



The Business Case for AI-Powered Contract Analysis Software

For attorneys, the “do more with less” drumbeat only grows louder. In 2018, Thomson Reuters surveyed more than 400 corporate counsel and senior administrators on their efforts to improve efficiency and increase productivity across their teams. Twenty-five percent of survey respondents decreased their spending on outside counsel over the past two years, and 20% increased the use of secondments — arrangements whereby attorneys are temporarily reassigned to a client’s legal department — up from 7% in

2016. Interestingly, 43% planned to increase the use of contract attorneys (presumably to handle ever-increasing workloads) — while 29% (up from 21% in 2016) hired a legal operations manager.¹

And it isn’t just corporate legal departments that are feeling the pinch. Efficiency is a top priority in private practice as well. A 2019 survey by the management consulting firm Altman Weil highlights that 96% of 362 responding law firms reported a focus on improved practice efficiency as a permanent industry trend.²

Impactful, real statistics are persuasive in making a business case for employing AI tools. For example, independent research demonstrates that Kira’s machine learning software can save 50% - 80% of associate-level attorneys’ time.

¹ “Corporate Legal Efficiencies 2018,” Thomson Reuters, 2018
<https://legal.thomsonreuters.com/en/insights/infographics/2018-efficiency-report>

² “Law Firms in Transition 2019,” Altman Weil, March 2019.
http://www.altmanweil.com/dir_docs/resource/28BC6AB5-10E9-418D-AED2-B63D1145F989_document.pdf



This heavy emphasis on efficiency has motivated lawyers to turn to sophisticated artificial intelligence (AI) tools to reduce duplicative work and shave hours off the time they must devote to routine contract review and monitoring.

But how receptive is your executive team in adopting AI solutions? Articulating anticipated ROI is often challenging. However, making the business case is easily done by presenting quantifiable outcomes.

Justifying the Investment with Solid Data and Common Pain Points

Impactful, real statistics are persuasive in making a business case for employing AI tools. For example, independent research demonstrates that Kira's machine learning software can save 50% - 80% of associate-level attorneys' time. Equally impressive is the time saved when developing reports on contracts — potentially saving between 75% and 85% of associates' time. This is accomplished by generating reports automatically.

Moreover, tools like Kira can reduce reliance on outside counsel. By increasing efficiency, corporate departments are able to keep more projects in-house. This can have a positive domino effect, allowing corporate teams to tangibly illustrate their value to the business.

Reducing associate churn and dissatisfaction is yet another by-product of using Kira. A primary cause of turnover for junior associates is dissatisfaction with daily work, driven by fatigue and a lack of intellectual stimulation caused by spending so much time reading legal documents and extracting information for more senior personnel to review. However, Kira enables associates to spend less time reading documents and more time analyzing the information. As a result of using Kira, independent research finds employees experienced increased satisfaction, while employee turnover was reduced. Some firms experienced a reduction in turnover ranging from 15% - 20%. In sum, the research shows that when using Kira, the average payback period is less than one year — with an average ROI of a staggering 340%.





Coupled with these figures, the pain points that surface when not leveraging AI-powered contract analysis software speak volumes. This challenge can often be presented during M&A transactions. When the target company prepares to share its contracts with the buyer, Kira can automatically identify potentially problematic provisions so the target company has a better understanding of the risks of entering into an M&A transaction in its own contracts (for example, the target company's customers may have an option to terminate their contracts if there is a change of control of the target company). And on the buyer side, Kira can help eliminate the major pain point of manually downloading documents from a virtual data room since users can connect directly and securely log in to import documents, in addition to identifying potentially problematic provisions. Highlighting the incredible speed in which AI tools can help attorneys do work that might have previously taken untold hours is a compelling way to make the business case. Corporate legal teams can assert they are not just increasing productivity; they are changing the way work is accomplished entirely.

The same impact is applicable to private practice firms. Consider this interesting use case: Fredrikson & Byron, a law firm based in Minneapolis, was tasked by a client to complete an M&A due diligence review of over 500 documents, including NDAs, employer agreements, etc. with a tight turnaround time of five working days. Gauging the scope of the project required an initial manual review of 10 contracts, resulting in a 100-hour estimate for the overall project. The firm's client also requested daily updates on the due diligence review in a specific format.

How did Fredrikson & Byron manage these expectations? By leveraging Kira, their review team was able to finish the project in approximately three days. The final time spent on the project was 52 hours, resulting in a 48% estimated time savings. Additionally, Kira assisted in providing spreadsheets to deliver daily updates to the client. The project came in under budget, and the client even inquired about using Kira for future projects.



Mitigating Risk Makes a Compelling Case

No conversation about the business case for AI-enabled contract analysis software is complete without a discussion on risk and how the tools help corporate legal teams reduce their organizations' risk exposure. In the world of M&A, where hundreds of

thousands of contracts are at play, relying on manual review and antiquated filing systems can invite disaster. It is traditionally best practice for organizations to examine a material sample of contracts and draw conclusions based on the information contained within that small percentage. But AI tools change this process for the better. Jennifer Tsai, Manager of Legal Knowledge Engineering at Kira Systems, explains. "You can dig deeper into a set of contracts rather than just the top 10 percent," she says. "It also removes the risk of missing critical issues, which is present in human review."

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"Corporate counsel must constantly balance the need to further business objectives against shielding their organizations from risk — all while keeping costs under control and operating in the most efficient way possible," says Tsai. "AI tools can help both corporate legal teams and law firms make great leaps forward in how they operate."

How can Kira solve your challenges?

Contact Kira Systems at info@kirasystems.com to request a demo, learn the capabilities of AI and help build your business case. Visit kirasystems.com for additional detail.