ZYCUS
COGNITIVE PROCUREMENT

Achieving Contracting Agility with Best in Class E-Signature Technology

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Introduction

As businesses evolve, it is vital that their ability to forge partnerships, work with suppliers, gauge risk, and accelerate processes also grows in tandem. Unfortunately, that is often not the case in contracting and commercials management. In the recent Legal Department Operations (LDO) survey[1], almost half of the respondents using contract lifecycle management technology rated their maturity at either 1 or 2 on a scale of 1-to-5. Just 1% gave themselves 5 on 5 for maturity. This is due to the persistent reliance on manual efforts, and therefore process silos when reviewing and analyzing contracts. There is very little interconnectivity with surrounding systems, which complicates processes, causes errors, and holds back an enterprise's potential to scale its capabilities. The answer to this lies in a next-gen CLM tool, leveraging an AI-powered e-signature and approvals solution that enables a single pane of glass by integrating with the entire enterprise landscape.

Source 1 : The 2019 Legal Department Operations Survey Report

5 Pain Points Faced by Legacy Contracting

A typical organization tackling volume-intensive contractual processes will run into a number of roadblocks. Not only are there silos between stakeholders, but system fragmentation also means that contract analysis and approval are stretched out over a very long period of time. For example, historical information residing in your CLM may not be synced with the contractual terms themselves, which are housed in a different third-party application.

This results in the following pain points:

Over-reliance on human efforts - Due to the siloed nature of contracting, intelligent automation is difficult to achieve, and manual processes are the only way forward. This means that you're left spending valuable talent and person-hours on iterative tasks.

Risk and non-compliance - Needless to say, humans will always be prone to risk, and this is compounded when there is no centralized visibility across systems. You could own the relevant information on historical risk patterns, but it remains under-utilized.

Inconsistent scaling across regions - As organizations expand across regions with disparate contract laws and legal obligations, achieving scalability becomes an arduous task. You would need to hire local experts, upskill existing resources, and completely revisit processes.
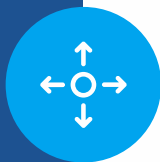
Capacity limitations - The above three pain points restrict your ability to analyze, review, and process contracts to a predetermined volume. This is a massive hurdle during change periods such as mergers & acquisitions.

Conflicting agendas - Siloed systems and processes prevent your stakeholders from getting a holistic perspective. Therefore, stakeholders across legal, sales, procurement, supply chain management, and others would focus on their own agendas without shared visibility into organizational objectives.

Admittedly, enterprises are aware of these issues and are keen to prioritize digital solutions that could introduce a new way of doing things. In a recent survey by Deloitte, commissioned by World Commerce & Contracting, 68% said that digitizing CLM is a medium-high priority. Particularly on the buy side, 93% plan on shifting to a centralized contract and commercial management model that necessitates deeper integrations between systems[2].

A greater degree of connectivity, centralization, and integration (replacing erstwhile silos), also opens up a new possibility: **transforming age-old contract processes through AI.**

Source 2 : When Technology Meets Humanity

Is Artificial Intelligence (AI) the Solution?

AI maximizes the power of enterprise data and workflow automation by enabling contextualized and interconnected decision-making. Gartner estimates that this capability could create over $3.2 trillion in business value by 2022[3]. Given that only 11% of organizations feel that their end-to-end contracting process is "very effective" at the current time (according to KPMG research), AI could prove to be a revolutionary force for CLM[4].

Writing for Harvard Business Review, Beverly Rich, J.D. from the University of Southern California Marshall School of Business, explains why: "While software for legal document review has existed for years, it typically only helps companies store and organize their contracts. Contracting software that uses AI raises the bar for what these tools can accomplish[5]."

AI-powered CLM drives contracting agility by:
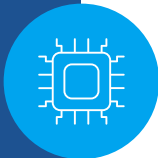
Offering intelligent assistance - AI could replace hours of manual effort and aid in faster decision-making by reviewing document summaries, checking the accuracy, and mitigating risk by automatically highlighting key items and risk areas.

Making transactions more secure - An AI engine would ensure that all the security and compliance requirements are in place for every contract, regardless of the volumes being handled. It would check and maintain an audit of sensitive and mandatory data fields.

Maintaining consistency - A programmable AI solution makes it easy to adapt CLM for different legal regulations and regional mandates. Further, e-signatures powered by AI would be legally binding in most countries, including the US, AUS, NZ, and EU member territories.

Tamper-proofing the audit trail - Without human intervention, enterprises can assure all stakeholders that a contract is authentic and that the audit trail is comprehensive, with zero risks of undetected tampering. This can be further bolstered with the relevant industry certifications.

Source 3 : Gartner Press Release   **Source 4 :** KPMG Report

Source 5 : Harvard Busiess Review

Envisioning Agile Contracting Powered by AI E-signatures: The Future

Enterprises can now gain from best-in-class contracting agility without uprooting systems, thanks to integration-friendly CLM and AI tools. Instead of working in silos, at best, using a point automation tool, you can now achieve a streamlined user journey geared for faster approvals. This journey would look as follows:

1 The originating stakeholder uploads a contract document that has to be fully or partially filled and signed. Alternatively, they can also raise a request.

2 If raised as a contract request, the system automatically generates a PDF document with the necessary data fields.

3 Depending on business rules or custom exceptions, recipients are added to the contract workflow.

4 Recipients receive the document, protected by a predetermined authentication method, such as email authentication, phone OTP, passwords, or SSO.

5 The recipient can now sign the contract by typing, freehand drawing, or uploading a signature image.

6 The document status is updated in real-time, notifying all intermediary stakeholders as well as the originator.

**7** A detailed audit trail is created for non-repudiation.

How Do Enterprises Benefit?

The above workflow completely reimagines contracting processes as they exist today. It focuses on **speed**, **efficiency**, and rich **insights**, rather than getting bogged down by process minutiae and individual stakeholder agendas. This helps you derive the following benefits:

- **Reduced effort requirements** as AI auto-summarizes and auto-highlights key contract elements

- **No data duplication,** thanks to the integration between contract management, request management, video-based witnesses, and other business apps

- **Accelerated approvals** due to timely email notifications and real-time updates

- **Increased productivity** as backlogs are reduced and new requests are fulfilled faster

- **Digital maturity** as enterprises gain from the cloud, cognitive assistance, mobile apps, and more

- **Enhanced value generation** by preventing errors and omissions in contracts and timeline delays
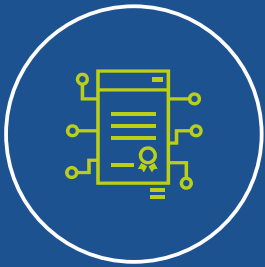
Certinal Helps You Achieve Future-ready Contracting Agility, Today

Certinal leverages the power of a tightly integrated and AI-enabled e-signature tool to transform the contracting function for modern enterprises. It connects with **Zycus iRequest** , **Zycus iContract**, and third-party business applications to provide enterprises with a seamless contracting landscape. Certinal's secure and authenticated APIs allow you to establish a single pane of glass across third-party and homegrown applications so that enterprises can preserve their existing investments.

We recognize that contracting is no longer limited to the legal purview, and has the potential to elevate your end-to-end business capabilities by strengthening supplier relationships, saving effort hours, smartly detecting risk, and facilitating business agility. Research suggests that more than half of enterprises believe AI to be crucial in contract and document management[6], and we are at the forefront of this transformation.

AI and integration technologies can be instrumental in helping organizations overcome long-standing pain points in their contracting processes. On the other side, lie greater profitability, sustained compliance, and the ability to reach for growth.
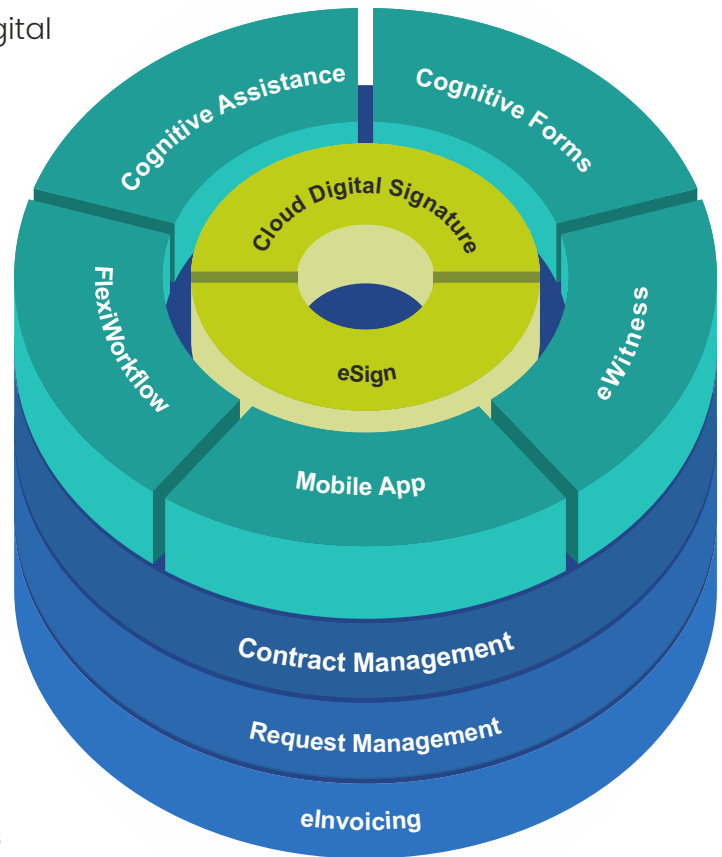
To know more, please email us at **marketing@zycus.com**

CERTINAL

Certinal eSign is a future-ready Digital Transaction Management solution that provides trust, security, and compliance. It is committed to providing a one-stop solution to its customers' global regulatory compliance requirements for enterprise clients. It is compliant with various security standards confirming different regional regulations.

It is your trusted partner delivering the highest compliance standards across the industries.