SignDesk

Future Proofing Your Business With Smarter Contract Workflows

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Contracts

Are more than just words on a page. These documents set the wheels in motion and hold businesses and their clients accountable for sticking to commitments. They affect more than just the people at the negotiating table. Given the significance of contracts to businesses, the contractual process must be an efficient one. To improve the efficiency of contracts, it is essential to understand contract workflows and the different challenges businesses face while implementing them.

WHAT IS A CONTRACT LIFECYCLE?

Contract lifecycle is the journey of a contract right from draft to the final execution process, tracking the entire lifecycle of the contract. It begins with initiating a contract request and covers every key stage of the contract including contract execution, tracking, contract intelligence, and renewal.

1 Initiation
This step puts the contract workflow into motion

2 Drafting
After receiving the request, the contract is drafted from a precedent or standard form document

3 Negotiation
At this stage, various parties go back and forth to align themselves on a defined set of terms and conditions.

4 Approval
All contracts are tagged and stored on a centralized repository

5 Execution
Obtaining signatures on contracts is the final stage that binds the parties to the agreement.

6 Performance
At this stage, parties comply with all the terms and conditions of the contract and failure to do so makes them liable for penalties as per the contract.

7 Renewal
Involved parties can revisit or renegotiate the original contract stored in the repository. They can also renew expired contracts.

INHERENT INEFFICIENCIES AND CHALLENGES IN A CONTRACT WORKFLOW

Poor contract management practices cost businesses an average of 9% of their annual revenues. Drafting, negotiating, and executing several contracts manually every day can drain time & productivity in an organisation, leading to massive losses in revenue and business efficiency.

The challenges faced by most businesses using a contract workflow are similar, if not the same. The most common challenges are outlined below:

1   **Standardization:** Lack of standardisation and templatization results in duplication of work and increased man-hours in drafting the same contracts. It also leads to human errors caused while manually drafting the contract.

2   **Status and Review:** Due to the multiple teams and stakeholders involved in the contractual process, it becomes difficult to track the status of the contract and where it is currently stuck for review or approval.

3   **Time:** Legal teams work endlessly on activities that are time-consuming and require multiple follow-ups, reviews and approvals. Obtaining physical signatures and stamp paperwork also makes the process cumbersome and tedious.

4   **Security:** Security breaches in the contract process are high up in the list of concerns due to improper storage of documents and lack of accountability by authorized personnel in a company.

5   **Missed Renewals:** As the legal team is responsible for multiple tasks, contracts that are nearing expiration are not renewed on time. It is also difficult to remember and keep track of multiple contracts and their renewal dates.

6   **Improper Storage:** The absence of a unified, digital storage repository leads to misplaced contracts and related documents thereby resulting in a consequent loss of enterprise information. It also causes a loss of productivity due to the team's inability to retrieve documents at a given time.

OVERCOMING CHALLENGES AND IMPROVING EFFICIENCY

Businesses are quick on recognising the significance of implementing an effective contract lifecycle management to help prune such losses and inefficiencies in their contractual ecosystem.

Automation of contract workflow can bring more efficiencies in dealing with contracts, reduce transaction costs, and shorten turnaround times.
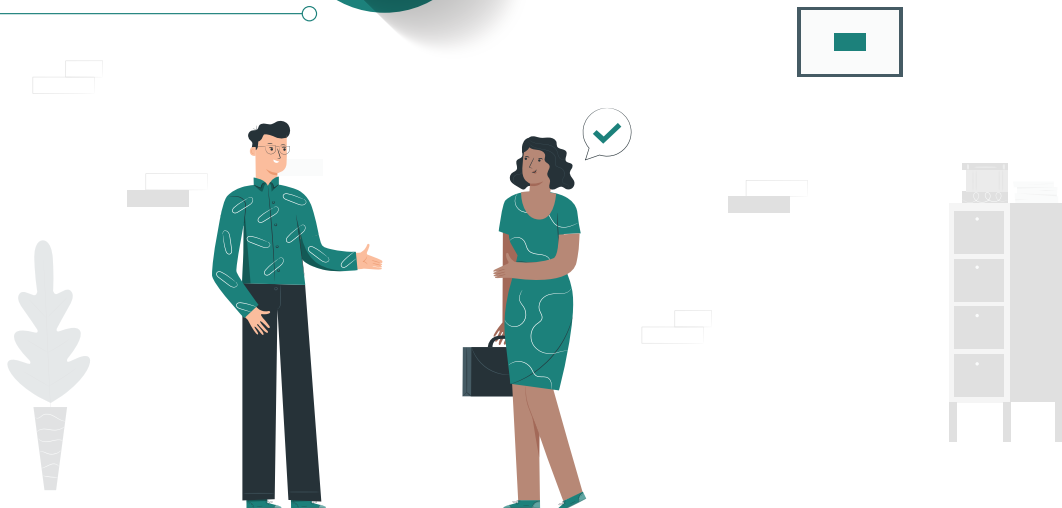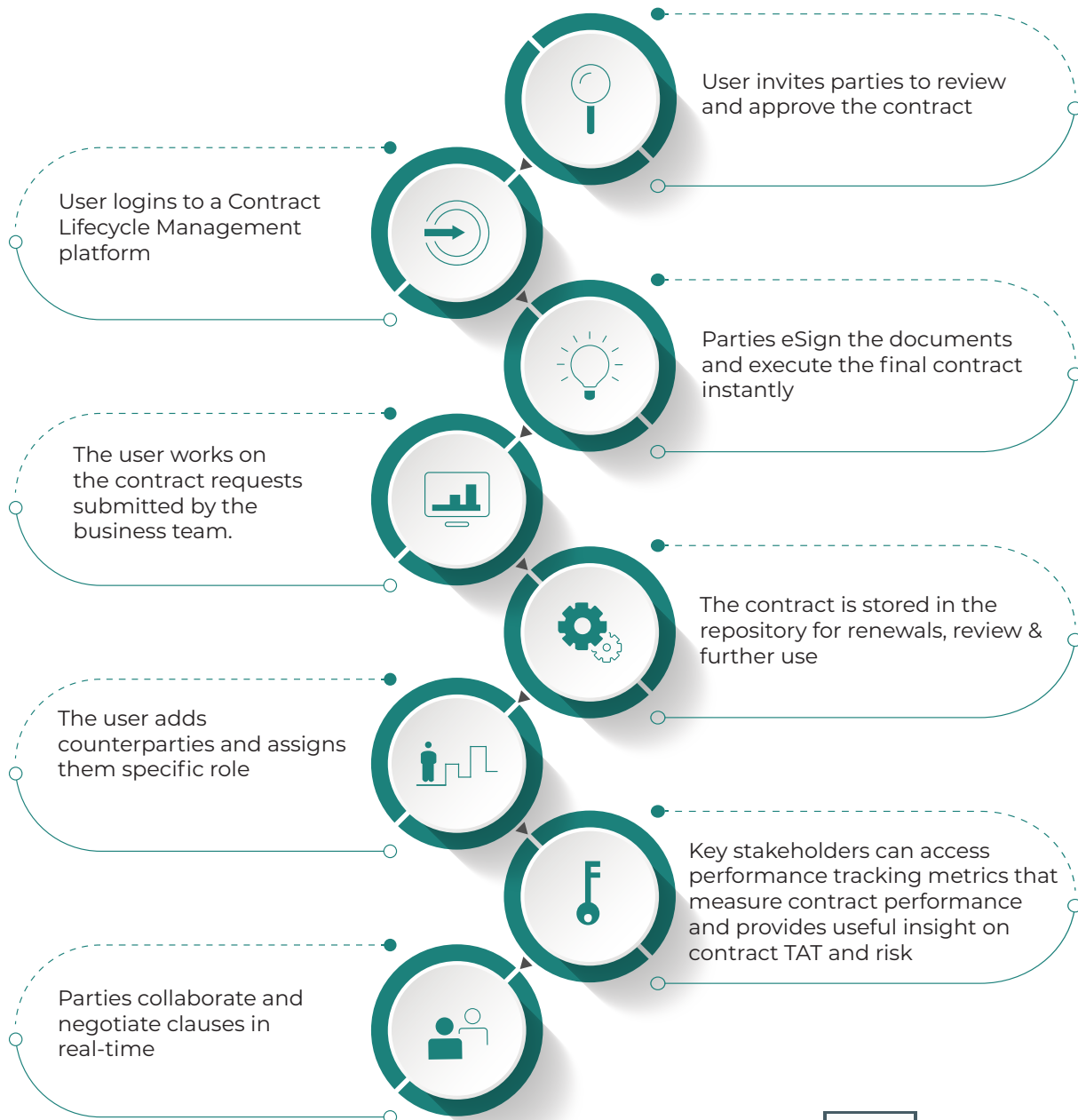
A Contract Lifecycle Management software is powered by Artificial Intelligence, with automation at its core. The software can understand what the user is doing in real-time and provide suggestions, tools, and features to help complete the process within the stipulated time. It can also update the status of the contract in real-time.

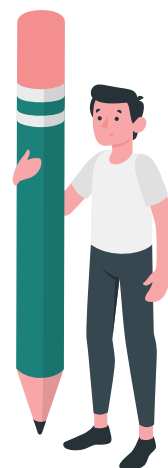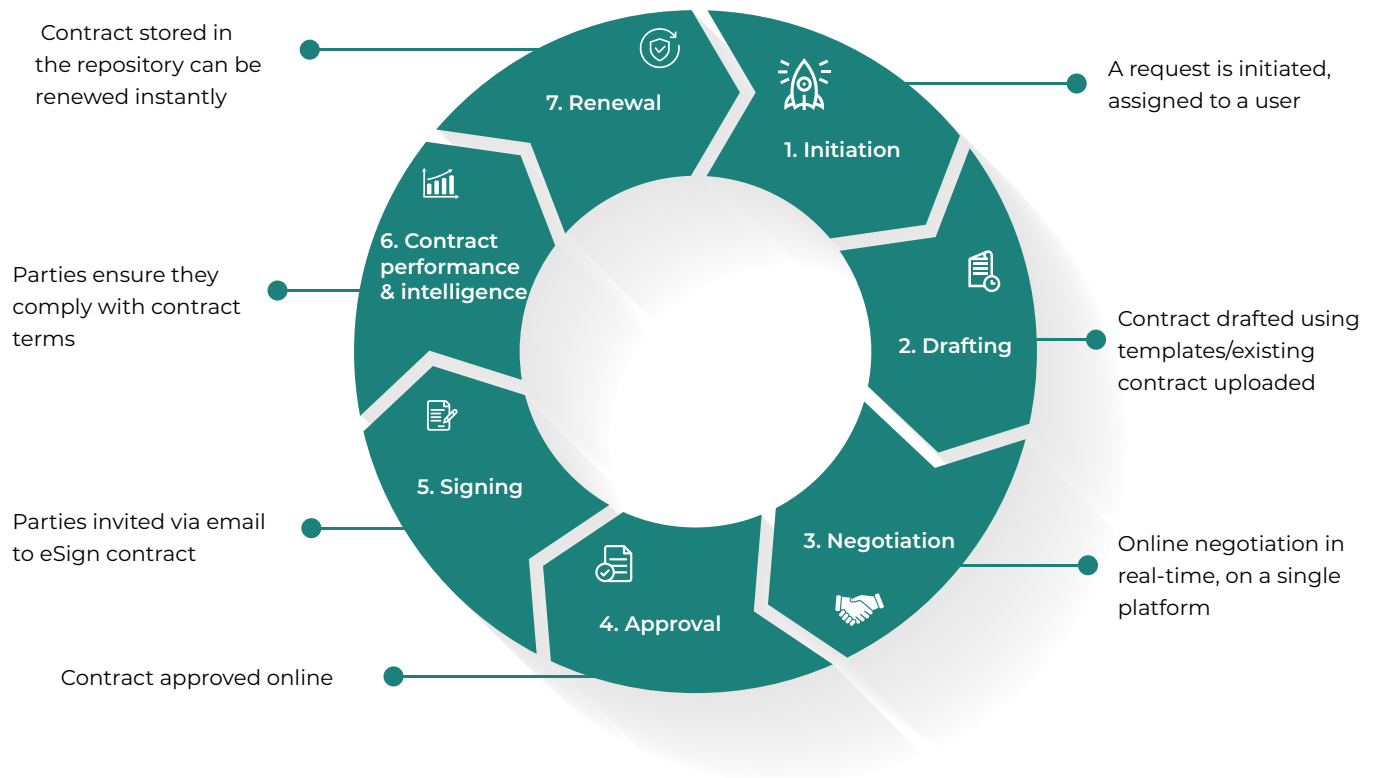**How does the automated Contract Lifecycle Management system work**

Teams can automate most of the steps in a contract with contract workflow automation, thereby enhancing the efficiency of the entire process and freeing up time for in-house legal teams and other team members.

Here's a rundown on HOW CONTRACT LIFECYCLE MANAGEMENT works

User invites parties to review and approve the contract

User logins to a Contract Lifecycle Management platform

Parties eSign the documents and execute the final contract instantly

The user works on the contract requests submitted by the business team.

The contract is stored in the repository for renewals, review & further use

The user adds counterparties and assigns them specific role

Key stakeholders can access performance tracking metrics that measure contract performance and provides useful insight on contract TAT and risk

Parties collaborate and negotiate clauses in real-time

CONTRACT LIFECYCLE JOURNEY ON CLM SYSTEM

Contract stored in the repository can be renewed instantly

7. Renewal

1. Initiation

A request is initiated, assigned to a user

6. Contract performance & intelligence

Parties ensure they comply with contract terms

2. Drafting

Contract drafted using templates/existing contract uploaded

5. Signing

Parties invited via email to eSign contract

3. Negotiation

Online negotiation in real-time, on a single platform

4. Approval

Contract approved online

Contract Lifecycle Managements boast several features enabling end-to-end management of the contracting process. These include –

- **Clause libraries and clause locking:** Repositories of pre-constructed and approved clauses and templates

- **Tokenisations:** Encryption of sensitive data while keeping its business utility intact

- **Online negotiation:** Communication and negotiation over relevant clauses and their inclusion

- **eSign integrations:** Digital signatures to expedite contract signing processes Centralized contract & content repository: A centralized database to store, manage and maintain contracts

- **Smart dashboard:** User-friendly dashboard that gives an overview of tools to view and analyze contract workflows

- **User management:** Creating and managing the availability of user-profiles to enable access and permission settings

- **Audit trails & activity logs:** Chronological tracking of contract status and updates as document evidence

- **Customisation tools:** Features that simplify contract workflows best suited to the business requirements

- **Contract analytics and intelligence:** Key performance metrics to measure contract performance, gain insights on contract TATs and risk mitigation
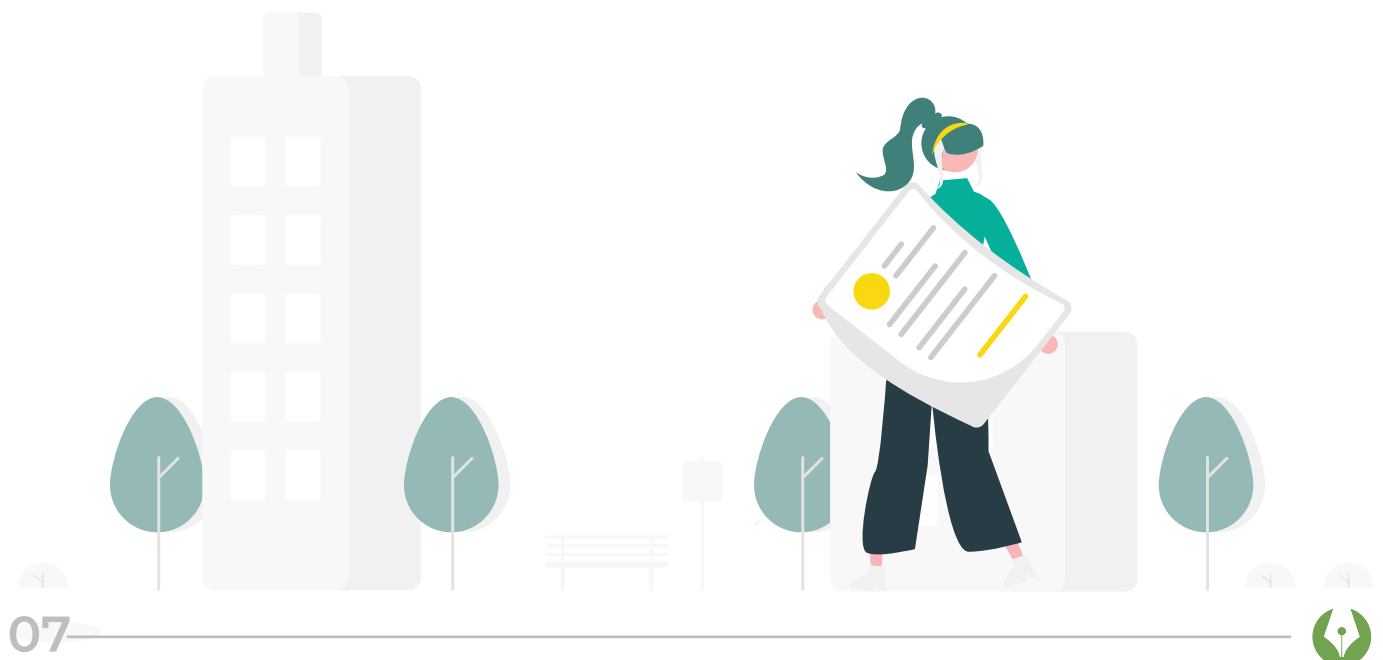
Businesses and enterprises can benefit from Contract Lifecycle Management by deriving insights and business intelligence from contracts, and using these to both resolve pain points in the contract lifecycle and obtain a comprehensive grip on the contracting aspect of the business.

An effective Contract Lifecycle Management system enables businesses to manage their contracts through a centralized repository with effective channels of communication for negotiations and approvals. This enables businesses to increase their productivity, ensure greater transparency and saves costs while reducing the turn-around-time and mismanagement of contracts.

CONTRACT LIFECYCLE MANAGEMENT SOLUTIONS IMPROVE EFFICIENCY ACROSS TEAMS AND INDUSTRIES

TEAMS

Drafting documents manually is untenable for large enterprises & a drain on time and resources for workers. HR and Legal departments deal with contractual documents and workflows extensively. Key departmental functions such as employee onboarding, contractual negotiations and obtaining approval on internal documentation can be further simplified with the help of automated Contract Lifecycle Management systems.

LEGAL

As contracts cover all the risks, obligations and entitlements, every legal enterprise or firm needs to invest in a contract management system. Such a system is essential in specifying all the activities throughout all the stages of transactions and negotiations, ensuring appropriate ownership of contracts, and their monitoring and administration.

Here are some key benefits for legal firms to optimize their daily operations and contract management with the help of a contract lifecycle management system:

Set up templates

Legal firms can define the terms of the master contracts from which other team members can create offer letters, vendor contracts, and so on.

Set up automated workflows

With CLM systems, legal teams can create automated contract workflows that track approvals, and review status, and make the contract process more collaborative. Automation of contracts reduces time spent on paperwork by 75%.

Use API-integrated solutions

API-integrated solutions such as eSign enable businesses to electronically sign contracts and expedite final contractual procedures. The process legalizes and executes documents instantly thereby saving time, resources and costs for businesses.

Create a document repository

With automation technologies, legal teams can store all contracts and related information in one place. This prevents loss of data, and errors caused due to human intervention and alleviates security concerns.

Automate renewal reminders

Such systems also enable teams to set up custom renewal reminders to track key contract renewal dates. Once the reminder is set for a particular date, the relevant stakeholders will get an automated reminder email to let them know the contract is to be renewed soon.

Finance teams deal with a large number of contracts, each with its own terms, expectations, scheduled payments, and pricing changes. To keep track of it all without contracting software is nearly impossible.

Here are a few benefits of implementing a seamless automated contract workflow that can enable finance teams to work seamlessly:

Centralized database for contracts

A centralized database of contracts makes it easier for finance teams to maintain an accurate record of the business' financial statements, pricing and commercials of external clients and follow up on payment cycles of vendor and supplier partners.
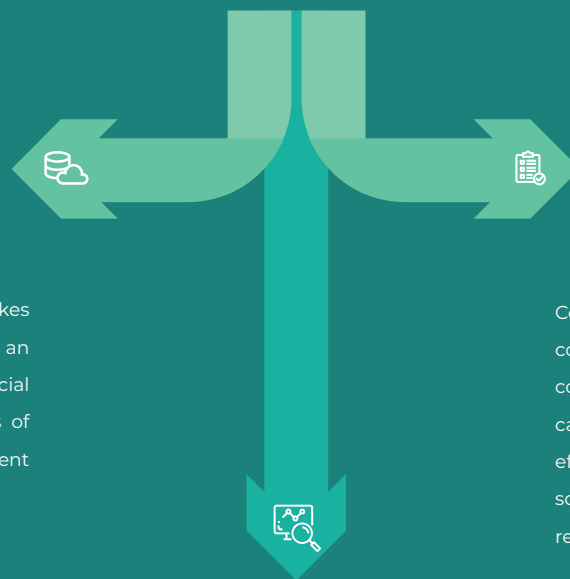
Assured compliance

Compliance is an integral aspect of any contract. Deviations from compliance or contractual obligations on financial clauses can be easily identified by finance teams. An effective contract lifecycle management software can save the business time and resources on unnecessary litigation.

Simplified contract tracking and monitoring

A proven contract management program tracks contracts for potential risks and issues and alerts the teams. Monitoring monetary timelines and risk mitigation becomes far easier for finance teams with an automated contract workflow.
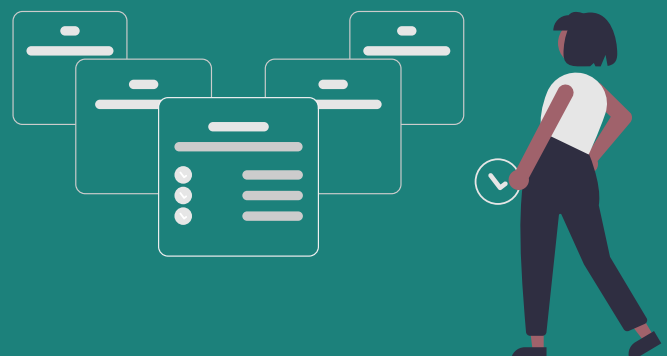
PROCUREMENT

Procurement teams are largely involved in acquiring goods or services from external sources. Their tasks often entail heavy scrutiny and monitoring of vendor and supplier deliverables against contractual obligations. An effective automated contract workflow can simplify the tedious process of vendor evaluation and verification.

Here are some benefits of automated contract workflow that can enable procurement teams to function efficiently:

### Centralized database for contracts

A centralized database of contracts makes it easier for finance teams to maintain an accurate record of the business' financial statements, pricing and commercials of external clients and follow up on payment cycles of vendor and supplier partners.

Expediting approvals

An automated contract workflow helps procurement teams to identify and align effective approval matrices that can process vendor or supplier onboarding seamlessly. This can further accelerate the process in which contracts are approved.

Compliance

There are numerous regulatory and compliance laws that procurement teams need to heed during a vendor onboarding process. Contract lifecycle management software can help procurement teams to navigate the needs of their own compliance procedures, as well as the compliance procedures of third parties.
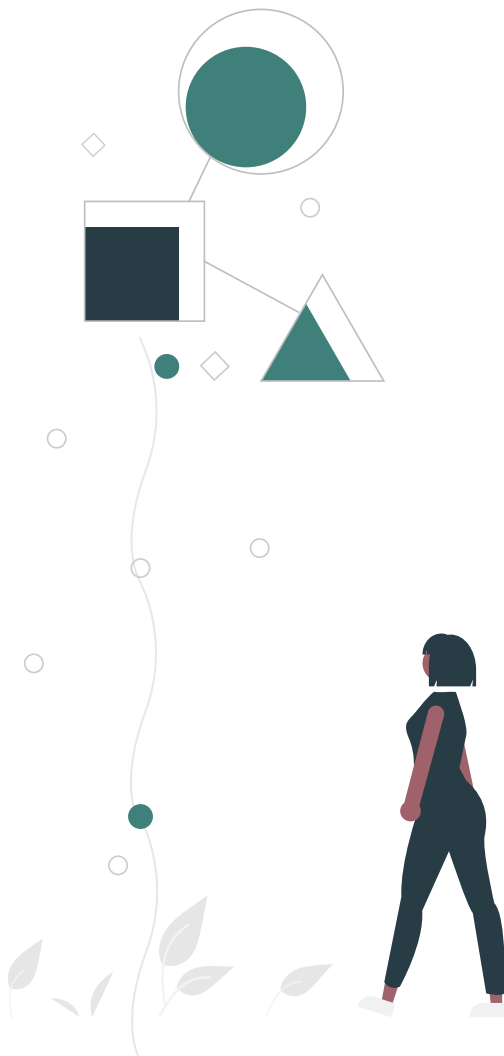
HUMAN RESOURCES

Onboarding new employees form an integral part of every HR vertical. The conventional process involves HR drafting employee onboarding documents manually, printing copies of agreements, sending them to management for negotiations & approval, and finally sending them to prospective employees to obtain wet signatures.

Here's how HR teams can work in unison with the help of an automated contract workflow:

Seamless onboarding process:

Digital contracting with eSign solutions enables HRs to automate, manage, & streamline every step of the onboarding process while reducing associated costs by 85%.

Centralized dashboards and database:

HRs can manage and store documents easily on an intelligent dashboard. There is minimal risk of losing files, manual errors, or mismanagement of the documents with a centralized database.

Digital signatures:

Digital signatures can help streamline contractual processes for HRs involving internal and external stakeholders. HRs can invite employees & other stakeholders to sign them online via email.
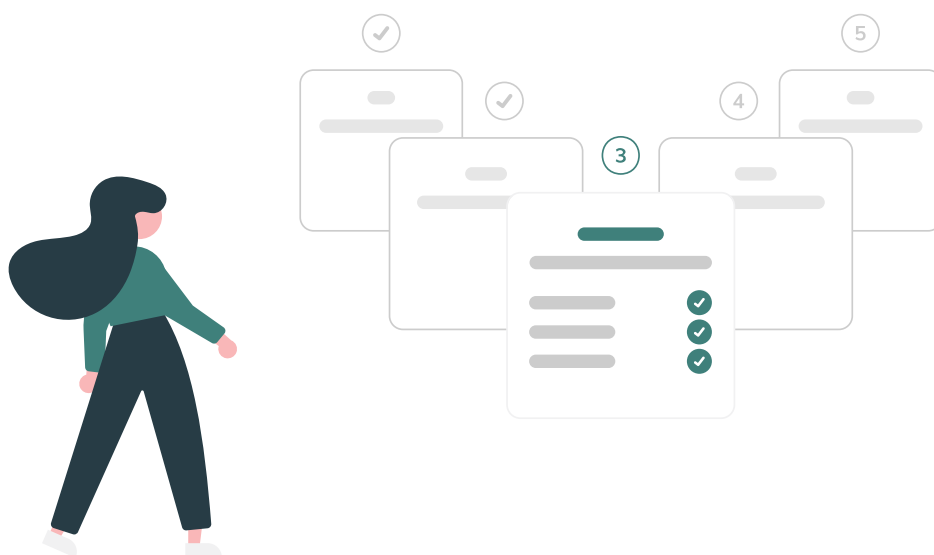
Drafting documents manually is untenable for large enterprises and a drain on time and resources across industries. With the help of an automated Contract Lifecycle Management system, businesses and enterprises are better equipped in managing their contract workflows.

Education

Educational institutions invest a significant amount of time and money in managing their contracts. Due to the high number of stakeholders involved, the contracts are also voluminous.

Here are the peculiarities of contracts in this industry:

Large volume of contracts: Teachers, administrative officers, management executives, procurement staff, suppliers and vendors have to converge their efforts for the overall success of the organization. A large number of stakeholders naturally leads to a high volume of contracts.

Decentralized contracts: Educational enterprises have multiple branches which are situated at different geographical locations. Each branch of such an enterprise has to engage with suppliers and vendors locally. Consequently, contracts between these branches and suppliers are also geographically dispersed

Supplier relationships: Educational institutions have to rely on external suppliers to procure various items – for example, books, stationery items and information technology resources. They also outsource their non-core activities such as bookkeeping, security and healthcare. Contracts assume significant importance as they cover all the aspects of transactions between the enterprise and its suppliers.

Here's how automated contract management systems simplify contract workflows for education institutions:

Faster search and retrieval of centralized data

A digital contract management system is essentially a central repository of all the contracts. Contract managers and administrators can easily search and retrieve a contract using a simple text search embedded into the system. The system enables the institute's staff to even search a particular clause or term within a contract, minimizing the scope of errors made by manually administering.

Process optimization through digital signatures

Digital signatures save the institution from spending hours obtaining physical signatures from signatories present at various locations. This capability goes a long way in saving time in contract execution and renewal.

Efficient onboarding of students

Educational enterprises can draft contracts quickly, instantly share them online and use eSignatures to get them signed. In terms of student onboarding, this means faster access to financial aid documents, course enrollment forms, permission slips, student forms and parent consent forms

Dealing with third-party vendors

An educational institute can also onboard third-party vendors faster as contract turnaround times witness a substantial improvement. This frees up important resources, thereby allowing the educational institution to focus on meeting its desired objectives.

Retailers have to simultaneously understand customers' preferences, ensure supply chain continuities, follow quality norms and manage warehousing and staffing resources. This need to engage multiple stakeholders at once, while meeting all underlying obligations results in increasing complexities in the process

Here are some of the complexities faced by retailers:

Multiple delivery touchpoints, multiple contracts

To ensure efficient delivery, multiple stakeholders such as warehouse executives, stock managers, transportation players and delivery staff have to coordinate their efforts. These multiple touchpoints lead to multiple paper-based contracts

Contract visibility

To maintain an efficient contract tracing and follow-ups, executives need a contract management system that provides a bird's eye view of all their contracts' obligations, regardless of their locations.

Compliance management

Today's industry trends require retailers to take their operations beyond local boundaries. Besides scale efficiencies, such cross-border operations also mean a myriad of compliance obligations

Pricing and promotions

As the industry embraces digitization, pricing and promotions assume a dynamic form. This often requires the organization to enter into flexible and responsive contracts with suppliers.

Supplier onboarding

Suppliers are a critical component of the retail industry. As businesses grow in size and scale, onboarding new suppliers become even more frequent & are usually done on a daily basis.

Controls and authorizations

Given the various stakeholders involved in the operations, it's a standard practice in the retail industry for the contracts to have strict controls and authorizations. For example, a purchase manager should have access to contracts with suppliers but should be restricted from accessing contracts related to human resources.

Here's how an effective automated contract management system can enable smooth day-to-day operations for retailers:

Smooth collaboration

With the power of automated workflows, collaboration hassles vanish even though signatories such as warehouse managers, delivery agents, sales personnel and managers are dispersed geographically. Organizations experience faster completion even in the case of regulatory compliances.

Actionable insights

A smart contract management system can indicate key variables and extract crucial data from contracts. It can analyze contract contents and user behaviors to deliver actionable insights to contract managers by suggesting clauses, AI-assisted drafting, evaluating risks and estimating the time to execute a contract.

Faster supplier onboarding

Digital contracts facilitate quicker onboarding as they can be drafted immediately, shared online and signed instantly using eSignatures. Faster supplier onboarding leads to easing up of resources, faster turnaround times and quicker time-to-market – a win-win situation for both, the retail company and the supplier.

All-purpose dashboard

With their digital capabilities, smart contract management systems emerge as self-serving contract monitors. Analytical tools help executives to track deviations from obligations and extract useful insights based on customized criteria. All these tools come neatly packaged on a friendly, easy-to-use dashboard of the contract management system.

Confidentiality

While paper-based contracts are prone to theft and misplacement, a smart contract management system adheres to the current trends of stringent cybersecurity norms. Be it a customer or a supplier, all stakeholders experience a heightened sense of confidence while dealing with an organization that adopts such a new-age contract management system.

From due diligence of vendors to ensuring compliance with regulatory requirements, an automated contract lifecycle management solution can iron our inefficiencies and smoothen operations in the BFSI industry.

Here are some ways in which inefficient contract workflow management can have an adverse effect on banking and finance organizations:

Voluminous paperwork while drafting contracts

The industry usually finds itself overwhelmed by the huge volume of documents that need scrutiny while drafting contracts. With multiple stakeholders – customers, regulators, and vendors – involved in documentation, executives find it challenging to extract and process useful information from them.

Visibility and searchability

Customer-facing executives are frequently faced with having to arrange paperwork for customer credit history, loans, insurance coverage, and account maintenance. This creates a bigger need for efficient contract management systems that can quickly retrieve contracts.

Risk-based due diligence

From extending loans to ascertaining insurance premiums, there is a high focus on risk assessment and management in this industry. Customers' history dictates contractual terms which then undergo alterations based on a borrower's actual performance or an insured person's life events. Consequently, executives establish their contract management processes to include all critical parameters, and thereby, manage risk.

Third-party vendor monitoring

BFSI companies routinely engage third-party vendors for cost reduction and expertise utilization. Additionally, central banks, like the RBI, stipulate companies to comply with their guidelines on outsourcing. Thus, monitoring the performance of third-party vendors becomes a crucial aspect of contract management in this sector.

Approval and authorization

Executives require contract management practices to follow the organization's hierarchical structure. For example, a bank's branch manager will have the authority to sign a loan contract below a certain limit but not to approve a contract to acquire a banking solution software. Thus, contract management must ensure that only the correct contract is made available to the right person.

Reporting

Organizations require contract management systems that facilitate executed contracts to raise a red flag in case of non-conformity with terms and obligations. Additionally, contracts such as leases come with expiry dates; they require systems to alert the administrators about the upcoming expiry and renewal process. Not adhering to this, would not only lead to a probable loss in business but also a dent in reputation and relationship with clients.

As the industry witnesses faster internet speeds and rapid internet adoption, it becomes imperative for players to be proactive, rather than reactive, when it comes to managing contracts. This will help not just in being future-ready for serving customers but also in meeting the demands of the rapidly-evolving regulatory environment.
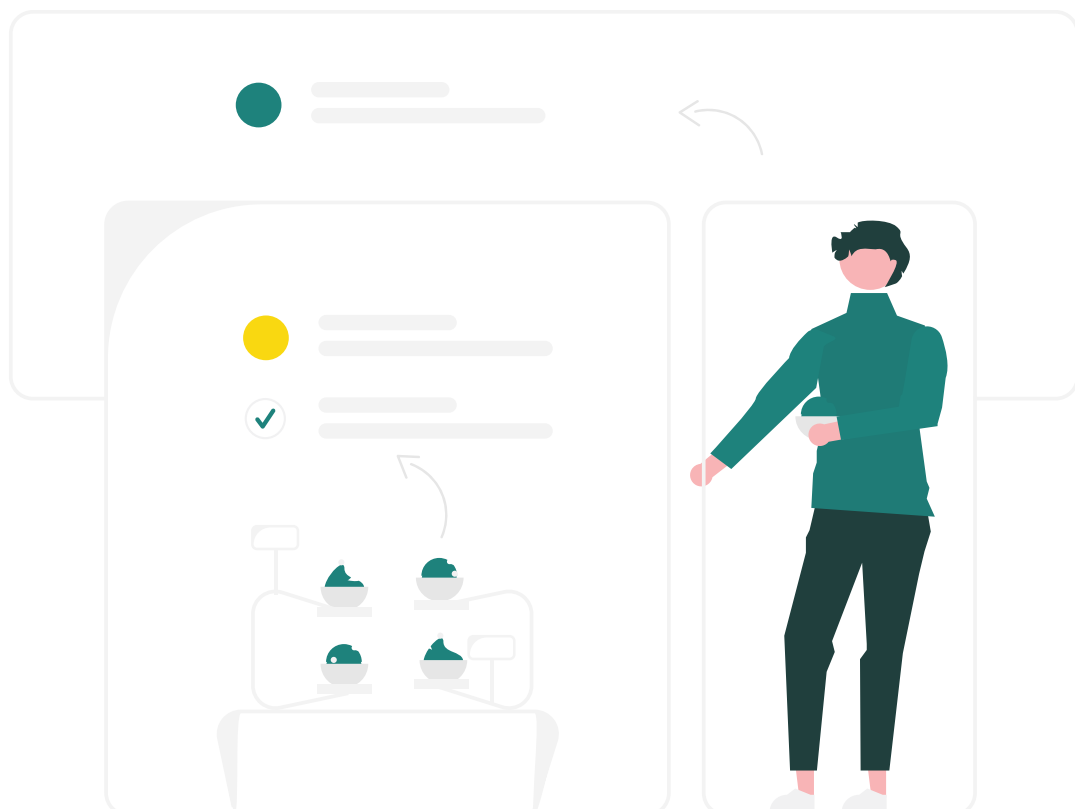
Here's what a state-of-the-art contract management system can empower companies with:

Paper-free scalable drafting

As the industry witnesses faster internet speeds and rapid internet adoption, it becomes imperative for players to be proactive, rather than reactive, when it comes to managing contracts. This will help not just in being future-ready for serving customers but also in meeting the demands of the rapidly-evolving regulatory environment.

Version control

A heavily regulated sector, like the BFSI industry, depends on its ability to quickly control alterations to its contracts. This need can be efficiently met by using an intelligent contract management system. It facilitates version control and brings all stakeholders on the same level when it comes to contract terms and obligations. This synchronization of all stakeholders fosters ease of collaboration and better decision-making..

Data security

The contracts available with an organization in this sector consist of a huge amount of sensitive information. Additionally, companies need to share client data with fintech firms and aggregators to achieve their tech-savvy customers' satisfaction. Against this background, companies must employ a robust contract management system that ensures protection from data leakages and ensures data confidentiality.

Easy retrieval

An e-contract management system enables its users to access the contracts on a dashboard. This means that an authorized executive can retrieve contracts at the click of a button. Such a system also enables the management to compare contract terms and evaluate performance parameters.

Seamless collaboration

A digital contract management system enables organizations to generate quick reports and allows for dashboard access to know a contract's approval status. E-payments of government fees and stamp duty using digital payments make the process much smoother, resulting in significant savings of time and cost in finalizing contracts.

Vendor assessment

An intelligent contract management system enables due diligence of vendors for assessing the risk associated with outsourcing. Such a contract system includes data from various sources such as the vendors' past customers and their banking partners. Additionally, an efficient contract management system ensures a higher level of security and protection of sensitive customer data from third-party vendors.

HEALTHCARE

The healthcare industry faces various challenges regarding contract management. Making manual management unfeasible, all facilities deal with contracts between patients, companies, and the government. This can be risky if not handled properly.

Decentralized contract workflow:

A primary cause of revenue leakage for healthcare companies is not having a standardized contract management process. Apart from following through on government compliance and regulations, there's also the need to handle patient billing, data, and consent agreements.

Lack of visibility on data and contracts

Lack of agreement and data visibility slows down processes like contract reviewing, data reporting, and approval requests. It becomes challenging to locate agreements, clauses, and specific details when contacts are stored in various places.

Manual processing is time-consuming

Manually managed contracts cause contract compliance issues in healthcare and companies that don't automate their agreement management incur unnecessary costs.

Effective utilization of Contract Lifecycle Management systems in healthcare industries helps standardize contract management processes, increases contract visibility, and automates the agreement stages.
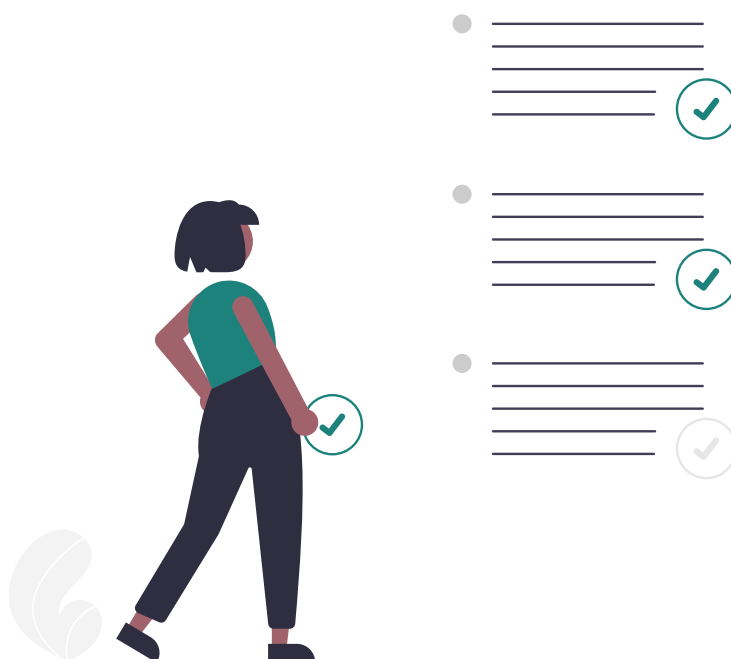
Here's how automated contract management systems simplify contract workflows for healthcare facilities:

Centralized and standardized contract workflows

Contract Lifecycle Management tools allow healthcare organizations to standardize processes, so all the necessary steps are followed. Standardization will minimize the chance of missed terms and deadlines, and ensure compliance.

Reduction in expenses and turnaround time

Effective utilization of contract lifecycle management software replaces manual processes and paper documents with an automated solution, resulting in greater efficiencies and flexibility over time.

Compliance management:

Contract lifecycle management systems help healthcare organizations manage their compliance requirements. This includes the initial drafting of agreements, through their execution and post-execution phases of contracts, as well as reporting on all of the required compliance data.

Optimization of processes

By using contract lifecycle management systems, healthcare organizations can gain valuable insights and assess contractual bottlenecks. This enables organizations to conduct their business faster and with greater efficiency.

Conclusion

Contract workflow management is an important part of any organization's performance. All teams must communicate and collaborate effectively for the process to run smoothly. In this digital era, automated workflows are important to save time, reduce turnaround time, and improve efficiency.
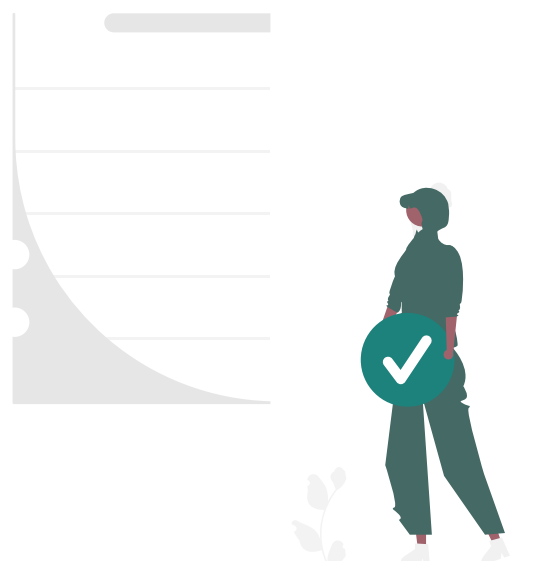
SIGNDESK: A ONE-STOP SOLUTION TO AUTO-MATE DOCUMENT WORKFLOWS

SignDesk designs end-to-end documentation processes to digitize and streamline paper-based processes. Its Contract Lifecycle Management enables businesses across industries to generate, manage and track essential contracts, vendor contracts and even employment contracts.

SignDesk's end-to-end automated contract workflow enables large businesses and enterprises with:

Template clause and library of readily available contract and clause formats

Contract analytics and intelligence to track contract performance

Contract repository to manage, store and categorize contracts

Digital negotiations to enable a seamless transaction of feedback and iterations

eSign to enable quick digital signatures and execute contracts instantly

Intelligent approval matrices that identify relevant stakeholders for quick approvals

Hassle-free and real-time negotiations of clauses with relevant stakeholders

With the aim is to simplify contract workflows and help businesses to improve efficiency and reduce turnaround time on contractual processes, SignDesk's Contract Lifecycle Management system has proven to:

Reduce paperwork by 75%

Reduce the turnaround time of contracts by over 90%

Increase efficiency by 80%

Improve accessibility of contracts with relevant stakeholders

Improve productivity through AI-enabled inputs to simplify contract workflow

Book Your Demo Today

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