

CASE STUDY

How a Stalled Six-Month Contract Review Was Resolved in Weeks

A healthcare AI startup partnered with a cross-border venture group to form a new joint company, but their contract negotiations became a six-month nightmare. This case study reveals how a structured approach transformed chaos into clarity in just weeks.

BACKGROUND

How a Stalled Six-Month Contract Review Was Resolved in Weeks

- A healthcare AI startup ("MedAI Tech") partnered with a cross-border venture group ("LatAm Health Partners") to form a new joint company ("GlobalMed LLC"). The founders contributed cash, services, and critical intellectual property.
- To formalize the arrangement, outside counsel prepared a comprehensive package of contracts including an LLC Agreement, IP Assignment, Founder Covenants, and Restriction Agreements.
- On paper, the package looked thorough. The founders assumed they were receiving iron-clad protection. In practice, the documents contained contradictions, missing exhibits, and provisions so one-sided they jeopardized both enforceability and fairness.



THE PROBLEM

Negotiations dragged for **six months**. Each round of feedback generated new drafts, but fundamental flaws went unnoticed:

Ownership Disparity

One founder received 47% more equity for the same contribution, without documentation.

Vesting Contradiction

Units were listed as both "fully vested" and subject to a 24-month vesting schedule.

Missing Exhibits

Key agreements were referenced but never attached to the contracts.

Overbroad Restrictions

Founders were barred from competing in "any AI field worldwide" for five years, far beyond the scope of the business.

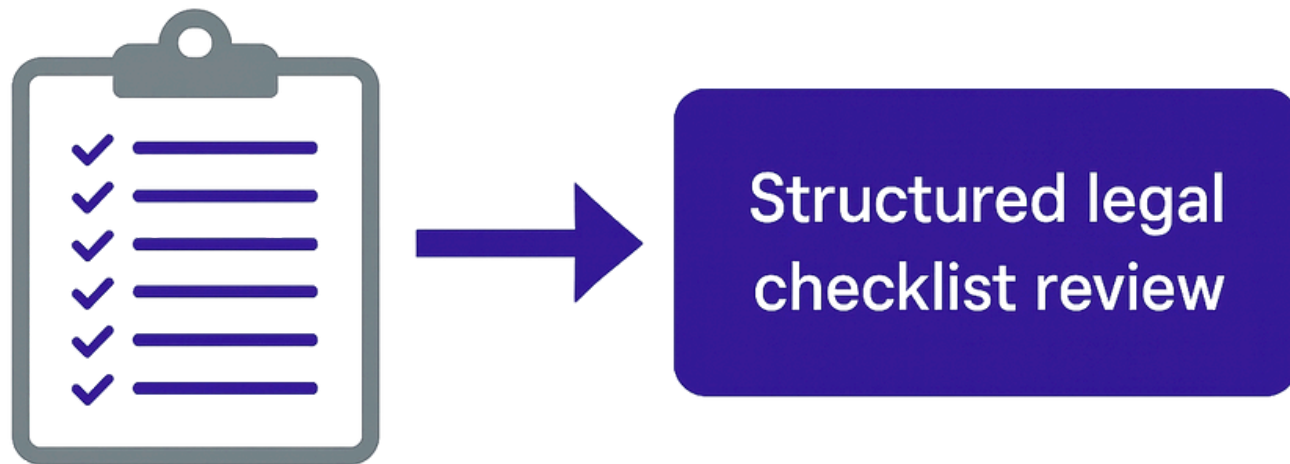
Repurchase Traps

If regulatory approvals weren't obtained on time, a founder's equity could be bought back for pennies, but the company would retain permanent rights to their IP.

The founders and their lawyers believed they were tightening protections. Instead, they were locking themselves into **months of delay and significant future litigation risk.**

THE TURNING POINT

Finally, the contracts were sent through a structured legal checklist review:



This process surfaced the fundamental issues in a **single pass**, rather than piecemeal over months.

1. Validate Statutory References

Delaware LLC Act, Mexican corporate law compliance

2. Compare Against Case Law

Enforceability benchmarks and legal precedents

3. Confirm Documentation

Exhibits and attachments completeness check

4. Flag Contradictions

Duplication and missing definitions identification

5. Benchmark Standards

Market-standard norms for duration, geography, industry

OUTCOME

A process that had already consumed half a year was completed within a month after checklist review.

6
Months
Saved

Process completed within a month after checklist review

85%
Risk
Reduction

Contradictions and overbroad
restrictions eliminated

100%
Alignment
Restored

Founders regained confidence in true partnership

THE RESOLUTION

By reframing the contracts through the checklist:

- **EQUITY NORMALIZATION**
Allocations were normalized, removing the unexplained premium
- **VESTING HARMONIZATION**
Language was unified into a single enforceable schedule
- **MISSING AGREEMENTS**
Identified and prepared in parallel with main contracts
- **NARROWED NON-COMPETES**
Restricted to healthcare AI in Latin America, 24 months post-involvement
- **FAIR REPURCHASE TERMS**
Tied to fair market value or IP reversion, protecting core contributors

The redrafted package was circulated, reviewed, and accepted in **weeks — not months**.

KEY LESSON

Iron-Clad Contracts aren't built by endless drafts.
They're built by Structured Review

The Checklist That Saves Time

- Validate statutory references
- Align with case law
- Benchmark against market standards

The Outcome

- 6 months saved
- Fairer agreements
- Safer, enforceable outcomes

PROCESS COMPARISON



TRADITIONAL APPROACH

(6+ months)

6+ months of endless revisions and mounting frustration



STRUCTURED APPROACH

(single pass)

Systematic checklist identifies all issues in single pass



SWIFT RESOLUTION

(weeks)

Final agreements completed and accepted within weeks



MOBILE NUMBER

+310-989-0908

WEBSITE

WWW.DELPHITECHCONSULTING.COM

EMAIL ADDRESS

TEAM@DELPHITECHCONSULTING.COM

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