



Technical Feasibility of Contract Management Systems

How to get IT on board

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One of the key questions you must answer when considering a new contract management system is this: Is it technically feasible? Once you select a particular system, this question is relatively easy to answer because your IT people and others can assess the system to determine if it fits. However, the last thing you want is to select a system, only to find out later that it simply won't work in your company.

The alternative approach is to narrow down your options early in the process, and make sure that any option you champion is a fit for your company from the start. While a detailed understanding of all the technologies is not required, a consideration of the key issues will direct you appropriately into options that can meet your needs and effectively work within the technical environment of your company.

Why technical concerns matter

Your IT department controls and manages all aspects of your company network. They oversee all hardware purchases, software upgrades, security, and maintenance, along with a host of other responsibilities, which often go unnoticed outside of IT. From experience, IT knows that the introduction of any new function, feature, system, or hardware into the infrastructure can—and often does—create unintended consequences. For example, a simple upgrade to the latest and greatest version of a software may seem straightforward, but systems that integrate with that software may not be compatible with the new version. If it creates a problem on one computer, it's a nuisance. If it creates a problem on several hundred desktops, it is a whole different issue.

Naturally enough, this experience makes IT cautious when confronted with any new

system. They are especially wary of new tools requiring new hardware, changes to established software, or significant "interference" from outside forces. This makes perfect sense because they are responsible to keep the systems running without interruption. Any complications caused by the new system will be IT's responsibility as they are the team who has to handle any fallout.

As you consider a new contract management system, it helps to realize that such a system will bring about one or more of these legitimate IT concerns—new hardware, new software, or outside interference. You want to find a system that can meet your needs, while at the same time reducing these barriers as much as possible. In most companies, the failure to reduce such barriers will doom even the most high-value proposals.



The technical considerations

To better understand the technical considerations and the unique perspective of your IT team, you should look for answers to these six key questions:

- Will the new system cause integration issues with the current infrastructure?
- Will the proposed system place unreasonable demands on IT's resources and time?
- Does the system require additional hardware?
- Does the new system require new software or plug-ins?
- Is the system too complex for user needs?
- How will the new system affect security?

Different kinds of systems present different answers to these questions, and careful consideration will help you pre-empt and fully address the technical concerns.

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Will the new system cause integration issues with the current infrastructure?

Adding a new system to an existing technical infrastructure almost always causes integration issues. While it doesn't always follow, as a general rule assume that the larger and more complicated the system, the longer and more complex the integration process.

Contracts usually drive interrelated business processes, such as invoicing, payment to vendors, and even marketing programs. Because these functions are controlled by other parts of the business, the contract manager has to provide information the other functions require. For example, in many existing systems, contracts are stored in multiple locations and tracked by the contract

manager, usually by means of spreadsheets and an excellent memory. When the need arises to share information, such as notifying the financial department of the need to pay a vendor, the manager creates a separate spreadsheet containing the information and sends it to finance, where it is uploaded to their system and payment is sent.

For most companies, this level of integration is sufficient, and even preferable. The problem is not the transfer of the information—which is quick, easy, and well understood—it is the gathering, monitoring, and management of the information, which is time-consuming, complicated, and prone to error.

The disadvantages of a fully integrated system are that it can take a long time, usually many months, to achieve, while straining IT resources and requiring outside consultants to complete the integration.



Advantages and disadvantages of a fully integrated management system

A fully integrated system can be either a module in the enterprise resource planning (ERP) system, or a system built by your internal IT team. In either case, the advantages and disadvantages are the same. Complete integration should result in automatic transfer of data to other functions in the business and enable all monitoring and notifications that are required.

The disadvantages of a fully integrated system are that it can take a long time, usually many months, to achieve, while straining IT resources and requiring outside consultants to complete the integration. Worse, if you need to make changes in the system due to changing business practices, for example, you may find yourself at the mercy of an overstretched IT team that doesn't have the bandwidth to make changes for you or your business partners, such as finance and marketing.

Advantages and disadvantages of vendor-built systems

Vendor-built systems are flexible and offer a more streamlined, less technologically invasive option than ERP, with fewer demands on IT resources. A web-based system mirrors your existing process and makes it far more efficient and productive. These systems attack the real problem—the time-consuming, complicated, and error-prone gathering, monitoring, and managing of contract information all within the system, so integration is not required.

In order to communicate with existing business systems and partners, vendor-built systems generally allow you to create the same output your existing system does, except much faster, more easily, and proactively. In other words, your finance partners who need to cut checks get the same information they do today—but you get it faster and with less effort.

In essence, vendor-built systems are not integrated with all your other systems. In fact, they eliminate most of headaches and challenges associated with full integration. You won't create seamless, fully integrated, totally automatic transfer of data which could be seen as a disadvantage, but you also won't have all the headaches associated with that, and you will preserve the flexibility to respond quickly to changing business needs, weather new business matrixing, combine service lines, or integrate a new subsidiary, etc. all so important to a contract manager.

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Will the proposed system place unreasonable demands on IT's resources and time?

Few projects require more of IT's time and resources than an ERP-integrated module, such as a contract management system. The problem stretches beyond the lengthy integration process. After integration, the IT department still needs to test the system, continuously monitor and maintain it, and continue to upgrade and incorporate changes to the system as the company expands.

In comparison, web-based systems consume very few IT resources. All upgrades,

monitoring, testing, and maintenance take place externally, on the system's own servers. This external management relieves IT of a significant burden.

However, this doesn't mean a web-based system operates completely free of IT resources. If an external system requires Java® or similar plug-ins, for example, IT may need to install, upgrade, and monitor them. This requires some time on their part, albeit less than the fully integrated options.

Does the system require additional hardware?

New technology systems often require the purchase and installation of new hardware, whether in the form of new servers, routers, or additional inputs to existing devices. New hardware inevitably drives up system price and creates significant technical challenges.

New hardware requires changes to the IT infrastructure. An ERP module may require new, dedicated servers to handle its powerful and wide-ranging functionality, which means IT has to find physical space for the servers. New servers also add to the department's heating and cooling costs, not to mention the time and resources which must be allocated to hardware monitoring, maintenance, and eventual upgrades.

Systems less complicated than an ERP also come with their share of hardware challenges. Even a dedicated system designed solely for contract management is likely to require at least one server and often demands the installation of new inputs on all user desktops. Installing such inputs falls under IT operations and becomes even more complicated if users are spread across remote locations and satellite offices. Vendor-built web-based systems are easier because they do not require hardware beyond the tools people already have for web access—laptop, desktop, or mobile computing.

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Does the new system require new software or plug-ins?

Anytime new software enters an existing IT environment it creates challenges. Software may conflict with existing systems and requires regular upgrades. If the system requires new software on user desktops, the problem can be worse, especially if you have hundreds or thousands of users.

While most large systems require the addition of large software modules and involve a range of potential software conflict issues, vendor-built web-based systems typically

require some kind of plug-in or download to operate. Java is probably the most common, but some systems have other plug-ins as well. The general principle is to ensure that the system you are considering involves broadly used and widely tested tools such as Java, not some under-tested proprietary software that no one understands.

Any system will require something: The key is to keep it as reliable and manageable as you can.

Is the system too complex for user needs?

IT departments have an unspoken rule: Allow users access to the tools they need, and no more. This rule developed from the following realizations in IT experience:

- The more complex the tool, the greater the chance of user confusion and mistakes
- Unused features are, essentially, money down the drain
- Unused features invite user experimentation, yielding potential system complications
- Unused features needlessly consume server space
- The larger the system, the greater the risk of bugs or external exploitation

A large, complicated system with more power and features than you need will inevitably raise concerns—especially with integrated systems. With an integrated system such as an ERP, users may gain access to data they either don't need or have no business accessing at all. Every user who can access a system increases the risk of security breaches.

Vendor-built web-based systems are structured only for contract information, thereby reducing the risk a curious user will find his or her way into restricted databases. Web-based contract management offers simpler features than an ERP, so such systems are often more intuitive, easier to use, and less likely to generate the type of user questions that place demands on IT time. Web-based systems with all-inclusive training and support are even more attractive to an IT department because the vendor provides user support, not the IT staff.

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You want to make sure that the system you are considering will fit within the technical environment your IT group has created.

How will the new system affect security?

Contracts include highly confidential information, so system security is of paramount importance. A single security breach can have serious consequences for a company, its customers, and its vendors. Security is challenging enough in a business with a single location; add multiple offices or a mobile field force, and the challenges become overwhelming. One reason companies opt for adding to their current software setup with ERP modules is to be able to maintain the same security protocols. If your company requires that everything you touch lies within its security firewall and protocols, your options may be limited to ERP integration type solutions.

Web-based systems use their own security, but the level of protection depends very much on the individual company. Low-end systems may store data on servers protected only by user passwords, while the best systems utilize multiple authentication, are certified to ISO 27001 standards, and are routinely used to store data related to highly sensitive operations, such as mergers and acquisitions, or HIPAA compliant data. These criteria meet the security requirements of most companies and frequently surpass those of internal systems.

What kind of system might work for your company?

It is one thing to know what the technical issues are, but quite another to determine what will fit for your company. In some companies, certain issues are far more critical than others. You want to make sure the system you are considering will fit within the technical environment your IT group has created. The best approach is to understand the key policies and concerns of this group. We recommend the following steps:

- **Step 1:** Inventory the scope of need
- **Step 2:** Inventory the relevant technical policies and considerations
- **Step 3:** Determine which type of vendor appears most likely to fit your environment

Once you complete these steps, you will be able to narrow down the type of system and vendor you want to work with.

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Step 1: Inventory the scope of need

First, take stock of your own needs. How many people will need to access the system, and do they all have Internet access? Remember sales and service staff, who may operate in satellite offices that don't have direct access to the central system. Even within the home office, some staff may not have web access, which will need to be addressed if you're looking at a web-based system.

How are you using your data? If you need to mirror current workflow to deliver data to finance and other departments, a web-based system may serve your needs well. Also, consider how soon you need a new system. Complete the table on the right to inventory your system's scope.

Scope Considerations	Your Estimates
How many on-site employees require access to the new system?	
How many branch offices and field employees will need access?	
How many system users currently lack Internet access?	
How many contracts will the new system support?	
Do you need to mirror current workflow?	
Are automatic reports vital to system success?	
How soon do you need the new system?	
What types of tools do users currently have?	

Technical Policies and Concerns	Your Estimates
Does your IT policy allow web-based or external software solutions?	
Are plug-in applications such as Java permitted?	
Does IT have the space to accommodate new servers or similar hardware?	
How busy is IT? What are their ongoing projects and do they have any upcoming projects which take priority over contract management?	
Would it help if the system used a minimum of IT resources?	
What level of security would satisfy IT's requirements?	

Step 2: Inventory the relevant technical policies and considerations

The technical feasibility of a project depends on multiple factors, including IT policies, company resources, and many other considerations. Most of these factors are readily available in your existing knowledge of the company. If not, a quick call to IT can probably clarify. Your goal is to understand the parameters of what is allowable so that you can narrow your search.

Complete the table on the left to get a sense of the fit in your company.

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Step 3: Determine which type of vendor appears most likely to fit your environment

Every company has its own, unique set of technical restrictions, user requirements, and contract needs. Likewise, each type of system has its own advantages and disadvantages. Hence, no single contract management system works for every business. To help you assess how the types of systems may or may not fit your business, we created this summary table. It clarifies in general terms what you can expect, and should help you narrow your focus as you look for a system that is likely to meet your needs.

System comparison worksheet

With multiple types of contract management systems available on the market, you need to carefully compare each one's features and its impact on your IT environment. The table below is a quick reference sheet that includes the most common types of system, and outlines the main issues with each.



Contract Management System	Integration Issues	Hardware Requirements	Software Requirements	Complexity of Use	IT Resources	Security
Internally developed by contract manager	By default, "already integrated"	Negligible	Usually requires nothing more than Excel® or similar spreadsheets	Easy to use at first, but quickly becomes overly cumbersome, with contracts stored in multiple locations.	Very little impact	Multiple storage locations for contracts increase the risk of security breaches
IT-developed	Can be integrated depending on design plan	Varies and depends on whether the system is designed to work with existing infrastructure	Usually designed with existing software in mind, but may require out-of-the-box components and plug-ins	The problem lies not with complexity of use, but in the remote chance the project will actually be completed	An enormous commitment of time and resources beyond the scope of most IT departments	Unlikely to be an issue, as such projects are rarely completed
ERP	Integrated with ERP inherently	Requires dedicated in-house servers, routers, and possibly new inputs for user devices	Highly complex software requiring training and integration with existing system	Highly complex, including multiple features which may never be used; allows full integration of financial and contract services	Implementing and maintaining an ERP system will tax IT time and resources to the breaking point	Usually dependant on existing system security
Vendor-built	Integrated through mirroring current workflow—no technical data exchange needed	No hardware required	May require Java or similar browser plug-in; main software all on external servers	Simple and intuitive	Few demands on IT	Varies depending on system; optimal systems offering highest possible security

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Determining the technical feasibility of a contract management system requires careful thought and planning. To help make the process easier, Merrill DataSite for contract management provides a tool called *Building your business case for a contract management solution: 30 minutes from no to yes* to help you consider the viability of a system in your company. You can download that complimentary

tool [here](#). We invite you to take advantage of this tool and explore your company's readiness for a new system.

If you have specific questions on vendor-built web-based systems, please be sure to contact Merrill DataSite for contract management. Also, we will be happy to provide you with other resources on the technical considerations.

About the author



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Tony Signorelli is President of Signorelli Consulting Group, which consults with organizations to improve the effectiveness of their sales force. Tony is an expert in business processes, customer engagement, and sales enablement within large organizations.

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About Merrill DataSite for contract management

Merrill DataSite, a tool developed to solve the unique challenges of contract management, was born out of Merrill Corporation's more than 40 years of experience in managing confidential information for the world's largest companies. Merrill DataSite provides a flexible, customizable solution that can be tailored to meet unique user needs. All contract data is stored in one centralized location, with full-text searching to ensure no relevant information is overlooked. Merrill DataSite is a powerful tool to enhance compliance, while minimizing risks, reducing costs and maximizing revenues.

About Merrill Corporation

Founded in 1968 and headquartered in St. Paul, Minn., Merrill Corporation (www.merrillcorp.com) is a leading provider of outsourced solutions for complex business communication and information management. Merrill's services include document and data management, litigation support, language translation services, fulfillment, imaging and printing. Merrill serves the corporate, legal, financial services, insurance and real estate markets. With more than 5,000 people in over 40 domestic and 22 international locations, Merrill empowers the communications of the world's leading organizations.

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