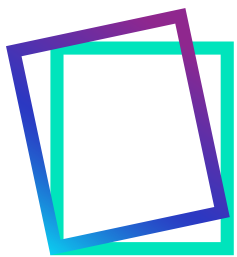eBook

Evaluating a Contract Lifecycle Management (CLM) System

12 criteria for selecting the best CLM solution
to keep your business out in front

Icertis

Transforming the Foundation of Commerce

Today's global companies compete in a marketplace fraught with economic uncertainty and stringent regulations. Producing products and services, and moving them to market, depends upon an intricate network of business relationships that includes suppliers, customers, and employees.

Contracts provide the foundation for the complex web of business relationships that drive commercial success. At a bare minimum, contract management software functions as a repository for static documents.

But contracts are capable of much more.

An organization-wide CLM platform can transform your contracts into strategic advantage, generating and accelerating value, mitigating risk, and providing the forward-looking insights you need to capitalize on the full value of every business relationship and improve your business in ways you never imagined.

This white paper outlines twelve key criteria for evaluating a contract management solution.

> " If you think about it, contracts really define how your business runs—from the most distant link in your supply chain to how you manage your IP and your customer relationships."

1. **Organization-Wide Capabilities**

2. **Standardization**

3. **Ease of Use and Adoption**

4. **Search Capabilities**

5. **Risk Mitigation and Compliance**

6. **Third-Party Collaboration**

7. **Dynamic Obligation Tracking**

8. **Organization-Wide Visibility**

9. **Administration**

10. **Integration With Other Systems**

11. **Reporting and Analytics**

12. **Vendor Pedigree**

1

Organization-Wide Capabilities

The conventional view categorizes contracts in three types: those that govern what you buy, what you sell, and how you run. A true contract management system should be able to work with any type of contract, on any platform, for any type of user.

Many roles within an organization can author, edit, or approve a contract. A salesperson may use the system to negotiate with a customer. A procurement manager might use it to author a supplier agreement. A business analyst may need access to the system to evaluate the financial impact of a contract.

Each of these stakeholders has unique needs and valid concerns. Your organization-wide system should be able to smoothly, efficiently manage a contractual process in the context of a specific user profile, no matter what type of contract it is.

ANALYST INSIGHT

" Icertis' contract creation, contract repository, contract approval, contract fulfillment tracking, importing of existing and third-party contracts, and support for both buy-side and sell-side contracts continue to be outstanding."

Forrester Wave™: Contract Lifecycle Management for All Contracts, 2019

CAPABILITIES TO LOOK FOR

- Ability to manage buy-side, sell-side, and corporate contracts
- Native support for all major languages, currencies, and time zones
- Audit reports, change histories, and an operational data store to enable organization-wide analytics
- Security and access control across the organization

Standardization

In today's fast-paced business world, change is the only constant. The competitive landscape is constantly shifting. To anticipate and stay ahead of evolving business relationships, now and into the future, companies need an efficient way to drive and streamline contract standardization.

Several components are necessary to support standardization, including a comprehensive clause and template library, as well as support for rules-based selection of clauses.

Standardization not only improves the velocity of contracts, it helps to ensure transparency, trust, and consistency, significantly reducing the risk inherent in contractual relationships. For all these reasons, intelligent standardization capabilities should be a key consideration when evaluating any CLM solution.

MASSTECH

" **Having standardized templates in Icertis has further streamlined our internal processes**, as all of the legal and contracting language is kept current in these templates."

Marybeth Dixon,
Senior Manager of Corporate Systems & Financial Operations at MassTech

CAPABILITIES TO LOOK FOR

• A robust clause and template library encourages users to adhere to contracting standards and approved language

3

Ease of Use and Adoption

Adoption is perhaps the single biggest factor that determines the success of an organization-wide contract management solution. Ease of use, convenience, and a contextual experience all encourage high user adoption.

Ease of use means that users can smoothly, quickly configure their personal workspace, or access the application anytime/anywhere through multiple devices. Can a sales user access customer contracts on their smartphone? Can the CFO approve a contract from a tablet? Can a contract specialist fulfill a contract request through their laptop?

A contextual user experience is also a critical requirement. Since contracts are commonly built with Microsoft Word, seamless integration with the Microsoft Office suite is essential. This includes support for drafting, editing, and reviewing contracts in Microsoft Word; using Microsoft Excel to analyze commercial terms; and using the collaboration features embedded in Microsoft Outlook.

These requirements work together to encourage initial buy-in and frequent, consistent use of the CLM solution to transform your organization.

DAIMLER

" From sourcing to contracting we have gained speed, and it has made us safer. We have our risks transparent, we have our process transparent, and our buyers like the [Icertis] software. It's easy to use. The software guides the buyer through the process so the user always knows what to do next."

Product Owner—Contracting,
New Procurement System

CAPABILITIES TO LOOK FOR

- Add-ins for use with Microsoft Word and Microsoft Excel

- An intuitive, contextual interface available in multiple languages

- User-configurable dashboards to suit the unique requirements of each role

- Ability to create, edit, or approve contracts from any device, including mobile, using step-by-step wizards and self-service tools

4

Search Capabilities

Robust, flexible search functionality isn't just about speed, it also involves relevance and timing. An organization-wide search means being able to view contextually relevant, mission-critical information quickly on demand without having to request it.

Does the CLM's search capability automatically present information when the user is creating, approving, or administering a contract? Having dynamic access to information relevant to the specific task being performed is a huge productivity booster, accelerating time-to-value and putting your company out in front.

Make sure that your organization's contract management system has proactive, contextual search capabilities.

CAPABILITIES TO LOOK FOR

- Narrow filtering
- Full text search
- Key word search
- Advanced search for clause and deviation identification
- Intuitive contract storage and retrieval

FAST FACT

Robust search functionality isn't just about speed, it also involves relevance and timing.

Risk Mitigation and Compliance

Today's global companies rely on complex, interdependent relationships among suppliers. Every single link in a value chain makes a unique contribution to the product or service that is ultimately offered to the customer.

Contracts are not stand-alone entities. Each contract has the potential to trigger actions with other parties in the value chain. Successfully managing outcomes requires the ability to enforce the use of trusted and standardized language.

The ability to surface information across the entire value chain is necessary to drive risk mitigation and ensure compliance. One-click visibility into any contract provides users with the insights needed to achieve bold, high-performing business outcomes.

CAPABILITIES TO LOOK FOR

- Automated supplier checks with seamless integration with Dun & Bradstreet, Thomson Reuters, or third-party data

- User-configurable risk assessment models to detect and mitigate potential for risk whenever a contract is modified or external data changes

- Expert support for risk profiling based on contract terms and other configurable, pre-defined risk models

- Dynamically enforced, rules-driven approval workflows

ACC Association of Corporate Counsel

" Today's global business climate is turbulent. Geopolitical changes, new collective business practices, and shifts in the world order have resulted in a shape-changing landscape heavily affected by technology that links shareholders, investors, and consumers to information."

2019 ACC Survey of Chief Legal Officers

Third-Party Collaboration

Effective collaboration can have a mission-critical impact on the speed of business. In the negotiation phase, it can help to achieve robust, sustainable outcomes by providing contextual explanations regarding contract language. A third party in receipt of this information is likely to request fewer changes.

As critical as it is to the negotiation process, third-party collaboration is even more important in the administration phase. Using a CLM platform's customizable portal to empower third parties with the self-service capability to maintain profile information and comply with documentation requirements results in substantial reductions in overhead.

When evaluating a contract management solution, organizations should look for third parties to participate in the contract administration process, such as SLA data submission and performance metrics reviews.

Microsoft

> " The Icertis solution simplified and **accelerated the process for how we exchanged, reviewed, and approved critical documentation between Microsoft and our partners**."

Sarathy Annamraju,
Senior Director, Microsoft

CAPABILITIES TO LOOK FOR

- Support for third-party paper for both Microsoft Word and Adobe PDF
- Ability to identify the language and track redlines in third-party paper
- An adaptable, customizable web portal to facilitate collaboration with third parties
- Ability to author and identify deviations in third-party agreements

Dynamic Obligation Tracking

A CLM system should provide value well beyond contract execution to provide flawlessly reliable commitment tracking and fulfillment capabilities. A configured, proactive solution should support the identification of obligations to be tracked throughout the lifecycle of a contract, including obligations pertaining to contractual clauses, mutually agreed-upon commitments, and assumptions.

A robust CLM system should also support AI-driven extraction of contract obligations and assign them to the right owner in the organization.

The solution should use automated reminders to proactively enable users to capture actions taken on assigned obligations. It should also provide system-driven alerts and escalations on any potential risk of noncompliance.

A solution should support an obligation hierarchy, since large obligations may result in sub-tasks that are generated and assigned to individual owners, and need to be tracked to completion.

These capabilities also extend to external, third-party participants, where certain obligations are assigned and tracked to fulfillment, providing a holistic capability to ensure contractual compliance. An organization should consider all these capabilities to effectively manage high-value, complex contracts that impact mission-critical products and services.

genpact

" Icertis Contract Intelligence has helped us **improve contract compliance by streamlining and automating the way we monitor and manage SLA and SOW commitments**, cutting what was a two-week contract cycle by 50 to 60 percent. Not only has this improved visibility into the process across all our customers—big and small—but it's also enabled us to get things done more quickly and increase our speed to market."

Sanjeev Prasad,
CIO, Genpact

CAPABILITIES TO LOOK FOR

• AI-driven obligation extraction and tracking

• Support for collaborative clause creation and approval

• Configurable clause language rules built right into the system

• Ability for clauses to be enforced on specific types of contracts and contract templates

Organization-Wide Visibility

More than 80% of business transactions depend on contracts. Poorly executed contracts induce significant risk, so identifying a contract's risk profile is an essential step in making an informed decision. To do this, a contract management solution needs to be able to identify risks, calculate profile scores, and proactively surface high-risk instances before the contract is signed.

Risk profiling criteria can include items such as a comprehensive view of data points or the presence or absence of specific terms; changes to standard terms; or the contracted value of products, services, geography, and markets, as well as third parties.

Even organizations that are mature in evaluating risks during the negotiation phase rarely have the capability to monitor them once the contract is in operation. This capability is critical to calculate the risk profile of a contract throughout its lifecycle.

The CLM should connect into operational systems to provide continuous, dynamic insights into the business, and calculate them on a recurring schedule or in the occurrence of an event. This ensures trustworthy, sustainable transparency into the performance of the contract in comparison with its terms and assumptions.

FAST FACT

Because of the Icertis platform's open API, a global automotive company was able to integrate all of its systems with the Icertis Contract Intelligence platform to gain 360-degree visibility into all of its contracts, significantly increasing ROI.

CAPABILITIES TO LOOK FOR

- A fully customizable collaboration portal for suppliers and customers
- The ability to monitor a global portfolio of interdependent contractual relationships with an intelligent, contextual interface
- Adaptable, user-configurable dashboards to provide unmatched insights into cycle times, deviations, risks, and other business metrics

9

Administration

A successful contractual relationship is one that delivers on its promise. That's why the ability to track key performance metrics like SLAs, business volumes, discounts, rebates, and contract burn rates is so critical to a company's strategic success, now and into the future. Make sure to evaluate a CLM solution's capacity to continuously intake transaction data, match it with contracts, compare and assess the transaction data with contract terms and assumptions, and then report on its performance.

Business value realization can be boldly improved by proactively tracking burn rates, spend, and volumes, as well as by identifying and enforcing opportunities for rebates and discounts, or preparing for a penalty event in the case of an SLA failure.

It's also important to evaluate how easy it is for a CLM to configure and implement various administration and performance tracking processes. Examples include setting up different SLA types and metrics and tracking them, configuring order/invoice objects to glean input from other enterprise systems, or performing calculations to report on compliance. Other processes might trigger the enforcement of special commercial terms, or flexibly manage the creation, review, and approval of special payments, incentives, and eligible rebates as per contract terms. Such capabilities generate value in connected downstream processes, not only with streamlined operations, but also by significantly reducing costs and leakage.

airtel

> 66 We chose Icertis Contract Intelligence because of the solution's configurability and rich functionality. **It will help us standardize and automate our contracting process, ensuring greater control, better supply-chain agility and responsiveness, and improved execution speed**. This takes us closer to our goal of putting the customer first."

Moti Gyamlani,
Director of Global SCM, Airtel

CAPABILITIES TO LOOK FOR

- The ability to manage and view privileges
- Provisioning of users through active directory integration
- The power to delete a user with auto replacement in rules, approvals, or ownership

Integration With Other Systems

Organizations today are connected value chains. Because relationships are governed by contracts, these agreements and the contract management systems that manage them cannot be stand-alone entities.

Organizations must understand the out-of-the-box API integration capabilities provided by any potential vendor. They should also favorably consider any vendor with pre-built connectors with standard off-the-shelf packages to increase speed-to-market while expediting integration. CLM provides maximum value and business intelligence when it can connect contracts to the systems and processes they touch.

A thorough investigation of the CLM system's architecture as well as vendor performance via reference calls with existing customers is critical.

CAPABILITIES TO LOOK FOR

- APIs to enable seamless, trusted data exchange with existing CRM, ERP, financial, and procurement systems
- Support for two-way metadata synchronization and integration to an active directory
- The dynamic ability to migrate contracts, metadata, and supporting documentation from a legacy CLM system

ANALYST INSIGHT

" Icertis' CLM product is built on a highly configurable platform that allows it to integrate into the data and the look and feel of adjoining apps like Salesforce or Microsoft Dynamics in CRM, as well as allowing Icertis or its clients to build related applications (such as eSourcing)."

Forrester Wave™: Contract Lifecycle Management for All Contracts, 2019

Reporting and Analytics

When adopted across an organization, an advanced, integrated contract management solution becomes the single source of truth on a contract and its performance. Whether that truth is surfaced intuitively depends upon the solution's reporting and analytics capability.

First and foremost, organizations should evaluate the ability for end users to perform ad hoc searches of reports to access mission-critical data on contracts and, just as important, their relationships.

Secondly, the solution should support the definition of operational reports with the ability to generate and auto-publish to subscribers on either a schedule or an event.

Finally, the solution should enable strong analytics of all data in the system to understand forward-looking business metrics and trends. For business owners to gain the strategic insight crucial to timely decision-making, information must be presented in the right context and the right form.

FAST FACT

The ICI platform uses cognitive analytics and AI-based machine learning to efficiently surface risks and obligations by automatically identifying clauses and attributes.

CAPABILITIES TO LOOK FOR

- User-configurable dashboards with dynamic real-time data on deviations, expiries, renewal dates, and other critical metrics
- Sophisticated automatic searches to find related contracts, view dependencies, discover and unlock hidden value, and identify potential liabilities
- A seamless connection to other data sources

Vendor Pedigree

Organizations considering a contract lifecycle management system should evaluate a vendor's professional services experience, best practices, and similar-use cases to ensure the CLM solution can be expertly implemented.

A subscription-based licensing model allows for a gradual ramp-up, but don't rule out other licensing models. An organization-wide deployment assumes maximum user adoption. Be cautious about any model that restricts the functionalities for future users.

Validate each vendor's claims with reference calls to existing customers. Analyst inquiries are also a good way to ascertain a vendor's pedigree.

Companies should also consider a hands-on, proof-of-concept exercise with the vendor.

Organization-wide implementations are complex. A deep understanding of a CLM solution's capabilities is critical, not just from the end-user perspective but also in terms of configuration, setup, business rules, and integration. All these factors should be considered in validating a solution, and will go a long way towards mitigating the risk of customizing a solution to meet your unique requirements.

Gartner.

" Icertis received above-average scores from reference customers for capabilities such as workflow configuration and a wizard-based approach to contract creation. Its flexible and highly configurable workflow and contract creation process has helped it succeed in sectors with complex regulations, such as sciences and financial services."

Gartner Magic Quadrant for Contract Life Cycle Management, Published 25 February 2020

CAPABILITIES TO LOOK FOR

- Customer references across many industries
- Recognition as an innovator and leader by top industry analysts
- An ongoing commitment to customer success

Conclusion

An organization-wide contract management solution turns static documents into strategic advantage: generating and accelerating value, mitigating risk, and providing the insights needed to keep your business out in front, now and into the future.

The Icertis Advantage

With umatched technology and category-defining innovation, Icertis pushes the boundaries of what's possible with CLM, structuring and connecting contracts and processes to improve your business in ways you never imagined.

BOLD VISION	UNRIVALED EXPERTISE	ENDURING COMMITMENT
Get more out of your CLM than you ever thought possible	Improve your business in ways you never imagined	Set the foundation for long-term business excellence

About Icertis

With unmatched technology and category-defining innovation, Icertis pushes the boundaries of what's possible with contract lifecycle management (CLM). The AI-powered, analyst-validated Icertis Contract Intelligence (ICI) platform turns contracts from static documents into strategic advantage by structuring and connecting the critical contract information that defines how an organization runs. Today, the world's most iconic brands and disruptive innovators trust Icertis to fully realize the intent of their combined 7.5 million+ contracts worth more than $1 trillion, in 40+ languages and 90+ countries.

Contact Us 🌐

icertis.com/contact

Offices

Seattle
Silicon Valley
New York/ New Jersey
London
Paris
Frankfurt
Stuttgart
Zurich
Sofia
Pune
Singapore
Sydney

00099