

# Contract Lifecycle Management

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The process of managing a contract from its initiation through negotiation, execution, performance, and renewal or termination, ensuring compliance and optimizing contract performance.

## USE CASE IN PRACTICE

### Contract Negotiation Effort Metrics

A Legal Data Intelligence leader at a financial services company developed an AI-based metric to gauge the level of effort required for negotiating contracts. This metric enabled the company to predict the time needed to finalize a contract, estimate the number of negotiation rounds if it's drafted on the client's paper, and assess the negotiation's business impact.

### Contract Management in M&A Transactions

A technology company is acquiring a smaller competitor and needs to perform rapid due diligence on hundreds of existing third-party contracts, followed by post-close contract consolidation and risk management. The technology company requires a long-term solution for storing these contracts as part of the acquisition agreement.

### Human Resources Contracts Management

A fast-growing company is scaling rapidly and onboarding dozens of new employees each month across multiple locations. HR and legal teams are overwhelmed by manual efforts needed to write employment contracts, track approvals, and store signed copies, making it critical to find a more efficient solution.

## MODEL WORKFLOW

### Initiate

## Develop Playbook and Model Agreement

Create depending on the type of agreement contemplated in the contract lifecycle management (CLM) solution

Outline workflow and fallback provisions that the CLM attorneys can use in negotiations and escalation processes

### Notes

Can vary significantly by company, including non-disclosure agreements (NDAs), master service agreements (MSAs), statements of work (SOWs), etc.

## Assess Goals and Objectives

Evaluate overall goals of the process

Determine objectives, intended milestones, and relevant stakeholders

## Identify Data Extraction

Identify fields, metadata, and key provisions to be extracted each time a contract is loaded into the CLM system, including both draft and final forms

## How Technology Can Assist

Uses machine learning to automatically extract the identified provisions after the requisite training set is identified

## Complete Intake Agreement

Work with business team to negotiate terms

## Investigate

## Input and Elevate Agreement

Put agreement into the CLM workflow and escalate to the legal team or the CLM attorney

Identify high-risk terms, missed obligations, or revenue leakage

## How Technology Can Assist

Requires inputting certain data and specific data being automatically captured

Tracks the process and includes checklists to ensure agreement deadlines are met

## Redline Agreement

Input redlines or use AI within the CLM system to do an initial redline, depending on which party's paper is being used

## How Technology Can Assist

Tools can be incorporated that use AI to strategically redline drafts

Attorney confirms/tweaks the redlines within the technology or inserts comments, depending on company's editing preference

## Notes

AI is typically only used during the first turn of a pre-execution negotiation

## Send Redlines and Continue Negotiations

Proceed with process until finalized agreement is made

## Conduct Gap Analysis

Assess the differences between current CLM capabilities and desired future-state CLM maturity

# Implement

## Input Final Agreement into CLM System

Incorporate fields identifying key provisions the company cares about (e.g., indemnification, assignment, termination for convenience (T4C), governing law)

### Notes

These fields can be used for future business or M&A due diligence should the need arise

## Automate Contract Drafting

Set up CLM system to automate contract drafting using standardized templates and clause libraries

### How Technology Can Assist

CLM tools organize contract sections into libraries to easily draft and templatize contracts by type

## Train Users

Train cross-functional teams on the new processes, tools, and compliance requirements

## Establish Notifications

Set up CLM system to send notifications at key times in a contract's lifecycle (e.g., agreement expiration or auto renewal)