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RESOURCE GUIDE

Ultimate guide to contract intelligence

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The ultimate guide to contract intelligence

The purpose of any tool is to make it easier to get a job done. For your business, a contract intelligence tool should make forecasting revenue easier—streamlining processes and improving insights that ultimately benefit your vendors, customers, and your organization. With an ever-changing marketplace, customers and the organizations that serve them are demanding a more technology-driven and streamlined contracting process. The role of legal itself has evolved and strategic changes are needed to push organizations forward, rather than holding them back with lengthy contract reviews and drawn-out legal processes.

What is contract intelligence?

Current, accurate, and relevant contract information in the hands of responsible decision-makers significantly impacts business performance. However, accessing such data presents a challenge for most companies, especially when this critical information is in the form of unstructured text buried in thousands of legal agreements.

Whether it's a five-page non-disclose agreement (NDA) that you authored two years ago or a newly executed 100-page master services agreement (MSA) on your supplier's paper, accurately extracting the full scope of governing terms is expensive, inconsistent, and requires skilled resources.

That's where contract intelligence comes into play

Contract intelligence is the use of artificial intelligence (AI) tools for contract ingestion and analysis. Easily upload contracts previously living outside of your CLM system—be it on paper, in SharePoint, or on a drive—into the CLM system to run analysis and manage contracts in a searchable, central repository. It leverages the most advanced machine learning (ML) with attorney verification to identify, extract, transform, and validate content from contracts protecting stakeholders from legal issues and contract breach risks.



Challenges within your contracts

Have you ever lost a client and thus, revenue, by being too slow to process contract information post-signature—or lacked the key insights needed to close a deal?

According to a survey by Deloitte,¹ risks associated with outdated contract management processes include:

- Unwanted termination or rollover of contracts
- Legal action and/or breach of contract because of unrealized obligations
- Missing important dates and deadlines
- Regulatory fines
- Unclear roles and responsibilities
- Difficulty finding contracts and tracking key data
- Manual, slow processes required to find, extract, and update contract information post-signature
- Missed milestones and obligations, including auto-renewals
- Exposure to liability and risk due to lack of visibility into contracts
- Revenue lost from poor contract management

Contract intelligence is the key to unlocking real change within your contracts and doing away with outdated processes. It extracts commercial terms and transforms them into verified data that drives your business' performance. Find information about any agreement in seconds using a contextual topic search. Or locate the data you need with filterable, customizable dashboards.

Most companies don't think much about it until there's a problem. Recognize revenue faster, never miss a renewal date, and add a layer of protection to your contracting process. It's fast, it's easy, it's accurate, and it immediately frees up time and allows you to focus on the more specialized parts of your job.



UP TO
40%
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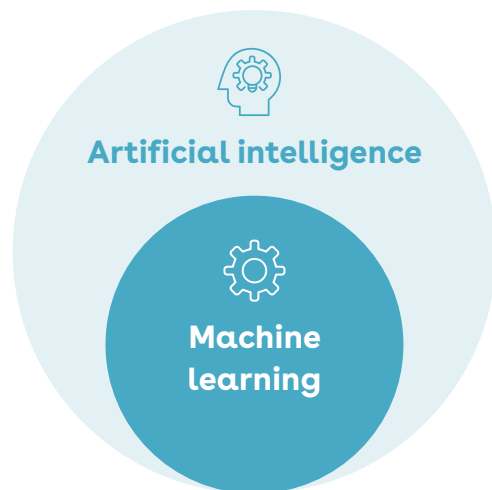
According to Harvard Business Review, an inefficient contracting process can cause firms to lose between 5% and 40% in value on any given deal.²

What are AI and ML and how do they make contract intelligence work?

Let's start with an important distinction:

AI is the umbrella term for creating intelligent machines.

ML is a subset of AI that enables systems to automatically learn and improve from experience, without being programmed to do so.



It's the ML component that allows you to extract key data from your contracts, and in return, review contracts faster, streamline negotiations, and gain visibility into your contractual obligations.

How does ML help when it comes to the contracting process? Contract intelligence is an extension of contract lifecycle management (CLM) software. CLM and AI work together to create a streamlined, automated process.

Contract intelligence: an AI extension of CLM

CLM	AI/ML
Contract generation and negotiation	Operational agreements
Efficiency	Data analysis
Collaboration	Legacy, pre-signature, executed
Compliance	Life after the signature
Standards	Revenues, expenses, obligations, risks, rules of engagement, etc.
Execution	Evolution of the relationship (performance, modifications)
Commercial agreement	Realize expected outcomes

Simply put, an example would be if a customer asks, "By what date must we send the Termination Notice to cancel the agreement?" The machine will:

- Extract an effective date
- Determine a time period
- Extract an expiration date
- Determine a current date
- Extract a renewal type
- Extract a renewal period
- Calculate a new expiration date
- Extract a notice period

What to expect from ML: hype vs. reality

Hype		Reality
Machines “understand” my contracts	→	Still no “deep reasoning” about intent, etc.
Machines can autonomously extract all key provisions	→	For actionable accuracy, machine results must be validated by human domain experts
Most companies can develop and train AI models	→	Standards and consistency in humans proves more challenging than machines
Machines are going to replace me	→	Humans plus machines yields cost/benefit

What to look for in a contract intelligence tool

When choosing the right contract intelligence tool, it's important to find one that's well, intelligent. Here are some of the key features you should be looking for in a contract intelligence solution:

Accuracy

Human review validates data accuracy and continually trains the AI to be even better.

Centralized repository

Find information about any agreement in seconds using contextual search. Or locate the data you need with filterable, customizable dashboards.

Advanced insights

Stay on top of contracts with alerts before every date-driven event, with negotiation insights before renewals, and with risk reports that pinpoint areas of concern.

Contract analytics

See how contract terms are affecting your business, which vendors and customers cost you the most, and how contracts perform by department.

Integrated workflows

Get actionable insights instantly to your teams using native integrations.

5 benefits of an effective contract intelligence tool

Teams—particularly legal and finance—see a variety of benefits from contract intelligence. Here are the top benefits of an intelligent CLM solution:

Maximize the value of every agreement

Contract intelligence enables teams to quickly audit and act upon massive databases of contracts with ease and efficiency. In fact, it has been estimated that teams save almost one day a week of administrative work per employee.

Capture every revenue opportunity

Advanced ML extracts data-driven events and distills complex contract data into an easy-to-use dashboard.

Avoid surprise expenses

Get proactive alerts before any key event that will affect your budget, like the auto-renewal of a contract you no longer want to pay for.

Minimize liability exposure

Avoid risk by reliably meeting SLAs and lowering the likelihood of penalties or unforeseen expenses.

Eliminate costly manual work

End manual data entry and information-seeking. Automate key operations tasks and gain immediate access to answers.

“On average, every single person on the North American legal team saves four hours a week of time they would be spending searching for and reading through contracts.”

Jeremy Gordon | Associate General Counsel and VP | Thoughtworks

Best practices: preparing for a clean and organized deployment

Conga Contract Intelligence is a powerful solution that saves organizations time and money; however, you will need to consider a few best practices before jumping right in to ensure that your kick-off is as successful as possible.

Review the best practices below to prepare for a clean and organized deployment.

- Get organized! Prior to upload, it's important to organize the current database of contracts—this helps your upload strategy and informs any auditing before upload.
- Check legacy systems.
- Check where every team is storing their latest templates.
- Consider naming conventions. This is a perfect time to consider or reconsider naming conventions to aid content organization; however, don't let it slow you down. Some organizations fall into analysis paralysis, which can derail implementation, so stay focused and keep it simple and clear.
- Identify stakeholders in key departments to ensure buy-in/ownership. It's also helpful to specify roles (who will take action on data) and consider key groups to involve (e.g., legal, finance, sales, renewals, human resources, and procurement).

Once you have gathered the key team, take the time to get organized for a fresh start, and consider proper naming conventions, you'll be ready to dive into the solution.

It won't be long before you're taking advantage of the capabilities because once everything is organized, there is no lengthy implementation process—you can benefit from the solution from day one.

Contract intelligence in action

Managing renewals

Managing renewals and termination dates is the baseline for most clients using contract intelligence. It helps organizations understand the fundamentals including who the parties in the contract are, who the contract is for, when it begins/ends, and what must be done to renew or terminate the contract.

With Conga Contract Intelligence, legal teams reclaim valuable time. For example, Thoughtworks estimates they save 1,400 hours annually with Conga Contract Intelligence. Other benefits include higher accuracy levels and the ability to automatically create triggers and alerts based on actionable dates.

[Thoughtworks](#), [Homelight](#), and [Ovation TV](#) are just some of the organizations that have used Conga Contract Intelligence to successfully and accurately manage their renewals.

“One of the ways [Conga] Contract Intelligence saves us money is by catching auto-renewals. It more than pays for itself with this alone.”

Joe Danganan | General Counsel | HomeLight

Mergers and acquisitions (M&A)

Organizations having events such as M&A, fundraising campaigns, and special purpose acquisition companies (SPACs) need to run due diligence through their current contracts; identifying risk, exposure, and revenue. Conga provides a due diligence package that highlights clauses such as Assignability, Audit Rights, Confidentiality, Governing Law, and more.

With Conga Contract Intelligence, customers like Lucid saw reduced outsourced billable hours by 50% and streamlined the process of contract integration of newly acquired companies.

“How do I answer questions about our contracts without going through hundreds of negotiated service agreements? If we agreed to a price escalation clause or a price cap, we would miss those things. If there was a non-auto-renew, we would miss that.”

Cara Frisbie | General Counsel | Lucid

Price increase

Conga Contract Intelligence easily allows clients to identify which contracts permit price increases at certain intervals of time, whether such increases are capped, and whether such increases require consent or contain particular notification requirements.

For price increases within contracts, Conga Contract Intelligence allows clients to easily identify them and increase their reoccurring revenue. We predict a 1-3% increase in annual reoccurring revenue.

Recession risk analysis

With Conga Contract Intelligence, organizations can see which contracts are up for renewal in the next two to four quarters, forecast the revenue from them, and determine what portion of the company revenue comes from it. This essentially future-proofs business and mitigates future risk, especially when faced with a possible recession.

“Our teams now have full control and visibility into the business through flexible reporting and analytics that we did not have before.”

Ines Gonzalez | Director of Legal | LinkedIn

Get started with Conga Contract Intelligence

Get the job done better with the right tool. Conga Contract Intelligence and Conga CLM address critical contracting processes that occur both before and after customers have signed. Before signature, contract intelligence helps to identify risk during the negotiation. By providing visibility into contract details during upload—including agreed-upon prices and expiration dates, automated contract intelligence also ensures that businesses can accurately manage and intelligently renew contracts. Bring any unmanaged contracts living outside of your central repository and during initial upload/ingestion, extract important data and meaning to provide lasting visibility and searchability in your contract lifecycle.

Put an end to the contract juggling act! Get a demo and [learn more](#) about how an intelligent solution can help you reduce risk and improve processes across your entire organization.

[Book a demo](#)

[1] Deloitte. (2016). Contract Intelligence | Protecting your business. <https://www2.deloitte.com/content/dam/Deloitte/dk/Documents/risk/Downloads/Contract-Intelligence-brochure.pdf>

[2] Rich, B. (2018) Harvard Business Review | How AI is changing contracts <https://hbr.org/2018/02/how-ai-is-changing-contracts>

About Conga

Conga crushes complexity within an increasingly complex world. With our revenue lifecycle management solution, we transform your unique complexities for order configuration, execution, fulfillment, and contract renewal processes with a single critical insights data model that adapts to ever-changing business requirements and aligns the understanding and efforts of every team.

Our approach is grounded in the Conga Way, a framework of entrepreneurial spirit and achieving together to champion our 11,000+ customers. We're committed to our customers and to removing complexity in an increasingly complex world. Our solutions quickly adapt to changing business models so you can normalize your revenue operations.

Learn more at conga.com or follow Conga on [LinkedIn](#).



For more information

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