

# Contract Management Software

## The Buyer's Guide

This guide will help you evaluate your current contract management processes and guide you through selecting the perfect contract management software for your business' unique needs.



# THE CONTRACTING CYCLE

The contract cycle is continuous, always moving and revolving, usually with more than one process happening at any one time. There may be one person, a small team or a large team overseeing your company's contract portfolio depending on the size, resources and capabilities of your business.

No matter what industry you are in - communication, manufacturing, health, etc. - most companies deal with contract management, and often it can be a real hassle. A lot of time and effort goes into getting new clients, creating agreements and chasing signatures, and for those people that deal with contracts, collating and streamlining the process can seem like a daunting task.

Contracts are essential business assets and must be

given adequate care and priority accordingly. An effective contract management system is needed to maintain sound customer relationships, meet compliance standards and keep businesses moving forward.

Selecting a contract management solution can be overwhelming. There are many different software providers available, all with different features, and it can be hard to know where to start. We created this guide to help you evaluate your company's current contract management process and understand if purpose-built contract management software could help, and to share best practices for implementing and choosing the right software.



# HOW ARE COMPANIES MANAGING THEIR CONTRACTS?

**You'd be surprised at how many large, established and prominent companies still use spreadsheets to look after millions of dollars' worth of contracts and information – in fact, it's pretty alarming.**

And when PC Mag says that 60 percent of companies are using email to handle contracts, it's clear that many contract management processes are ineffective and risky.

Maintaining visibility in all areas of contract management is essential. Transparency and accountability is necessary in order to maintain sound customer relationships, meet compliance standards and keep business progressing.

The independent International Association for Contract and Commercial Management states that organisations could also increase their revenue by

“Research has shown that over 90 percent of contract management inaccuracies are due to human error. With a competent and adaptable contract management software system, contracts are less vulnerable, processed more quickly and stored safely.”

- Heather McEwen, SaaSam CEO

According to software company SpringCM, 64 percent of businesses say that settlements are being hindered due to poor contract approval processes.

Spreadsheets and emails can be messy, susceptible to human errors, not very intuitive and hard to consolidate, which is why more and more businesses are turning to contract management systems to better be able to record, understand and utilise their information.

9.2 percent each year with more careful contract management.

Implementing contract management software to replace a manual process can eliminate the risk all together, as well as save precious time and money.

# PRIMARY PROBLEMS OF POOR CONTRACT MANAGEMENT

Although there are many affordable, effective and easy-to-use contract management software systems available, a number of companies are still using manual practices to look after their contracts.

The most common anxieties around implementing a contract management system are the cost of the licences and implementation, the time needed to get the system up and running, and a fear of change or pushback from staff.

Most of these apprehensions are unfounded, with new contract management systems able to be implemented quickly and for relatively little investment. With the right training and support, staff will be able to understand and use the system in no time as well.

Poor contract management is a big problem, one that

often shows itself as the company grows and more contracts are pouring in.

Specific problems, which can in turn cause more problems, include relaxed access controls, missed deadlines, compliance failures, inefficient approval workflows and ineffective reporting. And all of these issues lead to lost revenue, annoyed clients and a lot of messy data.

The first thing your business can do to tackle these issues is to take an honest assessment of your current practices and processes to see where the problems lie. Contract management software can address any red flags to improve efficiency, increase compliance, make data more useable and save money.

## The Main Issues Associated with Poor Contract Management



# IS IT TIME TO GET CONTRACT MANAGEMENT SOFTWARE?

**So when is it the right time to invest in contract management software? Whether you have a small batch of high value contracts or a large batch of lower value ones, manual management processes are risky, so an automatic contract management system is always the safest and most convenient option.**

From a performance and liability standpoint, one of the most important reasons to invest in a robust contract management solution is if there are compliance matters at stake.

Contract compliance involves a lot of rules and regulations, and in addition to complying with these policies, companies may also have to submit various audits and reviews. Staying on top of these detailed processes requires solid organisation, adherence to strict timetables, and the ability to locate items quickly, all of which is easier to accomplish when using the right technology.

There are clearly other reasons to transition to an automated contract management system, many of which relate to a company's need for better accessibility to the contract portfolio. For example, if a company has offices located throughout the country or abroad, all of which need access to contract data on a regular basis, then ensuring that contracts are stored in a cloud-based repository makes sense.

There are a few pre-requisites that you need to say 'yes' to before investing. Your company needs to have the funds for the software and implementation, as well as knowing exactly what the company needs from a contract management system.

You also need to have the manpower, resources and time to work alongside the project management team from kick-off to completion.

- ✓ Multiple people have access to contracts
- ✓ Compliance is a priority
- ✓ Contracts are of a high value
- ✓ There are hundreds or thousands of contracts in the system
- ✓ Easy searching and reporting is important
- ✓ Templates and clause libraries are essential

# CONTRACT MANAGEMENT OPTIONS

Once a business has decided to go ahead with an automated contract management system, the next step is to evaluate the different systems and options available to determine which is the best fit. Here are some contract management options to research.

## Thrown-Together Solutions

Sometimes companies will combine different systems such as spreadsheets, emails, calendars and scheduling apps, then use a mixture of paper filing systems and online shared drives including Sharepoint, DropBox, SugarSync and Google Drive to collate all their contract information. Whilst more reliable than a paper-only system, thrown-together solutions like these are still manual, with staff needing to manually update, move, sign and store contracts themselves.

This process may be fine for smaller companies with a limited number of contracts to look after, but as a company grows and the number of contracts increases, a thrown-together solution is risky, more susceptible to human error and less likely to meet compliance standards. It can also be a waste of time, with manual processes far more time consuming and complicated than automated procedures.

The perceived benefit of thrown-together systems is that they can be relatively low cost to run, but in the long term, human errors and slow processes can hinder potential profit and even lose the company money as well. Spending money to save money - as well as time and effort - is a worthy idea when it

comes to contract management. Plus, you'll get more security of data, technical support and faster contract completion.

## Full Contract Lifecycle

For large companies or those with very precise contract lifecycles, a complete, fully automated contract management system is a great option, as it allows many stakeholders to participate and a large number of contracts to be governed through their complete cycle.

Contract management systems offer all sorts of features including contract requesting, drafting, negotiation, approval, storage, compliance and renewals. The main benefit is that all these actions occur in one system so each contract is easy to find, assess and update.

The most complex contract management systems can be expensive, therefore it is important that you know what your company needs and that you find a provider that can tailor its offerings so that you aren't paying for features you don't need.

Check with them about storage space, implementation costs and the number of users, as these all vary from supplier to supplier. It is also good to consider a supplier that can handle different stages of implementation, as many businesses soon realise that there are more features they want to add in the future.

# OTHER CONSIDERATIONS

## Integration Capabilities

For companies that are already utilising other software systems it is important to find a contract management system that can integrate with existing platforms.

Common integrations include Adobe Sign, DocuSign, Microsoft, Salesforce, Jira and Google. Finding a contract management system that offers integrations means increased productivity, reduced double entry of data, more insights and better management of day-to-day contract activities.

## Cloud vs. Installed

These days, most businesses use cloud-based systems so that data is backed up securely and accessible from different physical locations. On-premise installed systems are still available and may be the more suitable option for certain

information in the cloud has to be strictly safeguarded and protected. Cloud-based options usually have set authentication procedures for accessing the data, data encryption methods in place and secure data centers where the servers are located.

Whether your company chooses a cloud or installed system, you can be assured that your data will be safe, accessible and well-managed.

## Security

Contracts contain a lot of valuable and sensitive information relating to your business and your clients as well, so naturally, security should be an imperative.

The contract management system you choose needs to have comprehensive security features and practices - often your IT department can provide insight into the safety features required.

“Bringing cloud-based automation on board means companies can engage their own customised solutions, manage contracts across the board and integrate information into other processes.”

- Heather McEwen

businesses.

Hosted cloud systems mean less purchase and maintenance of physical hardware, guaranteed uptime, rapid return on investment and simplified management, plus options of shared or dedicated servers.

On-premise systems allow businesses their own choice of server and database, the ability to determine when and how upgrades occur, and physical, location-based security.

Businesses may worry that cloud systems are not as secure as installed ones, but this is not a problem as

Important security features to consider are data encryption, third party testing, data separation, backups, disaster recovery and two-factor authentication. Granular permissions allow different users to have different access, edit and print rights on certain documents and information, helping keep the contract repository secure.

Audit logs are important for the ability to track activity with the system, seeing what changes were made, who made the changes and when. Even just being able to see who is viewing certain documents is vital for safeguarding contract information.

# SELECTION BEST PRACTICES

When your company has established that, yes, it does need to invest contract management software and starts the search for the right system, there are different factors to consider before a final decision is made, to ensure the solution is the right fit both now and in the future.

## Identify Current Practices and Inefficiencies

The first step is to conduct an honest assessment of your company's current contract management processes, identifying anything that might be working well, plus areas for improvement, as well as completely new features that are desired.

Establish the main issues with the current practices - are contracts being lost? Are deadlines and renewals being missed? Are human errors costing the business money?

Many issues that companies encounter are due to a lack of organisation, inconsistent procedures and too many hands in the pie - or too few hands in the pie.

## Checklist

- Collaborate with the contract management team for their input
- Examine the budgetary impact of any contract-related problems
- Consult with the contract management team to identify areas in need of improvement in day-to-day tasks in the contract lifecycle
- Determine exactly how much money your company can spend
- Establish contracting end-goals
- Identify the features required to meet your company's specific contract management needs and goals
- Determine the number of users needed and any data capacity requirements
- Review the specific features and capabilities of the solutions your company can afford, paying attention to the scope or potential limitations of the software
- Request a free demo or trial of your top three choices

Perhaps too much focus is put on getting the contract created and signed, and once this is complete it is forgotten.

## Assess Budget, Goals and Needs

Cost of the software and implementation of contract management software is probably the main concern for most businesses, but thankfully there are affordable and scalable options out there meaning adopting a new system can be manageable for every business. However, your company must calculate the amount of money it can afford to spend and the value you will get from each supplier.

Also remember that the software you choose to implement needs to be manageable - do you have the people, time and resources to adopt it fully? And once implemented, you need to ensure that the people using it will actually use it and use it correctly.

Overall, you need to select a contract management system that is affordable, satisfies all of your needs, is fast to implement and uncomplicated for users.



## Implement and Evaluate

After choosing and implementing your contract management system, it is important to track and assess it as it is rolled out. Constant and regular evaluation can help identify any concerns or

disadvantages, as well as any previously unknown features that could be of benefit.

It could take a few months to fully assess the system, so doing evaluations every fortnight or month may be useful.

# CONTRACT MANAGEMENT SOFTWARE SELECTION CHECKLIST

- Identify your current contract management process, what is working and where inefficiencies are
- Consult with the contract management team to get their input and identify areas in need of improvement in day-to-day tasks in the contract lifecycle
- Determine exactly how much money your company can spend
- Establish contracting end-goals
- Identify the features required to meet your company's specific contract management needs and goals
- Determine the number of users needed and any data capacity requirements
- Review the specific features and capabilities of the solutions your company can afford, paying attention to the scope or potential limitations of the software
- Have your IT team review the security features of the solutions being vetted
- Request a free demo or trial of your top three choices
- Select the appropriate software
- Learn how to use the product in its entirety, taking advantage of all available training resources
- Measure the company's contract performance and progress using custom reports
- Keep up with any changes to the software platform and new features
- Communicate the impact of the contract management solution's implementation with key stakeholders, especially:
  - Any milestones achieved using the software
  - Improvements to the contract management process and overall business operations
  - Budgetary benefits or obstacles
  - Liability and risk reductions
  - Compliance matters
  - Any challenges and setbacks and if/how they can be addressed

# SUMMARY

**While spreadsheets, emails, calendars and other manual processes can work for small businesses with minimal contracts, when a business grows and contract numbers increase, manual processes become increasingly risky and human errors, lack of compliance and lost earnings start stacking up.**

Automated contract management systems are a great way to streamline and simplify your contract

processes, enhance security and make reporting and searching much easier.

It is important to analyse your current business processes and then determine the features that any new system needs to have. There are many different contract management software systems available, so take the time to select the one that meets your needs, is within budget and is user-friendly.