



NOVELIS

Legal compliance becomes catalyst for digital transformation

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Chris Courts

Vice President and Deputy General Counsel

Recognizing a need for greater visibility into key contract terms and a higher level of data quality, Novelis sought a solution that would eliminate silos of incomplete contract data—setting the stage not only for essential compliance and risk management initiatives, but also for ongoing strategic decision support.

Legal and compliance initiatives often aim to address very specific regulatory or internal mandates. But sometimes they can also spark strategic, broad-reaching solutions that impact users and processes across an enterprise. Novelis needed to complete its understanding of business relationships and related risk as part of a larger initiative to centralize and standardize business operations.

The company was originally a spin-off from a corporation that had amassed multiple acquisitions. Decentralized operations had led to highly variable practices around pricing, terms and liability. This meant that management, compliance and legal teams found they were unable to quickly answer key questions about payment terms, financial risk and legal exposure. Lack of standards impacted the negotiation process, causing challenging deal cycles and potential risk within high-value contractual relationships.

Novelis

Novelis Inc. is the global leader in aluminum rolled products and the world's largest recycler of aluminum. Many innovative products rely on Novelis aluminum, including more efficient cars, sustainable packaging and beautifully crafted electronics. The company operates in nine countries and has approximately 11,000 employees.

Industry: Manufacturing

Pramata Solution Business Areas:

Contract Management, Finance & Business Performance and Sales Effectiveness

CASE STUDY: NOVELIS

It was clear Novelis needed a more integrated and complete picture of its contracts in order to execute its business plan, as well as eliminate confusion. Because contract management best practices weren't easily shared or adhered to globally, the organization suffered from a fragmented business review process when it came to critical commercial agreements.

The Solution

Innovative risk scoring improves visibility and reduces risk

Novelis chose Pramata to provide visibility into historical data, and to build processes and playbooks to guide negotiations and contract practices going forward. Pramata collected over 20,000 contracts from across the global, organized them into a single searchable system, and extracted hundreds of pieces of high quality data from each contract.

For the first time, the Novelis team had a comprehensive understanding of the company's customer and vendor relationships, including clear data on revenue recognition, business risk and compliance.

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Part of that end game was applying a risk scoring methodology to contract terms. Because the extracted data was normalized for meaning, the Novelis team is able to do an apples-to-apples risk analysis across the company's relationships, regardless of how the language appeared in the documents.

Novelis adds new contracts to the system each day. By the next business day, the Pramata system has extracted customer, deal, risk and revenue recognition data and loaded it into an 80-point model that maps to Novelis' practices and methods.

Now Novelis' legal and finance teams collaborate to ensure standardized—and far more robust—terms for pricing, volume and liability that are present in every customer and vendor contract.

Business Value Realized

Legal seeds organizational change

"Working with Pramata is a true partnership," said Les Parrette, Senior VP and General Counsel at Novelis. "Their data-driven approach to contracts enabled significant improvement in our risk management processes and helped us extend our services to internal clients."

Novelis is a great example of how a company's legal team can serve as a catalyst for organization-wide digital transformation, resulting in greater business efficiency and reduction in overall business risk. With proper access to contracts through Pramata, Novelis has strengthened internal controls and secured regional offices' compliance with best practices.

By providing timely visibility into rich contract information, Novelis has increased negotiation leverage for its commercial teams, resulting in more profitable business relationships.

For finance, there's an improved confidence in the critical revenue recognition process, including improved payment terms that have increased net working capital. The speed and ease with which Pramata enabled higher data quality and accessibility accelerated the migration from GAAP to IFRS accounting principles and laid a long-term framework for ensuring RevRec compliance and flexibility.

"We're amazed every day," said Bea Velez, Senior Legal Project Manager at Novelis. "What Pramata has allowed us to do—to get right to the substance of our contracts—is simply unbelievable."

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Senior Legal Project Manager