HOW LAW FIRMS LEVERAGE KIRA'S AI TO CUT CONTRACT REVIEW TIME BY UP TO 60%

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In a recent report, market researcher Forrester predicted that 2019 would be the year digital transformation is put into action, addressing issues around improving customer experience and focusing on a client-driven model that builds on a foundation of artificial intelligence (AI) to automate repetitive processes.[1]

Certainly, implementing digital transformation in the world of law is becoming imperative. This is the case as law firms face a cost-conscious landscape where client discounts are rampant and corporate legal departments strive to transform from cost centers to strategic drivers of value for the business. Improving efficiency and creating a client-driven model are paramount across the board.

Leveraging artificial intelligence (AI) is one way to accomplish this. "Artificial intelligence is changing the way lawyers think, the way they do business and the way they interact with clients," said Julie Sobowale in the ABA Journal article, How artificial intelligence is transforming the legal profession. "AI is more than legal technology. It is the next great hope that will revolutionize the legal profession."[2]

Contract Review Is Ripe for Leveraging AI

Applying AI to contract review, in particular, removes the manual and error-prone nature of traditional contract review. Reviewing contracts typically poses substantial challenges for law firms and corporate legal departments. First, the sheer number of contracts can be daunting. The average company has experienced a 20% increase in their number of contracts in just five years, while the average Fortune 1000 company is estimated to have tens of thousands of active contracts.[3]

Moreover, contracts are rarely uniform, often making them difficult to organize, manage and update, especially with no database of all the information contained within. And there is almost never an efficient way to extract contract data, such as to view certain types of agreements across the board, or how a clause is worded across different business areas.

Also, an inordinate amount of time is usually spent reviewing contracts for the same reasons. Lawyers may need to review for change of control, assignment, indemnity, term and insurance coverage requirements and more. The manual work of examining every page is slow and error-prone, making it difficult to generate genuinely useful results.

With Kira's AI software, it is possible to cut contract review time by more than half. The power of machine learning and artificial intelligence allows firms and organizations to analyze millions of provisions, clauses and other line items in unstructured data. Correlations can be mapped for thousands of factors with AI, going beyond less sophisticated solutions that rely on keywords to properly classify and extract data.

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**Here are tangible ways that Kira's AI software has been implemented:**

For M&A Due Diligence

A huge portion of the costs associated with an M&A project, for example, derives from contract review time invested by associates and other staff. In today's highly-competitive legal industry, this is no longer acceptable. Clients have far-greater expectations about reining in costs, and transaction times are shorter.

AI software is perfect for automating the extraction and analysis of key provisions from contracts across the scope of the review (rather than simply limiting review to, say, the 10 biggest-value contracts, because of limited time and resources). Summaries can be created in seconds, and analysis that normally could take weeks can begin in only a few minutes. Built-in provision models can handle most of the commonly reviewed clauses in M&A due diligence, but the software can also be taught to identify additional provisions based on highlighted examples in documents.

> For example, Chemtrade Logistics Inc. provides industrial chemicals and services to customers around the world. In January 2014, it closed a deal to acquire General Chemical Holding Company for approximately $900 million. Its outside counsel used Kira Systems' contract review software to help conduct its legal due diligence contract review. The software helped find and highlight diligence-relevant provisions, automatically prepare summary charts and included workflow and data analysis tools to help users understand and refine results.
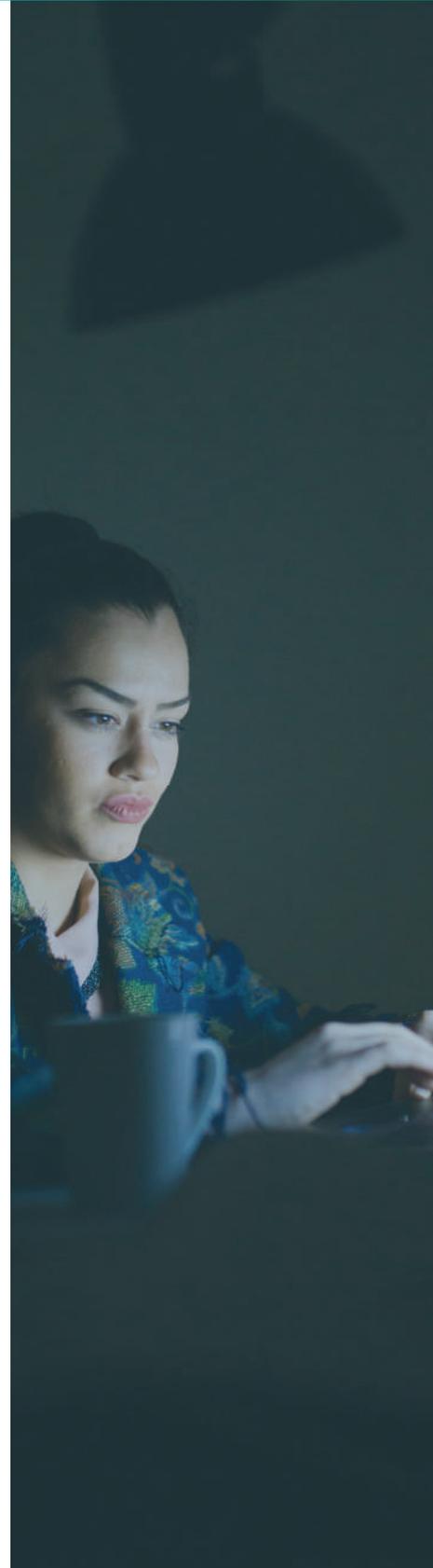
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For Contract Metadata Extraction

What happens when you have to migrate thousands of legacy contracts to a client's new, bespoke Contract Lifecycle Management (CLM) system? AI-driven contract review software can empower law firms to quickly and accurately populate contract metadata during implementation and migration.

For instance, at Cognia Law, with headquarters in South Africa, this was a massive process that would typically be time-consuming and expensive. A client's new CLM system required the review and abstraction of key contractual terms, such as parties, termination, renewal and contract value, as well as possibly additional terms for financial, delivery and compliance obligations.

That's where AI contract-review software was leveraged. Cognia was quickly able to identify and extract the required contract data by using Kira System's built-in provision models and Quick Study function for unique provision requirements, along with the firm's highly-qualified legal professionals. The results in time savings and accuracy were undeniable: contract review took 40% less time than a manual review, and the machine learning models delivered 90% accuracy.

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To Win New Business

More than ever, law firms today need to show a commitment to outstanding client service, and that includes speed of delivery and cost-effectiveness. AI-driven contract review software can be a key differentiating factor in winning new business, especially when leveraging knowledge gained in an initial review to win additional work.

Take Freshfields, for example. Headquartered in London, the law firm has used Kira Systems' contract review software for everything from due diligence to regulatory compliance. It has become a core technology within the firm and synonymous with innovation. Freshfields can tailor its offerings to every client thanks to its ability to customize the platform using the existing knowledge base, even when the software has not been pre-trained to extract the specific provisions or the language to be reviewed.

> With Kira, Freshfields experienced efficiency gains of 20–40% on a recent project and was able to provide their client with high quality review within a tight deadline. The firm was able to win additional work from the same client by leveraging the knowledge and know-how that had been captured in the initial review, including an additional contract review project of more than 5,000 German documents and 800 Spanish documents. And now, building further upon what they have taught the software, Freshfields plans to make a similar service available to other clients.
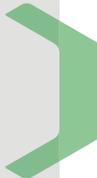
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Despite Advantages, Hesitation Persists

The benefits are clear, yet there appears to be a widespread knowledge gap and underuse of AI technology. A 2019 survey by Bloomberg Law, which included responses from nearly 500 practitioners from U.S. law firms and corporate legal departments, reveals that fewer than one-quarter of respondents are using legal technology with AI or machine learning. However, 87% say that as clients, they expect their outside counsel to use appropriate legal technology to be more efficient. This is the case even though fewer than one-half agree they are generally well prepared to respond to demands for increasing technology use.[4]

It's important to note that the hype around AI is not about replacing lawyers. In fact, recent Brookings research finds that the share of legal tasks that are susceptible to automation is quite low in the legal industry.[5] For firms that have indeed leveraged AI tools for contract review, the outcomes are tangibly beneficial. Clients of Kira Systems have reaped time savings of 20-40% for first-time users, and up to 90% for those with more experience.

> AI-driven contract review is simply faster and more accurate — that is, accuracy based on metrics related both to recall (the extent to which relevant results are found) and precision (the extent to which only relevant results are found). The bottom line is, automated review can handle far more than humans can.

How Does It Work?

AI is able to map correlations over thousands of factors, creating a model and gaining the ability to identify the concepts within contracts to properly classify and extract the data – not just rely on keywords like previous, less sophisticated solutions. AI technology is able to provide strikingly accurate results of contractual data to attorneys, where with previous rules-based approaches, it was simply not possible.

This is all very different than the traditional, manual version of contract review, which is far slower and more error-prone. Manual options simply can't over the timely, useful results that AI-driven contract review provides. And, in fact, manual review is too expensive and time-consuming to manage the volume of contract review done today, especially related to creating searchable contract management databases that are beneficial to most companies.

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Four Time Savers with Kira Systems

1 Finding, extracting and reviewing contract information takes minutes

Visibility into contract provisions is critical for projects including due diligence, knowledge management, lease abstraction and regulatory compliance. Kira makes it easy to get a quick picture of contract terms, whether it's a change in law, an anti-bribery review or a force majeure event. With this enhanced visibility, you can automatically find, extract and review significant contract information in minutes.

2 Dashboards help manage contract review projects more efficiently

A bird's-eye view of contract review projects allows teams to communicate more quickly and accurately, both internally and to clients. Powerful project summaries facilitate deeper insight about project status for the entire duration. There is no wasting time finding the information needed to produce a custom report about the state and health of a project.

3 Powerful and flexible search options speed up the contract process

With Kira, it's possible to find documents based on the presence or absence of any clause or find text within a provision; If looking for something specific, Kira comes with hundreds of built-in provisions for general commercial terms, compliance, corporate organization, etc. Kira can even be taught to find clauses in foreign languages like German, French and Spanish.

4 Make quick work out of comparison analysis

In contract review, it's essential to easily compare to other forms or see what changes have been made across documents. Kira can rapidly redline in bulk against a form agreement and use a form deviation "heat map" to easily see where changes have been made across an entire pool of agreements.

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The Stakes Are Too High to Ignore

Taking advantage of AI technologies in contract review is becoming table stakes when it comes to competing with peers, winning business and attracting/retaining talent. And overall, law leaders have a hopeful view of technology use in the legal profession. In the LexisNexis 2018 Insights report, Legal Technology: Looking Past the Hype, 57% of general counsel surveyed believe that technology investments have already increased productivity. Additionally, 60% believe that technology will help improve the accuracy of legal work in the next three to five years.[6]

Their perception is in line with the fact that change is guaranteed in the legal industry. Expectations are heightening related to how efficient and agile firms and corporate legal departments can be. A fast, flexible future will demand AI software like Kira for routine transactions, large volumes of contracts and complex review. The end result is improved productivity and enhanced client experience.

For more information on how to integrate AI software into your contract review processes, contact Kira Systems at info@kirasystems.com or visit kirasystems.com.

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