

# Success Story

## Navigating Contracts with Contract Lifecycle Management

Aerospace and defense systems giant maximizes opportunity and revenue with a centralized contract management system from Open Text

A global supplier of systems and services to the aerospace, defence, and homeland security markets, this Fortune 500 company employs approximately 25,000 people worldwide in over 80 locations across 16 countries. As an international company with numerous types of contracts within each of their business units, a centralized system was needed to track and manage the lifecycle of its contracts, while ensuring it was identifying trends and opportunities along the way.

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*- IT Project Manager*

Most of the organization used Excel spreadsheets for tracking their contracts or they used SharePoint sites, but there was no notification mechanism. They wanted a contract management system with a central electronic repository, access control, reporting, workflow automation, and contract notifications. The primary goal was to standardize the management of contracts and create one cohesive repository for those contracts. By doing that, it would make the contracts easier to find by all of the different parts of the company.

The supply chain and legal departments drove the initial request for a contract management solution. They found there were many signed contracts that contained some non-standard clauses in them, and contracts and agreements underpin almost every business transaction in the organization. The company's IT Project Manager states, "By implementing a standard system for contract creation, we can push out standard Terms and Conditions (Ts & Cs) for the contracts. But until we had a centralized system, there was no way to standardize the Ts & Cs."

### Selecting the right system, strengthening the right relationship

In early 2007, an internal team was formed to find and implement a contract management system that could address all of their business needs. The team consisted primarily of supply chain personnel, contract managers from across the different business units, an IT Project Manager, and a Knowledge Manager from Communications. "We created a full requirements document, which was broken up into different categories of functionality. Then we went through a formal Request for Information (RFI)/Request for Proposal (RFP) process and sent the requirements to about 15 providers," explains the IT Project Manager. "Once the list was narrowed down to five different vendors, we asked the team to focus on the vendors that we already had a relationship with. Open Text fell into that category. We had been using the Open Text system for document and knowledge management since 2000, and we were also using the Open Text Archive Server (formerly known as Open Text IXOS) for SAP transaction attachments."

Since it already had an investment with Open Text, the company realized that it made the best business sense to leverage its existing platform for a contract management solution. "The one thing that we were very pleased about with the Open Text contract management tool was that it provided us with flexibility, scalability, and also the core functionality. We weren't given an application with only a few functions, and we weren't limited to an out-of-the-box application. We can dive really deep into classifications for the organization, or we can keep it at a higher level. We can also come up with multiple categories for creating any level of metadata. It will give us a lot of flexibility," says the IT Project Manager. "By the end of 2009, we will have about 220 contract management users. By early 2010, that's going to double."

### Fast and easy implementation

The company began implementing Open Text Contract Management (CM) in its ten business units in 2008 beginning with a business unit in the United States and one in the UK. The roll out of both units was completed in five months. "Our focus was primarily importing the existing contracts into the system, setting durations on them, and adding follow-ups to them. We really wanted

#### Industry

Aerospace

#### Customer

Global systems and services supplier to aerospace and defense industry

#### Business Challenges

- Provide a central, enterprise-wide contract repository
- Automatically alert users of key contract due dates
- Improve efficiency of the approval process

#### Business Solutions

- Open Text Contract Management

#### Business Benefits

- Improve speed and efficiency in negotiation process
- Manage risks and liabilities
- Enforce supplier commitments
- Reduce legal, processing, and operational costs
- Realize increased revenue

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to get that repository built,” says the IT Project Manager. “We have a few more business units to roll out, and they’ll be done by the end of 2009. As each business unit is rolled out, we work with the users to define system organization and the different types of contracts that they will put into the system.”

## Ensuring smooth processes with workflows

The implementation team considers workflows to be essential to ensure how smoothly everything works together. In fact, their supply chain unit stated that workflow was one of the things they absolutely had to have in order for them to view the system as valuable. The team consults with the business unit that requests the workflow to understand what it needs to do, what the different steps along the workflow are, and what each person along the way needs to do.

In addition to streamlining the approval process, workflows can add value to the organization by providing better visibility into task completion, automatically sending email notifications when due dates have been missed, and can help identify bottlenecks in the negotiation cycle.

“We hope to have 10-12 workflows rolled out by the end of 2009,” says the IT Project Manager. “Once you’ve done one, it’s not that difficult. I contacted Open Text professional services and asked for a workflow consultant to come in and work with us on two workflows we had a need for at that time. At the end of two and a half days we developed really good prototypes. I think once we begin implementing more workflows, we will be able to begin to capture the true value of the contract management system. For example, we are not sending out multiple copies of the document. We’re simply sending a link. We’re making it user friendly for the person to be able to process the workflow steps since it’s email enabled. It’s about managing that workflow and being able to see who touched it and when.”

## Multiple benefits

“The biggest benefit of the CM system is being notified before a contract expires. It’s all tied to the financial implications of not fully understanding when certain key dates come up,” says the IT Project Manager. “Another critical benefit is to know the customer’s Ts & Cs that we have agreed to.”

For the users, the key benefit is having one convenient system in which all of their contracts are archived. “They used to go to numerous locations for their contracts and end up searching through filing cabinets and hard drives, but now they’re all in one repository,” states the IT Project Manager.

The company’s success is based on the total number of contracts that are loaded into the Open Text system and by contract type. “We are already hearing from users, and when we present a demo to our management committee, they can see that the contracts are easier to find. Also, contract creation is faster,” says the IT Project Manager. “Within the supply chain specifically, they are already seeing that they have better negotiation power; they’re beginning to realize full contract value, and by having standard terms and conditions, they’re able to minimize some of the maverick spends.”

## Valuable lessons learned

The implementation team believes that in order for a project like this to succeed companies need to keep the initial CM roll-out simple. For example, instead of implementing the automated contract creation tool—which allows users to build a new contract based on the answers to a series of interview questions—they decided to put that piece on hold and focus on first getting the existing contracts loaded into the system.

“When we tried to roll out too much, we weren’t getting the focus where it needed to be, so we concentrated on helping the business unit identify where the contracts were, what contract types they were, and the metadata that they wanted to capture on those contracts. You need to consider the metadata that you want to query or report on, and make them mandatory fields,” says the IT Project Manager. “It’s very important to listen to the needs of all the teams and users but to try not to over-complicate the process. It’s enough of a change management issue for them to learn a new piece, and you do not want to add too many pieces to the puzzle all at once.”

The IT Project Manager also recommends a small implementation team. There were 15 members on the initial project team, but once they began implementing they developed a core team of four people. “I also think it was helpful to have a senior management guidance council that can make certain decisions on major issues. We present updates to the council quarterly.”

## What the future holds

The company intends to look at Open Text Business Intelligence reports by the end of 2009 for standard business reports. “Right now, we know of three types of reports, one of which collects any contracts that will expire within the year. We are going to be able to get visibility into how well the contract deliverables are being managed. It would also allow us to identify business opportunities that are being missed, potentially lower renewal rates, and overall reduce the risk to the company,” states the IT Project Manager.

Once the initial CM implementation is complete, plans are to take a second look at automated contract creation and re-evaluate where it will have the most relevance for the business units. “Another way that we’re looking at leveraging this functionality is possibly using it as a clause library. We intend to revisit that in 2010,” says the IT Project Manager.

Open Text Contract Management provides full support for all new and existing contracts for this company, helping them to standardize and secure all contract processes from creation, negotiation, and review to fulfillment and retention. Their new control over their processes enables the company to reduce costs and increase revenue by streamlining contract processes, increasing contract transparency, and driving internal, regulatory, and supplier compliance—something their paper-based system couldn’t do.



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