IACCM Innovation Awards 2015 Finalists' Case Studies

The IACCM Innovation Awards: Celebrating Excellence & Innovation in Contracting

Selecting from 72 valid entries from organizations large and small, public and private, including many of the world's top brands, IACCM is pleased to announce and recognize the finalists of the 2015 edition of the innovation awards - individuals and teams who are raising the profile of contract and commercial capability within their organizations.

Here are the finalists in alphabetical order by organization:

Operational Improvement Award
- Dell
- Microsoft
- National Grid UK **- winner**

Honorable Mention: Guided Missile Frigate System Program Office

Outstanding Service Provider Award
- Dell & Axiom **- winners**
- Kaiser Permanente
- Mainspring Consulting Group

Honorable Mention: 8over8

Personal Initiative Award
- Fayola Yeboah, Enterprise
- Melanie Moore, Lockheed Martin
- Samuel C. Tricoli, The Boeing Company **- winner**
- Sharon Zachariah, The Institution of Engineering and Technology **- winner**

Program of Visionary Change Award:
- UK Cabinet Office & Crown Commercial Service (CCS) **- winners**

Strategic Direction Award
- Chevron
- Land Information New Zealand
- NetApp **- winner**

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Operational Improvement Award Case Studies

Dell

Dell is an IACCM's Finalists of the 2015 IACCM Operational Improvement Innovation Award with their entry focused on Fully Outsourcing Dell's Global Sales Contract Administration Function to Axiom.

Challenge

Dell lacked a global contract management system for all sales agreements. Several prior attempts to secure funding for a system had failed and they were using a home-grown database with a US-only limited capability offering rudimentary reports.

But what if, instead of seeking a 'tool' only, Dell would buy a 'service', allowing them to eliminate the in-house, 15-person team in North America and use that budget to self-fund an end-to-end outsourced solution?

In early 2014, Dell started searching for a vendor who had a suite of contract management tools and the desire to take full responsibility for Dell's back end sales contract administration function. Over the years they had explored numerous software-only contract management systems, but what they needed was a vendor who could offer a fully managed solution. This includes not just the tools but also the people element.

Approach

After learning about Axiom's capabilities - which includes contract negotiation, contract scanning, database building and a suite of tools for managing these activities - Dell challenged Axiom to combine these elements into one solution equating to a staffed, end-to-end global contract administration solution (for less than the cost of Dell's prior solution, which was limited to North America).

Twelve months into the program, Dell has implemented the solution fully in EMEA, and a phased implementation in the Americas and APJ is underway. They have fully migrated the Americas database (back-dating over 20 years), and plan to migrate further historic data from EMEA and APJ.

Achieve Result & Lessons Learned

Dell has now fully transferred the sales contract administration function to Axiom' s 20-person support team based in India and is already benefitting from having a globally consistent program for capturing all sales contracts and a self-service, text-searchable portal providing dynamic global reporting capabilities.

Standardization has allowed Dell to help close new deals faster, use contract data to generate revenue and retire its aging systems. Dell is already pursuing ideas for further, innovative enhancement of this turnkey solution.

Keys to success have been to combine innovative technology and effective processes with human skills. Especially the 'people' element has been essential to successfully migrating Dell's many complex documents in many formats.

Microsoft

Microsoft is a 2015 finalist of the IACCM Operational Improvement Innovation Award with their entry: How Microsoft created a standardized function to create, negotiate, sign, store and manage their contracts.

The Global Contracting Office ("GCO") within Microsoft's legal department has been on a multi-year journey marked by two recent critical accomplishments that have rounded out the ultimate combination of smart risk-taking, optimized business process, strategic resource allocation and advanced technology.

The policies, process, people and tools have come together to transform Microsoft's ability to transact over 150,000 contracts yearly in the most effective manner.

Challenge

There was no centralized support model for end-to-end buy-side contracting functions (create, negotiate, sign, store & manage). This resulted in each business group and each subsidiary supporting contracts their own way leading to inconsistences in contracting, increased risk to Microsoft and unfavorable experiences for our partners and suppliers. Further, the company's contract repository was outdated and needed to be replaced with newer technology.

Approach

As the need for standardized contracting grew across the company and across our many subsidiaries, the legal team moved to outsourcing a significant part of this work to a Legal Process Outsourcer ("LPO"). After streamlining the contract review process internally, Microsoft collaborated with Integreon Managed Solutions to provide paralegal support services at a lower cost and in accordance with a strict mutually developed playbook. The LPO was able to provide the necessary language support and scaled to meet a 24x5 global help desk need to respond to general contracting questions.

Microsoft also handed off the administrative tasks of routing contracts for electronic signature and for storing contracts in the corporate repository to its LPO provider. Microsoft's internal team was restructured to optimize program management skills and operations experts, with only a few legal specialists to serve as escalation points for the LPO.

Achieved Result

With this, the internal lawyers are now able to focus on strategic negotiations with the highest impact on the business. Building on the success, the GCO launched a combination of new tools that work in concert to provide a standardized approach to contracting. The team worked with a

contract management lifecycle solution provider to acquire the basic engine needed to route contracts and store them.

Additionally, the GCO created a user-friendly way to search in the new complex contract repository system so that our employee population can navigate all of the data in a more simplified manner. All of these functions and tools are hidden behind one easy-to-use interface, simply called "Contract Web."

National Grid - winner

National Grid (in the UK) is a 2015 finalist of the IACCM Operational Improvement Innovation Award with their entry focused on Unlocking Existing Skills and Capability within the Organization to Achieve Contracting Excellence.

National Grid and its supply base stands at the heart of one of the greatest challenges facing our society – delivering clean energy to support our world – both today and long into the future. National Grid has reorganized its business to suit the changing energy landscape to, in part, outperform on its contracts which represent an annual spend of £2.5 billion in the UK.

Challenge

Upon realizing that contract management could be the key capability to deliver contracting excellence and improve service to customers, the organization engaged a consultancy to evaluate the current status of contract management skill-sets, processes and systems. They found that these were generally considered 'basic'. National Grid's Contract Management Excellence (or CME) team determined this was due to having a 'siloed mentality' based on operating independently within a very large organization and within a rapidly changing and complex industry.

Put simply, contract management at National Grid had to become more agile, flexible and joined-up in terms of its people, processes and systems.

Approach

Instead of engaging a third party to drive transformation, National Grid's CME team first developed a consistent framework to assess the level of contract management maturity across all BUs. Each Business Unit then developed their own action plan aligned with CME objectives. Oversight was provided by the CME team and cross-organizational support committees to ensure buy-in for change throughout the organization. The team also established:

- A contract management curriculum to upskill 492 team members

- A Community of Practice connecting over 500 professionals involved in managing contracts

- Enterprise-wide tools and systems for contract workflow management and data repository to ensure standardization across the organization

Today, the CME team continuously captures and shares lessons learned and best practice ideas with the contract and end-user community.

Achieved Result

The integrated effort over an 18-month period also resulted in an improved and long-term value focused strategic sourcing process and delivered a single way of working while maintaining the ability to adapt to local contracting needs. Contracting has moved to an intermediate level with some elements of leading practice and delivered an incremental £83m to the bottom line in the last fiscal year.

Perhaps though, the greatest success is that National Grid – led by the Global Procurement Team's CME members - has delivered the program and achieved success by unlocking existing skills and capability within the organization to develop and implement the program.

Outstanding Service Provider Award

Dell & Axiom - winners

Dell and Axiom are IACCM's Finalists of the 2015 IACCM Outstanding Service Provider Innovation Award with their joint entry focused on Fully Outsourcing Dell's Global Sales Contract Administration Function to Axiom.

Challenge

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Keys to success have been to combine innovative technology and effective processes with human skills. Especially the 'people' element has been essential to successfully migrating Dell's many complex documents in many formats, allowing us to conclude that **A Good Service Provider isn't Just about the tools, it's about the People**

Kaiser Permanente

Kaiser Permanente's IT Asset Management Team is an IACCM Finalists of the 2015 IACCM Outstanding Service Provider Innovation Award with their entry on learning the importance having a strong cross-functional partnership to ensure all teams are getting what they need from the system.

In 2010, Kaiser Permanente had a team of hard-working asset management veterans who were heads-down and working to sustain existing processes and tools. Vice President June Burgett had grown her team to include IT asset management to her department, and she saw that it was time for a refresh. She brought in experienced asset management leader Mari Hern to take the team to the next level.

Challenge

With over one million pieces of trackable hardware and over sixteen million software entitlements, across eight regions from Hawaii to the east coast, the ITAM team quickly realized that their process wasn't sufficient to support future growth. It became evident that there was opportunity for improvement in the following areas: tightening up the receiving process, updating and providing governance for the hardware asset management tool, centralizing software asset management and improving the hardware asset inventory process.

Because there was a lack of consistent system governance, data quality was unreliable; however, these were legacy processes and systems that touched over 10 groups across KP, so there was tremendous resistance to change.

Approach

After completing research in industry and technology best practices, and hosting several cross-functional team meetings, the plan was set. The ITAM team set out to create governance, business rules & a metadata dictionary, and modernize their technology.

To ensure that the data remained clean, while delivering on everyone's requests, business rules and a metadata dictionary were created. Creating and implementing these two items helped all stakeholders define and understand how making a change in one system created collateral impact on others. It also established governance around this process.

Next, they upgraded the tools the team used. Over time, the system they used had been so customized, it became difficult to change, update and maintain. The team tackled a major upgrade, returning it to 'out-of-the-box' functionality. They then tackled the scanning toolset. The old solution was retired, and replaced with a newer technology that enabled users to use their

mobile phones to scan. Finally, the team complemented the technology solution with a software management application enabling the team to automate compliance reporting and enabling more effective software re-use.

Result Achieved

The results from all of the hard work are impressive:

- Inventories were conducted by third party service providers demonstrating a median data quality improvement of 93%
- Over 26% increase in user adoption for updating asset records
- 93% reduction in asset data remediation and data quality i
- 66% reduction in scanning solution technical support troubling shooting.
- $26M in software reuse over the past 6 years because the centralized system provides visibility to what is available.

Mainspring Consulting Group

Mainspring and Alliance Data are IACCM Finalists of the 2015 IACCM Outstanding Service Provider Innovation Award with their entry on how through true collaboration and communication Mainspring Consulting was able to help Alliance Data create a centralized contracting process that has already increased the bottom-line.

At Alliance Data, autonomy is written into the very fabric of what makes their business tick. Their CEO, Ed Heffernan, characterizes it as their "secret sauce." Throughout the history of the company, periods of hyper-growth have allowed them to acquire established entities known for their ability to break marketing paradigms by reaching consumers in revolutionary ways. As such, it is crucial that they give their lines of business the ability to approach their contractual engagements in unique ways that work for them and their business model.

Challenge

As a public company in the Fortune 500 with 15,000+ associates, Alliance Data needed a way to pull their decentralized framework together without hindering the flexibility that enabled them to drive innovation and change.

Their previous approach to Contract Management was inefficient, cumbersome, and extremely fragmented. If associates could actually find a contract, the data was often inaccurate, the fields were confusing or unused, and the reports were completely disregarded by associates. They needed practical assistance from experienced professionals who understood how to promote synergy and establish best practices in a complex environment.

Approach

Mainspring Consulting has been a part of that process from the very beginning. From the current-vs.-future-state assessment to the RFP, selection, and implementation of a best in class

CLM solution, they were invaluable partners and helped their company find a solution that worked for them.

After reviewing ADS's existing processes, organization, and IT infrastructure for Contracts Management as compared to leading practices, Mainspring offered recommendations that best fit within ADS's business strategy and culture. In doing so, they defined a future capability 'blueprint' for Contracts Management that would address the major 'pain points' identified in the project and enable CLM to effectively support ADS's anticipated continued growth and contracting strategy. While engaging 40 stakeholders across the LOB's, Mainspring's guided and finalized a roadmap for a phased release program across corporate functions, contract types, and the lines of business.

Results Achieved

With the help of Mainspring Consulting and stakeholders from each of our lines of business, AD was able to draft and implement a policy that worked for all of the entities and their operations. For the first time in their company's existence, a central system was established for the entire contracting process – from the initial request, to the drafting, negotiation, execution, storage, and monitoring of the engagement. This was a crucial step due to a $2.3 billion acquisition that they recently completed. Last year yielded a 23% increase with AD's net revenues before that acquisition began. In order for their core earnings to reflect an effective ROI from this purchase, they needed to be sure that the infrastructure they had in place moving forward could support a drastic increase in contract volume and workflow. AD's system and policy went live, and the stakeholders as well as senior leadership are already seeing the direct benefit of the framework.

Personal Initiative Award

Fayola Yeboah, Enterprise

Fayola Yeboah is a 2015 finalist of the IACCM Personal Initiative Innovation Award with her entry on: Collaboration is key when establishing a contract management function within your organization

Fayola Yeboah (Fay) took on a challenge, as one of the youngest members of the senior leadership team at Enterprise's European Headquarters, to lead a business transformation of the European operations, establishing the first commercial contracts function for a $20 billion global business.

Enterprise now boasts an outstanding commercial contracts department covering its European sales operations.

Challenge

Enterprise is a successful family-owned business and a globally recognized brand with an annual turnover of approximately $20 billion and a fleet of over one million vehicles. Their European corporate locations are in the UK, France, Spain and Germany. As the first Contracts Manager employed by Enterprise, with responsibility for contracting business for Enterprise European-wide Sales Operations, the journey for Fay to establish a contracts function from scratch to cover European operations within an established and rapidly expanding global business was no small task.

Approach

A complete commercial review was undertaken to risk profile the agreements that were in place and build structure into the way agreements were stored and obligations were managed post-award. A process was put in place for new work/contract and functional guidelines were put in place. Existing standard form agreements were reviewed and revised and new standard form agreements were drafted and rolled-out across the business to ensure that there were appropriate template terms and conditions to facilitate each area of the business.

Additionally, a contract drive and guidelines for the storage of agreements at each stage of the contract lifecycle was put in place. From this, new business and RFP responses were established and relationships were built with the senior management and US legal teams.

Lastly, monthly reporting on open negotiations was implemented to increase visibility within the business.

Result Achieved

Enterprise now boasts an outstanding commercial contracts department covering its European sales operations. Some of the benefits include:

- Improved risk management, both pre-award and post-award which has directly impacted the bottom line.
- A robust due diligence process to support contract negotiation and structured risk profiling of contract terms.
- Work previously outsourced to law firms can be managed in-house.
- Additional revenue has been realized

Through this process Fay has learned that contracts management needs to be an essential part of every business. The legal-commercial hybrid a contract management function offers is unique, cost effective and invaluable if it is built properly.

Melanie Moore, Lockheed Martin

Melanie Moore is a 2015 finalist of the IACCM Personal Initiative Innovation Award with her entry on how the Lockheed Martin Australian Global Supply Chain integrated into the inertia of the multinational giant to achieve change from within.

Supply Chain Management in the international arena is a challenge unlike any other. Buyers who want to buy, and sellers who want to sell, are often compromised in their ability to realize this common goal. Large organizations have a requisite level of compliance that can be constraining rather than enabling. Successful navigation of this global roadmap is a challenge faced by all multi-national organizations; a showdown between Agility vs Accountability. While Lockheed Martin's business successes depend on breaking down the barriers that impede global growth, that very growth also mandates the rigor that in turn restricts our agility.

Challenge

Lockheed Martin historically followed an export based model, with corporate and commercial services delivered internationally from a US based organization. In 2013, the decision was made to move to a truly global structure, with regions moving to a sovereign management model.

With the move to local sovereignty, there were challenges risks and opportunities to be identified and addressed. The most immediate was how US based legacy practices translate to a local Supply chain Framework? The overall challenge was to build a locally relevant, effective and empowered commercial structure and team to allow Supply Chain to provide maximum value add to all Program activity in the region.

Approach

The requirement was to establish a local model, which was attuned to local markets and industry drivers. However, in establishing any new business unit there is a natural desire for the Parent to cling to the processes known and understood. Simply, the more proximate the functional roles, the greater the flexibility and freedom which will be afforded. The more distant, the greater the adherence to known processes with known outcomes – the safety net.

There were three steps which were articulated and mandated for the local team:

1. Ask Why – and actually Listen to the Answer
2. Find the resonant model
3. Interpret the intent and apply locally

Once they understood the reasons why, and had found a resonant model, they could take the intent of the processes and apply them to the local framework.

Result Achieved

There have been significant results achieved, each contributing to business success and profitability.

- Over $800M footprint of subcontracted scope has been transferred to Australian team, and over $40M of direct procurement is now transacted locally.
- Local payment terms have been implemented at 30 days rather than the standard 45 days, to align with local practice.
- A local team of 15 contract professionals has been set up to manage the Australian Global Supply Chain business.
- Operational efficiencies. The operational metrics support the story – Indigenous teams can provide a far more efficient and effective support model that internationally based teams.

Lockheed Martin Supply Chain in Australia is now leveraging its successful local model, to build greater vendor relationships, and a truly collaborative contracting environment that respects the local industry and builds on Australian precepts.

Samuel C. Tricoli, The Boeing Company - winner
Samuel Tricoli is a 2015 finalist of the IACCM Personal Initiative Innovation Award as he found a simple solution to a complex problem – How to reduce Boeing's increasing closure backlog and how to get paid for incurred costs that were being held up as Questioned Costs.

Samuel Tricoli, the Director of Contracts for The Boeing Company in Southern California, collaborated with one of his primary customers to: 1) eliminate a 6-year delay in being paid for incurred costs that were being held up as 'Questioned Costs', 2) make good use of expiring contract funds before they actually expired, and 3) reduced the closure backlog for both, the US Government and Boeing.

Challenge

In some instances, the Defense Contract Management Agency (DCMA) is nearly 6 years behind in the negotiations of Forward Pricing Rate Agreements (FPRA) – due primarily to the lack of resources and complexities of some of the larger, more complex, Aerospace Companies. Unfortunately, this delay can jeopardize the customer's funding as the funding may be scheduled to expire before the FPRA rates can be settled and the contractor can final bill the

customer. Further, Boeing had to wait years to be final paid on completed cost reimbursable contracts as they awaited these FPRA rate settlements. Since cash flow is always a concern, Samuel sought out a fair and equitable solution that worked for all parties involved.

The challenge was to find a way that Boeing could bill for incurred costs that were being held up as 'Questioned Costs' by DCMA and to help the customer use their expiring funds before they were lost. Boeing had to demonstrate to the Government, with facts and data, that authorizing this payment would not be a significant risk that would lead to a potential overpayment.

Approach

Mr. Tricoli initiated an analysis that summarized the results of the FPRA rate negotiations over the past five (5) years. This analysis demonstrated that the final FPRA was settled at approximately 0.2% from the original submitted rates. Mr. Tricoli presented the results of this analysis to the customer and they were dumbfounded that they were waiting so long for results that, over a five year period, had such a negligible difference. He convinced the customer that, due to the historical negligible impact of the FPRA rate negotiations, the billing of 'Questioned Costs' should be authorized. He also convinced the customer to convert the completed Cost Reimbursable contracts to Firm Fixed Price so they could be closed.

Result

The entire project took approximately 1 year to come to fruition and it did benefit all parties involved: Boeing got paid millions of dollars that were being held as 'Questioned Costs', the Government used expiring funds without assuming the risk of an overpayment, and both parties were able to reduce their closure backlog. If this project had not been initiated, both parties would still be waiting for the FPRA rate negotiations to occur – and Boeing would be waiting for another 6 to 7 years to final bill and close these contracts.

The Boeing Company is investigating opportunities where this solution can be replicated to solve similar cash flow problems in other areas of the company.

Sharon Zachariah, The Institution of Engineering and Technology - winner

Sharon Zachariah is a 2015 finalist of the IACCM Personal Initiative Innovation Award with her entry on how she started the contract, risk and legal management department at the Institution of Engineering and Technology (IET) by creating and implementing a transferrable, scalable model.

Challenge

When Sharon began working for the IET in May 2013, there was no formal contract management in place. On gradually analyzing the issues, she found that because the IET's contracts were not available for reference, staff teams were not always aware of their suppliers' deliverables, SLAs and KPIs. This meant they were often unable to meet termination deadlines because they had not been properly recorded. Many contracts had not been negotiated and the

IET paid the asking price without ensuring that they were receiving value for money. There was no clarity on requirements for rectification of poor services, repayment on early termination or any other provision to ensure value contractually promised was actually delivered.

Approach

Sharon started the contract, risk and legal management department at the IET by creating a transferrable, scalable model and then implementing it.

Sharon started by substantially re-drafting the organization's contracts policy linked to its existing rules on authorized signatories. Next, and with very little budget but with the support and help from a few expert colleagues in IT and business process management, Sharon designed a contract management database to upload signed contracts, provide key data at a glance and generate reminders for termination or extension deadlines. She also provided contract management services to the organization, drafting and negotiating contracts on their behalf.

Achieved Results

As a result of her efforts, Sharon has received very positive feedback and considerable buy-in across the organization. She delivered high-quality training to internal stakeholders and has negotiated contracts that avert value leakage. Through the use of templates, much time and effort is saved and the IET is now negotiating robust and cost-effective contracts that add value to the service it offers its members. As an in-house resource, Sharon has contributed to considerable savings on external contract lawyers and she has helped resolve claims of about £200K.

Most importantly, Sharon has designed a reproducible model that could allow others to start a contract management department from scratch, which is flexible enough to suit an individual organization's needs, size and complexity and which can be used internationally by other organizations in the membership, charity and commercial sectors.

Program of Visionary Change Award:

UK Cabinet Office & Crown Commercial Service - winner

UK Government's Crown Commercial Service is the 2015 winner of IACCM's Program of Visionary Change Innovation Award with their 'Commercial Reformation' to Extract Maximum Value from Any Deal

Focus on efficiency is driving a true 'Commercial Reformation' in public sector procurement and contract management. Recognizing the limitations of 'price-only' cost reductions and the importance of both the beginning and execution phases of any deal, many public sector organizations are now placing great emphasis on advancing commercial capability.

The UK Government offers perhaps the best example to date: With a total annual spend at £732 billion against £648 billion of income in 2014 it decided to establish a strong commercial strategy for all stages of the contract lifecycle to reduce spending.

The Crown Commercial Service (CCS) is at the heart of this transformation. CCS is an executive agency of the Cabinet Office and was created in April 2014 by merging the Government Procurement Service with four other commercial teams from the Cabinet Office and central government departments. They work across the whole of the public sector on pre- and post-contract activity to extract maximum value for the taxpayer by:

1. Setting up contract management (CM) standards, templates and processes and plugging current skill gaps at different levels

2. Implementing a CM training program across the organization to ensure effective management of

Contracts going forward

3. Creating a contract tiering tool to assess the volume of CM required across the organization

4. Setting up a central contracts database and a shared repository for all CCS managed contracts

5. Working closely with colleagues across the whole organization to implement cultural and commercial transformation and bring the CM standards and related training into practice

6. Auditing CM practice to ensure uniformly high standards

All the activities have been carried out in less than a year:

- CM standards were developed from June to September 2014, forming the basis of the CM training program. More than 200 staff across all CCS have participated in CM training resulting in increased collaboration, more robust practices and the establishment of SMART KPIs

- A contract tiering tool and shared contract repository was developed in late 2014. To date, more than 450 contracts have been tiered across categories and over 600 contracts and 80 frameworks across 11 departments have been loaded to the easily accessible repository allowing for real-time reviews

- More than half of managed contracts now have an operation manual in place with key governance information and over 150 contracts now have a CM planner in place with scheduled CM activities

The training program and its objectives have also been introduced to government departments including the Ministry of Defense, Department for Work and Pensions, Home Office and Department for Transport.

It's a massive undertaking and much work remains, but based on the approach taken and large scale of the effort, IACCM is awarding the UK Cabinet Office & CCS the newly established Program of Visionary Change Innovation Award.

Strategic Direction Award

Chevron

Chevron is a 2015 finalist of the IACCM Strategic Direction Innovation Award with their entry on contracting excellence as a three phased journey: the planning phase, the negotiation phase and the management phase.

Chevron has operations in 34 countries and is active in more than 180. They have more than 17,000 contracts worldwide. They rely on competitive and qualified suppliers to fulfill their operational needs in every part of the globe. Stakes are high and business losses can be staggering if quality contracts are not in place.

Challenge

Chevron's challenge was that they had pockets of excellence, but not consistency; strong groups, but not a team; highly engineered processes, but missing core skills to execute; and finally a lot of activity, but not getting the desired results.

With $60 billion in annual spend and over 250,000 transactions a year, Chevron faced a mountain of contracting work that they climb every year. Their businesses wanted simplicity and speed. Their legal teams wanted rigor and risk protection. And SCM desired to be more strategic and less tactical.

An honest look at themselves through the use of the IACCM skills assessments and Lean Sigma analysis showed high variability in the performance of our contracting teams and that we were below average when it came to skills such as strategic thinking, awareness of law, and other advanced dimensions of contracting skills.

Approach

There is no silver bullet to achieve contracting excellence so Chevron developed their solution around a comprehensive approach. CEP focuses on 5 key areas to drive efficiency and effectiveness in contracting: Low Risk Contracting, Negotiations, Approvals, Organization Capability and Practice Optimization.

Chevron discovered during this endeavor 5 key insights on "how" they needed to approach this goal:

- Big Picture - To promote strategic and critical thinking
- Trust - Speed in decision making is directly correlated to trust between players.
- Power of the Network
- Data Drives Results
- Organic change

Achieved Result

The project is global in scope and some of the biggest impacts are still yet to materialize, but Chevron has achieved many quick win results. A whole new generation of contract models has

been developed that is shorter, simpler to read, easier to negotiate and most importantly reinforces the need for critical thinking in model selection. Deployment of these new models has been accelerated to the point where we are able to bring these new tools to the businesses in half the time (6 months vs 1 year).

In the Practice Optimization Area they have begun to use new technologies that help to reduce cycle time. This includes the first ever enterprise wide Contract Management software platform and DocuSign. Time consuming parts of the contracting process like signatures have been reduced from 7 days to 2 hours.

But most importantly they are seeing a change in culture. Chevron wants people to see contracting as a career where they can gain personal and professional satisfaction from creative problem solving, strategic thinking and a relentless pursuit of improving on what is good in order to make it excellent.

Land Information New Zealand

Land Information New Zealand is a 2015 finalist of the IACCM Strategic Initiative Innovation Award with their entry on learning that collaboration is the key to strengthening partnerships and creating value.

New Zealand's unique, native biodiversity and ecosystems are central to our national identity and therefore effective biosecurity is essential for the overall benefit of New Zealand, Inc. The partnership between Land Information New Zealand ["LINZ"] and Boffa Miskell ["BML"] is driving innovation into the critical biosecurity sector. The efficiencies, benefits, advocacy and investment in technologies all contribute to the partnership being widely regarded as the first of its kind whilst at the same time enabling both parties to achieve their business objectives.

Challenge

During the initial 4 years, BML had successfully established themselves as a trusted and high performing supplier to LINZ. In August 2013, when considering go-to-market options for the renewal of The Program, LINZ realized that the value of their relationship with BML had evolved to a point beyond the intended contractual relationship and were in essence a strategic supplier of critical services, largely due to close alignment of both organizations' objectives regarding NZ's biodiversity values.

Through market analysis it was further determined that the environmental and land consultancy market was not mature enough to be able to provide continuity of service or satisfy the model relationship that BML had developed with LINZ. It was therefore concluded that a competitive open tender process as a go-to-market strategy would significantly undermine the relationship potential that existed between LINZ and BML, and furthermore could set The Program back by 5 years. In essence, there existed an opportunity for LINZ and BML to foster their existing relationship and formalize it into a partnership.

Approach

Meeting this challenge required significant creative thinking from procurement and business owner (David Mole) to develop a truly world class partnership model that was innovative and mutually beneficial to both parties. This was no small challenge for a government agency, which is required to follow the mandatory rules of sourcing and therefore needed to convince internal stakeholders that their direct sourcing approach was compliant with the government's rules of sourcing, and also convince BML that LINZ was able to follow through on the initiative.

Support from the executive leadership team, including the CEO ["ELT"] was absolutely critical to the initiative and LINZ spent significant amount of time socializing the idea, providing regular updates and effectively ensuring that ELT were fully supportive of the approach as well as the outcome. They also tested their approach on key stakeholders across the sector, and they also benchmarked indicative costs to verify that the very basic construct of value for money (e.g. not paying too much) was able to be proven.

During the course of around 5-months, LINZ and BML, through various workshops, evolved an idea on paper into an innovative partnership construct; and this remains 1 of the key contributing success factors that underpins the partnership to date – they equally had a part to play in its design

Achieved Results

The partnership is delivering better value for money and so far has realized:

- Hard benefit derived as a result of the formalized relationship and equates to circa $70,000nzd and 452 hours
- The inclusion of tier-2 scope which has centralized biosecurity work conducted by LINZ, with BML being awarded six small contracts totaling $100,000nzd in the first year of the partnership.
- BML have also been able to sign longer term contracts with subcontractors which has further contributed to value for money. Subcontractors have in most instances frozen the cost materials for five years resulting in a 1% cost avoidance estimate of approximately $18,000 per annum

It is not just following best practice through the partnership model constructs, it is setting a new standard as it leads the sector on what can be achieved when two complimentary organizations work together in the spirit of trust, creativity and the greater good for New Zealand, Inc.

NetApp - winner
NetApp is a 2015 finalist of the IACCM Strategic Direction Innovation Award with their entry on unleashing contract terms to create a competitive advantage.

NetApp is rapidly growing and expanding into new geographical markets. In this environment, it became increasingly difficult to rely on decentralized systems and manual processes. The biggest driver for change, however, was feedback from customers and partners that it was difficult to do business with NetApp due to its inefficient quote to invoice process. NetApp needed to address its internal operations model and make engagements easier.

Challenge

The state of sales contracts was suboptimal: Contracts were stored in multiple locations and related processes lacked global consistency. Also, contract terms and entitlements were not available or visible and all efforts to reflect them in the 'Quote to Invoice' (Q2I) process were manual and downstream.

Approach

NetApp initiated a fundamental and cross-functional transformation aimed at making NetApp the easiest company to do business with. The strategic imperatives included:

- Increasing the velocity of 'quote to invoice'
- Quickly adapting to competitive pressures and market conditions
- Improving overall productivity

Legal's commercial mindset and ability to operationalize and provide visibility to contract terms ultimately became the cornerstone for successful implementation of the strategy. Going beyond traditional areas of contract negotiation, file-storing, and risk management, the team helped NetApp intelligently connect front-end support to back-office operations to streamline and drive the velocity and execution of business.

Achieved Results

By gathering all Sales contracts (over 20,000) into a single repository and developing the metadata repository (MDR) tool to auto-populate terms for quotes, legal laid the foundation for unleashing contract data and creating a competitive advantage. With an average time savings of 8.5 minutes per quote, the cost savings of the MDR tool alone is $21 million since introduction in 2013. In addition, Customer and Partner satisfaction increased considerably as 98% of all orders received are booked the same week. The credit team has reported an 80% reduction in approval requests following the introduction of the MDR and Legal has leveraged the functionality to deliver an automated order acknowledgement (OA) to affirm NetApp's terms of sale on every order, resulting in an estimated annual savings of $400K for Q2I and Legal.

Through MDR tool creation and the ongoing enhancement efforts, Legal has demonstrated its direct impact on NetApp's vision of becoming the easiest company to do business with.