



# Contract Management ROI

## Analyst Assessments of Contract Management

### *PricewaterhouseCoopers*

Companies could realise savings that equate to 2% of total annual costs by eliminating inaccuracies and non-compliance through contract automation. Therefore, a company spending \$1 billion could save \$20 million annually

### *Aberdeen Group*

Ineffective control and management of supplier contracts cost businesses \$153 billion per year in missed savings opportunities.

### *Goldman Sachs*

A typical Fortune 1000 organisation has between 20,000 and 40,000 contracts and spends as much as 100 basis points of their revenue to manage buy-side contracts, and 25 basis points of their revenue to manage sell-side contracts. They estimate that these enterprises could experience a potential reduction of 40 basis points in hard and soft costs by using contract management software.

Contract automation could accelerate negotiation cycles by 50 percent; reduce erroneous payments by 75 to 90 percent, cut operating and processing costs associated with managing contracts by 10 to 30 percent, and result in a 10 to 20 percent headcount reduction.

## Benefits of Contract Management

### ***Streamlined operations:***

- Significant reduction in time and effort required to track and administer contracts
- Improvement in business process efficiency throughout the contract management lifecycle with automated workflow
- Reduction in manual processes and contract administration workload through process optimisation and automation
- Consolidation of contract databases / repositories
- Improved contract consistency and user-friendliness by leveraging contract template functionality
- Elimination of duplicate effort through integration with ERP, CRM, document management, and other legacy systems
- Extensive reporting capabilities

### ***Improved Stakeholder Participation:***

- Improved contract visibility and access to review and edit agreements
- Increased collaboration through online interaction which streamlines the creation, negotiation and management of contracts and sharing of information
- Automated contract request processing puts contract initiation in the hands of the people that initiate contracts - field and other non-contracting staff
- Electronic event management allows users to track any type of reminder which ensures that critical events are identified and action taken for key contract events

### ***Better Performance Management and Risk Mitigation;***

- Easily identify and ensure delivery of contract benefits
- Automatically monitor and manage compliance and performance by establishing supplier metrics which allow for pro-active management to correct issues



### **AMR Research**

Automating purchasing contracts delivers significant ROI in four key areas:

1. Supplier compliance
2. Internal compliance
3. Better sourcing
4. Workflow efficiency

Companies are implementing targeted projects in two to three months that deliver a 150% to 200% payback within a year.

- Identify risk quickly through automated notifications alerting users when risk values exceed defined thresholds
- Enforce corporate governance through the use of template-based contract authoring
- Powerful workflow capabilities ensure that internal controls and policies are followed

### **Improved Financial Management:**

- Reduce "off-contract" spending by purchasing organisations
- Eliminate renewal of contracts for unwanted goods and services
- Integrate with your supply chain management strategy
- Improve financial tracking of contract-based transactions
- Identify and prevent overcharges
- Realistic picture of forecasts and budgets relating to sales and expenditures

## **Real UpsideContract ROI Examples**

### ***Burlington Northern and Santa Fe Railway Company (BNSF)***

BNSF operates one of the most extensive rail networks in North America with over 32,000 miles of track. Prior to implementing UpsideContract in 2002, BNSF relied primarily on inefficient manual processes to negotiate and manage supplier contracts. With UpsideContract, BNSF has seen the following real benefits:

- Contracting cycles cut by 60% from 30 days to 11 days
- Executing 50% more contracts with 10 fewer people
- Streamlined process from 16 manual steps to 7 automated and auditable steps
- Mitigated millions of dollars in potential fines by ensuring suppliers are properly insured
- Estimated full ROI in only 62 days

### ***Hewlett-Packard (HP)***

HP is a world leader in consumer information technology with operations, partners, and customers around the globe. Prior to implementing UpsideContract, HP struggled to locate customer contracts as information was scattered across 14



home-grown applications. HP has realised the following real benefits after their deployment of UpsideContract:

- More than 70% of all sales and marketing contracts are now managed through UpsideContract
- The time for running a consolidated report on its global obligations to a specific customer has been reduced to as short as about an hour, down from four business days, on average
- Significantly reduced the costs incurred previously for using and maintaining 14 disparate and proprietary contracting applications across the company

### ***Interpolis Verzekeringen***

Interpolis is one of the largest insurance and pension companies in the Netherlands with revenues of 5 billion Euros and procurement spend of over 200 million Euros annually. As recently as 2001, Interpolis had a decentralised procurement operation, with many buying decisions made at the local level. Each region and site used different procedures and terms for negotiating and contracting with suppliers, and the company had no central repository for storing and accessing all supply contracts. After implementing UpsideContract in 2001, Interpolis saw the following real benefits:

- Double the amount of spend under management within two years
- Increased contract compliance by 5%
- Reduction in procurement costs by 6% through increased use of preferred suppliers and pricing
- Estimated full ROI in about seven months

### ***Private University***

This major metropolitan university spends \$200 million on goods and services each year. Hampered by informal and disjointed contract management processes which led to limited spend visibility and poor purchasing optimisation across their 20 departments, the university set out to find a contract management solution. Following the selection and deployment of UpsideContract, the university realised the following real benefits:

- Reduction of clerical staff and contract turnaround time
- Improved procurement and supplier performance
- Improved business controls and workflow capability
- Elimination of lost contracts
- Better access to the most current and accurate contract data
- Estimated full ROI in approximately six to seven months



Upside Software is the worldwide leader in Contract Lifecycle Management (CLM) solutions. Customers around the globe use UpsideContract and other integrated business solutions to confidently perform Contract Management, Sourcing & Procurement, and Invoice & Billing Management activities throughout their organisations.

Upside Software's products address the needs of Enterprise (e.g. Fortune 500, Global 2000), Public sector (Federal, State/Provincial, Municipal and Health Care), and Small & Medium Enterprise (SME) customers. Customers realise significant cost savings while improving customer and supplier relationships. Upside Software's solutions are deployed in as little as 3 days and typically provide a full return-on-investment (ROI) in under a year.

Founded in 2000, Upside Software is a profitable, growing company with an advanced, yet mature, and comprehensive product suite. The company has extensive experience delivering real value to customers of every size and in most industry verticals. Upside Software is headquartered in Edmonton, Alberta, Canada, and is represented by Cylon Technology (Pty) Ltd in Africa.



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