Recipe For A Failed

CLM IMPLEMENTATION

The 3 Ingredients Most CLMs Use That Lead to Frustration and Lack of Adoption (and How to Make it Better)

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Table of Content

Common Reasons for Failed CLM Implementations	<u>03</u>
High (and Sometimes Unexpected) Costs	04
Lengthy Implementation	<u>06</u>
Lack of CLM Provider Support	07
Key Takeaways	09
Impact of Failed CLM Implementation	<u>11</u>
Limited Adoption and Use of CLM system	<u>11</u>
Inefficient Contract Management Processes	12
Decreased Trust from the Business	<u>13</u>
Steps to Avoid CLM Implementation Failure	<u>16</u>
Select the Right CLM Provider	<u>16</u>
Prepare Stakeholders for What's Ahead	<u>17</u>
Steps to Overcome Failed CLM Implementation	<u>19</u>
Conduct Thorough Needs Assessment	<u>19</u>
Ensure Quick Turnaround to Usability	<u>19</u>
Ensure User-Friendliness of CLM Tools	20
Ensure Continued Provider Support	<u>20</u>
What to Do if Your CLM Isn't Right for You	21

Efficient contract lifecycle management (CLM) can be a game-changer. That's why so many organizations are eager to find and implement CLM technology, in the hopes of taking their internal contract management efforts from good to great.

CLM selection is challenging for a lot of reasons. It can be difficult for companies to differentiate between providers. Even if the technology meets their needs, it can be tough to know for sure whether you've picked a provider that will help you get up and running smoothly.

It's not uncommon for companies to stumble during the implementation phase with their chosen CLM, leading to underutilization or even total abandonment of the system.



Gartner predicts that **50%** of first-time CLM implementations will fail.

A 2022 article from Law.com states that **80%** of respondents said they'd failed at least once to adopt new tech - **40%** of those because implementation took too long; **36%** because the tech was too complicated to use.

Failed CLM implementation can stem from various factors, ranging from inadequate planning to lack of user training. This failure often results in a lack of use, which in turn, negates the potential benefits that a well-implemented CLM system can bring.

Understanding the pitfalls that can lead to a failed CLM implementation is the first step towards avoiding them. Let's delve deeper into the reasons behind this common issue and explore ways to ensure successful CLM adoption.

Common Reasons For

FAILED CLM IMPLEMENTATIONS

Understanding the issues that lead to contract lifecycle management implementation failure is essential. By recognizing these pitfalls businesses can more easily avoid the CLM implementation nightmares their peers have faced. Among the problems companies have faced in their CLM

implementations, three stand out as having the most impact on the success of a CLM journey: high costs of the product and associated professional services, lengthy implementation periods, and lack of support from the CLM provider.





HIGH (AND SOMETIMES UNEXPECTED) COSTS

The high cost of CLM tools can be a hurdle to implementing a CLM system effectively. It can be challenging enough to get internal teams to sign on to a CLM purchase when the tool itself is so costly. On top of the product costs, many CLM providers also tack on additional costs for things like implementation, integrations, and customer support.

Companies may be discouraged from investing in costly CLM software or associated professional services, resulting in a delay or total disregard for a CLM implementation. Budget restraints may lead to selecting cheaper options with limited capability

66 **Sometimes Implementation** Support May Not Be **Sufficient For Your** Needs.

or and may eventually lead to abandoning implementation efforts altogether.

For teams who are on their first-ever CLM journey, it can be difficult to know what all of the costs associated with a CLM implementation might be.

When deciding whether to move forward with a CLM, we recommend conducting a cost-benefit analysis to understand the knowable costs with implementing a particular product and to help you decide if your chosen CLM is worth the price tag.

BEYOND STICKER PRICE

Beyond the initial software cost, consider implementation fees, ongoing maintenance, and training expenses. Factor in potential customization needs and integration costs with existing systems. Being clear with the CLM provider upfront about what integrations you will need and setting a reasonable estimate for implementation support from the provider will help you get a better sense of what you're really paying.

BE AWARE

Some providers do not manage implementations in-house. Sometimes implementation support (either in-house or outsourced) may not be sufficient for your needs, given your own internal resources and how much time, effort, and energy your team can put into the product. In those cases, consider working with a consulting company who specializes in CLM implementation support. They may be able to fill gaps that can advance your implementation more quickly and more efficiently.

HIDDEN COSTS

Don't underestimate hidden costs like data and contract migration, ongoing storage fees, and user licenses. Some providers focus pricing on the number of contracts you store in your system. Having a sense of your contract portfolio and future contract volumes can help you better understand and prepare for additional costs like these.

For the "benefit" portion of your costbenefit analysis, there are plenty of reasons why implementing a CLM can be a great idea for your business and can save time and money across the organization. Here are just a few to keep in mind:

MISSED RENEWALS OR EXPIRATION DATES

Without a contract repository and accurate contract data stored in that repository, your company can miss important dates that affect your organization's bottom line and could lead to potential financial losses and operational disruptions. CLMs can help you track those important dates and even set up automated reminders to keep your team on track.

DELAYED APPROVALS AND NEGOTIATIONS

How often have you wondered what the status of a contract negotiation is, only to find out it had been lost in someone's email inbox? Manual workflows lead to slowdowns, inefficiency, and can even result in lost revenue. CLMs can track contract status and give you more visibility into what needs to happen for a contract to be finalized.



INCOMPLETE OR INACCURATE CONTRACT DATA

Without a CLM, most companies struggle to track or maintain contract data, and especially struggle with keeping any data they do have up-to-date, resulting in negative impacts on business decision-making and increased compliance risks. CLMs can help you keep more consistent data across your contract portfolio, make decisions based on that data, and ensure your contracts are sufficiently protective.



Time is another crucial factor leading to CLM implementation failure. Lengthy implementations can drain resources and result in lost interest from internal teams, well before the official "launch" of your chosen CLM system. Many businesses underestimate the time and resources required to fully implement a CLM system, leading to project delays, additional financial costs, or sometimes, complete abandonment.

Think about it

it is likely relatively easy to get your internal team onboard to support a three-month CLM implementation, especially with promises from the provider of a new and improved way of working at system launch. But what happens if that three months turns into a year or more? Or if after the implementation (and associated implementation support you paid for) only one small part of your team's efficiency needs are improved? Will your team still be on board to push through to complete the implementation in those cases?



For many companies, they lose interest. They become discouraged with CLMs all together and forward progress stalls, or stops completely.

Getting clear project timelines from your provider, including transparency into what support your team will need to provide and what you will receive at each phase of implementation can help you better prepare for time your CLM implementation will take.

There are a lot of reasons why a CLM implementation might last longer than expected, but here are just a few:



Complex organizational structures

Integrating the CLM system with existing workflows and legacy systems within various departments can be time-consuming and challenging.



Unrealistic expectations

Setting overly ambitious timelines without considering the complexity of data migration, user training, and process adaptations can lead to delays and frustrations.



Complexity creep

Scope creep and feature overload can significantly extend implementation timelines. Define clear project goals and prioritize functionalities based on your specific needs.



Data migration challenges

Migrating existing contracts and historical data can be complex. Develop a well-defined data migration plan and allocate adequate internal resources to help you meet project timeline goals.



Lack of internal expertise

Businesses might underestimate the need for trained internal personnel to understand, configure, and manage the CLM system effectively, leading to implementation delays and lack of use once implementation has completed.



LACK **OF CLM PROVIDER SUPPORT**

The role of the service provider is critical in the CLM implementation process. Many businesses have noted a lack of support from CLM providers as a significant challenge to successful CLM implementation. Implementing a CLM is no easy feat, and companies need to know that they've partnered with a CLM

provider who will be by their side through all the ups and downs.

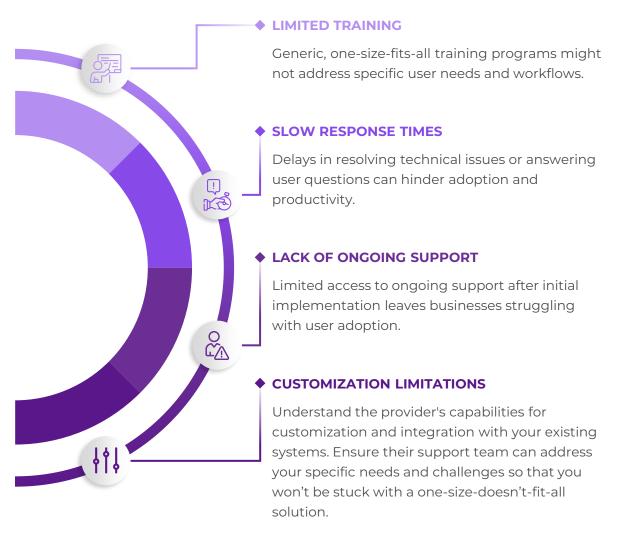
That means that during implementation, your provider should assign a dedicated support team to keep your project moving, support your internal team members with any questions, and help

share best practices for successful implementation and use of the system. It also means expert guidance and training so that your users don't feel lost in the new technology once you make it available for their use.

Most importantly, it means you will have dedicated customer support by your side after implementation, too. CLM success doesn't end the minute your team starts using the CLM actively. People will have questions, and change will be difficult, so you (and they) need to know your company has not been abandoned for other priorities.

Without sufficient provider support, your team is more likely to underutilize the CLM tool or abandon it altogether.

Here are some other ways that companies can get less-than-ideal support from their CLM provider:







KEY TAKEAWAYS

- A failed Contract Lifecycle Management (CLM) implementation can stem from various factors including high cost of the product, lengthy implementation periods, and a lack of CLM provider support.
- The high cost of CLM tools can deter businesses from successful implementation.
 Therefore, we recommend conducting a cost-benefit analysis before investment.
- Lengthy implementation periods can drain resources resulting in delays or abandonment. Proper resource planning can mitigate this risk.
- Lack of provider support can lead to underutilization or abandonment of the CLM system. Firms should ensure sufficient assistance is included in their CLM agreement.



Impact of

FAILED CLM IMPLEMENTATIONS

As more and more legal teams push toward digitization, the need for robust systems like CLMs is evident, but we already know that a poorly executed CLM implementation can spell disaster.

The impact of a poorly executed implementation can affect multiple areas of a legal team and the business it supports.



LIMITED ADOPTION AND USE OF CLM SYSTEM

One major implication of a poorly executed CLM implementation is limited, inconsistent, or even non-existent employee use of the system.

The high cost of CLM solutions often compels organizations to expect a high

return from their investment.

When these expectations are not met, even where users are using the system post-implementation, the use of these systems may diminish as businesses lose faith in the value behind that system.

ERODING ROI

Organizations invest in CLM with the expectation of reaping significant includina streamlined returns. processes, reduced risks, and improved limited compliance. But adoption creates a critical disconnect between this vision and reality. Contracts remain scattered, projects are delayed, and valuable data goes uncaptured. Without widespread use, the anticipated cost savings and operational efficiencies evaporate that helped an organization want (or agree to) implement a CLM in the first place leave behind a sour taste of unfulfilled potential.

The length of CLM implementation also affects adoption rates. Company employees can lose interest and motivation if the implementation takes longer than anticipated, especially if it takes a lot longer than anticipated.

MISSED OPPORTUNITIES

A well-implemented CLM system can be full of valuable insights. Data gathered from contracts can inform negotiation strategies, identify trends, and predict (and even help to protect against) future risks. When adoption is low, the benefit of these insights remain hidden (or only remain available to a select few), hindering an organization's ability to optimize its contracting function and capitalize on strategic opportunities.



ACTIONABLE TAKEAWAY

You cannot know for certain how long your implementation will take, but checking in with those involved during implementation and users using the system after implementation has completed can help you stop risks of CLM failure in their tracks. Conduct user satisfaction surveys during the implementation phase and on a semi-regular basis post-implementation. If a problem is identified, address it quickly to prevent it snowballing into a larger issue.



An unsuccessful CLM implementation can lead to confusion among legal and business users alike, hindering your existing contract management process rather than improving it. Legal innovation is meant to streamline operations, but a lackluster implementation can derail these goals.

A failure in CLM implementation can potentially complicate previously straightforward tasks. For example, if your team's approval processes are not appropriately automated in your CLMs backend workflows, your users may end up with signed contracts that didn't receive the internal checks company requires or you may end up looking for approvals just before or just signature. Α poor implementation can sometimes add additional layers to your contract management process, making it more time-consuming. That is an especially frustrating result when the CLM was meant to save you time in the first place.



SILOED INFORMATION

Limited system adoption creates data silos, where crucial contract information remains trapped within the confines of the underutilized CLM. This fragmented landscape hinders collaboration, impedes informed decision-making, and increases the risk of overlooking critical clauses or deadlines. The very of benefits centralized contract management, like improved visibility and control, become harder to realize when information is siloed in this way. You also end up at risk of user error, where business stakeholders rely on the few active users in a system (usually, the legal team) to keep track of important information and inform relevant stakeholders of risks. When those stakeholders should be relying on the system to keep them informed, they shift their reliance to people.

COMPLIANCE RISKS

In highly regulated industries, noncompliance can have severe consequences. Limited CLM adoption weakens an organization's ability to track kev information, manage obligations. and generate critical reports. This increases the risk of missing critical deadlines, overlooking key clauses, and potentially facing regulatory penalties.

ACTIONABLE TAKEAWAY

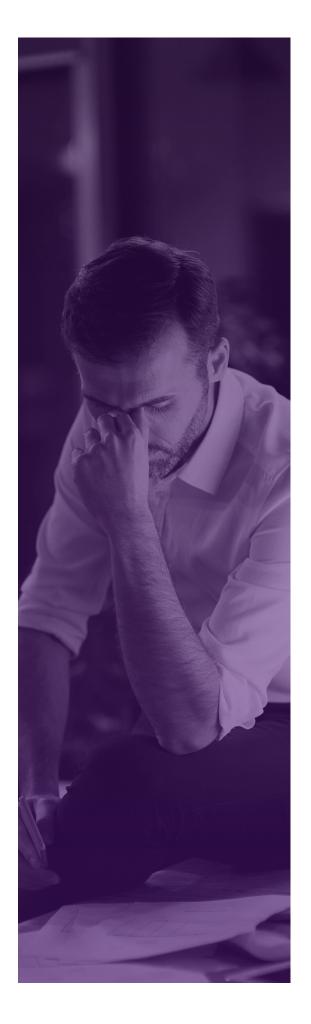
Make sure your provider has established a dedicated CLM implementation support team for your business. This team should be readily available to assist with user questions and any necessary troubleshooting. This level of support can directly address issues impeding the adoption and efficiency of the system.



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DECREASED TRUST FROM THE BUSINESS

Finally, trust plays a major role in the ultimate success of a CLM implementation. In the case of project implementation, failed results can impact users' view of the system and can make them less likely to trust the CLM (and more likely to backtrack to comfortable, familiar tools and processes, even where those familiar tools affect efficiency).



Further, a lack of support from the CLM provider can lead stakeholders to question the reliability and commitment of the provider, souring the business relationship and impacting future renewals (a fear of anyone who has implemented a CLM system - not just that the current implementation has failed or will fail, but that they may end up having to start all over with another provider in the future).

FRUSTRATION AND MORALE

Imagine the disappointment when a shiny new tool, promised to simplify workflows, becomes an underutilized burden. Employees struggle to learn a system they rarely use, leading to confusion, frustration, and ultimately, lower morale with respect to the system and the contracting process generally. This demotivation can ripple through teams, impacting productivity and engagement across the organization.

The reality is, even where an implementation has succeeded, many organizations who have implemented a CLM (30%, as estimated by Thomson Reuters) admit to that CLM being underutilized.

Avoiding these problems requires adequate planning and intentional change management efforts. For users frustrated with the implementation itself, focus on the benefit of their efforts and the work being done and remind them why it's worth using the CLM they've worked so hard to ready for launch. For new users coming into the system once it's rolled out, make sure they have clear training, plenty of support, and understand the benefit to them of using a CLM instead of pre-CLM processes.



Steps to

AVOID CLM IMPLEMENTATION FAILURE

Maybe you've heard peers talk about their own failed implementations or you've read enough about it make successful CLM implementation a top priority for you and your team. There are a few key things you can focus on to keep your CLM implementation moving forward and fast track your CLM success.



SELECT THE RIGHT CLM PROVIDER

It may seem like this goes without saying, but it's challenging to know for sure that you've selected the right provider for your business.

We've talked about three key reasons why CLM implementations fail:

- High Costs
- Lengthy Implementation
- Lack of CLM Provider Support

Being aware of these challenges is a great way to protect you from them.

Costs can feel more manageable when your provider is very transparent about them. Asking your provider to clearly outline all upfront and any potential future costs (based on your unique implementation project) will help you set an appropriate budget and feel more confident that your numbers are accurate. Of course, your provider can't know anything for sure - your team may ask for a huge, unexpected customization or may want to add on features that you didn't prioritize in phase one. That's okay, but you deserve to know any upfront or hidden costs before going into an implementation.

ACTIONABLE TAKEAWAY

Ask any providers you're seriously considering to give you customer references – real customers that you can speak to about their experience, particularly in the three problem areas we've highlighted. Ask around your community, too. Do you know anyone who has had experience with this provider that can give you a clearer understanding of what it's like to work with them?

Implementation length is important to understand, and, while it can't be guaranteed, ask providers to give you realistic estimates based on your specific needs (custom integrations, etc.). This will help you better set expectations with your internal stakeholders.

CLM provider support is critical to CLM success, at implementation and thereafter. Make sure any providers you're considering are clear with you about what support looks like during and after implementation (and if you must pay for it!).





Once you have the above information, you can prepare key stakeholders for what the CLM implementation will look like.

- Business leadership will want to know costs. You can help make them more comfortable with costs by outlining how clearly, you've articulated to the provider what your needs are and how transparent the provider has been about the associated costs.
- Internal implementation support teams (whoever will support the implementation on your side) will need to know what's expected of them during implementation and how long implementation might take. They'll also want to know how much provider support they've had for any questions that may come up.
- Other business team members will want to know how CLM implementation is going, when they'll be able to get into the system, and how much support they'll have (for training and any questions).

Deloitte mentions that change management is essential for CLM and points success to regular communication and training to keep users engaged in using new technology. Koho Consulting takes it one step further - users should not only be well informed, but excited about what the new tech will bring them. The more engaged your users are with your new CLM, the more likely they will be to use

Set clear expectations, communicate early and often, and make sure that each of these stakeholders feels involved and invested in this project.





Steps To

OVERCOME FAILED CLM IMPLEMENTATION

Mistakes happen, but when it comes to CLM implementation failure, the stakes are simply too high. To get your team back on the right track and overhaul a bad situation, consider the following steps.

CONDUCT THOROUGH NEEDS ASSESSMENT

Before jumping into action, it's essential to understand the extent of the problem. A comprehensive needs assessment can uncover the real reasons behind the lackluster use of the implemented CLM system. It may identify elements such as:

- A complex interface / non-intuitive user experience hindering user adoption
- A need for more rigorous user training
- The ineffectiveness of the chosen CLM tools in terms of the company's unique requirements

These insights provide a concrete starting point for remedial action and can help you build an action plan.





ENSURE QUICK TURNAROUND TO USABILITY

The high cost of CLM can't be justified if the system remains unused or underutilized. A quick turnaround to usability involves promptly addressing the issues unearthed during the needs assessment stage. These may include:

- Working with your provider to support user-friendliness (or choosing a new tool with user friendliness top-ofmind)
- Revising training materials and methodologies to enhance understanding
- Tailoring the technology to better meet the company's unique needs

ENSURE USER-FRIENDLINESS OF CLM TOOLS

CLM implementation doesn't end once the CLM is live for your users. It's an ongoing process that requires continuous tinkering and adjustment to achieve optimal benefit. First, solicit real-time feedback from users, and implement changes promptly based on this input. Second, offer regular training sessions to familiarize users with the tool and its new and existing features to ensure they're comfortable using them.

ENSURE CONTINUED PROVIDER SUPPORT

Despite best efforts, there may still be instances where your chosen system falls short. When such situations occur, it's crucial to have a support system to fall back on. A provider that offers continued support can be of immense help in troubleshooting problems, mitigating the damage, and preventing similar issues in the future.

ACTIONABLE TAKEAWAYS

- Don't ignore the signs of CLM implementation failure. Be ready to conduct a thorough needs assessment to uncover the underlying issues and make an action plan.
- Once you've identified things you can do to get your CLM implementation or use back on track, act swiftly to rectify the situation.

As you move forward, bear in mind that the ultimate aim is not merely getting a functional system up and running. Instead, it's about reaching those goals that made you want to buy a CLM in the first place.



WHAT TO DO IF YOUR CLM ISN'T RIGHT FOR YOU

If the result of your needs assessment is that your current CLM isn't working for your needs, it's time to shift your focus to finding a new one.

It can be scary to face this reality, but it's also empowering. You're not stuck with a CLM that isn't working, and the work you've done to implement the failed CLM can support a faster (and smoother) implementation of another CLM.

Go back to the "Steps to Avoid CLM Implementation Failure" section above and use that to guide you through the selection process for your new CLM provider. Your team and your dreams of efficiency are worth it!

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