Magic Quadrant for Contract Life ███████████

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As organizations seek better regulatory compliance and faster authoring, negotiation and sign-off cycle times, interest in contract life cycle management is growing rapidly. Application leaders responsible for CLM should use this evaluation to assist their vendor selection processes.

Strategic Planning Assumption

By 2023, artificial intelligence (AI) will enable 30% faster contract negotiation and document completion processes in organizations that deploy leading contract life cycle management (CLM) solutions.

Market Definition/Description

The term "contract life cycle management" refers to applications used for managing contracts from initiation through ongoing management and eventual renewal or termination. CLM solutions manage any legal documents containing obligations that affect an organization.

This is Gartner's first Magic Quadrant for CLM solutions. Historically, the CLM vendor market has been highly fragmented, with vendors narrowly focused on specific groups of stakeholders (e.g., legal, procurement or sales), making it difficult to evaluate them side by side. That has begun to change, as vendors evolve into enterprise-level solutions that can be used across all contract types. Customers expect that the capabilities of any leading CLM solution, regardless of its target audience, should excel at all stages of the contract life cycle.

Importantly, it's not just the vendors leading the charge to enterprise CLM. Our research shows that end-user companies are in fact looking for a single, complete CLM solution. A common question from Gartner clients is, "How does a CLM solution in a procurement suite compare to the stand-alone, enterprise solutions on the market?" In fact, many of the references surveyed included both procurement vendors and stand-alone CLM tools in their shortlist, even when the requirements spanned all contract types.

The CLM vendors in this evaluation vary widely from smaller startups to more-mature, larger vendors. We've found that quite a few large companies are using CLM solutions from these smaller vendors and are perfectly happy with the results. Given this, the CLM vendor's size is less of a factor when considering its overall ability to execute in this evaluation.

Magic Quadrant

Figure 1. Magic Quadrant for Contract Life Cycle Management

Source: Gartner (February 2020)

Vendor Strengths and Cautions

Agiloft

 Agiloft is a Leader in this Magic Quadrant, because of its high levels of customer satisfaction, fast time to value and solid understanding of its customer's needs.

Agiloft was founded in 1991 and has approximately 150 employees. In addition to the Agiloft Contract Management Suite, Agiloft sells IT infrastructure library (ITIL), IT service management (ITSM), and license and asset management solutions. It has roughly 600 customers, mainly in the U.S., Canada and the U.K. It has a significant presence in the public, educational and healthcare sectors. Customers use its solution to manage buy-side and sell-side contracts. Agiloft uses a tiered pricing model, which features a free trial edition, as well as Professional and Enterprise editions.

Agiloft takes the leading role in most implementations of its software. Its top three implementation partners are Spectrum Mobility, Collins Technology Consulting and Saasam. Key innovations on Agiloft's roadmap include conversational interfaces that use natural language processing (NLP) to enable a

guided or self-service contract creation process. Agiloft is also working on intelligent assistants to streamline contract assembly, as well as review, search, data analysis and monitoring.

Strengths

- Customer satisfaction: Agiloft received the highest score for "overall experience with the vendor" from the reference customers we surveyed for this Magic Quadrant. It also received the highest score for how well it worked with clients throughout the evaluation and contract negotiation phases.

- Overall value: Most of Agiloft's surveyed reference customers said they were completely satisfied with the product in terms of value for money. Many of Agiloft's customers noted its relatively low overall cost as the decisive factor behind their decision to select the solution.

- Regulatory compliance: Agiloft's offers full regulatory compliance with key standards, such as Statement on Standards for Attestation Engagements (SSAE) 18 and the U.S. Health Insurance Portability and Accountability Act (HIPAA). The solutions are certified for System and Organization Controls (SOC) 2. Agiloft is also compliant with the Federal Risk and Authorization Management Program (FedRAMP) and has been granted a FedRAMP Authority to Operate by the U.S. Department of Transportation. In addition, Agiloft meets the data protection standards defined by the European Union's (EU's) General Data Protection Regulation (GDPR) for data processors.

Cautions

- AI and advanced analytics: Agiloft developed and released its Agiloft AI Core in 2019. The company has a strong vision for features such as AI-based risk scoring; however, at this stage, it remains unproven.

- Mobile enablement: Agiloft's current mobile solution has only basic contract review and approval capabilities. However, Agiloft reports that it plans major updates to its web-based mobile apps, along with a new user interface (UI) architecture.

- Peer community and training. Reference customers for Agiloft identified limited opportunities for sharing best practices across a community of peers through vendor events and networking forums. They also gave low scores for the quality and availability of Agiloft's end-user training.

Apttus

Apttus is a Visionary in this Magic Quadrant, because of its strong product roadmap, which matches the most mission-critical needs of its customers. However, Apttus is held back by an inconsistent customer experience and below-average scores for product capability.

Apttus was founded in 2006 and has more than 1,100 employees. More than 450 customers use the Apttus CLM product globally. Most of its customers have annual revenue of more than $1 billion in industries such as the high-tech sector, discrete manufacturing and industrial manufacturing. A higher percentage of Apttus customers manage sell-side versus buy-side contracts in the solution.

Although it offers multiple deployment models, all of Apttus' clients during the past 12 months have opted

for multitenant SaaS. Apttus' pricing is based on the number of users per month that require access.

Slightly more than half of Apttus' implementations have been delivered by Apttus itself. The remainder have been delivered by implementation partners, such as Accenture, Deloitte and Mainspring.

Planned innovations include extended support for Microsoft Office 365 Online and Google Docs. Apttus has also been actively investing in improving its customer success and support programs, which will improve its ability to execute over time.

Strengths

- Healthcare and life sciences support: Apttus has capabilities that handle these industry's unique needs, such as support for provider network contracting, clinical-trial agreements and distributor fee agreements.

- Mobile enablement: Apttus CLM can run on any mobile device. All the functionality that is normally accessed online via a desktop PC can also be accessed on a mobile device, including contract records and relevant metadata. Additionally, contract request, approval, generation and electronic-signature features can be executed from mobile devices.

- Sell-side contracting support: In addition to CLM, Apttus offers configure, price and quote (CPQ) and revenue management solutions, which makes it a good choice for sales operations. The vast majority of its reference customers rated it excellent or outstanding for integration with CRM systems.

Cautions

- Customer experience: Reference customers gave Apttus below-average scores for overall experience with the vendor and overall service and support. They also gave it a low score for value for money. Apttus received low marks in the survey for the quality and availability of end-user training and ease of deployment.

- Product capabilities: Apttus' reference customers scored it below the average for overall product capabilities. Their responses identified challenges with creating a contract and managing the negotiation and approval workflow. Apttus also received below-average scores for self-service contract request functionality.

- Support for multiple languages: Languages other than English are supported via translation services at the time of implementation. Apttus relies on its cloud infrastructure platform to meet localization requirements.

CobbleStone Software

 CobbleStone Software is a Niche Player in this Magic Quadrant because of its conservative roadmap and future vision, as well as its below-average reference scores for contract-authoring capabilities.

CobbleStone was founded in 1995 and has more than 80 employees. In addition to its Contract Insight Enterprise Edition for CLM, CobbleStone offers contract discovery and data extraction services. It also

offers add-on modules for e-sourcing, vendor management, and order and spend control. It has more than 800 customers, spread evenly across small, midsize and large organizations. Its customers are primarily located in the U.S., Canada and the U.K., in industries such as the public sector, healthcare, and banking and securities. Customers use its solution to manage buy-side and sell-side contracts.

Almost all the implementations of CobbleStone's software during the past 12 months were completed by its own implementation team.

Product enhancements on the company's roadmap include a focus on further AI enhancements throughout the software, Dun & Bradstreet integration, Office of Foreign Assets Control (OFAC) integration and online vendor registration. There have also been Freedom of Information Act (FOIA) portal and Federal Acquisition Regulation (FAR)/Defense FAR (DFAR) automation efforts initiated.

Strengths

- Longevity: CobbleStone has been providing contract management software solutions for more than 20 years, so clients can take advantage of its strong industry knowledge and best practices. There is also an extensive user community from which to learn, and a proven methodology for deployment.

- Flexibility of deployment and pricing models: CobbleStone offers three different versions of its Contract Insight CLM software, each with different options for hosting, user licensing and features.

- Customer service: CobbleStone's reference customers repeatedly praised its customer service. They scored it above average for overall service and support, as well as for timely and complete responses to questions about products or services.

Cautions

- Keyword search: Gartner ranked this item low, because the keyword search was only possible once the user filtered down the list of contracts based on specific parameters. Cobblestone provided additional information, saying that the search experience could be improved though configuration settings via the file results view. Gartner's position is that an industrial strength, highly usable keyword search should be part of the base product setup and not require additional configuration.

- Contract-authoring capabilities: CobbleStone's reference customers scored it below average for its software's integration with a word-processing tool, ability to set up agreement relationships and import utility capabilities. CobbleStone also received low marks for its wizard-based contract creation approach (self-service) and ability to perform document comparisons.

- Global support: Cobblestone's primary staff is located in North America and the U.K. Arabic, English, French, German and Spanish are supported natively; however, all other languages require translation services at the time of implementation. Cobblestone had a low customer reference score for the availability of third-party resources (integrators, service providers, etc.). This limits its ability to support global projects.

Conga

Conga is a Challenger in this Magic Quadrant because of its strong overall product capabilities and time to value. It is held back by an inconsistent customer experience when it comes to training and support, as well as lower marks on the completeness of its future product roadmap.

Conga was founded in 2007 and has more than 550 employees. In addition to its Conga Contracts solution, Conga offers a Contracts for Salesforce solution. Conga Contracts has approximately 400 customers. Most of the Conga Contracts customers are small or midsize organizations with less than $1 billion in annual revenue.

Conga Contracts has a tiered pricing model. There are three editions, which reflect its customers' usual progression in terms of CLM maturity. The lowest priced, the Repository Edition, focuses on repository creation, management and search. The Business Edition incorporates contract drafting, redlining and negotiation. The Enterprise Edition adds a negotiation portal, Conga Sign for eSignature, and supplier registration.

Most of Conga's implementations during the past 12 months have been implemented by its own professional services team. Its top-three implementation partners are Simplus, Statera and ATG.

Enhancements on Conga's roadmap include updating its search capabilities and overall user experience, deeper obligation management functionality and integration with its AI-based business intelligence (BI) tool.

Strengths

■ Overall product capabilities: Conga's scores from reference customers were higher than the average for almost all the product capabilities we asked about. Its reference customers gave it high marks for creating a contract, storing contracts and enabling sales-specific workflow. In relation to the process of creating a contract, reference customers identified the integration with Microsoft Word as a specific strength.

■ Time to value: Conga's reference customers indicated an average implementation time of 4.7 months, the fastest of any of the other vendors in this Magic Quadrant. Additionally, Conga received an above-average score for its value relative to the cost.

■ Integration: Conga received above-average scores from reference customers for ease of integration using standard APIs and tools. This covers common use cases, such as moving final, executed documents to a separate storage service and receiving contract requests from another system.

Cautions

■ Training and support: Reference customers for Conga stated that they would like to see more communication before significant updates, and that they have been disappointed by the frequent change of account representatives. They also identified the quality and availability of end-user training as a weakness, with a substantial proportion saying they were dissatisfied or completely dissatisfied.

■ Search: Reference customers scored Conga below the average for its ability to search full-document text, including searching across PDFs and other attachments. Multiple references noted that they

found the search capabilities unintuitive.

- Future product roadmap: The future product roadmap that Conga shared was not as comprehensive or detailed as the other vendors that Gartner evaluated. This affected their scores for market understanding, as well as overall completeness of vision.

Coupa (Exari)

In May 2019, Coupa announced that it had acquired Exari and its stand-alone CLM offering. Coupa (Exari) is a Visionary in this Magic Quadrant, because of its detailed roadmap. Its position would be much improved were it not for low scores for the customer experience and overall product capabilities. As with any acquisition, it will take time to see its effects from a vision, sales and product strategy perspective. That being said, Coupa has a good track record of addressing deficiencies in acquired solutions.

Coupa acquired Exari in May 2019 and rebranded its offering as Coupa CLM Advanced. This is the solution Gartner has evaluated in this Magic Quadrant. Coupa (Exari) also sells a complete range of strategic sourcing and procure-to-pay (P2P) applications, including Coupa CLM Standard, which is not evaluated in this Magic Quadrant. Coupa has more than 1,500 employees.

Historically, Coupa (Exari) customers were primarily headquartered in the U.S. and Europe. These customers varied in size, with the top industries being insurance, banking and securities, and financial services. Customers managed buy-side and sell-side contracts using the solution. Coupa (Exari) has confirmed its intent to continue expanding capabilities for both buy-side and sell-side contracts.

The Exari solution has a larger percentage of on-premises deployments than other vendors in this Magic Quadrant, but most new clients opt for SaaS.

Prior to being acquired by Coupa, Exari had managed almost all implementations of its solutions. Coupa (Exari) is working on training global partners to implement the solution using the same implementation model utilized for all other Coupa (Exari) applications.

Enhancements on the product roadmap include deeper integration with the company's P2P and sourcing applications.

Strengths

- Roadmap: Coupa (Exari) has a well-defined product roadmap that strikes a good balance between innovative, future-looking enhancements and tactical improvements. Coupa has a solid strategy and commitment to introducing new features that will improve contract management.

- Universal contract model: Once imported, data is deconstructed into individual bits of content, interpreted and mapped to a shared library of metadata and preapproved clauses. This lays the data foundation for advanced analytics, and can dramatically accelerate discovery and risk analysis.

- High-volume contracting: Coupa (Exari) has a mass-contracting capability that enables large-scale amendments to thousands of contracts at a time. This is especially useful when working through a

merger, an acquisition or another significant change to a business.

Cautions

- Customer experience: Coupa (Exari) received the low marks from reference customers for overall experience with a vendor. It also received the low scores for its work with customers during the evaluation and negotiation phase and the quality of its peer user community.

- Difficult implementation, setup and maintenance: Coupa (Exari) received low scores from reference customers for the setup and maintenance of an application. Furthermore, reference customers identified a lack of experienced resources who can implement its solution. Coupa (Exari) also received a low overall rating for integration and deployment.

- Contract search capability: Coupa (Exari) received low scores from reference customers for its ability to store and search contracts. The inability to quickly identify and extract specific clauses for analysis was also identified as a weakness.

DocuSign (SpringCM)

 DocuSign is a Leader in this Magic Quadrant because of its excellent customer experience scores and overall product capabilities. It also scored high in completeness of vision because of its ability to understand its customers' needs.

DocuSign's entry into the CLM category came from the acquisition of Chicago-based SpringCM in September 2018. Founded in 2005, SpringCM had approximately 185 employees and 650 customers at the time of acquisition. In November 2019, DocuSign rebranded the SpringCM CLM product as "DocuSign CLM," and, today, its customers are primarily enterprise and midmarket organizations.

DocuSign relies heavily on partners and implements only a small percentage of CLM projects itself. Its top-three implementation partners are Accenture, ATG/Cognizant and Simplus.

To date, DocuSign CLM has been sold primarily to the Salesforce installed base, which makes it a strong candidate for sell-side contracting. However, DocuSign has increasingly broadened its mix of CLM customers outside the Salesforce ecosystem and into buy-side use cases.

DocuSign CLM has a significant presence in the high-tech, public and business services sectors, with customers located primarily in the U.S., U.K. and France.

Planned innovations include mobile functionality to automatically tag and place agreement fields, signer fields and other data into a document quickly.

Strengths

- CRM integration: Multiple reference customers stated that they chose DocuSign because of its high level of integration with Salesforce and other CRM systems. A product called DocuSign Gen for Salesforce enables customers to generate agreements within Salesforce software. There is also a DocuSign Negotiate for Salesforce product that enables customers to do basic redlining, approval and

version control within Salesforce software.

- Customer experience: DocuSign received above-average scores from reference customers for their overall experience with the vendor. It gained high marks for working with customers throughout the evaluation and negotiation phase and for its overall service and support. DocuSign received the highest score of any vendor in this Magic Quadrant for its ability to understand customers' needs and for the timeliness and completeness of its responses to questions about products and services.

- Product capabilities: DocuSign scored above average for its overall product capabilities. Specifically, it received high scores for requesting a contract, managing the negotiation and approval workflow, document (redline) comparison, auto approvals, and workflow configuration. It also gained above-average scores for the process of setting up templates and creating, storing and renewing contracts.

Cautions

- Reporting and analytics: DocuSign received below-average scores from reference customers for its software's ability to run standard reports and conduct advanced analysis. Specifically, its scores were lower for the configurability of the dashboard, as well as for risk scoring and compliance reporting.

- Search capabilities: Although DocuSign's overall scores for search capabilities were good, some of its reference customers scored it lower for its full-document text and keyword search capabilities.

- Suitability for immature contracting teams: Most of DocuSign's clients have higher levels of process and technology maturity and can derive value from the system as a result. Less-mature teams may struggle to achieve a good ROI if processes are not well-defined, because of the system's cost and complexity.

GEP

 GEP is a Challenger in this Magic Quadrant because of strong customer experience and overall operations. However, it is held back by its limited current offering/product strategy when it comes to advanced analytics and collaboration features.

GEP was founded in 1999 and has more than 5,000 employees. It has approximately 300 CLM customers, who primarily manage buy-side contracts. Most of its customers are large enterprises with annual revenue of more than $1 billion. Its customers are primarily headquartered in the U.S., the U.K. and Germany, and have a significant presence in the pharmaceutical and life sciences, consumer goods, and oil and gas sectors. In addition to CLM, GEP offers solutions that span the entire source-to-settle process, including spend analysis, sourcing, supplier management and P2P.

GEP handles all its implementations itself using its own professional services team.

Enhancements on GEP's roadmap include deeper integration with DocuSign, multiparty collaboration on a single contract, savings tracking and an improved contract request wizard.

Strengths

- Customer experience and best-practice support: GEP received above-average scores from reference customers for their overall experience with the vendor and for service and support. They all stated that GEP is very receptive to client-specific enhancement requests. Reference customers also noted that GEP brought a lot of industry-specific knowledge to its projects.

- Service and support: Multiple reference customers revealed past frustrations with GEP's CLM service and support levels, but the consensus was that matters have significantly improved in this regard. GEP's service, support and system performance have improved to such an extent that they are now strengths.

- Self-service capabilities: GEP received above-average scores from reference customers for its wizard-based approach to self-service contract creation. It also received above-average scores for searching contracts, running standard reports and enabling autoapprovals.

Cautions

- Setup and maintenance: GEP received below-average scores from reference customers for the ability to set up and maintain contract templates and for workflow configuration.

- Product strategy for collaboration features: GEP supports only the standard commenting features native to Microsoft Word, and offers only a basic audit trail of comments. It received a below-average score for interoperability with a word-processing tool, including its support for document (redline) comparison. It also received a below-average score for its supplier collaboration capabilities.

- Incomplete integration: GEP received below-average scores from reference customers for ease of integration using standard APIs and tools. Also, clients identified room to improve for integration in GEP's own source-to-pay suite.

Icertis

 Icertis is a Leader in this Magic Quadrant, because of its comprehensive vision for the future of CLM, combined with a strong ability to execute. This is a result of its software's depth and breadth of functionality.

Icertis was founded in 2009 and has approximately 900 employees. It has about 170 customers, most of which are large organizations with more than $1 billion in annual revenue. Icertis' customers are primarily located in the U.S., Germany and India, and a large percentage of its clients are in the professional services, pharmaceutical and biotechnology, and high-tech sectors. Approximately 80% of the Icertis Contract Management (ICM) implementations are completed by its professional services team.

The company's product roadmap includes enhancements to the Icertis Blockchain Framework to enable supply chain compliance and outcome-based pricing. Icertis is also expanding its AI and advanced analytics capabilities. Another area of focus is further enhancements to Icertis' contract-centric sourcing solution, where contracting and sourcing processes are brought together to deliver improved supplier negotiations and compliance.

Strengths

- Depth and breadth of functionality and vision: Icertis' reference customers gave it the highest scores in this Magic Quadrant for overall product capabilities. It also received above-average scores for setup and maintenance, requesting a contract, creating a contract, managing the negotiation and approval workflow, and storing contracts. Beyond its core functionality, Icertis has developed advanced capabilities that show a strong vision — for example, it can link supply-side and buy-side contracts to form a holistic view of a company's business.

- Track record of large, enterprisewide implementations: Icertis received above-average scores from reference customers for capabilities such as workflow configuration and a wizard-based approach to contract creation. Its flexible and highly configurable workflow and contract creation process has helped it succeed in sectors with complex regulations, such as sciences and financial services.

- Comprehensive "API first" approach: Icertis' development philosophy is to expose as APIs all the capabilities available in the UI. Icertis provides more than 200 APIs "out of the box." Icertis received an above-average score from reference customers for ease of deployment. This is evidence that its API strategy is working, given the complexity of the CLM projects it takes on.

Cautions

- Inflexibility of pricing model and high cost: At the time of this evaluation, Icertis did not have tiered pricing models, and it did not sell a separate lightweight edition. It considered all users equal when it priced its solution, whatever role the user performs. This single price model often made the solution prohibitively costly when there was a high volume of view-only/contract requestors. However, in response to customer demand, Icertis launched tiered pricing in late 2019, with new pricing options based on several different user types to offer more flexibility. That being said, the cost is still typically higher than most of its direct competitors.

- Standard reporting features: Icertis received below-average scores from reference customers for running standard reports for metrics such as contract cycle times. It also scored lower in reporting related to financial performance.

- Usability: Multiple reference customers reported needing extensive training to realize the benefits that Icertis' system offers. The solution can be difficult for the casual, infrequent user to use.

JAGGAER

JAGGAER is a Niche Player in this Magic Quadrant, because of its below-average product capability scores and inconsistent levels of service and support. They were held back on the completeness of vision axis, because of lower scores for market understanding and its product strategy for integrating with third party applications.

JAGGAER was founded in 1995 and has more than 1,000 employees. Most of its customers are large enterprises with annual revenue greater than $1 billion. Its customers are primarily located in the U.S. and Europe, with significant presence in the education, manufacturing and public sectors. In addition to

its Contracts product, JAGGAER offers solutions that span the entire source-to-settle process, including spend analysis, sourcing, supplier management and P2P. JAGGAER provides two CLM options using the same underlying solution: a contract repository ("light") version of the solution embedded in its P2P offering and a full-functionality solution that includes authoring and negotiation capabilities.

JAGGAER primarily implements its solutions itself.

Innovations on JAGGAER's roadmap include supporting parallel contract negotiations with suppliers during ongoing sourcing events and AI-based contract risk analysis. Native optical character recognition (OCR) capabilities to support the loading of legacy contracts are also planned.

Strengths

- Integration with e-sourcing: Contract templates from the CLM module can be pulled into the RFP in the sourcing module for negotiation of terms before awarding the sourcing event. Sourcing event data can automatically populate contract templates for the winning bidders for the purpose of contract creation. Contract and pricing data can be used to populate catalogs and forms for e-procurement.

- Guided contract creation: Customers can construct forms that can be used to automatically create a contract. These forms can contain conditional logic that guides the user to enter only the data necessary for creating a contract. Once submitted, JAGGAER's Advanced Dynamic Workflow can route a request to the appropriate approver, or it can bypass manual approval and create a contract automatically.

- Contract storage and milestone tracking: JAGGAER received good scores from reference customers for storing contracts and the ability to set up alerts and reminders. This is especially useful for companies looking to start off with the basics of CLM to complement their procurement solution.

Cautions

- Overall product capabilities: JAGGAER's scores from reference customers were below average for most of the product capabilities we measured, except for storing contracts. Its lowest scores were for managing the negotiation and approval workflow. Also, JAGGAER does not offer customers open APIs with the CLM solution. Only contract import and export via XML is supported.

- Service and support: Reference customers gave JAGGAER a low score for the timeliness and quality of its technical support.

- Reporting: JAGGAER received low scores from reference customers in this Magic Quadrant for the running of standard reports. It also received below-average scores for automating contract reviews and comparisons and low scores for compliance reporting and risk scoring.

SAP Ariba

SAP Ariba is a Visionary in this Magic Quadrant because of its global presence and strong vision. However, it is held back by low scores for customer experience and contract authoring.

Ariba, a wholly owned subsidiary of SAP America, has more than 4,000 employees. In addition to SAP Ariba Contracts, it sells a complete range of strategic sourcing and P2P applications. It is uncommon for a customer to deploy its CLM tool on a stand-alone basis without other SAP Ariba modules.

SAP Ariba has more than 750 customers, which primarily use its solution to manage procurement contracts. Most of its customers are large enterprises with annual revenue of more than $1 billion. They are located primarily in the U.S., the U.K. and Australia, with a significant presence in the banking and insurance, consumer goods and insurance sectors.

SAP Ariba handles most implementations itself.

Innovations on SAP Ariba's roadmap include additional vertical-specific capabilities, a large number of usability enhancements provide more extensive API support. Better-integrating SAP S/4HANA, SAP Analytics Cloud, C/4HANA and Legal Content Management with SAP Ariba Contracts is also on Ariba's 2020 solution roadmap.

Strengths

- Peer community: SAP Ariba received the highest score from reference customers for the quality of its peer user community. This community includes the SAP Ariba Customer Advisory Board, SAP Ariba Industry Councils and SAP Ariba Technology Advisory Board.

- Vision for industry-specific add-ons: SAP Ariba offers built-in capabilities that address the specific requirements of certain industries. Examples include specific capabilities for direct materials procurement and an add-on for the retail and consumer packaged goods (CPG) sectors. It also has a very strong vision for continuing to build on this strength in future releases.

- Global breadth: SAP Ariba has comprehensive language coverage to meet support requirements across 80% of the world's countries. Local language support is available in 24 languages, in multiple time zones.

Cautions

- Customer experience: SAP Ariba received below-average scores from reference customers for the overall customer experience and overall service and support. It also received below-average scores for the timeliness and completeness of its response to questions about products and services and the quality of its technical support.

- Contract authoring: SAP Ariba received the lowest score from reference customers for its ability to create a contract by assembling pre-existing clauses and for its integration with a word-processing tool. SAP Ariba also received the lowest scores for its setup and maintenance of a clause library, and a below-average score for its scanning and capture of metadata.

- Integration with other SAP solutions: SAP Ariba received below-average scores from reference customers for overall integration and deployment, and for integration with P2P and sourcing applications. The company's solution does not support integration with SAP Fieldglass for bidirectional data. SAP S/4HANA and SAP Analytics Cloud is also not integrated with SAP Ariba Contracts out of

the box. Most importantly, there is no integration among supplier contracts in SAP Ariba, customer contracts in C/4HANA and legal content management to deliver comprehensive contract coverage.

SirionLabs

SirionLabs is a Visionary in this Magic Quadrant, because of its innovative product roadmap and focus on contract risk mitigation. However, it is held back by the relative immaturity of its release management practices and basic contract-authoring capabilities.

SirionLabs was founded in 2012 and has more than 300 employees. It primarily sells to companies with annual revenue of more than $2 billion. It has 184 customers using its Sirion CLM solution, fairly evenly distributed across North America, Europe and Asia. Its top-three industries include financial services, telecommunication and transportation. Customers manage both buy-side and sell-side contracts using its solution.

SirionLabs has in-house consultants to support product implementation. Its top implementation partners include Accenture and Fujitsu.

Innovations on SirionLabs' roadmap include contract-authoring enhancements, including guided and self-service capabilities.

Strengths

- Product roadmap: A substantial majority of SirionLabs' reference customers said that the key reason they chose it over other vendors was its product roadmap and vision for the future.

- Support for supplier risk mitigation: During contract creation, SirionLabs' software automatically highlights areas of risk, noncompliance and financial impact. It also supports autoextraction of key obligations and service levels from contracts — not just clauses — which assists the review and risk management of legacy contracts.

- Post signature compliance tracking: SirionLabs received high scores from reference customers for tracking obligations and compliance. This strength is especially useful for contracting complex services. SirionLabs also received above-average scores for the management of exceptions.

Cautions

- Release management practices: Reference customers noted that SirionLabs is still a relatively young company and is going through some growing pains. Specifically, they identified communications relating to release management — how changes to its software would affect customers — as being in need of improvement.

- Contract-authoring capabilities: SirionLabs received an average score from customer references for the creation and storage of contracts.

- Setup and contract templates: SirionLabs had a below-average score for the overall rating of integration and deployment, as well as ease of deployment. SirionLabs also received average scores

for the setup of contract templates.

Zycus

 Zycus is a Niche Player in this Magic Quadrant because of its low score for overall product capabilities. It also had lower marks for its market understanding, which affected its completeness of vision score.

Zycus was founded in 1998 and has more than 1,100 employees. In addition to its iContract solution for CLM, Zycus offers solutions spanning the entire source-to-settle process, including spend analysis, sourcing, supplier management and P2P. It has approximately 170 CLM customers — midsize and large enterprises with more than $250 million in annual revenue. Its customers are primarily located in the U.S., Australia and the Netherlands, with significant presence in the industrial manufacturing, food and beverage, and insurance sectors. Most manage buy-side contracts in the solution.

Zycus implements the solution itself primarily.

Product enhancements on Zycus' roadmap include investments in clause classification and comparison analysis, regulatory compliance and contract risk discovery. In May 2019, Zycus also released improvements to its workflow configuration and a native AI-based solution for metadata extraction when importing legacy contracts, as part of its Merlin suite of AI bots.

Strengths

- Support for requesting a contract: Zycus received good scores from its reference customers for contract request capabilities. These are especially useful to support a large pool of infrequent users that simply to need to submit a contract request.

- Flexibility of reporting and analytics: Zycus received high scores from reference customers for running standard reports and conducting advanced analytics. It also received above-average scores for reporting related to document comparison (including redlining), as well as audit and version controls.

- Support for clause libraries and contract templates: Zycus received above-average scores from reference customers for its ability to set up and maintain clause libraries and contract templates.

Cautions

- Overall product capabilities: Zycus received low scores from reference customers for overall product capabilities. Most notably, it received below-average scores for creating contracts, searching contracts, handling amendments, and managing the negotiation and approval workflow.

- Workflow configuration: Zycus received low marks from reference customers for setup in relation to exception management, access rights and workflow configuration. Once the workflow is set up, it is difficult to change. In addition, customers noted weakness in the ability to collaborate on a contract with multiple reviewers in the workflow.

- Support for importing legacy contracts: Zycus scored below average in the survey for the scanning, capturing and metadata tagging of legacy contracts or third-party paper. Reference customers noted

that this process took much longer than expected. The ability to make mass updates to contracts once they have been imported is also limited.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

Not applicable, because this is the first Magic Quadrant on this topic.

Dropped

Not applicable, because this is the first Magic Quadrant on this topic.

Inclusion and Exclusion Criteria

To qualify for inclusion, a vendor must meet all of the following criteria:

- At least 125 CLM clients in production as of 1 June 2019.

- More than $15 million in 2018 CLM software revenue (excluding professional services revenue). CLM software revenue includes the combination of software license and SaaS subscription revenue for calendar year 2018. For multiyear SaaS contracts, only the contract value for the first 12 months should be used for this calculation. Gartner will require that you provide a written confirmation of achievement of this requirement. The confirmation must be from an appropriate finance executive in your organization.

- A CLM product that is available for purchase stand-alone, individually from other applications.

- At least 15% of the new customers added in 2018 with more than $500 million in annual revenue.

- A minimum of 10% of all CLM customers use the solution to manage multiple types of contracts — for example, managing both supplier contracts and customer contracts.

- A minimum of 10% of all CLM customers using the product in production to manage all phases of the contract life cycle. This includes authoring, redlining, approval workflows, e-signature and native reporting for ongoing compliance monitoring.

Evaluation Criteria

Ability to Execute

Gartner appraises a vendor's ability to execute by evaluating its products, services, viability and overall customer experience. Ultimately, we judge a vendor's ability to execute by its ability to keep its promises

and its success in doing so. To reflect this, the Magic Quadrant has weighted the product/service and customer experience criteria the highest.

The overall viability, sales execution/pricing and operations each have a "medium" weighting. This is to ensure that vendors have sufficient funding and growth to continue to develop and improve and support its products.

Market responsiveness and marketing execution have a "low" weighting. Although it is still important to remain competitive, marketing effectiveness has less of an impact on a vendor's ability to execute that the other criteria.

Table 1: Ability to Execute Evaluation Criteria

Enlarge Table

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Low
Marketing Execution	Low
Customer Experience	High
Operations	Medium

Source: Gartner (February 2020)

Completeness of Vision

For completeness of vision, Gartner evaluates vendors on their ability to grasp current and future market and technology trends, customer needs and competitive forces. Ultimately, vendors are assessed on their understanding of how market forces can be exploited to create opportunities for growth. This is the more qualitative assessment, based on Gartner's interaction with end users and consequent understanding of the market.

As the CLM market matures, market understanding and innovation are becoming more important for vendors to continue to deliver value to customers. Hence, these two criteria are weighted "high."

Offering (product) strategy and geographic strategy each have a "medium" weighting. Geographic strategy and product strategy are important to serve a global market and to provide individual clients with the right mix of in-house capabilities and partners.

Marketing strategy, sales strategy, business model and vertical industry strategy all have a "low" weighting. Although marketing and sales strategy is an important aspect of the overall vision, Gartner feels that proven innovation is a better indicator of the vision. In terms of the business model, most CLM vendors have a similar approach, so this criterion is rated low.

Table 2: Completeness of Vision Evaluation Criteria

Enlarge Table

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Low
Sales Strategy	Low
Offering (Product) Strategy	Medium
Business Model	Low
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Medium

Source: Gartner (February 2020)

Quadrant Descriptions

Leaders

Leaders are in the strongest position to influence the market's growth and direction. They demonstrate a market-defining vision of how CLM technology can help companies achieve business objectives for managing compliance and reducing process bottlenecks. Leaders have the ability to execute against that vision through products and services, and have demonstrated business results in the form of revenue and earnings. They excel in their combination of market understanding, innovation, product features and functions, and overall viability.

While maintaining a well-established base of long-term customers, Leaders show a consistent ability to win new deals with successful implementations. Their customers are deployed in the largest number of geographic regions, and cover a wide variety of industry verticals and sizes of organization.

Leaders are often the vendors that other providers measure themselves against.

Challengers

Challengers have established presence, credibility and viability, and have demonstrated the ability to meet customers' expectations in terms of functionality and customer experience. Challengers may have a good technology vision, but may not have fully won over business stakeholders and IT executives.

Challengers are well placed to succeed in this market. However, they may not demonstrate thought leadership or innovation to the same degree as Leaders. They may be a good choice for organizations that value execution over vision and leading-edge functionality.

Visionaries

Visionaries are ahead of most competitors in delivering innovative products and/or delivery models. They are sometimes smaller vendors or newer entrants that embody trends that are shaping, or will shape, the CLM market. Visionaries have a strong vision and roadmap, which brings innovation and strong functionality to their platforms.

Visionaries may be a good choice for organizations that want an opportunity to skip a generation of technology. They may offer a competitive advantage or offer a chance to influence their product roadmap. They might be acquired or face a challenge to increase their market share. However, as these vendors mature and prove their ability to execute, they may become Leaders.

Niche Players

Niche Players may offer compelling CLM solutions, but they often lack cross-industry adoption, some functional components and consistent implementation track records.

Niche Players can often offer the best solutions to meet the needs of particular organizations, considering the price-to-value ratio of their solutions. These vendors may win deals in specific regions or industries. However, they are not consistently winning new business across multiple regions or industries at the same pace as vendors in the other quadrants.

Some Niche Players demonstrate a degree of vision that suggests they might become Visionaries, but they may struggle to make this vision compelling. They may also struggle to develop a track record of continual innovation. Other Niche Players may have the opportunity to become Challengers, if they continue to develop their products with a view toward improving their overall execution.

Context

The CLM market is large, with more than 200 vendors. Merger and acquisition (M&A) activity is increasing, as acquiring vendors add CLM capabilities to their cloud-delivered suites of services to meet the growing aspirations of organizations. The increased scope of solutions, plus the increased adoption this enables, will boost the CLM market.

Application leaders responsible for contract management initiatives should:

- Develop a multifunctional team to agree on the desired functionality, workflows and system integrations when looking for a CLM solution. This approach increases the likelihood of a successful vendor selection and an implementation with a high level of user adoption. A comprehensive CLM system can address different process steps, such as capturing data, authoring text and tracking changes, as well as negotiating, approving, signing and analyzing contract content.

- Recognize that adopting CLM does not require an all-or-nothing approach. CLM can be adopted at a departmental level (for procurement or sales, for example) as an organization matures its processes. Satisfying an organization's needs does not even necessarily require a single CLM system, although this is the trend for most companies as they mature. The most progressive approach to CLM is to adopt it as part of an enterprisewide strategy that considers the interdependencies among contracts, business processes and operational/financial results, and indicates a high level of maturity.

- Pay close attention to CLM vendors' growth and financial viability when selecting or renewing contracts. There are a large number of vendors in this space, and market consolidation is escalating. Talk to Gartner if a CLM solution you are using or considering is being acquired by another vendor.

- Evaluate CLM solutions from strategic sourcing application suite vendors, when seeking a solution purely for buy-side (supplier) contract management. Also consider these vendors if integration with e-sourcing, supplier base management and/or P2P tools is a priority.

- Evaluate CLM solutions that integrate with CRM or CPQ suites when seeking a CLM solution purely for sell-side (customer) contract management.

- Evaluate CLM solutions that integrate with enterprise legal management suites when a solution for the legal department is a priority.

Market Overview

CLM appeals to companies of all sizes in all industries. Implementing CLM can lead to significant improvements in revenue management, cost savings and efficiency. Understanding and automating CLM can also limit an organization's liability and increase its compliance with legal requirements.

Organizations without CLM struggle to manage their contracts effectively. The risks associated with poor contract management include overlooked penalties, lost revenue, damaged brands and lost savings. Even poor contract administration can lead to lost contracts, unexpected renewals and expirations, and hidden clauses that leave a company open to liabilities. It is common for business stakeholders to spend significant time determining which terms and pricing arrangements are current, when no CLM solution is in place.

There are many benefits to mature enterprise CLM processes. Common benefits include increased governance over what is signed, when and by whom, and the protection of knowing that the correct contract terms are live. Such processes also provide deeper insights across all contractual agreements

by analyzing content, conditions and risk.

Evidence

Information used to create the inclusion criteria, market definition and vendor evaluations in this Magic Quadrant came from many sources:

- Interactions by the authors with hundreds of end-user clients regarding their CLM initiatives in 2019.

- Verified customer feedback posted on Gartner Peer Insights in 2019.

- A series of briefings with and demonstrations by the vendors included in this Magic Quadrant.

- Analysis of survey responses completed by more than 176 organizations regarding their experience of working with the selected vendors and their products.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

organization without input or influence from any third party. For further information, see "Guiding Principles on Independence and Objectivity."