Framesoft Contract Management (FCM)

A Strategic Imperative

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Table of Contents

Why is Contract Management so important?

Contract management is not just a supportive function; it is a strategic imperative. It ensures regulatory compliance, risk mitigation, operational efficiency, and the maintenance of client trust and relationships, all of which are essential for the success and sustainability of any organization in a complex and dynamic environment.

Contract Management plays a crucial key role as follow:

- Regulatory Compliance

  Contracts must comply with a plethora of laws and regulations, including international standards, anti-money laundering (AML) regulations, and data protection laws. Effective contract management ensures compliance, thus avoiding legal penalties, financial losses, and reputational damage.

- Risk Management

  Financial services deal with a range of risks including credit risk, market risk, operational risk, and liquidity risk. Contracts often contain complex terms related to risk management. Proper management of these contracts and its underlying transactions helps in identifying, assessing, and mitigating these risks timely and effectively.

- Complex Products and Services

  The complexity of financial products and services, such as derivatives, insurance policies, and investment vehicles, necessitates meticulous contract management. It ensures that all parties clearly understand their obligations, rights, and the intricacies of the products / services involved.

- Client Trust and Relationships

  Efficient contract management helps in building and maintaining trust by ensuring transparency, adherence to agreements, and swift resolution of issues.

- Operational Efficiency

  Efficient contract management processes lead to significant operational efficiencies. Automating and streamlining contract processes reduce administrative burdens.

- Data Security and Privacy

  Financial institutions handle sensitive client data, making data security and privacy a top priority. Contract management ensuring that all contracts comply with data protection laws and corporate standards.

- Global Operations and Compliance

  Many companies operate globally, subjecting them to various international laws and regulations. Effective contract management is vital for navigating these complexities, ensuring global compliance and operational consistency.

- Mergers and Acquisitions (M&A)

  Involving the review and integration of numerous contracts, ensuring they align with the new entity's goals and comply with regulatory requirements.

- Cost Management

  Effective contract management helps in controlling costs. It ensures that the terms of any agreement are optimized for financial efficiency and aligned with the organization's financial goals.

- Adaptability to Market Changes

  The financial services industry is subject to rapid market changes and economic fluctuations. Agile contract management allows institutions to quickly adapt their contractual relationships and terms to reflect changing market conditions, maintaining competitiveness and relevance.

- Intellectual Property and Confidentiality

  Effective contract management protects valuable intellectual property and trade secrets through confidentiality clauses and non-disclosure agreements, safeguarding the firm's competitive edge.

- Litigation and Dispute Resolution

  Properly managed contracts reduce the likelihood of disputes and provide clear mechanisms for dispute resolution.

- Auditing and Reporting

  Financial institutions face strict auditing and reporting requirements. Efficient contract management ensures that all contracts are properly documented, easily accessible, and audit-ready, facilitating compliance with reporting obligations.

- Technology Integration

  The increasing role of technology in financial services adds complexity to contracts. Effective contract management ensures that these technological aspects are properly addressed.
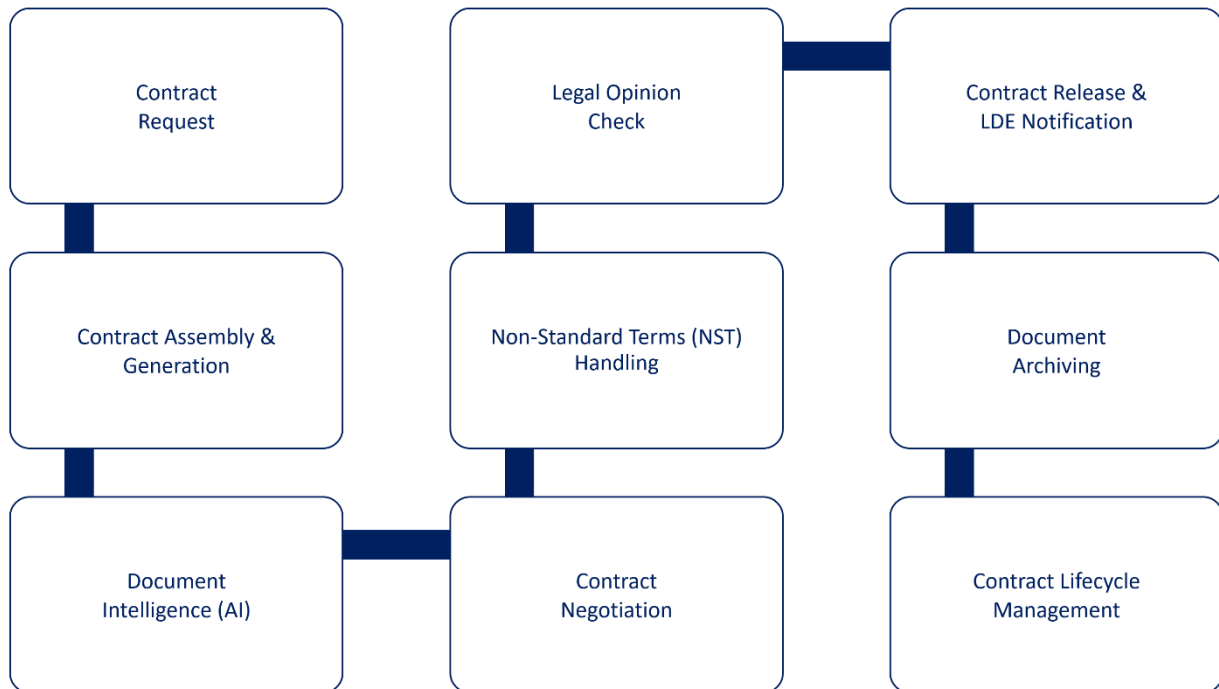
- Sustainability and Social Responsibility

  With growing emphasis on sustainability and ethical practices, organizations are increasingly required to demonstrate these values in their operations and investments.

How Framesoft Contract Management (FCM) contributes to these goals

Framesoft Contract Management (FCM) encompasses the entire lifecycle of any contract (type), from its inception to termination and does not only streamline the process but also adds value through insights, risk management, and improved collaboration. This leads to a more organized, efficient, and controlled approach to managing contracts in an organization.

With FCM organizations gain control of its contracts and supporting documents over its complete lifecycle.

Contract Request	Legal Opinion Check	Contract Release & LDE Notification
Contract Assembly & Generation	Non-Standard Terms (NST) Handling	Document Archiving
Document Intelligence (AI)	Contract Negotiation	Contract Lifecycle Management

1. Contract Request

FCM supports the creation and management of any contract type (contract type neutral) and its supporting documents. It offers a contract type specific data item repository with unlimited expandability regarding contract types and data items.

New contract types and its data items can be created or updated in FCM at any time by a business user.

By using predefined workflow(s) paths via workflow engine contracts / documents automatically move from one stage to another such as e.g.:

- Request Initiation
- Credit Risk Terms entry
- Due Diligence Checks
- Contract drafting
- Contract negotiation / review
- Approvals
- Release

Based on the request type different routes might followed:

- Agreement / Annex
- Amendment
- Non-Standard Terms (NST)

- Legal Opinion

- Termination

2. Contract Assembly & Generation

The primary purpose of document assembly is to streamline the process of generating complex contracts and supporting documents that may require customization based on specific client or legal needs or scenarios.
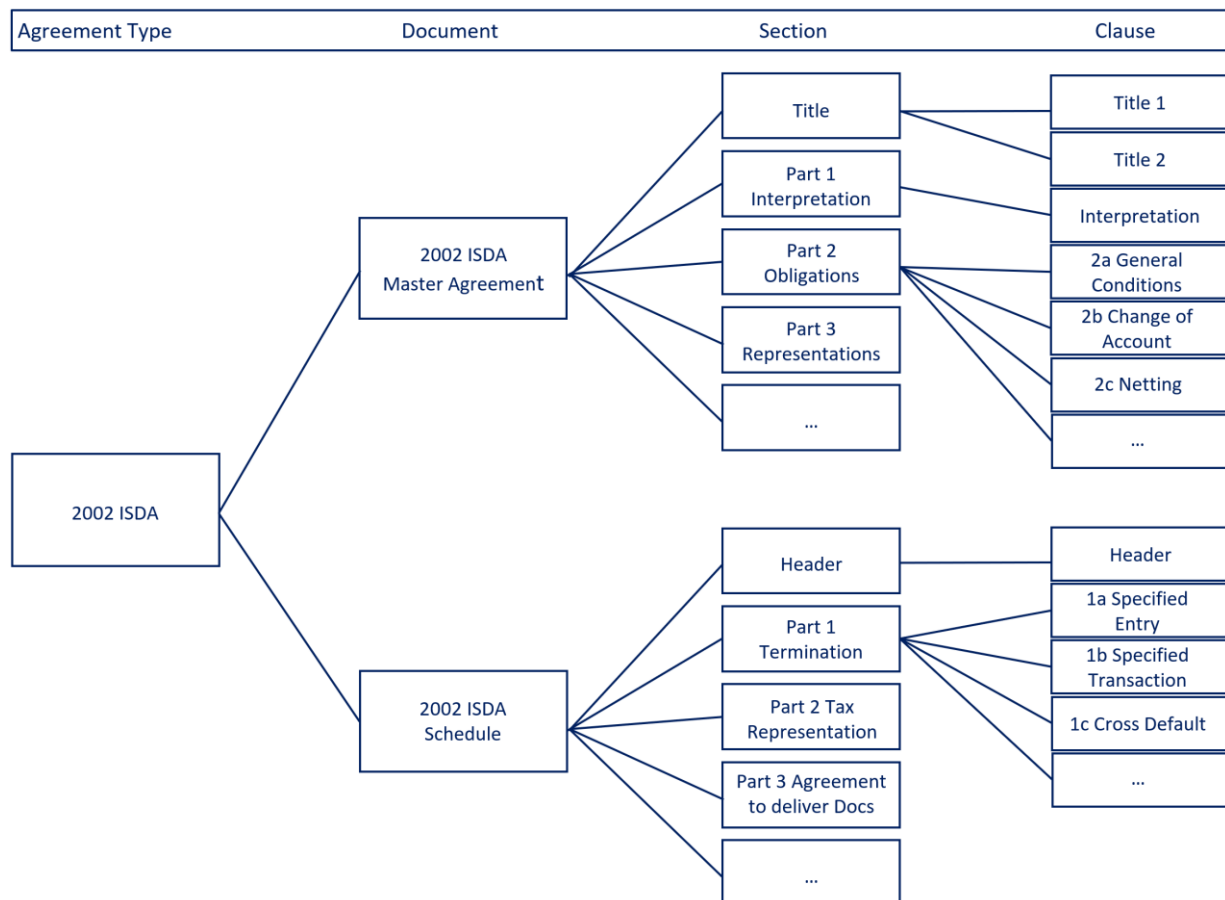
Framesoft Document Assembly (FDA) is a revolutionary tool that is transforming the way organizations create and manage contracts / documents.

Using Framesoft Document Assembly (FDA) is a game-changing innovation of the contract / document automation strategy via combining automation, data integration, pre-designed template clauses and rules to generate new, tailor-made contracts / documents with astonishing speed and accuracy.

Document Template Assembly (FDA) supports:

- Freely definition of a clause repository with an unlimited number of clauses

- Realtime configuration & assembly of document templates (e.g., 2002 ISDA, …)

- Any document template may consist of freely configurable hierarchy levels

- Any clause stored in the FDA repository can be used in any document templates assembled

- Clause repository search

- Search for contracts generated and its clauses / search for clauses and its usage in generated Contracts

- Clause version management & control (incl. revisions)

FDA Example Configuration

Agreement Type	Document	Section	Clause
2002 ISDA	2002 ISDA Master Agreement	Title	Title 1
			Title 2
		Part 1 Interpretation	Interpretation
		Part 2 Obligations	2a General Conditions
		Part 3 Representations	2b Change of Account
		…	2c Netting
			…
	2002 ISDA Schedule	Header	Header
		Part 1 Termination	1a Specified Entry
			1b Specified Transaction
		Part 2 Tax Representation	1c Cross Default
		Part 3 Agreement to deliver Docs	…
		…	

But the thrills do not end with the document generation. Via workflow automation documents generated are provided for review, approval, e-signatures, and distribution making the process efficient from start to finish.

Automation has been in the focus of many institutions, but truly little has been done to effectively target documentation. It is not only about cost and inefficiency, but also about extremely valuable data not being used.

3.   Artificial Intelligence

Framesoft Artificial Intelligence (FAI) plays a significant role in enhancing and supporting a contract management system, offering various benefits that streamline the process and provide deeper insights.
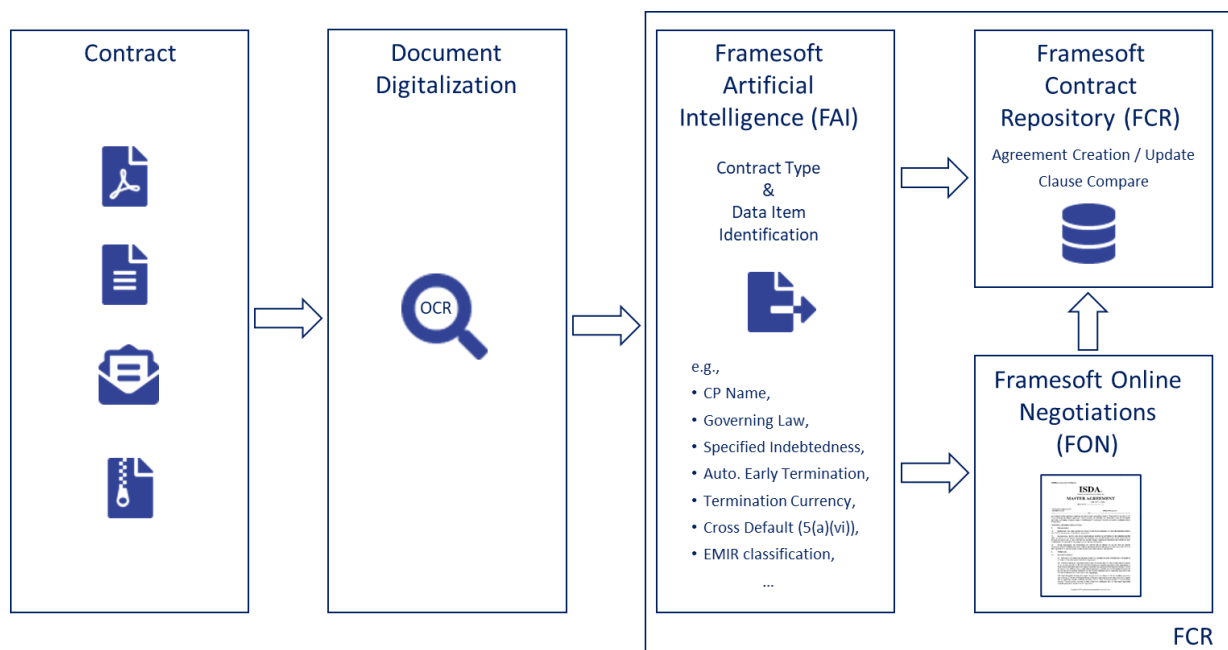
- Automated Contract Analysis

  Automated extraction of key terms, obligations, and clauses from contracts and its comparison with data items stored in FCR.

- Risk Assessment and Compliance

  Analyze contract terms to identify potential risks (non-netting) and non-compliance issues.

- Chatbots and Virtual Assistants

  Assisting users in finding information within contracts, answering questions about contract terms, and guiding through the contract management process.
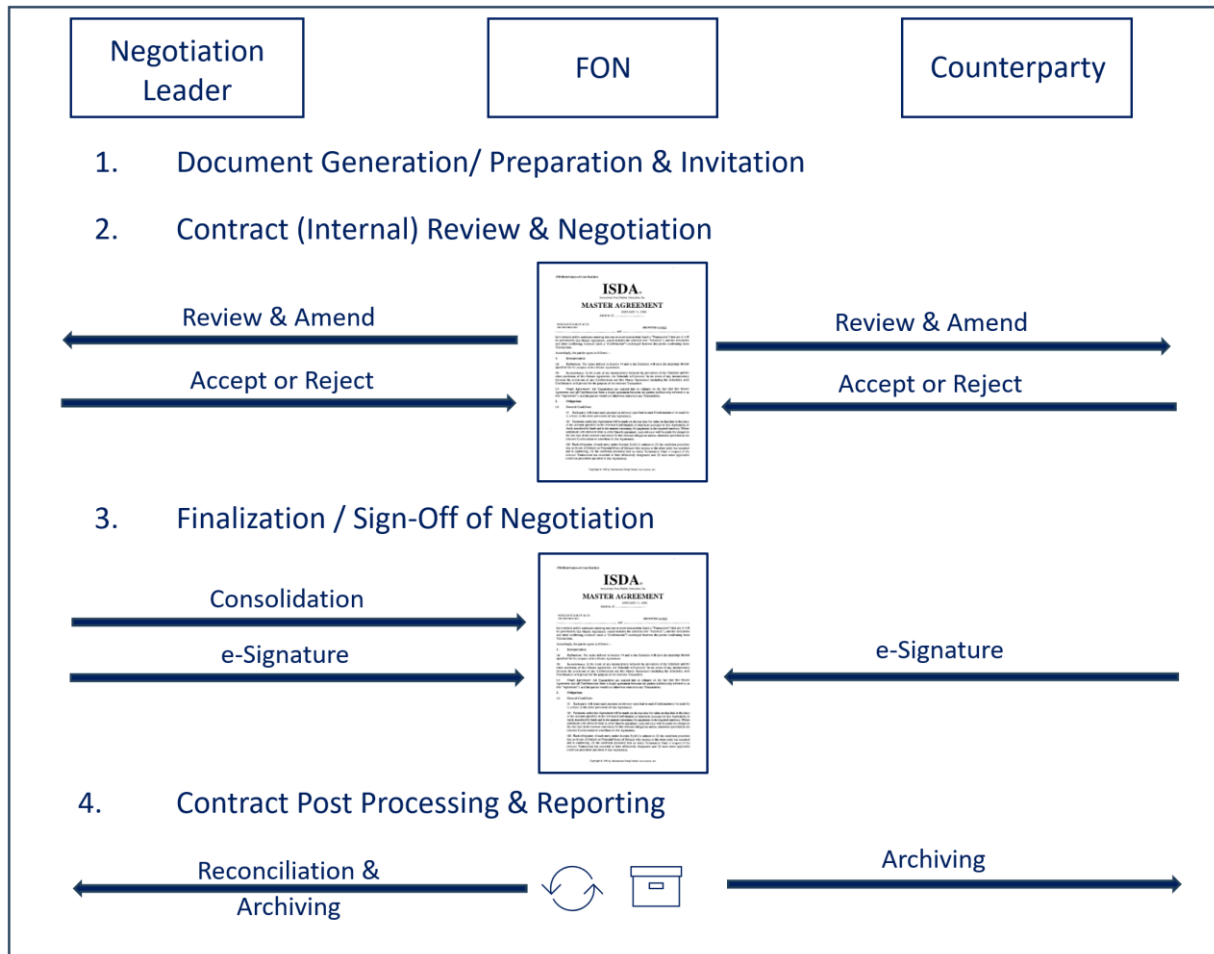

FAI brings efficiency, accuracy, and enhanced capabilities to contract management, transforming it from a traditionally manual and time-consuming process into a more streamlined, insightful, and proactive practice. This not only saves time and reduces errors but also provides strategic insights that were previously difficult to obtain.

4.   Contract Negotiation

Contract negotiation is a critical phase in the contract management process, involving the discussion and agreement on the terms and conditions of a contract between two or more parties. It aims to reach a mutually beneficial agreement while protecting each party's interests.

Framesoft Online Negotiation (FON) is a platform for electronically assembling, generating, reviewing, and negotiating contracts and any other documents. FON is completely integrated in Framesoft Contract Management (FCM) supporting a seamless interaction with any contract request workflow.

Invite participants and conduct an internal review and external negotiation of the automatically generated Contract Draft documents with your counterparties.

During a negotiation FON takes care of:

- Participant invitation

- Integration of 3rd party contracts

- Track change handling

- "Merge Handling" of updates pushed into a currently reviewed contract by

    ✓ new standard clause versions created (& approved) in the library
    ✓ non-standard clauses approved
    ✓ data point updates or
    ✓ updated clause text in negotiated document

- Automated re-generation of a contract triggered by a standard clause or data point updates

FON offers a messaging component which lists all activities performed & allows a direct communication (chat) between the parties involved.
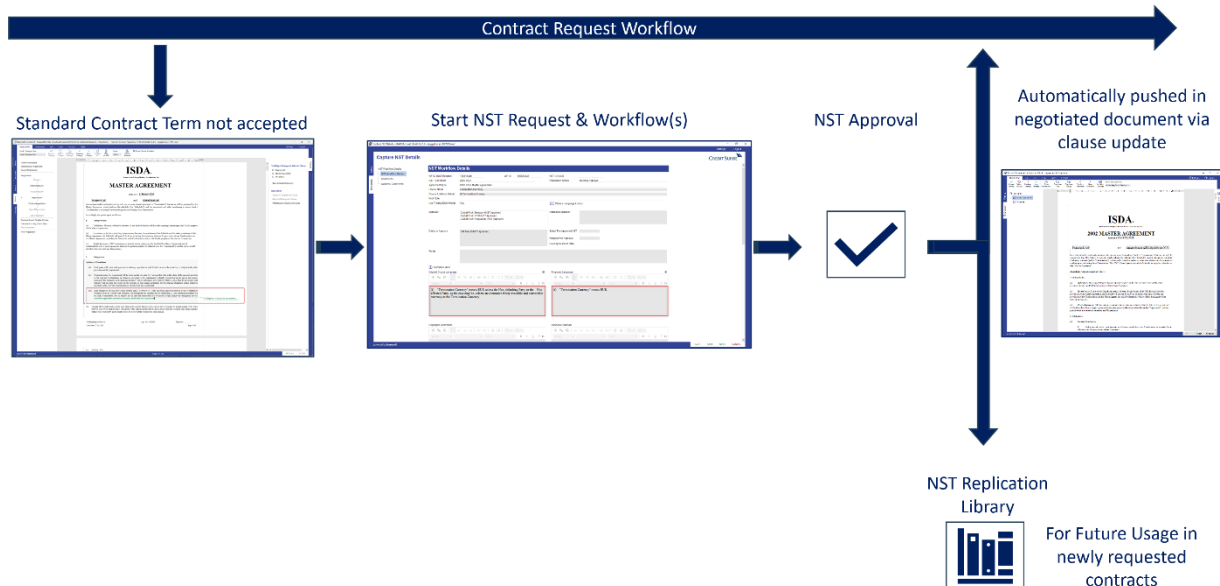
Invited counterparties can join the negotiation via invitation, all they need is internet access.

When the parties have finalized the contract negotiation, the Negotiation parties sign the contract. Electronic signatures are supported. Finalized contracts are stored and archived. The contract data point changes resulting from the negotiation are reconciled.

No need sending a contract with markups back and forth via (unsecure) e-Mail between the participants. The negotiated contract can be accessed by the parties and negotiated at any time. Any change is tracked via track change and applied upon approval. Via clause locking a contract can be worked on by multiple parties simultaneously.

5. Non-Standard Terms (NST) Handling

During a contract negotiation parties involved may request an update of contract terms. Here, the Non-Standard-Terms (NST) handling kicks in. For any contract term (clause) updated in a contract negotiation a Non-Standard Terms workflow can be started, extracting the changed contract term together with the standard term. Based on the nature of the change pre-defined review and approval tasks are started. Once the change is approved it can be shared with the counterparties for review and approval.

Furthermore, the approved NST could be stored for future usage in newly requested contracts.

6. Legal Opinion Request

A legal opinion request refers to the process of seeking a formal statement or advice from a legal expert regarding the legality, enforceability, or interpretation of a contract. This is a crucial step in ensuring that the contract is legally sound and in compliance with applicable laws and regulations.

A legal opinion request is an essential tool in contract management for mitigating legal risks and ensuring that contracts are not only commercially sound but also legally compliant. It provides an added layer of security and confidence, especially in complex or high-stakes contract negotiations. The need for a legal opinion can arise at various stages of the contract management process, such as during contract drafting, negotiation, or before the final execution of a contract.

FCM supports a Legal Opinion request as part of the contract request workflow or at a later stage by covering all tasks required such as trigger of the request, selecting an expert, cost coverage, Netting Recommendations and releasing the Legal Opinion.

7. Contract Release & Document Execution Notification

Properly completing, signing, and formalizing a contract to become legally binding and enforceable supported in FCM via document execution tasks and notification.

8. Document Archiving

Archiving contracts and related documents in a centralized contract repository makes it easier to quickly retrieve and manage these documents and helps in complying with legal and regulatory requirements for document retention. Framesoft Document Management (FDM) is a software solution for professional & global content and collaboration management. FDM allows managing all types of electronic content such as e.g. e-Files and documents. FDM is tightly integrated with FCM and a user's working space.

9.   Contract Event / Lifecycle Management

Contract Event / Lifecycle Management is a pivotal component of effective contract management, encompassing the entire spectrum of activities and processes from the initiation of a contract to its expiration or renewal. This holistic approach ensures that every phase of a contract's lifecycle is efficiently managed.

The Contract Event / Lifecycle Management module in FCM supports the following actions:

- Amendment Handing

- Netting Analysis

- Reporting & Forecasting

- Obligation & Commitment Management

- Event / Milestone Management (e.g., Cash Flows, etc.)

- Fee Calculations

- Contract fidelity

- Compliance and retention

- Auditing

- Permission Management

- Termination

The role of Contract Event / Lifecycle Management in contract management is multifaceted and dynamic. It not only covers the administrative aspects of managing a contract but also offers strategic insights that can drive better decision-making. By effectively managing each stage of a contract's lifecycle, organizations can minimize risks, enhance performance, and maximize the value derived from their contracts.