



COVID-19 RESPONSE

Force Majeure & Contract Lifecycle Management

Overview

The global fight against COVID-19 has disrupted businesses worldwide. These disruptions have brought contractual force majeure clauses to the forefront of many organization's concerns, both for risk assessment and mitigation and as a prelude to possible sweeping regulatory and legal changes in COVID-19's aftermath.

What are Force Majeure Clauses?

Force majeure means "superior force". These clauses may excuse or suspend a party from its contractual obligations due to an unforeseen or unexpected event, the superior force, that make performance of the contract impossible or impracticable by one or more of the parties. Such clauses help determine an allocation of risk between the parties in such an occurrence.

Strategies for Assessment

Most organizations face the daunting task of accounting for hundreds, if not thousands, of contracts in regards to their force majeure clauses, and how each impacts organizational risk. Organizations should be able to account for at least the following basic contractual information in regards to COVID-19:

1. How many total contracts is the organization a party to, and how many are at-risk for disruptions caused by the COVID-19 health crisis?
2. How many of the at-risk contracts contain force majeure clauses?
3. How many of the at-risk contracts contain force majeure clauses that also contain language that may be germane to the COVID-19 health crisis?
4. Who are the parties to all of the above contracts?
5. Are there specific notice provisions in each contract?

Contract Lifecycle Management

Successfully answering these questions rapidly and affordably requires modern Contract Lifecycle Management (CLM), a combination of the latest AI technologies (broad categorization and data capturing) and smartly managed human review teams (for nuanced distinctions of clauses and at-risk assessments). Our CLM solutions organize and analyze your contracts, allowing you to automate the contracting process, reduce your costs, and better assess and mitigate your risks.



Strategies for the Aftermath

Smart CLM strategies will help your organization make prudent decisions during these uncertain times. The value of CLM, however, does not end here. The most critical aftermath of the COVID-19 crisis for businesses still lies ahead. In fact, a robust CLM strategy may be a “save the company” initiative for many organizations.

The economic maelstrom caused by COVID-19 will have lasting effects on the business world. The seismic shifts that have or are about to occur in global finance, trade, regulatory initiatives, M&A, business modeling, etc. will require every organization to reassess its past, existing and future contractual obligations. **Decision makers will soon require immediate access to a myriad of contractual information.**

