



Turning contracts into strategic assets

To realize the true value inherent within enterprise-wide contracts, it's vital to transform them into data accessible to stakeholders across departments. On an artificial intelligence (AI)-enabled platform, contracts become assets that can help companies strategically align commercial terms, optimize risks, and streamline operations and supply chains.

Unlocking value hidden in contracts

The typical contract encounters over 40 friction points in its lifecycle—and most companies don't have the capability to give stakeholders seamless access to the information within them. What's missing from the way companies manage their contracts?

Every function relies on contracts to obtain and receive goods or services. Most contracts involve third-party relationships with partners and suppliers, from strategic-level deals to smaller agreements. These relationships mean different things to different stakeholders. The focus of an operations leader is different from a legal reviewer or a procurement user. One contract alone may support a business relationship as a framework for successful outcomes while establishing a formal record of rights, responsibilities, and obligations. In other words, the purpose of a contract is in the eye of the beholder.

The common need to all stakeholders: specific intelligence around obligations and responsibilities agreed to beyond the delivery of goods and services.

An AI-enabled contract management platform unites stakeholders across departments and functions around a single source of truth, increasing speed to contract while improving outcomes.

Most companies today have a central contracts repository such as SharePoint and eSignature to support their contract management function. Everything else in the lifecycle—intake request, negotiation, approvals, and reporting—is done manually by email, Word, and Excel. Some companies have invested in more advanced Contract Lifecycle Management (CLM) technology to provide more standard workflows, auditable approval trails, and better transparency into the contract metadata, with basic capabilities such as spend limits, price lists, and termination dates. However, these approaches to contract management are neither agile nor scalable—and they do little to influence commercial value.

Reliance on traditional contract management approaches is becoming a huge problem, especially for organizations that increasingly rely on third parties to deliver their operations; they need data to make critical decisions about the future of their business *quickly*.



Look at some of the pain points in supplier contracts alone:

- Frustrated business partners due to lengthy contracting cycles and poor experience with contracting process.
- Time-consuming “quarterbacking” of contracts through the negotiation, risk assessment, approvals, and execution process.
- Increased risk exposure from manual errors, misinterpretation of contracting terms and language, and short turnaround times.
- Labor-intensive contract governance needed to mitigate contract leakage and prevent disputes.
- Lack of transparency into contract hierarchies and relationships (amendments, addendums, statements of work.)
- Validating synergies and dis-synergies in acquisition and divestiture situations.

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9.2% Average amount of value lost on every contract and negotiation (1)

Less than 60% of surveyed respondents that currently have CLM systems in place (2) ”

(1) Source: IACCM - Into the future CCM role and direction (May 2019)

(2) Source: IACCM Benchmark Report (2019)

Meanwhile, leaders across the enterprise—in sales, procurement, and legal, to name a few areas—are facing risks from possible catastrophic events and regulatory audits as the pressure to digitize business processes grows more intense. Consider supplier management transformation and legal transformation imperatives that require agile contract management. In the effort to digitize, a key part of digital transformation is being left out: contracts, the essence of business.

Find clarity in contract complexity

Imagine shifting through 10,000 supplier contracts to determine how many contain force majeure clauses—and, out of those, how many mentioned “pandemic.” Many business and operations leaders (and legal teams) were doing just that in the early days of the pandemic. At any given hour, a stakeholder somewhere in the enterprise is trying to locate the fine print related to a supplier’s milestones. In the digital world that organizations should firmly occupy, it is unacceptable to rely on analog processes and human labor to pinpoint the right clause in the right contract among the thousands—potentially tens or hundreds of thousands—of contracts within your business.

When organizations eliminate the administrative burdens and seamlessly access and collect both structured and unstructured data within contracts, they unlock a pathway toward improved commercial performance: better contract risk management, lower costs, agility, and strengthened relationships that go to the heart of the business.

An intelligent contract lifecycle management platform is the source of truth

to customers, suppliers, business partners, and stakeholders across the business—and, as part of the KPMG Connected Enterprise, it easily provides data to help optimize operations, protect supply chains, increase margins, and lower costs.

SirionLabs brings AI-powered capabilities to a single contract management platform that helps enterprises manage the complete contracting lifecycle. The KPMG alliance with SirionLabs will help us provide **clients** with the data to help optimize their operations, protect their supply chains, and increase margins.



Reframe the mindset around contracts to see them as mission-critical sources of data about your third-party relationships. KPMG sees the alliance with SirionLabs as a fundamental part of the KPMG Connected Enterprise, our customer-centric and enterprise-wide approach to digital transformation. Connecting the enterprise is not just about the front office and the back office; it's about the entire enterprise value chain, including intelligence about your commitments and obligations with external third parties. A critical component to achieving this vision is a digital platform that helps unlock the valuable information in contracts, automates administrative tasks, and encourages collaboration via an intuitive user experience.

How do you unite your business around contracts to gain real commercial value from them?

Our alliance with SirionLabs enables KPMG to offer services that transform the entire contract management function:

- Contract Management Strategy and Assessments:
 - Consultative approach to align people, processes, and systems
- Accelerated Contract Analytics and Migration:
 - Out-of-the-box integrations with leading enterprise systems such as SAP Ariba, Coupa, Salesforce, and more enables thorough bidirectional data flow
 - AI-powered contract data extraction with process analytics for post-extraction data review

- Extensive range of preconfigured analytics packages tailored to business use cases such as M&A, sales, legal, disaster recovery, and more
- Contract analytics for highlighting missing and deviated clauses in legacy contract portfolio
- Contract Lifecycle Management Technology Enablement:
 - Centralized, hierarchical, access-controlled contract repository with embedded document viewer and advanced search
 - AI-guided contract authoring based on enterprise approved clause and template libraries
 - Configurable workflows with auto-approval triggers based on contracting parameters
 - Integration with leading e-signature solutions to expedite contract execution
 - Role-based dashboards to simplify contract data and key performance indicator monitoring
- Managed Services:
 - Managed Services team operates as a virtual extension of a customer's business and helps bring domain experience and reduce total cost of ownership
 - Core data management services focus on ensuring the integrity of data housed on the platform and updating it frequently to reduce manual effort on part of the customer organization.



Drivers for contract management transformation



On an intelligent, enterprise-wide CLM platform, stakeholders across departments and functions can increase speed to contract, improve relationships, and make better decisions. Those abilities help improve commercial performance. At a more granular level, users can locate contracts and specific clauses through a search engine. Among those capabilities are interrogating inherited contracts, enabling due diligence, and consolidating contracts by analyzing and identifying contract similarities.

Manage relationships, not contracts

We see contract management as a living, intelligent system of record used to proactively manage third-party relationships. Successful leaders recognize the value for such a capability as more and more of their operations become dependent upon third parties and where customer centricity is the norm.

What are the concrete benefits of an intelligent contract management platform?

- Improved relationships and commercial outcomes from better data and proactive contract governance
- Agile decision-making with real-time business intelligence

- Better and faster contracts with increased cross-functional collaboration and integration
- Driving the right behaviors with an intuitive user experience enhanced by AI.

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12%–15% Value-add achieved by reducing friction points for complex agreements across an enterprise (3)

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(3) Source: *World Commerce & Contracting - Eliminating the friction points in contracting (2021)*

The strategic alliance between KPMG and SirionLabs injects AI and advanced analytics into contract management services, transforming a traditionally administrative back-office process into a powerful business tool that helps deliver commercial value across an organization. Functions as diverse as finance, information technology, legal, procurement, risk and compliance, operations, and almost every business activity now have a common foundation for insight and action, strengthening relationships and moving the connected enterprise ahead.

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