

MALBEK

CONTRACT MANAGEMENT REIMAGINED



THE COMPLETE
UNBIASED
GUIDE TO THE
CONTRACT MANAGEMENT
SELECTION JOURNEY



“THE JOURNEY OF A THOUSAND MILES
BEGINS WITH A SINGLE STEP.”

~CHINESE PROVERB

Selecting a contract lifecycle management (CLM) solution can feel totally overwhelming. After all, a lot is riding on choosing the right one. Contracts sit at the very heart of business. They govern client, partner, employee, and vendor relationships. They outline the most intimate and mission-critical transactions of commerce. In fact, it's pretty safe to say that without contracts business would be a disaster.

With so much at stake, it's little wonder that managing contracts well is no easy task. If you are at the beginning of your buying journey, then you've come to the right place. This guide is broken down into the six major phases in the CLM buying experience, starting with identifying that you may have a problem. The insights and tips provided here come from industry veterans with decades of experience in contract management.



This comprehensive, step-by-step look at what is needed to select the right contract management solution wouldn't have been possible without the help of industry veterans, Stephanie Corey, Teju Deshpande, and Matt Patel. Their experience, wisdom, and empathy make them incredible allies for any company seeking to improve how they manage their contracts.

ACKNOWLEDGEMENTS



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SIGNS YOU HAVE A CONTRACT PROBLEM

Admitting you have a problem is the very first step to fixing it. Here are six challenges that will clue you into the fact that things are not as they should be with your contracts.

1. Growing contract volume

Nowadays, legal departments feel intense pressure to perform like every other area of a company, especially since they are not a revenue generating business unit. They are held to strict budget targets and have to report to the CFO about line items, like spend on outside counsel. This means that General Counsels are now focusing on increased operational efficiency in areas like contract management. They can no longer get away with having old, outdated contract management processes. Especially in a growing organization, if the team size remains the same, it's easy

for legal to become overworked. And if they have to do more with less, they're probably not going to spend enough time reviewing each contract. This introduces risk and causes frustrations that can lead to staff retention issues.

| 2. Delays and bottlenecks

Often legal is unfairly labeled a contract black hole. The reality is they may not be entirely to blame. Bottlenecks frequently start before the contract even begins. The time-consuming back and forth between business and legal often centers around the contract data needed to get the agreement initiated. An automated tool can help get that initial information correct the very first time. In addition, lack of visibility into who is reviewing the contract can be a real problem and cause delays. As you begin your CLM buying journey, now is the time to start examining these contract processes. Develop an authorization matrix. Map your processes. Identify your workflows and templates. This upfront work will set you up for contract management success once you pick a solution.

“ Often legal is unfairly labeled a contract black hole.”

| 3. The process is tedious

Over time you may have learned to live with the contract management system you have in place, whether that is manual or an old, automated one. But for many, they will come to a breaking point over some contracting issue. It might be something as simple as not being able to find a contract or not being able to access the contract data. Sometimes the issue is that the contract is stuck in legal and you can't figure out why. It might be that someone with institutional knowledge of the contract left the organization and now there's a knowledge gap. M&A can further exacerbate this type of situation, introducing hundreds if not thousands of new contracts to a system that, quite frankly, is limping along. Whatever the breaking point is, you know there has to be a better way.

| 4. No contract visibility

The average knowledge workers spends 30% of their work week looking for missing documents ([IDC](#)), and this is equally as true when it comes to contracts. Contracts are stored in all different locations and it's totally unmanageable, and oftentimes the people who need the contracts don't even have access to them. The consequences can be very serious. In highly regulated industries, there may be changes that haven't cascaded through to the latest version of the contract. This means more

time will have to be spent in legal review. Multiple, conflicting drafts of contracts can cause inefficiencies and significant consequences if it revolves around regulatory language. And delays may mean not having adequate notice for renewals or giving in to terms you wouldn't have given in to if you had more time. Partially executed contracts can impact revenue recognition and invoicing. Why, if you can find information online easily for just about anything, can't finding contracts be that easy too?

| 5. Slow and outdated tech

If at home we have all evolved to the latest in technology with our smart devices, why is there such a disconnect when it comes to contracts in our business environment? Technology today, with AI and a consumer-grade user experience, has evolved far beyond the old days of heavyweight, on-prem installations with lots of customs and the need for intense IT involvement to makes changes. Now, business users can access their contracts

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in the cloud and configure the application to meet their needs without relying on busy IT professionals. This type of modern contract management experience results in higher adoption rates and a lower total cost of ownership. Definitely a win-win for the organization and the business user.

| 6. Missed milestones

Everyone is always rushing to get the contract signed. It's like preparing for a wedding and forgetting about the marriage afterwards. But how are you going to manage what's in those contracts after the final signature? There are legal and financial terms and renewal clauses, but who's keeping track of all of these things? For example, one company had a warehouse leased in Asia and they were waiting for the contract to expire when the auto-renew kicked in without anyone noticing. This meant they had to continue to pay \$80,000/month on that lease, a price tag which more than could have paid for a contract management solution. For those businesses with contracting based on tiered pricing, if you're obligated to sell 10,000 units/month and the price increases if less is sold, that's a revenue opportunity but only if your sales or finance teams are aware and enforce the contract. You get the point. Missed obligations can hit your corporate wallet pretty hard.



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HUNTING FOR THE PERFECT SOLUTION

So far, we've laid out many of the challenges that contract professionals face every day – things like increasing contract complexity and volume with limited staff or a lack of visibility into where contracts are in the process. Now we want to pivot and address how to find a contract solution in the face of these challenges. Where should you begin?

1. Identify and prioritize key requirements

One of the most common pitfalls companies fall into when they know they need a solution is to go right to the demo. While demos can give you a flavor for what is out there and can help you start documenting your business requirements, there is a downside. It's far too common to become wedded to a system because of the way it looks. If you haven't done

the business requirements and readiness work recommended in part one. Falling in love based on a demo can lead you down the path of selecting the wrong tool. First you need to understand who the key stakeholders are in this selection process and what the main business requirements are. Will this just be for legal? What parts of the process should it include? Contract authoring, negotiation, a repository, post-execution support? Will procurement and finance be part of this, which may lead you to a totally different solution? You need to identify what your processes are and if you have templates that are harmonized. Do you need to write playbooks? Will any of this be outsourced? What is your future state going to be? If you get cross-functional input, your ROI will be much higher. Cost can be spread across various budgets. Plus, if you get buy-in from the right people at the very beginning, at the end, adoption and approval will be much easier. Otherwise you may struggle with resistance from those who felt left out.

2. Talk to legal ops and contract advisors

It is important to bring in an expert to help you through this. Imagine a home designer when you're building or remodeling your home. You could do it on your own, but if you bring in a designer, you will end up with a much more thoughtfully designed house. They will come up with things you

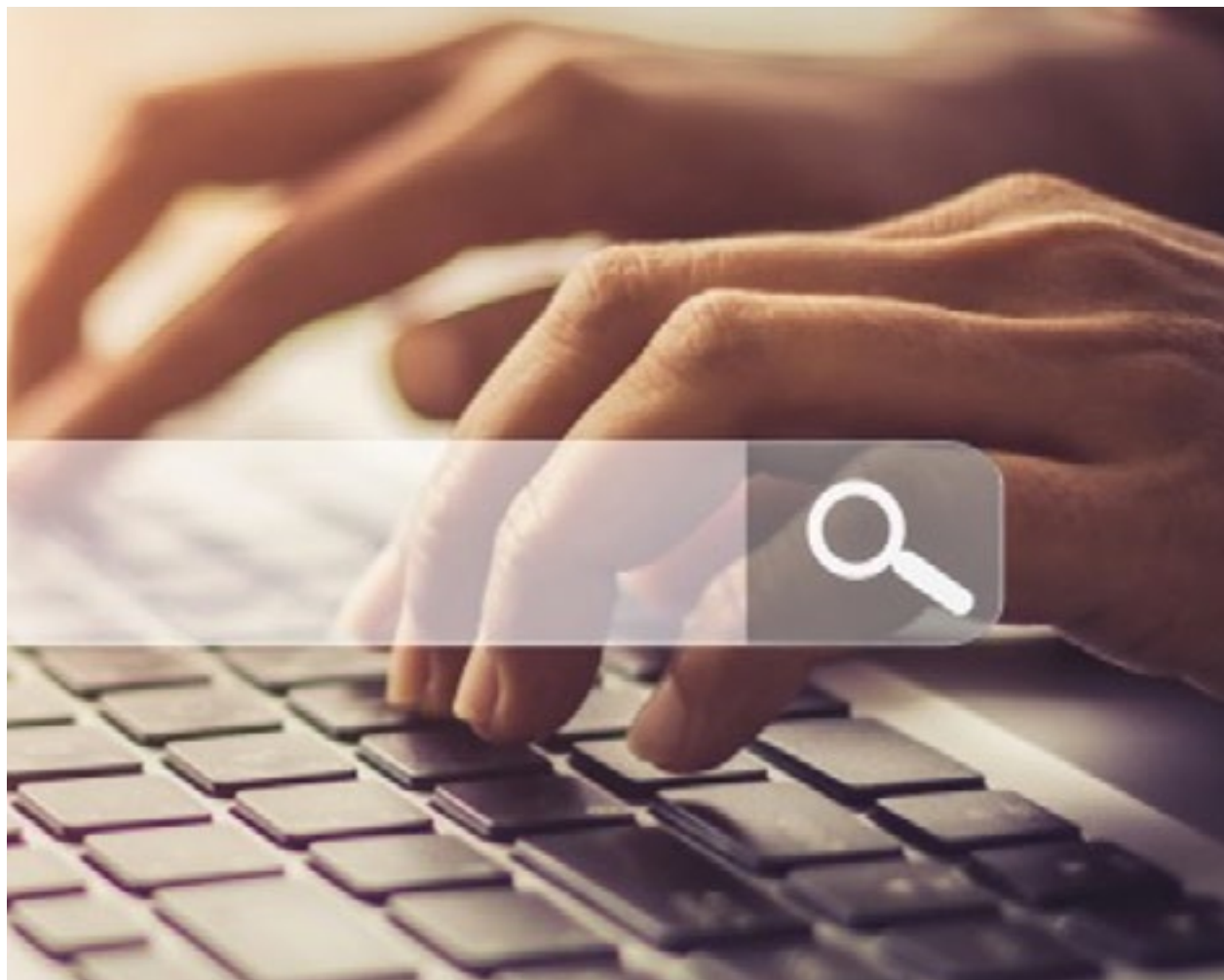
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might never have thought of. They can help you make the most of your space and maximize your flow. The same is true for a contracting system. Too often the experts get pulled in at the end because the company is really struggling. It is far better to bring the experts in earlier. They will ensure all the upfront work is done properly to facilitate the whole experience, increasing your chances of success. The experts are typically vendor agnostic and can provide a much more balanced view of the CLM landscape. Don't forget to get client references when selecting an expert. Ask them about their approach and what their process is. You want to make sure that culturally they are a good fit.

3. Consult with analysts and review industry reports

Some of the analysts that cover the CLM space include Gartner and Forrester. Industry organizations, like [IACCM](#) and [CLOC](#), also cover this market. And then there are legal subscriber bases that cover different topics in contracting, such as [Evolve the Law](#) and [Above the Law](#). Be aware, however, that analysts may not include all the latest players and innovators



in contract management. Some of the older tools that they do highlight may not be ideal for what you want. IACCM has a really useful tool online developed by Capgemini to **rank CLM solutions based on functionality** without promoting one above another. There are also paid services that rank vendors and allow customers to put up reviews, such as Capterra. But nothing beats talking to boutique consulting firms, like **UpLevel Ops** or **Oya Solutions**, because they are involved in the process of implementing real systems and have first-hand experience while

analysts base their opinions on research and studies.

4. Research and comparison tools

This is a key requirement in order to justify the spend on a contract lifecycle management solution. You will want to document some of the following: time savings, increase in revenue, decrease in spend, or all of the above. **Check out this infographic on the cost of bad contract management** for one resource

that can help you document preventable revenue erosion associated with your contracts. Many analysts sites have ROI tools or business justification documents and templates that can help you build your case. Many vendors have them as well although be aware that they may be biased. And remember that the more departments that are involved and likely to benefit, the more easily you can justify the spend.

5. Attend industry events

There are a number of national events run by organizations, like [CLOC](#), [ILTA](#), [IACCM](#) and ACC, that can be helpful for anyone searching for a contract management solution. If you are seriously shopping, consider also checking out local events that are smaller, networking opportunities. And be sure to talk to professionals in your area who have gone through this journey themselves. They will, no doubt, have a wealth of information gained through experience that you can benefit from.

6. Create your contract management vendor wish list

As we've mentioned before, too often people start looking at demos right away when really you should start by prioritizing your list of requirements. It's most helpful to begin with your list of critical features and functions. Most good CLM solutions

will have the common core elements, such as workflow, negotiation and redlining, e-signature integration, a repository, and so on. But also think about what other systems you want the CLM solution to integrate with and what implementation of the tool involves. CLM solutions are not static. Your company will continue to evolve. So you need a vendor that can grow with you. Then look at seven or eight vendors. Research them online. Once this upfront work has been accomplished, then do demos with four or five vendors that you are most interested in before issuing your RFP. Be cautious about involving any more than five in the RFP process because it will become extremely time-consuming. And remember that not all features need to be implemented immediately. Really evaluate what needs to be done now versus in the future. Look at the vendors' roadmaps to see how they align with your own company's needs and evolving requirements.

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THE CONTRACT MANAGEMENT RFP: WHAT IS USEFUL AND WHAT ISN'T

Now, we're ready to talk about the RFP process itself. But we are going to take a slightly different approach and talk about the areas that often get left out of RFPs that should be included. Conversely, we will also highlight those areas that are frequently included in RFPs which aren't really needed. Let's start thinking outside the box.

1. Ask yourself: "Is this useful and necessary?"

It's not uncommon when people look for a CLM solution to remember the best features across platforms they've seen demos for and create a Frankenstein list of what they



want. Unfortunately, those items may not be aligned with what your organization truly needs. You will want to start first by saying what is the minimum viable product I need in the next 12 months? What is actually a priority and how does that connect with what the other areas of your company need? Make sure you really understand who is going to evaluate and select the vendor. Go across your departments and make sure that everyone who is going to touch, use, and benefit from the solution is included in the RFP process. Also, don't think too far in the future because technology changes. You don't want to suffer from "Feature Bloat" which happens when a company puts so many requirements in an RFP it makes it difficult for vendors to respond accurately. It also makes it difficult to choose. What you really want to understand is how

quickly can the vendor provide additional innovation and new features on their roadmap. Some RFPs are elaborate and overly prescriptive. More importantly, if you need something new, how quickly can the vendor provide it, and will it be custom or part of the solution?

2. Ask yourself: "What is the process from start to finish?"

Process, process, process. Focus on the process. Especially in the early stages do the process mapping before you start your RFP. People think that process mapping for contracts is linear, but it's not. Who

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touches the contract, how many times, all the iterations – you will find the process is way more complex than you thought it was. Identifying the business requirements will inform what you need in the system. Figure out what you need in the first year of having a contract management solution. All of that information is what you use to build out your RFP. It's too easy to become enamored of a product during a demo. You don't want to fall in love with the wrong system, so the upfront work can help you avoid this trap. Provide different use cases so the vendor understands the scenarios in which the tool will be used. You might have a high-volume common process, like an NDA, that you want to automate. You also might have processes like complex agreements that require a lot of redlining and back and forth that would benefit from contract management. Highlight the agreements that you don't use as frequently so that you can prioritize appropriately. People underestimate the change to go from totally manual to automation. So consider not starting with the most complex scenario. Getting people



to adopt a complex process can be very daunting. Pace out what is approachable to start with in the first 12 months.

3. Ask yourself: “Is what I’ve been told true?”

When you hear requirements from different business units in your company, sales might say they need a solution that integrates with your CRM. However, when you go to procurement or other departments, they might tell you not to have a CRM-specific solution. So you need to start looking at what type of platform you want the application to run on. Your IT department might want an on-prem solution that they would maintain. They might say cloud is not as secure and on-prem is safer. That used to be the case, but not anymore. The cloud is actually a lot safer than on-prem these days. Data security is not just about where it's located. It's about the people and processes you have around your infrastructure. [Amazon Web Services](#) has best of breed people and processes to keep your data secure. Blogs and articles will let you know what the trends are in the space, which can be helpful for determining what your true requirements are. If you have an advisor or legal ops consultant, they can also provide guidance.



DEMO TIME: HOW TO COMPARE APPLES TO APPLES

By the time you're ready for a contract management product demo, your expectations are probably pretty high. You can't wait to see all the possibilities that await you. Unfortunately, the demo process is not always as straightforward as you might think. You could even walk away shaking your head, thinking: "That vendor didn't talk about anything that impacts my life with contracts or addresses our challenges with contracting." We want to help you avoid that kind of experience.

1. Be sure to compare apples to apples

How do you make sure that people are engaged during a demo? Make sure that it's relevant to their needs. Tell the vendor what's important and the use cases that matter. Provide insight into your current contracting challenges, including sample documents. Let them know what your current workflows are and how milestones are managed. The more insight you provide, the more relevant the demo will be. Understanding the main pain points for each area of the business, you can keep the whole audience engaged. And this will ultimately make it easier as you compare between vendors to have a true side-by-side view.

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2. Be clear on what is critical and what is nice-to-have

Everyone will have their own functionality wish list, but agreeing together ahead of time on what is critical versus a bonus will make it easier to decide which vendor you want to go with. Not every delightful feature will improve your contract

management processes. Figure out what you can't live without and keep that in mind as you evaluate the product during the demo.

3. Develop a demo scorecard

The must-have features should become part of a product scorecard that you use during contract management demos. Be sure the scorecards are truly anonymous, eliminating evaluator and vendor names to promote greater authenticity and truly unbiased feedback. Demos have a way of blending into one another, so have everyone complete their scorecards immediately after the demo. This way the information is captured while it is fresh.

4. Check out what's under the hood

Keep in mind that choosing a CLM solution is not just about the day-to-day features and functions. It is also about how the system is set up and maintained behind the scenes. Be sure to ask questions about how the product is configured, administered, and maintained. You don't want any surprises with regard to ramp-up and ongoing maintenance because no one thought to ask about what was under the hood of the solution.

IT'S GO TIME: SELECTING YOUR CLM SOLUTION AND IMPLEMENTATION PARTNER

So now it's go time! Everything so far has been leading up to this point, and we're ready to start talking about actually selecting a CLM solution and an implementation partner.

1. Choose a solution that can grow with you

It can be tempting to select the Cadillac of solutions with all the bells and whistles, but that is not necessarily a good idea. Take some advice from the TV show, *What Not to Wear*, and "dress for the body you have now." When selecting a CLM solution, it is critical to keep the scope of the project focused on the business requirements that prompted the search in the first place. It's all too easy during the demo

phase to fall into “scope creep”. You’ll see amazing features and want all of them. But if you have documented what you need now and what you want for the future, you can keep the project from becoming unwieldy and taking years to accomplish because goals keep shifting. Select a solution that is flexible and can grow with your needs. Evaluating the vendor’s product roadmap will give you some insight into how they understand market trends and whether they can handle complexity as your business evolves.

2. Select a vendor that is easy to partner with

Beyond product functionality there are other qualities about a vendor that you need to consider. You don’t want to choose a CLM solution provider who sells you a product and then walks away. Part of your evaluation needs to include the quality of the vendor’s team. Ask yourself things like: Will they be a good partner for years to come? Are they seasoned professionals in both the legal AND technology arenas? Is CLM their main focus or just one of many in the product mix? And lastly, take some time to get to know their culture and philosophy. It will be important that this marries well with how you run your business. For example, if you’re an agile shop and operate in sprints, you will want a vendor with a similar approach to avoid friction and misaligned expectations.

3. You need an implementation partner, so pick a vendor with a healthy partner ecosystem

Implementation is as delicate a process as it is critical, which means it is definitely worth paying the money for the right implementation partner. Invest now! There is no sense selecting the perfect CLM solution only to have the whole project go up in smoke because the implementation was a failure. You don’t want to implement your current process as-is into the CLM tool if the process is not ideal. When internal stakeholders try to articulate business requirements, it’s better to have experts review and refine the requirements to align with best practices before you implement it in the CLM tool. You need someone who understands both the business and the application side.

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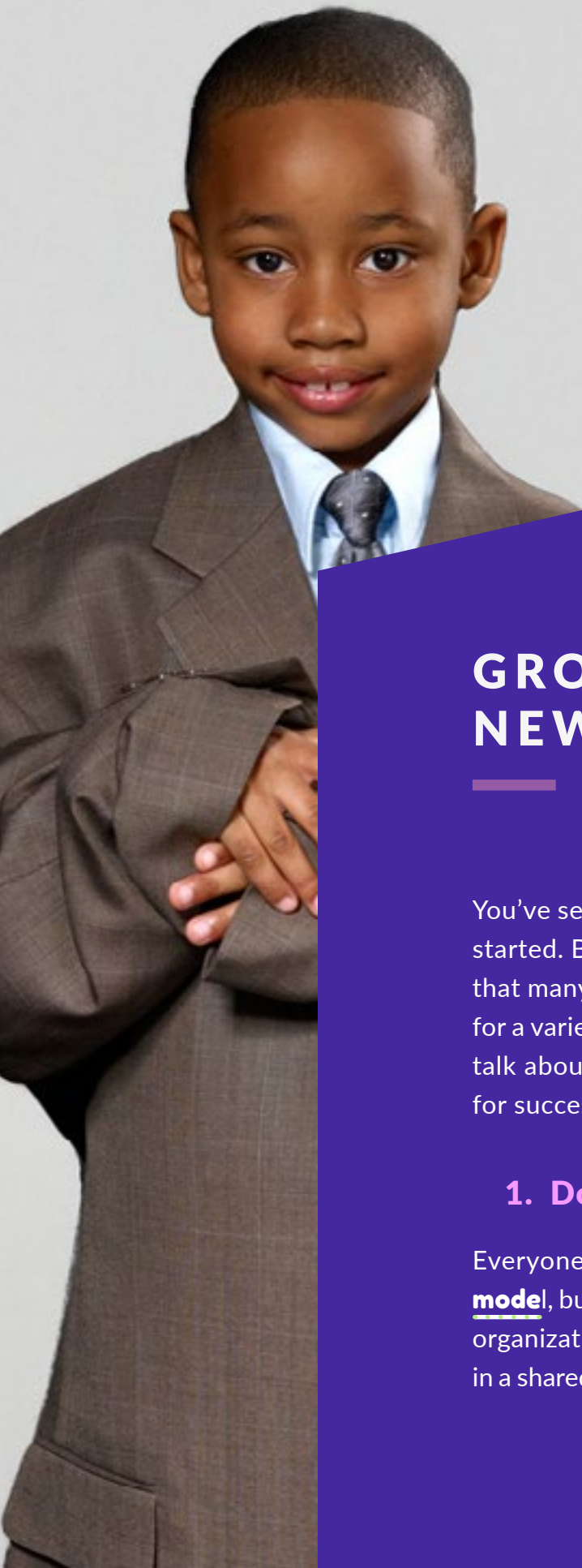
4. Ask for a sandbox to try out the solution to uncover smoke and mirrors

The dirty little secret of the software world is that many vendors will demo functionality that doesn't fully exist yet. Never fear though! There are red flags to look out for which will help you identify those vendors who are actually over promising (and will likely under deliver). First, be wary of any vendor who takes multiple weeks for even setting up the demo. That's a red flag that they are likely going to show you something custom and not already existing in the product, or the fact that their system administration is so complex that it takes weeks to set up for your demo. Second, be wary of any demo that is overly broad. You want the vendor to show both a simple use case but also a peek behind the scenes at how the product is administered and configured since you will want to maintain the solution yourself for years to accommodate your changing business needs. Lastly, be wary if the vendor is unwilling or delays in providing a sandbox trial for you to play with. This probably means that their sandbox environment doesn't exist, is too complicated for short-term use, or its out-of-the-box functionality is not the same as what they demoed. When you buy a pair of shoes, you try them on first. Why would you do anything less with a purchase decision as important as a new CLM solution?

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GROWING INTO YOUR NEW CLM SOLUTION

You've selected your CLM solution and now it's time to get started. But it may not be as simple as you think. We know that many technology solutions fail during implementation for a variety of reasons, including low user adoption. So let's talk about how you can set yourself and your company up for success.

1. Don't rush maturity

Everyone wants to be on the right side of the maturity model, but if you are on the left side, you are not alone. Many organizations are still operating with thousands of contracts in a shared network folder or SharePoint online repository but

no other contract management automation. The tendency might be to skip ahead to complete maturity as fast as possible, but this isn't feasible. Change is hard and slow. It's a better idea to progress incrementally, moving next to some level of automation for things like renewal reminders. Then you can move onto adding workflows and a clause library. Eventually you can do eSignature and have mobile access to your contracts. An agile, phased approach has a much greater chance of success.

| 2. Start with the prep work

Throughout this series we've focused on how important prep work is when overhauling your contract management processes and selecting a solution. If you've taken the time to identify the types of contracts you have and how they flow through the legal department, you will be well on your way to eliminating inefficiency and developing a lean approach to your contracts. The hard prep work makes it so much easier to identify the CLM solution that will best fit your needs. It also means you've already figured out who your critical stakeholders are. Knowing your project lead and implementation champions sets you up for success. Since contract management is never one and done but evolves based on your business model, these individuals will keep you on track so you don't lose momentum.

| 3. Pace yourself

It's important to make sure you don't bite off more than you can chew when starting your contract solution implementation. Application fatigue can set in over the course of a person's career from experiencing multiple, less successful implementation projects. Doing your day job plus a large software implementation project can quickly cause burnout. From an adoption and success standpoint, it makes more sense to pick a project that has a 12-week length and fit whatever is reasonable in that 12-week sprint. Even if it's just one template and one simple workflow or training the core team on bare functionality, these small victories are monumental in keeping the project rolling.

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| 4. Streamline and align

Think of contracts as an enterprise asset not just a tool (or a headache) for the legal department. Yes, legal may own the task of getting agreements from start to finish, but sales, procurement, IT, and finance often

have a part to play. When starting a project like this, make sure you involve all the relevant areas of your business. Identify what their individual needs and goals are in order to achieve the greatest business benefit. This doesn't mean you have to get everyone on the system immediately. Continue to follow the phased approach, but involve all the right departments.

| 5. Embrace the change

Change is never easy. It doesn't matter if you have the most perfect tool in the world.

If no one is using it, then it's a failure. Hopefully you've followed everything that has been recommended so far. Things like identifying stakeholders, project champions, and technical people from the outset are all part of change management. Be sure to over communicate what's going on because it helps to make people feel more involved. It's far better to have people sick of hearing from you rather than having no idea what's going on. This will help build support and greater levels of adoption.



