

# CLM technology will expedite legal workflow and make lawyers more efficient

Tuesday 22 June, 2021

- According to the latest report released by Thomson Reuters in February 2021, 15% of the total services availed from outsourced legal services are contract lifecycle management (CLM) and abstraction-related services.
- 18% of the corporates and 6% of law firms plan to use outsourced legal services for CLM and abstraction services in the next 5 years.
- As per the 2020 Gartner Magic Quadrant report for contract lifecycle management, it was established that by 2023, Artificial Intelligence (AI) would enable 30% faster contract negotiations and document completion processes in organizations that deploy leading CLM solutions.
- Advanced AI and Machine Learning (ML) models analyze and review contracts, suggest clauses, and apply changed regulations. But they cannot emulate the nuanced understanding of experienced lawyers.

As technology in the form of CLM solutions continues to rise into the future, industry professionals expounded on the merits and consequences in the legal services industry.

In the webinar titled 'Can, Technology Replace Professionals in Contracts Management, held on the 22nd of April, 2021, three panelists from India, Germany, and the U.K. convened to discuss the role of technology and whether it could replace lawyers in the near future.

They unanimously came to a conclusion that, while technology would cut costs and improve contract processing times, the nuanced aspects of legal services will continue to require the manual expertise of experienced lawyers far into the future.

The webinar was hosted by Nexdigm, a global business consultancy leveraging its multifunctional capabilities to help provide outsourced services such as CLM for their clients. Two of the panelists were clients, one Thomas Sasse, Managing Partner of the commercial law firm CORPLEGAL in Germany, and Mark Furze, a Senior Commercial & Procurement Executive.

They shared their experience with CLM technology in their respective industries, explaining how AI and ML help reduce costs and increase competitiveness.

Mr. Sasse discussed the irreversible movement toward adopting these convenient technologies but asserted the invaluable expertise of lawyers like himself:

*"Basically, my conclusion is that lawyers cannot work without technology today. Technology has changed and is continuing to change the legal market, and if law firms do not either follow or drive that change, they will go under. Basically, it means we cannot work without technological collaborators like Nexdigm, who would support our work. It is the support from a technological perspective that is essential—outsourcing BPO and KPO processes and using AI instruments. However, technology will not*

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*replace the lawyer, in my view, and all the concomitant decision making and judgement on what is right or wrong that goes with it, simply because it will not replace the liability we have for our work. And, therefore, the last judgement is based on us."*

He also shared his opinion on how CLM technology made his work easier for projects in the blockchain industry as well as in mergers and acquisitions:

*"[CLM Technology] helped process a contract for a security marketplace to do with blockchain technology. That's something that you need specialization for, and that requires a lot of different market players and contracts to be managed. The other example is M&A. We have done several M&A transactions over the past 12 months. We use technology to investigate M&A due diligence, entailing AI-enabled technology to find a specific clause in multiple documents across different jurisdictions and languages. You can find a case that you need to find in a split second now!"*

Mr. Furze discussed how he transitioned from manual contract management to CLM technology: *"In my time, I've experienced moving from a manual process into having contract management tools and AI systems. I think the ability to have all that data in front of you, for example, simply from a resource-planning perspective with a team, understanding what contract negotiations are coming up, and what renewals are coming in place, adds a lot of value. Another obvious way technology makes life easier and enables me to focus on what I see as my real job as opposed to spending time on constantly administering contracts i.e., in terms of documentation etc. is just being able to push them into a system that interprets the data for you, it saves a considerable amount of time and effort, and more importantly improves accuracy."*

Kartik Nagarajan, Managing Director for Business Process Management, Nexdigm, backed his fellow panelists on the value of human judgment:

*"We have to be mindful of what is the core job of a lawyer. The core job of the lawyer is to get into the contract, do the negotiation, get into the situation. So, if there is subtle messaging in the language that is embedded as part of the contract, technology will not be able to interpret it. You need years of experience to understand that language, to be on the other side of the consulting."*

Mr. Nagarajan particularly emphasized the cost efficiencies that CLM technology lent to users. He discussed how the three sections of the legal services process can be streamlined: the core job, the non-core administration through a technological platform provider like SirionLabs, SAP Ariba, or Coupa; and the cost arbitrage through low-cost manpower from India:

*"We [Nexdigm] have actually enabled the customer [lawyer] to combine the core job which was retained at their end, use the platform provider, and do the contract administrative job at our end. All three combine to give an upfront saving of 40-50% of the whole cost. And with the cost pressures across all industries, all organizations, this is the perfect time for somebody to leverage all three models at the same time. The core being retained + the non-core being technology + the manpower of India. The second point is that this also helps build speed and accuracy. You have a strategy of how to expedite one particular case as a team."*

He was especially astute about why CLM's AI and ML technologies would not crack complete automation within the legal services industry. His point was that the ever-changing nature of governmental laws and business regulations ensured that machines would not be able to come to wise, human decisions that please a client.

*"Situations do change, and therefore, your strategies will also change. There could be a new government regulation. The way it is happening is, you standardize the data, put it into the system, and get outcomes. And maybe some part of AI works in predicting the outcome. But, if the situation changes again, you fall back on Plan A, which is the lawyer who does his job well. He's been educationally qualified and has the technical acumen to do the job. These are some of the things I don't see, even in the near future and the late future, technology being able to do, as long as there are ever-changing regulations and as long as there are ever-changing business dynamics."*

## Company Contact:

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### Nexdigm

T. 9920955337

E. [arijit.shukla@nexdigm.com](mailto:arijit.shukla@nexdigm.com)

W. <https://www.nexdigm.com>

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