

Successful Contract Management software implementation

Best practices to
maximize ROI

Executive Summary

Contract Lifecycle Management (CLM) solutions have emerged as a critical enabler of digital transformation in legal and contract-intensive functions, promising faster lifecycle times, reduced risk, and enhanced visibility. Yet, many CLM implementations struggle to realise their full potential.

Various analysts estimate that up to half of CLM initiatives fail to deliver the expected benefits. While technology forms a significant part of the equation, our experience suggests the root cause of not succeeding often lie in lack of organisational alignment, cultural awareness, and change management.

This White Paper examines both the pitfalls and pathways to successful CLM implementation. We argue that while tool-centric approaches offer important technological advancements, they often underperform in the absence of a robust, people-focused strategy. Companies that prioritise organisational readiness, stakeholder engagement, and sustainable behavioural change, based on an understanding of the current and future Contract Management capability and Target Operating Model, are far more likely to unlock genuine value from their CLM investments.

Key messages

AI and generative technologies are accelerating CLM adoption

The capabilities of large language models and generative AI are rapidly transforming the value proposition of CLM software, automating tasks such as contract drafting, risk profiling, and data extraction.

Robust CLM adoption requires more than technology

Deploying a CLM solution without a complementary focus on organisational maturity often leads to low adoption. Many enterprises overlook the depth of organisational and behavioural change needed to transform contract management.

Underinvestment in Change Management limits ROI

Successful CLM projects dedicate time and resources to effective communication, stakeholder management, training and support. Organisations that underestimate the complexity of Change Management will likely experience only incremental improvements.

Enhanced governance and operational efficiency are main drivers

Enterprises that excel in CLM often adopt a governance model that distributes accountability across business units. This structure, reinforced by centralised oversight, balances compliance with speed and flexibility.

Incremental maturity progression outperforms “Big Bang” implementations

Organisations that report the highest returns typically evolve gradually from a basic contract repository to advanced Contract Management workflows, analytics, and AI-driven support to contract obligation tracking, risk assessment and contract drafting. A stepwise approach often yields better, more sustainable outcomes.

Is digitalization of the Contract Management process worth the effort?

The rising importance of CLM

Historically, legal and contract management functions have not kept pace with other corporate areas such as HR, Finance, and Marketing in embracing digital solutions. Today, however, CLM solutions have gained remarkable traction. This shift is underpinned by several factors, including:

- **Advancements in Artificial Intelligence:** The emergence of generative AI and Large Language Models (LLMs) has made it possible to automate contract drafting, extract crucial data points, and predict potential areas of non-compliance or risk.
- **Increased organisational focus on risk and compliance:** The evolving regulatory landscape prompts enterprises to seek robust controls over contract negotiations and obligations.
- **Demand for operational efficiency:** As companies scale (grow), manual processes can become bottlenecks, creating a need for systematized workflows and templates.

Research conducted by Forrester, Gartner, Deloitte, and World Commerce & Contracting consistently shows that successful adopters of CLM solutions often experience faster contract cycle times, more effective governance, and heightened strategic decision-making capabilities. The business case for CLM is compelling – not only for large multinationals but also for mid-sized firms looking for scalable, future-proof contract management.

The persistent challenge of underperformance

Despite the potential benefits of CLM, the failure rate for deployments is still alarmingly high. While industry data on CLM-specific failures can be diffuse, it is commonly found that nearly half of all CLM projects never meet their stated objectives. A few recurring challenges have emerged:

- **Misalignment of expectations:** Stakeholders frequently overestimate near-term benefits, focusing on “quick wins” rather than a long-term maturity journey.
- **Underinvestment in Change Management:** Implementing a new system without sufficient user training and engagement strategies often leads to low adoption.

- **Organisational resistance to process change:** Although technology might be ready, people and processes often lack behind in readiness and acceptance.
- **Lack of measurable key success factors:** Being able to measure the key success factors is critical to the success of CLM implementations.

To reap maximum returns on CLM investments, organisations must not only select the right technology but also integrate new capabilities, roles, and ways of working. In the following we will discuss in more detail why the traditional (tool-centric) approach tends to fail and why the human-centric approach - one that systematically addresses culture, governance, and stakeholder empowerment is more likely to result in lasting benefits.

The traditional (tool-centric) approach

"A fool with a tool is still a fool"

- Grady Booch, *Software Engineer*

Narrow digital transformation mindset

A common mistake in CLM projects is to treat CLM solution deployment purely as a technical solution. Vendors and consultancies frequently bring in out-of-the-box blueprints and roadmaps, focusing on feature delivery rather than measurable outcomes. The traditional approach is characterised by the following:

1. **Vendor selection:** An organisation chooses a CLM vendor primarily based on functional checklists and perceived vendor reputation (e.g. by their position in the Gartner Magic Quadrant).
2. **Solution implementation:** Implementation teams focus on hitting timelines and achieving feature "go-lives"—metrics that often do not align with business outcomes or user adoption.
3. **Celebration of input-based milestones:** By focusing on "the system is live" rather than "we are achieving contract efficiency and compliance targets," organisations risk declaring premature success.

Why the traditional approach falls short

A tool-centric approach frequently neglects broader important organisational considerations. For example, if employees are not adequately prepared or incentivized to adopt new processes, usage metrics will likely remain low. Additionally, a lack of alignment between corporate governance structures and the new solution's capabilities can lead to friction. Ultimately, these gaps result in suboptimal ROI and user disenchantment.

Lessons learned

Longitudinal studies of digital transformations reveal critical lesson: tools alone seldom resolve deep-rooted organisational issues. Without addressing leadership buy-in and support, cultural readiness, and comprehensive training, even the most sophisticated CLM systems risk becoming an underutilized repository.

The human-centric approach

"Culture eats strategy for breakfast"

- Peter Drucker, Management Consultant & Author

Why people and culture matter

Research from World Commerce & Contracting indicates that, on average, up to 29% of the workforce in organisations is involved in some aspect of Contract Management. These touchpoints span across various departments, including Legal, Procurement, Finance, Sales, HR, and Operations, and contribute to roughly 40 common friction points. Therefore, a CLM project that overlooks the complexity and diverse needs of these stakeholders' risks failing to deliver tangible benefits.

Guiding principles for a human-centric strategy

In Contractus we advocate a robust, human-centric strategy that incorporates:

- **Organisational readiness:** Assess the current maturity of the contract management function and identify realistic pathways for incremental improvement.
- **Stakeholder engagement:** Actively involve users from different functions to gather feedback, refine processes, and drive adoption.
- **Change Management and enablement:** Invest in education, communication, and capability-building to ensure that new roles and processes become ingrained behaviours.

To effectively prepare for and structure the digital transformation of the CM activities, we recommend that a Contract Management Target Operating Model (“CM TOM”) is assessed and established before considering engaging with external Contract Management solution providers.

Designing a Contract Management Target Operating Model

A well-structured Contract Management Target Operating Model (CM TOM) ensures that technology implementations align with strategic objectives and Organisational realities.

The following sections will address the various components of such a CM TOM based on the framework illustrated in Figure 1:



Figure 1 – Contractus’ Contract Management Target Operating Model

Mission & vision, objectives, and KPIs

- **Strategic alignment:** Establish a clear vision and mission that positions Contract Management as a value creator, rather than just a compliance necessity. Make sure that the CM strategy is in alignment with the broader corporate strategy.
- **Objectives and KPIs:** Define specific targets (e.g., reducing contract renewal cycle time by 20%, or 80% of contract obligations shall be tracked by a given date) to track progress and justify investment.
- **Roadmap and scope:** Outline a phased approach, ensuring that CLM transformation is scoped in realistic phases that takes into consideration the current level of maturity and other digital initiatives.

Contract Management capabilities

When designing a new CM TOM, it is important to build the capabilities needed to effectively manage the lifecycle of contracts. These capabilities are essential for ensuring compliance, mitigating risks, and maximising the value of contracts. The CM capabilities are a combination of the remaining 8 elements of the CM TOM framework.

In the following we will explore in more detail each of these elements and what to focus on when implementing a CLM solution.

People

- **Identify skill gaps, role overlaps and opportunities for cross-functional collaboration:** This will allow the organisation to optimize human capital in parallel with technological enhancements.
- **Redefined roles and responsibilities:** As CLM solution automate tasks (e.g., contract drafting, data extraction), reevaluate role descriptions and empower employees to perform higher-value activities. Clearly define ownership of tasks (e.g., who negotiates which clauses, who approves deviations) to ensure that CLM solution workflows align with the organisation's accountability model.
- **Skills and training:** Develop a structured training curriculum for employees, covering everything from basic system navigation to advanced analytics and AI interpretation.
- **Culture of ownership:** Foster a mindset shift where employees view contract management as a strategic asset rather than a bureaucratic burden. This shifts often requires leadership to model desired behaviours and reward proactive initiatives.

Processes

- Scope identification:** Clearly distinguish between pre-signature (drafting, negotiations, and approvals) and post-signature (compliance, amendments, and renewal) processes to ensure targeted solutions.
- Behavioural reinforcement:** Embed new processes into daily routines by integrating them with existing tools (e.g., email and messaging apps). Provide easy, on-demand help resources and feedback loops.
- Phased maturity approach:** Use a maturity framework (e.g., Level 0 to Level 5) to benchmark the current state of your CM maturity. Aim for incremental progress (e.g., moving from Level 1 to Level 2) rather than an overly ambitious leap that might overwhelm users.

From a capability perspective, it is essential that the processes are prioritised according to current maturity levels and the benefits they provide.

To evaluate the current AS-IS situation, we recommend that the organisation assess the maturity level using a model such as the model depicted in Figure 2:

Maturity	0	1	2	3	4	5
Attribute	Nothing Present	Starting	Doing Better	Operates Acceptably	Operates at a high level	Sustained Performance
Operating Model	No operating model at present	Beginnings of an operating model	Some elements of an operating model	Operating model and organisation are documented and clearly communicated to stakeholders	Operating model is clear, reviewed regularly for improvement and continuous improvement activities operate	As maturity level 4 but sustained over a significant period of time (over 1 year)
People	No training, no defined roles	Minimal adhoc training. Assumed roles	Some documented training. Some roles described and communicated	People trained with clear documentation and understand their responsibilities	People trained with clear documentation and understand their responsibilities and have started to develop continuous improvement processes	As maturity level 4 but sustained over a significant period of time (over 1 year)
Tools	No Tools	Some adhoc tools but inconsistent. Information not centralised	Some consistent tools & data shared by functions	Common toolset which has automated functionality / alerting. Information structured consistently	Common toolset which has automated functionality / alerting. Information structured consistently. Data is reviewed regularly for continuous improvement opportunities	As maturity level 4 but sustained over a significant period of time (over 1 year)
Process	Nothing present	Limited Processes, limited repeatability	Some processes but limited definition. Some repeatability	Processes are documented, repeatable, measured and reported	Processes are documented, repeatable, measured and reported. Processes are reviewed for improvement and their performance shared	As maturity level 4 but sustained over a significant period of time (over 1 year)

Figure 2 – Contractus' Contract Management Maturity Model

Systems

- **Sourcing the right CLM system:** To identify which CLM system is the right one for you, you need to make sure that the system you choose is fit for your specific purpose, scope and maturity and in particular make sure to assess:
 - **Need for integrations:** Assess the existing digital landscape such as ERP and CRM solutions and ensure that the CLM solution can be integrated or extended to enable end-to-end visibility, automation and provide a single source of truth.
 - **Scalability and flexibility:** Select a solution that can scale with your organisation's evolving needs and accommodate for future enhancements in AI and analytics.
 - **User experience (UX):** Prioritise an intuitive interface that fosters adoption. Complex interfaces can erode user confidence and lead to widespread resistance.

Structure

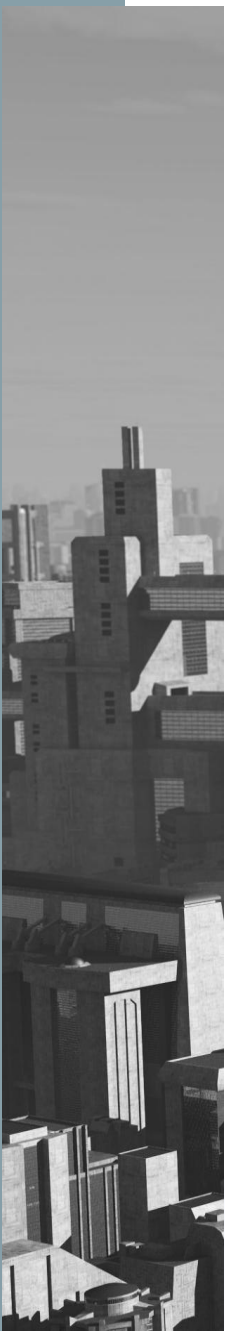
- **Governance model:** Move beyond traditional hierarchies to a governance framework that balances centralised oversight with decentralised decision-making. This ensures agility while maintaining adequate controls.
- **Resource allocation:** Evaluate the need to redistribute staff or invest in new capabilities. For instance, legal professionals may transition to advisory roles while routine compliance checks are automated.

Reporting

- **Analytics and dashboards:** Develop role-specific dashboards (e.g., for Legal, Procurement, and Finance) to track key metrics such as contract cycle times, contractual risks, and renewal pipelines.
- **Performance feedback loops:** Routinely review these dashboards in leadership forums, using the insights gained to refine strategies and drive continuous improvement.

Behaviour

- **Change Management:** Develop a structured plan to facilitate behavioural changes, including targeted communications, champion networks and stakeholder workshops.
- **Incentives and recognition:** Reinforce desired behaviours with recognition programs that ensure employees who excel in new processes feel valued.



Compliance

- **Risk Management:** Embed configurable risk thresholds into CLM workflows so that any exceptions or deviations automatically trigger a review or escalation.
- **Regulatory alignment:** In highly regulated industries, ensure that compliance requirements (e.g., data protection, industry-specific regulations) are embedded in the system's rule sets.

The contract itself

- **Standardization and templates:** Establish core templates to maintain brand and legal consistency, speeding up negotiations and minimise errors.
- **Intelligent clause libraries:** Develop a repository of AI-ready clauses and fallback provisions to enable quick drafting and negotiation.
- **Lifecycle awareness:** Implement triggers and alerts for key contract milestones - renewals, performance reviews, termination windows - to maximize contract value.

Conclusion and recommendations

Moving beyond the solution

While CLM solutions provides potential to streamline operations, mitigate risk, and enhance decision-making, many implementations do not succeed because they fail to address the human and organisational dimensions.

By embracing a holistic Contract Management Target Operating Model that balances technology, organisational culture, and robust Change Management, companies can evolve from merely having a simple digital repository to leveraging a true strategic asset.

In doing so, they position themselves to unlock the full range of benefits that a mature CLM capability can provide, from cost savings to improved risk management and more informed business decisions.

Key Recommendations

1. Adopt a human-centric mindset

- Engage stakeholders early to define needs, roles, and responsibilities.
- Invest in user training, communication, and ongoing support.

2. Align CLM with broader corporate strategy

- Connect CLM objectives to overall organisational goals, such as cost savings, revenue growth, or compliance enhancements.
- Use clear KPIs to track both implementation progress and business impact.

3. Embrace incremental maturity

- Match technology capabilities with current organisational readiness.
- Phase implementations, pilot new features, and scale up in a controlled way to mitigate risk.

4. Rethink governance and structure

- Reassess decision rights, accountability matrices, and resource allocations to allow for more distributed ownership, supported by robust controls.
- Leverage AI-driven insights to anticipate risks, refine processes, and inform contract negotiations.

5. Sustain momentum through continuous improvement

- Recognize that CLM transformation is an ongoing journey.
- Periodically reassess process efficiencies, gather user feedback, and evaluate system performance to identify areas for enhancement.

Get in touch today to discuss how we at Contractus can support you on your CLM journey and ensure your CLM software implementation drives real business value:

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Sources

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- Gartner's 2023 Magic Quadrant for Contract Lifecycle Management identified accelerated adoption of CLM tools among enterprises of all sizes.
- Various IACCM (now World Commerce & Contracting) Cross-Industry Benchmarking Reports





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