AI-Based Contract Management and Corporate Legal Hazards

Corporate Counsel's Employment of Technology

For 2020

What Is the Current State of Contract Lifecycle Management and Can Technology Improve It?

We interviewed 50 large corporate legal departments on current practices.

Departments interviewed managed in excess of 10,000 contracts.

Technology in use

Automation's utility in contract risk and mitigation management

Management of third-party contracts accepted from others

Performance measurements of contract portfolios

Analysis of unstructured data

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The Bounty of Contract Management Technology Is Not Fairly Shared Among Corporate Legal Departments:

LEADERS

48% Will adopt AI-based contract risk mitigation technology in the next 12 months.

66% Evaluate unstructured data to derive KPIs relative to the contract portfolio performance.

56% Of corporate general counsel offices analyze contract performance.

18% Are actively applying contract management technology to gain competitive advantage.

LAGGARDS

62% Of companies use Excel, SharePoint or e-mail to manage contract data.

64% Believe it would take at least a year to adopt an AI-based contract management system.

48% Have not evaluated a CLM in four years or longer.

34% Look at technology as an expense and only invest in it when needed.

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Cardinal Points of the Corporate Counsel

Don't Set Sail Without Them

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Centralized Repository of Contract Data

28% of corporate counsels cite a single repository of contract data as the most important requirement for 2020.

A modern CLM (Contract Lifecycle Management) must provide a single source of truth for your contracts amongst multiple locations. This allows you to access insights from any contract across your organization.

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Contract Risk Mitigation and Compliance
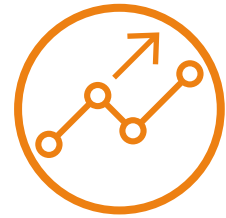
50% of corporate counsels cite a contract risk mitigation and compliance as the most important requirement for 2020.

A smart centralized contract repository allows AI-based systems to identify risks associated with non-compliance in any agreement, including third-party documents and those automatically flag non-compliant language.

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Volume Discounts and Renewals

12% of corporate counsels cite tracking discounts and renewals as the most important requirement for 2020.
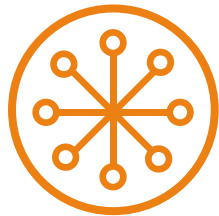
Fully trained AI systems let you start using the solution out of the box, as soon as it is deployed.

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Timely Contract Delivery

10% of corporate counsels cite a more timely contract delivery as the most important requirement for 2020.

Increased volume of work combined with new KPIs for contract portfolio evaluation creates business bottlenecks.

10% Quality metrics

36% Financial metrics

22% Non-compliance penalties

22% Contract renewals

12% Volume discount triggers

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Storm Warnings

Conditions Corporate Counsels See on the Horizon
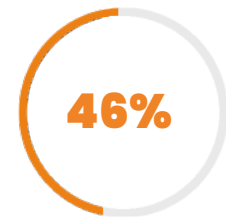
46% — Contract cycles are speeding up

52% — Increased focus on cloud-based contract management
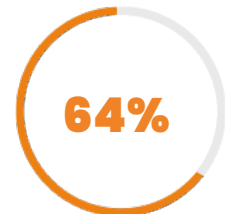
64% — Want ready-to-use contract managment tools without extensive preparation

74% — Metrics and analytics to better evaluate contract portfolio performance

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Charting the Right Course

PARTNER WITH CONTRACTPOD AI TO BREAK DOWN BARRIERS AROUND CONTRACT MANAGEMENT

- Leverage contract AI built on IBM Watson platform

- Benefit from full, end-to-end contract management solution

- Access to full-legal, digital and transformational services, out of the box

- Use fully trained AI system straightaway

- Provide an easy and intuitive UI that employees will WANT to use

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Methodology

Data was collected from 50 corporations across North America via phone interviews. The interviews, completed during September and October 2019, were with various contract management and legal personnel spanning a number of industries, including government, food and beverage, energy, transportation, and retail. ContractPodAi would like to thank the individuals that contributed for their valuable input during this study.

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