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CLM x DMS: How Supercharged Legal Departments Deliver Faster, Better Work

Get the Best of Both Worlds

Shifting Currents of Information

With fast-moving deals, vendor onboarding, and a variety of other responsibilities to handle, legal departments in today's corporate environment are swamped. And the current of information and priorities can change course at any moment.

That's why effective document and contract management are such crucial responsibilities for legal departments.

But it's no small task.

Handled poorly, the perennial challenges of collaboration on contracts and other documents can cause expensive delays, communication breakdowns, missed opportunities, and may even inadvertently expose your organization to new or increased risk. Here are a few of the major difficulties facing today's corporate legal departments in the process of managing documents and contracts.

Versioning Challenges

Between internal and external reviews, contracts can easily pass through a dozen hands from one "official" version to the next.

Some legal departments opt to handle this process manually — but renaming files "v1, v2, v3" or tagging them with a string of initials is ineffective, confusing, and far too easy to overlook.

Without a dependable system for version tracking, you will quickly have multiple versions of a contract floating around the department which can be painstaking to reconcile, difficult to keep track of, and may also permit critical information to slip through the cracks.

Maintaining Security

Keeping confidential information secure is vital, but it isn't easy. In fact, data privacy and cybersecurity are among the foremost legal challenges facing organizations today.[1]

For legal departments and the organizations that they support, finding tools that meet security requirements often come at the cost of productivity — or vice versa.

But is that a compromise you can really afford to make?

Shifting Currents of Information (Cont.)

Maximizing Your Investment

Contract lifecycle management (CLM) tools are among the most popular solutions for corporate legal teams today. But despite their popularity, few organizations are getting the full benefit from these solutions.

Why?

Wallace D Wattles, a self-help author, said, "It is essential to have good tools, but it is also essential that the tools should be used in the right way."
Savvy General Counsels (GCs) and legal ops leaders are building toolkits with multiple solutions, often looking to achieve a set of outcomes such as more lawyering time, reduced risk, improved performance, expedited business, and cost savings. However, it is imperative to architect the processes and tools to complement each other. And it is that what accelerates the achievement of expected outcomes.

CLMs and Document Management Systems (DMS) are two types of legal technology serving related legal processes. At first glance, they may seem to overlap and could be used independently. However, the real power of each system is demonstrated when they are utilized in tandem. For example, if a CLM is used as a filing cabinet to store all types of documents (contracts and non-contracts alike), it may cause unintended workload of locating non-contract information. Similarly, if a DMS is used to manage the lifecycle and workflow of a contract, it may not yield an optimal user experience.

To address these challenges and obtain a cohesive experience, corporate legal departments must embrace a more dynamic vision of what contract and document management can offer their teams.

Uniting Contract & Document Management

According to the 2021 ACC Chief Legal Officers Survey, CLM tools and document management systems (DMS) are top priority tech investments for CLOs.[1]

But if you're thinking you have to choose one or the other, think again.

In actuality, contract management and document management systems complement each other in powerful ways—and when you use them together, the benefits are even greater.

Document Management System (DMS)

At its core, a DMS is an electronic document repository for creating, storing, and editing content. However, legal-centric DMS platforms offer a variety of robust tools and features to further support the unique needs of legal work, including document assembly, templates, and email management.

Corporate legal teams derive significant benefits from using a DMS, including the ability to streamline document creation, work more flexibly, enhance collaboration, and maintain document integrity. Features like check-in/check-out and advanced version control are also particularly helpful for keeping legal teams on the same page and avoiding confusion.

By design, a key element of a DMS is the ability to search and retrieve documents from across the department and the organization. This allows corporate counsel to quickly reference and reuse exemplary existing documents for optimal productivity — and stronger results.[2]

Contract Lifecycle Management (CLM)

In contrast to the broad and flexible capabilities of a DMS platform, a CLM provides highly-specialized tools and tailored features to streamline the contract management process.

CLM platforms are designed to speed up the process for requesting, creating, approving, negotiating, and executing contracts. Using contract and clause template libraries, the legal department can create new contracts quickly and confidently, while portals for clients and partners help keep all stakeholders on the same page throughout negotiations and approvals.

After execution, the CLM provides tracking and alerts for key dates and milestones throughout the lifecycle of the contract, in addition to contract reporting and analytics. These types of capabilities are key to efficient contract execution and department management.

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[1] Association of Corporate Counsel (ACC): "2021 Chief Legal Officers Survey"

[2] ACC: "Document Management, Contract Management, Records Management, and Knowledge Management Systems: What Are They, What Do they Do, and What are the Differences?"

Uniting Contract & Document Management (Cont.)

Independently, CLM and DMS platforms provide crucial benefits for corporate legal departments. However, using one without the other (or using two systems that don't integrate with each other) can leave legal teams at a disadvantage.

Using a DMS without a CLM results in a lot of manual contract management. While the DMS can help you leverage past work and create contract templates, it does not provide the dynamic, contract-specific features that a CLM does.

On the other hand, using a CLM without a DMS can lead an organization to only see a transactional view of relationships. Legal teams typically handle a variety of important documents beyond just contracts, and a CLM combined with DMS provides the flexible approach required by a busy legal department.

The best approach, of course, is to use a CLM and DMS platform together. Not only will you get all the advantages of each platform, but you will find that a DMS supports and strengthens contract management for in-house legal teams in the following key ways.

for the precise demands of contracts, including key features like workflow automation, AI-powered redlining, self-service request portals for partners and clients, and ongoing stakeholder alerts for contract dates, renewals, and other milestones.

CLM solutions allow for deeper insight into your company's contracts with reporting and analytics capabilities, so that you can further optimize your process and contract terms while reducing and eliminating risk.

These advanced tools can help legal departments save time and money while also providing big value to the business — from faster delivery of legal services and risk mitigation to shortening the sales cycle and increasing renewals.

Without a CLM, corporate legal teams have to handle contract management manually. And although a DMS can make some portions of the process easier, it probably won't get your contracts to the finish line as fast as a CLM will.

1. Streamlining Contracts

Adding a CLM to your tech stack can provide significant benefits for corporate legal departments. As previously stated, CLMs offer a way to accelerate (and even fully automate) the process of creating, negotiating, approving, 7 | + and executing contracts — while drastically cutting down on the amount of time they require from legal professionals.
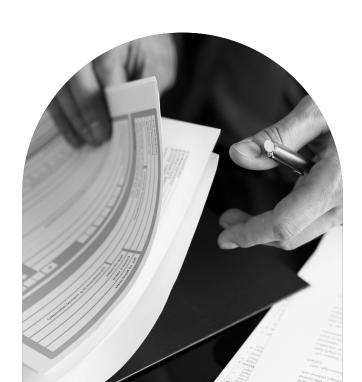
While some DMS platforms offer workflow management tools, CLMs are uniquely designed

Uniting Contract & Document Management (Cont.)

2. Stronger Search

In a similar vein, most CLM tools focus on advanced metadata management or search capabilities related to the contract documents and processes. But a DMS platform provides both easy navigation and advanced search to help you quickly locate a general set of legal and business documents (including contracts).

For example, a complete DMS platform provides email management as well as document management, treating emails as just another content type. Integration with your email client ensures easy filing and searching of messages, attachments, and documents — all in one place.

Another key DMS feature is optical character recognition (OCR), a tool that makes scanned images of paper documents searchable in the same way as a native digital file like an MS Word document. With OCR, even your physical legacy documents can be part of your digital repository.

3. Advanced Collaboration

The process of authoring and negotiating can get convoluted quickly as contracts are passed between internal and external stakeholders — so having a consistent review and approval process is vital.

CLM tools are designed to take contracts through this process efficiently, and leading solutions do offer the ability to securely collaborate, edit, communicate, and track document versions among team members. Best-in-class tools focus on speed

of business through faster negotiation, tracking modifications to manage risk, and effortless reporting.

Complex, long-term projects, however, may require the more advanced collaboration features that are part of a DMS platform.

For example, consider the process of obtaining regulatory approval for a new product. In a highly regulated industry, it can take 5-10 years to complete the process — a somewhat shorter time frame than the average 12 years it takes for a new drug to be approved by the FDA.[3]

If that seems long, be assured that timing concerns are quickly eclipsed by the scope of required documentation. With hundreds of lengthy documents in each application, submissions can easily exceed 100,000 pages — and in some cases, far more.[4]

Getting to approval on such a behemoth application can require dozens of internal and external contributors and reviewers. In the case of a leading biotech company, the contract management team was dealing with not just hundreds, but thousands of versions on certain documents.[5]

Although collaboration tools and version control functionality are inherent in many CLMs, when you are managing various types of documents, you need additional tools for the job. A CLM will be appropriate to collaborate on a complex structured contract while a DMS can be tasked to handle the technical, business and supporting documents.

[3] Science Direct: "Drugs, Devices, and the FDA: Part 1: An Overview of Approval Processes for Drugs"

[4] Snowbound: "Time Equals Money in the FDA Drug Submission Process"

[5] NetDocuments: "Case Study: How Much is Outdated Technology Costing Your Law Department"

Uniting Contract & Document Management (Cont.)

With a variety of tools to allow teams to securely share, mark up, and discuss documents, DMS platforms are designed to make document collaboration easy and efficient — even when many parties are involved. Meanwhile, advanced version control options allow users to check out documents and then check them back in as new full (v1, v2, v3) or sub-versions (v1.1, v1.2, v1.3); and, with a complete version history, you can easily refer (or revert) to a previous version of the document if needed. Cutting-edge CLM tools focus on tracking term and clause changes (at a contract level) to provide analytics for tracking obligations management, risk management, or other reporting.

In addition to helping you manage complex contracts and projects, this also ensures that you never have to worry whether you're working from the latest version of a document.

Ken Kroeger, CIO of Kutak Rock, explained, "Our DMS, NetDocuments, helps me easily compare documents, keep track of versions in a single location, and make changes on the fly with confidence that no one will use an old file."[6]

4. Enhanced Security

When you use a CLM in tandem with a leading DMS, you can gain access to advanced permissions management and other security capabilities to ensure that contracts and other confidential files are only accessible to the right people.

With granular permission management and advanced security features such as ethical walls and need-to-know sharing, plus Data Loss Prevention (DLP) to prevent unauthorized actions on content, the DMS provides an extra measure of security and peace of mind.

[6] NetDocuments: "Case Study: Inspiration From the Trenches: Kutak Rock"

Bring it All Together

It's clear that the combined power of your CLM and DMS offer greater benefits together than either system provides alone.

But how do you effectively integrate these two systems into your contract management strategy? What does a typical workflow using both a CLM and DMS look like? And how can you take both systems to the next level?

About NetDocuments

At NetDocuments, we pride ourselves on providing innovative solutions that our customers can depend on. Our DMS was built with a cloud-first strategy to ensure each of our customers could benefit from our powerful search tools, seamless collaboration features, and innovative security and compliance measures.

PatternBuilder is the latest addition to those efficiency features, aiming to support organizations as they strive to meet the high expectations of their clients. PatternBuilder puts an organization's experts at the center of custom document creation. And makes it EASY to create, manage, and adjust automations.

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ABOUT MITRATECH

Mitratech has a 35-year history as a leader in providing technology and services that empower organizations to manage risks, increase efficiency, control costs, and scale for the future.

On a mission to deliver cutting-edge legal and compliance solutions, Mitratech partners with over 7,000 corporations worldwide to co-innovate the world's most intuitive, adaptable, and flexible platform. We help customers spend less time juggling multiple technology partners and avoid common point solution frustrations — including incompatible features, custom code, and no API integrations — by delivering cloud-based, automation-driven solutions.

The lines continue to blur across Legal, Risk & Compliance, and Human Resources — and Mitratech is the trusted partner in driving clarity and collaboration across all these functions. From concierge-style Firm and Panel Management Services and intuitive cyber security to agile workflow automation and contract management, we've hand-selected our technology to address our customer's most complex problems across every industry.

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