

TECHGEAR

Stressed out?

The Inner Balance Sensor from Heart-



Math (\$99) connects to your earlobe and an iPhone or iPad. The accompanying app displays your heart rate and breathing patterns and according to HeartMath guides you toward “coherence,” or a meditative state of serenity.

WEBLINKS

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forbes.com

Forbes publishes a wealth of articles about personal finance and estate planning written for the non-lawyer.

wealthmanagement.com

Written primarily for financial advisors, this site covers everything you’ve ever wanted to know about wealth planning and asset management. It’s a great resource for information on retirement planning trends, education saving plans, small business concerns, and asset protection.

scotusblog.com

Tom Goldstein’s blog covering the U.S. Supreme Court is my go-to source for cases of national significance. Live blogging provides immediate coverage of orders and opinions as they are released.

texasmonthly.com

From politics to culture, *Texas Monthly* is where I go to stay up-to-date on the goings-on around our state.

smittenkitchen.com

Deb Perelman’s recipes are absolutely perfect, every time.



Why You Should Want a Contract Management System

BY JASON SMITH

Contracts are the essential cornerstone of business. As such, it would seem that investment in a system that improves efficiency in creating, executing, and managing contracts while simultaneously enforcing proper controls for compliance would not be a difficult choice to make. Yet a recent survey showed that many organizations still rely on manual processes for much of the contract lifecycle management process.¹ So the question that needs to be answered is whether companies are simply unaware of the benefits of automation or have consciously decided that the traditional, manual processes are still better. For those companies that have chosen to rely on phone calls, emails, handshakes, and spreadsheets,² here are five important questions to research.

Why would I want my contracts and contract data in a central repository?

How many times have you watched colleagues engage in the “random request then reply all” game of searching for details on a business transaction

that occurred years earlier? Turning the entire staff into a collection of historical researchers certainly isn’t efficient and rarely proves effective. A central repository that puts all of the important data like relevant parties, key dates, milestones, payment terms, obligations, compliance details, and penalties alongside the contract document itself would allow the right people to locate the right information at the right time. Of course, this could have social implications, as it would reduce the email and phone traffic you receive. It would also give you a single system that could allow you to analyze cross-contract data, review trends, and find hotspots for potential risk. So you have to ask yourself whether peace of mind, risk management, visibility, and efficient use of staff time are more important than engaging the entire company on occasional ad hoc research initiatives.

Does distributed data entry really have an upside?

In the modern age of “everyone gets to play” sports leagues, one would

think that getting everyone involved in entering critical contract data would be a good thing. But the morale boost of a few underperforming employees doesn't outweigh the increased risk of potentially introducing errors by allowing many hands from different business units, geographic locations, and skillsets to touch your organization's contracts. A contract lifecycle management system allows you to distribute the data entry process across the entire workflow to those best positioned to enter the data at the right moment. At the same time, the system can help reduce repetition and eliminate duplication of data entry efforts by staff. If each data element is provided by the most logical person in the organization, then you will never have to cross-train your legal staff on financial concepts like uplifts, margins, and asset allocation in emerging markets. You can still hand out trophies to everyone at the company picnic.

Does voluminous legalese trump simplicity and efficiency?

Templates with consistent language and pre-approved alternative language are important aspects of contract lifecycle management systems. While these programs won't give your junior legal staff as many opportunities to apply their extreme redlining skills to every contract, they will allow your company to create rules associated with legal pre-approval on top of standard templates and a library of clauses and alternate language. With those benefits, some recurring, low-risk, non-negotiable contracts may bypass your lawyers altogether. You will satisfy those executives asking you to "do more with less," and you will have to find another use for all of those red ballpoint pens on back-order. Plus, you may finally get to use all of the content in those reference contracts you've been hoarding all these years.

Is there a way to avoid sales people?

Sales teams often blame legal and finance colleagues for being bottlenecks in the sales cycle. Legal and finance folks blame sales staff for introducing unnecessary risk into transactions. So how do you find reconciliation among the stakeholders without the entire sales cycle grinding to a halt? Try automating internal regulatory controls through a system that is designed to analyze triggering data and chaperone the contract through the matrix of approvals. Contract lifecycle management systems can combine the most complex approval matrices with email notifications to the right person at the right time, along with one-click approvals to simultaneously implement critical controls while streamlining the entire process. Beware, though; when the sales team learns they can bypass certain approvals by adhering to pre-approved templates, terms, and conditions, you may find yourself only reviewing the highly negotiated, bet-the-company contracts. And you won't have the melody of regular ringtones to break the silence.

If a contract auto-renews in the woods, does it make a sound?

The saying "what you don't know, won't hurt you" certainly doesn't apply to contracts. In fact, it's what you don't know that poses the biggest risks to your business. It would be nice if your contracts could speak so they could warn you when milestones, terminations, or renewals were coming up. A contract management system can be implemented with alerts and notifications based on data, rules, and dates—the next best thing to contracts that can talk to you. Of course, they still cannot call the customer and engage in the awkward conversations about terminations or renegotiations, but they can keep you from missing deadlines, losing opportunities, or suffering payment errors. However,

this could inevitably lead to an awkward discussion with the head of litigation about the reduced workload they will face in managing the company's contracts.

Summary

The bottom line is that contract lifecycle management systems are designed to increase efficiency while simultaneously reducing overall risks to the company. You may even become more efficient at the same time. And if the know-how of legal and finance professionals is embedded in an automated process to streamline the lifecycle, you can focus your energy and efforts on the most complex, high-risk, or bet-the-company deals on your desk. You are literally doing more with less.

As fixed-fee pricing and legal business outsourcing continue to depress rates and margins, now may be the time to investigate how contract lifecycle management technology can help make your practice more productive and profitable.

There are a handful of software vendors who focus on contract lifecycle management, including Apttus, Business Integrity, CLM Matrix, and Selectica. In addition, there are some contract management offerings from vendors traditionally known for matter management like Bridgeway and Mitratech. Of course, a Google search could uncover many more names, so it is important to consult with a subject matter expert before embarking on this important initiative.

NOTES

1. <http://goo.gl/xBHJU>
2. <http://goo.gl/CwnuZ>

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