

Buy-side and sell-side comparisons



A part of the Benchmark 2023 series based on the
world's largest and most comprehensive study of CCM

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About this report

This report is one in a series based on data from the [WorldCC Benchmark report 2023](#) which focuses on today's measurements and reporting of commercial and contract management (CCM) performance. It explores the variations between buy- and sell-side CCM functions, also comparing these to the increasingly common integrated buy and sell groups that are emerging.

In our conclusion, we reflect on the increasingly ambitious objectives for CCM teams and processes and the extent to which technology enablement is raising the importance and contribution of contracting in business performance.



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Input data for this report came from
756 organizations



Research was undertaken by WorldCC from
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Summary of buy- and sell-side variations

Buy-side and sell-side commercial and contract management teams see their roles and purpose in different ways and this leads to some variation in priorities – though how and where they spend their time is very similar.

But before we examine these differences in more detail, we should recognize the extent to which contract management is becoming an integrated activity, covering both buy-side and sell-side. As businesses start to appreciate the importance of the data locked away in contracts, they also start to understand the interconnections between those contracts. The pandemic, supply chain shortages, geopolitical disruption, inflation – because of all these, it became critical to understand how the impacts on procurement contracts were affecting customer commitments. At last, we see executives demanding increased integration of business information and perhaps appreciating the logic of having contracts – buy-side and sell-side – sitting within a single organization and a single system.

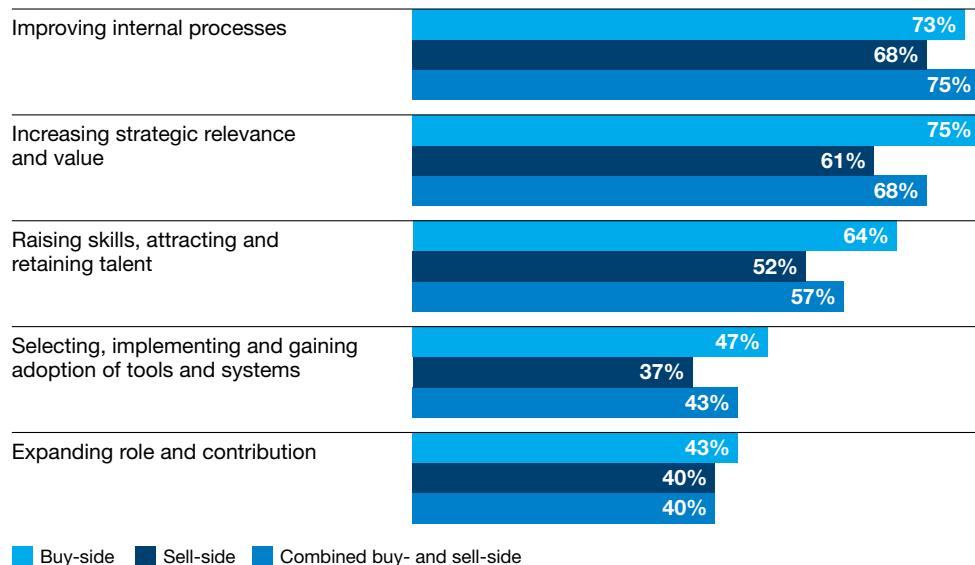
In this supplement to the consolidated benchmark report, we dive a little deeper into the topic of functional performance measurements and also explain the contrasts between buy-side and sell-side commercial and contract management. In addition to the trend towards consolidation (which has a variety of challenges), we also examine

the relative maturity of CCM capabilities and observe a significant shift in technology deployment, as it moves away from spot solutions towards a more integrated digital process, requiring planned deployment of lifecycle technology.

When it comes to strategic priorities, Figure 1 shows a difference of emphasis rather than of substance. In each case, the percentage represents those who ranked an issue as 'high priority'.

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Figure 1: Strategic priorities



Summary of buy- and sell-side variations (cont.)

The data suggests that there is perhaps a greater 'crisis of confidence' on the buy-side, with a need to redefine purpose and address the fact that past investments in technology are not delivering the adaptability or data required by today's market conditions. To a degree, this is confirmed by the perceived barriers to progress, where skills, data and lack of clarity are all seen as significantly greater factors on the buy-side. Difficulty in becoming involved early enough is also a clear indicator that other functions do not perceive high levels of value-add. See Figure 2.

However, when looking at the strategic initiatives being considered for 2024 and beyond, the gap narrows. All three groups place the adoption of new tools and software as the number one requirement and sell-side functions view skills development as their second greatest need. So, while there is consensus on the need to prioritize improved internal processes, it is a pre-cursor to the next big thing – improved technology and upskilling of the workforce. Figure 3 shows the top six and their relative ranking by each group.

There is further data from the benchmark study that helps us understand the variations. For example, negotiations are more likely to be driven by the customer's standard agreement (66% say they are successful in using their terms as the base), but they are also more likely to operate with a fixed template and to have less negotiation authority. This explains why there is an urgent need to develop new or revised terms and templates, together with new systems that overcome the inflexibility of existing enterprise technology and introduce greater empowerment through instruments such as digitized playbooks.

Figure 2: Barriers to achieving strategic priorities

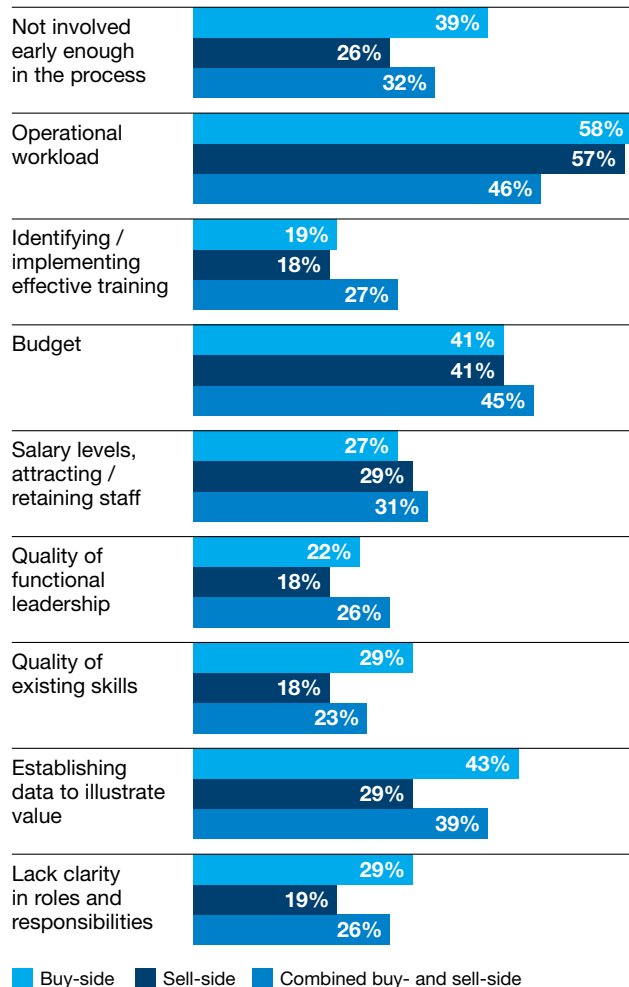
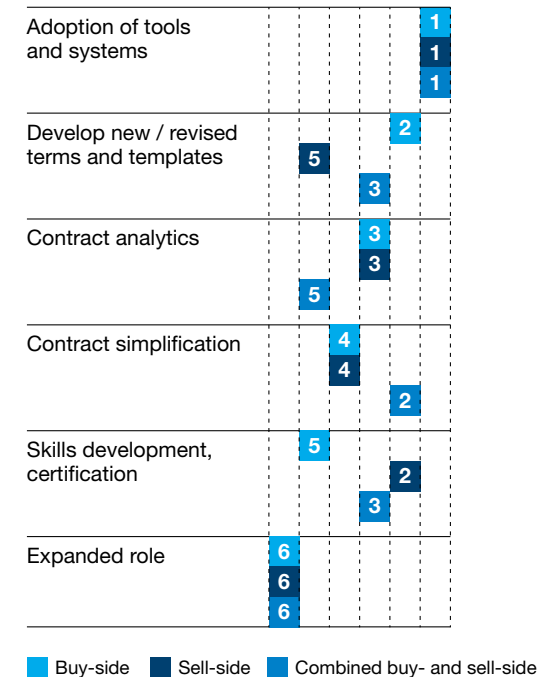


Figure 3: Initiatives under consideration (rank)



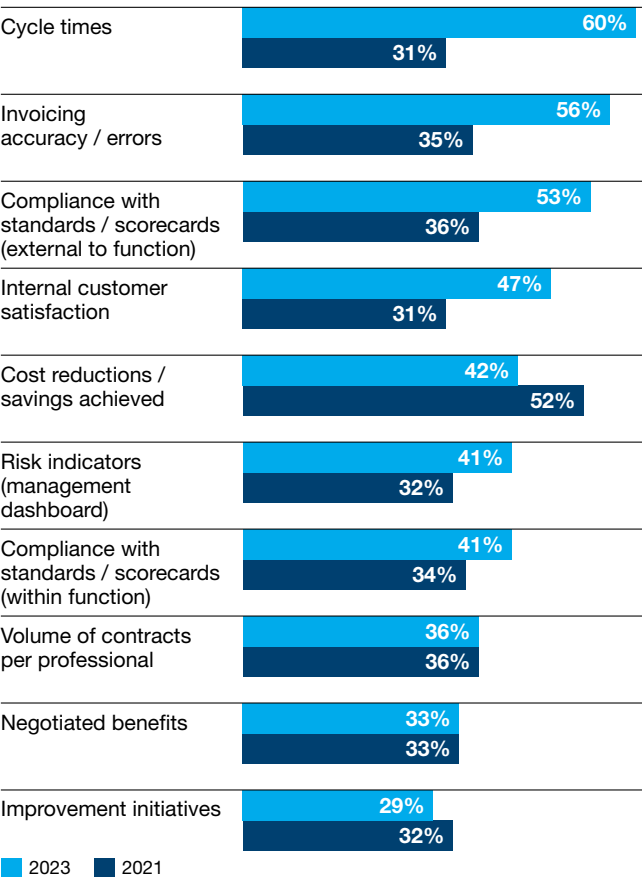
What we measure

Since 2021, there have been significant changes. Some are linked to the continued volatility of the market – others are attributable to the capabilities created by investment in new systems.

For example, a greater focus on risk indicators and cycle times directly reflect shifting executive priorities. Increased monitoring of invoice accuracy and compliance with standards and score cards are improvements enabled by technology. Figure 4 shows the overall movements in the top ten areas for measurement since 2021.

Much can be gathered from this list. For example, a relatively meaningless measurement such as ‘volume of contracts per professional’ has remained static. An important indicator of quality and value, ‘internal customer satisfaction’, has seen a substantial increase. ‘Cost reductions / savings achieved’ shows a decline as measurements shift to a growing focus on outcomes rather than inputs – but capturing this lifecycle value remains challenging, as is shown by the absence of measurements that assess value over time.

Figure 4: Top 10 areas for measurement



While the nature of measurements may be changing, it is not yet reflected in management reporting, the top 5 for which remain strongly oriented towards compliance, rather than added value. They are:

- 1 Negotiated cost reductions / savings
- 2 Contract compliance
- 3 Adherence to specification / scope
- 4 Number of contracts negotiated
- 5 Cost avoidance

What about cycle times?

Many CCM groups are reluctant to be measured on cycle times because they rightly observe the limits of their control. However, this is a key reason to welcome such a metric because it indicates the importance of greater collaboration, internal and external.

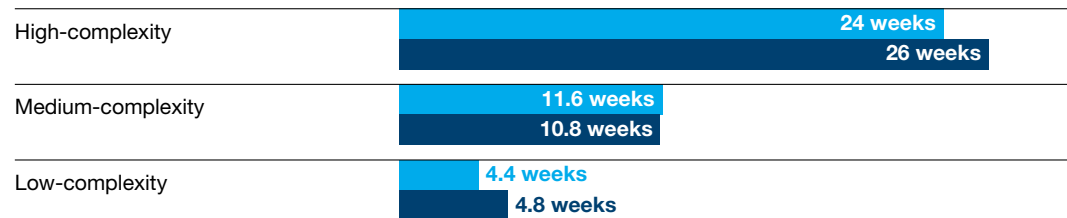
The good news is that cycle times for reaching agreement – from inception of market engagement to signature – continues to decline, though this improvement is only for low- and medium-complexity, see Figure 5. The improvement comes from increased process clarity and the support of modern CLM systems; these are yet to have impact on the more complicated, custom deals and projects.

For international agreements, the extent of new and jurisdiction-specific regulation is currently a constraining factor in improving cycle times. This is an area where artificial intelligence (AI) may offer support.

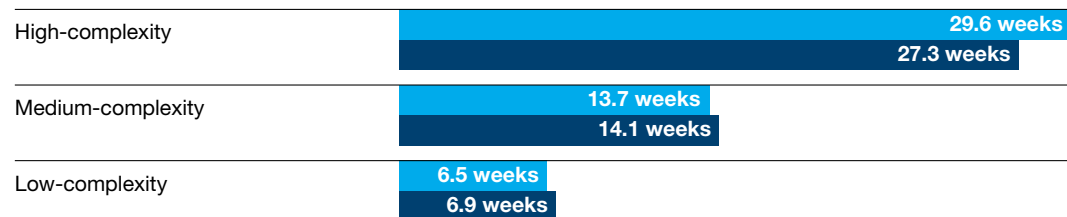
We know that there is growing interest in measuring cycle times for resolution of post-award contract changes or resolution of disagreements – clearly important issues in today’s volatile conditions. Given the diversity of such situations, this data is not currently collected; it would probably only be meaningful at an sector level.

Figures 5: Bid to contract cycle time

Domestic



International



■ 2023 ■ 2021

Handling volatility

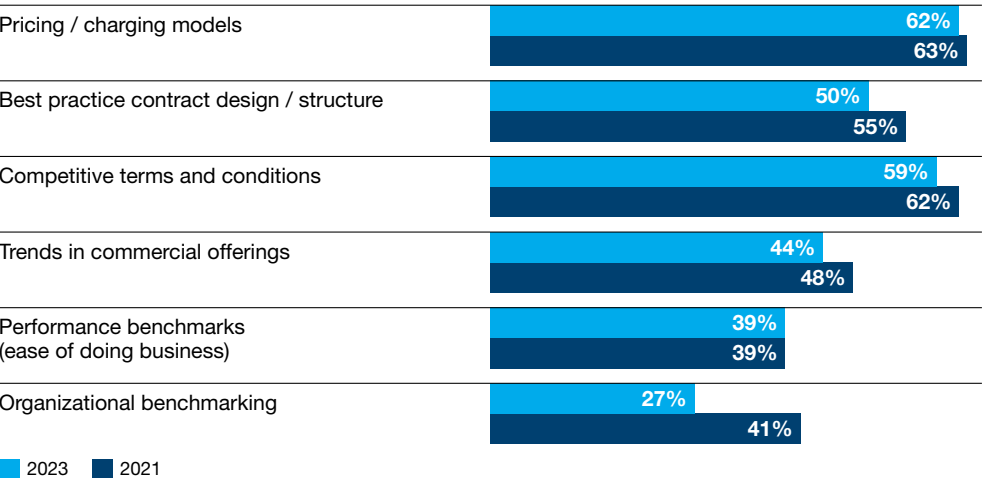
If CCM groups are going to add value, they must be equipped to provide their organization with relevant insights and market data. This remains a source of weakness for many, either because they make little effort to gather data or because they struggle to find it.

But as Figure 6 shows, this is improving. Technology helps – for example, the ability of systems to gather and analyze comparable contract terms. The data provided by WorldCC also supports greater insight – for example, on trends, on organizational benchmarks and on contract design. Figure 6 shows the primary areas where data is wanted and the extent to which this has changed since 2021.

The variations between buy-side, sell-side and integrated groups in terms of the insights they would like to acquire are not statistically significant.

To the extent that an organization has full-time CCM resources, Figure 6 shows the variation in organizational models.

Figure 6: Market insights that are sought



Organization and reporting

Buy-side organizations are less advanced in their development of contract management competency. They are significantly less likely to have clear ownership or accountability for CCM and this reflects into a lower proportion with dedicated resources.

However, there is rapid progress, and executive interest in driving improvement is consistent. This perhaps also explains the increasing proportion of consolidated buy- and sell-side groups, now up to almost 30%.

On the sell-side, 55% of organizations now have a consistent approach with full-time contract management resources, against 38% buy-side. In each case, 36% have a variable approach – but on the buy-side, 27% have no dedicated resources, versus just 9% sell-side.

To the extent that an organization has full-time CCM resources, Figure 7 shows the variation in organizational models.

Reporting lines are always a contentious issue and have an obvious impact on the role and focus of the resources. Contract management and commercial management continue to operate as itinerant activities, especially on the sell-side. They tend to be moved in accordance with current business priorities and this is reflected in the diversity of reporting lines, as shown in Figure 8. This diversity – and the frequency of change – makes for a challenging role and associated skill sets. It continues to create challenges for process definition and improvement and confusion over the precise purpose that contracts and contract management should fulfil.

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Figure 7: Organizational structure for CCM resources

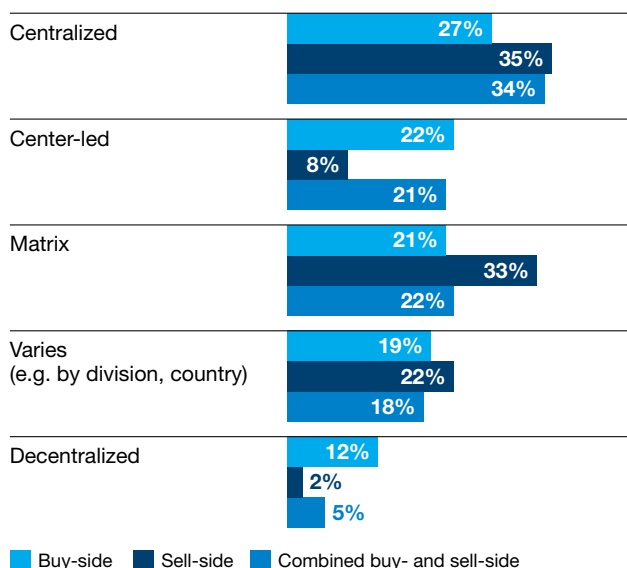
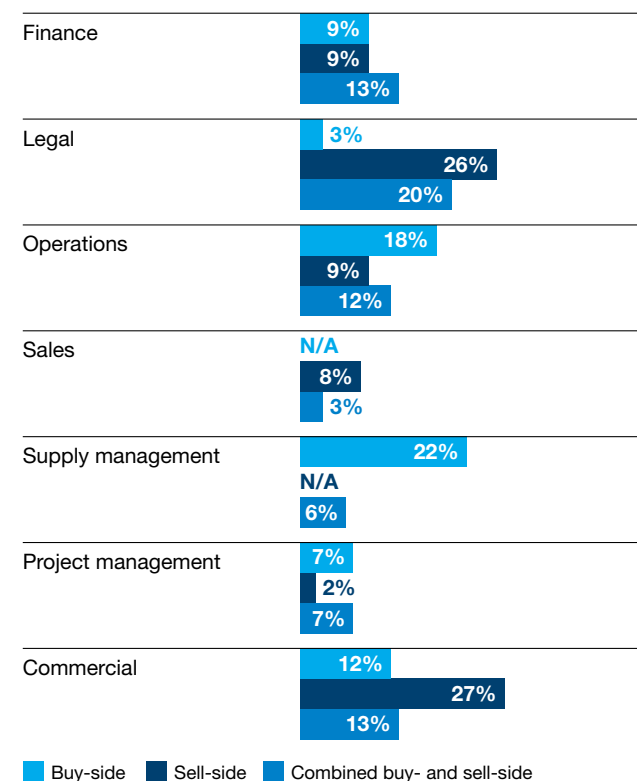


Figure 8: CCM reporting lines



Organization and reporting (cont.)

Where CCM activities are part of another function, we again see variations in where it is allocated and the nature of resulting focus and competency, as shown in Figure 9. In this context, it is interesting to note that the linkage to both Sales and Finance has continued a steady decline. When these benchmark studies began almost 20 years ago, Finance was frequently the functional ‘owner’ of contract management: today, that is the exception. It is a surprising trend, given the financial and economic impact of contracting practices and competence.

These variations in organizational structure and reporting have an impact on the approach to budgeting, see Figure 10. Again, this is not consistent between buy-side and sell-side and leads to problems that go beyond immediate human resource – in particular the funding of CCM technologies that drive corporate performance.

The mixed approach may be because of devolved authority at country or divisional level, or is sometimes related to the differing roles that are performed – for example, pre-award versus post-award resources.

Figure 9: CCM responsibility when not a dedicated function

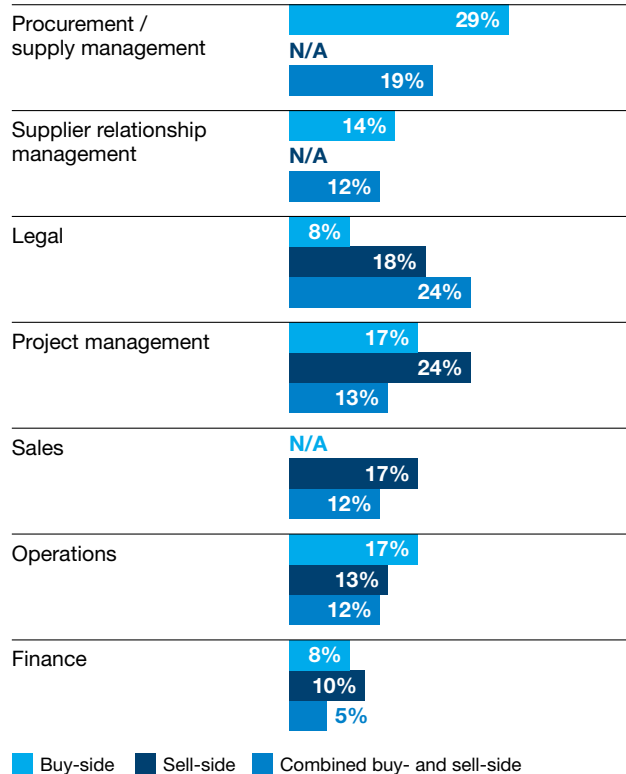
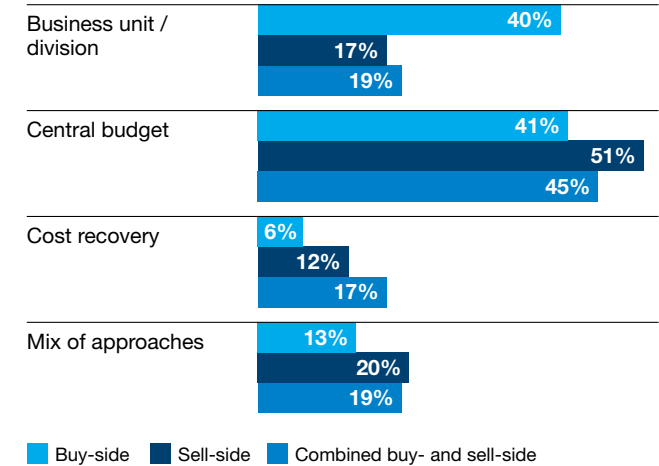


Figure 10: Funding of CCM resources



Technology and software

For many years, buy-side organizations made far greater investments in technology than their sell-side counterparts. Reasons for this varied, but in the case of business-to-business or business-to-government contracts, the complexity of contracting was beyond the capabilities of most systems.

This was in large part because of the non-standard nature of most sell-side contracts. As previously noted, they are predominantly based on customer paper or are heavily negotiated. There are exceptions – ironically, most notably in the software sector – but these are relatively rare.

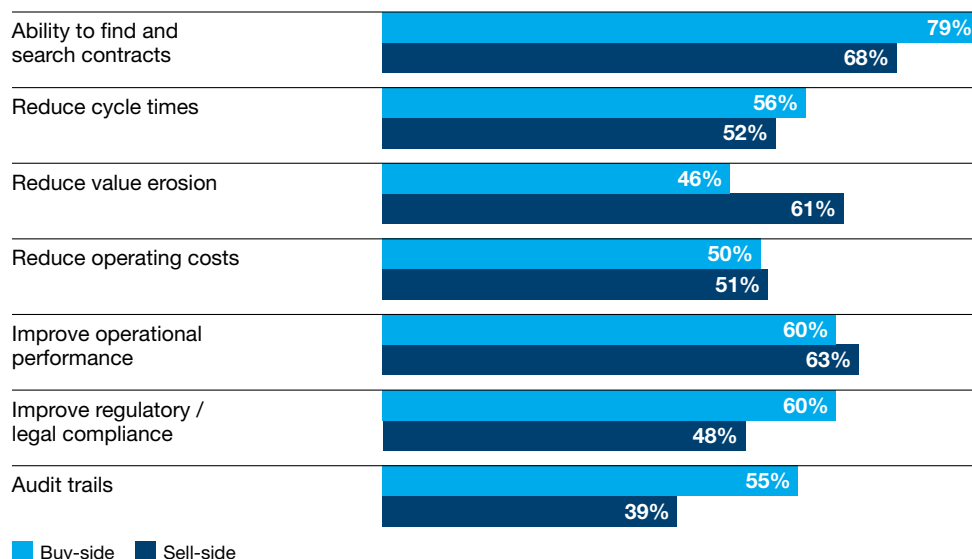
In recent times, the evolution of technology has allowed sell-side contracting to become increasingly automated. It has either caught up or taken the lead in many areas of functionality. The buy-side faces a need to either replace or supplement outdated and inflexible systems that assumed a high degree of standardization. Those systems are driven by rigid contract templates and seek to impose compliance – characteristics that remain valid for many low-value transactions but are not suited to today's need for more dynamic and varied contract terms.

Figure 11 shows the immaturity of technology within many organizations, as well as the contrasting priorities of buy-side versus sell-side contracts. The core capability of being able to find and search contracts remains the number one issue. Given that 71% of sell-side organizations and 64% of those on the buy-side now have contract repositories, this reflects the fact that either the repositories are incomplete or

that they lack the sort of search facilities that have become an urgent need. Overall, the list of drivers indicates the increased executive appreciation of the role that a resilient contract management process plays in delivering business performance and managing risk.

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Figure 11: Drivers for adoption



Technology and software (cont.)

When looking at the investments that have been or are being made in systems functionality, many are broadly similar for buy-side and sell-side. The consolidated data in the overall benchmark report provides insight to these. However, there are a few notable variations:

Assembling contracts from a clause library: 41% of integrated buy/sell functions have deployed or are in the process of deployment, compared with 32% on the buy-side and 34% on the sell-side.

Digital capability: on the buy-side, 42% have deployed or are deploying, compared with 22% sell-side and 37% in integrated groups.

Risk scoring: buy-side is also ahead with 48% implemented or in deployment, against 39% sell-side and 30% for integrated buy/sell functions.

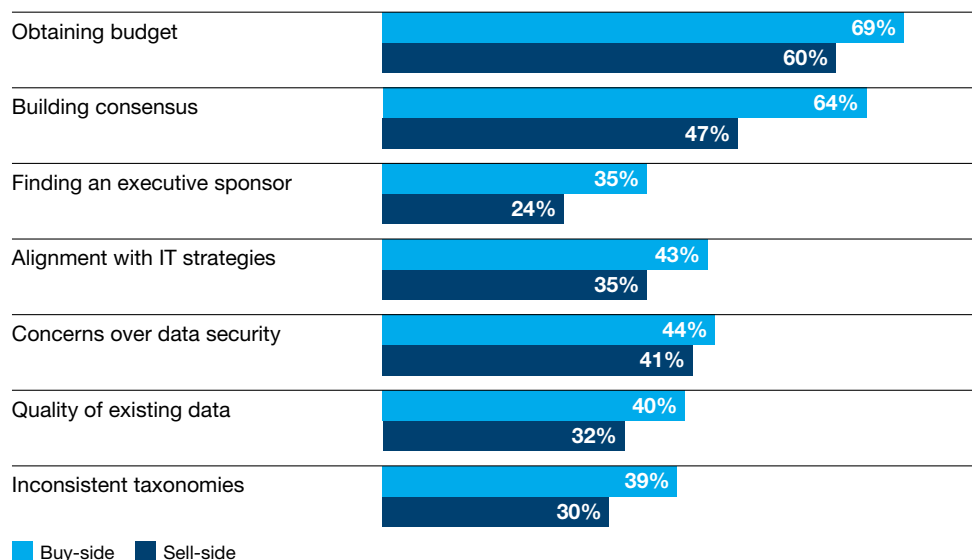
Analytics: buy-side has made much greater progress with 52% deployed or in the process for individual agreements and 48% for portfolio analysis, against 33% and 28% sell-side and 41% and 39% for integrated groups.

Obligation extraction, integration with other applications and management reporting / dashboards are areas for a high level of investment by both buy-side and sell-side groups.

Even with the growth of management focus on CCM capabilities, there are continuing barriers to increased adoption and these show some variations in their impact. For example, buy-side groups appear to have greater difficulty in building consensus across stakeholder groups and – perhaps in consequence – struggle to obtain budget and gain executive sponsorship. Integrated buy/sell groups often have lower barriers (perhaps because their integration

is itself a recognition of the need for change and new thinking), but they then struggle with things like establishing a shared taxonomy and managing the quality of existing data. Integration is a good idea, but complicated to manage. Overall, Figure 12 tells us that it is currently more difficult to move forward with CCM technology on the buy-side than the sell-side: in fact, a composite view suggests it is approximately 25% harder to gain approvals.

Figure 12: Barriers to technology adoption



What about AI?

The deployment of artificial intelligence (AI) and machine learning in contract management systems remains low, with only 6% on sell-side and 4% on buy-side (although the percentage saying that they have deployed analytical tools suggests that many may not realize that there is already embedded AI in their systems).

Within integrated buy/sell functions, 11% have deployed. 21% of sell-side say they are in the process of deploying AI, showing the extent to which future market management is starting to rely on intelligent systems. Figure 13 shows the primary uses for AI deployment. At this time, they are relatively similar for buy-side and sell-side, focusing on core areas that can increase efficiency and improve the management of risk.

Figure 13: Top 5 uses of AI in CCM

| | Buy-side | Sell-side |
|---|------------------------------|------------------------------|
| 1 | Contract creation / drafting | Contract creation / drafting |
| 2 | Reporting | Obligation extraction |
| 3 | Performance monitoring | Performance monitoring |
| 4 | Obligation extraction | Reporting |
| 5 | Contract review | Bid management |

Conclusion

The measurements that today drive CCM performance reflect the absence of robust data and fragmented process controls. Even in those organizations where roles and responsibilities are clear, the process of contracting generally remains confused, with multiple functions performing a variety of tasks and multiple systems containing related data.

Given this background, it is encouraging to see the extent of focus on process simplification and organizational design. Sustained improvement includes a need to ensure clarity of ownership – not only in terms of individual contract performance, but also for the integrity of the process itself. For many years, efforts to streamline and automate have been frustrated by the challenges of creating consensus and this remains a significant factor for many organizations, most notably where buy-side resources operate within Procurement (see Figure 12: Barriers to technology adoption on page 11). This lack of clarity is also evident in Figure 14, with more than 40% of those on the buy-side highlighting

confused roles and responsibilities, normally in terms of potential conflict and overlaps with business units or product management.

The data for both roles, and process ownership (Figure 15) show relatively higher levels of immaturity in CCM in many buy-side organizations. It also suggests that integration of buy-side and sell-side operations into a consolidated function leads to improved overall clarity.

Returning to the point made previously about measurements, there is a growing contrast in the objectives of CCM teams, with a strong focus on strategic value.

This is perhaps most evident in buy-side groups which show a major shift away from the traditional focus on negotiated savings and compliance. However, while these changes reflect the growing need for a focus on outcomes and adaptability, there remains divergence between what appears to be deemed important (objectives) and what is being measured and reported (see Figure 4 on page 5). This implies a need for new systems to enable more sophisticated reporting on tangible and objective measures of value and business contribution, as well as automating the more mundane tasks of compliance and performance management.

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Figure 14: Clarity in roles and responsibilities

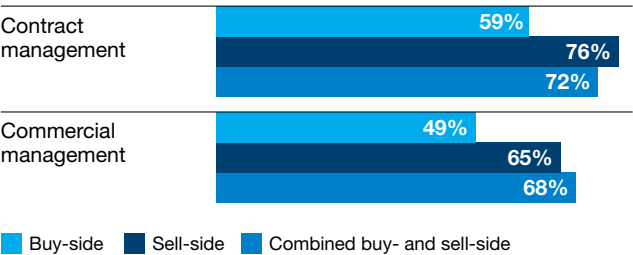
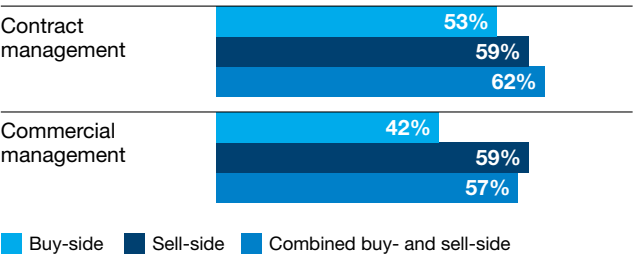


Figure 15: Clarity in process ownership



Conclusion (cont.)

It is perhaps this aspirational shift in objectives that represents the most positive and optimistic element of this report. They reflect a positive direction of travel which positions CCM at the heart of the modern business – adaptive, flexible and securing value from trading relationships.

Only time will tell whether CCM functions can achieve these objectives and whether the trend towards an integrated function will continue. The one certainty is that technology is the catalyst and enabler for this transformation and its successful adoption truly does represent a game-changer for the delivery of strategic value.

Figure 16: Top 5 objectives for contract management

| | Buy-side | Sell-side | Combined buy- and sell-side |
|---|---------------------------------------|--|--|
| 1 | Create competitive advantage | Balance business objectives and customer needs | Identify opportunities for added value |
| 2 | Financial impact | Manage change | Improve business productivity |
| 3 | Facilitate external relationships | Negotiation 'center of excellence' | Support and implement changes in business goals and strategies |
| 4 | Improve business productivity | Facilitate external relationships | Negotiation 'center of excellence' |
| 5 | Ensure business controls / compliance | Support and implement changes in business goals and strategies | Create competitive advantage |

About WorldCC

World Commerce & Contracting is a not-for-profit association dedicated to helping its global members achieve high-performing and trusted trading relationships. With 75,000 members from over 20,000 across 180 countries worldwide, the association welcomes everyone with an interest in better contracting: business leaders, practitioners, experts and newcomers. It is independent, provocative and disciplined existing for its members, the contracting community and society at large.

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About Icertis

With unmatched technology and category-defining innovation, Icertis pushes the boundaries of what's possible with contract lifecycle management (CLM). The AI-powered, analyst-validated Icertis Contract Intelligence (ICI) platform turns contracts from static documents into strategic advantage by structuring and connecting the critical contract information that defines how an organization runs. Today, the world's most iconic brands and disruptive innovators trust Icertis to fully realize the intent of their combined 7.5 million+ contracts worth more than \$1 trillion, in 40+ languages and 90+ countries.

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Benchmark report series

This report is one in a series based on data from [WorldCC's Benchmark report 2023](#). Other reports in the series include a focus on:

- Geography
- Sector-specific data.