

Forrester Opportunity Snapshot: A Custom Study Commissioned By SpringCM | August 2017

It's Time To Evolve Past Basic Contract Management

Contract Life Cycle Management Drives Significant Benefits

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It's Time To Evolve Past Basic Contract Management

OVERVIEW

SITUATION

APPROACH

OPPORTUNITY

CONCLUSIONS

Many Firms Aren't Taking Advantage Of CLM's Benefits

Contract life cycle management (CLM) software is a crucial tool for firms seeking to optimize their business transactions. CLM drives five sources of value: making contracts accessible to all who need them, analyzing and reporting on the contract portfolio, drafting and negotiating contracts, managing the execution of and compliance with contracts, and identifying the opportunities to improve contracts and the contracting process. However, many firms today remain stuck with outdated solutions and aren't able to experience the full range of CLM's benefits.

In August 2017, SpringCM commissioned Forrester consulting to evaluate the state of contract management adoption and practices today.

RESPONDENT PROFILE:



Geography

US only



Company size (employees)

1,000 to 4,999	33%
5,000 to 19,999	39%
20,000 or more	28%



Title and role

Director	54%
Vice President	25%
C-level executive	12%
General Counsel	9%



Responsibility

Sales	33%
Finance and accounting	27%
Legal operations	26%
Technology contract admin	14%

It's Time To Evolve Past Basic Contract Management

OVERVIEW

SITUATION

APPROACH

OPPORTUNITY

CONCLUSIONS

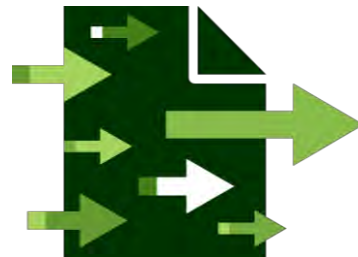
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Many Firms Remain Stuck With Basic Contract Management

Despite the many benefits a full CLM solution provides to businesses, most businesses aren't taking advantage of the tool's full value. Indeed, nearly half of firms in our study have set up their contract management system as nothing more than a repository.

Prior Forrester Research has found that about one-tenth of the full value of a CLM solution comes from the repository function; indicating that firms have both a lot of work to do and value to uncover on their contract management journey.

Contract repository applications only drive approximately one-tenth of the full value CLM solutions offer.



Which of the following describes your company's current contract management practices today?

- 50%** A contract repository where all our contracts are stored in electronic format
- 34%** Standard templates that we use for creating contracts
- 33%** A CMS that our legal department uses to generate contracts
- 29%** Some reports on our total contract portfolio and when contracts will expire or come up for renewals

Base: 100 contract management decision makers based in the US
Source: A commissioned study conducted by Forrester Consulting on behalf of SpringCM, September 2017

It's Time To Evolve Past Basic Contract Management

OVERVIEW

SITUATION

APPROACH

OPPORTUNITY

CONCLUSIONS

1 2

Firms' CLM Implementations Show Limited Rollout Support

One of the significant barriers preventing firms from experiencing the full value of CLM is the limited rollout of these tools across the organization. Our study found that only one in five firms makes CLM available to all departments or business functions within their company.

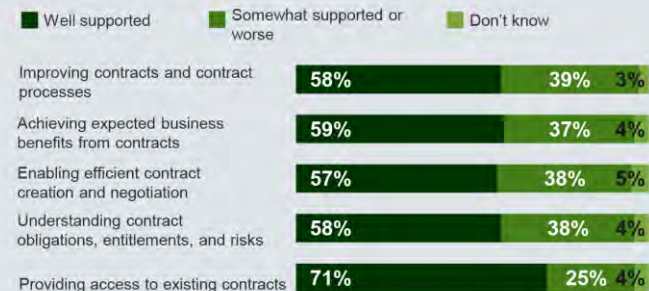
Another significant barrier is the perception that key contract functions aren't well supported by firms' current programs. Nearly 40% of firms say their tools provide mediocre or worse support for helping the business achieve expected business benefits from their contracts.

Which of the following best describes how CLM capabilities have been deployed at your company?



Base: 100 contract management decision makers based in the US
Source: A commissioned study conducted by Forrester Consulting on behalf of SpringCM, September 2017

On a scale of 1 to 5, how well do you think the following business functions are supported by your current contract management program?



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It's Time To Evolve Past Basic Contract Management

OVERVIEW

SITUATION

APPROACH

OPPORTUNITY

CONCLUSIONS

1 2 3

Many Firms Are Looking To Improve Contract Management

More than 60% of the firms in our study say they plan to improve their contract management capabilities within the next 12 months. And 37% either didn't plan on making improvements or didn't know what improvements they were planning to make. Leading areas of focus for improvement include:

- More user-friendly/powerful workflow automation systems (28%)
- Improved and more time-efficient contracting processes (27%)

Sixty-three percent of firms say they were looking to implement some form of contract management improvement over the next 12 months, while only 37% didn't know or weren't planning any improvements.



Which of the following capabilities does your firm plan to implement within the next 12 months?



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It's Time To Evolve Past Basic Contract Management

OVERVIEW

SITUATION

APPROACH

OPPORTUNITY

CONCLUSIONS

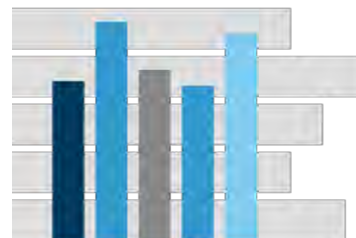
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Firms Value Different Capabilities When Adopting Contract Management Tech

As they look to expand their contract management capabilities, firms in our study tell us they want solutions that blend powerful capabilities with accessible functionality.

Firms prize solutions that are easy to use and offer key functions like multilevel filing systems to support attachments and related contract documentation, robust analytics capabilities, and workflows that are easy to design and implement.

To take their contract management capabilities to the next level, firms need solutions that blend ease of use/implementation with powerful analytics and process improvements.



Which of the following are the most important features as you consider adopting new contract management technology?

Ease of implementation and adoption

44%

Support for multilevel file system

38%

Robust analytics

35%

Ease of designing workflows

35%

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It's Time To Evolve Past Basic Contract Management

OVERVIEW

SITUATION

APPROACH

OPPORTUNITY

CONCLUSIONS

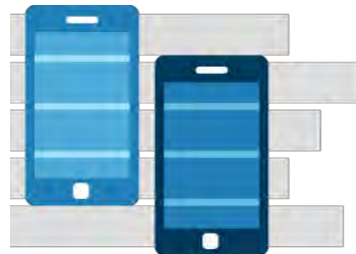
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The Barriers To CLM Adoption Are Both Political And Technological

Firms face a number of challenges as they look to improve their contract management programs and capabilities. This study found that firms' struggles included political barriers, such as a lack of urgency to improve, and a lack of stakeholder alignment on what the new tool should cover. They also cited technological considerations, such as integrating new solutions with legacy technology, lack of IT or development resources, and security concerns.

We categorized the cost of solutions as a blend of political and technological challenges; as it pertains both to views on the current market, as well as the organization's willingness to prioritize contract management investment.

Organizations looking to improve their contract management capabilities need to solve a blend of political and technological challenges.



Which of the following do you consider to be a significant barrier to improving your contract management capabilities?

■ Political barrier ■ Technological barrier ■ Combination of both



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It's Time To Evolve Past Basic Contract Management

OVERVIEW

SITUATION

APPROACH

OPPORTUNITY

CONCLUSIONS

1 2

Firms' CLM Goals Focus On Driving Better Contract Processes And Lowering Costs

Firms that are looking to improve their contract management programs are being driven by a desire to improve functionality within contract management, and also by driving a better bottom-line efficiency in contract management. Forty-three percent of the firms in our study told us they wanted to:

- › Drive more effective compliance with contractual benefits and commitments.
- › Reduce costs associated with contract creation and management.
- › Ease access and oversight into contracts.

Which of the following objectives do you consider most important for improving your contract management program?



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It's Time To Evolve Past Basic Contract Management

OVERVIEW

SITUATION

APPROACH

OPPORTUNITY

CONCLUSIONS

1 2

Firms That Have Moved Beyond A Basic Repository Reap The Benefits

The benefits that firms experience are very much in line with the objectives that companies highlighted as driving their push for improved contract management processes.

Interestingly, firms that use their CLM system for analysis and optimization were twice as likely, than those that primarily use it as a contract repository, to say that they experienced a business benefit from implemented improvements. The conclusion is that advanced contract management capabilities drive benefits for process in the business as a whole.

Firms using contract management systems for analysis and optimization were twice as likely to cite business benefits as those that only use contract management as a repository.



Which of the following do you expect to experience or have you experienced by improving your contract management program?



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It's Time To Evolve Past Basic Contract Management

OVERVIEW**SITUATION****APPROACH****OPPORTUNITY****CONCLUSIONS**

Firms Will Be Well-Served To Accelerate Their Contract Management Maturity

Firms must shift their contract management capabilities away from a simple repository approach to one that enables users across the business to gain access to the records, workflows, analysis, and optimization tools. Doing so will drive both process benefits, as well as bottom-line financial and adherence benefits for their companies.

To move forward, firms require better alignment and processes, and must be more aware of the CLM benefits, while leveraging stronger solutions that will better support their objectives. Forrester believes that about one-tenth of CLM benefits come from the repository, one-tenth from the reporting and analysis features, one-third from contract drafting, one-third from integration to transaction systems, and the remainder in contract optimization.

However, the benefits from the first three phases are mostly one-time gains, while those businesses that move on to contract drafting, integration into transaction systems, and contract optimization are recurring and therefore will keep growing over time.

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METHODOLOGY

- › This Opportunity Snapshot was commissioned by SpringCM.
- › To create this profile, Forrester Consulting created a customer survey for contract management decision makers at US enterprise firms.
- › The survey was completed in September 2017.

Project Director

Nicholas Phelps
Senior Market Impact
Consultant