

MITRATECH

What the Future Holds for Contract Management



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Introduction

It's hard to know for sure what technology will look like in the future. One famous list of predictions that we're particularly fond of was written in 1900 by Mr. John Elfreth Watkins, Jr. for the Ladies' Home Journal, entitled "What May Happen in the Next Hundred Years". Watkins was a civil engineer working for American railroads. He interviewed professionals in various industries to compile a list of predictions for what life might look like in the year 2000.

What's amazing is that Watkins's list is actually quite accurate on a number of points. For example, he accurately predicted that we would have devices such as mobile phones, and a lot of our food would be pre-prepared. He was wrong on a few things too, such as the extinction of pests such as mosquitoes and flies, and that everyone would be extremely fit, walking at least ten miles a day.



WHAT MAY HAPPEN IN THE NEXT HUNDRED YEARS
By JOHN ELFRETH WATKINS, JR.
The Ladies' Home Journal (1889-1907); Dec 1900; Vol. XVIII, No. 1; LAFS Online
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WHAT MAY HAPPEN IN THE NEXT HUNDRED YEARS

By JOHN ELFRETH WATKINS, JR.

High production will mean steam, almost inevitable. Yet they have come from the water instead of the conservative mode in America. To the steam and most useful power, the great industrial revolution of the future will be the steam and most useful power. I have gone, making such in the future, but I do not know, in the future, will have more than the steam and most useful power before the dawn of the next century. These opinions I have carefully considered.

The Hundred Million People. There will probably be from sixteen to twenty people in America, and the population for the rest of the world. Chicago, New York, London, and other cities will be the centers of the world. People, seeking more health, will move to the mountains, the hills, and the coast. The American people will be the most numerous in the world.

Train One Hundred and Fifty Miles an Hour. Trains will run two miles a minute, usually, express trains will be made and the rails will be laid. The New York and New Jersey will take a day and a night to get across. There will be no more express trains, but the express trains will be made, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

Automobile will be Cheaper than Horses. There will be no more horses, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

Everybody will Walk Ten Miles. Communion will be the most common, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

Children will be Taught. A university education will be the most common, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

Hot and Cold Air from Springs. Hot or cold air will be the most common, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

Vegetables Grown by Electricity. Vegetables will be the most common, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

Swimmers as Large as Apples. Swimmers will be the most common, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

Ready-Cooked Meals will be Bought from Establishments. Ready-cooked meals will be the most common, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

Food will be Made by Machinery. Food will be the most common, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

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Coal will Not be Used for Heating or Cooking. Coal will be the most common, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid. The rails will be laid, and the rails will be laid.

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Taking a leaf out of Mr Watkins' book, we decided to write our own list of predictions. However, ours is focused on what one particular technology may look like in the next 5 years or so: contract lifecycle management software. In researching this topic, we've reviewed Gartner's well-analyzed and highly regarded CLM Maturity Model.

First, we'll consider features that CLM systems are likely to have within the next 5-10 years (certain systems already have some of these features). Then we'll consider concepts relevant to future CLM systems, and some of the practices and processes that may become commonplace in CLM over that span.



01 Features that CLM systems are likely to have in the future

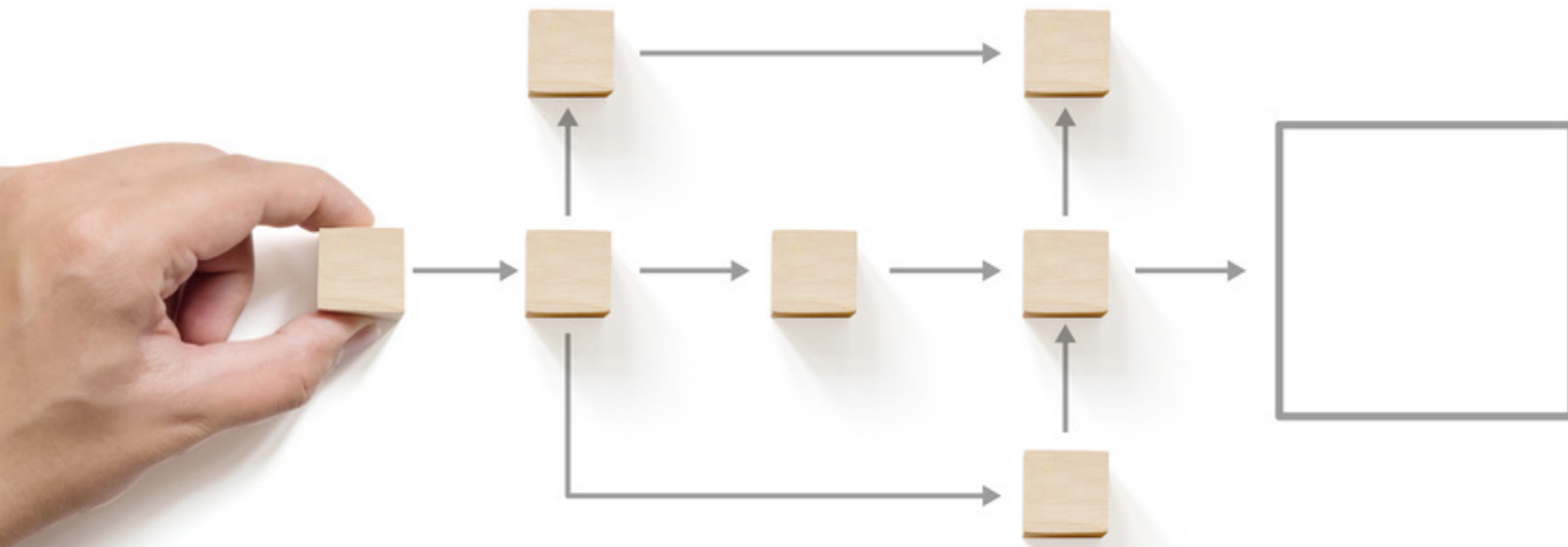
1. The legal department will not spend as much time drafting/preparing contracts after a request is made for them to do so by a particular department in their company. This is because the process of constructing such contracts will be mostly automated. The organization has standard terms and conditions for 95%+ of situations. Those in the department negotiating the contract will be able to fill in a questionnaire to describe the particular situation for the contract and one with all the correct terms will be produced automatically.
2. All contracts coming in and out of an organization will be analyzed through an automated data capturing screening process so that all variances in clauses are noted and any contract that is written in a non-standard approved form will be flagged. This information will be captured and available for review on a dashboard in the CLM system.



3. The CLM system will have an embedded risk/value assessment function so that all impending and live contracts will be continually rated for their apparent risk and potential value. This information will be available for viewing on a dashboard in the CLM system and can be used for making strategic decisions about the relevant contracts.
4. The CLM system will be paperless across the full life cycle. It will guide its users by prompting them to certain tasks and have an automated workflow for contract processes that involve a series of contracts or documents. The system will also guide its users on price by comparing prices paid for similar contracts. It will do this by inputting and analyzing other information that may relate to price from other software systems such as those for supply chain management which monitor commodity value and pricing.
5. Written and oral negotiation and redlining will all be captured within the one place and the system will make it easy for the context of a comment or redline to be understood e.g. it will be easy to decipher to which part or version of the contract a comment or redline relates through intuitive user interface design. There will be an ability to comment publicly or privately to only specific users. CLM systems will have an IM function and also the ability to capture oral comments and/or discussions about particular contractual comments. The CLM workflow capabilities will extend to alerting and guiding counter parties and in so doing will solve any problems with version control.

The CLM system will be paperless across the full life cycle.

6. Approvals will be easy and take next to no time to obtain. Once negotiation for a contract is complete the CLM system will guide the approvals process and automatically prompt those with the required authorities to provide their approval - making this process as seamless as possible - and it will be accessible on a mobile device.
7. The CLM system will be fully integrated with other organizational software such as CRM, ERP and Supply Chain Management (SCM) and all relevant information will be fed between systems dynamically.



02 Future terms/concepts in CLM systems software

What are the terms that are likely to be used in the next 5-10 years time in the context of CLM systems? Let's outline a few based on Gartner's CLM Maturity Model - and we'll throw in one or two of our own predictions, too.

1. **Predictive Agreement** - Data will be captured, analyzed and synthesized in real-time to provide suggested options for arriving at an agreement for contractual terms, such as price, while in negotiation.
2. **Predictive compliance** - CLM systems will collect data and analyze trends across the organization to anticipate and address compliance risks (i.e., compliance will become less reactive).

For example, a system could determine a particular contract manager's workload was too high and redistribute workflow to reduce risk of error. An option would be available for making compliance metrics visible to stakeholders.



CLM systems will be connected to and assess data from social media streams about issues related to an organization's contracts, vendors and customers so this information could be considered in relation to compliance strategy. Also, alerts for contractual obligations will be sent to relevant people at appropriate times to assist with compliance.

3. **Interdependent amendment guidance** - If an amendment is made to a contract, negotiators will be alerted to how this will affect interdependent terms in the same contract or related contracts. If there are any issues that need to be addressed, negotiators will be prompted on the steps required.
4. **Contextualized predictive dispute monitoring** - If a dispute arises in relation to a contract, the CLM system will capture data about this dispute and details of how resolution is sought and achieved so this data may be leveraged for future disputes and faster dispute resolution.
5. **Automatically triggered auditing** - Audits will be automatically triggered by certain events and at certain points in time for better quality control. A CLM system could automatically assess real-time collected data and provide reports about contractual metrics that are determined relevant.

CLM systems will be connected to and assess data from social media streams about issues related to an organization's contracts, vendors and customers

6. Cross system analytics - Reports can be created from not only data and analytics residing in the CLM system, but reports can also integrate data and analytics from other systems such as ERPs and CRMs. Such analytics allow for things such as Predictive Revenue Modeling and Automated Modeling and tuning of Service Level Agreements.

Predicting future revenue will allow for decisions involving things such as the purchase of goods and services to be made with this information and presumably allow for better business outcomes. Terms of Service Legal Agreements could also be amended with this future revenue modeling information and the CLM system could be set up to automate this process.



03 The future of the contract management practice in relation to CLM software

Now, let's consider some characteristics that contract management practices and processes will have in the future in relation to contract management software (also known as CLM systems or CLM software). Once again, we've developed this list after referring to Gartner's Maturity Model for CLM practice.

1. **CLM System Policy embedded in the business** - all business units will use the same CLM system. All contracts relating to the entire business will be stored within this system with all relevant versions.
2. **Contractual data and governance fully embedded within the organization's information infrastructure** - all Information about contracts will be fed to other relevant systems such as ERP and CRM systems. Relevant data from the CLM system will be used in making business decisions.



3. CLM software policy will be entirely integrated within the culture of

the organization - organizations will have and will completely follow a formal enterprise-wide strategic negotiation and contracting plan, and all employees will utilize the full functionality of the CLM system. Executives will regularly use contractual data from CLM software to make strategic business decisions (which they can visualize either by reports generated by the system, or the system will inform them dynamically - for instance, through pop-ups with relevant information and suggestions). For example, they may use such data to select the best vendor based on past data about obligation performance and ease of negotiation.



Conclusion

We hope you've found our predictions about the future of contract management insightful. The contract management software systems of the future will not only have new features, but will inspire new concepts and terms to be used when talking about day-to-day contract management.

The way the business world interacts with and uses contract management software and CLM systems is changing. So the field of contract management is likely to look very different only one decade from today... let alone 100 years from now.



About Mitratesch

Mitratesch is a proven global technology partner for corporate legal, risk & compliance, and HR professionals seeking to maximize productivity, control expense, and mitigate risk by deepening operational alignment, increasing visibility, and spurring collaboration across their organization.

With Mitratesch's proven portfolio of end-to-end solutions, organizations worldwide are able to implement best practices and standardize processes across all lines of business to manage risk and ensure business continuity.

Mitratesch serves over 1,500 organizations worldwide, including 30% of the Fortune 500 and over 500,000 users in 160 countries.

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