

IACCM-Capgemini Automation Report



Our goal

The market for contract automation tools and systems is complex. The aim of this report and the associated website is to provide high-quality, objective guidance that simplifies selection procedures for everyone. It offers vendors the opportunity to promote their products and potential customers the chance to evaluate their choices – and unlike other advisory options, no one is paying a fee.

Disclaimer

The online application and materials that accompany this report are based on information communicated by vendors to IACCM and Capgemini. They are provided as a source of guidance and we encourage users to conduct an independent assessment as the basis of any of their actions or decisions. Neither IACCM nor Capgemini assume any responsibility as regards the accuracy or exhaustiveness of the information or data provided.

Introduction

Contract & Commercial Management (CCM) is a fast-growing discipline, increasingly supported by technology built to support the function and its processes.

Although this field has existed in some manner for many years, the technology has only started to flourish in the last five to six years. Before that, it was mostly viewed as part of some other larger enterprise system such as spend management or even ERP. When contract lifecycle management or “CLM” specific tools started to pop up, the advantages they displayed were often outweighed by the immaturity of the actual technology. Contract management systems also struggled to deal with the innate complexity of the contracting process – its variability, the number and diversity of stakeholders, the poorly defined process flows and – perhaps of greatest impact – the lack of clarity over ownership and decision-making.

However, in the last few years that has been changing. Technology advancements such as automation, machine learning and other forms of artificial intelligence have started to permeate the CLM tooling world. This has led to opportunities for efficiencies, improved outcomes and also increased visibility of the function and process. Not many CIOs or CFOs pay attention when you are using a product which is just above Excel in terms of functionality. But if you show them natural language processing or semantic reading in a tool they will – especially when it is accompanied by advanced analytics providing insights to risk, performance, incremental cost and revenue opportunities.

All of these good things have led to some negatives as well. Unlike procurement, ERP or even sales tracking, where a handful of tools have become ubiquitous, CLM tools have proliferated. We are clearly somewhere in the period which could be considered the “Wild West”. Massive opportunities, great advancements, but very rarely is there a clear direction or guiding principle other than “more tech is good”. This creates end-user confusion, buyers acquiring tools which have the headline of “CLM” but miss the nuance of what the system users really need and too often leading to disappointment. One only needs to look at the IACCM report of April 2017 which showed that although an overwhelming number of companies thought CLM technology was important, almost 85% were dissatisfied with their solution(s). Many had still to make an investment, were uncertain on what products to select, convinced that those available simply would not meet their needs.

It is easy to blame the technology vendors for overselling, but that criticism is often unfair as buyers, confused and perhaps not properly informed because there is too much choice, end up buying something they really don't need. Also, the fragmentation of internal procedures has often led to systems trying to work around those processes, leading to disjointed data flows and struggling with low levels of user adoption.

This report seeks to make sense of the market, recognizing that it is still maturing. It is accompanied by a portal on the IACCM website that allows search of available software solutions. Together, these will:

- Help buyers identify what CLM products exist and understand their core functionality/ies;
- Give a snapshot of where CLM technology evolution is today on key aspects such as automation, AI and other new developments; and
- Help CLM vendors market their tools to buyers with matching needs and allow them to benchmark their capabilities to what the market provides today.

This idea came up, as all good ideas come up, on the way to a pub, and seemed even better on the way back! To be more specific, this project was born in 2017 based upon a lovely conversation at the IACCM EMEA conference in Dublin on the way to the Guinness Storehouse when a few bright people were lamenting the issues laid out above, and then concluded that we should do something about it. This is the outcome.

Methodology & Scope

Given the above challenges and desired outcome, the project was started with a basic mapping of the CLM tools in the marketplace as of late 2017. Here are the steps taken to produce this report:

- In Autumn 2017, it was announced by the IACCM and Capgemini that there would be a joint survey undertaken to map the CLM automation tools in the market. This was broadcast on the IACCM and Capgemini websites, the IACCM America's Conference in Toronto, and multiple and repeated channels of social media. Blogs were written, podcasts recorded, and other actions taken to make the CLM vendor community aware of this survey.
- Beginning in November 2017, an invitation and self-assessment survey was sent out to over 200 CLM vendors. These vendors were identified by the combined IACCM and Capgemini teams who searched on the internet every company which was marketing a "contract management" or related toolset.
- The self-assessment survey contained 31 questions and asked vendors to provide basic company information and details about their tools' capabilities according to 14 key features or characteristics (described in detail below).
- As of the writing of this report, more than 130 vendors answered the invitation and most of them have now completed the self-survey.
- In January 2018, the next phase of the analysis was performed where we asked the vendors additional information about their self-identified capabilities and requested scripted demonstrations of their tools and their four (4) most advanced, differentiating features. At the time of writing this report 81 vendors have submitted the additional information and are in the process of performing the requested demos.
- As part of this process, vendors provided the following information:



Company background

Powerpoint to be presented during the demo

One use case per chosen capability

Short description of each application, providing answers to the following questions:

- » What does it do;
- » How does it work;
- » Benefits of using it;
- » Default pricing model;
- » 4 screenshots;
- » Interesting facts;
- » Technical description.

Much of this information, has been used to populate a guided vendor selection tool which resides on the IACCM website software.iaccm.com.

- Finally, each vendor was allowed a 60-minute demonstration to our teams to highlight their capabilities, the 4 self-identified strengths or innovations. We will continue to invite vendors to sign up for their demonstrations on the IACCM portal mentioned above.

It goes without saying, we would like to thank all the vendors who responded, provided information and performed the demonstrations. This is not only a great service to their clients and potential clients, but to the CCM community. We also would like to encourage those vendors who have yet to respond, to please do so.

Analysis - Capabilities

As mentioned, the primary analysis was based upon 14 key capabilities. These 14 capabilities are based upon hours of discussions within IACCM and Capgemini, as well as with various vendors and technology users.

We feel confident that this list of capabilities accurately reflects the current state of automation and tooling available today. In addition, our automated tool will allow us to update as the situation evolves. These capabilities are a mix of what are often considered to be basic requirements for any CLM system as well as cutting edge or other capabilities which are beyond niche and bespoke. Below is a description of the capabilities and the levels of automation or innovation that we observe in the market. Of note, we purposely do not include “blockchain” or other emerging technologies in the core capabilities section. Why? Because the number of true players in these areas are only now starting to emerge and we felt it would be unfair or potentially misleading to ask every vendor questions about capabilities which are only possible with a small group. However, we anticipate this situation will change rapidly and that is one reason why the website will be continuously updated to reflect shifts in capabilities and in the market participants.

It is important to note that system capabilities contribute to the full lifecycle of the contracting process. They provide support to human intervention, they do not entirely replace it. Therefore, the capability areas listed below do not represent every required action and we also anticipate that emerging systems will provide ever-greater functionalities.

1 Contract Drafting

The first step in any contract and a growing area of innovation for CLM technology. Most practitioners are familiar with the basic concept of “contract templates”, but more advanced systems on the market are doing more with contract clauses and are moving away from simply drafting a contract or filling out a template. They are getting into what many call “contract building”, which is the assembly of a contract, or contract document such as an SOW or project letter, etc., from a set of defined clauses and clause alternatives or ‘fall-backs’. This can then be done through manual selection or in more advanced models, using decision trees within the CLM tool to allow for a guided creation. The advantage of such building tools is that they are dynamic, allowing a user to update a clause once, as opposed to updating the same clause across multiple templates. This reduces the likelihood of multiple versions of the same clause being drafted over time. In addition, it allows for more self-service to the parts of the organizations which may not be CCM experts.

Another key area for innovation is the ability of any tool to ingest and manipulate 3rd party templates and forms. Even the strongest of institutions will not be allowed to only work with their terms and conditions and for most companies, 3rd party paper is the norm. The CLM technology out there today is starting to solve this challenge. But this is still very much an area where more innovation is needed. Some tools with natural language processing capabilities (more on that below) can “read” documents and highlight areas where there could be differences from standards. But this is not the norm in the industry and most platforms can only use 3rd party forms as a basis for then tracking mark-ups – something which has existed in word processing tools for decades. Granted, there are added workflows in the system to make it faster than email, but still this is an area where CLM technology vendors need to keep pushing innovation.

This report asked vendors to look at the following criteria around Contract Drafting:

- **Clause library:** ability to create, modify and add clauses to the library
 - **Template library:** ability to create, modify and add templates within the library
 - **3rd party templates:** ability to transform a 3rd party provided template into a contract, compare against internal standards, and other functionalities.
 - **Contract negotiations:** redlining, tracking, workflows, version control and collaboration
 - **Other:** Does a customer need to have another tool (such as Microsoft Word or other text editors) to modify or manipulate clauses or templates; what are options with e-signature?
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Contract Approvals

Closely tied to Contract Drafting or Building is approval management. One of the main reasons to acquire a tool in CLM is to get away from the disjointed world of email and undisciplined version control, especially since the number of reviewers tends to grow, especially with ever-increasing regulations. Rather than work in those myriad of systems, it is more efficient to wrap one tool or platform around these processes of contract creation and approval. With that, an organization is able not only to keep track of all approvals, tollgates and reviews which occur for audit purposes, but also bring discipline and avoid “maverick” contracts. Innovative providers have easily configurable workflows which can handle different approval paths for large frameworks, short SOWs and exceptions. Borrowing heavily from procurement tools, they have defined control points and good reporting with a natural and easy flow to an e-signature option. Some tools still have more rigid approaches to approval and approval management, where the configuration of an approval stream requires coding and the idea of dynamic approval tracks is lost. Most organizations have (or should have) a different approval process for a contract depending on levels of risk or complexity. So, innovative tools allow for this easily and may even have self-service options to allow for this variability. However, many today remain linked to risk evaluations based only on financial value or spend, rather than more sophisticated risk calculations related to levels of uncertainty or potential business exposure.

Another innovation comes with tools which can report on the time a contract is in process. Like financial systems which show aging of debt or invoices, innovative tools can show how long it takes for a contract to work its way through the system. This is a growing area as more and more companies are looking at the cost of creating a contract and how efficiencies can be introduced. Of note, many of the platform tools offer mobile approval tracking or logging. This is a natural evolution driven by smartphones over laptops and good to see in the CLM space.

This report asked vendors to look at the following criteria around Contract Approvals:

- **Workflow:** Ability to create workflows, assign approvers and set conditions based upon different values, types or other criteria, plus configuration process
 - **Workflow reporting:** status, outcome timing in system.
 - **E-Signature:** types supported, mobile approvals, ease of signing and registering
 - **Other:** Can approvers edit the contract object?
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3

Contract Query

Contracts need to be spoken about and communicated within an organization. Given that based upon IACCM research, less than 10% of users read contracts, there is no better way to guarantee misunderstanding of a contractual obligation than by never telling people about it. Much of this is still done person to person, but tool providers do understand that governance is a team sport and that there will be many stakeholders in an organization for one contract or relationship. And given that not everyone in the team will have the same level of understanding or access to information, if there is one platform in use, such platform can be the one place to ask questions, as opposed to random emails, texts, phone calls or other methods. Many tools have some functionality for logging questions and queue management. Another advancement is that some tools allow for intelligent FAQ creation. Many of their customers track the query logs and this allows for more focused and therefore useful FAQs. The most advanced tools have started to install chatbots for frequently asked questions using a combination of machine learning and clever interfaces. Chatbots are not the norm, but for large organizations which are looking to improve user experience and contract compliance, chatbots will be of increasing importance.

This report asked suppliers to look at the following criteria around Contract Query:

- **Questions:** Ability to create, assign, store a question and the automation around that
 - **Configuration of Questions:** flexibility to create paths, i.e., one size for all or as per the individual contract
 - **Queue Management:** Speed, reporting and notifications once answered
 - **Other:** FAQs and chatbot availability
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4

Contract Discovery

Information is great, but the ability to access that information in an intelligent and focused way is even better. Tool vendors have always had search capabilities, but today there are widespread advances in terms of how information can be organized and then accessed. There is a separate capability section on intelligent extraction; this section is focused on how well the tools can put the contracts into an organized manner and then search within that framework. This makes the difference between an organized, colour-coded closet and just a pile of clothes in a room. Yes, they are both storing something, but one is superior to the other. Basic tools can store contracts based upon names, geographies or types. But more advanced tools understand the relationship between MSAs, exhibits, related subcontracting agreements, operating level agreements and then can read and track all the changes, letters and other information thereto. This then translates into the strength of the search and discovery capability.

This report asked vendors to look at the following criteria around Contract Discovery:

- **Basic Search:** Connection to the repository, search and copy basics, languages supported
 - **Contract classification:** Contract types, groupings and connections
 - **New and Sub-repository creation:** Can documents be easily or automatically grouped and clustered and how?
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5

Obligation Management

When it comes to post-award management of contracts, obligation management is one of the pillars for any customer or vendor and has been at the heart of most CLM technologies for years. Anyone who has run this process knows that it has historically been a very manual task, sometimes taking weeks to complete and always with a high risk of error or omission. It has therefore been begging for more automation and machine learning. So, it is no surprise that the more advanced tools on the market focus a lot of their AI and automation power at this capability. Differentiators at this point are where the automation is applied (e.g., obligation extraction, reminder sending/reconciliation, or throughout) and the accuracy of any machine learning. There are still tools on the market without any or with limited use of automation in this space, but clearly the market is exploring this further and further year on year.

One interesting evolution is the whole notion that obligation management has now moved into a more holistic view of “Compliance Management”. Advanced tools provide data points driven by classic obligation management to then “crunch” the data and show where repeated weaknesses are occurring on a deeper level. A typical example is that often a deliverable or obligation is met but is either late or at a different price. Smarter platforms will highlight this.

This report asked vendors to look at the following criteria around Obligation Management:

- **Obligation Extraction:** automatic vs manual, categorization, classification, owner assignment and management
- **Notifications:** configuration, automation, interface with email, calendaring
- **Compliance tracking:** reporting, collection and storage of response, automation, RAG reporting
- **Other:** flexibility in types of notifications and escalations

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Document Repository

The most basic activity in the full contract management lifecycle is to store the contracts in an electronic and searchable way. But strangely many companies don't have a single defined repository, even with GDPR and other regulations virtually demanding it. Thus, this is a capability all platform solutions must have and use at the core of their systems. Many of the functionalities in this capability are similar and standard. The only real differentiator in technology is whether a tool is using metadata or metadata with tagging. Metadata has been around for decades and most of us have used this whether we know it not. The whole idea of defined keyword searching goes back in knowledge management and even library science. The limitation with metadata is that if a term is not in the metadata, it is not searchable. Tagging is the more innovative way that many companies are moving towards. Tagging allows users to easily group or “tag” documents, clauses or any contract object together in a way that allows the user more flexibility and a greater likelihood of successful search. More advanced tagging goes beyond metadata sets and allows for future-proofing. Like obligation management, automation in the extraction of metadata is also popular, but not always found in the platform tools themselves. More advanced tools have automatic extraction.

This report asked suppliers to look at the following criteria around Document Repository:

- **Structure:** ability to create different types of files, folders, hierarchies and then upload/download, and document previewing
 - **Metadata and tagging:** flexibility and introduction of automation
 - **Version control:** signed/unsigned/WIP and notification of downloads
 - **Others:** OCR options, file types
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7

Dispute Management

Disputes (in the context of disagreements between the parties, rather than formal legal disputes) are a frequent reality in contract management and tool providers are starting to put special modules around dispute management. Although traditionally disputes can be managed through manual mixes of obligation management, authoring, and other basic approval capabilities, the ability to have a dedicated space in a platform linked to an individual account is attractive and becoming more common place. More advanced platforms have options for collaboration options or “joint rooms” where dispute information can be kept and accessed. To be fair, this is an emerging capability and only tools which focus more on the “management” of contracts as opposed to the building of contracts really focus on this. That being said, we identified this as a capability which buyers and users should consider if post-award is a focus.

This report asked vendors to look at the following criteria around Dispute Management:

- **Dispute log/list Management:** action owners, link to parent contract, document storage
 - **Approval workflow:** internal organization, collaboration, track/trace
 - **Reporting:** status, days, flexibility on other factors, report sharing
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8

Performance Management & Calculations

This capability gets at the heart of the difference between platforms which are meant for general purpose CLM vs. those platforms which put an emphasis on the “management” part of contract or commercial management. The capability may support review of the organization’s own performance with partners/clients or doing full vendor or customer management in combination with a supplier or customer relationship management tool. It is common that most platforms will do some reporting and accept feeds of data on this. However, more innovative tools will do calculations based upon service level requirements and contract requirements and the most advanced tools are bringing automation and collaboration with them, essentially turning systems from intra-enterprise tools into tools that support inter-enterprise information flows and management. Highest performers in these areas tie performance management with actual invoices and offer integration and automation with those calculations.

This report asked suppliers to look at the following criteria around Performance Management & Calculations:

- **SLA Data:** uploads/links, comparison and calculation against contract standards.
 - **Automation & Notification:** Options for triggering earnbacks or highlighting risks
 - **Invoice calculations:** integration with other tools, comparison with standard invoice, discrepancies
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9

Contract Change Management

Good contracts are not static pieces of paper to be put in the drawer and never looked at unless something goes wrong. Good contracts should mirror and shape relationships and will naturally evolve as the relationship or its requirements evolve. Ergo – good CLM tools should make the change management process easy and powered by technology. In a way, this can be an extension of Contract Drafting (above), but more advanced tools realize that there are significant differences and there needs to be a way to reconcile change against the contract as written. Basic tools often allow for this, but more advanced tools bring in automation and the same things that make contract building interesting. Furthermore, advanced tools take the best from procurement tools and have the flexibility and approvals to match the reality of contract management.

This report asked vendors to look at the following criteria around Contract Change Management:

- **Drafting:** Use of existing templates/clauses/documents
 - **Links:** Connections to contracts and exhibits
 - **Workflows and Approvals:** flexibility, reportability
 - **Signature:** signature options and modules
 - **Metadata/tagging:** Does the change order get incorporated into the exiting metadata/tagging process?
 - **Due diligence & review:** What automation does the tool offer to compare the proposed change to existing clauses
-

10

Contract Information Extract / Machine Learning

Easily the fastest growing capability and quite likely the most written about, many tools today specialize in machine learning, natural language processing (NLP) or other forms of AI. Some platform tools incorporate elements of machine learning or NLP into their platform. This clearly is the future and tools will need this capability or risk the path of the rotary phone or non-digital cameras. Not every platform has these capabilities, but market pressures clearly indicate that automation and AI are required table-stakes for tools going forward. As noted above, elements of extraction and machine learning permeate almost every other process and capability. The most advanced platforms build components of machine learning into the other capabilities; as in the 1980s when more and more auto manufacturers put computers into their mechanical systems. Users didn't quite realize it at the time, until somewhere in the 1990s there were no automobiles without computer assisted or controlled functions and old, purely mechanical engines were something for museums and collectors. The same tipping point is happening here. We suspect that these changes are becoming so embedded in the technology and processes that in 5-years' time, most users won't even recognize a capability which doesn't use some form of AI or automation.

This report asked vendors to look at the following criteria around Contract Information Extract / Machine Learning:

- **Metadata/Data Point Extraction:** loading of contracts and detail around point extractions
 - **Obligation extraction:** Ability to identify obligations within contracts
 - **Bulk contract classification:** Ability to group large number of contracts into defined types
 - **Machine learning:** How can the tool "learn" in the above to increase accuracy
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Collaboration with Counter Parties

Beyond just internal focus, the market dictates that there needs to be an ease of working with partners, customers and vendors. This is not a standard capability and only more advanced tools offer this collaboration capability. The standard collaboration, offered by 90% of the tools, is an email exchange plus check in/check out of documents. More advanced tools have a special platform or website for customers and suppliers to collaborate, using shared data and encouraging proactive identification and resolution of problems or issues. The most advanced allow parties to negotiate in real time and with transparency and to benefit from e-signature. Over time, we expect this area of functionality to improve considerably, with advanced communication tools embedded in the platform to facilitate interactions and a consolidated record. Such improvements are also likely to enable increased consolidation and collaboration across supply networks or interdependent groups of contracts.

This report asked vendors to look at the following criteria around Collaboration with partners:

- **Portals:** Vendor/customer/partner portals
 - **Approvals:** Ability to ask partners for approval/rejection in a transparent manner
 - **Signature:** Integration to allow for finalization
-

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RFX

Many CLM processes overlap with procurement activities and the tools in this space are acknowledging this. The market is seeing more procurement tools with CLM capabilities and CLM tools with procurement capabilities. This is not standard, but for niche requirements, some tools are adding RFX and RFX response capabilities.

This report asked vendors to look at the following criteria around RFX:

- Creation of RFX from template
 - Workflows and partner sharing
 - Interaction: Uploads from partners and query management
 - Notifications: Automation options vs manual
 - Other: Reverse auction capabilities
-

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Management Reporting

Reporting is a key step within every process or capability, but more advanced tools offer specialized reporting capabilities. It is standard now to expect basic “excel” or another Microsoft suite reporting. But the more innovative tools provide reporting which is more akin to data analytics tools. The quality of reporting and ease of accessing data has been a major shortfall in past systems, often constraining user adoption. Systems have also struggled to establish effective interfaces with other enterprise databases, especially since contract-related data is often spread across multiple applications owned by different functions.

This report asked vendors to look at the following criteria around Management Reporting:

- **Basic reporting:** format, drill down and graphics
 - **Special Reports:** ease of configuration and then format, drill down and graphics
 - **Other:** Scheduling of reports, use of external tools on reporting
-

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Contract Portfolio Analysis

Many capabilities focus on how an individual engagement is managed, but it is a growing concern to look for a tool that can assist with arranging and comparing various aspects of portfolios or subsets of contracts. Many tools can basically group contracts, but more advanced tools give details within that group. This is an increasingly important area and the one that drives management appreciation of the importance of good contracts and contract management. Examples of portfolio analysis arise in areas such as risk scoring – for example, understanding the typical levels of risk within contracts or comparing those across different business units; evaluating the relative profitability or cost performance of different contract types or customer / supplier groups or categories; gaining insight to the frequency of negotiated variants and trends that might impact corporate policies or practices. It is through advanced analytics that the economic and risk impact of contracts and the contracting process will become appreciated, generating far greater attention on this activity – and ultimately on the overall functionality of CLM systems.

This report asked vendors to look at the following criteria around Contract Portfolio Analysis:

- **Analysis:** Ability to analyse difference user defined factors in a portfolio such as spend, risk or other defined categories
 - Benchmarking against standards
 - Score-carding (as defined by user)
 - **Technical aspects:** exporting, graphics, reporting
-

Year of Establishment



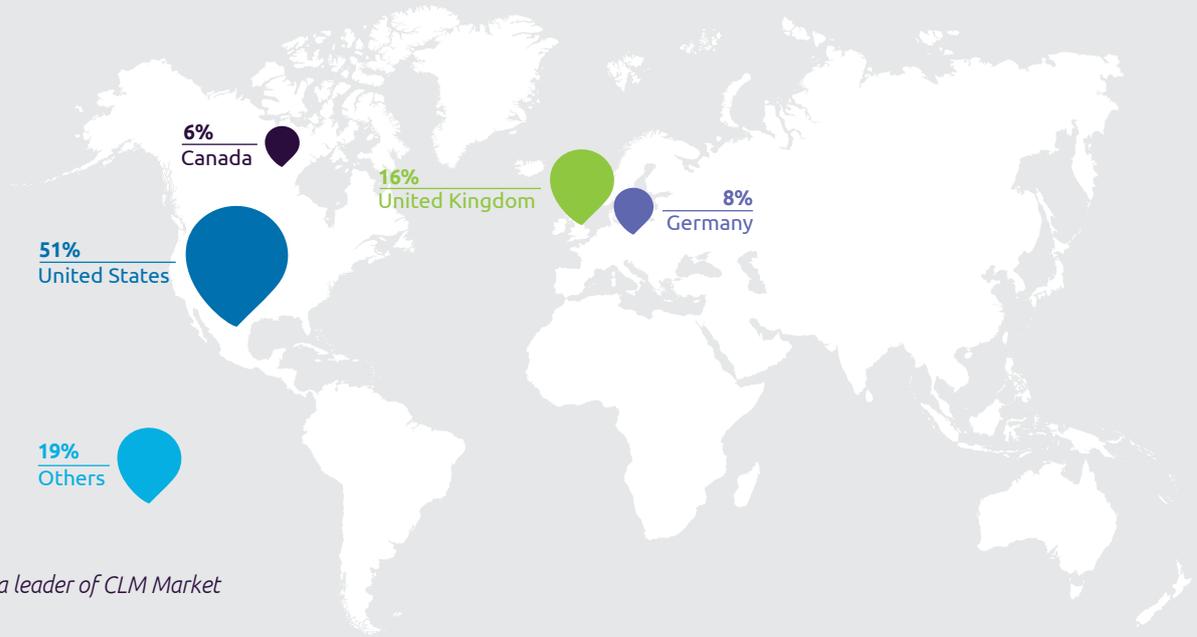
Many companies are under 10 years old

Employees working in Company



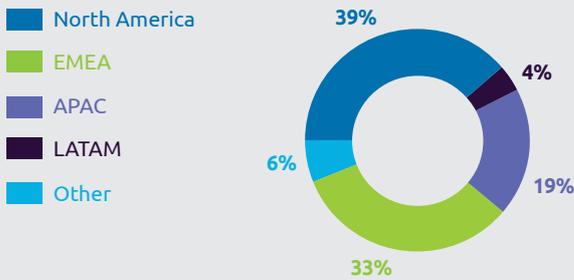
The majority of companies remain in start-up mode

Corporate Headquarters



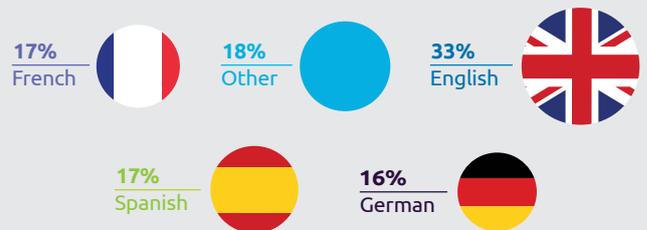
North America is a leader of CLM Market

Regional Office



Majority of the vendors have regional offices either in EMEA or NA

Language Supported

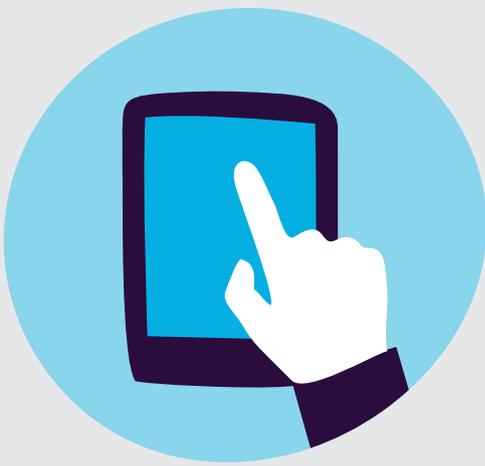


Whilst English is the natural leader, more tools support other key languages

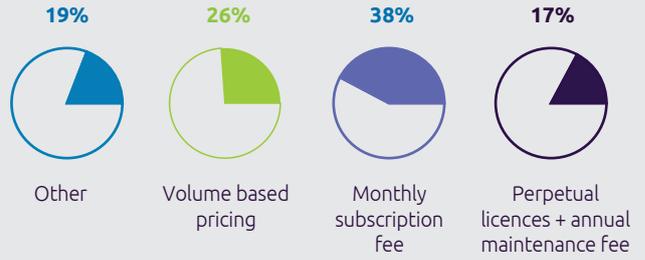
Organizational Function



Procurement and Commercial departments are being identified as obvious customers

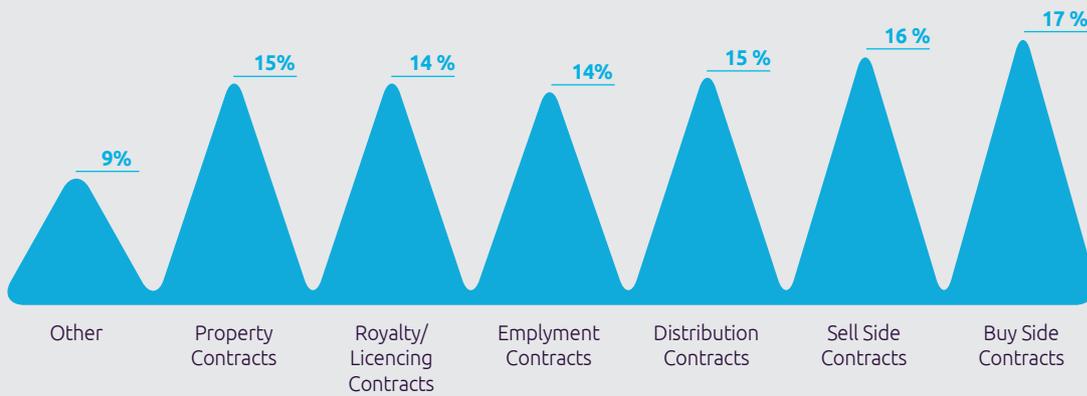


Licencing Model(s)

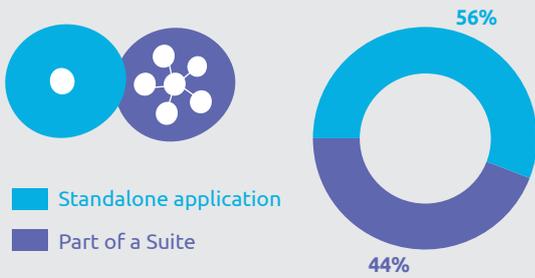


There is significant diversity in the licencing models offered

Application Support Type



Standalone VS Suite

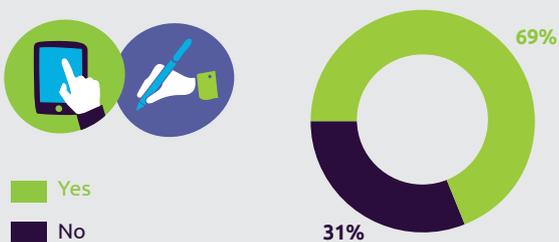


Cloud versus on Premise Solution

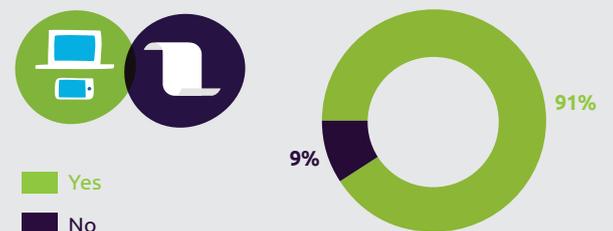


Pure on-premise solutions are facing extinction

E-Signature Support



Mobile Device Support



Vendors are increasingly focused on user experience

Summary

Within the capabilities section above there is extensive detail on where the market and innovation are going in this space. Additionally, we have provided some hard statistics. But there are some distinct trends also worth noting:

- Cloud has won. As noted above, 90% of the tools today are Cloud based with a clear preference from the vendors to use Cloud over on-premise solutions.
- The ROI – or return on investment – of CLM has been misunderstood. The latest applications offer not only major improvements in the efficiency of commercial operations, but also tackle the hidden value erosion that comes from overall weaknesses in the contracting process.
- Tools are “platforms” or unique solutions. There is a growing momentum to have end-to-end platforms or contract “ERPs”. Many tools want to show that they are flexible and can cover the entire contract life cycle from pre-award all the way through post-award. Conversely, there are many tools which would be “spot” solutions focused purely on AI, automation or machine learning. As of the writing of this report there are more and more partnerships being formed between the two categories. This is worth watching.
- Building on the idea of contract “ERPs”, the creation of collaborative tools is starting to tackle a fundamental weakness of traditional ERP, which is the fact that it drives only internal efficiency and communication. As organizations increasingly rely on external partners for their performance, the emergence of collaborative tools is increasingly essential – in IACCM’s view, this collaboration is now enabled through emerging technologies and is facilitating a new breed of inter-enterprise systems which it has termed ‘RRP’ or Relationship Resource Planning.
- More focus on end-user experience – compared to the past, tools are focused on “less clicks” and to make it “easy”. Surveys regarding user adoption show the critical importance of this focus and of tackling perceptions that contracts are either impossibly complex or irrelevant.
- Integration with other tools (CRM, SRM, ERP) is key and more common; it is again essential to the quality of data flows and the perceived usefulness of the application.
- A spread of tools is now available, and selection can be based upon the maturity of the buying organization. If you want something to just do X and do it easily, there are tools there, but if you want a fully integrated platform for sales and / or procurement there are tools that do that too.
- The divide between ‘buy-side’ and ‘sell-side’ solutions is diminishing. While organizations still tend to purchase systems that reflect the traditional functional divide, smart buyers increasingly recognize that their trading relationships are inter-dependent and that the contract management system should be unified.
- Contract authoring or “building” is hot. More intuitive contract building based on adaptive clause libraries as opposed to templates, but just like the previous point – if you like templates there is a tool for you.
- AI is more and more common. Maybe there were three tools five years ago, but now ten or more vendors have solutions with machine learning.
- The Legal Department is no longer the primary target for technology vendors; with the increased levels of functionality, other key stakeholders are showing greater interest. We observe that the market is spreading into two paths: tools that are primarily used by Legal (termed LegalTech) and CCM tools that are of much broader business applications and in which lawyers are just one stakeholder or user group.



The Contracting Lifecycle

As mentioned above, 'the contracting lifecycle is – and will remain – a combination of people and machines. Automation is exposing the extent to which contract-related activities are fragmented and are enabling the consolidation of those activities into an integrated process. One major improvement is the growing realization that contracting is not solely a transactional activity; it draws from and informs broader business and commercial strategies and operations. The IACCM view of the contracting lifecycle is therefore as follows – and this represents the context within which tools and systems need to operate and provide support:

Contracting Lifecycle: Operational Phase

- Define – oversee development and define responsibilities and authorities within the contracting process
- Develop – establish standard clauses / options and templates based on policies, practices and market strategies / requirements
- Maintain – monitor issues, undertake research, propose improvements, update process or standards for shifts in internal or external conditions
- Equip – ensure suitable tools, training for those performing activities within process
- Analyze – undertake regular reporting on effectiveness of process in supporting business goals and priorities

Contracting Lifecycle: Transactional Phase

- Evaluate – identify contract model required to support specific bid or proposal or review counter-party proposed terms for acceptability (determine go / no-go)
- Approve – evaluate non-standards and interdependencies (e.g., subcontractors, related contracts, resources); engage stakeholders required for review and approval
- Draft – prepare required transactional documents or variations to standard
- Negotiate – establish strategy, fall-backs, trade off; seek to reach consensus (go / no-go); redraft as required;
- Implement – communicate signed agreement and obligations to all affected parties
- Manage – oversee and report on performance; handle claims, disputes; negotiate and record changes
- Close – manage termination or renewal, identify continuing obligation

Conclusion & Future

Where do we go now? This report is a snapshot of where the market is at the time of writing, so by its nature it will slowly become history and outdated. But in parallel to this report, we have taken the findings, capability analysis and other information and created an interactive vendor investigation tool which can be found at software.iaccm.com

The purpose of this tool is to allow users to review their options based upon their needs and required capabilities, to find the CLM tools which offer the best fit. We would suggest that users read through this paper first, to become familiar with our definitions of the capabilities and to ensure they are informed about the potential of the system choices. The idea is that the IACCM tool will be dynamic and updated frequently with new vendors and new vendor developments.

But where does the market go now? Here are some high-level thoughts:

Too many tools

Although competition is great for consumers, the proliferation of choice creates confusion and may lead to inertia and delay. Although the overall market and number of users will increase, we expect that there will be a steady consolidation of providers. This will be a combination of:

- larger players in CLM acquiring smaller players;
- mergers between overlapping or complementary providers;
- non-CLM companies such as large ERP, CRM or SRM players adding CLM functionality; into their tools and gaining significant market share;
- natural attrition as not all small players will succeed

Platforms versus tactical solutions

As of the writing of this paper, there are more and more situations where tactical, pure AI tools are “partnering” with platform tools. There is an expectation that this will continue, and it is likely that more acquisitions will occur.

AI, automation and innovation advance

It is safe to say that AI, machine learning and automation are soon to be standard in all platforms. The tipping point is coming and there will be few tools without AI/automation. There is currently a place in the market for tools which may be “low-tech”, but that market share will expire soon. As noted above, we are on the cusp of the time when people won’t remember what a tool without AI was.

Adoption will need help

Despite the excellent innovations, there is still a challenge with adoption. More and vendors are either building up their own resources or partnering with other companies to handle the change management required in getting tools implemented. Typically, this includes a need for improved process definition and often requires extensive review of existing and future commercial practices and contract models. Also, as tools get more complicated and more valuable, there is a greater need to train companies on how to use these innovations. And depending upon the user group, there is sometimes a resistance to change. We predict that services will be developed around technology to help with the implementation and adoption of the tools, as these are specialist processes.

In summary, the market is diverse, but the path is clear. Automation in CLM is maturing fast and represents a major source of future value, offering a return on investment that far outweighs its cost. After many years on the periphery, contract management technology is starting to go deeper and broader into enterprise systems. Therefore, it is key to know what you need and how to implement it.



Special thanks for making this report a reality.

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A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.

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About IACCM

IACCM is dedicated to raising individual, organizational and institutional capabilities in contracting and commercial management. It provides research, learning, certification and benchmarking to a worldwide, cross-industry audience of practitioners and executives.

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