

# Smarter contracting

Reimagining intelligence. Redefining digital.



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# Introduction

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Good contracts have always required intelligence – knowing what is achievable, knowing what is competitive, knowing what the counterparty is trying to achieve. Companies have so far relied on traditional sources of intelligence for this purpose. Today, intelligence, as we have known it, is no longer enough. To truly achieve value, contracting must be smarter.

*“People who are open to different viewpoints will enjoy more fulfilling and successful lives.”*

**Matthew Syed, journalist, author of *Rebel Ideas: The Power of Diverse Thinking***

Few would deny that organizations today face complex problems – problems that expose the inadequacy of traditional systems and sources of intelligence. ‘Cognitive diversity’ is a critical component in developing new capabilities and, through ‘smarter contracting’, we can open ourselves to different viewpoints and the ability to better manage those complex problems.

Contracts have long been considered essential as instruments of control and risk management. In this role, they set parameters, offer operational guidance, and define consequences for shortfalls in performance.

In other words, contracts are generally viewed as inert – slow to move and act, deficient in active properties. They come to life only when there is failure.

But imagine if instead we saw contracts as a source of intelligence, collaboration, and business impact – as providing critical connections that drive the data needed for cognitive diversity. With automation we at last have the possibility to re-imagine the role and purpose of contracts – artefacts that sit at the heart of managing complexity and

**The purpose of a contract** (ranked importance)

A record of rights, responsibilities and obligations

#1

Providing protection and remedies in the event of a dispute

#2

and down in tenth place

An instrument for generating financial benefit

#10

Source: WorldCC survey, *The purpose of a contract*

delivering value. Smarter contracting is the ecosystem that brings together people, process, and technology to facilitate this elevated role of contracts.

*“Trove of timely, accurate data open a new way of looking at the world.”*

In October 2021, under the headline ‘Instant Economics – the real-time revolution’, *The Economist* explored how real-time data is transforming policy and decision-making. Although they are primarily economic instruments, contracts are rarely considered as a source of dynamic data. Smarter contracting gives access to troves of timely, accurate data which open a new way of looking at the world.

### About this report

This report was commissioned by SirionLabs to support their vision of Smarter Contracting. It reflects WorldCC’s views of the potential benefits that organizations can achieve through the application of technology and contains a series of case studies that reflect that potential. The report should not be viewed as a specific endorsement of SirionLabs products or services by WorldCC.

# The sponge and the golden goose

## The sponge: contracts that absorb intelligence

Good contracts have always been built on intelligence. Their terms must reflect an understanding of market conditions, competitive norms, regulatory requirements, and organizational capabilities. While often slow to change, contracts are regularly updated to reflect operational experience or altered conditions. In some cases, they are also altered as a result of a specific negotiation.

In this context, a contract absorbs intelligence. When operating as a sponge, a contract offers very little by way of output, except as a source of information. For example, once it has been signed, the typical agreement offers information to those charged with its implementation and then, once again inert, it absorbs performance data.

These contracts – and any related performance analysis – are transactional. We typically learn little from them and rarely ask questions such as 'Could it have been better?'

## The golden goose: contracts that release intelligence

Today's inert and rigid contracts add to business complexity. It is time for new thinking – contracts as dynamic sources of intelligence that drive data flows across organizations, networks and ecosystems, allowing powerful analytical tools to provide critical insights and information. To enable this transformation, the contracting process needs to be reimaged.

How might this new world of 'smarter contracting' look?

## Smarter contracting: the elements

Smarter contracting is a new vision for how the modern enterprise should experience contracting. A vision that elevates the role of contracts as a source of the real-time data needed to manage the complexity of today's business environment.

So what's needed to make this vision a reality? Technology is certainly a key part of this puzzle, but it needs to be approached differently. From observing hundreds of digital transformation projects in the industry, we have found that technology is infinitely more effective when closely interwoven into enterprise functions connecting people, integrating systems and data, and facilitating the flow of intelligence.

On the next page we take a closer look at the 'smarter contracting' model.

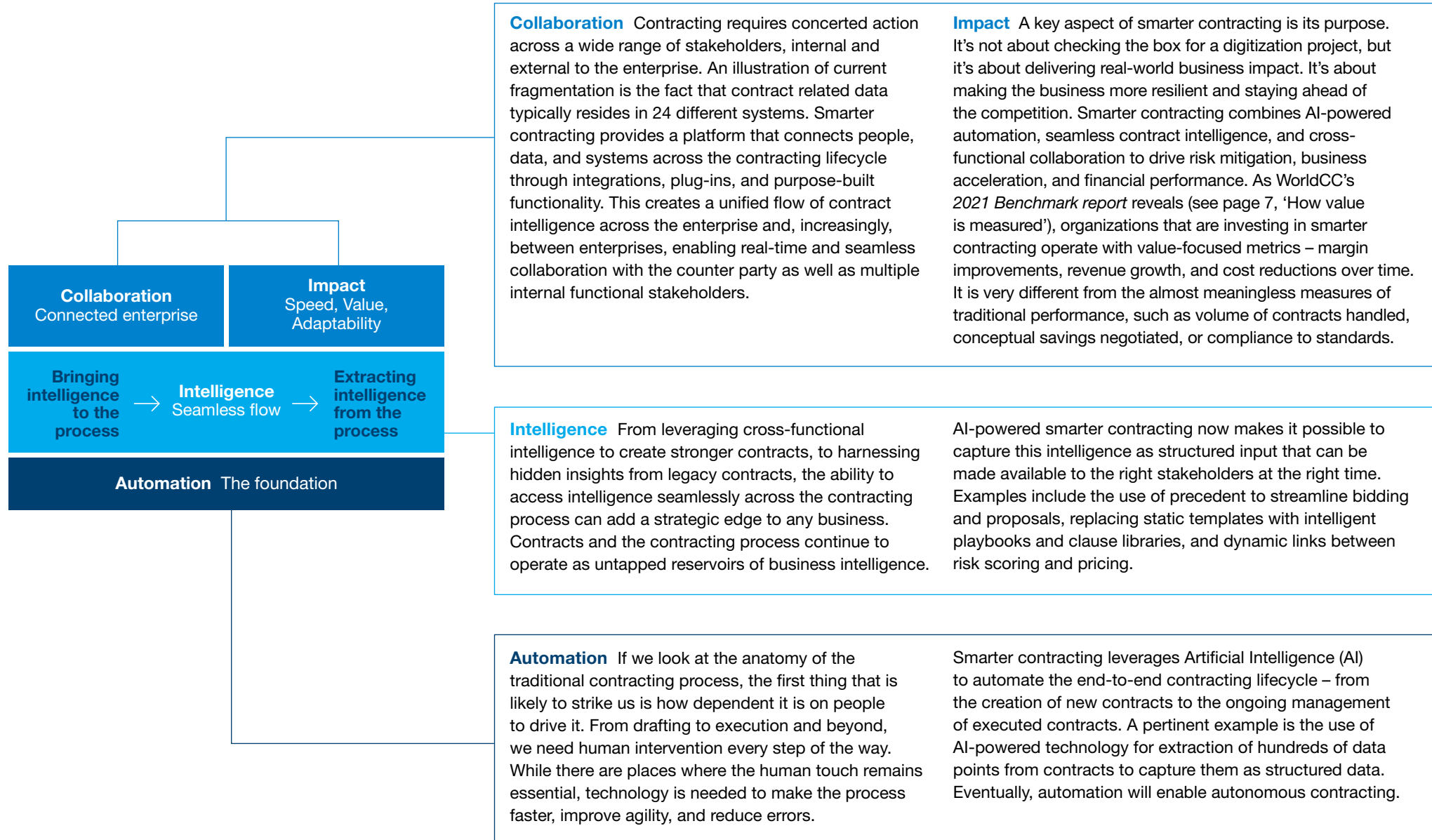
### What about smart contracts?

Are 'smart contracts' an example of 'smarter contracting'? The answer is no. While smart contracts offer efficiencies, they don't represent a step forward in intelligence. Once again, the contract simply awaits an input which triggers a pre-programmed action, such as payment authorization. Smart contracts are actually extremely dumb.



**Smart contracts are *not* smarter contracting but are actually extremely dumb.**

# The 'smarter contracting' model



# Where are we today?

Historically, contracting activities have been fragmented, with the multiple steps and phases involving different business functions, processes, and systems (see below). This has contributed to inefficiencies that result in additional costs, delays, and absence of useful data. For example, in the average large company or public sector agency, contract-related data sits in 24 different systems.

Without a clear owner, it has proved difficult to automate contracting and initiatives have often generated disappointing results. For example, a recent report by

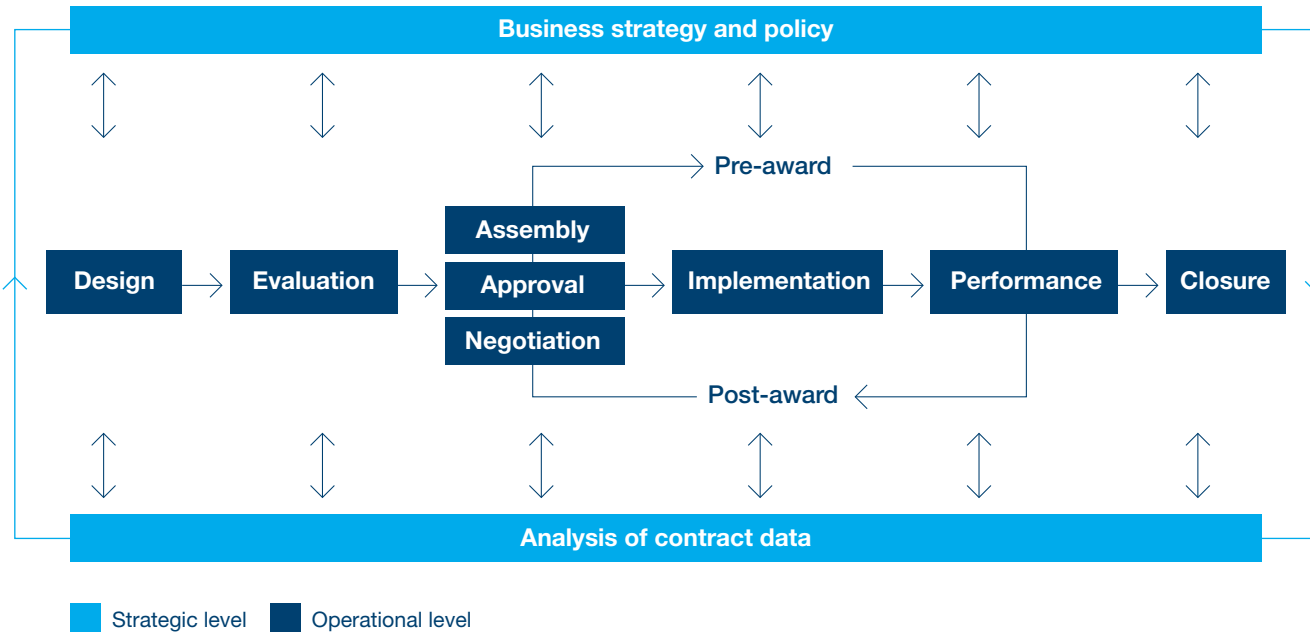
KPMG and WorldCC observed: “Within most organizations, it is not clear who has responsibility for identifying and acting on the need for improvement and change. Many initiatives therefore focus on sub-processes – for example, contract review and approval – without consideration for the upstream or downstream impact”. That same report illustrated the extent of fragmentation, with multiple handovers during the lifecycle, frequent variations in where responsibility lies, and typically a complete disconnect between sales contracts and procurement contracts.

[Continued over >](#)

*“Empowered by collaborative and intelligent technologies, contracting is entering a new era, providing a dynamic balance between the delivery of value and control. Those who grasp that opportunity are establishing commercial and contracting competence as a distinctive capability and source of competitive advantage.”*

**KPMG / WorldCC, Can the contracting process ever improve without an owner? May 2021**

## The Contracting Lifecycle – from the inception of requirement to fulfilment and closure





With less than 11% of organizations viewing their existing contracting process as 'very effective', it is not surprising that digitization and greater clarity of ownership have become a priority. The pandemic caused many to appreciate the problems created by lack of easy access to contracts, their terms, and performance data.

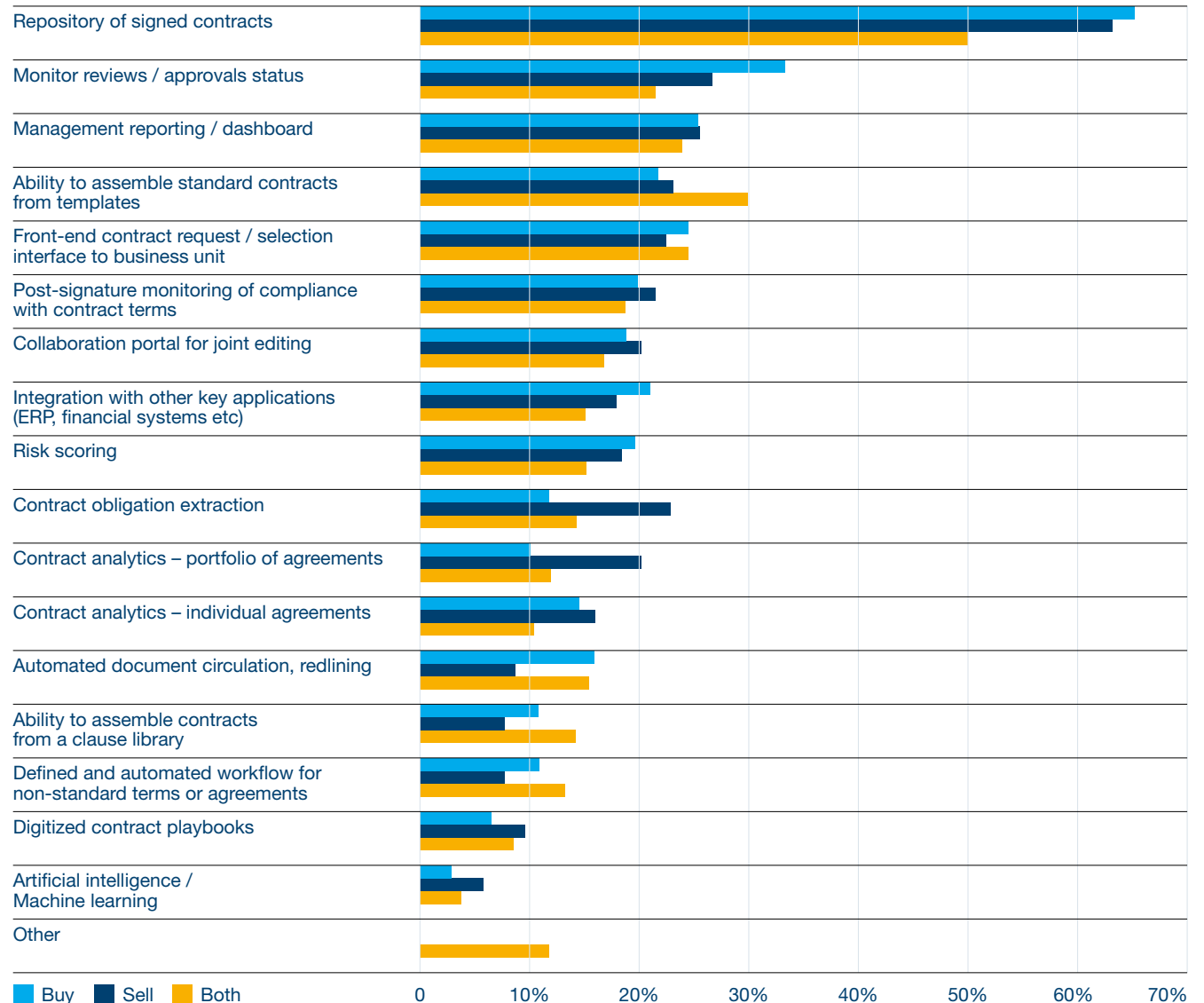
While this has resulted in an acceleration in technology adoption, there are still relatively few who can point to a fully functioning enterprise system. As the chart (right) shows, many of those who have undertaken step 1 (Automation) are still working on step 2 (Intelligence). [Continued over >](#)

### Barriers to change

While issues such as budget or the innate complexity of contracting are often cited as barriers to automation, experience shows that these are typically symptoms of the problem. The real barriers to achieving effective automation of the contracting process are:

- 1 **Ownership**
- 2 **Internal contention**
- 3 **Selecting the right solution**
- 4 **Lack of vision**  
Understanding what's achievable

### Automation and Intelligence



Many implementations have lacked vision. Their goal has been to drive efficiency, rather than examining the opportunities for increased effectiveness and value. This reflects the traditional view of contracts as inert objects that operate purely at a transactional level. It fails to grasp the potential of contracts – and the wider contracting lifecycle – as a valuable source of business and market

intelligence, especially when contracts are analyzed as a portfolio. Equally, contracts are rarely viewed or designed as 'boundary objects', creating opportunities for connectivity and collaboration. This is reflected in the traditional measurements applied to the performance of legal and contract management teams. As the chart below shows, 'smarter contracting' is accompanied by 'smarter measurements'.

As the chart below shows, those who engage in Smarter Contracting achieve (and measure) better results. This minority of organizations is forging ahead and starting to realize increased speed, value, and adaptability from their contracting process. Their view of contracts as business assets provides an enhanced ability to understand and respond to the risks and opportunities created by market uncertainty.

**How value is measured – by the best**



**And by the rest**



Source: World Commerce & Contracting, *Benchmark report 2021*

**Reaping the rewards**

- Speed**  
Up to 80% faster in average cycle time from bid to signed agreement
- Value**  
Up to 8% improvement in average contract value retention
- Risk**  
Advanced analytics and data-flows providing early warning and proactive intelligence
- Profitability**  
Organizations that invest in smarter contracting capability consistently demonstrate higher levels of profitability

# The benefits of 'smarter'

Every industry is under pressure to be more adaptable and agile, while at the same time operating in an environment of growing regulation and reputational risk.

The benefits of smarter contracting are:

- 1 Increased speed / efficiency
- 2 Improved business and management information
- 3 Enhanced resource and cost savings
- 4 Improved management of risk
- 5 Improved compliance / performance
- 6 Greater agility / adaptability
- 7 More attractive to do business with
- 8 Increased revenue / margin

**Through real-world case studies\*, it is possible to see the steady build from automation, to intelligence, to collaboration, and impact. For many, this will be a journey – but for others, 'smarter contracting' is a vision that can rapidly become reality.**

## Case study: Raiffeisen Bank International Better banking through stronger compliance

The financial services industry is one of those at the forefront of change, as this case study from Raiffeisen Bank International (RBI) illustrates.

*“Regulation in banking is ever strengthening and bringing more complexity, including in the areas relevant to outsourcing risk management.”*

As Edzard Janssen, RBI's Chief Procurement Officer explains, this meant RBI needed a way to effectively manage its contracts and prove to Austrian and European regulators that it met the requirements by:

- a) having complete visibility of its contractual landscape,
- b) identifying and managing outsourcing relationships, and
- c) ensuring ease of reporting.

Edzard acknowledges that this may seem straightforward, but it's slightly more difficult than it sounds. For example, “European regulators don't differentiate between internal and external suppliers when checking for banking risks and compliance, so there is a need for RBI to track more than about 1,000 group-internal contracts and 30,000 contracts with external partners”.

'Smarter Contracting' allows RBI to refocus on more complex, forward-looking challenges. “Now, we have all the documents we need in one system”, Edzard explains, “We have a single source of truth for all of our contractual information. We have all relevant metadata including the complete relevant regulatory information stored in the system and we have the flexibility to add metadata as required”.

Janssen has been highly pleased with how the contract management transformation has unfolded at RBI. “There are many contract management systems out there. The technology itself is not a differentiator. What is important to us is how much flexibility we have to adapt to changes in our banking environment and how it helps us to solve specific banking challenges, especially in regard to compliance”.

\*The case studies on pages 8–9 are examples of organizations who have demonstrated progressive vision and pioneering work in the contract management space. They have been written by WorldCC.



## Case study: Vodafone Delivering business value

Reinhard Plaza-Bartsch heads the digital and operations team of the Vodafone group supply chain organization. His team is responsible for commercial and operational assurance (including overseeing the company's big deals to ensure follow-through on all the commercial obligations and to maximize value realization), developing the supply chain organization's digital capabilities, identifying and monitoring supply chain risk, and ensuring service delivery, including through captive service centers.

*“Digitization needs to be very much linked to the actual expected business outcome.”*

This core principle is at the heart of Vodafone's smarter contracting journey. When Vodafone embarked upon its contract management digitization program, it wasn't looking to just automate the status quo. The goal was to build a next-gen contract management eco-system that would help make the business smarter and more resilient, leveraging the power of AI, ML, and other advanced technologies.

Today, Vodafone's contract management transformation program covers the end-to-end contracting lifecycle across contract authoring, storage, contract analytics, post-signature value realization, supplier performance management, and risk management. This is helping Vodafone harness the intelligence held in its contracts to improve risk mitigation, business outcomes, and financial performance across its commercial engagements. Global spend across 3,000+ suppliers is managed through this program. With 5,000 users across sourcing, procurement, contract management, technology, finance, and legal teams in 35+ countries, the initiative is bringing the whole enterprise closer together.

*“How can we enable our business to be faster, either through the access to information or because people are able to perform their tasks and activities in much shorter time?”*

Digitization enables smarter measurements. Reinhard further elaborates, “First and foremost are operational excellence metrics – has the cost to transact reduced, how often there is a need for human intervention in the process, how many transactions are seamless and touch free, does it take us less time to sign contracts, etc.

The second aspect is about value – are we enabling our commercial teams to add more value, either through savings or through joint revenue opportunities? And finally, they are about risk – are we able to monitor and identify proactively any risk in the supply chain and take necessary actions to minimize disruption in our business?”

*“Through this program, we are making our complete contract lifecycle smarter. From intelligent authoring and collaboration, to controlling risk and managing vendor performance – our business is stronger as a result.”*

In summary, says Reinhard, “We've been able to avoid contract leakages in supplier engagements. We've driven quite a lot of efficiencies in speed as we can now see the end-to-end process and are more effective in terms of how we operate. It also enables us to actively monitor performance and compliance.”

Vodafone's contract  
management transformation  
program covers:



# Pioneering the smarter contracting revolution

In a series of interviews, the SirionLabs leadership team provides perspective for their peer executives – the CPO, General Counsel, CFO and CIO/CTO.

## The CPO and General Counsel



**Tim Cummins,**  
**President, WorldCC**  
in conversation with  
**Ajay Agrawal,**  
**Co-founder and CEO,**  
**SirionLabs**

*“Only in the last decade, have people come to realize that the contract is an independent conveyor, a messenger of value.”*

The contracting process has really started to come into its own. People are now saying, let me understand what’s inside that contract, that we understand the implications that it has, for me, from a risk perspective, from a value creation perspective, and ultimately, to enterprise value. This change in posture, this realization at the executive level, has translated into a higher demand for contract management technology over the last five or six years, which has then resulted in the explosive growth in CLM technology.

The pandemic has also had an influence. It has forced us to challenge old assumptions, especially with regard to what technology can do for us. This impacts attitudes to the contracting process – for example, we now know that successful negotiations don’t have to be face-to-face, that performance management doesn’t require physical meetings.

We understand the blending of people and technology can create new ways of doing things, better ways – and contracting is no exception.

The real impact of smarter contracting is its potential to reduce the friction points that lie in the contracting process, both before and after signature. The pandemic has thrown light on two of those key friction points. The first is, no matter how well organized a modern enterprise is in terms of articulating its risk posture, and the policies and procedures and the approval procedures, that flow from that broader risk posture, their abilities were limited by the physicality that was built into contracting. The pandemic has forced people to examine and exert control over the process. For example, how do you exert control over the negotiation process without being in the room with the negotiator?

The second point is more reflective and backward-looking. The vast majority of our contracts are in the rear-view mirror, they belong to the legacy portfolio. The pandemic, coming on top of growing market volatility, gave a new urgency to understanding what was in them and, importantly, what was not in them – and perhaps should be in the future.

In summary, there are three key components to smarter contracting. The first is the ability to illuminate the past. So much of our present is shaped by the actions we took in the past. By analyzing our contracts, we can see what worked, what didn’t work, what went right and the areas where there is opportunity to improve – essentially a cause-and-effect analysis. The second component is the light we can shine on the negotiations we are doing now, ways we can develop autonomous contracting, and that’s a fascinating conversation. And then the third aspect is how we connect the dots after the contract has been signed, and maximize the probability of the anticipated outcomes, of value realization.

When you take these three developments in intelligence and contracting, and you overlay them on the broader shift that’s happening to buying business outcomes, to a subscription economy, we start to see complex networks of contracts, of collaborative, interconnected ecosystems.

*“Where SirionLabs really comes into play is the application of intelligence to illuminating the past and the application of deep technology to realize the business outcomes embedded in our contracts.”*

SirionLabs, a leading provider of AI-powered CLM technology, is at the forefront of the smarter contracting revolution. It’s end-to-end CLM platform, **SirionOne**, is trusted by world-leading businesses to get more value out of their contracts.

**SirionOne** connects all enterprise teams and delivers real-time intelligence across the contracting lifecycle for improved risk control, operational resilience, and accelerated growth. Watch this video for a quick overview.



## The CFO



**Tim Cummins,**  
**President, WorldCC**  
in conversation with  
**Rajeev Kumar**  
**Chief Revenue Officer,**  
**SirionLabs**

*“Contracting has been ignored or abandoned by the financial community.”*

The teams running financial operations can take a lot of benefit from contracts, but mostly they seem to have yielded their interest to the lawyers. There is always a commercial intent behind any contract, but this is often lost in the terms and the way they are written. So, the challenge that the finance teams have faced is that these terms have not bubbled up for their analysis, and for easily checking whether the commercial intent was realized or not. A large part of that was due to the lack of technology, the resulting difficulties of accessing, understanding, interpreting complex documents. Until now, contract management systems have not been able to bring that knowledge, that intelligence out, to enable finance teams to interrogate contracts in the way they should.

This is where smarter contracting comes into play – and we have been able to accomplish a lot in that field. For example, bringing the intelligence out of these contracts to flow to downstream functions, whether it is about invoice

matching, understanding the financial obligation, assigning it to the relevant teams, or checking the accuracy of data coming from the transaction system.

Contracts drive many of the costs and revenues of the business; they have a major impact on cash flow; they establish levels of financial risk – yet in general, the process has been ignored or abandoned by the financial community.

Today, as we face increasing volatility and uncertainty in markets, geopolitics, regulation, it becomes very apparent that organizations need a platform where they can come together as a team to look at what their commitments and their entitlements are, and work accordingly.

*“Ultimately, behind every contract, there is a commercial value, and that value is impacted by uncertainties. Finance teams need insight, they need real-time data that supports decision-making, they need systems that support collaboration. Contracts are not just about managing failure – they are first and foremost about supporting success.”*

## The CIO/CTO

**Tim Cummins,**  
**President, WorldCC**  
in conversation with  
**Deepak Bhasin**  
**SVP, Product, SirionLabs**

*“Something has changed over the last three or four years.”*

Artificial intelligence as a technology has become more mature and what used to be just theory has become very applicable in simplifying the contracting process and extracting greater value from it. At the first ‘platform’ level we are able to extract structured information from contracts. But that’s just the first use case in the journey to smarter contracting. Our goal is to create the autonomous contract, to steadily reduce human intervention in relatively standard situations and supplement human knowledge in more complex cases. This is being achieved over time, as we feed AI with a growing number of use cases. But the purpose of the platform goes much further. It should be considered as a form of distributed ledger that brings coherence and cohesion to the contracting process. Multiple people input or extract data during the life of a contract. So, we need clearly defined data rights that support collaboration.

The concepts are not new. At SirionLabs, from the beginning, we were designing a distributed ledger, with the right sets of access controls, to allow participation and collaboration from and between stakeholders.

We live in a fast-changing world that demands adaptability – being able to adopt new technologies that help us deal with volatile business conditions. The SirionLabs platform is unique in enabling rapid bolt-on of new capabilities.

### About World Commerce & Contracting

World Commerce & Contracting is a not-for-profit association dedicated to helping its global members achieve high performing and trusted trading relationships. With 70,000 members from over 20,000 companies across 180 countries worldwide, the association welcomes everyone with an interest in better contracting: business leaders, practitioners, experts and newcomers. It is independent, provocative and disciplined, existing for its members, the contracting community and society at large.

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### About SirionLabs

Bringing together category-leading innovation, unrivalled Contract Lifecycle Management expertise and a deep commitment to customer success, SirionLabs helps the world's leading businesses contract smarter. Powered by intelligence uniquely connected across the complete contract lifecycle, SirionLabs' easy-to-use, highly configurable CLM platform brings enterprise teams together to drive business acceleration, mitigate risk and enhance value realization. SirionLabs is trusted by over 250 leading organizations to manage 5+ million contracts worth more than \$450 billion across 70+ countries.

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