

Contract Lifecycle Management for the Modern Enterprise

Tame the complexity of the contract
process for every type of contract,
user and department

Executive summary

Organizations in every industry are digitally transforming business processes in order to be more agile, efficient and customer-focused. Typically, however, the more complex the process, the more difficult the transformation—and the more mixed the results. The contract process is notoriously complex, often with multiple parties required to take multiple steps to reach agreement on a document that can be hundreds of pages long. Within an organization, the process also differs by type of contract, user and department.

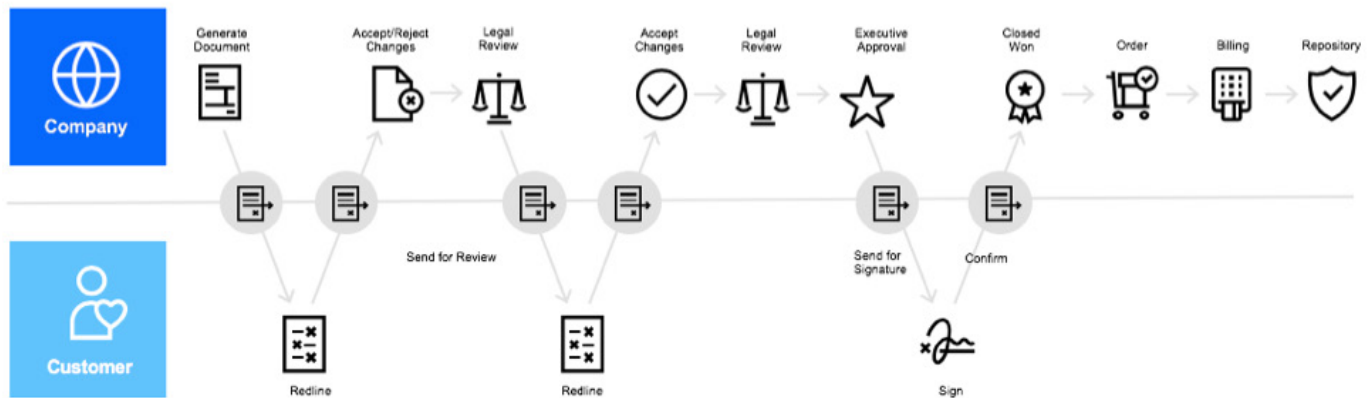
Some organizations have invested in first-generation contract lifecycle management (CLM) solutions that promised to automate manual tasks, orchestrate complex workflows and eliminate unnecessary risks. Unfortunately, most of those solutions have come up short on results. In fact, some have been so difficult to implement, use and customize that they've become more of a problem than a solution.

It's clear that a new, more holistic approach to managing contracts is needed, especially given that the requirements and complexities of contracts only increase as an organization grows. In this paper, we'll outline the challenges of traditional contract management, offer a new perspective and introduce the next generation of digital technologies to streamline contract lifecycle management. The results speak for themselves: an accelerated pace of business, increased compliance and better experiences for employees and customers.

The contract process can be such a drag

Manual, analog work introduces friction and flaws in any business process, especially now that people expect all business to be as fast and easy as buying something on Amazon or hailing an Uber ride. But when a process is complex, let alone so fundamental to doing business, those flaws can become serious hindrances and create a substantial drag on business performance.

The many, often manual, steps of a contract process



While electronic signature technology has made signing and executing contracts faster and easier, the steps in the contract process before and after the signature are still often managed through spreadsheets, emails and other highly manual work. This only adds complexity and almost always results in:

- **Wasted productivity**, slower pace of business and low-velocity sales cycles that extend time to revenue
- **Increased risk** due to ad hoc processes that are prone to errors and not compliant with internal policies or external regulations
- **Overall frustration** from employees and customers due to inconsistent experiences, delays and rework

Because contracts affect many parts of an organization, these problems can ripple through business processes – slowing or stopping progress, leaving ticking bombs of risk, and demoralizing those involved.

More businesses are using Microsoft Excel or other spreadsheet software to manage contracts than an actual tool designed for CLM¹

Ineffective contract management costs businesses up to 9.2% of revenue²

65% of people say challenges in the contract process result in delays in closed deals³

The promise of a better way

Contract lifecycle management solutions tame contract complexity by simplifying and accelerating the contract process. Fundamentally, they deliver technological functionality in three main areas:

- **Automate manual tasks.** There are many steps across the lifecycle of the contract process. CLM solutions help automate and streamline as many of those steps as possible – including document generation, negotiation, and approvals – to reduce errors and increase productivity of each stakeholder in the process.
- **Orchestrate complex workflows.** Handoffs between steps in the contract process are often informal, highly manual and can easily get lost in an inbox. Stakeholders are often left wondering about the status of a contract. CLM solutions instantly kick off next steps to the right people, connect people and systems, keep the process on track and provide visibility to all stakeholders.
- **Eliminate unnecessary risks.** Contracts are inherently valuable. They contain private information, financial terms, obligations and more – all things that most organizations want to keep secure and analyze to better understand their business. CLM solutions centralize all contracts for secure storage, easy searchability and precise analysis, allowing organizations to standardize contract processes and minimize risks.

The end result promises a faster pace of business, increased compliance and improved employee and customer experiences. Sounds good in theory, but what about the reality so far?

Where traditional contract management solutions fall short

In today's digital, on-demand world, CLM solutions need to help tame contract complexity as a business grows, as contract volumes increase, as stakeholders change and as more departments in the organization do business via contracts. But too often, first-generation CLM solutions have ended up causing more problems for organizations, both in the short and long term. They neither eliminate manual work nor help address contract management at the enterprise level because, typically, they are:

- **Complex, expensive and time consuming to implement.** And, once implemented, they are rigid and hard to change, leaving organizations handcuffed to old processes that are no longer relevant or needed.
- **Difficult to use,** especially for people outside the legal department, leading to low adoption overall. Employees then just work around the process, slowing business and adding unnecessary risk through manual errors and noncompliance.
- **Narrowly tailored for one use case, department or line of business.** With contracts in silos across the organization, there are broad security concerns and limited understanding of enterprise risk. To make things worse, some organizations have ended up with multiple different CLM solutions, each reinventing wheels that don't roll together – multiplying costs and complexity.

These concerns sum up why early-adopter organizations are already looking for a better solution to replace existing CLM investments – and why others still have yet to implement any CLM solution at all. Now, thanks to new technologies that support a bigger-picture approach, the contract

Think bigger and expect more before investing in CLM today

When it comes down to it, a contract is just a type of agreement. It's a document outlining a set of terms that requires legal proof of acceptance, usually in the form of a signature – and hopefully, by now, an electronic signature. Agreements are everywhere in business. They are used by all types of people, in every department, in organizations of every size and in every industry, for both internal and external business. Purchase orders, sales contracts, loan documents, employee offer letters, affidavits, change authorizations and applications – they're all agreements. Even when someone accepts the privacy policy on a company's website, they're entering into an agreement that needs to be documented and managed. When you think about all the possible ways contracts (not always called "contracts" per se) are used in business, the world of contract lifecycle management can be overwhelming. But that's all the more reason to expect more from CLM solutions today.

While CLM solutions for limited uses (e.g., buy-side or sell-side contracts) or specific departments (e.g., sales or legal) may have been the only options in the past, enterprisewide CLM can be achieved today with the right next-generation technology. CLM solutions today should support all types of agreements, users and business functions.

Modern CLM solutions can and should be:

- **Easy to set up, integrate and configure.** Organizations should be able to define, deploy and maintain contract workflows with ease – including workflows that involve other systems, such as electronic signature technologies or billing/payment systems. This means less dependence on upfront professional services, a faster path to value and lower total cost of ownership as contract processes change.
- **Easy for anyone to use.** Powerful, timesaving tools should be delivered through an intuitive interface that empowers users and drives user adoption. The results are higher productivity, greater compliance and a much faster pace of business.
- **Easily adapted for any business purpose.** Organizations should be able to consolidate and standardize the contract process as much as possible for the entire organization – not just for a single department or use case. Enterprisewide contract management allows organizations to break down silos, streamline work and increase compliance at the portfolio level.

Thinking about how contracts are – and eventually could be – used throughout the organization is the first step to smarter selection of a CLM solution that can grow and adapt as business needs change.

A 2018 DocuSign survey documented more than **1,000 use cases** for agreements across all departments of private, nonprofit and public sector organizations.

Unleash the true potential of CLM

Having pioneered electronic signature technology, DocuSign is now transforming the CLM category. With DocuSign CLM, organizations can automate manual tasks, orchestrate complex workflows and eliminate unnecessary risk – all with an easy-to-implement, easy-to-use and easy-to-extend solution. It streamlines collaboration, negotiation, document generation and the setup of flexible, configurable workflows. It also saves time with a preapproved clause library and centralized, searchable repository, as well as prebuilt connectors to other systems that can pull in data, trigger workflows and more.

DocuSign CLM is part of the DocuSign Agreement Cloud, a comprehensive set of applications and integrations for digitally transforming the entire agreement process. This allows DocuSign to provide the most options for organizations of all sizes and types, rather than imposing a one-size-fits-all solution. The result is happier employees and customers, an accelerated pace of business and increased compliance. To learn more about DocuSign CLM and the DocuSign Agreement Cloud, visit: docusign.com/products/clm.

DocuSign CLM Customer Results



\$50K saved annually in document storage fees



75% decrease in contract cycle time



Increased customer efficiency

“DocuSign CLM’s cloud-based central repository with robust search and workflow is a game-changer for OmniTRAX. The ability to create contract templates and clause libraries enabled the commercial team to shorten the time it takes to get contract packages to customers. Customers are empowered to electronically redline and authorize contracts more quickly with DocuSign CLM and eSignature.”

Jeannette Wayne

Senior Director and PMO
OmniTRAX

Notes

- 1 State of Contract Management, 2019, DocuSign
- 2 Tim Cummins, President, International Association for Contract and Commercial Management
- 3 State of Contract Management, 2019, DocuSign



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