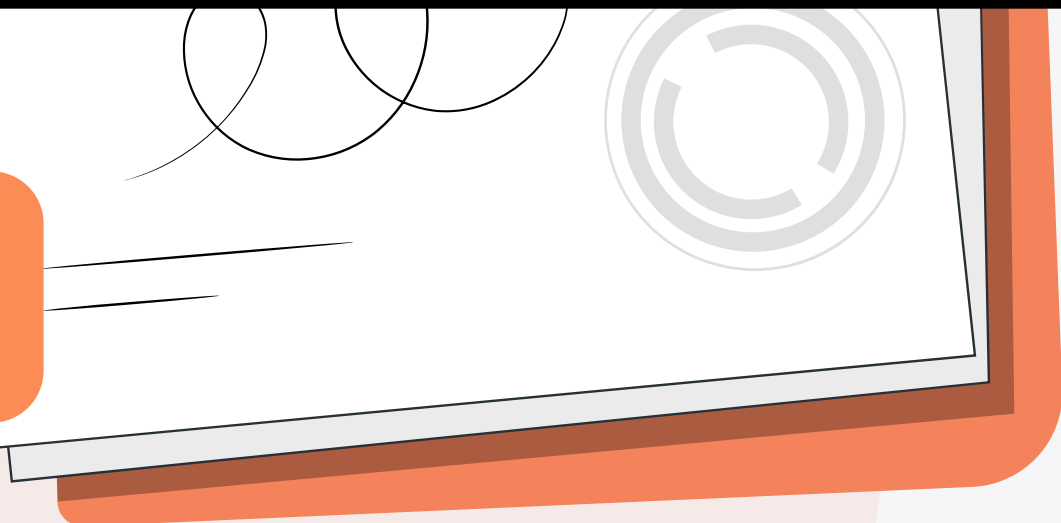# DocJuris

CONTRACT

Guide to contract review: Checklist and best practices

Contract review is a mission-critical process that directly impacts risk, compliance, and the success of every business relationship. Whether finalizing a new partnership, purchasing assets, or outsourcing services, the terms you agree to shape outcomes—and without a thorough review, hidden risks or unfavorable clauses can go unnoticed.

This guide walks you through the essential steps of an effective contract review process, complete with a checklist to help legal teams evaluate obligations, approval workflows, and potential red flags. With tools like DocJuris—offering AI-powered playbooks, one-click markups, and negotiation heatmaps—legal professionals can review contracts faster, reduce risk, and secure more balanced agreements.

Main takeaways from this article:

✓ A systematic contract review process helps identify risks, ensure compliance, and establish fair agreements. An effective checklist covers every aspect, from contract parties to execution signatures, ensuring detailed scrutiny.

✓ Best practices focus on collaboration, tracking changes, and optimizing speed and accuracy in contract reviews.

✓ AI offers significant benefits, including enhanced accuracy, faster reviews, and reduced costs, elevating negotiation capabilities.

✓ Leveraging an AI contract review solution like DocJuris streamlines the review process by improving accuracy, expediting reviews, and reducing costs, all of which contribute to enhancing the negotiation process.

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What is contract review?

Contract review is the systematic process of examining agreements to ensure clarity, legal compliance, and alignment with business objectives. It involves assessing the terms and conditions laid out in these agreements, identifying potential risks, and confirming that they meet regulatory standards. The review process, particularly business contract review, often involves multiple rounds of edits, negotiations, and sign-offs.

Who is involved in the contract review process?

The individuals involved in contract review vary between organizations, but typically, the process includes:

- **IT and Information Security (InfoSec):** These teams review contracts involving third-party software or data to assess security risks and ensure compliance with internal protocols. They're often the first reviewers when a stakeholder initiates an engagement with an external vendor.
- **Legal counsel:** Contract review attorneys, whether from in-house legal teams or external law firms, play a significant role in examining legal language, ensuring regulatory compliance, and limiting liability exposure.
- **Business stakeholders:** Department leaders, project managers, or the individual responsible for fulfilling the contract's obligations offer operational insight. They confirm feasibility, timelines, and whether the contract terms align with actual project plans.
- **Finance and accounting teams:** These teams analyze the financial aspects, such as payment terms, pricing, discounts, penalties, and revenue recognition details, to ensure consistency with the organization's budgeting and financial policies.
- **Procurement or supply chain management:** If you're dealing with vendor or supplier agreements, procurement teams help align the contract with vendor selection criteria and cost-savings goals.

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- **Compliance officers:** For organizations in highly regulated industries (like healthcare or finance), compliance officers check that all regulatory requirements are met.
- **Executives or decision-makers:** They provide final approvals and ensure the contract's alignment with overall business strategy and objectives.

Six stages of the contract review process

While every agreement is unique, most contract reviews can be broken down into six essential stages. Each phase plays a critical role in building a clear, enforceable, and mutually beneficial agreement.

1. Initial review and assessment

The process begins with a high-level review to understand the contract's purpose, structure, and core terms. This includes identifying the parties involved, the type of agreement, the effective dates, and the primary objectives. At this stage, the goal is to establish context and flag any immediate red flags or missing elements before diving deeper.

2. Detailed clause-by-clause analysis

With the foundational understanding in place, reviewers examine each clause in detail. This step is where the real scrutiny begins—spotting vague language, imbalanced terms, or conflicting provisions. Key areas of focus include deliverables, payment obligations, termination rights, dispute resolution, confidentiality, and representations and warranties. The goal is to ensure clarity, fairness, and legal soundness throughout the document.

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3. Risk assessment and mitigation

No contract is without risk—but identifying those risks early is essential. This stage involves evaluating potential exposures, such as indemnity clauses, liability caps, and compliance obligations. Reviewers consider both legal and operational risks and recommend mitigation strategies—whether through revised language, insurance requirements, or internal safeguards.

4. Negotiation and modification

Based on the analysis and risk review, legal teams prepare proposed changes and begin negotiations. This phase requires strategic thinking to adjust unfavorable terms, clarify vague contract terms or provisions, and better align the agreement with your organization's goals. The objective isn't to win every point, but to reach a fair, clearly defined agreement that protects your interests.

5. Final review and approval

After negotiations conclude, the contract undergoes a final review to verify that all changes have been accurately captured. This includes proofreading, verifying cross-references, and confirming alignment with internal standards or playbooks. Once complete, the contract moves through the appropriate approval workflows for execution.

6. Ongoing monitoring and compliance

Contract review doesn't stop once the agreement is signed. Ongoing monitoring ensures that both parties meet their obligations, key deadlines are tracked, and potential issues are caught early. This stage may include periodic audits, milestone tracking, or performance evaluations—helping teams maintain accountability and reduce post-execution risk.

The complete contract review checklist

A structured checklist can dramatically enhance contract review as it streamlines the process and helps ensure that you don't overlook critical elements. While every contract has unique considerations, the following key elements to check represent the most commonly scrutinized areas.

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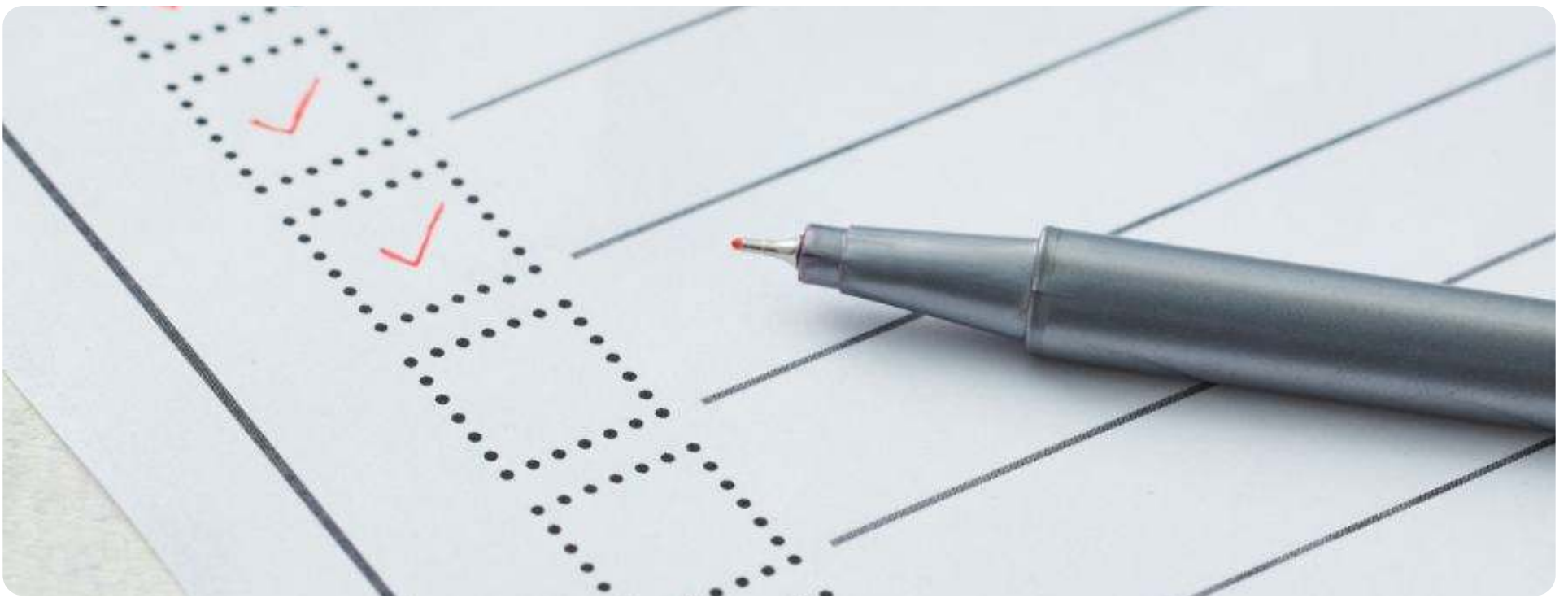
1. Contract parties and details

Ensure that the identity of all parties involved in the contract is accurately mentioned. Verify that each party's legal name, business entity, and contact information are correctly stated.

Look closely for details such as addresses, official titles, and authorizations to confirm that they reflect current information. Check whether each party's definition is clearly articulated to prevent ambiguity down the line.

2. Scope of work or services

Define the services or work to be performed explicitly in the contract. It is essential to provide comprehensive descriptions that align with project goals and expectations. This should include timelines, deliverables, quality standards, and any required approvals.

Clearly outlined scopes help mitigate disputes by setting clear expectations and responsibilities for each party.

3. Payment terms

Examine the payment structure in detail to confirm the terms are fair and aligned with the value delivered.

Ensure that the amounts, payment schedules, methods of payment, and conditions for triggering payments are articulated explicitly. Pay particular attention to any milestones linked to payments, penalties for late payments, and conditions under which adjustments might be made.

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4. Confidentiality and non-disclosure clauses

The length of the confidentiality obligations and restrictions should be carefully examined to ensure they are reasonable. The language should also be clear and concise. Pay close attention to any exceptions to confidentiality, such as disclosures that are required by law or legal processes.

Clarify when and under what circumstances non-disclosure obligations apply, as well as who or what bodies the obligations apply to.

5. Risk allocation and liability

Analyze how risks are allocated between the parties and the provisions related to liability and indemnification. Determine whether the contract fairly delineates responsibility for various risks, including breaches, damages, and claims. Review liability limits to ensure they are reasonable and consistent with industry standards. Pay close attention to opt-out or early termination clauses—these can carry significant financial and operational risks, including termination fees, loss of access to critical services, or breach of exclusivity obligations if not carefully negotiated.

6. Termination clauses

Identify the conditions under which the contract can be terminated and ensure that these conditions are reasonable and serve to protect your organization's interests.

Provide a clear description of termination rights, including any notice requirements and conditions for termination due to default, breaches, or force majeure, where parties can be released from their contractual obligations if an extraordinary event beyond their control makes it impossible or impractical to fulfill the contract. Ensure there are provisions for winding down activities and settling outstanding obligations.

7. Dispute resolution and governing law

Review the terms that outline how disputes will be resolved. Determine whether the contract includes clear processes for mediation, arbitration, or litigation, and ensure that the designated location for dispute resolution is convenient for your organization and that the governing law is favorable.

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8. Compliance with laws and regulations

Ensure that the contract complies with all relevant laws and regulations. Require an assessment of applicable local, state, and federal laws that may affect the contract's enforceability.

This includes checking for industry-specific regulations, licensing requirements, and any standards that must be adhered to. Non-compliance can lead to significant penalties and liabilities, making this step critical.

9. Intellectual property (IP) rights

Review all clauses that pertain to intellectual property rights regarding ownership and usage of any IP created or used during the contract term. Ensure clear statements are made about who retains ownership of existing IP and who will own newly created IP resulting from the contract.

Pay attention to any licensing rights granted, and check whether there are limitations on usage or distribution that could impact future business opportunities.

10. Insurance and bonding requirements

Examine the insurance obligations and bonding requirements outlined in the contract. Ensure that the necessary types and amounts of insurance are mandated to protect against foreseeable risks. This may include general liability, professional liability, and workers' compensation coverage.

Confirm that there are provisions requiring parties to maintain insurance and provide proof upon request, safeguarding your interests throughout the contract term.

11. Approval and amendment procedures

Identify the processes required for approval of the contract and any future amendments. Ensure clarity in how approvals will be obtained, the levels of authority required, and the methods of communication to be employed.

Contract amendments should have standardized procedures to prevent confusion in the application of the amendment or misinterpretation of the amendment's purpose and intent.

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12. Performance metrics and service level agreements (SLAs)

Check for any performance metrics or service level agreements (SLAs) included in the contract. These should clearly outline expectations for performance quality, timelines for delivery, and other relevant standards.

Ensure that there are defined metrics for measuring success or performance that can be objectively assessed, along with any remedies or penalties if service levels are not met.

13. Contract duration and renewal terms

Clarify the length of the contract duration and scrutinize any provisions related to termination and renewal terms. Look for clear definitions of the contract start and end dates.

If there are options for renewal, ensure they are clearly stated, including any required notices and conditions for renewal. Understand the implications if the contract is not renewed to avoid unintentional lapses in obligations.

14. Signatures and execution

Ensure that everyone on board has signed the contract to validate its enforceability and check that the signatures align with the printed names and official titles of all the signatories. The date of execution should be marked, which is important in setting the official start date of the contract's binding promises.

If needed, consider including electronic signature details and make sure they meet all legal requirements for validity.

Four best practices for efficient contract review

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Reviewing contracts can be complex, but applying the following best practices can make the process smoother, faster, and more reliable.

1. Establish a clear contract review framework

A well-defined contract review process helps eliminate ambiguity, reduce delays, and ensure that every stakeholder understands their role. Rather than relying on ad hoc reviews or inconsistent workflows, organizations benefit from creating a repeatable, transparent structure that guides contracts from intake to approval.

Here's how to build an effective review framework:

- Create standardized templates: Use pre-approved templates for frequently used contract types to reduce drafting time and ensure consistency. Platforms like DocJuris make it easy to manage and update templates within your review process.
- Outline clear review steps: Define each stage of the review process—from initial assessment to final sign-off—so stakeholders understand responsibilities and handoffs.
- Set timelines for each phase: Assign deadlines to each review step to improve accountability and keep contracts moving forward without unnecessary delays.

2. Utilize a collaborative review

Engaging in a collaborative review involves bringing together various stakeholders to provide input, enhancing the quality and thoroughness of the review. This practice fosters diverse perspectives and mitigates the risk of overlooking critical elements, resulting in a more comprehensive and balanced contract.

For successful collaboration during contract review:

- Involve cross-functional teams: Include team members from legal, finance, operations, and other relevant departments to gather comprehensive insights.
- Hold regular check-ins: Schedule periodic meetings to discuss progress, address concerns, and share updates to keep everyone aligned with the review status.
- Use collaborative platforms: Employ AI contract review software tools like DocJuris that facilitate shared access and editing of contract documents, allowing for real-time feedback and discussion.

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3. Track changes and implement version control

Establishing effective change tracking and version control ensures that all modifications are documented accurately, reducing the risk of miscommunication and disputes. By keeping a clear record of all contract iterations, teams can maintain oversight and accountability throughout the review process.

Here are some ways to implement version control to track changes:

- Use version control systems: Employ tools or software that maintain a chronological record of changes. This makes it easier to track adjustments and revert to previous versions if necessary.
- Annotate changes clearly: Encourage reviewers to use comments or annotations to explain the rationale behind changes, fostering transparency in the review process.
- Set a naming convention for versions: Develop a consistent naming system for different versions of the contract (e.g., v1.0, v2.0) to avoid confusion and ensure everyone is on the same page regarding which document is current.

4. Optimize contract workflows with automation and standardization

Incorporating smart tools and structured processes into your contract review can significantly reduce turnaround times and improve accuracy. By streamlining repetitive tasks and eliminating inefficiencies, legal teams can stay focused on high-impact analysis and negotiation strategy.

To cut down on your contract review time, you can:

- Use AI-powered platforms with built-in document comparison: Tools like DocJuris streamline the review process by automatically analyzing contract language, flagging risks, and highlighting key changes between versions—helping teams review faster and with greater accuracy.
- Centralize contract data and version history: Maintain all contract versions, comments, and edits in a single, searchable platform to avoid confusion and prevent version sprawl. This improves collaboration and ensures stakeholders are always working from the most current draft.

Automate notification reminders: Use workflow tools to set up automated alerts for contract deadlines, renewal dates, and stakeholder approvals. This helps ensure timely action and reduces the risk of missed obligations.

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Critical benefits of using AI contract review

Contract review has long been a time-intensive, error-prone process—but AI is changing that. By automating complex analysis and surfacing actionable insights, AI contract review brings order, speed, and precision to an otherwise chaotic process. Here's how organizations benefit:

Speed

AI significantly accelerates contract analysis. What once took days or weeks due to manual review—especially for high-volume or complex agreements—can now be accomplished in minutes. AI can instantly identify key clauses, potential risks, and required actions, allowing legal teams to move quickly and meet tight deadlines. This streamlined process enhances responsiveness during negotiations and ensures timely execution, which is crucial in fast-moving business environments.

Accuracy

Manual contract reviews often suffer from human error, with critical terms or compliance issues overlooked. AI systems use advanced algorithms to analyze contract language against internal policies and legal standards, flagging inconsistencies or missing terms. This leads to more reliable reviews and dramatically reduces the likelihood of legal missteps, improving the quality and integrity of your contract management process.

Cost reduction

By automating repetitive, labor-intensive tasks, AI reduces the need for extensive manual review by legal teams.

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Fewer hours spent on low-value work translates to lower labor costs. Additionally, by minimizing mistakes and disputes, organizations can avoid costly litigation or penalties. These combined savings offer a significant return on investment over time, making AI a financially sound solution for contract review.

Enhanced compliance

AI tools continuously monitor contracts for alignment with legal and regulatory standards. This real-time flagging of compliance gaps allows organizations to address issues before contracts are executed, reducing the risk of violations and regulatory penalties. AI also ensures that contracts adhere to company policies, creating a standardized compliance framework that strengthens governance and trust.

Better negotiation insights

AI offers deeper visibility into how contracts are structured and which terms benefit which party. Features like negotiation heatmaps highlight biased or one-sided language, enabling teams to renegotiate with precision and confidence. By surfacing problematic clauses early, legal professionals can prioritize revisions and craft more balanced agreements that align with their strategic goals.

AI-powered playbooks

With AI-generated playbooks, legal teams gain structured guidance based on best practices, past outcomes, and approved fallback clauses. These playbooks streamline the review process and reduce ambiguity, ensuring that even complex contracts are handled with consistency and insight. Teams can operate more efficiently, with fewer errors and more predictable outcomes.

One-click markups

AI-enabled one-click markups make it easy to apply standard edits or comments with minimal effort. This drastically shortens the review cycle and encourages fast, collaborative feedback among legal, procurement, and business stakeholders. By eliminating time-consuming formatting and revisions, teams can finalize agreements faster and with fewer miscommunications.

By leveraging AI in the contract review process, organizations gain a powerful edge—speed, precision, cost-efficiency, and strategic clarity. Tools like DocJuris bring these capabilities together, equipping legal teams with actionable insights and automation that drive smarter decisions and faster deal cycles.

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Unlock the power of AI-driven contract insights with DocJuris

DocJuris brings the power of AI to contract review—transforming a traditionally manual process into a streamlined, insight-driven workflow accessible to legal teams of any size. By unifying contract documents, negotiation history, and compliance checks into one intelligent workspace, DocJuris empowers teams to:

- Build data-driven playbooks tailored to your unique risk tolerance and business standards
- Instantly visualize negotiation leverage with heatmaps that highlight biased clauses
- Apply one-click markups that align language with pre-approved legal and business terms
- Accelerate review cycles with real-time collaboration, version control, and smart document analytics

DocJuris is more than just a negotiation tool—it delivers AI-powered contract review across both pre- and post-signature workflows. With Repository AI, organizations gain powerful insights after a contract has been signed, and maintain visibility of the contracts' content long after signature with contract snapshots, real-time enrichment, and obligation tracking supporting compliance and audit readiness.

For even greater speed and simplicity, the DocJuris Email Agent lets you review or redline contracts directly from your inbox—no playbook or setup required. Just send or forward a contract to screen@docjuris.com for a contract screening or markup@docjuris.com for edits, and receive instant AI-powered insights or a fully redlined version in minutes.

From first-pass reviews to post-signature performance monitoring, DocJuris simplifies every step—reducing risk, saving time, and improving deal outcomes.

Experience how AI-powered insights can elevate your contract review process.

Request a demo

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