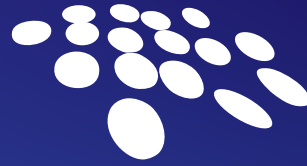


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# Buyer's Guide

for Contract Lifecycle Management Software

# Introduction

With advancements in automation tools and digitization, the overall modern business environment is fast, to say the least. Legal operations are no exception to this need for expediency. Managing contracts both efficiently and effectively is critical for organizations to maintain contract compliance, minimize risk, and optimize their contract lifecycle operations.

Answering the call, contract lifecycle management (CLM) software has skyrocketed in usage as a powerful solution for streamlining the entire contract management process - from drafting to execution and renewal. There are several solutions on the market (some more robust or appropriate than others). As such, organizations considering contract lifecycle management software need to diligently review CLM software offerings to find the solution that best fits their specific needs.

To that end, this end-to-end buyer's guide aims to support organizations in the consideration phase, or the search for a specific contract lifecycle management software provider. We will explore the in-demand features, benefits, and considerations needed to help you make an informed and strategic decision.

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# 1. Understanding Contract Lifecycle Management

## Definition and Importance

Contract lifecycle management (CLM) is the process of drafting, negotiating, signing, reviewing, and (if applicable) renewing a contract with a CLM software solution. The “lifecycle” paradigm visualizes and conceptualizes a contract’s journey. Successful CLM is the realization of a centralized and efficient contract management process that saves time, reduces costs, and minimizes risks.

## The contract lifecycle typically consists of the following eight stages:

- 1) **Requests:** This initial phase of the lifecycle allows business stakeholders to gather essential details associated with a new contract, amendment, renewal, etc. The request stage arguably sets the tone for whether a contract undergoes efficient processing or is rife with delays.
- 2) **Authoring:** This step involves contract parties putting the terms of a contract into written copy by consolidating standard contract clauses, contract key dates, contract counterparty information, and other essential data.
- 3) **Negotiations:** During this phase, parties negotiate the parameters drafted during the previous stage. After back-and-forth collaboration and redlining, conditions agreed upon provide insight regarding the expectations of all involved parties.
- 4) **Approvals:** A review on the part of all parties occurs. Parameters are set to meet compliance standards, contract obligations, milestones, and special terms of a contract.
- 5) **Signatures:** Counterparties’ chief employees or authorities with high clearance sign a contract - thus ratifying its enactment.
- 6) **Obligations:** All parties acknowledge their defined responsibilities, milestones, key dates, deliverables, and payment windows.
- 7) **Compliance:** It is agreed that, in addition to those specified in a contract, general and field-specific contractual rules, standards, guidelines, and practices are observed. Proper compliance management helps reduce late fees, litigation, and bottlenecks and sets the stage for future contracts.
- 8) **Renewals:** Parties are given a chance to revisit discounts, renegotiate terms, and engage in further opportunity realization.



# 2 ● Benefits of Contract Lifecycle Management Software

## Increased Efficiency and Productivity

Contract lifecycle management software can automate manual contract-related tasks. This automation allows business professionals to focus more on making strategic decisions rather than worrying about tedious contract management procedures.

## Improved Contract Visibility and Control

CLM solutions provide real-time visibility into contract statuses, key dates, terms and conditions, obligations, and much more. This enhanced visibility allows organizations to proactively manage contracts, identify process bottlenecks, and take the necessary actions to maximize value.

## Enhanced Compliance and Risk Management

CLM software can host a centralized repository for contracts and associated data; this centralization virtually ensures ease of access to the latest contract versions while reducing the risk of using outdated or non-compliant contracts and data. Automated notifications and alerts help organizations remain constantly aware of critical contract milestones; this awareness reduces the risk of missed deadlines and non-compliance.

## Cost Savings and ROI

By streamlining contract management processes, contract lifecycle management platforms help organizations reduce administrative overhead costs, minimize legal risks, and optimize contract terms and language. Improved visibility and strategic control allow organizations to more effectively identify cost-saving opportunities, proactively negotiate better terms, and maximize their return-on-investment (ROI).

# 3. Key Features to Look for in a CLM Solution

**When evaluating contract lifecycle management software providers to choose, consider these important features:**

## ▶ **Contract Creation and Authoring**

Look for a CLM software solution that offers AI-based contract creation and authoring capabilities. The platform should allow for pre-approved and configured templates to be merged with a preferred clause library – as well as AI-enabled auto-redlining of newly introduced clauses with preferred ones. There should also be collaboration tools available to streamline negotiation and ensure consistency and accuracy for all counterparties. Check-in and check-out functionality for document editing, clause ownership to protect language that ought not to be edited, and version tracking are just a few of these helpful collaboration features.

## ▶ **Contract Repository and Organization**

A robust contract repository is essential for efficient contract management. The CLM solution should offer a centralized repository with advanced search and filtering capabilities, making it easy to locate and retrieve contracts when needed. Additionally, “Did you mean...?” functionality and search history should be made available to seamlessly emulate a day-to-day search engine.



## **Workflow Automation and Collaboration**

Choose a CLM solution that automates contract workflows, enabling seamless collaboration between stakeholders. The software should support configurable workflow processes, notifications, and task assignments to ensure timely contract execution. Task escalation should be available to ensure timely performance of workflow tasks when they are not being done in a timely manner.

## **Contract Analytics and Reporting**

Effective contract management requires actionable insights. Look for a CLM solution that provides comprehensive analytics and reporting capabilities, allowing you to track contract performance, identify trends, and make data-driven decisions.

## **Integration Capabilities**

Consider the integration capabilities of the CLM solution with other systems, such as CRM, ERP, or document management software. Make sure the solution supports integrations that allow employees to manage the entire CLM process – such as with native and external electronic signature functionalities. Seamless integration virtually ensures data/process consistency and eliminates manual data entry - improving overall efficiency.

## **Artificial Intelligence**

Business professionals across industries and sectors are clamoring for artificial intelligence for a reason, and contract management is no different. Make sure the CLM company you choose provides contract artificial intelligence and machine learning for contract metadata extraction and mapping, clause extraction and auto-redlining with a pre-approved clause and template library, proactive clause metadata recommendations, identification and protection of sensitive data, and real-time recommendations. Also make sure that the AI-based solution you choose has machine learned from real-life contracts and associated clauses and data.

# 4. Considerations for Choosing the Right CLM Provider

When selecting a CLM provider, consider the following factors:

## Scalability and Flexibility

Choose a CLM solution that can scale with your organization's needs. Ensure that the software can handle a growing number of contracts, contract types, and users without compromising performance. Additionally, consider the flexibility to configure the solution to meet your specific, evolving requirements.

## Security and Data Privacy

Contract management involves sensitive and confidential information. Ensure that the CLM software provider follows industry-standard security practices, such as data encryption, access controls, and regular security audits. Additionally, verify that the provider complies with relevant data privacy regulations, such as SOC 1, SOC 2, Privacy Shield, GDPR, or CCPA (depending on your needs)..

## Pricing and Licensing Models

Consider the pricing and licensing models offered by the CLM provider. Evaluate whether the pricing structure aligns with your budget and whether the licensing model suits your organization's needs, such as concurrent user licenses or enterprise-wide licenses.

## User-Friendliness and Ease of Implementation

The CLM solution should be user-friendly and intuitive, requiring minimal, straightforward training for users to navigate and perform tasks. Consider the implementation process, including data migration and integration requirements, to ensure a smooth transition without delays.

## Customer Support and Training

Evaluate the strength of customer support and training provided by the CLM provider. Look for a provider that offers comprehensive onboarding, training materials, and responsive customer support to address any issues or questions that may arise during implementation and ongoing usage.

## CLM Provider Experience

Opt for a CLM software provider with proven longevity and stability as a leader in the space. Look for positive reviews, industry awards and recognitions, and overall acclaim from both clients and third-party analysts. Seek a solutions provider with a diverse (in terms of industry and location) client base – which can suggest industry-agnostic adaptability and international agility. Professional certifications and partnerships as well as regular updates and innovations are also green flags that signal experience and reliability.

# 5. Best Practices for Implementing CLM Software

To ensure a successful implementation of CLM software, consider the following best practices:



## Define Clear Objectives and Requirements

Clearly define your organization's objectives and requirements for implementing CLM software. Identify the pain points in your current contract management processes and outline the desired outcomes you expect from the CLM solution. Choose the one that meets the most of those desired outcomes.



## Engage Stakeholders and Obtain Buy-In

Involve key stakeholders from different departments in the evaluation and selection process. Obtain buy-in from executives, legal teams, procurement teams, and other relevant stakeholders to ensure a smooth implementation and adoption of the CLM solution. Know how to properly make your case; consider [our guide](#).



## Plan for Data Migration and Integration

Develop a comprehensive plan for data migration from existing systems to the CLM solution. Ensure that the CLM software integrates seamlessly with other systems, such as CRM or ERP, to maintain data consistency and eliminate manual data entry.



## Provide Adequate Training and Support

Invest in comprehensive training for users to ensure they are proficient in using the CLM software. Provide ongoing support and resources to address any questions or issues that may arise during implementation and usage. Keep your eye out for the many free training and support events/opportunities that leading CLM software providers offer.

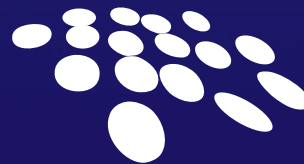


## Continuously Monitor and Optimize

Regularly monitor and evaluate the performance of the CLM solution. Collect feedback from users and stakeholders to identify areas for improvement and optimize the software's configuration to align with evolving business needs.



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Contract lifecycle management (CLM) software offers numerous benefits for organizations in effectively managing their contracts, reducing risks, and improving efficiency. Hopefully this buyer's guide has provided insights into the key features, benefits, and considerations for choosing the right CLM provider. By understanding the contract lifecycle, evaluating key features, and considering important factors, organizations can make an informed decision and successfully implement a CLM solution that meets their specific requirements.

If you want to learn more about CobbleStone Software during your consideration phase, book a free, risk-free [demo](#) today with a contract management software expert!