

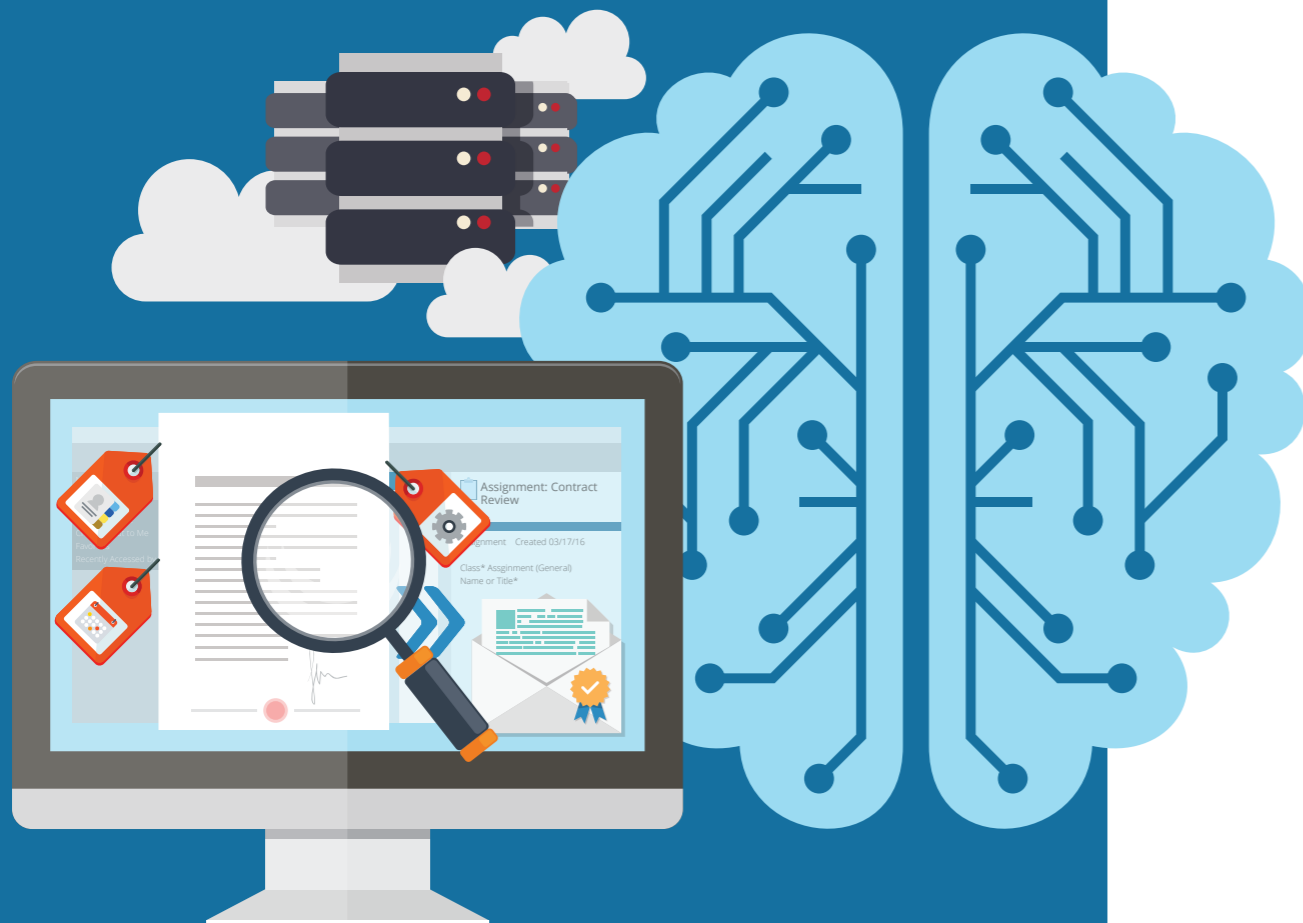
Six Steps for

# Automating and Improving Contract Management

***M-Files***<sup>®</sup>



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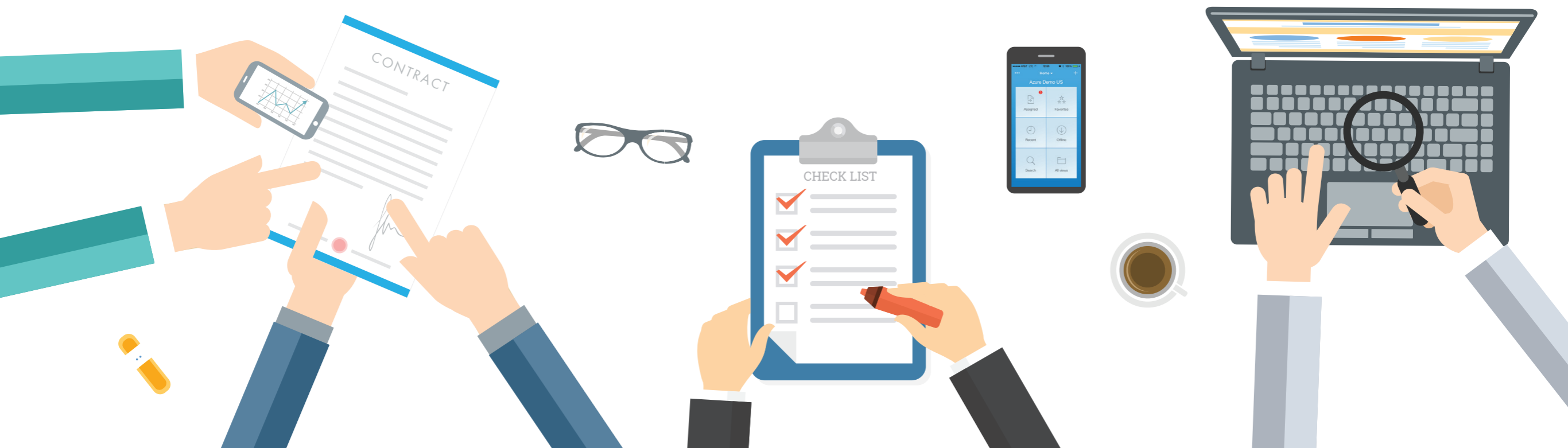
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No organization is immune from the complexities associated with managing contracts. Without a proactive strategy and approach in place for managing and processing these vital business documents, organizations lack visibility into the state and status of their contracts, which can have a direct and immediate negative impact on revenue.

Contracts are not only vital, they are intricate and often unique to meet the needs and requirements of each business. They express elaborate expectations, serve as safeguards for company resources and officially represent business relationships.

Whether it's the need to streamline contract review and approval processes or to better monitor renewal and expiry dates, all organizations can benefit by automating the management of these important documents and their associated processes.



## DOES YOUR COMPANY NEED A SOLUTION FOR CONTRACT MANAGEMENT?

In order to assess the need for a solution to automate contract management, consider these three questions:



### 1. Do you have difficulties finding contracts?

In the past, contracts were often kept in paper form, and spreadsheets were used as the primary means for managing them and tracking their key terms and milestones. Most organizations use a combination of hard copy and network folders to manage their contracts. This multi-format storage can cause a lot of problems for those in charge of managing contracts. How do they find all contracts expiring in March, or all contracts spanning the last ten years with the Adama Agency? In our data-centric world, it's beneficial to have systems with the ability to append metadata related to the contract file so that information can be quickly discovered, or so that groups of contracts can be found that meet certain criteria. Simply put, contracts are found based on "what" they are (identifying criteria) rather than worrying about "where" they are (in Jane's email, archived on the file server because she is no longer with the company).



### 2. What is your organization's process for reviewing and approving contracts?

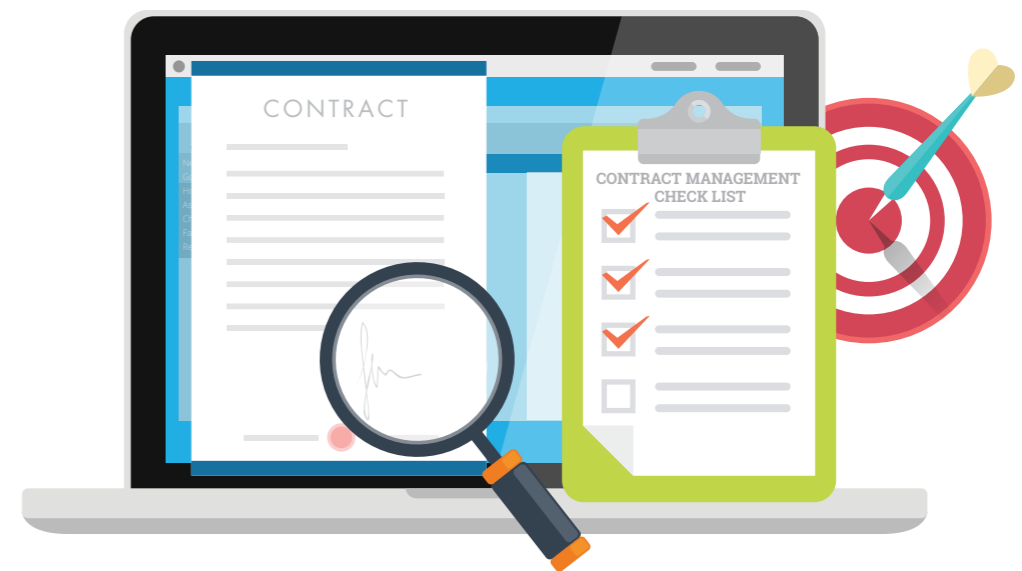
If your response is emails, inboxes and/or printed paper documents, you should seriously consider implementing a solution to automate the management of your contracts. Paper gets lost or misfiled, emails get missed or ignored — and chaos ensues. With a solution that can automate contract review and approval processes, organizations will not only see greater accuracy and efficiency in how they manage contracts, but they will also ensure that all the appropriate individuals review and approve files and make sure that key contract terms, milestones and deadlines are not missed. Companies with a solution in place that automates contract management typically see expedited sales and contract approval processes, along with reduced closing times and lower transaction costs.



### 3. Is contract information visible and reportable?

If your answer is "no," you're likely in the same boat as other companies that rely on a combination of email, the contract manager's brain, paperwork and some data from the ERP system. Solutions that can seamlessly integrate with other core business systems addresses this problem directly since information that resides in different systems can be easily accessed without concern for file duplication and version-creep. The right automated contract management system brings vital data residing in different systems and repositories together in an easily digestible, reportable format.

If the issues described here reflect the situation at your organization, then it's time to automate your contract processes and control risk with an Enterprise Content Management (ECM) solution with robust contract management capabilities.



# SIX STEPS FOR AUTOMATING AND IMPROVING CONTRACT MANAGEMENT

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ECM systems can mitigate common challenges and inefficiencies by:

- Making it faster and easier for authorized individuals to find, access and edit contracts
- Automating and streamlining contract review and approval processes
- Ensuring contract milestones are not missed

Real estate companies, manufacturing organizations and businesses from nearly all industries are turning to ECM solutions to improve consistency, transparency and accountability in how they manage contracts.

With the right ECM solution in place, organizations can simplify and streamline their approach to contract management by following these six steps:



## STEP 1: ENSURE CONSISTENT CONTRACT CREATION

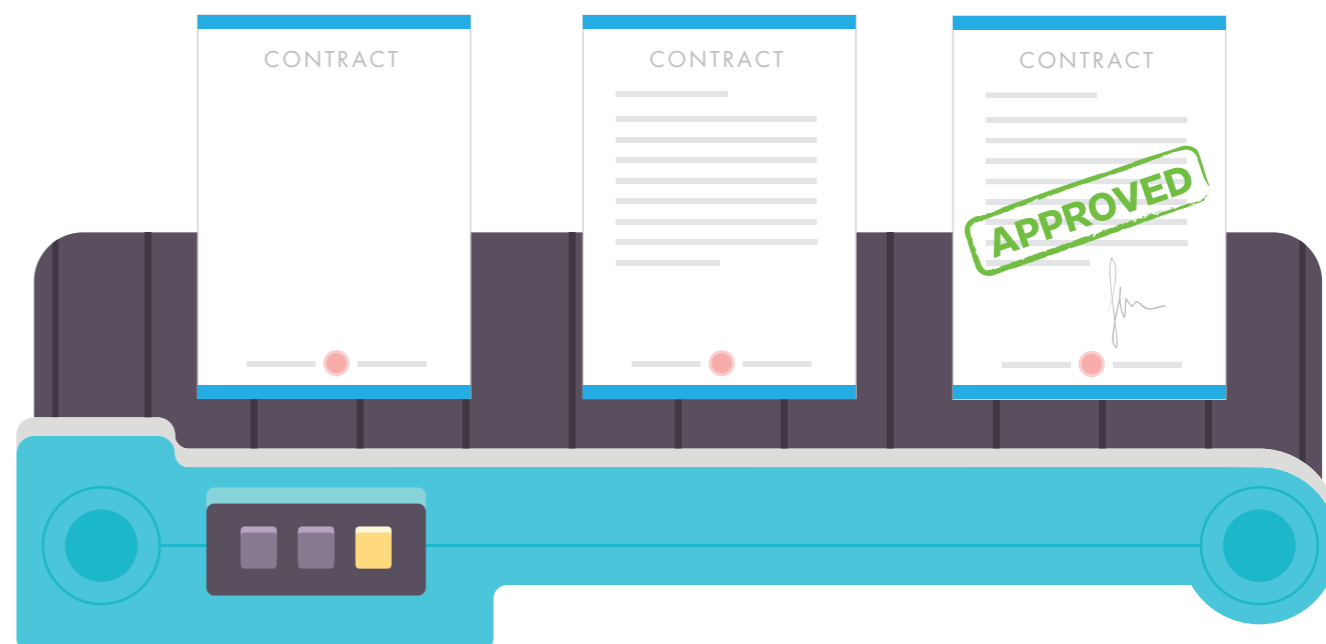
*Does your organization have contract templates?*

Without approved contract templates, those in charge of managing contracts are forced to reinvent the wheel with every new contract -- leading to potential disparity between contracts and rogue contracting, along with the possibility of human error/oversight and slow contract creation times. In this environment, organizations run the risk of poorly tracking price, payment and renewal terms, which can lead to a loss of favorable terms won during negotiation.

ECM solutions enable companies to create consistency in how contracts are initiated while minimizing human error, ensuring access to past contract drafts and eliminating time-consuming contract creation procedures. These systems offer the ability to activate approved templates that can streamline the contract initiation process. During the drafting and negotiation process, contract drafts are version controlled and integration with platforms such as Microsoft Office and Office 365 fosters collaboration.

The benefits of leveraging an ECM solution for contract management are seen throughout an organization:

- **Sales:** Reduce the waiting for the legal department to draft NDAs and sales contracts.
- **Human Resources:** Speed up the creation of offer letters and compliant employment agreements.
- **Procurement:** Reduce the time and cost to create RFIs, RFPs, RFQs, RFTs, or contracts.



## STEP 2: STREAMLINE CONTRACT REVIEW AND APPROVAL PROCESSES

*Does your company use manual methods for reviewing and approving contracts?*

Manually reviewing and approving contracts is a waste of time and resources. ECM solutions automate and simplify review and approval cycles, eliminate bottlenecks and reduce the length of approval cycles. ECM systems ensure that key contract milestones are monitored and acted upon according to contract terms, and perhaps most importantly, that revenue comes in faster.

Collaboration tools speed up the negotiation process by making it easier to share content with external parties, and version tracking features provide the ability to compare document revisions and track changes, thereby making drafting and negotiation processes more accurate and efficient.



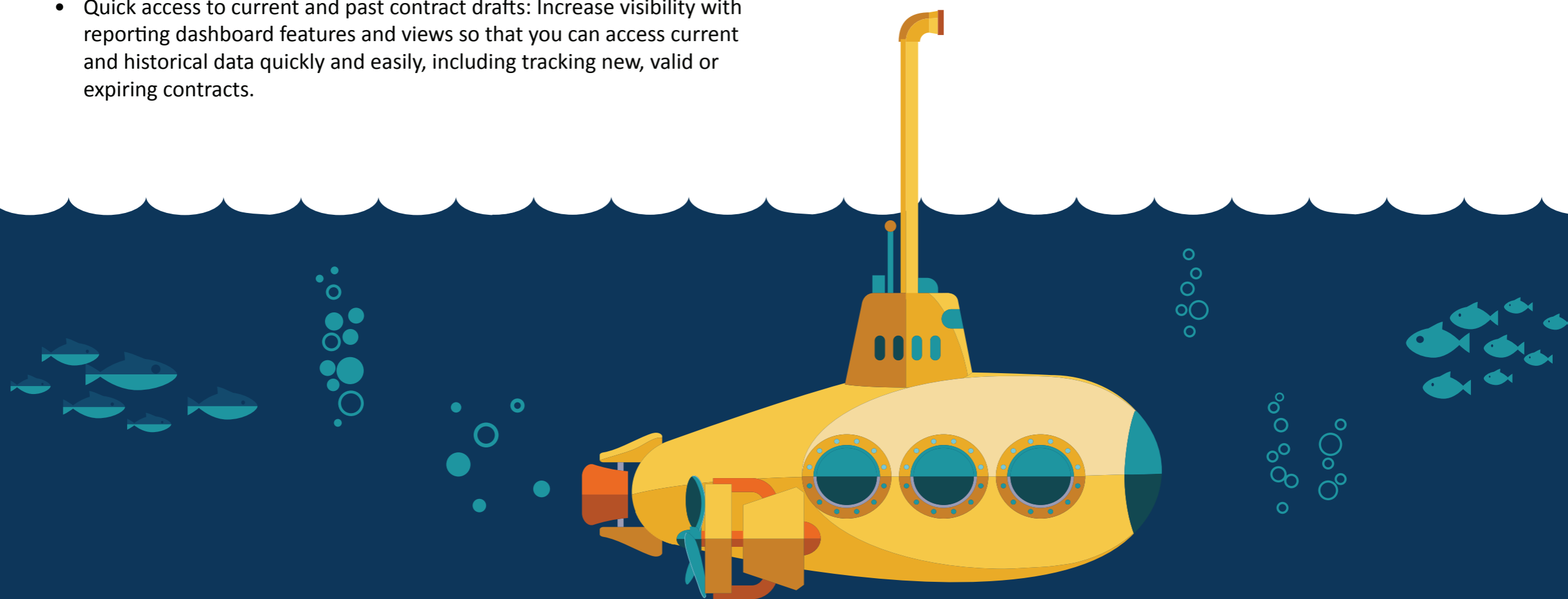
## STEP 3: GAIN FULL VISIBILITY INTO ALL YOUR CONTRACTS

*Do you know where your contracts are?*

Reliance on network folders, email inboxes and paper storage units are all hallmarks of an inadequate (and risky) approach to contract management. Within these information silos, contracts are scattered, hard to find and often times lost. Without fast and easy access to contracts, procurement teams and contract managers risk eroding the value of agreements and missing opportunities, such as favorable terms for early renewals.

Leading ECM solutions enhance contract visibility by offering:

- Intuitive search capabilities: Search and access contracts via keywords, phrases and related information such as client, vendor, project, property, product, expiry date and more.
- Quick access to current and past contract drafts: Increase visibility with reporting dashboard features and views so that you can access current and historical data quickly and easily, including tracking new, valid or expiring contracts.
- Robust security options: Control the point in the contract lifecycle during which certain individuals can access and/or edit files. By offering flexible security options, organizations can safeguard information and minimize risk of data loss.
- Ability to view contracts in context: It's often difficult for organizations to view contracts in the context their entire business. Metadata-driven ECM solutions allow organizations to maintain, track and view contracts through any related information, such as the customer account object in a company's CRM system. By tagging documents with contextual information, contract managers gain a 360-degree view of information related to contracts, such as client, project, property, employee, etc.



## STEP 4: ENABLE EMPLOYEES TO ACCESS AND MANAGE CONTRACTS ANYWHERE

*Can you access contracts and participate in workflows while you're out of the office?*

Having the ability to work remotely and perform contract management tasks from anywhere is essential in modern working culture. With traditional methods of contract management, important information is confined to its location, such as a filing bin or a network folder. These approaches fail to keep up with the mobile nature of modern business life.

Effective contract management means having the ability to access contracts from anywhere, anytime and with any mobile device. ECM solutions offer the capability to access, review, approve and track contracts regardless of where you are in the world.

Modern ECM solutions offer mobile apps that enable authorized users to not only access contracts via their smart devices, but also execute them via eSignature capabilities. For instance, a member of corporate counsel is away from her office, waiting at an airport. She receives an email notification on her phone or tablet that she has a contract draft waiting for approval. With an ECM mobile app, she can review and approve the contract from her smart device and move on to more important matters (such as making it to her flight on time).



## STEP 5: REDUCE RISK AND UNNECESSARY REVENUE LOSS

*Has your company lost revenue because of poor contract management practices?*

Contracts are inherently laden with risks. Without proper contract management protocols, these risks can manifest in major revenue loss, not to mention damage to the brand and other negative repercussions that can be detrimental to a company's success.

Common examples of contract mismanagement that have costly consequences include:

- Bottlenecks in contract review and approval cycles during key times (like the end-of-quarter sales crunch) can lead to lost deals
- Poor tracking of price, payment and renewal terms can lead to the loss of favorable terms secured during negotiation

- Sales and support teams are unaware of negotiated prices or delivery terms
- Penalties incurred for non-compliance, missed opportunities from special terms and rebates, and payment errors incurring fees and penalties
- Failure to enforce negotiated supplier terms
- Inadequate delivery to customers because of missed terms

ECM solutions minimize all of these risks by automatically notifying contract managers when a contract is close to expiration, a milestone has been reached or when an obligation needs to be met.



## STEP 6: ENSURE COMPLIANCE WITH REGULATORY MANDATES AND CONTRACT TERMS

*Has a manual approach to managing contracts resulted in non-compliance or an inability to meet contract terms?*

Increasing regulatory compliance requirements have driven many organizations to reevaluate how they process and manage contracts. A manual approach to contract management can put your organization at risk for noncompliance and can result in many of the following crucial problems:

- Difficulty in monitoring contracts makes it more challenging to reduce risk exposure
- Difficulty in adequately preparing for audits
- Inability to plan for and react to non-conformance or crisis situations
- Failure to comply with contractual obligations results in unhappy customers, partners and suppliers
- Failure to include appropriate clauses can lead to regulatory sanctions and penalties
- If contractual obligations are incomplete, the potential for litigation increases
- With so many people negotiating in so many different ways, it becomes virtually impossible to accurately assess overall exposure.

ECM solutions help to ensure compliance by maintaining a full audit-trail of contracts and that key milestones are monitored and acted upon. This means you can access and track every version of your contracts from their creation to the latest and most updated versions. In addition to tracking and maintaining contract audit trails, automatic notifications ensure contract managers stay on top of contractual obligations.



# ABOUT M-FILES

## M-FILES CORPORATION

M-Files provides a next generation intelligent information management platform that improves business performance by helping people find and use information more effectively. Unlike traditional enterprise content management (ECM) systems or content services platforms, M-Files unifies systems, data and content across the organization without disturbing existing systems and processes or requiring data migration. M-Files breaks down silos by delivering an in-context experience for accessing and leveraging information that resides in any system and repository, including network folders, SharePoint, file sharing services, ECM systems, CRM, ERP and other business systems and repositories. Thousands of organizations in over 100 countries use M-Files for managing their business information and processes, including SAS, Elekta and NBC Universal.



 [www.lamininsolutions.com](http://www.lamininsolutions.com)  
 +1 904 810 3299 (US)  
 +44 23 9408 0009 (UK)  
 [sales@lamininsolutions.com](mailto:sales@lamininsolutions.com)

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