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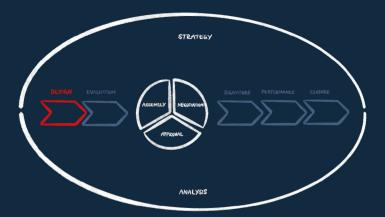
CLM | Contract Lifecycle Management –
How to select the right platform?

Klaus Gresbrand & al.

CONTRACT LIFECYCLE MANAGEMENT

STRATEGY

DESIGN EVALUATION ASSEMBLY NEGOTIATION SIGNATURE PERFORMANCE CLOSURE

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Contract Lifecycle Management – How to select the right platform?

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HOW TO SELECT THE RIGHT CLM PLATFORM
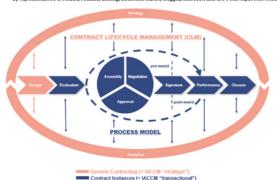
INTRODUCTION

Contract Lifecycle Management (CLM) plays a role, in one way or another, in practically every business. Nowadays, this vital task is supported by CLM software that provides – as its core functionality – a structured repository for signed contracts. A CLM platform can also support many other aspects of managing the contract lifecycle, such as template & clause management, contract drafting, negotiation, internal review and approvals, signing, obligations tracking or analytics.

If you are unsure what the term "Contract Lifecycle Management" means, the below process model may help you. Note that this whitepaper focuses mostly on the blue colored items.

This white paper aims to provide a comprehensive overview of functional, technological and other dimensions that should be considered when assessing whether a given CLM platform is right for your organization.

Graphical representation of the contract lifecycle and related processes. Source: As quoted in the image.

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VALUE PROPOSITION

The thoughtful implementation of the right CLM platform will result in better effectiveness and efficiency (time-to-contract) of the processes that comprise the contract lifecycle. Digitalizing the creation, negotiation, approval, signing and storage of contracts will lay the foundation for higher compliance and performance of contract-related processes. It will also increase the level of reportable management information.

Lastly, a CLM platform that is configured with the end user in mind will increase everyone's satisfaction with the contracting process – both within and outside of the organization. Wouldn't it be great if your new CLM platform would turn your employees and business partners into happier and more engaged people?

BEFORE YOU START:
SET THE EXPECTATIONS RIGHT

Before you get too excited about the value proposition of a CLM platform, manage the expectations of your stakeholders. It is wise to carefully balance, on the one hand, the maturity level of how your organization currently manages its contracts' lifecycle against the envisioned contribution of a CLM platform and, on the other hand, the benefit that can be expected. Imagine various maturity levels:

• In a basic / low maturity scenario, your contracts are managed by each counsel individually via email and MS Word. New contracts are drafted by copy-pasting from old contracts, contracts are stored locally, often without a coherent storage system, and it may happen that you know a certain contract has been signed but have great difficulty finding a scan of the contract with all signatures.

• A medium maturity level could be described as follows: The contracting process is standardized to some extent, templates and clauses are defined and applied, approval workflows, roles and responsibilities are in place, contracts are stored systematically in defined repositories and reports are available with alerts. A process is in place to allow "self-service contracts" as well as a hand-over to the legal department when needed.

• A high maturity level scenario is based upon a fully digitalized contracting process and, on top, has compliance and risk controls in place regarding contractual obligations and liabilities, rights and their implications on overall business.

These examples may illustrate that the CLM solution design depends on your starting point. If you are on the basic level, don't waste time by looking at Artificial Intelligence and other fancy features. Instead, you will benefit from starting small, e.g. by focusing on a small selection of contract types, jurisdictions or entities, and / or by limiting the project to some of the following functional areas: Replacing de-centralized local storage by storing centrally in the tool; ensuring that the basic alert and reports are generated by the central solution to overcome manual tracking of termination dates etc.; getting rid of outdated MS Word documents for creating new contracts, and foster the use of standardized templates and clauses instead; delighting Sales by offering them a user friendly "contract self-service" option for fully standardized templates; implementing approval workflows to automate the internal controls; or using digital signature.

Food for thought:

- Are you "ripe" for implementing a CLM solution? Ideally, you have a set of standardized templates, clauses and workflows available already. If you do not have it, be prepared that the tool will demand standardization and you will need to work on this subject. If you don't support the standardization idea, the risk is high that the CLM implementation will fail.

- Do you have the resources to support the project? Don't under-estimate the pre-work that is needed from the in-house counsel to prepare templates and clauses and to validate the output of the solution.

- Start small, scale fast. E.g., start with a few departments or countries only, focusing on a small number of contract types – and let the solution grow step by step.

- Are you aware of the fact that CLM will change the work environment of many colleagues? Change Management should be part of your project setup.

FUNCTIONAL DIMENSIONS OF CLM PLATFORMS

WORKFLOWS

The contract lifecycle often does not start with the drafting of a contract but with the parties realizing that a contract is needed and with them requesting the preparation of a draft from the legal department. The right contact person for such drafting work must be identified and contacted, and the request for a draft must be approved internally. Typically, this is followed by the contract drafter gathering the key data points for setting up the first draft – or maybe, the request for contracts of a specific type will not be routed to a human lawyer at all, but can be fulfilled by a self-service contract generator.

Workflow functionality can play a role at every stage of a contract's lifecycle: At the stage of internal review and approvals of a first draft before it is sent to the counterparty, or the stage of accepting a draft contract or clause wording proposed by the counterparty, or the stage of requesting action from involved stakeholders upon reaching the notice period for termination / prolongation, … the list goes on.

Food for thought:

- Do you expect workflows in your CLM platform to be rather static and predictable, or will users need to be able to build differing workflows ad hoc? In other words: Should building workflows be so easy that every user can do it or is it OK if this must be done by the vendor or an IT person?

- How complex are the workflows you are expecting?; e.g. do they involve parallel or serial approvals or both?; do the participants or a workflow change mid-way?

- What roles do you foresee for people involved in workflows? Will the addressee of a workflow be asked for consent, or for some form of comment (maybe even just a 'read receipt'), or will s/he not be asked to provide any feedback at all?

- Will workflows involve external parties, or only people belonging to your organization?

- Will your workflows involve people who are otherwise not planned to be users of the CLM platform? If so, you might want to check if involving a user in a workflow (e.g. appointing him as a reviewer or even just as a person to be informed about a given workflow) will require a full user license.

DOCUMENT AUTOMATION & SELF-SERVICE

A CLM platform can drastically reduce drafting time by automating the creation of standard drafts. Many CLM platforms will advertise "document automation" capabilities but a closer look is worth the effort: Will the solution merely offer to replace placeholder fields in a Word file with party names? Does it allow for „if-then" logic to alter the document content, so as to mirror more complex business situations? Is it "document-based" or "clause-based", i.e. does it allow to define contract clauses that can be used across templates? How powerful are the adjacent functionalities such as version control, authoring and access rights?

Food for thought:

- Shall clause-based contract drafting be supported, or will the system work document-based?

  Note: Moving from template-based thinking to clause-based thinking (especially in the form of sharing certain clauses across templates) is a powerful way to increase contract consistency and drafting efficiency. However, this transformation is a project in its own right. If you are not yet working in "clause mode" but rather in "template mode," you might want to consider holding off executing this transformation parallel to the introduction of the CLM, while already choosing a software that will enable you to move towards clause-based contracting later on.

- Is "self-service" drafting of contracts by non-legal users the goal, or shall the drafting tool only be used by legal specialists?

- How much advice do users need in order to pick the right template? Non-legal users may need some workflow logic to help make the right choice before they can even start supplying information, e.g. on contract parties or contract term.

- How fluid can the system switch from fully automated document drafting to adding "the human touch"? E.g., if a business user starts in the self-service portal and only then discovers that the desired contract draft may require a human lawyer's review and amendment, will it be easy for him / her to switch?

ALERTS AND NOTIFICATIONS

Users can be alerted of upcoming due dates, deadlines, action items deriving from workflows (e.g. review and approval workflows), contract lifecycle events, etc. through alerts and notifications. Notifications can also play a role in ancillary or administrative events, such as the addition of a new user to a team responsible for a certain contract, or a new comment in a discussion relating to a certain contract.

Users typically appreciate the ability to configure what notifications they receive, e.g. whether a notification is pushed to them or must be proactively pulled from the tool, and through which channel. For example, a contract manager may choose to be alerted via smartphone message on major contractual deadlines but may prefer to be informed about changes in the composition of a team working on a contract only from within the CLM platform. Some tools also offer to configure the interval of notices, e.g. notifications in real-time versus daily or even weekly consolidated e-mail updates of recent events.

Food for thought:

- Are alerts and notifications required?

- What events shall trigger a notification?

- How complex are the notification requirements? Should the tool be able to notify users of recurring or "moving" deadlines, such as a right to terminate a contract to the end of each calendar year quarter with two weeks' notice? Ideally, prepare the most complex example you can imagine for your organization to test the CLM platform.

- How much flexibility is required from the software in terms of ad hoc changes of recipients of notifications?

- Shall users have the power to individually configure if and how (e.g. through which channel, at which intervals) they receive notifications?

DASHBOARDS AND REPORTING

Most organizations do not even know how many active contracts they are party to. Dashboards and reporting functionality can tell you that and more. Ideally, your CLM platform will help you prepare easy-to-understand management information in real-time.

Being aware of your organization's reporting requirements will help you to identify key meta data to track your contracts, and to understand what reporting capability your CLM platform should offer to you. The introduction of new reporting capabilities through new software may also trigger internal discussions on updated reporting requirements from your organization, so it can be advisable to go through some feedback loops and determine how a meaningful reporting on contracts in your organization should look like in the future.

Food for thought:

- What reports do you currently (or: will you in the foreseeable future) have to generate regarding your contracts or the workflows surrounding them? To what extent can / should this be facilitated by the CLM platform?

  Note: Do not limit yourself to thinking in categories of classic management reporting: A report could also mean a list of all active contracts regarding business line ABC that contain a change-of-control clause (which kind of change-of-control clause, by the way?). A lot of "reporting" also happens simply in the form of running a certain pre-defined search and / or filter.

- Do you need dashboarding or reporting functionality as a native functionality of the CLM platform or would it be preferable to connect external tools like QlikView or MS Power BI?

- Do you expect certain reporting to be available in real time / daily / weekly?

CONTRACT NEGOTIATION

The negotiation of a contract between the parties is a key item in the contract lifecycle – but not all CLM platforms actively support negotiation. A simple way of supporting the negotiation of a contract could be to provide a space in which both parties can store documents (e.g. the working draft of the contract). Some tools also allow for parallel editing of documents in real-time. On the more complex end are "negotiation playbook" capabilities that offer context-sensitive (think: paragraph-sensitive) help on what changes to a contract's wording are acceptable to the organization and who must approve such changes.

Food for thought:

- Do you intend for negotiations to take place "within" the CLM platform?

- Should your CLM platform allow for opening a shared space with the counterparty in which, for example, you can upload the working drafts of a contract?

- Do you plan to enable users to use parallel editing of a document in real time?

- Should the software contain your organization's negotiation playbook, e.g. allow business users to change the wording of certain clauses from the gold standard wording (best for your organization) into pre-defined alternative wordings that are less attractive, but still acceptable? Should this trigger approval workflows depending on the wording chosen?

- How does the tool treat cases where a draft contract is downloaded from the tool, changed and then uploaded? Will this affect the tool's built-in negotiation support?

SIGNING

Contracts need to be signed – and a CLM platform should ideally take care of that. While e-signature is on the rise across Europe, some contracts will still be signed ink-on-paper, be it due to legal requirements or to the preferences of the involved contract parties. You should be aware of the exact e-signature solution your organization is (or will be) using to make sure your new CLM platform will integrate with it seamlessly.

Food for thought:

- Do you require an e-signature integration with your organization's e-signature provider?

  Note: If your organization doesn't use e-signature yet, it might be prudent to find out if the move to e-signature is somewhere on your organization's technology roadmap, and to anticipate this already when choosing the CLM platform.

- How does the tool handle ink-on-paper signatures – e.g. does it support users with a checklist of who has and who hasn't yet signed? Can external users upload their signed versions into the tool directly? How does the tool handle signed counterparts (i.e. cases where signatories sign different physical copies of the same contract, resulting in a number of documents that only together constitute / document the whole agreement)? Does the tool support an automated comparison of the send vs the signed version?

STORAGE AND SEARCH

Storing signed contracts is the core functionality of any CLM platform. But there are many ways to store contract information. Knowing the structure of your current storage(s) can help identify a solution into which your legacy data can be easily migrated.

Once your data is securely stored, the next question is how to find it! There are two basic ways of doing this: Searching and filtering. Searching basically means to provide a string of letters / numbers and let the system list up the resulting "hits" while filtering means narrowing down your data set by choosing between certain pre-defined options (e.g. contract type, contract status, parties). Ideally, searching and filtering can be combined dynamically.

Food for thought:

- What exactly are you planning to store in the tool? Would it suffice for the tool to offer structured storage only for the files immediately linked to the contract (e.g. PDFs of the signed contracts and annexes), or will additional data also be stored in the tool (e.g. files relating to the RfP leading to the contract, or other files exchanged in the process of preparing or negotiating the contract)?

- Shall the tool provide a pre-defined (and maybe unchangeable) structure for storing these files, or should users be enabled to create ad hoc (folder) structures?

- How will diverse documents be stored that are relating to one another, e.g. a master agreement and the individual agreements below it, or a sales agreement, an amendment agreement that prolongs it and the termination agreement that ends it?

- How will the CLM platform enable you to search / filter through your contracts? Do you require full text search? Should the software turn all uploaded PDFs into a full text-searchable format via OCR?

- Are your users likely to use a combination of filters and search terms that they would like to store somewhere ("saved searches") in order to not having to define it anew every time they need it?

- Would you like to export your search results (e.g. a list of certain contracts)?

OVERALL FUNCTIONAL SCOPE

Some CLM platforms are built only to deal with the contract lifecycle, while other vendors offer varying degrees of other capabilities as well. Some vendors offer suites of interlocking modules, each of which offers distinct functionality but all of which share a certain look-and-feel – with CLM being only one amongst several modules.

When drawing up your initial list of potential candidates (long list), it makes sense to already decide if you are looking for a pure CLM platform or if you are more interested in a tool, or suite of tools, that can also do other things (e.g. e-procurement, entity management, IP asset management, (legal) matter management, general obligations tracking or even general DMS functionality). You might even consider

opting for a tool that wasn't specifically built for contract lifecycle management at all – but that can be configured to that task.

Food for thought:

- Is your organization looking for a "pure" CLM platform or are other functionalities also in scope? If so, what functionalities?

DATA PROTECTION, DATA RETENTION AND "HARD DELETE"

A CLM platform can help an organization manage its data protection and data retention obligations, e.g. by workflows that trigger a deletion of terminated contracts after a pre-defined timespan. Full-text search and meta data can also help to identify personal information which can be important in case an individual requests information about, or even deletion of, this information under data protection rules such as the EU's General Data Protection Regulation (GDPR).

Nowadays, not only computer scientists know that "deleting" a file from a system does not actually mean that it is irretrievably destroyed. It may therefore be worth considering whether (and for what information exactly) your organization may need a "hard delete" that will actually render the file (almost) impossible to restore.

Food for thought:

- Does your organization require the CLM platform to support data protection or data retention?

- Does your organization require the possibility to "hard delete" information from the system? If so, you might want to discover with the vendor how a hard delete, if possible at all, will affect files, meta data, historical data, data in backups, log files…

ABSENTEE REPLACEMENT MANAGEMENT

It happens in even the most high-performing organizations: People take holidays or even *gasp* parental leave. Sudden illness or the need to care for a family member can trigger unforeseen absences. This is when a CLM platform can shine (or fail to amaze) with what it offers in terms of absence management.

Depending on how generous roles and access rights are being managed, there might be no real need for absentee replacements. But if your organization follows a stricter "need to know" path, absence management is a functionality worth looking into.

Food for thought:

- Should users be empowered to assign a replacement person who will inherit their access rights and tasks during their absence, or should this be something users must request from a central service team (e.g. via a workflow triggering review and approval tasks)?

- What happens when the absentee doesn't have the opportunity to assign / ask for a replacement because of the urgent nature of the absence?

- What exactly will the replacement person inherit from the absentee? (E.g. access rights, receive all notifications directed at absentee, rights to initiate all workflows absentee may initiate, ...)

COMMUNICATION CONCEPT

When assessing different CLM platforms, it is helpful to have an idea of just how much of the stakeholders' communication the software is supposed to channel. If, for example, you expect users to run their communication revolving around the creation of a draft contract independent from the CLM platform (e.g. via e-mail, telephone, conversations in real life), your requirements for the CLM platform's capability to channel communication will be very different from a scenario where it is your ambition to have all contract-related communication happening within the tool. A related, but narrower, topic to this is the question of how the CLM platform shall handle approval workflows (see above).

Food for thought:

- How much of the communication happening around contract management does your organization expect to capture within the CLM platform?

- Are you expecting the tool to offer rich commenting / chat functionality (e.g. separate comments / chats for each workflow, contract, document, …)?

ANALYTICS

The more of a contract's lifecycle is captured within a CLM platform, the more data becomes available for data-driven analytics. The analytics may happen on different levels, each of which can be very insightful. For example, which clauses in a certain contract type are most intensively negotiated? Or how long does it take on average until a contract is signed, and what are the main bottlenecks? But analytics includes AI components as well, e.g., how can relevant metadata automatically be extracted using Natural Language Processing? It may be even more important to become aware that a certain clause that did not receive much attention from the counterparties in the past now triggers pushback. This may hint at a wording that is no longer in sync with market standard. For a legal department, it can be very satisfying to document its fast response time (e.g. time between user comment and first feedback, average time from contract draft request to first draft heading into approval) and sometimes, this can even show that it is the approval of non-legal stakeholders that is holding up the process, not the lawyers…

Food for thought:

- What do you want to learn about your contracts, or about the processes that relate to contracts?

- Are you interested in data-driven insights about performance issues along the Contract Lifecycle, including identification of bottlenecks, risks, areas of optimization, etc.?

- Do you plan to use AI / NLP to support the extraction of relevant information from a contract automatically?

- Do you plan to use AI / NLP to support during the analysis (red flagging) of a contract or changes in clauses during the negotiation phase?

TECHNICAL DIMENSIONS OF A CLM PLATFORM

INFRASTRUCTURE AND SCALABILITY

Often CLM platforms are introduced in rather small and restricted domains within large organizations. However, it makes sense to consider the potential maximum dimension of the CLM platform right from the start: Many enterprises in the beginning will focus only on certain contracts or processes which might not be fully representative for all contracts, contract types, and documents that may end up populating the platform as its scope slowly broadens over time. Likewise, the number of users working on the system initially might be much smaller than the number of users it will ultimately have to support. For the CLM vendor selection, scalability needs to be considered on different dimensions: technical scalability (including hardware requirements, effect of additional computing power and memory, etc.) and business scalability (new users, additional content, parallel processes / workflows, access of external applications, etc.).

One of the obvious questions here will be the "cloud vs. on-premise" question.

Food for thought:

- How many users are supposed to work with the CLM platform in parallel? How well does the platform work with a few and with many users working on the system simultaneously?

- How many documents are supported by the system? Consider different phases of a Contract Lifecycle, such as creation and drafting, negotiation, signing, archiving, etc.

- How many document types, i.e. contract types, are supported by the CLM platform? What effort does it take to add a new contract type?

- How many CLM processes can run in parallel?

- How much data can be accessed, and what is the throughput via interfaces and APIs? Is there a support for bulk or batch operations, e.g., data migration, reporting?

- Does your organization allow for a cloud deployment, or does it require for the CLM platform to be hosted on premise? Does the system scale proportionally with the underlying infrastructure, e.g., cloud vs. on-prem?

SECURITY

Depending on the size and business of your organization, detailed IT security and process security guidelines may be in place – and relevant for your future CLM platform. IT security covers a broad range of aspects, including confidentiality, integrity, availability, authenticity, non-repudiation, and accountability. Based on this observation, different decisive factors for the selection of a CLM platform can be derived.

Food for thought:

- What are your organization's further IT and process security requirements that will play a role for the CLM platform? For example, will access to the CLM platform (or to certain areas within it) need to be secured by Multi-Factor Authentication (MFA)? Should access to certain documents be limited if a user physically moves into certain countries?

- Is there a dedicated IT security concept provided by the CLM vendor? Is the IT security concept in-line with the concept of your organization?

- Is the data properly encrypted during all time, including storage, transfer, processing, etc.?

- How about the access control management of the CLM platform? Is there a concept for users and roles? Does it allow for management of read and write access? Is it interoperable with the directory service of your organization, e.g. Active Directory?

ACCESSIBILITY

To avoid unpleasant surprises down the road, it is advisable to clarify your organization's accessibility requirements right from the start. Are your users expecting only desktop-based or also mobile (smartphone, tablet) access to the CLM platform? What browsers will the platform have to run in?

Accessibility not only includes the accessibility from different devices and technical setups, but also the support of usage for people with disabilities.

Food for thought:

- From what devices will the CLM platform be accessed?

- On what operating systems will these devices run? E.g. desktop PCs with different versions of MS Windows or MacOS, smartphones / tablets running Apple's iOS or Google's Android?

- Do you require / allow the CLM platform to run in a dedicated application, or can it also be accessed using a web application?

- If run in browser: Will the vendor fully support the standard browser(s) that everyone in your organization uses?

- Does the CLM platform support access for people with (temporary) disabilities? E.g., alternative texts for images, keyboard input (instead of mouse), transcripts for audio, appropriate and adjustable font sizes, etc.

INTERFACES AND INTEROPERABILITY

In order to reap the benefits from a CLM platform, it must be closely integrated with the business applications already existing in your organization. Obvious candidates for this are your ERP and CRM, but also your user directories and e-signature solutions.

Broadly speaking, you will have to define what data will flow in and out of the CLM platform, and from and whereto. Only then can you have an informed discussion with your CLM vendor.

Food for thought:

- What business applications in your organization will the CLM platform have to interface with? In what way (reading / writing; weekly / daily / real-time)?

- How closely can these systems be integrated?

  Note: The availability of an API will allow for some degree of integration. But connecting systems via an API costs effort / time / money and is also limited to what the API allows in terms of complexity of data exchange. If no standard integration is available, the next step would be to assess the cost and capability of an API-based integration.

- Are the interfaces well-documented and is the documentation up-to-date?

- Does the CLM platform offer an open API following standardized design principles (HTTP interfaces, such as REST)?

- Are the data formats non-proprietary and easy to access and parse, e.g. XML or JSON?

- Does the CLM platform allow for attaching different services along the life-cycle of a CLM? E.g., is it possible to add AI services, such as Natural Language Processing / Text Mining, during negotiation phase or after archiving the data?

OTHER DIMENSIONS WORTH CONSIDERING

VENDOR CHARACTERISTICS

Just as your organization may be bigger or smaller, the vendors of CLM platform also run the gamut from small local startups to established multinationals, each with their individual merits and demerits. As a general rule of thumb, large organizations tend to prefer working with larger, established vendors while smaller organizations are more comfortable approaching also mid-sized vendors or even startups, but you may find that there is more to a vendor than just "large vs. small".

Food for thought:

- What size of vendors is your organization used to and comfortable working with?

  Note: You could also think this the other way round: Will a smaller vendor be overwhelmed with your KYC or vendor onboarding processes?

- Roughly speaking, would your organization value stability & reliability over flexibility & cutting-edge technology?

- Would your organization understand itself as a customer or rather as a collaborator or even partner of the vendor?

  For example: Would your organization appreciate the chance to be able to directly influence the further development of the software, or would it be more comfortable to use only "tried & tested" or "market standard" functionalities?

- Does your organization require a vendor with regional or even global presence or is a "local player" sufficient?

- Will your organization value the existence of a larger user community or even a community of external specialists to draw on for advice or shared experiences, or would it be fine for you mostly to obtain knowledge on the CLM platform directly from the vendor?

INDUSTRY FOCUS

If the industry your organization belongs to is subject to specific requirements, regulatory or otherwise, it can be useful to assess the industry focus of a vendor (credentials) or even opt for a CLM platform that is entirely industry specific.

Food for thought:

- Does your organization belong to a highly regulated industry, or does it have other industry-specific requirements?

PRICING MODEL

The pricing of a CLM platform is obviously an important factor in any vendor assessment. Pricing models tend to be incoherent between vendors and are therefore sometimes difficult to compare. In order to achieve some degree of comparability, it can be helpful to give all vendors the same, clearly defined "model case" to prepare their offer against. It goes without saying: The closer this model case is to what your organization actually needs in the end, the better. Also, try to assess what additional services you may require from the vendor that will trigger cost other than the pure license fees.

Food for thought:

- What would your organization's "model case" be that you could share with CLM vendors to base their fee quote on?

- What factors determine your respective vendor candidates' licensing model (number of users, data volume, …)? What other elements play a role (e.g. one-time fees, cost for participating in updates) on the license model?

- Apart from the pure provision of the software (license fee) what other services will you likely require from the vendor (e.g. implementation and configuration efforts, helpdesk availability)?

AVAILABILITY AND SERVICE LEVEL

Reliable access to the CLM platform can be a vital requirement for your organization. You may therefore want to discuss with the vendor what degree of availability can be guaranteed. The availability of technical support from the vendor's side can also be an important topic to address. If your organization has a dedicated business continuity team, it will be a great source of knowledge for this topic. Otherwise, you might want to learn from your organization's IT team what the current availability and service level is for other applications with a criticality similar to that of the CLM platform.

Food for thought:

- What degree of availability of the CLM platform is required for your organization? In other words: How much downtime per year could your organization accept?

- What are your organization's requirements for availability of technical support (and in what language)?

EXIT-READINESS

At some point in time, the organization may need to migrate contract data from their current CLM platform into a new one. This is worth keeping in mind right from the outset: How easy will it be to migrate the data stored in the new tool into another CLM platform a couple of years from now?

Food for thought:

- Has the vendor convincingly demonstrated the "exit readiness" of the software?

- What export functionality is available? Is it easy to use? Does it cover all data in the system (e.g. include a document's history, approvals, access rights, …), or will it only allow for a migration of files with limited metadata?

REFERENCE CUSTOMERS

It is not uncommon for prospective customers to ask a vendor for a reference customer who may share his or her experience with the platform. Of course, vendors will select reference customers who have generally made positive experiences.

It is also worth considering other avenues for finding reference customers of a given CLM platform, e.g. through groups of likeminded legal technologists like CLOC, the ELTA or of course the LLI.

Food for thought:

- What other organizations are peers to my organization that I could contact to learn from their experiences with their CLM platform?

  Note: This could be customers or suppliers, but also group companies both in- and outside of your own country.

- What other peers do I know personally from whom I could learn about their experiences with CLM platforms (even if it is just hearing from them if their organization uses a CLM platform and from which vendor)?

VENDOR SELECTION PROCESS

Once you have gained a good understanding of your organization's requirements, you can start the vendor selection process. To efficiently narrow down the list of potential candidates for your CLM platform, you may consider following the three-step-process that is outlined below.

STEP 1: CREATE YOUR LONG LIST OF VENDORS

The purpose of the first step is to narrow down the huge number of CLM platforms available on the market to a manageable list of candidates that are worthy of further assessment. Start with an unfiltered list of CLM vendors that can be obtained by digesting

- Reports on CLM platforms from companies such as Gartner[1] or Forrester,[2,3]

- Other lists of CLM vendors that are available online such as "Pat Research"[4] or "Software Advice"[5], and of course

- Feedback from friends and colleagues.

Then, narrow down this list to about ten candidates by using high-level criteria that can be easily checked just by looking at the vendors' websites. This could be criteria like:

- Overall functional scope of the platform (see page 15)

- Size and maturity of the vendor (see page 23)

- General pricing model (see page 24) and cost range, at least by order of magnitude

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[1]   https://www.gartner.com/en/documents/3981321/magic-quadrant-for-contract-life-cycle-management

[2]   https://www.forrester.com/report/The+Forrester+Wave+Contract+Lifecycle+Management+For+All+Contracts+Q1+2019/-/E-RES143011

[3]   The listed reports focus on globally available solutions. Especially if you are ready to consider local players, country-specific vendor research will be necessary.

[4]   https://www.predictiveanalyticstoday.com/top-contract-lifecycle-management-software/

[5]   https://www.softwareadvice.com/scm/contract-lifecycle-management-software-comparison/

- Mode of deployment (e.g. cloud versus on-premise)
- Location / time zone and operating language(s) of the vendor, especially for support

The resulting list of candidates is your "long list".

STEP 2: CONTACT VENDORS AND NARROW DOWN THE SELECTION (SHORT LIST)

Once your long list is complete, it is time to get in contact with the vendors by sending them a document that describes your requirements.

Note: Depending on the expected license costs, this document will typically range from two to 20 pages. Do not expect a vendor to reply to a 20-page document if he can only make EUR 500 per year in revenue with you as a client. Rather, try to strike a balance between the level of detail and the dimension of your potential investment.

The following topics should be addressed when approaching a vendor:

▶ About you

Information about who your organization is, how many users are expected to use the system and a general timeline of your implementation project (including a tentative start date). This will give the vendor some information about you and motivate him to respond.

▶ Product capability questions

A list of questions that you can formulate, e.g. along the lines of the answers you have given yourself to the "Food for thought"-sections above. The most important part here is to formulate the questions in such a way that the vendor cannot simply answer with "yes" or "no".

For example, the question "Does your product allow workflows to include external parties?" will in most cases result in the vendor answering "yes" without giving you further information. If you use open questions such as "How can an external

party be included in a workflow?" the vendor has to elaborate, giving you valuable insights in how you would work with the product.

▶ Use case scenarios

To find out if the product can really help you with your specific needs, it can be helpful to describe how you would want to work with the product. To achieve this, you could collect several key use cases and to write them down in a way similar to this example:

> **"** Linda opens the CLM solutions and sees the documents she has to work on. Next, she opens a document and sees the changes that she needs to approve. Then she can approve the document and a notification goes out to all workflow participants, after that ..."

If you ask the vendor to describe and illustrate with screenshots how these scenarios will look like in their product, you will gain a good impression of how it will be like to work with the product. Alternatively, you could also limit your request to just asking for a couple of general screenshots without asking vendors to build screenshots specifically around your scenarios. This might be a sensible option especially for smaller projects.

▶ Model case for pricing

Since vendors sometimes do not disclose license and service fees on their homepage, you could also include a model case for pricing (see page 24) and ask for a fee quote which should include a breakdown of the different fee components and the factors influencing them (e.g. number of users, volume of data hosted, hours of service rendered).

The responses you will receive to the above[6] should enable you to further narrow down the selection of vendors to the two or three most promising candidates (your "short list"). Since you haven't seen any product live and "in action", you should resist the urge to already pick your favorite: It will be worthwhile to assess at least two or three platforms in detail.

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[6] Don't be disheartened if some vendors remain silent to your request. It is not too unusual for vendors not too respond.

STEP 3: TRY OUT THE PRODUCTS ON THE SHORT LIST

Now you are ready for the final evaluation. It is time to let the remaining candidates know that they are short-listed and to arrange for live-demos. The vendor demos should include not only their standard presentations but also some of the scenarios you provided in the previous step. Ideally, the short-listed vendors could grant you direct access to a demo environment so that you and your team can actually try out the CLM platforms for yourselves.

For large-scale projects, vendors may prepare not just a general demo environment but may individually configure some key requirements or use cases of your organization (proof-of-concept). Also, you may at this stage consider making a detailed evaluation of the different candidates by rating them against a list of detailed functional, technical and other requirements. Typically, requirements are prioritized from "nice-to-have" to "critical" so that lackluster delivery of a less important requirement will not have the same consequence as problems in fulfilling a mission-critical requirement. Applying a scoring model will generate some detailed, hard data that can be helpful to rationalize and explain your decision.

Following this process will give you a sound basis for your decision-making and enable you to pick the right CLM platform.

We wish you a successful project!

CASE STUDIES

Your CLM platform implementation journey will in many ways be a unique experience with its very individual ups and downs. Nonetheless, it can be helpful to draw inspiration and encouragement from people who have already completed a similar project. Below is a collection of brief interviews to serve exactly this purpose.

KAI JACOB ON CONTRACT MANAGEMENT WITH SAP ECM / ECA

Organization	CLM platform	Interviewee
Global IT company with offices around the world EUR 28bn revenue +100k employees	Proprietary development, based on existing technologies that have been adapted for our purposes	Kai Jacob Global Vice President Legal Information Management, Global Process Owner and Head of the Global Contract Management Services

▶ **How would you briefly describe the scope of your CLM platform?**

Starting from an inconsistent contract landscape, my team succeeded in a few years to design, implement, roll out and operate a contract management solution that manages all contracts (except HR) in one central instance over the entire life cycle. At peak times, this solution generates 15,000 contracts per day using over 12,000 contract templates – in total, there are over 1.5 million contracts actively hosted on the platform.

▶ **In your view, what are the key success factors in your CLM implementation project?**

In a large corporation, it is important to convince the relevant executives with the right idea at the right time and then to deliver reliably. The program consisted of various work streams and had to be coordinated with various other teams in our large organization. Therefore, it was paramount to provide a clear vision of where we wanted to be and to leave it to the team to work towards this vision on its own.

► **In your view, what were the biggest constraints in your CLM implementation project?**

When we started the project, there was no vendor in the market that could offer a company-wide CLM solution. Therefore, we were forced to go our own way and develop a CLM solution ourselves. This resulted in an exaggerated expectation, but also increased our flexibility to create a solution that integrates perfectly into our existing landscape. Such a solution is of course quite pricy and must deliver a verifiable return on investment – which it did!

► **Looking at your CLM platform today, what is the greatest benefit from the CLM platform or what makes you love the CLM platform?**

As so often in life – as soon as you have finished an important project, you can think of many things that you could have done better. So, we set out to design an even better solution... and delivered the new standard software in just a few months. The original solution, however, has to be credited with having solved several problems to our satisfaction: a central repository for all templates, a single repository for all draft contracts and intermediate negotiation states, a single source of truth for all active contracts, a database for all key contract information and finally a structured method for deleting old contracts – a lifecycle solution from the cradle to the grave.

► **Looking at your CLM platform today, what would you like to change about the CLM platform?**

As said, we have designed the next generation of a CLM product, based on our experience from the first project: if you do the comparison, you'll see the key enhancements. The new solution is clause-based, cloud first, comes with a robust process engine and integrates seamlessly in the overall e-2-e portfolio. With that, we finally achieved our biggest goal: get contracts out of the drawer and get them back to wherever they are needed to support the business. As this is what they are: the lifeblood of a company!

► **If you could do it all over again and start implementing a new CLM platform today, what would you do differently?**

Pro: We have succeeded in developing a very robust and stable solution that delivered the promised results – not more. We also built an organization that fitted perfectly into the existing landscape and was staffed with intrinsically motivated people who showed extraordinary performance.

Con: We have been unassertive in process design and made too many compromises; instead of improving the process, we have adapted our tool too often. We also failed to eradicate complexity from our contracts. Simpler contracts would have saved our customers time and put our company in a better light.

DENNIS JANSEN ON CONTRACT MANAGEMENT WITH JIRA

Organization	CLM platform	Interviewee
CoachHub 51-500 employees	Jira	Dennis Jansen General Counsel, Data Privacy

▶ **How would you briefly describe the scope of your CLM platform?**

It covers 3 legal users and 35+ other users and manages the entire contract lifecycle along with other projects.

▶ **In your view, what are the key success factors in your CLM implementation project?**

A young, interested and agile team.

▶ **In your view, what were the biggest constraints in your CLM implementation project?**

It could be configured to better track more data points. No automated integration with digital signatures. Not all company members have accounts for JIRA, so a JIRA service desk might be a great tool. But that's a bit harder to set up and costs extra.

▶ **Looking at your CLM platform today, what is the greatest benefit from the CLM platform or what makes you love the CLM platform?**

It is highly configurable, easy to use, motivating you to track your success, and the good overview of tasks it provides helps much with prioritization, deadline calendar & reminder. Legal users were shocked to find out that aligning on legal topics can be so smooth and comfortable.

▶ **Looking at your CLM platform today, what would you like to change about the CLM platform?**

Configure it in such a way as to be able to use the JIRA service desk in order to allow users to submit requests via email.

▶ **If you could do it all over again and start implementing a new CLM platform today, what would you do differently?**

Start with JIRA service desk.

BMW GROUP ON CONTRACT MANAGEMENT WITH COUPA

Organization	CLM platform	Interviewee
BMW Group EUR 104bn revenue (2019) > 500 employees	Coupa	Florian Rapp Product owner for the CLM from Coupa

▶ **How would you briefly describe the scope of your CLM platform?**

It creates and manages all indirect purchasing contracts with CLM from the Coupa BSM platform. This will include also an eSignature solution in the future. In addition to that, we will increase the collaboration functionalities.

▶ **In your view, what are the key success factors in your CLM implementation project?**

Knowing the possibilities of the solution and also knowing all requirements from the business side (also the real requirements from a legal perspective).

▶ **In your view, what were the biggest constraints in your CLM implementation project?**

Additional requirements from the business which are not in line with real legal requirements.

▶ **Looking at your CLM platform today, what is the greatest benefit from the CLM platform or what makes you love the CLM platform?**

One platform for all contract related topics.

▶ **Looking at your CLM platform today, what would you like to change about the CLM platform?**

Increase the usability.

▶ **If you could do it all over again and start implementing a new CLM platform today, what would you do differently?**

No big differences.

NINA STOECKEL ON CONTRACT MANAGEMENT WITH OFFICE365

Organization	CLM platform	Interviewee
Merck KGaA EUR 16bn revenue (2019) > 500 employees	Office365	Nina Stoeckel Head of Group Legal & Compliance Operations

▶ **How would you briefly describe the scope of your CLM platform?**

We are covering about 60 countries and jurisdictions with 5k users and managing the entire contract lifecycle including self-service contract drafting for CDAs. Management of legal related projects and disputes are included, too.

▶ **In your view, what are the key success factors in your CLM implementation project?**

Full support from the IT function and the opportunity to build on an existing IT infrastructure as well as close involvement of our key stakeholders in Legal and the Business functions, supported by a cross-functional Steering Committee. For me, the thorough assessment of the existing processes and the intense design phase of the to be processes are key success factors as they are building the foundation for the technical implementation.

▶ **In your view, what were the biggest constraints in your CLM implementation project?**

Budget availability at short notice, focus on limited key resources in the core project team, agile development approach that required high flexibility during testing and sign-off.

▶ **Looking at your CLM platform today, what is the greatest benefit from the CLM platform or what makes you love the CLM platform?**

Full Integration in the company IT infrastructure and Office 365 landscape, fresh look and feel, high flexibility for administration in house and easy to ramp up inhouse support model.

▶ **Looking at your CLM platform to-day, what would you like to change about the CLM platform?**

It is not that much about changing but further developing the business self-service functionalities and reports that also support business related analytics.

▶ **If you could do it all over again and start implementing a new CLM platform today, what would you do differently?**

Plan more time for process review and to be design. Using the CLM project as a driver for harmonization of processes across the different user groups.

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