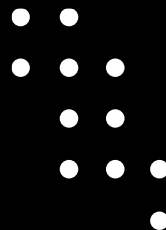# Deloitte.
Legal

Contracting Centres of Excellence: Unlocking value through Generative AI

Developed in association with Ironclad
April 2025

In today's fast-paced business environment, the need for efficient and effective contracting processes has never been more critical. Organisations increasingly recognise the importance of establishing contracting Centres of Excellence (CoEs) to streamline and standardise contracting activities.

With the rise of Generative AI (GenAI), these CoEs are undergoing a significant transformation, paving the way toward enhanced efficiency, accuracy, and innovation.

This whitepaper explores the evolution of contracting CoEs, the impact of GenAI, and the future of contracting in the digital age.

How a contracting CoE creates value in a cost-control environment

A contracting Centre of Excellence (CoE) is a centralised function within an organisation designed to optimise and unlock value across its contracting process. CoEs represent an alternative model for delivering legal services. This includes in-house shared service centres and externally provided managed services to legal.

The CoE concept gained popularity in the mid-2000s as organisations recognised the importance of standardised contract management processes to drive efficiency, compliance, and risk management. Contract management activities were often manual and time-consuming tasks, exposing businesses to risks of human error and a lack of data visibility and control. Following the introduction of Contract Lifecycle Management (CLM) tools, processes were automated, and data centralised. Today, as CLM tools become further developed and more sophisticated – enhanced by GenAI – the contract management processes will inevitably become accelerated and more efficient than ever before.

A 2019 Gartner report noted "about 63% of work managed by in-house legal teams can be codified and standardized to some degree," underscoring the value potential of contracting CoEs. The report explains this can be accomplished by establishing a set of repeatable outcome-based decision rules and criteria to address common tasks. With the appropriate protocols in place, the organisation is positioned to offload or outsource certain contracting activities – creating the foundation of a business case for a contracting CoE.

There is often a strong connection between implementing a contracting CoE delivery model and driving technology enablement within contracting processes. To establish a contracting CoE and achieve meaningful digital transformation, organisations require centralised, streamlined operations and robust data management practices, supported by technology such as document review systems, CLM tools, and Matter Management tools. In a 2020 – 2021 Deloitte survey[1] 69% of organisational leaders indicated plans to increase investments in digital transformation strategies, reflecting a strong shift toward adopting digital solutions, such as those for contract management. As this digital mindset continues to take hold, we anticipate a corresponding rise in the use of contracting CoEs.

While contracting CoEs offer demonstrable value, establishing them correctly is not without its challenges. Issues such as siloed operations, manual processes, a lack of effective technology, limited scalability, and an absence of real-time insight highlight opportunities for improvement. GenAI can address some of these issues by improving process and system integration, automating routine tasks, and ensuring consistent outputs to promote scalability. These advancements lead to more efficient contracting CoE outputs, bridge process gaps, and enable data-driven decision-making.

....

The business case for a GenAI enabled contracting CoE model

A recent Deloitte survey[2] found that 79% of organisational leaders expect GenAI to transform their organisations within three years. It is clear that contracting is an area ripe for GenAI enhancement, leveraging the technology to drive efficient, streamlined, and consistent outputs while controlling costs and mitigating risk. Organisations leveraging GenAI in contract management can reduce contract production costs by up to 60% compared[3] to traditional, manual approaches.

A 2024 Gartner article[4] underscores the benefits of integrating GenAI into contracting processes noting how the technology can improve productivity by 21.7%, reducing costs, and enabling faster identification and mitigation of contract risks compared to traditional methods. Gartner also predicted that by 2027, 20% of all legal requests will be handled by GenAI-enabled self-service tools[5].

To create more value through a contracting CoE, GenAI is likely to be an integral piece of the delivery model. This means organisations will have to be ready to integrate this emerging technology into their operations.

Fortunately, identifying opportunities to integrate GenAI tools into the contracting CoE is more straightforward than it may appear. Contracting CoEs have typically already disaggregated contract workflows, right-sourced tasks, and invested in technology enablement, meaning conceptually they are well-positioned to incorporate GenAI into their delivery processes by integrating GenAI with existing tools or introducing new, GenAI-enabled technology. With the right technology advisors, GenAI can enhance efficiency across contracting functions.

[2]Deloitte (2024) The future of legal work? The use of Generative AI by legal departments. Deloitte. Available from _The future of legal work? | Deloitte_
supra
[3]Gartner Inc. (2024, May 7). Gartner Supply Chain Symposium/Xpo 2024 Key findings [Press release].
[4]Gartner. Available from _Newsroom, Announcements and Media Contacts | Gartner_
[5]Gartner Inc. (2023, November 7). Predicts 2024: The Transformative Impact of Generative AI on Legal Technologies (_predicts-2024-the-transformative-impact-of-generative-ai-on-legal-technologies.pdf_)

Taking a more active role in integrating GenAI within a Contracting CoE

While identifying opportunities to integrate GenAI into a contracting CoE may be straightforward, incorporating the technology can be challenging. For example, contracting CoEs that have made significant investments to establish their operations, including aligning processes and procedures across functions and regions, may lack the agility to adapt to new ways of working.

By taking a more active role in integrating GenAI within the people, processes, and technologies of a contracting CoE, you can overcome these challenges. Below are seven readily achievable use cases across the contract lifecycle where GenAI can enhance the existing contracting CoE delivery model and provide clear value:

1. **Contract Intake and Triage:** Automate contract intake requests, intelligent triage, and running initial compliance screening and risk assessments.

2. **Contract Lifecycle Management:** Expedite the contract lifecycle from creation to execution, including contract version control, approvals, signatures, and renewals by using GenAI or a GenAI-enabled CLM tool.

3. **Automated Contract Drafting and Review:** Generate contract templates based on predefined criteria and a library of standard clauses for automatic insertion based on context. Suggest changes to third-party papers.

4. **Enhanced Negotiation Support:** AI-driven playbooks for real-time clause change suggestions based on historical data and best practices.

5. **Contract Analysis and Insights:** Analyse contracts to identify potential risks and flag problematic clauses, while also extracting and analysing key performance metrics to track obligations and milestones.

6. **Improved Data Extraction and Remediation:** Extract relevant data from contracts, such as key terms, dates, and financial information, for easy access and analysis. Identify trends and patterns in contract data to inform strategic decisions and negotiations.

7. **Better System Integrations and Data Management:** Enable GenAI to help contract data flow into existing enterprise systems (e.g., ERP, CRM) to create deep insights and improved data hygiene.

Without GenAI, the above use cases are typically time consuming and prone to error, especially when performed manually. When implemented correctly in a contracting CoE, GenAI can yield significant OpEx cost reduction by reducing the need for additional human resources to support these activities.

Leveraging GenAI effectively can also significantly enhance a CoE. It can expedite the drafting and review of contracts, streamline clause and template management, provide deeper insight from contract data, drive adoption, and reduce human intervention. These enhancements lead to reduced contract turnaround times and a more consistent approach to contract data capture and monitoring.

Organisations that are slow to adopt innovation and GenAI within their contracting CoEs may face heightened risks. Examples of risk exposure include missed deadlines and renewals, non-compliance penalties, contract disputes and litigation, and loss of competitive advantage. These risks can be mitigated or reduced with GenAI support.

The following case study illustrates efficiencies gained during regulatory compliance review:

Case Study: efficiency – regulatory compliance review

A regulatory compliance review proof of concept leveraged GenAI to compare a technology company's customer Terms & Conditions (T&Cs) with a new piece of regulation to identify any changes required to bring the T&Cs into compliance.

The analysis produced an easy-to-follow table outlining:

- the regulatory requirement
- compliance status of the T&Cs
- explanation for the assessment, including source reference points
- recommended changes to bring the T&Cs into full compliance.

Three iterations of prompting were required between our Deloitte Legal regulatory lawyers and Generative AI engineers to get to a reliable first draft of the analysis (rated 4 out of 5 by our lawyers for accuracy and completeness).

We saw a 50% reduction[6] in both the trainee and experienced lawyer time required to complete this analysis.

GenAI is not a catch-all solution, but it has the capabilities to drive efficiency and value across the contracting function. To effectively address a problem, it needs to be properly integrated and controlled to maintain a high-quality, reliable output.
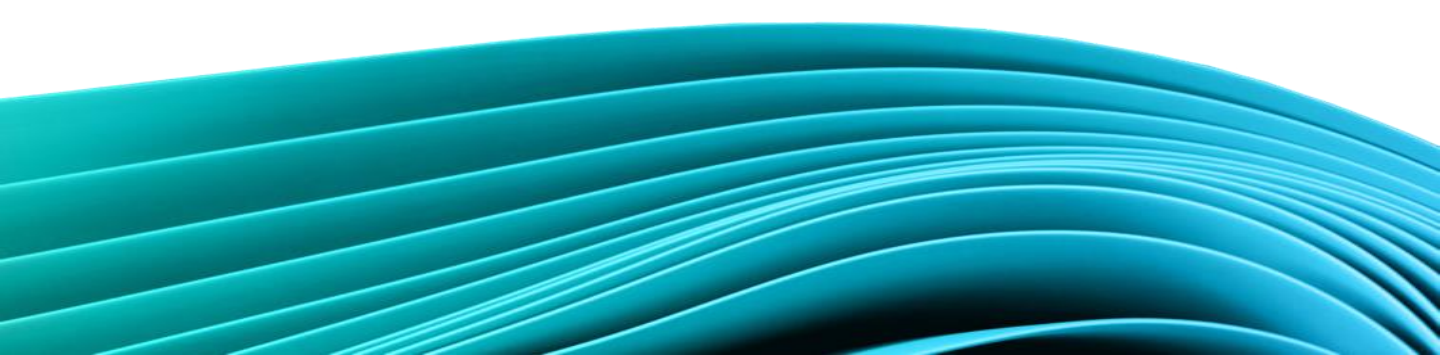
Understanding the challenges and pitfalls GenAI can bring to a contracting CoE

Integrating GenAI into established contracting CoE processes can be challenging, especially when operating globally or where substantial investment has already been made to establish robust protocols and controls. Moreover, specialist support is often needed to ensure the GenAI functions as required, which deviates from the traditional contracting CoE resource model. In addition, for legal teams, user adoption may present a challenge, especially when personnel require additional training or there are new risk parameters to manage.

GenAI can surface numerous issues if not leveraged correctly across a contracting CoE. Data privacy and security are critical due to the sensitive nature of contracts. Ensuring accuracy and understanding legal nuances can be difficult, and leveraging GenAI while still relying on legacy systems can create data silos. There are also ethical and legal considerations, such as bias and liability, which will need to be carefully managed, especially when considering an organisation's scalability, performance, customisation, and regulatory compliance.

To maximise GenAI's value within a contracting CoE, contract data should be centralised, cleansed, and appropriately structured. In many cross-functional or global contract CoEs, data management is an issue, particularly when determining where contract data is located, how it is being stored, and who has access to it.
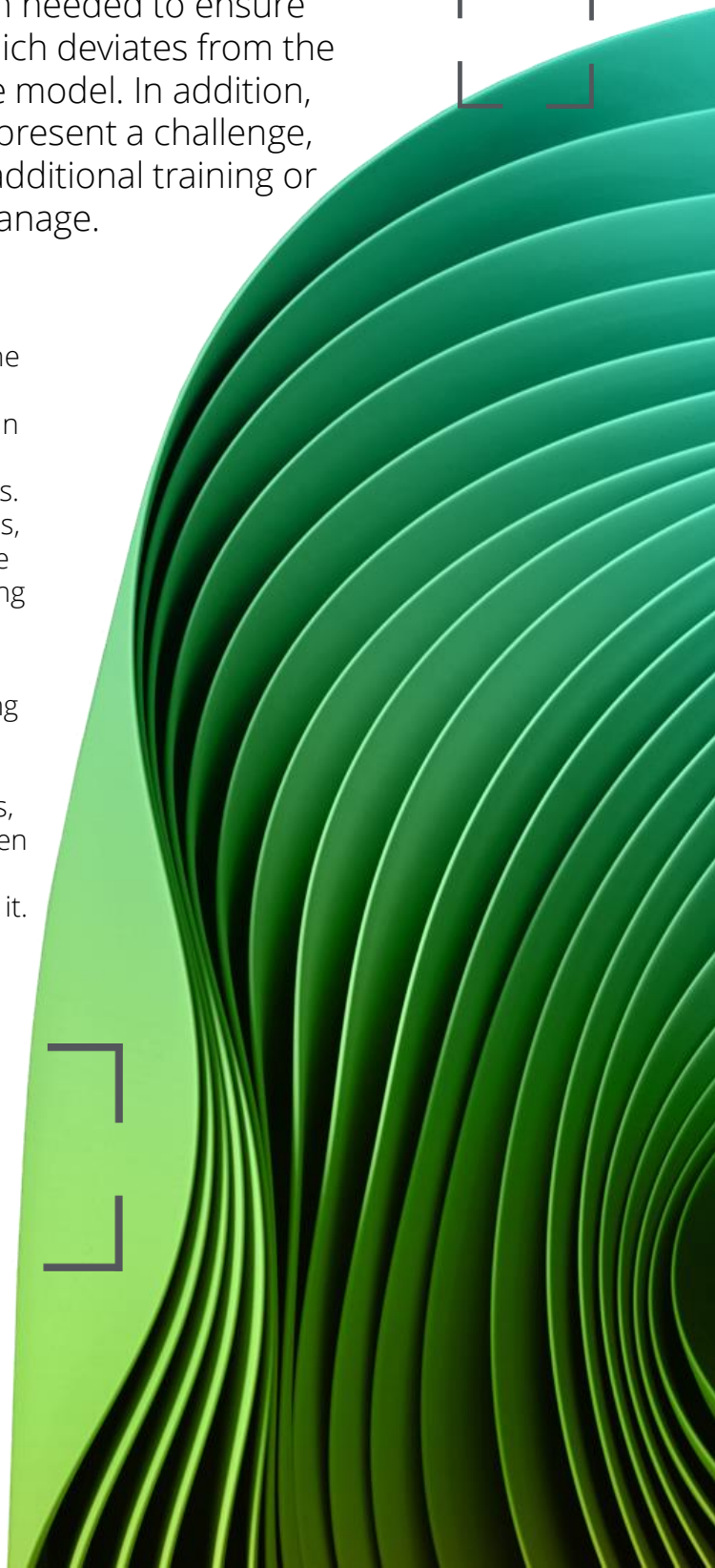
Innovation does not have to be a journey you go through alone

You do not have to face the challenge of keeping your contracting CoE current and establishing the right technology and data management ecosystem alone. Leveraging service providers and technology advisors with deep experience in integrating GenAI into a contracting CoE can be essential for modernisation.

Contract review technology and document automation solutions can often integrate GenAI to improve contract generation and analysis. Contract Lifecycle Management (CLM) platforms, which manage the entire contract lifecycle, often offer embedded GenAI functionality. As a first step, investigate whether your existing CLM, ERP, or other systems can integrate with or support GenAI, especially for procurement and vendor agreements. Deloitte can provide GenAI-powered solutions and advisory services to help establish and optimise the integration and adoption of GenAI across the contracting CoE.

Case Study: efficiency – contract simplification and alignment

An organisation had a significant number of different versions of customer facing Terms & Conditions (T&Cs), creating complexity in their customer relationships, and exposing the organisation to risk.

- In what would have historically been a labour-intensive manual process, the organisation leveraged Generative AI to compare the T&Cs and identify key differences.

- The organisation then used Generative AI to extract the best examples of compliant provisions from each version of the T&Cs to create a master, 'best practice' version.

- The organisation reported that using a traditional manual approach, the exercise would have taken several weeks. Using Generative AI, the task was reduced to less than four days (two days of prompt engineering and refinement, and two further days of human analysis and review).

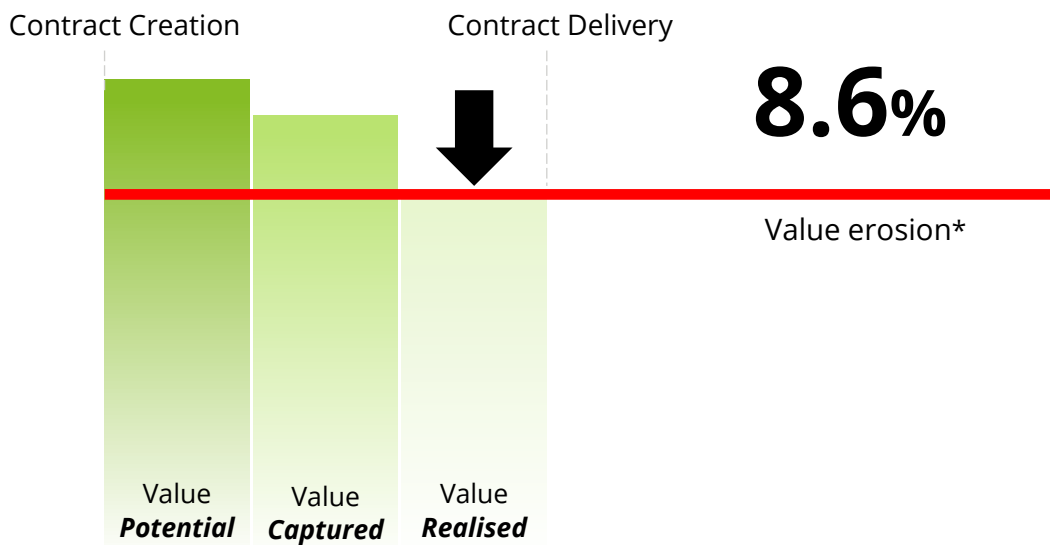**The client estimated that this represented a five-fold acceleration[7].**

- This project resulted in a simpler, more accessible set of T&Cs for the end-customer, and also improved the experience for the legal team on this project by focusing them on more strategic review and decision-making activities.

[7][6]Deloitte Legal. (2024). The future of legal work? The use of Generative AI by legal departments, Our perspectives and the results from our Generative AI survey for corporate legal departments. Deloitte Legal.

Unlocking value within your contracting Centre of Excellence

Integrating GenAI into contracting CoEs marks a significant advancement in the contracting process, unlocking substantial value for organisations. As highlighted in the "The ROI of Contracting Excellence" report, a collaborative study by World Commerce & Contracting and Deloitte, contracts are fundamental to financial performance, yet often fall short of their potential. The report reveals that organisations, on average, experience a significant 8.6% erosion of contract value due to inefficiencies and missed opportunities.

Contract Creation   Contract Delivery   **8.6%**

Value erosion*

Value **Potential**   Value **Captured**   Value **Realised**

*Based on industry research conducted by Deloitte & by World Commerce and Contracting

This is where GenAI can be transformative. By leveraging AI, organisations can achieve greater efficiency, accuracy, and innovation needed to reduce this value erosion, leading to better outcomes and reduced risks. GenAI can automate and streamline complex processes, from drafting and reviewing contracts to identifying risks and ensuring compliance. This frees up legal and procurement teams to focus on strategic tasks, such as negotiating favourable terms and building stronger relationships.

While implementing AI-powered solutions presents certain challenges, the benefits far outweigh the costs, positioning organisations for success in the digital age. As AI continues to evolve, the future of GenAI as an enabler in the contracting process holds immense potential for further advancements and improvements. This evolution will make contracting CoEs more efficient, effective, innovative, and ultimately better serving their stakeholders' needs.

To stay competitive in tomorrow's contract-driven world, organisations should begin investing in GenAI-enabled contracting CoEs today.

Get in touch

If you would like to discuss any of the content in this paper or to hear more about how we can support you, please get in touch with a member of the team below.

Author:

Talia Yates
Associate Director,
Deloitte Legal
United Kingdom
taliayates@deloitte.co.uk

Practice leads:

Craig Conte
Partner,
Deloitte Legal
United Kingdom
cconte@deloitte.co.uk

Peggy Pauwels
Partner,
Deloitte Legal
United Kingdom
ppauwels@deloitte.co.uk

Deloitte.
Legal