

June 29, 2011

The Forrester Wave™: Contract Life-Cycle Management, Q2 2011

by Duncan Jones and Patrick M. Connaughton
for Sourcing & Vendor Management Professionals

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Upside Software Leads The ePurchasing Suites And ERP Giants In Our Evaluation Of Specialist CLM Products

by **Duncan Jones and Patrick M. Connaughton**

with Chris Andrews and Rory Stanton

EXECUTIVE SUMMARY

Contract life-cycle management (CLM) products are more than merely document repositories; they streamline the authoring process, aid compliance tracking, and reduce overall contract administration costs. Forrester predicts the CLM market will grow at 17% in 2011, driven by strong demand from sourcing professionals and legal departments. This report will summarize Forrester's 113-criteria evaluation of contract life-cycle management vendors, in which Upside Software led the pack because of advanced functionality across the board and extremely positive reference results, just ahead of ePurchasing suites Ariba and Emptoris, enterprise resource planning (ERP) giants Oracle E-Business Suite and SAP, and sell-side CLM specialist Selectica.

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NOTES & RESOURCES

Forrester conducted lab-based product evaluations in September 2010 and interviewed 10 vendor and user companies: Ariba, Emptoris, iMany, OpenText, Oracle E-Business Suite, Oracle PeopleSoft, SAP, Selectica, Symfact, and Upside Software.

Related Research Documents

["Contract Life-Cycle Management: Implementation Lessons Learned"](#)
November 23, 2010

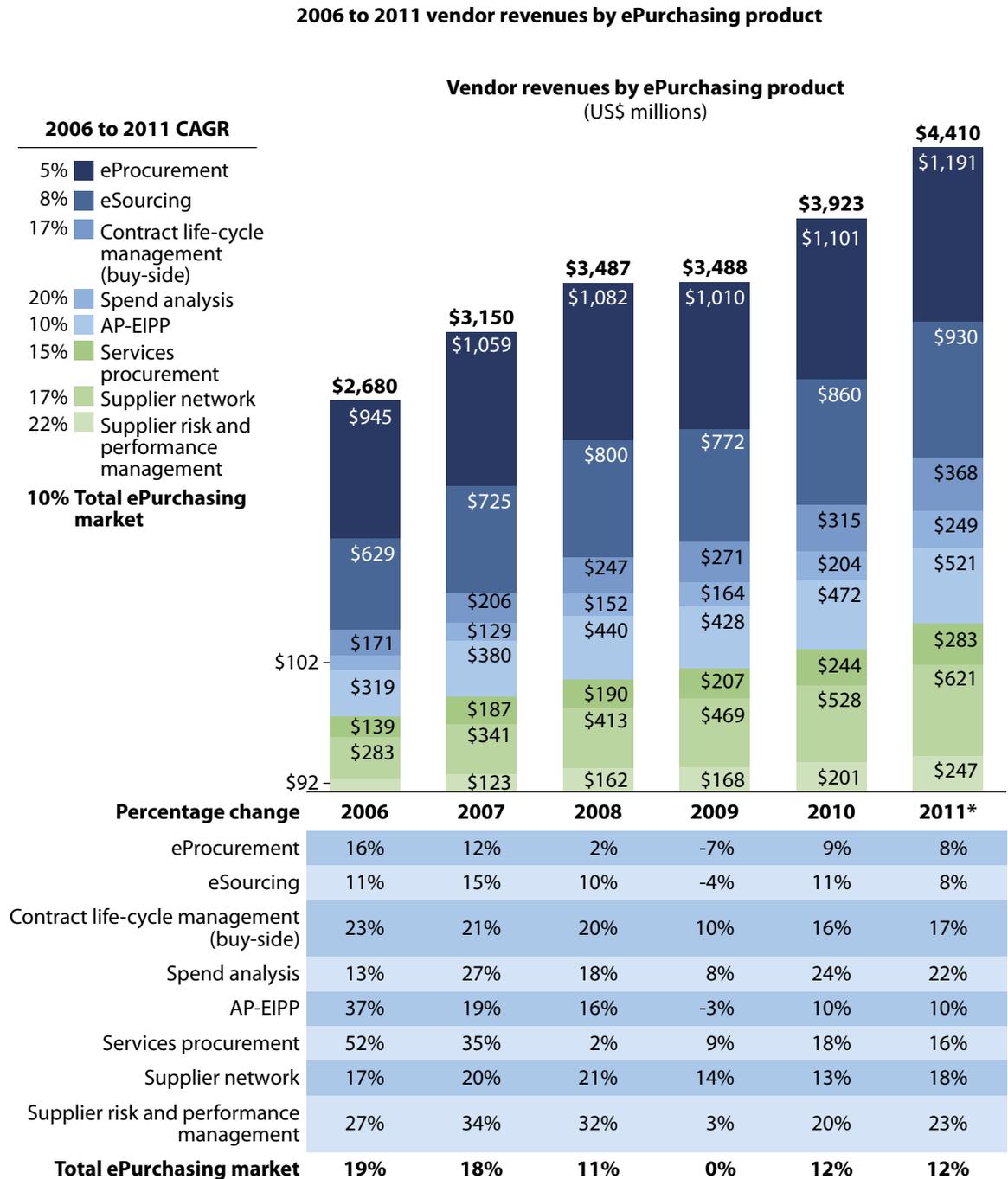
["The Forrester Wave™: Contract Life-Cycle Management, Q3 2008"](#)
August 11, 2008

CLM IS GROWING QUICKLY AND THE BENEFITS ARE CLEAR

In 2011, the CLM software category is predicted to grow at 17% (see Figure 1).¹ Why? Because these products do much more than merely create a legal archive — they streamline and automate each stage in the contract’s life cycle. All of the customer referees we interviewed cited a clear business case for their CLM projects, resulting from:

- **Streamlining the authoring process.** Use of clause libraries and improved collaboration slash contract creation time when compared with old-fashioned emailing of redlined attachments. For example, one VP of contracts and procurement noted that “by using the system, we have been able to increase contract volume by 86% without increasing staff.” Another referee reported that his CLM solution “has reduced contract turn-time by 20%.”
- **Automating compliance tracking.** Integration with transactional systems ensures that orders use the correct price, and that companies claim the rebates and volume discounts to which they are entitled.
- **Reducing overall administrative costs.** Features such as automatic reminders of upcoming expiry dates and tracking of complex contracts with multiple enrolments, addenda, and amendments can free up legal resources to focus on more technical tasks.

Figure 1 The CLM Market Is Growing Quickly



*Forrester forecast

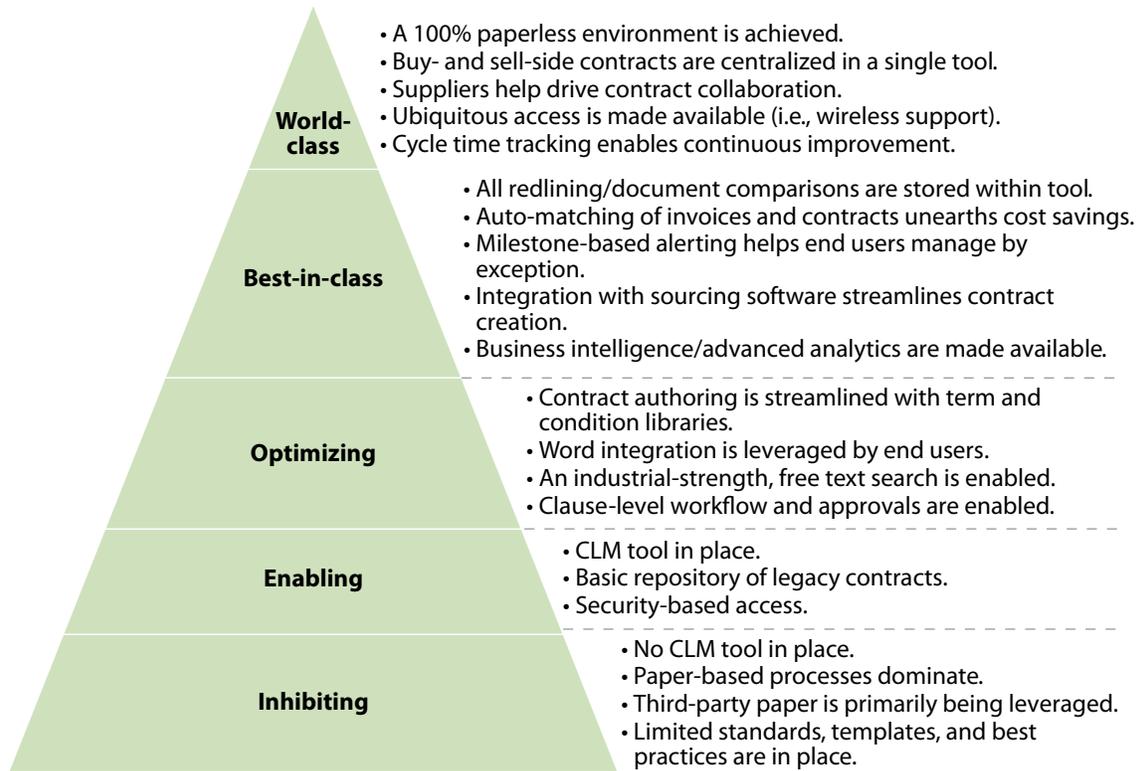
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Source: Forrester Research, Inc.

Implement CLM Features Incrementally As Your Processes And Expertise Mature

Most companies take a phased approach to rolling out CLM tools rather than disrupt several important processes simultaneously (see Figure 2). Forrester has therefore included the software's ability to mirror this piecemeal and modular implementation path into consideration in this analysis.

Figure 2 Clients Take An Incremental Approach To Adoption



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Source: Forrester Research, Inc.

CONTRACT LIFE-CYCLE MANAGEMENT EVALUATION OVERVIEW

To assess the state of the contract life-cycle management market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of 10 contract life-cycle management vendors (see Figure 3).

Figure 3 Evaluated Vendors: Product Information

Company	Product evaluated	Product version evaluated	Product release date
Ariba	Ariba Contract Management	10s1	May 2009
Emptoris	Emptoris Contract Management	Version 8	September 2010
iMany	iMany Contract Manager	7.1	August 2010
OpenText	OpenText Contract Management	2.1.1	November 2009
Oracle	Oracle E-Business Suite Contracts	12.1	April 2009
Oracle	Oracle PeopleSoft Enterprise Supplier Contract Management	9.1	December 2009
SAP	SAP Contract Lifecycle Management	Wave 7	September 2010
Selectica	Selectica Contract Lifecycle Management	4.2	March 2010
Symfact	Symfact Compliance Solutions, Contract Management	v. 2010	July 2010
Upside Software	UpsideContract	v. 6.5	August 2010

Source: Forrester Research, Inc.

The Evaluation Criteria Spans The Entire Contract Life Cycle From Creation To Termination

After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 113 criteria, which we grouped into three high-level buckets:

- **Current offering.** In this section, we looked at the tool’s current features and functions. We evaluated how well the product supports contract creation, repository features, and negotiation for both buy- and sell-side implementations. Forrester also investigated deployment and pricing models, as well as the product architecture.
- **Strategy.** We evaluated the vendor’s long-term strategy and the planned enhancements to the tool. We looked at the vendor’s partnership strengths with systems integrators and other software providers and at its standards support and integration capabilities. We analyzed the vendor’s R&D resources and training capabilities, as well as its upgrades and maintenance services.
- **Market presence.** To assess each vendor’s market presence and viability, Forrester looked at installed base, revenue, revenue growth, and recent customer growth. We evaluated global reach

and employee capacity across functions like development and professional services. Finally, we looked at the capabilities of each vendor's customer support services, in terms of service hours and number of dedicated employees.

The Evaluated Vendors Include Those Most Commonly Short-Listed By Forrester Clients

Forrester included 10 vendors in the assessment: Ariba, Emptoris, iMany, OpenText, Oracle E-Business Suite, Oracle PeopleSoft, SAP, Selectica, Symfact, and Upside Software. Each of these vendors:

- Has more than 15 live customers on a current or previous version of the software.
- Is consistently short-listed by Forrester clients.
- Was able to provide at least three referenceable customers.

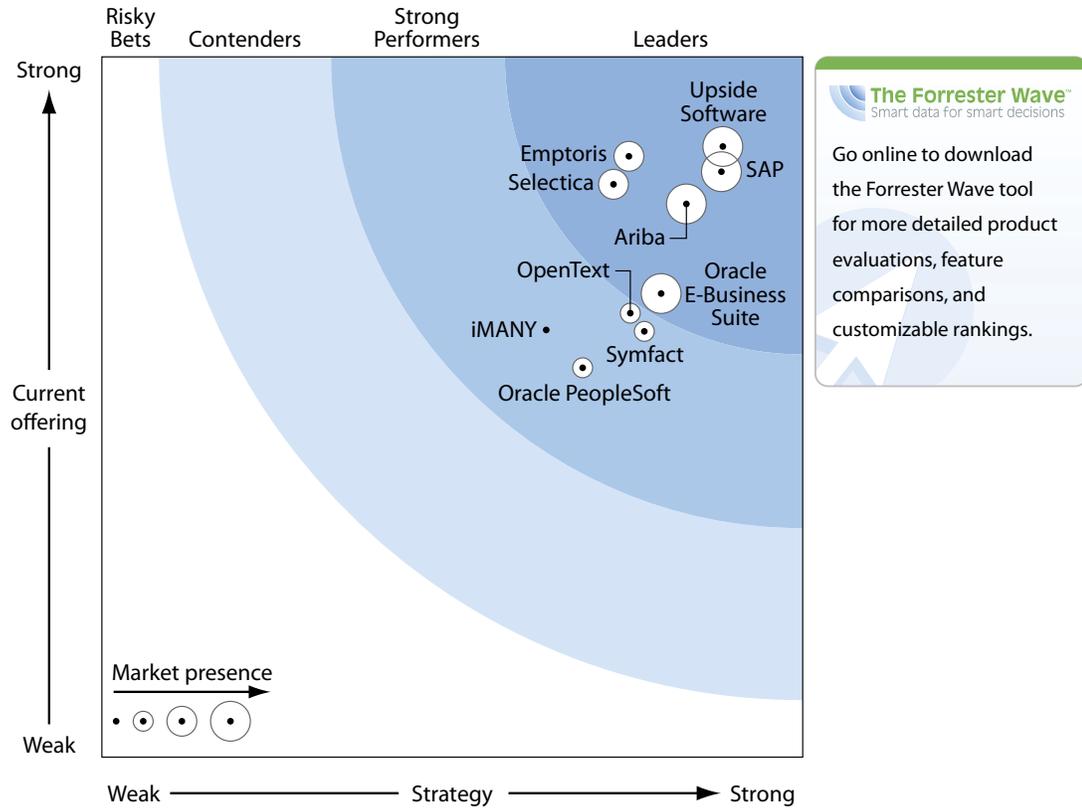
UPSIDE SOFTWARE LEADS A STRONG FIELD OF CLM SOLUTIONS

The evaluation uncovered a competitive market with a number of Leaders in which (see Figure 4):

- **Upside Software leads the pack.** Upside was able to pull ahead of a very competitive field with advanced functionality across the board, very good growth momentum in the market, and extremely positive reference results.
- **Ariba, Emptoris, SAP, and Selectica also deliver leading solutions.** Close at Upside's heels are sourcing suite vendors Ariba and Emptoris, ERP giant SAP, and CLM specialist Selectica. All offer excellent functionality with strong strategies and the financial resources with which to execute them. Each merits a closer look to see if their particular strengths match your company's priorities.
- **Oracle E-Business Suite continues to improve.** Although lagging slightly behind the leading pack in terms of current offering, Oracle's product strategy and financial resources have moved it into the Leader category (it was on the cusp in the previous evaluation).
- **iMany, OpenText, Oracle PeopleSoft, and Symfact offer competitive solutions.** All were Strong Performers in the evaluation that could be a good fit in specific scenarios.

This evaluation of the contract life-cycle management market is intended to be a starting point only. We encourage readers to view detailed product evaluations and adapt the criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool. Also note that the lab evaluation was conducted in 2010. Since then, many of these products have had new releases to be taken into consideration during a selection (see Figure 5).

Figure 4 Forrester Wave™: Contract Life-Cycle Management, Q2 '11



Source: Forrester Research, Inc.

Figure 4 Forrester Wave™: Contract Life-Cycle Management, Q2 '11 (Cont.)

	Forrester's Weighting	Ariba	Emptoris	iMany	Open Text	Oracle E-Business Suite	Oracle PeopleSoft	SAP	Selectica	Symfact	Upside Software
CURRENT OFFERING	50%	3.95	4.29	3.05	3.17	3.31	2.78	4.18	4.09	3.04	4.36
Contract creation	5%	4.00	4.60	3.10	3.10	3.50	3.10	3.90	4.10	2.70	4.30
Existing and third-party contract support	5%	4.40	4.40	3.00	3.80	2.40	3.00	4.20	4.60	3.60	4.60
Contract repository	5%	4.40	4.55	3.70	3.35	3.40	3.20	4.75	4.70	3.15	3.80
Contract negotiation	5%	4.85	4.85	3.00	4.50	3.20	3.20	4.55	4.85	2.80	4.75
Contract types supported	10%	3.95	4.60	3.25	2.56	3.88	2.73	4.18	4.09	3.50	4.43
Contract approval	10%	4.15	4.60	2.90	3.20	2.90	3.15	3.60	4.20	2.25	4.65
Contract fulfillment tracking	5%	4.65	4.90	3.90	3.15	3.30	4.20	4.80	4.95	3.40	4.55
Contract optimization	15%	4.75	4.25	2.25	3.75	3.25	3.00	4.50	4.00	2.50	4.00
Contract process management	5%	3.00	4.00	3.40	3.00	4.40	2.40	4.00	3.40	3.00	4.40
Integration	5%	4.20	4.55	3.25	3.50	3.30	3.05	3.20	4.05	2.80	4.70
Hosted options	5%	4.20	4.32	2.84	2.64	2.92	0.88	4.88	4.40	1.96	4.04
Globalization	5%	4.00	5.00	3.55	3.70	4.05	3.20	4.75	2.60	4.05	5.00
Technology	5%	4.85	4.50	3.25	3.80	3.45	2.65	3.45	3.65	2.30	4.85
References	15%	2.00	3.00	3.00	2.00	3.00	2.00	4.00	4.00	4.00	4.00
STRATEGY	50%	4.10	3.84	3.24	3.70	4.18	3.62	4.35	3.72	3.87	4.43
Product strategy	65%	4.15	3.75	3.10	3.30	4.05	3.30	4.15	4.15	4.10	4.85
Corporate strategy	10%	4.00	4.00	4.75	3.00	3.00	2.25	4.00	3.25	3.00	3.75
Financial resources to pursue strategy	25%	4.00	4.00	3.00	5.00	5.00	5.00	5.00	2.80	3.60	3.60
MARKET PRESENCE	0%	4.20	3.24	1.83	2.23	4.27	2.56	4.78	3.33	2.48	4.58
Installed base	50%	4.50	3.40	1.20	2.05	4.30	3.20	4.55	3.85	3.15	4.95
Employees	10%	3.45	3.35	4.30	3.00	3.20	2.60	5.00	3.05	1.05	4.05
Revenue	30%	4.00	3.00	2.00	2.00	5.00	1.00	5.00	2.00	1.00	4.00
Revenue growth	10%	4.00	3.00	2.00	3.00	3.00	4.00	5.00	5.00	5.00	5.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

Figure 5 Significant Product Enhancements Since 2010

Ariba	<ul style="list-style-type: none"> • Multi-fact suite reporting • Document forms that can be customized to suit different types of informational fields and limit which clauses can be selected. • Web services integrations delivered out-of-the-box, such as electronic signatures through Docusign, and custom integrations.
Emptoris	<ul style="list-style-type: none"> • Improved custom reporting and analytics, using embedded Business Objects technology • Obligation accounting, to provide better oversight after contract execution • Echosign and Docusign integration • Salesforce.com adapter to enable user to start contract creation from within the Opportunity function and track progress within Salesforce. • New pricing option with levels of functionality based on user roles
iMany	<ul style="list-style-type: none"> • Contract Manager allows you to define parent, sibling, and child relationships between contracts on the Relationships tab of a contract. • E-signature support allows you to check out Adobe PDF files and apply a digital signature to an existing e-signature field. • Conditional attributes can conditionally hide or show attributes that are below the current attribute in the group. • Selective component marking allows user to identify a portion of the document as a component. • The Mass Update utility allows you to update contract data for a large number of contracts. • The DOC to DOCX conversion utility converts the contents of the component library or the template library from DOC to DOCX format. • Ability to add e-signatures to PDFs • Additional functions for defining and amending relationships between parent, child, and sibling contracts
Oracle E-Business Suite	<ul style="list-style-type: none"> • Expanded use of Oracle Business Intelligence Applications (OBIA) to provide extensive reports, KPIs, and graphical UIs. • Introduction of user-defined attributes (UDAs) to provide greater configurability to increase configurability and extensibility. For instance, user can create a UDA to assess contract risks and use this to drive amended approval workflows.
SAP	<ul style="list-style-type: none"> • Ability to view the generated contract in an outline view • Ability to track and view changes at the clause level without opening the MS Word document • Clause change-based workflow routing and visibility • Ability to generate a new version of the contract document from the outline view (while retaining all edits to that point) • Electronic signatures enabled via standard integration with Echosign

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Source: Forrester Research, Inc.

Figure 5 Significant Product Enhancements Since 2010 (Cont.)

Selectica	<ul style="list-style-type: none"> • Improved capabilities in the company's product for salesforce.com's AppExchange • Improved support for documents including PDF and DOCX • Template management effective dating, so templates are only available for use in a specific time period • The ability to remove, change, or reassign parent contracts • New MS Word add-in toolbar functions, Validate and Checkin, so users can now check a contract into the Selectica solution without leaving MS Word. • Enhanced Echosign integration • New Analytics utility that automatically updates reporting schema tables. • UI enhancements, including a table widget that lets users drag columns, sort, add/remove columns, and reload tables without refreshing the page.
Symfact	<ul style="list-style-type: none"> • New user interface • Support for multiple, full function data objects to support areas like projects, events, clauses, products, and compliance domains associated with contracts. • Enhanced user reporting and ad hoc dashboards with interactive graphical displays • Enhanced data tagging and synching with MS Word/ .DOCX • Document Checkin and Checkout with change tracking • Optimized scalability and performance • Enhanced workflow and task management
Upside Software	<ul style="list-style-type: none"> • Localization/regionalization provides full translation capabilities throughout the application. • Extensive use of Ajax enables quicker responses to users' actions. • Improved support of multiparty agreements. • Increased flexibility in configuration capabilities • Contract Relationship enhancements allow more control and customization. • Contract Type enhancements enable customers to better tailor the application to their needs, for example by creating customized templates and workflows for uncommon types of contract. • Improved Contract Management provides instant access to important information.

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Source: Forrester Research, Inc.

VENDOR PROFILES

Leaders

- **Upside Software provides an all-around excellent solution.** Upside Software had the highest overall score in the evaluation with deep functionality and intuitive usability — a hard-to-find combination. Upside has very strong functionality in key areas including Microsoft Word integration, buy-side contracts, complex approval workflow, and routing rules support. Relative weaknesses include the limited availability of predefined reports and analytics scenarios available out of the box. Upside is a leading option for large companies with complex requirements looking for a licensed, standalone CLM solution.
- **Emptoris gets high marks across the board for its excellent functionality.** Emptoris scores very well on the current offering axis, neck and neck with Upside Software. Emptoris' specific strengths include the overall contract creation process, search and repository features, negotiation workflow, and integration support. Areas for improvement are less in the feature/

function support category and more in the overall market presence and strategy categories — specifically, the number of maintenance customers, dedicated engineers, and live customers relative to the other Leaders. Emptoris is an excellent all-around solution, either standalone or as part of an ePurchasing suite.

- **SAP's CLM Version 7 is a force to be reckoned with.** In a software category that has been traditionally dominated by “best-of-breed” point solutions, SAP has assembled a leading tool worth strong consideration. Beyond the expected integration with SAP's other products, overall market presence, and international support, the latest version has broad functionality and an updated user interface, and is available on-premises or on demand. Areas in which the product lacks some advanced features include sell-side contract support and wizard (question-based) contract creation. SAP CLM is a very good choice for existing SAP customers and worth consideration by users of other ERP products that are looking for a source-to-contract suite.
- **Selectica is a Leader with solid sell-side capabilities and extensive new functionality.** Selectica has invested significantly over the past few years on building out sell-side capabilities, including an application for salesforce.com's AppExchange, support for mobile devices, and integration with its configure, price, and quote (CPQ) solution. Its other strengths include updated search capabilities, a self-service contract “kiosk,” and support for the EMC Documentum platform. Areas for improvement include contract/clause optimization, slice-and-dice reporting/analytics capabilities, globalization, and overall market presence. Selectica is a perfect fit for those companies focused on the sell-side, seeking a subscription model, and/or running salesforce.com.
- **Ariba secures a leadership position with a renewed focus on referenceability.** Over the past few years, Ariba has built up quality references and new success stories — leading to more deals won and an impressive growth rate. Ariba's specific strengths include its ability to support smaller projects as well as large implementations and also its collaboration capabilities, workflow configuration, and recently bolstered sell-side support. Areas for improvement for Ariba include redlining/Word integration and risk-based routing rules. Ariba is a leading solution for companies that are seeking both a buy- and sell-side contracts solution deployed over a SaaS model, and also for those companies that want CLM as part of an ePurchasing suite.
- **Oracle E-Business Suite (EBS) has a strong product with excellent prospects.** Oracle offers a CLM solution closely integrated with its accounting, billing, and project costing tools on the EBS platform. It lagged the other Leaders slightly in terms of current offering, but its strategy scores pushed it into the Leaders sector. Specific strengths include buy-side contract generation from sourcing events, web services support, and globalization. Areas for improvement include Microsoft Word integration, utilities for importing existing contracts, functionality specific to highly regulated industries, and external collaboration during negotiations. Oracle EBS is best for those companies already running Oracle Procurement. Oracle also has a solution specifically designed for the public sector that is worth consideration for its federal contracting capabilities.

Strong Performers

- **Symfact is a competitive player in Europe.** Symfact takes a compliance-centric approach to CLM with key customers in health and government. Symfact is primarily based in Europe with only an emerging North American presence. Its strengths include a thoughtfully designed object-oriented architecture that translates into quick extensibility in the field. Opportunities for improvement include the enterprise search capabilities, reporting/analytics, and Microsoft Word integration. Forrester recommends that Symfact be short-listed by highly regulated clients in UK, Switzerland, and neighboring countries.
- **OpenText offers a unique solution built on its ECM platform.** OpenText offers a unique solution built on its ECM platform. OpenText is unlike the other vendors included in this report as it is primarily an enterprise content management (ECM) company that has developed a CLM product on its own platform. The tool is strong in areas like search and repository management, but lacks some advanced features, for example in its support for contract creation and approval. It is a particularly good solution for existing OpenText ECM customers.
- **Oracle PeopleSoft can meet the standard CLM requirements.** PeopleSoft was competitive in contract fulfillment tracking, noncompliance analysis, and contract optimization. It fell short in a number of the areas we evaluated including the terms and conditions library, contract grouping, specific support for regulatory use cases, sell-side contracts, e-signatures, and contract process analysis. Existing PeopleSoft customers should seriously consider its CLM product as the benefits of consistent technology, integration, and user interface may outweigh these minor deficiencies.
- **iMany is a strong option for life sciences companies.** It has several industry-specific capabilities for this vertical, including sell-side pricing control and rebate management. iMany was one of the first CLM specialists, and its customer base is still loyal, although small relative to the other companies in this evaluation. Areas for improvement include contract creation and approval and a slightly old-fashioned UI.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 4 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of four data sources to assess the strengths and weaknesses of each solution:

- **Detailed lab evaluations.** Vendors spent one day with the analysts who performed a detailed evaluation of the product using a scenario-based testing methodology. We evaluated each product using the same scenario(s), creating a level playing field by evaluating every product on the same criteria.
- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- **Product demos.** We asked vendors to conduct demonstrations of their product's functionality. We used findings from these product demos to validate details of each vendor's product capabilities.
- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with 3 of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ The ePurchasing software market in 2011 will continue to be dynamic, with relatively strong growth of 12% overall, even faster growth in new categories, as well as a variety of mergers, acquisitions, and new entrants. This market includes slow-growing products like eProcurement and eSourcing where enterprise resource planning (ERP) vendors dominate; products in transition like accounts payable electronic

invoice presentment and payment (AP-EIPP) and supplier network services; and fast-growing products where specialists rule, such as contract life-cycle management (CLM), automated spend analysis, services procurement, and supplier risk and performance management (SRPM). While almost all vendors will see growth, this report will help vendor strategists capture the higher growth opportunities, find the right acquisition targets or acquiring buyer, avoid the wrong ones, and leverage their strengths without getting stuck in niches. See the March 29, 2011, [“Predictions 2011: ePurchasing Market To Grow 12%”](#) report.

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