Guide to contract lifecycle management

If your growing business is struggling to manage the contract process, you are not alone. As businesses scale, sales contract volume often quickly exceeds the capacity of the small legal team that must manually negotiate and review all contract language. The result is delays in the sales process that can frustrate employees and customers, create potential risk and ultimately slow down business growth.

Innovative and fast-growing companies use contract management software solutions such as contract lifecycle management (CLM) to make the agreement process easier and more efficient. You may be aware that CLM can help address the problems you're facing, but perhaps your support team is concerned about a cumbersome implementation process that could be expensive and time consuming. There are, however, CLM solutions that can be set up to quickly and cost effectively address your immediate contracting challenges.

But what exactly is CLM, and how do you know if your organization could benefit from it? In this eBook, we define CLM, share common use cases and help you discern whether it's the right fit for your company. If CLM's capabilities are the answer to your organization's needs, you can follow our tips for selecting a quality solution and take the first step in transforming your agreement process.

Contract lifecycle management (CLM):

The proactive, automated management of the contract process from generation through negotiation, signature, ongoing management and storage. Today, this is most commonly achieved using a purpose-built software tool.

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Stages of the contract lifecycle

To understand CLM, let's first look at the different stages of the contract process. The contract lifecycle looks similar across departments, organizations and even industries. Below are five key stages that comprise the contract lifecycle.

1

Generating contracts

Before a contract can be signed, someone has to gather information and draft the document's language. Sometimes this process starts from scratch, but more often it begins with an existing template, in which case only key details need to be updated.

2

Negotiating terms

Contract negotiation can involve considerable back and forth between parties, whether internal or external, to settle on terms and conditions. On average, this step takes longer than any other in the contract process,[1] creating a major bottleneck if you lack proper tools.

3

Routing contracts for review and approval

Sending contracts to the appropriate parties in the appropriate order for review and approval can create additional hurdles and introduce risk if adequate safeguards aren't in place. On average, most contracts go through three to four versions before being finalized, and most approval processes involve four to five people.[2]

4

Obtaining signatures

Once a contract has been accepted by all parties, it's time to sign. While wet ink signatures make signing a lengthy process, electronic signatures are almost instantaneous. Signers can create a secure and verifiable signature on any device, complete with an audit trail for future authentication.

5

Storing and searching contracts

For best (and compliant) recordkeeping, you need a secure place to store your contracts. Ideally, that location is also searchable and centralized, allowing authorized users in your organization remote access and reducing the time it takes to find specific agreements or language.

How CLM works

In addition to consolidating every step of the contract process in one secure location, CLM automates numerous tasks within these steps, ultimately reducing risk and time to completion.

Core functionalities of CLM include:

Document generation

CLM helps your sales team create new, accurate contracts from the start, all while staying within Salesforce or another system of record. Using preconfigured templates that autofill with legal-approved language and customer data from Salesforce, your sales team doesn't have to modify documents on their own and can spend more time selling.

Collaboration

A CLM solution serves as a single place where all parties can easily collaborate on and manage contracts. Users can edit, comment, assign tasks, track changes and compare versions to reach consensus. No more searching for the latest version or wondering who still needs to review.

Workflows

CLM automates the flow of contracts based on business rules such as the type of agreement or the amount of money involved, freeing you from figuring out who's supposed to sign or review next. Once the review stage is complete, CLM can automatically initiate other steps, like storing the contract in the proper place or sending it to billing or provisioning.

Signature

Through a seamless, digital signing experience, CLM dramatically reduces the wait time for signatures. Stakeholders can quickly consent with e-signature technology, and workflows automatically move the document through subsequent steps.

Storage

Contracts are stored in a centralized and searchable location, saving your legal team valuable time by keeping documents secure and easily accessible. CLM also allows for advanced control of user permissions, preventing unauthorized users from retrieving or viewing documents.

Analytics

CLM makes it easier for a legal team to track milestones and obligations in contracts. It can also flag high-risk terms in a negotiated agreement to ensure you know what you're signing and give legal a head start on review.

Integrations

By connecting with Salesforce and other existing systems, CLM cuts down on redundant, manual tasks and lets staff members work within the software solutions they already know and use.

Benefits of CLM

A CLM solution can bring numerous benefits to almost every department in your organization. These include:

83% reduction

in contract process time by organizations that use CLM[3]

Increased efficiency

With major bottlenecks eliminated, the contract process speeds up so deals close sooner, expediting the time to revenue.

Reduced risk

Rules within workflows ensure contracts meet your guidelines, while artificial intelligence enables you to identify risk areas based on market conditions.

Reduced error rate

CLM can pull and share data directly from other systems of record, eliminating entry errors and discrepancies.

Better organization

Digital documents are stored in a secure, central location that allows for controlled access and easy retrieval. CLM also creates a single source of truth across systems.

Increased productivity

Staff are freed up to spend more time on high-value strategic work and less time on repetitive contract-related tasks.

Greater visibility

Staff gains full visibility into agreements, including who made changes to each version and why.

Better experience

Make a positive first impression on customers and partners with a fast and easy contract process.

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How to use CLM

Regardless of your industry, CLM solutions can streamline complex contracting processes and are most often used in legal, sales and procurement departments.

These three common use cases illustrate the organizational breadth of a CLM solution:

After implementing a CLM solution, the average business sees:[4]

50% reduction
in contract completion time

80% reduction
in contract drafting time

Sales

CLM empowers sales teams to do more on their own, close deals faster and stay on top of contract status. With one click, teams can generate contracts using preapproved templates and language. If a contract gets stuck with an internal or external party during negotiation, collaboration tools keep sales in the know so they can follow up. Digital signature within the CLM solution helps sales teams close deals and generate revenue faster while workflows can automatically update the CRM to closed-won, then store contracts in CLM.

Legal

With CLM, legal teams can minimize risk, increase efficiency and keep business moving. They can create preapproved clauses to help other departments be more self-sufficient, while benefiting from greater visibility and a searchable repository of stored contracts. Legal can also tap into CLM's deep analytics, track company obligations and milestones and use the power of AI to score risk in contract terms and redline incoming agreements.

Procurement

84% of supply chain managers identify low contract visibility during the procurement process as their biggest challenge,[5] making it difficult to reduce vendor overspend. With CLM, procurement gets the 360-degree visibility it needs to see where there are multiple contracts with the same vendor across the organization, and either eliminate duplicate purchases or leverage consolidated buying power to lower costs. CLM also makes it easier to reduce rate overpayments, cancel auto renewals, and renegotiate contracts. What's more, with a solution that leverages AI to create risk scores, procurement teams no longer have to manually analyze every vendor contract and can instead focus on more important tasks.

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How CLM solutions work with other systems

Examples of contracts CLM can help manage

Legal
NDAs
Regulatory or government filings
Contract compliance audits
Partner agreements

Sales
Master Service Agreements
Order forms
Sales contracts
Distribution agreements
Special deal terms

Procurement
Supplier agreements
Statements of work
Master Service Agreements
Risk waivers and exceptions
Amendments and change orders

Finance
Leasing agreements
Account opening
Asset transfer
Claims settlement
Client onboarding

Many more
Franchise agreements
Vendor contracts
Statements of work
Land deeds or real estate
Employee onboarding
Subcontractor agreements

Selecting a CLM that offers a broad range of integrations will add to its convenience and power. By pulling data from existing systems, CLM reduces manual input and ensures uniform information across all platforms. Here are just a few examples of CLM integration capabilities, though these can vary depending on the CLM solution you choose:

Customer relationship management (CRM)

Autofill agreements with information from Salesforce, Microsoft Dynamics or another CRM, and create a single source of truth between systems.

Enterprise resource planning (ERP)

Streamline finance, operations, supply chain and other processes by integrating with Oracle, SAP, Workday Financial Management, NetSuite Financials or other ERPs.

Procure-to-pay

Achieve full visibility into the vendor contract lifecycle, identify risks and capitalize on savings opportunities by integrating with your procure-to-pay system, such as SAP Ariba or Oracle Procurement Cloud.

Human capital management (HCM)

Increase efficiency and create a better candidate and employee experience by managing the agreement process within Workday, SuccessFactors or another HCM.

More

Robust CLM solutions have a range of prebuilt integrations, as well as an API for building custom integrations, so you can fully automate your contract process.

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Assessing whether your organization can benefit from a CLM solution

Without a CLM solution, it takes on average:[6]

45 minutes

to locate a stored contract

1 hr 24 min

to locate a section of terms for reference

Due to manual tasks and inadequate technology, professionals have faced the following challenges, according to recent DocuSign surveys:

26%

have shared a contract with the wrong party[7]

46%

have been unable to locate a stored contract[8]

90%

said that human error has a significant impact on their contracting proces[9]

Many organizations are weighed down by inefficient contract processes, but still aren't sure if a CLM solution is right for them. If the descriptions below are applicable to your team, then your organization is likely a great fit for a CLM solution.

Criteria: Your contracts and processes are complex

There are many people and systems involved in your contract process, or your contracts themselves are complex, with different clauses depending on bundling, discounting, regulations, SKUs and more.

Criteria: There are frequent bottlenecks in your contract process

You find that your team's contracts are often stalled at the generation, approval or signing stages, creating a slow process and poor experience.

Criteria: Your contract process opens the organization to risk

You don't have standardized workflows and your team resorts to email, spreadsheets or other contract management methods that jeopardize security, compliance and auditing.

Criteria: There are often mistakes and errors in your contracts

You copy and paste important details into your contracts. This inevitably leads to errors that cause delayed closings, higher costs, missed opportunities and noncompliance risk within your organization.

Criteria: Your completed contracts are disorganized and even lost

Your contracts aren't safely stored in a centralized location. No single person keeps track of specific documents, versions, clauses or language, hindering efficiency and responsiveness.

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Simplifying the agreement process: customer examples

356% ROI

seen by composite organizations after three years
of using DocuSign CLM[10]

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Customer story
Genesys

"Today, we have a standardized process—from start to finish—that allows account executives to see where their documents are in the process (instant tracking), reduces the back and forth and helps them close deals faster and smoother."

Corey Bischoff
SVP
Genesys global sales operations

Genesys, a leader in CX and call center solutions, experienced rapid growth at the onset of the pandemic. Just as its global workforce went remote, the company began seeing larger deal sizes and hundreds of new customers. Suddenly, the multiple handoffs and ad hoc tools that made up its contract management process became slow and cumbersome. To accelerate the process, Genesys needed a robust contracting system and turned to DocuSign CLM.

The implementation unlocked significant benefits for the company across sales, legal, procurement and finance departments.

As a result, Genesys saw:

– 50–60% less time spent from contract generation to signature

– 30 minutes or less to turn around standard contracts

– 100% of approvals tracked

– Greater visibility into service orders and data processing agreements

– Enhanced search capabilities

– Metadata extracted from all contracts for better analysis

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Customer story
Flexential

"With DocuSign, we were able to absorb the two companies' agreement processes and see better efficiency with reps never leaving Salesforce. Sales can now create highly complex custom quotes with a click, send them out, and get through redlining and negotiation easily. All while tracking status along the way. They love it and we love it."

Jason Rader
Sr. Director Operations
Flexential

Flexential, an IT infrastructure company, needed to simplify its sales workflows and better manage sales agreements— all amid a merger. As the two companies came together, sales reps struggled to customize complex quotes, negotiations were slow and painful and data entry was filled with errors.

With DocuSign CLM in place, the Flexential sales team realized:

– 25% shorter sales cycle

– 75% fewer manual transactions

– 0 errors

– Integration with Salesforce and ServiceNow

– Increased partner sales

– No risk of lost contracts

Do business better with DocuSign CLM

There are a lot of CLM solutions on the market but DocuSign CLM stands out as a leader.

Robust feature set

DocuSign CLM supports a broad range of use cases from common to highly complex, and a robust set of features that can easily scale to meet the evolving needs across your organization.

Artificial intelligence (AI)

AI makes CLM more useful by improving analytics, auto-tagging contracts for better search and proactively identifying risks and opportunities. Consider how you could use AI now and in the future.

Brand strength

As a stable public company with over 1M customers, DocuSign is the undisputed leader in contract management and we apply this experience to heavily invest in the next generation of CLM and the broader contracting process.

Security

DocuSign meets stringent global security standards including ISO 27001:2013 and SOC 2. DocuSign eSignature and DocuSign CLM are authorized at the FedRAMP Moderate Impact Level, the federal government security standards for cloud services.

Customer success

Our proven approach delivers customer success by combining the power of DocuSign CLM with the industry's best team of agreement experts to get you up and running with speed and confidence.

Integrations

DocuSign CLM is fully customizable and integrates with common systems where work is done like Salesforce, Ariba and many others so you can get the most out of CLM as well as increase the adoption of your existing technology investments.

Growth path

DocuSign CLM can help you started very quickly at low cost with an easy path to grow into more advanced functionality when you're ready.

Ready to learn more about how DocuSign CLM works? Explore the product page, or contact our sales team for more information.

Notes

1   The State of Contract Management, 2020
2   Ibid.
3   The Total Economic Impact™ of DocuSign CLM, 2020
4   The State of Systems Agreement, 2020
5   Building a Modern Agreement Workflow for Procurement, 2020
6   The State of Contract Management, 2020
7   Ibid.
8   Ibid.
9   The State of Systems Agreement, 2020
10 The Total Economic Impact™ of DocuSign CLM, 2020

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