



Contract Life-Cycle Management: Sourcing Digital Transformation

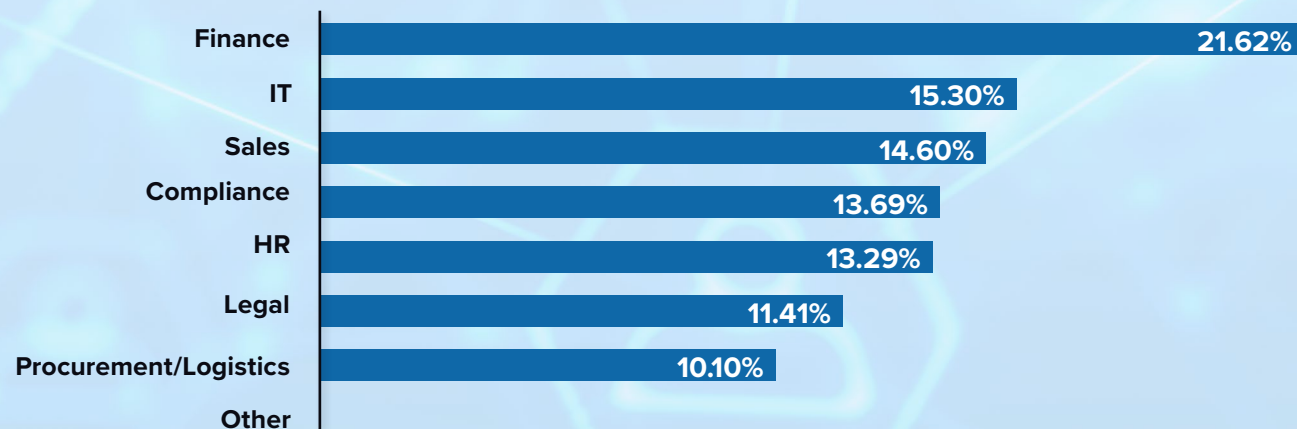
Siloed organizations without contract life-cycle management across departments miss its benefits.

Benefits of Contract Life-Cycle Management

Q. How many full-time equivalents (FTEs) dedicated to contract management did your organization use before and after implementing a contract life-cycle management solution?

	Overall	10,000+ Employees	5,000-9,999 Employees	2,500-4,999 Employees
Total FTE Saved	9.44	46.31	0.80	1.31
# Before Implementation	117.34	207.84	128.35	72.79
# After Implementation	107.86	161.53	27.55	71.48

Q. Please estimate the percentage of influence each department has on the contract life-cycle management buying process at your organization.



n=205, Source: IDC's 2020 Legal Tech Buyer Survey.

Contracts Touch Many Departments

Contract life-cycle management (CLM) has typically been a procurement-led function of enterprises. Digital transformation is changing that, as legal, sales, and other departments also need the same toolset. Limiting contract management only to procurement promotes siloed application usage and myopic views within the organization. While procurement does have specific contract management needs, such as matching the contract to purchase orders, supplier statements of work, and complex workflows, so too do sales, IT, and human resources.

Contracts flow throughout the enterprise, so the digital transformation and digitization of these documents is not only a procurement task. Procurement is merely one stop on the contract assembly line within an organization. Sales, legal, human resources, and IT need to author, touch, and use contracts. Generally, the contract life cycle consists of a workflow that touches on sales, procurement, and legal. CLM is truly a silo-breaking digital transformation process that is both collaborative and efficient when all areas are tied to it. CLM investment and implementation has a significant impact on the organization.

Digitally transforming contract processes and systems will drive key metrics such as revenue and profitability. Cost optimization, risk mitigation, and efficiency are three major CLM benefits. CLM reduces the contract life-cycle time to value with the customers and suppliers. According to IDC's *2020 Legal Tech Buyer Survey*, organizations that implement CLM save an average of 9.44 full-time equivalents on their CLM workflows. These efficiency savings are significant and can single-handedly make the case for immediate investment. Reducing contract life-cycle time allows business transactions to close faster, giving workers more time to focus on other tasks. Additional revenue and profitability boosts are provided by reduced legal spend, more efficient workflows, fewer negotiation cycles, more consistent pricing benchmarks, and the avoidance of risk due to built-in audit controls. Contracts in a CLM system are searchable, organized, and reviewable at a moment's notice. Most solutions offer an alert feature to identify immediate action areas.

Users are alerted when specific compliance guidelines and renewal deadlines are near, so the deadlines will not be missed. The compliance gains extend to the customer and supplier sides. Milestone alerts allow businesses to monitor both their customers' and suppliers' adherence to contract terms. These benefits are seen across every department that CLM touches.

The Need for CLM Tools

Modern CLM has other hallmarks. CLM tools integrate directly into productivity suites as well as other enterprise systems to enable seamless and intuitive workflows that ensure the contract repository is organized and useful. User adoption is a critical success factor, and many modern CLMs provide different experiences based on end-user roles. These multiple views enable the silo-breaking capabilities of modern CLM. Everyone works together in the same tool but still has their own tailored capabilities. In addition, the tools are collaborative, allowing procurement or sales to suggest specific contract terms, conditions, and clauses that can be viewed with suggestions or edits by others in the organization. These collaborative aspects can also be used with customers and suppliers to shorten the total time to contract signing.

Digital transformation and the digital-first world are driving the need for enterprises to adopt cross-functional CLM tools. Contracts are at the heart of a business and cut across many departments. CLM can no longer be siloed in procurement, sales, or legal, as it is a collaborative, enterprise-wide requirement. The benefits of digital contracting practices across the enterprise are too great to be ignored.

Message from the Sponsor

Icertis pushes the boundaries of what's possible with CLM. The AI-powered ICI platform integrates with SAP Ariba and SAP CX solutions, turning contracts from static documents into a strategic advantage.

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