

CONTRACT EXPRESS CASE STUDY

CHAPMAN AND CUTLER

GENERATING COMMERCIAL GAIN BY REDUCING
REPETITION AND RISK



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EFFICIENCY, CONSISTENCY, AND QUALITY

Finance-focused firm Chapman and Cutler LLP has always stood out from the crowd, both in the type of work it does and the way it does it. As a sector specialist, it is consistently developing innovative and practical legal solutions for complex financial transactions. That creative and cutting-edge approach feeds into—and is supported by—its pioneering use of technology.

The firm, which is headquartered in Chicago and has around 240 lawyers across six offices, even has a dedicated Practice Innovations team tasked with evaluating, developing, and implementing software solutions that can improve its provision of legal services. Contract Express, the document automation system from Thomson Reuters, sits at the very heart of these efforts.

The transactional nature of much of Chapman and Cutler's client work means there is a huge amount of document drafting to do. Software that significantly reduces the time and resources spent on such tasks—as well as the risk of human error—is invaluable, according to Eric Wood, the firm's Technology and Practice Innovations Partner who, along with Michael Nogroski, the firm's Director of Practice Innovations, has spearheaded its digital transformation agenda for the last five years.

"Contract Express is a core element of our technological innovation. When a task that would normally take several hours is completed in just a matter of minutes without error, that really demonstrates its transformational power."

Eric Wood
Technology and Practice Innovations Partner

The impetus for change came from a realization and a sense of frustration that so many elements in the manual document drafting process were repetitive, but also that inconsistencies between documents drafted by different individuals inevitably abounded. Wood had taught himself coding and saw that the coding community's commonly held DRY (Don't Repeat Yourself) ethos applied equally to this aspect of law. He found out about Contract Express through Michael Nogroski. Fascinated by its potential to solve the repetition problem, he started investigating it more fully, testing it initially to automate the drafting of promissory notes.

The turning point came at a partner meeting back in 2014, when a demonstration of what Contract Express was capable of elicited a highly positive response from decision-makers and prompted an array of ideas for how such tools might be used to tackle this challenge. Engagement remains high to this day. "Ever since then, we've had a steady pipeline of projects, as everyone is thinking about how to improve their own work processes and work product," says Wood.

"Some transactions require such complex documentation that it could take at least an entire day to make systematic changes to a form by hand. Now processes that used to take hours take just minutes," he adds. "Moreover, whereas static forms are inherently limited in what they can contain and therefore can't express all the possible different permutations, now digital templates standardize the language and all the various drafting patterns so that documents are consistent and free from mistakes."

Informal metrics suggest processes are now anywhere from 5 to 100 times faster, depending on the process. This results in a more consistent product with minimal human error. Not only has this provided real confidence in the system, it has transformed how the firm prices and staffs matters.

CHAPMAN AND CUTLER LLP

With approximately 240 lawyers in six offices around the US, Chapman and Cutler is a boutique firm with scale. Since 1913, it has represented market participants in virtually all aspects of banking, corporate finance/securities, and public finance transactions, as well as offering expert advice in specific areas such as leveraged leasing and pooled investment products. This is complemented by general corporate and private client practices.

BUSINESS CHALLENGES

To adopt sophisticated solutions to reduce repetitive tasks and minimize the risk of human error, modeling complex legal arrangements into easy-to-use templates to increase consistency and quality.

WHY CONTRACT EXPRESS

Elegant design in the software and simplicity for end users were paramount. Its impressive features and functionality were also a key selling point.

BENEFITS

- Enables firm to win business and deepen client relationships
- Fast, high quality document delivery
- Ability to handle complex modeling
- Ease of use for end-users
- Creation of a suite of hundreds of live templates
- Ability to help solve clients' problems

ELEGANT DESIGN AND FEATURES

The decision to choose Contract Express was founded on its impressive design and features. On a basic level, Wood points out that templates are coded directly within Microsoft® Word. This is extremely helpful, but he also adds that users love the clean, responsive web interface that, according to Wood, "looks great on any device."

Wood was also impressed by how intuitive Contract Express is, both from a software development perspective (based on what he calls "elegant" coding syntax) and for the end users who fill in the questionnaires.

"Contract Express is so easy to use that lawyers with little or no tech expertise can draft a whole set of documents on their phone if they want to. It has a powerful inference engine so it will only ask relevant questions and can respond dynamically to a user's answers, which allows you to build systems that can determine which documents are necessary without a user having to specify them. We actually use the coded templates to train associates, as it allows you to break out all the logic that goes into the document drafting process," Wood says.

This simplicity belies the sophistication of Contract Express. The firm is regularly required to generate whole suites of related documents at once (up to 50 at a time is common). So the most important functionality is the ability to model complex legal and financial arrangements with variables and conditional logic. With no limit on the coding logic that they can overlay, the firm can create very intricate systems that are flexible enough to fit any scenario.

The implementation process has been "largely painless," Wood says, thanks in part to a relatively small group of administrators and authors being involved, keeping project coordination simple. The Practice Innovations team also works hard to promote the use of Contract Express internally. They carry out demonstrations with different user groups, automating processes they are familiar with to make it easier to understand and see the benefits.

A BUSINESS-WINNING FORMULA

Chapman and Cutler sees Contract Express as a means to "productize" many of its legal services. It now has hundreds of active templates, and the number of documents it can produce using Contract Express is steadily rising. Last year it generated more than 50,000 documents using the system, up from 20,000 just two years ago.

"Our ability to win work on the basis of our enhanced efficiency as well as our quality is a real competitive advantage," says Wood. "We recently won a large book of business largely because we are able to save the client hundreds of thousands of dollars per year. Because we are so streamlined with how we draft documents, we were able to satisfy the client while still being very profitable. It provides a wonderful way to differentiate ourselves."

With "a queue of potential automation projects lawyers want us to work on," Wood says, the firm prioritizes areas of work where there are large volumes of transactions requiring documentation or where there is a sufficient set of forms or

"Contract Express is much more elegant in design and easy to use than its competitors."

Eric Wood



precedents in place to work from. The firm also makes sure that business incentives are aligned: The firm does more than 40% of its work on a fixed-fee basis, so there is clear pressure here to focus on ways to expedite processes on those matters.

"All the expertise and legal logic behind drafting good documents used to exist solely in lawyers' heads, and if they moved on, they would take that knowledge with them. Contract Express formalizes that know-how into tangible assets that will pay long-term dividends for the firm," explains Wood.

The firm is also exploring the possibilities of integration with HighQ—the cloud-based platform for business collaboration, workflow automation, and client engagement from Thomson Reuters, from a transaction management perspective. This would enable even smarter, more streamlined and secure ways of working and engaging with clients.

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Eric Wood

As well as enabling Chapman and Cutler to deliver high-quality work more cost-effectively, Contract Express enables Chapman and Cutler to help clients improve their own workflows. Having demonstrated its capabilities to clients, they also started identifying potential uses for automation.

By understanding clients' pain points, Chapman and Cutler can build custom systems so clients can generate their own documents automatically. Client data can be embedded within these systems and automatically pulled into questionnaires, helping clients organize their institutional knowledge and streamline their drafting process. The benefits for deeper client/adviser relationships are clear.

For example, Navient, a leading provider of education loan management and business processing services for education, healthcare, and government clients at the federal, state, and local levels, uses Contract Express internally on a "self-serve" basis to create first drafts of documents such as bills of sale that are then reviewed by its lawyers. Externally, Chapman and Cutler also deploys Contract Express in its legal work for Navient.

According to Rachel George, senior vice-president and deputy general counsel at Navient, "It's clear to us how Contract Express has really enhanced Chapman and Cutler's delivery of legal services to clients. It's also enabled us here at Navient to give ourselves an edge by allowing us to take on business activities that we couldn't otherwise do. It's a competitive differentiator for both of us."

"Most firms trumpet their legal expertise when doing business development, and of course that's important," Wood adds. "But over and above that, we see Contract Express as allowing us to demonstrate our commitment to working smarter, using it to solve more of our clients' problems in a tangible way."

Chapman and Cutler Client Focus: Navient

BRIDGING THE LEGAL AND TECHNOLOGICAL SPHERES

Technology is the backbone of Navient's business in facilitating its provision of loan servicing and payment processing solutions. Contract Express is an important component of this: used in its legal operations currently, the company is looking into opportunities for leveraging it in its business operations going forward.

Having identified areas of work with potential for document automation, Navient investigated various solutions in the marketplace. It realized it needed to be very conscious about the robustness of controls and content of documents in order to avoid automating poor processes and arriving at the wrong answer faster. The in-house legal team also did not feel it had sufficient internal coding expertise to work with the software alone, and the number of planned projects did not justify significant investment in extra resources.

Chapman and Cutler provided the solution: Delivering both the legal and technical skills and support the company needed to deploy Contract Express as a business-enhancing tool. Contract Express is used in two ways on Navient's legal matters: one, in the external work Chapman and Cutler does for the company; and two, in the work Navient does itself internally, using templates developed in conjunction with Chapman and Cutler, who are there to provide advice and assistance as needed.

CLOSE COLLABORATION

It is, as Rachel George of Navient says, "a very collaborative process. Chapman and Cutler know what we want so we don't necessarily even need to tell them. They are great at thinking creatively as well as providing guidance, and they are always there if we have a problem, need help, or require additional functionality."

"Many law firms are using automation, but I'm not aware of any other law firms that are doing exactly what Chapman and Cutler are doing: providing best practice expertise for clients' in-house automated applications. That's pretty unique."

"The demands on our in-house legal resources are very high, so we really value outside counsel that will partner with us to address concerns and help us improve delivery of our legal services in-house, as well as their own. A close relationship is critical," says George.

Navient's main focus in using Contract Express is to increase speed of delivery of legal services, improving team productivity, cutting costs, and reducing risk in what are often very complicated business transactions.

For example, checks and balances within Contract Express templates developed with Chapman and Cutler reduce risk by preventing any entities introduced into the process from making changes to documents without alerting Navient. "We've found tremendous value in this early warning system," explains George.

Navient does not use automation in isolation; it uses it to create first drafts that are then reviewed by its lawyers. "There's a misconception that automation is moving lawyers out of the legal process, and that's a real impediment to widespread adoption," says George. "We see Contract Express as an incredibly valuable tool. But we don't just let it run!"

Navient is working closely with Chapman and Cutler on a range of other project ideas for the future. "Our projects to date have aimed to prove the concept that document automation can help drive efficiency and quality control. Now that it has been clearly demonstrated, it's a matter of prioritizing and budgeting for additional projects," explains George.

"We see Contract Express as an incredibly valuable tool. It's a competitive differentiator for both Chapman and Cutler and for us."

Rachel George
Senior Vice President and Deputy General Counsel



For more information about Contract Express, please call **1-800-290-9378** or visit <https://legal.thomsonreuters.com/en/products/contract-express>.