

# Building a contract lifecycle management business case in Government

Getting executive buy-in  
and funding to jumpstart  
a digital transformation



# Paving the path for digital transformation

For teams looking to modernise their contract management processes with a contract lifecycle management (CLM) solution, the first step is answering the question: Why are we even looking for a CLM solution? Answering that question at a high level will help a team prioritise and allocate the resources necessary to evaluate the different vendors and solutions on the market. From there, it's about earning executive buy-in. If the business case lacks concrete outcomes, it will ultimately fall short in front of executive teams.

CLM business cases should define a future state, present a solution for getting there. "A business case is your policy aligned, CFO-credible economic analysis that identifies, quantifies and articulates the opportunities, risks and total value of an investment," explains Glenn Powell, A/NZ Public Sector Industry Lead at DocuSign.

By following certain strategies, teams can build a compelling CLM business case that aligns with Government priorities, policy objectives, options analysis, demonstrates real cost benefit analysis and paves the path for managing and realising the benefits.

## 1 / Identification of the problem or the opportunity

### Example Problem

#### **Cost reduction**

The Department is incurring significant costs each year due to non enforcement of contractual deadlines embedded within procurement contracts.

#### **Procurement**

Procurement contract volumes next financial year are forecasted to increase 25%. Adopting a CLM solution will allow the Department to avoid increasing headcount through manual task automation and streamlining of negotiations.

#### **Grant Volumes**

As our Grant volumes increase, we are unable to track performance and achievement of deliverables across the entire program.

### Example Opportunity

#### **Cost control**

Each area of the Department negotiates their own contracts for contingent labour hire services. Adopting a CLM solution will allow the Department to gain insights into hourly rates per role type and provide actionable insights to hiring managers to help control costs.

#### **Performance Management**

Most contracts agreed with suppliers have performance clauses. These are buried in contracts and are stored in the EDRMS where they are often not enforced to ensure we receive the goods and/or services originally agreed.

## 2 / Options analysis

The key to a successful business case is the detailed analysis of the various options available to address the problems and/or opportunities. To strengthen a business case for adopting CLM, the cost of continuing the status quo should also be quantified. Be bold with the options analysis. Adopting a CLM solution opens up opportunities for collaboration thereby amplifying the benefits. Consider involving subject matter experts in the CLM workflows; such as internal technical experts or external legal counsel.

## 3 / Detailed business case for each option

Central to the business case are the costs, the benefits, the risks and the programme delivery strategy. Adopting a CLM that's delivered as Software-as-a-Service decreases the time to value and helps to minimise cyber security risks. Using a CLM that is purchased on a as-a-Service basis means costly capital investment is avoided, utilising instead a consumption-based licencing model.

# The trouble with traditional business cases

Too often, business cases contain too much information, or are too focused on the present day and aren't driven by future outcomes. As Jeff Piper, senior director of Agreement Cloud strategy at DocuSign warned, "Getting mired in the details often puts senior leaders to sleep."

Rather than providing an overly detailed analysis of today's problems, teams should present a business case that is to-the-point, focused on tangible business outcomes and conveys a strong financial impact that's targeted at the Agency operational efficiency and the experience of all stakeholders.

The traditional business case formula is especially ineffective for larger Departments, where the outcome results in an additional silo. A CLM solution should be focused towards all forms of agreements across the agency. Whether these are one-off procurements, panel supply agreements or Grants. Designing a strong business case is crucial and can be the difference between getting a project funded or being forgotten.

---

**"Your business case should be a vision of the future. Start with a story of how the department and stakeholders will be far better off because of this investment."**

Ed Knott  
Area Vice-President  
Australia and New Zealand  
DocuSign



#### Ineffective business case

- Too many details
- Takes too long to get to the bottom line
- Focuses on the present

#### Effective business case

- Starts with an outcome-based vision
- Summarizes the need
- States the solution
- Demonstrates tangible business impact

When done well, the business case tells a story that draws in executives with a shared dream of digital transformation—and inspires them to act on a chosen CLM solution. Overall, a strong CLM business case checks the following three boxes:

#### ☐ Shows strategic alignment

To ensure a CLM solution gets funded, the business case for it must support the Department's outcomes. "Aligning to the Departmental outcomes is the key to getting your business case funded," explained Nick Slater. "Governments invest in projects that are going to move the needle."

#### ☐ Reveals thorough research

Demonstrate that time and effort has been given to thinking through the specifics of how a CLM solution will drive tangible ROI. In addition, the business case should call out any assumptions and detail the risks and challenges.

#### ☐ Allows stakeholders to easily track progress

Once a project gets funded, Executive leadership will want to know: How are we progressing against milestones? Are we achieving the benefits presented in the business case? An effective business case defines which executives will be held accountable as well as all the key milestones and metrics for tracking its success.

---

**"Aligning to the Departmental outcomes is the key to getting your business case funded. Governments invest in projects that are going to move the needle."**

**Nick Slater**  
Regional Vice-President  
Public Sector  
DocuSign

# Adopting an outcome-first framework

**“Establishing the benefits of a CLM solution with demonstrable financial objectives and improvements to risk & governance will help strengthen the reason why the investment is necessary.”**

Glenn Powell  
Industry Lead  
ANZ Public Sector  
DocuSign

When creating a business case, teams should operate within an outcome-first framework. Build the case around concrete business results that will resonate with executives, such as faster time to benefit, improved productivity or reduced costs. These proof points demonstrate how a CLM solution will have a positive impact on an Agency's business operations.

## **Start by considering the following questions**

How will this CLM solution...

- increase cost savings?
- elevate stakeholder/employee experience?
- mitigate risk?
- accelerate time to contract?
- speed up internal processes?
- improve employee or citizen productivity
- avoid future costs

To articulate these answers, first analyse the status quo. For instance, how long does it currently take to execute a procurement contract or grant, all the way from an intake request to signing the contract? If the answer is several weeks (or even months), convey that a CLM solution will reduce that timeframe to mere days. Tangible projections like this can be translated in dollars, allowing executives to easily compare the value of competing internal initiatives.

Start by measuring data points such as time currently spent manually updating contracts, obtaining internal approvals and going back and forth with stakeholders. Consult with other stakeholders to get comprehensive, accurate insights about these processes. Make sure that executives understand and agree with these data points — otherwise they won't be on board with the rest of a business case.



# Digging into business outcomes

In addition to having an outcome-first mindset, an effective business case for integrating a CLM solution has to demonstrate how it will enable key departmental outcomes. For example, it has to show how the solution will have a positive impact on time to contract, workforce productivity, hard costs, contract value leakage, external counsel costs, compliance and ease of doing business.

Below are specific examples and data points on how technology can impact each [key business outcome](#):

## CLM Business Outcomes

---

### Time to revenue

Turnaround time, version tracking, external counsel costs, contract value leakage, contract quality, contract management, obligation tracking

### Workforce productivity

Time to prepare, sign, act and manage contracts, rate of error, compliance, ongoing compliance, non-compliance, security failures

### Hard costs

Printing, distribution, storage, legacy services/solutions

### Ease of doing business

Stakeholder experience, employee engagement, environmental sustainability

## Accelerating time to contract

[90% of organisations](#) globally are burdened by manual agreement processes, which lead to poor customer experiences, project delays, increased costs and in some cases lost benefits. But by adopting a CLM solution, the friction associated with manual document generation and management can be removed.

An effective business case clearly communicates how an automated contract management solution will accelerate turnaround times and thereby deliver benefits to the Department sooner.

---

**“By moving that signing date up, you’ve just added a few extra days or weeks where your Department can start receiving goods and services sooner.”**

Glenn Powell  
Industry Lead  
ANZ Public Sector  
DocuSign

---

## Increasing workforce productivity

Manual and outdated contract management systems can also mean wasted time for employees. In the [2019 State of Contract Management report](#), 68% of employees said it takes more than ten minutes to manually locate a contract. And of those who reported having given up on locating contracts, more than half cited the challenges of tracking down paper records as the reason.

Not only does completing tasks manually burn hours that could be spent on more important projects, but it also leads to errors (like sending a contract to the wrong party, which 27% of respondents in the same report admitted to having done). But by replacing these manual processes with digital ones, teams can streamline and standardise contract management while also minimising manual mistakes



**9%**

Annual business revenue lost due  
to contracts not “fit for purpose”  
(IACCM)

## Preventing contract value leakage

Contract value leakage is defined as the difference between a contract's expected value and realised value, and it plays an important role in developing a business case. For example, if contracts aren't made using the correct template, pre-approved language or negotiated terms during the agreement's lifecycle, they become less valuable and the potential risk increases for organisations. According to the International Association for Contract & Commercial Management (IACCM), contracts that are not “fit for purpose” result in an average of [9% annual value leakage](#).

There are two ways that contract leakage typically occurs: before or after a contract is signed. Pre-signature contract leakage typically happens when agreements haven't been optimised in the preparation and negotiation stages; for example, a contract will lose value if the price point agreed on over the course of a negotiation is lower or higher than what the customers understood as the accepted price. Pre-signature contract leakage can also result in unfavorable commitments, meaning that details submitted in a RFX process that were not included in the final agreement are not upheld, or vague performance metrics. This occurs when an Agency agrees to a vendor contract without clear specifications about the performance of a product and must invest extra time and resources to correct the problem.

Post-signature contract leakage can result in a different set of deficiencies. For example, it can create delivery or compensation errors since, without the proper visibility into the contract obligations, the Agency completes a procurement but fails to receive the goods and services in a timely manner. Similar errors could be made regarding the quality or completeness of the goods. This kind of contract leakage can make it harder for Agency's to enforce certain obligations (that were agreed upon initially in a contract). For instance, Suppliers may owe the Agency penalties or fees where they have exceeded thresholds or missed obligations. If the Agency doesn't have a firm grasp of the contents of its agreements, it will expose the Agency to excessive risk and potential external audit oversight.

Adopting a CLM solution can help mitigate the risk of contract value leakage. Through its searchable repository, a CLM solution can not only increase a team's accessibility to information, but it gives them the ability to analyse past agreements for learnings, mistakes, and ways to improve. For instance, they can use this capability to answer questions like: What contractual language causes the most friction with suppliers? How can we change it to streamline negotiations?

A CLM solution can also reduce confusion around who needs to approve each contract, and when they need to do so, by automatically populating that information in workflows. This also removes concerns around version control, since a CLM solution automatically displays any updates or edits made to an agreement.



**“To truly unlock workforce productivity requires entire processes to be digitalised. Eliminating manual activities such as emailing and filing contracts are quick wins that help demonstrate returns to the Executive while increasing employee engagement.”**

Glenn Powell  
Industry Lead  
ANZ Public Sector  
DocuSign

## Reducing hard costs

Without a CLM solution, agreement stakeholders lack the ability to monitor documents during the review and negotiation processes. According to a [commissioned study by Forrester](#), 44% of teams worry about the lack of visibility into the location and status of documents. Instead, they have to manually search for, print and then review contracts. These manual processes create more work overall, and sometimes lead organisations to spend extra money outsourcing the extra work.

But with a technology solution that saves time and streamlines processes, this doesn't have to be the case. CLM software saves and stores all contracts in a centralised, searchable repository, making them easier to access and monitor so that teams can complete the entire contract management process in-house—and in record time.

## Enabling compliant self-service capabilities

A CLM solution can also enable organisations with the ability to create “clause libraries.” These contain all of the pre-approved language and playbook guidance needed for contracts, and help avoid using outdated or inconsistent language. They can also help all departments, including legal, corporate services and finance, to be more self-sufficient in their ability to create contracts. Procurement teams can start working on contracts independently, using pre-approved language and contract templates from the CLM solution's shared repository. This creates more efficiency overall, while also ensuring adherence to regulatory or legal standards.

## Enhancing the ease of doing business

Implementing a CLM solution contributes to a better experience for both employees and customers. This outcome may be a bit harder to quantify, but an effective business case can highlight how making it easier for Suppliers to work with an Agency will impact the quality and outcomes of the Services received.

# Tips and tricks for getting project buy-in

Achieving executive buy-in isn't easy. Everything about a business case, from the details of its content to the structure of its argument, needs to be ironclad. Even the way in which a business case is presented can be important—or, at the very least, help maximise its impact.

Here are a few additional strategies that can help increase the chances of getting a digital CLM initiative funded:

## **Understand departmental business case stage**

Teams should find out how their Department typically conducts business cases. Determine the stakeholders that need to be involved in its creation, including external agencies such as the Treasury or Finance Departments. Learn who the ultimate decision-makers will be, and after understanding these norms, align your business case accordingly.

## **Involve others**

Most CLM business cases warrant cross-functional decisions with representatives from legal, corporate services, procurement and IT. In order to build a solid business case, consult with and gain insights from these stakeholders and continue to involve them throughout the project.

## **Pick your audience**

When possible, carefully select the audience members for your business case presentation. In many cases, there will be a core team of executive decision-makers, but you may have the opportunity to prescriptively invite a cast of supporting (and supportive) characters.

## **Be mindful of timing**

Timing is everything. If an urgent matter suddenly arises in another area of the Agency, your business case may be placed on the back burner. By being aware of what's going on inside the organisation, teams can optimise timing and increase the odds of achieving a successful outcome.

## **Tell a story**

An effective business case is a tale of triumph. Take audience members on a journey of how a CLM solution can lead to better societal outcomes. On its own, data may not always move the needle, and weaving in a compelling story that engages emotions and opens minds can help secure buy-in.

# Driving digital transformation with DocuSign

Your business case isn't a one-and-done presentation. It's the first step in a journey. Know that the decision-making process won't happen overnight, but that a strong business case will sow the seed for your CLM solution.

Beyond providing powerful technology solutions, the best CLM partner will fuel your vision for the future — co-creating success by delivering tangible outcomes that benefit your business.

At DocuSign, we're here to do exactly that. For more information on how to build a business case for CLM and the ROI it can provide, check out this [DocuSign white paper](#) on the total economic impact of CLM solutions.

This ebook is based on the DocuSign webinar  
“Foundations for CLM Success Series:  
Building Your CLM Business Case.”

Watch the on-demand recording [here](#).

---

#### About DocuSign

DocuSign helps organisations connect and automate how they prepare, sign, act on, and manage agreements. As part of the DocuSign Agreement Cloud, DocuSign offers eSignature, the world's #1 way to sign electronically on practically any device, from almost anywhere, at any time. Today, over a million customers and more than a billion users in over 180 countries use the DocuSign Agreement Cloud to accelerate the process of doing business and simplify people's lives.

#### DocuSign, Inc.

Level 8, 126 Phillip Street  
Sydney NSW 2000

[docusign.com.au](https://docusign.com.au)

#### For more information

[apac@docusign.com](mailto:apac@docusign.com)  
+61 2 9392 1998  
Toll-free (within Australia)  
1800 255 982

**DocuSign®**