

How growing companies can benefit from contract lifecycle management

Using modern technology to
centralize, standardize and
automate agreement activity



Growing businesses have limited resources and aggressive targets. As they expand to offer more products, hire new employees, find new customers and increase their revenue, their contracting needs get more complex. Unfortunately, there's rarely an increase in personnel to meet those agreement needs. As growth accelerates, thin legal teams are stretched to manually generate, negotiate, execute and manage an ever-increasing flow of contracts. Without the infrastructure in place to handle the contracting workload, business slows, customer frustration builds and risks begin to mount.

Plenty of growing businesses have seen a story like that play out at their own organization. It's a future that no team wants, but often the perceived solution—investing heavy amounts of time and budget into overly complex contract lifecycle management (CLM) systems—is just as undesirable. There has to be a middle ground.

To research the way growing businesses (5-500 employees) manage their contracting workflows, DocuSign conducted a quantitative study of more than 600 professionals around the world. Our team explored the technology involved in contracting projects, the biggest obstacles in today's workflows and how internal teams interact to manage agreements.

Here are a few of the biggest findings:

- It takes growing businesses an average of 39 minutes to find a completed contract
- More than two-thirds of modern contracting professionals still use spreadsheets and emails to manage contract workflows
- The top two most common contract generation tools are standard word processors instead of contract-specific solutions
- More than 50% of growing businesses are still using manual signature processes to approve contracts

In this eBook, we'll explore the contracting needs of modern organizations, the data that indicate readiness for a CLM tool and the CLM features that solve common problems.

What does CLM technology do?

Before you can make a decision about whether you need a CLM tool, you should understand what a CLM tool is. To make it brief, CLM tools:

-
- 1**
Standardize
contract work into consistent, repeatable processes
 - 2**
Automate
contract processes
 - 3**
Centralize
contract activity for all parties on a single platform

Growing businesses can use CLM technology to organize their growing base of agreements, collaborate across teams and automate manual tasks. It's an easy way for sales and legal teams to clearly define contract steps and eliminate the busywork. The result is faster, less risky business transactions.

As a standalone solution, a basic CLM tool gives legal teams a single platform to generate agreements, negotiate terms, automate workflows and search completed contracts. When integrated with other business systems, it offers the potential to simplify processes even more. For example, connecting a CLM solution with a CRM tool (like Salesforce) can give sales professionals a streamlined way to navigate the entire contracting workflow without ever leaving the system they're already using every day.



4 Signs your team needs a CLM tool

Among today's growing businesses, the research shows a few standout data points that signal readiness for a CLM solution. In this section, we'll look at survey results highlighting common pain points that could be solved with CLM technology.

1 Completed agreements are hard to find

How are your company's contracts primarily stored?

40%

Combination of cloud and on-premises servers

23%

On-premises servers/network drives

20%

Cloud

7%

Individual employees' hard drives

10%

Paper file cabinet

Once a contract is completed, there are plenty of reasons to go back and review that document. In our research, about two-thirds of respondents had to access finished contracts at least once a week. Nearly 20% were looking for completed agreements on a daily basis.

Unfortunately, teams that don't utilize a centralized repository to store archived contracts waste a lot of time. On average, respondents spent **39 minutes locating a completed contract**, but around one in five needed more than an hour. 42% of participants report being unable to find a specific contract they were looking for.

All of that time wasted searching through agreements stacks up quickly. Every hour spent sorting through stacks of paper, email archives or disorganized hard drives is an hour that can't be spent advancing new business projects. By digitally organizing a library of existing contracts in a central repository, contracting professionals can take advantage of tools like tags and metadata to improve search and reporting capabilities.

How long does it take your team to find archived contracts? If it's more than a few minutes, it's time to think about a cloud-based centralized storage solution that can scale as you grow.

2

Contract workflows aren't standardized or efficient

The average contract process takes **30+ hrs**

Here's how that breaks out at each step:

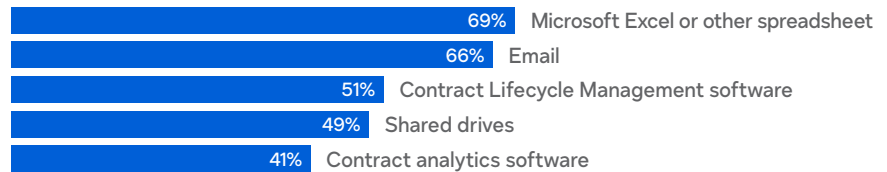
Generation 5.8 hours	Storage 3.3 hours
Negotiation 6.0 hours	Search 3.1 hours
Routing 5.0 hours	Analysis 3.9 hours
Signing 3.4 hours	

In the early stages of a company's growth, contract volume is low and documents can be managed on an ad hoc basis. As the business expands and agreements grow in number and complexity, the team needs a consistent series of agreement steps to make sure that all the boxes are checked and each contract receives proper review.

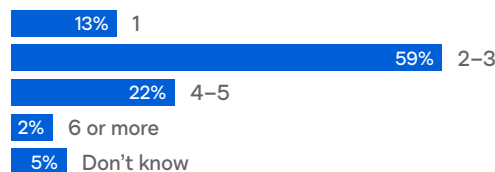
The steps get complicated fast. New agreements need to be created from standardized templates, specific team members need to provide approval at the right time, completed documents need to be stored in multiple locations with proper permissions in place depending on the sensitivity, etc. This process can't just be a checklist in one person's inbox, it has to be cemented as a consistent set of repeatable tasks using contract management technology.

Too many of today's growing companies are stuck using tools that don't communicate with each other. Rather than use a single tool built specifically for contract management, they are juggling spreadsheets, emails and shared storage solutions, transferring documents between technologies at several steps along the way. While the average growing business uses 2.8 different tools to perform contracting tasks, a quarter are using four or more. That's spreading the work far too broadly to be effective.

Which of the following do you use to manage contracts throughout their lifecycle?

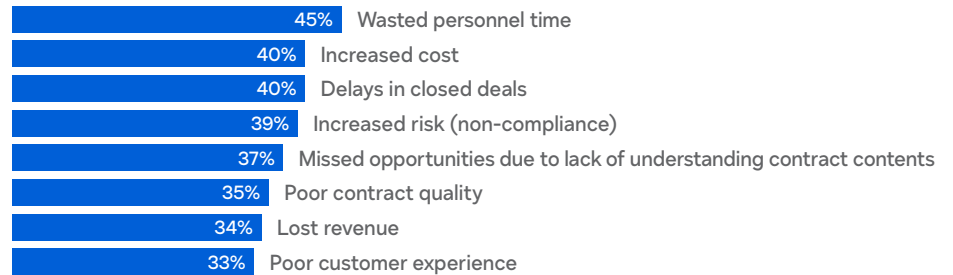


How many tools/applications do you or your department/org use to manage contracts?



When too many disconnected people and technologies are involved in the process, contracting workflows fall apart. The most common consequence of that mismanagement is wasted personnel time, but there are a series of other undesirable results related to cost, risk and efficiency.

What are the consequences of a poor contract management process?



Consider your team's current contract lifecycle. How many tools are used? Do documents ever get lost in transition? Are legal resources wasting time managing contract versions or redoing unnecessary work? If your team's contract lifecycle isn't standardized to a consistent process on a single platform, you're opening your workflow up for costly mistakes.

Today's contracting professionals acknowledge that a CLM tool can solve a lot of their agreement problems. When asked about the ways a CLM solution would benefit their organization, they gave a long list, headlined by reducing manual work (41%), increasing contract accuracy (38%), improving contract visibility (38%) and making it easier to find completed documents (37%).

3

Contract generation starts from scratch with manual work using generic tools

How many revised contract versions are typically created before it is signed?

34%

1-2 versions

6%

5+ versions

58%

3-4 versions

2%

Don't know

When it's time to create a new agreement, too many growing businesses are reluctant to take the plunge and adopt a custom-built contracting tool. Instead, they stick to duplicating old documents and manually inserting new data by copy/pasting it from other systems.

Looking at the technology used by respondents in our survey, it's clear that a majority of them are stuck using the wrong tools. The two most common contract generation tools are standard word processors—Microsoft Word (70%) and Google Docs (49%). While these tools can certainly get the job done, all data must be entered manually and the lack of built-in routing tools makes them prone to version control problems and copy/paste errors.

The lack of a shared central platform is particularly problematic as documents move from generation to negotiation. The average contract goes through about **2.9 versions** before it's final and needs to be reviewed by **4.4 approvers**. If the document doesn't start as a digital file, all of the handoffs needed to manage those negotiations and signatures will be difficult.

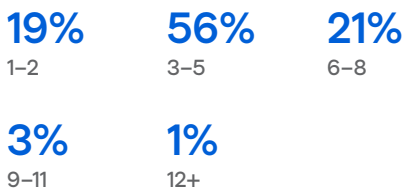
When it's time for your team to create a new sales contract, what do you do? Are you duplicating old word processor documents and copy/pasting new customer data in. Do you have any system in place to make sure that each employee is using the right template? Do you ever lose track of which version of a contract is the most recent one?

When document generation is done digitally on a purpose-built agreement platform, standard templates can be used for all new contracts. Integrations to other systems of record (i.e., Salesforce) can automatically prepopulate data. As the team scales and new technologies are added to the stack, those integrations can be seamlessly added.

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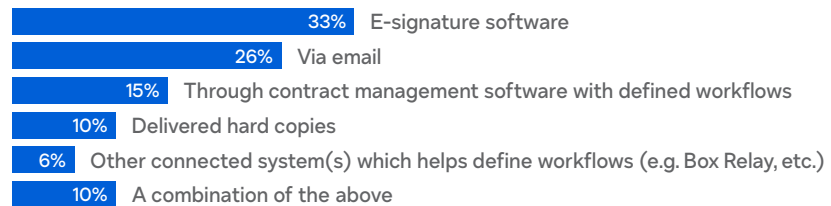
Contracts are signed without using integrated e-signature technology

How many people are involved in the approval/signing process for a typical contract?



One of the clearest signs of an outdated contract process is painful ink-and-paper signatures. If your team still emails contracts out so they can be printed, signed with a pen and then returned via scan or fax, it's time to upgrade. In our survey, around half of the respondents are still using these manual processes to sign completed contracts.

What method do you most commonly use to route agreements for approvals/signing?



E-signature is an easy way to solve the problem of messy email and paper signature processes. It allows anyone to sign any document anywhere with just a few clicks. Better yet, multiple signers can collaborate on the same living document at once, so as more signers are added to the process, it gets even more efficient compared to paper signatures.

How does your team collect signatures? The entire process often moves at the speed of the slowest step, so if you're still using pen and paper for even a small percentage of your contracts, you're going to run into problems. The best way to include e-signature in your contract stack is to start with a CLM that has e-signature built in. That combination solves problems across the contract lifecycle and offers even more benefits as your team scales contracting efforts in the future.

CLM readiness checklist

How do you know if your organization is ready to adopt a CLM? Here's a list of ten questions that can help your team start a conversation about whether a CLM tool is right for you.

	Yes	No
Is your legal team burdened with a heavy load of contracts to review?		
Is there information from internal systems of record (i.e., Salesforce) that needs to be included in new contracts?		
Are new contracts generated by copy/pasting text or duplicating files in a word processor application?		
Do contracts have to be manually sent to a consistent set of reviewers in a specific order?		
During negotiation, are different parties individually reviewing their own distinct copies of a document?		
Is it important to track version-over-version changes and document status during contract negotiations?		
After negotiation, are contracts sent for signature by either email attachment, fax or physical mail?		
Throughout a contract's lifecycle, is data re-entered into different technologies/systems of record?		
When contracts are completed, are there consistent internal steps (i.e., billing, provisioning, notifications, storage) to execute on the final terms?		
Are completed contracts currently stored in a variety of digital and physical locations?		

If you answered yes to six or more of these questions, it's time to look for a CLM solution. Keep reading to learn more about which critical features should serve as the starting point for your search.



Which CLM features are the most impactful?

CLM tools can transform contract processes with a wide range of new tools. For organizations just getting started on contract management efforts, all those bells and whistles can be overwhelming. Here's a list of the features that should be at the top of your list when researching your first CLM.



Top 5 ways contract management tools help organizations

41%

Reduce manual work

38%

Improve contract visibility

38%

Easier document findability

37%

Easier contract generation

38%

Increase contract accuracy

Central agreement repository

Legal teams (and businesses as a whole) need a central storage space that acts as the single source of truth for all contracts. A CLM is a great starting place for any team looking to improve contract management and transparency. With an organized tagging system, robust search functionality and detailed accessibility permissions, employees with the right permissions will be able to find exactly the information they need in the right contract on file. From a well-organized central repository, teams can even automate contract-specific workflows for various types of agreements (reminders, renewals, payments, notifications and more).

Collaboration

Contracts are dynamic documents that need to be accessed by a range of stakeholders at various times. Agreements need to be created, reviewed, revised, approved, signed, enacted and managed by a series of internal and external parties. It's critical that all contract collaboration happens on a platform built specifically for that purpose, rather than an email or chat solution. A CLM will keep a detailed audit trail of changes, comments, tasks, approvals and more. It also automates approval steps and can even use conditional logic to treat different types of contracts in unique ways. This process keeps agreements consistent, provides visibility to all parties and helps maintain compliance.

Automated workflow

Standardizing pre- and post-signature contracting actions is the core capability of a CLM solution. These tools take the most common contract actions—generation, review, approval, signing, if/then logic, service provisioning, notification, storage—and automates the steps to complete those actions. It can even utilize different workflows based on certain criteria; for example, contracts with a monetary value over a certain threshold can be sent for an additional review. By keeping all that activity on the same platform, teams can avoid gaps, delays and errors that result from manual management and tool switching.

CRM integration

Sellers need to send contracts to their legal colleagues for review, but don't want to be forced out of their day-to-day CRM tool. Conversely, legal doesn't want to be forced into the CRM to enforce contracting discipline and often doesn't even have a license. An effective CLM solution meets those needs by integrating the legal team's review technology with the sales team's favorite tools, like Salesforce. With a shared set of data linking CRM and CLM technologies, sales teams and legal teams can access all the contract information they need without leaving preferred systems of record.

DocuSign CLM Essentials is custom built for growing businesses

DocuSign designed CLM Essentials for organizations that need a platform to quickly and easily centralize agreement activity and standardize contract workflows. It's got all the features growing companies need without any of the needless complexity and cost.

CLM Essentials is designed to directly connect sales and legal teams using a straightforward platform that can be up and running quickly. Sales teams close deals faster and legal teams have exactly the right level of oversight to increase compliance and reduce risk. Here's a quick overview of what CLM Essentials has to offer:

Time to value

CLM Essentials offers a fast and direct path to results. New customers can complete setup in weeks and administrators can use an intuitive drag-and-drop editor to instantly build contracting workflows from simple templates. With a seamless integration to Salesforce, teams can instantly accelerate speed to revenue.

Trusted brand

With the leading eSignature solution and a leading CLM offering according to Forrester and Gartner, DocuSign is the most trusted global contracting brand. DocuSign CLM technology is SAS 20 Type II, SOC 2 and HIPAA compliant and has a 99.99% average uptime. There's no better partner for your next step with a CLM solution.

Ease of use

Designed to be intuitive to nontechnical users, CLM Essentials minimizes training time to maximize adoption. DocuSign's award-winning UI makes it easier than ever to organize, automate and collaborate on contracts. A top-rated Salesforce integration lets sales access CLM functionality there while legal and others can work on contracts from CLM.

The right foundation

Growing companies need to select a CLM tool that will be a strong foundation for growth down the road. CLM Essentials is a fully integrated part of the DocuSign Agreement Cloud, so when your workflows get more complex, there's no need to switch tools and rebuild from scratch. You can transition your full implementation to a more robust CLM edition with a single click.

DocuSign customer spotlight: **Flexential**

25%

Faster sales cycle

75%

Reduction in manual transactions

Contact us if you're interested in learning more about DocuSign CLM Essentials.

About DocuSign

DocuSign helps organizations connect and automate how they prepare, sign, act on and manage agreements. As part of the DocuSign Agreement Cloud, DocuSign offers eSignature, the world's #1 way to sign electronically on practically any device, from almost anywhere, at any time. Today, over a million customers and more than a billion users in over 180 countries use the DocuSign Agreement Cloud to accelerate the process of doing business and simplify people's lives.

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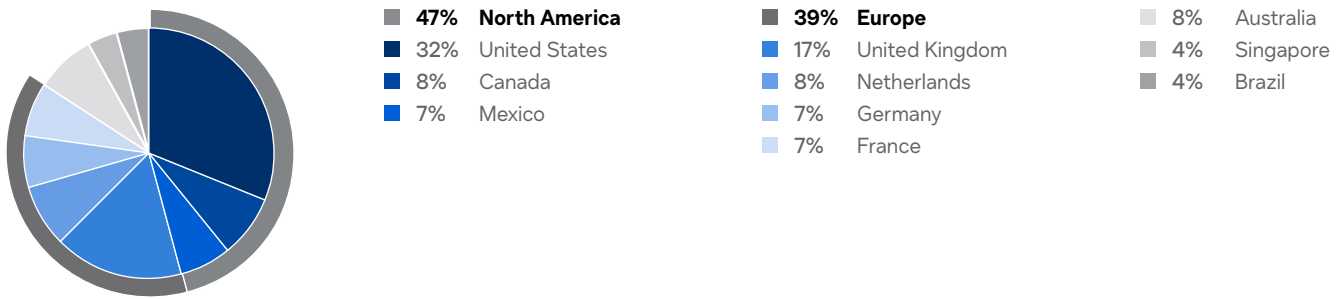
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Methodology

Data for the How Growing Companies Can Benefit from Contract Lifecycle Management report was collected in the fall of 2021. A total of 604 respondents completed an online survey with quantitative and qualitative questions about CLM tools and their organization's contracting process. All participants included in this research worked for organizations with 500 or fewer employees with an average of just over 200 employees.

Respondents came from 10 countries, with the largest percentage in the United States. The most common lines of business for survey participants were sales/sales operations, finance and legal/compliance, but there were an even mixture of seniority levels and industries.

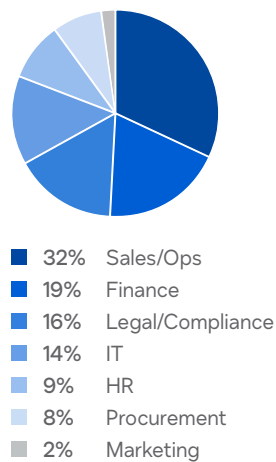
Geography



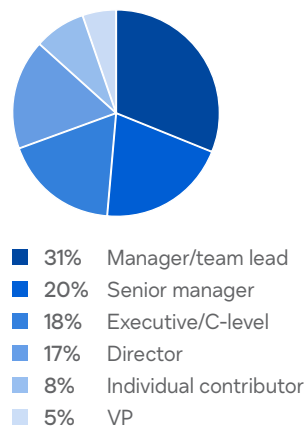
Industry

- 15% Retail
- 14% Technology
- 13% Banking/Finance
- 10% Construction
- 9% Manufacturing
- 7% Business Services
- 7% Legal
- 5% Healthcare/Life Sciences
- 5% Education
- 4% Telecommunications
- 4% Food/Beverage
- 2% Government
- 2% Utilities
- 2% Insurance
- 1% Marketing/Advertising

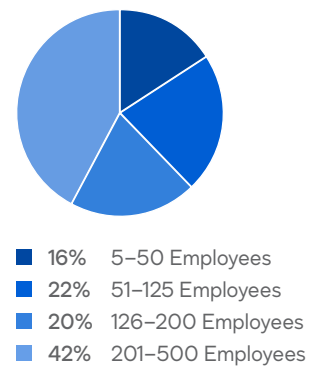
Line of business



Role



Company size



DocuSign®