

LexisNexis In-house Advisory Board

The automation of contracting and contract lifecycle management

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On 11 February 2016, the LexisNexis In-house Advisory Board met to discuss the automation of contracting and contract lifecycle management. The discussion was supported by a case study from Vodafone. The Board focused on what drives the need for contract management tools, implementation and the impact upon processes and people. The discussion also highlighted the numerous benefits that the automation of contracting can bring to a business.

The session was facilitated by Nigel Rea, Director of Precedents, Drafting & Forms at LexisNexis, and Kerry Phillip, Legal Director for Vodafone's Global Enterprise business.

Key topics discussed and covered in this paper:

- Contract lifecycle management – what is it?
- Contracts: the challenges and how to tackle them
- Why use a contract management solution?
- The benefits of automated contracting
- Selling the benefits to the business
- Choosing the right supplier and tool
- The impact on processes and people
- Conclusions – where next?

Introduction

With automation and workflow tools becoming more and more part of daily life for lawyers, businesses are increasingly realising the benefits they can bring. These benefits include:

- Increased productivity.
- More efficiency and reduced timescales.
- Operational efficiency and cost-savings.
- Better data and management information.
- Greater visibility of risk and the ability to manage it.
- Speed to market – eg ability to shorten sales cycles.

New ways of working impact on people as well as processes and getting buy-in from the immediate team and the wider business is essential to the success of a project. Underpinning all this is the need to thoroughly analyse existing processes in order to gain an in-depth understanding of how workflows can be improved. Most importantly, the business needs to be ready to embrace innovation – effective change management is crucial.

“A challenge is influencing and changing people’s behaviour... but it can be done.”

Contract lifecycle management – what is it?

Nigel Rea opened the meeting with a discussion of what is meant by ‘contract lifecycle management’. CLM is the process of proactively managing a contract from its initiation through to completion and subsequent renewals. The Board considered the key features of ‘end to end contract management’ to include:

- Storing all of your contracts in one place.
- Standardising the contracting process (ie creation, including automation, through to negotiation).
- Creating contracts quickly and allowing self-serve within the business.
- The ability to extract data from contracts.

End to end contract management isn't just about creating and managing contracts; it has the potential to transform the contracting process.

Contracts – the challenges

The Board moved on to discuss the challenges posed by contracts and the contracting process. The challenges generally fall into two categories: people and process. The Board flagged a number of key areas where difficulties can be encountered:

- Contract information not stored in one place. Time wasted asking for or giving updates on what stage of the process a particular contract is at.
- The end of the contract process. How is the signed contract stored, made accessible and monitored?
- End to end contract management. Ensuring that the process is managed effectively throughout to reduce risk and capitalise on opportunities.
- Offering customers good service and quick response times.
- Influencing and changing people’s behaviour. People get stuck in certain ways of doing things and aren’t always comfortable with or able to see the benefits of changing established processes.

“Key to making improvements is to analyse the process and make changes.”

Tackling the challenges

In order to address the above challenges, the Board suggested a number of important points:

- Analyse the current processes that you have in place. Where are there inefficiencies? Where are the areas of high risk?
- Acknowledge that it can be hard to get buy-in within a business and to persuade people to adopt new processes. Planning how to do this most effectively is vital to the success of an implementation project.
- Understand how you can do things better. Just because things have always been done one way, it doesn’t mean there aren’t areas of risk and inefficiency that can (and should) be eliminated.

CASE STUDY: Vodafone

Kerry Phillip from Vodafone then presented a case study on the consideration and process behind implementing a contract lifecycle management solution. Vodafone is at the early stages of implementing an ambitious end to end CLM tool for Enterprise customers. Kerry Phillip outlined how the project is very much a work in progress and that lessons are still being learned.

Why change Vodafone’s contracting process for Enterprise customers?

The Board heard how contracting processes are currently largely manual. There are around 100,000 contracts for Vodafone’s global and UK enterprise customers and this figure is growing. Faced with this quantity, Kerry Phillip explained how the team started out by mapping the workflow process. The figures that the analysis generated revealed the true scale and complexity of the challenge:

- Multiple contract storage locations with different levels of accessibility: 12 databases.
- Manual reporting and in-life management of contracts.
- Reactive rather than proactive renewals management.
- Slow, paper-based contract signature process: process taking 7 days to signature of contracts.
- Poor engagement: 10+ routes to contract, with minimal self-serve.
- Manual contract creation process: hundreds of different templates that lacked consistency and simplicity.
- An inconsistent and ad hoc approach to risk management.

The Enterprise customer agreements have been the initial focus of the project as they present the largest challenge, with a plan to automate UK consumer contracts at a later stage.

Vodafone was very clear on requirements: end-to-end control of the contracting process, with automation built in to every stage. The CLM would need to provide:

- Workflow and resource allocation.
- Access to data in contracts, eg renewal date, key contract milestones, products and services sold, customer name, Vodafone contracting entity, type of agreement.
- Dashboards to show management information.
- Self-service for standard and low complexity contracts.
- One central storage area linked to Salesforce, the business selling tool.

“It needs to be central to the business not just the legal team.”

The benefits of automated contracting

There is no escaping the fact that the process of analysing workflows and choosing and implementing an automated tool is extremely complex. However, the Board heard how the benefits that can be reaped far outweigh any difficulties in getting the project off the ground.

Just in terms of the legal team, an automated and standardised contract creation process offers greater control of resource allocation and smart analysis of risk and governance. There is also clearer management information on how the contract process is operating for the business, helping to solve any problems and to distinguish trends that may feed into future strategy.

Effective contract lifecycle management needs to be central to the business not just the legal team. Kerry Phillip demonstrated to the Board how the benefits Vodafone expects to see will extend far beyond the legal team and into the wider business:

Commercial and In-life

- Renewals data: reduction in manual work, clearer strategy, better decision making.
- Monitoring and managing obligations: more risk visibility, notifications/alerts, reduced SLA credits.

Customers

- Greater speed and simplicity in the process, which in turn generates a better perception of the brand and increases advocacy.
- Internal contract handover summaries: these allow for proactive contract management and better monitoring/managing of obligations.
- An overall more positive customer experience.

Enterprise Business support

- Automated handovers: more billing and invoicing accuracy and reduced risk of human error.
- Reduction in revenue erosion: greater visibility of scope and creep, greater ability to view and enforce financial terms.
- Monitor contractual delivery

Sales

- More informed customer discussions.
- Speed and sales effectiveness: more accurate renewal pipeline, one front door support, ability for Sales to self-serve, e-signatures and better customer benefits tracking.
- CLM tool tracks the contract through every stage of the negotiation process.

More generally, the tool will provide the following improvements to the contract management process:

- Less time wasted chasing stakeholders – the tool logs every action so that the status of any contract is visible along with who's currently managing it. Sales teams and account managers can locate a customer contract without having to ask the legal team.
- Ability to see which contracts are awaiting signature and approval.

- Contracts will be in one place rather than 12 separate databases.
- Easy search system allowing searching on customer names, product sold, country, renewal date, etc.
- Ability to demonstrate the number of contracts or revenue each member of the team is assigned to – valuable data when looking at the resource levels of the legal team.
- Data on how long each contract takes to close.

One step already implemented is electronic signature, reducing signature time from 7 days to 2 or 3 days (or a few hours). Vodafone expects to see an average reduction of 2 weeks in the negotiation of Master Services Agreements.

Selling the benefits to the business

Getting 100,000 contracts into a central storage location is the current focus. The initial challenge though, Kerry Phillip explained to the Board, was getting the funding from the business to implement the tool.

Five years ago, in a previous role in Vodafone, Kerry wanted to implement a similar contract tool but at that time there was no appetite from key stakeholders and therefore no cash. Learning from this experience, Kerry Phillip described how this time the project team mapped out stakeholders carefully and then she and others in the project team invested a large amount of time explaining the problem, the vision and the business benefits of the CLM solution to those stakeholders. It was this approach that achieved budgetary support for the project and buy-in at every level.

The Board heard how support was gathered from the CEO for Vodafone's Global Enterprise business by explaining how the contract management tool would:

- Deliver a better customer experience of contracting, setting Vodafone apart from competitors.
- Enable Vodafone to use the rich data in the contracts to assure revenue.
- Speed up contracting to bring revenue in more quickly.

Given the quantity of contracts Vodafone's Enterprise business has, the revenue potential of managing them effectively presents a very compelling case.

“Get your contracts in order and know where they are stored.”

At a time when in-house lawyers are being asked to do more with less, Kerry Phillip's pitch to the business wasn't focused solely on the cost-saving elements. Instead, she pitched the whole range of benefits of contract automation in a way that allowed different parts of the business to clearly understand the positive impact it would have on their specific needs.

Choosing the right tool and supplier

The Board moved on to discuss how to choose the right tool and supplier once the need for a solution had been identified. It was agreed that a full understanding of the current state of contracts in the business was central to pinpointing requirements: get your contracts in order, know your templates and clauses, and know where the contracts are stored.

The Vodafone IT team was keen to build a contract automation system internally from various tools already in use but Kerry Phillip had reservations about that approach. Her concerns were around how the project would be prioritised against other work, the impact this would have on the lead time, and whether it could ever be as good as a solution tailored for the legal market. Pushing for an external provider, she needed to lobby internally to gain support.

With a very clear set of requirements, Vodafone talked to a number of different suppliers. All of the suppliers offered CLM but it was important to find an experienced yet flexible supplier. In total they looked at 14 different suppliers listed by Gartner as leaders in the field, but finally selected Riverview Law based on the flexibility and configurability it offered. As part of the selection process the project team spent 2 days with Riverview Law building a sample Vodafone dashboard and created a video giving an overview of the solution they could provide.

The Board also discussed external suppliers who can assist in the organisation of contracts. One Board member's business is piloting eSign (formerly Echo Sign) which allows for electronic signatures to be added to the contract and thus speeds up the process for contract completion. DocuSign is used by Vodafone. The Board member also described how they were having all their existing contracts scanned with the intention that after a period of time all paper versions of contracts would be destroyed.

Implementation: the impact on processes

Kerry Phillip described to the Board how the legal team has changed how it works over the last 12 months in preparation for the coming CLM tool:

- Transactions are divided into categories according to complexity: high complexity (core legal team involved), medium complexity (contract team involved), low complexity (off-shored to teams in Delhi and Budapest) and standard (self-serve).
- An online work tracker is in place which can provide some metrics.

- The sales team will have access to the Enterprise contract tool linked through Salesforce – the system which will provide customer, product and service information for the contract.

The Board raised the question of whether a contract management tool is restrictive. Kerry Phillip suggested that it

“Far from being restrictive, it gives you much more power.”

actually gives you far more power. You don't have to force every contract into the system – you can set your own rules according to the value or type of contract and decide whether to use the tool or not.

It was also stressed that you shouldn't be overly ambitious when setting up a contract management tool. Whilst twenty fields in the database may make for brilliant data mining, remember that these add considerable work and time – stick to 5 or 6 key fields for the legacy contracts.

Implementation: the impact on people

With regard to people rather than process, several members of the Vodafone legal team will be trained up as super-users of the contract tool and the legal management team will receive in-depth training to ensure they are advocates. This is key to ensuring the tool is adopted across the global team and that any teething problems are overcome so that the tool is used to its full potential by the legal team and by business colleagues. Kerry is optimistic as the legal team is dynamic, working as part of a business that offers cutting edge technology and solutions. Change is normal at Vodafone, and the pace is fast.

“Resilience in the face of change is one of the most important skills that the business requires.”

Resilience in the face of change is in fact one of the most important skills that Vodafone's Enterprise legal team requires from new members, and is perhaps as important as their legal skills.

Vodafone's long-term plan

The introduction of a contract management tool to replace many

manual processes is unlikely to run entirely smoothly. Businesses need to be prepared to be flexible and to address issues quickly as they arise. Kerry Phillip said that she has booked out a meeting room every day for the next 6 months for the project team to use, providing a readily available space to sort out any problems.

Other Vodafone legal teams around the globe are keen to use the tool. Once the Enterprise contracts are successfully managed by the CLM and lessons have been learnt along the way, the tool can be rolled out to cover other local markets and non-English language contracts.

Alongside the super-users in the legal team, a data specialist will be responsible for analysing the metrics and management information collated from the tool. It will be important to communicate to stakeholders the impact of the tool, the business benefits and the improvement in customer experience.

Kerry Phillip outlined how her legal team are currently working above capacity and that she is continually looking to standardise work and process and move it off-shore or to a self-serve model. The contracts tool will help with this journey.

“In-house lawyers must be data savvy and comfortable with embracing technology.”

Conclusions – where next?

The Board meeting concluded with a discussion of what the future holds for in-house teams and the ever-increasing volume of data they generate. Technological solutions such as contract systems are only just beginning to touch on the management of Big Data. Such data is core to a successful business – if it isn't managed and mined effectively then vital information is lost along with strategic insight and revenue opportunities.

The pressure is on in-house legal teams to innovate (as Vodafone has) the way in which they apply technology to core elements of the legal role. Technology can be used to better align legal resources and create greater efficiency, transparency and risk visibility, alongside reduced timescales and more accurate data.

Does this mean that lawyers will be replaced by computers? Perhaps not, but artificial intelligence (AI) is set to make a big impact on the profession. AI refers to computer systems that perform tasks that normally require human intelligence. It can be used in core legal tasks such as risk management where eliminating the potential for human error is hugely beneficial.

The Vodafone case study highlighted two important areas:

- Getting the buy-in of both the legal team and senior management in the business; and
- Ensuring the legal team is forward-thinking and resilient to change – legal skills alone are no longer sufficient.

In today's business and legal environment, in-house lawyers must be data savvy and comfortable with embracing technology. It is this emerging breed of lawyer who can harness technology and innovate the legal role. Most importantly, they will be the ones with the ability to convey that vision to the senior people in their business who can support and fund such innovation.

The LexisNexis In-house Advisory Board

The Advisory Board meets 4 times a year to discuss a pre-agreed topic. This paper was produced as an overview to one of these discussions. You can view additional papers [here](#).

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About Kerry Phillip

Kerry is Legal Director for Vodafone's Global Enterprise business, leading a global team of 80 lawyers and contract negotiators supporting a business of approximately £4bn. Vodafone offers multi-national companies total communication solutions around the globe. Since taking the role in September 2014, Kerry has restructured the legal team, tiered the work to place low complexity work with an offshore team, created a simpler contractual framework for global contracting, introduced electronic signature for faster contracting and is now implementing a contract lifecycle management tool to enable self-service and automation.

About Nigel Rea

Nigel is Director of Precedents, Drafting & Forms at LexisNexis. In a rapidly changing legal market, practitioners need smart access to content, data and new ways of working. Nigel helps direct the development of tools and solutions to meet these needs. Within his role at LexisNexis Nigel drives the commercial strategy for 54,000 documents that help practitioners work in smarter ways. He previously worked within law firms and started at Accenture.

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