

The final throes of the Wild West? Contract management bids to move into the mainstream

Companies with thousands of contracts want to not only store them, but manage and learn from them too. It is not just about in-house legal teams, however, Hamish McNicol reports

The International Association for Contract & Commercial Management, a 55,000-member representative group spanning 177 countries, estimates that the average company loses more than 9% of revenue a year to contract-related issues. More than half of this is due to poor contract quality, its research in 2018 concluded, with other factors including poor contract management and contracting costs.

US-based contract management platform Concord, which six months ago raised nearly \$30m in a Series B funding round, puts the problem in starker terms: it says 96% of the world's companies still manage their contracts manually, collectively wasting \$153bn a year.

Concord vice president of marketing Travis Bickham argues: 'We've raised a significant amount of money. Some of our competitors are also raising money: a space that was very much the Wild West 12 months ago is narrowing to five to ten viable competitors, which is great for the market because there is some very healthy competition and differentiation. It is only getting busier.'

Concord, founded in late 2014, is considered one of the leading challenger brands in contract management. The San Francisco-based company, with offices in Utah and Paris, has more than 400 customers, roughly split between 80% in North America and the remainder in EMEA and Asia-Pacific. Last year's funding round, led by venture capital firm Tenaya Capital, will see headcount double to 200, of which half are in product and engineering.

Bickham says contract management products had traditionally been highly customised to the point where they were mainly used by companies' in-house legal teams, whereas Concord's model was predicated on everyone with the company being able to use it. One of its major customers is online food and delivery service Just Eat, which came to Concord near its £1.5bn public listing in 2014.

'Our thesis is that while legal is the driver of contract success, it requires company-wide adoption for legal to remove friction,' he comments. 'Just Eat asked for the contract management basics for its legal team but at the same time wanted to empower business units to go out and move the business forward. They were able to bring on sales, procurement, marketing and HR: they now have 600 users in 14 countries using Concord.'

The contract management market has seen considerable consolidation as companies seek services that cover not just contracts but storage and e-signatures, with SpringCM acquired by DocuSign in late 2018, Dropbox

and expects to raise another significant amount of funding over the next year, in turn increasing headcount from 19 to about 60.

Juro's product includes machine-learning models, which extract key data points from contracts, so when you drag and drop any document into Juro the system can tell you whether it is signed and find important data like renewal dates. As it develops and learns, it will recognise patterns, such as which clauses in a contract template may have been heavily negotiated multiple times.

The company's key clients include Skyscanner, Deliveroo and Reach. Co-founder and chief executive Richard Mabey says that

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Travis Bickham, Concord

acquiring HelloSign in the first quarter of 2019 and Coupa Software's recent deal to buy Exari. Bickham says companies increasingly demand broader solutions.

'When you're able to remove the manual friction and bring things onto a digital platform, you're completely shifting the role of the GC,' Bickham comments. 'When there are no longer phone calls and emails back and forth, people aren't losing documents and all these traditional issues around getting a contract done, which sees the GC change from a blocker trying to keep up with these friction points to a builder who makes a company more effective.'

Another contract management challenger is UK-based Juro, which rose \$2m in March 2018

driving adoption is one of the key trends, and challenges, in the market. As such, design and user experience is fundamental to Juro's development, with the main pain point being the thousands of legal contracts that companies process each year.

'We hear a lot in the market of legal needing to become an enabler of the business and not simply a cost centre,' Mabey comments. 'Tech doesn't solve that in its entirety, but it does help. Why are we doing contracts on Microsoft Word and tracking them in an Excel spreadsheet? Is there something more efficient we can do that will enable our internal clients as well?'

Document management specialist Phoenix Business Solutions is also evolving its services.

The company has more than 400 corporate and law firm clients, and 125 staff spread across London, Abu Dhabi, Frankfurt, Sydney, Chicago and New York.

Technical director David Malkinson describes the company's approach to helping clients manage their content as falling into three brackets: being efficient, being safe and being smart. The first is about collecting a firm's documents into a single, managed space; the second is about making it secure; and the third focused on leveraging those documents. Things like GDPR and cyber security concerns have driven demand recently, particularly as money for investment became available again post-banking crisis.

The final tier is where he sees the most potential: 'Once you've got your data in one place, you can start harvesting that for trends. What are people constantly duplicating and re-drafting? What the next wave of document management will do is mean you don't have to do anything – you just put it into a bucket and it will categorise it automatically for you, and put things like workflows around it.'

Contract life cycle management and document automation business Clarilis, founded in 2015, has clients including Baker McKenzie, RPC, Simmons & Simmons, Herbert Smith Freehills, TLT, Addleshaw Goddard, Travers Smith, Gateley and National Grid. Co-founder James Quinn sees wider adoption of such tools over the next 12 months, particularly as the products improve to allow easy adoption and faster returns on investment.

'Demand, as always, comes from the need to make efficiency savings and improve service delivery, which in turn is driven by budgetary and price pressure.'

Of the more established legal tech players, Thomson Reuters' Contract Express is already widely adopted along major law firms, though the product is more geared towards generating new contracts than managing existing commitments.

Another to have made strides in this area is the highly-touted Slaughter and May ally Luminance, valued at \$100m following a \$10m investment round in early 2019. In late 2018, the company announced that financial services company Think Money was the first company to adopt Luminance's new service for in-house legal teams.

Think Money uses the technology to analyse its supplier contracts to identify areas of risk. Luminance chief executive Emily Foges says



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the business had been growing fast but did not want its legal team to grow at the same rate, so sought a solution that could standardise as much as possible.

'Most in-house legal teams that we talk to are trying to establish their playbook,' Foges

notes. 'They want to drive as much consistency as possible in the way they contract and the problem with that is, in building a playbook, you then have to build a lot of process in order to adhere to your playbook. It's a really hard thing to do.' ■