

Pactum Launches Artificial Intelligence Tool for Commercial Negotiations

The AI Negotiation system is backed by founders of Skype and TransferWise and built by luminaries from Skype, Starship Technologies and the Government of Estonia's e-Residency program

Mountain View, CA and Tallinn, Estonia—September 11, 2019 — Launching today, [Pactum](#) is an AI-based system that helps global companies to autonomously offer personalized, commercial negotiations on a massive scale. The Mountain View, California company, with engineering and operations in Estonia, has raised an initial \$1.15 Million in pre-seed funding to augment negotiation and AI capabilities as well as scale operations. Pactum has also filed the patent this week related to its technology IP.

Inefficient contracting has been estimated to cause firms to lose between 17% to 40% of the value on a given deal, depending on circumstances, according to research by [KPMG](#). Pactum's AI helps companies improve their bottom line by implementing bespoke negotiation services for large volumes of incremental partners in every market, that might have previously been unmanaged. Augmented artificial intelligence evaluates agreement terms and offers an unbiased resolution that can result in either business development or renewed agreements where both parties have been equally evaluated to support a fair deal. Based off of historical data, terms are suggested and discussed through an auto generated chat-like interface to generate a contract that is then ready for review and sign off.

“According to our calculations, all the Fortune Global 500 companies together have 12 million supplier contracts that are unmanaged, also known as ‘tail spend’, amounting to around \$100 million to \$500 million dollars per enterprise,” said Martin Rand, Pactum CEO. “Our system helps companies enable growth and bring in initially lost income through stronger agreements, while minimizing waste by conducting thousands of parallel automated negotiations at a time. We’ve converted a process that used to take days, involving back and forth communication and preparation, contracts drafts, updates, and approvals, and signatures, etc. to now take an average of 15 minutes.”

The system is designed to align the values of both the Pactum client and their vendor by initially appraising each possible trade-off in the partnership. Thereafter it uses best-practice strategies to instigate a negotiation with the vendor in an easy-to-use chat interface. Through the system, win-win trade-offs are determined, with terms including payment time, cancellation terms, pricing, etc. The web-based tool's applications range from supplier negotiations for online marketplaces to enterprise and retail procurement negotiations.

“Organizations that have massive numbers of supplier contracts forgo value for their suppliers and themselves when they impose the same contract terms regardless of local conditions or the different services a supplier can provide,” said Jeanne Brett, Professor Emeritus, Kellogg School of Management, Northwestern University. “Solutions like Pactum's that leverage AI to implement negotiation strategy have the potential to facilitate agreements that are unique to individual relationships and that capture value for both parties.”

The team behind Pactum includes AI experts who have worked at successful startups and global tech companies, including Skype, Monsanto, e-Residency and Starship. Investors in the company are luminaries from the tech world including Jaan Tallinn, co-founder of Skype and Kazaa, Taavet Hinrikus, co-founder of TransferWise, Ott Kaukver, CTO of Twilio and Sten Tamkivi, GM at Skype and CPO at

Topia. All are agreed on Pactum's mission to develop an AI that strongly aligns with human interests and values, thereby creating technology that supports humanity overall.

"In order for a business to successfully scale on a global level, it's important to be able to build and maintain partnerships on a local level," said Sten Tamkivi. " Each marketplace includes thousands of partners, each with different requirements, languages and cultures. In order for both parties to flourish, each partnership needs to keep the terms of their agreement up-to-date. In practice, this equates to volumes of contracts going out every day with individualized terms for each partner. Pactum AI supports personalized deals with millions of partners within minutes, enabling global businesses to solidify their relationships and ensure local communities feel supported."

Other notes

About Pactum:

Pactum is an AI-based system that helps global companies to autonomously offer personalized, commercial negotiations on a massive scale. The system adds value and saves time for both the Pactum client and their negotiation partner by aligning their values to determine win-win agreements via an easy-to-use chat interface that implements best-practice negotiation strategies. The company is based in Mountain View with engineering and operations in Estonia. Pactum is backed by founders of Skype and TransferWise and built by luminaries from Skype, Starship Technologies and the Government of Estonia's e-Residency program. www.pactum.com/

Name and logo:

The name, Pactum means "agreement" in Latin, while the logo represents the [Pareto efficiency](#) meaning "a state of allocation of resources from which it is impossible to reallocate so as to make any one individual or preference criterion better off without making at least one individual or preference criterion worse off". The system excludes human biases and misconceptions, like fixed pie bias or abuse of strength for one-sided gains, to assure that both parties are receiving fair terms.

Investor quote:

"It is crucial that AI agents, as their capabilities increase, continue to be strongly aligned with human interests and values. This is an active area of research, called AI alignment. As this research is usually done in academia and non-profit context, it would be very valuable to complement it by commercializing parts of the problem. Pactum is doing just that." - Jaan Tallinn, Pactum investor and Co-founder of Skype, Kazaa, The Centre for the Study of Existential Risk (CSER) and the Future of Life Institute, Investor in DeepMind

Customer quote:

“Whenever we bring a new limo company onto our site, they are usually overly-cautious and the terms initially set are usually very limited. That is until they try the service out and realize the opportunity and increase in traffic we can bring them. Once they do, they often want to increase the terms of our agreement. As a result, we need to create new contracts faster than we can negotiate them! Our very first automatic contract negotiation using Pactum resulted in a 10% price decrease for us and more traffic for them, and was really easy for our partner to use. Pactum provides a scalable way to conduct pleasant and thoughtful negotiations that are mutually beneficial for both parties, while saving everyone time.”- Sasa Krstic, General Manager at Limos4

Website with an interactive demo:

<https://www.pactum.com/>

Download headshots and logo:

https://drive.google.com/drive/folders/1DyNaZBOeo_LpDQV-qvyR4nKT2xYttQ6w

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