CONTRACT MANAGEMENT SOFTWARE

RAMBOLL MANAGEMENT CONSULTING

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CONTENT

EXECUTIVE SUMMARY

The digital era brings new opportunities as well as challenges for organisations. The business environment of today is characterised by increased complexity and volatility, relational dependency and increasingly competitive markets.

Many organisations respond to these challenges (and opportunities) with a focus on agility through data insight, flexibility and speed and enablement of high performance through process optimisation and core business priority. The market place is changing, and organisations are increasingly procuring services from each other instead of goods. Across all industries, services are presently leading with a 58/42 per cent ratio, and in sectors such as insurance, financial and professional services and telecommunication the percentage of services is as high as 79-98 per cent[1].

Managing the business relationships of this new era is increasingly difficult,

But as trading and interenterprise relationships evolve, contracts and Contract & Commercial Management functions are at the "epicentre" of the revolution, and if we seize the opportunity, we have an important role to play in unlocking the potential of this new exciting era.

There is a need for the Contract Management profession to grasp the digital transformation as an opportunity to provide valuable

"There can be little question that we are entering into an era of dynamic changes in the way that goods are acquired and sold, having fundamental impact on

insight into one of the organisations' most valuable assets – contracts – and via analytics provide guidance on best practice contracting principles, improve speed and efficiency in contracting cycles and to improve contract performance and reduce value leakage[2].

Software is not the silver bullet, nor the only bullet. But the maturity of the Contract Management software market and the capabilities of the offerings now being available (and implemented) to organisations make no room for hesitation. Contract Management software must be an embedded part of every strategic, tactical and operational Contract

but equally crucial to the success of business outcome and performance. At the same time, there is an ongoing debate on how Contract Management as a discipline can increase its business importance and C-level influence, and some practitioners will even confess that they struggle

into agreements and perform-

to evidence their relevance to their

ing on them.”

surrounding organisations.

Automation – Transforming Contract & Commercial Management

IACCM

procurement, supply and contracting processes and methods. Successful digital transformation depends on the streamlining of contracting with technology that supports both entering

Management initiative. So, the question is no longer "if", that's for sure. But getting the "Why", "How" and "What" right and communicated clearly to important stakeholders such as the CFO (financial sponsor), business lead (customer) and colleagues (users) are still difficult for

many Contract Management

professionals.

1. Source: Forrester
2.Underperformance of contracts and missed oppertunities in relationships are estimated by International Association of Contract and Commercial Management to be as high as 9.15 of contract revenue in average.

This report does not cover all relevant aspects of the topic, nor does the market analysis carried out cover the full market of software relevant to the interaction and relationship between organisations. The report will not provide recommendations on specific software or vendors and nor is the report a "power ranking". Choosing the "right solution" will, among other things, depend on the individual organisation's structure, its maturity and business objectives for implementing Contract Management software. The purpose of this report is to give a small contribution to and help organisations and Contract Management practitioners to benefit from the opportunities offered by the Contract Management software available and hopefully to inspire and guide Contract Management practitioners and others in "getting it right".

So, stop thinking about it, get it done. However, proceed with caution!

"We realised cost-savings equating to 300 per cent return on our investment within the first year as it enabled us to identify discrepancies in vendor invoices which would otherwise go unnoticed."

Henrik Krarup Stefansen

CONTENT OF THE REPORT

1.

Part 1: Building the business case for Contract Management software will often be required in order for resources and funds being allocated to the initiative. Costs and internal resources for implementation and software licences can be signifi cant depending on the ambitions. Naturally, a focused single function implementation will require less resources and costs, and the same will apply to a pilot implementation, but it is still important to secure the support of all relevant stakeholders and identify and agree on KPIs, setting out success criteria. The fi rst part of the report will give some thoughts and examples on how to identify Return On Investment (ROI) and relevant KPIs.
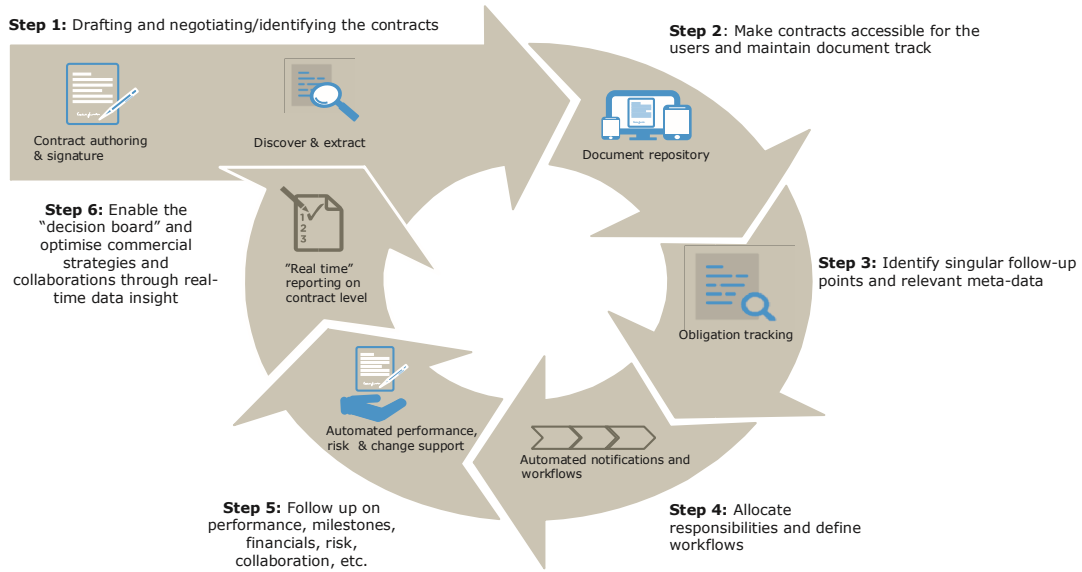
2.

Part 2: Knowing the market and what it has to offer can be timeconsuming and challenging – it is a jungle out there. The primary scope of the market analysis is "postcontract" Contract Management software however, including contract creation. The report will focus on a limited scope of features and functionalities selected based on Ramboll Management Consulting's knowledge of the general business needs of basic "need-to-have" and "nice-to-have" features. A more thorough description of the scope and selection criteria is included in part 2 and Appendix 1 of the report, but the scope has been determined based on the six steps for software support set out below. The report also gives a limited high-level introduction to the market by introducing full contract lifecycle Source2Pay software and

niche software such as contract analytics, including a brief perspective on software trends and market developments.

3.

Part 3: Getting it right in terms of selecting the "fi t for purpose" software and last, but not least securing a focused and thorough implementation is what makes the difference between failure and success. In the report, we will share our insights and experiences with the selection and implementation process. An unsuccessful implementation can be costly and will frustrate all parts of the organisation involved, as they will fail to get the improvement of processes, data integrity and behaviour needed to harvest the value of integrating Contract Management software as a supporting tool or perhaps even as the backbone in governing and optimising the inter-enterprise business relationships.

CONTRIBUTION FROM CONTRACT MANAGEMENT SOFTWARE IT WILL DO THE "HEAVY LIFTING"

Step 1: Drafting and negotiating/identifying the contracts

Contract authoring & signature

Discover & extract

Step 2: Make contracts accessible for the users and maintain document track

Document repository

Step 6: Enable the "decision board" and optimise commercial strategies and collaborations through real-time data insight

"Real time" reporting on contract level

Step 3: Identify singular follow-up points and relevant meta-data

Obligation tracking

Automated performance, risk & change support

Automated notifications and workflows

Step 5: Follow up on performance, milestones, financials, risk, collaboration, etc.

Step 4: Allocate responsibilities and define workflows

PART 1: BUILDING THE BUSINESS CASE • CONTRACT MANAGEMENT SOFTWARE

PART 1: BUILDING THE BUSINESS CASE

It is important to define the ROI from a Contract Management software investment. Defining ROI is vital to ensure organisational and managerial buy-in, including the necessary funding. The ability to define and realise ROI is closely linked to KPIs, which ensure that there is clarity about utilisation and purpose of the software.

To make the implementation project manageable and ensure initial success only 1-2 primary KPIs

should be selected as focus points. Building upon the initial success the narrow focus can then be expanded continually. This also ensures a focus on what is essential for the organisation. Clarifying needs and requirements is closely related to defining ROI and KPIs, and this important step is covered later in this report. Focusing on 1-2 initial KPIs must, however, not limit the scope of consideration on the "bigger picture". Start small, but think big.

The first step of building the business case is to identify the areas, where there are improvement opportunities. Examples of these are:

Area	Improvement opportunities
Clause library and contract drafting	Faster drafting and greater uniformity in the organisation when entering into contracts.
Automatic renewal	Better handling of "evergreen" contracts.
Compliance	Ensure that compliance can easily be documented to avoid fines due to either law or contract.
Version control	Good processes and clarity as well as overview of incorporated changes to ensure that there is always an agreement of current versions of contractual documentation.
Delivery & Obligation Tracking	What are the deliveries and obligations in the contract, when are they current and who is responsible, how to support a good workflow for follow-up, handling changes, etc.

When the improvement opportunities have been identified, they must be monetised in hard and soft earnings/savings. Reach out to your finance department or other to understand how monetary value is calculated and recognised. This will be different from organisation to organisation. Monetising performance improvements and effectiveness improvements can be difficult and experience helps, so reach out to colleagues for help.

Also, as some areas of improvement can be hard to monetise, specifying KPIs is equally important and they must be suitable to objectively measure any improvement. The following are examples of KPIs which can be measured:

KPI	Measurement
Contract – invoice match	Percentage of invoices paid with a contractual match
Performance Management	Percentage of penalties paid on time
Delivery & Obligation Tracking	Compliance in the relevant period
Authoring	Time spent on drafting/negotiating great contracts

It is important that the chosen measurements help demonstrate successful improvements. An example could be the authoring KPI where the measurement is "Time spent on draft-ing/negotiating contracts". From a sell-side perspective, spending less time on drafting/negotiating great contracts would give the sales staff more time to focus on other parts of their sales activities – i.e. building customer relations, networking, presentations, etc. It would also decrease the time to market and potentially improve cash flow which are also valuable improvements. From a buy-side perspective, it would also be valuable to decrease time spent on drafting/negotiating contracts, as the procurement function would also have resources freed up for other activities. To have a relevant business case, the value of the time saved and other relevant factors should be monetised. For instance, it is necessary to estimate how many hours are expected to be saved by supporting the organisation's contract authoring process through software and what the economic value of these hours is. This is the benefit from the investment which will be used when calculating the ROI.

The other part of calculating the ROI is the cost of the investment. This should include all external costs like licences and implementation fees, but also all internal costs. The internal costs will mainly consist of hours spent participating in the implementation, but can also consist of hours spent configuring other software interfaces.
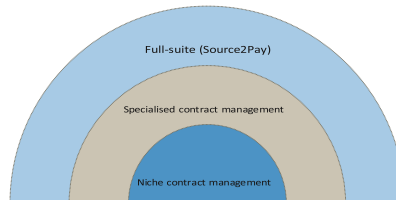
PART 2: KNOWING THE MARKET

Introduction to the Contract Management software market

The broad perspective Contract Management has evolved from back-office administration to an organisational discipline with C-level attention, at least in some organisations. Contract Management software is an important accelerator in the continued development of the discipline as it helps implement best practice in an efficient way. As with the discipline itself, the Contract Management software market has matured with a vast inflow of new vendor offerings in recent years. The choice and selection criteria are therefore more complicated and can be difficult to master without proper considerations and strategic direction.

Best-in-class organisations use software to facilitate effective collaboration in different ways across traditional internal silos such as legal, procurement, sales and finance and to facilitate mutual beneficial collaboration with external parties. Contract Management software can be used to support the entire lifecycle of the contract – from authoring, e-signature, obligation management to proper handling of contract expirations and transition. It can be implemented in enterprise-wide endto-end solutions or for specific phases and tasks such as proposal support or obligation extraction.

Different software solutions have very varied scopes ranging from full-suite Source2Pay software being the widest and most complex, Contract Management software

3. Source: Gartner
4. Source: Forrester and Gartner

covering a limited scope of the contract lifecycle and small niche Contract Management software such as contract creation and contract analytics software.

Full-suite contract lifecycle solutions may support everything from spend analysis and demand management, procurement, negotiations, contract authoring, contract management, performance management, financial management to risk management and vendor relationship management. Such wide-scoped software is often labelled Source2Pay, and some of the leading vendors in the market are BravoSolutions, Coupa, Determine, GEP, Ivalua, SAP Ariba, Scanmarket and Zycus[3]. In Source2Pay software, the Contract Management module is just one of many suites available, and some offers the Contract Management module on a "standalone basis". When implementing such end-to-end full-suite software, the cost of investment and impact on the organisation can be overwhelming. Selecting and implementing a full-suite solution can also result in lack of focus on core Contract Management features, as we have found that some full-suite solutions have less sophisticated Contract Management features than the software focusing more narrow on Contract Management.

Some of the most exposed and widely known specialised Contract Management software solutions are Apptus, CLM Matrix, Exari and Icertis along with three software solutions included in the RFI market analysis – Cobbelstone, Symfact and SirionLabs[4]. These Contract Management software solutions offer a wide range of features and functionalities, and they are characterised by high configurability. They all have their specific strengths, some focus on sell-side and some on buy-side Contract Management, and some have traditionally focused on specific industry sectors. Many of the traditional software analysis reports

focus on these industry leaders, and further details can be found in Forrester and Gartner reports. Cobbelstone, Symfact and SirionLabs have been included in the RFI market analysis as representatives for the "heavy weighters" without pre-qualification of any kind. To a very large extent, all the "heavy weighters" fulfil the RFI specification in full, and thus other parameters should be included in the selection process such as user-friendliness, data analytics capabilities, AI and blockchain functionality, pricing models, etc.

Through the last couple of years, a large number of niche Contract Management software has emerged and been brought to use in organisations. They often focus on specific phases in the contract lifecycle such as negotiation (Synergist), contract review automation (LawGeek), contract creation (ContractRoom and Contract Express), contract analytics, discover and extract (IManage, Kira Software Luminance and Seal Software) and e-signature (Adobe Sign, DocuSign and SignNow). Many more exciting new niche softwares that can either be integrated in larger Contract Management software or used as stand-alone software to support specific business needs are available on the market, and it is expected that IACCM will release a report covering also many of these new exciting niche softwares in May 2018.

Aside from the "heavy weighters", the market offers a lot of specialised Contract Management software, and as the report will reveal, many of which have a lot to offer in terms of relevant features, functionalities and user-friendliness.

Focus on specialised contract management software

The features offered by the vendors within the specialised Contract Management software market also vary in scope and depth. The software serves different purposes, and the organisations need to prioritise to be able to make the "fit for purpose"

selection to secure the successful accomplishment of the must-win KPIs and secure the ROI. IACCM research shows[5] that organisations differ a lot in their adoption of Contract Management software. The most utilised feature/purpose is not surprisingly "contract repository" with 70.4 per cent, followed by "contract template store and management" with 52.2 per cent. "Contract drafting/ creation" is the fifth with 37.4 per cent and "performance tracking and reporting" is eight with 30.0 per cent. "Contract analytics" (single and portfolio) is as low as 18.2 per cent and 23.6 per cent, respectively. Historically,

organisations store their contracts in ERP systems or basic archiving systems such as SharePoint, and Delivery & Obligation management is done in an Excel-sheet. Unless heavily supplemented with add-ons, SharePoint is an archiving system and not a Contract Management software, and Excel is a database software with no proactive functionality. However, adoption of specialised Contract Management software is rapidly increasing, and many organisations are currently focusing on Contract Management software selection and implementation as their must-win battle in improving maturity of the Contract Management discipline.

Software systems are being used for	Response %
Contract repository	70.4 %
Contract template/term standards and options storage and management	52.2 %
Review/approval management	46.3 %
Proactive reminders/alerts	41.4 %
Contract drafting/creation	37.4 %
Collaborative development and review (shared system access)	31.5 %
Bid/proposal support	30.0 %
Performance tracking and reporting	30.0 %
Negotiation/redlining	28.6 %
E-signature	27.6 %
Analytics – multiple agreements/portfolios	23.6 %
Obligation extraction and communication	20.7 %
Analytics – single agreement	18.2 %
Other	10.3 %

5. Source: Automation – Transforming Contract & Commercial Management, IACCM

INSIGHT FROM RAMBOLL MANAGEMENT CONSULTING'S MARKET ANALYSIS

Functionalities in scope of the market analysis

As previously mentioned, the market analysis has been focused on specialised Contract Management software. Further description of the process and method for selecting the participating vendors and in scope functionality is set out in Appendix 1 to the report. The selection of functionality in scope and categorisation into "need-tohave" and "nice-to-have" features is based on IACCM research, specific software selection experience and market offerings. The primary aim is to provide all SMEs with an overview of the market offerings. Large organisations in the start-up phase of implementing Contract Management will equally be able to find guidance and inspiration.

An essential part of an organisation's selection process is the internal analysis of existing organisational needs and functionalities required to cover these needs, and therefore the scope and priorities of this report cannot be adopted on a one-to-one basis. An issue for many organisations when trying to select the right software is the overwhelming capabilities of the software on offer. As such it is important to decide what to prioritise early in the process, and the specific features and overall functionalities in scope will differ depending on the specific organisation, level of maturity and prioritised business needs to be supported.

The analysis distinguishes between

"Need-to-have" features

Accessibility
• based on user roles	Differentiated access creation
• roles	Define and administrate user
•	User-friendliness
•	Drag and drop
•	Changeable user interface

Contract Repository
• (parent-child)	Add custom data fields
•	Relate contracts and documents
• extension notifications	Advanced text search (OCR)
•	Automatic expiry, renewal and
• contract types	Contract log/audit trail
•	Support for all document and
• contract"	Version control
•	Attach notifications to "follow
•	Categorise/segment contracts
•	Create custom notifications
•	Export data to Excel

Delivery & Obligations Tracking
• Automatic notifications and alerts
• Custom notifications
• Custom tasks
• Milestone and obligation tracking
• Calendar functionality
• Extract D&Os automatically from contract

Reporting & Data Analytics
• Performance management reporting
• Standard reporting
• Creation and storage of queries and reports
• Automatic reporting
• Configurable dashboards/views
• Homepage as dashboard
• Configurable reporting

"Nice-to-have" features

Workflow
• collaborative authoring	An internal approval flow and
•	A workflow builder
• approval	Standard workflows for

Contract Authoring
•	E-signature
•	Contract templates
•	Contract drafting
•	Clause library
• contracts and specific clauses	Control rights to change
• including contract amendment	Negotiation processes,
• contracts and amendments	Version control/audit trail of

Basic considerations

features and underlying functionalities. A feature is for example a workflow, which holds a number of underlying functionalities: an internal approval flow and collaborative authoring, a workflow builder and standard workflows for approval. The key features and functionalities covered by Contract Management software that can support and enable organisational process improvement and discipline from day one are presented in the table.

Technology & Language
• Uptime/downtime of software
• System configurability
• SaaS/on-premise/both
• Multiple platform access
• Possibility of single sign-on
• Support for multiple languages

Local presence
• Has the vendor a local presence?

Management software with a built-in Reporting & Data Analytics feature, this does not necessarily mean that it entails all the requested functionalities such as automatic reporting. The analysis is based on how well the vendors' underlying functionalities match the requirements presented to them in our specified RFI sheet. The vendors have been divided into groups for each of the features based on the thresholds set out here.

As mentioned in Appendix 1 to this report, we gathered information from a cross-sample of 21 different Contract Management software vendors. The 21 software solutions were selected based on an initial screening of +80 vendors. The vendors included in this analysis vary in what type of and functionalities they offer as part of their Contract Management software. Even though a vendor offers a Contract

Score	Description
Score: ≥ 90 %	The software includes the essential functionalities
Score: 50-89%	The software includes a limited amount of the essential functionalities features
Score: < 50%	The software does not hold

Basic considerations on technology, language and local presence

Technology & Language

Certain technological characteristics might ease the implementation of the software, for example fulfilment of internal policies. Also, important topics such as integration and IT security and GDPR compliance need to be addressed in the selection process.

Technology & Language covers the following underlying functionalities:

TECHNOLOGY & LANGUAGE

- Uptime/downtime of software
- System configurability
- SaaS/on-premise/both
- Multiple platform access
- Possibility of single sign-on• Support for multiple languages

All the vendors included in our sample guarantee an uptime of at least 98% based on past years' performance. Furthermore, most systems are either offer a configuration product. Also, possibility of the system from

The sample answer

Technology & Language

1
7
13

○ Score: ≥ 90%
○ Score: 50%-89%
○ Score: < 50%

licensing model vary. Most of the vendors offer either SaaS (Software as a Service) or both SaaS and on-premise as options, and a few vendors offer only an on-premise solution. Also, the sample differs on the matter of language settings. Not all software supports multiple language characters, and this can limit the usage in some organisations.

The licensing model and SaaS/on-premise decision

often depend on factors such as future IT strategies which could include a shift towards cloud-based solutions. It could also depend on the opposite, i.e. a shift away from cloud where your internal IT policies limit the possibility of using cloud solutions. It may also be necessary to split the Contract Management software support between multiple software vendors to comply with the internal IT policy. This might be the case if an organisation decides to use a SaaS solution for certain tasks, but other tasks would have to be handled on-premise. An example of this could be for security or data protection reasons and result in storing of all documentation in the organisations on-premise solution such as SharePoint. At least three aspects of the essential functionalities

IT security must be considered. The obvious consideration is towards user security where single signon via the organisation's existing secure log in very often is possible. Another option is twofactor authentication. Secondly, in the event of SaaS solutions, considerations must be made in respect of infrastructure platform security. And last, but perhaps sometimes overlooked, focus must also be on the internal security level of the selected software vendor. Negligence from the vendor might result in unwanted "back-door-traffic" and exposure of your proprietary business data.

Highly relevant in these times are GDPR and data protection in general which also need to be considered when deciding on a technical set-up. Depending on the contracts the organisation deals with, they may include sensitive data, where either internal policies or public laws limit where data can be stored. Depending on the organisation's industry, there may also be special certifications which must be held by the software vendor if they are to handle data for the organisation.

Contract Management software can either be implemented on a "standalone" basis or with integrations to other IT systems. Due considerations must be made to assess the need for integration either via API or data transfer via soft integrations. This is one of the areas where the market analysis shows differences in vendors' capabilities and thus specific attention must be directed towards this issue.
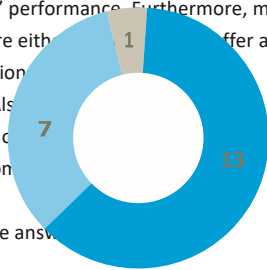
Local presence Local presence of the software vendor might affect the buying decision. In our own experience, local presence is a much-sought attribute for selected user organisations.

The local Danish vendors in our market analysis are often in direct competition with the big international vendors. The big international vendors often have stronger financial backing with more resources to continuously optimise their software functionality. However, the local vendors have their advantages, too. Amongst other things, the advantage of working with local vendors is their ability to bring in local knowledge and experience. Also, the issue of trust and easy access to personal support can be an important selection criteria, and some local vendors scored well in our RFI market analysis.

The following five Danish software vendors were included in the RFI process: Pactius, Solusi, Scanmarket, Contrato and Next Contratcs.

Local Presence

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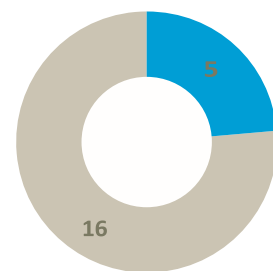
○ Danish
○ Other origin

NEED-TO-HAVE SOFTWARE FEATURES

Accessibility

Score: ≥ 90%
Score: 50%-89%
Score: < 50%

"Need-to-have" features include Accessibility, Contract Repository, Delivery & Obligation Tracking (i.e. critical milestones with payments and fines and other important deliverables), and Reporting & Data Analytics. Contract Repository is the foundation for additional features, and Delivery & Obligation Tracking will enable organisations to gain insight into portfolios of contract obligations and, in particular, into complex contracts. Reporting is essential in raising C-suite awareness and interests in the field of Contract Management and gives the users a structured overview of contracts and contract performance. These crucial features contribute significantly to the organisation's potential ROI.

Accessibility The ability to define and differentiate access between user roles is important. This enables an organisation to control and filter which employees should be granted or denied access to certain contracts. The user interface is important for the degree of actual user adoption and should be an important parameter when evaluating software. Ideally, it will not just be contract managers or the legal department that can access and use the software. The rest of the organisation should be encouraged to adopt best practice Contract Management, and the software can be a key driver in this process.

The market analysis shows that the Accessibility functionalities are well-developed by most Contract Management vendors. The functionality of controlling access rights is a differentiator between the vendors. Several of the vendors included, scored well in our RFI of Accessibility, whereas our evaluations during the sandbox session varied. Over half the vendors' score dropped when they were tested live, underlining the importance of conducting sandbox sessions or proof of concepts. Accessibility covers the following underlying functionalities:

ACCESSIBILITY

- Differentiated access creation based on user roles • Define and administrate user roles
- User-friendliness
- Drag and drop
- Changeable user interface
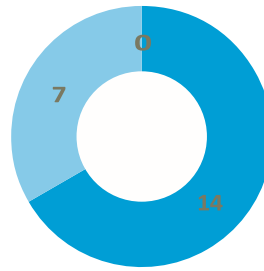
Contract Repository We often meet organisations that struggle to locate the correct and updated versions of their contracts. This limits the organisations' abilities to make their suppliers meet contractual commitments, as these commitments are neither known nor managed – as well as delivering in accordance with own commitments. A consistent online repository with basic contract metadata and unique ID for all contracts improves the situation significantly. The online contract repository with version control will help organisations keep track of contractual documents as well as create an overview of the type of contracts that they have in their organisation. Combined with the software Reporting & Data Analytics feature, organisations can monitor trends, i.e. delivery and procurement of goods and services made under contracts, number of contracts with specific customers and vendors, etc.

The analysis shows that almost all software can categorise/segment contracts based on custom metadata and the majority has the useful feature of advanced text search (OCR – optical character recognition) enabling text search in multiple text formats. For organisations with no current repository, implementing software with a capable contract repository will secure that a sufficient ROI will be realised rapidly. In these cases, it may be worth considering bypassing part of the selection process to implement a smaller system and quickly start the process of getting control over the majority of the contract portfolio. If the need arises to upgrade to a more complex solution, data migration should not be problematic as most systems can export/import data in standard formats. It is advisable that bypassing the selection process is only done after due considerations and preferably with a clear plan for next step in terms of increased software support.

Reporting & Data Analytics
Finally, we define the Reporting & Data Analytics as part of the "needto-have" features. This includes the ability to create and obtain standard and customised reports as well as dashboards, ensuring an overview of contract types, vendors, contract performance, and financial information. This feature supports compliance and organisational KPI follow-up and is thus an essential part of ensuring ROI on the organisation's investment in Contract Management software.

Reporting & Data Analytics is one of the areas with the most diversity in fulfilment of the RFI specifications. Some software have very userfriendly dashboards and reporting functionalities and some are limited to non-visual reporting in data sheets or Excel. If Excel is the
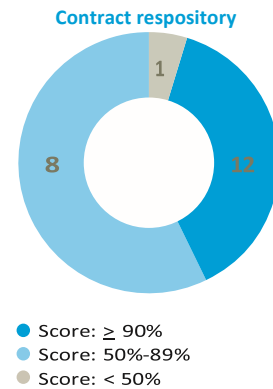
Delivery & Obligation Tracking Delivery and Obligation (D&O) Tracking enables the organisation to maintain transparency on obligations even in complex contracts. D&O Tracking ensures that the vendors are held accountable to comply with their deliveries and that the organisation delivers in accordance with own commitments in both sell and buy side perspectives. The realtime tracking provides a unique overview of the contract portfolio, and combined with the notification functionality it becomes an essential asset in the operation of managing all relevant obligations within the contracts. It is vital that the team extracting the D&Os has a clear understanding of what to extract and which metadata should be attributed to each D&O, as these will generate all notifications.

All vendors in our sample have D&O Tracking feature. However, there are significant differences in the software's capabilities to manage obligations and conduct actual performance management. Most of the software allow for setting up automatic notifications and alerts and to customise each notification, so that they are relevant to the recipient. However, far from all offer a calendar functionality which provides an overview of tasks and milestones, renewals, etc. Only the more sophisticated software has an automated extraction functionality that partially automates extraction of the deliverables and obligations from any given contract, including thirdparty contracts. However, this specific task can be handled by dedicated niche software specialised in discovery and extraction capabilities.

Contract Repository covers the following underlying functionalities:

CONTRACT REPOSITORY

- Add custom data fields
- Relate contracts and documents (parent-child)
- Advanced text search • Automatic expiry, renewal and extension notifications • Contract log/audit trail • Support for all document and
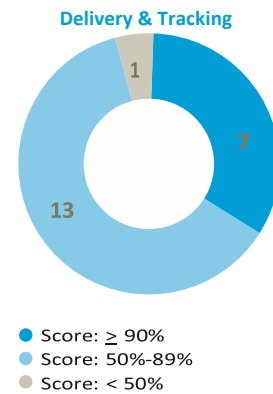
preferred reporting tool within an organisation and templates for reports in BI tools have already been created, the ability to export data can be sufficient. The result is in all instances a fairly powerful reporting tool capable of creating C-level attention and support to Contract Management Practitioners.

The reporting output, however, is only as good as the data input, as such data needs to be correct and up to date. As a consequence, clear roles and responsabilities most be established with guidance in place in order to maintain a high degree of data quality.

Reporting & Data Analytics covers the following underlying functionalities:

contract types • Version control • Attach notifications to "follow contract" • Categorise/segment contracts
- Create custom notifications
- Export data to Excel

Contract respository

- ● Score: ≥ 90%
- ● Score: 50%-89%
- ● Score: < 50%

Delivery & Obligation Tracking covers the following underlying functionalities:

DELIVERY & OBLIGATION TRACKING

- Automatic notifications and alerts
- Custom notifications
- Custom tasks
- Milestone and obligation tracking
- Calendar functionality• Extract D&Os automatically from contract

Delivery & Tracking

- ● Score: ≥ 90%
- ● Score: 50%-89%
- ● Score: < 50%

REPORTING & DATA ANALYTICS

- Performance managementreporting
- Standard reporting
- Creation and storage of queriesand reports
- Automatic reporting
- Configurable dashboards/views
- Homepage as dashboard
- Configurable reporting**Reporting & Data Analytics**
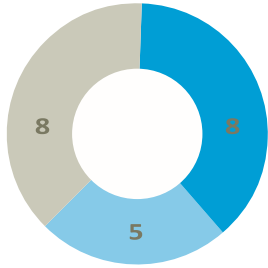
- Score: ≥ 90%
- Score: 50%-89%
- Score: < 50%

NICE-TO-HAVE SOFTWARE FEATURES

Some organisations may wish to include "nice-to-have" Contract Management software features such as Workflow and Contract Authoring. The "nice-to-have" features are typically not necessary for basic Contract Management. However, this again depends on the individual organisation's maturity, standards and demands.

Workflow

A Workflow feature automates and guides the administrative Contract Management tasks and allows the Contract Management team and other users to focus on more tactical and strategic tasks. The feature enables the user to create transparency in the management process and automate the flow, ideally making the process more effective and of a higher quality.

The Workflow feature differs in availability and functionalities across the software evaluated. Although some of the vendors do offer the feature, others do not or they hold significant limitations to its functionalities. It can also be very complex and time-consuming to implement the Workflow feature as it fundamentally changes the way people work. This feature, however, empowers the Contract Management teams by creating more transparency, which allows the teams to constantly optimise their processes. So, Workflow feature and functionalities can be very attractive and powerful if used properly.

Contract Authoring The Contract Authoring feature streamlines the contract creation activities. It makes creating, reviewing and finalising the contract easier and more efficient, as it allows different stakeholders to collaborate and make red-lining on a shared platform and with full version and change control. Contract Authoring is in particular relevant for organisations with a large contract volume on own terms, equally sell-side and buy-side, and enables the end users to self-serve in respect of generating standard contracts based on the organisations templates or clause library without compromising on compliance. E-signature will in many instances be an obvious "need-to-have" feature for such organisations.

There is variation in the scope functionalities the software vendors offer within the area Contract Authoring. The majority offer e-

signature capabilities or integration to specific e-signature software and the possibility to upload and manage contract templates. However, functionalities such as version control, contract drafting and clause library have not been consistently prioritised by the vendors. Within Contract Authoring there are some quite interesting, capable and user-friendly niche softwares. Thus, if Contract Authoring is a feature deemed as "need-to-have" for your organisation, it might be worth looking into the niche market, as the specialised Contract Management software in some cases will not be able to deliver this feature in an advanced form. Naturally, this is not the case for the more functionality-rich software, but this is indeed not a mainstream feature.

Workflow covers the following underlying functionalities:

WORKFLOW

- An internal approval flow and collaborative authoring • A workflow builder
- Standard workflows for approval

Contract Authoring

- Score: ≥ 90%
- Score: 50%-89%
- Score: < 50%

Workflow
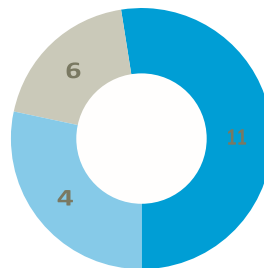
- Score: ≥ 90%
- Score: 50%-89%
- Score: < 50%

Contract Authoring covers the following underlying functionalities:

CONTRACT AUTHORING

- E-signature
- Contract templates
- Contract drafting
- Clause library• Control rights to change contracts and specific clauses • Negotiation processes, including contract amendment
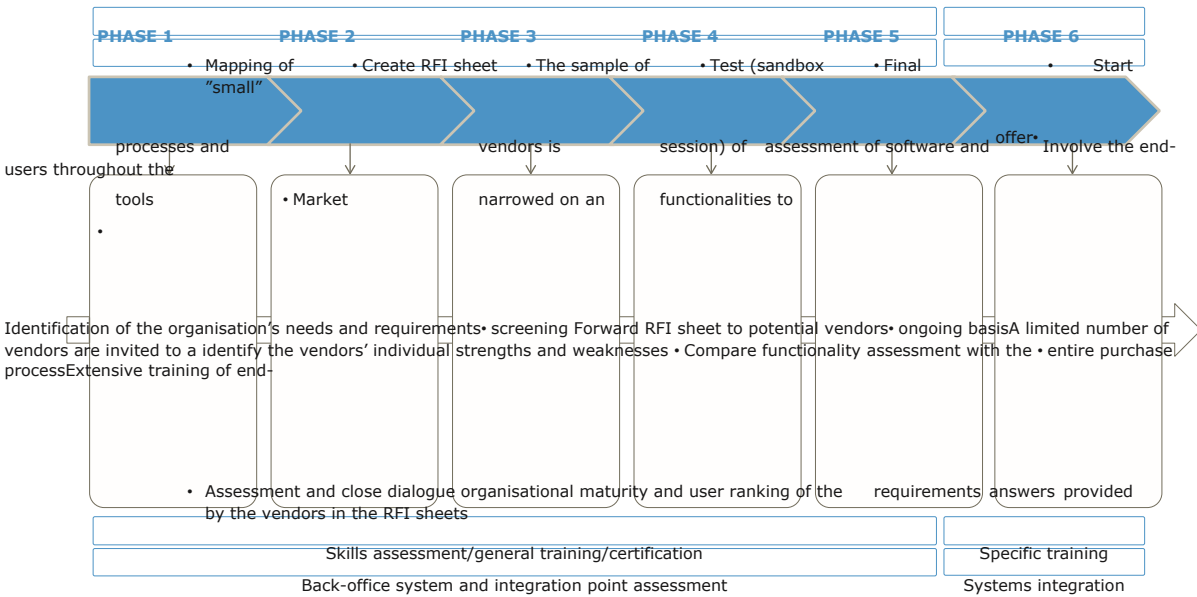- Version control/audit trail of contracts and amendments
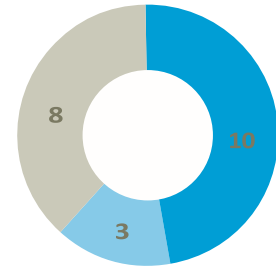
PART 3: GETTING IT RIGHT

Selection and implementation processes. As stated in part 2, the different vendors have different strengths and weaknesses, as they all have their own approaches and priorities. An essential first step towards acquiring a Contract Management software is to define what your organisation's specific driving forces are – what are the primary needs, and are they relevant on a short-term or long-term basis?

SELECTION CAN BE A TIME-CONSUMING INTERNAL PROCESS

RECOMMENDATIONS TO THE PROCESS AND FUNCTIONS RECOMMENDATIONS TO THE PROCESS AND FUNCTIONS

Business strategy/discovery/road-mapping/KPI drivers

Feedback enablement

End-to-end process/renovation/preparation

Process alignment

PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5	PHASE 6
• Mapping of "small" processes and tools •	• Create RFI sheet • Market	• The sample of vendors is narrowed on an	• Test (sandbox session) of functionalities to	• Final assessment of software and	• Start offer• Involve the end-

Identification of the organisation's needs and requirements• screening Forward RFI sheet to potential vendors• ongoing basisA limited number of vendors are invited to a identify the vendors' individual strengths and weaknesses • Compare functionality assessment with the • entire purchase processExtensive training of end-users throughout the

• Assessment and close dialogue organisational maturity and user ranking of the   requirements answers provided by the vendors in the RFI sheets

Skills assessment/general training/certification

Specific training

Back-office system and integration point assessment

Systems integration

SELECTING THE "RIGHT" CONTRACT MANAGEMENT SOFTWARE

"A March 2017 survey by IACCM revealed that levels of satisfaction with current contract management

Preparation and clarification of needs

Digitalisation is about the adaption of technology to processes[6]. Therefore, first step of acquiring Contract Management software requires collaboration between a broad range of internal stakeholders. An organisation has many stakeholders such as the sponsor (including financial), legal, contract managers, different business units, etc. It is important to ensure alignment between their different needs and requirements. An example of a subject that should be aligned is whether the Contract Management software should optimise existing processes or define new processes. Either way, a mapping of the existing "as-is" and attitudes towards "to-be" is important.

"automation systems are low, with a rating of just 4.2 out of 10. Organizations have struggled to gain adoption and for many, integration with other systems is proving problematic"

- IACCM

6. IT in Practice, Ramboll Management Consulting, p. 32. Published by Ramboll Management Consulting's Business Technology & Digitalisation team
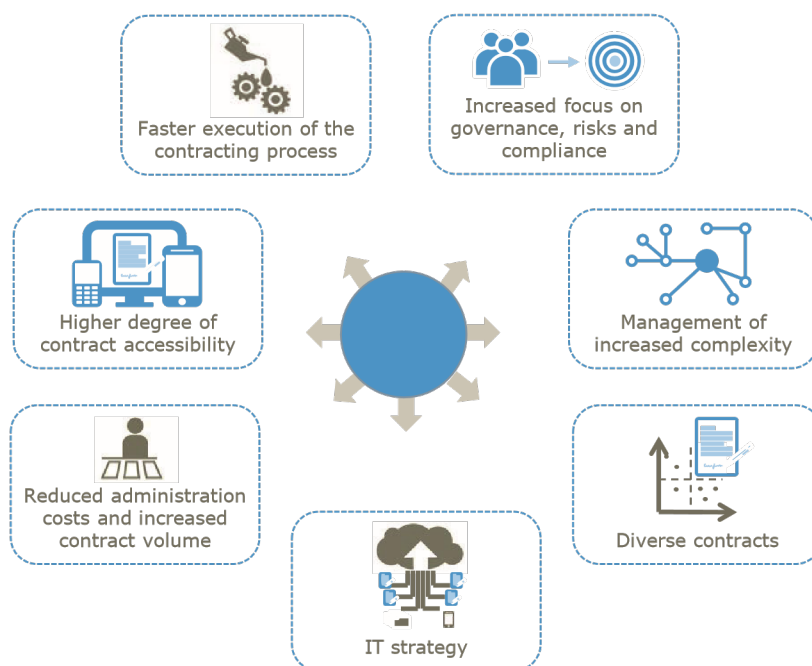
Creating awareness of processes and potential process changes is especially important where the affected processes involve multiple business units and functions, which Contract Management processes usually do. The implementation of Contract Management software is likely to impact in a wider organisational context. Because of this the implementation of Contract Management software can also act as a kick-start for driving sustainable internal changes to the way Contract Management is perceived and carried out in the organisation.

A common risk that the preparation phase also needs to mitigate is that some organisations underestimates the procurement process and the required competences to handle the complexity included. In these preliminary stages, it should be ensured that the right competencies for procurement and implementation of an IT system are present in the project group.

One other important decision to be made is whether or not the software should be implemented as an enterprise-wide solution or at a functional level in, for example, the Contract Management or legal function, and whether or not a "pilot" for conducting a proof of concept is preferable. The decision on these considerations will have a high impact on how, in particular, the implementation process must be planned and carried out.

Market screening and RFI Once internal alignment is ensured, the project organisation should develop an RFI sheet and after a market screening distribute this to potential vendors. It is important that the market research is thorough and unbiased to ensure selection of the most suitable software. As organisations have specifi c needs, it is not recommended to select Contract Management software based purely on the experiences of other organisations.

Driving forces to consider when selecting a Contract Management software?

The development of the RFI itself can be a very resource-demanding task and should involve a broad range of stakeholders as discussed above. To keep the RFI structured, it should be divided into features with individual functionalities and have clear and unambiguous requirements/questions included. Ideally, these are not solely yes/no indications, but should also allow the vendor to elaborate further on their offerings.

While defining the RFI sheet the evaluation framework, which will be used to analyse the returned RFI sheets, should also be defined. Careful preparation of this is valuable, as it will be the key to differentiate the responses which otherwise at first glance might tend to look alike. A recommendation is to use the internal clarification of needs as a driver on how the RFIs are evaluated. For instance, it could be

provide a realistic demo-view and experience on how the final software will look like and function. This is recommended, as your hands-on experience in some cases might differ significantly from your understanding based on the RFI sheet. Demos are a great way to get a better understanding of the software and for the vendor to show and explain the different functionalities and user cases. To get full value of these sessions, it is also important to prepare specific questions and focus areas, as you will benefit greatly from the sessions being a dialogue rather than a monologue. And remember to prepare for a structured collection of input given at the demo and make sure that the vendor focuses on demonstrating the functionality requested in the RFI. If public procurement regulations apply to your organisation, dialog with the vendors and demos and sandbox sessions need to be structured in

vendors can be difficult, as it can depend on multiple parameters. Some software vendors are more transparent regarding their pricing structure than others. It is important to be aware of this and engage in discussions about price and contract and user volume during the selection phase. This is especially crucial if you have a set-up with a high number of users or contracts.

Implementation costs are most often not included in any licence fees. You should include these factors already when constructing your business case, as it draws on both external and internal resources and can be a significant contributor to total cost. Naturally, flexibility in contractual terms will also depend on the software solution selected. If a SaaS software is selected, a higher proportion of contractual terms is "non-negotiable". In this phase, it is recommendable to include legal and

THE IMPORTANCE OF
A GOOD IMPLEMENTATION PROCESS

considered to apply a weighted score where answers related to "need-tohave" outweigh answers related to "nice-to-have".

Use the evaluated RFI sheets to narrow down the potential vendors. Despite the solid knowledge acquired from the RFI evaluations, we further recommend organisations to initiate a dialogue with a number of vendors based on their RFI evaluations. This should give your organisation a better understanding of their products and the vendor a better understanding of your organisation's business needs and challenges. This will be the first step in building a relationship with a future vendor. In this phase ambiguity in the vendors response to the RFI should also be addressed.

Demos and sandbox sessions Even though the RFI and dialogue provide valuable information, it is highly recommended to experience a demo of the software to see and experience the relevant software before deciding on a final selection. In today's market, most software has extensive "out-of-the-box" functionality to

due consideration with such regulations.

After further reduction in the number of vendors based on the demo output, the final and very important step is to conduct a sandbox session with the vendors still contesting for final selection. Actual hands-on experience is a crucial element in the final evaluation and decisionmaking process. This step enables dedicated Contract Management practitioners as well as other end-users to evaluate the important measure of userfriendliness and user-experience which is critical to a successful implementation and adaption.

Choosing your vendor and Contract Management software
Following the selection process, you will hopefully end up with a good understanding of which vendor is the best fit. Left is the final negotiations with the selected vendor – or perhaps a couple of vendors if equally suitable.

Procurement decisions are often heavily driven by cost considerations. Understanding the pricing structure of

licensing experts and other parties such as IT security – preferably sooner – in order to make sure that the software and the contractual terms comply with market standards and internal procedures and requirements.
The handover from the selection project to the business is both important and challenging. To fulfi l the business case and realise the expected benefi ts of the implementation, the organisa-tion must ensure that a plan for implementation exists and is considered also in the selection phase. Failure to prepare all stakeholders for the coming changes will most likely result in failed implementation, and the software will never deliver the expected benefi ts.

A common pitfall-expectation is that implementation of Contract Management software ends with a bulk-upload of contracts and metadata and perhaps some training of core personal facilitated by the vendor.
However, a best-practise implementation requires a more extensive effort from the

organisation, no matter the scope of functionality included in the software. The implementation should not be considered as an autonomous and unaffi liated process, quite the opposite. Among other things, it is important to consider the existing processes and whether these are to be supported or changed with the system, quality and format of data that is migrated or inserted

into the software must also be considered, and engagement with the different personal involved in the daily operation and use of the software must be planned. An implementation plan should include a serious perspective on how the smooth adaption is ensured across all these aspects. Another important part of the initial phase of the implementation is working with the

business processes. When software support, whether basic or more advanced, is taken into use, it often leads to renewed ideas and questions regarding processes. How are these processes in practise going to be defi ned in this system? Did we catch enough information in our selection phase? Is our planned "to-be" actually how it should be, or could it perhaps be further optimised?

SOFTWARE SHOULD BE CONSIDERED A TOOL

IT DOES NOT WORK WITHOUT PEOPLE, DATA AND PROCESSES OES NOT

WORK WITHOUT PEOPLE AND PROCESSES

People

Processes

Software

Data
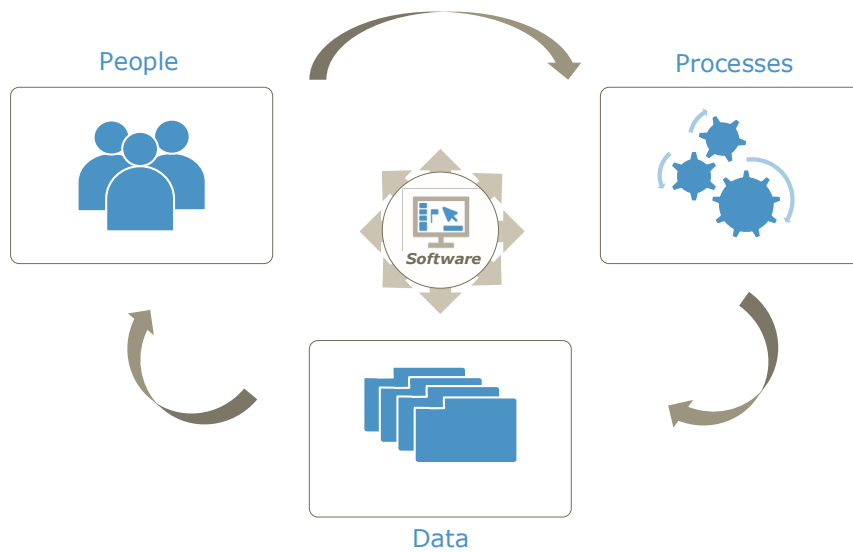
Stakeholder Management
As previously mentioned, the business users should be included throughout the entire selection process – from the initial considerations to development of the RFI sheet, evaluating and selecting the software. The stakeholder management should also include clear, effective and positive communication on the project to those not an integral part of the process, but who might be affected by the project's outcome. It is important that they are aware of the purpose of the changes that will follow after implementation to ensure their buy-in. All stakeholders involved should know what business needs the software is meant to cover, must-win KPIs and how the use of the software is going to be valuable not only for the organisation as a whole, but also what is "in it for me" as an individual user.

Furthermore, depending on the scope of the features of the software – extensive or not, some digital competencies and intuitiveness are required to achieve the potential benefi ts. Taking on a new system and digitalising something that up until yesterday always have been analogue requires well-planned training programs and plans for competence development to ensure the right skill set and usage excitement.

Naturally, the resources needed for the training depend on the above factors, but as a general principle the effort is not to be underestimated. A generic training program can consist of four parts:

1. Overall lectures 2. Group-based workshops 3. Guidelines 4. Individual support

One of the multiple training topics could be using the system for managing Deliveries & Obligations. The software could be introduced in general terms and specifi c focus could be on how it supports management of D&Os. Running a series of workshops would ensure a deeper mutual understanding and give the users their fi rst hands-on experiences. The workshops should facilitate a dialogue on how processes are best implemented in the software, e.g. what D&Os do we put into the software and how the software in the best way can facilitate the link between Contract Management

and the business. Finally, individual support is important to ensure that no individual user is left behind.

Post implementation As the software is handed over to the business, a follow-up process must be in place. Working towards fulfi lling agreed KPIs and realisation of the

identifi ed ROIs requires feedback from the day-to-day operations that must be collected. Improvement initiatives should be prioritised and implemented, if relevant.

Several experiences show that failing in recognising the implementation as an internal change management process and

the importance of continuously focusing on developing the right capabilities and aligning the processes, is some of the major reasons for not realising the full potential of implementing Contract Management software.

DEDICATED MANAGEMENT DURING THE IMPLEMENTATION PROCESS

A successful operational transition depends on the presence of the right competencies as well as a common understanding of business processes. Finally, the management setup – roles and responsibilities – must be clearly defi ned
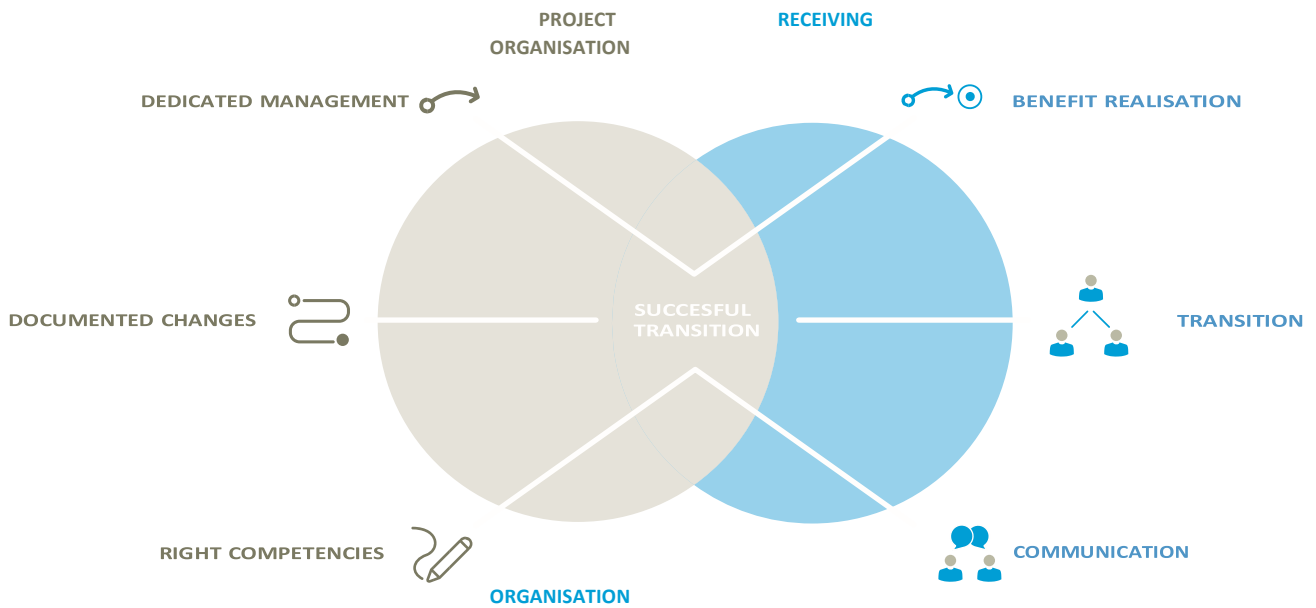
CONCLUSIONS

As highlighted in the executive summary, the digital era brings new opportunities as well as challenges for organisations. Managing the business relationships of this new era of increased complexity and dependency is increasingly difficult, but equally crucial to the success of business outcome and performance. Focus must be on strong and effective relationships between organisations, and the Contract & Commercial Management practitioners are a key enabler in this transformation.

Contract Management software is a huge and important enabler and to continue down the analogue path is not a viable option. A successful software selection and implementation can transform the way an organisation perceive and work with Contract Management.

As the market analysis shows, the Contract Management software market is at a level of maturity where the required features are available in the market. New players enter the market on a very frequent basis, and consolidation is taking place as some of the big players include new emerging technology in their software suites.

One is wise to remember that software is not the silver bullet, nor the only bullet. But the capabilities of the offerings now being available (and implemented) to organisations make no room for hesitation. Contract Management software must be an embedded part of every strategic, tactical and operational Contract Management initiative. So, the question is no longer "if", that's for sure.

Contract Management software is here to stay, and there are numerous benefits to be gained by implementing software, including smoother contracting processes, better accessibility to contracts, reduction of administrative costs, increased focus and transparency on governance processes, risk and compliance and a better management of the increasing complexity of contracts.

The purpose of this report is to give a small contribution to and help organisations and Contract Management practitioners to benefit from the opportunities offered by the Contract Management software available and hopefully to inspire and guide Contract Management practitioners and others in "getting it right".

Focus must be on getting the "Why", "How" and "What" right and communicated clearly to important stakeholders such as the CFO (financial sponsor), business lead (customer) and colleagues (users).

The great success stories need to be promoted, and lessons learned must be shared. There is a golden window of opportunities, and it must be taken advantage of.
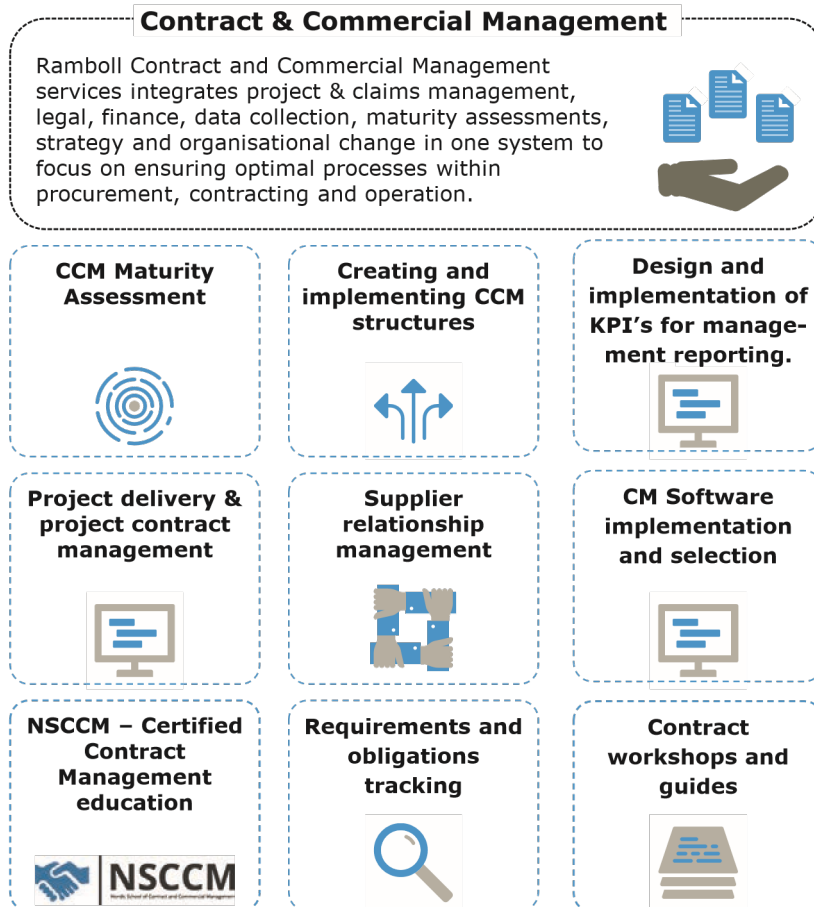
So, stop thinking about it, get it done. However, proceed with caution!

THE TEAM BEHIND

Ramboll Management Consulting ("RMC") is a leading adviser in Contract & Commercial Management in Denmark and the Nordics and bases the advisory on best practice standards from both domestic and abroad. Ramboll Management Consulting has vast experience in working with and implementing Contract & Commercial Management in both the private and public sector.

RMC's Contract & Commercial Management team takes a holistic approach to Contract Management, and focus is on ensuring the best solutions and a high return on investment for our clients by optimising their contracts and contract processes from a deliveryrelated and

and operational level. Investing in Contract & Commercial Management is a way to ensure a healthy business environment and enables optimal decision-making in respect of inter-enterprise relationships. Ramboll's specialists are a part of IACCM's Advisory Council in Denmark and IACCM-certifi ed Contract Management specialists.

Contract & Commercial Management

Ramboll Contract and Commercial Management services integrates project & claims management, legal, finance, data collection, maturity assessments, strategy and organisational change in one system to focus on ensuring optimal processes within procurement, contracting and operation.

CCM Maturity Assessment	**Creating and implementing CCM structures**	**Design and implementation of KPI's for manage-ment reporting.**	Strategic
Project delivery & project contract management	**Supplier relationship management**	**CM Software implementation and selection**	Tactical
NSCCM – Certified Contract Management education	**Requirements and obligations tracking**	**Contract workshops and guides**	Operational

commercial standpoint. We offer expert Contract Management advice on a strategical, tactical

Kasper Steffensen
Contract Management Consultant

khs@ramboll.com

THE AUTHORS

Rasmus Tønnies
Head of Contract &
Commercial Management

Mobile: +45 51618629
rast@ramboll.com

Editorial team
Asger Højen Danielsen
Head of IT Procurement & IT
Program/Project Management

Mobile: +45 51617986
ashd@ramboll.com

Martinne Heckscher
Senior Contract Management
Specialist marth@ramboll.com

Lars Boe Riber Contract Management
Specialist lbri@ramboll.com

Rasmus Tønnies, Asger Højen Danielsen, Kasper Steffensen, Lars Boe Riber, Martinne Heckscher, Caroline Kastbjerg, Johann Høj Pedersen - Ramboll Management Consulting.
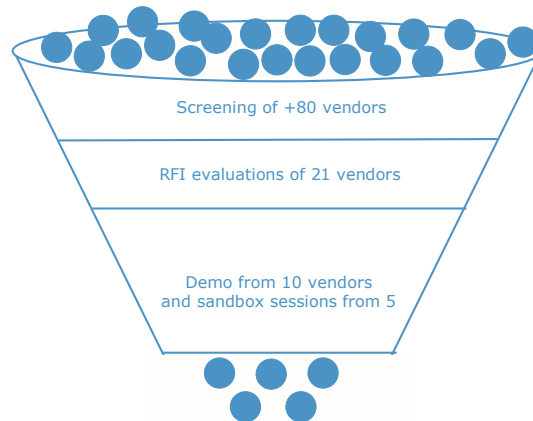
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Jo Posselt

Ramboll Management Consulting A/S

APPENDIX 1: THE PROCESS BEHIND OUR ANALYSIS

Screening of +80 vendors

RFI evaluations of 21 vendors

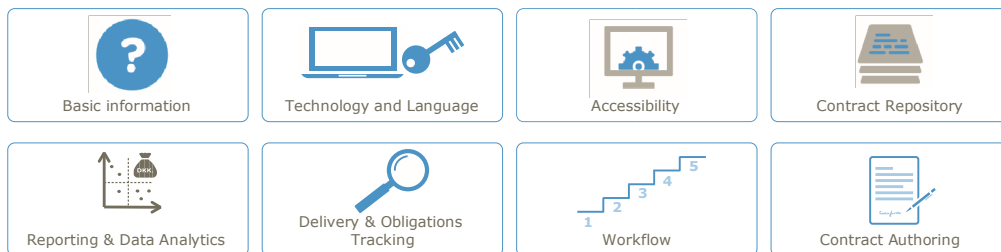Demo from 10 vendors
and sandbox sessions from 5

Through 2017, Ramboll Management Consulting's Contract & Commercial Management team has conducted a comprehensive market research and assessed more than 80 different software vendors relevant to the

RMC HAS PERFORMED A BROAD AND THOROUGH MARKET ANALYSIS OF SELECTED CM SOFTWARE

Contract Management discipline. Based on the high-level assessment, a cross-sample of 21 different Contract Management software vendors was selected. Via a RFI process specifi c information regarding features and functionalities was gathered to provide an overview of the current Contract Management software market.

The focus of the analysis in the report is on the vendors which offer specialised Contract Management software as part of their core product.

The analysis has been processed as visualised to the right:

Through the RFI process, information was requested for eight different topics in the RFI sheet:

Basic information | Technology and Language | Accessibility | Contract Repository

Reporting & Data Analytics | Delivery & Obligations Tracking | Workflow | Contract Authoring

Based on the received RFI, scoring of each vendor was made based on a weighted scale with regard to the importance of the feature. Some features were judged to be "need-tohave" and received high weighting, while others were "nice-to-have" and received a lower weighting in the scoring. Scoring was made on the feature level specifi ed in part 2 of the

report. A vendor gets a "high" score if the feature in question received a score of 90 per cent or above out of the maximum score possible, a "medium" score if it received between 50 percent and 89 per cent, and fi nally a "low" score if it received a score lower than 50 per cent.

Upon reviewing the RFI sheets, we engaged in close dialogues with a selection of the vendors to better understand the functionality of their products. This included demo sessions with ten different vendors. The demo sessions included a meeting with the vendor, either online or in person, where the software and functionality were demonstrated. Based on

the demo sessions, fi ve vendors were chosen for a requested sandbox session. The purpose of the sandbox session was to obtain actual hands-on experience with the software, as it is a crucial element in the fi nal evaluation and decision making process. As well as testing the functionality requested in the RFI, evaluation was also based on important criteria such as userfriendliness and user-experience which are critical to a successful implementation and adaption.

APPENDIX 2: LIST OF INVOLVED VENDORS

The following list contains the vendors that have provided information in the RFI process:

- Agiloft
- Blueridge contract assistant
- Concord contract management
- Contract insights (Cobblestone)
- ContractsWise
- Contractlogix
- Contractroom
- ContractWorks
- Contracto
- Effects
- Gatekeeper
- iContracts
- Next Contracts
- Pactius
- Precisely
- Scanmarkets
- Sirions Labs
- Solusi
- SpringCM
- Symfact
- WMD xSuite

A great thanks to all the vendors involved in the market analysis for their contribution and the dialogues we have had.