

The Enterprise Contract Analytics Guide

# Choosing the Right **Contract** **Analytics Solution**



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## Introduction

The previous e-book in The Enterprise Contract Analytics Guide explores how organizations are using contract analytics to recover revenue, address compliance, and boost contract performance and profitability. It also covers why unstructured data is the greatest threat to contract compliance, and why enterprises must embrace contract analytics technology to tackle LIBOR, IRFS-17, Brexit, and other emerging regulations without costly manual effort.

Now, on to technology. This e-book will delve into the various contract analytics technologies—their capabilities, their strengths, and their limitations—and the key factors to consider when selecting a contract analytics solution.

**First, a breakdown of the various contract analytics technologies.**

# Understanding Contract Analytics Technology

## Advanced CLM Solutions

Standard contract lifecycle management (CLM) solutions excel in a few areas: They assist in the creation of contracts, and they can also manage agreements through various stages of approval.

Once the agreement is signed, the CLM solution manages the document lifecycle, controlling who can access the contract and when it needs to be revised or archived.



Contract lifecycle management (CLM) tools are good at managing the file itself by using surface-level metadata and file name to respond to search requests. However, CLM solutions cannot search for specific legal clauses within agreements, and they can't easily distinguish which contracts include a certain term or phrase.

If you need to identify which contracts contain force majeure clauses, LIBOR, IFRS-17, or Brexit-linked language, for example, a contract lifecycle management tool can't assist in this regard.

## **Automated Contract Review**

Automated contract review tools are enhanced with machine learning (ML) and can read and identify specific clauses to improve the efficiency of contract review. They can retrieve data within a contract and compare it to similar values in other agreements.

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**Automated contract review tools offer promising functionality, but there's one glaring drawback: These tools may not be able to handle unstructured data. Additionally, they may not be optimized to work with the wide array of file formats used across the enterprise.**



Finally, to find all contracts and convert them into a readable, searchable format, automated contract review tools may need to be augmented with a file-analytics solution. For the cost-conscious enterprise—or any enterprise, for that matter—this additional expense offsets any potential savings from increased contract profitability and performance.

## **AI-Powered Contract ANALYTICS**

AI-powered contract analytics solutions like Adlib Software can automatically locate contracts in all repositories and transform them into fully searchable, digital assets. This software can also classify contracts by region, type, and party, and then extract the relevant clauses, terms, and conditions for analysis and comparison. These operations can be conducted on a continuous basis at scale, and contract analytics can be applied to both legacy and net-new documents as part of business-as-usual processes.



Cloud-based contract analytics software can also:



- 1 Work with a wide range of file types, formats, and languages.
- 2 Handle the intricacies of long, unpredictably formatted text-based documents.
- 3 Root out and extract important values, even in documents that have adopted different structures and language over time. (This is ideal for enterprises with a history of contract evolution.)
- 4 Provide visibility into agreements by applying extensive rules-based workflows and extracting relevant data and risk hierarchies into summary views and dashboards.

An AI-powered contract analytics solution can also feed relevant data into AI and analytics engines like IBM's Watson. However, this software doesn't necessarily pinpoint specific risk areas or make suggestions for action, which may or may not be a downside, depending on your use case.



## Selecting the Right Solution & Partner

Now that you understand the pros and cons of various contract analytics solutions, you're one step closer to choosing the right technology. Here are five additional tips to help you find the right fit.

### 1. Identify Requirements, Match to Capabilities & Test

To select the right contract analytics solution, first identify your requirements and must-haves. Some common goals include addressing compliance, streamlining procurement, and reducing manual effort associated with contract review. Every company and business scenario is unique, though, and the right contract analytics solution may offer benefits beyond your initial assumptions. That's why it's important to ask any prospective vendor for use cases, documentation, a thorough solution walk-through, and any other materials that will help you make an informed decision. To ensure the solution will perform as intended, trial the software before signing on the dotted line.



## 2. Choose a Partner, Not a Vendor

The best software providers act more like business partners than vendors. The right partner will become an extension of your team, making your software roll-out plan their top priority. In the realm of deployment, the proposed plan should consist of the appropriate scope that matches the business and IT maturity of your enterprise. As the old saying goes: “Great things are not done by impulse, but by a series of small things brought together.” Simply put, it’s best to start small and scale up from there.

## 3. Be Wary of “Repository Lock In”

Some contract analytics software stores all agreements within the vendor’s repositories. Why is this a critical drawback? Your organization will need to venture outside your own systems to conduct contract analysis, which isn’t ideal. To avoid “repository lock in,” look for a solution that can reveal key insights from your agreements and feed that data into your existing repositories.





#### 4. Be Choosy with Image-Based Technologies

Some contract analytics solutions apply OCR to every document by default. This is problematic for one critical reason: Many contracts are born digital, and OCR hinders access to key aspects of the contract. It's becoming ever more important to address files in their native format. Unfortunately, many contract analysis tools hinder more than they help in this regard.

#### 5. Manage Complexity Automatically

Every enterprise is unique, so a rigid, one-size-fits-all solution needn't apply. The right contract analytics solution must be scalable and adaptable enough to address the sheer variety, volume, and complexity of contracts, including languages, regional differences, and file formats. Ensure you choose a solution that can a) access the full scope of your contract complexity and b) perform at scale to deal with your legacy contracts and go-forward workflows.



## The Final Verdict

Whether you wish to boost revenue, curb costs, or reduce manual effort, contract analytics technology can offer a much-needed lift. Once the shiny-new-software glow begins to dull, though, many contract analytics tools leave much to be desired:

- 1 Contract lifecycle management (CLM) tools are good at managing contract files, but they can't search for specific legal clauses, or distinguish which contracts contain a certain term or phrase.
- 2 Automated contract review tools can retrieve data within a contract, but they aren't designed to handle unstructured data.

- 3 Overall, AI-powered contract analytics software offers the best balance of performance, practicality, and functionality. Choosing the right software is only half the battle, though.

Be sure to select a vendor who will be a good partner, be wary of "repository lock in," be choosy with image-based technology, and look for a solution that can handle the volume, variety, and complexity of your contracts. Only then can you begin to harness the true strategic value of your agreements.

## Ready to Turn Your Contracts into a Strategic Asset?

Address contractual and compliance risk with confidence and extract more value from your agreements. Schedule your solution walk-through to see how Adlib can help.

[SCHEDULE YOUR WALK-THROUGH](#)



Our purpose is to create better data that amplifies human potential and maximizes business performance. How do we get there? Our content intelligence and automation solutions make it easy to discover, standardize, classify, extract, and leverage clean structured data from complex unstructured documents. In doing so, our global customers reduce risk, simplify compliance, automate processes, and enter a whole new level of performance.



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