

Choose rules regarding return of confidential information:

Don't add provisions regarding return of confidential information

**Not common**

Standard language **Common, rarely negotiated**

3 changes will be applied

4. Return of information . Upon request of Company, Other Party will promptly return or certify the destruction of Confidential Information and all authorized copies thereof.

5. Return of information . On the expiration or termination of this agreement, or on Company's request, Other Party must within ten (10) business days:

Company all Confidential Information;

THE CASE OF

**Avodocs**

USER-FRIENDLY CONTRACTS

March 2022

**Key facts and figures**



Year of establishment

**2019**



Type of justice problems addressed

**Business**



Geographical scope

**USA, Canada, South Africa, Ukraine, Netherlands, Germany, Luxembourg, United Kingdom, Estonia, and Lithuania**



Legal entity

**Private company**



Regulatory embeddedness

**Independent of the government, no working relationship with the government**



Number of staff members

**25**



Number of users/ contracts sold

**6000 users**

## Initial Vision

Automated, user-friendly contracts are being increasingly used in the legal sector. They have made legal documents affordable and accessible to everyday people. Avodocs, an online platform, offers user-friendly contracts to start-ups in the USA, Canada, South Africa, Ukraine, the Netherlands, Germany, Estonia, Lithuania and Luxembourg. Founded by two brothers, Oleg Zaremba and Yuriy Zaremba, the company initially catered to start-ups in Ukraine, the homeland of the founders.

Avodocs offers attorney-reviewed legal documents such as Terms of Use, Privacy Policy, NDA, GDPR Policy, SAAS agreement and many more. These documents can be negotiated, stored and e-signed on the platform [1]. More than 4000 start-ups, many of them affiliated with accelerators such as Techstars, 500 Startups and Y Combinator, have used services offered by Avodocs [2].

The idea for document automation germinated in the mind of the founder Yuriy Zaremba while working as a corporate lawyer for a law firm in Ukraine [3]. Yuriy specialised in real estate, mergers and acquisitions and spent a significant amount of time in preparing documents for the same. He noticed the patterns in the documenting process and thought of streamlining and standardising it with the help of technology, which would save time and probability of making errors which is otherwise high in a manual process.

In collaboration with his brother Oleg Zaremba, who was working with Booking.com as a Senior Software Engineer, Yuriy built a document automation platform called Axdraft in the year 2017. Soon after, several law firms in Ukraine subscribed to Axdraft to fulfil their document automation needs. This platform preceded Avodocs.

Axdraft developed into a contract lifecycle management platform that allows large enterprises and legal firms to draft contracts

expeditiously. It allows for parties to the contract or team members to review and redline a contract, and companies to customise the document to suit their branding style. It uses artificial intelligence to analyse documents [4]. Axdraft became one of the success companies in the LegalTech industry, receiving funding from Overkill, HiiL's Justice Accelerator and Y Combinator. It was recently acquired by Onit, a software company [5].

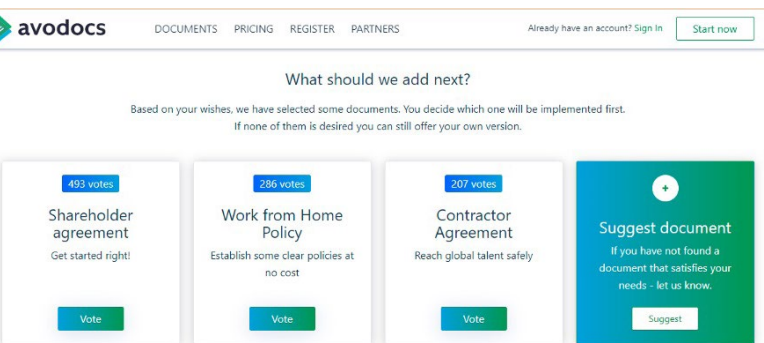
After setting up Axdraft, the founders realised that very few legal services in Ukraine cater to documenting needs of start-ups and small enterprises. These start-ups need legal documents to set up a business in Ukraine. The founders then came up with the idea of Avodocs, a platform that can provide affordable, automated documents to start-ups and small enterprises.

Wanting to improve and expand its product offering, in spring 2021, Axdraft took contract automation further by introducing QuickDocs, a standalone solution for self-service contracts. With QuickDocs, users can set up self-service, 100% compliant document automation workflows for simple contracts (such as NDAs, DPAs, SOC-2 report requests, sales agreements) that do not require legal review. This solution has already helped companies like Slack, Vimeo, Vanta, and more in reducing the amount of time required in managing simple contracts.

## Approach towards contract development

Right from the start, Avodocs was responsive to the needs of customers. The company received suggestions from customers as well as their peers in Y Combinator about the kind of documents they need via the help or support tab on the website. Based on the needs voiced by customers and peers, Avodocs introduced new documents. For instance, customers requested Avodocs

to create documents that help in hiring employees and terminating their contracts. To streamline this demand of customers, the company introduced a feature which allowed customers to add names of documents that they need. This data is then aggregated and stored in a separate file, which the company refers to when they are looking to launch a new document.



To understand the customer's overall experience of using Avodocs, the company would engage them in a conversation to get feedback. As the company grew, they collected data systematically via surveys which helped the company in improving their services.

## Financial strategy of the company

Because the company Axdraft preceded Avodocs, the founders did not have to invest in developing separate technology for Avodocs. Much of the knowhow that went into developing Axdraft was used in Avodocs. A Ukrainian law firm Avellum also helped Avodocs in developing legal products as a part of its corporate social responsibility programme [6]. The founders formed Avodocs without incurring significant expenditure. As a result, Avodocs initially provided much of the legal documents to start-ups at no cost.

Over time, Avodocs has moved towards charging a modest fee for their products. It has adopted a subscription based, tiered

revenue model. Customers can draft 10 documents per month at a cost of \$14 per month or can draft unlimited documents for \$20 per month. To ensure that cost is not a barrier for start-ups who are just taking off, the company offers 1 document per month with no registration, and 3 documents per month with registration.

The main aim of Avodocs is to provide access to user-friendly and affordable legal documents to start-ups. It received support from its sister company, Axdraft as well as from those interested in corporate social responsibility programmes, which helped the company stay afloat in the initial phase. The fee structure introduced by Avodocs is slowly generating revenue for the company. It's customer base has gradually expanded, exceeding 4000 clients. Although Avodocs did not take the traditional route an innovation takes in attracting funds, the company gradually devised a revenue model that can generate revenue as well as serve the needs of SME clientele.

## Marketing strategy of the company

An off-shoot of Axdraft, Avodocs could not spend large sums of money for paid marketing. Instead, the founders circulated the news about the launch of the company in Ukraine to reporters, who then suo moto publicised the launch of the company across the country. At that time, Ukraine was undergoing a political crisis with the annexation of Crimea by Russia. So media outlets and everyday people, welcomed positive developments such as the launch of a company like Avodocs that provided free services.

After Axdraft Avodocs found clients for its contracts and documents among start-ups that were funded by Hiil's Justice Accelerator, Overkill and Y Combinator's cohort of start-

ups, the other start-ups that were funded by the three accelerators purchased the documents they required to set up their businesses from Avodocs [7]. This way, the company got exposure to clients.

Word of mouth publicity and the platforms provided by the different accelerators that funded Axdraft benefited Avodocs in attracting users. It did not undertake separate paid marketing to gain more traction in the market. To this point, Avodocs has reached break even and is witnessing an influx of new users through organic acquisition only.

## Role of enabling environment in the growth of the company

In Ukraine, where Avodocs was launched, the company did not face any challenges from the bar associations, lawyers or government. Even when the company ventured in other European countries or the USA, it did not face any challenges from the regulatory authorities. The company benefited from the changes in regulations in the USA brought out by LegalZoom's battle with several state bar associations, which led bar associations to support online providers of legal services.

Avodocs faced a challenge while raising funds from investors in Europe. The company notes that there is a marked difference in the fundraising culture among investors in Europe and USA. Investors in the USA process funds and conduct due diligence at a fast pace, as compared to their counterparts in Europe. One reason for this is that Europe has stricter regulations when it comes to funding start-ups, unlike the USA where regulations are relatively more relaxed.

## Lessons learnt

Lessons that can be taken from the experience of setting up Avodocs are:

- Cooperation between team members and between co-founders themselves and identifying and overcoming challenges together as a team contributes the most to the success of your company early on.
- When competing with large companies, start-ups have the advantage of being able to make decisions quickly and therefore launching products at a faster rate than large, established companies can.
- Focus on improving one product before moving on to another product.

## Critical Success Factors

Factors that played a critical role in the success of Avodocs are:

- Avodocs benefited from the technological platform that the founders built for Axdraft thanks to which the founders did not have to invest more money in developing the core technology used in Avodocs.
- Platforms provided by accelerators such as Overkill, Y Combinator and HiiL gave Avodocs access to other fellow innovators who then used its products, thus attracting users to Avodocs.

- The founders actively interacted with users and collected feedback during the initial stages of Axdraft's growth. This feedback was useful to the founders in understanding the kind of documents enterprises need and how to develop various aspects of their products. They carried forward these learnings of product development while setting up Avodocs, which again saved the founders a considerable amount of time and effort.

## Sources

[1] Avodocs, Pricing. As accessed on January 14, 2022.

[2] Bernard, T. (2019). Extra Crunch members get free start-up legal documents from Avodocs.

[3] Palchinska, L. (2017). Ukrainian start-up Axdraft has automated the preparation of legal documents. And I learned how to make money, AIN.

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[6] Yarova, M. (2018). Ukrainians have launched a free service that will help entrepreneurs draw up the necessary document, AIN.

[7] Magnetic Latvia, (2020). Overkill alumni Axdraft joins Y Combinator.

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This exploratory piece is based on an interview with Oleg Zaremba, October 21, 2021.

To learn more, read the [policy brief on User-Friendly Contracts](#) or visit [www.hiil.org](http://www.hiil.org) and [dashboard.hiil.org](http://dashboard.hiil.org).