

CONTRACT MANAGEMENT SERVICES

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Why Contracts

Contracting an asset / service is hard enough, but to ensure the service provider's credibility in terms of its commitments is an ongoing challenge that requires time and money.

Getting what the client pays for goes well beyond simply verifying a service provider's position in the marketplace and the quality of its services. It requires negotiating prowess, vigilant measuring and constant enforcement. *Everything, therefore, hinges on crafting a strong contract to be adhered to.* It aims to help client manage the relationship and expect value for money and improved performance.

For important services, therefore, it is essential that the contract is appropriate. The time taken to develop an effective contract is well worth, due to its benefits. In many cases, the contract ends up as a very complicated document as it's meant to cover two sides, both of which are deeply interested in protecting themselves. In other cases, convoluted language in the contract makes it complex to measure compliance. Loopholes occur due to obscure clauses relating to availability, performance, and timing – all of which may be difficult to understand and measure. *Therefore, preparing and managing contracts require careful analysis and consultation with legal counsel / attorney.*

Contract Management Services in United States

The attorneys have the domain expertise and deep understanding of how the contracts are drafted and managed. Their clients may be from any industry – IT, pharmaceutical or biotechnology and have thousands of contracts that need to be converted electronically and summarized to track key terms. Sometimes it becomes essential to record the status and location of important contract and subcontract documents throughout submittal, review, approval, and information-sharing processes. The clients like to be aware of their obligations under all the contracts entered. Clients are concerned about the potential risks involved due to the possible failure to track and rigorously monitor such contractual obligations. They may require contract summaries to update themselves with the status from time to time. Legal audits are desired to uncover several issues and discrepancies with some contracts. They need to capture and easily access important contract-related data such as insurance and worker's compensation expiration dates, draw requests and

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retention percentages. They require large number of contracts to be reviewed and presented in easy-to-use matrix formats that provide them with a snapshot of key terms and obligations in their contracts. Sometimes, identification of deficient contracts (e.g., contracts that have expired, or are missing signature pages etc) becomes important.

The contract management services provided by the attorneys includes:

- Contract drafting, reviewing, abstraction, summarization and negotiation
- Preparation of negotiation guidelines
- Ongoing contract maintenance
- Lease abstraction
- Due diligence review / support
- Monitoring of licensing obligations
- Drafting of confidentiality & non-disclosure contracts

The services performed help in improving corporate controls and promote corporate governance, eliminate unpleasant surprises and enable identification of exceptions and hidden liabilities/obligations before they become expensive problems. The attorneys ensure an accurate synopsis of all the contractual obligations, offer the opportunity to compare key terms across different contracts, facilitate standardization of key contractual terms and assist in formulating consistent negotiating guidelines.

There are major challenges attached with the contract management services provided by the attorneys in United States.

- Regular need for the drafting and reviewing of contracts

Daily transactions require companies to enter into contracts on regular basis with other parties; thereby creating colossal need for the drafting, reviewing and other related work to formulate the contracts.

- Rising cost factor

The cost of hiring attorneys for the job of drafting and reviewing of contracts is skyscraping and is a major share in the legal budget of the client company. For example, an attorney charges US\$ 300 to \$ 500 for this particular job in U.S. which is a huge share of the total cost involved in the entire process of contract drafting, review and management.

- Lack of trained professionals

There is lack of trained legal professionals for the continuous process of contract drafting, reviewing and management as these tasks require high skilled professionals to meet the quality requirement of the clients. Like most other legal tasks, this requires a considerable amount of experience, before an attorney becomes fluent in this task. There is a shortfall in meeting this demand in the US.

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- Time consuming process

The process of researching, drafting and reviewing the contract is time consuming and needs a lot of time to get the final output. Therefore, engaging the legal team in this work diverts its attention from other important jobs causing huge opportunity cost of time and money.

- Warehousing and record management

As there are several contracts entered into by the clients of the law firms, the warehousing and managing the records of those contracts become a major challenge.

Outsourcing – The Solution

The increasing costs associated with training and retaining and the benefits in associate and partner bonuses every year is unaffordable for most firms in United States. By outsourcing the contract management services, attorneys are free to focus their energies on the core aspects of the business-those that provide revenue-generating products and services-and leave the other areas to vendors who specialize in performing the functions which can be outsourced.

There are, however, limits on what can be outsourced. It depends upon several vital parameters – the area of practice, the training aspects involved, control over processes, nature of work, relationship with the vendor, past experience of outsourcing such projects and levels of confidentiality involved. The bottom line is that attorneys may not outsource areas of work where their physical involvement is imperative

The work that can be performed offshore also depends on the comfort level of attorneys with its complexity and laws governing compliance in the subject area they deal with. Attorneys need to take a critical look at practice areas to understand which may be less likely to be outsourced. One key question: Is the physical presence of an attorney necessary? If not, appearing in court and conducting depositions are examples of what can not be outsourced. While outsourcing of more ordinary matters under contract management services such as - contract review, document review, discovery and nationwide legal surveys, can be easily accomplished - saving for domestic outside counsel those matters requiring specialized expertise or intricate knowledge of the company. This allows in-house attorneys and their outside counsel to focus on the truly challenging legal issues for which outside counsel's expertise is most worth its price tag - particularly strategic advice and counseling.

Advantages Offered

Proponents of legal outsourcing cite a variety of reasons for "letting others do it." Here are some of the most important:

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Cost savings - By outsourcing functions that were previously performed in house, firms are often able to reduce their employee overheads and related costs, such as recruitment, supervision, salary and benefits.

Trainable lawyers - The Indian lawyers have the legal acumen to support their US counterparts. They can be trained as per the requirements. At the top of it, the talent pool is easily accessible.

Quality of service - The lawyers are versed with the US legal systems due to working in this market for about 5 years now. They work to ensure the best quality to the attorneys in US.

More capital funds - Outsourcing reduces the need to invest capital in non-core business functions, thereby freeing capital to invest in profit-making aspects of the business.

State-of-the-art technology - Firms have to spend time and money on the most current equipment and on employee training to remain competitive. By outsourcing certain areas, they are assured of receiving the most efficient services and the latest technological advances within the legal industry.

Price stability - By signing a contract to outsource, firms will likely be able to obtain stable pricing, eliminating the future need to shop around. Stable pricing allows them to budget operating expenses and capital purchases more accurately, while potentially preventing the likelihood of ad-hoc expenses.

More time to focus on core business activities - Firms cannot overlook this intangible benefit of outsourcing. If a firm is to be successful and profitable, attorneys are needed to spend time planning and directing the firm's business strategies and not wasting time worrying about managing certain administrative or ancillary functions of law.

Services round the clock - Off shoring also enables organizations to take advantages of multiple shifts and time zone differences, which is especially important for contracts, legal research, electronic document management, document discovery, and in situations with strict deadlines. For example, the time zone in Bangalore is 10 1/2 hours ahead of Eastern Standard Time, making nearly 24-hour client service available. So an attorney can send out an assignment at the end of the day and possibly have the finished project in the morning.

What LPOs do?

The Indian LPO service providers specialize in contract management services especially contract review and drafting. They are well equipped with skilled legal professional workforce to provide these services. When outsourced, they can review large number of contracts and present the findings in easy-to-use matrix formats that provide clients with a snapshot of key terms and obligations in their contracts. Depending on the client's

requirements, the team follows any of the citation rules and reviews the documents subjectively for citation, typos, grammatical and punctuation errors.

Using proprietary technology and commercial document management systems, the LPO vendors integrate seamlessly and securely with the client systems and manage their contracts on an on-going basis. They access an extensive database of contracts and demonstrate tremendous proficiency and expertise in drafting and tailoring contracts with appropriate delivery. They indeed improve the contracts that deviate from best practices.

They also offer to draft the contracts including - employees contracts, non-disclosure contracts, International licensing contracts, franchising contracts, partnership contracts and supplier contracts.

Choosing the Right Partner

Legal outsourcing relationships are complex, long-term, an enabler for growth , ability to cut costs drastically and scalable.- all elements that make them particularly challenging. However, when attorneys find the partner that is right for them, both sides reap the rewards.

Outsourcing legal work to attorneys in India could help the attorneys cut expenses, or even help improve responsiveness to clients by relying upon the additional manpower abroad. Outsourcing benefits clients by affording them the best input with lower costs, without any compromise on quality. But the decision should be taken after a through analysis.

They need to make their own estimates, so that they have an idea of how much the project should cost and how long it will take, bearing in mind that most studies show a legal outsourced partner, at least for the first project, will be anywhere from 50% to 80% as productive as their internal team.

They must be aware of proposals that either have too little detail, or an unrealistic level of detail given the information clients have provided. Finally, how responsive were the partners / vendors during the proposal process?

As with any serious relationship, communication, trust and ongoing evaluation are critical components in finding and staying with the *perfect partner*. *Choosing an outsourcing partner is difficult. It's not a decision about reducing the expenses but it's purely about building up another set up to seek back-end support. Regular involvement, therefore, is mandatory.*

Manthan's Service Bouquet

Manthan offers comprehensive services under the banner of contract management services. Few of them are as follow:

- ◆ Legal Services – Drafting and preparing contracts, reports, letters, research papers and review.
- ◆ Paralegal Services – Document management, software usage and procedural aspects, Deposition summary, etc.
- ◆ Secretarial Services – Checking the cast studies, data entry and correspondence.

About Manthan

Manthan is the largest legal outsourcing firm based in India, which partners counsels and attorneys of global firms in cutting costs and bringing efficiency to deliver more to the organization. Manthan extends support in Litigation Management, Contract review and Management, Due Diligence and Compliance. With over 5 years of experience in this nascent industry, a team of over 300 professionals and over 92 clients to vouchsafe for Manthan is strategically placed to deliver outsource legal services to clients in US and Canada.

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