



WHITE PAPER

# Streamlining Contract Management

To Mitigate Risk and Increase  
Productivity

Contract  
Logix

SIMPLE TO SOPHISTICATED

Contract Management Software is a solution and process for managing the life cycle of contracts created and/or administered by or impacting the company.

— GARTNER RESEARCH

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## Introduction

Contracts are an essential part of any organization. They define the terms and conditions for each business relationship, driving a company's success. Contracts are living documents in constant need of attention and nurturing. Many people view the contracting process (Figure 1) as a straightforward process, consisting only of creation, negotiation, approval and storage. In fact, the process has one more step, perhaps the most critical, which is management.



Figure 1: Current Contract Process

Contract management is often given less attention than it requires, but it is this stage that can truly help or harm a company's bottom line. If one agreement falls through the cracks, it can result in a significant loss of revenue through automatic renewals and missed savings deadlines. If your process is manual, contracts can become outdated or lost and become a liability. Establishing control over the contracting process from start to finish is key to the success of any organization. In this paper, you will learn how to efficiently manage your contracts from conception

to renewal and everything in between. In addition, we will provide insight into the evolution of contract management, the benefits of contract management software and best practices for every industry.

## Current Contract Process

The most common process for contract management consists of a number of tools that were not designed to work together or handle the specific complexities of contracts. Organizations typically rely on a combination of Microsoft products like Excel, Word, Access and Outlook as well as programs like Adobe Acrobat and scanning hardware/software for the creation, negotiation and approval portion of the contracting process. They then store many of their signed documents the old fashioned way – filing cabinets full of hard copy agreements or even outsourced electronic document storage. Although this has helped many companies get by over the years, it is certainly not the ideal solution.

Since the Sarbanes-Oxley Act of 2002, companies of all sizes have had to become compliant with standard regulations, ready for an audit at any time. It is for that reason that contracts require more attention-to-detail than ever. In addition, contracts have become increasingly complex, which means contract managers need to find a way to:

- Store unlimited number of contracts and/or documents
- Access central storage of all contracts, regardless of the stage they are in
- Quickly create contracts with standard language approved by corporate
- Run ad-hoc reports on specific data, such as contracts by state, upcoming renewals, etc.
- Allow changes to each contract with confidence that version control will remain intact

Contract management software combines the key elements of Excel, Access, Outlook and other software, creating a robust platform designed specifically for contracts (Figure 2).



Figure 2: A Robust Platform

## Contract Management Software

Gartner defines contract management software as “a solution and process for managing the life cycle of contracts created and/or administered by or impacting the company.”

The software was developed based on the fact that many different people within one organization need access and visibility into contracts from anywhere at any time. Its purpose is to streamline the contract process while increasing productivity and reducing risk; this is done through features like custom reports, automated reminders, template libraries and audit trails. It takes contracting to the next level, allowing contract managers to control the process from start to finish, and provides the tools that every contract manager needs to create, negotiate, approve, store, and manage their contracts. First and foremost, it acts as a central repository for current and historical documents. This makes it easy to locate specific details of any agreement, and full-text search functionality reduces the search time to mere seconds, including

clauses, terms and values. It also allows contract managers to run reports with the click of a button, so tracking and monitoring contracts is simple and efficient. More advanced contract management software comes equipped with role-based security, which allows the appropriate people to edit ‘their’ pieces of each contract and avoid breaches of security. Contract management software also allows for automation so, for example, reminders can be sent out in advance of a deadline. Certain software also comes with e-Signature capability, making the approval process more efficient and less costly.

## Benefits of Contract Management Software

There are a number of benefits to using contract management software. First, it’s flexible. Users have the ability to create and customize views, fields, reports, dashboards and more. Plus, it is built for people who don’t work exclusively from an office. Users who work remotely or off-hours, for example, can access their current or past contracts from anywhere with an internet connection.

Contract management software combines the key elements of Excel, Access, Outlook and other software, creating a robust platform designed specifically for contracts.

Another benefit is enhanced visibility. When a contract needs to be edited by multiple people in a short time frame, it becomes a challenge to ensure changes are being made to the correct version. Furthermore, there are several software offerings that provide e-Signature capability; this means that when it comes time for an approval or signature, you have the ability to do more than mail a hard copy contract and wait. Plus, you don't need to rely on your VPN to access and approve a contract.

The key to staying on top of all relevant deadlines is automation. Automating things like email alerts, reports, approvals and escalations right from the system is a major

## Best Practices for Contract Management

Contract management can be extremely tedious and time-consuming, and done manually, there are countless ways for companies to lose money throughout the process. There are gaps in visibility, hidden clauses, etc. In order for a company to be successful, they must know the following best practices (Figure 3) in order to avoid these issues in the future:

1. Develop a secure, central repository so agreements are easy to track and manage
2. Avoid missed deadlines and identify cost savings opportunities by setting up alerts
3. Analyze contract management metrics to improve performance and lower risk over time
4. Maintain version control of your contracts to avoid missing or duplicate data
5. Keep an audit trail so you can ensure compliance and be prepared for an audit any time
6. Automate your approval process to limit bottlenecks and recognize revenue faster
7. Use integrated systems to enhance visibility and simplify contract management
8. Create a template library with your company's standard language, terms and clauses
9. Encourage collaboration throughout your company to ensure contract accuracy
10. Establish a series of custom reports so it's easy to find the information you need quickly

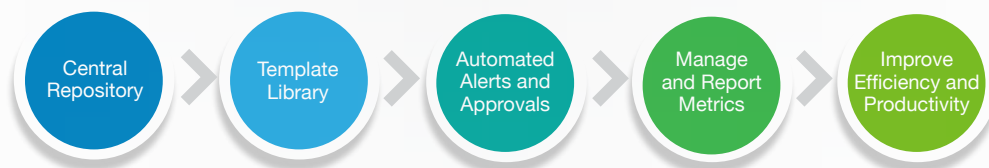


Figure 3: Best Practices

## Conclusion

Contracts are not as straightforward as they used to be. There are more complexities and regulations than ever before, which can make them difficult and time consuming to manage. When the contract management process is manual, there is more room for human error such as missed contract deadlines, renewals that are processed without review and miscalculated fees. In order to ensure you have optimized productivity and limited risk, you need to use a system that is built to handle the contract management process and all of its intricacies.

There is no reason to manage contracts using unrelated software products and a hard copy filing system or outsourced document storage. Contract management software was designed to streamline the contract process using features like contract creation modules, custom report builders, automated reminder systems, template libraries, and audit trails. It lets you establish the control you need over your contract management process so the system works for you, not the other way around.

## About Contract Logix, LLC

Contract Logix, LLC is a long-time developer of contract lifecycle management solutions. They offer 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 remains their top priority to continue delivering 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.

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