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CONTRACT LIFECYCLE MANAGEMENT 101

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INTRODUCTION

Contracts are the lifeblood of any business. They define how much revenue a business can bring in from a service or product by formalizing who is buying what from whom, at what price and over what period of time, and also put conditions in place if something were to go wrong.

As long as the terms of service within the contract are met, the party providing the service or product will receive revenue. However, the deal cannot be carried out until both parties have agreed upon the terms and have signed the contract. This takes place during the contract process; when the contract is generated, the terms within the contract are negotiated then approved by both parties before it is signed. The longer it takes to get a contract signed, the longer it takes to receive revenue from the deal.

According to the SpringCM 2016 State of Contract Management Report, almost 50 percent of the sales professionals surveyed said the contract process lasts over a month. The main culprits are often the time-consuming, manual tools used and the lack of visibility into potential bottlenecks during the contract process.

85%
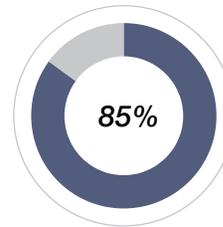
85 percent attach contracts to emails when they are redlining, approving or signing contracts, where they can sit in an inbox without anyone being aware, or create multiple versions that can lead to risks down the road.

45%
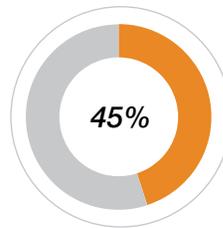
45 percent store contracts in shared drives, among thousands of other documents, where they often get lost or misplaced.

In the IDC report, "Addressing the Document Disconnect," business leaders said their staff spends more than one-third of their time on administrative tasks, and less than two-thirds on their core job function. In a forty-hour work week, that's roughly 13.3 hours of wasted productivity, which equates to about 692 hours annually per worker in lost productivity.

35% — Increase in revenue

30% — Reduction in cost

23% — Reduction in compliance risk

Addressing the document disconnect can provide major benefits to a company: 35 percent increase in revenue, 30 percent reduction in cost and 23 percent reduction in compliance risk.

Additionally, research by the the International Association for Contract & Commercial Management (IACCM), states that over 9 percent of an organization's revenue can be lost due to poor contract management. For a business that averages one million in annual revenue, a minimum of ninety thousand dollars is lost because of poor contract management. It's clear that the way a business manages contracts can directly affect how quickly a business can bring in revenue.

Today, more businesses are leveraging technology to transform critical business processes. Contract Lifecycle Management (CLM) solutions are playing an increased role in driving productivity, increasing visibility and addressing risks during the contract process.

WHAT IS CONTRACT LIFECYCLE MANAGEMENT?

At SpringCM, we define contract lifecycle management as the process by which an organization can strengthen and tap into the value of its contract portfolio in order to shorten the sales cycle and reduce customer acquisition costs. The value comes from the time and money saved during the contract process. If you can increase productivity behind managing contracts, you can get deals signed faster and have more time to pursue other deals and expands sales for your business.

Businesses apply contract management technology to standardize, streamline and automate contract creation, processing, negotiation, execution through to expiration and archiving.

The steps involved in processing contracts, also known as the contract lifecycle, involves many steps that involve multiple tasks and individuals from other departments as well as the customer.

RENEWAL

Reminders
Automation
Post-Signature Notices

STORING

Secure, centralized repository
Search – full text search available
Mobile accessibility with full
Salesforce 1 support
Metadata and Attributes

OPTIMIZATION

Reporting
Analytics
Dashboards

GENERATING

NDA's and Master License Agreements
E-forms
Templates
Third-party paper

ADMINISTRATION & EXECUTION

Audit trail
E-Signature
Obligation reminders

NEGOTATING

Redlining and document compare
Workflow
Version Control
Clause Library

IMPORTING

Fax, email, scan
OCR Scan of every document
Legacy contract migration

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WHAT CAN CONTRACT MANAGEMENT DO FOR YOUR BUSINESS?

Contract Lifecycle Management (CLM) software is a transformative solution that improves collaboration behind critical business process. Additionally, it streamlines and shortens the overall contract process by simplifying the number of tools employees use to process contracts, automating repetitive steps, and increasing visibility through tracking and reporting to ultimately drive worker productivity. Plus, a CLM solution enables corporate legal teams to work more efficiently and effectively manage risks for the company.

Drive Sales Productivity: CLM solutions automates drawn-out and repetitive parts of the contract lifecycle while eliminating extra steps in the process. For example, they can eliminate unnecessary, mundane tasks such as retyping customer details when generating the contract, or reducing the back and forth internally and externally during negotiations. This keeps sales teams focused on selling and finding new customers rather than working on administrative tasks.

Increase Visibility: CLM solutions can provide end-to-end visibility with the ability to report and provide insights into the contract process to help teams, particularly executive management, identify and get ahead of bottlenecks. Tracking contract activities provides an understanding of what's been done to a contract and what actions still need to be taken on it before it can be signed. With all contracting activities completed within one solution, organizations will have access to all the data needed to report on insights into the overall contract process such as who is involved and the time it takes from contract generation to signature.

Mitigate Risk: CLM tools also help to mitigate risk during the contract process as well as post-signature. With visibility into potential bottlenecks during the contract process, users can get ahead of delays. CLM also provides controls to meet obligations within the contract and stay ahead of renewals, which also improves the overall customer experience.

Minimize Employee Toolsets: A CLM solution should have the functionality to integrate with other systems that sales teams use and vice versa. Customer Relationship Management (CRM) software, such as Salesforce, centralize sales operations by storing and managing customer data as well as sales team's activities. CLM tools that integrate with CRM tools and other sales applications can keep sales teams working from one united platform.

NCR

Before coming to SpringCM, NCR Corporation did not have a standardized contract process. Contracts that did not require negotiation took the same path as highly-negotiated contracts, greatly increasing the time to process even the simplest contracts. SpringCM simplified their contract process, providing a level of self-service to sales teams, and saving only contracts needing negotiation for the legal department. As a result, NCR Corporation cut their contract process down from three weeks to three days, giving sellers an additional two and a half weeks of time to pound the pavement, identify buyers, get them in the door and sell.

WHO BENEFITS FROM A CLM SOLUTION?

The contract process can involve multiple players from various departments, both internally and externally, depending on the complexity of a contract. CLM solutions are meant to simplify contract collaboration between all players involved, as well as allow each to be more productive in their role.

Executive Management: A CLM solution enables executive management to have greater visibility into the contracting process and how it's influencing sales productivity, revenue and business objectives. By knowing how many contracts are being processed at a given time, how long they're taking to close and how much money is being brought in as a result, executives can forecast when revenue will be realized.

48%
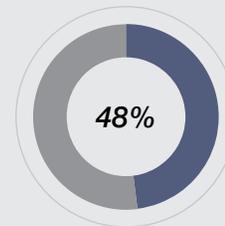
According to SpringCM's 2016 State of Contract Management Report, over 48 percent surveyed said their executive team would benefit from seeing the contract status in relation to anticipated revenue.

50%
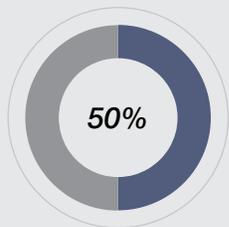
According to SpringCM's 2016 State of Contract Management Report, almost 50 percent of sales professionals said a transparent contract process would assist in reporting and predicting revenue.

Sales Reps: After initiating a contact with the customer, the sales rep is responsible for ushering the deal through the sales cycle. A drawn-out contract process can not only delay revenue from the deal itself, it can delay the sales rep's commission that comes with the signed deal and can prevent them from reaching quotas. It is in the sales rep's best interest to close the deal as soon as possible. However, without visibility into the status of where the contract is in the process, the ability to easily locate a specific agreement, or insights into upcoming steps, it is difficult to anticipate bottlenecks and delays.

Sales Operations/Managers: It's imperative for Sales Operations and Managers to understand their sales process, what's holding back their sales reps and how the process can be optimized. CLM solutions reveal insights into how long it takes to process a contract and realize revenue, as well as who's involved in the process and which deals are more successful.

Legal/General Counsel: Lawyers are tasked with protecting an organization's interests thereby making risk mitigation a core aspect of their role with contracts. Corporate counsel are often responsible for generating contracts and negotiating them with other parties. Minimizing risk is better achieved during the contracting cycle when a contract is generated correctly with pre-approved legal language, changes to the contract during negotiations are tracked, and contractual obligations are met during the post-signature stage.

IT Services: The IT department is concerned with the technology infrastructure and the software systems used throughout an organization. With multiple departments involved in the contract process, IT has the ability to incorporate technology that brings these departments together to enhance collaboration and make it easier for employees to do their job more efficiently with secure access to sensitive information.
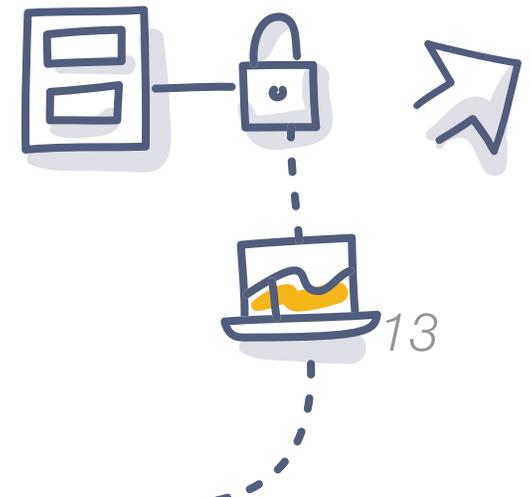
KEY FUNCTIONS OF CONTRACT LIFECYCLE MANAGEMENT SOLUTIONS

CLM solutions should have capabilities to manage each phase of the contract lifecycle such as capabilities to store contracts and related documents, simplify the generation of documents and track changes made to the contract until it's ready for signature.

Considering the sensitive nature of contracts, a CLM solution should also have the means to manage permissions and control access to each contract to make sure information is delivered and maintained securely. Reporting and analytics capabilities provide executive teams with a complete picture of their organization's contract portfolio, as well as contractual obligations and benefits. Finally, CLM solutions can also provide a level of self service to sales teams to reduce their reliance on legal, while still conforming to corporate policies by leveraging only pre-approved legal language.

Adding a CLM solution has the capacity to drive productivity and visibility, while reducing risk throughout the entire contract process.

CONTRACT CENTRAL REPOSITORY: MAKING CONTRACTS SECURELY ACCESSIBLE AND SEARCHABLE

Contract lifecycle management begins with a central repository. Storing all contracts securely in a single, centralized repository makes it easier to search for a specific contract. However, unless an individual knows the file name it can still be challenging to find a specific contract. A CLM solution with the capabilities to attach metadata to each contract with tags like customer first name and last name, date generated, date signed, contract type and other key attributes makes finding a contract much easier and faster to locate. Furthermore, a central repository with full-text search makes it possible to find a contract by searching any keyword, clause or term found in the document.

A secure cloud-based repository also restricts access to a contract to only the individuals that need to access it. Using a combination of document sharing and permissioning enables staff to share the contract securely from the CLM solution. Having contracts and other documents in the cloud allows teams to work on the document from the cloud, eliminating the need to send contracts as email attachments. In many instances when a contract is shared via email, it introduces a new version of the document into the process and increase the risk of using the wrong contract version. Instead, a CLM tool should send a notification to an individual that needs to review a contract to access the document from the central repository.

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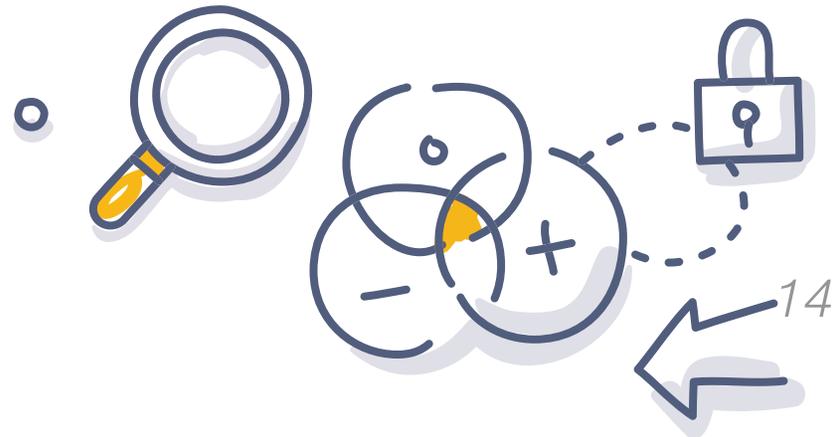
CONTRACT GENERATION: STANDARDIZATION WITH TEMPLATES

Standardizing contract generation reduces errors from the start to facilitate a more efficient process. Keeping pre-approved contract templates in a template library eliminates the time it takes to start a contract from scratch and retype contract language. Instead, using a template minimizes the risks associated with having outdated language in the contract.
It's also important that a CLM solution allows organizations to create, configure and evolve custom contract templates for common documents, like NDAs, MSAs or SOWs.

CLAUSE LIBRARY: GENERATING CONTRACTS WITH ALTERNATIVE PRE-APPROVED LEGAL LANGUAGE

Similar to using pre-approved templates to generate contracts, leveraging pre-approved legal language can streamline contract generation and negotiations further along the contract lifecycle. When sales reps can access common clauses through a Clause Library, it provides a level of self-serve, allowing them to generate contracts themselves and reduces the reliance on Legal. Both sales and legal teams can also use the Clause Library during negotiations, to easily find and insert alternative language to keep the contract process moving.
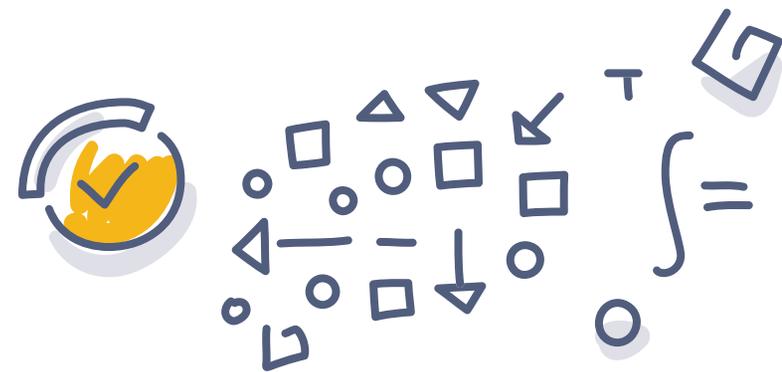
WORKFLOW AUTOMATION: PROCESSING CONTRACTS MORE EFFICIENTLY

Leveraging workflow automation capabilities will keep a deal on track by sending the contract to the correct individuals along with notifications to remind the parties involved that an action is required, serving as a safeguard to prevent bottlenecks.

Every contract takes a different track. Complex contracts typically need to be sent to both internal and external parties for reviews, approvals and signatures. It's critical that a CLM solution regulates and tracks the path of a contract because it will help organizations manage and predict what happens during the contract lifecycle.

The best-in-class CLM solutions allow businesses to configure automated workflows for different contract types. Triggers automatically activate new workflows depending on the document activity and contract cycle stage. For example, an MSA may have one set of a workflows created versus an NDA.

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NEGOTIATING CONTRACTS: MINIMIZE RISK BY TRACKING EVERY CHANGE MADE TO A CONTRACT

that require review and approval. Furthermore, tracking all document history provides insights into who made edits and when, as well as actions that still need to be done to the contract prior to signature.

Storing contracts in a central repository helps to foster collaboration when contracts require negotiation. Contracts that are complex, or high in value are more likely to require negotiations where two parties modify the terms and conditions of the contract until both sides agree.

A CLM solution should have the capabilities to track every action taken on the contract throughout the entire contract lifecycle, which is much easier to accomplish when a single version resides in a central repository. Having the entire document history available can shed light when wrong language is used or changes are made

Approvals & Signatures: Intelligent workflows to keep the contract process moving

Normally, organization have a specific process for reviewing and approving contracts that may involve many individuals. Therefore, a CLM solution should have the flexibility to configure the final stages of the contract cycle according to organizational needs. Negotiated contracts require approvals by all parties involved before they are signed. When a contract change is rejected, the contract remains in negotiation. This back and forth process requires workflows that can automatically route the contract to the right approver with an alert notifying an action is required to ensure the it does not sit idle.

When it's time to sign the contract, a CLM solution should allow parties to sign the contract from the secure cloud repository with an electronic signature, which drastically shortens the process by eliminating the time-consuming elements that come with paper and ink, such as emailing, scanning and uploading documents.
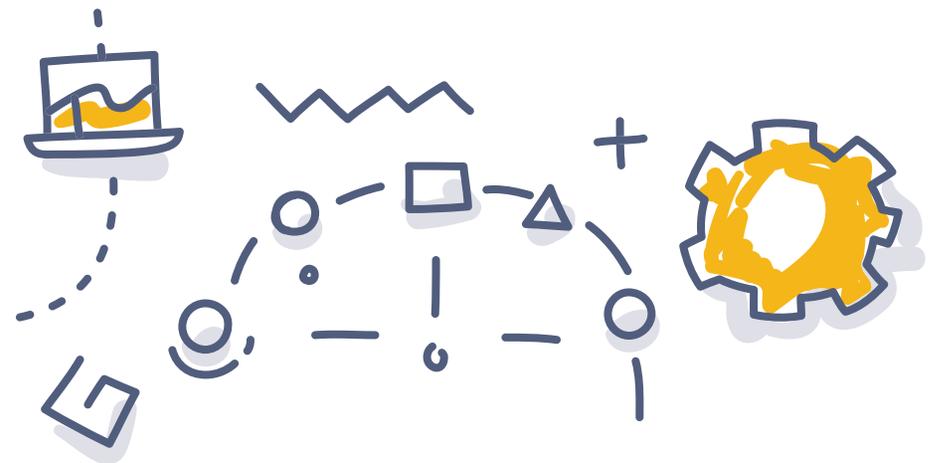
CONTRACT REPORTS AND ANALYTICS TO CONTINUOUSLY OPTIMIZE THE PROCESS

The end goal of a good CLM solution is to make the contract process as effective and efficient as possible in order to maximize revenue from deals and improve business partner relationships. Prior to using CLM tools, organizations had no insight into the contracting process. Without a simple way to capture data against activities throughout the overall contract process, no insights are available to optimize this crucial business process that often measure business success and failure.

CLM solutions can provide a complete view of the contract process with reporting and analytics capabilities to offer executives a method to identify trends and contracting patterns. Having

this insight also makes it possible to pinpoint where bottlenecks occur in order to make continuous improvements. Reporting offers insights into specific areas of the contract process such the number of contracts up for renewal, contracts related to specific vendors, contracts with non-standard clauses or whether obligations have been met within a contract.

CLM AND THE SALES STACK: INTEGRATION WITH CRM AND OTHER SALES TOOLS

Organizations have a wide variety of CLM solutions they can choose from, but there are features that separate the top-performing solutions from average solutions. Considering the contract process is just one stage of the overall sales cycle, businesses are utilizing different technologies to better manage each stage. This means, systems should have the capacity to work and connect with each other in some way to further optimize the sales cycle.

A CLM solution that integrates with other applications involved in the sales cycle, such as Customer Relationship Management (CRM), Configure, Price, Quote (CPQ) and electronic signature tools can not only shorten the sales cycle but also interact with each other to automate and streamline steps within the contract process. For example, when sales teams are able to merge customer data and information from a CRM into the contract and pull deal details such as product and pricing information from a CPQ system, the contract generation process especially is faster.

Legal teams typically do not have access to a CRM. But when a CLM solution is integrated with a CRM, legal teams can access contracts for review without requiring a license to a CRM. Furthermore, sales teams no longer need to send a contract for review through other means like email. After the contract is approved and signed, the data can be fed back into the CRM system to provide further reporting and analysis.

The benefits of integrating sales technologies streamlines the entire sales cycle, which includes the contract process, resulting in a more productive workforce.

CONCLUSION

Given the direct relation contracts have to incoming revenue, it's crucial organizations seriously consider a CLM solution in order to develop a more productive process around how contracts are generated, negotiated, and approved. In addition, contracts should be accessible to all key stakeholders during the contract process and after the contract has been signed.

According to the Goldman Sachs report, "Time to Manage Those Contracts!" the following improvements can be achieved with Contract Lifecycle Management:

Regulatory compliance: 90-100%

Reduction in erroneous payments: 75-90%

Faster contract negotiation cycle: 50%

Increase in renewal revenue: 30%

Reduction in operating costs: 10-30%

SPRINGCM: REDUCING THE CONTRACT PROCESS BY 75 PERCENT

Contract Lifecycle Management can enable an organization to generate more revenue and close more deals by accelerating the sales process to free up sellers, and give them more time to get out and sell.

SpringCM optimizes the generation, workflow, and archiving of contracts and other critical business documents across the organization. As a secure cloud platform, SpringCM shortens the time it takes contracts to be processed and signed, cutting the sales cycle by 75 percent, and allowing a company to bring in more revenue in less time.

SpringCM is redefining the standards of CLM through customer-centric innovation with capabilities like advanced workflows that automate manual tasks and complex processes to speed time-to-revenue. SpringCM makes it possible to optimize sales operations and collaboration internally between sales and legal, as well as with prospects and customers.

SPRINGCM CAPABILITIES

A secure cloud platform that works for you—managing sales contracts and all types of documents seamlessly across desktop, mobile and partner applications like Salesforce.

MOBILE ACCESS

Easily move from the desktop to mobile and back again without losing your work.

CENTRAL REPOSITORY

Keep your files and documents organized and in sync from any device.

WORKFLOW

Automate document routing for collaboration, revisions and approvals.

SALESFORCE INTEGRATION

Bridge the gap between Salesforce and non-Salesforce users in your organization.

VERSIONING

Ensure your team is always working on the latest iteration of a document.

COLLABORATION

Collaborate with anyone inside or outside your company without adding more licenses.

TAGGING

Add your own metadata tags to documents or folders.

CUSTOMER SUPPORT

We will be there with you for every step of your contract and document management journey.

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Call 1-877-362-7273

Ready to get a tour of SpringCM's contract management solution? Click the button below to request a demo today!

REQUEST A DEMO

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SpringCM is a secure cloud platform that manages contracts and all types of documents seamlessly across desktop, mobile and partner applications like Salesforce. We go beyond standard contract and document management with advanced workflows that automate manual tasks and complex processes to speed time-to-revenue. SpringCM makes it possible to optimize collaboration and processes across Sales and Legal, as well as with prospects and customers.

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