



**Why Integrating  
Your Buy-Side and  
Sell-Side Agreements in One  
Contract Management System is  
Advantageous**

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# Integrating Buy-Side and Sell-Side Agreements

## Key Points

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- By combining buy-side and sell-side contracts into a single repository, you can provide tremendous value to your executive leadership in the areas of compliance, reporting and savings.
- This article advances 10 compelling reasons why you should integrate both buy-side and sell-side, shows how to structure your project team in the appropriate manner, and advises which type of contract you should go live with first.

Typically, buy-side and sell-side contract departments are separated within organizations and utilize different processes and systems to obtain the same outcome — an executed contract — however, the more important goals include management of the performance, delivery, payment and compliance obligations agreed to. The obligations relating to either buy-side or sell-side agreements are managed in a similar manner, so it makes sense to have them in one centralized system. Furthermore, when it comes to the data, one company's buy-side contract management is another's sell-side, so there is no compelling reason to separate the two.

## Benefits From Integrating Buy-Side and Sell-Side Contracts

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If you take the approach of integrating all of your enterprise contracts into a single repository within a single contract life-cycle management (CLM) software tool, the benefits you'll immediately recognize are savings associated with:

- Having closely aligned and streamlined processes for both buy-side and sell—side contract management that align with overall corporate strategy;
- Providing executive level visibility into every contract enterprise-wide;
- Integrating contract data with customer relationship management (CRM) or financial systems to automatically maintain master supplier and customer profile records, thus ensuring accuracy of data and elimination of duplicate data entry;
- Automated event management and other date-driven “action items” that can be driven and managed uniformly within a single CLM software tool;
- Business intelligence/streamlined reporting that will provide management with the right operational and strategic data to make better decisions (seeing the whole picture rather than one side of the business);
- A complete book of business in a single CLM software tool for reporting and retrieval purposes to reduce the costs associated with looking disjointed to customers, suppliers and your corporate executives when searching for contracts data real-time;
- Complete and accurate data for sales forecasting and expenditure budgeting;

- The value created by linking buy-side and sell-side relationships and transactions when your suppliers' goods and services are transactionally linked to your customers through contracts:
  - As an example, it would be extremely valuable to know which of your suppliers are also your customers;
  - Where a specific part/product/service coming from a supplier is refined by your firm and produced into a deliverable consumed by the same entity (i.e., your supplier also becomes your customer); and
  - When there are issues on either side (i.e., in a buy or sell relationship), it's critical to know the full impact;
- The ability to strategically govern and manage adherence to approved standard terms and conditions and templates at an enterprise level for both buy-side and sell-side contracts; and
- Having complete and accurate data to identify and monitor business relationships, and sensitive or high-profile relationships and their key metrics, ultimately to renew and capitalize such high-value contracts.

It's sometimes easier said than done to integrate these two sides of contracting. However, it is important to ensure that from a project structure standpoint, the steering committee is comprised of members from both the buy and sell sides of the organization, but that the chair position is from finance, since this group has a huge stake in both groups' success.

There's also the question of which goes live first — buy-side or sell-side? There's no right answer. Traditionally, buy-side has seen a higher return on investment (ROI) than sell-side — however, more recently, the metrics are similar for both groups. As such, it doesn't really matter which side goes live first, but perhaps deciding who does could be based on the following:

- Which group is ready (i.e., have their processes for integration been thought through or documented)?
- Which group wants to go first?
- Which group has the budget? (Or, if they both have a budget, which group has the bigger budget?)
- Which group's deployment appears to be simpler? (It's better for phase 1 to be simple as opposed to complex.)
- Which group has been nicer to you? (Just kidding.)

If it's a tie, flip a coin (but ensure it's not a two-headed coin).

Irrespective of which group goes live first, it is strongly recommended that both groups' requirements are taken into consideration before you select a provider. More importantly, ensure that the full scope of the deployment (i.e., all the requirements and objectives) is known up-front, as it will affect the design and deployment, even for the first group. It will be important to know some of the following elements.

- What type of data fields will be captured and reported on?
- What type of reporting is required?
- What are you going to do about the existing contracts from a conversion standpoint?

- What systems will you need to interface with upstream and downstream?
- What are the cross-integration requirements between the buy-side and sell-side?

## Case Study

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In a recent deployment undertaken by Upside Software for a Fortune 100 high-tech organization, the client had several systems used by the various organizations for managing contracts. While each system was either procured or built to suit the needs of the specific group it served, the organization as a whole did not have a consolidated repository, reporting or governance pertaining to contracts. As such, the company embarked on a project to find one contract management system to help fulfill the needs of all the organizations it served. After a comprehensive RFP (request for proposal) process, which comprised all the groups as part of a selection/evaluation process, a commercial software package was selected.

The full deployment took about six months to complete, and initially the full payback was projected to be attained within 10 months from when the system went live. There were indeed many hurdles during the deployment, including getting consensus from the various groups on the configuration and setup; however, using a steering committee with one chairperson with ultimate decision-making authority helped resolve these issues.

As the various groups were going through the deployment process, they found that there were a lot of similarities between them, even though the initial impression was: "We are unique and completely different." The process also helped the groups learn from each other and ultimately improve their contracting processes. They learned an important lesson, in that sometimes best practices come from within your own organization.

Shortly after they went live on the system, they were reaping the benefits outlined earlier in this article. One example pertained to the formulation of their risk mitigation plans and, specifically, the case of where a major supplier was also a key customer. So, what happens when you can't pay that supplier on time, if that supplier also owes you money (as a customer)? It's very likely that payment will be held back, which does affect cash flow. There were a number of such supplier/customer relationships, so it helped them to adjust their cash flow projections as part of their risk mitigation strategies. Before having a consolidated system like this, pulling such a report would have been a daunting task. Similarly, other interesting data became available, such as:

- If we sever our relationship with supplier X, what revenue impact will we realize (assuming supplier X is also a customer)?
- Which entities are both our suppliers and customers?
- In cases where strategic sourcing principles are being applied to narrow down suppliers, which providers are also customers?

This particular customer was able to get a full ROI within six months of deploying the system (as opposed to the projected 10 months). Needless to say, they were convinced they made the right decision in picking one solution to manage both their buy-side and sell-side agreements.

## Conclusion

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We have shown the advantages which can be gained from integrating your buy-side and sell-side contracts into a single repository within a single CLM tool, including achieving enhanced ROI on your contract management process. Many of the best-of-breed providers in the market can cater to both these types of agreements. Be sure to do your homework and pick the one that works best for your particular business. It's important to ensure the provider has ample customers for

both types (buy-side and sell-side) and can provide references of organizations that do in fact manage both types of contracts in the same system.

## About the Authors

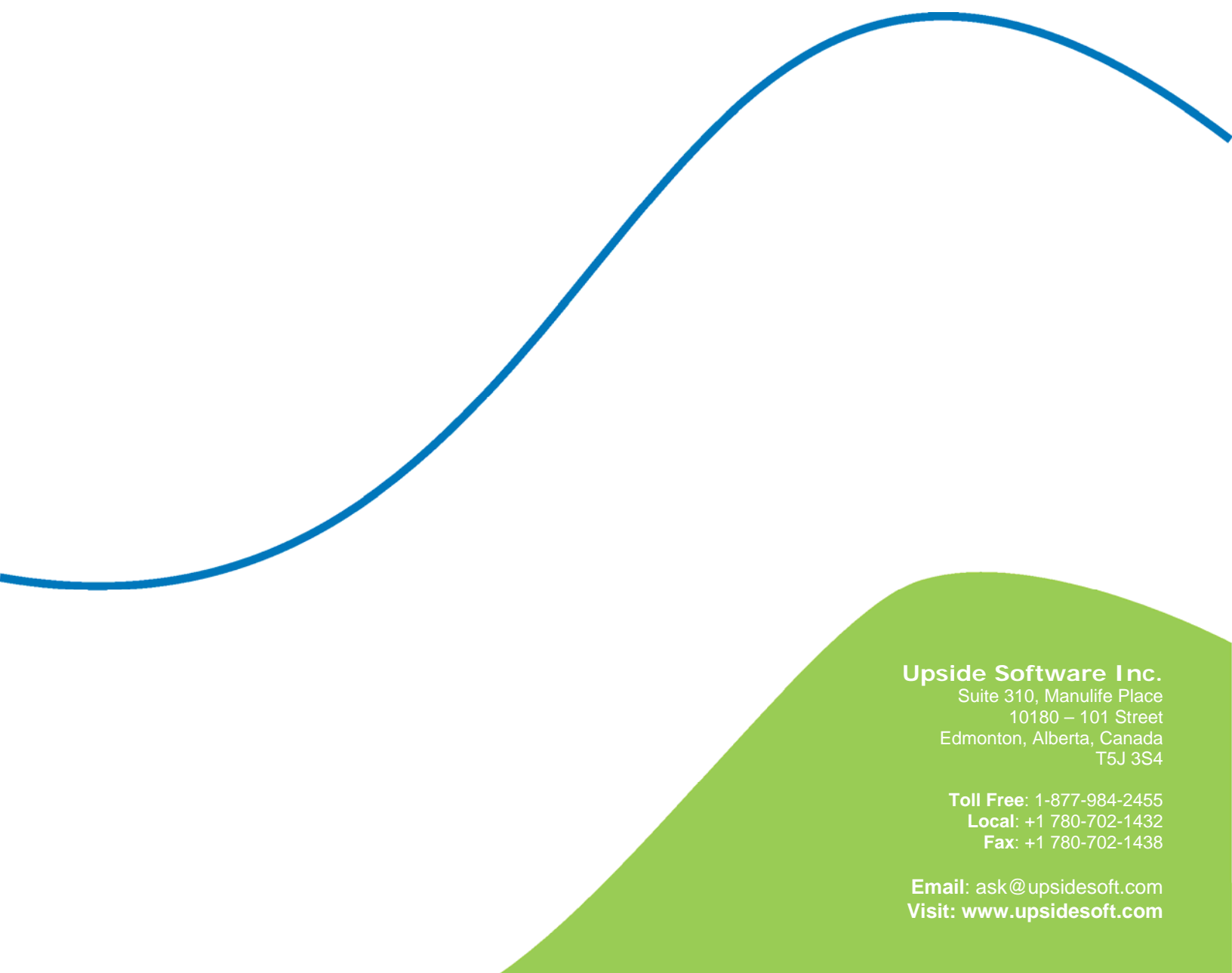
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Rob Rowe has more than 15 years of experience working with legal and contracting organizations on a variety of strategy and organizational issues. Rob has worked within a contract management role in multiple industries including technology, telecom and, presently, the health-care industry. His focus includes the areas of team leadership, cost containment, process improvement and strategic technology utilization. He brings this broad knowledge of different industries, technology tools and contracting experience to his work as a director of contracts administration at OptumHealth.

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