

Legal and Procurement: the alliance that balances compliance and speed



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0 Introduction

In the process of supplying the rest of the departments, contracting the best supplier and achieving cost optimisation, having better control of the company's stock, **the procurement department works with a large volume of documents**. Procurement employees must be quick to manage, sign and store, while each and every contract must be reviewed and follow the guidelines of the legal department for approval.

But the workload in procurement is increasing, and the manual and fast-paced management of contracts often involves errors. Errors that the legal area finds it difficult to detect in their entirety because their day-to-day work forces them to review legal documents at breakneck speed and diagonally, something that **directly compromises compliance** and leads to missed opportunities and deadlines, problems with suppliers and even severe financial penalties.

In this ebook you will find the keys to a **strategic partnership that must be cultivated for the good of the business: the alliance between legal and procurement**. Both departments share a common responsibility to ensure that the company's operations and sourcing are conducted safely, ethically and in full compliance with the company's policies and the regulation of the country in which it operates. **But how can they effectively join forces to achieve this balance between compliance and speed?**

In the following pages you will learn about the keys the procurement must adopt to rise above all the pressure **to become a fast, secure and efficient facilitator of operations and processes like never before**. You will discover the priorities for procurement departments, how to minimise the cost of procurement, which are the main documents that procurement can automate and, in short, how to get procurement to work collaboratively with the legal area to break with traditional schemes and achieve an agile and efficient working model.

We will explore tips and best practices to enhance collaboration between the two areas, to ensure that both fit together like the pieces of a Swiss watch, in a synergy that guarantees the success of the business.



1

Priorities and KPIs for two key areas



“Talent wins games, but teamwork and intelligence win championships”,
Michael Jordan.

1.1. Priorities and KPIs for the procurement area

It is essential that the department sets clear priorities and **measure performance through Key Performance Indicators (KPIs)**, to assess the impact and effectiveness of projects and tasks, and identify areas for improvement and opportunities for optimisation. Let's look at some examples of KPIs that may be relevant for the procurement area:





COST SAVINGS

These KPIs assess the impact of procurement activities on cost reduction for the company.

QUALITY

KPIs that are used to measure both the accuracy and effectiveness of procurement work and that of its suppliers.

INVENTORY

The indicators relating to the quality, cost and effectiveness of the company's inventory are the responsibility of the procurement department.

DELIVERY

The indicators relating to the quality, cost and effectiveness of the company's inventory fall on the procurement department.

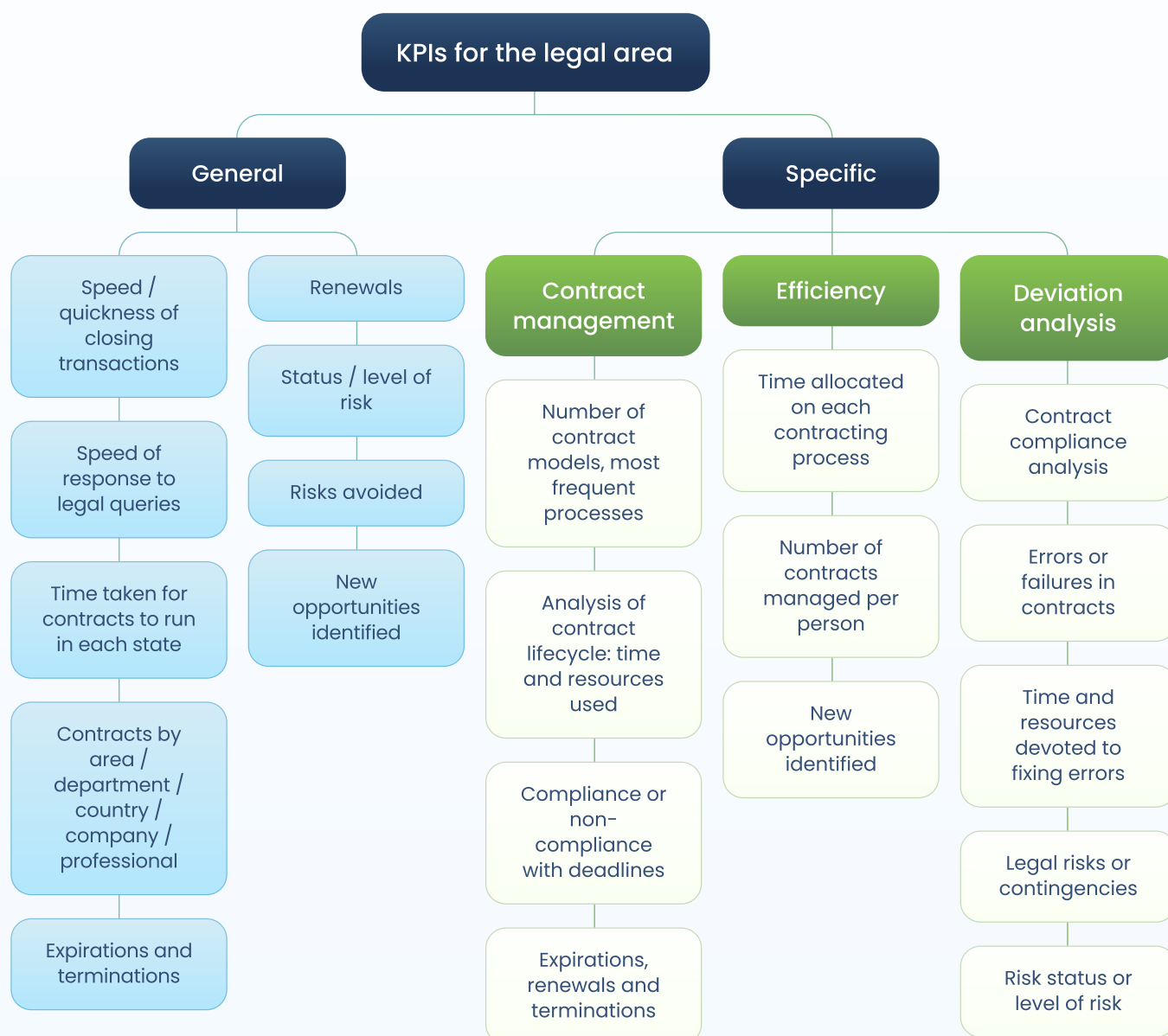
CONTRACT MANAGEMENT

Those KPIs that measure the efficiency in the contractual management and the time spent in the processes related to procurement documents.

1.2. Priorities and KPIs for legal

Meanwhile, the legal department is responsible for protecting the company's interests, ensuring that all transactions and agreements are carried out in accordance with current legislation and the company's policies. For this reason, their role in the company is crucial and they are given **a cross-cutting responsibility; their work goes beyond the walls of their department.**

Their priorities lie in ensuring the security of the company, overseeing both compliance and data protection, as well as the smooth running of the company's legal operations and litigation management. To measure their performance and approach, **these are some of the most relevant general and specific KPIs that work in the legal area:**



1.3. Interdepartmental process blocking vs. collaborative work

In many cases, the prioritisation of objectives and the high volume of work, together with the rush to meet deadlines, mean that both areas end up working isolated in silos. This, in the long run, **inevitably leads to conflict and blocked processes**. The key to successfully balancing the interests of both departments is to encourage collaborative working, sharing goals rather than seeking differences.

By aligning goals and communicating effectively, both departments can find joint solutions that optimise processes without compromising legal integrity. **Let's look at some objectives that require collaboration between the two departments:**

- 1 Total cost of acquisitions:** The legal department should collaborate with procurement to ensure that contracts and supplier agreements are well structured, error-free, and contain clauses that protect the company's financial interests.
- 2 Contract compliance:** Legal should review and ensure that contracts are clear, complete and in compliance with applicable laws and regulations.
- 3 Supplier satisfaction level:** Legal should advise and support the negotiation of contracts and the favourable resolution of resulting disputes in order to maintain satisfied suppliers and internal customers.
- 4 Delivery time of purchases:** both the procurement and legal areas should work together to streamline contract review and approval processes to meet deadlines and resolve any problems or delays in the procurement process.
- 5 Risk reduction:** legal collaborates with procurement by assessing and minimising legal, financial and reputational risks, among others.



A necessary win-win: how procurement can be aligned with legal through technology



“Technology is nothing. What's important is that you have faith in people, that they're basically good and smart, and if you give them tools they'll do wonderful things with them”, **Steve Jobs**.

2.1. How to balance speed and compliance

We have seen how important is for procurement to align its efforts in the operations surrounding this department, as collaboration is the only way to achieve effective but legally secure procurement processes. **But how to balance efficiency and security, speed and compliance?**

The security of the documents handled by the purchasing department implies the integrity of the documents in accordance with the law and also in accordance with the interests of the company. But there is a direct conflict that goes against this idea: the legal department is a cross-cutting department overloaded with work and **most of the time does not have the time to review contracts in time to ensure these two points**. In this context, technology plays a key role.

Technology plays a key role in helping to standardise, automate and control routine and time-consuming processes in both the procurement and legal areas. By using a unified contract management solution integrated with the database and other procurement platforms, processes are secured while ensuring adherence to legal requirements in the legal area.

To this end, technology is available that allows for the pooling of efforts between areas, specifically in the areas of purchasing and legal. **Contract Lifecycle Management (CLM) technology contributes to effective collaboration and achieves the desired balance between speed and compliance.** A CLM is a platform that automates, streamlines and secures the entire process involved in working with documents and allows companies to automatically generate documentation, share it and control its entire lifecycle from start to finish.

For the legal area, a CLM means **having the certainty that the generated documentation is correct, faultless and ensuring full compliance** and for the purchasing area it means **closing deals faster while maintaining 100% legal integrity of the contracts**.

These are some of the benefits that both areas gain from using a CLM for their legal document and contract management:

- ✓ Greater **visibility and control**.
- ✓ Greater **regulatory compliance and risk reduction**.
- ✓ Improved **negotiation and supplier management**.
- ✓ Improved **analytics and reporting**: real-time information.
- ✓ Improved **compliance and cost control**.

2.2. Streamline approval processes from legal to procurement

One of the biggest challenges in the collaboration between procurement and legal is the time it takes to obtain legal approval to close a deal with a supplier. Legal documents are complex and require detailed review, often taking dozens of emails back and forth. Let's look at some keys to streamlining these processes:

- ✓ **Smooth and direct communication** between the two teams is crucial, with clearly defined roles and responsibilities for each department, with specific tasks to avoid confusion and promote efficiency.
- ✓ **Standardised templates and contract clauses** reduce the time needed to create and review contracts. Having pre-defined templates eliminates unnecessary steps and speeds up the approval process. In addition, contract consistency is achieved, minimising the risk of errors and misunderstandings.
- ✓ Contract management technology simplifies the process, which is managed directly **from a single platform**, forgetting the dreaded email inbox, and allows legal to no longer be behind procurement as a stopper: everything is based on templates that you have already authenticated.



2.3. Maximising the closing of supplier deals and minimising the cost of procurement

The overriding goal of procurement teams is to **reduce costs and create a network of reliable suppliers** to prepare for unforeseen events in the future. These teams need tools that provide them with the flexibility to maintain continuity in business practices even when external forces present new obstacles in the workflow, such as the COVID-19 crisis.

Contract management technology is a great support here: with specialised software, all stages of the contract lifecycle, from creation and review to signature and renewal, can be efficiently managed. **This allows the entire negotiation process to be streamlined and automated**, reducing cycle times and speeding up the closing of deals.

2.4. Procurement documents that can be automated

With the right technology, the procurement area has **access to true self-service of legal documents**. What does this mean: they will go it alone and legal will not have access to the legal documents that are created in procurement? On the contrary, the system will be based on close collaboration and a solid foundation set by legal. By automating the procurement document templates, **legal will ensure that these comply with all legal requirements** and are updated and synchronised to the latest change. And procurement will be able to be independent of legal at points where it wasn't before, this continuous non-dependence gives purchasing departments greater speed and effectiveness.

Procurement will be able to access a form in a simple form, which will serve to generate their documents in a matter of minutes and without any type of failure. Let's take a look at some examples of the documents that procurement can automate with a CLM:

- ✓ Confidentiality agreements.
- ✓ KYC's or Know Your Customer.
- ✓ RFI or Request For Information.
- ✓ RFP or Request For Proposals.
- ✓ Supplier contracts.
- ✓ Product supply contracts.
- ✓ Service agreements.
- ✓ Software licence agreements.
- ✓ Partnership agreements.
- ✓ Contracts for the commissioning of personal data processing.

2.5. Empowering obsolete procurement workflows

Procurement teams that cling to manual and outdated procurement processes run the risk of increasing costs and reducing efficiency in the new working environment. These workflows introduce a number of manual steps that are time-consuming and prone to create bottlenecks. Procurement teams that reduce manual procurement steps are in the **best position to control costs and improve contract quality.**





New **technology-driven** workflows

GAIN CONTROL AND TRACEABILITY OVER LEGAL DOCUMENTS

Get full control and complete traceability over all your legal documents. A CLM platform allows you to store and organise contracts centrally, making them easy to search, standardise and retrieve quickly. In addition, you can set different levels of access and permissions to ensure information security and control who can view, edit or sign each contract.

PROCUREMENT MANAGER CONTROL OVER DOCUMENTS

CLM technology provides the manager with instant access to contracts in process, checking their status and ensuring that deadlines and clauses are properly met. In addition, he or she can set automatic reminders and alerts to ensure that important milestones, such as renewal dates or termination clauses, are not overlooked.

CONTRACT ACCESS

Contract management technology facilitates secure access to contracts by teams involved in procurement. You can set customised access permissions and roles to ensure that each team member has the necessary information based on their role and responsibility. In addition, the platform maintains a record of the activities performed on each contract, providing a complete history and a greater level of traceability.

CONFIDENTIAL INFORMATION

Contract management through specialised software ensures the confidentiality of information. You can put in place security measures, such as encryption and user authentication, to protect the sensitive data in contracts. In addition, you can control and restrict access to certain confidential clauses or sections of the contract, ensuring that only authorised persons have the ability to view or edit that information.

TASK PRIVACY

Contract management software allows you to assign specific tasks and responsibilities to team members, while maintaining the privacy of assigned tasks. Each user can only access the tasks assigned to them, ensuring privacy and avoiding unnecessary confusion or interference.

CREATE EFFECTIVE AND SECURE WORKFLOWS

With contract management technology, you can design and establish effective and secure workflows for the contracting process. You can define specific steps and milestones to be followed, assign responsibilities to team members and set clear timelines for each stage of the process. In addition, the contract management platform provides a secure environment for collaboration, as documents are shared and reviewed in a protected space, with activity logs and change tracking.



2.6. Effective inventory management: avoid disputes and claims

The vast majority of procurement departments receive a multitude of complaints arising from disputes with suppliers and other third parties. These are due to a number of critical points that are very common in companies.



MANUAL PROCESSES

Procurement departments have a number of factors that are at the heart of problems in contractual collaboration. On the one hand, **the most common problems are poor communication, lack of visibility and slow or cumbersome manual processes**, as well as problems related to efficiency and accessibility in contractual collaboration.

THE TRADITIONAL ANALOGUE SIGNATURE

In addition, one of the most manual and problematic parts of the process of a contractual agreement is the signature. The paper-based signature, with all the associated paper-based operations, is directly linked to complex and difficult contracting processes for companies.

LANGUAGE AND NON-STANDARDISED COMMUNICATION

Regarding language analysis, the new language contains non-standardised terms that need to be reviewed and modified several times before being approved. Coupled with the fact that many of the contracts are created by external parties, the standardisation problem worsens to more worrying heights.

Effective inventory management is essential to avoid disputes and complaints, both internal and external, directed at procurement. As mentioned above, using CLM software keeps a detailed record of all the company's supplier contracts, which helps to keep **track of the obligations and commitments of both parties**, to anticipate discrepancies and misunderstandings.



Five keys to consolidating the procurement area of the future

“The best way to predict the future is to create it”, Peter F. Drucker.

3.1. The future is already a reality for the procurement area

Successful companies recognise the importance of adapting to change and taking advantage of emerging technologies to optimise their procurement processes. Digitalisation, the use of data analytics and the implementation of cutting-edge solutions such as artificial intelligence are key to the development of an efficient procurement department. In this context, the first key has to do with the **unification and centralisation of knowledge**.

Information is power and a company's knowledge must last; to this end, it is essential to secure it and work on it with care. **In terms of procurement documents, nowadays it is essential to have a single repository with all the versions of each contract** in a specific location on cloud servers with backup. Forget the past, forget every employee using an outdated template from years ago that they have on their desk. The future is more agile, effective and secure.



Final document



Final document 2



Final document 2
final version



Final document 2
final version OK



Final document 2
final version OK 2



Final document 2
final version OK 2
FINAL

For the legal area, a CLM means having the certainty that the generated documentation is correct, faultless and ensuring full compliance and for the purchasing area it means closing deals faster while maintaining 100% legal integrity of the contracts.

3.2. How to avoid lack of visibility in the supply chain

One of the most common challenges in procurement is the lack of visibility in the supply chain. This can lead to delivery delays, quality problems and inefficient inventory management. To avoid this problem, it is crucial to implement tools to track and monitor legal documents that affect the supply chain.

If you don't know metadata, it's time to do so.

It is the master data, all key information included in a legal document is traceable and can help procurement to be more efficient. Analyse processes and the lifecycle of contracts, generate reports and graphs and draw conclusions about the health of your contracts. This will not only recover the value of your contracts but will benefit the business enormously.



3.3. State-of-the-art technology to maximise the procurement area

Technology is power and software is already part of the day-to-day work of procurement departments, where efficiency is a top priority. But, in a time when there are so many different types of software, is the procurement department opting for those that really make their work easier and more efficient? Inventory management software is essential, as is any software that facilitates operations, proper collaboration and process scalability.

But there is a type of solution designed to give a twist to the efficiency of the department and complement the rest of the software it, only it does so from a cross-departmental point of view. This technology drives not only collaboration but also effectiveness between areas that share common objectives, as is the case with CLM, which benefits both purchasing and legal. In this case, **in addition to assuming the implementation of this technology, both areas share its benefits and even the distribution of costs.**

Inefficient contract management is estimated to cause companies to lose 5-40% of the value of legal transactions. Result: experts estimate that **9% of a company's annual profit is lost due to poor contract management**¹. If you want to boost efficiency in contract processes, Contract Lifecycle Management software is your ally.

¹ *Poor Contract Management Continues To Cost Companies 9% Of Their Bottom Line, World Commerce and Contracting.*

Obstacles to the **efficient use** of Technology

Among the most serious problems encountered by procurement departments when implementing technology is **the lack of integration between the different solutions**, which leads not only to wasting the technology already implemented, but also to seeing a much lower return on investment. The problem in this case is clear: **the department has a lot of software but it is not effective in achieving digitisation because they do not integrate with each other.**

Another major related problem is the impracticality or difficulty of using the software. Sometimes, a solution that seems very practical is very complicated in operation, which is another direct problem for procurement departments as it puts some kind of dependency on the IT area. Thirdly, and linked to this last point, is **the lack of technological advice and insufficient support from software suppliers**: a problem in itself but one that also exacerbates the previous one.

One example that tackles the above obstacles is Bigle Legal's CLM, which is integrated with all types of databases and software; additionally, it has an API connector that makes it integrable with practically any solution, thus minimising these obstacles to digitisation. Moreover, among users, usability is one of the points to highlight, which means that there is no need for the company's IT area at the time of implementation or afterwards. All of the above is supported by an **e-learning platform "Bikle Academy"**, which provides access to any additional training that the user may need.

3.4. Striving for excellence by reducing manual tasks

There are manual and repetitive tasks that consume excessive time and resources; tasks that have become obsolete in today's work rhythms. But technology makes it possible to minimise or even eliminate them so that professionals can **devote their valuable time to adding value with more strategic tasks**. That is why it is crucial for procurement and legal to seek to automate processes with documents.

How many hours does a procurement professional spend managing contracts or answering emails? **The truth is that all those wasted hours could be invested in strategy development, supplier relations or improving interdepartmental communication**, among many others.

3.5. How to monitor contractual deadlines from a bird's eye view

The management of contract deadlines is a critical aspect of procurement, fundamental to maintaining the operability and continuity of the business. But to fail is human, and you can't rudimentarily manage thousands of contract deadlines at the same time. So it's time to take proactive steps to avoid unnecessary interruptions and risks.

A CLM tool allows you to **monitor deadlines and ensure that contracts are renewed or properly negotiated before they expire**. It supports contract management with automated reminders and alerts and a wide range of post-signing management options, so that companies have a bird's eye view of contractual deadlines and don't miss the smallest detail.



4 Conclusion

As procurement teams look to expand their digitisation and use of digital tools, the most expected outcomes of new technologies are **time savings and reduced errors**. In particular, the most advanced procurement departments already have a streamlined workflow that efficiently produces high-quality contracts with suppliers.

In the future, it will be imperative to improve supplier relations and to clearly define performance outcomes for the work of procurement teams. All of this, if enhanced by effective and scalable collaboration with legal, will undoubtedly set the benchmark for the procurement area of the future.



About Bigle Legal

Bigle Legal is a cloud-based all-in-one Contract Lifecycle Management (CLM) software that automates the legal operations of companies, improving security and minimising the risk of legal contingencies. The platform is flexible, intuitive and provides full control over the entire document lifecycle.

Bigle Legal's CLM incorporates Artificial Intelligence, an AI based on natural language processing (NLP) that facilitates contract management and offers tools that make document automation easier.

The company is a pioneer in the field of no-code document automation, with a global presence, and its customers include large companies and large law firms. Bigle Legal's mission is to make Legal Operations Easy.

To learn more about Bigle Legal, visit the website: biglelegal.com

For other enquiries, please contact communication@biglelegal.com

By using Bigle Legal, you contribute to saving natural resources



323 million
Kg of wood



7,1 billion
Litres of water



725 million
Kg of CO²



47 million
Kg of waste