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CLM Tech Is Not A Silver Bullet; Preparation Is Key

Commercial and Contracts

Skills and Professional Development

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Unfortunately, contracting technology is characterized by low customer satisfaction; only 35 percent of Hyperion Research survey respondents said that they are satisfied with their Contract Lifecycle Management (CLM) Solutions and only 15 percent with their Contract Analytics (CA) Solutions. Buyers of contract management solutions clearly struggle to make the right match, often buying solutions for which their organizations are not ready, making do with sub-optimal solutions, or buying a solution that works for one function (e.g., procurement) but not for another (e.g., sales). We also see a pattern of treating contracting technology as a silver bullet, without laying the necessary groundwork for program success.

For that reason, we are sharing 10 tips to make sure you're prepared for your contracting technology journey.

1. Map out the tools you use in your contracts process today.

If you trace the contracts process at your company — from receiving the request for a contract from a business stakeholder, through drafting, negotiation, signatures, and post-execution management of risk and obligations, you're likely to find a collection of third-party software solutions, homegrown solutions, and tools that track at least part of the process and capture some contract metadata. In Contracts Transformation programs, it's important to know what you're starting with, as well as

where you'd like to get to, so you can describe gaps and figure out how and when to bridge them.

Mapping out tools used in your contracts process helps to measure progress and implement next steps. ImageFlow / *Shutterstock.com*

2. Figure out systems that need to be integrated with your contracting technology, notably procurement (ERP), and sales (CRM) systems.

Streamlining and automating cross-functional processes, smoothing hand-offs, and keeping an audit trail, are among the most compelling reasons for deploying a CLM solution. When you work through the business requirements and look at vendors, you will notice that some have pre-built API (application programming interface) connections with prominent ERP/CRM systems. Those integrations can help your team get value from the CLM system more quickly.

3. Identify the stakeholders that should be involved in contracting technology selection, configuration, deployment, and use.

Contracting is a cross-functional process. If the goal is to optimize the contracting process end-to-end, the CLM deployment should be cross-functional, involving leaders from Legal, Compliance, IT, Finance, Procurement, Sales, Change Management. It's also critical to include Business Requestors. Every function, every business unit in an organization will have requestors for contracts within it. Build a core team dedicated to the program and governance at three levels:

- **Steering Group**. The Executive Sponsor, other business decision-makers, and budget holder representatives from all stakeholder groups.

- **Advisory Group**. The experts in process, technology, data, and legal who will sign off on the business requirements and design.

- **Champions.** User experts who embrace technology and act as catalysts. They perform user acceptance testing, provide feedback from the field, and help train colleagues.

It is imperative to create an elite team of experts that are multifunctional in assisting with contracts in various organizational departments. Alberto Andrei Rosu / *Shutterstock.com*

4. Describe how you will handle contracts in the future and how contracting technology will benefit different stakeholders.

Start with an honest assessment of the current situation and a realistic outline of the desired future state:

- How well are contracts handled today?
- Should your contracts policy change?
- How should executed contracts be stored and profiled in the future?
- Who should handle the contracts? What should the contracts organization look like? What skill sets do you need?
- What dashboards, reporting, and alerts will support decision-making?

5. Describe and quantify the justification for investing in contracting

technology.

Your business case for investment in contracting technology will typically cover an overview of the current situation, why you need the technology (how you'll use it and what the benefits will be for the organization), a rough implementation timeline and a cost-benefit analysis. Developing a business case that contains reasonable and tangible benefits, justifying the return on investment is critical. It is easier to quantify the financial impact of some benefits than others — but don't fail to put a stake in the ground. For example, you can estimate the financial value of faster contract execution or higher revenue capture with a few simple assumptions. People may debate and adjust the assumptions, but you do have a value at the end. Risk mitigation is more difficult, but putting forth an estimate makes the point that risk, however variable and intangible, is at stake.

6. Name the program lead and develop the plan for driving the contracting technology program forward.

Contracting is a cross-functional process involving Legal, Compliance, IT, Finance, Procurement, Sales, Change Management, and Business Requestors. Assign a Contracting Technology Program Manager to define the program, break out workstreams, develop a roadmap, and create a detailed program plan. The right person will be credible across functions, know the stakeholders, and have the requisite skills and experience to move the program forward. Some companies rely instead on consulting companies to play this role. Ultimately, they are tasked with optimizing the end-to-end process, running the program, and delivering the required outcomes over time. The point is that someone needs to be in charge (and others will understand and appreciate that).

Appoint one person with the right expertise to lead the program to success. Rawpixel.com /

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7. Capture must-have and nice-to-have requirements. Highlight the must-haves that need urgent attention.

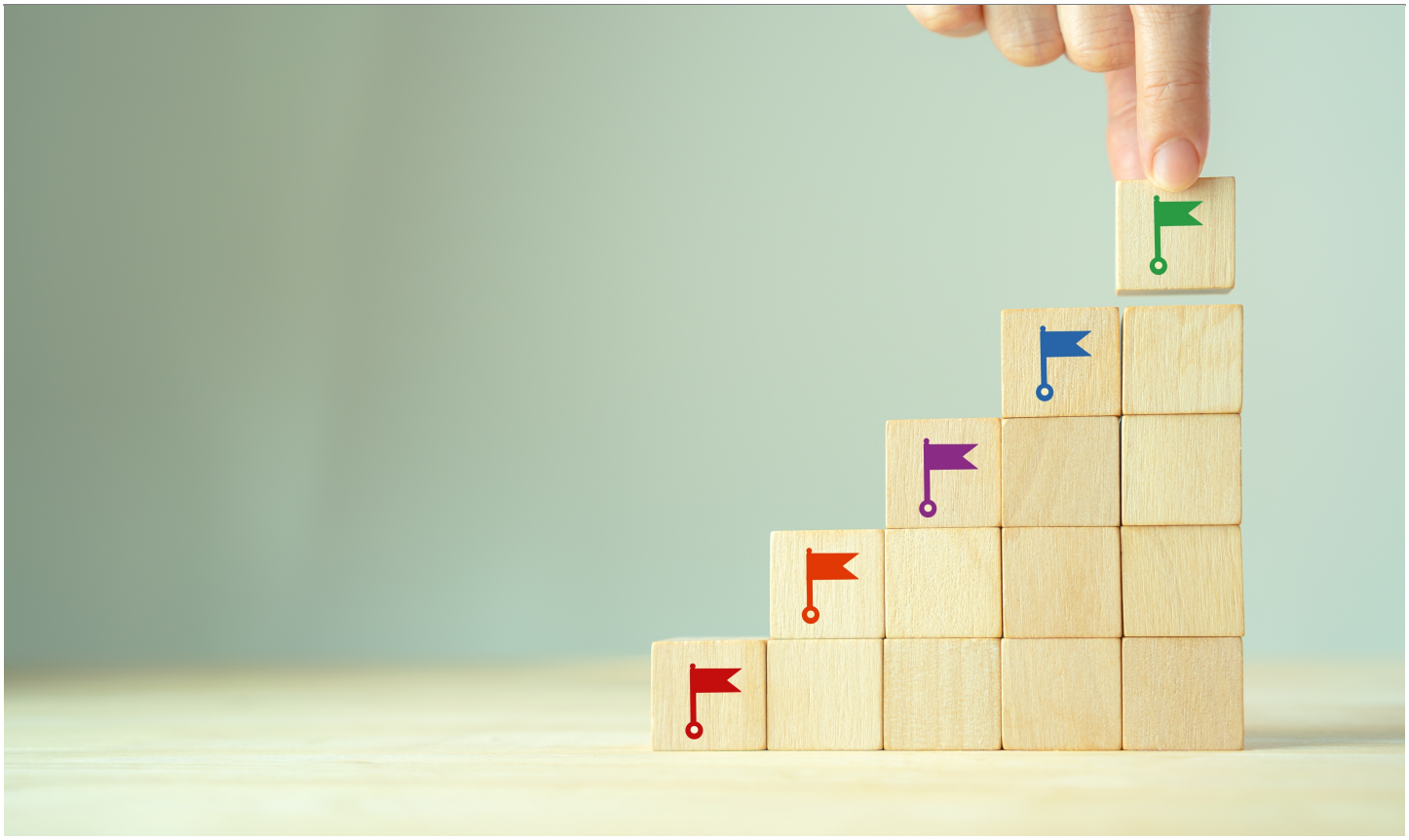
To capture high-level business requirements, ask the different stakeholder groups open-ended questions. Most stakeholders will find it easier to talk about use cases (problems, needs, desired outcomes), rather than specific technology functions or features. As you work through the business requirements, get a sense for which are the most urgent to solve, which are must-have, which are perhaps nice-to-have. Via your governance model, you can make decisions on which requirements are critical, and push back on those that are simply “old habit” and not truly requirements. It’s rare to find software that can solve every business requirement you identify, so ranking your priorities is key.

8. Align on the dependencies that you have to manage or navigate alongside the contracting technology program — such as executed contract migration or center of excellence build-out.

Companies often invest in contracting technology as part of a wider Contracts Transformation. If that’s the case, in addition to the setting up contracting technology program, you may need to coordinate with other initiatives to ensure that process/workflow design and critical routing matrices (like assignment, approval, escalation, signature authority) fit together well in the envisioned future state. For instance, the Legal Team may set up an initiative to develop standard templates and build playbooks or a clause library with a COE in mind. (This is essential CLM pre-work too if you plan to use the authoring module). In addition to dependencies tied closely to the contracting technology program, consider others, such as the launch of unrelated software, that could affect the timeline for the contracting technology.

9. Articulate the minimally viable contracting tech solution. Define the phases for onboarding new functionality, business units/functions, contract types, geographies, and languages.

Our combined experience in running Contracts Transformation and Contracting Technology programs shows us that trying to do everything everywhere all at once is a bad idea. If you work in a large company with lots of stakeholders, think of the program as an 18-36 month undertaking. Set forth the phases. Those phases will depend on (a) the **most pressing or high-impact issues** to resolve through the program and (b) the **biggest champions** (working with the most change-ready individual champions/business units/functions/geographies).



Implement phases to navigate a timeline for the program, making priority the highest problematic matter to resolve. 3rdtimeluckystudio / *Shutterstock.com*

10. Plot out the roles and approaches you need to ensure stakeholder adoption of contracting tech.

You will need success stories early in the program to keep momentum up. As you think about all the opportunities presented by contracting technology, and which to focus on first, look at the most pressing or highest impact issues but, even more critically, look at your stakeholders and where there is greatest support for those opportunities. We would recommend you find the most frustrated business stakeholders, who are most excited for change, because they will create your proof points and become the champions who drive adoption throughout the company.

Join ACC

Lindsey Pitt

Vice President, Legal Business Advisory

Epiq

Lindsey Pitt, vice president of Legal Business Advisory, brings more than 25 years of experience to Epiq. Over the past decade, she has been responsible for consulting on, designing, and launching some of the legal industry's most innovative tech-enabled contract management and legal operations solutions.? Pitt is a graduate of Cambridge University and has an MBA from Harvard Business School.?