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Three Capabilities Needed to **Master Contract Analytics**



Contracts are essential to a functioning enterprise organization. They are carefully worded documents that enable organizations to do business in a safe and secure manner. While their inherent value is straightforward, contracts themselves are anything but.

Contracts are typically text intensive and can easily span hundreds of dense pages. Reading and analyzing one to ensure correctness can take an analyst hours. Extrapolate that to the dozens, if not hundreds, of contracts you could be managing on a regular basis and you face an enormous challenge.

Many organizations have adopted technology such as contract lifecycle management or contract analytics systems to augment the contract analysis process, but few have found one that addresses the core issue of language understanding. As a result, most solutions only offer basic capabilities (e.g., keyword search) that fail to address the core challenges persisting across the enterprise.

For organizations to ensure contract certainty at scale, they need an artificial intelligence solution rooted in knowledge. By embedding knowledge into your model, you enable the three core functionalities central to success:

- **Extraction**
- **Comparison**
- **Search**

Contract Extraction

When it comes to contract analysis, relying upon keyword searches or predictive language models is too risky. Any misinterpretation of a word or clause leaves you vulnerable to both financial and legal issues. Thus, any solution you leverage to analyze contracts must be able to understand language in context.

This is where the imperative of embedded knowledge comes into play. **Understanding contracts not only requires basic language understanding but domain expertise specific to your organization as well as legal expertise.** This expertise enables you to execute important tasks such as entity extraction and document classification.

Entity extraction is critical in that it identifies the information most important to you. This could be as simple as the name of a person or organization. It could also include more complex information such as:

- Explicit or implicit coverages
- Exclusions
- Endorsements

By extracting these elements, you have the information you need to evaluate contract readiness, identify potential red flags and make timely adjustments. In addition, this information enables you to clearly classify your contracts to better organize them for future use. This is beneficial for both comparison and search capabilities (more on these to come) as it enhances the information you know and can leverage for current analysis.



Contract Comparison

If all contracts were created in a uniform template, analyzing them would be a breeze. Unfortunately, contracts are nuanced documents that can differ significantly or by just a few choice words. In either case, you need to ensure that any incoming contract meets your standards and addresses terms or clauses that are important to you. This is where contextual understanding is critical for your language model.

Language models that follow rule-based methodologies (i.e., symbolic AI) enable you compare contracts based on context rather than prediction. Therefore, if you have a gold standard contract, you can analyze an incoming contract against it to identify:

- The similarities between select clauses
- A clause similar to one in the gold standard document
- The presence of a specific clause in the document

Applying meaning-based understanding allows for more accurate interpretation of concepts. For example, date references like "no more than seven business days after deposit date" can be correctly interpreted. The same goes for payment terms like "early payment, within 60 days, will receive a 3% vendor discount."

By locating important information with a high level of accuracy, you can quickly align new contracts to internal standards. This enables you to **close contracts faster with a high degree of certainty** that core language is addressed.

This capability extends beyond just your gold standard policy as well, as you can compare any number of contracts including a new customer contract to their previous contract or an incoming contract to those archived in your contract database.



Contract Search

The more contracts you execute, the more data you have at your fingertips. The challenge is unlocking the value within that data to make it useful to your organization. Thorough analysis of old contracts can help you tag elements such as clauses, legal concepts and/or commercial terms for classification purposes. With these tags, you can more easily track down older contracts for comparison purposes or even to audit after the fact.

Search is such a basic capability, but one that can add significant value with true contextual understanding. Not only does it help you locate relevant documents, but it enables you to search individual documents for the specific language you desire. **The ability to pinpoint specific documents and terms is invaluable to efficient contract management.**



The Value of Effective Contract Analytics

There is no room for error when it comes to contract analytics. The slightest difference in terminology or omission of terms can significantly impact your organization in a variety of ways. By arming yourself with the three aforementioned capabilities, you enable your organization to:

- **Get paid for what the other party delivers**
- **Identify and assess potential risks and liabilities**
- **Standardize its legal framework**
- **Respond quickly to changing regulations**

As you explore solutions to your contract analytics challenges, think beyond simple point solutions. There is too much at stake to only address part of the broader issue. So, how do you find the contract analytics solution that is right for your organization? Answer the following questions:

Does my solution help me understand language on a semantic level?

Documents as complex as contracts demand a knowledge-based approach for their analysis. Without embedded knowledge, you leave yourself vulnerable to ambiguity which can lead to costly errors. By leveraging meaning-based understanding, your model can identify and extract more complex terms and concepts like payment terms and date references. With that level of insight into your contracts, you can be far more efficient with each analysis.



Does my solution leverage actual domain expertise?

Contracts are chock full of complex legal terms and phrases. Therefore, only people with proper knowledge of that domain should be responsible for analyzing them. The same goes for your artificial intelligence model.



Does my solution scale team capacity?

The point of a contract analytics solution is to minimize the manual effort required of your contract experts and put it to use on more valuable tasks. If your solution cannot accurately analyze contracts, your experts will wind up spending their extra time checking and validating results, which adds no benefit.



Does my solution deliver explainable results?

Trust is imperative to any AI model. Even more so when there are legal and financial ramifications tied to it. If you cannot explain the results from each analysis, especially if there is a mistake, you may be forced to retrain your model and lose valuable time in the process.



Does my solution require continuous learning?

When you adopt a new solution, it should be as low-maintenance and repeatable as possible. The last thing you want to do is retrain your system any time an error occurs. Nor do you want to retrain your model as you apply it to new use cases. Only a rule-based approach enables you to make changes as you go without disrupting the model. This helps you to incrementally improve model intelligence and establish explainability.

A Holistic Solution for Your Contract Analytics Needs

Part of the reason companies have struggled to find an adequate contract analytics solution is because there are few that cover all the necessary bases. Expert.ai, however, offers a comprehensive solution that addresses all contract-related challenges from analysis to comparison to search. It provides powerful, real-time intelligence for legal contracts based on embedded domain expertise, ensuring the intent of every contract is fully realized.

Contract analytics can be a huge asset if approached the right way. Take a knowledge-based approach and bring some certainty back to your contracts.

Get Started

Unlock the potential of your natural language assets.

See how expert.ai can help!



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About us

Expert.ai (EXAI:IM) is a leading company in AI-based natural language software. Organizations in insurance, banking and finance, publishing, media and defense all rely on expert.ai to turn language into data, analyze and understand complex documents, accelerate intelligent process automation and improve decision making. Expert.ai's purpose-built natural language platform pairs simple and powerful tools with a proven hybrid AI approach that combines symbolic and machine learning to solve real-world problems and enhance business operations at speed and scale. With offices in Europe and North America, expert.ai serves global businesses such as AXA XL, Zurich Insurance Group, Generali, The Associated Press, Bloomberg INDG, BNP Paribas, Rabobank, Gannett and EBSCO.

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