Digital transformation and increasing efficiency in SMEs:

A guide to modern contract management

ContractHero

Abstract

SMEs: digitalization is the key

For SMEs, digitalization is far more than just an option - it is an absolute necessity in order to survive in the market environment.

Digitization offers SMEs many advantages, ranging from productivity gains and cost savings to improved communication and greater customer loyalty. It also allows deeper insights into customer behavior, which supports well-founded decisions. Overall, digitalization offers SMEs the opportunity to become more competitive and future-proof.

At the same time, there is a strong willingness among German SMEs to invest in digitalization, with a particular focus on data protection and security. This commitment to digital technologies, supported by investments in modern communication tools, reflects the strategic direction that not only improves operational performance, but also deepens the customer experience and secures the market position in the long term.

Introduction

Mittelstand: Digitalisierung als Schlüssel

Chart showing "Tatsächlich digitalisiert" and "Theoretisch digitalisierbar" for:
Buchhaltung & Personal, Einkauf, Marketing & Vertrieb, Unternehmen insgesamt, Logistik, Produktion/Erbringung von Dienstleistungen

Quelle: Bundesnetzagentur

This trend becomes particularly clear when looking at the potential of digitalization in different areas. It is particularly noticeable that areas with predominantly administrative and standardized activities have a higher potential for digitalization. When compared with the actual digitization rate, it becomes clear that an average of 59% of all processes across the company are suitable for digitization, and around 41% have already been digitized. These figures underline the progressive but still untapped potential for digitalization in German SMEs.

01

Introduction: The importance of digitalization in the SME sector

Why contract management is particularly important

Contracts form the foundation of many corporate functions and are a key element in the process of digitalization. The automation of contract processes increases the company's level of digitalization and improves the efficiency and optimization of the entire contract lifecycle. By implementing digital contract management, companies can make their processes more efficient, which is crucial in order to remain agile and adaptable. The transition to digital contract management is therefore an essential step that contributes to strengthening the entire company structure. This transformation brings numerous benefits that have a direct impact on day-to-day business.

02

Strategies for digitalization in contract management

Analysis of existing processes

In order to gain a thorough overview of the administration and management of contracts in your company, it is crucial to carefully analyze the existing contract processes. A structured approach is important to effectively uncover weaknesses and identify optimization potential. Here are the key steps that can help you do this:

Document existing processes

Start by documenting all current contract processes. This includes the creation, review, approval, signing and archiving of contracts. Record who is involved in each step and how long each step takes.

Analysis of existing processes

Compliance audit

Ensure that your contract processes comply with current legal requirements and internal guidelines. Check whether there are areas where there is a risk of compliance violations.

Evaluating the use of technology

Evaluate how technologies are currently used in the contract processes and which applications your company uses.

Obtain feedback

Interview employees who regularly work with contracts to get direct feedback on existing processes. This can provide valuable insights into challenges and opportunities for improvement.

Identify weak points

Analyze the documented processes to identify bottlenecks, redundant steps or areas with high error potential. Look for delays or communication issues that slow down the process.

This analysis often reveals a heavy reliance on traditional methods. Traditional approaches include the use of tools such as Excel and Google Drive as well as the physical archiving of documents in folders or archives. While these methods can work for smaller companies or with a small number of contracts, they reach their limits as the volume of contracts increases.

02

Strategies for digitalization in contract management

Potential and challenges in digital contract management

The problems caused by traditional contract management can be solved by using specialized software. Routine tasks can be automated, errors can be reduced and the entire process from the creation to the archiving of contracts can be optimized. In addition, digital solutions enable improved collaboration, both within the company and with external partners, and offer advanced analysis functions that support strategic decisions based on contract data.

The challenge of contract management	The potential of digitalization
Manual administration and high time expenditure	Automation of routine tasks: Digital tools can automate recurring tasks, freeing up valuable working time for strategic tasks.
Susceptibility to errors in manual processes	Error reduction through digital accuracy: Digital systems minimize the risk of human error by ensuring accuracy and consistency in contract processes.
Difficulties in complying with changing regulations	Dynamic adaptation to legal changes: Digital contract management systems can be easily updated to comply with new legal requirements.
Complex contract cycles with many parties involved	Improved coordination and transparency: Digital platforms enable efficient collaboration between all parties involved and increase transparency throughout the entire contract cycle.

The challenge of contract management	The potential of digitalization
Loss of information and lack of accessibility of documents	Centralized document management: Digital solutions offer a central database for all contract documents that can be accessed at any time, making it easier to access information.
Challenges in negotiating and drafting contracts	Standardized contract templates and collaboration tools: The use of templates and digital tools facilitates the creation and negotiation of contracts.
Difficulties in monitoring deadlines and obligations	Automated reminders and deadline monitoring: Digital systems can automatically monitor important deadlines and send reminders to ensure deadlines are met.
Limited cooperation and communication	Cloud-based collaboration tools: Digital solutions enable improved collaboration and communication between internal teams and external partners.

The table illustrates how digital contract management solutions effectively address the challenges of contract management. It is worthwhile for companies to evaluate the various options and choose a system that best meets their specific requirements.

03

Choosing the right tool

Preparation:
Needs analysis and goal setting

The first step in selecting the right tool is the needs analysis. This is a systematic process in which a company determines its specific requirements and needs with regard to contract management software. The aim is to identify exactly which of the following functions are really necessary for the company's specific processes and objectives.

Mapping of the entire contract life cycle

The software maps the complete life cycle of contracts, including creation, processing, approval and archiving.

Transfer of existing contract data

Possibility of error-free migration of data from legacy systems to the new system.

Integration into existing processes

The software integrates seamlessly into existing document workflows and archiving systems.

Intuitive user interface

Ease of use for different user groups without the need for extensive training.

Mobile access options

Support for mobile devices and offline editing functions on the move.

Data exchange with external applications

Integration capability with third-party applications and availability of API documentation and standard interfaces.

Clear assignment of responsibilities

Fine-grained authorization concepts for accessing and editing contracts.

Security

Security features such as ISO certifications and a secure server location in Germany are essential for contract management software in order to guarantee data protection and data security.

Collaboration in the cloud

Integration of external partners via cloud services for the joint processing of contracts.

Revision security

Legally compliant archiving of contracts in accordance with legal standards such as GoBD and GDPR.

Digital signature

Integration of the digital signature function for legally compliant and efficient signing of documents.

While this list illustrates the wide range of features that contract management software can offer, it's critical to recognize that not every company will need all of these features. The specific needs of your business will determine which of these features are most valuable to you.

03

Market overview and provider analysis

Choosing the right contract management software is a challenge given the wealth of options available. The following comparison aims to simplify this decision for you.

Provider	Contract cycle focus	Properties	Implementation effort	Kundenbetreuung	Target group	Satisfaction*
ContractHero	CLM / Contract management	Secure, automated, simple	Low	Very good	SMEs#	4,8
Juro	CLM/ Creation	Intuitive, visually appealing	High	Very good	Legal-Teams	4,8
Precisley	Workflows, creation	Automated, complex	High	Good	Corporate	4,2
Icertis	CLM	Scalable but complex, time-consuming onboarding	High	Good	Corporate	4,2
Contractbook	CLM	Simple, automated, secure, fast and easy onboarding	Medium	Good	SMEs	4,7
Contractworks	CLM	Safe, user-friendly	Medium-High	Very good	Corporate	4,8
D.velop	Doc. Administration	Complex, focus on document management	High	Medium	Corporate	2,5
Fabasoft	Doc. Administration	Secure, focus on enterprise, complex	High	Medium	Corporate	N.A.
Docusign	E-signatur	Simple, focus on signature	Low	Good	Corporate	4,5
Pandadoc	E-signatur	Versatile, focus on sales teams	Medium	Good	Sales-Teams	4,7
Ironclad	Creation, Legal	User-friendly, easy to understand	Medium	Very good	Legal-Teams	4,5
Yousign	E-Signatur	User-friendly, simple process	Medium	Good	SMEs	4,4

*Based on G2, range 1-5, 5 = very good   ●   #SMEs: 200 to 1000 employees; Group 1000+ employees

Product focus: Different company sizes

The comparison clearly shows that there are solutions that are specially tailored to the requirements of large companies. The implementation of such systems often requires an on-premise installation or support from IT specialists. These solutions are usually designed to be used by everyone in the company, which makes them correspondingly more cost-intensive and extremely time-consuming to implement.

In contrast, other providers concentrate on the needs of medium-sized companies and focus on the essential functions of contract management. They place particular emphasis on effective onboarding and excellent customer support to ensure simple, intuitive and efficient contract management. Such solutions are particularly attractive for small to medium-sized companies that want to manage without IT resources. These solutions are usually intended for small and medium-sized companies or departments in large companies, which makes them a cost-effective option.

The decision for the right provider should therefore be made carefully based on the specific needs, company size and existing IT infrastructure.

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Implementation: How the ContractHero team helps

The implementation phase at ContractHero comprises several steps to ensure seamless and effective integration into the company.

Step 1: Needs analysis and consultation

At the beginning of the implementation phase, the sales team carries out a free needs analysis. This needs analysis differs from the analysis described in the previous section in that it focuses more on the individual conditions and specific requirements of your company. This detailed analysis takes into account factors such as the number of contracts, the specific types of contractual relationships your company has, as well as your existing company workflows and processes. The goal is to develop an in-depth understanding of your organization's unique needs in order to understand whether ContractHero's contract management software will meet your needs. This approach enables the sales team to provide comprehensive and personalized advice that ensures ContractHero is the best fit for your business processes and requirements.

Step 2: Onboarding

Once you have decided on a tariff, the purchase and the start of the onboarding process follows. During this phase, the customer support team will work closely with you to successfully implement the software in your company and help you get started. An important aspect of the onboarding process is the uploading and integration of all existing contracts into the new system. The customer support team will provide assistance and guidance to ensure that all contracts are correctly and completely transferred into the system.

Step 3: Long-term partnership

Following the successful implementation of the contract management system, ongoing customer support is very important to us. This support not only includes regular checks and adjustments of the system to changing requirements, but also offers onboarding training for new employees. This ensures that team members who are new to the company can also use the system effectively. A long-term partnership with ContractHero guarantees that the contract management system will remain efficient and adapted to the company's evolving needs in the future.

By carefully going through these steps, the implementation of a contract management system can be made smooth and as efficient as possible.

The implementation of a contract management system involves several steps that are essential for successful integration into existing company structures.

05

Use cases from different sectors

By working with ContractHero, hundreds of companies have made progress on their digitalization journey. Below are some success stories of companies that have been able to optimize their processes with the help of ContractHero's digital contract management software.

wegatech

Wegatech - Renewable energy made more efficient

Wegatech, a leading company in the field of renewable energy technologies, was facing significant challenges in terms of efficiency and productivity. These challenges included limited accessibility to important data and a lack of visibility across different departments. With the implementation of ContractHero, Wegatech was able to easily onboard new employees, map their complex company structure and gain a clear overview of spend. The centralized contract storage and intuitive usability of ContractHero led to significant time savings and more efficient collaboration.

SCHÜTTFLIX®

Schüttflix GmbH - Digitalization in the construction industry

Schüttflix GmbH, a pioneer in the digital brokerage of bulk goods, was confronted with the need for comprehensive digitalization and automation in order to meet the expectations of investors and major customers. The main challenges were inefficient contract management due to confusing data storage and inadequate deadline management. ContractHero provided the solution: by introducing a centralized contract database, automating routine tasks and implementing effective deadline management, Schüttflix improved internal efficiency and laid the foundation for further growth. The ability to quickly access contract information and save time in contract processing made ContractHero an integral part of Schüttflix's business processes.

natsana.

Natsana - Rapid growth in the food supplement industry

The rapid expansion of Natsana, a nutritional supplement company, led to an extensive but confusing contract portfolio. ContractHero enabled a uniform structure and harmonized contract processes throughout the company. The independent optimization in the departments led to considerable cost savings by identifying and terminating duplicate contracts. The search time for contract information was reduced from ten minutes to less than one minute.

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Summary and recommendations for action

Digitizing contracts is a crucial step towards the comprehensive digitization of SMEs by improving efficiency, security and compliance through the introduction of digital contract management systems. These systems automate routine tasks, reduce errors and promote improved collaboration and transparency across the entire contract cycle. Switching to digital solutions therefore offers a significant opportunity to increase competitiveness and future-proof your business. By implementing recommended measures, companies can take full advantage of the benefits of digital contract management and ensure a successful transition.

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