

IACCM – Organization and Management Community of Interest “Doing More with Less”

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Contract Management Lifecycle

Contract Management Lifecycle

Renew / Amend

Request

- Capture data through an electronic request process
- Designate contract business owner
- Capture request approvals

Create

- Reduce duplicate data entry
- Enter key dates, terms and obligations into one system
- Utilize a standard language library
- Ensure proper terms and clauses
- Automate contract generation

Pre-Approve

- Define/standardize approval workflow and authority levels
- Flag exceptions to standard terms
- Ensure proper terms and clauses
- Ensure accurate pricing and timing

Negotiate

- Enable secure online negotiations and editing
- Track negotiation process and redlines between parties
- Capture changes that affect terms, language, approvals, etc.

Approve

- Establish audit trail for all approvals
- Comply with all policy requirements
- Approve and reject via the Internet
- Enable PDA approvals

Sign

- Approve and reject via the Intranet
- Reduce costs by allowing for electronic signature and auto-receipt of faxed documents

Manage

- Track contract expiration and renewals
- Manage compliance
- Manage fulfillment of performance obligations
- Maximize revenue opportunities
- Establish audit trail and view historical data

Analyze

- Develop analytics through mgmt. reporting
- Review performance and profitability
- Analyze/compare terms and conditions
- Analyze and refine performance metrics
- Improve efficiency and workload distribution

Contract Management Lifecycle

Focus of Today's Presentation

Contract Management Lifecycle

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Optimizing Contract Workload and Delivery Method

1. Doing the Right Work



2. Doing the Work Right

Doing the Right Work

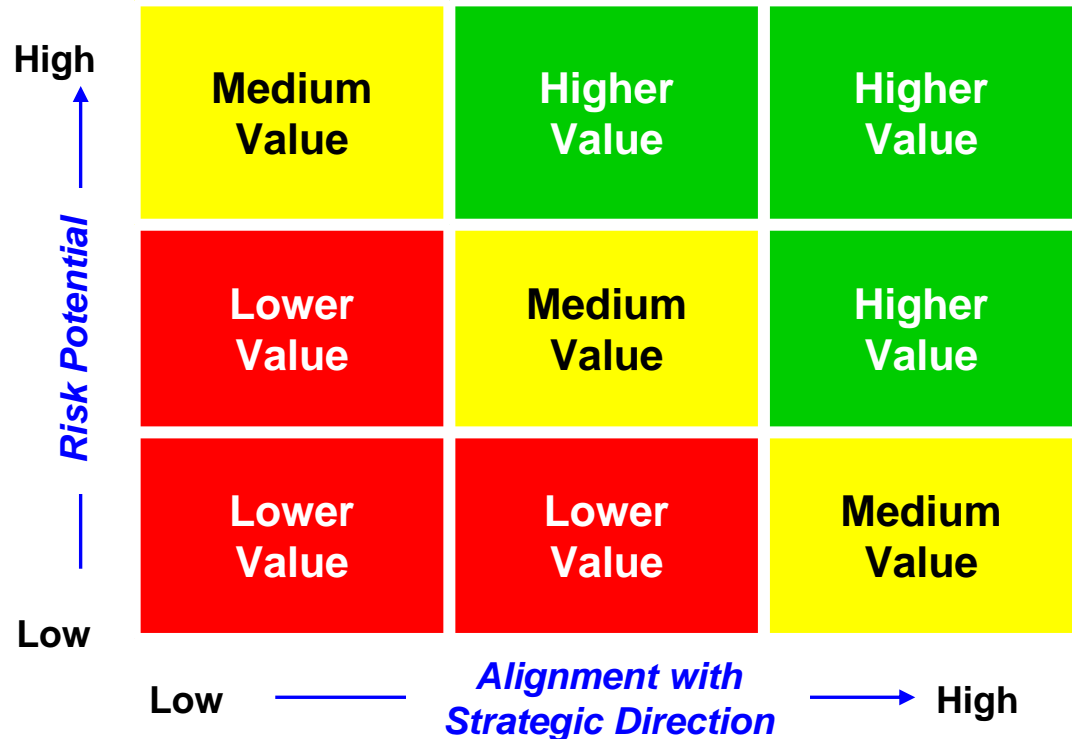
Prioritize the entire portfolio of contract work:

Risk Potential

The extent to which the Type of Contract has the potential to negatively impact the Company, e.g. financially, goodwill

Strategic Alignment

The degree to which the Type of Contract supports the Corporate strategy and will drive competitive advantage



Questions to Consider

Higher Value

- Are these the most important priorities for Legal and the Company
- Are there sufficient resources allocated to the high value work?

Medium Value

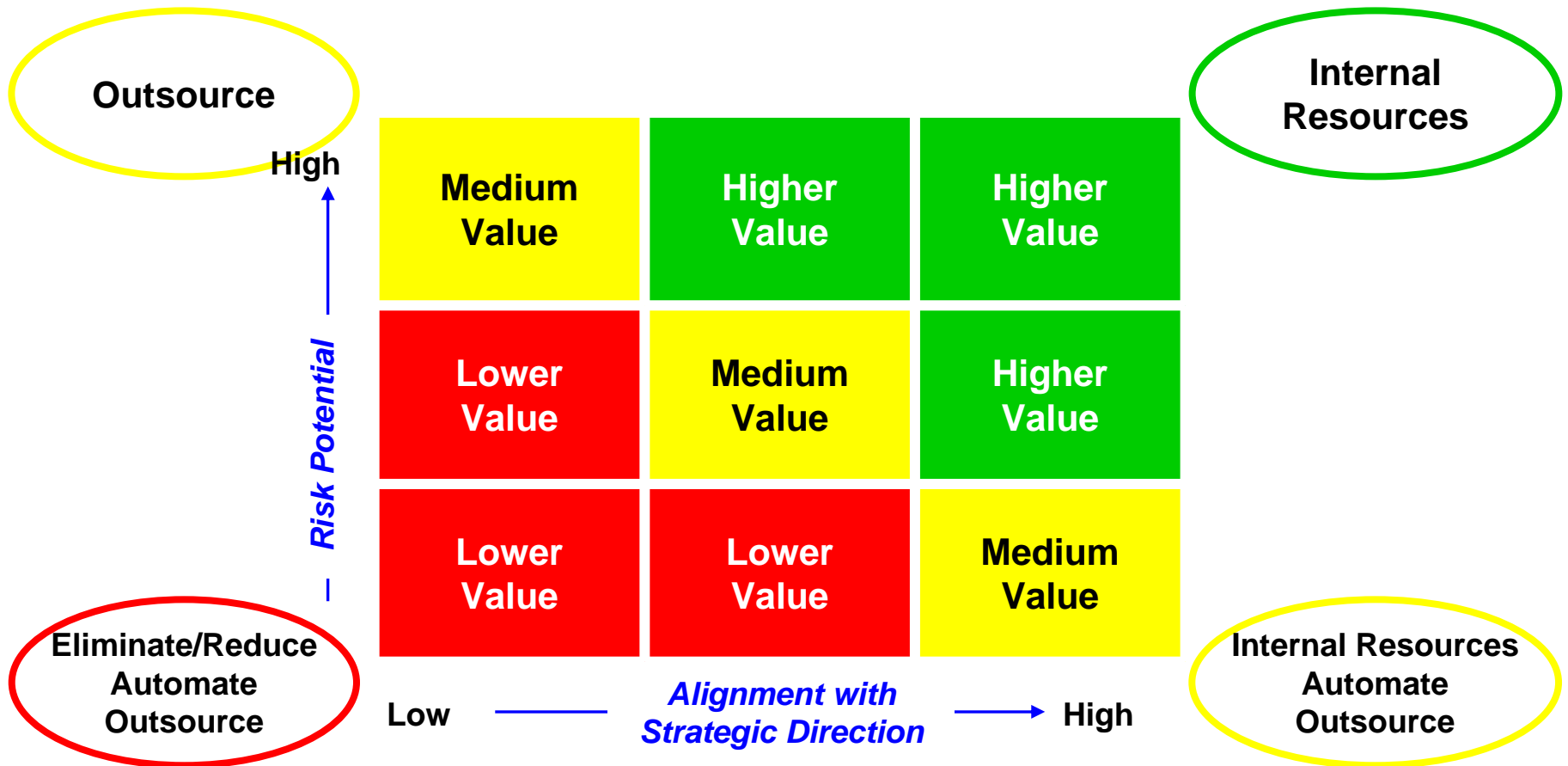
- How can work be performed more efficiently?
- Can work be leveraged to other resources?
- Can the number of resources involved be consolidated or reduced?
- Can technology be used to optimize involvement?

Lower Value

- Are the identified categories of work truly lower in value?
- How can effort be reduced or eliminated?
- Can technology be used to automate the work?

Doing the Work Right

Drive allocation of resources (internal and external) based upon value of work



Where is time being spent?

| Dollar Value | Expensive Resources | | | | Less Expensive Resources | | | |
|----------------------|---------------------|-------------|-------------|--------------|--------------------------|-------------|-------------|-------------|
| | Cur. FTE % | Cur. FTE | Opt. FTE | Diff. FTE | Cur. FTE % | Cur. FTE | Opt. FTE | Diff. FTE |
| < \$100K | 21% | 0.22 | 0.03 | -0.19 | 61% | 0.41 | 0.43 | 0.02 |
| \$100K < \$500K | 23% | 0.25 | 0.12 | -0.13 | 32% | 0.20 | 0.22 | 0.01 |
| \$500K - \$1 Million | 23% | 0.25 | 0.31 | 0.06 | 11% | 0.07 | 0.07 | - |
| >\$1 Million | 32% | 0.36 | 0.16 | -0.21 | 0% | - | - | - |
| Total | 100% | 1.09 | 0.62 | -0.47 | 100% | 0.68 | 0.72 | 0.04 |

Almost 50% of Expensive Resource time on low dollar value contracts

* FTE based on 1,900 hours.

* Total # of Ppl will not equal the sum of the number by type because each person responded to multiple types of work

* 26 people entered a % of time for at least one of the Contracts subtypes on the Analysis tab

Where is time being spent?

| Type of Contract | Expensive Resources | | | | Less Expensive Resources | | | |
|------------------|---------------------|-------------|-------------|--------------|--------------------------|-------------|-------------|-------------|
| | Cur. FTE % | Cur. FTE | Opt. FTE | Diff. FTE | Cur. FTE % | Cur. FTE | Opt. FTE | Diff. FTE |
| Non-Routine | 53% | 0.58 | 0.50 | -0.08 | 21% | 0.14 | 0.14 | 0.01 |
| Routine | 47% | 0.51 | 0.12 | -0.39 | 79% | 0.54 | 0.58 | 0.03 |
| Total | 100% | 1.09 | 0.62 | -0.47 | 100% | 0.68 | 0.72 | 0.04 |

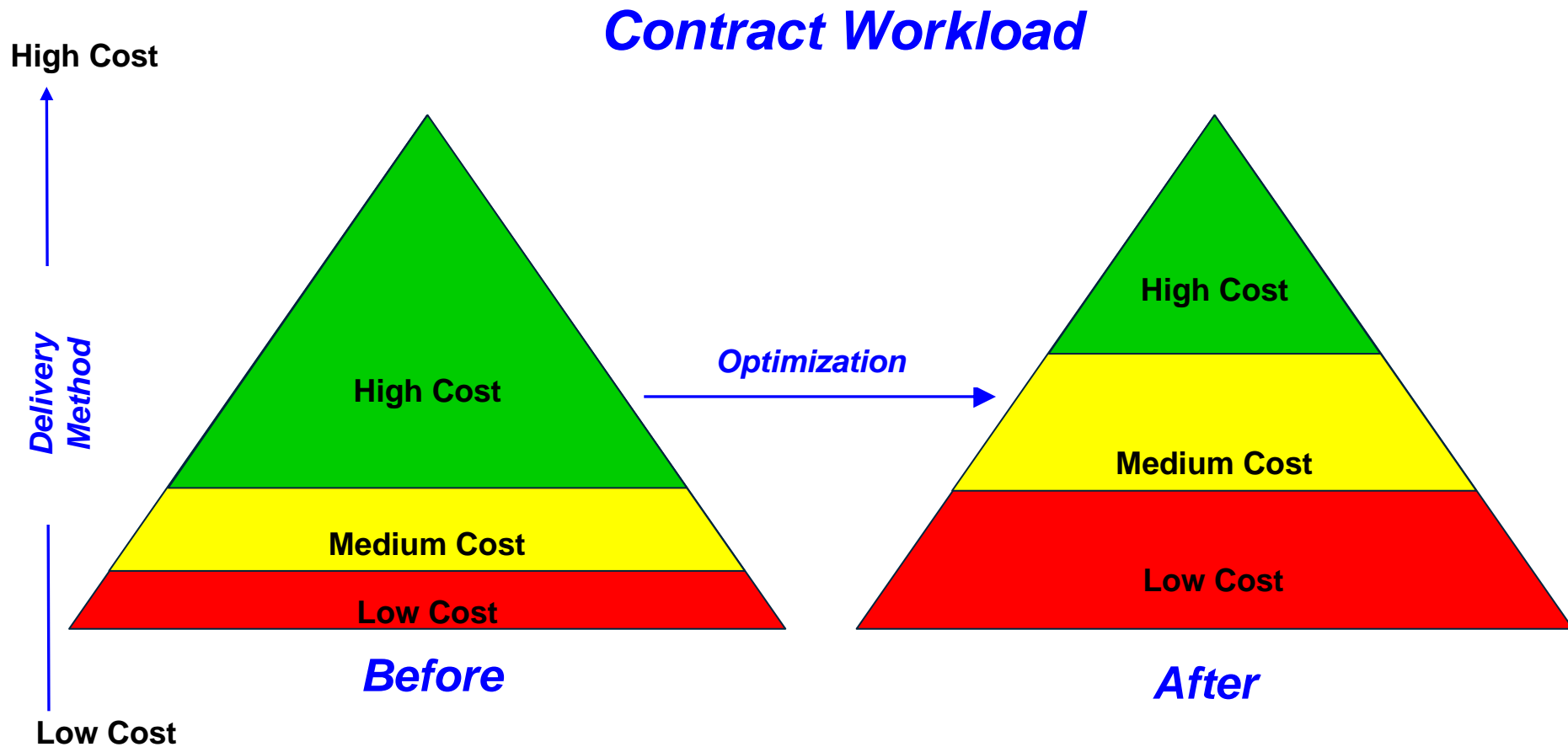
Almost 50% of Expensive Resources time on routine contracts

* FTE based on 1,900 hours.

* Total # of Ppl will not equal the sum of the number by type because each person responded to multiple types of work

* 26 people entered a % of time for at least one of the Contracts subtypes on the Analysis tab

Optimizing Contract Delivery Method



Hard ROI Worksheet

| Category | Metric | Annual Savings |
|--|------------------------|--------------------|
| Reducing Professional Services Spend <ul style="list-style-type: none"> Outside Counsel, Auditors, Consultants | 5-15% Reduction | \$150,000 |
| Missed Renewal Opportunities <ul style="list-style-type: none"> Lost Revenue, No Ability to Renegotiate, Missed Up-sell, Increased Cost | 0.25% of Revenue | \$250,000 |
| Received Negotiated Prices <ul style="list-style-type: none"> Rebates/ Discounts, Tier/Volume | 0.5% of Revenue | \$500,000 |
| Overhead to Support the Contract Process <ul style="list-style-type: none"> People Costs Existing Contract Management Infrastructure IT Spend | 25% Reduction | \$200,000 |
| Increased Employee Productivity <ul style="list-style-type: none"> Due Diligence, Authoring Cycle Times Effort to Support Internal Audits Manage by Exception Maintenance of Standard Language Automating Tasks Integration of Systems & Data | 10% Efficiency (5 FTE) | \$500,000 |
| Business Analysis & Improvement <ul style="list-style-type: none"> Report Generation Cycle Time Monitoring, Issue Identification, Alerts | 25% Efficiency | \$100,000 |
| ANNUAL SAVINGS TOTAL | | \$1,700,000 |
| HARD ROI (5 yrs) | | \$8,500,000 |

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First Data Legal Department Contract Management System

Presenters:

Ramez M. Fiani, Vice President – Legal Business
Management

Maureen Orcholski, Legal Administration Manager

August 5, 2009

Project Management Approach

- Formed Core Project Team
 - ❑ Assigned Overall Project Manager
 - ❑ Core Team Included Legal, Business Units and IT
 - ❑ Identified Business Requirements and Functionality
 - ❑ Verified Requirements and Analyzed Potential Solutions
- Identified and Selected Supplier
- Implementation
 - ❑ Formed User Group
 - Testing

Continue to validate management support and buy-in

System Development Approach

- Alignment & Discovery
- Construction
- Quality Assurance & Validation
- Transition

System Development Approach (cont'd)

| Implementation Focus | Business Drivers |
|---|---|
| Organizational ❖ U.S. Sales Contracts | <ul style="list-style-type: none"> • Very High Volume • High Touch • Large Number of Templates |
| Workflow | <ul style="list-style-type: none"> • Simplification of Organizational Structure |
| Repository ❖ Contract Library ❖ Template/Clause Library | <ul style="list-style-type: none"> • Search/Query Capabilities • Ensure consistent use of current templates/clauses |
| Delayed Items | |
| Complex Document Assembly Implementation | <ul style="list-style-type: none"> • Lower Priority |
| Advanced Search & Reporting | <ul style="list-style-type: none"> • Lower Priority |
| International and Procurement Contracts | <ul style="list-style-type: none"> • Lower Priority • Less Complex |
| Backfile Migration | <ul style="list-style-type: none"> • Start with New Contracts first, then proceed with migrating existing ones to system |

Valuable Functions

- Template & Clause Library

- Repository
 - ❑ Contract Type Folders

- Automated Intake Process
 - ❑ New Contracts
 - ❑ Reports and Copies
 - ❑ Inquiries on Existing Contracts

Results After 8 Months in Production

- 25 People Using the System
 - ❑ Core Contract Administration Team
- 10,200 Contract Documents
 - ❑ Work in Progress and Executed
- 3200 Customer Profiles

Results After 8 Months in Production (cont'd)

➤ Formed Steering Committee to Address:

- ❑ Common Processes and Practices
- ❑ Simplification of Contract Templates
- ❑ System Administration Issues
 - Access
 - System structure

➤ Warning

- ❑ Limited system access for internal business clients in Phase 1 affect amount of automatic workflow

Lessons Learned

- “Metadata Explosion”
 - ❑ Track Only What You Want to Manage
- Keep Open Communication with Key Decision Makers
- Expect and Manage Changes in the Organization
 - ❑ People – Particularly in other Departments
 - ❑ Environment
- Encourage Early Inclusion and Participation by Day-to-Day Users
- Simplification of Templates in Advance

Questions?