

Ecteon's Enterprise-Wide Contraxx Software Helps Higher Education Institution Defragment Processes and Streamline Contract Creation

Situation

The University is a state-related research University located in the Eastern part of the United States. The institution is a member of the Association of American Universities (AAU), which comprises more than 60 preeminent doctorate-granting research institutions in North America. The University employees more than 13,000 individuals and cultivates more than 30,000 students across multiple schools and colleges and more hundreds of centers, institutes, and laboratories.

Its Legal and Purchasing departments identified a need to assess their contract management processes after discovering manual processes were limiting efficient contract creation and request cycles. With the University spending billions on goods and services, a lot of contracts are needed to support such expenditures.

An Associate Legal Counsel decided to evaluate the current contracting climate within the University in order to better understand how staff, business administrators, and personnel were creating and sustaining accurate agreements. Prior to Contraxx, the University had about 3,000 contracts, including templates that were being used yet poorly managed.

The Associate Legal Counsel worked with 12 general counsels at the University, all of which were subject matter experts in their respective areas, from business and commercial to student affairs and real estate. After talking with them, he learned multiple drafts were circulating around the University and every time a change was made to a contract, it was saved to wherever the author wanted – not stored in one location, accessible to the appropriate people. Further, the University's 1,500 business administrators and administrative assistants were frequently creating documents with inconsistent language, formatting, and provisions. These contract requestors accessed an internal system to initiate a requisition and attached required documents. Then, a purchasing specialist began work on the requisition.

Furthermore, agreements under a certain monetary value were being re-created without oversight from the Legal department, putting the University at risk and liable for any undocumented circumstances. Upon hearing from contracting professionals and those in the Purchasing department that fragmented processes were in place, the person decided to take action to alleviate their stresses of contract creation and lack of storage. They honed in on two major pain points 1) the onus on contract preparation was on each school's or department's business administrator and 2) there was no controlled process over drafting/review/negotiation of agreements.

Customer Profile

The University is a state-related research University located in the Eastern part of the United States.

Business Situation

The University needed Best-in-Class, cost-effective CLM tool to efficiently create, approve and manage the University's contracts for its multiple departments and user groups. The CLM tool needed be aligned with the University's goals of reducing cost and risk, and streamlining the process of contract management throughout its many departments and schools.

Solution

The University chose Ecteon's Contraxx to store and manage more than 3,000 agreements. Ecteon customized the system to work for the institution's contract request process and made it easier for non-contracting professionals to create documents with legal oversight and accuracy.

Benefits

- Increased efficiency, going from writing 25-page documents to filling out a single form inputted into Contraxx
- Alleviated contract creation from 1,500 non-contracting professionals
- Simplified the contracting process using a single form to submit requests for appropriate documents
- Reduced cycle times from 3 days to minutes
- Improved document accuracy

The Legal Department identified a need for a Best-in-Class, cost-effective CLM tool to efficiently create, approve and manage the University's contracts. The CLM tool needed be aligned with the University's goals of reducing cost and risk, and streamlining the process of contract management throughout the University. They also needed a tool that provided a central, searchable repository that enabled users to analyze, monitor and manage contract compliance and performance. It needed to include the following basic capabilities:

- Contract creation/negotiation process: Central template and contract clause library; bid and proposal building tool; version control and document security; compatibility with Microsoft Word; task scheduling and review/approval routing
- Contract repository: Secure, central e-repository to store executed contracts as well as related documentation/correspondence; robust full-text search and retrieval function
- Management & Reporting: Enhanced, on-demand reporting and analytics capabilities; automated monitoring and alerts of key terms (e.g. project milestones, expirations, renewals, etc.); support of audit requirements

In addition to those requirements, the Legal team set goals they wanted to achieve from the system. These included: eliminate contract drafting stress; improve contract management cohesion; simplify the contract creation process for all; and implement quickly.

The challenges were that non-experts were creating contracts and there wasn't a way to centrally update agreements when changes occurred. Further, there was no guarantee that what was being updated was from the most current version. Administrators were responsible for determining which template was appropriate for their needs and preparing an initial draft. As a result, transactions were being prepared with non-applicable agreements or terms. By the time the agreement came to the Legal team, the customer noticed agreements were missing provisions or used old templates, which prompted the customer to spend more energy correcting errors and running through the Purchasing department.

Solution

The University underwent an RFP and vendor review process, selecting Contraxx as the solution that would best meet their needs. The customer noted it was the software's ability to smart author a contract that tipped the scale in their favor.

Ecteon proposed an initial 30-day plan that included a set of templates to start and eventually created an enterprise-wide solution that worked across departments and schools. Business administrators are now able to submit a contract request by completing a simple form. That form goes to Purchasing and is loaded into Contraxx. The system then populates its contract profile fields and then prepares a draft agreement relevant to the provided answers. For example, services agreements are no longer being sent out without Federal Flowdown and background clearance requirements. The contracts are current and relevant.

The Results

The University listened to and heard their business administrators' stresses and pain points, then took steps to alleviate them. Instead of having thousands of business admins create contracts to float around without version control, the Legal team put contract creation in the hands of the Purchasing department, where contract-driven professionals could effectively and accurately produce agreements.

They went from having business admins put together multi-page contracts to simply filling out a form. The University rolled the system out to Purchasing first, as they were the most contract-heavy, and from there they grew adoption to five additional departments and schools in a year's time. Today, they manage the same number of contracts as they did before Contraxx, about 3,000, but they have peace of mind knowing the agreements they are working with and providing to their partners are the most current, accurate, and appropriate. They current manage 24 standard agreements within Contraxx and reduced contract search times from 3 days to minutes.

Ecteon exceeded expectations of the Contraxx implementation. It's now easy to tweak an agreement or add a provision and have it be changed for all who view the contracts.

Benefits

A new, improved process flow was created with Contraxx. It generated a structured process and offered a central template and clause library to create transparent workflow. Some of the benefits included:

- Utilize a contract creation/negotiation process:
 - Templates with contract clause library
 - Bid and proposal construction
 - Version control and document security
 - Smart authoring
 - Compatibility with Microsoft© Word and other Microsoft© products (Excel, Project, etc.)
 - Task scheduling and review/approval routing
- Access and maintain a contract repository that:
 - Is secure and has authorization access limits
 - Contains all related contract documentation/correspondence
 - Is robust with full-text search and retrieval functionality
 - Can auto assign contract identifiers
- Access and utilize management reporting that:
 - Contains enhanced on-demand and analytics capabilities
 - Provides for automated monitoring and alerts
 - Supports internal and external audit requirements

In the contract process, Contraxx managed contract creation and worked between purchasing departments and individual departments, legal and vendor entities to streamline everything.

What's Next?

The University was able to capture 100 percent of its 'buy side' contract community. Now, it is working with other departments and University groups for system adoption. The University expects big growth in contract inventory.

Conclusion

Focus on process improvement instead of immediate ROI proved to be a successful approach for the University and the Legal team. It allowed Ecteon to solve operational challenges and streamline business processes, as the system solution was configured and rolled out.