



Innovation Throughout the Contract Management Lifecycle

Wednesday, May 6, 2009
8:00a PDT / 11:00p EDT

Experience. **Redefined.**TM

Innovation Throughout the Contract Management Lifecycle

Session Description

- As organizations **strive for enterprise-wide contract management**, many have faced roadblocks along the way. **Learn innovative techniques and approaches** that can ease the way when implementing new **technology**, streamlined **processes** and clearly-defined **roles** across disparate functions and departments.
- In this session we will **leverage interactive voting technology** to learn from the audience members what issues create the biggest challenges and how best to solve them.

Introductions



Motorola

Karen Dunning
Senior Director
Law Department Operations



Sheila Kerr
Director
Enterprise Contract Management



Katherine Kawamoto
VP Research and Advisory Services



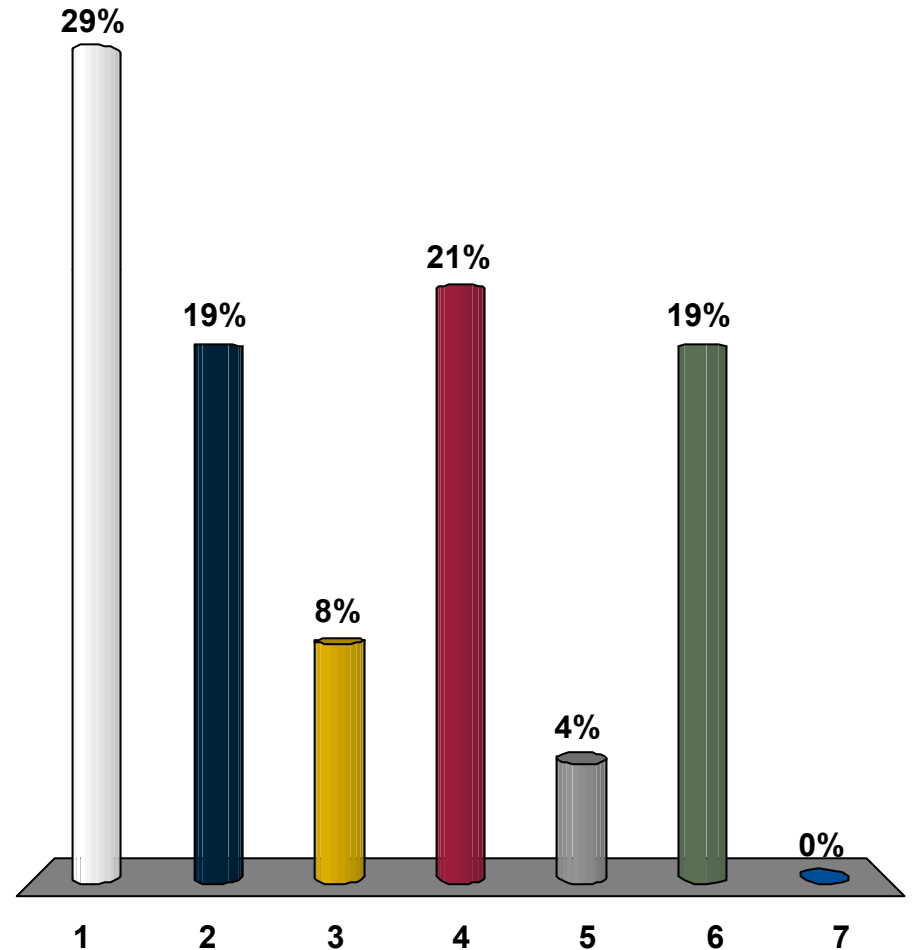
Nancy Jessen
Managing Director

How many of you are in:

Select one:

1. Procurement Department
2. Sales Operations/ Business
3. Finance Department
4. Legal Department
5. Information Technology Department
6. Other

Results from IACCM Americas 2009



Innovation ...

Main entry: in·no·va·tion

Pronunciation: \,i-nə-'vā-shən\

Function: *noun*

Date: 15th century

1: the introduction of something new

2: a new idea, method, or device : novelty



Innovation does not just mean automation

Innovation needs to exist in
Strategy, **People**, **Process**, and **Technology**

Strategy

Agreed upon business objectives focused on improved quality, cost savings, relationship management, and risk mitigation.

Process

Clear definition and transfer of activities and tasks between Departments to create an effective Enterprise-wide business process.

Technology

Designed and implemented based upon prioritized functionality and process needs.

People

Well-defined roles and responsibilities within a rationale organizational structure to drive optimal use of implemented technologies and processes

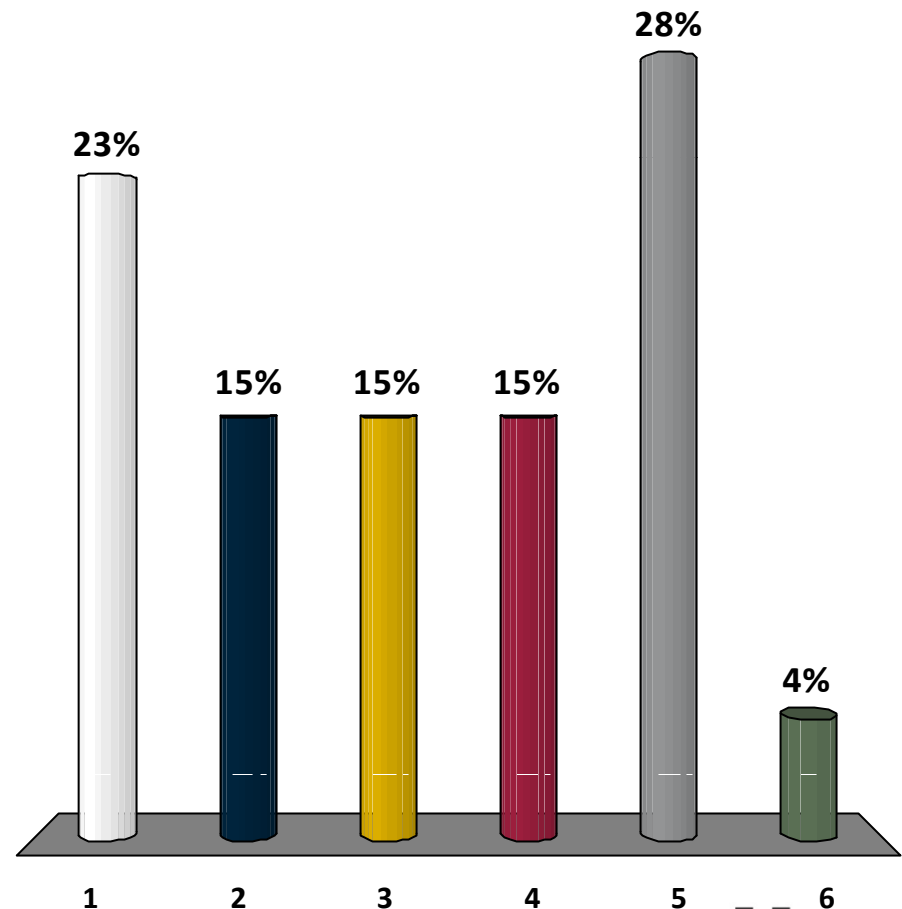


What are your organization's agreed upon business objectives for Enterprise Contract Management?

Select Top Two:

1. Reduce/Manage risk
2. Reduce operational costs
3. Shorten cycle time
4. Improve customer/vendor relationships
5. Increase compliance with obligations
6. They don't exist ...

Results from IACCM Americas 2009

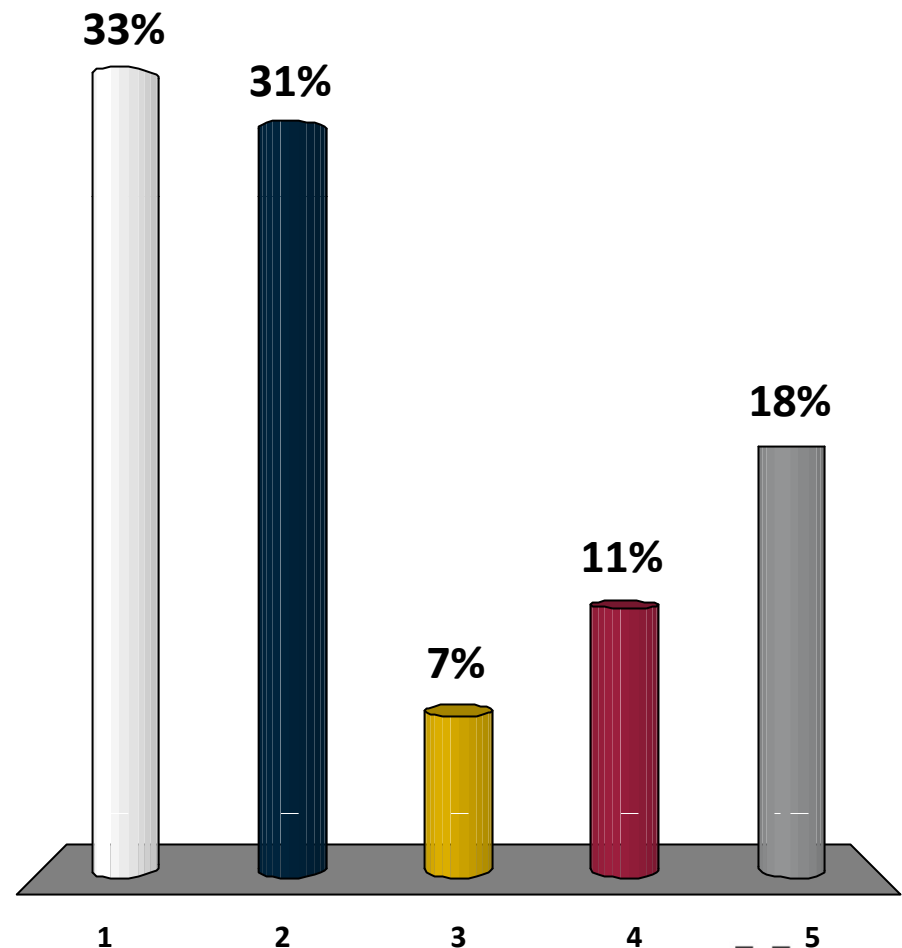


To what degree does your CM system(s) help achieve business objectives?

Select One:

1. Significantly enables
2. Somewhat supports
3. No impact good or bad
4. Detriment to operations
5. Minimal system use

Results from IACCM Americas 2009

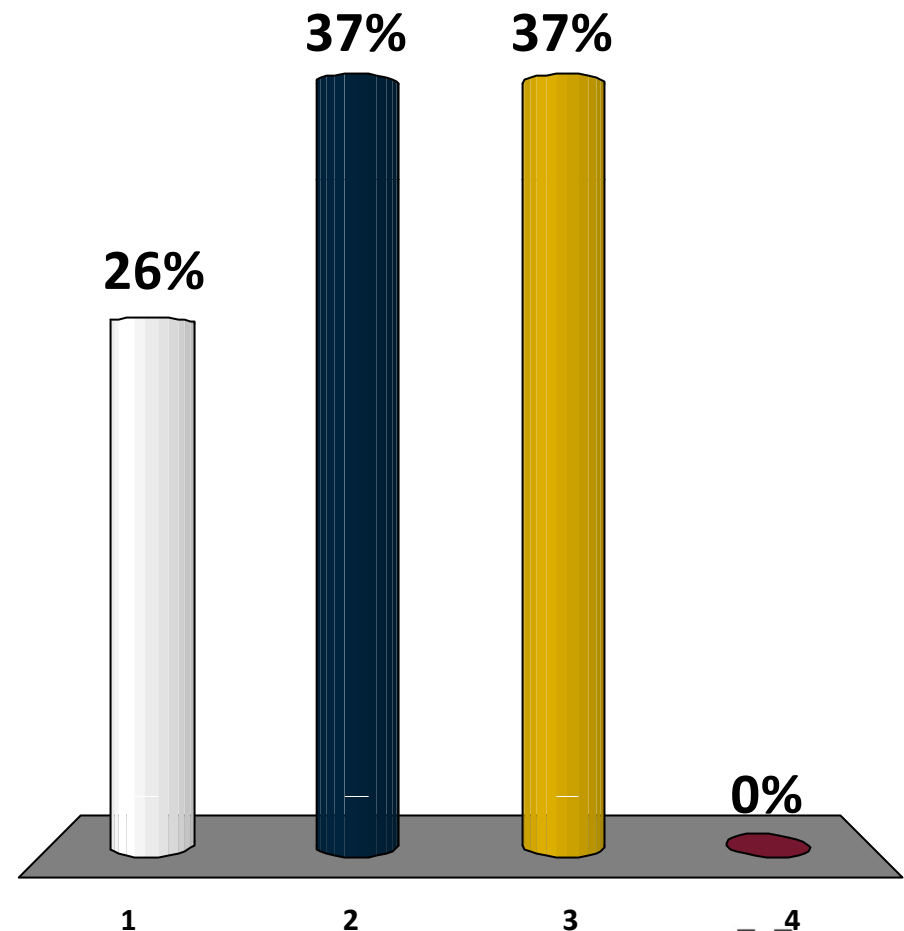


What type of CM system(s) do you have?

Select One:

1. Single, enterprise-wide system
2. Multiple systems unique to each Department or Function
3. Minimal automation -- mostly manual processes
4. Other

Results from IACCM Americas 2009



Enterprise Contract Management – *Innovation Throughout the Lifecycle*



Innovation Throughout the Lifecycle

Request

Create

Negotiate/
Approve

Manage

Analysis

- Electronic Request
 - Validated, required data fields
 - Integration with Sales/Opportunity tracking
 - Integration with Vendor/Customer/Product Master
 - Directed to most appropriate resource
- Self-Service Kiosk
 - Limited, if any, negotiation/revisions
 - Required check-in of executed version (with reminder e-mails)
 - Validation of existing contracts with company (e.g. duplicate NDAs)

Innovation Throughout the Lifecycle

Request

**Create/
Collaborate**

Negotiate/
Approve

Manage

Analysis

- Contract templates with approved alternate language
- Simplify contract language into “plain English”
 - It doesn’t have to be complicated
- Revise clause starting point to reflect consistently negotiated terms
 - Make it easier to do business with you

Innovation Throughout the Lifecycle



- Integration with other systems
 - e.g. Pricing Tools to ensure pricing accuracy
- Early finance approval of revenue recognition approach
 - Restatements increased by 147% from 2003 to 2007
 - Revenue recognition errors one of the leading causes
- Electronic Approvals
 - Routed/managed via CMS system
 - Pushed to hand held devices
- Automated Signature Processes
 - Fax back, registered e-mail, website checkbox, digital signature

Innovation Throughout the Lifecycle

Request

Create

Negotiate/
Approve

Manage

Analysis

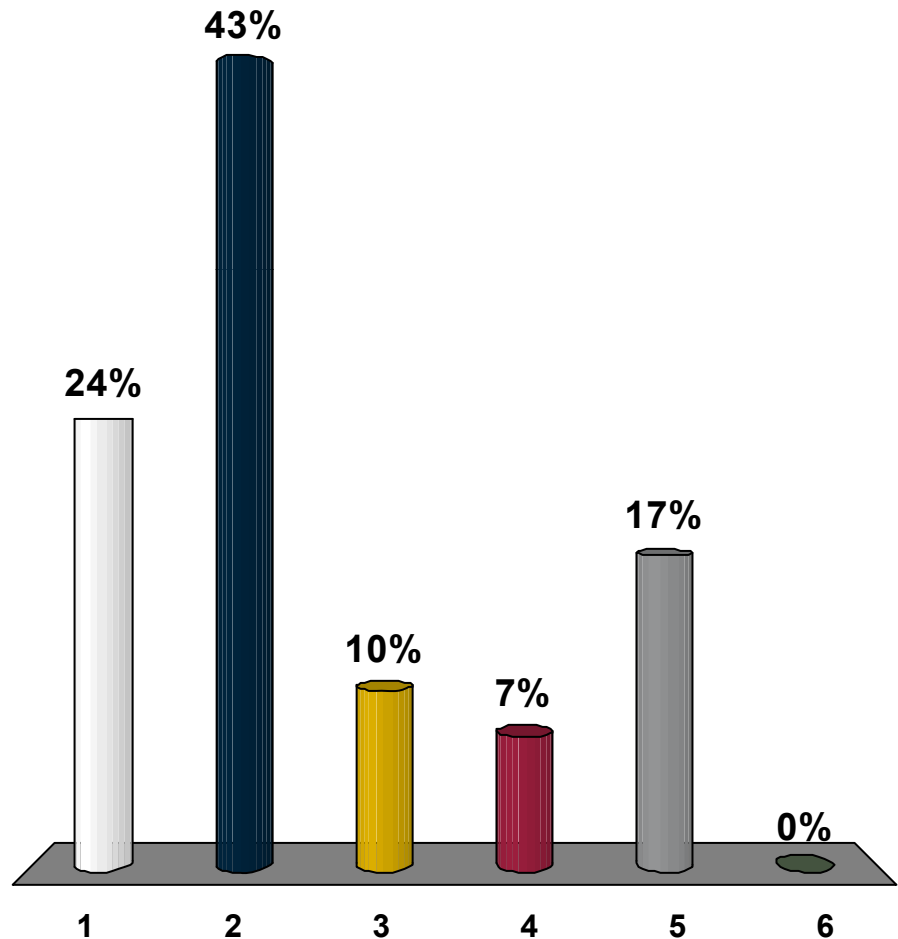
- Contract Repository with key data elements and executed contract
 - Manage fulfillment of performance obligations
 - Track contract compliance
 - Pricing, Service levels, Policy and regulatory requirements, others
 - Integrate Buy-side and Sell-side Repository
 - Relationship Management: Contracting party is Customer and Vendor
 - Supply Chain to Ultimate Product connection
 - Warranties, pricing, quality guarantees, service levels, return policy
- Integration
 - Procurement/AP for threshold monitoring of volume discounts
 - Order Management for shipment releases
 - Service applications to ensure support compliance
 - Finance for payment/royalty tracking

On an enterprise basis, how many contract repositories do you have?

Select One:

1. One centralized repository
2. Two to five repositories
3. Five to 10
4. 10+
5. Too many to count

Results from IACCM Americas 2009



Innovation Throughout the Lifecycle

Request

Create

Negotiate/
Approve

Manage

Analysis

- Contract Portfolio Measurements (Efficiency, Quality, Risk)
 - Spectrum of Value (High, Medium, Low) against:
 - Risk
 - Negotiated terms
 - Pricing structure (fixed v. variable)
 - Cycle Time Efficiency
 - Contract performance
 - Contract process

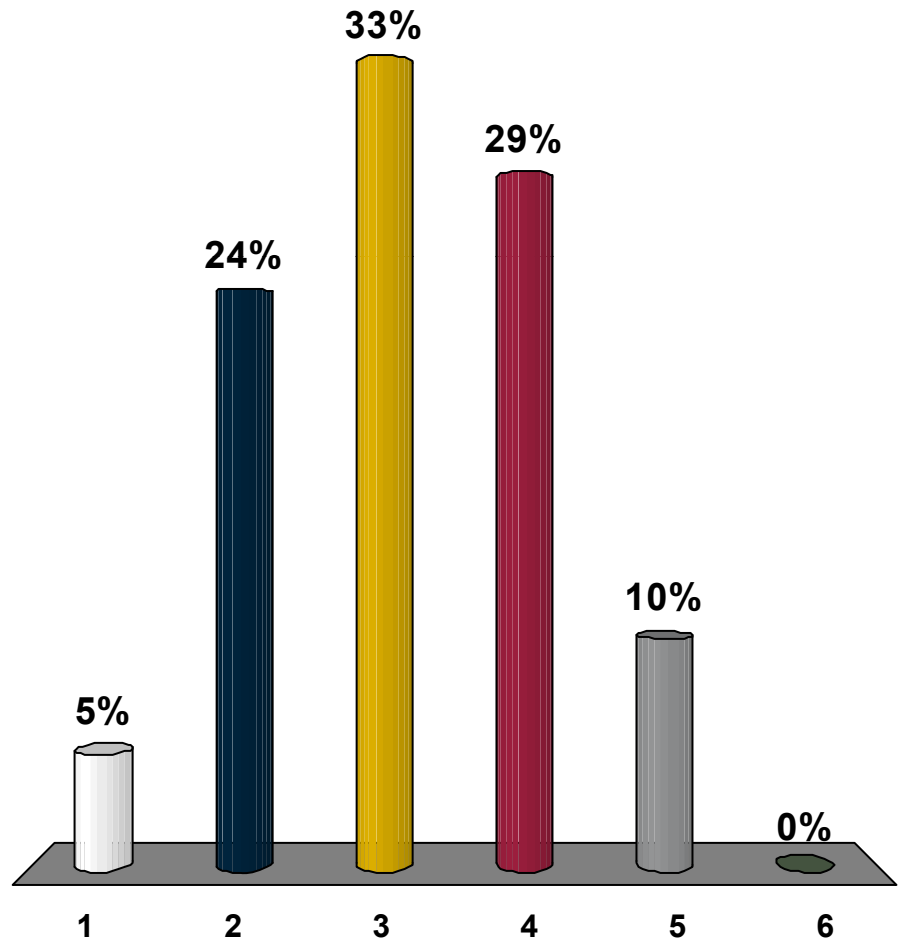
From an Enterprise perspective, we are the most innovative with:



Select one:

1. Request
2. Create
3. Negotiate/Approve
4. Manage
5. Analysis

Results from IACCM Americas 2009



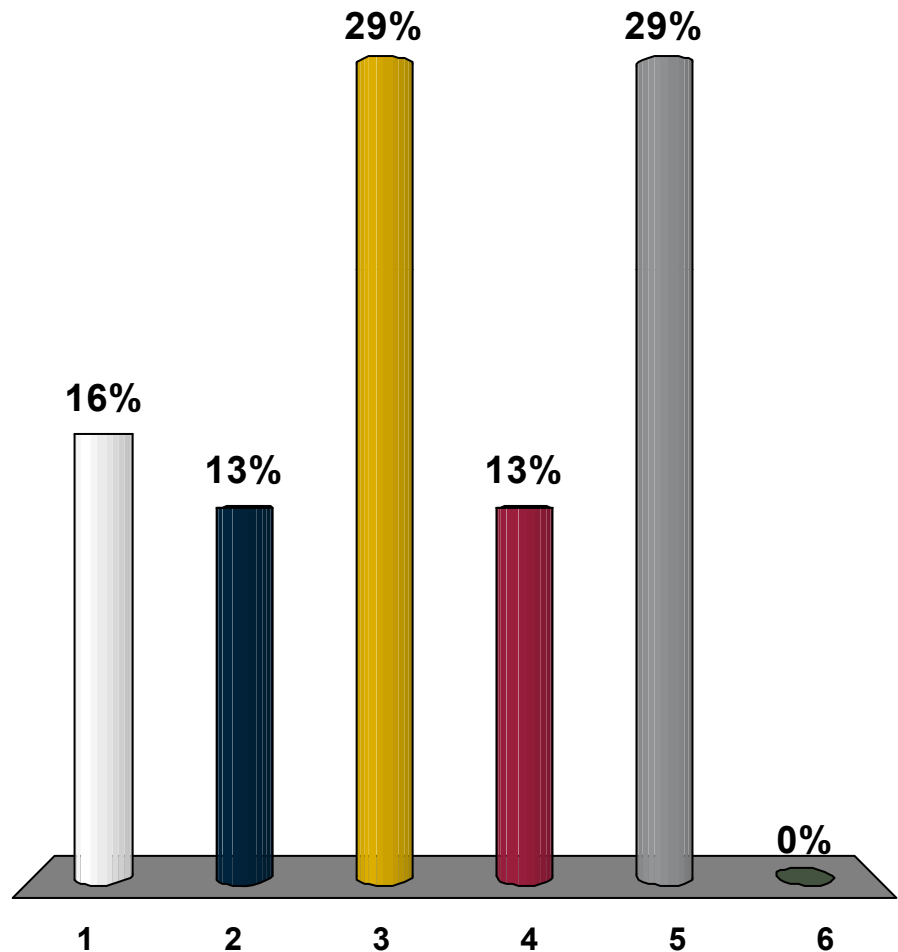
From an Enterprise perspective, we struggle the most with:



Select one:

1. Request
2. Create
3. Negotiate/Approve
4. Manage
5. Analysis

Results from IACCM Americas 2009



What is the biggest impediment to Enterprise Contract Management?

Select Top Two:

1. Limited consensus on business objectives
2. Leadership not actively involved
3. Limited emphasis on process design across Departments
4. Poor use of technology
5. Unrealistic investment expectations (time, budget, resources)
6. Other

Did not vote during IACCM Americas 2009



Nancy Jessen
Managing Director
njessen@huronconsultinggroup.com

Innovation Throughout the Lifecycle

When to involve Legal?

CRITERIA FOR ENGAGING LEGAL DEPT	RESPONSE		NEXT STEP
1. Value: Is the contract value great than \$X?	No ↓ #2	Yes →	Involve Legal
2. Duration: Is the contract duration longer than X months?	No ↓ #3	Yes →	Involve Legal
3. Customer/Vendor: Is this a new relationship?	No ↓ #4	Yes →	Involve Legal
4. International: Is this a new geography?	No ↓ #5	Yes →	Involve Legal
5. Legal Terms: Have key legal terms been revised?	No ↓ #6	Yes →	Involve Legal
6. Potential Liability: Is it higher than normal?	No ↓ #7	Yes →	Involve Legal
7. Other: TBD, (e.g Type of Contract – Co-Manufacturing)	No	Yes →	Involve Legal
8. Final Step: Determine appropriate Legal resource to assign: –Internal Lawyer, Internal Paralegal, Outside Counsel Firm, Outsource Provider			

Integration between CMS and Pricing system for pre-approved pricing

Enterprise Software for Managing Contractual Relationships - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites

Address Go Links

Master Sales Agreement

Life Cycle

- Request Agreement
- Finance Review**
 - Sales Request
 - Additional Customer(s)
 - Pricing Deal
 - Pricing Product(s)
 - Finance Details
 - Rev Rec Checklist
- Finance Approval
- Legal Review
- Financial Executive Su...
- First Negotiations
- SOP E75 Approvals
- Final Negotiations

Resources

Tools

Contract ID	Master Sales Agreement-2009APR1	Attorney	Heather Collins
Sales Notification Contact		Contract Title	

Pricing Deal #49472 (* denotes required field)

Deal

Enter MGPS Deal Number

* Get Deal From MGPS? Yes No

Select a Deal

* Deals

Deal Level Fields

MGPS Deal Number	
Units	0
NSBD	0
NSAD	0
Gross Margin (\$)	0
Gross Margin (%)	0.00%
Customer/Prospect Name	<input type="text"/>
Regional Currency Code	USD

Links between applications to review and pull data from Pricing system into CMS

Enterprise Software for Managing Contractual Relationships - Microsoft Internet Explorer

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Address Go Links

Master Sales Agreement

Tracking # 49470 Current Task: Finance Review

Contract ID 49470-BRIGHTSTAR US- Attorney Heather Collins
Master Sales Agreement-
2009APR1
Sales Notification Contact Heather Collins Contract Title TEST MGPS

Life Cycle

- Request Agreement
- Finance Review**
 - Sales Request
 - Additional Customer(s)
 - Pricing Deal
 - Pricing Product(s)
 - Finance Details
 - Rev Rec Checklist
 - Finance Approval
 - Legal Review
 - Financial Executive Su...
 - First Negotiations
 - SOP E75 Approvals
 - Final Negotiations
- Resources
- Tools

Select Deals

Deal	NSBD	NSAD	Unit	Gross Margin(\$)	Gross Margin(%)	Start Date	End Date
3138 -	24925460.00	24114955.10	130002	7828650.46	32.46	2008-04-01 00:00:00.0	2008-06-28 00:00:00.0

Displaying records 1 - 1 of 1 found Page #1

Gross Margin (%) 0.00%

Customer/Prospect Name

Regional Currency Code USD

Deal data from Pricing system populates CMS for bypassing approvals

Enterprise Software for Managing Contractual Relationships - Microsoft Internet Explorer

File Edit View Favorites Tools Help

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Address [] Go Links

- Sales Request
- Additional Customer(s)
- Pricing Deal**
- Pricing Product(s)
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- Finance Approval
- Legal Review
- Financial Executive Su...
- First Negotiations
- SOP E75 Approvals
- Final Negotiations
- Resources
- Tools

Pricing Deal #49472 (* denotes required field) [Submit] [Cancel]

Deal

Enter MGPS Deal Number: 3138

* Get Deal From MGPS? Yes No

Select a Deal

* Deals: 3138 -

Deal Level Fields

MGPS Deal Number	3138
Units	130,002
NSBD	24,925,460
NSAD	24,114,955.1
Gross Margin (\$)	7,828,650.46
Gross Margin (%)	32.46%
Customer/Prospect Name	
Regional Currency Code	USD
Start Date	2008-04-01 00:00:00
End Date	2008-06-28 00:00:00

Enter Contributions Margin