

What Makes Contract Management Outperform Document Management?

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Contract Lifecycle Management solutions provide depth over simple Document Management systems when managing contracts.

Overview

With the increasing global landscape of business today, companies are dealing with a backlog of documents, contracts, and in essence, official paperwork. Coordinating the transfer of knowledge between internal and external stakeholders is a daunting task. Simply keeping a paper trail is no longer enough to keep up with ever-changing data that is often business critical and demands attention.

Organizations are realizing a need for software that manages the sea of paperwork they deal with on a daily basis. They understand the importance of converting and storing contracts and documents into digital format and are beginning to seek such solutions. What types of software can help to control and lighten the paper overload? The two main kinds of solutions companies search for and evaluate to help manage paperwork are contract lifecycle management (CLM) and document management (DM) software.

Document Management vs. Contract Management

Document management is focused on storing and archiving electronic document formats such as Word, Excel, or e-mail files while presenting these documents in their native or scanned formats. A large contributing factor to document management's success and integration into current business operations is its ability to set security controls by restricting access only to authorized users.

UpsideContract, an industry leading CLM solution is able to address **all** of the following requirements and more:

- Workflow to establish authorized users and govern at a clause/section level
- Storage, retrieval, filing, archiving, and retention of all documents
- Revision control ensures content security for new and existing contracts
- Distribution to authorized users and clients
- Adherence to compliance items vital to contracts, including compliance management at the clause level
- Ability to create model agreements (templates) and implement business rules to govern which templates, sections, and clauses to be used automatically when creating specific types of contracts
- Associate meta data and intelligence at the clause level
- Provide a governed contract initiation process that leverages the business rules established to select and create the most appropriate contract, while reducing risks to an organization
- Manage insurance, compliance and performance not only at a contract level but also at the supplier/partner/customer levels to offer a holistic view into a given stakeholder and all associated relationships

A Closer Look

Document Management

focuses mainly on converting documents into a digital format, indexing, storing, retrieving, and possibly archiving. Document management typically is seen as one component of contract management.

Contract Management

encompasses a greater range of functionality that includes all of the features a standard document management system provides in addition to compliance and commitment management.

A contract is a document that requires greater care because of milestones that must not be forgotten. A document is of a more general nature and can be more easily managed.

Facts

- 68% of customer contracts are not properly looked after meaning that nearly a third are forgotten or mismanaged.
- 80% of mid-market companies use manual, disjointed, or partially automated systems.
- The average savings of transactions on a compliant contract is 22%.

Source: Aberdeen Group, 2006

A CLM solution has the capability to proactively manage contracts which require the monitoring of milestones such as renewal dates, and ensure that compliance items are met. A document management system merely has the capability to manage general documents whereas a contract management solution can manage *both* documents and contracts (which require attention to compliance).

Majority of Upside Software Customers also use DM

DM systems handle the general upkeep of documents in an organization whereas CLM systems handle contract and commitment management; as such, there is room for both systems in an organization resulting in great collaborative capabilities. It is no surprise that more than 70% of Upside Software customers (who have purchased UpsideContract to fulfill their contract lifecycle management needs) also have a leading or homegrown document management system.

Integrate Document Management with Contract Management

Document management systems clearly have a place in the enterprise as Upside Software has performed numerous integrations with leading DM systems. Customers typically stipulate that all documents ultimately be stored in the DM system, including contracts. As a result, typical integrations include a process where the final signed contract is “shipped” to the DM system for storage and archival management; in addition, the link to this document is also retained in the CLM solution. Therefore, relevant documents pertaining to contracts that are stored in the DM solution have a corresponding link in the CLM solution. This approach extends the value of both systems and allows users in both the DM and the CLM system to see all relevant information for contracts in a secure environment.

In a recent 2007 survey conducted by IACCM (International Association for Contract and Commercial Management), respondents from global organizations indicated that instilling a standard contracting process, increasing organizational efficiency and reducing cycle time, as well as managing contract performance and compliance were the most important reasons for selecting a contract management software solution.

Conclusion

Companies who are seeking solutions to lighten the burden of paperwork and convert to an electronic based system are increasingly turning to document management or contract lifecycle management software. While both types of software have their merits, a contract management solution such as UpsideContract provides enhanced contract management functionality with vital features such as contract governance, contract creation using model and 3rd party agreements, supplier/customer performance management, rebate/pricing management, risk and compliance management. To remain competitive in today's market, companies must treat the contracts they hold with customers, suppliers and partners as living, breathing papers that deserve proper attention in order to nurture the relationships that form the basis of any business.

About Upside Software

Upside Software is the worldwide leader in Contract Lifecycle Management (CLM) solutions. Customers use Upside Software's suite of products to confidently perform Contract Management, Commitment Management, Sourcing & Procurement, and Invoice & Billing management activities throughout their organizations.

Upside Software's products address the needs of enterprise, public sector, and small and medium enterprise (SME) customers. Customers realize significant cost savings while improving customer and supplier relationships. Upside Software's solutions are deployed in as little as 3 days and typically provide a full return on investment (ROI) in under a year.

Founded in 2000, Upside Software is a profitable, rapidly growing software company. The company has extensive experience delivering a highly customizable solution to organizations of every size and within most industry verticals.

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