

Industry:

Packaged Food/Beverage

Challenges:

- Lack of centralized repository of contracts
- No visibility into key contract terms and deadlines
- Inability to gain purchasing leverage

Solution:

- CMSI Contract Manager

Benefits:

- Consolidated contract database that provides real-time contract access and visibility
- Ability to track and plan for contract deadlines, status, and resources
- Ability to gain significant negotiation and procurement leverage
- Streamlined IT purchasing processes

World's Largest Packaged Food & Beverage Company Gets Contracts Under Control with CMSI Contract Manager

For the typical Fortune 100 firm, the number of IT purchasing contracts—agreements for everything from hardware/software to maintenance to consulting services—can be overwhelming. But spread these agreements over multiple divisions, markets, and geographies and you have a potential nightmare on your hands. That's what CMSI's client—one of the world's largest packaged food and beverage companies—was facing in early 2002. About a year earlier, it began to consolidate and centralize its IT spending across the various divisions around the world. Improving the contract management process was a natural complement to the consolidation program.

"We had contracts all over the place," says the project manager for the company's contract management implementation. "Consequently, we were not taking advantage of any purchasing leverage. But worse, we had potential contract timebombs just waiting to explode and hit us with additional, unnecessary costs."

The problem: contract visibility and control. For the solution, the company turned to CMSI.

The Need: Bringing Order to Contract Chaos

Prior to implementing CMSI Contract Manager, hard copies of all IT purchasing contracts were stored in filing cabinets within each division. Each division had key people that would negotiate the contracts to get the best deal for their organization. With no central contract repository, the result was no purchasing leverage, the lack of meaningful reports, missed deadlines, and a lot of faxing and mailing of contracts.

"We had divisions going off on their own and buying disparate systems or cutting separate deals with vendors from which we had already purchased. But, we had zero procurement leverage," explains the project manager.

However, according to the project manager, just as painful, was the fact that the company had no control or visibility into its plethora of contracts. Contract deliverable and renewal deadlines were missed on a regular basis. This required the company to start from scratch and renegotiate less favorable terms, usually from a weaker position. Or the opposite scenario would be where, because of the consolidation effort, the company wanted to replace or terminate a purchasing relationship. To do this, the company had to honor the cancellation notification period, which if overlooked, would commit the company to mandatory contract renewal for a year or more.