



For more details on how Evisort can support your contract creation and workflow approval process visit: www.evisort.com

ABOUT EVISORT:

Founded by Harvard Law and MIT researchers, Evisort leverages artificial intelligence (AI) to help businesses categorize, search, and act on business-driving documents of any type. Evisort's AI understands meaning and context in legal language, eliminating the need for manual data entry and the parsing of contracts and business or legal documents.