



Migrating contract data: The new business imperative

Creating a contract data-driven operation—the transition to risk-based contract management

How to simplify the complexities of contract data

Data is the lifeblood of any modern-day organization, flowing through every area and activity, making its impacts both pervasive and profound. The more data a business consumes, the better the insights available to it. The better the insights, the better its strategic planning. Contracts are no different.

Contracts contain a wealth of knowledge that often remains hidden from a business but, in reality, is an essential part of an organization's data assets. Nearly every dollar going in or out of an organization is governed by a contract somewhere within it, and nearly 25% of an organization's employees are involved in managing contracts.¹ The inescapable conclusion: for any organization looking to monitor its own risks, secure its finances, and plan its strategic future, understanding and managing the data within its contracts is an urgent priority.

Contract Lifecycle Management (CLM) is the way to deliver against this priority. As a forward-looking solution, CLM provides a clear path to value for most organizations. Yet a new CLM system alone isn't enough to enable a truly data-driven organization. Integrating legacy contract data into the CLM solution is a step that's key to realizing full value from it – yet which is all too often overlooked because of issues of complexity and cost. But what makes legacy contract data so hard to access?



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¹ The Benchmark Report 2021: Final Release of the Most Anticipated Research of the Year—with Icertis (worldcc.com)



Contract data is one of the single biggest legal risks facing any organization—and, at the same time, one of its most underutilized assets. While getting a firm grip on contract data is not initially a top-of-mind issue for most legal functions, experience demonstrates time and time again the hidden value of information locked up in contracts.

Lisa Bloomberg

Director, Accenture CFO & Enterprise Value
Head of Legal Transformation
Accenture Digital Risk & Compliance

Historically, contracting has received inconsistent or little investment, and has been viewed as an operational task that's cheaper to address with people rather than an asset to be consumed, analyzed, and acted upon using technology. Contract processes may be inconsistent, even within the same department. Different regional operations may have different terms, technology, approval chains, or even storage processes for the same contract. Worse, it isn't uncommon for "CLM" in some organizations to mean contracts sitting on shared drives, without version control, tracked only with spreadsheets. Even if the information is held in a CLM system, it may be siloed and lack metadata or have metadata that's incorrect, making it almost impossible to access and use.

The good news is that all of these challenges can be overcome. Most organizations are now accustomed to running data-led initiatives aimed at becoming [data-driven businesses](#).

The common mantra? "Bad data in is bad data (or no useful data) out." Being driven by contract data is no different. Legacy contract migration is a requirement as it brings all the business' contract data together in a single location in a standardized way, enabling a data-driven organization. What's more, now is the best time to bring things into line – because regulators and other important stakeholders are also getting smart about legacy data. This means the old excuses are running out of road: there's no more hiding behind blaming contracts stored in a drawer or saying "we didn't know what we had".

The bottom line? Any organization that aspires to be data-driven and hasn't yet migrated its contract data to a CLM system is missing a vital piece of the jigsaw. Contract migration is a core element of the transformation as it addresses both practical business considerations and risks. But it should be approached with care. Do it well, and it's a powerful source of competitive advantage. Do it poorly, and it'll become a headache whose effects compound over time.



Why contract migration is worth the effort

Migrating data from siloed, unstructured processes to a closely-governed, well-designed process is a prerequisite for turning information into intelligence—in turn making it a key component of any data-driven organization. The more detailed and structured the data available to the organization, the better.

A well-conducted contract data migration delivers major business benefits by enabling an organization to do **six things better than it could before.**

Six business benefits of contract data migration: your organization will be able to...

01. Discover

Gain access to precedent and drive more efficient decision-making

- Clarify terms of agreement and identify the benefits and impacts on the bottom line
- Identify common terms within client segments to determine market standards
- Find efficiencies through normalization and operationalization of discovered patterns found in non-standard agreements

02. Optimize

Create and leverage a single repository of contract data

- Manage risks effectively by simplifying and automating contract and relationship processes
- Tie buy-side and sell-side contract systems together to monitor buy/sell obligations
- Leverage data scientists within the organization to access and analyze data from one source

03. Strategize

Reassess and be strategic about “forgotten” contracts

- Evaluate migrated contracts to discern the best terms for the organization and the existing relationship
- Review and renegotiate old contracts based on out-dated business assumptions or to reflect new relationships
- Review and address regulation changes that may affect legacy contracts

04. Organize

Declutter storage systems of data you no longer need and shouldn't store

- Reduce overhead by recapturing time and money spent on managing physical data
- Reduce risk by removing legacy contract data that is no longer needed or should not be kept
- Create efficiencies and eliminate confusion by removing redundant data

05. Secure

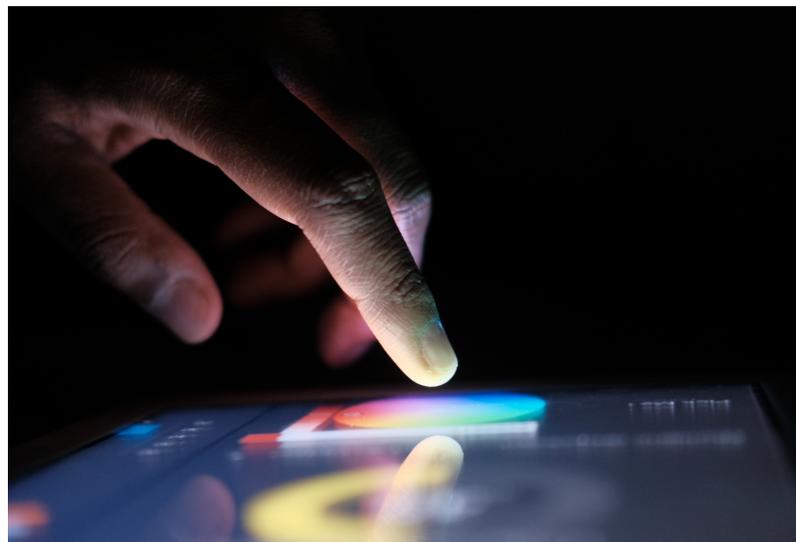
Better manage legal and compliance risks

- Identify, catalogue, and review existing contracts and obligations
- Clarify understanding of the relationship between your organization and any of its subcontractors that touch sensitive data
- Reduce human error and recapture costs of lost or mishandled legacy data

06. Respond

Respond more effectively to regulatory and audit requests

- Assess and address exposure quickly by accessing accurate critical data in a timely manner
- Enable your organization to break legacy contracts into usable data points and provide advanced reporting based on all contracts
- Reduce the costs associated with delayed regulatory and audit responses



Your next step: dealing with the data blind spot

For organizations that manage and leverage data well across their business, legacy contract data represents a treasure trove of information and a powerful source of value – while also helping them to mitigate many substantial risks. But to date, contract data has often remained something of a blind spot. Historically, many organizations’ investments in their contracting processes have been disjointed and piecemeal. The result? It’s impossible for them to harness the full power of the data locked up in their contracts unless they invest in migrating their contract data.

The message is clear: Contract data is the next frontier for data management – and contract migration is the process for crossing it. By migrating that data as part of a transformation encompassing the end-to-end contract lifecycle, organizations can breathe new life into old contracts, become more operationally efficient, and mitigate existing risks.

**It’s a win-win –
and a step that
we believe every
organization
should take.**

Authors

For more information about our CLM offerings, please contact the authors directly.

Jon Jones

Jon Jones is a Director with Accenture's CFO and Enterprise Value practice and is based in New York where he is the global lead of Contract Lifecycle Management Strategic partnerships.

Jon has over 20 years of experience working for and with large institutions to mature their contract interaction operations and the treatment of legal data.

jonathan.e.jones@accenture.com

Jason Tenenbaum

Jason is a Director with Accenture's CFO and Enterprise Value practice.

Jason leverages his attorney and operational experience to help transform legal departments through optimized operating models and technology enablement.

His areas of focus include Legal Operations, Contract Lifecycle Management and Regulatory Change initiatives.

jason.tenenbaum@accenture.com

Lisa Bloomberg

Lisa is a Director with Accenture's CFO & Enterprise Value Practice where she is the Head of Legal Transformation.

Lisa is focused on transforming legal departments through optimized operating models and technology enablement. Lisa is leveraging her attorney experience to assist clients with Contract Lifecycle Management and Regulatory Change initiatives.

lisa.bloomberg@accenture.com

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