



How Contract Analytics Enhances **DORA** Readiness



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The Digital Operational Resilience Act (DORA) compliance deadline is approaching, and the financial sector should start gearing up for it.

What is DORA?

The 'Digital Operational Resilience Act', widely referred to as 'DORA', is a regulatory framework introduced by the European Union. DORA came into force on January 16, 2023, and will be enforceable across all European Union (EU) member states from January 17, 2025.

The financial sector's growing reliance on technology and technology companies to provide financial services is helping them streamline operations and offering new avenues for customer engagement and service delivery but, at the same time, is making them increasingly vulnerable to cyber threats and information and communication technology (ICT) risks.

These risks, if not managed meticulously and handled correctly, can have significant implications, including the disruption of financial services, which in turn impacts other companies, sectors and the rest of the economy. This is where DORA is specifically tailored to help financial institutions mitigate these risks and strengthen their digital operational resilience to ensure stability and continuity even in the wake of any unforeseen ICT challenges.

The DORA act aims to strengthen the IT security of financial entities and ensure that the financial sector in Europe can stay resilient in the event of a severe operational disruption, even in the face of significant disruptions in information and communication technology

What is the Scope of DORA

DORA applies to more than 22,000 financial institutions and Information and Communication Technology (ICT) providers providing ICT Services operating with the EU as well as ICT infrastructure supporting them from outside the EU.

Under DORA, any financial organisation operating within the EU market must comply with the operational resilience guidelines irrespective of its geographical base. This requirement also extends to third-party ICT service providers associated with these financial institutions. Thus, this act implies that to participate in the EU financial market, EU-based and non-EU companies must adhere to DORA's guidelines and implement rigorous cybersecurity, risk management and efficient incident response mechanisms.

DORA applies to all financial institutions, including banks, credit institutions, insurance entities, investment firms, payment processing organisations, and others.



The 5 Pillars of DORA



ICT risk management

This pillar mandates financial organisations to establish and maintain stringent risk management frameworks. The frameworks should cover processes for detection, identification, protection, response and recovery from any ICT-related incidents, including cyber threats.



Incident Reporting

DORA requires financial entities to adhere to a standard protocol for recording and classifying all ICT incidents, particularly identifying major incidents. This ensures a unified approach to handling significant incidents and promotes the exchange of essential information that can help in averting similar problems sector-wide.



Digital Operational Resilience Testing

Financial institutions must regularly conduct and document comprehensive testing of their ICT systems and processes to check resilience. These tests include vulnerability assessments, penetration testing, and scenario-based testing. The main goal is to identify weaknesses and ensure systems can withstand and recover from disruptive ICT incidents.



Third-Party Risk Management

Financial organisations must rigorously vet their third-party service providers, making sure they meet digital resilience criteria and mandate detailed contracts covering critical aspects. In instances of outsourcing essential services, financial institutions need to set precise contractual terms around exit plans, audits, and performance goals related to availability, integrity, security, etc.



Information and Intelligence Sharing

DORA promotes the sharing of information and intelligence related to cyber threats and vulnerabilities between financial institutions. With this collaborative approach, DORA aims to enhance sector-wide resilience by providing financial entities access to a shared resource of knowledge.

The Role of Contract Analytics in Supporting DORA Compliance

With DORA taking effect from January 2025, the new rules will affect not only the new ICT contracts but also the existing contracts. This means that with DORA coming into force, financial institutions will not only have to ensure that all their new ICT contracts cover these rules but also have to scrutinise their existing ICT contracts and adjust them where necessary for DORA compliance. Thus, the more contracts there are, the longer this process will take, making it a very time-intensive part of implementing DORA. This is where efficient contract management is essential.

Traditional contract lifecycle management (CLM) systems may fall short when it comes to addressing the contract requirements under DORA. These systems typically rely on manual processes for updating contract data and review, which is tedious and time-consuming. These systems are often not well equipped to uniformly capture and analyse critical contract details from diverse type of contracts, with their varying structures, terminologies, and clauses, leading to inefficient, inaccurate and inconsistent data being captured across the contract portfolio. This is where efficient and intelligent contract management systems or contract analytics solutions come into play.

Contract analytics involves the use of advanced data analytics and artificial intelligence to automatically identify, extract and interpret critical information from contracts. Contract Analytics technology provides organisations with insights into key contractual clauses, obligations, compliance requirements, and potential risks that may often go unnoticed in contracts.

Here's how Contract Analytics Solutions can help you stay DORA Compliant

Unified and Structured Contract Repository

Manually reviewing and updating each contract for DORA compliance is extremely tedious and time-consuming. Contract analytics solutions can auto-identify, extract critical contract metadata and provide a unified and structured view of key contractual obligations and clauses across all your contracts within minutes. You can easily trace all contracts that need revision and reduce the time needed for reviews and revisions.

Efficient Contract Review

By leveraging AI and machine learning, contract analytics solutions can quickly sift through vast volumes of existing and new ICT contracts. This technology provides a unified view of clauses and terms across all the contracts in your portfolio and helps identify clauses and terms that need revision to meet DORA requirements, saving significant time compared to manual review processes.



Risk Identification and Management

Contract analytics tools can pinpoint potential risks within contracts that do not align with DORA's frameworks. This allows financial institutions to address and mitigate these risks and ensure compliance proactively.

Automated Compliance Checks

These tools can automate the process of checking contracts against a checklist of DORA compliance requirements, ensuring that every contract meets all the required standards.

Efficient Management of Vendor Risks

DORA mandates the need for thorough risk assessments and due diligence for ICT third-party and outsourcing arrangements. Contract Analytics solutions can help identify and monitor vendor-related risks by auto-analysing and providing clear insights into the terms and conditions, service level agreements, and other critical aspects of vendor contracts.

Strategic Decision-Making

Beyond compliance, Contract Analytics provides strategic insights that can guide decision-making processes. These insights enable financial institutions to identify trends, opportunities for negotiation, and areas to improve operational efficiency. Furthermore, automated alerts ensure key milestones and deadlines are met.

With the DORA compliance deadline on the horizon, adopting contract analytics solutions is an efficient method for financial institutions to ensure that their ICT contracts align with DORA standards.

Spendkey's AI-driven contract analytics solution has been helping businesses manage their contractual obligations with assurance. Contact us at info@spendkey.co.uk to learn how our contract analytics solution can help you expedite your journey to DORA compliance.

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