

Seal Contract Discovery and Analytics for Mergers & Acquisitions

Don't Let Missing Contracts and Hidden Terms Derail Your M&A Deal

M&A activity is on the rise across most industries. For any organization engaged with M&A on the buy or sell side, vision into the risk and liabilities locked within contracts during the due diligence process is essential. The post-merger integration process also requires fast, flexible and accurate visibility across both parties' contracts to manage liabilities, obligations, and legal exposure. Unfortunately, most organizations lack adequate contract visibility, leaving themselves unaware and vulnerable.

Large quantities of paper and electronic contracts may contain critical information that can shape the deal, impact valuations, or even derail a transaction. Financial and other business systems and databases only provide a part of the picture, and even Contract Lifecycle Management solutions don't effectively and consistently capture contract data.

“\$875 billion in M&A deal value in the first half of 2015 marks a 9% increase over M&A deal value this time last year.”
PwC

In most cases, extracting key contractual information from digital and physical contracts is a manual exercise, involving expensive resources such as M&A service teams including legal, financial and other specialist consultants. Manual reviews can take months to years, cost a large organization millions of dollars, and no one ever truly knows if contracts went missing or if the reviewers caught all key terms. These days, clients are demanding shorter transaction times and greater agility to drive better deal returns at reduced cost.

The Seal Solution

Using advanced technology, Seal offers a fast, economical and automated process to find contracts wherever they may reside. Seal replaces manual contract review to lower the cost and speed the process of contract reviews during due diligence or integration. Seal uses the combination of Natural Language Processing and Machine Learning technologies to locate contracts across a network and bring them into a centralized repository. The result of this first step is a fully searchable, cleansed contract portfolio ready to be used in contract assessment, or the data can be moved into existing or planned enterprise systems that utilize contract metadata, including Contract Lifecycle Management (CLM), Procurement Systems and Client relationship Management (CRM), etc.

Seal Contract Discovery and Data Extrication

As Seal finds and centralizes contract portfolios, it extracts over 50 key contractual terms defined in the system, including provisions such as indemnification, auto renewals, most favoured nations pricing, expirations, termination for convenience, and many other types of contract data. It also finds specific predefined M&A related terms, providing a contract abstract for speedy review. Seal also includes the ability for a professional to “ask” the Seal solution specific questions about their contracts, and the contracts they’ll be taking over as result of their M&A activity.

The Next Step: Seal Contract Analytics

Once contracts are found and data extracted, Seal analytics empowers users to dynamically teach the solution to identify and extract new, previously unstructured terms that meet their unique and constantly changing needs. The system learns and leverages specific contract terms and language for each organization, identifying and extracting non-standard clauses and clause combinations that may need attention.

There were \$221 billion worth of pharmaceutical deals completed in the first half of 2015, triple the value of transactions during the first half of 2014.
KPMG

Post M&A, organizations using Seal will also be better able to respond to ad-hoc market events (cyber-breach, bank downgrade), and immediately isolate the relevant contracts from the potentially tens of thousands of contracts that exist in their contract portfolio.

How Seal is Critical for M&A

- Discovers contract documents of differing format types (text, DOC, PDF, image, others) stored on hard drives, network drives, software solutions, file shares, etc.
- Ensures the discovered contractual documents and the terms/clauses within those documents are easily searchable.
- Controls analysis of specific text, language, and clause combinations and determines which contracts contain critical information necessary to drive decisions.
- Provides dynamic, flexible creation of new extraction policies (without coding) to identify new contract terms buried within the unstructured text of every existing contract.
- Decreases the ‘me needed to identify problems and risk buried within contracts in both due diligence and post transaction integration.

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