Capture the value of your contracts

Cognitive Contract Management from KPMG and Google Cloud

Intelligent automation and cognitive technology are being adopted across all industries and functions. Seeking to improve operational efficiencies and reduce costs, leading companies are already beginning to apply machine learning (ML) and advanced analytics to contract life cycle management (CLM). Are you ready to capture this value?

Address the challenges of contract management with leading technologies

Contracts define business relationships: they formalise purchase and production arrangements—including prices, quantities and time periods—and outline conditions for when things go wrong. The more your business grows, goes online or globalises, the larger the role of contracts in your organisation. Therefore, the ability to systematically manage contract creation, execution, and analysis is central to risk management, financial performance, and operational efficiency.

Yet, organisations across all industries typically face two challenges related to CLM; ineffective processes and costly support.

Companies with ineffective processes will execute a large number of agreements globally, but impose little standardisation. They are unable to manage the use of templates or enforce standard terms and conditions, and then have limited visibility into the variability of the resulting contracts. Even when contracts are stored in a single repository, manual effort is required to identify noncompliant and nonstandard terms. Further, contracts are typically text based documents, so the data is difficult to leverage for driving insights.

Because the personnel involved in negotiating, supporting and managing effective contracts are often expensive to train and retain, CLM can be costly to support. Large legal organisations are needed to support procurement activity, manage contract redlines

and help enable compliance with changing regulations. As a result, overburdened legal resources are tasked with administrative roles, instead of strategic, value-added contributions.

Fortunately, modern artificial intelligence (AI)/ML techniques can help provide solutions to both problems. Going well beyond the basics of repositories, workflows and Web-based contract authoring, KPMG's Cognitive Contract Management (CCM) solution—built on Google Cloud and using Google's ML APIs, tools, and technologies—can ingest contracts, interpret language, extract data elements, analyse content, and support enhanced decision-making during the contract life cycle. With CCM, your company may improve processes and reduce costs associated with contracts.

KPMG: Uniting contract management experience with artificial intelligence

With cross-industry experience in areas such as royalties, licensing, distribution agreements, advertising, digital content and more, KPMG's Contract Compliance Services (CCS) professionals can help you assess your relationships and contracts with vendors, distributors and licensees. KPMG professionals understand the complexities and nuances of a range of business contracts, processes and procedures and have been able to help companies recover revenue while maintaining and improving relationships with their business partners.
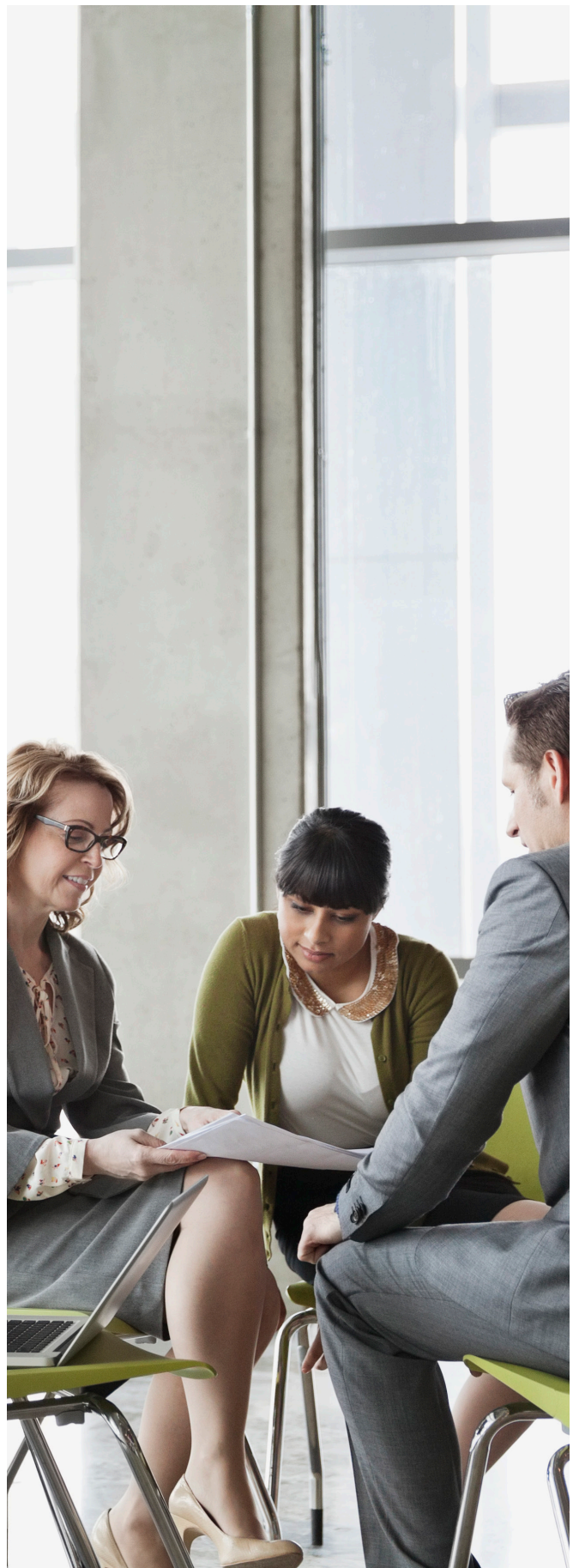
This experience and knowledge is an integral part of KPMG Ignite, a portfolio of AI capabilities. The Ignite portfolio includes KPMG-developed technology, leading open source tools and secure, scalable services from our partners like Google Cloud. The portfolio also includes frameworks, design patterns, research, experimentation and highly skilled data scientists and engineers. When applied to contract management in KPMG's CCM solution, KPMG Ignite unlocks the value of AI so your company can:

— Increase accuracy through complete reviews of all contracts instead of relying on traditional sampling approaches

— Reduce the costs and development time needed to produce insights into leakage and compliance

— Enable your contract review team to achieve and manage precise consistency

— Leverage the knowledge and experience of leading contract management professionals

— Increase transparency through audit logs that show how contract data has been processed

— Make important data elements easily accessible for analytics, or regulatory/compliance purposes.

Google Cloud: The platform behind Cognitive Contract Management

Google Cloud brings valuable cloud and ML technology for powering next-generation contract management. Built for large-scale elasticity and stability, Google Cloud is secure, high-performing and cost-effective. With evolving ML technology, Google Cloud is also constantly improving. Because KPMG's CCM solution leverages this technology, CCM will adapt, change and improve as it is used. Google Cloud's powerful ML capabilities enable you to tap into your contract database to find leakages, compare pricing and enforce clauses.

As part of its alliance with Google Cloud, KPMG leverages a broad suite of ML-powered tools and cognitive services that speed up integration, development and deployment. Because Google Cloud is open by design, its APIs enable integrations to almost limitless platforms and channels.

The capabilities and benefits of Cognitive Contract Management

Leveraging the ML capabilities of Google Cloud, KPMG's CCM solution can be trained to handle any type of contract and can be customised to your specific objectives for extraction, comparison and compliance. In fact, CCM has already been used to support leasing agreements, investment management agreements, commercial credit agreements, securities prospectus documents, services contracts, supplier contracts, and more. Its abilities include:

— Reading contracts. CCM can read and ingest thousands of documents—such as contracts, invoices, amendments, price lists, catalogs and financials—and perform database searches.

— Understanding information. Natural language processing enables CCM to understand the meaning of the text based on trained, subject matter experience. Using client-built and prefabricated business rules, CCM can quickly review current and new contracts and compare to company standards and policies, identifying potential issues.

— Interpreting contracts. CCM uses custom-built assessment criteria based on your existing policy, rules, regulations and business objectives to extract information from contracts and transform it into a structured format. Analytics can then be applied to identify and quantify trends across your contract library, conveying the information via impactful reports and visualisations.

— Automating/Augmenting decisions. With CCM, subject matter experience and knowledge is translated into machine logic that can mimic human decision making when assessing contracts. CCM can also provide a contract management team with highly relevant, insightful answers to specific questions, produce insights, and identify patterns and anomalies.

CCM can be applied to both long- and short-term contract management challenges. For example, CCM can help you realise these benefits:

— Address commercial leakage. Identify and quantify the variance between commercial agreements across your entire contract library.

— Enforce clause compliance. Use ML to apply business rules in light of compliance and commercial standards.

— Compare contract pricing. Compare pricing and contract terms for similar items across your entire contract library.

— Review contracts. Supplement current procurement processes and manual reviews with CCM's intelligent automation and analytics.

Inject new technology into contract management processes

Extracting the value due from contracts is a chief concern of many executives. Today's leading companies are already leveraging AI/ML and advanced analytics to automate or augment contract management and strengthen compliance. With KPMG's CCM solution and Google Cloud, you too can improve the contract management process—reducing operational costs and freeing your talented legal team to work on strategic, not administrative, projects.

Is Cognitive Contract Management right for your company?

Consider these questions as you evaluate applying AI/ML to contract management:

— What type of visibility do you have into your contract portfolio?

— How are contracts validated for legal and corporate compliance?

— How are payment, delivery deadlines, and renewals monitored?

— What percentage of contracts renew without renegotiations?

— What analysis is run on the terms of the contract—or on the portfolio in general?

— How do you monitor compliance? Is there a visible audit trail?

— Where is transaction data stored?

— How long would a contract audit usually take?

Contacts

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June 2018