Enterprise Contract Management and Assembly

Manage Your Contracts in One Solution

Introducing Enterprise Contract Management and Assembly in SAP S/4HANA®
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Historically, IT solutions for managing contracts only dealt with either buy-side contracts or sell-side contracts. These functional silos made it difficult, if not impossible, for CFOs, general counsels, and corporate decision-makers to get a holistic view of contractual rights and obligations and to treat them as digital assets that hold business value.

At SAP, we offer a solution that **manages all enterprise contracts in one central repository** to increase contract visibility, business focus, and commercial agility. This solution is for SAP S/4HANA® customers looking for an enterprise-wide contract lifecycle management solution with back-end integration with SAP® software. It comes in a variety of deployment options: the SAP S/4HANA Cloud solution for enterprise contract management and assembly as well as an on-premise deployment of the SAP S/4HANA solution for enterprise contract management, with the ability to include the SAP S/4HANA Cloud solution for enterprise contract assembly. Moreover, our contract management solution is open and can be connected to any other solution.
Visibility, Focus, and Agility: Taking Control of Your Contracts

The business requirements of large enterprises for managing contracts with customers, suppliers, and partners are changing. Contracts were previously perceived as an addition to operational processes in all lines of business. Consequently, the management of these contracts was siloed in procure-to-pay and source-to-pay solutions and in quote-to-cash and configure, price, and quote solutions.

Now, enterprise contracting is increasingly seen as a corporate business object in its own right. This enterprise process is still integrated with the operative lines of business but with a focus on contracts as the central business objects. By managing all enterprise contracts in one central repository and by gaining a holistic view of these contracts, enterprise contracting establishes best practices and increases business focus and agility. The new solution from SAP closes the gap in existing ERP software with the inclusion of the management of legal documents.

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The Emerging Market of Enterprise Contract Solutions

There are three reasons for the emerging market of enterprise contract solutions.

**ENTERPRISE-WIDE CONTRACT VISIBILITY ENABLES CONSISTENT COMPLIANCE AND REDUCES RISKS**

The first reason for this emerging market is compliance. Increasingly complex government regulations and internal policies make it hard to know if seemingly good business decisions are also compliant with the law and with corporate policies. If contracts are managed separately by each line of business and stored on department servers or even on local drives, compliance officers cannot guarantee consistent compliance across the whole enterprise. SAP S/4HANA Cloud for enterprise contract management and assembly offers compliance officers full visibility of all enterprise-wide contracts and helps reduce corporate risks.
AN ENTERPRISE-WIDE BUSINESS FOCUS REDUCES COSTS AND INCREASES REVENUE

The second reason for the market trend moving away from line-of-business (LoB) contract management and toward enterprise-wide contract management is the increased need for transparency of contract contents. LoB contract solutions often manage contracts only as opaque files attached to sales or purchase orders. Business leaders who must understand the total scope of the enterprise’s engagements, or need to compare contractual terms and conditions across all lines of business or multiple contract types, were forced to conduct time-consuming and labor-intensive manual reporting. With enterprise contract solutions, these business leaders can leverage contracts as digital assets and focus on their business content for negotiating bulk rates with vendors or identifying customer up-selling and cross-selling potential.

SAP solutions for enterprise contract management and assembly offer increased control, optimized output, and faster response times for higher contracting performance.
ENTERPRISE-WIDE CONTRACTING AGILITY LEADS TO COMPETITIVE ADVANTAGES

Finally, enterprise-wide contract management also creates competitive advantages through agility. When legal regulations change – consider, for example, the new accounting rules for leases, the International Financial Reporting Standards, or the EU’s General Data Protection Regulation – as the company offers new products or services or enters into new markets, existing contracts and contract templates across the whole enterprise must be adjusted to the new requirements. As a result, legal departments often have to invest a lot of time and effort to find all legal assets that are affected by the changes. With enterprise contract solutions, these legal assets can be found more efficiently, and the updates can be done faster, better, and more cost-effectively. New contracts can be assembled automatically on the basis of preapproved legal templates, clauses, and other text blocks. By speeding up contracting, innovative products and services can be brought to market faster.

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Managing All Enterprise Contracts in One Central Repository

SOLUTION BENEFITS
Enterprise contract management and assembly solutions from SAP offer increased control, optimized output, and faster response times for higher contracting performance.

Increased Control
• CFOs, general counsels, and contracting and commercial leaders conveniently use SAP S/4HANA to make intelligent contracting and business decisions for their enterprises.
• Using an online contract request tool, all solution users can initiate the contracting process by creating legal transactions to manage the full lifecycle of contracts and contract versions.
Faster Response Times
- Contract management templates enable users to leverage different contracting scenarios and contract types to close the gap between operational contract data and legal contracts and adapt quickly to legal changes, new products or market entries, and changed internal policies.
- A contract template, clause library, and online editor allow for the automatic assembly of contract drafts.

Optimized Output
- Flexible metadata enables contract classification and enterprise-wide search and reporting.
- Collaboration tools such as workflows, notes, notifications, reminders, and chat using the SAP CoPilot digital assistant streamline internal approvals and other internal alignment processes.
- Through integration with Microsoft Word, existing contracts can be easily imported and exported for negotiations with other parties.

Higher Contracting Performance
Contracting performance is monitored in a flexible dashboard.
Avoiding Value Leakage

The International Association of Contract and Commercial Management estimates that companies lose up to 9% of their annual revenue due to poor contract management.

SOLUTION BENEFITS
SAP S/4HANA Cloud for enterprise contract management and assembly helps avoid such value leakage. The solution reduces the costs of compliance, streamlines the contracting process, and provides enterprise-wide business insights, unlocking the hidden value of contracts.

Lower Operating and Compliance Costs
• Higher personnel productivity in managing and assembling contracts and other legal content leads to lower corporate operating costs.
• Improved insight into contractual obligations means no missed due dates, no unwanted contract renewals, and no fines for lack of compliance.

With enterprise contract solutions, business leaders can leverage contracts as digital assets and focus on their business content for negotiating bulk rates with vendors or identifying customer up-selling and cross-selling potential.
Full Leverage of Contractual Rights
Improved insight into contractual rights means “no money left on the table.”

Improved Ease of Doing Business
- The solution provides one single source of truth for contracts.
- Deep and context-specific insights for fact-based and proactive decisions help eliminate errors.
- The solution increases adoption due to a user-friendly application interface.

Lower Total Cost of Ownership
Deploying an enterprise-wide contract management solution allows for the discontinuation of legacy LoB-specific solutions and reduces total IT costs.
Deployment Options

There are two deployment options for enterprise contract management solutions from SAP. Customers can decide whether they’d like to manage their contract documents on premise or in the cloud.

CLOUD DEPLOYMENT
SAP S/4HANA Cloud for enterprise contract management and assembly is the cloud edition for these capabilities.

ON-PREMISE DEPLOYMENT
SAP S/4HANA for enterprise contract management includes the option to license SAP S/4HANA Cloud for enterprise contract assembly, if contract assembly capabilities are needed.
Quick Facts

SUMMARY
With intelligent solutions for enterprise contract management and assembly from SAP, you can conduct business more effectively, keep your customers and suppliers happy, and outperform your competitors. Choose from the SAP S/4HANA® Cloud solution for enterprise contract management and assembly* or an on-premise deployment of the SAP S/4HANA solution for enterprise contract management, which can include the SAP S/4HANA Cloud solution for enterprise contract assembly. The solutions make it easy to request contracts online, automate contract creation, use workflows, manage document versions, and standardize reviews, approvals, and processing. Easy and fast enterprise-wide access to all legal content enables you to approach contract management from a whole new angle, thereby ensuring legal compliance, increasing contracting performance, and transforming the ease of doing business.

*SAP S/4HANA Cloud for enterprise contract assembly only works in integration with SAP S/4HANA for enterprise contract management, is planned for September 2019 (with on-premise SAP S/4HANA for enterprise contract management), and is part of the November 2019 cloud release of SAP S/4HANA Cloud for enterprise contract management and assembly.
Objectives

- Keep up with a fast-changing business environment
- Meet customer and partner demand
- Increase market and supplier reputation
- Implement best practices
- Increase visibility and transparency
- Adjust contracts easily when regulations change
- Overcome internal bottlenecks
- Speed up reaction times
- Reduce operational costs
- Improve profit impact

Solution

- Efficient and effective contract management
- Enterprise-wide control
- Smart dashboards
- Easy auditing
- Embedded collaboration
- Process adherence and streamlined workflow
- Context-dependent metadata and fields for reporting
- Self-service contract and legal content request
- Reduced manual effort
- Categorization and tagging
- Built-in compliance with the General Data Protection Regulation and International Financial Reporting Standards
- Smooth integration with other SAP S/4HANA software and cloud solutions from SAP
Benefits

• Use of master data in SAP S/4HANA
• Upgraded security and lower total cost of ownership
• High contracting performance
• Ability to manage large contract volumes
• End-to-end transparency
• High-quality communication with internal stakeholders
• Improved ease of doing business
• Control over digitalized contract data
• Increased productivity
• Decrease in fees for compliance and service-level-agreement violations
• Enhanced reputation overall