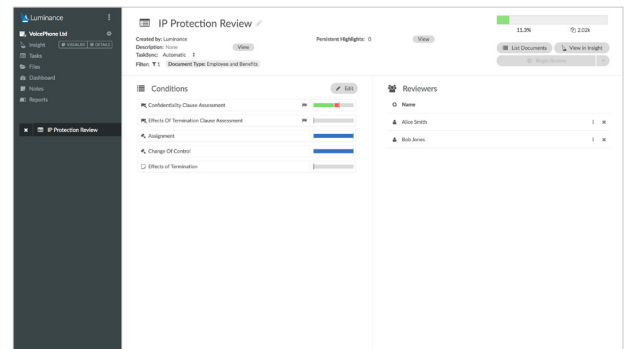


## LUMINANCE DILIGENCE USE CASE

# M&A Due Diligence

Due diligence is a key task for many corporate lawyers, providing clients with vital information about their transaction. Lawyers will want to assess and quantify the key legal risks, provide alternatives or solutions to reduce the any legal risks identified, get a full understanding of the employment conditions and the obligation towards employees, check for any 'skeletons in the closet' and to see if any deal breakers come up which could impact upon the valuation of the target company.



Yet while due diligence is crucial for assessing risks and structuring a deal, it can also be exceedingly resource intensive and time-consuming. The explosion in corporate data has meant that lawyers today are often tasked with reviewing hundreds, if not thousands, of documents during legal due diligence, whilst these reviews are often given extremely tight deadlines so as not to hold up overall transaction progress.

With most clients unwilling to pay for the cost associated with a full manual review, many lawyers have had no option but to resort to sampling only 10% of 'representative' contracts, resulting in the distinct possibility that provisions which could result in financial and/or reputational risk, or indeed are obstacles to the deal actually closing, lay undiscovered in the remainder of the document set. This in turn compromises the quality of legal advice, with lawyers simply unable to provide sound conclusions drawn from the entire body of documents.

Instead of relying solely on manual methods, many lawyers are revolutionising the way they conduct their due diligence with the assistance of AI, allowing advisors to gain total insight into their dataset, enhancing confidence in their findings whilst simultaneously delivering huge time and cost savings.

Luminance uniquely combines supervised and unsupervised machine learning to rapidly read and form an understanding of documents. Luminance can be used on any due diligence review, irrespective of the size or the complexity of the task, allowing lawyers to immediately uncover crucial information such as key datapoints and clauses. Luminance breaks down the dataset across a number of interactive widgets, giving lawyers a visual overview of what is contained in their documents. Luminance also highlights anomalies to the lawyer – these can be issues such as a missing pages in a documents or an unusual variation in clause wording.



**“Luminance’s technology allows lawyers to be the trusted advisors they trained to become.”**

Steve Cooke, Senior Partner

SLAUGHTER AND MAY

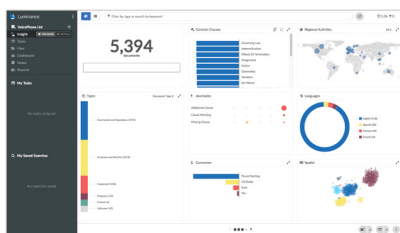
## LUMINANCE DILIGENCE USE CASE

### Due Diligence

Using Luminance, lawyers can rapidly identify key provisions including Change of Control; Limitation of Liability; Governing Law; Assignment; Indemnification; Representation and Warranties; Intellectual Property; Termination; Confidentiality and Effects of Termination. Further, Luminance helps lawyers to understand the different documents types within their data set, vastly expediting the review as lawyers may be searching across corporate documents including: corporate documents outlining the legal structure of the company; share certificates; articles of incorporation; board minutes; shareholder agreements; employment agreements; options and other rights to purchase shares and list of all real estate owned by company.

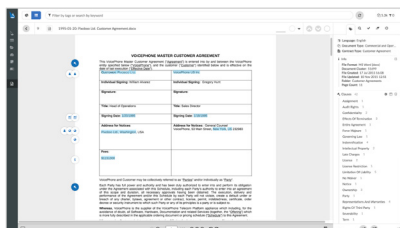
Crucially, lawyers do not need to pre-program what they are looking for: Luminance uses advanced unsupervised machine learning to flag anomalies which present themselves as 'unknown unknowns' - the hidden risks in the data that the lawyer did not know existed, thus were not actively searching for. Luminance analyses and presents all of this data on day one of the review, placing lawyers in the best position to negotiate early on in the transaction, confident that they are fully appraised of any red flags in the document set so that they can provide solutions that minimise legal risks for the client.

Luminance's integrated collaboration and project management tools ensure a seamless review across offices or home working locations, whilst also preventing duplication of valuable work effort. Features such as task creation, automatic task allocation and granular progress tracking allow the project manager to divide the work up into sections and monitor their team's progress. Dependent on the level of review required, team-members can opt to carry out a clausal high-level review or a more in-depth review. Users can add Notes across clauses and documents, and Luminance can automatically generate a report which captures all work product. This can be used to produce a red flag report for the company or client, or as a contributing document for a full Due Diligence report once the legal review is complete.



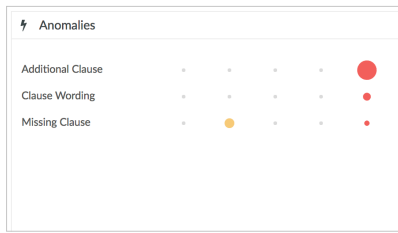
#### Rapid Understanding of Data Set

Luminance's machine learning reads and forms an understanding of the documents, providing users with instant insight into a project, displaying information across a range of parameters including anomalies, clauses, languages present in the document set. This allows advisors to start their review in the most logical and efficient way possible.



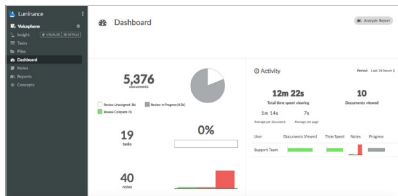
#### AI-Derived Analysis in Every Document

Luminance presents the findings of its machine learning analysis within the documents themselves, tagging critical data points and allowing users to quickly zero in on crucial issues.



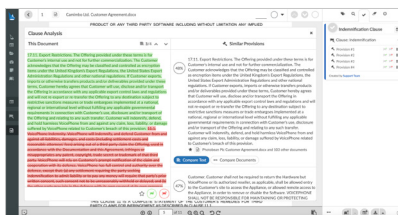
## Automatic Anomaly Detection

Quickly understand where anomalies lie within the dataset, and review each individual contract using intuitive tools that identify the most important matters from the outset.



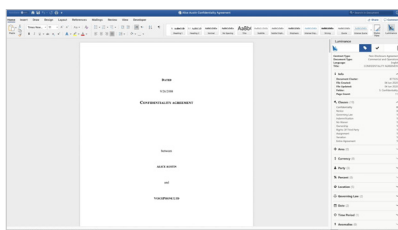
## Progress Tracking Dashboard

Luminance's built-in tools for collaborative working allow managers to easily group documents and allocate them to team members. Luminance's dashboard shows real-time information on a number of key progress metrics including task size, time spent on specific contracts, and which documents are pending review or need to be assigned. As well as ensuring that there is no duplication of work, these tools allow legal teams are able to work seamlessly across teams, firms, countries and time zones.



## Advanced Document and Clause Compliance

Lawyers can choose the parameters of their review, selecting their desired standard versions (or 'model' variations) of clauses or documents to compare other documents against, ensuring compliance with their chosen standards and quickly highlighting deviations from their standard.



## Microsoft Word Synchronisation

With one click from within Luminance, lawyers see the relevant document in Word. Luminance's machine learning analysis of the document remains available to lawyers in a sidebar. Edit the document, with changes being automatically saved into Luminance as a new version.

# Luminance Workflow Guide

## M&A Due Diligence

### Scenario

Imagine your firm are working on behalf of a client on a global M&A transaction involving multiple lawyers in offices around the world. Due to the tight timescales involved in this transaction, your firm will be deploying Luminance's market-leading artificial intelligence technology to enhance the ability of your lawyers to complete this review. You have been given access to the multi-lingual data room and approximately 7,000 documents have been uploaded into Luminance. Specifically, you are required to determine the valuation of the target organisation, as well as carry out a review of standard provisions.

### Key Benefits

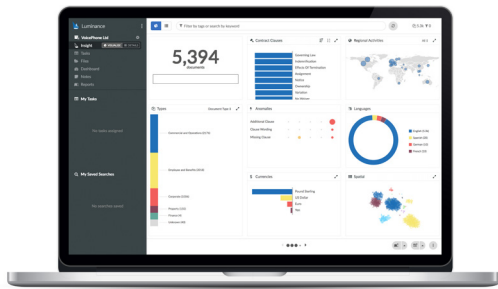
- ✓ **Complete large scale reviews in significantly faster time periods**
  - Lawyers have reported time savings of up to 95% just in the allocation of work compared to a manual method, meaning review can commence faster.
  - Using Luminance, lawyers have gone from reviewing 79 contracts per hour manually, to 3,600 per hour, a 97% time saving.
- ✓ **Identify all critical clauses (e.g. autorenewal) within hours, not days, representing an average 70% time-savings and ensuring clients avoid expensive and potentially damaging deals**
- ✓ **Surface relevant information potentially missed in previous manual reviews, such as pivotal 'Change of Control' clauses or unexpected governing laws**

### Review Process

After the documents have been uploaded into Luminance, the workflow for conducting the review comprises 5 key steps:

1. **Prioritise your review using the global overview of the data room**
2. **Assign documents to team members for review via Tasks**
3. **Analyse documents and clauses**
4. **Add Notes indicating your analysis**
5. **Generate a report summarising your analysis and recommendations**

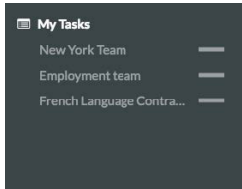
## Step 1: Prioritise your review using the global overview of the data room



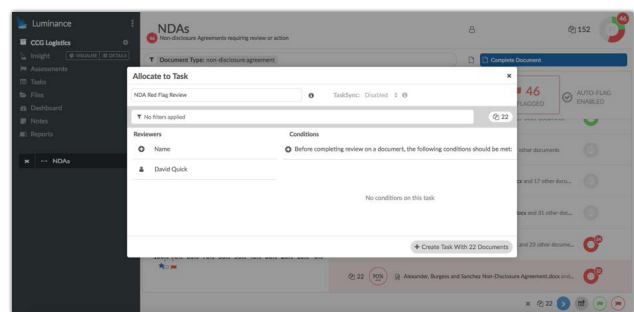
Luminance's Insight Visualise provides lawyers with a global overview of the contracts and the ability to drill down into the key clauses and concepts. Lawyers can understand the data room at a glance, immediately identifying contract and document types, governing laws, languages, anomalies and more.

## Step 2: Assign documents to team members for review via Tasks


Using Luminance's project management tools, documents can be allocated into Tasks, allowing lawyers to focus their review.



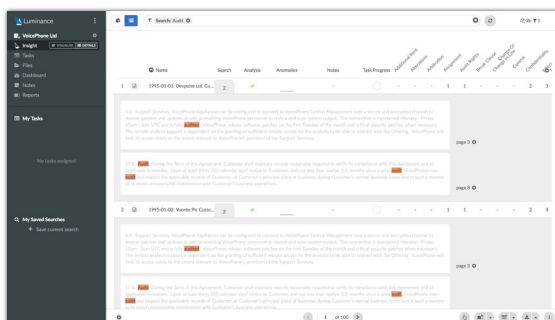
**EXAMPLE |** You could assign all Employee and Benefits documents to the Employment team, or assign all contracts governed under California Law to the relevant US team.



**QUICK TIP |** To identify documents which have not yet been allocated to a task, use the Filter Bar to navigate to 'Review' + 'Unassigned'.

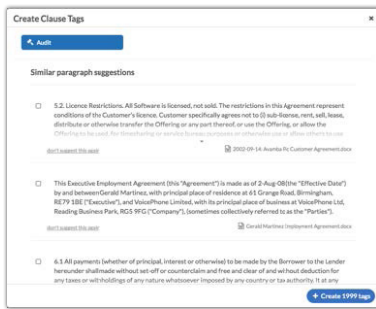
The user reviewing the documents can  tick through documents which have been reviewed. As the lawyers move through the documents and continue their review, the Dashboard will be updated in real-time, meaning progress can be tracked throughout the review period.

## Step 3: Analyse documents and clauses



To review specific clauses within the documents you have been assigned, filter to the clause using the Filter Bar and view all the instances where the clause appears via the clause column in Insight Details. This allows you to rapidly move through the examples, removing the need to open each individual document.

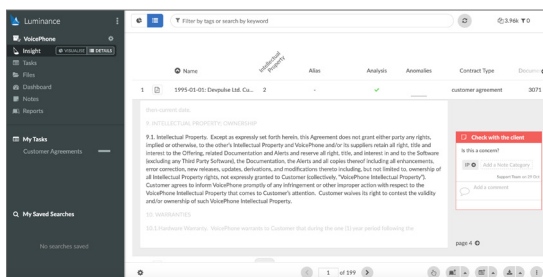
**QUICK TIP |** You can apply multiple filters to conduct a more thorough search of the data room. For example, to ensure that all the Change of Control provision have been tagged, use the filters 'NOT' + 'Change of Control' to identify all documents that do not contain a Change of Control provision, then use keyword searches to further refine results.



To find clauses which Luminance hasn't identified, simply type relevant keywords into the search bar. For example, type 'autorenewal' into the search bar and Luminance will search across the entire project and present all instances where this keyword appears to the user via the search column in Insight Details. Once a clause or concept is identified, click on the page number to be taken to the relevant paragraph in Document View. When you add a tag to the clause (e.g. 'Autorenewal'), Luminance will suggest similar paragraphs that exist within the document set that follow similar patterns in language, resulting in conceptually similar meanings. By selecting similar paragraphs, you are speeding up the time it takes to identify the concept across all documents.

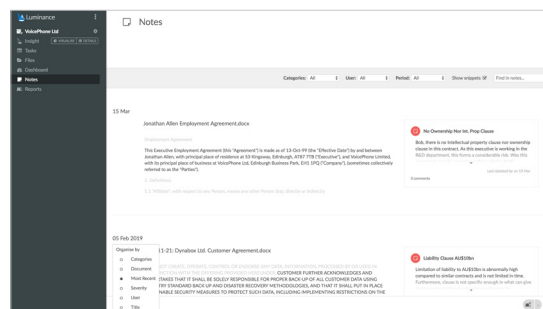
**QUICK TIP** | Luminance can be used to identify and learn from key data points such as currencies, dates, time periods and percentages. Users can then report on these data points. An example would be to identify 'payment terms' by using currency and time period data tags, or to identify the contract term period.

## Step 4: Add Notes indicating your analysis



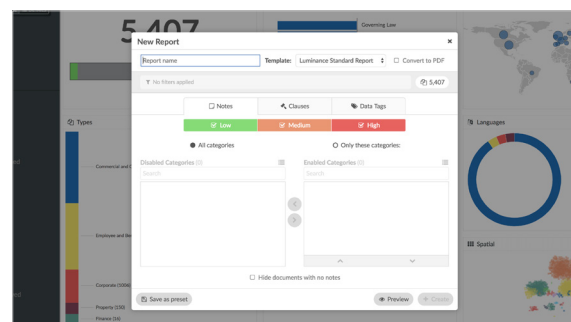
As you review the documents and clauses, add a Note to clauses to flag areas of interest to a colleague or include your analysis into a report later on. You can use Notes to categorise the issues as red, orange or green – these usually represent the severity of the issue.

**QUICK TIP** | Note categories can be used to further organise your analysis. For example, the Note category 'RFI' can be used where a fully executed contract is requested, but not provided.



Analysis is collated in the 'Notes' page, allowing each lawyer to understand, at a glance, all potential issues that exist across the project. Trends in the review and common issues can be observed prior to including these Notes in a report.

## Step 5: Generate a report summarising your analysis and recommendations



To generate a report that summarises your analysis and recommendations, filter to the relevant documents (e.g. Supplier Agreements) and select the information to include in the report. This report can then be downloaded from the 'Reports' page.