Managing Your Contracts and the Content Within Them
Unlocking the Value of Your Existing Contracts
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A Joint Whitepaper by Corridor Company & Brightleaf Solutions

Contract Lifecycle Management (CLM) has become a top priority for C Level Executives worldwide. According to Gartner, the leader in technology research, Contract Lifecycle Management is no longer a “nice to have” initiative, but rather a “need to have” business practice. With a direct impact on both revenue and expenses as well as the risk profile of a company, many businesses have an elevated interest in implementing automated solutions. The efficiencies introduced by an automated contract lifecycle solution are numerous – and, as the name suggests - address the complete lifecycle of a contract.

On the pre execution side, contract templates can be created and stored in a central repository for easy access and use as well as automated assembly. Negotiation processes can be supported with automated check-in check-out functionality, redlining and version control, and the contract signature process can be simplified through the use of eSignature. Throughout the process, a variety of escalation tools, alerts and reports can be leveraged to ensure that the contract progresses through its approval and completion process in a timely and efficient fashion.

Once the contract is signed, it can be stored in a central repository for easy location, identification of key terms and provisions - and overall management. Renewal dates and supporting provisions can be tracked and understood to ensure timely contract renewals with maximum company benefit. Spend under contract and identification of overall vendor spending can be monitored for purposes of budget management, leveraged buying, volume discounts and opportunity identification. Obligations can be tracked and monitored to ensure that you are delivering on the commitments made to your customers – and that you receive the benefit of the commitments made to you. Risks and opportunities can be readily identified to ensure proper mitigation and resolution.

Such provisions may range from simple contract metadata terms including execution, renewal and termination dates as well as price increase and discount percentages to more complex obligations including escrow provisions, notice periods and warranty commitments.

Various strategies exist to capture this critical content – from hand keying provisions to complex extraction methods. In all cases, a sound strategy for memorializing this information is a key
component to successful contract management strategy. And, while this is true for new contracts created by your CLM system, it is equally important for your existing legacy contracts.

In this whitepaper, we’ll closely examine the content extraction technology offered by one of Corridor’s trusted partners, Brightleaf Solutions, as well as strategy considerations for migrating important legacy contract information into your new CLM system. We’ll also share a specific Case in Point example employed by British Telecom who has coupled Corridor’s Contract Management [app] for SharePoint with Brightleaf’s extraction methodology to proactively manage tens of thousands of contractual obligations.

Specific focus areas include:
- Corridor Company & Brightleaf State of the Art Technology
- Strategy Considerations for Implementing a CLM System and Migrating Important Legacy Contract Information
- British Telecom as a Case in Point

**CORRIDOR COMPANY & BRIGHTLEAF STATE OF THE ART TECHNOLOGY**

Contract Lifecycle Management Systems and Content Extraction Technology have undergone rapid transformation – thanks to both technology advances as well as a maturing business and legal user base. Modern CLM systems are no longer simple repositories for storing documents electronically. The best of these new systems make contract information reportable and actionable - showing contract dates, monetary values, terms, clauses and obligations at a glance – and allowing tasks to be created and assigned to contract managers automatically based on changing information. These systems guide a contract across its lifecycle – from request and creation through negotiation, approval and signature – to management of contract obligations, renewals, and spend. Today’s contract management systems secure documents based on user permissions and allow integration with Line of Business systems (LOB), email, and e-Signature.

Content Extraction Technology, software that accurately reads and extracts terms, clauses and obligations from contracts, has also advanced substantially. Manual extraction and rudimentary extraction tools built around set phrases have given way to modern automated systems that use natural and machine language processing. These new tools allow for accurate, consistent and complete extraction of information from contracts. They now understand language, grammatical constructs, and sentence structure – much like your phone or GPS understands voice instructions. Advances in optical character recognition (OCR) and massive computing power – combined with the global reach of skilled people and computer connectivity – further allow organizations to gain access to information in their legacy contracts – including:
• Commercial terms including name, dates and addresses
• Legal provisions including right of first refusal, transfer restrictions and assignability
• Obligations regarding what you and your counterparty have agreed to do – and not to do

Brightleaf leverages the advancements made in contract extraction software and couples this with a legal review process to ensure almost 100% accuracy.

Its semantic intelligence engine is a proprietary software platform for analyzing and abstracting any and all commercial terms, legal provisions and obligations from any text-based legal document. The underlying architecture understands linguistics – along with broad and multi-layered grammatical contracts – allowing it to parse complex legal language across any number of contracts as well as companion documents such as amendments, addendums and side letters. It further refines the results using custom rule sets, tailored by Brightleaf specifically for your document sets – which results in a highly detailed and accurate index of all contract data.

The data then proceeds through a multi-step Six Sigma quality control process first using additional automation which is then followed with a 100% review by a team comprised of legal experts, business analysts and financial experts. The result: 99.99966% accuracy.

The architecture of the system allows processing of any contract types – both internal and other party paper – of any size. Sentence structure need not be consistent and contract information can be presented in limitless constructs. The efficiency of the technology and process allow more than 1,000 contracts to be processed each week.

STRATEGY CONSIDERATIONS FOR IMPLEMENTING A CLM SYSTEM AND MIGRATING IMPORTANT LEGACY CONTRACT INFORMATION

Designing Data Structures for both New & Existing Contracts

Create a document data structure that reflects the contracts in place as well as the contracts to be used moving forward.

Implementing a contract management system means taking your contract types and management processes and creating data structures and workflows to then manage these. As a practical matter, it is important to understand the types of contracts your organization materially relies upon to do business as well as the key data elements of those contracts. For example, at a high level, procurement contracts should be managed differently than sales contracts. Procurement contracts may segment into several different types of agreements including Supplier NDA's, License Agreements, Master Service Agreements, etc. Once the necessary data provisions are identified, the system can be leveraged to create contracts, guide them through the approval process, and report on the obligations created for each contract type.
Attempting to design your contract data structure to reflect edge cases or those outside of the norms of your business often proves a distraction and adds to system administration. Instead, focus on the contracts and processes that are frequent and well understood. Identify the contract types and metadata that needs to be captured for efficient searching, reporting and workflow processes.

The design should take into consideration the data which is contained in your legacy contracts. This is important not only because it may be necessary to accommodate certain metadata elements contained in these contracts, but also because an analysis of these contracts may inform the overall design approach. A simple extraction of legacy data into a spreadsheet can be extremely informative – however, using spreadsheets to search and report on that information is both inefficient and error prone. For downstream management of these contracts, it is important that these data elements are properly captured within the new CLM system.

Discovering what is in your legacy contracts can also inform your contract management system data structure moving forward. While contract managers know the most common and useful fields to associate with new contracts for the new system, there is often much they can learn from an analysis of past contracts. Contract types and their frequency, clauses and the variations used over many years, specific obligations – these are all revealed plainly when data is extracted from legacy contracts. These lessons that can be learned from this analysis can be extremely valuable when considering the data structure for the new contract management system.

**KEY TAKEAWAYS**

**CLM System**
- Identify contract types and data associated with them.
- Start with contracts and processes that are frequent and well understood.
- Design for the rule and not the exception.

**Content Extraction & Migration**
- Analyze legacy contract data post extraction.
- Understand frequency of contract types, clauses and variations and types of obligations.
- Consider implications of legacy data.
**Onboarding Users**

*CLM systems are workplaces for many kinds of professionals. Make sure that when you introduce these people to their new workplace, it contains the information that they need to be productive.*

Contract Management systems are not installed for everybody in a company and turned on with the flip of a switch. It is always better to introduce users to the system in stages – often by department, location or function. If it has been determined that improving the efficiency of the sales contract process is a priority, the first goal should be to prepare the system to guide sales contracts from request to approval. Experienced, respected business users should be identified and given advanced training so that they can serve as “champions” or advocates of the system and so that they can provide vital user feedback. The Sales Team and their colleagues can then be educated as well as senior management.

In a similar way, other areas of the business can be identified – supply chain management, direct procurement, indirect procurement, or IP related contracts – where contract management automation is a priority. These users can then be introduced to the system with the appropriate functionality enabled. This phased approach ensures that different user types are systematically introduced to the system and that lessons learned can be leveraged for the subsequent deployments.

Similarly, the legacy contract migrations should be coordinated with the user introductions to the system. Intelligent extraction of content from legacy contracts can provide data in a form that can be readily migrated to the new contract management system. Having users in the system whose work relates to the legacy data being added to the system is important for a number of reasons. First, as legacy data is added to the system, it should be coordinated with the audience who will leverage this data. Leaning again on our Sales Contracts first example, ensure that the data from the legacy sales contracts – as opposed to IP contracts or supplier NDAs – should be the priority. If the approach is a geographic approach, that region’s data should be made available in conjunction with their system introduction. The data extraction process should be coordinated in conjunction with the user onboarding plan.

Data validation is another key benefit of coordinating legacy migration with the onboarding of users. Uploading thousands or tens of thousands of legacy contracts and related data always leaves room for error. In any migration of data, systems are implemented to ensure that the information arrives into the new contract management system intact and mapped to the correct fields. One method is indispensable – user validation. Knowledgeable users should review a certain subset of the contracts and related data to confirm that – in fact – they make sense in the context of the new system. Whether in small test runs or larger migrations of legacy contract data, having users in the system who are familiar with the contract types in question is advantageous.

In all cases, it is critical that there is a single source of truth for contract data.
Requiring users to access one system for new contracts and a different system for existing contracts invariably proves confusing, frustrating and ineffective for all involved.

**KEY TAKEAWAYS**

**CLM System**
- Identify priority contracts and processes for the CLM System.
- Introduce users to the new CLM System in concert with the relevant contracts and processes.
- Encourage the training of champions for performance improvement and increased user adoption.

**Content Extraction & Migration**
- Extract data from legacy contracts based on identified contract type and process priorities.
- Coordinate the migration of legacy contract data to provide key users with relevant information.
- Perform validation of legacy contract data in the new system using people familiar with the contract types being migrated.

**Leveraging Your Data**

*Make the most of your contract management system by using it to track obligations and pricing information that can easily be lost or forgotten.*

When people are planning a contract management system, their immediate concerns tend to focus on finding their contracts and reporting on standard metadata including contract owner, contract status and renewal date. A centralized repository takes care of the first need. Configured reports set up for specific contract metadata address the second need.

Beyond standard contract data, reporting on obligations- and using the system to manage the deliverables of a contract – both your and your counterparty’s – is a high value use of a contract management system. Modern contract management systems allow contractual language including obligations to be captured, plain language summaries of these obligations to be created, and tasks based on obligations to be assigned to the proper owners. The status of these obligations can be viewed by contract managers to ensure that they are met in accordance with contract deadlines and terms, and escalated to the appropriate management individuals if they are at risk. Obligation tasks can be assigned a single time or a number of times automatically according to a schedule. For instance, a contract may stipulate a bi-weekly payment of sales commissions, a quarterly inspection of completed construction, or an annual audit of financial transactions. The contract management system will create tasks to fulfill these obligations on a corresponding schedule. You and your counterparty can be kept actively abreast of the
obligations which require your completion for purposes of both contractual compliance as well as risk mitigation.

Contract management systems can also be used to monitor pricing. Special pricing terms are often dynamic. Pricing can relate in a specific way to a buyer’s purchasing practices under contract or to a supplier’s delivery on time and in compliance with other conditions. Using a contract management system to ensure that the conditions around pricing terms are being met can save valuable $$$ - whether you are the buyer or the seller.

As an organization moves to a new contract management system, obligation management is no less important for an organization’s legacy contracts – which often number in the hundreds or thousands. Data extraction methods – and specifically those employed by Brightleaf – allow these obligations to be readily identified and extracted. They can be imported into the CLM system where users have direct access to them, and can be prioritized and assigned to the appropriate parties for review and fulfillment. Fulfilling these obligations, even routine reporting requirements, reduces non-compliance exposure, and allows an organization to address potential shortfalls in performance that would be previously undetected.

Similarly, pricing terms that are conditioned on buyer behavior or supplier performance, extracted from the contract, can be highlighted in the system’s contract dashboard for a particular counterparty or contract. Compliance with pricing terms can be monitored as an obligation owned by a contract manager to ensure that discounts – and the behavior upon which they are predicated – remain linked.

While CLM systems allow obligations to be readily captured within the system, the exercise of identifying and memorializing these obligations is resource dependent. For large $$ contracts, those which number in the hundreds of pages, and/or those which span multiple years, this approach may not be practical. Employing Brightleaf’s technology for the ongoing extraction and categorization of the contractual obligations is an effective approach to ensuring that all of the necessary information is captured with the CLM system for proper management and resolution.

The ability to extract these obligations applies not only to legacy contracts, but also to new contracts as well.
KEY TAKEAWAYS

CLM System
- Report and act on obligations, yours and your counterparty’s.
- Manage recurring obligations such as reporting with auto generated tasks.
- Employ sophisticated workflow options to ensure that contractual commitments are met – and are escalated to the appropriate management figures when at risk.

Content Extraction & Migration
- Capture legacy contract meta-data as well as simple and sophisticated obligations.
- Assign obligations to system users and make them actionable.
- Use the system, not institutional memory, to ensure that contracts are properly managed and obligations are fulfilled.

CASE IN POINT | BRITISH TELECOM

BT, one of the largest telecommunications services companies in the world, is intensely focused on the optimization of their strategic processes – and specifically, their Contract Lifecycle Management practices. As BT contemplated its CLM initiative, it did so with two areas of focus. First, despite their many advanced operational practices, many of their contract processes were manual, repetitive and inefficient – including the tracking and alerting of their contract obligations, risks and opportunities as well as their individual and cross contract reporting and financial analysis initiatives. No automated processes existed for the extraction and tracking of the obligations, themselves, or the creation of risks and opportunities based on the outcome or status of an obligation. When risks invariably materialized, the downstream processes associated with managing such risks were manual in their creation and resolution. Second, a vast array of information pertinent to the management of their contracts and these obligations existed in disparate back-end systems such as Oracle Financials – further contributing to inefficiencies in the contract management process.

To fulfill its operational goals, BT employed a multi-faceted approach which included the implementation of Corridor Company’s CLM application, CM[.app], its integration into several of BT’s back end systems, and the use of Brightleaf’s extraction services.
CM[.app] was implemented as the foundation of the system to provide robust contract lifecycle management capabilities. It was integrated into BT’s back end systems including Oracle Financials so that a variety of different information including financial information could be readily accessed through the dashboard and reporting capabilities of CM[.app]. Authorized users – whether they are Contract Professionals, Account Managers or key BT Executives – can now view the status of the business and make more educated decisions.

The technology, however, is only as good as the information sourced to it – which is where Brightleaf’s extraction solution was critical for BT’s success. Not only are BT’s contracts complex in nature, many of the contracts include hundreds of important, actionable obligations which need to be closely tracked and managed. Using their semantic intelligence engine, a team of quality control experts and a Six Sigma process, Brightleaf’s extraction service was leveraged for both existing legacy contracts as well as new contracts as they are executed. Previously manual or highly error prone processes have been replaced with Brightleaf’s highly accurate extraction methods, delivering an astonishing 99.99966% accuracy. Legal and contract resources are no longer needed to identify or check the data added to the system, and can instead focus on the more strategic tasks of risk management and opportunity identification.

“The coupling of Corridor Company’s CM[.app] product with Brightleaf’s extraction solutions has significantly impacted BT’s contract management efficiency and effectiveness. Not only do we have a fully robust contract lifecycle management application which provides unprecedented management of and visibility into our contract delivery and performance, we have a streamlined process for ensuring that our contract information – the information critical to the management of our contracts - is accurately and efficiently added to our system”, says Paul Branch, Head of Deal Assurance, BT Americas. “This joint solution has allowed us to systematically reduce the financial risks and exposure associated with our contracts while also enabling us to readily identify and act upon opportunities present within our contracts.”
**Brightleaf Solutions**
Big data, Business Intelligence, and data driven decisions are having a profound effect on U.S. business operations, becoming a $143B market in 2016. Brightleaf’s vision is to accelerate this adoption with technology that overcomes the challenge of mining important information from unstructured, text-based documents and making it accessible.

With an initial focus on executed legal contracts, Brightleaf opens new doors for companies to manage risk, ensure regulatory compliance, meet customer obligations, and get meaningful insight into their customer, partner, and vendor behavior.

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**Corridor Company**
Corridor Company is committed to continually evolving our software product line to meet the challenges of contracts and their proper management. With a business application platform that readily provides solutions for Contract, Proposal and Supplier Management, Corridor’s end-to-end solutions enable customers to create contracts and proposals more efficiently, manage all processes more effectively, and ensure that revenue, profit and compliance are all fully optimized.

With a variety of different licensing, supporting implementation packages, and delivery options which include on premises, in the cloud, or Office 365, we ensure a solution tailored to fit the needs of your company. To learn why global to mid-sized clients choose Corridor for their Contract Management, Proposal Management and Supplier Management partner, visit us at

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