



**Simpli
Contract**

Intelligently Simple



eBook

The Art of Contract Management in Procurement:
A Comprehensive Guide

Overview

Procurement lies at the heart of business operations and contract management is a catalyst for organizational success. As businesses thrive to navigate the complexities of vendor relationships and compliance requirements, an effective contract management strategy becomes the holy grail.

With an AI-powered contract lifecycle management platform, procurement teams can derive actionable insights into all contract details - track contract expiries, monitor supplier performance, manage obligations, and scrutinize payment terms within seconds.



According to WCC, an average Fortune 2000 company has more than 20k contracts under management at a given time.



The sheer volume and complexity of the contracts pose a major challenge to businesses. As contract portfolios expand exponentially, businesses find it incredibly difficult to track, manage, and extract relevant information from contracts. This leads to error-prone processes, spend leakages, and missed opportunities.

More than 10% of a company's contracts are either missing or lost.



Without a centralized repository or standardized process in place, tracking contract status, renewal dates, and performance metrics becomes a huge challenge. This lack of visibility hampers strategic decision-making, contract negotiation, and supplier evaluation.

According to KPMG, business units in a company do not adhere to 70% of executed contracts.



As regulations and legal requirements continuously evolve, ensuring compliance and mitigating risks become paramount. Organizations need to stay updated and ensure adherence to contractual obligations to foster healthy supplier relationships and resolve disputes amicably.

Contract Management Process in Procurement

Procurement contracts are the only legally binding document that establishes a relationship between buyers and sellers to protect both parties throughout the contract lifecycle.

In an ideal world, here is how a robust contract management process in procurement works:



Types of Procurement Contracts

There are different procurement contracts that cover all bases of the buyer-seller relationship.

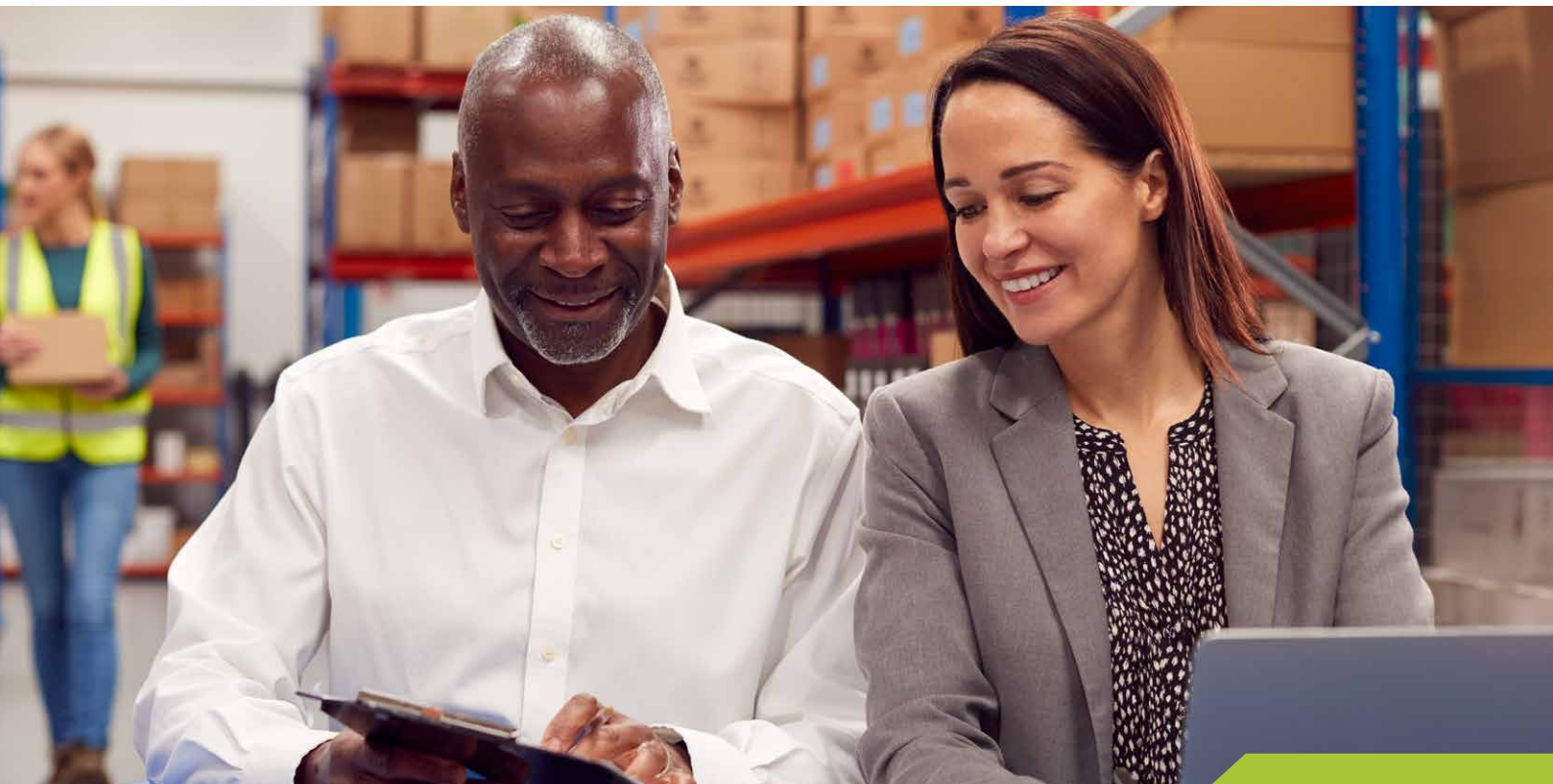
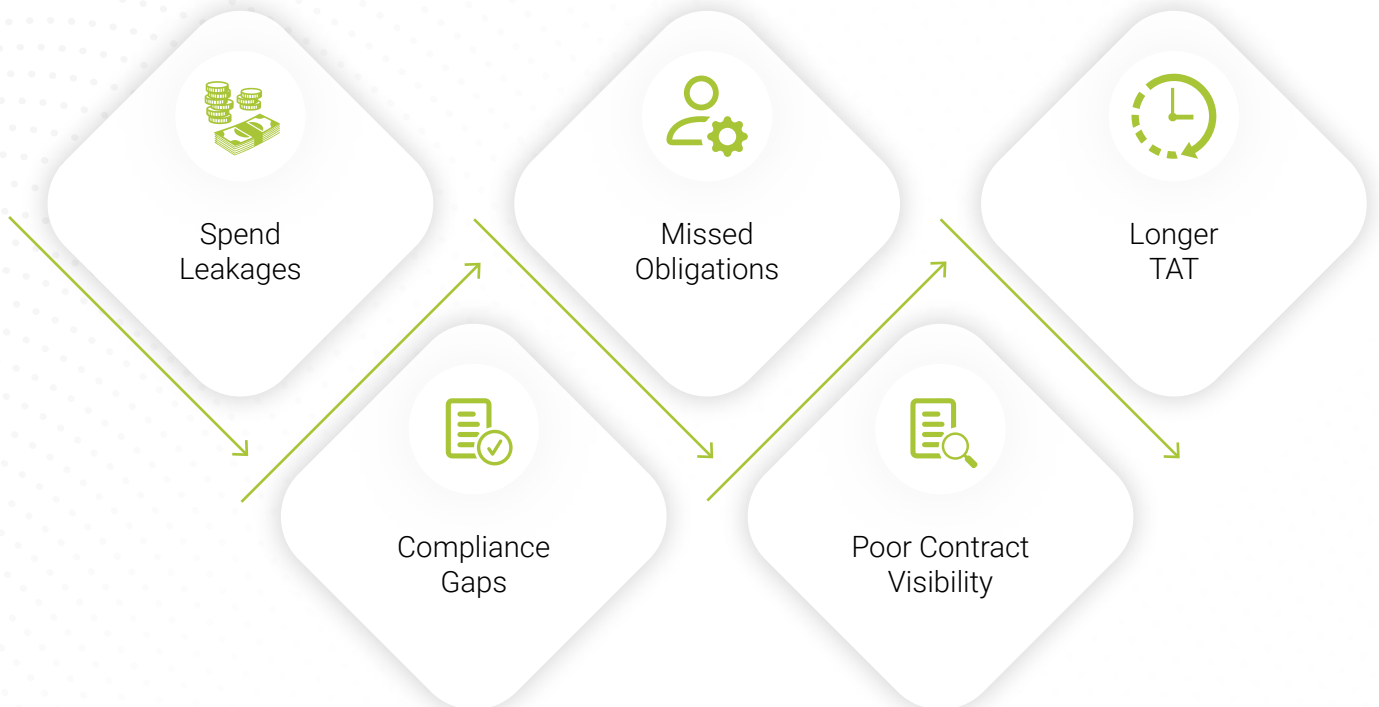
The 4 main types of procurement contracts include:

- | | |
|--------------------------------|-------------------------------|
| 1 Fixed price contracts | 2 Cost-reimbursable contracts |
| 3 Time-and-materials contracts | 4 Unit pricing contracts |

Challenges in Procurement Contract Management

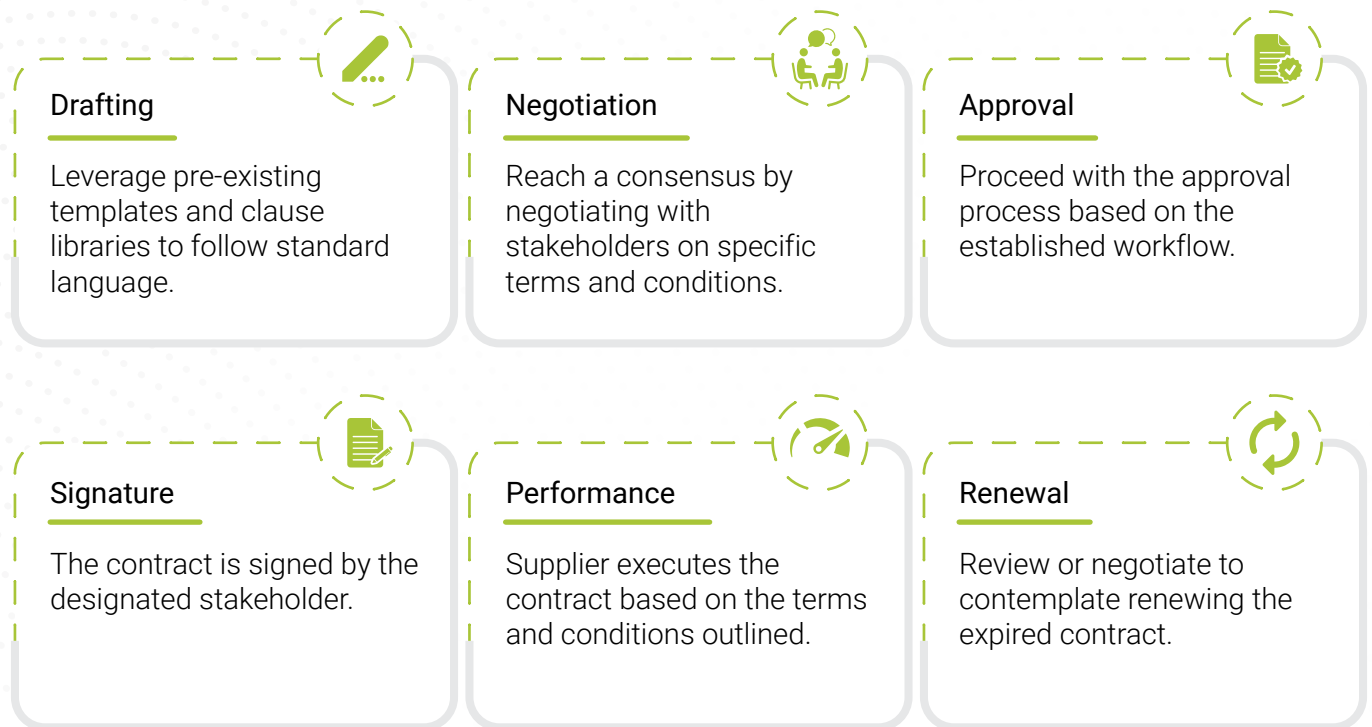
The traditional contract management process comes with its own limitations. With substantial commercial and compliance risk at stake, procurement contracts of an enterprise company must be carefully dealt with.

Some of the major challenges in procurement contract management include:



Contract Lifecycle Management for Procurement

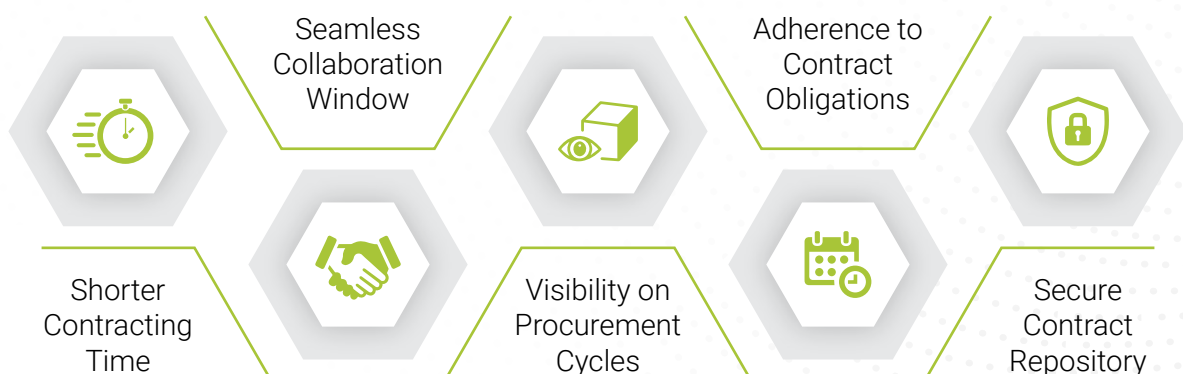
Procurement professionals can automate the entire contract lifecycle right from contract creation to renewal to experience multifold benefits.



Benefits of a CLM Solution for Procurement Contract Management

Leveraging intelligent contract lifecycle management software in procurement can substantially improve vendor performance and eliminate spend leakage.

CLM solutions have consistently been at the forefront of addressing the challenges faced by businesses when it comes to managing vendor contracts and gain real-time insights.



SimpliContract's AI-Powered End-to-End CLM Platform

SimpliContract, a SaaS-based and AI-powered end-to-end enterprise contract lifecycle management platform, supports procurement organizations across the entire vendor and customer contract lifecycle.

Our modular platform democratizes authoring, establishes post-signature contract management practices by leveraging AI, and enables real-time collaboration between internal and external stakeholders.



All About our End-to-End CLM Platform

Pre signature

Contract Authoring

- » Guided Requests
- » Deviation & Versioning
- » Template & Clause Library
- » Configurable Workflows
- » Chat + Collaboration
- » Clause-level & Exeption Approvals

Repository & search

Contract Repository

- » Smart Search
- » Legacy Contracts
- » Document Control
- » Security & Access

Data Extraction

- » Clause Extraction
- » Metadata Extraction
- » Tabular Data Extraction

Post signature

Contract Management

- » Obligation Tracking
- » Contract Performance
- » Task Management
- » Reminders & Alerts
- » Amendment & Change

Ancillary services

Contract Analytics

- » Custom Dashboard
- » Milestone Tracking
- » Clause Intelligence
- » Consumption Reports
- » Customer & Vendor Insights

Enterprise Integrations

- » Outlook & Word
- » eSignature
- » ERP
- » CRM
- » P2P/S2P Suites

Powering Contracts for Procurement

- ❖ Raise contract requests in <8 seconds
- ❖ Simple 3-step self-service authoring wizard
- ❖ Dynamic forms & workflows to capture contextual data
- ❖ Raise requests directly from business systems –CRM/SRM

The screenshot shows the 'Contracts' section of the platform. At the top, there's a search bar and an 'Advanced Search' link. Below that, a navigation bar shows 'NEW +', 'DRAFT', 'PENDING', and 'COMPLETED'. The main area is a 3-step wizard. Step 1, 'Name Your Contract', has a text input with 'Supplier Contract' and a count '(13/255)'. Step 2, 'Select Organization', has a dropdown with 'Pallet Sourcing LLP'. Step 3, 'Select Region/Country', has a dropdown with 'United States'. Step 4, 'Select Business Unit', has a dropdown with 'Real Estate'. Step 5, 'Select Category', has a dropdown with 'Vendor'. Step 6, 'Select Sub Category', has a dropdown with a search bar and a list of options: 'Master Service Agreement - Customer', 'Non-Disclosure Agreement - Customer', and 'Service Level Agreement'. A 'Previous' button is at the bottom left, and a 'Next' button is at the bottom right. On the left side of the wizard, there's a large green text overlay: 'Let's create a new contract!'.

What can a Procurement Manager do on our platform?

- ❖ Review with ease - exhaustive clause library & playbook
- ❖ Inbuilt chat & collaboration engine
- ❖ Redlines & version comparisons in a single 360° view
- ❖ Seamless negotiation with customers/ vendors through portal

The screenshot shows a 'Test Contract' document in the 'PENDING' state. The document is titled 'PROFESSIONAL SERVICES AGREEMENT'. The main text of the contract is visible, including the effective date (2022-05-18) and the end date (2022-05-27). The contract is between a 'Supplier' and an 'Illinois insurance company'. The document is displayed in a viewer that includes a search bar, a zoom control, and a 'Download As Word/Edit' button. On the right side, there's a sidebar with 'Contract Details', 'Collaborate', and 'Summary' tabs. The 'Contract Details' tab is active, showing a list of clauses (32), tasks (1), deviations (11), and tables (1). There are also buttons for 'View Documents' and 'View/Compare versions'.

Custom Dashboards & Analytics

- ❖ Analyze contractual risks with minimal effort
- ❖ Improve contract performance with revenue & spend insights
- ❖ Monitor resource utilization, SLAs & workload allocation
- ❖ Track milestones, renewals, clause usage and more

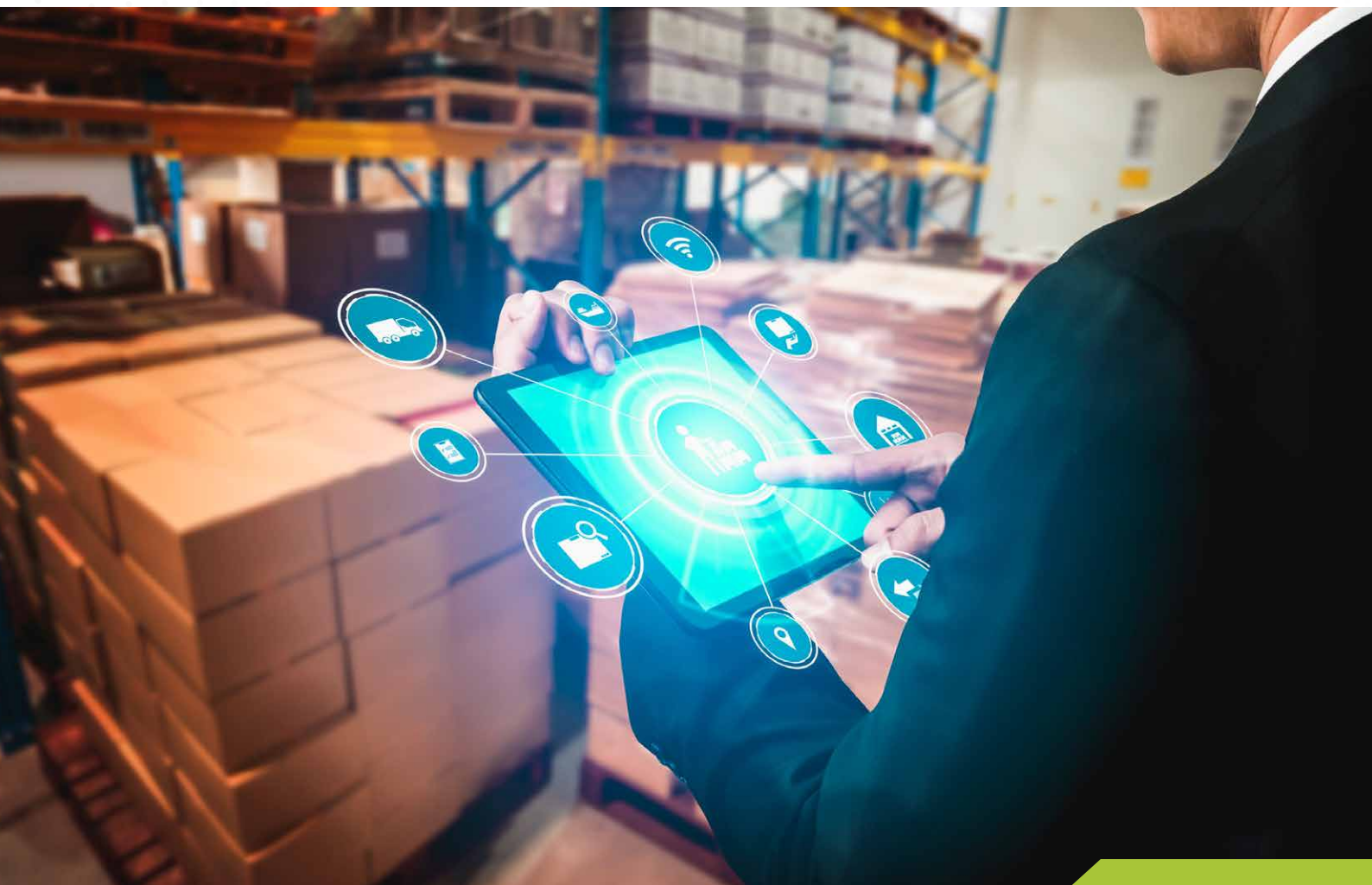


Final Thoughts

The adoption of contract lifecycle management (CLM) in procurement is vital for businesses seeking to optimize their processes and maximize efficiency. The benefits offered by CLM, such as automated contract creation, seamless negotiations, transparent procurement cycles, deadline adherence, and secure contract repository, are paramount in driving success in the procurement domain.

Sophisticated AI, ML, and NLP technologies, coupled with CLM, will enable businesses to leverage intelligent automation, minimize errors, optimize processes, and ensure regulatory compliance. The integration of AI technologies has not only streamlined contract management but also enhanced the overall procurement experience by providing real-time insights, facilitating data-driven decisions, and fostering collaboration among stakeholders.

As businesses continue to navigate the complexities of procurement, embracing contract lifecycle management by harnessing the power of AI will be crucial in staying competitive, achieving operational excellence, and driving sustainable growth.



About SimpliContract

SimpliContract is on a mission to democratize contracting and establish powerful contract management practices using the power of AI. We help in-house Legal, Sales, Finance, and Procurement teams simplify the process across the contract lifecycle and enable real-time collaboration for internal and external stakeholders. The AI-powered end-to-end enterprise Contract Lifecycle Management (CLM) platform helps organizations accelerate revenue, reduce risk, improve compliance, reduce expenses, and boost productivity.

The CLM platform empowers 20K+ users and stakeholders to manage contracts effectively and efficiently through a unified collaboration platform. Leading players in Retail, E-commerce, Ed-tech, Govt. & Healthcare and other industries across the globe trust SimpliContract for their end-to-end contracting needs.



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