



EASY SOFTWARE



CONTRACT LIFECYCLE MANAGEMENT

Streamline organizational processes and save resources

EASY SOFTWARE CONTRACT LIFECYCLE MANAGEMENT



BACKGROUND

Contracts are as old as business itself, written to create an agreement between parties engaging in commerce. They are often the result of weeks of negotiation, and serve as the foundation for business relationships lasting for years. From stone tablets to filing cabinets storing miles of paper, managing agreements between parties has always been a process requiring the attention of organizations. In fact, entire departments were created to manage the burgeoning terms, conditions, prices, renewals, expirations, liabilities, warranties, rights, writs and remunerations. The average Fortune 1000 company might have upwards of 50,000 active agreements at any given time.

Over time, clever filing systems have been augmented with basic technology, initially based on simply where to find the appropriate agreement in the filing system. Agreements, even today, are often filed away and forgotten about, only to emerge when a dispute arises between the parties instead of being a consistent driver of the rules of engagement at all times during the business relationship.

Now, as global demand for goods and services continues to grow rapidly, the need for streamlined contract management and the benefits of deploying the technology in support of it has reached a fever pitch. Fortunately, many technology providers have worked to create solutions to give organizations a broad array of choices once the decision to tackle this issue with technology has been made.

Some organizations have even reached the point of moving from filing cabinets to a fully centralized management system with their entire slate of contracts housed at searchable bits and bytes, all accessible at the click of a mouse. These systems are so finely tuned that alerts land in one's inbox when contractual action is required, or when contractual protocol is not properly followed. The alerts ensure compliance throughout the parts of the organization impacted by a given agreement. This corporate nirvana is achievable today.

Every organization relies on processes. Effective organizations create complete transparency throughout every business process—however this is challenging when working with paper hard copies, which only one person can view at a time.

The implementation of paper-free systems means that important documents can be viewed, shared, and stored at the click of a button. Processes such as payroll, accounts payable and receivable and contract approval will no longer take weeks at a time. Instead, the shared access that comes along with paper-free systems means instant communication and transparency.

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WHY CONTRACT LIFECYCLE MANAGEMENT?

Which problems are addressed?

In today's enterprise, the sheer volume of contracts and the current state of each contract at any given time can have negative ripple effects on all parties when not properly managed. To ensure proper management, the traditional approach was to have staff assigned to review contractual terms periodically and audit adherence in the organization. The expense to perform this flawlessly can be astronomical. But what is the trade-off?

There are many problems that emerge when contracts go unmanaged. Avoidable costs, delayed revenue, compliance risks, and unmet obligations can all stem from poor management of contract life cycles. These issues can manifest themselves at any stage of that life cycle:

Negotiation:

- Lengthy negotiation and approval cycles leading to missed deadlines
- Document edits lost through multiple reviews

Establishment:

- Manual processes for filing and placement
- Multiple people contributing pieces of an agreement creates challenges in merging their work

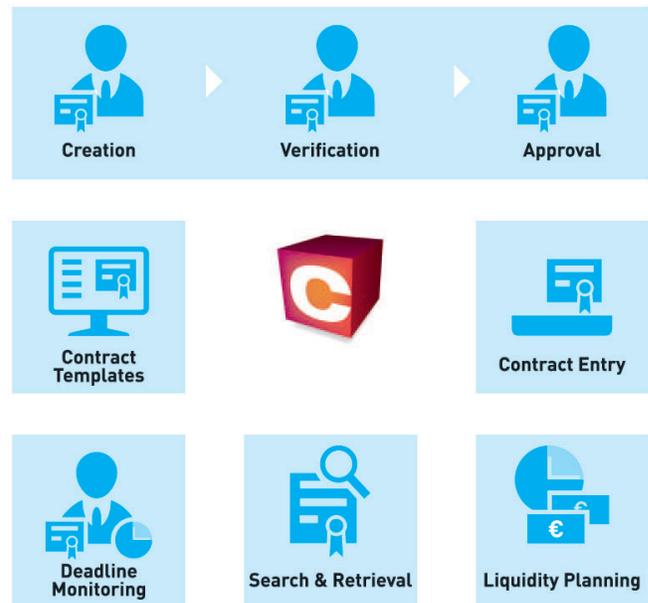
Once established:

- Revenue leakage from under-billed services, misapplied credits, incorrect pricing
- Searching costs
- Noncompliance with contract obligations
- Lack of information contributing to costly, unwanted renewals
- No performance measurement

After termination:

- Post termination obligations
- Informing the organization of the severed relationship
- Other departments of an organization still using components of the cancelled product or service

All of these problems could be addressed by a disciplined group of people, but at what cost? Technology brought to bear in this arena of business has a major impact on that cost while addressing the problems discussed above.



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BENEFITS

The benefits of a holistic contract management technology solution present themselves in many areas of the business and also impact a number of different players in the organization. These benefits are easily quantified to establish compelling business cases in organizations where no contract management solution exists or the proverbial Excel spreadsheet or rudimentary Access database plugs the gaps. The issue with these approaches is not only that they are old-fashioned, but that they lack integration to other systems like ERP, A/P, and A/R; they lack organizational access and distribution; and do not offer programmatic alerting when important contract conditions are not met.

When organizations do solve for these problems with a contract management solution, the benefits extend to:

Risk Reduction

- Identified and managed risks
- Proper controls and policies enforced
- Traceable audit trails and compliance monitoring
- Critical business information and trade secrets secured
- Always operating on the latest terms and conditions

Financial Optimization

- Reduced "off-contract" spending
- Reduced legal fees
- Eliminated renewals of unwanted services
- Prevented overcharges
- Improved forecasting

Productivity / Operational Effectiveness

- Optimized efficiency throughout a contract's lifecycle
- Eliminated manual processes
- Centralized repository with access to the right people

Ensuring the contractually correct amount of revenue is recognized as early as possible can substantially impact an organization's bottom line. The elimination of unnecessary costs also contributes significantly to the overall benefit. Most organizations implementing contract management solutions see the biggest impact in two areas. First, streamlined operations, with fewer employees required to manage more contracts. Second, financial performance, with optimized payables and receivables fully-aligned to the terms of all the relevant agreements. The resulting ROI is typically many times the cost of implementing and operating a contract management solution, and is delivered in a very short period of time.

- On average, 18% of the selling cycle is consumed by contracting processes
- Within large organizations an average of \$215,000 is lost to each day to contracting processes
- Contract automation could accelerate negotiation cycles by 50%
- Reduces erroneous payments by 75% to 90%
- Cuts operating costs associated with managing contracts by 10% to 30%

WHO BENEFITS?

The overall impact on key stakeholders is realized in two key areas. First, reduced administration, fewer unexpected situations and more predictable processes all contribute to easing previously tedious work. Second, staff can focus more closely on the organization's key business objectives. Let's take a closer look at the impact on particular groups in an organization.

Sales

- Speed to deal closing
- Increased revenues when properly billed
- Renewal strategy
- Forecasting

Legal

- Fast revisions during negotiation
- Custom agreements with tracking tools
- Security over the entire process
- Controlled access based on organizational level

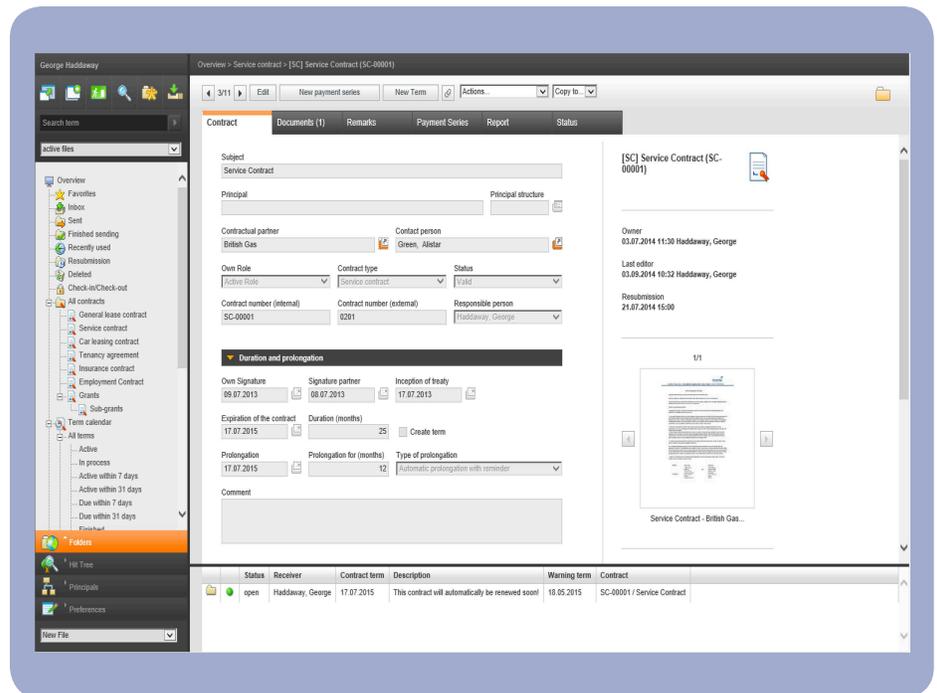
Procurement

- End to end process automation
- Contract performance reporting
- Service level management

Finance

- Forecasting ease
- Contract security
- Revenue maximization
- Reduced time to revenue

There are few other technology solutions that can have such a profound impact across an organization.



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BEST PRACTICES

Once you make the decision to implement a contract management solution, a series of best practices is recommended. An organization like yours would deploy streamlined best practices like these throughout the contract management lifecycle.

Contract creation

- Templates can be created across the organization to reuse as much pre-approved language as possible

Contract negotiation

- Simple for contract negotiators to mark up terms and conditions and efficiently present and review changes with the other party

Signature process

- A routing capability with the correct workflow of approvals of certain elements of an agreement before it is presented for final sign-off

Storing the details

- Once agreed upon by both parties, the agreement should be stored in a central repository and immediately be put into effect in integrated systems. For example, updating pricing, and creating accounts receivable and accounts payable entries

Reporting

- The solution should have built-in reporting that presents the key attributes of agreements from financial terms to renewal terms to expiration windows

Post-contract Compliance

- Service level components are becoming more and more common as outsourcing continues to be a prevalent part of business; the corresponding service levels need to be easily accessed and then assessed on the right periodic basis

Notifications / Alerting

- Alerting is a key capability; notify the right parties within the organization to changes to an agreement, noncompliance to a contractual process or a countdown to an expiration or renewal of an agreement

Integration with other systems

- Imagine working in a pricing or sales or CRM system that would enable one to click and immediately view an existing contract that backs up a price point, statement of work or proposal being made. Those types of integrations are key to put in place to extend the value of a centralized contract management solution

Working with the right provider for your organization can be a daunting task but the benefits far outweigh the costs. Solutions will continue to evolve their collaboration abilities, extensibility, and search, notification and workflow features, while lowering the barrier to implementation.

IMPLEMENTATION OF BEST PRACTICES AND CONSIDERATIONS

The benefits and problems solved by contract lifecycle management solutions make a very compelling case for large enterprises all the way down to small and mid-sized businesses. As you consider the effects of such a solution on your organization, there are several key considerations to keep in mind and questions to ask when building the case for implementation. Since there are so many different providers and solutions in the marketplace, it is important to ask yourself and potential providers about their experience, integration requirements, integration capabilities, and delivery model.

CONSIDERATIONS

Experience

- To which industries have they delivered solutions?
- How often is the core product functionality updated?

Integration requirements

- What is required from your organization to deploy the solution (hardware, software)?
- What training and education is delivered with the product?

References / independent review of the solution

- Who can we talk to in our industry that you have deployed?
- Can we try before we buy?

Integration capabilities

- What systems are typically involved in a deployment of the solution?
- How do we convert our legacy systems and data to your platform?

Delivery model

- How is the solution delivered (hosted model, on-premise)?
- How do we license the technology?

ABOUT EASY SOFTWARE

EASY SOFTWARE is a provider of document management systems that offers end-to-end solutions for any existing infrastructure, especially those using SAP.

EASY SOFTWARE was established in 1990 in Germany, where its headquarters remain today. EASY SOFTWARE is a publicly-held company, and has a presence throughout Austria, the United Kingdom, Singapore and the United States.

With more than 10,500 customer installations, EASY SOFTWARE is a leading developer and provider of multi-platform solutions in the electronic archiving, document management and enterprise content management sectors, with a focus on the SAP market.

Planning

Solutions

Strategy

Growth



EASY SOFTWARE



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