Managing contractual risk
Insights from in-house counsel
Contents

Foreword............................................................................................................01
There are three main constrictions to good contracting practice..........................02
How to improve contracting practice in your organisation........................................09
The future of enterprise-wide contractual risk management.....................................16

About the research
Contract Business Intelligence (CBI) help large corporations in the Nordic region with their contract management process and systems, such as finding contracts, extracting information, analyzing it and distributing it into the corporation. CBI interviewed General Counsel, Heads of Legal and Senior Contract Lawyers with experience from a range of corporates in Scandinavia. The objective was to identify the key barriers to good contracting practice, and the ways that the people on the front-line would change things - if they could.
Contracts are important. The value of a business has always been directly connected to its contractual relationships. And our research indicates that contracts are more important now than in the past.

Contractual risk was front-of-mind for respondents to our Legal Risk Benchmarking research last year. In that research, contractual risk was identified as a top concern. Clients are increasingly aware that a significant portion of legal risk is being written into their contracts.

In this follow-up report, and underlying research, we find that contracting practice is still quite immature. And this immaturity can mean that significant contractual risks are being understated, or overlooked.

This report is based on research carried out by Contract Business Intelligence Nordic AB (CBI). Magnus Steen, CEO of CBI - and former Head of Legal, Nordics at Sony Ericsson – was keen to explore with me the reasons behind the poor contracting practices that seem to persist today. He interviewed participants including General Counsels, Heads of Legal and Senior Contract Lawyers with experience from a range of corporate organisations in Scandinavia.

The interviewees were candid about the issues they face. They identify three reasons behind poor contracting practice, and they were open about what they want to do to improve their contract management processes. This helped inform our contract risk maturity model, the checklist to improve contract review practice in your organisation, and brought clarity to the reasons for poor contracting practices.

I would like to thank all those who were kind enough to spend time answering our questions, and Magnus for the effort and insight he has put into this report.

Please get in touch if you would like to discuss any of the issues we have covered in this report.

Matthew Whalley
Head of Legal Risk Consultancy
matthew.whalley@blplaw.com
There are three main constrictions to good contracting practice

Businesses that actively manage the contracting process across their enterprise have greater certainty of their enterprise-wide liabilities. They can secure better prices for goods and services, improve their insurance options, reduce legal fees over negotiations and speed up the contracting process. In certain sectors it can even help with regulators, who are taking an increasing interest in the robustness of business supply chains.

Why then, are companies not embracing best-practice in contractual risk management? Our interviewees identified three issues that make it difficult for organisations to improve the way they manage their contracts:

1. The contracting landscape is increasingly complex.
   We identified four factors that add to the complexity of the contract landscape: multiple stakeholders, variety of contracts and terms, multi-jurisdictional influence and macro-regulatory requirements.

2. Individuals find it difficult to focus on the right things in contract negotiations.
   There is a lack of consistency in application of core skills in the contracting process. Individuals tend to focus on specific terms, issues or objectives, at the expense of the bigger commercial picture. This goes for all professionals involved in the contracting process.

3. There is a general lack of investment in good contracting process and systems.
   Resource is scarce and contracting staff recruitment has lagged behind activity. Historically risk has been seen as low but increasing concern is beginning to see some organisations invest in improvement projects.

Our research identified three issues that make it difficult to improve the way you manage your contracts.
1. The contracting landscape is increasingly complex

From our interviews we identified four factors that add to overall contracting complexity for an organisation:

- Large numbers of internal stakeholders make ownership difficult to pin-down
- Wide variety of contracts and terms make consistent risk analysis difficult, in particular in complex outsourcing agreements
- Multi-jurisdictional element adds complexity to terms
- Macro-regulatory requirements increasingly require contract remediation

“Large numbers of stakeholders make ownership difficult to pin-down

Anyone who has managed a project knows that the more stakeholders you have involved, the less likely you are to deliver on time and on budget. Stakeholders have different and often conflicting points of view, that can be difficult to reconcile. The same is true of the contracting process.

Our respondents, when asked who owned or was involved in the contracting process, identified five different internal functions that they could class as stakeholders (see table below). Ownership of the overall process was described as sitting in any of legal, business, negotiation teams or finance, depending on the organisation in question.

Stakeholders identified in the contracting process and their area of interest

<table>
<thead>
<tr>
<th>Who we help</th>
<th>Who we help</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>Liability management, legal risk management (Black Swans and day-to-day risks), education of front-office, archive and storage, signing process, negotiations, commercial terms</td>
</tr>
<tr>
<td>Business commercial</td>
<td>Commercial terms, volume of business, ability to meet contractual commitments</td>
</tr>
<tr>
<td>Business operations</td>
<td>Follow up on deliverables, ability to meet contractual commitments, archive and storage</td>
</tr>
<tr>
<td>Negotiation teams (purchasing /sales/marketing)</td>
<td>Speed of deal, quality of commercial terms, ability to meet contractual commitments</td>
</tr>
<tr>
<td>Finance</td>
<td>Commercial terms, ability to meet contractual commitments, matching payments made/received to contracts</td>
</tr>
</tbody>
</table>
The wide variety of contracts and terms make consistent risk analysis difficult

The list of contracts a typical business enters into - and has to manage - is seemingly endless. At the very least, it is likely to include: outsourcing, sale-of-goods, sale-of-services, master supply, commodity purchase, finance and employment contracts.

Many contracts will have a cross-jurisdictional element and multiple stakeholders within the organisation. Some contracts are within the core business of the companies, and some are contextual. Some are highly standardized, but not necessarily to the benefit of your organisation. Most are not. According to our research, even large organisations find it difficult or impossible to consistently enforce their own terms.

And within each contract are a huge number of terms to work through. The defensive nature apparent in a lot of legal drafting and negotiation - the desire to eliminate all possible future risk - will often result in overly long and complex agreements. This makes it difficult to locate the terms you want to prioritise when negotiating on a counterparty’s documents.

And if it is difficult to identify specific contractual risks within an individual contract, then to identify specific contractual risks across a collection of contracts can be like searching for the proverbial “needle in a haystack”.

Multi-jurisdictional influence adds complexity to terms

Multi-jurisdictional influence adds a level of complexity not just for big global companies. The supply chain, even for smaller companies, often now includes outsourcing arrangements with other jurisdictions such as those in Asia Pacific. Contract documentation has (with influence from the Anglo-Saxon legal system) been growing over the years and some of the interviewees see a strong need for simplification. As things stand, the language within contracts, and their complexity, can make them a poor and inaccessible management tool for business relationships in all jurisdictions.

Macro-regulatory requirements increasingly require contract remediation

Regulatory requirements that are often written into contracts include: anti-bribery and corruption (UK Bribery Act, US Foreign Corrupt Practices Act), anti-competitive behaviour (for example EU Competition law), fairness to consumers (Consumer Regulation Directive), data protection (EU Data Protection) and intellectual property.

Regulators want companies to actively ensure that they - and their direct supply chain - are secure and operate within the spirit as well as the letter of the law. Many of these regulations require you to add clauses to existing contracts. And the extra-territorial nature of much of this legislation/regulation makes the problems of locating, reviewing and remediating contracts a global, enterprise-wide issue.

The same applies for any attempts at self-regulation of your supply chain. Commitment to Corporate Social Responsibility (CSR), for example, needs to be backed by contractual undertakings.

The issues discussed in this section describe a contracting world of increasing technical and commercial complexity. For the individuals that work in this world, it is essential to focus on key risks and future scenarios, when negotiating a contractual relationship.

“Interviewees see a strong need for simplification.”
From a risk perspective, there are (arguably) only three types of contract.

Matthew Whalley
2. Individuals find it difficult to focus on the right thing in contract negotiations

Our interviewees all noted a lack of skills within some or all of the contracting process as a key barrier to good practice.

- Legal teams were criticised for their lack of practical, realistic perception and for focusing on the microscopic details in a contract, rather than the aspects that might represent a real risk to the company.

- Purchasing teams were criticised for not knowing what they wanted to achieve, what they could ask for from suppliers and missing the balance between deliverables in quality, time and price.

- Commercial/business teams were criticised for not caring about formal contracts at all and for being content to continue long-standing arrangements on verbal agreements.

And enveloping the different teams described above, corporate culture was criticised for supporting poor practice and a lack of desire to change. "This is how things are done around here" is not an attitude likely to result in change.

To help improve the contracting culture, and support legal, purchasing and business teams to implement better contracting practice, staff at all levels throughout the organisation need to have a clear understanding of:

- what contracts are for,
- why they are important (the risks they protect against), and
- the potential risks they present.

Our interviewees outlined good advice on what legal teams in particular can do, to improve individual contracting practice in their organisation (see box below).

Three things legal teams can do to improve contracting practice and culture:

**Focus on what is important**

Take a practical perspective of contracts in the context of the company’s business, recognise what is important to negotiate and what is not. In particular, understand which contracts represent the greatest risk, rather than focus solely on individual contract value.

**Keep commercial objectives front-of-mind**

Explain why contracts are important and what you want to achieve from them. Communicate acceptable levels of risk vs. reward, and what it is reasonable to ask for from the other party(ies).

**Embed good contract practice into culture and standard working methods**

Train negotiating teams and business units on the importance of contracts in managing commercial risks. Provide checklists, templates, standard agreements and negotiating guides to support them. Keep an awareness of, and communicate, regulations and court decisions that might affect your contracts.
3. There is a general lack of investment in good contracting process and systems

Investment is always needed to change process or implement technology. And to get investment you need to persuade the budget holder that change is worthwhile. Our view that contracts are important hasn’t always been widely held. In the past, key contracting stakeholders have generally not worried about formal contracts. Our interviewees all agree on this point. It is all-too-common for the lawyers to be the last people to learn about a deal, and for them to have to play catch-up to capture commercial terms in formal contracts.

Although the typical perceived risk can be low, and one of our interviewees made the point that history seemed to prove that contracts are “not really risky”, we would argue that this view is overly complacent. It can take only one unexpected extreme event (a “Black Swan”) to seriously damage your organisation.

For example, banks in the UK suffered serious losses due to an Office of Fair Trading challenge to terms in overdraft agreements that they considered unfair. These were standardised and thought to be legally robust. But by the time the UK Supreme Court ruled in favour of the banks in 2009, they had paid out significant amounts to process and settle claims for refunds. The reputational fall-out has yet to dissipate.

And where core third party arrangements aren’t subject to a formal contract, there is often no route for redress should the other party fail in their obligations. In-house counsel are aware of this hidden, un-quantified danger, but are often so busy dealing with day-to-day issues that they are unable to make the structural changes they need to improve things for the long-term.

This explains in part why our recent legal risk benchmarking survey highlighted that contractual risk is a growing concern amongst General Counsel and business leaders.

“...It was a surprise to see the lack of methodology when it comes to managing contract risks – the risk approach today is to very large extent individual and experience based and by the use of word templates."

Magnus Steen
Great contribution to help me get on the front foot with my contracts.

Carl Östring, General Counsel, AB Traction
How to improve contracting practice in your organisation

So if contractual risk is a growing concern, what can you do to improve the way your organisation manages its contracts, and improve your overall risk position? In this section we introduce concepts and techniques you can use to improve the way contracts are managed in your organisation, and reduce contractual risk.

We lean heavily on risk management principles, and take an unerringly practical approach to how contracts can and should be managed.

First, we explore different levels of contractual risk maturity, and detail key behavioral indicators to help you position yourself on our contract risk management maturity scale.

Then, we look in depth at how you can take a risk-based approach to contract risk management. In particular, we introduce the concept of measuring risk in terms of variation from a standard position.

And finally, we provide a practical checklist to help your negotiation and legal teams focus on what is important in your contracts, and avoid heuristics and “group-think” creeping into the negotiation and review process.

These three tools will help you to understand where your organisation currently stands in terms of contractual risk maturity, and where you want it to be. It explains some of the risk-based principles that you can use to improve your position, and provides an example of how one such improvement can be implemented in practice.

“It is one thing to discuss contract risk, but to discuss contract risk within a workable structure and actually provide working tools is something else entirely.”

Carl Östring, General Counsel, AB Traction
Contractual risk maturity indicators

If time and budget were no issue, what would in-house counsel actually do? We asked our interviewees this question, as well as for examples of poor practice. We combined their answers with some futuristic thinking to create the following set of contractual risk maturity indicators.

Review the table below to see where you rate in eleven separate maturity indicators. In each of the eleven columns, tick the box that most closely matches your current contracting practice. Add up the ticks in the final column to reveal your overall maturity level.

After you’ve done this, identify which areas you want to improve, and adopt a risk-based approach to move-up the maturity scale.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All business arrangements covered by written contracts, often supported by data from e-mail and recorded telephone conversations</td>
<td>Enforced</td>
<td>Guidelines embedded in templates; regular training programme for negotiation teams and management</td>
<td>Legal team sets strategy as part of multi-stakeholder oversight group; planned involvement</td>
<td>Risk-weighted controls embedded in templates and governance process</td>
<td>Key Risk Indicator (KRI) dashboard analysis by risk type, contract type, business, geography</td>
</tr>
<tr>
<td>Most business arrangements covered by written contracts</td>
<td>Common practice</td>
<td>Up-to-date training and guidelines for negotiation teams; sourced/planned by legal</td>
<td>Mainly strategic; involved in all key negotiations</td>
<td>Risk analysis captured in templates</td>
<td>Risk reported across contract types, risk types and business</td>
</tr>
<tr>
<td>Increasing number of business arrangements covered by written contracts</td>
<td>Some; often based on similar signed agreement</td>
<td>Sourced by negotiating teams with input from legal</td>
<td>Mainly tactical; some early involvement in key negotiations</td>
<td>Lawyers report risk in some contracts, usually as part of governance process</td>
<td>Risks reported for individual business units</td>
</tr>
<tr>
<td>Core business arrangements based on verbal agreements</td>
<td>Typically based on similar signed agreement</td>
<td>Ad hoc, sourced by negotiating teams</td>
<td>Tactical/last minute /none</td>
<td>Managed by use of lawyers</td>
<td>None</td>
</tr>
</tbody>
</table>

Improve contracting practice in your organisation
Moving from Ad-hoc to Next generation is almost an impossible task in one go; doing the foundational work with a step by step approach will give very good returns.

Magnus Steen

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Automated for any “templated” agreement; live obligations dashboard</td>
<td>Common practice</td>
<td>Automated central “golden source”; contract meta-data compared to sign-off tables, payments systems and KYC data; Contract ROI actively managed</td>
<td>Electronic clause library; rights to retrofit terms to existing contracts; pre-planned graded remediation plan</td>
<td>Risk reduction and efficiency driver</td>
<td>Next generation Efficient, risk based contracting process, delivering enterprise-wide value</td>
</tr>
<tr>
<td>Common practice for volume negotiated agreements</td>
<td>Common practice</td>
<td>Automated central, searchable, electronic archive; contract ROI actively managed</td>
<td>Planned process to locate and remediate legacy contracts;</td>
<td>Efficiency driver</td>
<td>Mature Efficient, risk based contracting process, delivering value to individual business units</td>
</tr>
<tr>
<td>Emerging as common practice for specific agreement types</td>
<td>On request from other party</td>
<td>Selected contracts stored in formal archives, possibly electronic; contract management fragmented</td>
<td>Large volume of paper based legacy contracts;</td>
<td>Efficiency enabler;</td>
<td>Developing Largely efficient contracting process reducing costs for individual business units</td>
</tr>
<tr>
<td>Isolated</td>
<td>Unable to use</td>
<td>Reliance on manual archive for key contracts; most contracts stored in e-mails, personal filing, personal drives</td>
<td>Large volume of paper based legacy contracts</td>
<td>Not used</td>
<td>Ad hoc No real process or value creation</td>
</tr>
</tbody>
</table>

Improve contracting practice in your organisation
How to take a risk-based approach to contractual risk management

All contracts represent some level of risk, and we have seen that there are a huge variety of contracts and contractual terms. So we need some way to decide which terms to focus on in which type of contract. This is where a risk-based approach can help.

From a risk perspective there are (arguably) only three types of contract

Risk is typically measured in terms of “acceptable levels of variance” from a standard. In contracting terms, the “standard” is often a standard contract, or set of commercial terms. The “acceptable level of variance” is derived from the different technical and commercial negotiating positions you are willing to accept.

From a risk perspective, we want to assess the sum of the variance across the entirety of terms in an individual contract, across all contracts of a similar type, and across the entire contractual estate.

Some agreements, like retail banking terms and conditions, are standardised. But it is difficult, if not impossible, to enforce terms across your entire supply and customer chain. Most contracts are negotiated to a greater or lesser degree. From a risk perspective, there are (arguably) only three types of contract: Please see on page 13.

This approach is useful because it enables you to design systems, processes and controls that measure and report (manually or automatically) the level of variance against standard terms/wording in the second two scenarios; and to evaluate the effect of the external environment on the standard terms/wording in all three scenarios.

It makes it a clear priority to identify and analyse commercial and legal terms that matter most to your business, and the variance that you are willing to accept. You should monitor and report variance around these terms. And report regularly to business heads and to negotiating teams the cumulative effect of individual behaviour on the overall risk position for the company.

“Contractual risk management can be described as: ‘the process through which organisations minimise financial and reputational loss that could result from unintended consequences, ambiguity or uncertainty in their contractual arrangements’."

Implementing risk methodology into the contract review process will give higher quality, less risk and speedier negotiation cycles, which all will bring higher value from the in-house department to the business."

Magnus Steen
Entirely standard
Contracts based entirely on standard terms that require relatively little management.

Risk Perspective
For entirely standard agreements, from a risk perspective we are interested in the sum total value and volume of all contracts of a particular type and the impact of changes to the legal or market position on the contractual relationship; and the ability to manage changes to terms and conditions when required.

Largely standard
Contracts that are usually negotiated, but are based on a standard template, usually with pre-defined negotiating positions.

Risk Perspective
For largely standard agreements, from a risk perspective we want to measure the variations in commercial terms and technical language that are approved by negotiating teams (often with a personal interest in getting the deal done) without legal input.

Heavily negotiated
(at first glance, bespoke)
Where lawyers are involved in the day-to-day negotiations of high-value/high complexity agreements.

Risk Perspective
For heavily negotiated agreements, your first line-of-defence is the legal team. From a risk perspective, we welcome any standardisation of industry practice that allows negotiations to focus on the delivery of commercial objectives, and fair allocation of risk.

To double check negotiating positions across a variety of agreements, we might want to apply fuzzy logic (the computer equivalent of human interpretation) to analyse key clauses that could represent financial or reputational risk, and compare the individual clause to acceptable/industry standard wording.

Improve contracting practice in your organisation
A simple checklist to help individual contracting staff focus on key risks
Our interviewees have already made the point that people in many roles fail to keep their eye on terms that represent the biggest risk to the organisation. One simple tool you can implement today to help your contracting staff keep their eye on this “bigger picture” is a risk-based contract review checklist.

Our sample checklist details five potential sources of risk in a contract, and variance in terms that could be taken into account to measure/minimise exposure. It should of course be adapted to your own organisational perspective before use.

Some contract variations are more risky than others

To report contractual risk accurately you have to get to grips with contract variance.

Matthew Whalley
<table>
<thead>
<tr>
<th>Five sources of risk</th>
<th>Checklist and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal structure</strong></td>
<td>Ensure the contract is signed by legal entities (and the right legal parties)</td>
</tr>
<tr>
<td>Review the contract to ensure the legal and structural integrity of the agreement is intact</td>
<td>Ensure each party has authority to sign and create a binding agreement</td>
</tr>
<tr>
<td></td>
<td>Check the agreement for inconsistencies – for example, check that it is based on the right template, and that it has no cut-and-paste history</td>
</tr>
<tr>
<td><strong>Your liability and commitments</strong></td>
<td>Do not commit any other company in your group, or third parties, without their prior approval; and ensure you are able to meet your direct commitments under the contract</td>
</tr>
<tr>
<td>Check that you are prepared to assume the liabilities described in the contract. Note that the questions to the right describe a standard position, not a starting position</td>
<td>Do not accept unlimited liability, but when you do cap your liability consider the overall value of the contractual arrangement to the other party, rather than simply capping it at the value of the contract</td>
</tr>
<tr>
<td></td>
<td>Do not accept liability for indirect losses or consequential damages</td>
</tr>
<tr>
<td></td>
<td>If you agree to cover for product liability or professional liability, for example, check it is covered by your insurance</td>
</tr>
<tr>
<td></td>
<td>Liquidated damages must be non-penal</td>
</tr>
<tr>
<td></td>
<td>Ensure that warranties you make follow your corporate policies and are limited in time, scope and remedies available</td>
</tr>
<tr>
<td><strong>Future proof</strong></td>
<td>Ensure that there is a change of control clause in material agreements</td>
</tr>
<tr>
<td>Ensure the contract caters for future changes</td>
<td>Don’t allow the benefit of the contract to be assigned, for example, to competitors.</td>
</tr>
<tr>
<td></td>
<td>Ensure you can assign (without consent)</td>
</tr>
<tr>
<td><strong>Commerciality</strong></td>
<td>Confirm that the commercial terms are acceptable for the level of risk represented in the contract, and for the on-going relationship it creates</td>
</tr>
<tr>
<td>Review the value and strategic importance of the contractual arrangement to your business</td>
<td>Ensure the importance of the contract to your business continuity is reflected in the terms, and that an adequate fall-back plan is in place</td>
</tr>
<tr>
<td><strong>Regulatory requirements</strong></td>
<td>Confirm that required regulatory provisions are included, for example, those that relate to:</td>
</tr>
<tr>
<td>Check for provisions that require third parties to adhere to regulation that affects your business</td>
<td>- Anti-bribery and corruption</td>
</tr>
<tr>
<td></td>
<td>- Data protection</td>
</tr>
<tr>
<td></td>
<td>- Intellectual property</td>
</tr>
<tr>
<td></td>
<td>- Anti-competitive behaviour</td>
</tr>
</tbody>
</table>
The future of enterprise-wide contractual risk management

So where does all this leave us? We have talked about why contracts are important and the constrictions we have identified that prevent organisations from improving the way they deal with contracts. We then reviewed how you could overcome these restrictions by taking a risk based approach to your contract negotiations and management. In discussing this, we introduced our contractual risk maturity indicators. They give a brief impression of the processes/practices that “next generation” contractual risk management would include.

But how would this “next generation” contracting organisation work in practice?

To begin, all core and non-core arrangements would be based on a contract. Future contracts may take a different form to those we see today. Visualisation techniques could be embedded in the document. Short videos and recorded telephone conversations (using VOIP) could be stored together with the core contract document, as evidence of what was intended by each party.

Contracts (and supporting content) will be automatically stored in a governance/management system. Key metadata will be extracted automatically, pre-and post-execution. Signatures will be electronic. Service Level Agreements (SLAs) will generate automatic dashboards from operational information sources, and any other operational commitments made within the contract will be incorporated into the organisational workflow. The contract will “talk” to finance systems, that will compare payments made/received against contract terms. And it will “talk” to logistics systems: goods delivered/received will be monitored in the same way.

The “next generation” contracting organisation will be able to quickly update contract wording to incorporate new regulatory requirements, or changes to market position, and ensure that their entire supply chain commits to the spirit as well as the letter of the law. They will be able to search through their contracts to identify non-compliant agreements, and implement agreed remediation plans based on the terms within the current contract.

For heavily negotiated agreements, internet-based clause libraries, populated with millions of redacted contracts will guide common practice, and act as a standard against which future bespoke contracts can be measured.

Contractual disputes will be logged against a root-cause that will trigger an automatic review of similar contracts, and contracts with similar clauses. Overall, the contract will act as a guide to the commercial relationship. It won’t be hidden in a drawer, only to be reviewed when business relationships have already broken down. It will be an active tool, used to avoid potential disputes and support sustainable business growth.

And the future is not as far away as we might think. Many of the tools described above already exist in some form. And those that may not, are a simple extrapolation of existing technology paths. The importance of the contract is growing, so will the pace of change.

The legal market has changed as have clients’ expectations of external counsel and the way we support in-house counsel.

Mark Lewis, Partner
Head of Commercial
Future of contracting

1. Customer/Supply chain
2. Negotiation teams
3. Reporting/Enquiry Applets
   (embedded in CRM systems)
   Contract negotiations supported by interaction
   with governance/contract risk analytics
4. ERP and Finance systems
   Automatic checks of SLAs against bills
   paid/received and goods delivered etc

1. Legal advisory/Commercial
   Set guidelines, draft/commission templates and
   sign-off on non-standard variations
2. Contract Governance System
3. Contract Obligations Management System
4. Contract Object Store
5. Reporting/Enquiry Interface
   Allow searches across contracts by type, value,
   individual clauses etc. To review for remediation and
   carry out root cause (cause to clause) analysis.
   Alerts to failures to meet obligations from either party.
6. Contract Centre of Excellence
   Contract review, analysis and remediation centre
7. Filing System

KEY
1. Contracts signed (e-signatures standard) and
   submitted to file system
2. Templates, rules and past decisions used to guide
   contract risk ratings
3. SLA details auto-extracted
4. COS will monitor systems and associate voice, e-mail,
   message and minutes commentary with signed agreements

Managing contractual risk /17
Getting in touch
When you need a practical legal solution for your next business opportunity or challenge, please get in touch.

London
Adelaide House, London Bridge
London EC4R 9HA England

Matthew Whalley
Tel: +44 (0)20 3400 3587
matthew.whalley@blplaw.com

About BLP
Berwin Leighton Paisner is an award-winning, international law firm. Our clients include over 50 Global Fortune 500 or FTSE 100 companies. Our global footprint of 11 offices has delivered more than 650 major cross-border projects in recent years, involving up to 48 separate jurisdictions in a single case.

The Firm has won five Law Firm of the Year titles, is independently ranked by Chambers and the Legal 500 in over 65 legal disciplines and the FT currently ranks us in the top 10 law firm innovators in Europe.

Expertise
• Commercial
• Construction
• Corporate Finance
• Dispute Resolution
• Employment, Pensions and Incentives
• Energy and Natural Resources
• EU & Competition
• Finance
• Funds and Financial Services
• Insurance
• Intellectual Property
• Legal Risk Consultancy
• Private Client
• Projects
• Real Estate
• Regulatory and Compliance
• Restructuring and Insolvency
• Tax

Clients and work in 130 countries, delivered via offices in:
Abu Dhabi, Beijing, Berlin, Brussels, Dubai, Frankfurt, Hong Kong, London, Moscow, Paris and Singapore
www.blplaw.com