ACC EUROPE
Association of Corporate Counsel

202 Using Technology to Reduce Costs

Contract Management

Peter Connor

General Counsel EMEA

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- Future State Vision- anyone there yet?
- Enterprise Contract Management (ECM) and why it matters
  - Business Justification
  - Legal Department perspective
- How to start
- Systems
- Process
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Future State of Vision

Company-wide contract management processes, practises and systems that allow the business to easily, effectively and efficiently create and manage all worldwide contractual commitments to minimise costs, maximise revenue opportunities and satisfy procedural, contractual and regulatory compliance through all stages of the contract lifecycle.

ECM and why it matters

- **Business Justification**
  Enhancing the effectiveness and efficiency of contract management capability will;

  - lead to administrative and operational cost reduction,
  - optimise revenue opportunities,
  - improve employee productivity and remove a significant source of employee frustration,
  - make your company easier to do business with from a customer perspective,
  - facilitate compliance in the following areas;

    - *procedural compliance*- adherence with company operational, financial and legal policies and procedures;
    - *contractual compliance* - both your company and its customers/vendors honouring commitments;
    - *regulatory compliance* - with laws and requirements imposed by governments eg SOX.

ECM and why it matters

Area of Financial Impact	Measure of Improvement
Compliance with regulatory guidelines	90 – 100 %
Reduction or erroneous payments	75 – 90 %
Faster contract negotiation cycle	50 %
Increase in renewal revenue	30 %
Reduction in "quote to cash" cycle	10 – 30 %
Reduction in operating and processing costs	10 – 30 %
Headcount reduction	10 – 20 %
Additional contract revenue	1– 2 %

* Source Goldman Sachs

ECM and why it matters

Legal Department Perspective

- Chance for Legal to show leadership
- Provides an opportunity to define optimal allocation of responsibilities with other functions
- Facilitates client "self-help"
- Automates many manual tasks

How to start

- **Get help**
  - Inside company
  - External company
- **Build the business case**
- **Dimensions**
  - Contract lifecycle
  - Geographies
  - Not just about systems

ECM Overview

ENTERPRISE CONTRACT MANAGEMENT SYSTEMS OVERVIEW		
CONTRACT LIFECYCLE		**ECM POSSIBLE SYSTEM FEATURES**
Contract Creation	Standard Contract Creation Standard Contract Access Standard Contract Competion	Template Creation Assistance B2E -> Portal Contract Build Tools
Contract Collaboration	Review of Customer's Contract Contract Negotiation Internal Review / Approval	Red-lined and 3rd Party input Interactive collaborative red-lining Internal approval Routing (autmatic/manual)
Contract Execution	Contract Signature	Electronic Signatures
Contract Administration	<u>Storage</u> Hard Copy Contracts Scanned Contracts Contract Summary Repository <u>Contract Changes</u> Transfers / Assigments Changing / Adding Parties Renewals	N/A Integration with Databasesystem Multi-level security / Access Customizable fields/labels Stores attachments in PDF/Word or TIF Stores amendments/communications Full text search Contract clause search across contracts Automatic email event notification Outlook integrated calendaring Auto-generates renewal contracts
Contract Monitering	Creating Contract Summaries Checking Compliance with terms Reports on Contract Data	User-defined and generated reports Scheduled reporting Reports download to Excel Payments reporting Integration with Finance System Integration with Procurement / CRM System

Processs – does this sound familiar?

Not every country has written contract processes. In other countries only some contract processes are defined or documented. To the extent that written processes do exist they are typically;

- general descriptions not workflows,
- written by the one function with minimal to no input from other functions involved in the process,
- not necessarily appropriately allocating roles/responsibilities between functions, stored on one particular functional Sharepoint site or SOX site,
- not widely known or easily accessible,
- not necessarily used as reference point to run the business,
- not regularly updated and so do not necessarily reflect current practise.

Next steps

Facilitate formation of a project team, identify stakeholders and develop a detailed project plan to include the following key areas:

- **Contracting Strategy**
  Define strategy to include scope, risk management profile, e-contracting, knowledge management etc
- **Process/ Practices**
  Develop and publish a comprehensive set of process descriptions/workflows for all contracts. An opportunity for standardization of business practices and BPR to ensure an optimal allocation of roles/responsibilities between functions that accord with best practice.
- **Systems**
  - Identify User Requirements to enable business staff to easily self help in a controlled fashion with minimal reliance on Legal.
  - Assess suitability/cost of existing business systems and possible alternative third party ECM solutions. Integration with business systems vital.

Using Technology to reduce Costs

- Legal Intranet -

- Effective Communication -

Dr. Roland Boemer
Director, Legal – Central Europe
Sun Microsystems

Why technological resources?

- In order to make work in the Legal Department
  - simpler
  - quicker
  - more efficient
  - more cost-effective
- In order to promote your own products

Which technological resources?

- Legal Intranet / Internet as resource to
  - provide your clients with information
  - share information within the Legal Department
  - make external information accessible
- Other technological resources

Legal Intranet as resource to ...

... provide your clients with information (1)

- Presentation of lawyers, legal team members
  - name, photo, biography
  - telephone no., other means of communication
  - location, address
  - availability – link to calendar tool
  - reporting line – link to orgtool
  - areas of responsibility

Name Finder

Legal Intranet as resource to ...

... provide your clients with information (3)

- Contract Databases, Contract management
  - Standard Contract Tool
    - print-out of standard contracts
  - AR – Agreement Registry
    - online access to signed contracts, documents
  - CAT – Contract Automation Tool
    - automatic support for individual contracts
  - Local Eyes – Tool for Localisation Process
    - assisting with translation and localisation of standard contracts

Contract Tool

Suche »

➜ **Produkte & Service**

➜ **Support & Schulung**

LEGAL

Deutschland

» Das Team und seine
  Zuständigkeiten
» AGB
▫ Standardverträge
» Vertragsverwaltung
» Projektleihe
» Vorlagen und
  Musterschreiben
» Geheimhaltung
» Information
  Protection
» Sun Policies & Links
» Präsentationen
» Verhaltensregeln
  bei Durchsuchung
» Monthly Report
» Q & A

Verträge

Hier finden Sie alle verfügbaren Verträge der GmbH in ihrer aktuellen Fassung.

Um Ihnen das Ausfüllen der Verträge zu erleichtern und handschriftliche Ergänzungen in den Verträgen zu vermeiden, haben wir die Titelseite aller Verträge auch als StarOffice-Datei hinterlegt. Dort ersetzen Sie bitte die Platzhalter mit den entsprechenden Kundendaten.

Sollten Ihre Kunden Änderungen oder Ergänzungen zu den auf dieser Seite hinterlegten Verträgen wünschen, setzen Sie sich bitte mit uns in Verbindung, wir helfen Ihnen dann gerne weiter!

Verträge müssen in zweifacher Ausfertigung unterschrieben werden, so daß jede der Vertragsparteien ein Original des Vertrages erhält. Grundsätzlich sollen die Verträge zunächst vom Kunden/Partner und dann erst von Sun unterschrieben werden. Das von beiden Vertragsparteien unterschriebene Sun Vertragsexemplar senden Sie bitte an das SunCenter, dort Regina Klein (x62486, Regina Klein)..

Verträge
Deutschland

Druckbares
Layout

Contract Tool

Legal – Verträge

Sun microsystems

Bitte wählen Sie den von Ihnen gewünschten Vertrag aus!

Endkundenverträge:

`>RahmenV – Allgemeine Bedingungen`

OK!

Partnerverträge:

`ALLGEMEIN`

OK!

Einkaufsverträge Produkte/Leistungen:

`PRODUKTE`

OK!

Endkundenverträge – ALLGEMEIN – RahmenV – Allgemeine Bedingungen

Sun Rahmenvertrag – Allgemeine Bedingungen

Beschreibung:

Sun schließt Verträge in einem modularen System. An die allgemeinen Bedingungen werden die besonderen Bedingungen als Anhänge angefügt. So müssen die Standardklauseln, die Sun bei allen Verträgen verwendet, nur einmal verhandelt werden. Der Sun Rahmenvertrag stellt die allgemeinen Vertragsbedingungen für Endkunden dar, an die die entsprechenden Anhänge für Produkte oder Services angefügt werden.

Titelseite   Vertrag

Legal Intranet as resource to ...

... provide your clients with information (4)

- 🌐 Sample letters, templates, checklists
  - e.g. termination letter, comfort letter, LoI/MoU
- 🌐 Certificates
  - e.g. commercial / trade register
- 🌐 Responses to recurring questions
  - FAQ's, guides
- 🌐 Legal News

Legal Intranet as resource to ...

... provide your clients with information (5)

- Interactive online training
  - Standards of Business Conduct
  - Export Control, Competition Law
- Policies, Manuals
  - Signature Policy
  - Conflict of Interest, Confidential Information
- Links to other Legal Websites
  - EMEA Legal, Corp. Legal

Legal Intranet as resource to ...

... share information within Legal Department (1)

- Know-how Database
  - Who has know-how, about what?
  - e.g. legal specialists in virtual Legal team
  - Synergies – avoid duplicating work!
- Legal Events
  - Legal meetings, Team Calls
  - Presentation slides for teleconferences
  - Agenda and minutes of meetings

Virtual Team Calendar

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Updated June 11, 2002

Calendar

Home Page | Team Contact Details | France Legal | Germany Legal | NEUR Legal | SEAME Legal | UK Legal | Sun Intranet Site | ITS Web

Search SunWeb

[GO]

Advanced Search

Contracts Online

Whats New
Virtual Legal Team
Geo Websites
Calendar
 .xvpics
Tools
Hot Links
Policies and
Procedures
Dawn Raid
Instructions
Online Training
Legal Only
About This Site
Worldwide Legal
Website
CAT Implementation
Project
AdminWeb
Channels
Simplification

CALENDAR

Events 2002	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
EMEA Legal Webcasts					23		24		25	23	20
Direct Team Con Calls*	9		14	3	16/17	12	18	14	11	16	12
Extended Team Con Calls**			14		29			27			26
EMEA Legal Conference											
Monthly Reports due to Leif Frykman	2, 29	26	26	26	28	25	29	28	26	29	26
National Hols	1 (ALL), 6 (G/S)	12 (G), 22–24 (U)	15 (H), 16 (U), 18 (G), 19 (S), 25 (G), 28 (S), 29 (U/S/S/G/S/N), 31 (S/B/N/H)	1 (ALL), 3–6 (G), 25 (I), 30 (N)	1 (I/S/G/S/B/H), 2 (S), 6 (U), 9 (S/G/S/B/N), 15 (S), 19 (S/B/H/N), 20 (S/G/S/B/H/N), 26 (I), 30 (G)	22 (S), 24 (G)	21 (B), 25 (S)	1 (S), 6 (U), 15 (B/I/S/G/G), 20 (H)	6 (S)	3 (G), 4 (U), 12 (S), 23 (H), 28 (G)	1 (B/I/S/G/H), 2 ( ), 9 (S), 11 (B)

* Direct Team: Mark Curtis, Cheryl Fackler–Hug, Tomas Wikstrom, Roland Boemer, Florence Lonis

** Extended Team: Mark Curtis, Cheryl Fackler–Hug, Tomas Wikstrom, Roland Boemer, Florence Lonis, Anne–Sophie Frankinet, Jan Schultheiss, Frances Parrington, Udo Wipplinger, Ann–Rose Stouthuysen, Hanifa Baporia, Christel Van Peteghem, Alex Silverman, Graeme Heaton, Charlie Stevenson

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Legal Intranet as resource to ...

... share information within Legal Department (2)

- Online Legal Training (for lawyers)
  - e.g. EC Competition, Anti Trust Law
  - Data Protection Law
- Extranet to outside Law Firms
  - Legal newsletters

Internet/Intranet as resource to ...

... make external information accessible

- from Corp. Headquarter or other subsidiaries
- Legal Databases
  - Lexis, Juris, etc.
  - European Union
- Business Databases
  - commercial registers, Creditreform, etc
- General information (Google)

Intranet Rules

- How to increase the benefit of a Legal Intranet?
  - Simple navigation
  - Information should be no more than 5 clicks away
  - Single pages not too long -> not too much scrolling
  - Subscription to pro-active websites (broadcast technology)
- How does the user know, what can be found?
  - Structure, clearly arranged
  - Site map
- How does the user find, what he is looking for?
  - Index, search function

Intranet Rules

- How to keep the Legal Intranet up-to-date?
    - Regular contributions
    - Clear, individual content ownership
    - Bonus system
    - Automatic reminders for contribution

Effective e-mail communication

🌐 .... will only be possible if the reading of e-mails will be made easier for the recipients.

Suggestions (1)

- shorter is better!
- use bullets
- avoid long paragraphs
- use url references for details

Effective e-mail communication

Suggestions (2)

- Use a flag in the subject line of your e-mail!
  (it will make your objective more easily understandable)
- Subject flags:
    - I: Information   = this e-mail is only giving you some information
    - A: Action   = action is required
    - U: Urgent   = this is an urgent e-mail and needs to be handled first
    - Q: Question   = please come back to this question asap

Effective e-mail communication

Suggestions (3)

- ..Use the first sentences of your e-mail for a summary of what you expect the recipient to do!
- Recipients usual questions:
  - "What is this about?"
  - "How does this affect me?"
  - "What ACTION do I need to take?"
  - "What is the timeline?"
  - Example: "Pls. send your feedback to question in subject line until ..."

Effective e-mail communication

Suggestions (3)

- Select the recipients carefully!
  - Do not put people on "to" unless you anticipate an answer, action, or participation.
  - Minimize use of "cc".
  - When responding to an e-mail, do not respond to ALL unless everyone has a legitimate reason to see your response.
- Minimize the number and size of attachments!
  - If the attachment is a report or a presentation, summarize the content so that the recipient will only have to open the attachment for more detail.
  - If possible, use web links to repositories where the document has been posted.
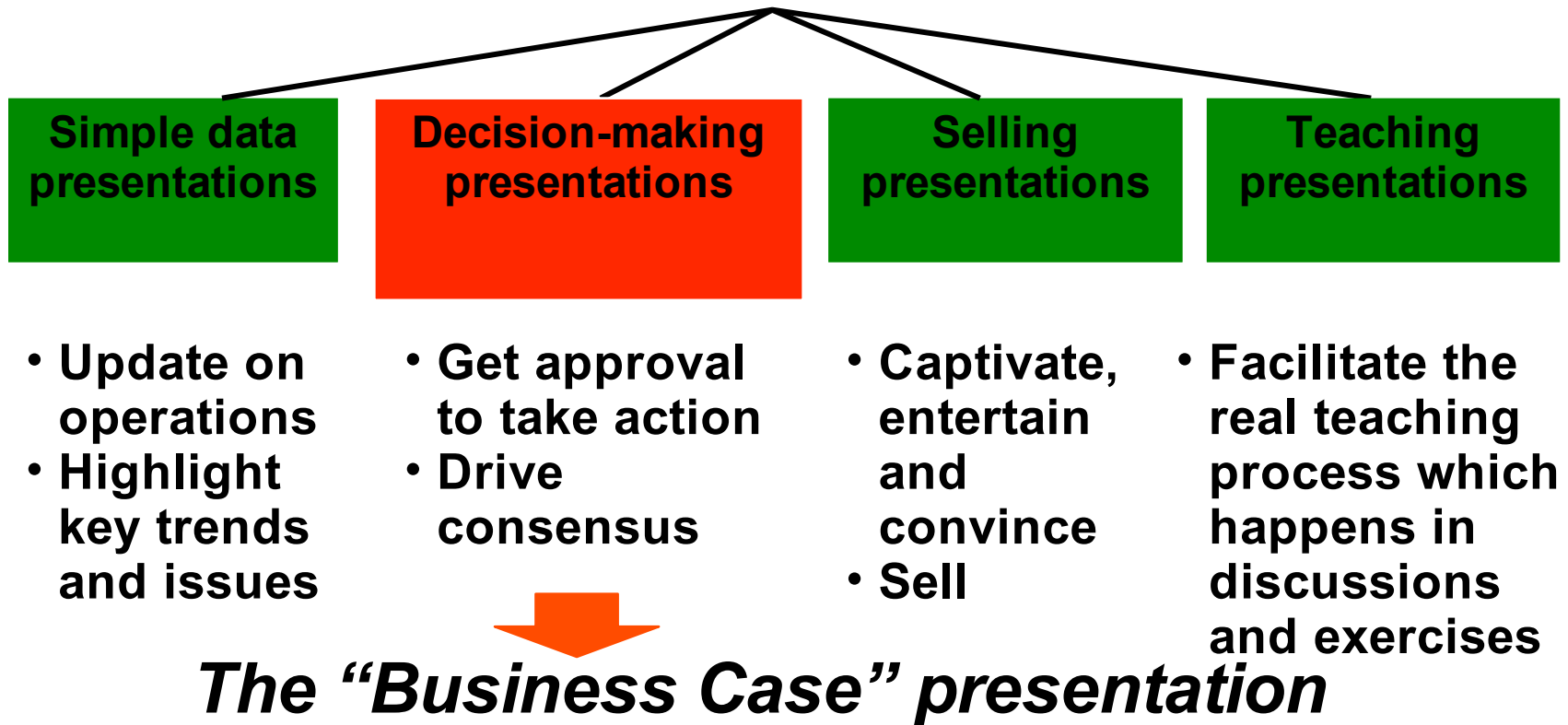
Effective Presentations

- Follow the "Answer-First Model" when you give a presentation
- As an introduction, provide a BRIEF (1-2 sentence) summary of the content of the presentation!

  Why are you presenting? What result do you expect?

  - requesting approval: for what?
  - requesting input or assistance: to do what?
  - escalating a problem: what is required?
  - describing an opportunity: requirements and next steps?
  - providing information: for what purpose?

Answer First Model

Introduction (Context)
- Situation
- Complication
- Question

Key point — Answer

Key line assertions — Assertion 1 | Assertion 2 | Assertion 3

Supporting Evidence — Fact 1 | Fact 2 | Fact 3