



A Case Study in Contract Compliance and Lifecycle Management

*The initiative described here served as the basis for naming QuisLex
an Outstanding Service Provider by World Commerce & Contracting.*

QuisLex

The Client

A Fortune 500 manufacturing, technology, and security company consisting of over 375 business entities in more than 70 countries.

The Challenge

In 2009, following a Department of Justice Foreign Corrupt Practices Act (“FCPA”) investigation, the client needed to modify its business and regulatory compliance requirements to ensure future compliance with the FCPA. Implementing these changes required the client to (i) analyze its existing contracts to determine whether they were in compliance with the new requirements, (ii) design new contracting processes to ensure that future contracts meet the new requirements, and (iii) properly document its third-party contracting processes to demonstrate appropriate internal controls to regulatory authorities. To make matters more complex, the client had to roll out these new requirements to over 375 business entities in more than 70 countries in EMEA, APAC, Latin America, and North America. Approximately 22 different types of third party relationships, such as agents, distributors, subcontractors, and freight forwarders, were in scope. In total, this required QuisLex to analyze tens of thousands of contracts involving more than 15,000 third parties. Further complicating matters, the contracts were in multiple languages and covered by a variety of local laws and regulations.

Partner of Choice

Given the client’s size and organizational complexity, the project scope threatened grinding the client’s operations to a halt. The initiative required coordination among legal, contracting, compliance, business managers, and local counsel. And, of course, it had to be done quickly. The client established an internal “Third Party Program Team” to manage the remediation work. Given the logistical challenges, and absence of globally standardized contract protocols, uniform workflows, or a centralized repository, the client quickly realized the need for external support.

Why the Client Selected QuisLex as its Legal Outsourcing Partner

- 1 Experience analyzing contracts of varying complexity and identifying contractual risks
- 2 Experience negotiating directly with third parties and working with business managers
- 3 Strong formal process orientation and ability to provide detailed reporting and metrics
- 4 Experience with regulatory and compliance issues, and
- 5 Ability to assist the client with implementation of new contracting systems

“During our time working with QuisLex, the service level and attention to detail experienced have been exceptional. They adapt quickly to our evolving needs and an ever changing business environment.

We selected QuisLex for their attention to detail, quality commitment, diligence and experience as a market leader in this field. We have not been disappointed and our experience has been overwhelmingly positive.”

— Client Vice President

Project Approach

The project was divided into the following phases (some of which proceeded in parallel):



QuisLex worked closely with the client's Third Party Program Team in designing the workflow, policies, and procedures for each phase, and subsequently implementing and supporting these workflows. The initial QuisLex team consisted of approximately 90 members who were tasked with reviewing contracts and other documents from around the world. Over the course of the engagement, the team has varied in size from 12 to more than 200 team members depending on the task at hand, which was further supported by QuisLex's quality and technology groups, comprised of Six Sigma master black belts, statisticians, technologists, and database specialists.

Scope <ul style="list-style-type: none">• 375 business entities• 15,000 third-party relationships• 70 countries (in EMEA, APAC, Latin America & North America)	Volume <ul style="list-style-type: none">• 12,000 documents collected and analyzed• 10,000 contracts drafted and negotiated• Ongoing maintenance of 500 templates
Team Size 12-200 depending on project phase	Turnaround Time 24-72 hours
Duration 11 years and ongoing	Languages English, German, Italian, French, Spanish, and Portuguese



Workflow Design and Infrastructure Development

In conjunction with the Third Party Program Team, QuisLex helped define the requirements for implementing the new contracting workflow. QuisLex also developed processes to effectively track, measure, and manage the status of each contract from receipt of instructions from the business unit and creation of agreements, to negotiation, contract execution and ongoing maintenance, thereby enabling the client to demonstrate its new process controls in the event of future regulatory investigations.

QuisLex helped define the key business terms required for each type of third-party relationship and then coordinated with the client's legal groups and outside counsel to develop universal standard contract templates to minimize the need for jurisdictional adjustments, reduce risk, and create consistent contract terms. Collecting and analyzing the standard template contracts to fully understand the business and legal requirements and jurisdictional differences to cover in the new



templates was a foundational step. At this stage, QuisLex identified fourteen “relationship types” that required the creation of standard global contract templates.

The templates were designed to cover the specific requirements of each business unit and jurisdiction, while controlling risk by including standard language on key legal clauses such as indemnification, limitation of liability, and warranties. QuisLex also designed the templates so that commercial information specific to a transaction is incorporated into a schedule or an exhibit to minimize the number of changes to the client’s standard legal terms and conditions.

Bilingual versions of standard contracts were created as well containing provisions in English and the applicable foreign language. In cooperation with legal counsel for each business unit, QuisLex also developed contracting playbooks, escalation procedures, and negotiation guidelines for each new standard contract.

Finally, QuisLex worked with the client’s IT consulting group to design and implement a bespoke online system that collects commercial terms for each third-party relationship and functions as a contract repository and maintenance tool.



Contract Collection and Analysis

A critical component of QuisLex’s support was coordinating with numerous business groups to collect commercial business terms and existing documentation, if any, with third party relationships. (Initial feedback from the client’s business units revealed that many third parties, in fact, did not have contracts in place). Coordinating with the Third Party Program Team and business unit managers across the globe, QuisLex was provided access to the client’s many contract repositories to collect the existing agreements and other documentation governing its third party relationships. This was a massive exercise that took several months to complete because of the number of third parties and business units that needed to be analyzed.

Once collected, documentation concerning the third party relationship was analyzed and routed to the appropriate work stream (as described below) based on the follow-up activities required. QuisLex provided daily, weekly, and monthly reports to assist the Third Party Program Team in monitoring the status of the project.



Creation of Appropriate Documentation

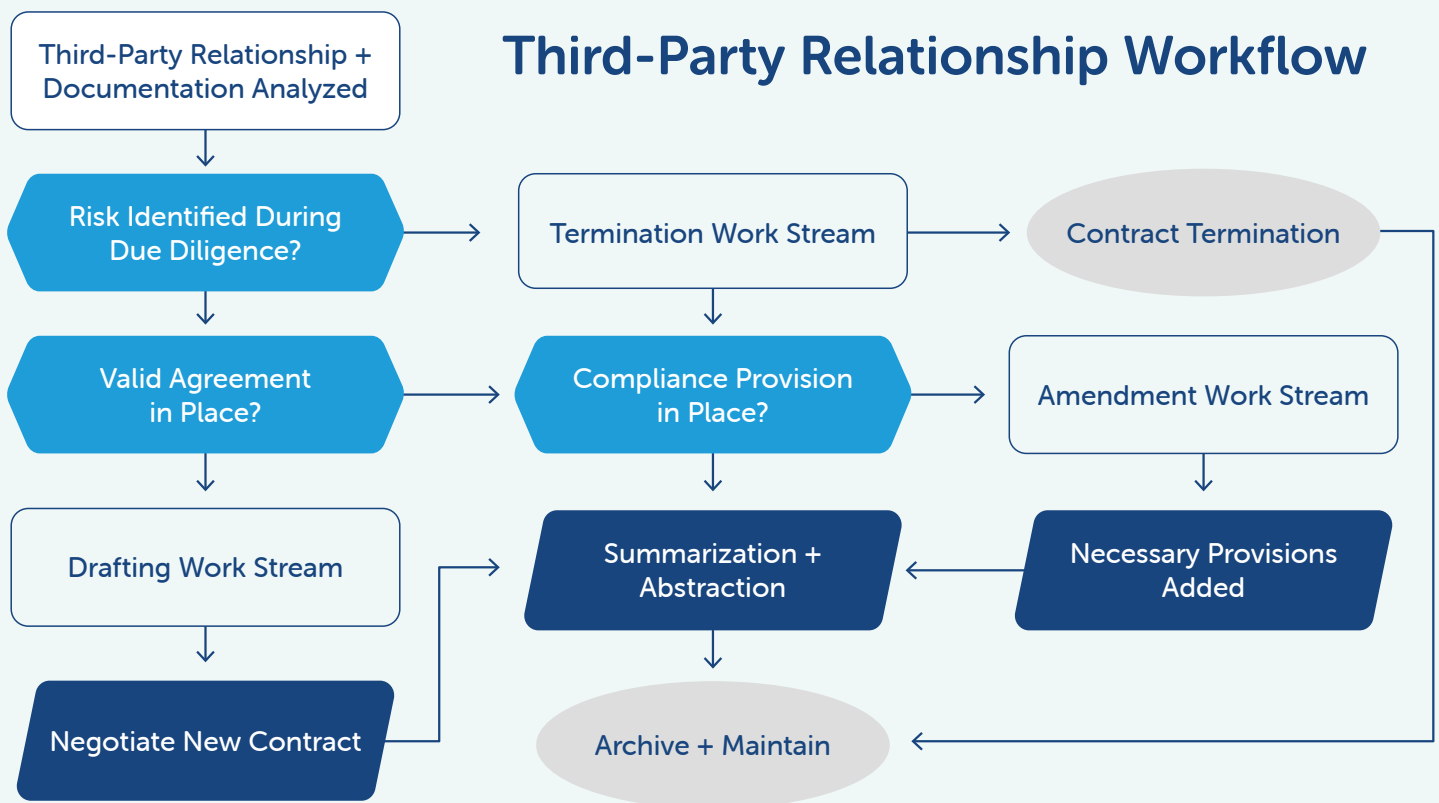
The next stage in the process was for QuisLex to implement the appropriate follow-up process for each work stream.

- As an initial matter, QuisLex identified risks relating to a third party relationship during due diligence that might result in a decision to terminate the agreement, and then coordinated with the business and legal teams to terminate the relationship.
- If there was an agreement in place with a third party, but mandatory compliance provisions were missing, QuisLex created an amendment to include the missing compliance language. Working with the client’s business sponsors, the QuisLex team managed the execution process for each amendment and completed necessary documentation requirements to support the client’s new compliance policy and to enable the company to validate its processes and internal controls in the event of future regulatory investigations.
- Where a contract with a third-party relationship did not exist, QuisLex executed a new contract with the relevant third-party using the newly-built contract management system.



For each workflow, the turnaround time for completing the required tasks and delivering draft agreements, amendments, or termination letters was 24-48 hours. This process consisted of the following steps:

- i. **Request:** The business person generated a request for an agreement through the system and provided the required commercial terms, such as party names, term, and other provisions.
- ii. **Draft:** QuisLex drafted an agreement using the standard templates and incorporating the commercial terms provided.
- iii. **Negotiate and Execute:** QuisLex managed the negotiation process for each new agreement, including managing escalations to the client’s business or legal team for issues that were not addressed in the playbook, execution, and storage of the new agreement.
- iv. **Record:** QuisLex recorded and stored approved exceptions (e.g., resolution of issues that required escalation to the client for approval) for audit and compliance purposes.



Ongoing Contract Lifecycle Management

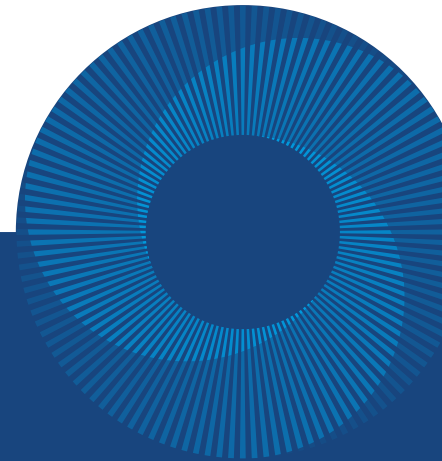
It took nearly two years to complete the foregoing process for approximately 8,000 high priority third party relationships. Following this remediation effort and establishment of the client’s new infrastructure and protocols, QuisLex continues to support the creation of several hundred new agreements per month in English, German, French, Spanish, Portuguese, and Italian. The templates, playbooks, and companywide approval matrices and negotiation guidelines developed with QuisLex’s assistance also continue to be maintained by QuisLex.



QuisLex continues to manage the ongoing maintenance of these agreements including drafting amendments, renewals, and termination letters. We act as a seamless extension of the client's legal team and business units, working in a highly cost effective and efficient manner from initial request through execution and archival. We also provide helpdesk support and conduct training for the legal and business teams with respect to policies and procedures under the program.

QuisLex also captures key contract metadata such as term, notice period, and other relevant details required for contract maintenance (e.g., renewals/amendments). For audit purposes, we maintain a repository of contracts, documentation, and all related approvals for each contract. QuisLex provides nearly 15 different types of reports on a weekly basis, continuously providing substantive analyses on key provisions in templates, and assisting the legal teams with their evolving standards and negotiation practices.

All of these activities are subject to service level agreements that have increased internal customer and supplier satisfaction levels significantly. QuisLex has supported drafting, negotiation, and execution of tens of thousands of agreements and continues to provide the ongoing contract management and compliance support to the Third Party compliance program.



About QuisLex

QuisLex is an award-winning legal services provider that specializes in managed document review, contract management, compliance services, legal spend management and legal operations consulting. Our full-time highly trained attorneys, process experts, legal technologists, statisticians and linguists work closely with our clients to reduce costs, mitigate risk and maximize efficiency. QuisLex is regularly acknowledged as a leader in the legal services industry and proud to be recognized by the Association of Corporate Counsel as an ACC Value Champion, Chambers and Partners as a Band 1 New Law Provider and the New York Law Journal as a Top Managed Document Review Services Provider. QuisLex is nationally certified by the New York & New Jersey Minority Supplier Development Council as a Minority Business Enterprise (MBE). To learn more, visit www.quislex.com.

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