



the use of AI

in CLM.



The goal of artificial intelligence (AI) is to design smart machines and programs. The key word in this definition is 'smart': the programs and machines learn to reason, solve problems, plan ...

Contract lifecycle management is defined as the execution, follow-up and

securing of every step in the contract lifecycle.

Those two don't have anything to do with each other, right? Right?!

We think they do, and we will happily explain how artificial intelligence can facilitate your contract lifecycle management.



## artificial intelligence, machine learning and deep learning.

Let's first correct a common misunderstanding: AI and automation are not the same thing. These terms are often used interchangeably, but unlike automation, AI focuses on intelligent solutions - the applications automation produces aren't necessarily intelligent.

Another buzzword we often hear when talking about artificial intelligence is machine learning (ML). What is ML? Machine learning is the study of computer algorithms that can automatically improve their performance by using data. Machine learning is an aspect of artificial intelligence, and uses structured or pre-set data.

And deep learning (DL)? Deep learning is a part of machine learning, which uses more elaborate sets of data. DL algorithms don't need structured or pre-set data.

The AI applications that occur in contract lifecycle management often use machine learning and deep learning.

## how can AI help in the contract lifecycle management process?

By applying AI technologies in their contract lifecycle management process, companies ensure that there's as little manual work as possible.

Where first generation CLM applications often still needed manual work, more and more companies are opting for AI to support their contract lifecycle management. AI helps to analyze metadata, keep track of compliance & risk management and to maintain consistency in contracts.



## where can I implement AI in my contract lifecycle management?

AI applications provide a solution for many risks in CLM, because they form a safety net for the complex and unstructured manual processes - and because they free up time to focus on compliance and risk management in the contract lifecycle. Where do we encounter AI applications in CLM?

### analysis of contract clauses & metadata.

- ✓ identification of the contract types & creating clusters of the same types, so you can always keep a clear oversight
- ✓ mapping out the existing organizational contract templates

- ✓ identifying different clauses in a contract and subdividing these into categories: this is mostly useful during contract reviews

automatically proposing (alternative) clauses

### important insights in the contract.

- ✓ analyzing different contracts at the same time - the AI application can spot equivalent clauses/terms in other documents and integrate these into the contract you're working on
- ✓ applying adjustments to multiple contracts at the same time
- ✓ automatic signalling of abnormalities





- ✓ triggering of extension/renewal of contracts and restarting the process

### compliance & risk management.

- ✓ automatically executing risk assessments and defining risk strategies
- ✓ identifying compliance terms - to execute an impact- and sensitivity analysis based on different scenarios

### which AI/ML/DL techniques are used in CLM?

The first requirement of AI applications in contract lifecycle management is that the applications can read contracts automatically, and unburden you of all the manual work.

Contracts are becoming less and less structured and more and more complex - using machine learning and deep learning to analyze these modern contracts is incredibly useful.



A few examples of AI techniques that are regularly used in contract lifecycle management are:

- artificial neural networks (ANN)
- natural language processing (NLP)
- heuristics
- markov decision processes (MDP)
- ...

## what are the biggest advantages of the use of AI in CLM?

What advantages do we see when working with artificial intelligence in our contract lifecycle management?

### 1. smart contracts = saving time.

AI solutions in CLM help to automatically identify and archive

all contracts in your organization. Machine learning algorithms can also learn from previous contracts. They can identify patterns and propose the correct clauses or terminology. You'll save so much time!

### 2. advanced risk assessment.

AI applications use natural language processing to search documents, classify clauses and spot differences between document versions. This allows the system to remark similarities and highlight conditions or clauses that might not be in the best interest of the organization, or even entail big risks. Artificial intelligence can propose alternative clauses that are less risky, in order to protect the organization.



### 3. optimizing the contract review process.

The average contract review process takes about 3 to 4 weeks. Way too long if your new client is waiting for their contract. Often, a lot of time is wasted because of the high number of stakeholders involved in this process. Some AI applications give you the possibility to manage all your contracts on 1 platform. There are also many solutions that automatically highlight the changes you've made. You won't waste any more time!

### 4. no more mistakes.

The biggest weakness of CLM is, of course, the fact that it's executed by humans - and humans make mistakes. Think of the inconsistent use of clauses, a misunderstanding in the reworking of a contract, forgetting to renew the contract ... AI applications can unburden you entirely, and let your employees focus on the human aspects of the contract lifecycle: the negotiation.





## would you like to know more?

Would you like to know more about the use of artificial intelligence in contract lifecycle management, or are you looking for a partner to take on your CLM? Get in touch with Jan Verbieren, and we'll see what we can do for you!

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ausy  
by randstad.

## our values.



### entrepreneurship.

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We aim to blow everyone away with our courage, flexibility and creativity.



### trust.

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By giving and receiving trust, we establish bonds that have a positive impact on everyone.



### teamspirit.

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We achieve even the most crazy goals by sharing knowledge and helping each other out. And by appreciating our colleagues and supporting their successes.