

L-Tech: Contract Lifecycle Management (CLM)

The Contract Lifecycle Management (CLM) service line sits within the Legal Technology practice group. Contract lifecycle management is the proactive, methodical management of a contract from request through execution, renewal and disposition. As the demands on today's law departments continue to grow, it is critical that CLM be considered more as a "program" across the enterprise rather than another isolated technology system. When HBR implements a true CLM program for our clients, it should aspire to transform and drive operational efficiencies related to contracting for the company. In addition to management of the physical contracts themselves, CLM should establish procedural guardrails and policies for how contracts are initiated, measured and maintained.



A comprehensive CLM program is made up of many key components, including:

- Single source of truth for contracts
- Collaboration and review policies
- Well defined approval and signature policies
- Exception, as well as escalation handling protocols
- Contract architecture and taxonomy
- Template governance and clause playbook
- Factors in records retention and corporate compliance expectations

More and more, law departments are trending towards SAAS, cloud-based solutions and it is not uncommon to find that many large organizations have more than one solution / system.

When HBR attempts to facilitate the creation and governance of an organization's CLM program, those activities can be divided into 5 key components:

- **Inventory**
 - Policy Collection, Regulatory Review and Compliance Audits
- **Measure**
 - Risk tolerance, cycle time KPIs and procedural gaps

- **Process**
 - Contract architecture, develop playbook and deploy systems
- **Enact**
 - Compliance and auditing, vendor onboarding and amending, renewing, expiring, or terminating contracts
- **Finalize**
 - Closing duties, archive or dispose

Historically, the CLM team within HBR has engaged corporate legal departments but is capable of also working with law firms on CLM assessments as well as implementations should the opportunity arise. Additionally, HBR has incorporated its' Law Department Survey data to help establish industry benchmarks and gauge the overall state of contract lifecycle management programs across the legal landscape. HBR assists at any of the aforementioned parts of a CLM program. Engagements usually begin in one of two ways:

Assessments analyze the current state of a firm's contract lifecycle management maturity to then identify opportunities for improvements. Typically, these projects are shorter in duration and average just a few weeks from start to finish.

Implementation consulting can include assisting with evaluation and selection of a solution as well as facilitating the actual implementation. These implementations can be either the first formal solution a client has ever deployed or may consist of enhancing / replacing a current one. These types of engagements are generally much longer than assessments, with average durations running anywhere from 6 months to 1 year.

1. What is contract lifecycle management?
 - a. The proactive management of contracts so law departments do not breach terms of an agreement
 - b. The management of electronic agreements and eSignatures
 - c. **The proactive, methodical management of a contract from initiation through award, compliance and renewal**
 - d. None of the Above
2. How encompassing is the CLM programs HBR helps implement?
 - a. **Enterprise-wide**
 - b. Business area specific
 - c. Law department and outside counsel specific
 - d. Legal operations department-wide
3. In addition to contract management, what other program activities does CLM help advise?
 - a. Security for storing physical contracts
 - b. Shredding of physical contracts and electronic disposal of digital contracts
 - c. Vendor contract negotiations
 - d. **Protocols for how policies are created, maintained and measured**
4. What are the 5 activities an HBR CLM program has?
 - a. Assessment, Review, Build, Implement and Complete
 - b. Inventory, Analyze, Benchmark, Build and Implement
 - c. **Inventory, Measure, Process, Enact and Finalize**
 - d. Assessment, Audit, Design, Onboarding and Deployment
5. How many contract lifecycle management systems do large organization tend to have?
 - a. Zero
 - b. One
 - c. **One or more**
 - d. None of the Above
6. What distinguishes CLM's assessment benchmarking and industry insights from other solutions / platforms?
 - a. Incorporation with all publicly available data on the Internet
 - b. **Incorporation with HBR's Law Department Survey benchmarking data**
 - c. Incorporation with HBR SpendConnect data
 - d. All the Above
7. As law departments grow, what should CLM develop more similar to?
 - a. Outsourced professional service
 - b. **Enterprise programs**
 - c. Business as usual / no dedicated business area
 - d. 3rd party software augmentation
8. What does not occur during a CLM Program Measurement Activity?
 - a. **Compliance Audits**
 - b. Identification of Procedural Gaps
 - c. Documentation of cycle time KPIs
 - d. Monitoring risk tolerance
9. How long does a CLM program implementation generally last?
 - a. 3 – 6 months
 - b. **6 months – 1 year**
 - c. 1 – 3 years
 - d. None of the Above
10. Which of the follow are part of a comprehensive CLM program?
 - a. Escalation protocols
 - b. System of record mentality
 - c. Negotiations playbook
 - d. **All the Above**