

States Guide to Contract Lifecycle Management

Government organizations often face the challenge of effectively managing the contract process. As operations grow, the volume of contracts can quickly surpass the capacity of the small teams responsible for negotiating and reviewing contracts. This can lead to delays that frustrate employees and stakeholders, increase potential risks, and ultimately hinder the organization's ability to achieve its goals.

To address these challenges, many innovative states are turning to software solutions, such as contract lifecycle management (CLM) systems. These tools streamline and simplify the agreement process, making it more efficient and transparent.

But what is CLM, and how can a government organization determine if it would benefit operations? This paper will explain the fundamentals of CLM, explore its common applications in the public sector, and help assess whether it aligns with your organization's goals. This issue paper also serves as a resource for government organizations and decision-makers seeking tips for selecting a quality solution and taking the first step in transforming your agreement process.

Definition

Contract Lifecycle Management (CLM):

The proactive, automated management of the contract process from generation through negotiation, signature, ongoing management and storage. Today, this is most commonly achieved using a purpose-built software tool.

Contact

Danielle Johnson-Kutch
Director of Government Affairs
D.JohnsonKutch@docusign.com

Jordan Craig
Government Affairs Manager
Jordan.Craig@docusign.com

Stages of the contract lifecycle

To understand CLM, let's first look at the different stages of the contract process within the public sector.

1 Generating contracts

Before a contract can be signed, someone has to gather information and draft the document's language. Sometimes this process starts from scratch, but more often it begins with an existing template, in which case only key details need to be updated.

2 Negotiation and review

Contract negotiation can involve considerable back and forth between parties, whether internal or external, to settle on terms and conditions. On average, this step takes longer than any other in the contract process, creating confusion and bottlenecks if you lack proper tools. On average, most contracts go through three to four versions before being finalized, and most approval processes involve four to five people.

3 Routing contracts for review and approval

Sending contracts to the appropriate parties in the appropriate order for review and approval can create additional hurdles and introduce risk if adequate safeguards aren't in place.

4 Obtaining signatures

Once the contractual language has been finalized by all parties, it's time to sign. While wet ink signatures make signing a lengthy process, electronic signatures are almost instantaneous. Signers can create a secure and verifiable signature on any device, complete with an audit trail for future authentication.

5 Storing and searching contracts

For best recordkeeping, you need a secure place to store your contracts. Ideally, that location is also searchable and centralized, allowing authorized users in your organization remote access and reducing the time it takes to find specific agreements or contractual obligations.

How CLM works

In addition to consolidating every step of the contract process in one secure interface, CLM automates numerous tasks within these steps, ultimately reducing risk and time to completion.

Core functionalities of CLM include:

Document generation

CLM streamlines the process of creating accurate and consistent contracts while maintaining alignment with established records and standards. By leveraging pre-configured templates that automatically populate with approved language and relevant data, teams can ensure compliance to their internal guidelines and reduce the need for manual edits. This approach not only minimizes errors but also allows staff to focus on higher-priority tasks, enhancing overall efficiency.

Collaboration

A CLM solution serves as a single place where all parties can easily collaborate on and manage contracts. Users can edit, comment, assign tasks, track changes, and compare versions to reach consensus. No more searching for the latest version or wondering who still needs to review.

Workflows

CLM automates the flow of approvals based on business rules such as the type of agreement or the amount of money involved, freeing staff from figuring out who's supposed to sign or review next. Once the review stage is complete, CLM can automatically initiate other steps, like storing the contract in the proper place or sending it to billing or provisioning.

Signature

Through a seamless, digital signing experience, CLM dramatically reduces the wait time for signatures. Stakeholders can quickly consent with e-signature technology, and workflows automatically move the document through subsequent steps.

Storage

Contracts are stored in a centralized and searchable location, saving teams valuable time by keeping documents secure and easily accessible. CLM also allows for advanced control of user permissions, preventing unauthorized users from retrieving or viewing documents.

Analytics

CLM makes it easier for teams to track milestones and obligations in contracts. It can also flag high-risk terms in a negotiated agreement to ensure staff know what is being signed and give legal a head start on review.

Integrations

By connecting with existing systems, CLM cuts down on redundant, manual tasks and lets staff members work within the software solutions they already know and use.



Benefits of CLM

A CLM solution can bring numerous benefits to almost every department in a government organization. These include:

Increased efficiency

With major bottlenecks eliminated, the contract process speeds up so agreements can be finalized more efficiently, reducing delays and enabling faster progress toward organizational objectives.

Reduced risk

Rules within workflows ensure contracts meet guidelines set by the legal team, while artificial intelligence enables staff to identify risk areas influenced by market conditions.

Reduced error rate

CLM can pull and share data directly from other systems of record, eliminating entry errors and discrepancies.

Better organisation

Digital documents are stored in a secure, central location that allows for controlled access and easy retrieval. CLM also creates a single source of truth across systems.

Increased productivity

Staff are freed up to spend more time on high-value strategic work and less time on repetitive contract-related tasks.

Greater visibility

Staff gains full visibility into agreements, including who made changes to each version and why.

Better experience

Make a positive first impression on customers and partners with a fast and easy contract process.