An On-Demand Solution to Optimize Contract Management

The Best-Run Businesses Run SAP™

Good contracts drive business performance

Contracts. Few things are more fundamental to your business relationships. They define the activities each party is expected to perform – and at what cost. Well-negotiated contracts can also secure favorable terms that can mean the difference between surviving and thriving. Given the importance of contracts to your business, wouldn't you want a way to manage them better?

A good contract protects you from risk with appropriate language that covers foreseeable contingencies. But contracts often sit in a filing cabinet, or they're scattered across various systems, unused – defeating the purpose of negotiating them in the first place.

The opportunities for better contract management start with contract creation – a process that needs to be standardized to minimize effort and achieve operational efficiency. You also need visibility throughout the contract lifecycle to ensure compliance, as well as the ability to improve contract terms and prices during renewals and renegotiations. And when it comes to a solution to support these requirements, the faster you get up and running, the better. The SAP® Contract Lifecycle Management OnDemand (SAP CLM OnDemand) solution is the answer.

Comprehensive contract management – delivered on demand

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Rapid, low-risk contract creation

Increased contract visibility and awareness

Enforceable contract compliance

The jump start you need

SAP CLM OnDemand is a subscription-based, hosted offering that supports streamlined, controlled processes for greater visibility and integrated compliance throughout the contract lifecycle. The solution enables you to proactively manage contract creation and approval while integrating downstream compliance to established pricing terms and conditions.

Comprising rapid provisioning, onboarding, and support services, the solution helps you realize ROI quickly – while still giving you the flexibility you need to tailor functionality to your individual needs. SAP CLM OnDemand manages the three critical tenets of the contract lifecycle: creation, visibility, and compliance.

Get end-to-end contract management functionality – delivered on demand to minimize your risk and your up-front costs.

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As they create contracts, your staff may not be starting with the most up-to-date or authorized contract language. They may also miss critical contract review and approval procedures that expose your organization to undue risk. Moreover, contract creation can be lengthy, with many iterations that delay the realization of contract value.

SAP CLM OnDemand employs an automated approach to crafting all types of enterprise contracts through the use of predefined templates and content libraries. This standardizes the contract creation process – from the first draft through approval. Consistent, pre-approved language from the legal department, along with workflow to drive the editing phase, helps streamline the effort, ensure version control, and reduce risk. The solution also provides a flexible method to build contracts using hierarchies that support multiple levels. This enables you to draft and capture more complex contracts – which helps you improve your spend under management.

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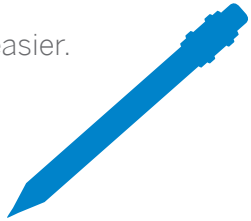
Contract creation just got easier.



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The contract creation features in SAP CLM OnDemand include:

- **Contract creation process management** – Model best-practice contract creation processes, including contract request management, internal and external negotiation steps, and contract finalization
- **Contract draft generation** – Create a draft from a library of clauses and templates, using the latest approved language centrally managed by your legal team
- **Integration with Microsoft Word** – Populate Word documents with draft content for a familiar reviewing and editing format
- **Version control and change tracking** – Check in new versions of contracts and compare them to any prior version, even if collaborators did not track changes; synchronize key data between the Word document and the contract header data
- **Review and approval workflow** – Help key stakeholders review and approve contract documents simply and effectively – based on changes to contract content – before final execution, while maintaining an audit trail
- **Electronic signatures** – Route final documents for automated electronic signatures, capturing approval and signatory history
- **Bar-code creation** – Generate bar codes onto the final document for easy offline tracking

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Once contracts are signed, employees must be able to access them easily and ensure compliance with their terms. You need a way to gain a holistic view of your company's financial and legal commitments and ensure timely contract renewal.

With SAP CLM OnDemand, you can maintain all corporate contracts in a single, flexible, searchable contract repository. This vastly improves visibility of the entire contract portfolio while empowering you to identify opportunities to optimize contract coverage and manage related risks. By providing your employees with simple, controlled access to specific contracts, you can build the kind of awareness that helps extract maximum value from negotiated agreements. And by receiving automatic reminders before contracts expire, they can notify business partners in a timely manner – and avoid missing opportunities to reengage or renegotiate.

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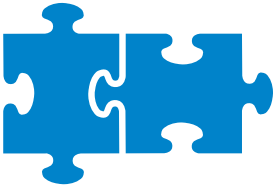
One place to put all of your contracts?
That makes good business sense.



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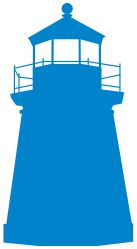
The contract repository features in SAP CLM OnDemand include:

- **Overview data capture and reporting** – Capture specific information for each contract type, and generate reports to meet business and regulatory needs, including expiration alerts
- **Contract search** – Locate specific agreements based on either overview data or free text that appears in the contract documents, and provide access based on security allowances
- **Contract history capture** – Understand the full context of how and why the agreement was established and any activities that have taken place during the contract's lifecycle
- **Detailed pricing and terms** – Access the line-item details and terms information to support internal and external compliance checks
- **Contract administration** – Comply with corporate and regulatory requirements by setting retention and disposal dates, managing amendments, and proactively managing renewals

Seeing is believing.



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To get the most from your contracts, you must make sure that all parties satisfy their obligations – for example, that suppliers deliver on time at the right price. This is known as contract compliance.

SAP CLM OnDemand enables you to enforce contract compliance in numerous ways. You can leverage the standard integration with the SAP Supplier Relationship Management (SAP SRM) and SAP ERP applications to automatically establish operating contracts and transact against them – tracking contract usage over time. You can also transfer a contract to SAP SRM to populate a goods and services catalog, create a central contract, and distribute it to multiple back-end enterprise resource management systems. For purchasing contracts, this increases the likelihood that your employees will choose sanctioned goods and services – at the negotiated price – when placing orders. And SAP CLM OnDemand lets you maintain an audit and performance profile for each contract to ensure that third parties are meeting their obligations as well.

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The contract compliance features in SAP CLM OnDemand include:

- **Contract audit management** – Schedule and record contract checkups to help ensure that committed goods or services are delivered as expected
- **Contract performance management** – Set and track specific key performance indicators for contracts to the level set with suppliers and customers, and engage in corrective measures if needed
- **Standard integration with SAP SRM and SAP ERP** – Publish agreement-header and line-item details to back-end agreements in SAP SRM and SAP ERP, to be referenced at times of transaction, supporting compliance with agreed-upon pricing and terms plus populating a goods and services catalog

Better contract compliance means higher contract value.

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Early success for a contract lifecycle management program helps drive adoption throughout the organization. And now you can leverage SAP experience and support for best practices to get your program off the ground successfully. Key services included as part of the complete solution include:

- **Onboarding** – Our onboarding service includes a quick deployment so you can begin using SAP CLM OnDemand in a matter of days. The software is provisioned rapidly. Predefined templates are used to load key master data. End-user training is user-friendly and concise.
- **Ongoing support and services** – Helpdesk and functional support are provided to help your users get questions answered quickly. Optional services are also available, including a business partner help desk. Collaborating with your counterparties and strategic business services, you can use this help desk to help define your methodology and strategies for managing various types of contracts.
- **Value-added services** – You can tailor the solution to meet your needs. Leverage optional services for assistance with blueprinting exercises to model your business processes. Add contract templates to the software. Load historic contract repositories. And configure role-based dashboards for key business users.

Boost savings while lowering risk

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SAP CLM OnDemand delivers significant benefits by streamlining the creation, execution, and monitoring of contracts. It supports compliance with contracted pricing, terms, and delivery – and more control throughout the contract lifecycle. And by enabling the use of standardized processes, language, and performance controls, it helps substantially reduce your contract-related legal and financial risk. The result is better contracts, generated in less time.

With SAP CLM OnDemand, you can maximize contract value through streamlined processes and greater visibility throughout the contract lifecycle.

Summary

The SAP® Contract Lifecycle Management OnDemand (SAP CLM OnDemand) solution is a hosted, subscription-based offering that enables you to rapidly optimize corporate contract management practices. It accelerates your ability to realize the full value of your contracts – resulting in higher profits and lower legal and financial risk.

Objectives

- Minimize legal and corporate risk caused by inconsistent or unapproved contract language
- Speed and effectively manage the contract creation process
- Improve contract terms and prices during renewals and renegotiations
- Ensure contract compliance to realize savings

Solution

- Standardized, automated contract creation
- Contract performance management for better awareness of contract terms
- Centralized contract repository for improved visibility
- Integration with back-end systems and processes
- Rapid solution provisioning and configuration

Benefits

- Less risk and improved compliance
- Streamlined contract execution for realizing contract benefits sooner
- Maximized contract value with greater visibility
- More effective contract negotiations with timely renewals
- Fast time to value with on-demand, subscription-based delivery

Learn more

To find out more, call your SAP representative today or visit us online at sourcing.ondemand.com.

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