



WHITE PAPER

CONTRACT LIFECYCLE MANAGEMENT SOFTWARE FOR THE PHARMACEUTICAL INDUSTRY

An Introduction

**Contract
Logix**

SIMPLE TO SOPHISTICATED

“The value of having a robust contract management system is clear. Best-in-Class companies have invested in automation and are much further along in improving their contract performance... Start now and do not delay, for the challenge will only continue to grow.”

— ABERDEEN GROUP,
“CONTRACT MANAGEMENT:
KEY ATTRIBUTES AND BEST-IN-
CLASS RESULTS”

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Introduction

Pharmaceutical companies are faced with evolving compliance requirements that are challenging and time-consuming - and this growing complexity is reflected in your organization's contracts. The arduous process of managing various physician consulting and R&D outsourcing agreements, along with FDA or MHRA compliance standards, are causing organizations like yours to seek a solution that will simplify and streamline the contract lifecycle process for the entire organization.

Though almost everything has changed about how modern organizations execute and manage contracts, one thing remains the same: *contracts are still the bedrock of all your business relationships and transactions.*



Typical Contract Process

Even as they provide the basis on which to build your business, contracts - if mismanaged - can also become one of your biggest liabilities. Failure to demonstrate compliance or provide an audit trail can be expensive financially and in terms of your reputation and accreditation. Further, inaccessible data, missed deadlines, and untracked or unauthorized changes are just a few more things that can go wrong if you do not have a strong contract management process in place.

CLM Software: Keeping up with your Contracts

As your contracts become more complicated, the tools you use to manage them need to keep pace. You may have hundreds, or even thousands, of contracts covering a wide variety of departments and facilities, involving multiple agencies and vendors, and potentially governing a staggering volume of transactions via numerous clauses and contingencies.

Contract Lifecycle Management (CLM) software gives busy teams in legal, procurement, and contract administration an integrated set of tools to handle all the tasks associated with pharma contract creation, negotiation, execution, and management - including post-execution rights, obligations, and reviews.

Many different features of a CLM solution come together to make the contract management process smoother, but the four core principles that all organizations should focus on are:

- Centralization
- Accessibility
- Automation
- Visibility

In short, CLM software puts you in control of your contracts and helps you easily:

- Proactively manage all contract details, deadlines, and legal and financial obligations
- Identify & coordinate all relevant parties by name and role
- Capture all contract-related data and documents in a single system
- And ultimately, manage the full contract lifecycle

Life Before CLM Software: Risks and Inconveniences

It goes without saying that following regulatory and compliance guidelines presents a major risk to your organization. Without an automated, standardized CLM process in place, it can be impossible to know with certainty that your organization is in compliance with the FDA or MHRA, and the many other internal and external regulations that govern healthcare and pharmaceuticals.

Additionally, trying to manage your contracts manually means you have no simple way of answering these common, yet critical, questions:

- Where is the contract I need, and is this the most recent version?
- Which contracts are about to expire?
- What is the status of this contract - final draft, in negotiations, approved, ready for renewal, or expired? And if I don't know, who should I ask?
- Is the contract I'm drafting using approved language and terms?
- What contracts have clauses and terms that pose a higher level of risk?

Being unable to answer questions like these opens the door to some serious business risks:

- Lack of compliance, which can lead to monetary fines, loss of accreditation, and lawsuits
- Lack of intellectual property protection
- Delays associated with tracking down documents, verifying versions, and haphazard searches for data within documents
- Missing expiration dates that result in auto-renewal
- Sending out the wrong documents for review or approval
- Signing the wrong documents or failing to secure all counter signatures
- Losing contracts or associated documents due to broken links, file renaming, or indiscriminate filing

A robust CLM solution will help you eliminate these inconveniences and mitigate your risk. The following sections address how CLM software helps you focus on the four core principles of

contract management.

CLM Software & the Four Core Principles

You'll recall that we've previously touched on the four core principles of contract management: Centralization, Accessibility, Automation, & Visibility. Following are overviews of how CLM software helps with each of these core principles.

Centralization

Have you ever searched for a finalized copy of a contract only to find out that it's stored solely on a single person's hard drive - and that person is on vacation?

CLM software enables you to establish a centralized electronic repository for your contracts, making them easy to manage and secure.

Centralization is the backbone of your contract management process, supporting and enabling all the other areas of contract management. Without a centralized location for documents and data, important functions such as reporting and analysis become nearly impossible.

Once your documents and data have been centralized you can then establish a library of standard templates, language, and clauses that can be pulled from any time a contract is being

drafted. *This step is key to ensuring compliance.*

Accessibility

Hand in hand with Centralization comes Accessibility; once you've established a central repository for your contracts you can make access to them simple and easy, as well as manage access to various documents based on roles and permissions.

CLM software provides your team access to contracts and supporting documents at any time from anywhere.

However, there may be cases where you want certain team members to be able to modify only certain portions of the contract, or to not be able to modify anything at all. Robust CLM solutions feature role-based permissions such as "read only" and customized access; these ensure that the right people are accessing the right portions of any agreement.

Automation

Post-execution management is a critical but often overlooked stage of the contract lifecycle. Contracts don't manage themselves, and managing them manually is an arduous task - one that, arguably, presents the most risk to your business.



Failures in post-execution management can result in many negative events.

- Non-compliance with regulation, which poses significant legal & financial risk
- Inability to protect your intellectual property
- Non-compliance with contract terms resulting in jeopardized products, service, assets, etc.
- Unintentional auto-renewals due to missed cancellation notices or deadlines
- Inability to easily associate external factors, such as insurance changes, to relevant legal obligations
- Failure of an audit due to missing key elements of an audit trail

The automation features of a robust CLM solution can mitigate these risks, vastly improving your post-execution compliance and allowing your team to take advantage of any beneficial terms, such as financial incentives.

Typical automation features of a CLM system include:

- Configurable alarms and email alerts that prompt action days in advance of a deadline and can be set to recur
- Alarms and to-do items that sync with external calendars such as Microsoft Outlook
- Automated email alerts to advise team members of next steps
- Archived history of alerts and notifications for management and audit purposes
- Customized team and individual to-do lists

Additionally, a robust CLM solution may offer a self-service option. This allows customers to check the status of a contract online and request a copy, without human interaction. This can be of enormous help to understaffed contract and legal departments.

Taking advantage of the automation features of your CLM solution will boost the efficiency of your post-execution process and help you maximize the value of every single contract.

Visibility

Knowledge is power, and CLM software gives you insight into the full scope of your contracts.

A good CLM software solution will offer two major features that will provide you with actionable business information.

Performance Dashboard

The dashboard of your CLM software should provide an adaptable, role-based view of all contract-related information and tasks, aggregating all available data and documents into a user-friendly, visual format that can be customized to each team member's needs. In addition to providing an overview of all contract activity and details such as upcoming deadlines, tasks, and milestones, a well-designed dashboard enables users to take action on tasks directly from the software's interface, streamlining workflow by avoiding back-and-forth movement between multiple platforms and software products.

Reporting Functions

Being able to filter, summarize, and analyze your data gives you a critical strategic edge; visibility combined with analysis helps you make the right decisions so you can lead proactively. The reporting capabilities of a good CLM solution will also allow you to capture and store a full contract history for auditing purposes.

Organizational Benefits

While the benefits of CLM software may seem clear to those who work with contracts on a daily basis, a CLM solution can have wide-ranging benefits throughout your organization.

With a CLM solution your **management team** will see an overall increase in productivity due to better organization and automation. They can also be assured that the organization's contracts are in compliance with regulatory issues and will pass an audit. Using the reporting functions, department heads can receive a comprehensive view of all relevant contracts and tasks on whatever recurring basis they prefer. As a result, they will be able to plan their efforts accordingly and maintain a higher level of control over their department's resources with minimal effort.

Another department that benefits from CLM software is the **Sales Department**. Contracts are an integral part of the sales process. How they're created, processed, and managed has a very real impact on the strength and profitability of customer relationships. Furthermore, a CLM system will improve the efficiency of the sales process and shorten the sales cycle by generating agreements quickly and correctly, automating approvals, and ensuring contract compliance. In short, it helps Sales close deals faster while helping to manage the growth of the business.

The **Finance and Accounting Departments** will often find tremendous value in an enterprise CLM system. It not only helps manage incoming and outgoing payments more efficiently, but also improves awareness of special terms and other considerations that directly impact revenue. It also integrates with other software or finance systems they may use, so the contract process is truly

seamless from start to finish.

Like Accounting and Finance, the **Purchasing Department** will also have the advantage of consistent, reliable access to accurate and well-organized information when using CLM software. This will help them recognize opportunities tied to rebates, volume discounts, and other special terms, maximizing every cost-saving contingency related to their agreements.

Finally, your **Staffing Department** will have access to standard-language agreements that make hiring and contracting with health professionals and partner organizations an efficient and reliable process.

The Bottom Line

Contract Lifecycle Management software streamlines the processes involved in every stage of the contract lifecycle, from authoring to post-execution management. When companies and industries operate under the pressure of heavy internal and external regulations, the amount of risk carried with each contract is magnified, making an investment in CLM software critical to managing the risk of the business. CLM software provides benefits felt throughout the organization, bringing the business to new levels of efficiency and productivity.

Getting Started

If you are ready to manage your contracts more efficiently to reduce costs and minimize risk, contract lifecycle management software can help. Contract Logix provides contract management solutions that streamline your processes, whether your contract management issues are simple or complex. You can schedule a free customized demonstration by contacting the sales team at 866.371.4445 or sales@contractlogix.com.

About Contract Logix, LLC

Contract Logix, LLC was founded in 2006 with a mission to streamline the contract management process. They offer robust, scalable software products, services, and managed hosting solutions that serve a wide variety of business customers. Contract Logix has an outstanding reputation for customer service and a long track record of successful implementations.

Customer satisfaction is critical and it is their top priority to deliver intelligent software solutions that often exceed customer expectations. Contract Logix offers a variety of services that allow customers to take full advantage of their contract management solutions and, in turn, gain the return on investment they expect.

866.371.4445
sales@contractlogix.com
www.contractlogix.com