CONTRACT LIFECYCLE MANAGEMENT: RIGHT PROCESS, RIGHT SOURCING, RIGHT TECHNOLOGY
Panelists

Jacqueline Davis
VP & Deputy General Counsel, VMware Inc.

Chase D’Agostino
AVP of Corporate Solutions, QuisLex

Suchitra Narayan
VP North America Commercial Legal, Informatica

Delma Locke
Associate General Counsel & Global Legal Leader of New Mobility, Uber
Gartner 2017 Legal Technology and Analytics Survey

**TECHNOLOGY USE**
Percentage Respondents Adopting Technology Tool

<table>
<thead>
<tr>
<th>Technology Tool</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Billing</td>
<td>57</td>
</tr>
<tr>
<td>Ethics Hotline</td>
<td>57</td>
</tr>
<tr>
<td>Compliance Training</td>
<td>54</td>
</tr>
<tr>
<td>Document Management</td>
<td>54</td>
</tr>
<tr>
<td>Subsidiary and Entity Management</td>
<td>48</td>
</tr>
<tr>
<td>IP Management</td>
<td>44</td>
</tr>
<tr>
<td>Contract Management</td>
<td>43</td>
</tr>
<tr>
<td>Matter Management</td>
<td>34</td>
</tr>
<tr>
<td>Records Management</td>
<td>34</td>
</tr>
<tr>
<td>E-Discovery</td>
<td>33</td>
</tr>
<tr>
<td>E-Board Books</td>
<td>28</td>
</tr>
<tr>
<td>Compliance Risk Management</td>
<td>25</td>
</tr>
<tr>
<td>Data Visualization Tools</td>
<td>21</td>
</tr>
<tr>
<td>Litigation Management</td>
<td>21</td>
</tr>
<tr>
<td>Regulatory Development Tracker</td>
<td>8</td>
</tr>
</tbody>
</table>

**ACHIEVING TECHNOLOGY OBJECTIVES**
Value Creation by Technology
Percentage of Respondents Perceiving Value as "Somewhat High" or "Very High"

<table>
<thead>
<tr>
<th>Objective</th>
<th>Document and Matter Management</th>
<th>Contract Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency Improvement</td>
<td>52%</td>
<td>42%</td>
</tr>
<tr>
<td>Quality Improvement</td>
<td>56%</td>
<td>21%</td>
</tr>
<tr>
<td>Cost Reduction</td>
<td>59%</td>
<td>21%</td>
</tr>
<tr>
<td>Client Satisfaction</td>
<td>59%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: CEB 2017 Legal Technology and Analytics Survey.
What to Expect

How to drive simpler, faster, better contracting

Transactional support challenges
Scalable support model
Process reengineering & streamlining
Outsourcing, self-service and automation
What's next?
Catalysts for Change

Manage Increased Transactional Volumes

Team Feedback On Low Value Work

Support Workload Spikes

Focus Team On Strategic Work

- Home grown repository
- Limited searching & reporting
- Manual signatures
- Lack of full text search
- Data integrity issues
- Inconsistent global data entry practices
- No automated contract lifecycle
- Manual approvals and contract generation
- Multiple templates and playbooks

Before Implementing Changes

Automated Contract Lifecycle and Contract Repository
Transactional Transformation: Go Slow to Go Fast

**1. Analyze Workstreams**
- Work type and volumes
- Strategic importance and risk profile
- Complexity level
- Level of effort
- Skill level

**2. Improve Workflows**
- Identify work for Legal to retain
- Prioritize workstreams for automation
- Identify processes to transfer to third parties
- Identify business empowerment opportunities

**3. Transform Workflows**
- Streamline templates
- Develop playbooks
- Build a clause library
- Assign top talent
- Set up Infrastructure Team
- Form Governance Committee
- Reengineer processes
- Streamline approvals
- Empower people
- Focus Legal Team on strategic work
- Build internal Center of Excellence (CoE) or outsource work
- Roll out self-service portals to the Business
- Automate high volume workstreams
- Transfer processes to the Business
- Leverage BI Capabilities – measure progress
- Build change management strategy

Manual Processes
Deployed Technology
Integrated Information
Data Driven Decisions
Predictive Results
## Analyze - Results

### Total Tasks Identified:
- 108

#### Tasks to be Reallocated:
- 88% to be reallocated outside Legal

### Task Distribution:
- Transfer to CoE
- Transfer to LPO
- Transfer to Business
- Remain with Legal

### Example Task Table

<table>
<thead>
<tr>
<th>Short Description</th>
<th>Strategic Importance</th>
<th>Complexity Level</th>
<th>Suitable for Assignment to Quillex</th>
<th>LOE</th>
<th>Risk Profile</th>
<th>Resource Skill Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Transactional - LATF Requests</td>
<td>Medium</td>
<td>Low</td>
<td>Yes</td>
<td>Yes</td>
<td>Low</td>
<td>Jr. Contract Manager</td>
</tr>
<tr>
<td>Channel Commercial Agreements</td>
<td>High</td>
<td>Low</td>
<td>Yes</td>
<td>Yes</td>
<td>Low</td>
<td>Paralegal / Contract Administrator</td>
</tr>
<tr>
<td>Channel Commercial Agreements (Cont.)</td>
<td>Medium</td>
<td>Low</td>
<td>Yes</td>
<td>Yes</td>
<td>Low</td>
<td>Paralegal / Contract Administrator</td>
</tr>
<tr>
<td>Services Agreement</td>
<td>Medium</td>
<td>Low</td>
<td>No</td>
<td>Yes</td>
<td>Low</td>
<td>Business</td>
</tr>
<tr>
<td>Sales Transactional - Participation Agreements</td>
<td>Medium</td>
<td>Low</td>
<td>No</td>
<td>Yes</td>
<td>Low</td>
<td>Jr. Contract Manager</td>
</tr>
<tr>
<td>Translating company policies, contracts, training material</td>
<td>High</td>
<td>Low</td>
<td>No</td>
<td>Yes</td>
<td>High</td>
<td>Jr. Contract Manager</td>
</tr>
</tbody>
</table>
**Build Scalable Transactional Support Model**

- Align FTEs to strategic work
- Leverage internal contract resources
- Outsource workstreams to outside counsel, LPO as appropriate
- Empower & reallocate work to the Business
- Automate high volume workstreams
- Use BI to measure progress
- Invest in change management

**Enhance Templates & Simplify Workflow**

- Streamline templates and develop playbooks
- Build a clause library
- Assign top talent, set up infrastructure team
- Align templates and process globally
- Reengineer process, streamline approvals & empower

**Analysis Complete**
What We Outsourced & Transferred

**LPO**
- Contract uploading
- Metadata & NST tracking
- Template & clause library
- Tool testing and user support

**Center of Excellence (CoE)**
- License, hardware, channel, professional services and procurement agreements
- NDA lifecycle management
- LATFs
- Drafting & redlining
- Support to Deal Management Team

**Outsource to Business**
- Open source software reviews
- Partner due diligence
- Standard Drafting

**Compliance**
- Open source software review
- Business Courtesies requests

**Other**
- Legal Ops support
## Transactional Transformation: Leveraging Automation

### Implementation Approach
- Gather baseline metrics & set KPIs
- Legacy repository user survey
- Vendor RFP & sandbox evaluations
- Global user group
- Requirements gathering & multiple user design sessions
- Change management strategy
- Phased roll out; start with a pilot
- Comprehensive user training
- Regular communications and updates
- Post-go live trainings, “office hours” and surveys

### Enterprise Contract Repository
- Less than **2 minutes** to find a contract - robust searching & reporting
- Standardized global data entry and uploading process
- Added **~50** new metadata fields for BU functions
- **80** Non-Standard Terms (NSTs) tracked
- **186K** metadata fields cleansed
- **85K** agreements OCR’d & migrated
- **36** enhancements implemented based on user feedback

### Enterprise Contract Management Tool
- **50% down** in drafting cycle time
- Deal velocity by reducing playbook escalations by 74%
- **~4K** ELAs processed through end-to-end lifecycle annually
- Self-service library of templates & clauses
- Visibility into contract status
- Full audit history
- eSignature usage
- **Empowerment to Business functions**
- Reporting & metrics dashboard
- **69** enhancements implemented based on user feedback
Enterprise License Agreement (ELA) Lifecycle: Sample Dashboard

**ELA Growth Rate (within Geo) Year 1 – Year 2**

- AMER: Y1, Y2
- EMEA: Y1, Y2
- APJ: Y1, Y2

**% of ELAs Signed with Cloud Services**

- AMER: x%
- EMEA: x%
- APJ: x%

**% of Signed ELAs Requiring Legal Support by Geo (Across Geos) = 18%**

- AMER: x%
- EMEA: x%
- APJ: x%

**QoQ Average Cycle Time – In Authoring to Signed by Geo (Days)**

- AMER: 42.3, 46.2
- EMEA: 21.0, 20.5
- APJ: 20.0, 16.9

**% of All ELAs within Geo with Top 5 NSTs**

- Outside Purchase Conditions: AMER = 18%, EMEA = 20%, APJ = 40%
- Payment Terms: AMER = 20%, EMEA = 20%, APJ = 43%
- Affiliates Included: AMER = 7%, EMEA = 16%, APJ = 38%
- Global Deployment Rights: AMER = 5%, EMEA = 11%, APJ = 6%
- Assignability Restrictions: AMER = 3%, EMEA = 11%, APJ = 3%
Self-Service NDA Portal on Mitratech ThinkSmart Automation Platform

1. Ease of Doing Business
   - Nimble and agile process – capability to sign “anywhere/anytime”
   - Single touch point access for NDAs and NDA support

2. Real Time Visibility / Audit History / Compliance
   - Signature status tracked during process
   - Automated email reminders
   - Complete audit trail
   - Decreased exposure of premature disclosure of confidential information

3. Time & Cost Avoidance
   - Reduction in negotiations
   - Reduction in human error / tamper proof documents

~1800 Self-Service Requests Annually
AI + HI = Collective Intelligence

NDA Portal Enhanced with AI

AI + HI = Collective Intelligence

Triage using AI Tool

Risk Assessment & Variance

High Risk & Variance

Low Risk & Variance

NDA Terms acceptable?

Yes

No

Pre-Signed NDA Sent to Counterparty

NDA Routed to AI Tool for First Pass Review by ALSP

Route for Negotiations

eSignature Process

Requestor Fills in NDA Request Form

eSignature Process

Automatically store NDA in Repository

LegalSifter

LPO

Request Form

Yes

No
AI for First Pass Review of an NDA

Step 1: Define concepts that are not acceptable (i.e., flag if found) and those that are required (i.e., flag if not found)

Step 2: Define concepts that are required (i.e., flag if not found)

Step 3: Add guidance

Step 4: Define concepts that should always be reviewed when found against guidance

Step 5: Upload document to be analyzed

Step 6: AI identifies clauses and applies acceptance criteria

Step 7: Opportunity to skip acceptable clauses

Step 8: Unacceptable clauses flagged for review

Step 9: Guidance / help text displayed to streamline review
What is Real Today?

Artificial Intelligence
• Trained AI Models for Abstraction of Key Clauses
• Identify Clauses Against Template/Playbook
• Quantify Differences
• Intelligence Agents

Not Really AI… but Still Really Cool
• Smart Intake Forms
• Risk Scoring and Routing of Requests
• Generation of Agreement
• Escalations and Approvals
• Integrated e-Signature for Complete Self Service
In the Beginning……..

Bible: There was light

Vedas: There was sound

Contract Lifecycle Management:

• Data
• Planning (Priorities, Process re-engineering, Phases)
• People (Change Management)
• Perseverance!

“Start where you are Use what you have Do what you can”
Arthur Ashe
## Data for Planning Purposes

<table>
<thead>
<tr>
<th>Contract Infrastructure</th>
<th>Other Relevant Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Types of contract and transactional documents, for example:</td>
<td>• Executed contracts - document and data repositories</td>
</tr>
<tr>
<td>• NDA</td>
<td>• Number of systems and scope and location of use (also fields and definitions, which are typically inconsistent across systems)</td>
</tr>
<tr>
<td>• Evaluation</td>
<td>• User organizations - centralized or distributed</td>
</tr>
<tr>
<td>• End customer</td>
<td>• Workflows</td>
</tr>
<tr>
<td>• Partner</td>
<td>• Volumes</td>
</tr>
<tr>
<td>• Procurement</td>
<td>• Value (Revenue or spend)</td>
</tr>
<tr>
<td>• Order forms or POs</td>
<td></td>
</tr>
<tr>
<td>• Template variants-for example, how many different NDAs do you have (and why)</td>
<td></td>
</tr>
<tr>
<td>• Instructions, playbooks, training</td>
<td></td>
</tr>
<tr>
<td>• Complexity</td>
<td></td>
</tr>
</tbody>
</table>
## Planning (Priorities, Process Re-engineering, People)

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Process Re-engineering</th>
<th>People</th>
</tr>
</thead>
</table>
| • Look for quick wins  
• Start with less complex, lower value/risk templates and workflows | • Drafting:  
   o Consolidate, simplify and update templates  
   o Version control (in footer)  
   o Naming convention  
   o Centralized repository of current and archived templates  
   o Locked versions for internal clients and third parties  
• Negotiation:  
   o Create or update instructions and playbooks  
   o Streamline and document workflows and approvals  
• Repositories:  
   o Contract numbers (start with a spreadsheet!)  
   o Standardized (intelligent) file names and third party naming convention  
   o Contract data capture (standardized interpretations and summary format) | • Ongoing engagement and change management for business, finance and other stakeholders who must:  
   o Provide input on the proposed changes  
   o Agree to give up review/approval authority  
   o Accept “self service” or changed legal support models |
**Planning: Improved and More Consistent Data Capture**

<table>
<thead>
<tr>
<th>Legal</th>
<th>Finance</th>
<th>Sales</th>
<th>Products</th>
<th>Services</th>
</tr>
</thead>
</table>
| • Parties (Named contracting entities)  
  • Agreement = master agreement | • Parties (Global DUNs; Ship to and Bill to)  
  • Agreement = transaction | • Parties (Accounts)  
  • Agreement = agreement or transaction record in CRM | Wants to know:  
  • Actual products and services purchased by customer  
  • Margin (COGS and revenue)  
  • IP ownership | • Parties (Service Locations)  
  • Agreement = support contract or consulting SOW |
| Wants to know:  
  • License scope  
  • IP ownership  
  • Liability  
  • Indemnity | Wants to know:  
  • Margin (COGS and revenue)  
  • Issues impacting rev rec:  
    ✓ Committed engineering changes  
    ✓ Acceptance or mandatory installation  
  • Warranty start date  
  • Reserves | Wants to know:  
  • Actual products and services purchased by customer  
  • Tech refresh or service renewal opportunities  
  • Revenue and Margin  
  • Issues impacting rev rec (could affect comp) | Wants to know:  
  • Level and continuity of support services  
  • Ability to increase recurring fees | |

What data matters and how can we capture and track data consistently across systems?
### Word Processing Application

- **Drafting:**
  - Template naming convention
  - Version control (in footer)
  - Readability metrics
- **Negotiation:**
  - Redline/Compare
  - Protecting documents
  - “Subject to Approval” and “Execution” versions
- **Retention**
  - Intelligent file names
  - Third party name/date in footer

### Spreadsheets

- Tracking contract numbers
- Metrics

### Shared Folders

- **Template and contract infrastructure repository**
  - Ensures use of most current forms
  - Knowledge capture (fallbacks, best practices)
- **Contracts repository**
  - Limited data capture

### Esignature Tool

- Ease of execution and improved execution cycle time
- BUT centralization and other process changes can give you additional benefits, such as:
  - Visibility (tracking status)
  - Improved “quality” (encryption reduces need for manual review to detect/prevent unauthorized changes)
**Technology**
- Obtain executive sponsorship
- Align project to business priorities
- Define success metrics upfront and establish baseline
- RFP and sandbox environments
- Enable users to design and test tool
- Don’t overly customize or hard code approvals
- Resist big bang launch – start with a pilot
- Develop automated clause library (not automated templates)
- Hire internal tool experts for ongoing maintenance
- Build partnership with your vendors

**People**
- Sell vision to the team
- Listen to users – solve their problems
- Involve champions and “naysayers”
- Assign top talent to project
- Invest in change management strategy (including comprehensive training program)
- Celebrate small wins
- Invest in alternative service provider / LPO relationships (extended arm of the team)

**Process**
- Undertake reengineering and streamlining effort
- Standardize templates (use “your paper”) and align globally
- Incorporate Global Contract Signature Policy
- Consider contract risk scoring method
- Establish Contracts Committee and review process
- Create and maintain contract playbooks
- Develop well thought out “boilerplate” clauses
- Train business colleagues to understand contracts
Questions?