

State of Contract Management 2019

Contract lifecycle management is on companies' agendas

In 2019, as companies determine the direction of their digital transformation efforts, opportunities abound to re-examine contract management processes and technology. And it appears this process has already begun. [According to Forrester](#), more than 60% of organisations say they intend to improve their contract management capabilities within the next year. Companies that decide to settle for the contractual status quo are in the minority, and will grow ever-more outdated.

In the State of Contract Management 2019, we present a snapshot of how contracts are currently handled in the modern workplace, along with the persisting pain points with — and employee attitudes toward — technology.

Progress in contract management

Managing contracts is fundamental to doing business. For the past five years, DocuSign CLM has been surveying professionals who play a role in the contracting process. In that time, some organisations have jumped forward to automate and connect their contracting process – from preparing to signing, acting on, and managing contracts. Others have done minimal digitisation, such as tracking a contract's progress in Excel but otherwise manually executing each step. And others are somewhere between.

For 2019, respondents said their three biggest pain points in contract management were approvals, clause management, and workflow. This result correlates with the fact that, even in 2019, the most common way to manage contracts is still Excel plus ad hoc use of email attachments, shared drives, and the like. That is, if all you are doing is using Excel to track manual, ad hoc processes, there will be pain.

The good news is, the second most common way to manage contracts is with contract lifecycle management (CLM) tools. With regard to 2019's three biggest pain points, CLM tools are built to automate the routing and tracking of approvals, to maintain clause libraries, and to allow automated workflows across the contract lifecycle. As well, CLM tools help automate contract generation, and they provide a central repository for searching and managing agreements.

Companies that have adopted modern CLM tools such as DocuSign CLM have eliminated much of the pain associated with manual, disconnected steps in the contracting process. Such companies are still more the exception than the rule, but the trend is toward CLM because it works.

We hope you find our survey results useful in assessing your place along the path of modernising your contracting process. And we welcome any questions you have about how organisations have succeeded with DocuSign CLM and the broader DocuSign Agreement Cloud.

Steve Krause

SVP Strategy and Product Marketing, DocuSign

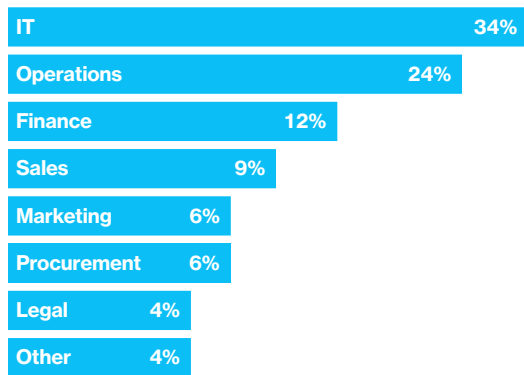
Methodology and participant demographics

Methodology

For this year’s State of Contract Management report, we surveyed 802 full-time employees who play a role in the contracting process. The individuals surveyed came from a wide variety of industries, departments and roles, and all were from companies with more than 250 employees. Participants were asked approximately 30 questions about their experiences and perceptions around contract management at their organisations.

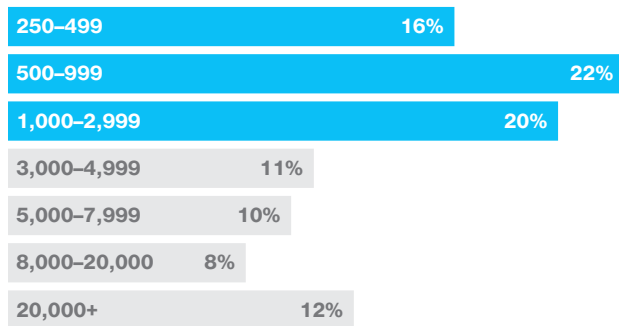
Participant demographics

Role/Department



The majority of this year’s respondents were from IT (34%), echoing last year’s report. Operations (24%) and finance (12%) rounded out the top three. The continued large sampling of IT isn’t surprising – as more companies shift to the cloud and on-board SaaS solutions, IT is handling more technology solutions for agreements and contracts.

Size of company



This year’s participants were segmented slightly differently, but still represent a broad business sampling. Smaller organisations (250-499 employees) make up 16% of the participants, while 12% are from companies with 20,000+ employees. Businesses of other sizes are also well represented.

This year’s survey drew participants from across the public and private sectors.

Public & Private Sectors	%
Technology (hardware or software)	20
Business services/Consulting/Accounting	14
Manufacturing/Process	11
Healthcare/Life sciences	11
Banking/Finance	10
Construction	8
Retail/Wholesale	6
Marketing/Advertising	6
Education	5
Government	5
Legal	3
Food/Beverage	2

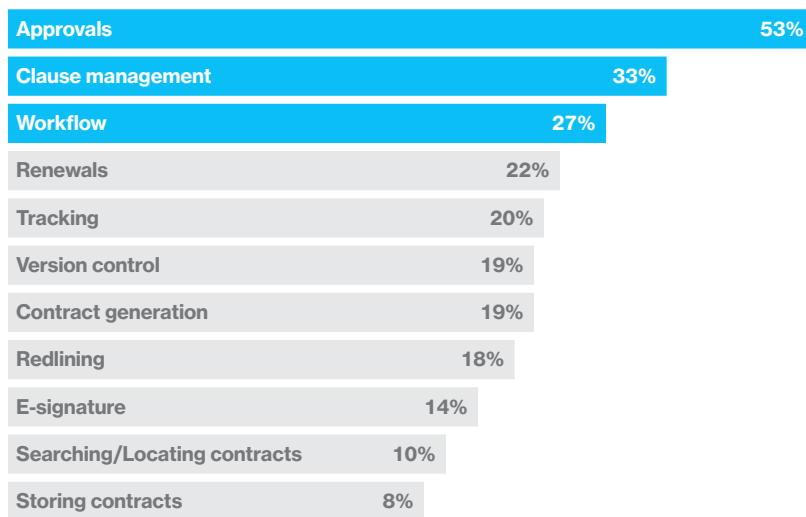
Pain points persist in modern CLM

This year's data gives us a picture of how the challenges facing employees are impacting businesses and customers alike. In 2019, the top three challenges identified by our audience in the contract management process were:

- Approvals
- Clause management
- Workflow

These results are not a total surprise. Last year, both approvals and workflows were on this list. However, this year tracking has been replaced by clause management as a top three concern.

The biggest challenges in the contract process



Focus on workflow

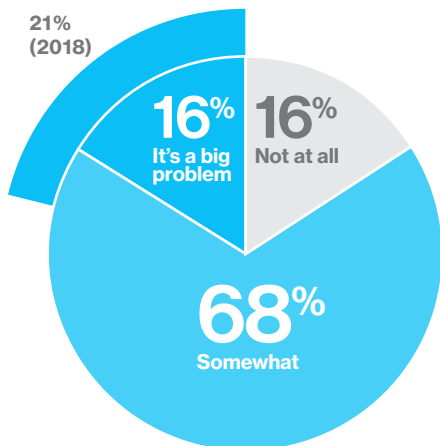
Employees dedicate significant time to manual contract processes – time that could be used to elevate contract quality, or for more strategic processes.

This lack of process efficiency is, in part, related to using the right tools. Only 27% of employees use a contract management tool. In fact, more businesses are using Microsoft Excel or other spreadsheet software (31%) to manage contracts than an actual tool designed for CLM.

How contracts are managed	%
Microsoft Excel or other spreadsheet software	31
Contract management tool	27
A combination of these	22
Shared drives	13
Email	7

Focus on approvals

This year, participants were again asked about the extent to which approvals cause contracts to stall. The good news? Fewer people say it's a "big problem" this year (16%) than last (21%).



33%

of employees said a typical contract takes 30+ hours to negotiate likely due to versioning and modifications

25%

of employees said their contracts are modified or change orders are executed on a weekly basis

52%

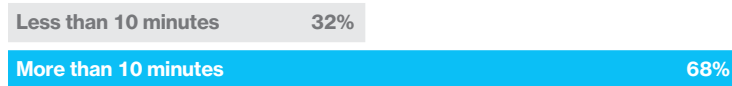
of employees said their company contracts go through three to four versions, on average, before being finalised

Contract challenges impact everyone

Employees, customers and the bottom line suffer when contract management processes become an issue. Almost 40% of employees admitted that human error impacts the contracting process often or very often. That's not surprising, considering how many employees manage contracts via Excel, especially for departments and teams responsible for higher contract volumes. With all that manual input, mistakes will be made.

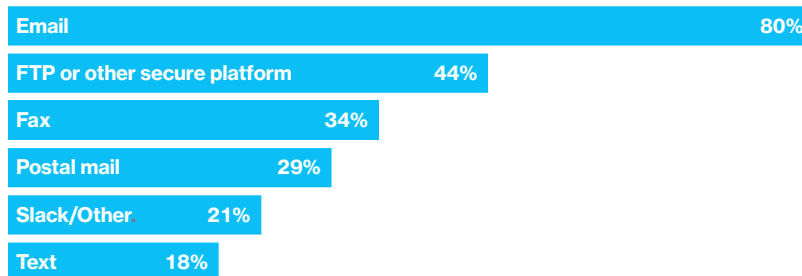
Manual and outdated systems mean wasted time for employees. Sixty-eight percent of employees said it takes more than 10 minutes to locate contracts. Of the 39% who said they've given up locating a contract in the past, more than half (51%) cited the challenges of tracking paper records as the reason.

How long does it take to locate a typical contract?



Eighty percent of employees have sent a contract via email – one of the most vulnerable platforms for cyber attacks – and more than 25 of respondents reported sharing them via fax or postal mail (34% and 29%, respectively). Not only are these methods inefficient, their reliance on paper makes tracking far more difficult.

Methods used to share a contract in the past year



Additionally, 21% have sent a contract through Slack or Google Hangouts, and 18% have sent a contract via text. Not only does this create security vulnerabilities, these methods invite human error. Twenty-seven percent of people we surveyed admitted they have sent a contract to the wrong party.

94%

of people say that human error impacts the contract process

What is the result of challenges in the contract process?	%
Delays in closed deals	65
Increased cost	37
Lost revenue	30
Poor customer experience	29
Increased risk	22

Technology and the future of contract lifecycle management

The 2019 data indicated more openness to emerging technology. Broadly, employees who deal with contracts are receptive to the idea of help in the process – even if it isn't human assistance. If you're a leader clinging to the notion that employees fear AI could take their jobs, think again. Your workforce clearly thinks AI will make them better at their jobs.



Sixty-one percent say AI can help eliminate human error, and more than 60% say the technology may help speed up approvals. Given how inefficient employees report the approval process can be, leaders should take a serious look at how AI can aid in this process. AI is already proving itself when it comes to managing existing contracts by making them searchable and extracting key terms.



Forty-six percent trust AI to automate contract workflows. Only 21% said they would trust AI to redline a contract. This reluctance toward letting technology handle more nuanced and subjective tasks indicates whole-scale employee replacement is unlikely, and that workers view the technology as a way to offload more routine tasks to focus on higher-level work.



Fifty-nine percent of stakeholders have discussed implementing blockchain technology at their companies – and 65% of employees believe blockchain will make their lives easier when it comes to contract management. Given the promise the technology shows toward solving issues like tracking and validation of agreements, it will be important for leaders to keep a close eye on emerging tools that incorporate this technology.

The better way

As our survey has shown, manual, disconnected contract processes inherently create delays and inefficiencies, increase errors and risk, and frustrate customers and employees. Such pains were once seen as inevitable in the contracting process. But with CLM tools and complementary tools like electronic signature, the entire contracting process can be automated and connected, from preparing to signing, acting on and managing contracts. Companies that have adopted these technologies don't lose contracts anymore; approvals are not a "big problem"; and their customers and employees are the better for it.

If you are considering technologies like CLM to automate your contracting process, learn more about what you can achieve with [DocuSign CLM](#) and the broader DocuSign Agreement Cloud.



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