

Good Contract Data Starts in Word

CONTRACT MANAGEMENT SOLUTIONS

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Capture contract data easily and reliably

From Data Capture to AI-Assisted Contract Work

Contract management systems depend on structured data. Contracting parties, contract duration, notice periods, governing law and other contract information are needed for search, reporting, deadline management, obligations and many downstream processes. The real challenge is usually not deciding which information would be useful. The challenge is getting that information into the system reliably.

The Dilemma of Manual Data Entry

Traditional contract management systems often use data-entry forms in which users enter contract information manually. In theory, this is simple: define the required fields and make important information mandatory. In practice, this creates a trade-off. If many fields are mandatory, data entry becomes time-consuming and unpopular with users. Pure data entry is repetitive and prone to error.

It becomes even more difficult when information must not only be copied, but also assessed from a subject-matter perspective. Individual details, such as contracting parties or explicitly stated calendar dates, can usually be captured unambiguously. Termination rights, liability provisions or insurance requirements, by contrast, often require a substantive assessment. This means the task cannot simply be delegated to data-entry staff.

The obvious alternative is to define only a small number of mandatory fields. This improves user acceptance, but often at the expense of completeness. Users generally enter what they have to enter. Optional information is often left blank. The problem often becomes apparent only later, when questions arise that were not relevant when the contract was first registered: Which contracts are governed by a particular law? Which contain specific termination rights or insurance requirements? Which deviate from a new company policy?

AI makes contract management easier

Store Everything and Ask AI Later?

AI offers an apparently simple way out: instead of capturing extensive contract data when a contract is registered, store the contract and extract the required information later, when needed. This approach has significant potential. Information that was not captured in structured form when the contract was registered can still be obtained from the document later using AI. However, information generated on demand is not the same as data that has already been reviewed, confirmed and stored in structured form in the system.

An AI model can analyse a contract and provide an answer. For many questions, that is sufficient. For deadlines, obligations, reporting or risk analysis, however, it is often important to work with information that has already been reviewed and confirmed. An AI answer generated on demand is not the same as confirmed structured information that deadline management, approvals, reporting or other processes can rely on.

Repeatedly extracting key contract information from the document for every later question, even though it could already be available in reviewed and structured form, also creates unnecessary effort. There is also an economic aspect: AI processing generates ongoing costs.

So why extract information only later if it can already be identified while the user is working with the contract?

Move Data Capture to Where the Contract Is Being Worked On

For many business contracts, that place is Microsoft Word. When a contract is drafted, reviewed or edited, the user is already working in the document. Instead of transferring information from the contract into a separate data-entry form, an AI-assisted Word Add-in can determine relevant contract information directly in the document – for example, contracting parties, the effective date, governing law or notice periods. This fundamentally changes the user's task. The user no longer has to find the information, interpret it and then transfer it manually. Instead, the user reviews the information that has already been extracted and confirms or corrects it.

'find → interpret → enter → save'
becomes 'review → confirm or correct'

Structured information is therefore created at a point when the user is already working with the contract – and it can then be reused throughout the entire contract lifecycle: for search and filtering, deadlines and obligations, reporting, approval processes or later AI-based analysis. The objective is therefore not merely to automate manual metadata entry. It is to create reliable contract data as early as possible in the process. The better the data at the beginning of the process chain, the easier the downstream processes become.

Review and assess contracts faster and more effectively.

From Data Capture to Contract Review

Once AI is already analysing the contract directly in Word, another question follows naturally: why stop at parties, dates and traditional metadata? Many of the most important elements of a contract are found in its contractual provisions – for example, liability, termination, confidentiality, intellectual property, insurance or audit rights. These elements can also be identified while the user is working with the contract.

A note on terminology: In this paper, a Term refers to the substantive issue being regulated – for example, governing law, liability or termination rights. A Clause is the specific contract language used to regulate that Term. A Term may extend across several clauses or paragraphs; conversely, a single Clause may contain several relevant Terms. This distinction is important: the substantive position for a Term is assessed first; if a change is required, suitable approved clause language can then be offered.

The question is therefore no longer only what the contract says, but also whether the provision identified for a Term corresponds to the Standard Position defined by the company. The provision identified for a Term can, for example, be classified as Standard or Non-Standard. Where it deviates, AI extraction becomes a practical assistant in contract review. The structured link between Term, Clause and contract also creates a feedback loop into the Clause Library. Companies can see which Clauses are actually used, in which agreement types they are used and how often Standard or Fallback Positions are applied. This not only helps determine which Clauses should be offered - over time, it also makes it possible to assess whether defined standards actually work in contract practice.

How Far Should Contract Review Be Automated?

Modern Legal AI solutions can already automate substantial parts of contract review: they identify risks, compare contracts against review rules or playbooks, and generate proposed changes or redlines. Especially for recurring, highly standardised agreement types, this can significantly accelerate the first-pass review. The further the review is automated, the more company-specific knowledge must be formalised: the Standard Position, Standard Clauses and Fallback Clauses, as well as the agreement type, relevant legal entity, jurisdiction or counterparty type. A publication provision may need to be assessed differently for an academic research partner than for a CRO. These rules must be maintained over time. Standards change, exceptions are added and responsibilities shift. As the degree of automation increases, so does the body of rules whose accuracy and governance must be ensured.

More automation does not therefore automatically mean more value. The sensible limit is reached when the effort required to define, maintain and govern rules and exceptions exceeds the additional benefit of further automation. A pragmatic approach automates to the point where it creates a robust basis for decision-making: relevant content has been identified, deviations from the Standard Position are visible, Guidance is available, and suitable approved Clauses have been identified or prioritised. Where commercial, legal or contractual context requires judgement, the user decides.

Contract clauses also do not exist in isolation. A change may affect definitions, cross-references, liability provisions, termination rights or other parts of the contract. In straightforward cases, replacing a Clause may be sufficient. For more complex changes, however, ‘insert Standard Clause’ does not replace a review of the contract as a whole.

Find the right contract clause faster

From a Deviation to the Right Clause

Simply identifying that a contractual provision deviates from the Standard Position is of limited value on its own. The next question is: what should be used instead? This is where the Clause Library follows logically. If the Standard Position is defined and the system already knows which Term is being reviewed and why it deviates, it can immediately offer the user the relevant approved content and Clauses:

- the defined Standard Position,
- Review Guidance and Risk Guidance,
- an approved Standard Clause,
- and – where provided – an approved Fallback Clause.

If several approved Clauses exist for a Term, another practical question arises: which one best fits the specific contract? A simple list of matches merely shifts the selection back to the user. Approved Clauses can therefore be prioritised based on the contract context. Relevant criteria may include - depending on the Clause Type – Agreement Type, language, country or territory, relevant legal entity or other defined metadata. Different criteria may be relevant for Governing Law than for Insurance or Data Protection.

The prioritisation should remain transparent: the user can see why a Clause has been ranked as particularly suitable – for example, because the Agreement Type matches or because it is defined as the Standard Clause. Fallback Clauses remain available as approved alternatives. In clearly defined cases, the appropriate Clause can be inserted directly into the contract. The user does not have to search a separate clause library; Guidance and approved language are provided in the context of the contractual provision being worked on and, where several variants exist, prioritised according to context. For more extensive changes, assessing the contract as a whole remains part of the decision.

This creates an end-to-end workflow in Word:
identify → review → assess → find the right Clause → decide → insert.

Contract management that works seamlessly from end to end

AI as Part of an End-to-End Contract Process

The value of AI in contract management is not measured solely by how many decisions it makes autonomously. What also matters is whether it supports users at the right points in the contract process and whether the information generated can be reused without having to be captured again.

The support begins where the user is already working: in the contract itself. In Word, information can be extracted, Terms identified, deviations highlighted, and Guidance and suitable approved Clauses offered. The confirmed structured information then flows into contract management and becomes available for approvals, signature, the contract record, deadlines and obligations, reporting and later analysis.

The key distinction therefore lies less in maximum automation than in continuity. AI support and structured contract data become part of the same process – from working on the contract in Word through to its subsequent management. The user does not have to switch between contract work, a separate AI tool and the contract management system.

The Principle Is Simple

Capture early. Review in context. Support decisions. Reuse in structured form.
Good contract data should not be the result of an administrative task at the end of the process. Wherever possible, it should emerge as a by-product of the actual contract work.

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