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IN-HOUSE INSIDER:

How to Evaluate CLM Solutions

As strategic leaders, in-house legal teams understand the importance of contract lifecycle management (CLM) to keep up with their businesses. But let's be honest; choosing the right CLM solution can be challenging, especially if you're not used to buying technology.

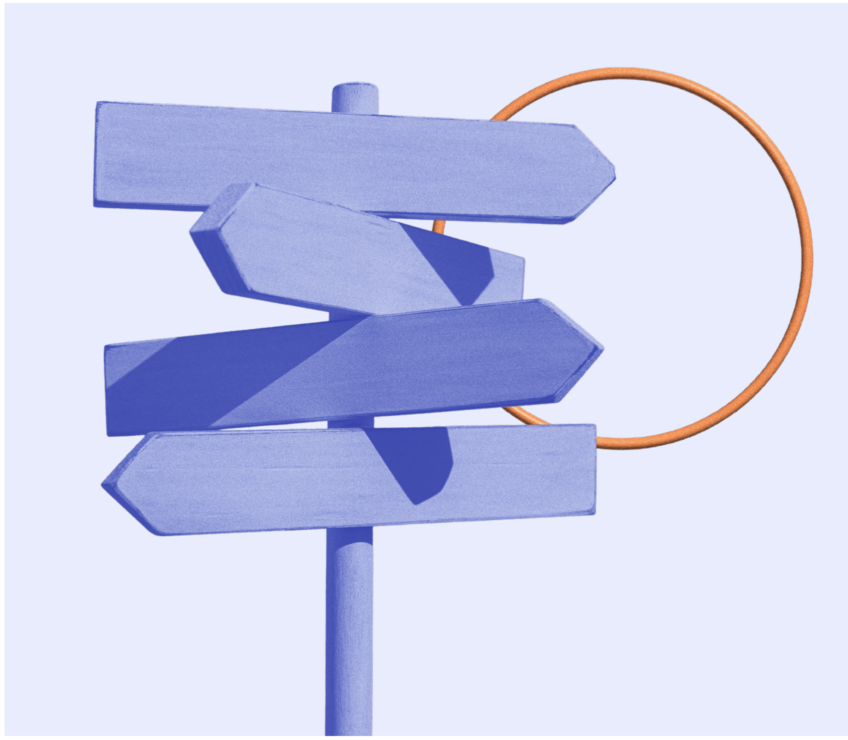
That's where this guide comes in! It will help you determine your business needs, prioritize them, and ask all the essential questions when considering a CLM provider. Think of it as your CLM cheat sheet, saving you valuable time and money.

What Do I Need From a CLM Solution?

CLM aims to formalize and automate your contract lifecycle. All in-house contracts go through similar stages: drafting, finalizing, signature, counter-signature, and ongoing monitoring. All third-party paper goes through a similar process: due diligence analysis, red lines, finalizing, signature, counter-signature, and continuous monitoring. Each step involves one or more departments or individuals in your organization.

So, you need to map it out before you can automate your contract lifecycle. Write down each contract step from conception to execution in your company. The description of each step should include the following:

- [ ] Departments involved (specifically, those besides legal)
- [ ] Current software involved (even if it's just email and Microsoft Word)
- [ ] Who has the authority to mark a step as complete
- [ ] How long each step takes
- [ ] How often each step has to be repeated due to errors



If you can't accurately map the process, that's a pain point. If you can't get an accurate consensus on how long each step takes, that's a reporting problem, which is its own pain point. If you can measure each step, but it takes multiple days, that's a pain point. If you can't tell the difference between in-house and third-party contracts, that's a huge pain point.

Once you've got your process mapped and your metrics (or lack thereof) identified, you know the problems you need to solve with a CLM solution.

How Do I Prioritize My Contract Management Needs?

Now that you've identified the teams and individuals involved in your contract lifecycle, focus on one or two problems each stakeholder needs to solve and involve them in the evaluation process from the beginning. Prioritize needs with the essential stakeholders from the start. Usually, this includes finance and sales operations.

The worst mistake you can make is asking each of your key stakeholders for every feature they want from a contract management solution. A wishlist of features sets unrealistic expectations from the beginning. Instead, work together on a list of pains you must address. This will suggest must-have features and will also help rank them.

> **FOR EXAMPLE**
>
> If your sales team is constantly frustrated that contract data isn't available in their Salesforce workflow, it may seem like a Salesforce integration is the only must-have feature. But what if the reason the data isn't present in Salesforce is that you can't report on contract status and contract terms (like renewal dates)? In that case, accurate reporting is a top priority, and having a Salesforce integration is a separate need. While both are important, you won't get to the root of your business needs without looking past flashy features.

Prioritization is more accurate when you identify problems together and assess tools based on their ability to solve those problems. To return to the example above, you may find that while the sales team wants contract data in Salesforce, the finance team wants contract data in NetSuite, and your tech support team wants contract information available in Zendesk or Slack. At the heart of each request is a reporting problem. There's your top priority. While important, integrations are only useful if you're pushing good reports into those integrated tools. Having everyone on the same page about the reporting problem you need software to solve makes your conversations more productive.

What Do I Ask a CLM Vendor?

Now that you know your pain points and have them prioritized, it's time to start evaluating contract management providers. The process begins by ensuring the vendor offers solutions to the challenges you've uncovered during the discovery process, but there are other serious considerations beyond product capabilities.

Here are several questions you should ask any CLM vendor:

01. Can you reliably extract key data from my contracts to inform current and potential future business decisions?

While many vendors offer AI extraction of contract data, the quality and reliability vary widely. Ensure they offer out-of-the-box extractions for data you care about vs. touting a flashy number of how many extractions they can perform.

02. How mature are your key integrations (e.g., Salesforce, Word-based plug-in)?

While integrations may look like a checkbox item - i.e., a vendor does or does not offer one - quality and maturity can vary widely once you actually put them to use. Easily integrating a CLM with your current tech stack is critical for successful adoption across your business.

03. How do you ensure that legacy, scanned contracts are imported into the platform properly?

Proper ingestion of contracts is a foundational step for data extraction. Understanding what quality control measures vendors have will save you from manual review down the line.

04. Are your reporting capabilities flexible and customizable enough to answer current and ongoing questions for my business?

Most platforms offer some out-of-the-box reporting, but you'll want to check that their reporting capabilities are dynamic enough to build meaningful views for your business.

05. Is the onboarding process time-limited or outcome-based?

If I need more time, or if my team wants additional training, will there be add-on charges? Setting up a new CLM solution can be intimidating, so confirm you'll be guided through the setup process without being nickel-and-dimed.

06. Will I have access to a dedicated support team?

Some CLM vendors use a pooled support model, which means their customers talk to someone different every time they reach out. Ensure you receive a dedicated customer success manager who knows you, your business, and your account history.

07. Do you have a dedicated implementation team that can offer guidance on how to integrate the CLM with existing business processes and systems?

Some vendors are known for lengthy implementation timelines, slowing down time to value. Evaluate vendors based on their track record of successful implementations.

08. Do you have reviews that I can reference on software review sites like G2 and Gartner Peer Insights?

If you are serious about working with a company, it's valuable to learn about current customers to ensure they have had a good experience. Check review sites to assess customer satisfaction or even ask to speak to a current customer directly.

09. What's your forward-looking vision for the platform?

Can you share a customer-facing roadmap with me? You aren't just buying a solution for today but (hopefully) for the future. Verify that the company's vision aligns with your needs and will allow you to grow with them through the years.

Conclusion

How to Buy the Right CLM Solution

Adopting a contract management solution is a serious undertaking that will radically transform your business. It starts with mapping your contract pipeline and lifecycle, moves to identify all the pain points in your current process, and then finishes with evaluating the vendors that can address those pain points with both the product and the support you need to be successful. Follow these steps, and you'll always identify the right contract management solution. Need a starting point? Use this request for proposal (RFP) Template. All your bases are covered with the questions in this guide and an RFP template.

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