

Overview

An effective contract management program empowers a business to have a detailed understanding of its internal contract landscape. This understanding gives companies the ability to react to problems by swiftly locating and analysing key provisions across its library of contracts.

In addition to the ability to locate contracts faster, a business with an effective contract management program will be better to enforce its rights, be in a stronger position when renegotiating contracts, better identify areas of lost revenue, and more rigorously control costs.

What does the market think?

In 2016, Deloitte conducted a Global Chief Procurement Officer (CPO) survey using a sample of 324 of the most senior procurement leaders in organisations from 33 countries around the world, with a combined annual turnover of US\$4.4 trillion. This survey found that CPOs saw effective contract management as the second most likely area to receive investment over the next 12 months.

Moreover, the survey also determined that CPOs were looking towards more sophisticated digital solutions to support their procurement needs.

In Denmark specifically, Contract Management is increasingly gaining attention and momentum. A recent Danish survey conducted across more than 400 private and public organisations on the topic of contract lifecycle management found that a majority of respondents stressed the urgent need of correct contract handling, with most claiming that the highest risk stems from not having an overview of their most critical contract components.

Surprisingly, a large number of companies still have no structured processes in place for contract follow-up activities, have no corporate policy for contract management, and still use physical systems instead of digital solutions. With this in mind, the majority of surveyed companies have outlined their intention to focus on contract management in the near future.

Areas most likely to receive investment over the next 12 months



Contract management will undergo radical change in the next few years. The digital technologies that are challenging many job roles will certainly affect you. It is essential to be prepared for that change – also when it comes to managing your contracts.

management include unwanted contract rollover or termination, the missing of key action dates, unknown obligations resulting in breach of contract/legal action, loss of reputation associated with regulatory fines, and failures in having a clear assignment of ownership and responsibility.

Why Contract Management matters to your business

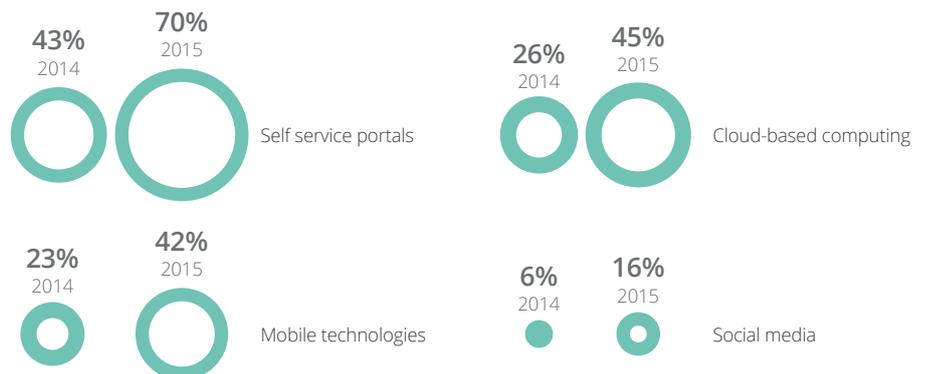
Your business matters. A fully implemented contract management program will reduce the risks your business faces, enabling you to focus on the top line. The risks associated with ineffective contract

A solution tailored to the specific needs of your business

Deloitte can assist your organisation by constructing, assessing and managing a contract lifecycle framework that will sustain and secure your business interests,

Many CPOs are now investing heavily in innovative digital solutions to aid in contract management

Comparison of innovative technology solutions being invested into support procurement activities



through effective and efficient processes. This incorporates a digital approach, which is why this solution is called Contract Intelligence. We work with stakeholders to tailor the approach, which can include the following high-level phases:

Identity of Procurement Need

- Develop internal controls to identify when the need arises
- Supplier risk assessment

Tender, including Pre-Calculation and Evaluation

- Managing conflicts of interest
- Tender process
- Development of agreed KPIs

Negotiation

- Identifying relevant stakeholders
- Mitigating legal risk

Agreement on Contract Terms

- Authorisation processes
- Identification of required clauses

Storage and Monitoring

- Use of Deloitte eDiscovery tools to locate lost/misplaced contracts
- Assistance to develop and maintain a centralised storage solution for all contracts
- Establish an electronic workflow designed to optimise the ongoing monitoring of contracts

Execution, including Invoicing and Deliverables

- Financial tracking control development
- Periodic reviews of deliverables and performance of suppliers
- Management of key dates reminders

Review and Oversight

- Audit of suppliers to ensure contract adherence, as well as adherence to all relevant rules and regulations

Change Management/Contract Amendment

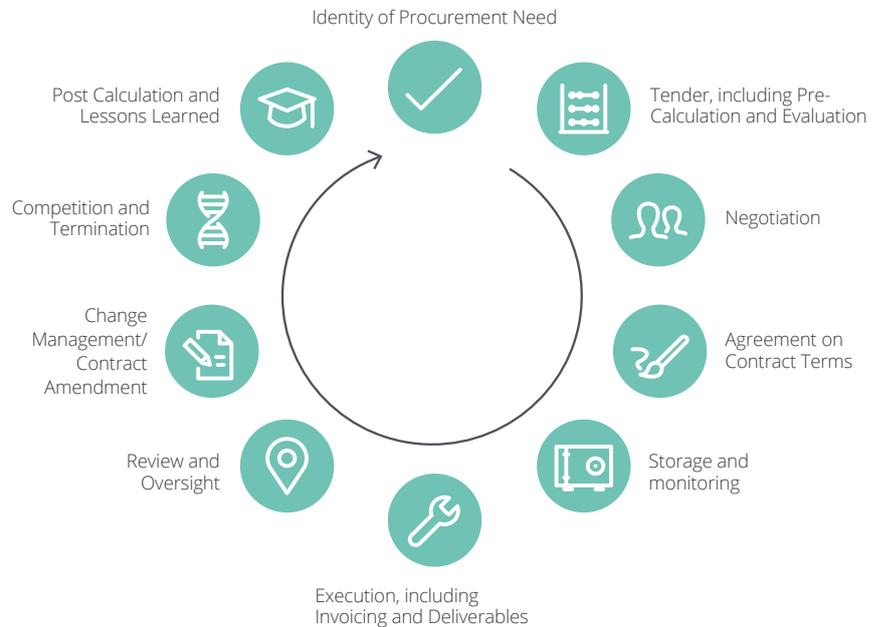
- Change policy

Completion and Termination

- Document retention policies to ensure proper controls for destruction of historical contracts
- Data protection considerations
- Management of changes in suppliers

Post Calculation and Lessons Learned

- Process for feeding input into new contract negotiations
- Policies and procedures



Where can we help?

Deloitte has the industry experience and analytic capabilities to help areas for improvement and a demonstrated strategy to help remediate identified gaps. Some of the areas in which Deloitte can assist include:

Risk & Compliance	Mergers & Acquisitions	Dispute & Litigation	Real Estate	Insurance & Financial Services
Identify and mitigate risk for contracts with underlying obligations	Determine contract population and prepare schedule of assigned or terminated contracts	Assist legal counsel in financial analysis to determine contract damages for disputes and/or other legal proceedings	Perform lease audit, rent and operating expense review by analysing lease contracts	Development of an appropriate Outsourcing programme in accordance with Solvency II & MiFID II
Perform end-user licence reviews to assess compliance with terms and conditions	Issue required notices (e.g. change of control)	Use of eDiscovery tools to assist in any searches of internal databases for required documents	Assist in lease renewals and restructuring	Assist in management of binding authority agreements and those with delegated authority
Renegotiate critical contracts	Identify required contracts to be negotiated/renewed			

Our team



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Deloitte

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