

Contract Lifecycle Management 2.0: Contract Lifecycle Management (CLM) Technology Revisited

Speakers:

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Outline

- Speaker Introductions – Jason Smith, Moderator
- Overview of CLM and Capability Maturity Model (CMM)
- Defining CLM Technology Requirements – Business Requirements, Processes, Customization
- Implementing, Managing and Measuring CLM Technology/Processes – Data Migration, Analytics, Support
- Optimizing CLM Technology/Processes – Monetization, Ongoing Collaboration, Alternative Resourcing
- Additional Roundtable Discussion/Questions from Audience

Overview of CLM – What it is

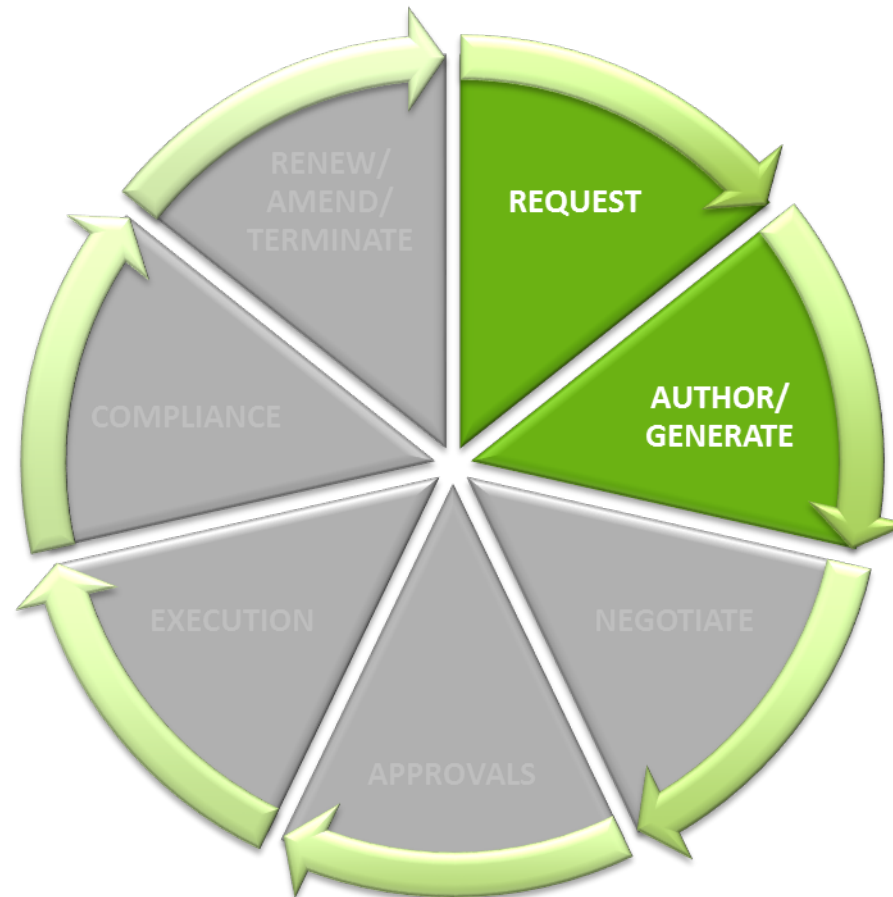


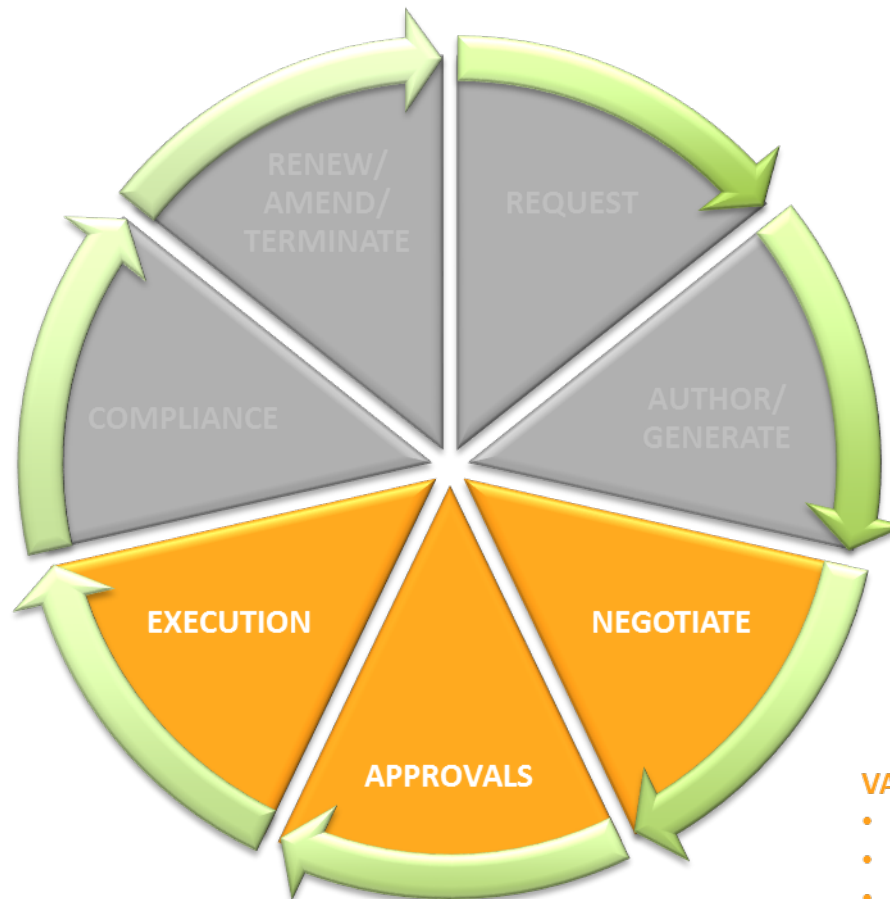
AUDIENCE

- Sales, Customer, Partner, Procurement, HR, Marketing, Facilities, IT, Legal

VALUE OF AUTOMATION

- Speed
- Control
- Visibility





AUDIENCE

- Legal, Finance

VALUE OF AUTOMATION

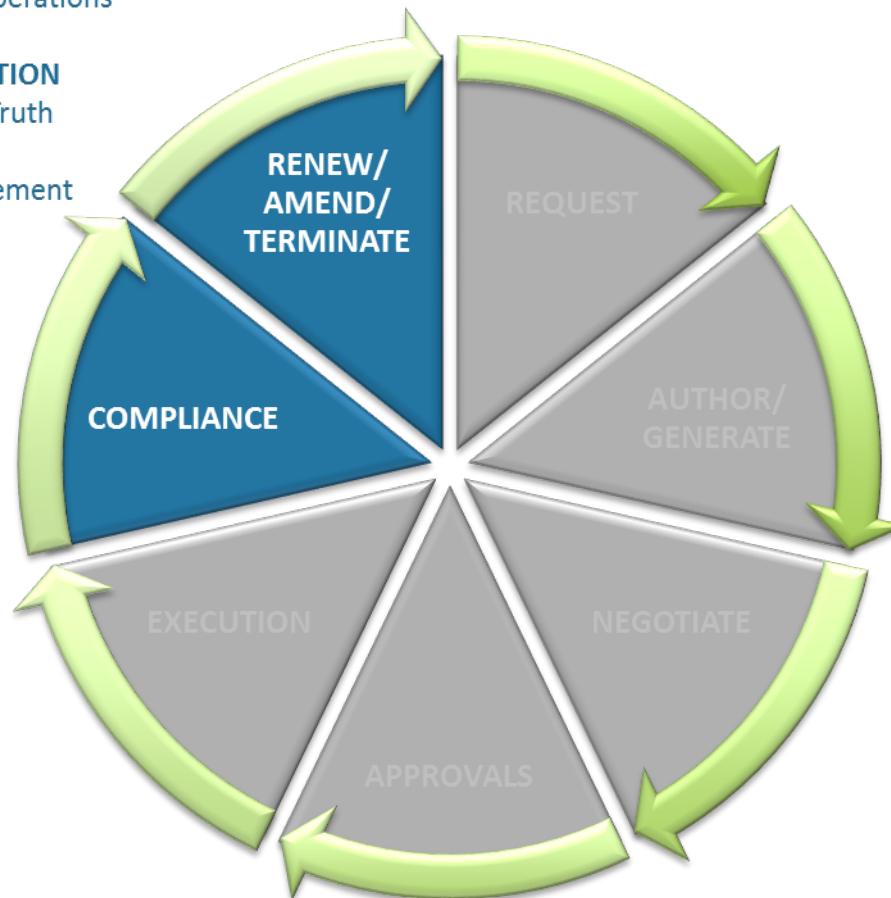
- Accuracy
- Reduced Revenue Leakage
- Version Control
- Re-usable Content
- Commoditization of Contracts

AUDIENCE

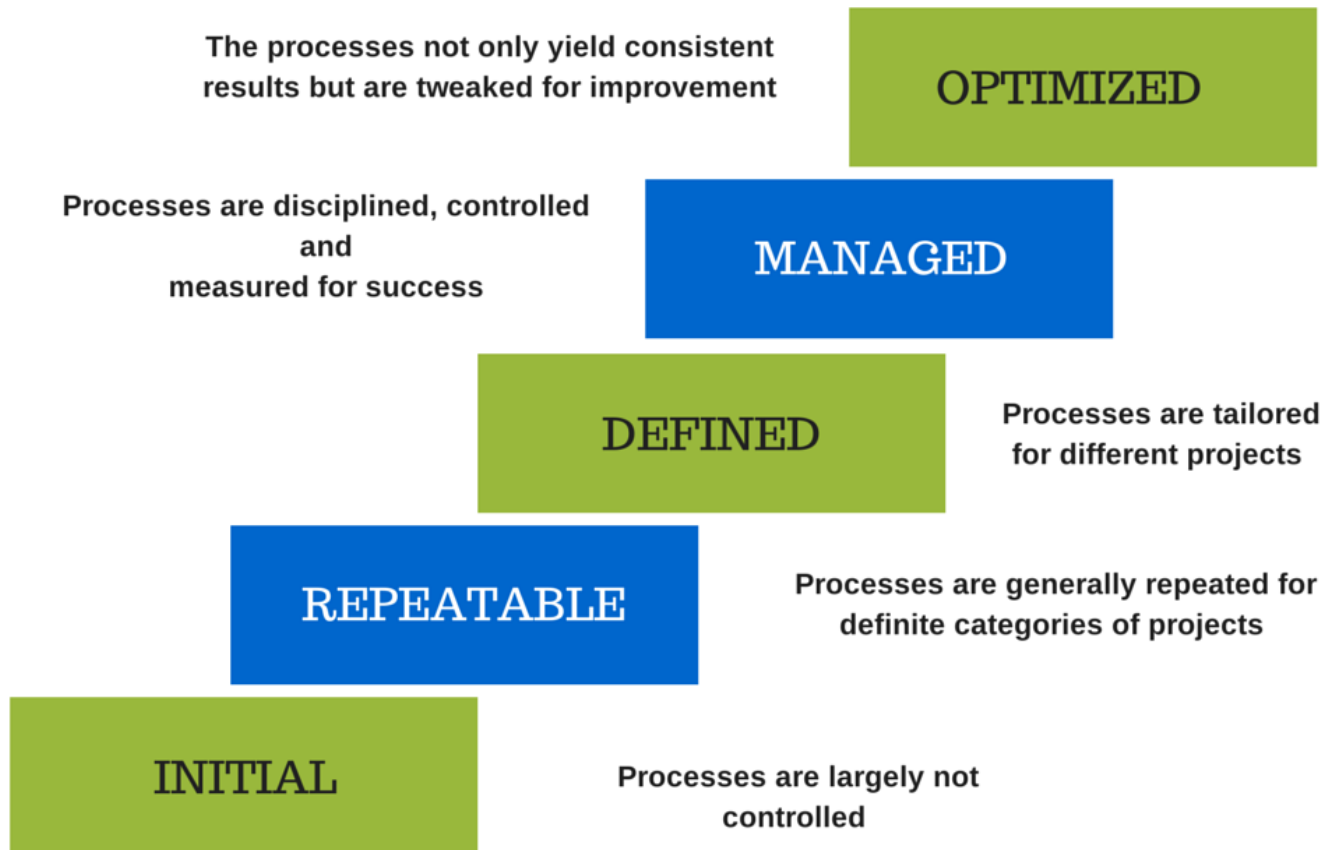
- Legal, Finance, Operations

VALUE OF AUTOMATION

- Single Source of Truth
- Global Visibility
- Proactive Management



The CMM



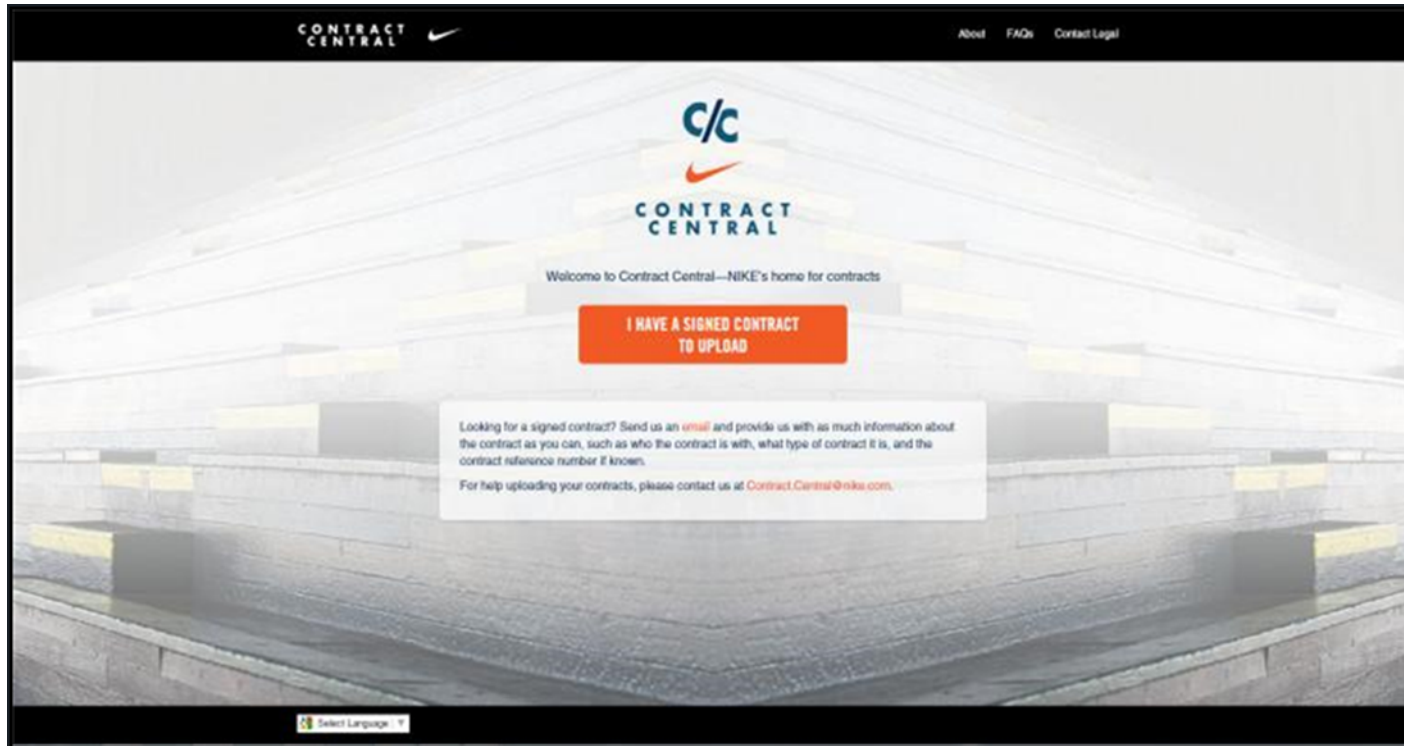
CLM Technology Needs Defined *Compliance, Visibility and Risk Management*

- Heavily regulated/reporting requirements
- Contracts in multiple “repositories”
- Corporate growth through acquisition
- Documented negotiation practices/standardized positions
- Consolidating templates



by legal ops professionals, for legal ops professionals

Contract Central – A Global Repository



Easy

Fast

Reliable

Accessible

Sample Fields Captured During Agreement Request

Role Access / Permissions	Refer to Appendix F, G, M for details		
Section	Fields/Questions	Data Type	Values
Contracting Party Search/Results	Contracting Party Name	Text	
	Contracting Party Address	Text	
	Contracting Party City	Text	
	Contracting Party State	Dropdown	
	Contracting Party Postal Code	Text	
	Contracting Party Country	Dropdown	
Request Specific Questions	Single project or Multiple Projects	Radio Button	
	Will the Contracting Party be collecting, using or providing us with information that could be used to identify an individual?	Radio Button	Yes/No
	Are the individuals this information relates to based in:	Dropdown	US, Europe, Both, Neither
	Will the personally identifying information include more than name, address and/or e-mail address?	Radio Button	Yes/No
	Duration of agreement	Dropdown	Days, Months, and Years
	Services begin date	Date	
	Describe services to be provided	Text	
	Is the agreement with a recruitment agency?	Radio Button	Yes/No
	Territory		
	Product and/or Project	Dropdown	See Appendix E for product list
	Will the Contracting Party or any of its employees require key card access, IT systems access, or IT equipment?	Radio Button	Yes/No
	Is there any requirement for the agreement to be in any language other than English?	Radio Button	Yes/No
	Is this request related to pre-clinical or clinical work?	Radio Button	Yes/No
	Will the services being provided involve any animal testing?	Radio Button	Yes/No
	Is this request related to our manufacturing plants?	Radio Button	Yes/No
	Plant name	Dropdown	Athlone, Villa Guardia
Compliance	Refer to Core Compliance Questions in Appendix I		
Finance	Refer to Core Finance Questions in Appendix J		
HR	Refer to Core HR Questions in Appendix L		
Legal	Refer to Legal Department Questions in Appendix K		

Sample Metadata Captured During Agreement Generation for Reporting and Ongoing Compliance

Fields/Questions	Data Type	Values
Restricted Access	Checkbox	
If agreement obtained via assignment, assigning party	Text	
Material Agreement (for SEC purposes)	Checkbox	
Contracting Entity	Dropdown	
Does the agreement cover affiliates?	Radio Button	Yes/No
Governing Law	2 Dropdowns	State/Country
Effective Date	Date	
Drop down: Expiration Date, Duration, Perpetual	Date, Numeric value (days, months, years)	
Auto Renewal	Checkbox	
Auto-Renewal Term	Dropdown	Numeric (# of years)
Notification Time Period	Dropdown	30, 45, 60, and 90 Days
Term Notification for Legal Reviewer	Checkbox	
Agreed to an employee non-solicit	Radio Button	Yes/No
Non-solicit Text	Text	
Notice required to terminate without cause	Dropdown	None, 15 Days, 30 Days, Other
Is there any language restricting right to assign to a third party?	Radio Button	Yes/No
Notice only, Consent required, Prohibited, Other	Dropdown	
Are there any consequences triggered by a change of control of?	Radio Button	Yes/No
Select all that apply	Radio Button	Notice Requirement, Termination, Other
Does this agreement include a non-compete or similar restriction for either party?	Radio Button	Yes/No

CLM Technology Management

Implementation, Data Migration/Integration, Analytics & Insight

- Heavily regulated/reporting requirements
- Contracts in multiple “repositories”
- Corporate growth through acquisition
- Documented negotiation practices/standardized positions
- Consolidating templates

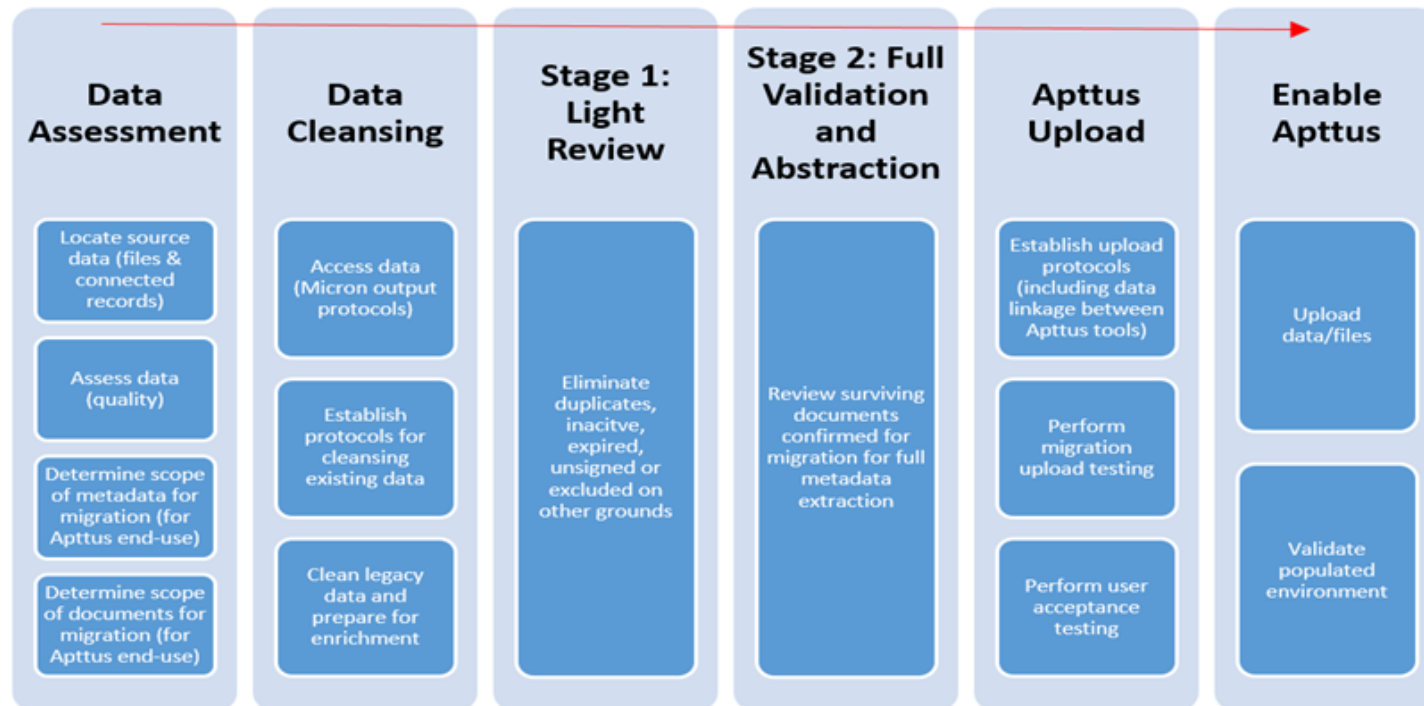


CLM Legacy Contract Data Migration *Key Questions*

- Volume and Type
- Variability
- Data Fields
- Speed



CLM Technology Data Migration Roadmap *2 Phase Review – Light Touch and Full Review*



Demo Dashboard

Show Feed

Find a dashboard...

Clone

Refresh

As of September 25, 2015 at 12:40 PM

Agreements by Legal COE



Legal COE

- Aviation
- Brand Services, Compliance & Privacy
- Business Services
- CAO Global Operations
- Employment, ESH, Immigration, Litigation
- IP Litigation
- IP Transactions and Licensing
- Legal Geographies
- Sports Marketing
- Other

Aviation

Agreements by Type

Step 1	Record Count
Buy	14
Corporate Governance	1
Employment	6
IP Transactions	3
Litigation Agreements	2
Other / Not Sure	4
Real Estate	1
Sell	1
Sports Marketing	3

Agreements by Legal Reviewer

Legal Reviewer	Record Count
Australia Legal Team	2
Canada Legal Team	2
Dirk Schouten	12
Dirk Schouten	1
fds	3
Finland Legal Team	1
Georgia Legal Team	1
Germany Legal Team	1
Greater China Team	1

Agreements by Estimated Spend

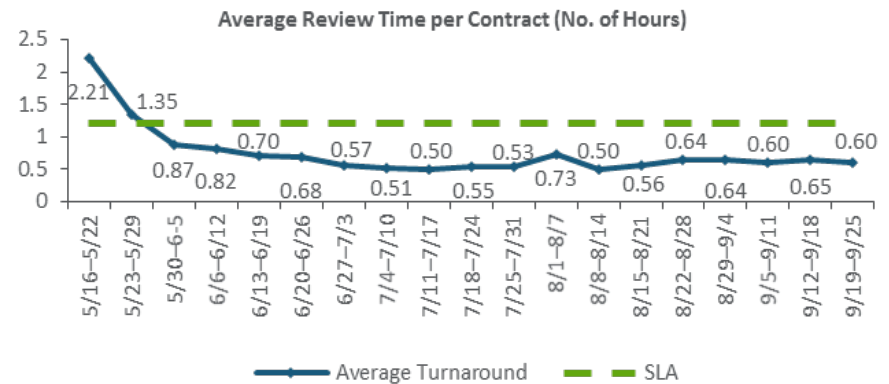
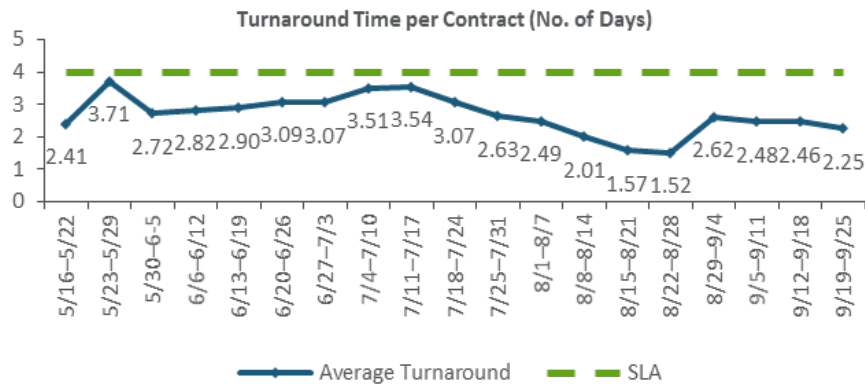


Estimated Total Spend (USD)

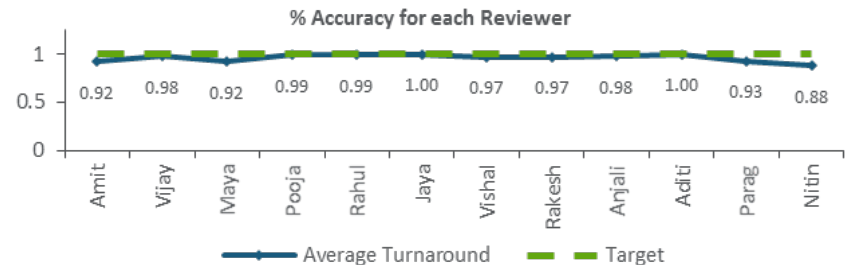
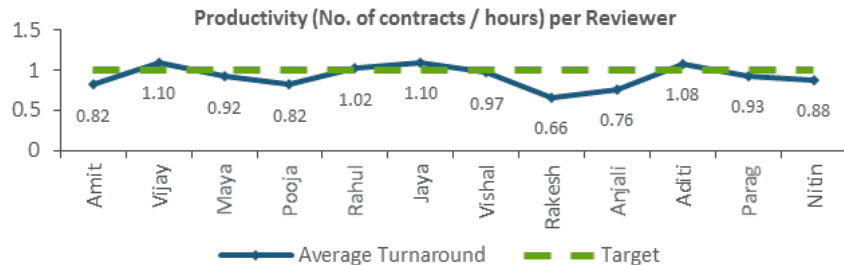
- USD\$ 0-25,000
- USD\$ 100,001-500,000
- USD\$ 1,000,001-5,000,000
- USD\$ 10,000,001-20,000,000
- USD\$ 25,001-100,000
- USD\$ 500,001-1,000,000
- USD\$ 5,000,001-10,000,000
- USD\$ 20,000,000 and above

Contract Lifecycle Management – Detailed Operational Metrics

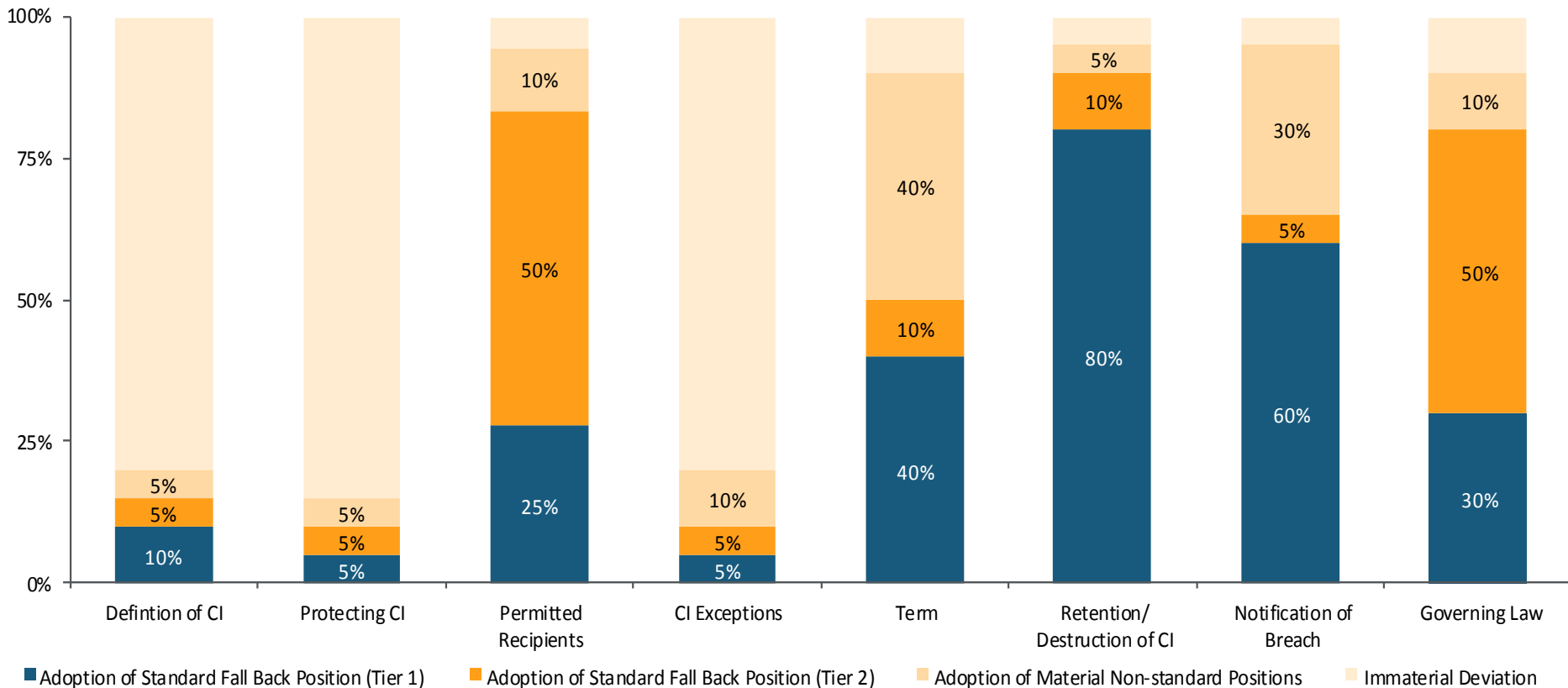
Daily Delivery Metrics



Individual Performance Metrics



Contract Lifecycle Management *Using Data Analytics to Effect Substantive Change*



CLM Technology Optimization/Monetization

- Aggressive Growth Forecast
- Aggressive Sales Team (*see also Risk Management*)
- Client Satisfaction
- Renewals/Income



Looking Back and Preparing for the Future

- Communicate frequently
- Collaborate internally and with vendor partners
- Be aware of technology updates and developments
- Consider alternative resourcing for support and additional process improvements
- Be humble and embrace new ideas
- Keep it simple... but think global



SAMPLE QUESTIONNAIRE FOR CLASSIFYING CONTRACTS ACCORDING TO RISK

1. Buy-Side (higher risk) versus Sell-Side (lower risk)?

2. Total Contact Revenue:

- \$0 - \$25k
- \$26k - \$50k
- \$51k - \$150k
- over \$151k

3. Third-Party Paper?

4. Covered by an existing agreement? If so, renewal or amendment?

5. Agreement Type

Higher Risk

- Sell-Side: Service Agreement
- Sell-Side: Sales Agreement
- Sell-Side: Licensing Agreement
- Buy-Side: Operation Critical Facility Services Agreement
- Buy-Side: IT Services Agreement

Medium Risk

- Statement of Work
- Change Order

Lower Risk

- Non-Disclosure/Confidentiality Agreement
- Purchase Order
- Click-through Agreement

6. Issues-Specific Risks

- Significant IP Issues
- Third party providing services onsite
- Significant Data Protection Issues (engagement involves exchange of PII)
- Insurance Coverage Level; Third-Party / Affiliate Indemnity Coverage

Risk Scores

Risk Category 1 = 10 points or above

Risk Category 2 = 5 to 10 points

Risk Category 3 = Less than 5 points

Legacy Contract Data Migration – Key Questions

Volume and Type

- ◆ How many contracts require review?
- ◆ What type(s) of agreements, i.e., procurement, sales, NDAs, leases, HR, etc.?
- ◆ How many per agreement type? What is the page range per agreement type?

Variability

- ◆ Are the majority of agreements on your paper or other-party paper?
- ◆ For your paper, do you have standard templates you can share for the in-scope agreements?
- ◆ Are they all English-language? If not, what other languages are anticipated?

Data Fields

- ◆ What are the data elements (fields) you want abstracted?
- ◆ Are these closed-end objective questions, or do you require summarization of complex terms?

Speed

- ◆ What is the timeline for completion of the project?
- ◆ Will all of the documents be available at the start or will they be supplied in batches?
- ◆ Do you want the data input directly into your system(s), behind your firewall, or can the completed abstracts be supplied in an uploadable format?
- ◆ Will the contracts in scope be text-searchable, i.e., will they be processed with OCR?
- ◆ If the agreements are not text-searchable, what is the quality of the scanned agreements?

DOCUMENT PRODUCTION REQUEST LIST FOR KNOWLEDGE TRANSFER: CONTRACT LIFE-CYCLE MANAGEMENT AND PLAYBOOK DESIGN

Please indicate using the checked box function whether the requested documentation is (i) available, and (ii) provided/to be provided as part of your production of materials to Integreon.

1. Knowledge Management Resources

Please provide any existing playbooks, guides, manuals, instructions and/or check-lists that explain how [insert contract type(s)] [is/are] drafted and/or negotiated.

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

2. Preferred positions for specific/critical clauses

Please provide us with any existing preferred lists of push-back positions (position 1, position 2, and final position 3) during negotiations that exist and are followed currently for critical/specific clauses

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

3. Unusual clauses/wording

Please provide us with any existing guidance/language that provides for circumstances when there are escalations/approvals/flagging required to specific business authorities/department heads for any approval/confirmation before accepting any specific push-backs or unusual clauses/wording

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

4. Processes/Workflows

Please provide any process diagrams/maps or workflow diagrams/maps that demonstrate how activities relating to the life-cycle management of [this/these] [insert contract type(s)] [is/are] organized.

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

5. Templates

Please provide all existing templates of [insert contract type(s)] and any attendant instructions for the use thereof.

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

6. Prior Legal Work Product

Please provide as many examples (10 or more if possible) of heavily redlined / marked-up versions of your paper and counterparty paper for each *contract types* from past contract negotiations by each primary legal stakeholders that will receive drafting/negotiation support from Integreon, including associated email correspondence. Please also provide all the variations/versions of such redlines including the executed/finalized copy of the samples.

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

7. Client Stakeholders/Relationships

Please provide any documentation, including organizational charts, explaining the title/position and function of the relevant legal and business stakeholders responsible for managing the life-cycle of [*insert contract type(s)*] within your organization. Please indicate if these individuals will be made available for interview.

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

8. Management Information (MI) Reporting

Please provide past examples of any regularly recurring Management Information reporting relating to the management of [*insert contract type(s)*] used by your legal department.

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

9. Technology

Please provide any manuals, instructions, or similar documentation that explains the use or application of any technology that supports the life cycle-management of [*insert contract type(s)*].

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

10. SLA, KPI, etc.

Please provide any service level agreements, key performance indicators or other performance expectations that relate to the management/negotiation/turnaround of [*insert contract type(s)*].

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

11. Anticipated changes

Are there any anticipated changes in any of the processes or information requested above? If so, do you have any documentation that describes anticipated changes?

Available: Yes ☐ No ☐ Provided: Yes ☐ No ☐

CONTRACT PROCESS AND NEGOTIATION PLAYBOOK STRUCTURE

Component	Description
Process Mapping	Diagram activities and activity owners for a contract type's pre-execution life-cycle Results: <ul style="list-style-type: none"> • Identify waste • Ensure tasks are assigned to right resource • Streamline handoffs • Enable activity tracking
Templates	Set forth relevant templates and link to negotiation guideline section
Standard Negotiation Positions – Issue Based	Articulate negotiation positions independent of clause language
Standard Negotiation Positions – Clause Based	Articulate negotiation positions mapped to template clauses
Articulating Fall-Back Positions	Provide actual fall-back language. Creates consistency across negotiators and contracts; and facilitates a productive evaluation of that negotiation position over time. Also note that an important contract issue may (and in fact, often should) have multiple tiers of fall-back positions (i.e. the fall-backs to a fall-back, or fall-backs for different situations that impact the issue).
Explaining Negotiation Positions to Counterparty	Provide set explanations for assumed negotiation positions for counterparty. Providing rationales for proposed changes or push-backs is powerful, yet managing that knowledge across a legal department is often overlooked. It is also useful to track the effectiveness of such explanation using a simple analytics regime.
Assigning Weight to Negotiation Positions (risk scores)	Identify negotiation positions that are must-haves versus nice-to-have. An important guideline for negotiations is to articulate when to push back, when to compromise and when to simply accept proposed modifications.
Continuous Improvement	Treat your playbook as a living document. Conduct periodic reviews of your playbook that includes feedback from negotiators (at least every six months). Import analytics into your playbook. These analytics will help assess how compliant your contracts are with your playbook (tracking deviations from playbook positions), how in sync your playbook is with market realities (what your negotiators are in fact doing), and will become the basis for improving your playbook (e.g. fine tuning template language, fall-back positions etc.)