

# **BREXIT: Contract Life Cycle Management**

February 2018

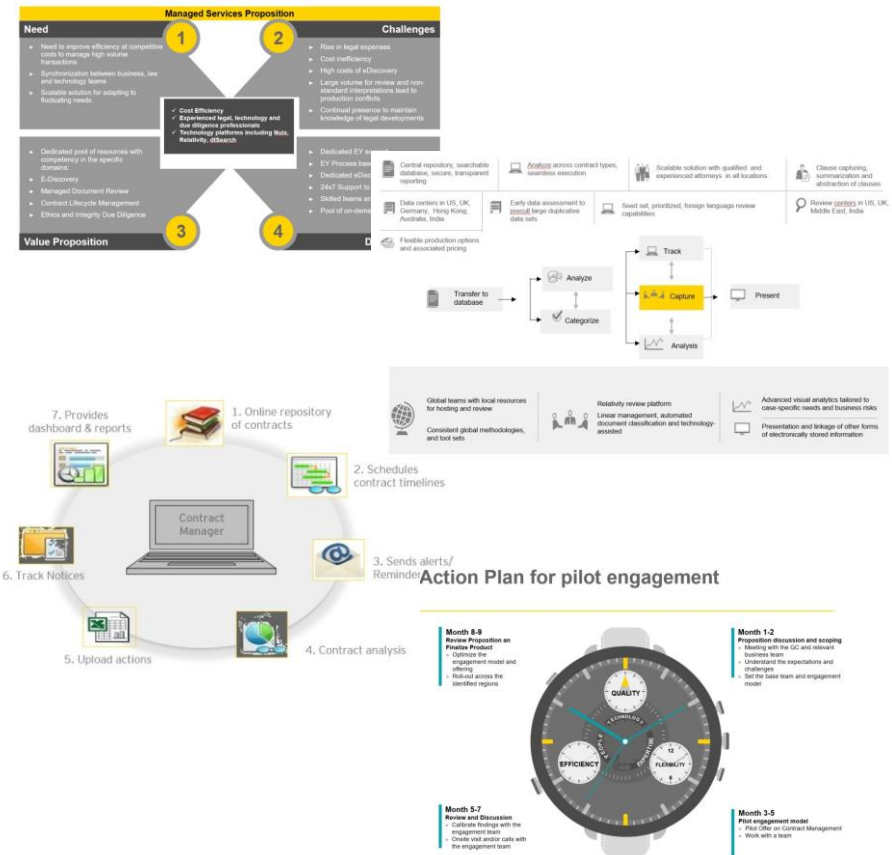
# Introduction (1)

- ▶ BREXIT can negatively impact and even break existing contracts.
- ▶ At best this negatively affects the economic value of the contract, at worst it means business disruption (lost revenue and litigation).
- ▶ All contracts the term for which extends beyond March 2019 (the formal BREXIT date) and which relate to business or trade in or into the United Kingdom may be affected.
- ▶ Provisions that should be reviewed include
  - ▶ Dispute resolution
  - ▶ Governing law
  - ▶ Territorial definitions that refer to the EU or Member States
  - ▶ References to EU law (Treaties, Regulations, Directives)
  - ▶ UK law based on EU law
  - ▶ Government or other authority issued licences, permits or authorisations
  - ▶ INCO terms
  - ▶ Insurance terms.
- ▶ When there is a small number of contracts to review, this can be done by lawyers in the traditional way. However, there may be hundreds, possibly thousands of contracts. If so then contract life cycle management (CLCM) is both more efficient and effective.



# Introduction (2)

- ▶ Contract lifecycle management (CLCM) is an example of EY's managed legal services (MLS) which cover a broad spectrum of services, the essential and common element being to provide support to the GC's office (GCO) in dealing with volume work that is important to the company.
- ▶ This proposal introduces MLS and specifically EY's CLCM service.
- ▶ CLCM is composed of many possible elements and requires an agreement on project scope. Our scoping discussions will identify the needs and desires of the GCO, and EY will introduce the GCO to available tools to improve productivity.
- ▶ CLCM improves GCO's operational efficiencies, delivers cost savings, improves compliance, lowers risks and releases human resources within the GCO to engage in value added work.





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## MLS Solutions

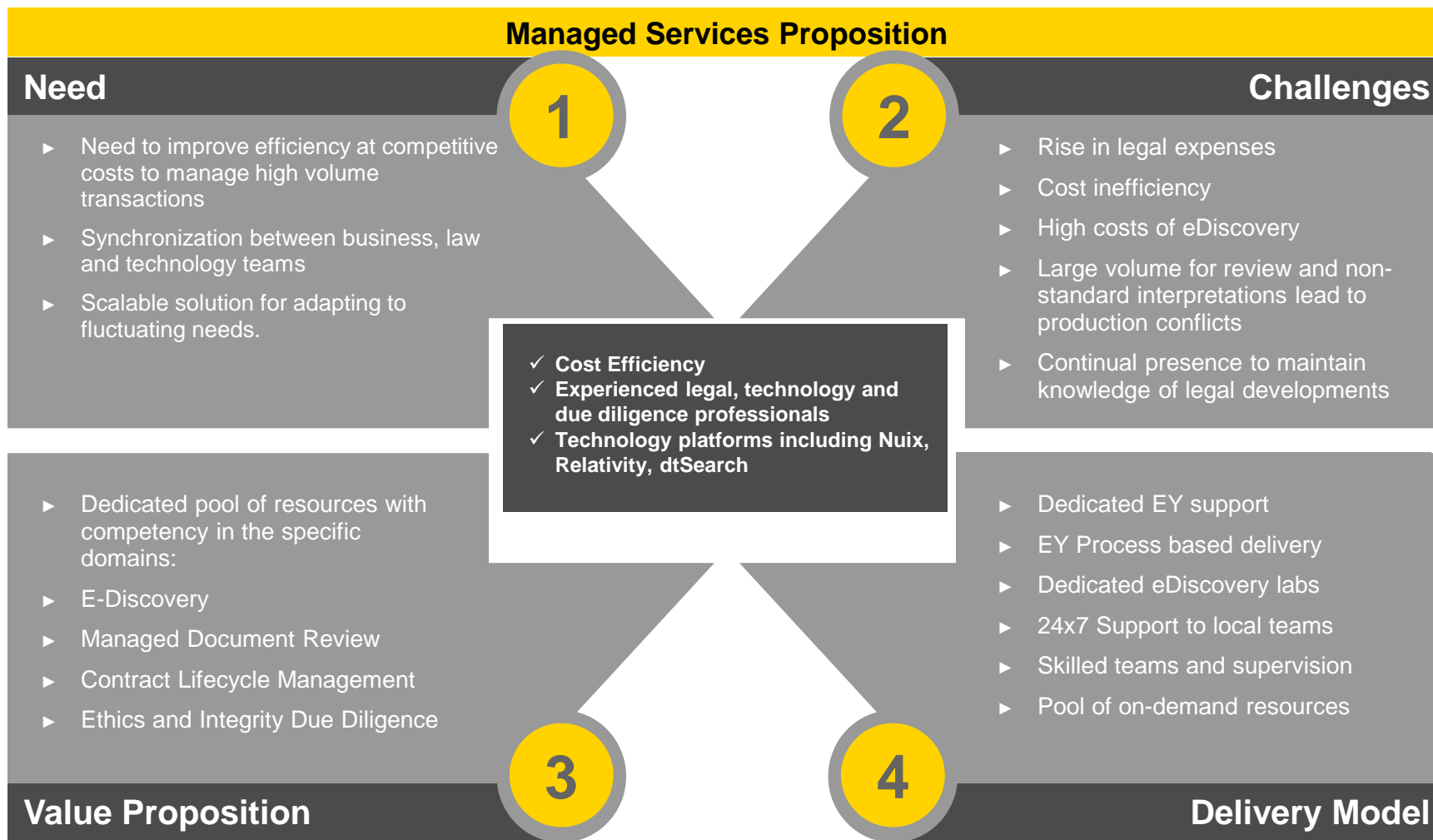


# MLS - overview

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- ▶ Growing market demand for MLS
  - ▶ Digitization in the legal industry leads to operational efficiencies that are often not available to the GCOs
    - ▶ RPA, machine learning, multiple text, sentence decomposition/re-composition, etc.
  - ▶ GCOs seek to retain top talent and streamline the operating model
    - ▶ Repetitive, scalable, less challenging matters can be outsourced
- ▶ MLS typically include legal matters more easily broken down into recurring components
  - ▶ Business processes that require legal input and approval are spread throughout a company's corporate functions, as well as in its business units
  - ▶ This type of legal advice, embedded in various processes across the company may not be specialist or complicated from a legal perspective and can be standardized and scaled
  - ▶ However, it is extremely valuable to the business because of the necessity
    - ▶ To get it done
    - ▶ To deliver it quickly and accurately
- ▶ Technology process supported by people and driving toward a single goal
  - ▶ Digital project management– centrally managed and enhanced with technology
  - ▶ Managed Services – standardized & scaled processes
  - ▶ EY lawyers across the globe plugged into the process and exactly knowing what is expected from them in any given case
  - ▶ Advanced Data Analytics of the work performed – valuable insights on patterns developed for legal department and business

# MLS – a value proposition





# CLCM - an example of MLS

	1	Current Scenario	2	Proposed Scenario
 <b>e-Discovery</b>		<p>Currently being performed by the in-house team</p> <ul style="list-style-type: none"> <li>▶ Involvement of multiple stakeholders, challenges in completeness of coverage</li> <li>▶ Technological limitations of procedures</li> <li>▶ Resource intensive and time consuming</li> <li>▶ Disconnect between eDiscovery team and review team</li> </ul>		<p><b>E-discovery offering:</b></p> <ul style="list-style-type: none"> <li>▶ Integrated global project management,</li> <li>▶ Real time reporting throughout the project lifecycle</li> <li>▶ Monitoring tools</li> <li>▶ Dynamic dashboards</li> </ul>
 <b>Contract Management</b>		<p>Currently being performed by the in-house team</p> <ul style="list-style-type: none"> <li>▶ Technology investment</li> <li>▶ Stretched resources</li> <li>▶ Varied formats of contracts and documentation</li> </ul>		<p><b>Contract Management Solution</b></p> <ul style="list-style-type: none"> <li>▶ Centralized contract repository</li> <li>▶ Executive dashboard and customized reporting</li> <li>▶ Obligation Management and a team of skilled personnel</li> </ul>
 <b>Ethics and Integrity Due Diligence</b>		<ul style="list-style-type: none"> <li>▶ Conducted by the governance, legal or procurement team</li> <li>▶ Lack of independence of the procurement team</li> <li>▶ Lack of information on public domain and need for deep dives to gather information</li> <li>▶ Risk of omissions</li> </ul>		<ul style="list-style-type: none"> <li>▶ Background, reputation and ethical track record of the promoters</li> <li>▶ Market reputation and credentials of the target</li> <li>▶ Access to worldwide subscribed databases</li> <li>▶ Allegations of illegal or unethical business practices</li> <li>▶ Associations or relationships of potential concern</li> <li>▶ Regulatory and litigation history</li> </ul>

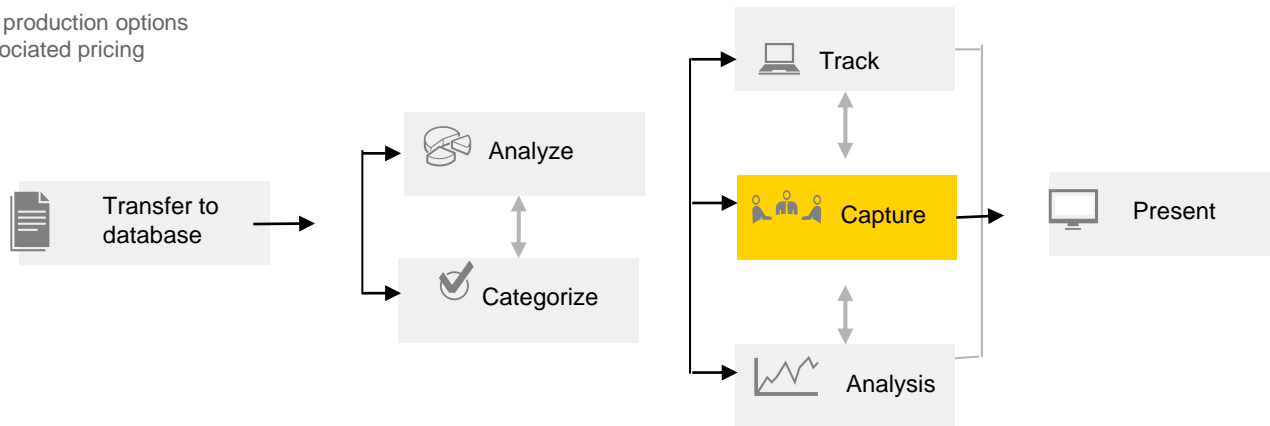
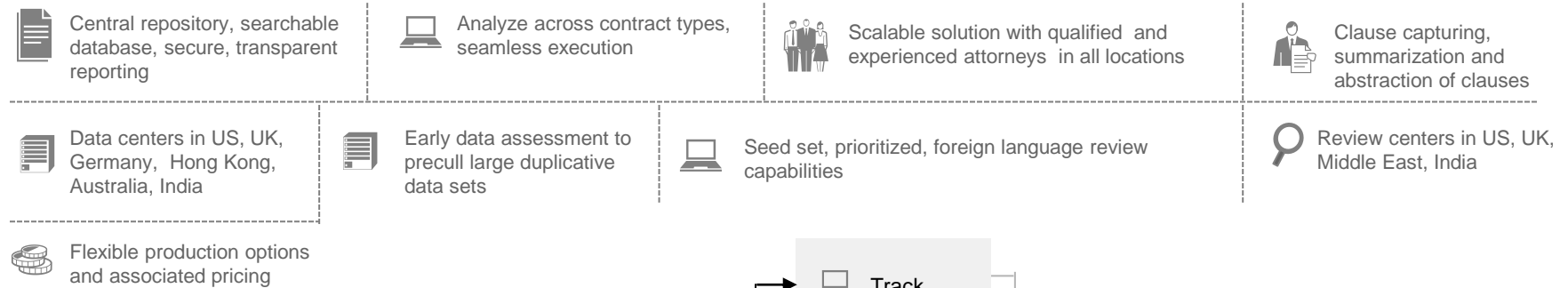


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## Contract Life Cycle Management (CLCM)



# Our Approach



Global teams with local resources for hosting and review

Consistent global methodologies, and tool sets



Relativity review platform

Linear management, automated document classification and technology-assisted



Advanced visual analytics tailored to case-specific needs and business risks

Presentation and linkage of other forms of electronically stored information

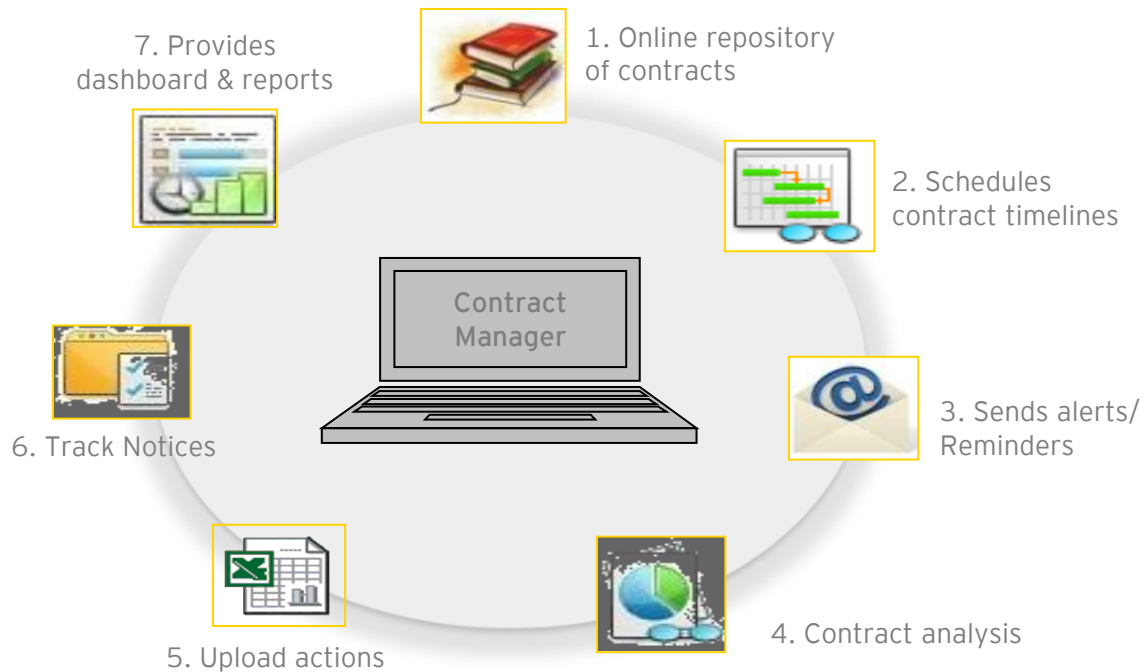
# Our Solution



**EY Contract Manager** offers a single point platform to track proactively and manage contracts across the contract lifecycle...

- ▶ **Maintain a central repository with easy access** to all contracts and related documents.
- ▶ **Gain visibility into all contracts, tasks, searches and reports** in a personalized homepage.
- ▶ **Proactively track and manage all contracts** to ensure that all parties fulfil their obligations throughout the life of the contract.
- ▶ **Rule based advanced alerts, reminders** to fulfil obligations, manage renewals. Search capabilities provide visibility across the repository.
- ▶ **Effective reporting to track contract compliance and performance**, monitor trends in contract processes and measure key performance indicators (KPIs).

# User Interface



- ▶ Web based application hosted on client server/cloud
- ▶ User based and role driven, ensuring restricted access
- ▶ Integrated with email and windows server
- ▶ Single sign on through windows authentication
- ▶ Provides real time online dashboards

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## Credentials



# Client – a major software company

## The client's needs

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**Legal documentation for third party commercial transactions are drafted by the US legal department and subject to US law.**

**However, the documents are used in 100+ jurisdictions. They need to be reviewed under the local laws of those jurisdictions and possibly translated.**

**Until recently, the client was using 40+ law firms and a number of translation companies for the work to be done.**

**An expensive and time consuming process, not very well coordinated and streamlined, affecting quality and speed to market.**

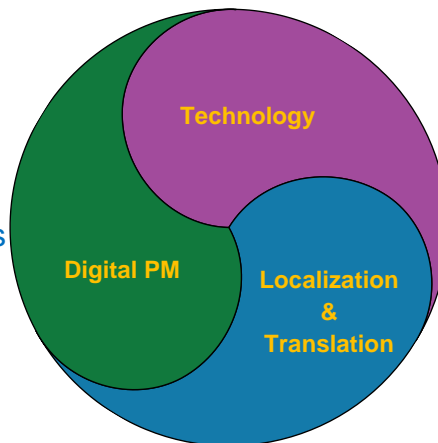
# Our Solution for the client

## Service Description

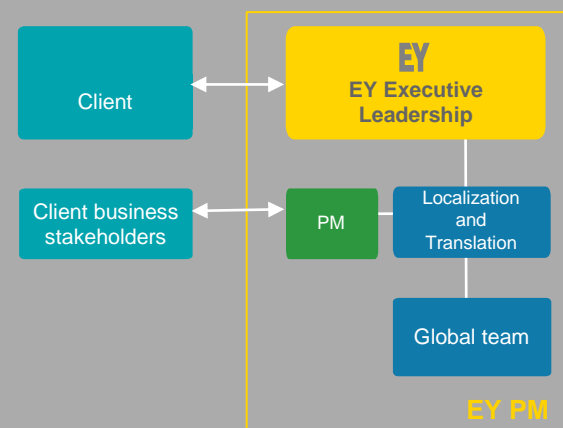
- One stop shop services for translation, localization and project management (PM)
- Streamlines all activities including contract amendment
- Reduces risk through increased localization review
- Digital PM
- Commercial legal advice for cross-border contracting
- Performance improvement and cost reduction for legal services

## Multi-disciplinary Solution

- Digital PM - Process & technology
- FIDS forensic technology
- EY Law 2,000+ attorneys in 82 countries
- Legal Transformation (Strategy / PI)
- Analytics, RPA and AI (Advisory ITA)



### EY as single source provider

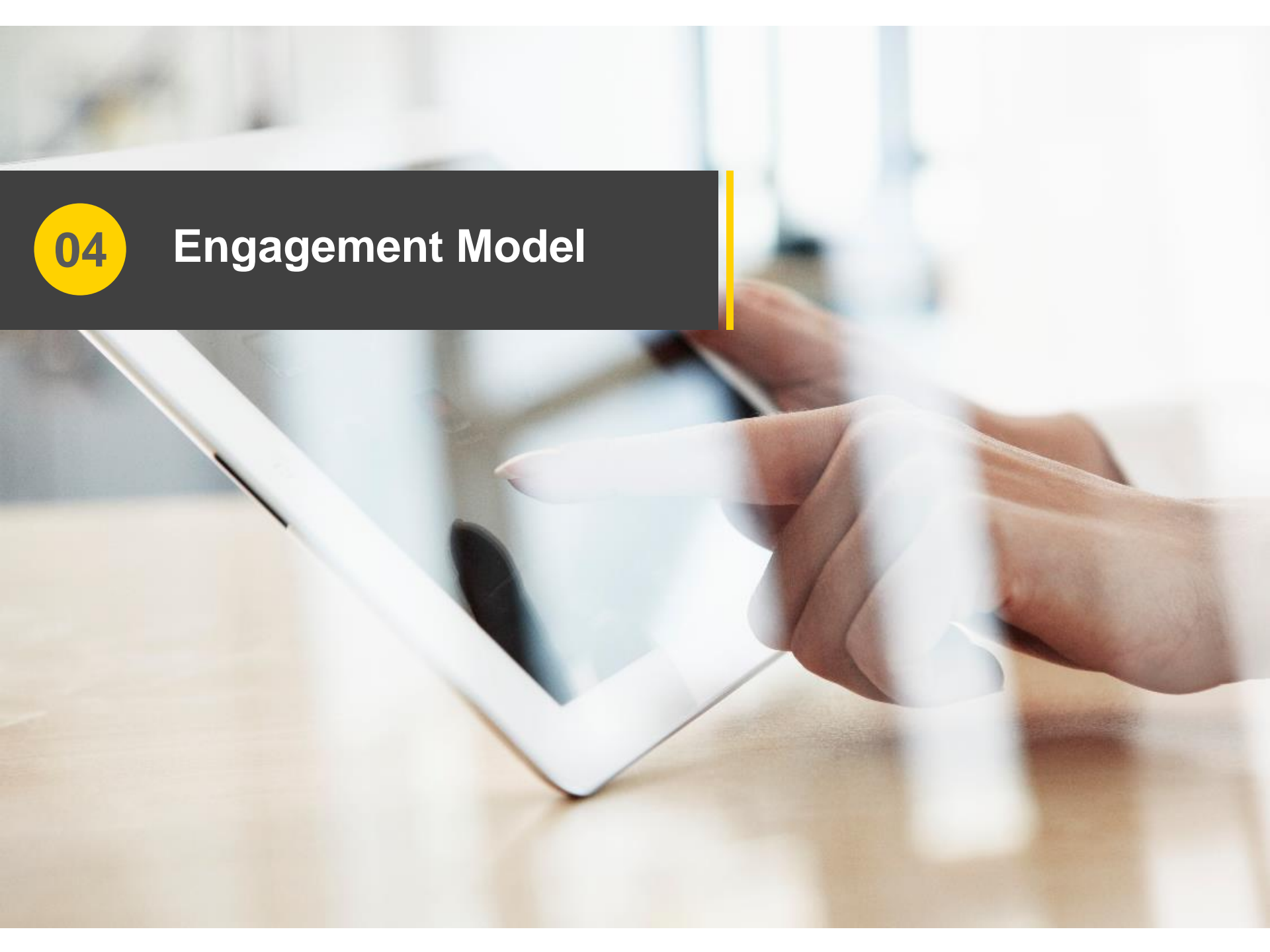


Integrated localization and translation support around the world with a consistent set of operating policies and processes



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## Engagement Model



# CLCM – Pricing Models

Mark-up model where the local team bills the client based on mark-up on the cost paid to delivery team



Fixed price projects – The client is billed a fixed price for the agreed scope



Scalable model – Where the rates per unit are discounted at various volume levels



BoT model – Where we assist the client in-house to build and operate the model and to whom we transfer the model



Rate card basis – with predefined rates for various levels of resources and applications used for the activity

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## Action Plan



# Action Plan for pilot engagement

## Month 8-9

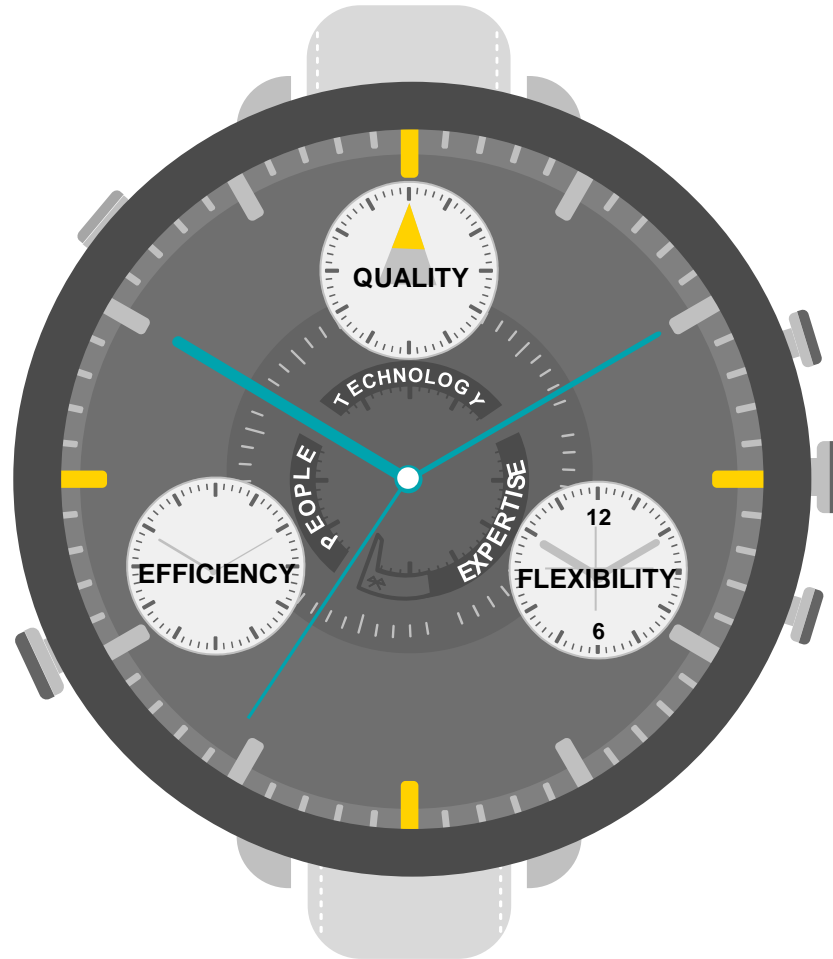
### Review Proposition and Finalize Product

- ▶ Optimize the engagement model and offering
- ▶ Roll-out across the identified regions

## Month 1-2

### Proposition discussion and scoping

- ▶ Meeting with the GC and relevant business team
- ▶ Understand the expectations and challenges
- ▶ Set the base team and engagement model



## Month 5-7

### Review and Discussion

- ▶ Calibrate findings with the engagement team
- ▶ Onsite visit and/or calls with the engagement team

## Month 3-5

### Pilot engagement model

- ▶ Pilot Offer on Contract Management
- ▶ Work with a team

# Key contacts

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## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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