

Why can't I recreate my best leftovers meals? The benefits of contract lifecycle management

Many in-house legal teams will have to manage a broad array of contracts covering areas as diverse as employment of cleaning staff to the acquisition of a large business. These will be written using Word and held in file shares categorised by project/topic or entity, all of which is fine when things are working well and run of the mill operational issues need to be managed. However, where we have seen this approach break down is when unforeseen events occur that affect whole swathes of the business community.

We advised a number of investment institutions after the financial crash of 2007-8 and the common theme was a lack of understanding about what their position was and where they were exposed. This information was available in their Agreements and side letters but was not able to be searched for as the language was too oblique. It required large-scale manual interrogation of documents to get to a full picture of their position. This is akin to making a delicious meal with leftovers in the fridge but not being able to recreate it after the event – the only way was to note what went into it in the first place... and this is what Contract Lifecycle Management (CLM) can do for your contracts.

CLM tools will help with contract generation, taking a deal of the drudgery away from the initial drafting process. However, they will also enable you to capture key information and terms being used in the contract and amended throughout its lifetime. Dates that need to be monitored, fees that drop after a threshold is reached, obligations that need to be met when counterparties collapse or markets go into freefall – CLM tools can help you to keep track so that you are reminded when you need to act or allow checking across large numbers of contracts with a single search.

The range of CLM tools is growing all the time but many are cloud-based which can help legal teams that are otherwise inhibited by corporate IT strategies. 3Kites has extensive experience of assisting with selections and can also help in-house teams with their CLM strategy.

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If you'd like to know more about how 3Kites can assist your team, then please contact Danielle.Leacock@3Kites.com