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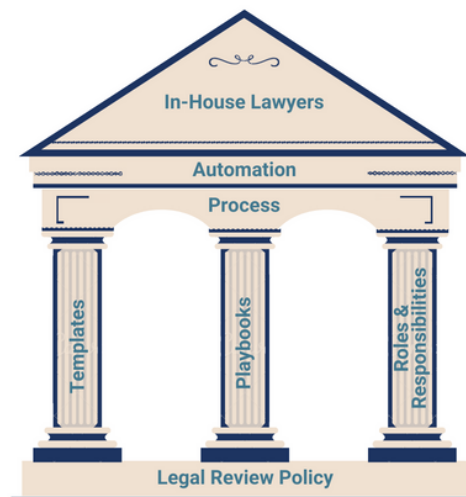


CLM  
Simplified

## Foundation and FINALLY Automation: CLM Technology

Well done! You've made it! Like most people, you probably started reading this series with technology in mind but we hope you've managed to stick with us through the journey of ensuring that you have solid foundations in place before jumping to technology. Well, this is where all the homework and planning pays off – with a Legal Review Policy in place, a set of current, practical templates and playbooks at your disposal, the right people in place and optimized, well documented processes ready, you've smoothed the way for probably the most fun and final part of constructing your contracting framework – **automation**.

### CLM Simplified Contracting Framework



No discussion on contract process improvements is complete without a focus on technology; it is an essential facet of CLM. But the problem with technology is that automating a bad process only makes the bad process faster, but it is still bad. The trick is to identify the best technology for the organization. But, as usual, it's complicated because the landscape is constantly changing.

Consider these points:

- Technology is at the core of any discussion about innovation, but it should not be. Before any conversation about tech takes place, there should be an assessment of the current state of the people and processes involved in contracting.
- Consider who should be part of the initial conversation. Start internally with key stakeholders to understand what they need from a technology solution. Understanding these needs is the most important part of any tech implementation.



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## Taxonomy: CLM vs CMS

### **Contract Lifecycle Management**

Contract Lifecycle Management is a function, not a system. You cannot buy it.

### **Contract Management System**

A Contract Management System is a technology solution that you can buy.

- Start with taxonomy. Contract Lifecycle Management (CLM) is a function. It is not a system, although some, including much of the legal press refers to CLM as a system. This only confuses people. Some people even think that you can buy CLM, but what they're really trying to buy is a CMS: a contract management system or CLM system. Taxonomy becomes important when you're shopping for these things.
- Contracting is a lifecycle, and many contracts means many lifecycles; it is a combination of many processes, a series of activities and events, some of which are enabled with different types of technologies along the way. Other times, there's a goal to enable and manage the entire lifecycle through a single technology.
- Technology is particularly important in one area: The best way to gather data insights is through automation.

## Key CLM Data Points

 <b>Contract Volume</b> The basics: how many contracts and what kind?	 <b>Turnaround time</b> Track both response time and time to first and final drafts.	 <b>Cost per transaction</b> Consider the time spent by internal resources and their fully burdened cost.	 <b>Simplicity and readability</b> Run a Flesch-Kincaid score and track it as you edit during negotiations.
 <b>Value</b> Note the value of the contract, whether revenue or cost.	 <b>Obligations</b> Decide whether to make Legal responsible for monitoring expiration dates or other post-execution operations.	 <b>Inside the contracts: deviations</b> Flag deviations from your standard terms.	

- Fully understand exactly what the organization intends to enable. For example, is it trying to enable better intake so that when the request comes in from the business contact, it has some basic information in it, and the number of these are tracked as they come in? If that is the case, create an intake form for business requestors to fill in. It is possible to create those forms in some of the technologies that the organization is likely already using, such as the Microsoft Office 365, or Google Forms. It doesn't necessarily have to be a formal or complex CMS to accommodate this particular need.



# CLM Technology Foundation and FINALLY Automation:

- Storage is at the other end of the CLM lifecycle. Many legal departments seek help to find the right contract management system and then realize that the one problem they're really trying to tackle is storage. They don't have a contract repository and they don't have an easy way to search for contracts. Contract management systems are designed for that but starting first by creating a simple SharePoint site can be an effective first step. Many legal departments already have access to SharePoint and can start with something simple.
- Do you need an end-to-end technology solution? Some offer everything, from the request and the intake, all the way through to post-signature obligation tracking. Just note that they can't be good at every phase of this lifecycle, and they usually have strengths in some functions more than in others.
- There are lighter versions of end-to-end lifecycle systems. Those are excellent for smaller, more agile departments. These lighter systems are easier to implement and are software as a service (SaaS) cloud-based systems. They are the most agile systems, they're faster to implement, and they have some pretty good features along the entire lifecycle, though not as robust as more elaborate systems. One area of CLM-related technology that has been around for some time is document assembly. Document assembly is very useful when there is a solid clause library which can be used to create templates. The system basically relies on a decision tree that a company can design to help ask the right questions, and then produces the clauses that are relevant based on the answers received.

There's been a significant, and unprecedented, increase in investment and legal tech over the last few years, and contracting seems to be the top area of focus right now.

The main piece of advice for anyone seeking CLM implementation is to identify with certainty the EXACT problem you are trying to solve and seek out solutions for THAT problem without getting distracted by all the other bells and whistles.

## About InnoLaw Group

InnoLaw is a legal service provider that combines sound legal advice, and practice of law, with legal operations efficiencies and contracting support.

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