

LIVE WEBINAR

Faster Contracts, Better Contracts: Eliminating the Friction Points in Contracting

Nov 17, 2020



The **Housekeeping** Items

- Webinar slides and recording will be emailed
- Enter questions in chat on webinar panel

Participating organizations



Morgan Stanley

Founded in 1935, Morgan Stanley (NYSE:MS) is a leading global financial services firm providing investment banking, securities, wealth management, and investment management services.

For more information, visit www.morganstanley.com



Vodafone is a leader in technology communications through mobile, fixed, broadband and TV. As of June 2020, it had over 300m mobile customers, more than 27m fixed broadband customers and over 22m TV customers.

For more information, visit www.vodafone.com



World Commerce & Contracting is an association dedicated to helping its members from all around the world achieve high performing and trusted trading relationships. They help organizations understand contracts and be skilled at managing commercial relationships.

For more information, visit www.worldcc.com



SirionLabs is the leading enterprise contract management (CLM) software that helps enterprises manage the complete contracting lifecycle - from authoring to performance to closure - on a single, easy-to-use platform.

For more information, visit www.sirionlabs.com

What will be covered today



Discover the friction point 'hot spots' in the contracting lifecycle



Explore the role of AI and ML in managing these friction points effectively



Get an exclusive preview of the 'Friction Point Index' - jointly designed by WorldCC and SirionLabs

Meet the speakers



Morgan Stanley



Paul Means

Vice President
Morgan Stanley



Detlef Schultz

Chairman of the Board
**Vodafone Procurement
Company**



Tim Cummins

President
**World Commerce &
Contracting**



Ajay Agrawal

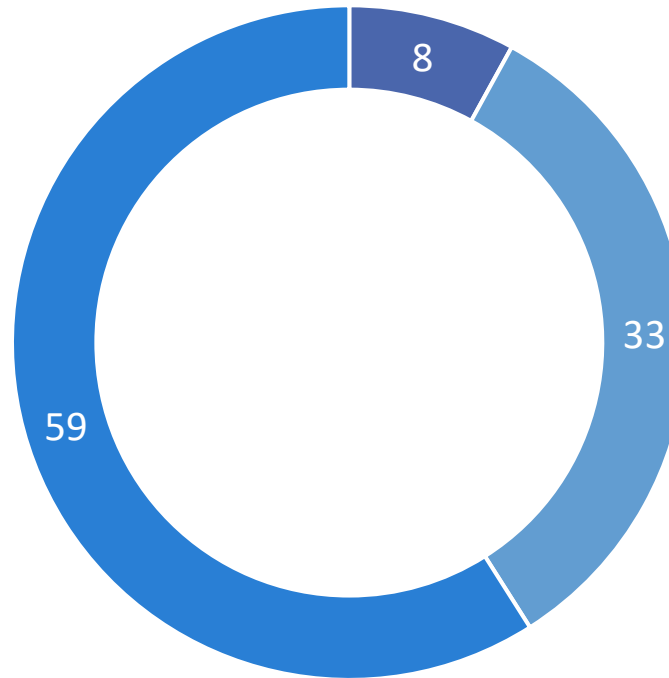
Founder and CEO
SirionLabs

PANEL DISCUSSION

Faster Contracts, Better Contracts: Eliminating the Friction Points in Contracting



Executives are prioritizing agility



■ Not important ■ Somewhat important ■ Very important

Agility

‘the ability to move quickly and easily in
response to change or challenge’

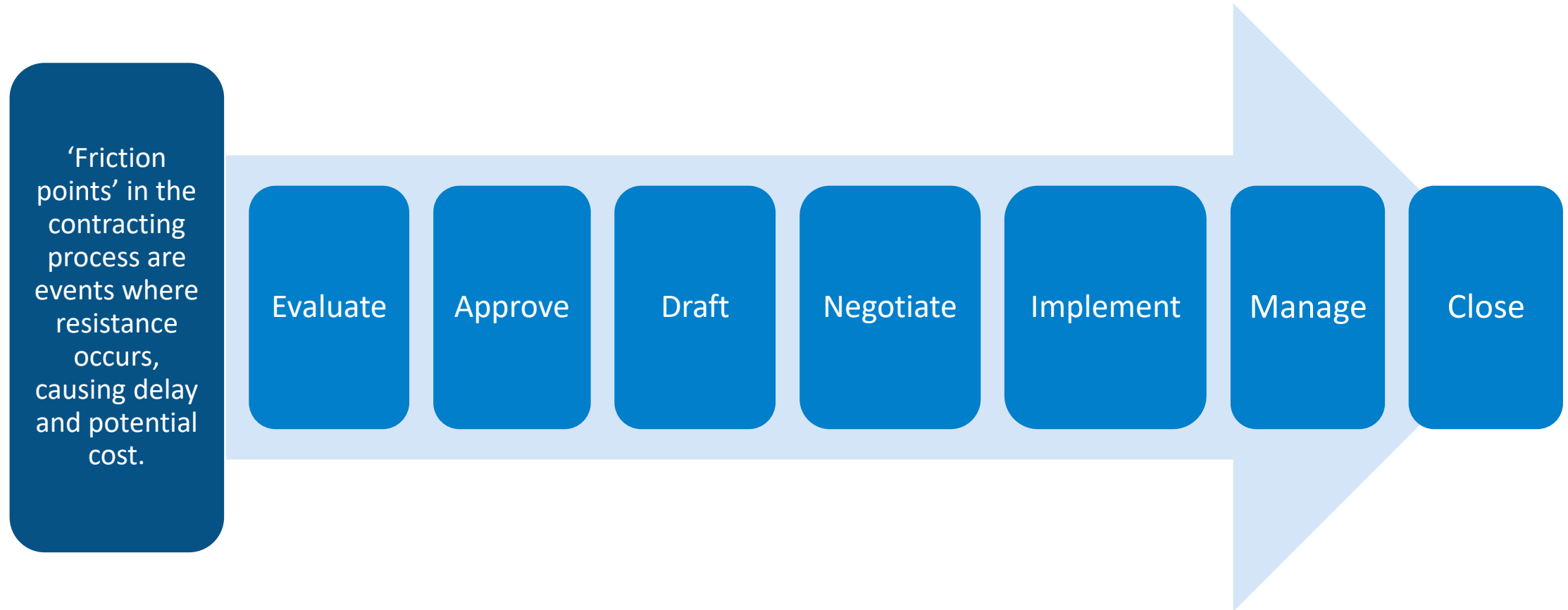
THE TYPICAL
CONTRACT
LIFECYCLE
INVOLVES
MORE THAN 40
'FRICTION
POINTS'

Contracting today

“If contracts were a product, they would be declared obsolete”

Head of marketing, Global business services provider

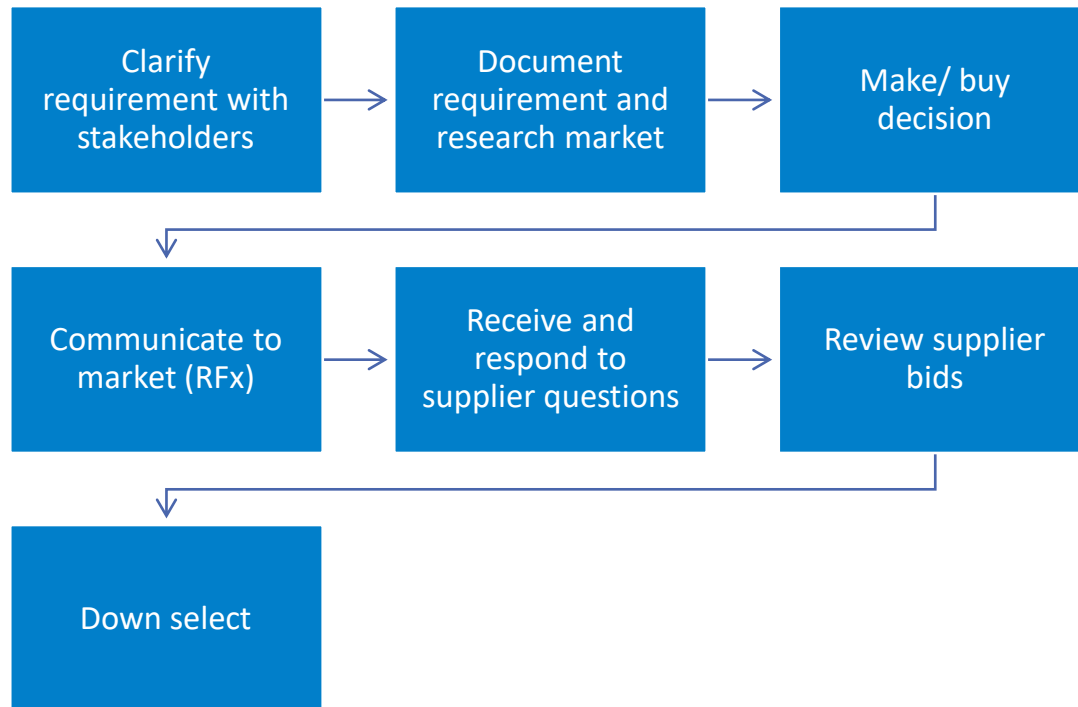
Friction and the Contracting Process



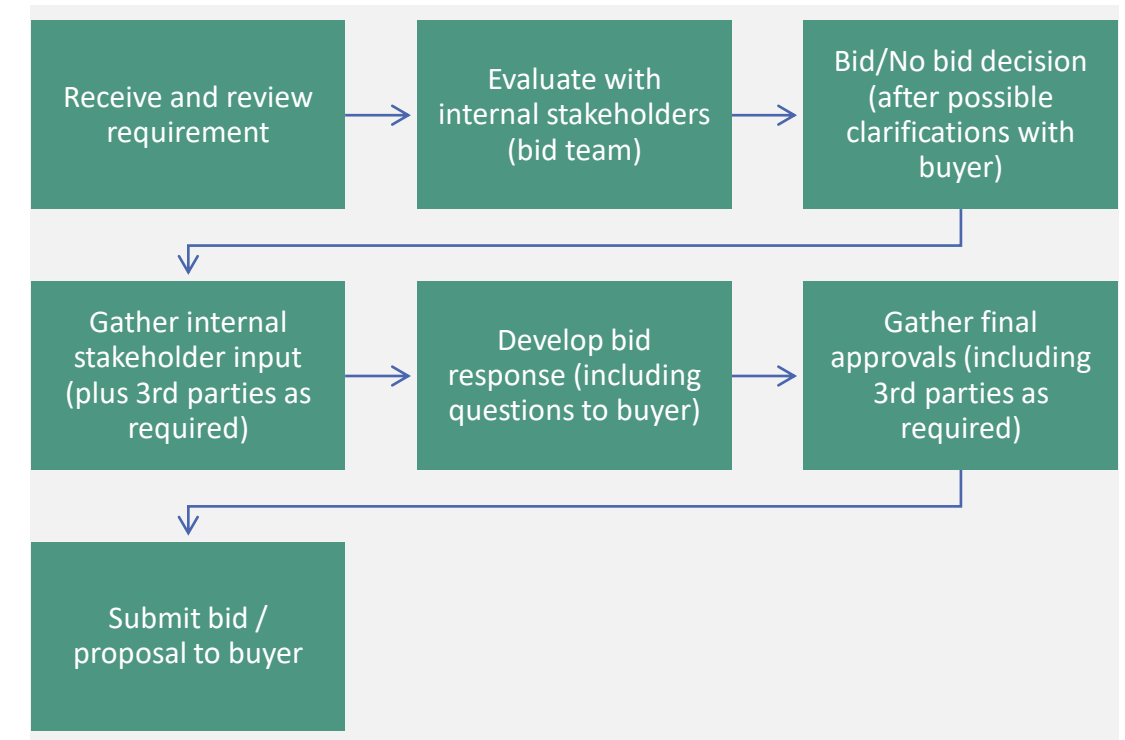
Some friction points are a source of value – they are 'additive friction points'. Setting requirements is an example.

Friction occurs for both buyer and supplier: an example

Buyer – evaluation phase



Supplier – evaluation phase



The impact: pre-award



Friction points cause delay

Bid to signature for a 'simple' negotiated agreement averages **4.2 weeks**

For a complex agreement it is **24 weeks**



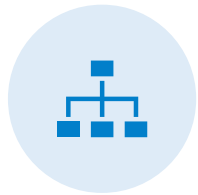
And generate cost

Reviewing and processing a low complexity contract - **\$4,900**

A mid-complexity contract - **\$21,300**

A complex contract - **\$49,000+**

Friction points during performance: major impact on cost and value



Performance management
reporting / service level
management meetings



Requests for change



Expectation
baselining



Acceptance / testing



Invoicing, invoice
checking / management



Audit and
benchmarking



Claim management



Dispute resolution

Friction points may erode value and are often a consequence of inadequate focus at earlier phases. These are 'corrosive friction points'. Changes, claims and disputes are often examples.

The impact: post-award

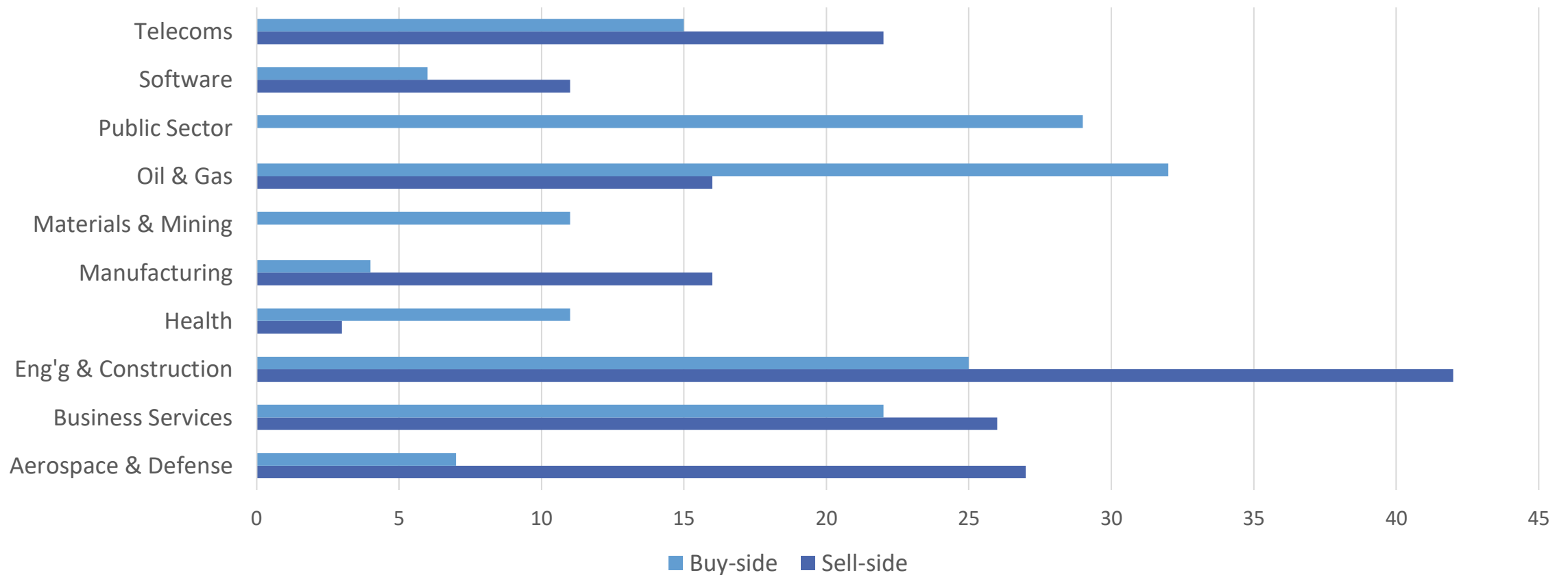
The operational cost of managing contracts varies enormously by industry and type of contract

- Insurance: contract management represents up to **40% of operational costs**
- Construction: **up to 65%**

Post-award friction is heavily impacted by pre-award process and decisions

‘Friction’ and ‘Risk’ are related

The most exposed industries: % of high-risk business revenue/spend



The contracts and issues creating the greatest friction

Types of contract creating the most friction	Issues causing friction pre-award	Post-award issues causing friction
Long-term services	Agreeing risk allocation	Price / Charge / Price changes
Outsourcing	Complexity of scope/deliverables	Delivery/acceptance
EPC/Construction	Agreeing price/charging formula	Change management
Cloud/SaaS	Rights to terminate	Scope and goals / Specification
Capital projects	Agreeing delivery/acceptance criteria	Invoices / Late payment
Sub-contracts	Warranties/Performance undertakings	Liquidated damages
Facilities/Managed services	Agreeing responsibilities	Service levels
Consulting/Professional services	Intellectual property rights	Amendments to contract

Most post-award issues are 'corrosive' for one or both parties

Industry adoption and use of automation	Aerospace, Defense	Banking, Insurance, Financial	Engineering Construction, Real Estate	Healthcare, Pharma, Chemicals	Manufacturing Processing	Oil, Gas, Minerals, Utilities	Public Sector, Government	Services, Outsourcing, Consulting	Technology, Software	Telecoms
Front-end contract request /selection interface to business unit	24%	47%	22%	25%	38%	31%	33%	35%	37%	48%
Ability to assemble standard contracts from templates	35%	12%	22%	25%	46%	17%	13%	50%	27%	40%
Ability to assemble contracts from a clause library	6%	0%	6%	8%	38%	14%	0%	18%	13%	20%
Defined and automated workflow for non-standard terms or agreements	6%	0%	6%	8%	23%	7%	7%	12%	20%	16%
Monitor reviews /approvals status	24%	41%	19%	50%	46%	26%	13%	18%	30%	44%
Automated document circulation, redlining	12%	0%	9%	8%	23%	17%	13%	21%	20%	16%
Risk scoring	18%	12%	13%	0%	8%	17%	7%	12%	20%	32%
Repository of signed contracts	65%	82%	34%	75%	62%	55%	33%	65%	67%	52%
Contract obligation extraction	12%	0%	0%	17%	15%	7%	0%	26%	23%	24%
Post-signature monitoring of compliance with contract terms	18%	6%	6%	8%	23%	12%	0%	18%	30%	20%
Integration with other key applications (ERP, financial systems etc.)	18%	18%	28%	0%	8%	31%	13%	12%	10%	12%
Management reporting /dashboard	29%	18%	28%	42%	31%	36%	13%	24%	53%	24%
Contract analytics – individual agreements	6%	0%	3%	0%	15%	10%	13%	21%	17%	12%
Contract analytics – portfolio of agreements	6%	0%	6%	8%	15%	12%	7%	24%	23%	12%

How organizations are eliminating friction



Digitization is key – but so are people



What and where: identify the major friction points



Analysis: understand root causes

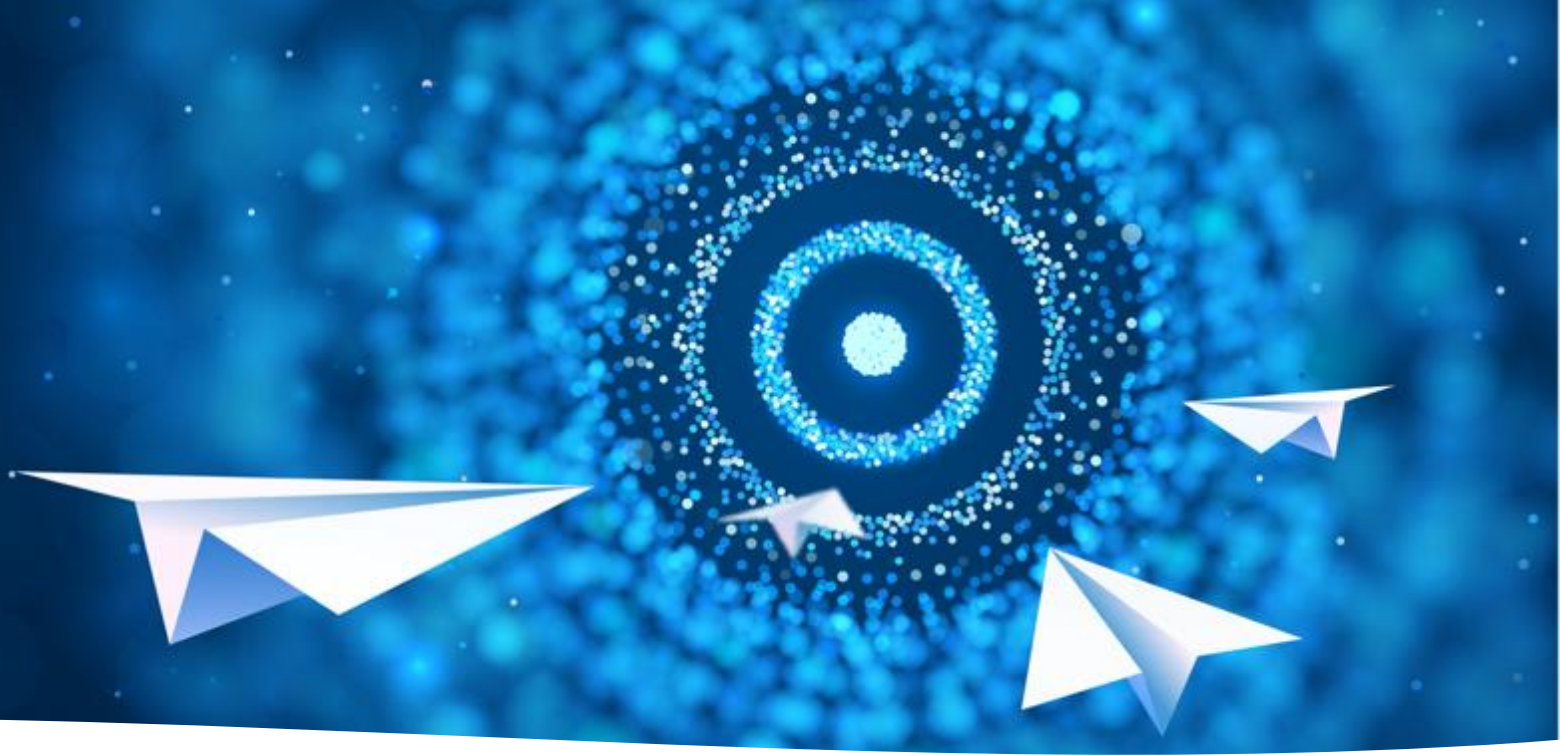


Implement: tools and systems to streamline decision-making



Monitor: observe performance and opportunities for further improvement

But approaches
and priorities
vary



Level 1: Efficiency

Level 2: Transactional effectiveness

Level 3: Commercial intelligence

Efficiency

BASIC

- **Automated redlining:** machine-based identification of exceptions to standards. May include auto-routing for review
- **Exception frequency identification:** machine-based analysis of contract portfolio to establish fallbacks or revisions to standard
- **Proposal management:** automation of answers to specific RFx questions

ADVANCED

- **Automated playbooks:** enabling real-time data capture and increased 'self-service' through use of approved fallbacks
- **Risk scoring and reporting:** automated analysis of proposed terms / counter-party agreements for management evaluation and reporting

BENEFITS

Primarily in pre-award phases. Shorter cycle times; reduced review and approval; increased 'ease of doing business'



Transactional effectiveness

BASIC

1. **Obligation extraction:** consistent metadata and taxonomy, plus automated support for producing contract summaries for improved implementation
2. **Optimized term selection:** linkage between contract terms and success rates of specific transaction types, resulting in use of preferred terms

ADVANCED

1. **Obligation management:** automated dissemination, alerts and monitoring of obligation performance
2. **Risk alerts:** advanced algorithms to support predictive warnings of 'at-risk' contracts and to prompt remedial actions
3. **Value capture:** scanning contracts to support revenue growth / avoid value erosion – for example, cost of living increases, invoicing accuracy, chargeable additions

BENEFITS

Mostly post-award. Faster, more accurate implementation, higher quality performance, value and risk management. Use of standards (e.g. taxonomy) supports on-going ability for portfolio analysis



Commercial intelligence

BASIC

1. **Content analysis:** ability to extract portfolio data to identify specific terms and associated rights and obligations
2. **Self-service:** automated access to advice and support for bid teams, engineers etc. in establishing optimum terms, producing SoWs, SLAs etc.
3. **Data mining:** customer preferences, past performance indicators to streamline negotiations and address risk/opportunity

ADVANCED

1. **Data modelling:** advanced management dashboards to support commercial planning and risk/opportunity identification
2. **Value optimization:** portfolio analysis to identify characteristics of high-performing contracts, improve profit and revenue growth

BENEFITS

Using contracts as a source of business information and value retention / creation



Shining light on the past | AI-powered contract extraction



SirionLabs Try UX2.0

COMPLETED
Cloud Agreement Model.pdf

26 of 45 Automatic Zoom

(3) Acts of a governmental entity, agency, or other local authority that prevent or make unlawful a Party's performance under this Agreement.

(B) A Force Majeure Event does not include any of the following events or circumstances:

- (1) The mere shortage of or inability to obtain labor, equipment, materials, or transportation which is not itself caused by a Force Majeure Event.
- (2) The insolvency or change in economic circumstances of the affected Party.
- (3) Change in market conditions.

14.3 Notice and Mitigation. If a Party seeks relief from its obligations to perform under Section 14.1, it shall:

- (A) Give prompt notice to the other Party, describe the event that the Party considers constitutes a Force Majeure Event and its likely effect on the performance of obligations under this Agreement or on Company's use of the Subscriptions under this Agreement, provide a good faith estimate of the duration of the Force Majeure Event, and describe the actions being taken (or proposed to be taken) to satisfy Section 14.3(B).
- (B) Make all reasonable efforts, including expenditure of money, to overcome the Force Majeure Event and to mitigate its effects.
- (C) Give the other Party periodic updates and prompt notice at the conclusion of the Force Majeure Event, and resume performance under this Agreement as soon as reasonably possible.

14.4 Payment Obligation during Force Majeure Event. Company has no obligation to make payments to Contractor under this Agreement for Subscriptions that (A) Contractor is unable to provide or (B) Company is unable to use because of a Force Majeure Event. Contractor shall credit Company for the value of pre-paid Subscriptions not used by Company.

11 Metadata 35 Clause Obligation Service Levels Tables

Governing Law (1 values extracted)

1. VALUE	- laws of the State of California.
Extracted from	- GOVERNING LAW AND RESOLUTION OF DISPUTES Governing Law. This Agreement is governed by and interpreted in accordance with the laws of the State of C... read more
SCORE(%)	- 99.99
PAGE NO	- 26

Prior Consent Required? (0 values extracted)

Termination for Convenience (0 values extracted)

Force Majeure Events (9 values extracted)

Payment Terms (days) (2 values extracted)

Force Majeure Notice (2 values extracted)

1. VALUE	- prompt notice
Extracted from	- Notice and Mitigation. If a Party seeks relief from its obligations to perform under Section 14.1, it shall: Give prompt notice to the other Party, describe the event that the Party considers constitutes a Force Majeure Event and its likely effect on the performance of obligations under this Agreement or on Company's use of the Subscriptions under this Agreement, provide a good faith estimate of the duration of the Force Majeure Event, and describe the actions being taken (or proposed to be taken) to satisfy Section 14.3(B). ... read less
SCORE(%)	- 99.81
PAGE NO	- 26

SirionAI automatically extracts the key metadata and obligations from contracts

Illuminating the present | Standard clause libraries for compliant contract drafting



Choose from centralized library of standard clauses with pre-established fallback positions for easy and compliant contract drafting

Clause ID	Status	Application	Description	Action
CL01343	Variation 3	Acceptance Master Business Agreement, Procurement Agreement, Sub-Contractor Agreement	Acceptance of the Supplier Deliverables shall occur in accordance with any acceptance procedure specified in Schedule [] (Acceptance Procedure). If no acceptance procedure is so specified acceptance shall occur when either: the Company does any act in relation to the Supplier Deliver...	Go to Clause Page
CL01335	Preferred	Parties Bound Amendment, Loan Agreement, Loan Agreement - Amendment	Each person signing the Note, other than the Lender, is a Borrower. The Obligations of all Borrowers are joint and several, and all Borrowers hereby acknowledge, receipt of all proceeds of the Loan. This agreement benefits the Lender, its successors, and assigns. This Agreement s...	Go to Clause Page
CL01240	Walk away	Acceptance Master Business Agreement, Sub-Contractor Agreement	Inspection Period. Customer will have Accept within Acceptance Period Days ("Acceptance Period") after Supplier provides each Deliverable to inspect and test the Deliverable to ensure it meets the Acceptance Criteria outlined in the applicable Statement of Work. Acceptance. If in ...	Go to Clause Page
CL01239	Variation 3	Acceptance Master Business Agreement, Sub-Contractor Agreement	Inspection Period. Customer will have Accept within Acceptance Period Days ("Acceptance Period") after Supplier provides each Deliverable to inspect and test the Deliverable to ensure it meets the Acceptance Criteria outlined in the applicable Statement of Work. Acceptance. If in ...	Go to Clause Page

Illuminating the present | Expedite contract negotiation with AI-assisted review of counter-party paper



AutoSave Procurement Non-Disclosure Agreement Template (2).docx Kanti Prabha

File Home Insert Design Layout References Mailings Review View Sirion Help Search

12.2. Effect of Termination
Confidential Information defined in this Agreement shall be kept as Confidential Information till to the time, when the Confidential Information need not be kept as Confidential Information according to the clause of "Exclusion of Confidential Information", without considering the termination or expiration of this Agreement or the cooperation between the parties.

13. Applicable Law and Arbitration
13.1. Applicable Law
This Agreement shall be governed by and construed in accordance with the [Hong Kong] laws, without reference to its choice of law rules.

Dispute Resolution solution
All disputes between the Parties with respect to any matter arising out of or relating to this Agreement shall be first resolved by friendly consultation between the Parties. Failing to reach a result through the consultation, Parties agree to submit the dispute to the [Hong Kong International Arbitration Center (HKIAC)] for arbitration.

14. Miscellaneous
14.1. Announcement on Signatory Delegation
One party announces and pledges to the other party that it has all necessary authorization to sign and fulfill this Agreement and its affiliated documents, and has used its best endeavors to ensure the binding force of all delivery and fulfillment obligations set forth in this Agreement. The Parties acknowledge that this Agreement supersedes all prior statements, warranties, memorandums, commitments, proposals, whether expressed or implied, and any other guarantees and arrangements,

SirionAI assists in negotiating counterparty paper: auto-categorize each clause; map and identify deviations from the playbook and suggest drafting alternatives

Dispute Resolution Position : Preferred
EscalationIn the event of a dispute arising under this Agreement, theParties shall attempt in good faith to negotiate a settlement of such disputewithin twenty (20) Business Days of either Party notif
REMOVE Selected Clause VIEW FULL TEXT

Dispute Resolution Position : Preferred
In the event a dispute arises between Client and Supplier relating to this Agreement, prior to either party pursuing other available remedies, a meeting regarding the dispute shall be held by the part
REPLACE VIEW FULL TEXT

DISPUTE RESOLUTION Position : Preferred
In the event of a dispute arising out of or in connection with the VPA, either Party may call an extraordinary meeting for the purpose of resolving such dispute or difference by service of not less th
REPLACE VIEW FULL TEXT

GO-Arbitration Position : Preferred
1. This Agreement, any rights and obligations under this Agreement, and any rights and obligations derived from this Agreement shall be governed by and construed in accordance with the laws of Republi
REPLACE VIEW FULL TEXT

Kanti Prabha A few seconds ago Formatted: Highlight

Kanti Prabha Formatted: Highlight

Illuminating the present | Seamless collaboration during negotiation process with MS Word integration



Multiple users - in parallel - can edit parts of the contract they have access to in MS Word, after which the system automatically reconciles and consolidates all the changes into a single version

COLLABORATION MODE

V1.2 Delivery Service - Service Legal Agreement

3 User Online

Today

SJ Sarah Jones
Editing...
12 - Assumption of Risk

VT Victor Toppo
Editing...
1 - Changes in the Work

CM Crish Macoony
Updated 3min ago
9 - Benchmarking

Create New Version

(a) Freelancer hereby grants to Company the following rights in each Work [a drawing] throughout the world:

SJ Editing... - Assumption of Risk

(i) The exclusive first right to publish the Work, which exclusivity lasts from the date hereof until ninety (90) days beyond the U.S. cover date of the issue of the Publication in which the Work is first published (and for cover-art drawings, one calendar year). In instances where a Work (or any part thereof) is first disseminated on a Company affiliated Web site or service prior to appearing in a print issue of a publication, Company's exclusivity period shall continue through the above-specified applicable time period after the on-sale date of the print issue of the publication. Freelancer will not allow anyone else to publish or use the Work or any portions thereof for any purpose until the applicable exclusivity period has expired.

(ii) Freelancer also grants Company, for the full term of copyright, the non-exclusive right to publish, print, republish, reprint and use the Works, the unrestricted right to use any cover containing the Works for any purpose at any time, the right to make and authorize the making of reprints or stand-alone copies of the article or feature including the Works for any purpose, the right to authorize the use of the Works as shown in the applicable publication as set dressing or otherwise in movies, television shows, and other productions, and in addition, the right to use the Works and/or Freelancer's name and likeness in publishing, promoting, advertising and publicizing the publication(s) and services in which the Works appear, and in merchandising.

(iii) Company will have the exclusive right to include each Work in a Company anthology, that is, in an anthology that contains material at least 25% of which originally appeared in [Publication], and which includes works by more than one contributor.

Changes in the Work - VT Editing...

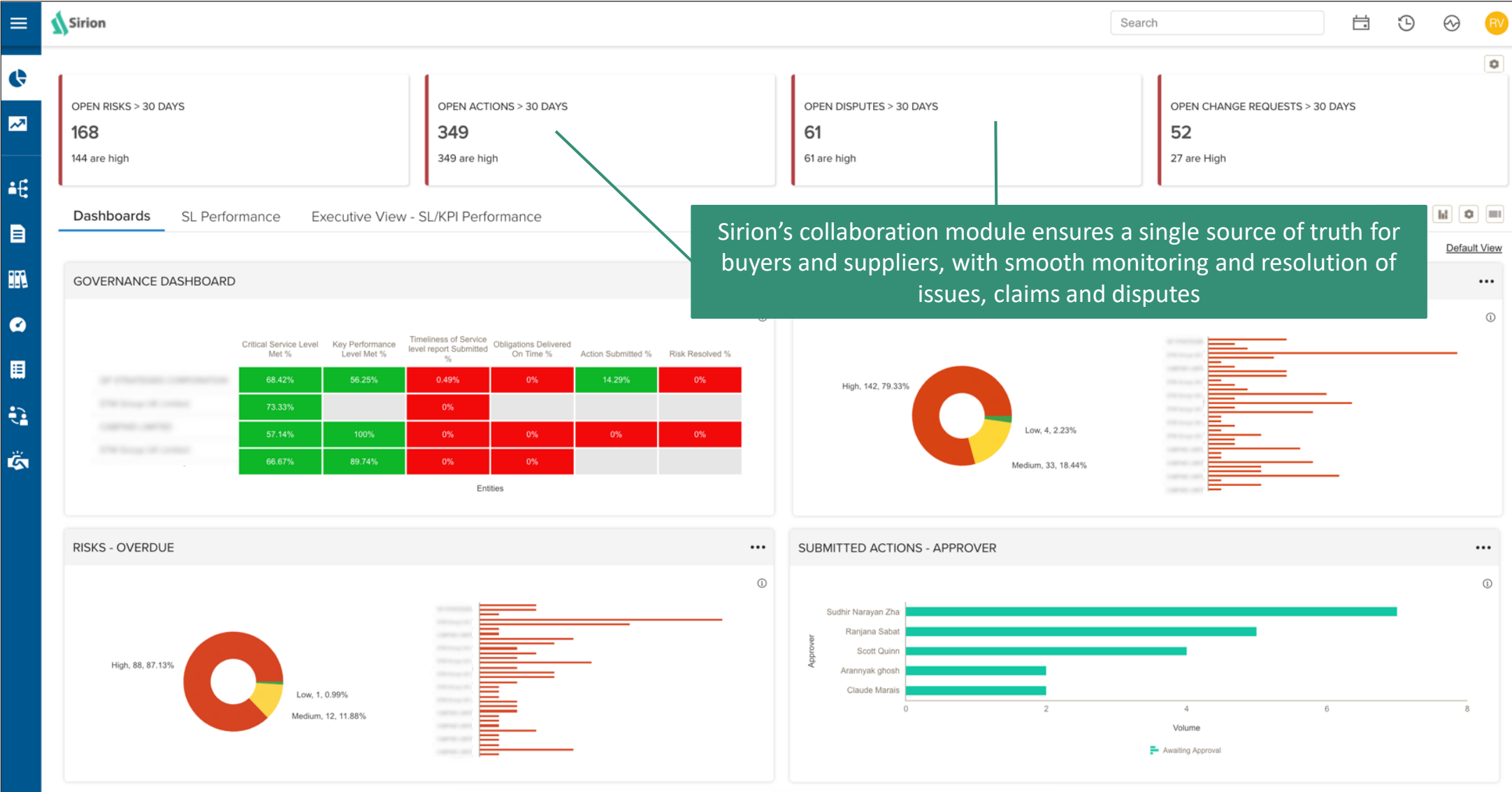
(iv) Company may allow any of Company's or its affiliates' owned or licensed publications outside of the United States, and/or foreign language publications in the United States (in each case "foreign publication") to acquire the exclusive first publication rights to each Work in that publication's country and/or language of publication, such exclusivity to last for ninety (90) days beyond the on-sale date of the issue of the foreign publication in which the applicable Work is published. The foreign publication may acquire the rights by giving notice thereof within one (1) month of the U.S. on-sale date and by agreeing to pay a fee to Freelancer upon publication as follows: [omitted]

(b) In addition to the rights granted above, for cover-art drawings accepted by Publication, Freelancer hereby grants to Company the following rights in each Work, for the full term of copyright, including any renewals and extensions throughout the world:

Guiding the future | Risk analytics across the portfolio



Guiding the future | Buyer-supplier collaboration for effective relationship management



Sirion's collaboration module ensures a single source of truth for buyers and suppliers, with smooth monitoring and resolution of issues, claims and disputes

Guiding the future | Real-time performance and invoice validation



Sirion

Service Levels Modified x

Filters Columns Save View Favourites

Id	Title	Supplier	Sep-18	Aug-18	Jul-18
SL02622	Server Availability		Met Exp 100	Met Exp 100	Met Exp 100
SL02620	Audit Tracking System replacement item requests		Not Met 85.94	Not Met 92.86	Met Exp 100
SL02617	Pre-Planned Vehicles		Not Met 86.1	NA	NA
SL02611	Audit Tracking System completion		Met Min 94	Met Exp 97	Met Exp 98
SL02610	Additional attendance fulfilled requests		Met Sig Min 98	Not Met 92	Met Sig Min 98
SL02609	Unauthorised absences				
SL02608	Attendance				
SL02607	Invoice accuracy				
SL02606	Booking success				
SL02605	Low Touch Booking				
SL02605	Low Touch Booking				

SirionAI integrates with enterprise transaction systems to automate supplier performance and invoice validation

INV01693

Invoice - November

General Details x + -

Filter Columns Group By: Line Item Type Bulk Action Download

Line Item Description	Amount	System Total	Discrepancy Total
Base Charges and Passthrough	-	84,321	56,214
Chat Contacts (IABB-300092553)	196.59	19,659	19,462.41
Chat Contacts (IABB-300092553)	16,513.56	19,659	3,145.44

Communication

All Attachments

Download

ravi verma | 02-04-2020 12:24:39 06:00
Status: Comment/Attachment
We need to close this by Thursd

PANEL DISCUSSION

Faster Contracts, Better Contracts: Eliminating the Friction Points in Contracting



Research conclusions

- Indications of solid progress and future aspiration: AI and ML no longer ‘something for the future’
- Increased understanding that the ROI from contract digitization is not driven by cost reduction as much as value improvement
- Challenges for many include:
 - Quality of repository
 - Inconsistent metadata and taxonomy
 - Multiple ‘data pools’
 - Belief that ‘we are different’ or ‘our contracts are too complicated’
- Greater progress sell-side than buy-side
 - Less heritage systems
 - Strong focus on revenue and margin, speed to market



“Stop thinking contract
management....
.....think contract
data management”

Where next? The Friction Index

SirionLabs and World Commerce & Contracting are working together to produce a 'Friction Index' which will help organizations identify and benchmark their position on a 'friction index scale'.

The Index will take account of each organization's industry and typical contract types in use to support this custom analysis. It will generate ideas and recommendations for streamlining procedures and to raise the overall efficiency and effectiveness of contracting.





www.SirionLabs.com



marketing@SirionLabs.com



[/SirionLabs](https://www.linkedin.com/company/SirionLabs)

What's next?



- Please complete a brief survey at the end of this webinar to give us your feedback
- Look out for a follow-up email with a copy of these slides and a recording of the webinar
- Join us for more such events

THANK YOU



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