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# What is Contract Management?

The Essential Guide

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Fact: contract management is a time-consuming part of business no matter your industry. It's widely accepted that contracts are, well, kind of a pain. Your agreements, and the way they're written and carried out, inform many of your organization's processes—and when you run into red tape, chances are, contracts are behind it. When contract management is running smoothly, it's invisible to those not involved – and yet, when something goes wrong, it seems everything screeches to a halt. And while your contracts, and their terms and clauses, are constantly evolving, your contract management process probably isn't.

## What is contract management?

Contract management is the process of handling agreements made with customers, vendors, partners, and employees. Contract types include MSAs, NDAs, lease agreements, SOWs, and employment or vendor agreements…and many more. Contract management means negotiating and handling the deadlines, deliverables, and the terms and conditions within these agreements, as well as verifying compliance and tracking changes during the contract lifecycle. It also means keeping track of and reporting on those agreements post-execution—what's working, what's not, how performance is tracking. The list goes on.

In short—contract management is everything your organization does to create, negotiate, sign, manage, and analyze your agreements, from their inception to their expiration.

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## What is the contract management process?

Depending on where you are, the contract management process typically consists of seven steps: Planning, creation, approval, negotiation, execution, administration, and reporting.

**Planning.** So you're getting ready to create a new contract—perhaps you're working with a new vendor, or hiring a freelancer. Here's where you ask the questions central to how the new contract will be managed. What type of contract should you use? What needs to be included? What language will need to be different from your standard contract? Who's responsible for each stage of the contract lifecycle? This is also where you'll engage any stakeholders required for review and approval. Everyone who's part of the contract plan will need to be informed, and to understand their roles as well as the tools they'll be using throughout the process. How will you let them know what they need to do—through email? A meeting?

What if they miss the request? And be honest—will you have to check in with them later to make sure they've done their part? Proper planning means thinking through the answers to all these questions before moving on to the next step: creation.

**Contract Creation.** Now that you've done your planning, you'll begin drafting your new contract, amendment, or renewal. But you don't write it from scratch—so for many teams, this means going back through old files, finding a contract draft that can be re-used, and replacing the necessary language inside.

**Contract Approval**. So you've drafted your contract—now it's time to send it on for approval. Cue up the email and attach your new contract, right? But wait—is your approver on the lookout for it? Will they realize its urgency? Your new contract could sit unread for days, or, once reviewed, it may not be passed along to the right person. But that brings us back to step one: hopefully, after a proper planning

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session, your approver will understand their involvement, as well as the deadline for approval.

**Contract Negotiation.** Here's where the parties involved—your customer, vendor, or employee, and your company—communicate back and forth, redlining and negotiating, in order to reach agreement on the terms of the contract. This is no small feat, and many contracts can be tied up for long periods of time with legal—which can result in multiple versions of the same contract, and no way to tell which version has the latest redlines. And if you're missing some legally-required language when it's all said and done? That could spell big trouble.

**Contract Execution.** At this point in the process, you've created your contract, gotten approval, negotiated, and come to an agreement. It's finally time to sign. So you cue up your preferred e-signature program. Or maybe you print out the agreement, get your department signatures, scan the document, email it to the customer…and wait. And wait.

Sometimes your signers aren't in a hurry to get your agreement back to you. But once again, thinking back to your planning phase, they should be on the lookout for the agreement and understand their role in its execution.

**Contract Administration.** You've done it! You drafted a contract and took it all the way through execution. Well done—the contract process is complete and it's smooth sailing from here, right? Well, not so fast.

Now's when the true contract management begins. After all, missing an obligation or failing to comply can cost your company money (and future contracts). So it's important to pay close attention to all the terms laid out in your agreement, and monitor regularly to make sure everything is happening as agreed in your terms, keeping you and your team in compliance.

**Contract Reporting.** Are your customers paying on time? Are all your contracts renewing at a 2% annual increase, or is there room to re-negotiate? Is everything running smoothly—and if not,

where's the hang-up? Contract reporting is finding the answers to questions like this, as well as regularly monitoring and tracking the data your team relies upon. If it feels like a time-consuming part of the process, you're probably doing it right.

## What are some contract management tools?

But shouldn't there be a better, faster way? We thought you'd never ask. Bringing your contracts into the digital age can speed things along and automating them can give your team back hours in their week. Here are just a few tools that may optimize the way your team's managing contracts.

**Electronic signature programs.** Electronic signatures (or e-signatures) have been around forever in digital years, but they're finally becoming more mainstream in business. E-signatures are safe and secure, protected by a system known as asymmetric cryptography. And, since your customers don't have to rely on printing contracts to sign and return, their ease of use could be the key to speeding up

your sales cycle.

**AI-Powered Contract Repository.** Old-fashioned repository searches depend on human efficiency. And pushing your team for efficiency during your contract lifecycle increases your risk—meaning it goes against your best interest. So you're wasting as much as 40% of a contract's value to stay on top of those agreements, and still losing valuable data.

An AI-powered repository is more than an elaborate system of lists and reminders (the best most teams can do, on a good day). It learns as it goes, putting your data to work, and getting smarter each time an agreement's completed. Machine learning keeps the details in check and shaves time off contract completions, suggesting errors and risk as it learns.

**Contract Management Software.** If you want to truly accelerate your contract management process, you need a new system. One that offers e-signatures and a centralized repository, and that totally streamlines your contract management process. Enter IntelAgree.

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IntelAgree is a secure, cloud-based contract management software that uses AI and machine learning to optimize the contract management process. It's a one-stop shop to totally simplify—and speed up—the way you create, negotiate, sign, manage, and analyze your agreements with four steps:

1. Import – upload your agreements into the system—even the PDFs and the ones on client paper.

2. Index—IntelAgree digitizes your agreements, and our machine learning identifies and extracts key terms and conditions so you can search and report on the things you care about most.

3. Analyze—once your agreements are loaded, indexed, and searchable, IntelAgree keeps you up to date in real-time with a centralized repository, contract summaries, and custom dashboard analytics.

4. Automate-- IntelAgree applies its learning to your day-to-day contract ops. Our contract creation wizard helps you get new agreements out the door

in record time. And when it's time for negotiation, our Word Add-In makes it simple to pull from a Clause Library of approved language to strengthen your terms and conditions. And all this data is stored in our secure, cloud-based system, so you can access—and even sign—your contracts from anywhere.

## What next?

The contract management process is time-consuming for most organizations—it has to be in order to keep risk low. For most companies, it's somewhere between 30 and 60 days. Your average might be more or less, but one thing is clear: time is money, and every day your contract spends in various phases of the process is another day of lost revenue. We can help.

AI is revolutionizing contract management—and if you're not leveraging it to reduce your risk and speed up your sales cycle, you're missing out. **Schedule a demo to see how IntelAgree can simplify your agreements and optimize your contract management process.**