

Questions and Answers for June 28 ISM Web Seminar *Contract-centric Approach to Procurement*

Dianna, have you had some interest from other departments like Sales to manage other types of contracts? Does/can this help sell the project or will this slow your progress?

Managing change can definitely slow progress in any project if not handled in an effective manner. Clear and frequent communication and leadership support is key to successful implementation efforts. I suggest looking at the entire organization to implement the contract management solution to make the whole organization benefit and become efficient and effective with their contracts. When implementing the entire organization, it is recommended to follow a phased approach; bringing a couple of departments “live” at a time. By narrowing your scope, you are able to manage the change efforts more effectively.

I understand that you utilize FileNet at your company, but chose to store the contracts with the Contract database. Can you expand on that decision?

Document management systems have extremely limited functionality in contract management— no authoring, analytics, compliance etc.

How about change management? Amendments, SOWs, Addendums.

Most contract management systems have at least two sets of functionality that support change management: lifecycle controls and audit logs. Systems typically offer amendment capabilities, and depending on their level of sophistication the ability to manage SOWs and Addendums as well.

When gathering your contract data does the format need to be editable electronic such as word so specific clauses can be identified for the purpose of creating templates or loading into software so it can be used for specific reporting?

Not necessarily – you can manually type them in or fax them into the application and/or use other vehicles depending on the objectives. However, it is highly recommended to migrate data from paper copies to an electronic format to ease in creation activities

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Can one contract management tool manage service performance contracts like professional services, construction contracts, widget supply, or large scale R&D projects?

The ability to manage multiple and complex contract types varies significantly from system to system. Basic systems are limited in this area and offer a smaller collection of template types and options. More sophisticated systems can manage any contract type and offer routing rules on per template basis allowing for management of the issues unique to different types of performance contracts. Enterprise class tools will also be available allowing new templates to be created as necessary.

We are using Documentum and Oracle. Is it possible to automate our process in order to get Documentum data into Oracle?

To some degree, yes – this ultimately comes down to the type of data you’re looking to migrate into Oracle, that being structured vs. unstructured data. Structured data can also be hampered, depending on how your DCTM doc-base is structured and a number of other factors to lengthy to describe concisely without knowing more.

Does I-many have a module to assist with the evaluation of RFP responses?

Yes, our RFP Manager solution offers evaluation features that assist organizations in evaluating the responses – for example, objective and subjective criteria, weights, etc.

Can you say more about the ROI associated with SOX compliance?

The ROI of any SOX compliance solution is difficult to measure in that a violation of Sarbanes Oxley 404 compliance has yet to be documented and as a result, no penalties have been assessed against which to establish a cost benefit ratio. In the end, an ROI evaluation should be based on the estimation of the risk associated with a failure to comply with 404 (which could range from a drop in stock price, loss of executive leadership or any number of consequences) and that solutions ability to mitigate that risk.

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Could you recommend some contract system providers?

We recommend reading the following document to learn more about important aspects of the evaluation and selection process: "The Myths Pitfalls and Realities of Contract Management Software." You can download a copy at <http://www.imany.com/whtppr/default.asp>.

In addition, IACCM, Aberdeen and I-many are presenting a complimentary Webcast "Strategies for Successful Contract Management Solution Selection and Deployment" on July 14. This webcast will draw on Aberdeen Group's outstanding new report " , together with IACCM's latest research and I-many's case study experience, participants will gain the knowledge they need to advise management, guide selection and plan implementation.

You can sign up for this Webcast at <http://www.imany.com/aberdeen>

** All registered attendees will receive a copy of Aberdeen's "**The Contract Management Solution Selection**" Report.*

How do you report expenditures off of contract? How do you recommend integrating tiered pricing terms kicking in to ensure compliance and price changes?

The easiest way to report rogue spending is to utilize exception reporting capabilities in solutions like I-many's Compliance Manager. One method used by such a tool would be to compare payable activity in the form of purchase orders against a repository of vendor specific contracts. If PO arises that does not have a corresponding contract, the discrepancy is noted by the tool and reported. The response to the exception can be as simple as an alert or notification to an appropriate party, inclusion in a report or the initiation of an automated workflow which takes corrective action (blocking authorization of the PO as an example).

Tiered pricing arrangements are really just a set of rules, specific to a given vendor or purchasing situation. No matter how complex, these rule sets can be captured as conditions in a rules engine which in turn is used to monitor transaction activity as outline above. In this case, corrective action is more likely to take the form of a deduction from a vendor invoice when appropriate tiered pricing isn't applied. The trick is in the aggregation of purchasing information as it occurs – this can be handled by compliance tools as well.

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Is a CM system's value lowered without an integrated ERP system?

This really depends on the state of your existing contract repository. If it is the paper-based, disparate system that most companies deal with then benefits tend to be quite high, with or without integration. As companies become more sophisticated in their use of electronic contract repositories, integration to ERP systems becomes more of a factor.

Has anyone dealt with the new patent issues of business processes and if so, how is this dealt with in Contract Mgt?

There has been some activity in this area. We can provide guidance once we understand your needs in more detail as the specific aspects of managing new patent issues can vary significantly depending on the customer's needs.

What is the range of cost for the software itself?

The cost of the solution depends on a number of factors, including the functionality to be deployed (via modules), user counts, and integrations. Solution prices typically range between \$100K and \$1.5M+.

How can a company prevent loss of visibility once contracts are filed?

If they are filed manually, in paper form, the task is tremendously difficult. Indexing in an access database or excel can help to a small degree. That's the benefit of implementing an enterprise contract management system which will provide more visibility and control of your contracts.

Pierre stated that a starting point is a single set of master data files across the enterprise. Where would that reside? The ERP system or elsewhere?

Typically yes, ERP.

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Aren't we beginning to see ERP systems evolve to do CM via document linking and/or data warehouse implementations?

For years, many ERP providers have claimed CM solutions by offering document linking and other basic capabilities. However, for organizations that carefully look at CM solutions there is no comparison between true CM products today and solutions being offered by ERP providers. This is due to the fact that important aspects of CM solutions extend well beyond document linking capabilities.

I get the impression that the integration of an ERP system and Contract Management System is almost impossible. How do you resolve if the company has decided to use both and integrate?

Integrating between CM and ERP systems certainly is not impossible, and the level of effort depends on the architecture and level of expertise that the vendor has in this area. For example, with respect to I-many we have been successfully integrating our CM solutions to ERP systems since inception. As a result, the conflict implicit in this question is not present – at least for vendors who have expertise in this area.

At what level (financially) should a company seriously consider implementing a Contract Management System?

Literally every organization once it reaches a specific size and revenue threshold should seriously consider implementing a solution to realize business process improvements along with significant cost savings. Organizations that as a result of their industry or focus have either large numbers of contracts or due to other factors have higher exposure in this area should consider implementing a solution immediately. Again, the financial threshold varies but organizations with as little as \$200M in annual revenue should consider a solution.

The chances of an off-the-shelf CM solution working with an existing ERP system is slim. Are most CM solutions custom programmed to meet individual needs?

Out-of-the-box integration is not possible. However, enterprise-class software vendors have become quite adept at on-site integration and configuration as a matter of course.

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Are there non-commodity like purchases that you have found to be difficult to manage in a CR or ERP system? For example, consulting services, software licenses, software development, or leases. How do you purchase, track and manage these items?

Non-commodity purchases are not handled well by ERP vendors. Vendor like I-many and others have spent many years developing and maturing solutions for exactly this type of issue.

Need a list of vendors with established contract and vendor management software programs licensed for use in Canada. Can anyone help with this?

You'll find that all US based CM vendors, including I-many, are licensed for use in Canada. We'd recommend reading the white paper "The Myths Pitfalls and Realities of Contract Management Software" before you begin your search. You can get a copy at <http://www.imany.com/whtppr/default.asp>

Is there a Canadian rep for i-many - specifically BC?

Yes, I-many has a rep that handles sales for the Pacific coast, including BC. Please email us at info@imany.com or call us at (800) 832-0228.

Would you recommend using Microsoft Access to track contracts? Do you have any experience using Access and have any suggestions?

Access can be used but provides little value beyond that of a basic index. A variety of options are available across a range of price constraints.

Are there web site resources that compare and contract a variety of Contract Management Systems?

There are a number of resources available from research organizations like Aberdeen, AMR, Forrester, or IACCM (International Association for Contract and Commercial Management). I'd recommend speaking with Tim Minahan of the Aberdeen Group or Andrew Bartels of Forrester.

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What type of C.M system is utilized when there is not an ERP system used, as in Government Purchasing?

Many CM solutions are actually quite robust and often have the ability to manage needs such as the one you are contemplating without integrating with an ERP system.

Are there a CM system that includes decision support for terms and conditions based on subject matter and contract type?

Yes. Through business rules and configuration a number of providers have this capability. I-many is one of those providers.
