

9x improvement in productivity with automated contracts analysis and risk review for a Fortune 500 conglomerate

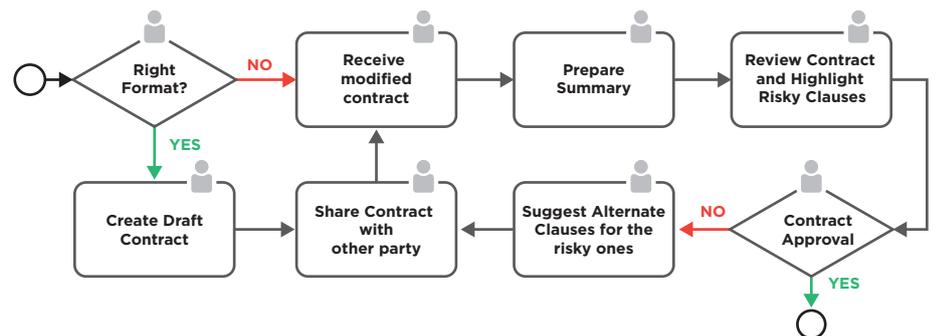
NIA CAN

## Overview

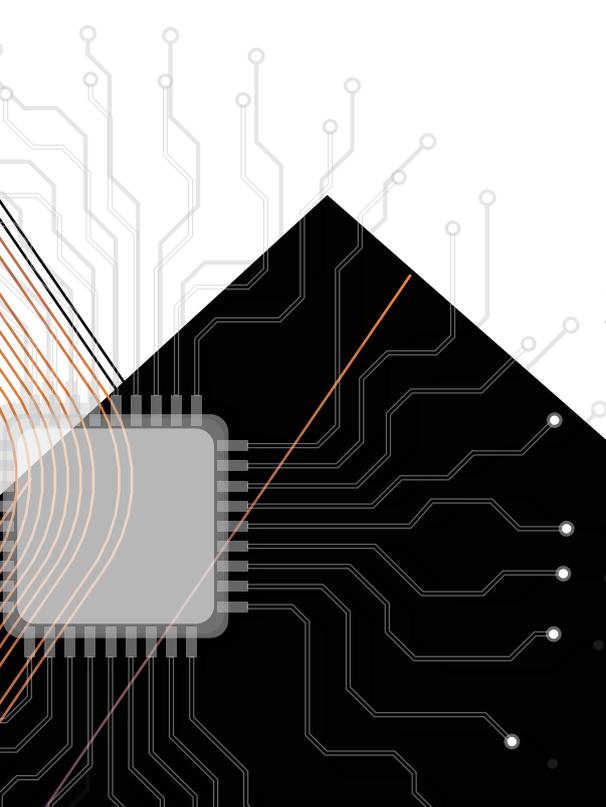
**With Infosys Nia Contracts Analysis, our client automated contracts review, increased capacity, improved contracts management processes and achieved over 90% cost savings.**

Our client, headquartered in Tokyo, Japan, is a 100-year old group competing in various industries such as construction, machinery, railway systems, electronics, financial services, and more recently digital technologies. Their \$86B revenue footprint is diversified across their 879 subsidiaries, in over 46 countries.

### Client's erstwhile contracts review management process



Our client's procurement team was manually creating, reviewing and conducting risk analysis of the contracts.



## Challenges

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### **Loss of productivity: 25% of procurement staff's time was spent on contracts analysis**

Our client's contracts review process was heavily dependent on people — manual and time-consuming. Even a senior member of procurement staff needed at least 2-3 hours to review a draft contract, — retrieve past examples of clauses such as obligations, warranty, compliance, timeframes and their corresponding terms — to build counterproposals.

### **Non-standardized risk review: Analysis was subjective and prone to errors**

Much of the knowledge was tacit, and its sharing was limited to the ability of a staff member to coach another. As a result, risk analysis was open to subjective interpretations, or in worst-cases, errors in risk scoring.

### **Inability to ramp up: New members of procurement staff had a steep learning curve**

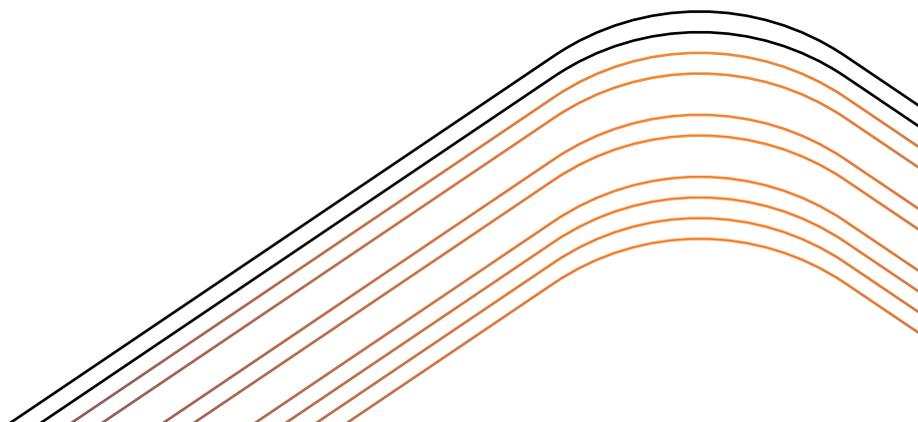
There was no centralized knowledge repository with easy access for everyone. Hence, it was difficult for new staff members to ramp up quickly and perform contracts analysis swiftly.

The current procurement team, was able to process only contracts per year — this caused delays in contract signing, project kick offs and so on. The business' ability to scale was disproportionately affected by the procurement team's capacity to review contracts; our client needed this bottleneck eliminated immediately.

Our client commissioned Nia Contracts Analysis to automate the analysis of buy-side contracts such as purchase agreements, service agreements, license agreements, rental / lease agreements. Nia Contracts Analysis leverages AI to build contract summary quicker, perform risk analysis more efficiently, and offer alternate clauses / legal wordings at scale.

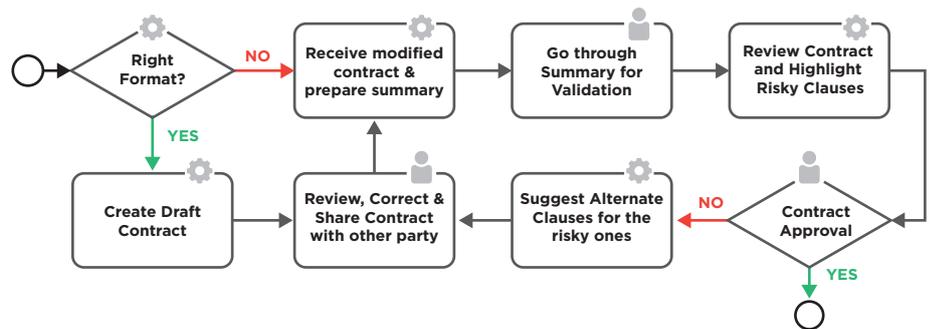
## Solution

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### Understanding existing process

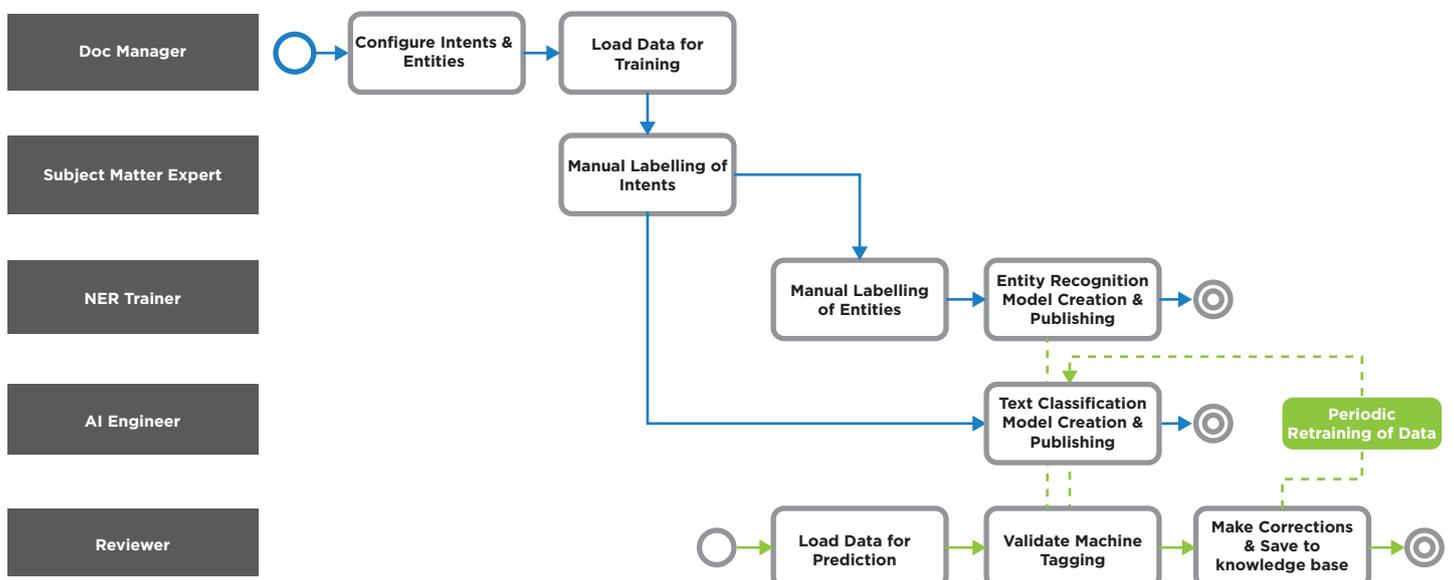
We began by working closely with the contracts and procurement teams to understand the current processes. We observed the tasks performed by each staff member to identify inefficiencies, opportunities for automation and potential to improve.



### Configuring Nia Contracts Analysis

We began by understanding the key clauses and terms to be extracted based on the type of the contract. Existing contracts were used to build training datasets. Nia Contracts Analysis was used to tag the clauses and terms for machine learning; the data created was the input to our advanced neural network models.

We also set up a framework for SMEs to review machine-tagged sentences to provide feedback that would help improve accuracy with time. An Infosys AI engineer was constantly tuning the AI model and triggering model creations based on feedback from the client’s legal and procurement teams.

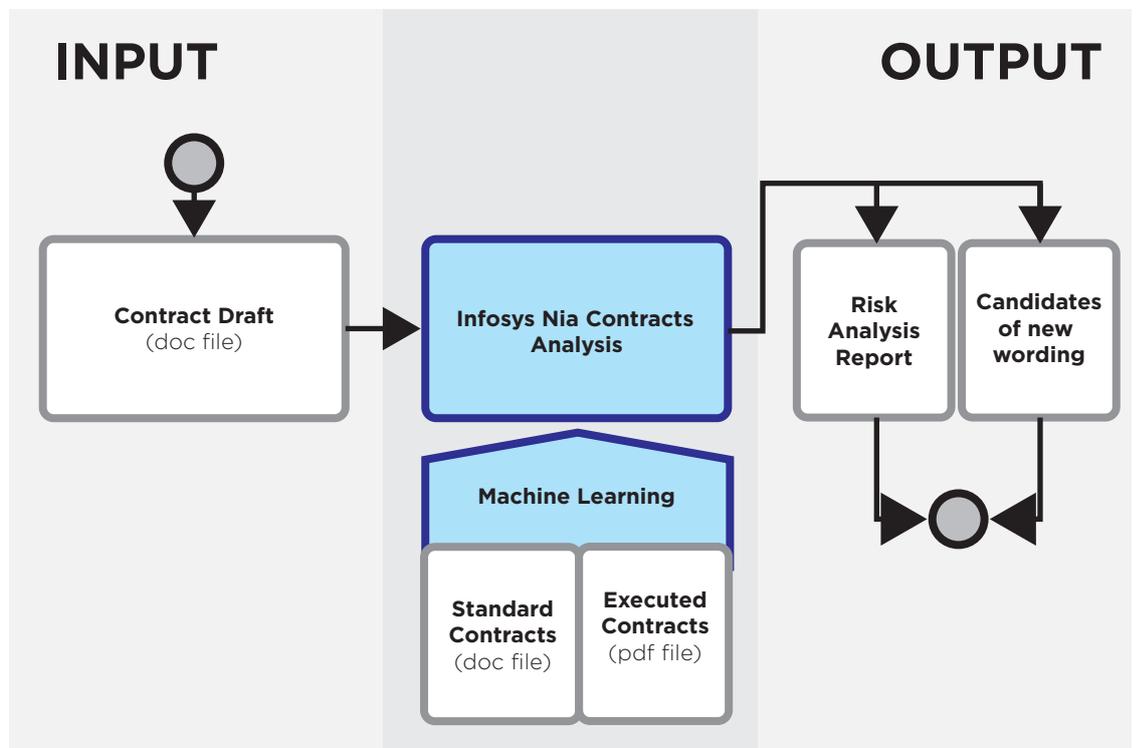


## Solution scope

The Infosys Nia team was tasked with the automation of three distinct areas – risk scoring, contract summary and review dashboard.

### 1. Risk scoring

Nia Contracts Analysis accepts any contract draft as an input, performs automated analysis and gives two distinct outputs: A risk analysis report – which will tag specific clauses/terms in the contract as high, medium or low risk – and recommendations for alternative wording.



### 2. Contract summary

Nia Contracts Analysis extracts the metadata of the contract and automatically builds a contract summary in structured format. This summary will include items from the contract, for instance title of the contract, term, object, license grant, warranty, indemnification, limitation of liability, assignment etc.

Procurement teams can use this information to review any particular contract or use it as a source for future contract analysis.

### 3. Review dashboard

Nia Contracts Analysis will automatically build a consolidated dashboard with individual clauses enabling team members to collect review comments from all stakeholders.

#### Outcomes with Nia Contracts Analysis:

9x  
Increase in  
productivity

~90%  
Cost savings per  
contract

#### 9x improvement in employee productivity

Before Nia Contracts Analysis, each employee was spending about 150 minutes in reviewing one contract. After Nia Contracts Analysis, this reduced drastically to less than 15 minutes, in total, empowering them to spend the 2+ hours saved in building meaningful relationships with vendors and suppliers.

#### ~90% cost savings per contract review

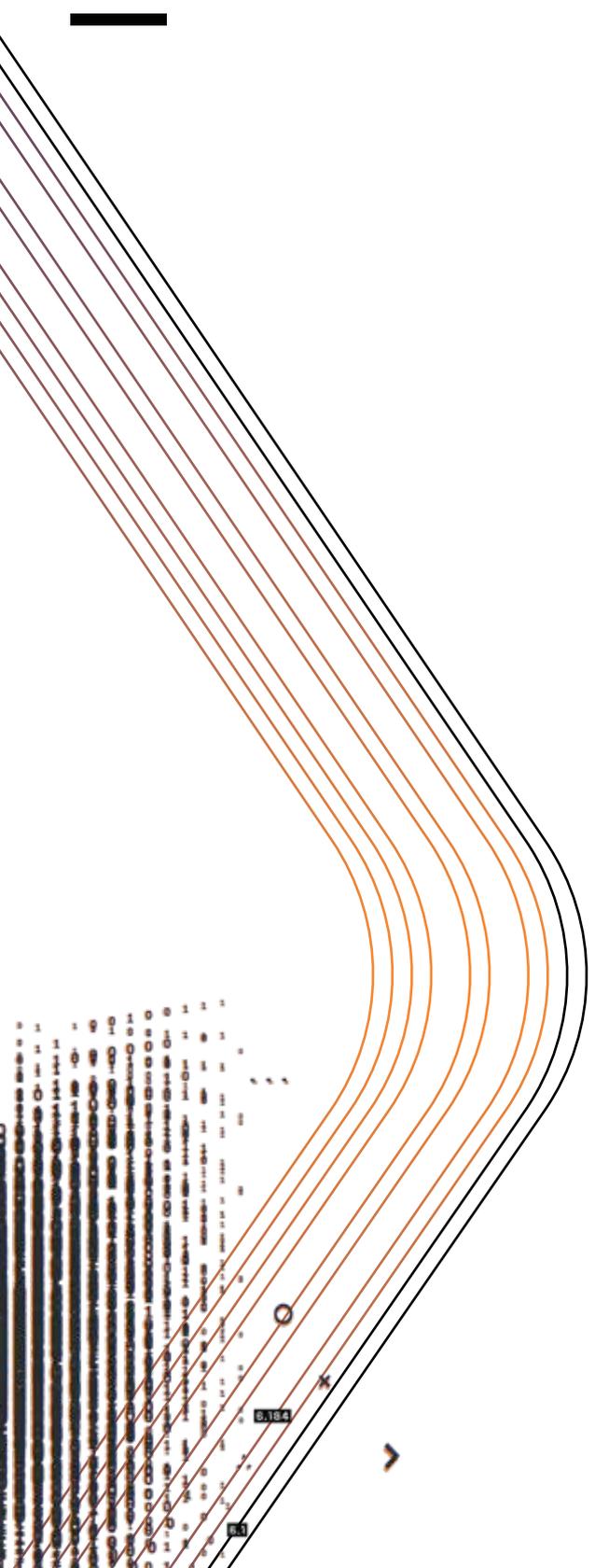
With Nia Contracts Analysis, our client had the potential to achieve about 90% savings in labor cost per contract review at under \$25 — from \$220 per review earlier.

#### Standardized risk scoring

With Nia Contracts Analysis, risk analysis and scoring for contracts were standardized, using predictive and cognitive modules. The system performed a thorough risk analysis, making it more accurate and objective.

This also established an organization-wide cognitive knowledge base for the entire procurement team to refer to, at any time. Moreover, Nia Contracts Analysis's real-time review dashboard enabled both business and procurement teams to collaborate on contract review, empowering newcomers to learn in the process.

## Outcome



## Potential to dramatically increase in scale

Before Nia, assuming the client had a bottleneck at 260,000 contracts per year, the projected number of contracts they will be able to process in future is 2,340,000 for the same period. The efficiency of this is bound to increase with further use.

## Making better contracts

With clear visibility into past contracts, our client's procurement teams were able to create better contracts across the board. With automated risk scoring and suggestions for alternate clauses, Nia directly reduces our client's risk profile, make contracts stronger, and their negotiation posture better.

## Way forward

After successfully proving the business and financial value of Nia Contracts Analysis for the procurement contracts of our client, we are preparing to implement the solution for risk assessment of all contracts, saving the legal team's bandwidth and cost.

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### About Infosys Nia

Nia is an enterprise grade AI platform which simplifies the AI adoption journey for Business & IT. Nia supports end-to-end enterprise AI journey from data management, digitization of document and images, model development to operationalizing models.

### About EdgeVerve

EdgeVerve Limited, a wholly owned subsidiary of Infosys Limited, defines, develops and licenses innovative software products and cloud hosted business platforms. We focus on driving revenue growth, cost effectiveness and profitability for global corporations and their business ecosystems across the world. Visit [www.edgeverve.com](http://www.edgeverve.com) to know more about our innovations in financial services, insurance, retail, CPG, life sciences, manufacturing and telecom.