Summize

eBook

Your Guide to Contract Lifecycle Management

Achieving excellence with digital contracting

Includes bonus checklist as your complete guide to selecting a CLM solution

eBook

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Contents

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Digital contracting, done differently.

Summize is a game changer for any business that works with contracts and is the world's first integrated CLM. Summize's unique ability to summarise contracts and make them accessible across the organisation via familiar tools is a pioneering approach to true digital contracting.

Analysis from Tom Dunlop, CEO at Summize

The impacts of contractual agreements are felt across the business, not just in the legal department.

Any interaction with contracts, whether pre or post signature, is manual, complex and almost always lacking understanding. And yet until recently, there has been no modern way to manage and optimise this process. **The time for change is now**.

Today, businesses globally seek innovation, to slash costs and save time, and they require a solution that supports every step of the contract lifecycle to do so. Slow, manual contract processes are slowing down sales and procurement cycles – and it doesn't need to be this way.

For a contract lifecycle solution to be effective, workflows should span the whole organisation, as well as the legal team itself. The important information contained within contracts needs to be readily available and accessible before it can be useable.

Summize has seen the global pandemic completely reshape enterprise IT almost overnight, with hybrid working making collaboration tools essential. The new way of working (in tools such as Teams and Slack) is here to stay.

We believe that software must work where users do if it's ever going to be truly effective. Users don't need yet another all-in-one platform to learn how to use, or to interrupt their flow of work. With the right technology, digital contract processes can be integrated into familiar tools and processes to suit modern ways of working, rather than working against them.

We see a future for legal tech that is aided by AI and bots in a meaningful and intelligent way. We call this the 'virtual front door' – essentially the digital interface between one department and the next.

Contract Lifecycle Management has revolutionised the market far beyond what pre-existing contract technology did, and we're not stopping there.

It's time for digital contracting, done differently.

The contract state of play

Businesses run on contracts. Whether or not we realise it, we use them every day – from ticking a checkbox on a website or signing up for a new service, to bringing in a new sales deal.

From employment contracts to partnerships, and from supplier agreements to office leasing, nothing can happen until both parties have signed and executed an agreement, forming an understanding of what will be delivered.

"99% of organisations want to reduce contracting costs"

EY Law Survey, 2021

In the thousands of years since contracts originated, they have grown in complexity and length, and the cost and the time to manage them has also increased.

The cost of contracting

On average, it costs $7,000 to create a standard contract and up to $50,000 to create something more complex. With some businesses managing 20,000 – 40,000 contracts each year, this cost can run into the hundreds and thousands, or even millions.

Even simple contracts are costly. The cost of authoring and reviewing a basic everyday contract costs businesses an average of $6,900, and businesses spend 25% of their contracting time on contract authoring alone.

The complexity of contracting

Regulation is constantly changing and expanding – think sustainability, Brexit, COVID-19, GDPR – and yet while contracts are becoming more complex, the process of managing these contracts from pre-signature to post-signature has not evolved at the same pace.

As a result, in-house legal teams can be overwhelmed by the amount of work involved to create, review, and manage each contract. Manual processes often create inconsistencies between contracts, delays in the contract lifecycle and subsequently, increase business risk.

According to Gartner, contract authoring, negotiation, review, and approval can account for nearly half the time spent by an in-house legal department. All these steps cost a business both time and money.

So how do businesses reduce these time and costs, whilst remaining compliant? It's time for the legal department to undergo a digital transformation – and this guide will explain just how you can do it.

Digital Transformation for Legal

Businesses have been undergoing digital transformation in various guises for many years. Research shows that companies with a high level of digital maturity experience 45% growth in their revenue and profit margins (Deloitte).

HR adopted Workday, SAP SuccessFactors, Bob and BambooHR. Sales adopted Salesforce, Outreach, Gong, ZoomInfo and Sales Navigator. Marketing got HubSpot, Marketo, and Hootsuite.

The legal department is next to undertake the digital transformation journey.

Once an underserved market, today's legal tech market is overflowing with vendors covering everything from e-billing, matter management, contract management and more. With contracts the top area of concern for legal departments, 77% say they want to improve contract management by leveraging technology. (ACC Survey, 2021)

Contract management solutions have often claimed to be a silver bullet to the industry's contracting problems, building an 'all-in-one' platform that handles all contract-related tasks. But in fact, most traditional contract management solutions are bridging solutions, focused on solving individual pieces of the puzzle.

So far, many organisations have struggled to achieve their vision for better contract processes:

98%
of organisations say they face barriers to the delivery of their vision for contracting

57%
of Business Development professionals said that inefficiencies in the contracting process resulted in lost opportunities

90%
of contracting professionals say they face challenges trying to locate contracts

(EY, Law Survey 2021)

Several compelling events have converged to create a perfect storm for change in the contract world; a need to demonstrate reduced costs and operational efficiencies, the pandemic accelerating new ways of working, and legal tech budgets increasing.

The evolution of contract management solutions

Manual contract management has long been an overdue change.

The first significant gain for contract management solutions was the ability to create a central storage area for contracts. Before this, businesses that worked with contracts would have them stored in multiple places. In most cases, stored and never seen again until something goes wrong.

"Businesses would often have contracts stored all over the place, filing cabinets, drawers, and local drives. This wasn't uncommon, and everyone knew it, even though this method of managing contracts post-signature exposed the business to increased risk. Businesses were unable to get a true grip of their storage, lacking the ability to restrict access to the confidential yet valuable information inside of them." **Tom Dunlop, CEO & Founder of Summize**.

The first major shift for contract management solutions was focused on the post-signature stage of contract storage and the recording of key metadata such as key terms and contract renewal dates. Virtual cloud filing cabinets became the norm, creating a central place to store all a business's contracts and physical storage quickly began to recede.

However, legal teams know that contracts are documents that move with time – and storing them in one place doesn't solve the challenge of knowing what's inside them.

Contracts are structured documents where compliance is key. But for businesses to be able to remain compliant, they must first remain ahead of the contract itself. Little by little, contract management solutions took on new features to try and bridge the gap that they overlooked in the first place; content is king.

" **Up to 40% of a contract's value can be lost without close governance"**

KMPG

" **61% of respondents are planning on introducing one central repository for information, data and documents"**

Wolters Kluwer 2021

The Rise of Artificial Intelligence

Corporate legal departments have historically been slower to adopt automation and technology, but the changes to the way we work (fuelled by the pandemic) transformed the modern workplace.

Often known as Robotic Process Automation, (RPA), Artificial Intelligence (AI) and ML-driven technology, automation allows teams to execute weeks' worth of work in a matter of minutes.

For years, people thought this type of technology would replace humans in the workplace, but instead, it's helping redefine them.

CBRE surveys revealed 61% of the companies are using AI to generate and review legal documents, 47% are using it for due diligence purposes and 42% are using it for research.
(CBRE, survey)

Workflow and legal automation tools were originally designed to streamline existing contract processes by simply moving the contract from multiple systems, across the business and its departments. These solutions delivered instant benefits such as contract creation, approvals, and eSignature integrations.

With advancements in AI, businesses can focus their time on strategies that directly impact success, optimising and automating the more menial, repetitive and low-value tasks.
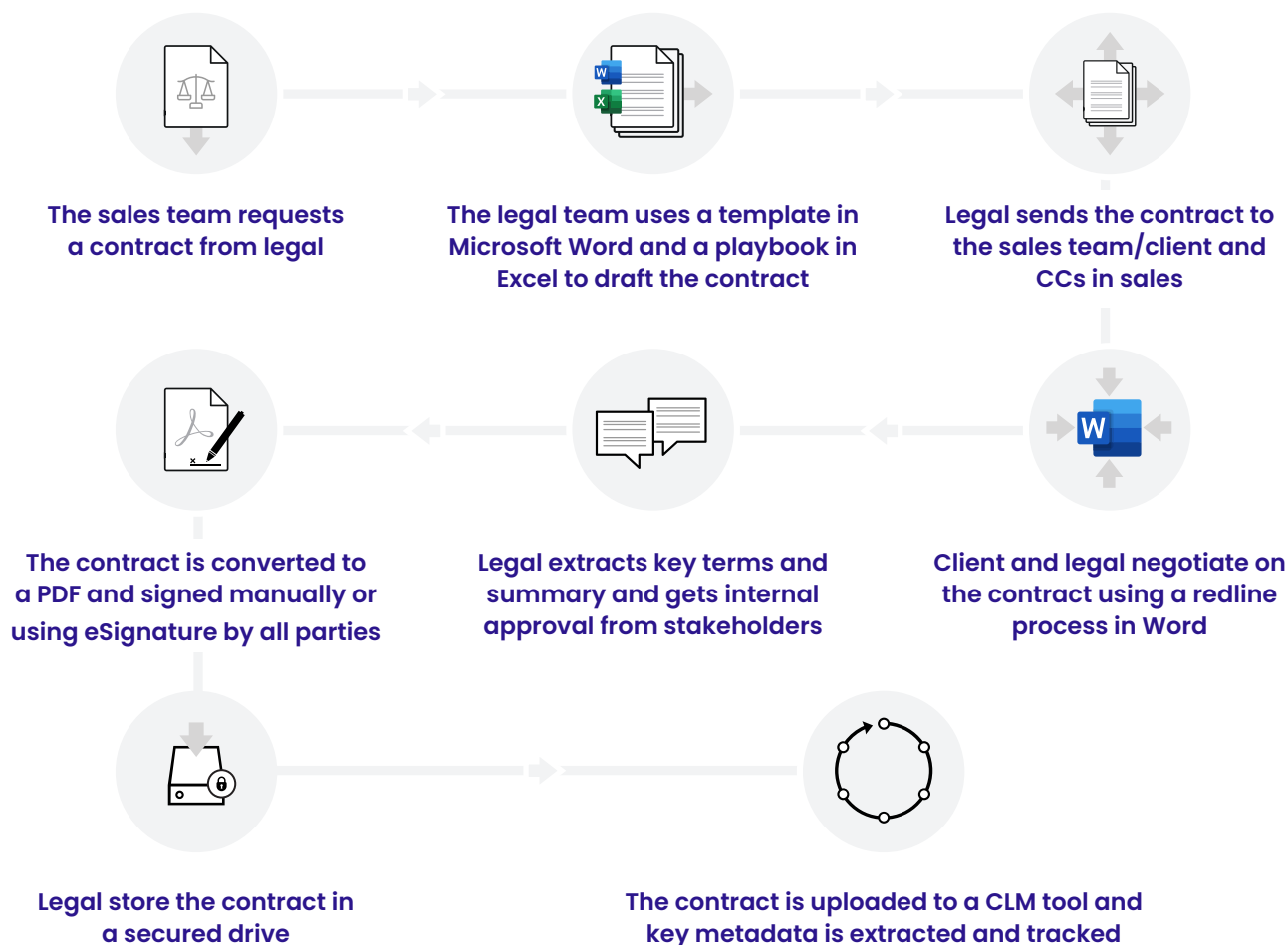
But these early AI tools were still fragmented and required manual steps. Where contract management solutions focused on key data extraction post-signature, automation solutions disregarded the data altogether.

" **Great legal tech won't replace a great lawyer, but great legal tech in the hands of a great lawyer is game-changing"**

Sam Walkley, Lawyer, XVO Legal

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Typical contract workflow process

The sales team requests a contract from legal

The legal team uses a template in Microsoft Word and a playbook in Excel to draft the contract

Legal sends the contract to the sales team/client and CCs in sales

The contract is converted to a PDF and signed manually or using eSignature by all parties

Legal extracts key terms and summary and gets internal approval from stakeholders

Client and legal negotiate on the contract using a redline process in Word

Legal store the contract in a secured drive

The contract is uploaded to a CLM tool and key metadata is extracted and tracked

Although the process flow seems simple, contract workflows naturally increase at a scale with complexity. Additional people want a say and negotiations involve additional stakeholders, resulting in the process taking weeks and costs quickly spiralling. But until recently, existing market solutions either focused on pre-signature or post-signature processes.

To address these new challenges, the next wave of contract management solutions to hit the market was **Contract Lifecycle Management (CLM)**. These new solutions were quick to capitalise on the failings of previous contract management solutions, creating an end-to-end solution for contracts.

Legal workflow solutions simplify contract authoring. CLM solutions that are powered by an AI-driven engine make it easier to file and extract key metadata. And automation technology has been designed to move contracts across departments seamlessly, with minimal human input.

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Contract Lifecycle Management Platforms – The evolution of digital contracting

Digital contracting is the latest evolution of legal tech. It is a mindset and process that transforms the entire contract lifecycle into a digitalised and collaborative workflow. It facilities the contract lifecycle process by connecting the dots between business stakeholders, processes and data.

CLM is the software technology that enables organisations to achieve digital contracting. Encompassing all aspects of the contract lifecycle from pre-signature, eSignature and post-signature contract management, digital contracting is allowing legal teams to accelerate the contract lifecycle by 50% and reduce erroneous payments by 90%.

The first generation of CLM software was built to serve the needs of a General Counsel, primarily helping them effectively create and negotiate commercial contracts. **But CLM tech is rapidly expanding the scope and reach beyond its initial focus of contract authoring and legal department utilisation to a place where the contract is at the heart of the business – connecting to core applications, integrating with business-critical systems and informing important decisions.**

Forrester notes in 2021 that organisations look for a CLM provider that offers:

- **Strong support for post-signature contract management**
- **Contract analytics and reporting for top corporate executives**
- **Mature and well-developed AI functions**

Next-generation CLM vendors have added many features to their systems such as automated key date reminders, which allow legal teams to act before something impacted the business – for example missing a renewal date.

More focus has been added to pre-signature features like contract authoring, addressing the need for quick processes, and intelligent summaries powering intelligent decision-making.

In short, Contract Lifecycle Management is a mission-critical solution that requires a cross-functional approach to unlock the true organisational value.

> **" CLM has universally gone from nice-to-have to critical-to-have during the COVID-19 pandemic"**
>
> **Forrester, 2020**

> **" The biggest pain point in using technology is that the software applications are not connected to one another. This leads to challenges in having to learn a variety of user interfaces"**
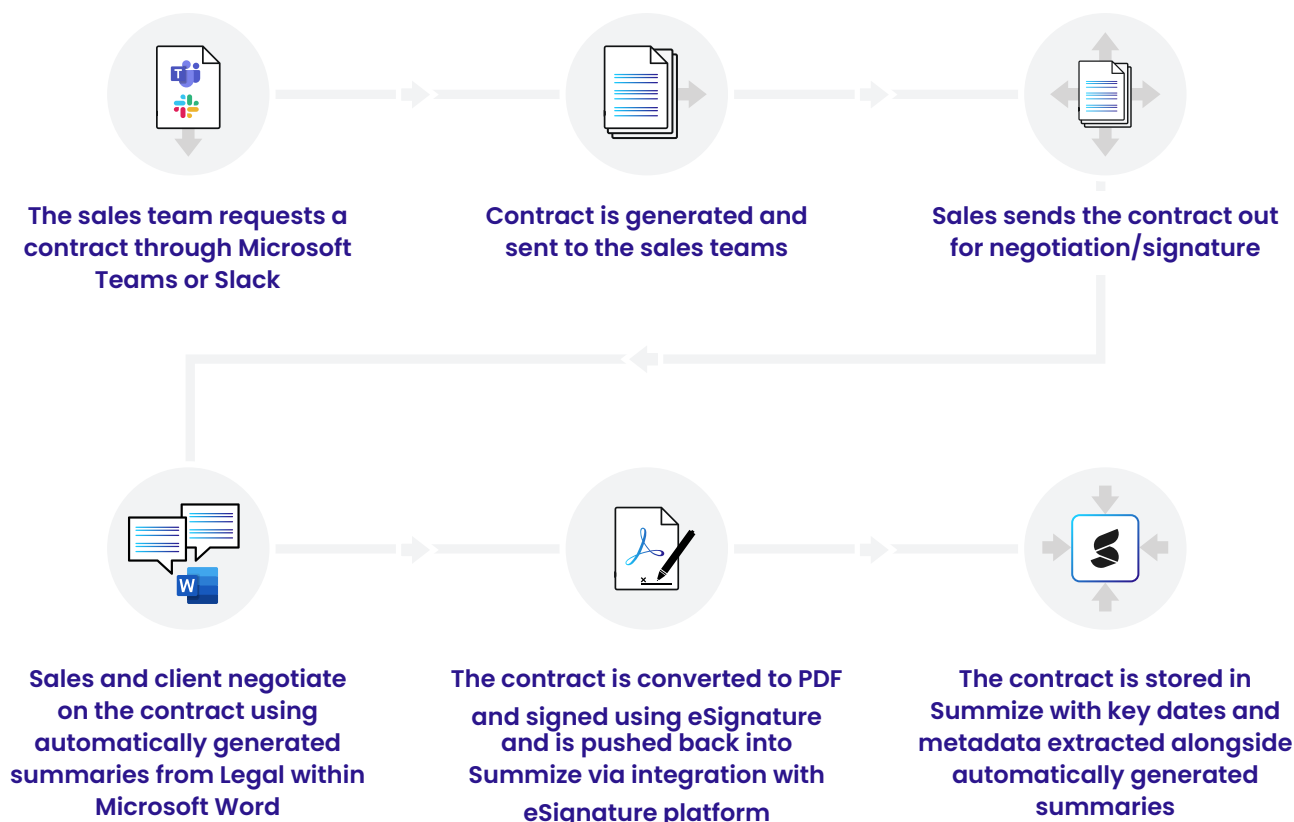>
> **ACC Survey 2021**

The future of Contract Lifecycle Management: The Integrated CLM

The Contract Lifecycle Management landscape is evolving rapidly. Many external forces have fuelled the change in approach for CLM, which has shown the true value of digital contracting.

An **Integrated CLM** uses other technology (e.g. Teams, Slack, Word) as the primary business user interface, making it relevant to the full enterprise.

The sales team requests a contract through Microsoft Teams or Slack

Contract is generated and sent to the sales teams

Sales sends the contract out for negotiation/signature

Sales and client negotiate on the contract using automatically generated summaries from Legal within Microsoft Word

The contract is converted to PDF and signed using eSignature and is pushed back into Summize via integration with eSignature platform

The contract is stored in Summize with key dates and metadata extracted alongside automatically generated summaries

" Traditional legal methods to deal with contracts are very manual. Now it's clear we need to be thinking about how to scale contract processes, people are looking to technology and standardisation as a way to do things differently."

Electra Japonas, CEO The Law Boutique

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Business drivers for the Integrated CLM

Virtual office explodes

Companies have rapidly adopted a hybrid or remote working model - a strategy that improves employee engagement and productivity, leading to improved customer outcomes (Forrester, 2022). To support the virtual office, 70% of Fortune 500 companies purchased Office 365 in 2020 alone, with Microsoft Teams surpassing 270million active monthly users in the early days of the pandemic.

Evolution of legal services

As more Gen-Zs begin to graduate and prepare to enter the workforce, workplaces will experience a dramatic shift in working styles and preferences. An influx of law graduates, rising tech budgets, the death of the billable hour and the emergence of ALSPs are driving a step-change in tech readiness and the delivery of legal services.
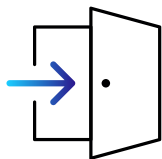

Integrations are king

Users don't need yet another all-in-one platform to learn how to use. For successful user adoption, native integrations within already-established collaboration tools will reign.

While many traditional CLM vendors have built all-in-one platforms (which require training, and disruption from existing ways of working), there is an alternative approach that is gaining rapid momentum. The **Integrated CLM** uses Teams, Slack and Word as the user interface, creating a modern approach to the CLM experience that makes contracts accessible to the entire enterprise.

" **Monthly usage of third-party apps and custom solutions in Teams has grown ten-fold in the last two years, as evidence of how companies are using Teams in a way that's central to their work"**

Satya Nadella, Microsoft CEO

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# What are the benefits of an Integrated CLM?

Legal front door

Businesses are governed by contracts, across sales, procurement, HR, marketing and more. An Integrated CLM solution integrates digital contracting processes into familiar tools to maximise adoption and reduce friction. For example, Summize centralises contract requests through Microsoft Teams and Slack, allowing non-legal users to create business contracts using a simple and intuitive Q&A bot, controlled in the back-end by the legal department.
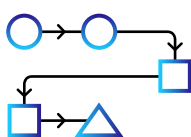
Any contact, any process

From sales to HR and marketing, digital contracting is designed to support all types of commercial contracts, across the full contract lifecycle. Now you can create, negotiate, review, and store your contracts, making the data inside them useful and usable to the entire enterprise.
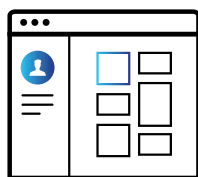
Modern UI

Tech-heavy tools and poorly designed UI slows down businesses and causes bottlenecks in the process. Taking an integration-first approach, the user experience is simple and intuitive – requiring minimal user training and fitting seamlessly into existing ways of working.

Actionable insights

Missed renewals cost time and money, and contract bottlenecks cost deals. An Integrated CLM solution unlocks intelligent contractual information, allowing you to make better-informed decisions and control business risk. Automatically extract key dates and add them to your calendar, with built-in email reminders. Compare contract benchmarks and identify areas for improvement in your digital contracting processes. Never miss a key date again.

Discover the world's first Integrated CLM from Summize

Learn more at Summize.com

Or contact us at hello@summize.com

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Your Contract Lifecycle Management checklist

This checklist outlines the necessary functionality required to ensure a successful CLM implementation across the different stages of a contract, from pre-signature to post-signature management.

We recommend focusing on the most important, game-changing features to achieve smarter digital contracting for the legal team and the wider business.

Pre-signature

1. Creating a contract

A central repository of precedent templates

- ☐ Can you control which users see which templates?
- ☐ Do you have the ability to set approval by legal for any contract created by a non-legal user?
- ☐ Can you see a complete audit trail of all contracts created by the business?

The ability for business users to self-serve

- ☐ Does the solution integrate with existing technology e.g. Teams or Slack?
- ☐ Are non-legal users empowered to create contracts by dynamically building the content based on legally-approved clauses, schedules and terms?

Ease of use

- ☐ Is the solution intuitive and easy to use?
- ☐ Will legal and non-legal users adopt the solution readily?
- ☐ Does the solution require significant training, or does it fit with existing ways of working?

2. Asking legal to review contracts

Legal front door

- ☐ Can non-legal users submit contracts for review via an existing solution (e.g. Teams or Slack) including multiple linked contracts at once?
- ☐ Can legal create multiple question sets, tailored to different user groups?
- ☐ Is there a simple-to-use interface?

Internal triage

- ☐ Are legal users able to customise different question sets, depending on user group/role, request or contract type?
- ☐ Does the solution instantly assign the contract, and change the status with updates and notifications sent to the business user?

Internal triage - Cont

- [ ] Does the solution have native workflows and automation within existing tools (e.g. Teams or Slack?)
- [ ] Does the solution allow for in-contract collaboration including comments and notes, with updates automatically shared with the user?
- [ ] Does the CLM automatically record SLAs for reporting on turnaround time by user group?

3. Reviewing contracts more efficiently

- [ ] Does the solution have the ability to differentiate between red flag reviews (summaries) for lower value contracts and more efficient mark-ups for higher value contracts?
- [ ] Do you have access to internal guidance, precedent clauses, fallback positions and consistent responses when editing a contract within Word?
- [ ] Does the solution allow you to create custom playbooks as well as access to industry-standard playbooks?
- [ ] Does the solution allow you to work directly within existing software (e.g. Microsoft Word or Google Docs)?
- [ ] Can you allow Business Users to see contract summaries, get notified of key dates and ask questions about their contracts?

Post Signature

4. Extracting value from signed contracts

Importing contracts

- [ ] Does the solution allow for mass upload of contracts, resulting in instant summaries created across multiple contracts?
- [ ] Are you able to extract key information with minimal manual input?
- [ ] Are you able to integrate your existing eSignature tool (DocuSign or Adobe Sign)
- [ ] Do you have caps on your cloud storage, or is it unlimited?

Exporting contracts

- [ ] Are you able to export contract summaries to Word or Excel?
- [ ] Can you perform a mass export of all contracts?

Key dates

- [ ] Are you able to automatically extract dates and add them to a contract calendar?
- [ ] Does the solution allow you to set automatic reminders, to be sent via email to contract owners on key dates?
- [ ] Are you able to download calendar entries to Outlook for a single source of truth?

Search functionality

- [ ] Are you able to search for contracts by part name, file name or free text?
- [ ] Can you create a Q&A of signed contracts to make valuable information accessible to the enterprise?
- [ ] Does your solution have multi-level search and filter capabilities for date ranges and specific clauses?

5. Analytics

- [ ] Does the CLM record analytics for quantitative data, compared against other contracts?
- [ ] Are you able to instantly generate red flags for clauses that fall outside of your company's risk profile?
- [ ] Can you push contract data to your CRM (Hubspot, Salesforce etc)?

Contact Summize for a demo of the world's first Integrated CLM at

Summize.com/book-a-demo

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