ontra

Private Fund Managers' Contract Automation Guide

Private fund managers' in-house lawyers, deal professionals, and outside counsel often wrangle various repetitive contracts, like buy- and sell-side NDAs, non-reliance letters, joinders, and vendor agreements. Instead of gliding through a smooth and efficient process for these agreements, many teams encounter inefficiencies that can slow down dealmaking and force them to work evenings and weekends.

It turns out that a cumbersome contract creation process is a universal experience. Many organizations struggle to streamline their contract negotiations and management, which can impact productivity, fundraising timelines, deal progress, and profitability. In 2021, EY Law and the Harvard Law School Center on the Legal Profession found 92% of organizations planned to change how they handled contracting because of cost and other negative consequences.[1]

The bottom line is that there's significant room for improvement within private fund managers' contract lifecycle management (CLM), from contract negotiations to contract data analysis. Instead of sticking to the status quo regarding repetitive contracts, private fund managers can take advantage of significant developments in AI to streamline and optimize their processes.

This guide explores:

- The disadvantages of manual contract negotiations.
- Contract automation capabilities.
- The benefit of AI-powered contract negotiations.
- How to evaluate a firm's contract processes.

5 Disadvantages of Manual Contract Negotiations

Inconsistent, inefficient, and costly contract negotiations can threaten strategic dealmaking. Let's examine five distinct disadvantages of relying on legacy technology and manual contract processes for high-volume agreements.

1. Elongated turnaround times

Whether high-volume contracts are handled by in-house or external counsel, negotiations can become time-intensive, slow, and repetitive. If the firm lacks a playbook or the processes to stick with it, lawyers or deal professionals can spend too much time in negotiations. Firms that rely on non-lawyers to apply negotiation preferences may experience a bottleneck as questions and escalations await a legal professional's input. When negotiations are slow, firms may experience delays in accessing data rooms and other confidential information, leading to less time to assess an investment opportunity. When turnaround times are excessively slow, other parties can view the firm as a challenging or uncooperative counterparty, potentially impacting deal flow.

2. Inconsistent & problematic terms

When current and historical negotiations lack transparency across potential negotiators, firms may potentially agree to off-market terms, experience inconsistencies across agreements over time, and have limited insight into a contract's position within the overall negotiation process. When relying on deal team members who lack legal training and are inexperienced in contracts, firms risk agreeing to off-market terms or problematic provisions.

3. Lack of transparency

When firms' in-house teams are negotiating numerous agreements necessary for transactions and operations, the lack of a centralized system for managing and tracking negotiations means a lack of visibility into the status of these processes. Time is wasted when professionals must email to check the status of ongoing negotiations, while a centralized system offers self-service, up-to-date negotiation tracking. Additionally, at the conclusion of a negotiation, the final legal and business terms may impact a number of different stakeholders, from legal and finance to human resources and procurement. Firms that can't efficiently track and make these terms available to various stakeholders risk running afoul of agreements simply because everyone wasn't in the loop.

4. Excessive costs

When contemplating contract automation and intelligence technology, it helps if a firm calculates the potential cost of failing to improve its contract management processes. One cost is direct and obvious: The price the firm pays for keeping routine contracts in-house without a sophisticated software solution or relying on outside counsel. Neither of these options is as cost-effective as using AI legal tech to streamline and optimize contract management processes.

5. Lower productivity

A significant disadvantage is the time it takes to negotiate repetitive contracts. Firms' in-house lawyers and business associates prefer to focus on high-value and strategic work. Very lean teams may rely on a range of team members to finalize these agreements, while they also complete their other mission-critical work. Unfortunately, high-volume contracts continuously pull their attention away from these valuable tasks, reducing their efficiency and productivity. Some organizations find repetitive manual tasks can harm employee morale enough to impact turnover.

Contract Automation Capabilities

Given lowered interest rates, the industry will likely kick off more deals as sponsors seek to deploy the capital they raised in recent years, and managers may be willing to part with existing investments as cheaper borrowing costs may bolster valuations.[2]

As deal competition and contract volume intensify with the return of more optimistic markets, the demands on internal legal teams, deal professionals, and other supporting teams will rise, likely pulling them away from higher-value strategic initiatives. Every internal team benefits from a cost-effective, reliable, and scalable technology solution that enables smarter, faster negotiations.

Streamlined contract negotiations

Traditionally, a private fund manager's in-house lawyer or deal associate would negotiate contracts through redlining in a Word document. They'd search through their emails and local drives to pull up previous agreements and identify precedent. The parties would revise the contract several times, during which they may have trouble tracking suggestions and versions.



Every internal team benefits from a cost-effective, reliable, and scalable technology solution that enables smarter, faster negotiations.

> *Ontra cuts down on that 'underbrush' work that takes me away from strategic thinking and executing on bigger decisions.*
>
> **Vincent Taurassi**
> GC & CCO
> Sentinel Capital Partners

Finally, the parties settle on the contract language and sign, either through an e-signature platform or on paper. A lawyer or associate then saves a digital copy of the contract somewhere, often on a local hard drive, and the parties move forward.

The manual contracting process is time-consuming and prone to errors and inconsistencies. That's often because lawyers and associates don't have a consistent starting point or guidelines.

In 2021, EY Law and Harvard found:

- 69% of contracts don't follow a playbook or guidance document.
- 71% of contracts aren't monitored for deviation from standard terms.
- 75% of organizations don't have pre-approved fallback terms.

Contract automation technology can drastically improve these issues and speed up contract negotiations. An AI-powered solution can improve the collaboration environment with a central platform and create a clear trail of suggestions and revisions. Some solutions tackle the entire negotiation process, offering approval workflows, notifications, reminders, alerts, and e-signature capabilities. No more Word documents going back and forth through emails, which eventually feel lost to time.

AI-generated markup suggestions

Some solutions help parties draft an initial agreement by pulling data from a form, spreadsheet, or chatbot into a contract template. Others evaluate the language within the contract draft. For example, Ontra's AI-powered contract automation solutions take a unique approach by combining digital playbooks with historical contract information to provide AI-enabled redline suggestions. AI-supported markups reflect what the firm wants to agree to and the specific language it prefers, enabling customers to negotiate from a position of strength and mark up drafts faster. These features not only save time but also improve consistency and mitigate risk across agreement types.

Centralized digital CLM

CLM encompasses contract execution, storage, obligation tracking, enforcement, and renewal or expiration. It is a massive undertaking for organizations that deal with hundreds of contracts annually. Unfortunately, many organizations lack comprehensive contract management programs.

EY Law and Harvard found storage and retrieval were persistent issues:

- 49% of contracting professionals said they lacked a defined process for storing contracts after execution.
- 90% of contracting professionals said they faced challenges when trying to locate contracts.
- 78% of organizations said they don't systematically track contractual obligations.

Employees often save contracts on local machines or networks because their firm lacks centralized document storage. Or firms use an ad hoc cloud storage platform while still lacking a comprehensive system defining how to organize folders and name files. Storage issues make it exceedingly difficult to find agreements, track ongoing obligations, analyze contract data, and enforce contracts.



Ontra's AI-powered contract automation solutions leverage digital playbooks and historical contract information to provide AI-enabled redline suggestions.

An end-to-end contract solution solves many of the issues associated with unstructured contract creation and management. In terms of storage, Ontra offers a centralized, cloud-based repository where firms can easily find their agreements — organized and searchable by numerous document attributes — and locate progressive versions of the agreement.

Ontra's contract negotiation solutions include:

- **Collaboration:** Access a comprehensive dashboard with self-service visibility into negotiation progress and outcomes to ensure all stakeholders can quickly see where a contract stands.
- **Visibility:** AI-powered summaries of key legal and business terms for each agreement make understanding contract terms a breeze.
- **Reporting:** Use customizable, data-driven reports based on consolidated key legal and business terms to track outcomes, analyze historical documents, and identify contract trends.

Stakeholders can track contract negotiation statuses and analyze historical documents to identify contract trends. They also can use the dashboard hub or pull data directly into existing workflows with API integrations.



Ontra's Contract Automation has a 4.45/5 Customer Satisfaction Score.[3]

Top Benefits of Contract Automation

At the end of the day, AI-powered contract negotiations help private fund managers move smarter and faster, so every internal team has the time to focus on its highest priorities.

1 **Accelerated contract negotiations**
Incorporating AI-enabled data insights and workflow tools lets firms negotiate from a position of strength and move contracts forward faster.

2 **Higher quality & consistency**
Leveraging digital playbooks and historical contract information can ensure the same approach to negotiations every time and improve the consistency of terms across each contract type.

3 **Increased transparency**
Gain peace of mind and never question where a contract stands with insights into negotiation statuses, document details, and contract data reports.

4 **Lower costs**
Finalize agreements with fewer internal resources, less external spending, and predictable fees.

5 **Scalability**
Confidently streamline the negotiation of high-volume, repetitive legal agreements and gain the time to focus on strategic work like fundraising, deal sourcing, and deal evaluations.

How to Evaluate Your Contract Management Workflows

Evaluate your current contract management processes and technology to determine if you'd benefit from an AI-powered contract negotiation platform.



STEP 1

Identify the stakeholders integral to this analysis and decision.

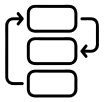
- Do non-legal professionals negotiate any contracts?
- Do you have preferred and fallback language and terms for routine agreements? Are these consistently applied?
- Can internal and external stakeholders efficiently collaborate during contract drafting and negotiations?



STEP 2

Document the technology you currently use during the contracting process, such as email, Word, an e-signature platform, and cloud storage.

- How many systems must be used to negotiate, execute, summarize, and store a contract?
- Do you use any legal tech solutions?
- Do you leverage AI?
- Do you have any solutions built for the private markets industry?
- Does the firm rely on spreadsheets for obligation tracking?



STEP 3

Map out the workflow for your routine contracts.

- Can you easily track contract markups and versions?
- Has a routine contract ever slowed down or lost your firm a deal?
- Do stakeholders know where every executed contract lives?
- Can stakeholders quickly access and search agreements?



STEP 4

Calculate the cost of manual contract negotiations.

- Can you calculate the direct and indirect costs of relying on manual contract negotiations?
- Do you spend a significant amount on outside counsel for routine contracts?

Fully Outsource or Leverage Tech In-House?

There isn't a one-size-fits-all approach to contract automation for private markets, which is why Ontra offers two solutions to fit any firm's needs:

Contract Automation is Ontra's AI-powered, human-in-the-loop contract negotiation platform designed to efficiently and effectively handle routine legal agreements. Our customers rely on independent law firms in our global Legal Network to leverage Ontra's technology and negotiate their repetitive agreements. Contract Automation is best suited for firms that want to outsource some or all of their contracts with the benefit of experienced, global legal professionals who leverage cutting-edge, purpose-built software for their clients.

Accord is Ontra's AI-powered, self-service contract negotiation and management solution. Our customers leverage Ontra's legal tech solution in-house to streamline and optimize contract negotiations. Accord is best suited for firms that prefer to keep their contract negotiations in-house, but want to streamline and improve these workflows for their teams. For some firms, there are specific types of agreements that need to be managed in-house, and for others, outsourcing is not an option. In either case, access to purpose-built tools for these workflows can drive efficiency, promote consistency, and improve transparency for their firms.

Demo Contract Automation Today.

End Notes

1. https://www.ey.com/en_gl/insights/law/the-general-counsel-imperative-how-does-contracting-complexity-hide-clear-profitability
2. https://www.apolloacademy.com/new-white-paper-2025-economic-outlook-firing-on-all-cylinders/
3. Based on customer responses to a voluntary survey asking users to rate their experience using Ontra's solutions and services.

With so many people using Ontra, it has essentially become the standard. It raises the question: 'Why wouldn't you use Ontra?'

Jon Korngold
Global Head of Blackstone Growth (BXG)

About Ontra

Ontra is the leader in AI-powered solutions for the private markets. Powered by industry-leading AI, data from over 2 million contracts, and a global network of legal professionals, Ontra automates critical private market workflows across the fund lifecycle. Ontra's solutions transform unstructured data trapped in static documents into actionable intelligence, enabling firms to accelerate contracts, streamline compliance, and automate entity management. Trusted by more than 1,000 global GPs, investment banks, law firms, and advisors – including nine of the top ten PEI ranked firms worldwide – Ontra helps firms focus on what's important.