

# Agreeable Legal

The agreement process in legal departments is ready for a digital transformation

Legal departments sit at the center of any business agreement. They often support almost every department with many steps of the agreement process, from negotiations and reviews to approvals. Despite the inherent importance and time required for these processes, legal has historically lacked an enterprise-wide solution to help them manage all of their agreements, contracts and processes.

Any in-house counsel team that still relies on manual processes to manage and complete these agreements is not only losing time and the goodwill of both internal and external customers, but they can be hurting the revenue streams for their entire company.

A **commissioned study** by Forrester Consulting found that 73% of respondent organisations process over 500 contracts per department per month. If the process for completing contracts is siloed and slow, business operations and revenue cycles are also slowed down, causing companies to lose business and potential revenue.

Thankfully, many of today's business leaders acknowledge that legal departments are an important part of any digital transformation project. According to a recent **Gartner report**, "Business leaders are remarkably open to investment in legal automation—73% of executives are very open or extremely open to investment." That same report found that 33% of business leaders feel that increasing the speed of legal work is a top priority.

However, due to the damaging economic effects of the COVID-19 pandemic, companies are cutting costs and budgets as much as possible, forcing legal departments to do more with less. According to this year's **Chief Legal Officer Survey**, legal departments of all sizes are juggling more work with fewer resources due to the pandemic. Of the respondents, 66% said that their company revenues are down this year in response to the pandemic, while 77% said that their workload is up.

These conditions have made it more difficult, but all the more necessary, for companies to invest in digital solutions for their legal agreement processes. Digital transformation in the legal department can automate any step of legal agreement processes—from contract preparation and negotiation to signature to contract remediation and management—while still ensuring that agreements are being managed in a way that minimises risk, lowers costs and supports better customer experiences. These changes can help reduce the workloads of already overburdened legal teams, allowing them to spend less time on repetitive tasks like contract review and more time focusing on strategic, high-level projects.

In-house legal departments are not the only sector of a business that stands to benefit from these changes. Since legal teams work cross-functionally with all business departments, a digital transformation in the legal department could drive change across an entire enterprise and increase the strategic value of agreements for all teams. Process and routing efficiencies will be felt company-wide, further helping the organisation as a whole recognise the advantages of a centralised, modern system of agreement.

## For the sake of relevance and scale, legal departments need to change.

The ongoing pandemic has exacerbated the need for enterprise-wide solutions that will streamline and automate businesses' agreement processes. **Recent research from World Commerce and Contracting** found that almost 80% of organisations are suffering moderate to severe impacts to their contracts and trading relationships due to the effects of COVID-19. Out of the 507 organisations surveyed, 64% reported they do not have any meaningful automation that supports contract management.

However, according to a recent **survey** by KPMG, digital transformation is a key strategic priority for today's CEOs—and a time sensitive one. **85% of enterprise decision makers** predict a two-year timeframe to make significant inroads on their digital transformation before they start losing revenue or lagging behind their competition.

This urgency stems from the fact that digital transformations have a proven track record in boosting revenue streams. According to one **Gartner report**, 56% of CEOs said digital improvements have led to revenue growth. The **growing importance and popularity** of technologies like artificial intelligence, IoT, and other forms of intelligent automation is another important factor that's pushing companies to invest in digital solutions.

# 56%

of CEOs said digital improvements have led to revenue growth

Source

# 64%

of organisations reported they do not have meaningful automation to support contract management

Source

As legal departments prepare for 2021 and beyond, many are considering how to best take ownership of the organisational changes necessary to continue operations and business in remote and more digitally advanced environments. According to the **2020 Allen & Overy Legal Innovation Benchmarking Report**, these efforts should focus on legal's key drivers of innovation—like better data to drive decisions and reporting, and improved quality and consistency of services. With the help of digital and automated solutions, legal departments can account for these needs and prepare their organisations for the post-COVID, highly technological business world.

# 62%

of legal professionals cited errors from manually adding customer information into contracts as the top challenge in preparing agreements

Source

## Without automation, legal teams struggle with: Preparing agreements

In the pre-execution steps of the agreement process, most legal departments use email and Microsoft Word to manually create documents and handle negotiations and approvals. This is how commercial agreements have been completed for decades: Someone from the legal team creates a Word document, emails it to internal and external reviewers, receives changes and comments back via email, obtains approvals on the changes, saves a new version, emails it to the appropriate parties and the process repeats until there are no more edits.

Along the way, unauthorised or untracked changes can be made, version control is lost and someone ends up having to compare document versions to find all the changes. Typically, this task falls on someone on the in-house legal team. **According to a study from Gartner**, legal teams can spend up to 50% of their time on these tasks. Inefficient contract processes not only create costly delays for the business, but also divert significant legal resources from high-value, strategic activities that affect company growth.

Risk opportunities can also emerge if information is being manually added to contracts because it's harder for legal teams to catch or avoid mistakes: **In a commissioned survey** by Forrester and DocuSign of 182 global legal technology purchasing decision-makers, 62% of respondents said that they encounter the most issues and errors when manually adding or reworking documents with customer or product information.

That same survey found that almost half of respondents saw the most inefficiencies arise when re-entering data from disparate systems to individual contracts or due to delays caused by lengthy, manual contract preparation processes. Without a clause library or playbook to follow, legal teams are unable to create guardrails around the language used or approved in their contracts. Not only is this a compliance risk, but going back into these documents to correct their language creates more work for legal teams.

## Maintaining confidentiality and compliance

According to the **Association of General Counsel CLO surveys** for the past few years, information security and data breaches are top issues weighing on the minds of chief legal officers. In order to limit the internal vulnerabilities typically encountered while printing, signing, emailing or faxing these documents—and, in order to comply with data protection best practices—legal departments need company-wide systems that can provide visibility into documents at every stage and safeguard their sensitive information.

Most organisations don't have these capabilities, and often store agreements in siloed systems that require manual searching. A **commissioned study by Forrester** found that 49% of organisations lack systems to easily find and manage agreements through a single interface, and 19% of organisations still store agreements on individual employees' hard drives or in file cabinets. Not only do these methods make it virtually impossible for teams to search for documents, but they are less secure as well, and put agreement compliance and confidentiality at risk.

With the right document management technology, legal teams can facilitate version control across all of their ongoing or completed agreements, create searchable repositories for stored documents, prevent unauthorised edits and enable an organisation to safely send out executable agreements.

## Aligning with internal and external client expectations

Clients—whether they be internal teams or external customers and partners—are **focused on bolstering** their own digital efficiency initiatives and want their business partners to do the same. In our current, increasingly popular subscription economy, customers and employees not only expect streamlined, paperless digital transactions, but they **prefer them**. Electronic signatures, for instance, are rapidly becoming the de facto standard in corporate business transactions, and using this technology can help your organisation more effectively transact with your clients.

If companies and their legal teams are not using technology to streamline their contract-related processes, it will not only be harder for them to meet these new customer expectations, but can create more bottlenecks internally. For example, without a clause library or repository of pre-approved contract wording and templates, sales teams can't get started on new client contracts because they are unsure of the proper language or format to use. This creates more work for the legal team, and creates a slow negotiation and signing process that's unappealing to potential customers.

## Legal teams need an enterprise-wide solution for agreeable legal processes

The stage is set for legal teams to start using technology to address some of their biggest pain points. By combining modern processes with the right digital solutions, in-house counsel can increase their speed of delivery, provide more visibility and reduce the amount of time spent on repetitive legal work.

With a modern system of agreement, legal departments are empowered with capabilities that can help solve enterprise-level challenges while also strengthening their ability to meet legal and regulatory needs and obligations. Furthermore, they can reposition themselves as business enablers and advisors who can identify efficiencies and insights across departments and remove silos, rather than creating them.

## Biggest pain points

- Inefficiencies caused by manual processes
- Slow time to revenue caused by paper-based operations
- Non-compliance risks
- Inaccuracies and mistakes caused by poor agreement management
- Poor customer service
- Lack of digital capabilities
- Lack of visibility

## Five areas of focus when designing a modern system of agreement

By focusing on transforming these five areas of the contract lifecycle with the DocuSign Agreement Cloud, companies can reduce the burden on their legal teams so they can better support the business and open up more time to address higher value legal work.

### 1/ Enable contract self-service with guardrails through automated contract generation

With DocuSign CLM, legal teams can create efficient, automated procedures for document generation. This solution allows legal teams to create a pre-configured contract template that other departments, like sales and finance, can use to get started on an agreement independently. DocuSign CLM helps system administrators create a single dynamic template that supports multiple scenarios and document variations so that legal teams don't have to create and maintain a large number of templates—instead, they develop just a few multi-functional ones. The result is self-service contract generation capabilities that reduce legal teams' workloads while supporting consistency and compliance in agreements.

DocuSign CLM can be integrated into a company's existing CRM or ERP system, including Salesforce, NetSuite and Workday, so that system data automatically fills templates with information relevant to the department and contract. This feature not only means faster contract generation, but it also reduces the burden and errors associated with manual data entry. Other departments can also customise templates by inserting language from their department's clause library to create properly formatted and accurate contracts that are ready for review or approval.

Contracts can also be set up to automatically include or exclude certain pre-approved legal content based on information referenced in a company's CRM system. This feature helps legal teams with regulatory compliance and business rules. For example, if a company signs a deal with a customer located in Ireland, the contract will automatically be updated with language about the General Data Protection Regulation (GDPR).

### 2/ Streamline contract negotiation to create faster reviews and ensure accuracy and compliance

Once a contract is ready for customer and legal review, it's typically sent in a Microsoft Word document via email. This process makes it difficult to monitor document changes or versions, especially if customers or signees don't track their edits, and monitor who has access to it.

This lack of visibility and automation during the negotiation phase creates more work for legal teams. With solutions like DocuSign Analyzer and DocuSign CLM, legal teams can create standardisation that helps in-house counsel manage risk and streamline contracts' negotiation and approval phases. Using powerful analytics and AI technology, DocuSign Analyzer conducts automated, in-depth contract clause analysis based on the organisation's legal and business policies on incoming agreements, scoring incoming contract terms as high, medium or low risk. This ensures that legal teams always have a clear understanding of not only what the agreement is saying, but also how to focus revision efforts based on risk determination—before problematic language stops progress on a deal or it's too late to negotiate a better agreement.

# 52%

of employees reported completion of 3-4 versions of a contract before it is finalised

Source

# 44%

of organisations worry about the risks associated with their inability to detect problematic contract language

Source

This solution can also be used to help legal teams create uniformity and consistency in their reviews and edits - allowing them to return contracts faster. DocuSign Analyzer scans any agreement for incorrect or ill-worded language and, once located, provides single-click access to recommended alternate language from pre-approved clause libraries. This function ensures a company's review standards are uniform no matter who is performing the review.

By integrating DocuSign Analyzer into DocuSign CLM, legal teams can bring intelligent routing and tracking capabilities to their existing workflows. Together, these integrations make it easier for legal teams to understand where any document has been, who has worked on it, and where the document needs to go next. Throughout every contract lifecycle, these solutions make sure that completed documents are automatically saved to a central contract repository. This makes it easier to compare versions and locate discrepancies, but can also be helpful in the future if and when legal teams are looking to improve their contract templates.

### **3/ Control the audit trail and ensure the enforceability of signed agreements**

Today, electronic signatures are legally enforceable for most use cases and jurisdictions around the world. With eSignature, legal teams also receive a time-stamped chain-of-custody audit trail that records important activity, like the date and time an agreement was signed, and uses authentication methods that make it easy for legal teams to verify execution status and signature validity. DocuSign eSignature also offers a wide range of digital certificate and signer identification options that can be added to transactions in order to meet industry- and jurisdiction-specific standards.

In some instances, organisations will need to capture evidence of consent to terms and conditions or privacy policies and should consider using a clickwrap solution. Using a proven clickwrap solution can help mitigate legal risks when it comes to capturing and tracking user consent. DocuSign Click is an easy-to-use, simple-to-deploy clickwrap solution that securely captures customer consent to standard terms with a simple click. By automating this process, companies can lower costs while also improving the customer experience. DocuSign Click also captures a complete audit trail, including date, time, and other critical information, so that there's evidence of the consent in the event of a dispute.

By adopting electronic signature technology like DocuSign eSignature and Click, legal teams can reduce their time-to-signature, meaning that it will take less time for the company to start receiving revenue from a deal. These technologies also help to increase customer satisfaction by making it easier for clients to sign and complete contracts. Potential customers no longer need to print out documents, sign them, and then send them back; instead, they can just sign an agreement online and send it back automatically. Meanwhile, legal teams can still be sure that every signature is enforceable and court admissible. And for every signature captured with eSignature, DocuSign's digital audit trail captures valuable information to authenticate signatures in case of dispute.

### **4/ Optimise contract value through automated management**

Legal teams need clarity on where every contract is, who owns it and where it's going. In order to successfully manage a company's responsibilities, legal teams need clarity on where every contract is, who owns it, and where it's going. This kind of organised workflow is important, especially when legal teams have questions about an agreement or need to amend an agreement. With DocuSign CLM and DocuSign eSignature, contracts are easy to find and easy to organise. In fact, by combining these two DocuSign solutions, legal teams have visibility over the entire contract lifecycle—from preparation to signing to action and ongoing management.

# 70%

of organisations said a top challenge with obtaining customer consent is capturing evidence of that consent

# 83%

of organisations have experienced legal disputes regarding clickwrap agreements over the past five years

Instead of wasting time searching for the original owner of a document or identifying where a contract is in the approval process, DocuSign CLM allows legal teams to set up automated workflows that clearly define where certain contracts are and have been. The solution also saves and stores all contracts in a central, searchable repository that's accessible across teams and controlled with corporate security preferences. With this solution, legal teams can immediately contact other teams associated with a contract or find a missing document—and keep the contract approval moving along in the right order. By integrating DocuSign eSignature with DocuSign CLM, legal teams have visibility over the signing of contracts, allowing them to identify and assign signees for every working document.

The importance of contract visibility and organisation doesn't disappear once a contract is approved and signed. Different departments frequently go to legal for information on the details of current or past contracts. For instance, sales teams might ask legal for assistance in understanding payment or rebate terms in an executed agreement. Or executed contracts may need to be amended to address business or regulatory changes. When contracts are stored in a repository that's searchable, legal teams can reduce the time spent searching for agreements.

A central, searchable contract repository also helps companies derive the most value from their legal teams. By integrating DocuSign CLM with DocuSign Insight, DocuSign's powerful AI tool, legal teams can automate analysis and derive a better understanding of their agreements. DocuSign Insight offers advanced search and filtering of contract repositories, allowing legal teams to pull metadata from past contracts in order to inform future agreements. For instance, legal teams can use DocuSign Insight to examine historical data in completed contracts to spot trends, compare relevant contract language and find inconsistencies and opportunities. Then, using those insights, legal teams can drive decision-making for future contractual clauses or templates.

The solution also offers a data visualisation and reporting engine that can be used to create custom reports and dashboards so legal teams can visually show the value of their work through data—and in a format that the entire company will understand. These insights allow a legal team to advise the business on standardising terms to create uniformity among agreements, or identify areas of where agreements need to be amended at scale.

## 5/ Update contracts to keep pace with changing regulatory obligations

DocuSign CLM and Insight can help legal teams improve their ability to manage existing contracts in response to changing regulatory requirements or evolving business needs. In fact, chief legal officers see evolving, new regulations and data protection issues as the **likely cause for their biggest legal concerns**. These changes inevitably lead to manual review of thousands of agreements in order to identify areas that can leave the company exposed if not addressed. Recent frequent upheavals in the political and economic environment in which businesses operate (COVID-19, LIBOR, Brexit, CCPA, GDPR, Schrems II ruling) mean that legal teams not only need to stay up-to-date on changes to the regulatory landscape, but also need internal systems and processes that are flexible enough to allow for iterative reviews. They need purpose-built AI models that dig deeper into the contract language to extract and analyse the relevant language. Identification of this information allows them to easily leverage the associated legal workflows to update contract language to address regulatory or other changes. Without one, legal teams rely on the historical process of a more manual effort to find relevant agreements and make changes on a one-off basis—a labourious, time intensive task that's prone to error and inconsistencies. For instance, a disconnected system and manual workflows can result in ad hoc processes and poor storage processes for contracts and keep legal teams stuck in a cycle of “where is the latest version of my contract.”

# 44%

of legal teams worry about the lack of visibility into the location and status of documents

Source

DocuSign Insight can help in-house counsel accelerate contract search and review in order to assess exposure, triage impacted contracts and update them to reflect current regulatory and business standards. Using pre-built AI capabilities, DocuSign Insight can analyse contracts for certain terms or related language to help the company uncover organisational risks, obligations and opportunities. With DocuSign Insight, legal teams no longer have to spend manual hours sifting through thousands of contracts. Instead, DocuSign Insight helps accelerate the review process and increase the accuracy and breadth of reviews while gaining actionable insights to help improve your business processes.

Once all contracts in need of remediation are identified, DocuSign CLM helps to manage the updates and storage of the new addenda, making it easier to generate and organise these living agreements. Legal teams can add updates to their detailed clause libraries and fall-back provisions that help them institutionalise new policies based on regulatory and business change with ease. This way, in-house counsel can be confident that there is uniformity across all their contracts.

## Simplifying and automating processes for legal teams—for now and into the future

Legal teams will only be able to adapt to today's highly dynamic, fast-paced world of work if they eliminate inefficient, manual processes. In order to focus on high-value strategic legal work and drive business agility in a time of disruption, legal teams cannot be overwhelmed by daily, duplicative and repetitive tasks. With legal automation technology, however, in-house counsel can apply digital solutions to many areas of their operations, from document creation, signing and review to compliance assurance.

The DocuSign Agreement Cloud can help your organisation modernise systems of agreement and digitally transform your legal team—which will help the entire enterprise meet organisational goals and comply with legal and industry requirements.

**Learn more about the DocuSign Agreement Cloud for Legal by visiting our [website](#).**

**Read A Frost & Sullivan Executive Brief: “How Clickwrap Maturity Can Impact Business Performance and Mitigate Legal Risk”.**

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### About DocuSign

DocuSign helps organisations connect and automate how they prepare, sign, act on and manage agreements. As part of the DocuSign Agreement Cloud, DocuSign offers eSignature: the world's #1 way to sign electronically on practically any device, from almost anywhere, at any time. Today, more than 750,000 customers and hundreds of millions of users in over 180 countries use DocuSign to accelerate the process of doing business and to simplify people's lives.

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