

Contract Analysis Trends: Smarter Search



Contracting work requires end-to-end attention. It's important to negotiate favorable terms in an agreement, but that effort loses value if the terms can't be easily found and enforced. It's valuable to a business's bottom line to be able to effectively search a base of contracts to find opportunities and risks.

As a global driver of contracting technology, DocuSign surveyed 1,300 contracting professionals around the world. The data tells the story of the technologies and processes today's teams use to search for agreements, pinpoint relevant contract terms and add business value with analysis.

Here are a few of the main findings:

- 68% of contract professionals search for completed contracts at least once a week
- Finding specific language in a contract takes more than 2 hours on average
- Two-thirds of teams are still using a spreadsheet and email to manage agreements
- Around half of respondents expect AI to reduce human error and minimize risk in contract management

In the following sections, we'll share data around modern contract search and analysis. We'll also highlight data about the evolving use of AI technology and discuss how contracting teams can use it to make workflows faster and smoother.

The value of contract analysis

“Time is money. Our purchase approval process went from three to five days down to a matter of hours. When you’re able to save that much time and close very large contracts, there’s clearly cost savings there.”

Vice president of global procurement and real estate, technology
Forrester Total Economic Impact™
of DocuSign CLM

With a powerful agreement search and analysis function, contracting teams have the tools necessary to convert their expertise into business value. That includes optimization of companywide contracting processes to get agreements done faster and with fewer human resources (both internal legal resources and external counsel). It also includes financial benefits that range from simple cost savings (e.g., consolidating duplicate contracts with the same vendor and canceling unwanted automatic renewals) to more complex calculations (e.g., reducing error rate, long-term value leakage and risk exposure).

“There are so many companies that will have more than one contract with the same vendor, basically paying double. There is no communication. We saw a massive opportunity to break down some of our silos when it came to vendor relationships.”

Vice president of global procurement and real estate, technology
Forrester Total Economic Impact™ of DocuSign CLM

[Forrester's Total Economic Impact™](#) research found numerous ways that improving both contracting workflows and agreement terms translates directly to revenue. Over a three-year period, the composite organization in that study saw a 356% return on investment in contract lifecycle management technology. In general, that report found that a robust contract analysis process cuts back on maverick spending and gives any negotiator the tools they need to secure favorable agreement terms.

As you read through the data about how modern teams conduct search and analysis on their base of agreements, think about how similar processes at your organization translate into business value—or should translate into value. Connect inefficiencies to practical costs and look for opportunities to use powerful contract analysis tools to translate improvements into savings.

Search is a vital contracting step

How frequently do you access completed contracts?

23%

Daily

45%

Weekly

24%

Monthly

9%

Rarely

0%

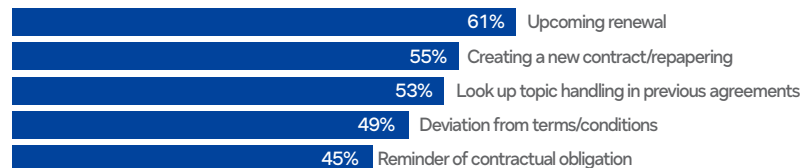
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It's absolutely imperative that organizations find information in completed contracts as soon as possible. All of the effort to negotiate and sign favorable terms will not truly benefit the business without the ability to locate the language to track opportunities and enforce obligations.

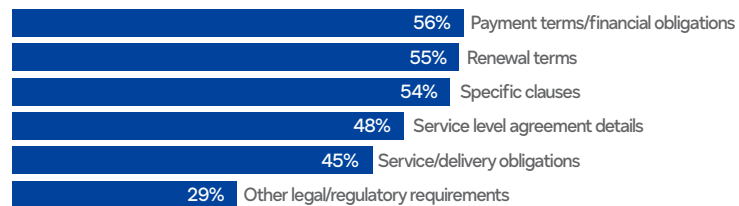
In the modern contracting landscape, effective search often requires a lot of employee time. Almost 7 in 10 respondents in our survey are searching for completed contracts at least once a week and 23% are performing that task on a daily basis.

While the most common reason to comb through contract archives is to locate details about upcoming renewals, several important business processes require contract search. A contract repository is a helpful tool for all search activity, acting as both a detailed catalog of past contract activity and a source of information about current obligations.

Why do you search for completed contracts?



What information do you search for in contracts?



When searching through agreements, contracting professionals are often seeking information that's directly related to financial obligations. It's easy to connect these activities to revenue gains and penalties. There's a clear connection between effective contract search and a better understanding of revenue opportunities.

Modern contract search methods are slow and ineffective

46%

have been unable to locate a completed contract

Forrester research found that DocuSign CLM saved a composite organization

\$1,750

per contract by reducing reliance on outside support

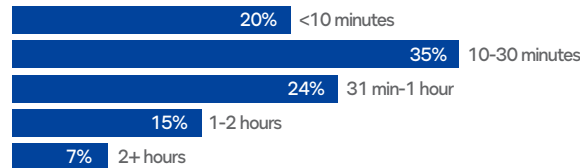
Source:

Forrester Consulting, *The Total Economic Impact™ of DocuSign CLM*

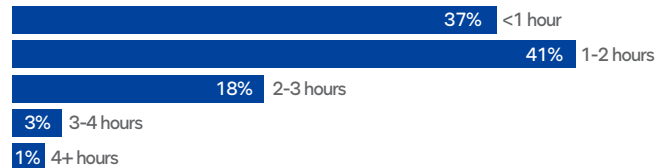
Even though being able to search and analyze contracts is a critical step in contracting work, today's organizations don't have processes in place to make efficient use of employee time. In our survey, most contracting professionals spend between 1 and 6 hours tracking obligations in a contract over its lifetime, but 25% spend more than one full work day. That's valuable time that could be better spent on more strategic work.

Narrowing in on specific steps in the post-signature contracting steps process, the average organization takes about 45 minutes to locate a completed contract and 84 minutes to find the relevant section in that document. That means most organizations spend more than two hours searching for contract language before they even begin to analyze the terms and apply them to the situation at hand.

Time to locate a completed contract



Time to find the relevant section in a completed contract



The average contract requires **38.4 hours** of work over its lifetime. Around **20%** of that time is spent on search and analysis.

8.0 hrs

Generation

8.9 hrs

Negotiation

6.7 hrs

Routing

4.0 hrs

Signing

3.2 hrs

Storing

3.2 hrs

Searching

4.4 hrs

Analyzing

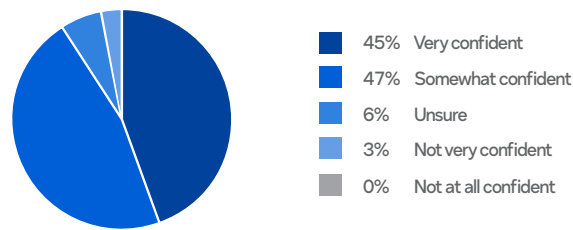
Despite lengthy searches, some teams still aren't able to find the contract they need. Around half of the organizations in our survey report being unable to find a contract they were looking for. The biggest reason for those unsuccessful searches is incorrect storage, but there are several problems resulting from human error and technology shortcomings.

Why were you unable to find a contract?

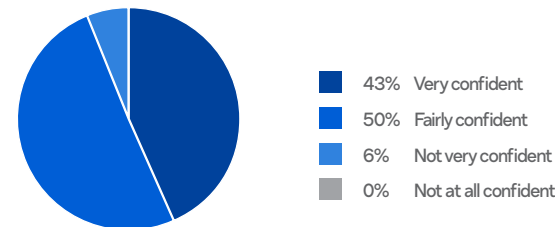


Even when teams do find the desired contract and terms, there are issues with confidence in the results. Less than half of respondents are very confident that the version of a contract they find is the most current version and a similar number are very confident that they're correctly monitoring post-execution responsibilities.

Confidence in monitoring post-execution obligations



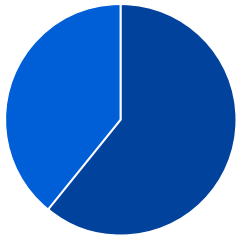
How confident are you that the contract version on file is the most up to date?



From this data, the picture that emerges of current contract search and analysis leaves plenty of room for improvement. It simply takes too long to locate the right language in the right contract. Even once those terms have been found, it's not always clear that the contract is current or that the language is actionable.

Disconnected contract analysis toolkits are causing problems

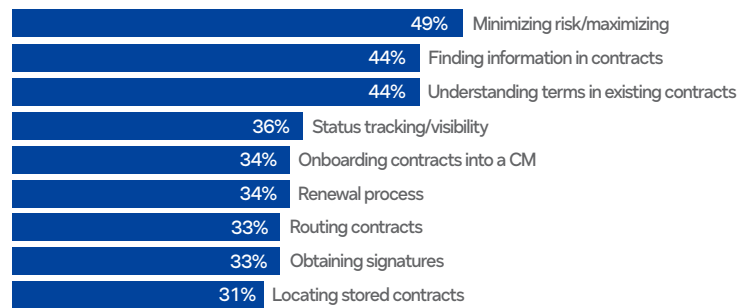
What percentage of contracts are on first-party paper vs. third-party paper?



- 61% 1st party
- 39% 3rd party

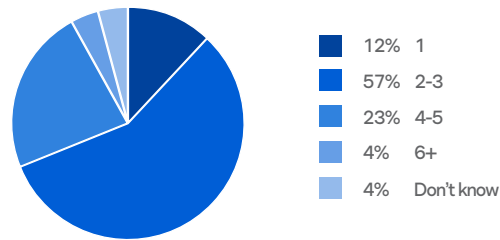
Arduous contract search and analysis can have a serious impact on the overall contracting process. The average respondent reported more than four significant challenges in their contract management process. The most common problems were related to inability to analyze contracts efficiently. On their own, any of these challenges can cause significant setbacks, but when teams deal with the compounding effect of multiple headaches, it's time to look for a solution.

Challenges in contract management

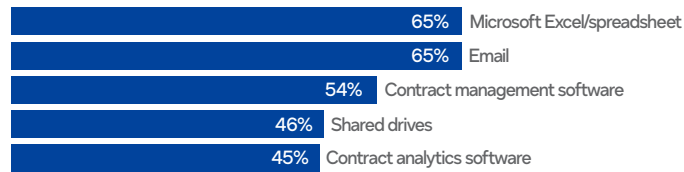


To diagnose why today's contracting teams are having these problems, it's helpful to examine which tools they're using. The average team uses just over three separate tools to perform analysis. Even more concerning is that the tools most commonly used to search contracts are general purpose tools like spreadsheets (65% of respondents) and email applications (65%). Just over half of the professionals in our survey have adopted technology specifically built to search and analyze contracts.

Number of tools used to manage contracts



Tools used for managing contracts

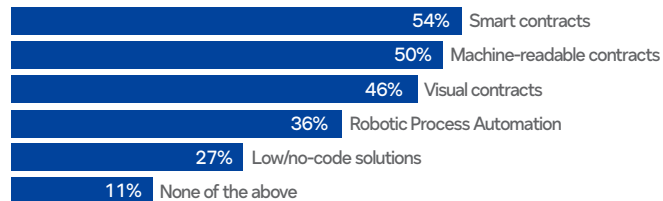


The data clearly illustrate that one of the root causes of contract analysis issues is ill-suited analysis tools. The first step to solving those search workflow problems is reconsidering the technology in your contracting stack and imagining what could be achieved with a more intelligent system.

Agreement AI tools solve modern analysis problems

The most cutting-edge organizations have already started to research intelligent new tools to improve their contract processes. While they may not have invested in it yet, organizations are currently researching intelligent new contracting technology.

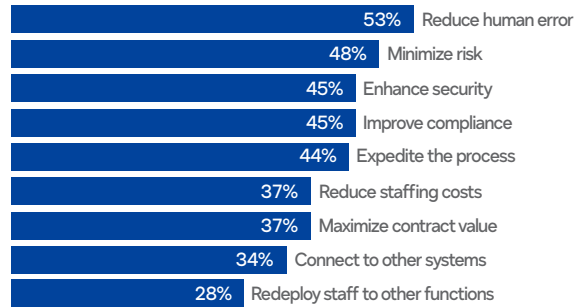
Which of these emerging technologies are you aware of?



While contracting teams are eager to take advantage of new technologies, few have taken the leap and built a process to analyze agreements with AI. However, most can easily identify specific parts of the contract management process that would improve with AI. At the top of the list are text analysis capabilities like intelligent search (37%) and language flagging during negotiation (35%). Overall, around a third of respondents recognize a series of AI-powered process shortcuts such as automatic data extraction, alerts about nonstandard language, clause-level text recommendations and predictive post-execution analytics.

Those AI-enabled agreement improvements add up to some potentially incredible business benefits. Respondents expect that new intelligent technology will help them use their human resources more efficiently while minimizing error and risk.

What are the potential benefits of AI in the contract management process?



New AI technologies (including generative AI) are emerging with clear potential to solve challenges related to contract search and analysis. Some early adopters might see the potential of these highly publicized technologies and take the risk to create an AI-infused contract analysis workflow right away. Others could prefer to learn more about the technology, monitor the practical applications and build a strong business case before taking action.

Whatever your organization decides to do, it's critical to imagine the future of your contracting workflow and create a blueprint for AI assistance when the time is right.

How does AI fit into agreement analysis?

Today's organizations have an enormous amount of information in and about their contracts. Creating an engine to analyze workflow data and process text from every contract on record—including historic, active, expired, abandoned and ongoing agreements—is a great way to collect valuable insights from that base of information. But it requires work at a scale that humans can't manage. That's where AI can help.

To correctly understand the role of AI in contract search and analysis, it's important to distinguish exactly what the technology does. AI is not a magic wand or a legitimate contract writer; it's a powerful search tool that can quickly process large volumes of information. It understands patterns and can be trained to spot language about specific agreement terms, legal concepts and contract activities. It operates quickly and can ingest an enormous volume of information. It does not replace humans; it replaces tedious, time-consuming tasks.

The most efficient way to collect broad insights from contracts is to use AI as a hyperspeed reader. It can search through contracts, extract information, identify specific trends, apply logic and make suggestions. AI can also automate contracting work and collect metadata about the contracting process. When unexpected events happen, AI can be the first level of response. It can comb through contract terms to find language, triage and route relevant information to find fast answers to new questions. It can also ingest long documents and generate summaries in just moments.

How AI creates business value with agreement data

Knowing how AI can help, it's time to translate those capabilities into specific tactical steps that create real value for your organization. Here are three ways your team can use AI to improve everyday contract work:

Increase employee efficiency

Throughout the system of agreement, there are routine steps that are repetitive gruntwork. By automating those time-consuming steps with AI, employees can spend more time on higher value-add activities that take advantage of their unique skills.

Mitigate risk with increased control and visibility

To maintain value in a dynamic landscape, a contract cannot merely be a static document. With ever-changing regulations and unexpected variables, staying on top of risk mitigation is difficult, even for teams with an army of experts constantly searching. AI can transform agreements into living documents and help alert employees to relevant terms to make fast, well-educated decisions.

Implement workflow optimizations throughout the organization

It's too easy for valuable information to get stuck in silos. AI tools can bridge those gaps by extracting, aggregating and summarizing data from different lines of business. With the right integrations and orchestration, AI-extracted values and risk scores can inform workflow steps or even kick off certain steps using conditional logic. With the proper setup, AI can embed necessary data and best practices into everyday decisions. Without AI extraction, that information might never make it into the workflow.

It's important to remember that AI will always be expanding and adding new capabilities. There's a lot to be gained from taking the first step, but the most robust AI implementations will require a tactical long-term plan and an ongoing strategic commitment to address new business and regulatory challenges with data. With powerful AI technology and a well-developed plan to use it to improve agreements, teams can set the stage for ongoing growth.

Supercharge contract search and analysis with DocuSign AI

Today, DocuSign is an innovator in AI-powered contract technology. Intelligent text-analysis and risk-scoring tools are already included in [DocuSign CLM+](#) to search through existing contracts and uncover insights. Our team expects to be on the cutting edge of new models to process agreement terms and empower teams to take faster, more impactful actions.

Beyond intelligent contract analysis, DocuSign is building AI to help your team simplify every step throughout the agreement process. This new AI functionality will simplify administrative contracting work with a recommendation engine that suggests tags, identifies risks, simplifies next steps and more.

“DocuSign AI helped us extract valuable information directly from 75,000 contracts and provide a consolidated repository.”

Digital Transformation and ML Lead, Global Procurement
Fortune 100 technology company

If you're interested in how DocuSign AI tools can improve your contract analysis, [contact us](#) and talk to one of our experts.

DocuSign CLM+ by the numbers

Hundreds

of AI models available pretrained or to deploy and customize

80%

faster time to answer
(average DocuSign AI user experience)

70M+

agreements processed with DocuSign AI

About DocuSign

DocuSign helps organizations connect and automate how they navigate their systems of agreement. As part of its industry-leading product lineup, DocuSign offers eSignature, the world's #1 way to sign electronically on practically any device, from almost anywhere, at any time. Today, over a million customers and more than a billion users in over 180 countries use the DocuSign platform to accelerate the process of doing business and simplify people's lives.

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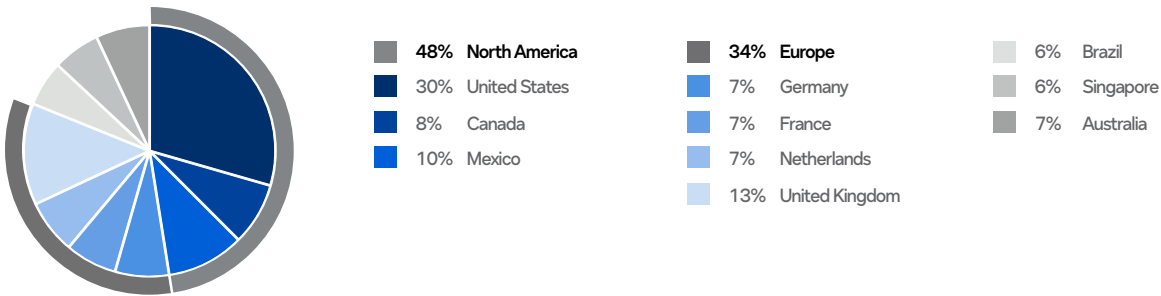
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Methodology

Data for the Agreement Analysis Trends report was collected in the fall of 2021. A total of 1,319 respondents completed an online survey with quantitative and qualitative questions about CLM tools and their organization's contracting process.

Respondents came from 10 countries, with the largest percentage in the United States (30%). The three most common lines of business for survey participants were sales/sales operations (28%), IT (20%) and finance (19%), but there was an even mixture of seniority levels. Slightly more than half of the organizations polled (54%) had more than 501 employees and the blend of industries was evenly balanced.

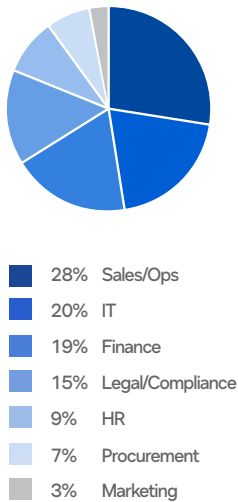
Geography



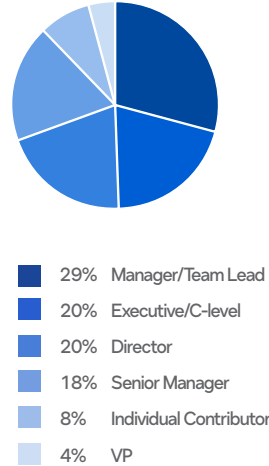
Industry

- 15% Banking/Finance
- 14% Retail
- 13% Technology
- 9% Manufacturing
- 8% Construction
- 7% Business Services
- 7% Healthcare/Life Sciences
- 5% Legal
- 5% Government
- 4% Education
- 4% Food/Beverage
- 3% Telecommunications
- 3% Utilities
- 2% Marketing/Advertising
- 2% Insurance

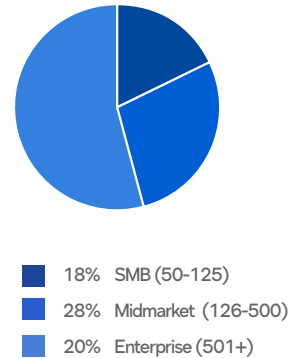
Line of business



Role



Company size



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