

# Model N

## MEASURING KPI'S THAT MATTER FOR CONTRACT LIFECYCLE MANAGEMENT

Enterprises that successfully manage complex and high volumes of contract portfolios do so with Contract Lifecycle Management (CLM). Integrated CLM systems provide transparency at every stage of the contract lifecycle, leading to less risk, higher profit, and shorter sales cycles.

### The Top 10 KPI'S of CLM





Aside from Key Performance Indicators (KPI) that are unique to a company, there are ten common factors that companies should monitor to ensure high business impact with successful ROI on their CLM investments.

- 1 Cycle Times from Contract Initiation to Signature
- 2 Duration of Contract Bids in Queue, by Type and Geography
- 3 Delays in Approvals and Cycle Times
- 4 Contract Volumes per Customer, Partner Type & Geography
- 5 Qualitative Contract Value Assessments and Scoring
- 6 Historical Trends Performance Analysis
- 7 Contract Obligation Performance Management and Monitoring
- 8 Deviation of Contract Terms from Standard Clauses
- 9 Percent of Agreements Expiring without Effective Renewals
- 10 Inappropriate Authorization and Signature Approvals

KPI'S are typically organized into three sections:

### TACTICAL, PERFORMANCE, AND RISK-BASED

### Tips for Determining CLM Effectiveness for KPI'S

-  Define contract lifecycle stages and processes in measurable steps for each agreement type
-  Track milestones, contract performance, financial elements, and outcomes contained within contracts
-  Ensure compliance through contract governance
-  Integrate with CRM, CPQ and ERP systems for expedited quote-to-cash cycles, and performance compliance

A centralized CLM function improves contract volume efficiency by

**70%**

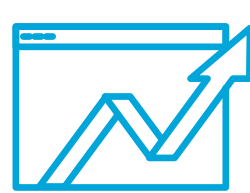
**19%**

of KPI'S in top performing organizations are met and managed using CLM solutions

Growing rapidly the CLM market increased 18% over 2017 with SaaS subscriptions rising

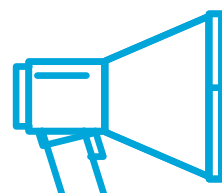
**28%**

### The positive impact of CLM SOLUTIONS



#### Financial

An average of **9.2%** annual revenue recovered



#### Reputation

Up to **40%** impact on net satisfaction



#### Innovation

Average **3x higher** margin

CLM objectives should follow the SMART Contract Lifestyle:

**S**pecific  
**M**easurable  
**A**ttainable  
**R**elevant  
**T**ime-based

There is a growing interest in understanding how **contract design** and **automation** can impact efficiencies throughout the contract lifecycle.

### ORGANIZATIONS LACKING THE ABILITY TO TRACK KEY PERFORMANCE INDICATORS ARE AT RISK FOR:

Rogue Contracting

Ineffective Relationships with Customers and Channel

Lost Time and High Costs

Inability to Adjust to Competitive and Market Demands

Non-Compliance Penalties

Missed Opportunities



Download the **Model N Actionable Analytics: The IT Factor for SMART Contract Lifecycle Management White Paper** for more information on how to use CLM to further the effectiveness of your contracts and business.

Model N

www.modeln.com

#### Resources

- IACCM Research: Benchmarking Study, 2015
- Forrester Research, Inc., Market Overview: Contract Life-Cycle Management, Andrew Bartels December 29, 2014
- IACCM: Contract and Commercial Management 2015 Benchmark Study, 2015
- Forrester Contract Lifecycle Management Market, 2017
- Aberdeen Group, Contract Management: Key Attributes and Best-in-Class Results, June 2015
- Mondel N Contract Lifecycle Process Flow Diagram, Model N 2015