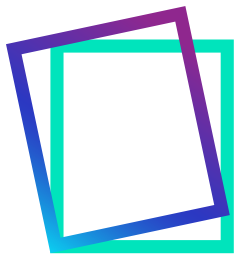


eBook

CLM 101

A Quick-Start Guide to
Contract Lifecycle
Management and Its
High-Impact Value



Icertis

CLM 101: Why CLM Has Become a Must-Have

Contract lifecycle management (CLM) is a relatively new software category that is experiencing explosive growth. If you're not familiar with CLM, don't worry—you're not alone. By accessing this introductory guide, you are joining a groundswell of interest around this game-changing technology: Gartner reports in its 2021 Critical Capabilities Report for CLM that client inquiries around CLM rose 40% in 2020 as contracts emerged as critical components in organizations' crisis response plans.

Why contracts? As we illustrate below, contracts touch every part of an organization's value chain. From demand planning to compliance; from pricing to shipping and routing; from channel management to profitability—these strategic documents define what you buy, what you sell, and how you run.

By digitizing contracts on a single, organization-wide platform, companies can gain full visibility into every contract in their organization. This empowers even the biggest operations to quickly understand and leverage all their commercial relationships—from seeing how many open contracts they have with a particular supplier, to actively mitigating risk, to identifying opportunities for better commercial performance via rebates, service bundling, and other contractual entitlements.

Indeed, if contracts touch every aspect of a business, CLM drives speed, performance, and compliance into those systems and processes.

Contracts touch all aspects of a business



1 Many of Your Most Pressing Business Problems Are Actually Contracting Problems

The first question any technology buyer should ask is: Why do we need it? For CLM, the typical answer might revolve around the need to accelerate contract turnaround times or improve access to executed documents. Those are both valid goals—yet don't reflect the reality of many CLM adoption stories.

In truth, many retail organizations that have adopted CLM did not set out to solve what's traditionally thought of as a “contracting” problem. Rather, they invested in CLM after realizing that some of their most complex business challenges—supply chain agility, commercial performance, enterprise risk—were actually rooted in contracts.

For example: One major American electronics retailer needed to find a better way to manage its rebate and promotions programs. After consulting with an IT advisor, it realized that contracts were the single source of truth for all of its commercial agreements with electronics manufacturers. Through CLM, it was able to digitize, accelerate, and optimize the post-sale settlement process—allowing its staff to spend the holidays with their families rather than their contracts.

Problem



High-friction supplier onboarding and collaboration



Inability to assess supply chain for risks associated with disruptions or unethical sourcing processes



Inefficient, underperforming business relationships

Solution



Accelerate supplier onboarding through automated workflows and guardrails that don't need heavy involvement from legal and finance



Gain full transparency into whom your company is buying from and on what terms, through contract visibility



Track contract fulfillment dynamically and in real time to ensure the intent of every contract is fully realized

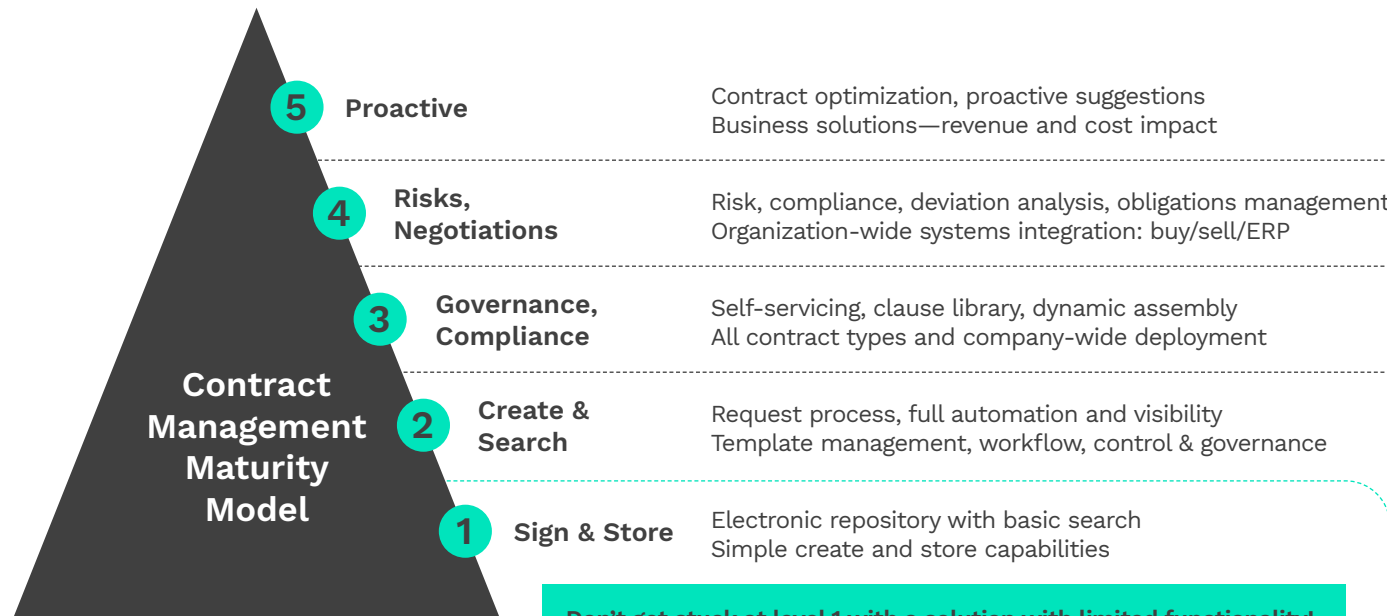
2 CLM Goes Well Beyond eSignature and Document Storage

Next, let's briefly discuss what CLM is not.

CLM is not a fancy name for eSignature or a contract repository. Though signature and post-execution reference are critical components in the contract lifecycle, they only scratch the surface of the value that ever-evolving CLM technology can deliver to your organization.

CLM is a technology that automates the entire contract lifecycle, from initiation through execution and performance to renewal. With CLM your organization can increase efficiency, empower your sales team to close more deals, enable faster onboarding of new customers, accelerate time-to-revenue, and extract the data you need to optimize contract renegotiations.

All too often, companies opt for a rudimentary system only to realize after deployment that it can't scale with their need—forcing them to select and train on a new solution down the road as they recognize the demand for more mature processes.



Don't get stuck at level 1 with a solution with limited functionality! Start with an enterprise-ready system that allows you to start fast and scale smart with your business.

3 CLM Delivers Speed, Performance, and Compliance Across the Entire Contract Lifecycle

The features provided by a best-of-breed contract management platform will enhance the contracting process at every stage of a contract's lifecycle, from structuring and signing to dynamic obligation management and advanced analytics:



CLM Success Stories



70% Faster Contract Turnaround
Integration into point-of-sale systems increased velocity and created a single source of truth for tens of thousands of supplier agreements.



End-to-End Obligation Compliance
Cognizant is now 94% compliant with obligations in contracts managed within Icertis Contract Intelligence (ICI) thanks to visibility and ease of use for business users.



Faster Contract Turnaround
AbbVie Canada reduced contract cycle times by 92%, speeding the company's time-to-market with life-saving medication.



Reduced Contract Administration Cost
Microsoft's Enterprise Volume Licensing department reduced contract administration costs by 50%.

4

CLM Directly Impacts the Bottom Line

As you consider adopting CLM in your organization, it's important to remember that the benefits are not confined to improved contract processes themselves; rather they extend into the business, with direct impact on the bottom line in the form of both savings on the buy side and revenue on the sell side.

Contract administration in and of itself is labor-intensive and expensive without automation. Digitally transforming your contracting processes with CLM can reduce those costs 25% to 30%.

But on top of this, without the automated oversight of contract clauses that a CLM platform can provide, the costs of noncompliance—the difference between what is actually in a contract and what happens in the real world—can leave millions of dollars on the table, as the stats from World Commerce & Contracting and Harvard Business Review can attest.

With CLM, companies can keep careful track of even the most intricate contract complications to ensure that both parties are following through on every detail, and that what they have painstakingly negotiated actually pays off.

Inefficient contracting costs businesses millions each year



Organizations see an average

8% revenue erosion from their contracts due to mismanagement



Businesses lose between

5%-40% of value in a single contract, owing to ineffective administration of clauses

CLM can help

ABERDEEN

“Administrative costs associated with contracts are reduced by **25%-30%** through implementing automation”

5

CLM Functionally Spans the Entire Value Chain, from Source to Sale

At the beginning of this guide, we noted that contracts touch every aspect of a business. What does this mean for your business in particular?

The benefits of CLM actually start before a contract is even created. Prior to entering into a commercial relationship with another organization, credit checks can be initiated parallel to the contract process to ensure financial stability risk is accounted for.

When it comes to closing deals, CLM enables sales to “self-serve” details and close them faster with intelligent workflows and standard terms and clauses, eliminating legal and finance involvement while ensuring compliance.

The true value of CLM comes after the contract is signed—monitoring commitments and actuals with automated settlement. CLM’s structured and connected contract data interacts with transactional systems to automatically trigger incentives, discounts, and rebate entitlements—eliminating manual work, improving cash flow, and maximizing profits. And at the end of the day, CLM provides deep visibility and insights into what worked and what didn’t so companies can accelerate decision making to renew/terminate deals and improve operations.

Why should companies care about CLM?

Pre-Contract Optimization



Automate credit checks pre-contract via third-party integrations, optimize complex deals via preconfigured product packages, and reduce errors

Close Deals Faster



Accelerate business with standard offerings requiring no legal or finance approval + guardrails for nonstandard deals

Maximize Profits



Automate rebates, incentives, and discount settlements to optimize profitability

Post-Contract Performance



Gain insights to ensure compliance (commitments vs. actuals) and initiate claw-backs for nonperforming deals

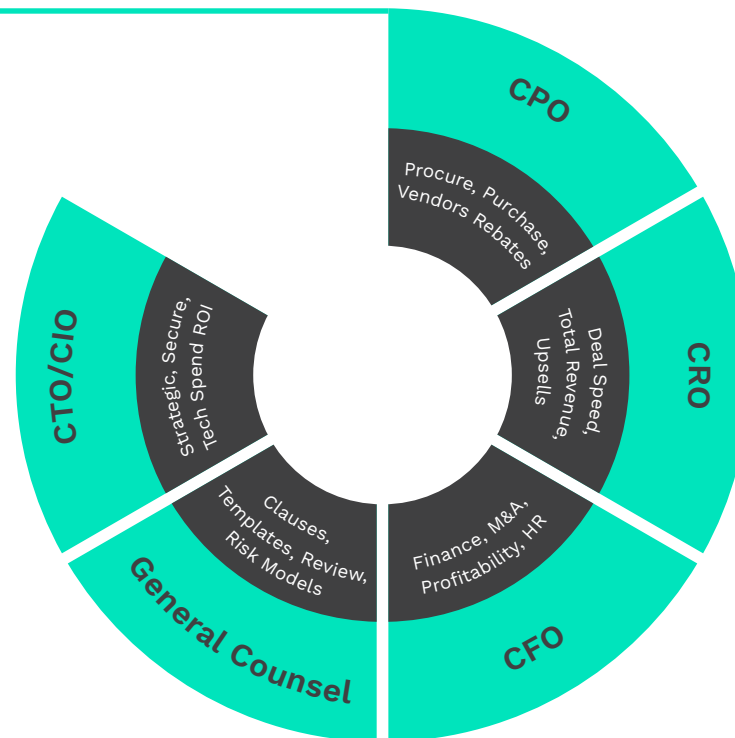
6 CLM Is Not Just for Legal

Here's another myth: CLM technology is confined to the legal department, and is therefore solely evaluated and purchased by legal.

On the contrary—since contracts touch every aspect of a business and every department within an organization, CLM can provide benefits throughout your company, from sales to legal to procurement. In fact, World Commerce & Contracting recently found that contracts touch 25% of a company's entire workforce.

CLM evaluations can arise from anywhere in an organization, empowering employees and optimizing results no matter where you sit. Unlike software like CRM, where one department has clear ownership, CLM is a tool designed to grow with and across your business.

Who buys CLM technology?



Conclusion

Because of its combination of vital data insight and risk management capabilities, contract lifecycle management is poised to become the next big enterprise software category, and the industry has been expanding to meet the growing interest. IT service management company Gartner reports a rate of growth for the CLM industry of over 40% year over year.

There was no clearer illustration of the benefits of the digital transformation of contracting than during the COVID pandemic, which made paper-based contracting almost impossible and the urgency to move to digital contracting and lifecycle management became an imperative.

To explore more, please visit our CLM Toolkit, or reach out to a platform specialist.

[Toolkit](#)[Contact](#)

Validated by the world's top analysts.

Gartner®

"A high percentage of Icertis clients use its software to manage all contract types used throughout their enterprises. Icertis has both the depth and breadth of functionality to support most organizations' complex requirements."

Gartner Magic Quadrant for Contract Life Cycle Management, 2021

FORRESTER®

"Icertis remains a Leader in CLM, thanks to its laser focus. Icertis has strengths across all CLM functional areas, including contract creation, contract repository and analytics, supported contract types, contract management, and technology aspects."

Forrester Wave Contract Lifecycle Management Report

Spend Matters™

"Our SolutionMap methodology has identified Icertis as the clear enterprise **CLM solution leader...**"

Pierre Mitchell,
Chief Research Officer, Spend Matters