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The Evolution from Contract Management to Agreement Intelligence

CONCORD'S 2024 MARKET REPORT
BASED ON OUR SURVEY OF FINANCE AND OPERATIONS LEADERS

EXECUTIVE SUMMARY

This report reveals a significant shift in how finance and operations departments approach contract lifecycle management (CLM).

Through interviews with finance and ops leaders across numerous industries, we uncover a growing demand for CLM solutions that move beyond basic legal compliance to become strategic drivers of operational efficiency, data-driven decision-making, and financial performance.

We highlight key challenges with legacy approaches, examine the transformative potential of AI, and recommend actionable steps for leaders seeking to optimize their CLM strategy for competitive advantage.

ABOUT CONCORD

Concord empowers growing businesses to make smarter operational decisions by unlocking actionable insights from all their contracts using Agreement Intelligence. Trusted by over 1,500 companies and 1 million users worldwide, Concord enables people to swiftly sign agreements and easily access crucial business data.

Introduction

The cost of poor contract management exceeds $2 trillion per year globally.[1] Missed renewals, unfavorable terms, and compliance breaches can drain millions from a company's bottom line.

What’s more, contracts are no longer just static legal documents. They are dynamic, data-rich assets crucial to a company’s financial health. This shift is especially pronounced in corporate finance departments, where contracts are increasingly viewed as strategic tools for driving operational efficiency, smart financial planning, and ultimately, greater profitability.

This report, drawing from interviews with finance and operations leaders across many different industries, exposes the limitations of traditional, legal-centric CLM — and reveals how forward-thinking organizations are leveraging technology to transform their contract processes.

We'll explore the key challenges finance and ops teams face, the evolving role of AI, and the critical need for integrated, data-driven CLM solutions. Our aim is to provide finance leaders with actionable strategies and clear insights for maximizing contract value.

Let’s dive into the insights.

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[1] Deloitte and Docusign (2024). *Unlocking the Value of Agreement Management*. https://www.docusign.com/deloitte-agreement-study-2024

Insight #1: Contract management is evolving beyond legal.

100% of survey respondents noted that contract ownership is evolving beyond the legal department. No longer confined to lawyers and paralegals, CLM is becoming a cross-functional imperative.

CFOs, finance heads, operations managers, and procurement specialists are all taking greater ownership of the contract process. This reflects a fundamental change in how contracts are perceived – not just as legal documents, but as dynamic data assets crucial for operational efficiency and financial performance.

This shift is driven by the growing complexity of modern business and the increasing need for data-driven insights. "I am in charge of everything CLM. And our legal counsel does more with the law itself," explains one head of operations at a tech company, highlighting the division of labor where operational aspects of contract management fall outside the traditional legal purview.

This decentralization empowers business units to manage their contracts more efficiently, aligning contract terms with specific business objectives.

"I am in charge of everything CLM. And our legal counsel does more with the law itself."

head of operations at a tech company

Nikos Anthopoulos, Efficiency Manager at Navarino, echoes this sentiment: “I'm under the office of the CEO. My role is to help processes and software run faster.” This illustrates the focus on speed and efficiency that drives operational teams to take a more active role in CLM.

The implications for CLM systems are clear. Solutions must cater to a wider range of users with varying levels of legal expertise. Intuitive interfaces, streamlined workflows, and robust reporting capabilities are essential for empowering non-legal users while maintaining compliance and data integrity.

As one head of finance at a healthcare organization notes, much of the contract process happens “outside of our CLM software,” especially “signing and document management.” This underscores the need for CLM systems to support the entire contract lifecycle, from initiation and negotiation to execution and renewal.

Furthermore, integrations with other business systems are vital for enabling seamless data flow and cross-functional collaboration. The challenge — and the opportunity — lies in finding the right balance between empowering business users and maintaining appropriate legal oversight.

“I'm under the office of the CEO. My role is to help processes and software run faster.”

Nikos Anthopoulos,
Efficiency Manager at Navarino

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Insight #2: Leaders struggle for visibility into contract data.

100% of survey respondents highlighted the lack of real-time visibility into contract data as a major pain point. This isn't simply about locating contract files; it's about accessing the critical data within them to inform strategic decisions.

Gaia Olcese, Procurement Manager at Satispay, vividly illustrates the common struggle: “Better visibility would be amazing. We have more than 12,000 contracts, and their data is not sorted.” This inability to quickly find and analyze contract data hinders proactive management, creates inefficiencies, and exposes organizations to unnecessary financial risk.

The demand for real-time visibility translates directly into a need for robust reporting and search capabilities within CLM systems. Finance teams require customizable dashboards, automated alerts, and advanced analytics to proactively manage their contract portfolio.

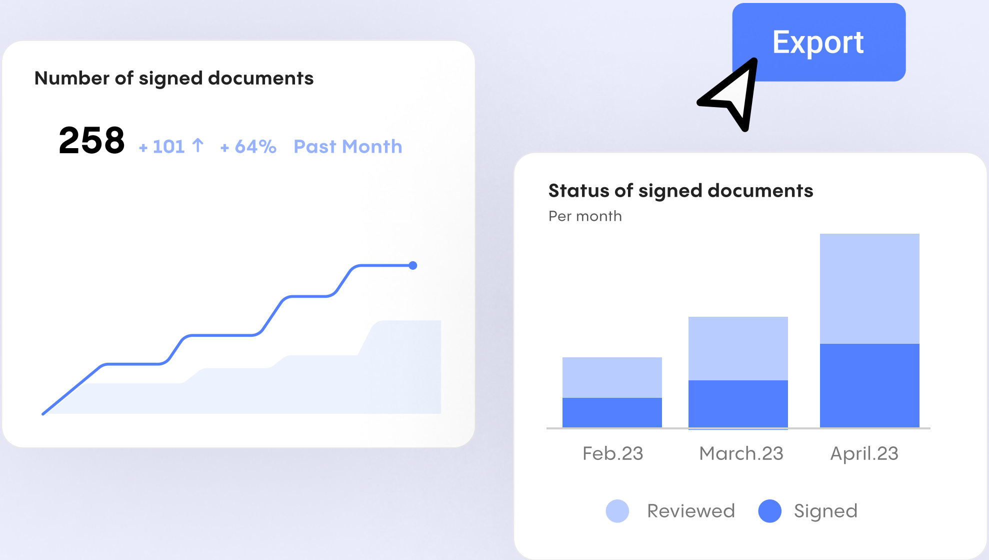
Granular search functionality is especially crucial — because finance teams need to quickly pinpoint specific clauses, key terms, and financial obligations *within* lengthy agreements, not just retrieve the entire document. The CFO of one healthcare organization, emphasizes this point: “When I query in our legacy software, the search brings up the document, but it’s a hundred-page document. The software is *not* showing me where it is *in* the document.”

> “Better visibility would be amazing. We have more than 12,000 contracts, and their data is not sorted.”

Gaia Olcese,
Procurement Manager at Satispay

Scalability is also paramount. As businesses grow, so do their contract portfolios. “At the end of the day, we just need to make sure that we have that paper trail,” says Jonathan Chang, VP of Finance at Kojo. CLM solutions must handle increasing contract volumes efficiently without sacrificing performance or data hygiene.

Without robust search functionality, manual data entry and reconciliation become a significant burden, exacerbating the visibility problem and hindering strategic decision-making. Real-time visibility, powered by robust reporting, search, and scalability, is no longer a luxury but a necessity for modern finance teams seeking to optimize contract value and mitigate risk.



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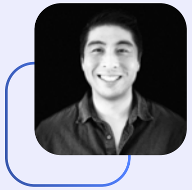


Jonathan Chang
VP of Finance at Kojo
KOJO

Insight #3: A "single source of truth" requires an integrated CLM.

The concept of a "single source of truth" for contract data is a powerful ideal. However, **75% of survey respondents acknowledged that achieving this ideal is more complex than it sounds**. Data silos, where contract information is scattered across ERPs, CRMs, specialized tools, and even email inboxes, are the primary obstacle. This fragmentation hinders accurate reporting, forecasting, and informed decision-making.

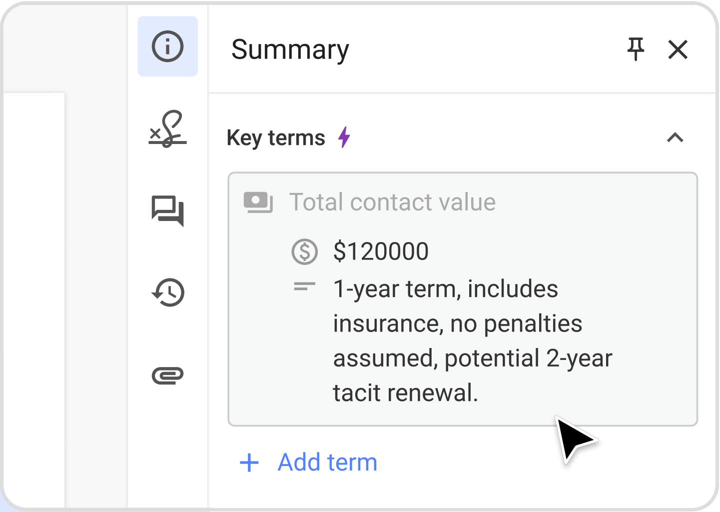
Dan Murphy, a software CFO, captures the common aspiration, while also hinting at the challenge: "The source of truth is always the general ledger, at least from a CFO's perspective, regardless of anything else." But while the general ledger *should* be the ultimate source of truth, the reality is that contractual obligations and financial data are often misaligned across systems.

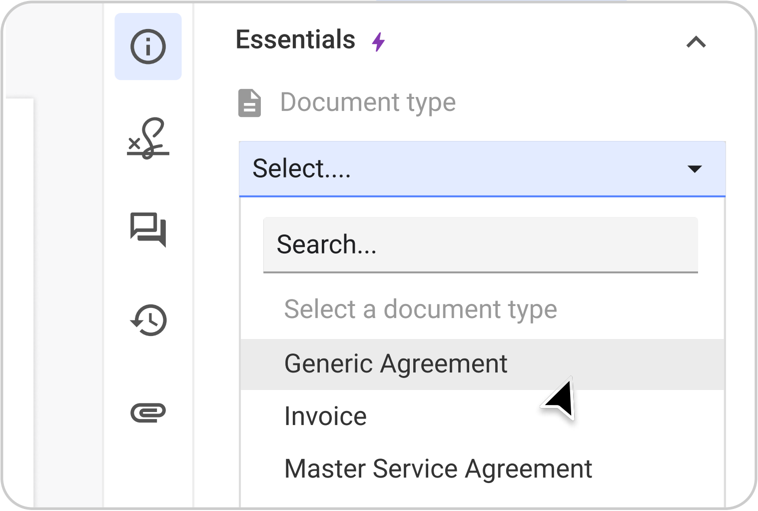
One head of operations at a tech company provides a concrete example: "We do these changes in our invoicing system, but it's not something that is reflected in our CLM." This disconnect between invoicing and contract data creates a fragmented view of customer relationships and can impact revenue recognition.

Similarly, David Morgan, CFO at Loop Returns, describes how his billing team often has to "crack open the PDF" because not all contract information syncs with their billing system. This reliance on unstructured data highlights the inefficiency and potential for errors inherent in manual reconciliation.

These data discrepancies underscore the crucial need for tighter integration and automated data flow between systems. Pepe Carr, General Counsel at Sand Technologies, emphasizes the problem of relying on “individuals’ memory,” stating that it’s the “worst part of legal document management.” He highlights the need for automated data extraction and validation tools within CLM systems to minimize human error and enforce data standards.

Ultimately, achieving a true “single source of truth” will require CLM tools that sync data with ERP and CRM platforms. Furthermore, organizations will have to prioritize data hygiene, robust data validation processes, and technology that enables seamless data integration between all relevant systems. AI-powered solutions that automatically extract and validate contract data hold significant promise for bridging this gap and empowering data-driven decision-making.





AI-powered solutions that automatically extract and validate contract data are critical for creating a real “central source of truth.”

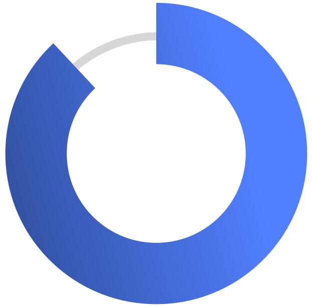
Insight #4: Proactive renewal management is key to cost control.

Even with existing CLM tools, effectively managing contract renewals remains a persistent challenge. A full **88% of survey respondents highlighted this pain point, emphasizing its significant financial implications.** Missed renewals translate to lost cost savings, unexpected budget overruns, and potential service disruptions. Proactive renewal management is not just an administrative task; it's a strategic imperative for cost control.

The costs of reactive renewal management are substantial. Failing to renegotiate favorable terms before auto-renewal clauses activate can lead to inflated pricing. David Morgan, CFO at Loop Returns, succinctly captures the pain: "We've passed an auto renewal cut off date, and now we're locked in." This highlights the financial repercussions of delayed decision-making. Conversely, letting critical contracts lapse can disrupt operations and severely impact revenue.

The cornerstone of proactive renewal management is timely identification of upcoming deadlines. Automated alerts and workflow triggers are crucial for keeping track of key dates, ensuring renewals are addressed proactively, not reactively when it's often too late.

One contract specialist at a healthcare organization underscores the need for automated follow-up: "I want a notification to be sent to me: 'This contract automatically renewed for this much money.'" Automated notifications prevent costly oversights, and can save thousands of dollars a month for organizations that implement them consistently. Perhaps surprisingly, then, many of our interviewees say their finance departments weren't using automated alerts before they themselves implemented such a system.



88%

of survey respondents highlighted the significant financial implications of proactive renewal management.

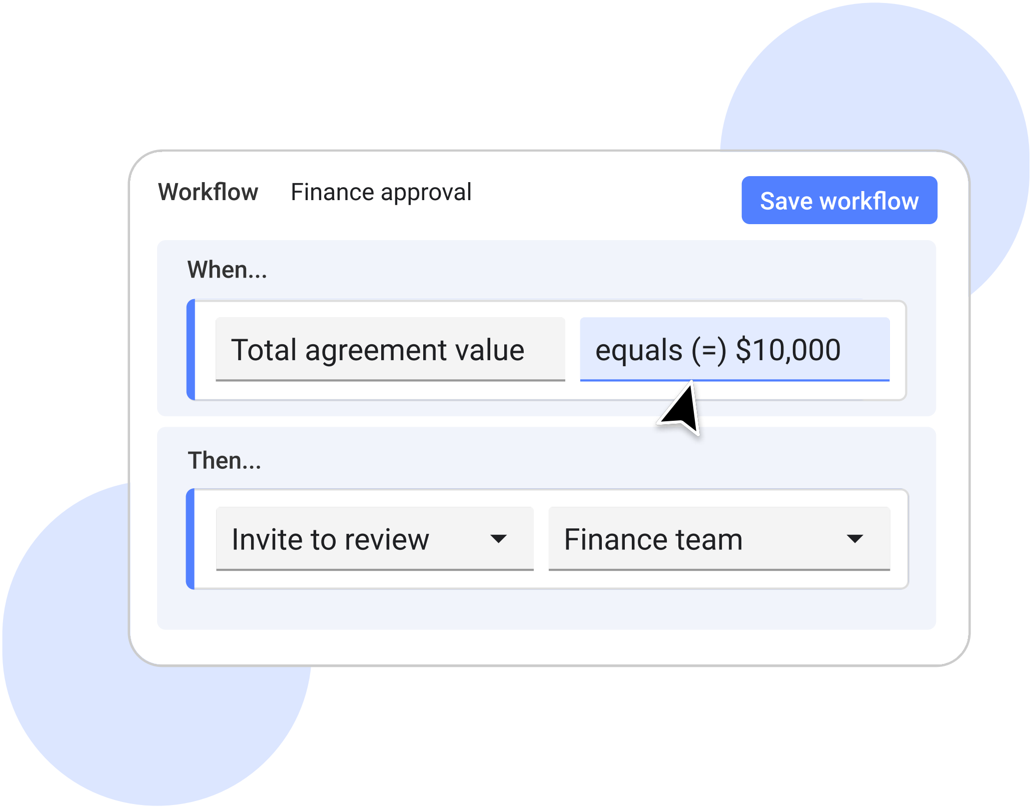
"I want a notification to be sent to me: 'This contract automatically renewed for this much money.'"

contract specialist at a healthcare organization

In addition, integrating CLM systems with financial planning tools enables finance teams to anticipate the financial impact of renewals accurately. These integrations streamline budgeting and forecasting, preventing unwelcome surprises. Software CFO Dan Murphy sums this up in a single phrase: “Forecasting is incredibly important.” This is especially true when dealing with complex contracts and volatile market conditions.

Beyond technology, proactive renewal management hinges on clear internal processes for stakeholder collaboration and risk assessment. Effective communication between finance, legal, and business units makes sure renewals align with strategic objectives and potential risks are identified and mitigated proactively.

One head of finance at a healthcare organization underscores the need for streamlined communication: “The speed of communication and negotiation is really important.” However, he cautions against managing complex negotiations offline, where “wires get crossed quite easily.” This reinforces the value of a centralized CLM system for real-time collaboration.



Insight #5: Benchmarking requires AI to deliver actionable intelligence.

Benchmarking contract spending against industry peers is increasingly recognized as a valuable strategy. **63% of respondents highlighted its importance for optimizing pricing, realizing cost savings, and gaining a competitive edge**. However, current benchmarking tools often fall short of delivering truly actionable insights.

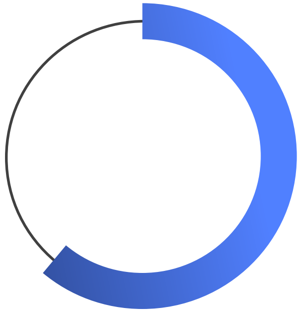
The strategic value of benchmarking lies in understanding prevailing market rates. This knowledge empowers finance teams to negotiate better terms with vendors, avoid overspending, and maximize value. "I really, really like the idea of being able to benchmark your contracts," says David Morgan, CFO at Loop Returns. However, he immediately points to the critical flaw in many current tools: "It sounds more useful than it is. It conflates volume and rate."

This aggregation issue, where total contract value masks critical pricing nuances, renders data less actionable.

Finance professionals need more than just average contract values; they require granular insights into pricing tiers, discounts, and other cost drivers. Sean Weingarz, Senior Global Procurement Manager at Iterable, echoes this, demanding "apples to apples" comparisons. This desire for specificity highlights the limitations of generic benchmarks.

The future of benchmarking lies in leveraging AI and machine learning. AI-powered benchmarking tools can move beyond simple averages to deliver tailored recommendations based on an organization's unique context, transforming benchmarking from a high-level overview into a powerful tool for strategic contract management.

This granular, AI-driven approach will unlock benchmarking's true potential, empowering finance teams to make data-backed decisions that optimize contract value and drive cost savings. But AI isn't a "set it and forget it" solution, either.



63%

of respondents highlighted the importance of AI for benchmarking contract performance.

Insight #6: AI is reshaping contract analysis, but human expertise remains essential.

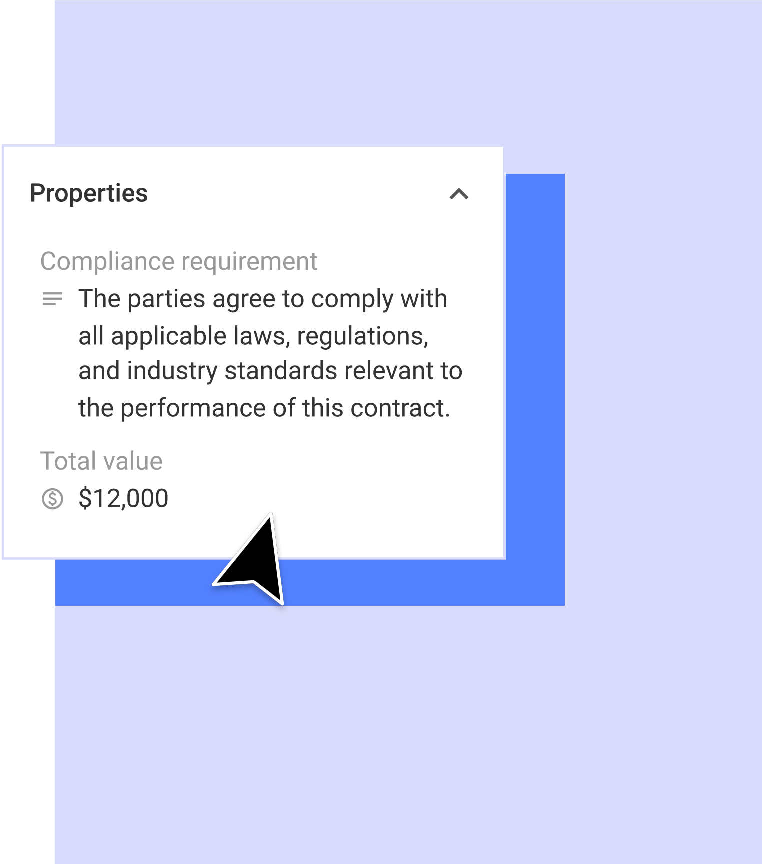
AI is rapidly transforming contract analysis, offering the promise of increased efficiency, reduced risk, and deeper insights. **88% of survey respondents noted this revolutionary potential, but also acknowledged the need for careful implementation and human oversight.** This nuanced perspective reflects the double-edged sword nature of AI in CLM: a powerful tool with significant benefits, but also potential pitfalls if not deployed responsibly.

The excitement surrounding AI's potential is palpable. "I *want* AI," declares Lia Denise Costa, Legal Counsel at Worten, capturing the widespread enthusiasm. Giada Tolazzi, Legal Operations at Satispay, points to the effectiveness of AI-driven lifecycle management: "It works very well."

For example, automated data extraction, a key AI application, is already proving its worth. The AI can extract key terms like parties, lifecycle dates, dollar amounts, and contract types — saving hundreds of hours of manual data entry.

Beyond data extraction, AI is being used for a wide range of other tasks, including:

• **Clause identification:** Automatically identifying and classifying key clauses, such as termination clauses, liability limitations, and payment terms.
• **Risk scoring:** Assessing the risk level of contracts based on predefined criteria and historical data, enabling proactive risk mitigation.
• **Anomaly detection:** Identifying unusual or potentially problematic clauses or terms that deviate from standard practice or pre-approved templates.
• **Compliance monitoring:** Ensuring contracts comply with relevant regulations and internal policies.



These applications offer significant efficiency gains, freeing up legal and finance professionals from tedious manual review and allowing them to focus on higher-value activities.

However, the enthusiasm for AI is tempered by valid concerns. Data security, algorithmic bias, and the accuracy of AI-generated insights are all top of mind for finance professionals. Hannah Lane, Contract Specialist at Phia Group, articulates a common sentiment: “I don't trust AI for analyzing agreements.”

This distrust stems from recognizing that AI, while powerful, is not infallible. AI algorithms can perpetuate existing biases present in the data they are trained on, potentially leading to unfair or discriminatory outcomes. Furthermore, the “black box” nature of some AI models can make it difficult to understand why a particular decision or recommendation was made, further hindering trust.

Pepe Carr, General Counsel at Sand Technologies, offers a nuanced perspective on AI’s role: “If your learning model can raise their hand and say, ‘I don't know what this is, please take a look,’ then you are off to reduce legal headcount.” This highlights the need for “human-in-the-loop” systems, where AI assists legal professionals, flagging potential issues for review but not making final decisions autonomously.

Tammy Carroll, Contract and Strategy Manager at OneCare Vermont, reinforces the importance of human expertise: “You still need a human.” In other words, AI should be seen as a tool to augment, not replace, human judgment. Organizations must prioritize data security, address potential bias, and maintain human oversight to ensure responsible and effective AI deployment.

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Insight #7: Contract negotiation is evolving, not disappearing.

While digital tools are impacting the mechanics of contract negotiation, the fundamental human element remains crucial. **50% of respondents noted that while some aspects of negotiation have become digitally streamlined, others have become *more* complex and personal**, demanding adaptability and a tailored set of approaches.

On one hand, technology has undeniably changed negotiation dynamics. Real-time collaboration tools and online redlining features have expedited certain aspects of the process. However, these same tools can introduce new friction points, particularly when dealing with varying levels of technological adoption among negotiating parties.

"It really does depend," notes one contract specialist at a healthcare organization. "We've had calls recently for over an hour going line by line through a contract, but we've also gone through redlines in Word or in Concord over email." This highlights the need for flexible solutions that can accommodate both traditional and modern negotiation approaches.

The challenges of managing versions and redlines in a purely digital environment further underscore the need for adaptability. One head of finance at a healthcare organization describes the complexity: "Each version is different. And trying to decide what you agreed to in version five versus version ten can be quite challenging." CLM systems must provide clear audit trails and robust version control.

There's a fundamental tension between streamlining negotiations for speed and maintaining control over key terms and ensuring legal compliance. While speed is often prioritized, rushing can expose organizations to risk. The CFO of one healthcare organization, for example, notes a shift away from traditional methods: "That has changed a lot. Now I'm 100% digital." However, he acknowledges that complex negotiations often still occur offline, highlighting the need to bridge the gap between digital efficiency and complex deal-making.

Ultimately, the human element remains essential. Building rapport, understanding unspoken needs, and navigating sensitive issues often require a personal touch. While technology can facilitate these interactions, it cannot fully replicate the nuances of human communication. The most effective CLM solutions empower negotiators to leverage technology for efficiency while maintaining the flexibility to engage in personalized, human-driven interactions when needed.

Insight #8: Cross-platform integrations are critical for CLM success.

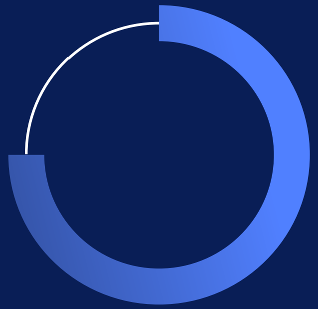
75% of respondents emphasized that seamless integrations between CLM systems and other core business applications are no longer a luxury, but a necessity. However, integrations should be approached strategically, not simply as a checklist item. For finance and ops teams, the key is to prioritize integrations that maximize business value and drive tangible financial outcomes.

Integrating CLM with existing financial systems — particularly ERPs and CRMs — is paramount. This creates a unified ecosystem where contract data flows seamlessly between applications, eliminating manual data entry, reducing errors, and enabling real-time reporting.

“I think that it would be something where it can serve our principal audiences from the same system,” says Christopher Tufts, FP&A Manager at Iterable. This unified view of contract data empowers finance teams to make faster, more informed decisions.

For example, integrating CLM with an ERP system can automate invoice processing based on contract terms, reducing payment cycle times and minimizing the risk of late payment penalties.

Furthermore, integrating CLM with a CRM can provide a 360-degree view of customer relationships, linking sales agreements to ongoing contractual obligations and financial performance. This holistic view enables better forecasting, improves customer relationship management, and identifies opportunities for upselling or cross-selling.



75%

of respondents emphasized the importance of integrations between CLM systems and other software.

When evaluating CLM solutions, finance and operations teams should prioritize the following integration capabilities:

- **Two-way data synchronization:** Make sure data syncs between your CLM and other apps. This will eliminate the need for manual data entry, and keep your data consistent across platforms.
- **Automated triggers:** Look for solutions that can trigger automated actions in other systems based on contract milestones, such as sending invoices upon contract execution or generating renewal reminders.
- **Native integrations for apps you use:** Choose a CLM solution that offers native integrations with your existing CRM tools and other critical business applications.wers finance teams to make faster, more informed decisions. For example, integrating CLM with an ERP system can automate invoice processing based on contract terms, reducing payment cycle times and minimizing the risk of late payment penalties.
- **A well-documented API:** For more complex integration needs, robust and well-documented APIs are essential for enabling custom integrations and maximizing flexibility.

By approaching integrations strategically and focusing on the business value they deliver, finance and ops teams can unlock the full potential of CLM, transforming it from a document repository into a powerful engine for financial performance and strategic growth.

“An integrated CLM is important so we can serve all our principal audiences from the same system.”

Christopher Tufts, FP&A Manager at Iterable

Conclusion and recommendations

This report reveals a fundamental shift in how finance and ops teams approach contract lifecycle management. Contracts are no longer viewed as static legal documents, but as dynamic data assets with the potential to drive significant business value.

Our findings highlight two core challenges facing these teams today: gaining real-time visibility into contract data scattered across disparate systems, and effectively leveraging that data for strategic decision-making.

These two challenges are intertwined. Without a unified, integrated approach to CLM, achieving a "single source of truth" and unlocking actionable insights for renewals, benchmarking, and negotiations remains elusive. This fragmented approach hinders proactive management, creates inefficiencies, and exposes organizations to unnecessary financial risk.

However, by embracing technology and proactive strategies, finance leaders can transform CLM from a reactive, legal-focused function to a proactive, strategy-driving engine for growth and cost optimization. The opportunity lies in leveraging AI-powered solutions, prioritizing data accuracy, and fostering a culture of contract awareness across the organization.

While AI is not a panacea, it offers powerful capabilities for automating key processes and extracting valuable insights. However, successful AI implementation requires careful planning, human oversight, and a clear understanding of its limitations, especially in the context of complex negotiations where the human element remains crucial.

The key to successful CLM implementation is measurement. By tracking KPIs like contract cycle time, cost savings achieved through renegotiations, and compliance improvements, finance and operations teams can demonstrate tangible ROI, and secure buy-in for further investment in CLM technology and processes. For a deeper dive into measuring the ROI of CLM, visit https://www.concord.app/meet-with-concord/ to connect with a contract expert.

Actionable recommendations

To address these challenges and capitalize on the opportunities presented by modern Agreement Intelligence, we recommend a phased approach with specific actions tailored to different stakeholders:

1

PHASE 1: QUICK WINS (WITHIN 3 MONTHS)

- **For all stakeholders:** Conduct a contract inventory audit. Identify where contracts are stored, what data is captured, and where inconsistencies exist. This will provide a baseline for improvement and inform technology decisions.
- **For operations:** Implement standardized naming conventions and tagging within your existing CLM system (or shared drives if a dedicated CLM is not yet in place). This will improve searchability and lay the groundwork for future automation.
- **For finance:** Start tracking key contract metrics, such as the number of active contracts, total contract value, and average contract cycle time. This will provide visibility into current contract performance and help identify areas for improvement.

2

PHASE 2: SHORT-TERM PRIORITIES (WITHIN 6-12 MONTHS)

- **For finance leaders:** Evaluate and select a CLM solution that prioritizes data accuracy, robust reporting and analytics (including customizable dashboards with real-time data on contract expirations, financial obligations, and key milestones), and seamless integrations with existing financial systems (ERPs and CRMs). Look for solutions offering AI-powered data extraction and renewal management capabilities.
- **For operations:** Implement automated alerts for key contract dates (e.g., renewals, deadlines) and begin exploring AI-powered solutions for automating data entry and basic contract analysis. Focus on improving data hygiene and streamlining contract workflows.
- **For legal:** Establish clear guidelines for AI usage within the contract review process. Maintain human review and validation of AI-generated insights and maintain legal oversight of all automated processes. Collaborate with Finance and Operations to define data standards and ensure data consistency across systems.

3

PHASE 3: LONG-TERM INVESTMENTS (12+ MONTHS)

- **For all stakeholders:** Foster a culture of contract awareness through training and communication. Establish clear roles and responsibilities for contract management across different functions and regularly communicate contract-related updates, deadlines, and potential risks.

- **For finance leaders:** Explore advanced CLM capabilities such as AI-powered risk scoring, anomaly detection, and predictive analytics. Develop a strategy for leveraging contract data to inform strategic decision-making and drive business value. Track KPIs like contract cycle time reduction, cost savings achieved through renegotiations, and compliance improvement to demonstrate ROI.

- **For operations and legal:** Refine and optimize CLM workflows based on data and user feedback. Continuously evaluate and implement new technologies and best practices to enhance contract management efficiency and effectiveness.

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About Concord

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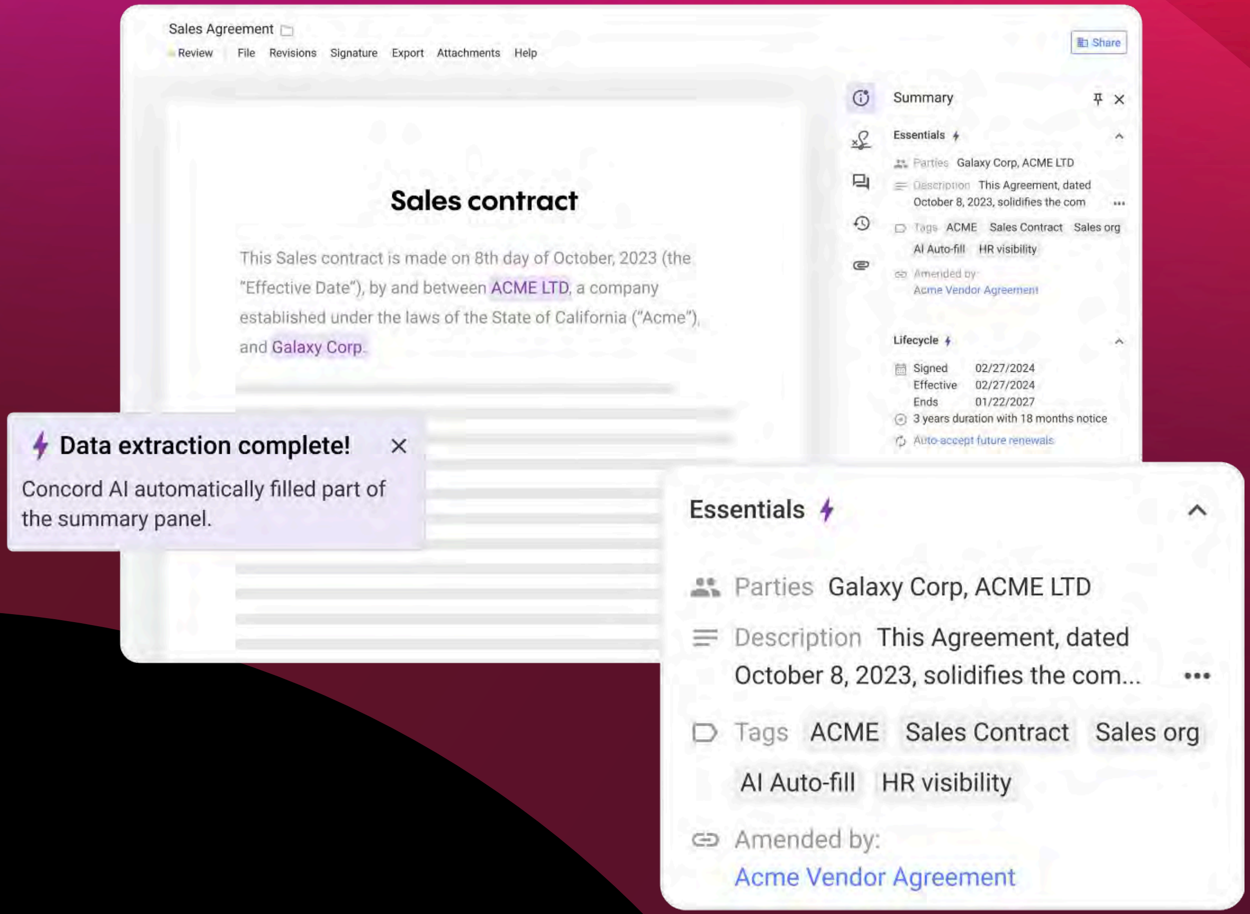

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