



springcm

2018
State of
Contract
Management
Report

Are we there yet?

When you hear the phrase “cutting-edge technology” you may think of innovations such as autonomous cars and virtual reality shopping. It is unlikely that contract management is the first cutting-edge tech that enters your mind. But in fact, contract management innovations are real and are changing the game. While contracts have been around for centuries, many organizations still fail to apply the best available solutions to solve the seemingly complex processes for **generating, automating, managing, and storing contracts. Despite the fact that new technologies, processes and methods can deliver meaningful benefits.**

To help make sense of the changes in contract management innovations and how they are being used, SpringCM conducts an annual State of Contract Management survey, the results of which are summarized in this report. Our State of Contract Management report is always an eye-opener, and is a reminder that business challenges don't simply go away; they evolve. As one challenge is addressed,

others emerge. This is the fourth annual report, and with the publication of this study each year, we identify the victories and the progress helping businesses move faster and enable contract management processes to run more smoothly, more accurately and with increased transparency.

As we were analyzing the results of the survey that are summarized in this report, we were inspired by the continual progress organizations are making toward digital transformation and process improvements. And we were reminded of the challenges that are still present.

Whether you are a technical decision-maker, business leader or just trying to help work flow in your organization, you can take comfort in knowing that there are innovative solutions available to address your contract management challenges. We hope that his report will inspire you to better understand the state of contract management in 2018, and consider how these trends might apply to you.

Best Wishes,

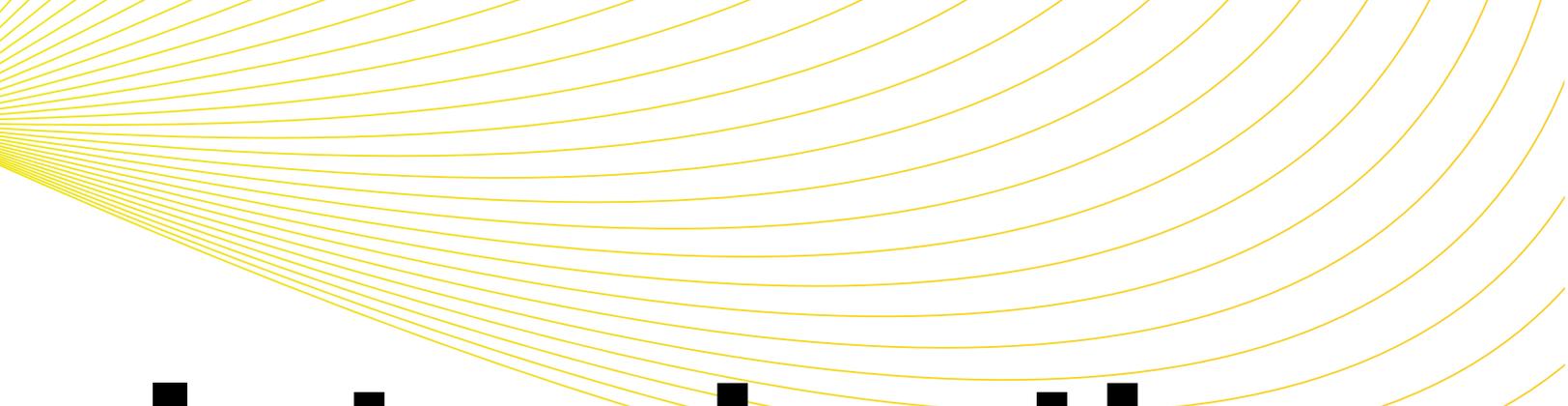


Will Wiegler, SVP and CMO
SpringCM



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Introduction

In 2018, business moves at an unprecedented speed – and the relationships that govern it are more complex than ever.

There are a few trends working in conjunction that may begin to explain the ultra-fast, hyper-connected business world that companies of all sizes now face. Cloud computing, a perennial factor over the past few years, has reached maturity as a deployment model. As a result, businesses are inking agreements that allow services, once managed internally, to now be facilitated by skilled outside partners. Trends like sharing-economy work arrangements and pop-up retail have gone from experimental to commonplace, leading to dynamic, fluctuating relationships between businesses, partners and employees. From the supply chain to the front office, from the warehouse to the checkout counter, business relationships have changed – with more players, more partnerships and more moving parts. And in each and every case, a contract defines the details of the relationship.

It is against that backdrop that SpringCM is releasing its fourth annual State of Contract Management report, providing an overview of how businesses are creating, handling and managing the fundamental documents that delineate and define every aspect of their operations. And this year, as the business landscape has continued to experience changes, so too has the way businesses approach their contracts. Our findings show that businesses are moving towards automated solutions to manage increasing complexities in areas like operational efficiency, security and compliance.

The number of respondents to this year's survey is nearly double what it was two years ago. In 2018, 1,891 individuals offered us a glimpse into how they're using contract management technology.

As businesses continue to improve and streamline their operations to meet the new needs of the business world, achieving excellence in managing contract processes has become increasingly critical. The

question is no longer **if** an automated solution should be implemented, but **which** automated solution does the best job.

As you read the 2018 State of Contract Management Report, and head down your own path to enhanced operational excellence, you can better understand how business leaders are making that decision and who within businesses it is impacting the most. This year's report gives you a view into the pitfalls of having an inefficient or ineffective contract management process, the hurdles businesses are facing as they implement and utilize contract management tools, and the steps they're taking to get the process right.

Audience

Current Role

In 2017, the largest group of respondents to the survey reported themselves as having roles in sales. This year, the top job respondent job role is IT, with almost 31 percent of respondents from the IT department (about a 13 percent higher response rate than from IT last year). Only slightly more than 9 percent reported being in sales this year.

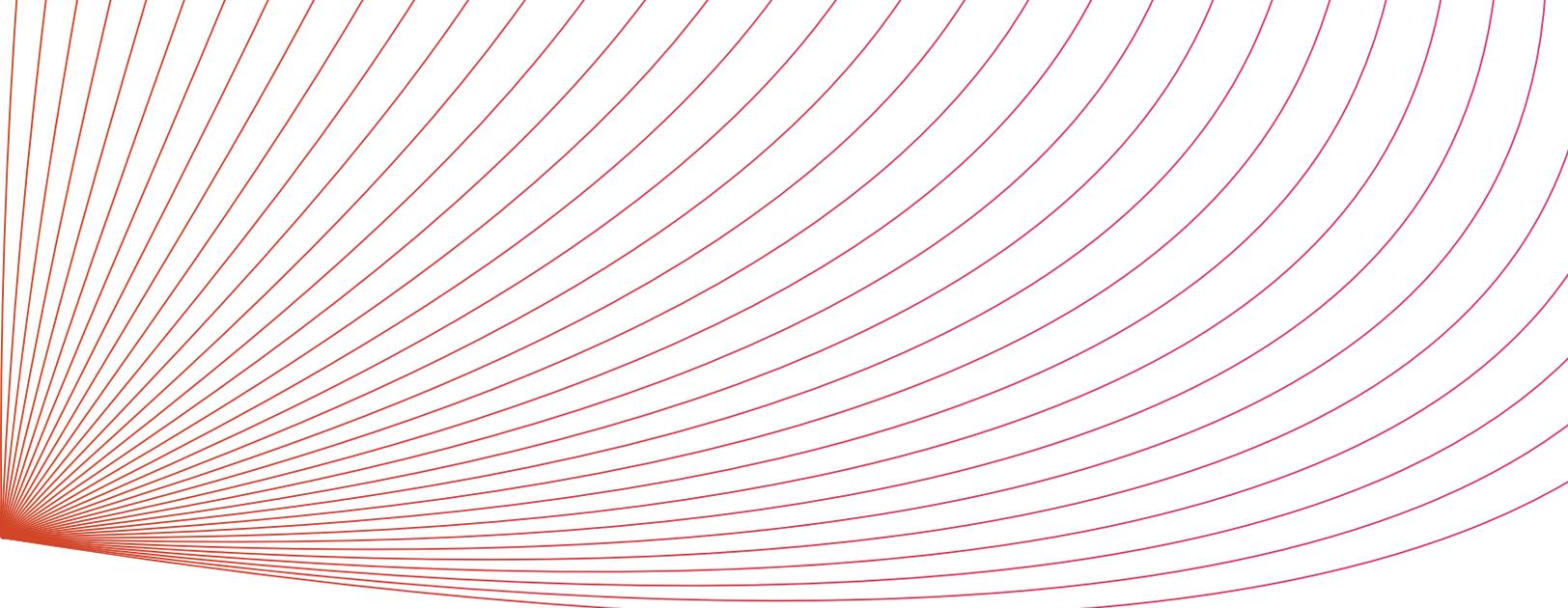
Such a new distribution could be indicative of a shifting perspective on the part of businesses. Rather than seeing contract management as a process owned primarily by sales, companies could be recognizing it as a business-wide enabling technology – implemented by IT and leveraged by sales, legal, marketing and other departments.

Employee Count

This year, businesses with 500-3,000 employees made up nearly half (47 percent) of the respondents, and businesses with more than 8,000 employees made up nearly a quarter (about 22 percent). While around 15 percent reported being from companies with between 100 and 499 employees, there were comparatively few micro-SMBs (fewer than 99 employees) responding (only around 2 percent).

| | |
|-----------------------|-----|
| IT..... | 31% |
| Legal | 16% |
| Sales Operations..... | 14% |
| Marketing | 12% |
| Finance..... | 11% |
| Sales | 9% |
| Procurement | 6% |
| Other | 1% |

| | |
|----------------|-----|
| 0-99..... | 2% |
| 100-499..... | 15% |
| 500-999..... | 23% |
| 1000-2999..... | 25% |
| 3000-4999..... | 11% |
| 5000-7999..... | 2% |
| 8000+ | 22% |



Industries

This year, Marketing/Advertising topped the list as the industry that participated most in the survey – up from sixth place in 2017.

This industry's increased prominence could speak to how contracting is impacting high-profile, public-facing enterprises and areas of business. Not just industries further back in the supply chain like Manufacturing, or further back in the office, like IT.

And while Business Services/Consultant/Accounting appears high again on the list this year, it's topped by Legal, demonstrating even in a notoriously change-resistant area like the legal profession, firms are exploring contract management solutions as the right way to manage contract-related tasks.

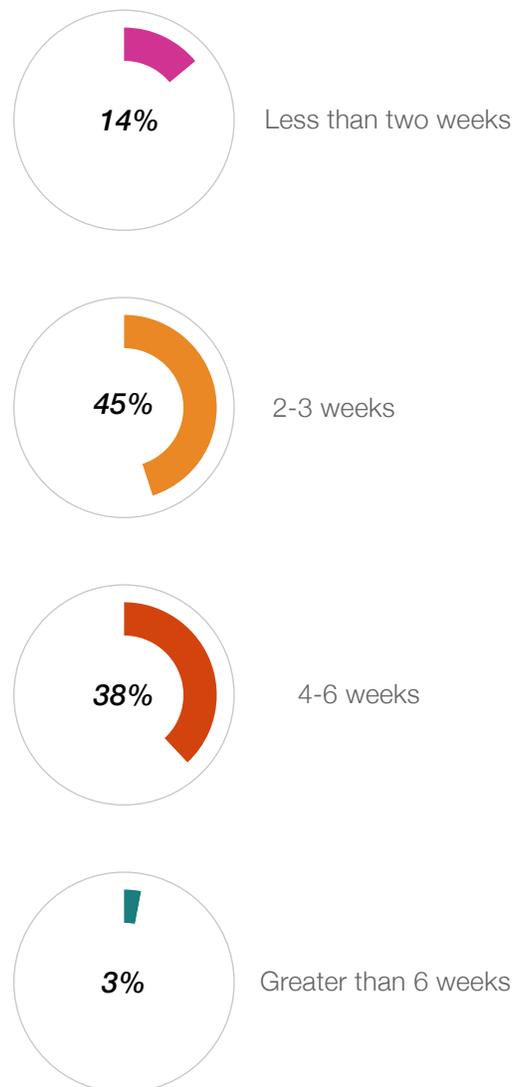
- 1. Marketing / Advertising**
- 2. Legal**
- 3. Business Services / Consultant / Accounting**
- 4. Manufacturing / Process**
- 5. Food / Beverage**
- 6. Technology / HW / SW**
- 7. Retail / Wholesale**
- 8. Banking / Finance**
- 9. Electronics**

Process

Turning around contracts more quickly means companies are conducting business more efficiently. It's encouraging that about 45 percent of respondents this year reported their contracting process took between two and three weeks, whereas last year only 27 percent reported their contract approval process taking less than a month. Almost 14 percent reported the process taking less than two weeks.

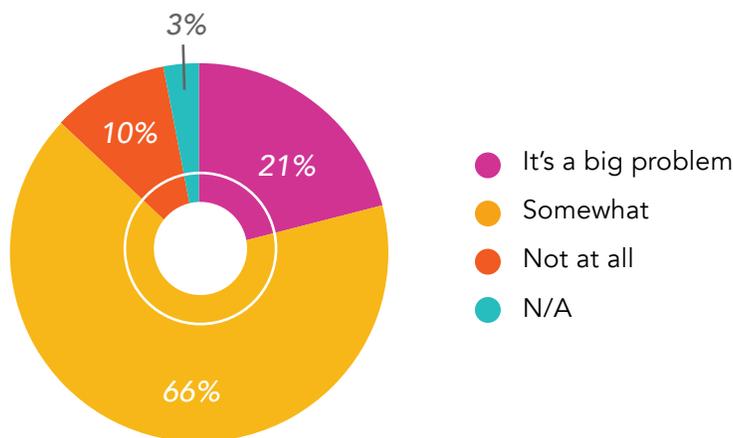
This year's survey also inquired about the number of contract versions respondents go through before reaching a final contract to sign. While a slight majority only go through one or two versions (about 39 percent), around 32 percent said they go through three or four versions of each contract, and 29 percent reported going through five or more. It's clear the tools allowing users to maintain accuracy across versions, compare versions quickly and conveniently track and highlight changes can provide value to a significant number of businesses across industries.

LENGTH OF TYPICAL NEGOTIATED CONTRACT CYCLE



And the approval process remains a significant pain point for businesses when managing contracts. While last year, 64 percent said that the approval process caused deals to stall, this year more than 66 percent considered it somewhat of a problem, and around 21 percent considered it a big problem. So things like routing, e-signing and other functions that streamline the approval process are key for meeting contracting needs.

TO WHAT EXTENT IS THE CONTRACT APPROVAL PROCESS CAUSING DEALS TO STALL?



Biggest Challenges

This year, more than half (52 percent) of respondents identified tracking obligations, deliverables and key events as their biggest contract management challenge. Approval, Workflow and Redlining were the next, most significant problems down the list.

This is a shift from previous years, as workflow has consistently been the number one challenge. Although it still exists as a common problem, this change demonstrates that businesses can undoubtedly benefit from tools that organize and streamline contract-related processes—and it's more important than ever to not just have those tools at their disposal, but also put them into practice.

1. Tracking
2. Approvals
3. Workflow
4. Redlining
5. Clause management
6. Lost revenue
7. e-Signature
8. Contract generation
9. Renewals
10. Storing contracts



Tools

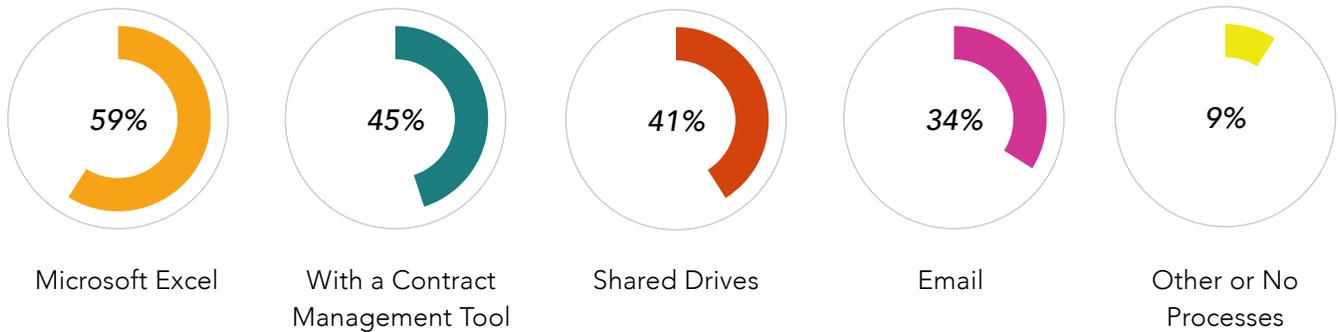
Perhaps the clearest evidence of the growing adoption of contract management solutions is that 44 percent of respondents to this year's survey report using a contract management solution. This is compared to 32 percent last year.

If a greater percentage of companies report using contract management tools, why are deals still stalling? Simply put, companies are using contract management tools, but not to their fullest potential, or they're using tools that do not meet the needs of their evolving processes. That analysis is corroborated [in a study conducted by Forrester](#), which found that of companies that implement contract management solutions, 50 percent are using them merely as passive repositories for their documents.

Respondents to this year's study also reported that the use of email for contract management – a notoriously messy way to approach contracting processes – is down to around 34 percent compared to last year's 60 percent.

But many respondents to this year's survey noted using multiple processes to manage contracts (for instance, both email and Excel). In fact, when drilling down further into respondents' contract management habits, about 52 percent of respondents stated that they use between one and five tools for document or contract management. Thirty-eight percent said they used between six and 10, and 8 percent said they use more than 11.

HOW ARE YOU MANAGING YOUR CONTRACTS?



Businesses appear to be stringing together various tools to manage contracts, speaking to how complicated the task has grown. Meeting the contracting needs of a given organization can be complex, and even with a solution in place to manage some of the related tasks, businesses are hacking together combinations of existing tools to bridge gaps in their processes that single solutions alone might not be filling.

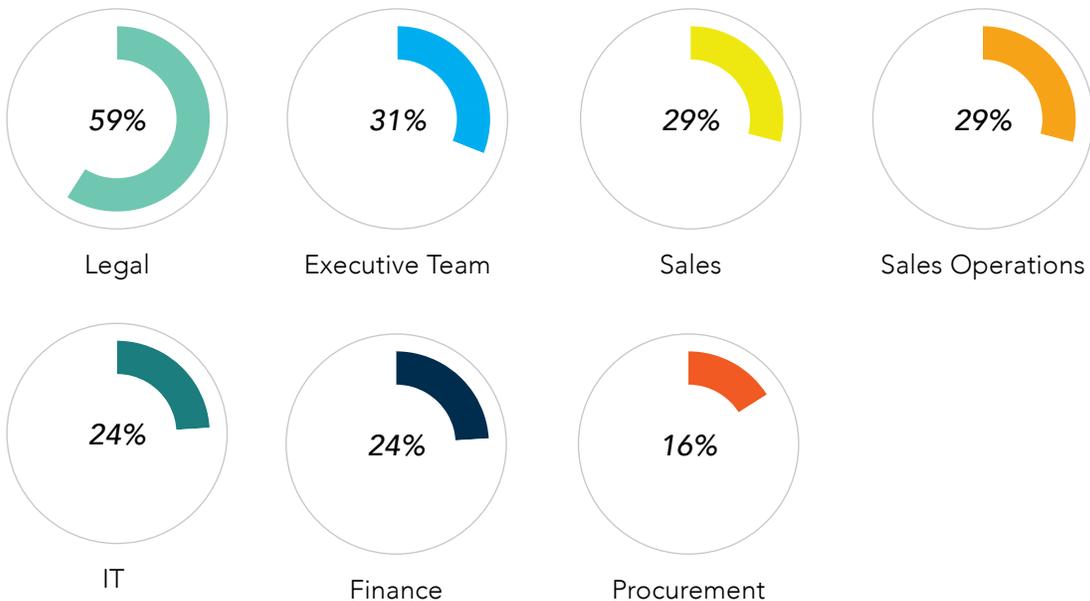
Ultimately, a single solution that gives users the ability to reduce or eliminate the need for multiple tools, improves the ROI of a given solution. It also cuts down on the types of inefficiencies, mistakes and oversights that occur when employees have to bounce back and forth between different programs, email communications and the like to get the job done.

Of course, there are some tools external to a contract management solution that can't be entirely replaced, such as e-signature and CRM. And so businesses looking to truly streamline their operations will also look for solutions that can be easily integrated.

People

This year, respondents reported that Legal was the primary department involved in contracts (59 percent). However, unlike last year where Sales topped the list with 67 percent (and Legal came in second with 61 percent), the numbers this year were more evenly divided between Sales (29 percent), Sales Operations (29 percent), Executive Team (31 percent) and other business units.

DEPARTMENTS INVOLVED IN CONTRACT PROCESS

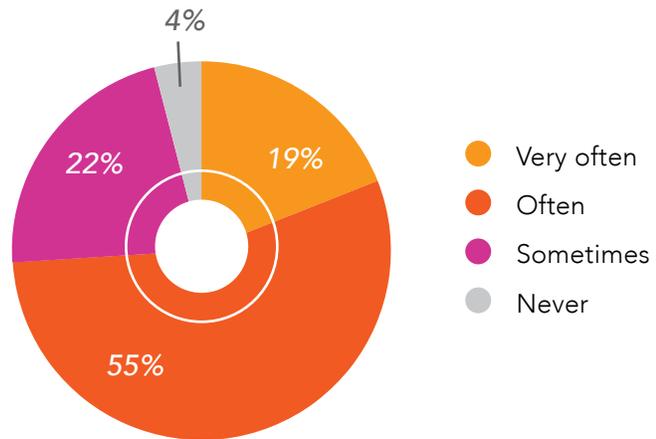


These results provide further evidence that contracting is relevant beyond just sales. While contracts generally get a look-over from Legal, contracting processes are more evenly distributed and applicable throughout an enterprise than in the past, whether it's across departments or up and down the ladder.

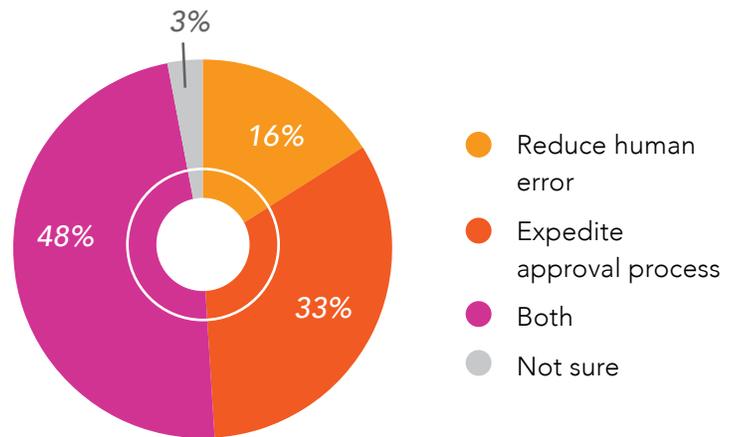
Businesses are still reporting human error is impacting their contracting process often or very often (an aggregate 74 percent), which has been the case for our last several reports.

But this year, they're bullish on the value of automated solutions – specifically those that leverage AI – to mitigate that error. The majority of businesses polled (82 percent) shared that they're looking for AI solutions to help with contract management and workflow. And almost all businesses polled (97 percent) reported that they saw AI as having the potential to reduce human error, expedite the contract approval process or both.

HOW OFTEN DOES HUMAN ERROR IMPACT YOUR CONTRACT PROCESS?



HOW DO YOU EXPECT AI TO HELP CONTRACT MANAGEMENT PROCESSES?





Insights

In 2018, automated contract management is a business reality. Many companies have identified the operational problems caused by the need to create, process and manage contracts at a level of speed and accuracy that simply can't be achieved manually at scale. While companies have identified the operational issues and are utilizing contract management solutions, not all solutions have kept up with this shift.

We're seeing an evolution in the industry, making way for a more comprehensive solution: modern Systems of Agreement, which automate and connect the agreement process.

This point is validated in a DocuSign whitepaper, [*The Rise of Modern Systems of Agreement*](#): "Even if some of the parts have already been digitized—such as with word processing, email, and electronic signature—a legacy System of Agreement is a collection of disconnected parts that rely on manual processes to make the parts work together. What's necessary is a technology

platform that connects the parts into an automated whole."

The white paper goes on to say, "Every company has a System of Agreement, but most have yet to be modernized." Whether you are just now considering joining the growing number of businesses succeeding with modern solutions or you're looking for an upgrade from your existing tool, consider the importance of the following:

- A solution that isn't merely a repository, but features tools specifically built to handle agreement-related tasks like redlining, signing, analysis, etc.
- A vendor that integrates easily with external tools relevant to the agreement process, like your CRM, e-signing products and so on.
- A platform designed for incremental adoption focused first on high-impact wins that can scale.

- A vendor focused on customer success and an iterative development cycle which ensures their customer needs are always being met and the solution itself doesn't become legacy.

Organizations are working with their vendors to lead the way to tech-enabled operations that can handle the tasks required by today's complex, contract-heavy business relationships. Ultimately, a modern and comprehensive solution that gives users the ability to reduce or eliminate the need for multiple, disconnected tools, which often create inefficiencies and silos, improves the ROI of a given solution.

As you benefit from the operational efficiency that modern Systems of Agreement allow, you can play a role in this exciting, ongoing evolution – working with the right vendor to determine your needs, reevaluate your processes and enter into a new world where automated solutions handle the busy work – giving your company the time and the ability to get down to business.

Join the #StateofCM conversation!

Click or copy this link <https://ctt.ac/9MwcF> and share on your favorite social media channel.





Methodology

SpringCM fielded our 2018 State of Contract Management Survey from June 13 - 21, 2018. The survey was delivered via email and administered online.

We surveyed 1,891 respondents, who all received the survey via email. Each respondent answered 37 questions, ranging from 'How would you describe your current role?' to 'To what extent is the contract approval process causing deals to stall?'.

To see the full demographic breakdown of the completed survey respondents, please reference the Audience Composition at the beginning of this report.

THE TEAM

SpringCM Team: Katie Gutwein, Brooke Glynn, Jordan Jones

Writer: Matt Stern

SpringCM generates, automates and manages your documents and contracts by simplifying business processes so you can close business faster and make it easier for your customers to work with you. By adding efficiency and transparency to your document processes, you accelerate growth and revenue. Because when your documents flow, work flows.

Every day, more than 600 companies use SpringCM to improve customer experience and get more done, faster. For more information about SpringCM, visit www.springcm.com.



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