



# Digital Legal Management

Reaching the end of a decade,  
moving towards a new era

## INDEX

### 1. The great challenge of the decade: digital transformation

- 1.1 Digital transformation in legal management
- 1.2 Why is it important to apply technology to the legal area of companies?
- 1.3 Technologies for legal management

### 2. Contract management and automation

- 2.1 Cloud technology and contract & document management

### 3. Working with a workflow in legal management

### 4. Conclusions

# The great challenge of the decade: digital transformation

Currently, there is a general consensus that digital transformation can make a big difference in the functionality of companies and therefore in all aspects of human society.

Since the beginning of the 21st century, the digitization of processes has proposed the challenge of introducing technological changes that transform not only business areas, but also government areas and societies. For example, the European Union developed in 2015 an economic integration tool called the [Digital Single Market](#), as part of the Digital Agenda for Europe 2020 program. This initiative is defined as a digital single market strategy for the continent, with the purpose of creating conditions are created for digital networks and services to grow and prosper gradually, and thus can contribute to the future transformation of society with a more modern development of communities and structures.

Digital transformation is the third stage of adoption of digital technologies, the first stage is digital competence, then its use, and then digitization, which involves technological uses to allow new types of innovation in a particular field. In this way, it is possible to support other traditional methods and enable the process of conversion of business models, socio-economic structures, organizational patterns, cultural barriers and, also, legal and political measures.

*"Meanwhile, In Chile, A study in 2018 revealed that two-thirds of the country's companies have not taken significant actions towards digital transformation"*

When planning a digital transformation for businesses, organizations must be aware of cultural shifts while facing adoption and dependence on unfamiliar technologies, which improve rapidly. Despite the challenge of this cultural change, [a study of ESG 2018 IT Transformation Maturity Cuve](#) commissioned by Dell EMC and Intel states that 81% of companies are aware that without transforming their IT, their organization would no longer be competitive in the market.

In Latin America, however, there are slower processes of digital transformation than in other parts of the world. [A survey](#) conducted by Glue Executive Search, in countries such as Colombia, Mexico, Argentina and Brazil, revealed that only 33% of companies intend to carry out digital transformations, and only 10% have a digital behavior. Meanwhile, In Chile, [A study](#) in 2018 revealed that two-thirds of the country's companies have not taken significant actions towards digital transformation.



## Digital transformation in legal management

In the legal area, the need for digital transformation is not far behind, however, there is still a low level of digitization compared to other business areas.

In some markets, legal management has been working with technology and they are in their second or third wave of digital solutions. In others, the legal area continues to explore the uses of technology and those products that might better suit their needs.

With the emergence of new technologies such as blockchain and AI (Artificial Intelligence), the possible daily uses that can be applied to legal operations have been more appreciated. But despite this recognition, the pace of adoption continues to be quite slow.

According to the latest study conducted by PwC, 80% of the lawyers surveyed consider that it is important to have a digital strategy for the future of their areas and organizations. However, only 23% have started their digital transformation process, finding it difficult to adapt to the digital economy. Of these companies, 52% plan in the next 3 years to integrate technology into the process of the legal services they buy.



Following the same line, the IACCM (International Association for Contract & Commercial Management) study confirms that one of the most common weaknesses in contract administration is precisely the limited use of technology and the lack of automation. More than 60% of companies do not have a coherent application or, having it, they do not use the appropriate software.

Why can this be a problem? Well, according to the same source, companies stop earning, on average, up to 9.15% of their annual income because they do not have a good contract management plan. For this reason, it is important to consider that the legal department of the future can go beyond risk and compliance, in order to become one of the company's strategic business partners, and there are specific technologies that can contribute to this process.

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## Why is it important to apply technology to the legal area of companies?

Disruptive innovations are challenging companies to reinvent their business models. In this sense, legal management must develop strategies to align with those of their organizations and, as a consequence, adapt their operating models. The great challenge in adopting new technologies in the legal area is to find the right solution and secure the budget for this new acquisition. According to Legal Trends Report 2019, 84% of those surveyed said that the organization has multiple systems or applications that address specific legal processes or needs. A key point in this transformative process is making better use of digital advancements to maximize efficiency, reduce costs, and contribute to attorneys' free time, thus, it is possible to work more closely with the organization as a reliable business partner. The question is how ready are legal managers and their teams to become trusted business advisors, proactively contributing to the strategy of the company?

How ready are they to identify critical business processes and design efficient management models that can use technology as their key tool?

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## Technologies for legal management

If we know that the future of the legal department is to be automated and digitized, then we must move towards adapting to the performance and activities of the area, which sometimes can even escape the legal field. Some decisions that are made by legal management, outside of their competitive areas, are:

- Document management
- Contract management
- Support to Human Resources
- Confidentiality agreements
- Quarterly and semi-annual reports
- Compliance
- Extrajudicial agreements
- Violations of ethics
- Patent registration

For these tasks, there are technologies that can help maximize time and automate processes in the area.

Among them, we can mention:



## 1. Analytics

Legal management generates large amounts of data and metadata, which can be of great value in a business strategy thanks to search engines and dashboards. With them, it is possible to identify, isolate and delve into relevant data to improve operational management. Identified, systematized and understood information supports knowledge management and decision-making, even allowing the identification of trends, behavior patterns and behavior prediction.

## 2. Artificial intelligence

AI is being used across the board in all spheres of society. In the legal area, it allows for predictive analysis of high strategic value for management, such as mapping and predicting contracts, understanding the tactics of a law firm, etc.

## 3. Migration to the cloud

The cloud must be one of the most disruptive technologies for legal management. In other areas of a company, such as marketing, sales and operations, they use this technology on a more daily basis to store data and information. The CRM, for example, is used to improve sales through centralization in the client and its

commercial relationship, automating processes and creating databases in the cloud. ERP software, for its part, focuses on business processes and data exchange in the company in an interdepartmental way, helping to reduce production costs and making processes more efficient through the analysis of KPIs. With this technology, management can go completely online, even without IT to perform functions. This concept of digitizing and having everything available online often creates the unfounded objection that it is an insecure system, however, there are currently world-class measures that guarantee cybersecurity, such as Amazon Web Services (AWS) and Google Cloud Platform (GCP).

## 4. Softwares

Today's softwares are so advanced that they are capable of analyzing hundreds of thousands or millions of data and quickly identify trends that are often not visible to a human observer, increasing efficiency, savings and time in the legal area. There are various types of software that can contribute to various legal functions. This tool can maximize processes such as document management and contract life cycle management.

# Contract Management and Automations

In a manual process, the life cycle of a contract remains uncertain. It can be very fast due to lack of time for a thorough review, or it can take a long time due to some clauses, ambiguous roles or ambiguity in the negotiation of the document. Knowing its complexity, most companies manually manage their contracts. The risk of this is that during the process, human error can become costly. On the other hand, a contract well managed by new technologies can be efficient in reducing costs, saving time and resources, while granting certainty of the process facilitating the commercial relationship inside and outside the organization.

Streamlined and transparent contract management software management processes, standardizing the times and ordering the stages. It also highlights the responsibilities both today and in the future. This is why the contract review, approval and proper administration become an interest for companies seeking to invest in management solutions.

When contracts are standard, good management is not considered necessary. But in those cases with content segmentation that do require a review to be approved, certainty in the information and its review at the right time is necessary. This many times involves different parts of the organization, not only within the legal area, but



purchases, sales areas, etc. For this, it is necessary to have a software that allows the collaboration of different areas of the organization and can identify the specific content segments that require modifications, making an automatic distinction and dividing the content by working with a filter that recognizes what is new in what is new. standard. Thus, not only the efficiency of the process is improved, but also the communication of the legal area to the other managements. This automation will also facilitate the task by leaving a record of all dates, times, comments and changes made, for a later follow-up during the contract audit. Each of the stages of the cycle, in good management software, can be found in one place. The Webdox tool, for example, has functionalities in each phase of the contract cycle within the same digital tool:

**1. Application:** handles new contract requirements with contract request tools.

**2. Preparation:** speeds up the process of drafting new contracts drafting and versioning tools, that is, it controls different versions and changes throughout the drafting process and collaborates with the entire team in an agile and transparent way. In addition, it has pre-established contract templates for each type of contract.

**3. Validation:** automates the entire process associated with the validation of contracts in all areas of the company.

**4. Signature:** save time and money by speeding up the execution of contracts with digital signature. It has electronic contracts with full legal validity. The digital signature is fully integrated and it provides contracts signed electronically with the same legal validity as those signed on paper.

Currently, Contract Learning Management Systems (CLMS) offer the digitization of legal documents with selection of functionalities and customizations. Its main task is to store contracts, tag them for follow-up, search based on specific criteria and alert based on key dates or milestones.

Registering each phase of a contract will always be of help for any company, as it contributes to handling transcendental information for the legal department and generation of accountability, that is, to make aware and demonstrate to other departments and people that there is effective management in legal management of contracts.

## Cloud technology and contract & document management software

Among the great technological innovations, we find cloud technology, a tool that maintains all the data and metadata of a legal area within a cloud, which can be used online and anywhere and at any time. In cases of legal management, it helps not only to reduce physical space and increase productivity. In addition, it optimizes and automates the administration of the life cycle of a contract, by managing requests, creating, approving, negotiating and signing the contract.

Document management through cloud technology and document management software has multiple benefits for the legal area of a company. Among them, we can mention:

**Optimal response times:** the search for digital documents is easier, therefore the response times to a client are shortened. With this, we have a more satisfied internal and external customer.

**Integration:** good document management software doesn't just migrate all documentation to the cloud. You can also chat with other applications used across the



company, such as emails or accounting tools, through an API (interface offered as a library to be used by software)

- **Collaboration:** Encourages cooperation between teams and areas, but also with clients through collaborative portals, which allow the secure and private sharing of documents with a record of changes and comments. With cloud technology, information is accessible to the right people.

- **Systematization:** Having this technology is essential to systematize the contract generation process. Ultimately, contracts are given life and a permanent possibility of management, as they generally remain in a signed folder and are not reviewed again.

**Control and traceability:** confidentiality is essential in legal processes. Physical document management has risks, as critical information can be leaked. An advantage of the cloud is that it allows you to control access permissions to documentation. Thus, you can monitor who has viewed, copied or downloaded a specific document, or

restrict certain actions and people. It means keeping a true control of the evolution of the documents in each cycle, thus managing their traceability. The latter consists of the possibility of identifying the origin and stages of a documentary process, to keep a record and control its evolution.

It is important to manage the traceability of the documentation, as each employee constantly generates relevant information to constitute a document. This information is relevant for different areas of the company and also for clients, both internal and external.

In contracts, which go through the application, creation, validation, signature and administration stages, constant control of the agreements and all milestones, dates, payments, notifications and anything else that appears in this must be maintained. Traceability plays an essential role in this, and together with cloud technology it will be possible to establish effective ways to control and record various events, demand obligations and comply with audits, among others.

## Working with a workflow in legal management

The lack of an adequate electronic and physical document validation process can become a nightmare for legal management. There are many processes that must be constantly controlled in order to avoid wasting time searching for people in charge, such as contractual, certification or quality control processes. Many times you must start from scratch due to an objection in the writing or the lack of approval in the edition. The problem is generated by the lack of standardized processes or a protocol of tasks to give due follow-up in each phase of creation, writing, editing, discussion, and subsequent validation of a document.

A workflow is a technological solution that improves document management by allowing them to circulate smoothly. It consists of a study of the operational aspects of a workflow, including the structuring of tasks, their method of accomplishment, their correlative order and synchronization, allowing a glimpse of the flow of

the information and the follow-up to this fulfillment of tasks. Thus, traceability is given to any procedure within the organization.

In document management software, such as Webdox's, the workflow works from the same platform and allows the creation and management of workflows in a simple, flexible and autonomous way, facilitating connection and collaboration in each phase of the process together with its responsible agent. Thus, the workflow allows a panoramic view of the performance in each area and the monitoring of effective protocols, in order to be able to see in the long term if it is possible to improve a certain process. In both large and small companies, the workflow as a digital tool helps to control the status of information and data, reducing expenses due to the reduction of man hours in tasks that can be automated and monitored.

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## Conclusions

Finally, there are multiple technologies that are perfectly applicable to the legal area that can revolutionize the way documents are managed, such as contracts and their life cycle. Softwares such as CLMS help lawyers to manage, improve document processes and cycles, demonstrate to other areas of the company and encourage the rest of the collaborators to participate efficiently in each phase of the contract.

These days, organizations are able to accept the challenge of digital transformation in all their areas, and regarding legal management, document management softwares with cloud technology are adapted to the needs of the department, especially by allowing the efficient monitoring of each phase and can be strategic allies when optimizing processes, reduce working times and improve the appropriate information flows. By digitizing the legal area, managers and their teams can become trusted business advisors who proactively contribute to the overall strategy of their company.





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