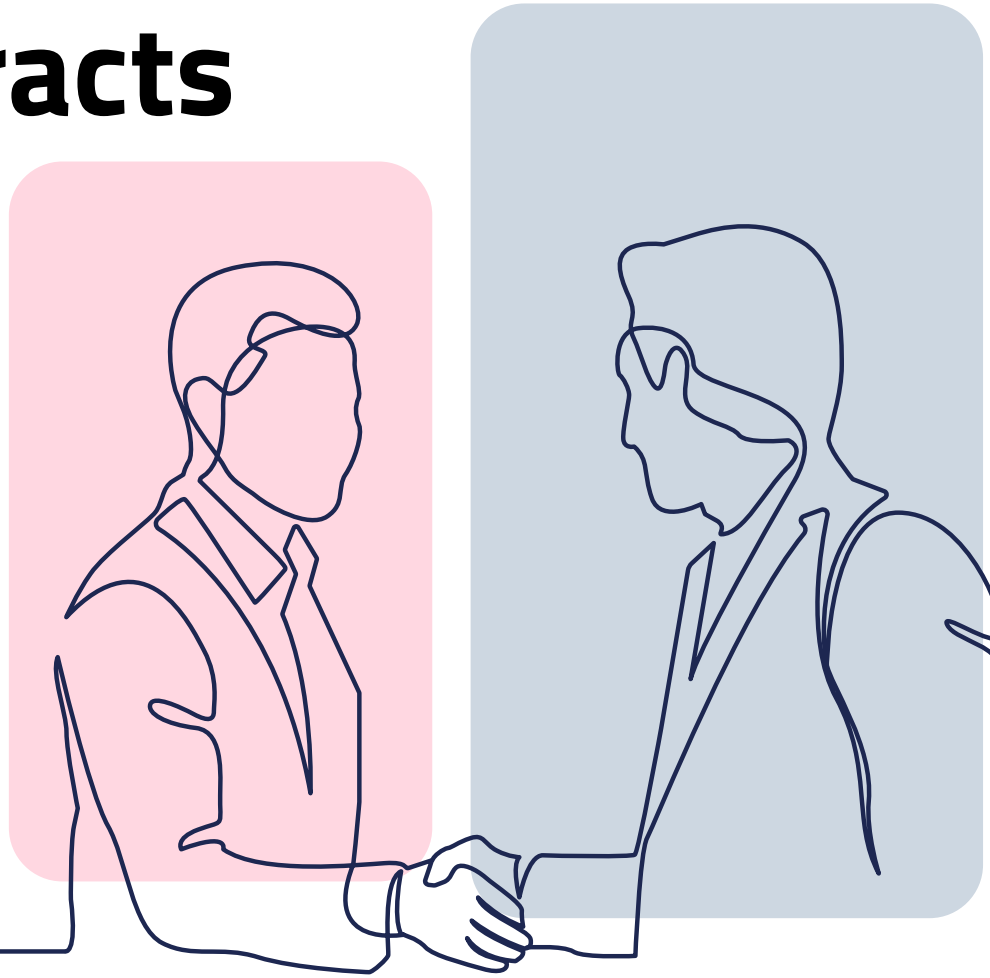
DOCUMILL

Modernizing the creation of negotiable contracts



Foreword

Thank you for showing interest in the sales document collaboration process and downloading this whitepaper. We have spent considerable time and effort on researching the problem, so seeing that others are interested in the answers strengthens our belief that we were right to make that investment.

As you are probably aware, optimizing the collaboration and negotiation process of sales documents is often overlooked. You probably experience this in your own workplace, and we know this from experience and from conversations with our customers. What we did not know prior to writing this whitepaper was how inefficient the process truly is. Now we do.

Every company has a process for creating these valuable sales documents, informal or otherwise, because none of us would be in business if we were not negotiating and signing deals. What we have come to find is that companies often repurpose existing tools to try and manage what is arguably the most valuable phase of selling: preparing offers, negotiating contracts, and closing deals.

Documill has been in the document automation business since 2012, but with a primary focus on generating non-negotiable offers and contracts for sales teams, directly from within Salesforce. Our customers range from large engineering companies to professional service providers. This combination has given us a unique position to hear what people have to say about contracts, without being biased or pre-dispositioned towards an answer.

Though naturally, we wondered if we could capitalize on a clearly identified need here. And now we have, by having developed and launched Documill Leap, but you will not find this solution plugged until the very end of the document.

Regardless of whether you are interested in Documill Leap as a potential solution, I hope that you find the contents of this whitepaper as useful and as interesting as we did.

Kind regards,

Mika Könnölä
CEO, Documill

Executive Summary

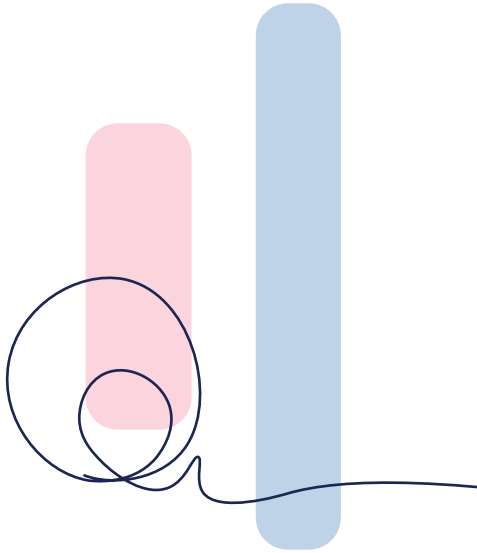
Negotiable contracts are contracts that require extensive input from multiple parties to formulate and finalize its contents.

The joint effort it takes to close these contracts is often overlooked because of their low volume. At the same time, negotiable contracts represent a much higher value than their non-negotiable counterparts.

As a result, they are costing businesses up to 9.2% in lost revenue through lost deals and under-negotiated contracts. All because of an “our process is fine” mentality. But the data says otherwise and so do the people who actively participate in the collaboration process.

The current method of utilizing a mishmash of repurposed tools and solutions that address specific needs or problems is not only a source of frustration for employees, but it also wastes resources whilst risking security and compliance.

This has to change. Companies should consider finding a solution that manages the process for them if they wish to close negotiable contracts successfully and efficiently. Only then can companies get rid of project delays and excessive costs. And only then can Sales focus on closing deals sooner and increasing revenue streams.



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1. Negotiable contracts

For this white paper we were particularly interested in negotiable contracts – contracts that require extensive input from multiple parties to formulate and finalize its contents. As opposed to standardized non-negotiable contracts that can be created through automated document generation.

Negotiable contracts are typically initiated by Sales before being distributed internally. Pre-sales teams or consultants then provide their input, after which Sales forwards the document to the negotiation partner.

On the partner's side, the document is then circulated among all stakeholders and their experts for review. Then a Supervisor and Legal must approve the contract, after which Sales can finally present Signees on both side of the table with a final version, ready to be signed.

And this process is largely similar for a variety of (sales) documents. Offers, RPFs, tenders, etc. all work in very similar ways, just with a different group of collaborators.

On top of that, 52% of employees said that their company contracts go through this process three to four times, on average, before being finalised.[1]

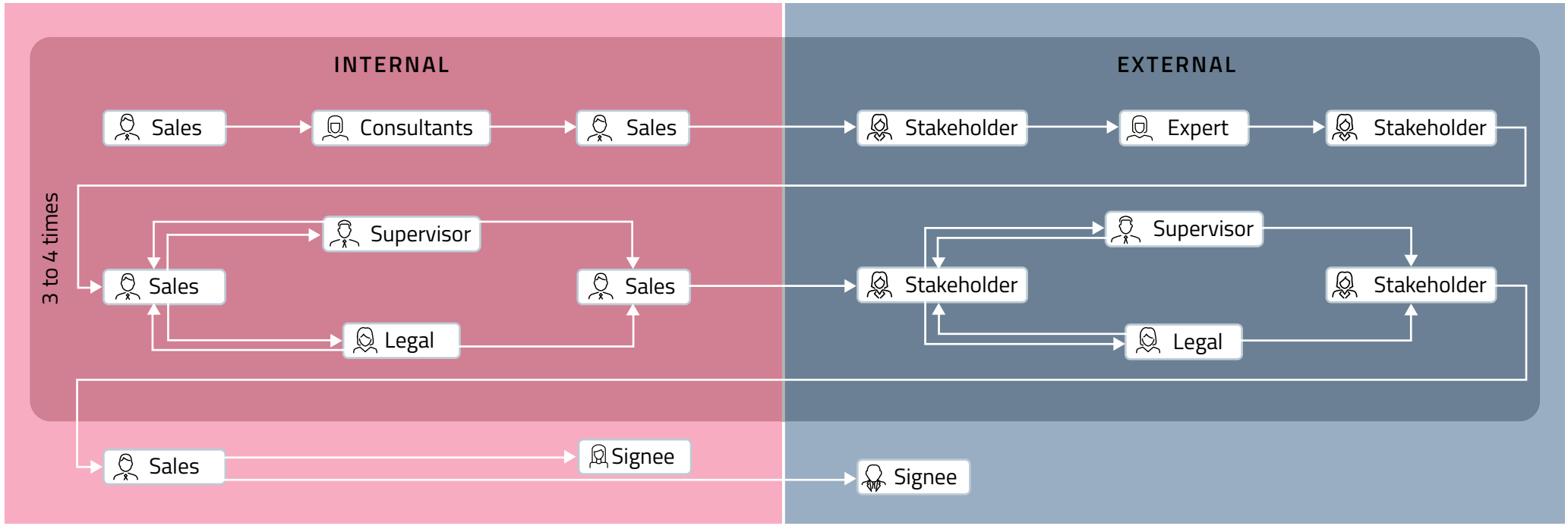


Figure 1: The typical negotiable contract collaboration process

1. State of Contract Management, DocuSign, 2019

1.1. The role of sales in creating negotiable contracts

Besides being the initiators of negotiable contracts, Sales plays an enabling role in the process. They ensure that documents go through all the required steps with input from the appropriate collaborators. Above all, Sales is responsible for the timeline as they have an inherent need to get documents finalized as soon as possible.

The outcome of a contract often has direct impact on their salaries. As such, they need to own the collaboration process. Their livelihood literally depends on it.

But that also means that there is a lot of time spent on *not* selling. Consequently, sales people often end up spending time as project managers rather than chasing new deals.

If we assume that this time can indeed better be spent chasing new deals, the question that arises is: just how inefficient is the current status quo? And how much are salespeople, and companies by extension, losing out on?

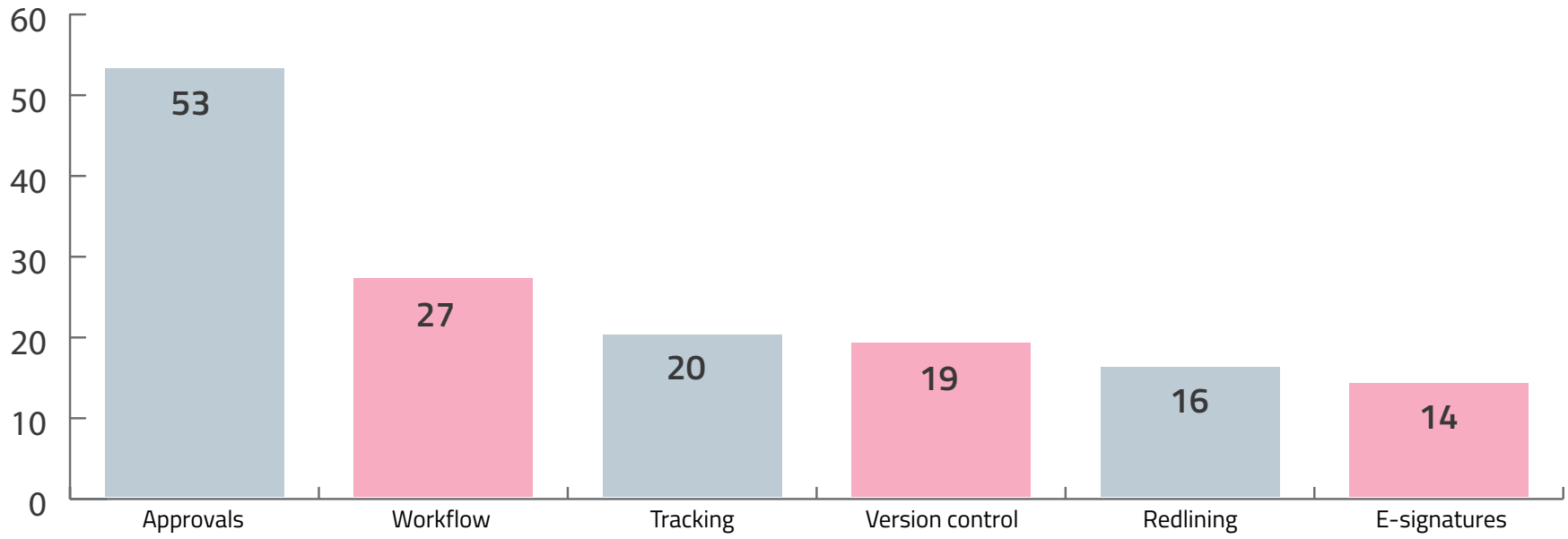


Figure 2: Contract process challenges[2]

2. State of Contract Management, DocuSign, 2019

2. The challenges of collaboration

To establish whether there are inefficiencies, it is important to find out what the challenges are when dealing with document negotiations and collaboration. For that, we turned to third-party data.

When it comes to collaboration, by far the biggest challenge is getting the right approvals. And this makes sense, since the people who give approvals are often busy people who are hard to reach and who must free up time to read through extensive documentation.

The workflows itself were also seen as a challenge by just over a quarter of the respondents. Confusion and uncertainty can have a big impact on performance when processes are not clearly defined.

Challenges with tracking and version control were perceived in almost equal amounts, by 20% and 19% of the respondents, respectively. And these challenges are closely related: Version control becomes impossible if you cannot track where your documents are or who made which changes and when.

Tracking and version control challenges are undoubtedly a recognizable problem for professionals who rely on e-mail or instant messaging to forward important sales documents. Or even by those who work with systems that require you to check out documents for local editing – and then have to remember to upload and check in a new version containing the changes made.

Redlining, making or suggesting changes to a contract, is also a cause of inefficiency that significantly impacts the collaboration. Even in 2020, people still struggle with not having the right permissions or not being able to discuss within the document due to check-out/check-in limitations.

And finally, e-signatures lead to a lot of frustration as 14% finds that collecting signatures, despite their now digital nature, is still a challenge. As with gaining approvals, signees are often busy people, so it stands to reason that getting their attention is hard. Especially when they reside on the other side of the negotiation table.

Negotiable agreements certainly do seem to come with some resource-wasting, time-consuming challenges. But before we can explore the solution, we must understand how companies operate.

3. The typical approach to contract collaboration

Negotiable contracts require a collaborative creation process, regardless of whether this process is formalized or not. Often, the process has been gradually defined, where the collaborators that are part of it come up with some solution to a specific problem that they experience in that moment.

Forrester notes that as a result, 45% of companies are stuck with an inefficient and typically manual agreement process.[3] One theme that we found kept repeating itself is that companies repurpose existing tools to digitize their processes related to creating sales documents.

A note on Contract Lifecycle Management (CLM) solutions

One potential solution that has increased in popularity is CLM. CLM solutions are designed to handle contracts from start to finish. Legal, Finance and Procurement departments can especially benefit from its capabilities.

However, the majority of CLM offerings focus on creating standardized contracts and on what happens after the contract is signed. As such, they lack well thought out capabilities on how to handle the creation of negotiable contracts, arguably the most valuable contracts, in the first place. CLMs are not a real answer for those sales departments that seek to improve sales performance through efficient collaboration, managed contract creation, and workflow automation.

For example, Kanban-embracing solutions such as Trello and Microsoft Planner are surprisingly often used to organize the project, despite their lack of contract-oriented functionalities and complete reliance on human oversight. Many of these visually oriented project management boards also lack any meaningful form of automation, which really is a must-have for efficiency's sake.

Popular document editors are almost exclusively used to create and review contracts. And while this makes sense on the surface, you are editing a document after all, it also sacrifices security for convenience. Additionally, these editors lack key features such as private editing, solid change tracking, or a proper way to accept document changes by consensus, rather than who clicks "accept" first.

As noted earlier, another commonly encountered issue is that collaborators are assigned the wrong editing privileges or mistakenly start working on an outdated version of the contract.

After the document editing is done, it is time to sign. Formal, binding, contract approvals require signatures from individuals who have the right to sign on behalf of their organizations.

While signing agreements electronically has become the new norm, it is done through a separate tool again, meaning that documents need to be transferred from one service to the other, introducing more risk and the possibility of human error into the process.

E-signing in itself is a great solution that has increased the speed at which we do business, but it has to be done securely.

3. State of Systems and Agreements, Forrester, 2019

Given the desire to utilize familiar tools, it is no wonder then that 76% of collaborators relies on e-mail[4] to share documents and update their fellow collaborators on the project status.

3.1. The cost of getting it wrong

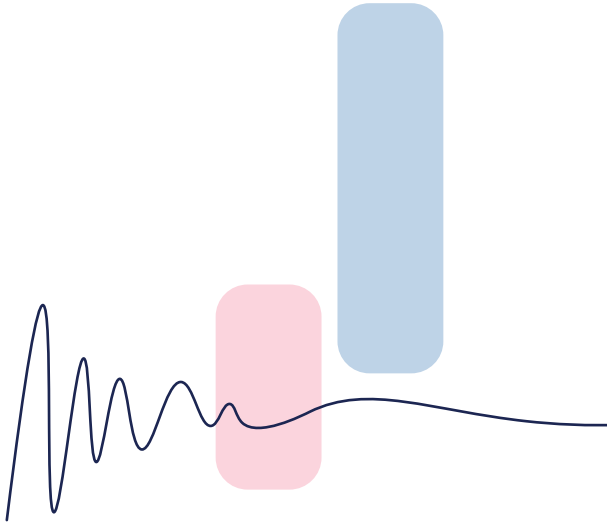
Working in a fragmented way does not come without cost. Beyond the practical challenges outlined in chapter 2, a sub-optimal collaboration process for negotiable contracts also comes with financial costs.

According to DocuSign, 65% of companies experience delays in closed deals, while 37% sees an increase in costs, and 30% experience lost revenues.[5]

Furthermore, Professor Tim Cummins, the founder and President of the International Association for Contract & Commercial Management (IACCM), has stated that according to IACCM research "ineffective contract management costs businesses up to 9.2% of revenue."

Optimizing offer and contract collaboration is clearly more than improving employee and customer satisfaction; It also optimizes employee efficiency, reduces costs, and leads to more revenue that comes in sooner.

It is imperative for companies to tackle this issue and get it right.



4. Contract Lifecycle Management Insight Report, Levvel Research, 2019
5. State of Contract Management, DocuSign, 2019

4. The ideal way of managing offer & contract collaboration

Based on the financial costs of an inefficient collaboration process, we can distinguish three (3) types of problems: Those that cause delays, those that increase costs, and those that result in lost revenue. On top of that, security and compliance must always be top priorities, otherwise the final outcome may not even matter.

An ideal process would be legally compliant and negate these problems while costing less resources than before. This means that collaborators should only spend time working on their assigned tasks with superior efficiency.

This would be possible by providing better situational awareness and getting a clear picture of who is doing what and when, and what each collaborator is supposed to do next. For Sales specifically, it should free up resources to chase down new leads rather than micro-manage an ongoing process.

When it comes to work, efficiency is an important ingredient of employee and customer satisfaction.

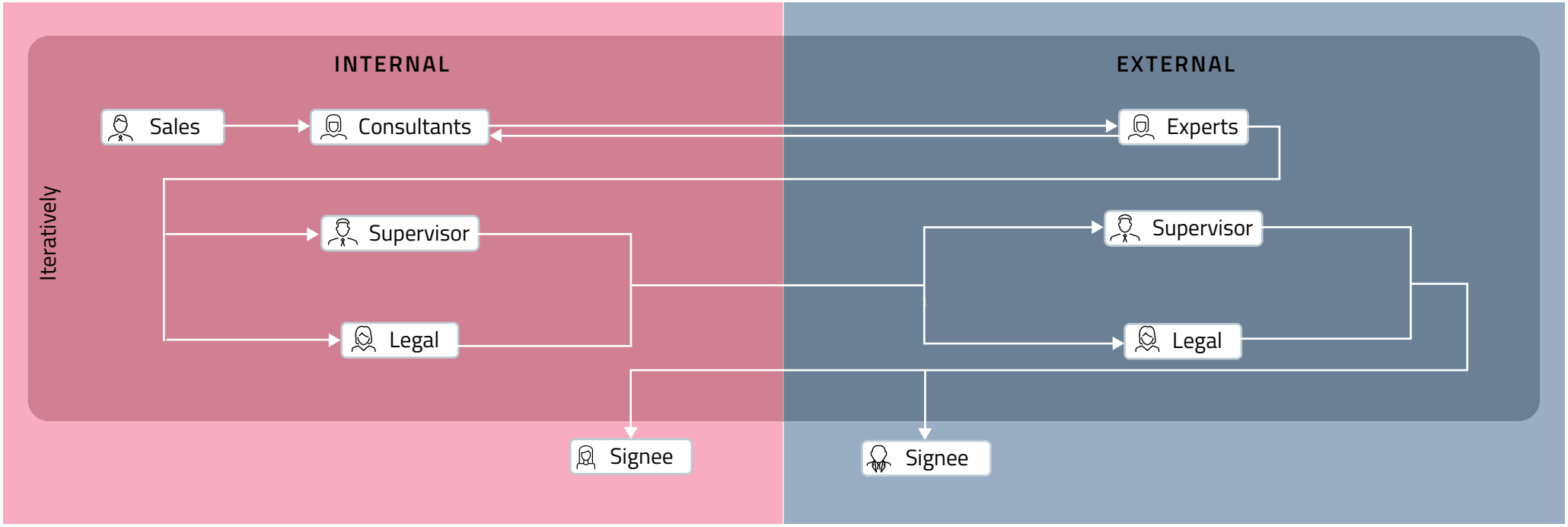


Figure 3: The ideal negotiable contract collaboration process

4.1. Eliminating delays

Delays are the direct result of poor project management. So, reducing delays starts with proper planning. And while this sounds like a lot of work, it should not be. In an efficient and well-thought-out process, the planning phase itself can be replicated. Applying a templating approach to projects and workflows means that the only thing that changes between projects are the actors and the outcome.

This also ensures consistency among projects, something which is typically missing in enterprises due to different project owners running projects in their own ways.

By providing collaborators beforehand with information about who does what and when, another big contributor to delays gets removed, namely uncertainty. In an ideal world, each collaborator would get notified whenever their attention is required.

Since a process is essentially a chain of tasks to be performed one after the other, automation could be used to inform people that they have a task to attend to as soon as a previous task is marked as complete. At the same time, this would greatly reduce the need for human oversight. Sales especially would benefit from this, as it enables sales professionals to start and execute contract creation projects without the help of a dedicated project manager.

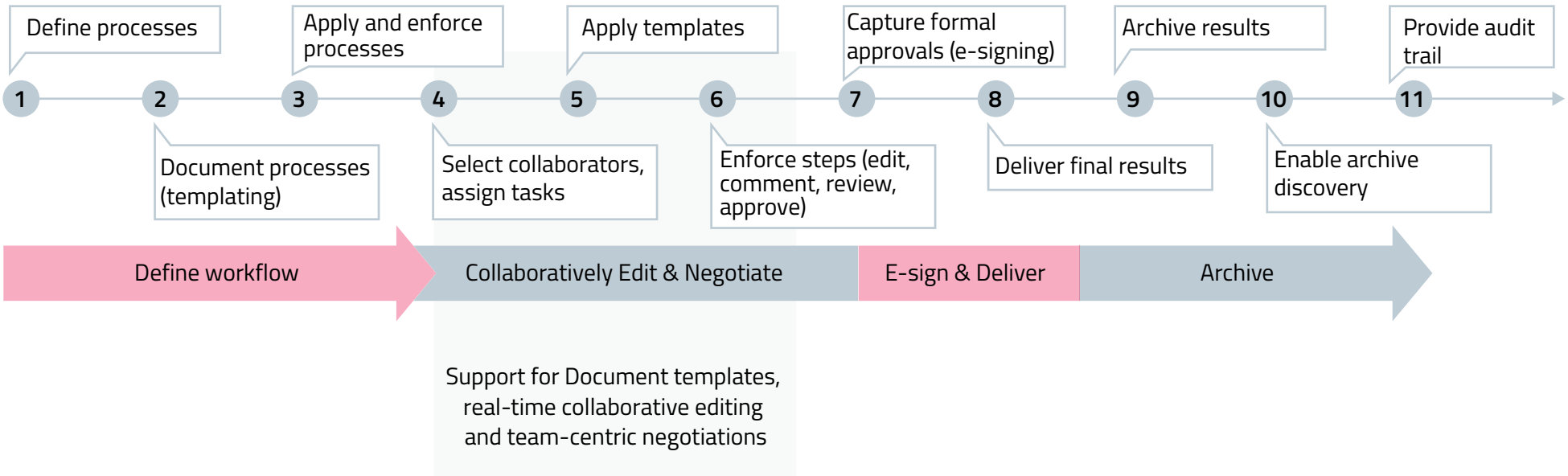


Figure 4: Document driven process flow

4.2. Eliminating costs

The challenges that cause delays naturally lead to an increase in costs as well. On top of that, using a variety of software and solutions leads to complexity and user errors.

Context switching, having to change between solutions to get a task done, can cause up to 50% lower productivity.[6] And then there is the increase in costs by having to purchase multiple solutions.

To be successful and eliminate costs, the contract creation and collaboration processes must be streamlined. We touched upon automation and templated workflows earlier, which are great ways to speed up processes. To take it a step further, companies should use a single solution throughout the entire quote and contract creation as well as subsequent contract negotiation processes.

This all-in-one solution would need to have all the required functionalities, such as document editing and e-signing, so that when someone gets informed to do a task, both the contract and functionalities required are at their disposal. There should be zero time wasted looking for the right documents or the right tools to use.

A solution that takes care of all the communication and collaboration orchestration would consolidate costs while reducing organizational risk. Because if all the required functionality is available within one solution, then the contract itself would never have to leave that solution either.

And it is essential that the contract is always accounted for. Version-confusion, when the wrong documents or wrong versions of the documents are edited, would be a costly way to lose progress. Clarity and transparency are key to successful contract collaboration.

4.3. Increasing revenue

Ultimately, the approach that seeks to eliminate your delays and costs should also be so efficient that it goes beyond these goals and shortens the duration of the negotiation phase, in turn shortening the time-to-revenue.

Sales should be able to go back to being deal enablers rather than project managers, ideally without having to learn how to use new solutions. Automating and streamlining the process as outlined above would free up their time to focus on selling again.

Part of properly facilitating contract collaborations comes down to identifying external collaborators and key stakeholders early on in the process: collecting roles, responsibilities, and contact information before the collaboration begins. This way, it is easier to keep everyone accountable should the need arise.

In an automated process, this information is required for configuration purposes.

In the end, when everyone knows what to do and can focus on their roles within the process, the outcome, captured in the final document, will benefit from it. This leads to a healthier cooperation which is based on a clear mutual understanding and expert input.

6. Application Hopping Causes 50% Lower Productivity, Documill, 2016

5. Documill Leap

The challenges presented and potential ways devised to improve the situation have led us to develop Documill Leap.

Documill Leap is an offer & contract collaboration solution that dramatically improves collaborative contract creation, negotiation, and review - all the way to getting approvals via e-signing and document distribution. Its key beneficiaries are sales, account, and project managers, who gain up to 36% more revenue while lowering cost by 30% and risk by 23% on average.[7]

The guiding logic of Documill Leap is that collaborators should be clear of what is expected of them and at the same time they should not be held up with anything that is not directly productive. That means, for example, eliminating middlemen and the time spent looking for the right documents and software.

A key ingredient in improving efficiency is automation. Documill Leap automates all the parts that do not require human oversight, ensuring that collaborators have the appropriate editing rights, and notifying collaborators that their input is required.

This automation comes from pre-defined workflows. These workflows are set up as project templates that can be started with the click of a button and re-used whenever required. Especially larger companies will benefit from the unification and standardization that such a templated approach brings. Again, saving time is key here.

Within each workflow, collaborators receive clearly defined roles. These roles then ensure that each collaborator has the right functionalities, such as document editing or e-signing, available to them. And the same applies for external collaborators such as consultants and legal advisors.

As with all collaboration, communication is key. Documill Leap facilitates this through advanced commenting capabilities within the document editor, as well as automated notifications. External collaborators will benefit from a privacy mode that lets them edit and comment on documents in the confines of their own team.

A main feature of Documill leap is its always-online nature. During the collaboration process, all sales documents are always available while they reside within Leap. And since Leap has all functionalities required to successfully negotiate a contract, it provides security and eliminates the risk of losing your most valuable documents.

Documill Leap is a cloud-based solution that is also available for Salesforce.

Book a Demo

7. Addressing the Document Disconnect, IDC, March 2015

6. Conclusion

Companies need to examine the way they collaborate on negotiable contracts. They should take a hard look at current processes and calculate how much their current inefficiencies cost them. Odds are that change is needed. And that change would be a profitable one.

But altering these processes does not need to be a complex change project that takes months. Nor does the whole company need to get involved. There are online solutions like Documill Leap, which can be used to enable efficient creation, review, and negotiation of customizable contracts.

Such a solution must include all the required functionalities that enable employees and customers to collaborate while automating the parts that do not require human oversight.

Whatever you decide to do, ensure that Sales can go back to selling rather than managing projects. Give collaborators on both sides of the negotiation table the clarity they need to perform their tasks optimally and do not waste time on tasks that computers can do more effectively.

About Documill

Documill is an independent software vendor (ISV) with a strong Salesforce focus. It develops and offers solutions which enable productive document-centric collaboration and automation. Documill solutions have been available in Salesforce AppExchange since 2012.

The company is based in Espoo, Finland, and has built a strong IP foundation during the past 15 years. Its core engineering team has worked together since late nineties, which makes it one of the most experienced teams of online solution innovators in Finland.

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