The Future of Contract Lifecycle Management: The Microsoft Experience - Deconstruction, Automation and Alternative Resourcing

December 3rd 2015

Presented by Lucy Bassli, AGC, Microsoft, and Mark Ross, Global Head of Legal Process Outsourcing, Integreon
What do you automatically think about when you hear Legal Process Outsourcing?
India
Concerns over quality
It’s all about Labor Arbitrage
Introducing LPO 2.0
LPO 2.0 – Legal Department Transformation

Cutting Consumption

- Eliminate Non-Value Added Demand
- Optimize Decision Processes
- Optimize Risk Profiles

Improving Efficiency of Legal Operations

- Improve workflows
- Knowledge capture and re-use
- Apply business intelligence tools
- Optimize staffing mix and resource selection
- Automate practice where possible
- Manage outside counsel effectively

By in-house counsel, for in-house counsel.
Contract Lifecycle Management LPO 2.0
“Deep Dive”

- Contract drafting, review and redline
- KPIs, SLAs, metrics and analytics
- Contract negotiation
- Template management and harmonization
- Negotiation playbook development and support
- Post-execution contract administration
- CLM technology consulting, implementation, and administration
- Mass review and data abstraction

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Contract Lifecycle Management – Detailed Operational Metrics

Daily Delivery Metrics

- Turnaround Time per Contract (No. of Days)
- Average Review Time per Contract (No. of Hours)

Individual Performance Metrics

- Productivity (No. of contracts/hours) per Reviewer
- % Accuracy for each Reviewer
Contract Lifecycle Management – Using Data Analytics to Effect Substantive Change

- Adoption of Standard Fall Back Position (Tier 1)
- Adoption of Material Non-standard Positions
- Immaterial Deviation

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Be an industry-leading contracting organization providing a centrally managed, efficient contracting process, resulting in a predictable experience for the business, time savings for legal professionals and reduced risk for Microsoft.
BUT FIRST, SOME DATA!
Measuring Success and Scale

22K
# Contracts reviewed by Integreon

2.1
Average # Days to review contract

73K
# Requests for help received by Integreon help desk

Some things we count just to know. Some things we count just to change.

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Going Global

15
Number languages

159
Number corporate subsidiaries

3
Number of LPO delivery centers
Dependency on LPO continues to increase

- 2008: 67%
- 2009: 85%
- 2015: 99%

Contracts handled by Integreon without escalation

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Microsoft Business Owner

ContractWeb

Intake Forms + Ticketing System

Template Repository

Automated NDA Tool

Cloud-based Storage and Electronic Signature

Get Started
- Submit a Request
- View my Requests
- Search for a Contract
- Create/Search a NDA
- Search for Templates

Latest News
We Heard Your November 2015 Feedback
More...
# Setting Success Targets Every Year

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Metric</th>
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<tbody>
<tr>
<td>Services Net Satisfaction (NSAT)</td>
<td>Target 155</td>
</tr>
<tr>
<td>Quality Metric</td>
<td>Target 95% of all fields</td>
</tr>
<tr>
<td>Contract review</td>
<td>90% &lt;2 Business Days during non-peak months (August–May)</td>
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<tr>
<td></td>
<td>80% &lt;2 Business Days during peak months (June–July)</td>
</tr>
<tr>
<td>Contract Store</td>
<td>90% &lt;1 Business Day during non-peak months (August–May)</td>
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<tr>
<td></td>
<td>90% &lt;30 calendar days during peak months (June–July)</td>
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<tr>
<td>Send a contract out for signature</td>
<td>90% &lt;4 business hours during non-peak months (August–May)</td>
</tr>
<tr>
<td></td>
<td>90% &lt;1 Business Day during peak months (June–July)</td>
</tr>
<tr>
<td>All other help desk services</td>
<td>90% &lt;1 Business Day</td>
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Steps for Success

1. Develop business case for outsourcing to LPO
   - Why outsource?

2. Define the transition timeline
   - Be realistic
   - Build in buffer

3. Establish the governance model
   - How will you work with the LPO on an ongoing basis?
   - How will you know things are working?

For Review: Best practices for Legal Process Outsourcing

- Before transition
- During transition
- After transition
Business Case for Outsourcing

Corporate Procurement Changes – Scalable
- Mandate to use My Order results in increased volume to VCG
- MY Order passes through more complex transactions to VCG

Resource Realignment – Sustainable
- FTE resources in same roles for 2–3 years, need growth
- FTE resources need to focus on more complex transactions, outside of standard processes

Type of Legal Services – Repeatable
- Vendor contract review follows repeatable steps – RAPID improvements
- Tool available for workflow and metrics
- High volume, generally low risk

Savings Potential
- VCG resource costs can be lowered by changing from CS model to LPO
Transition

<table>
<thead>
<tr>
<th>Business Case</th>
<th>Vendor Selection and Contract</th>
<th>Operations &amp; Governance</th>
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</thead>
<tbody>
<tr>
<td>VCv3 launch</td>
<td>Analyze costs to outsource</td>
<td>Document current state</td>
</tr>
<tr>
<td>US Corp-wide mandate for MyOrder</td>
<td>RFP process</td>
<td>Technical set up</td>
</tr>
<tr>
<td>Engaged LCA Procurement</td>
<td>Define KPIs and SLAs and VCG Success measures</td>
<td>Develop Manual</td>
</tr>
<tr>
<td>RFP</td>
<td>Define Future State VCG</td>
<td>Reporting &amp; QA</td>
</tr>
<tr>
<td>Integreon Selected</td>
<td>Training Plan</td>
<td>Define Governance Model</td>
</tr>
<tr>
<td>RFP process</td>
<td>Training</td>
<td>Governance meetings start</td>
</tr>
<tr>
<td>RFP</td>
<td>GO LIVE</td>
<td>RAPID event to document current process</td>
</tr>
<tr>
<td>Integreon Selected</td>
<td>Define Escalations Process</td>
<td>RAPID event to document current process</td>
</tr>
<tr>
<td>RFP</td>
<td>Current state process flows</td>
<td>Current state process flows and RACI</td>
</tr>
<tr>
<td>Engaged LCA Procurement</td>
<td>Future state process flows</td>
<td>Escalations Process</td>
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<tr>
<td>RFP</td>
<td>KPIs &amp; SLAs</td>
<td>Training material</td>
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<tr>
<td>RFP</td>
<td>QA, metrics and KPI reporting</td>
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<tr>
<td>RFP</td>
<td>Meeting cadence</td>
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Governance Model

Regular checkpoints to ensure operational expectations are met and refine engagement as needed

Increased transparency and opportunities to adjust approach

Clearly defined roles and responsibilities for measuring effectiveness

Weekly Meeting: tactical; turnaround and review time SLAs

Monthly Meeting: higher level SLA review and QA

Quarterly/Annual Meeting: KPI, scope and strategy review, Efficiency Targets
Best Practices for Legal Process Outsourcing

Before transition

During transition

After transition
Best Practices – Before Transition

### Plan, plan, plan
- Time to review vendor options
- Time to train the vendor
- Time to explain to the internal team what is changing

### Know your process
- Map it, identify areas for improvement, clarify and simply process
- Decide what can be outsourced and what needs to be kept in house; and what can be stopped

### Define a new operating model
- Manage the impact of outsourcing on FTEs – how will roles change
- Prepare and communicate to support a positive transition

### Technical set up for the LPO
- Plan early and have the appropriate support
- Discover options for collaboration on work

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### Best Practices – During Transition

<table>
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<tr>
<th>Think about how best to transfer knowledge</th>
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<tbody>
<tr>
<td>Create operating manual with clear black &amp; white rules</td>
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<tr>
<td>Define escalation process</td>
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<td>Devote time to creating good training</td>
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<tr>
<td>Who will present?</td>
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<tr>
<td>What is the best format?</td>
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<tr>
<td>Keep the vendor engaged</td>
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<table>
<thead>
<tr>
<th>Develop and manage an outsourcing transition plan:</th>
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<tbody>
<tr>
<td>Need project management help!</td>
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<tr>
<td>Continually reassessing</td>
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<tr>
<td>Transition continues after go-live</td>
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<td>Do a “post mortem”</td>
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<th>Establish clear objectives and KPIs</th>
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<td>Define what vendor is accountable for</td>
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<tr>
<td>Set clear expectations</td>
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<tr>
<td>Make sure they know you are still involved and interested</td>
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<th>Feedback loop</th>
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<td>MSFT feedback on LPO, and vice versa</td>
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## Best Practices – Post Transition

1. Stay in close contact
2. Make sure both parties understand the long-term visions
3. Monitor performance
4. Discuss improvement opportunities
5. Expect efficiencies to grow
6. Consider expansion of outsourced duties
Q&A

For further questions to our presenters

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