



Contract Management for Purchasing & Procurement Professionals

Roles, Tools, Challenges & Obstacles



Study Methodology, Demographics & Integrity

In December 2016, Contract Logix LLC (www.contractlogix.com) conducted a survey to uncover the methodologies used, as well as challenges and obstacles encountered by 264 purchasing and procurement professionals who are responsible for the creation, editing, and/or management of contracts at their respective organizations. The results of that survey form the basis of this study.

To execute the survey, Contract Logix partnered with Qualtrics LLC (www.qualtrics.com), the world's leading enterprise survey technology solution and provider of online survey panels (see "About Qualtrics" on the next page). Contract Logix utilized the sophisticated functionality and disciplined methodology provided by the Qualtrics survey platform, as well as the integrity of the Research Now, Micstura, Lucid and Paradigm Sample panels.

Top-line findings of the study with 250+ responses are accurate with a 90% degree of confidence +/-5%. Secondary level results with greater than 50 responses are accurate with an 80% degree of confidence +/-5%.

One hundred percent of findings reflect:

- Individuals located in the U.S.
- Self-identified as having purchasing and/or procurement roles
- Responsible for creation, editing, and/or management of contracts
- Where annual revenue is between \$5M – \$250M
- Where 50 or more individuals are employed
- Where purpose-built contract management software is NOT used

About Qualtrics

Qualtrics has been providing online samples for more than five years. The company partners with more than 20 online panel providers to supply a network of diverse, quality respondents to its worldwide client base. The Qualtrics Panels Team has completed more than 15,000 projects across every industry vertical both in the U.S. and globally.

As an online market research sample aggregator, Qualtrics maintains the highest quality by using Grand Mean certified sample partners. To exclude duplication and ensure validity, Qualtrics checks every IP address and uses a sophisticated digital fingerprinting technology. In addition, every strategic panel partner uses deduplication technology to provide the most reliable results and retain the integrity of the survey data. Hundreds of profiling attributes are included in the panels to guarantee accurate and detailed knowledge of every potential respondent.

Panel partners randomly select respondents for surveys where respondents are highly likely to qualify. Certain exclusions take place including category exclusions, participation frequency, and so on. Each sample from the panel base is proportioned to the general population and then randomized before the survey is deployed.

Qualtrics panel partners maintain a wide variety of personal profiles. The panels hold full psychographic profiles, and each panelist can enter or update their information during registration and upon sign-in. To ensure profiles are consistently updated, the panels set an expiration date for each profiling question.

Potential respondents are sent an email invitation informing them that the survey is for research purposes

only, how long the survey is expected to take, and what incentives are available. The specific type of incentives vary, and may include cash, airline miles, gift cards, redeemable points, sweepstakes entrance and vouchers. Members may unsubscribe at any time. To avoid self-selection bias, the survey invitation does not include specific details about the contents of the survey.

The 'opt-in for market research' process requires respondents to submit an initial registration form requesting to participate in market research studies. Potential respondents build their profile from a standardized list of questions. The panels then use the profiles to select studies that would best fit the case specifications. All of Qualtrics' panels have a double opt-in requirement. Those who do not reconfirm will not be contacted to participate in a survey.

Qualtrics ensures that every panel adheres to all state, regional, and federal privacy laws. Partners are members of ESOMAR, CASRO, and other national organizations.

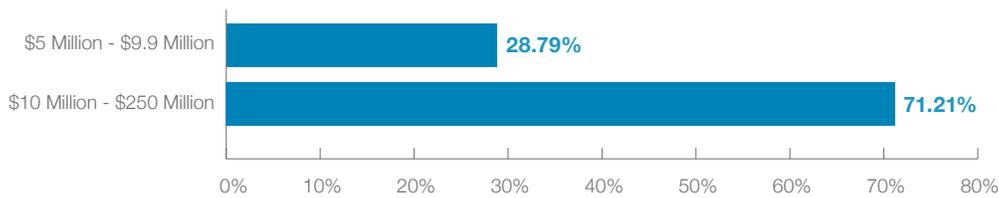
Panel partners are certified through a variety of quality systems, but all maintain specific certifications or rigorous in-field monitoring and data quality checks. Quality system certifications and programs include: ISO 20252 management system standards, Mktg Inc., Media Rating Council, and various internal tools and methods.



Findings

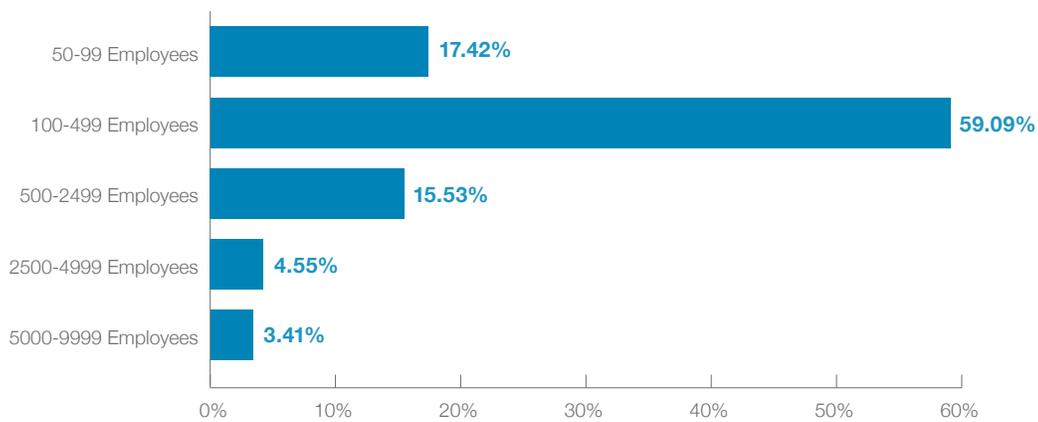
This study focuses on purchasing and procurement professionals working at companies of a size that – based on Contract Logix’ experience – have the highest likelihood of maintaining a volume of contracts that warrants the use of contract management software, and yet do NOT have a contract management software solution in place. For that reason, the findings include individuals at companies with annual revenues between \$5M and \$250M, with over 70% of respondents being from companies between \$10 and \$250M:

Q1 - What is the approximate annual revenue of your ENTIRE organization? (N=264)



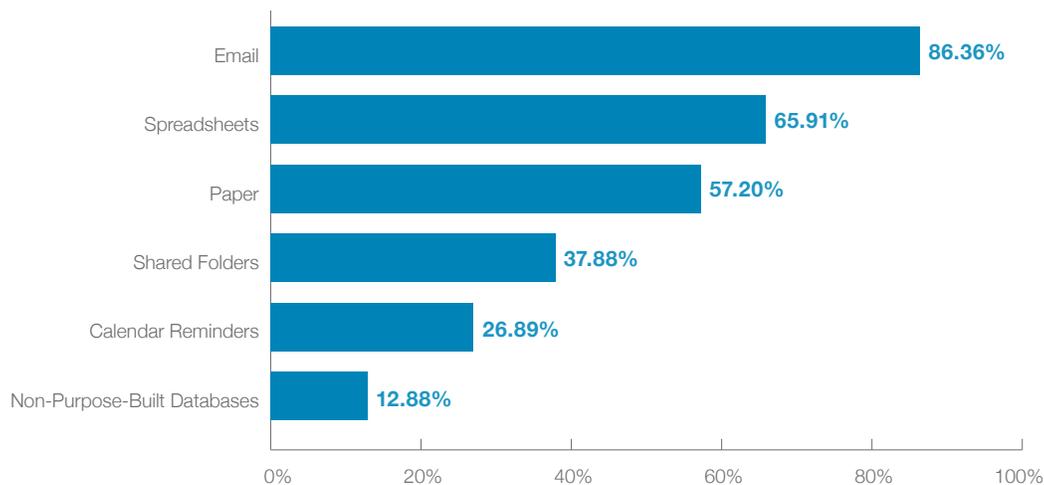
Using the same company sizing logic utilized on Q1, the study includes companies with 50 or more employees that break down the following way. Organizations with less than 500 employees comprise just over 76% of the responses:

Q2 - How many employees work at your ENTIRE organization? (N=264)



Remembering that 100% of survey respondents are NOT using purpose-built contract management software, Q3 identifies the most common alternative tool(s) used by purchasing and procurement professionals to manage contracts. Note that more than one response can be selected, so the total of all percentages exceeds 100%. Email (86.36%), Spreadsheets (65.91%) and Paper (57.20%) are the most often used tools.

**Q3 - Which of the following tools are you currently using to manage your contracts?
Check all that apply. (N=264)**



Within Q4 (see chart on next page) are isolated responses from purchasing and procurement professionals responsible for creating, editing, or managing contracts who report that they are Somewhat Challenged, Challenged, or Significantly Challenged in several areas where contract management software typically provides solutions.

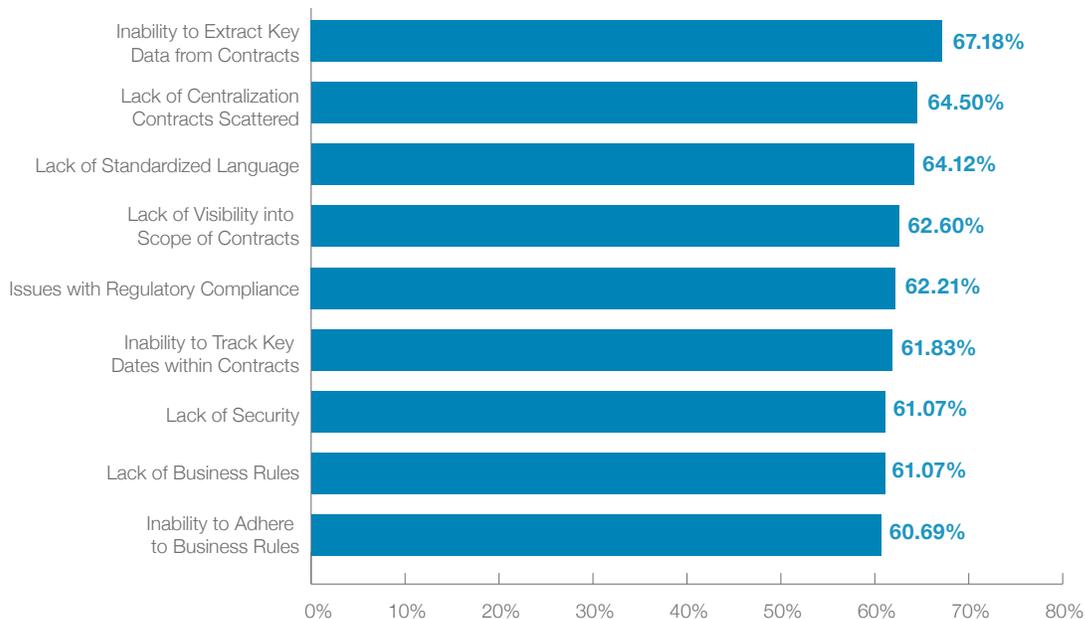
Note: Also offered as response options to Q4 were: No Challenge at All, as well as No More or Less a Challenge. The exclusion of these responses from the charts on the next page accounts for the lower number of responses (176) to this finding than the 264 referenced on all the other findings within the study.

When totaling the responses from the three ratings for each of the challenges posed, respondents indicate that they experience them quite evenly:

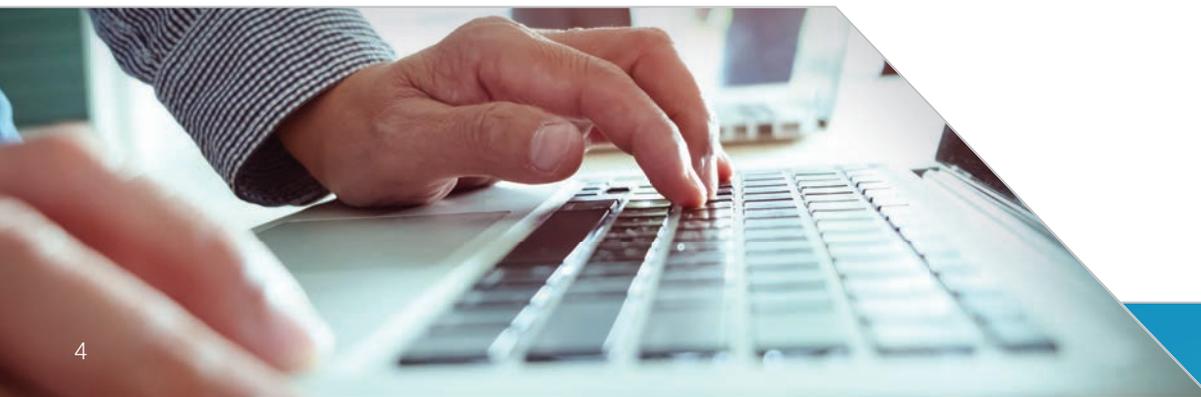
- Inability to Extract Key Data from Contracts: 67.18%
- Lack of Centralization – Contracts Scattered: 64.50%
- Lack of Standardized Language: 64.12%
- Lack of Visibility into Scope of Contracts: 62.60%
- Issues with Regulatory Compliance: 62.21%
- Inability to Track Key Dates within Contracts: 61.83%
- Lack of Security: 61.07%
- Lack of Business Rules: 61.07%
- Inability to Adhere to Business Rules: 60.69%

The **inability to extract key data from contracts** is the most frequently cited challenge in managing contracts for purchasing and procurement professionals.

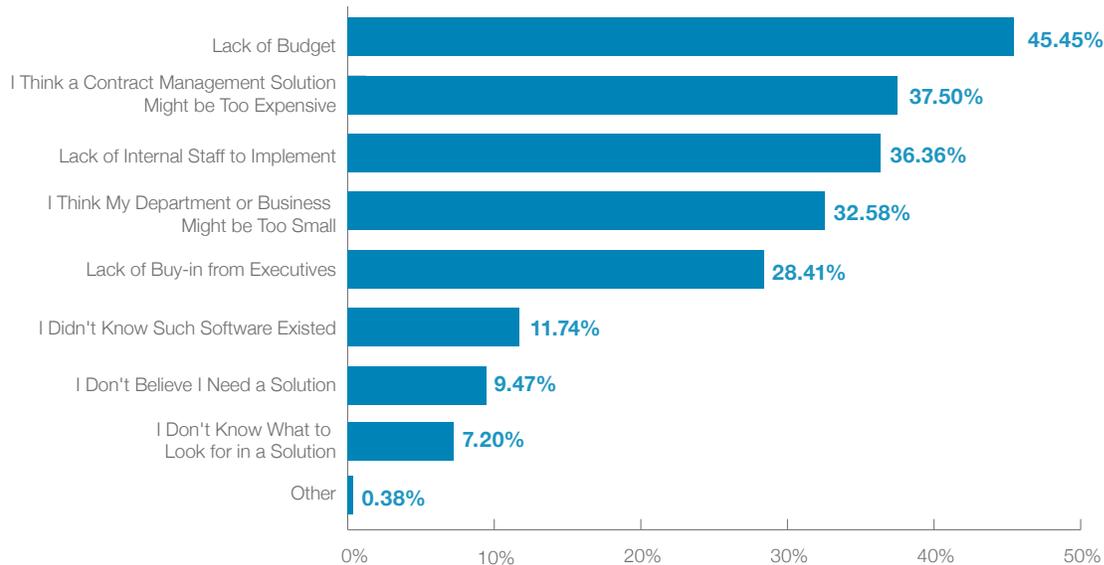
Q4 - Please rate the extent to which each of the following presents a challenge, if at all, within your organization’s management of contracts. (N=176)



There are a variety of reasons why purchasing and procurement professionals do not adopt contract management software, with the most reported reason uncovered by Q5 (see chart on next page) being Lack of Budget (45.45%) followed by I Think a Contract Management Solution Might be Too Expensive (37.50%), Lack of Internal Staff to Implement (36.36%), and I Think My Department or Business Might be Too Small (32.58%). Note that more than one response can be selected, so the total of all percentages exceeds 100%. Particularly interesting is the finding that almost one out of five respondents either are not aware that contract management software exists (11.74%) or don’t know what to look for in a solution (7.20%), despite being responsible for the management of contracts. This would indicate a lack of education and maturity still exists within this decades-old marketplace.



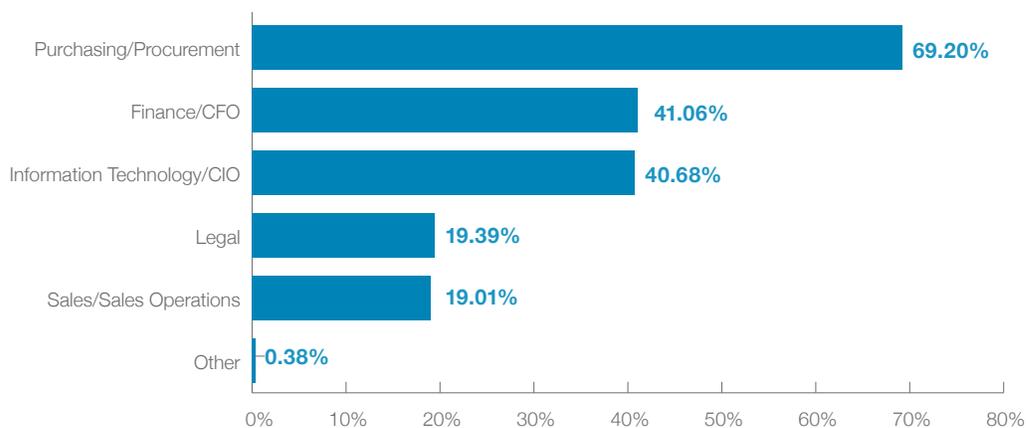
Q5 - Contract management software products provide specialized solutions for managing your contracts, their associated documents, and data securely and efficiently. Why is your organization not utilizing contract management software? Check all that apply. (N=264)



Finally, Q6 uncovers the functional areas that respondents indicated would be involved in the selection of contract management software if their company were to seek a solution. Purchasing and procurement professionals themselves (69.20%) followed by Finance/CFO (41.06%) and Information Technology/CIO (40.68%) are the leading areas – despite the role of Information Technology/CIO not being one of the roles surveyed, and traditionally not a large end-user of contract management solutions. The technology role is likely identified by respondents as involved in the selection process because of their involvement in all software purchases and/or due to its part in the solution implementation process.

Finance, on the other hand, plays a dual role in not only being a user of contract management software in many companies, but is also involved in approving the financial terms of all purchases at many companies. So, this functional area's consistent involvement in the selection process is not surprising.

Q6 - If your organization were to seek a contract management solution, which of the following functional areas would be involved in the selection process? Check all that apply. (N=264)



About Contract Logix, LLC

Founded in 2006, Contract Logix is a longtime innovator and provider of Contract Lifecycle Management (CLM) software and professional services. Contract Lifecycle Management software from Contract Logix provides companies in more than 50 industries with the tools they need to efficiently draft, negotiate, approve, and manage their contracts. Contract Logix provides solutions that are purpose-built to address all phases of contract management from authoring to post-execution. Learn more by visiting the Contract Logix website at www.contractlogix.com or call 866-371-4445 and dial option #3 for Sales.

Additional Studies From Contract Logix:

Contract Management in the Business Services Industry: Roles, Tools, Challenges, & Obstacles

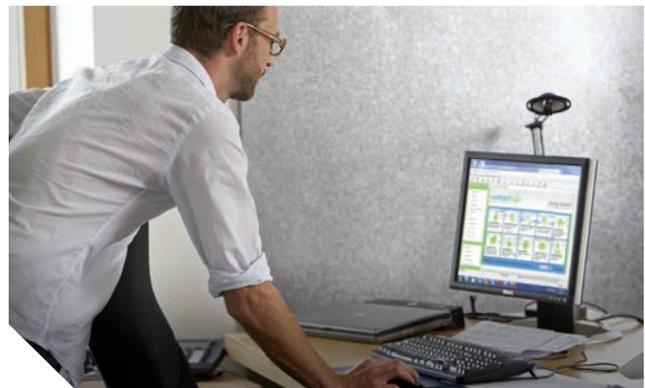
<http://bit.ly/2mJjX1h>

Contract Management at Manufacturing Companies: Roles, Tools, Challenges, & Obstacles

<http://bit.ly/2nmLTF8>

Centralizing Your Contracts – The First Step Toward Efficiency in Contract Management

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