Aavenir



The Future of Contracts Management with **Digital Workflow and AI**

What's Inside?

- The Power of Digital Workflow
- Picking the Right Digital Workflow Platform
- Digital Workflow for Legal Contract Management
- Why Leaders Trust Contractflow

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Executive
Summary

Today, organizations need to become more proactive on applying sophisticated Contract Management tools to the massive quantities of contract metadata. With the introduction of Artificial intelligence and Digital workflows, contract lifecycle management has evolved from proactive tackling of issues to providing predictive intelligence well into the future.

This ebook explains how AI-driven contract management with digital workflows can streamline CLM process ensuring you never have to worry about contracts auto-renewing, missed opportunities and wasting time searching for contract information and its compliance. AI-based automated data extraction can reduce 3rd-party contract management time by 80% compared to traditional.

Using a sophisticated Contract Management tool like Aavenir Contractflow can organize contracts via workflow and store them in a central repository based on logical taxonomies for AI.



The Power of Digital Workflow

Business processes are becoming complex every day. Considering the global workforce, multiple offices, and remote work environment, our daily experience in the workplace hasn't been easy to streamline with new apps and automated services.

While software tools have digitized some of the tasks, the interaction between employees, teams, and departments required to complete the execution of end-to-end processes still tend to bog everything down. One cost of that can be measured in time spent on routing tasks through the processes.

Take the standard checklist for drafting a contract. TheLegal team spends a lot of time getting internal approvals by managing multiple versions of contract document, commenting, and redlining to normalize the work processes. Truth be told: Legal. team would typically sift through multiple emails back and forth with other business functions just to gather contract information. While they should focus on strategic contract language.

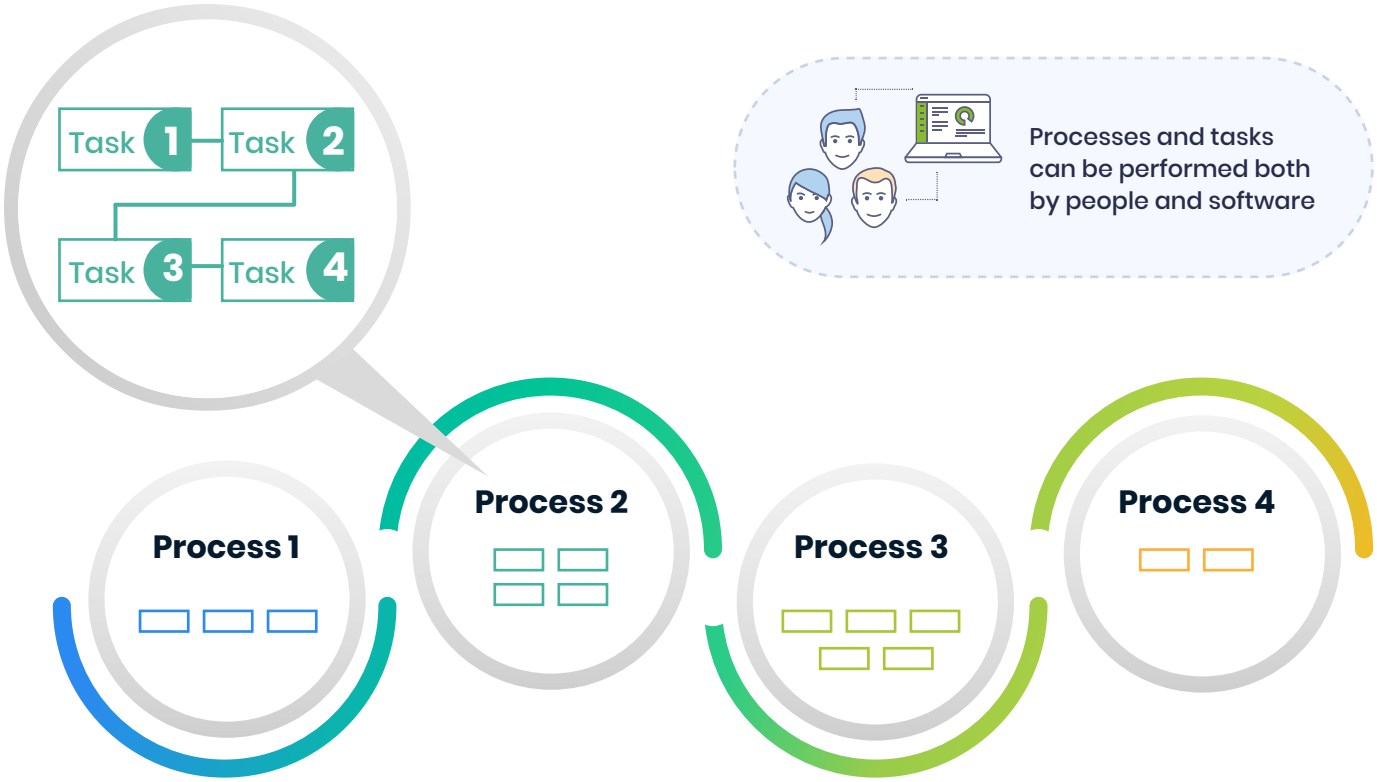
On the technology and tools side, organizations need to enable a one-stop portal for employees and managers to provide all of the information and get the services they need. This is application across IT, Operations, HR, Sales, Legal, Finance and everything in between, so that employees get easy access to the things they need now.

What Is a Digital Workflow?

Before we understand the transformative power of digital workflows, we must learn to see every business process as a bunch of tasks executed together. And, the way these tasks connect each other in serial or parallel way determines the operational excellence of that process. Eventually, these processes roll up into workflows interdependent processes that involve multiple people, teams, or departments. **Workflows** range from simple to very complex, but they all comprise processes that rely on each other to accomplish a larger business objective.

Digital Workflow

A group of individualtasks make up a process.



Digital workflows happen when companies use software, automation tools and other technologies to digitize and/or automate manual tasks, processes, and workflows. Digital workflows also connect systems, apps, and data with endtoend visibility to manage and track any workflow within organization.

Key Benefits of Digital Workflow

- Workflows help get work done faster while providing real-time visibility into the team's workload, which is critical.
- It allows employees to offload cumbersome manual processes and focus on higher-level responsibilities.
- Concentrate on higherlevel tasks like analyzing key metrics that drive business outcomes.

- It allows you to keep track of deadlines, progress as well as measure their efficiency.
- Workflow automation helps team minimize manual work by intelligently prioritizing requests and increasing the speed of service delivery to the business units.
- It provides opportunities for self-service and automation

Picking the Right Digital Workflow Platform

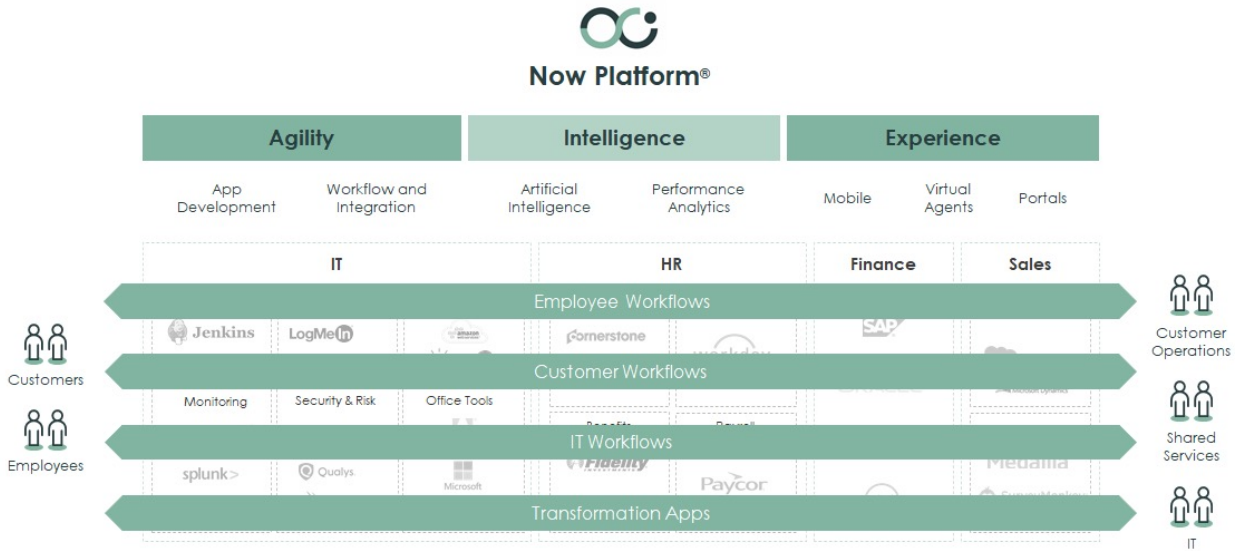
Picking the right software, however, can be a bit complicated – there's a bunch of tools on the market, each with their own spin on workflow management. To make it easier for you, here are 5 things you'd look for in the right digital workflow software:

- Simple and flexible workflow designer tool
- Unified cloud technology platform
- Audit trails and customizable notifications
- Customizable analytics dashboard
- Seamless integration with other apps
- An intuitive user interface that lets you model processes graphically

ServiceNow, for example, enables digital workflow using the Now Platform® to drive business growth, increase resilience, and unlock employee productivity. The Now Platform® product portfolio delivers the IT, employee, and customer workflows that matter - with enterprise solutions to help drive every part of your digital transformation. The Now Platform® provides the foundation where companies can quickly extend these ServiceNow solutions or build new workflow apps in a no/lowcode environment with drag and drop tools, templates, and partner applications — all available in the ServiceNow App Store.

ServiceNow is the platform of platforms

A smarter way to workflow and multiply the value of your existing systems and processes



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Digital Workflow for **Legal Contract Management**

100% of legal departments say their workloads are rising faster than their budgets. Storing contracts on in a GDrive folder or printed and stored in a filing cabinet – is no longer a scalable solution. What if you could transform your contract management processes by reducing risk and contract cycle times while simultaneously maximizing the value of every customer, vendor, partner or employee relationship?

Common Legal Challenges

The average business manages between 20,000 and 40,000 contracts at any given time. With that kind of volume, and the risk of compounding inefficiencies in time and cost, firms simply can't afford to get contract management wrong. The International Association for Contract and Commercial Management estimates the amount businesses spend on low-risk contracts increased by nearly 40% from 2011 to 2017. While these low-risk contracts average $6,900, moderately complex

contracts average $21,300 and highly complex contracts can exceed $100,000. When the already costly contracts process is not managed as efficiently as possible, firms stand to lose valuable time and money.

If the organization is facing any of these contract management challenges than it is the right time to roll-out a digital workflow solution for contract management.

- Difficult to access critical contract information anytime, anywhere
- Lack of visibility into obligations and exposure to business risk
- Contract management is disconnected from other critical business processes
- It takes too long to create and approve contracts
- Legal dependency for repetitive contracts
- Inconsistent contracting process across departments and geographies
- Lack of contract language standardization
- Poor contract compliance
- Some would e-Sign a contract, but the other would sign manually.
- Unable to leverage contract data to make decisions, assess portfolio risk, or gain insight to forge stronger contracts.
- Overlooked contract expiration and renewals

How Contract Lifecycle Management Workflow Solution can help?

You've already seen how digital workflow can automate business processes, allowing departments to provide an intuitive request interface and deliver better service. Now, you can realize those same benefits for the Legal department. With the proper people, processes and data in place, the future of contract management is an ambitious but ultimately achievable goal for any organization.

Connects People:

Collaboration is inherent to the contracting process with multiple stakeholders, including in-house legal team, attorneys, outside counsel, accountants and other business functions, weighing in, escalating requests, and answering questions.

Collaborative contracting fosters better relationships while delivering enhanced contract value. The right contract management workflow can build a collaborative culture from contract authoring and internal review to negotiation and archival. It can bring together different functions to deliver real value, cut unnecessary cost and minimize business risks.

Centralize Data:

Contract Workflow solution stores all contract documents in a single secure and scalable repository. Legal team and other stakeholders can easily access all contracts and track them with a dashboard. The right contract workflow solution deploys powerful full-text search capabilities to find exactly what you need, right when you need it. This allows businesses to find all critical information, track obligations and identify business risks.

Streamline Processes:

Workflow enables contracting process to be legal services process. e.g. For the legal team — a sales executive wants to get a sales agreement signed from customer as soon as possible — is a workflow.

The Legal digital workflow defaults to the request-driven process, which break down as follows:

1. The sales executive with an immediate need for latest sales agreement submits and tracks a contract request to legal team
2. Legal staff gathers the information about the client and the product/ services to be delivered.
3. Legal shares the customized sales agreement contract and request an internal review.
4. After the internal review, the final version of the sales agreement is shared with customer for negotiation and external review.
5. Once, approved contract has been signed and kept in easily accessible repository.

Within these processes are tasks: prioritize and determine the type of contract request, find the relevant contract template, confirming a good time for a meeting to gather information, managing multiple version of same contract document lying in repositories, emails and updated over phone calls, etc.

And, this can be the similar for all other departments like HR, who wants to get all employee NDAs signed; procurement professionals, who want to get all supplier contracts signed; and so forth for other departments.

The right contract lifecycle management workflow should be able to make all these components work together for all department on a single technology platform.

The Role of AI in **Contract Management**

AI has always been on the radar as an increasingly powerful technology, with the potential to make a profound impact on society, in recent years the hype cycle has been more tightly focused on 'machine learning'.

What is AI ?

Artificial intelligence is a ability of software to complete complex tasks using machine learning algorithms and NLP technologies to reduce human intervention.

What is Machine Learning?

Machine learning is field of AI concerned with developing algorithms which can 'learn' patterns from data and then use those patterns to make predictions when presented with new data they have not seen before.

What is natural language processing ?

NLP is A field of computing interested in the analysis of natural human language.

Possible AI Use cases for Legal:

1 Automated Contract Data Extraction

Let's say you decided to implement a CLM solution. Great! But what about those thousands of contracts that your organization has created over the years or still continue to author using generic tools like Word or PDF generators? Also, there will be some external third-party paper contracts which will be sent to you over the emails. How would you bring them on the CLM workflow software since many of them are active contracts and you would need to track obligations and generate contract expiration alerts for these active contracts?

Manual data entry of contracts is a cumbersome and error-prone process of extraction of the terms and obligations from the contracts and storing them in your CLM system repository.

Machine Learning (ML) algorithms have made huge strides where your contract terms and clauses can be extracted with fairly high percentage of accuracy. No need for a person to open the PDF file, read the terms and enter them in an contract workflow software to track obligations, expiry dates, and more. All required information can be automatically extracted using advanced ML algorithms – even if the contract is in scanned image format. Of course, if the contract is in paper form, you have to pre-process those contracts by scanning them and keeping in a central repository before invoking these ML algorithms. This technology-enabled contract data extraction feature sets you up nicely for the next phases of AI adoption by providing the data for ML-engine to be mature.

2 AI-powered smart suggestions while Contract Authoring

Contract Workflow solutions provide a place to enter data and wrap the workflow around it for faster review and approvals. While this was a great first step, it is just converting existing manual processes into digital processes for seamless remote working experience. However, the new CLM tool MUST act like a senior advisor, i.e. an AI component that can advise the users during contract authoring to pick up the right terms, obligations and pricing. Your organization has done thousands of contracts over a period of last several years, the tool should be able to run through

advise the users during contract authoring to pick up the right terms, obligations and pricing. Your organization has done thousands of contracts over a period of last several years, the tool should be able to run through your past and active contracts, especially the golden contracts, and suggest the user the best terms to negotiate and reduce business risks!

AI-enabled contract workflow solutions can learn the hidden pattern within enterprise contract negotiations and T&C going back and forth. So, when you author a new contract on the AI-enabled contract workflow solution, it should be able to compare the clauses against contextually relevant clauses used in similar type of contracts and advise the users on which clauses are the recommended clauses in given situation – based on geography, type of vendor and value of the contract. Such cognitive assistance from an AI-enabled solution can guide the user for best terms and clauses to get your organization the best outcome, not to mention faster review, negotiation and the overall deal cycle.

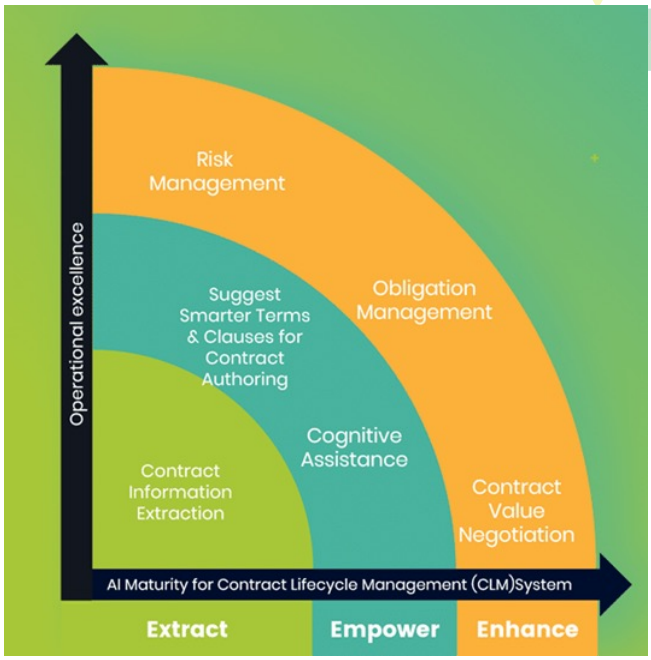
3 Legal Chatbots

AI-enabled legal chatbots offers an excellent conversational interface to increase contract workflow solution adoption. Let's say a sales guy is heading to the airport after a customer meeting and instead of opening up the laptop to create a new contract, the salesperson can simply start interacting with a Chatbot from the mobile (using Slack or any other interface) and contract can be created and mailed automagically by just answering a few questions. The productivity and deal cycles can certainly go up by a notch!

4 AI-enabled contract obligations Management

Obligation management is always done manually by entering obligations from the contracts and tracking them. However, with the advent of latest AI technologies, now you can extract obligations automatically from the contracts – including from 3rd party paper contracts. While the AI algorithms are pretty good at identifying and extracting quantifiable terms (e.g. Net 30 or 6% discount or 10/15/10 as due date) from the contracts, the extraction of non-quantifiable obligations is still tricky. Think IP protection language or employee welfare requirements from the vendor. The company should definitely start by extracting and tracking quantifiable obligations, followed by non-quantifiable ones.

Sounds transformative, right? Isn't it tempting enough to jump on the hype train and claim that AI and machine learning can and will easily solve all these tasks in legal in no time at all? But, it's not quite that simple.



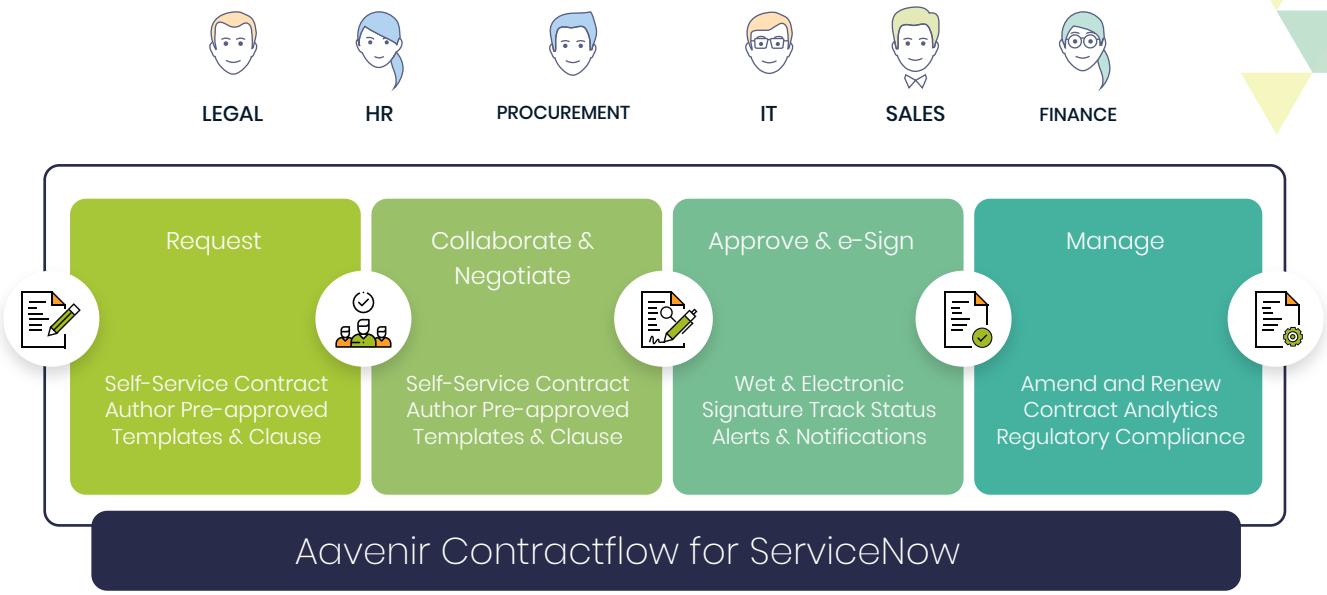
If you consider leveraging AI for these possible use cases, the recommend best practice is to start with legacy data extraction using ML, followed by AI-guided contract authoring. As mentioned earlier, the sequence of AI adoption is also important as you need to set the platform with enough data and user adoption before going to the next, more advanced stage of AI.

Why Leaders Trust **Aavenir Contractflow on ServiceNow**

Most CLMs focus on automating the contracting process and facilitate the maintenance and storage of contracts. There is a key component of contracting, however, that is being overlooked — workflow.

Built on ServiceNow Platform, Aavenir capitalize the power of world's most advanced digital workflow platform to enable legal services deliver for enterprise business functions. Aavenir Contractflow enables enterprises to efficiently create and manage bilateral contracts for procurement, sales, legal, NDA, HR or any other type of internal and external enterprise operations.

Now, let's look at how the Aavenir Contractflow product addresses truly Enterprise-wide contract management challenges. The base product offers standard digital workflow solution to all the contracting use cases in your organization. It involves all the stakeholders within the organization on a unified platform.



Contract Request:

Each and every employee of the organization to be able to request for a contract and keep track of their requests. Currently, they may have to pick up the phone or send an email to the legal team to create a contract. However, with this system, it becomes as simple as creating an IT ticket, he or she should be able to submit the request for contract as well.

If the contract request is of a simple and standard contract like NDA/Employment Letter/Master Services Agreement, it may not even require internal review or external negotiations. And in that case, the requestor will be able to create an NDA using the standard contract template and send it to the other party for eSignature under the watchful eyes of legal.

Contract Collaboration and Negotiation:

On the other hand, if the contract request is of complex contract like a Software License contract or a procurement contract, it will require internal reviews. Aavenir Contractflow, smartly, uses very powerful workflow engine from ServiceNow. Each organization can have design their own approval matrix in the system. Most ServiceNow customers already have the user hierarchy and approval rules in ServiceNow since they are already being used. So, the legal team just need to configure a few more rules based on the contract types. This is very powerful, isn't it!

Once the contract is internally reviewed using the tool, it is time to send it to the other party for redlining and negotiations. There is no need to take the contract out of the system and send it to the other party. Everything can be executed from within the system. If other party sends the redlined document back to you in word format, Legal or other stakeholders can quickly make required updates on word document. And, guess what? Contractflow automatically ingests that updated contract information in the system using its own MS-Word based plug-in. Using this MS-Word plugin, when the user saves the contract, it does NOT get saved locally on hard drive, but it gets saved in the centralized repository as a new version for a greater accessibility, availability and security of the data.

Contract Approval and e-signature:

Typically, after multiple rounds of back and forth, the contract is ready for the final approval and eSignature. Aavenir, out of the box, integrates with DocuSign for eSignature. But if you have any other preferred eSignature provider, Aavenir can work with them as well to enable e-signature.

Post-Contract Performance Management:

Once the contract is signed and executed, the lifecycle still continues, right? Stakeholders must measure the contract performance, look for amendments in a contract, monitor renewals or terminate a contract when required. And after contract activation, you can now manage the contract terms, obligations and contract performance. A lot of organizations are very focused on post-activation contract management, however, if you have done the pre-contract steps right, you can be really effective in your post-activation contract management.

The Payoff of Aavenir Contractflow

Before legal team start down the road of modernization, they should identify the most important strategic business objectives and what's needed to support them. It is important to analyze: What are the types of requests your legal team is working on? What teams are they serving? What is the true volume of contracts? etc. Answers to these questions can help determine the ROI of Aavenir Contractflow on ServiceNow. There are multiple advantages of adopting Aavenir contractflow, but most organizations should chart a course toward:

Serious time-savings: Before Aavenir, contract signing process would sometimes take days - even a week. Using Contractflow, it takes ~90 seconds to generate and sign NDAs or even a service Agreement.

Single source of truth: Contractflow replace several disparate systems with one secure, scalable repository on ServiceNow. So, if something is signed contract using the Contractflow, it's stored on the Now platform. Legal don't have to hunt around for contracts anymore. Aavenir Contractflow makes all contracts full-text serchable, and you may monitor critical contract information like obligations, renewals, expiry dates, etc. on an intuitive dashboard.

User-friendly interface: Aavenir Contractflow offers a design-led approach to make adoption easier, both within and outside of the legal function. Aavenir's intuitive UI empowers other business team to self-serve: meaning; business development team can enter data into smart fields, instead of manually writing up in a contract. It doesn't feel like a legal process to them.

Democratizing data for key decision makers: In the future, Aavenir Contractflow can enable contract data to be widely available to key people in the organization. Through "self-service" they can make business decisions without waiting for legal to provide the necessary data.

Improving visibility and communication: The biggest roadblocks to modern legal function aren't technological; it is critical contract information grounded in too many emails to superfluous meetings. Aavenir Contractflow provides full visibility into end-to-end sell-side and buy-side contracts process.

Faster Approvals: Legal counsel would spend hours on the phone with business functions, external lawyers, and negotiating commercial information. Aavenir Contractflow allows hassle-free edits and approvals on the ServiceNow platform or through Microsoft Word using Plugin along with automated email notifications.

Frictionless self-serve: Aavenir Contractflow empowers employees to self-serve simple repetitive contracts using role-based access to the latest legal-approved templates and AI enabled smart suggestions. This enables legal team to off load some work to employees and focus on high value legal work.

Reduced business risk: Major portion of the business is contracting on standard terms and getting the right signatories involved, and this is immensely reassuring. It's a big deal for a business that is scaling. Aavenir Contractflow dashboard and powerful search enabled T&C and obligations monitoring easy for all stakeholders.

About **Aavenir**

With Aavenir, you get a partner to solve complex problems using the most innovative technologies. For years, the team behind Aavenir is committed to creating business solutions for the future. Aavenir's next-gen Source-to-Pay suite revolutionizes age-old procurement processes with RFPflow, Contractflow and Invoiceflow. Our products leverage the latest Machine Learning and Natural Language Processing technologies to reduce cycle time, yet offering insightful best practices suggestions based on historical data. For example, Aavenir's Contracflow solves the hardest text analytics problems for risk and obligation management while Invoiceflow solves multi-vendor invoice processing problems by harnessing the power of AI & ML technologies. For more information, visit: www.aavenir.com



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