

Building
Tomorrow's Enterprise

Infosys®



Is Your Contract Process Helping or Hurting?

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Speakers for today...



Tim Cummins - President, IACCM

In his role as President/CEO of IACCM, Tim works with leading corporations, public and academic bodies, supporting executive awareness and understanding of the role that Commitment Management increasingly play in 21st century business performance and public policy



Robert Henry - Practice Engagement Manager, Infosys LPO

Bob has over 30 years of extensive experience across sales, marketing, contracting and project management. A large part of his experience has been in the telecommunications and technology industry verticals where he has been instrumental in large organizations growing businesses rapidly, while managing a myriad of risks across the contract life cycle

Agenda

- **Introductions**
- Infosys CLM Challenges and Best Practices Survey Results
- The Total Solutions Approach
- Proposed Next Steps
- Q & A

Some symptomatic statements that indicate that the contract process is hurting – not helping!

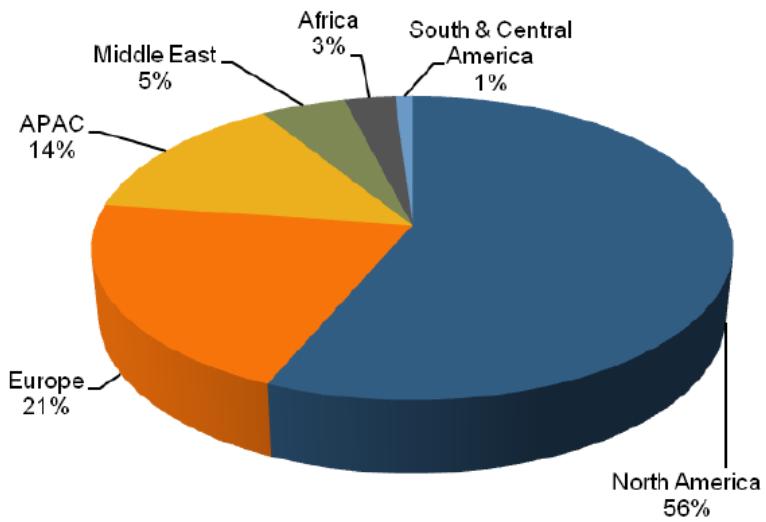
- “Dealing with the contracting team takes too much effort”
- “Can’t we work off the suppliers’ standard agreement?”
- “The contract does not reflect the business aspects”
- “I cannot review your MSA since I have two NDA’s and a LOE which arrived on my desk first”
- “I have followed up with him several times for input and I have still have not heard back?”
- “There has to be a way to extract a quick report on all the contractual risks. I should be able to see them myself without having to contact anyone”

Agenda

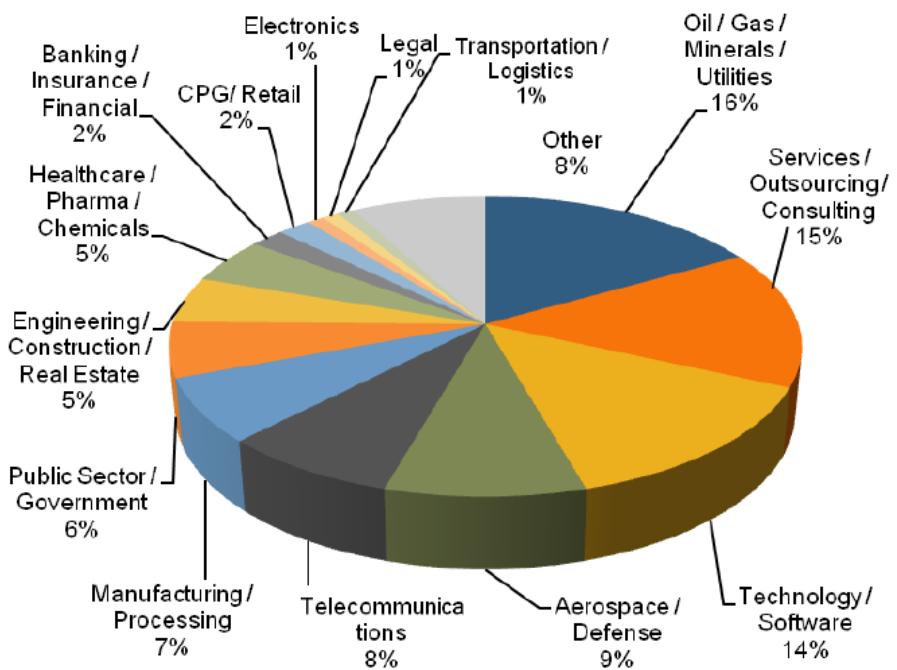
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Demographics for the Survey

Geographic Region

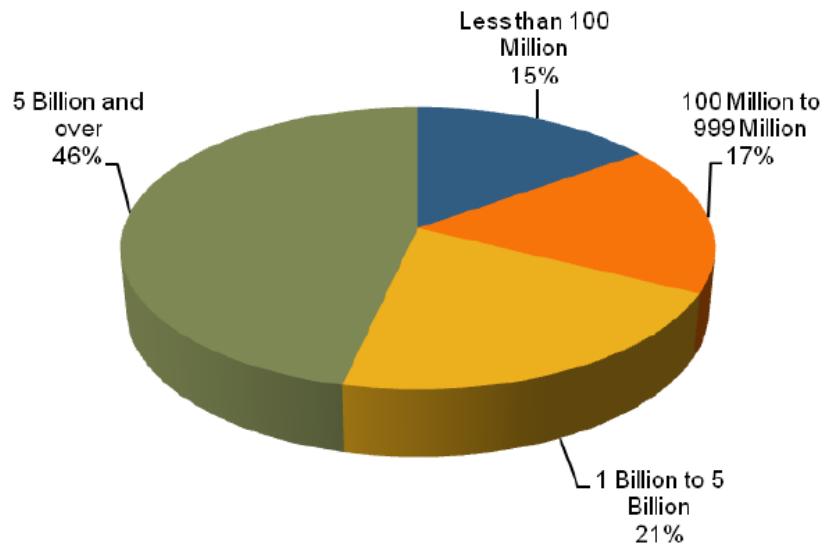


Industries

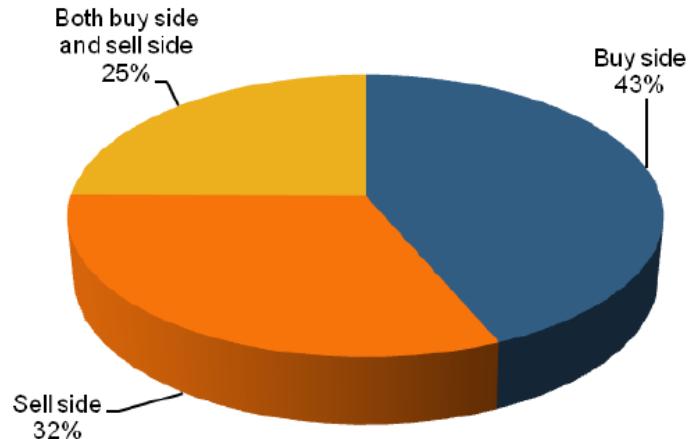


Demographics for the Survey (Cont'd)

Company Size



Sides in Contracting Hierarchy



Infosys conducted a survey with IACCM to explore this problem further... Aspects of the survey include...

- Are your clients satisfied?

Client Satisfaction



- What impacts group performance?

Group Performance



- What are some strategies for improvement?

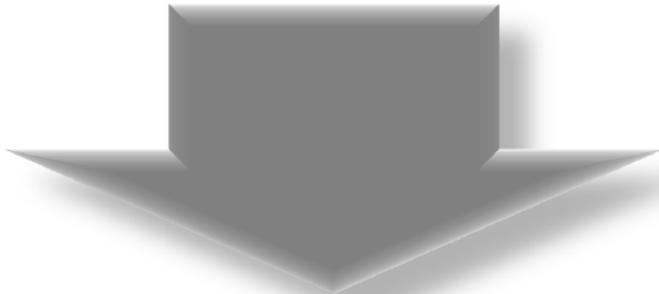
Improvement Strategies



Survey results pointed towards multiple pain points of the internal clients...



- 71% say that it takes too long to negotiate contracts and that the contracts department is too difficult to deal with
- 14% have heard that contracts contain too much risk for the company
- 44% say that any change to the contract must be approved by legal
- 30% there is no self service portal for NDA's, Standard Agreements etc.



Find the right balance between cycle time and risk management

Group performance is impacted by reasons across multiple dimensions including people & structure, process and technology

Group Performance



People

- Not involved early enough (57%)
- Limited bandwidth (41%)
- Would like to focus on higher value contracts (49.6%)
- Negotiation process lacks leadership(46.8%)

Process

- Slow response from internal stakeholders (47%)
- Any change to the contract has to be approved by legal (44.2%)
- The contracting process is disjointed and has unnecessary steps (59%)
- Lack of pre-approved clauses (30%)
- Most of the time is spent on standard agreements (26%)

Technology

- Limited use of automation (57%)
- No self-service capability for simpler agreements (30.2%)
- Organizations that do not have a CLMS tool implemented for all contractual activity (64%)

What are some improvement strategies?



59% feel that the contracting process should be streamlined

53% feel that it is imperative to get quick approval from stakeholders

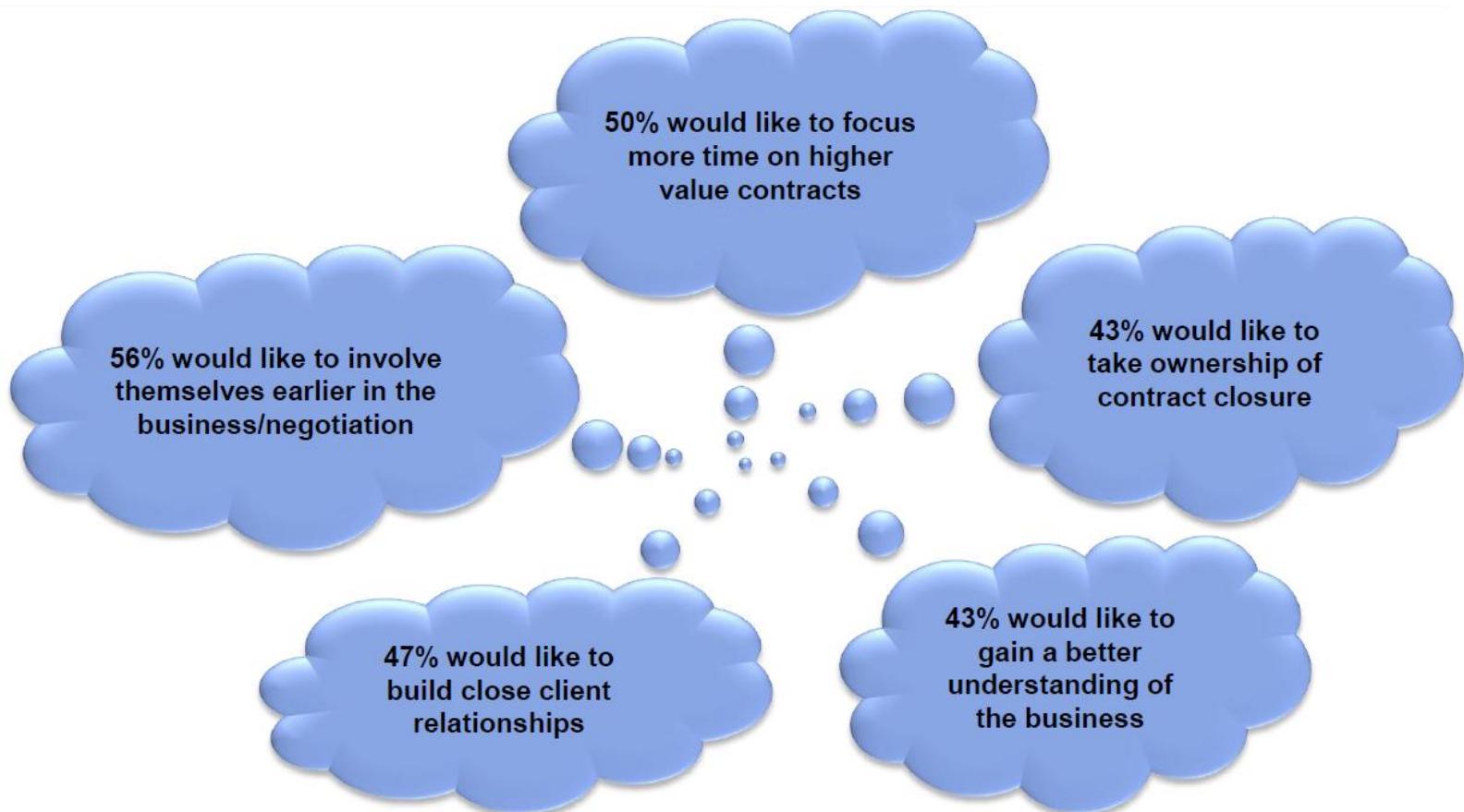
57% would like to reduce the time spent on administrative duties

47% would like to see stakeholder negotiation teams with SPOCS and well defined roles



There were a broad range of strategies in addition to process improvement

Where would you like to spend more of your time?



With more time available CM's clearly want to move into a more strategic position in order to add greater value to the business

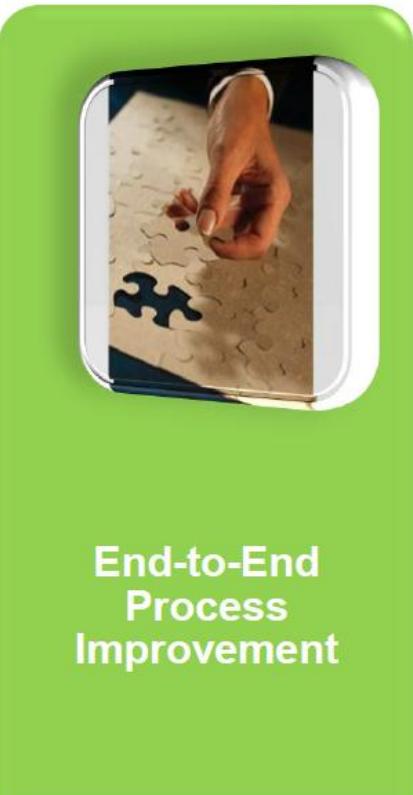
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A multi-pronged strategy is required to meet the challenges faced by contracting groups today...accelerate time to value



**The Right Culture
and People**



**End-to-End
Process
Improvement**



**Third Party
Services**



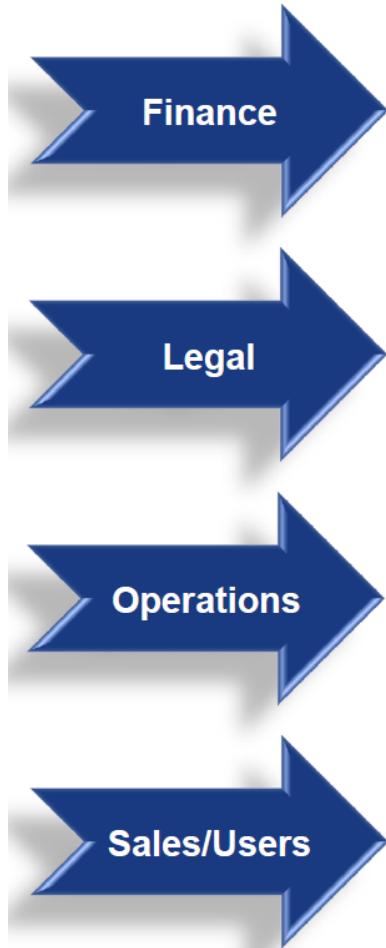
Technology

**51% feel that their company would benefit by implementing a
multi-pronged plan of this type**

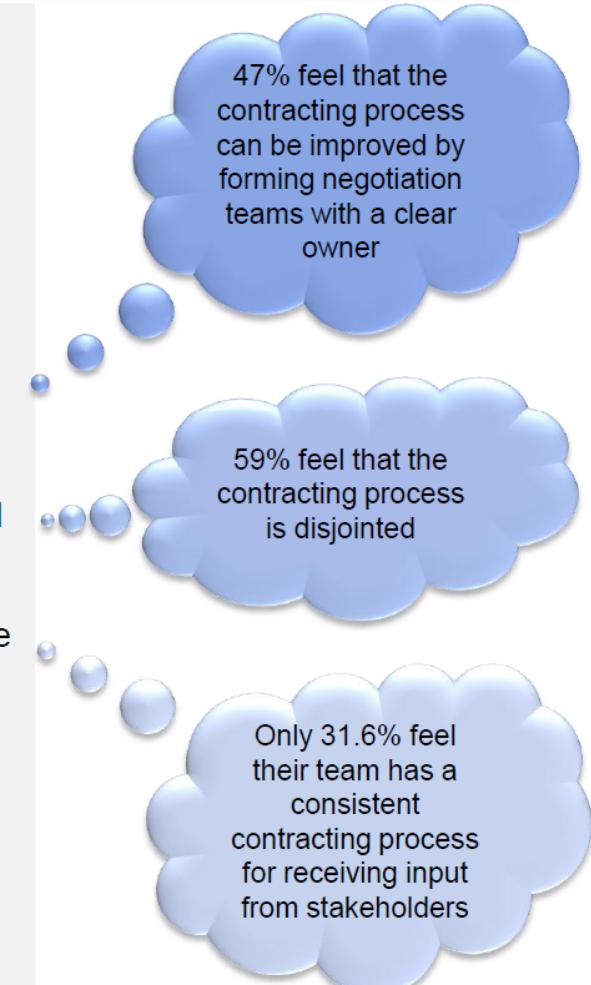
It starts with executive sponsorship to support transformation of the culture...with a leader who can drive change

- Has a passion for internal client satisfaction
- Views Contracting as a function which impacts revenue and profitability
- Will create a mission statement, that is based on client satisfaction and risk management, to serve as a compass for the team
- Is orientated toward being pro-active and acting with a sense of urgency to keep pace with the business
- Possesses the ability to create a plan, sell it to stakeholders, and emphasize the importance of interdependencies
- Can assemble a staff with the right skill set that can succeed in the new environment - both hard and soft skills
- Supports his team when trade-offs are necessary



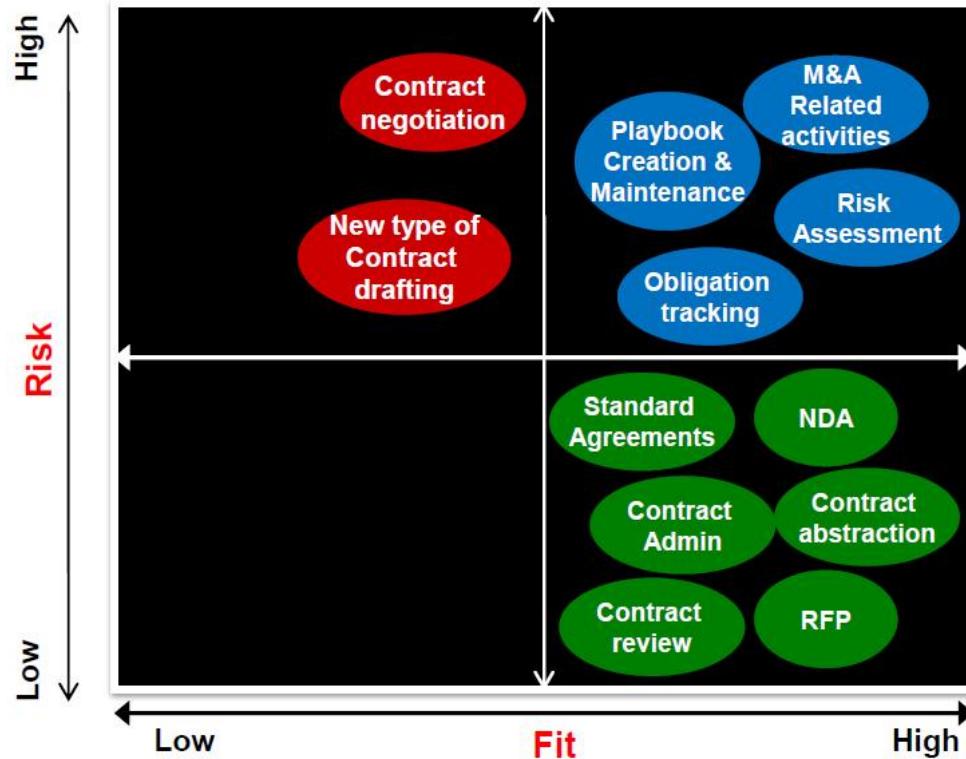


- Take ownership** for managing the contracting process across the enterprise (ONTG) from “cradle to grave”
- Align CM** with single points of contact within each stakeholder group
- Streamline** the process by clearly defining roles, interfaces, approvals, standardized clause libraries and eliminating unnecessary steps
- Prioritize** the deal pipeline and contractual terms (major vs. minor)
- Conduct executive reviews** to present the “whole” deal with the goal of **empowering the team** to make timely decisions during negotiations
- Hand-off** contractual commitments to project management and monitor their commitments. Stay out ahead of disputes



Administrative work-load representing 30% of a CM's time can be reduced immediately

Third Party Services



- Very High potential for outsourcing
- High potential for outsourcing (Risk can be addressed through robust training and effective monitoring)
- Retain existing form

55.3% would involve themselves in the business transaction earlier if they had more time

30% of time is spent on low value/high volume contracts and administrative duties

57% would like to reduce time spent on administrative duties

- ❑ Rather than implementing a full scale CMS first start with a contract repository. Why?

- Centralized storage of all contracts
- Stakeholders can retrieve contracts themselves
- Timely information is available for internal compliance and outside audits
- Positions CM as an advisor

- ❑ Why Implement a repository first?

- Implementation time is reduced by 50%
- Positive user experience
- Healthy ROI

Only 50% have implemented some degree of automation. Of this 70% have implemented a data base only.

44% believe that adopting automation brings in significant cost reductions

47.4% feel that adopting automation improves customer and supplier relationships

68% believe that contract automation will reduce financial and regulatory risks

A multi-pronged strategy is required to meet the challenges faced by contracting groups today...accelerate time to value



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Where do we go from here?

- Take action now-the Total Solution can be fully implemented in six months
- Establish executive sponsorship and leadership
- Assess your current process to identify areas for improvement. Create a plan which yields some immediate results.
- Dedicate resources to implement the plan.
- Win over client stakeholders with some early wins
- Move quickly to put the staff in place that has the right skill set
- Engage outside help that can assist with process improvement and provide services and tools
- Measure contract cycle time monthly and client satisfaction quarterly



If all four elements are implemented client satisfaction and efficiency will improve by at least 30%

A Window of opportunity has opened as contracting is viewed as a critical role.
Now is the time to transform...the clock is ticking!



Contract lifecycle management –An ecosystem approach

With the change in market - a best-in-class CM group is a necessity



To meet that challenge cycle times must be reduced, risks managed, and a strategic role filled



A Total Solution is required that will produce efficiencies and a high level of service in the near term



Act Now! Conduct a workshop to identify gaps and produce a plan

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Thank You

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