

What is Contract Management?

About Contract Management

Every business today deals with at least one contract. These can include anything from a simple written message with a signature, to complex contracts with numerous sections, clauses and sub-clauses. Whatever the case may be, contracts are the livelihood of a business as they can influence cash flow and specify agreements, terms of payment and more.



Keeping track of one contract may be easy, but imagine dealing with dozens, hundreds and even thousands of contracts. According to the Institute for Supply Management (ISM), a typical Fortune 1000 company has between 20,000 – 40,000 active contracts. Each one with different renewal or expiry dates, contact names and more – keeping track of contract details can become an arduous task. The act of simply finding a contract when needed may prove to be a frustrating and time-consuming undertaking.

This is where a Contract Lifecycle Management (CLM) solution like UpsideContract comes into the picture. In short, CLM solutions encompass everything from the bidding/procurement process, to the management of the resulting contracts. UpsideContract's Contract Management solution also facilitates the negotiation process between internal and external parties allowing them to collaborate until the contract is just right. Creating contracts from scratch or copying an existing one into the system is a breeze. And alerts and approvals ensure that key dates are remembered and that the proper people check contracts before they are released.



The Sarbanes-Oxley Act

The Sarbanes-Oxley Act of 2002 is legislation created by the US Government to hold senior management such as CEOs and CFOs accountable for the accuracy and reliability of corporate disclosures. Senior management is responsible for adhering to strict new rules and reporting requirements in particular, sections 302, 401, 404, 409, 802 and 906 of the SOX Act. A Contract Lifecycle Management (CLM) solution such as UpsideContract will help companies adhere to compliance items and proactively monitor performance metrics.

Automated Workflow

One of the main features of Upside Software products is the workflow management functionality. Workflow can be described as a series of related and linked tasks that work toward a common end goal. The commencement of one step is triggered by the completion of the previous task.

The robust workflow engine allows the variables of a contract (i.e. monetary value, contract type, commodity, risk level, etc.) to determine automatically which user or role is to be included in the approval routing. UpsideContract has the ability to integrate business process flows across different users or groups as part of a defined workflow. Automated workflow can greatly reduce manual processes and increase efficiency in your business processes. The bottom line is that it can help you reduce your administrative effort and allow you to focus on your core competency, which will drive higher revenues and reduced costs.

About UpsideContract's workflow

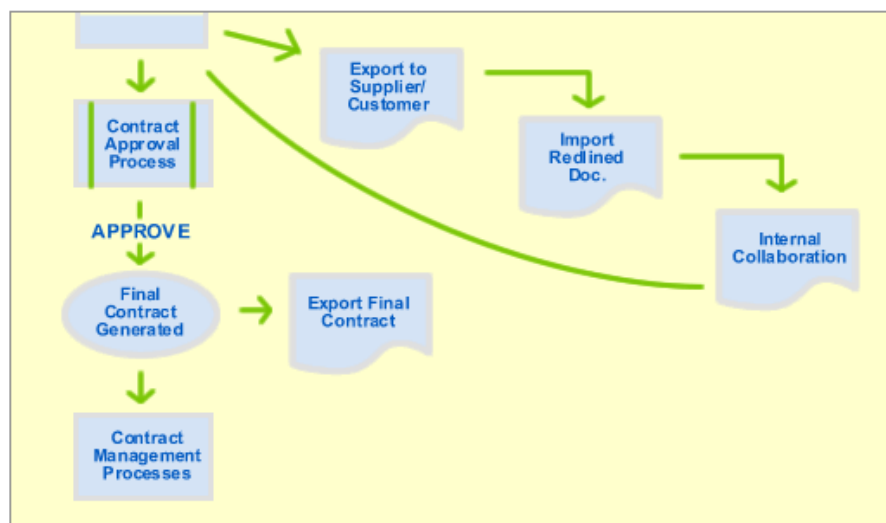
- UpsideContract's flexible user-defined workflow is based on the XPDL standard from the Workflow Management Coalition and is constructed using industry-standard XML.
- The graphical and pictorial representation of workflow in UpsideContract improves visibility and allows for easy management.
- The workflow engine incorporates company rules and processes to help standardise and validate business key metrics – something vital to the Sarbanes-Oxley Act.
- 'Exception-based' routing allows for dynamic determination of workflow processes and only involves required stakeholders. For example, instead of sending a contract through multiple levels of approvals, workflow allows you to send it only to those whose expertise you require – freeing up valuable time.
- Each rule can be based on User Defined Fields (UDFs) that are related to a particular contract type.
- UpsideContract allows for business entity-based workflow:
 - UpsideContract can segregate security permissions based on the relationship type (role type) being assigned to the business entity.



- Users can configure workflow to approve the creation of new records or approve changes to existing records.
- Ability to filtering and manage records by organisational unit.
- Business entity information is updated immediately to integrated external systems
- UpsideContract allows for document-specific workflow:
 - Any type of document can be attached to Supplier/Stakeholder/Customer records or contracts. These documents can have independent workflow processes assigned to them (i.e. approvals and routing) allowing for partially independent management of them within the scope of a specific contract.
- UpsideContract allows for clause-level approvals:
 - Workflow can be assigned based on changes to certain classes of clause text. This is beneficial for clauses requiring specialised reviewing processes (i.e. revenue recognition); the required review and approval workflow can be assigned.
 - Meta data is assigned at the clause level to improve automated decision making. An extensive tracking and audit trail is maintained allowing for dynamic collaboration between users.
- UpsideContract's workflow provides the foundation for defining and enforcing virtually all business process or workflow associated with contract management.

Proper Sign off (approvals)

A common dilemma many companies face is releasing contracts that have not been approved by the appropriate personnel and/or without going through a regimented standardisation process. This can result in inconsistent formatting or terminology, inaccurate contract terms and conditions, etc. By using UpsideContract's automated workflow and forwarding capabilities, companies can avoid having to correct improperly released contracts and ensure the right contracts are made available every time.





Industry Best Practices:

According to a survey conducted by International Association for Contract and Commercial Management (IACCM) in 2003, an overwhelming majority of international corporations (70%) state that contract management is a main operational weakness. You'll know if your company is experiencing contract management troubles when there is difficulty communicating between different departments as well as inefficient business processes and mistake-laden contracts.

So what should your business be doing to keep on top of contract management? Check out some industry best practices:

Visibility:

Having transparency in the contract lifecycle management process is vital in ensuring that pertinent information is shared amongst key stakeholders. A study conducted by the Journal of Contract Management shows that of the 100+ companies that they surveyed across the United States and Europe, 81% of respondents stated that they had difficulties simply locating specific contracts.

Best Practices:

- Having a central repository will keep all your contracts in one location making it easier to organise and retrieve documents as needed.
- Ideally, a company can aim to have only one version of each contract, however in reality changes will be made, and new versions will be written. A solution such as UpsideContract which has version control, allows users to edit text while still having the ability to view the older version. However, when creating a new contract or template, users can only select the newest version to ensure new items are included.
- Users should be able to search easily for contracts by vendor, customer, supplier, etc. Such a process is hindered by a traditional paper/hardcopy storage system – electronic storage methods greatly help to facilitate the search process.

Avoiding Risk:

Knowing who to contact and what procedures to follow in the case of a contract problem (i.e. cost leakage, unfulfilled contract requirements, cancelled contracts, etc.) can be a tricky issue with many companies. Most businesses are too pre-occupied with dealing with obstacles as they arise rather than proactively monitoring performance metrics to assess and gauge contract risks. If a contract problem arises, would you know the financial impact and business implications associated with it?

Best Practices:

- An accurate audit trail can save companies from a lot of unnecessary nuisances. At the very least, a record should be kept of whom approved/edited each contract and the corresponding dates of each action.
- Alerts and notifications should be sent to the appropriate people by the contract management solution when risks occur.



- Integration of your contract management solution with your financial system is recommended so financial risks can be carefully monitored and cross-examined by both systems.
- Stakeholders should have easy access to reports on performance metrics, contract and project status, etc. to mitigate risks as they arise.

Managing Commitments:

With numerous deadlines and commitments that need to be managed, it is easy to occasionally lose track of a few. Something like a missed contract renewal date can negatively impact business relationships and cause a potential loss of negotiation power/missed opportunities.

Best Practices:

- Stakeholders should have access to an updated calendar listing important upcoming events, project and contract milestones, and deadlines. Users should be able to receive notifications and alerts through the contract management system and/or via email.
- Integration of contract management and sales systems can help to increase revenues. By keeping track of contract start and end dates, companies can ensure that they only provide services while the contract is still active and collect the entire amount of money owed to them.
- Centralising contracts in one location allows employees to view which suppliers and vendors your company is doing business with in order to 'piggy-back' on existing negotiated rates. This practice will help to cut down on time spent on additional agreements outside of existing contracts.



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.



Cylon Technology
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