

# Achieve higher profits with effective Contract Management

 Reduce Cost

 Increase Revenue

 Reduce Risk

## The business benefits of effective Contract Management

*“We have tracked a differential of around 7% in revenue between organisations with formal contract management disciplines and processes, and those without”*

*Tim Cummins, CEO,*

*International Association for Contract & Commercial Management (IACCM)*

Research by Goldman Sachs, PricewaterhouseCoopers, Aberdeen Group and others show that Effective Contract Management can

- reduce contract administration costs by 25%-30%
- Reduce materials costs by 2%-7%
- cut reporting times from days to seconds
- increase discount management by 25%-30%
- improve compliance by up to 55%
- deliver a payback of 150% -200% within 12 months

Sound too good to be true? It's not difficult to understand when you realise

- 85% of organisations still use an Excel or Access based system
- less than 5% use a company-wide automated solution.

The bad news is that in a recent IACCM survey, 18% of respondents intend to be new users of Contract Management software within 12 months.

Can your organisation afford not to implement a Contract Management solution,?

### Ask yourself

Do you work in Contracts, Legal, Purchasing, Finance or IT? Ask yourself the following questions:

Exactly how many contracts does our organisation have; including contracts with suppliers and contracts with customers?

Exactly how many contracts have expired? Which contracts are due to expire in the next three months?

How do we track key dates, milestones and events? Can we automatically send out reminders three months in advance of expiry dates?

How do we ensure that all staff are following processes and procedures? Can we audit this?

Do we know what risks we face due to contract non-compliance, penalty clauses, sub-contractor insurance etc? Can we confirm all our suppliers are compliant?

An effective enterprise contract management solution such as metaSC's Open Windows solution provides accurate and reliable answers to these questions in minutes.

Our **contracts-ENTERPRISE** solution

- reduces costs
- increases revenue
- reduces risk

# Effective Contract Management

We know exactly how many contracts we have, with whom and how much they are worth

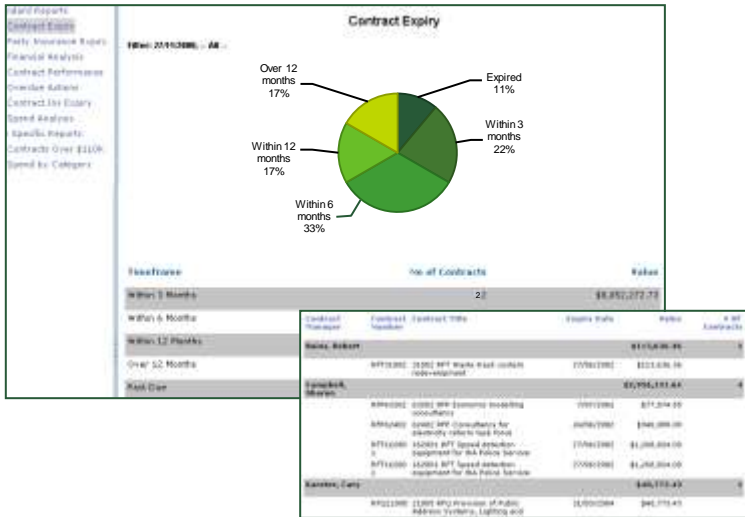
We have a real-time summary of contract risks, liabilities and progress payments

We know exactly which contracts are expiring over the next three months and all the relevant people get automatic reminders

We send out automatic reminders three months before any time sensitive event occurs, e.g. insurances, licences, patents, etc

We can call up the relevant paragraph of any contract with suppliers and customers and only the relevant people have access

Our managers and executives have real-time business intelligence dashboards, which has greatly improved our decision making



# The impact of poor Contract Management

One research paper summarised the effects of poor contract management into five key areas and highlighted out the impact it has on Procurement and Sales.

| Issue   | Impact to Procurement   | Impact to Sales   |
|---|---|---|
| <b>Fragmented procedures</b>                            | <ul style="list-style-type: none"> <li>Increased maverick buying</li> <li>Increased supply and financial risk</li> <li>Under-leveraged spending</li> </ul>                    | <ul style="list-style-type: none"> <li>Missed sales opportunities</li> <li>Increased financial, legal risk</li> <li>Unprofitable deals</li> </ul> |
| <b>Labour-intensive processes</b>                       | <ul style="list-style-type: none"> <li>Long sourcing and contracting cycles</li> <li>Less spend under contract/mgmt.</li> <li>Non-competitive negotiations</li> </ul>         | <ul style="list-style-type: none"> <li>Long sales cycles</li> <li>Missed sales opportunities</li> <li>Extended order-to-cash cycles</li> </ul>    |
| <b>Poor visibility into contracts and terms</b>         | <ul style="list-style-type: none"> <li>Poor compliance</li> <li>Inconsistent and risk terms</li> <li>Limited visibility into spending</li> </ul>                              | <ul style="list-style-type: none"> <li>Lost revenue</li> <li>No holistic view of customer</li> <li>SLA &amp; payment penalties</li> </ul>         |
| <b>Ineffective compliance monitoring and management</b> | <ul style="list-style-type: none"> <li>Increased maverick buying</li> <li>High PPV, missed rebates and discounts</li> <li>Overpayments and performance risks</li> </ul>       | <ul style="list-style-type: none"> <li>Lost revenue</li> <li>Missed renewal opportunities</li> <li>Customer dissatisfaction</li> </ul>            |
| <b>Inadequate performance analysis</b>                  | <ul style="list-style-type: none"> <li>No view into category performance</li> <li>Policy and regulatory violations</li> <li>Under-leveraged spending and high risk</li> </ul> | <ul style="list-style-type: none"> <li>Ineffective pricing, performance, and profit analysis</li> <li>Financial reporting violations</li> </ul>   |

Contact us for a discussion of the benefits of Effective Contract Management

metaSC is an IPcubed initiative  
 Increase Profit  
 Increase Productivity  
 Increase Performance

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